Global Economic Overview

21 October 2024

Markets face macro and election question marks

Global

Globally the US remains the focus of market attention given two open questions: the outlook for Fed policy and the outcome of the 5 November election. On the former the strength of recent data has driven renewed volatility in interest rate markets, something which may be exacerbated by the election. With polls now too close to call our forecasts are based on a constant policy approach. However a Trump win is a distinct possibility and under such a scenario we would judge that the USD strengthens, US equities rise, whilst US Treasuries come under pressure. Geopolitics could have an impact on the election too should the Middle East fall into a broad regional war. This is a factor which would also pose a downside risk to global growth, but for now our forecasts are unchanged for 2024 at 3.2%, whilst 2025 has seen a 0.1%pt upgrade to 3.2%

United States

The FOMC's jumbo 50bp cut in rates last month was promptly followed by a much stronger than expected employment report, including a 254k gain in non-farm payrolls. Complicating the Fed's task though is that early GDP figures missed downturns in 2001 and 2008 and payrolls have tended to be revised down over the past year. Our forecasts still see the Fed funds target range reaching 3.25%-3.50% by mid-2025 from 4.75%-5.00% now, broadly in line with market pricing. As the 5 November elections approach, Donald Trump has enjoyed positive momentum in the polls recently and leads Kamala Harris in most of the swing states, although these findings are well within the margin of polling error and could still change over the final two weeks.

Eurozone

Weaker than expected inflation and growth have prompted the ECB to cut rates back-to-back this month. A sustained return to target inflation could indeed come as soon as in Q1 2025. On the activity side, surveys paint a fairly gloomy picture. But it seems that the drag from interest rates on loan demand of firms and households has already peaked, and households are benefiting from strong real income gains and high savings. We have therefore kept our growth forecasts unchanged at +0.7% for this year and +1.4% for next year. Our policy rate and FX forecasts are also unchanged. But we acknowledge the risks, largely of a political nature. Domestically the passage of the French Budget is all but certain, and internationally, a Trump victory with yet another step up in protectionism could be a headwind to EU20 growth and to the euro.

United Kingdom

The first 100 days of office have not been the smoothest of rides for new PM Starmer and his team, with the warnings of 'difficult decisions' in the upcoming 30 October Budget reportedly dampening sentiment across the UK. But despite economic momentum stalling in the last few months, thanks to an impressive start to the year the economy looks set to expand at a healthy pace for 2024 as a whole. If the added tax burden in the Budget does not turn out to be as severe as some are expecting and interest rates continue to be lowered as we envisage, then there are foundations for steady economic growth in 2025, too. We have pencilled in GDP growth of 1.0% this year and 1.8% next. On currencies, while we expect sterling to gain against a weaker dollar, to $1.37 end-25, we forecast it to struggle to make gains against the euro.

	2024	2025
GDP growth (%)		
Global	3.2	3.2
US	2.7	1.7
China	4.7	4.3
UK	1.0	1.8
EU20	0.7	1.4
Key official interest rates (%, end-year)		
US Fed funds	4.25-4.50	3.25-3.50
ECB Deposit rate	3.00	2.00
UK Bank rate	4.75	3.75
FX rates (end-year)		
€:$	1.11	1.15
€:£	0.83	0.84
£:$	1.33	1.37
$:¥	142	135
AUD:$	0.68	0.70
€:CHF	0.96	1.00

Please click here for a summary of our economic and market forecasts

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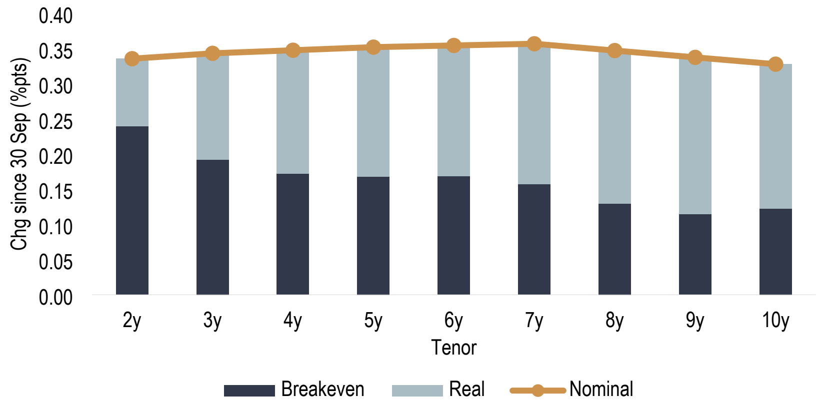
Global

Interest rate volatility returned in earnest this month, the ICE BofA Move volatility index* hitting its highest level since January. US 10y Treasury yields are 32bp higher, sitting above 4% for the first time since August. Stronger than expected US jobs and CPI figures have been a factor, both contributing to a reassessment of the Fed outlook. The curve now factors in 150bps of cuts by the end of 2025 vs 200bps a month ago. Rising perceptions over inflation risks have been a factor too, with breakeven rates on average 18bps firmer across the curve. Considerations here are worries over a possible Fed misstep given the strength of recent data and geopolitical risks emanating from the Middle East. Yields have moved higher elsewhere too, albeit to a lesser degree, with 10y Gilt yields up 10bps.

Chart 1: A rise in inflation expectations has been a factor behind the rise in US yields

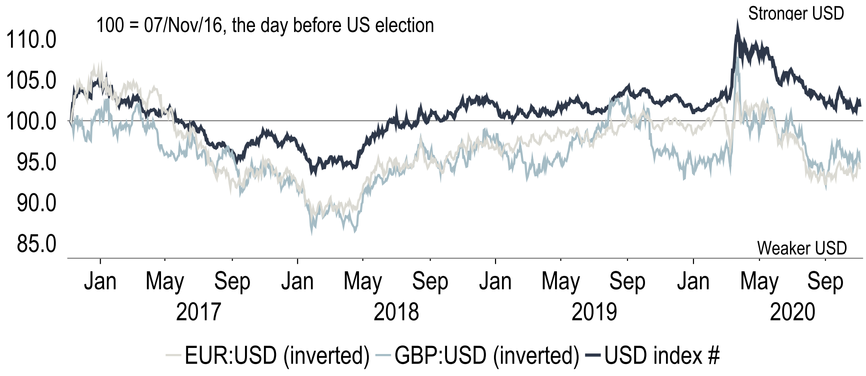


* Implied volatility measure on US Treasuries

Source: Macrobond, Investec Economics

US led market volatility is unlikely to recede anytime soon, with the 5 Nov Presidential election a major risk event. Polls currently put the race too close to call and as such our baseline forecasts are based on a constant policy approach. However with a Trump win a distinct possibility, we would highlight these market possibilities; i) A stronger USD. At least in the short-term we would expect the US dollar to strengthen on a Trump victory, this being a function of his stated reflationary economic and protectionist policies, which would run the risk of the Fed taking a more cautious approach to monetary policy. Perhaps ironically the prospect of a trade war could also boost the allure of the USD's safe-haven status. To note in 2016 the USD strengthened 5% by the end of the year. But the dollar's strength did not last, falling 9% in 2017.

