



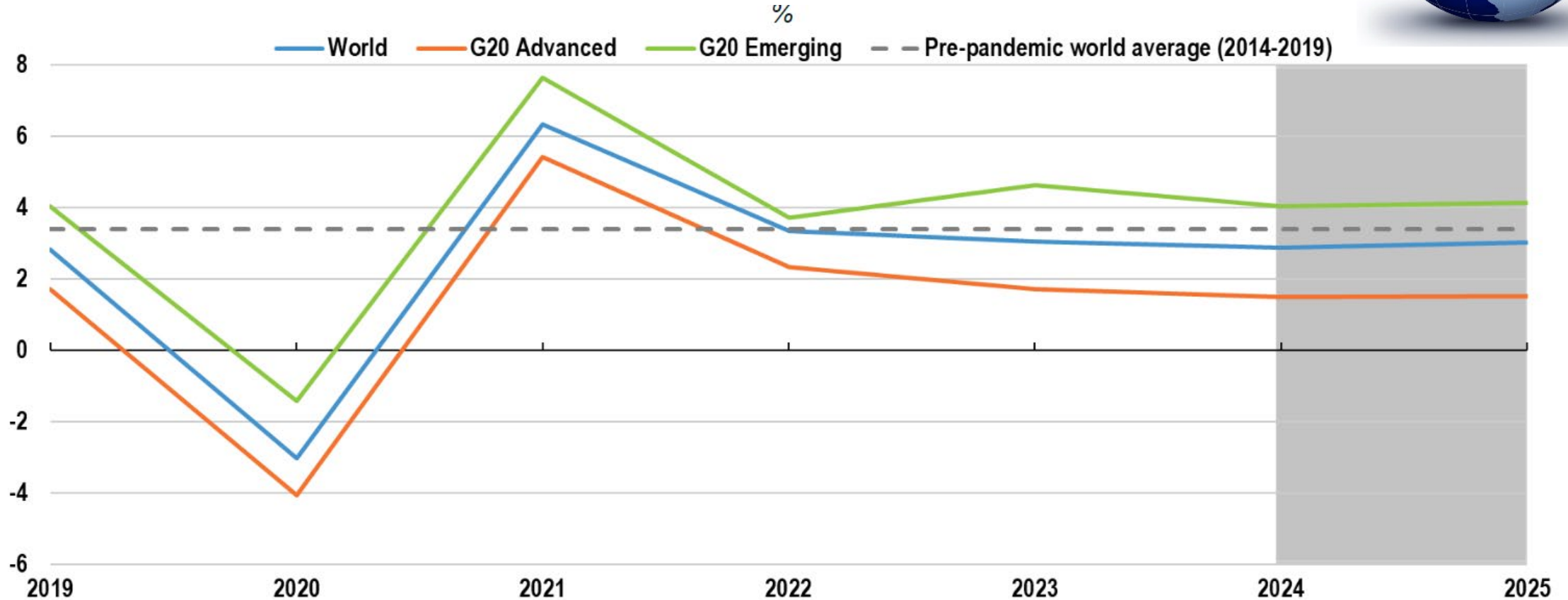
# Update on the Economy

**Professor Joe Nellis CBE**  
**Professor of Global Economy**  
**Deputy Dean**

**April 2024**

**ced** Cranfield  
Executive  
Development

# Global GDP Growth Remaining Subdued (%)



# G20 GDP Growth Projections (%)



	2023	2024	2025
<b>World</b>	3.1	2.9	3.0
<b>Australia</b>	2.0	1.4	2.1
<b>Canada</b>	1.1	0.9	1.9
<b>Euro area</b>	0.5	0.6	1.3
<b>Germany</b>	-0.1	0.3	1.1
<b>France</b>	0.9	0.6	1.2
<b>Italy</b>	0.7	0.7	1.2
<b>Spain</b>	2.5	1.5	2.0
<b>Japan</b>	1.9	1.0	1.0
<b>Korea</b>	1.3	2.2	2.1
<b>United Kingdom</b>	0.3	0.7	1.2
<b>United States</b>	2.5	2.1	1.7

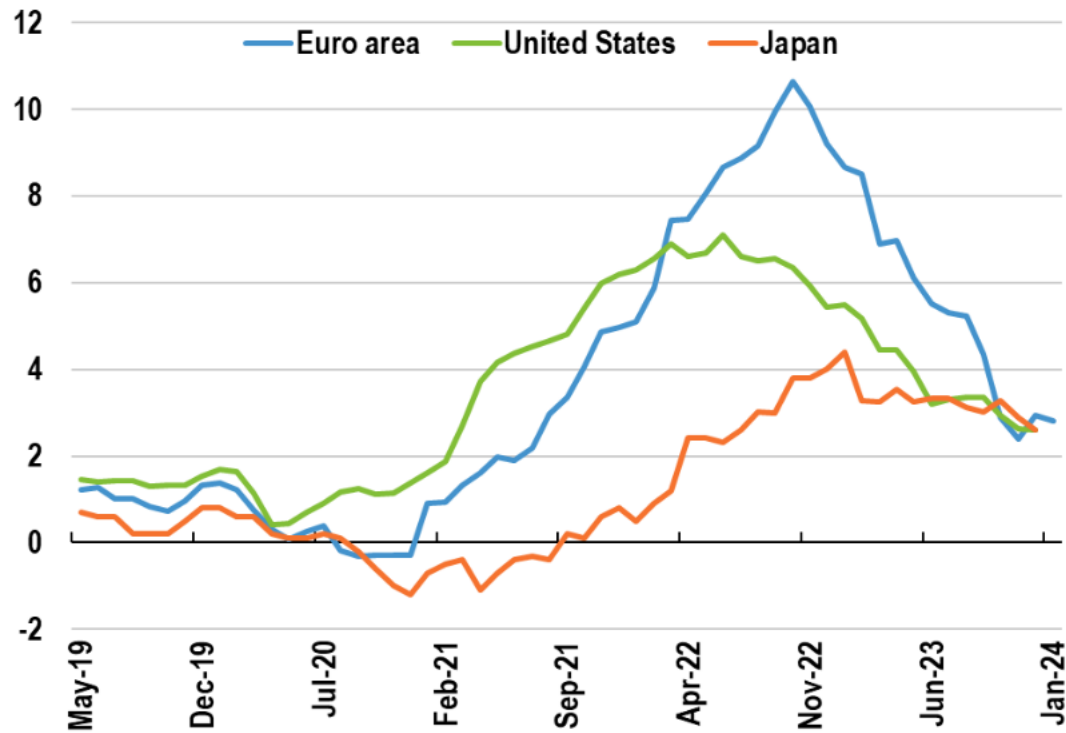
	2023	2024	2025
<b>G20</b>	3.3	2.9	3.0
<b>Argentina</b>	-1.0	-2.3	2.6
<b>Brazil</b>	3.1	1.8	2.0
<b>China</b>	5.2	4.7	4.2
<b>India</b>	6.7	6.2	6.5
<b>Indonesia</b>	4.9	5.1	5.2
<b>Mexico</b>	3.1	2.5	2.0
<b>Russia</b>	3.1	1.8	1.0
<b>Saudi Arabia</b>	-0.9	2.4	4.2
<b>South Africa</b>	0.5	1.0	1.2
<b>Türkiye</b>	4.1	2.9	3.1

