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April 25, 2025 | Article

By Sven Smit
with Jeffrey Condon and Krzysztof Kwiatkowski

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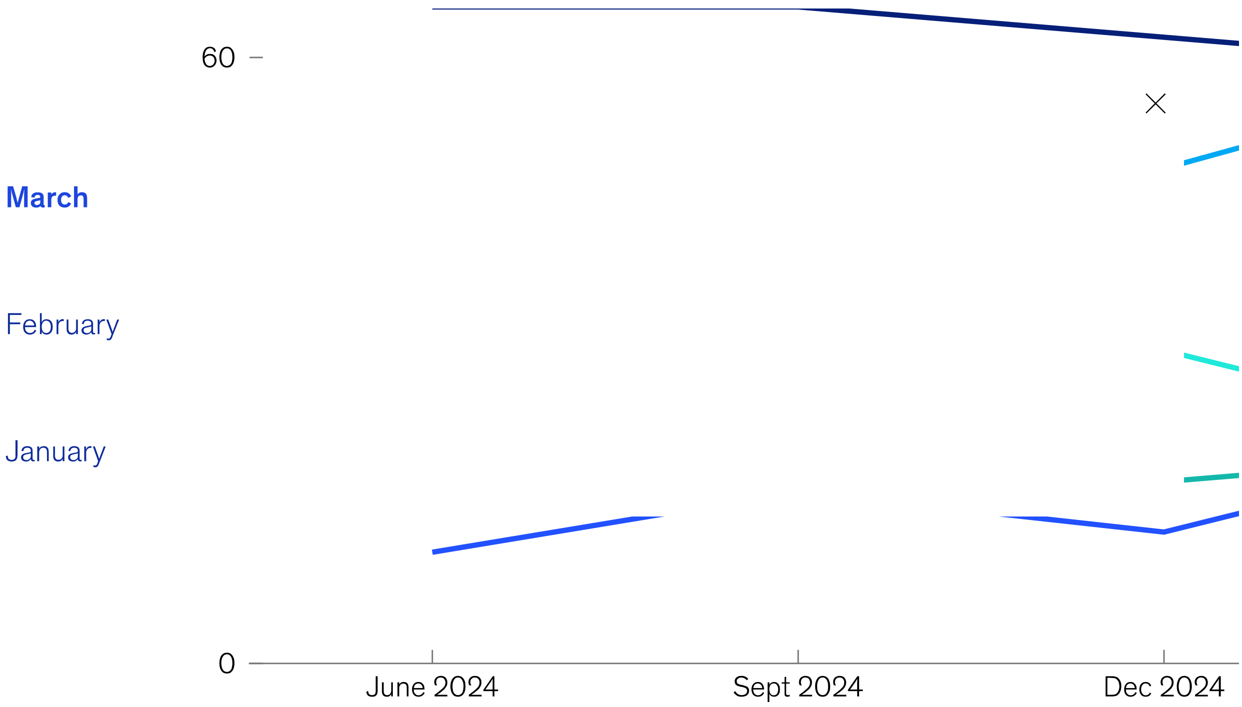
Executives are now more cautious about future conditions and company performance than they were three months ago. Uncertainty about geopolitics and trade policy are the twin factors playing on respondents' minds, McKinsey's latest quarterly survey on business sentiment reveals. "Economic conditions outlook, March 2025" finds that surveyed executives are now equally likely to see geopolitical instability and changes in trade policy or relationships as disruptive forces (Exhibit 1). They also report more cautious views on nearly every measure this quarter compared with the previous one—and this assessment applies both to the world economy and within their countries.

Exhibit 1

Trade policy changes are now on par with geopolitical instability as the biggest perceived disruptive force in the global economy.

Biggest potential risks to global economic growth, next 12 months, % of respondents

Geopolitical conflicts · Changes in trade policy · Transitions of political leadership · Economic volatility · Inflation



Source: McKinsey Global Surveys on economic conditions, 2024–25

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For the first time since December 2022, more survey respondents anticipate global conditions to worsen over the next six months than expect improvement. Today, respondents are more likely to predict a near-term recession than they were in the final quarter of 2024, with 68% ranking a recession scenario in which rising uncertainty causes consumer sentiment to drop as the most likely outcome.

The rapidly changing economic environment has led to some central banks playing a waiting game to see how inflation develops, although a couple of banks did cut rates, albeit to different degrees. The Bank of Mexico reduced the key interest rate by a further 50 basis points to 9.0% on March 27 (following a similar cut in February) in an effort to stimulate investment and support economic activity amid signs of a slowdown. Meanwhile, the European Central Bank (ECB) chose to lower key interest rates by 25 basis points on March 6. More generally, the trend has been for economies to reduce interest rates in recent months, with the exception of Russia and Brazil, which have been hiking rates to combat high inflation.

