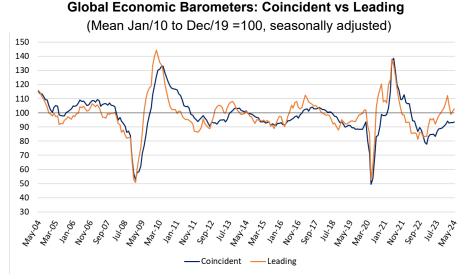# Press Release

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

Global Barometers rise again in May

The Leading Global Barometer rises for the second month in a row, but only partially compensating for the losses in February and March. The Coincident Barometer increases marginally this month, remaining within the narrow range of 93 to 94 points observed since February.

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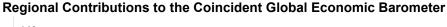
Source: KOF, ETH Zurich and FGV IBRE

The <u>Coincident</u> Global Economic Barometer increases by 0.3 points in May, while the <u>Leading</u> Barometer gains 1.6 points, reaching 93.5 points and 102.8 points, respectively. The slight rise in the <u>Coincident</u> Barometer is mainly due to the improvement in *Europe*, while the increase in the <u>Leading</u> barometer is driven by rises in the *Western Hemisphere* and the *Asia, Pacific & Africa* regions*.*
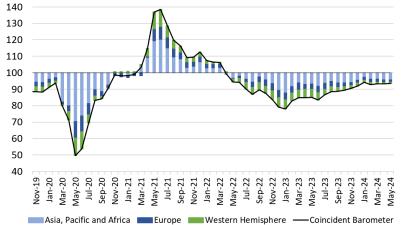
"Although risks remain on the geopolitical, inflationary and fiscal fronts, the May increases in both the coincident and leading global barometers, and the fact that the leading version continues to outperform the coincident version, confirm the scenario of a moderate recovery for the world economy in 2024", evaluates Jan-Egbert Sturm, Director of KOF Swiss Economic Institute.

Coincident Barometer – regions and sectors

The slight increase in the Coincident Barometer in May is the result of positive contributions from *Europe* and the *Asia, Pacific & Africa* region of 0.2 and 0.1 points, respectively, and a zero contribution from the

Western Hemisphere. Since its peak in January, the indicator for the *Asia, Pacific & Africa* region has shown some volatility, but overall it has declined slightly. In contrast, the indicators for the *Western Hemisphere* and *Europe* have been more consistent over the same period. The former has recorded five consecutive increases and is at a higher level than the other regions. All the regional coincident indicators continue to fluctuate within the 90-100 point range, signalling a moderate level of global economic activity. The graph below shows the contribution of each region to the deviation of the Coincident Barometer from its historical average of 100 points.
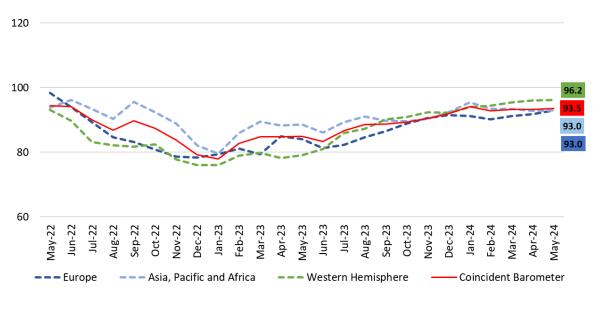
Regional Contributions to the Coincident Global Economic Barometer