# Global Inflation Has Fallen



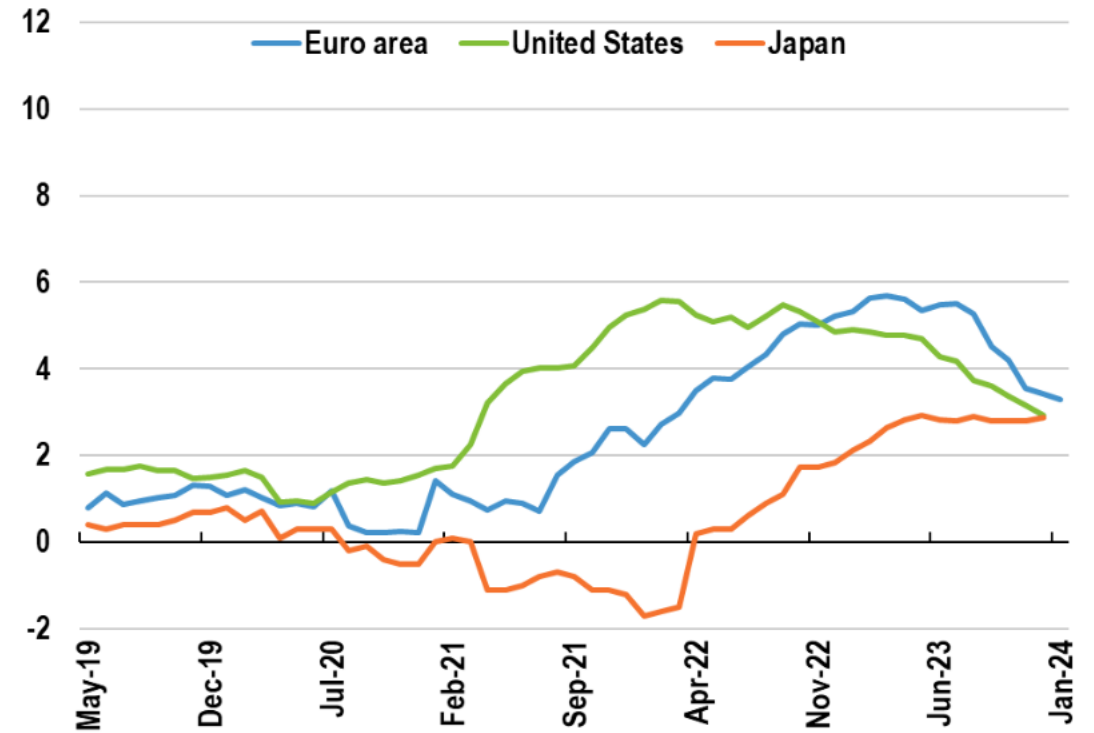
## Headline inflation

%, year-on-year



## Core inflation

%, year-on-year





# G20 Inflation Projections (%)



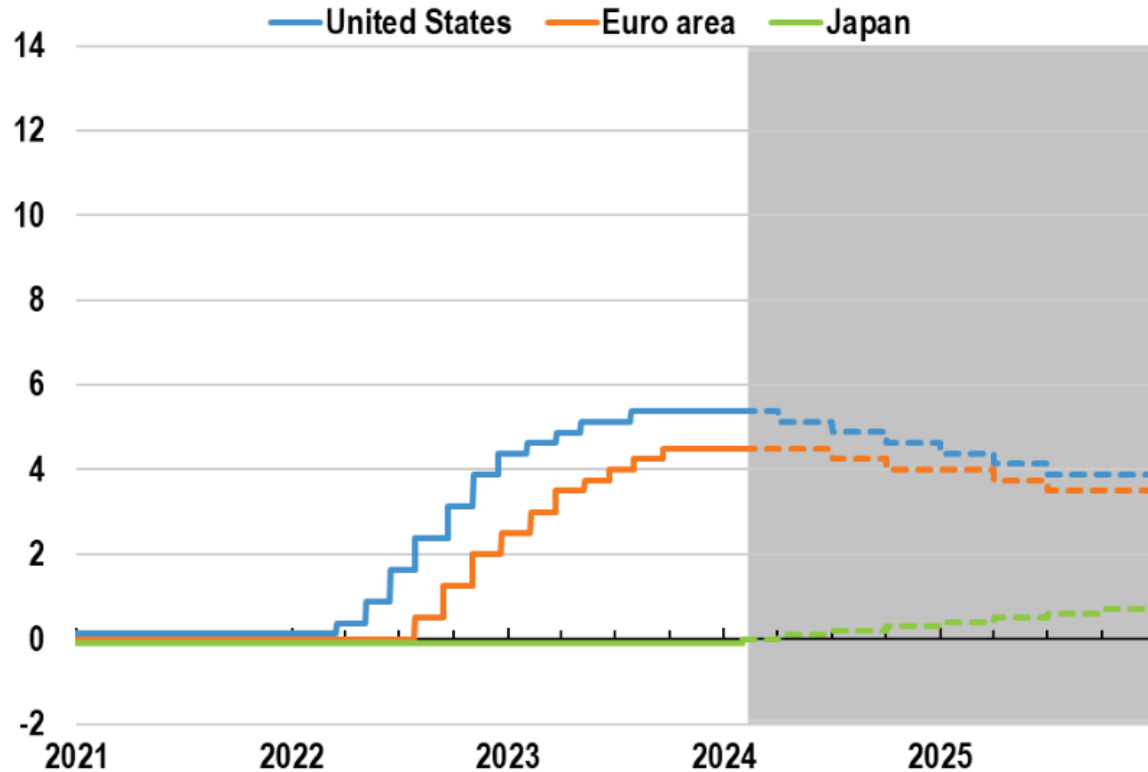
	2023	2024	2025		2023	2024	2025
<b>G20</b>	6.3	6.6	3.8				
<b>Australia</b>	5.7	3.5	2.8	<b>Argentina</b>	134.5	250.6	64.7
<b>Canada</b>	3.9	2.6	1.9	<b>Brazil</b>	4.6	3.3	3.0
<b>Euro area</b>	5.4	2.6	2.2	<b>China</b>	0.4	1.0	1.5
<b>Germany</b>	6.0	2.6	2.0	<b>India</b>	5.7	4.9	4.3
<b>France</b>	5.7	2.7	2.1	<b>Indonesia</b>	3.6	2.5	2.5
<b>Italy</b>	5.9	1.8	2.2	<b>Mexico</b>	5.5	4.1	3.2
<b>Spain</b>	3.4	3.3	2.5	<b>Russia</b>	5.9	7.2	5.3
<b>Japan</b>	3.3	2.6	2.0	<b>Saudi Arabia</b>	2.3	2.0	2.1
<b>Korea</b>	3.6	2.7	2.0	<b>South Africa</b>	5.7	4.8	4.6
<b>United Kingdom</b>	7.3	2.8	2.4	<b>Türkiye</b>	53.9	49.3	30.5
<b>United States</b>	3.7	2.2	2.0				

