



# September Macro Brief

## The cost-of-living squeeze

September 30, 2024

## About this document

The monthly brief is intended to inform executive teams, boards and investors on the state of the economy. It has been prepared based on data as of **September 25, 2024**.

Each brief includes a summary of global business-relevant macroeconomic developments, and a set of indicators that track the overall health of the economy, business activity and consumers.

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**June: Manufacturing health check**

**May: Trade skirmishes**

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# Executive Summary



# September 2024

## Executive Summary

### Global themes

- **Going into the last quarter of 2024, the global economy remains sluggish and on more uncertain footing than over the summer, reflecting:**
  - Renewed softness in US manufacturing and moderation in consumer activity as the labor market cools, though services remain resilient
  - Significant deterioration in economic momentum across Europe (notably Germany and France), with the UK holding up better than others
  - A slowdown in China after a strong 1H 2024, owing to ongoing property sector struggles, weak consumer spend and geopolitical tensions
- **Despite slowing inflation, cost-of-living pressures continue to be a drag on demand, as households struggle with cost fatigue and eroded purchasing power compared to pre-pandemic.** Goods and energy inflation has fallen considerably, but sticky services inflation in many economies continues to pressure household finances, while decelerating wage growth reinforces the accumulated gap in incomes relative to consumer prices.
- **This cost-of-living squeeze complicates the balancing act of fiscal, monetary and trade policies governments are already navigating, including:**
  - Pushing ahead with fiscal austerity measures when household incomes continue to be under stress (e.g. France, Argentina)
  - Balancing geopolitical and national competitiveness objectives of trade policies (e.g. tariffs) with their consequential inflationary risks
  - Easing monetary policy to guard against an economic downturn at a measured pace that does not risk reigniting inflation

### Regional highlights

Americas	Europe, Middle East and Africa	Asia-Pacific
<ul style="list-style-type: none"> <li>• In the <b>US</b>, households' purchasing power gap will likely persist as employment and wage growth slow, with lower and middle-income households feeling more of the burden</li> <li>• Cost-of-living pressures are also fueling labor unrest as the ILA threatens to strike on Oct 1<sup>st</sup>, risking renewed supply chain disruptions and inflationary pressures</li> </ul>	<ul style="list-style-type: none"> <li>• Recent real wage growth across <b>European</b> countries has been insufficient to offset the surge in consumer prices, reinforcing households' weakened purchasing power</li> <li>• <b>German</b> consumers remain conservative given economic uncertainty, while elevated living costs in the <b>UK</b> are reshaping the consumer spending environment</li> </ul>	<ul style="list-style-type: none"> <li>• Recent wage hikes in <b>Japan</b> have boosted household purchasing power and lessened the cost-of-living burden, fueling a rise in consumer confidence and an uptick in household consumption</li> <li>• Disinflation in <b>China</b> limits a significant cost-of-living crisis, yet domestic demand and consumer confidence remain weak</li> </ul>

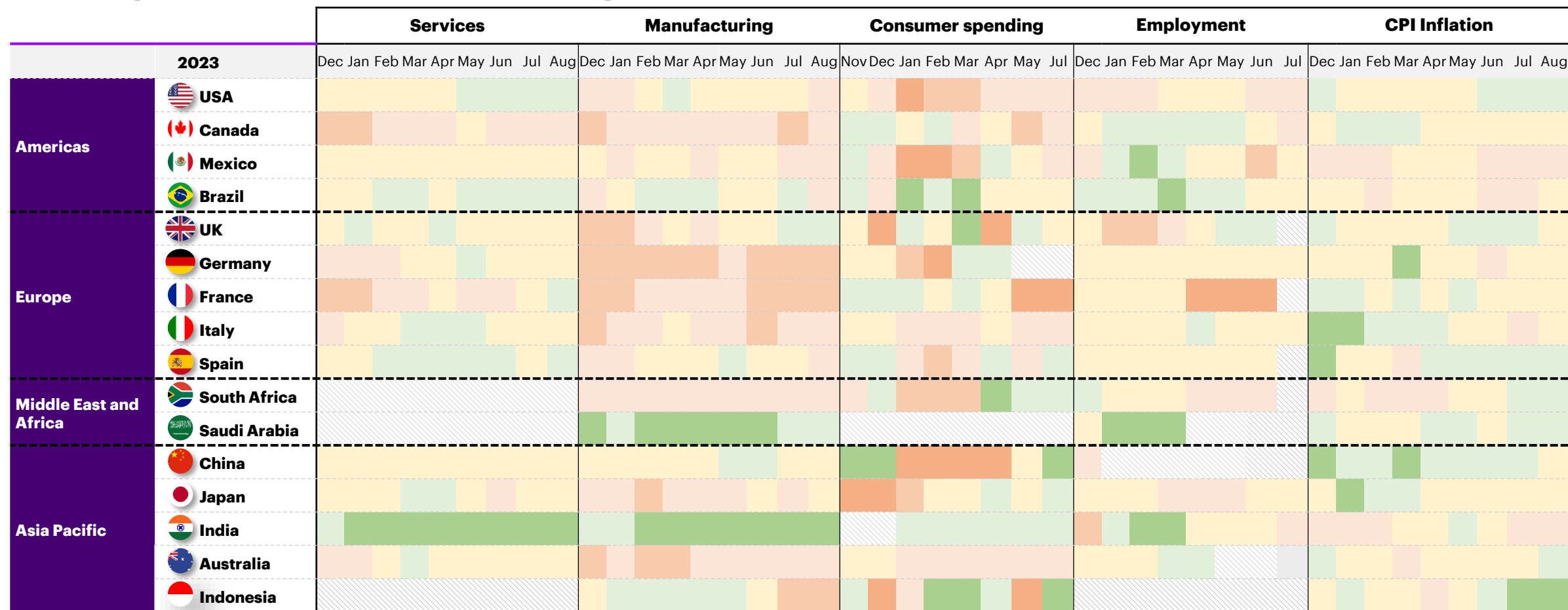
### Key considerations and priorities for clients

- **Implications for the upcoming US election are front and center for corporations, especially given the tense economic environment of elevated operating costs due to supply side inflationary pressures and slowing demand due to the cost-of-living squeeze.**
  - The cost-of-living crisis could be a deciding factor in the election outcomes as it is shaping some campaign proposals around household income support, health care costs, and housing affordability
  - Potential increases in tariffs could exacerbate inflation and cost-of-living challenges, likely weighing on consumer sentiment; moving forward, this may require companies to be more mindful of pricing power and strategies going forward
- **Scenario planning for different election outcomes will be critical, as will strengthening government relations capabilities to navigate aftermath**

# Recent data indicate expanding services output across most regions, tepid manufacturing activity, slowing consumer spending, and continued disinflation

## Country economic momentum snapshot

**AS OF SEPTEMBER 25**



= data not available
 
 40
 
 60
 
 40
 
 60
 
 -5%
 
 10%
 
 -0.4%
 
 0.5%
 
 15%
 
 0%

Notes: Services and Manufacturing metrics refer to PMI services activity and PMI manufacturing output as provided by S&P Global and may include preliminary "flash" figures, shading is based on most recent result. South Africa and Saudi Arabia manufacturing numbers refer to the whole economy. Mexico Services refers to Business Climate Index: Non-mfg. Consumer spending shading based on real retail sales growth 3MMA percent change except for Australia which is based on Q/Q % change and India which is based on 3MMA of Y/Y% change. Employment growth is derived from employment figures as provided by government authorities. CPI uses harmonized figures for Euro Area countries.

Sources: S&P Global, Haver Analytics, Accenture Strategy analysis

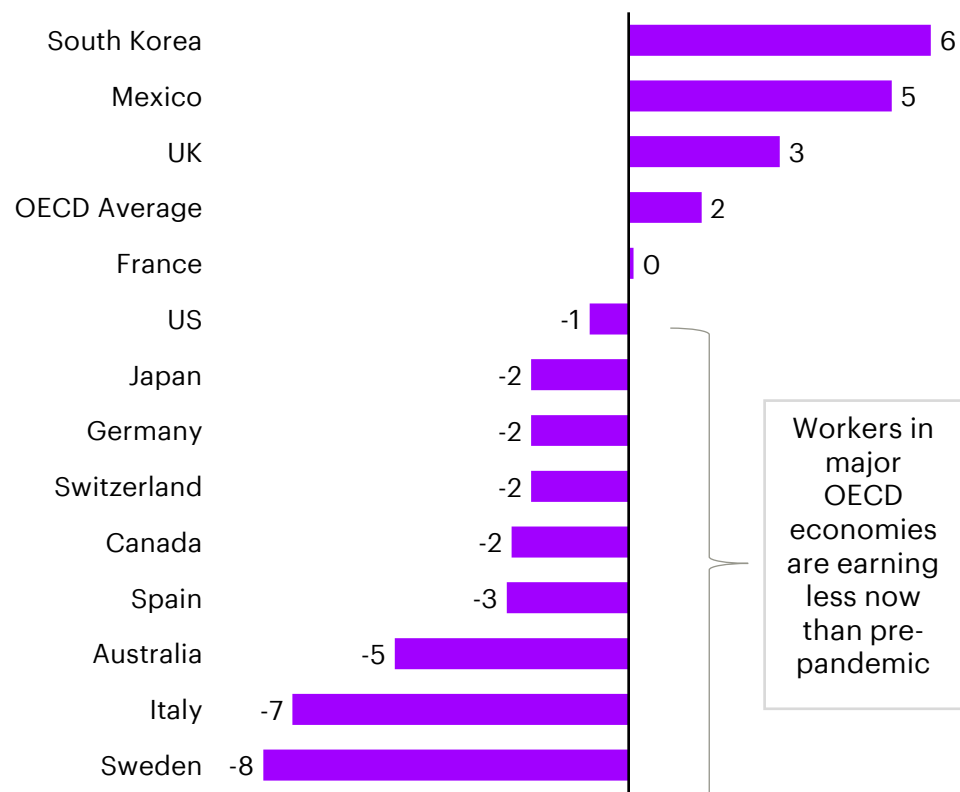
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# Cost-of-living challenges remain widespread across the global economy as households face real wage stagnation, reduced personal savings, and still-elevated price levels

## Global real wages and persistent inflation concerns

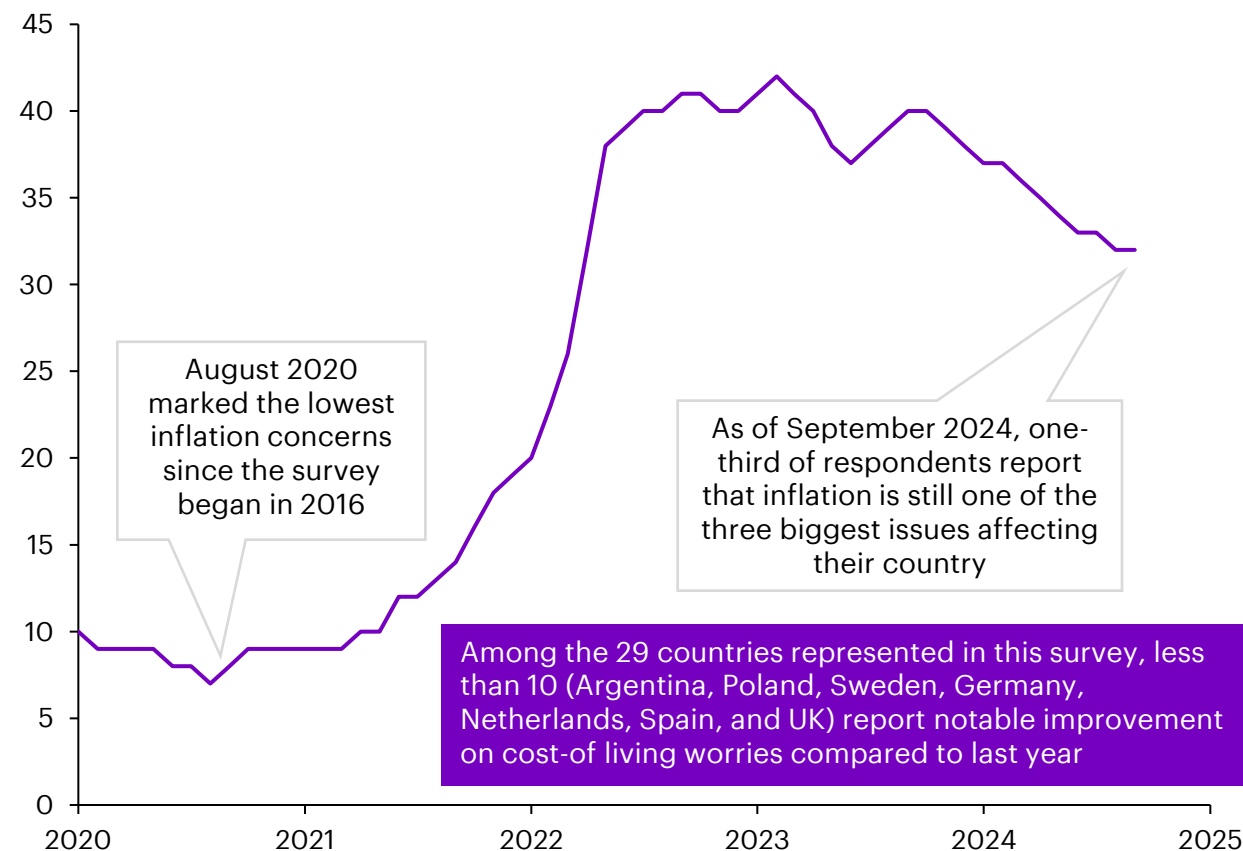
### Real wage growth since Q4 2019

Cumulative % change from Q4 2019 to Q3 2024



### Inflation remains top worry in global survey

% respondents, most worrisome topic











Notes: The Ipsos "What Worries the World" survey reflects a representative sample of 22,270 adults aged 16-74 in 29 participating countries, 2016 – 2024. Countries include Argentina, Australia, Belgium, Brazil, Canada, Chile, Colombia, France, Germany, UK, Hungary, India, Indonesia, Israel, Italy, Japan, Malaysia, Mexico, Netherlands, Peru, Poland, Singapore, South Africa, South Korea, Spain, Sweden, Thailand, Turkey, US  
Sources: OECD, Ipsos Global Survey, Accenture Strategy analysis

# A consumer-led growth downshift alongside slowing inflation remains base case for the US economy; continued stagnation or sluggish recoveries are most likely throughout Europe

## Latest economic outlooks: Americas and Europe







**AS OF SEPTEMBER 25**

	Key recent datapoints	Base case outlook	What to watch for
<b>Americas</b> 	 US <ul style="list-style-type: none"> <li>The Fed announced a 50bp rate cut in September, bringing the target range to 4.75-5%</li> <li>Nonfarm payrolls increased a mere 89K in Aug as the unemployment rate ticked down to 4.2%</li> <li>Headline CPI decelerated to 2.5% YoY in August, while core CPI held steady at 3.2%</li> </ul>	<ul style="list-style-type: none"> <li>Expectations for moderate growth and slowing inflation, but subdued real wage growth and cost fatigue will likely drive a downshift in consumer spending</li> </ul>	<ul style="list-style-type: none"> <li>Future pace of Fed rate cuts is not predetermined, and will remain data dependent</li> <li>Consumer spending inflection, led by lower-income households</li> <li>Increasing policy uncertainty related to the presidential election in November</li> </ul>
	 Canada <ul style="list-style-type: none"> <li>Employment increased 22K in August following two months of decline, with the UR at 6.6%</li> <li>CPI inflation slowed to 2.4% in August, reflecting an outright decline in goods prices (-0.7% YoY)</li> </ul>	<ul style="list-style-type: none"> <li>The lagged impact of higher interest rates on household interest payments is expected to keep consumer-led growth muted in the near term</li> </ul>	<ul style="list-style-type: none"> <li>BoC is officially in rate-cutting mode, with 1-2 more cuts expected in 2024</li> <li>Changes in immigration policies could have a notable impact on consumption</li> </ul>
	 Brazil <ul style="list-style-type: none"> <li>The central bank raised interest rates by 25bp in September, marking the first hike in 2 years</li> <li>Inflation slowed more than expected in Aug to 4.2%, but energy &amp; food prices remain a concern</li> </ul>	<ul style="list-style-type: none"> <li>Resilient growth marked by strong labor market activity despite above-target inflation and external factors such as severe droughts</li> </ul>	<ul style="list-style-type: none"> <li>Strength of agricultural harvest despite climate concerns</li> <li>Ongoing uncertainty regarding planned tax reforms and overall fiscal trajectory</li> </ul>
<b>Europe</b> 	 UK <ul style="list-style-type: none"> <li>Monthly GDP held flat in June and July due to weakness in manufacturing and construction</li> <li>Inflation held steady at 2.2% in Aug, despite an acceleration in services inflation to 5.6%</li> </ul>	<ul style="list-style-type: none"> <li>Improving but-still sluggish growth expected for rest of the year amidst ongoing manufacturing weakness and housing affordability pressures on consumers</li> </ul>	<ul style="list-style-type: none"> <li>Timing of BOE rate cuts given loosening labor market and falling inflation</li> <li>Change to fiscal policy path in aftermath of general election</li> </ul>
	 Germany <ul style="list-style-type: none"> <li>Flash composite PMI dropped to a 7-month low of 47.2 in September, with manufacturing output contracting at its fastest pace in 12 months</li> <li>CPI inflation dropped to 1.9% in Aug, the first time it has been below 2% since March 2021</li> </ul>	<ul style="list-style-type: none"> <li>Low consumer sentiment, weak manufacturing orders, sluggish export business, and low public investment is expected to put ever-increasing pressure on positive growth expectations</li> </ul>	<ul style="list-style-type: none"> <li>Signs of recovering EU demand and counteracting trade policy retaliations</li> <li>Reform progress on industrial policy and infrastructure investment prior to the 2025 federal election</li> </ul>
	 France <ul style="list-style-type: none"> <li>Inflation fell to a 3-year low of 1.2% in Sep</li> <li>Olympic momentum is fading, with Sep headline composite PMI dropping to lowest since Jan</li> </ul>	<ul style="list-style-type: none"> <li>Private sector output is contracting after a temporary boost from the Olympics and the new government's plans to tighten fiscal policy could further hinder economic growth</li> </ul>	<ul style="list-style-type: none"> <li>Delayed submission of deficit reduction plans to the EU amidst worsening public finances, and challenges of navigating a divided parliament</li> </ul>

