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Global Economics Intelligence

Critical trends and risks

Released March 2024 (data through February 2024)

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Despite uncertainty, growth returns to manufacturing as services gather momentum; leading indicators suggest improvement across most countries; inflation converges on target levels

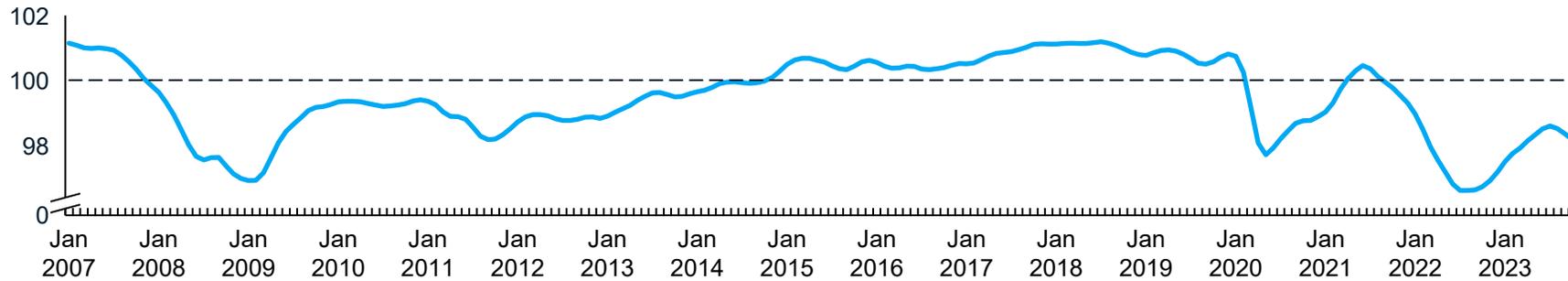
Versus previous period: ■ Significant improvement ■ Some improvement ■ Some deterioration ■ Significant deterioration ■ No significant change

■ Consumer and households	<ul style="list-style-type: none"> Consumer confidence remains subdued; however, consumption declined only in Europe, with consumers in other countries holding strong.
■ Business and industry	<ul style="list-style-type: none"> Growth returned to manufacturing, while services are gaining momentum. Eurozone and UK manufacturing sectors continue to contract, driven primarily by subdued demand; services sectors across all countries returned to expansion in February. OECD Composite Leading Indicators suggest improvement across majority of countries.
■ Trade and external	<ul style="list-style-type: none"> World trade volume increased by 0.9% in January, mainly explained by increases across all flows in emerging economies, Status of supply chains is contained within manageable levels, even amid ongoing constraints at the Panama Canal. In January, exports held for the US and fell in Brazil, India, and Russia; imports rose across most economies and declined in eurozone and India. In January, the Container Throughput Index rose slightly to 126.5 points (previous month: 125.7 points revised); China throughput revitalized with the Chinese New Year, but dropped in European ports.
■ Prices	<ul style="list-style-type: none"> Consumer inflation eased to around 2–3% among advanced economies; producer prices stay subdued. Inflation in emerging markets remains under control, despite increasing inflationary pressures. Mixed performance across commodities: precious metals and livestock surging, agriculture prices declining, and other commodities moving sideways. Inflation expectations picked up slightly but stick within a 2.0–2.5% range.
■ Employment	<ul style="list-style-type: none"> Unemployment rates remain stable across most surveyed economies but increased significantly in India over the last month.
■ Financial markets	<ul style="list-style-type: none"> Equity markets rebounded in February and March, with most markets providing returns of 4–5%. Although the US dollar lost value against most currencies, the overall magnitude of changes suggests stabilization. Government bonds continue to follow last month’s rising trend, with the exception of Brazil, India, and China.
■ Government and policy	<ul style="list-style-type: none"> Central banks considering first interest-rate cut in years, as inflation converges on target levels.

Consumer confidence remains subdued

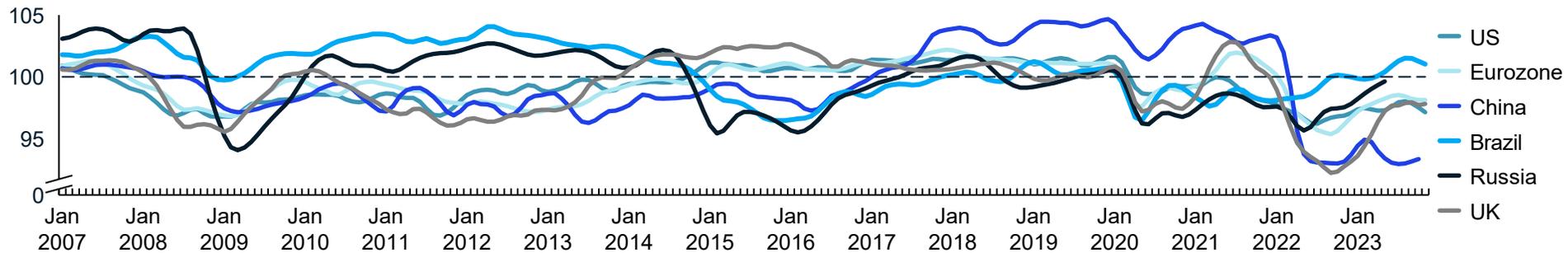
OECD global consumer confidence indicator

Index, long-term average = 100



OECD consumer confidence indicators for individual economies¹

Index, long-term average = 100¹

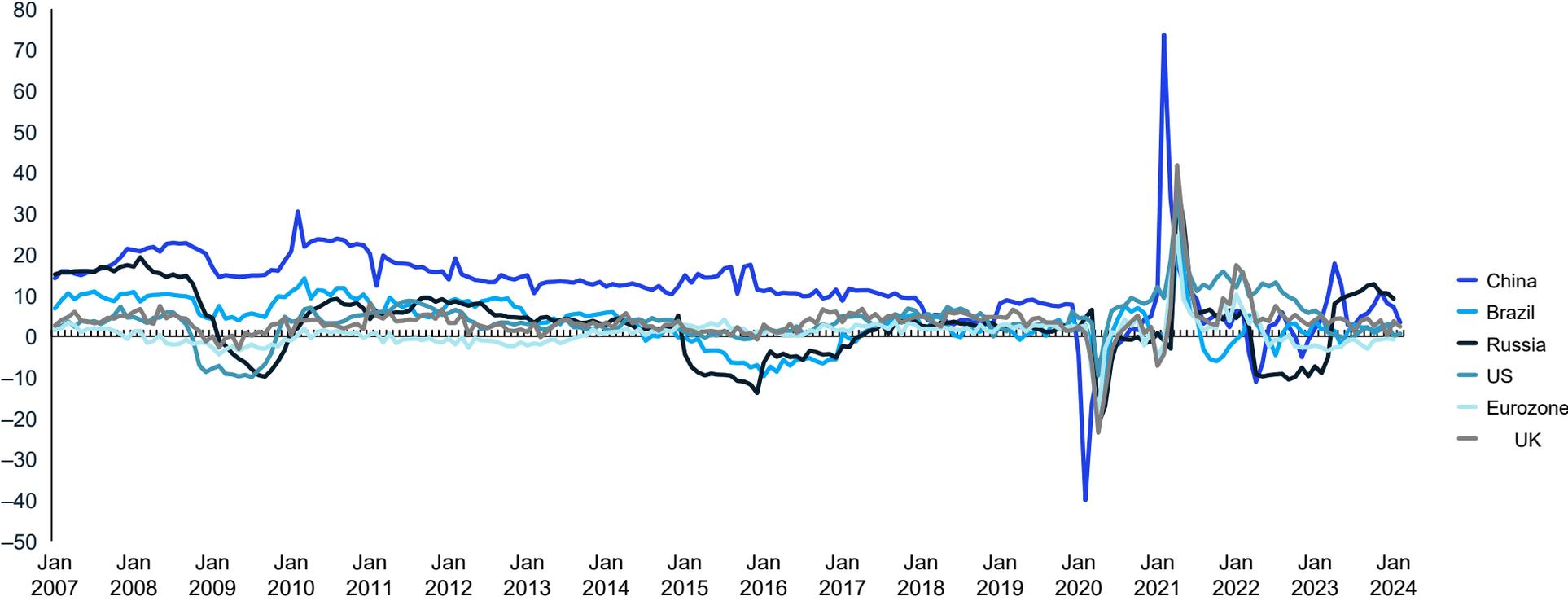


¹Data for China through October 2023 and Russia through May 2023.

Consumption declined only in Europe, with consumers in other countries holding strong

Retail sales growth¹

Year over year (monthly)

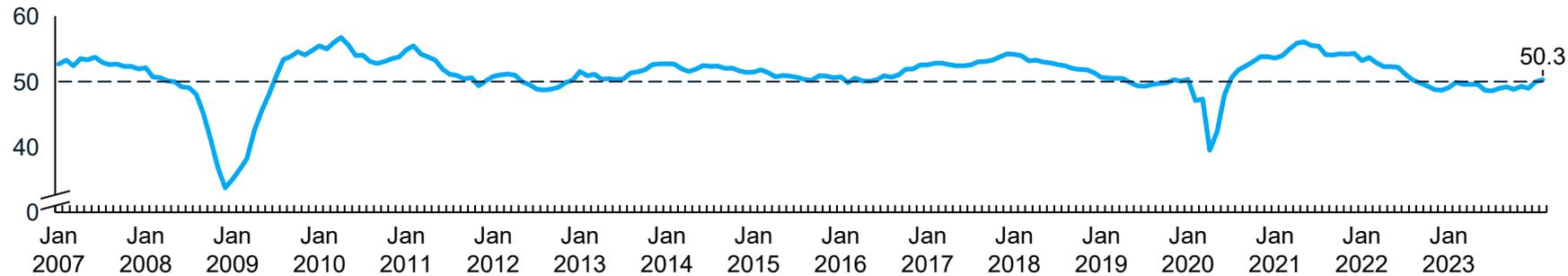


¹Data through January 2024.

