



Global Macro

Global Economic Outlook

October 2024 Update





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→ **Global Economic Outlook – October 2024**

→ Annex



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Soft landing for the global economy and resilient labour markets: We are estimating global growth of a robust 3.3% for this year and 3.4% next year, reflecting upside changes of a modest 0.2ppps for each year from our end-2023 expectations, with modifications driven by somewhat-higher growth projected for the United States and China. Our current growth forecast for the United States is an above-potential 2.8% for this year before 2.7% next year. Nevertheless, there has been a weakening of the euro-area recovery, driven by the manufacturing sector and a sluggish German economy. Within Europe, growth of the euro-area periphery continues to outperform. Our current forecast for Europe is for growth to be moderately stronger next year than the tepid growth estimated for this year. We expect the UK economy to grow a moderate 1.0% this year. However, this forecast has been revised up by a marked 0.6ppps from our end-2023 projections. Labour markets remain tight across the advanced economies, pressuring price rises.

A balanced economic risk outlook for this year: Scope assumed entering 2024 a balanced global-economic risk outlook for this year. More of the identified upside factors entering this year have crystallised than downside risks for the global economy despite meaningful outstanding economic challenges. Nevertheless, core macro downside risks specifically represent chances of: i) further upside inflation surprises, seeing rate cuts being paused or even, under an adverse economic scenario, renewed central-bank hikes; ii) geopolitical risks intensifying; iii) financial-market instability re-emerging; and/or iv) market re-appraisal of sovereign risks amid budgetary challenges. As an example, risks in France could trigger a further market response if budgetary risks are not addressed.

Tight US elections culminate a decisive year at the ballot box: US elections on 5 November 2024 will play an historic role in determining the institutional, policy-making and credit outlooks internationally for 2025 and beyond. Currently, the race is very tight between Vice President Kamala Harris and former President Donald Trump, with Vice President Harris leading in the majority of national polls but likely requiring a margin of victory within the national popular vote to win the Electoral College and presidency. The congressional ballot is also tight with more Democrat Senate seats up for grabs this year than Republican seats.

Higher steady-state rates for longer after rate-cut cycles conclude: The Federal Reserve, European Central Bank and Bank of England have begun rate-cut cycles in recent months – later than economists and markets anticipated but consistent with Scope assumptions of cuts beginning latest 2H of this year. We expect the three central banks to further trim rates near term but less significantly than economists assume and markets are pricing in, suggesting more elevated neutral rates than before the cost-of-living crisis. An assumption of more elevated steady-state rates reflects core inflation, even as it recedes gradually, remaining moderately above 2% in the near term alongside resilient labour markets. In addition, US elections raise near-term uncertainties around disinflation given commitments of former president Trump to tariff rises.

Global economic outlook (October 2024): growth, inflation and official rates, euro area, 2021-2025F

Country/region	Real GDP growth (annual average, %)								Headline inflation ² (annual average, %)						Policy rates (EOP, %)					
	2021	2022	2023	2024E	Diff. from Dec-23 ¹	2025F	Diff. from Dec-23 ¹	Medium- run potential	2021	2022	2023	2024E	Diff. from Dec-23 ¹	2025F	Diff. from Dec-23 ¹	End-2021	End-2022	End-2023	End-2024	End-2025
Euro area³	6.1	3.4	0.4	1.0	↓0.1	1.6	↓0.1	1.4	2.6	8.4	5.4	2.4	↓0.4	2.2	-	(0.5)	2.0	4.0	3.0	2.5
Germany	3.6	1.4	(0.1)	0.0	↓0.3	0.9	↓0.7	0.8	3.2	8.7	6.0	2.5	↓0.2	2.3	-					
France	6.8	2.6	1.1	1.0	-	1.3	↓0.2	1.35	2.1	5.9	5.7	2.5	↓0.3	1.8	↓0.1					
Italy	8.3	4.1	1.0	0.8	↓0.0	1.0	↓0.3	1.0	1.9	8.7	5.9	1.2	↓1.2	2.0	↑0.1					
Spain	6.7	6.2	2.7	2.4	↑0.6	2.2	↑0.3	1.75	3.0	8.3	3.4	3.0	↓0.3	2.3	-					
Netherlands	6.2	5.0	0.1	0.8	↓0.5	1.6	↓0.2	1.4	2.8	11.6	4.1	1.6	-	2.3	-					
Belgium	6.9	3.0	1.4	1.2	↓0.1	1.3	↑0.1	1.2	3.2	10.3	2.3	4.2	-	2.1	-					
Austria	4.4	4.9	(0.7)	0.5	↓0.3	1.6	↑0.1	1.2	2.8	8.6	7.7	3.8	-	2.4	-					
Ireland	15.7	8.7	(5.7)	0.3	↓2.8	4.3	↑0.8	4.0	2.4	8.1	5.2	3.0	↓0.3	2.9	↑0.8					
Finland	2.7	1.5	(1.2)	-0.3	↓1.0	1.8	↑0.5	1.2	2.1	7.2	4.3	1.2	↓0.6	2.0	-					
Portugal	5.7	6.8	2.3	1.9	↑0.7	2.2	↑0.6	1.8	0.9	8.1	5.3	2.8	↓0.7	2.0	↓0.2					
Greece	8.4	5.6	2.0	2.0	↓0.2	1.8	↓0.5	1.0	0.6	9.3	4.2	2.7	↑0.3	2.6	↑0.3					
Slovakia	4.8	1.9	1.6	2.6	↑0.7	2.9	↑0.6	2.6	2.8	12.1	11.0	5.2	-	3.0	-					
Luxembourg	7.2	1.4	(1.1)	2.3	↑0.7	2.9	↑0.6	2.5	3.5	8.2	2.9	2.6	↓0.5	2.8	↑0.7					
Lithuania	6.2	2.4	(0.3)	2.2	↓0.2	2.8	↓0.4	2.5	4.6	18.9	8.7	1.1	↓2.1	2.8	↑0.4					
Slovenia	8.4	2.9	1.9	2.3	↑0.1	2.7	-	2.5	2.0	9.3	7.2	4.0	-	2.8	-					
Latvia	4.1	3.1	(0.0)	1.6	↓0.6	2.2	↓0.7	2.5	3.2	17.2	9.1	1.4	↓1.5	2.9	↑0.4					
Estonia	7.2	(0.0)	(3.1)	-0.3	↓2.3	3.2	↑0.5	2.2	4.5	19.4	9.1	3.8	↑0.6	2.3	-					
Cyprus	9.9	5.1	2.5	2.8	↑0.1	3.0	↓0.0	3.0	2.3	8.1	3.9	2.4	-	2.2	-					
Malta	13.0	4.4	7.8	4.2	↑0.3	3.6	↑0.2	3.5	0.7	6.1	5.6	3.0	-	2.3	-					
Croatia	10.2	7.0	3.1	3.3	↑1.3	3.1	↑0.5	2.8	2.6	10.8	7.9	3.7	↓1.1	2.6	↓0.1					

Negative values shown in parentheses. Source: Scope Ratings forecasts, Macrobond, IMF.

