

# GLOBAL ECONOMY UPDATE – 1QCY24



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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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- ❖ To provide investors with a distinctive edge, we present a comprehensive overview of the global economy, covering as many as 40 nations that collectively contributed to over 85% of the global GDP in CY20. This is the 11th update in the series, featuring data up to 1QCY24.
- ❖ 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 have attempted to cover the most important macroeconomic indicators to offer our readers an idea of various themes, such as 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 released in the first month of every quarter, covering all published data as of the recently concluded quarter.

# We cover 40 nations in this presentation...



## 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 and 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)

# AGENDA



- 01 ➤ **Highlights of 1QCY24; with key projections**
- 02 ➤ Financial market trends:
  - ❖ Global equity markets down in Apr'24, after surging in 1QCY24
  - ❖ Bond yields have reached their peak tightening in CY24\*
  - ❖ US Dollar has strengthened against almost all major currencies in CY24\*
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- 05 ➤ CPI-inflation is decelerating, with US CPI now <4% YoY
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# Key Highlights of CY23/1QCY24



- ❖ In 1QCY24, global financial markets witnessed a mixed landscape, with buoyant equity markets alongside rising bond yields and a strengthening US Dollar (USD). While equity markets have witnessed a decline in Apr'24, bond yields and USD continue to strengthen.
- ❖ World real GDP growth was stable at 2.8% in CY23, with India posting the highest growth among key economies last year. In Jan-Feb'24, global retail sales appear to have weakened, although industrial production shows some encouraging signs.
- ❖ At the same time, global headline inflation seems to have stabilized in the past four months (up to Feb'24), with continued deceleration in core inflation. US inflation readings, however, came in higher during the last two months (Feb-Mar'24).
- ❖ Although monetary stimulus is wearing off globally (reflected by the shrinking size of central banks' balance sheet), global fiscal deficit widened in 4QCY23 (led by AEs) and US fiscal deficit remained very strong in 1QCY24 (assuming nominal GDP growth of 6% YoY in 1Q).
- ❖ Lastly, there are indications of a slight softening in the US housing market and its labor market; however, these developments are not currently posing significant threats.

# Key Projections for CY24

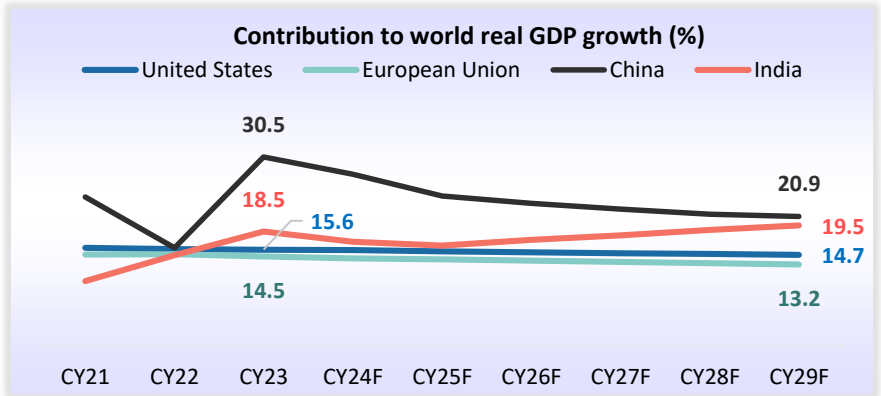
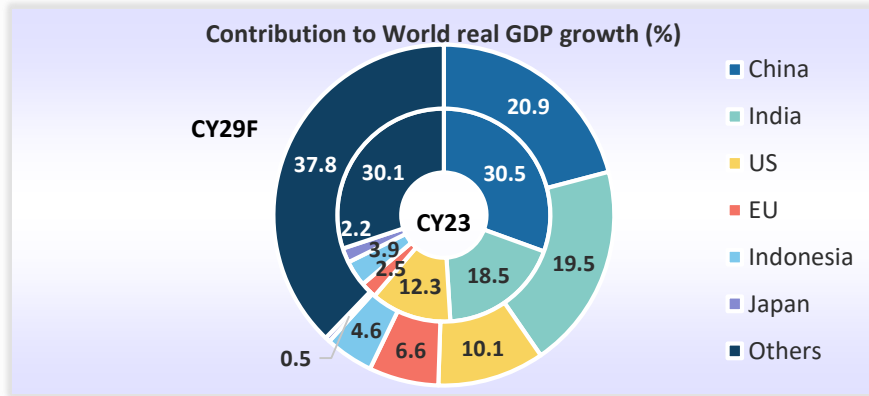
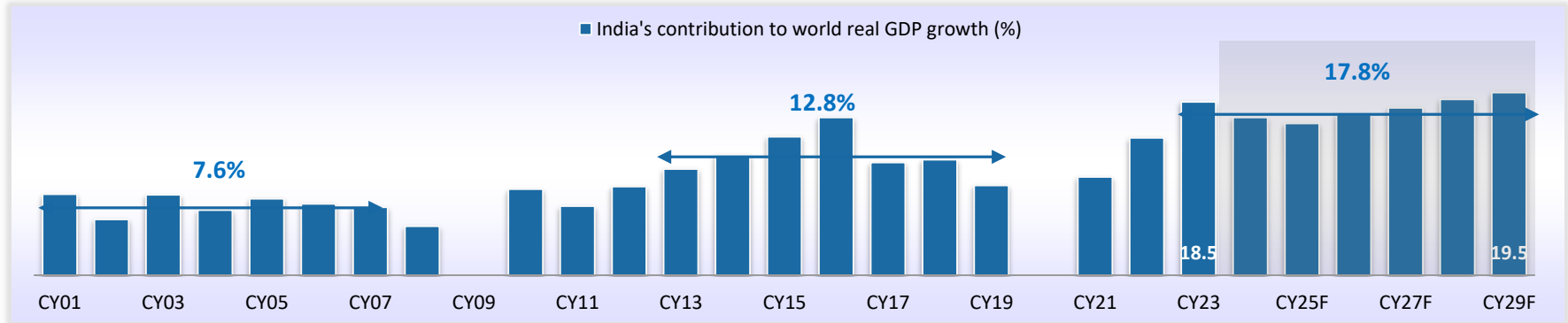


- ❖ As against its contribution of less than 10% in the 2000s decade and about 13% in the pre-pandemic years, India's contribution to world real GDP growth increased to its all-time high of 18.5% in CY23 (FY24) and is projected to be ~18% over the next few years.
- ❖ India's contribution to the world GDP growth is expected to rise to ~20% by the end of this decade, similar to that of China's (down from 30% in CY23), and higher than that of the US and European Union. It is also expected to be the third largest nation by CY27/FY28.
- ❖ A comparison of key emerging economies suggests that the macro vulnerability is expected to fall (i.e., improve) in most of them over the next two years.
- ❖ Just when the markets were getting ready for rate cuts, hotter-than-expected US inflation in the past two months have poured cold water on rate-cut expectations. Market participants expect only two rate cuts now in CY24 by the US Federal Reserve, much lower than as many as seven cuts anticipated a quarter ago (and four in Oct'23).
- ❖ We believe that strong domestic fundamentals make it even more unlikely for the Reserve Bank of India to cut rates this year (CY24).

# India expected to contribute much more to world GDP growth



India's contribution to world real GDP growth rate stood at 18.5% in 2023/FY24, the highest since 1980



\*Excluding CY09 and CY20, when world GDP declined

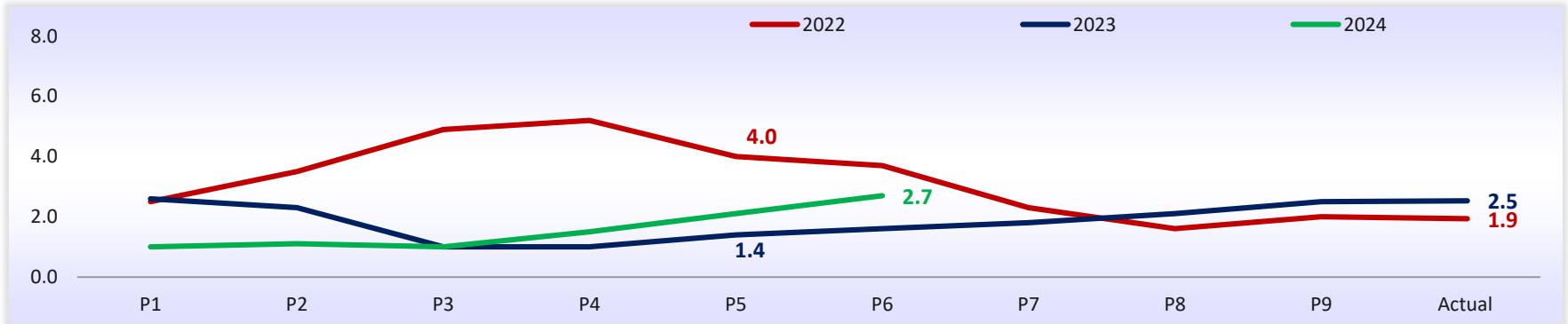
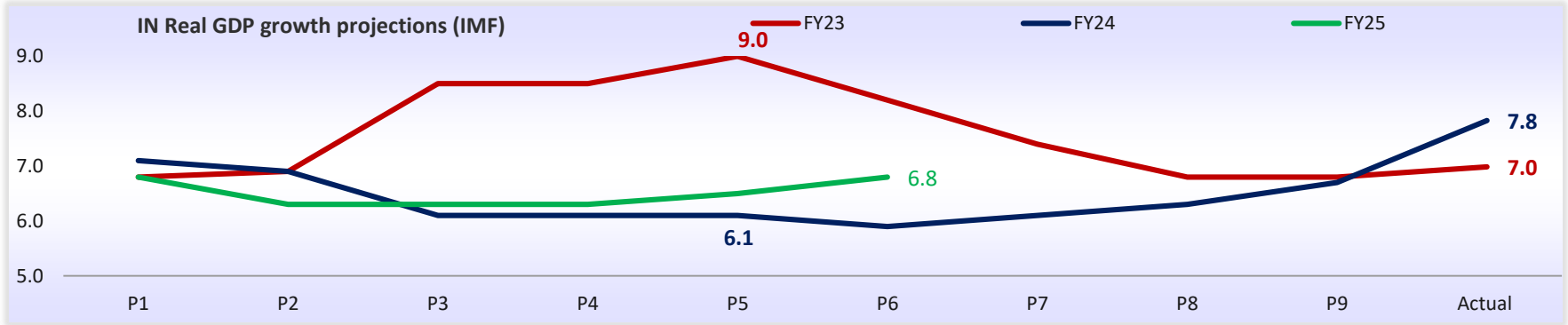
CY23 = FY24 for India

Source: IMF, MOFSL

# Will CY24/FY25 see a repeat of CY23/FY24 or CY22/FY23?



In stark contrast to CY22/FY23, real GDP growth projections for CY23/FY24 for India and the US were continuously and sharply upgraded by the IMF



The 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)

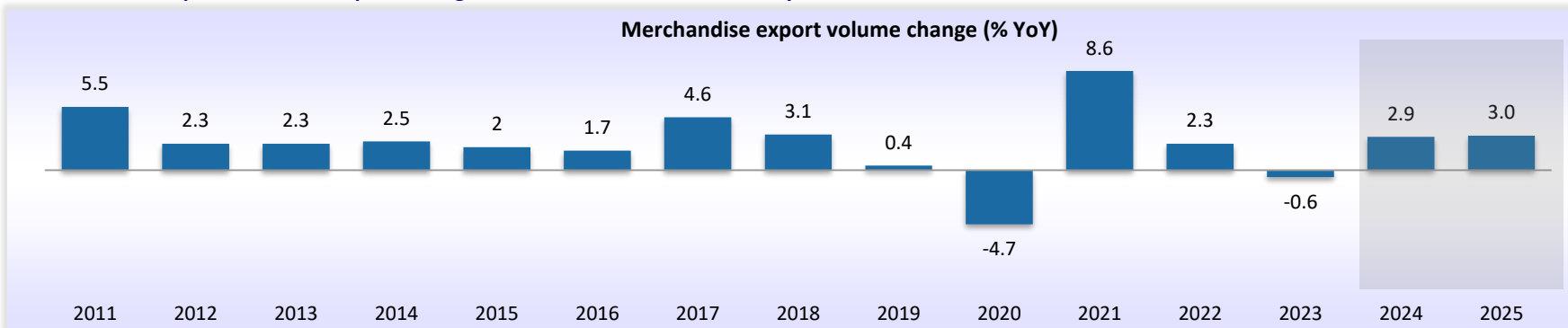
Source: IMF, MOFSL



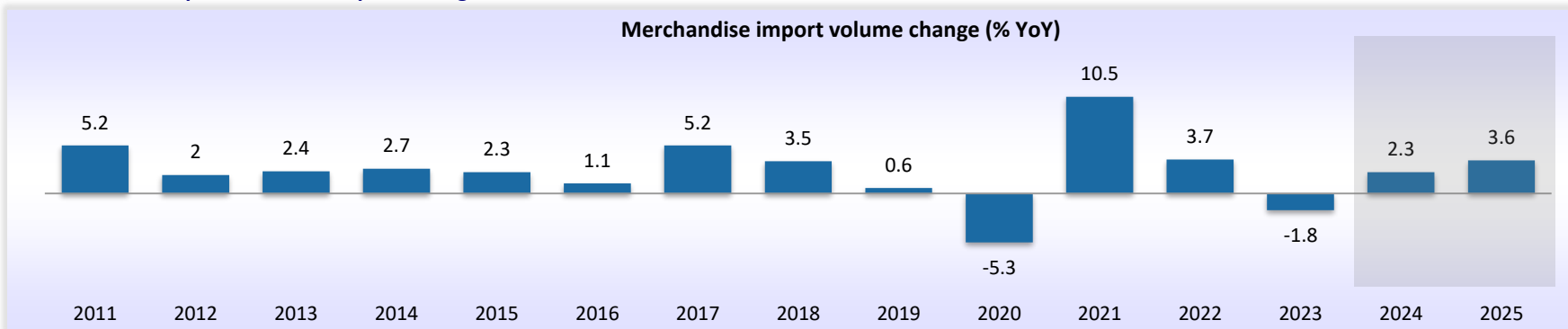
# World trade expected to improve in 2024



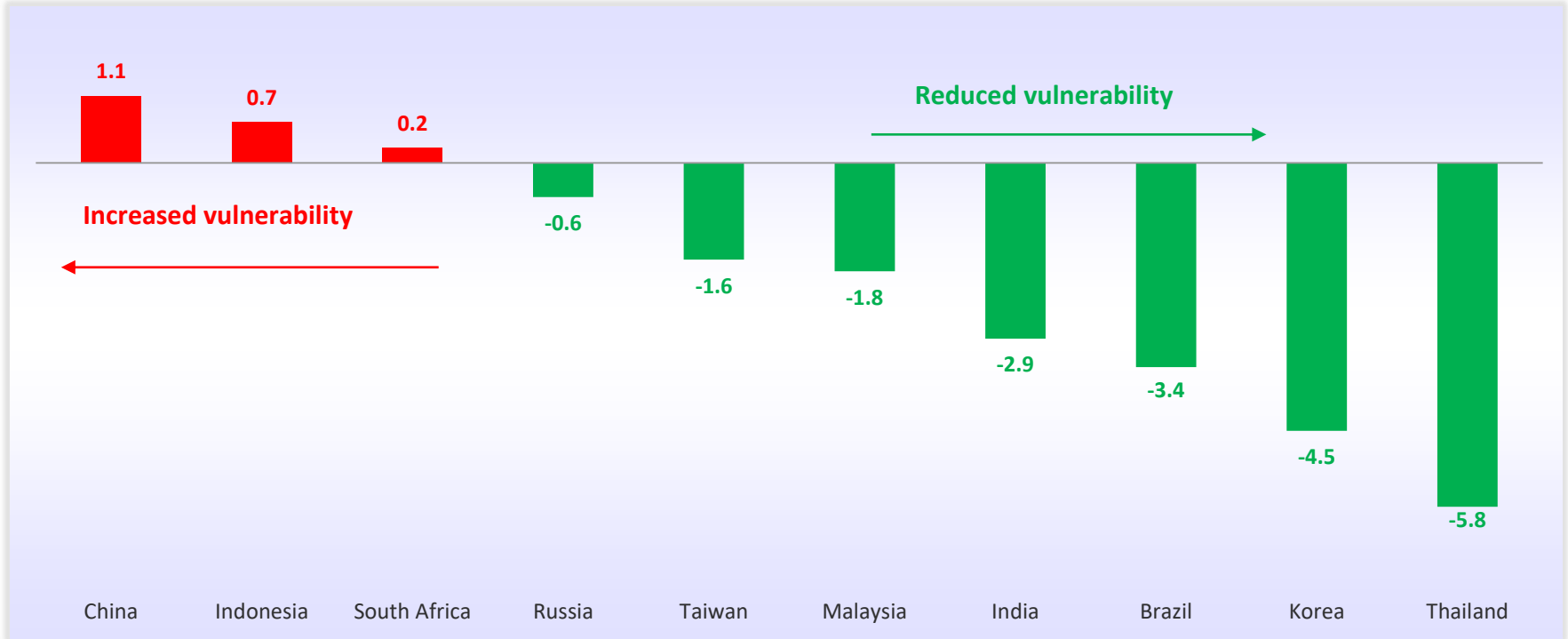
Merchandise export volume is expected to grow 2.9%-3% over the next two years, vs a contraction of 0.6% in 2023



Merchandise import volume is expected to grow 2.3% in 2024 and 3.6% in 2025, from a contraction of 1.8% in 2023



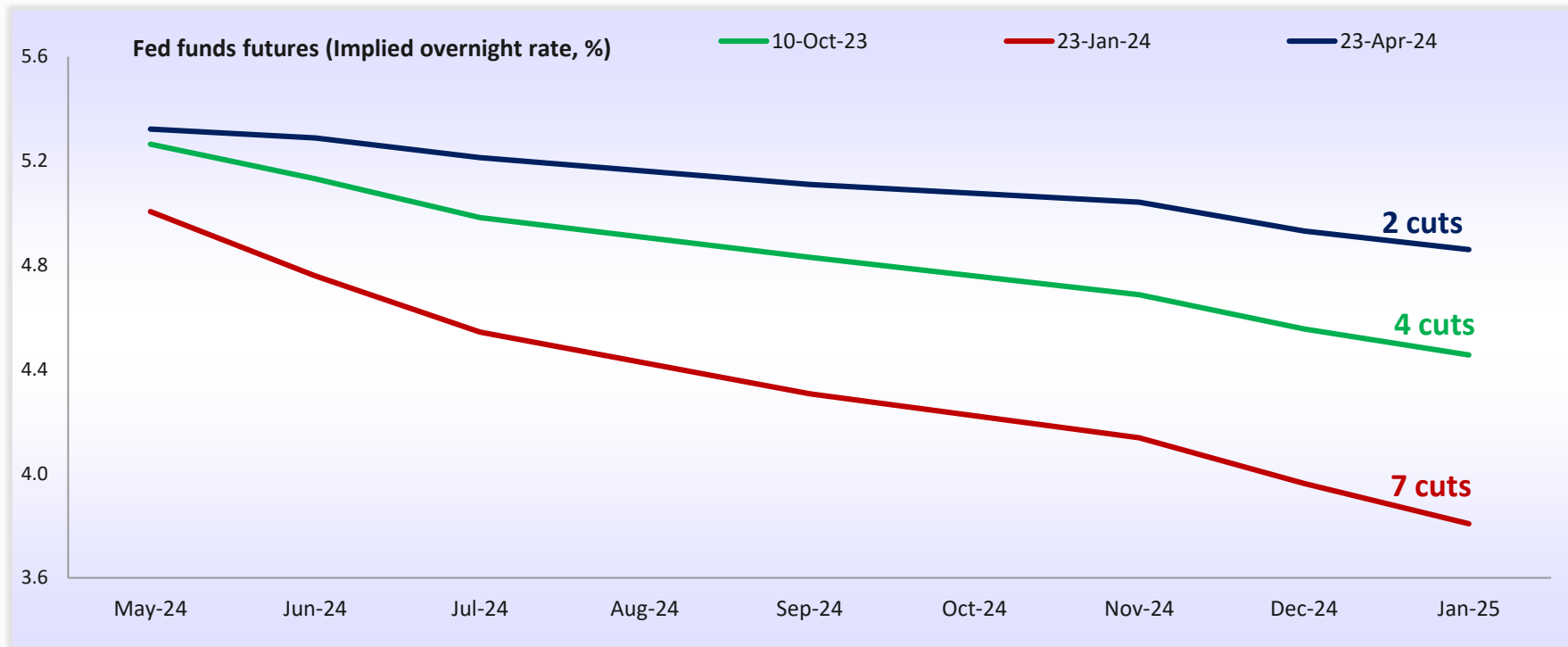
# India's macro vulnerability expected to improve in 2024-25



**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 over the next two years (CY24 and CY25) over the past two years (CY22 and CY23)

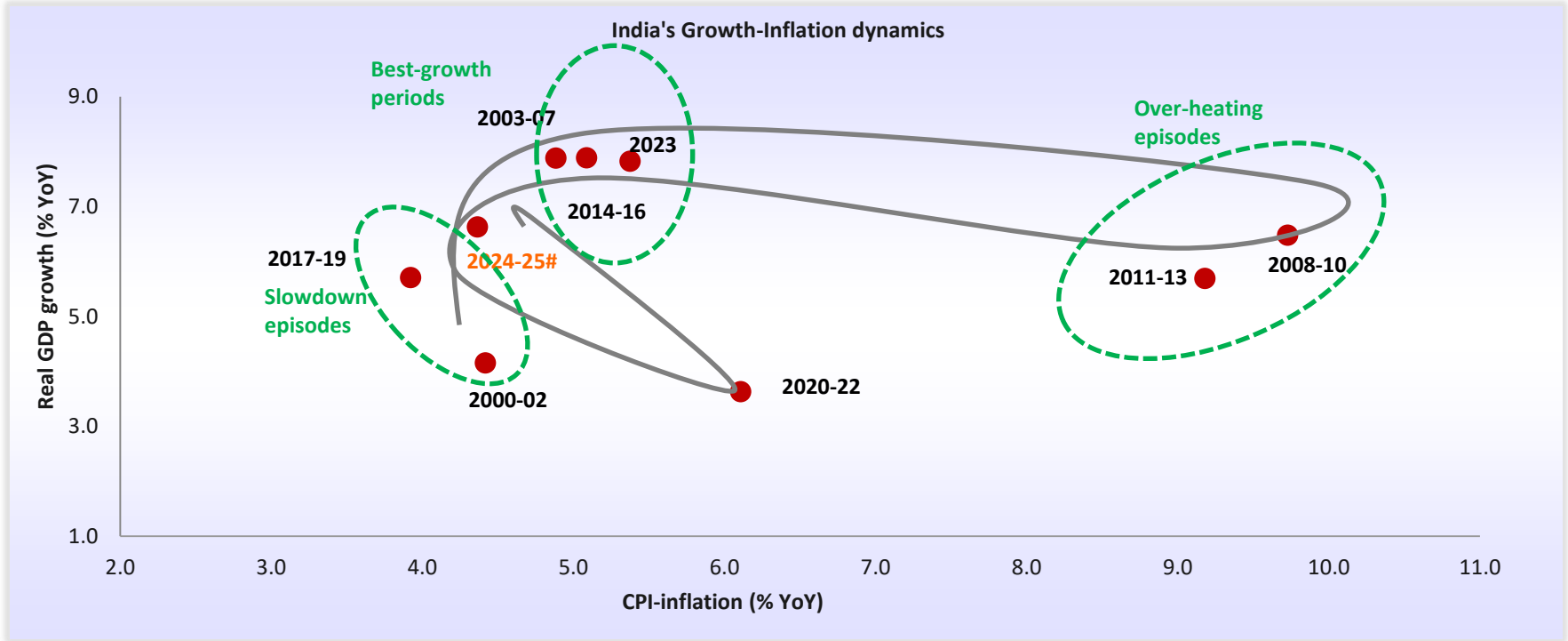
Source: IMF, CEIC, various national sources, MOFSL

# The wait for US rate cuts gets longer...



Source: Bloomberg, MOFSL

# ...and the RBI may not deliver it in CY24



#IMF projections

Source: IMF, MOFSL

# AGENDA

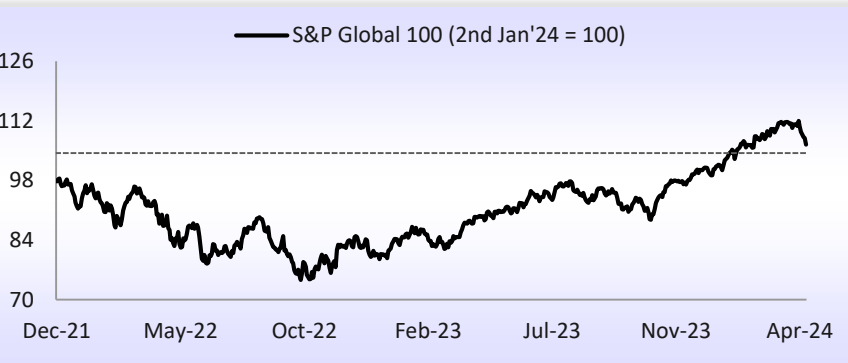


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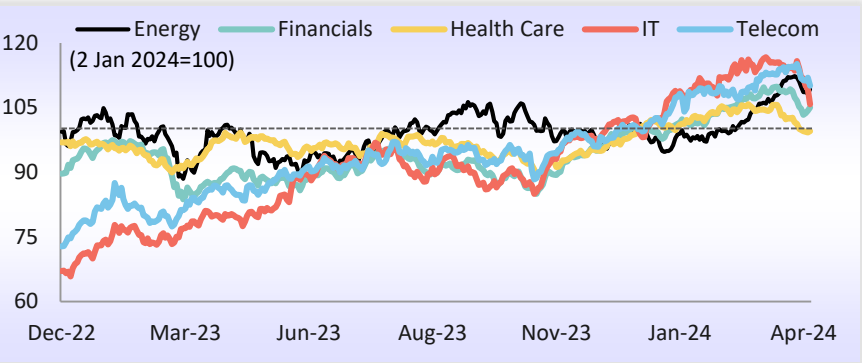


# Global equity markets fell in Apr'24, after rising in 1QCY24

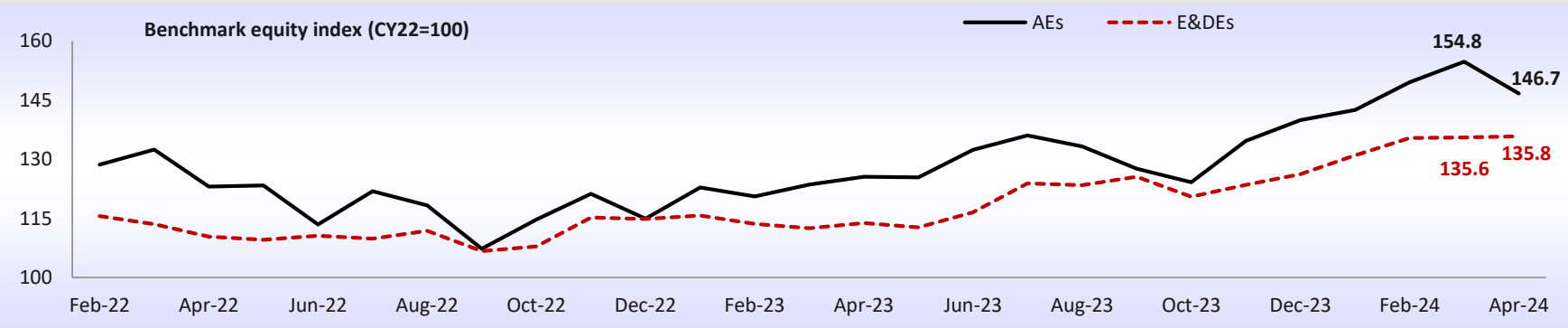
S&P Global 100 index up 12% in 1QCY24, before falling 5% in the last week



