# Press Release

Zurich and Rio de Janeiro, 8 March 2024, 2 pm (local time) – 1 pm (UTC)

Leading Global Barometer signals slower recovery in coming months

In March 2024, the Leading Global Barometer records a setback, and the Coincident Barometer rises slightly after a fall in the previous month. The results reflect a sluggish development of global economic activity in the first quarter of 2024 and suggest that this will only improve slowly in the coming months.

Global Economic Barometers: Coincident vs Leading
(Mean Jan/10 to Dec/19 =100, seasonally adjusted)
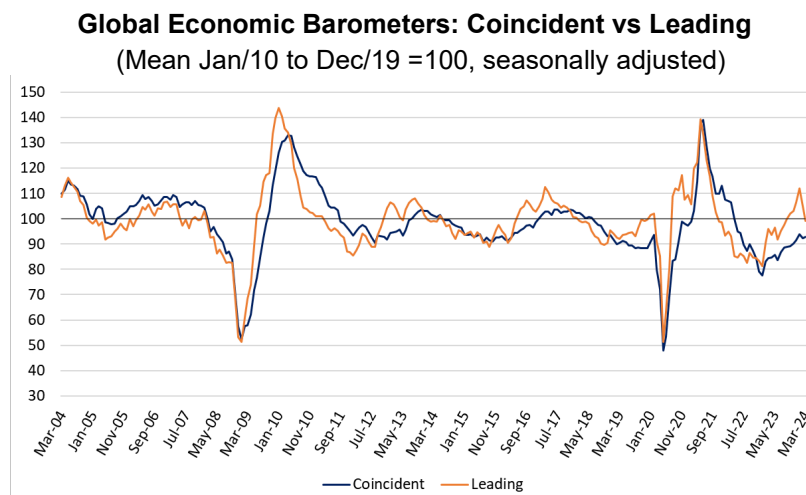
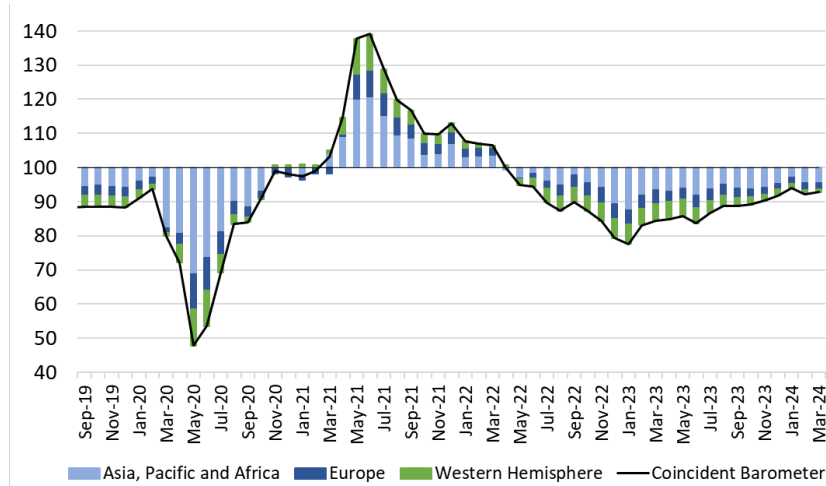Source: KOF, ETH Zurich and FGV IBRE

The <u>Coincident</u> Global Economic Barometer increases 0.6 points, whereas the <u>Leading</u> Barometer decreases 5.8 points in March, reaching 92.8 points and 99.1 points, respectively. The modest rise in the Coincident Barometer was determined by the *Western Hemisphere* and *Europe*, while the significant drop in the Leading barometer is driven almost entirely by the *Asia, Pacific & Africa* region. Both indicators record levels below 100 points and thus below the medium-term average. However, the leading indicator continues to be higher than the coincident indicator.

