

McKinsey
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Global Economics Intelligence

Critical trends and risks

Released August 2024 (data through July 2024)

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Global economic uncertainty remains elevated, as the high-interest rate environment begins to impact households and companies

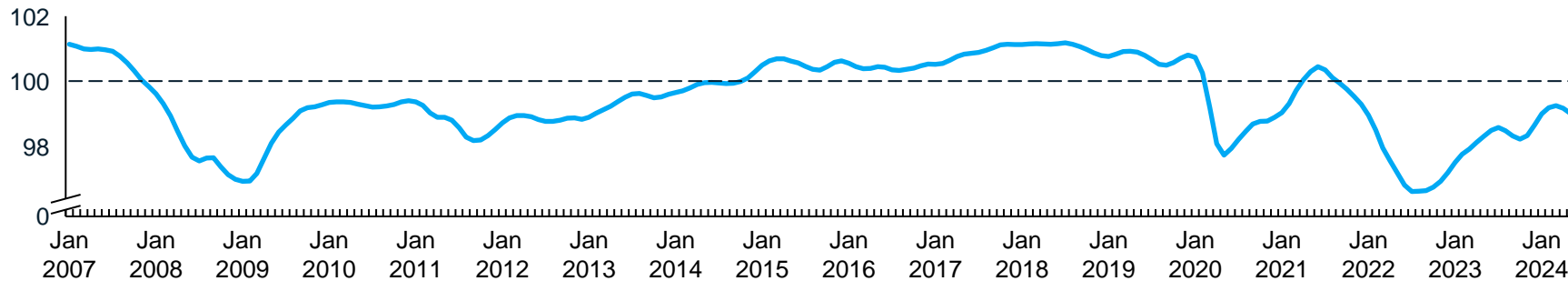
Versus previous period: ■ Significant improvement ■ Some improvement ■ Some deterioration ■ Significant deterioration ■ No significant change

■ Consumer and households	<ul style="list-style-type: none">• Overall consumer confidence has declined as high consumer prices continue to affect consumers.• Deceleration in consumer spending continues across the board, with the exception of Brazil.
■ Business and industry	<ul style="list-style-type: none">• Manufacturing sector tips into contraction for the first time in 2024, while services continue to grow steadily.• Manufacturing growth appears to stall in China and the US for the first time in 2024; the sector remains in contraction in the eurozone.• Services sector still the brightest spot on the global economic map as the main economies continue growth in July.• Economic growth is accelerating, driven primarily by increases in industrial production and, to some extent, in capital markets.
■ Trade and external	<ul style="list-style-type: none">• World trade volumes increased by 0.7% in June, driven by growth across all trade flows in advanced economies.• Global supply chain markets continue to normalize as pressure index reaches historical average value in July.• In June, trade in the United States saw an increase, whereas China and Brazil experienced a decline in exports.• In June, the Container Throughput Index remained steady at around 130 points; however, port trade activities showed a decline of 3.5% compared to May. European ports experienced reduced activity compared to May; similarly, Chinese ports also saw a decline in activity (although this decrease was not reflected in China's container throughput index).• Total port trade experienced a decline in June 2024 compared to the same period in 2023, primarily driven by decreases in activity within Asian economies.
■ Prices	<ul style="list-style-type: none">• Inflation continues to ease among developed economies—with deflation still present among producers in the eurozone. Consumer inflation in developing economies remained stable in July; only Russia saw an acceleration.• Most commodity prices continued to decline in August, but they all remain significantly higher than pre-pandemic levels.• Gold continues to reach record highs in August, touching \$2,439 per ounce.
■ Employment	<ul style="list-style-type: none">• In July, the unemployment rate in both the US and China continued to rise, while Brazil has shown a downward trend in its unemployment rate since April.
■ Financial markets	<ul style="list-style-type: none">• Equity markets experienced a troubled August, when most stock exchanges experienced losses.• The cost of capital was stable in August, given stabilization in inflation and a wait-and-see approach from markets regarding interest rate decisions.
■ Government and policy	<ul style="list-style-type: none">• Interest rates continue largely unchanged in 2024, with increasing expectations around cuts and their magnitude.

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

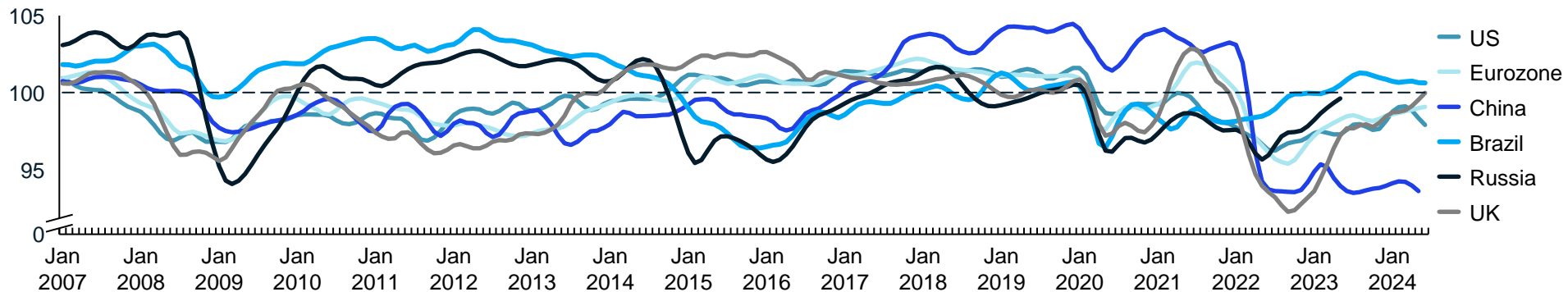
OECD global consumer confidence indicator

Index, long-term average = 100



OECD consumer confidence indicators for individual economies¹

Index, long-term average = 100¹

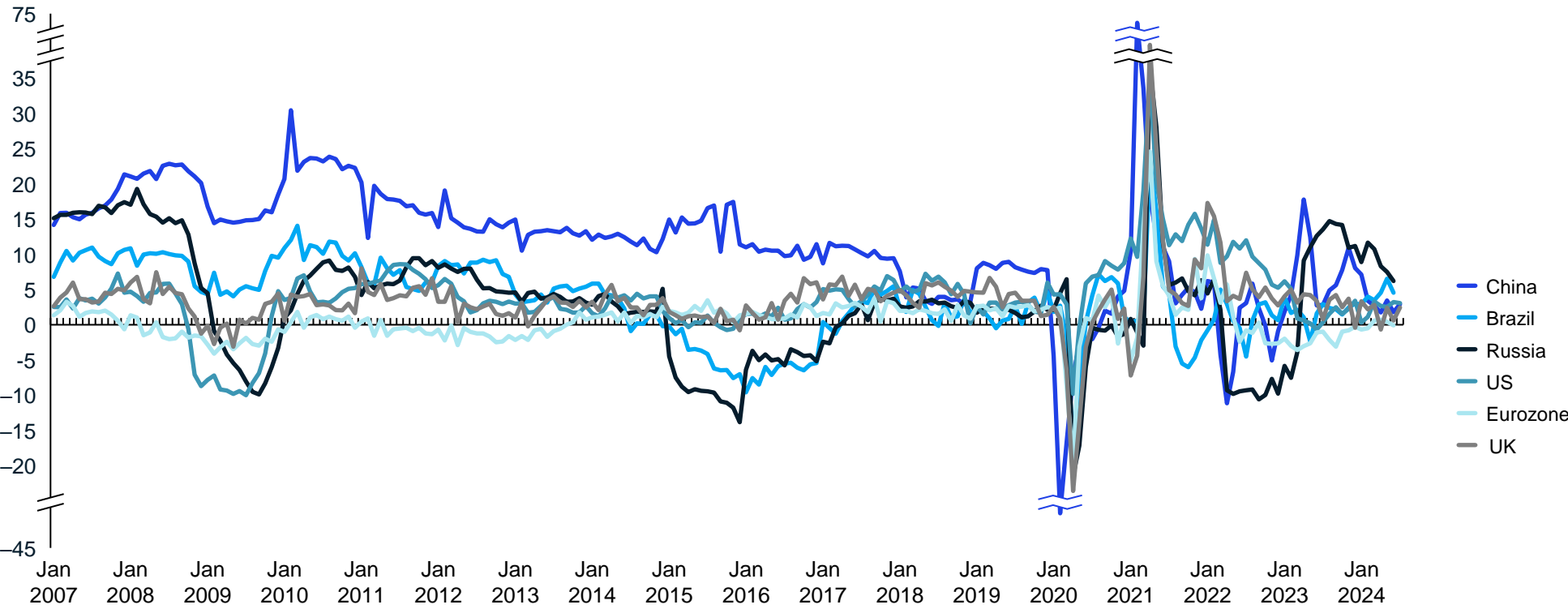


¹Data for China through May 2024 and Russia through May 2023.

Deceleration in consumer spending continues across the board, with the exception of Brazil

Retail sales growth¹

Year over year (monthly)

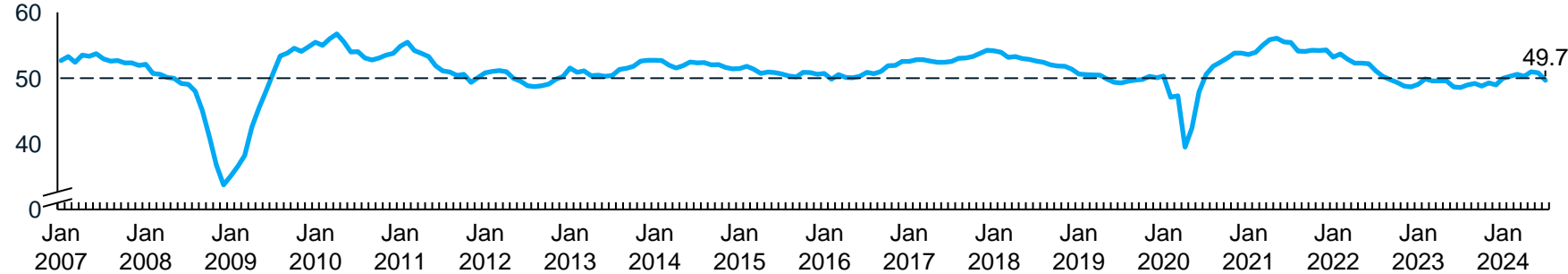


¹Data through July 2024.

Manufacturing sector tips into contraction for the first time in 2024, while services continue to grow steadily

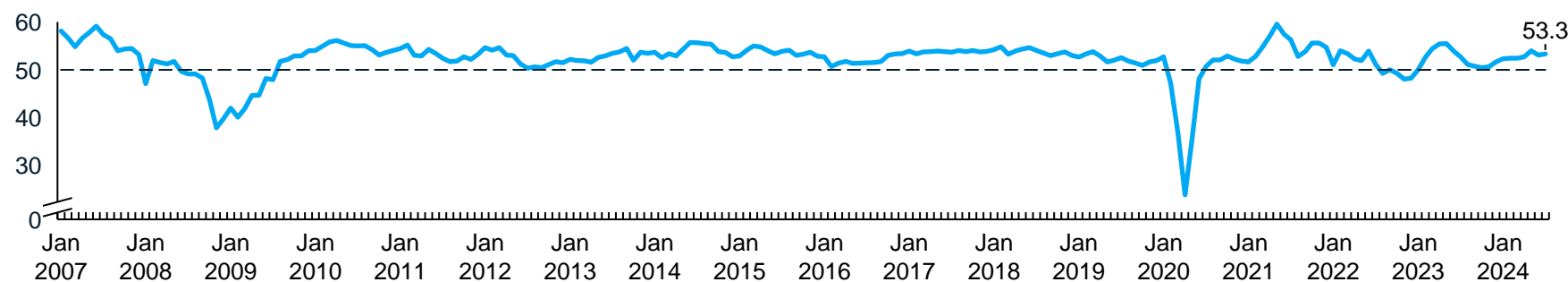
JPMorgan Global Purchasing Managers' Index (Manufacturing)

Diffusion index, seasonally adjusted (monthly)



JPMorgan Global Purchasing Managers' Index (Services)

Diffusion index, seasonally adjusted (monthly)

