



72nd International
SOFTWOOD CONFERENCE
TAORMINA 2024 • 16th/18th October

ECONOMIC EUROPEAN AND WW OUTLOOK

MARCO FORTIS

Economist, Vice President, Edison Foundation

17th October 2024

WORLDWIDE: A POSITIVE BUT CHALLENGING ECONOMIC SCENARIO

- In 2024 growth is accelerating but post-pandemic recovery challenges persist
- Multiple geopolitical tensions (Russo-Ukraine war, Middle East, Suez, Taiwan, etc.)
- Global supply chain criticalities
- New protectionist policies
- Elections in the USA and European Parliament; domestic political challenges in France and Germany
- The USA is the only advanced economy currently growing at an appreciable rate amidst imbalances and rising public debt
- China's economy continues to slow-down
- Actual and future impact of AI (Artificial Intelligence)

EUROPE: THE 'GERMANY CRISIS' AND RESURGENCE OF SOUTHERN ECONOMIES

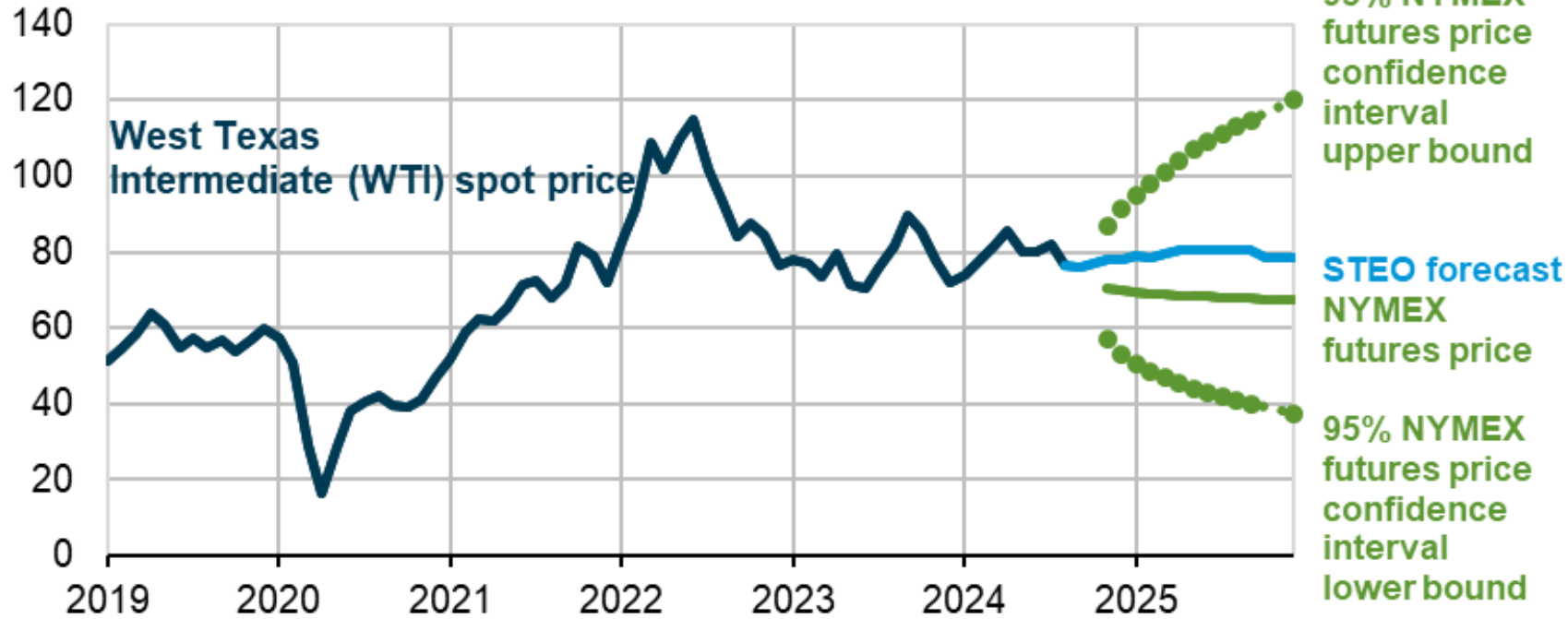
- German model challenges (higher energy prices after Russo-Ukraine war; Chinese market slowdown; automotive sector crisis)
- Southern European economies outperforming northern ones (Italy & Spain but also Greece & Portugal)
- Impact of inflation on household spending
- Lack of a unified European industrial strategy (Letta and Draghi Reports)
- Europe's reliance on external energy and raw material
- Decarbonization goals: ambitions vs. realities

ITALY: REFORMS AND GROWTH, MORE POLITICAL STABILITY AND COMPETITIVENESS

- Pace of economic growth of the last decade (thanks to the Industry 4.0 Plan & household purchasing power rebound) must be sustained by lasting reforms and progress
- As of the first half of 2024, Italian merchandise exports (316 billion euros) have exceeded Japan's (312 billion) for the first time in modern history. Italy is now the world's fourth largest exporter
- Political stability
- Public finances are more resilient than the debt-to-GDP ratio suggests but still require careful management
- **But some risks.** End of residential construction growth stimulus
- Risk of delays in implementing the NRRP and the Industry 5.0 Plan
- European decarbonisation goals are curbing competitiveness
- Demographic decline

West Texas Intermediate (WTI) crude oil price and NYMEX confidence intervals

dollars per barrel



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, September 2024, CME Group, Bloomberg, L.P., and Refinitiv an LSEG Business