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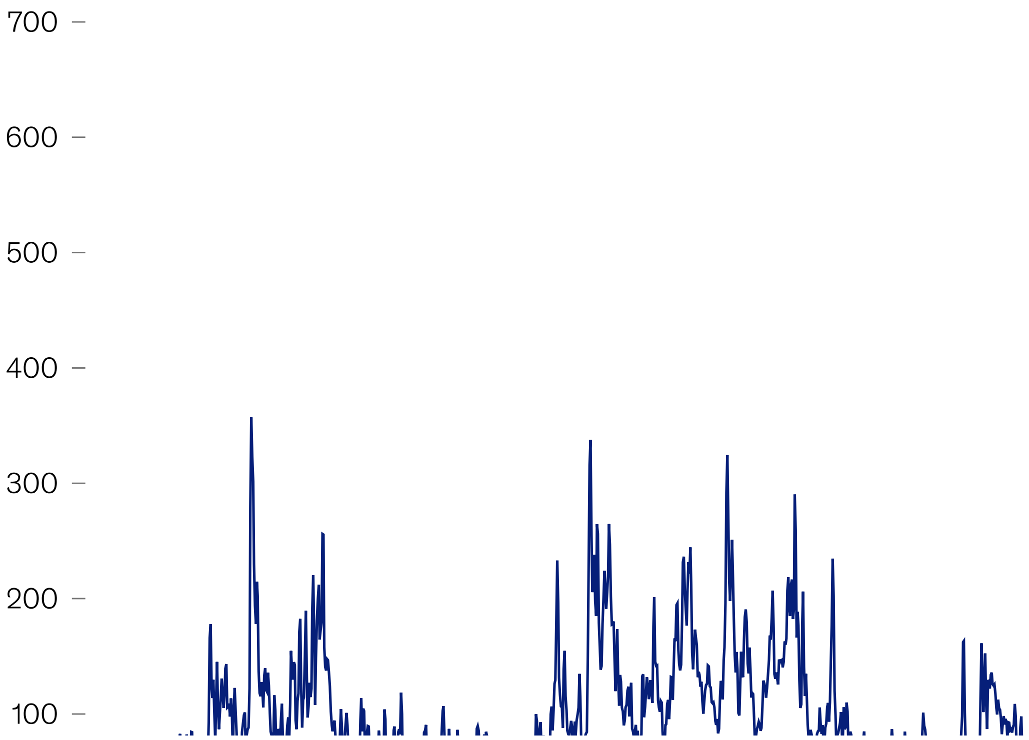
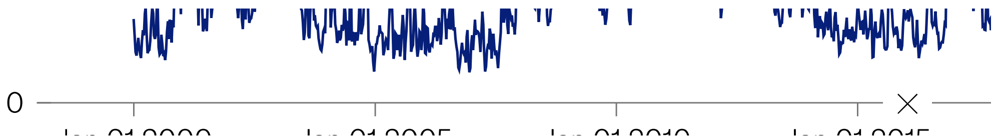
weaker export activity and ongoing investment challenges, which are partly attributable to higher trade policy uncertainties. There have been growth revisions in the UK too, with the Office for Budget Responsibility announcing it had halved its 2025 growth projection to 1% but upped its 2026 forecast to 1.9%, 2027 to 1.8%, 2028 to 1.7%, and 2029 to 1.8%.

Exhibit 2

Economic policy uncertainty in the United States has eclipsed COVID-19 uncertainty levels, which were the highest readings on record.

US Economic Policy Uncertainty Index





Among the emerging economies, China's industrial output saw a more moderate expansion of 5.9% year on year in the combined January and February figures, down slightly from the 6.2% growth seen in December. In March, the 2025 government work report unveiled its key development goals for the year, including an approximate 5.0% GDP growth. India's figures remain robust, with growth stable at 6.5%, supported by strong domestic demand.

Persistently high consumer prices continue to affect households, leading to low levels of overall consumer confidence, with a slowdown in consumer spending apparent across most surveyed economies. In the US, consumer confidence dropped again in March, this time driven by concerns of renewed inflation. Similarly, the eurozone consumer confidence indicator declined in January for the third month in a row, signaling a contraction in consumer spending. Meanwhile, in Brazil, consumer confidence continues to linger below the neutral 100 mark, falling to 83.6 in February (86.2 in January) to reach its lowest level since August 2022. Brazil's business confidence also fell slightly, to 94.7 in February (95.0 in January), down for a fourth month running.