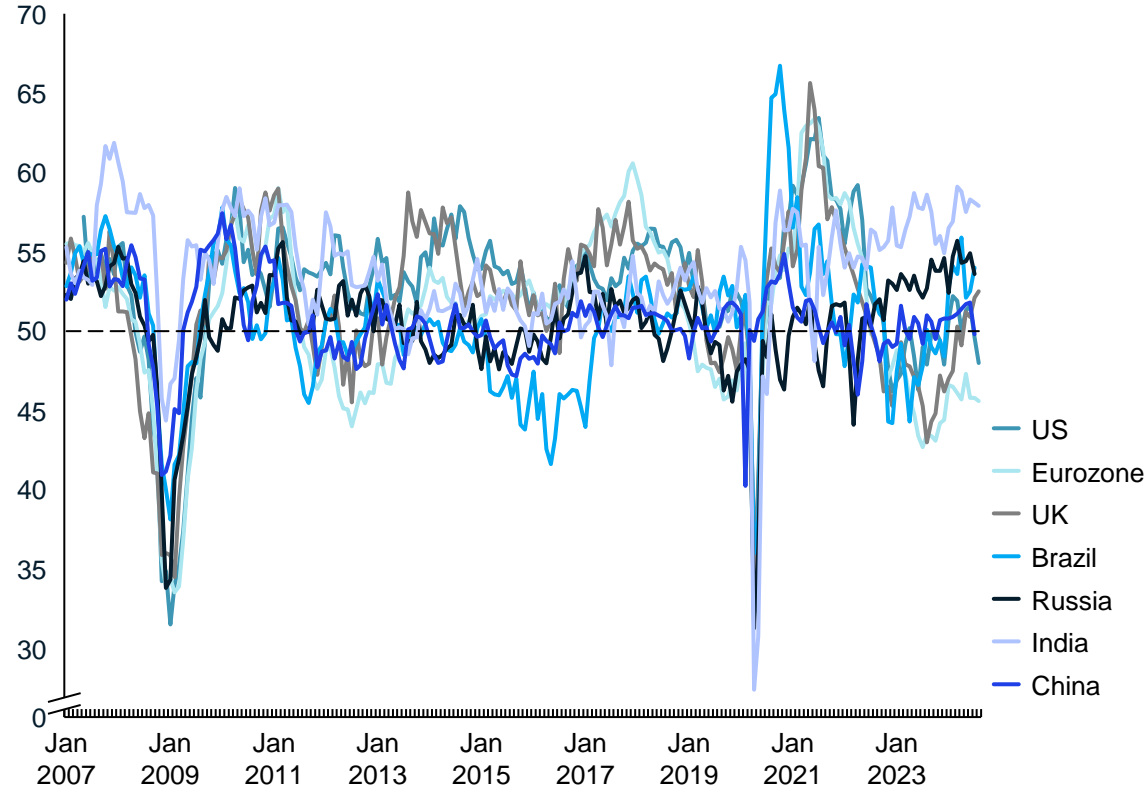


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. Country-level data are the PMIs for individual countries as sourced from Markit Economics or the Institute for Supply Management (ISM) and are not a breakdown of the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

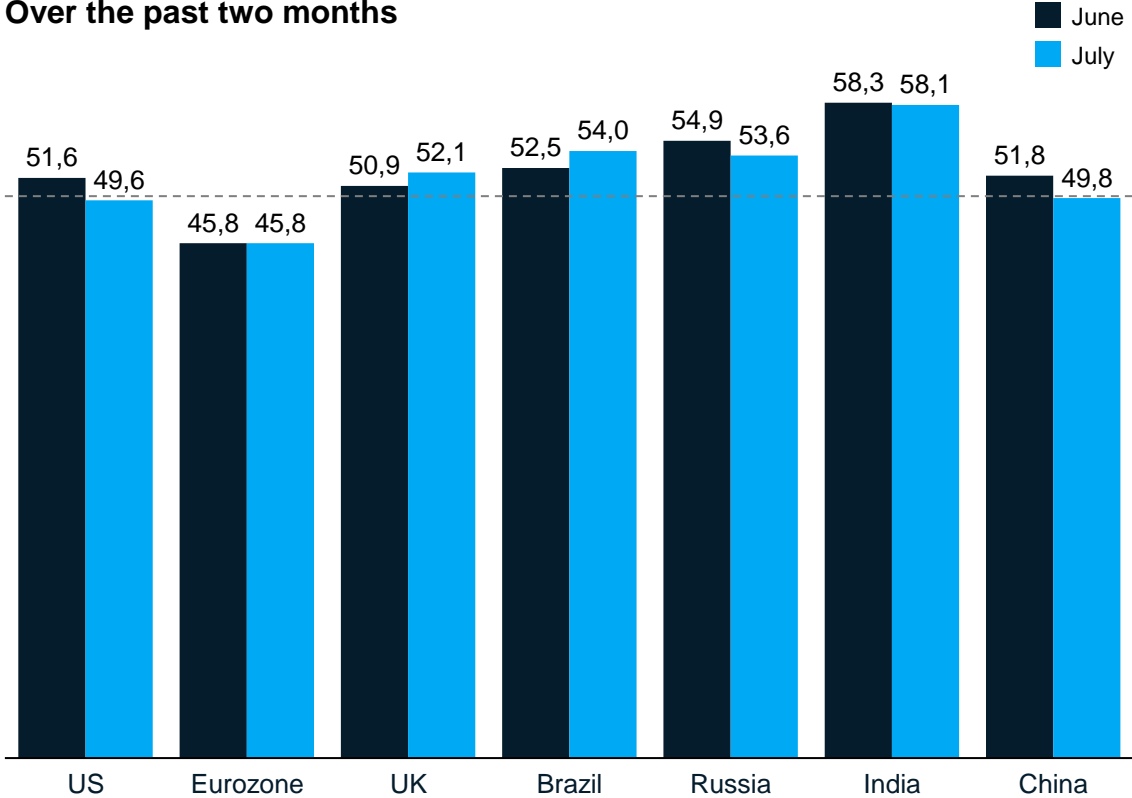
Manufacturing growth appears to stall in China and the US for the first time in 2024; the sector remains in contraction in the eurozone

Purchasing managers' index (manufacturing)

Diffusion index (monthly)



Over the past two months

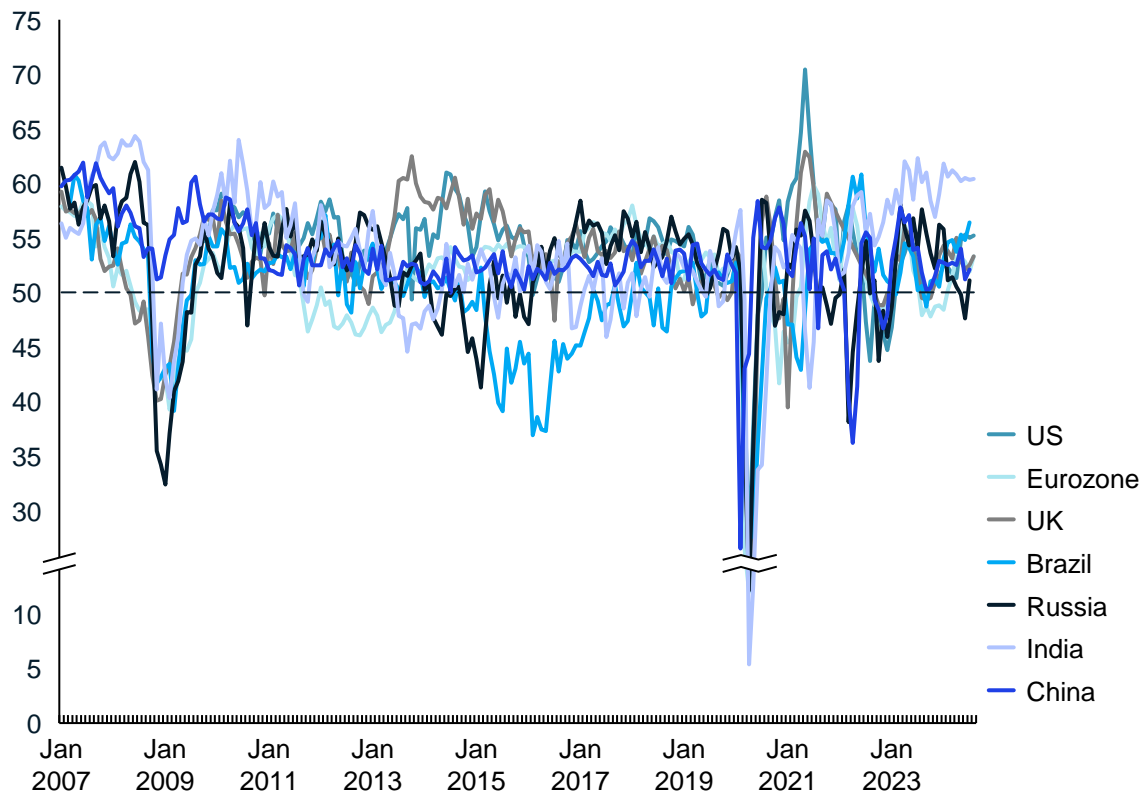


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. The country-level data are the PMIs for individual countries as sourced from Markit Economics and are not a breakdown of the JPMorgan Global PMI.

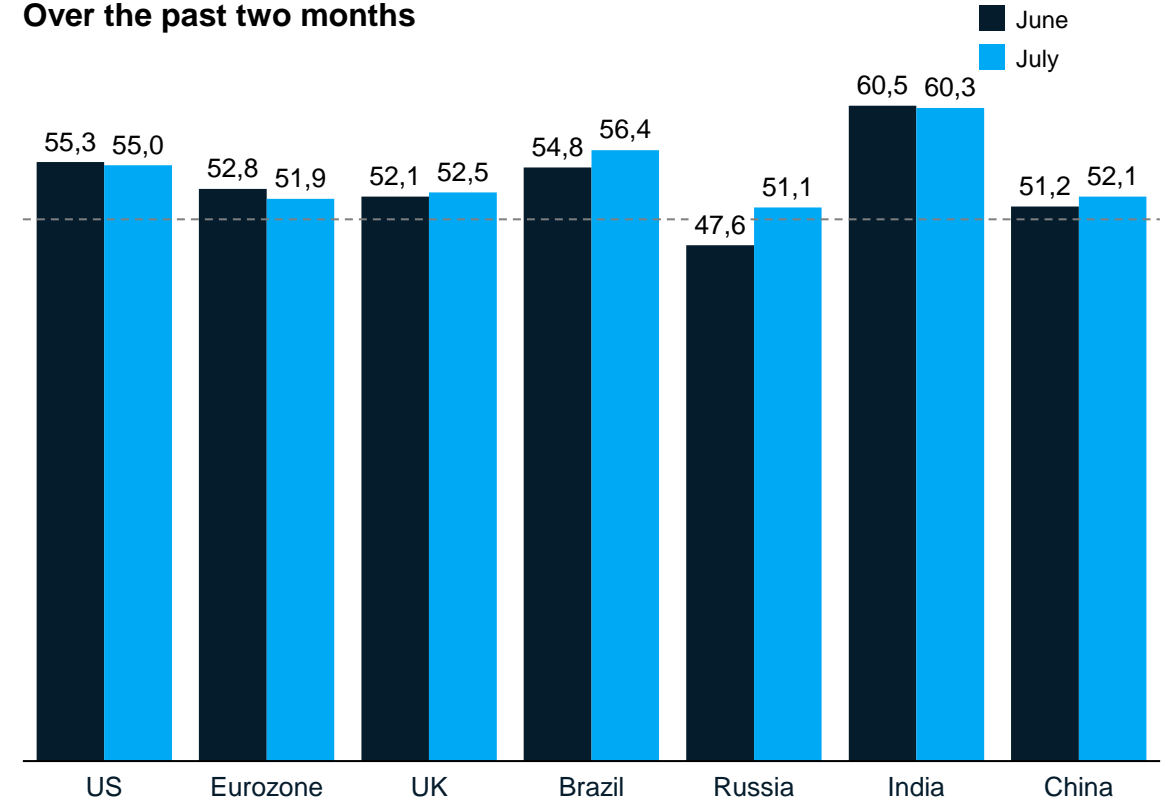
Services sector still the brightest spot on the global economic map as the main economies continue growth in July

Purchasing managers' index (services)

Diffusion index (monthly)



Over the past two months

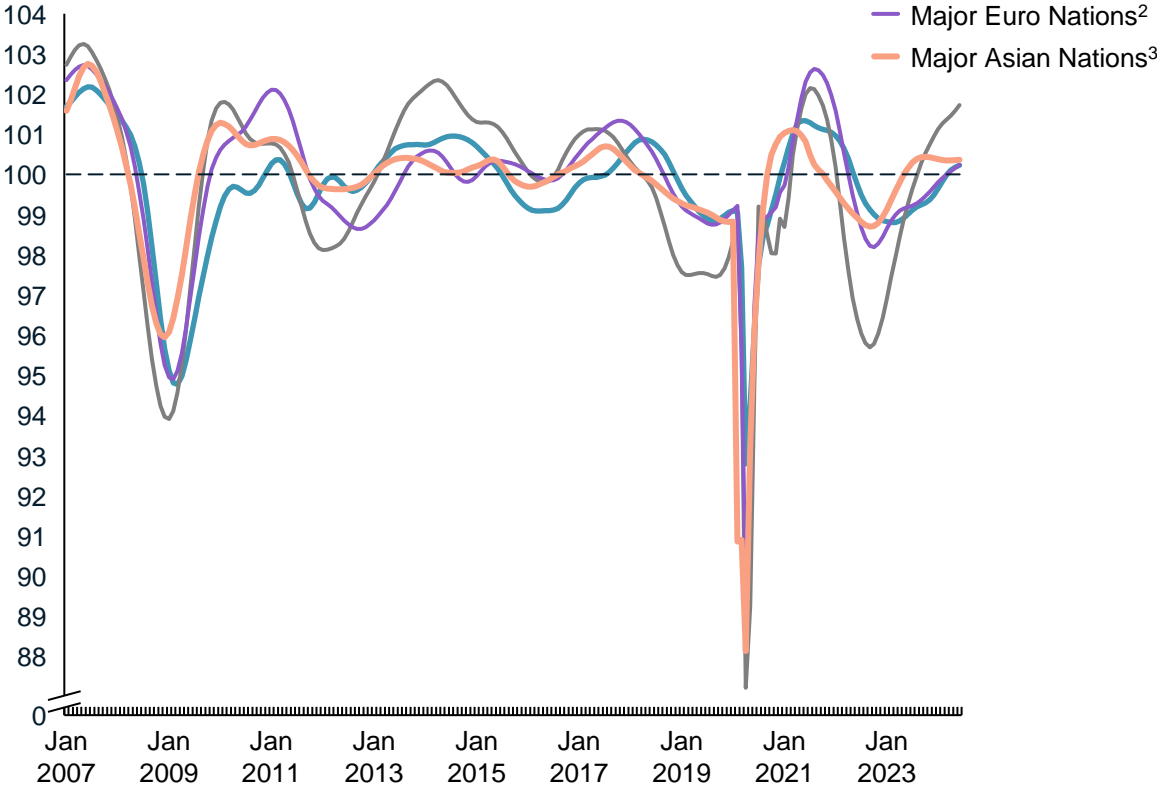


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. The country-level data are the PMIs for individual countries as sourced from Markit Economics and are not a breakdown of the JPMorgan Global PMI.

