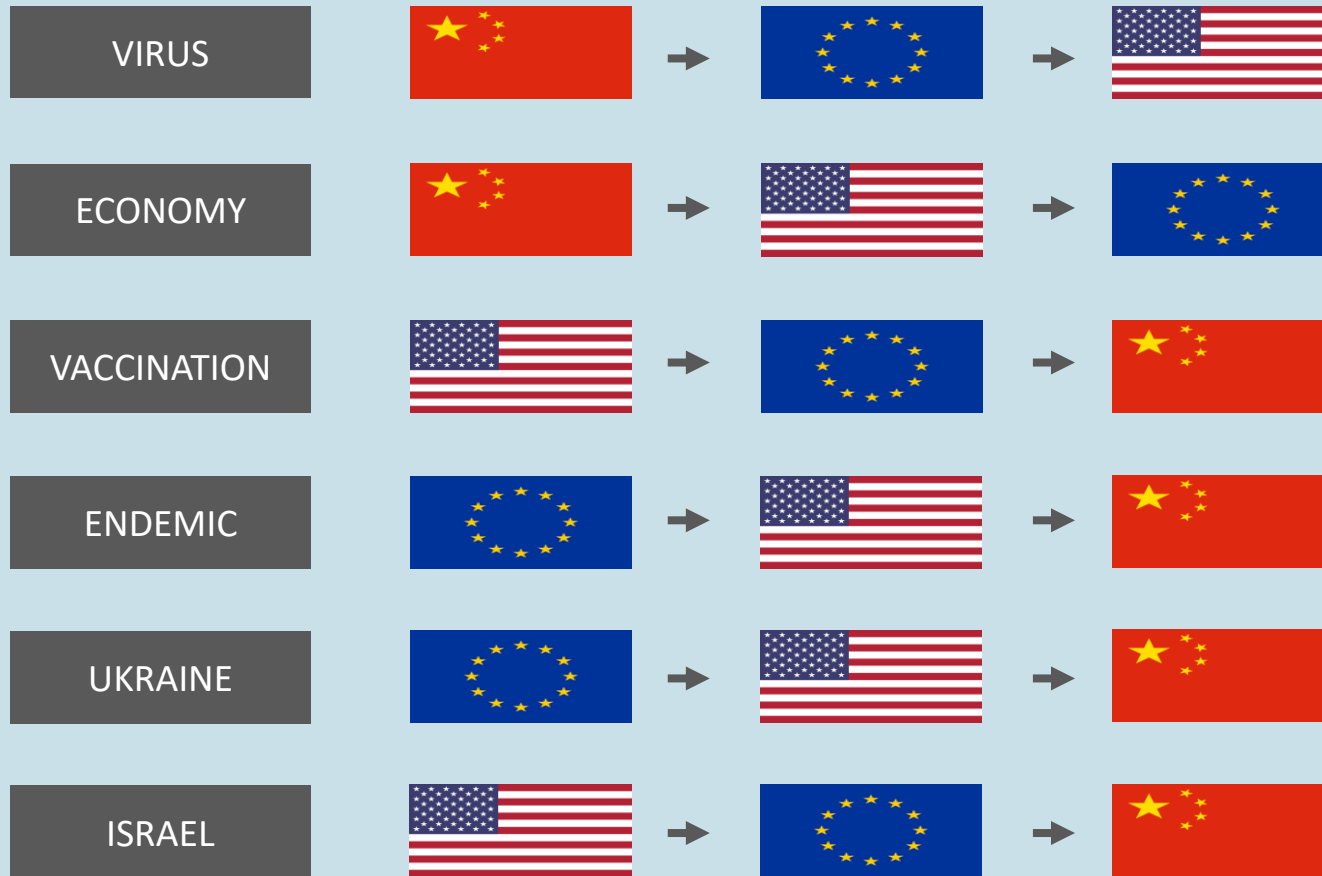


# 2024: GLOBAL ECONOMY IN CHALLENGING TIMES AND THE PORTUGUESE CASE

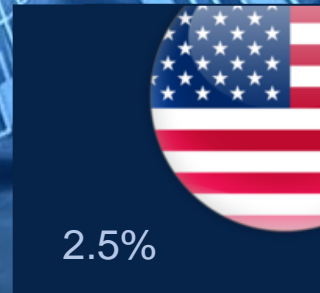
**PAULO PORTAS**  
**LISBON, 8<sup>TH</sup> OF FEBRUARY 2024**

# SIX DIFFERENT TIMELINES



# 2023: US ABOVE EXPECTATIONS, CHINA TROUBLING CASE, EUROPE GOT AWAY FROM RECESSION (MODESTLY)

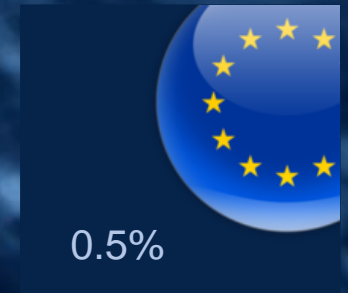
From the three possible relevant cases of recession in Europe – Germany, UK and Italy – the German one is the only confirmed



