

GLOBAL ECONOMY UPDATE – 4QCY24



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A one-stop guide to the key macro/financial indicators

- ❖ To offer investors a unique advantage, we present a comprehensive overview of the global economy, covering as many as 40 nations that collectively accounted for over 85% of the global GDP in CY23. This is the 15th update in the series with data up to 4QCY24.
- ❖ Our intent to work on this comprehensive and extremely detailed data-oriented presentation is to provide a one-stop shop to all our readers. Through this presentation, we hope to provide a broad perspective on the evolution of the global economy.
- ❖ We start with our analysis of the financial markets (equity, debt, and currency) and have attempted to cover the most important macroeconomic indicators to offer our readers an idea of various themes. We discuss: a) consumption vs. investments, b) linkages between monetary variables and inflation, c) key trends in global debt, d) government finances, e) monetary economics, f) international trade developments, g) the global housing market condition, and h) the labor market situation in developed nations.
- ❖ This presentation is usually released towards the end of the first month of every quarter, covering all published data as of the recently concluded quarter.



We cover 40 nations in this presentation; ~85% of global GDP

Advanced Economies (AEs):

- ❖ Australia (AU)
- ❖ Canada (CA)
- ❖ Euro Area (EA) – 20*
- ❖ Hong Kong (HK)
- ❖ Japan (JP)
- ❖ Singapore (SG)
- ❖ South Korea (SKr)
- ❖ Taiwan (TW)
- ❖ United States of America (US)
- ❖ United Kingdom (UK)

*Austria (AT), Belgium (BE), Croatia (HR), Cyprus (CY), Estonia (EE), Finland (FI), France (FR), Germany (DE), Greece (GR), Ireland (IE), Italy (IT), Latvia (LV), Lithuania (LT), Luxembourg (LU), Malta (MT), The Netherlands (NL), Portugal (PT), Slovakia (SK), Slovenia (SI), and Spain (ES)

Emerging & Developing Economies (E&DEs):

- ❖ Brazil (BR)
- ❖ China (CN)
- ❖ India (IN)
- ❖ Indonesia (ID)
- ❖ Malaysia (MY)
- ❖ Mexico (MX)
- ❖ Philippines (PH)
- ❖ Russia (RU)
- ❖ South Africa (SAf)
- ❖ Thailand (TH)
- ❖ Turkey (TR)



01 ➤ Highlights of 4QCY24 with key projections

02 ➤ Financial market trends:

- ❖ Global equity markets remain buoyant, led by advanced nations
- ❖ Bond yields rose in 4QCY24/Jan'25*, as fiscal spending grew faster
- ❖ US Dollar strengthened in 4QCY24 and further in Jan'25*

03 ➤ GDP growth and its components

04 ➤ How much debt is too much?

05 ➤ The last-mile journey in CPI inflation is proving very difficult

06 ➤ Global fiscal deficit expanded in 3QCY24 and US' deficit widened further in 4QCY24

07 ➤ Money supply measures remain constrained, but cut rates have begun

08 ➤ Global external trade remains weak; India has the world's fourth-highest FX reserves

09 ➤ Home prices show resilience in advanced economies, but remain weak in China

10 ➤ Labor market remains tight as the rise in unemployment rate is limited



Key highlights of 4QCY24

- ❖ Global equity markets remained buoyant in 4QCY24, though bond yields hardened and US Dollar (USD) strengthened. The anticipation and the eventual win of Donald Trump in the US presidential elections supported these movements in the financial markets, which continued in Jan'25 as well.
- ❖ World real GDP growth was stable at 3.0% for the fourth consecutive quarter in 3QCY24. Although India's growth weakened to 5.4% in 3QCY24, it was still the world's fastest-growing economy for the fourth consecutive quarter. Retail sales growth remained stable at 2-3%, with subdued growth (of 1-2%) in industrial production.
- ❖ Global inflation has eased in recent months, but the last-mile journey is turning out to be very difficult as both headline and core inflation have been stable at about 2.5% during the past 3-4 months.
- ❖ Monetary stimulus is wearing off globally (shown by the shrinking size of central banks' balance sheets), though the global fiscal deficit likely widened in 2HCY24. Most central banks have already cut interest rates starting from 4QCY24.
- ❖ Lastly, the US housing market and labor market continue to show resilience, though China's real estate market remains in the doldrums.



Key projections for CY25: The year of high uncertainty

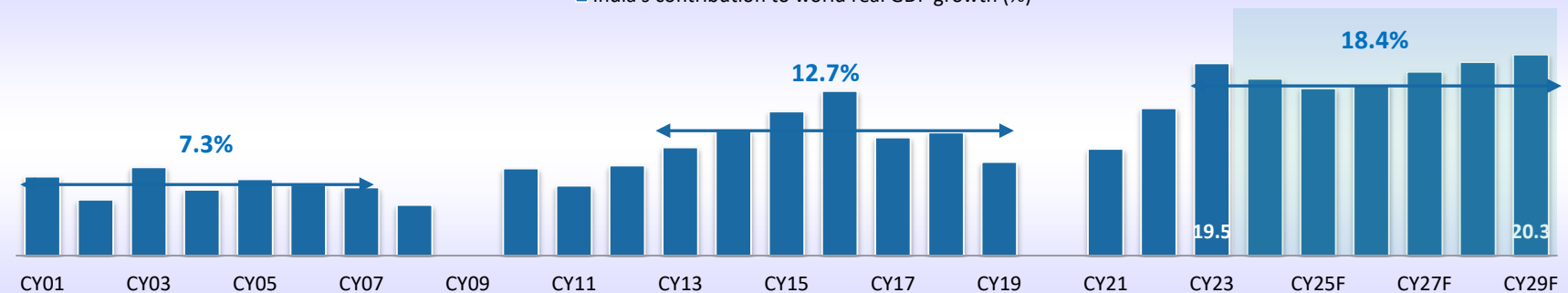
- ❖ With the re-election of Donald Trump in the US, many questions remain unanswered, and the final impact is difficult to gauge without details. Will Trump raise tariffs on all US imports? How strict will its policy be on immigrants? Can it announce tax cuts and maintain a high fiscal deficit? What could be the cost of ignoring immediate address to climate risks? Will Trump succeed in influencing the US' monetary policy? These questions and many more will keep investors worldwide on their toes in 2025.
- ❖ Further, the US labor market and house prices are proving more resilient, which is likely to pressure the US Federal Reserve to pause its rate cuts. How will the financial market react to the new normal? Will Powell be able to resist pressure from the new President?
- ❖ At home, the most important question is '*Will RBI cut rates in Feb'25 or postpone it to Apr'25?*'. Recent movements in the INR have certainly made it difficult for RBI; however, we believe it is still very much on the table, considering the contained fiscal deficit and inflation amid the growth slowdown. Moreover, where will growth lie in 3Q and 4QFY25? Will the economy see a rebound in real GDP growth to 6.5-7.0% in FY26?
- ❖ Overall, while 2025 could be a year of unusually high uncertainty, we are certainly going to have a very exciting year ahead.

India expected to contribute much more to the world GDP growth

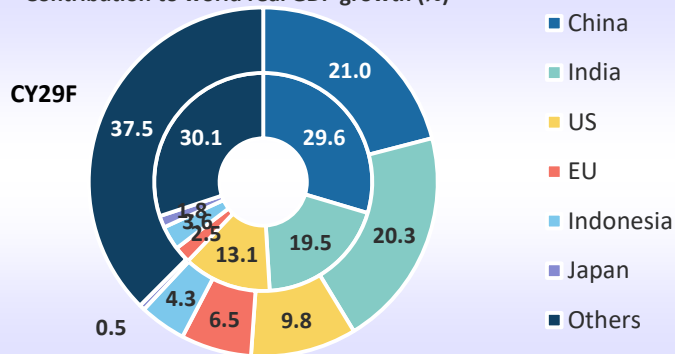


India's contribution to the world real GDP growth rate stood at 19.5% in 2023/FY24, the highest since 1980

■ India's contribution to world real GDP growth (%)

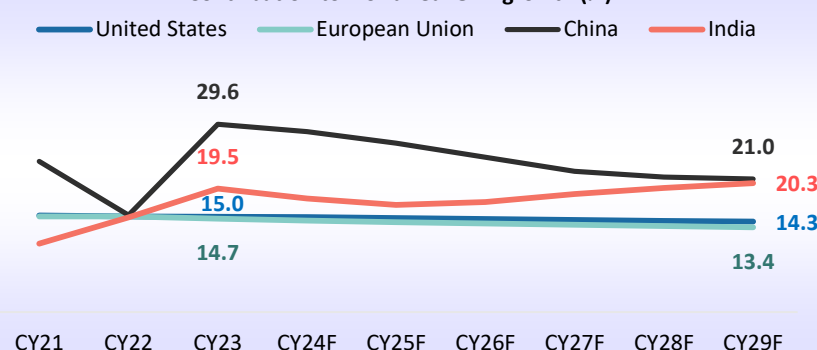


Contribution to world real GDP growth (%)



*Excluding CY09 and CY20, when world GDP declined

Contribution to world real GDP growth (%)



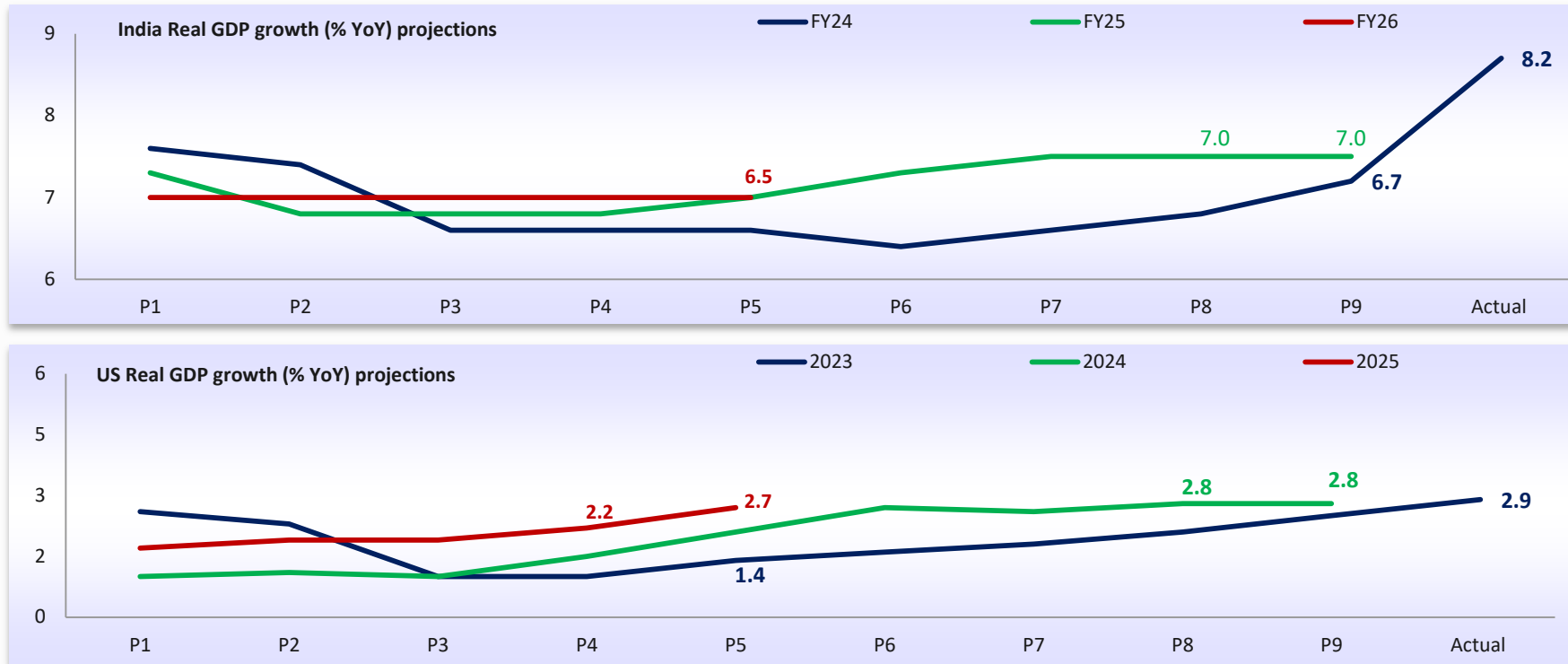
CY23 = FY24 for India

Source: IMF Oct'24
WEO, MOFSL

India's real GDP growth projected at 7%/6.5% for FY25/FY26



Real GDP growth projections for CY24/FY25 for India were mostly stable, while for the U.S., they were upgraded

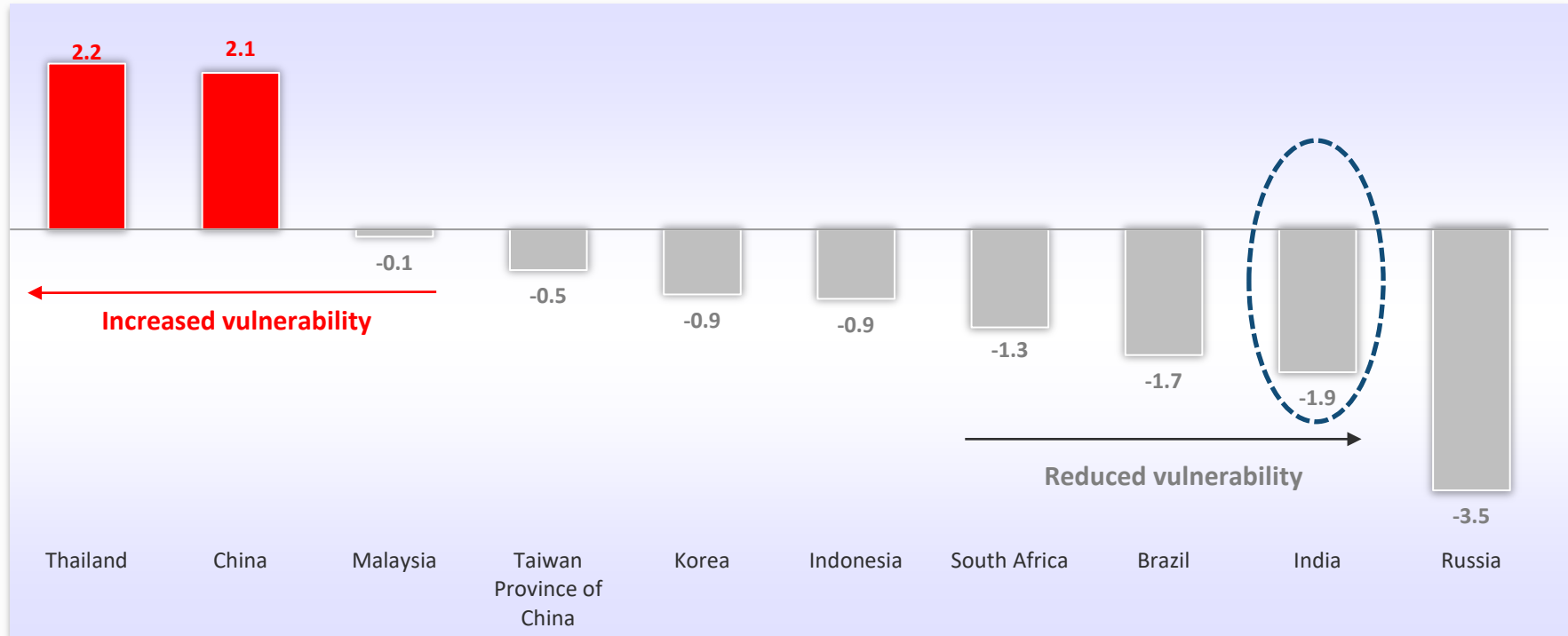


IMF makes nine projections for GDP growth for a year over a span of 24 months. The first projection comes in January two fiscal years prior (e.g. Jan'19 for 2020-21) and the last in January of the same year (e.g. Jan'21 for 2020-21)

Source: IMF, MOFSL



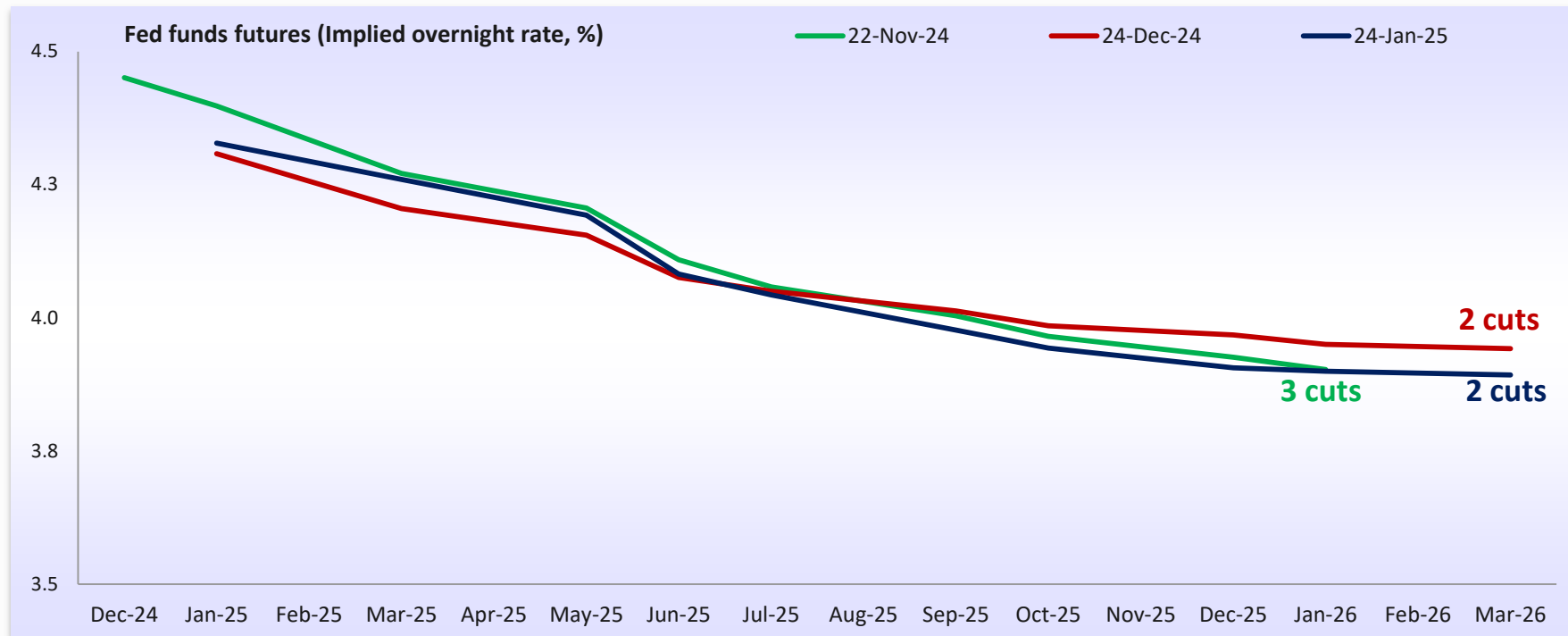
India's macro vulnerability expected to improve in 2025-26



Macro-Vulnerability Index (MVI) = Inflation + fiscal deficit + Current Account Deficit (CAD); The higher the MVI, the higher the macro risk
Each data point represents the change in MVI during the next two years (CY25 and CY26) over the previous two years (CY23 and CY24)

Source: IMF, CEIC, various national sources, MOFSL

US FED expected to implement two rate cuts by the end of CY25

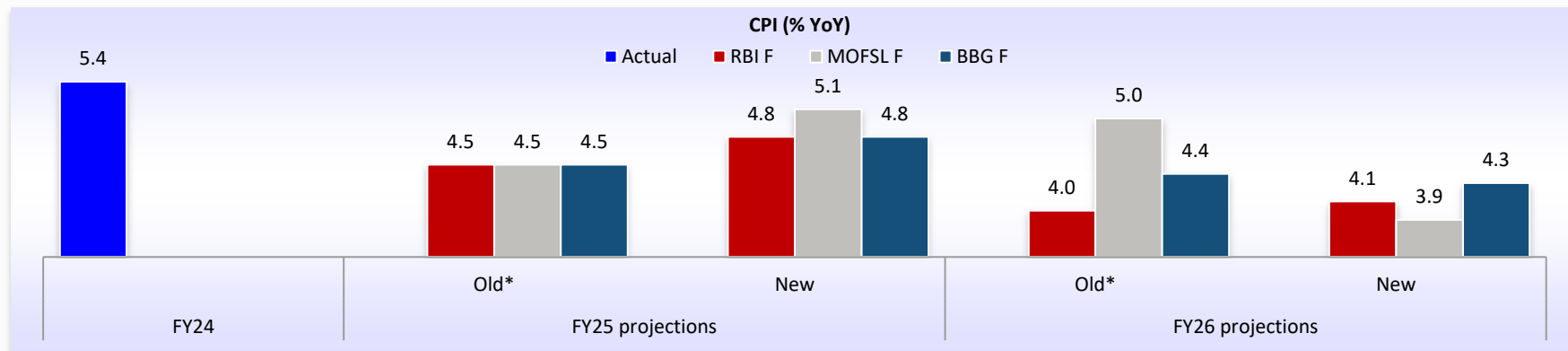
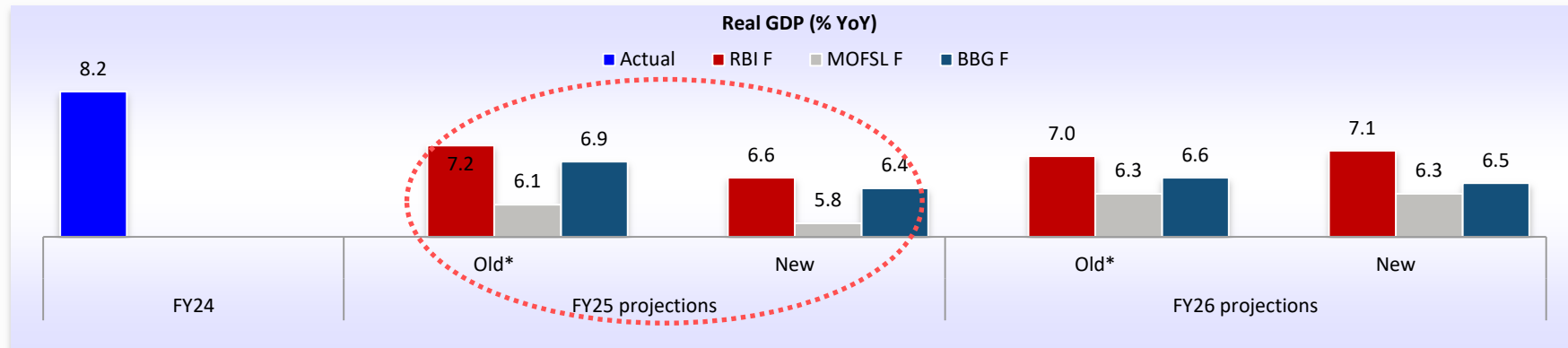


Easing inflation, along with housing and labor market conditions, in the US economy seem to be providing comfort to the markets that the US Federal Reserve may ease rates sooner and faster in the coming months than what was projected a quarter ago.

Please review slide 55 for recent rate changes by the world's major central banks

Source: Bloomberg,
MOFSL

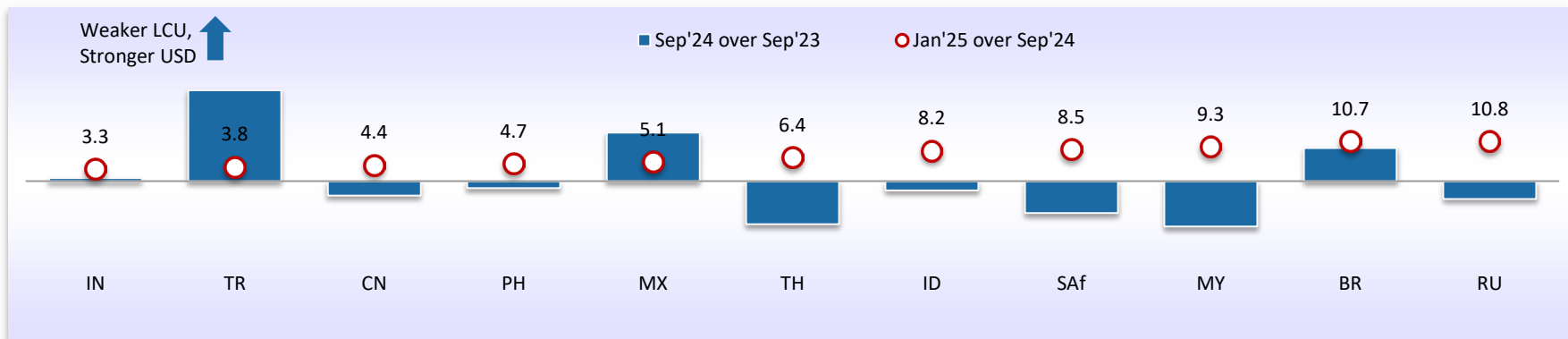
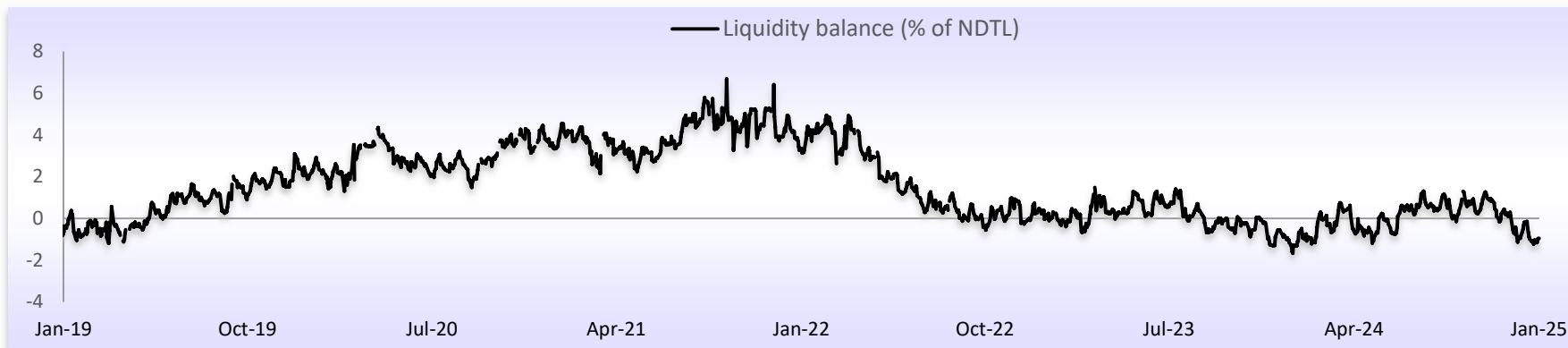
India's growth forecasts revised down with stable inflation projections...



