

International synthesis

At the end of 2023, the disparity between the economic situation in the United States and the different European economies (Eurozone and United Kingdom) was confirmed. Activity had stagnated in the Eurozone: the engine of the German economy had stalled (-0.3% in Q4 2023), while, in contrast, the catch-up by the Spanish economy was continuing its momentum (+0.6%). Meanwhile, the economic situation in France and Italy was similar to that of the Eurozone as a whole (growth of +0.1% and +0.2% respectively). The UK economy entered recession, with activity falling back 0.3% after -0.1% in Q3 2023.

The difficulties that the Old World economies are experiencing are in sharp contrast to the way the economy across the Atlantic is holding up. In Q4, the United States saw some solid growth (+0.8%). This good performance in comparison with the European economies is due to very buoyant private consumption and some powerful public support measures.

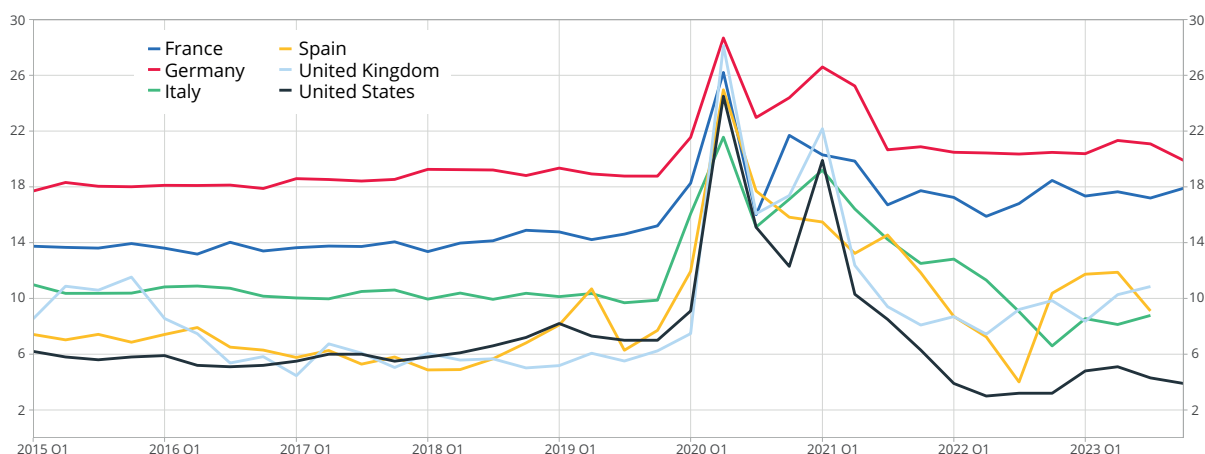
Inflation has continued to decline on both sides of the Atlantic and wages have been dynamic overall, thus bolstering purchasing power. This common disinflation trend is the result of falling commodity prices which have significantly cooled inflation in energy, food and manufactured products. Core inflation has fallen less: through the “second round” effect, prices continue to increase in services, with companies passing on increases in their wage costs (► **Focus** international inflation).

However, these gains in purchasing power have not always resulted in very dynamic household consumption. While American households have consumed, Europeans have been more cautious (► **Figure 1**): the savings ratio is still higher than its pre-pandemic level in Germany, France and the United Kingdom, whereas it is significantly lower in the United States.

Meanwhile, investment is still handicapped by the increasing cost of capital, with no sign of the central banks bringing down their interest rates before mid-2024. Investment has slowed or slipped back in most of the major western economies: household investment is therefore in decline in most economies and the construction sector is suffering in the United States, the United Kingdom, France and Germany. In Italy and Spain, however, construction is driven by public support measures (► **Focus** construction in the Eurozone). Corporate investment has been fairly resistant on average across the year, although some signs of weakness emerged at the end of the year in the Eurozone.

Elsewhere in the world, the Chinese economy grew in Q4 2023 (+1.0%). However, this increase in activity in China is still below its pre-pandemic trend, while several factors continue to give rise to concern: the real estate crisis, trade tensions and the fragility of the financial sector (► **Focus** China). In contrast to the major advanced economies, China faces an increasingly serious risk of deflation.