Chart 2: The dollar gained following the 2016 US election, but faltered in 2017.

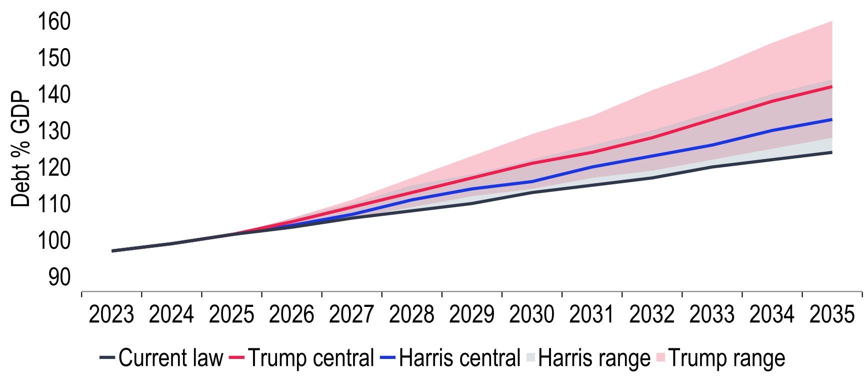


\# Federal Reserve Broad US dollar index

Source: Macrobond, Investec Economics

A risk that could upend a stronger USD would be if Trump attempted to interfere with the Fed's independence. Certainly, recent examples of governments encroaching on monetary policy (e.g. Turkey, Brazil) have not boded well for those currencies; ii) We would expect US Treasuries to come under pressure given the implications for Fed policy and inflation, but also on supply. This due to what is expected to be a marked deterioration in the US fiscal position and striking rise in debt under Trump. For example, a CRFB* study estimated that Trump policies would add $7.5trn to US debt by 2035, increasing the debt % GDP ratio to 142%; iii) Equities would likely get a boost from Trump, as seen in 2016 given business friendly policies such as corporate tax cuts.

Chart 3: CRFB projections for US debt under Trump and Harris Presidencies

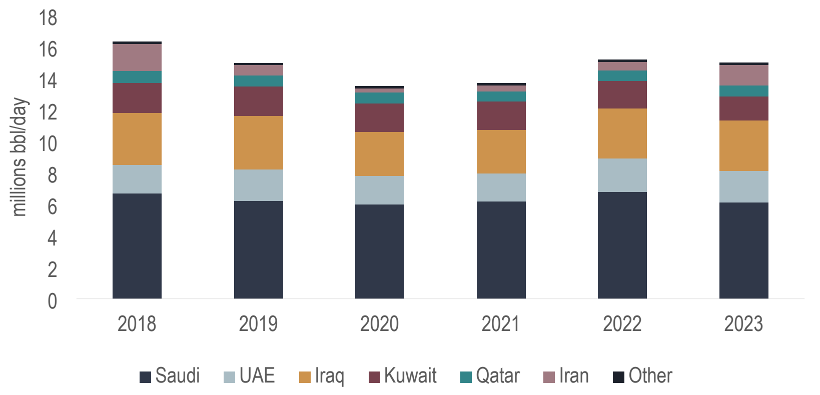


* Committee for a Responsible Federal Budget

Source: Macrobond, Investec Economics

Geopolitics poses a risk to the US election result and the world economy. At the time of writing there remained concern over Israel's likely response to Iran's attack on 1 Oct. Markets have focused on the risk of an Israeli strike on Iranian energy infrastructure and the consequential impact on Iranian supply, potential Iranian retaliation against energy facilities in the Gulf states and the risk that Iran attempts to close the Strait of Hormuz, which transits c.20% of global oil and related*. Oil prices have eased from a peak of $81/bbl, but there remains a risk that a high oil price scenario plays out given the unpredictable nature of the conflict. A major pre-election spike in oil prices would likely play into Trump's hands, strengthening the dollar on both political considerations and safe-haven buying.

Chart 4: Annual volumes of crude and condensate transported through the Strait of Hormuz

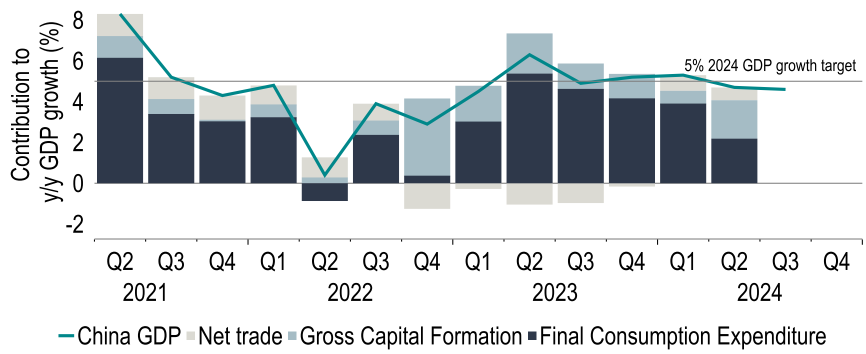


* crude oil, condensate and petroleum products

Source: Macrobond, Investec Economics, EIA- 'World oil transit chokepoints' June 2024

Chinese equities have outperformed, driven by stimulus measures announced last month. The CSI 300 is currently 33% higher than its level on the 13-Sep. However despite the buoyant stock market, we would point out that equity market performance does not necessarily reflect the health of the economy. Q3's 4.6% y/y rate of GDP growth represented the weakest reading since early 2023, meaning the chances of reaching this year's 5% growth target are slim: a 2.3% q/q rise in Q4 GDP would be needed. We do believe that some of the stimulus measures will provide an uplift to Q4, but we are reluctant to make more material changes given the lack of confirmation and detail of the reported CNY2trn special bond issue, which would in part be used to fund consumer related support. For now our forecasts stand at 4.7% ('24) and 4.3% ('25).

