

# GLOBAL ECONOMIC OUTLOOK 2024



Criticaleye Senior Editors ask Members of its global Community for their predictions on how various economies will fare over 2024, along with other key macroeconomic developments that will impact business decisions



While the macroeconomic picture continues to be extremely challenging for businesses around the world, there have been some signs of light at the end of the tunnel as we enter 2024.

In our latest Global Economic Outlook, members from Criticaleye’s Community assess prospects for growth, while also highlighting key areas of concern and risk in a year that will likely deliver ongoing geopolitical tension, electoral uncertainty and further technological disruption.

This is what they have to say:

**Jok Tin Tan**  
 Board Member and Independent Director, SuSing Asset Management Limited and Board Mentor, Criticaleye



*The Asia region will drive global growth, although regional tensions remain a risk.*

Asia is expected to remain the engine of global growth, with the ADB [Asia

Development Bank] forecasting 4.8 percent for the region in 2024. This is despite a slowdown in China, with its growth projected at 5 percent for 2023 and 4.5 percent in 2024. The strongest growth is expected in markets like India, Indonesia, Malaysia and the Philippines, driven by strong domestic demand.

Geopolitical tensions, such as those between China-Taiwan and the US, could have significant impact on businesses, as these could disrupt supply chains, increase trade barriers and create market volatility. Businesses need to develop contingency plans, which include diversifying supply chains, expanding into new markets and building resilience. Companies should also monitor the evolving regulatory environment as governments [are] likely [to] introduce new regulations relating to data security, carbon emissions, technology and trade.

Europe might not be paying enough attention to the growing rivalry between India and China. This rivalry could have a significant impact on regional trade

and investment. The rise of Southeast Asia should also be closely watched. This region is expected to become a major economic powerhouse in the coming years, which could offer tremendous opportunities for businesses.

**Matthew Blagg**  
 CEO  
 Criticaleye



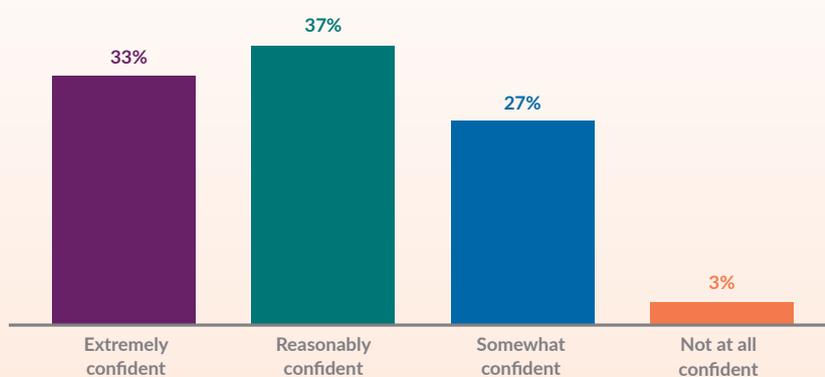
*The challenges of inflation, business consolidation and uncertainty in the Middle East all loom large over 2024.*

It remains a tight environment in the UK and globally. We were in Singapore recently for our Asia Leadership Retreat and most of the conversation was around a difficult economic landscape, led in that region by China’s deterioration from a growth perspective. The issue is that growth needs to be above inflation, and I don’t think it will be this year, sadly.

The US is an outlier to that story as it continues to grow relatively fast. The big question is whether that will continue in an election year, where historically the economy hasn’t done well because people don’t know which direction to invest in, depending on who gets in power. The other big area that is consistently talked about as a potential dampener on growth in the US and globally is the situation in the Middle East, which again is creating a degree of nervousness that makes people more risk focussed.

You will see greater consolidation of certain businesses, which is typical of any downturn in the economic cycle because you need to reduce costs. >

How confident are you that the rate of growth in the Asian Economic Region will increase over the next 12 months?



Source: Asia Leadership Retreat (November 2023) research poll



So, I think all indicators are pointing towards accelerated M&A volumes next year, on both private equity and listed markets, which is supported across all of our research.