Growth returned to manufacturing, while services are gaining momentum

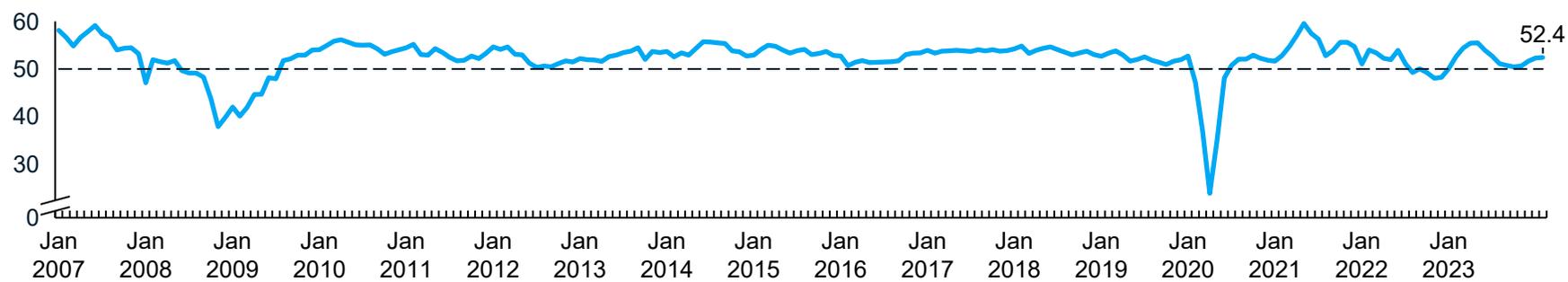
JPMorgan Global Purchasing Managers' Index (Manufacturing)

Diffusion index, seasonally adjusted (monthly)



JPMorgan Global Purchasing Managers' Index (Services)

Diffusion index, seasonally adjusted (monthly)

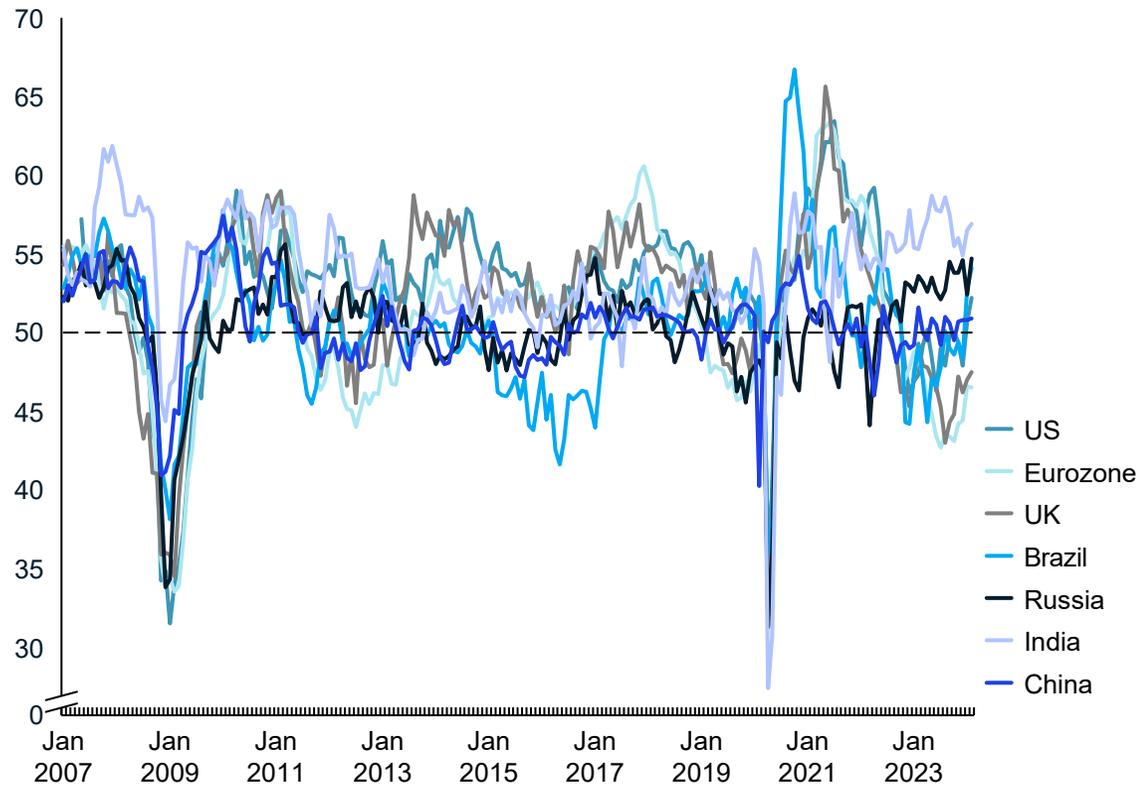


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. Country-level data are the PMIs for individual countries as sourced from Markit Economics or the Institute for Supply Management (ISM) and are not a breakdown of the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

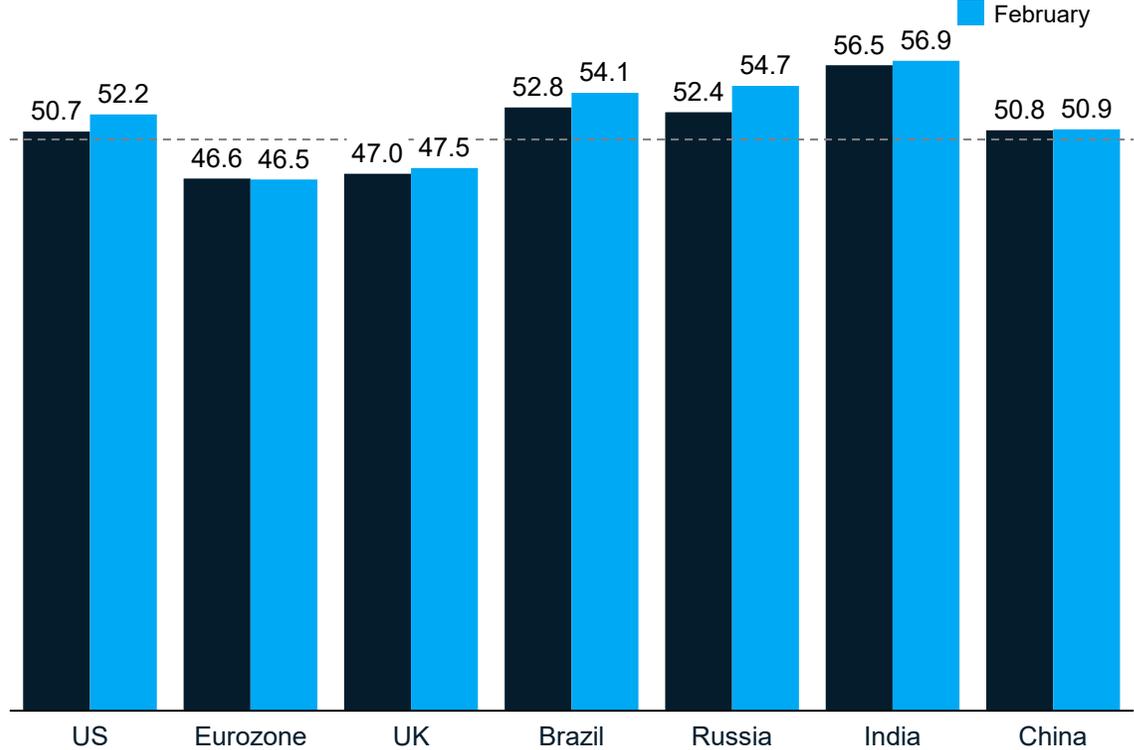
Eurozone and UK manufacturing sectors continue to contract, driven primarily by subdued demand

Purchasing managers' index (manufacturing)

Diffusion index (monthly)



Over the past two months

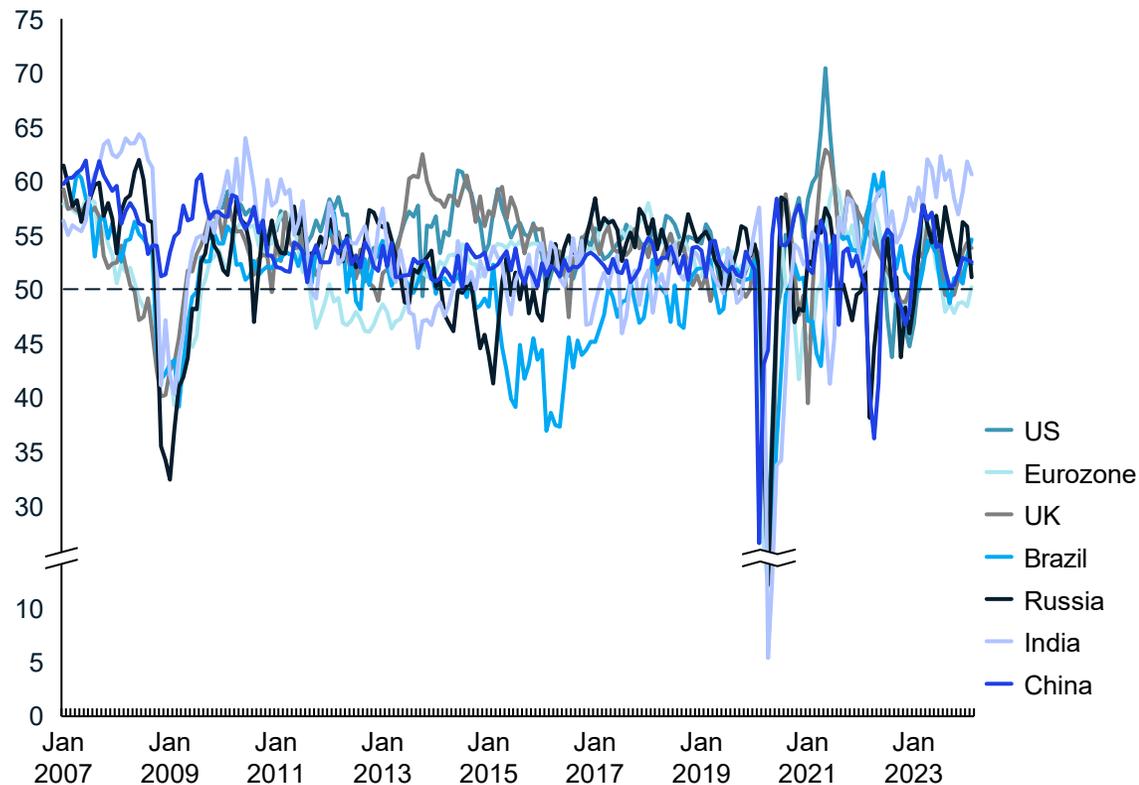


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. The country-level data are the PMIs for individual countries as sourced from Markit Economics and are not a breakdown of the JPMorgan Global PMI.

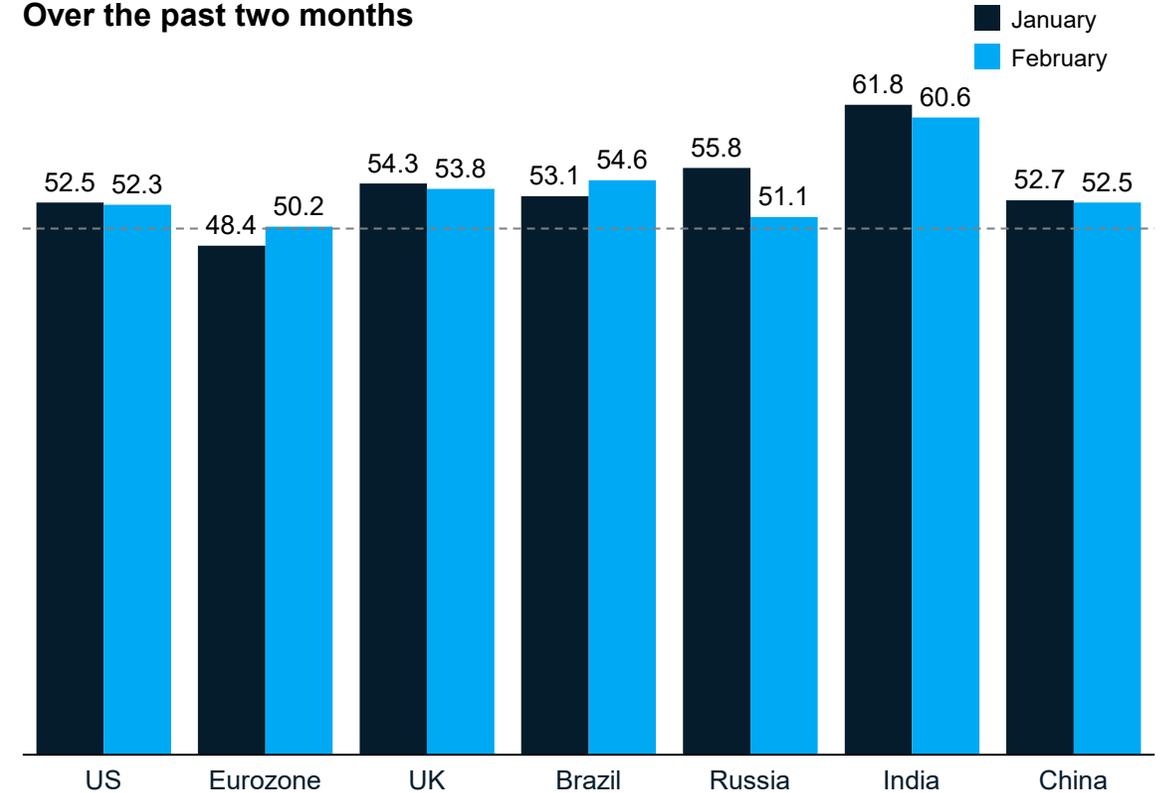
Services sectors across all countries returned to expansion in February