# Inflation and Central Bank Interest Rates



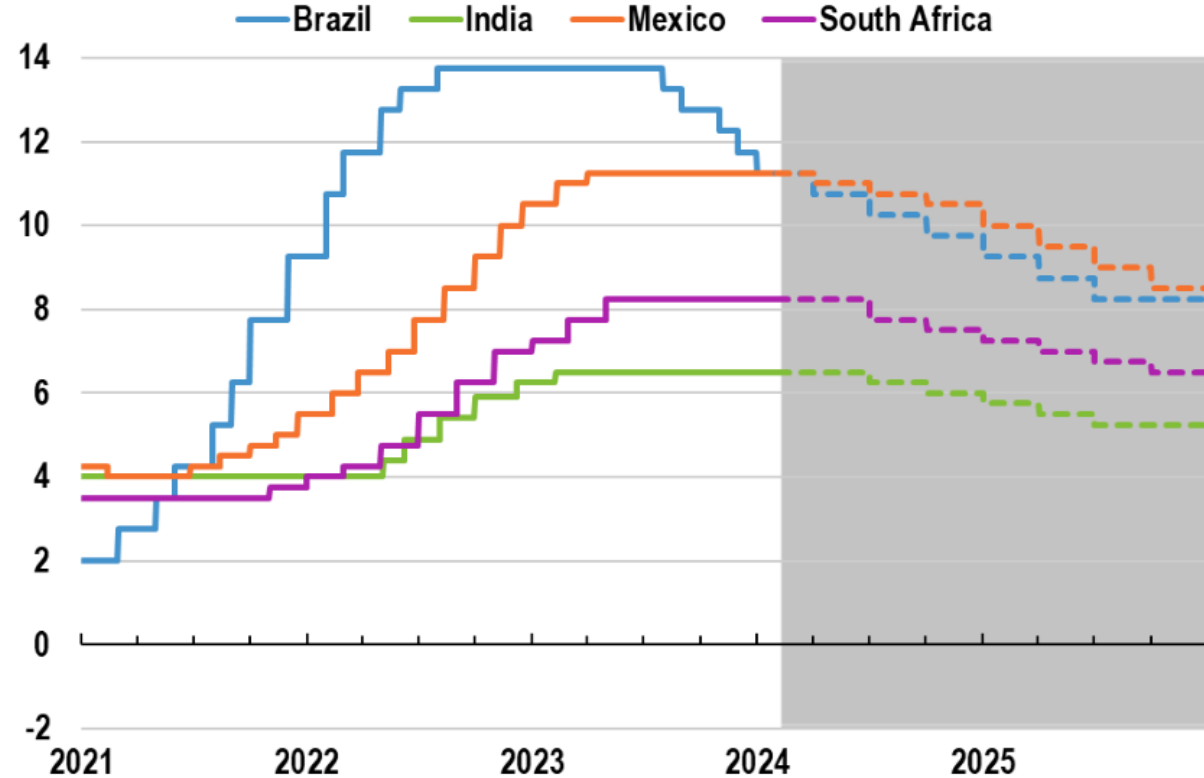
## Advanced economies

*Policy rates, %*



## Emerging market economies

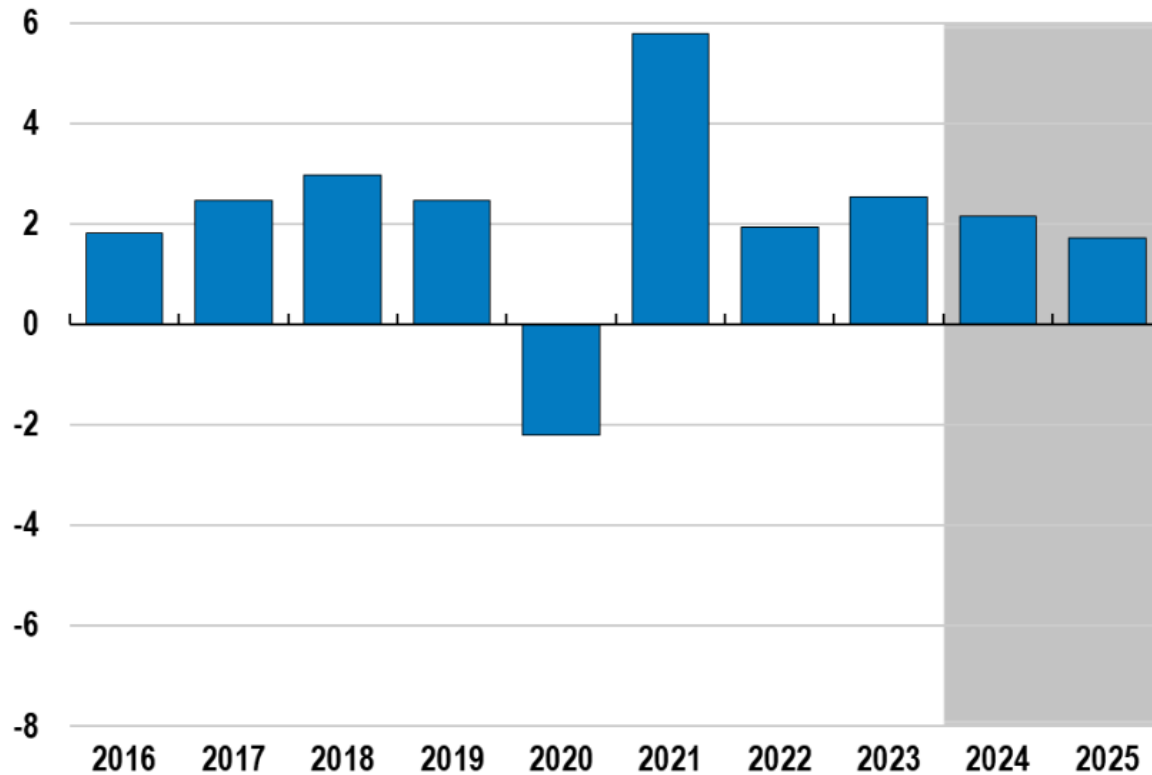
*Policy rates, %*



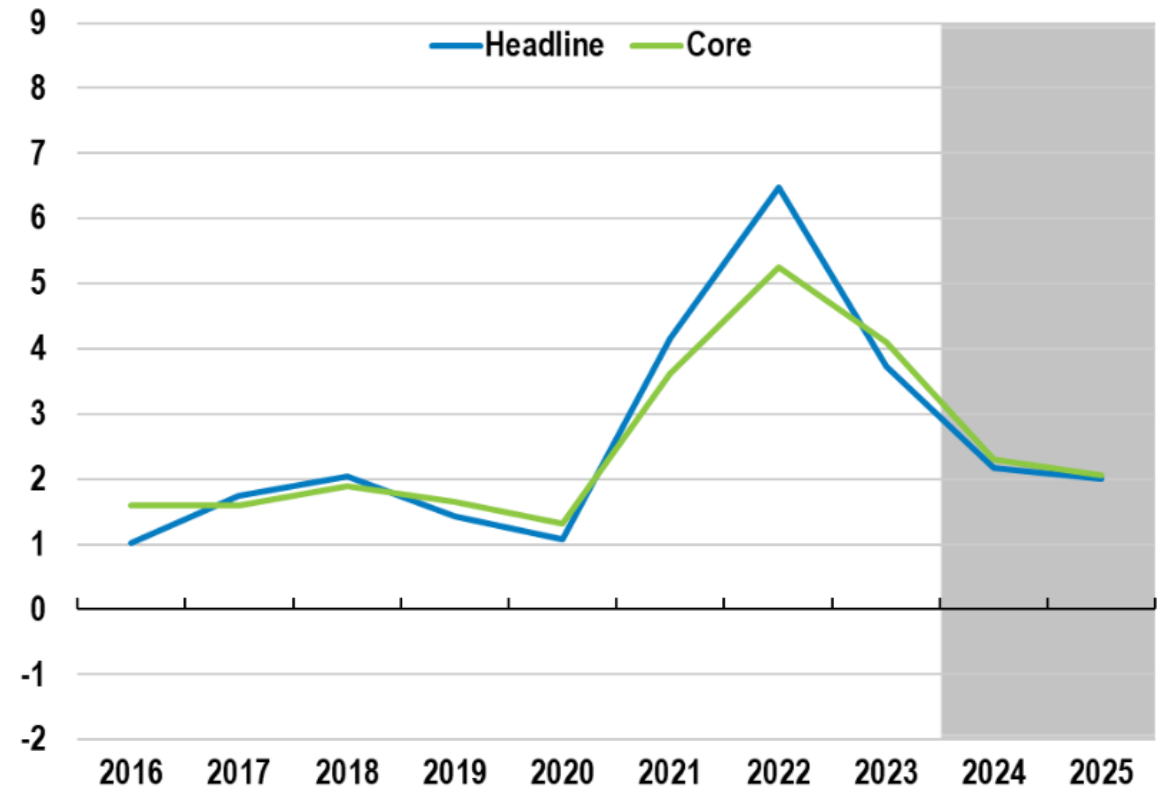
# USA Economy – Growth and Inflation (%)



## Real GDP growth



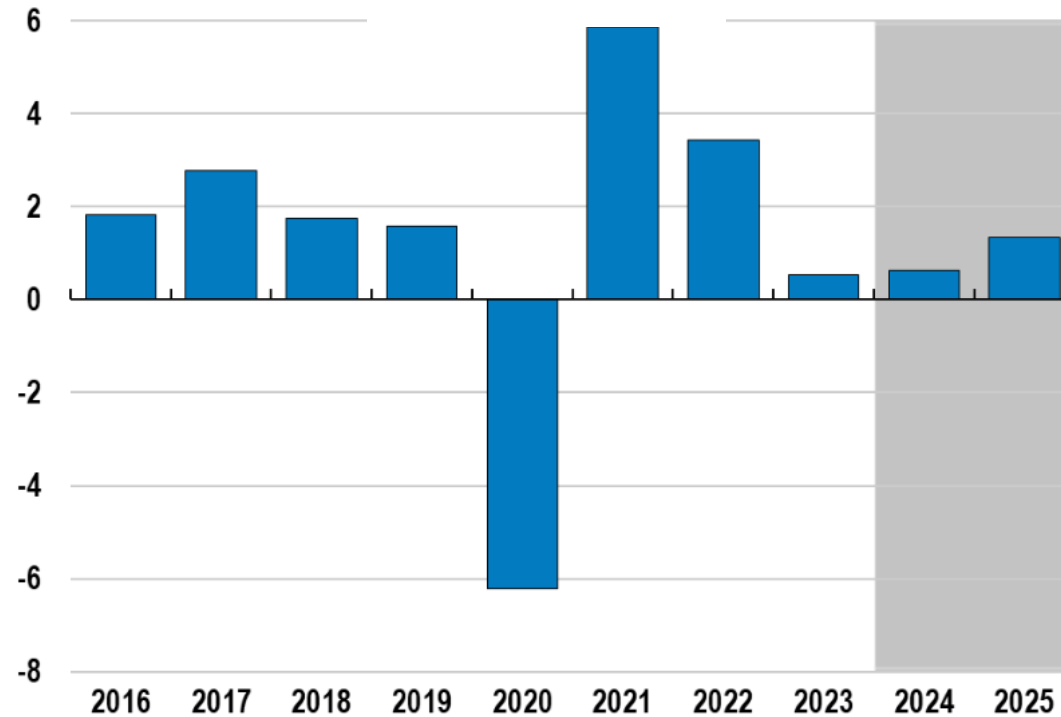
## Inflation



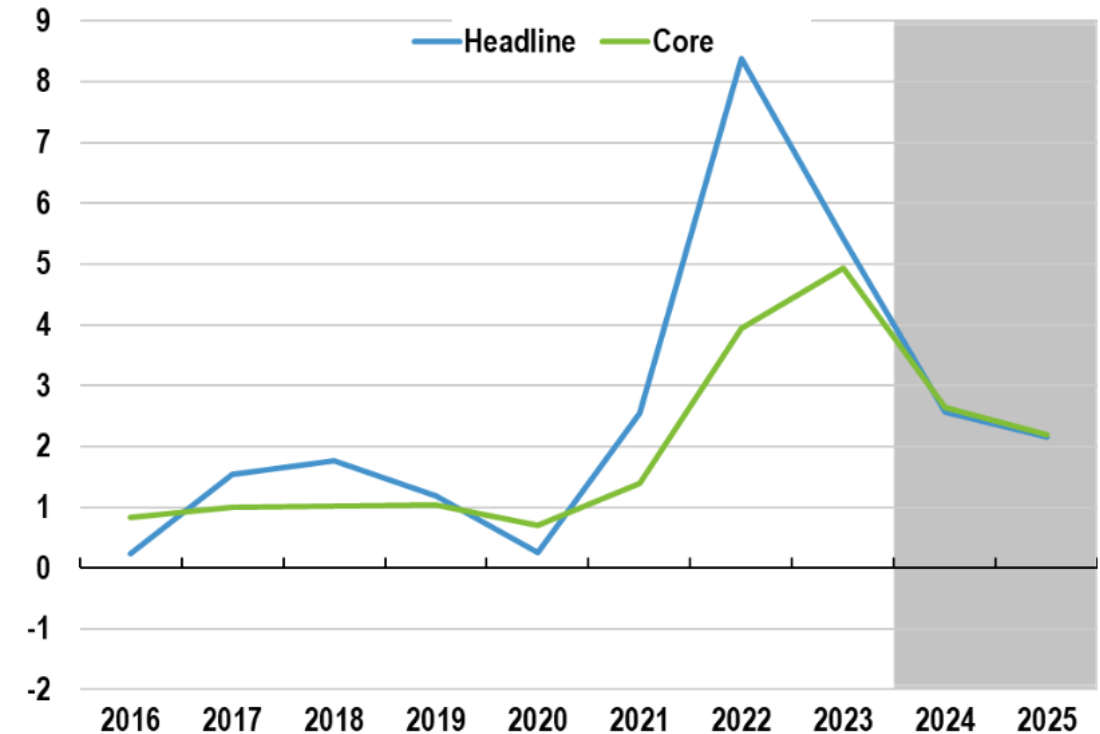
# Euro Economy – Growth and Inflation (%)