January 25



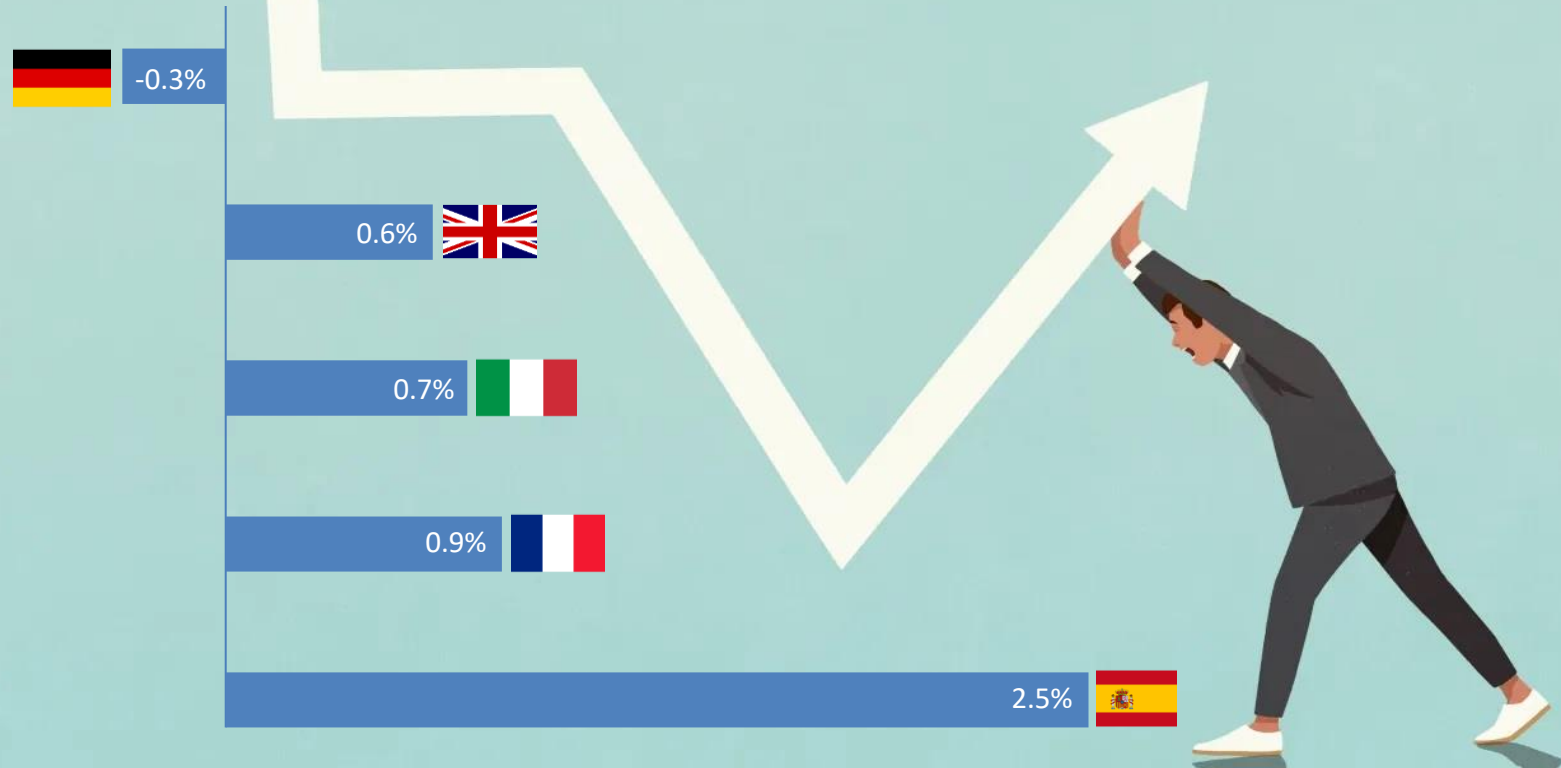
January 17



January 30

# RISK OF RECESSION IN EUROPE: FROM INITIAL PESSIMISM TO FINAL REALISM

As expected, GDP growth in major economies of Europe was under 1%.



# 4 FACTORS HELPED PORTUGAL (AND OUR DEBT) IN 2023: ARE THEY SUSTAINABLE FOR 2024?

GDP growth in Portugal was 2.3% in 2023, well above eurozone average Some specific factors stand for 2024, others are less evident