"Although recent data still points to an improving global economy, albeit from below average levels, the Leading Global Indicator in particular suggests that the recovery is slowing its pace. While this is true for most regions and sectors, the decline in the Leading Indicator is mainly due to data from Asia. The high level of uncertainty surrounding the Chinese economy is likely to be a key factor", evaluates Jan-Egbert Sturm, Director of KOF Swiss Economic Institute.

Coincident Barometer – regions and sectors

The slight increase in the Coincident Barometer in March is driven by contributions of the *Western Hemisphere* and *Europe* of 0.4 and 0.6 points, respectively, while the indicator value for the *Asia, Pacific & Africa* region remains constant. Since January 2024, the regional indicators for Europe and the *Asia, Pacific & Africa* region have remained relatively stable, indicating a slowdown in the rate of improvement seen in 2023. In contrast, the Western Hemisphere maintains an upward tendency and records the highest level among the regions. The regional coincident indicators continue to fluctuate in the 90-point band, signalling a continued modest recovery in global economic activity. The graph below illustrates the contribution of each region to the deviation of the Coincident Barometer from the historical mean of 100 points.

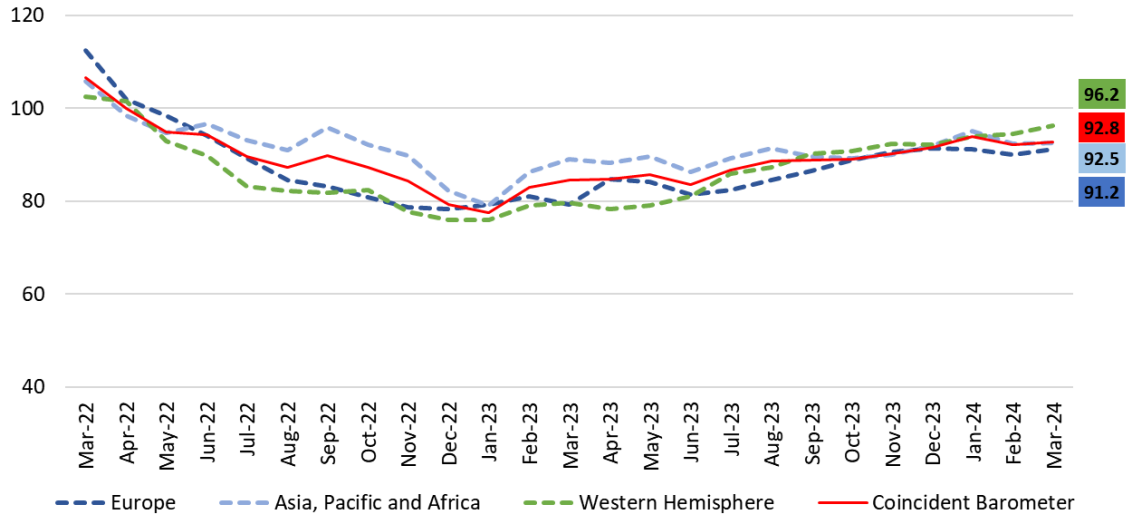**Regional Contributions to the Coincident Global Economic Barometer**

Source: KOF, ETH Zurich and FGV IBRE

Regional Contributions to Changes in the Coincident Barometer				
Period	Contributions per Regions			Monthly Variation
	Asia, Pacific and Africa	Europe	Western Hemisphere	Coincident Barometer
Worst pandemic moment: Cum. Contrib. Mar/20-May/20	-28.3	-8.3	-9.3	-45.9
Cum. Contrib. Jun/20-Mar/23	24.8	6.0	5.9	36.7
Apr-23	-0.5	1.1	-0.3	0.3
May-23	0.8	-0.1	0.2	0.9
Jun-23	-2.0	-0.5	0.4	-2.1
Jul-23	1.8	0.2	1.1	3.1
Aug-23	1.3	0.4	0.4	2.0
Sep-23	-1.0	0.4	0.7	0.1
Oct-23	-0.3	0.4	0.1	0.3
Nov-23	0.4	0.4	0.4	1.2
Dec-23	1.3	0.2	-0.1	1.3
Jan-24	1.8	-0.1	0.5	2.3
Feb-24	-1.6	-0.2	0.1	-1.7
Mar-24	**0.0**	**0.2**	**0.4**	**0.6**
Cum. Contrib. Last 12 months	2.0	2.4	3.9	8.3
Cum. Contrib. Mar/20-Mar/24	-1.5	0.1	0.5	-0.9