Purchasing managers' index (services)

Diffusion index (monthly)



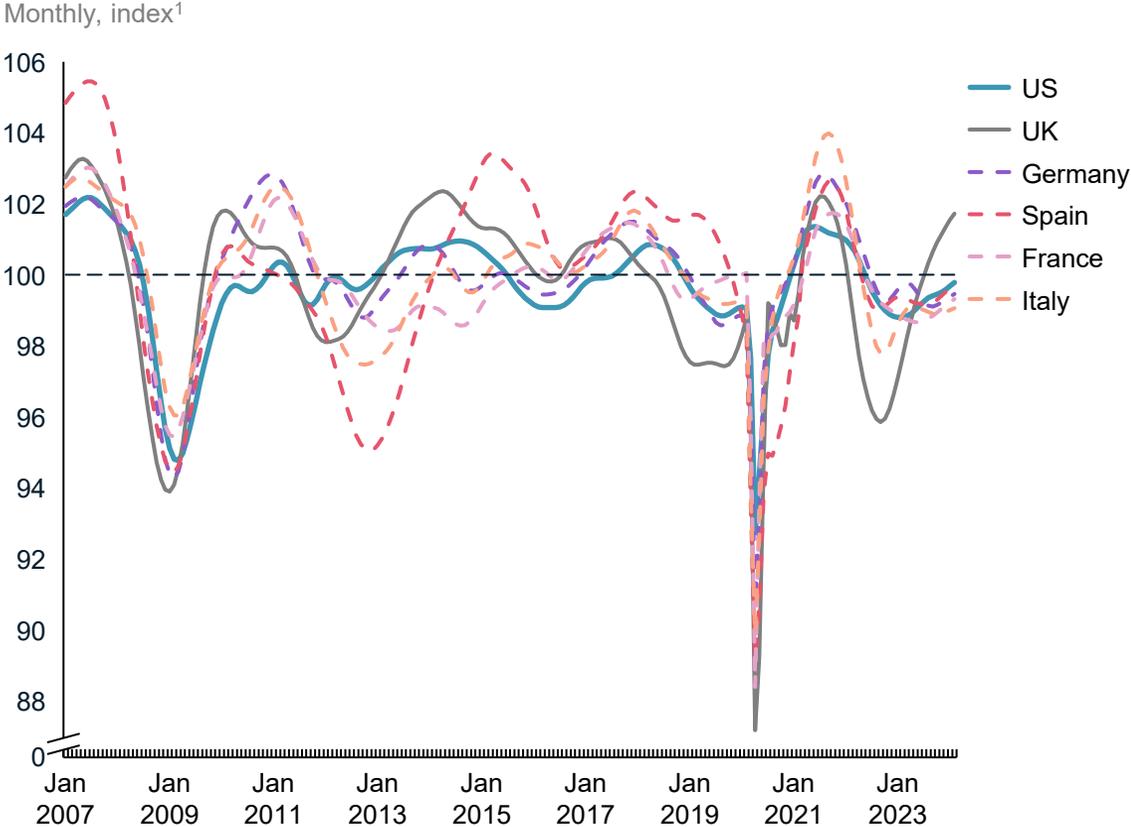
Over the past two months



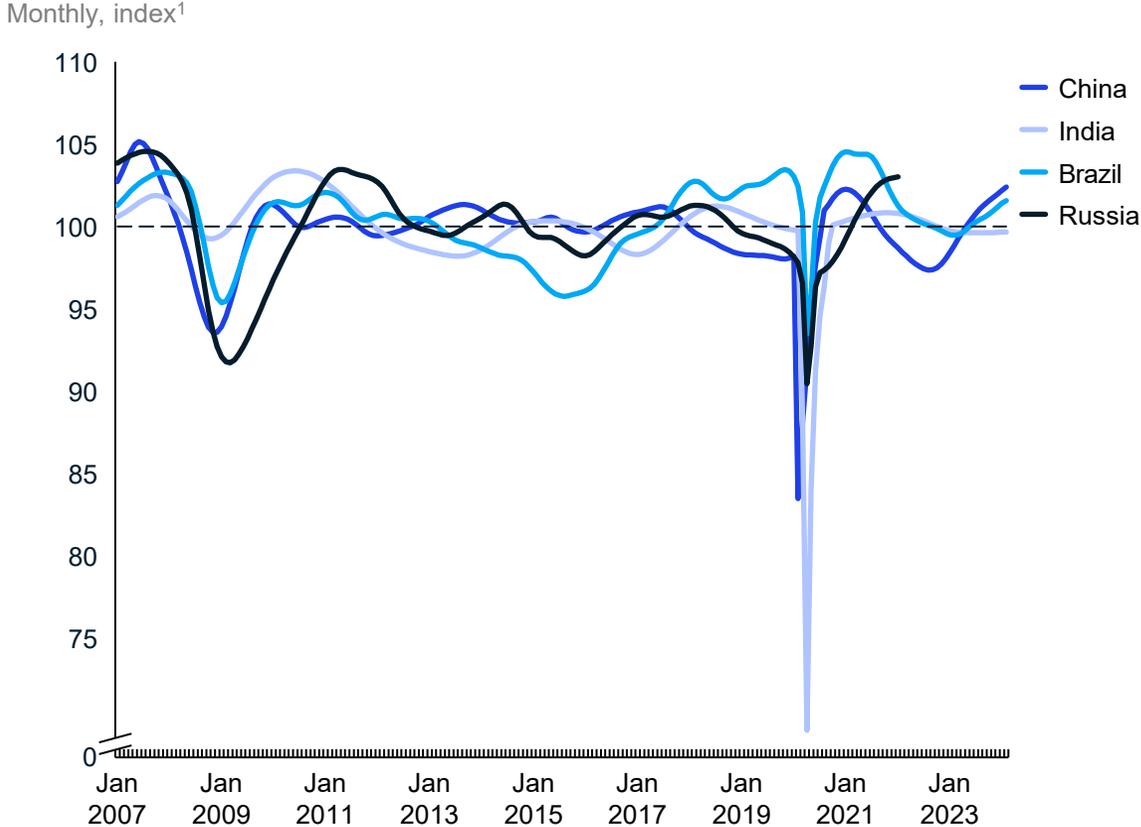
Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. The country-level data are the PMIs for individual countries as sourced from Markit Economics and are not a breakdown of the JPMorgan Global PMI.

OECD Composite Leading Indicators suggest improvement across majority of countries

OECD growth indicators: Advanced economies



OECD growth indicators: Emerging economies

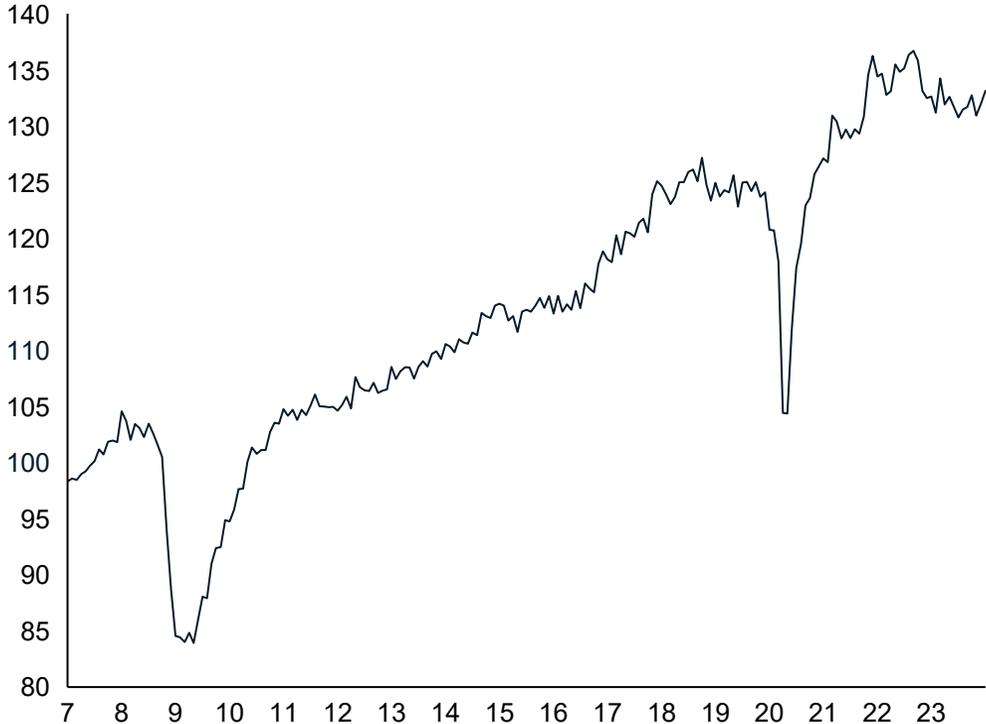


¹Composite leading indicators (CLIs) attempt to identify turning points in economic activity approximately six months in advance. The horizontal line at 100 shows the long-term trend in industrial production (the reference series). An increase to more than 100 indicates expansion; a decrease but still more than 100 indicates a downturn; a decrease to less than 100 indicates a slowdown; and an increase less than 100 indicates a recovery.