TOURISM



ASSETS



ENERGY

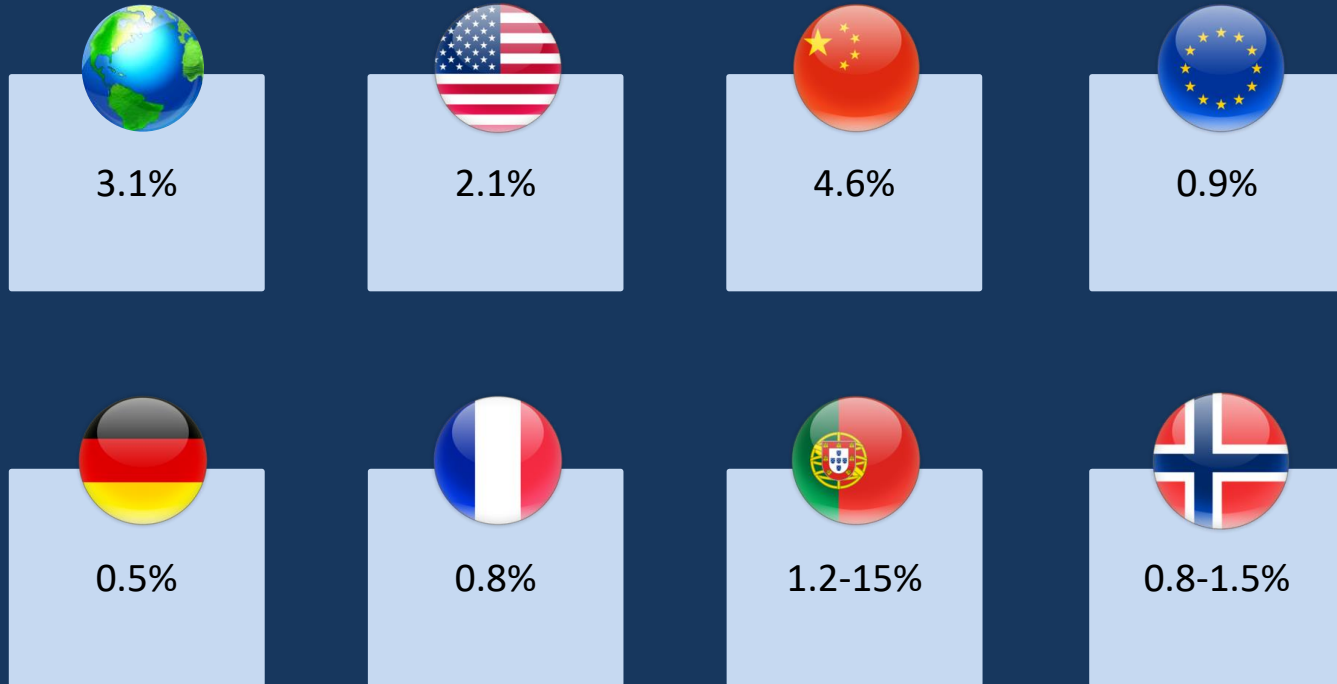


BAZOOKA



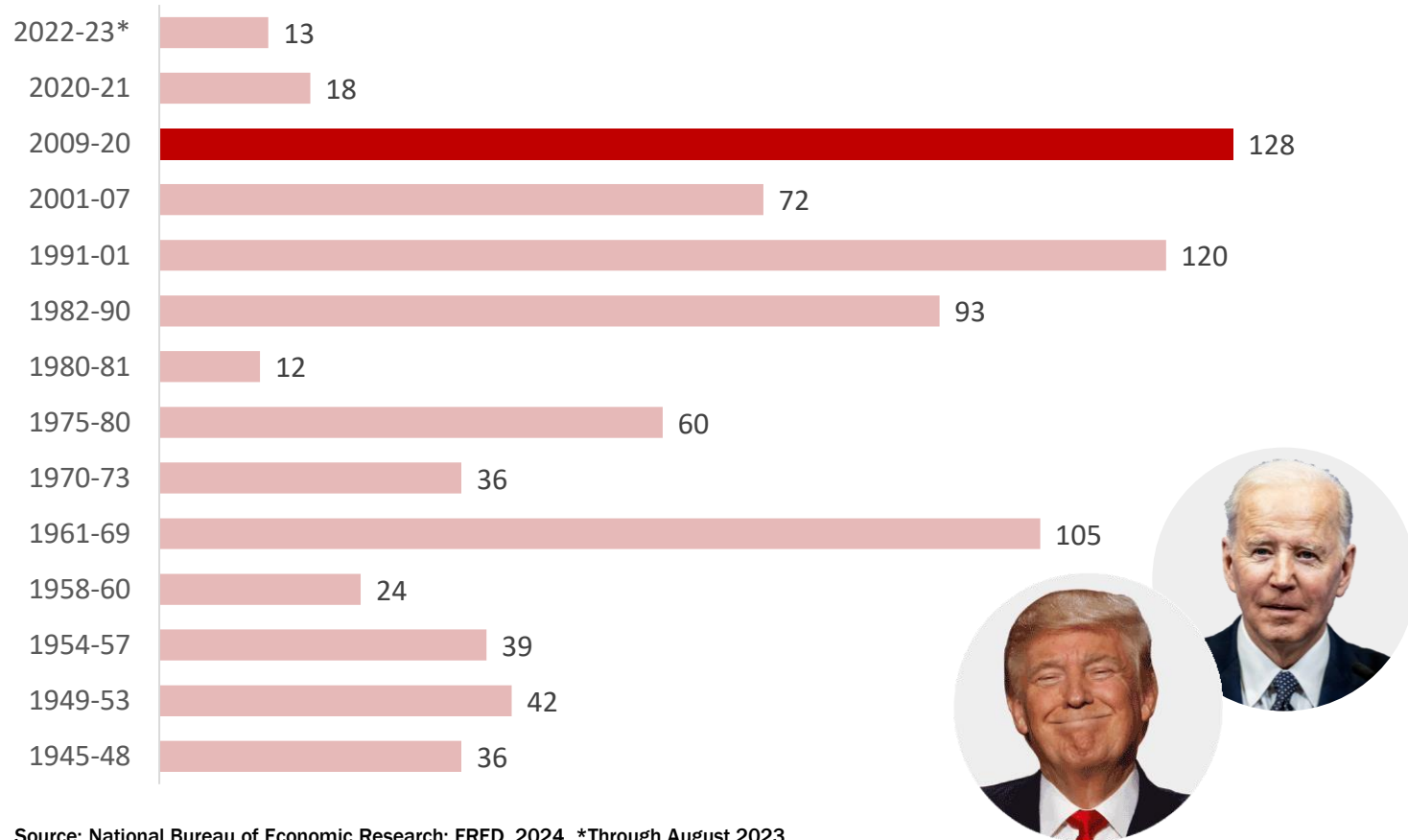
# FORECAST 2024: IMF MORE OPTIMISTIC THAN OTHER MULTILATERAL INSTITUTION

Geopolitical and geoeconomic tensions are threatening economic global performance in 2024. Reality may be better than current outlooks



# LONGEST ECONOMIC EXPANSION ON RECORD ENDED BY COVID-19

Length of economic expansions, in months



Source: National Bureau of Economic Research; FRED, 2024. \*Through August 2023.

# CHINA FROM 2 DIGITS TO UNDER 5 GROWTH MODEL?



COVID zero policy was a turning point and recovery was not that high.