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

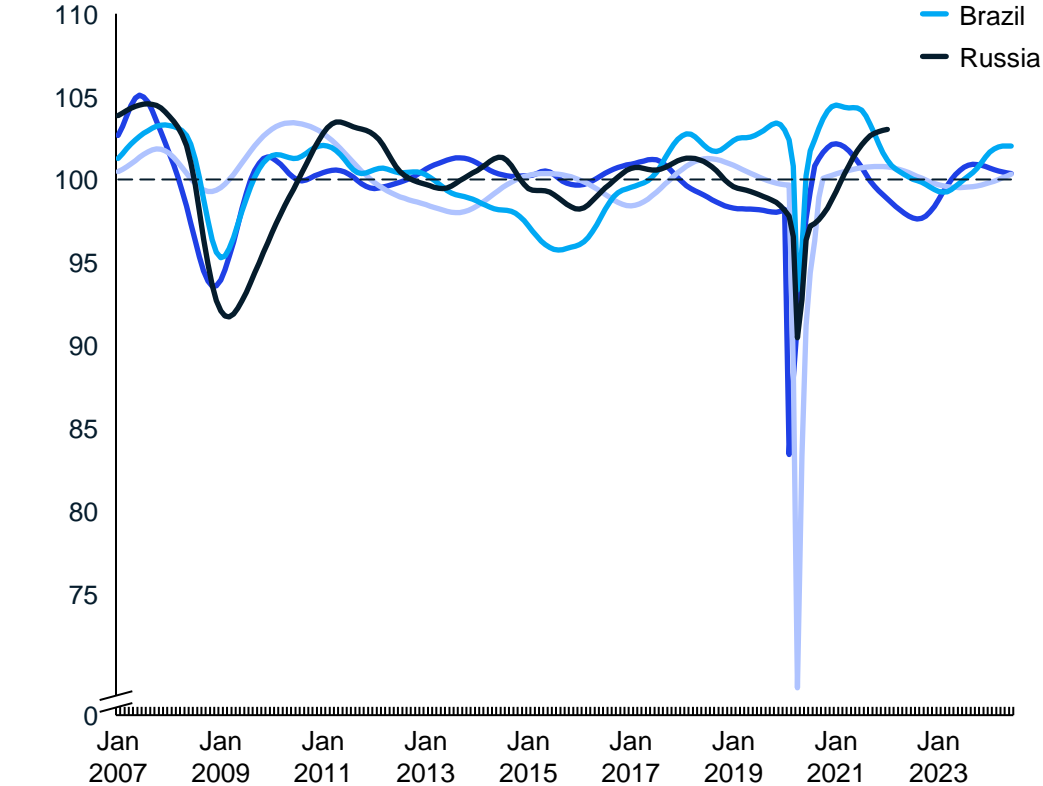
OECD growth indicators: Advanced economies

Monthly, index¹



OECD growth indicators: Emerging economies

Monthly, index¹

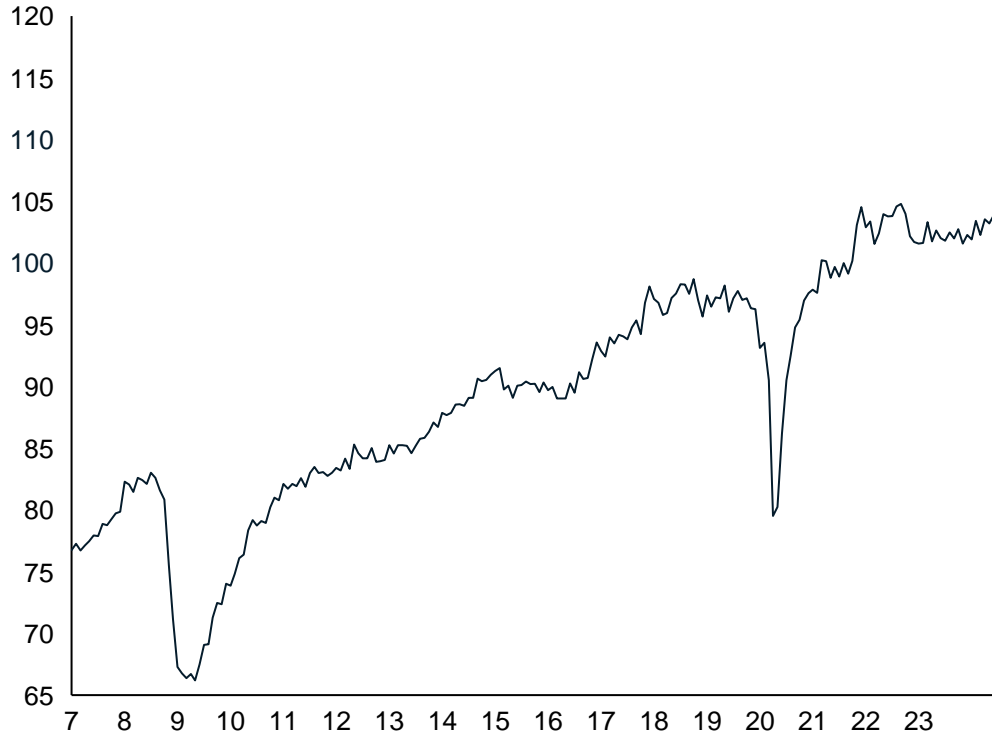


1. Composite leading indicators (CLIs) attempt to identify turning points in economic activity approximately six months in advance. The horizontal line at 100 shows the long-term trend in industrial production (the reference series). An increase to more than 100 indicates expansion; a decrease but still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

World trade volumes increased by 0.7% in June, driven by growth across all trade flows in advanced economies

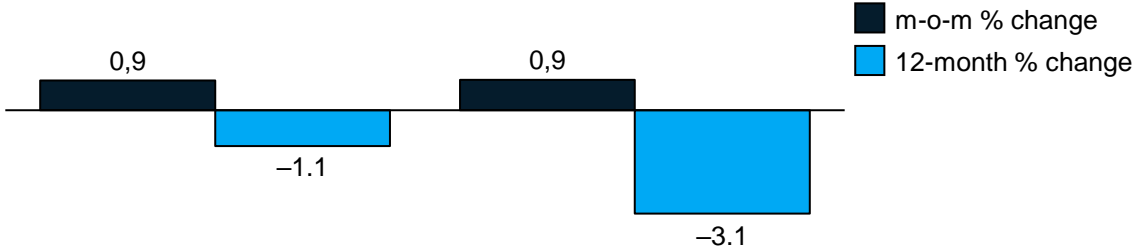
CPB World Trade Monitor

Volume, Index level, 2010=100

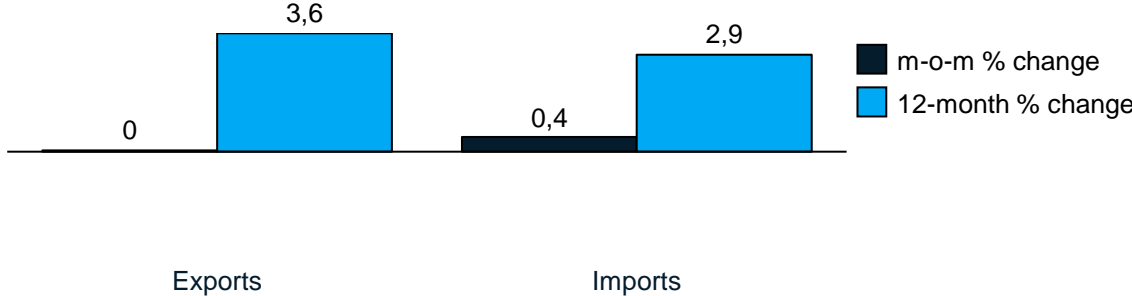


CPB World Trade Monitor details June 2024

Advanced economies



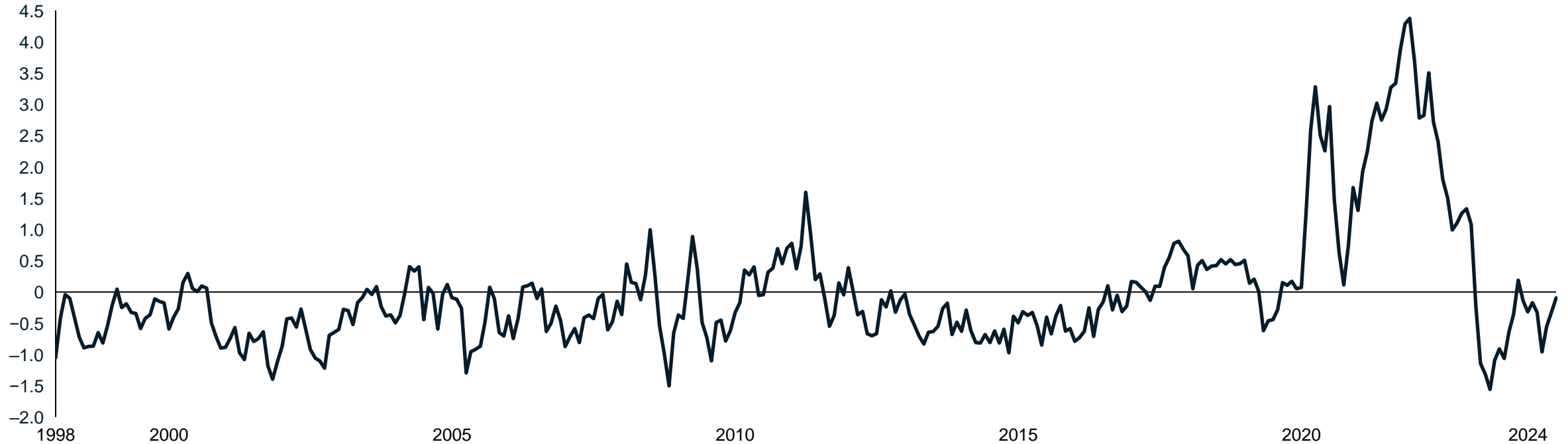
Emerging economies



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

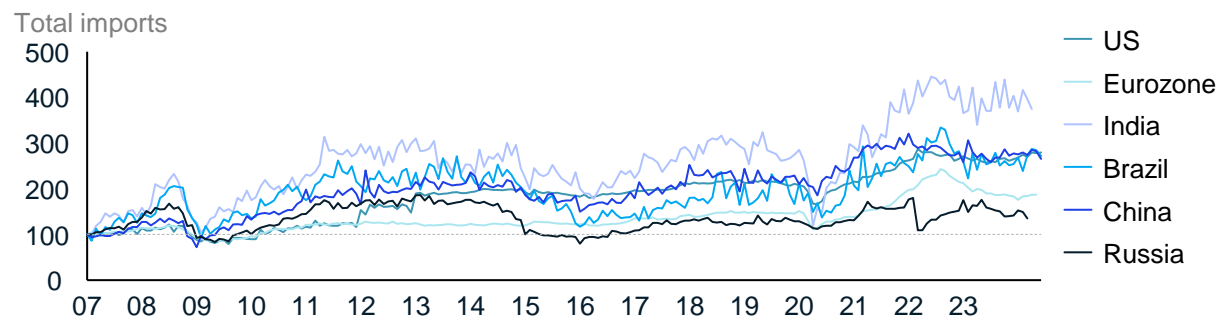
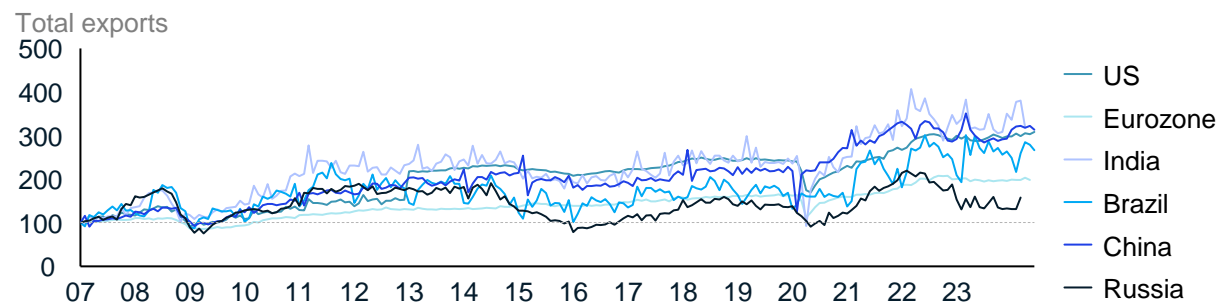
Supply-chain pressure index

Standard deviations from average value



In June, trade in the United States saw an increase, whereas China and Brazil experienced a decline in exports

Monthly index (January 2007 = 100)



Note: Exports and imports are not seasonally adjusted.

