



Global Outlook for the world economies in 2024

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MWC Group

Susanne Battegay, Portfolio Manager

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As we are approaching the end of 2024, it is time for a review of the past year and a look towards the new year.

2023 has been the year where the world economies finally started to see measures against inflation to have an effect. Taming inflation meant as well slowing the economies, so what are we expecting in 2024 from a Macroeconomic point of view?

Moody's has just recently published their views:

Global macroeconomic outlook for G-20 economies, 2023-25

G-20 Economies	Real GDP Growth ¹						Inflation			Unemployment		
	Annual average, %						YoY, %			Annual average, %		
	22	23F	24F	25F	2023 Target ²	23F	24F	25F	23F	24F	25F	
G-20 AE	2.3	▲ 1.7	-- 1.0	1.8								
US	1.9	▲ 2.4	-- 1.0	2.0	2.0%	4.0	2.5	2.2	3.7	4.3	4.2	
Euro area	3.4	-- 0.7	-- 1.1	1.7	2.0%							
Japan	1.0	▲ 1.8	-- 1.0	0.8	2.0%	3.3	2.5	1.6	2.5	2.4	2.5	
Germany	1.8	-- -0.4	▼ 0.8	1.9	--	6.3	3.2	2.1	3.1	3.1	3.1	
UK	4.3	▲ 0.5	-- 0.7	1.0	2.0%	7.4	3.6	2.3	4.3	5.0	5.2	
France	2.5	-- 0.8	-- 0.7	1.6	--	5.8	2.3	1.8	7.2	7.8	8.0	
Italy	3.9	-- 0.8	▲ 0.7	1.0	--	6.5	3.1	2.0	7.6	7.9	7.9	
Canada	3.4	▼ 1.3	-- 0.8	2.0	2.0% (+/-1.0%)	4.0	2.4	2.2	5.3	6.0	5.8	
Australia	3.7	-- 1.5	-- 1.3	2.3	2.0% - 3.0%	5.0	3.3	2.8	3.7	4.3	4.5	
Korea	2.6	-- 1.5	-- 2.0	2.0	2.0%	3.7	2.6	2.2	3.0	3.1	2.8	
G-20 EM	3.5	-- 4.3	-- 3.7	3.8								
China	3.0	-- 5.0	-- 4.0	4.0	around 3%	0.3	2.0	2.0	--	--	--	
India	6.7	-- 6.7	-- 6.1	6.3	4.0% (+/-2.0%)	6.0	5.2	4.8	--	--	--	
Brazil	3.0	▲ 3.0	▲ 2.0	2.0	3.25% (+/-1.5%)	5.0	3.5	3.5	--	--	--	
Russia	-2.1	▲ 1.8	-- 1.3	1.0	4.0%	5.7	5.0	5.0	--	--	--	
Mexico	3.9	-- 3.5	▲ 2.3	2.2	3.0% (+/-1.0%)	5.6	4.3	3.8	--	--	--	
Indonesia	5.3	-- 5.1	-- 5.0	5.0	3.0% (+/-1.0%)	3.5	2.5	2.5	--	--	--	
Turkiye	5.5	-- 4.2	▼ 2.6	3.0	5.0% (+/-2.0%)	53.8	59.7	37.9	--	--	--	
Saudi Arabia	8.7	▼ 0.1	▲ 4.6	4.0	USD Peg ³	2.9	2.3	2.0	--	--	--	
Argentina	5.0	-- -3.5	-- -2.5	1.5	-- ⁴	147.4	275.0	222.5	--	--	--	
South Africa	1.9	▲ 0.9	-- 1.5	1.6	3.0% - 6.0%	5.0	4.6	4.5	--	--	--	
All	2.8	▲ 2.8	-- 2.1	2.6								

Growth forecast adjustment from the previous report
 ▲ Upward ≥ 0.25 pp -- No adjustment ▼ Downward ≥ 0.25 pp

1. See our previous [Global Macro Outlook](#), 31 August 2023. 2. The European Central Bank targets symmetric inflation of 2% over the medium term; the US Federal Reserve aims for inflation of 2% over the longer term. 3. Exchange rate arrangement is conventional peg to the US dollar. 4. The Central Bank of Argentina is targeting gradual disinflation under the country's IMF program.

