

McKinsey
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Global Economics Intelligence

Critical trends and risks

Released September 2024 (data through August 2024)

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

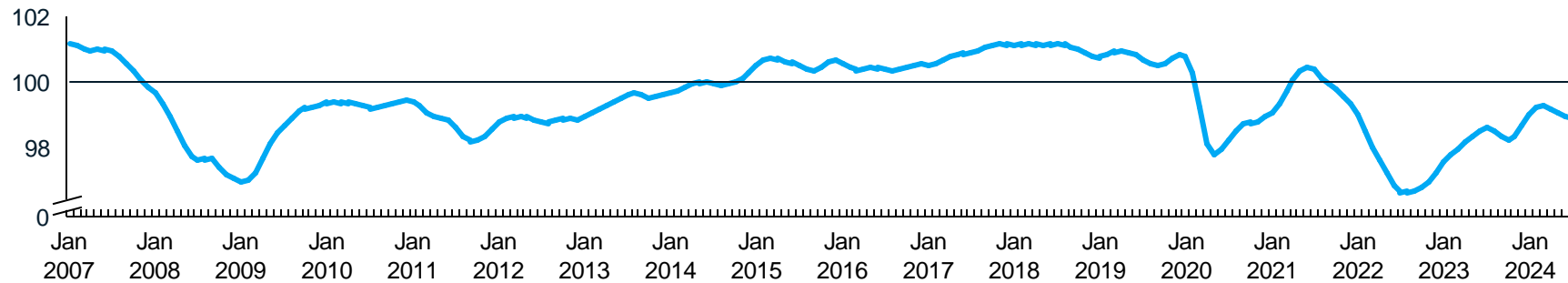
Versus previous period: ■ Significant improvement ■ Some improvement ■ Some deterioration ■ Significant deterioration ■ No significant change

■ Consumer and households	<ul style="list-style-type: none">• Consumers across regions maintain a gloomy outlook due to high cost of living, weakening labor markets, and uncertain economic environment.• Despite low consumer confidence, retail sales are holding up, but in real terms, they are flat or declining in most countries.
■ Business and industry	<ul style="list-style-type: none">• Manufacturing contracted for the second consecutive month, while services expanded at their fastest pace in 14 months.• Most economies reported weakening demand and an increase in input prices, which have been passed on to consumers.• Services around the globe maintained robust growth, with the majority of sub-indexes expanding; however, rising input prices remain a key concern.• Composite leading indicators point toward further growth acceleration.
■ Trade and external	<ul style="list-style-type: none">• Trade in July edged down by 0.3%, driven by the emerging markets.• Situation in global supply chains markets continues to stabilize.• In July, both imports and exports saw an increase in the United States, China, and Brazil.• In July, the Container Throughput Index rose to approximately 133.2 points, accompanied by a modest increase in port activity. European ports experienced higher activity compared to June; however, this decrease was not reflected in the North Range container throughput index; by contrast, Chinese ports saw a decline in activity.• Total port trade experienced a decline in July 2024 compared to the same period in 2023, primarily driven by decreases in activity within Asian economies.
■ Prices	<ul style="list-style-type: none">• Headline inflation is approaching central banks' targets, but core inflation remains elevated. Inflation in developing economies were stable in August. Inflation expectations remain well anchored at around 2%.• The rally in precious metals continues, while other commodity prices are flat or declining. Metal prices continue to decline despite risk that Russia may halt exports in response to international sanctions. Interest rate cuts, combined with increasing economic uncertainty, have led to historically high gold prices.• Energy prices remained stable in September.
■ Employment	<ul style="list-style-type: none">• In July, the unemployment rate continued to rise in both the USA and China, while in India it decreased by 1.3 percentage points.
■ Financial markets	<ul style="list-style-type: none">• Equities rebounded in September, partly due to the 50-basis-point interest rate cut.• Market volatility eased in September across all major asset classes.• The cost of capital remains elevated, especially in developed economies.
■ Government and policy	<ul style="list-style-type: none">• Diverging pathways among countries: Russia and Brazil tightening policy, the US and Europe cutting rates, and other countries holding them steady.

Consumers across regions maintain a gloomy outlook due to high cost of living, weakening labor markets, and uncertain economic environment

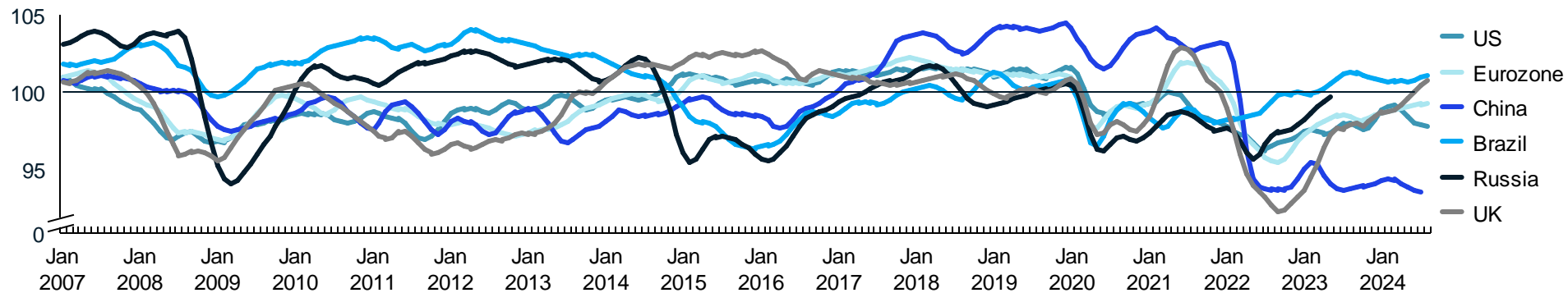
OECD global consumer confidence indicator

Index, long-term average = 100



OECD consumer confidence indicators for individual economies¹

Index, long-term average = 100¹

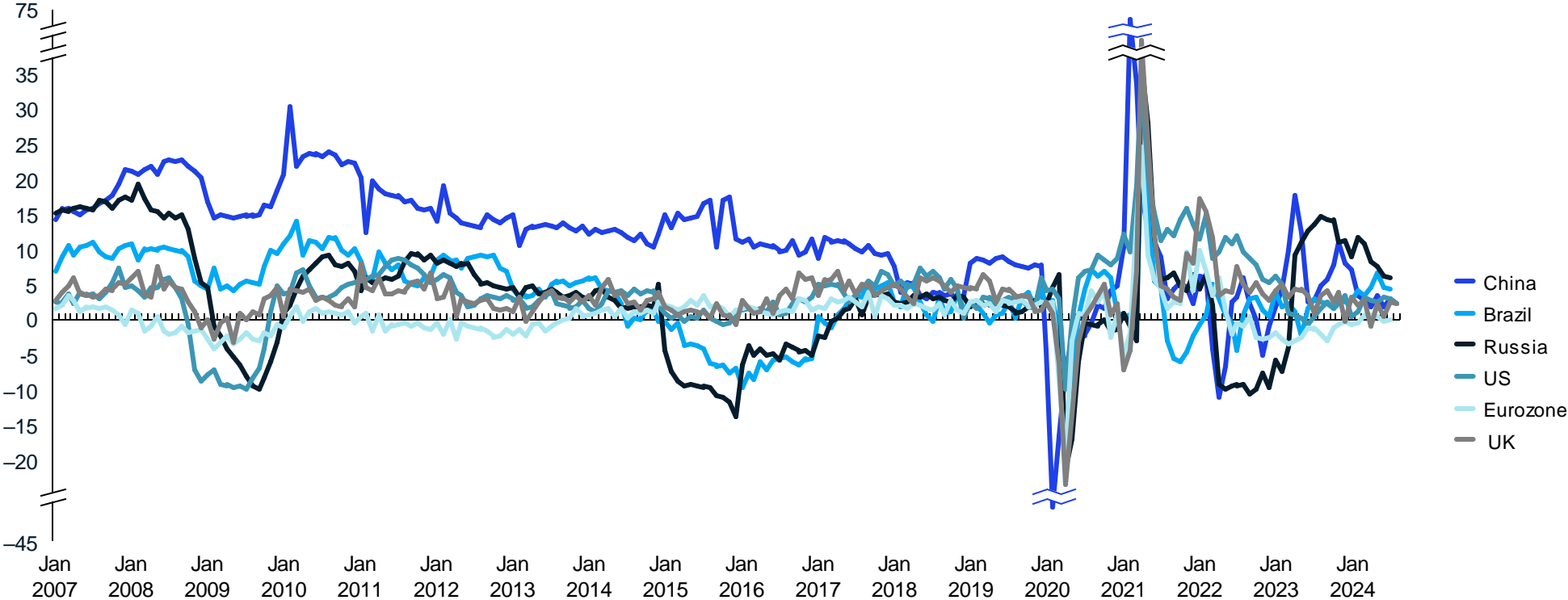


¹Data for China through July 2024 and Russia through May 2023.

Despite low consumer confidence, retail sales are holding up, but in real terms, they are flat or declining in most countries

Retail sales growth¹

Year over year (monthly)

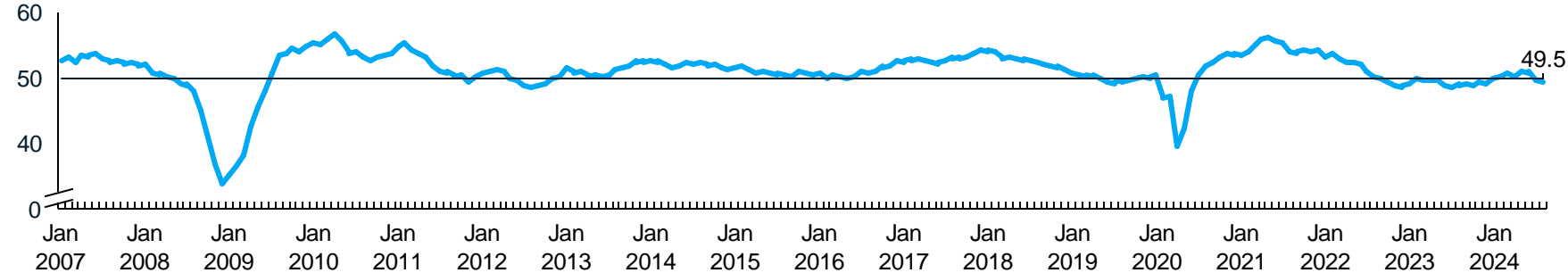


¹Data for Eurozone, Brazil and Russia through July 2024.

Manufacturing contracted for the second consecutive month, while services expanded at their fastest pace in 14 months

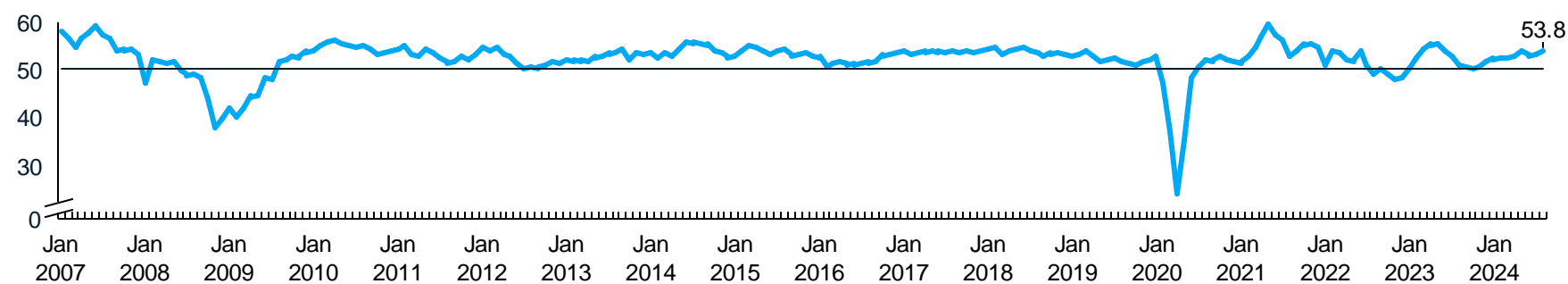
JPMorgan Global Purchasing Managers' Index (Manufacturing)

Diffusion index, seasonally adjusted (monthly)



JPMorgan Global Purchasing Managers' Index (Services)

Diffusion index, seasonally adjusted (monthly)

