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# Global Economics Intelligence

Critical trends and risks

Released April 2024 (data through March 2024)

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# Global economic uncertainty persists; consumer activity on the rise, although prices settling at higher levels; manufacturing in early stages of recovery; interest rates on hold

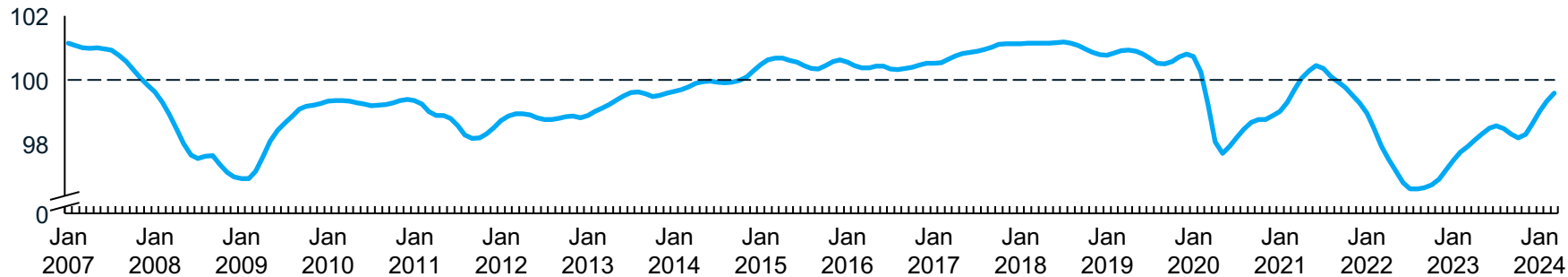
Versus previous period: ■ Significant improvement ■ Some improvement ■ Some deterioration ■ Significant deterioration ■ No significant change

<p>■ <b>Consumer and households</b></p>	<ul style="list-style-type: none"> <li>• In March, consumer confidence continues to trend upwards among main economies.</li> <li>• Retail activity showcases upbeat consumers in the past five years, with Russia's recent rebound standing out.</li> </ul>
<p>■ <b>Business and industry</b></p>	<ul style="list-style-type: none"> <li>• In March, overall growth in manufacturing can be seen across countries, with the eurozone being the only exception.</li> <li>• Services sector continues to trend up across main economies, with India's expansion standing out.</li> <li>• Despite high prices and interest rate environment, economies have continued growing over the past few months.</li> </ul>
<p>■ <b>Trade and external</b></p>	<ul style="list-style-type: none"> <li>• World trade volumes expanded 0.9% in January, mainly the result of increases across all flows in emerging economies.</li> <li>• Pressures on global supply chain have normalized in recent months with index close to its long-term average.</li> <li>• In February, exports increased in the US and India, and decreased in Brazil; imports increased in the US and India.</li> <li>• In February, the Container Throughput Index increased to 129.5 points versus the previous month (128.5 points revised); throughput weakened slightly in China, while it rose in European ports.</li> </ul>
<p>■ <b>Prices</b></p>	<ul style="list-style-type: none"> <li>• In recent months, consumer prices have settled at high levels compared to the pre-pandemic period.</li> <li>• Prices continue to indicate a high inflationary environment; China's deflation starting to break back to the 0% frontier.</li> <li>• Inflation in China starting to turn positive after six months of deflation; price shift is driven by food, beverages, and tobacco.</li> <li>• Commodity prices continue to reflect high inflationary environment of recent years, compared with pre-pandemic levels.</li> <li>• Energy prices appear to have landed at a higher floor than levels seen prior to the pandemic.</li> <li>• Food prices continue to decrease, though they are still some 19% higher than pre-pandemic levels.</li> </ul>
<p>■ <b>Employment</b></p>	<ul style="list-style-type: none"> <li>• Unemployment rates remain stable across most surveyed economies, while they continue to decrease in India.</li> </ul>
<p>■ <b>Financial markets</b></p>	<ul style="list-style-type: none"> <li>• Equity markets have shown muted performance in April, following growth the previous month.</li> <li>• Apart from China, government bonds yields continue to increase as they reach 2010 levels.</li> </ul>
<p>■ <b>Government and policy</b></p>	<ul style="list-style-type: none"> <li>• Central banks refrain from cutting interest rates due to persistence of elevated inflationary pressures.</li> </ul>

# In March, consumer confidence continues to trend upwards among main economies

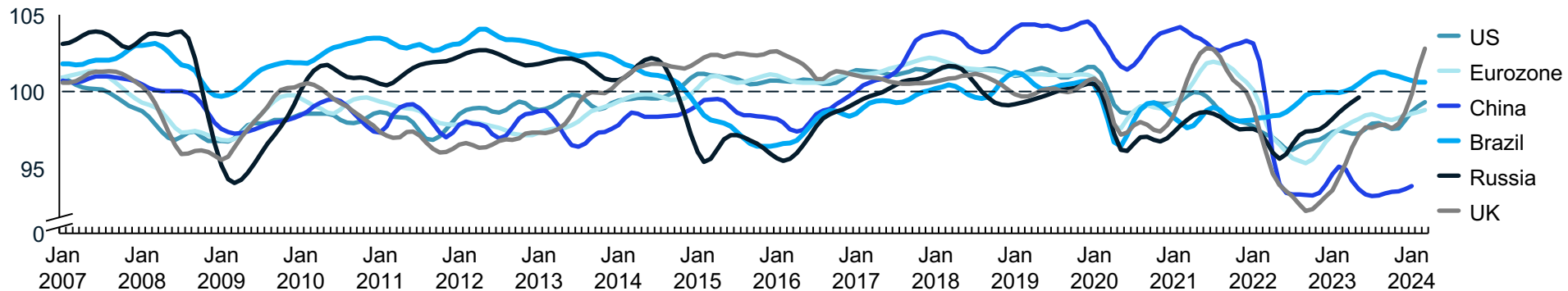
## OECD global consumer confidence indicator

Index, long-term average = 100



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

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

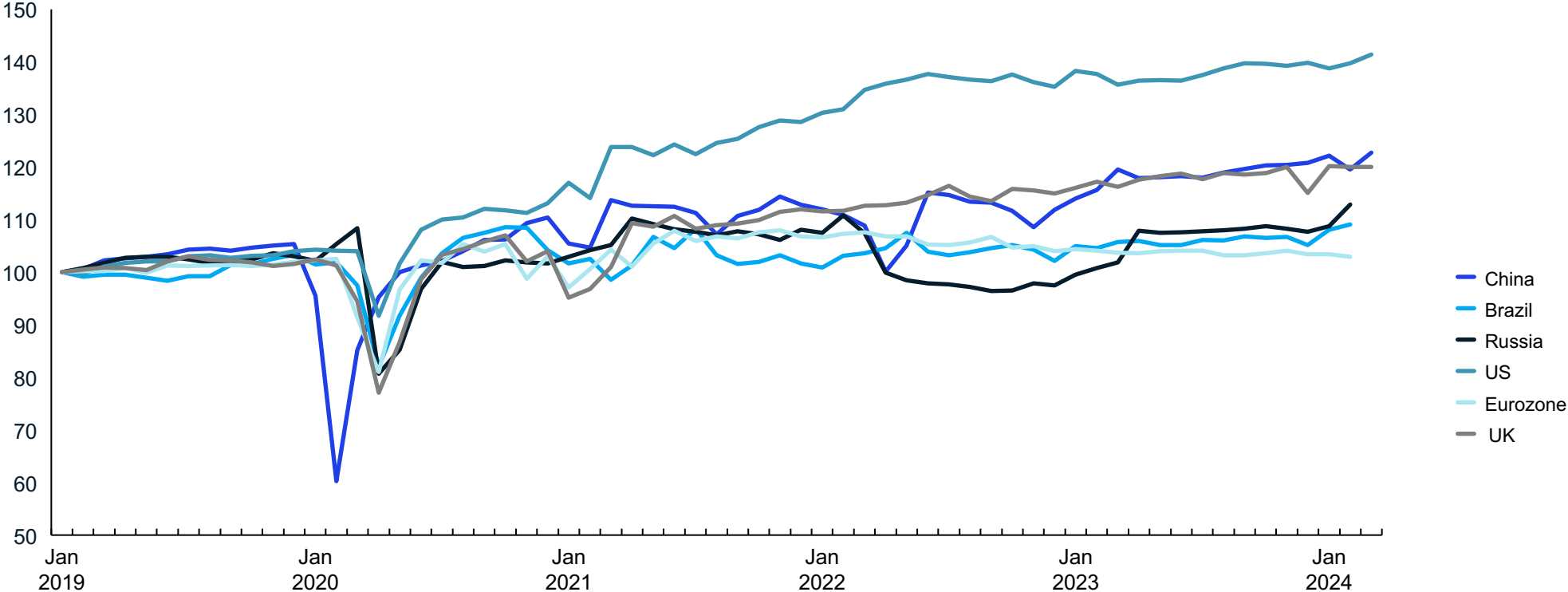


<sup>1</sup>Data for China through January 2024 and Russia through May 2023.

# Retail activity showcases upbeat consumers in the past five years, with Russia's recent rebound standing out

## Retail sales<sup>1</sup>

Index Jan. 2019=100 (monthly)

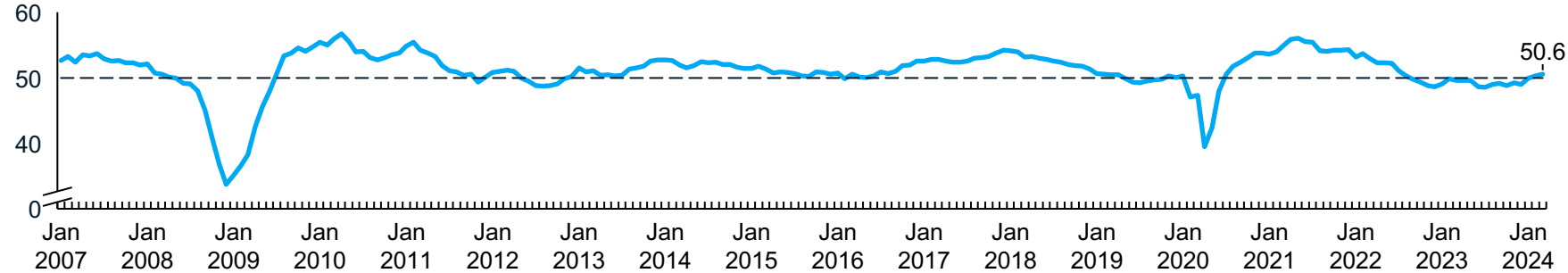


<sup>1</sup>Data through March 2024.