*Old projections pertain to Sep'24

Source: RBI, MOFSL, BBG

...but liquidity has tightened and INR has depreciated



Liquidity balance data as of 21st Jan'25; FX data as of 17th Jan'25

Source: RBI, CEIC, MOFSL

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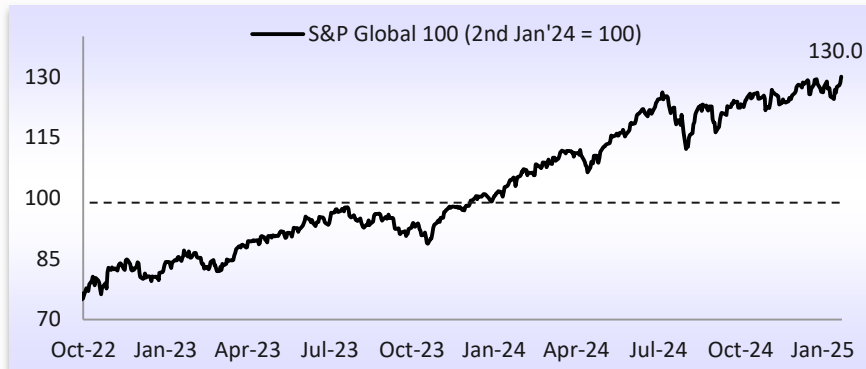
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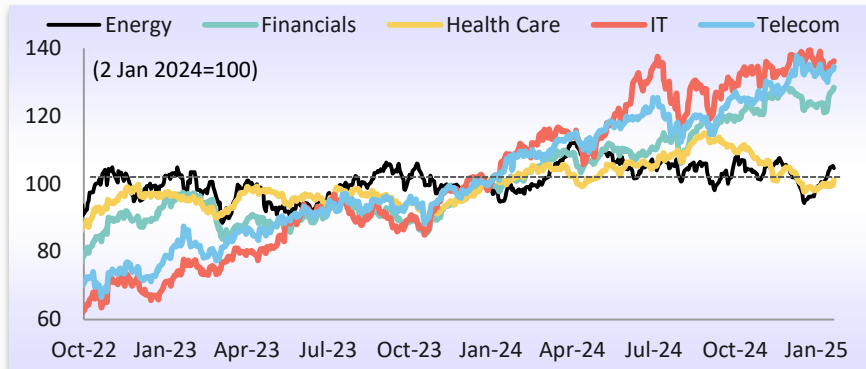
Global equity markets up 3% in Jan'25*, following a 25% surge in CY24



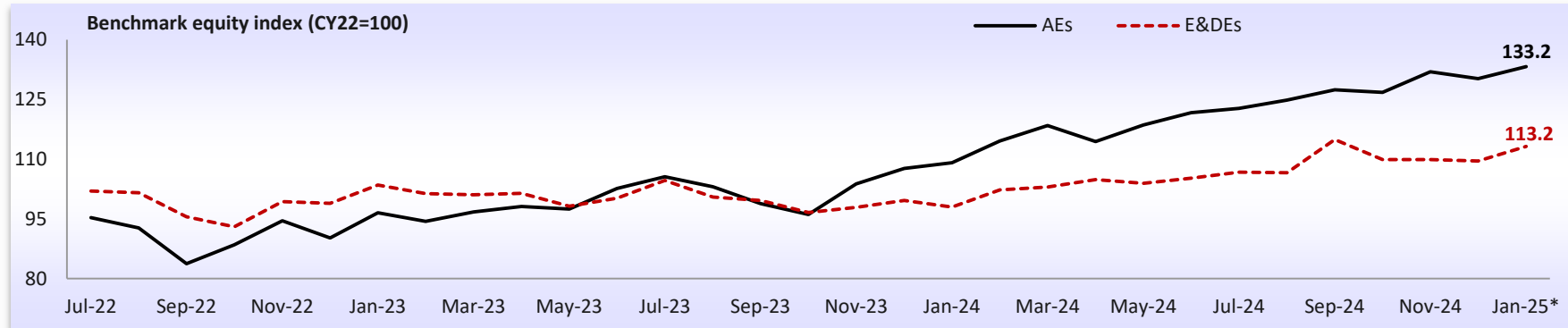
S&P Global 100 index starts 2025* decently after a 25% rise in CY24...



...mainly led by IT, telecom, and financials



AEs' equity markets (grew 19% YoY in CY24) performed much better than E&DEs (10.6% YoY) in CY24



Aggregate indices are weighted by market capitalization

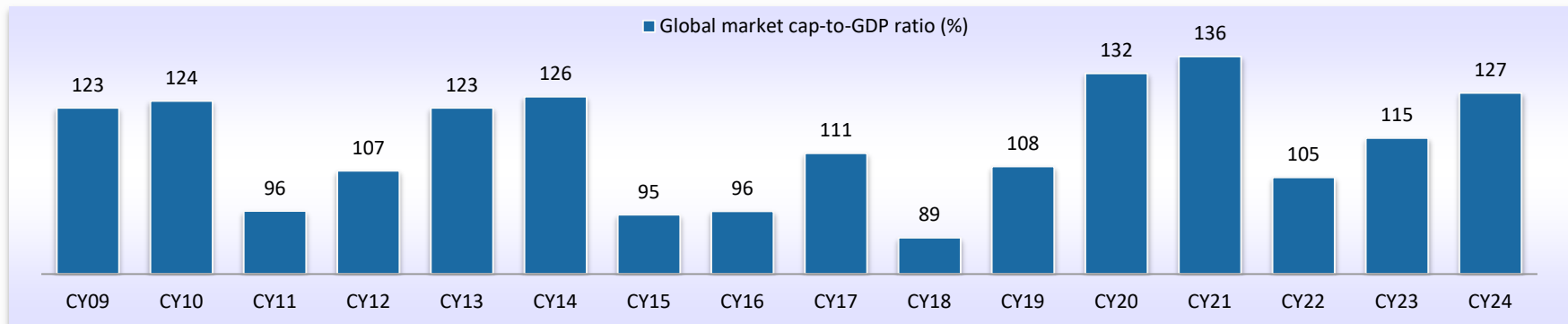
*All data as of 22nd Jan'25

Source: Bloomberg, CEIC, MOFSL

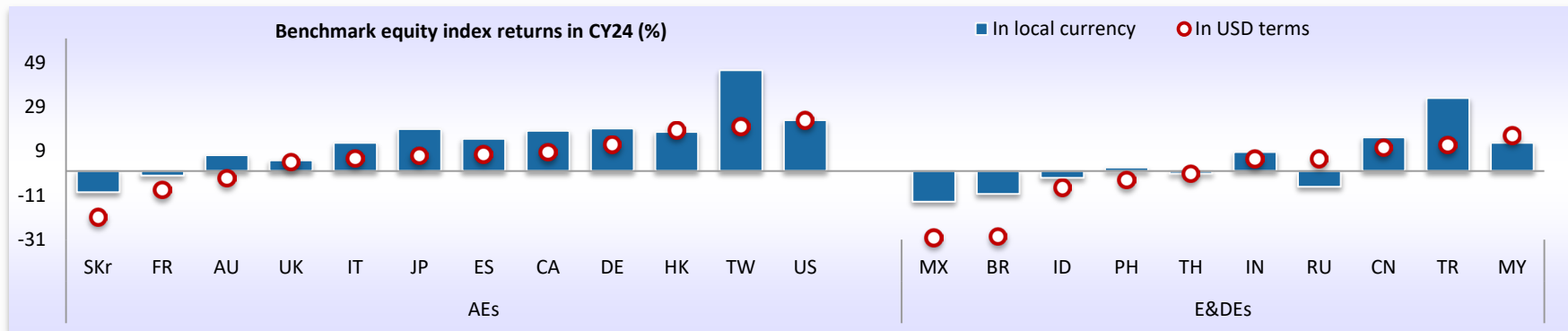
Global mcap-to-GDP ratio increased to a three-year high of 127% in CY24



Global mcap-to-GDP ratio increased to a three-year high of 127% in CY24



AEs have performed better than many E&DEs in CY24



Assuming 3% YoY growth in world nominal GDP in 3QCY24

* Point-to-point comparison (31st Dec'24 over 31st Dec'23)

Source: Bloomberg, CEIC, MOFSL

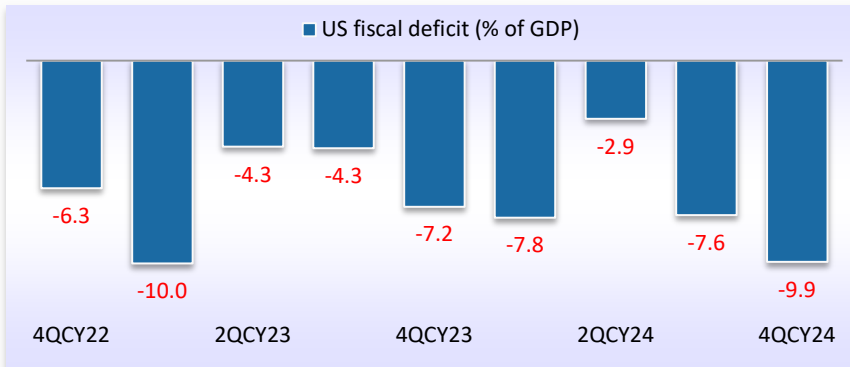


Lower monetary support *at least partly* offset by fiscal spending

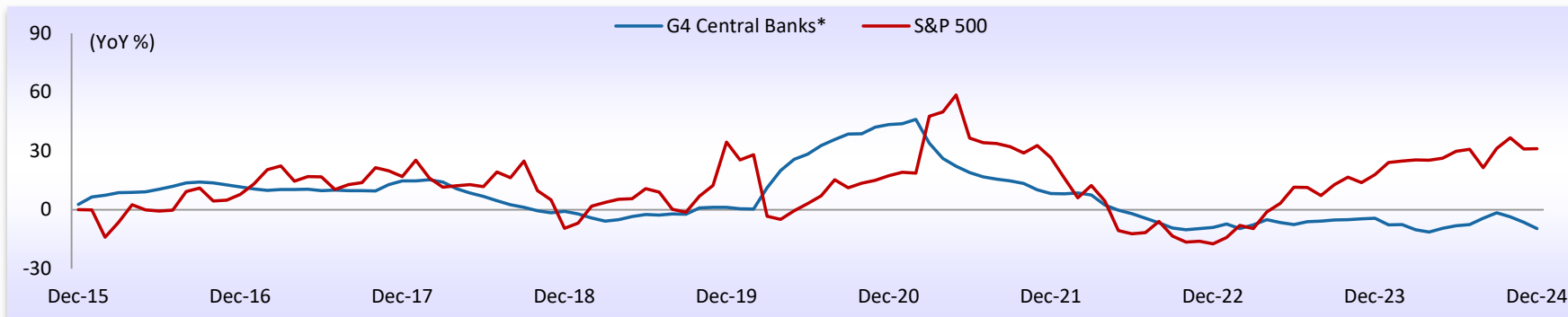
The combined balance sheet of central banks fell for the 31st month in Nov'24...



US fiscal deficit widened to 9.9% of GDP in 4QCY24



S&P500 rose sharply in 4QCY24, despite the falling monetary stimulus



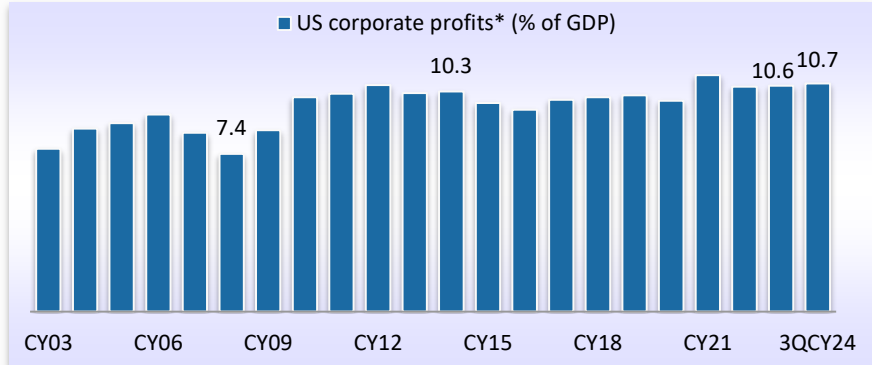
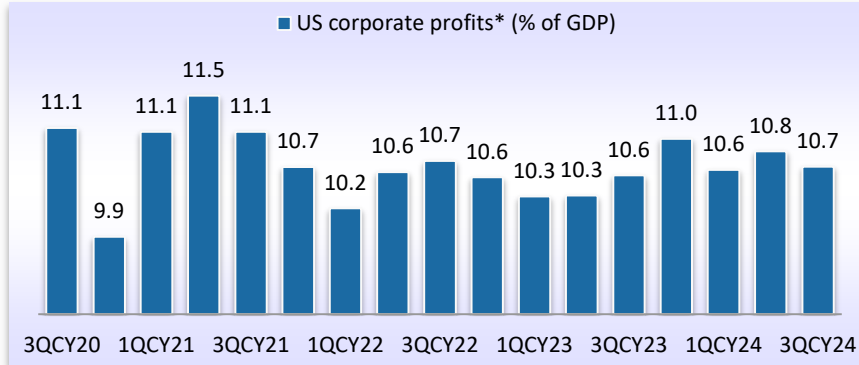
* G4 = US Fed, ECB, Bank of Japan, and PBoC

Source: Bloomberg, CEIC, MOFSL

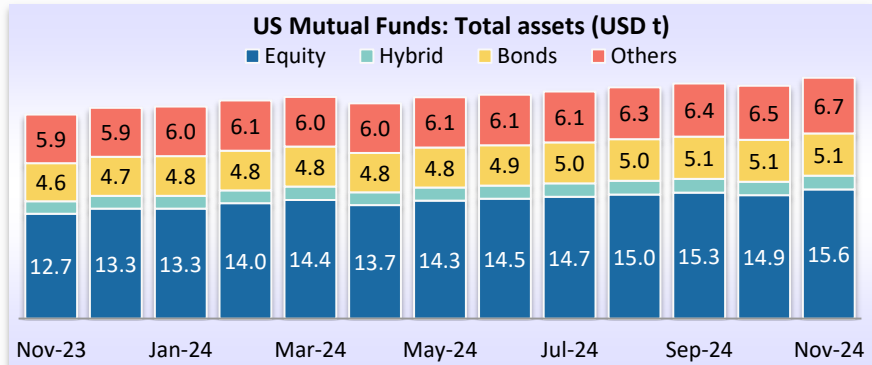
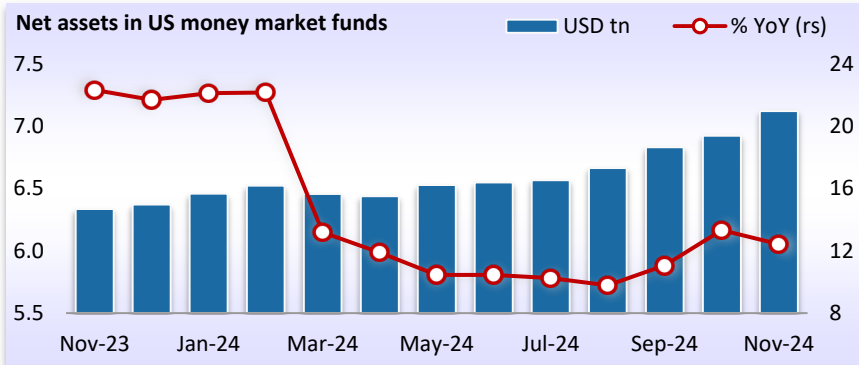
US corporate profits increased slightly in 3QCY24, MF flows decelerated



US corporate profits increased slightly to 10.7% of GDP in 3QCY24 vs. 10.6% of GDP in CY23



US MMF growth decelerated to 13.3% in Jan-Nov'24 (vs. an avg. of 16% in CY23)... ..though it has been stable in mutual funds



Corporate profits = Investments – household savings – government savings + current account balance – corporate depreciation + dividends

Source: US Bureau of Economic Analysis, CEIC, MOFSL



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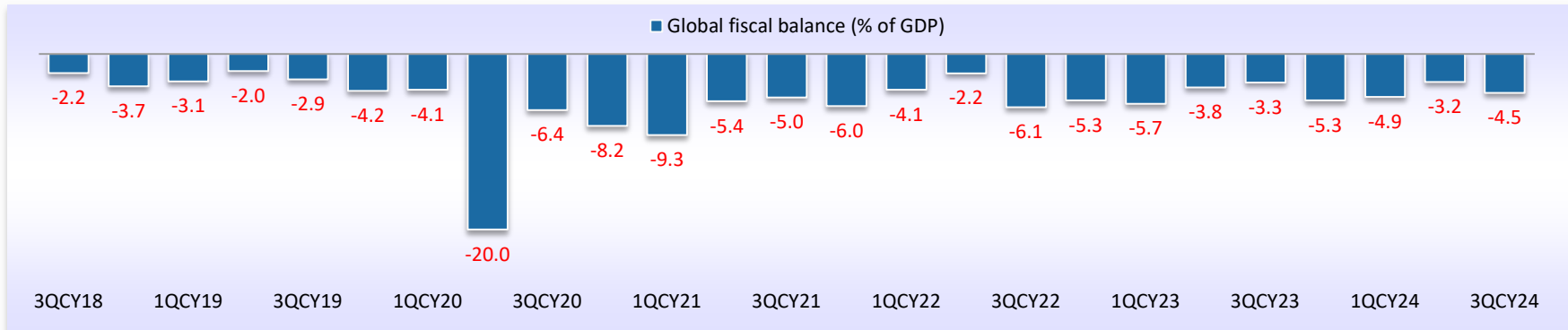
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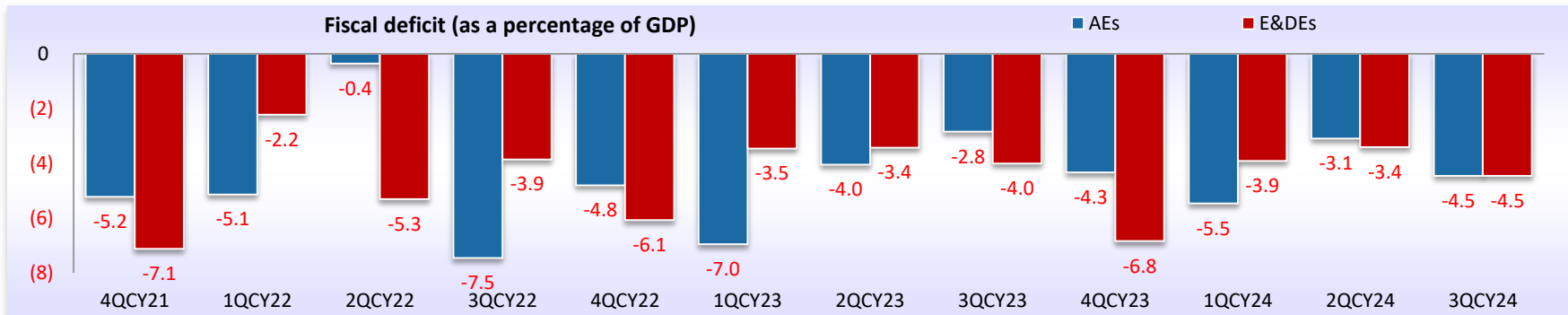


Global fiscal deficit widened to 4.5% of GDP in 3QCY24...

Global fiscal deficit widened to 4.5% of GDP in 3QCY24 from 3.3% of GDP in 3QCY23, mainly led by a slowdown in receipts



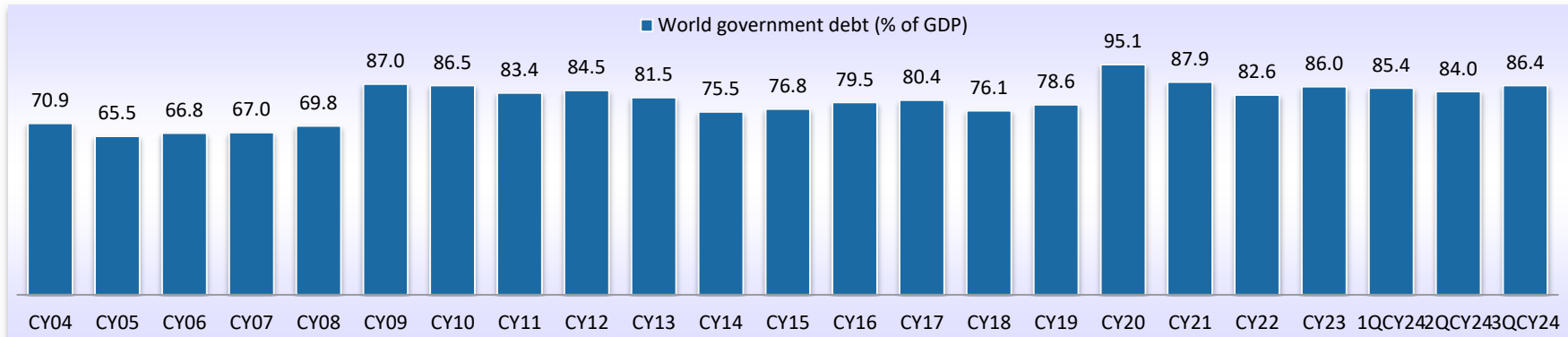
Fiscal deficit in AEs increased to 4.5% of GDP in 3QCY24 vs. 2.8% in 3QCY23



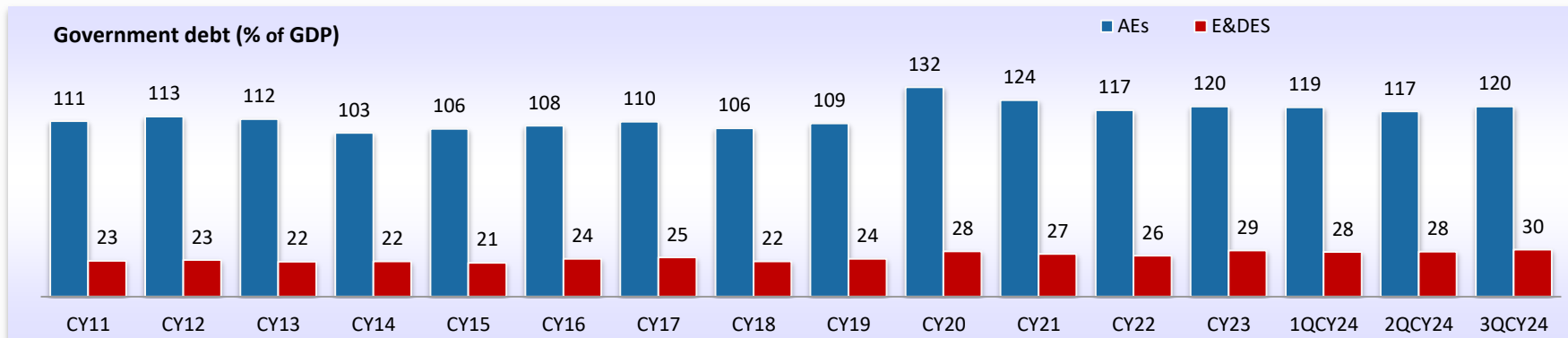
...and the world government debt increased



World government debt stood at 86.4% of GDP in 3QCY24...