1. Data for June 2024 vs May 2024; 2. Latest data for Russia is March 2024.

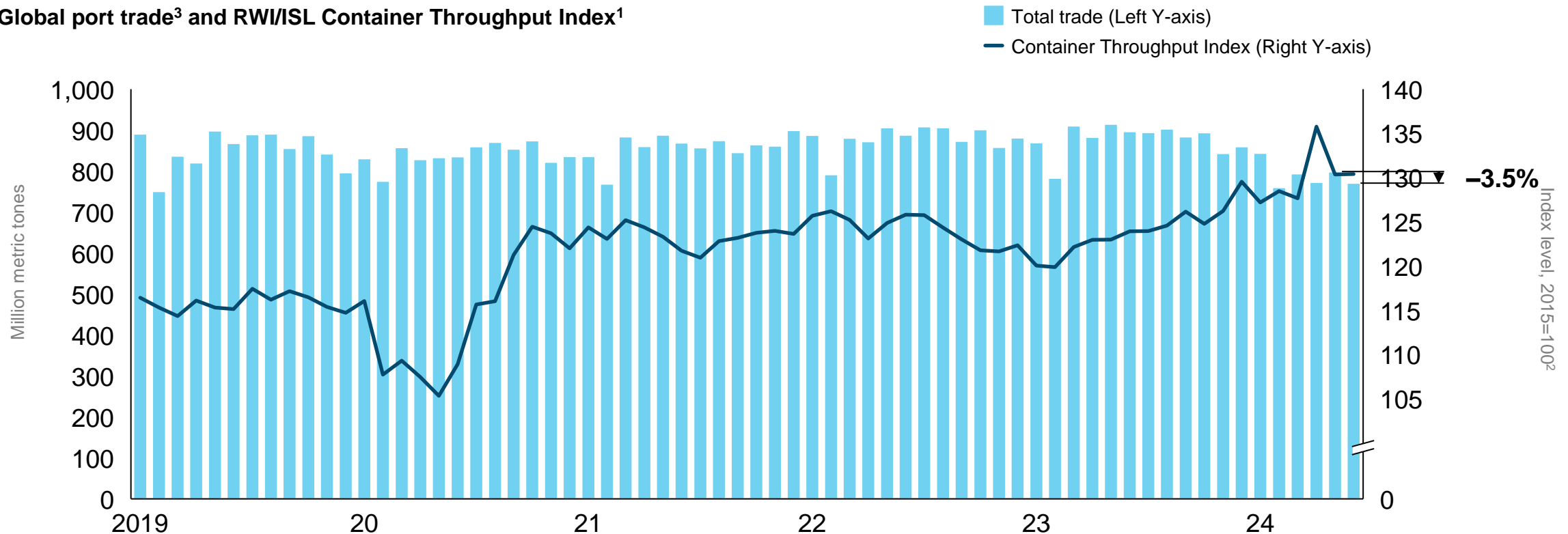
3. Latest data for India is April 2024; 4. Latest data for EZ is May 2024.

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 Jun. 2024–Jul. 2023 vs Jun. 2023–Jul. 2022
Exports		
US	1.6	1.6
Eurozone ⁴	-2.6	-2.1
China	-2.5	-1.5
Brazil	-4.4	1.2
India ³	-16.0	-2.0
Russia ²	19.7	-22.6
Imports		
US	0.7	0.7
Eurozone ⁴	-0.1	-14.7
China	-5.9	-1.6
Brazil	1.7	-5.4
India ³	-5.6	-3.5
Russia ²	-9.8	5.4

In June, the Container Throughput Index remained steady at around 130 points; however, port trade activities showed a decline of 3.5% compared to May

Global port trade³ and RWI/ISL Container Throughput Index¹



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

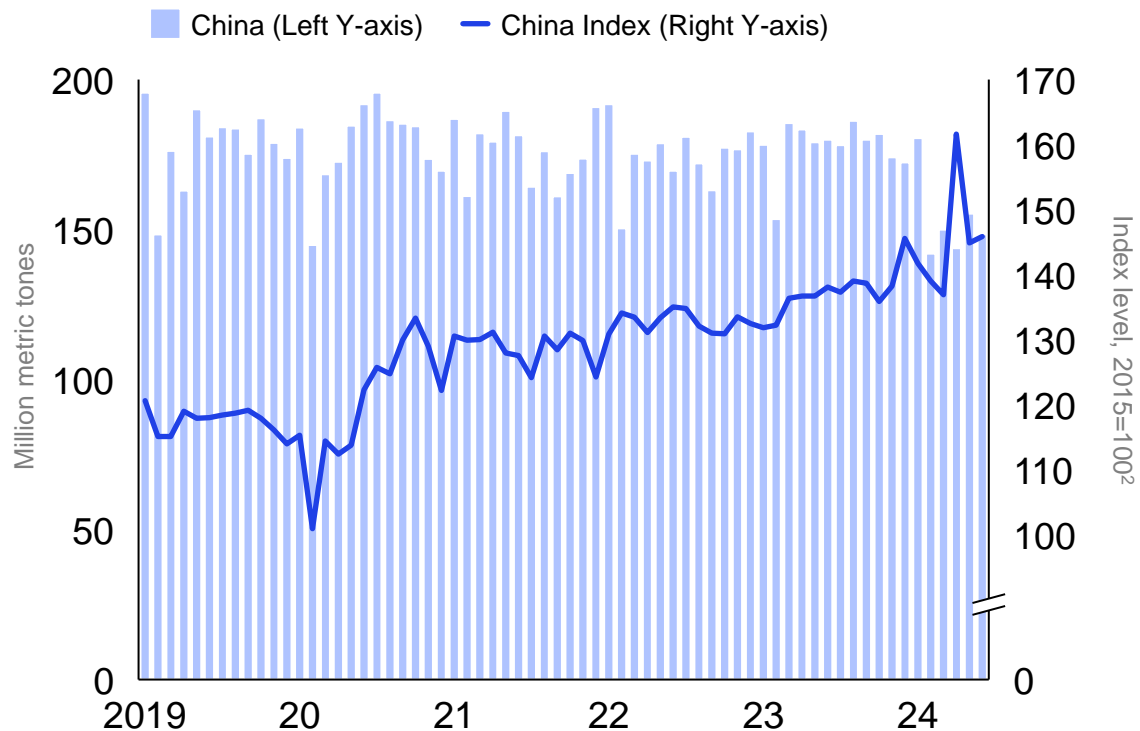
2. On January 2020, the RWI/ISL Container Throughput Index changed its base year to 2015.

3. Total trade includes total export and import volume (in metric tons) of all ships entering the port at this date. This is the sum of export/import_container, export/import_dry_bulk, export/import_general_cargo, export/import_oro and export/import_tanker which are ship categories.

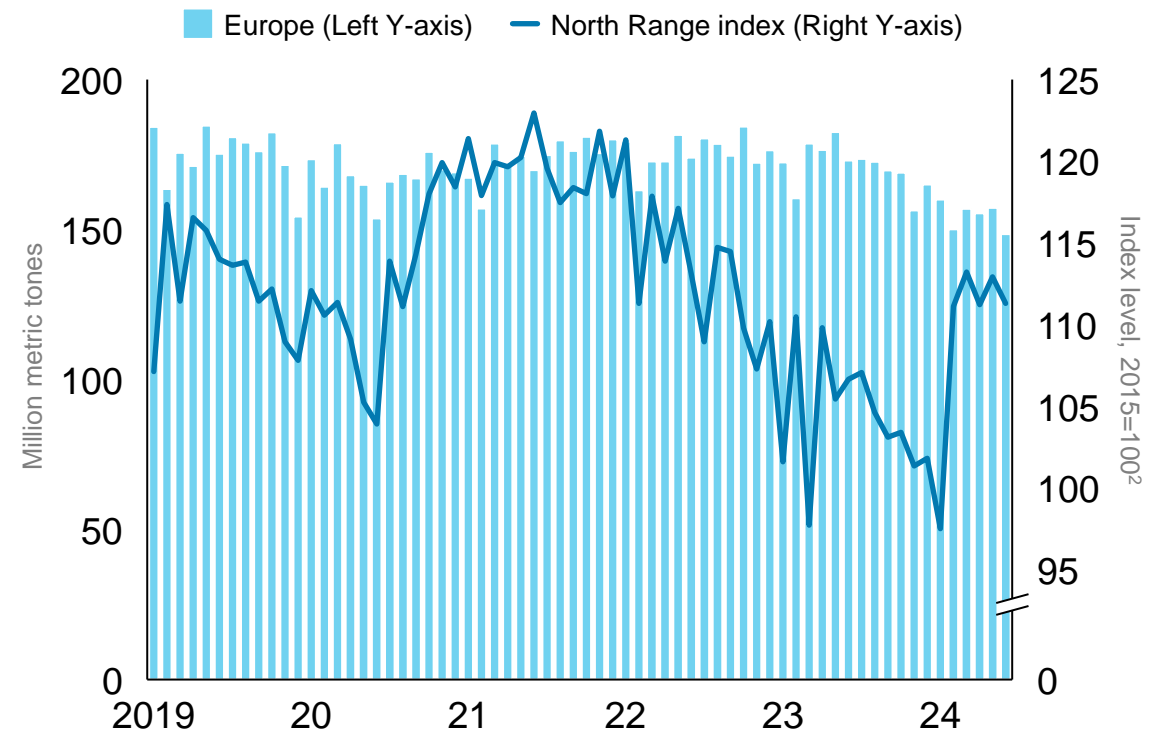
Notes: The RWI/ISL Container Throughput Index provides timely information on short-term trends in international trade. The database covers 92 international ports, which handle about 60% of global container transshipment. The monthly data do not include figures for Dubai. Data is seasonally and working-day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

In June, European ports experienced reduced activity compared to May; similarly, Chinese ports also saw a decline in activity, although this decrease was not reflected in China's container throughput index

China's total port trade⁴ and China's Container Throughput Index¹



Europe's total port trade⁴ and North Range Container Throughput Index³



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

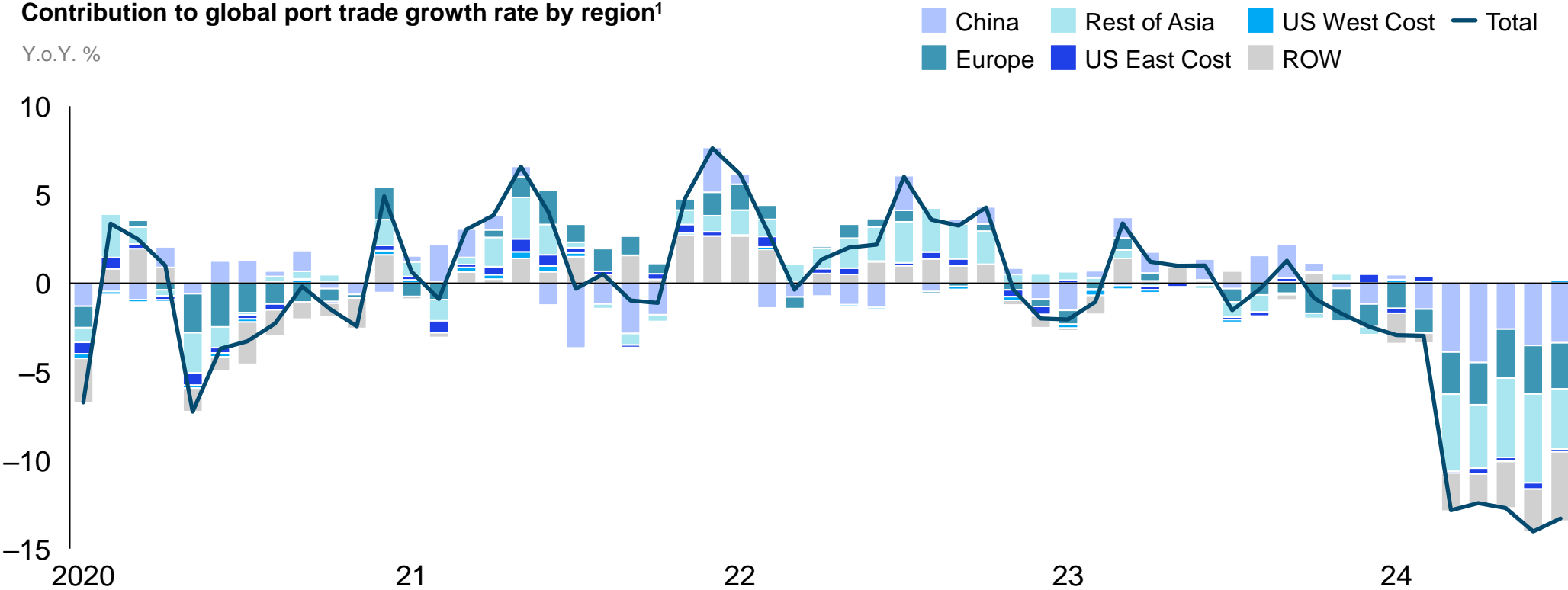
2. On January 2020, the RWI/ISL Container Throughput Index changed its base year to 2015.