Source: KOF, ETH Zurich and FGV IBRE

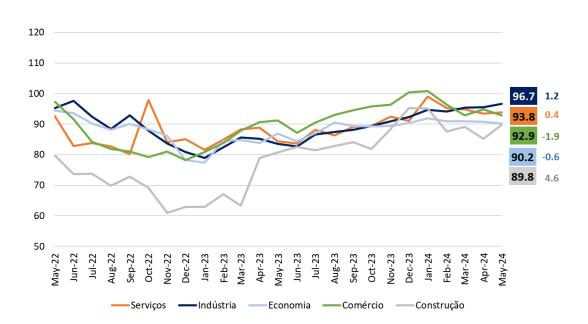| Regional Contributions to Changes in the Coincident Barometer				
	Contributions per Regions			Monthly Variation
Period	Asia, Pacific and Africa	Europe	Western Hemisphere	Coincident Barometer
Worst pandemic moment: Cum. Contrib. Mar/20-May/20	-26.6	-8.3	-9.3	-44.1
Cum. Contrib. Jun/20-May/23	22.8	7.0	5.8	35.4
Jun-23	-1.5	-0.6	0.4	-1.6
Jul-23	1.9	0.2	1.2	3.3
Aug-23	1.1	0.5	0.3	1.9
Sep-23	-0.8	0.4	0.7	0.2
Oct-23	-0.1	0.4	0.1	0.6
Nov-23	0.4	0.4	0.4	1.1
Dec-23	1.3	0.2	-0.1	1.4
Jan-24	1.8	-0.1	0.5	2.2
Feb-24	-1.2	-0.2	0.1	-1.3
Mar-24	0.0	0.2	0.2	0.4
Apr-24	-0.4	0.2	0.2	0.0
May-24	**0.1**	**0.2**	**0.0**	**0.3**
Cum. Contrib. Last 12 months	2.6	1.8	4.0	8.5
Cum. Contrib. Mar/20-May/24	-1.2	0.5	0.5	-0.2

Source: KOF, ETH Zurich and FGV IBRE

Coincident Global Barometers – Regions

Source: KOF, ETH Zurich and FGV IBRE

The development of the Coincident sector indicators in May is heterogeneous, with increases in *Construction, Industry* and *Services,* and decreases in *Economy (aggregated business and consumer evaluations)*, and *Trade*. With these results, *Industry* remains at the highest level among the sectors and *Construction* at the lowest.
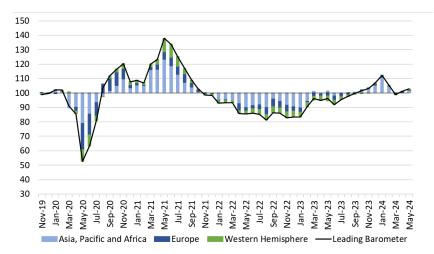
Coincident Global Barometers – Sectors

Source: KOF, ETH Zurich and FGV IBRE

Leading Barometer – regions and sectors

The Leading Global Barometer leads the world economic growth rate cycle by an average of three to six months. In May, the *Asia, Pacific & Africa* region and the *Western Hemisphere* contribute 1.3 and 0.7 points, respectively, to the increase in the global indicator, while *Europe* records a negative contribution of -0.4 points. The indicator for the *Asia, Pacific & Africa* region makes gains for the second consecutive month, approaching 102 points and the indicators for the other regions. This reflects a degree of optimism well below the peak of almost 117 points reached by the same indicator in January 2024.
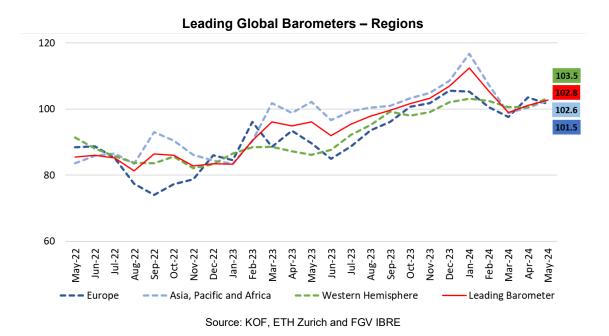
Regional Contributions to the Leading Global Economic Barometer

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	-22.2	-18.5	-8.7	-49.5
Cum. Contrib. Jun/20-May/23	22.6	16.1	4.7	43.5
Jun-23	-3.5	-1.0	0.4	-4.1
Jul-23	1.7	0.8	1.0	3.5
Aug-23	0.7	1.0	0.7	2.4
Sep-23	0.3	0.5	1.0	1.8
Oct-23	1.4	0.9	-0.3	2.0
Nov-23	1.1	0.2	0.3	1.6
Dec-23	2.2	0.8	0.7	3.6
Jan-24	5.3	-0.1	0.2	5.5
Feb-24	-6.0	-0.9	-0.1	-7.0
Mar-24	-5.3	-0.6	-0.5	-6.4
Apr-24	1.0	1.2	0.0	2.2
May-24	**1.3**	**-0.4**	**0.7**	**1.6**
Cum. Contrib. Last 12 months	0.2	2.4	4.1	6.7
Cum. Contrib. Mar/20-May/24	0.6	0.0	0.1	0.7