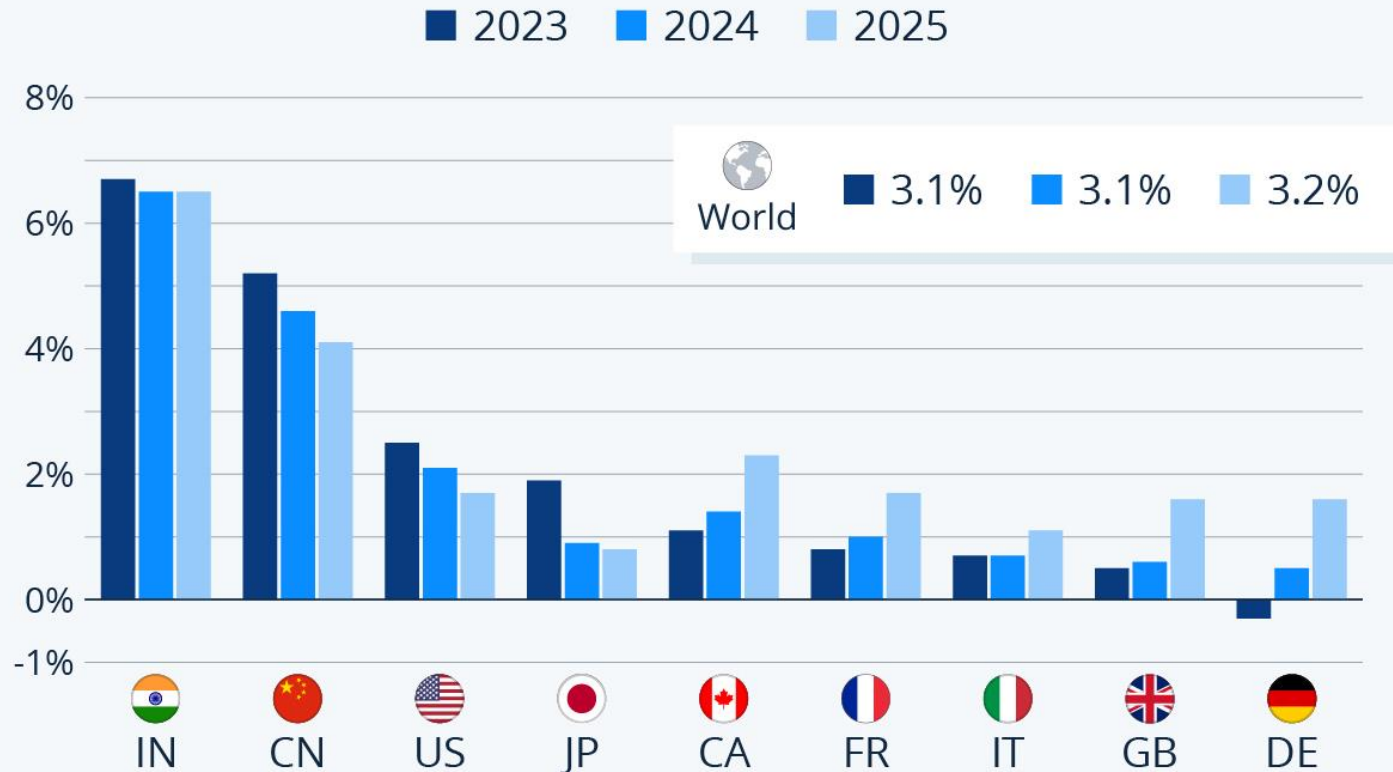


Source: IMF, 2024.



# INDIA SET TO CEMENT ROLE AS NEW GDP GROWTH CHAMPION

Estimated real GDP growth of the world's largest economies in selected years (in %)



# WHAT'S HAPPENING WITH EUROPEAN ECONOMIES?

The manufacturing PMI – Purchase Managers Index – of big economies in Europe deteriorated for months. Data from December and January shows the beginning of better news. PMI evaluates new orders, employment, delivery times, stocks...



47

54.3



48.5

51.2



45.5

47.7



43.1

45.4



MANUFACTURING



SERVICES

# TWO YEARS AFTER PUTIN'S INVASION OF UKRAINE (AND 6,3M REFUGEES)



PEACE

DEFENSE

NATO

TRANSATLANTIC

ENERGY

NORDICS

GERMANY

EAST

# PUTIN: 22 YEARS IN POWER AND 7 MILITARY INTERVENTIONS IN FORMER USSR REPUBLICS

Putin's plan A, B and C for Ukraine failed and Zelensky got back 50% of the invaded zones. But the counter offensive wasn't effective, and Kiev is dependent on USA supply...