# APAC economies are expected to continue to diverge as India and Indonesia expand but Australia and others face sluggish demand and inflationary pressures

## Latest economic outlooks: Asia-Pacific

**AS OF SEPTEMBER 25**

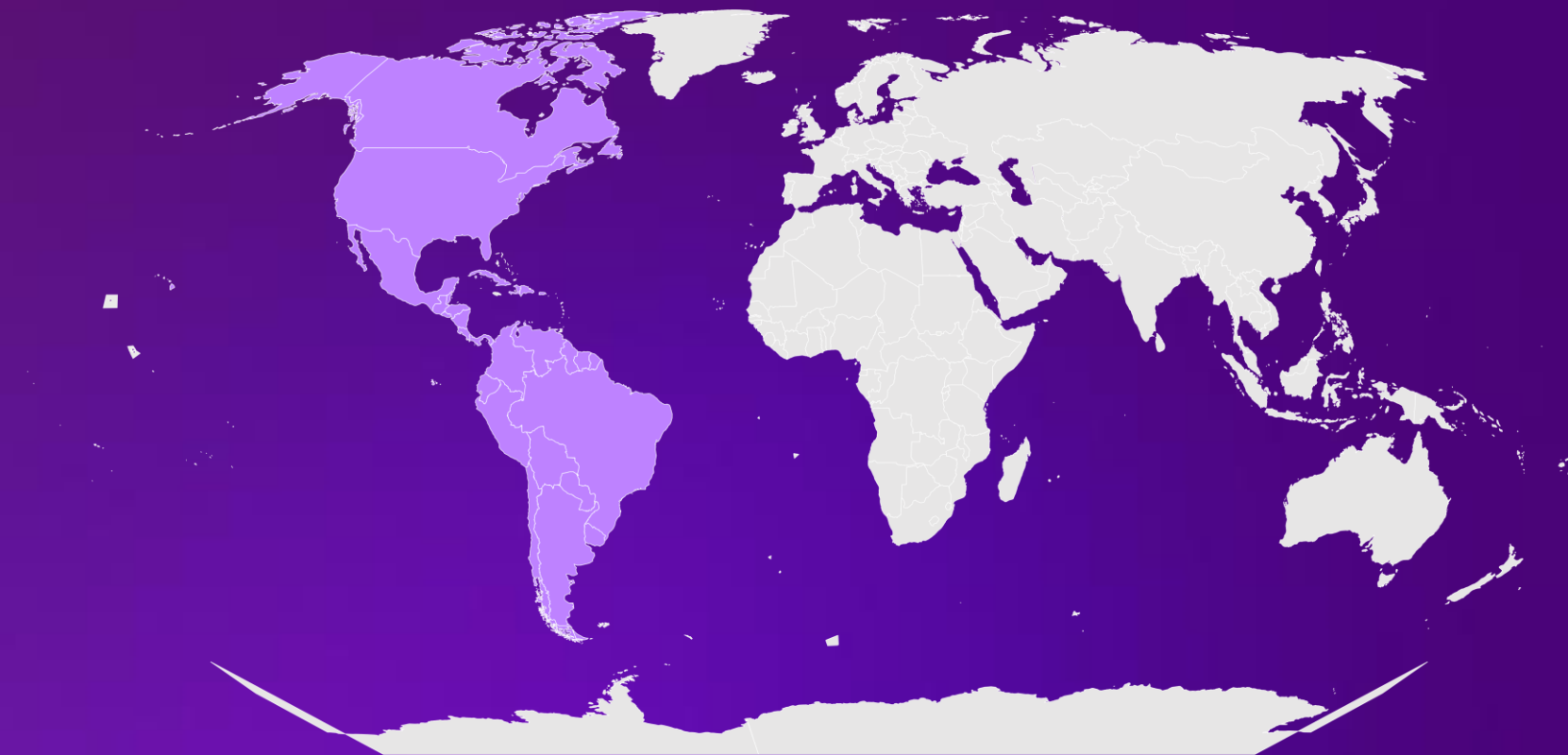
		Key recent datapoints	Base case outlook	What to watch for
<b>Asia Pacific</b> 	 China	<ul style="list-style-type: none"> <li>The PBOC lowered the policy interest rate on 7-day reverse purchase agreements from 1.7% to 1.5% and 14-day reverse purchase agreements from 1.95% to 1.85%</li> <li>The PBOC also unveiled a package to shore up China's property market, including lowering borrowing costs on \$5.3T in mortgages and easing rules for second-home purchases.</li> </ul>	<ul style="list-style-type: none"> <li>Growth continues to trend down towards the slower (3-4%) potential rate associated with China's materializing structural challenges</li> <li>Subdued consumer confidence amid property sector challenges, soft external demand and limited policy stimulus in the near-term</li> </ul>	<ul style="list-style-type: none"> <li>Extent of government policy intervention (monetary and fiscal) to support the distressed property sector and prop up flagging growth</li> <li>Export performance in targeted "New Three" sectors (EV, batteries, solar)</li> </ul>
	 Japan	<ul style="list-style-type: none"> <li>Core inflation was up slightly in August to 2.8%, staying above the BoJ's 2% target</li> <li>Manufacturing PMI held below 50 in September for the 3rd consecutive month</li> <li>Yen shows signs of stabilization after lower-than-expected inflation reading in the US</li> </ul>	<ul style="list-style-type: none"> <li>GDP growth is expected to remain sluggish in 2024 as negative real income growth continues to weigh on domestic demand and export demand moderates</li> </ul>	<ul style="list-style-type: none"> <li>Degree of moderation in tourism and auto export growth, especially given the reversal of weakening yen</li> <li>Growing optimism from business consumer on domestic spending supported by real wage growth</li> </ul>
	 India	<ul style="list-style-type: none"> <li>India's manufacturing and services PMIs held solid above 60 in September</li> </ul>	<ul style="list-style-type: none"> <li>Some moderation in growth amidst slowing global demand, but still enough to maintain India's position as one of the fastest-growing major economies in 2024</li> </ul>	<ul style="list-style-type: none"> <li>Resilience in domestic demand, particularly the growth of capital investment</li> <li>New Modi government's budget allocation and policy directions</li> </ul>
	 Australia	<ul style="list-style-type: none"> <li>The manufacturing PMI (at 46 in Sep) continues to show sign of weakness amidst soft demand</li> <li>The services PMI dipped but held steady at 50.6 in September, remaining above 50 for the 8th consecutive month</li> </ul>	<ul style="list-style-type: none"> <li>Growth is likely to remain subdued as cost-of-living pressures and high interest rates continue to weigh on domestic demand</li> </ul>	<ul style="list-style-type: none"> <li>Wealth effects from recent house price increase on consumer spend</li> <li>Extent of imported inflation as the Australian dollar continues to weaken</li> </ul>
	 Indonesia	<ul style="list-style-type: none"> <li>Manufacturing activity in August decreased significantly to 48.9 as new export orders continue to fall</li> </ul>	<ul style="list-style-type: none"> <li>Growth is expected to be resilient in 2024 as inflation pressures ease slightly and consumer spending remains relatively strong</li> <li>Headwinds remain from slowing external demand and persistently elevated interest rates</li> </ul>	<ul style="list-style-type: none"> <li>Potential economic policy shifts from President Joko Widodo</li> <li>Continued measures to manage sluggish external commodities demand and inflation in food prices</li> </ul>





# Spotlight developments

# Americas

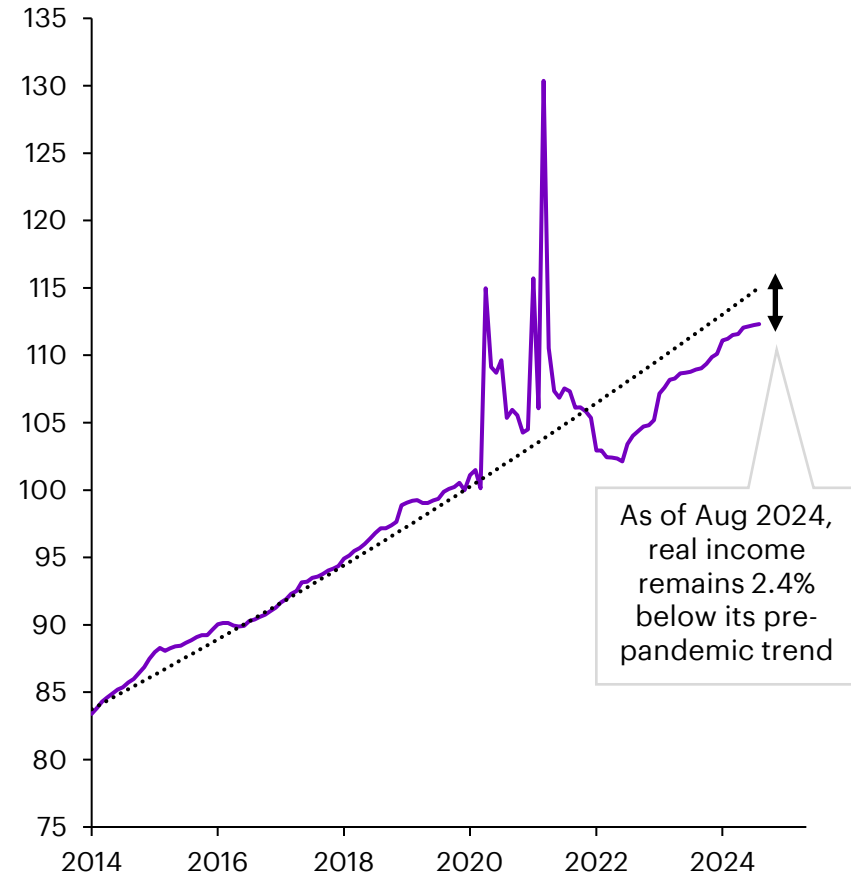


# The purchasing power gap will likely persist for American households as employment and wage growth slow, and despite cooling inflation, consumer prices remain elevated

## Real wage gap in the US

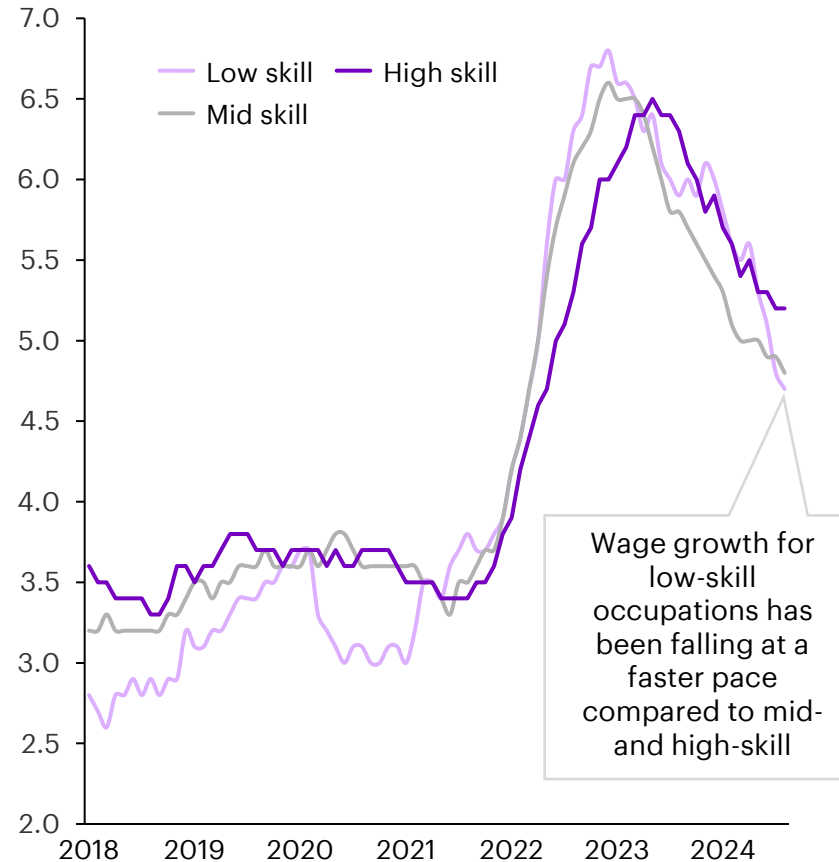
### US Real Disposable Personal Income

Index (Dec 2019=100)



### Wage Growth by Occupation Skill Level

Median 12-month moving average, year-over-year % change



### Implications for corporates

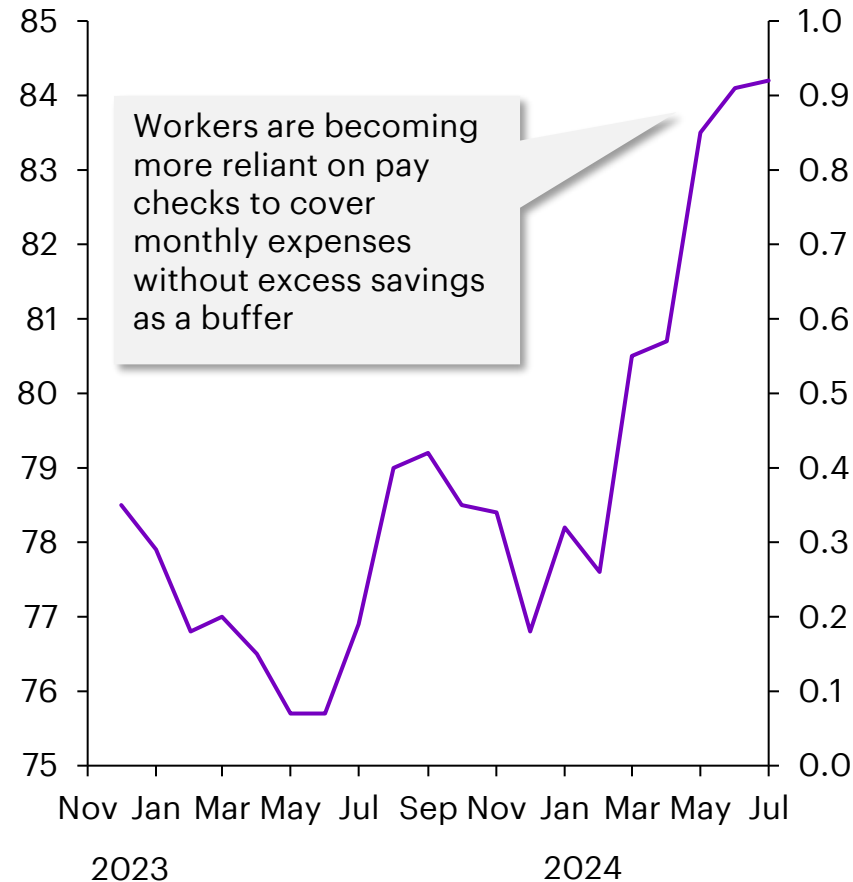
- Companies that are more reliant on discretionary consumer spending, in industries such as retail, travel, and entertainment, will likely face slower demand as households prioritize spending on basic good and services
- Businesses may struggle to balance still-elevated input costs with slowing demand and the need to maintain competitive pricing, which may require cost-cutting measures, efficiency improvements, or automation
- Potential policy implications depending on the outcome of the presidential election, as proposed tariffs will increase inflationary pressures