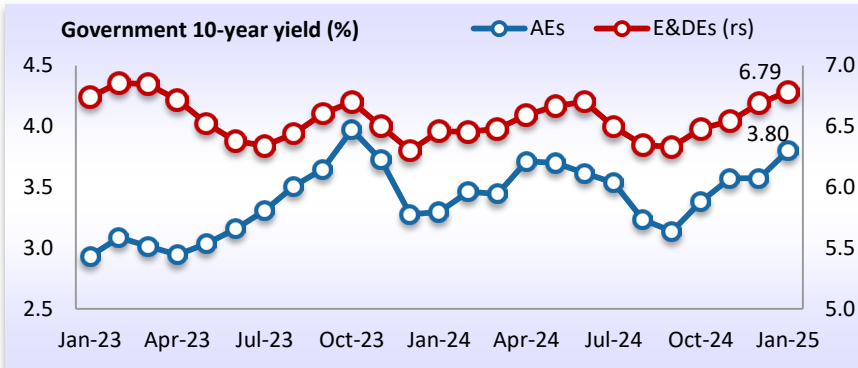
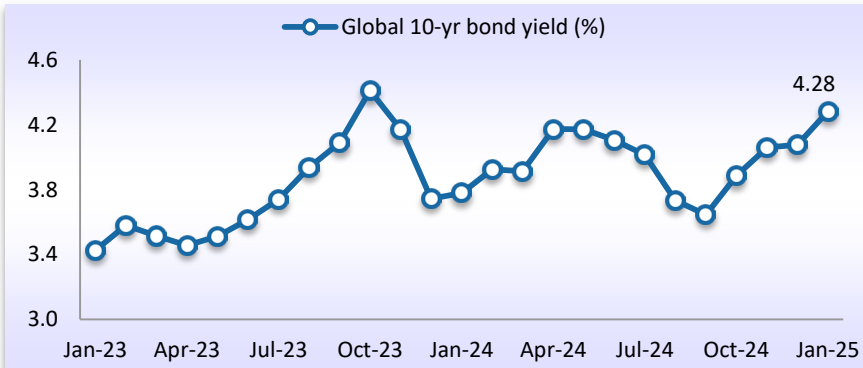
...led by a broad-based increase in debt of both AEs and E&DEs



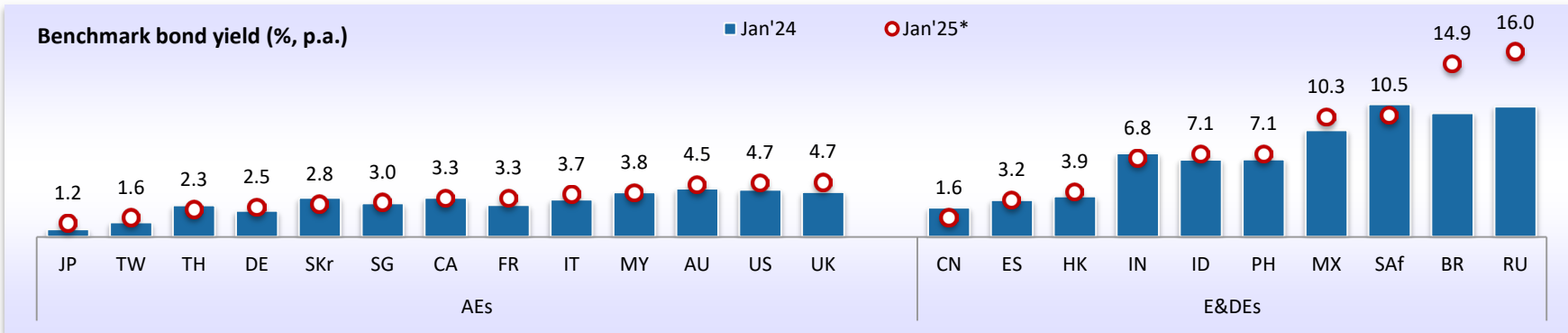


Global bond yields at a 15-month high in Jan'25

Global 10-year bond yield went up to a 15-month high of 4.28% in Jan'25, driven by both AEs and E&DEs



Bond yields in Jan'25 are higher vs. Jan'24 in 16 out of 23 economies



Aggregate indices are weighted by outstanding government debt

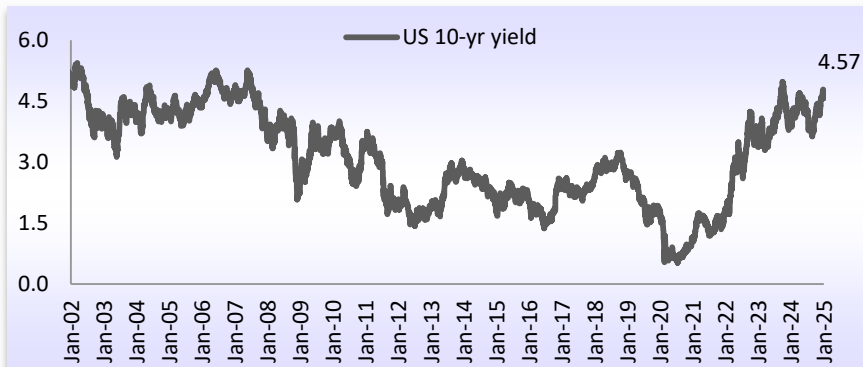
* As of 22nd Jan'25

Source: Bloomberg, CEIC, MOFSL

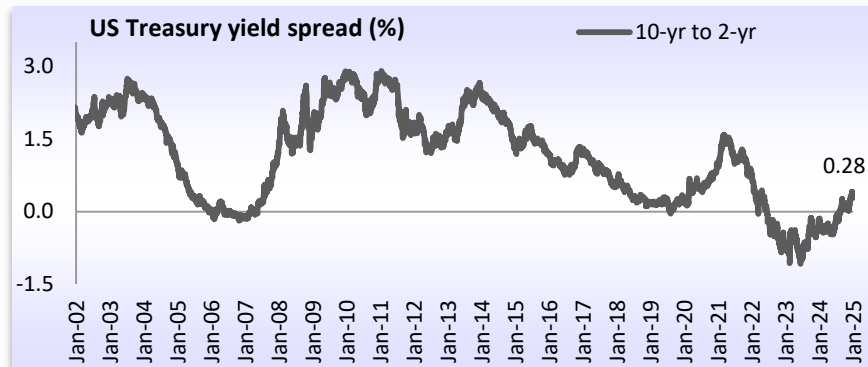


US bond yields are now rising to 4.6%

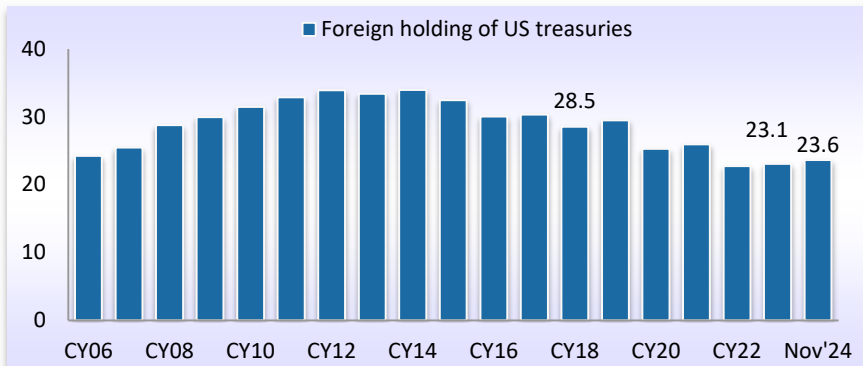
US 10-year yield increased to 4.6% in Jan'25 from 4.1% in Oct'24



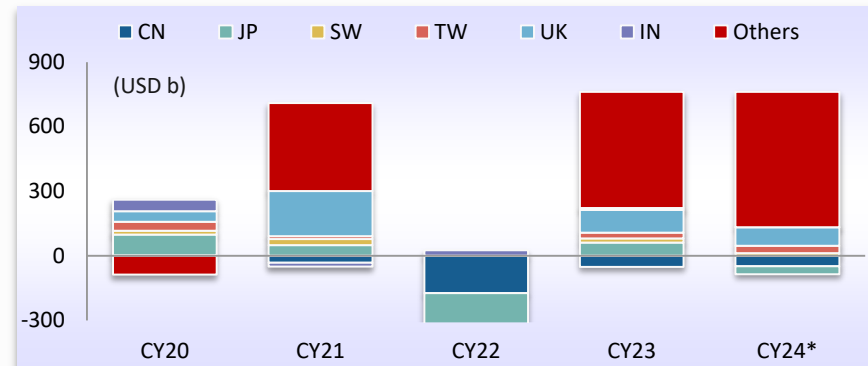
The 10-to-2-year UST spread averaged +0.36pp in Jan'25 vs. 0.13pp in Nov-Dec'24



Foreigners' holding of US treasuries increased slightly in CY24*...



...with CN being the net seller



Daily data till 22nd Jan'25

SW = Switzerland

*Data as of Nov'24

Source: Bloomberg, CEIC, MOFSL



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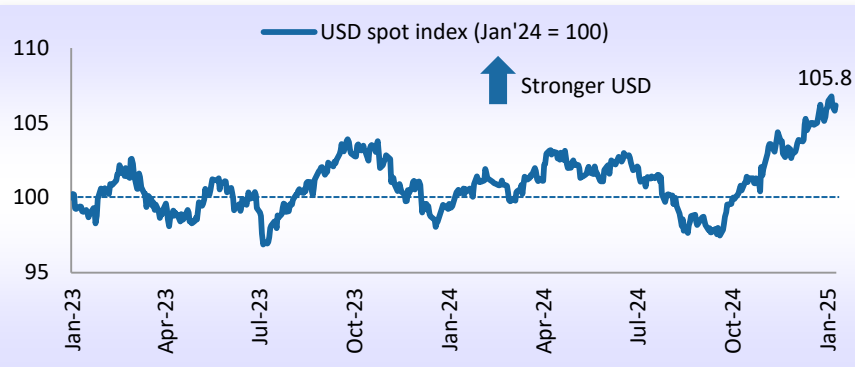
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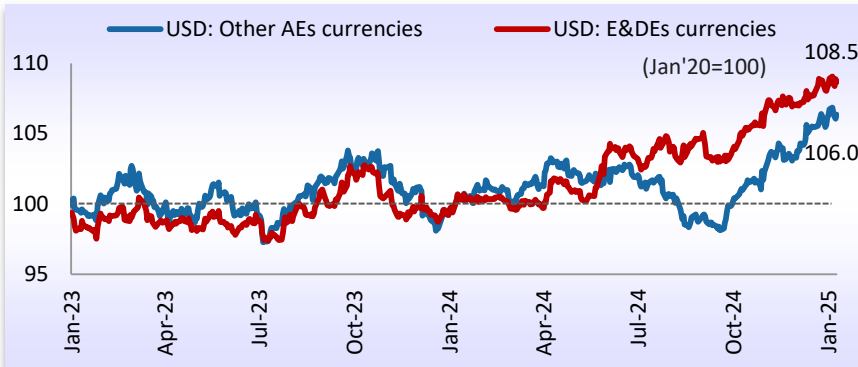
USD has increased sharply in late-CY24 and early-2025



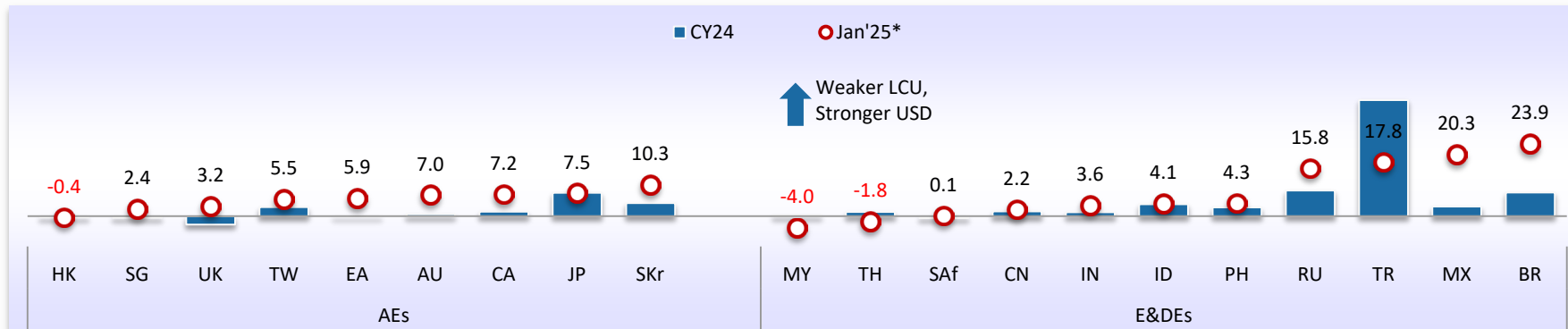
Strengthening of USD continues in 2025*...



...with weaker currencies in both AEs and E&DEs



Barring three nations (HK, MY, and TH), all other major currencies have remained weaker against USD in CY24/Jan'25



Daily data as of 17th Jan '25

Local currency unit (LCU)

^Point-to-point comparison (30th Dec'24 over 29th Dec'23)

Source: Bloomberg, CEIC, MOFSL

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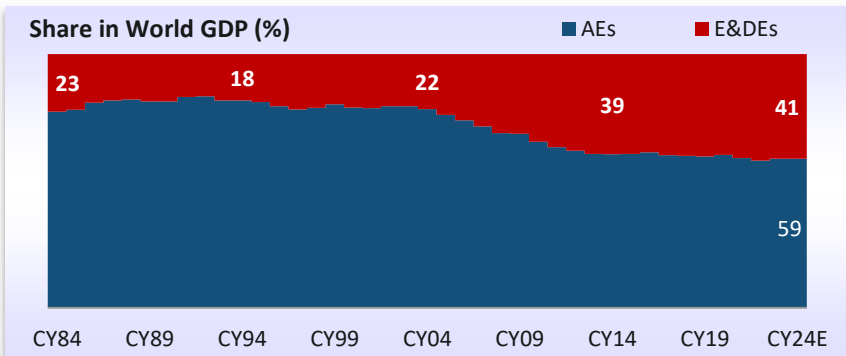
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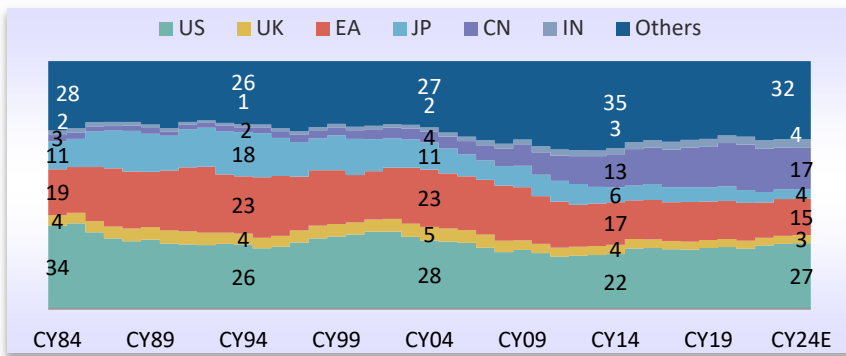


Long-term trends in global GDP since the 1980s

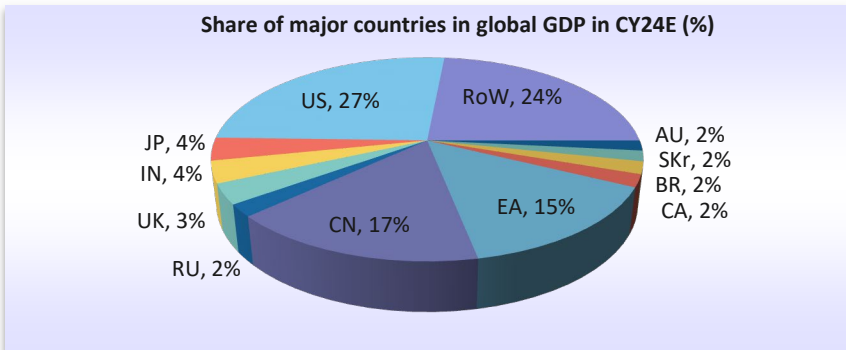
E&DEs now account for 41% of the global GDP...



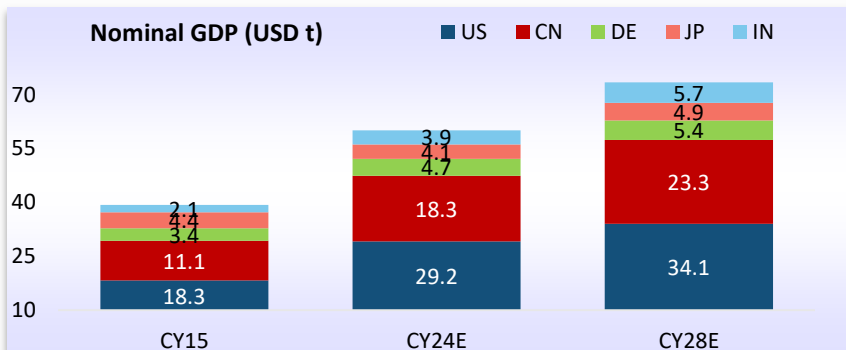
...with US/UK/IN/EA gaining at the cost of CN/JP



India likely to be the fifth-largest economy in the world in CY24E...



...and expected to be the third-largest economy by CY28E (FY29)

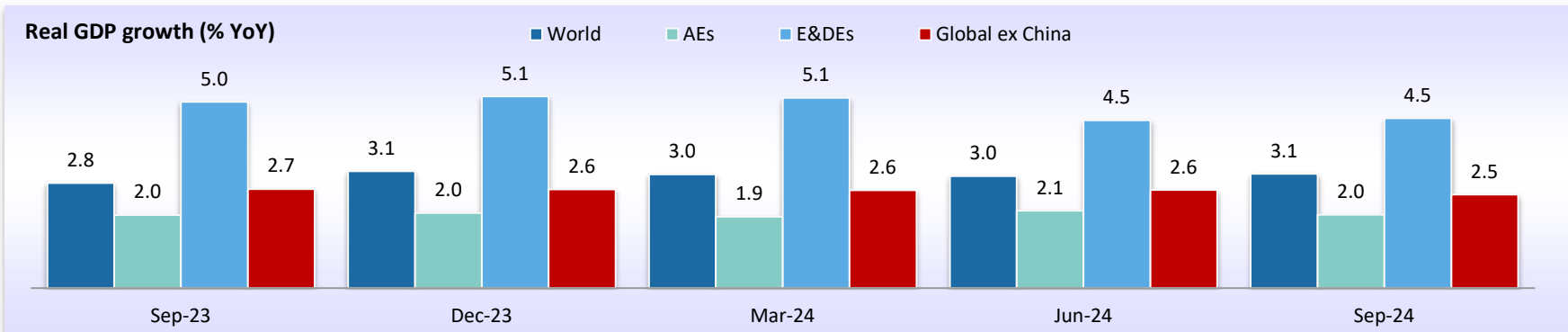


Source: IMF October 2024 World Economic Outlook Database, CEIC, Various national sources, MOFSL

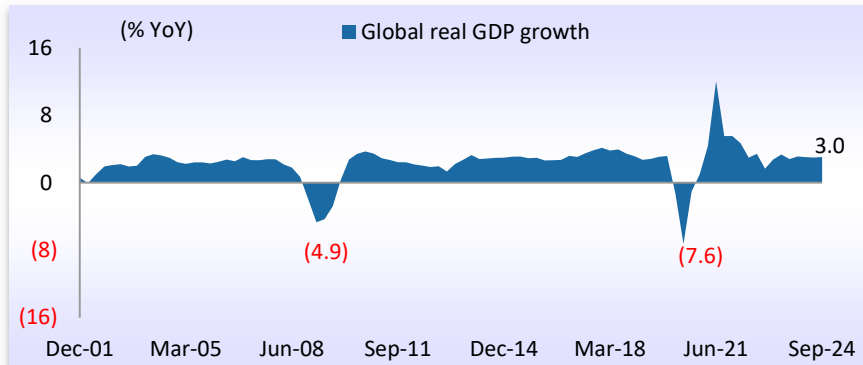


Global real GDP growth slightly higher in 3QCY24...

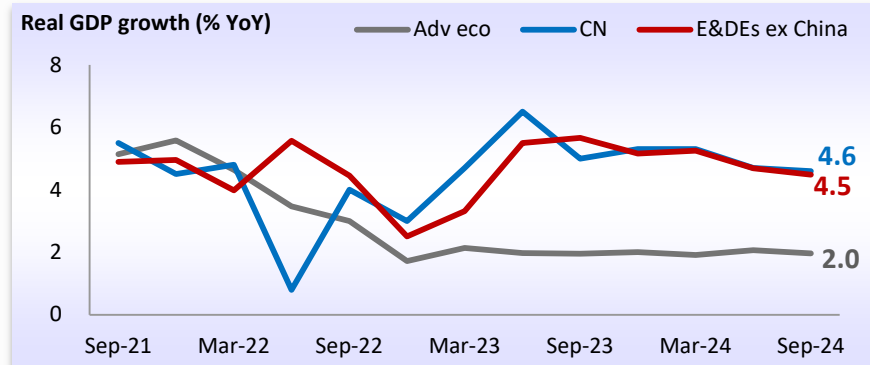
Global real GDP growth was 3.1% YoY in 3QCY24...



...similar to that in 2QCY24 but higher than 2.8% in 3QCY23



Real GDP growth in E&DEs, excluding China, was at 4.5% YoY in 3QCY24



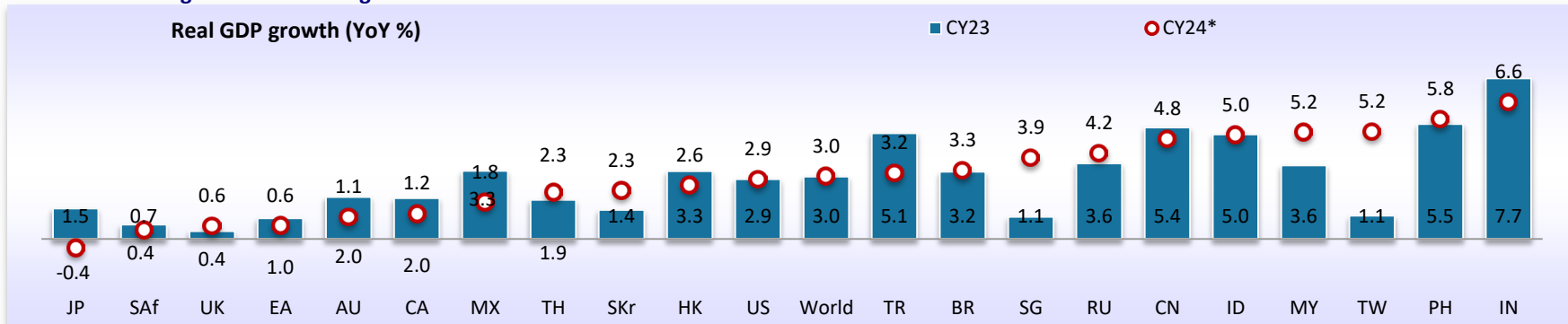
Aggregate data is weighted by nominal GDP

Source: CEIC, various national sources, MOFSL

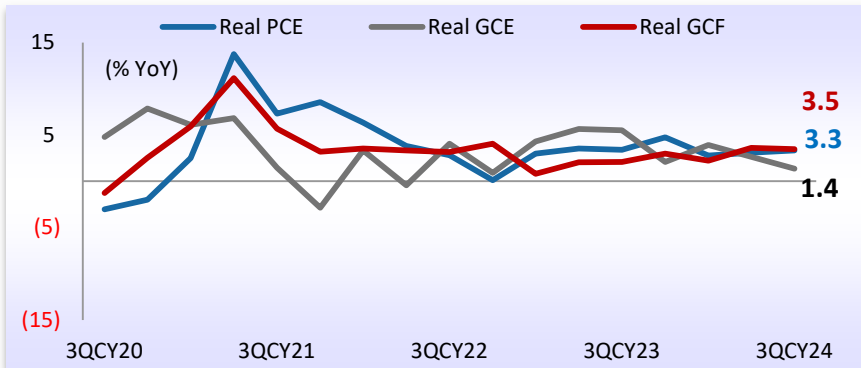


...with striking differences among nations

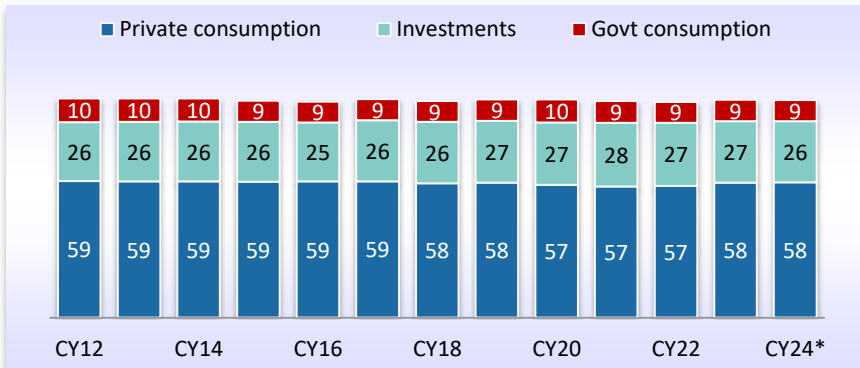
India's real GDP growth was the highest in CY23 and in CY24*



Global real PCE grew 3.3% in 3QCY24



Share of private consumption stood at 58.4% of GDP in CY24*



Does not add up to 100% as there are 'discrepancies' as well, *CY24 data up to Sep'24

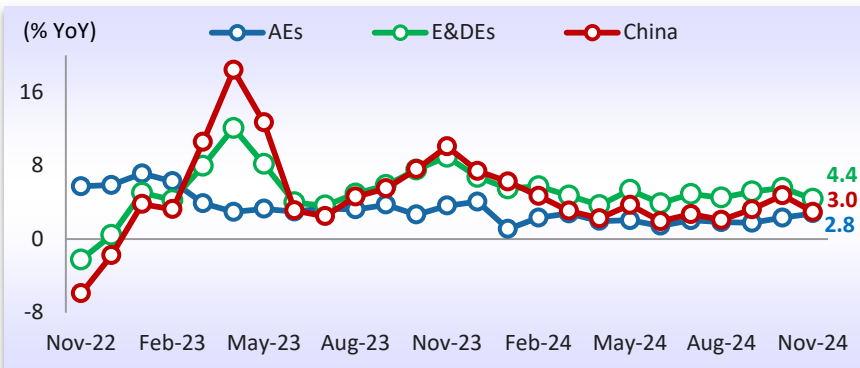


Retail sales growth stabilized at ~2.5-3% YoY in recent months

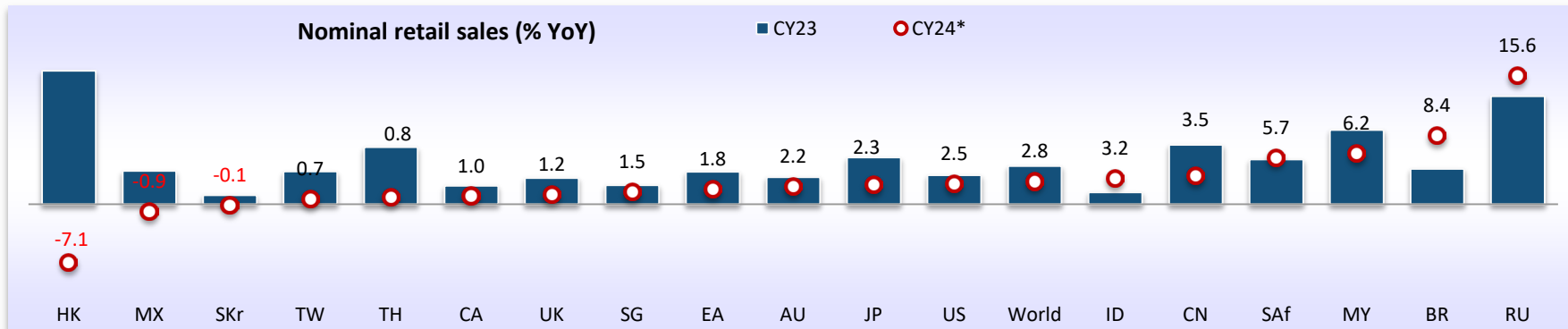
Nominal retail sales growth stabilized at ~2.5-3% YoY in recent months...