KAZAKHSTAN	2022
TAJIKISTAN	2021
BELARUS	2021
AZERBAIJAN	2020
DONBASS	2014
CRIMEA	2014
GEORGIA	2008



# NEW GAZA WAR: INITIAL ESTIMATIONS

The economic global impact depends on the level of escalation of the conflict

LOCAL	
OIL	+4USD
GDP	- 0.1%
INF	+0.1%

BY PROXY	
OIL	+8USD
GDP	- 0.3%
INF	+0.2%

REGIONAL	
OIL	+64USD
GDP	- 1.0%
INF	+1.2%

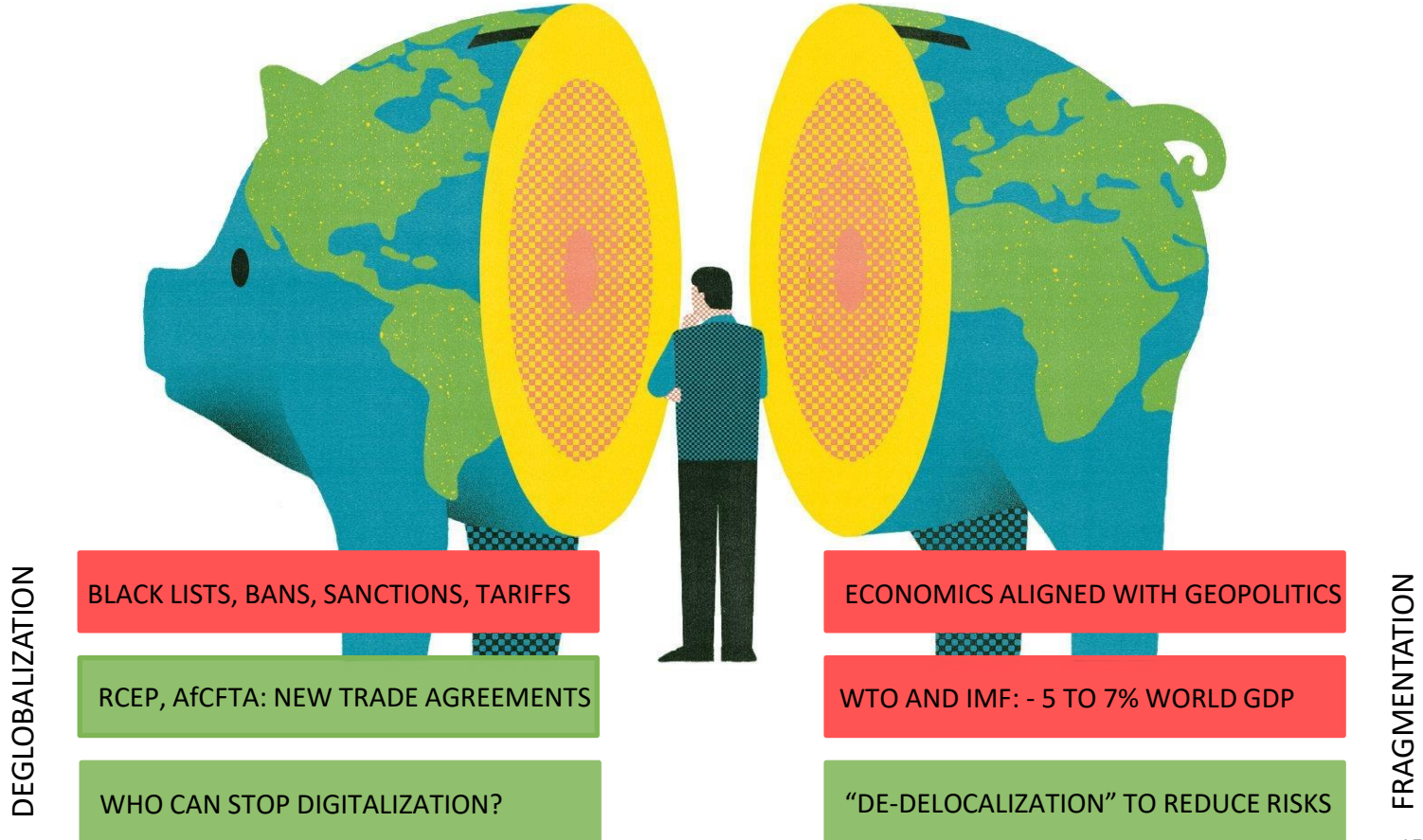


# IRAN BY PROXY: TRYING TO THREATEN THE RED SEA MARITIME ROAD (TARGETING GLOBAL TRADE)



# DEGLOBALIZATION OR FRAGMENTATION ARE REAL RISKS TO THE GLOBAL ORDER?

Trend to fragmentation is more consistent. US bets on “regulated competition” and “friend-shoring” supply chains. But trade is very strong in world GDP: from 31% in 1975 to 61% in 2008 and 74% in 2022...



# DE-DOLLARIZATION: ALTERNATIVES TO THE USD?

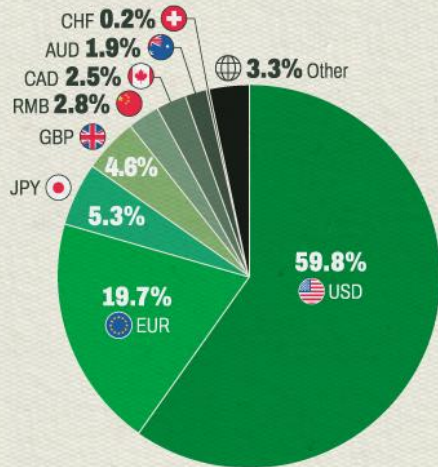
Janet Yellen said US will act decisively to safeguard national security and human rights, but also that the US does not seek to “decouple” its economy from China, not to destabilize the world

## 2023

- Brazil and Argentina discuss the **creation of a common currency**.
- The UAE and India explore the use of rupees to **trade non-oil commodities**.
- Russia and Iran are working together to launch a **cryptocurrency backed by gold**.

Despite these movements, few expect to see the end of the dollar's global sovereign status anytime soon. Currently, central banks still hold about **60%** of their foreign exchange reserves in dollars.

### WORLD FOREIGN EXCHANGE RESERVES

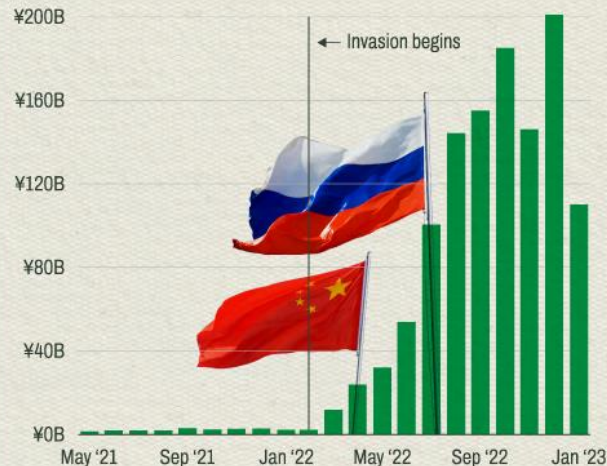


## 2022

Central banks buy gold at the **fastest pace since 1967** as countries diversify their reserves away from the dollar.