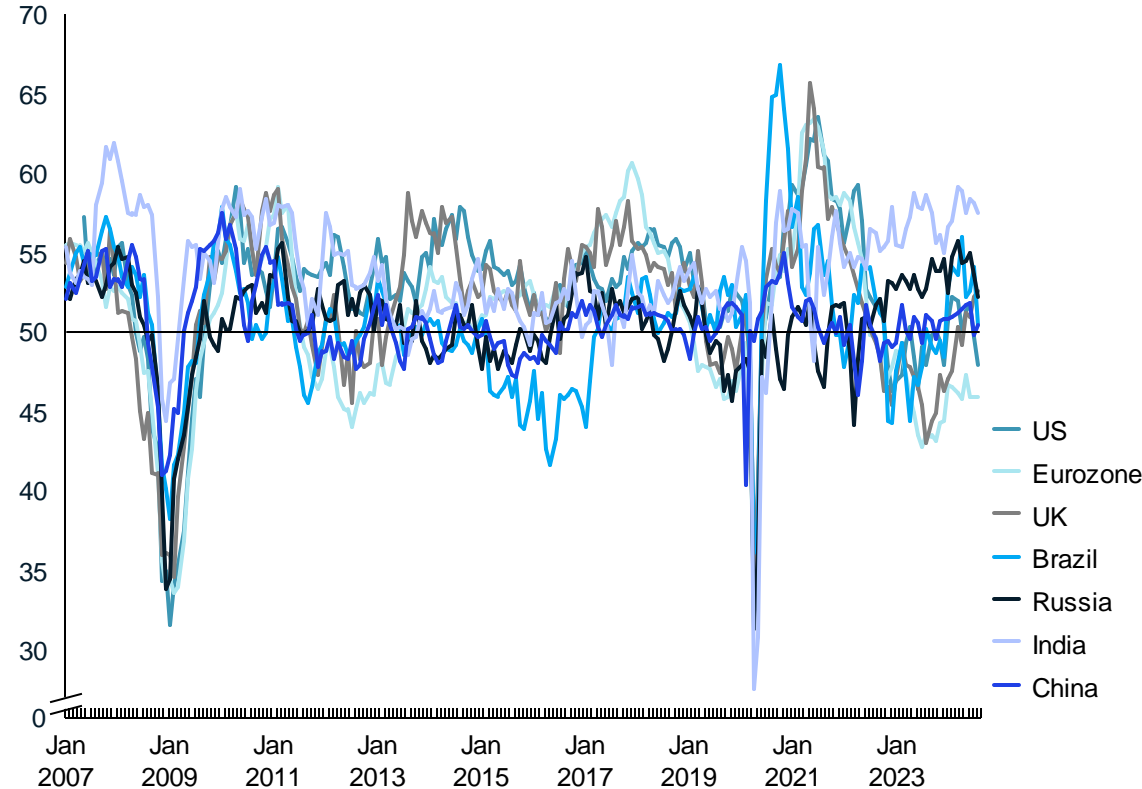


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. Country-level data are the PMIs for individual countries as sourced from Markit Economics or the Institute for Supply Management (ISM) and are not a breakdown of the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

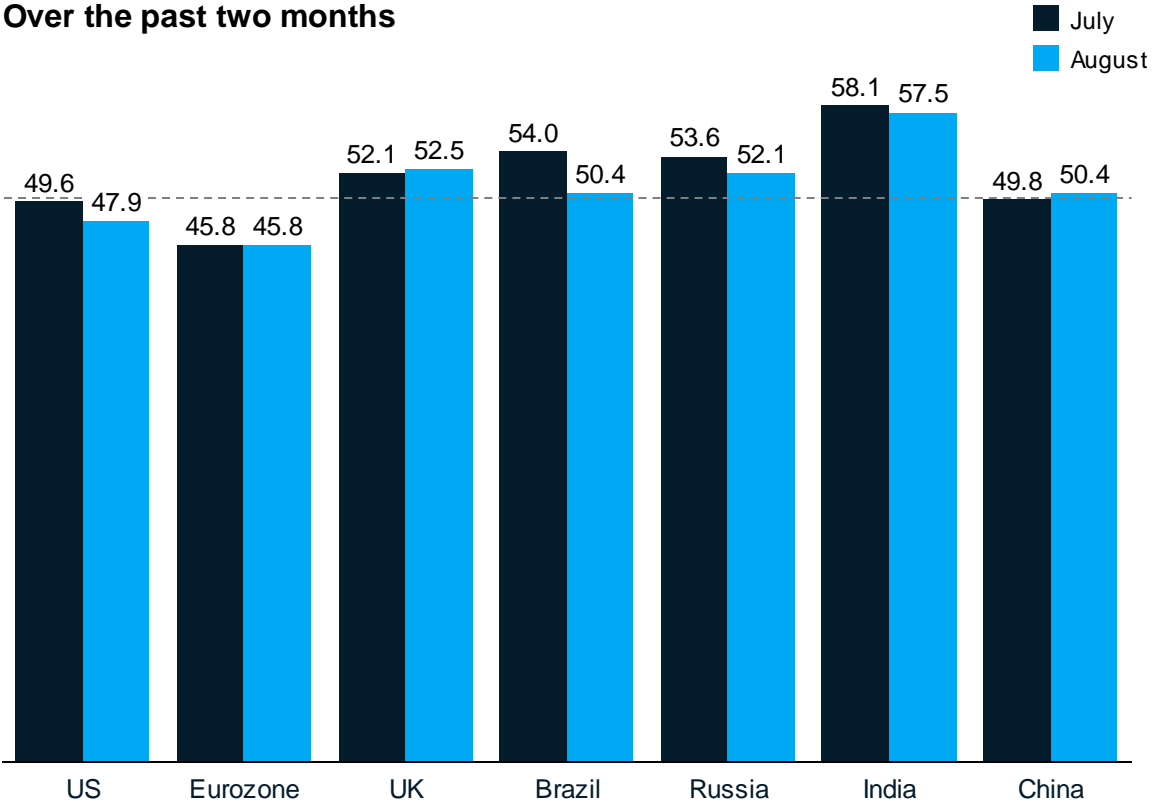
Most economies reported weakening demand and an increase in input prices, which have been passed on to consumers

Purchasing managers' index (manufacturing)

Diffusion index (monthly)



Over the past two months

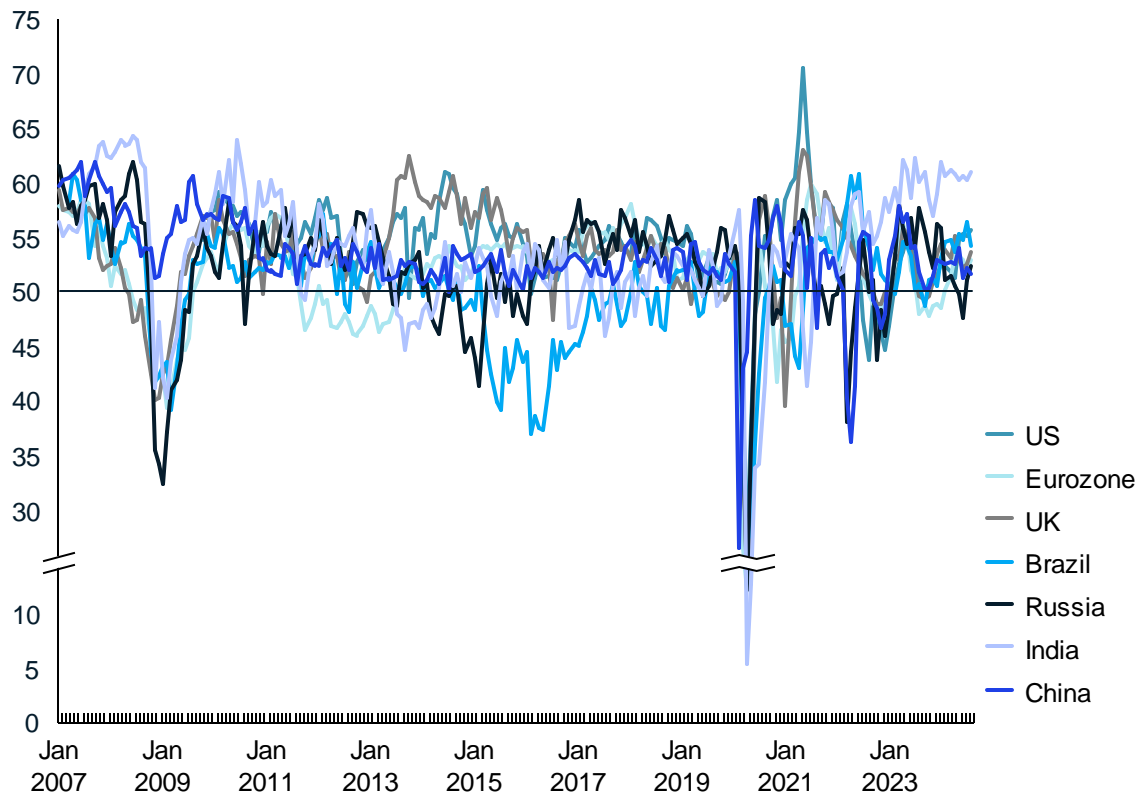


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. The country-level data are the PMIs for individual countries as sourced from Markit Economics and are not a breakdown of the JPMorgan Global PMI.

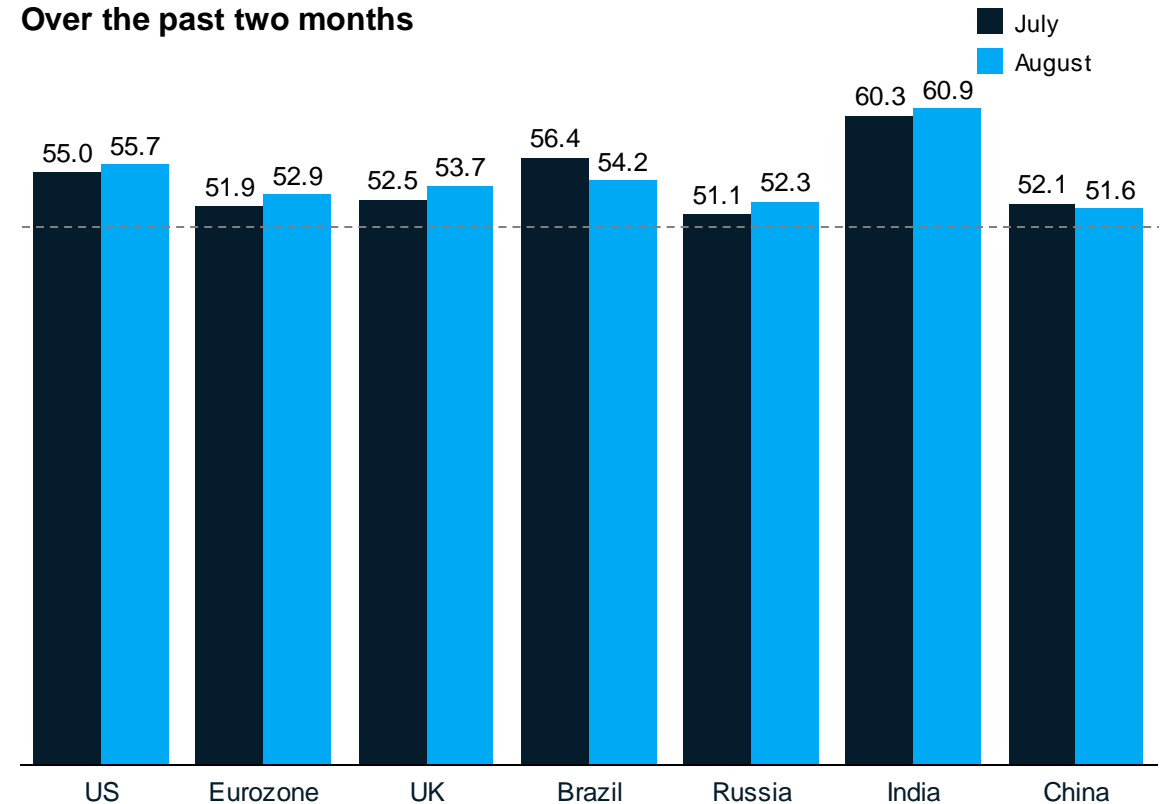
Services around the globe maintained robust growth, with the majority of sub-indexes expanding; however, rising input prices remain a key concern

Purchasing managers' index (services)

Diffusion index (monthly)



Over the past two months

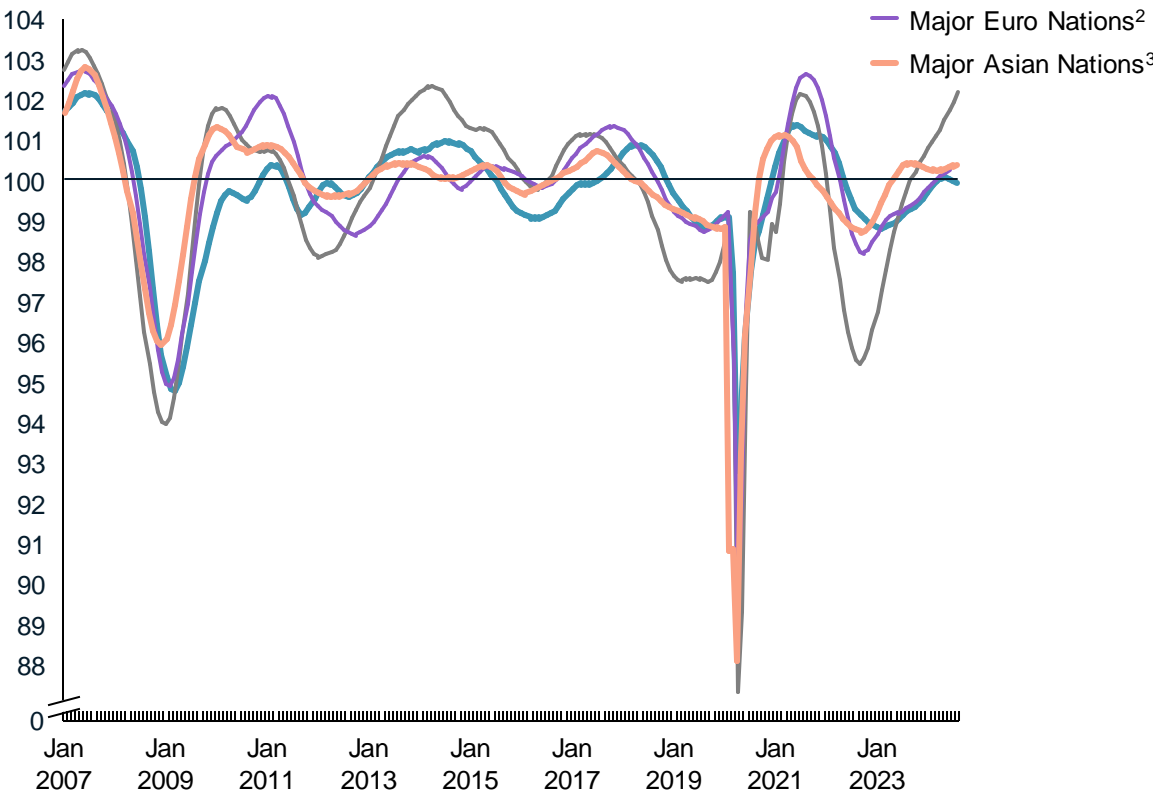


Note: A reading of more than 50.0 indicates an increase from the previous month, and a reading of less than 50.0 indicates a decrease. The country-level data are the PMIs for individual countries as sourced from Markit Economics and are not a breakdown of the JPMorgan Global PMI.

