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Global Economics Intelligence

Global Summary Report

Released November 2023 (data through October 2023)

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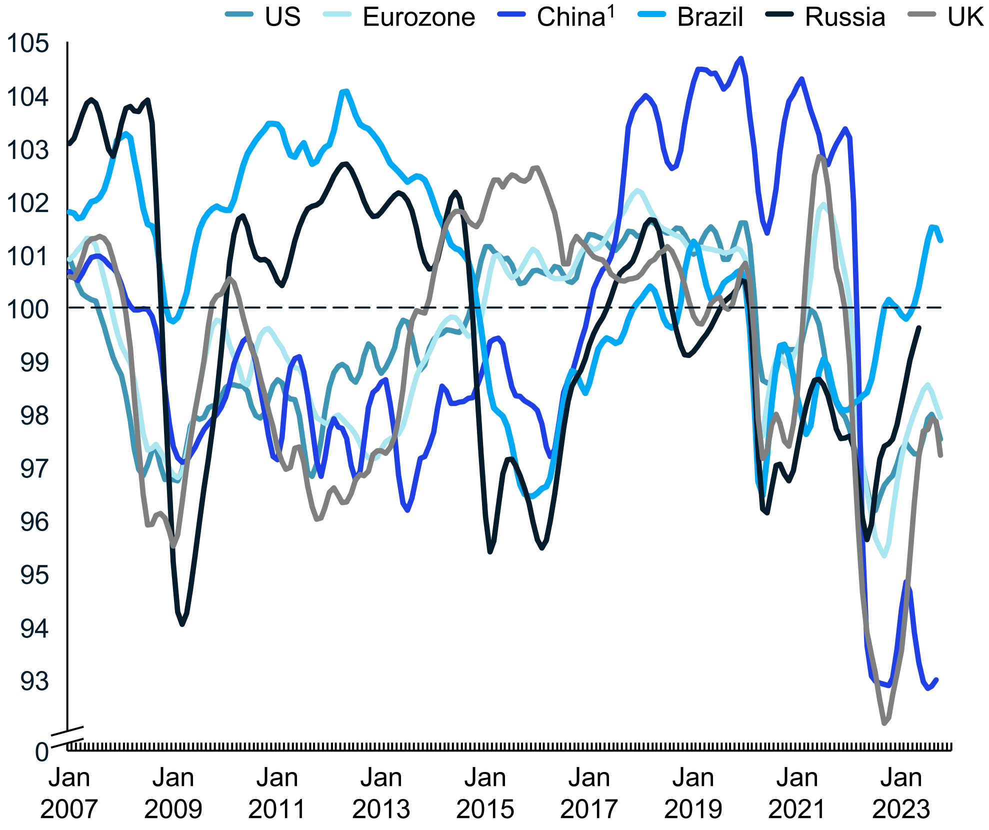
In October, overall consumer confidence declined, primarily due to elevated interest rates

OECD global consumer confidence indicator

Index, long-term average = 100



[1]Data for China through September 2023 and Russia through May 2023.

Elevated interest rates weigh on consumer confidence; central banks hold rates except in Brazil (down) and Russia (up); inflation subsiding for now, and negative in China; growth subdued in Europe.

During October, overall consumer confidence declined, primarily due to elevated interest rates. In the US, the consumer confidence index (Conference Board) declined moderately in October to 102.6, down from an upwardly revised 104.3 in September. Negative retail sales figures for the eurozone suggest consumer spending likely contracted in Q3 and imply a weak quarter for consumers in Q4 as well. Similarly, consumer confidence in Brazil dropped to 93.2 in October, from 97.0 in September, decreasing for the first time in six months to the lowest level since June of this year.

Inflation is increasingly declining in developed economies, but for how long? In the US, the consumer price index rose 3.2% (annualized) in October (3.7% in September), with core inflation (which strips out food and energy prices) coming in at 4.0% (annualized), down from 4.1% in September. Headline inflation in the eurozone eased to 2.9% in October, the lowest rate in more than two years and down from 4.3% in September, primarily driven by a deflationary trend in energy and food but with core inflation also declining across goods and services. UK prices have been slower to come down, with the UK consumer price index (CPI) inflation falling substantially to 4.6% in October (6.7% in September), and core inflation (excluding the price of energy, food, alcohol, and tobacco) dropping to 5.7% from 6.1% in September.

It is a more diverse picture across the emerging economies. On the one hand, China continues to experience deflation with consumer prices down –0.2% in October, largely due to a –4.0% fall in food prices, and with core CPI standing at 0.6%; meanwhile producer prices deflated at –2.6%. On the other hand, in Russia, consumer prices were up by 6% year-on-year in September, with monthly rises reaching their highest level since the peak of spring 2022. In Brazil, inflation decreased for the first time since June, coming in at 4.82% (5.19% in September), and moving towards the 3.25% target.

October saw no interest rate changes across the monitored developed economies (US, eurozone, and UK) along with India, while the situation is less homogeneous across other developing economies. On November 1, Brazil's central bank cut the Selic rate by 50 basis points from 12.75% to 12.25%—marking a third consecutive interest rate reduction. By contrast, the Central Bank of the Russian Federation raised its key rates to 15% in October.

In terms of growth, the euro area economy continues to be subdued, contracting –0.1% quarter-on-quarter in the third quarter, but showing a varied picture among its four largest economies: Germany was the only one to contract, while Italy's GDP was flat, and Spain and France's economies expanded, helped by a rebound in private consumption. Forward-looking indicators for November offer a glimmer of hope that the economic situation will start improving over the coming months, but any meaningful recovery would require a substantial improvement in Germany—Europe's largest economy. The picture is little better in the UK, with the Bank of England anticipating GDP growth to remain modest over the medium term at 0.6% in Q4 2023 and 0% in Q4 2024.

The situation is more diverse across the developing economies with China continuing to grow, albeit at a less exuberant pace than in recent years: industrial output growth was stable at 4.6% year-on-year in October (4.5% in September). Even more positively, the Reserve Bank of India (RBI) projects GDP to be at 6% in the October–December quarter of 2023. Russia's economy continues to deliver stable economic performance for now, supported by government expansion of defense and social spending. How long this can be maintained in the face of resurgent inflation, weaker growth prospects, a tight labor market, and a more fragile ruble remains to be seen.

In Europe, both manufacturing and services are under pressure. In the eurozone,

October's composite purchasing managers' index (PMI) registered 46.5, with most of the largest economies—except Spain—firmly below the neutral 50 mark. It's a similar picture in the UK: the manufacturing PMI crept up to 44.8 in October but has now remained below the neutral 50.0 mark for 15 successive months. The services PMI also rose fractionally to 49.5 but was also below the 50.0 neutral value. Overall, the UK PMI Composite Output Index increased slightly to 48.6 in October.

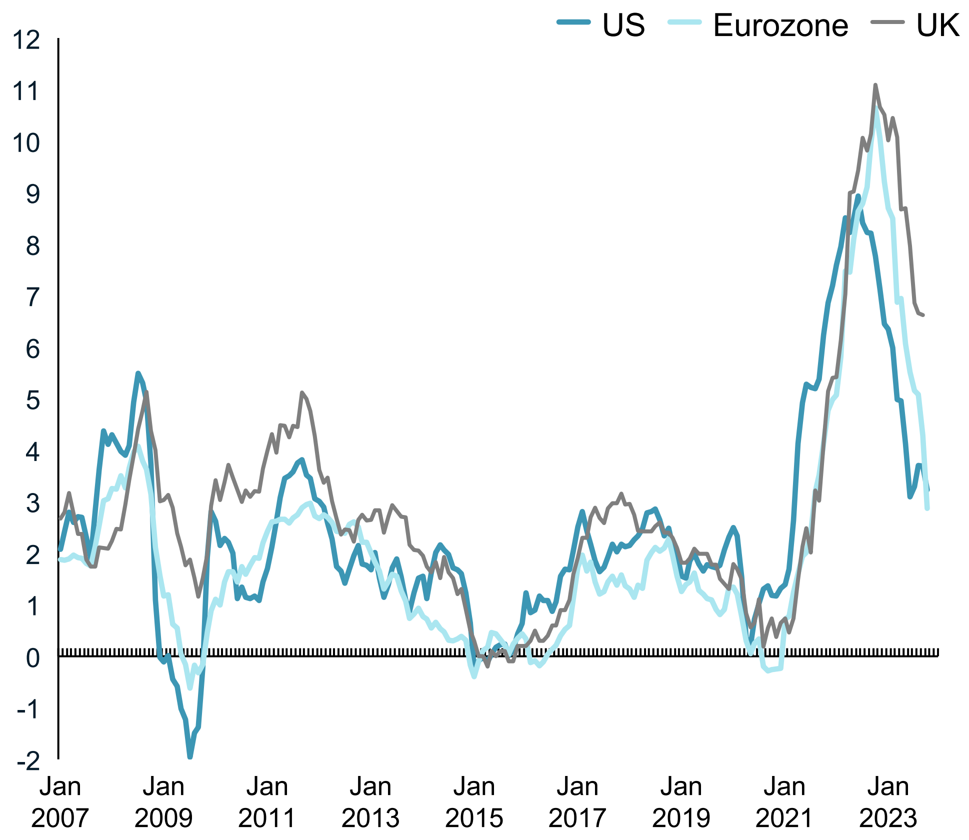
Elsewhere, services remain more buoyant than manufacturing. In the US, the manufacturing PMI edged up to the neutral 50 mark (49.8 in September), while the services PMI rose to 50.6. India saw an unexpected decline in the manufacturing PMI, from 57.5 in

Source: OECD; McKinsey's Global Economics Intelligence analysis

Consumer inflation continues to decline in October, after high inflationary period

Consumer price indexes: Developed economies

% year over year (monthly)



September to 55.5 in October; the services PMI followed a similar trend, dropping to 58.4 in October from 61.0 in the previous month—but both were well in expansion territory. China's official PMI for manufacturing fell to 49.5 in October as did the Caixin manufacturing PMI. The official services PMI reported a softer reading of 50.1 in October, as the Caixin services PMI inched up to 50.4. Similarly, Brazil's manufacturing PMI decreased slightly to 48.6 in October in contrast to the services PMI, which rose to 51.0. Overall, Brazil's composite PMI was up from 49.0 in September to 50.3 in October, marking the sixth time the index has been in expansion territory over the past eight months.

Unemployment edged up in the US to reach 3.9%, slightly higher than September's 3.8% (3.5% in January 2020). In the UK, the unemployment rate for Q3 2023 was largely unchanged on the quarter at 4.2%; however, the estimated number of vacancies in August–October 2023 was 957,000, a decrease of 58,000 on the quarter, with vacancies falling in 16 of 18 industry sectors. In China, the surveyed urban unemployment rate remained unchanged at 5.0% in October, while Brazil's three-month moving average unemployment rate slightly declined to 7.7% in September (7.8% in August), its lowest since 2015.

Equity markets have been showing mixed performance in November, after widespread declines in October. In the US, S&P 500 and Dow Jones October returns were down to 9.23% (11.9% September) and to –0.9% (1.1% September). However, Brazil's Bovespa equities index rose in October, adding 2.0% in value.

September saw exports rise across all monitored economies, while imports dropped across most economies but increased in Brazil. In the US, September exports rose to $261.1 billion, $5.7 billion more than in August; September imports were $322.7 billion, $8.6 billion up on August. The total deficit increased by 4.9% to $61.5 billion. Exports growth in China was flat in October, down –6.4% (versus –6.2% in September), while imports rebounded from the previous month's contraction, growing by 3.0% in October (–6.2% in September).

In September, the Container Throughput Index was up slightly at 128.0 points (August 124.0 points revised). However, the increase was focused on China, while European ports experienced another decline.

Asia, long considered a regional powerhouse of the global economy, is [on the cusp of a new era](), according to a new McKinsey Global Institute report. The report suggests that, while Asia's economies were the great beneficiaries of a globalizing world over the past 30 years, they will also likely define a new economic era even as they experience heightened versions of global challenges.