Source: KOF, ETH Zurich and FGV IBRE

Coincident Global Barometers – Regions

96.2	
92.8	
92.5	
91.2	

Legend: Europe · Asia, Pacific and Africa · Western Hemisphere · Coincident Barometer
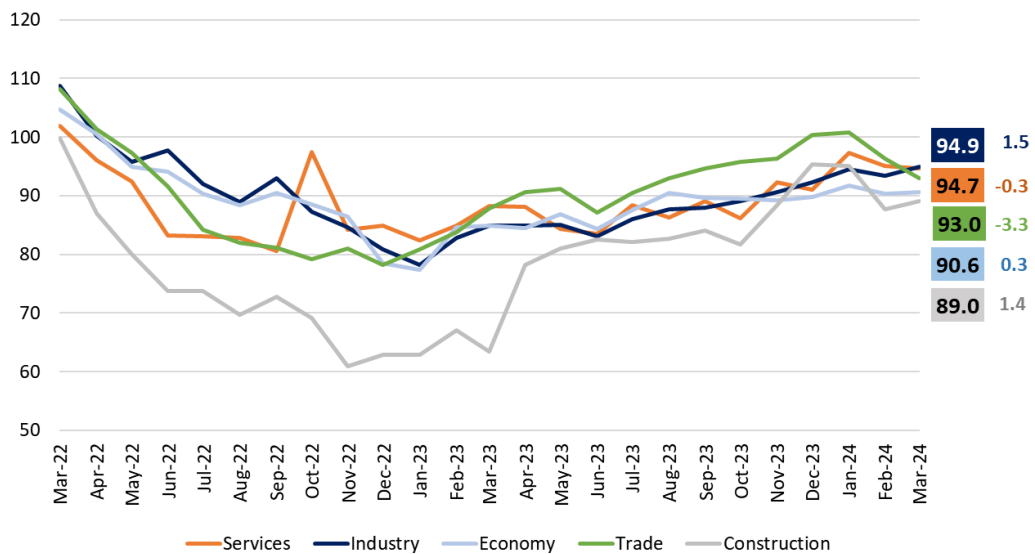
Source: KOF, ETH Zurich and FGV IBRE

The development of the <u>Coincident sector indicators</u> in March is varied, with increases in *Industry, Construction* and *Economy (aggregated business and consumer evaluations)* and decreases in *Trade* and *Services*. With these results, *Industry* returns to having the highest level among the sectors.

Coincident Global Barometers – Sectors

94.9	1.5
94.7	-0.3
93.0	-3.3
90.6	0.3
89.0	1.4

Legend: Services · Industry · Economy · Trade · Construction
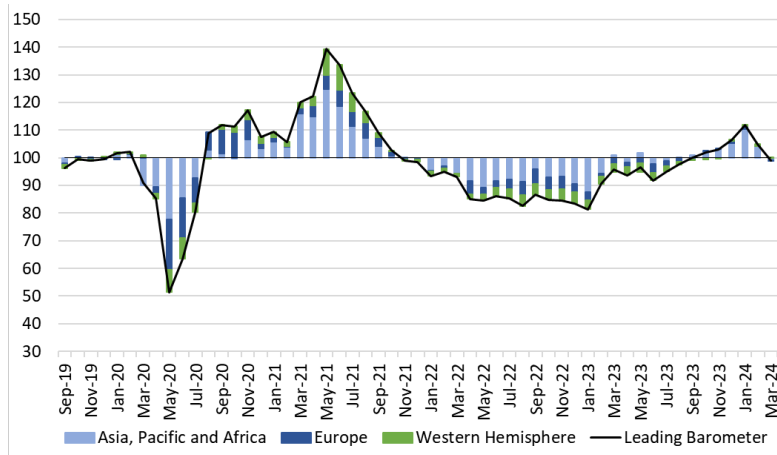
Source: KOF, ETH Zurich and FGV IBRE