## Real GDP growth



## Inflation

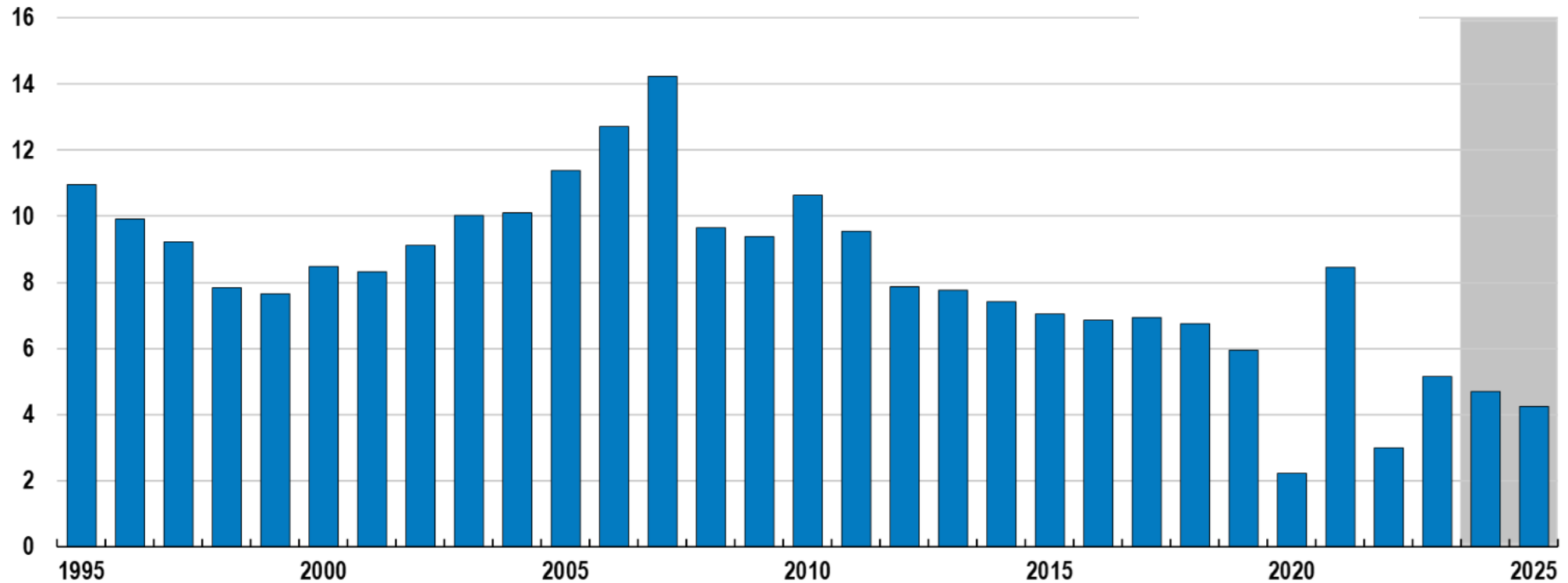




# China – Growth Slowing (%)



Real GDP growth

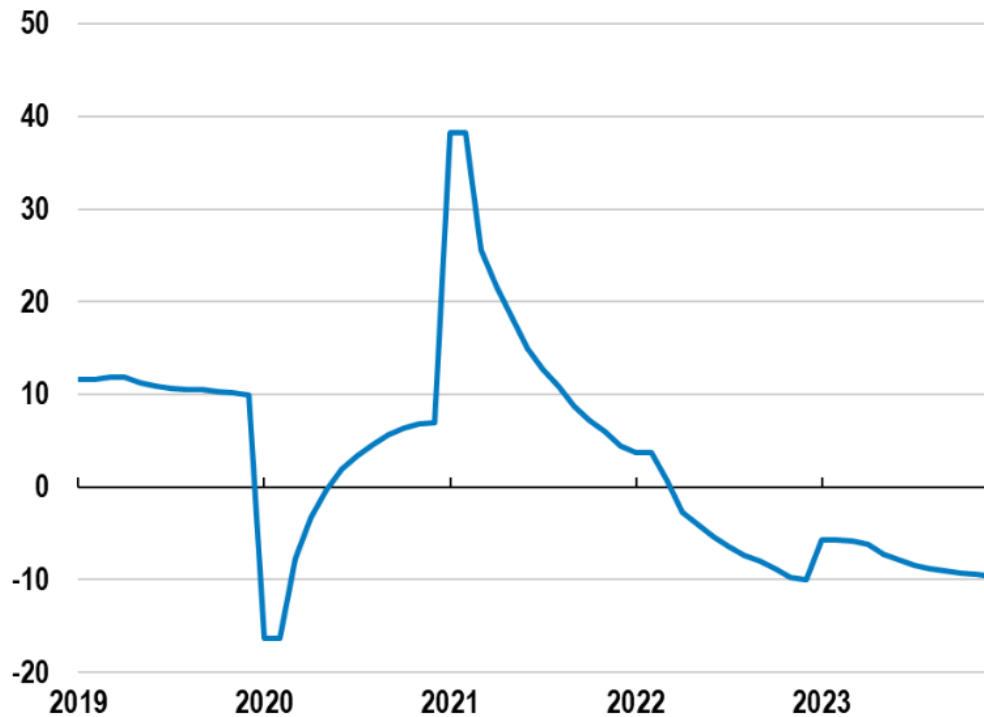


# China – Investment Falling



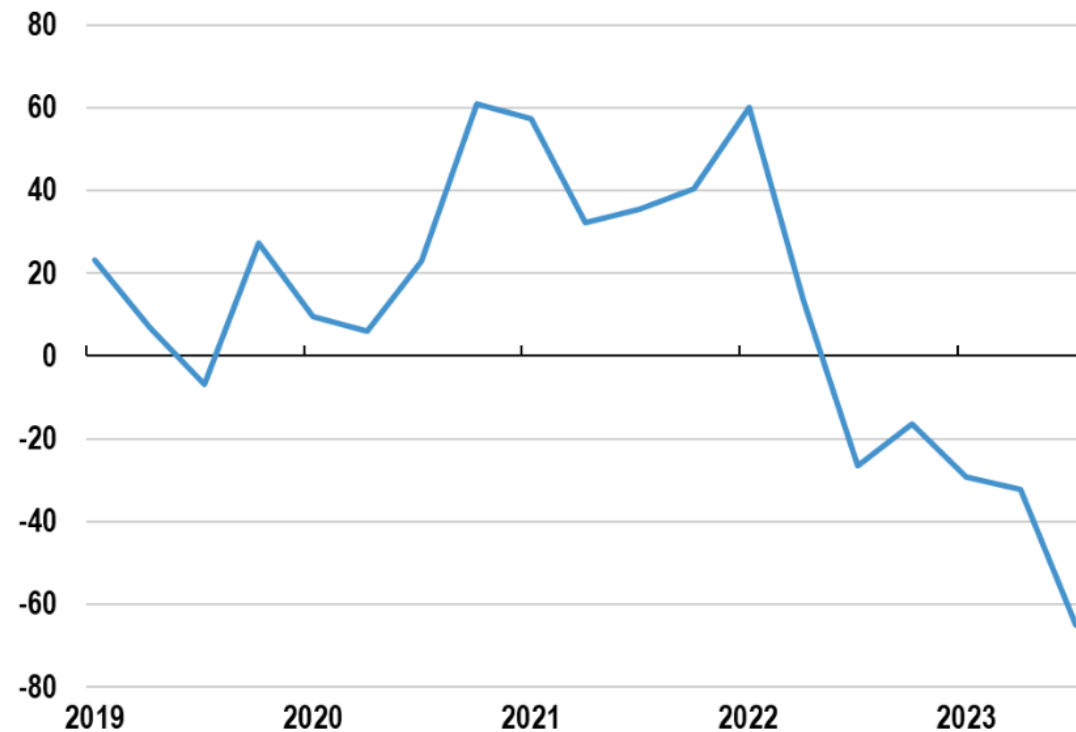
## Real estate investment

*%, year-on-year, China*

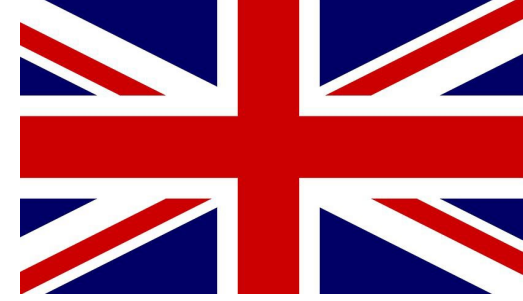


## Inward foreign direct investment

*Billion USD, China*

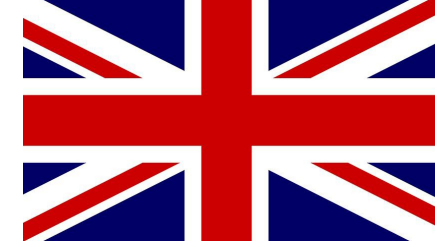


# Outlook for the UK Economy

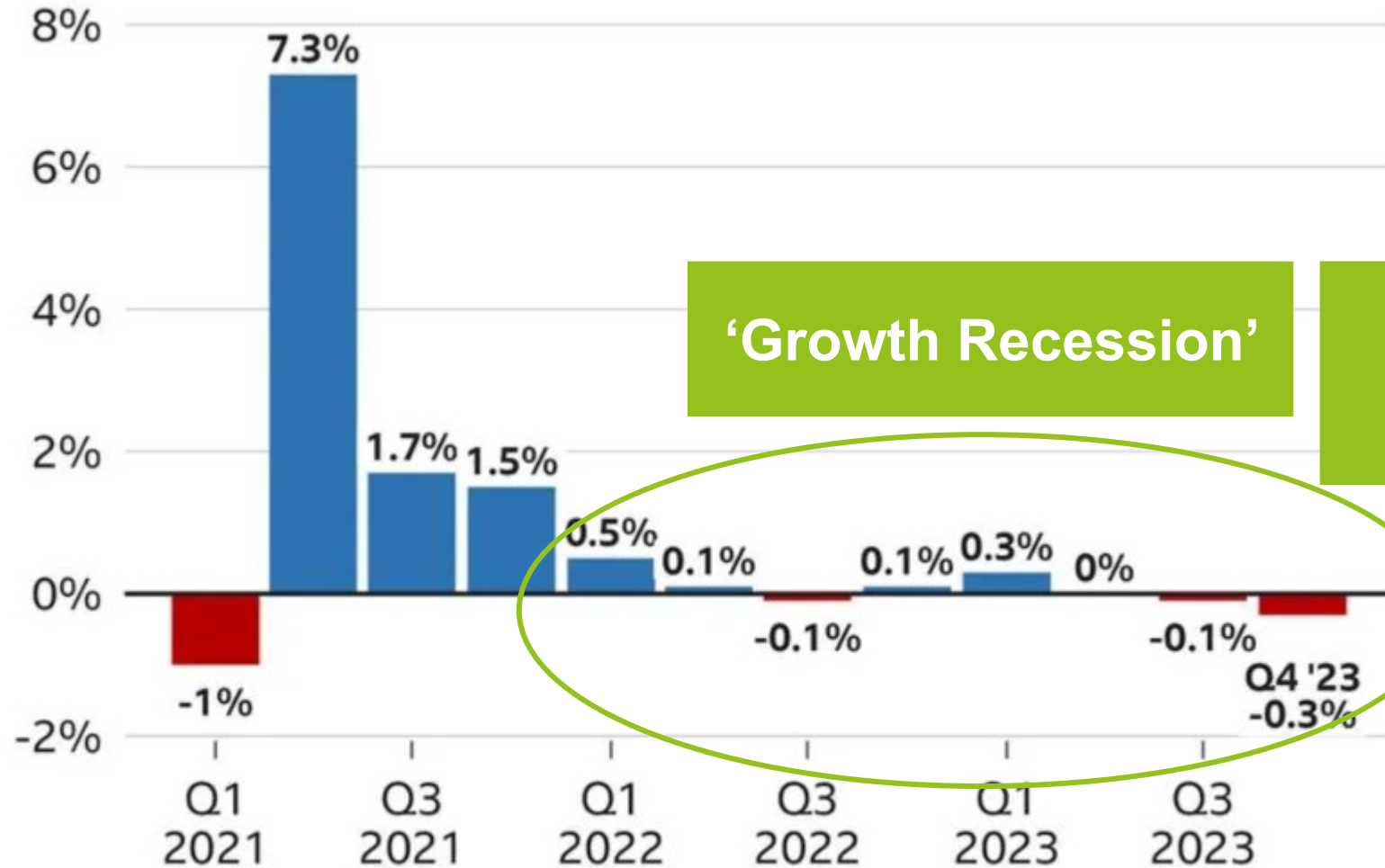


- The economy has been ‘flatlining’ recently
- However, there is some good news ...
  - Inflation falling faster than previously expected
  - Interest rates will soon start to fall
  - Improvement in real incomes as wages rise faster than prices
  - The economy has ‘turned a corner’
- But the medium-term outlook still remains ‘challenging’