# As excess savings dwindle, consumers are depending more on pay checks to maintain spending, with lower-income households feeling more of the squeeze

## Increasing financial burden on US households

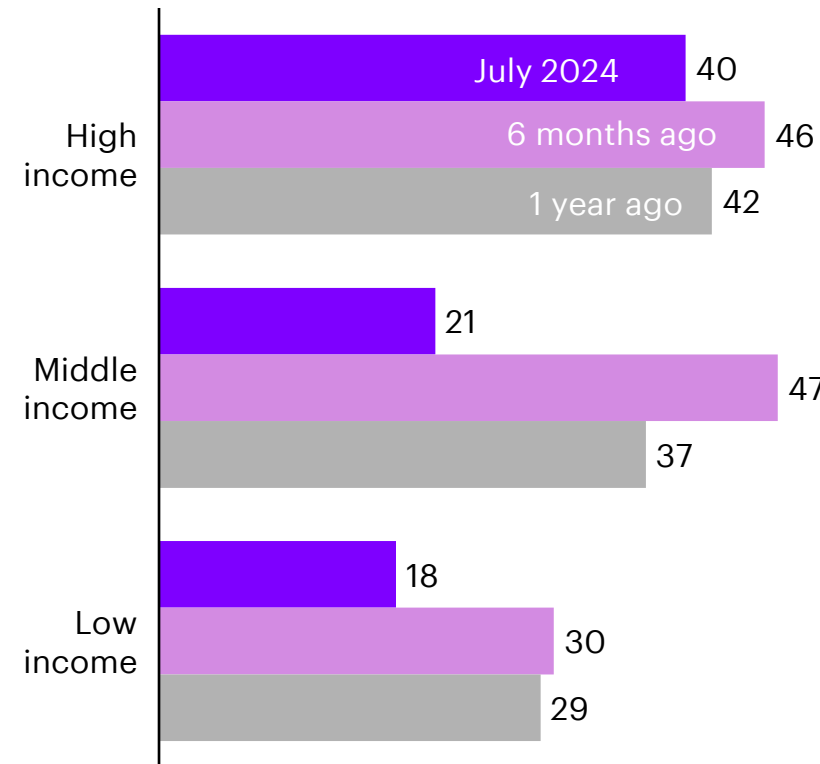
### Share of total monthly income derived from work

% of US adults



### Consumer views on financial situation

% of respondents reporting "better than 1 year ago"



### Implications for corporates

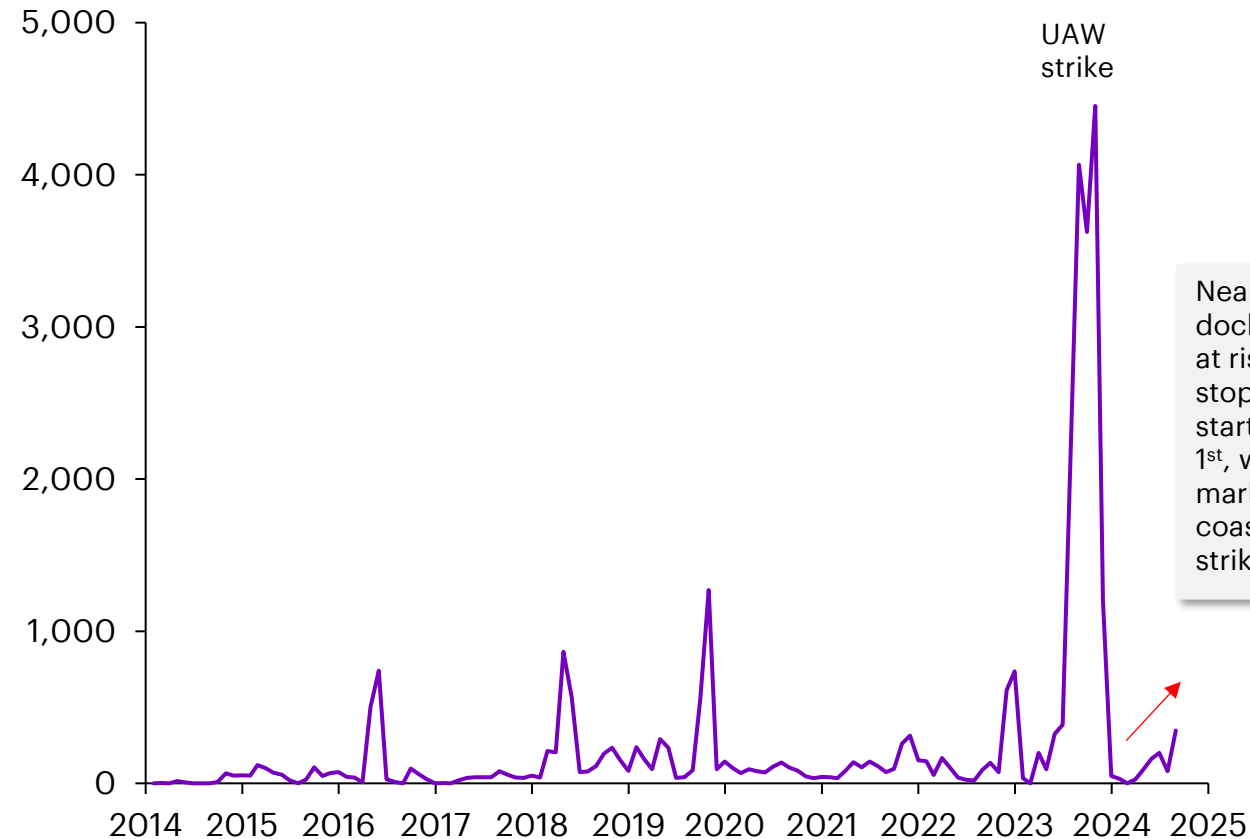
- Amid economic and policy uncertainty, households are feeling more financial strain and may defer purchasing plans
- This increased dependence on working wages to cover expenses reflects
  - Depletion of excess savings buffers, particularly among lower-income groups
  - Current savings rates that are already near historic lows and cannot go much lower
- Businesses that provide solutions to help households navigate financial strain, including fintech companies and budgeting platforms, could find new opportunities

# Cost-of-living pressures are also fueling renewed labor unrest, notably an impending ILA strike that could disrupt US east coast shipping and potentially global supply chains

## Resurgent labor union activity

### Work stoppages in the US

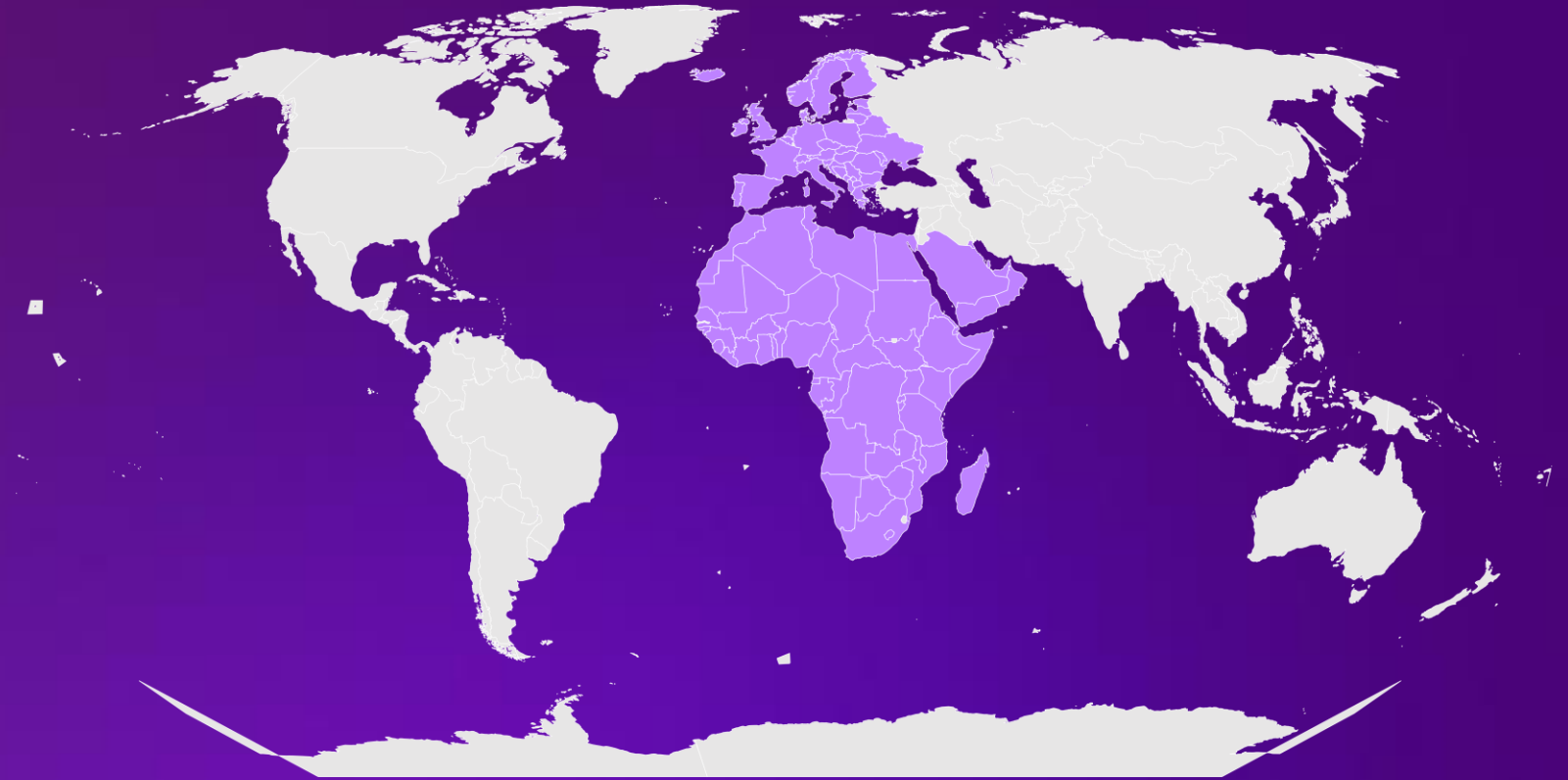
Days of idleness (in 1,000s) from all work stoppages



### Implications for corporates

- A labor strike by the International Longshoremen's Association (ILA) Union could affect 36 major East Coast and Gulf of Mexico seaports that handle roughly half of the goods shipped in containers in and out of the US
- Extent of disruptions and cost impacts on companies will depend on the duration of potential strike and the degree to which cargoes can be re-routed to West Coast ports
- Auto manufacturing supply chains may be particularly affected, as the Southeastern US shipping corridor (from Charleston to Savannah) is critical to European automakers
- A prolonged ILA strike and its associated delays could introduce new supply-driven inflationary pressures, and possibly slow the pace of the Fed's future rate cuts, also complicating the political picture just weeks before the election
- Companies should be prepared for continued labor cost pressures as workers seek compensation for past real income erosion

# Europe, Middle East and Africa

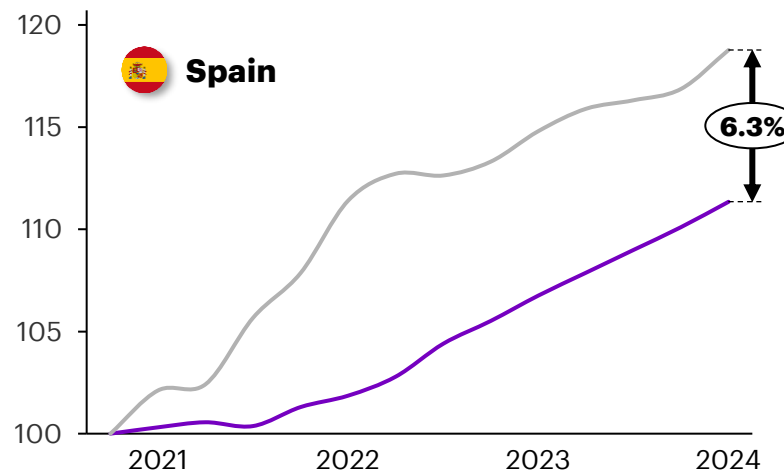
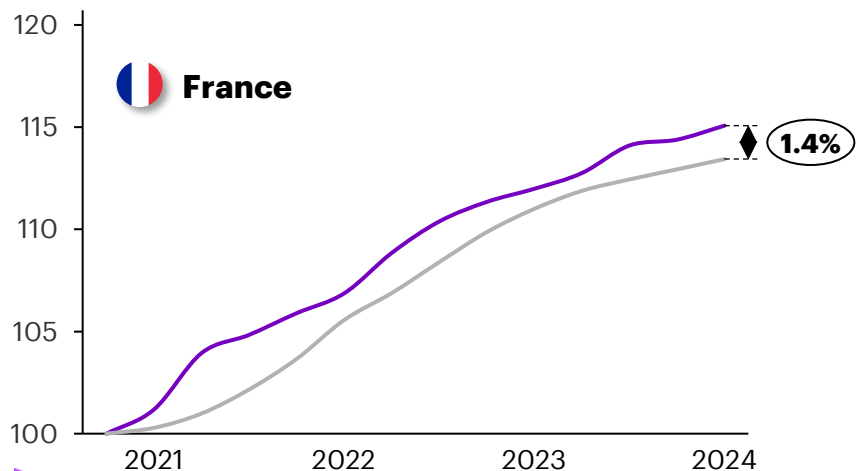
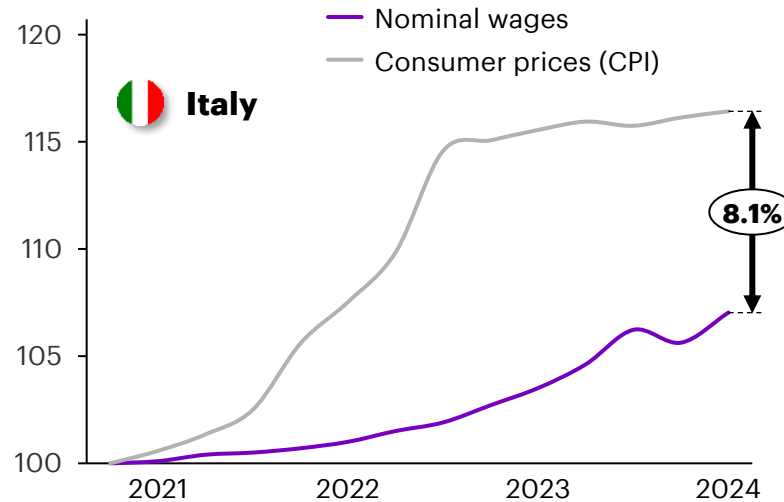
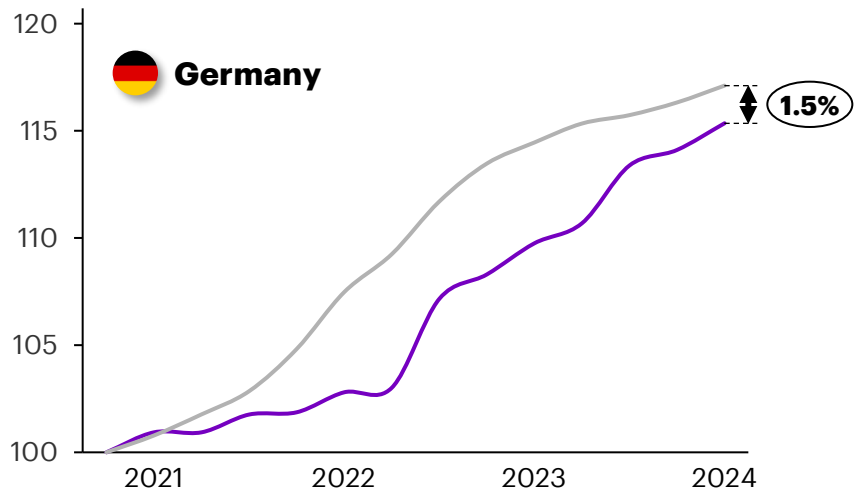


# Recent real wage growth across European countries has been insufficient to offset the surge in prices, reinforcing the accumulated erosion of households' purchasing power

## Wage and inflation trends in continental Europe

### Cumulative real wage gaps across Europe

Index (Q1 2021 = 100)