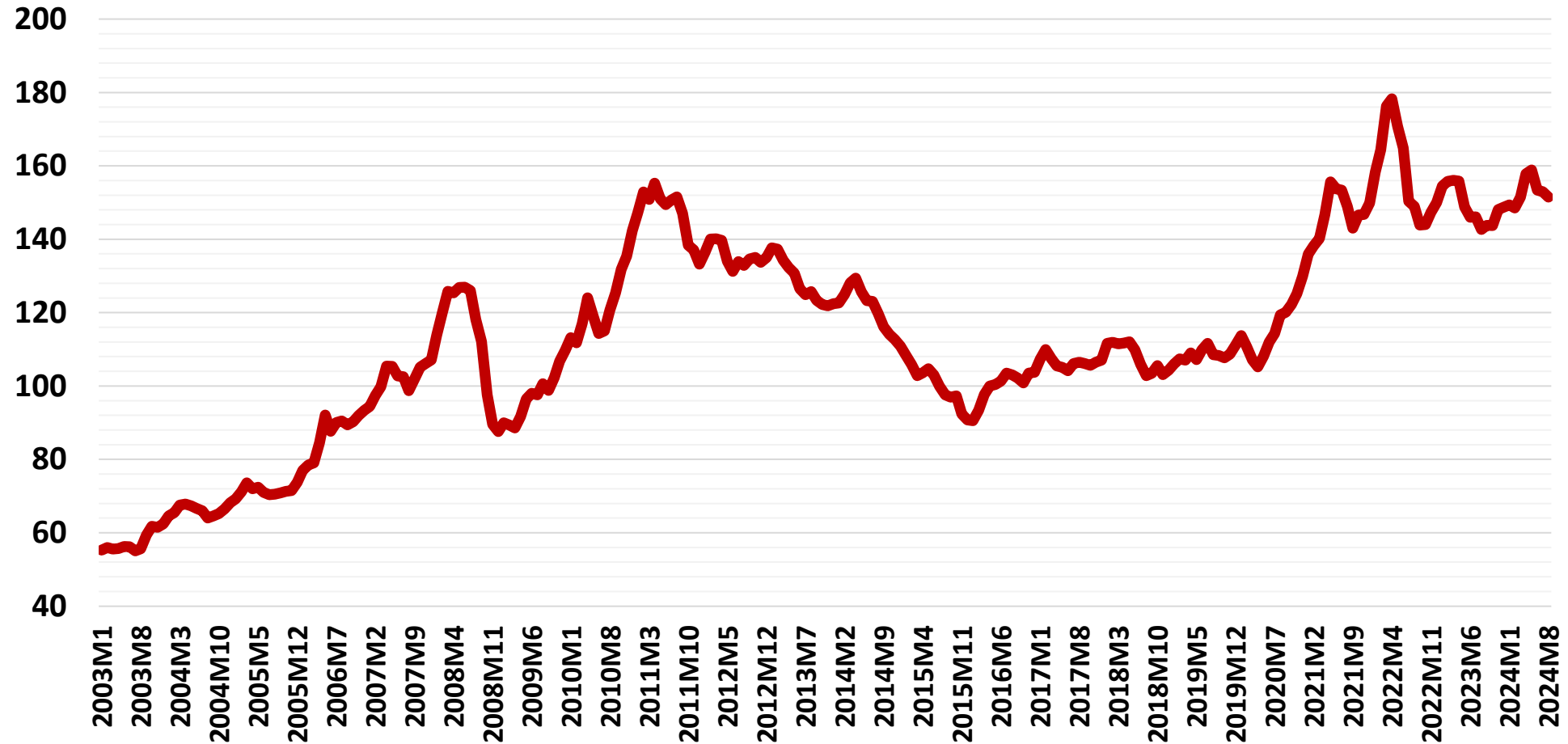
Note: Confidence interval derived from options market information for the five trading days ending September 5, 2024. Intervals not calculated for months with sparse trading in near-the-money options contracts.



Although market concerns over economic and oil demand growth, particularly in China, have increased, causing oil prices to fall, OPEC+ production cuts means less oil is being produced globally than is being consumed. The U.S. Energy Information Administration expect the Brent crude oil spot price to average \$82/b in 4Q24 and \$84/b in 2025.

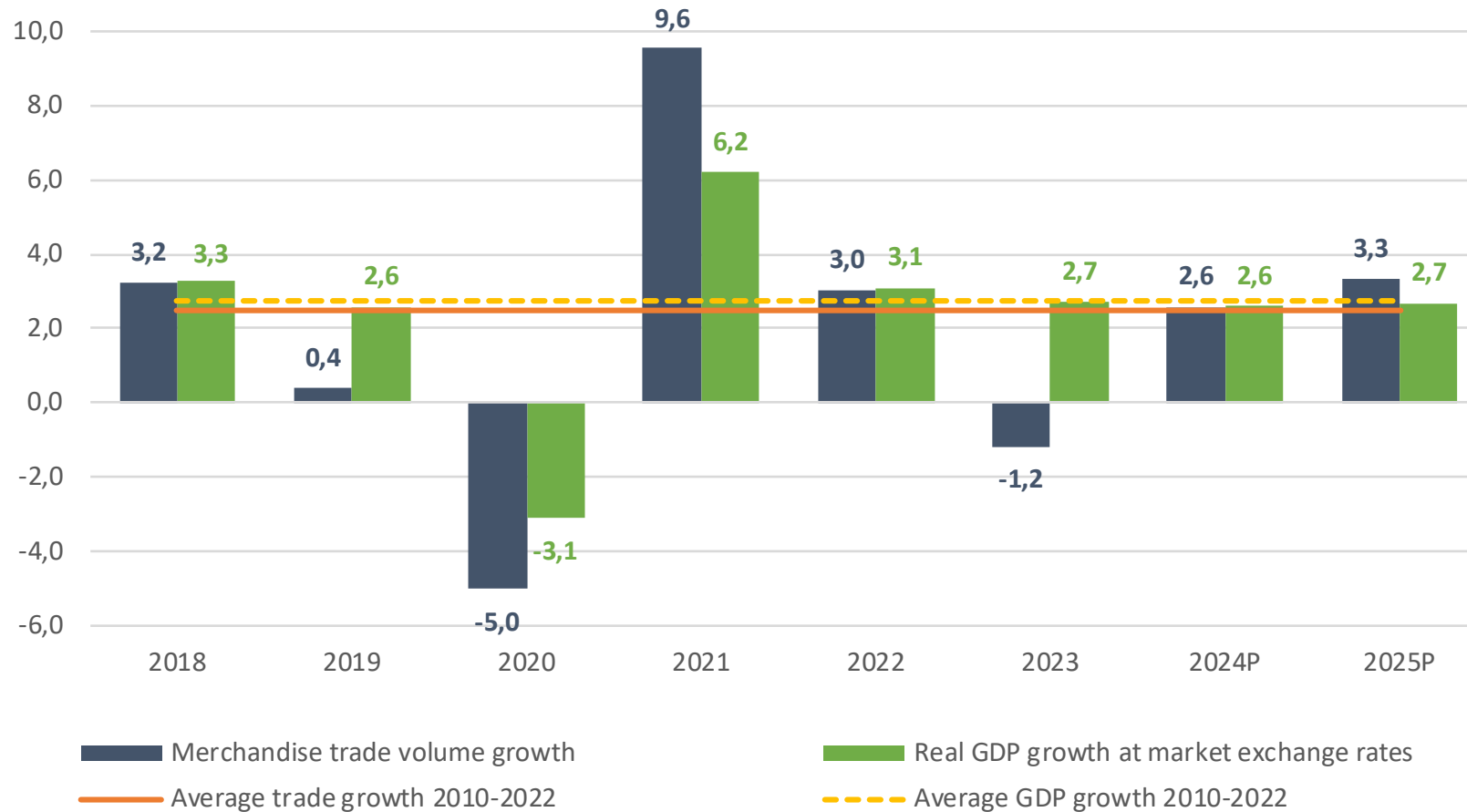
Non-Fuel Price Index, 2016 = 100, includes Precious Metals, Food and Beverages and Industrial Input Price Indices