Researching five domains—world order, technology platforms, demographic forces, resource and energy systems, and capitalization—MGI poses a number of critical questions:

- World order. As the world's trade crossroads, how will Asia find a way to maintain the benefits of trade amid growing geopolitical tension?
- Technology platforms. As tech's value shifts beyond manufacturing, how can Asia reinvent itself as a technology creator versus being largely a technology manufacturer and consumer in a world in which crucial frontier technologies are more contestable?
- Demographic forces. Can Asia deal with the demographic challenges of rapidly aging populations in its highest-productivity economies (on the Pacific Rim) by shifting its value chains and boosting productivity everywhere?
- Resource and energy systems. With surging energy demands arising from being the world's industrial base, how can Asia's meet its substantial net-zero transition obligations and navigate the dual challenges of securing its rapidly growing energy needs while reducing the world's largest carbon emissions?
- Capitalization. Will Asia be able to mobilize enough capital to power growth and deepen its financial markets to improve capital allocation while bolstering resilience amid balance sheet stress?

Exploring the views of Asia's business community in response to these and other questions, the report found that 82% of respondents expressed optimism about a new era for Asia, which will be materially different from the past three decades. At the same time, business leaders are preparing to rethink their strategies, with some 16% of companies needing to renew strategy around one or two of the above domains but with the vast majority (74% of companies) judging it necessary to drive fundamental transformations across three or more domains. Only 10% of companies anticipate taking a business-as-usual approach

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

[Advanced economies]: October added 150,000 new jobs to the US economy; production indicators regain momentum as holiday seasonal approaches; inflation appears to have eased to a rate below 4%.

United States

October added 150,000 new jobs to the US economy; production indicators regain momentum as holiday seasonal approaches; inflation appears to have eased to a rate below 4%.

The unemployment rate changed little at 3.9%, slightly higher than September's 3.8% (3.5% in January 2020). Total nonfarm payroll employment has added some 150,000 net new jobs in October; September's figure was revised down from 336,000 to 297,000. New unemployment claims remain low and steady, most recently at 228,000 new claims per week.

Retail and food-service sales increased to $704.9 billion, a 0.7% increase from August's $699.9 billion. The consumer confidence index (Conference Board) declined moderately in October to 102.6, down from an upwardly revised 104.3 in September.

The industrial production index Increased slightly in September to 103.6 (August 103.3). The purchasing managers' indexes (PMI) in October improved slightly: the manufacturing PMI edged up to the neutral 50 mark (49.8 in September), while the services PMI rose to 50.6—for comparison, it was 70.4 in May 2021.

The consumer price index rose 3.2% (annualized) in October (3.7% in September), with core inflation (which strips out food and energy prices) coming in at 4.0 (annualized), down from 4.1% in September. In addition to food, items such as rent, motor vehicle insurance, non-prescription drugs, veterinarian services, and admission to sporting events drove the CPI increase. The July 2023 Survey of Consumer Expectations from the NY Fed shows that the one-year-ahead inflation expectation increased to 3.7% at the short-term horizon.

In October, S&P 500 and Dow Jones returns were down to 9.23% (11.9% September) and to –0.9% (1.1% September). During October, the CBOE Volatility Index averaged 16.7 (17.5 in September)—not signaling a stable market—with the 10-year government bond yielding 4.5%.

October's FOMC meeting concluded with no new hikes in the current interest rate, this as the CPI indicated promising figures throughout the month and hirings slowed. The rate currently remains in the range of 5.25% to 5.5%.

September exports were $261.1 billion, $5.7 billion more than in August. September imports were $322.7 billion, $8.6 billion up on August's imports. The total deficit increased by 4.9% to $61.5 billion.

On the housing market, the 30-year fixed-rate mortgage reached 7.5% on November 9, according to Fannie Mae. Existing home sales fell –2.0% in September, setting the tone for a frozen housing market with over 30% of borrowers having rates below 3%. In September, housing starts increased to 1,358,000 (1,283,000 in August), with completions up to 1,453,000 (versus 1,406,000 in August).

President Biden met in person with Chinese President Xi Jinping on November 15, seeking to develop a "framework" for managing successful relations between the two powers.

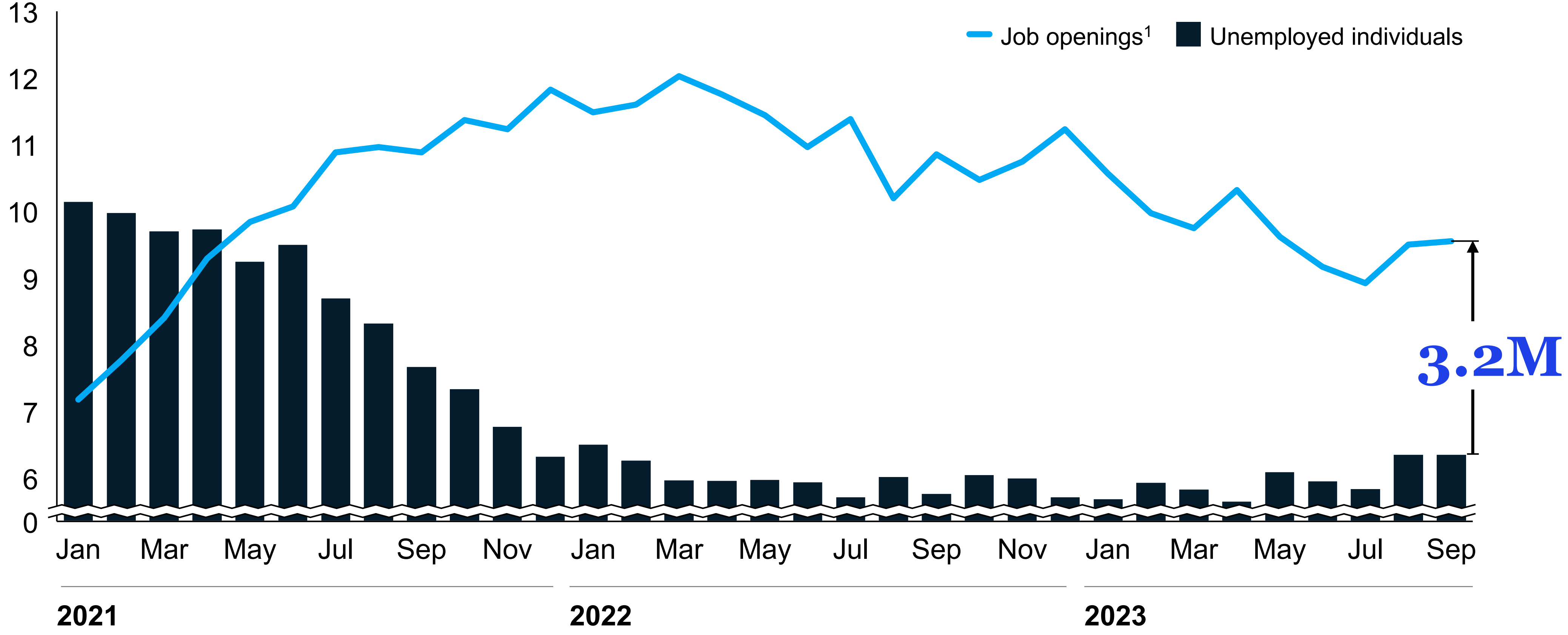
On November 9, the SAG-AFTRA strike was announced as officially over, as actors and writers reached a deal with the Alliance of Motion Picture and Television Producers, including streaming bonuses and limits on AI.

Meanwhile, the United Auto Workers union's industrial action was suspended in late October after six weeks, with the union now going through the process of ratifying deals with three auto manufacturers.

September readings show unchanged levels of unemployed workers and unfilled positions—gap between the two remains at 3.2 million

1-month data lag

US job openings vs unemployed individuals, seasonally adjusted, million



Gap between unfilled positions and those searching for work in September 2023

1. Job openings are based on surveys of US employers done by the BLS and represent positions that are not filled on the last business day of the month. September 2023 data are preliminary.

Source: BLS Current Population Survey (seasonally adjusted); Job Openings and Labor Turnover Survey; data as of 11/3/2023

October added some 150,000 new jobs to the US economy; production indicators regain momentum as holiday seasonal approaches; inflation eases at a rate below 4%

Significant improvement | Improving | No significant change | Worsening | Severe decline

	Indicator category	Change vs prior month	Change vs pre-COVID
Macroeconomic	Consumer	Improving	No significant change
	Business/industry	Improving	No significant change
	Real estate	Worsening	Worsening
	Trade, external	Improving	No significant change
	Prices	Worsening	Improving
	Employment	No significant change	Significant improvement
Financial markets	Foreign exchange	No significant change	Improving
	Equity	No significant change	Significant improvement
	Debt	No significant change	Severe decline
	Credit	Worsening	Worsening
Government and policy	Public policy	Improving	No significant change
	Public-sector health	Improving	No significant change

Unemployment edged 3.9%, cooling the labor market; the economy added approximately 150,000 net new jobs in October

- The industrial production index Increased slightly in September to 103.6 (August 103.3). In October, the purchasing managers' index (PMI) for manufacturing increased slightly to 50 (49.8 in September), while the services PMI rose to 50.6 (for comparison, 70.4 in May 2021).
- Retail and food-service sales increased to $704.9 billion, a 0.7% increase from August's $699.9 billion. The consumer confidence index (Conference Board) declined moderately in October to 102.6, down from an upwardly revised 104.3 in September. September exports were $261.1 billion, $5.7 billion more than August's exports; September imports were $322.7 billion, $8.6 billion up on August's imports. The total deficit climbed by 4.9% to $61.5 billion.
- For the housing market, the 30-year fixed-rate mortgage reached 7.5% on November 9. Existing home sales fell at a rate of –2.0% in September, setting the tone for a depressed housing market with over 30% of borrowers having loan rates below 3%. In September, housing starts increased to 1,358,000 (1,283,000 in August), with completions up to 1,453,000 (1,406,000 in August).
- The unemployment rate changed little at 3.9%—slightly higher than September's 3.8% (3.5% in January 2020).Total nonfarm payroll employment added some 150,000 net new jobs in October. New unemployment claims remain low and steady, most recently at 228,000 new claims per week.
- The consumer price index rose 3.2% (annualized) in October (3.7% in September), with core inflation (which strips out food and energy prices) coming in at 4.0 (annualized), down from 4.1% in September. In addition to food, items such as rent, motor vehicle insurance, non-prescription drugs, veterinarian services, and admission to sporting events drove the CPI increase.

Federal reserve holds a conservative position on inflation

- In October, S&P 500 and Dow Jones returns were down to 9.23% (11.9% September) and –0.9% (1.1% September) respectively. During October, the CBOE Volatility Index averaged 16.7 (17.5 September)—not signaling a stable market—with the 10-year government bond yielding 4.5%.
- October's FOMC meeting concluded with no new rises in the current interest rate, this as the CPI showed promising figures throughout the month and as hirings slowed. The current rate remains in the range 5.25–5.5%.

President Biden meets President Xi Jinping; Alaska judge rules Willow project can move forward

- President Biden met in person with Chinese President Xi Jinping on November 15, seeking to develop a "framework" for managing successful relations between the two powers.
- During October, the SAG-AFTRA strike ended after actors and writers reached a deal with the Alliance of Motion Picture and Television Producers. The United Auto Workers union's industrial action was suspended in late October, with the union now consulting on ratifying deals with three auto manufacturers.
- In November, a Federal judge in Alaska ruled that the substantial Willow oil development project can move forward, with construction starting this winter on Alaska's North Slope; groups against the 600 million barrels of oil drilling project will present an appeal.

Source: BLS; Federal Reserve; NAREIT; NY Federal Reserve Bank; US Census; McKinsey's Global Economics Intelligence analysis

Eurozone

Recent data suggests weak performance to continue into Q4 after slight contraction in Q3; strong disinflation underway amid tight monetary policy; government coalition agreed in Spain.

The euro area economy continues its subdued activity, contracting by 0.1% quarter on quarter in Q3 2023. National-level data paints a divergent picture among the eurozone’s four largest economies: Germany was the only one among them to contract, while Italy's GDP was flat, and Spain and France's economies expanded, helped by a rebound in private consumption.

Incoming data remains gloomy, with little prospect for a recovery. October’s composite purchasing managers’ index came in at 46.5, 0.7 points below September’s reading and with most of the largest economies—except Spain—firmly below the neutral 50 mark. This points to an ongoing contraction in activity. Meanwhile, negative retail sales figures suggest consumer spending likely contracted in Q3 and imply a weak quarter for consumers in Q4 as well.