All sub-indices declined in Apr'24, led by the IT sector



AEs equity markets fell sharply in Apr'24, while E&DEs equity markets remained stable



Aggregate indices are weighted by market capitalization

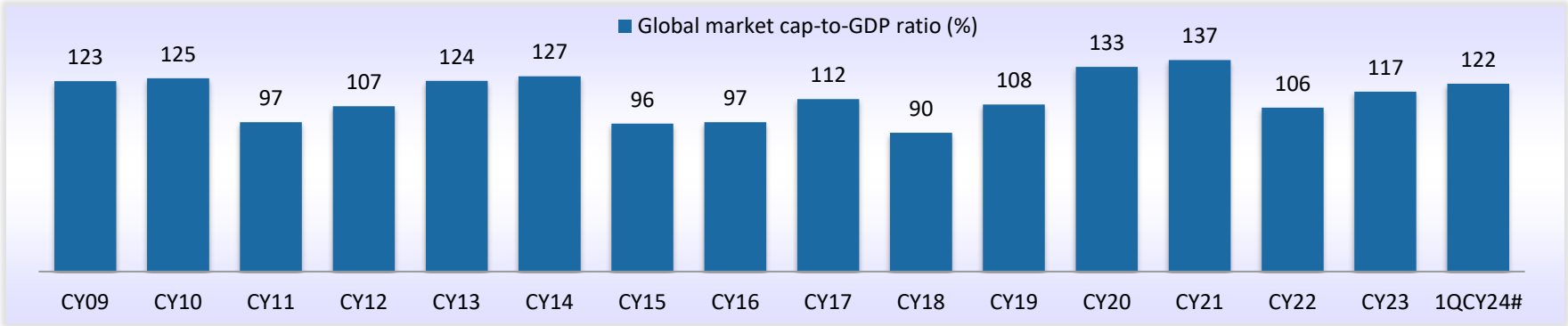
All data as of 19<sup>th</sup> Apr'24

Source: Bloomberg, CEIC, MOFSL

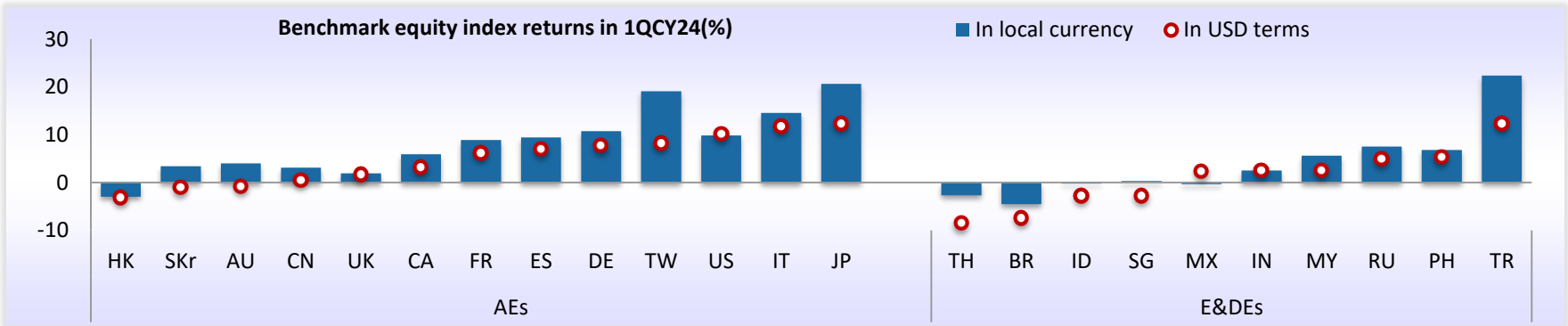


# Global m-cap-to-GDP likely increased to 122% in 1QCY24

Global m-cap-to-GDP ratio likely increased to an 8-quarter high of 122% in 1QCY24



AEs have performed much better than many E&DEs in 1QCY24



# Assuming 4.5% YoY growth in world nominal GDP in 1QCY24 vs 4.2% in 4QCY23

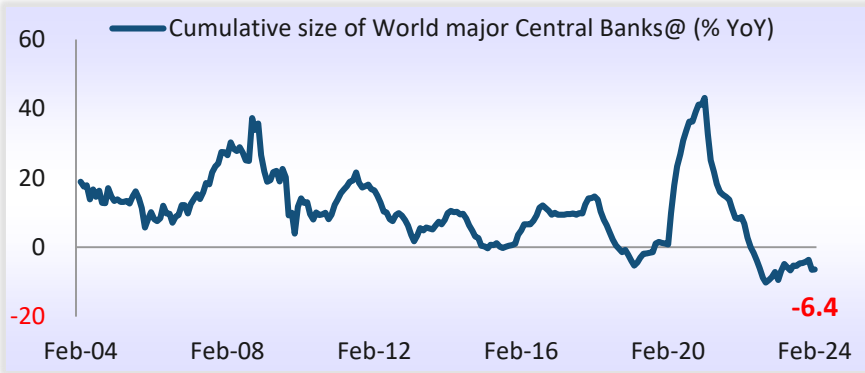
\* Point-to-point comparison (31<sup>st</sup> Mar'24 over 31<sup>st</sup> Dec'23)

Source: Bloomberg, CEIC, MOFSL

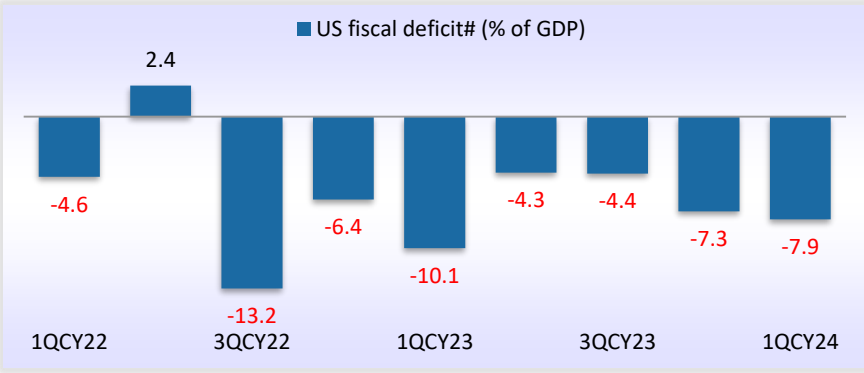


# Equity markets rally, despite lower monetary stimulus

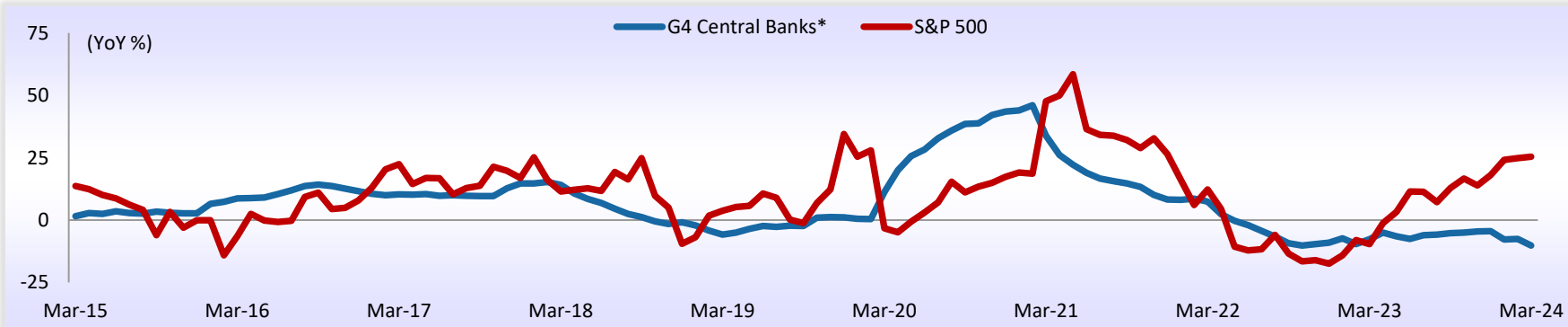
Global central banks' balance sheet fell for 22<sup>nd</sup> straight month in Feb'24...



...but US fiscal deficit remained supportive in 1QCY24



S&P500 rose sharply in 1QCY24, despite falling monetary stimulus



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

#Assuming 6% US' nominal GDP growth in 1Q

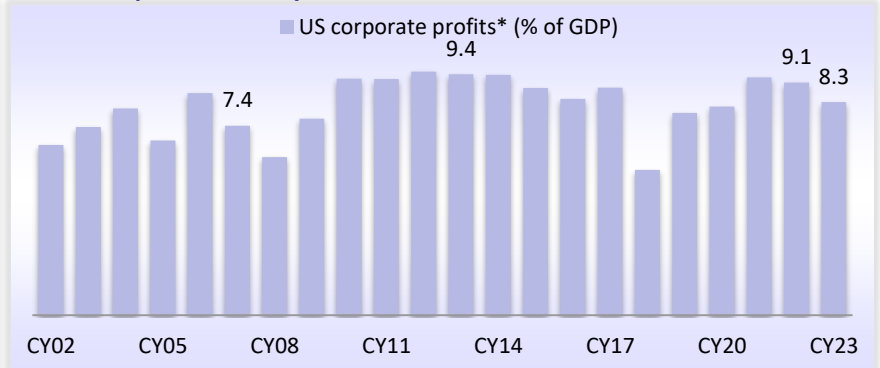
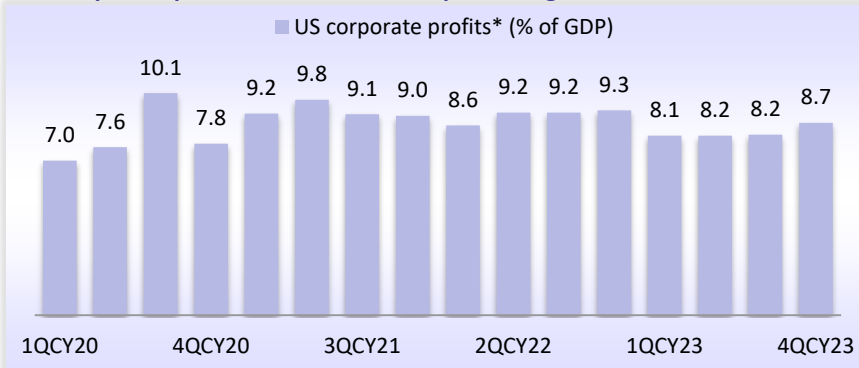
Source: Bloomberg, CEIC, MOFSL



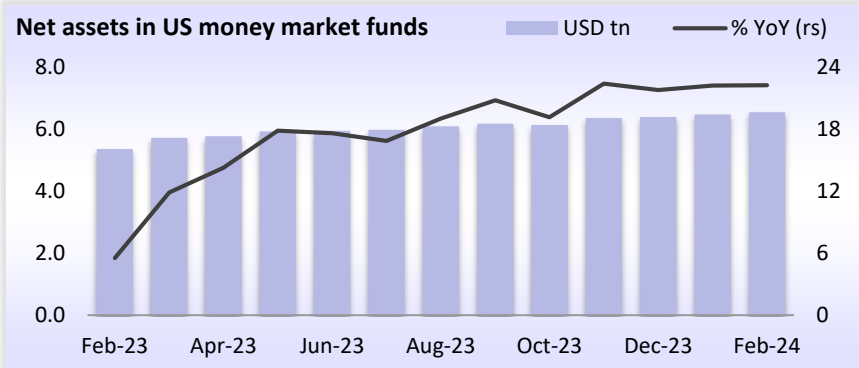
# US corporate profits rose in 4QCY23; MF flows stable



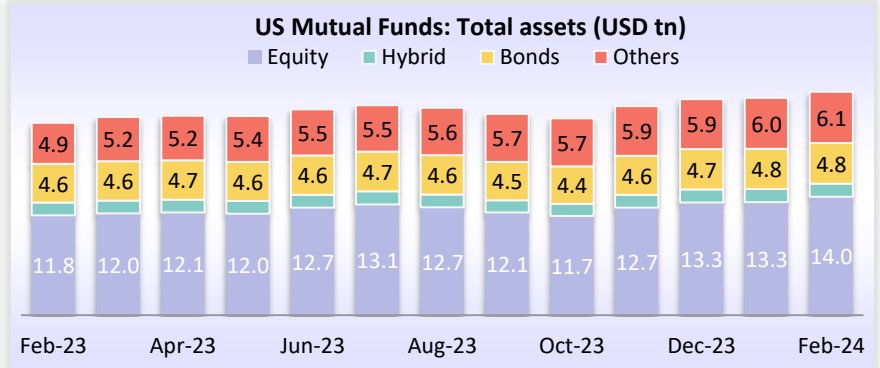
US corporate profits increased to a 4-quarter high of 8.7% of GDP in 4QCY23; however, it printed at a 3-year low of 8.3% of GDP in CY23



Flows in US money market funds (MMFs) surged 22.2% YoY in Feb'24...



...though they have been stable in Mutual funds (MFs)



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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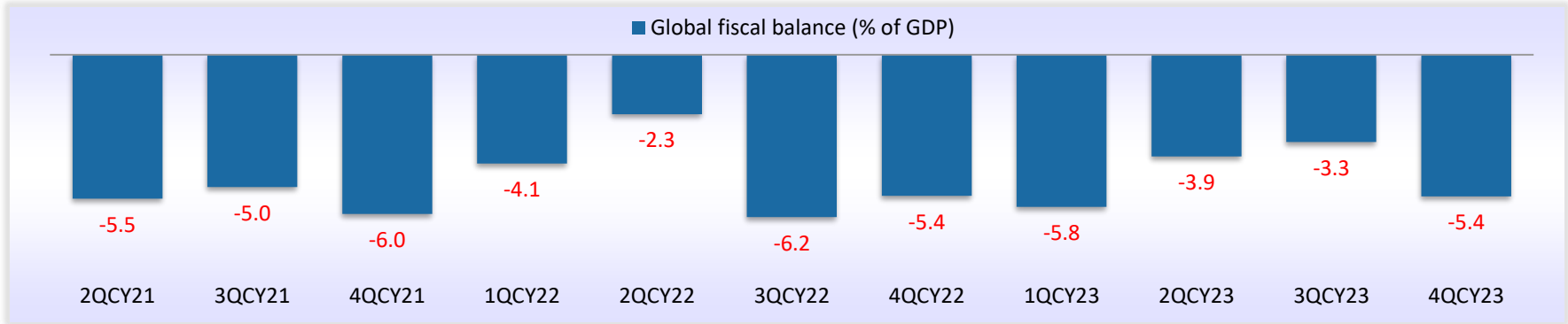


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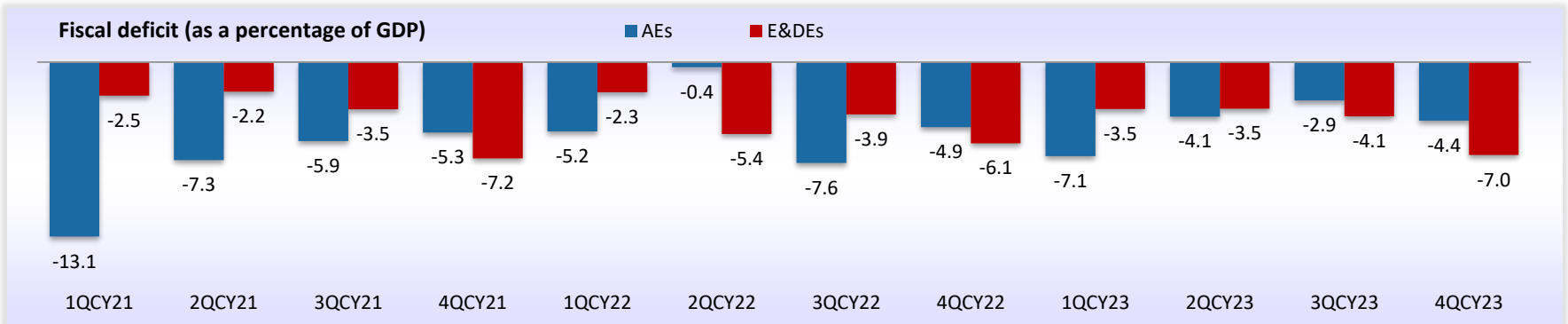


# Global fiscal deficit has widened in 4QCY23, led by both AEs and E&DEs

Global fiscal deficit widened to 5.4% of GDP in 4QCY23, up from 3.3% of GDP in 3QCY23



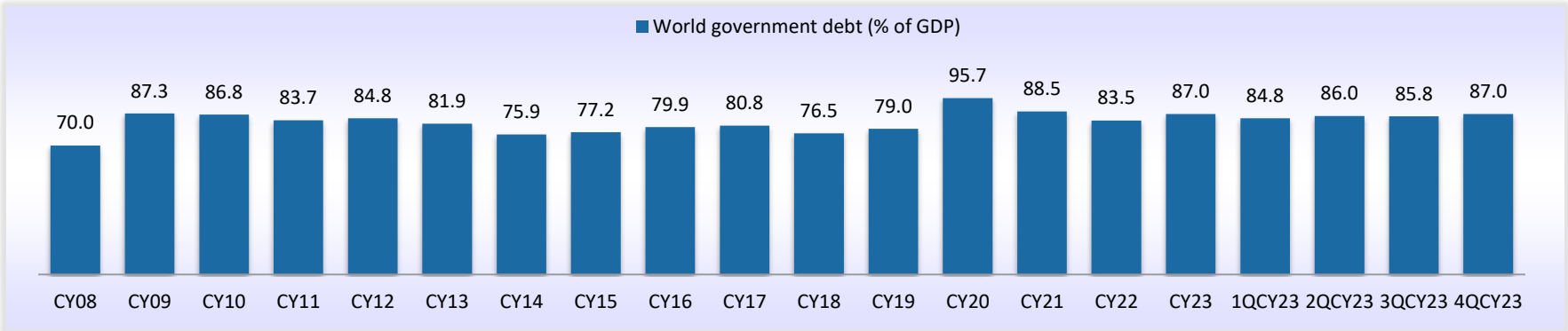
Fiscal deficit in AEs widened to 4.4% of GDP in 4QCY23 from 2.9% in 3QCY23, while that in E&DEs increased to 7% of GDP in 4QCY23 from 4.1% in 3QCY23



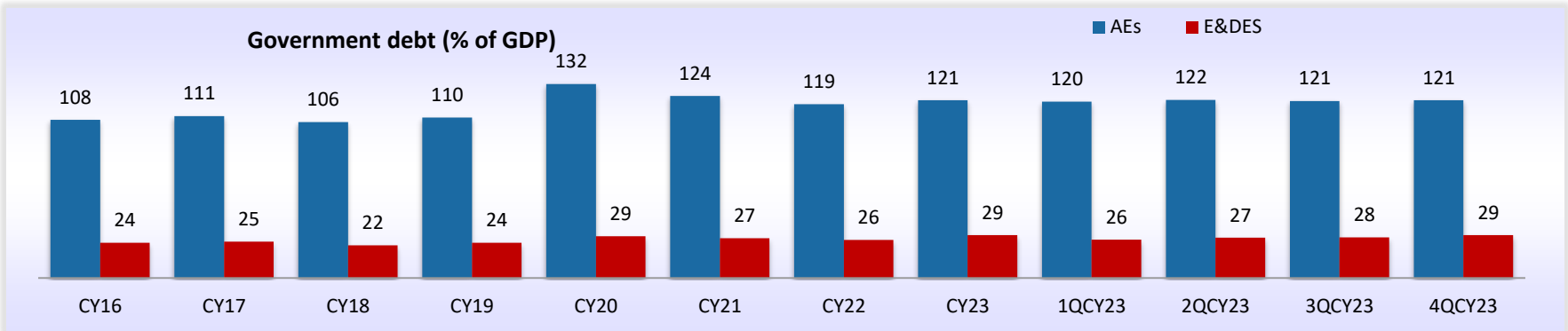
# ...and government debt has increased



World government debt stood at 87% of GDP in 4QCY23...



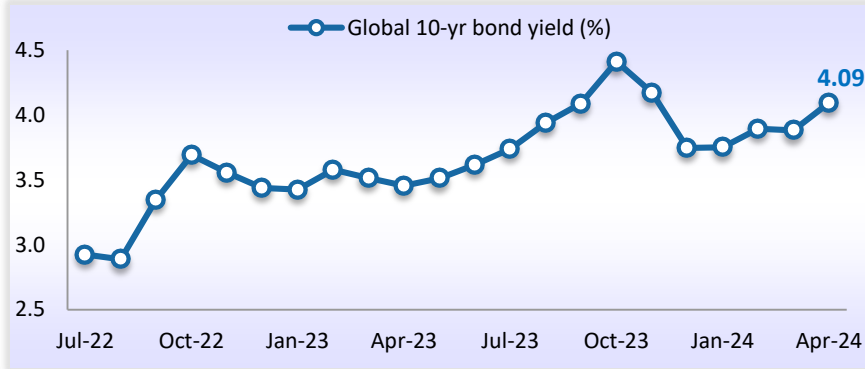
...with higher E&DEs debt-to-GDP ratio, but lower leverage of AEs



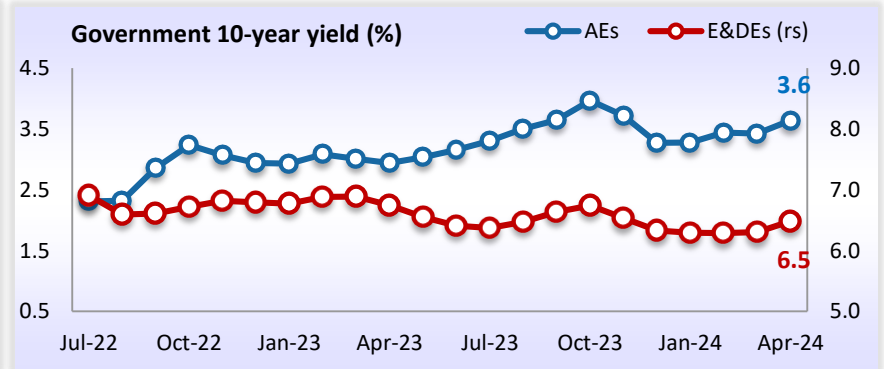


# Global bond yields have increased since Jan'24...

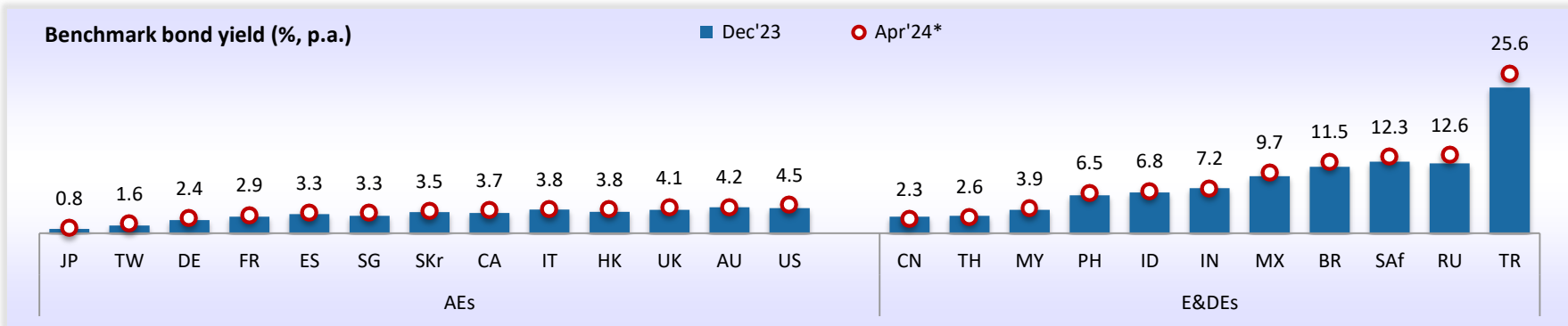
Global 10-yr bond yield has accelerated to 4.09% in Apr'24...



...driven by both AEs and E&DEs



Bond yields in Apr'24 are higher vs. Dec'23 in 20 out of 23 economies



Aggregate indices are weighted by outstanding government debt

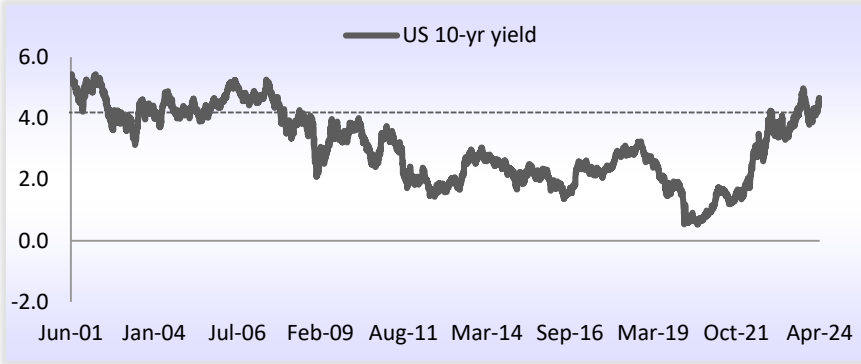
\* As of 19<sup>th</sup> Apr'24

Source: Bloomberg, CEIC, MOFSL

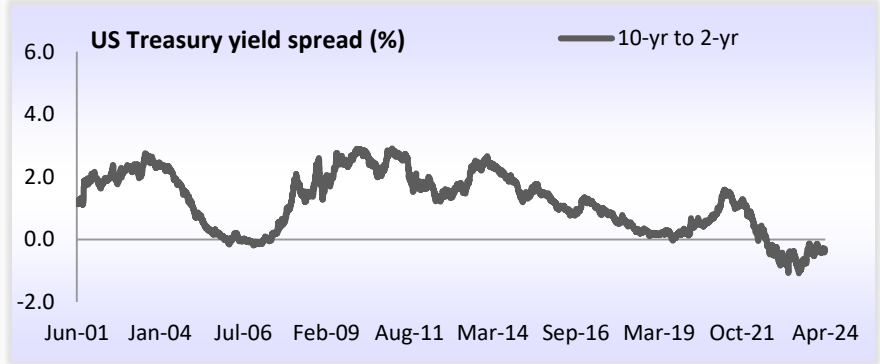


# ...led by the rise in US bond yields

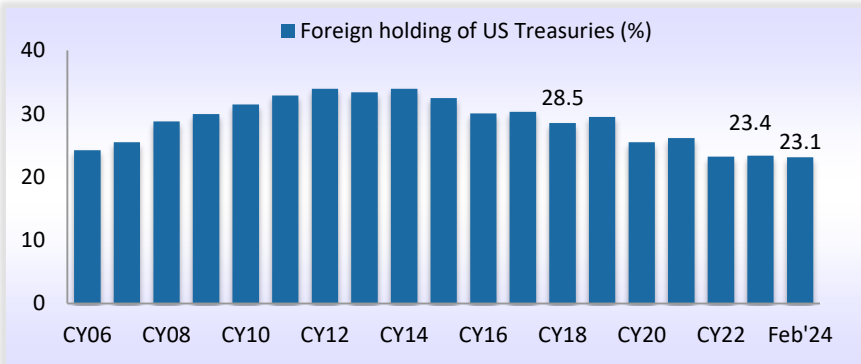
US 10-yr yield is now >4.5%; higher than ~4% in Jan'24...