February retail sales in the US are considered flat in both real and nominal terms. Eurozone real retail sales fell in January by 0.3% month on month yet rose by 1.5% year on year.

Most commodity prices, including energy commodities, appeared to be stable in February, although they remain significantly higher than prepandemic levels. The price of gold—a traditional hedge in times of uncertainty—stayed above $3,000 an ounce.

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Among developed economies, consumer price inflation continues to ease (showing a sideways trend), while it remains stable across the developing economies—with Russia, where inflation is accelerating, the exception.

Inflationary trends in developed economies continue to ease despite consumer concerns about the outlook. US headline CPI inflation rose 2.8% year over year through February, down from 3.0% in January, while core inflation ticked up slightly to 3.1% (annualized). In February, eurozone headline inflation was 2.3%, while core inflation was 2.6%; services inflation was 3.7%. In the UK, CPI inflation unexpectedly fell to 2.8% in February, down from January's 3.0%, with clothing the main factor in the fall, according to the Office for National Statistics. Core CPI rose by 3.5% in the 12 months to February 2025 (January 3.7%).

Consumer inflation in developing economies has been stable in recent months, with only Russia recording accelerating momentum. Russia saw inflation accelerate further to 10% in February. India's CPI inflation fell to a seven-month low of 3.6% in February 2025, mainly due to a decline in vegetable prices. However, core inflation (excluding food and fuel) rose to 4.1%. Brazil saw inflation rise to 5.06% in February (4.56% in January), up for the first time since December, and moving away from the Central Bank's target upper limit of 4.50%. In Mexico, the annual inflation rate rose to 3.8% in limit of 4.50%. In Mexico, the annual inflation rate rose to 3.8% in February (up from 3.6% in January).

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month outlook, remain above the long-term trend for industrial production across the main economies. In contrast, services sectors showed growth across all the surveyed economies in February.

Industrial activity gave out mixed signals in the US. The industrial production index edged up to 104.2 in February, from 103.5 in January. However, the ISM Manufacturing PMI dropped to 49.8 in March (from 52.7 in February). The eurozone composite PMI remained stable at 50.2 in February; the manufacturing PMI rose to 47.6. The seasonally adjusted S&P UK Manufacturing PMI fell to a 14-month low of 46.9 in February (48.3 in January).

Among the emerging economies, India's manufacturing PMI improved from 56.3 in February to 57.6 in March. Brazil's manufacturing industry remained in expansion territory, with the manufacturing PMI up from 50.7 in January to 53.0 in February. The health of Brazil's manufacturing industry improved substantially in February, as a stronger increase in new business intakes propelled production away from the contraction zone. Mexico's manufacturing PMI, however, declined from 49.1 in January to 47.6 in February, signaling the fastest deterioration in operating conditions for five months and a continuation of a downturn that began in July 2024. February saw a continuing drop in factory orders, with international sales decreasing at their quickest rate in close to four years.

Services across developed economies remained reasonably buoyant, with the JPMorgan Global Purchasing Managers' Ir × x

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Among emerging economies, India's services PMI fell from 59.0 in February to 57.7 in March. In contrast, business activity among Brazilian service providers rose in February, following a decline at the start of 2025, with the services PMI rising to 50.6 in February (from 47.6 in January).

Unemployment rates were stable across most surveyed economies, with increases in Brazil and China. US unemployment edged up slightly to 4.1% in February, while nonfarm payroll rose by 151,000. China's overall surveyed urban unemployment rate rose to 5.4% in February (5.2% in January), while the youth unemployment rate climbed to 16.9% in February (16.1% in January).

On the US financial markets, the S&P 500 declined by 1.4% in February, bringing its 12-month return to 16.8%. The Dow Jones fell 1.6% but remained up 12.4% year on year. The CBOE Volatility Index (VIX) averaged 19.6 in February, up from 16.4 in January.

World trade volumes rose by 1.1% in January, led by imports growth in advanced economies. The Container Throughput Index lifted to 133.1 points (128.9 revised points in December), with Chinese and European ports seeing an increase in throughput, reversing December's decline. However, total port trade remains below one-year-ago levels. Global supply chain pressures increased slightly in February but continued at levels near historical averages.

US trade data reveal a widening of the US trade deficit in January. Exports rose to $269.8 billion, while imports rose to $401.2 billion.

pushing the monthly deficit up by 34% to $131.4 billion. Euro area trade decreased in January compared with the previous mon...