Source: Moody's Investors Service

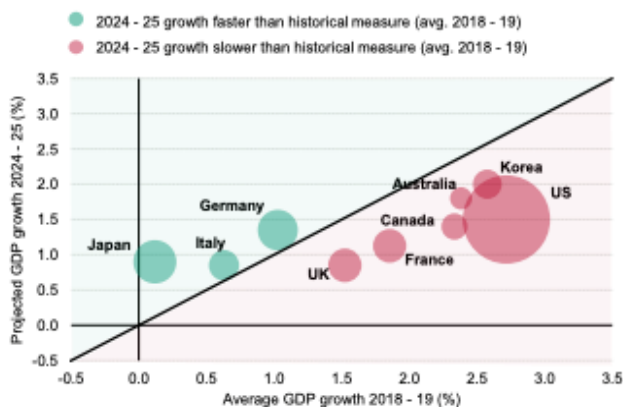
The IMF expects a global economic slowdown for the Western developed countries, with Europe showing a minimal recovery. Inflation should further retrench slowly moving towards the Central Banks targets.

Markets are expecting a soft landing for the economy, means an economic slowdown that avoids a recession. This is a more probable scenario than a recession, in particular for the United States.

On the front of interest rates, while we have achieved interesting levels again (the US Reference Corporate Bonds Yield index currently is at 5.48%), the expectations are for the US Federal Reserve to cut interest rates again possible during the third quarter of 2024. There are different views on the market asking for prompter action, but the recent weakening of the USD after the last interest rate hike may favour some minor inflation flare ups.

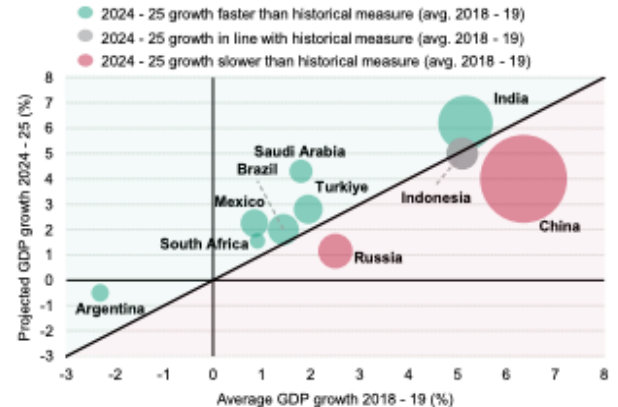
Of interest is the following analysis of Moody's that has reviewed the growth expectations per country in historic comparison based on the Purchasing power parity. Hence how will the average person do. While it seems a very simplistic approach, it will have a big effect on consumption.

Advanced and emerging economies are poised for varied growth ...



Bubble size represents 2022 GDP based on Purchasing Power Parity
Sources: Haver Analytics and Moody's Investors Service

... with some surpassing and others lagging 2018-19 averages



Bubble size represents 2022 GDP based on Purchasing Power Parity
Sources: Haver Analytics and Moody's Investors Service

As you can see from the two tables above, within the Developed Markets Japan, Italy and Germany will have a better than historical growth. This is due mainly to retrenching inflation, hence lower living costs.