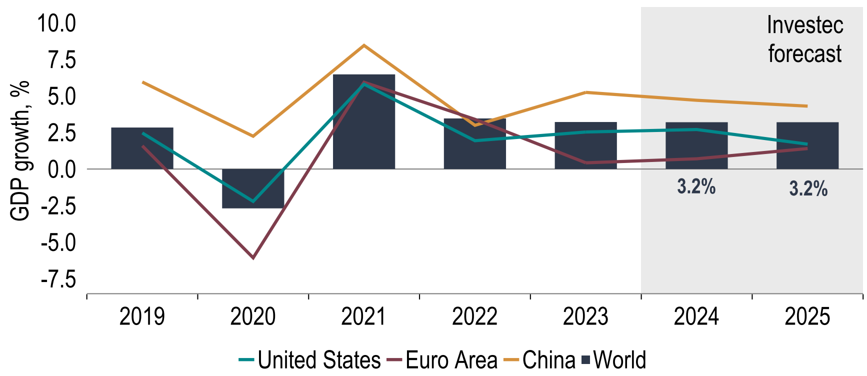
Chart 5: Chinese GDP growth continues to weaken as details over household support awaited



Source: Macrobond, Investec Economics

We also have not made any material changes to our world growth forecasts which stand at 3.2% this year and next. However, we note that risks to global momentum are starting to materialise. Uncertainty surrounding the US election and the potential for heightened barriers to trade if Trump were to win the presidency would be a drag on exporting economies such as the Eurozone. Meanwhile alarm bells over the Chinese economy have been sounding for a while now. Beijing's stimulus measures risk failing to kickstart Chinese demand, weighing on global growth. Finally escalation of ongoing geopolitical tensions, as well as the humanitarian catastrophe, pose downside risks in the form of restricted trade and global risk off sentiment.

Chart 6: For now global GDP is holding up, but downside risks are apparent

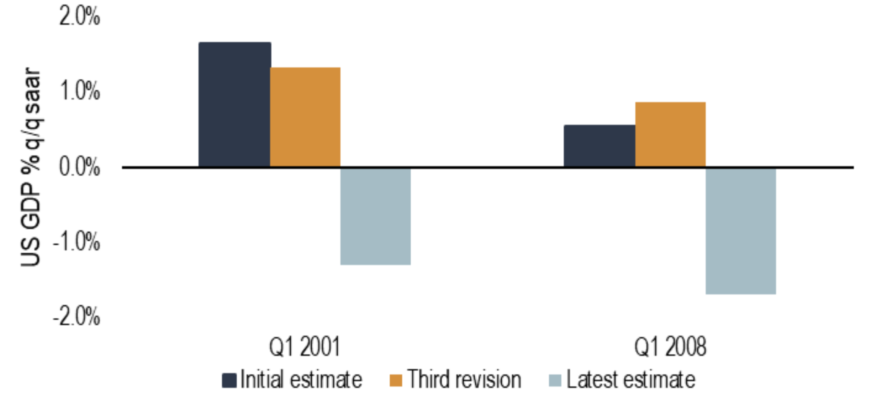


Source: Macrobond, Investec Economics

United States

Almost immediately after the FOMC's surprise 50bp reduction in the Fed funds target, signs of economic robustness returned to the fore, including an upside surprise in September's payrolls, which rose by 254k. Taken together, evidence now points to the economy expanding by an annualised pace of c.3% over Q3. Although Hurricane Helene (and in time Milton) has begun to show signs of a negative impact on the economy, any storm disruption is likely to be temporary and in any case a degree of reconstruction will follow in due course. We have nudged up our GDP forecasts for this year and next, but at 2.7% and 1.7% they still encapsulate a slowdown. Note though that initial GDP data have frequently 'missed' the start of recessions in the past (Chart 7) with declines in output only apparent after revisions.

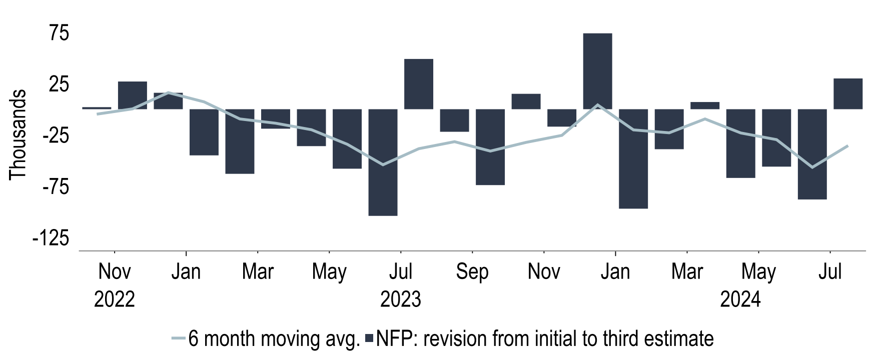
Chart 7: Initial (and third) estimates of GDP missed the start of the 2001 and 2008 downturns



Source: BEA, Macrobond, Investec Economics

If early estimates of GDP are unreliable, the Fed could put more weight on the payroll figures. These are timelier than the GDP data and would involve the FOMC addressing the 'jobs' side of its dual mandate (price stability and full employment) more directly. But the payroll series is also revision prone. These have tended to be revised downwards recently (Chart 8), so September's rise might well look less buoyant than +254k in two months' time. That said, the unemployment data (the most recent of which showed a fall to 4.1%) are not subject to revisions. Nor however is anecdotal evidence, such as that complied in the Beige Book, and this has been pointing to a more subdued economy for a while. In short, economic evidence is conflicting.

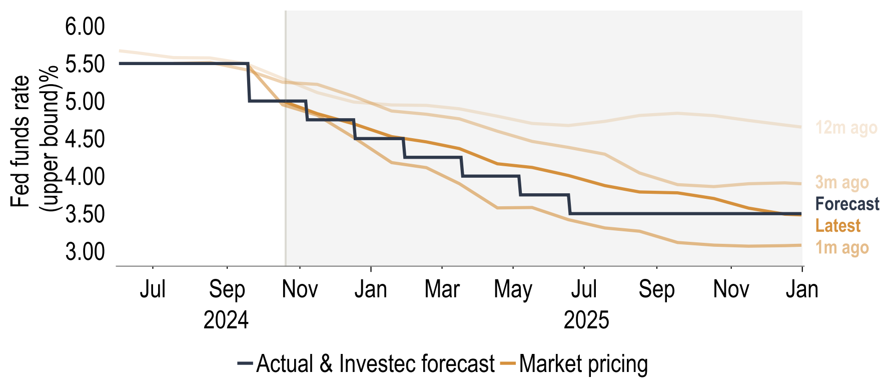
Chart 8: Revisions to non-farm payrolls have been downwards over the past year or so



Source: BLS, Macrobond, Investec Economics

This probably leaves the Fed in a confused mindset, but effectively in a modified version of data dependency i.e. applying more caveats than usual to key indicators. With inflation on the whole better behaved in recent months, the committee should still be able to address downside risks to activity via a gradual easing of the restrictiveness of the stance of policy i.e. cut rates towards 'neutral' by 25bps at each subsequent meeting. This may get more difficult as time wears on due to differences in members' view of where the neutral level of rates lies - in September this ranged between 2.5%-3.5% - but of course more evidence will also unfold on the momentum of the economy and price pressures. Our forecast still sees the Fed funds target range reaching 3.25%-3.50% by mid-2025 from 4.75%-5.00% now.