Source: IMF



World merchandise trade volume and GDP growth, 2018-2025

Annual % change



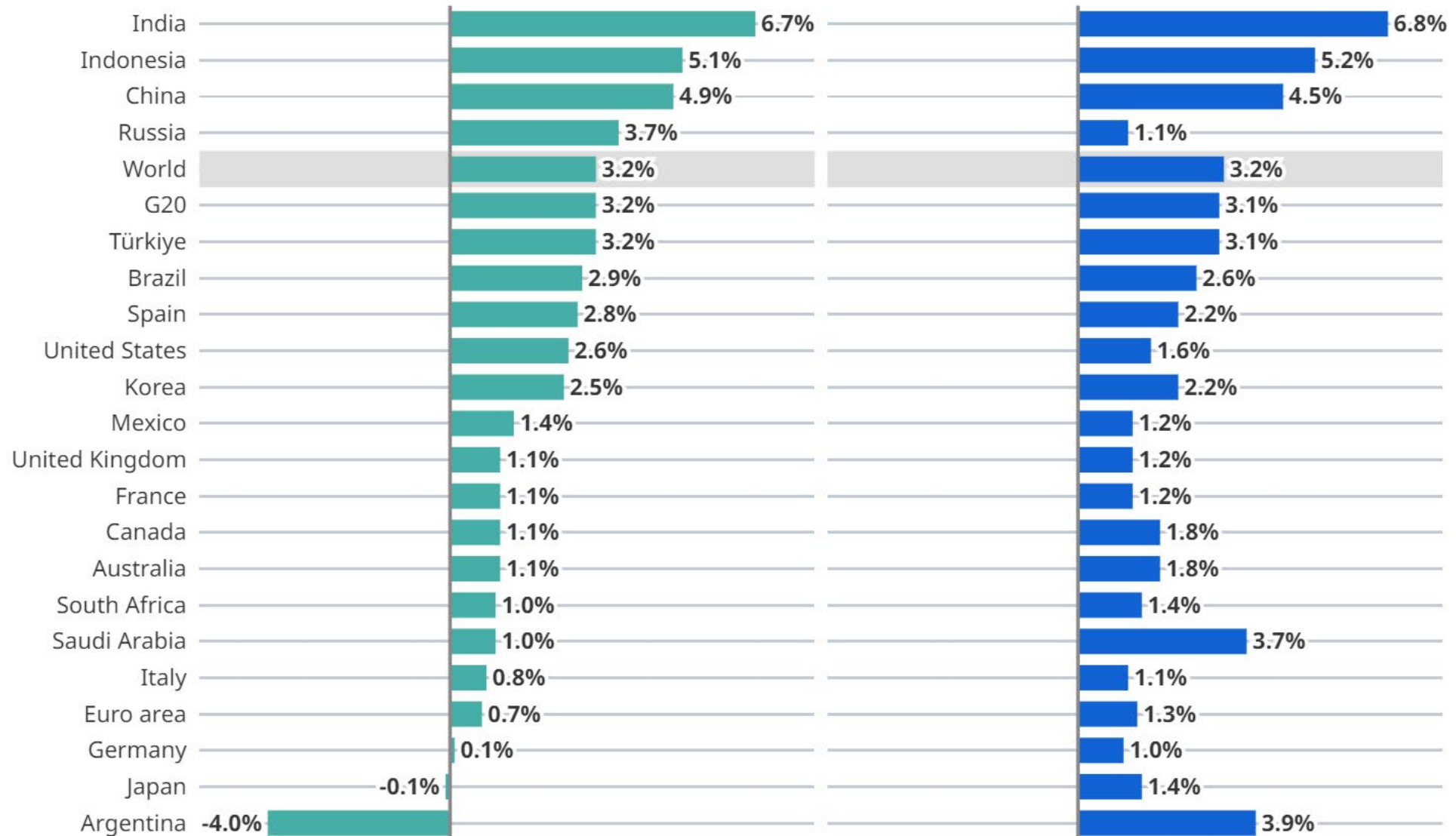
Note: Figures for 2024 and 2025 are projections. Merchandise trade grew 2.5% per year on average between 2010 and 2023 while GDP growth averaged 2.7%.

Source: WTO for merchandise trade volume and consensus estimates for GDP.

THE WTO estimates global GDP growth at market exchange rates will remain mostly stable over the next two years, at 2.6% in 2024 and 2.7% in 2025, after slowing to 2.7% in 2023 from 3.1% in 2022. The contrast between the steady recovery of real GDP after the pandemic and the slowdown in real merchandise trade volume is linked to inflationary pressures, which had a downward effect on the consumption of trade-intensive goods, particularly in Europe and North America.