World trade volume increased by 0.9% in January, mainly explained by increases across all flows in emerging economies

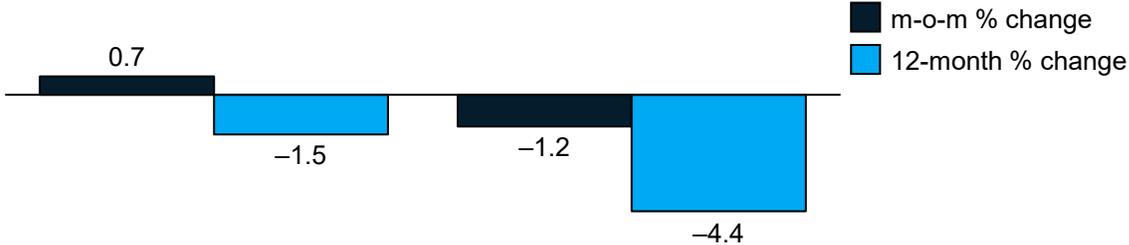
CPB World Trade Monitor

Volume, Index level, 2010=100

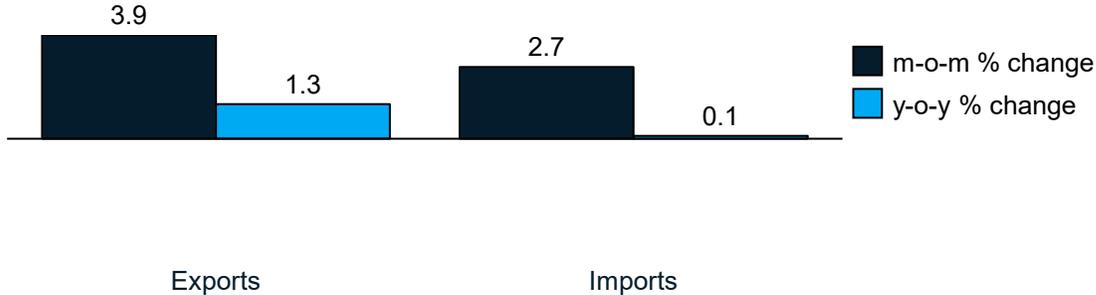


CPB World Trade Monitor details January 2024

Advanced economies



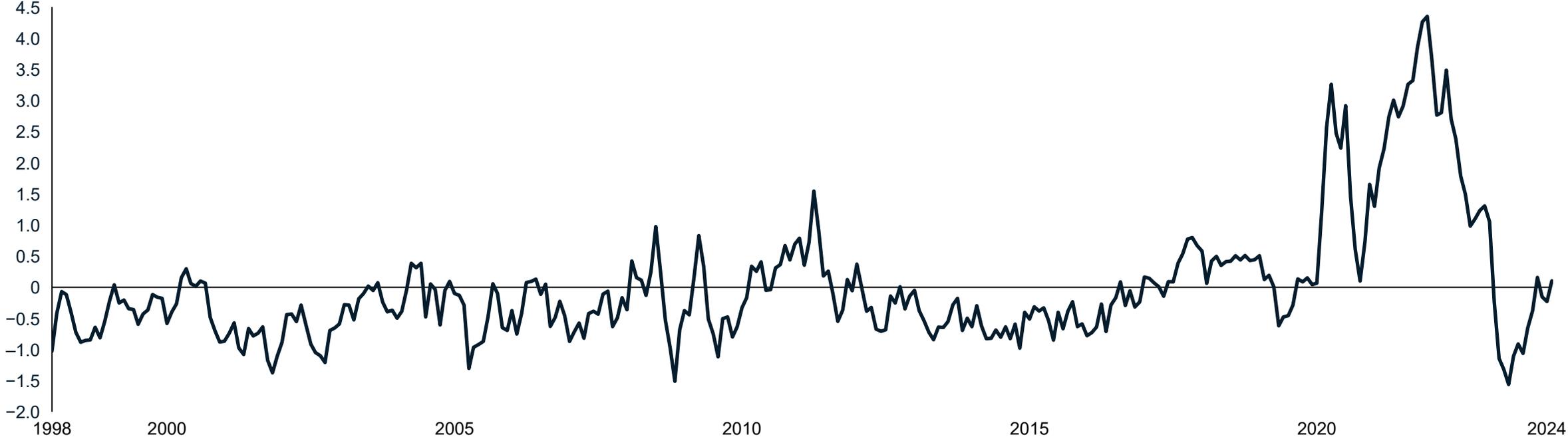
Emerging economies



Status of supply chains is contained within manageable levels, even amid ongoing constraints at the Panama Canal

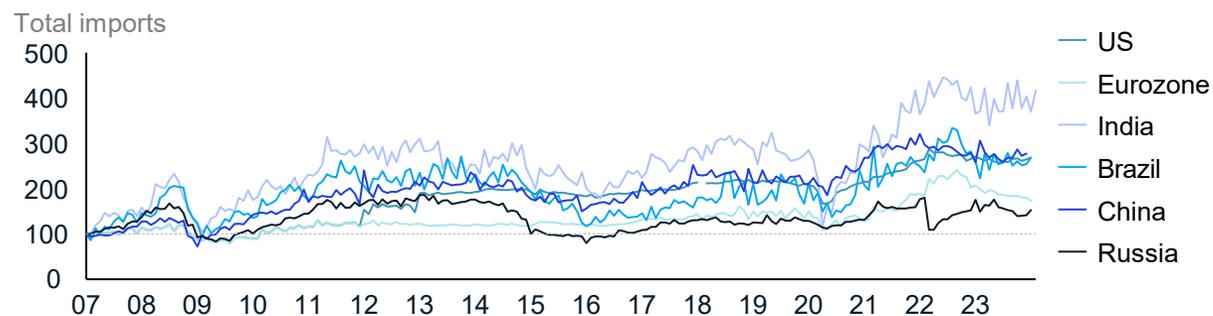
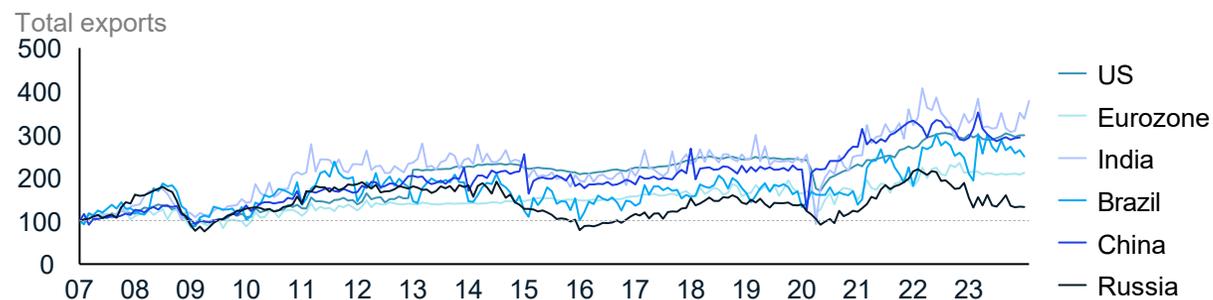
Supply-chain pressure index

Standard deviations from average value



In January, exports held for the US and fell in Brazil, India, and Russia; imports rose across most economies and declined in eurozone and India

Monthly index (January 2007 = 100)



Note: Exports and imports are not seasonally adjusted.
 1 Data for January 2024 vs December 2023.
 2 Latest data available for China is December 2023.

Versus previous period:

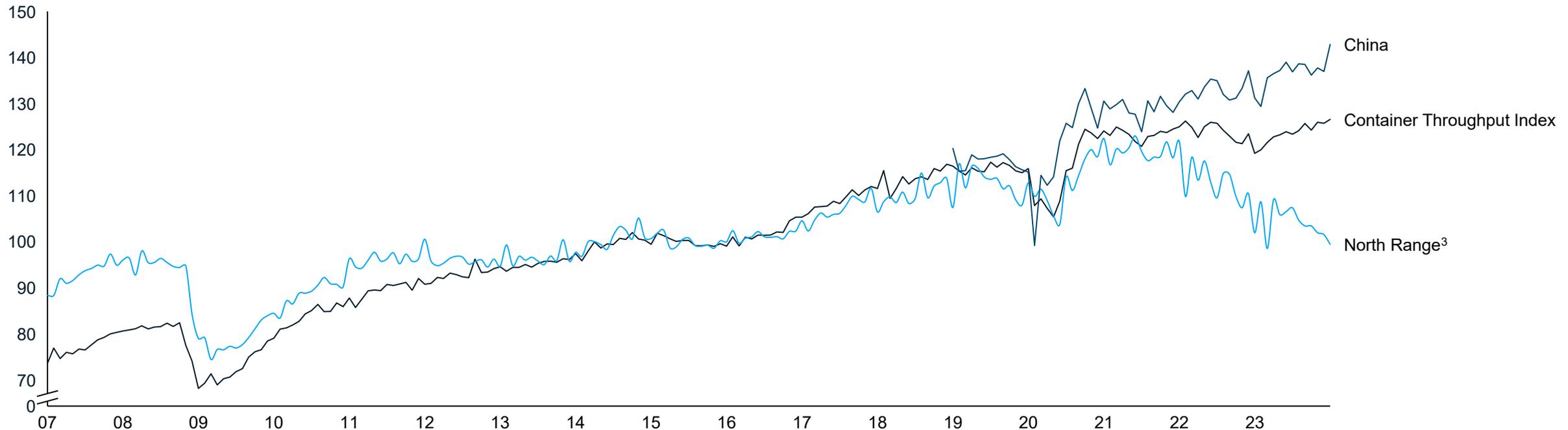
- Significant increase (dark blue)
- Increase (light blue)
- Decline (orange)
- Severe decline (red)
- No significant change (grey)

	% change from previous month ¹	12-mo. % change Jan. 2024–Feb. 2023 vs .Jan 2023–.Feb. 2022
Exports		
US	0.1	0.1
Eurozone	2.1	-2.7
China ²	0.5	-4.5
Brazil	-5.8	1.6
India	-3.9	-4.7
Russia	-0.6	-27.6
Imports		
US	1.1	-3.9
Eurozone	-4.0	-14.9
China ²	1.7	-5.3
Brazil	5.5	-10.9
India	-8.4	-6.4
Russia	7.9	8.6

In January, the Container Throughput Index rose slightly to 126.5 points (previous month: 125.7 points revised); China throughput revitalized with the Chinese New Year, but dropped in European ports

RWI/ISL Container Throughput Index¹

Index level, 2015=100²



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.

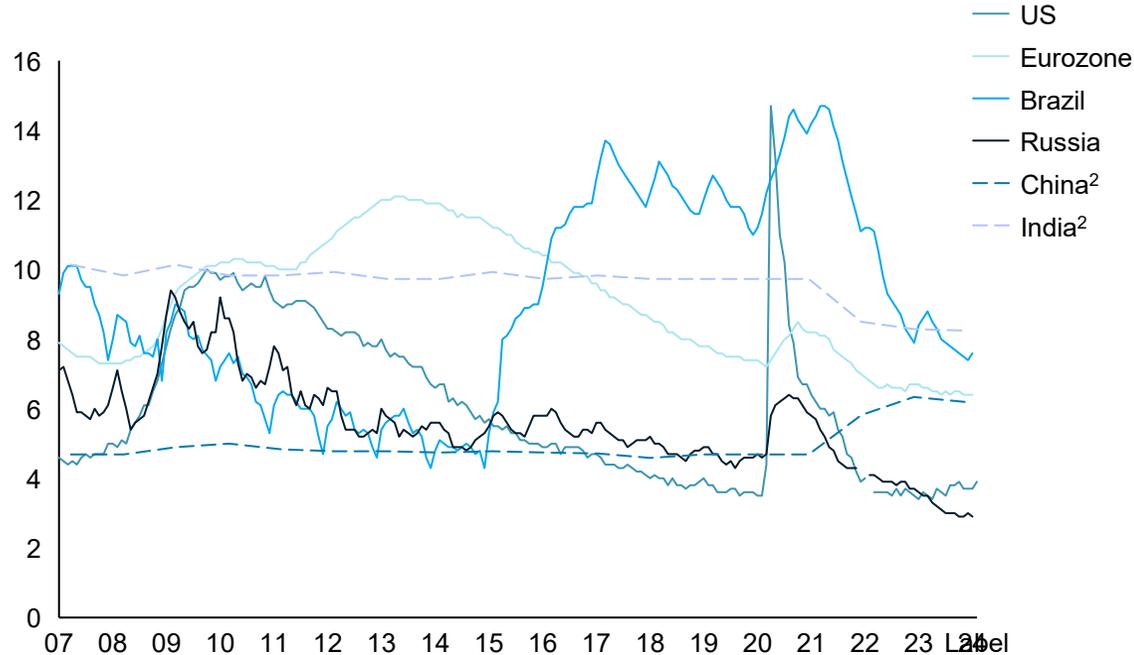
3. The North range index summarizes throughput for the ports of Antwerp, Bremen/Bremerhaven, Hamburg, Le Havre, Rotterdam, and Zeebrugge.