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two months (10.7% in December). Meanwhile, imports growth fell to −8.4% (+1.0% in December). India's goods trade deficit fell to a 42-month low of $14.05 billion, as imports of gold, silver, and crude oil dipped; merchandise exports also declined by 10.9% year on year. Brazil's balance of trade registered a deficit of US $0.3 billion in February (US $2.2 billion in January). In January, Mexico recorded a sharp fall in exports and a slight drop in imports, leading to a trade deficit of $4.56 billion.

McKinsey's Global Economics Intelligence (GEI) provides macroeconomic data and analysis of the world economy. Each monthly release includes an executive summary on global critical trends and risks, as well as focused insights on the latest national and regional developments. View the full report for March 2025 here. Detailed visualized data for the global economy, with focused reports on selected individual economies, are also provided as PDF downloads on McKinsey.com. The reports are available free to email subscribers and through the McKinsey Insights app. To add a name to our subscriber list, click here. GEI is a joint project of McKinsey's Strategy & Corporate Finance Practice and the McKinsey Global Institute.

ABOUT THE AUTHOR(S)

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Darien Ghersinich, Erik Rong, Fiorella Correa, Frances Matamoros, José Álvares, Marianthi Marouli, Pragun Harjai, Ricardo Huapaya, Sebastian Vargas, Tomasz Mataczynski, Vanshika Tandon, and Yifei Liu for their contributions to this article.

The invasion of Ukraine continues to have deep human, as well as social and economic, impact across countries and sectors. The implications of the invasion are rapidly evolving and are inherently uncertain. As a result, this document and the data and analysis it sets out should be treated as a best-efforts perspective at a specific point in time, which seeks to help inform discussion and decisions taken by leaders of relevant organizations. The document does not set out economic or geopolitical forecasts and should not be treated as doing so. It also does not provide legal analysis, including but not limited to legal advice on sanctions or export control issues.

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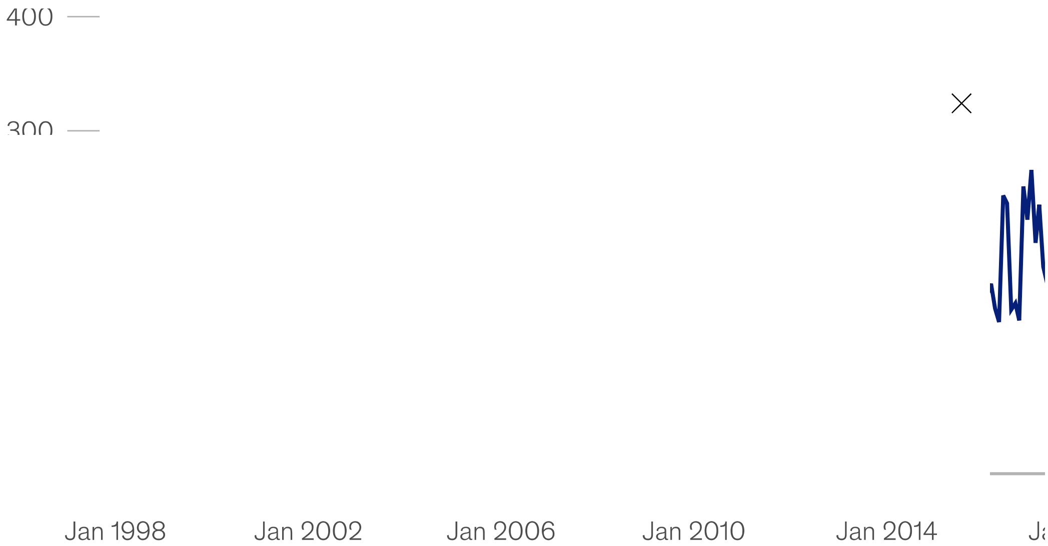
Geopolitical and trade uncertainty stayed elevated in February, with inflation back in focus as consumers and producers expect higher prices; industry sentiment is still positive despite slow growth.

Trade policy is notably uncertain, with both the monthly Global Economic Policy Uncertainty Index and the Trade Policy Uncertainty Index spiking (Exhibit 1). US consumers are of two minds: sentiment differs according to whether consumers are considering their own local economy or looking further afield, a phenomenon that can perhaps be characterized as the “I am OK, but you are not OK” economy.

Exhibit 1

Trade policy is uncertain, as reflected in spikes in the monthly Global Economic Policy Uncertainty Index.