# Manufacturing sector performance starting to show consistent growth, after more than a year of contraction

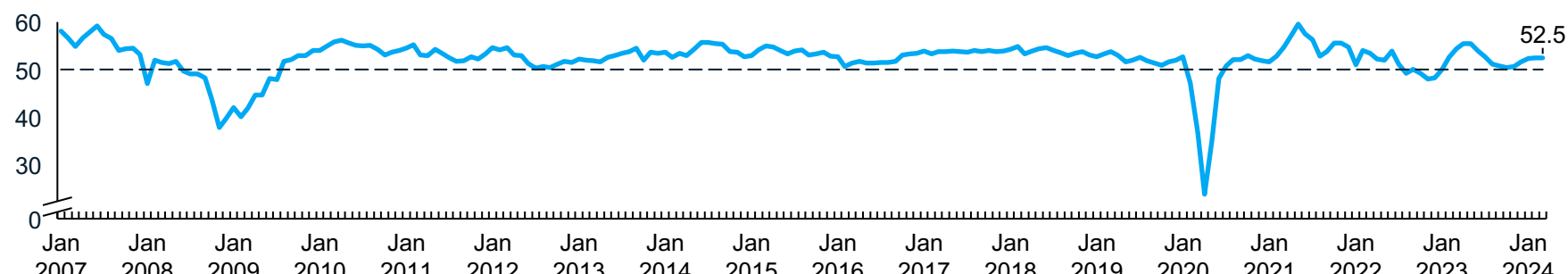
## JPMorgan Global Purchasing Managers' Index (Manufacturing)

Diffusion index, seasonally adjusted (monthly)



## JPMorgan Global Purchasing Managers' Index (Services)

Diffusion index, seasonally adjusted (monthly)

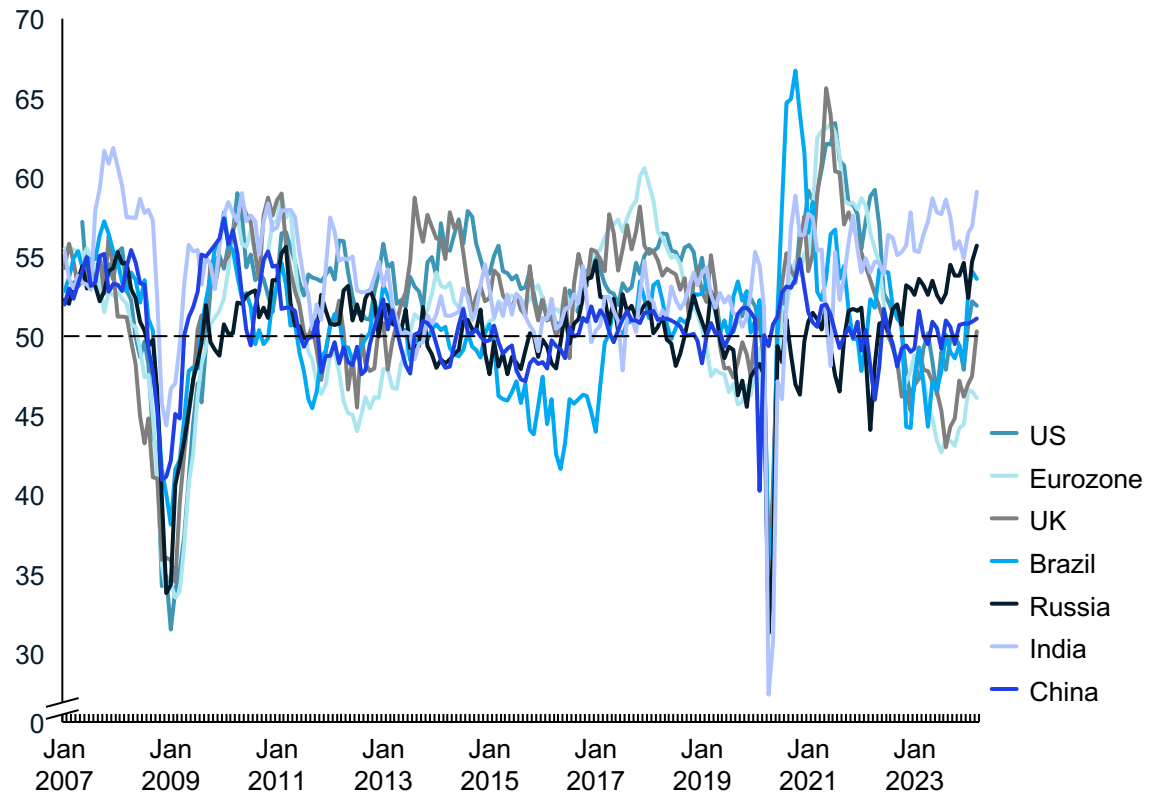


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. Country-level data are the PMIs for individual countries as sourced from Markit Economics or the Institute for Supply Management (ISM) and are not a breakdown of the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

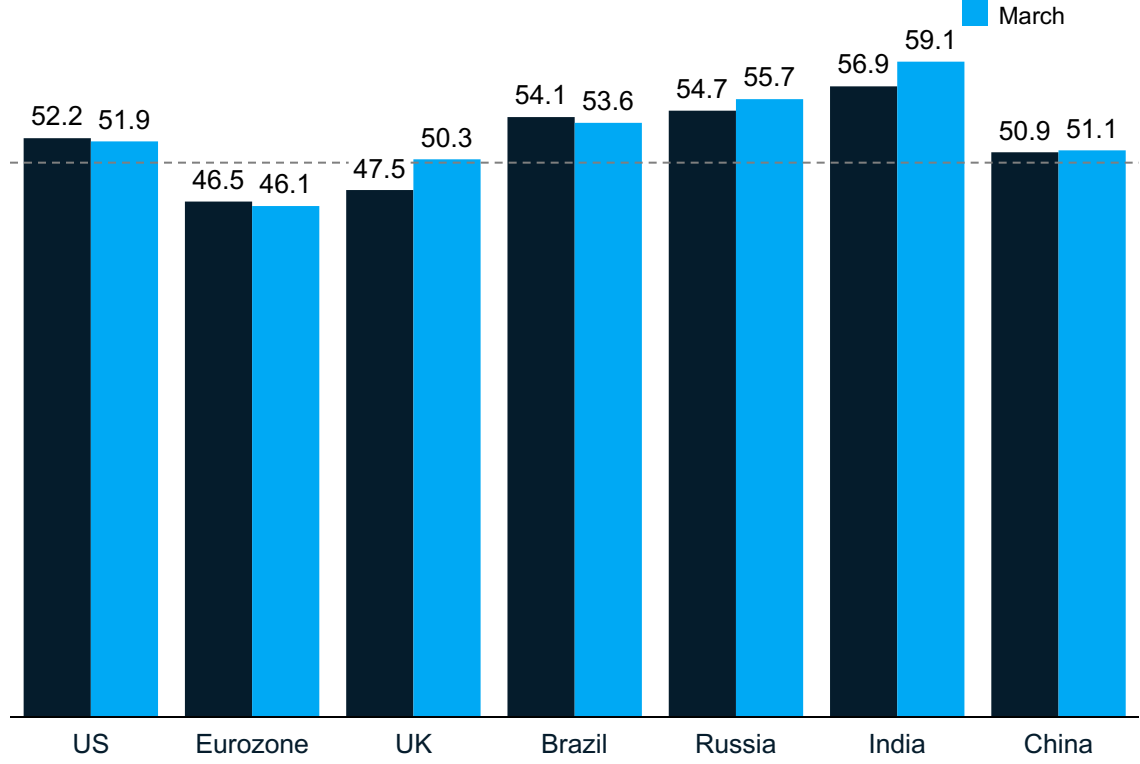
# In March, overall growth in manufacturing can be seen across countries, with the eurozone being the only exception

**Purchasing managers' index (manufacturing)**

Diffusion index (monthly)



**Over the past two months**

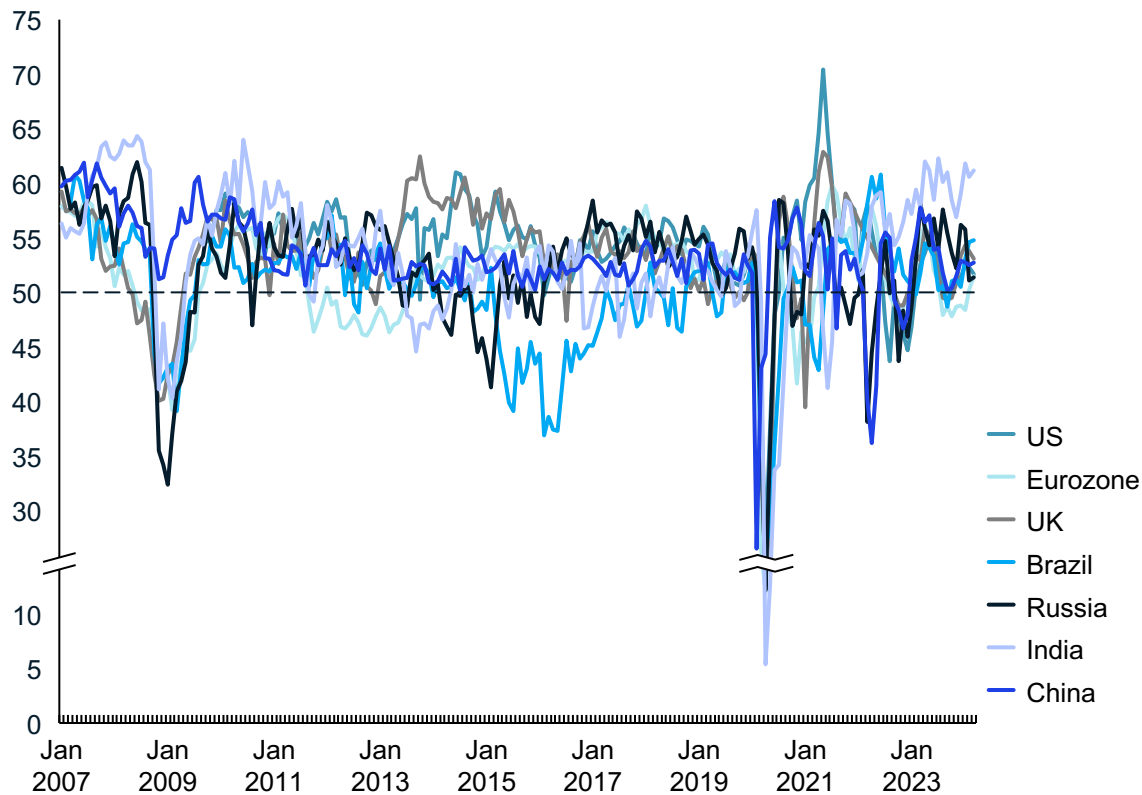


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. The country-level data are the PMIs for individual countries as sourced from Markit Economics and are not a breakdown of the JPMorgan Global PMI.

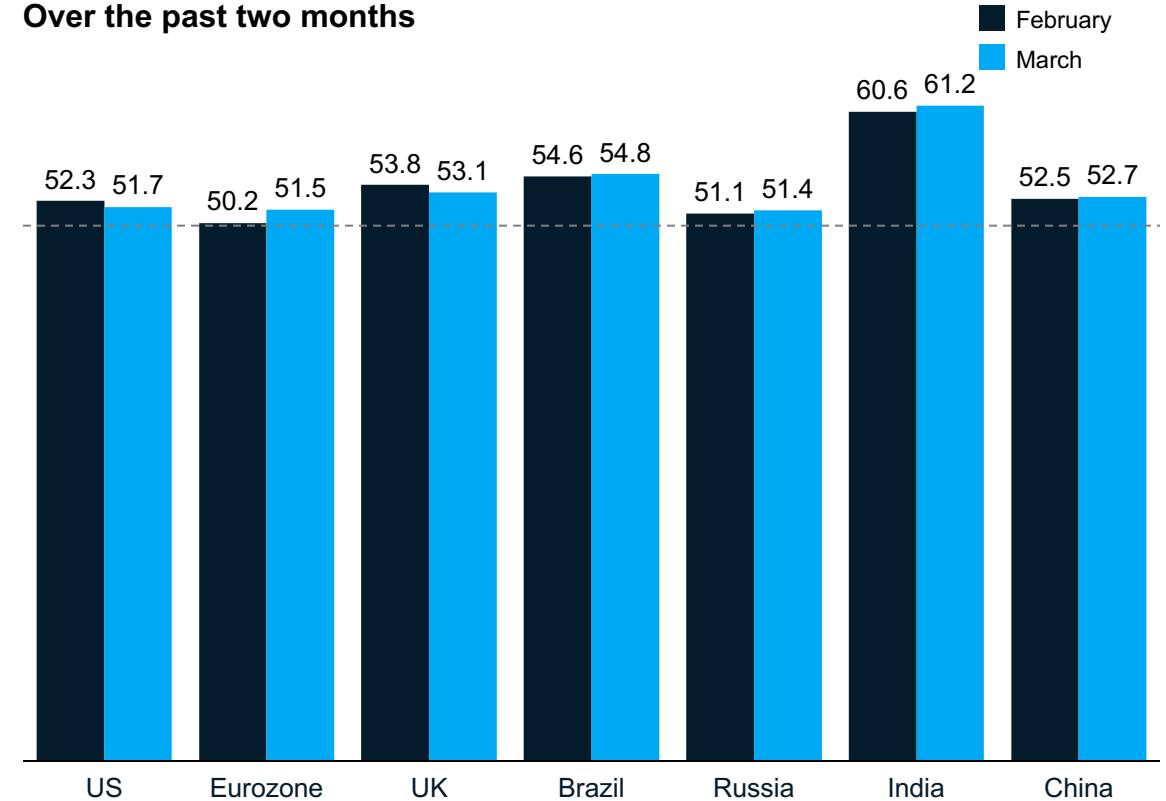
# Services sector continues to trend up across main economies, with India's expansion standing out

