

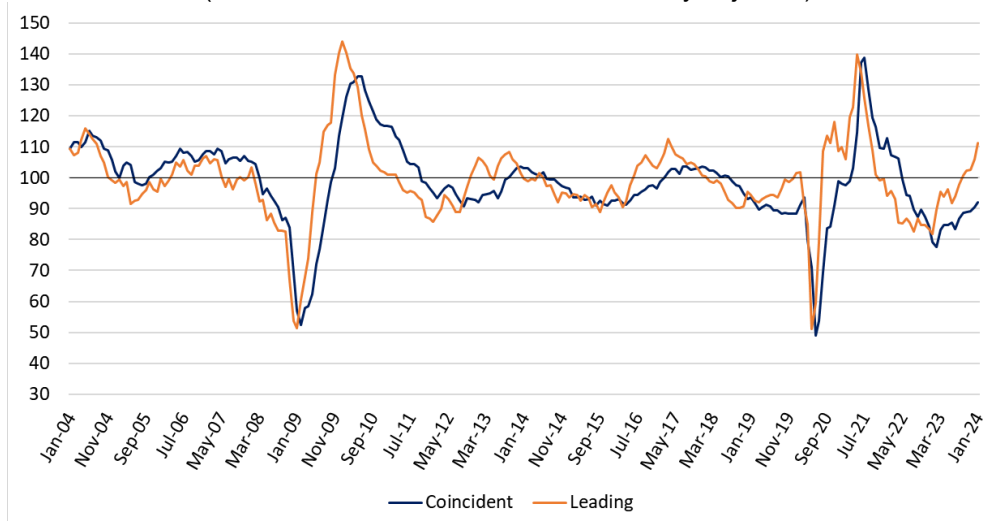
Press Release

Zurich and Rio de Janeiro, 10 January 2024, 2 pm (local time) – 1 pm (UTC)

Barometers on the rise

The **Global Barometers** continue to increase, signalling an acceleration in world economic growth at the turn of the year. However, despite the seventh consecutive rise, the **Coincident Barometer** remains below its average of 100 points. The **Leading Barometer** reaches its highest level since 2021.

Global Economic Barometers: Coincident vs Leading
(Mean Jan/10 to Dec/19 =100, seasonally adjusted)



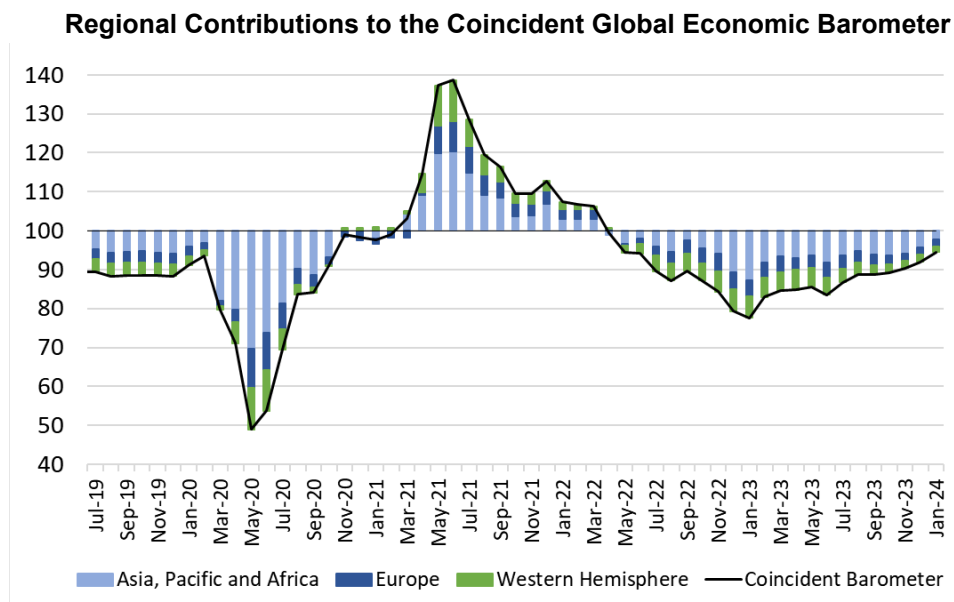
Source: KOF, ETH Zurich and FGV IBRE

The Coincident Global Economic Barometer increases by 2.5 points to 94.5 points in January, remaining below the 100-point mark. The Leading Barometer increases by 5.1 points to 111.1 points, its highest level since August 2021 (116.8 points). In both cases, the *Asia, Pacific & Africa* region is the main contributor to the increase, while the *Western Hemisphere* makes a modest positive contribution and the indicators for *Europe* move in the opposite direction. With the stronger increase in the Leading Barometer for the second consecutive month, the difference between the two indicators is now 16.6 points, the largest since November 2020 (19.0 pts.).

