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# Global Economics Intelligence

Critical trends and risks

Released July 2024 (data through June 2024)

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# Markets await interest rate decisions; prices (not inflation) are affecting consumer sentiment; economic growth accelerating, but services remain the bright spot on the economic map

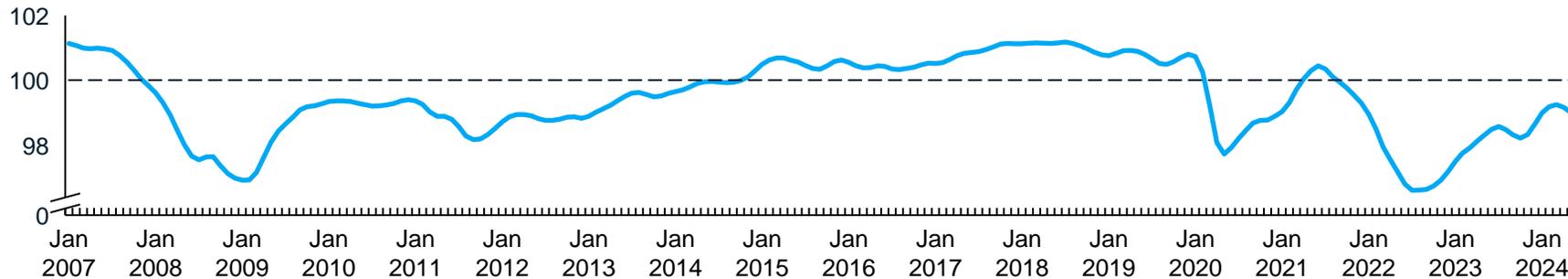
Versus previous period: ■ Significant improvement ■ Some improvement ■ Some deterioration ■ Significant deterioration ■ No significant change

■ <b>Consumer and households</b>	<ul style="list-style-type: none"> <li>• Overall consumer confidence has declined as high consumer prices continue to affect consumers. “Consumers pay prices, not inflation.”</li> <li>• Deceleration in consumer spending continues across the board, except in Brazil.</li> </ul>
■ <b>Business and industry</b>	<ul style="list-style-type: none"> <li>• Both the manufacturing and services sectors showed accelerated growth in June.</li> <li>• Growth in manufacturing remained stable in June; the eurozone was the only region that contracted faster.</li> <li>• Services remain the brightest spot on the economic map across countries, despite recent deceleration in growth in nearly every country.</li> <li>• Economic growth is accelerating, driven primarily by increases in industrial production and, to some extent, in capital markets.</li> </ul>
■ <b>Trade and external</b>	<ul style="list-style-type: none"> <li>• World trade volume rose 0.1% in May, explained by increases in all trade flows in emerging economies.</li> <li>• May saw exports in China increase, while eurozone exports declined; meanwhile, China’s imports dropped by 1%.</li> <li>• In May, the Container Throughput Index climbed to 129.9 points—a notable increase on April; this uptick was mirrored in port trade activities, which saw a rise of some 3% compared to April.</li> <li>• Global supply chain markets continue to normalize as pressure index reaches historical average value in June.</li> </ul>
■ <b>Prices</b>	<ul style="list-style-type: none"> <li>• Central banks continue to anchor inflation expectations well at around 2.0–2.3%.</li> <li>• Inflation continues to ease among developed economies; the eurozone is experiencing deflation among producers.</li> <li>• Consumer inflation in developing economies remained stable in June; only Russia has seen accelerating momentum.</li> <li>• Commodity prices declined in July, but all remain significantly higher than pre-pandemic levels.</li> <li>• Metal prices edged down slightly due to slower demand in global commodity markets; gold reached an all-time high in July, at \$2,380 per ounce; lithium demand has grown 231% over the past five years. The sideways price trend has continued among energy commodities.</li> </ul>
■ <b>Employment</b>	<ul style="list-style-type: none"> <li>• India’s unemployment rate surged to 9.2% in June (7% in May), alongside a rise in the labor participation rate.</li> </ul>
■ <b>Financial markets</b>	<ul style="list-style-type: none"> <li>• After a relatively volatile June, during which most stock exchanges experienced losses, July brought a rebound; volatility continues to trend down.</li> <li>• The cost of capital was stable in July, driven by stabilization in inflation and a wait-and-see approach from markets regarding interest rate decisions.</li> </ul>
■ <b>Government and policy</b>	<ul style="list-style-type: none"> <li>• In July, the Fed kept interest rates unchanged, while in China, the central bank made two interest rate cuts</li> </ul>

# Overall consumer confidence has declined as high consumer prices continue to affect consumers

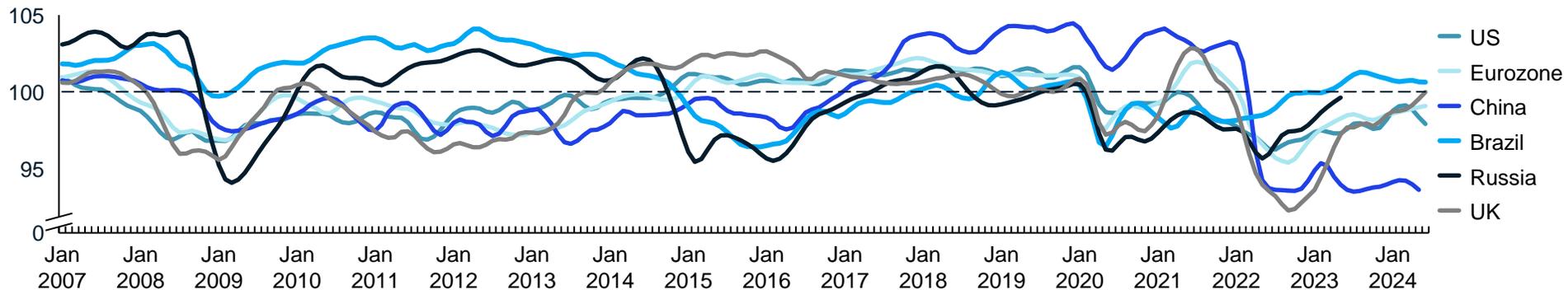
## OECD global consumer confidence indicator

Index, long-term average = 100



## OECD consumer confidence indicators for individual economies<sup>1</sup>

Index, long-term average = 100<sup>1</sup>

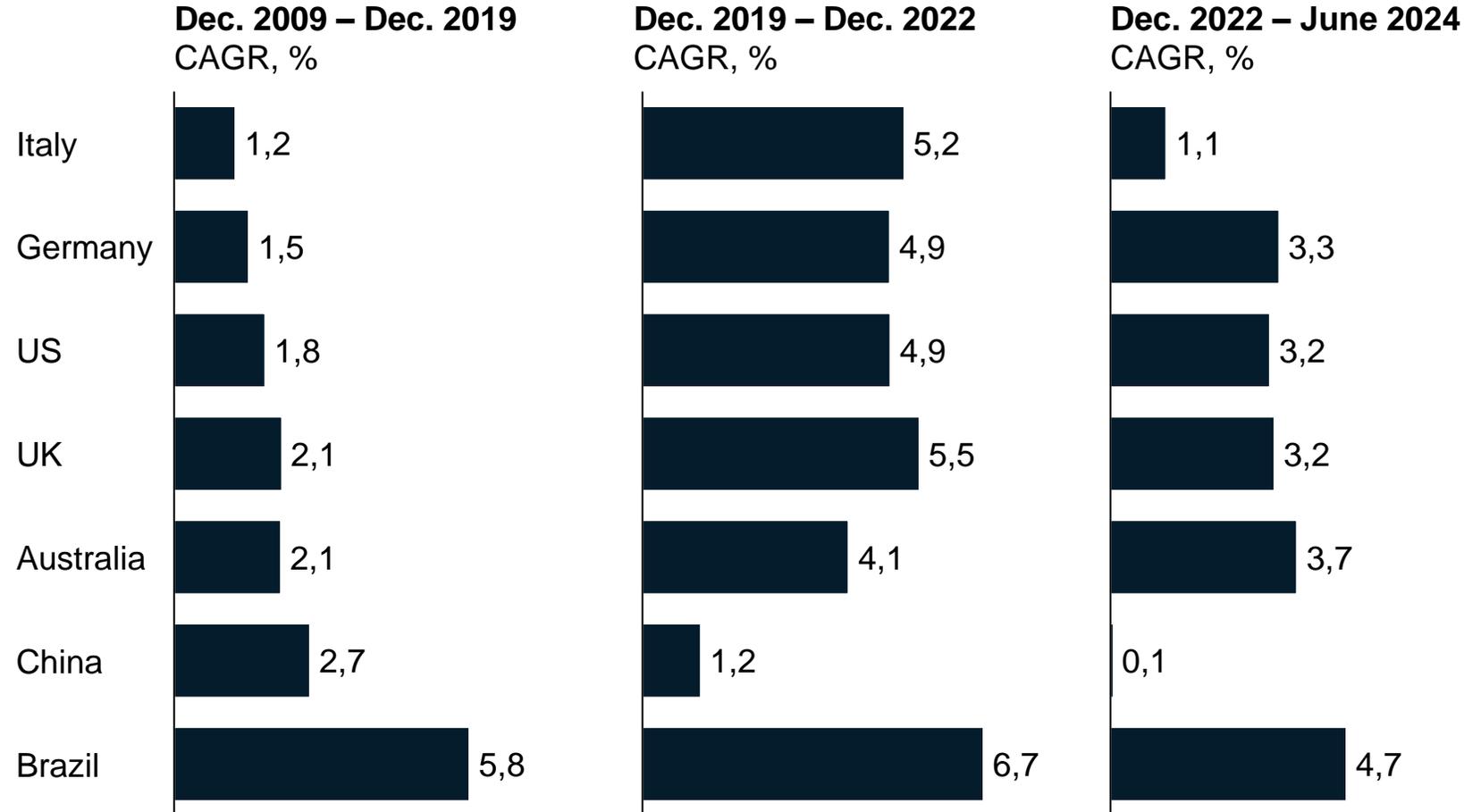


<sup>1</sup>Data for China through May 2024 and Russia through May 2023.

# “Consumers pay prices, not inflation”

Price changes are similar across countries despite significantly different policies

## Consumer Price Index



1. Data for Australia till May 2024.

Source: Australian Bureau of Statistics; Bureau of Labor Statistics; China National Bureau of Statistics; Haver Analytics; Instituto Brasileiro de Geografia e Estatística; Istituto Nazionale di Statistica; Office for National Statistics; Statistisches Bundesamt; McKinsey analysis

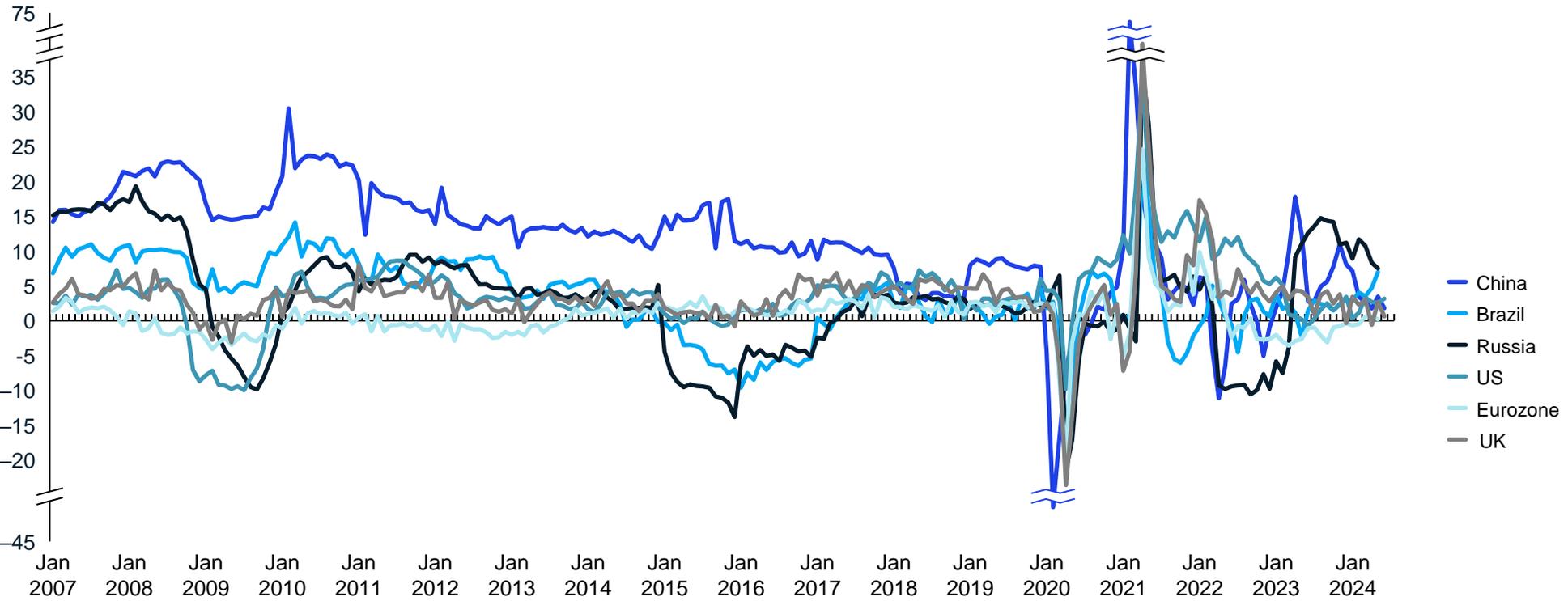
## Total price increases

Dec. 2019 – June 2024<sup>1</sup>  
Change in level, %



# Deceleration in consumer spending continues across the board, except in Brazil

**Retail sales growth<sup>1</sup>**  
Year over year (monthly)

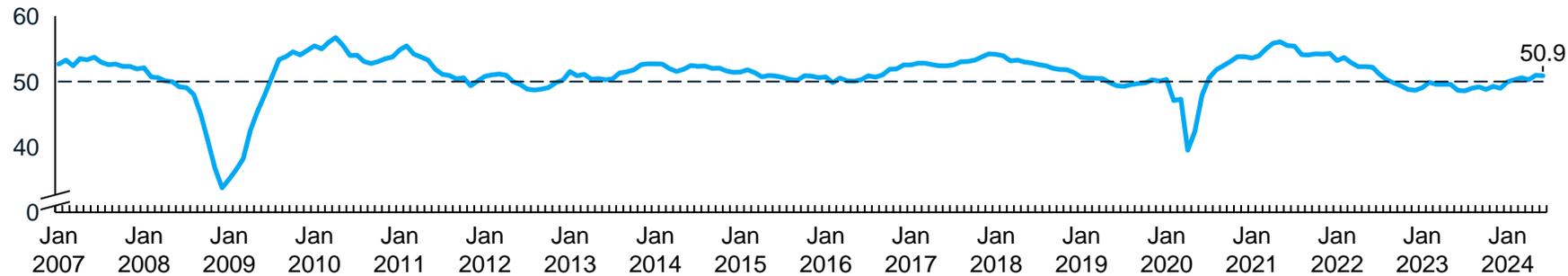


<sup>1</sup>Data through June 2024.