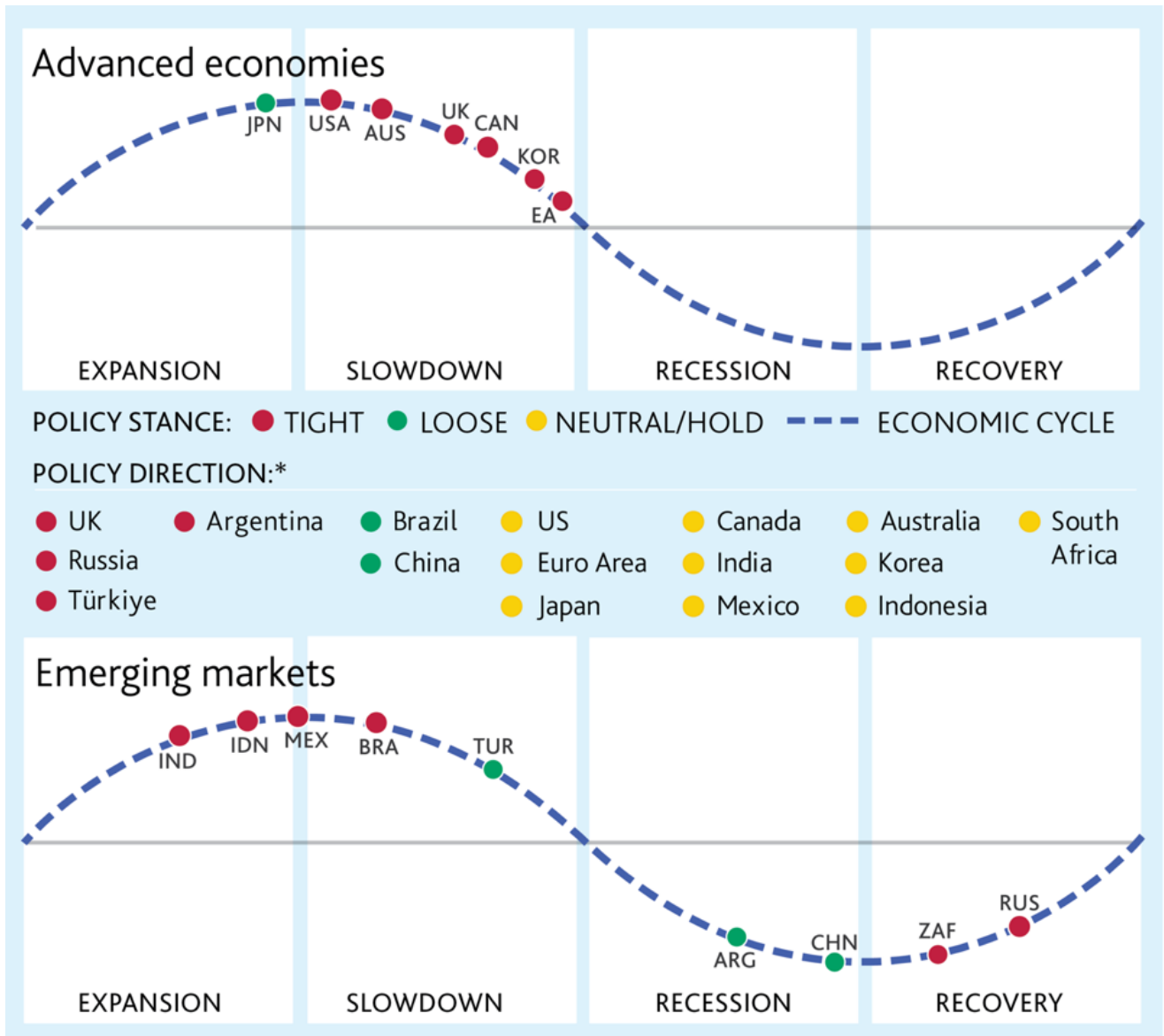
On the emerging markets side, while China is still suffering a further expected slowdown of the economy, India takes the reign of Asian economic growth.

The following chart published by Moody's further enlightens about the current state of economy of the different countries. While Japan and India are still in a late expansionary phase, USA, UK, and Europe are in a slowdown. While the USA has just entered this phase, Europe is already in an advanced slowdown.

From the Emerging Markets side, we see India and Indonesia still at a late expansionary state while China is considered to be in a Recession even with a GDP growth.

Advanced Economies are slowing at different speeds, Emerging Markets are highly differentiated.

Monetary policy stance and direction in the economic cycle by G-20 economy



*Policy direction reflects our expectation of central bank action over the next three months.

Source: Moody's Investors Service



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MWC | MANENTIA WEALTH
CONSULTING GROUP

**Switzerland West Office:
Chemin de Blandonnet 2,
1214 Geneva, Switzerland**

**Switzerland East Office:
Etzelblickstrasse 1, 8834
Schindellegi, Switzerland**

**European Union Office:
229 Tower Road,
Apartment 11, Sliema SLM
1601 Malta**



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