## Purchasing managers' index (services)

Diffusion index (monthly)



## Over the past two months



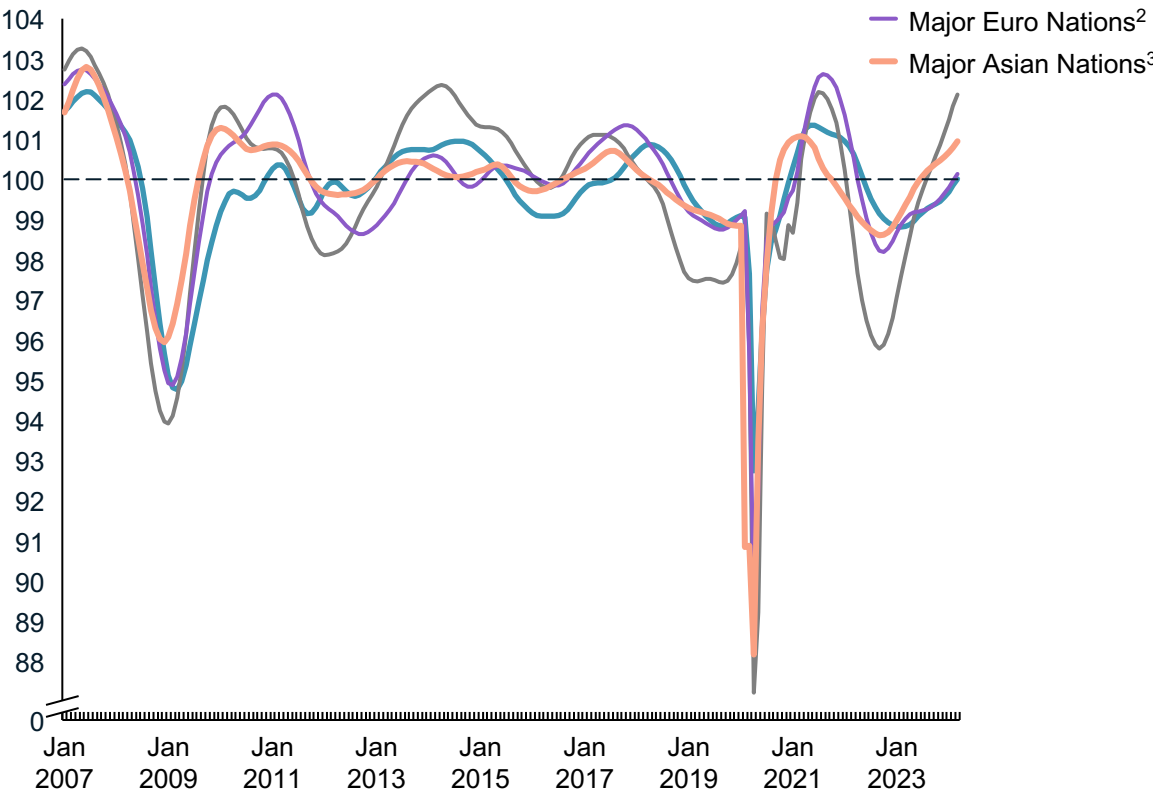
Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. The country-level data are the PMIs for individual countries as sourced from Markit Economics and are not a breakdown of the JPMorgan Global PMI.



# Despite high prices and interest rate environment, economies have continued growing over the past few months

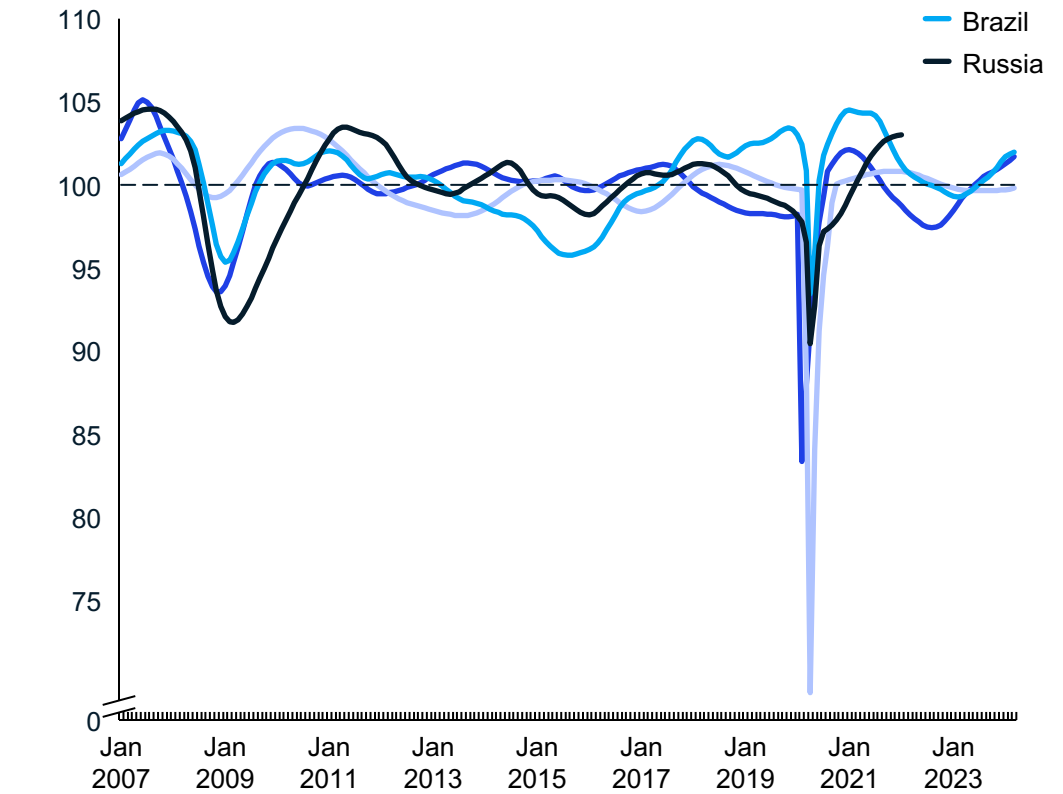
**OECD growth indicators: Advanced economies**

Monthly, index<sup>1</sup>



**OECD growth indicators: Emerging economies**

Monthly, index<sup>1</sup>

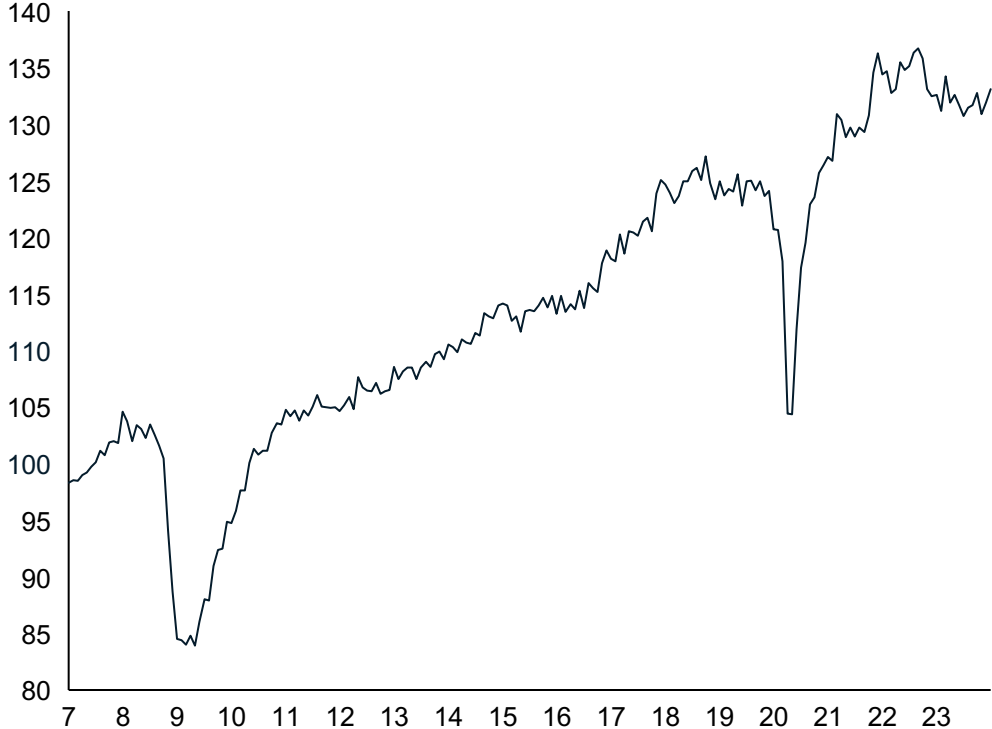


1. Composite leading indicators (CLIs) attempt to identify turning points in economic activity approximately six months in advance. The horizontal line at 100 shows the long-term trend in industrial production (the reference series). An increase to more than 100 indicates expansion; a decrease but still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