Leading Barometer – regions and sectors

The Leading Global Barometer leads the world economic growth rate cycle by three to six months on average. In March, the largest negative contribution comes from the *Asia, Pacific & Africa* region*,* with -5.0 points. The *Western Hemisphere* and *Europe* contribute with -0.5 and -0.3 points, respectively, to the development of the final indicator. The indicator for the *Asia, Pacific & Africa* region reflects a tempering of the optimism of previous months, and the region's indicator has now returned to a level below 100 points, which had not happened since July of 2023. Expectations for the global economic cycle, coming from *Europe* and the *Western hemisphere*, have also been dampened.

**Regional Contributions to the Leading Global Economic Barometer**

Source: KOF, ETH Zurich and FGV IBRE

Regional Contributions to Changes in the Leading Barometer				
	Contributions per Regions			Monthly Variation
Period	Asia, Pacific and Africa	Europe	Western Hemisphere	Leading Barometer
Worst pandemic moment: Cum. Contrib. Mar/20-May/20	-23.5	-18.5	-8.7	-50.7
Cum. Contrib. Jun/20-Mar/23	23.4	16.0	5.2	44.5
Apr-23	-2.7	0.6	-0.2	-2.2
May-23	3.4	-0.2	-0.3	2.9
Jun-23	-3.9	-1.3	0.4	-4.8
Jul-23	1.0	1.3	1.0	3.3
Aug-23	1.4	0.5	0.7	2.6
Sep-23	0.6	0.7	1.0	2.3
Oct-23	1.4	0.9	-0.3	2.0
Nov-23	0.8	0.0	0.3	1.0
Dec-23	2.2	0.6	0.7	3.6
Jan-24	5.1	0.1	0.2	5.3
Feb-24	-6.2	-0.8	-0.1	-7.0
Mar-24	**-5.0**	**-0.3**	**-0.5**	**-5.8**
Cum. Contrib. Last 12 months	-1.9	2.1	2.9	3.2
Cum. Contrib. Mar/20-Mar/24	-2.0	-0.4	-0.6	-3.0

Source: KOF, ETH Zurich and FGV IBRE

Leading Global Barometers – Regions
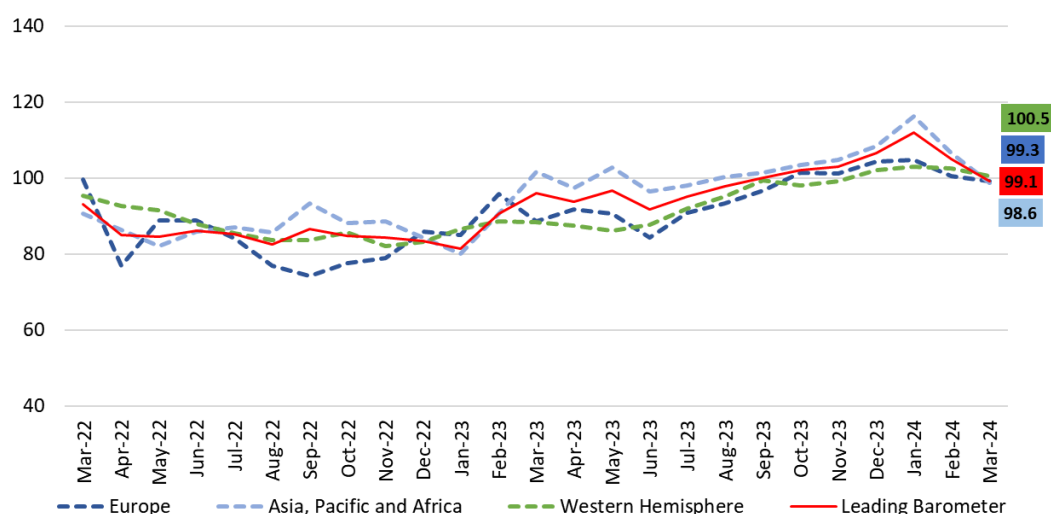
Source: KOF, ETH Zurich and FGV IBRE

In March, all the Leading sector indicators decrease for the second consecutive month, with *Economy (aggregated business and consumer evaluations)* remaining as the only sector to register a level below 100 points.