Chart 9: The forward rate curve has been volatile, but we broadly concur with current pricing



Source: Macrobond, Investec Economics

Investec

However, a risk to the interest rate outlook comes from uncertainty surrounding the US election and the policies of both candidates. Trump has proposed a protectionist trade policy of a universal tariff on most foreign goods of c.10% and additional higher tariffs on Chinese goods. Clearly this poses inflationary risks. On taxation Trump has promised to extend his 2017 TCJA* whilst pledging to cut the corporate tax rate to 15% on some companies, in addition to new exemptions by not taxing wages on tips and Social Security benefits. Also planning to increase government spending, Harris has pledged to cut taxes for middle and low-income families, combatting price 'gouging' and new tax credits to aid first time buyers as well as an expansion of the annual child tax credit.

Chart 10: Harris and Trump – main policies announced so far

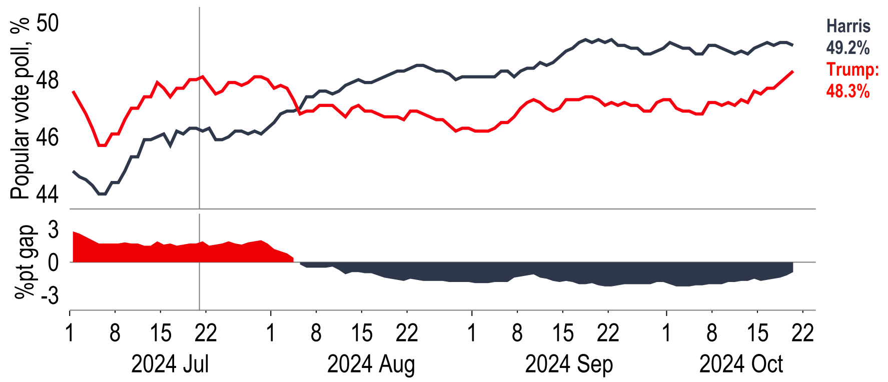
Trump vs Harris on key issues

	Donald Trump	Kamala Harris
Immigration	Close the US-Mexico border. Round up and deport undocumented immigrants.	Opposes family separation and would permit undocumented spouses to apply for a green card.
Abortion	Leave it up to individual states to decide.	Legal abortion rights for all.
Economy	Universal tariff on imports of 10-20%, 60% tariff on Chinese goods. Lower corporation tax to 15% for companies that make their goods in the US. Extend all expiring measures from 2017 Tax Cuts and Jobs Act. No tax on tips.	Has backed Biden's proposed $5trn tax rises, including raising capital gains tax to 28% on long term assets for high income households and raising corporation tax to 28%. Tax cuts and tax credits for low/middle incomes. $25k for first time buyers to help with a deposit. $6k tax credit for parents of newborns. No tax on tips.
Healthcare	Replace Obamacare.	Likely to continue expanding free healthcare.
Foreign Policy	Has criticised the need for NATO and wants countries to pay their share. Stop the war between Russia and Ukraine in 24 hours.	Likely to continue Biden's strong support for NATO. Continue supporting Ukraine.
Other	Increase domestic production ('drill baby, drill') to reduce energy prices. Create a government efficiency taskforce headed up by Elon Musk.	Limit childcare costs to 7% of family income. Federal programmes to expand access to affordable housing and reduce homelessness.

*Tax Cuts and Jobs Act   Source: Various news agencies, Images from the White House, Investec Economics

Our forecasts are based on a broad continuation of the current stance of fiscal policy. From the perspective of next month's elections this would be consistent with a Harris victory or perhaps also Trump winning, but falling short of a clean sweep of the Senate and the House. In the latter case, his ability to cut taxes could be limited, although he could well still raise tariffs aggressively. Our view of the 'Trump trade' is outlined in the Global section, above. Opinion polls have moved in favour of Trump recently - Harris is now just 1% ahead in the national polls. Also as we outlined in our recent note [Remember, remember the 5th of November](#) it is the Electoral College (EC) arithmetic that matters and in practice, the results in seven swing states. As Chart 12 shows, there is no clear leader here either with the two candidates within 2%pts of each…

Chart 11: Harris still leads in national polls, but Trump has some momentum and…



Source: RealClearPolitics, Macrobond, Investec Economics

… other in each case. Taken at face value Trump would win, with 281 EC votes to Harris's 257, assuming that no other states flip from the 2020 election. But the margin is tiny in each case. Many will note that the pollsters failed to predict Hillary Clinton's defeat in 2016 and that they overestimated Biden's margin of victory in 2020, suggesting that they systematically underestimate Trump's vote. However the polling companies respond by pointing out that they have since improved their methodology. Also, it is true the polls actually overestimated the Republicans' vote at the 2022 midterms. The outcome looks really too close to call, as does the control of the House. We still suspect that the GoP will regain control of the Senate, albeit perhaps narrowly.

Chart 12: … Trump is now winning in more swing states

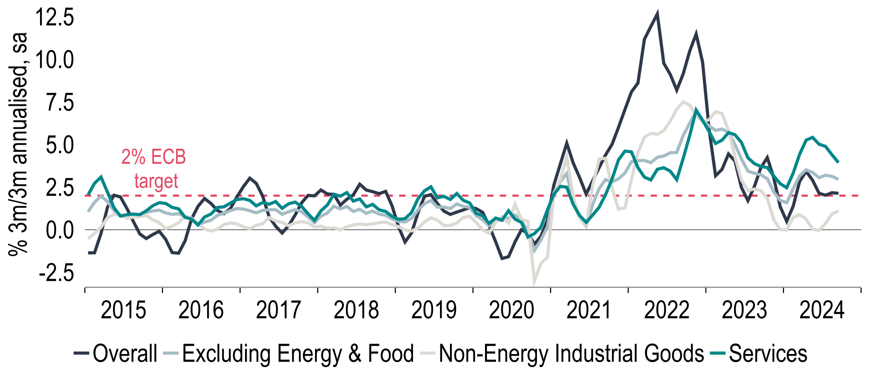
State	EC votes	Current polling - FiveThirtyEight	2020 result
Arizona	11	1.8pt lead to the Republicans	*Biden won by 0.3%*
Georgia	16	1.8pt lead to the Republicans	*Biden won by 0.2%*
Michigan	15	0.2pt lead to the Democrats	*Biden carried the state by 2.8pts*
Nevada	6	0.5pt lead to the Democrats	*Biden carried the state by 2.4pts*
North Carolina	16	0.5pt lead to the Republicans	*Trump carried the state by 1.3pts*
Pennsylvania	19	0.3pt lead to the Republicans	*Biden carried the state by 1.2pts*
Wisconsin	10	0.2pt lead to the Democrats	*Biden won by 0.6%*