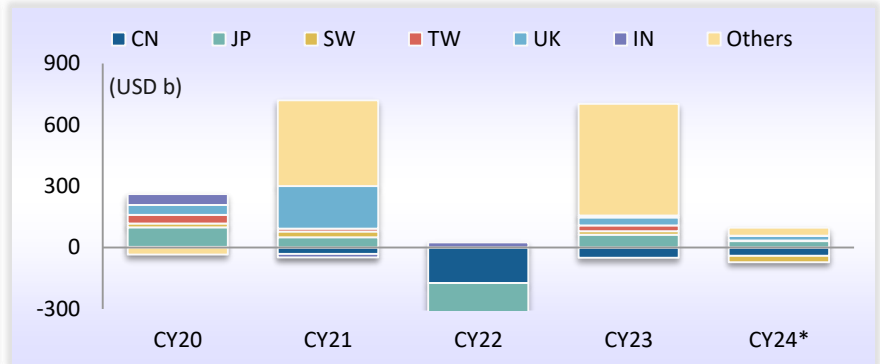
...with the 10-to-2-yr Treasury spread constant at ~-0.3-0.4pp since Feb'24



Foreigners' holding of US Treasuries has fallen in CY24\*...



...with CN being net sellers, with no purchases/sales from IN in CY24\*



Daily data till 19<sup>th</sup> Apr'24

SW = Switzerland

\*Data as of Feb'24

Source: Bloomberg, CEIC, MOFSL

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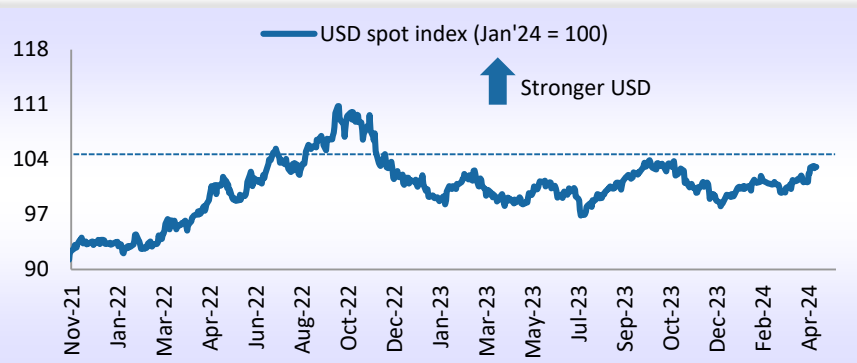


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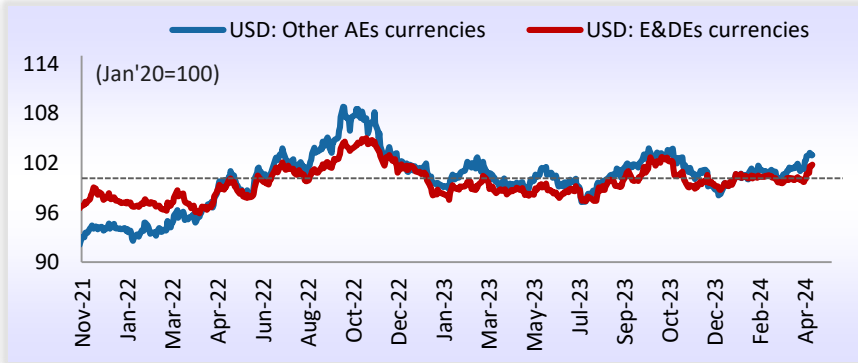
# The USD has strengthened again in CY24\*



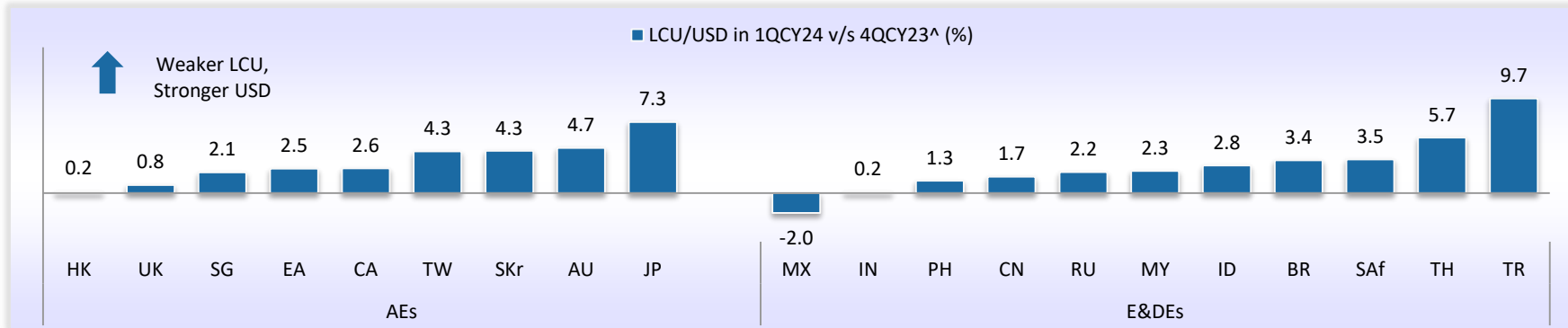
## USD spot index has strengthened in CY24\*



## ...with higher USD appreciation against other AE currencies



## Barring Mexican Peso (MX), all other major currencies have weakened against the USD in 1QCY24



Daily data as of 19<sup>th</sup> Apr'24

Local currency unit (LCU)

^Point-to-point comparison (29<sup>th</sup> Mar'24 over 29<sup>th</sup> Dec'23)

Source: Bloomberg, CEIC, MOFSL



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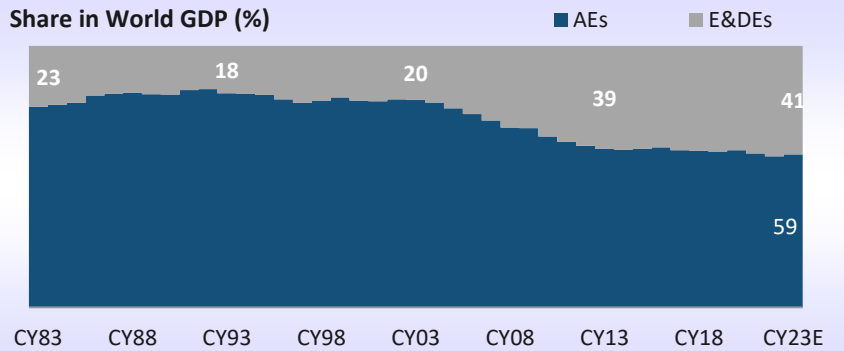
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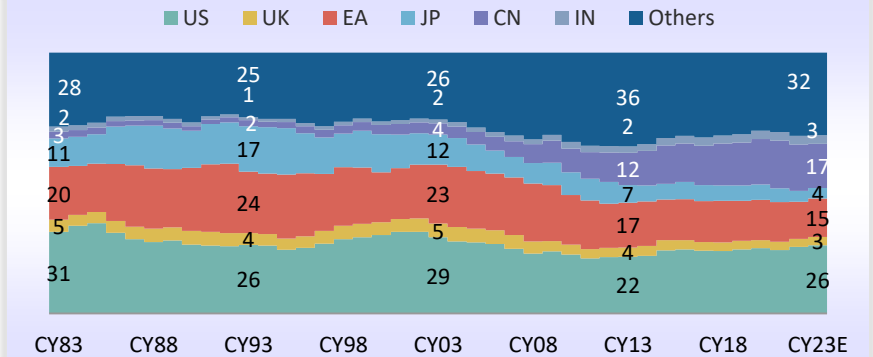


# Long-term trends in global GDP since the 1980s

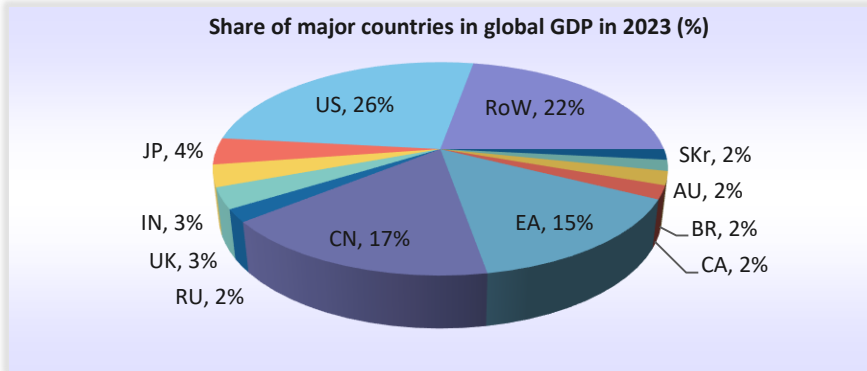
E&DEs now account for 41% of global GDP...



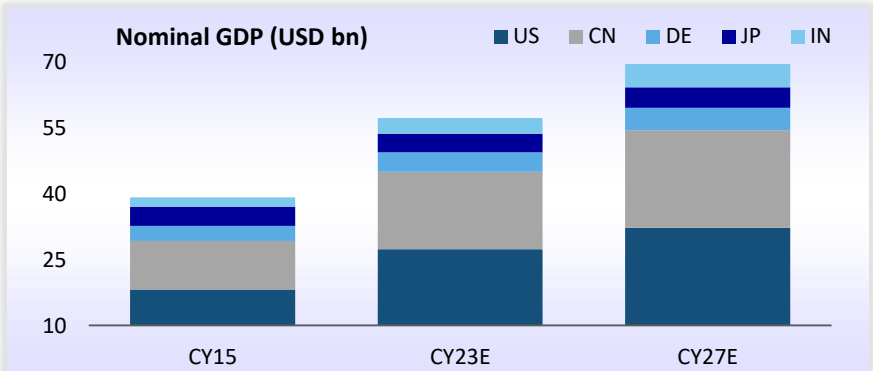
...with the US/CN/IN gaining at the cost of Europe/JP



India is the 5<sup>th</sup> largest economy in the world in CY23E...



...and expected to be the 3<sup>rd</sup> largest economy by CY27 (FY28)

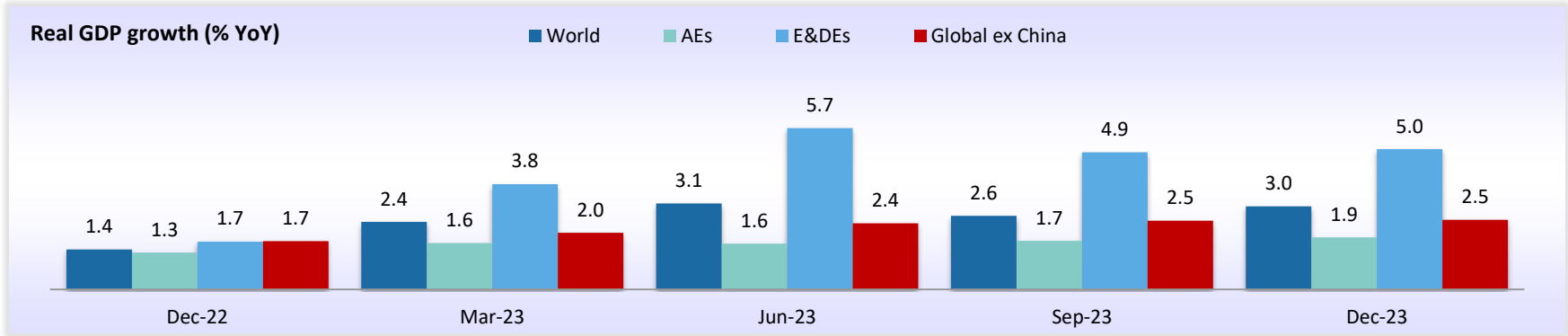


Source: IMF April 2024 World Economic Outlook Database, CEIC, Various national sources, MOFSL



# Global real GDP growth accelerated to 3% YoY in 4QCY23, led by China

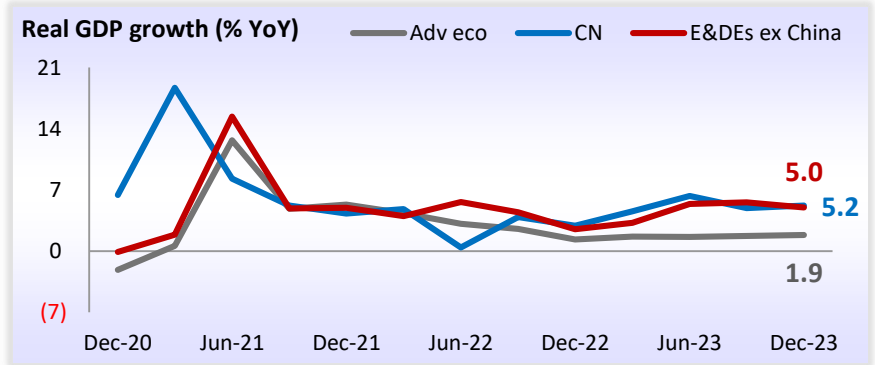
Global real GDP growth was 3% YoY in 4QCY23...



...better than 1.4%/2.6% YoY growth in 3QCY23/4QCY22



Real GDP growth in E&DEs ex China stood at 5% YoY in 4QCY23



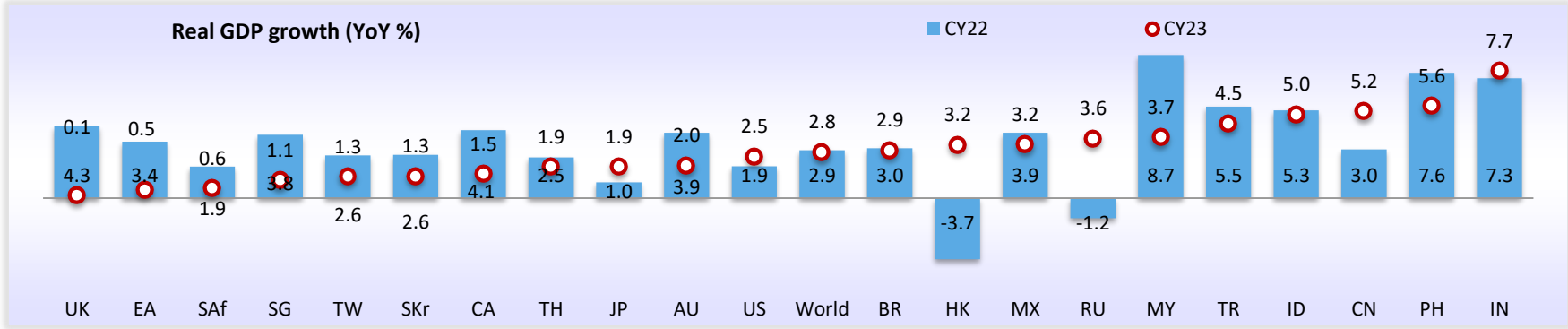
Aggregate data is weighted by nominal GDP

Source: CEIC, various national sources, MOFSL

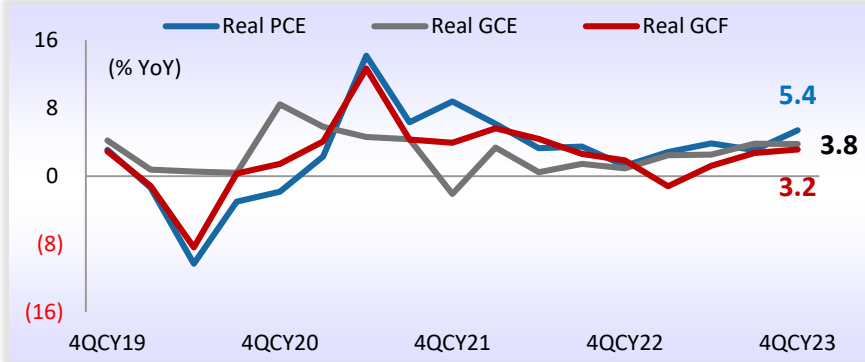


# ...with striking differences among nations

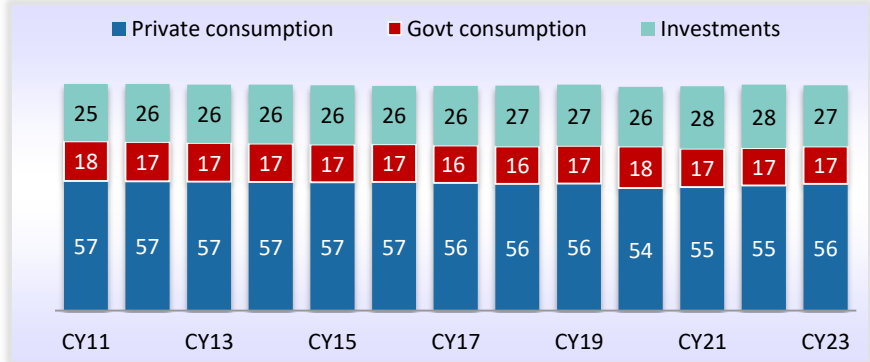
IN's real GDP growth was the highest in CY23, following the third highest growth in CY22



Thanks to CN, global real PCE picked up to a 7-quarter high in 4QCY23



...pushing the share of private consumption to 56% of GDP in CY23



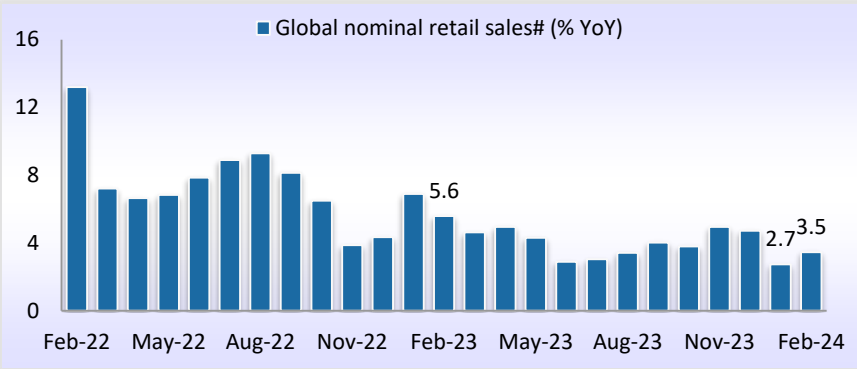
Does not add up to 100% as there are 'discrepancies' as well

Source: CEIC, various national sources, MOFSL

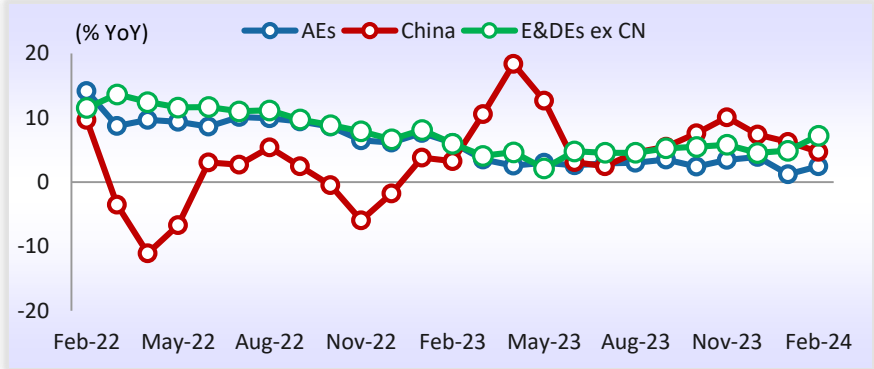


# Retail sales growth has slowed in Jan-Feb'24...

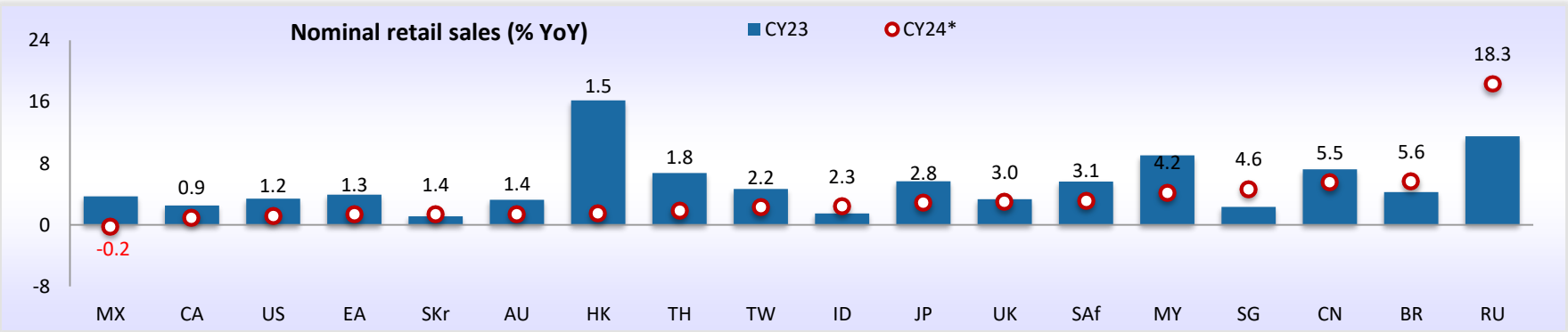
Nominal retail sales growth at a 38-month low of 2.7% in Jan'24...



...led by a 44-month low growth in AEs



Only 5 out of 18 nations witnessed higher retail sales growth in CY24\*



# Based on 35 nations (Data unavailable for IN and CA/TR not included)

\* Jan-Feb' 24

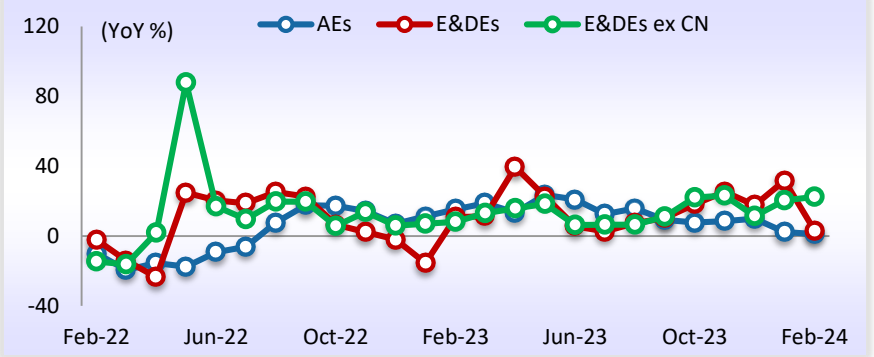
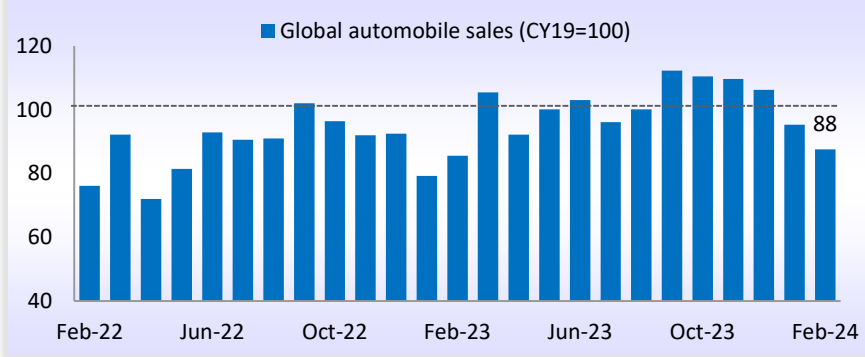
Data on monthly private consumption expenditure  
Source: CEIC, various national sources, MOFSL

# ...and automobile sales below the pre-pandemic level in Feb'24

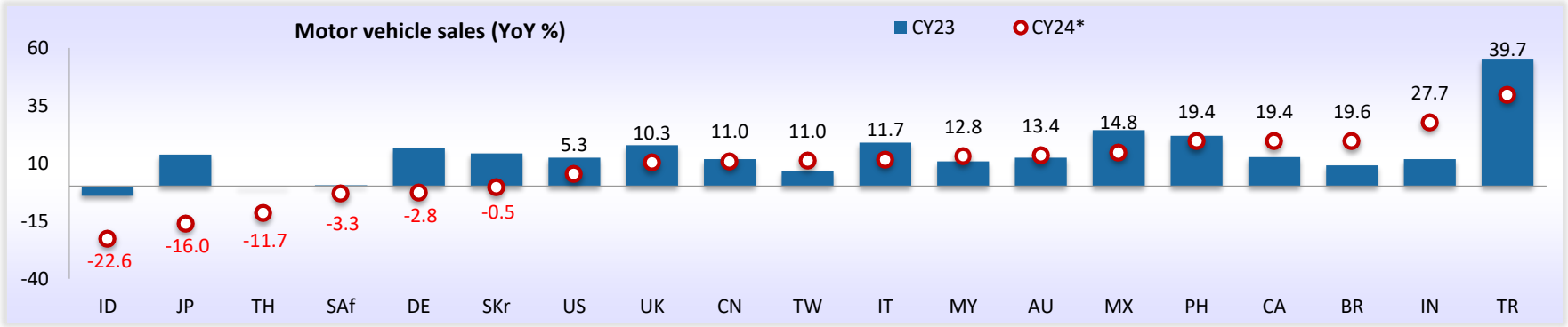


Global Automobile sales below the pre-pandemic level in Feb'24

...on account of slower growth in AEs (19-month low) and China (13-month low)



Automobile sales have increased in 14 out of 20 economies in CY24\* (except ID, JP, TH, SAF, DE, and SKr )



\* Data till Feb'24

Source: CEIC, various national sources, MOFSL

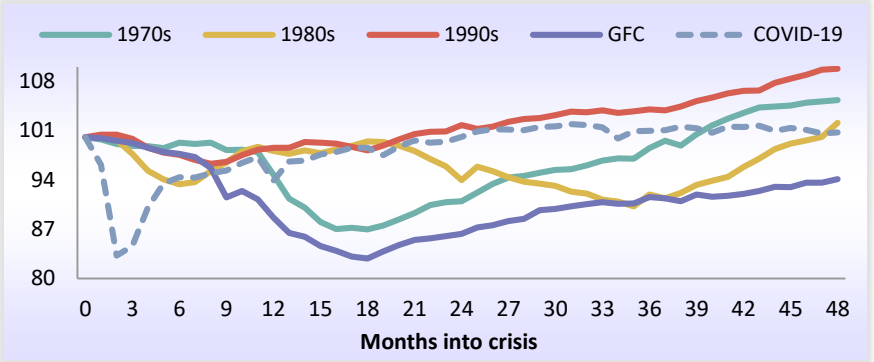
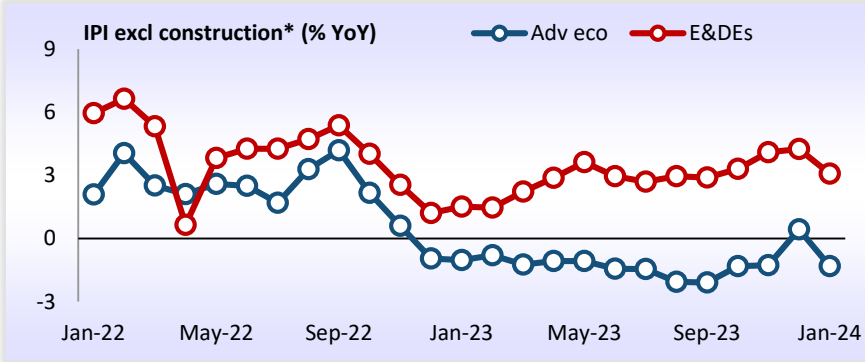
Data on motor vehicle (MV) sales for all except BR, IT and the UK (Passenger cars registered) and DE (MV production)



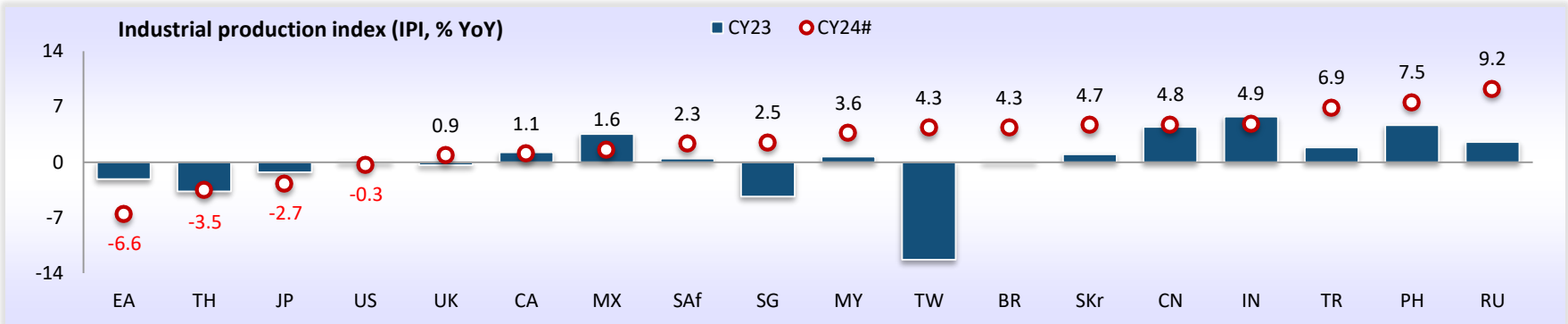
# World industrial production at a 3-year low in CY23 (down 1.3%)

IIP contracted for 13<sup>th</sup> time in the last 14 months in AEs in Jan'24...