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

4. Total trade includes total export and import volumes (in metric tons) of all ships entering the port at this date. This is the sum of export/import_container, export/import_dry_bulk, export/import_general_cargo, export/import_oro and export/import_tanker which are ship categories.

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

Total port trade experienced a decline in June 2024 compared to the same period in 2023, primarily driven by decreases in activity within Asian economies

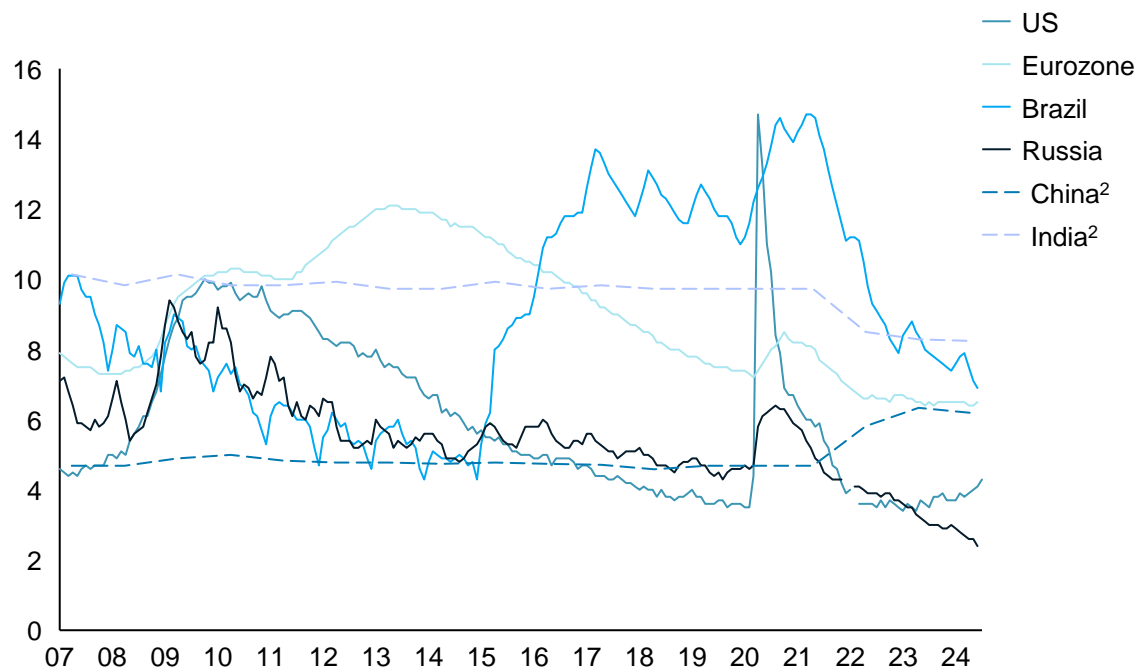


1. Total trade includes total export and import volume (in metric tons) of all ships entering the port at this date. This is the sum of export/import_container, export/import_dry_bulk, export/import_general_cargo, export/import_oro and export/import_tanker which are ship categories.

In July, the unemployment rate in both the US and China continued to rise, while Brazil has shown a downward trend in its unemployment rate since April

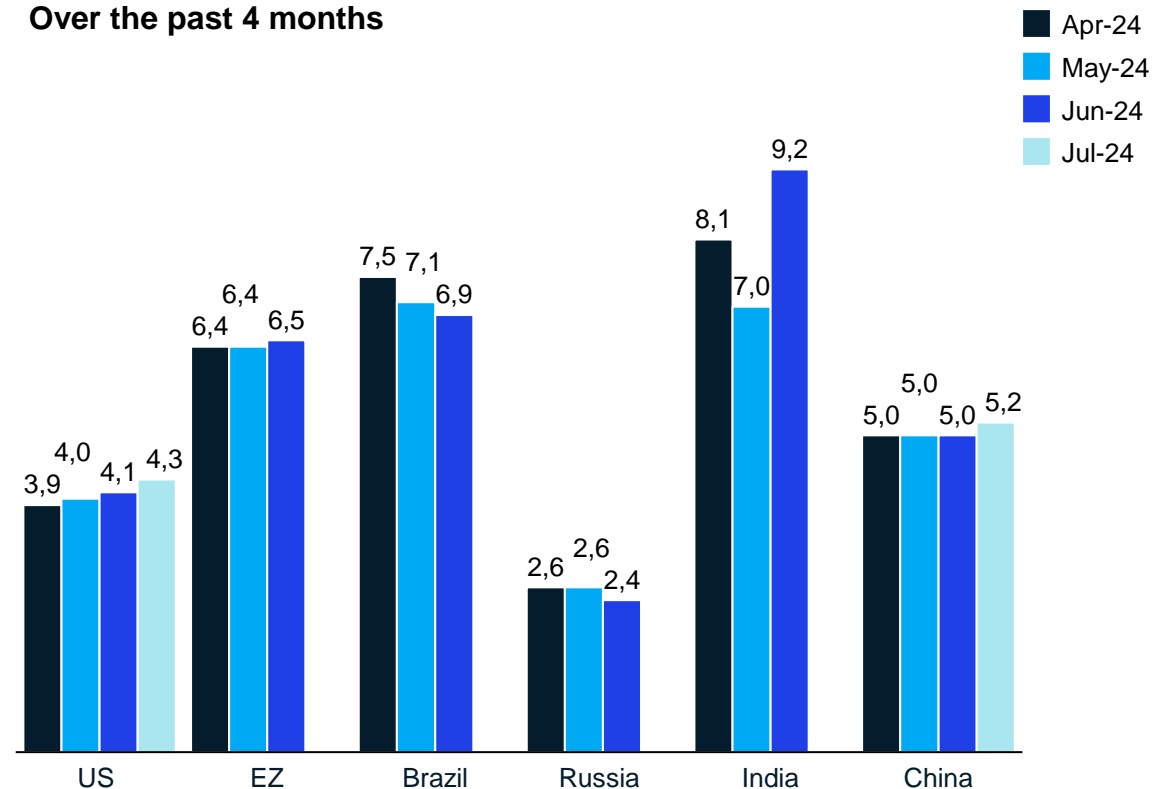
Unemployment rate 2007–24¹

% of labor force (monthly)



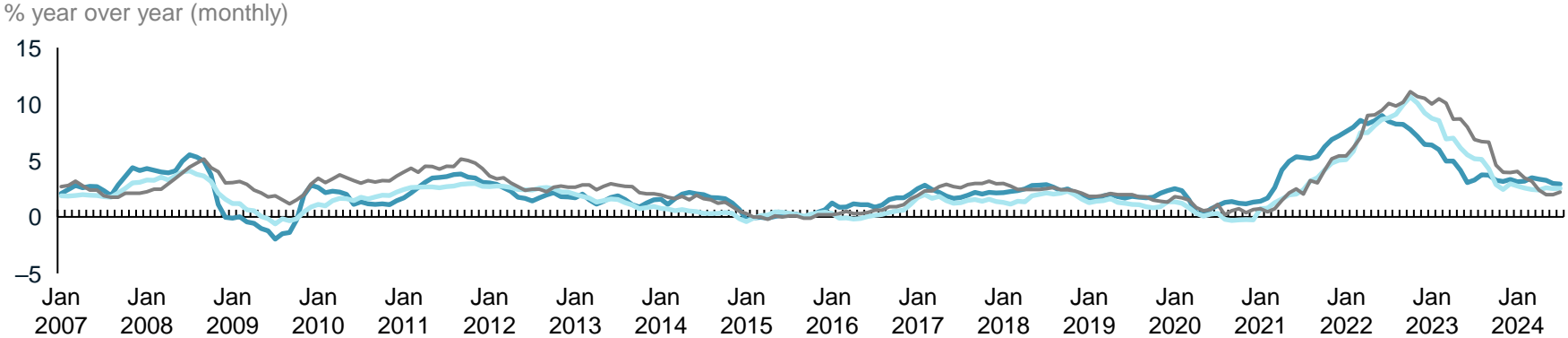
1. Data for India and China are annual and shown as a smoothed trend line.
 2. China unemployment only shows urban rate.

Over the past 4 months

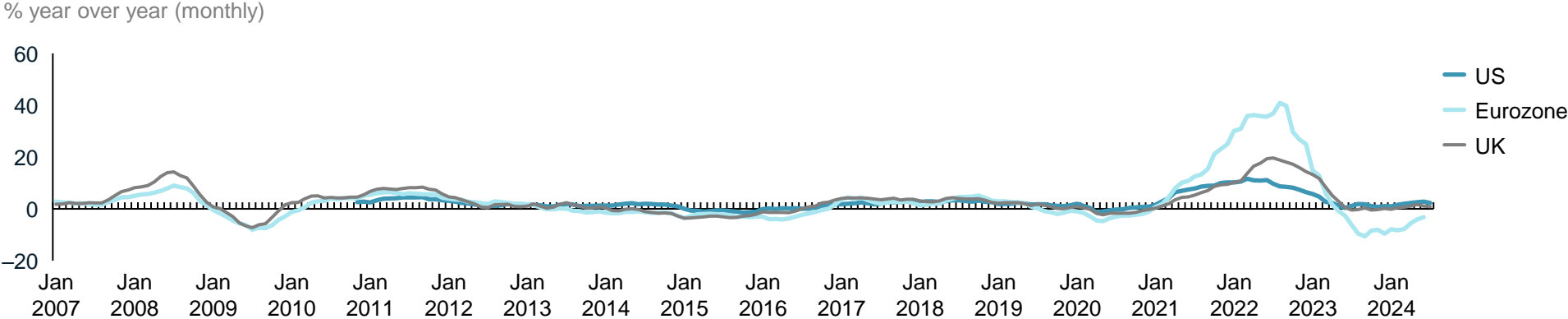


Inflation continues to ease among developed economies—with deflation still present among producers in the eurozone

Consumer price indexes: Developed economies



Producer price indexes: Developed economies

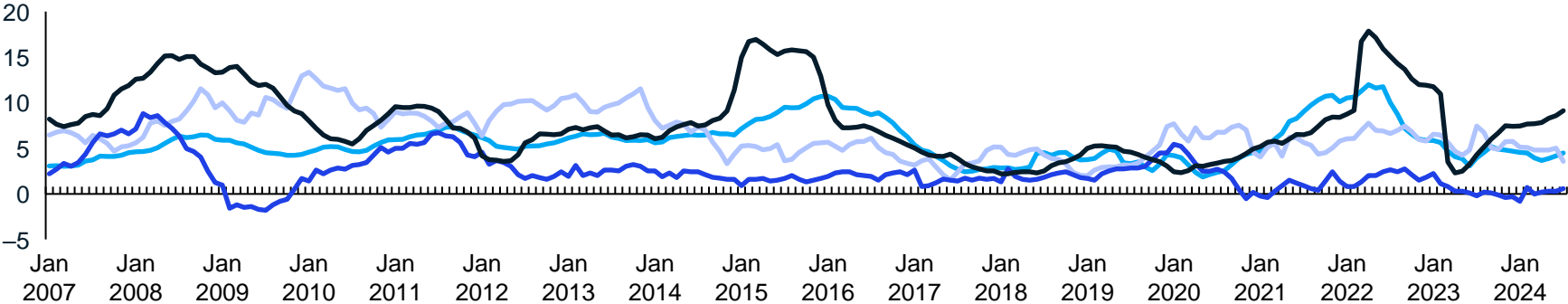


Source: Eurostat; national statistics websites; McKinsey's Global Economics Intelligence analysis

Consumer inflation in developing economies remained stable in July; only Russia saw an acceleration