Forward-looking indicators for November offer a glimmer of hope that the economic situation will start improving over the coming months. However, any meaningful recovery would require a substantial improvement in Germany—Europe’s largest economy. Its industrial production dropped by 2.1% quarter on quarter in Q3 and the negative carryover effect worsens prospects for Q4. To address economic challenges, the German government announced a package of tax subsidies worth €12 billion per year for 2024–25, which should help to regain some of the competitiveness lost with the end of cheap Russian gas imports. This announcement is likely to be criticized by other European states, given the package’s impact vis-à-vis the competitive positioning of Germany’s industry.

Headline inflation eased to 2.9% in October, the lowest rate in more than two years and down from 4.3% in September. While primarily driven by a deflationary trend in energy and food, core inflation also declined across goods and services. Despite the strong disinflationary process currently underway, consumer inflation expectations remain stable. This prompted some ECB officials to communicate a message of maintaining interest rates for longer, pushing back expectations of cuts in early 2024. The ECB seems to be waiting for more convincing data before considering a policy change. The messaging, however, is becoming more mixed, as downside risks to the growth outlook have also been recognized.

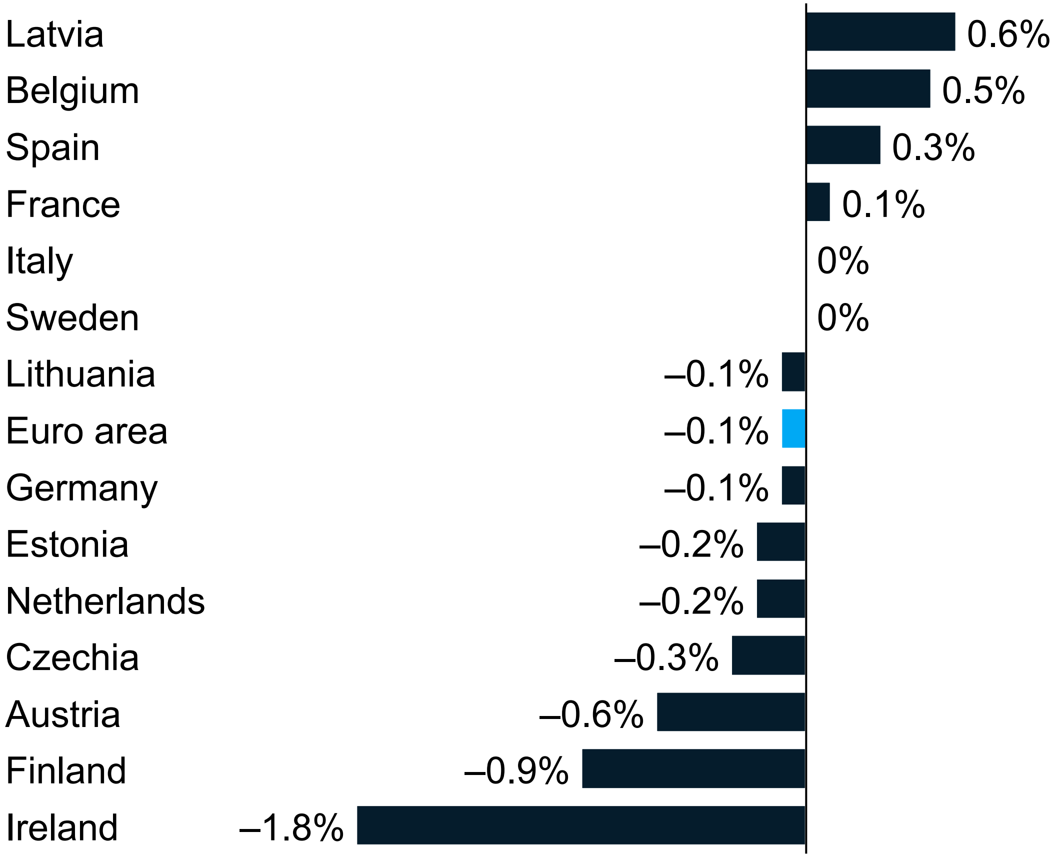
In Spain, the four-month political impasse has ended, with the Socialist Party achieving the necessary support for Pedro Sanchez to be re-elected as prime minister. The announcement has restoked political tensions, as the deal includes an amnesty for Catalan separatists following the failed independence bid in 2017. In Portugal, PM Pedro Costa has resigned over a corruption investigation, with a snap general election to be held on March 10. Importantly, the solution allows the approval of the 2024 budget before parliament is officially dissolved.

Source: Oxford Economics

Photo by Ilnur Kalimullin on Unsplash

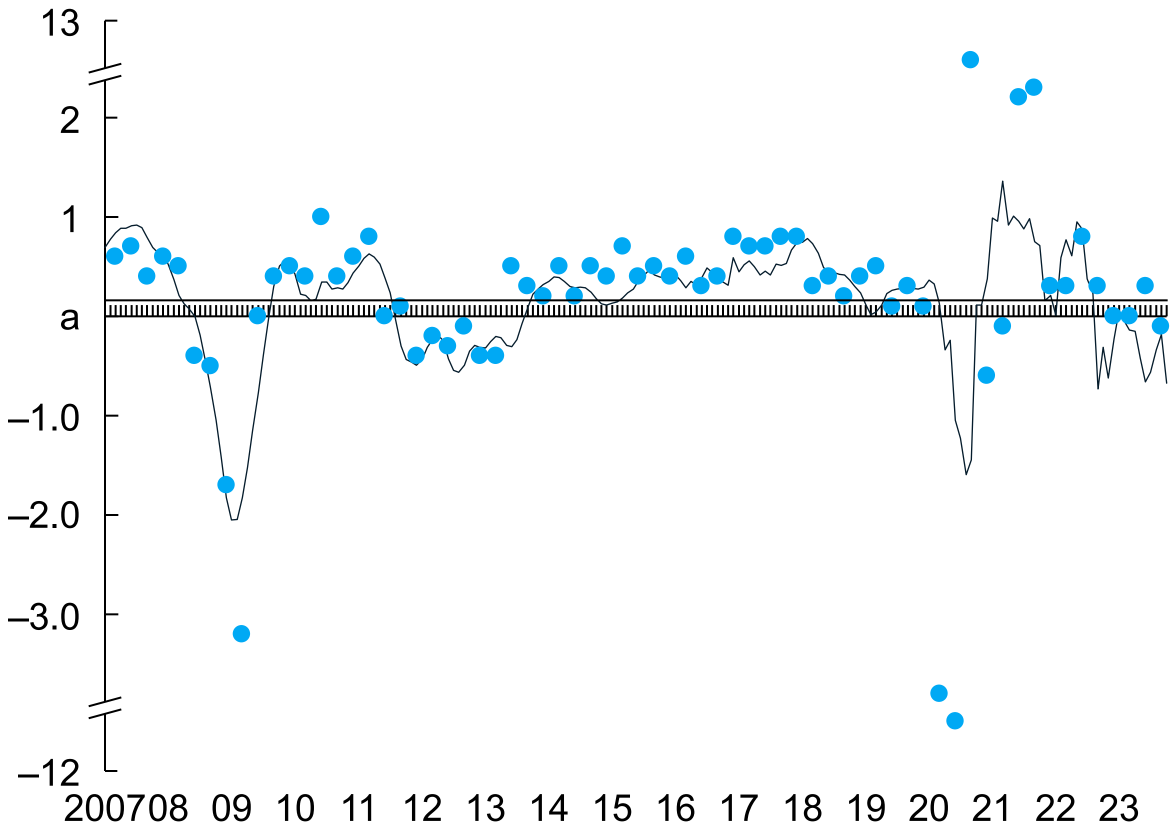
Germany’s negative growth has driven eurozone contraction, as Italy’s GDP stagnated, while Spain and France’s economies expanded; leading indicators have confirmed contraction in Q3 and weaker dynamics in early Q4

Eurozone real GDP second quarter growth
Quarter-on-quarter, constant prices (% change)



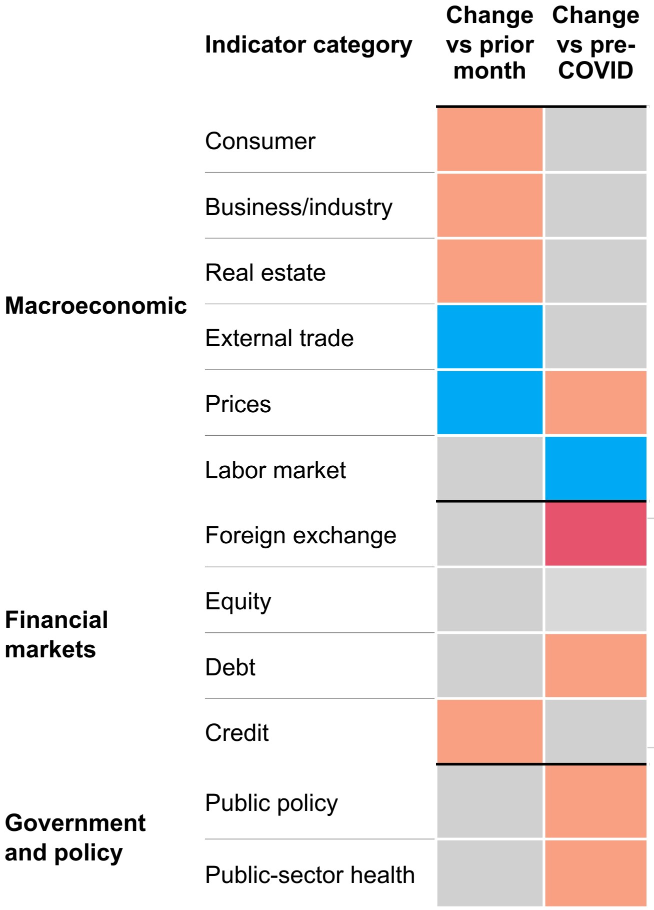
Eurocoin index
Index (monthly, % change)

Eurocoin index
GDP q-on-q change



Subdued domestic activity amid ongoing disinflation; stable financial markets; fiscal expansion announced in Italy

Significant improvement | Improving | No significant change | Worsening | Severe decline



Subdued domestic activity amid ongoing disinflation and still-resilient labor market

- Real retail sales have fallen in September by –0.3% month on month (–2.7% year on year), posting a third consecutive monthly decline, as the cumulative contraction since the summer reached 1.1%. The consumer confidence indicator deteriorated in October (–17.8) in line with weakening demand and some returning inflation expectations.
- The industrial production index slightly rebounded in August (+0.6% month on month, –5.3% year on year) amid still-subdued sentiment. October's composite PMI came in at 46.5—0.7 points below September's reading. The manufacturing PMI Index fell to 43.1 from 43.4, while the services PMI declined to 47.8 from 48.7—a 32-month low. Construction output declined by 1.1% month on month (+0.7% year on year) in August; the construction PMI dipped to 42.7 in October—its lowest in almost a year.
- Eurozone's goods trade surplus expanded to €34.8 billion in August, from €24.8 billion in July. This was driven mainly by a €19.4 billion increase in exports to €251.9 billion, while imports increased only by €9.5 billion, to €217 billion.
- Eurozone headline inflation eased to 2.9% year on year in October, the lowest rate in more than two years and down from 4.3% in September. The disinflation was broad-based: energy prices declined; services and food inflation have eased more gradually. Core inflation was still elevated at 4.1%. Producer-price inflation was –9.1% in September (–8.7% in August).
- The unemployment rate in September edged slightly up to 6.5% and remains close to record lows since 2000, with Spain at 12% and Germany at 3%. Annual nominal wage growth in Q2 2023 has started to beat inflation.

Financial markets stable amid weaker credit activity

- Eurostoxx 600 index recently regained some value lost in October, in mid-November remaining around 5% below its highest value in 2023.
- In November, the euro was stable against the US dollar, trading at $1.07 per euro on November 13.
- The Italian–German 10-year bond-yield spread tightened to 1.9%; yields have grown to 4.8% and 2.9%, respectively.
- In September, loans to businesses declined by 0.2% month on month and for the whole third quarter by 0.6% quarter on quarter, while loans to households stagnated, reflecting tighter monetary conditions.