# Both the manufacturing and services sectors showed accelerated growth in June

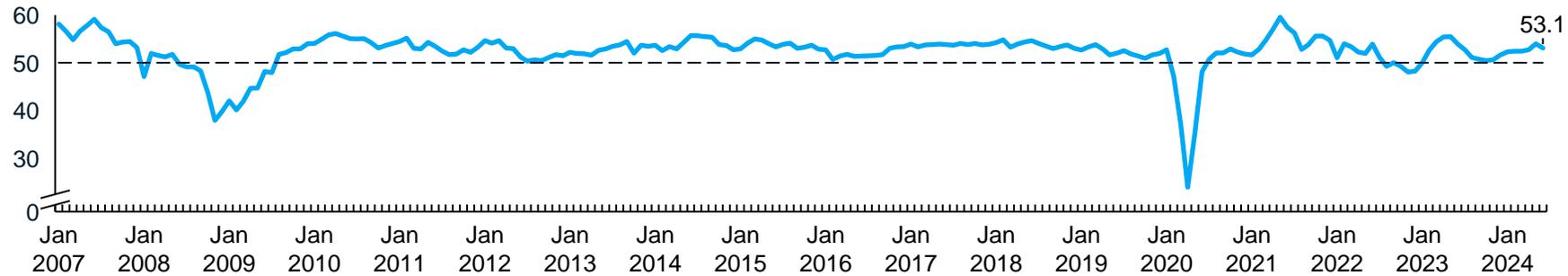
## JPMorgan Global Purchasing Managers' Index (Manufacturing)

Diffusion index, seasonally adjusted (monthly)



## JPMorgan Global Purchasing Managers' Index (Services)

Diffusion index, seasonally adjusted (monthly)

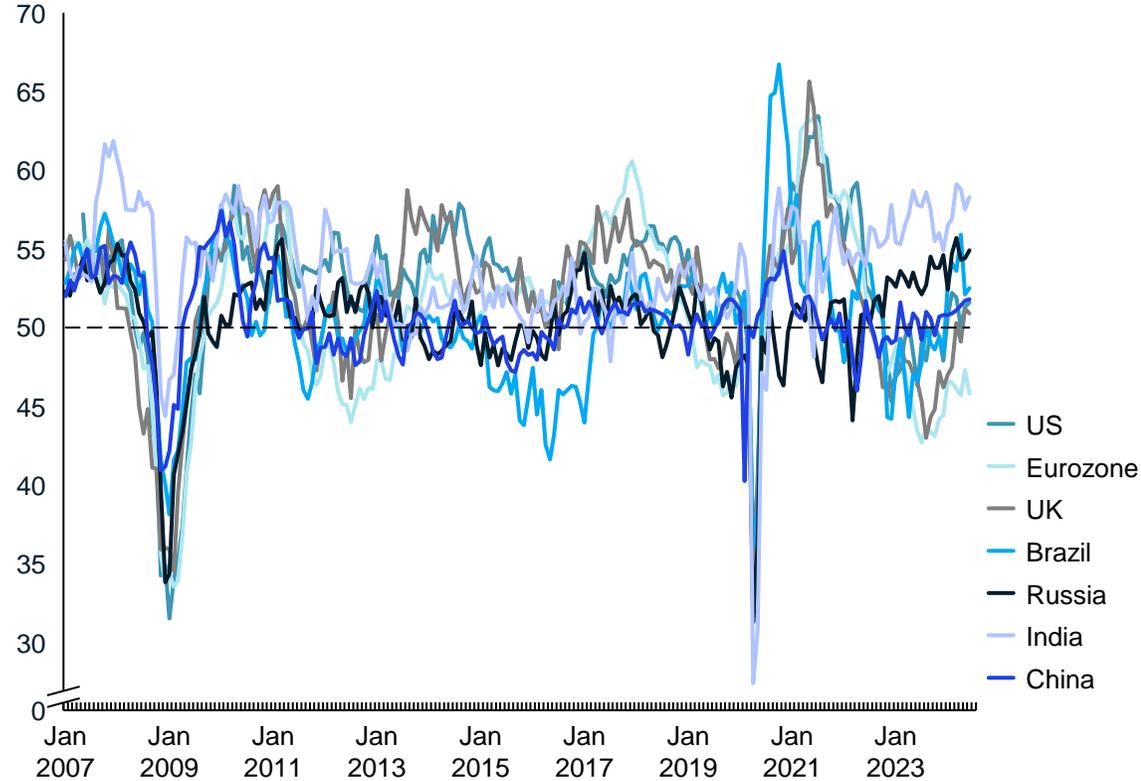


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. Country-level data are the PMIs for individual countries as sourced from Markit Economics or the Institute for Supply Management (ISM) and are not a breakdown of the JPMorgan Global PMI.

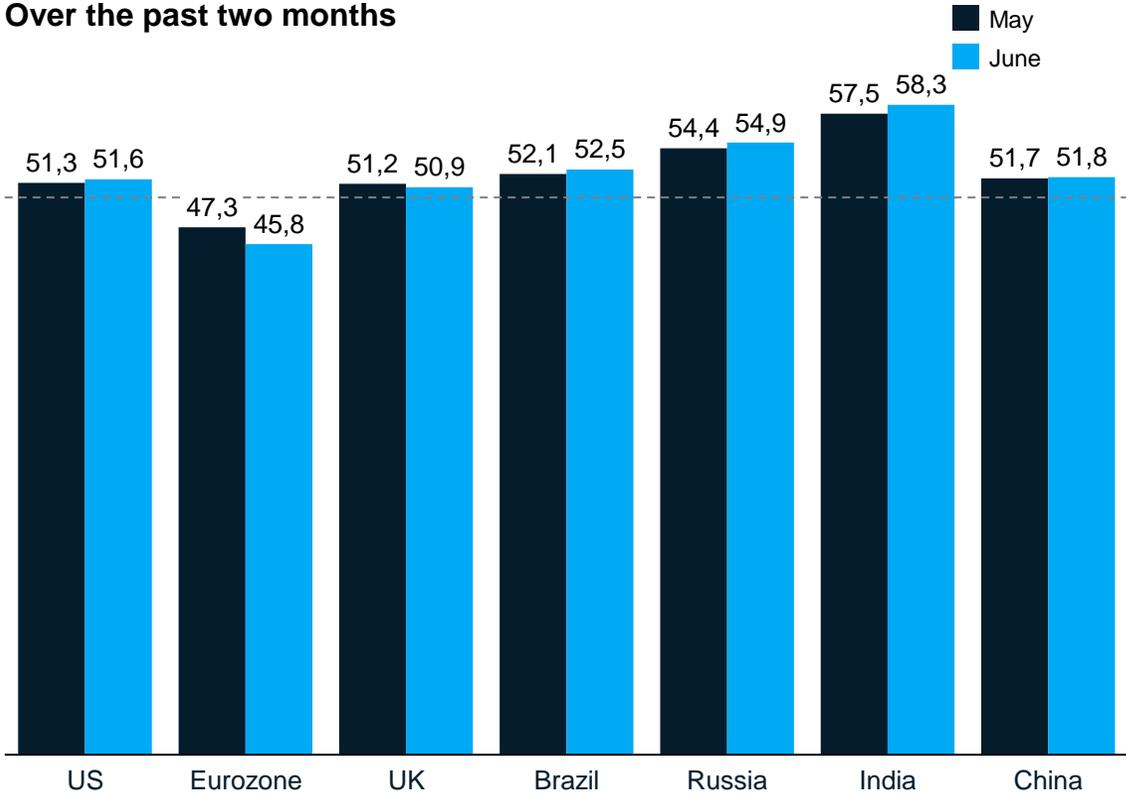
# Growth in manufacturing remained stable in June; the eurozone was the only region that contracted faster

## Purchasing managers' index (manufacturing)

Diffusion index (monthly)



## Over the past two months

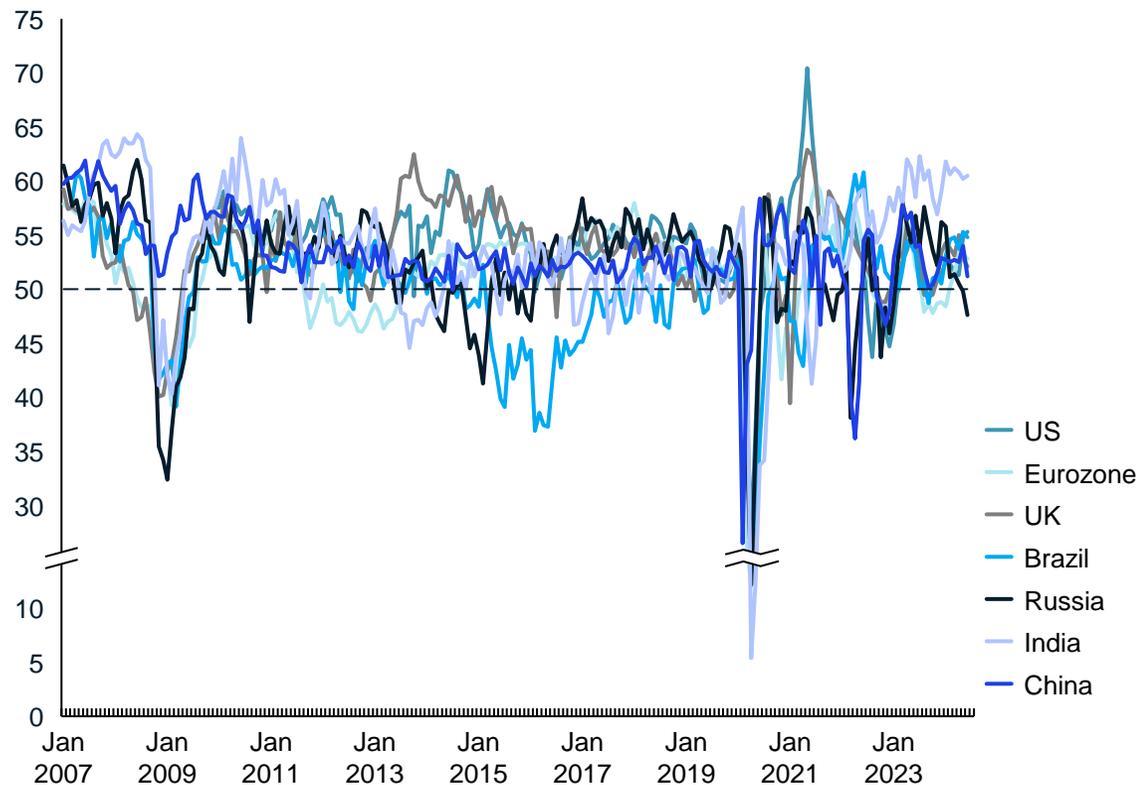


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. The country-level data are the PMIs for individual countries as sourced from Markit Economics and are not a breakdown of the JPMorgan Global PMI.