Current polling as of 20/10/2024   Source: 538, Macrobond, Investec Economics

Eurozone

At its 17 October meeting, the ECB delivered a back-to-back policy rate cut, bringing the Deposit rate to 3.25%. A month ago, it had seemed likely the Governing Council would prefer to wait for fuller data that will come only by December. But weaker-than-expected inflation outturns and disappointing demand have persuaded it to ease monetary restriction more quickly. Indeed, as regards inflation, the latest outturns show receding momentum in services inflation, to date the stickiest part of HICP inflation (Chart 13). This is welcome news. We agree with the ECB's latest assessment that the point when sustained on-target inflation is reached now looks to be sooner than end-2025. Indeed, we think it could be as soon as Q1, even if upside risks remain.

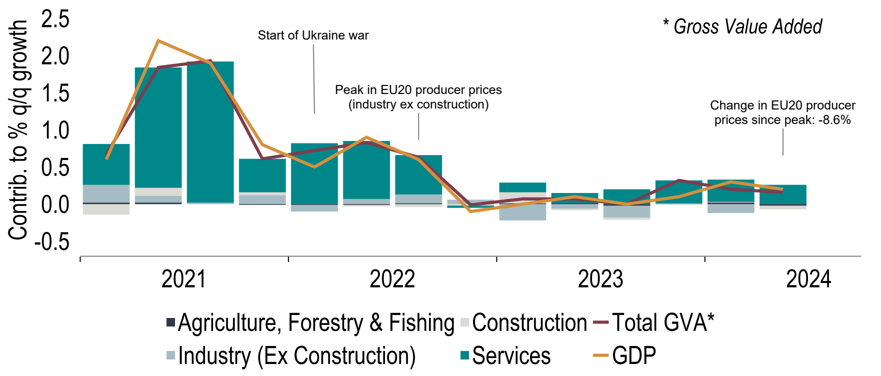
Chart 13: Momentum in the stickier part of Eurozone inflation is now fading



Source: ECB, Macrobond, Investec Economics

As regards demand, the hoped-for recovery in industrial production has been absent as of Q2, despite energy prices having retreated considerably since their peak (Chart 14). We note better August data (+1.8% m/m), helped by a rebound in car production after July's slump, but it is far too early to take this as a signal of a trend change. Surveys are not encouraging either: the PMIs indicate a gradual loss of momentum in services since the spring, distortions around the French Olympics aside, and the composite PMI is now in contractionary territory (albeit only slightly). The worry for policymakers is now that demand may be too feeble for inflation to attain the 2% target in the medium run without a swifter return to neutral interest rates – or if needed, even below.

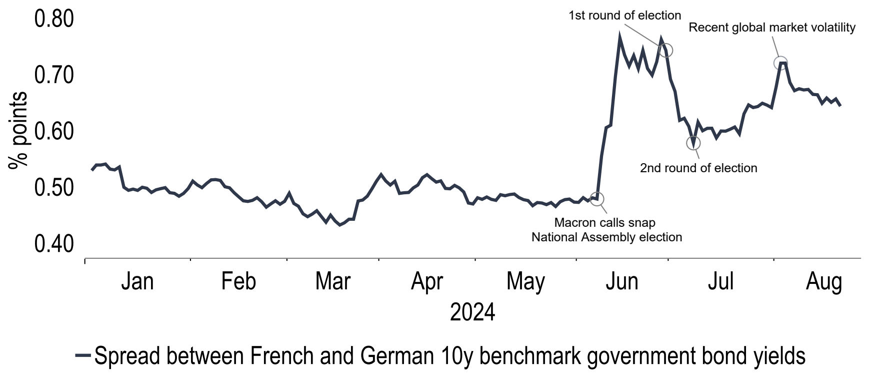
Chart 14: No recovery in Eurozone gross value added in industry, despite lower prices



Source: Eurostat, Macrobond, Investec Economics

Another concern remains French fiscal policy. Political fragmentation – PM Barnier operates with a minority government – makes it very challenging to push through the proposed Budget for next year. The initial proposals entail €60bn of fiscal consolidation (2.1% of GDP), a third of which from tax hikes and two thirds from spending cuts. This is unpopular with many legislators. In the unlikely event the proposal is passed in its original form – over 1,700 potential amendments have already been put forward (!) – this would weigh on GDP growth next year. Scaling back consolidation would contravene EU requirements. Yet not passing a budget could bring down the government and lead to a crisis. For now, OAT-Bund spreads are off their recent peaks but still high (Chart 15). The final word is not spoken until year-end, by which time the Budget needs to be passed.

Chart 15: Political fragmentation makes the path out of EDP* particularly hard in France

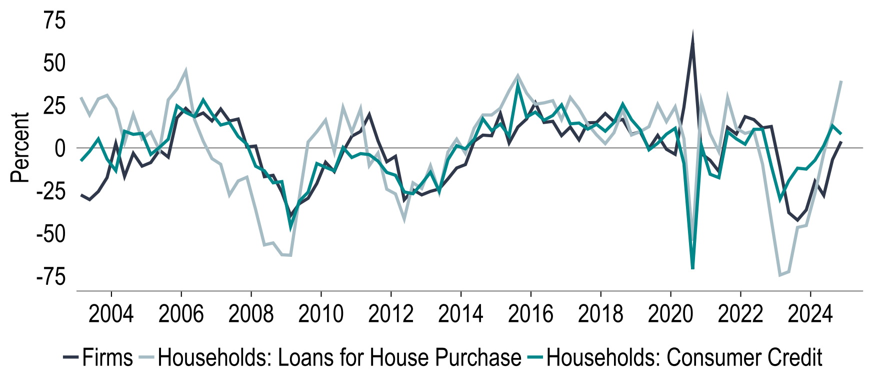


* Excessive Deficit Procedures

Source: Eurostat, Macrobond, Investec Economics

Yet not all is downbeat. We note that as of September, when the ECB's quarterly Bank Lending Survey was conducted, banks suggested loan demand by both firms and households had moved up relative to the previous quarter rather than down. It is the first time in over two years that this applies to all three components (Chart 16). Detailed data reveal lower interest rates to have played a key part, but appetite for investment and perceptions of housing market prospects have also improved. This is a less gloomy picture than in surveys and fits with support to the economy from solid real household income growth (2.4% y/y in Q2 on a per-capita basis) and high household savings (saving rate 15.7% vs. an average of 12.3% in the pre-pandemic decade). We have therefore, for now, kept….