1. Changes compared with Scope's December-2023 [2024 Sovereign Outlook](#) forecasts.

2. HICP headline inflation for euro-area member states.

3. Shown for the euro-area policy rate is the ECB deposit facility rate.

Global economic outlook (October 2024): growth, inflation and official rates, beyond the euro area, 2021-2025F

Country/region	Real GDP growth (annual average, %)								Headline inflation ² (annual average, %)								Policy rates (EOP, %)				
	2021	2022	2023	2024E	Diff. from Dec-23 ¹	2025F	Diff. from Dec-23 ¹	Medium- run potential	2021	2022	2023	2024E	Diff. from Dec-23 ¹	2025F	Diff. from Dec-23 ¹	End-2021	End-2022	End-2023	End-2024	End-2025	
Western Europe ex-euro area																					
United Kingdom	8.6	4.8	0.3	1.0	↑0.6	1.5	-	1.5	2.6	9.1	7.3	2.6	↓0.2	2.8	↑1.0	0.25	3.5	5.25	4.75	4.0	
Switzerland	5.6	3.1	0.7	1.0	↓0.4	1.4	-	1.5	0.6	2.8	2.1	1.6	-	2.0	-	(0.75)	1.0	1.75	0.75	0.75	
Sweden	5.7	1.6	(0.1)	0.4	↑0.7	2.0	↓0.1	1.8	2.2	8.4	8.5	3.0	↓0.7	1.5	↓0.6	0.0	2.5	4.0	2.75	2.25	
Norway	4.0	3.0	0.7	1.2	↑0.3	2.0	↑0.6	1.8	3.5	5.8	5.5	3.4	↓0.6	2.6	↓0.1	0.5	2.75	4.5	4.5	3.75	
Denmark	7.4	1.5	2.5	2.1	↑0.7	1.9	-	1.5	1.9	7.7	3.3	2.0	-	1.9	↓0.4	(0.60)	1.75	3.6	2.6	1.85	
EU central and eastern Europe ex-euro																					
Poland	6.9	5.9	0.1	2.5	↓0.3	3.1	↑0.1	3.0	5.2	14.4	11.4	4.1	↑0.6	5.6	↑2.5	1.75	6.75	5.75	5.75	5.75	
Romania	5.7	4.1	2.1	2.4	↓0.6	2.8	↓0.6	3.75	5.1	13.8	10.4	6.0	↓0.5	4.5	↑0.5	1.75	6.75	7.0	6.25	5.5	
Czech Republic	4.0	2.9	0.0	0.6	↓1.0	2.2	↓0.6	2.5	3.8	15.1	10.7	2.2	↓0.5	1.9	↓0.3	3.75	7.0	6.8	4.0	3.0	
Hungary	7.0	4.6	(0.7)	2.2	↓0.2	3.3	↑0.2	2.5	5.1	14.6	17.1	4.0	↓1.1	3.8	↓0.1	2.4	13.0	10.75	6.25	5.0	
Bulgaria	7.1	4.2	2.0	2.4	-	3.0	↑0.3	2.75	3.3	15.3	9.5	2.5	↓1.3	2.6	↓0.3	0.0	1.3	3.8	3.25	2.5	
Non-EU emerging Europe																					
Türkiye	11.4	5.5	5.1	3.5	↑0.2	3.2	↓0.3	3.9	19.6	72.3	53.9	55.0	↓5.0	30.0	↑5.0	14.0	9.0	42.5	45.0	37.5	
Ukraine	3.4	(28.8)	5.3	3.8	↑0.3	3.5	↓1.5	2.5	9.4	20.2	12.8	5.5	↑1.4	7.1	↑2.1	9.0	25.0	15.0	13.0	11.5	
Serbia	7.7	2.5	2.5	3.6	↑0.6	4.4	↑0.9	4.0	4.1	12.0	12.4	4.4	-	3.4	-	1.0	5.0	6.5	5.25	4.0	
Georgia	10.6	11.0	7.5	7.5	↑2.8	5.4	↑0.4	5.0	9.6	11.9	2.5	1.6	↓0.6	2.9	↓0.1	10.5	11.0	9.50	7.5	7.0	
Rest of World (Advanced)																					
United States	6.1	2.5	2.9	2.8	↑0.6	2.7	↑0.7	2.0	4.7	8.0	4.1	2.9	↑0.1	2.5	↑0.1	0-0.25	4.25-4.5	5.25-5.5	4.25-4.5	3.75-4	
China ⁴	8.4	3.0	5.2	5.0	↑0.6	4.5	↑0.4	4.0	0.8	1.9	0.3	0.5	↓0.2	1.8	↓0.6	3.8	3.65	3.45	3.25	3.15	
Japan ⁵	2.8	1.1	1.7	0.0	↓0.8	0.9	↑0.5	0.4	(0.2)	2.5	3.2	2.6	↓0.3	2.3	↑0.4	(0.1)	(0.1)	(0.1)	0.25	0.5	
Africa																					
South Africa	5.0	1.9	0.7	0.8	↓0.4	1.4	↓0.1	1.5	4.6	7.0	6.1	4.7	↓0.3	4.3	↓0.2	3.75	7.0	8.25	7.75	7.0	
Egypt	3.3	6.6	4.2	3.3	↓0.5	3.8	↓0.7	5.5	5.9	21.3	33.6	39.0	↓1.0	26.0	↑1.0	8.25	16.25	19.25	27.25	25.0	
Morocco	8.2	1.4	3.6	3.0	↓0.4	3.3	↓0.1	3.5	1.3	6.7	6.1	3.5	-	2.9	-	1.5	1.5	3.0	2.75	2.5	
World	6.5	3.5	3.2	3.3	↑0.2	3.4	↑0.2	2.6	4.7	8.7	6.8	5.8	↑0.3	4.4	↑0.3						

Negative values shown in parentheses. Source: Scope Ratings forecasts, Macrobond, IMF.

1. Changes compared with Scope's December-2023 [2024 Sovereign Outlook](#) forecasts.

2. CPI headline inflation (Egypt reflecting urban inflation).

4. Shown for China's policy rate is the one-year bank prime loan rate.

5. Shown for Japan's policy rate is the deposit rate on current account balances.

Global economic outlook (October 2024): unemployment and fiscal metrics, euro area, 2021-28F

Country/region	Unemployment rate ⁶ (annual average, %)					General government balance (% of GDP)						Public debt level (% of GDP)					
	2021	2022	2023	2024E	2025F	2021	2022	2023	2024E	2025F	2028F	2021	2022	2023	2024E	2025F	2028F
Euro area	7.8	6.7	6.6	6.6	6.5	(5.2)	(3.7)	(3.6)	(3.1)	(2.8)	(2.1)	95	91	88	88	87	86
Germany	3.6	3.1	3.0	3.4	3.3	(3.6)	(2.5)	(2.5)	(2.2)	(1.8)	(0.8)	69	66	63	63	62	60
France	7.9	7.3	7.4	7.5	7.5	(6.6)	(4.8)	(5.5)	(5.1)	(4.6)	(3.5)	113	111	110	112	113	113
Italy	9.5	8.1	7.7	7.2	7.0	(8.7)	(8.6)	(7.4)	(4.7)	(3.9)	(3.0)	147	141	137	139	141	143
Spain	15.0	13.0	12.2	11.8	11.6	(6.7)	(4.7)	(3.6)	(2.7)	(2.5)	(2.0)	117	112	108	105	103	99
Netherlands	4.2	3.5	3.6	3.7	3.7	(2.2)	(0.1)	(0.3)	(2.1)	(2.3)	(3.0)	50	48	45	47	48	51
Belgium	6.3	5.6	5.5	5.6	5.6	(5.4)	(3.6)	(4.4)	(4.5)	(4.7)	(5.4)	108	104	105	107	108	114
Austria	6.2	4.7	5.1	5.5	5.6	(5.8)	(3.3)	(2.7)	(2.8)	(2.6)	(2.3)	83	78	78	77	77	77
Ireland	6.2	4.5	4.3	4.4	4.6	(1.5)	1.7	1.7	1.6	1.3	0.8	53	43	43	42	38	31
Finland	7.6	6.8	7.2	8.0	7.7	(2.8)	(0.4)	(2.7)	(3.4)	(2.5)	(1.3)	73	74	77	80	82	84
Portugal	6.7	6.2	6.6	6.5	6.2	(2.9)	(0.3)	1.2	0.5	0.5	0.5	125	112	99	94	89	78
Greece	14.8	12.5	11.0	10.6	10.2	(7.0)	(2.5)	(1.6)	(0.7)	(0.4)	(1.3)	195	173	162	152	144	133
Slovakia	6.8	6.2	5.8	5.9	5.8	(5.2)	(1.7)	(4.9)	(5.9)	(5.0)	(3.0)	61	58	56	59	59	62
Luxembourg	5.4	4.6	5.2	5.6	5.9	0.5	(0.3)	(1.3)	(1.6)	(1.9)	(1.5)	25	25	26	27	29	31
Lithuania	7.1	6.0	6.9	7.3	7.6	(1.1)	(0.6)	(0.8)	(1.9)	(2.4)	(1.4)	43	38	38	38	38	36
Slovenia	4.7	4.0	3.7	3.6	3.5	(4.6)	(3.0)	(2.5)	(3.0)	(2.7)	(2.3)	74	73	69	68	67	65
Latvia	7.5	6.8	6.5	6.8	6.6	(7.2)	(4.6)	(2.2)	(2.8)	(2.9)	(2.0)	44	42	44	43	44	44
Estonia	6.2	5.6	6.4	8.1	7.6	(2.5)	(1.0)	(3.4)	(3.3)	(4.3)	(2.9)	18	19	20	23	26	33
Cyprus	7.5	6.3	5.9	6.4	6.1	(1.8)	2.7	3.1	2.6	2.5	1.3	99	86	77	71	65	52
Malta	3.8	3.5	3.1	2.6	2.5	(7.6)	(5.5)	(4.9)	(4.2)	(3.5)	(2.8)	54	52	50	53	54	55
Croatia	7.5	6.7	6.1	6.0	5.7	(2.5)	0.1	(0.7)	(1.7)	(1.5)	(1.0)	78	68	63	59	58	54

Negative values shown in parentheses. Source: Scope Ratings forecasts, Macrobond, IMF.