...led by faster growth in AEs



Only 4 out of 18 nations (SAf, MY, BR, RU) witnessed higher retail sales growth in CY24*



Based on 37 nations (Data unavailable for IN/PH, TR not included and Aug'24 not available for CA/MX)

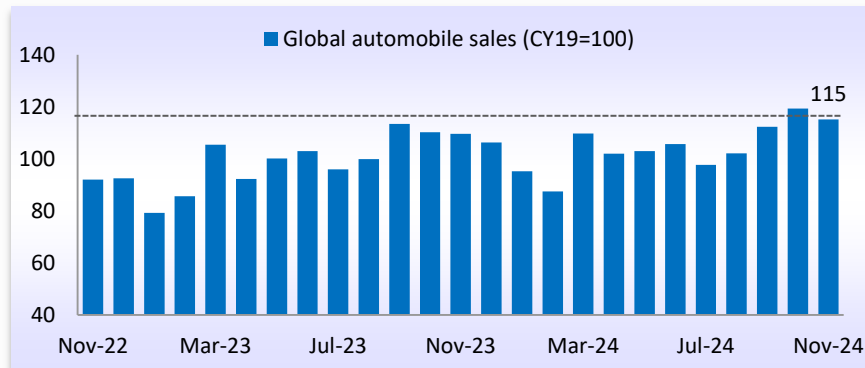
* Jan-Nov'24

Source: CEIC, various national sources, MOFSL

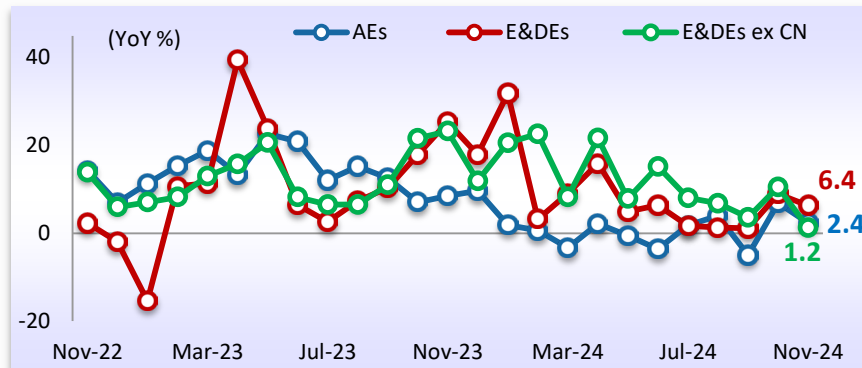
Automobile sales 12-19% above the pre-pandemic level in Sep-Nov'24



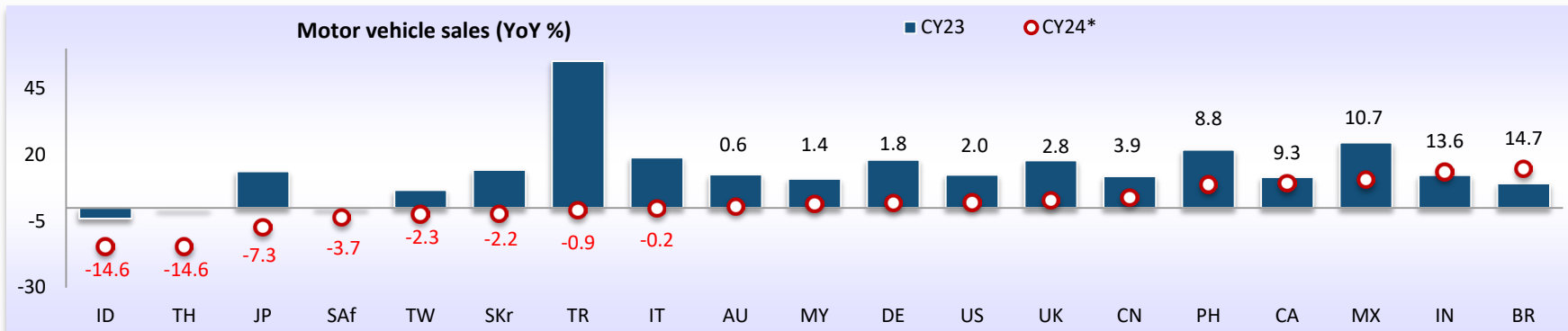
Global auto sales much higher than the pre-COVID level...



...on account of faster growth in E&DEs in the last three months



Automobile sales have increased at the fastest pace in BR in CY24*, followed by IN



*Data from Jan-Nov'24

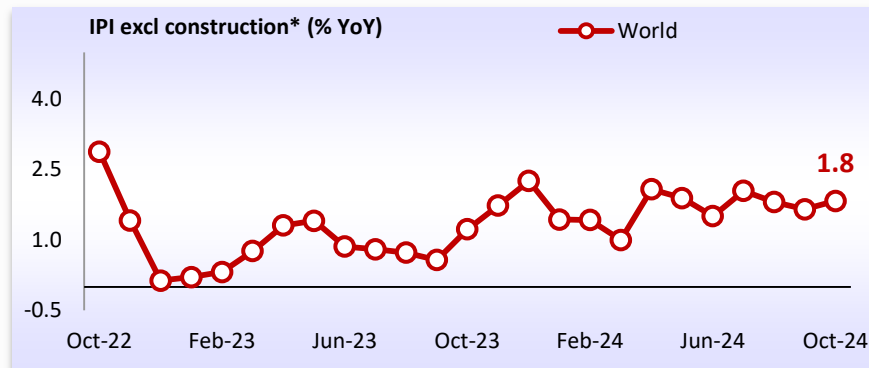
Source: CEIC, various national sources, MOFSL

Data on Motor Vehicle (MV) sales for all except BR, IT, and the UK (Passenger cars registered) and DE (MV production)

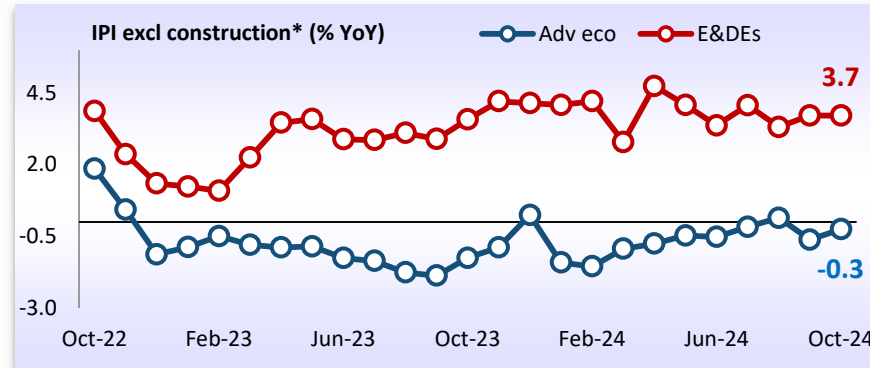
World industrial production growth stable at 1.5-2.0% in CY24



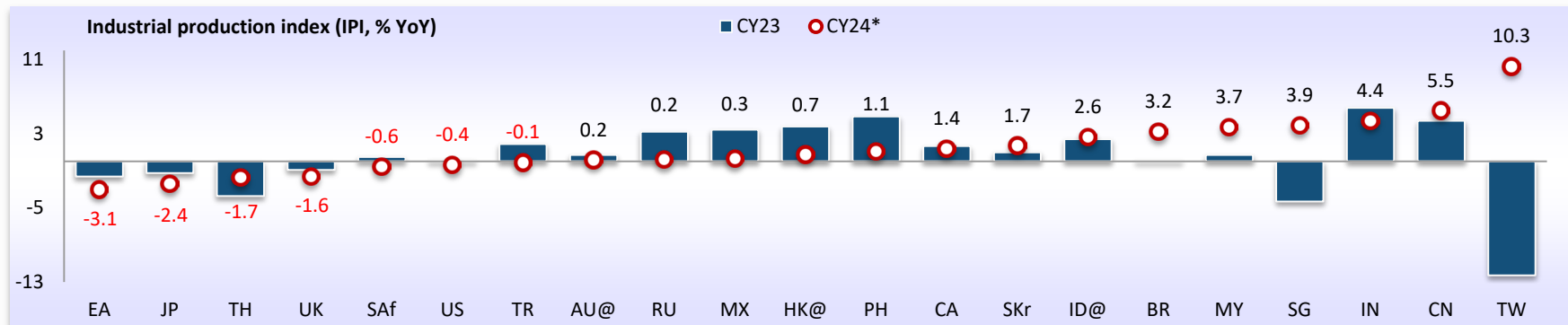
IIP growth around 1.5-2.0% YoY in the past few months...



...led by E&DEs



Industrial production growth in CY24^ was the strongest in TW (10.3%), followed by CN (5.5%) and IN (4.4%)



• IIP excl construction (production-weighted from CPB Netherlands)

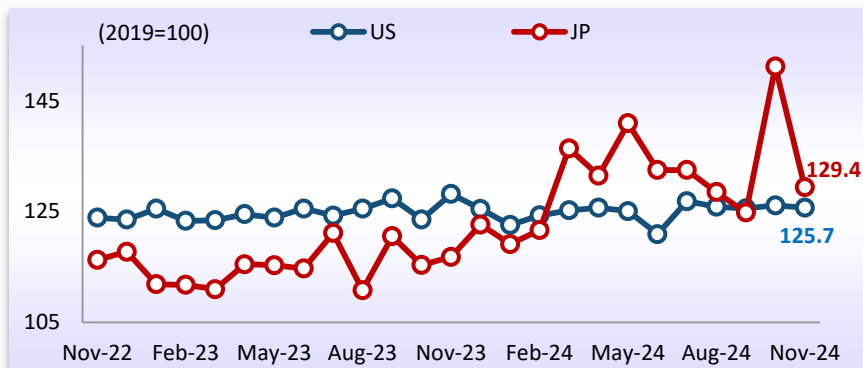
* Jan-Nov'24, @Jan-Sep'24

• Source: CPB Netherlands, National Bureau of Economic Research (NBER), CEIC, MOFSL

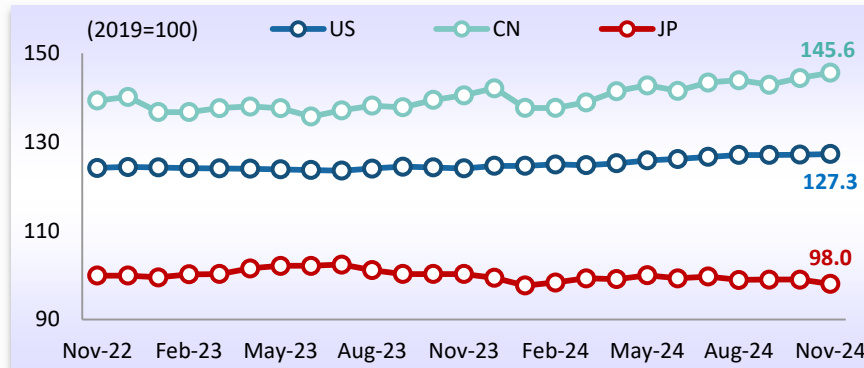
Capacity utilization is above the pre-COVID level in India



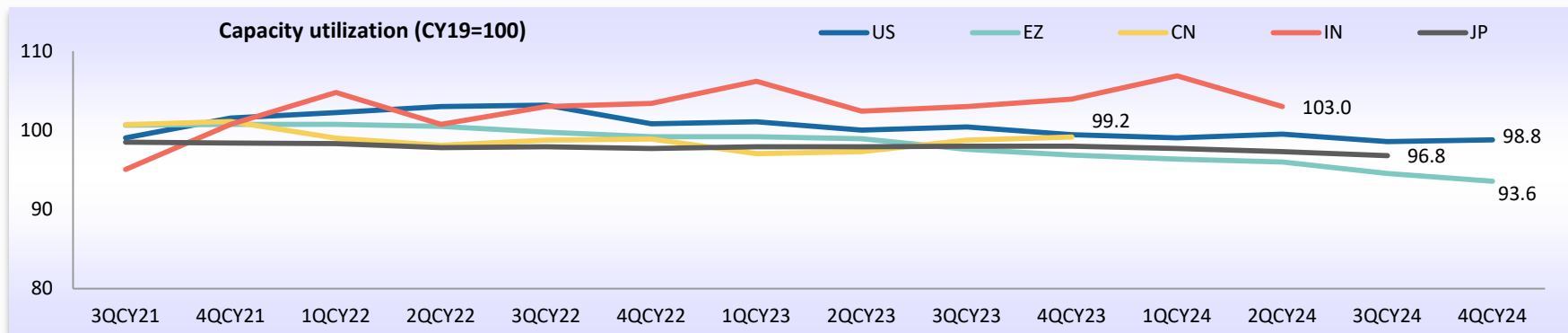
New manufacturing orders remained stable in the US but fell in Japan...



...and inventory levels have picked up slowly but gradually



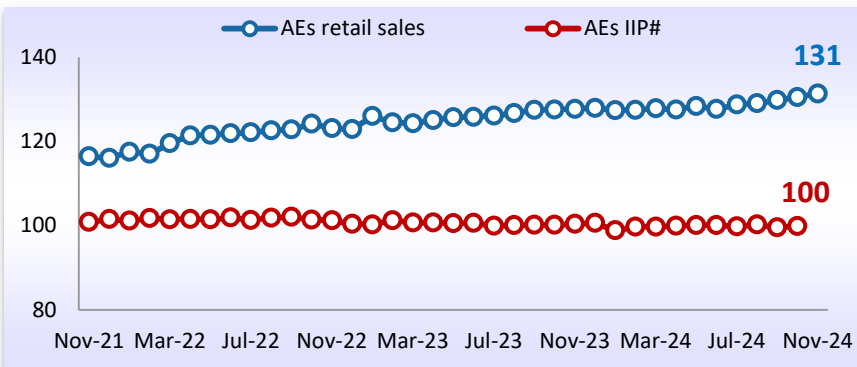
Capacity utilization in India is higher than in CY19, while it remains at lower levels in other major economies



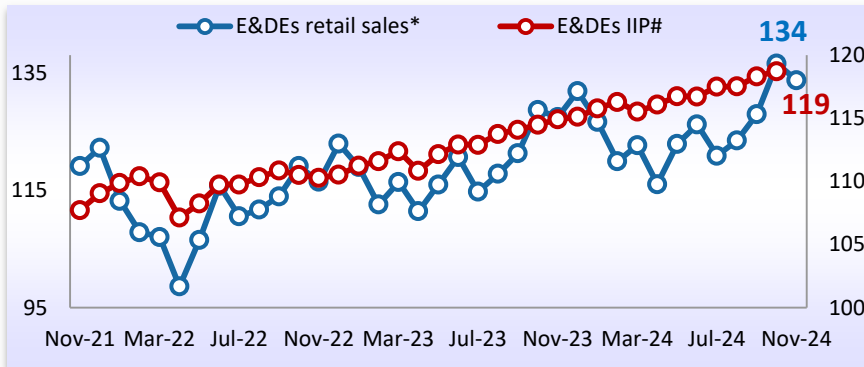
Consumption vs. investment: Different growth drivers in AEs vs. E&DEs



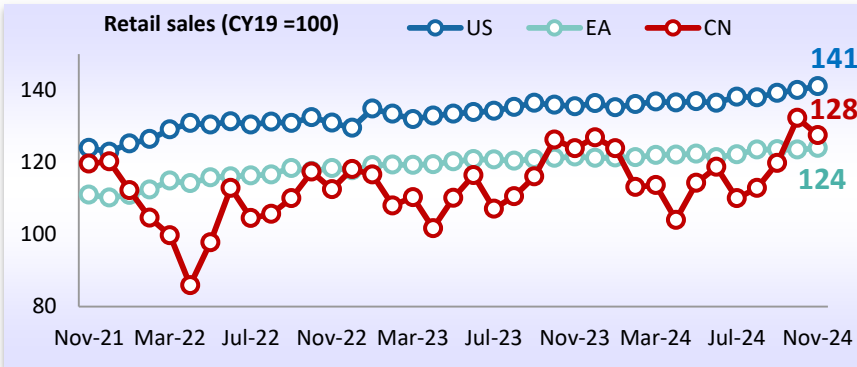
Retail sales saw a stronger and stable recovery in AEs



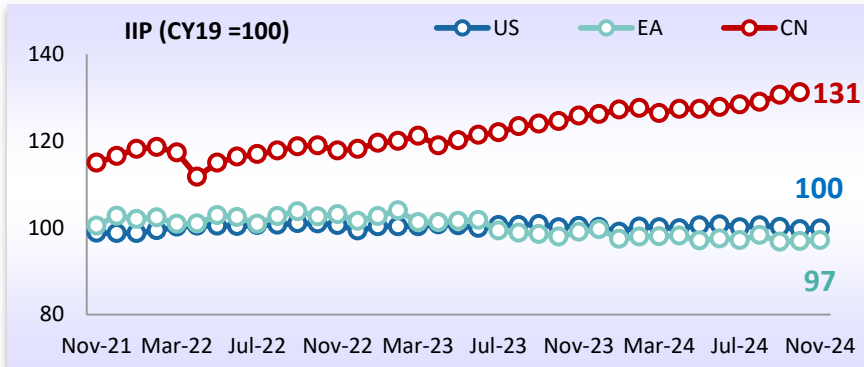
Retail sales increased strongly in E&DEs as well



Recovery was seen in retail sales in all large economies



In contrast, IIP was up in CN, but largely static in the US/EA



*Based on a sample of 37 nations (CA/TR not included, IN not available)

From the World Trade Monitor (CPB)

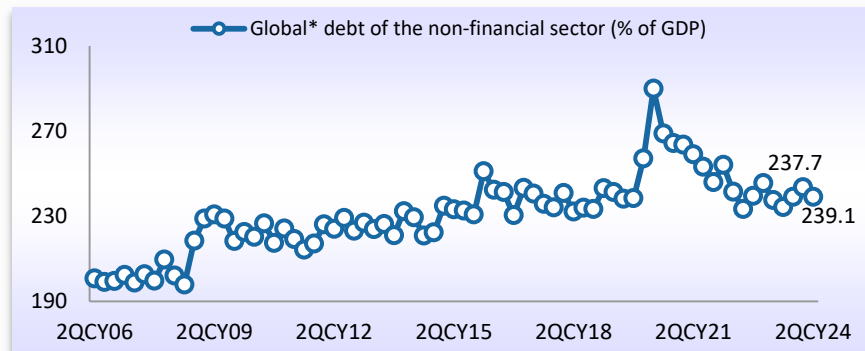


- 01 ➤ Highlights of 4QCY24 with key projections
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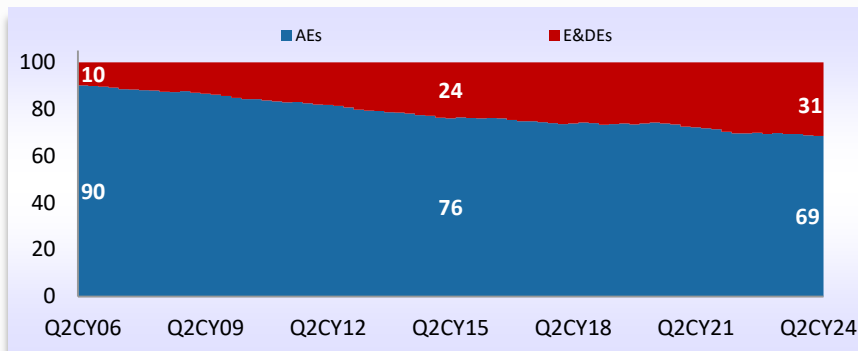
Global debt-to-GDP ratio stood at 239% in 2QCY24, the lowest in three quarters...



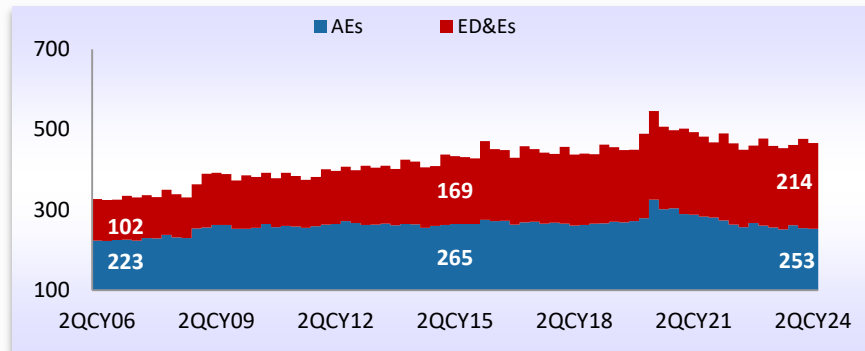
Global debt was at a three-quarter low of 239.1% of GDP in 2QCY24...



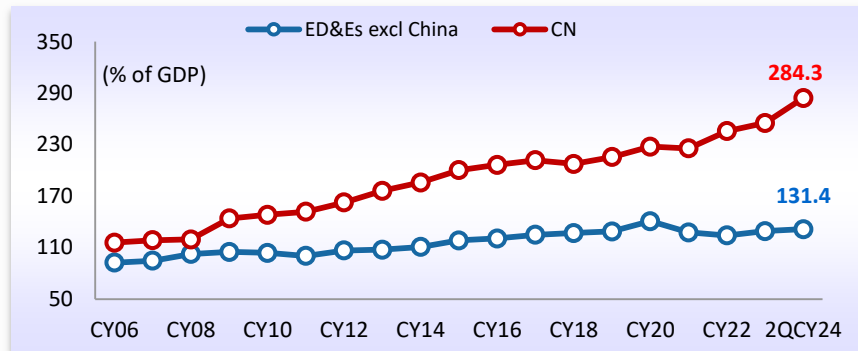
...and the share of AEs was 69% in 2QCY24, similar to that in 4QCY23



E&DEs debt-to-GDP ratio stood at 214% in 2QCY24 from 222% in 1QCY24...



...led by a decline in China's debt to GDP ratio to 284% in 2QCY24 (302% in 1QCY24)

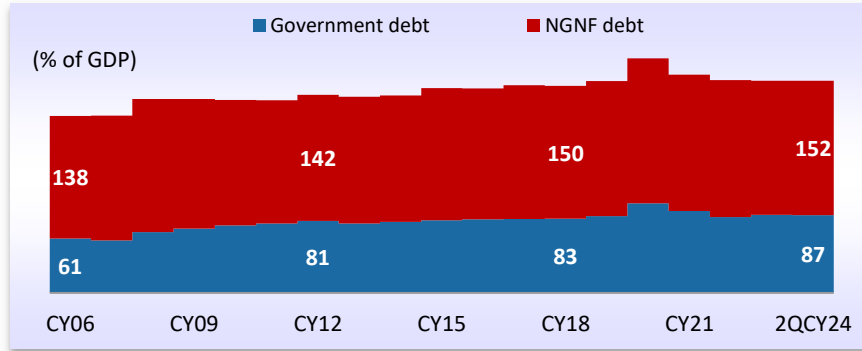


*In addition to our sample of 38 nations (TW/PH excluded), this section includes 8 more nations (Czech Republic, Denmark, Sweden, Norway, SW, Hungary, Poland, and Argentina)

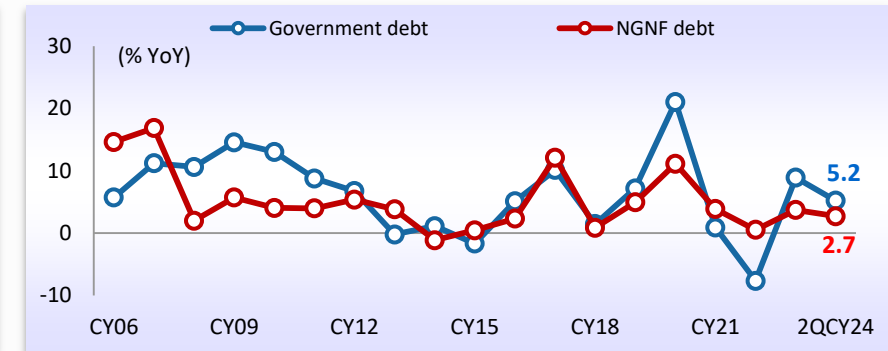
...led by a broad-based decline in government as well as NGNF debt



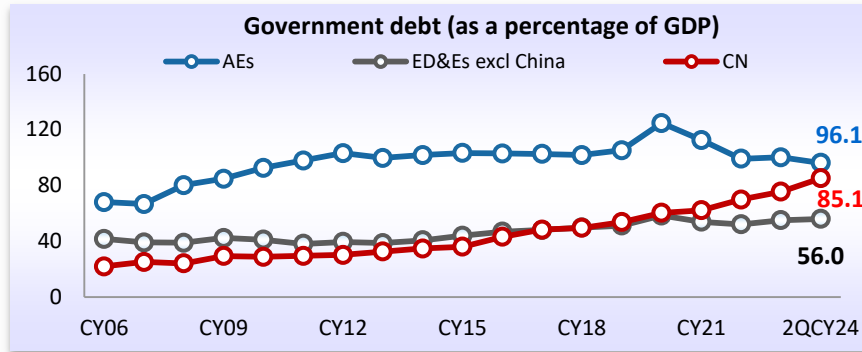
NGNF debt stood at 151.7% of GDP in 2QCY24 vs. 154.2% in 1QCY24



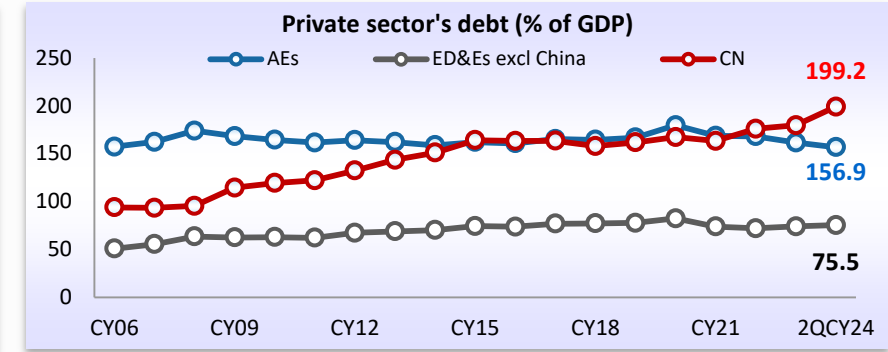
Govt. debt rose 5.2% YoY in 2QCY24 vs. 8.9% in 4QCY23



Government debt in AEs came down, while it went up in E&DEs



China's private sector debt accelerated sharply in 2QCY24

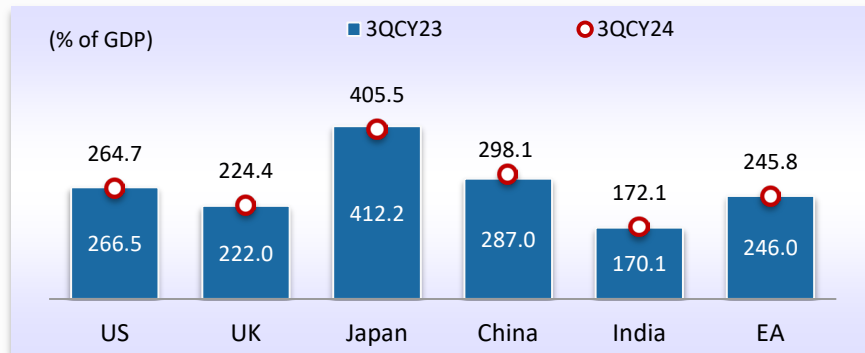


Non-government non-financial (NGNF) = Private sector's debt

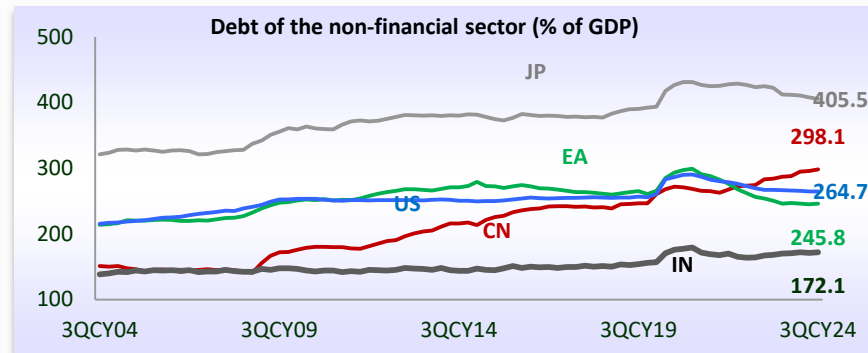


China's debt at new peak in 3QCY24

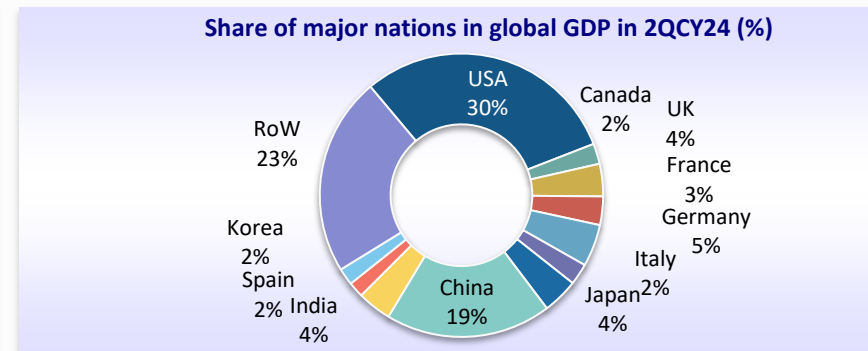
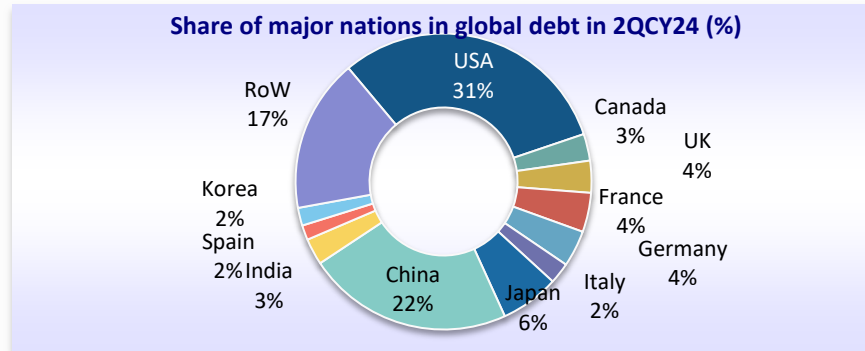
Debt-to-GDP ratio fell in 3QCY24 (vs. 3QCY23) for all except IN, CN, and UK