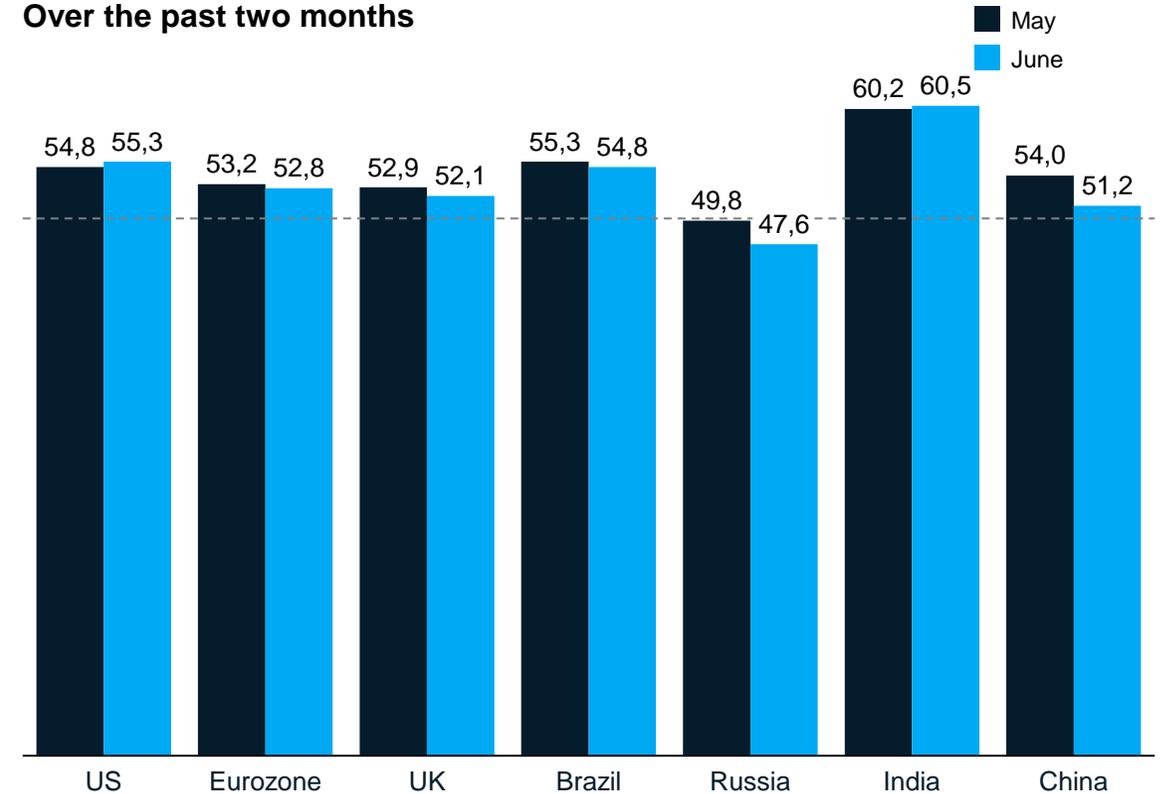
# Services remain the brightest spot on the economic map across countries, despite recent deceleration in growth in nearly every country

## Purchasing managers' index (services)

Diffusion index (monthly)



## Over the past two months

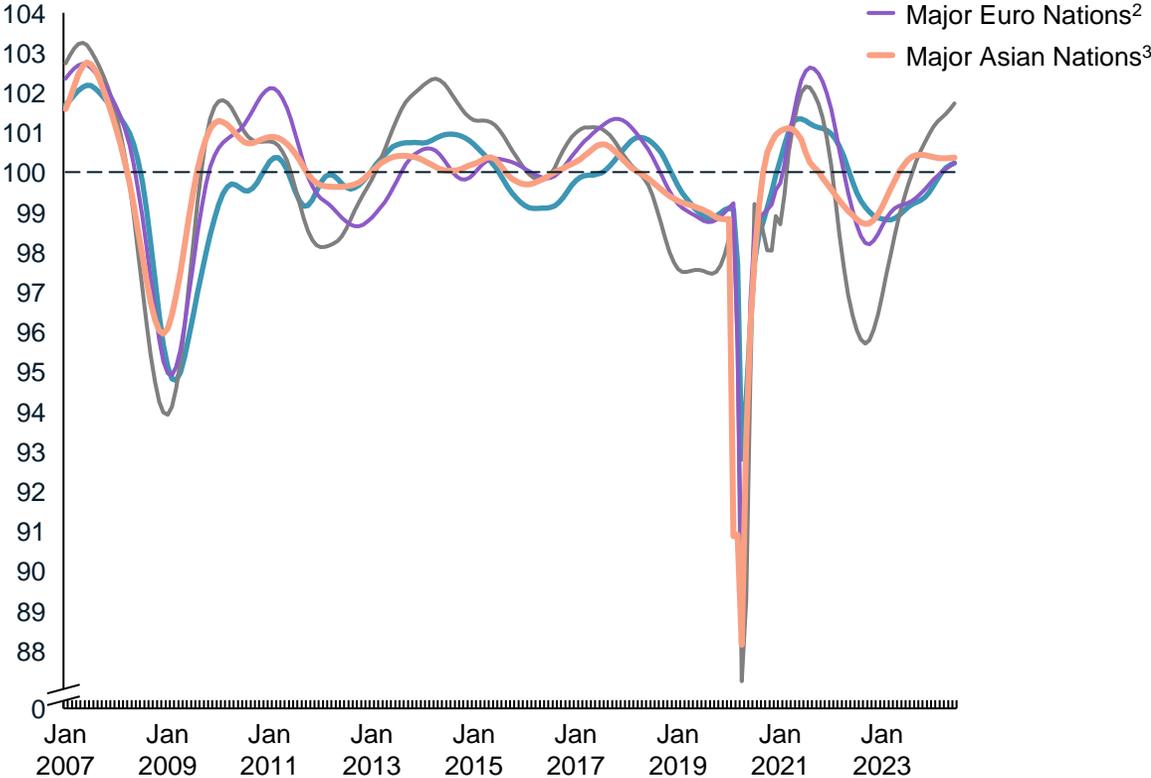


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. The country-level data are the PMIs for individual countries as sourced from Markit Economics and are not a breakdown of the JPMorgan Global PMI.

# Economic growth is accelerating, driven primarily by increases in industrial production and, to some extent, in capital markets

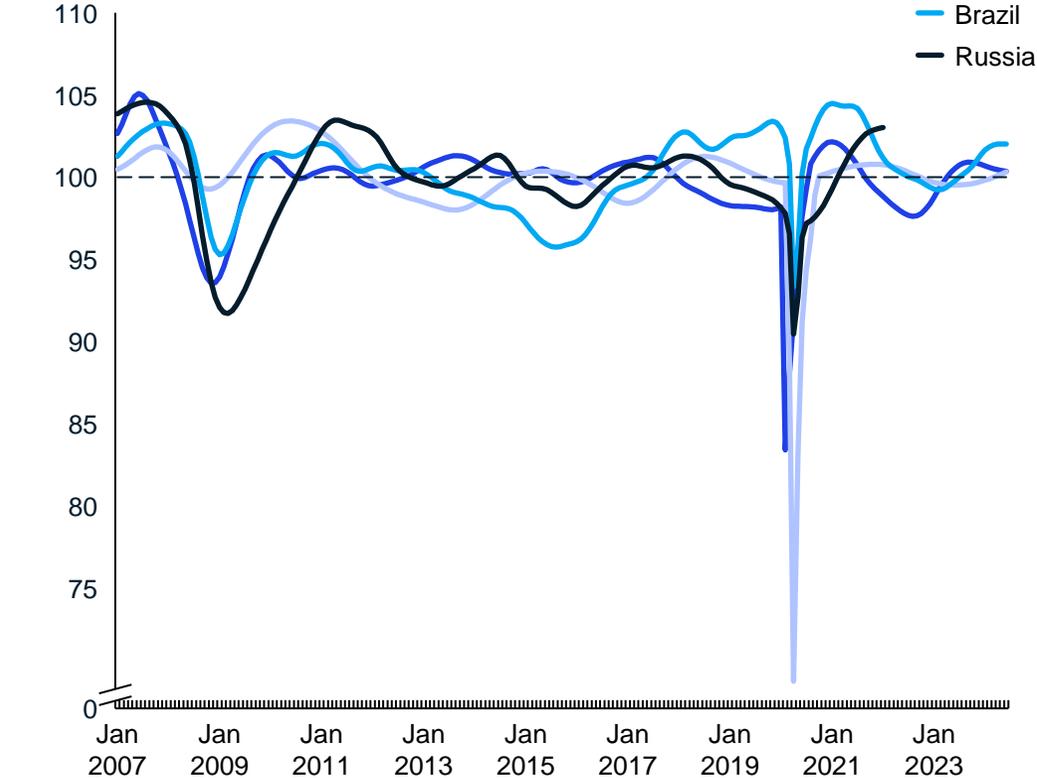
**OECD growth indicators: Advanced economies**

Monthly, index<sup>1</sup>



**OECD growth indicators: Emerging economies**

Monthly, index<sup>1</sup>

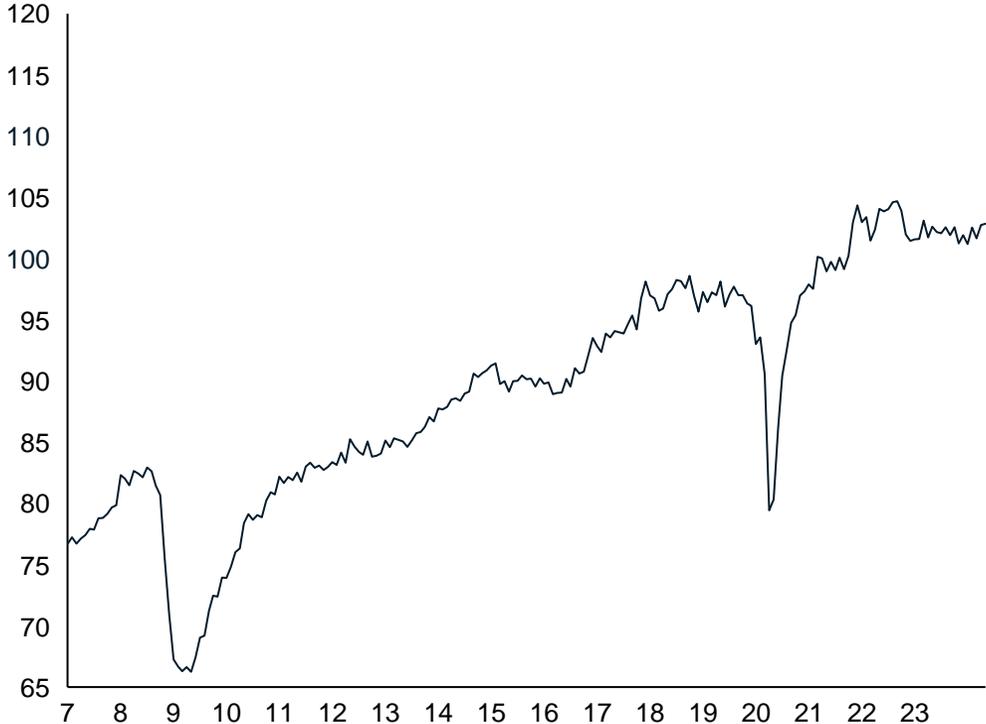


1. Composite leading indicators (CLIs) attempt to identify turning points in economic activity approximately six months in advance. The horizontal line at 100 shows the long-term trend in industrial production (the reference series). An increase to more than 100 indicates expansion; a decrease but still more than 100 indicates a downturn; a decrease to less than 100 indicates a slowdown; and an increase less than 100 indicates a recovery. | 2. The Four Big European Countries are: France, Germany, Italy, and United Kingdom. | 3. The Major 5 Asia countries are: China, India, Indonesia, Japan, and Korea.