Global Economic Policy Uncertainty Index



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Source: Steven J. Davis, *An index of Global Economic Policy Uncertainty*, National Bureau of Economic Research working Paper, number 22740, October 2016; Economic Policy Uncertainty; McKinsey Global Economics Intelligence analysis

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This economic environment finds central bank policies divided into two camps, with many playing a waiting game to see how inflation develops. India and the UK did cut interest rates this month. On February 7, the Reserve Bank of India (RBI) reduced rates for the first time in nearly five years to counter slower growth, cutting the repo rate to 6.25% (from 6.50%). It also announced a raft of measures to inject durable liquidity into the banking system. Two days earlier, a majority of the Bank of England's Monetary Policy Committee voted to reduce the bank rate by 0.25 percentage points, to 4.5%.

The recovery among developed markets continues, while emerging markets face some challenges. The Conference Board's February projections anticipate real GDP growth in the eurozone to be 0.8% in 2024, 0.9% in 2025, and 1.3% in 2026—revised down by –0.1 percentage points in 2025 and –0.1 percentage points in 2026 from a month ago. In the UK, quarter-on-quarter headline GDP growth is expected to slow to about 0.4% in the first quarter of 2025, pick up to almost 1.5% by the fourth quarter of 2025, and then decline to below 1.5% in 2026. India's fiscal year 2026 GDP growth is anticipated to be in the range of 6.3 to 6.8% in the

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(91.3 in December) to reach its lowest level since February 2023, with elevated borrowing costs a likely factor in denting confidence.

Even so, consumers kept spending in December and January, attributable in part to the holiday season. US retail and food services sales for January (adjusted for seasonal variation and holiday and trading-day differences) were $723.9 billion—representing a –0.9% drop from December's revised $730.3 billion. Consumption during the Chinese New Year holiday was robust, hinting at a change of mood among Chinese consumers, with sales revenues in consumer-related industries climbing by 10.8% year on year. Notably, China's New Year holiday box office receipts reached another record high as moviegoers spent $1.3 billion over the eight-day holiday period.

Inflation expectations continue to climb, reaching their highest level in almost two years. US inflation expectations were unchanged at 3.0% at both the one- and three-year-ahead horizons in January, but median five-year-ahead inflation expectations rose 0.3 percentage points to 3.0%, the January Survey of Consumer Expectations reveals.

Indeed, inflationary pressures returned in January with most price metrics on the rise. Commodity prices grew in February, except for energy, which remained muted. However, higher tariffs on steel and aluminum, along with increased uncertainty, resulted in higher prices for industrial metals. In contrast, the FAO Food Price Index prices for industrial metals. In contrast, the FAO Food Price Index declined, primarily due to improved global supply conditions for sugar and vegetable oils, as well as lower meat prices driven by

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regulatory uncertainty, following initial optimism for the new US administration's pro-cryptocurrency policy.

Inflationary trends appear to be diverging across surveyed economies (Exhibit 2). The US consumer price index (CPI) rose 3.0% for the 12 months ending January 2025, up from the 2.9% rise over the 12 months ending in December. Core inflation climbed slightly to 3.3% (annualized).

In the eurozone, January's headline inflation is expected to be 2.5%, mainly owing to base effects in energy prices (2.9% month on month). Core inflation is expected to be 2.7% and services inflation 3.9%. Meanwhile, the UK is expected to see a sharp near-term rise in inflation, according to the Bank of England's February Monetary Policy Report. Headline CPI inflation is expected to rise to 3.7% in the third quarter of 2025. Inflation is expected to fall back to the 2% target after that.

Exhibit 2

Inflation expectations reached their highest level in almost two years.

Implied inflationary expectations from 5- and 10-year TIPS yields,[1] %, 5-day moving average

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[1]Spread between Treasury bill and Treasury inflation-protected securities (TIPS) of same maturity.
Source: Haver Analytics; McKinsey Global Economics Intelligence analysis

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In China, consumer prices saw a moderate increase of 0.5% in January, up from 0.1% in December 2024. Producer prices deflated by –2.3% in January, remaining unchanged from December 2024. India is likely to see consumer inflation fall to a five-month low of 4.6% in January 2025, compared with the 5.2% recorded in December last year. Inflation also fell in Brazil, down for a second consecutive month and reaching its lowest level since September 2024, at 4.56% in January (4.83% in December). Similarly, Mexico saw the annual inflation rate drop in January, to 3.6% (from 4.2% in December), its lowest level since January 2021.

Globally, the manufacturing sector has stabilized somewhat after seven months of contraction, with sectors improving across the board, driven by production and new domestic orders. That said, companies continue to report weak external demand and reduced head count.