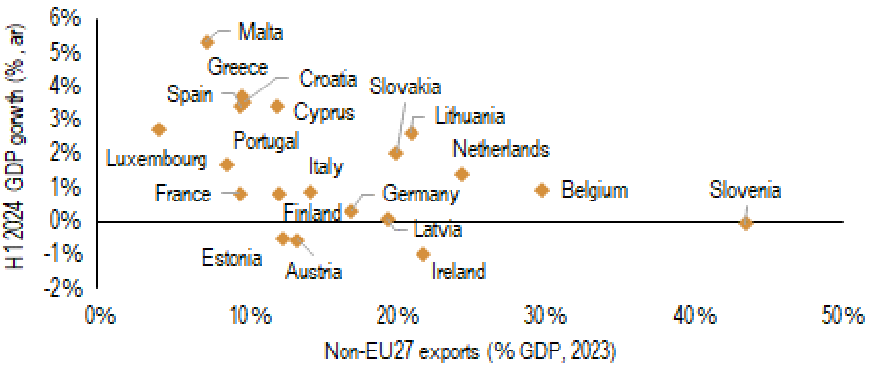
Chart 16: Firms' and households' loan demand is rising, as per the ECB Bank Lending Survey



Source: ECB, Macrobond, Investec Economics

…our Eurozone GDP growth forecasts for '24 and '25 at 0.7%% and 1.4%, as we had them last month. That said, we see risks that we may need to downgrade our 2025 forecast in future. Were France to implement as large a fiscal tightening as PM Barnier has proposed, this would be a clear drag on activity. And in the event of a Trump Presidential win, even greater protectionism would hurt EU20 exports. Who is most exposed? Most at risk would seem to be the economies that are most open to non-EU goods trade. Chart 17 illustrates that, so far this year already, those countries that export less outside the EU have tended to enjoy faster growth. That said, should China's stimulus prove successful bolstering its GDP growth, this could help activity in Germany, the EU20 country with the closest trade links to China.

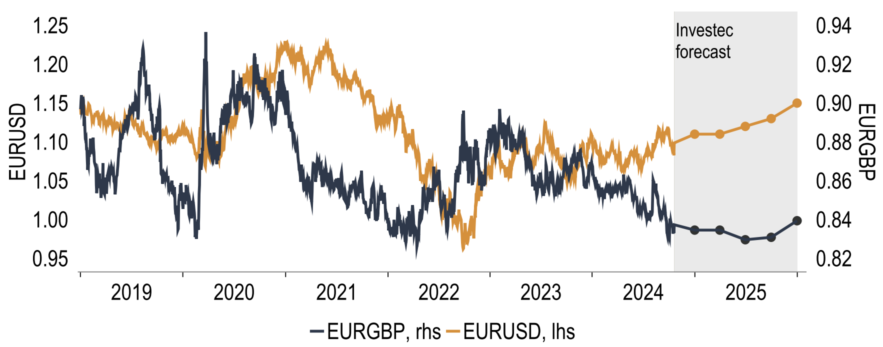
Chart 17: Countries with a high exposure to non-EU trade have tended to expand less of late



Source: Eurostat, Macrobond, Investec Economics

For now, we see few compelling reasons to change our market forecasts. In the near term, the Fed's pace of easing may be faster than the ECB's: for the latter we expect a final 25bp this year and a gradual 25bp-a-quarter cutting pace in 2025, whereas the FOMC may cut back-to-back by 25bps until mid-2025 on our forecasts, dulling some of the dollar's shine. As such we see EUR:USD rising to 1.11 by end-'24 and to 1.15 by end-'25. Politics is also a consideration though. This poses some downside risks to EUR – domestically given concerns over new French PM Barnier's ability to pass his Budget. But the larger political risk is the US election and the possibility of Trump winning, which in our view would strengthen the dollar and push EUR:USD down.

Chart 18: For now we see the Euro rising, but downside risks are apparent

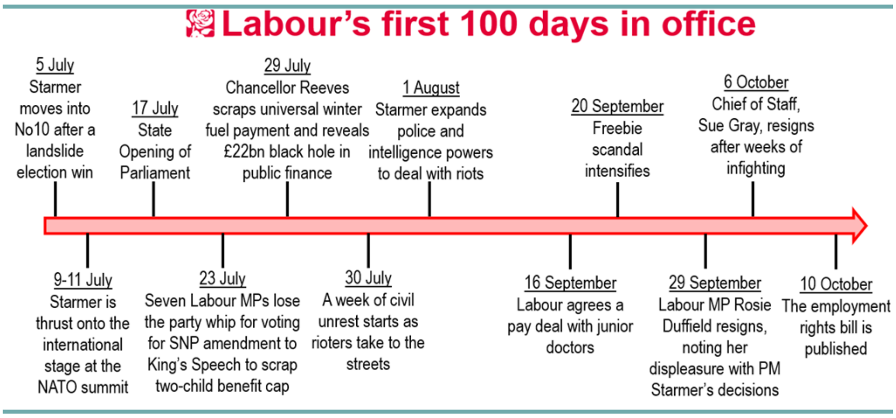


Source: Macrobond, Investec Economics

United Kingdom

The first 100 days of office have not been the smoothest of rides for new PM Starmer and his team, despite his landslide majority. His premiership thus far has been beset by civil unrest, party scandals and an alleged £22bn black hole in the public finances that has since threatened to swallow public opinion over the Labour party. Amidst this, Sir Keir Starmer's approval rating has plummeted: according to an Ipsos poll conducted in early October, 52% of those surveyed had an unfavourable view of the PM, a near 20%pt rise relative to election day. But the 100 days mark is merely a symbolic event – it is really no different from 99 days, or 101 days. Furthermore, if Sir Keir makes it through his term, he has up to 1,765 more days (from today) to turn things around.