# World trade volume rose 0.1% in May, explained by increases in all trade flows in emerging economies

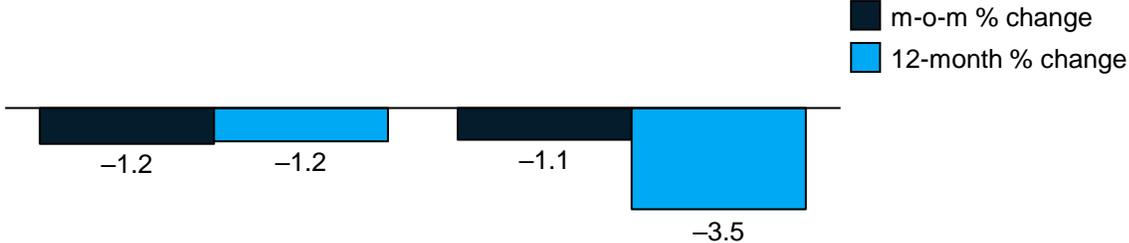
## CPB World Trade Monitor

Volume, Index level, 2010=100

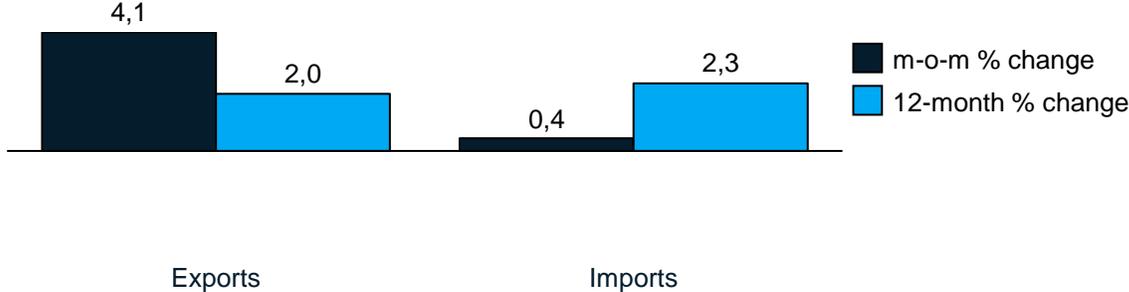


## CPB World Trade Monitor details March 2024

Advanced economies



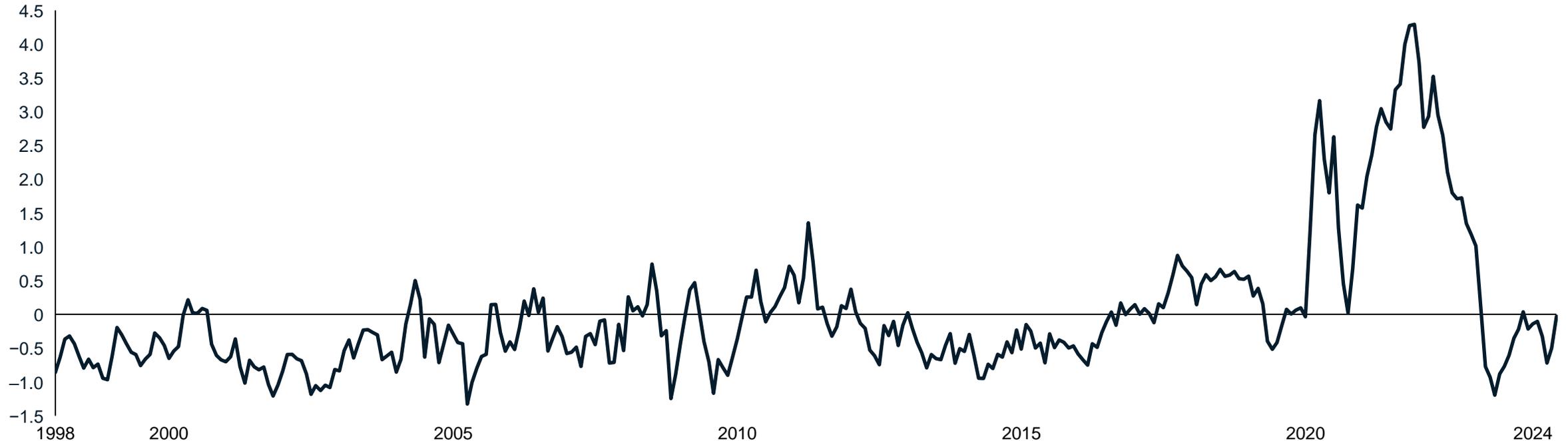
Emerging economies



# Global supply chain markets continue to normalize as pressure index reaches historical average value in June

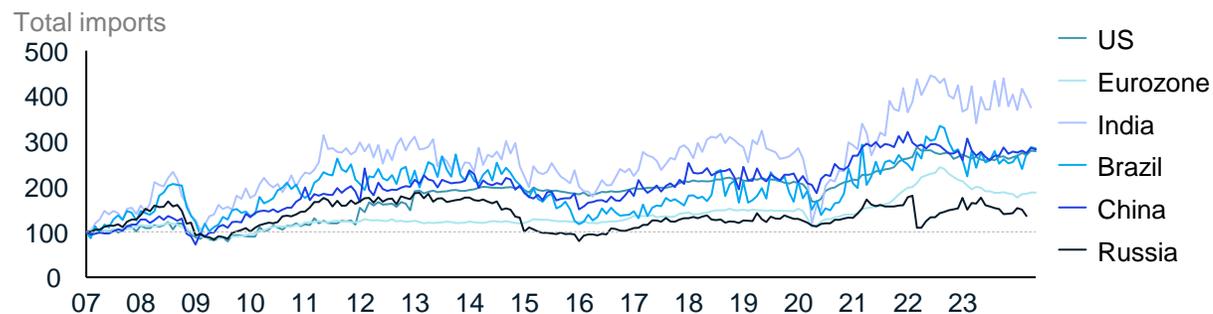
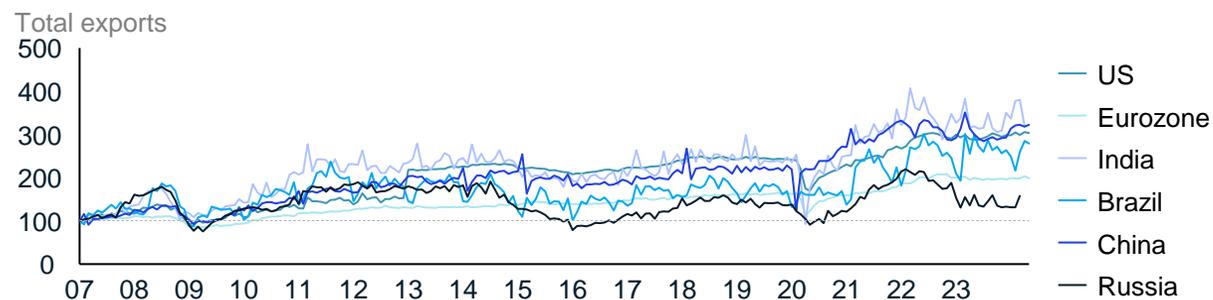
## Supply-chain pressure index

Standard deviations from average value



# May saw exports in China increase, while eurozone exports declined; meanwhile, China's imports dropped by 1%

## Monthly index (January 2007 = 100)



Note: Exports and imports are not seasonally adjusted.

1. Data for May 2024 vs April 2024. 2. Latest data for Russia is March 2024. 3. Latest data for India is April 2024.

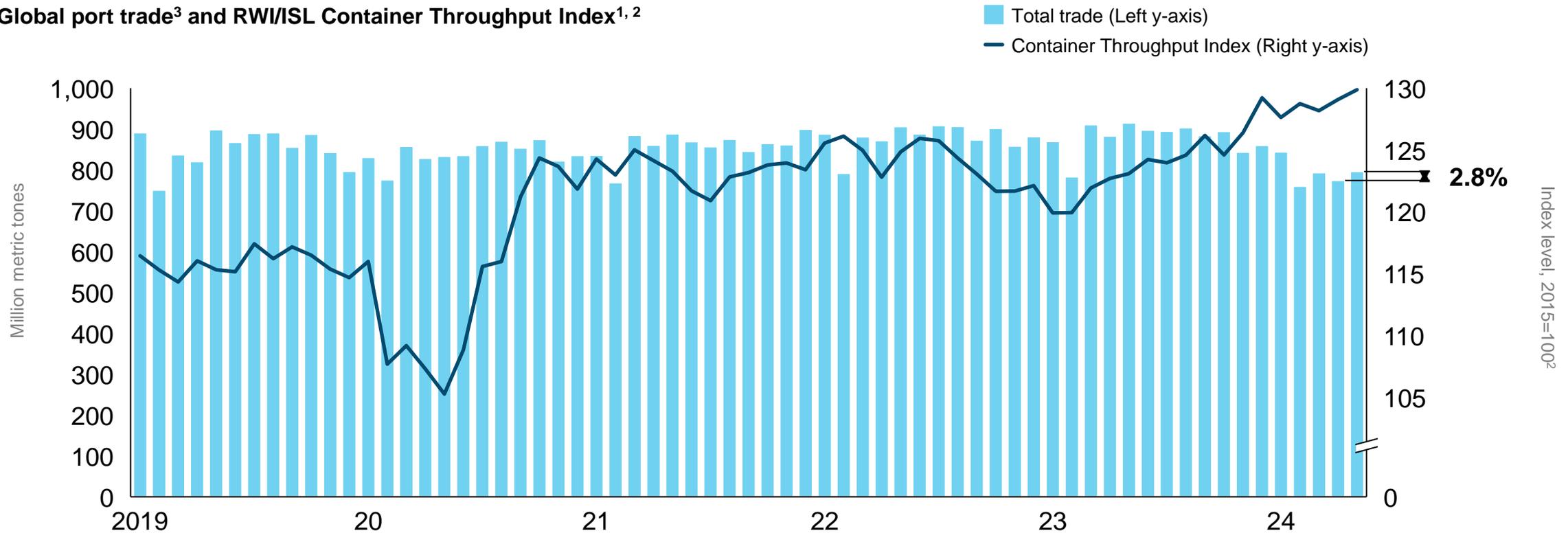
Versus previous period:

- Significant increase (Dark Blue)
- Increase (Light Blue)
- Decline (Orange)
- Severe decline (Red)
- No significant change (Grey)

	% change from previous month <sup>1</sup>	12-mo. % change May. 2024–Jun. 2023 vs .May 2023–.Jun. 2022
<b>Exports</b>		
US	-0.8	0.7
Eurozone	-2.6	-2.1
China	1.2	-3.2
Brazil	-2.2	0.5
India <sup>3</sup>	-16.0	-2.0
Russia <sup>2</sup>	19.7	-22.6
<b>Imports</b>		
US	-0.4	-0.7
Eurozone	-0.1	-14.7
China	-1.04	-2.4
Brazil	-0.97	-7.3
India <sup>3</sup>	-5.6	-3.5
Russia <sup>2</sup>	-9.8	5.4

# In May, the Container Throughput Index climbed to 129.9 points—a notable increase on April; this uptick was mirrored in port trade activities, which saw a rise of some 3% compared to April

Global port trade<sup>3</sup> and RWI/ISL Container Throughput Index<sup>1, 2</sup>



1. The current flash estimate for the Container Throughput Index is based on data from 64 ports, which account for about 85 percent of the handling represented in the index.

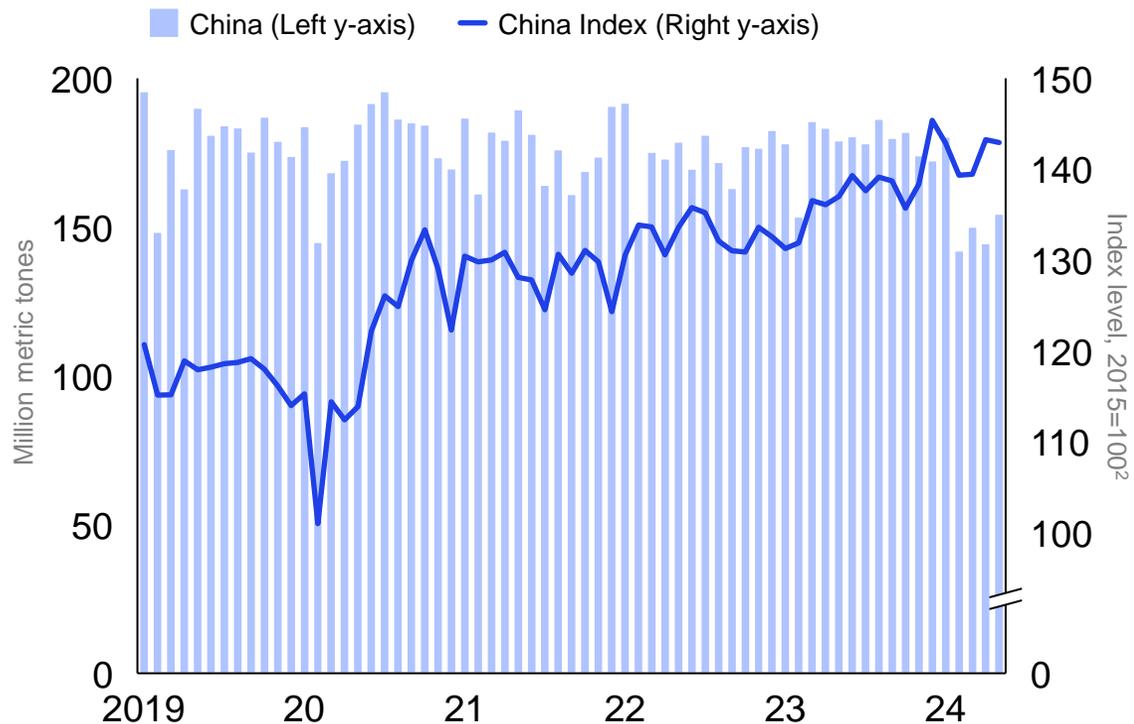
2. On January 2020, the RWI/ISL Container Throughput Index changed its base year to 2015.

3. Total trade includes total export and import volume (in metric tons) of all ships entering the port at this date. This is the sum of export/import\_container, export/import\_dry\_bulk, export/import\_general\_cargo, export/import\_oro, and export/import\_tanker (which are ship categories).