# World trade volumes expanded 0.9% in January, mainly the result of increases across all flows in emerging economies

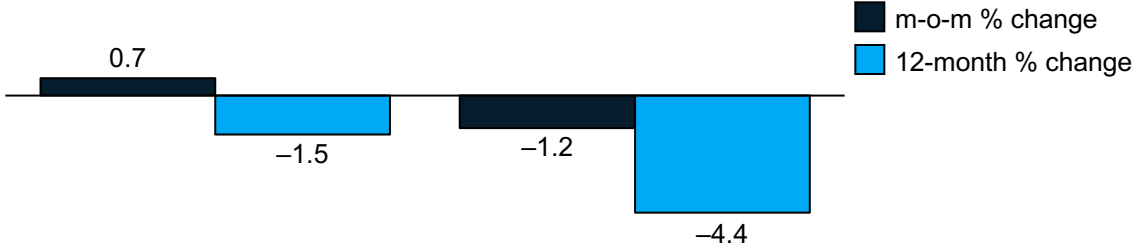
## CPB World Trade Monitor

Volume, Index level, 2010=100

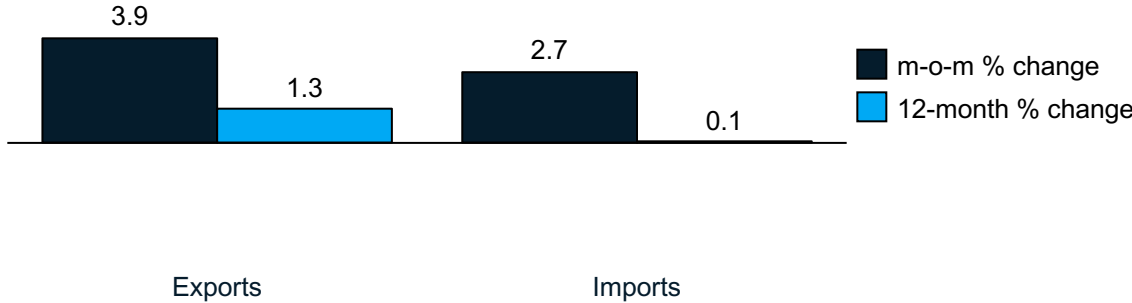


## CPB World Trade Monitor details January 2024

Advanced economies



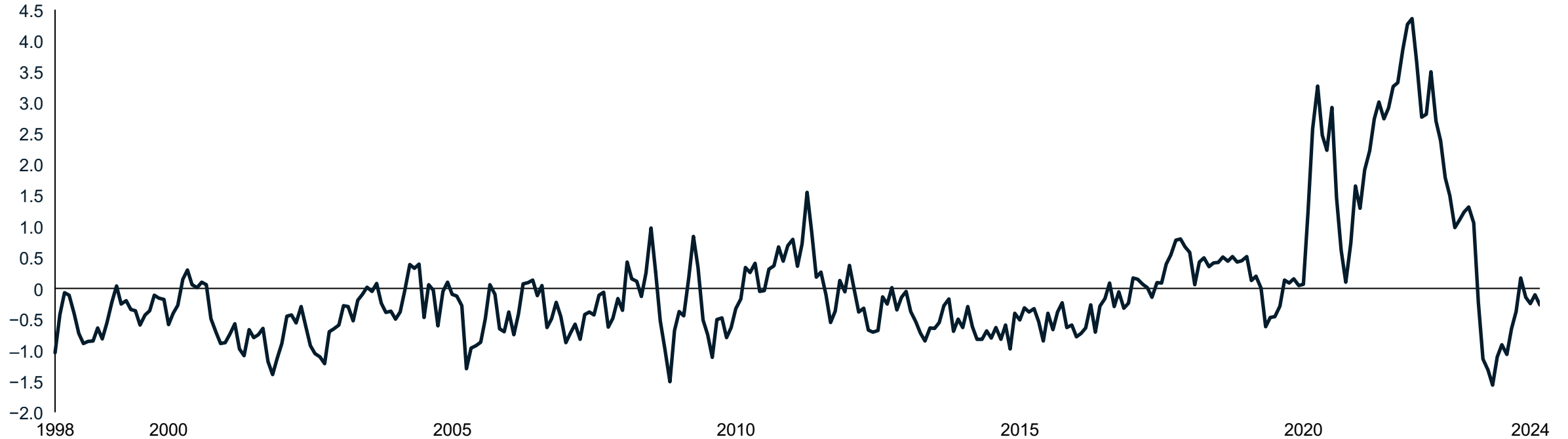
Emerging economies



# Pressures on global supply chain have normalized in recent months, with index close to its long-term average

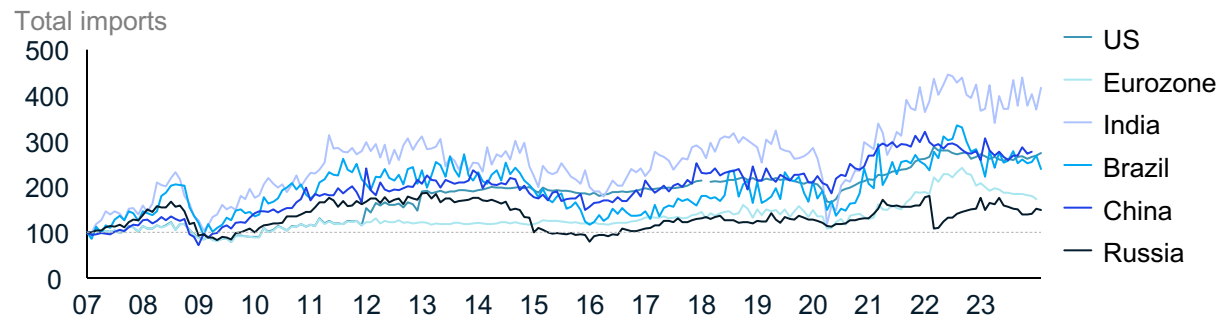
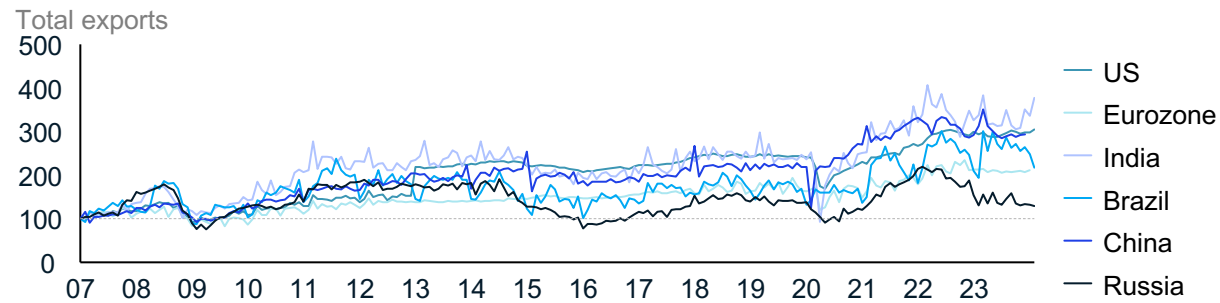
## Supply-chain pressure index

Standard deviations from average value



# In February, exports increased in the US and India, and decreased in Brazil; imports increased in the US and India

## Monthly index (January 2007 = 100)



Note: Exports and imports are not seasonally adjusted.

1 Data for February 2024 vs January 2024.

2. Latest data for Eurozone is January 2024.

3. Latest data for China is December 2023.

Versus previous period:

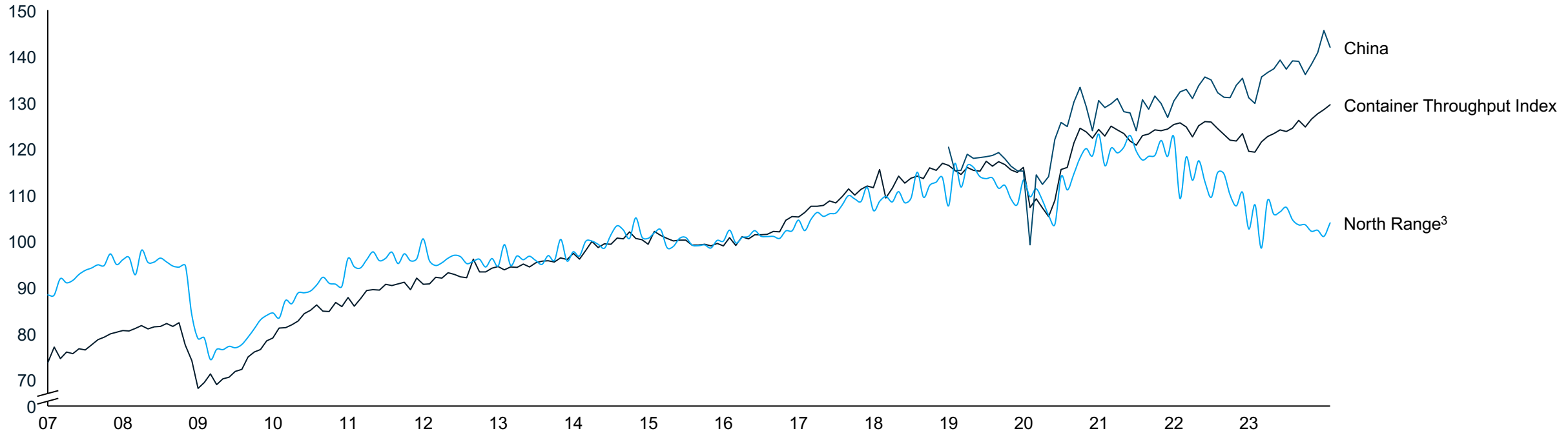
- Significant increase
- Increase
- Decline
- Severe decline
- No significant change

	% change from previous month <sup>1</sup>	12-mo. % change Feb. 2024–March. 2023 vs .Feb 2023–.March. 2022
<b>Exports</b>		
US	2.3	-0.1
Eurozone <sup>2</sup>	2.1	-2.7
China <sup>3</sup>	0.5	-4.5
Brazil	-12.8	3.0
India	12.2	-3.7
Russia	-2.5	-24.8
<b>Imports</b>		
US	2.2	-3.7
Eurozone	-4.0	-14.9
China	1.7	-5.3
Brazil	-11.2	-10.1
India	12.7	-5.2
Russia	-1.9	10.6

# In February, the Container Throughput Index increased to 129.5 points versus the previous month (128.5 points revised); throughput weakened slightly in China, while it rose in European ports

## RW/ISL Container Throughput Index<sup>1</sup>

Index level, 2015=100<sup>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 RW/ISL Container Throughput Index changed its base year to 2015.

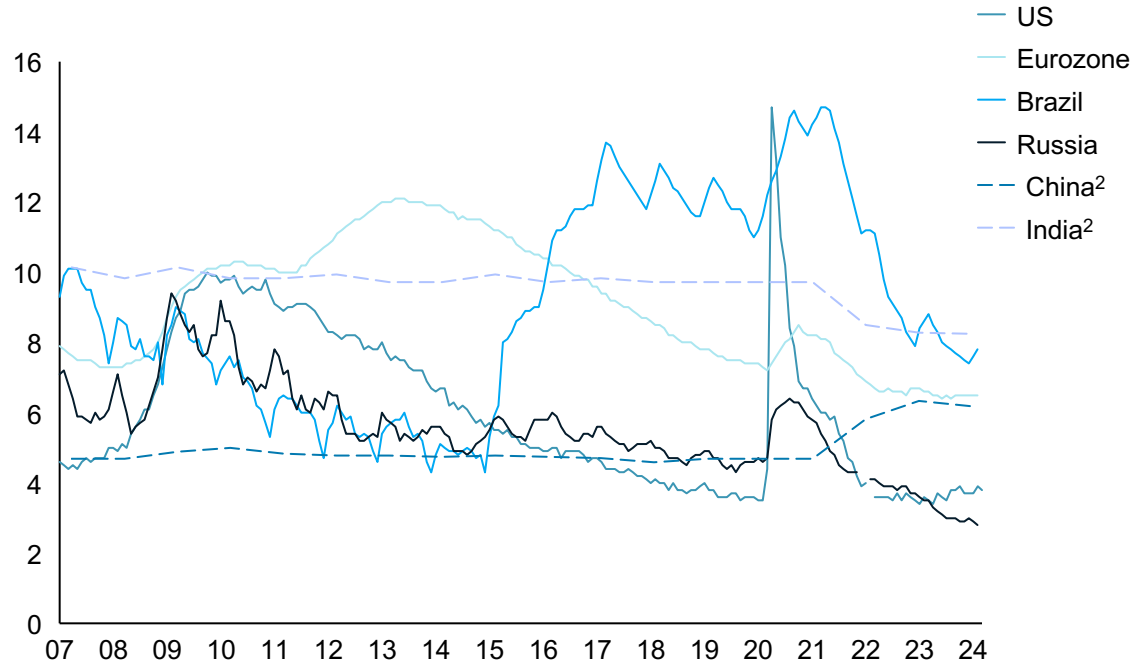
3. The North Range index summarizes throughput for the ports of Antwerp, Bremen/Bremerhaven, Hamburg, Le Havre, Rotterdam, and Zeebrugge.

Note: The RW/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.