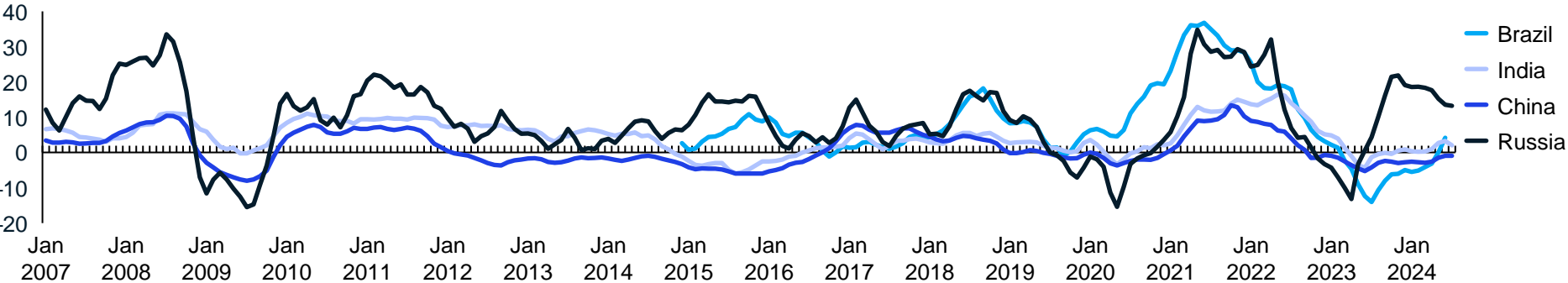
Consumer price indexes: Emerging economies

% year over year (monthly)



Producer price indexes: Emerging economies

% year over year (monthly)

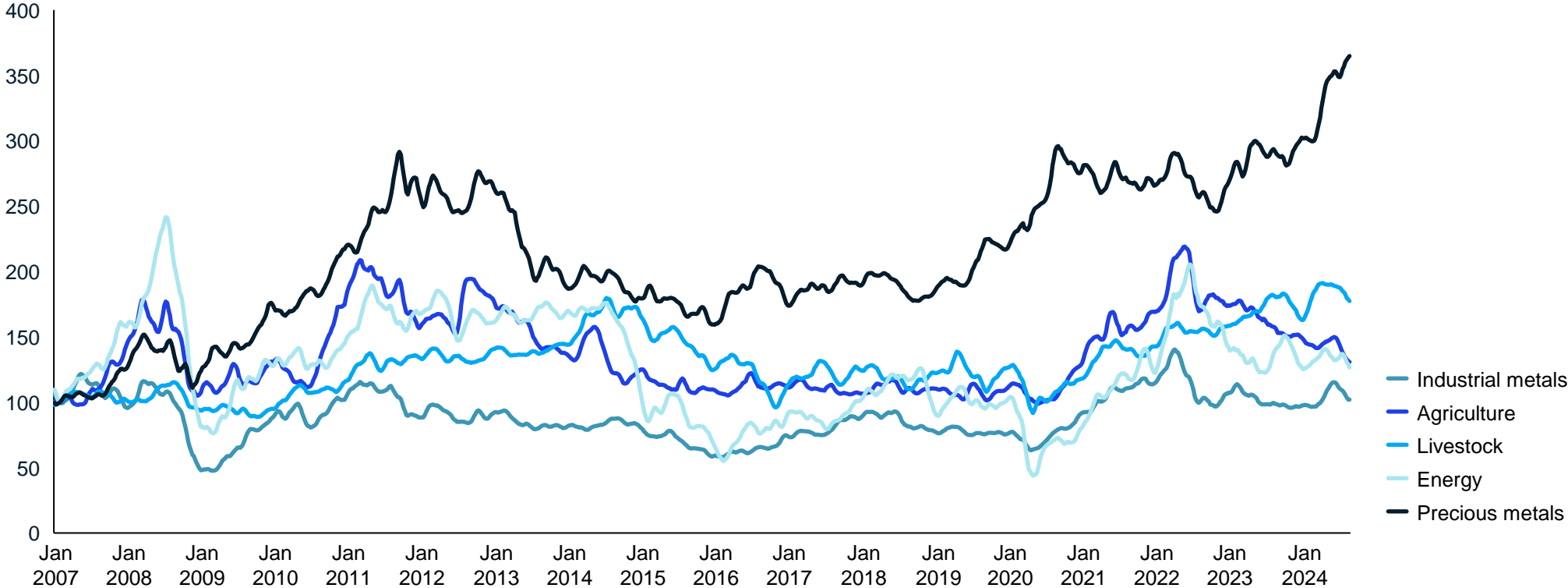


Source: National statistics websites; McKinsey's Global Economics Intelligence analysis

Most commodity prices continued to decline in August, but they all remain significantly higher than pre-pandemic levels

Commodities indexes¹

Moving five-week average, indexed to Jan 2007

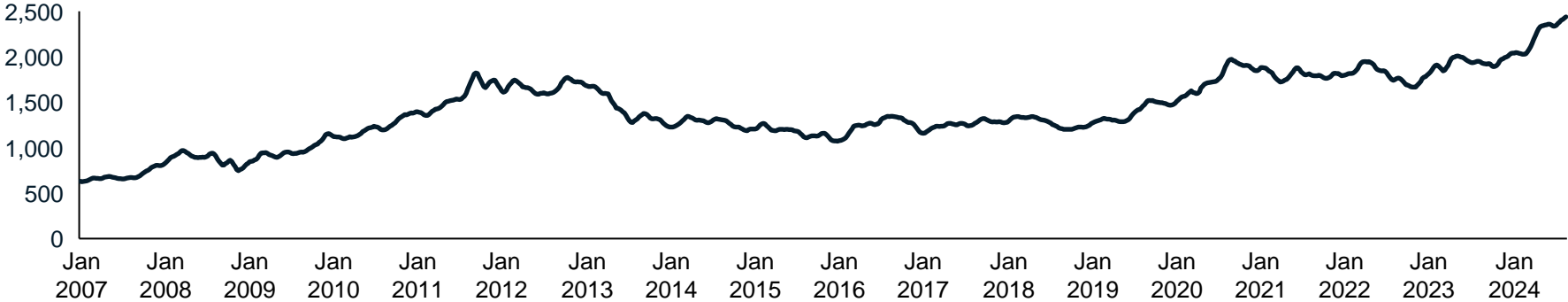


1. Updated through August 18, 2024; commodity data are taken from the GS Commodities Index, with components weighted by production. Precious metals: gold, 83%; silver, 17%. Energy: crude oil, 70%; oil products, 25%; natural gas, 4%. Agriculture: corn, 28%; wheat, 25%; soybeans, 15%; sugar, 14%; other, 19%. Livestock: cattle, 66%; hogs, 34%. Industrial metals: copper, 46%; aluminum, 31%; other, 23%.

Gold continues to reach record highs in August, touching \$2,439 per ounce

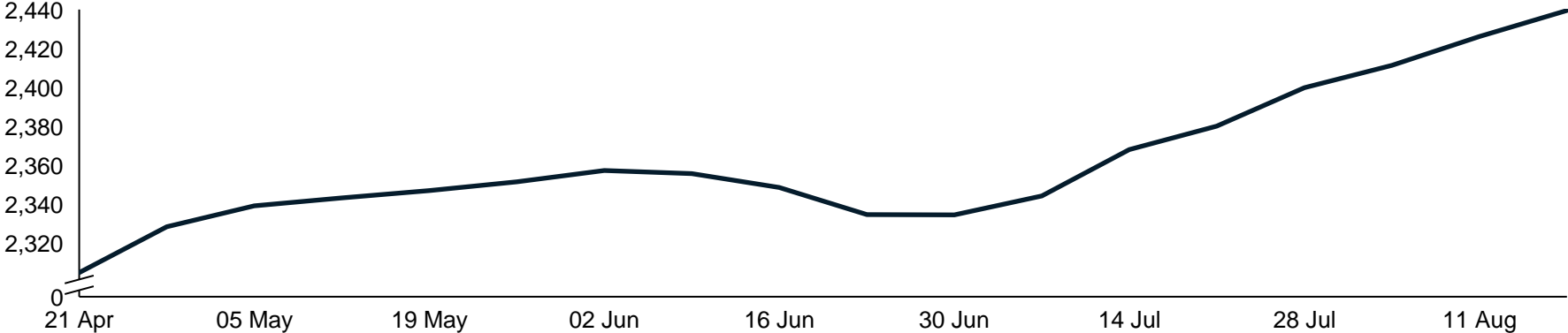
Gold spot price¹

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



Gold spot price over past 4 months

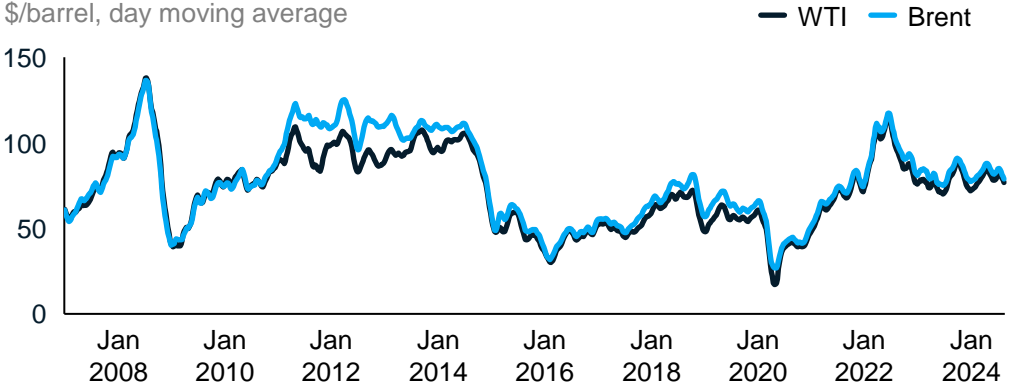
Five-week moving average, USD/troy ounce (weekly)



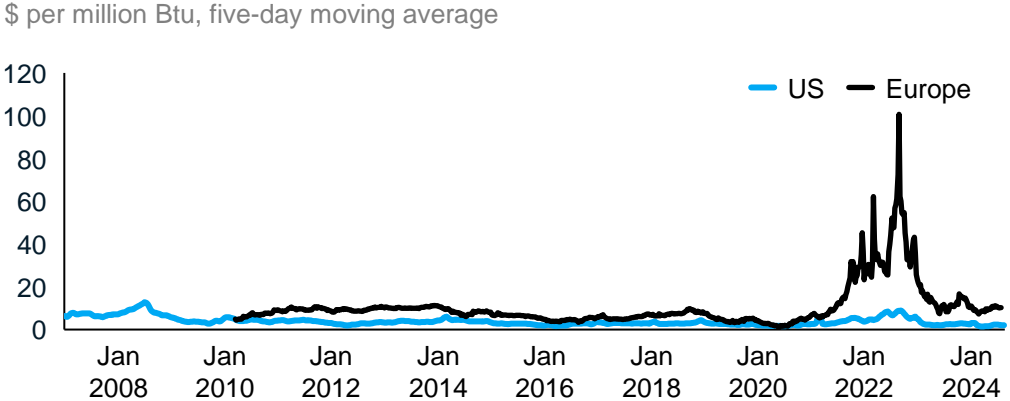
¹Updated through August 18, 2024.

The sideways price trend continues among energy commodities

Oil price¹



Natural-gas price²



Heating-oil price³



Coal price⁴



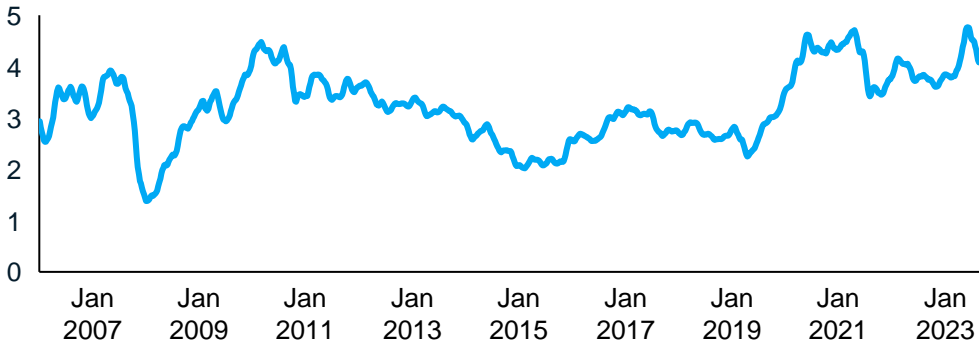
1. Crude Brent, Henry Hub (Nymex). WTI (West Texas Intermediate) prices as of August 18, 2024.
2. Henry Hub, LA; prices as of August 18, 2024. ICE Dutch TTF Gas Base Load Futures.

3. New York Harbor No. 2. heating-oil prices as of August 18, 2024.
4. Australia coal prices; coal prices as of June 2024.