Composite leading indicators point toward further growth acceleration

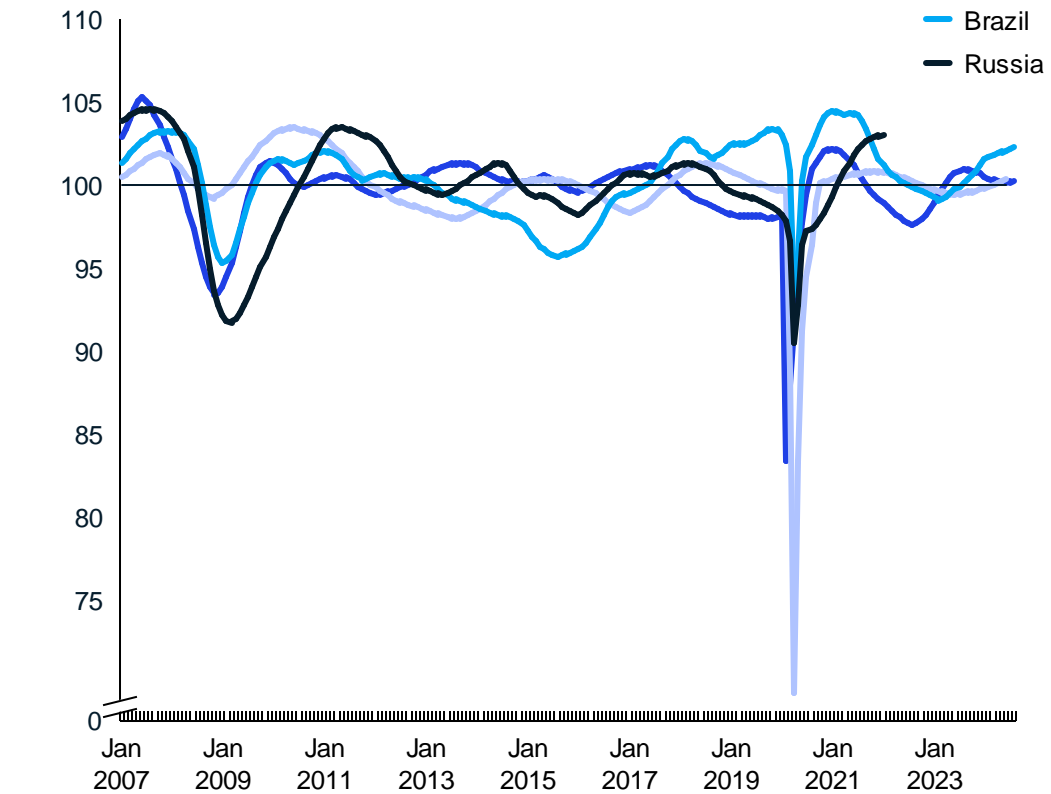
OECD growth indicators: Advanced economies

Monthly, index¹



OECD growth indicators: Emerging economies

Monthly, index¹

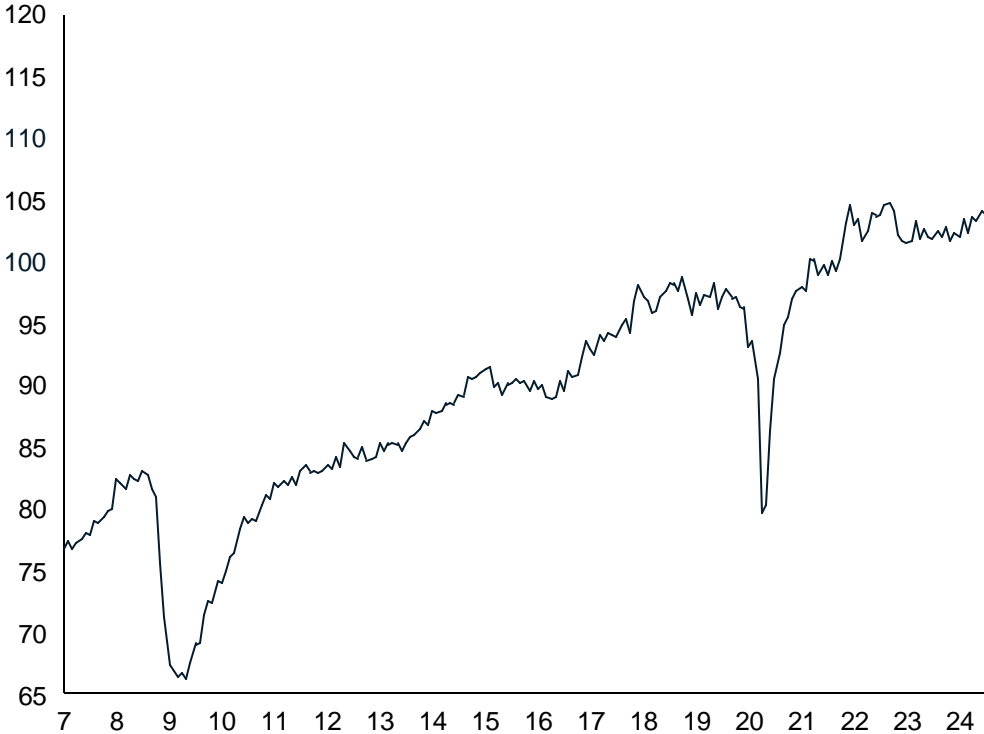


1. Composite leading indicators (CLIs) attempt to identify turning points in economic activity approximately six months in advance. The horizontal line at 100 shows the long-term trend in industrial production (the reference series). An increase to more than 100 indicates expansion; a decrease but still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

Trade in July edged down by 0.3%, driven by the emerging markets

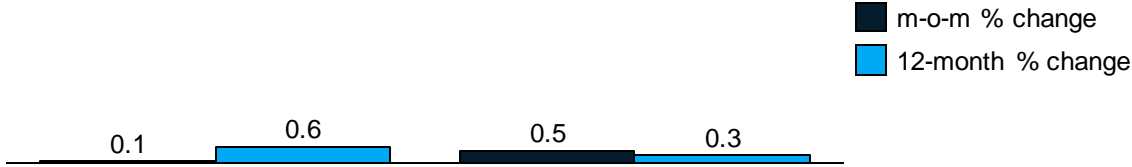
CPB World Trade Monitor

Volume, Index level, 2010=100

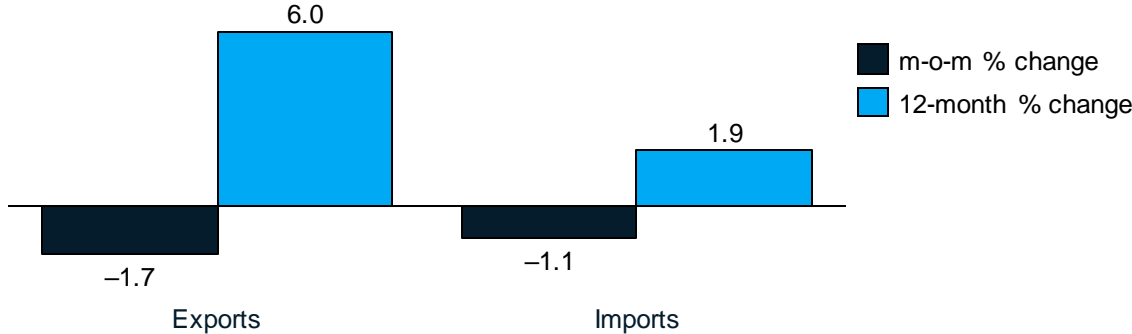


CPB World Trade Monitor details June 2024

Advanced economies



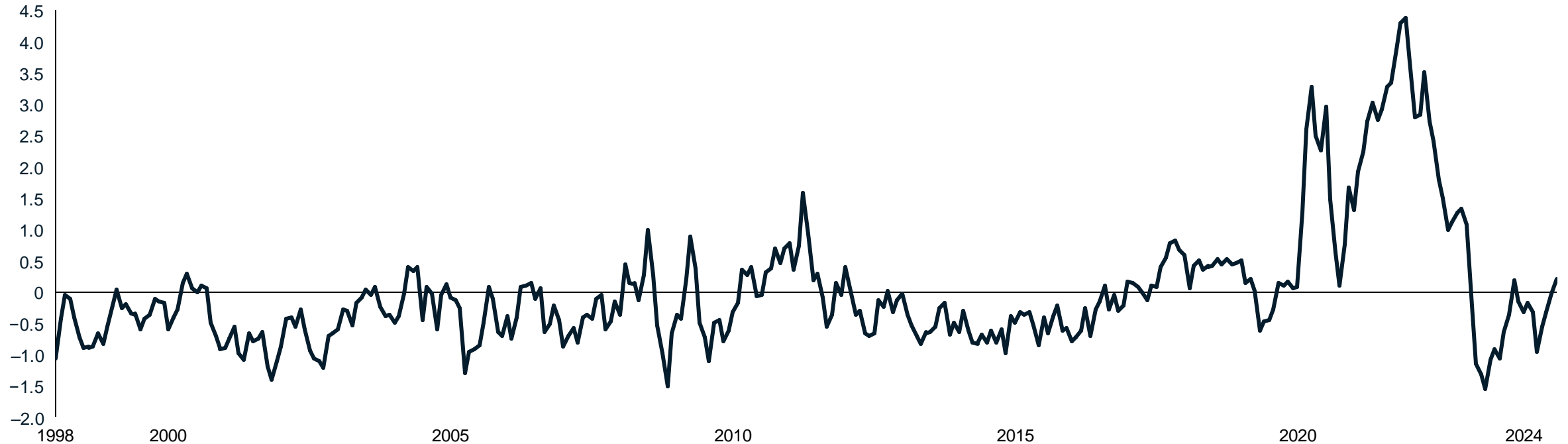
Emerging economies



Situation in global supply chains markets continues to stabilize

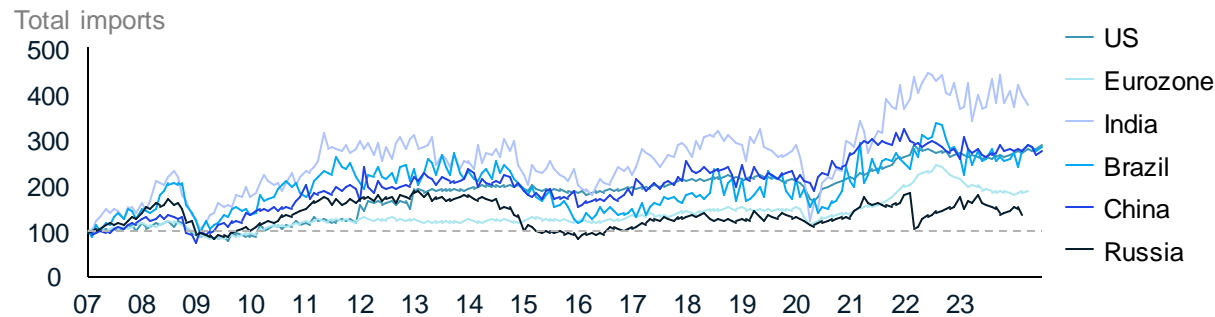
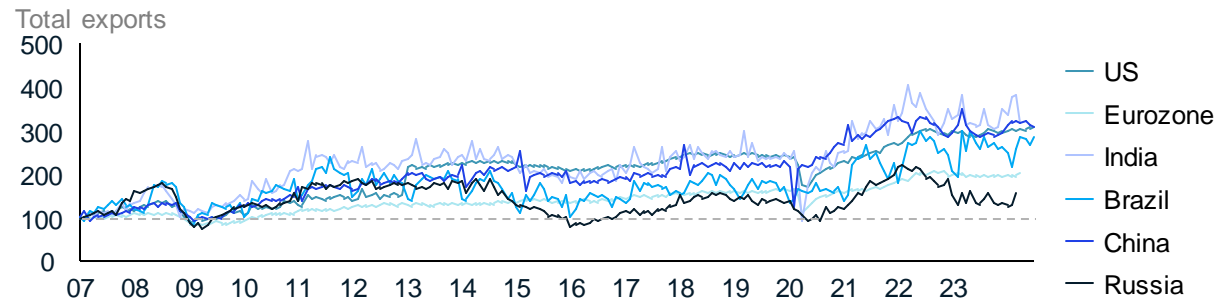
Supply-chain pressure index