Note: The RWI/ISL Container Throughput Index provides timely information on short-term trends in international trade. The database covers 91 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.

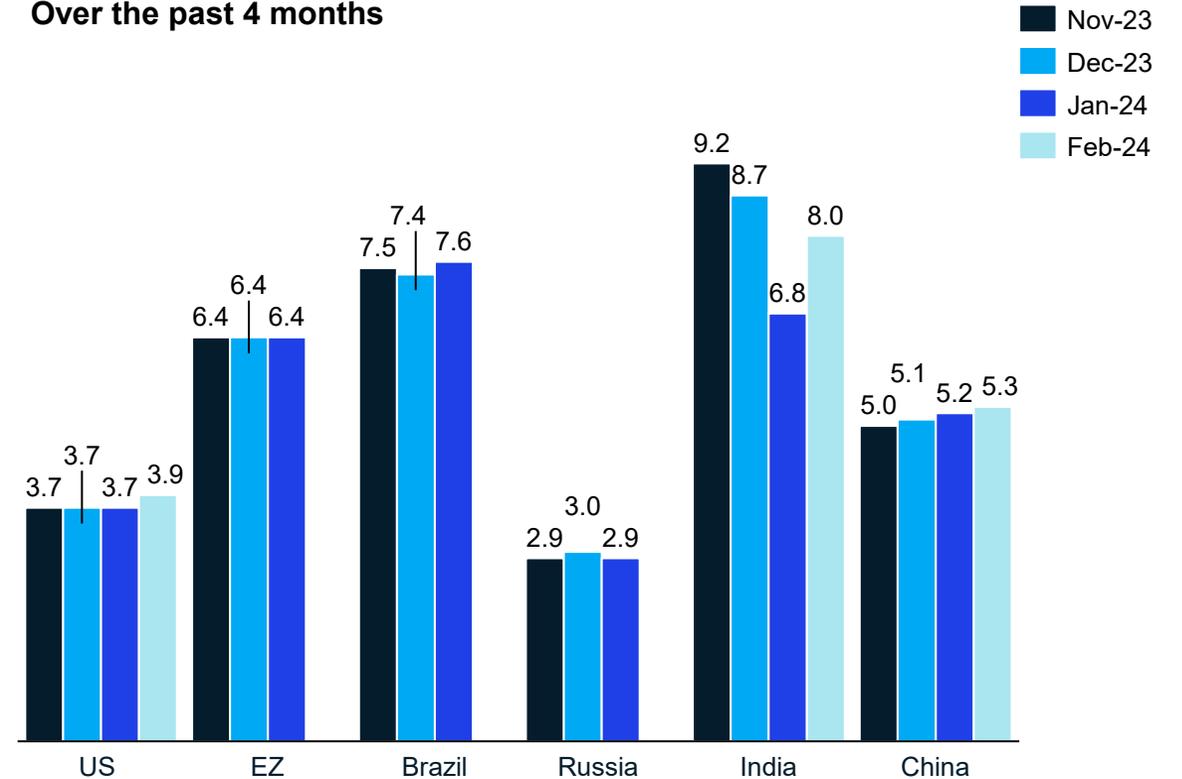
Unemployment rates remain stable across most surveyed economies, but increased significantly in India over the last month

Unemployment rate 2007–24¹

% of labor force (monthly)



Over the past 4 months

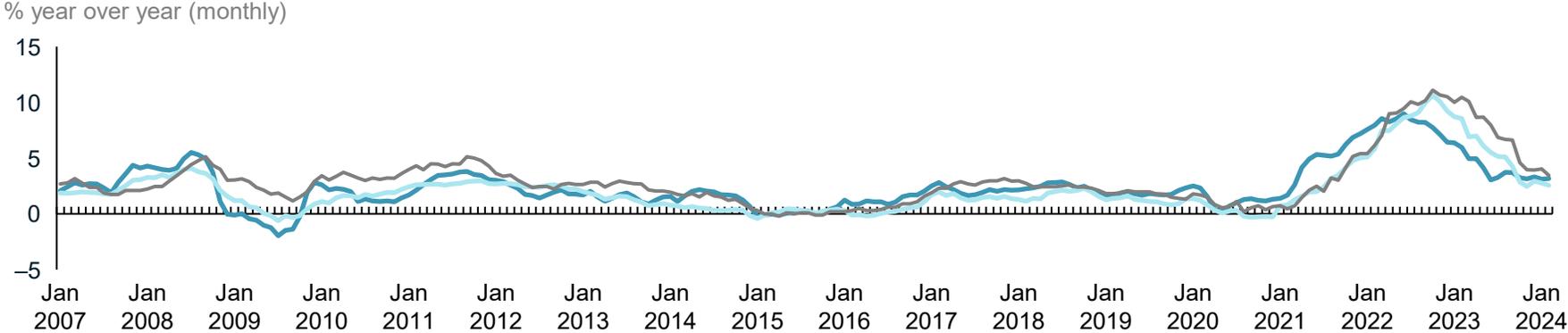


1. Data for India and China are annual and shown as a smoothed trend line.

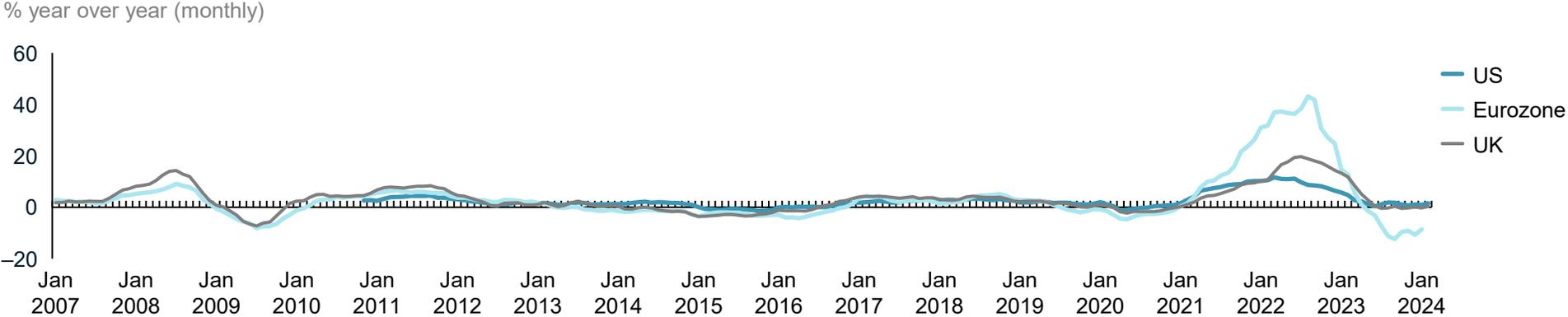
2. China unemployment only shows urban rate.

Consumer inflation eased to around 2–3% among advanced economies; producer prices stay subdued

Consumer price indexes: Developed economies

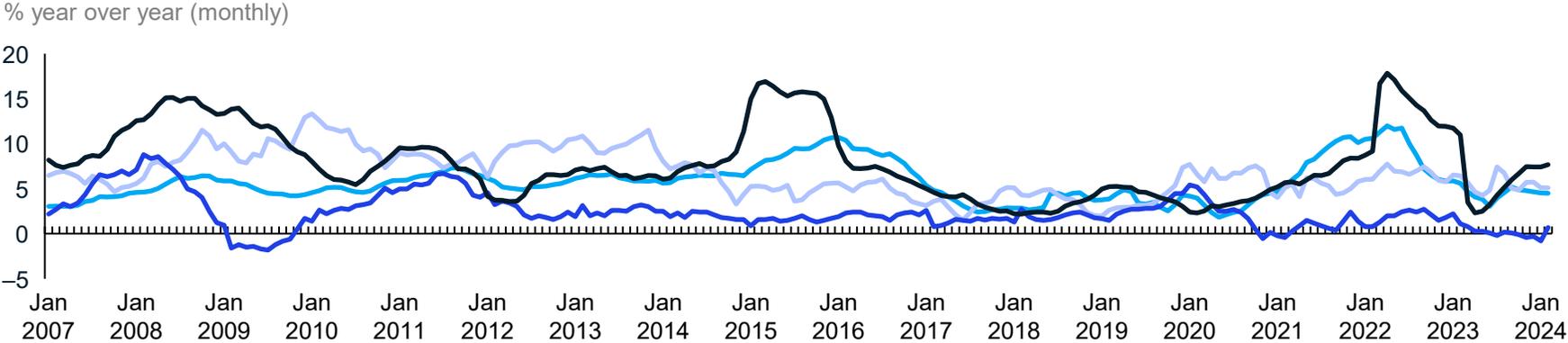


Producer price indexes: Developed economies

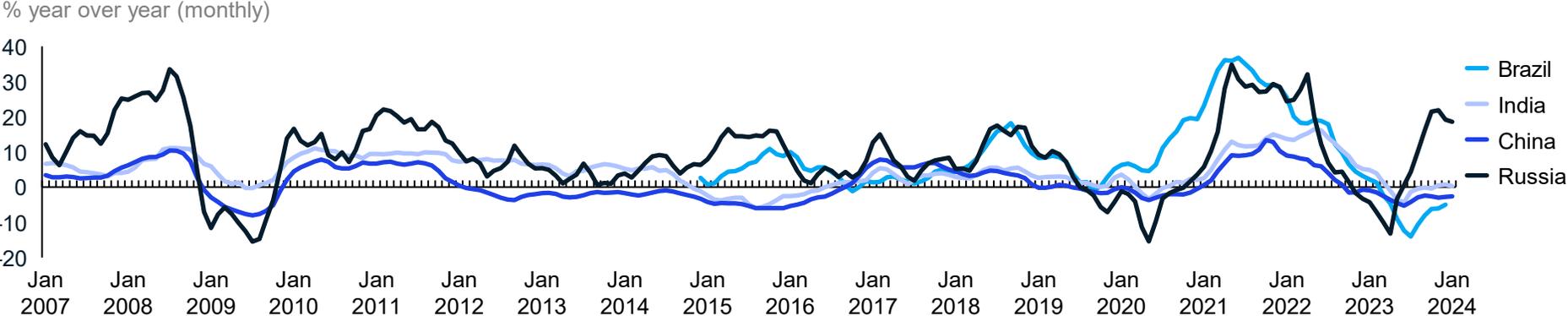


Inflation in emerging markets remains under control, despite increasing inflationary pressures