China's leverage now is only second to Japan among major nations



Share of major economies in global GDP and global debt in CY23



Source: IMF, BIS, CEIC, various national sources, MOFSL

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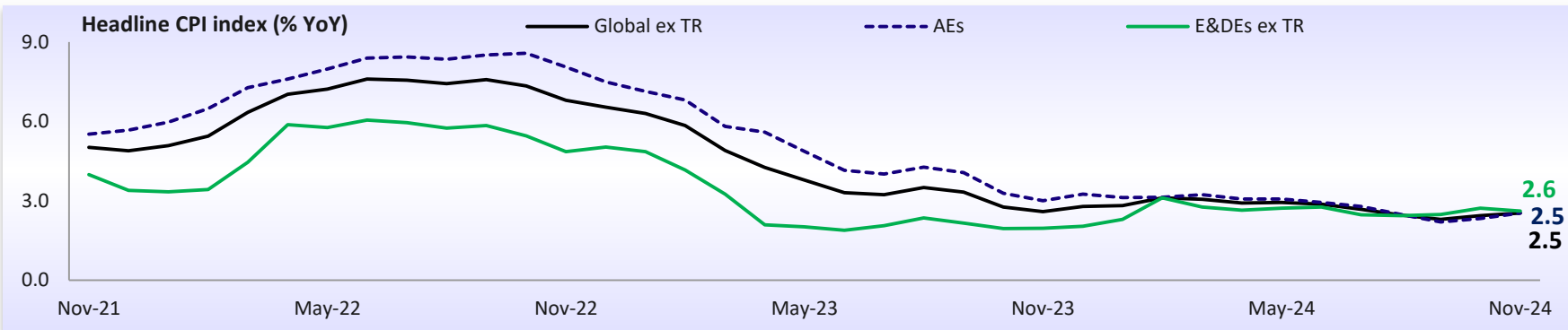
09 ➤ Home prices show resilience in advanced economies, but remain weak in China

10 ➤ Labor market remains tight as the rise in unemployment rate is limited

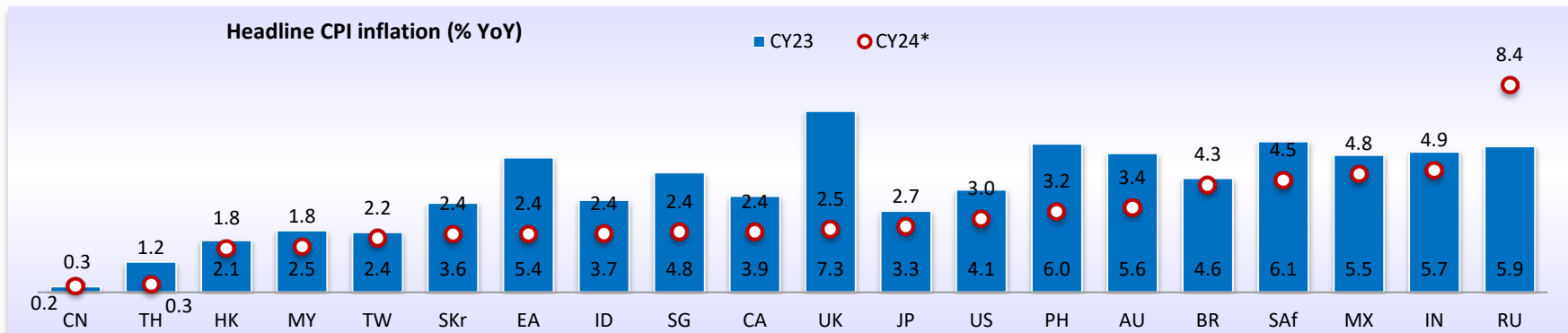
Global CPI inflation (ex TR) increased slightly to 2.5% in Nov'24...



Headline retail inflation (ex TR) increased slightly to 2.5% in Nov'24...



...and it was lower in CY24* (vs CY23) in all countries except Russia (RU)



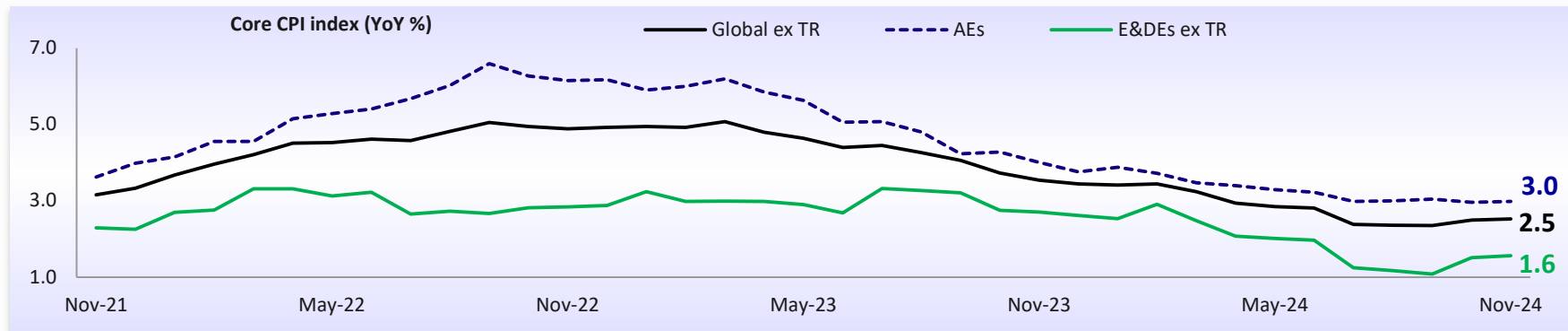
Aggregate indices are weighted by nominal GDP, * Jan-Nov'24

Source: CEIC, various national sources, MOFSL

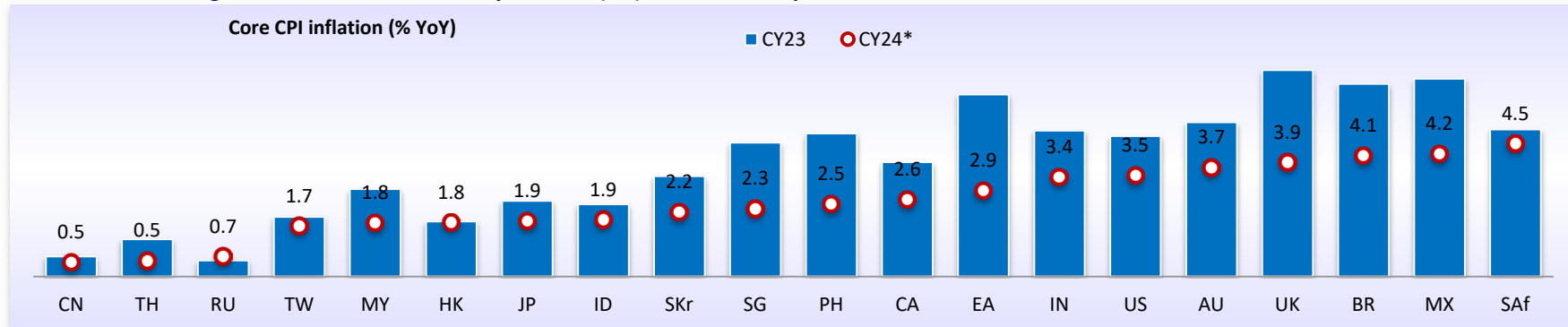
...and core inflation (ex TR) has been around 3% for the last five months



Global core inflation (ex TR) stood at 3.0% YoY in Nov'24



Core inflation was higher in CY24* vs. CY23 in only 1 nation (RU) out of our sample of 20 nations



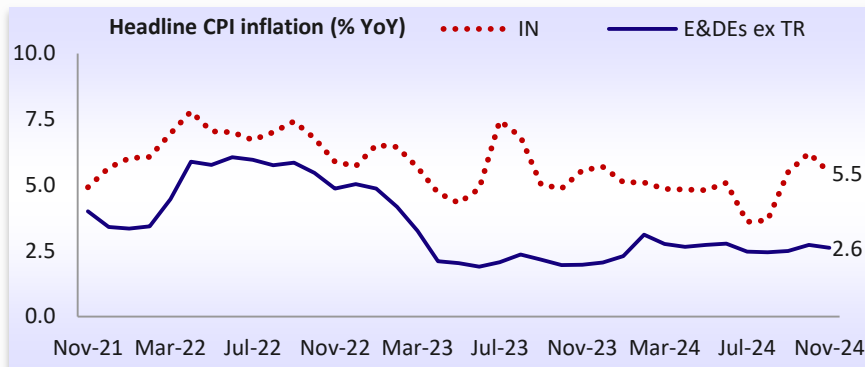
Aggregate indices are weighted by nominal GDP, * Jan-Nov'24

Source: CEIC, various national sources, MOFSL

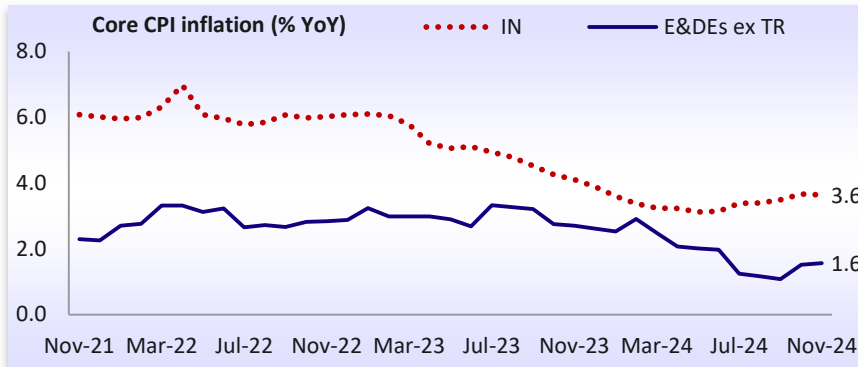
IN has among the highest share of food + energy in the CPI basket



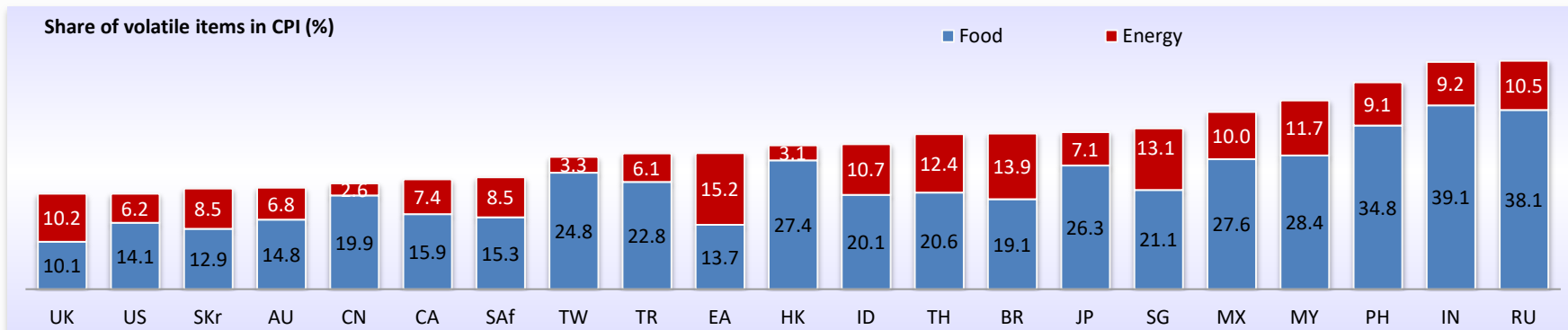
IN headline inflation continues to remain above other E&DEs (ex TR)...



...and the same is the case with core inflation, though the gap is reducing



UK/US has the least share of food + energy in its CPI basket, while IN/RU has the highest share



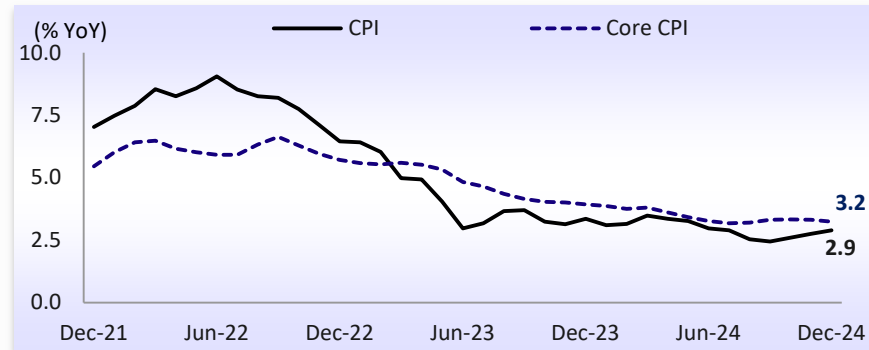
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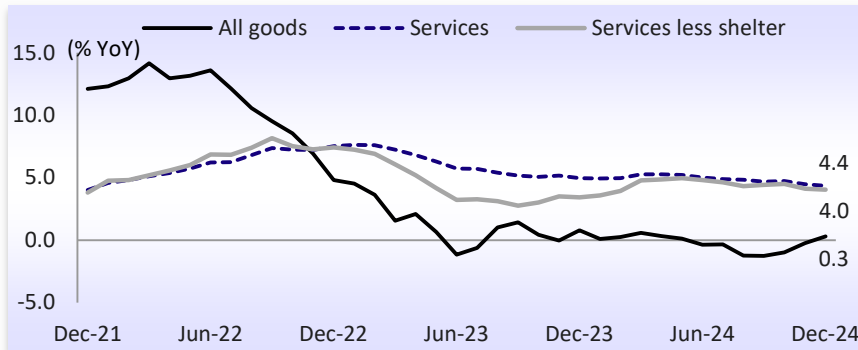
Details about the US inflation



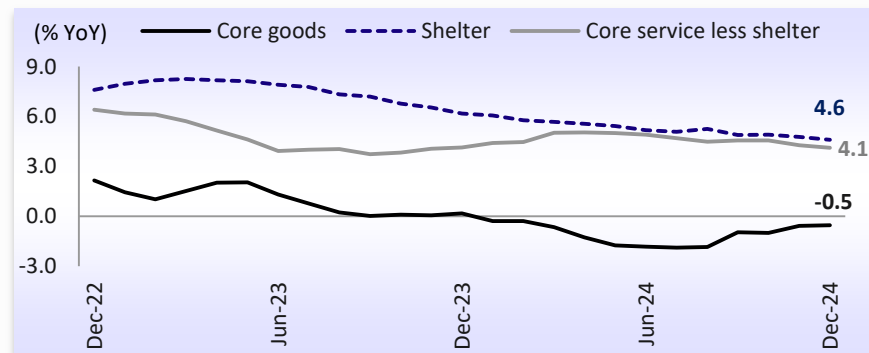
US headline inflation inched up to 2.9% in Dec'24 from 2.4% in Sep'24



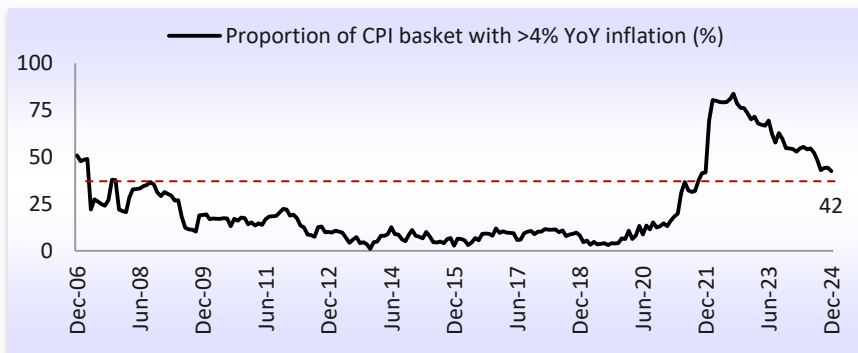
Acceleration was not broad-based; concentrated in goods only



Inflation up in core goods but remained stable in core services



Only 42% of the CPI basket grew at >=4% YoY in Sep'24 (vs. 43% in Sep'24)



Source: CEIC, US Bureau of Labor Statistics, MOFSL

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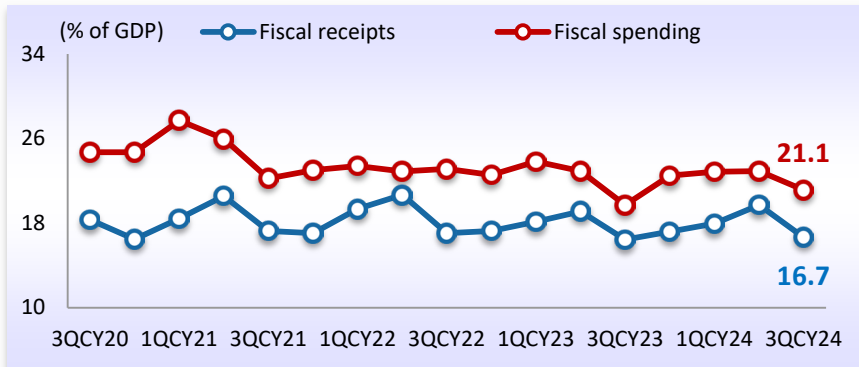
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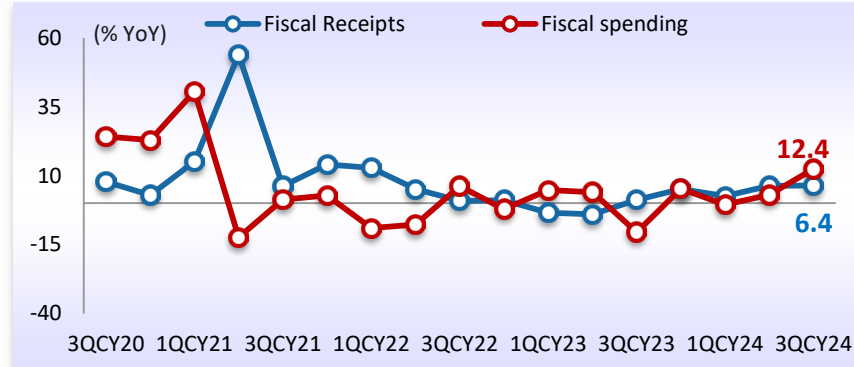
Global fiscal deficit widened to 4.5% of GDP in 3QCY24...



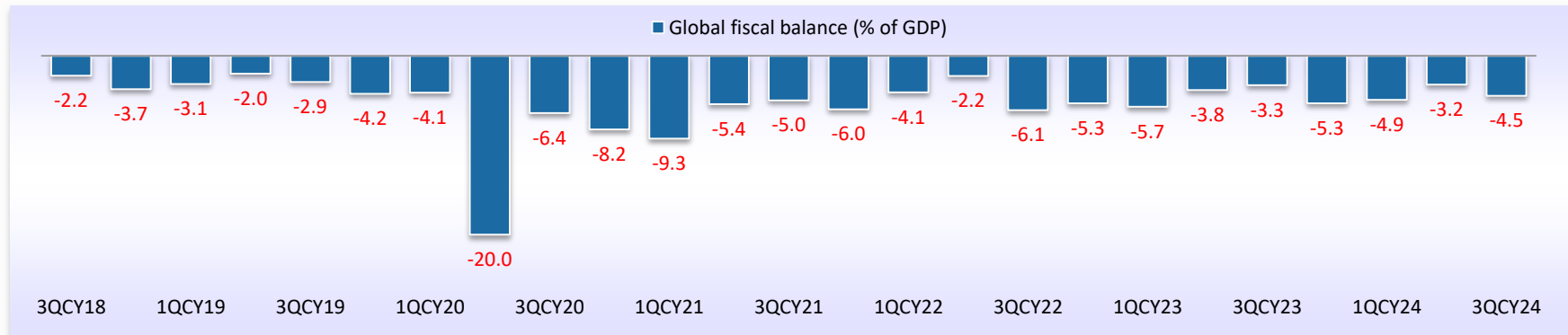
Global fiscal receipts down to 16.7% of GDP in 3Q, lowest in four quarters...



Global fiscal spending grew 12.4% YoY in 3Q, highest in 14 quarters



Global fiscal deficit widened to 4.5% of GDP in 3QCY24 from 3.3% of GDP in 3QCY23, mainly led by a slowdown in receipts



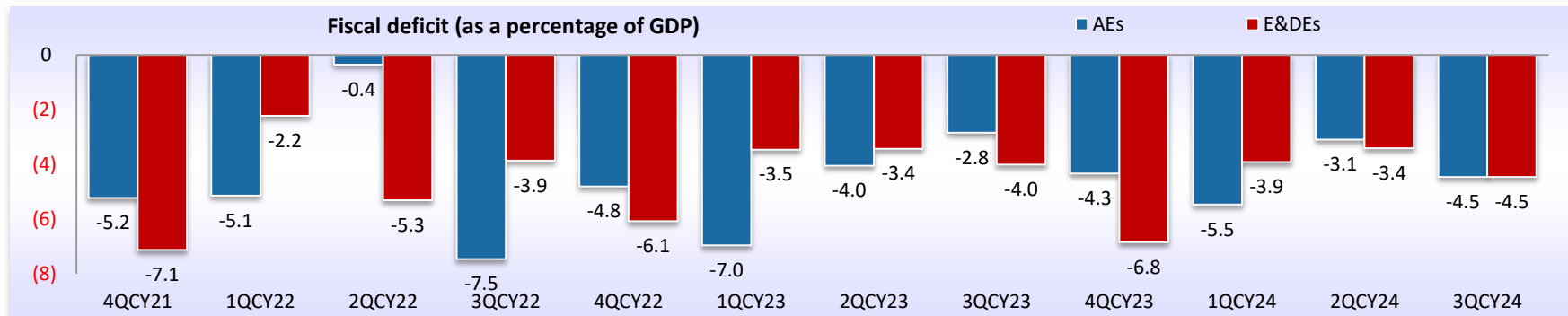
Aggregate indices are calculated using USD values

Source: CEIC, various national sources, MOFSL

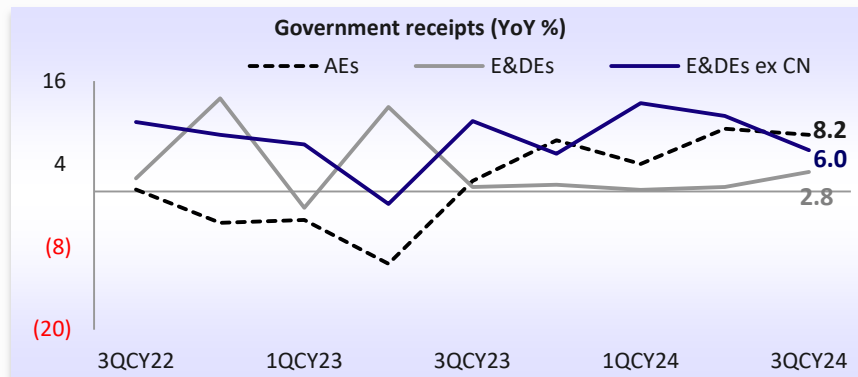
...led by a sharp slowdown in receipts



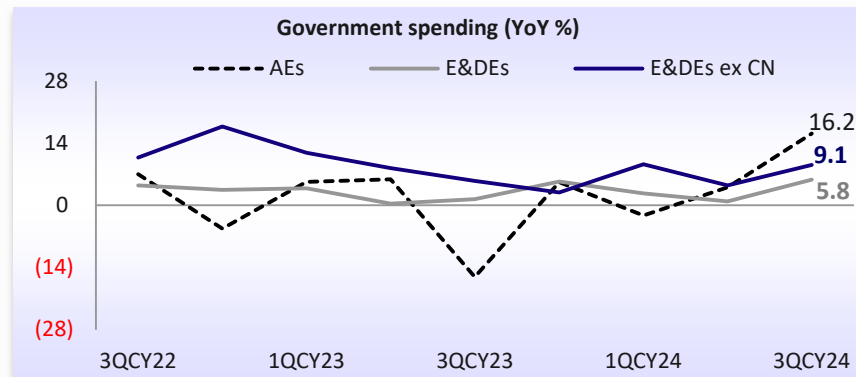
Fiscal deficit in AEs increased to 4.5% of GDP in 3QCY24 vs. 2.8% in 3QCY23



Fiscal receipts of AEs grew 8.2% YoY in 3QCY24...