...led by the weakness in the US and other AEs



Industrial production growth was the strongest in IN in CY23 (at 5.8%) and in RU (9.2%) in CY24\*



\* IIP excl construction (production-weighted from CPB Netherlands)

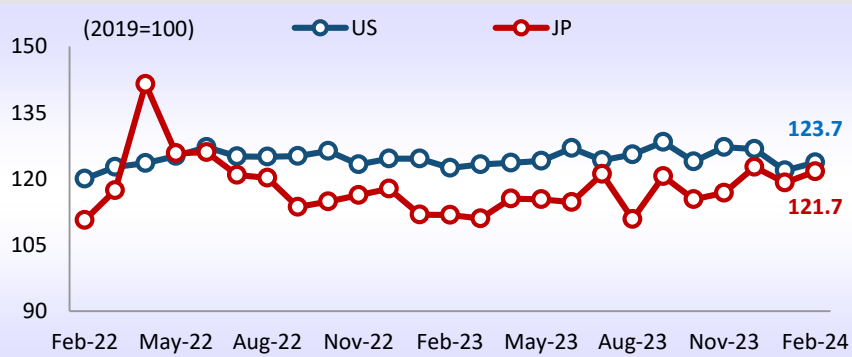
# Jan-Feb'24

Source: CPB Netherlands, National Bureau of Economic Research (NBER), CEIC, MOFSL  
Starting dates for recession from NBER (1930s = Aug'28, 1970s = Jan'73, 1980s = Jan'80, 1990s = Jul'90, GFC = Dec'07, COVID-19 = Feb'20)

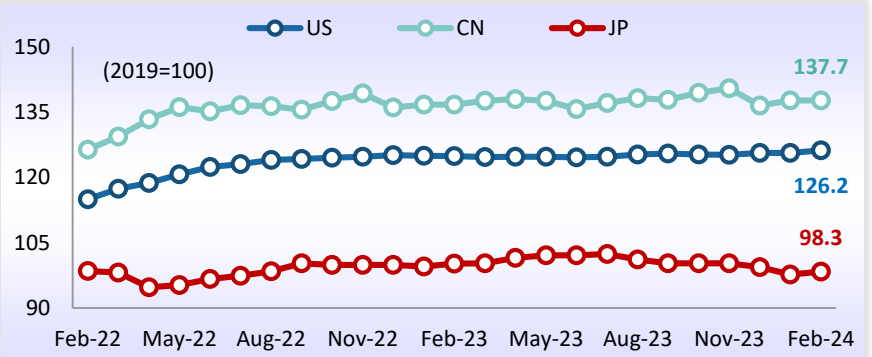
# Capacity utilization is back to pre-COVID levels in IN



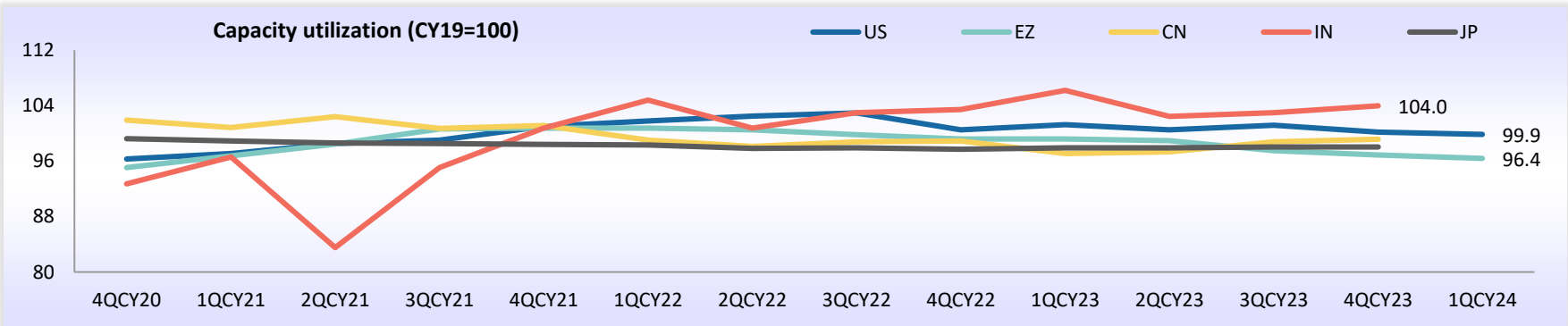
New manufacturing orders have been stable in Feb'24...



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



Capacity utilization in IN is higher than in CY19, compared to still-lower levels in other major economies



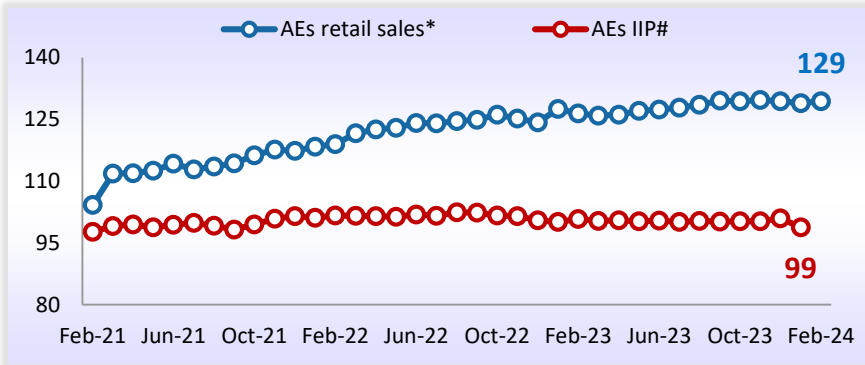
Source: CEIC, various national sources, MOFSL



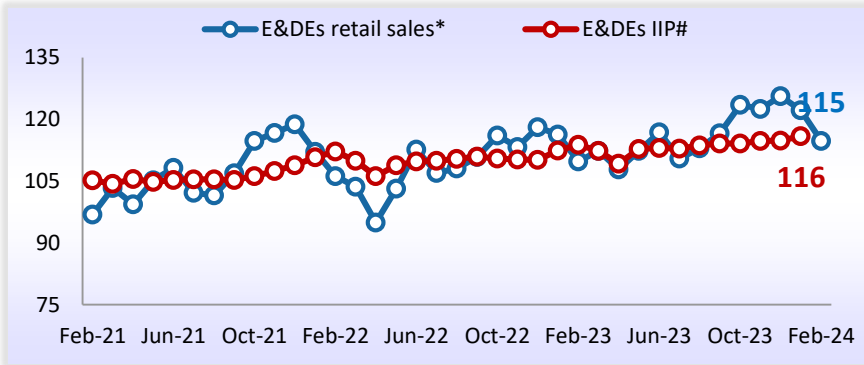
# Consumption vs investment: Different growth drivers in AEs vs E&DEs



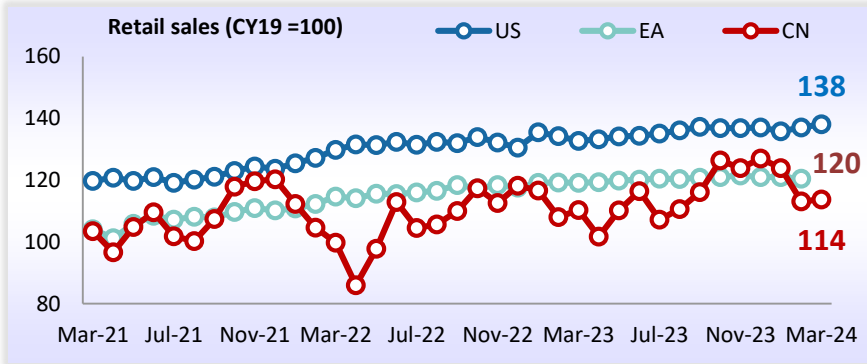
Retail sales saw stronger and stable recovery in AEs...



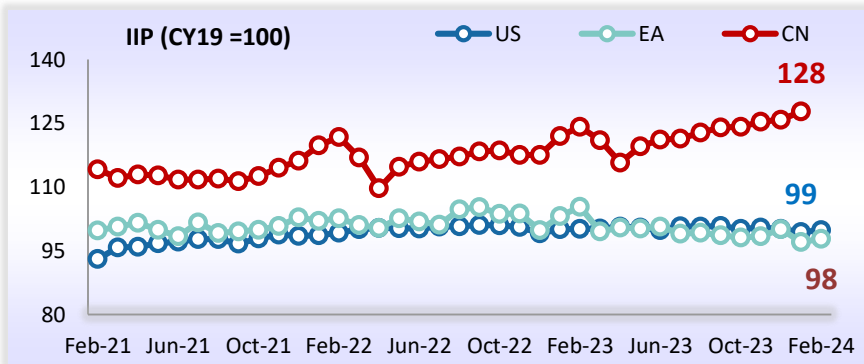
...and it has increased strongly in E&DEs as well



Recovery was seen in retail sales in all large economies



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



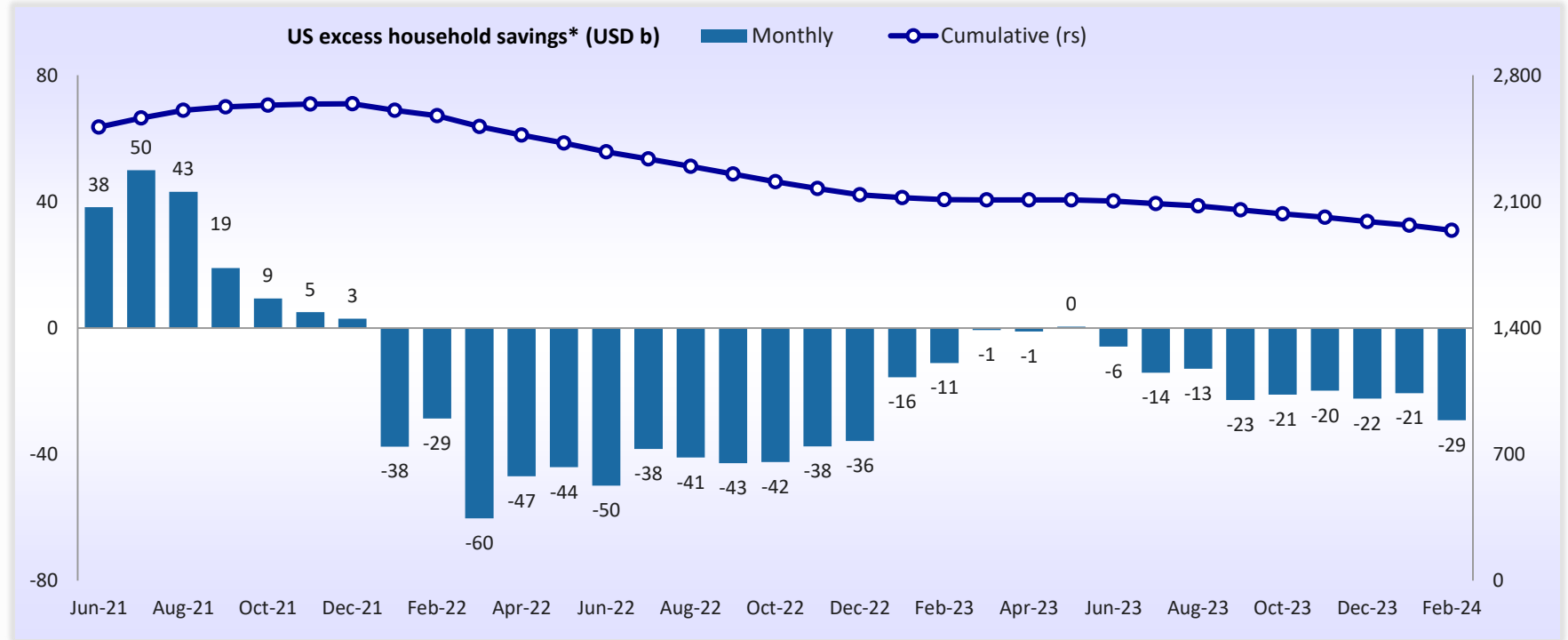
\*Based on a sample of 37 nations (CA/TR not included, IN not available)

# From the World Trade Monitor (CPB)



# Withdrawal of US excess personal savings is very gradual and stable

The US excess household savings\* peaked in Dec'21 and has fallen gradually since then



\* Implies an estimate of COVID-led additional savings

Source: US Bureau of Economic Analysis, CEIC, MoFSL

# AGENDA

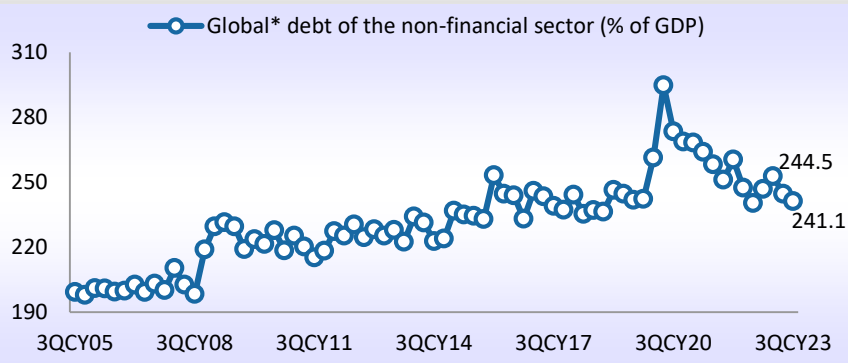


- 01 ➤ Highlights of 1QCY24; with key projections
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  - ❖ Global equity markets down in Apr'24, after surging in 1QCY24
  - ❖ Bond yields have tightened peak in CY24\*
  - ❖ US Dollar has strengthened against almost all major currencies in CY24\*
- 03 ➤ GDP growth and its components
- 04 ➤ **How much debt is too much?**
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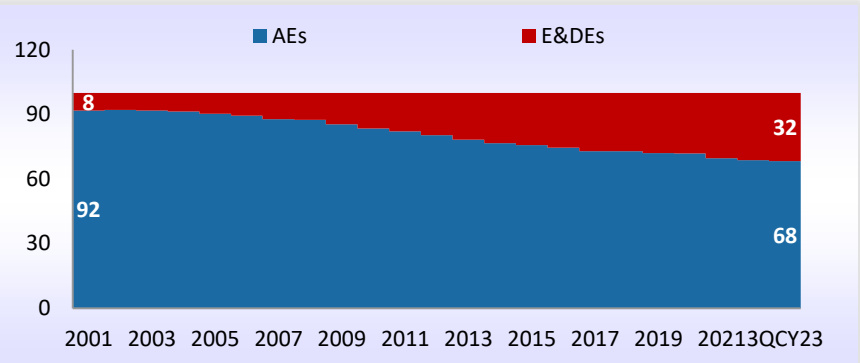


# Global debt-to-GDP ratio came down to 241% of GDP in 3QCY23...

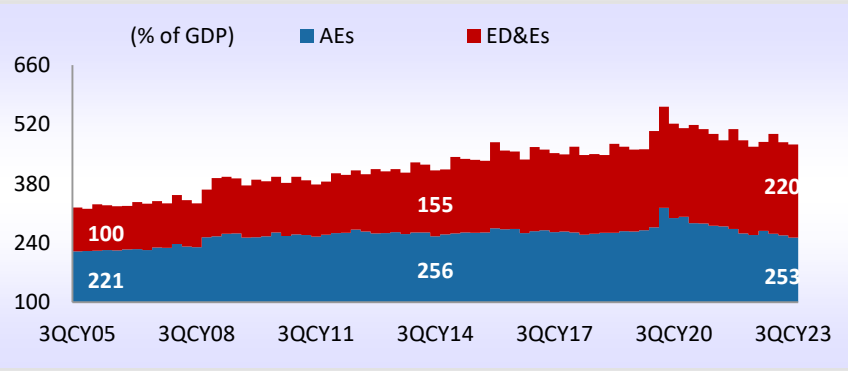
Global debt was at four-quarter low of 241% of GDP in 3QCY23...



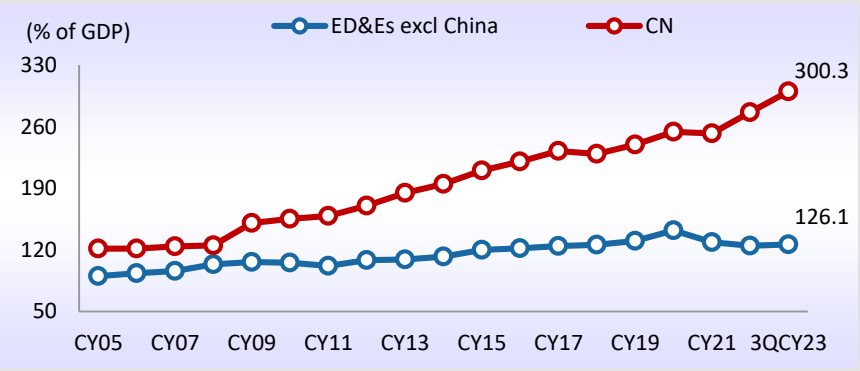
...and the share of AEs was 68% in 3QCY23, similar to that in CY22



E&DEs debt-to-GDP ratio stood at 220% in 3QCY23...



...but it was stable at 126% of GDP excluding China (with 300% debt ratio)

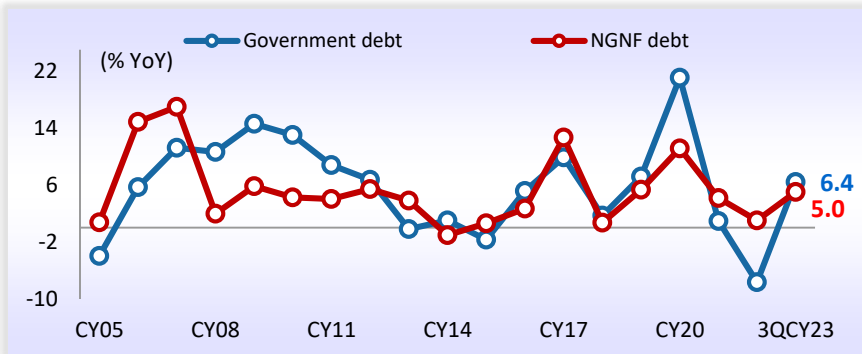
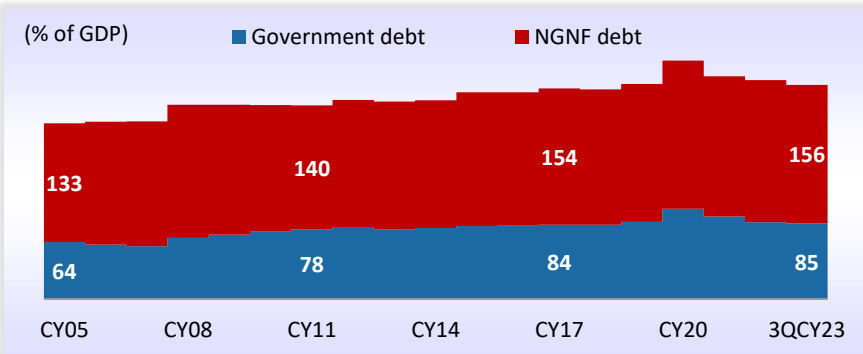


\*In addition to our sample of 38 nations (TW/PH excluded), this section includes 8 more nations (Czech Republic, Denmark, Sweden, Norway, SW, Hungary, Poland, and Argentina)

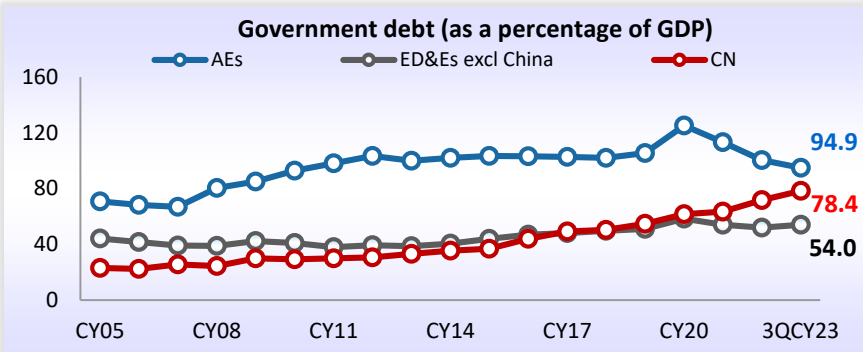
# ...led by decline in non-government debt in China



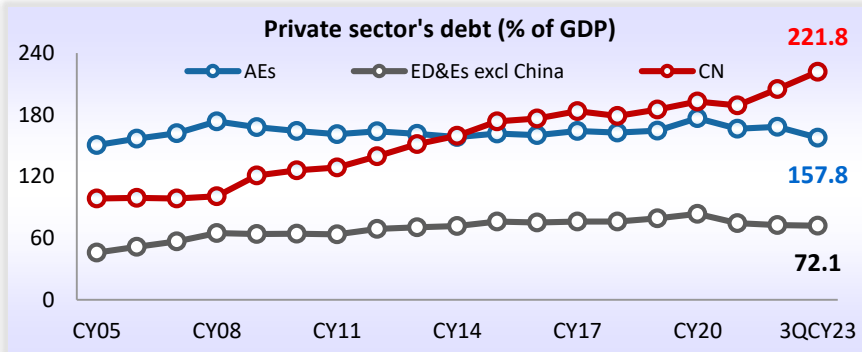
Total debt-to-GDP ratio in 3QCY23 was the same as in the pre-pandemic period Both – government and NGNF debt – have risen in 3QCY23



Government debt in AEs decelerated, while ED&Es, excl. China is stable



China's private sector's debt has accelerated sharply in recent quarters



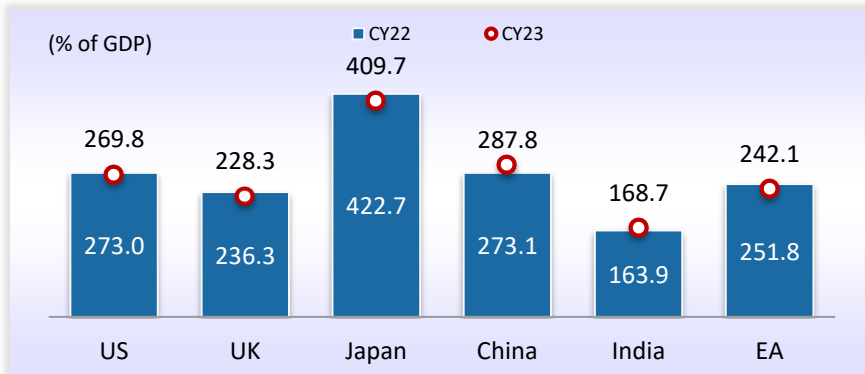
Non-government non-financial (NGNF) = Private sector's debt

Source: BIS, CEIC, MOFSL

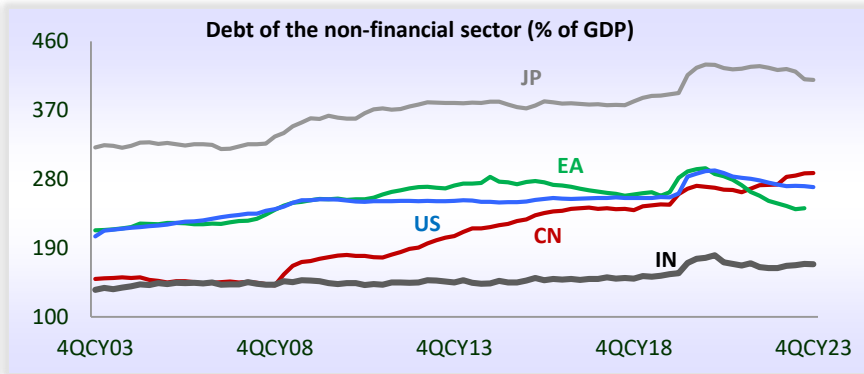
# Global debt at new peak in CN in CY23 (based on select economies)