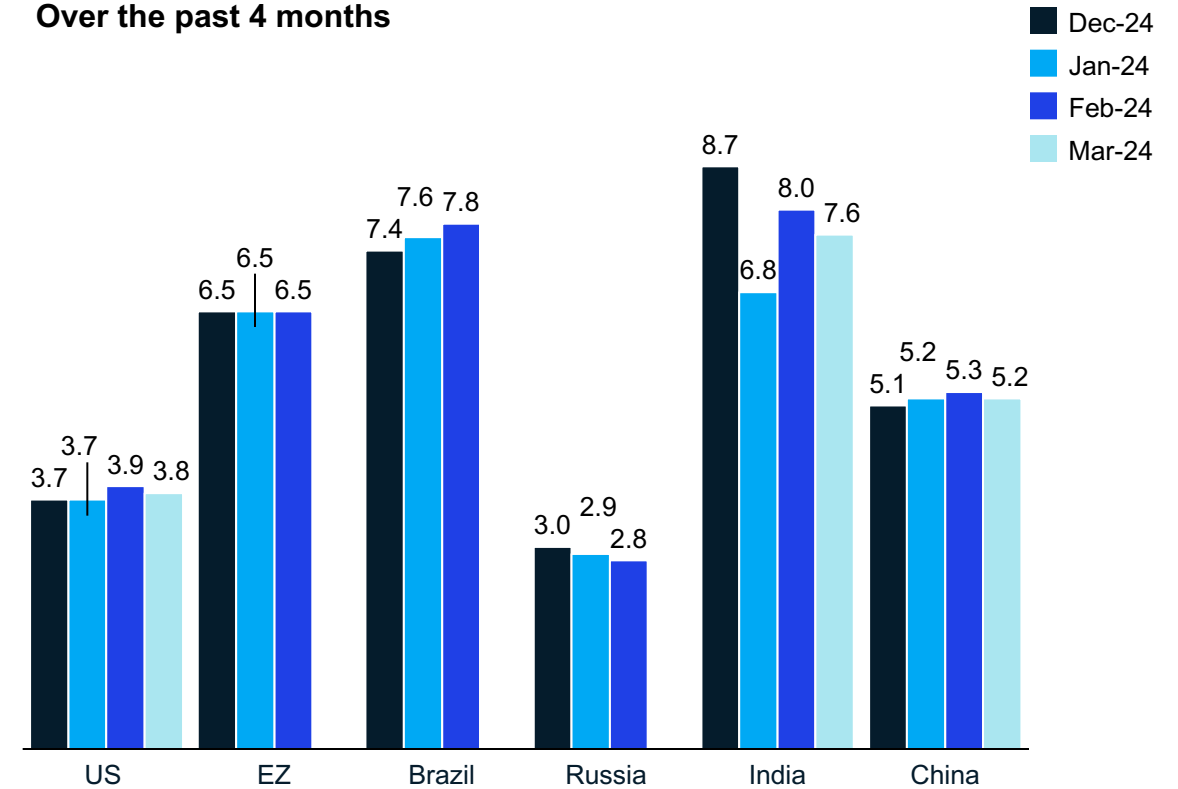
# Unemployment rates remain stable across most surveyed economies, while they continue to decrease in India

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

% of labor force (monthly)



## Over the past 4 months

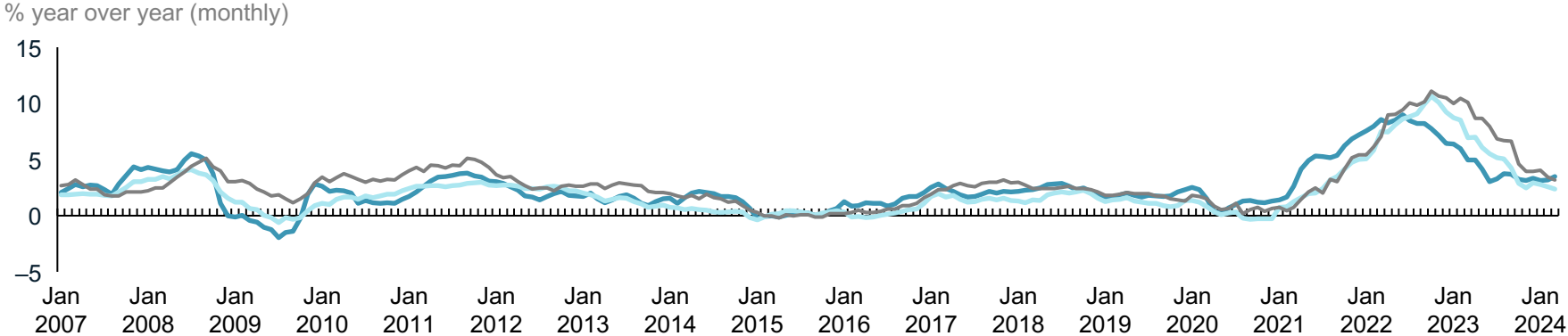


1. Data for India and China are annual and shown as a smoothed trend line.

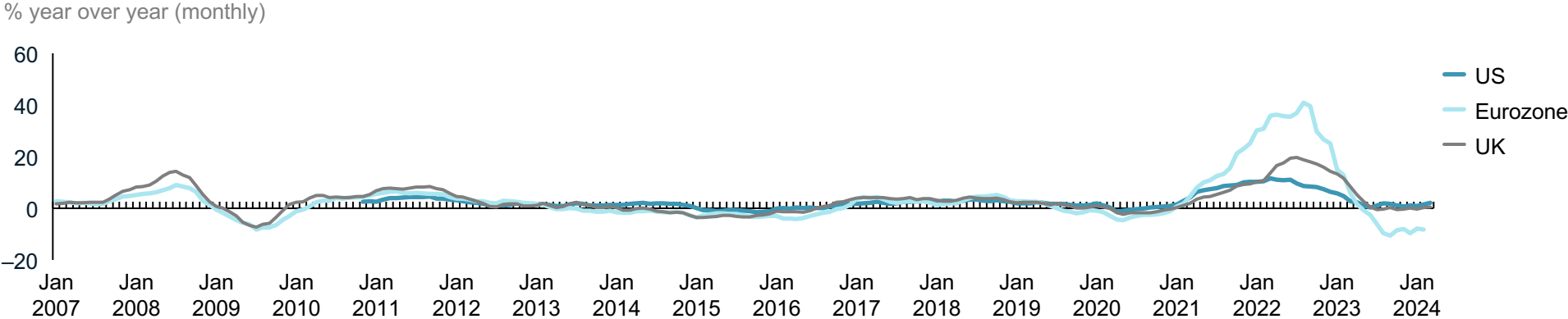
2. China unemployment only shows urban rate.

# In recent months, consumer prices have settled at high levels compared to the pre-pandemic period

## Consumer price indexes: Developed economies



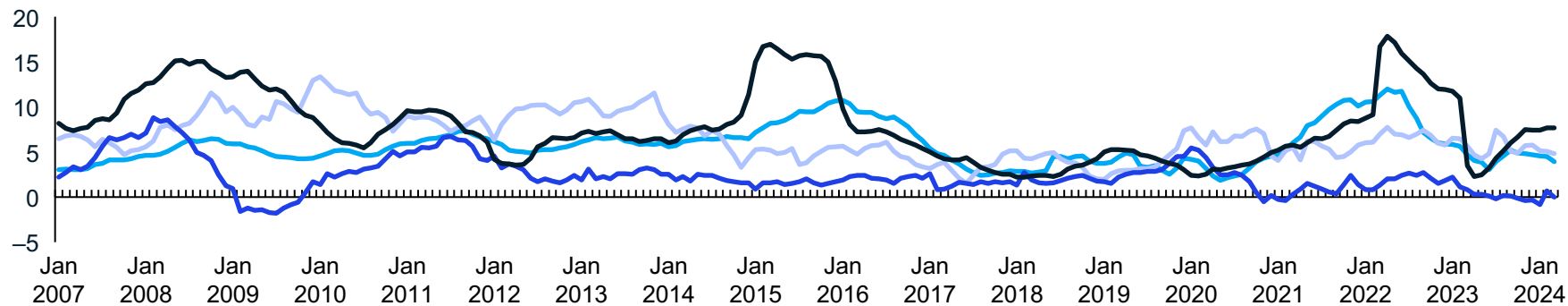
## Producer price indexes: Developed economies



# Prices continue to indicate a high inflationary environment; China's deflation starting to break back to the 0% frontier

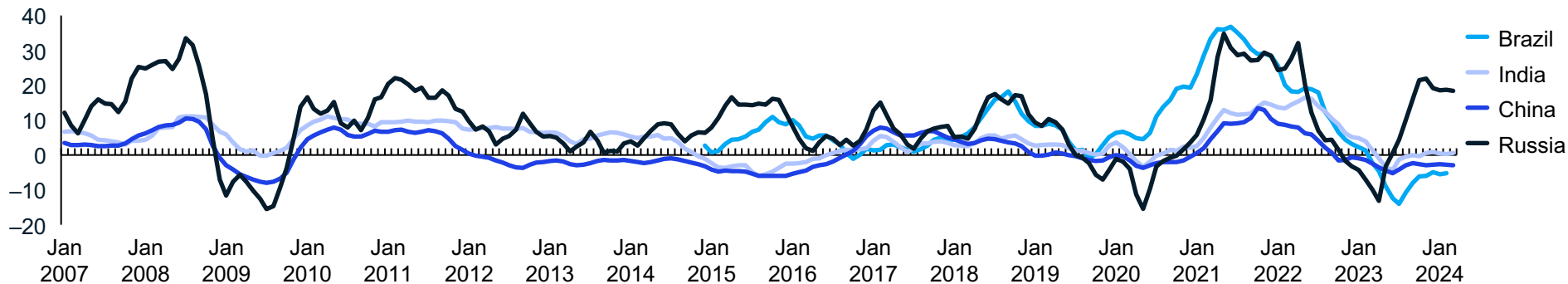
## Consumer price indexes: Emerging economies

% year over year (monthly)



## Producer price indexes: Emerging economies

% year over year (monthly)