...while their fiscal spending grew 16.2%, the highest in 14 quarters



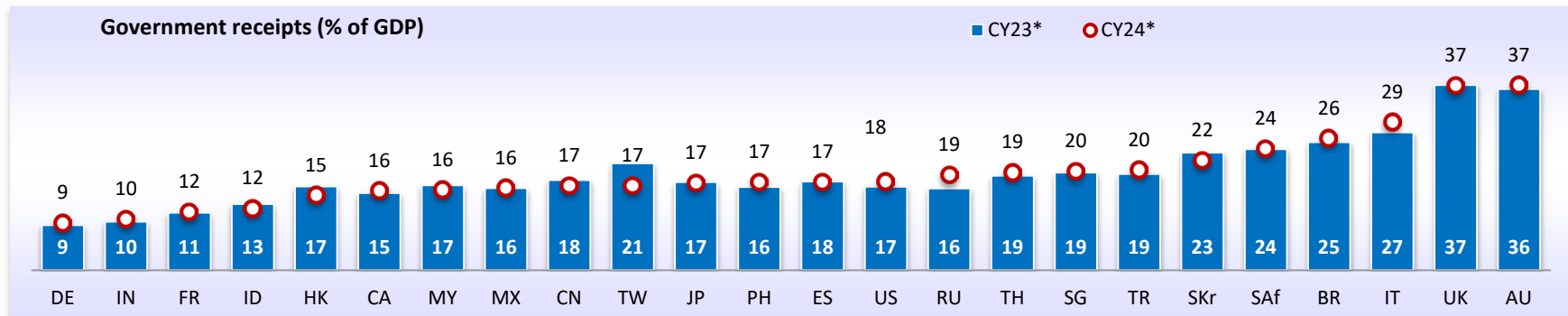
Aggregate indices are calculated using USD values

Source: CEIC, various national sources, MOFSL

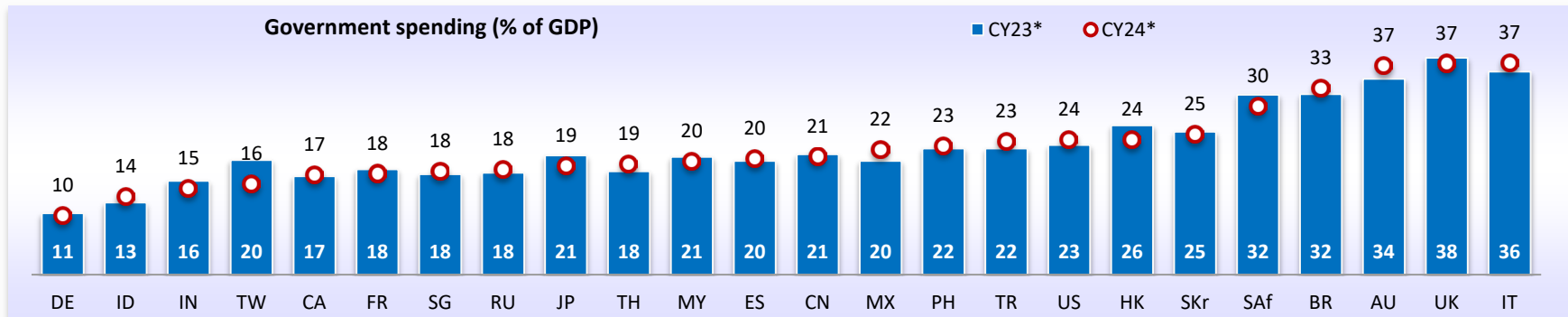
IN's government receipts were the second lowest in CY24* (vs. CY23*)



India's government receipts were the second lowest (after DE) at 10% of GDP in CY24* among major nations...



...due to this, fiscal spending was also among the lowest in India



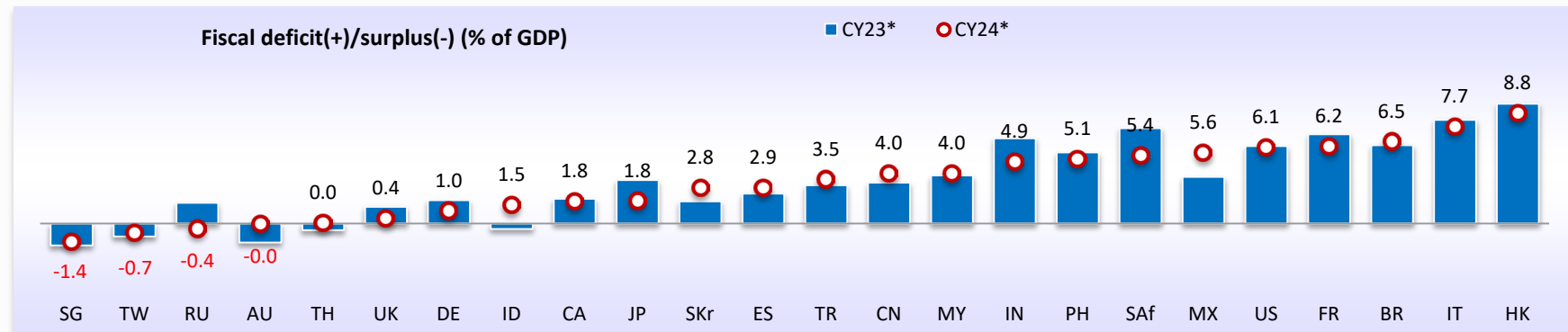
Data for central government only for most E&DEs, *Data up to Jan-Sep'24

Source: CEIC, various national sources, MOFSL

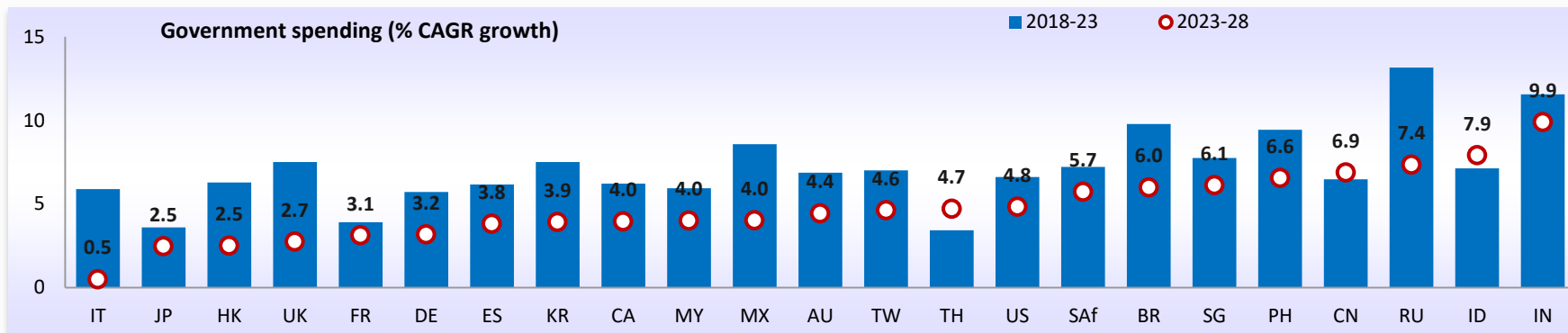
Fiscal support to GDP growth likely to weaken in the post-COVID era



Only three nations –SG, TW, and RU – posted a fiscal surplus in Jan-Sep'24



20 out of 23 nations – except TH, CN, and ID – likely to witness slower fiscal spending growth over the next five years vs. pre-COVID period



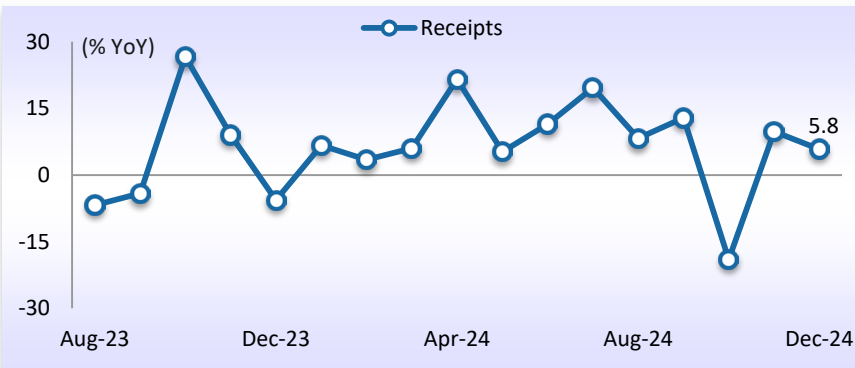
Pre-COVID = CY14-19, post-COVID = CY23-28 (based on IMF WEO Oct'24 Database)

Source: CEIC, IMF, various national sources, MOFSL

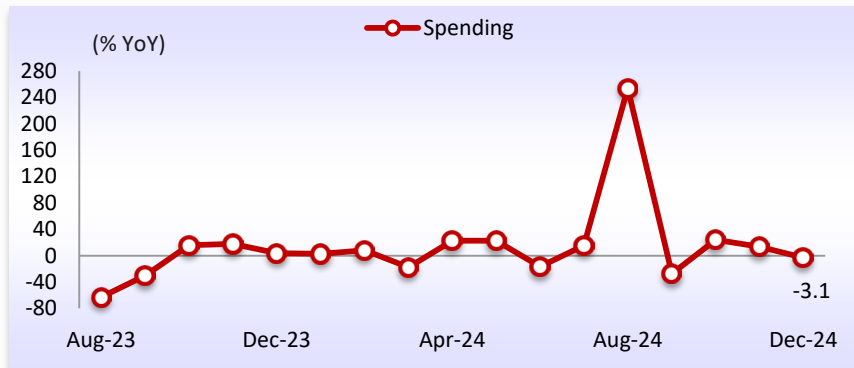
Details about the US government finances



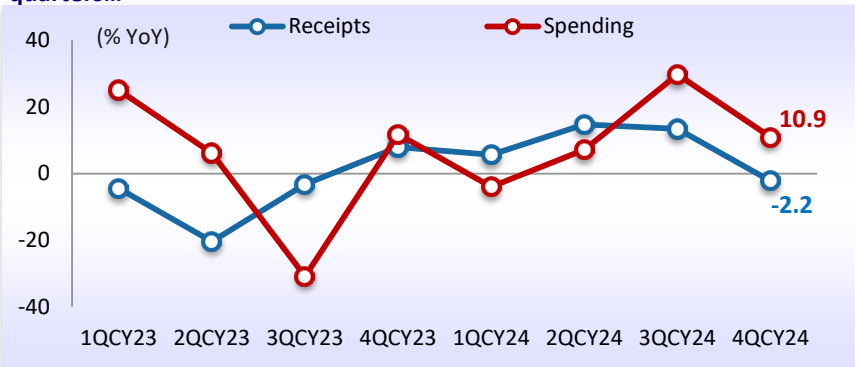
US government receipts grew 5.8% YoY in Dec'24...



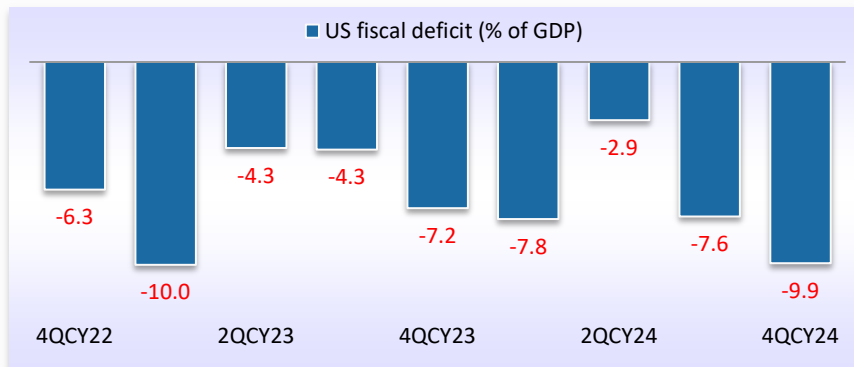
...while its spending contracted 3.1%



US fiscal receipts contracted 2.2% YoY in 4QCY24, the lowest in five quarters...



...leading to the widening of fiscal deficit# to 9.9% of GDP in 4QCY24



#Assuming 2.4% YoY growth in nominal GDP in 4QCY24

Source: CEIC, US Treasury department, CBO, MOFSL

Agenda

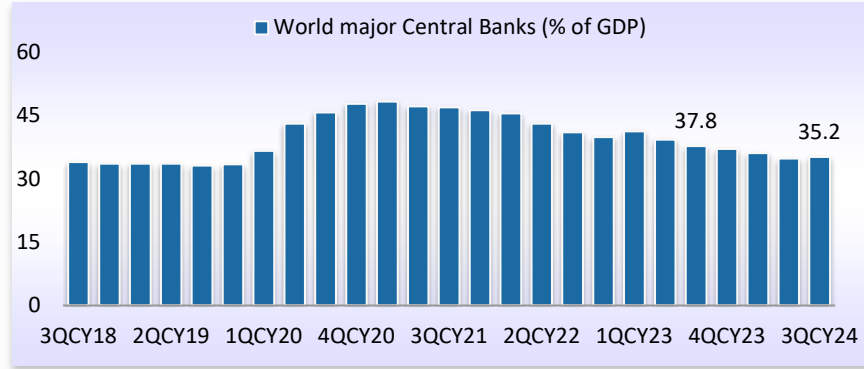


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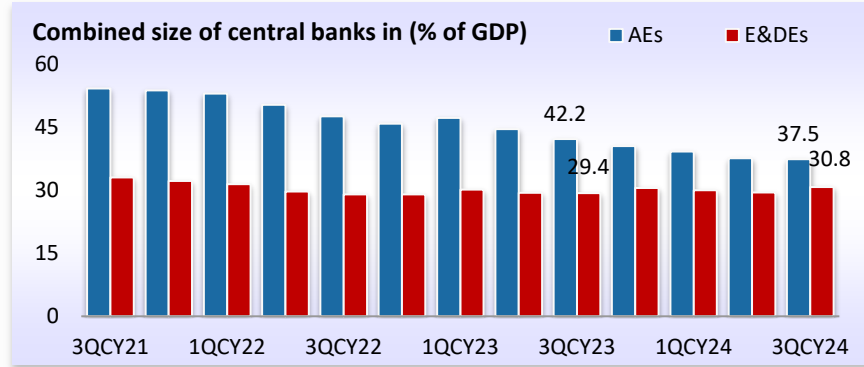
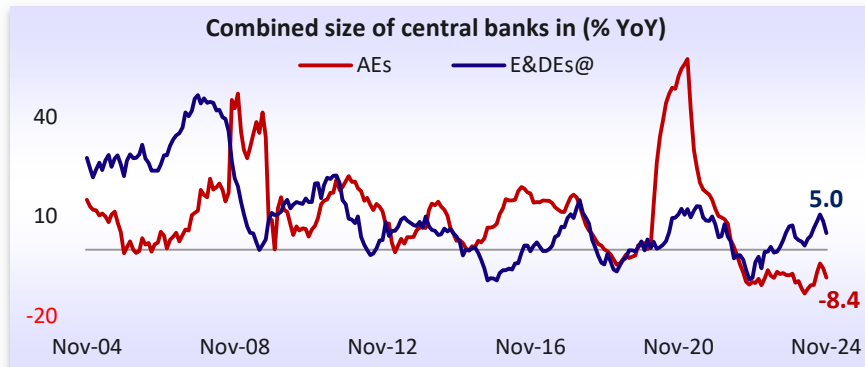


Balance sheets of global central banks continued to decline in 3QCY24...

The combined balance sheet of central banks fell for the 31st month in Nov'24... ..and stood at 35.2% of GDP in 3QCY24 vs. 37.8% in 3QCY23



The decline is more prominent in AEs than in E&DEs

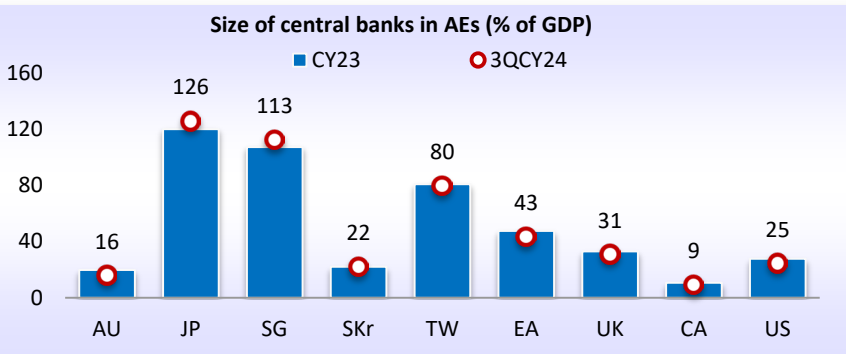


@Aggregate indices are calculated using USD values (HK/ID/PH excluded)

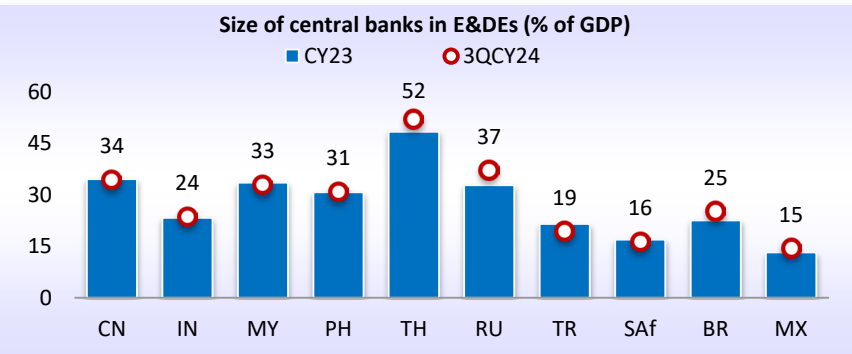


...with moderation among major nations' central banks

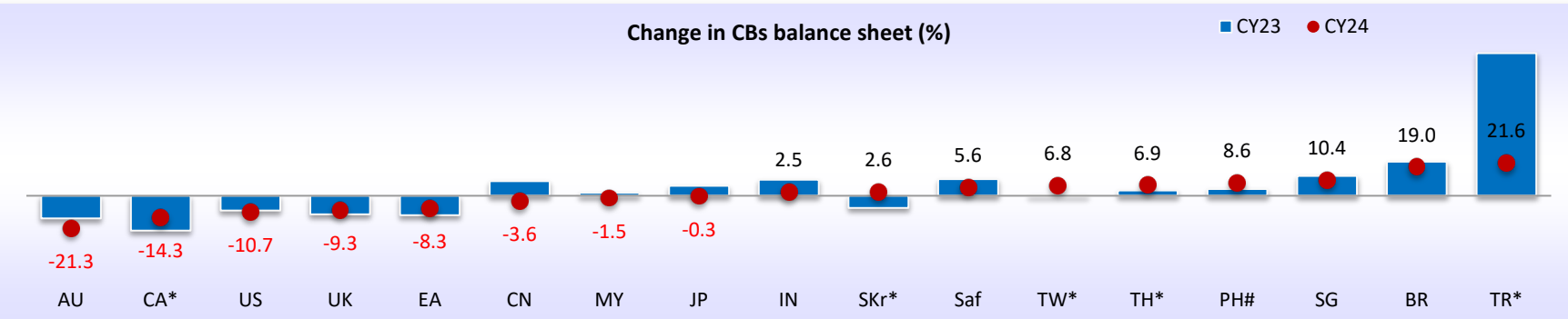
Central bank balance sheets of JP and SG expanded in 3QCY24...



... so did those of major E&DEs, except CN, MY, TR, and SAF



Balance sheets of 8 out of 17 central banks continue to decline in CY24; increased majorly for TR, BR, and SG



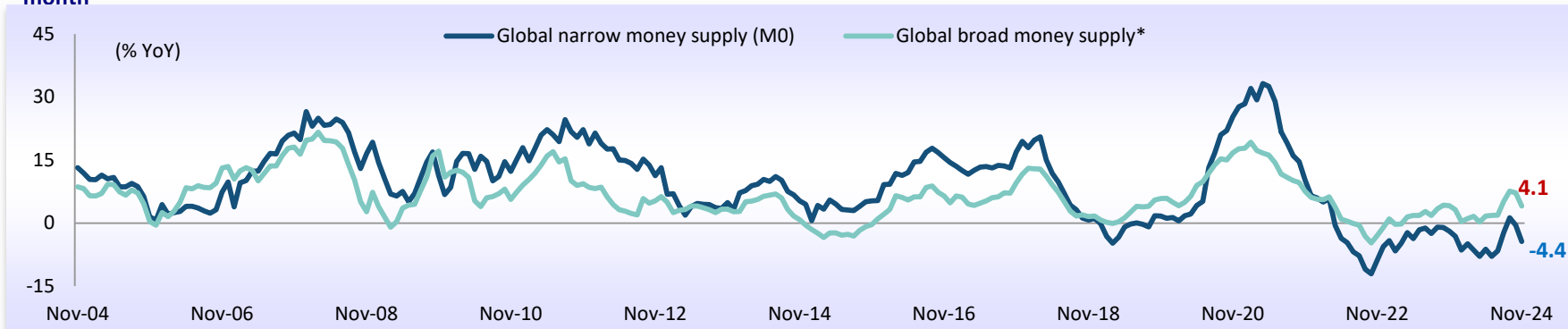
*Data up to Nov'24, # Data up to Oct'24

Aggregate indices are calculated using USD values (HK/ID excluded)

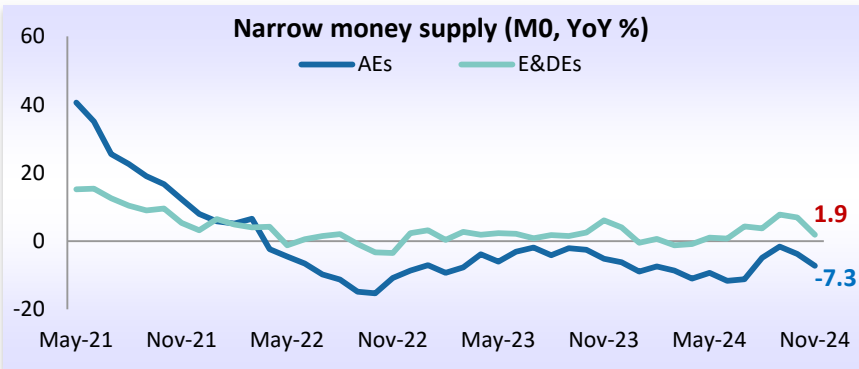
Broad money supply decelerated to a three-month low in Nov'24



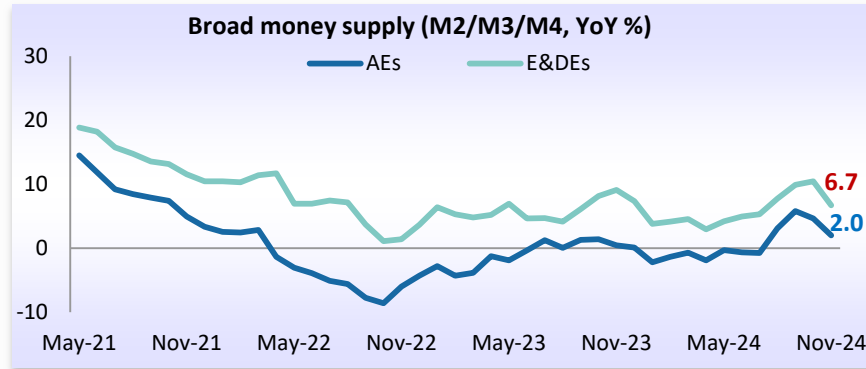
Global broad money supply* grew at a three-month low of 4.1% in Nov'24; however, narrow money supply (M0) declined for the 30th successive month



M0 contracted in AEs and grew at a decelerated pace in E&DEs...