### Implications for corporates

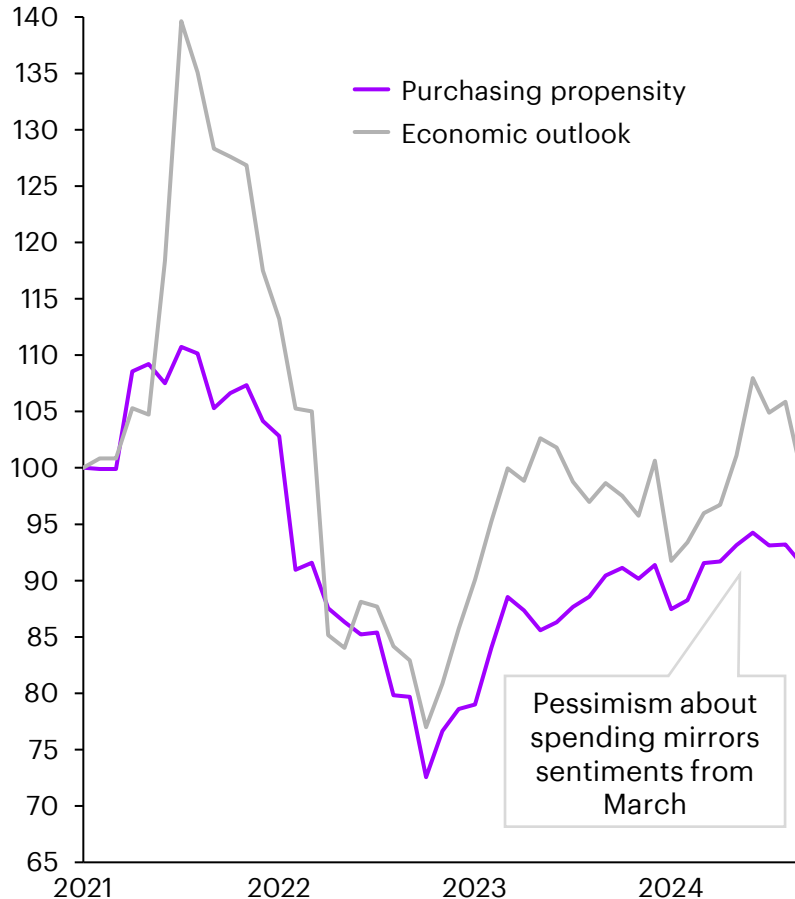
- Corporates need to prepare for escalating labor costs as wage pressures mount, which may compress profit margins
- To address rising costs and increased price sensitivity, businesses should implement flexible pricing strategies and adjust their product mix to sustain demand
- Maintaining investment momentum is crucial to preserving competitiveness, even in the face of wage growth and inflationary pressures

# German consumers remain conservative with their spending due to an uncertain economic environment, leading to an absence of consumer-led growth

## Private consumption in Germany

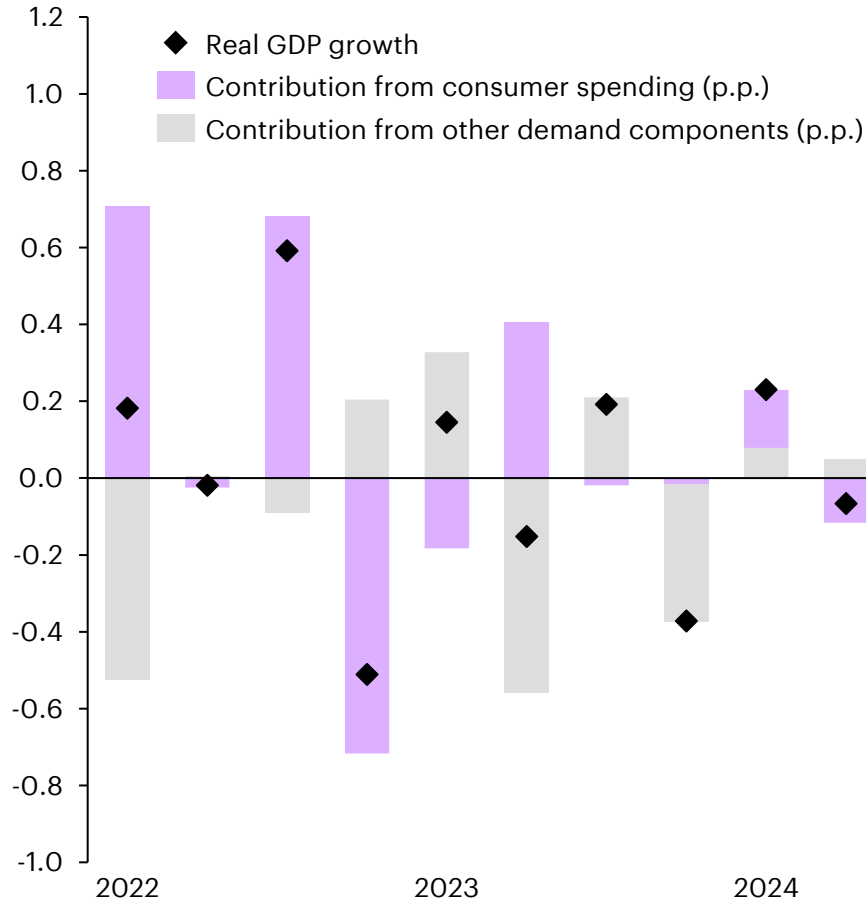
### Consumer sentiment

Index, January 2021 = 100



### Real GDP growth and consumer spending

QoQ percentage change, seasonally adjusted



### Implications for corporates

- With weak private consumption trend likely to persist, businesses should prepare for the growing risk of the German economy stagnating or even contracting in 2024
- Prioritizing competitive pricing and value-focused products will be essential to stimulate consumer spending in challenging economic conditions
- Expanding exports to resilient markets outside of Germany (e.g., South America) could help mitigate risks of weaker domestic demand

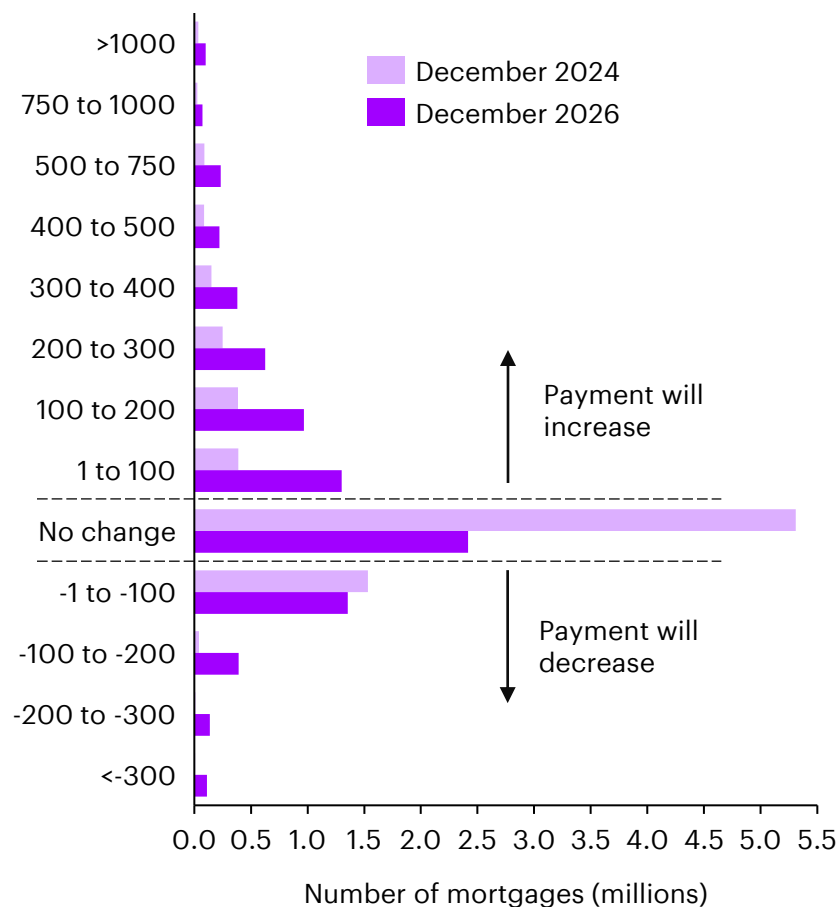


# Despite slowing inflation and expected declines in interest rates, UK households are feeling the burden of slower wage growth and rising mortgage payments in the near term

## Consumer sentiment and rising mortgage payments in the UK

### Rising mortgage payments and scale of change

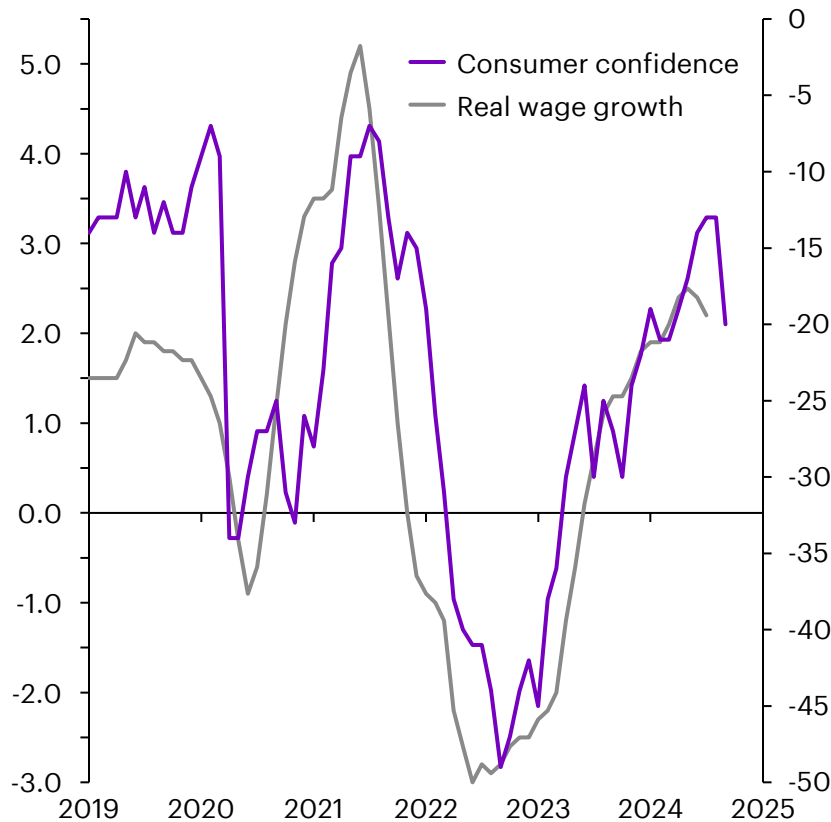
Change in monthly mortgage payment, GBP



### Real wage growth and consumer sentiment

Real wage growth, 3m annualized % change

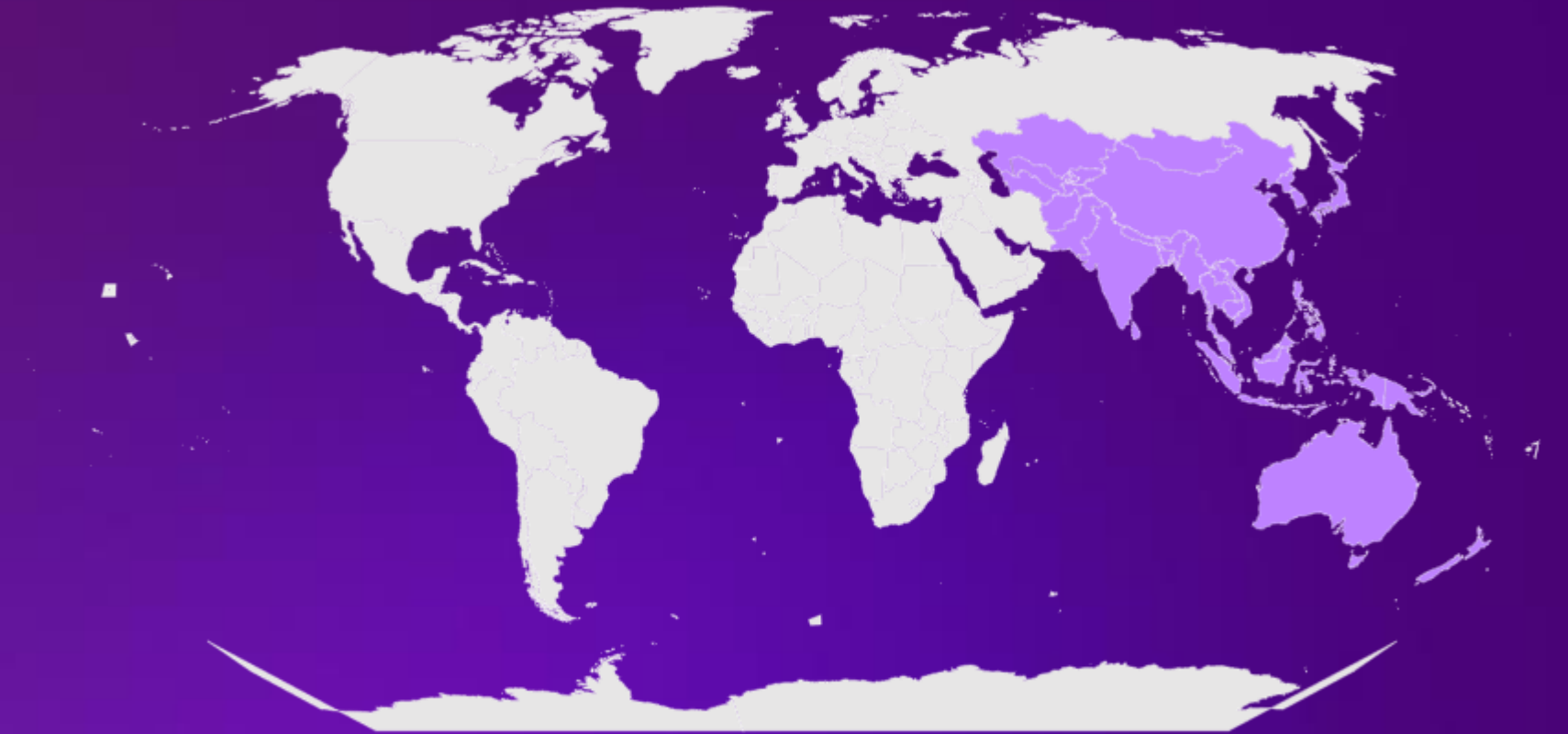
Consumer confidence index, above zero = optimistic



### Implications for corporates

- Nearly 3.9 million mortgages will see an increase in monthly payments by December 2026, cutting into disposable personal incomes at a time when real wage growth is under pressure
- Companies should be aware of this when pricing products and services, understanding that households may be more inclined to forgo certain discretionary spending
- UK budget determinations by end of October could have significant implications for capital gains tax, inheritance tax relief, and pension tax relief, and provide some support to households' finances

# Asia Pacific

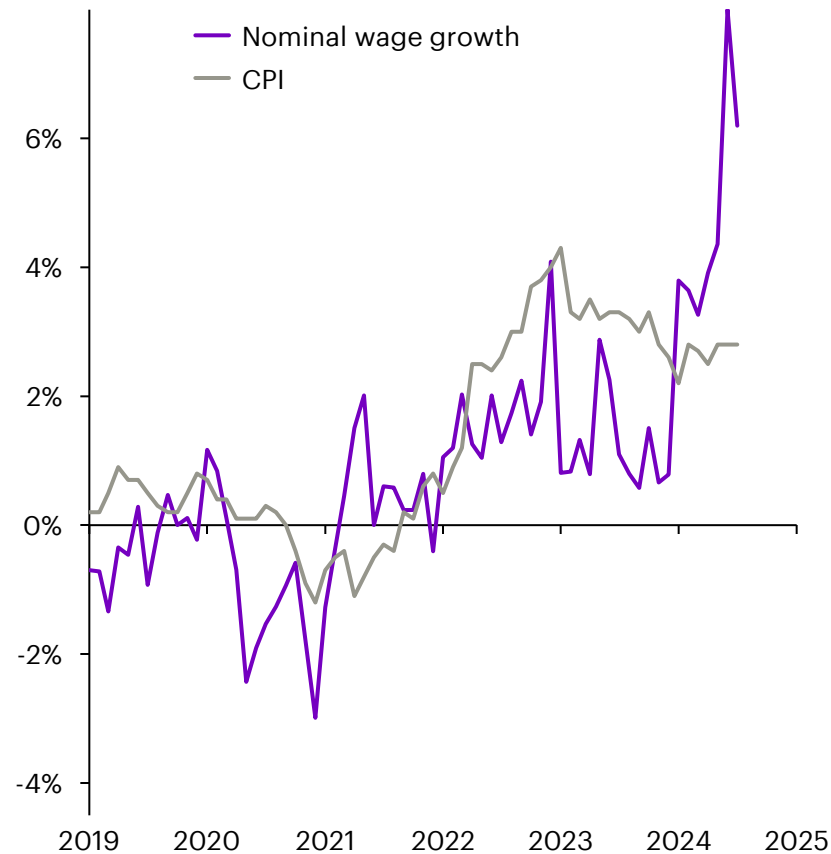


# Recent wage hikes in Japan have boosted household purchasing power and reduced cost of living burden, fueling a rise in consumer confidence and an uptick in household consumption