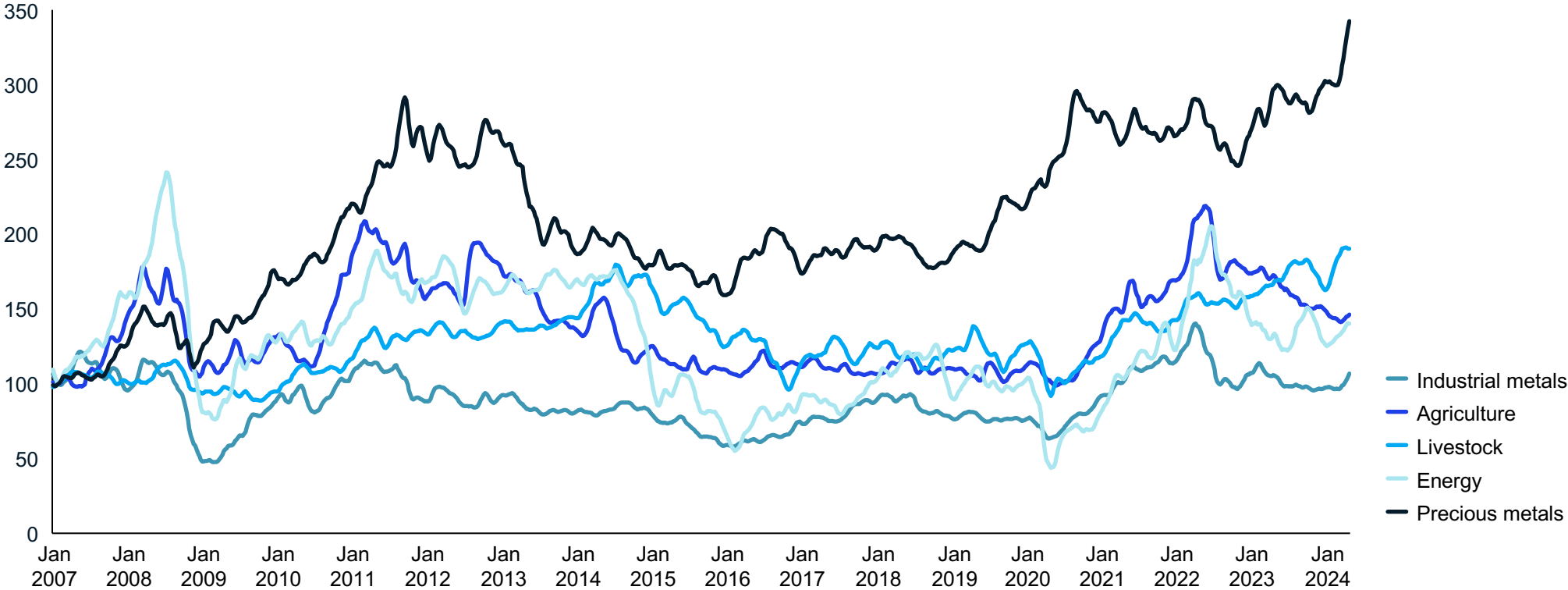




# Commodity prices continue to reflect high inflationary environment of recent years, compared with pre-pandemic levels

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

Moving five-week average, indexed to Jan 2007

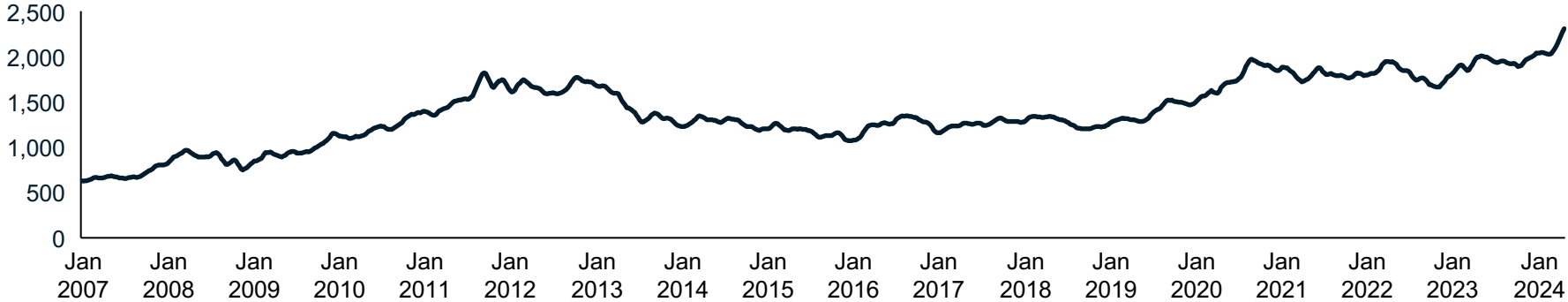


1. Updated through April 21, 2024; commodity data are taken from the GS Commodities Index, with components weighted by production. Precious metals: gold, 83%; silver, 17%. Energy: crude oil, 70%; oil products, 25%; natural gas, 4%. Agriculture: corn, 28%; wheat, 25%; soybeans, 15%; sugar, 14%; other,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

# In April, gold prices continued to trend up, reaching about \$2,300 an ounce

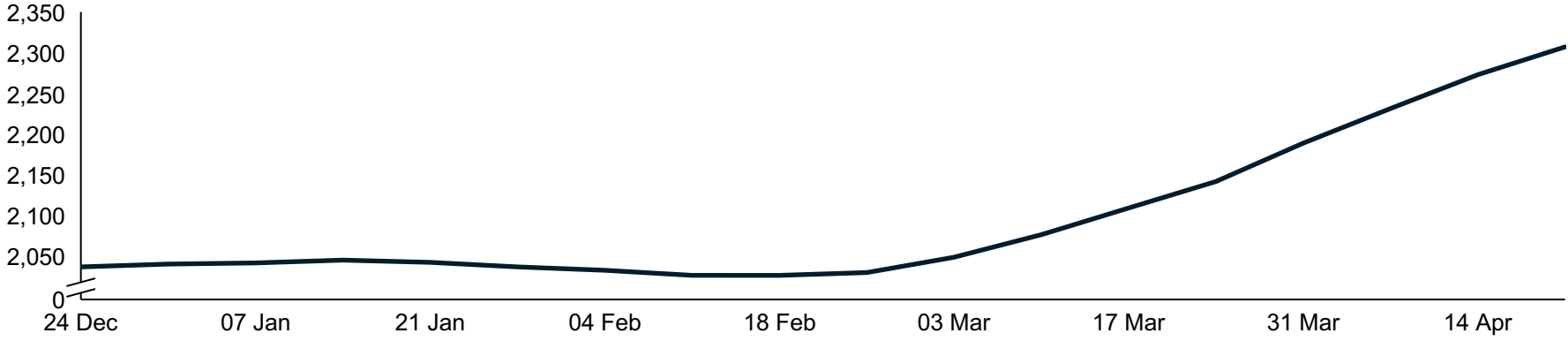
## Gold spot price<sup>1</sup>

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



## Gold spot price over past 4 months

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

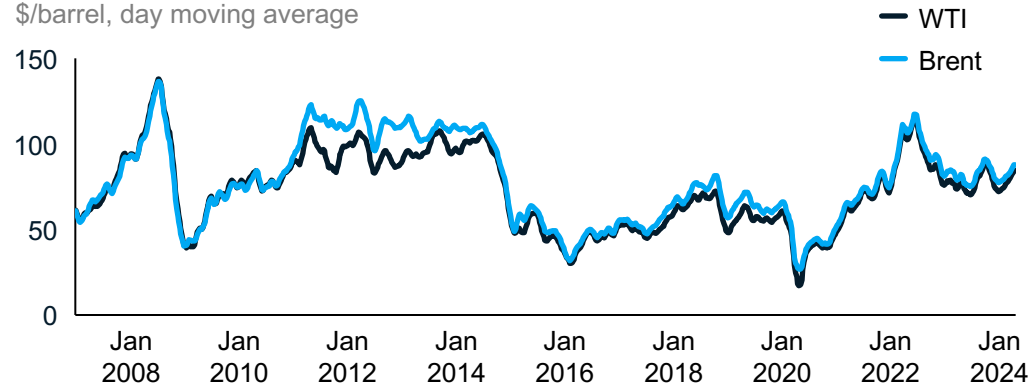


<sup>1</sup>Updated through April 21, 2024.

# Energy prices appear to have landed at a higher floor than levels seen prior to the pandemic

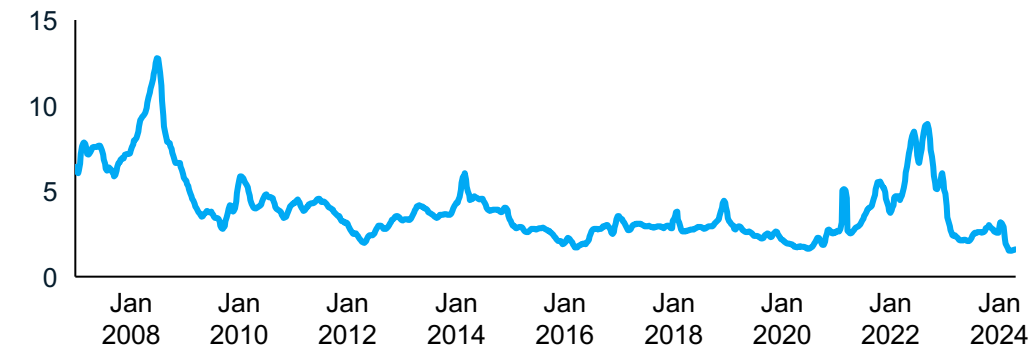
## Oil price<sup>1</sup>

\$/barrel, day moving average



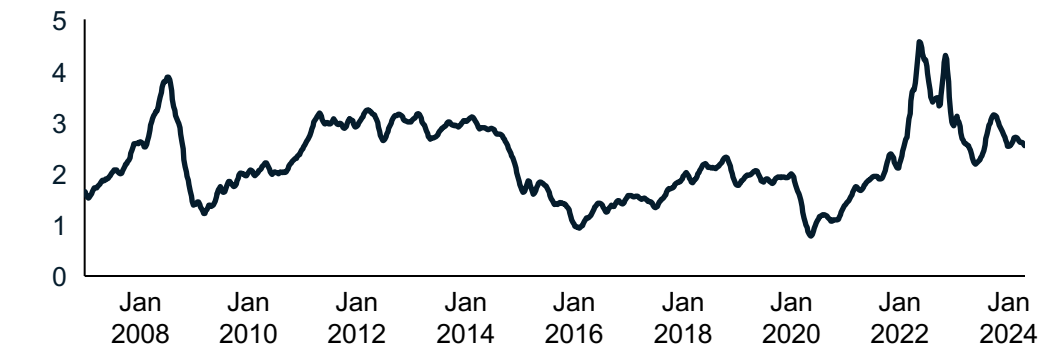
## Natural-gas price<sup>2</sup>

\$ per million Btu, five-day moving average



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

US cents/gallon, five-day moving average



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

\$/megaton, monthly



1. Crude Brent, Henry Hub (Nymex). WTI (West Texas Intermediate) prices as of April 21, 2024.

3. New York Harbor No. 2. heating-oil prices as of April 21, 2024.

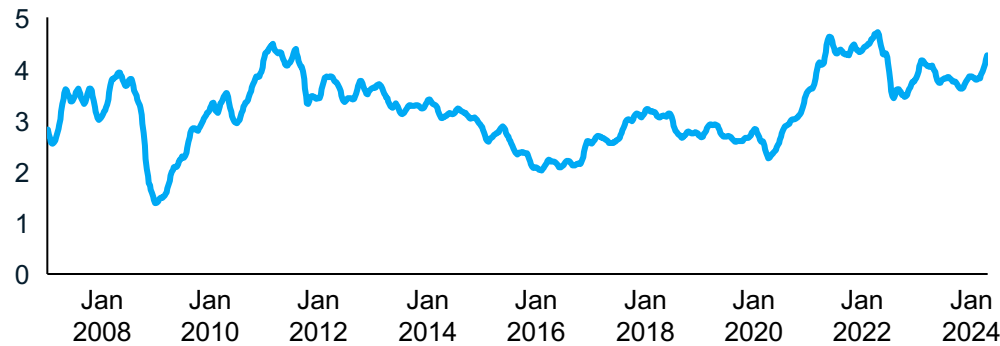
2. Henry Hub, LA; prices as of April 21, 2024.

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

# Metal prices' trend appears to continue at historically high levels

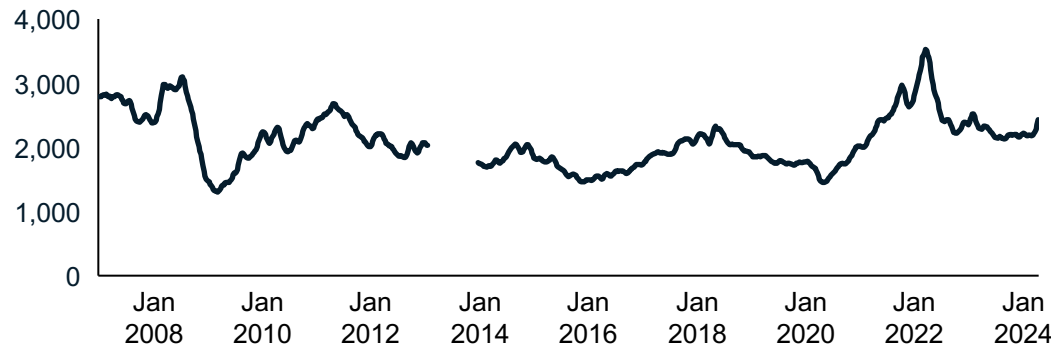
## Copper<sup>1</sup>

\$/pound, five-week moving average



## Aluminum<sup>3</sup>

\$/Mt, five-week moving average



## Steel<sup>2</sup>

\$/gross metric ton (monthly)



## Nickel<sup>4</sup>

\$/Mt, five-week moving average



1. Copper, high grade: COMEX Spot Price, updated through April 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 December 2023.