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

Copper¹

\$/pound, five-week moving average



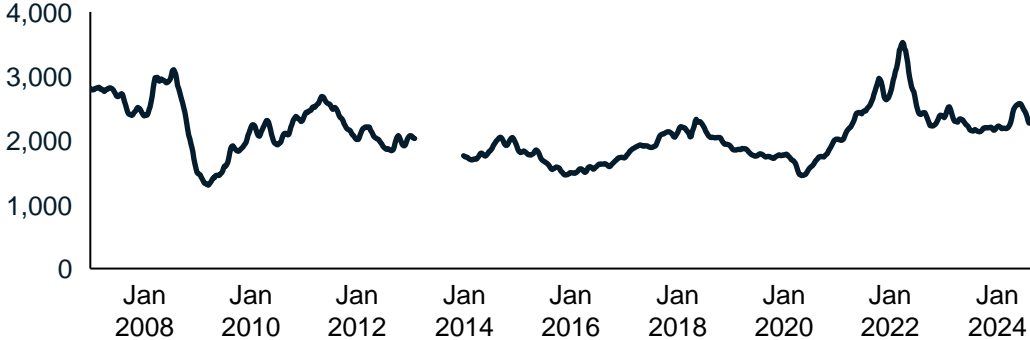
Steel²

\$/gross metric ton (monthly)



Aluminum³

\$/Mt, five-week moving average



Nickel⁴

\$/Mt, five-week moving average

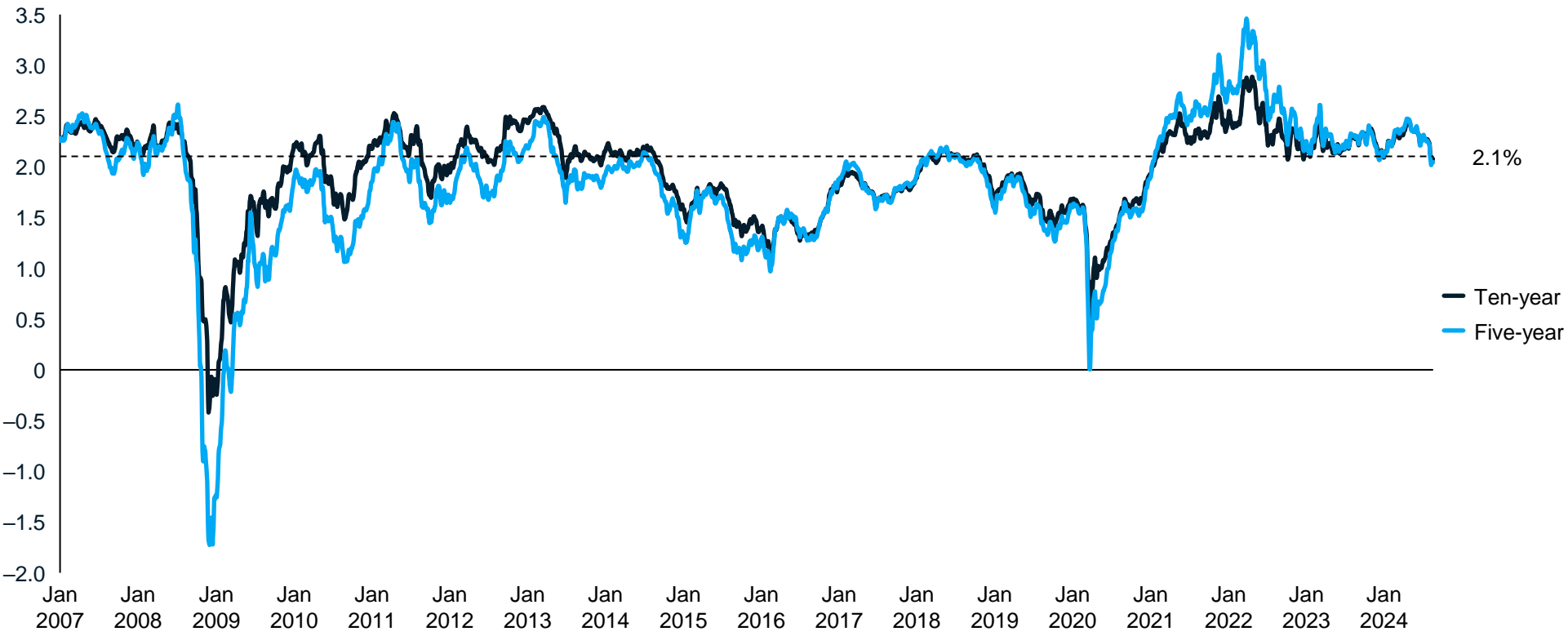


1. Copper, high grade: COMEX Spot Price, updated through August 18, 2024.
 2. Steel, 2.75-millimeter hot-rolled coil (\$/gross metric ton); data estimated since May 2012 using 0.5-millimeter cold-rolled sheet prices; data from July 2023.
 3. Aluminum, LME spot (\$/metric ton), updated through August 18, 2024.
 4. UK: LME nickel, closing cash price (\$/metric ton), updated through August 18, 2024.

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

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

% (daily), five-day moving average

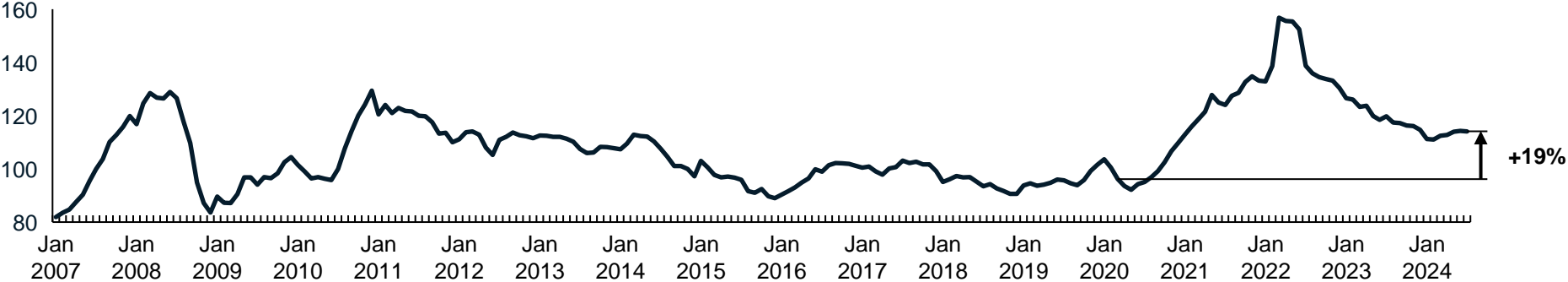


¹Updated through August 16, 2024.

Food prices remained broadly unchanged in July, still presenting a 19% increase compared to pre-pandemic levels

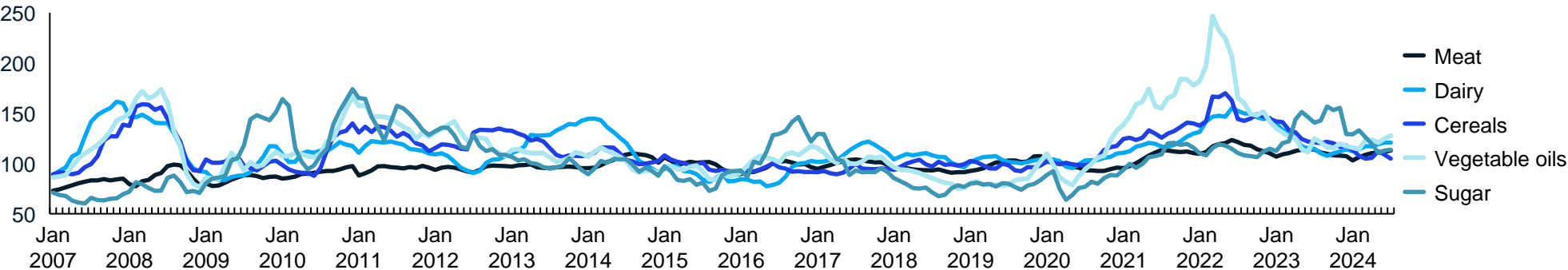
FAO Food Price Index by month, in real terms

Overall index, 2014–16 = 100



Component indexes¹

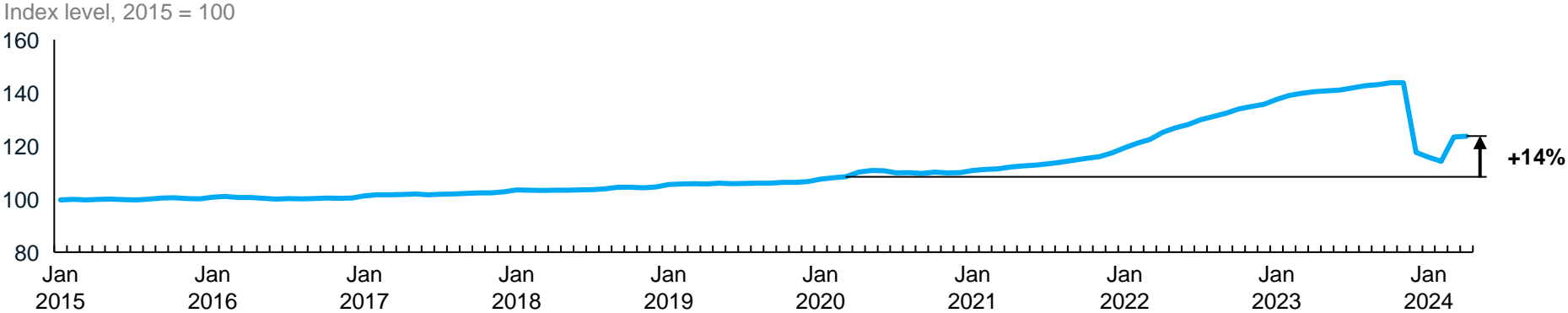
Index level, 2014–16 = 100



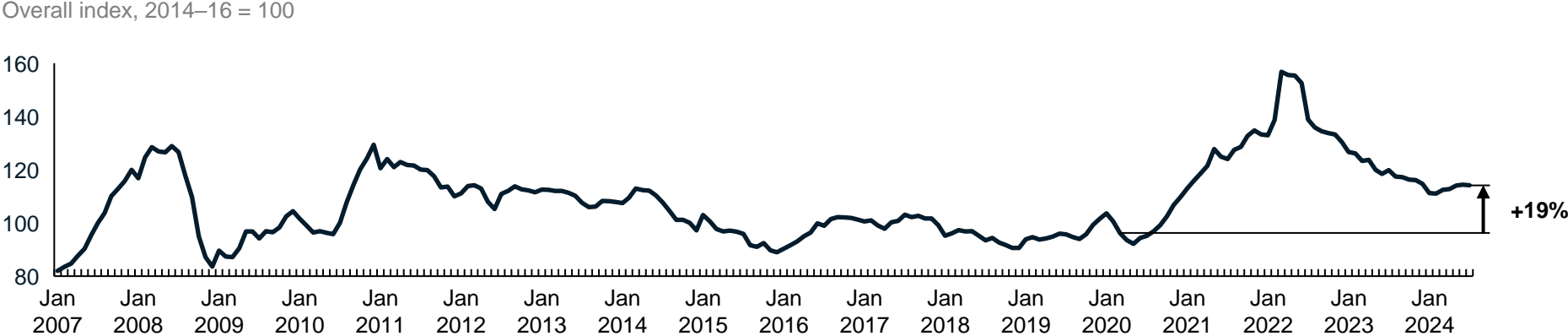
¹The values of the five indexes are compiled and then weighted by the average export shares of each group in 2002–04. The final figure represents the current value of the FAO Food Price Index.

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

OECD Food Consumer Price Index by month



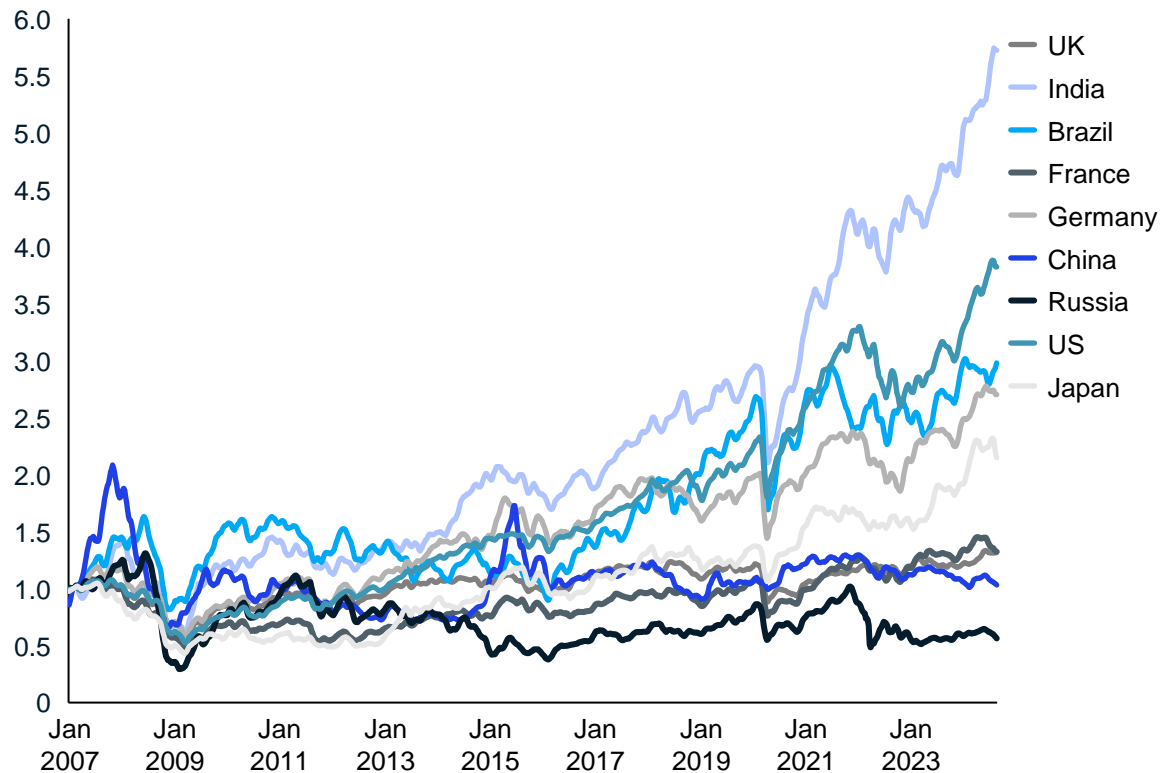
FAO Food Price Index by month, in real terms



Equity markets experienced a troubled August, when most stock exchanges experienced losses

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: RTSI Index; UK: FTSE 100; US: S&P 500.