The war in Ukraine results in Western sanctions against Russia. As a result, Russia and China deepen cooperation between their financial systems, with ruble-yuan trade **increasing 80x in eight months**.

### VOLUME OF CHINESE-RUSSIAN TRADE IN YUAN

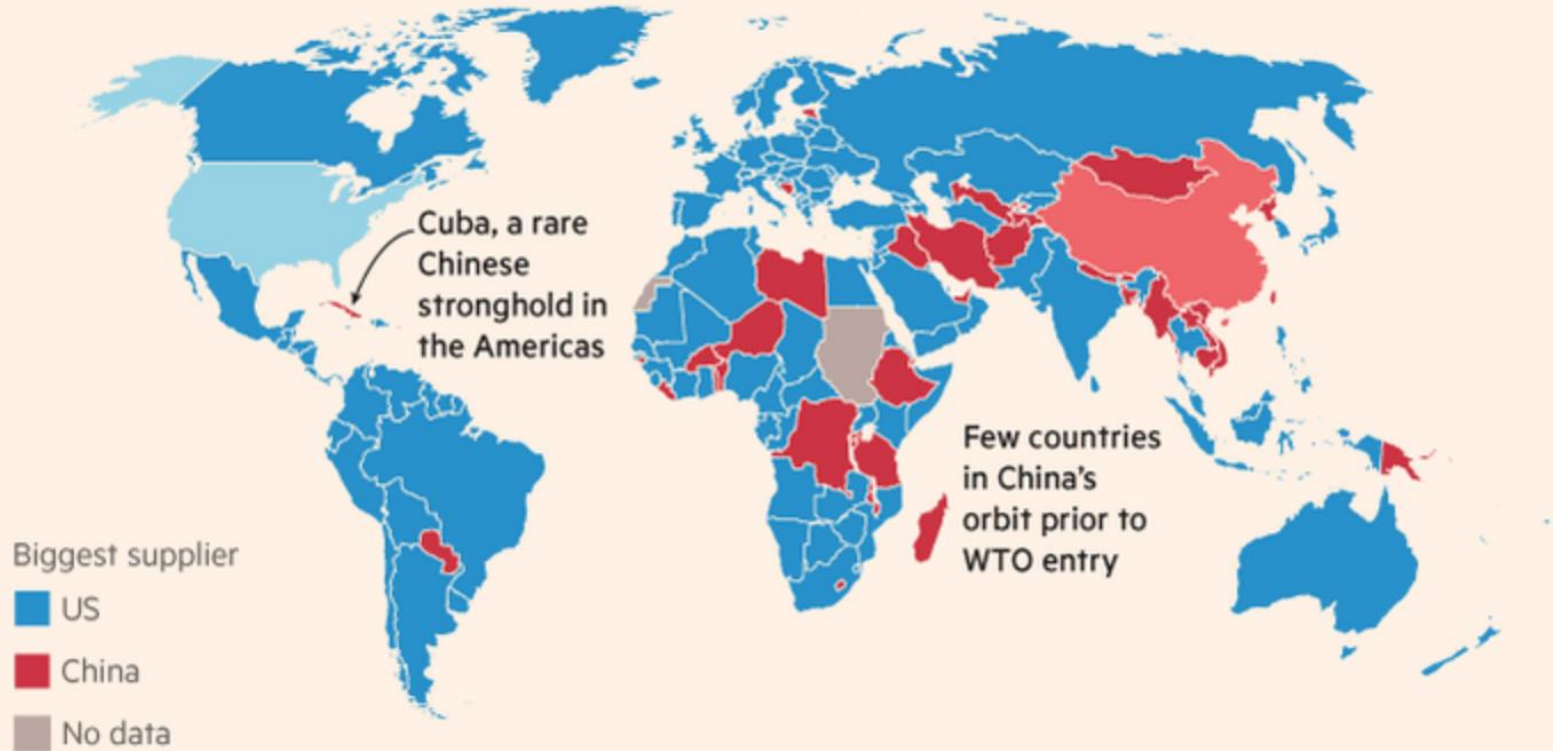




# CHINA USURPS THE US AS DOMINANT EXPORTER (I)

US or China as larger supplier of goods, 2000

# 2000



Source: FT, 2020.