Real GDP projected growth rates for 2024 and 2025

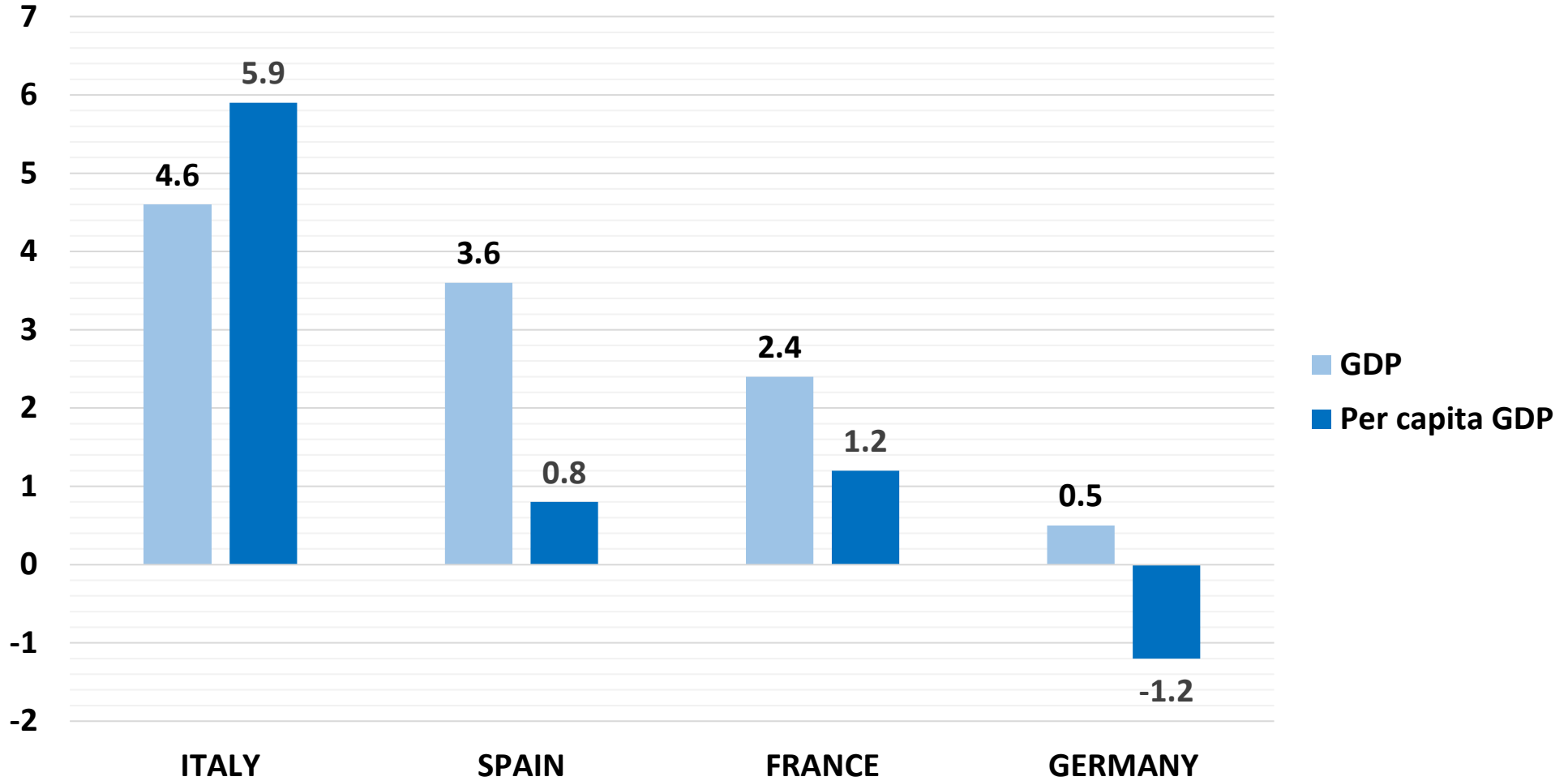
%, year-on-year



Source: OECD Economic Outlook, Interim Report September 2024

CHANGE IN POST-PANDEMIC ECONOMIC RECOVERY WITH REVISIONS TO GDP AND GDP PER CAPITA AT 2020 CHAIN LINKED VOLUMES (2023 GDP and GDP per capita, % change in volume compared to 2019)

Source: compiled by Fondazione Edison on Eurostat data



EXPORTS OF G18 COUNTRIES IN THE FIRST HALF OF 2024 COMPARED TO THE FIRST HALF OF 2014

(data in millions of current dollars)

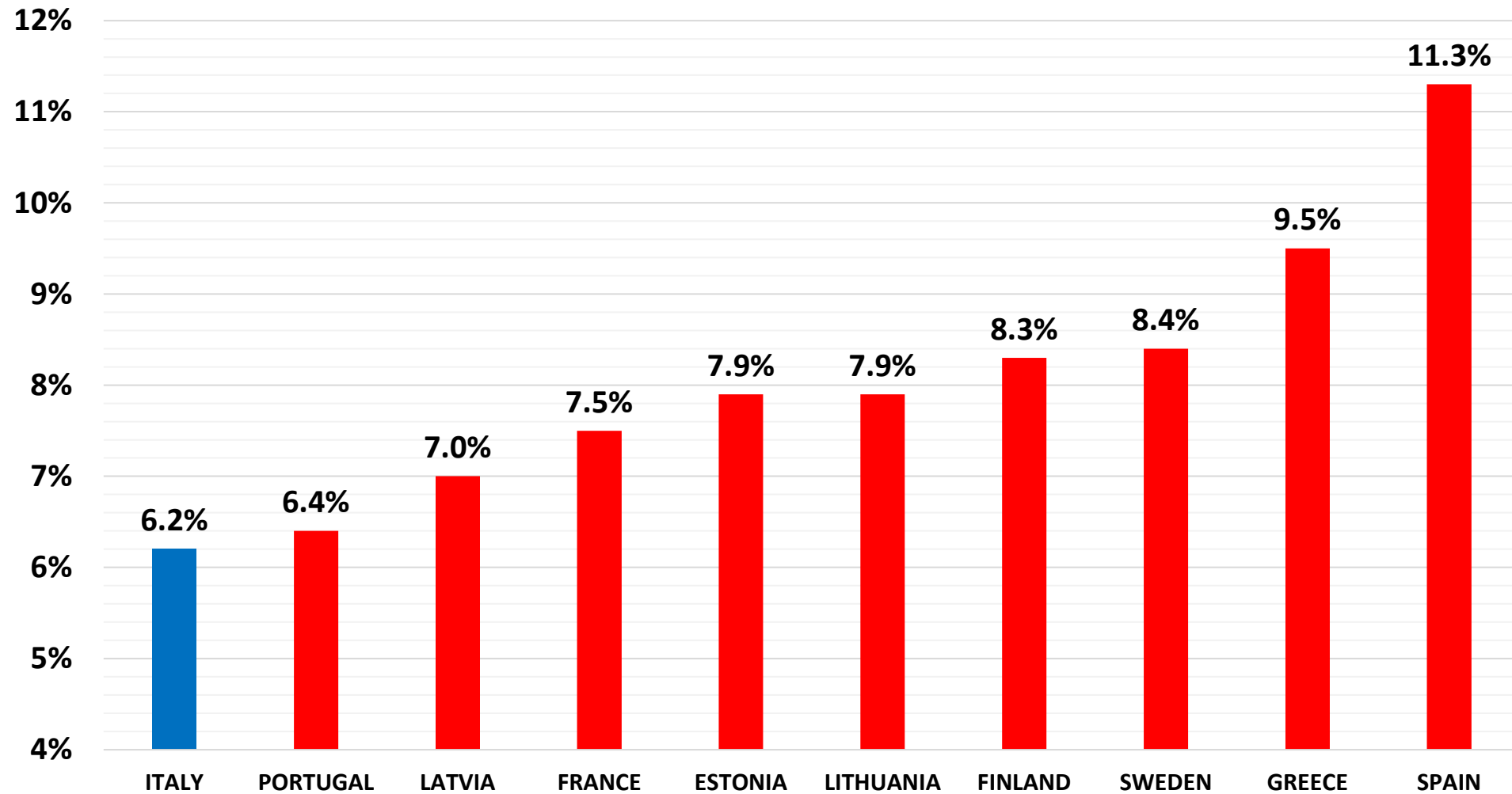
Rank	Countries	First half of 2014	Share % in G18*	Rank	Countries	First half of 2024	Share % in G18*
1	CHINA	1,061,893	19.6%	1	CHINA	1,710,153	24.8%
2	UNITED STATES	802,647	14.8%	2	UNITED STATES	1,026,375	14.9%
3	GERMANY	757,587	14.0%	3	GERMANY	866,330	12.6%
4	JAPAN	342,149	6.3%	4	ITALY	341,484	5.0%
5	FRANCE	299,700	5.5%	5	JAPAN	338,256	4.9%
6	SOUTH KOREA	283,214	5.2%	6	SOUTH KOREA	335,036	4.9%
7	ITALY	270,83	5.0%	7	FRANCE	324,212	4.7%
8	UNITED KINGDOM	259,605	4.8%	8	MEXICO	299,387	4.3%
9	RUSSIA	254,879	4.7%	9	CANADA	284,046	4.1%
10	CANADA	235,773	4.4%	10	UNITED KINGDOM	251,416	3.6%
11	MEXICO	192,629	3.6%	11	INDIA	230,541	3.3%
12	INDIA	162,699	3.0%	12	RUSSIA	206,632	3.0%
13	AUSTRALIA	122,985	2.3%	13	AUSTRALIA	171,909	2.5%
14	BRAZIL	109,441	2.0%	14	BRAZIL	167,283	2.4%
15	INDONESIA	88,825	1.6%	15	TURKEY	126,278	1.8%
16	TURKEY	84,421	1.6%	16	INDONESIA	125,092	1.8%
17	SOUTH AFRICA	45,143	0.8%	17	SOUTH AFRICA	52,724	0.8%
18	ARGENTINA	34,698	0.6%	18	ARGENTINA	38,176	0.6%
	TOTAL 18 COUNTRIES	5,409,118	100.0%		TOTAL 18 COUNTRIES	6,895,330	100.0%

*Monthly data for Saudi Arabia is not available. In 2023, Saudi Arabia ranked 14th in the G19.