6. Unemployment rate data source is Eurostat for EU member states.

Global economic outlook (October 2024): unemployment and fiscal metrics, beyond the euro area, 2021-28F

Country/region	Unemployment rate ⁶ (annual average, %)					General government balance (% of GDP)						Public debt level (% of GDP)					
	2021	2022	2023	2024E	2025F	2021	2022	2023	2024E	2025F	2028F	2021	2022	2023	2024E	2025F	2028F
Western Europe ex-euro area																	
United Kingdom	4.7	3.9	4.1	4.4	4.4	(7.9)	(4.7)	(6.0)	(5.2)	(4.3)	(4.3)	105	100	101	102	104	110
Switzerland	3.0	2.2	2.0	2.3	2.5	(0.3)	1.2	0.5	0.7	0.4	0.1	41	38	38	35	33	30
Sweden	8.9	7.5	7.7	8.4	8.3	0.0	1.2	(0.6)	(1.1)	(0.6)	0.3	37	34	32	36	36	33
Norway	4.4	3.3	3.6	4.1	4.2	10.3	25.6	16.3	14.4	13.3	10.9	41	37	42	39	36	32
Denmark	5.1	4.5	5.1	5.4	5.2	4.1	3.3	3.1	1.6	0.8	0.1	41	34	29	28	27	27
EU central and eastern Europe ex-euro																	
Poland	3.4	2.9	2.8	3.0	3.0	(1.8)	(3.4)	(5.1)	(5.1)	(4.8)	(4.3)	54	49	50	53	55	60
Romania	5.6	5.6	5.6	5.4	5.3	(7.2)	(6.3)	(6.6)	(6.8)	(6.3)	(4.9)	49	48	49	52	54	59
Czech Republic	2.8	2.4	2.6	2.6	2.6	(5.1)	(3.2)	(3.7)	(2.2)	(3.1)	(0.9)	41	43	42	45	46	45
Hungary	4.0	3.6	4.0	4.0	3.8	(7.2)	(6.2)	(6.7)	(5.4)	(4.5)	(2.8)	77	74	74	74	73	70
Bulgaria	5.2	4.2	4.3	4.4	4.2	(2.8)	(0.8)	(3.1)	(2.8)	(2.9)	(2.8)	24	23	23	25	26	30
Non-EU emerging Europe																	
Türkiye ⁷	12.0	10.5	9.4	10.5	11.5	(2.8)	(10.3)	(5.2)	(5.2)	(3.4)	(2.9)	40	31	30	31	31	32
Ukraine ⁷	10.4	n/a	n/a	n/a	n/a	(3.4)	(16.1)	(20.4)	(18.7)	(9.9)	(6.1)	49	78	84	92	95	98
Serbia	11.1	9.6	9.4	9.1	8.7	(3.3)	(0.1)	(1.3)	(2.2)	(2.6)	(2.2)	56	53	49	49	49	48
Georgia	20.6	17.3	16.4	13.5	13.0	(6.0)	(2.6)	(2.3)	(2.6)	(2.2)	(2.2)	49	39	39	40	39	36
Rest of World (Advanced)																	
United States	5.4	3.6	3.6	4.1	4.0	(11.1)	(4.1)	(8.8)	(7.6)	(8.0)	(7.7)	125	120	122	124	127	135
China ⁸	5.1	5.6	5.2	5.1	5.0	(6.0)	(7.5)	(7.1)	(7.3)	(7.5)	(7.8)	72	77	84	90	95	107
Japan	2.8	2.6	2.6	2.6	2.5	(6.1)	(4.4)	(5.8)	(6.9)	(3.4)	(3.8)	254	257	252	256	255	256
Africa																	
South Africa	34.3	33.5	32.4	33.4	33.9	(5.5)	(4.3)	(6.0)	(5.0)	(5.3)	(5.6)	69	71	73	75	76	80
Egypt	7.4	7.3	7.0	7.3	7.3	(7.0)	(5.8)	(5.8)	(10.9)	(12.2)	(9.0)	90	89	96	98	95	87
Morocco	12.4	11.9	13.0	12.7	12.9	(6.0)	(5.4)	(4.4)	(4.0)	(3.8)	(3.3)	69	72	71	70	69	67
World																	

Negative values shown in parentheses. Source: Scope Ratings forecasts, Macrobond, IMF.

6. Unemployment rate data source is Eurostat for EU member states; national unemployment series otherwise.

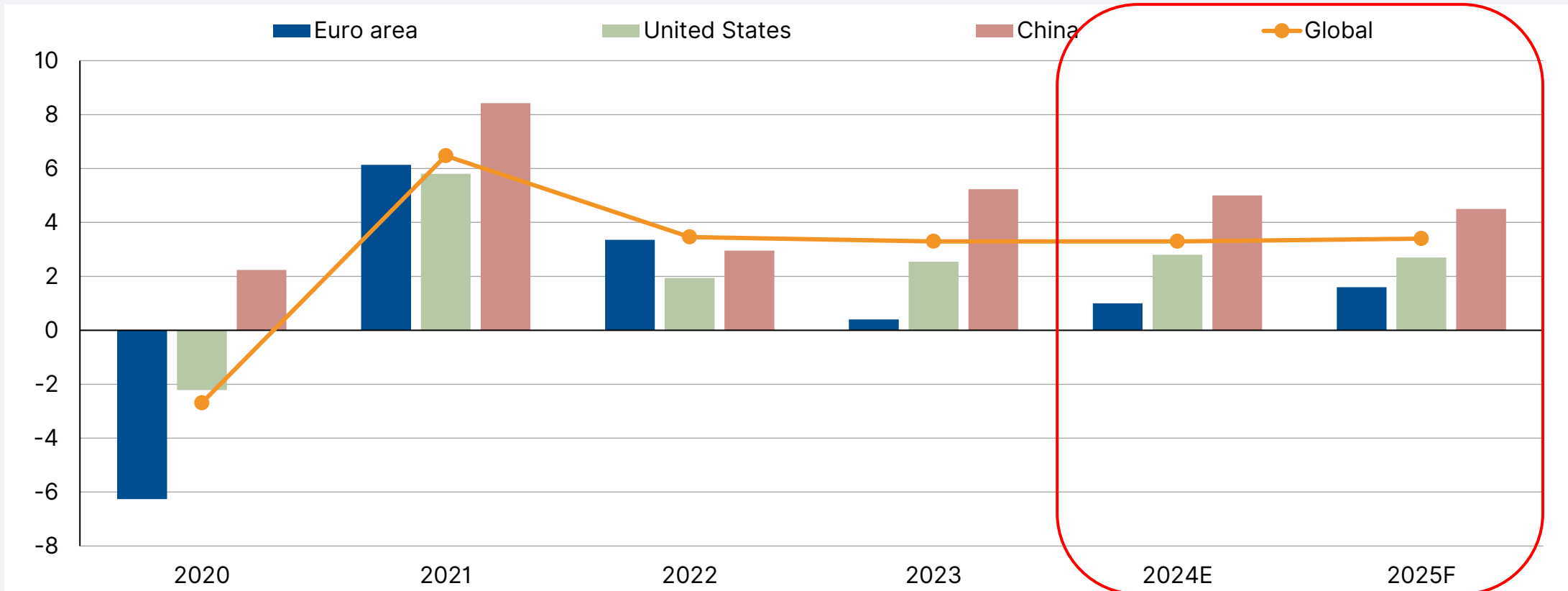
7. Türkiye and Ukraine budget-balance figures are on the central-government budget balance.