“While the coincident indicator is still below average, the leading indicator really takes off this month, mainly driven by the more optimistic outlook in the Asia-Pacific and Africa regions. In Europe, however, both the outlook and the current situation have deteriorated slightly. So, while the global recovery continues, some regions seem to be driving it more than others. Perhaps the greater focus on the war in Ukraine and Gaza in the European media can explain some of this difference” evaluates KOF Director Jan-Egbert Sturm the latest results.

Coincident Barometer – regions and sectors

The indicator for the *Asia, Pacific & Africa* region contributes 2.2 points to the 2.5-point increase in the Coincident Barometer in January, the *Western Hemisphere* contributes 0.4 points, while *Europe* is a negative contributor with -0.1 points. The regional coincident indicators point to a relatively resilient global economy, despite the efforts to contain inflation in some countries and some signs of slowdown in the Chinese economy. (the graph below shows the contribution of each region to the deviation of the Coincident Barometer from its historical average of 100 points).

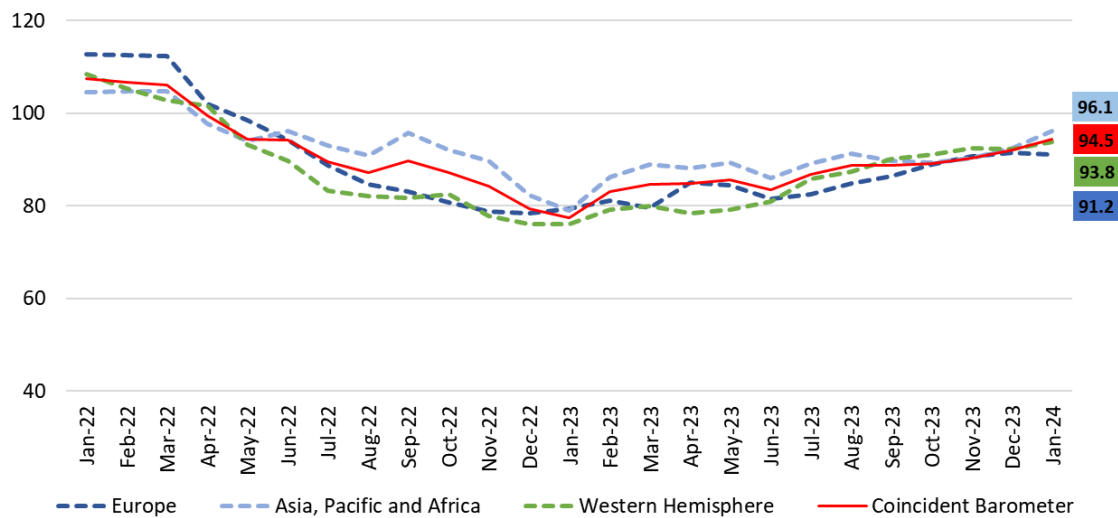


Source: KOF, ETH Zurich and FGV IBRE

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	-27.3	-8.1	-9.3	-44.7
Cum. Contrib. Jun/20-Jan/23	17.7	5.9	5.1	28.6
Feb-23	4.4	0.3	0.7	5.5
Mar-23	1.7	-0.3	0.2	1.6
Apr-23	-0.5	1.1	-0.4	0.2
May-23	0.7	-0.1	0.2	0.8
Jun-23	-1.9	-0.6	0.4	-2.1
Jul-23	1.9	0.2	1.2	3.2
Aug-23	1.2	0.4	0.3	2.0
Sep-23	-0.9	0.4	0.7	0.1
Oct-23	-0.3	0.4	0.2	0.4
Nov-23	0.6	0.4	0.3	1.2
Dec-23	1.4	0.2	-0.1	1.6
Jan-24	2.2	-0.1	0.4	2.5
Cum. Contrib. Last 12 months	10.5	2.3	4.1	17.0
Cum. Contrib. Mar/20-Jan/24	0.9	0.1	-0.1	0.9