Source: compiled by Fondazione Edison on WTO data

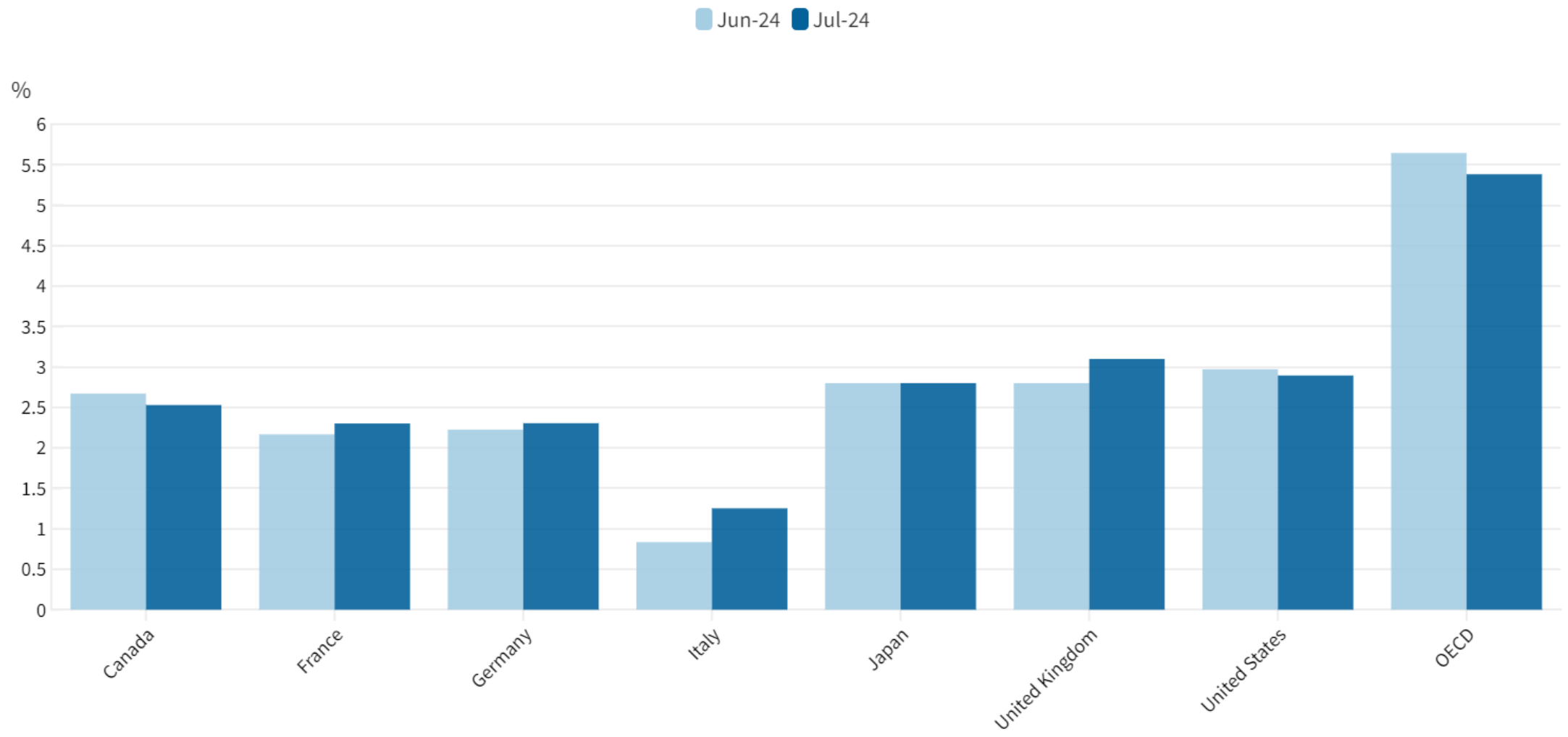
Unemployment rate in Scandinavian, Baltic, and Mediterranean countries: August 2024

Source: compiled by Fondazione Edison on Eurostat data



Consumer prices, G7 economies and OECD

All items, year-on-year inflation rate

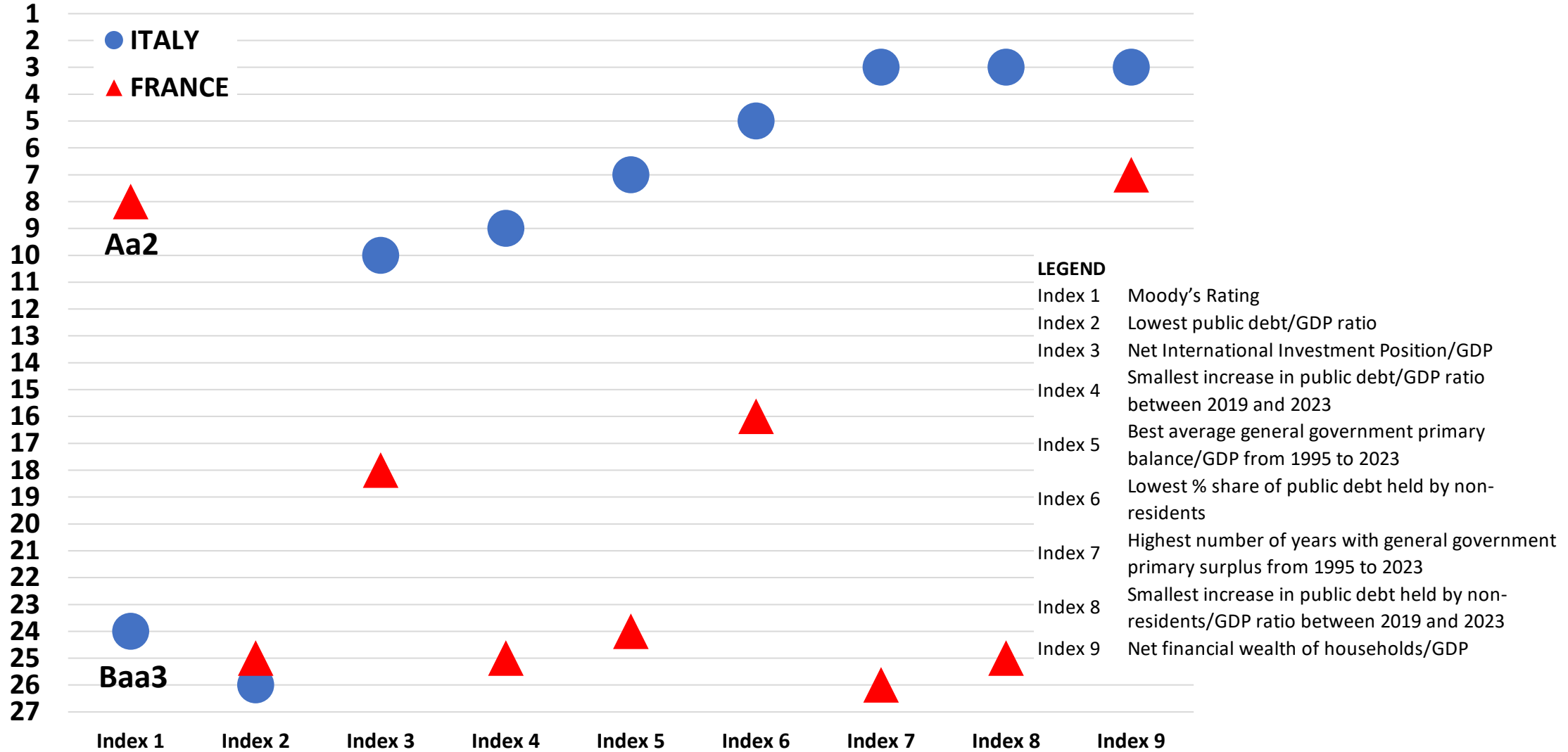


Source: OECD (2024) [Consumer price indices \(CPIs, HICPs\), COICOP 1999, Consumer price indices \(CPIs\), COICOP 2018](#)