Standard deviations from average value

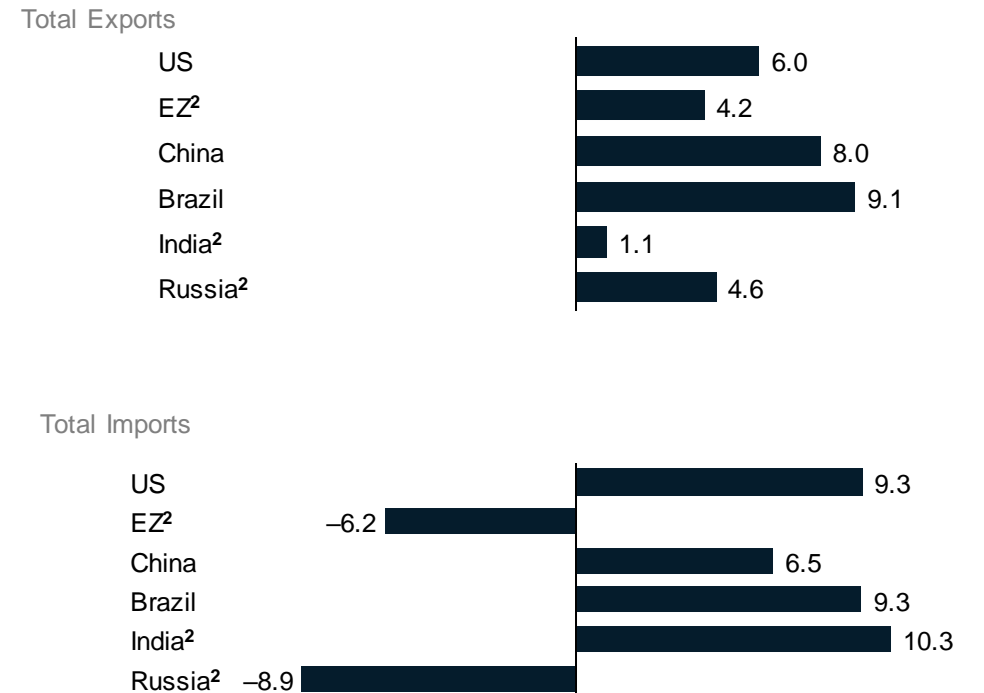


In July, both imports and exports saw an increase in the United States, China, and Brazil

Monthly index (January 2007 = 100)



% YoY change¹

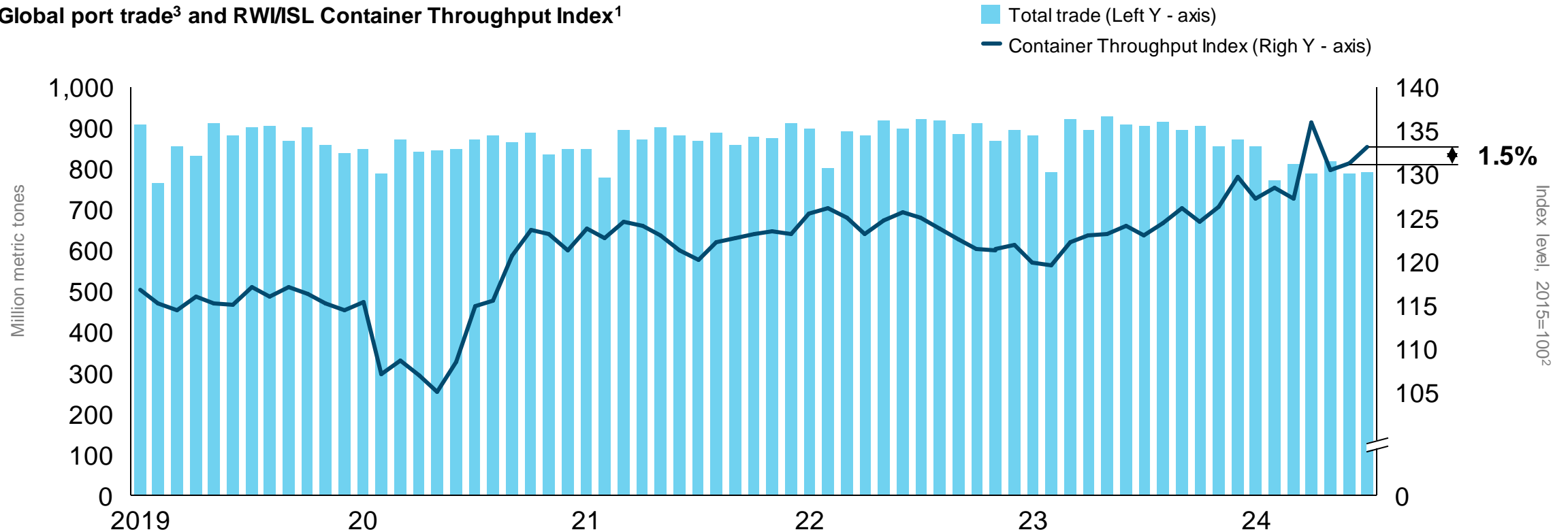


Note: Exports and imports are not seasonally adjusted.

1. Data for July 2024 vs July 2023. 2. Latest data for Russia, India and EZ is April 2024.

In July, the Container Throughput Index rose to approximately 133.2 points, accompanied by a modest increase in port activity

Global port trade³ and RW/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.

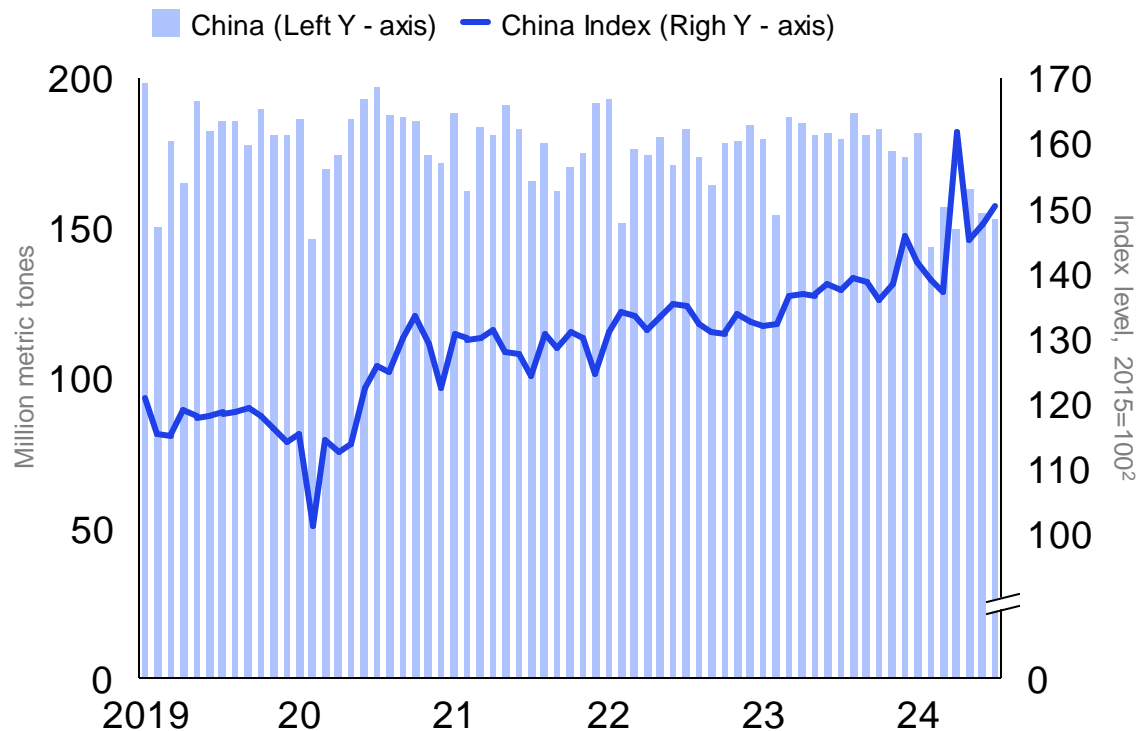
2. On January 2020, the RW/ISL Container Throughput Index changed its base year to 2015.

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_roro, and export/import_tanker, which are ship categories.

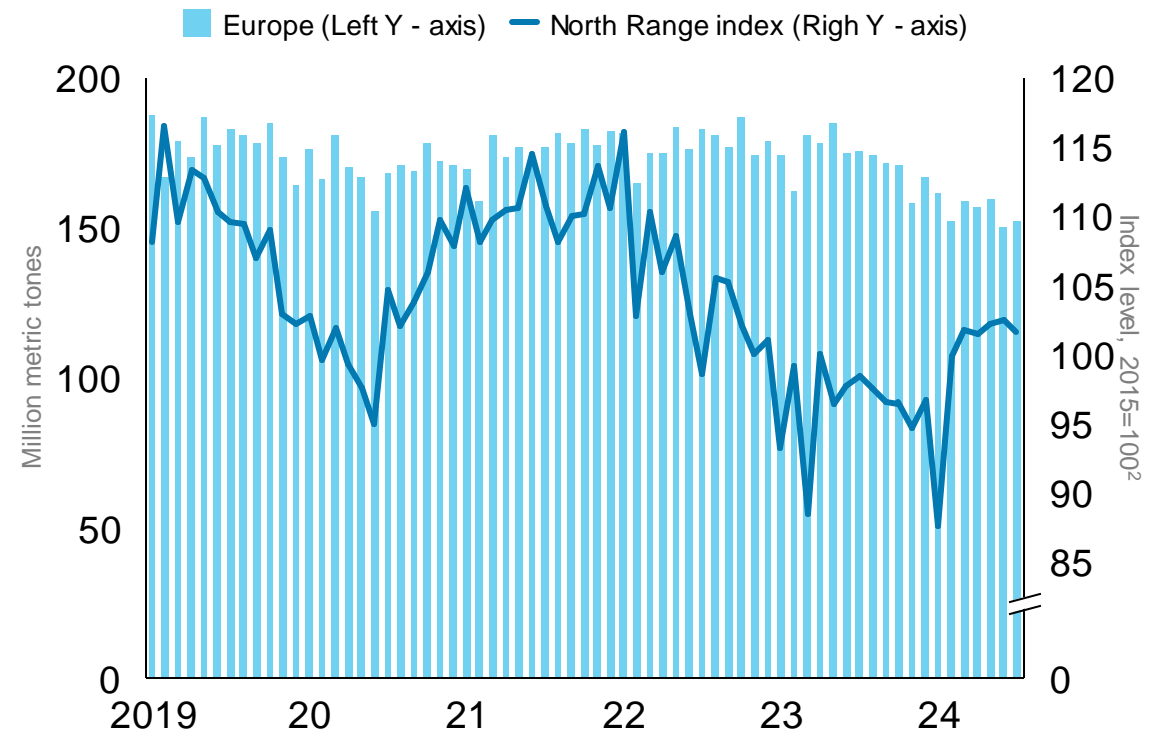
Notes: The RW/ISL Container Throughput Index provides timely information on short-term trends in international trade. The database covers 92 international ports, which handle about 60% of global container transshipment. The monthly data do not include figures for Dubai. Data is seasonally and working-day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

In July, European ports experienced higher activity compared to June; however, this decrease was not reflected in the North Range container throughput index; by contrast, Chinese ports saw a decline in activity