Source: KOF, ETH Zurich and FGV IBRE

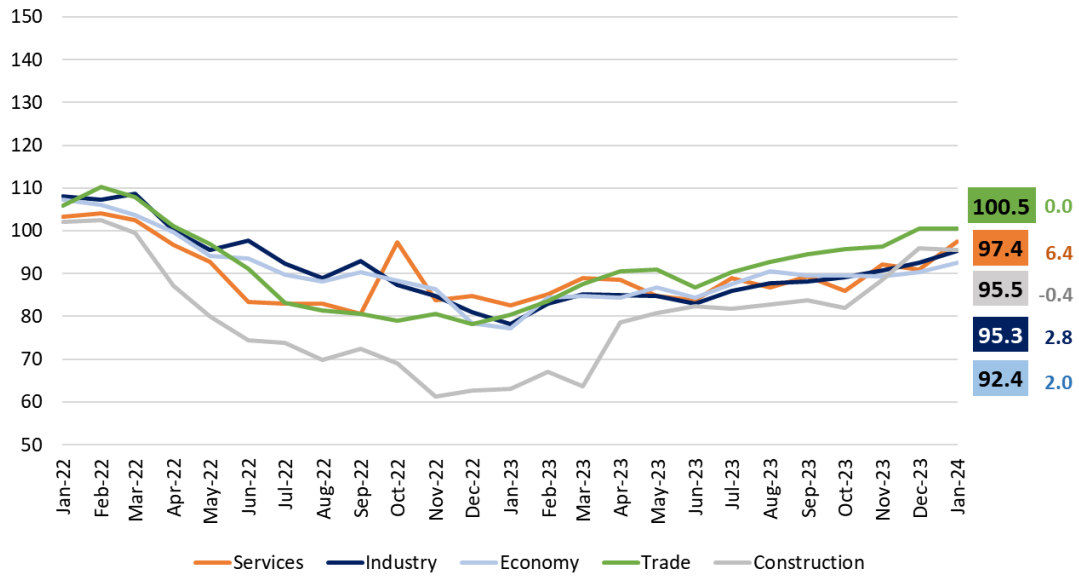
Coincident Global Barometers – Regions



Source: KOF, ETH Zurich and FGV IBRE

Among the Coincident sector indicators, the *Services* sector rises strongly, followed by *Industry* and *Economy (aggregated business and consumer assessments)*. *Construction* moves in the opposite direction, while *Trade (retail and wholesale)* remains unchanged this month, breaking a streak of six consecutive increases.

Coincident Global Barometers – Sectors

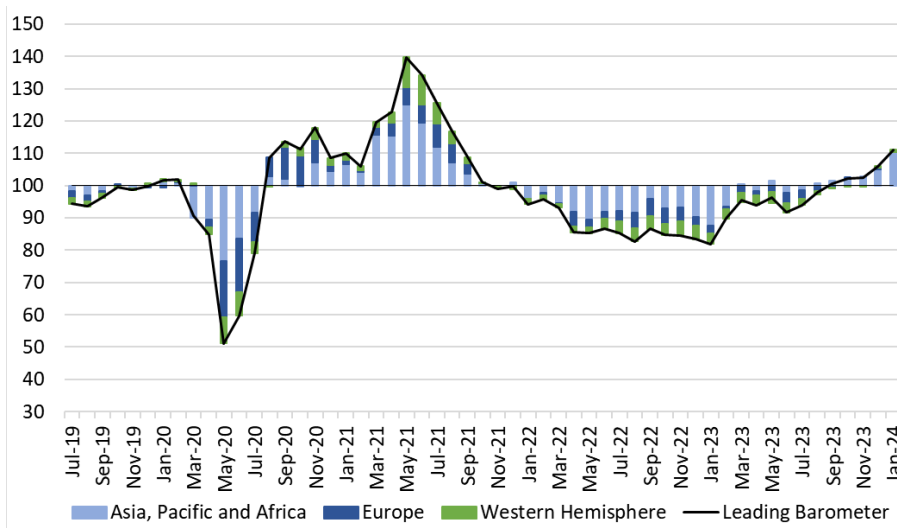


Source: KOF, ETH Zurich and FGV IBRE

Leading Barometer – regions and sectors

The Leading Global Barometer leads the world economic growth rate cycle by three to six months on average. In January, the regional contributions to the indicator follow a similar path to the Coincident Barometer. The *Asia, Pacific & Africa* region contributes 5.3 points to the indicator, the *Western Hemisphere* 0.3 points and *Europe* -0.5 points. Within this framework, the indicator for the *Asia, Pacific & Africa* region stands out from the other regions and signals an extremely positive outlook for the growth of activities in the coming period.