SOVEREIGN DEBTS OF EU-27 COUNTRIES: FINANCIAL STABILITY INDICATORS, YEAR 2023

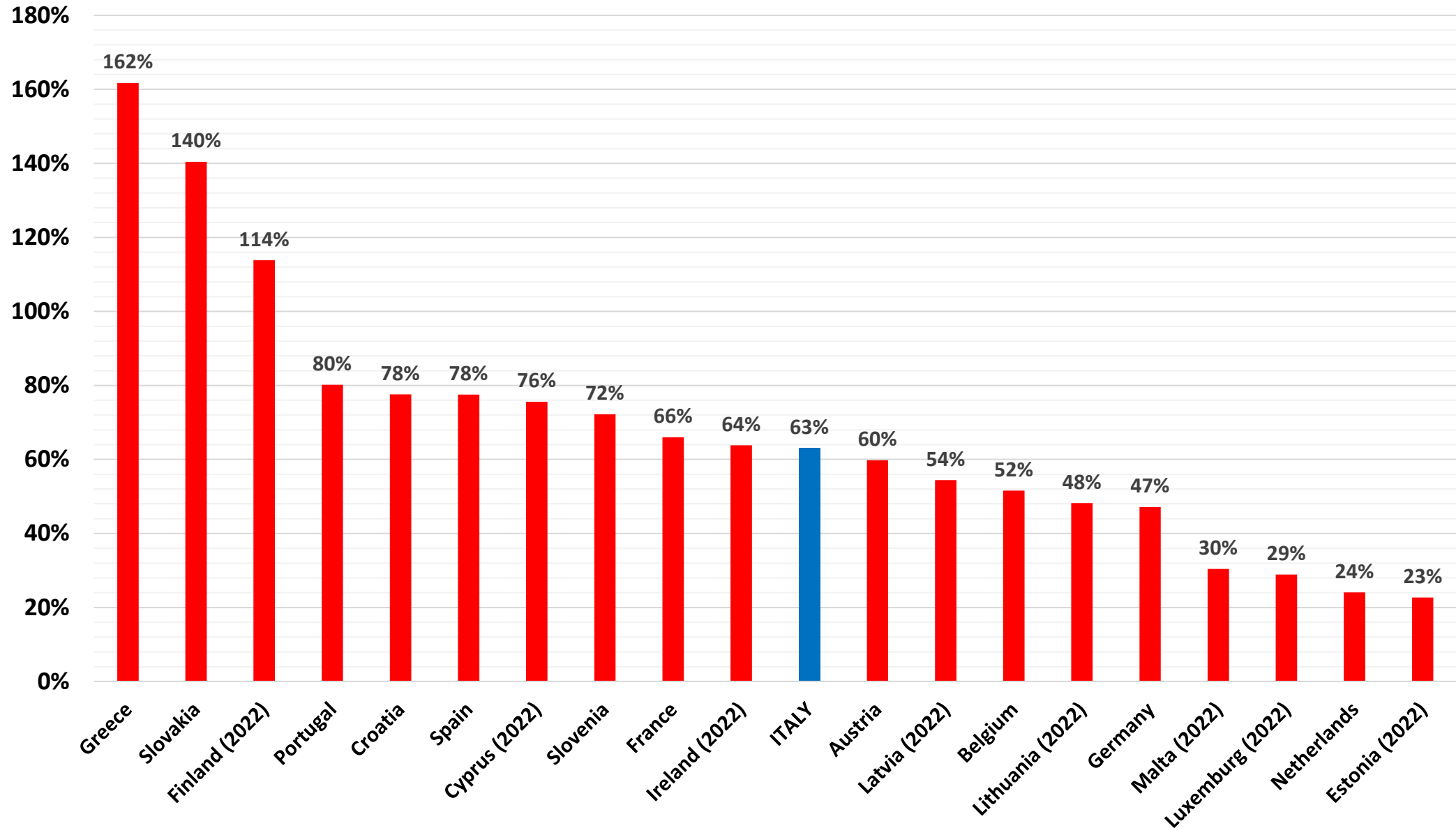
(rankings from 1st place to 27th place in the EU-27)

Sources: Eurostat, ECB, Moody's



Public debt-to-net financial wealth of households ratio (%): year 2023

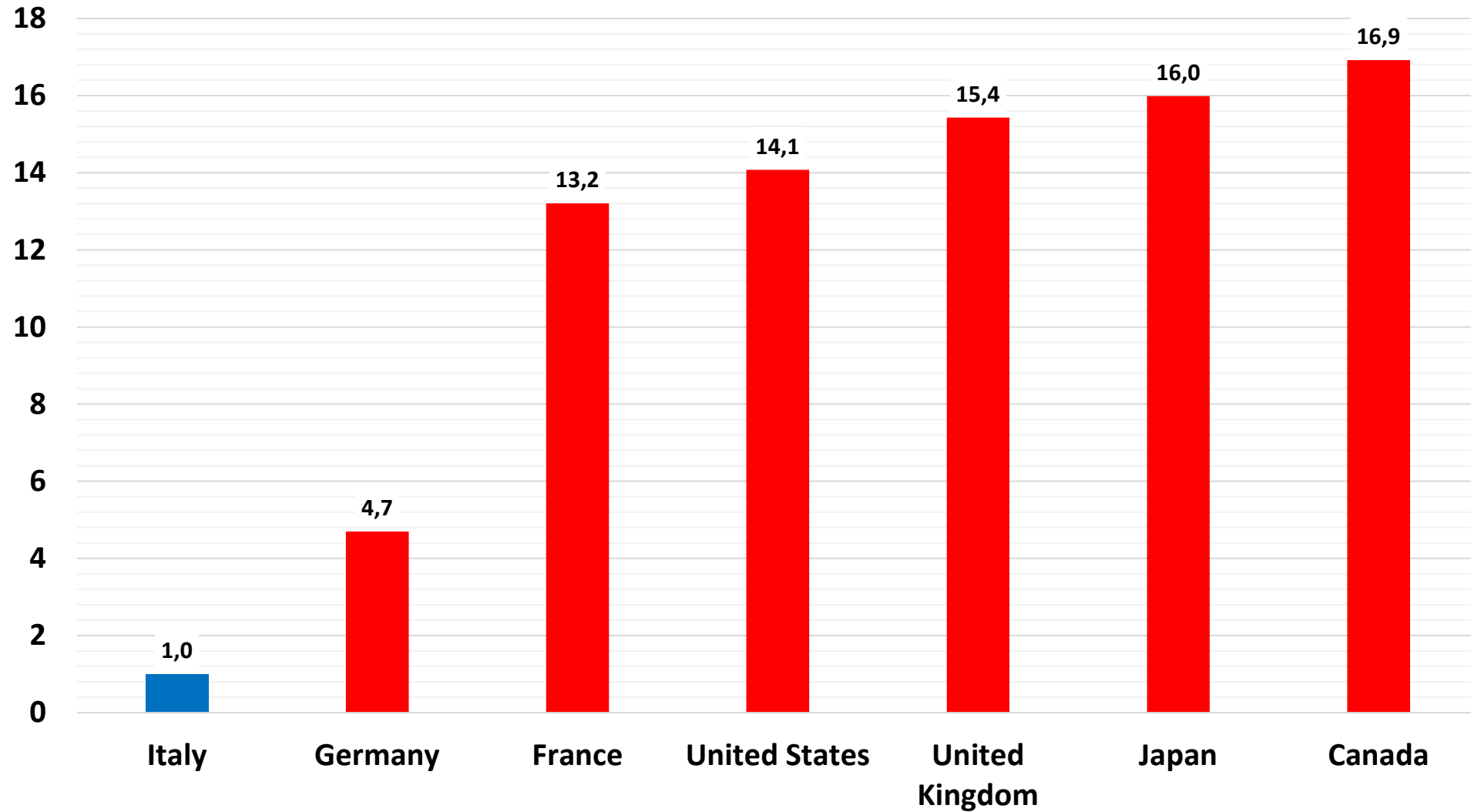
Source: compiled by Fondazione Edison on Eurostat data