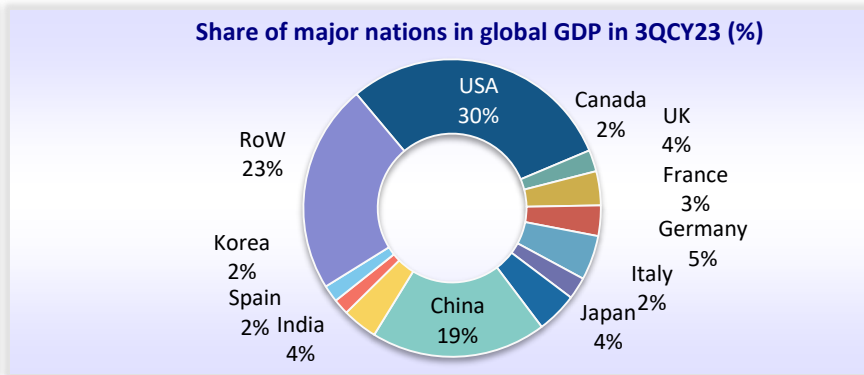
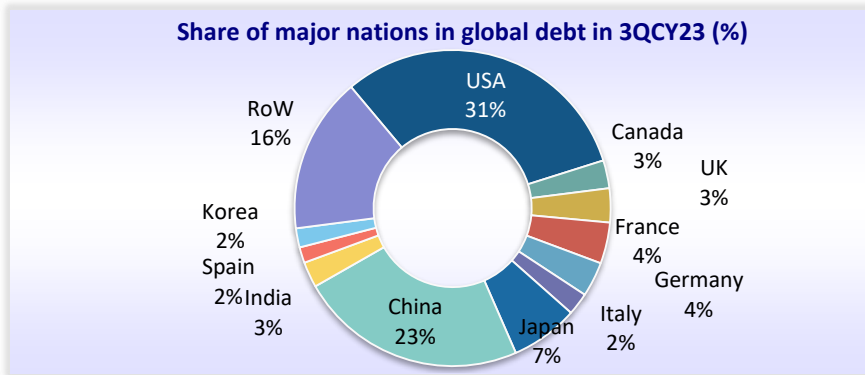
Debt-to-GDP ratio fell in CY23 (vs. CY22) in all except India and China



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



Share of major economies in global GDP and debt was similar in 3QCY23



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

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- ❖ US Dollar has strengthened against almost all major currencies in CY24\*

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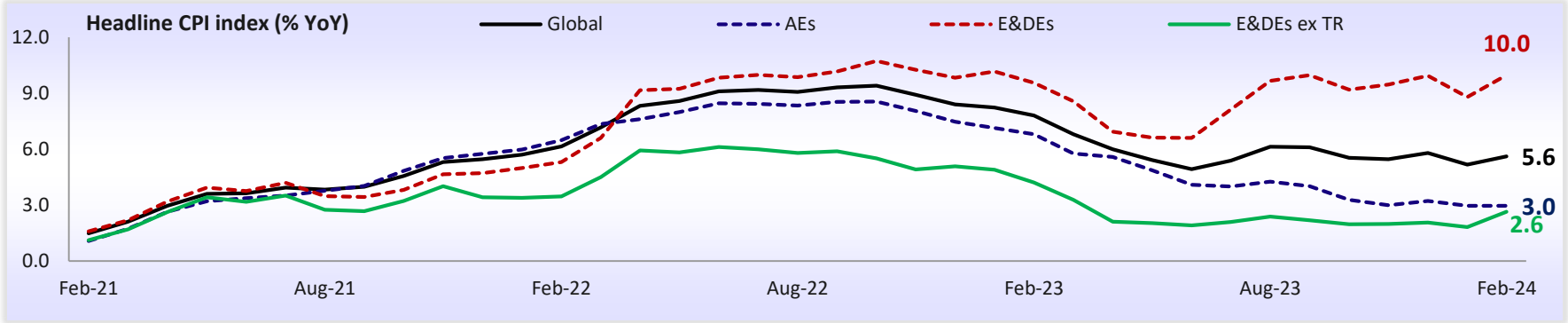
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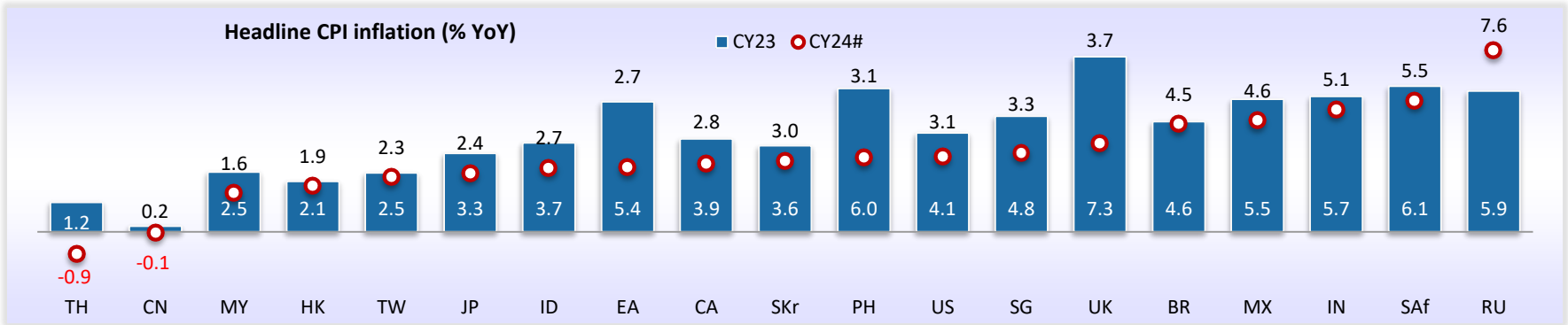


# Global CPI inflation came down to 5.6% in Feb'24...

CPI inflation in AEs came down to 3% YoY in Feb'2, almost unchanged in the past four months



Headline inflation has eased in all nations except RU in CY23



Aggregate indices are weighted by nominal GDP

\* Data for Jan-Feb'24

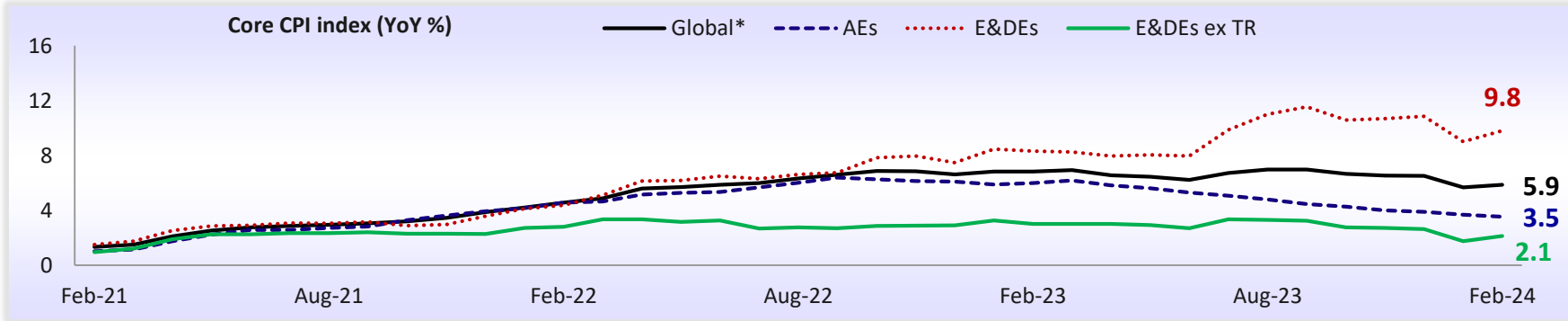
Source: CEIC, various national sources, MOFSL



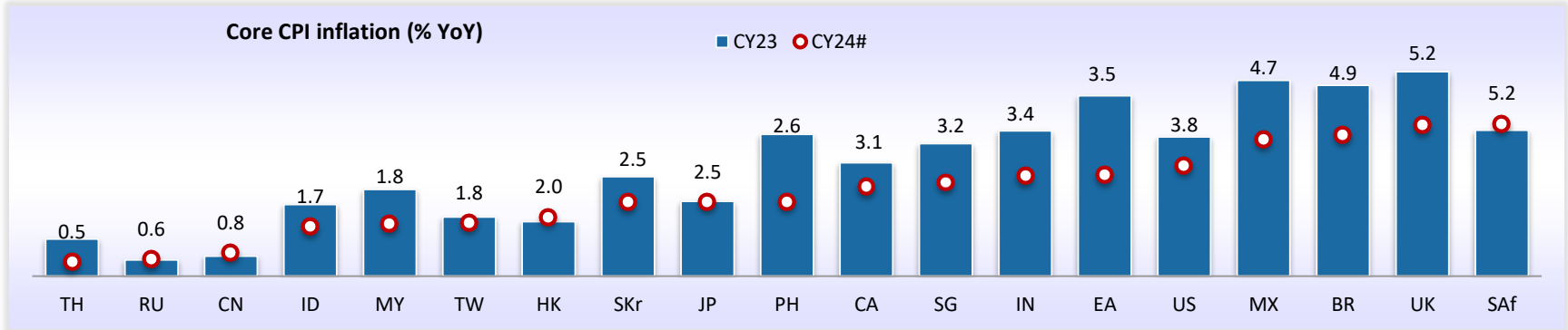
# ...and core inflation eased to 5.9% YoY in Feb'24, from 6.5% in Nov'23



Global core inflation came down to 5.9% YoY in Feb'24, led by deceleration in AEs to 3.5% (29-month low)



Core inflation was higher in CY24\* vs. CY23 in only 3 nations (out of our sample of 19 nations)



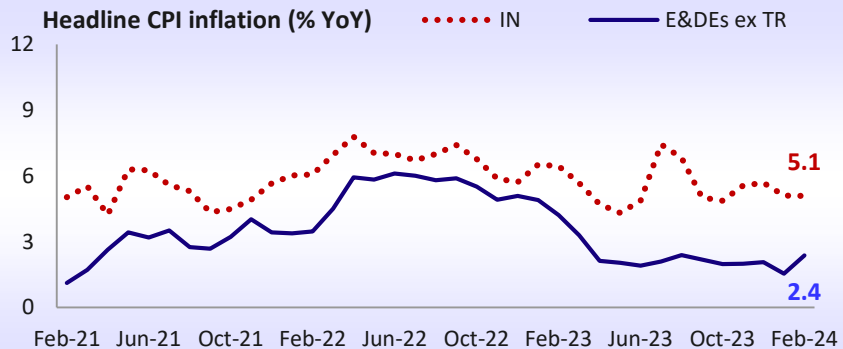
Aggregate indices are weighted by nominal GDP

\* Data for Jan-Feb'24, ^ Excluding AU for which data available up to Dec'23)

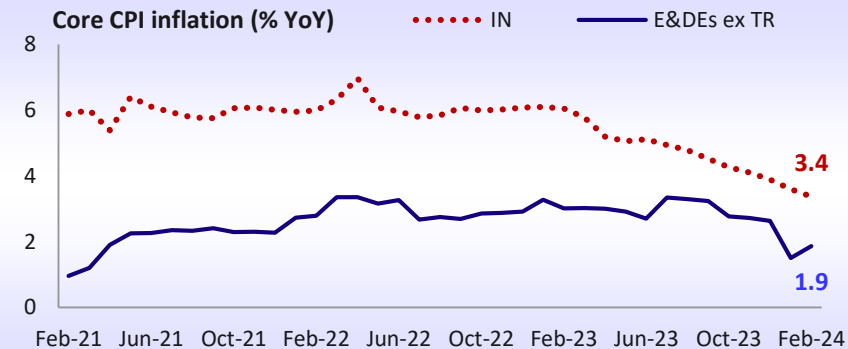
# IN has among the highest share of food + energy in CPI basket



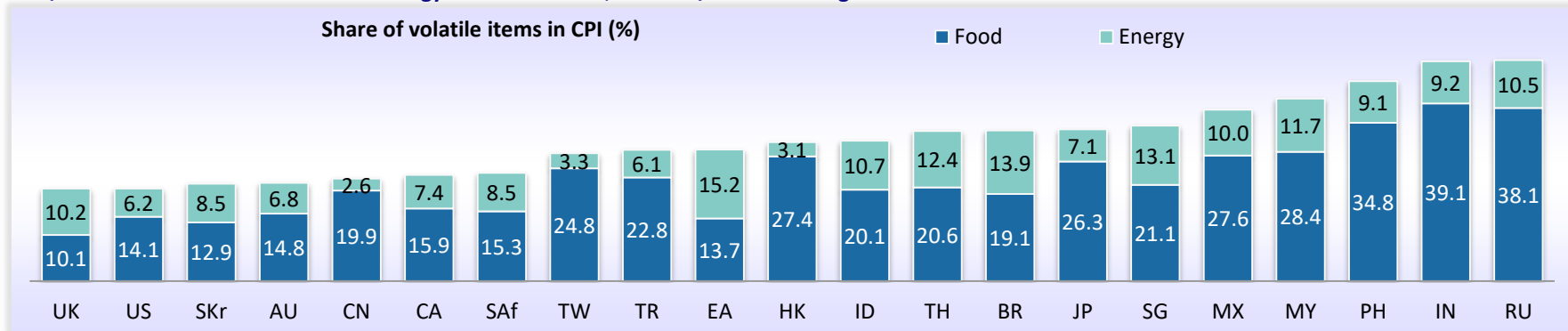
IN headline inflation continues to remain above other E&DEs (ex TR)...



...and same is the case with core inflation



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



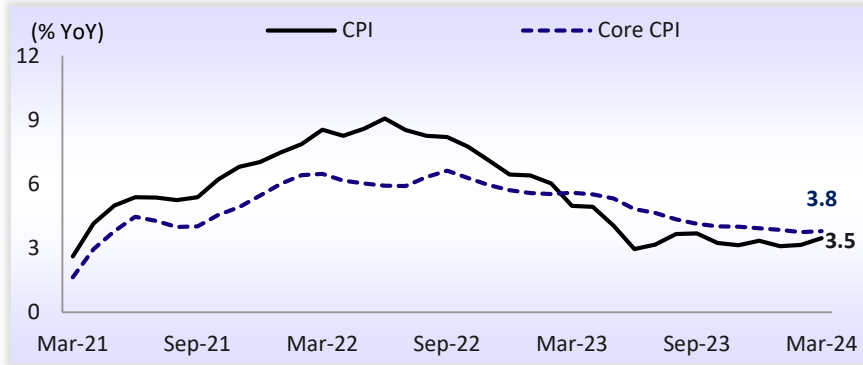
Aggregate indices are weighted by nominal GDP

Source: CEIC, various national sources, MOFSL

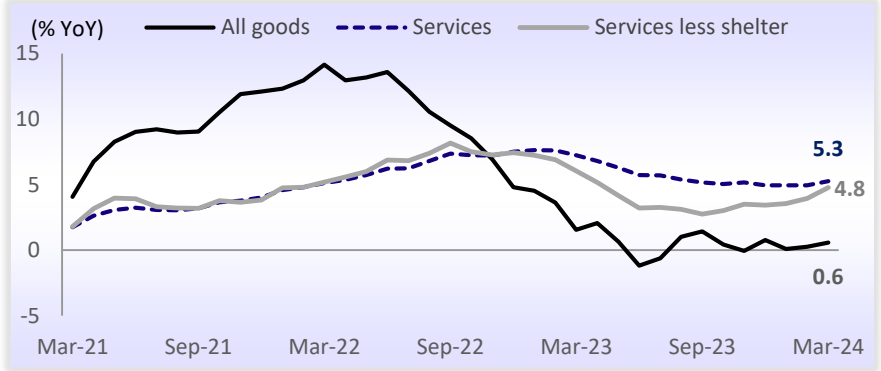
# Some details about the US inflation



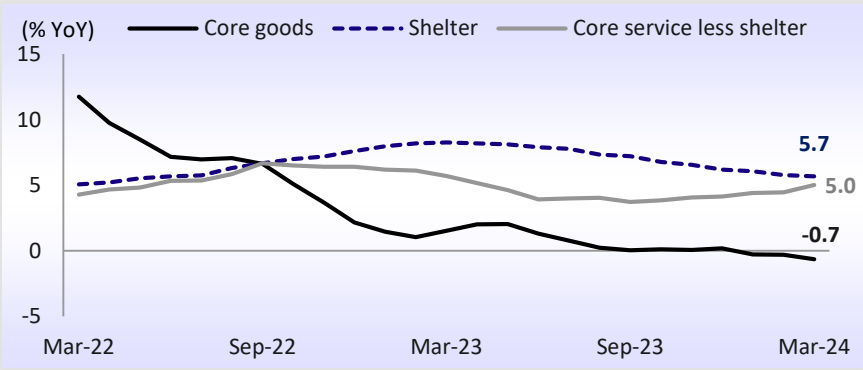
US headline inflation went up to 3.5% in Mar'24 from 3.4% in Dec'23



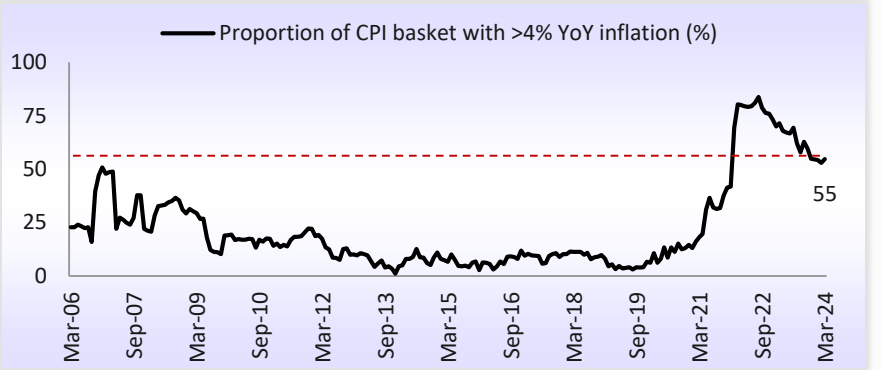
...primarily led by higher services (ex-shelter) inflation



Inflation in core goods continue to decelerate; 45-month low in Mar'24



Around 55% of the CPI basket grew at >=4% YoY in Mar'24



Source: CEIC, US Bureau of Labor Statistics, , MOFSL

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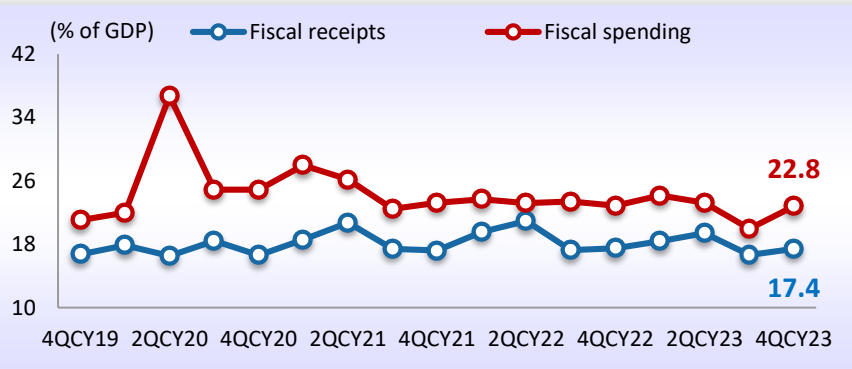
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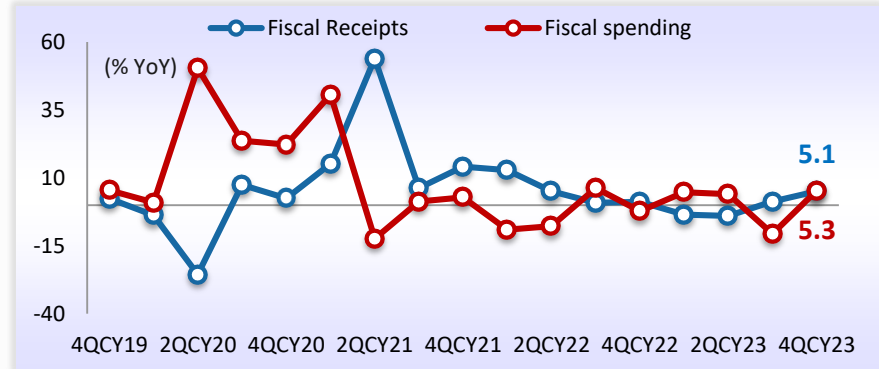


# Lower receipts led to slight uptick in fiscal deficit in CY23

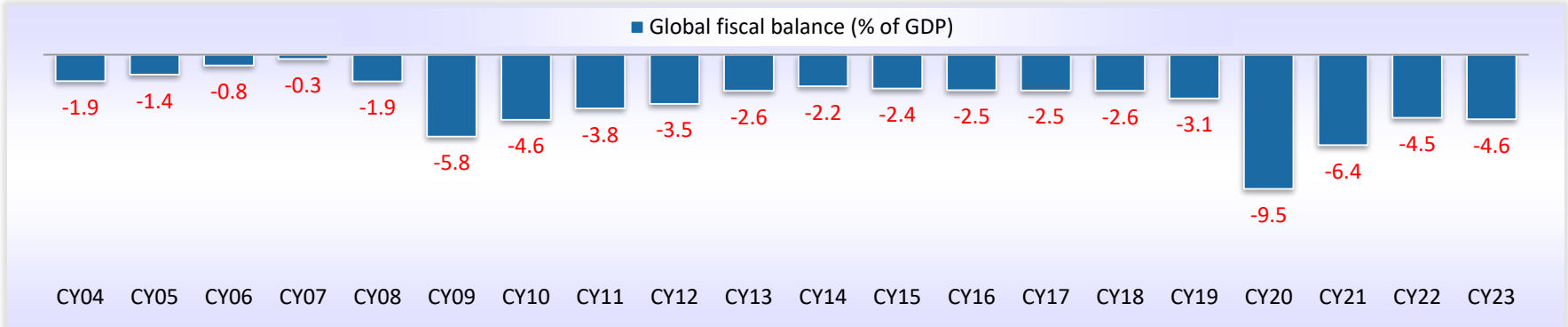
Global fiscal spending up to 22.8% of GDP in 4QCY23...



...as it increased 5.3% YoY in 4Q



Global fiscal deficit widened to 4.6% of GDP in CY23 from 4.5% in CY22, mainly led by lower receipts



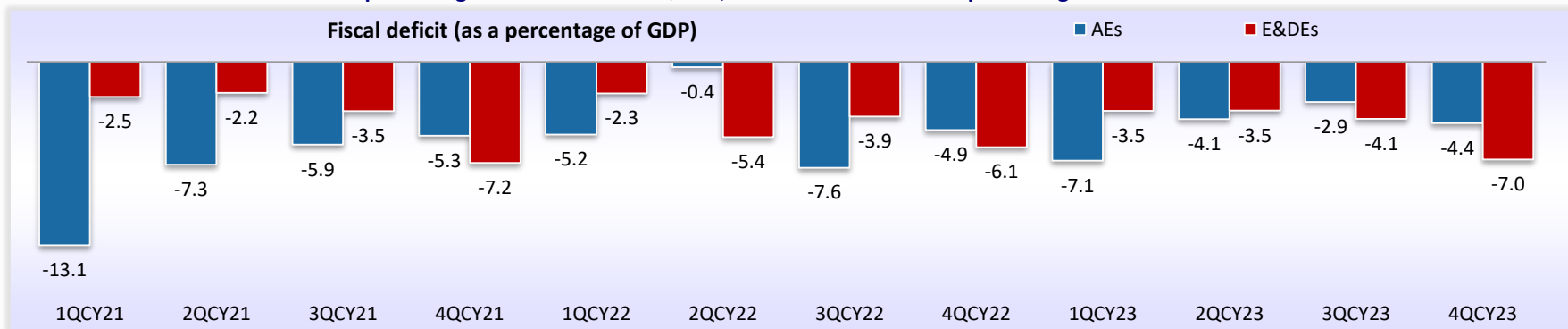
Aggregate indices are calculated using USD values

Source: CEIC, various national sources, MOFSL

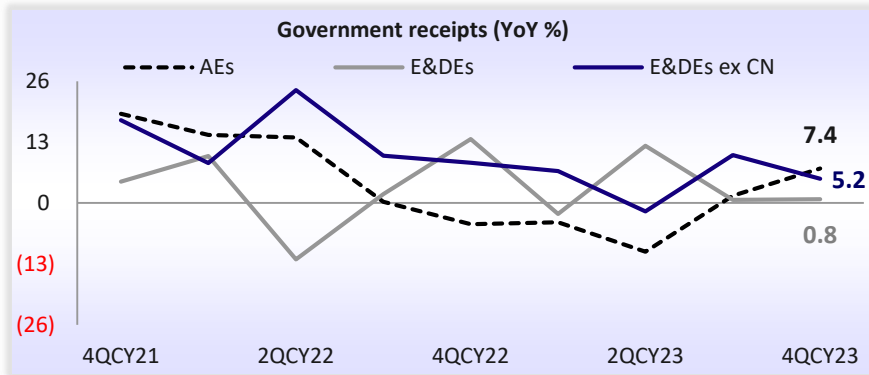
# E&DEs fiscal deficit widened sharply



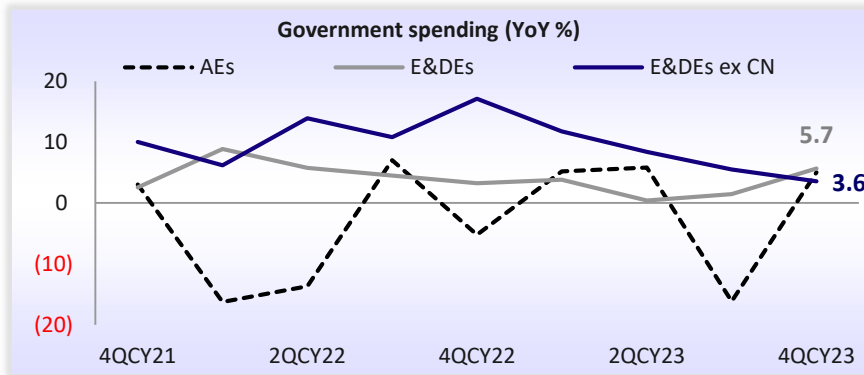
Fiscal deficit in E&DEs at a seven-quarter high of 7% of GDP in 4QCY23, while it was at a three-quarter high of 4.4% of GDP in AEs



Fiscal receipts of E&DEs increased slowly in 4QCY23...