China's total port trade⁴ and China's Container Throughput Index^{1, 2}



Europe's total port trade⁴ and North Range Container Throughput Index^{2, 3}



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

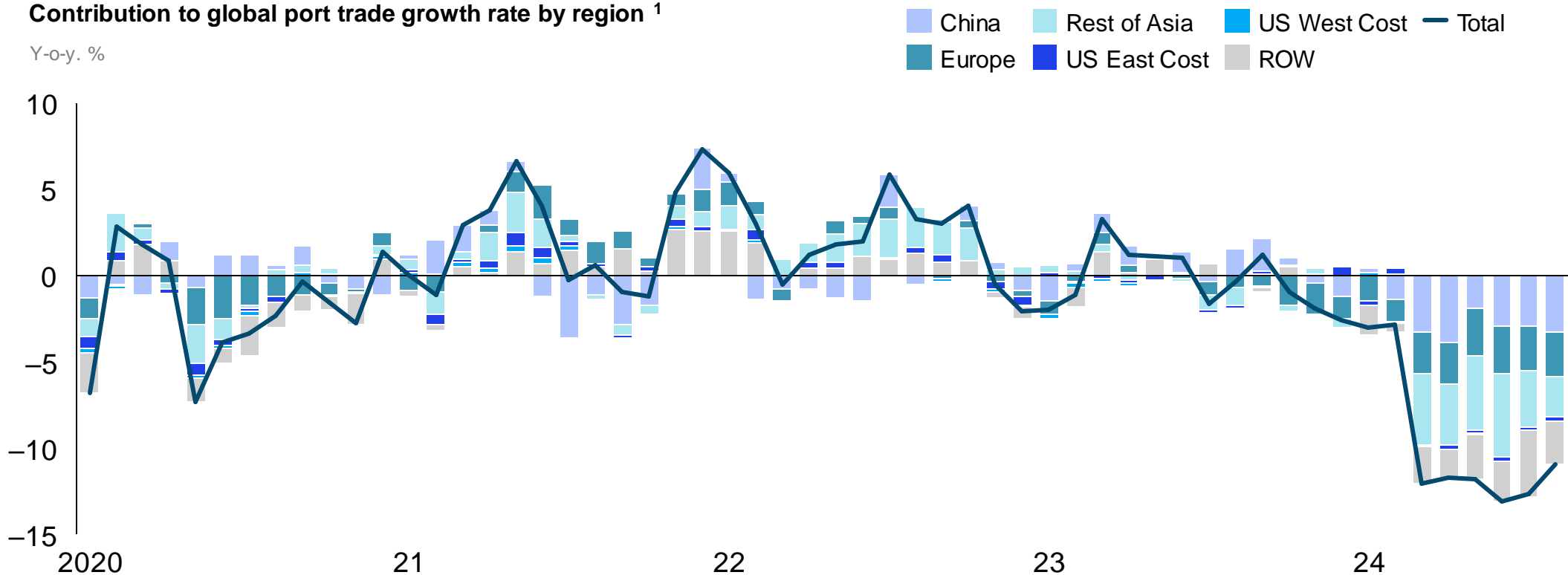
2. On January 2020, the RWI/ISL Container Throughput Index changed its base year to 2015.

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

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

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

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

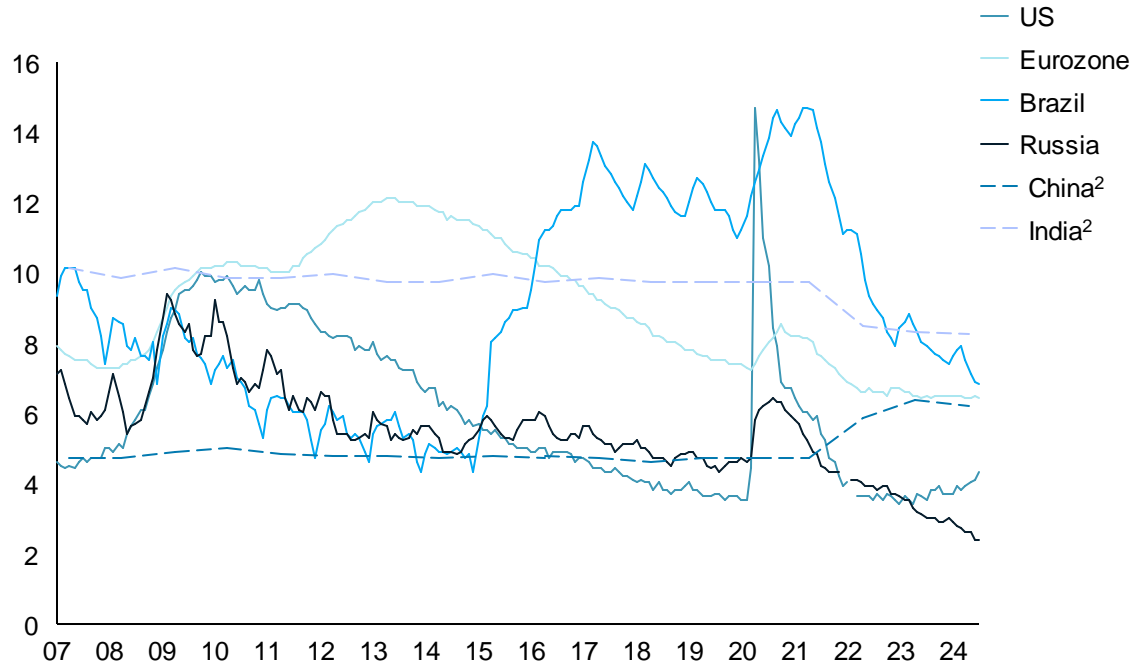


1. Total trade includes total export and import volume (in metric tons) of all ships entering the port at this date. This is the sum of export/import_container, export/import_dry_bulk, export/import_general_cargo, export/import_roro, and export/import_tanker, which are ship categories.

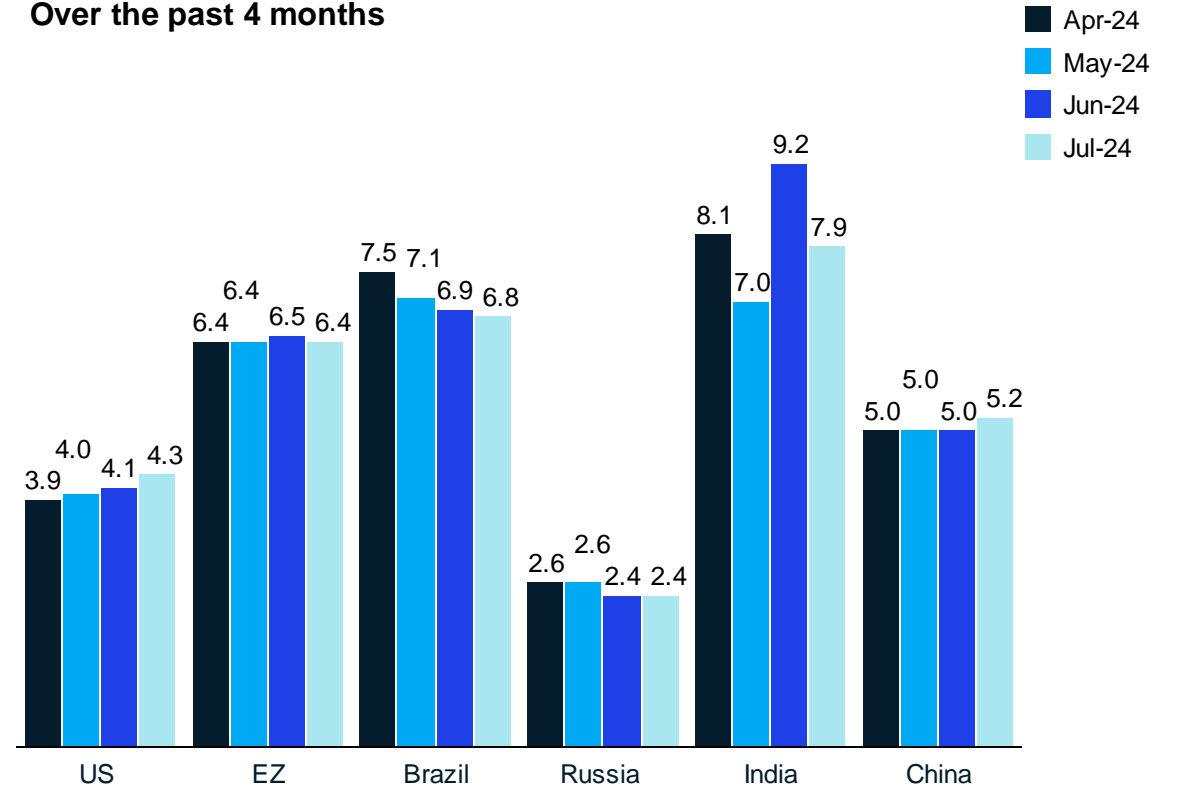
In July, the unemployment rate continued to rise in both the USA and China, while in India it decreased by 1.3 percentage points

Unemployment rate 2007–24¹

% of labor force (monthly)



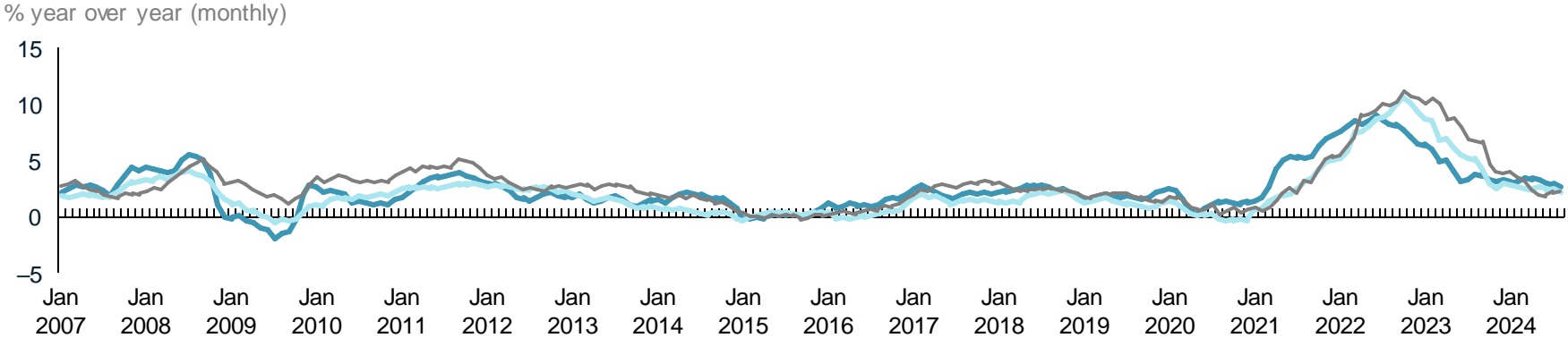
Over the past 4 months



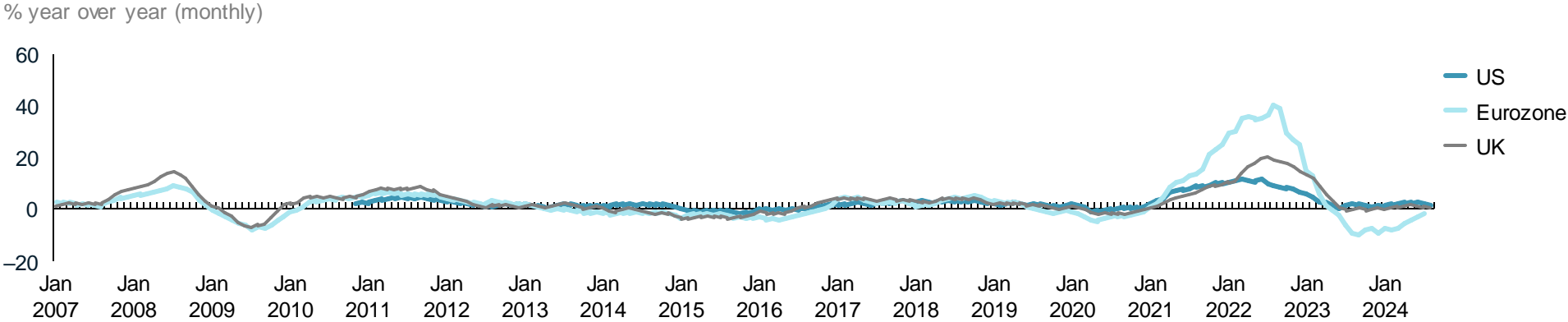
1. Data for India and China are annual and shown as a smoothed trend line.
 2. China unemployment only shows urban rate.