DEBT/GDP CHANGE 2020-2023

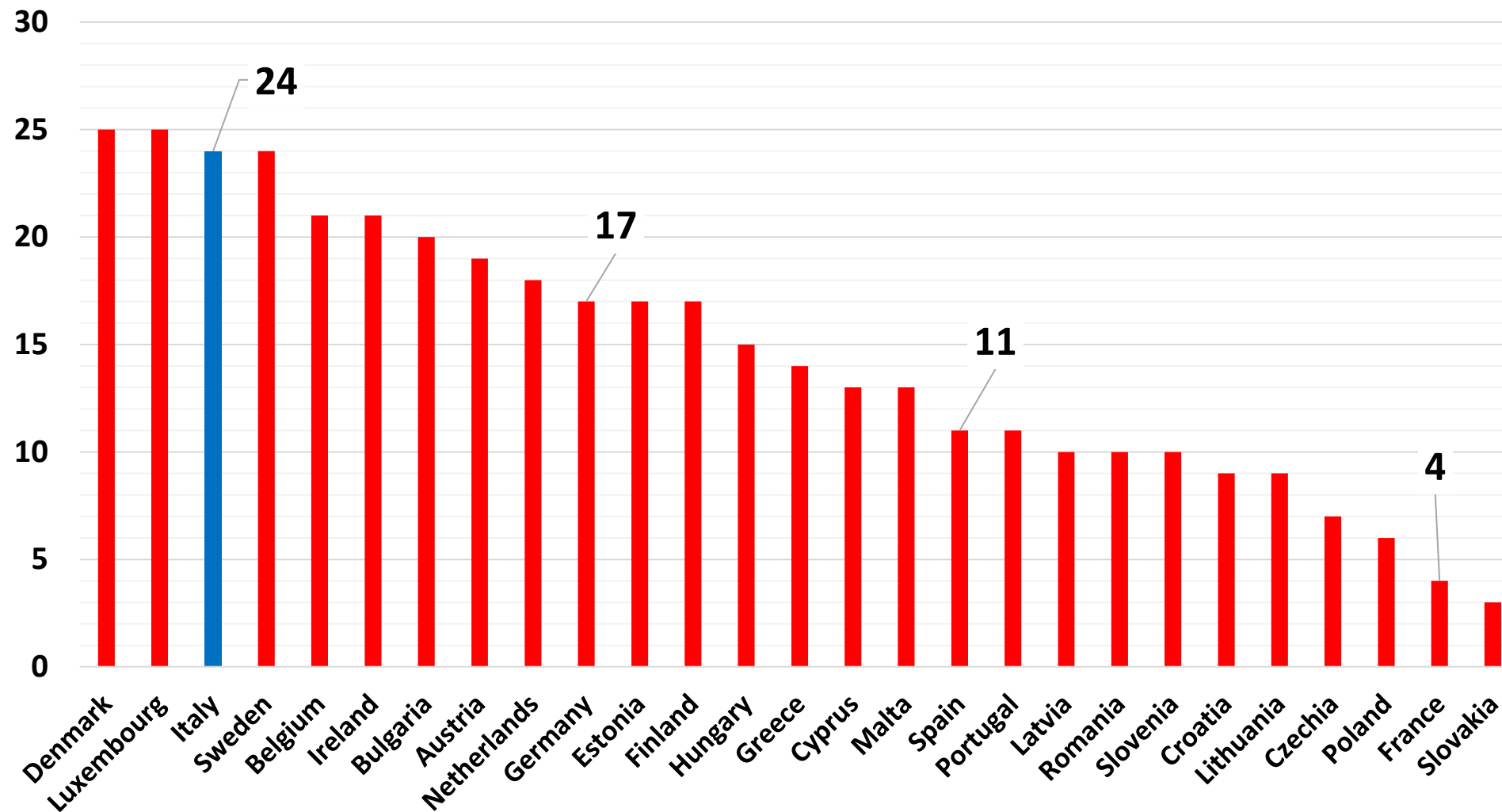
(% change vs 2019)

Source: compiled by Edison Foundation on data from IMF, "Fiscal Monitor", April 2024, and Istat