...though government spending increased sharply



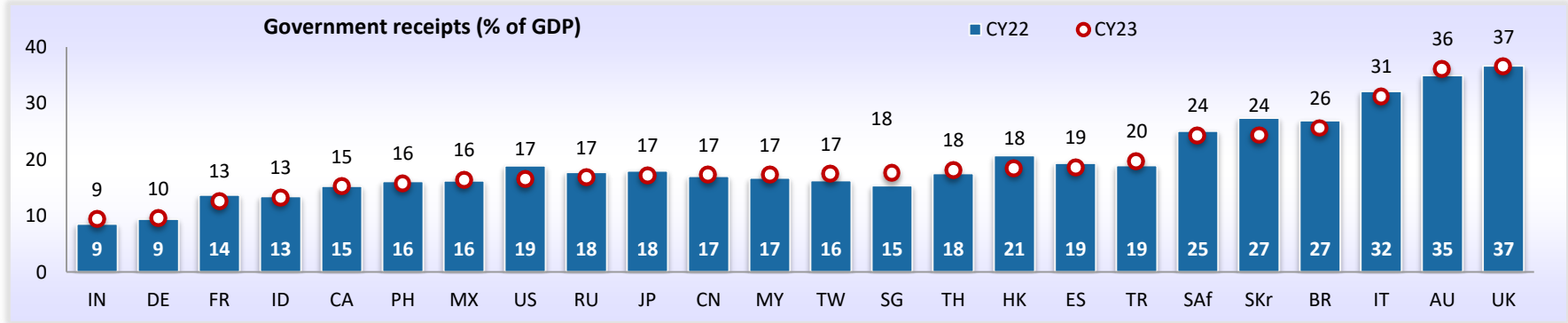
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Source: CEIC, various national sources, MOFSL

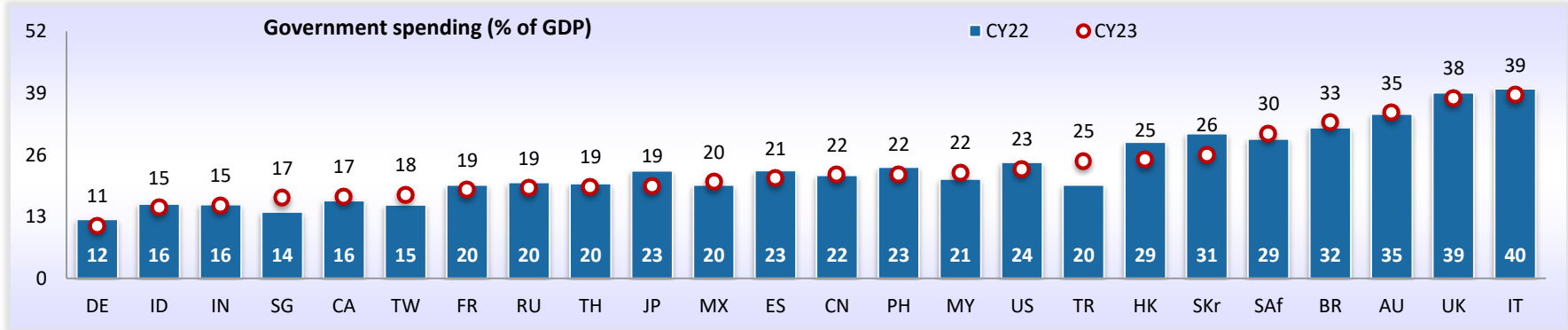


# IN's Government receipts were the lowest in CY23

India's government receipts were the lowest at 9% of GDP in CY23 among major nations...



...due to which fiscal spending is also among the lowest in India



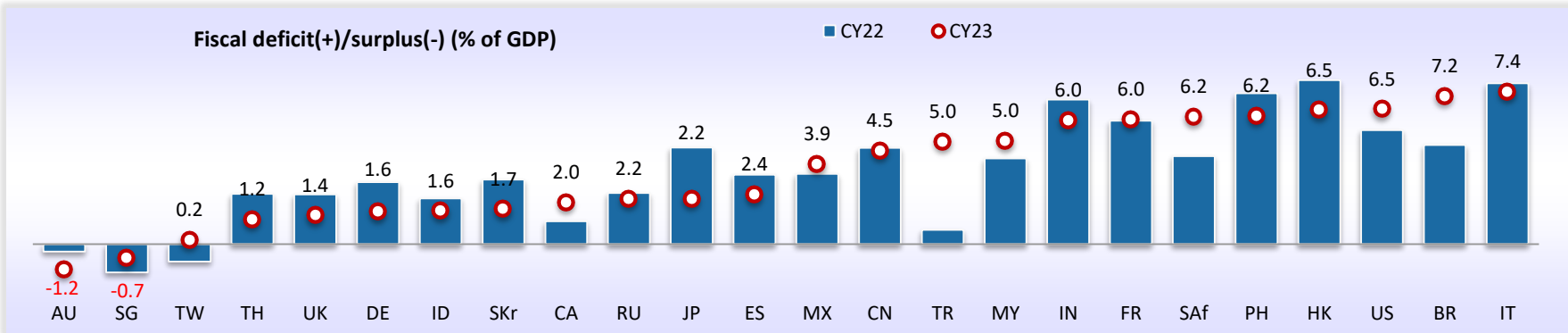
Data for central government only for most E&DEs

Source: CEIC, various national sources, MOFSL

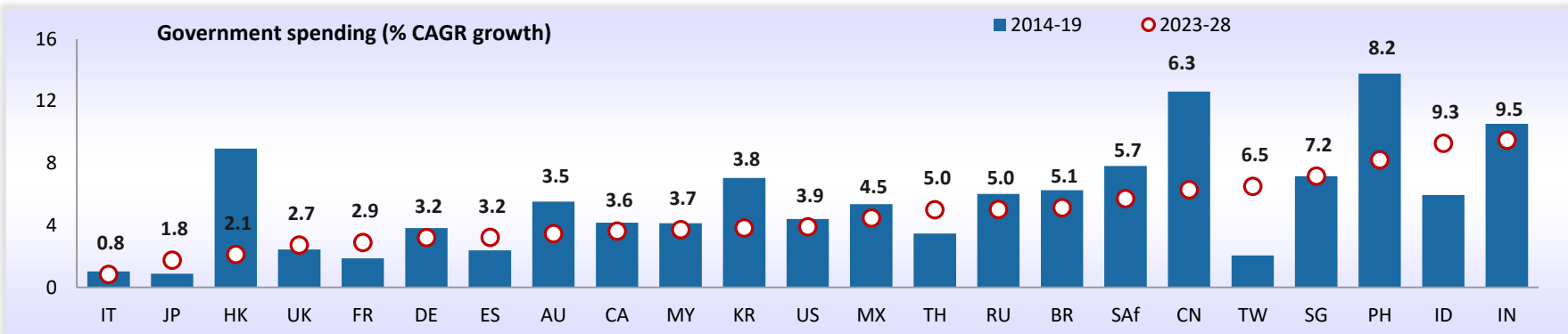
# Fiscal support to GDP growth would weaken in the post-COVID era



Only two nations – AU and SG – posted fiscal surplus in CY23; India's fiscal deficit eighth highest



15 out of 24 nations 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 Apr'24 Database)

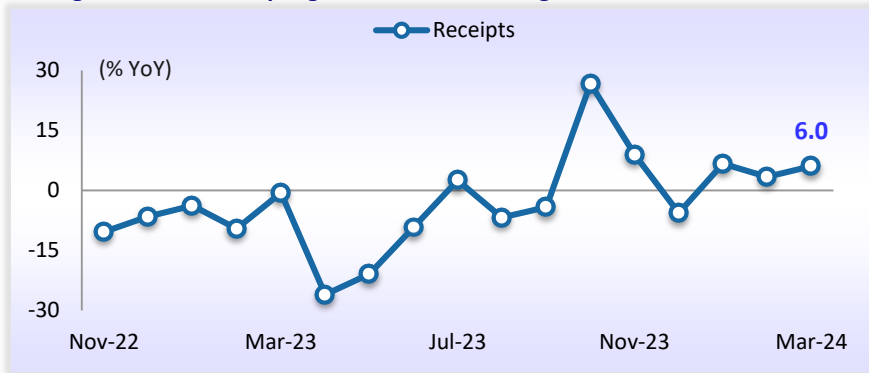
Source: CEIC, IMF, various national sources, MOFSL



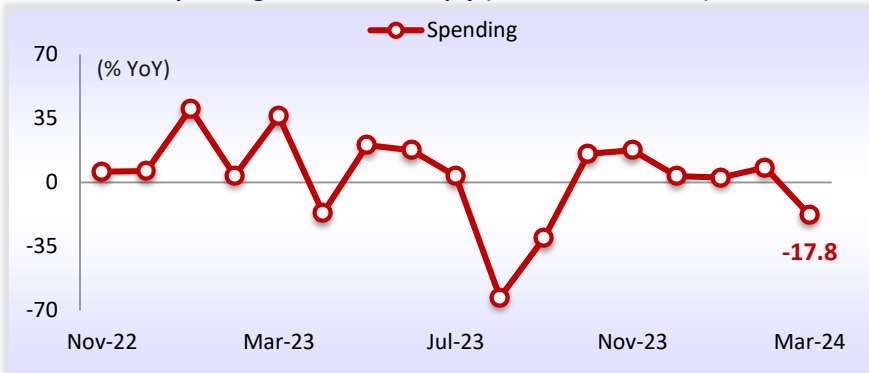
# Some details about the US government finances



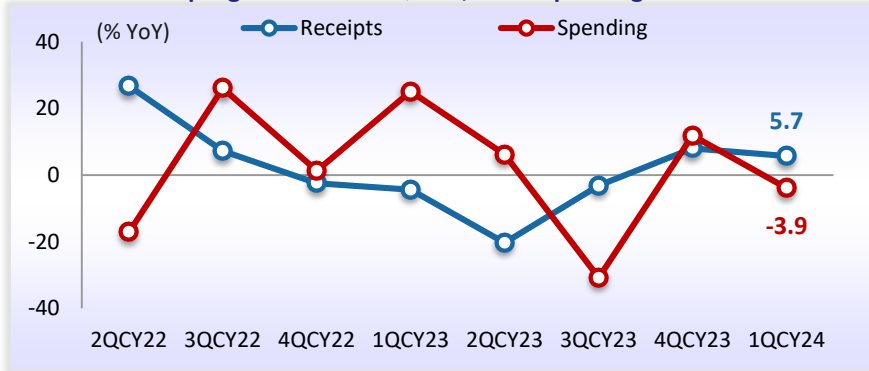
US government receipts grew at a 4-month high of 6% in Mar'24



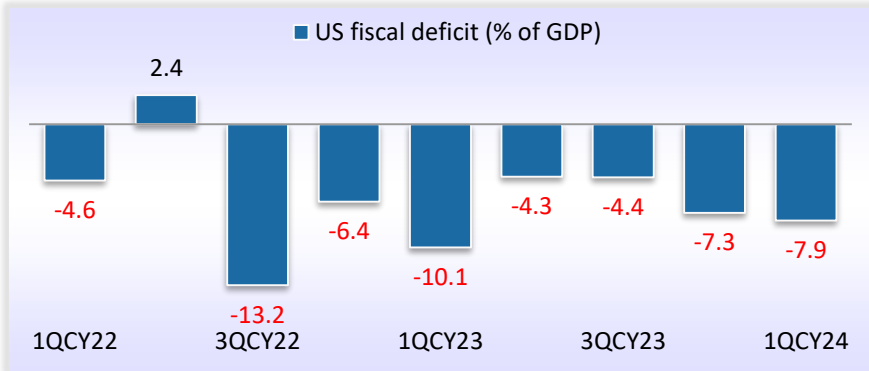
...while its spending contracted sharply (lowest in 6 months)



US fiscal receipts grew 5.7% in 1QCY24, while spending contracted 3.9%



US fiscal deficit widened to 7.9% of GDP in 4QCY23\*



\*Assuming 6% YoY growth in nominal GDP in 1QCY24

Source: CEIC, US Treasury department, CBO, , MOFSL

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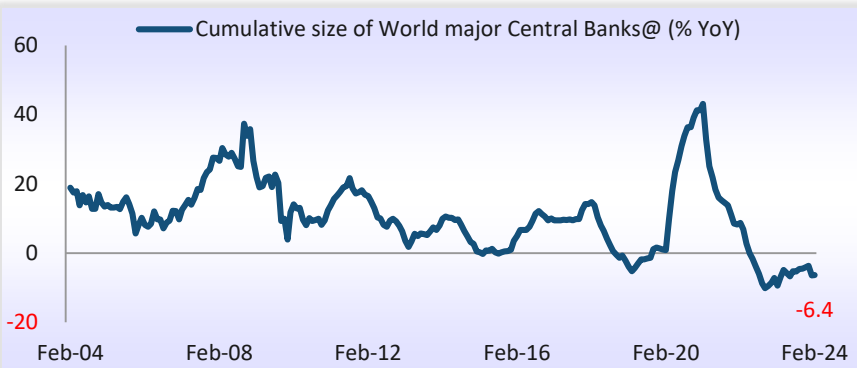
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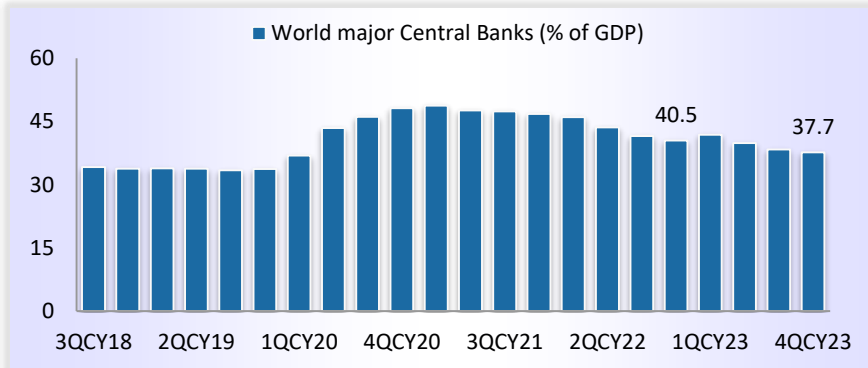
# Balance sheet of Global Central Banks shrank for 2<sup>nd</sup> straight year in CY23



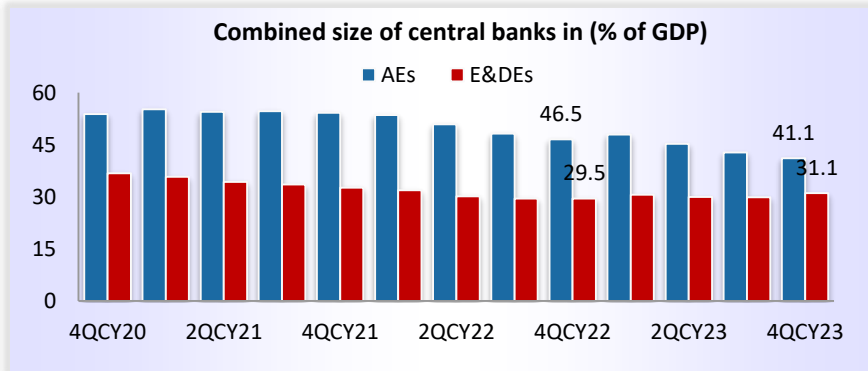
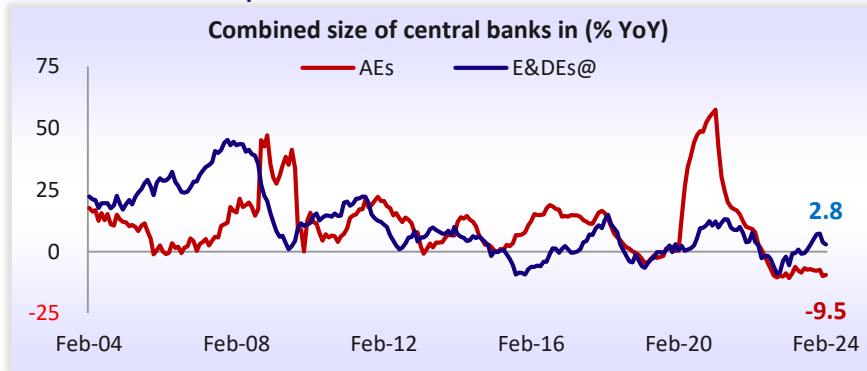
Combined balance sheet of central banks fell for the 22<sup>nd</sup> month in Feb'24...



...and stood at 37.7% of GDP in 4QCY23 vs. 40.5% in 4QCY22



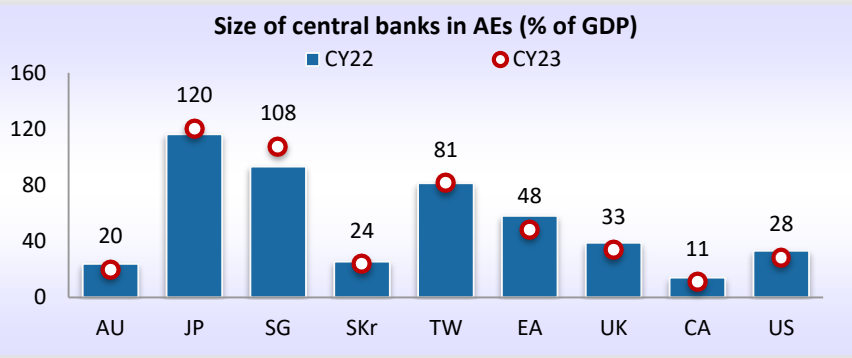
The decline is more prominent in AEs than E&DEs



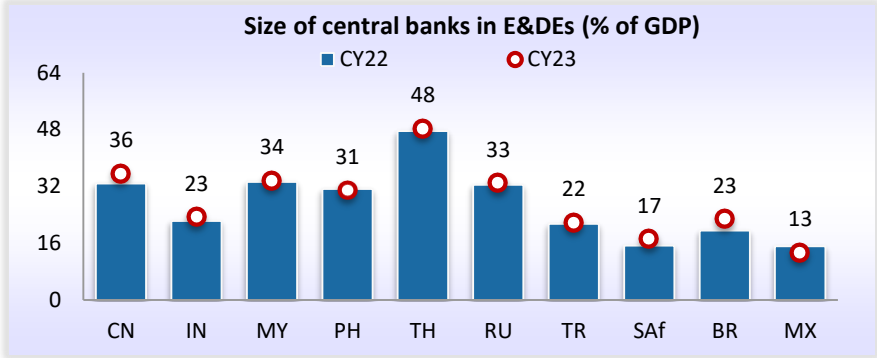


# ...with moderation among large major nations' Central Banks

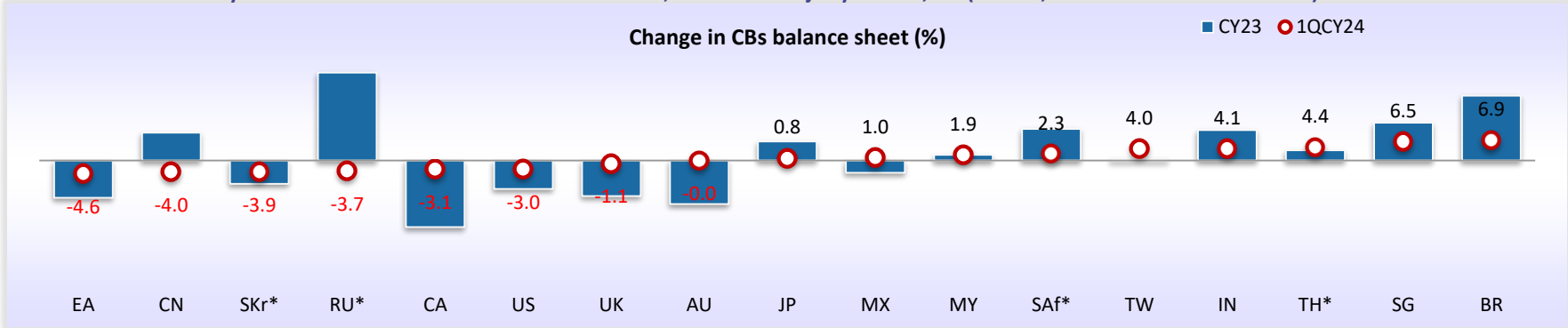
Among AEs, SG's Central Bank's balance sheet expanded in CY23...



...and so did that of CN and BR among E&DEs



Balance sheets of many Central banks continue to decline in CY24^; increased majorly for TW, SG (and TR, not included in the exhibit)

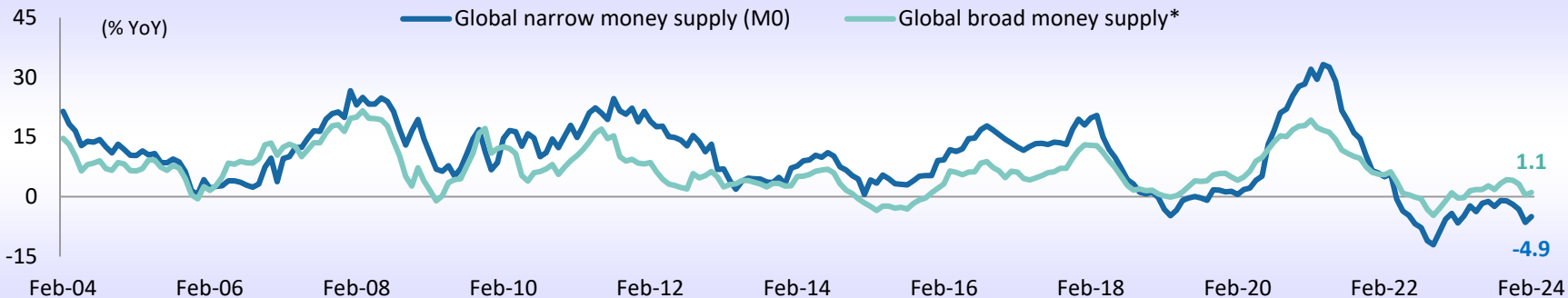


\* Data up to Feb'24 only

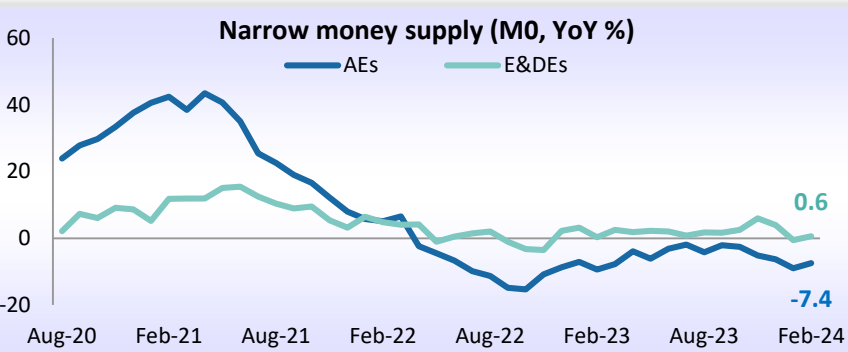
# Broad money supply growth decelerated sharply in Jan-Feb'24...



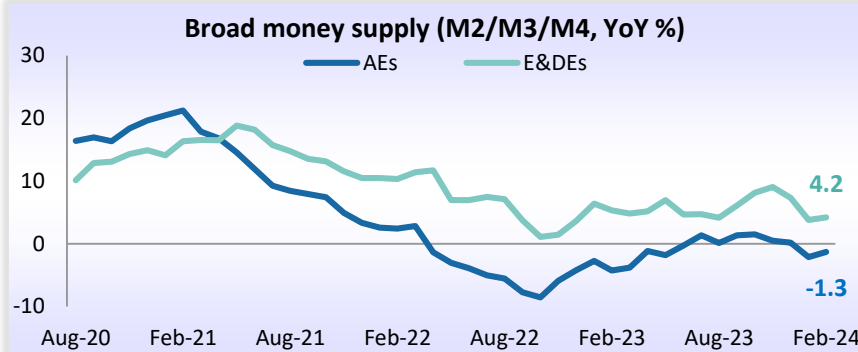
Global broad money supply\* has been growing since Apr'23; however, narrow money supply (M0) declined for the 23<sup>rd</sup> successive month



M0 contracted in AEs, while it grew marginally in E&DEs...



...broad money supply also contracted in Aes, but grew decently in E&DEs

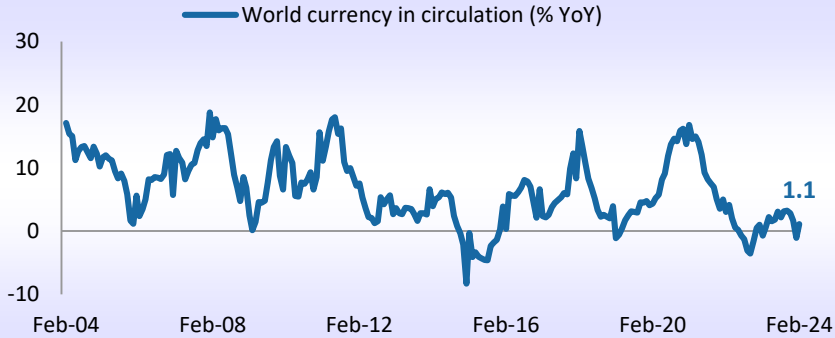


\*M2 (CN, RU, SKr, TW, TH, TR, US), M3 (AU, CA, EA, JP, MY, PH, Saf) and M4 (BR, IN, MX, SG, UK)  
Aggregate indices are calculated using USD values (HK/ID excluded)

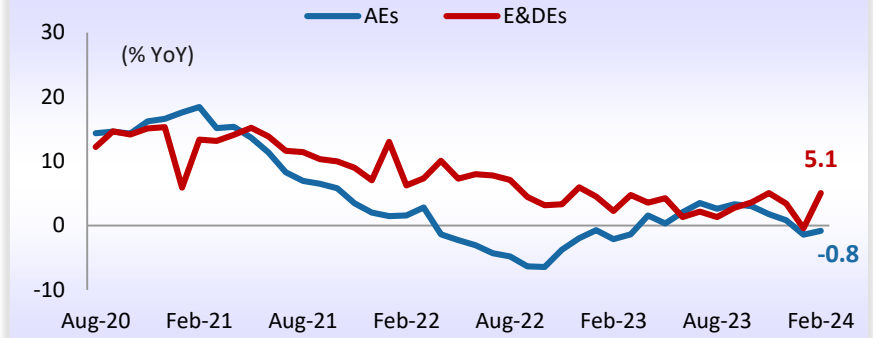


# Global currency in circulation growth eased in Jan-Feb'24

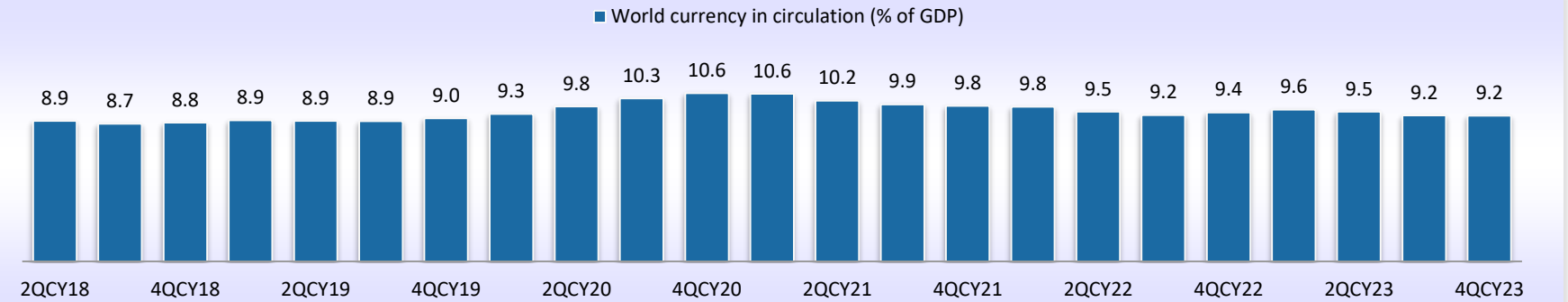
World CIC has been flat in Jan-Feb'24, after growing marginally in CY23...