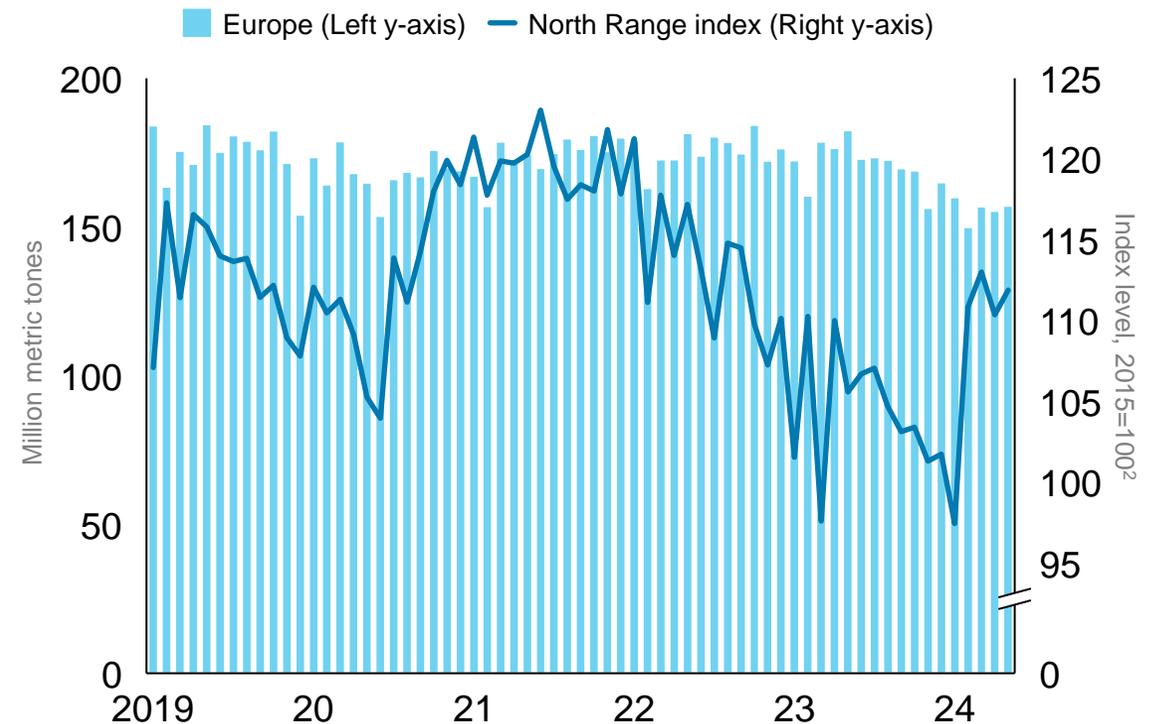
Notes: The RWI/ISL Container Throughput Index provides timely information on short-term trends in international trade. The database covers 92 international ports, which handle about 60% of global container transshipment. The monthly data do not include figures for Dubai. Data is seasonally and working-day adjusted. The left y-axis shows total trade port in million metrics tones, while the right y-axis is for the index figures.

# European ports experienced higher activity compared to April. Similarly, Chinese ports also saw an increase in activity; however, this growth was not reflected in China's Container Throughput Index

China's total port trade<sup>4</sup> and China's Container Throughput Index<sup>1,2</sup>



Europe's total port trade<sup>4</sup> and North Range Container Throughput Index<sup>3</sup>



1. The China's Throughput Index summarizes throughput for the ports of Guangzhou, Hong Kong, Ningbo, Qingdao, Shanghai, Shenzhen, Tianjin, and Xiamen.

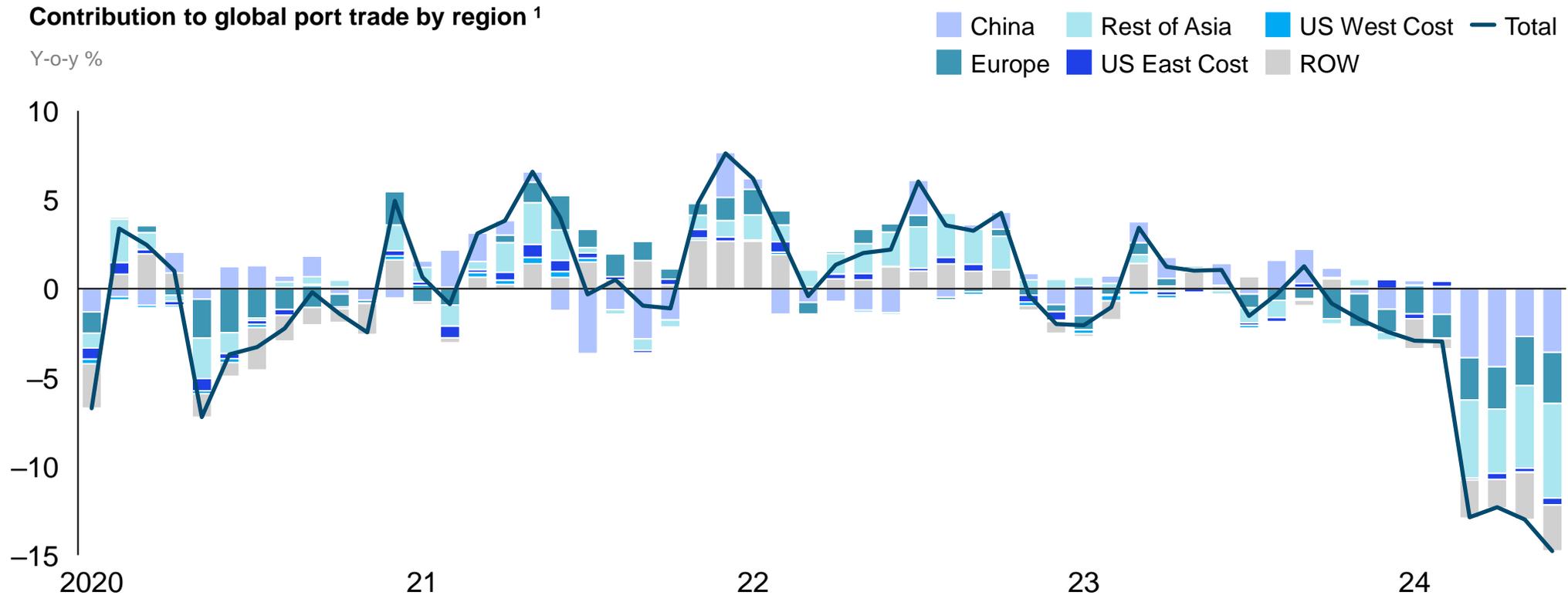
2. On January 2020, the RWI/ISL Container Throughput Index changed its base year to 2015.

3. The North range index summarizes throughput for the ports of Antwerp, Bremen/Bremerhaven, Hamburg, Le Havre, Rotterdam, and Zeebrugge.

4. Total trade includes total export and import volume (in metric tons) of all ships entering the port at this date. This is the sum of export/import\_container, export/import\_dry\_bulk, export/import\_general\_cargo, export/import\_oro, and export/import\_tanker (which are ship categories).

Notes: The RWI/ISL Container Throughput Index provides timely information on short-term trends in international trade.

# Total port trade declined in May 2024 compared to the same period in 2023, primarily because of lower activity within Asian economies

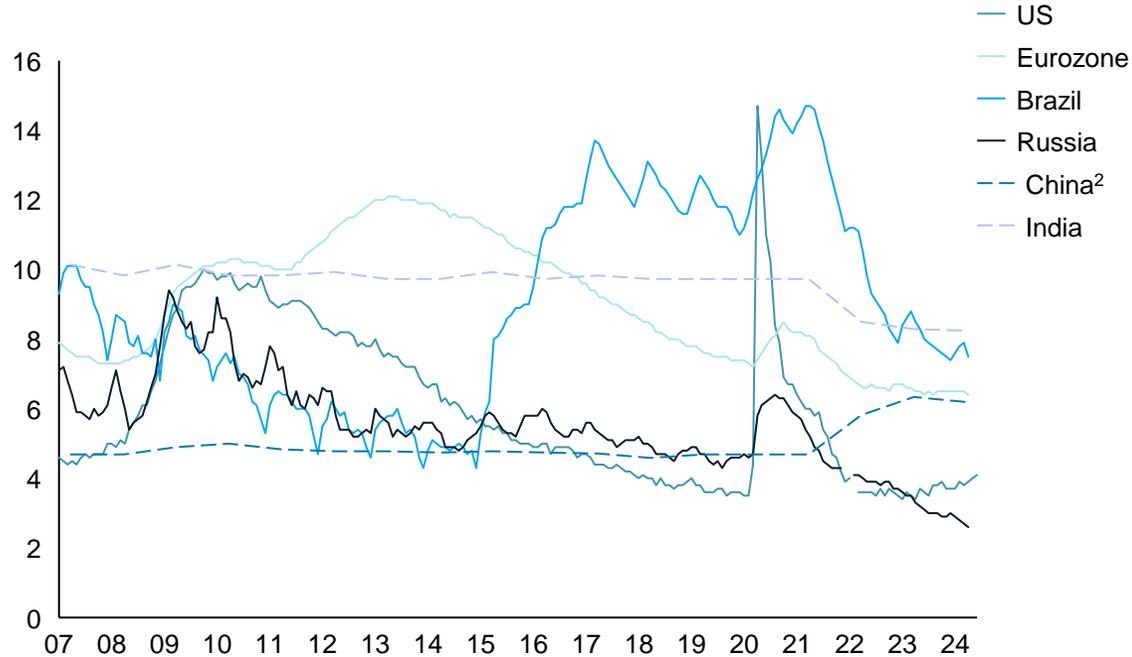


1. Total trade includes total export and import volume (in metric tons) of all ships entering the port at this date. This is the sum of export/import\_container, export/import\_dry\_bulk, export/import\_general\_cargo, export/import\_oro, and export/import\_tanker (which are ship categories).

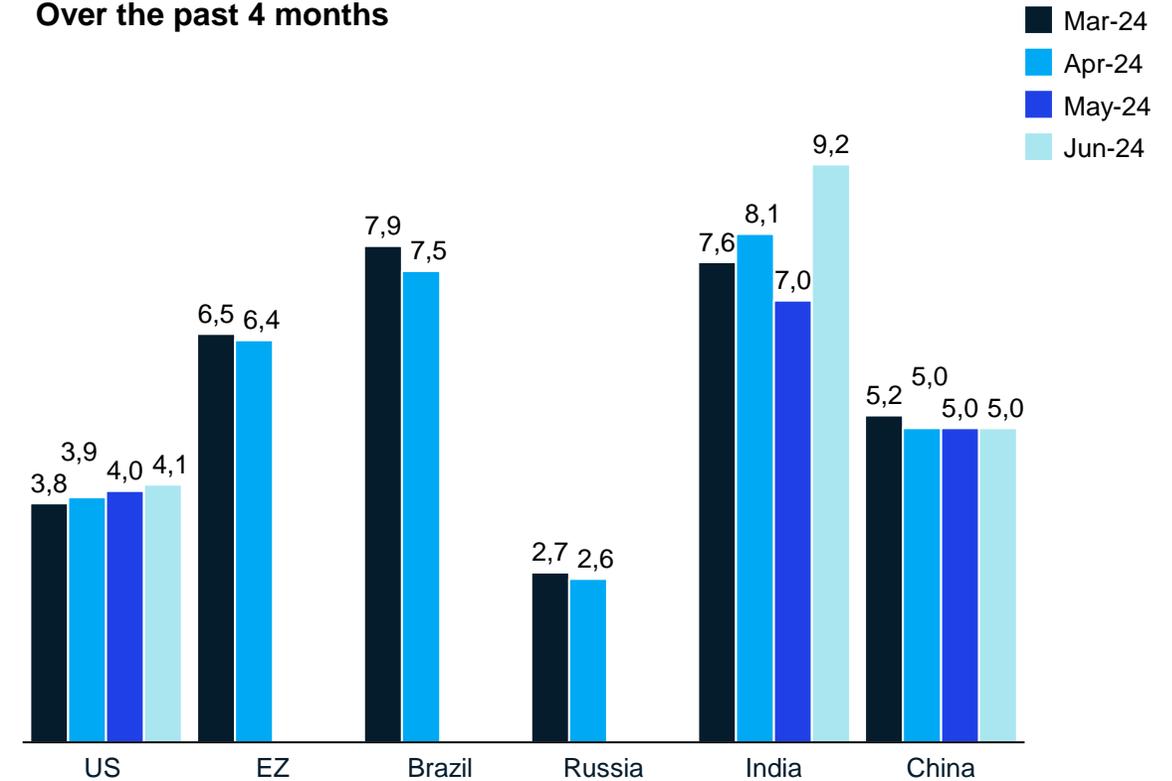
# India's unemployment rate surged to 9.2% in June (7% in May), alongside a rise in the labor participation rate

## Unemployment rate 2007–24<sup>1</sup>

% of labor force (monthly)