## Wage growth and household consumption in Japan

### Japan wage growth and inflation

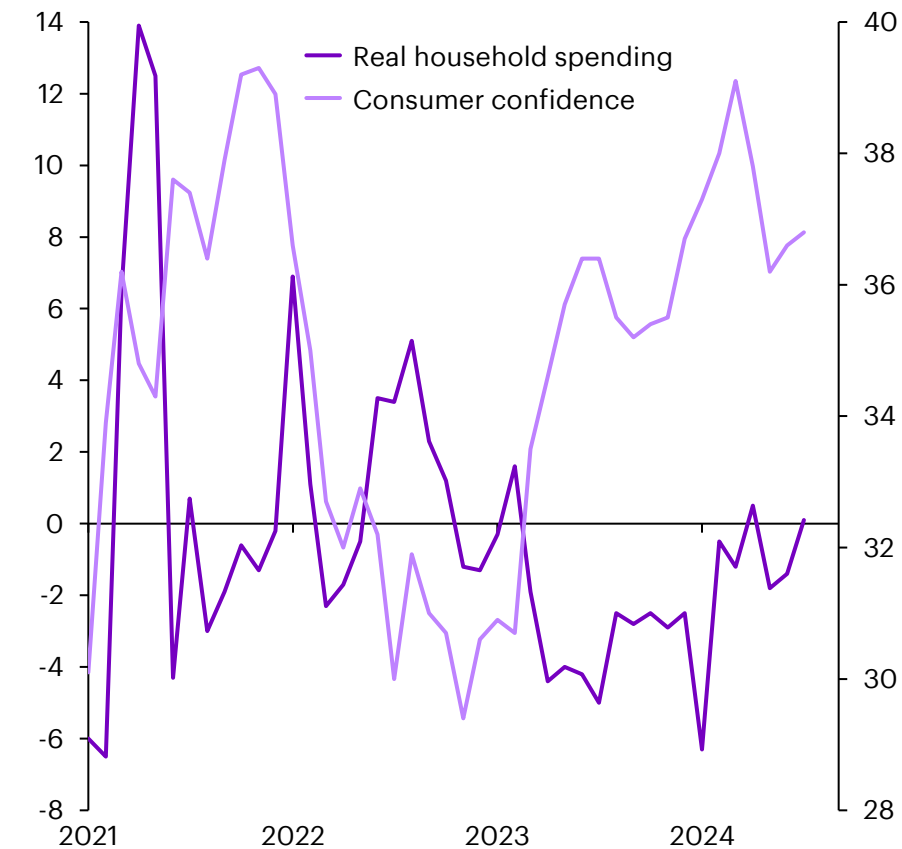
Year on year growth (%)



### Household consumption and consumer confidence

Real household spending, Year over year % change

Consumer confidence index



### Implications for corporates

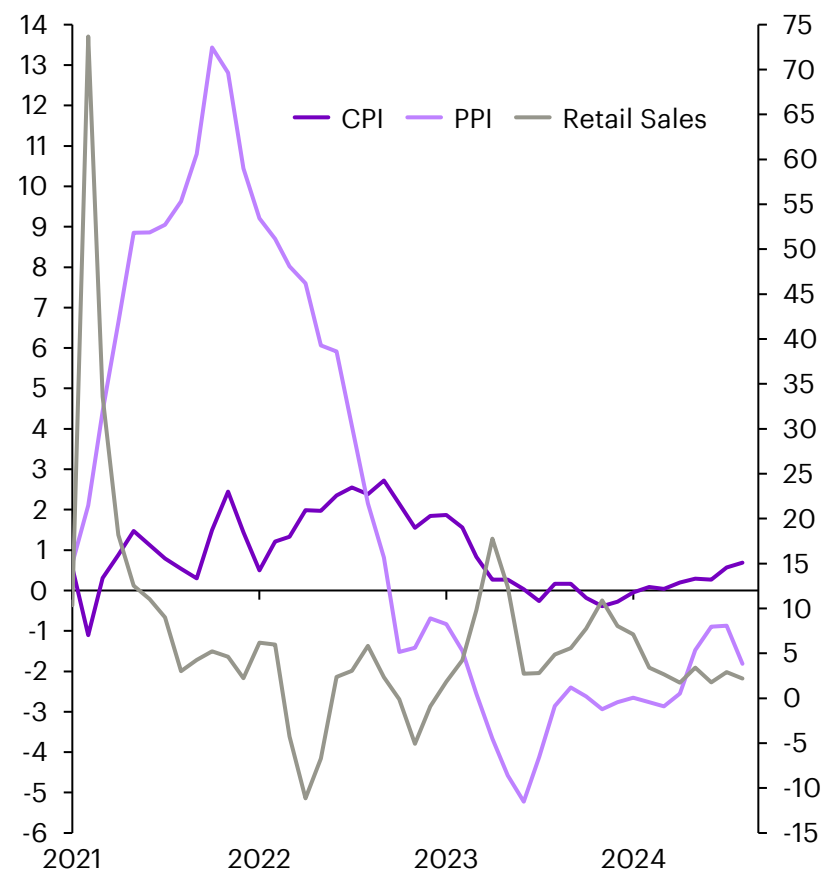
- Companies may feel encouraged to increase investment and production if wage increases lead to sustained demand and inflation
- Rising wages, combined with labor shortages, may require businesses to seek foreign labor or reduce margins
- Wage hikes are expected to continue spreading gradually to SMEs, which could be more burdensome
  - Small companies in Japan raised wages by 4.5% since last year, although this is lower than the 5.2% increase by big firms
- Despite this increase in wages, consumer purchasing power could diminish if inflation remains elevated, weighing on demand for non-essential items

# The cost-of-living burden is less pronounced in China as disinflation is favorable for real incomes, yet domestic demand remains weak as property sector woes weigh on sentiment

## Prices and consumer sentiment in China

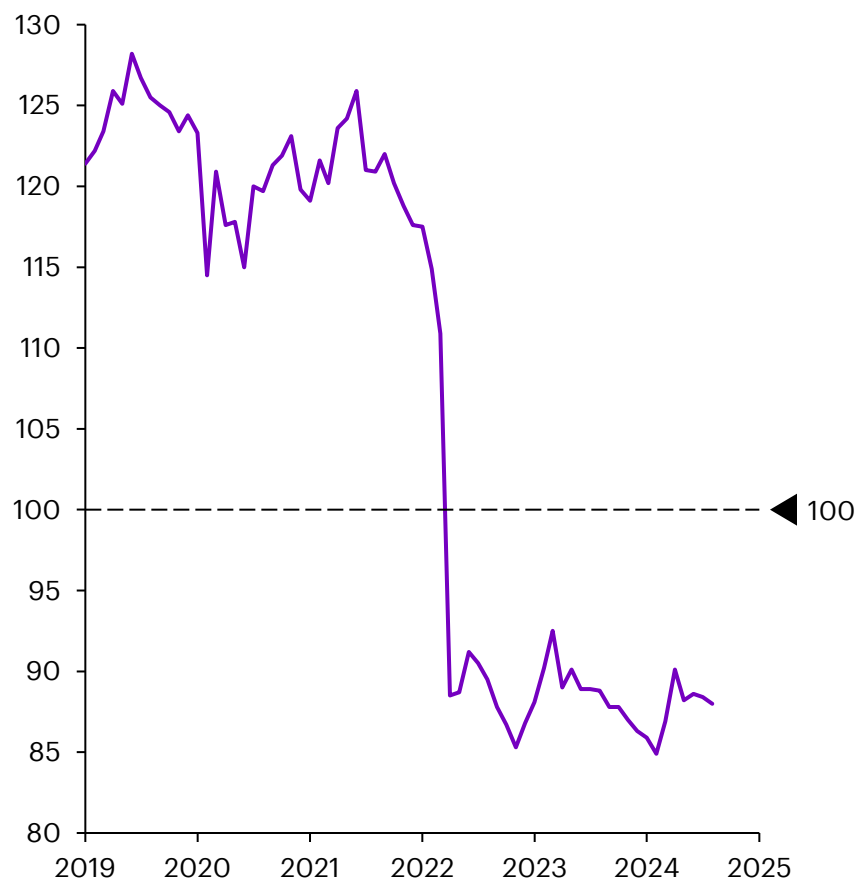
### China's CPI, PPI & retail sales

Annual growth rate (%)



### Consumer confidence

Index, 100+ = optimistic



### Implications for corporates

- Businesses in consumer-facing sectors, such as retail, may face margin pressure as wage growth remains sticky, even in a deflationary environment
- Weakness in Chinese consumer spending may weigh on companies that export consumer luxury goods to China, and companies in Europe may be particularly impacted
- The looming imposition of tariffs on China from US/Europe may affect pricing and demand for consumer goods, further dampening domestic consumer spending



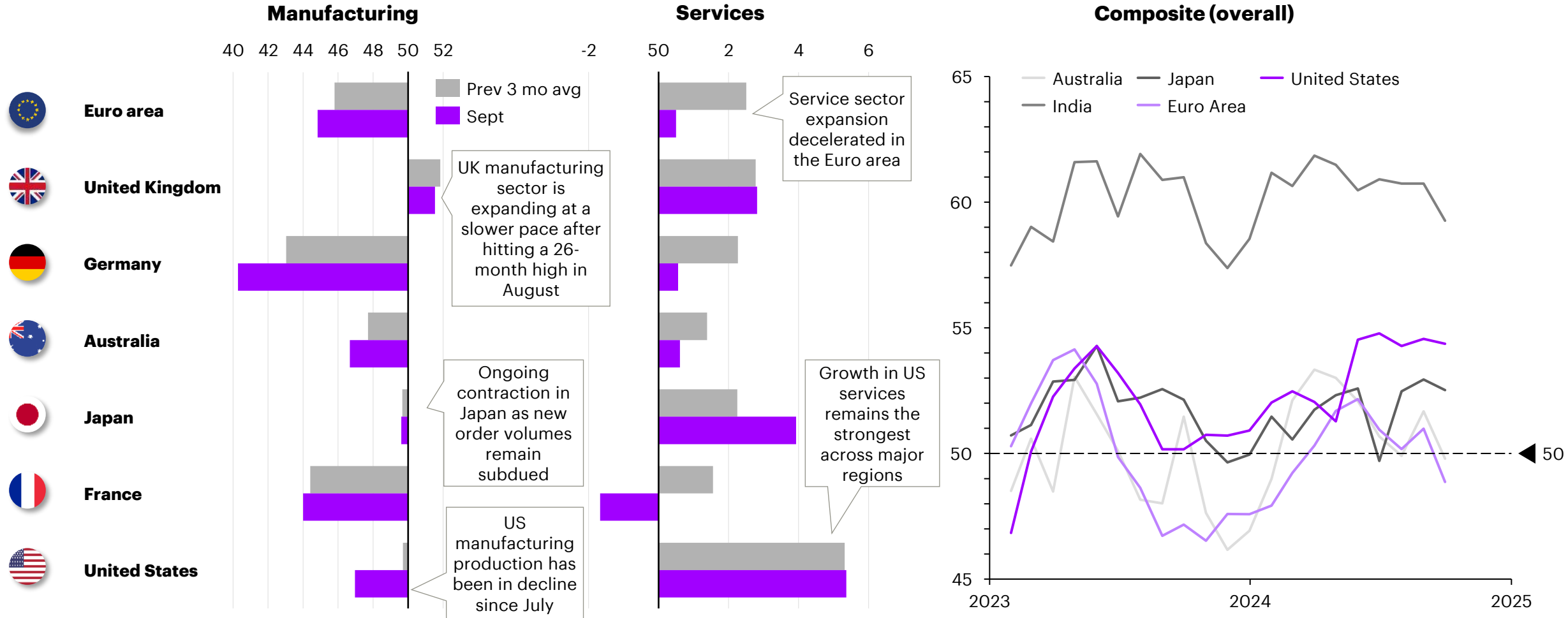
# **Economic indicator chart pack**

# Regional and industry activity



# Manufacturing contracted in most regions, while UK expanded at a slower pace. The services sector continued to gain momentum across the board, except in France.

## September Flash PMI survey



Notes: A survey score above 50 indicates expansionary business activity and a score below indicates business activity contracted that month, most recent results may include preliminary flash figures

Sources: S&P Global, Accenture Strategy analysis

# Forward-looking indicators suggest continued weakness in global manufacturing as demand uncertainty remains elevated in the near term

## Leading indicators of global manufacturing momentum

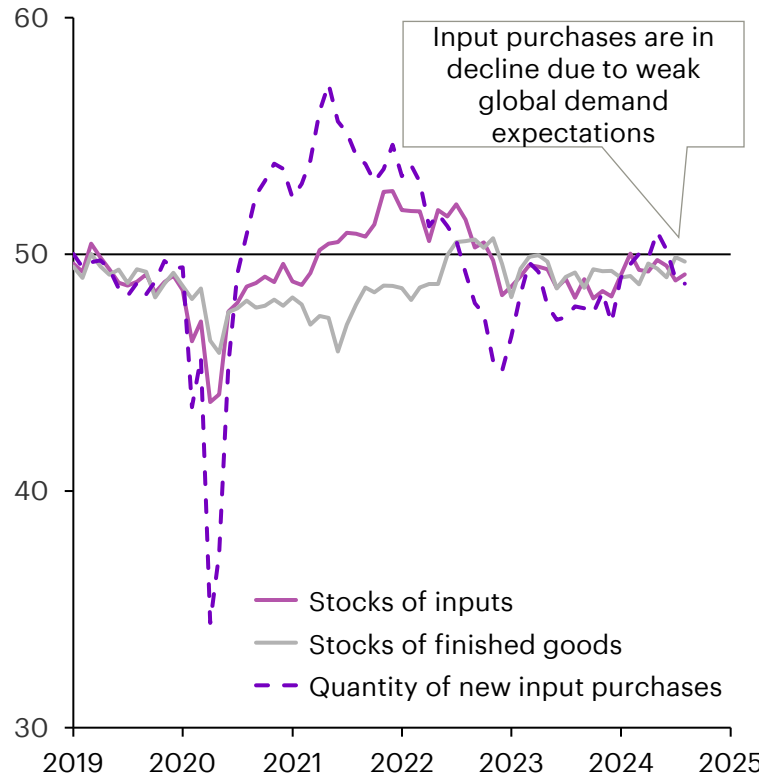
### Declining new orders growth...

Diffusion indexes (SA, 50+=Expansion)



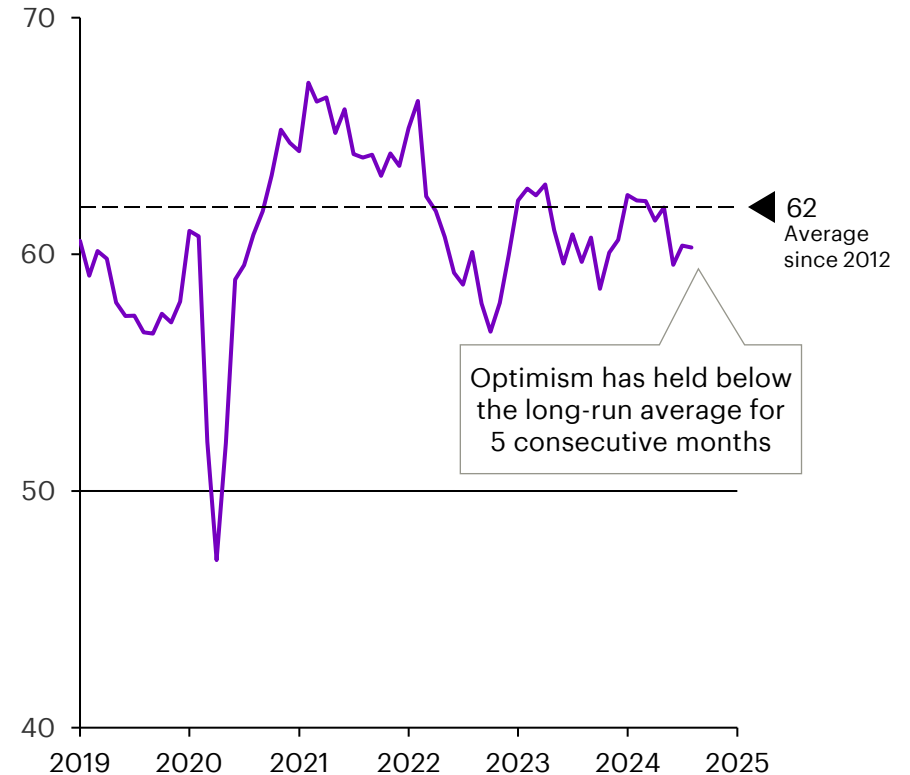
### ...with muted input purchases ...