Italian fiscal expansion; EU focused on enlargement

- Italy has moved towards a looser fiscal stance, targeting fiscal loosening of around 1% of GDP over 2024–26. This has raised concerns about debt sustainability and placed upward pressure on Italian bond yields.
- On November 8, the European Commission recommended opening accession talks with Ukraine, Moldova, and Bosnia and Herzegovina (BiH), and EU candidate status for Georgia. President of the European Commission, Ursula von der Leyen visited the Western Balkans to demonstrate EU commitment to further enlargement in the region.

Source: European Commission; Eurostat; Haver Analytics; United Nations; McKinsey's Global Economics Intelligence analysis

United Kingdom

Inflation falls substantially to 4.6% in October, below Bank of England expectations; the latest GDP projections indicate modest growth for 2023 and 2024; quarterly GDP remains flat in Q3 2023.

November's quarterly *Monetary Policy Report* by the Bank of England expects UK GDP growth to remain modest over the medium term, foreseeing 0.6% growth in Q4 2023 and 0% in Q4 2024. According to the IMF's October *World Economic Outlook*, UK growth is projected to decline from 4.1% in 2022 to 0.5% in 2023, with a 0.1 percentage point upward revision, and tick up to 0.6% in 2024. The decline next year reflects tighter monetary policies to curb still-high inflation as well as lingering impacts of the terms-of-trade shock from high energy prices. According to the OECD, UK GDP is expected to grow by a modest 0.3% in 2023 and 0.8% in 2024.

The Bank of England expects inflation to fall sharply in the near term to an average of around 4.75% in Q4 2023, helped by lower price inflation for energy, food, and core goods (versus 4% as previously predicted), and to continue to fall in 2024. UK consumer price index (CPI) inflation declined substantially to 4.6% in October (6.7% in September), while core inflation (excluding the price of energy, food, alcohol, and tobacco) dropped to 5.7% from 6.1% in September. The largest downward contribution to the monthly change came from housing and household services, where the annual CPI inflation rate was the lowest since records began in January 1950. In light of the fall in inflation recent months, the BoE has maintained the policy rate at 5.25%.

UK manufacturing contracted at the start of the final quarter, with October seeing output, new orders, and employment all declining. There were reports that difficult and uncertain market conditions led to increased caution among both manufacturers and their clients alike.

The UK's purchasing managers' index (PMI) for manufacturing increased slightly in October, reaching 44.8, up from 44.3 in September. However, the measure has now remained below the neutral 50.0 mark for 15 successive months. Meanwhile, the services PMI rose fractionally to 49.5 in October (from 49.3 in September), while remaining below the 50.0 neutral value. The UK construction PMI registered 45.6 in October, up slightly from 45 in September and also below the neutral 50.0 value. Overall, the UK PMI Composite Output Index increased fractionally to 48.6, from 48.5 in September.

Growth in average total pay was 7.9% in Q3 2023, while real total pay rose by 1.4% year over year. The unemployment rate for Q3 2023 was largely unchanged on the quarter at 4.2%. The economic inactivity rate was also unchanged on the quarter at 20.9%. The estimated number of vacancies in August–October 2023 was 957,000, a decrease of 58,000 on the quarter, with vacancies falling in 16 of 18 industry sectors.

Home Secretary Suella Braverman was dismissed by Prime Minister Rishi Sunak on 13 November as part of a wider government reshuffle ahead of the Autumn Statement on 22 November. The move saw former Prime Minister David Cameron installed in the House of Lords (Britain's upper chamber) to become the new Foreign Secretary. Ms Braverman, who was sacked for criticising police impartiality in relation to protesters, was replaced by the former Foreign Secretary, James Cleverly.

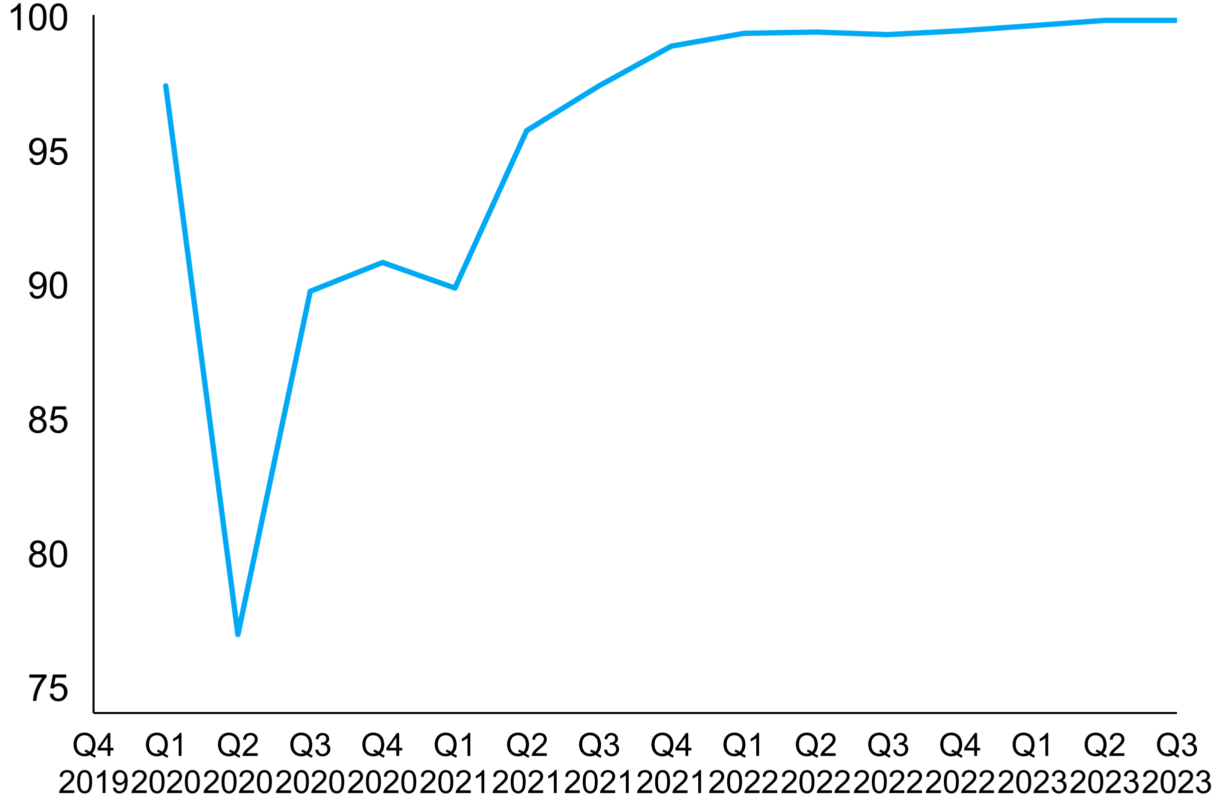
Meanwhile, in a vote on the conflict in Gaza, over a quarter of Labour MPs rebelled against party leader Sir Keir Starmer to back a parliamentary motion calling for a ceasefire in the territory.

Britain's Supreme Court ruled that the UK cannot proceed with an existing plan to deport economic migrants and asylum seekers to Rwanda, citing concerns over the safety of refugees. The Prime Minister subsequently promised new legislation to circumvent the court ruling.

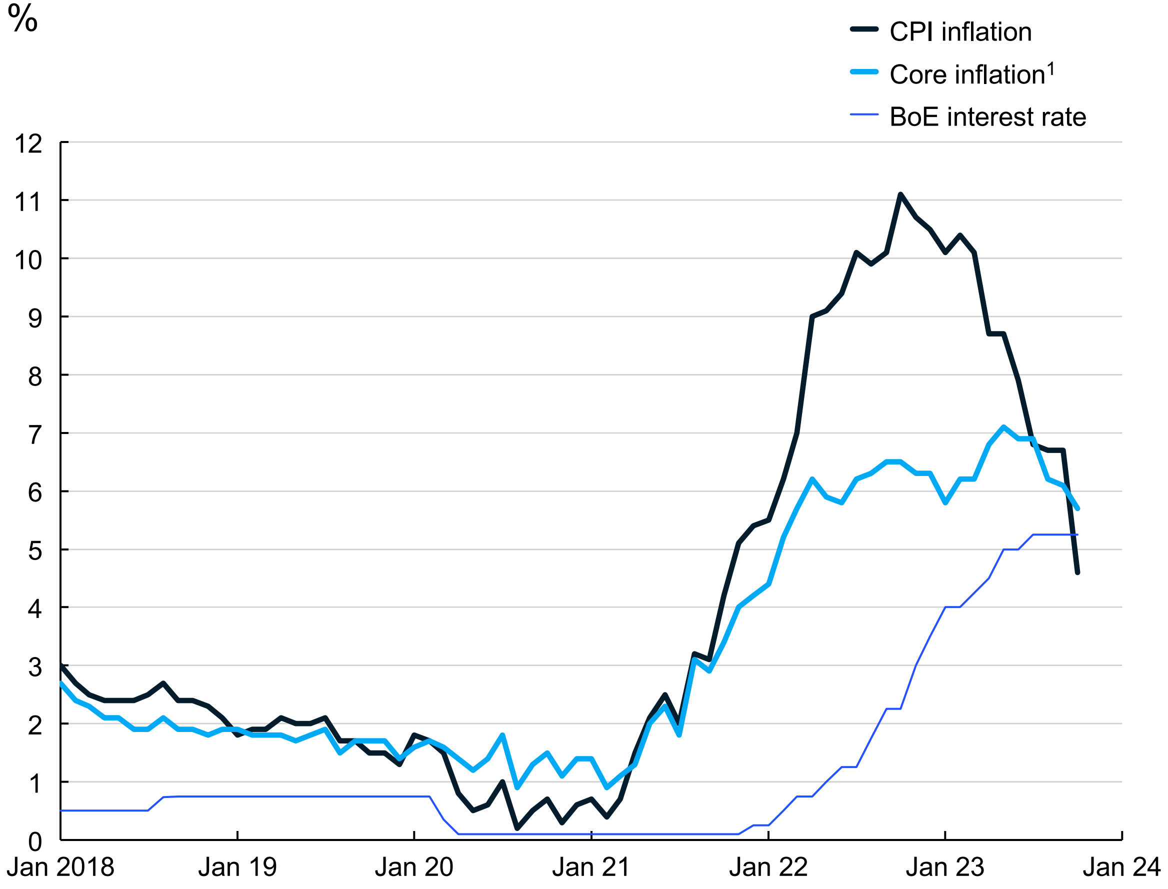
Source: Bank of England; IMF; OECD; Office for Budget Responsibility; Office for National Statistics; McKinsey's Global Economics Intelligence analysis

UK GDP growth remained flat in Q3 2023; the CPI declined to 4.6% in October; the Bank of England kept the policy rate at 5.25%

UK GDP, Q4 2019–Q3 2023
Index, 2019 Q4 = 100



12-month inflation; Bank of England interest rate
%



1. The specific measure excluding energy, food, alcohol, and tobacco is the one typically referred to as "core" by the ONS.

Source: Bank of England; IMF; OECD; Office for Budget Responsibility; Office for National Statistics; McKinsey's Global Economics Intelligence analysis

Inflation declines substantially, with slowing housing and household services inflation contributing most to the fall; manufacturing and services sector sentiment lift slightly, while consumer confidence drops

Significant improvement | Improving | No significant change | Worsening | Severe decline

	Indicator category	Change vs prior month	Change vs pre-COVID
Macroeconomic	Consumer	Worsening	Severe decline
	Business/industry	Worsening	Worsening
	Real estate	No significant change	Improving
	External trade	Worsening	Improving
	Prices	No significant change	Severe decline
	Employment	Worsening	No significant change
Financial markets	Foreign exchange	Worsening	Severe decline
	Equity	Worsening	Improving
	Debt	No significant change	Improving
	Credit	Worsening	No significant change
Government and policy	Public policy	No significant change	Worsening
	Public-sector health	No significant change	Worsening

Inflation falls substantially in October; consumer confidence declines; industrial production weakens

- Retail sales volumes are estimated to have fallen by 0.3% in October 2023, following a fall of 1.1% in September 2023.
- GfK's Consumer Confidence Index dropped by nine points in October, to –30 (from –21 in September). The cost-of-living crisis, a slowing jobs market, and the uncertainties posed by the conflict in the Middle East are contributing to a growing unease in consumer sentiment.
- Monthly production output is estimated to have remained flat in September 2023; this follows a fall of 0.5% in July 2023. Water supply and sewerage was the main positive contributing sector, with a smaller contribution from manufacturing.
- The UK purchasing managers' index (PMI) for manufacturing increased slightly in October, reaching 44.8, up from 44.3 in September. However, the measure has remained below the neutral 50.0 mark for 15 successive months. The services PMI increased fractionally to 49.5 in October from 49.3 in September, remaining below the 50.0 neutral value.
- Monthly construction output in terms of volume is estimated to have increased by 0.4% in September 2023. The UK construction PMI registered 45.6 in October, up slightly from 45 in September and below the neutral 50.0 value. The total trade in goods and services deficit narrowed by £7.1 billion to a deficit of £6 billion in Q3 2023, as imports fell by £7 billion, while exports rose by £0.2 billion.
- The annual CPI inflation rate fell sharply to 4.6% in October. Core inflation (excluding food, energy, alcohol, and tobacco) declined to 5.7% from 6.1% in September. Producer input prices fell by 2.6% in the year to October 2023, down from a fall of 2.1% in the year to September; producer output (factory gate) prices fell by 0.6% in the year to October 2023, down from an increase of 0.2% in the year to September 2023.
- The unemployment rate for Q3 2023 was largely unchanged on the quarter at 4.2%. The economic inactivity rate was also unchanged on the quarter, at 20.9%.