# UK Economic Growth – Quarterly Data



Quarterly GDP % Growth Rate

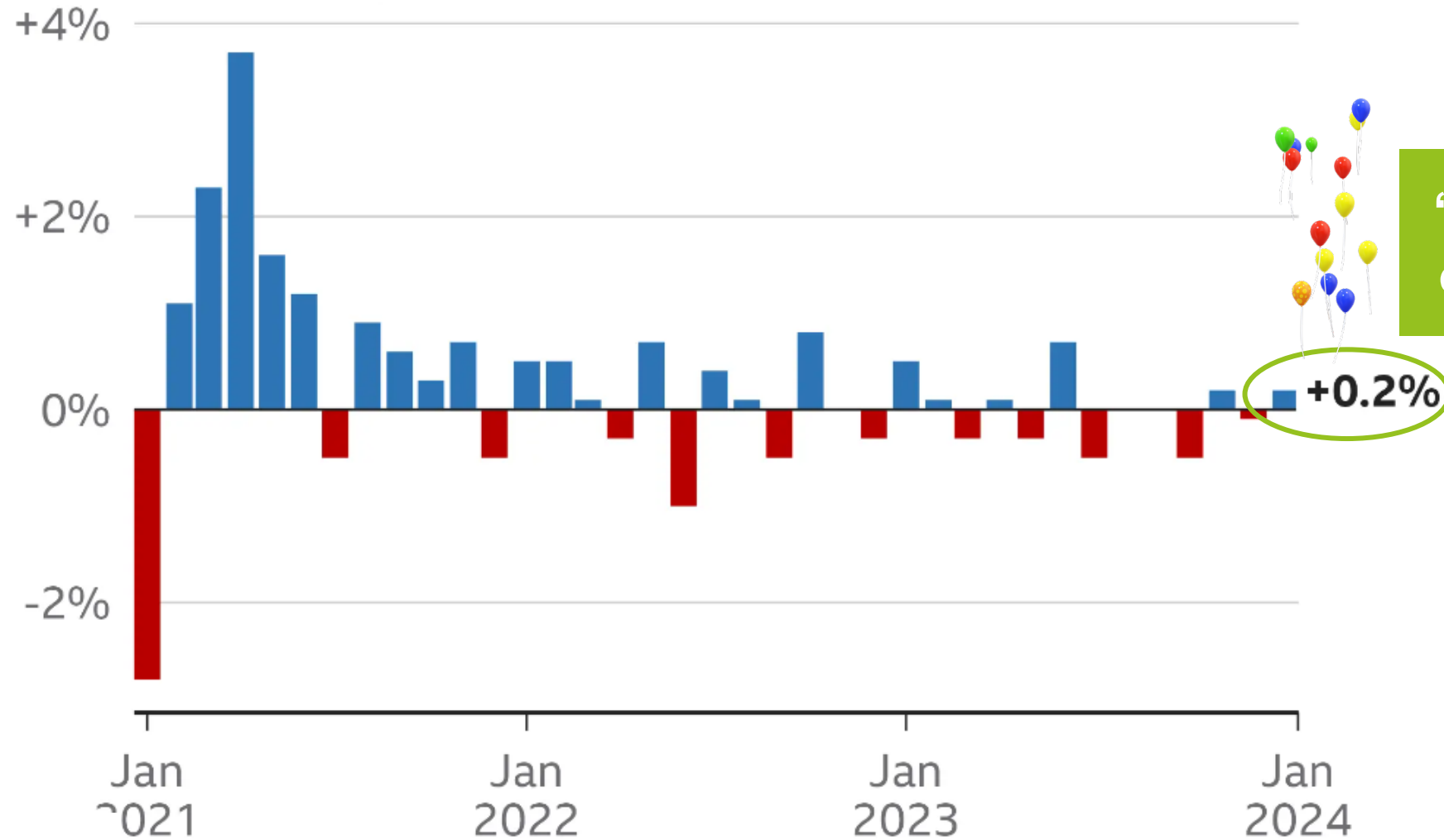
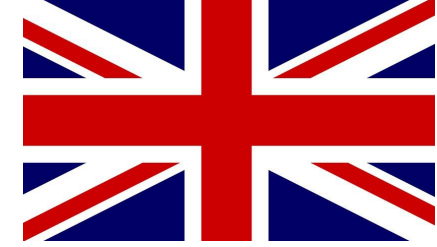


‘Growth Recession’

Will a full-blown recession be avoided?

# UK Economic Growth – Monthly Data

Monthly GDP % Growth Rate

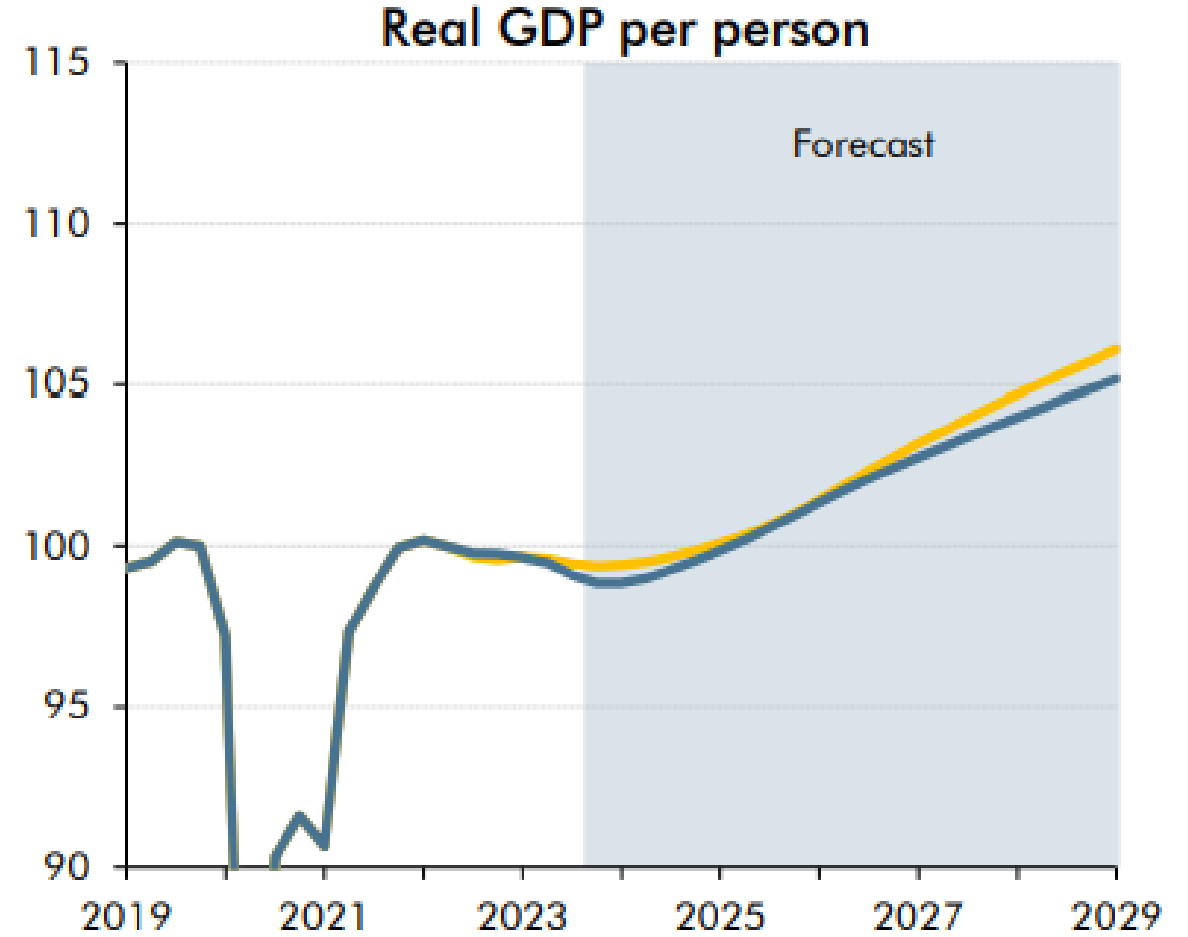
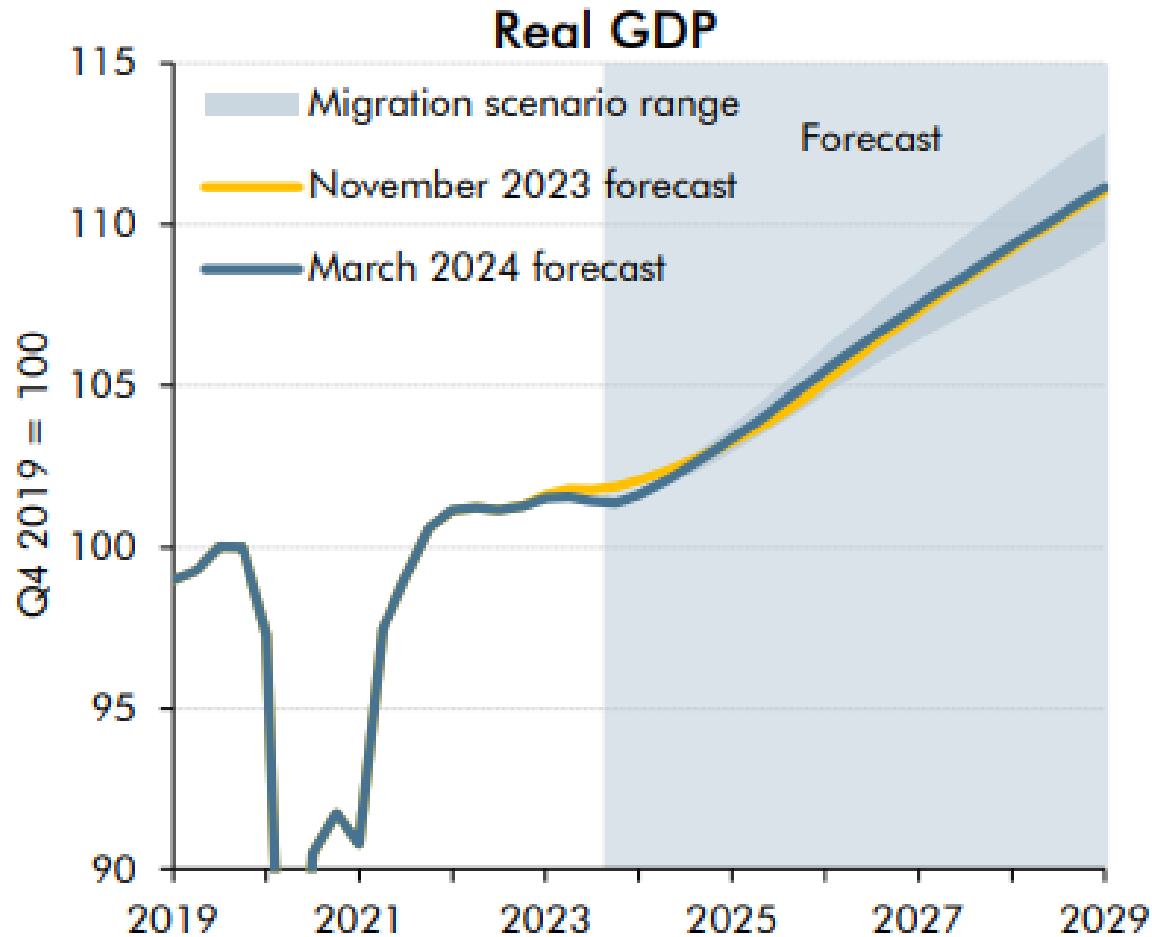
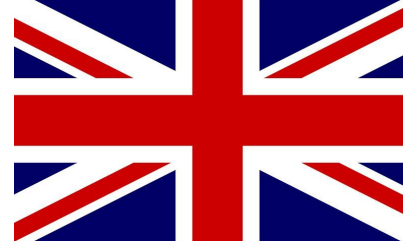