Looking more closely at the developed economies, we see that in the US the industrial production index increased slightly to 103.5 in January (102.9 in December), while the manufacturing purchasing managers' index (PMI) was revised up to 51.2, beating a preliminary estimate of 50.1. The eurozone's composite PMI edged into the expansion zone at 50.2 in January (49.6 in December), but the

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Among the emerging economies in January, China's official manufacturing PMI fell into the contraction zone at 49.1 (down from 50.1 in December 2024), highlighting a contraction in both supply and demand within industrial activities. In contrast, India's manufacturing PMI indicated a strong upturn in the sector, driven by rising exports as well as domestic demand.

Services, meanwhile, are starting to show signs of softening. Across developed economies, services sectors nevertheless continued to record expansion, albeit at a reduced pace. In the US, the services PMI dropped to 52.9 (56.8 in December), while the eurozone services PMI was slightly down at 51.3 in January (December: 51.6). The UK's services PMI registered 50.8 in January, down fractionally from December's 51.1, its joint lowest for 15 months. Among emerging economies, China's official services PMI declined but remains in the expansion zone, recording 50.3 in January (52.0 in December 2024).

December unemployment rates remained stable across most surveyed economies, although India saw a 0.3-percentage-point rise. More recent data from the US saw unemployment edge down a little to 4.0% in January (3.5% in January 2020). China's surveyed urban employment rate was 5.2% in January (5.1% in December 2024), while the youth unemployment rate rose slightly to 16.1% (15.7% in December).

Despite increased economic volatility, asset volatility was unchanged in February, with government bond yields remaining stable. Most markets rebounded, with a February rally on Rt × a's

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World trade volume increased by 1.1% in December 2024, driven by growth across imports and exports in advanced economies. The Container Throughput Index declined to 131.2 points (133.6 in November). Chinese ports experienced a reduction in port trade, reflected in its container throughput index, while European throughput rose sharply. Total port trade remained below the year-ago level but continued to recover in December. The supply chain index indicates a more stable supply chain environment, but risks stemming from geopolitical uncertainty and potential inflationary pressures persist.

Looking more closely at individual economies, we see that December's exports reached $266.5 billion in the US, $7.1 billion lower than November's total. Imports were $364.9 billion, $12.4 billion more than in November. The monthly deficit increased by 24.7% to $98.4 billion. China saw an improvement in overall trade growth across the whole of 2024, with exports increasing by 5.9% (–4.7% in 2023) and imports rising by 1.1% (–5.5% in 2023). India's trade deficit in goods widened slightly to $22.9 billion from $21.9 billion in December, potentially attributable to a rising import bill driven by a rapidly depreciating currency—the rupee lost 1.4% in value compared with the US dollar from the start of the year up to mid-February.

In other research, the McKinsey Global Institute finds that as ... s

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overall gender pay gap could remain at current levels.

The same report finds that organizations that excel in both financial performance and building human capital set themselves apart from others by rotating people internally, having a focus on coaching, and by fostering a culture that empowers employees while also challenging them. As the future of work evolves, employers can position themselves for this future by embracing these practices.

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ABOUT THE AUTHOR(S)

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Alvares, Juhi Daga, Marianthi Marouli, Paula Trejos, Pragun Harjai, Ricardo Huapaya, Sebastian Vargas, Tomasz Mataczynski, and Yifei Liu for their contributions to this article.

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A flurry of activity and new ideas leads to a period of ‘interpretation.’ In the meantime, growth expectations remain unchanged, while central banks begin to diverge in their policy rate decisions.

President Donald Trump took office on January 20 amid a flurry of executive orders focusing on multiple issues—many with significant economic implications. Notable instructions signed off by the returning president include measures to deport illegal migrants, an “America First” trade policy, relaxation of energy- and climate-related policies, and various orders addressing the development of artificial intelligence.

On February 1, the US president announced a 25% import tax on goods from North American neighbors Canada and Mexico (with a 10% tariff on Canadian energy), together with a 10% tariff on goods from China. After discussions between the US president and Canadian Prime Minister Justin Trudeau and Mexico’s President Claudia Sheinbaum, Trump paused the introduction of tariffs on their respective countries. However, a US tariff of 10% on Chinese imports did come into effect on February 4, followed the same day by an announcement from China of retaliatory action.

A key announcement from Trump was the $500 billion Stargate initiative, designed to expand the US artificial intelligence

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the US. Once the markets caught up with the trend, it wiped $1 trillion off the leading US tech stock index at the start of the final week of January.