UK equities improve; GBP gains versus USD, the 10-year gilt declines from highs seen during market turmoil in late 2022

- As of November 19, the FTSE 100 is at roughly the same levels as a month ago, and is now some 6.4% below the peak reached in February 2023. The pound strengthened to $1.23 (as of November 12), having almost reached parity in late September 2022.
- The daily yield of the UK 10-year gilt has decreased to 4.24%, as of November 15, below the historic highs of more than 4.6% seen in mid-October 2022, but well above mid-2022 rates of around 2%.
- UK government debt increased to 101.2% of GDP in Q2 2023, while the deficit rose to 9.5% of GDP (from 3.6% in Q1 2023).

Home Secretary dismissed in cabinet reshuffle; Supreme Court rules that the UK cannot deport asylum seekers to Rwanda

- Home Secretary Suella Braverman was sacked in a cabinet reshuffle on November 13, and replaced by James Cleverly, previously the Foreign Secretary. Former Prime Minister David Cameron joined the House of Lords (the UK's upper chamber) to become the new Foreign Secretary.
- The UK's highest court rejected government plans to deport asylum seekers to Rwanda, amid concerns that refugees could have their claims wrongly assessed in the central African state or be forced to return to countries of origin where they could face persecution.

Source: Bank of England; Office for National Statistics; McKinsey's Global Economics Intelligence analysis

[Emerging economies]: China's economy offers mixed signals; Brazil lowers interest rate; Russia's economy remains stable for now, supported by government expansion of defense and social spending.

China

China's overall economic state stabilized in October but was characterized by mixed signals across various dimensions. There was a rebound in imports, while industrial output growth was stable. However, the pace of fixed-asset investment growth decelerated, and the housing market continued to be sluggish.

Industrial output growth stabilized at 4.6% year-on-year in October (4.5% in September). By sector, output growth in the mining sector accelerated to 2.9% (1.5% in September), manufacturing output growth held steady at 5.1% (5.0% in September), while utilities output growth slowed to 1.5% (3.5% in September).

Overall fixed-asset investments grew more slowly at 1.3% year-on-year in October (2.5% in September). Investment growth slowed across all major sectors, with manufacturing investment growth declining to 6.2% (7.9% in September) and utilities growth down to 3.7% (5.0% in September). The contraction in real estate investment continued, accelerating to –12.7% (–11.2% in September).

At the same time, the real estate market slump persisted in October: housing property sales revenue was down by –14.3% year-on-year (–20.2% in September). Floor space sold fell –21.0% (–21.1% in September), while the average housing price grew 8.4% year-on-year (1.2% in September).

New social financing in October measured RMB 1.9 trillion (down from RMB 4.1 trillion in September), representing a year-on-year increase of 103% that reflects a low base from the previous year (16% in September). The expansion in government bond financing, which rose over fourfold compared to the same period a year ago, explains the majority of the increase in new social financing. Total social financing amounted to RMB 374.2 trillion in October, with the year-on-year growth rate edging up to 9.6% (9.3% in September).

The surveyed urban unemployment rate remained unchanged at 5.0% in October.

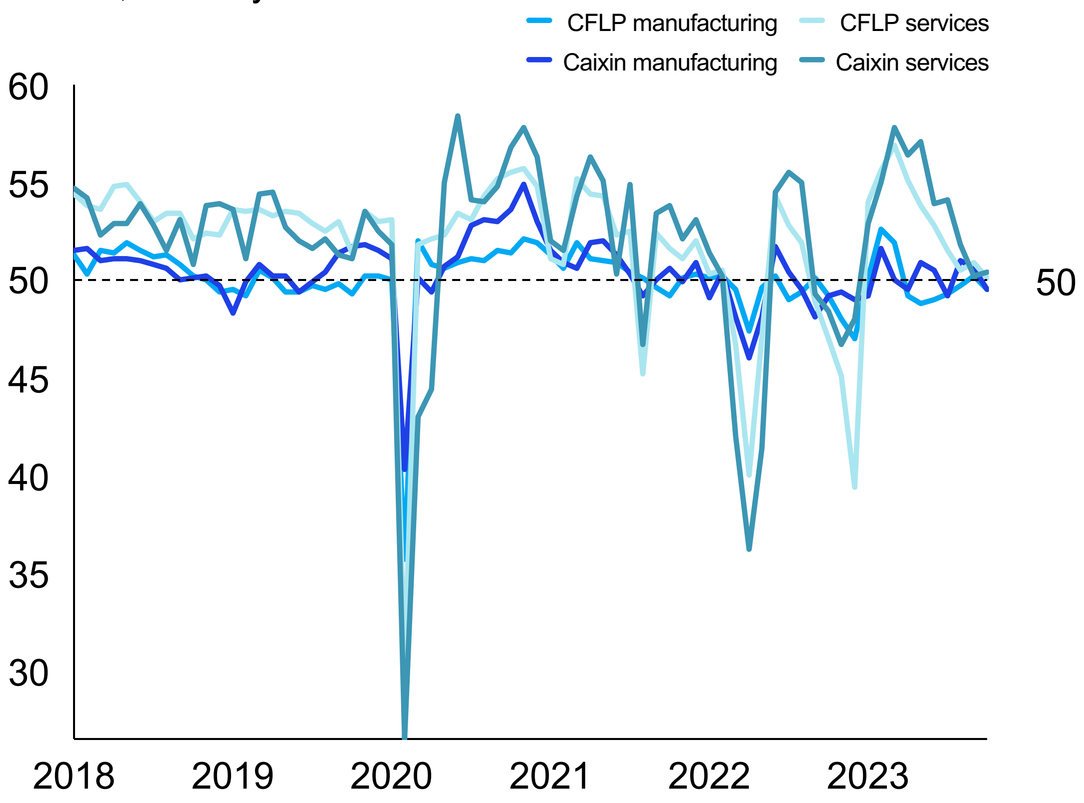
Exports growth was flat, down –6.4% in October (versus –6.2% in September), while imports rebounded from the previous month's contraction, growing by 3.0% in October (–6.2% in September).

Chinese President Xi Jinping visited the US over November 14–17, six years after his previous visit. During this trip, President Xi participated in a China-US summit and was invited to the 30th informal meeting of APEC leaders, and he reached agreements with President Biden in areas such as military communication, AI, and cultural and education exchange.

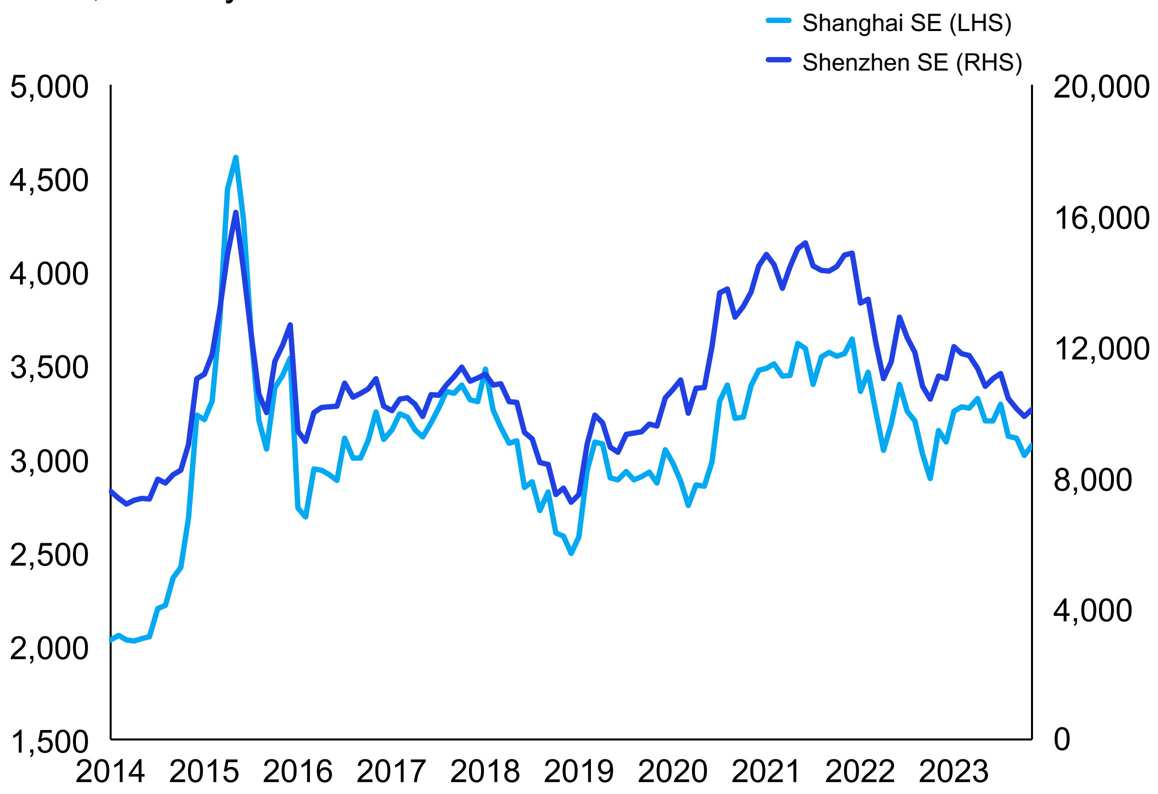
Source: CEIC; McKinsey's Global Economics Intelligence analysis

Official manufacturing PMI dropped to the contraction zone; official services PMI, while slightly above the neutral 50 threshold, declined; stock indexes edged up

Purchasing managers indexes (PMI)
Index, monthly



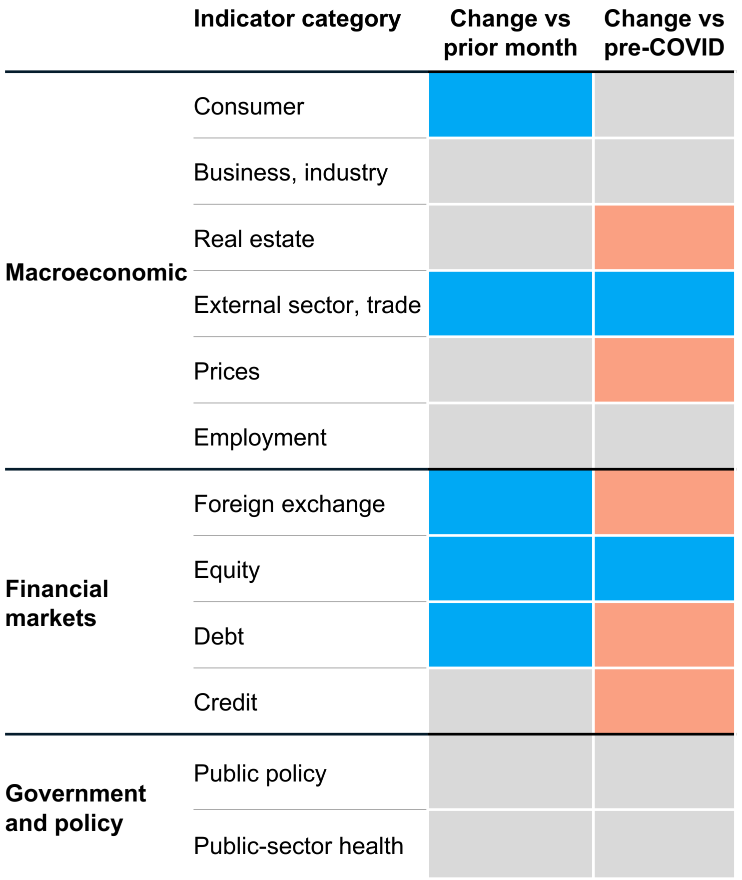
Stock market indexes
Index, monthly



Source: CEIC; McKinsey's Global Economics Intelligence analysis

Retail sales growth accelerated in October; imports rebounded but exports remained weak; inflation stayed low; RMB appreciated

Significant improvement
Improving
No significant change
Worsening
Severe decline



Retail sales growth accelerated; both the official manufacturing and services PMIs fell; imports rebounded but exports stayed weak; CPI and PPI remained low

- Retail sales grew faster at 7.6% year-on-year in October (5.5% in September).
- The official purchasing managers' index (PMI) for manufacturing fell to 49.5 in October (50.2 in September) while the Caixin manufacturing PMI dropped to 49.5 (50.6 in September). The official services PMI reported a softer reading of 50.1 in October, down from 50.9 in September; the Caixin services PMI inched up to 50.4 from 50.2 in September.
- Exports growth stabilized, down –6.4% in October (–6.2% in September), while imports rebounded from contraction to grow by 3.0% in October (–6.2% in September).
- Consumer prices deflated at –0.2% in October (0% inflation in September), dragged down by food prices (–4.0% in October). The core CPI stood at 0.6% in October (0.8% in September). Producer prices deflated at –2.6% in October (−2.5% in September).

