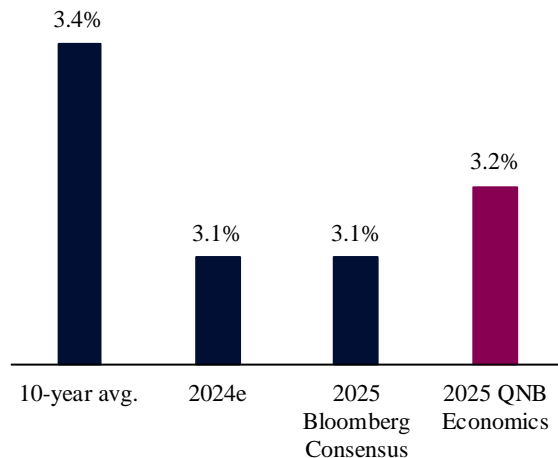


What to expect from global macro in 2025?

Analysts and economists have been proving to be over pessimistic when it comes to forecasting major economies and global growth in recent years. In fact, over the last two years, initial expectations for growth were 80 basis points (bps) and 40 bps below realized growth in 2023 and 2024, respectively.

As a result, this year, analysts are more cautious with their forecasts. Bloomberg consensus forecasts currently point to a moderate expansion of 3.1% in 2025. This implies a continuation of the pace observed last year, maintaining global growth slightly below the 3.4% long-term average.

Global growth projections versus selected periods
 (y/y, growth, %)



Sources: Bloomberg, QNB analysis

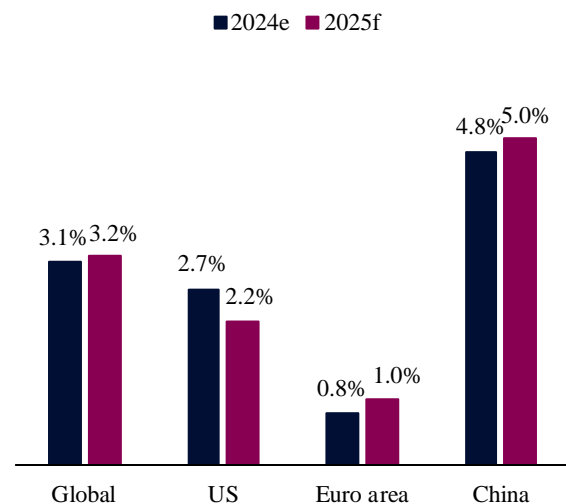
Entering into 2025, our own view is more bullish than consensus, as we see the global economy accelerating to expand by at least 3.2%.

We believe conditions are set for a benign global macroeconomic environment of more balanced and synchronised growth, controlled inflation and relaxing financial constraints. Tailwinds include continued policy easing from major central banks, a resilient growth in the US, and a cyclical recovery in Europe and China.

As inflation continues to moderate towards central bank targets, there is further scope for additional rate cuts by the Fed and the ECB. Expectations are for additional policy rate cuts of 75 bps in the US and

150 bps in the Euro area, taking the monetary policy stance from restrictive to accommodative. This should support further investment and consumption growth, as credit becomes cheaper, new investment opportunities become more attractive and the opportunity costs of spending decreases.

GDP growth projections for 2025 by major economy
 (y/y, growth, %)



Sources: Bloomberg, QNB analysis

The US economy is expected to remain on a strong footing as labour markets are resilient, productivity is growing rapidly with fast technology adoption and households have robust balance sheets with the strongest financial position in decades. Moreover, the Fed is in the middle of a significant change of its monetary stance from restrictive to easing, which should provide a tailwind and further prevent any significant economic slowdown. Hence, US growth is expected at 2.2% in 2025, a slowdown from the 2.6% for 2024 and the 2.3% long-term growth, but still far from any significant weakening.

Importantly, the Euro area and China are set for a cyclical recovery after an extended period of stagnation and weaker than average growth, respectively. More moderate energy prices, a recovery in global manufacturing demand and policy easing are expected to support some significant GDP acceleration. In the Euro area, growth should expand from a weak 0.7% in 2024 to 1.0% in 2025, while in

China the performance should improve from 4.8% to 5.0% for the same period.

Stronger growth in China is likely to be a significant tailwind to Emerging Asia in general and ASEAN economies in particular, reinvigorating their status as one of the most dynamic regions in the world. This should be further supported by the cyclical recovery in global manufacturing and the easing monetary cycle in the US and Europe, which should favour portfolio inflows and FDIs, despite the threats from the USD strength and Trump 2.0 trade wars. The major five ASEAN economies of Indonesia,

Malaysia, the Philippines, Singapore, and Thailand are expected to grow by 5.2% in 2025, from 4.4% in 2024.

All in all, we expect to see a moderate acceleration of global growth in 2025, with significant monetary easing, a resilient US economy, a cyclical recovery in Europe and China, and positive spill overs to ASEAN economies.

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