8. Unemployment is survey-based urban unemployment rate.

Soft landing for the global economy this year

Our baseline remains for a soft landing for the global economy following the fastest rise in rates on modern record. We have held a different view to repeated market expectations of recession since 2022.

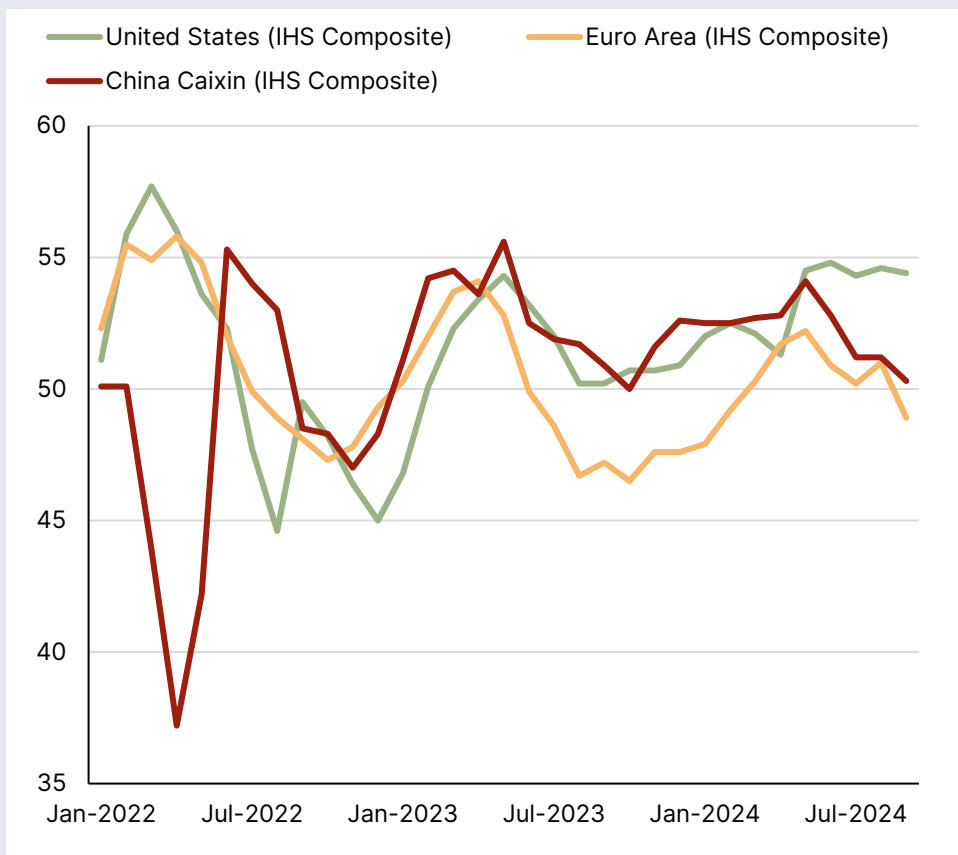
Global growth
%, 2020-2025F



Downtick of European data recently signals risks for the recovery

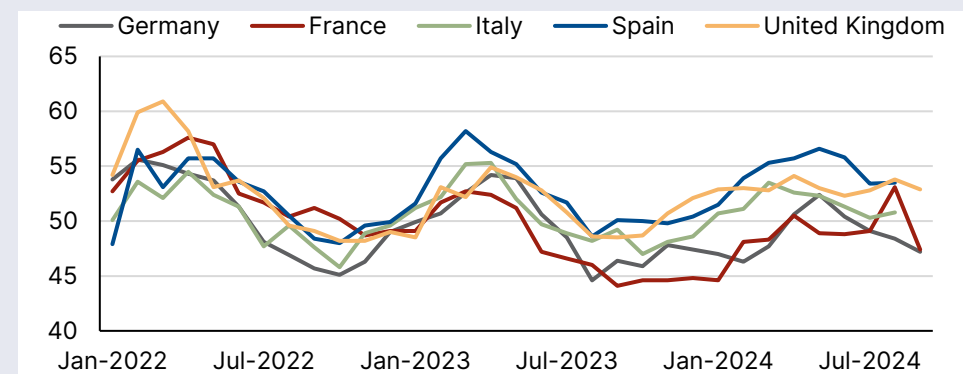
Monthly economic indicators have generally signalled growth globally, but data within the euro area returned to contraction in September.

Composite Purchasing Managers' Surveys, Global, SA*, Index



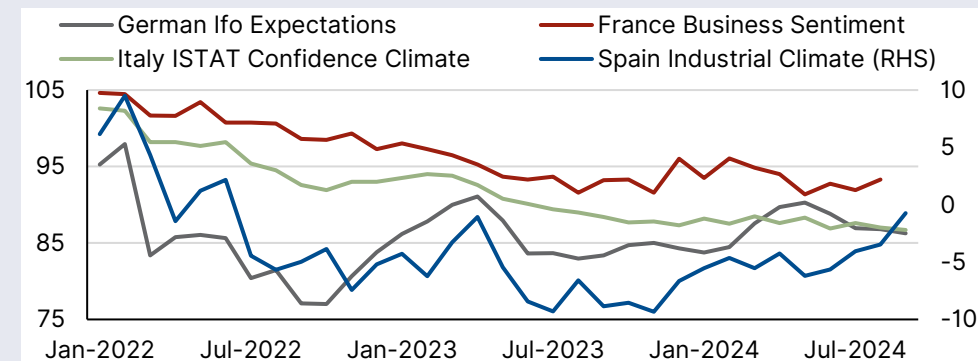
*SA: seasonally adjusted. NB: >50 is expansion; <50 is contraction. Source: S&P Global/IHS Markit, Scope Ratings.

Composite Purchasing Managers' Surveys, Europe, SA, Index



NB: >50 is expansion; <50 is contraction. Source: S&P Global/IHS Markit, Scope Ratings.

Euro-area sentiment indices, SA, Index

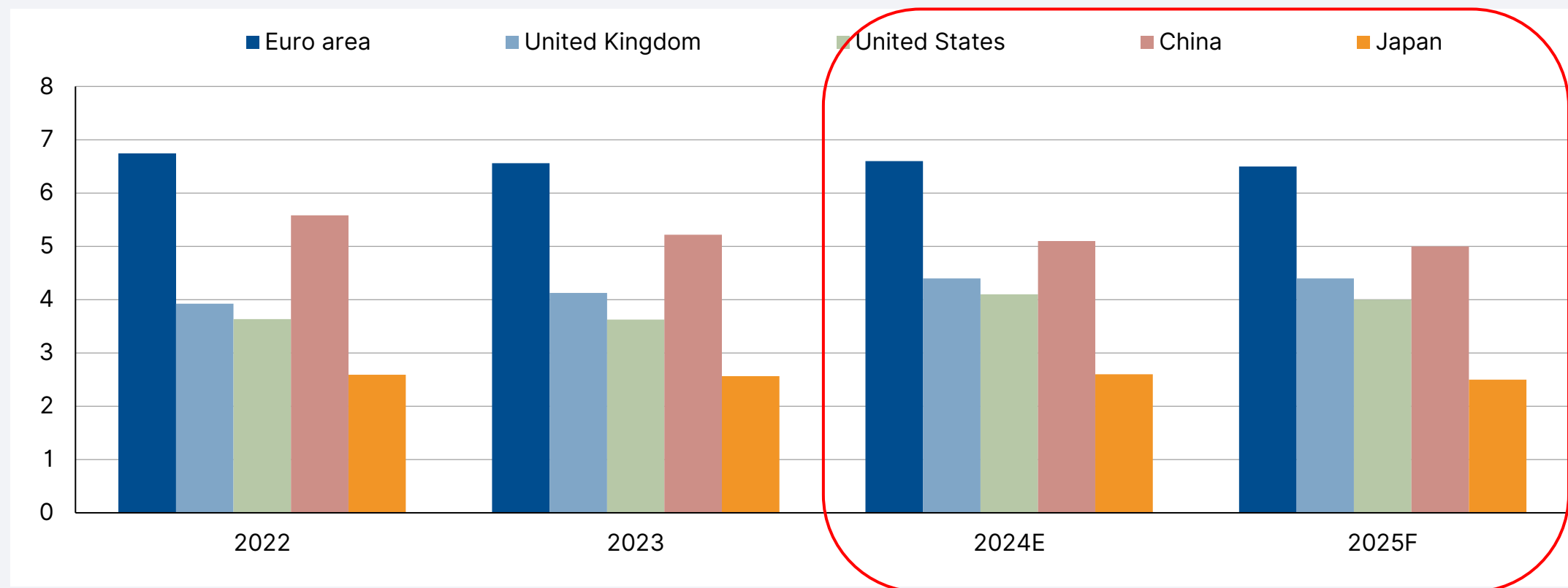


NB. France business sentiment reflects a three-month moving average. Source: National statistical sources, Scope Ratings.