‘Green Shoots of Recovery’?



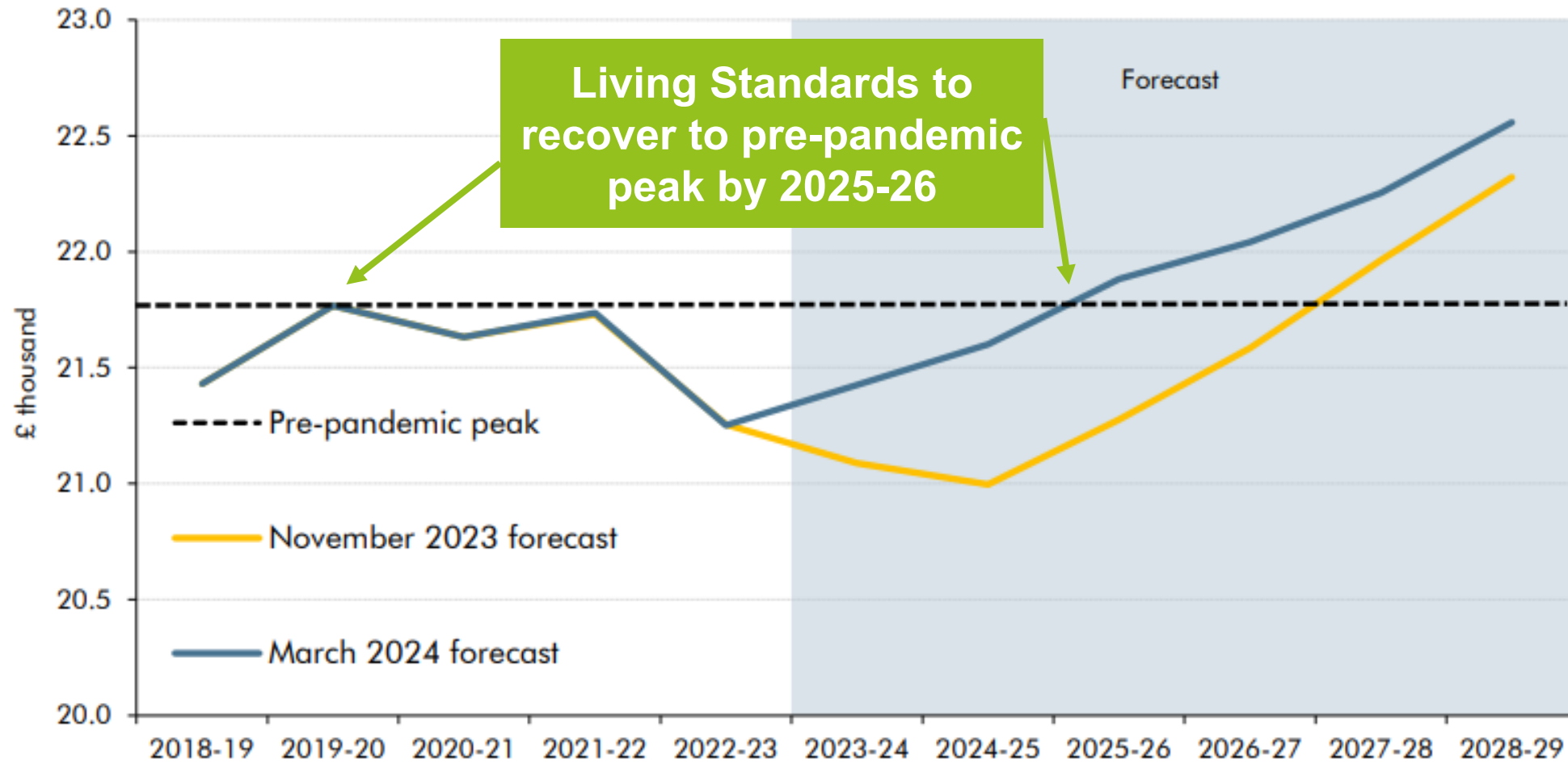
# UK Economic Growth – Forecasts

Index Q4 2019 =100



# Future Living Standards

– Real Household Disposable Income per person



# UK Government Finances

## 10-year government bond yields



### Implications for cost of:

- Government borrowing
- Corporate borrowing
- Mortgages



April 02, 2024

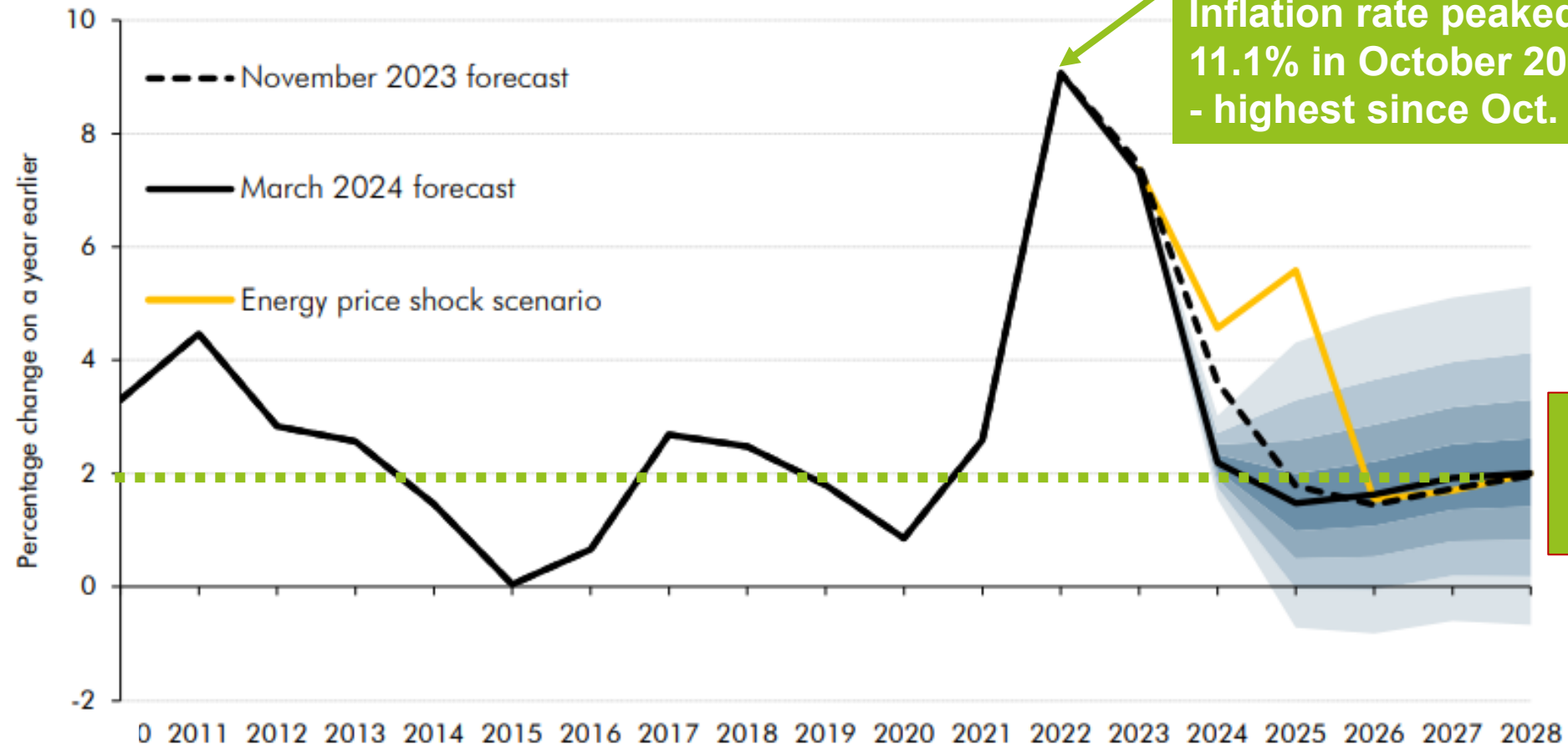
August 02, 2020

# Monetary Policy



- Bank rate has risen 14 times since December 2021
  - Up from a record low of 0.1% to 5.25% on 3 August 2023
- No change in interest rates at recent MPC meetings
- But rates expected to fall steadily to 4% - 4.5% by end-2024
- Inflation fallen from 11.1% in October 2022 to 3.4% in February
- Bank of England is determined to get inflation back to 2% target