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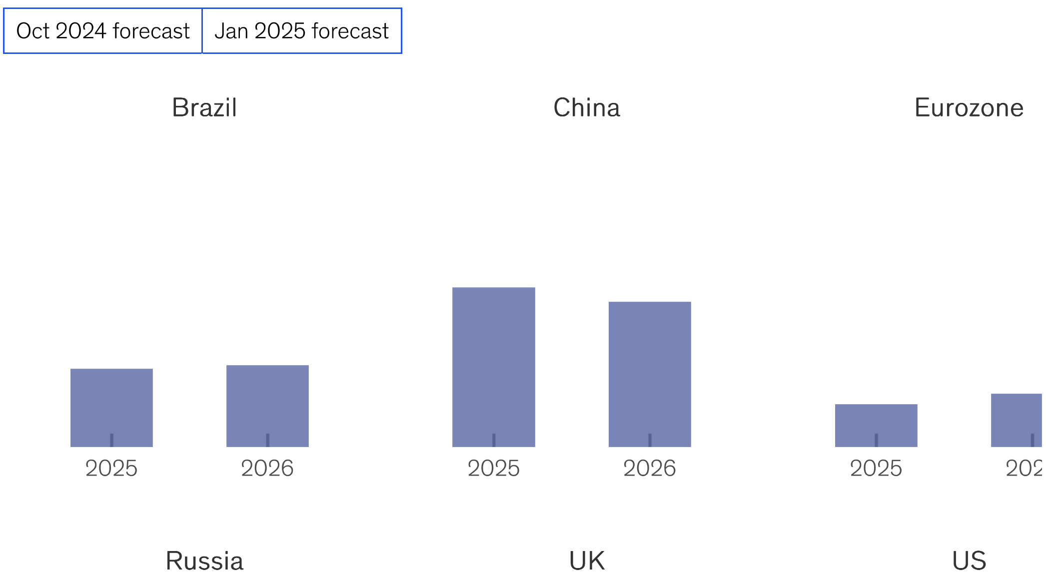
Composite leading indicators, which seek to identify turning points in economic activity approximately six months in advance, point to a potential slowdown in economic activity across all countries, except for the US and eurozone (Exhibit 1).

Exhibit 1

Expectations for economic growth remain broadly unchanged.

International Monetary Fund forecasts for real GDP growth, %



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Despite lingering uncertainties, the outlook remains positive for modest domestic demand growth in the eurozone. In the UK, the treasury's roundup of analysts' growth forecasts in January sees GDP growing at 1.2% in 2025. In China, median forecasts from more than 60 financial institutions predict a GDP growth rate of 4.5% for 2025. On the Indian subcontinent, the Reserve Bank of India (RBI) has projected a GDP growth rate of 6.6% for the fiscal year 2024–25, reflecting a recovery trajectory following earlier economic slowdowns.

Overall, across surveyed economies, consumers remain cautious, with their confidence affected by relatively high food and energy prices. December saw the US consumer confidence index (Conference Board) drop to 104.7, from 111.7 in November. Consumer confidence in Brazil remains below the neutral 100 mark and fell to 92.0 in December (95.6 in November), reaching its lowest level since June. Mexico saw consumer confidence decline slightly in November to 105.0, compared with 105.3 in October.

Spending recorded a slight deceleration in November but rebounded in December, likely boosted by the holiday period. Retail sales in the two big powerhouse economies continue to be relatively buoyant, even if consumers remain largely downbeat.

Inflation expectations reached their highest level in about two years, as businesses and consumers weigh the possible impact of tariffs. Consumer prices in developed economies accelerated slightly in December, driven by higher energy prices and services costs. A similar trend can be observed in the developing

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Exhibit 2

Central banks diverge in their policy rate decisions; European Central Bank cut interest rates by 25 basis points, while the Federal Reserve kept them unchanged.

Central bank interest rates, monthly, % (as of Jan 31, 2025)

China Eurozone European Central Bank interest rate UK official bank rate
US effective federal funds rate India repo rate Brazil Selic rate
Russia Central Bank of the Russian Federation refinancing rate

Source: Banco Central do Brasil; Bank of England; Central Bank of the Russian Federation; European Central Bank; Federal Reserve Bank of New York; Reserve Bank of India; McKinsey's Global Economic Intelligence analysis

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Most commodity prices rose over the past month. Oil prices picked up in January, partially because of higher demand and also due to new sanctions on Russia and Iran; European gas has been tı × ing

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ɘd to 3.0% from 2.6% at the three-year-ahead horizon, according to the December Survey of Consumer Expectations.

Eurozone headline inflation in December was up to 2.4%, mainly owing to base effects in energy prices (0.6% month over month). Core inflation stood at 2.7%. Services inflation was 4.0%, which continues to point to strong domestic price pressures, with wages growth still elevated (4.6% in the third quarter of 2024).