Unemployment rates remain near or at their record lows

We expect the labour market to remain comparatively tight – exerting continued pressure on price rises.


Unemployment rate
%, 2022-2025F



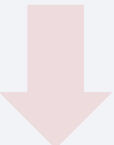
Upside/downside risks for Scope's global macro outlook

We have held a balanced risk outlook for our global economic projections for this year.

Upside potential to baseline growth expectations reflects:

- 
- a faster than expected **decline in inflation** and/or **policy rates** easing more quickly than anticipated;
 - **resilient private demand** as pandemic savings are expended, wages rise and labour markets stay strong; and/or
 - **fiscal support**, such as EU financing, anchoring spending.

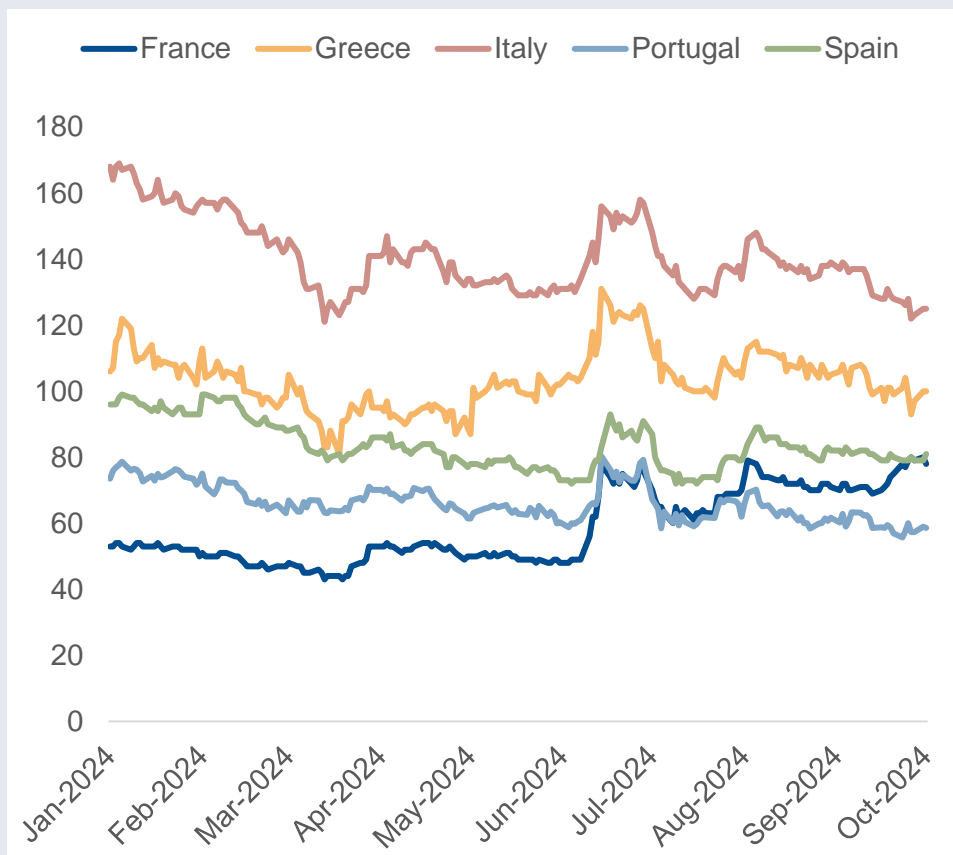
Downside risks reflect the potential for:

- 
- **upside inflation surprises**, causing **rate cuts** to be paused or even, under an adverse economic scenario, renewed rate rises;
 - **geopolitical risks (Middle East and/or Russia)** to intensify, also recognising forthcoming US elections that could amplify risks by 2025;
 - **financial-market anxiety and/or financial instability** to re-emerge amid the higher funding rates for longer – amplifying existing financial risks such as in commercial real estate; and/or
 - **government budgetary challenges** triggering market re-appraisal of sovereign risks. As an example, risks in France could trigger spill-over again if budgetary risks are not addressed.
-

French elections have prompted re-appraisal of French sovereign risk

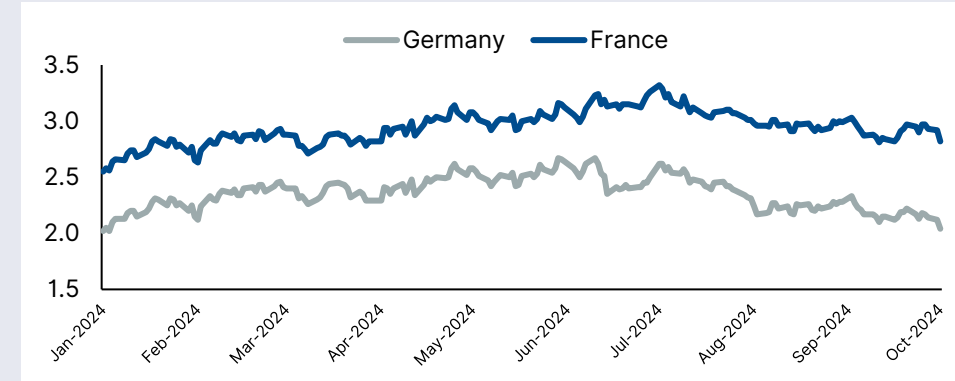
French spread sell-off immediately following the European elections, although spread widening driven mainly by a rally in German yields.

10-year yield spreads to German Bunds, bps



As of 1 October 2024. Source: Macrobond, Scope Ratings.

10-year yields, Germany and France, %



As of 1 October 2024. Source: Macrobond, Scope Ratings.

Upcoming dates in France (2024)

9 October	Deadline for submission of the 2025 Budget to Parliament for debate
18 October	Next scheduled Scope publication date on the French sovereign (rated AA)
31 October	Deadline for the submission of the 2025 Budget to the European Commission for review
By December	Approval of 2025 budget by Parliament

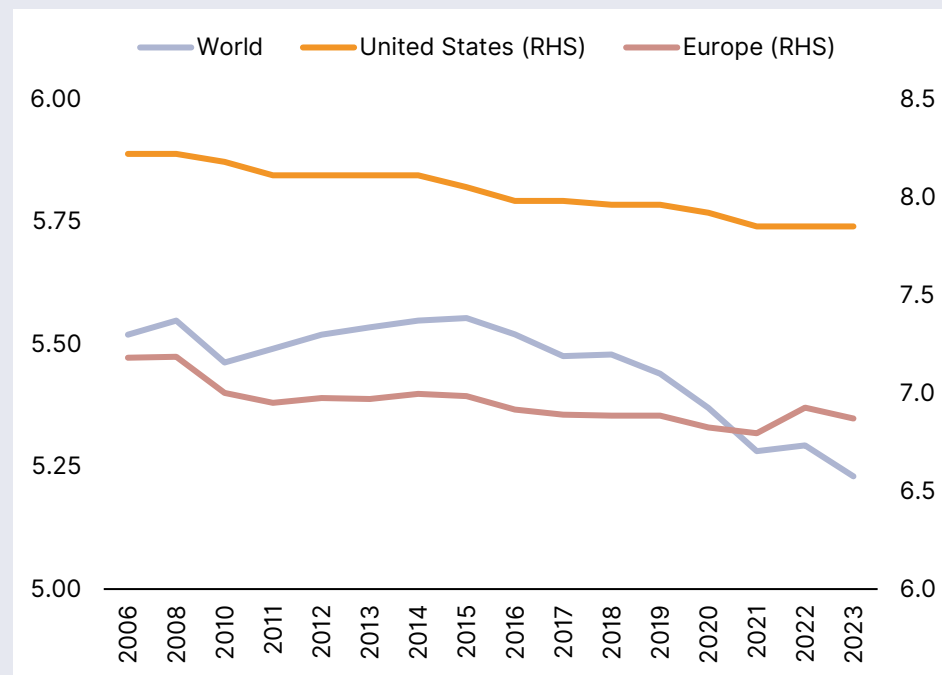
Source: Scope Ratings

Pivotal 2024 elections mark a crossroads for global governance

US elections in November will play an historic role in determining the institutional, policy-making and credit outlooks for 2025 and beyond. The contest between Kamala Harris and Donald Trump is very close.