Source: KOF, ETH Zurich and FGV IBRE

Leading Global Barometers – Regions

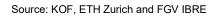Source: KOF, ETH Zurich and FGV IBRE

In May, among the <u>Leading sector indicators</u>, those for *Economy (aggregated business and consumer evaluations)*, *Services*, and *Construction* increase. However, the indicator for *Trade* returns to a downward movement, while the indicator for *Industry* remains relatively stable, with a slight negative change.
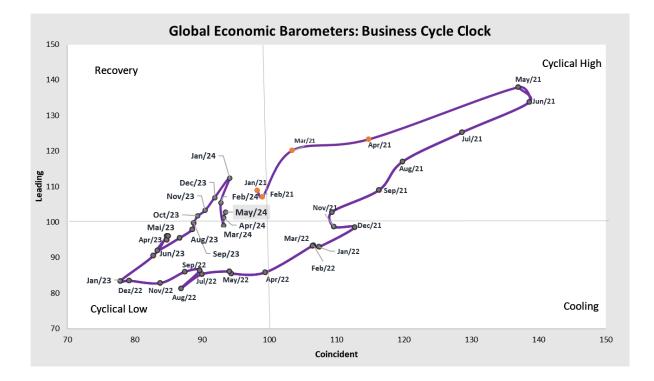
Sectoral Leading Indicators					
Period	*Construction*	*Economy*	*Industry*	*Trade*	*Services*
Feb-20	97.8	104.1	100.8	104.2	108.0
Mar-20	104.4	78.1	93.3	105.8	98.9
Apr-20	91.1	82.4	91.4	73.3	64.1
May-20	60.2	61.8	51.8	55.8	41.3
Worst pandemic moment: Cum. Variation. Mar/20-May/20	-37.6	-42.3	-48.9	-48.3	-66.7
Cum. Variation Jun/20-May/23	20.4	46.7	42.3	35.3	45.4
Jun-23	91.3	98.2	90.4	89.6	86.9
Jul-23	98.8	98.4	92.2	103.0	101.8
Aug-23	95.6	99.9	96.7	96.9	106.6
Sep-23	102.2	101.4	97.7	102.1	104.8
Oct-23	89.9	105.3	100.3	105.7	109.6
Nov-23	98.8	105.5	100.4	110.6	115.1
Dec-23	107.7	105.9	105.0	112.2	117.1
Jan-24	117.1	111.4	109.4	121.6	116.0
Feb-24	113.2	96.9	106.2	115.7	110.2
Mar-24	109.6	88.3	100.8	106.6	110.7
Apr-24	101.8	91.5	103.9	110.5	110.2
May-24	**103.6**	**97.5**	**103.6**	**104.7**	**115.5**
Cum. Variation Last 12 months	-16.8	31.5	7.3	-4.6	-11.6
Cum. Variation Mar/20-May/24	5.8	-6.6	2.9	0.5	7.5

Source: KOF, ETH Zurich and FGV IBRE

| Period | Global Coincident Barometer | | Global Leading Barometer | |
	Vintages		Vintages	
	May 2024	April 2024	May 2024	April 2024
May-23	85.0	85.6	96.1	96.3
Jun-23	83.4	83.2	92.0	91.6
Jul-23	86.7	86.7	95.5	95.1
Aug-23	88.6	88.7	97.9	97.3
Sep-23	88.8	88.6	99.7	99.7
Oct-23	89.4	89.4	101.7	101.7
Nov-23	90.5	90.4	103.3	103.1
Dec-23	91.9	91.8	106.9	106.8
Jan-24	94.1	93.9	112.4	112.2
Feb-24	92.8	92.4	105.4	105.0
Mar-24	93.2	93.2	99.0	98.9
Apr-24	93.2	93.0	101.2	101.1
May-24	93.5		102.8	

* 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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