*Unpredictability is the buzzword, with Boards having to assess an increasingly complex world.*

I was recently asked to sum up my outlook for 2024 and, in a word, I said: 'Unpredictable.' I still hold that to be the case.

No matter what type of organisation they oversee, Boards have realised over the past decade or so that everything today is more intertwined. Thus, Board directors have a double responsibility to look both inward and outward at operations, such as how their organisation contributes

*“I think the UK will avoid a technical recession, but it’s going to be an ongoing period of stagnation. I would forecast ... [2024’s] growth to be about 0.7 percent”*

**Peter Arnold**

to reducing its own [carbon] footprint internally. [It also needs to be outward facing], so ... how it can contribute to the global good within [its] means.

The American voter, as well as businesses, tend to place a big emphasis on what presidential candidates say they are going to do to improve the economic environment. As for US firms, they want economic stability, support for favourable trade relationships and domestic laws that don't impede the conduct of fair, honest and transparent business operations.

It is not a question of how the elections themselves will impact businesses, but how the potential incoming administration addresses the points above.



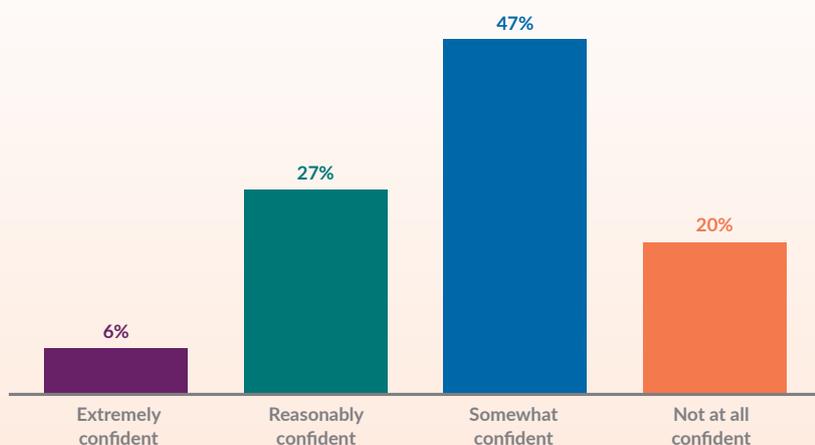
*Another year of muted growth in the UK, while the US election is the number one risk to the global economy.*

On the corporate side, there's been a big increase in the cost of debt and the cost of capital. So we've seen a slowdown in corporate borrowing, where money simply hasn't been available to fund new Capex, new investment, new factories or new transformation programmes.

The Eurozone did contract in Q3, but within that there is a lot of variety. Germany looks particularly challenged. France, Italy and Spain are probably in slightly better positions, reflecting a different kind of industrial mix and government policies.

The US has defied gravity in 2023 by avoiding a recession and growing at a rate faster than people thought. But the feeling is that growth rate of 2 percent >

**How confident are you that the rate of global economic growth will increase over the next 12 months?**



Source: Asia Leadership Retreat (November 2023) research poll



will come down quite considerably in 2024 – to maybe around 1 percent, with some risk of a technical recession. I think the number one risk to the global economic outlook is the US election. It looks set to be a controversial affair and potentially quite divisive, adding to further geopolitical uncertainty currently on the risk radar.

I think that the UK will avoid a technical recession, but it's still going to be an ongoing period of stagnation. Growth [in 2023] is likely to have been about 0.6 percent and I would forecast ... [2024's] growth to be about 0.7 percent ... But that muted economic growth, for many, will still feel like very difficult trading circumstances.



*Geopolitics and climate change will continue to disrupt global supply chains.*

Inflation seems to be going in the right direction and that's good, but I still think food price inflation will continue to be a lag on the overall rate of inflation for another year because of a concoction of difficult supply chain issues that haven't yet worked their way through into price.

Russia-Ukraine will continue to have an impact on wheat grain production and fertiliser. It's already had an impact on [2023's] crop, but will have a bigger impact [this year] because farmers won't have access to the fertiliser they need to plant at the volume that they have done in the past. So, prices will continue to rise because of the scarcity of the product.