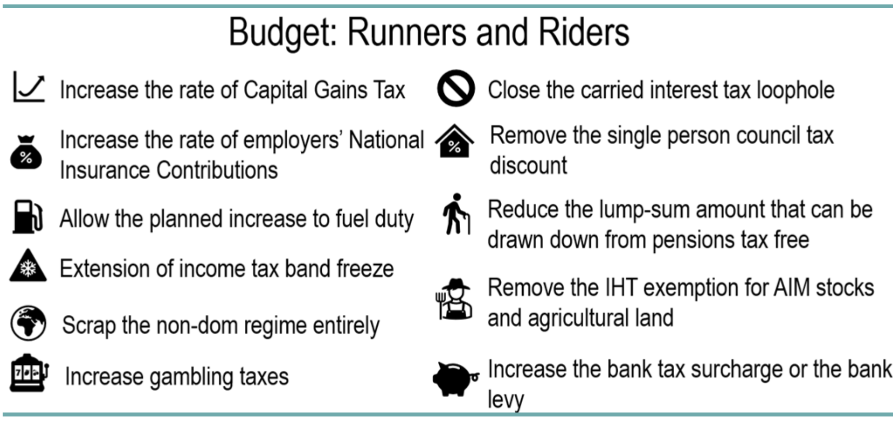
Chart 19: Labour's post-election honeymoon was over before it had really started



Source: Various media outlets, Investec Economics

Some of those days will be more important than others, such as 30 October when Chancellor Reeves delivers the Budget and 1y spending review. In the long lead up, the media has been awash with speculation over what tax and spend measures could be implemented to raise revenue to fill the 'black hole' and increase departmental spending – estimates suggest around £40bn will be needed for this. Some measures have already been announced, such as VAT on private school fees and the ending of the universal winter fuel payments, while others have been rumoured (Chart 20). Reeves is also set to change the fiscal rules to enable greater public investment. The manifesto pledges that that tax revenue will cover current spending in five years' time, while there will also be a falling debt to GDP rule, possibly including more assets than the current measure.

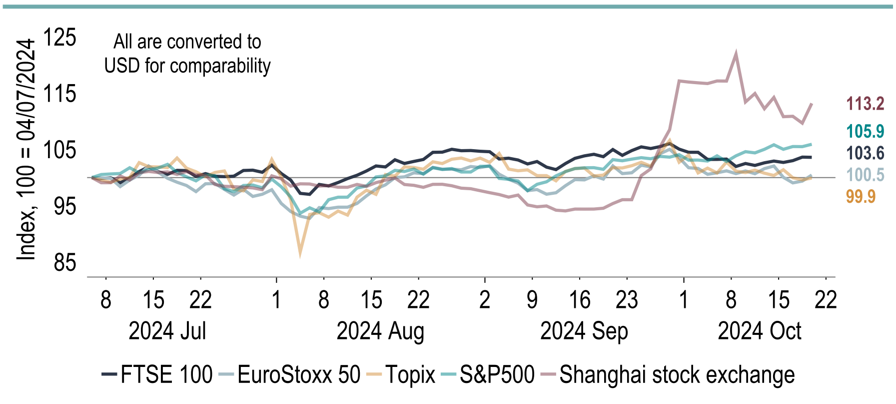
Chart 20: What measures could be in the Autumn Budget?



Source: Various media outlets, Investec Economics

But regardless of how the numbers are sliced and diced, there are significant pressures on the public purse that will need to be addressed. The PM and his Chancellor have made that clear, possibly too clear, with the warning of tax increases appearing to have led to some investment and consumption decisions being delayed, as per surveys. That may have contributed to GDP growth essentially stalling in recent months. But this did follow a stellar H1, which itself was boosted by the combined 4p employees' NICs cut. Also the much hoped 'Buy UK' resurgence following the election has largely failed to materialise, at least in equities (Chart 21). Currency wise however, sterling remains above $1.30 and EURGBP also moved below 83p for the first time in 2½ years.

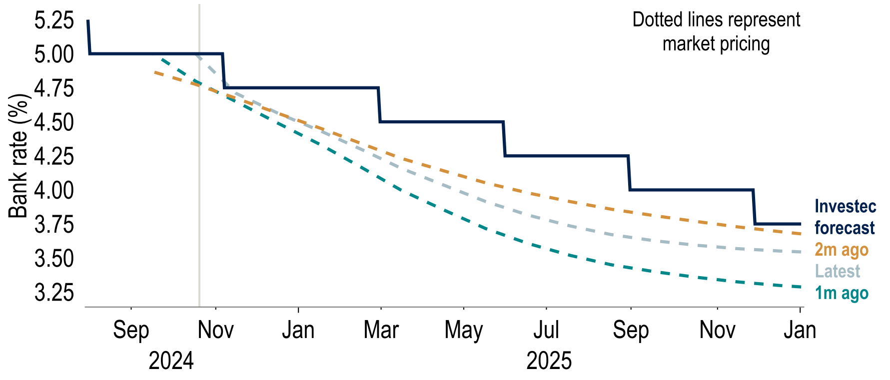
Chart 21: Despite the change of the guard, UK equities struggled to stand out amongst peers



Source: Macrobond, Investec Economics

Although a lot of the focus in the UK is on fiscal policy, financial markets are still looking out for signals on the path for monetary policy. Here, policymakers have been giving mixed messages as of late. While Governor Bailey recently said that the Bank could become a 'bit more aggressive' in its approach to lowering interest rates, this was countered by Chief Economist Pill just a day later who spoke about the need for 'caution' when withdrawing monetary restriction. We think the economic backdrop warrants a more gradual approach to policy easing, given some upside risks that still exist to inflation. Our forecast remains for one more interest rate cut this year in Nov, followed by four 25bp cuts spread across next year. This leaves the end-25 Bank rate at 3.75%.

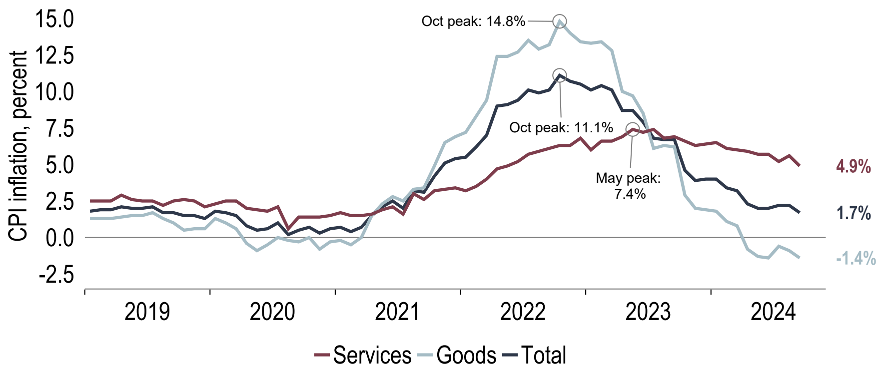
Chart 22: Bank of England likely to adopt a gradual approach to policy easing



Source: Macrobond, Investec Economics

On the face of it, at 1.7% the latest inflation print might support a faster pace of interest rate cuts than we have pencilled in. This is particularly as it undershot the BoE's latest forecasts made in Aug by 0.4%pts and was the first sub-2% inflation print in three years. Yet this was largely due to factors that might not be sustained: most of the fall in the headline CPI was from fuel prices and airfares. Given the situation in the Middle East, it is not inconceivable that oil prices could rise, while airfares are notoriously volatile. More broadly, services inflation is still elevated and with only a partial view of current labour market conditions (ONS figures are questionable) the MPC cannot be confident that wage growth, a key driver of services inflation, will continue to ease. From a risk management perspective, a measured approach to policy easing looks to be more appropriate.