...while the broad money supply grew in both AEs and E&DEs

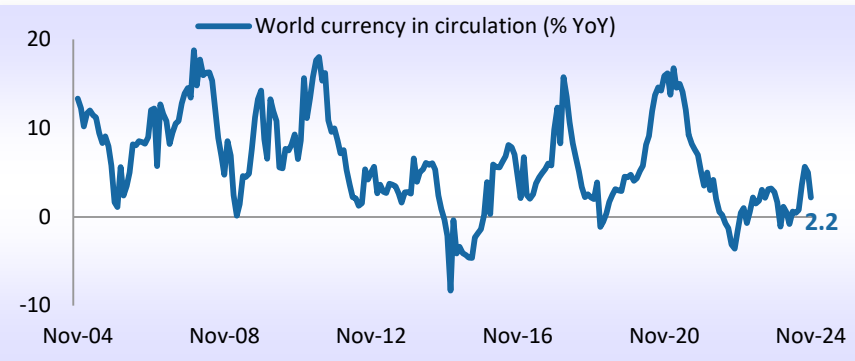


*M2 (CN, RU, SKr, TW, TH, TR, US), M3 (AU, CA, EA, JP, MY, PH, Saf) and M4 (BR, IN, MX, SG, UK)
Aggregate indices are calculated using USD values (HK/ID excluded)

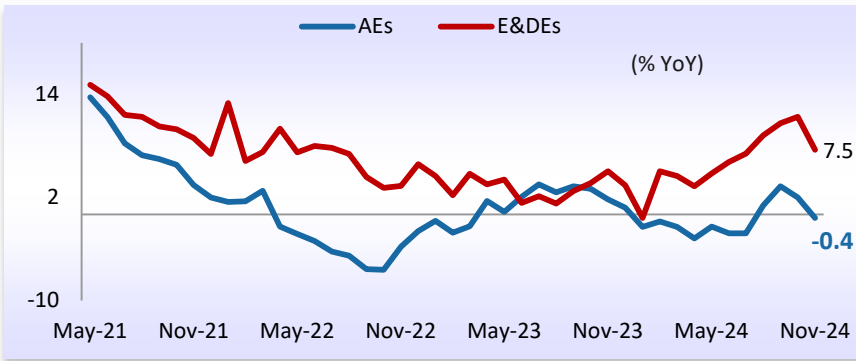


Global currency in circulation grew at a four-month low in Nov'24

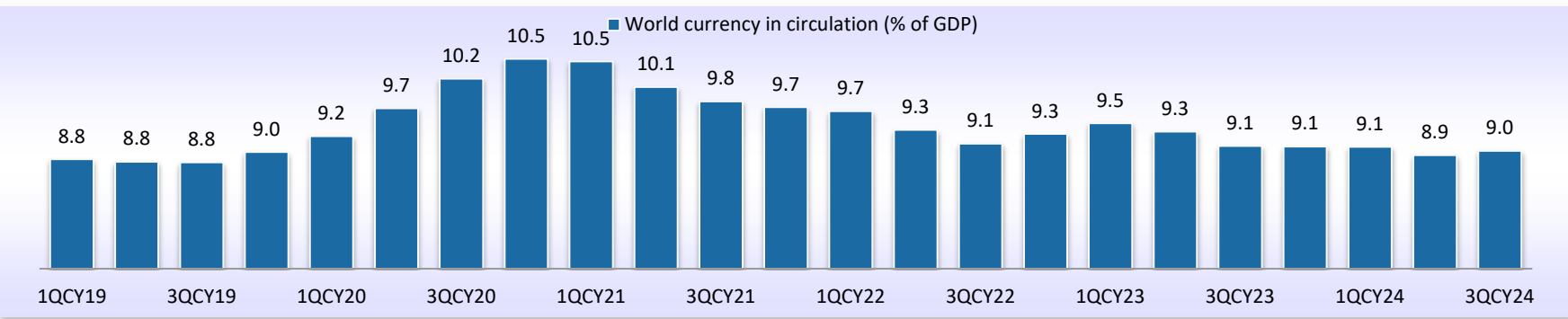
World CIC grew at a four-month low in Nov'24



Deceleration in the world CIC growth was broad-based



Global CIC-to-GDP ratio stood at 9.0% of GDP in 3QCY24 vs. 9.1% in 3QCY23

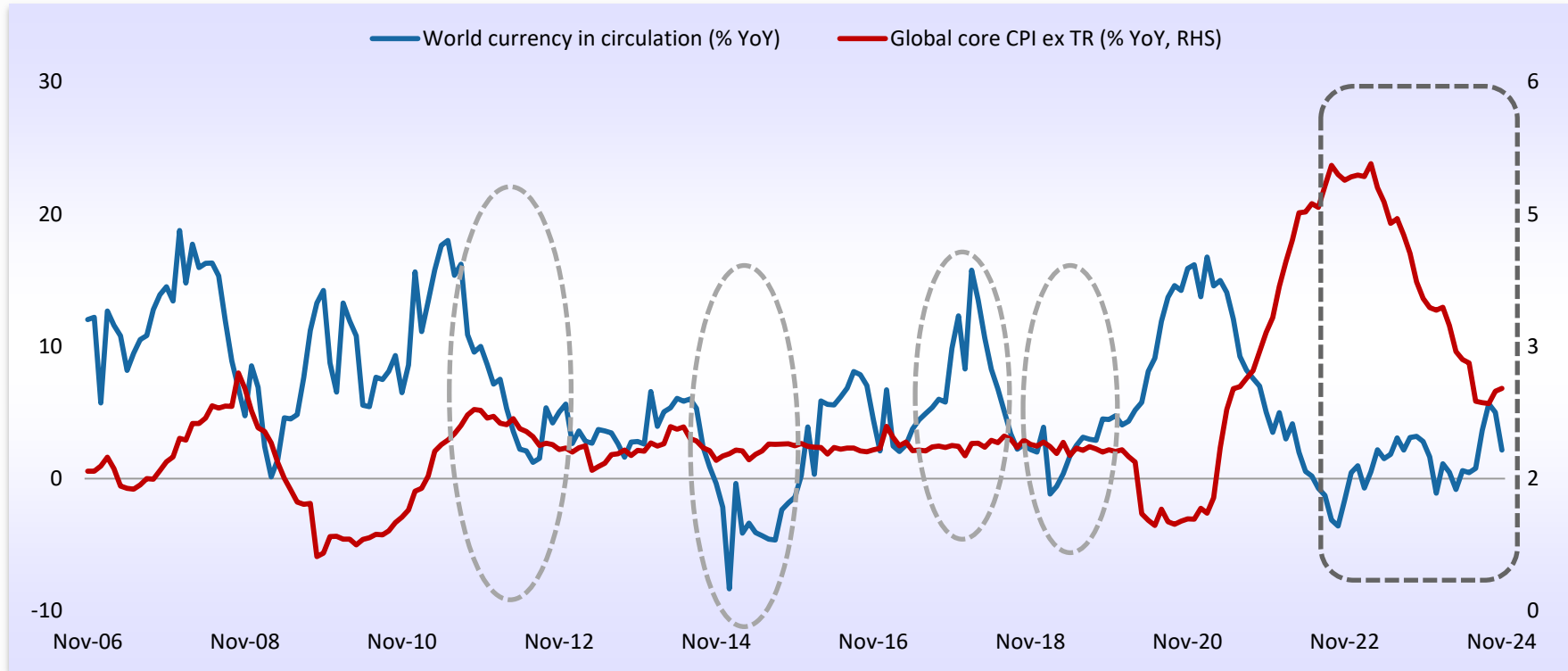


Aggregate indices are calculated using USD values (HK/ID excluded)

Global core inflation went up, while CIC growth decelerated in Nov'24



Global core inflation went up slightly, while CIC growth decelerated in Nov'24



Source: CEIC, various national sources, MOFSL

Many central banks have already cut interest rates



	Current policy rate	Policy rate in CY22-end	Last move (when)	Headline inflation#
Brazil (BR)	12.25	13.75	Hike (Dec'24)	4.1 (4.2)
China (CN)	3.10	3.65	Cut (Sep'24)	0.2 (0.6)
India (IN)	6.50	6.25	Pause (Dec'24)	4.6 (3.3)
Indonesia (ID)	5.75	5.50	Cut (Jan'25)	2.6 (1.8)
Malaysia (MY)	3.00	2.75	Pause (Nov'24)	1.8 (1.9)
Mexico (MX)	10.0	10.50	Cut (Dec'24)	4.8 (4.3)
Philippines (PH)	5.75	5.50	Cut (Dec'24)	3.6 (3.4)
Russia (RU)	21.00	7.50	Pause (Sep'24)	8.2 (0.6)
S Africa (SAf)	7.75	7.00	Cut (Nov'24)	5.1 (5.1)
Thailand (TH)	2.25	1.25	Pause (Dec'24)	0.1 (0.4)
Turkey (TR)	47.5	9.00	Cut (Dec'24)	66.4 (67.1)

	Current policy rate	Policy rate in CY22-end	Last move (when)	Headline inflation#
Australia (AU)	4.35	3.10	Pause (Dec'24)	3.7 (3.7)
Hong Kong (HK)	5.00	4.75	Cut (Nov'24)	1.8 (1.8)
Japan (JP)	0.25	-0.10	Pause (Dec'24)	2.7 (2.0)
Singapore (SG)	3.60	2.50	Pause (Oct'24)	2.7 (2.7)
S Korea (SKr)	3.00	3.25	Pause (Jan'25)	2.7 (2.3)
Taiwan (TW)	2.00	1.75	Pause (Dec'24)	2.2 (1.8)
Euro Area (EA)	3.00	2.50	Cut (Dec'24)	2.5 (3.0)
UK	4.75	3.50	Pause (Dec'24)	2.7 (4.1)
Canada (CA)	3.75	4.25	Cut (Oct'24)	2.7 (2.8)
US	4.38	4.38	Cut (Dec'24)	3.1 (3.5)

Jan-Nov'24, except AU (Jan-Sep'24) (Figure in parenthesis is core inflation)

Source: BIS, CEIC, MOFSL

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- ❖ US Dollar strengthened in 4QCY24 and further in Jan'25*

03 ➤ GDP growth and its components

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05 ➤ The last-mile journey in CPI inflation is proving very difficult

06 ➤ Global fiscal deficit expanded in 3QCY24 and US' deficit widened further in 4QCY24

07 ➤ Money supply measures remain constrained, but cut rates have begun

08 ➤ **Global external trade remains weak; India has the world's fourth-highest FX reserves**

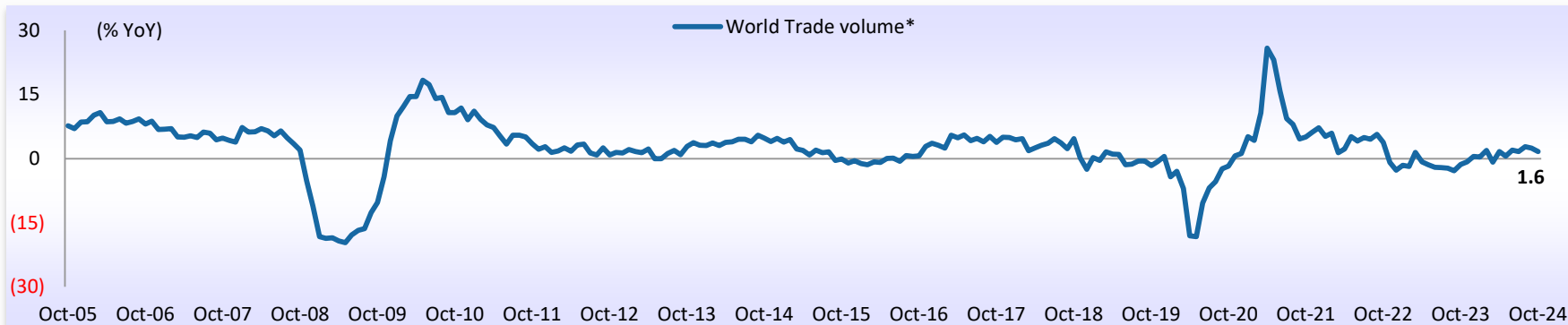
09 ➤ Home prices show resilience in advanced economies, but remain weak in China

10 ➤ Labor market remains tight as the rise in unemployment rate is limited



Global trade growth started picking up, though still subdued

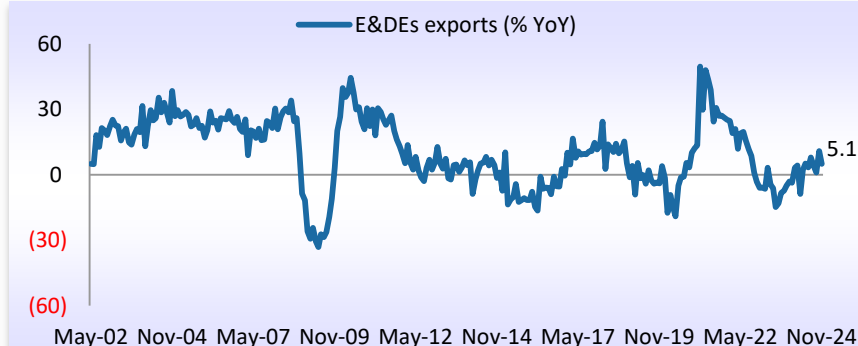
Global trade grew at an average of 1.4% in Jan-Oct'24, compared to an average decline of 1.5% in Jan-Oct'23



E&DE exports averaged USD577b during Jan-Nov'24...



...and grew at an average of 3.5% in Jan-Nov'24



* From World Trade Monitor

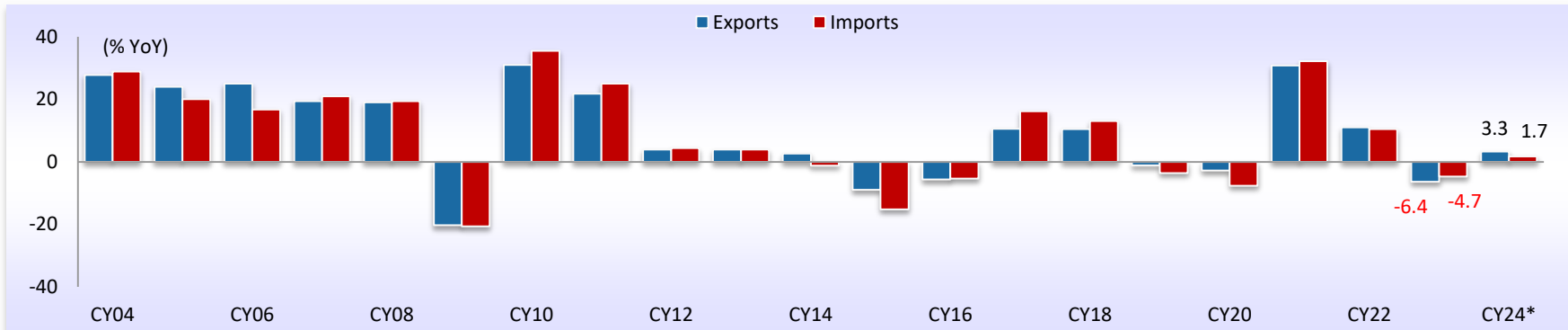
E&DEs include our countries in sample

Source: CPB Netherlands, CEIC, MOFSL

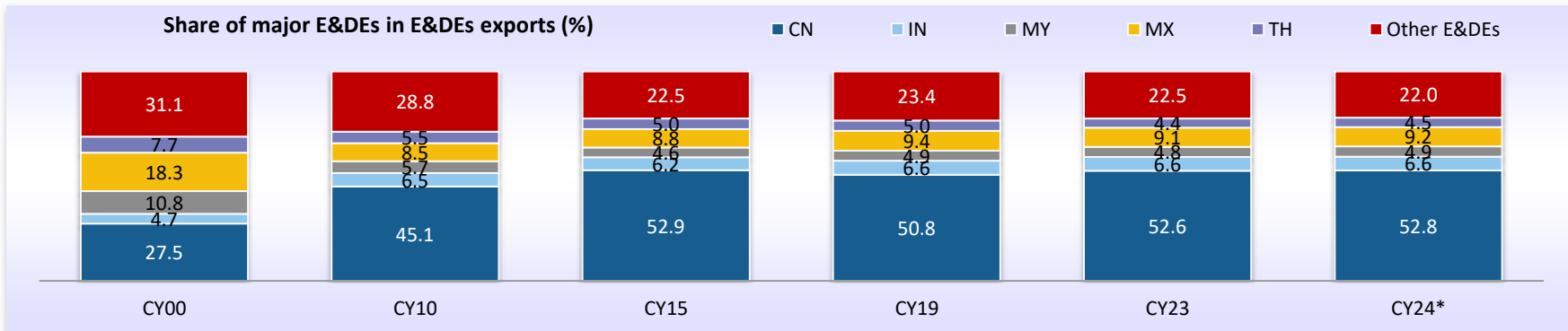


E&DEs trade slightly up in CY24*, after falling sharply in CY23

E&DE exports/imports increased 3.3%/1.7% YoY in the first eleven months of CY24*...



IN accounted for 6.6% of total E&DEs exports in Jan-Nov'24, compared to 6.5%/6.2%/6.6% in CY10/CY15/CY23



Aggregate indices are calculated using USD values

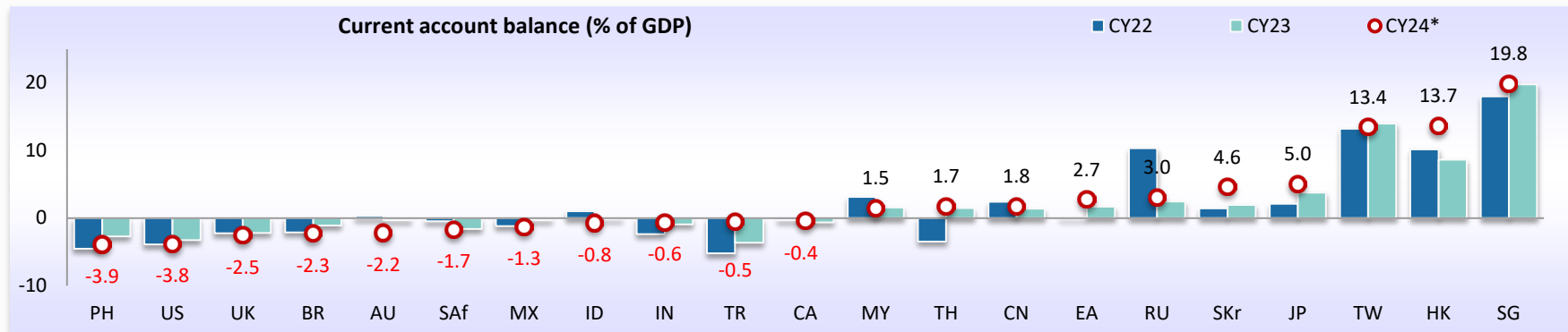
*Jan-Nov'24

Source: CEIC, various national sources, MOFSL

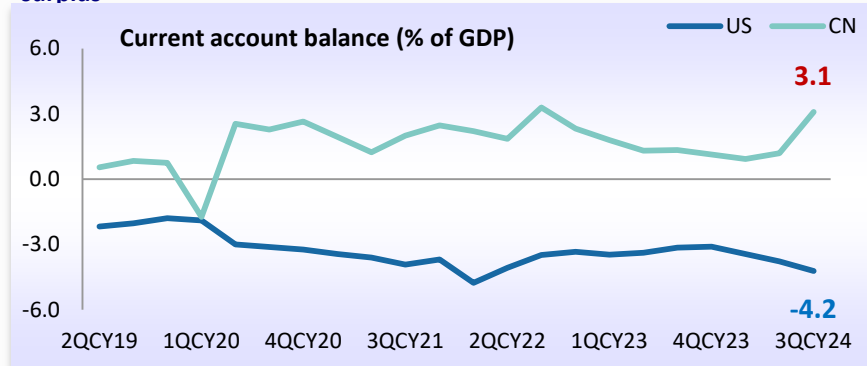


Trends in current account/trade balance vary across countries

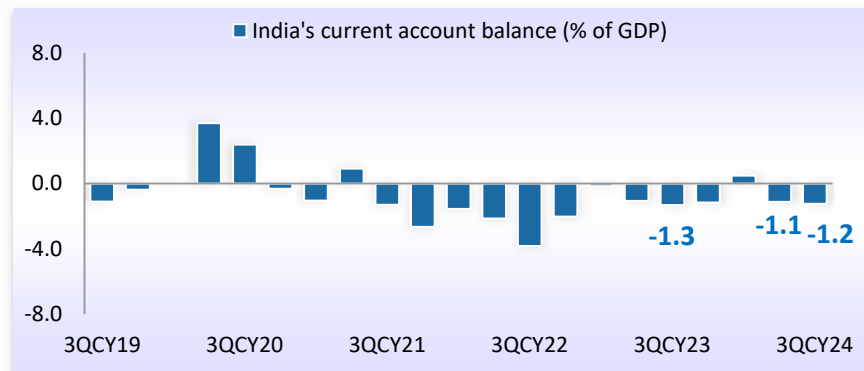
Surpluses for HK and SKr widened the most in CY24*, while CAD for AU and PH worsened the most



US' CAD worsened in 3QCY24 vs 2QCY24, while China recorded a higher surplus



India's CAB posted a deficit in 3QCY24 (vs. -1.2/-1.1% of GDP in 3Q/2Q)



Aggregate indices are calculated using USD values, *Jan-Sep'24

Source: CEIC, Various national sources, MOFSL

India the world's fourth-largest FX reserves holder



Forex reserves (USD b, Dec'24)		Forex reserves (Dec'23)		Forex reserves (Dec'22)	
CN	3,456	CN	3,450	CN	3,307
JP	1,231	JP	1,295	JP	1,228
SW*	925	SW	864	SW	924
IN	640	IN	622	RU	582
RU	609	RU	599	IN	563
TW	577	TW	571	TW	555
Saudi Arabia*	450	Saudi Arabia	437	Saudi Arabia	460
HK	421	HK	426	HK	424
SKr	416	SKr	420	SKr	423
SG	371	BR	355	BR	325

SW= Switzerland

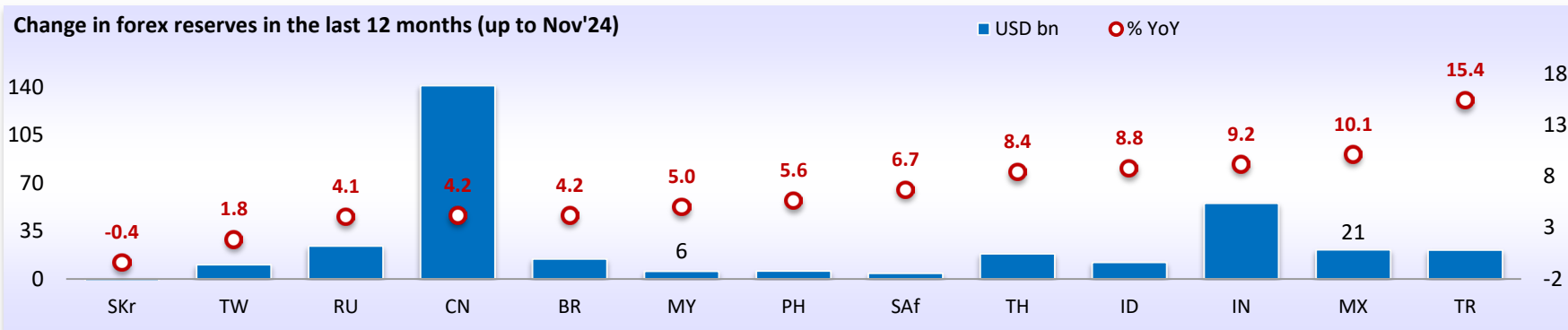
* As of Nov'24

Source: IMF, CEIC, various national sources, MOFSL

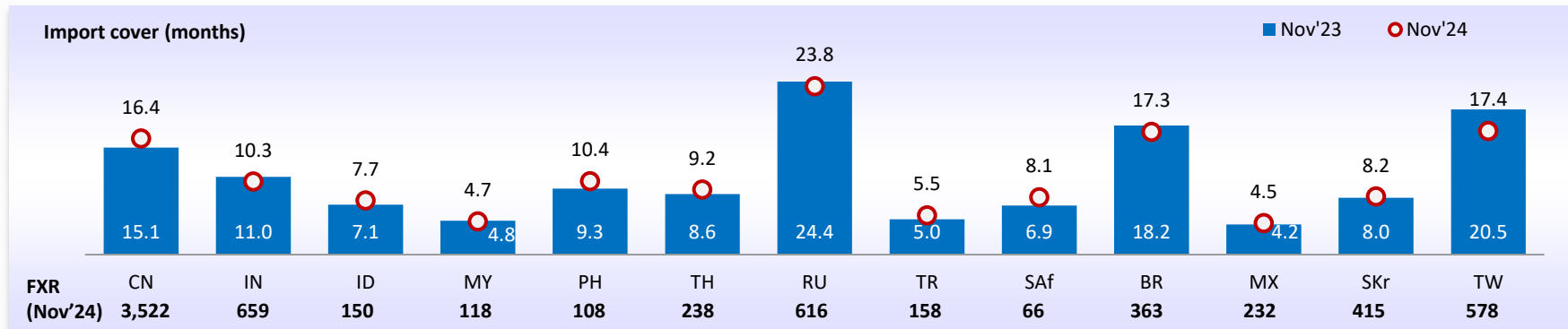


Forex reserves have increased in all E&DEs except SKr

TR registered the fastest increase in forex reserves in Nov'24, followed by MX and IN...



...and the import cover has improved in all E&DEs except IN, MY, RU, TW, and BR



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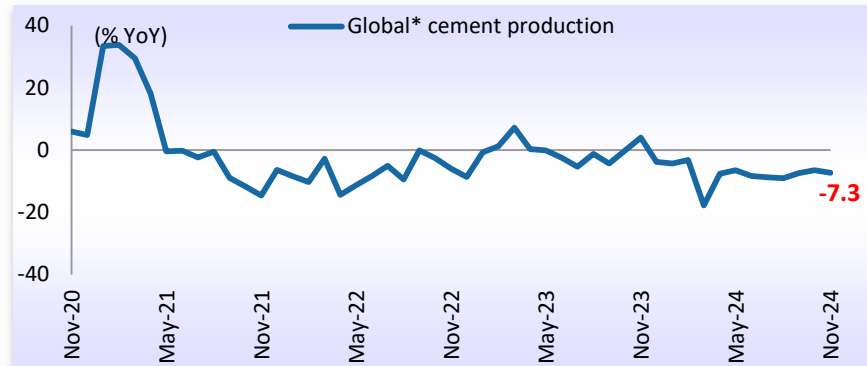
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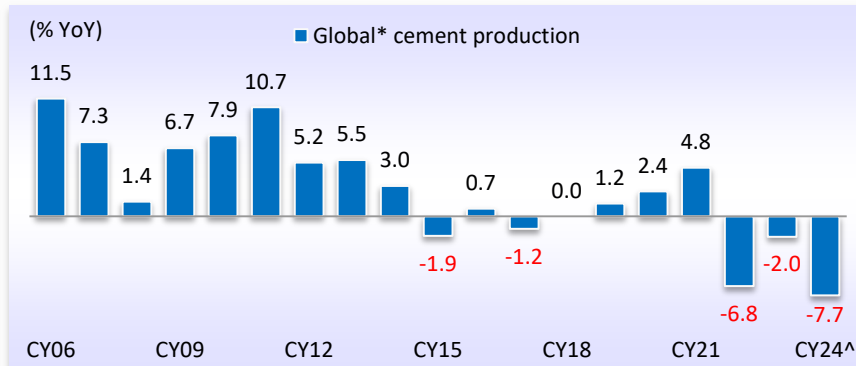
Cement production down for the third consecutive year in CY24[^]



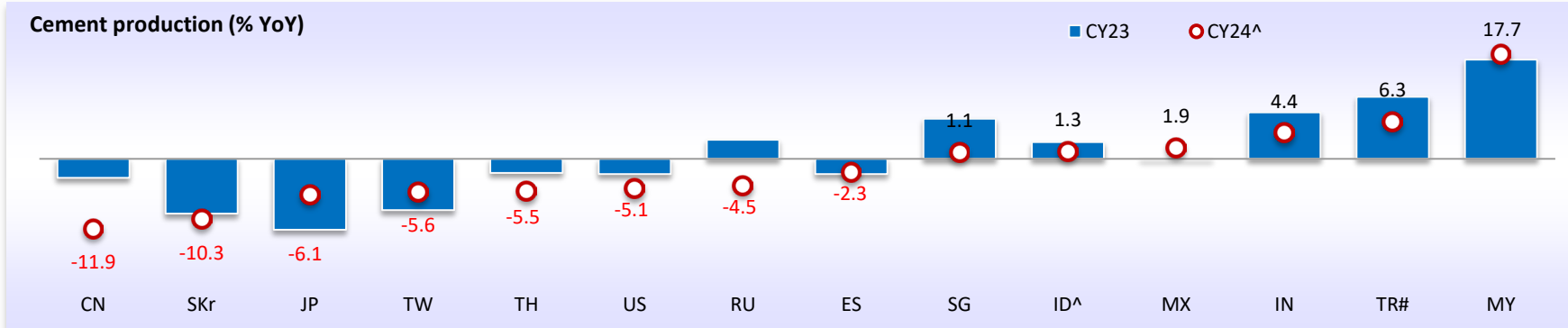
Global cement production declined for the 18th straight month in Nov'24



Global cement production contracted 7.7% in CY24[^]



Cement production continued to decline in 8 out of 14 nations in CY24[^]; remains strong in MY, TR, and IN



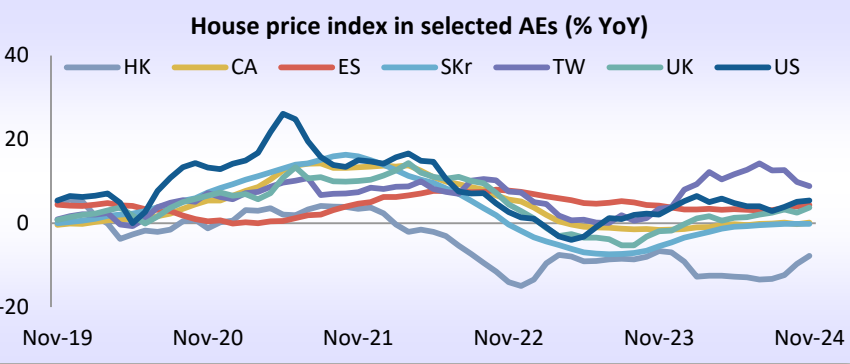
[^]CY24 data available up to Nov'24, #TR data available up to Sep'24

Source: CEIC, USGS, various national sources, MOFSL

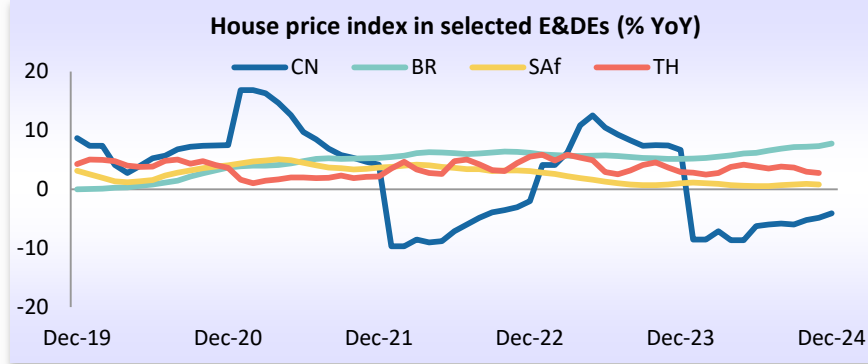
US home prices continue to grow, China's remain weak



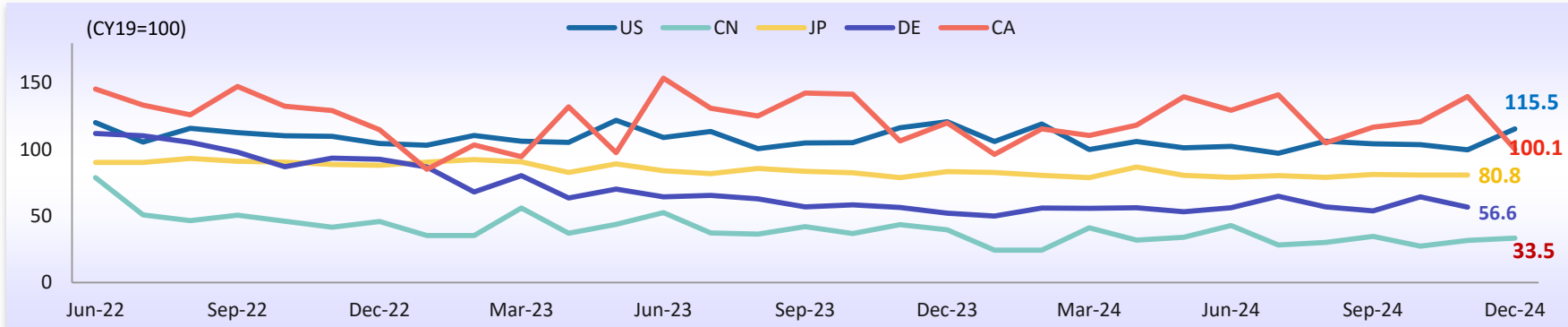
House prices grew decently in most AEs except HK, CA, and SKr...