Democracy Index – 2023

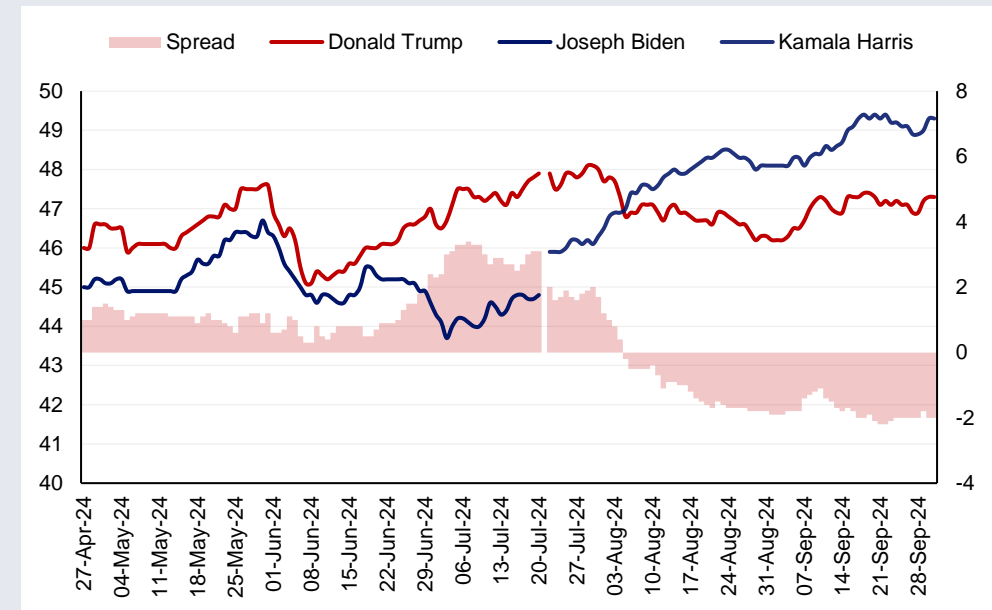
Scores



Scores range from 0-10 (most democratic). Source: Economist Intelligence Unit (2023).

2024 US presidential-election opinion polling

Share of national voting intentions, %



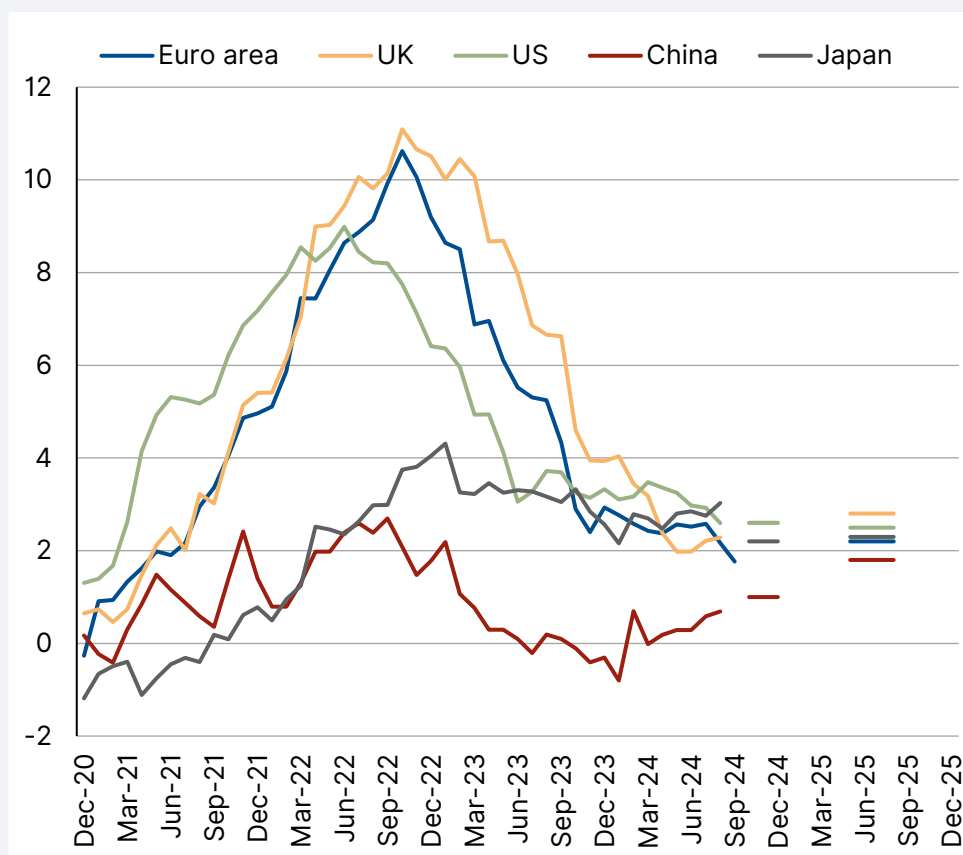
Donald J. Trump (red) versus Kamala D. Harris (blue) opinion polling; Trump versus Joseph R. Biden before 21 July 2024.

Source: RealClearPolitics Polling

Inflation expected to continue moderating but further supply-side shocks are a risk

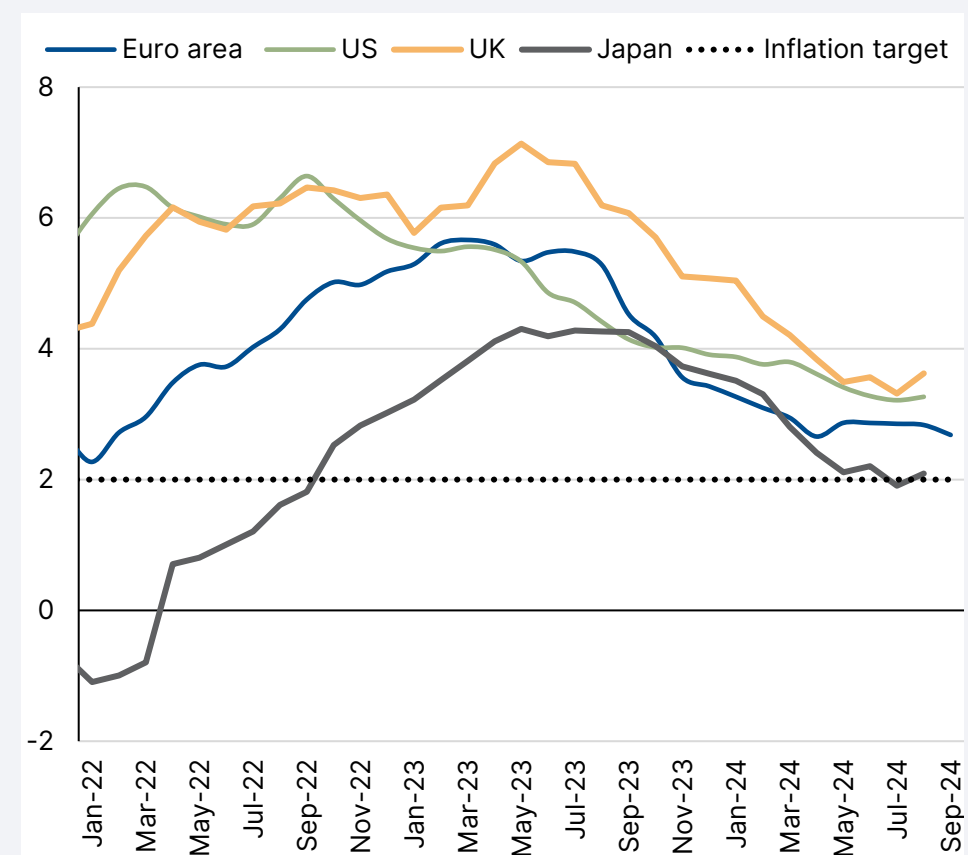
Our expectation is for inflation to generally *average* slightly above 2% across most economies this and next year.