Sectoral Leading Indicators					
Period	*Construction*	*Economy*	*Industry*	*Trade*	*Services*
Feb-20	98.2	103.7	100.7	104.4	106.7
Mar-20	104.5	79.2	94.1	106.1	95.6
Apr-20	91.4	82.0	92.5	73.3	59.4
May-20	60.1	61.8	48.8	54.9	45.8
Worst pandemic moment: Cum. Variation. Mar/20-May/20	-38.0	-42.0	-51.9	-49.5	-60.9
Cum. Variation Jun/20-Mar/23	20.7	41.4	46.2	39.7	46.1
Apr-23	85.8	97.6	94.1	89.2	91.1
May-23	80.6	107.5	94.4	90.1	90.2
Jun-23	90.8	97.7	90.1	88.6	88.5
Jul-23	98.7	97.3	91.5	101.7	106.1
Aug-23	95.8	100.1	96.0	96.5	105.1
Sep-23	102.2	102.0	97.8	101.7	104.2
Oct-23	90.2	105.1	100.6	105.6	108.3
Nov-23	98.8	105.5	99.6	110.2	112.9
Dec-23	108.0	106.3	104.1	111.4	115.3
Jan-24	117.1	112.1	108.2	120.7	115.9
Feb-24	113.1	97.9	105.4	115.3	109.0
Mar-24	**108.9**	**91.1**	**100.5**	**106.7**	**107.2**
Cum. Variation Last 12 months	-17.2	29.6	9.0	-5.9	-4.6
Cum. Variation Mar/20-Mar/24	10.7	-12.6	-0.1	2.3	0.4

Source: KOF, ETH Zurich and FGV IBRE

Period	Global Coincident Barometer		Global Leading Barometer	
	Vintages		Vintages	
	March 2024	February 2024	March 2024	February 2024
Mar-23	84.5	84.5	95.9	95.4
Apr-23	84.8	84.7	93.7	94.1
May-23	85.7	85.6	96.6	96.3
Jun-23	83.6	83.5	91.8	92.2
Jul-23	86.7	86.6	95.1	94.1
Aug-23	88.7	88.7	97.7	97.6
Sep-23	88.8	88.8	100.0	100.0
Oct-23	89.1	89.1	102.0	102.1
Nov-23	90.3	90.3	103.0	102.8
Dec-23	91.6	91.7	106.6	106.5
Jan-24	93.9	94.0	111.9	111.5
Feb-24	92.2	92.4	104.9	105.5
Mar-24	92.8		99.1	

*The Global Barometer series are revised monthly to reflect updates in the component series and revision of the seasonal adjustment.