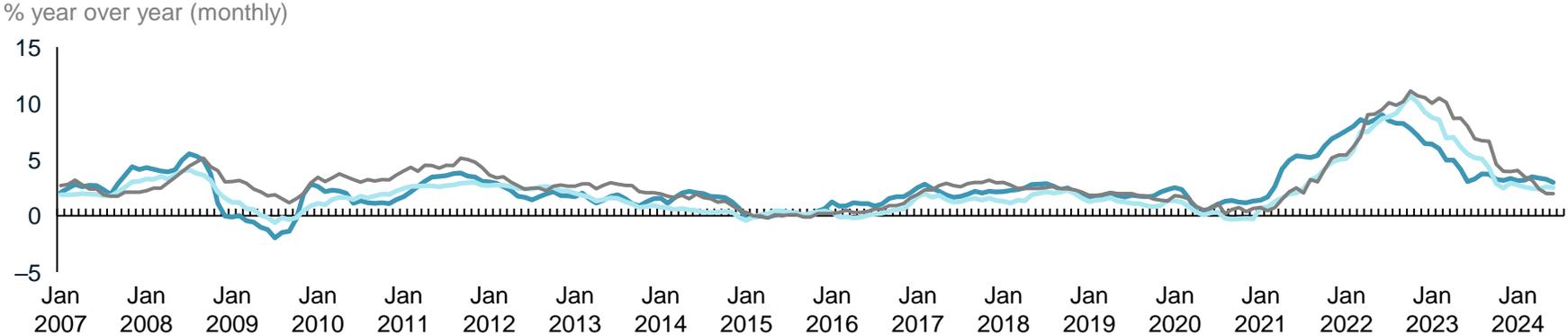
## Over the past 4 months



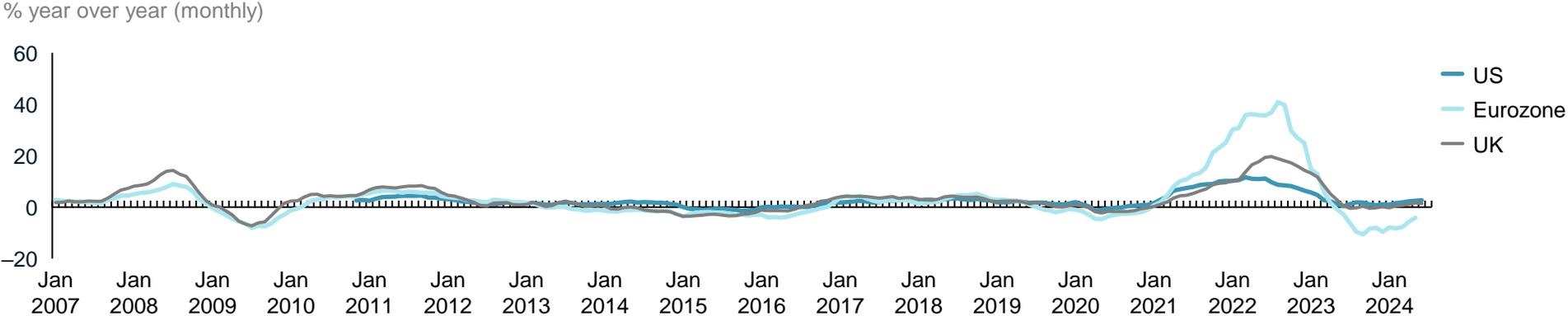
1. Data for India and China are annual and shown as a smoothed trend line.  
 2. China unemployment only shows urban rate.

# Inflation continues to ease among developed economies; the eurozone is experiencing deflation among producers

## Consumer price indexes: Developed economies



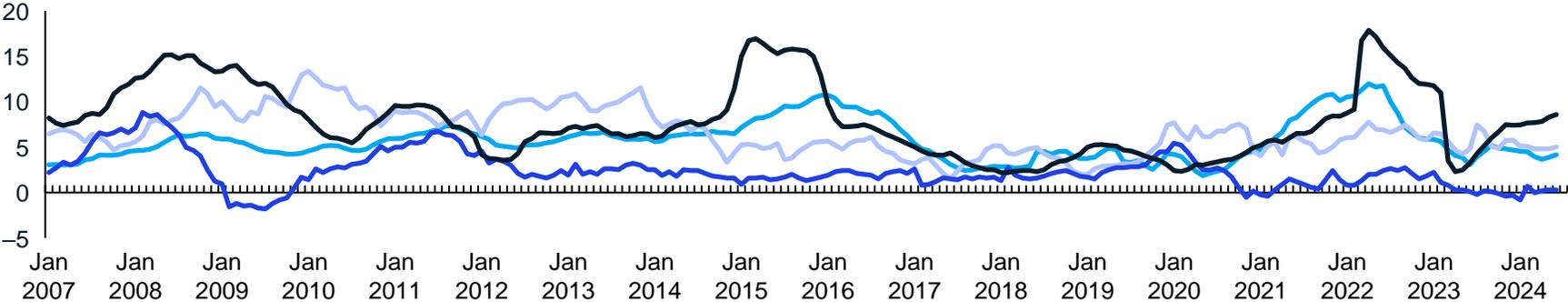
## Producer price indexes: Developed economies



# Consumer inflation in developing economies remained stable in June; only Russia has seen accelerating momentum

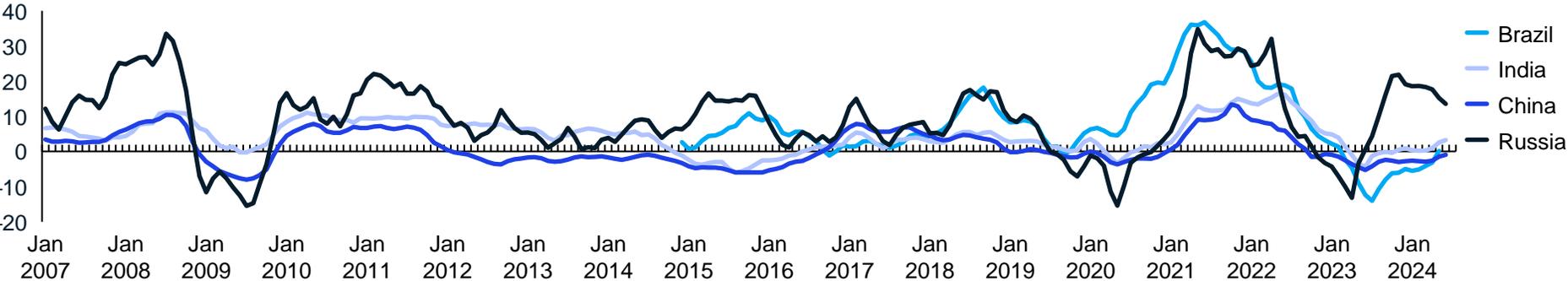
## Consumer price indexes: Emerging economies

% year over year (monthly)



## Producer price indexes: Emerging economies

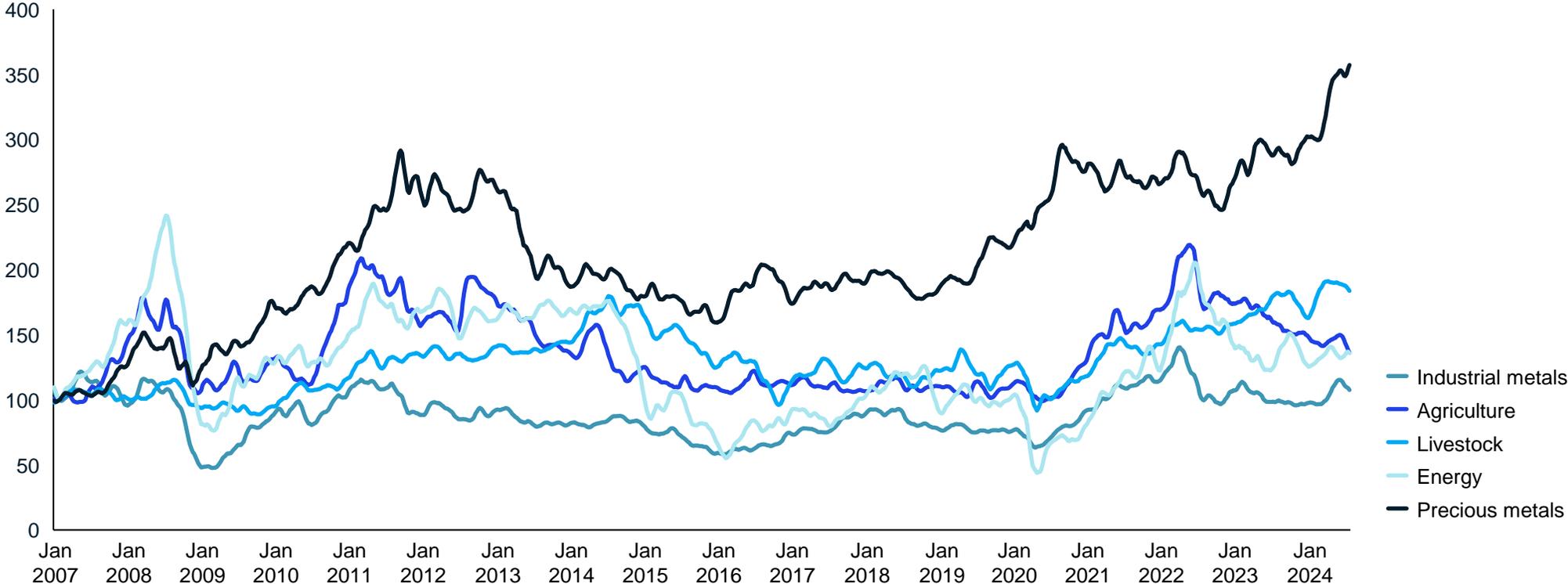
% year over year (monthly)



# Commodity prices declined in July, but all remain significantly higher than pre-pandemic levels

## Commodities indexes<sup>1</sup>

Moving five-week average, indexed to Jan 2007



1. Updated through July 21, 2024; commodity data are taken from the GS Commodities Index, with components weighted by production. Precious metals: gold, 83%; silver, 17%. Energy: crude oil, 70%; oil products, 25%; natural gas, 4%. Agriculture: corn, 28%; wheat, 25%; soybeans, 15%; sugar, 14%; other, 19%. Livestock: cattle, 66%; hogs, 34%. Industrial metals: copper, 46%; aluminum, 31%; other, 23%.

# Gold reached an all-time high in July, at \$2,380 per ounce

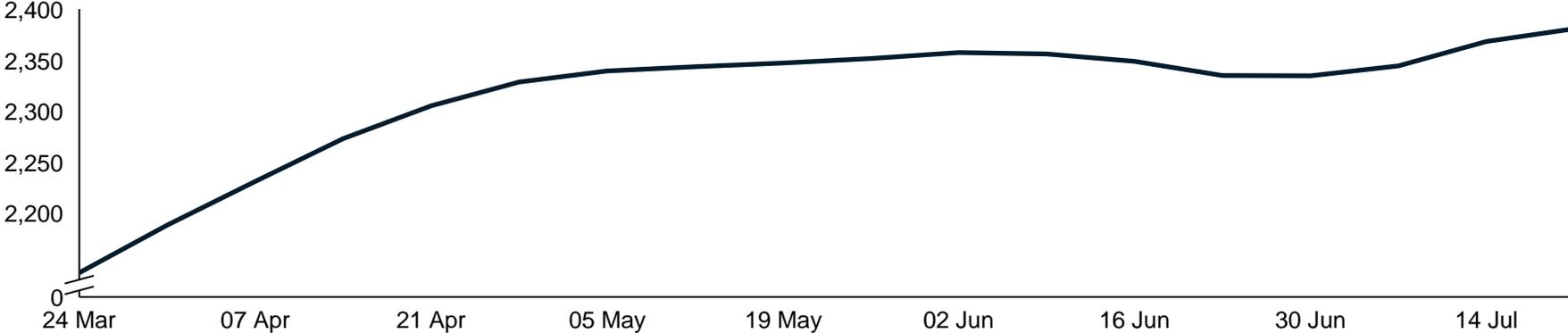
## Gold spot price<sup>1</sup>

Five-week moving average, USD/troy ounce (weekly)



## Gold spot price over past 4 months

Five-week moving average, USD/troy ounce (weekly)



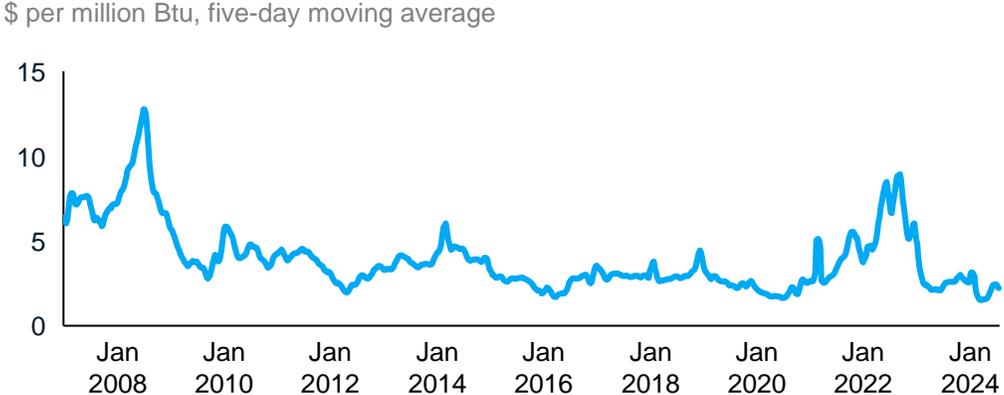
<sup>1</sup>Updated through July 21, 2024.

# The sideways price trend has continued among energy commodities

## Oil price<sup>1</sup>



## Natural-gas price<sup>2</sup>



## Heating-oil price<sup>3</sup>



## Coal price<sup>4</sup>



1. Crude Brent, Henry Hub (Nymex). WTI (West Texas Intermediate) prices as of July 21, 2024.  
2. Henry Hub, LA; prices as of July 21, 2024.

3. New York Harbor No. 2. heating-oil prices as of July 21, 2024.  
4. Australia coal prices; coal prices as of June 2024.