...primarily led by AEs



Global CIC-to-GDP ratio was unchanged at 9.2% in 4QCY23

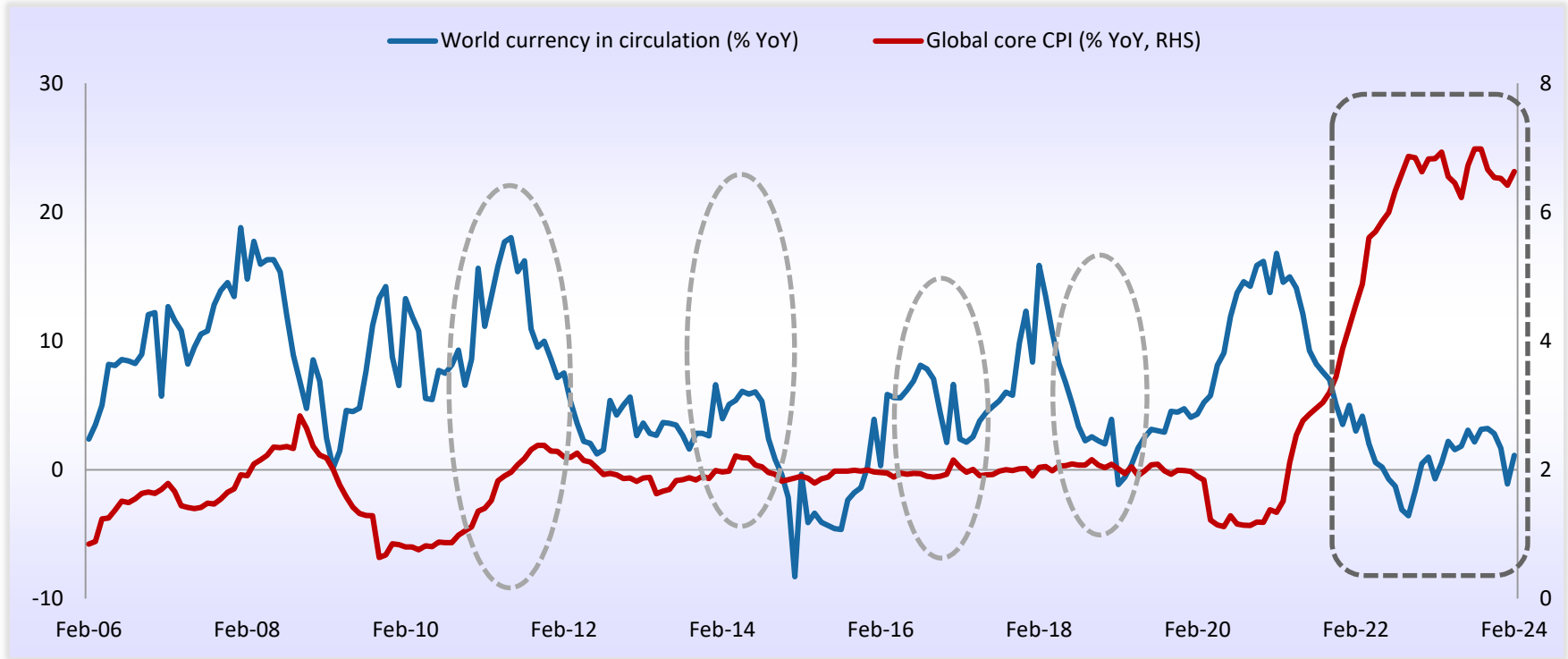


Aggregate indices are calculated using USD values (HK/ID excluded)

# Global core inflation peaked in Sep'23; World CIC eased in Jan-Feb'24



Global core inflation has peaked, global CIC and broad money supply has also started to weaken since Jan'24



Source: CEIC, various national sources, MOFSL

# Rate hiking cycle has peaked



	Current policy rate	Policy rate in CY22-end	Last move (when)	Headline inflation#		Current policy rate	Policy rate in CY22-end	Last move (when)	Headline inflation#
Brazil (BR)	10.75	13.75	Cut (Mar'24)	4.5 (6.6)	Australia (AU)	4.35	3.10	Pause (Mar'24)	5.6 (5.3)
China (CN)	3.45	3.65	Pause (Apr'24)	-0.1 (0.8)	Hong Kong (HK)	5.75	4.75	Pause (Mar'24)	1.9 (2.0)
India (IN)	6.50	6.25	Pause (Apr'24)	5.1 (3.5)	Japan (JP)	0.1	-0.10	Hike (Mar'24)	2.4 (2.5)
Indonesia (ID)	6.00	5.50	Pause (Mar'24)	2.7 (1.7)	Singapore (SG)	3.60	2.50	Pause (Apr'24)	3.3 (3.2)
Malaysia (MY)	3.00	2.75	Pause (Mar'24)	1.6 (1.8)	S Korea (SKr)	3.50	3.25	Pause (Apr'24)	3.0 (2.5)
Mexico (MX)	11.0	10.50	Cut (Mar'24)	4.6 (4.7)	Taiwan (TW)	2.00	1.75	Hike (Mar'24)	2.3 (1.8)
Philippines (PH)	6.50	5.50	Pause (Apr'24)	3.1 (2.6)	Euro Area (EA)	4.50	2.50	Pause (Apr'24)	2.7 (3.5)
Russia (RU)	16.00	7.50	Pause (Mar'24)	7.6 (0.6)	UK	5.25	3.50	Pause (Mar'24)	3.7 (5.2)
S Africa (SAf)	8.25	7.00	Pause (Mar'24)	5.5 (5.2)	Canada (CA)	5.00	4.25	Pause (Apr'24)	2.8 (3.1)
Thailand (TH)	2.50	1.25	Pause (Apr'24)	-0.9 (0.5)	US	5.38	4.38	Pause (Mar'24)	3.1 (3.8)
Turkey (TR)	50.0	9.00	Hike (Mar'24)	66.0 (69.0)					

# Jan-Feb'24, except AU (Jan-Dec'23) (Figure in parenthesis is Core inflation)

Source: BIS, CEIC, MOFSL



# AGENDA



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- ❖ Bond yields have tightened peak in CY24\*
- ❖ US Dollar has strengthened against almost all major currencies in CY24\*

03 ➤ GDP growth and its components

04 ➤ How much debt is too much?

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08 ➤ **External trade: Global trade continues to remain weak; India has the fourth highest forex reserves stock in the world**

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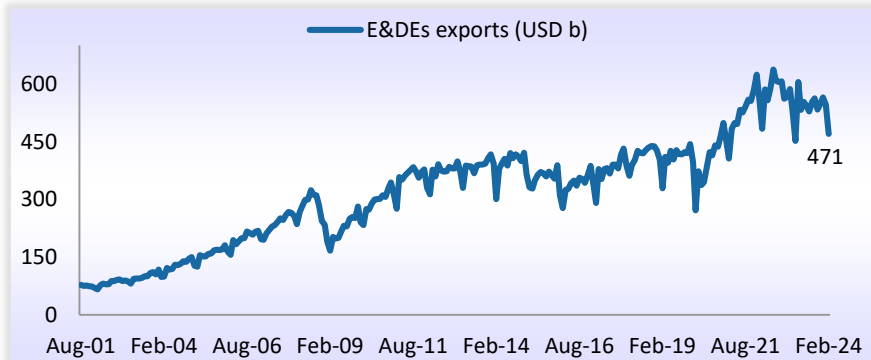
# Global trade growth in positive territory in Jan'24, after -1.9% in CY23



Global trade has declined in the eight months up to Nov'23

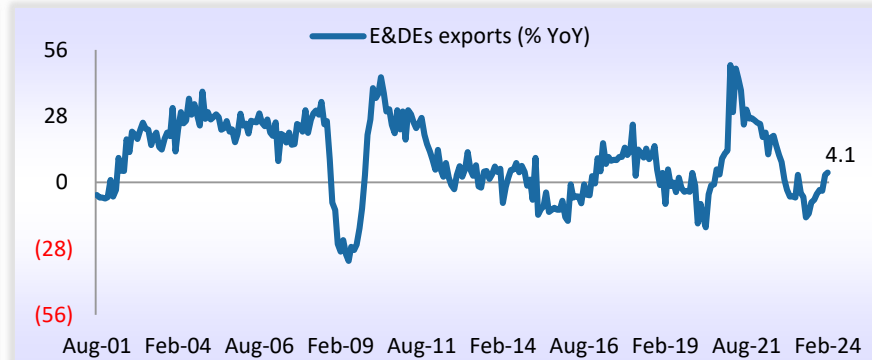


E&DEs exports down in Jan-Feb'24 vs. USD542b/month in CY23...



\* From World Trade Monitor

...but it is higher on YoY basis (i.e., Jan-Feb'23)



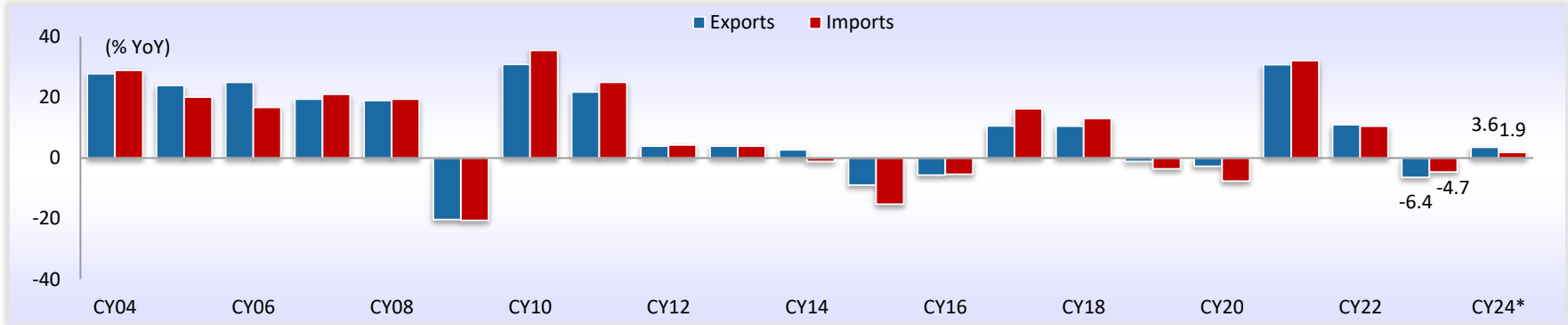
E&DEs include our countries in sample

Source: CPB Netherlands, CEIC, MOFSL

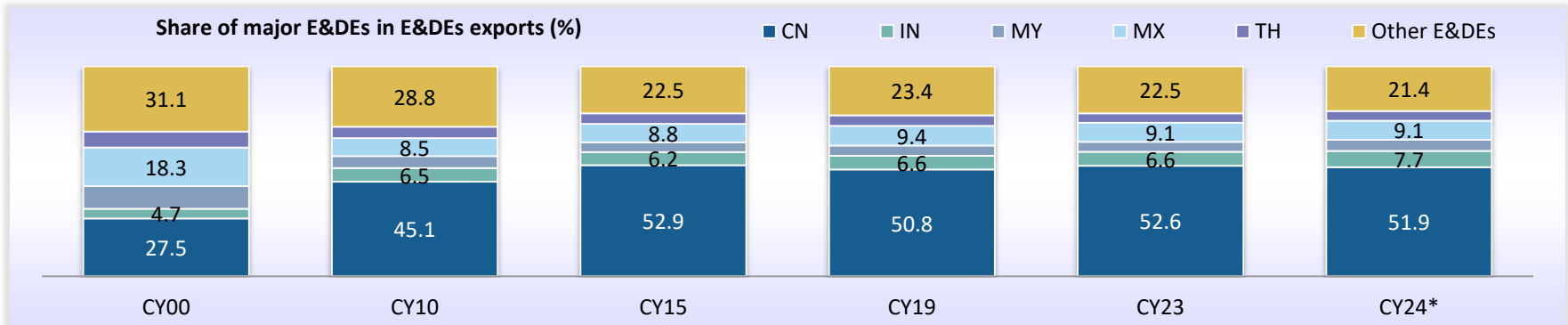


# E&DEs trade up slightly in Jan-Feb'24, after falling sharply in CY23

E&DEs exports increased 3.6% YoY in the first two months of CY24\*...



IN accounted for 7.7% of total E&DEs exports in Jan-Feb'24, compared to 6.5%/6.2%/6.6% in CY10/CY15/CY23



Aggregate indices are calculated using USD values

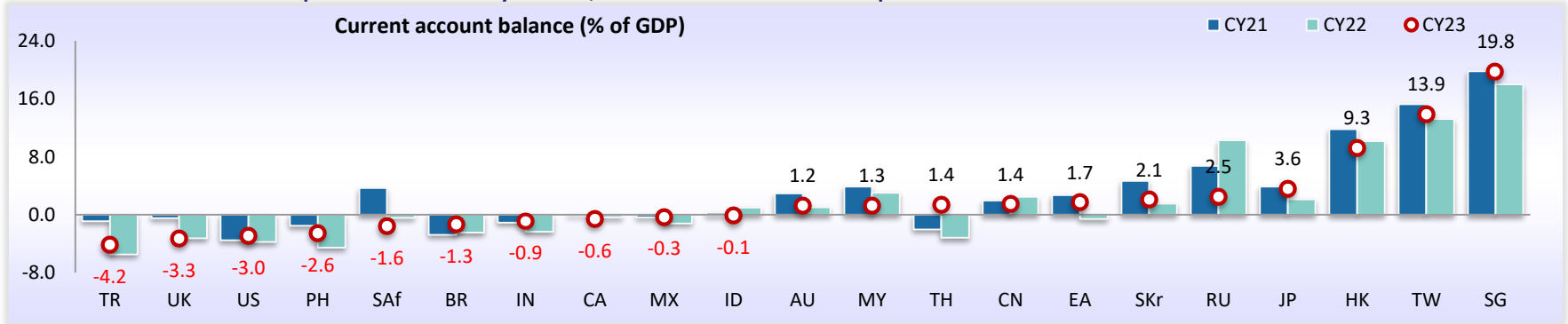
\*Jan-Feb'24

Source: CEIC, various national sources, MOFSL

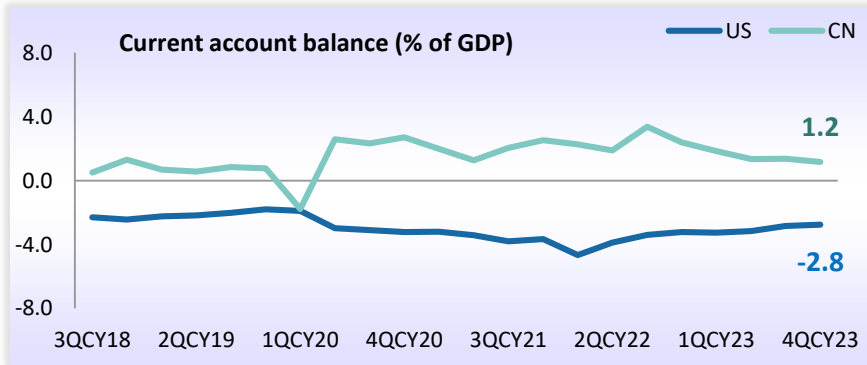


# Trends in current account/trade balance vary across countries

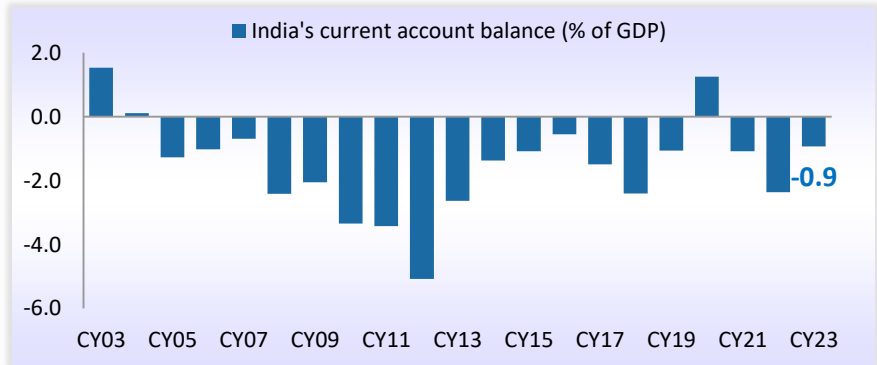
Russia's current account surplus fell substantially in CY23; Thailand shows the most improvement



US' CAD has fallen in CY23 vs. CY21/CY22, with lower surplus in China...



...and India's CAD also narrower in CY23 (0.9% of GDP in CY23 vs. 2.4% in CY22)



Aggregate indices are calculated using USD values

Source: CEIC, Various national sources, MOFSL

# India reclaims fourth spot as world's FX reserves holder



Forex reserves (Mar'24)		Forex reserves (Dec'23)		Forex reserves (Dec'22)	
CN	3,469	CN	3,238	CN	3,307
JP	1,291	JP	1,170	JP	1,228
SW	869	SW	733	SW	924
IN	646	IN	617	RU	582
RU	590	RU	599	IN	563
TW	568	TW	571	TW	555
Saudi Arabia	432	HK	426	Saudi Arabia	433
HK	423	Saudi Arabia	413	HK	424
SKr	418	SKr	396	SKr	423
BR	353	BR	323	BR	325

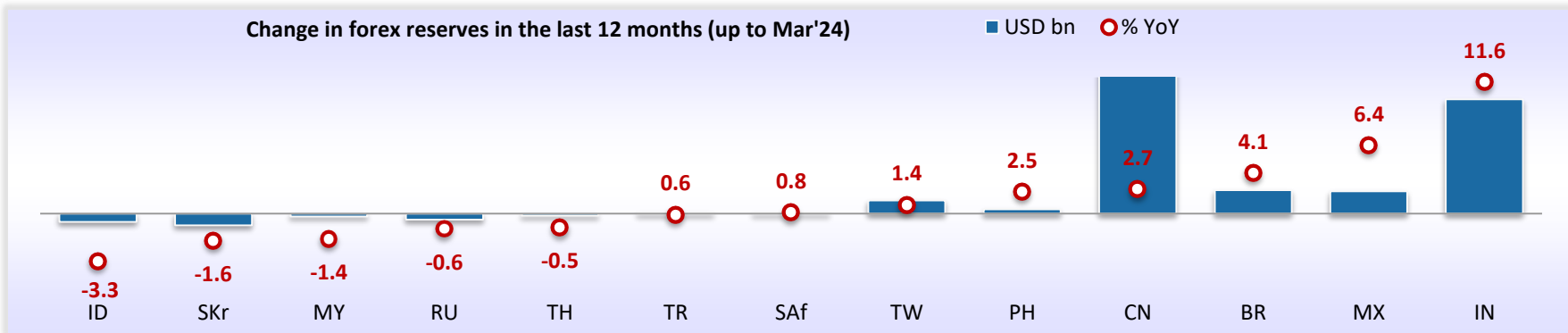
SW= Switzerland

Source: IMF, CEIC, various national sources, MOFSL

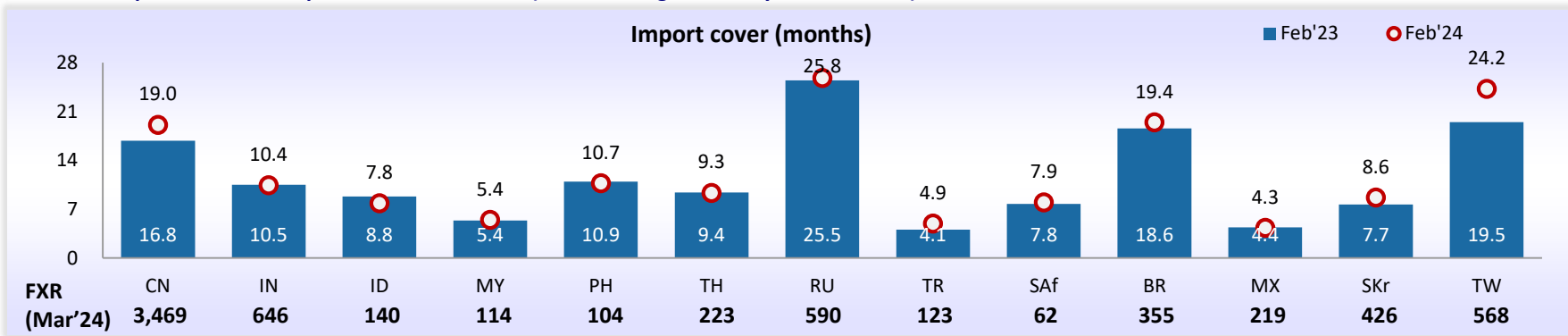
# Forex reserves have increased in most E&DEs



India's forex reserves increased at the fastest pace in the last 12 months, followed by Mexico



...and the import cover has improved in most E&DEs (with it falling materially for Indonesia)



Source: CEIC, various national sources, MOFSL

# AGENDA

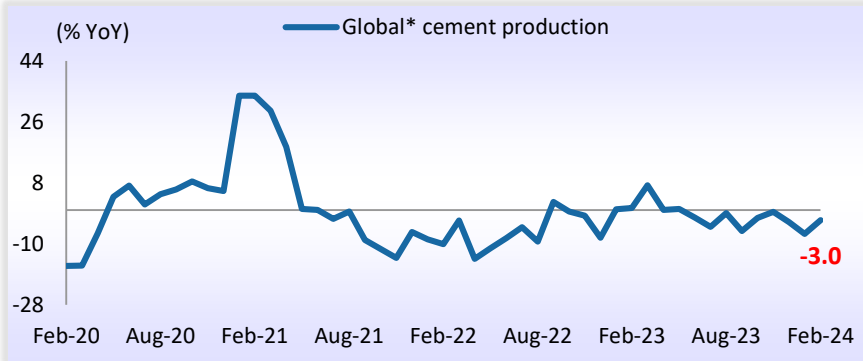


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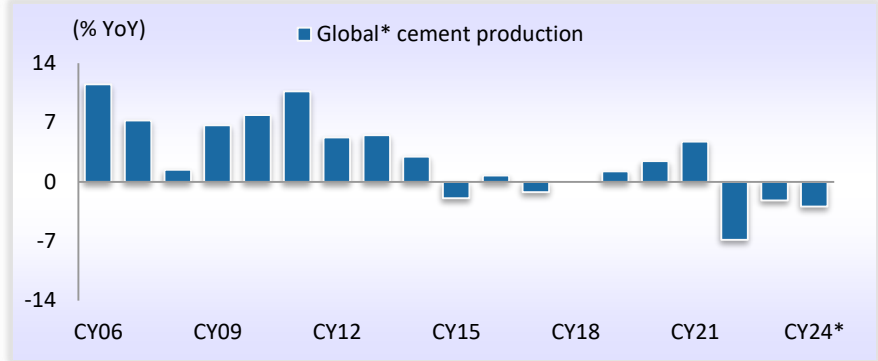


# Cement production down 2.2% in CY23, 9<sup>th</sup> straight fall in Feb'24

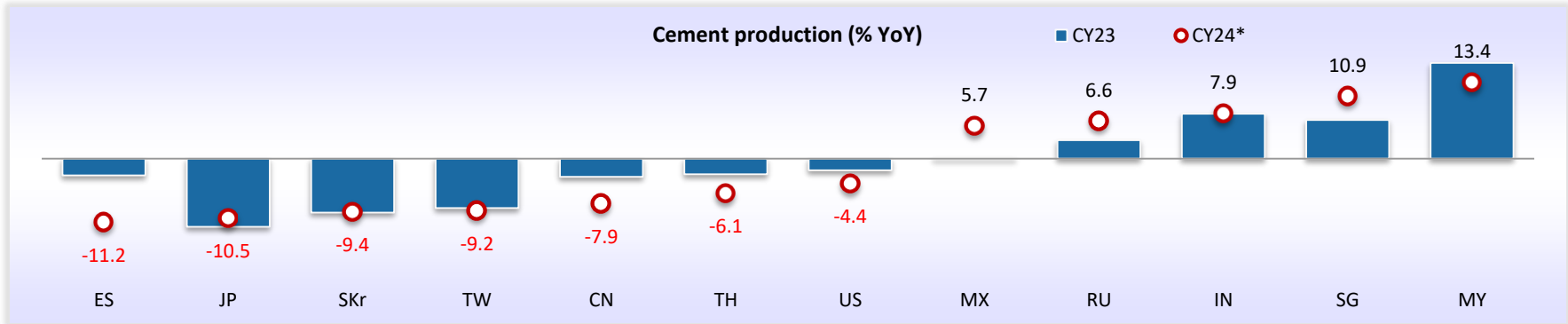
Global cement production declined for the 9<sup>th</sup> straight month in Feb'24...