Source: KOF, ETH Zurich and FGV IBRE
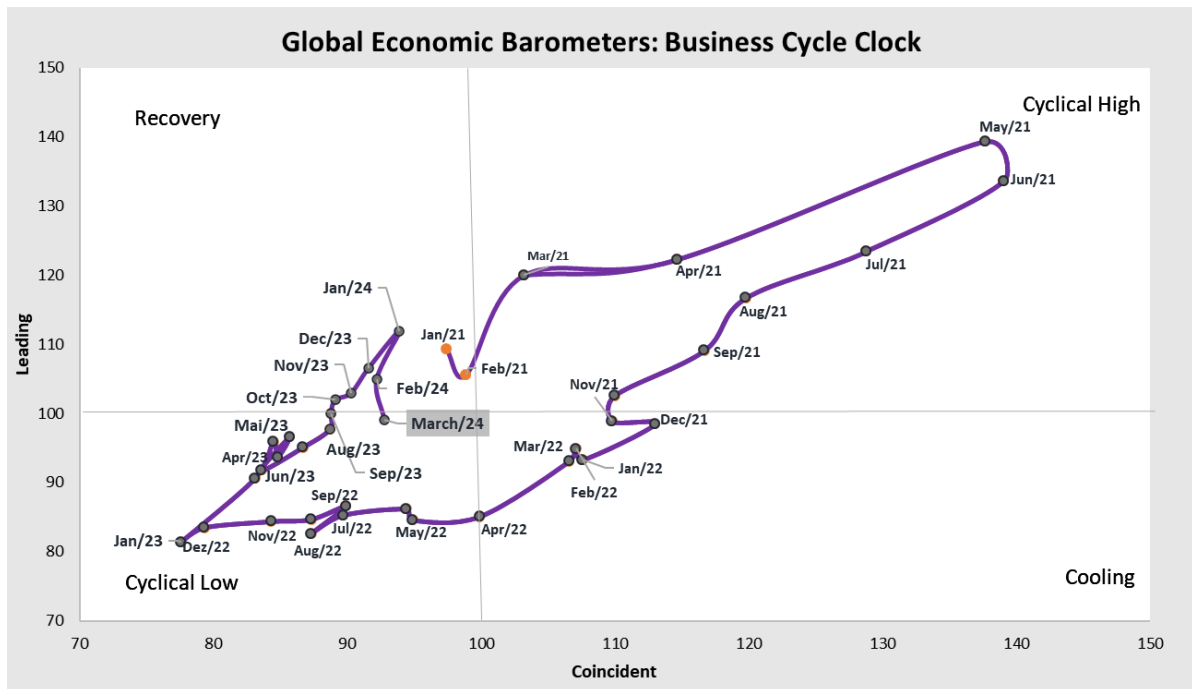
Source: KOF, ETH Zurich and FGV IBRE

The Global Economic Barometers

The Global Economic Barometers are a system of indicators enabling timely analysis of global economic development. They represent a collaboration between the KOF Swiss Economic Institute of the ETH Zurich in Switzerland and Fundação Getulio Vargas (FGV), based in Rio de Janeiro, Brazil. The system consists of two composite indicators, the Coincident Barometer and the Leading Barometer. The Coincident Barometer reflects the current state of economic activity, while the Leading Barometer provides a cyclical signal roughly six months ahead of current economic developments.

The two Barometers comprise the results of economic tendency surveys conducted in more than 50 countries with the aim of achieving the broadest possible global coverage. The advantages of economic tendency surveys are that their results are usually readily available and are not substantially revised after first publication.

The Coincident Barometer includes more than 1,000 different time series, while the Leading Barometer consists of over 600 time series. Cross-correlation analysis is used to decide which individual time series are included in the barometers. This involves correlating the individual time series with a reference series. The reference series used is the year-on-year growth rate of global gross domestic product (GDP), in which individual national GDPs are aggregated at purchasing power parity to form global GDP. A time series is only included in a Barometer if it shows a sufficiently high correlation and a suitable synchronization or lead with the reference series.

The series of the two Barometers are revised each month at publication and are standardized to have a mean of 100 and a standard deviation of 10 for the 10-year period previous to the most recent observations. The coefficients of the component series of the Global Barometers have remained stable since the April 2020 edition.

More information on the Global Economic Barometers is available on the KOF site:
https://kof.ethz.ch/prognosen-indikatoren/indikatoren/kof-globalbaro.html →

The Global Barometers methodology is described in Klaus Abberger, Michael Graff, Aloisio Campelo Jr, Anna Carolina Lemos Gouveia, Oliver Müller and Jan-Egbert Sturm (2020), The Global Economic Barometers: Composite indicators for the world economy. KOF Working Papers, vol. 471, Zurich: KOF Swiss Economic Institute, ETH Zurich, 2020.

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