Consumer price indexes: Emerging economies



Producer price indexes: Emerging economies

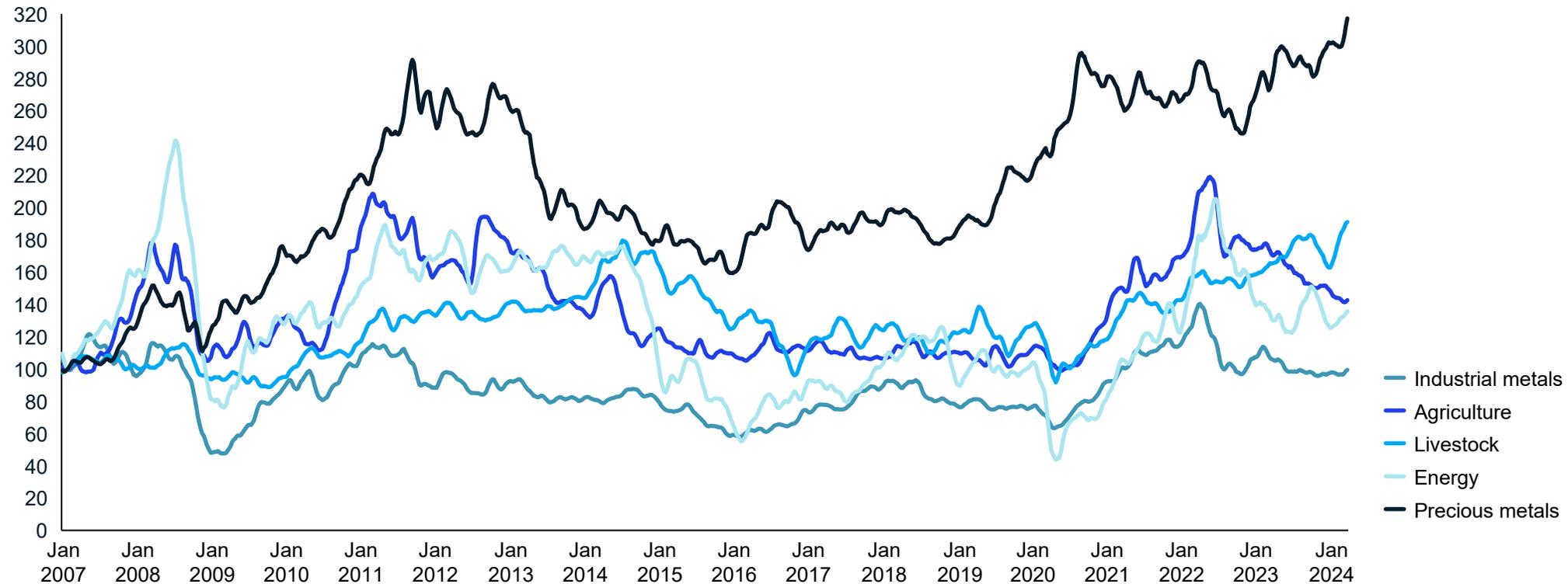


Source: National statistics websites; McKinsey's Global Economics Intelligence analysis

Mixed performance across commodities: precious metals and livestock surging, agriculture prices declining, and other commodities moving sideways

Commodities indexes¹

Moving five-week average, indexed to Jan 2007

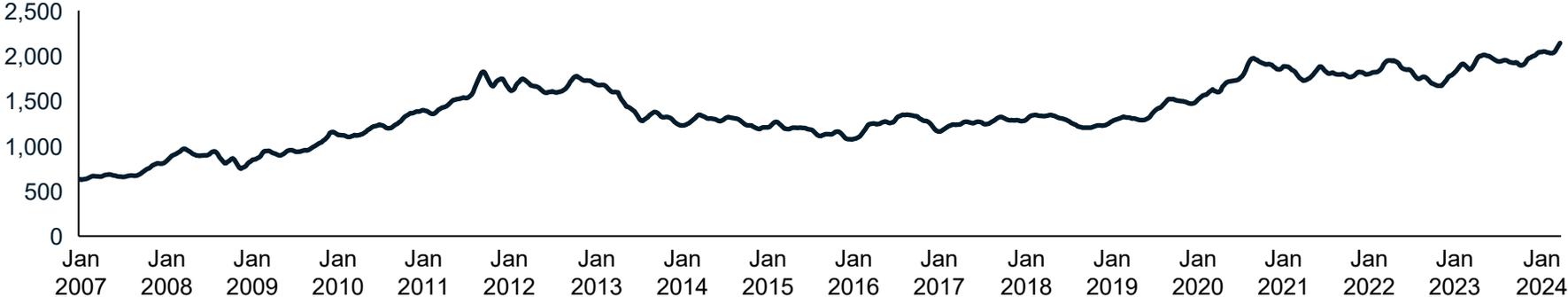


1. Updated through March 24, 2024; commodity data are taken from the GS Commodities Index, with components weighted by production. Precious metals: gold, 83%; silver, 17%. Energy: crude oil, 70%; oil products, 25%; natural gas, 4%. Agriculture: corn, 28%; wheat, 25%; soybeans, 15%; sugar, 14%; other, 19%. Livestock: cattle, 66%; hogs, 34%. Industrial metals: copper, 46%; aluminum, 31%; other, 23%.

Steady growth of gold prices was extended into March

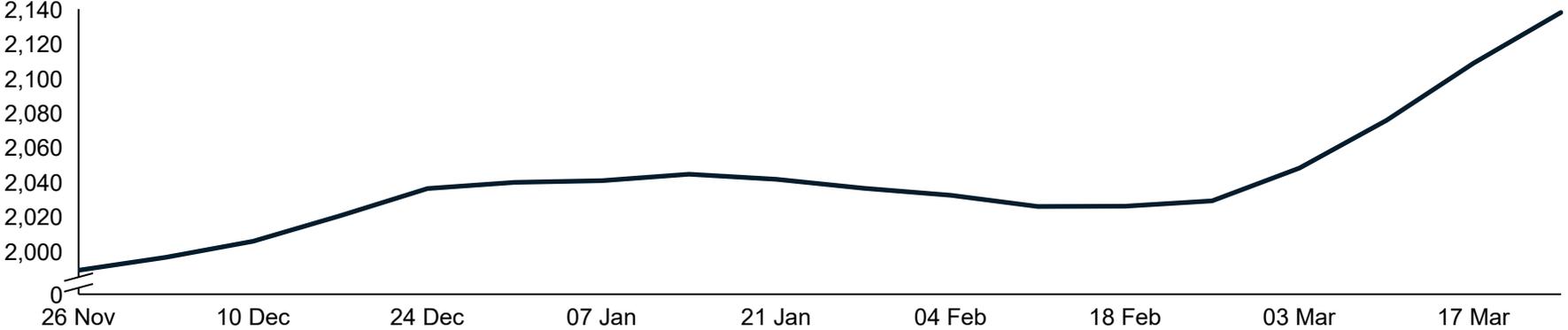
Gold spot price¹

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



Gold spot price over past 4 months

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

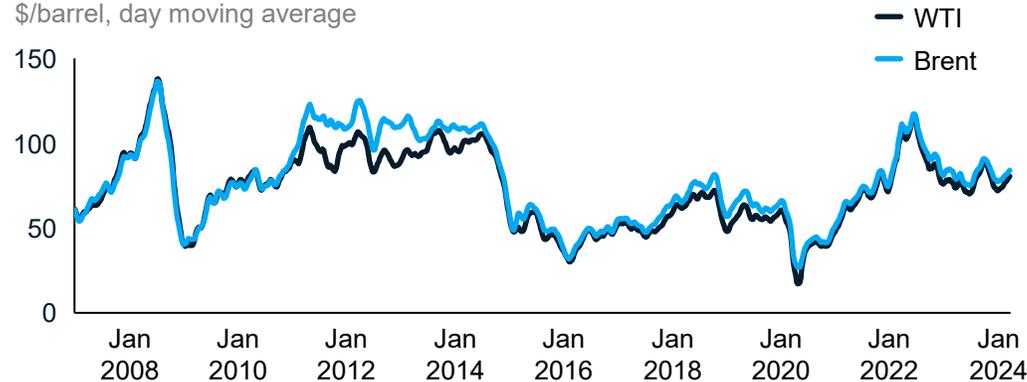


¹Updated through March 24, 2024.

Recent uptick in oil prices due to tightening supply, other energy-related commodities prices were mostly on a downward trend

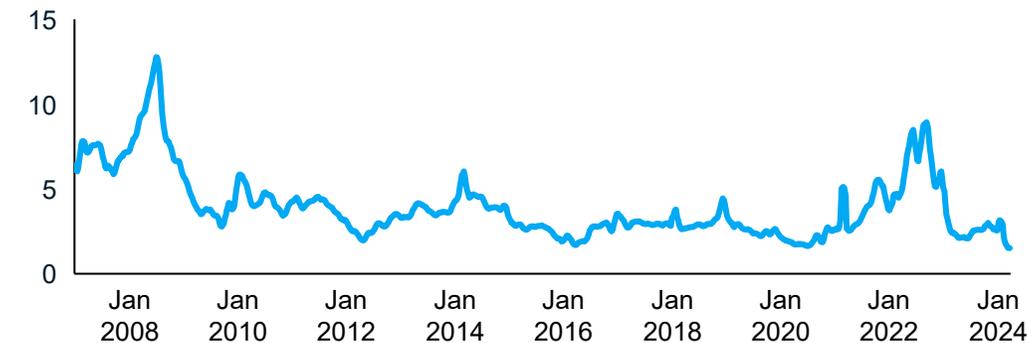
Oil price¹

\$/barrel, day moving average



Natural-gas price²

\$ per million Btu, five-day moving average



Heating-oil price³

US cents/gallon, five-day moving average



Coal price⁴

\$/megaton, monthly



1. Crude Brent, Henry Hub (Nymex). WTI (West Texas Intermediate) prices as of March 24, 2024.

2. Henry Hub, LA; prices as of March 24, 2024.

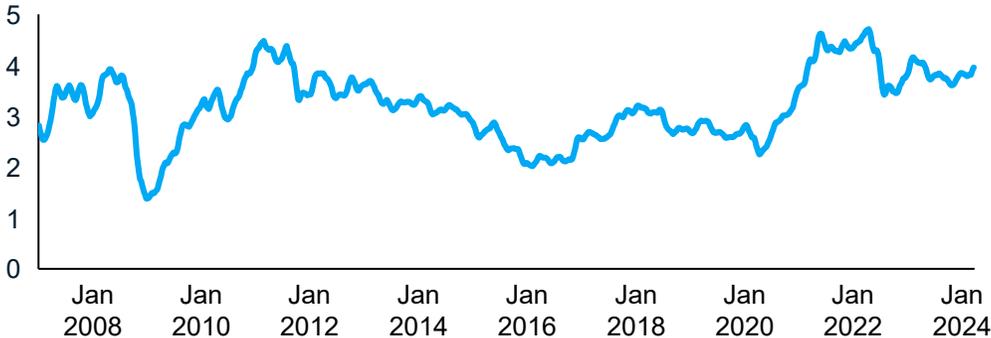
3. New York Harbor No. 2. heating-oil prices as of March 24, 2024.