RMB appreciated against the US dollar; stock indexes edged up; money supply stabilized

- The RMB appreciated against the dollar by 2.5% compared with the end of October, trading at RMB 7.1349 = USD 1 by November 21.
- By November 20, both the Shanghai stock index and the Shenzhen stock index gained 1.6% in value compared with levels at the end of October.
- New social financing in October measured RMB 1.9 trillion (4.1 trillion in September). Total social financing amounted to RMB 374.2 trillion in October, with the year-on-year growth rate edging up to 9.6% (9.3% in September).
- M2 expanded at a pace of 10.3% year-on-year in October, remaining unchanged compared with September.

Source: Bloomberg; CEIC; McKinsey's Global Economics Intelligence analysis

India

With festive demand remaining buoyant, Q3 GDP is expected to show significant growth; tightening financial conditions pose a significant risk to the global outlook.

In the third quarter[1] of 2023, the Reserve Bank of India (RBI) projects GDP to be at 6%.

Automobile sales registered a year-on-year increase of 20.3% in October. Owing to the festive season, both passenger vehicles and three-wheelers recorded their highest ever sales in October, to reach 2,621,248 units. Retail sales also picked up, as indicated by vehicle registrations (vehicle sales accounting for a large proportion of overall retail sales). The Index of Industrial Production (IIP) is signaling positive year-on-year growth, up 5.8% over last September and with all sectors enjoying an upward trend compared with 2022 numbers. However, on a monthly basis, mining, manufacturing, and electricity all declined—by –0.4%, –2.0%, and –6.6% respectively.

Factory activity increased at a slower pace, leading to an unexpected decline in the purchasing managers' index (PMI) for manufacturing, from 57.5 in September to 55.5 in October. The services PMI also followed a similar trend, dropping to 58.4 in October from 61.0 the previous month.

Headline inflation came down to 4.9% from an average of 6.7% in 2022–23 and 7.1% over July–August 2023. Food inflation moderated to 6.2% in October from 6.3% in September, while deflation in the fuel and light group climbed to –0.4% in October from –0.1% in September.

In the financial sphere, gross inward foreign direct investment (FDI) moderated to US $33.1 billion during April–September 2023 from US $39.4 billion for the same period a year ago. More than 50% of FDI equity flows were directed towards manufacturing, financial services, transport, and computer services.

Foreign portfolio investors (FPIs) remained net sellers in October 2023, with net outflows reaching US $1.9 billion, led by the equity segment. Foreign exchange reserves stood at US $590.8 billion on November 3, 2023. The reserves have increased by $28.1 billion through the calendar year so far.

India's currency depreciated against both the dollar and the euro, with the exchange rate standing at 83 and 91 rupees, respectively.

Meanwhile, the stock market was static, with the Nifty making an incremental gain of 0.1% while the Sensex declined by 0.1%.

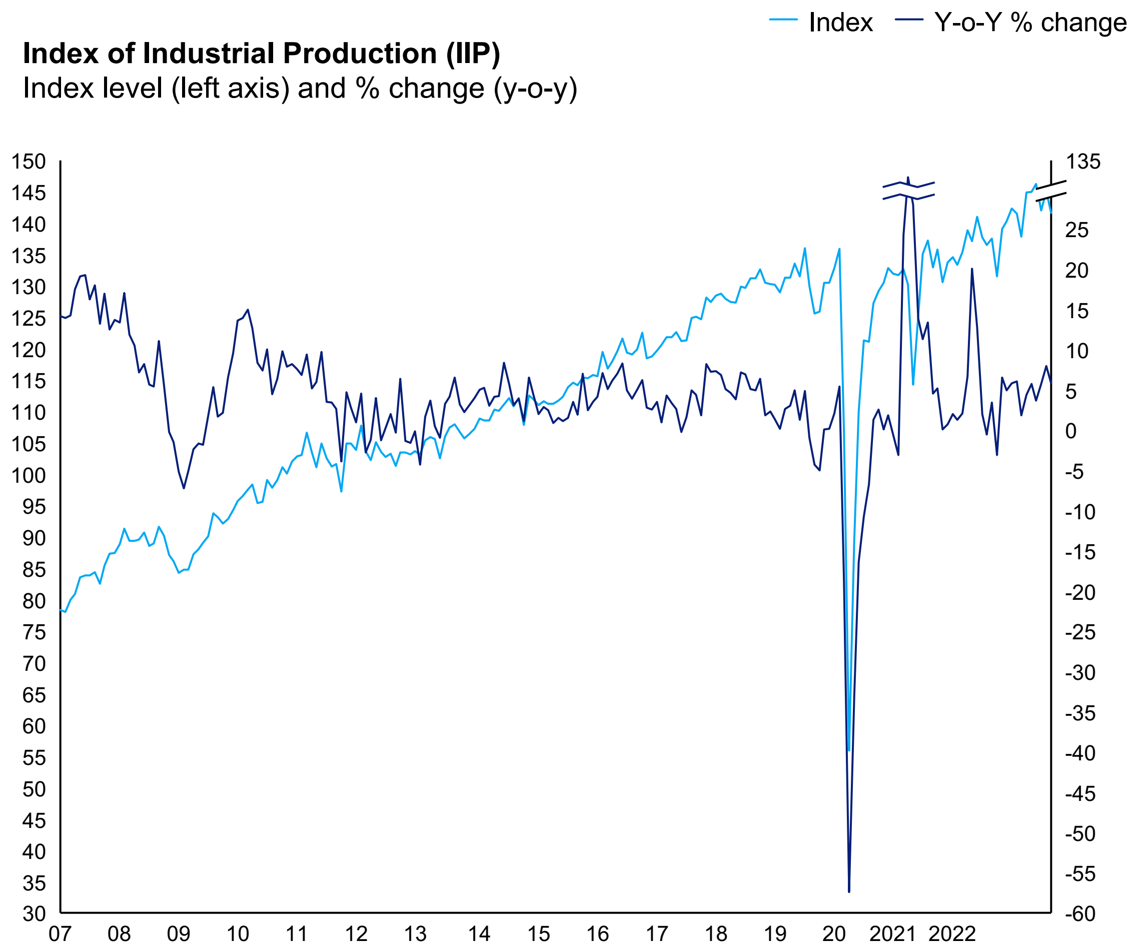
India's central bank opted to maintain interest rates at a steady 6.5%, underlining a cautious approach from monetary authorities.

1. India follows the fiscal calendar with the financial year starting in April.

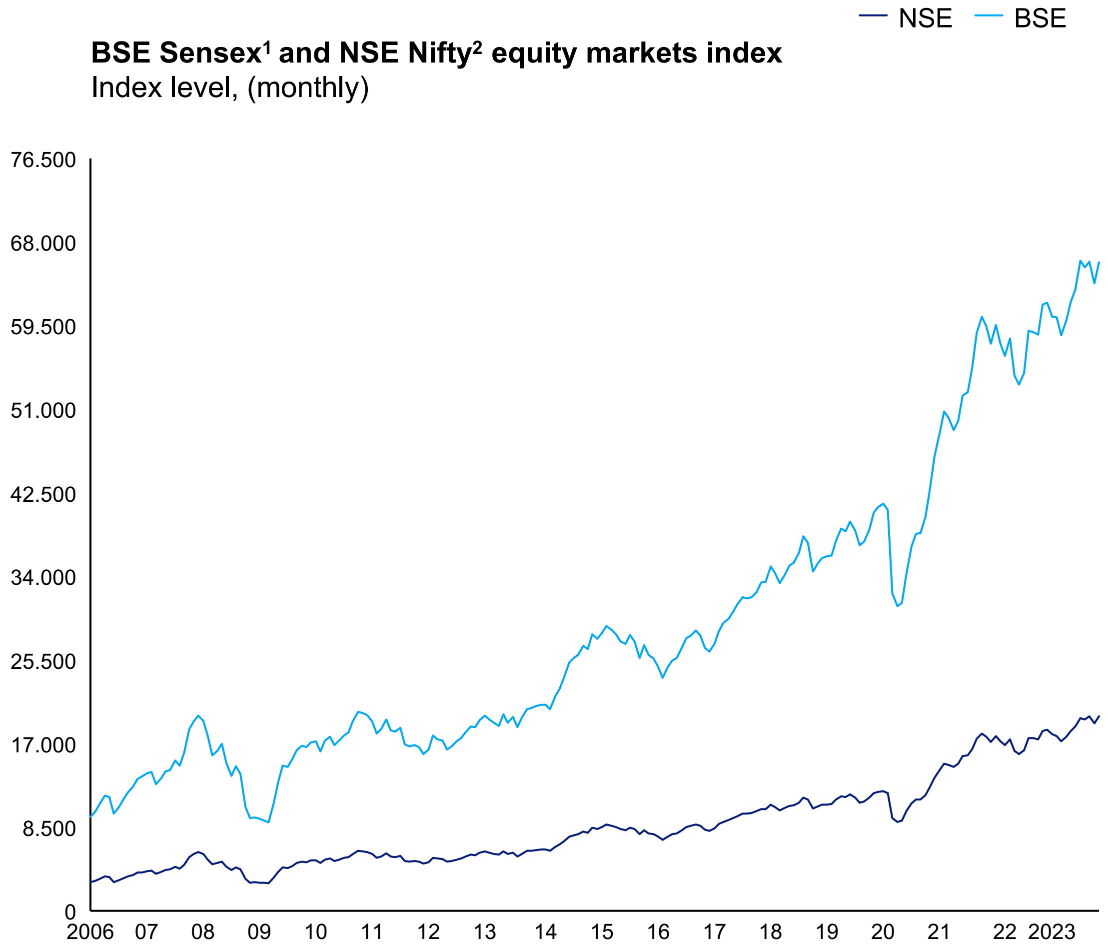
Source: Havers; IHS Markit; Ministry of Commerce and Industry; Ministry of Statistics and Programme Implementation (MOSPI); Reserve Bank of India

Industrial production grew at 8.0% in July; equity indexes contracted

Index of Industrial Production (IIP)
Index level (left axis) and % change (y-o-y)



BSE Sensex[1] and NSE Nifty[2] equity markets index
Index level, (monthly)



1 BSE: The Bombay Stock Exchange (Sensex) is a value-weighted index comprising the 30 largest and most actively traded stocks.
2 NSE: The National Stock Exchange of India (Nifty) consists of 50 major stocks weighted by market capitalization.