Headline inflation, with Scope forecasts, % year-over-year



Straight lines on graphic designate Scope forecasting for: i) Q4 2024; and ii) for calendar-year average inflation of 2025. Source: National/regional statistics bodies, Scope Ratings forecasts.

Core inflation, % year-over-year



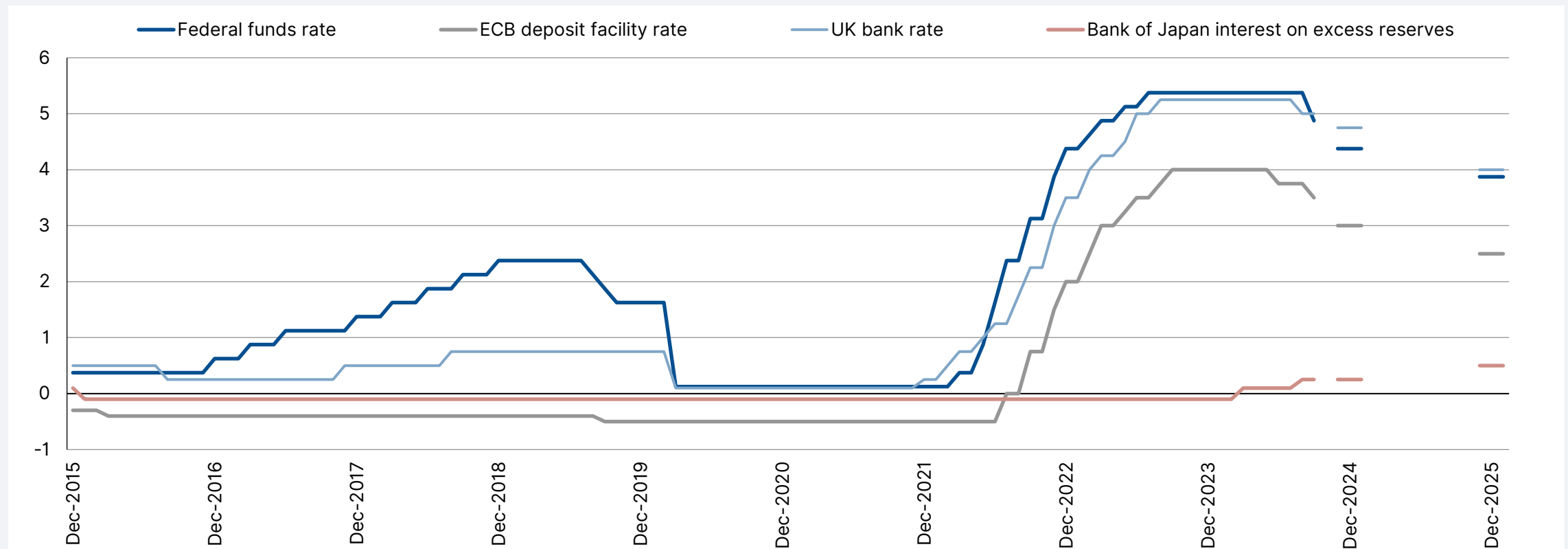
Source: Eurostat, national statistics, Scope Ratings

The long-standing expectation of higher steady-state rates after rate cuts conclude

Consistent with a long-standing assumption of higher steady-state rates since 2022, we assumed rate cuts from the Federal Reserve, European Central Bank and Bank of England to begin later than markets have anticipated (our assumption of rate cuts beginning by 2H of 2024) and ultimately rates being trimmed less significantly than assumptions of economists and financial markets.

Official rates

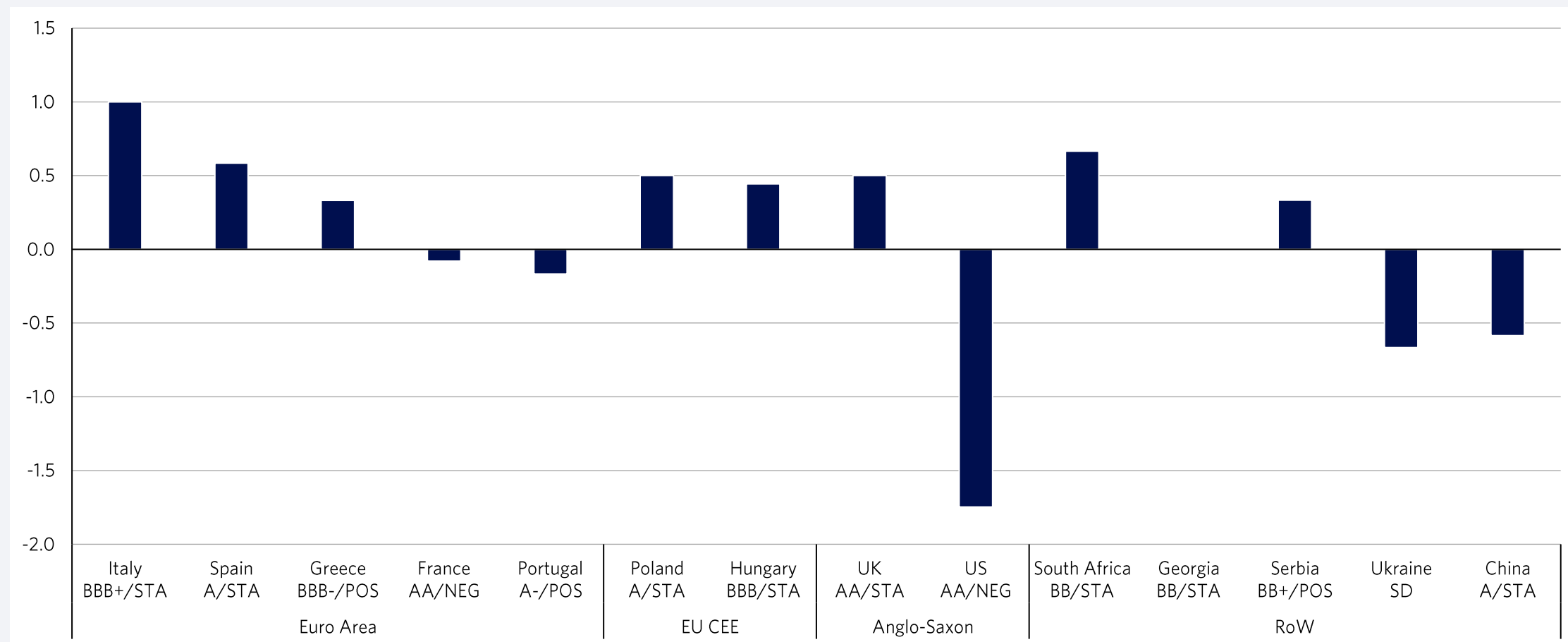
%, with Scope end-year projections for 2024 and 2025



Straight lines on graphic designate Scope forecasting for end-years 2024 and 2025. Source: Central banks, Scope Ratings forecasts.