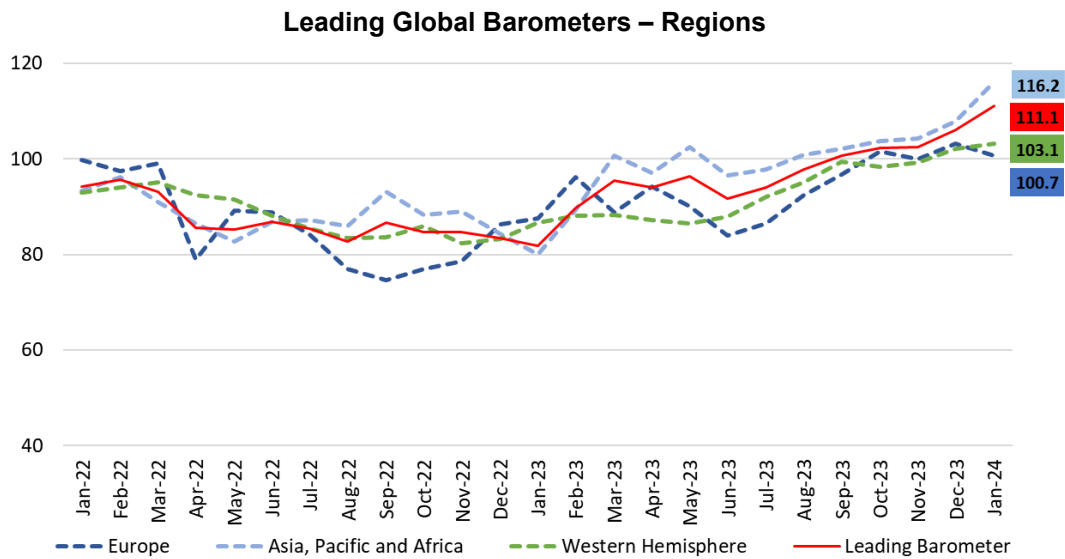
Regional Contributions to the Leading Global Economic Barometer



Source: KOF, ETH Zurich and FGV IBRE

Regional Contributions to Changes in the Leading Barometer				
Period	Contributions per Regions			Monthly Variation
	Asia, Pacific and Africa	Europe	Western Hemisphere	Leading Barometer
Worst pandemic moment: Cum. Contrib. Mar/20-May/20	-24.2	-17.9	-8.7	-50.7
Cum. Contrib. Jun/20-Jan/23	11.0	15.0	4.8	30.7
Feb-23	5.7	1.8	0.4	7.9
Mar-23	7.1	-1.5	0.0	5.6
Apr-23	-2.3	1.1	-0.3	-1.4
May-23	3.4	-0.8	-0.2	2.3
Jun-23	-3.7	-1.3	0.4	-4.6
Jul-23	0.8	0.5	1.0	2.3
Aug-23	1.9	1.2	0.7	3.8
Sep-23	0.8	0.9	1.0	2.8
Oct-23	1.0	1.0	-0.2	1.7
Nov-23	0.4	-0.3	0.2	0.2
Dec-23	2.2	0.6	0.7	3.5
Jan-24	5.3	-0.5	0.3	5.1
Cum. Contrib. Last 12 months	22.6	2.7	4.0	29.2
Cum. Contrib. Mar/20-Jan/24	9.4	-0.2	0.1	9.2

Source: KOF, ETH Zurich and FGV IBRE



Source: KOF, ETH Zurich and FGV IBRE

In January, all the Leading sector indicators rise, with *Construction* and *Trade* standing out. All indicators are at their highest levels since the second half of 2021, reflecting a broadly positive outlook for the months ahead.