► 1. Savings ratio in the Eurozone, United Kingdom and United States (in %)



Last point: Q3 2023 from Italy, Spain and United Kingdom; Q4 2023 from France, Germany and the United States

How to read it: in France, the savings ratio was 17.9% in Q4 2023.

Source: INSEE, Destatis, Istat, INE, ONS, BEA.

International economic outlook

Against this backdrop, world trade grew moderately in 2023 (+1.0%), falling back slightly at the end of the year (► [Figure 2](#)). In particular, imports by the advanced economies have slipped back continuously over the last five quarters.

At the start of 2024, the business tendency surveys reported a slight improvement in Europe, however, the economic disparity with the United States looks set to continue, as confirmed by the recent change in the PMIs (► [Figure 3](#)). In H1 2024, the USA economy is expected to continue to grow at a steady pace (+0.5% per quarter), still driven by expanding public spending (► [Figure 4](#)). Economic activity in the UK should start to take off again due to domestic demand (+0.3% per quarter). Recovery is likely to be more gradual in the Eurozone: activity is expected to continue to struggle in Q1 2024 (+0.1%) before making better progress in the spring (+0.3%). Within the Eurozone, economic disparities are expected to continue into Q1, then begin to decline in the spring. The start of the year is likely to be sluggish for Germany: activity is expected to shrink at first (-0.1%) for the second consecutive quarter, with the German economy not expected to recover until Q2 2024 (+0.2%). In Italy, growth looks set to continue at a moderate pace (+0.2% per quarter). Growth should remain solid in Spain, with the support of the recovery plan and the potential for post-pandemic catch-up, which is likely to start to run down a little in spring 2024 (+0.6% then +0.5% in Q1 and Q2 2024).

In China, activity is likely to struggle to return to its pre-health crisis level of growth (+1.1% per quarter), as it is affected by the continuing real estate crisis. Given this context, world trade should regain some momentum in H1 (+0.5% then +0.7%). Meanwhile, growth in world demand for French products is expected to be a little less buoyant (+0.4% then +0.5%), as French exporters are hampered because of their geographical focus on the European economies and especially Germany. ●

► 2. World trade grew modestly in 2023, and should regain a little vitality in early 2024

(levels, quarterly variations in %; annual variations in % for the last three columns)

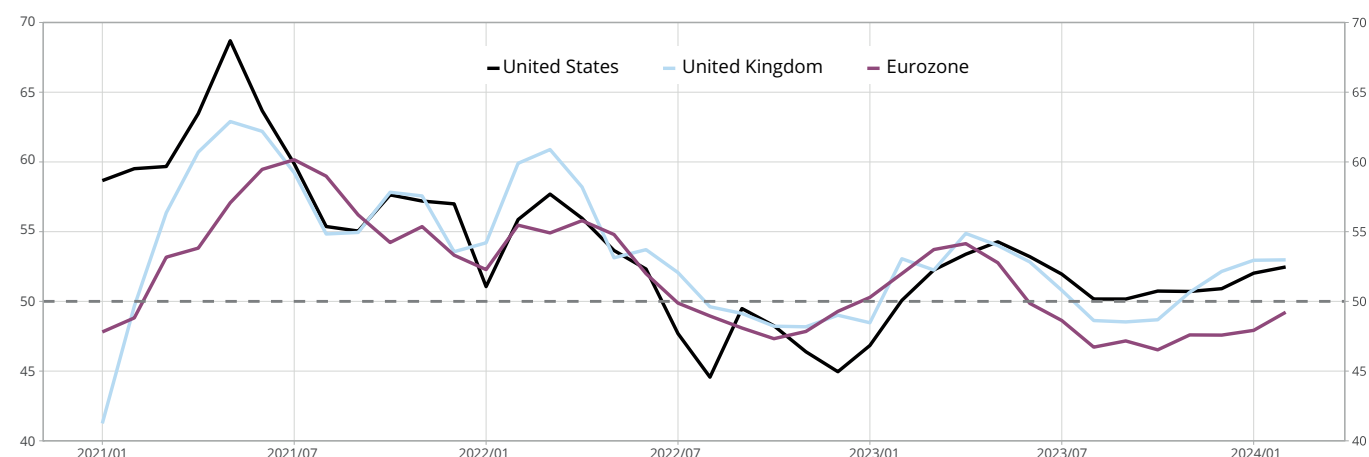
| | 2022 | | | | 2023 | | | | 2024 | | 2022 | 2023 | 2024 ovhg |
|---|-------|-------|-------|------|------|------|------|------|------|------|-------|------|-----------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | | | |
| Euro-dollar exchange rate | 1.12 | 1.06 | 1.01 | 1.02 | 1.07 | 1.09 | 1.09 | 1.08 | 1.09 | 1.09 | 1.05 | 1.08 | 1.09 |
| Barrel of Brent (in dollars) | 100.8 | 113.6 | 100.6 | 88.6 | 81.2 | 78.1 | 86.6 | 84.0 | 81.7 | 82.0 | 100.9 | 82.5 | 81.9 |
| Barrel of Brent (in euros) | 89.9 | 106.8 | 100.0 | 86.8 | 75.6 | 71.7 | 79.5 | 78.1 | 75.2 | 75.2 | 95.7 | 76.2 | 75.2 |
| World trade (variations) | 1.2 | 1.1 | 1.5 | -0.8 | -0.1 | 0.7 | 0.2 | -0.2 | 0.5 | 0.7 | 6.3 | 1.0 | 1.3 |
| Imports by advanced economies | 2.4 | 1.4 | 1.0 | -1.0 | -0.3 | -0.9 | -0.3 | -0.1 | 0.5 | 0.8 | 7.8 | -1.0 | 0.6 |
| Imports by emerging economies | -1.9 | 0.4 | 2.7 | -0.1 | 0.5 | 4.8 | 1.6 | -0.5 | 0.7 | 0.7 | 2.5 | 6.3 | 2.8 |
| World demand for French products (variations) | 1.6 | 1.1 | 1.1 | -0.8 | -0.1 | 0.0 | -0.7 | -0.3 | 0.4 | 0.5 | 6.7 | -0.3 | 0.2 |