Diffusion indexes (SA, 50+=Expansion)



### ...weighing on optimism for the 12-m outlook

Manufacturing future output (NSA, 50+=Expansion)



#### Notes:

(1) Data reflects global diffusion indexes, which are GDP-weighted averages in over 40 countries incl. US (21.6%), China (12.7%), Japan (7.7%), Germany (3.6%), UK (3.5%), and India (3.3%), among others. Annual weights are based on Gross Value Added (GVA) in the manufacturing sector in constant US\$ from the World Bank. The select countries account for 98% of global manufacturing value added. (2) Global manufacturing PMI indices are compiled by S&P Global from responses to monthly questionnaires sent to purchasing managers in survey panels totaling around 13,500 companies.

Sources: Haver Analytics, S&P Global, Accenture Strategy analysis

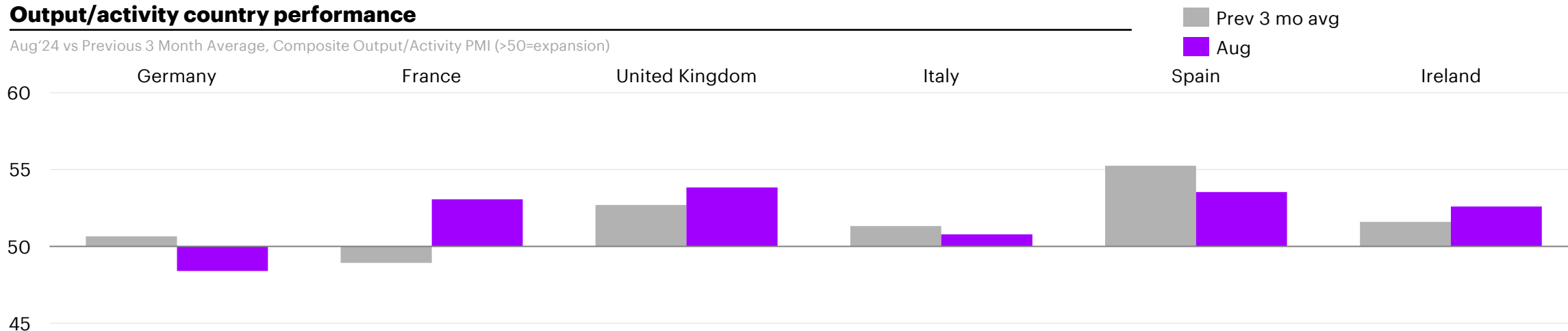


# Overall European activity has expanded, driven primarily by growth in the service sector, while new orders remain subdued in most countries, except the UK

## Regional performance: Europe

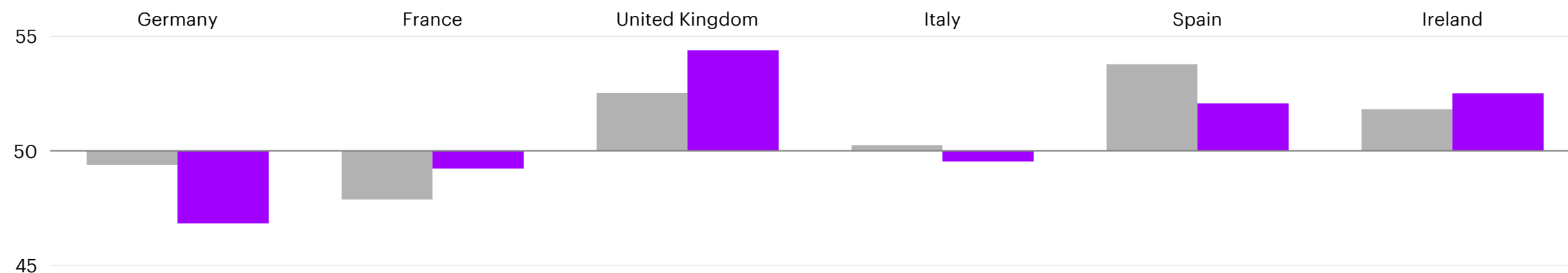
### Output/activity country performance

Aug'24 vs Previous 3 Month Average, Composite Output/Activity PMI (>50=expansion)



### New Orders Index

Aug'24 vs Previous 3 Month Average, Composite New Orders PMI (>50=expansion)

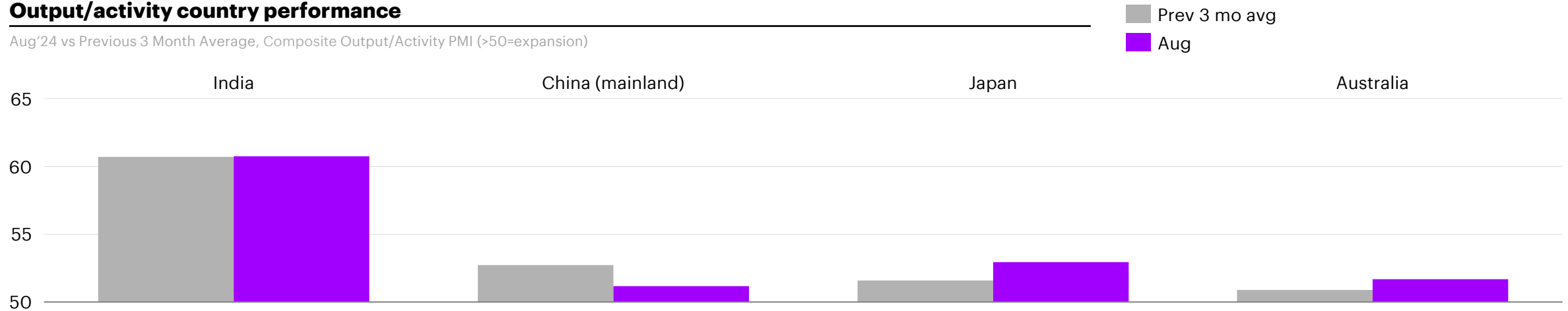


# In the Asia-Pacific region, most economies continue to experience steady growth, led by significant expansion in India fueled by growth in new orders

## Regional performance: Asia-Pacific

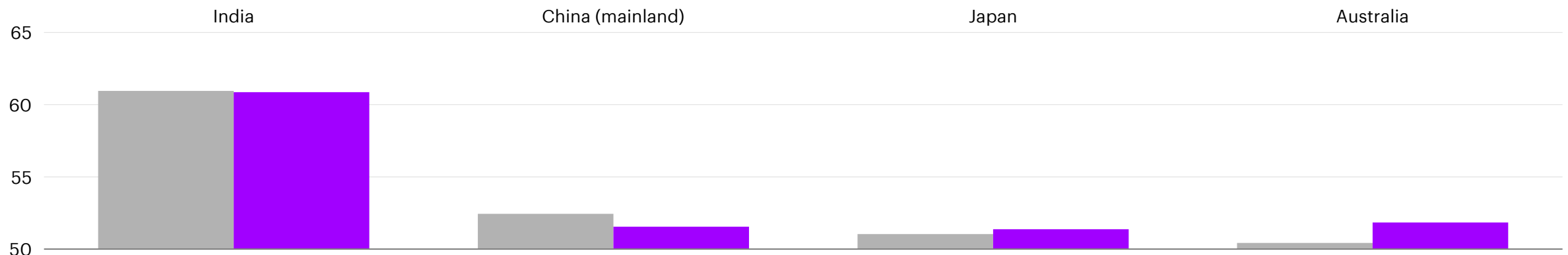
### Output/activity country performance

Aug'24 vs Previous 3 Month Average, Composite Output/Activity PMI (>50=expansion)



### New Orders Index

June'24 vs Previous 3 Month Average, Composite New Orders PMI (>50=expansion)

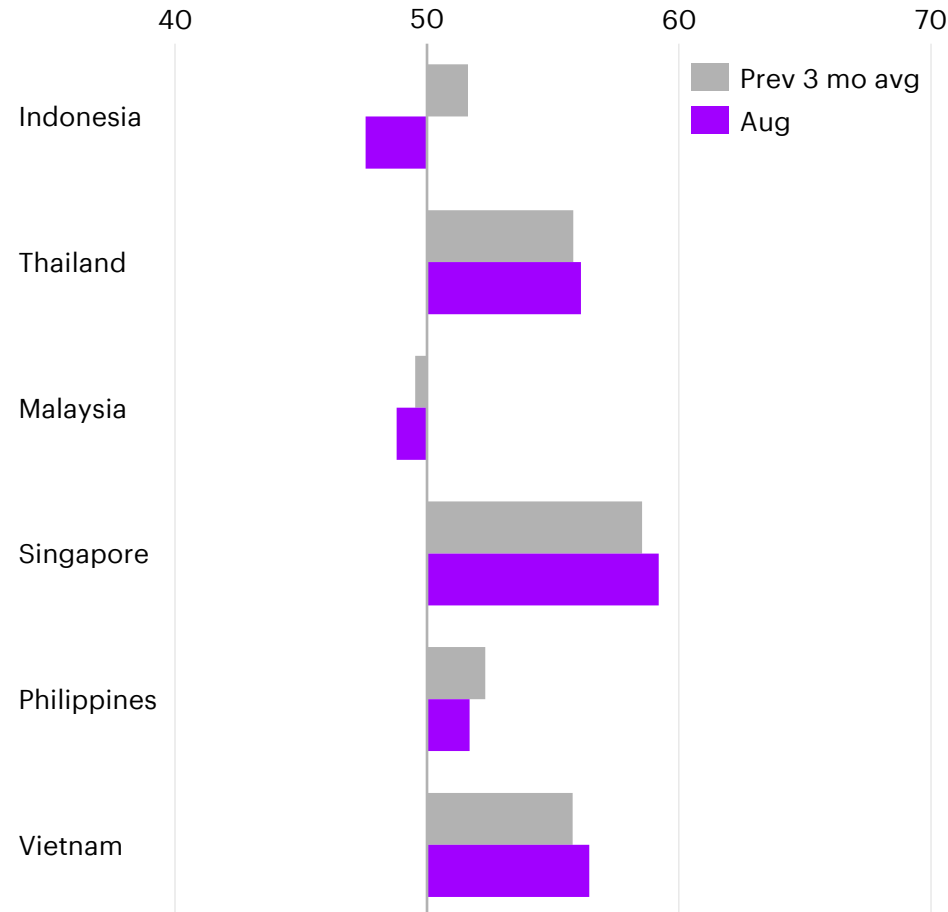


# In Southeast Asia, Singapore has led the way in manufacturing activity, while Indonesia and Malaysia have seen more weakness in new orders and employment in the sector

## Regional performance: Southeast Asia

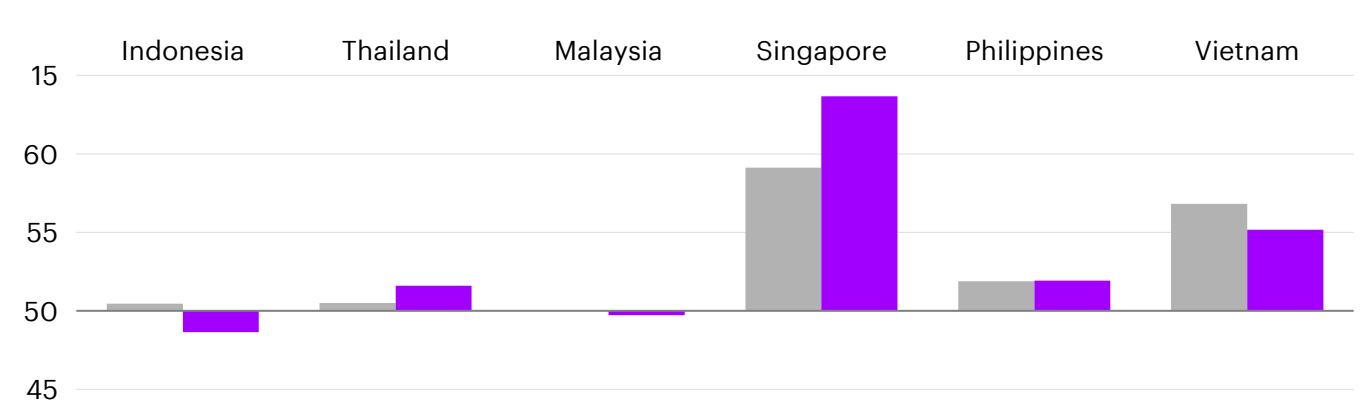
### Manufacturing Performance

Aug'24 vs Previous 3 Month Average, Manufacturing Output



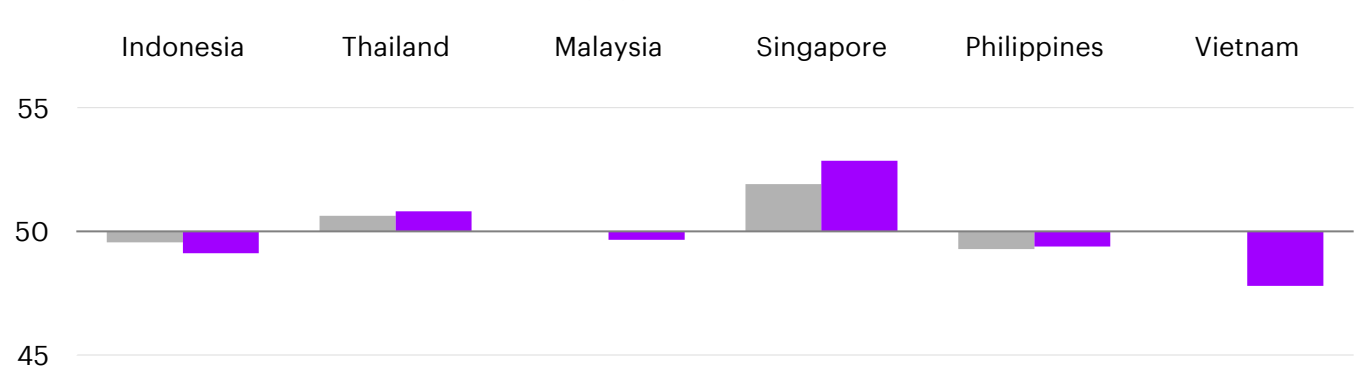
### Manufacturing New Orders

Aug'24 vs Previous 3 Month Average, Manufacturing New Orders PMI



### Manufacturing Employment

Aug'24 vs Previous 3 Month Average, Manufacturing Employment PMI



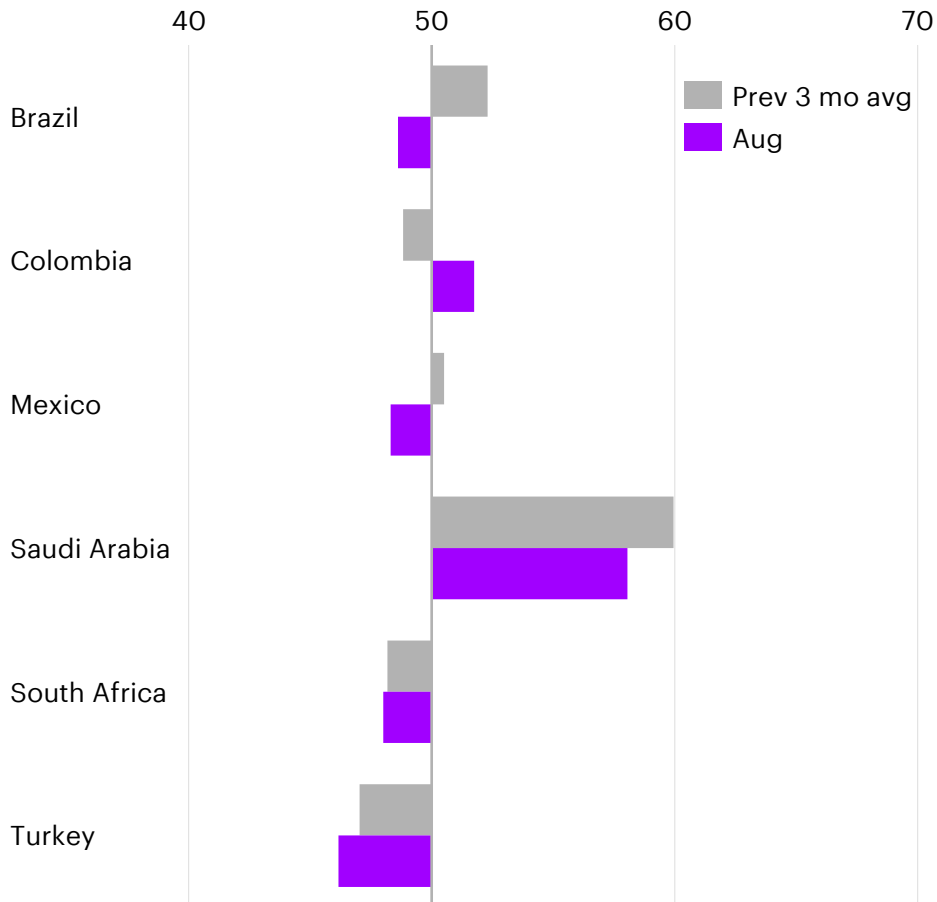
Notes: Performance for Singapore covers the whole economy  
Sources: S&P Global, Accenture Strategy analysis

# Among other emerging markets, Saudi Arabia continues to lead the charge. Slowing growth in Brazil's manufacturing driven by rising costs, despite strong employment growth.