GENERAL GOVERNMENT PRIMARY BALANCE: NUMBER OF YEARS WITH A SURPLUS, 1995-2023

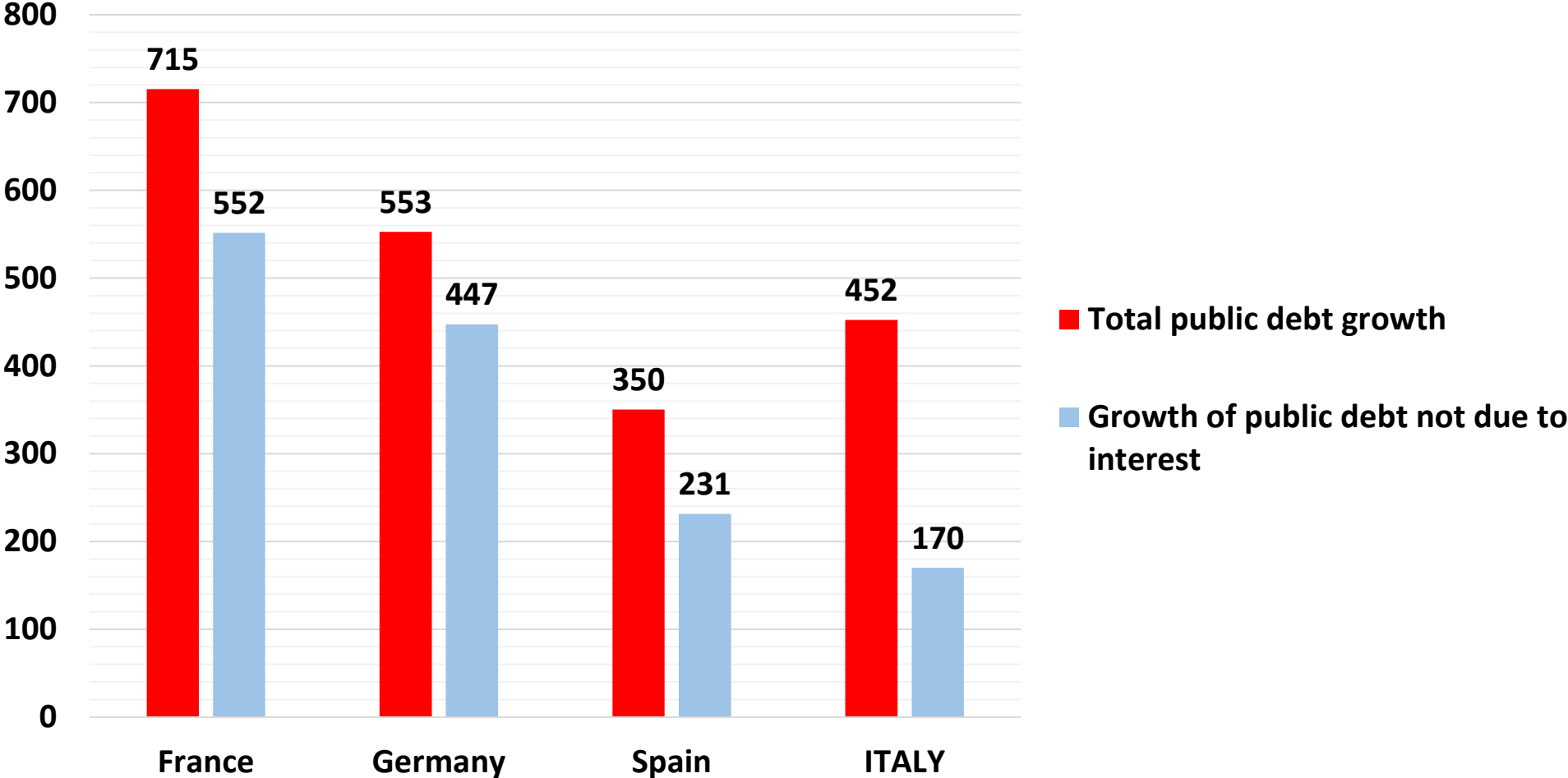
Source: European Commission data



Public Debt Dynamics of the four major Eurozone countries: 2020-2023

(change in billions of euros compared to 2019)

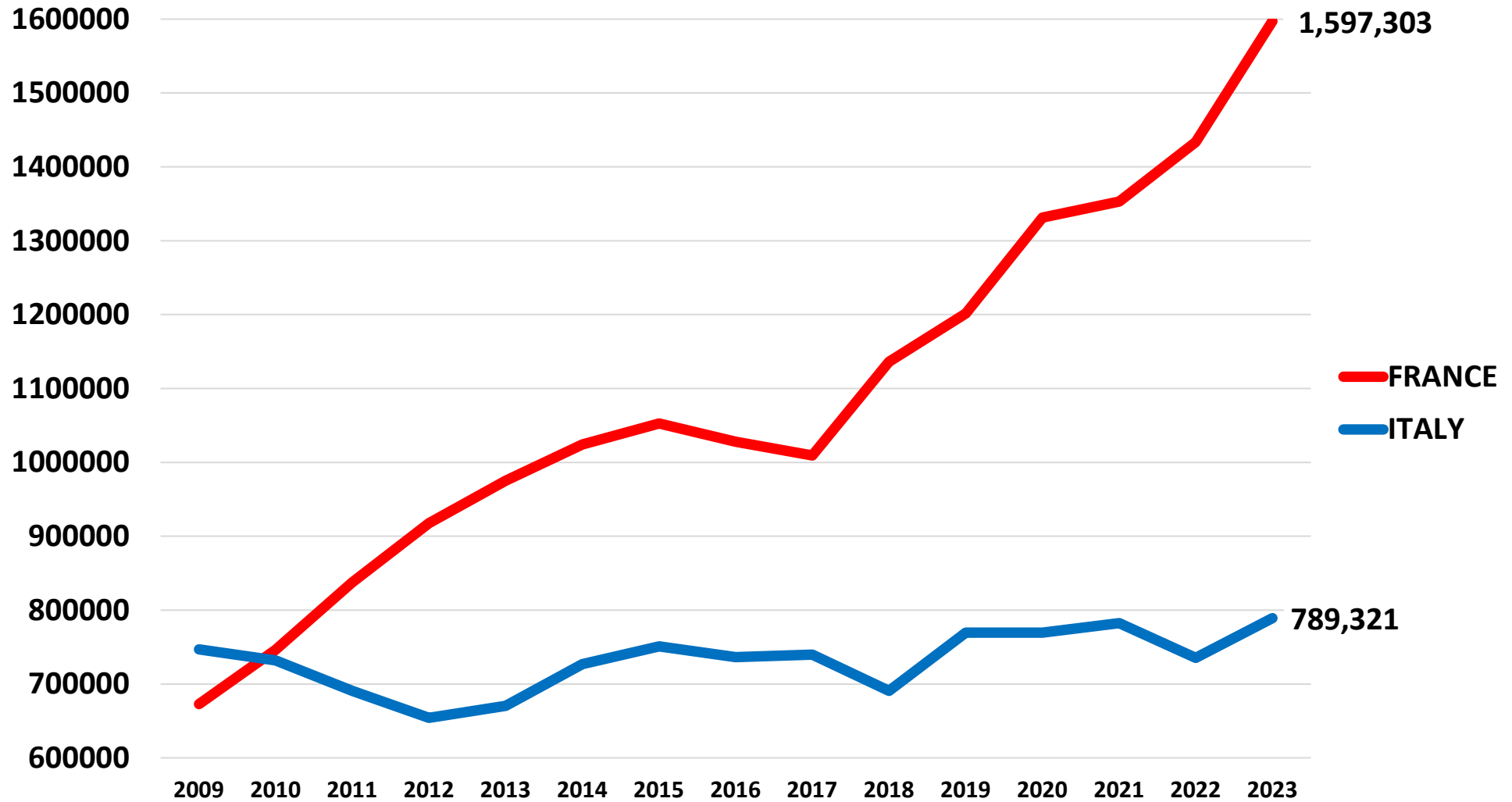
Source: compiled by Fondazione Edison on data from Eurostat



Public debt financed by foreign investors: France and Italy

(millions of euros)

Source: compiled by Fondazione Edison on ECB data



Net international investment position of the Mediterranean Countries

(billions of euros)

Source: compiled by Fondazione Edison on Eurostat data