...though they contracted in China; however, some improvement is seen



CA/US housing starts higher than the pre-COVID level, lower in other economies

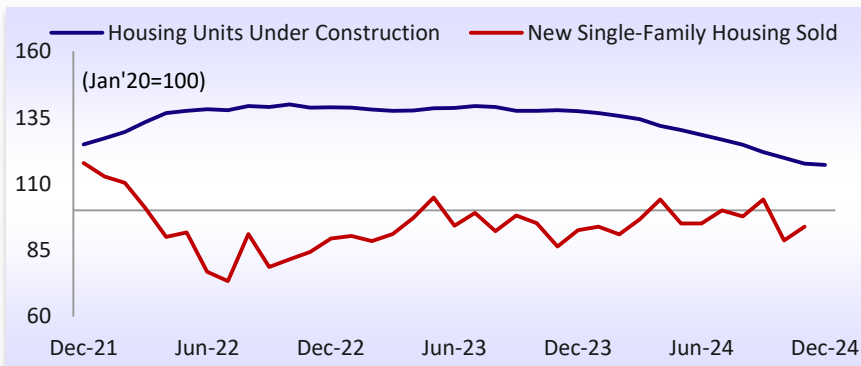


Source: CEIC, various national sources, BIS, MOFSL

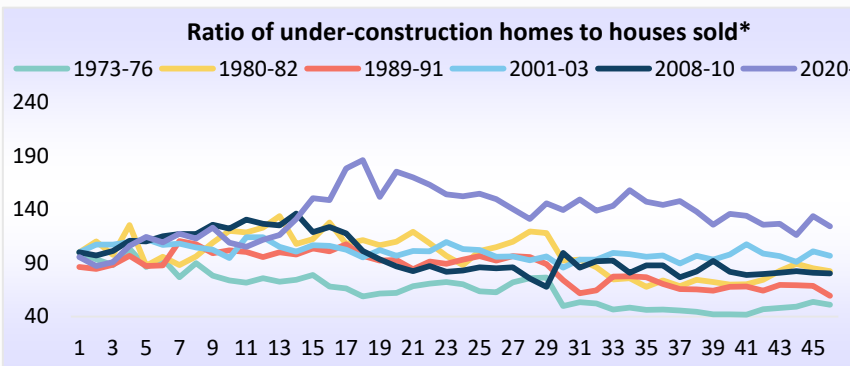
Details about the US housing market



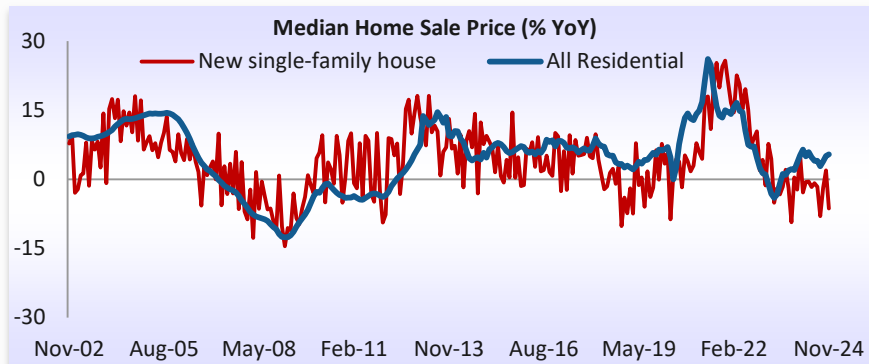
No. of homes under construction declined in CY24



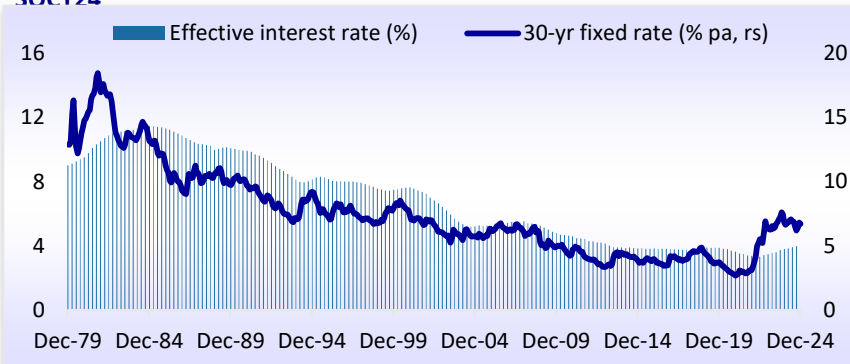
...with no pickup in housing sales either



Prices of new single family houses continue to correct...



...but effective mortgage interest rate at an almost 12-year high in 3QCY24



* Starting dates for recession from NBER (Nov'73, Jan'80, Jul'90, Mar'01, Dec'07, Feb'20)

Source: CEIC, MOFSL

Agenda

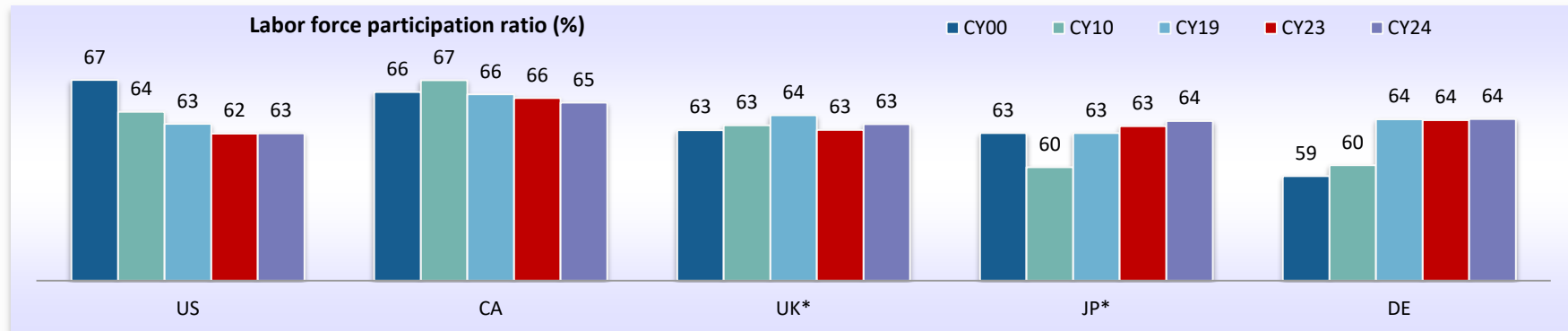


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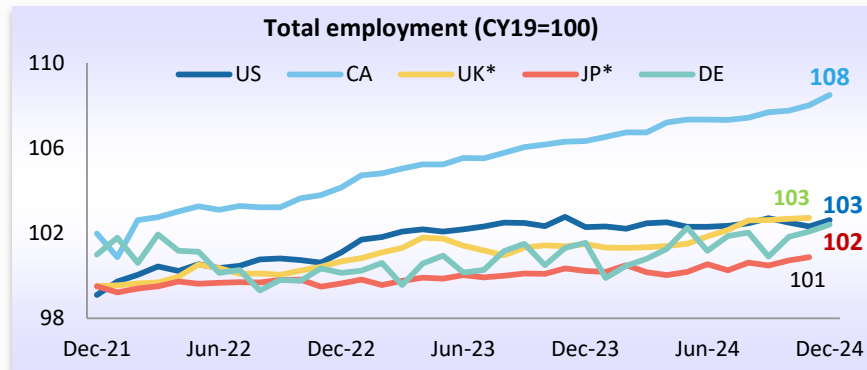


Labor markets different across major AEs

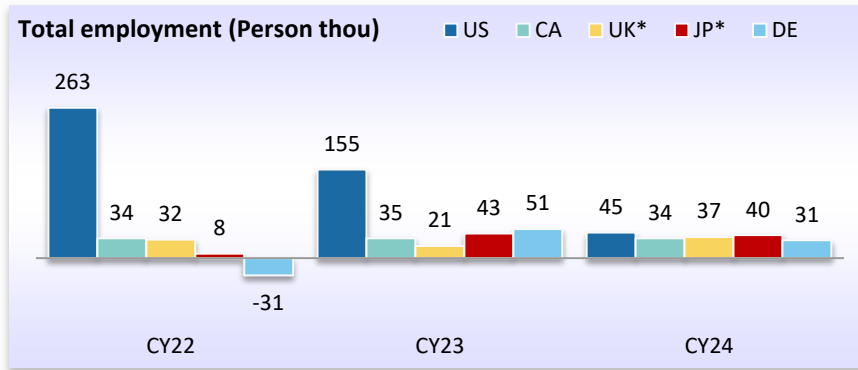
LFPR in CY24 is lower than in CY23 in Canada; higher in the US and Japan



Employment in Dec'24 was 1-8% higher than CY19...



...with a clear decline in US employment in CY24

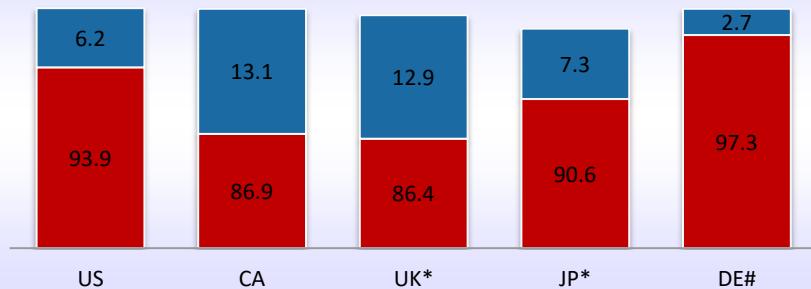




Stagnant growth in regular employees across economies

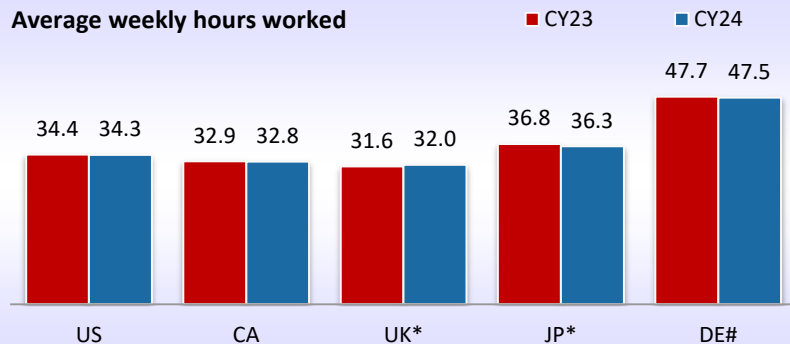
Regular employees account for 87-97% of the workforce in these AEs

Share in total employment (%)



Average weekly hours worked increased in CY24 in all except JP and DE...

Average weekly hours worked



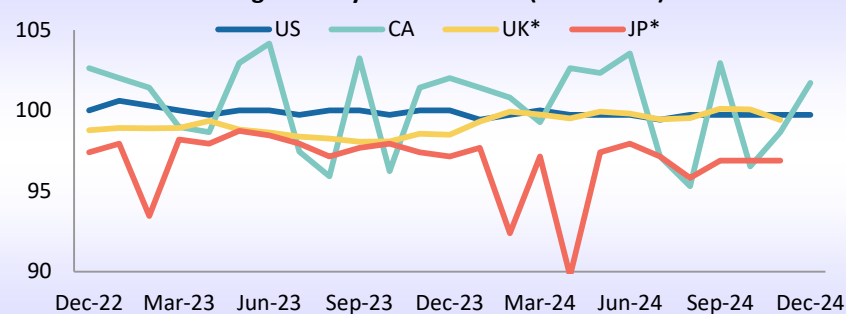
Growth in regular employees muted in CY24

Change in CY24 (%)



... and were ~2% higher in all nations compared to CY19, except JP (3% lower)

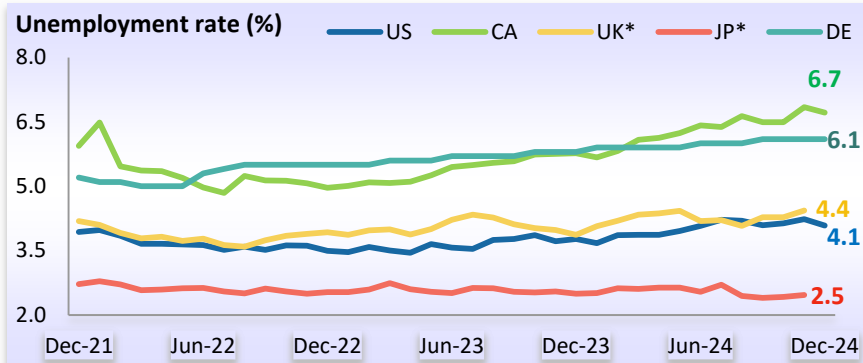
Average weekly hours worked (CY19 = 100)



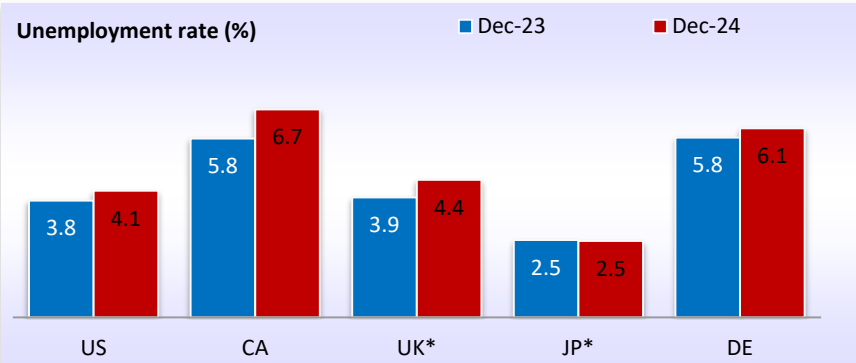


Unemployment rate has started picking up but continues to remain low

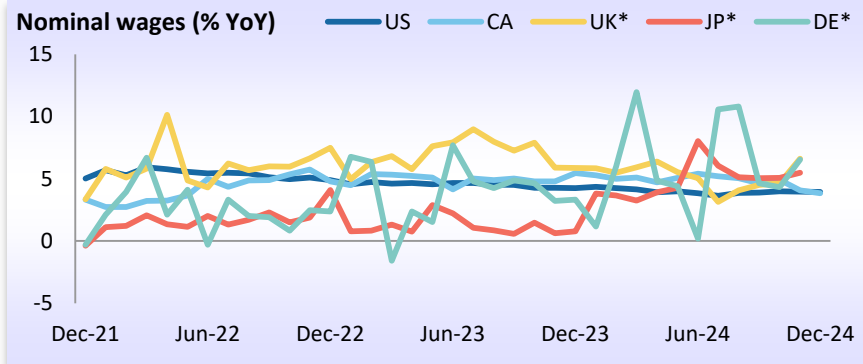
The unemployment rate has picked up in recent months...



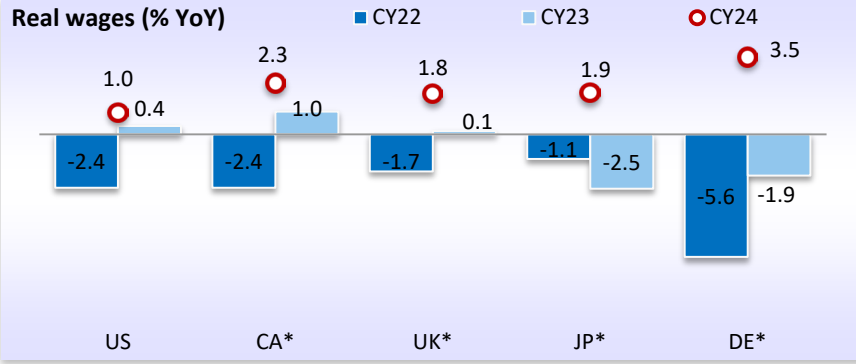
...but continues to remain low in all nations (except CA and DE)



Nominal wage growth remains stagnant in all nations...



...but real wages have increased in all economies



*Data up to Nov'24, @ Deflated by CPI in respective economies
Source: CEIC, various national sources, MOFSL

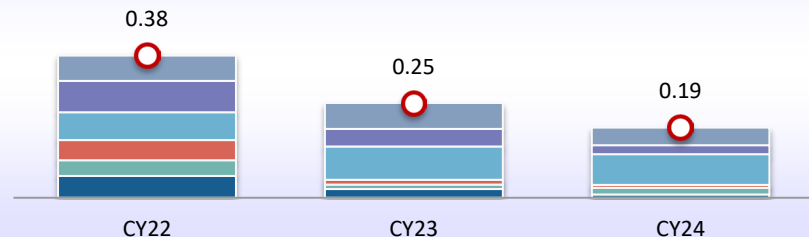
Details about the US labor market



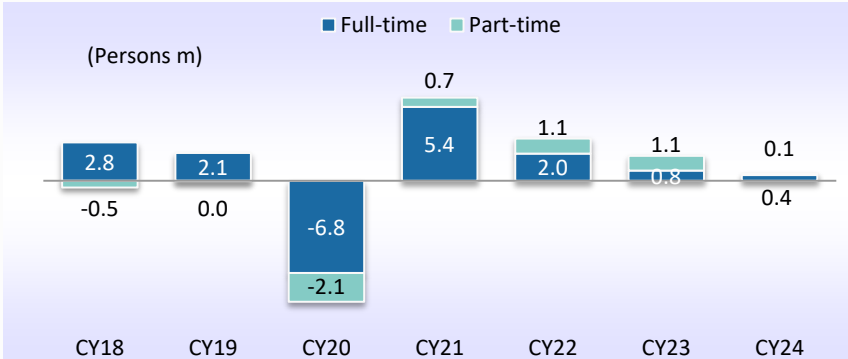
Labor demand remained weak in CY24...

■ Goods ■ Trade & transport ■ Prof & Bus services
■ Edu & Health services ■ Leisure & Hospitality ■ Other services

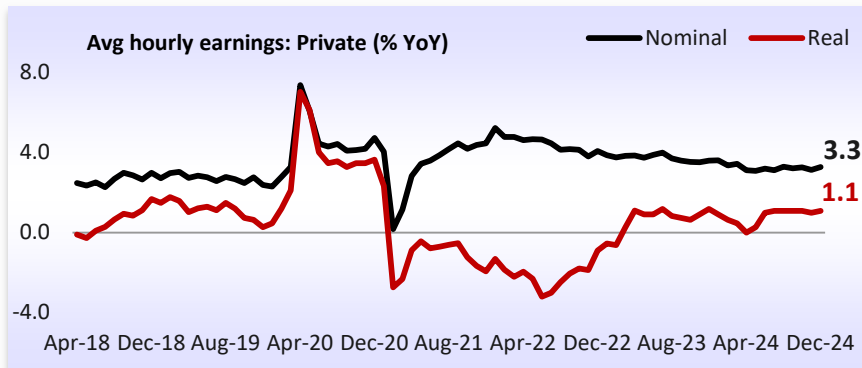
Monthly employment (in m) by selected sectors



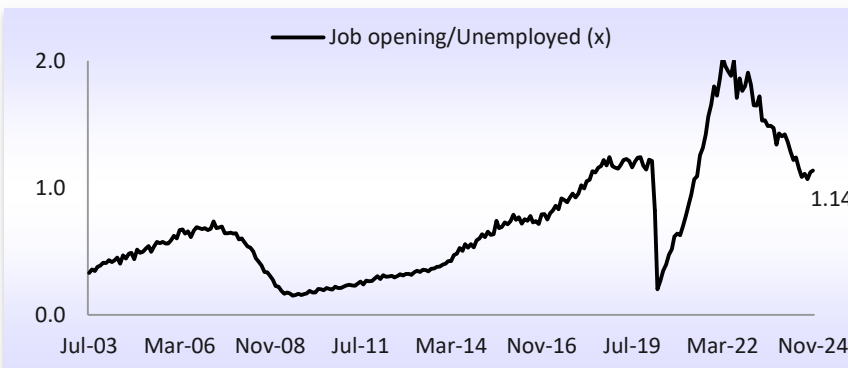
...and full-time worker demand is much lower



Real earnings growth averaged 1.1% in Jul-Dec'24 vs. 0.5% in Jan-Jun'24

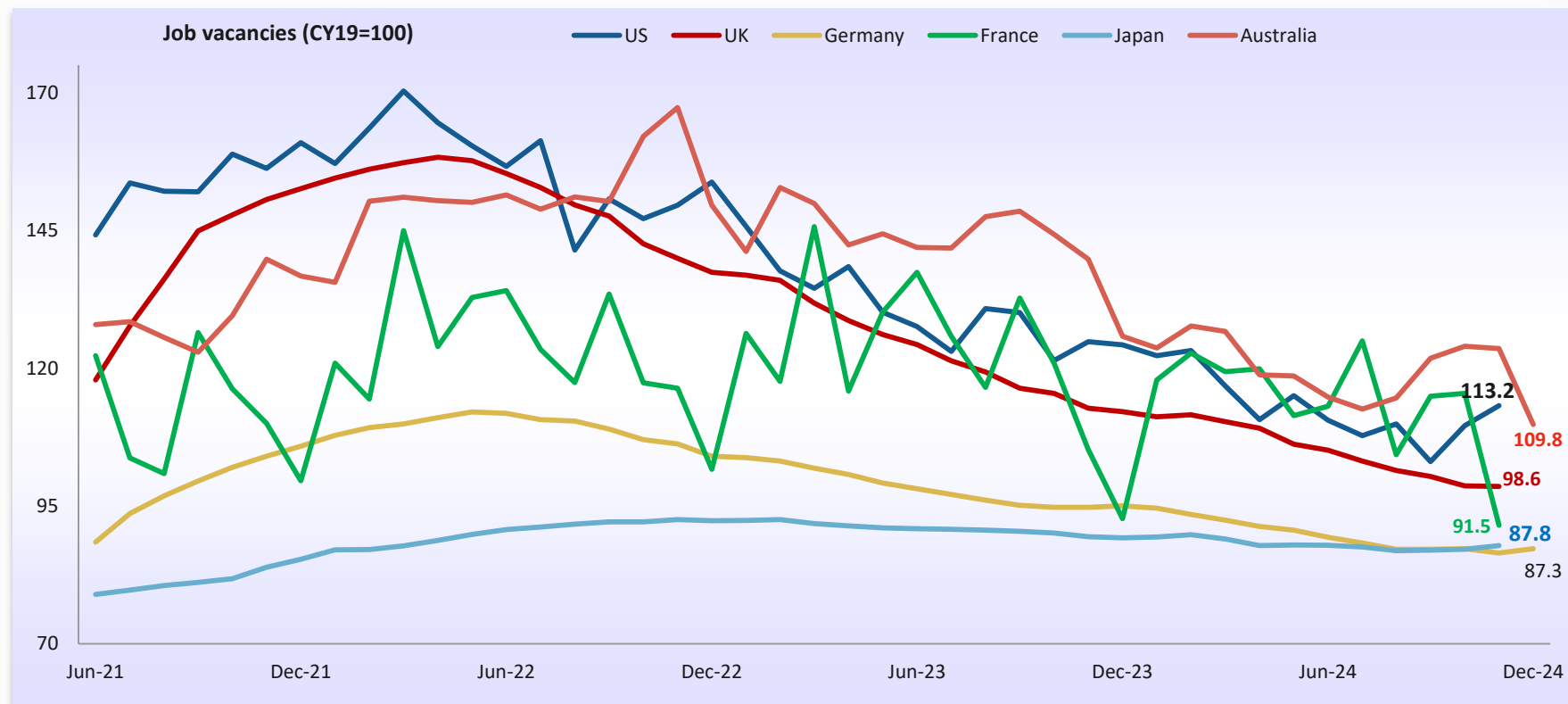


Job openings improved in the last three months, but remained weak



Source: CEIC, MOFSL

Job vacancies declined in most nations except US and DE



Source: CEIC, various national sources, MOFSL

Job openings in the US; Job vacancies in the UK, FR, and DE; Number of job offers in JP; and Job advertisements in newspapers and on the internet in AU

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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