## Regional performance: Other emerging markets

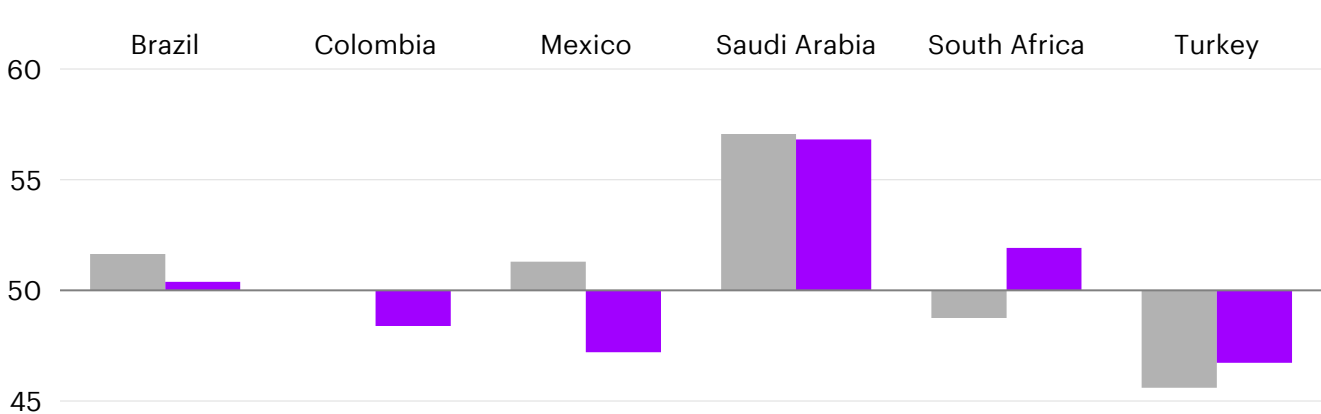
### Manufacturing Performance

Aug'24 vs Previous 3 Month Average, Manufacturing Output



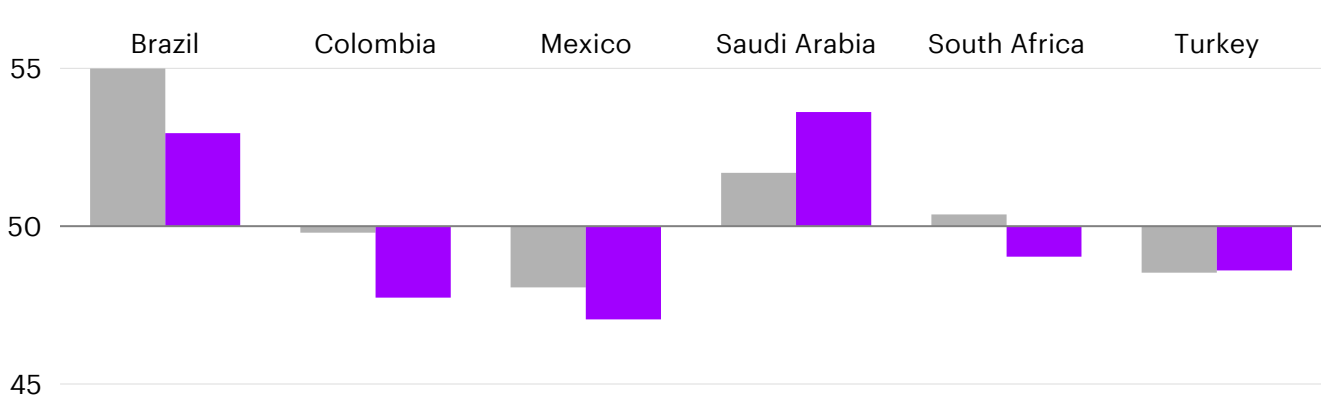
### Manufacturing New Orders

Aug'24 vs Previous 3 Month Average, Manufacturing New Orders PMI



### Manufacturing Employment

Aug'24 vs Previous 3 Month Average, Manufacturing Employment PMI



Notes: South Africa and Saudi Arabia PMI is for the whole economy  
Sources: S&P Global, Accenture Strategy analysis

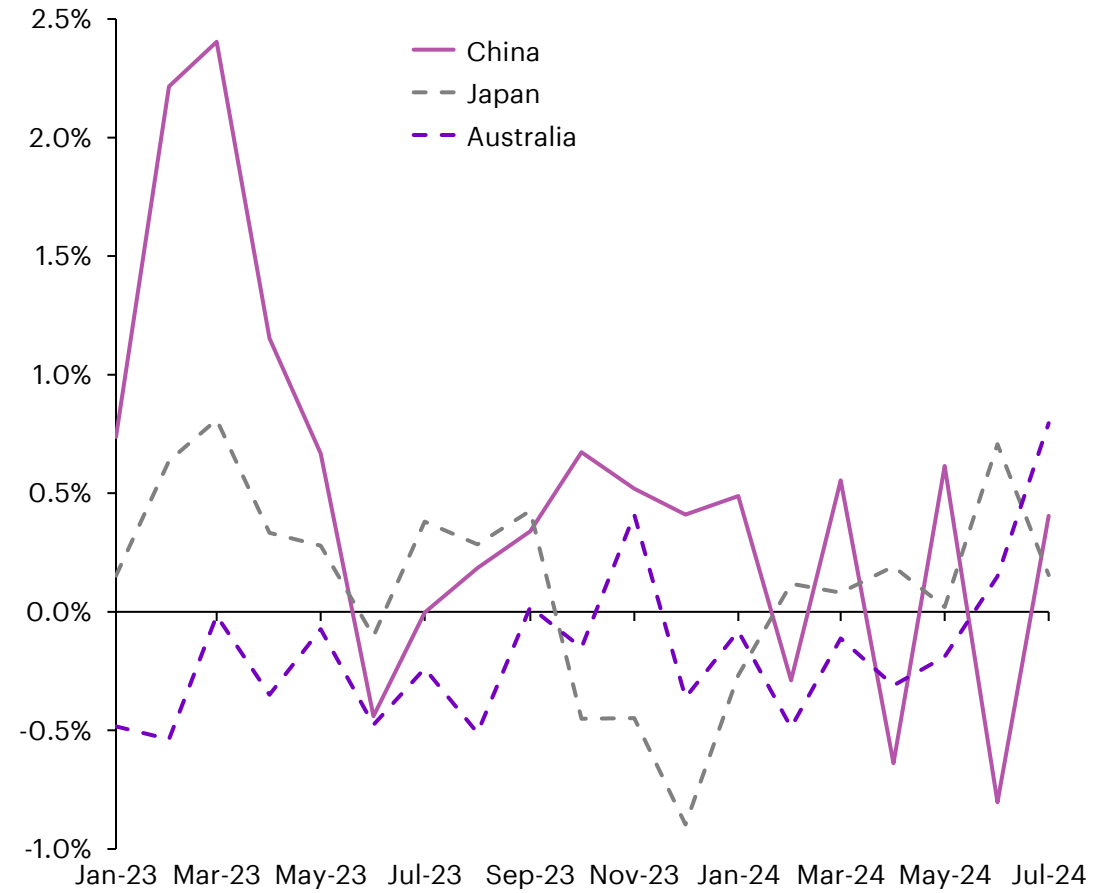
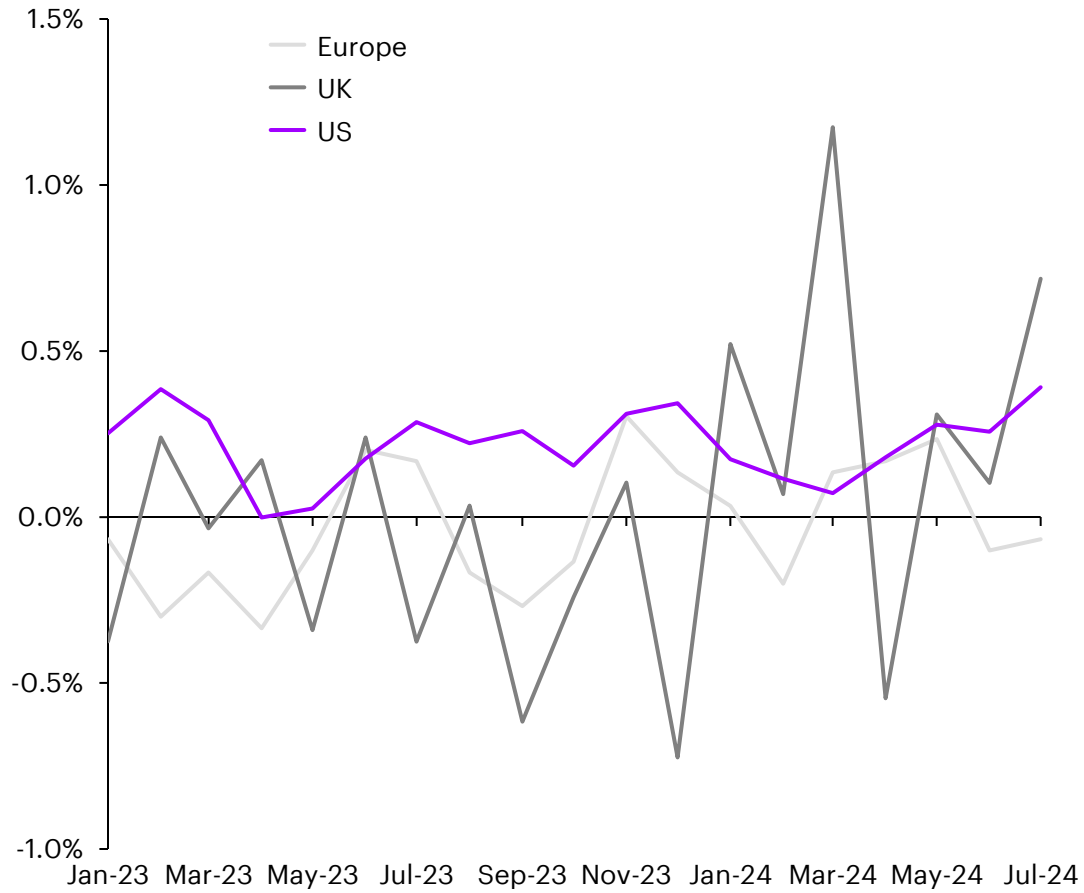
# Consumer spending



# Consumer spending improved in most major economies towards the end of the summer, though Japan and Europe has experienced slowing consumer activity

## Consumer spending trends

Real (inflation-adjusted) consumer spending, 3 month moving avg. % change



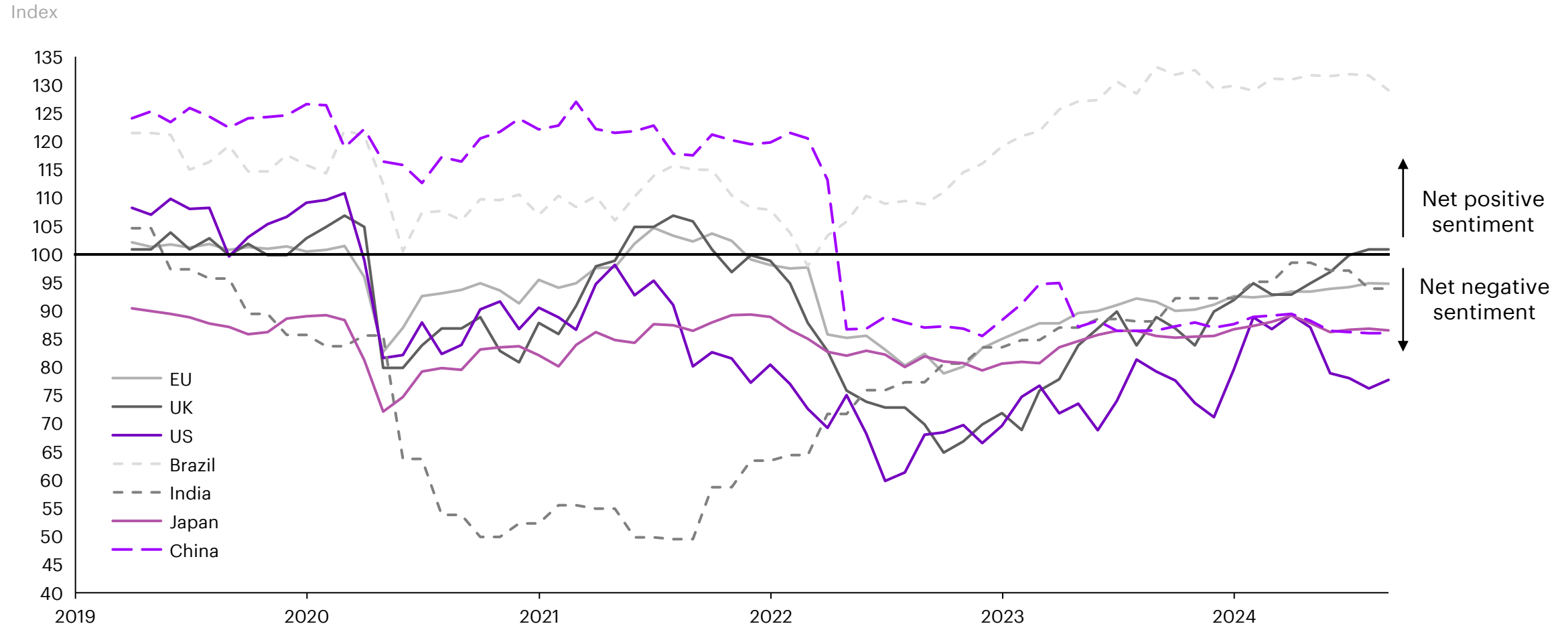
Notes: Consumer spending series for US is personal consumption expenditures (PCE); for Euro Area, UK, Canada, Japan, Australia, and China series data is retail sales.

Sources: BEA, BLS, Eurostat, ONS, Haver analytics, Accenture Strategy analysis

# Global consumer sentiment remains predominantly pessimistic, particularly in the US, Japan, and China, while strong optimism in Brazil remains an outlier

## Consumer sentiment across major economies

### Indicators of overall consumer sentiment







Notes: All series have been rebased from their original reported levels to a central point of 100. UK data from GfK Survey. US data from Michigan Survey. Sources: EC Consumer Surveys, GfK Survey, University of Michigan Survey, Fecomercio, China National Bureau of Statistics, Reserve Bank of India, Japan Cabinet Office, WSJ, Accenture Strategy analysis

# US consumer spending continues to be resilient, particularly in services, while the UK has seen recent improvement in non-food goods

## Consumer spending trends by goods and services category

AS OF SEPTEMBER 25

		 <b>US</b>		 <b>UK</b>		 <b>Germany</b>		 <b>France</b>	
		Prior 6 months	Latest monthly change	Prior 6 months	Latest monthly change	Prior 6 months	Latest monthly change	Prior 6 months	Latest monthly change
<b>Goods</b>	Groceries	0.6%	0.6%	-0.6%	0.2%	-0.8%	-1.1%	0.4%	-0.8%
	Motor vehicles	-1.5%	4.1%	-5.1%	1.3%	0.7%	-1.5%	-5.4%	-1.3%
	Furniture	1.8%	0.8%	-7.5%	-1.2%	-5.2%	2.4%	-2.4%	0.8%
	Electronics	1.6%	-0.5%	21.9%	3.6%	-0.4%	4.2%	0.2%	0.0%
	Footwear & apparel	0.2%	0.1%	-1.9%	0.7%	-1.5%	-5.5%	0.8%	-0.4%
	Fuel	-0.8%	-0.1%	2.6%	-1.5%	1.9%	-2.2%	3.3%	-1.0%
<b>Services</b>	Transportation	1.5%	0.3%	6.3%	0.4%	-4.1%	-6.9%	0.4%	-1.5%
	Entertainment	2.1%	0.4%	3.1%	0.0%	n/a	n/a	4.4%	-6.9%
	Dining out and hotels	-0.1%	0.3%	0.4%	0.9%	-1.8%	-1.5%	1.2%	-0.8%
	Information services	0.9%	0.4%	1.4%	0.7%	2.4%	-6.3%	1.7%	-2.8%
	Telecom	0.2%	0.5%	2.3%	-0.1%	0.5%	-2.2%	0.3%	0.1%

Notes: (1) UK's previous 6-Months includes a stronger than normal holiday season. (2) Spending figures are inflation-adjusted. (3) Consumer spending series for US is personal consumption expenditures (PCE); for Euro Area and UK, series data is retail sales, motor vehicles sales/registrations, and services turnover.

(4) Some European services data may include B2B spending. (5) Data presented is most recently available data for each geography and category.