SOURCE: *Economic Times*; Ministry of Statistics and Programme Implementation (MOSPI); McKinsey's Global Economics Intelligence analysis

Manufacturing and services PMIs decline; imports increase and widen trade deficit

Significant improvement | Improving | No significant change | Worsening | Severe decline

	Indicator category	Change vs prior month	Change vs pre-COVID levels
Macroeconomic	Consumer	Improving	Improving
	Business, industry	Improving	Improving
	Real estate	No significant change	No significant change
	External sector, trade	Worsening	Improving
	Prices	Improving	Worsening
	Employment	Worsening	No significant change
Financial markets	Foreign exchange	No significant change	No significant change
	Equity markets	No significant change	Improving
	Debt	Worsening	No significant change
	Credit	Improving	Improving
Government and policy	Public policy	No significant change	No significant change
	Public-sector health	Worsening	Worsening

industrial sector saw an uptick; PMIs for manufacturing and services declined; trade deficit expanded

- October sales of passenger vehicles reached 2,621,248 owing to festive demand.
- Industrial production moderated to 5.8% year-on-year growth in September from 8.0% in August. All groups witnessed a year-on-year increase, but a decline compared to the previous month.
- October's purchasing manager's index for manufacturing declined to 55.5 (the lowest since March), while the services PMI stood at 58.4.
- Merchandise exports expanded to US $33.6 billion in October 2023, registering 6.2 % growth year-on-year and reversing September's contraction. Simultaneously, imports grew 12.3% to US $65 billion, causing the trade deficit to reach an all-time high of US $31.5 billion.
- Headline inflation fell to 4.9% from an average of 6.7% in 2022–23 and 7.1% in July–August 2023.
- The all-India unemployment rate increased to 10.1 per cent in October 2023 with unemployment slightly easing in urban areas (8.4%) but growing in rural areas to 10.8%.

Financial markets in India soften; currency depreciates

- The rupee depreciated against both the euro and the dollar.
- The Nifty index increased by 0.1% while the Sensex fell by 0.1% compared with the previous month.
- Foreign portfolio investors (FPIs) remained net sellers in October 2023 with net outflows reaching US $1.9 billion.

Fiscal deficit has worsened; central bank maintained the status quo on interest rates

- The central bank kept the interest rates unchanged at 6.5%.
- The fiscal deficit significantly increased to 39.3% of the budget estimates compared to last month's standing of 36%.

SOURCE: McKinsey's Global Economics Intelligence analysis

Russia

Russia's economy delivered a stable economic performance in September amid weaker growth prospects; recently, the ruble appreciated slightly as the current account and trade stabilized in Q3; the fiscal situation improved with further expansion planned for 2024; inflationary pressures on the rise.

Economic activity was stable in September, with industrial output and retail sales nearly at the same level as previous months. Subsiding fiscal support and higher interest rates are expected to hinder growth in coming months. The latest institutional forecasts for Russia see GDP growing by 1.5–2.5% this year. According to the October IMF report, Russia is expected to grow significantly more slowly than other emerging economies, at around 1% annually from 2024 onwards.

Russia's current account surplus in Q3 2023 amounted to $16 billion, the cumulative year-to-date surplus was $41 billion—a roughly 80% decline compared to 2022. Following a sharp fall in the first half of the year, exports of goods and services stabilized at $116 billion in the third quarter, mainly supported by higher oil prices. At $95 billion, imports remained steady at just below pre-invasion levels. The net outflow of capital continued.

Despite this current account stability, the ruble exchange rate has been on a downward trend for most of this year. In June, the currency traded at 85 rubles per $1; then, in October, the rate jumped to 100 rubles per $1, but recently improved only slightly to 92 rubles per $1. To prop up the currency, the government has re-implemented a range of measures, including a requirement that firms convert repatriated export earnings to rubles.

Federal budget revenues in January-October were up by 4% on their year-ago level. Following a big decline in the first half of the year, oil and gas revenues rose in the third quarter, recovering to their 2021 level, driven both by the higher oil price and the ruble's weakness (with oil taxes being dollar-based). A new export tax based on the ruble's exchange rate also increases budget revenues when the ruble falls. Year-to-date budget expenditures for October were up by about 12 % year on year, after a spending boom in the beginning of the year and some stabilization in Q3. Recent forecasts assume a government deficit for 2023 of between 3% and 4% of GDP. The three-year budget framework for 2024–26 calls for large spending increases next year, mainly to the war effort, but also for social transfers, as the presidential election is scheduled for March.

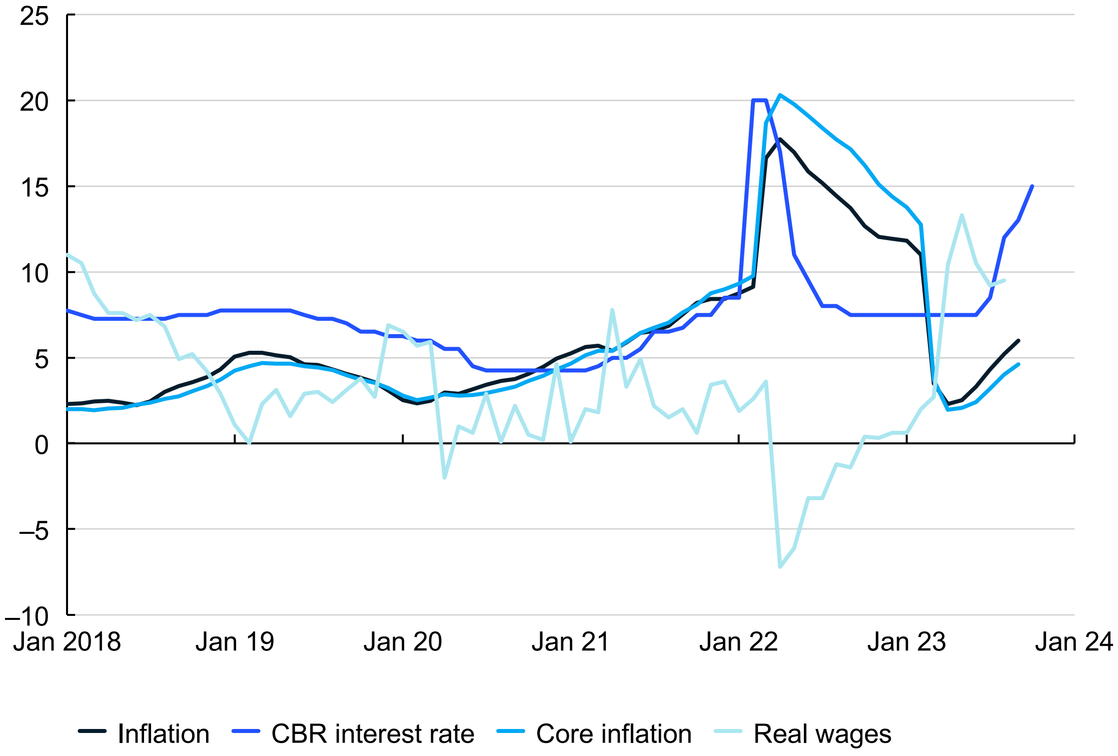
Fiscal expansion, combined with credit growth and currency depreciation, have fueled inflation. Consumer prices were up by 6% year on year in September, with monthly rises reaching their highest level since the peak of spring 2022. In response, the Central Bank of the Russian Federation raised its key rates to 13% in September and then to 15% in October—a cumulative rise of 750 basis points since July.

Source: BOFIT; IHS Markit; The Economist Intelligence Unit

Foreign trade surplus declined in 2023 from record-high levels; inflation exceeded target in July; real wages continue fast growth

Foreign trade of goods
USD billion, through August 2023

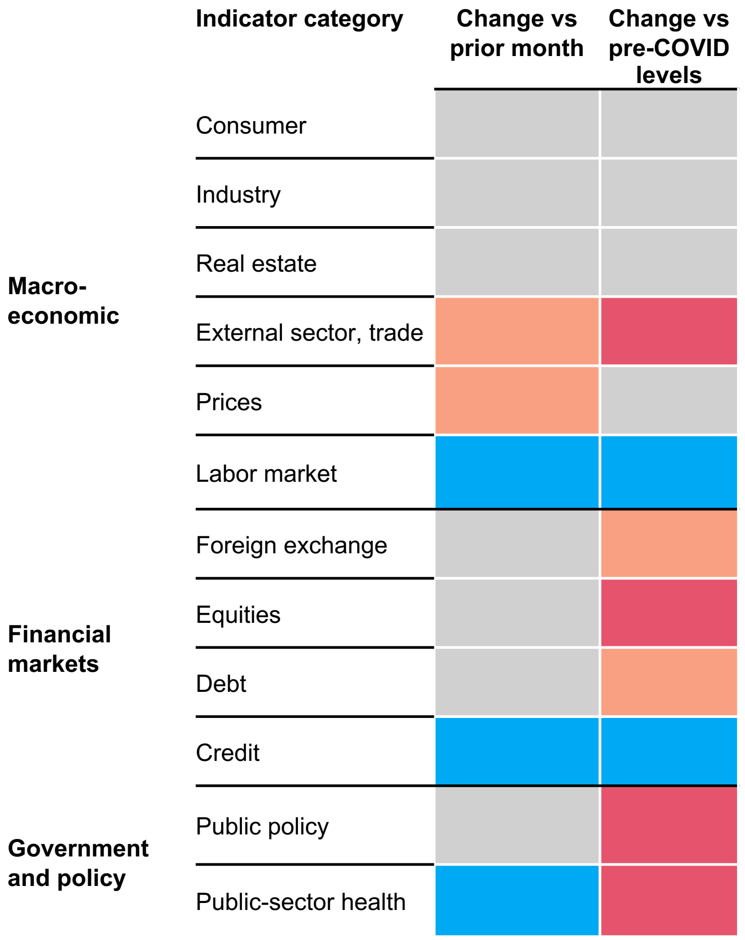
Inflation: the central bank interest rate and real wages
% change (y-o-y); %



Source: Central Bank of the Russian Federation; Federal Statistics Service; Haver Analytics

Domestic recovery stalled over Q1 and Q2; ruble stabilized; further fiscal expansion planned for next year

Significant improvement | Improving | No significant change | Worsening | Severe decline



Short-term activity indicators stalled over June–September amid tight labor market, rising inflation, and still-subdued foreign trade

- Retail sales declined cumulatively by 2.5% to September from their April peak. Annual growth picked up to 12.1%, benefiting from the extremely low base of the first few months of the Russia-Ukraine war.
- Industrial production remained stagnant in Q3, compared to Q2. Annual dynamics in Q3 eased to +5.0% year on year (5.7% on average in Q2). The purchasing managers' index for manufacturing declined in October to 53.8 from 55.4, remaining in expansionary territory.
- Since January, goods exports have oscillated at around $32 billion to $39 billion each month, down roughly –30% year on year. Meanwhile, imports have plateaued in recent months at around $25 billion to $27 billion each month. This trend has led the goods trade surplus to expand to $11.3 billion in August, from $6.5 billion in July.
- Headline inflation reached 6% in September from 5.2% year on year in August. Core inflation increased to 4.6% from 4.0%. The median value of expected consumer inflation stabilized above the double-digit level, exceeding 11% in September.
- The labor market remains tight, with the unemployment rate at historical lows of 3.0% in September and high real wage growth (9.5 year on year in August). Next January's 18.5% minimum wage hike will deliver an additional boost to wage growth.

Ruble stabilization and credit expansion

- The ruble has regained some value since mid-October, when the exchange rate hit 100 per 1$; on November 10 it traded at 92.5:1$.
- Government debt yields have stabilized at just above 12.0% since mid-October (as at November 10).
- Household lending growth rose in August, to 20.8% year on year from 18.2% in July. Corporate lending growth decreased slightly to 28.9% year on year. Tightening of monetary policy will lead to some slowdown in the credit market, but the proliferation of state subsidies would maintain the demand.

Further fiscal expansion planned for 2024

- The draft budget assumes a ramp-up of expenditures to a record-high level 37 trillion rubles in 2024 (from 32 trillion this year), driven mainly by defense spending, which will more than double the current budget. Combined spending on defense and national security will total approximately 40% of federal expenditure, twice as much as allocated for social spending. Fiscal expansion in 2024 will come on top of the large fiscal stimulus of the previous two years, which totaled 10% of GDP. Additionally, the budget assumes a boost in social spending before the presidential election scheduled for March. The projected increase in revenues relies on elevated energy prices and a weaker ruble. Fiscal expansion is expected to result in rising funding costs and tighter monetary policy for a longer period, necessary to mitigate inflation.