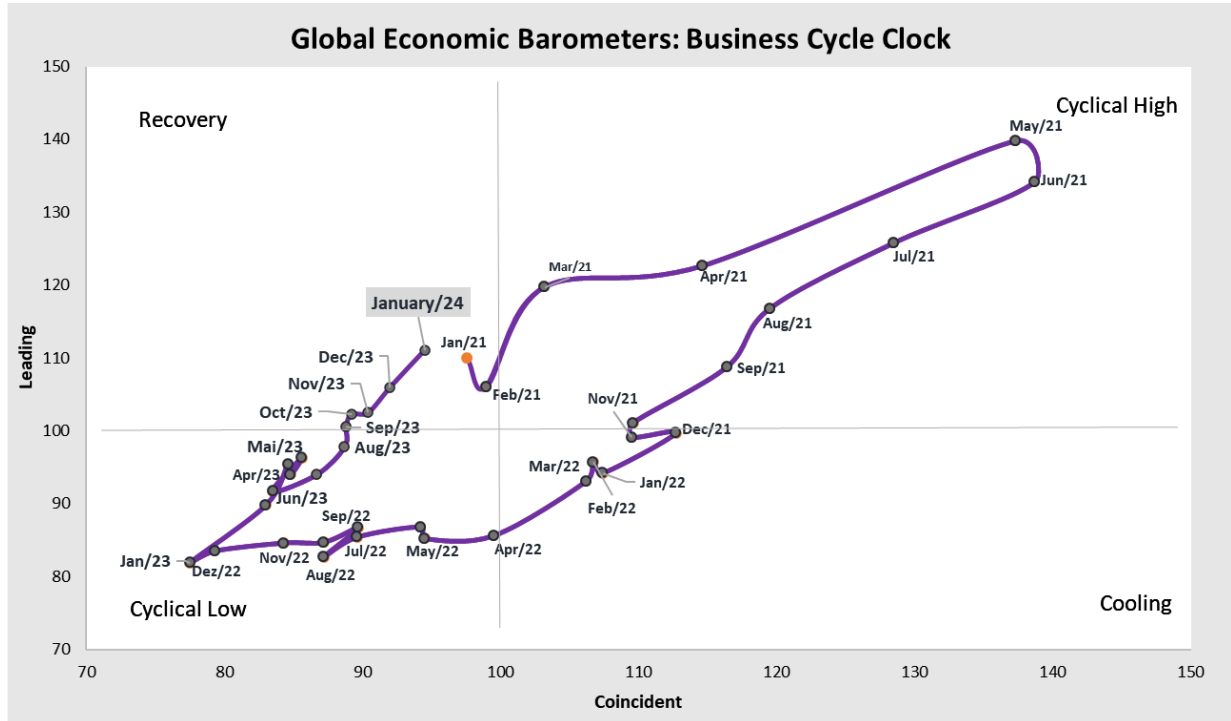
Sectoral Leading Indicators					
<i>Period</i>	<i>Construction</i>	<i>Economy</i>	<i>Industry</i>	<i>Trade</i>	<i>Services</i>
Feb-20	98.0	103.1	100.8	103.6	106.9
Mar-20	104.4	79.3	94.0	102.9	95.6
Apr-20	91.4	82.0	92.4	71.6	59.7
May-20	59.7	59.4	50.1	53.9	45.6
Worst pandemic moment: Cum. Variation. Mar/20-May/20	-38.3	-43.6	-50.7	-49.7	-61.3
Cum. Variation Jun/20-Jan/23	15.0	23.3	34.8	21.4	40.9
Feb-23	77.3	90.6	92.4	85.0	94.3
Mar-23	80.9	101.5	95.1	94.9	91.5
Apr-23	86.0	97.7	94.4	91.4	90.7
May-23	80.8	107.2	94.3	90.5	89.2
Jun-23	91.1	97.4	89.8	90.4	88.4
Jul-23	98.4	94.7	91.0	100.9	106.1
Aug-23	95.8	100.8	95.6	98.2	105.3
Sep-23	102.4	103.7	97.6	102.0	104.6
Oct-23	90.3	106.8	100.1	105.1	108.6
Nov-23	98.8	105.1	99.2	107.4	113.1
Dec-23	107.4	105.2	103.7	111.4	115.5
Jan-24	116.7	110.0	107.6	120.4	116.8
Cum. Variation Last 12 months	-16.4	28.0	8.4	-3.9	-5.1
Cum. Variation Mar/20-Jan/24	18.7	6.9	6.8	16.8	10.0

Source: KOF, ETH Zurich and FGV IBRE

Period	<i>Global Coincident Barometer</i> Vintages		<i>Global Leading Barometer</i> Vintages	
	January 2024	December 2023	January 2024	December 2023
Jan-23	77.5	77.6	81.9	82.0
Feb-23	83.0	83.1	89.8	90.1
Mar-23	84.6	84.7	95.4	95.6
Apr-23	84.8	84.9	94.0	94.0
May-23	85.6	85.6	96.3	96.3
Jun-23	83.5	83.4	91.7	91.7
Jul-23	86.7	86.6	94.0	93.8
Aug-23	88.7	88.6	97.8	97.4
Sep-23	88.8	88.8	100.6	100.5
Oct-23	89.2	89.1	102.3	102.0
Nov-23	90.4	90.3	102.5	102.6
Dec-23	92.0	91.8	106.0	105.9
Jan-24	94.5		111.1	

*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/en/forecasts-and-indicators/indicators/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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