**“ We can see the US and China trying to mend bilateral ties, clearly as a result of China's tilt to Russia... Defence spending globally, though, will unfortunately see a rise ”**

**Venkataramanan Anantharaman**



*Weak economic activity in the US and Europe will have a direct bearing on Asia, while geopolitics continues to dominate risk registers.*

The US is likely to see a mild recession in H2 2024 with the Covid period of savings-led consumption slowing down ... Europe is already in a mild recession, with monetary tightening having had its desired impact on those economies. Asia will experience a lag effect from Western economies slowing down. While recent fiscal and monetary measures have seen a resurrection of consumption spending in China, I see 2024 continuing to be a struggle.

Geopolitics is the order of the day. We can see the US and China trying to mend bilateral ties, clearly as a result of China's tilt to Russia. The Middle East is more complex. The Saudi-Israel pact has now been either dropped or delayed into the distant future. China will continue to make noise on Taiwan, but I don't expect a military approach yet. North Korea will keep taunting its neighbours... Defence spending globally, though, will unfortunately see a rise.

On the macro front, all the large countries are running uncomfortable levels of deficits. Something doesn't add up. One would have expected large fiscal deficits to encourage governments to tighten and reduce spending. This is not happening at the pace that it should.

Economic theories have to be re-written for the current era. >

The impact of climate change on supply chains is also a concern. When we had the Pakistan floods [in 2023], the percentage that Pakistani supply represents in the total consumption of world grain had to be found from somewhere else, so the price goes up. It's those sorts of climate change-related issues that will continue to have a serious impact on supply chains.

One big concern would be that if Israel-Hamas expands ... And we may yet have another Covid spike. All those things mean that 2024 looks quite uncertain, but I think it probably is an improved outlook on what we would have predicted for 2023.



**Bridget Rosewell**

Chair, FloodRe  
and Board Mentor  
Criticleye



*Future-proof your organisation by gaining different perspective from the Board and executive teams.*

The outcome of the [UK] election clearly is going to be of interest. But one of the things that I think is quite noticeable is actually how there aren't dramatically different policies between the two parties ... I suppose the other big regulatory question is the extent to which the power of big tech – the Microsofts, Googles and Amazons – actually gets whittled away, or not.

A great opportunity exists within the ESG / environmental space. There are people who are investing in quite narrow, but very innovative areas like hydrogen and electricity distribution systems. There are lots of areas that need more venture capital to get off the ground.

What you need to make sure, both as a Board and a Board Chair, or indeed as an executive, is that you are trying to access a variety of perspectives. Is there someone who can look at things differently and identify opportunities that you might not have thought of, or think of things from a sideways perspective? That's what you need in times which are changing.

The idea that the future is going to be like the past is wrong.

“A great opportunity exists within the ESG / environmental space. There are people who are investing in ... very innovative areas ... that need more venture capital to get off the ground”

**Bridget Rosewell**

**Pascal de Petrini**

Founder and President  
Co-Future Pte and  
Board Mentor, Criticleye



*Elections and geopolitical tensions could put a drag on fast growth in the Asia region.*

In 2024, despite a slowing China, Asia will remain the fastest growing region of the world economy. Elections will take place in strategically important economies like India, Indonesia and Taiwan ... potentially having a regional / global impact.

The US-China tensions and recent evolution in the positions of European countries on trade issues will continue to weigh on [China's] export activities, as well as the localisation of supply chains.

SEA [Southeast Asia] is still attracting vast amounts of foreign direct investment as companies are keen to establish low-cost manufacturing bases outside of China, including for green technology products ... India is going to be the fastest growing large economy, driven by robust domestic demand and strong growth in [the] manufacturing and services sectors.

The recent exacerbation of the tensions between the Philippines and China in the South China Sea increases the risks in the SEA region. The threat from the Houthis on the Red Sea shipping routes and global trade is a new consequence of the Israel-Gaza conflict. The expansion of the BRICs, with new joiners like Iran, will continue to create stress in international relationships. ■

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