4. Australia coal prices; coal prices as of February 2024.

Metal prices remain stable and have been moving sideways for more than a year

Copper¹

\$/pound, five-week moving average



Aluminum³

\$/Mt, five-week moving average



Steel²

\$/gross metric ton (monthly)



Nickel⁴

\$/Mt, five-week moving average

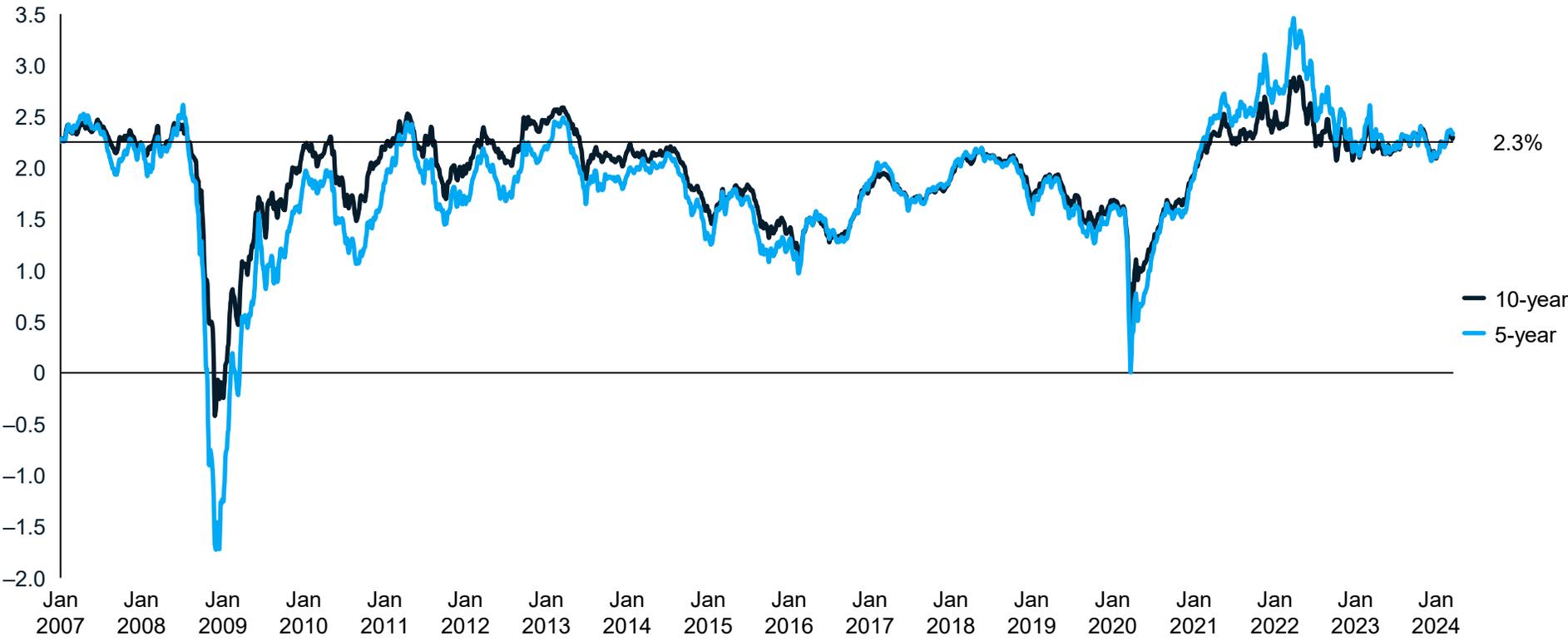


1. Copper, high grade: COMEX Spot Price, updated through March 24, 2024.
 2. Steel, 2.75-millimeter hot-rolled coil (\$/gross metric ton); data estimated since May 2012 using 0.5-millimeter cold-rolled sheet prices; data from December 2023.
 3. Aluminum, LME spot (\$/metric ton), updated through March 24, 2024.
 4. UK: LME nickel, closing cash price (\$/metric ton), updated through March 24, 2024.

Inflation expectations picked up slightly, but stick within a 2.0–2.5% range

Implied inflationary expectations from 5- and 10-year TIPS yields¹ (spread between T-bill and TIPS of same maturity)

% (daily), five-day moving average

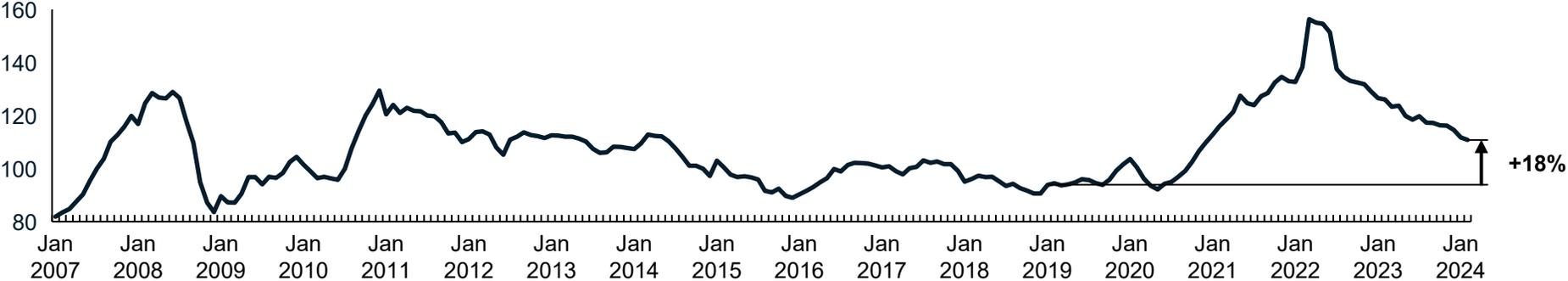


¹Updated through March 15, 2024.

Cost of food around the world continues to ease; however, it is still 18% above pre-pandemic levels

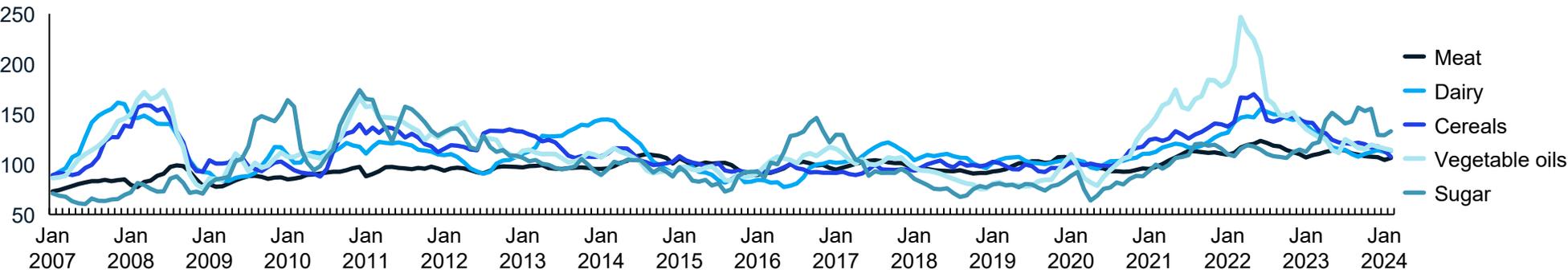
FAO Food Price Index by month, in real terms

Overall index, 2014–16 = 100



Component indexes¹

Index level, 2014–16 = 100

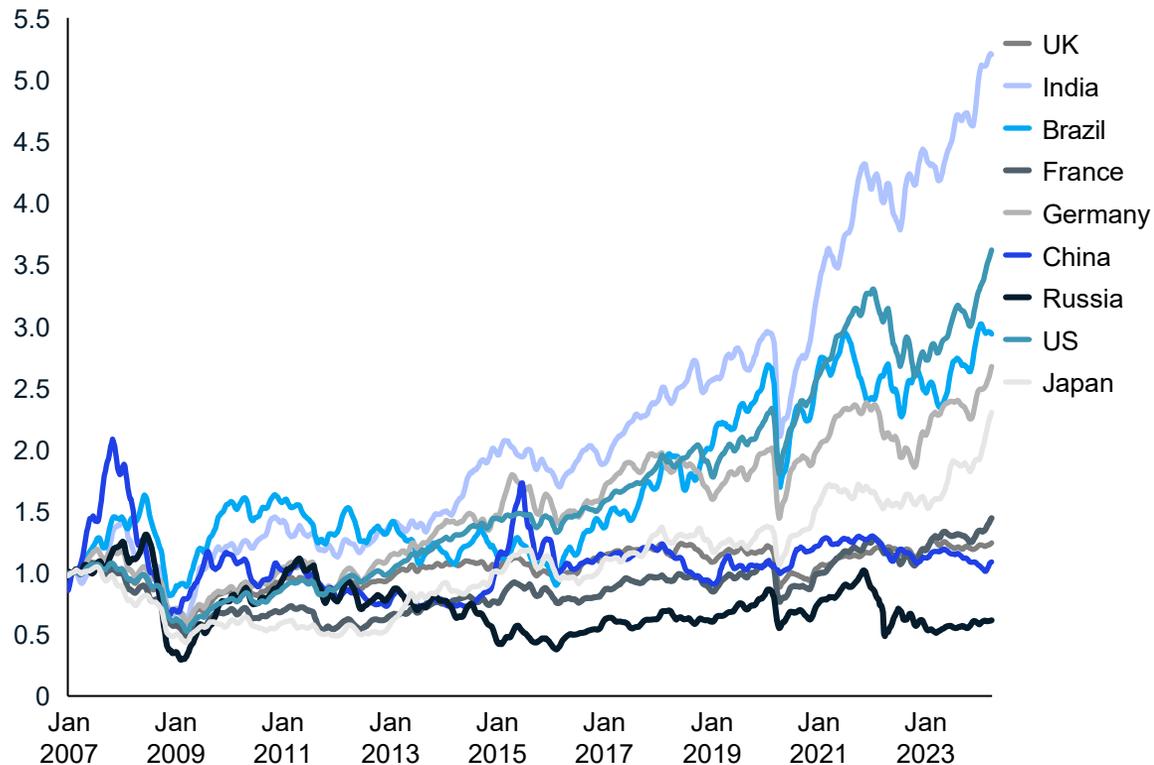


¹The values of the five indexes are compiled and then weighted by the average export shares of each group in 2002–04. The final figure represents the current value of the FAO Food Price Index.

Equity markets rebounded in February and March, with most markets providing returns of 4–5%

Equity markets¹

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 January over average value in December.