# CHINA USURPS THE US AS DOMINANT EXPORTER (II)

US or China as larger supplier of goods, 2019

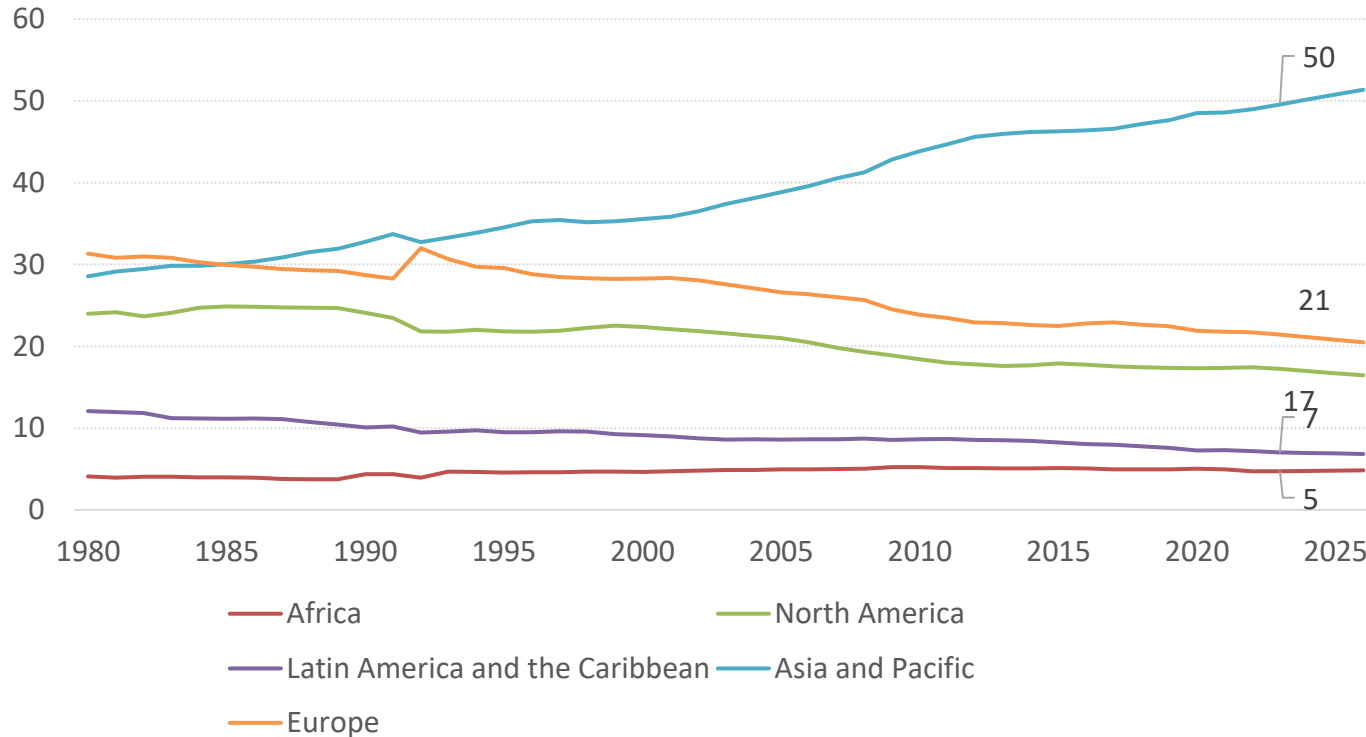
# 2019



Source: FT, 2020.

# THE NEW SHARE OF WORLD GDP

Share of global real GDP PPP, % (1980-2026)



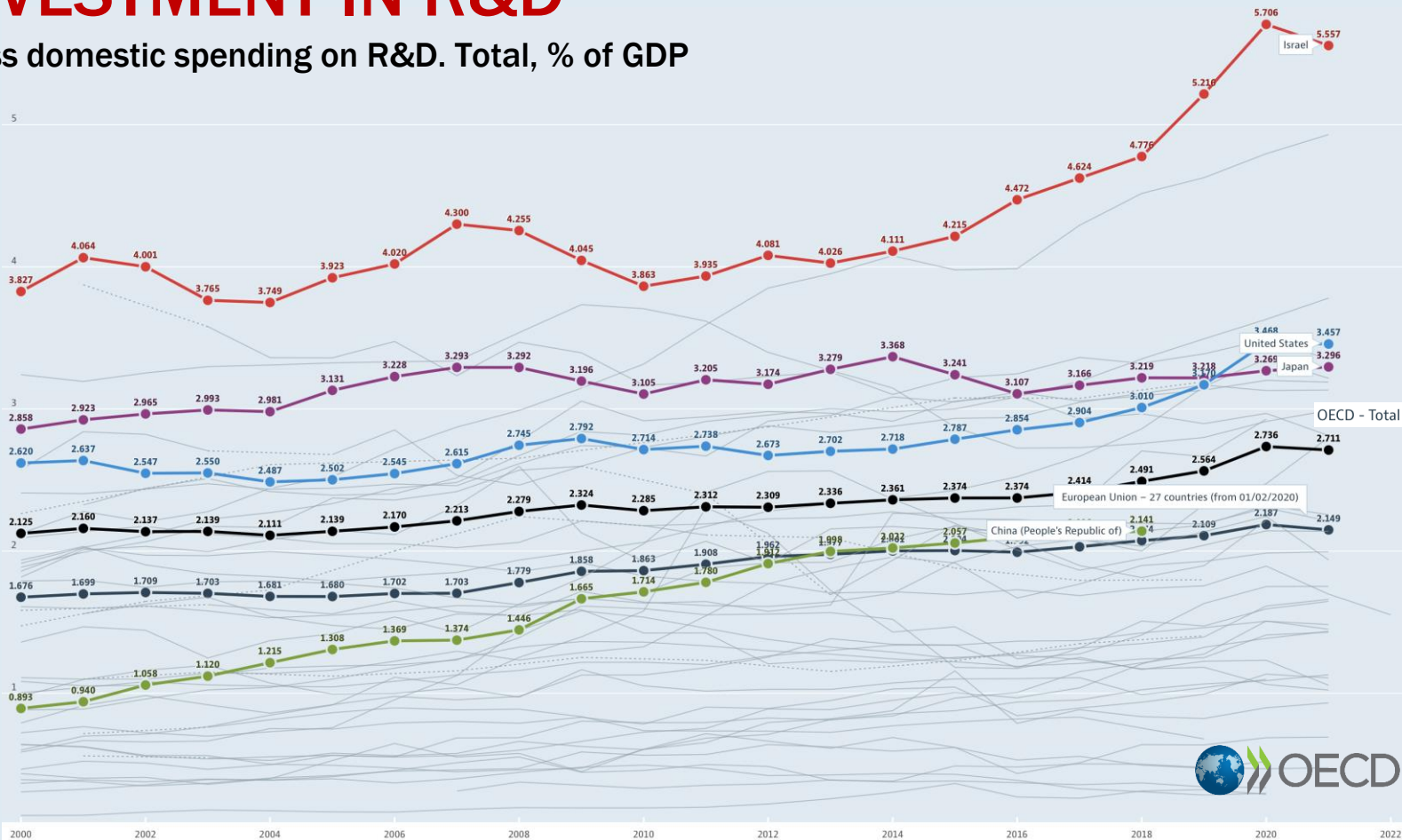
The chart above shows the percentage share of world's real GDP split by continents and illustrates that the share of world's real GDP in the Asian region grew considerably faster than all other continents, from 16.8% in 1960 to 50% in 2023. Highlighted number for 2023. Projections until 2026 show trends being reinforced.