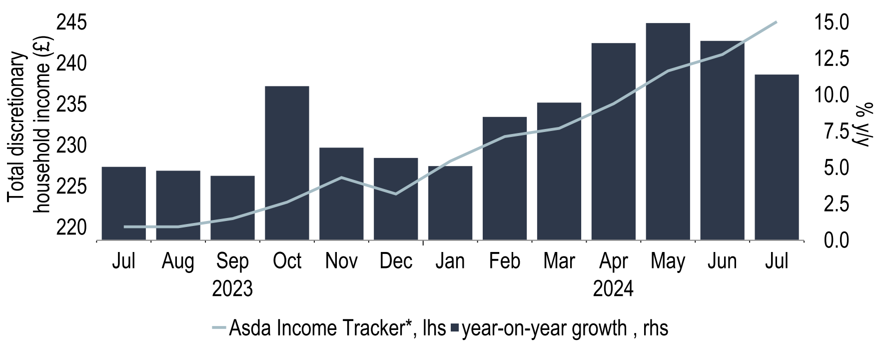
Chart 23: Goods deflation will not last forever, services inflation needs to ease too



Source: Macrobond, ONS, Investec Economics

Looking ahead we remain optimistic on the UK economic outlook. Real household incomes are buoyant and we expect this to remain the case, even given a degree of fiscal tightening at the Budget. Lending further support will be easier monetary policy. As such we forecast growth to accelerate from 1.0% this year, to 1.8% in 2025, a small downgrade due to the 'Blue Book' revisions at the end of September. Thereafter Labour's priority to boost government and business investment, if successful, could be the key to faster medium-term GDP growth, as we explain [here.](#) The drive to build 1.5m homes in five years should also be positive, again, if this is achieved.

Chart 24: Rising household discretionary incomes allow for future consumption to pick up



*The Asda Income Tracker is a measure of household income less taxes and essential spending. Note this is in nominal, not real, terms. In real terms growth is positive, too. Source: Macrobond, Asda, Investec Economics

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Global Forecasts

GDP Growth (%)

	Global	US	Japan	China	UK	EU20	Germany	France	Italy
2019	2.8	2.6	-0.4	6.0	1.6	1.6	1.0	2.1	0.5
2020	-2.7	-2.2	-4.2	2.2	-10.3	-6.2	-4.5	-7.6	-9.0
2021	6.5	6.1	2.8	8.4	8.6	6.3	3.6	6.8	8.3
2022	3.5	2.5	1.1	3.0	4.8	3.6	1.4	2.6	4.1
2023	3.2	2.9	1.7	5.2	0.3	0.5	-0.1	1.1	1.0
2024	3.2	2.7	-0.2	4.7	1.0	0.7	-0.1	1.0	0.8
2025	3.2	1.7	1.1	4.3	1.8	1.4	1.0	0.8	1.0

Source: Macrobond, Investec Economics, IMF

Key Official Interest rates (%, end quarter):

	US Fed funds	Eurozone refi rate	Eurozone deposit rate	UK Bank rate	Australia cash rate
Current	4.75-5.00	3.40	3.25	5.00	4.35
2024					
Q1	5.25-5.50	4.50	4.00	5.25	4.35
Q2	5.25-5.50	4.25	3.75	5.25	4.35
Q3	4.75-5.00	3.65	3.50	5.00	4.35
Q4	4.25-4.50	3.15	3.00	4.75	4.35
2025					
Q1	3.75-4.00	2.90	2.75	4.50	4.10
Q2	3.25-3.50	2.65	2.50	4.25	3.85
Q3	3.25-3.50	2.40	2.25	4.00	3.35
Q4	3.25-3.50	2.15	2.00	3.75	3.35

Source: Macrobond, Investec Economics

10-year government bond yields (%, end quarter):

	US	Germany	UK
Current	4.13	2.25	4.11
2024			
Q2	4.36	2.50	4.21
Q4	3.75	2.25	3.75
2025			
Q2	3.75	2.25	3.75
Q4	3.75	2.25	3.50

Source: Macrobond, Investec Economics

FX rates (end quarter/ annual averages)

		Current	2024				2025				2023	2024	2025
		21-Oct	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	average	average	average
Euro	€:$	1.085	1.08	1.07	1.12	1.11	1.11	1.12	1.13	1.15	1.08	1.09	1.12
Sterling	€:£	0.833	0.86	0.85	0.83	0.83	0.83	0.83	0.83	0.84	0.87	0.85	0.83
	(£:€)	1.201	1.17	1.18	1.20	1.20	1.20	1.21	1.20	1.19	1.15	1.18	1.20
	£:$	1.302	1.26	1.26	1.34	1.33	1.33	1.35	1.36	1.37	1.24	1.29	1.35
Yen	$	149.9	151	161	143	142	140	138	136	135	141	150	138
	€	162.6	163	172	160	158	155	155	154	155	152	163	155
	£	195.2	191	203	192	189	186	186	185	185	175	193	186
Aussie Dollar	$	0.668	0.65	0.67	0.69	0.68	0.68	0.69	0.69	0.70	0.66	0.67	0.69
	€:AUD	1.623	1.65	1.60	1.61	1.63	1.63	1.62	1.64	1.64	1.63	1.64	1.63
	¥	100.17	98.6	107.5	99.3	96.6	95.2	95.2	93.8	94.5	93.3	99.6	94.9
	£:AUD	1.949	1.94	1.89	1.93	1.96	1.96	1.96	1.97	1.96	1.87	1.93	1.96
Swiss Franc	€	0.937	0.98	0.96	0.94	0.96	0.97	0.98	0.99	1.00	0.97	0.96	0.98
	$	0.864	0.91	0.90	0.85	0.86	0.87	0.88	0.88	0.87	0.90	0.88	0.87
	£	1.125	1.14	1.14	1.13	1.15	1.16	1.18	1.19	1.19	1.12	1.13	1.18

Source: Macrobond, Investec Economics

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