Short-Run Global Economic Forecast

February 2024

TFG Economics

Introduction

At The Freedonia Group, we are actively monitoring how world events are affecting demand, investment, supply chains, and industry consolidation.

The unfolding of these events has required frequent reassessment of the marketplace. The table below summarizes the evolution of our global GDP forecasts over the last two years.

Forecast 2022-2023 Growth for Real GDP

	Real GDP Forecasts -- % Change for 2022-2023 as of:							
	Feb 8, 2022	Mar 24, 2022	Jun 24, 2022	Oct 7, 2022	Feb 8, 2023	Jun 23, 2023	Oct 9, 2023	Feb 19, 2024
WORLD	**3.7%**	**3.9%**	**3.3%**	**2.3%**	**2.4%**	**2.6%**	**2.8%**	**3.0%**
North America	2.5%	2.4%	1.9%	0.9%	0.5%	1.1%	1.9%	2.4%
United States	2.5%	2.5%	1.9%	0.8%	0.4%	0.9%	1.9%	2.4%
Central & South America	2.8%	3.1%	2.3%	1.2%	1.4%	1.2%	1.7%	1.8%
Brazil	2.2%	2.4%	1.5%	0.3%	0.8%	1.1%	2.5%	2.8%
Western Europe	2.4%	2.6%	2.0%	0.0%	0.3%	0.7%	0.6%	0.6%
Eastern Europe	3.1%	4.3%	1.1%	-1.0%	-0.4%	0.3%	1.1%	1.5%
Sub-Saharan Africa	3.9%	4.5%	3.7%	3.4%	3.5%	3.3%	3.3%	2.6%
Mideast & North Africa	3.7%	4.0%	3.7%	3.0%	3.3%	2.7%	2.7%	2.7%
Asia/Pacific	4.9%	5.0%	4.8%	4.0%	4.3%	4.3%	4.4%	4.6%
China	5.3%	5.0%	5.0%	4.5%	4.7%	5.0%	4.9%	5.2%
India	6.2%	7.0%	6.5%	4.9%	6.0%	5.8%	6.1%	6.5%

Source: The Freedonia Group

The following slide deck presents our most recent revised global economic forecasts as of **February 19, 2024**.

Global GDP Forecast Comparison

2023 – 2028 Annual GDP Growth Forecasts as of February 2024 & October 2023

	Current Forecasts February 19, 2024							Forecasts October 9, 2023						
	% annual growth rates						% CAGR	% annual growth rates						% CAGR
	2023	2024	2025	2026	2027	2028	23-28	2023	2024	2025	2026	2027	2028	23-28
WORLD	**3.0**	**2.8**	**3.1**	**3.2**	**3.1**	**2.9**	**3.0**	**2.8**	**2.8**	**3.2**	**3.1**	**3.0**	**3.0**	**3.0**
North America	2.4	1.4	1.6	2.0	1.9	1.8	1.8	1.9	1.3	1.8	1.9	1.8	1.9	1.7
United States	2.4	1.4	1.6	2.0	1.9	1.8	1.7	1.9	1.3	1.7	1.9	1.8	1.9	1.7
Central & South America	1.8	1.8	2.7	2.8	2.7	2.5	2.5	1.7	2.0	2.7	2.6	2.6	2.5	2.5
Brazil	2.8	1.6	2.0	2.3	2.3	2.2	2.1	2.5	1.4	2.1	2.1	2.2	2.3	2.0
Western Europe	0.6	0.8	1.5	1.7	1.4	1.2	1.3	0.6	1.0	1.6	1.4	1.2	1.2	1.3
Eastern Europe	1.5	2.1	2.1	2.2	2.1	2.0	2.1	1.1	1.9	2.4	2.1	2.0	2.0	2.1
Sub-Saharan Africa	2.6	3.5	4.1	3.8	3.8	3.8	3.8	3.3	3.6	3.8	4.0	3.9	4.2	3.9
Mideast & North Africa	2.7	3.0	3.3	3.1	3.0	3.0	3.1	2.7	3.2	3.2	3.1	3.1	3.0	3.1
Asia/Pacific	4.6	4.2	4.3	4.3	4.2	4.0	4.2	4.4	4.2	4.5	4.4	4.1	4.0	4.3
China	5.2	4.3	4.2	4.2	4.1	3.8	4.1	4.9	4.4	4.4	4.4	4.1	3.8	4.2
India	6.5	6.2	6.5	6.4	6.2	6.0	6.3	6.1	6.2	6.9	6.5	6.1	6.0	6.3

Source: The Freedonia Group

Global Economic Analysis

Global real GDP advanced 3.0% in 2023, a slightly slower pace than in 2022:

- In many high-income countries, price inflation slowed, but was still noticeably above pre-pandemic levels. As a result, central banks maintained restrictive monetary policies, keeping interest rates elevated. Businesses faced higher costs of financing, causing them to cut back on investment plans.
- The ongoing war between Russia and Ukraine disrupted energy markets. Higher prices for natural gas in Western Europe reduced the international competitiveness of manufacturing operations.
- Trade volumes increased by the slowest rate of any year in the last half-century in which there was not a global recession. Trade in goods fell outright. Trade in services continued its post-pandemic recovery, but less robustly than in the two previous years.
- The removal of social restrictions imposed during the COVID-19 outbreak provided a boost to China's economy during the first half of 2023. During the latter half of the year, concerns increased about the health of the construction sector as housing developers had difficulties meeting payment obligations to their lenders. For the full year, real GDP rose 5.2% in China.

Global Economic Analysis (continued)

In 2024, global economic activity is forecast to decelerate for the third consecutive year, with real GDP rising 2.8%:

- Interest rates in North America and Western Europe are expected to remain above the average of the previous decade. Consumer confidence in Western Europe has been flagging, and the drag on consumption spending is expected to continue in 2024. Weakness in the commercial real estate market in the US will crimp structures investment and may have spillover effects on the banking system.
- Economic growth in the Africa/Mideast region is projected to accelerate from the 2023 performance. Petroleum-exporting countries in the Middle East are expected to enjoy stronger growth as oil production levels stabilize or even rise slightly during the year.
- Geopolitical concerns pose risks to the forecast, with the balance of those risks on the downside. The Israel-Hamas and Russia-Ukraine conflicts could intensify and lead to wider regional economic disruptions. Rising political tensions between countries could reduce international trade flows and raise production costs for manufacturers.