...and it contracted for the second year in CY23



Cement production continued to decline in seven out of 12 nations in CY24\*, remains strong in MY, SG, and IN



\*CY24 data available up to Feb'24 (^ data up to Dec'23 for ID/TR)

Source: CEIC, USGS, various national sources, MOFSL

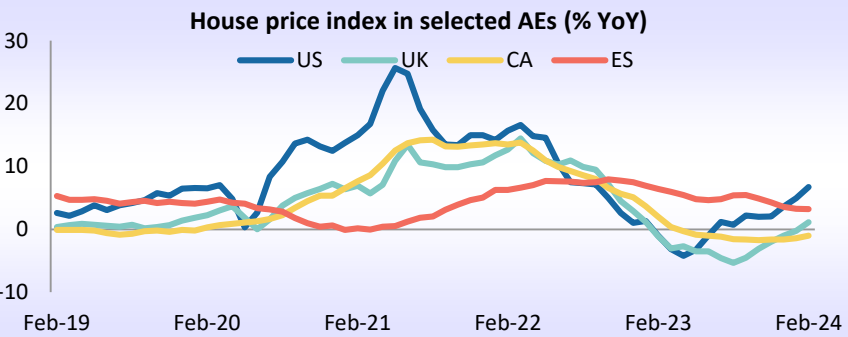
\*Based on 14 countries, accounting for ~73% of global cement production (CN, IN, ID, JP, MY, SG, SKr, TW, TH, ES, RU, TR, MX, and the US)



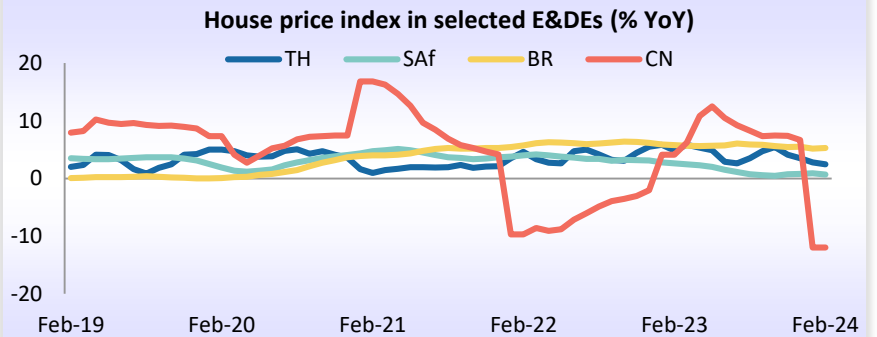
# US and UK home prices have improved, weak-to-stable in most other nations



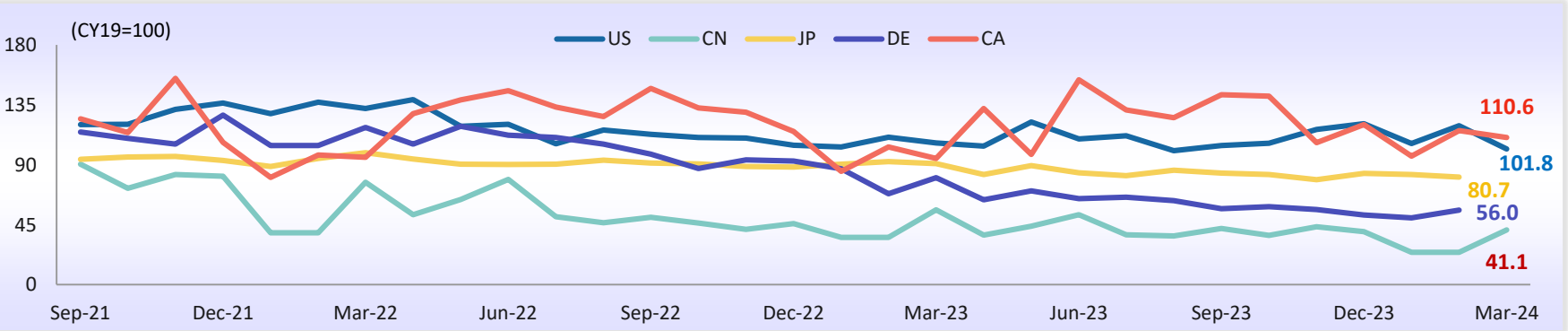
US house prices growth at a 17-month high, while UK's up again in Feb'24



...though it remained weak-to-stable in most other nations



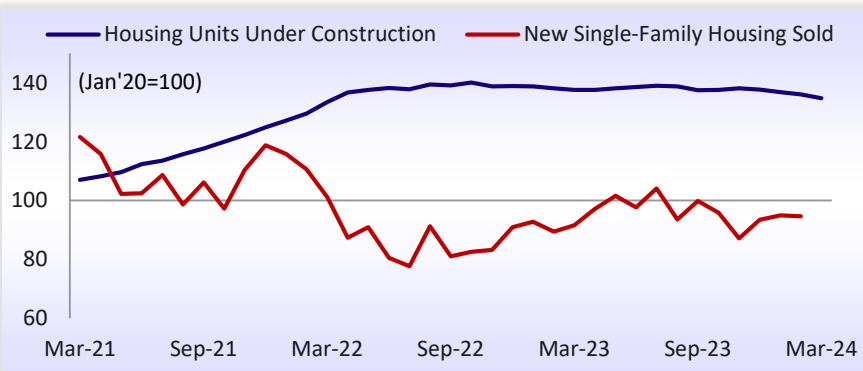
US/CA housing starts higher than the pre-COVID level; lower in other economies



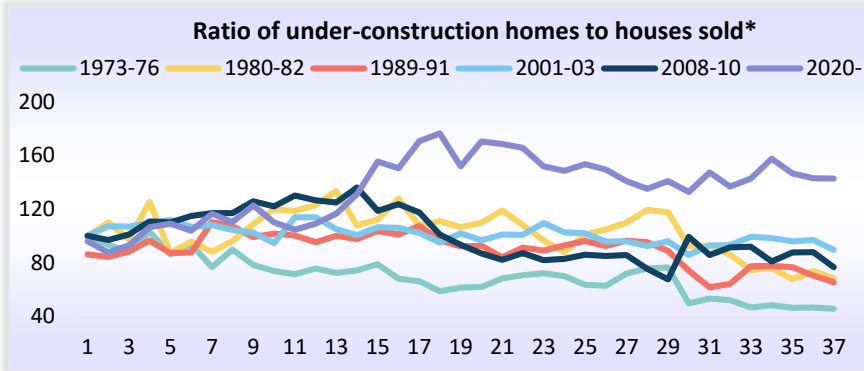
# Some details about the US housing market



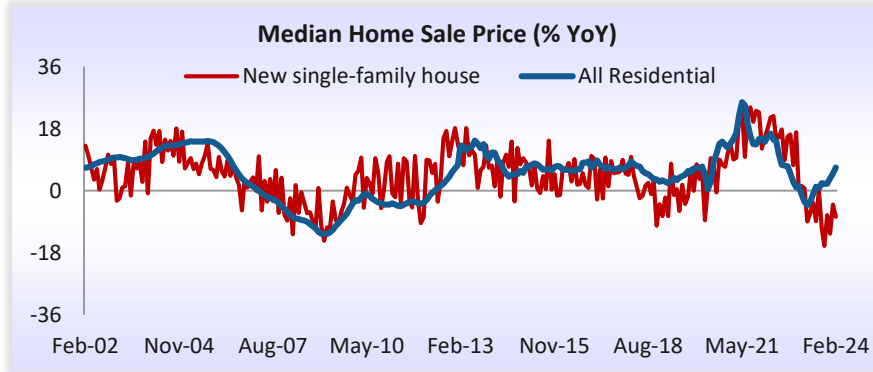
Homes under construction have remained very stable for 17 months now...



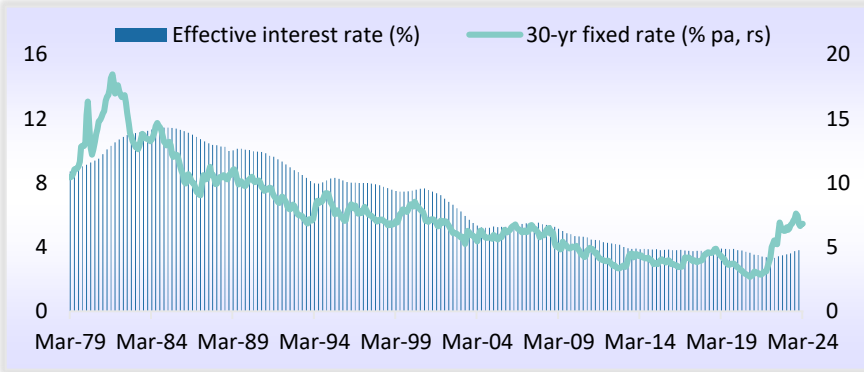
...with no major pick up in housing sales too



Prices of new single family houses have corrected sharply...



...but mortgage rates had peaked in late-2023



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

Source: CEIC, MOFSL

# AGENDA

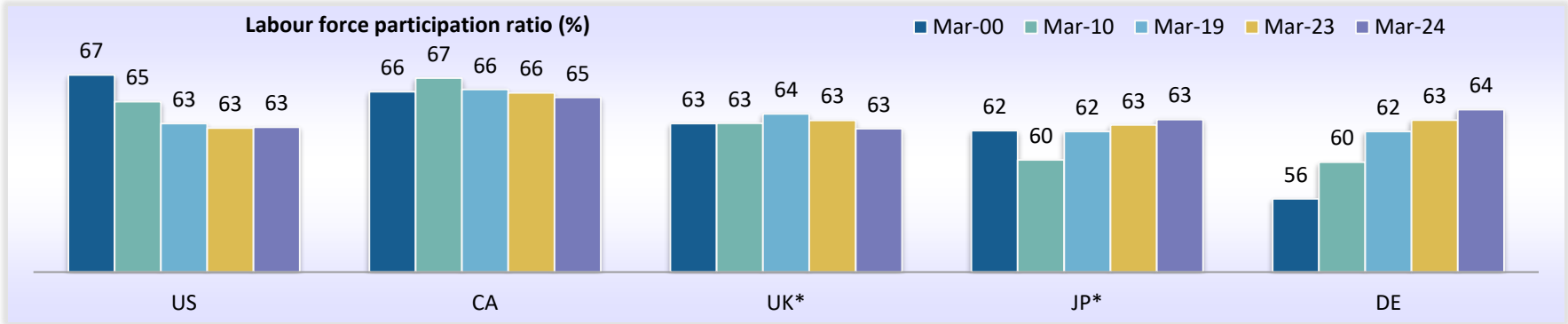


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- 10 ➤ Labor market trends (for select AEs only): **unemployment rate has starting rising, but still very low**

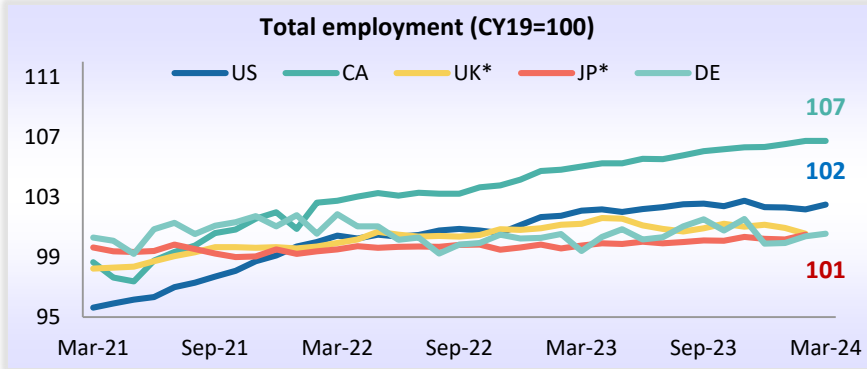


# Labor markets different across major AEs

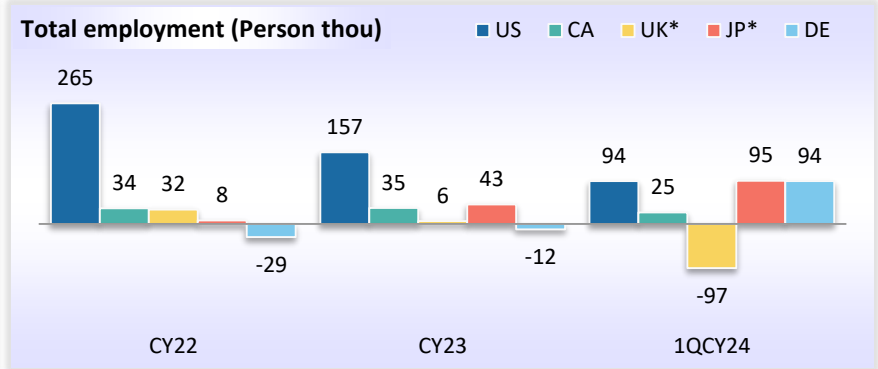
LFPR in Mar'24 is lower than in Dec'19 in the US, the UK, and Canada, higher in Japan and Germany



Employment in Mar'24 was 2-7% higher than CY19 in the US/CA...



...and almost stagnant in other rich nations

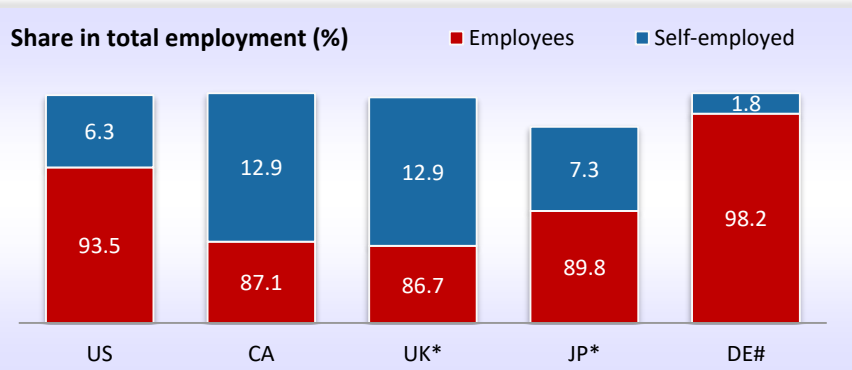


\* UK/JP data up to Feb'24

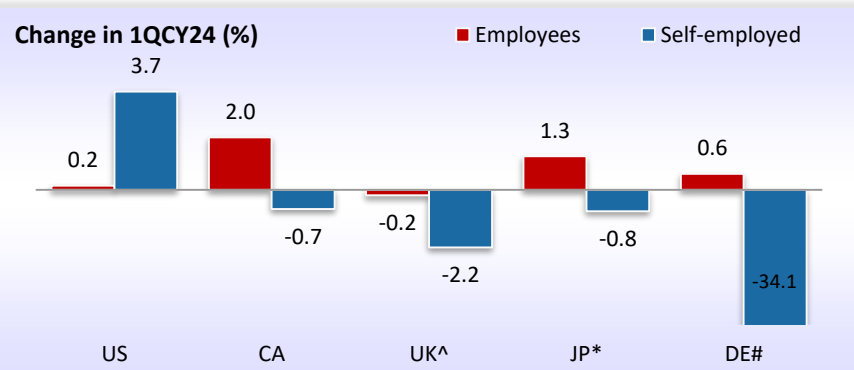
# Self-employed workers continue to suffer more



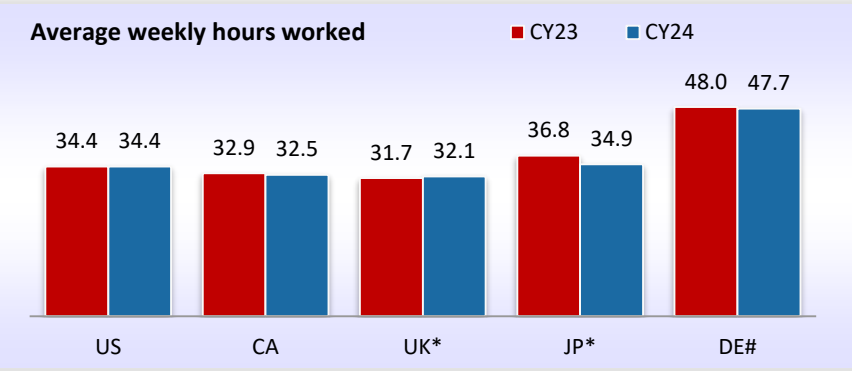
Regular employees account for 87-98% of the workforce in these AEs...



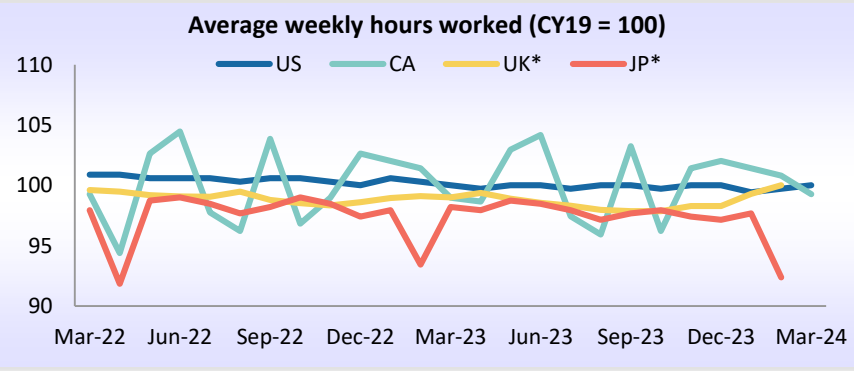
...and self-employed workers continue to suffer more in all except the US



Average weekly hours worked reduced in CY24\* in all except the UK/US



... and broadly at the similar level in all nations as in CY19



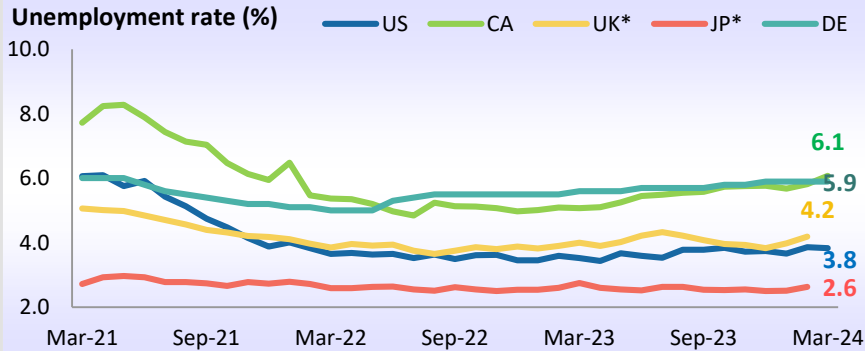
# Data up to Dec'23; \* Data up to Feb'24

Source: CEIC, Various national sources, MOFSL

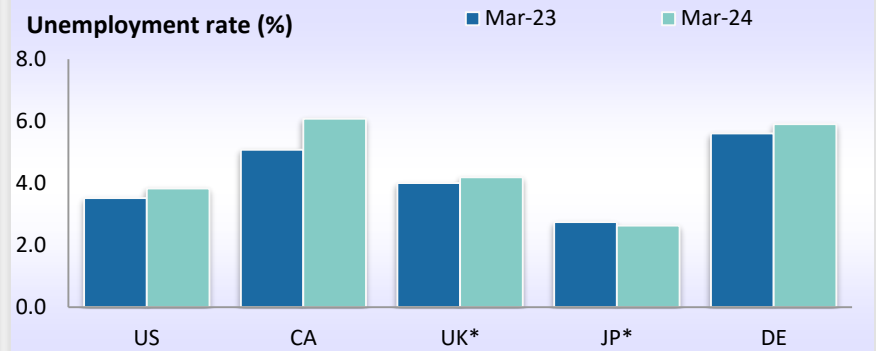


# Unemployment rate has started picking up, but still remains low

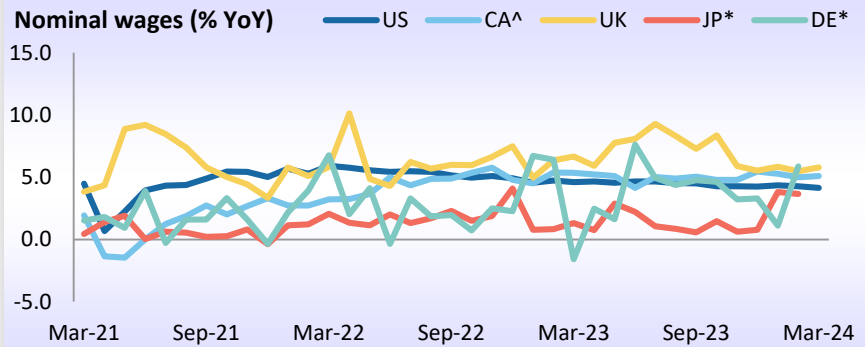
The unemployment rate has picked up in recent months...



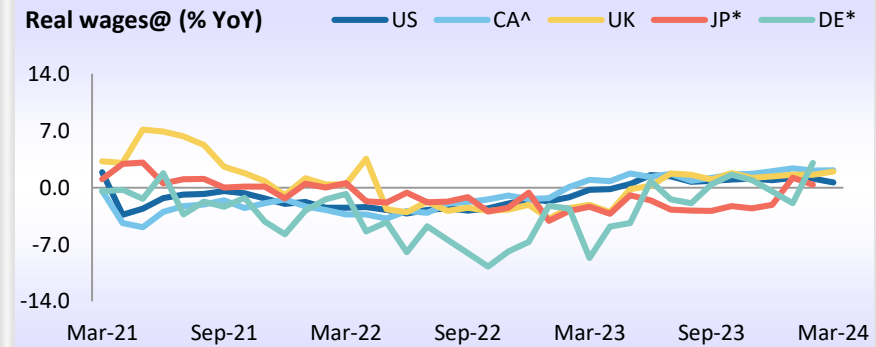
...but continues to remain very low



Nominal wages are growing in all nations except the UK...



...but real wages remain weak everywhere because of higher inflation



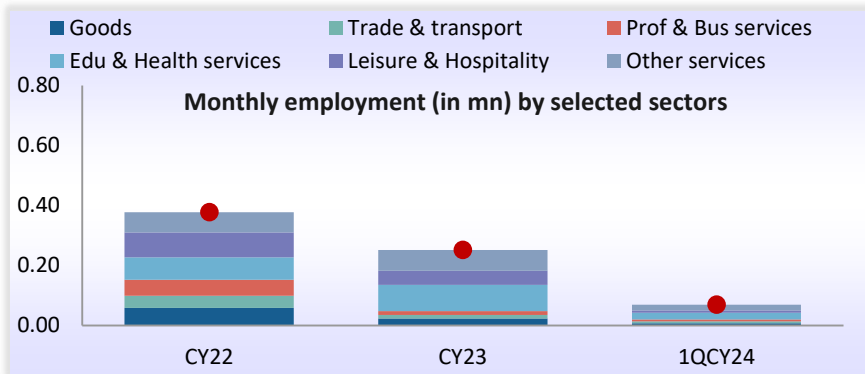
\*Data up to Feb'24

@ Deflated by CPI in respective economies  
Source: CEIC, various national sources, MOFSL

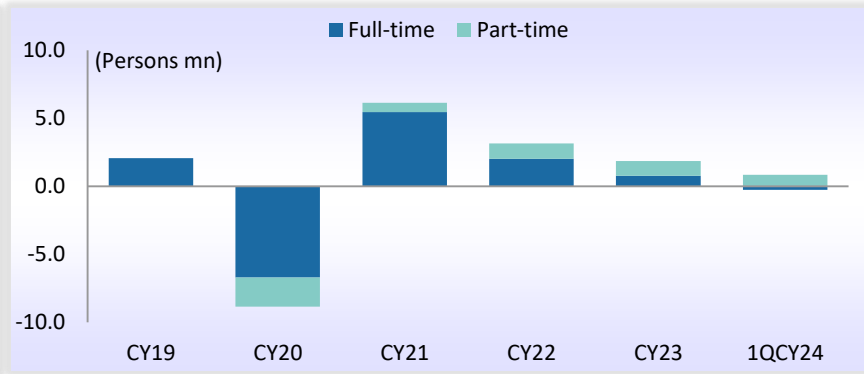
# Some details about the US Labor market



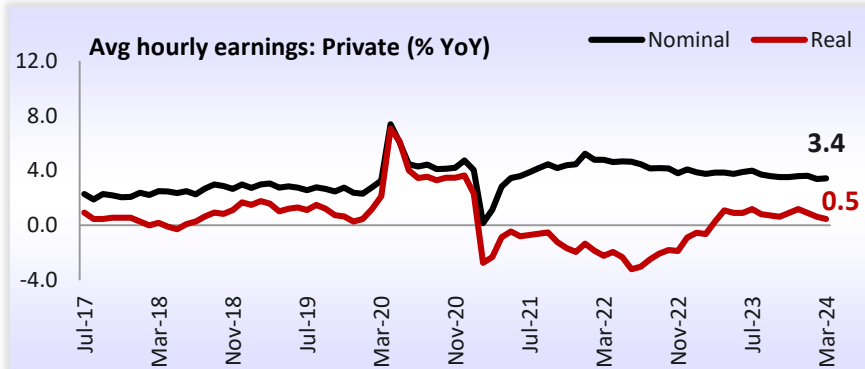
Slower labor demand continued in 1QCY24...



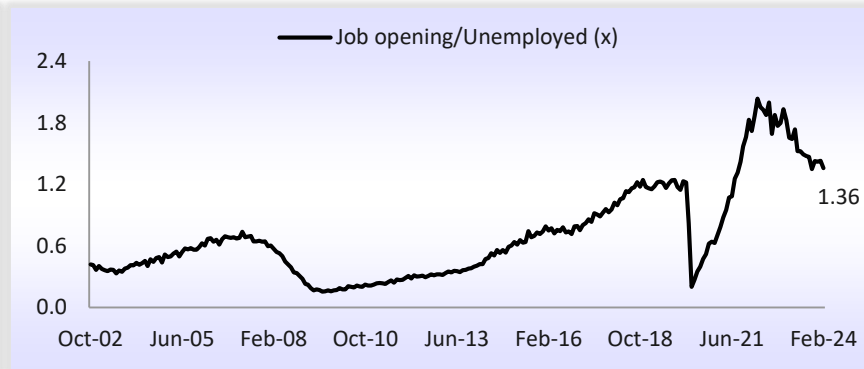
...and full-time worker demand is much lower



Real hourly earnings remain stagnant in Mar'24

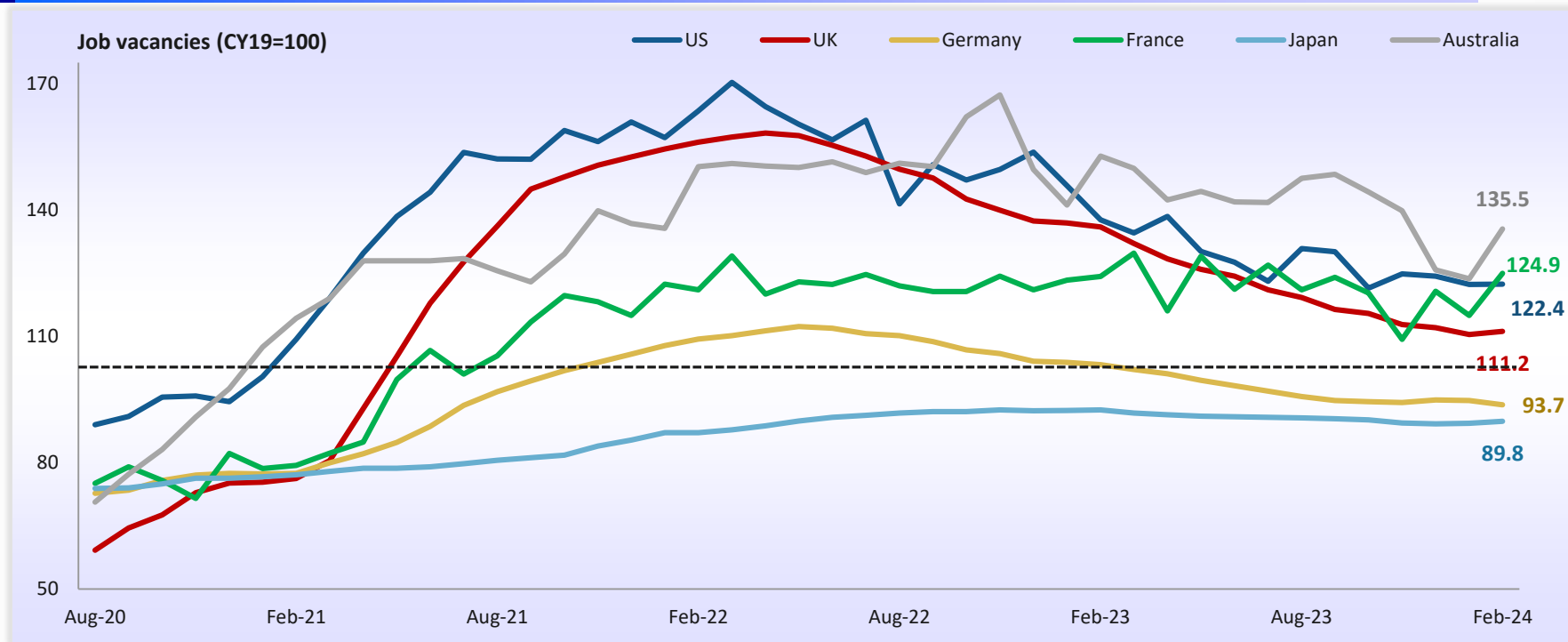


...and job openings continue to fall



Source: CEIC, MOFSL

# Job vacancies still strong in most nations, except DE and JP



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

**Investment in securities market are subject to market risks. Read all the related documents carefully before investing**





## NOTES

Explanation of Investment Rating	
<b>Investment Rating</b>	<b>Expected return (over 12-month)</b>
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

\*If 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 be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

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