■ Forecast.

Source: Commodity Research Bureau, IHS Markit, Statistiques équilibrées du commerce (OCDE), CHELEM – Commerce international (CEPII), INSEE calculations.

► 3. Variation in the composite PMI in the United States, United Kingdom and Eurozone

(PMI index)



Last point: February 2024.

How to read it: the composite PMI was 53 in the United Kingdom in February 2024 against 49 for the Eurozone.

Source: S&P.

International economic outlook

► 4. Past and forecast GDP growth in the main western economies

(in %)

| | 2022 | | | | 2023 | | | | 2024 | | 2022 | 2023 | 2024 ovhg |
|----------------|------|------|------|------|------|------|------|------|------|-----|------|------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | | | |
| France | -0.1 | 0.3 | 0.6 | 0.0 | 0.0 | 0.6 | 0.0 | 0.1 | 0.0 | 0.3 | 2.5 | 0.9 | 0.5 |
| Germany | 1.0 | -0.1 | 0.4 | -0.4 | 0.1 | 0.0 | 0.0 | -0.3 | -0.1 | 0.2 | 1.9 | -0.1 | -0.2 |
| Italy | 0.1 | 1.4 | 0.3 | 0.0 | 0.5 | -0.2 | 0.2 | 0.2 | 0.2 | 0.2 | 4.1 | 1.0 | 0.5 |
| Spain | 0.3 | 2.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.4 | 0.6 | 0.6 | 0.5 | 5.8 | 2.5 | 1.8 |
| United Kingdom | 0.5 | 0.1 | -0.1 | 0.1 | 0.2 | 0.0 | -0.1 | -0.3 | 0.3 | 0.3 | 4.3 | 0.1 | 0.2 |
| United States | -0.5 | -0.1 | 0.7 | 0.6 | 0.6 | 0.5 | 1.2 | 0.8 | 0.5 | 0.5 | 1.9 | 2.5 | 2.2 |
| China | 0.6 | -2.1 | 4.0 | 0.6 | 2.1 | 0.6 | 1.5 | 1.0 | 1.1 | 1.1 | 3.0 | 5.2 | 3.6 |
| Eurozone | 0.6 | 0.8 | 0.5 | 0.0 | 0.0 | 0.1 | -0.1 | 0.0 | 0.1 | 0.3 | 3.4 | 0.5 | 0.3 |

■ Forecast.

Source: INSEE, Destatis, Istat, INE, ONS, BEA, NBSC, INSEE forecast.