2. Growth rate calculated as average value of each index in July over average value in June.

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

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

Change from prior month

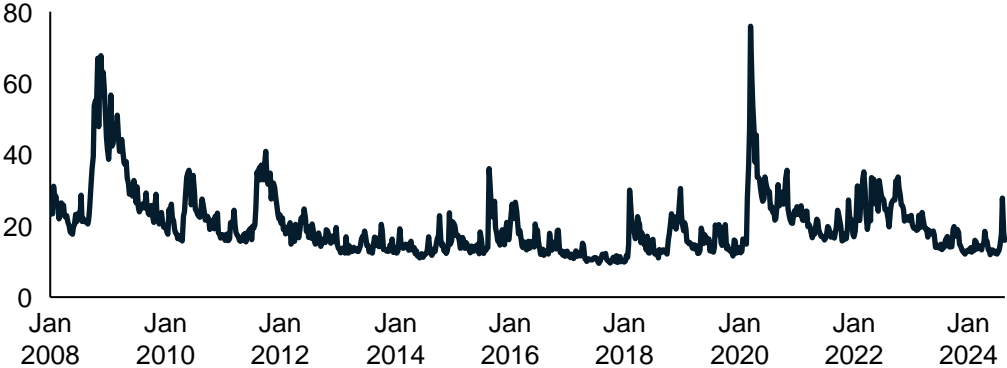
%

US	S&P 500	2.3	-2.0
UK	FTSE 100	-0.1	0.3
Germany	DAX	0.5	-2.3
France	CAC 40	-2.1	-2.9
Japan	Nikkei 225	3.2	-9.2
China	SSE Composite index	-2.3	-2.6
India	BSE Sensex-30	4.7	-0.5
Brazil	Bovespa	4.8	3.2
Russia	RTS	-3.7	-7.9
		July ²	August ³

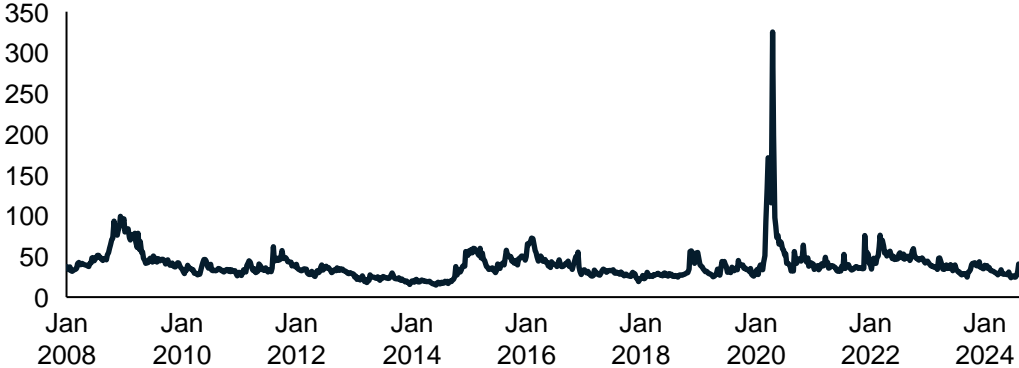
Versus previous period: ■ Significant increase ■ Increase ■ Decline
■ Severe decline ■ No significant change

Volatility showed a slight trend up in August; however, it remains within controlled levels historically

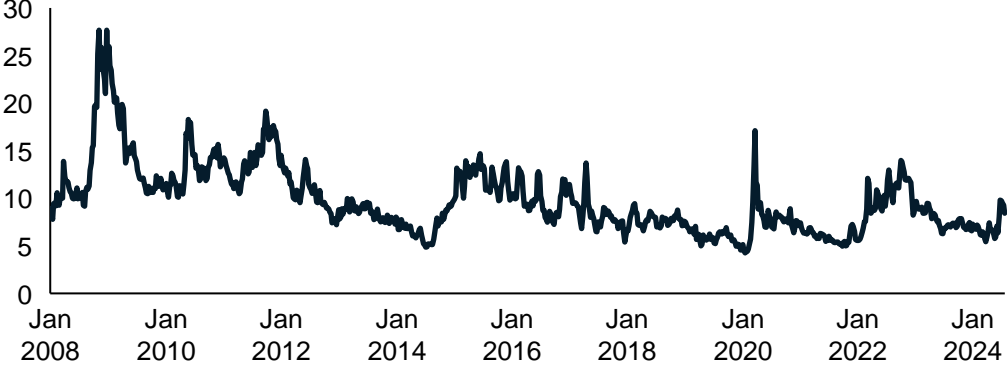
CBOE S&P 500 Index Option Volatility Index (VIX)³



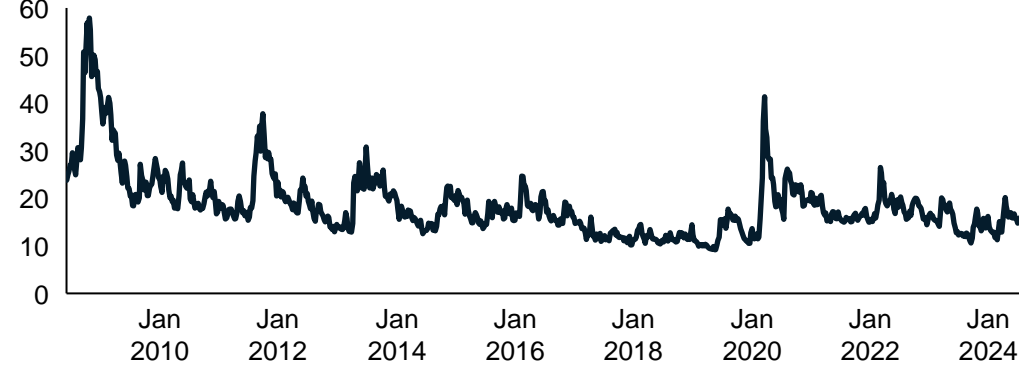
CBOE Crude Oil Volatility Index (OVX)^{1, 3}



CBOE Euro Currency Volatility Index (EVZ)³



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

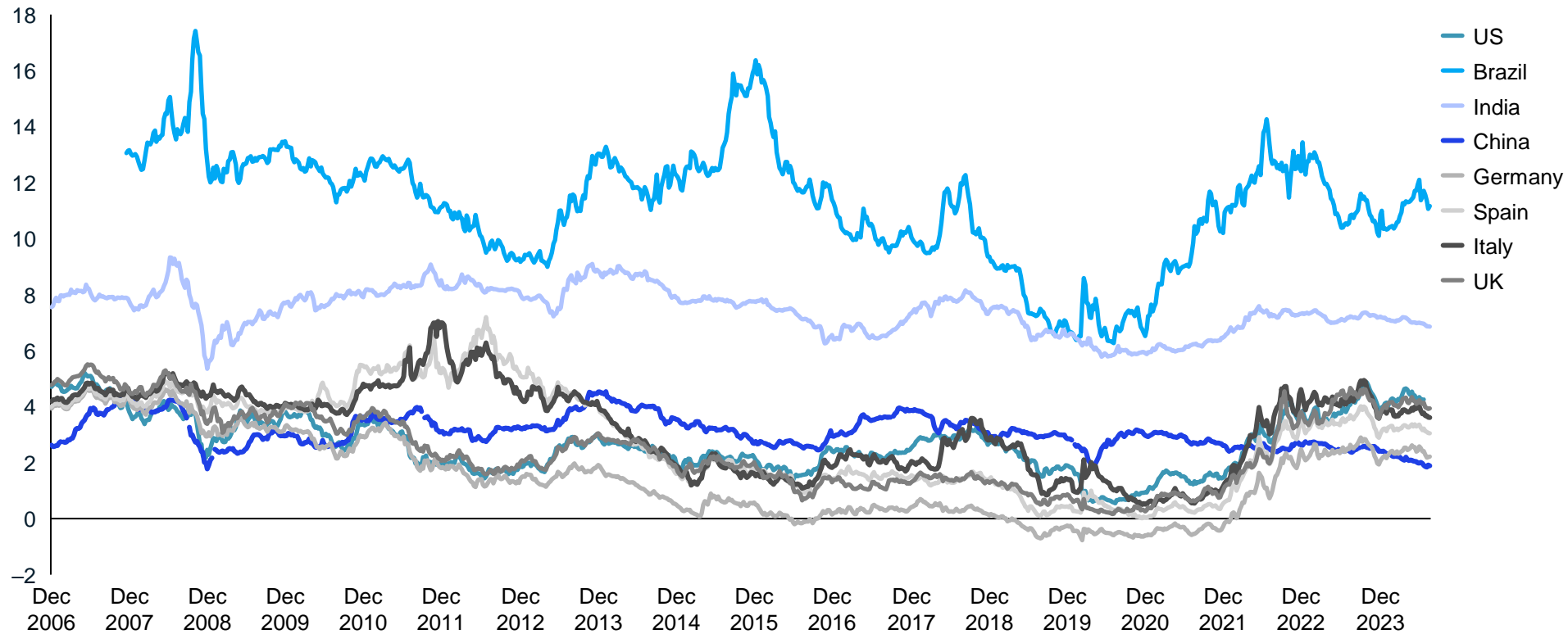


1. Based on United States Oil Fund (USO) option prices.
 2. Based on SPDR Gold Shares (GLD) options.
 3. Updated through July 16, 2024.

The cost of capital was stable in August, given stabilization in inflation and a wait-and-see approach from markets regarding interest rate decisions

Ten-year government bonds¹

Five-day moving average,² % (daily)



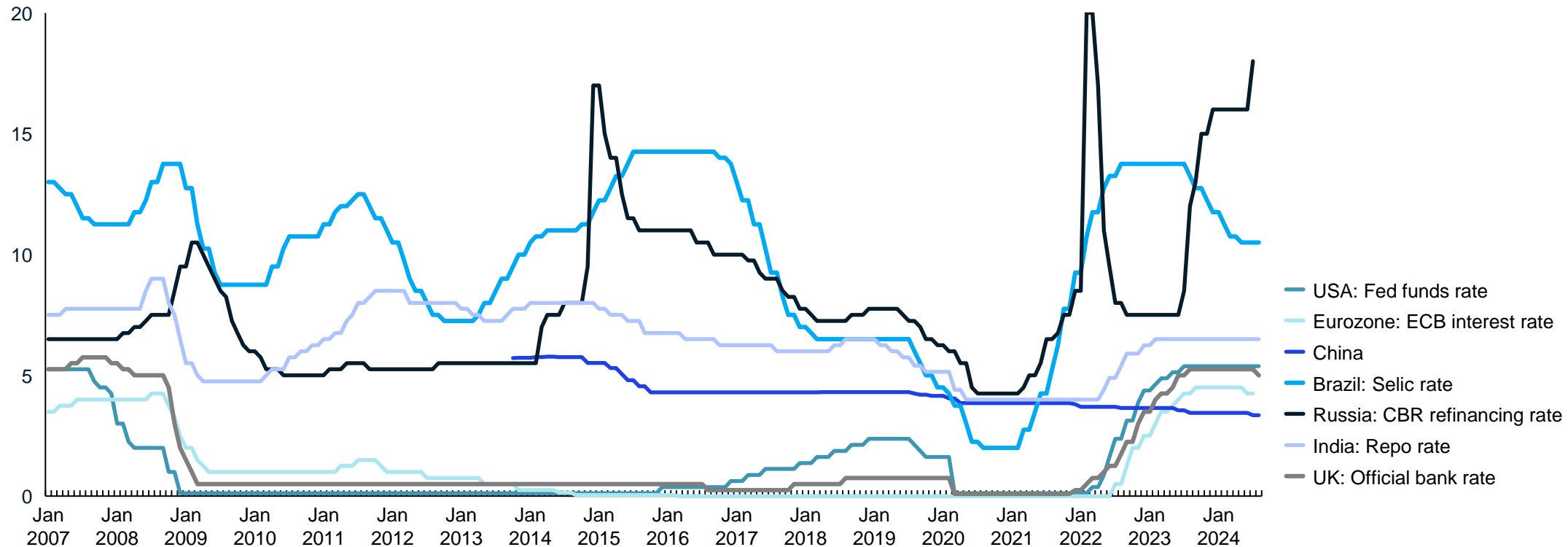
1. Five-year government bond yields used for China.

2. Updated through August 18, 2024.

Interest rates continue largely unchanged in 2024, with increasing expectations around cuts and their magnitude

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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