# Metal prices edged down slightly due to slower demand in global commodity markets

## Copper<sup>1</sup>

\$/pound, five-week moving average



## Steel<sup>2</sup>

\$/gross metric ton (monthly)



## Aluminum<sup>3</sup>

\$/Mt, five-week moving average



## Nickel<sup>4</sup>

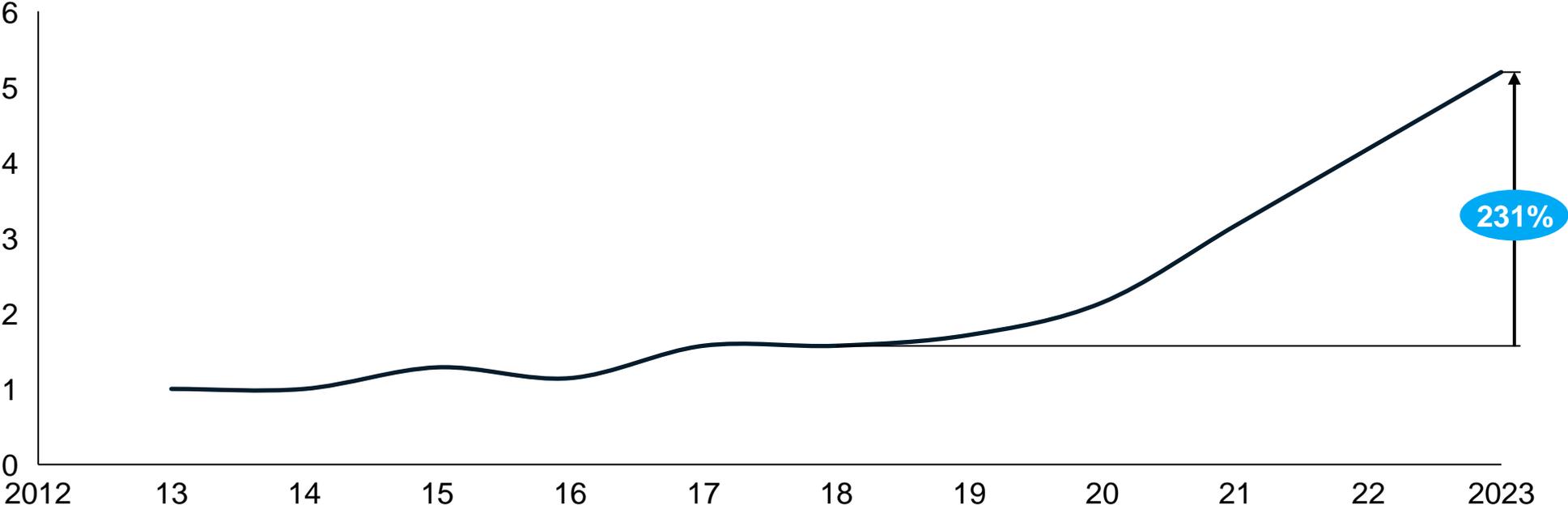
\$/Mt, five-week moving average



1. Copper, high grade: COMEX Spot Price, updated through July 21, 2024.  
 2. Steel, 2.75-millimeter hot-rolled coil (\$/gross metric ton); data estimated since May 2012 using 0.5-millimeter cold-rolled sheet prices; data from July 2023.  
 3. Aluminum, LME spot (\$/metric ton), updated through July 21, 2024.  
 4. UK: LME nickel, closing cash price (\$/metric ton), updated through July 21, 2024.

# Lithium demand has grown 231% over the past five years

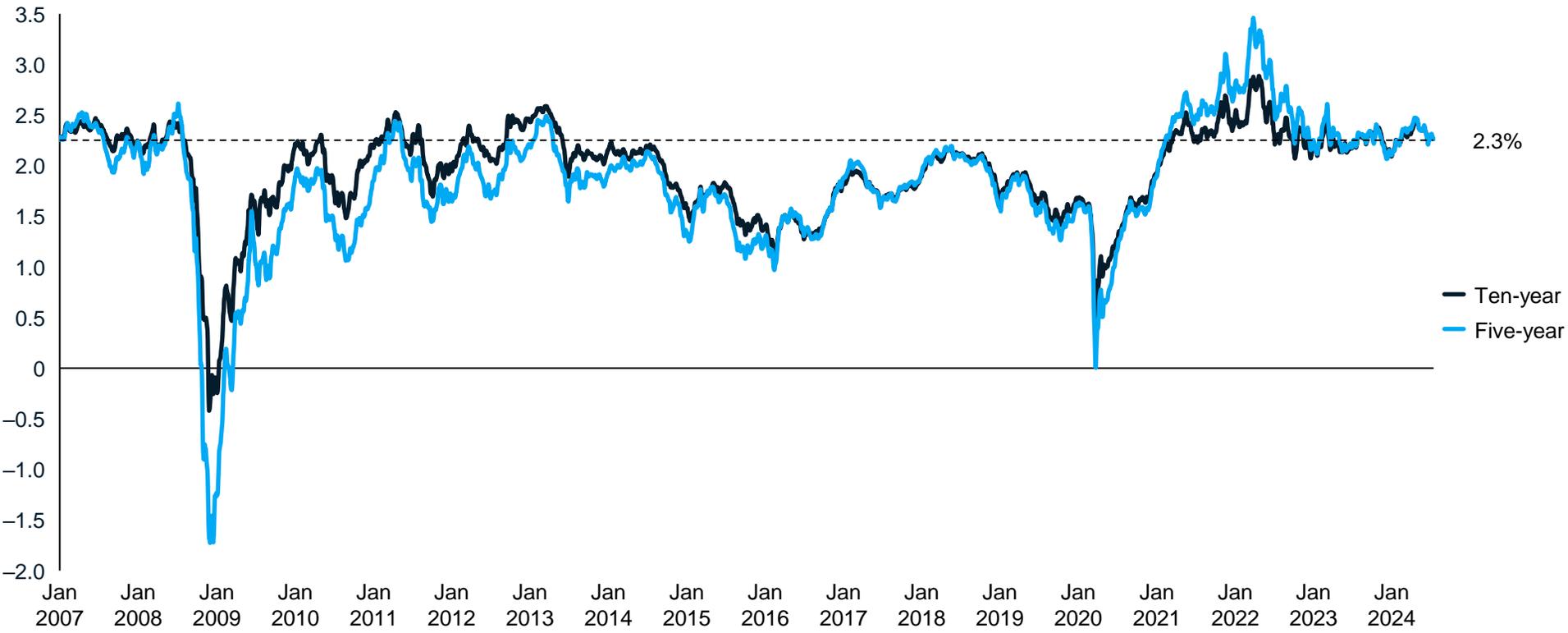
Lithium demand  
Index, 2013=1



# Central banks continue to anchor inflation expectations well at around 2.0–2.3%

Implied inflationary expectations from five- and ten-year TIPS yields<sup>1</sup> (spread between T-bill and TIPS of same maturity)

% (daily), five-day moving average



<sup>1</sup>Updated through July 12, 2024.

# Food prices remained broadly unchanged in June

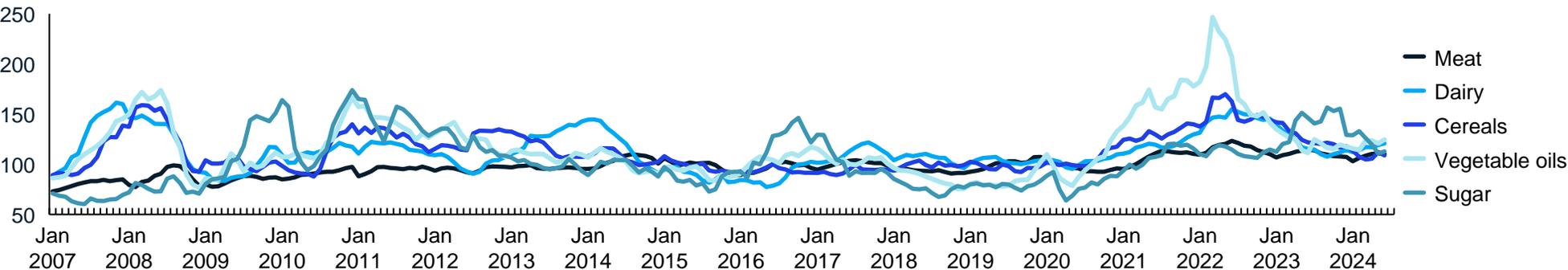
## FAO Food Price Index by month, in real terms

Overall index, 2014–16 = 100



## Component indexes<sup>1</sup>

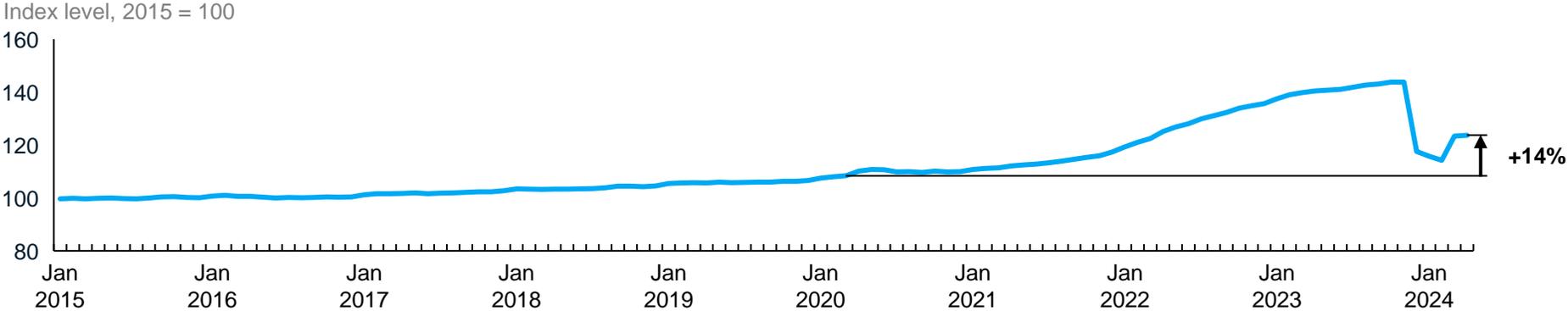
Index level, 2014–16 = 100



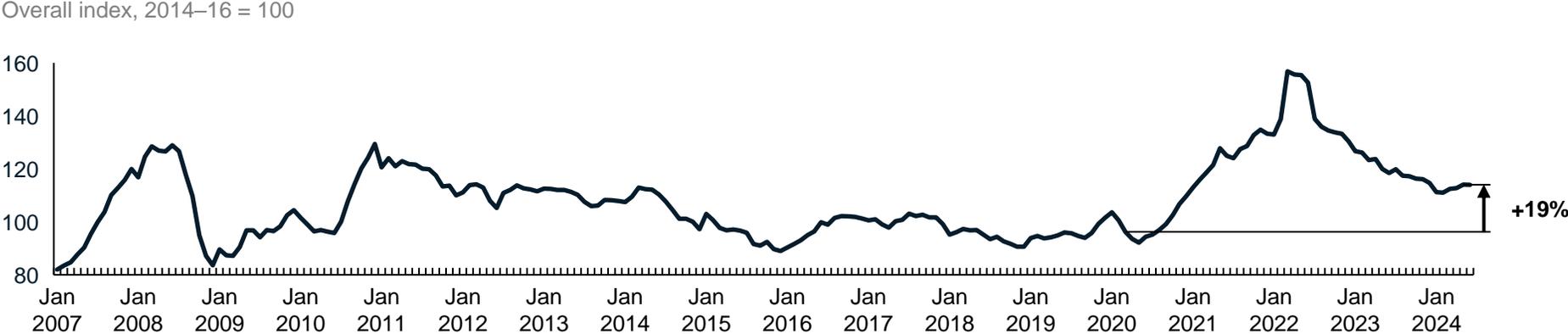
<sup>1</sup>The values of the five indexes are compiled and then weighted by the average export shares of each group in 2002–04. The final figure represents the current value of the FAO Food Price Index.