Source: BOFIT; Haver Analytics; Oxford Economics; The Economist Intelligence Unit

Brazil

Central Bank of Brazil lowers Selic rate by 0.5 percentage points and inflation dips back toward target rate.

On November 1, the Monetary Policy Committee (Copom) of the Central Bank of Brazil cut the Selic rate by 50 basis points from 12.75% to 12.25%—marking a third consecutive interest rate reduction. Without compromising its fundamental objective of ensuring price stability, Copom's decision is aimed at smoothing economic fluctuations and fostering full employment. Additionally, Copom members anticipated further cuts of 0.50 percentage points during their meeting, judging that this pace of rate reduction is appropriate for maintaining the necessary contractionary monetary policy to sustain the disinflationary process.[1]

Inflation decreased for the first time since June, coming in at 4.82% (5.19% in September), and moving towards the 3.25% target.

Consumer confidence dropped to 93.2 in October, from 97.0 in September, decreasing for the first time in six months to the lowest level since June of this year. A new Quaest poll shows that voters who say the economy worsened over the past year jumped from 23% to 32%. This economic slowdown is also having an impact on government popularity. President Lula da Silva's approval rating dropped from 60% in August to 54% this month, while 42% of those polled say he is doing a bad job, up from 35% in the previous survey.

Brazil's purchasing managers' index for manufacturing slightly decreased from 49.0 in September to 48.6 in October. Brazilian manufacturing output fell in October, extending the downturn that began in September. Despite the latest decrease, the manufacturing PMI currently remains above the year's average of 47.6. Companies signaled a second consecutive fall in output at the start of the final quarter of 2023. Reduced demand and adverse sales trends sparked production cutbacks. The rate of decline was faster than in September.

The services PMI rose to 51.0 in October from 48.7 in September. Although the uptick was relatively slight, it represents the fastest rate of expansion since June.. Business activity at Brazilian service providers grew in October, following the first contraction for seven months during September. There was a mild recovery in aggregate output across Brazil, as the renewed growth in services activity more than offset a further decline in manufacturing production. The composite PMI signaled a marginal increase, up from 49.0 in September to 50.3 in October, posting a reading which has seen the index within expansion territory for the sixth time in the past eight months.

In October, the balance of trade showed a surplus of US $8.9 billion, with exports totaling US $29.5 billion (US $28.4 billion in September) and imports reaching US $20.5 billion (US $19.5 billion in September). Exports to Argentina and the European Union fell while exports to China rose.

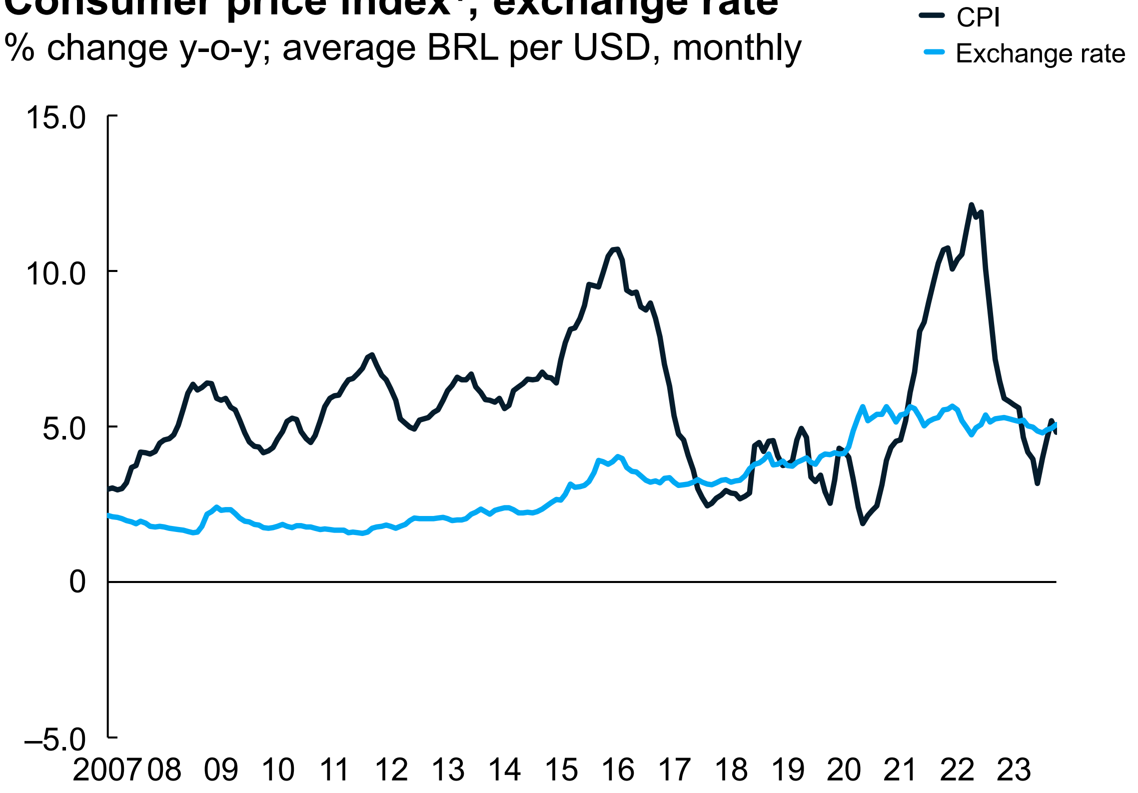
On the financial markets, the monthly average exchange rate was BRL 5.06 per US dollar in October, compared to 4.94 in September. The October Bovespa equities index rose, adding 2.0% in value. Finally, the three-month moving average unemployment rate slightly declined to 7.7% in September (7.8% in August), its lowest since 2015.

1. Announced at the latest Copom meeting on November 1.

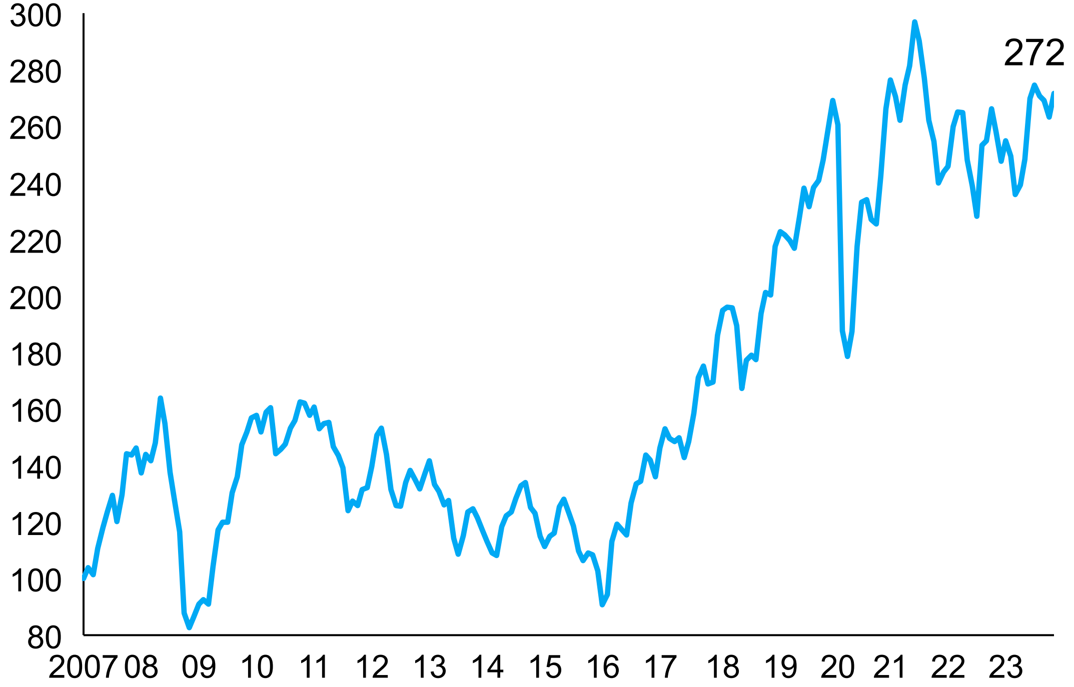
Source: Haver Analytics; Instituto Brasilièro de Geografia e Estatística (IBGE)

In October, inflation fell and the Brazilian real lost ground; the equity market's performance slightly improved

Consumer price index[1]; exchange rate
% change y-o-y; average BRL per USD, monthly



Bovespa index
Indexed to January 2007 = 100



[1] National Consumer Price Index (extended IPCA), 1993 = 100, not seasonally adjusted; % change in CPI in local currency (period average) over previous year. The Central Bank's target inflation rate for 2023 is 3.25% with a margin of error of 1.5 percentage points.
[2] Data through November 9, 2023.

Source: Haver Analytics; Instituto Brasilièro de Geografia e Estatística (IBGE); McKinsey's Global Economics Intelligence analysis

Services PMI increased for the first time since April, driven mainly by growth in business activity

Significant improvement | Improving | No significant change | Worsening | Severe decline

	Indicator category	Change vs prior month	Change vs pre-COVID levels[1]
Macroeconomic	Consumer	Worsening	Improving
	Business, industry	Worsening	Worsening
	Real estate	No significant change	No significant change
	Trade, external	No significant change	Improving
	Prices	Improving	Improving
	Labor market	Improving	Improving
Financial markets	Foreign exchange	Worsening	Improving
	Equity	Improving	Worsening
	Debt	No significant change	No significant change
	Credit	No significant change	No significant change
Government and policy	Public policy	No significant change	No significant change
	Public-sector health	Worsening	No significant change

October's consumer confidence and unemployment decreased

- Consumer confidence dropped to 93.2 in October, from 97.0 in September—decreasing for the first time in six months but still 3.1% above pre-COVID-19 levels. Business confidence slightly reduced to 90.8 in October compared with 91.0 in September—10.0% below pre-COVID-19 levels.
- The purchasing managers' index (PMI) for manufacturing declined to 48.6 in October (49.0 in September). The services PMI climbed to 51.0 in October (48.7 in September).
- In October, the balance of trade recorded a surplus of US $8.9 billion, with exports totaling US $29.5 billion (US $28.4 billion in September) and imports reaching US $20.5 billion (US $19.5 billion in September). Exports to Argentina and the European Union fell while exports to China rose.
- Inflation reached 4.82% (5.19% in September), decreasing for the first time since June 2022. The consumer price index (CPI) is 1.0 percentage point above pre-COVID-19 levels.
- The three-month moving average unemployment rate decreased slightly to 7.7% in September (7.8% in August)—which is both the lowest level since 2015 and some 30% lower than the pre-COVID-19 rate.

The Brazilian real weakened against the US dollar; the Bovespa index gained value

- In October, the real lost strength against the US dollar. The monthly average exchange rate was BRL 5.06 per US dollar (4.94 in September). On November 9, the exchange rate was 4.91 BRL per US dollar.
- The Bovespa equities index gained 2.0% in value over the month (up to November 18); it lost 0.1% in value up to October 10.

Extreme drought across Brazil's Amazon worsens… leading to Amazon road paving ambitions

- A drought across the Amazon region has seen river levels fall to their lowest in over a century and is expected to last until early 2024. While droughts are common in the region, this one has seen record temperatures and numerous wildfires in the forests surrounding Manaus, with estimates of half a million people affected across the region. The government plans support for affected families by distributing food, personal hygiene kits, and sodium hypochlorite, as well as desilting rivers (to open the way for boats), renegotiating debts, and providing generators to secure energy in affected municipalities. UNICEF Brazil has reprogrammed US $90,000 to jump start an initial response.
- Brazil's Transport Ministry plans to bid for money from the Amazon Fund (one of the main bilateral tools for countries to invest in the Amazon) to pave the world's "most sustainable highway" connecting the cities of Manaus and Porto Velho. The Ministry of Transportation's plans for a completely paved road depend on several approvals from the Brazilian Institute for the Environment and Renewable Natural Resources.

[1] January 2020 is used as reference for pre-COVID-19.

Source: Banco Central do Brasil; Fundação Getulio Vargas; Haver Analytics; Instituto Brasilièro de Geografia e Estatística (IBGE)