Source: IMF, 2024.



# “IL SORPASSO”: CHINA’S OVERCOMED EU ON INVESTMENT IN R&D

Gross domestic spending on R&D. Total, % of GDP



Source: OECD, 2024.



# US, CHINA AND EUROPE: DIFFERENT VISIONS OF AI, ITS PURPOSE AND LIMITATIONS



INFORM THE GOVERNMENT

5 FRONTRUNNER PLAYERS



“CORE SOCIALIST VALUES”

ERNIE BOT AND SOME MORE

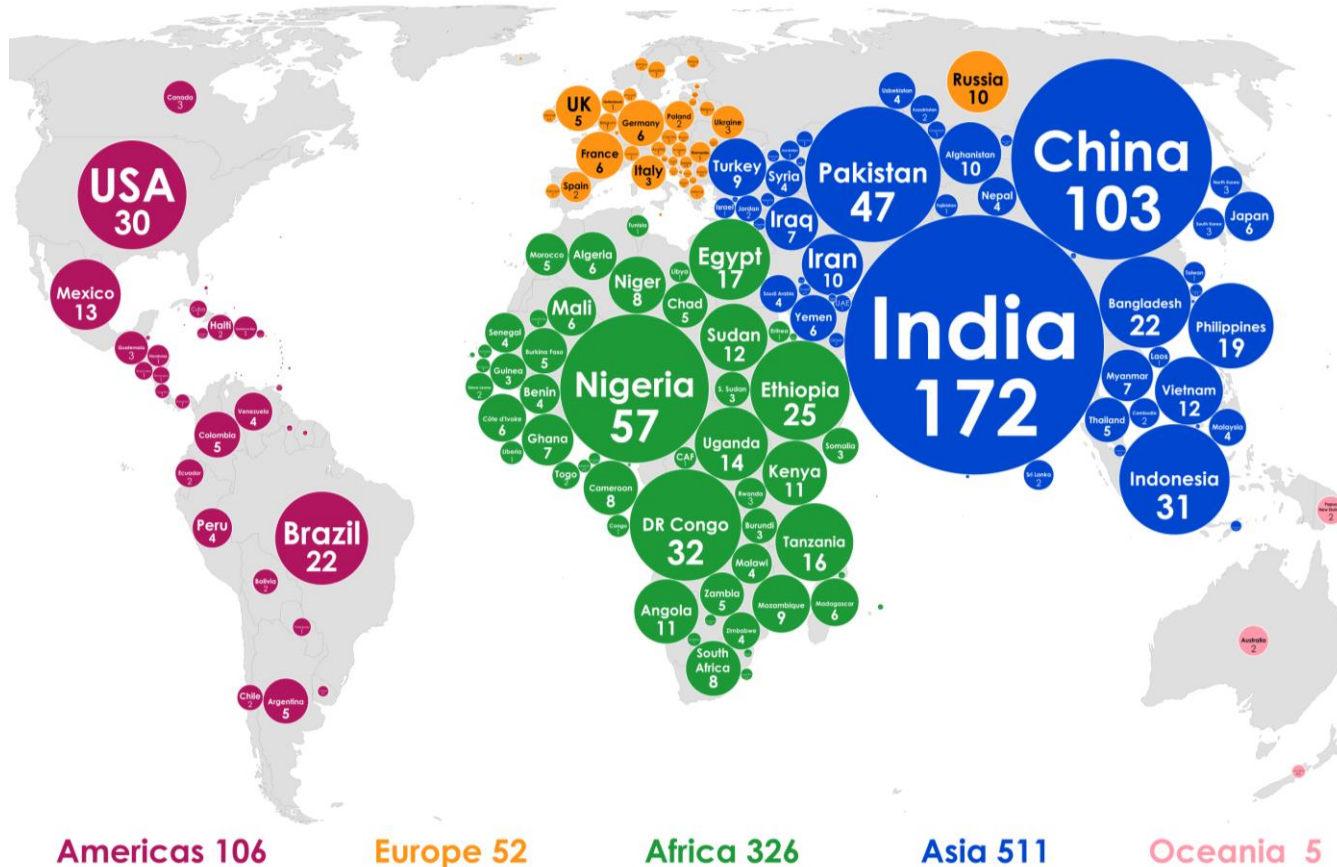


DISCLOSING, DESIGN, PUBLISHING

NO RELEVANT COMPETITORS

# WHERE WILL THE NEXT 1000 BABIES BE BORN?

Asia and Africa together account for more than 82% births



Source: Visual Capitalist, 2023. Estimate for 2022.

# 2024: GLOBAL ECONOMY IN CHALLENGING TIMES AND THE PORTUGUESE CASE



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