Headline inflation is approaching central banks' targets, but core inflation remains elevated

Consumer price indexes: Developed economies



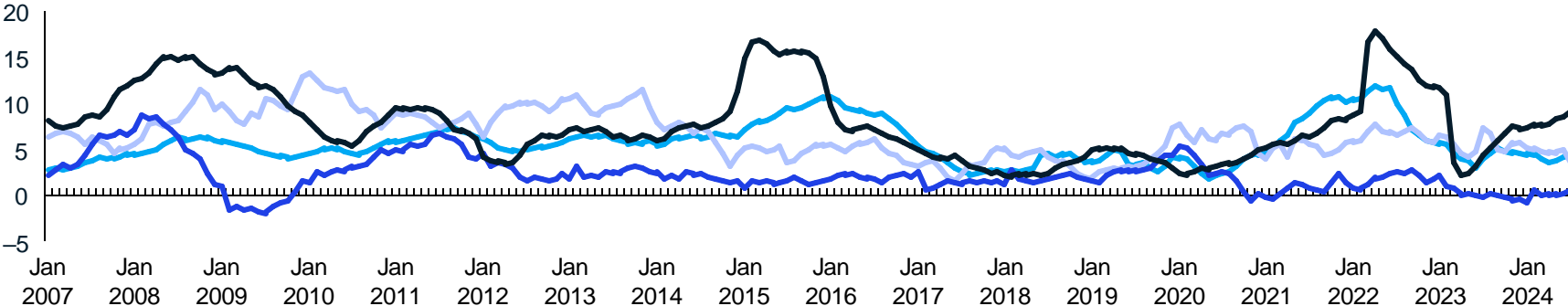
Producer price indexes: Developed economies



Inflation in developing economies remained stable in August

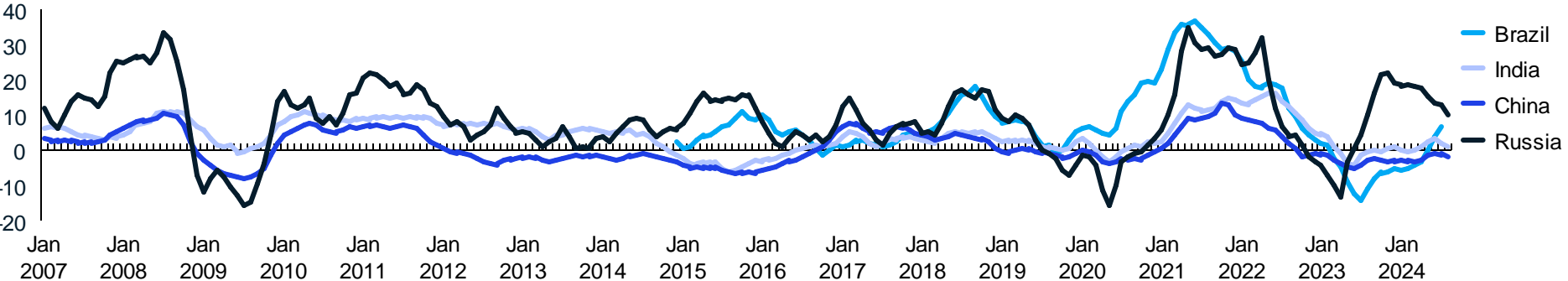
Consumer price indexes: Emerging economies

% year over year (monthly)



Producer price indexes: Emerging economies

% year over year (monthly)

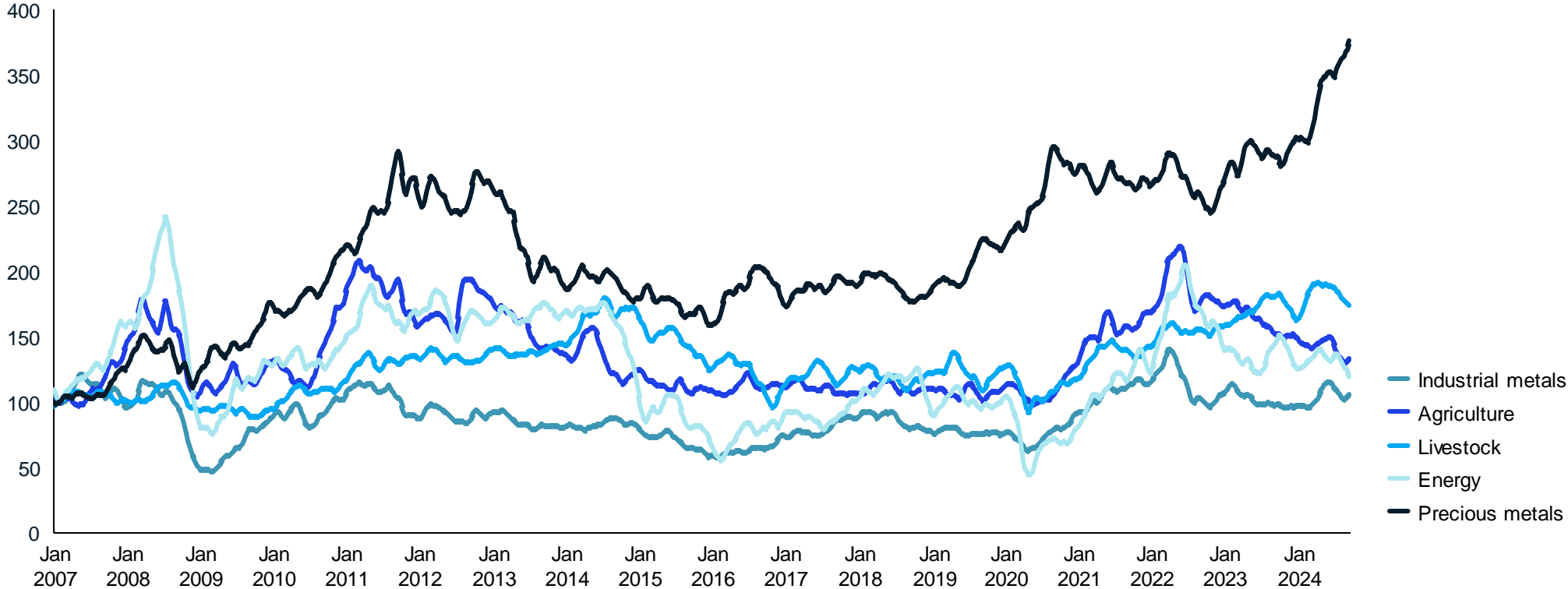


Source: National statistics websites; McKinsey's Global Economics Intelligence analysis

The rally in precious metals continues, while other commodity prices are either flat or declining

Commodities indexes¹

Moving five-week average, indexed to Jan 2007

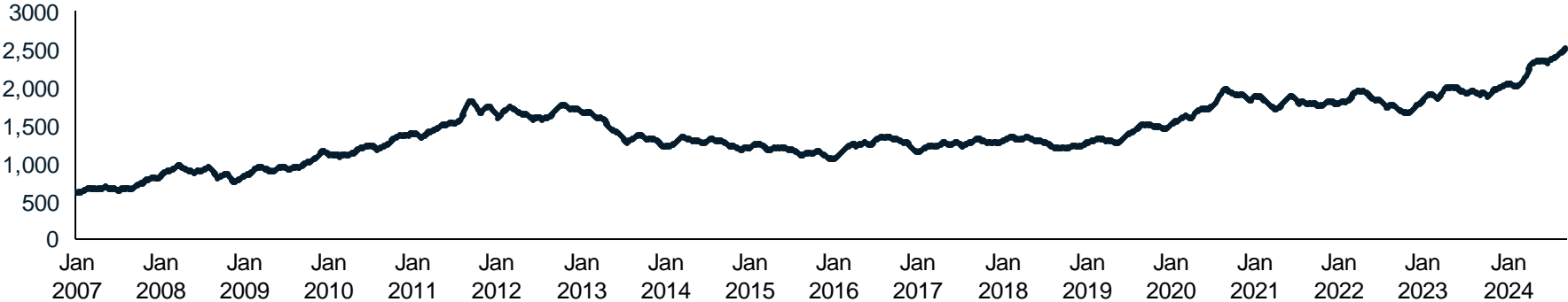


1. Updated through September 15, 2024; commodity data are taken from the GS Commodities Index, with components weighted by production. Precious metals: gold, 83%; silver, 17%. Energy: crude oil, 70%; oil products, 25%; natural gas, 4%. Agriculture: corn, 28%; wheat, 25%; soybeans, 15%; sugar, 14%; other,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

Interest rate cuts, combined with increasing economic uncertainty, have led to historically high gold prices

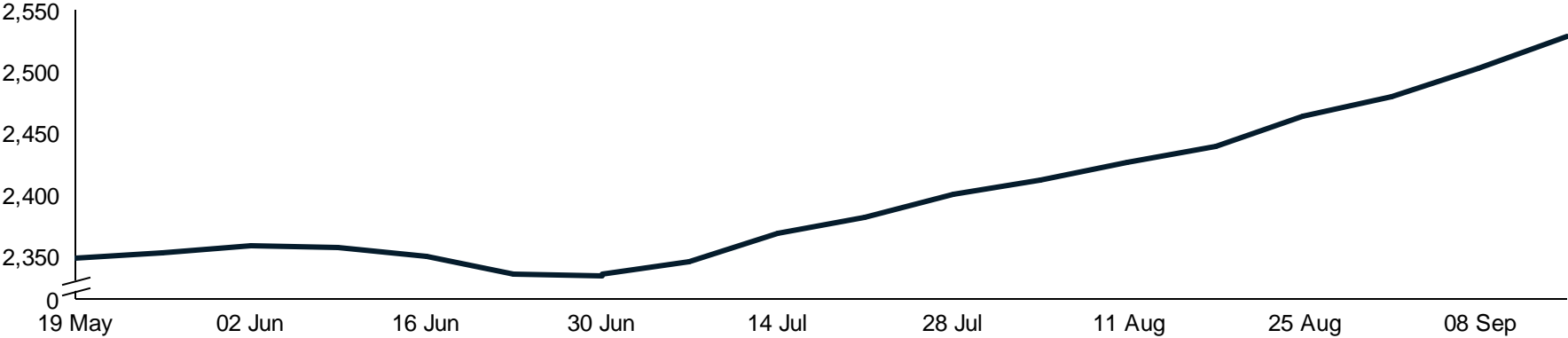
Gold spot price¹

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



Gold spot price over past 4 months

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

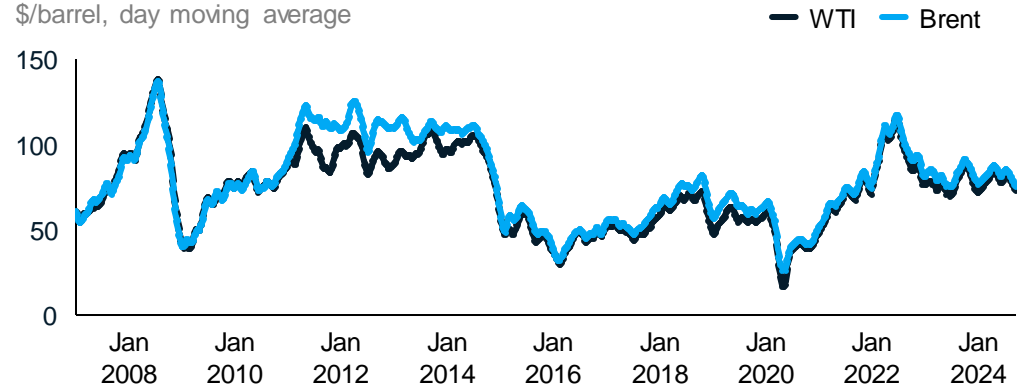


¹Updated through September 15, 2024.

Energy prices remained stable in September

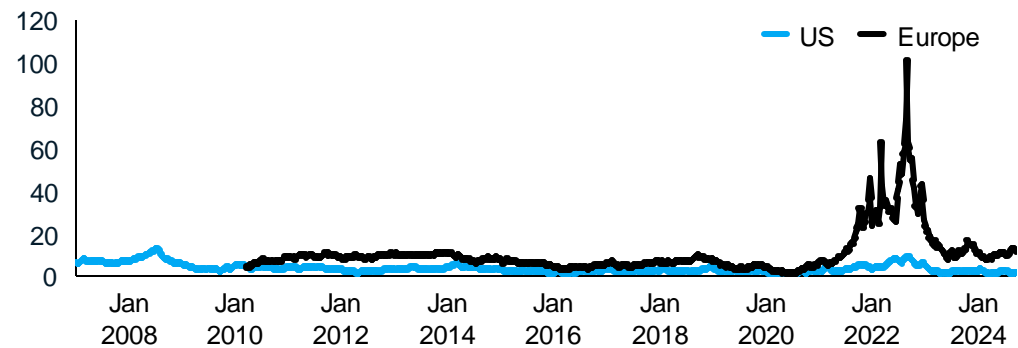
Oil price¹

\$/barrel, day moving average



Natural-gas price²

\$ per million Btu, five-day moving average



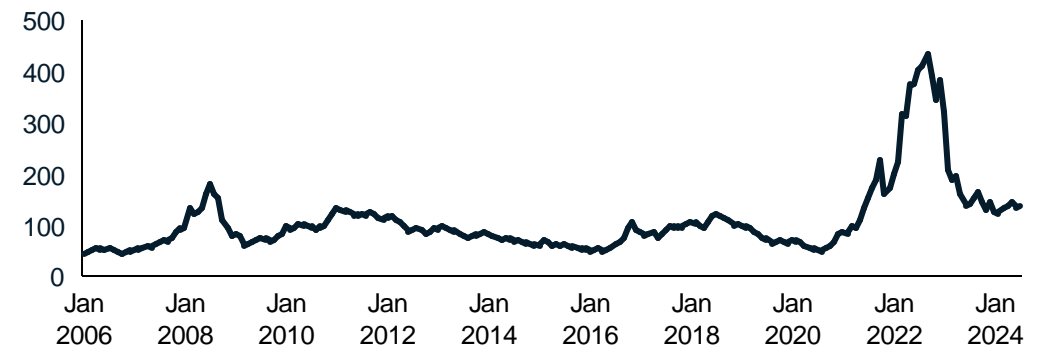
Heating-oil price³

US cents/gallon, five-day moving average



Coal price⁴

\$/megaton, monthly



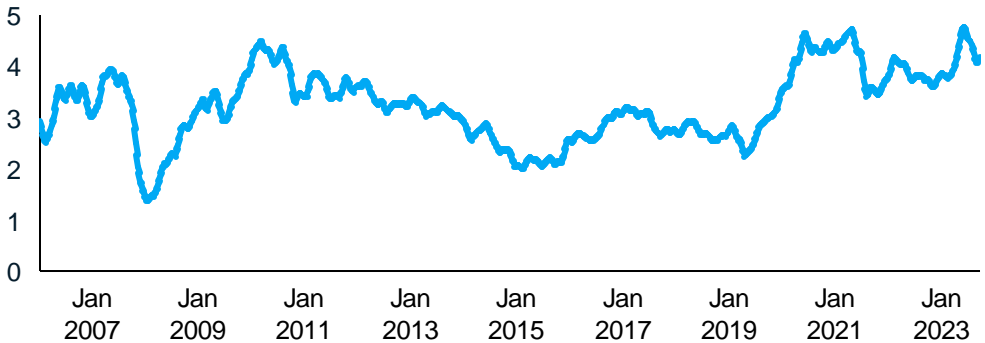
1. Crude Brent, Henry Hub (Nymex). WTI (West Texas Intermediate) prices as of September 15, 2024.
2. Henry Hub, LA; prices as of August 18, 2024. ICE Dutch TTF Gas Base Load Futures.