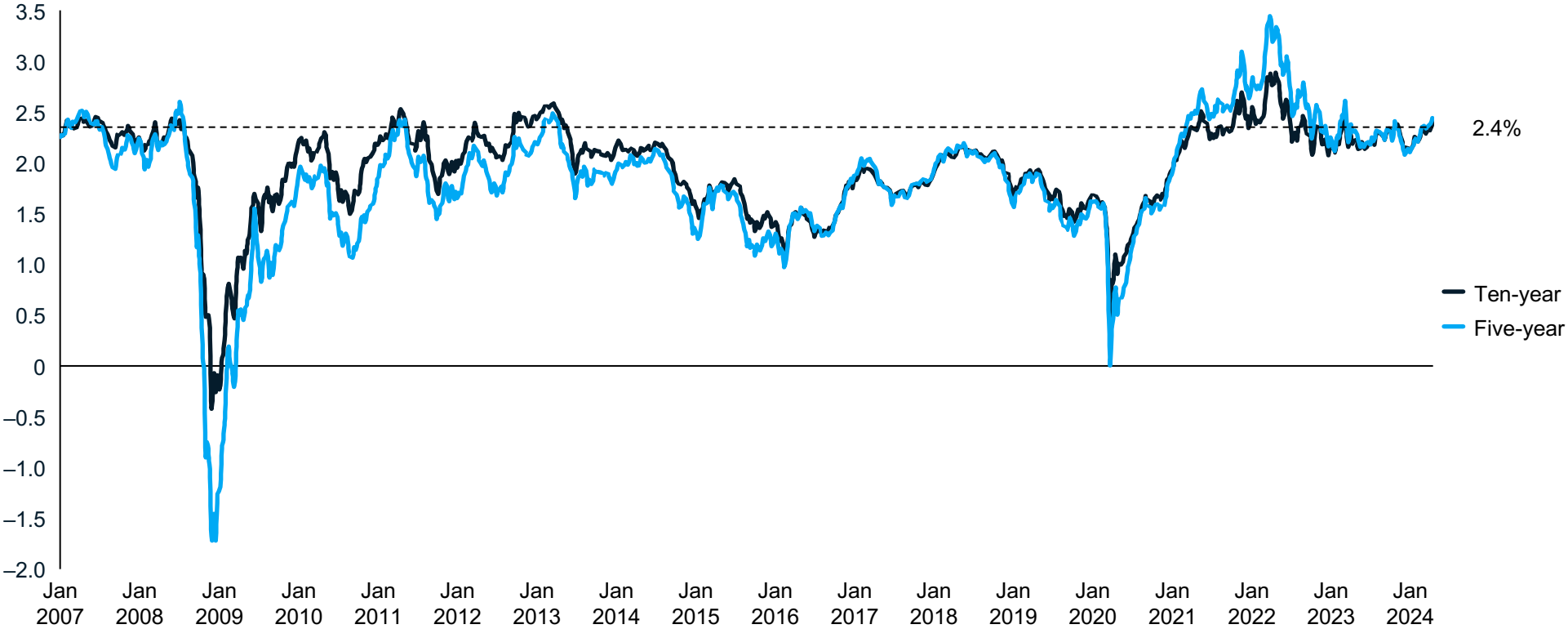
3. Aluminum, LME spot (\$/metric ton), updated through April 21, 2024.

4. UK: LME nickel, closing cash price (\$/metric ton), updated through April 21, 2024.

# Inflationary expectations have been within the 2.0–2.5% range for one year

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

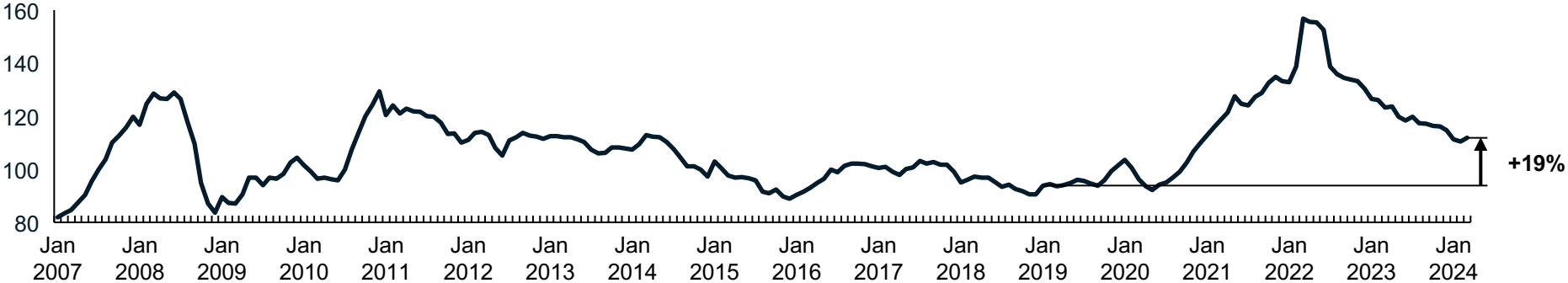


<sup>1</sup>Updated through April 12, 2024.

# Food prices continue to decrease, though they are still some 19% higher than pre-pandemic levels

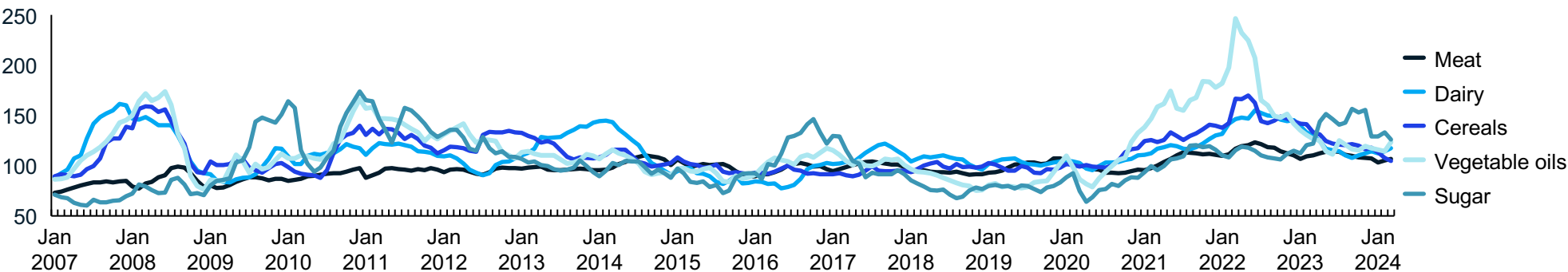
## FAO Food Price Index by month, in real terms

Overall index, 2014–16 = 100



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

Index level, 2014–16 = 100

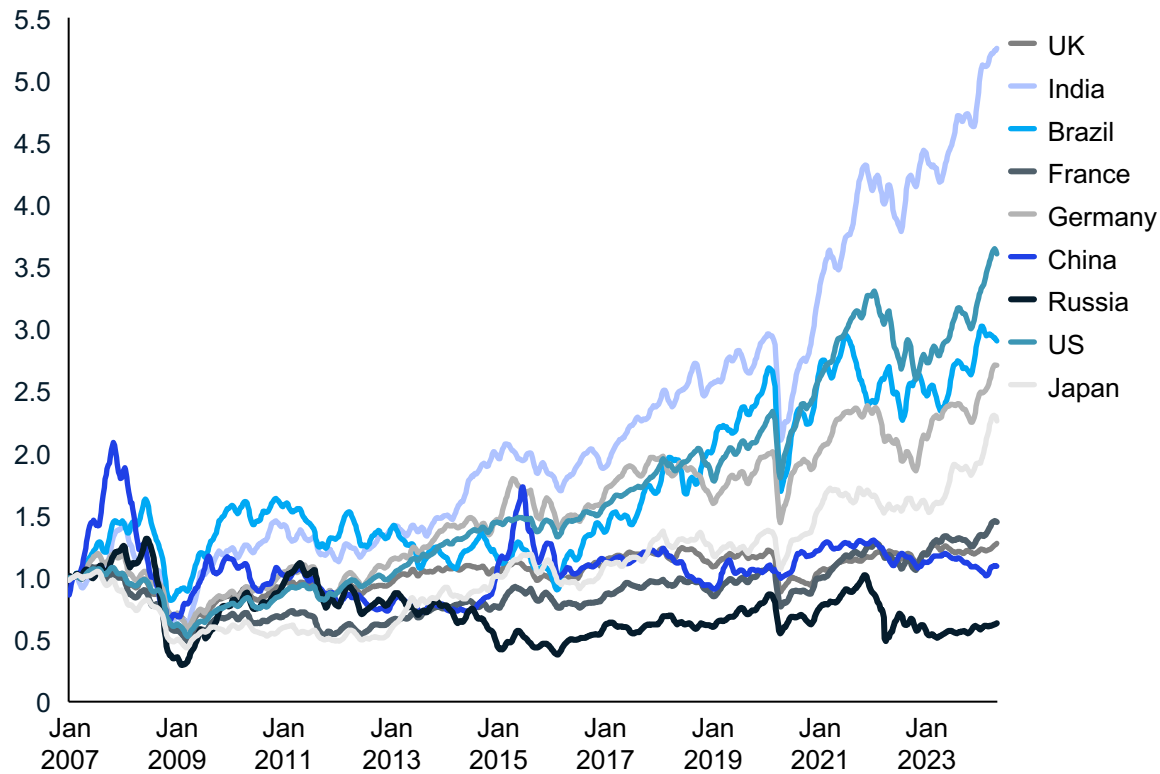


<sup>1</sup>The values of the five indexes are compiled and then weighted by the average export shares of each group in 2002–04. The final figure represents the current value of the FAO Food Price Index.

# Equity markets have shown muted performance in April, following growth the previous month

## 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 March over average value in February.

3. Growth rate calculated as average value of each index in April (April 23) over average value in March.

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

## Change from prior month

%

US	S&P 500	3.2	-0.8
UK	FTSE 100	1.7	2.1
Germany	DAX	5.0	0.3
France	CAC 40	4.4	-0.5
Japan	Nikkei 225	5.4	-2.4
China	SSE Composite Index	5.2	0.1
India	BSE Sensex-30	1.2	1.0
Brazil	Bovespa	-1.0	-0.9
Russia	RTS	1.9	2.6
		<b>March<sup>2</sup></b>	<b>April<sup>3</sup></b>

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

# Most currencies have depreciated compared to last month, with the Pound and Australian Dollar being the exceptions

## Relative change in currency value against previous month

USD as base

Currency ranking	Country	Currency	% change <sup>1</sup>	Currency price	
Outperforming	UK	GBP	0.66%	0.79	(GBP per USD)
	Australia	AUD	0.55%	1.52	(AUD per USD)
	United States	USD		Base currency	
Underperforming	Russia	RUB	-0.09%	91.69	(RUB per USD)
	India	INR	-0.09%	83.02	(INR per USD)
	China	RMB	-0.11%	7.2	(RMB per USD)
	Japan	JPY	-0.13%	149.8	(JPY per USD)
	Nominal Effective Exchange Rate	NEER	-0.24%	103.48	(index)
	Brazil	BRL	-0.38%	4.98	(BRL per USD)
	Eurozone	EUR	-0.71%	0.92	(EUR per USD)

## Relative change in currency value against 2007 values

USD as base

Currency ranking	Country	Currency	% change
Outperforming	Nominal Effective Exchange Rate	USD NEER	27.21%
	Eurozone	EUR	25.94%
	China	INR	5.59%
	United States	USD	Base currency
Underperforming	Japan	JPY	-21.47%
	Australia	AUD	-21.81%
	UK	GBP	-36.49%
	India	INR	-50.46%
	Brazil	BRL	-61.05%
	Russia	RUB	-72.12%

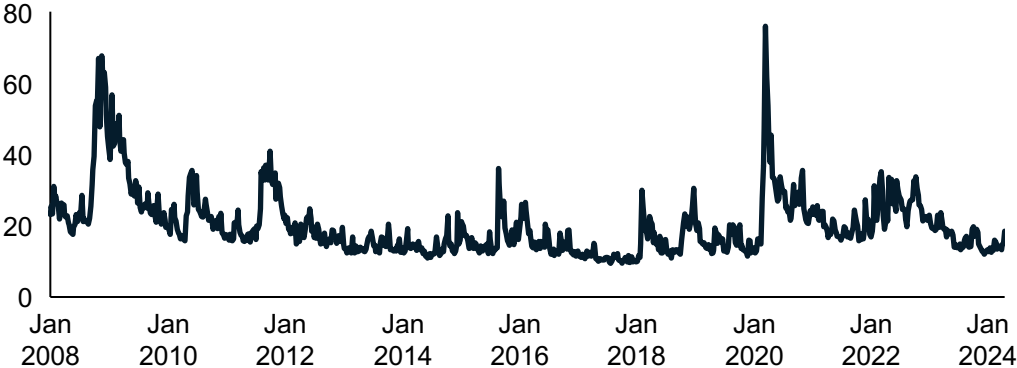
Note: Data updated to March 2023.

