



Goldman Sachs Research predicts that the global economy will outperform expectations in 2024

By: **Nicholas Lebuis** Published on: November 13, 2023

According to a recent article from Goldman Sachs Research (The global economy will perform better than many expect in 2024), Goldman Sachs predicts that the global economy will outperform expectations in 2024, building on the positive trends observed in 2023. The optimistic outlook is based on several factors: strong income growth amid cooling inflation and a robust job market, the belief that rate

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hikes have already had their most significant impact on GDP growth, expectations of a manufacturing recovery, and the potential for central banks to reduce interest rates as an insurance policy against a recession.

The forecast suggests a global GDP expansion of 2.6% in 2024 on an annual average basis, surpassing the 2.1% consensus forecast of economists surveyed by Bloomberg. Goldman Sachs Research's predictions for GDP growth in 2024 are more optimistic than the consensus for eight of the world's nine largest economies.

The article notes that the global economy performed better than expected in 2023, with solid GDP growth translating into strong labor market performance.

Unemployment rates across economies covered by analysts are about 0.5 percentage points below pre-pandemic levels. Additionally, inflation, which surged in 2021-2022, is now cooling across G10 and emerging market economies.

Goldman Sachs Research expects the decline in inflation to continue in 2024, with core inflation predicted to fall from 3% to an average range of 2-2.5% across the G10. The economists anticipate improvements in the supply-demand balance in both goods and labor markets, supporting target-consistent inflation levels by the end of 2024.

The article highlights four reasons for optimism about global growth in 2024. These include a positive outlook for real disposable income growth, the expectation that the worst impact of rate hikes and fiscal policies has already occurred, forecasts of a recovery in industrial activity, and the belief that central banks will strive to avoid a recession.

Goldman Sachs Research predicts that central banks in developed markets are unlikely to cut interest rates before the second half of 2024, barring weaker-than-anticipated economic growth. However, emerging markets may see policy cuts sooner.

The article also provides insights into the economic situations of Japan and China. Japan is poised to move away from its policy of yield curve control in 2024, while

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China faces challenges such as a property downturn and the need to reinvent its growth model amid demographic deterioration.

It's important to note that the information provided is for educational purposes only, and the article does not constitute a recommendation from Goldman Sachs. The accuracy or completeness of the information is not guaranteed, and readers should exercise caution and seek professional advice before making financial decisions.

Source: Goldman Sachs

Article: The global economy will perform better than many expect in 2024
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