3. New York Harbor No. 2. heating-oil prices as of September 15, 2024.
4. Australia coal prices; coal prices as of June 2024.

Metal prices continue to decline despite the risk that Russia may halt exports in response to international sanctions

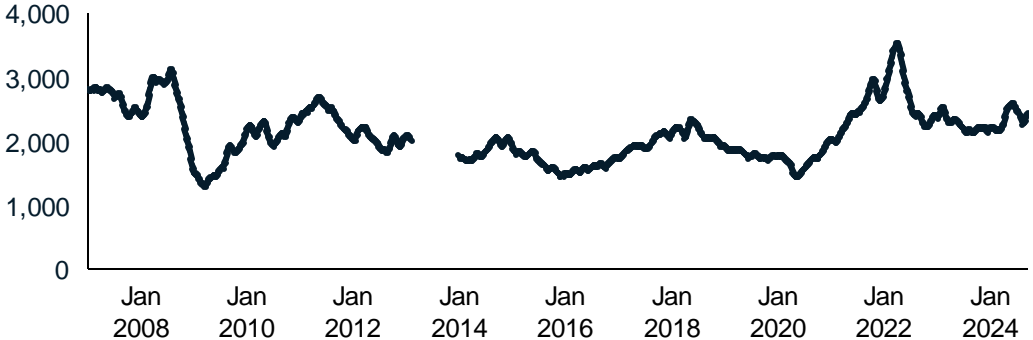
Copper¹

\$/pound, five-week moving average



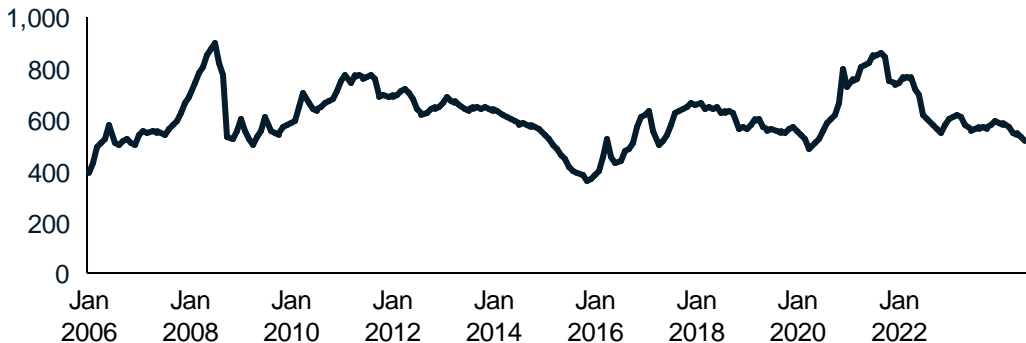
Aluminum³

\$/Mt, five-week moving average



Steel²

\$/gross metric ton (monthly)



Nickel⁴

\$/Mt, five-week moving average

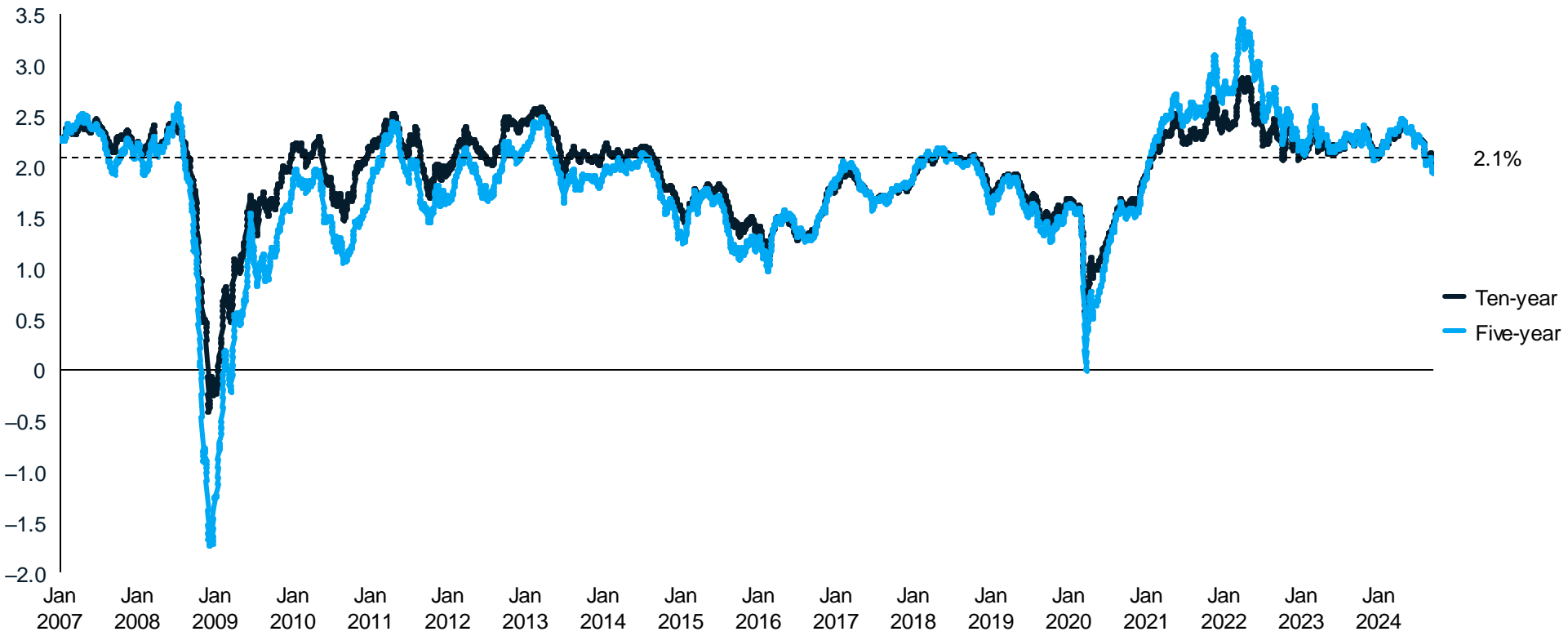


1. Copper, high grade: COMEX Spot Price, updated through September 15, 2024.
 2. Steel, 2.75-millimeter hot-rolled coil (\$/gross metric ton); data estimated since May 2012 using 0.5-millimeter cold-rolled sheet prices; data from July 2023.
 3. Aluminum, LME spot (\$/metric ton), updated through September 15, 2024.
 4. UK: LME nickel, closing cash price (\$/metric ton), updated through September 15, 2024.

Inflation expectations remain well anchored at around 2%

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

% (daily), five-day moving average

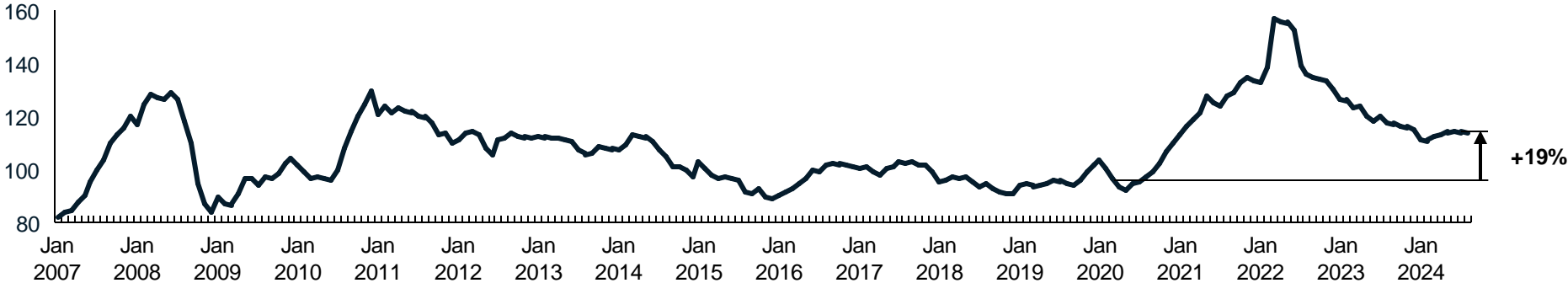


¹Updated through September 13, 2024.

Food prices increased slightly, driven mainly by climate disasters that affected crops

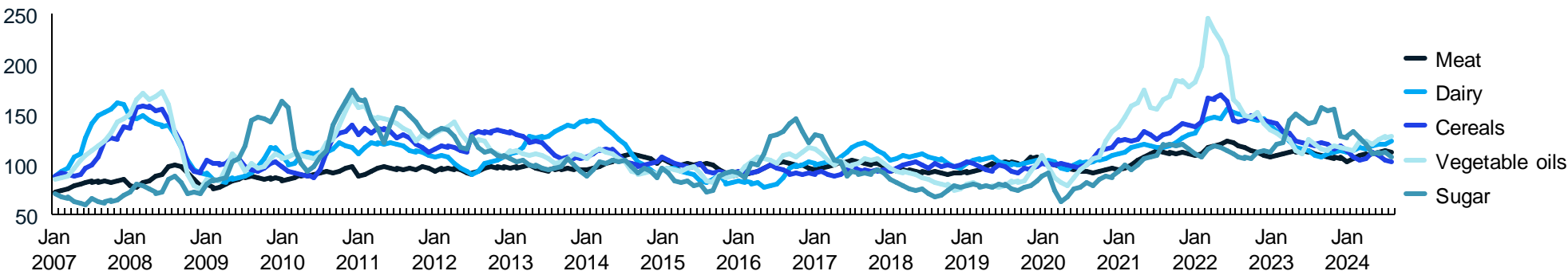
FAO Food Price Index by month, in real terms

Overall index, 2014–16 = 100



Component indexes¹

Index level, 2014–16 = 100

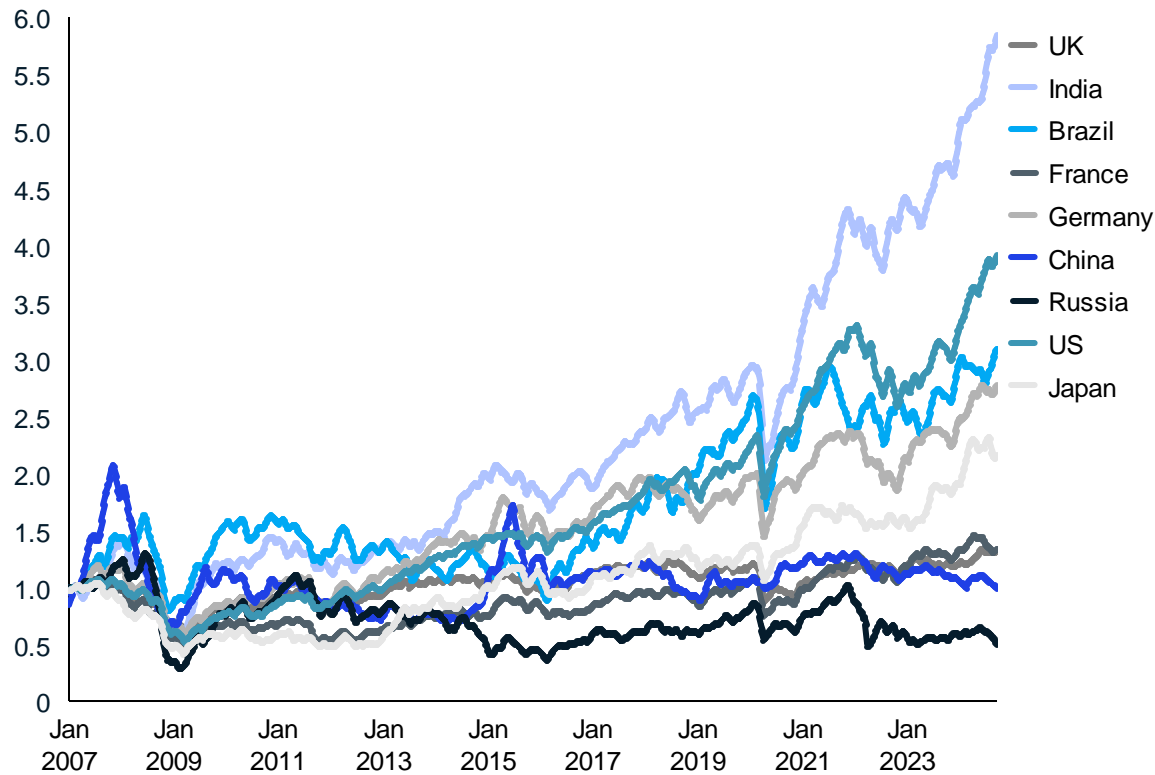


¹The values of the five indexes are compiled and then weighted by the average export shares of each group in 2002–04. The final figure represents the current value of the FAO Food Price Index.