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

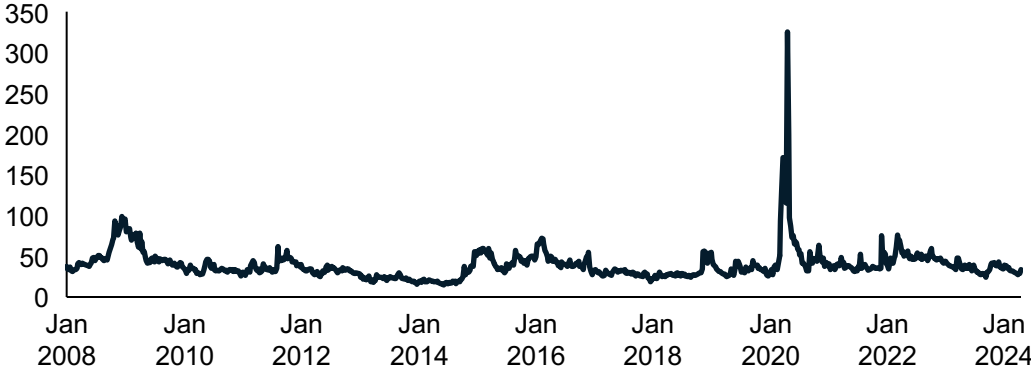


# Volatility indexes remain similar to historical averages

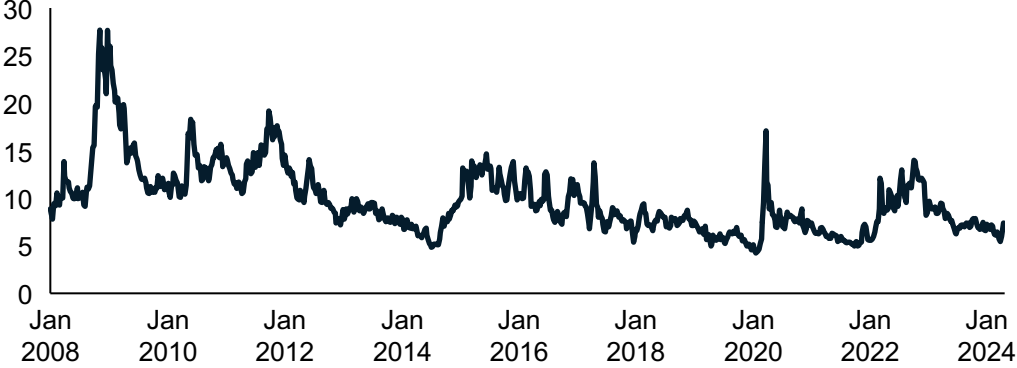
**CBOE S&P 500 Index Option Volatility Index (VIX)<sup>3</sup>**



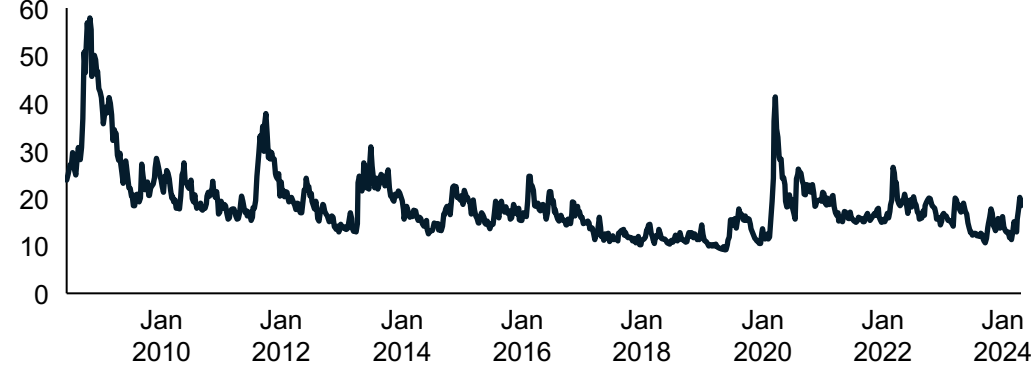
**CBOE Crude Oil Volatility Index (OVX)<sup>1, 3</sup>**



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



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

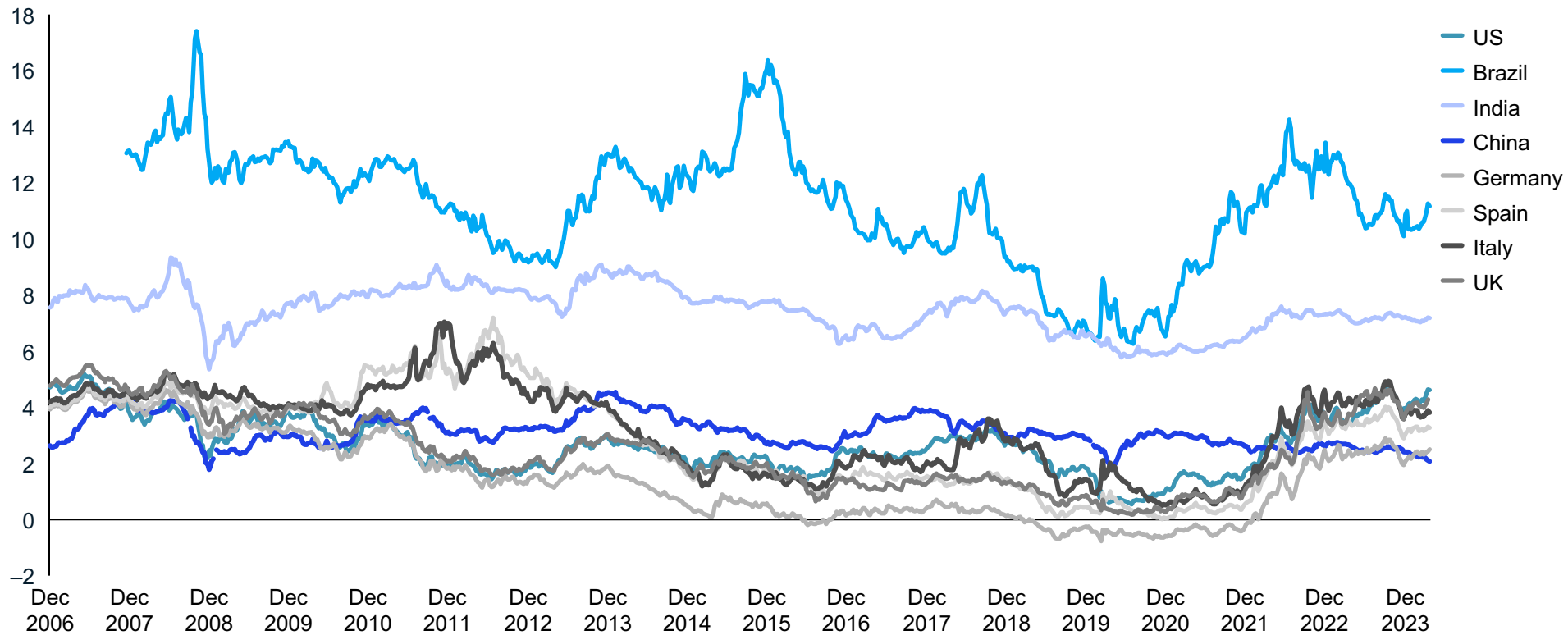


1. Based on United States Oil Fund (USO) option prices.  
2. Based on SPDR Gold Shares (GLD) options.  
3. Updated through February 20, 2024.

# Apart from China, government bonds yields continue to increase as they reach 2010 levels

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

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



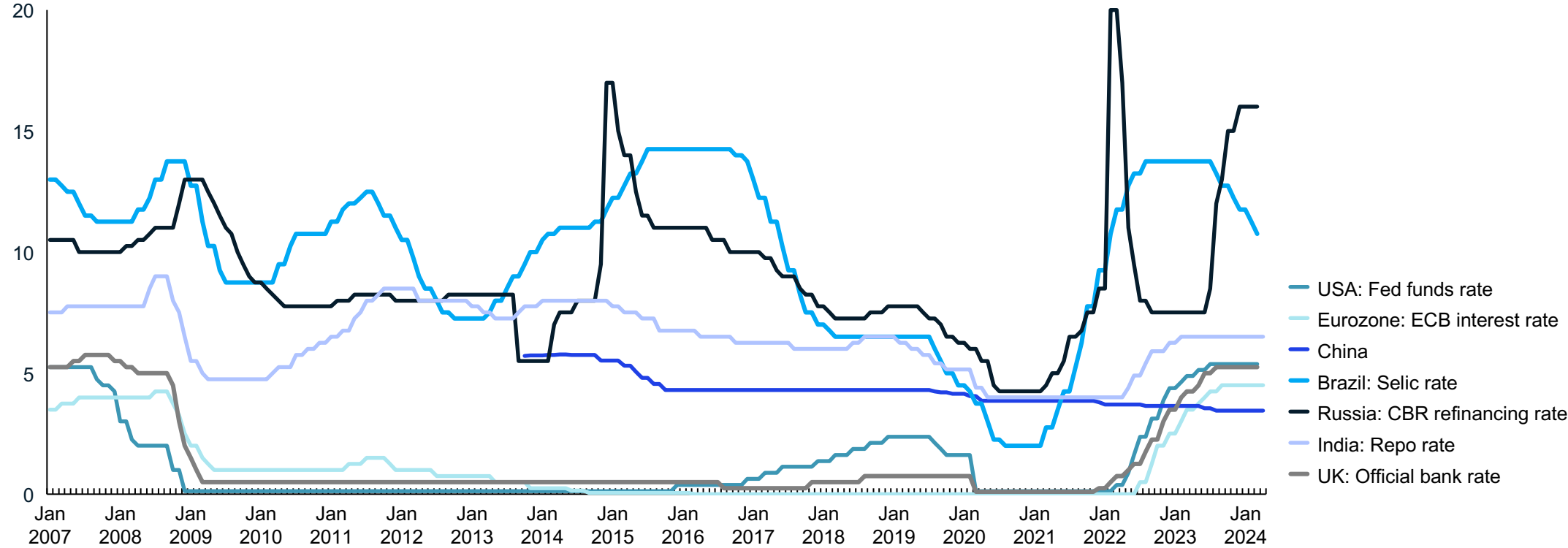
1. Five-year government bond yields used for China.

2. Updated through April 21, 2024.

# Central banks refrain from cutting interest rates due to persistence of elevated inflationary pressures

## 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

McKinsey  
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