  - And to control future inflation expectations

# UK Inflation



Inflation rate peaked at 11.1% in October 2022 - highest since Oct. 1981

Bank of England target

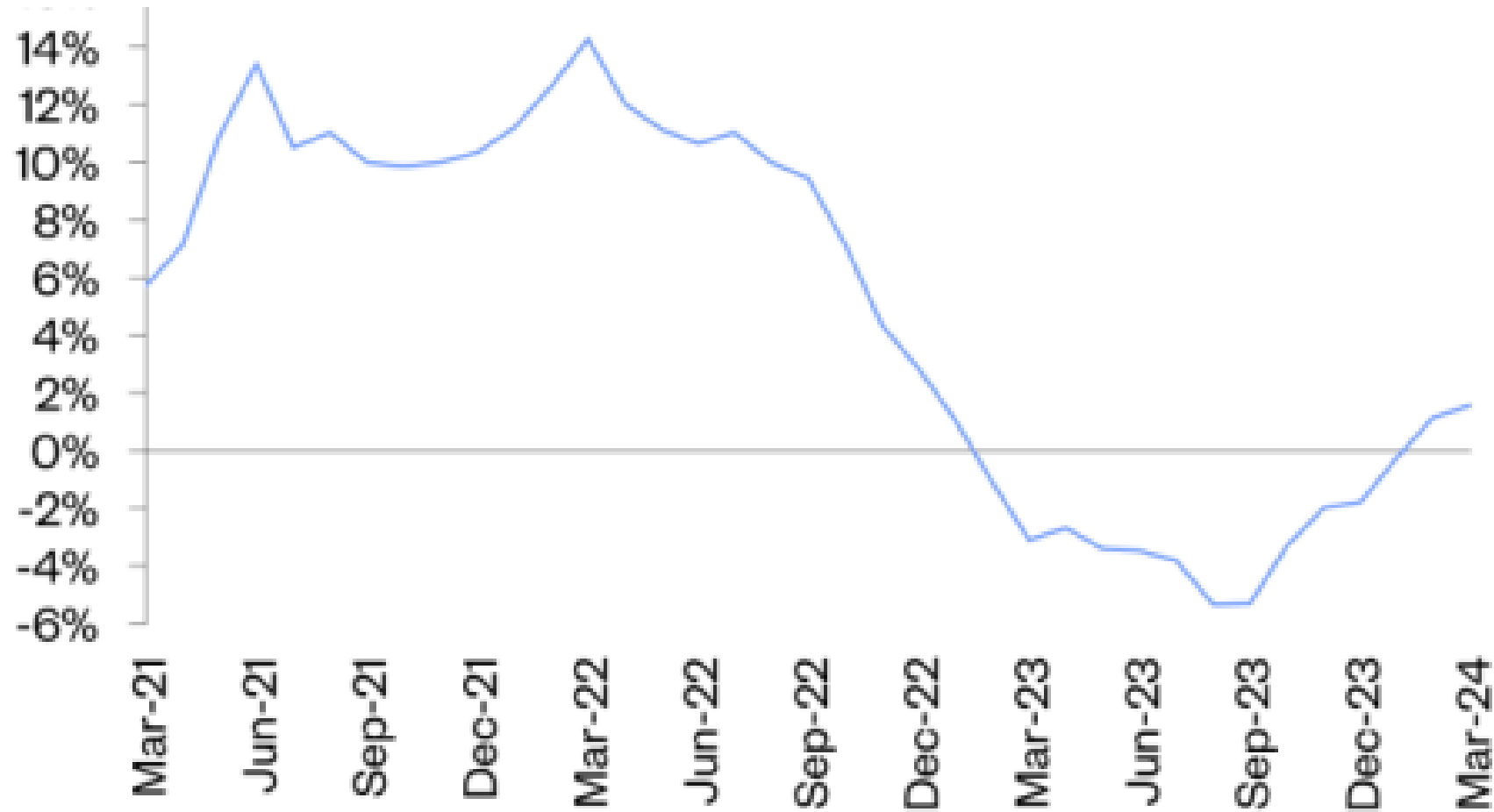


# UK Housing Market

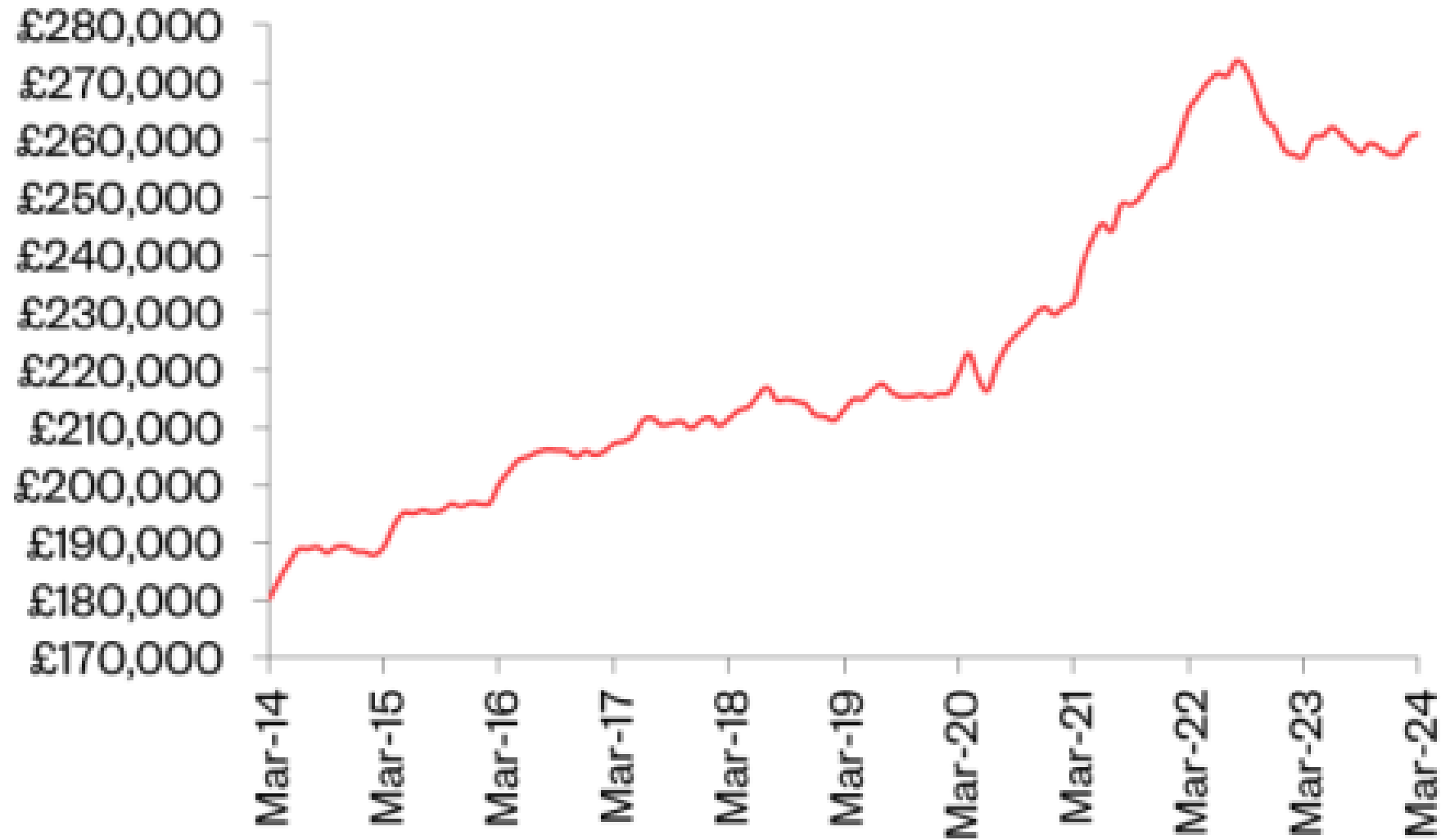


- Housing market activity has picked up in the last month
  - But still weak by historic standards
  - Reflecting impact of higher interest rates
- House prices in March edged up 1.6% compared with a year ago, as reported by the Nationwide.
- Regional differences:
  - Northern Ireland best performing region – up 4.6%
  - South-West weakest performing region – down 1.7%
- Average UK house price now more than £261K
- Housing affordability continues to be a challenge for many