Equities rebounded in September, partly due to the 50-basis-point interest rate cut

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 August over average value in July.

3. Growth rate calculated as average value of each index in September (September 15) over average value in August.

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

Change from prior month

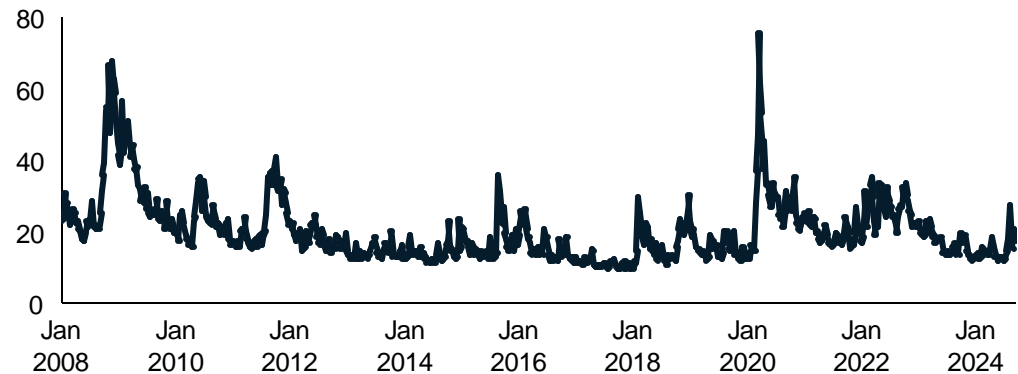
%

US	S&P 500	-1.1	1.7
UK	FTSE 100	0.6	0.1
Germany	DAX	-1.4	2.5
France	CAC 40	-2.2	0.9
Japan	Nikkei 225	-8.1	0
China	SSE Composite index	-2.8	-4.0
India	BSE Sensex-30	0.1	2.6
Brazil	Bovespa	4.4	1.4
Russia	RTS	-9.4	-6.3
		August ²	September ³

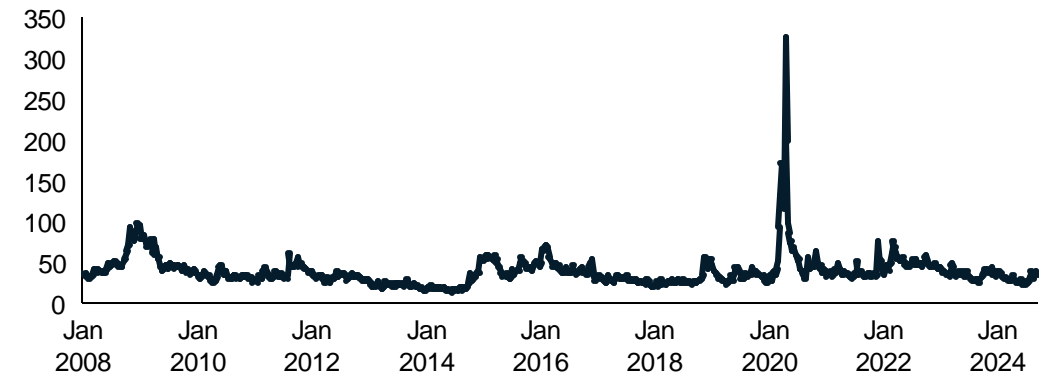
Versus previous period: ■ Significant increase ■ Increase ■ Decline
■ Severe decline ■ No significant change

Market volatility eased in September across all major asset classes

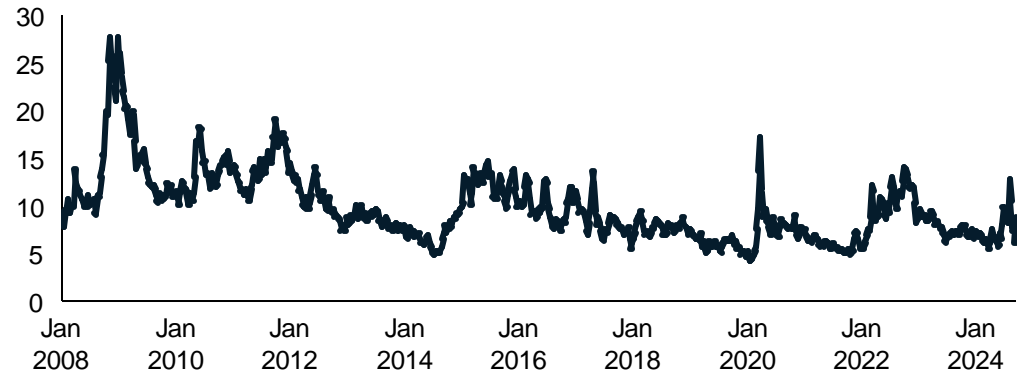
CBOE S&P 500 Index Option Volatility Index (VIX)³



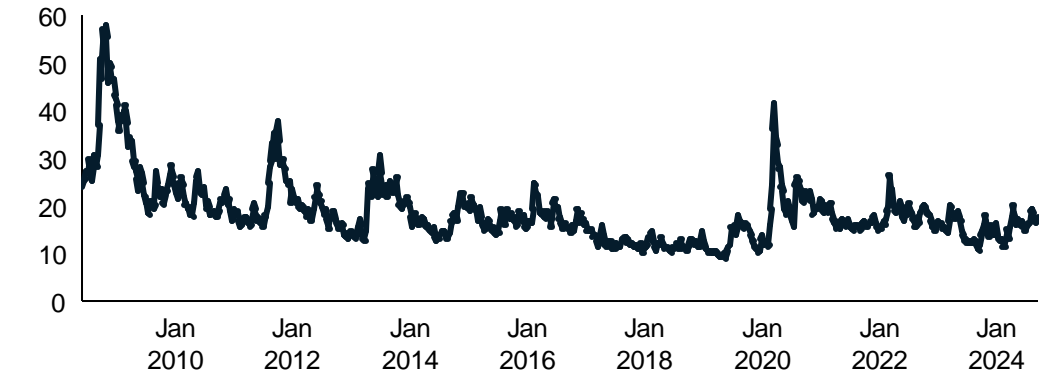
CBOE Crude Oil Volatility Index (OVX)^{1, 3}



CBOE Euro Currency Volatility Index (EVZ)³



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

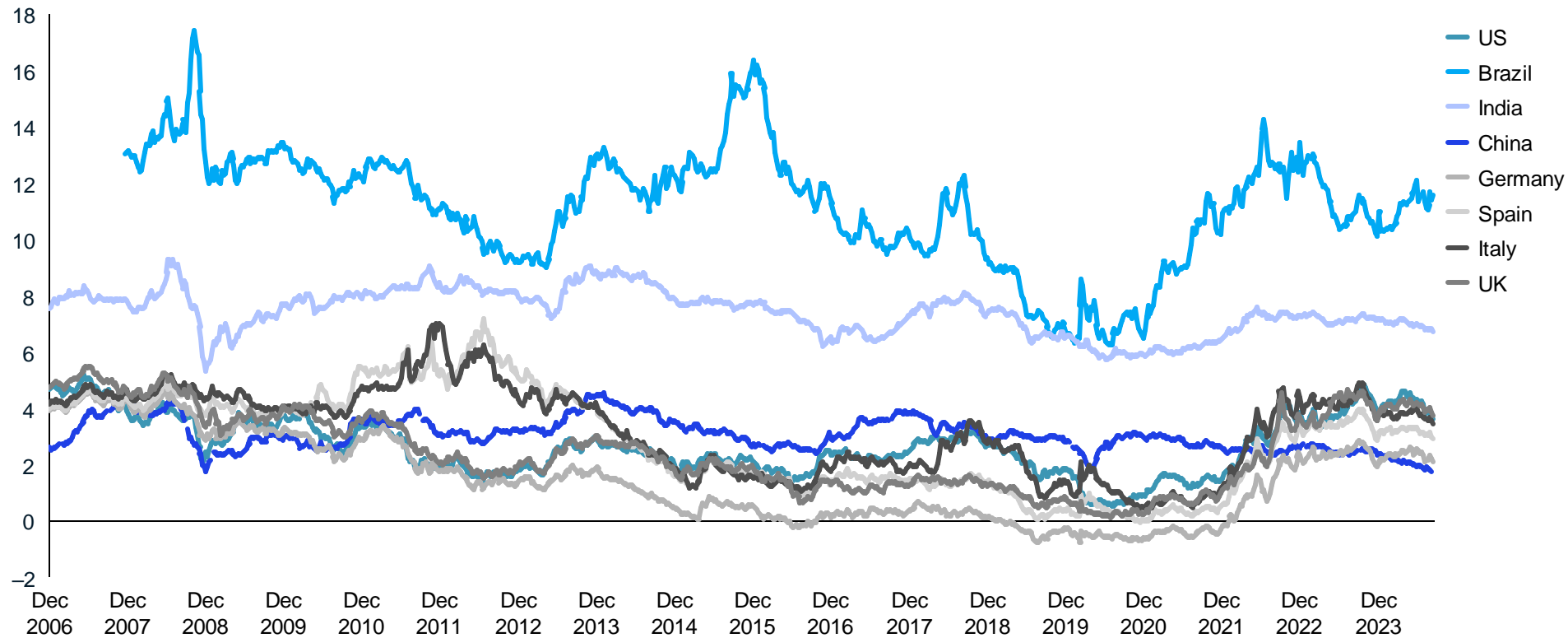


1. Based on United States Oil Fund (USO) option prices.
2. Based on SPDR Gold Shares (GLD) options.
3. Updated through September 17, 2024.

The cost of capital remains elevated, especially in developed economies

Ten-year government bonds¹

Five-day moving average,² % (daily)



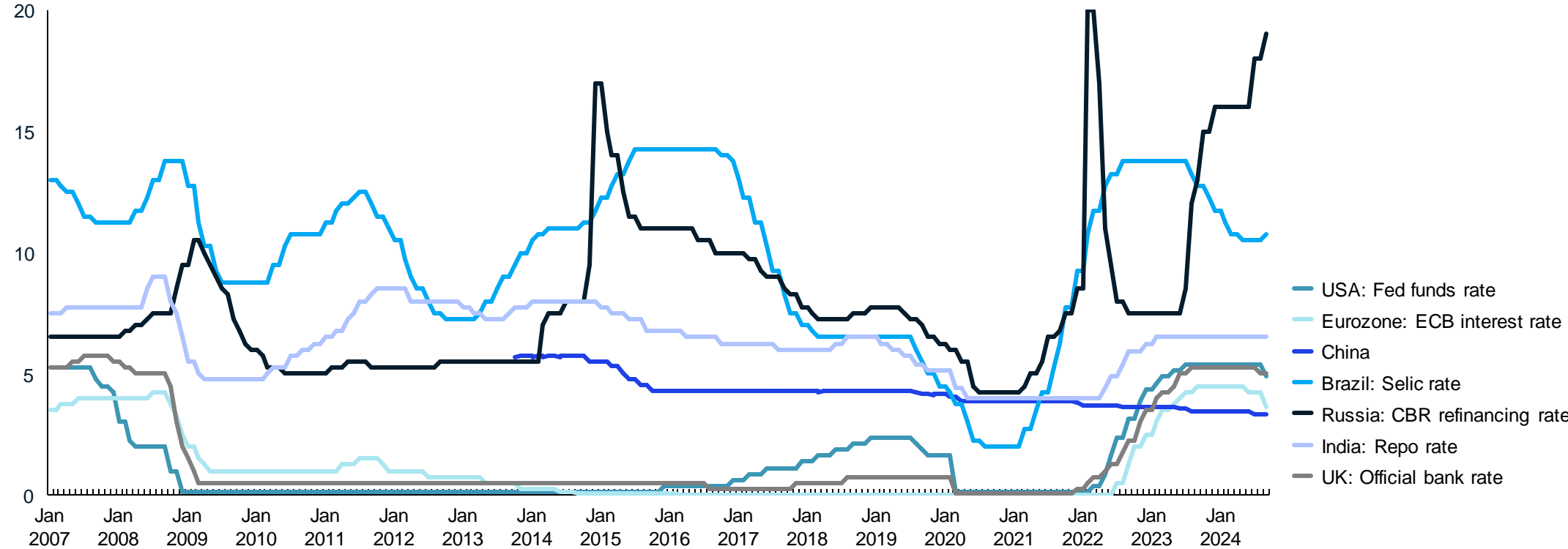
1. Five-year government bond yields used for China.

2. Updated through August 18, 2024.

Diverging pathways among countries: Russia and Brazil tightening policy, the US and Europe cutting rates, and other countries holding them steady

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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