Scope sovereign-rating levels* compared with ECAF-agency average (notches)

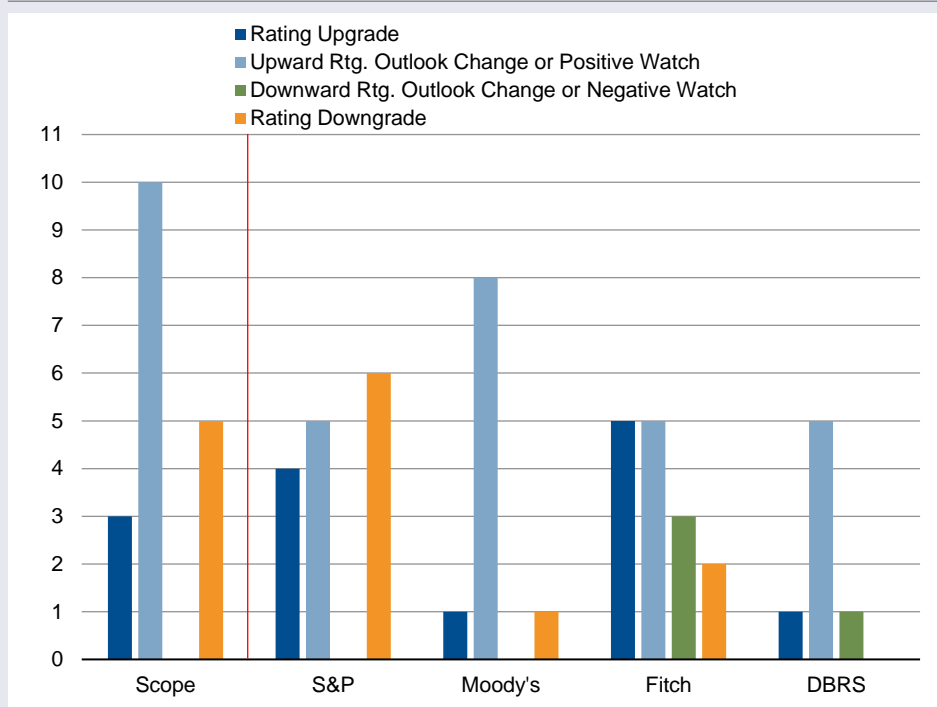
Scope presents core differentiations for its sovereign ratings: such as the United States (AA/ Negative Outlook), China (A/ Stable). We were ahead of other credit rating agencies on aligning ratings early for the Eurobond debt restructuring of Ukraine (rated selective default).



ECAF (Eurosistem Credit Assessment Framework) agency reflects the mean of Moody's, S&P, Fitch Ratings and DBRS Morningstar (if DBRS does not rate a given sovereign, then reflects the mean of Moody's, S&P and Fitch Ratings). Reflects selected countries from our portfolio of 40 publicly-rated sovereigns. Calculated based on an alpha-numeric conversion on a 20-point scale from AAA (20) to D (1) with ECAF-agency ratings adjusted to the Scope rating scale. Positive/Negative Outlooks are treated with a +/-0.33 adjustment. Credit Watch positive/negative with a +/-0.67 adjustment. CEE = central and eastern Europe. RoW = rest of the world. *Foreign-currency long-term issuer ratings. As of 27 September 2024.

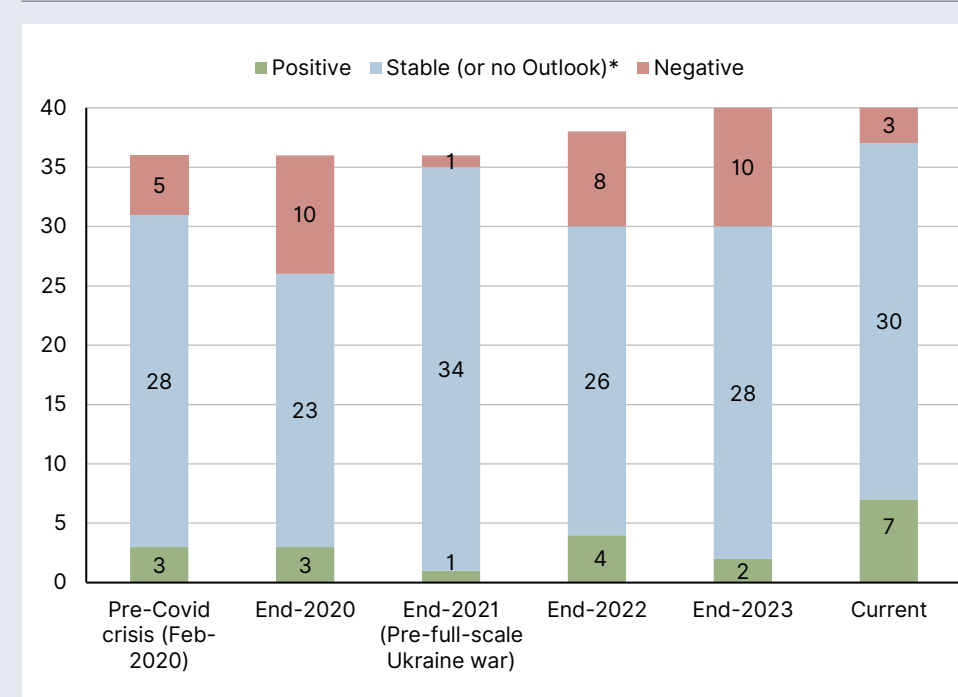
Scope has announced more positive sovereign actions this year than negative, deviating to a degree from a balanced sovereign (sector) outlook for this year

Scope sovereign-rating changes against that of peer ECAF agencies
number of sovereign rating or Outlook changes since 1 Jan. 2024



NB. Rating revisions on either foreign- or local-currency issuer ratings since 1 January 2024 for the 40 sovereigns rated publicly by Scope. *Among sovereigns that Scope rates, DBRS does not rate Bulgaria, Croatia, Egypt, Hungary, Morocco, Romania, Serbia, South Africa, Türkiye and Ukraine (so, the above is from a sample of 30 rated sovereigns for DBRS). As of 27 September 2024.

Scope sovereign-rating Outlooks
number of publicly-rated sovereigns



*No Outlook assigned for Ukraine currently while in selective default. As of 27 September 2024. Source: Scope Ratings.



Global Macro

October 2024 Update

→ Global Economic Outlook – October 2024

→ **Annex**



Annex – Scope Q3 2024: Macroeconomic Outlook

Macroeconomic overview

GDP Growth	Inflation	Unemployment	Official Rates	Default Rates																
Soft landing this year, continued growth in 2025	Global inflation to continue falling this year, but remaining sticky around or above 2%	Labour markets to stay strong this year and in 2025 – exerting price pressures	Rate cuts start by 2H of this year, but rate cuts this cycle ultimately less significant than markets are pricing	Default rates in the wider corporate sector to rise this year from very-low levels																
2023 / 2024 (annual avgs) 1.0% / 1.6% Euro area 1.0% / 1.5% UK 3.3% / 3.4% Global growth	2023 / 2024 (annual avgs) 2.4% / 2.2% Euro area 2.6% / 2.8% UK 2.9% / 2.5% US	2023 / 2024 (annual avgs) 6.6% / 6.5% Euro area 4.4% / 4.4% UK 4.1% / 4.0% US	<table border="1"> <thead> <tr> <th></th> <th>Fed</th> <th>BoE</th> <th>ECB</th> </tr> </thead> <tbody> <tr> <td>2023 (EOP)</td> <td>5.25-5.5%</td> <td>5.25%</td> <td>4.0%</td> </tr> <tr> <td>2024 (EOP)</td> <td>4.25-4.5%</td> <td>4.75%</td> <td>3.0%</td> </tr> <tr> <td>2025 (EOP)</td> <td>3.75-4%</td> <td>4.0%</td> <td>2.5%</td> </tr> </tbody> </table>		Fed	BoE	ECB	2023 (EOP)	5.25-5.5%	5.25%	4.0%	2024 (EOP)	4.25-4.5%	4.75%	3.0%	2025 (EOP)	3.75-4%	4.0%	2.5%	
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	Upside risks	Downside risks
Falling inflation and rate cuts	✓	✗ Higher-for-longer interest rates
Resilience of private-sector demand	✓	✗ Escalation of geopolitical risks (Middle East and/or Russia) alongside forthcoming American elections
Further budget-spending support for economies	✓	✗ Financial-market stress and financial-stability risks
		✗ Market re-appraisal of sovereign risks

Annex: Platforms for access to Scope macro projections

Available on:



MACROBOND

Bloomberg

LSEG
Workspace



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