# The end prices that consumers pay for commodities dropped significantly in 2024 but still remain relatively high compared to pre-pandemic levels

### OECD Food Consumer Price Index by month



### FAO Food Price Index by month, in real terms

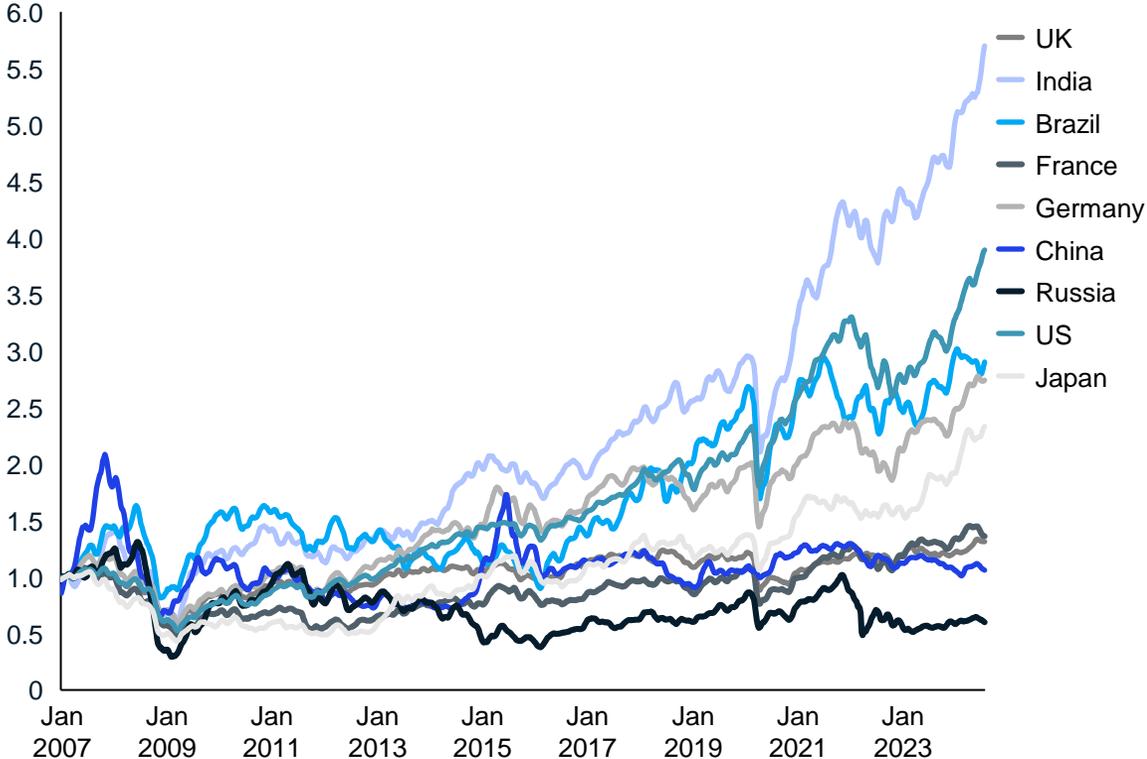


Source: OECD, Food and Agriculture Organization of the United Nations; McKinsey's Global Economics Intelligence analysis

# After a relatively volatile June, during which most stock exchanges experienced losses, July brought a rebound

## Equity markets<sup>1</sup>

Five-week moving average, daily, index (Jan 2007 = 1)



1. Brazil: Bovespa; China: SSE Composite Index; France: CAC 40; Germany: DAX; India: BSE Sensex-30; Japan: Nikkei 225; Russia: RTS Index; UK: FTSE 100; US: S&P 500.

2. Growth rate calculated as average value of each index in June over average value in May.  
 3. Growth rate calculated as average value of each index in July (July 21) over average value in June.

Source: Haver Analytics; McKinsey's Global Economics Intelligence analysis

## Change from prior month

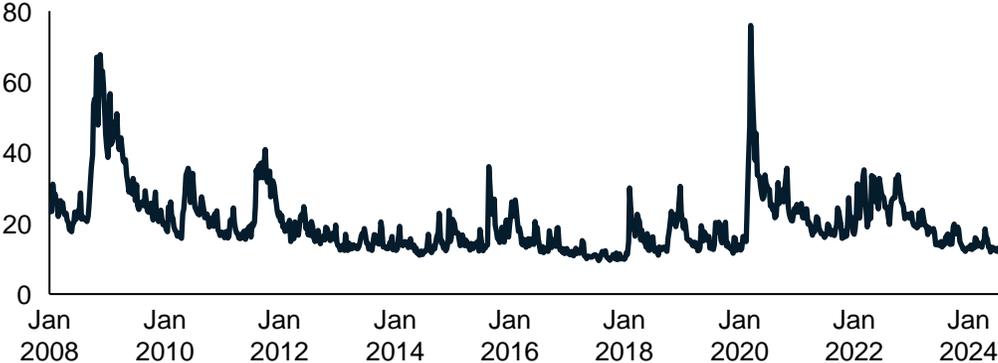
%

US	S&P 500	3.4	2.9
UK	FTSE 100	-1.4	-0.3
Germany	DAX	-1.4	0.5
France	CAC 40	-4.5	-1.7
Japan	Nikkei 225	0.8	4.8
China	SSE Composite index	-3.6	-1.7
India	BSE Sensex-30	3.9	4.4
Brazil	Bovespa	-4.3	4.9
Russia	RTS	-4.3	-3.6
		June <sup>2</sup>	July <sup>3</sup>

Versus previous period: ■ Significant increase ■ Increase ■ Decline  
■ Severe decline ■ No significant change

# Volatility continues to trend down

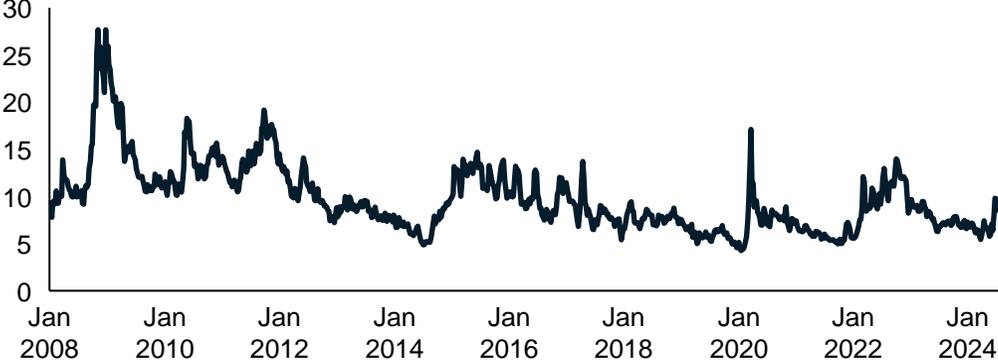
**CBOE S&P 500 Index Option Volatility Index (VIX)<sup>3</sup>**



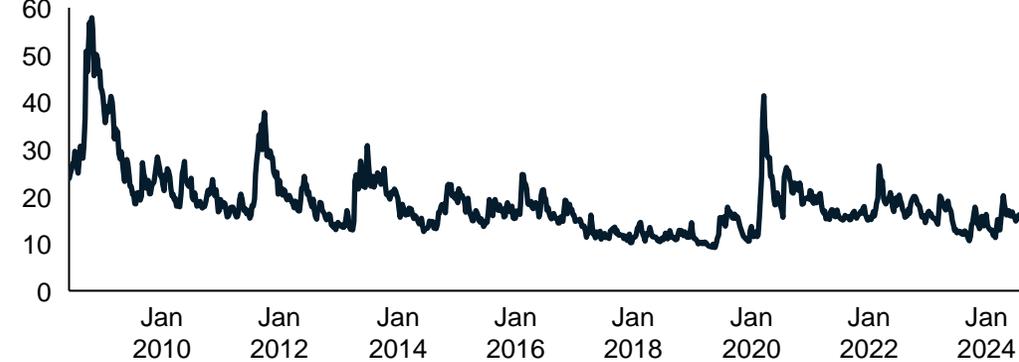
**CBOE Crude Oil Volatility Index (OVX)<sup>1, 3</sup>**



**CBOE Euro Currency Volatility Index (EVZ)<sup>3</sup>**



**CBOE Gold Volatility Index (GVZ)<sup>2, 3</sup>**

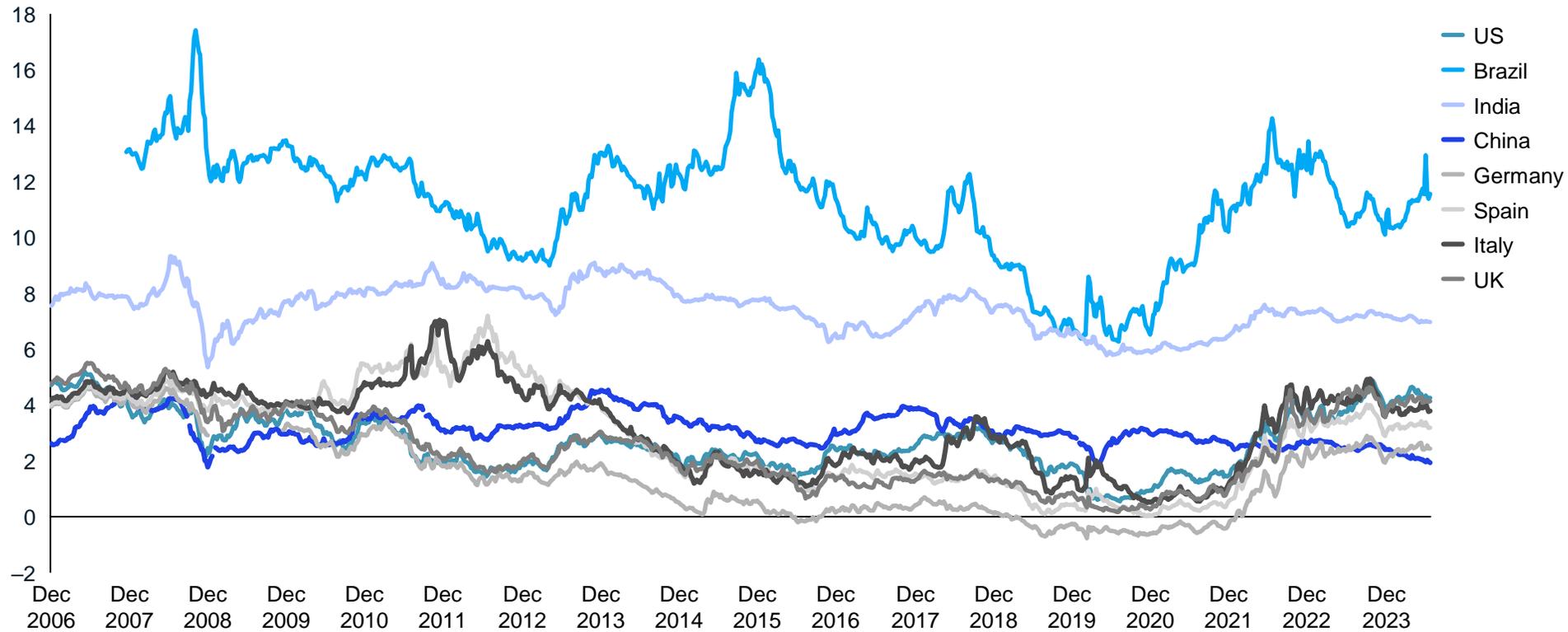


1. Based on United States Oil Fund (USO) option prices.  
 2. Based on SPDR Gold Shares (GLD) options.  
 3. Updated through July 16, 2024.

# Cost of capital was stable in July, driven by stabilization in inflation and a wait-and-see approach from markets regarding interest rate decisions

## Ten-year government bonds<sup>1</sup>

Five-day moving average,<sup>2</sup> % (daily)



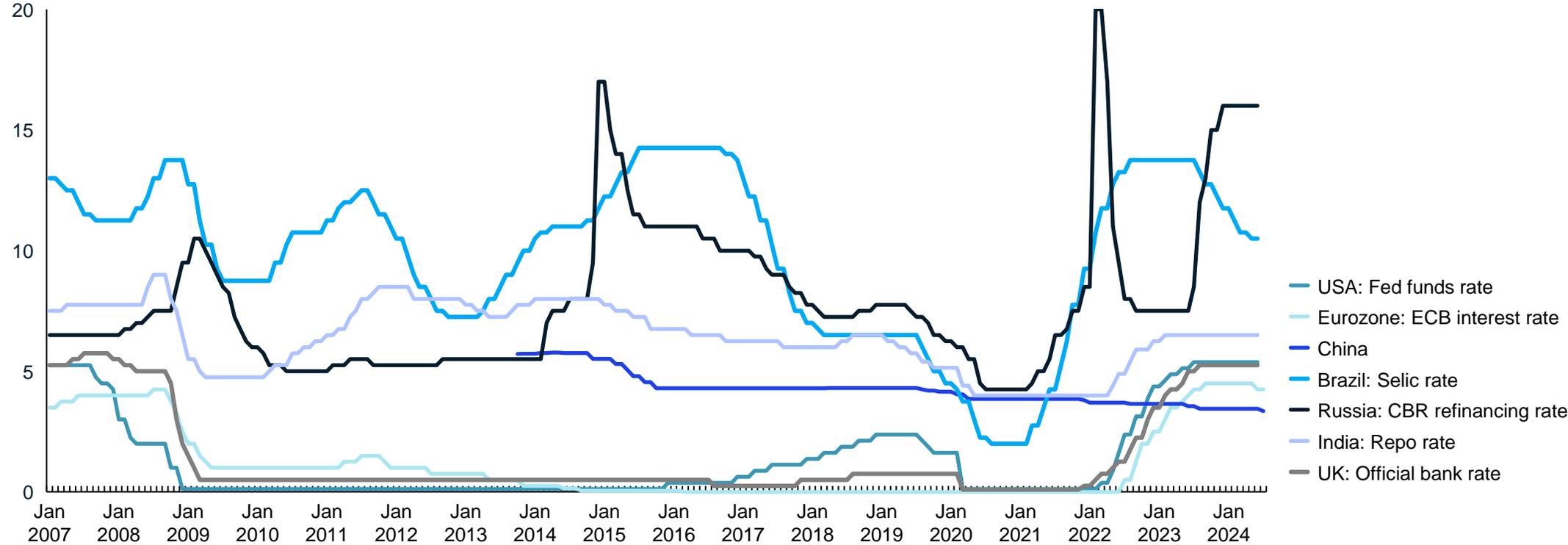
1. Five-year government bond yields used for China.

2. Updated through July 21, 2024.

# In July, the Fed kept interest rates unchanged, while in China, the central bank made two interest rate cuts

Central-bank interest rates

% (monthly)



Source: Banco Central do Brasil; Bank of England; Central Bank of Russia; European Central Bank (ECB); New York Fed; Reserve Bank of India; McKinsey's Global Economics Intelligence analysis

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