In Brazil, inflation fell slightly to 4.83% in December 2024 (4.87% in November), decreasing for the first time since August but remaining above the central bank's target upper limit of 4.50% for a third consecutive month. Mexico saw the annual inflation rate drop to 4.2% in December (from 4.6% in November), its lowest in nine months.

Between manufacturing and services, the tale of two sectors continues: The end of the year brought a contraction in the manufacturing sector, while services saw an acceleration in expansion. Overall production declined, accompanied by decreasing employment and rising input costs.

In the US, the industrial production index increased to 103.2 in December (101.9 in November). January's manufacturing purchasing managers' index (PMI) edged up to 50.1 (from 49.4 in December). The eurozone industrial production index rose by 0.2% month over month but fell by 1.9% year over year in November. The

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eurozone's composite PMI stood at 49.6 in December versus 48.3 in November, while the manufacturing PMI remained at 49.6 the
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PMI dropped slightly from 49.9 in November to 49.8.

Services generally presented a brighter picture. Although the US services PMI dropped to 52.8 in January (56.8 in December), it remains well in the expansion zone. In the eurozone, the services PMI rose to 51.6 in December (November: 49.5), while in the UK, services sectors mostly strengthened in December, as new orders and consumer confidence improved.

In December, unemployment rates remained stable across most surveyed economies, but India saw a 0.3 percentage point rise. The US unemployment rate changed little at 4.1% in December (3.5% in January 2020). The UK's unemployment rate edged up to 4.4% in October, a modest increase that could be an early warning sign of cooling economic activity. China's surveyed urban unemployment rate was 5.1% in December 2024, down 0.1 percentage points from 2023. The adjusted youth unemployment rate, which excludes students, stood at 15.7% by the end of 2024, up from 14.9% in December 2023. In Brazil, the three-month moving average unemployment rate dropped to 6.1% in November (6.2% in October), down for the eighth consecutive time, and lower than the same period last year (7.4%). Finally, in Mexico, total unemployment increased by 0.24 percentage points in November, reaching 2.69%.

On the markets, the new year started with increased volatility, mainly due to turbulence in the world of AI. Government bonds were stable in January; Brazil has seen a significant decline in tenyear bond yields, but these remain elevated.

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chain pressures, the global logistics environment remained relatively stable, with conditions still more favorable than the long-term average.

November saw the US record $273.4 billion in exports, $7.1 billion above October's figure. November imports reached $351.6 billion, $11.6 billion higher than in October. The monthly deficit increased by 6.2% to $78.2 billion in November. By contrast, the euro area surplus was up to €16.4 billion in November 2024, from €8.6 billion in October. Goods exports in November 2024 fell to €248.3 billion, compared with €254.0 billion in October. Imports were €231.9 billion, down by 16.3% month over month. China's overall trade increased by 3.8% year over year in 2024, an improvement from the –5.0% decline in 2023. Exports grew by 5.9%, compared with a –4.7% decline in 2023, and imports rose by 1.1%, recovering from a –5.5% decline in 2023.

A 2025 update of the McKinsey Global Institute (MGI) report *Geopolitics and the geometry of global trade* finds that Association of Southeast Asian Nations (ASEAN) countries have benefited from the US shift away from direct trade with China, with economies such as Vietnam partly intermediating trade flows between China and the US. Mexico has also benefited, with the largest trade share gains in sectors such as transportation equipment and food and beverages. Vietnam has seen the largest gains in sectors where China lost the most share. Nevertheless, a significant proportion of

China lost the most share. Nevertheless, a significant proportion of the value exported by ASEAN nations benefits China: In 2023, about 25% of the value of Vietnam's electronics exports was

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fertility below the replacement rate of 2.1 children per family, populations in some major economies will fall by 20 to 50% by 2100, according to UN projections. Advanced economies, along with China, are set to experience a reduction in the proportion of working-age citizens as a share of the total population, from 67% today to 59% in 2050. The authors estimate that in China and the advanced economies, GDP per capita growth could slow by an average of 0.4% annually from 2023 to 2050, and by up to 0.8% in some countries, unless productivity growth increases by two to four times or people work one to five hours more per week.

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The invasion of Ukraine continues to have deep human, as well as social and economic, impact across countries and sectors. The implications of the invasion are rapidly evolving and are inherently uncertain. As a result, this document and the data and analysis it sets out should be treated as a best-efforts perspective at a specific point in time, which seeks to help inform discussion and decisions taken by leaders of relevant organizations. The document does not set out economic or geopolitical forecasts and should not be treated as doing so. It also does not provide legal analysis, including but not limited to legal advice on sanctions or export control issues.

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