# Annual % Change in UK House Prices



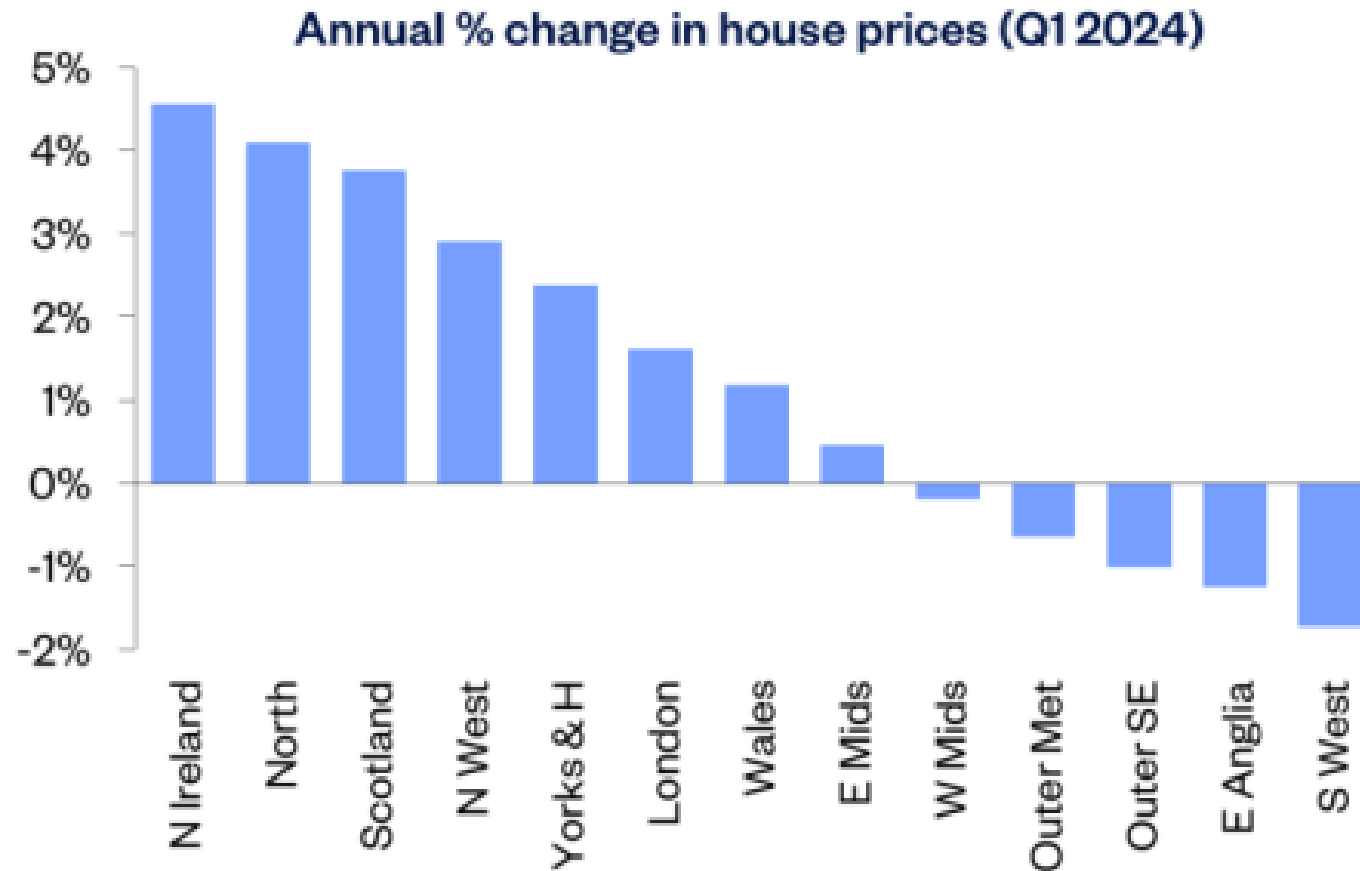
# Average UK House Prices



# UK House Prices to Earnings Ratio

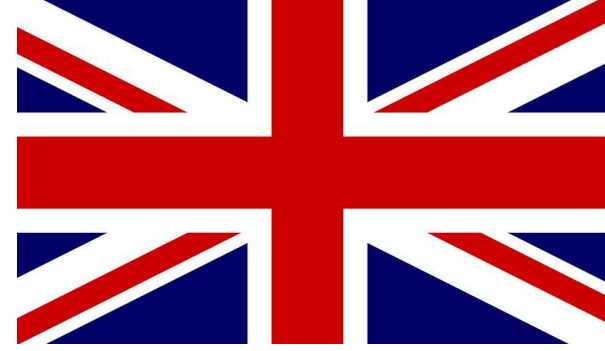


# UK House Price Changes – by Region





# Economic Outlook - Summary....



- Economic outlook has improved (slightly)
- A full-blown recession likely to be avoided
- Headline inflation will quickly fall to target
- Food price inflation now declining
- Interest rates will start to fall soon (May or June?)
- Housing market recovering, slowly
- But limited scope for fiscal stimulus
  - **Regardless of who is in power!**

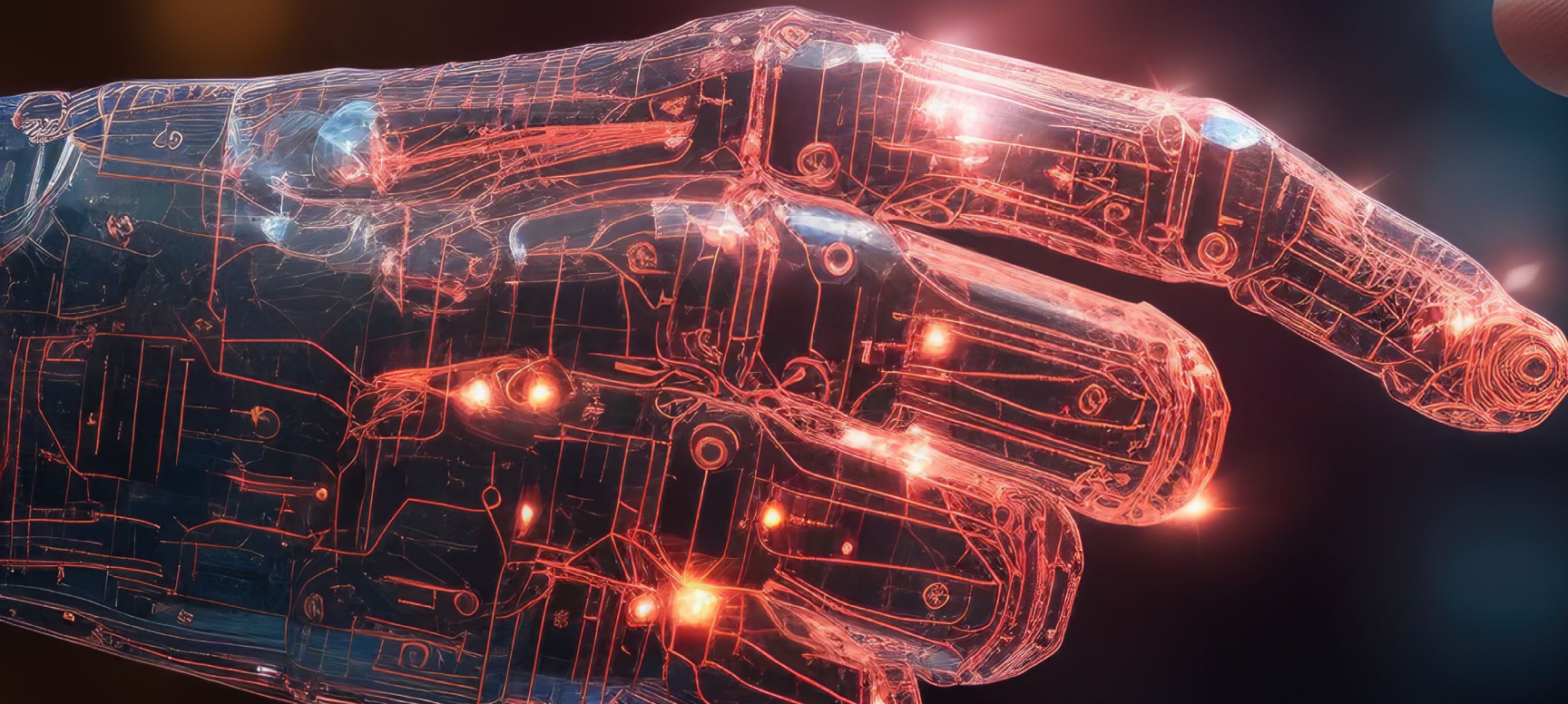


# The Economic Impact of AI

## The Cranfield AI Masterclass Series

28 May 2024 | 12pm (BST)

For more information, and to register your place:  
Visit: [www.cranfield.ac.uk/som/events/ai-masterclass-series-the-economic-impact-of-ai](http://www.cranfield.ac.uk/som/events/ai-masterclass-series-the-economic-impact-of-ai), or scan QR code



**ced** Cranfield  
Executive  
Development





# Cranfield Executive Development

**Transformative executive education for organisations and individuals.**

Open Executive Programmes | Customised Solutions | Apprenticeships



**ced** Cranfield  
Executive  
Development

# 10 Macro Trends for Leaders in a Changing World

The hurtling pace of change that has characterized the past few decades is about to accelerate, fueled by a set of macroeconomic, social, environmental, and business trends.

Knowing how to react and adapt to these trends, for the health of our organizations and for a better society, is a core responsibility for anyone in a leadership role



Based on the webinar 'The World Beyond the Horizon' with Professor Joe Nellis, Professor of Global Economy and Deputy Dean of Cranfield School of Management. [Click here to view a video recording of the webinar.](#)

These ten trends may or may not become seismic shifts. As they are now just on the horizon it is hard to know, but to quote Canadian-American management guru Brian Tracy "In a time of rapid change standing still is the most dangerous course of action."

The key for individuals aspiring to leadership in a fast-changing world, as well as for organizations facing an uncertain future, is resilience. Not resilience in the sense of standing firm, but resilience through adaptation—agility, learning, re-skilling, and changing—not just defending the status quo but sensing the future and adapting to it.