3. Growth rate calculated as average value of each index in February (February 18) over average value in December.

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

Change from prior month

%

US	S&P 500	4.3	3.2
UK	FTSE 100	0.5	1.7
Germany	DAX	2.6	5.0
France	CAC 40	3.9	4.4
Japan	Nikkei 225	6.6	5.5
China	SSE Composite Index	0.8	5.2
India	BSE Sensex-30	0.8	1.2
Brazil	Bovespa	0.5	-1.1
Russia	RTS	-0.7	1.9
		February²	March³

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

Although the US dollar lost value against most currencies, the overall magnitude of changes suggests stabilization

Relative change in currency value against previous month

USD as base

Currency ranking	Country	Currency	Currency % change ¹	Currency price	
Outperforming	United Kingdom	GBP	0.78%	1.27	(USD per GBP)
	Eurozone	EUR	0.72%	1.09	(USD per EUR)
	United States	NEER	0.71%	104.5	(index)
	Australia	AUD	0.44%	0.66	(USD per AUD)
	India	INR	0.13%	82.86	(INR per USD)
	China	RMB	0.10%	7.10	(RMB per USD)
	United States	USD		Base currency	
Underperforming	Japan	JPN	-0.19%	149.7	(JPY per USD)
	Russia	RUB	-0.20%	91.70	(RUB per USD)
	Brazil	BRL	-0.39%	4.98	(BRL per USD)

Relative change in currency value against 2007 values

USD as base

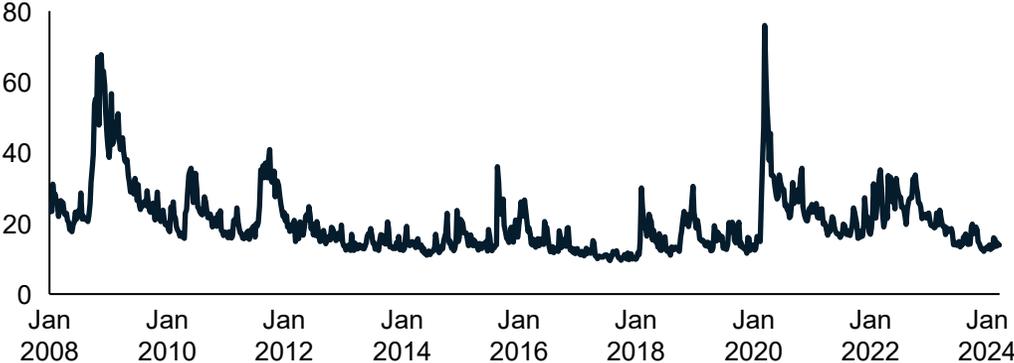
Currency ranking	Country	Currency	% change
Outperforming	United States	USD NEER	27.52%
	China	RMB	7.13%
	United States	USD	Base currency
Underperforming	Euro	EUR	-20.69%
	Japan	JPN	-21.40%
	Australia	AUD	-21.80%
	United Kingdom	GBP	-36.45%
	India	INR	-50.37%
	Brazil	BRL	-61.07%
	Russia	RUB	-72.12%

Note: Data updated to March 28, 2024; data for NEER from February 2024.

¹Positive change indicates appreciation, and negative change depreciation, of the currency against the US dollar.

Volatility eased across multiple assets

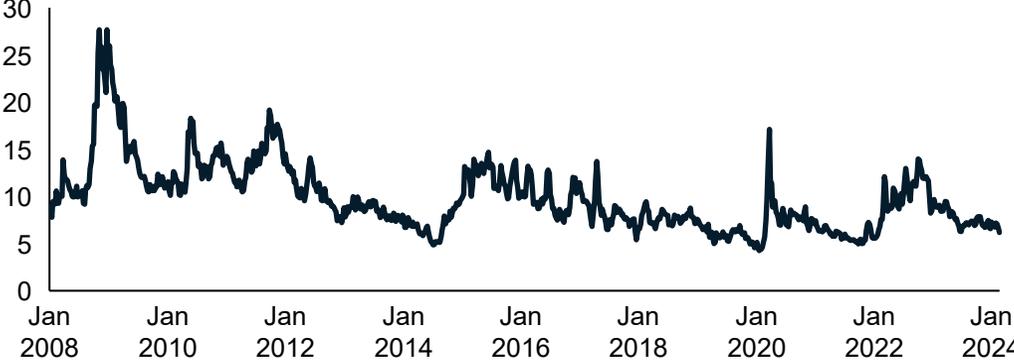
CBOE S&P 500 Index Option Volatility Index (VIX)³



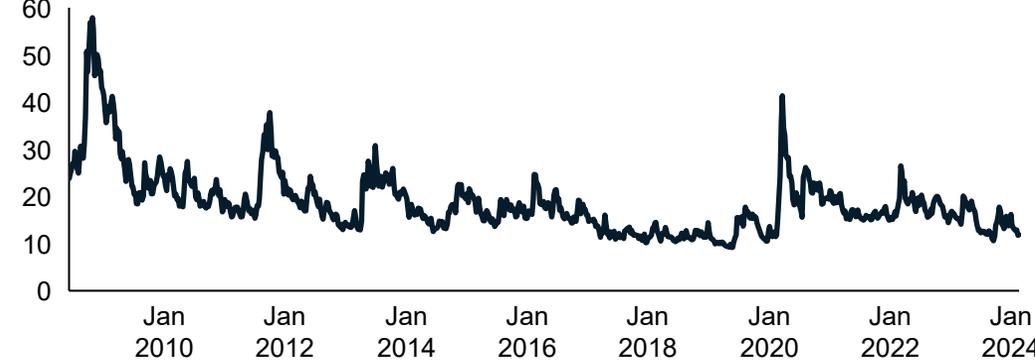
CBOE Crude Oil Volatility Index (OVX)^{1, 3}



CBOE Euro Currency Volatility Index (EVZ)³



CBOE Gold Volatility Index (GVZ)^{2, 3}

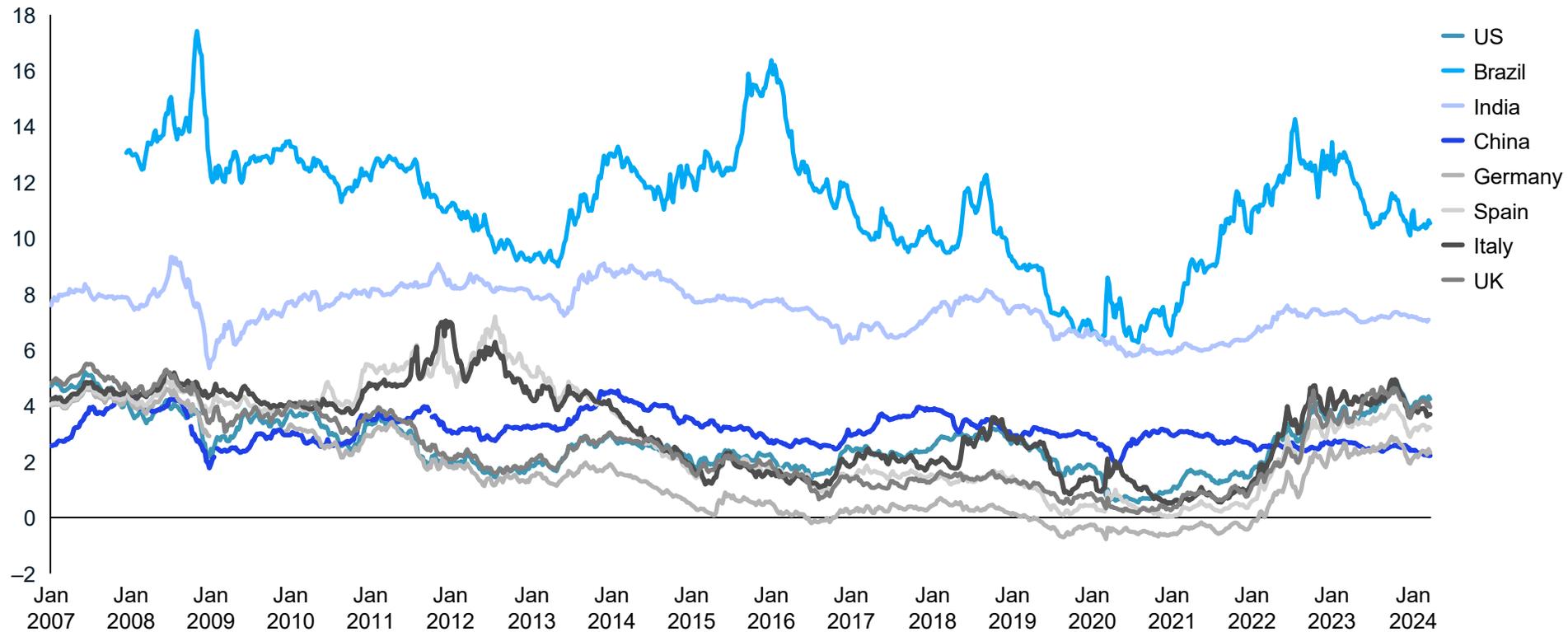


1. Based on United States Oil Fund (USO) option prices.
 2. Based on SPDR Gold Shares (GLD) options.
 3. Updated through March 19, 2024.

Government bonds continue to follow last month's rising trend, with the exception of Brazil, India, and China

Ten-year government bonds¹

Five-day moving average,² % (daily)



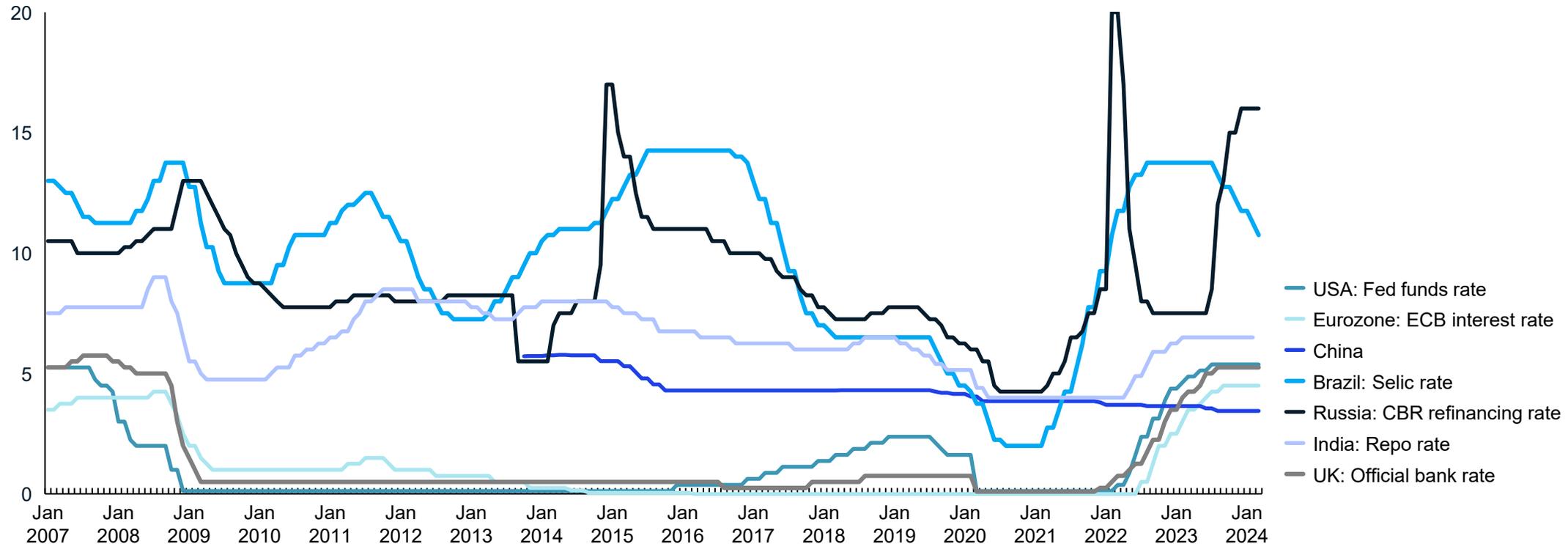
1. Five-year government bond yields used for China.

2. Updated through March 24, 2024.

Central banks considering first interest-rate cut in years, as inflation converges on target levels

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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