Sources: BEA, BLS, ONS, National Institute of Statistics and Economic Studies, Federal Statistical Office, Accenture Strategy analysis

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# Labor markets

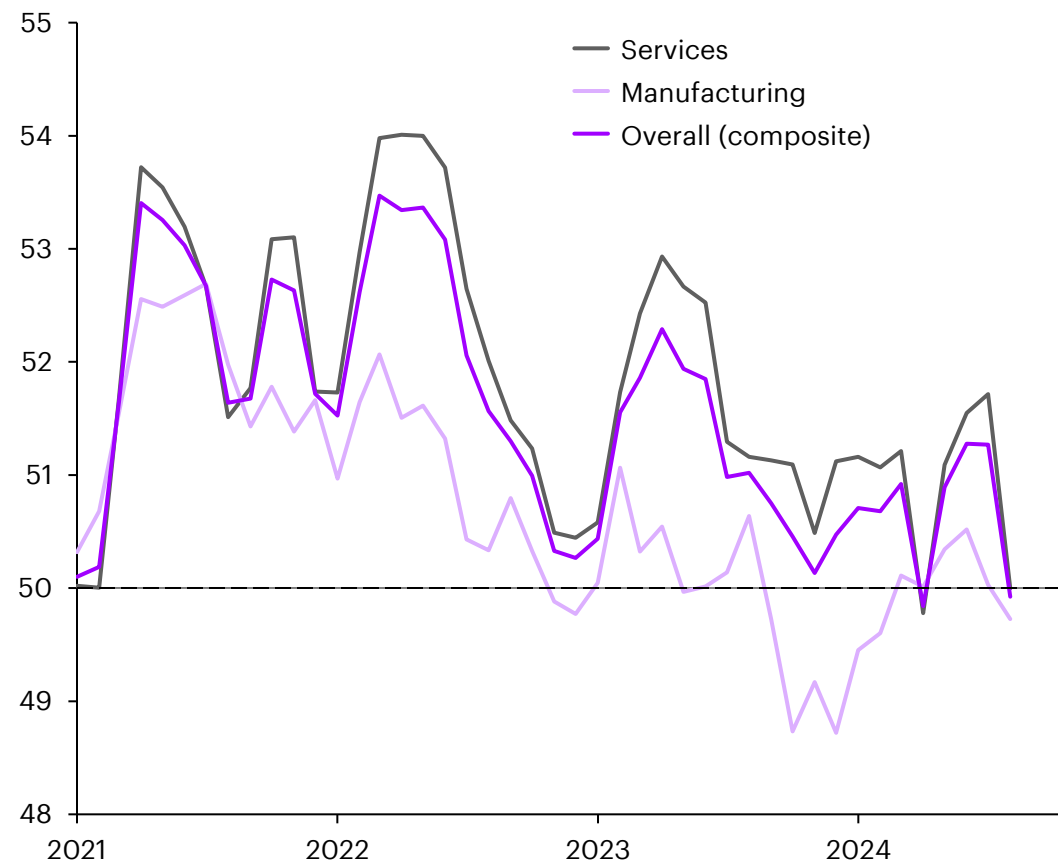


# Globally, the labor market is showing signs of cooling across both manufacturing and services, contracting in the US, Euro area, and China while decelerating in UK and Asia

## Global PMI employment growth

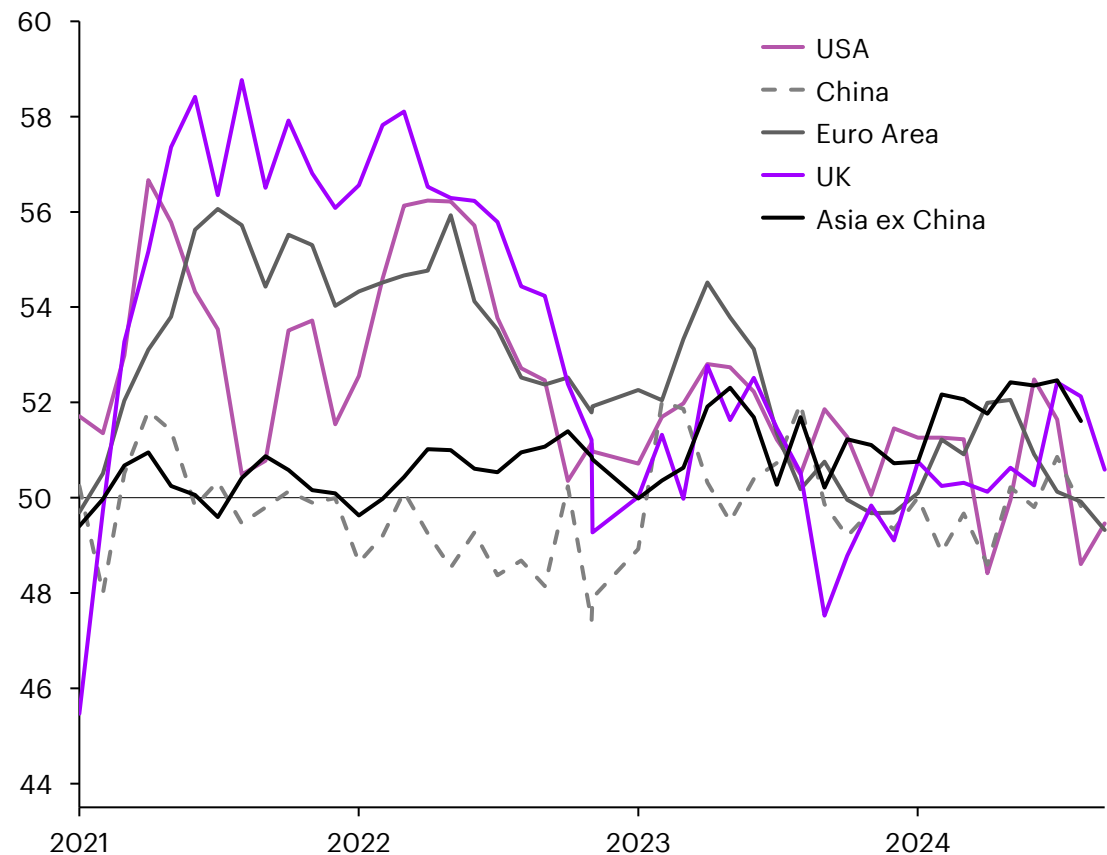
### Global PMI Employment Index

Index (>50=expanding employment)



### Regional Composite PMI Employment Index

Index (>50=expanding employment)

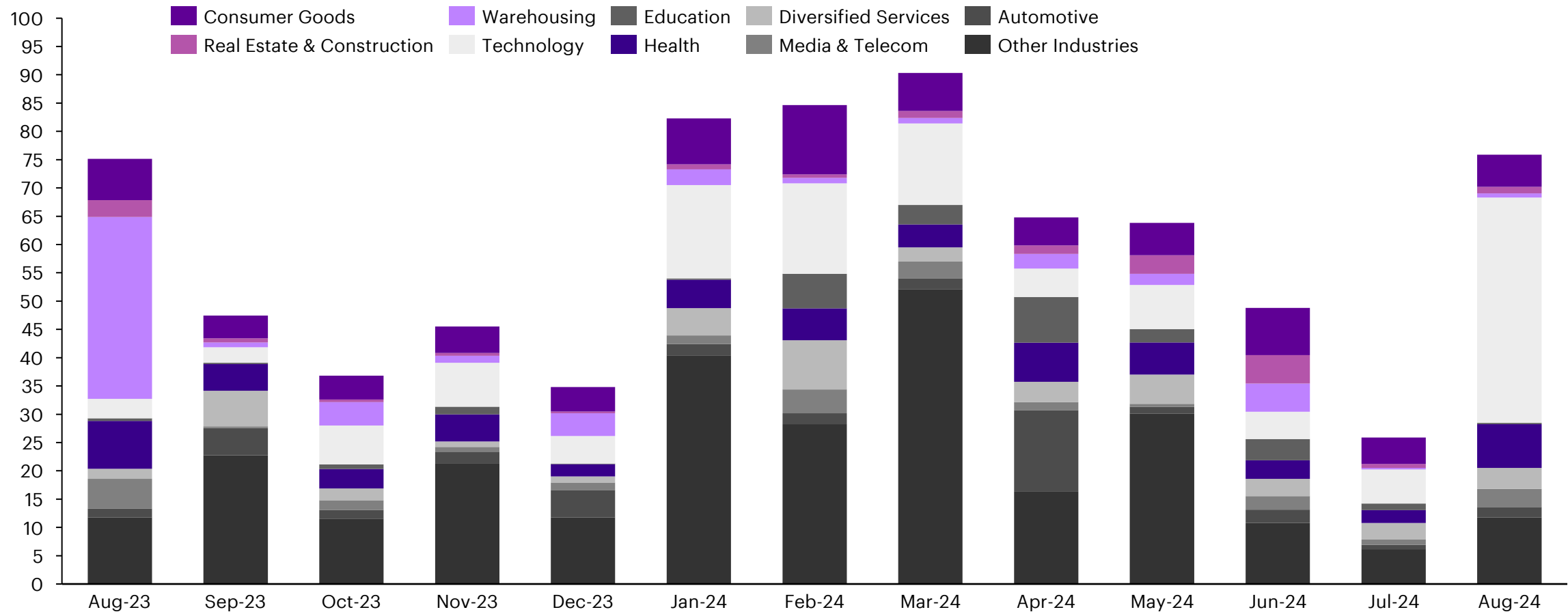


# The US experienced a significant surge in layoffs in August, led by significant job loss in the technology sector as well as increasing losses in healthcare

## US corporate layoff tracker

### Announced layoffs by sector

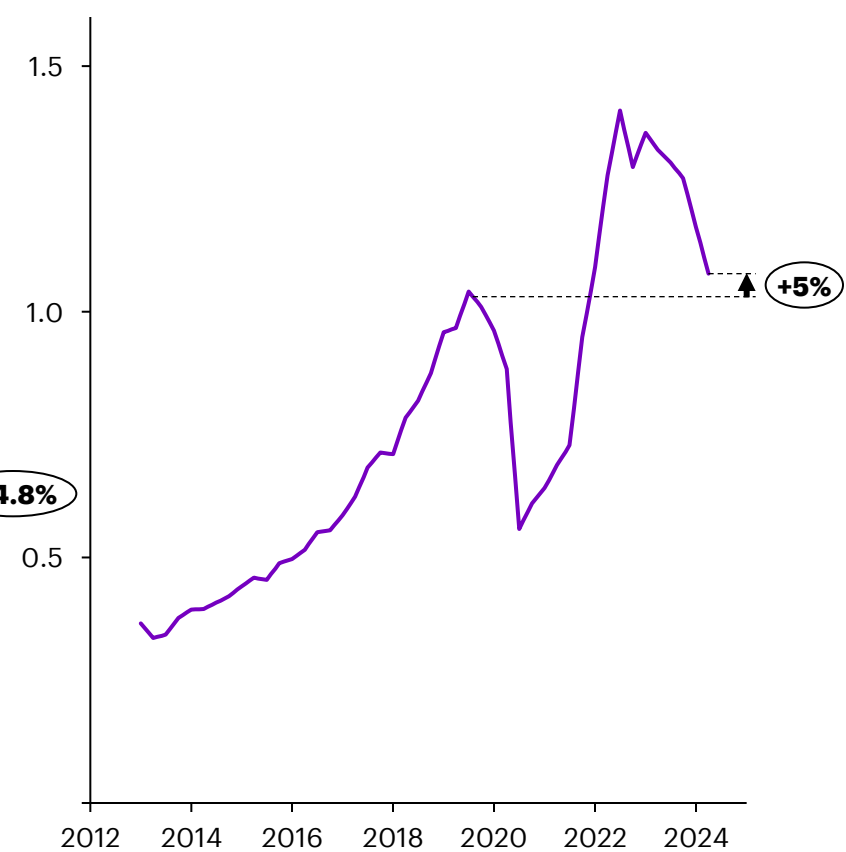
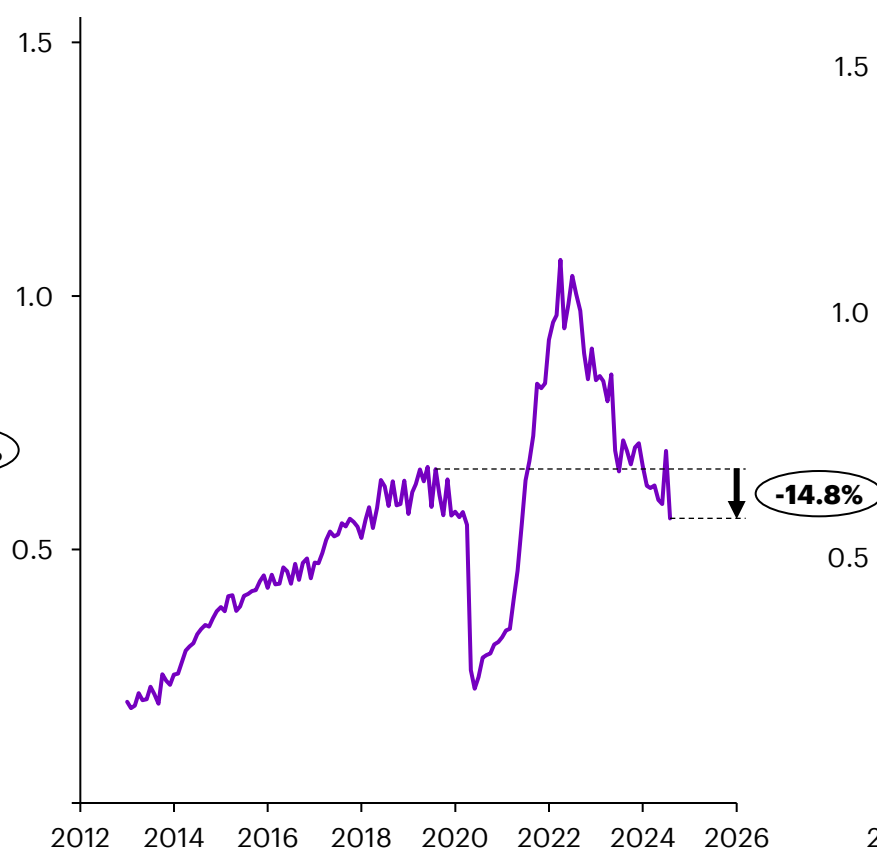
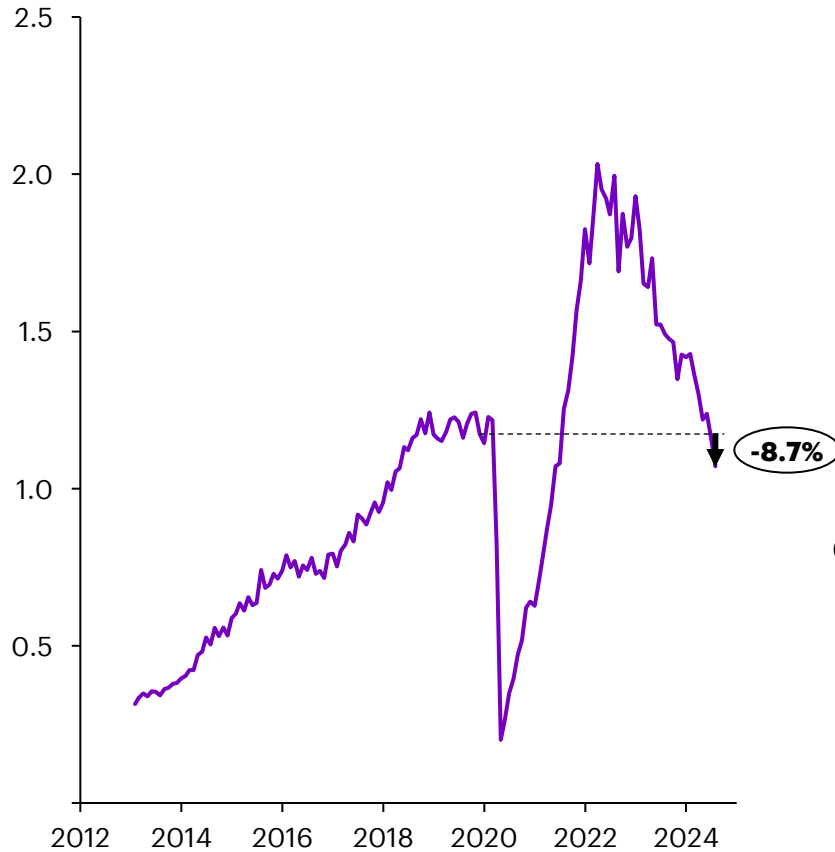
Thousands (not seasonally adjusted)



# Labor markets continue to ease across the US, UK, and Germany, with the UK seeing the sharpest drop in vacancies in retail trade and hospitality sectors

## Labor market tightness

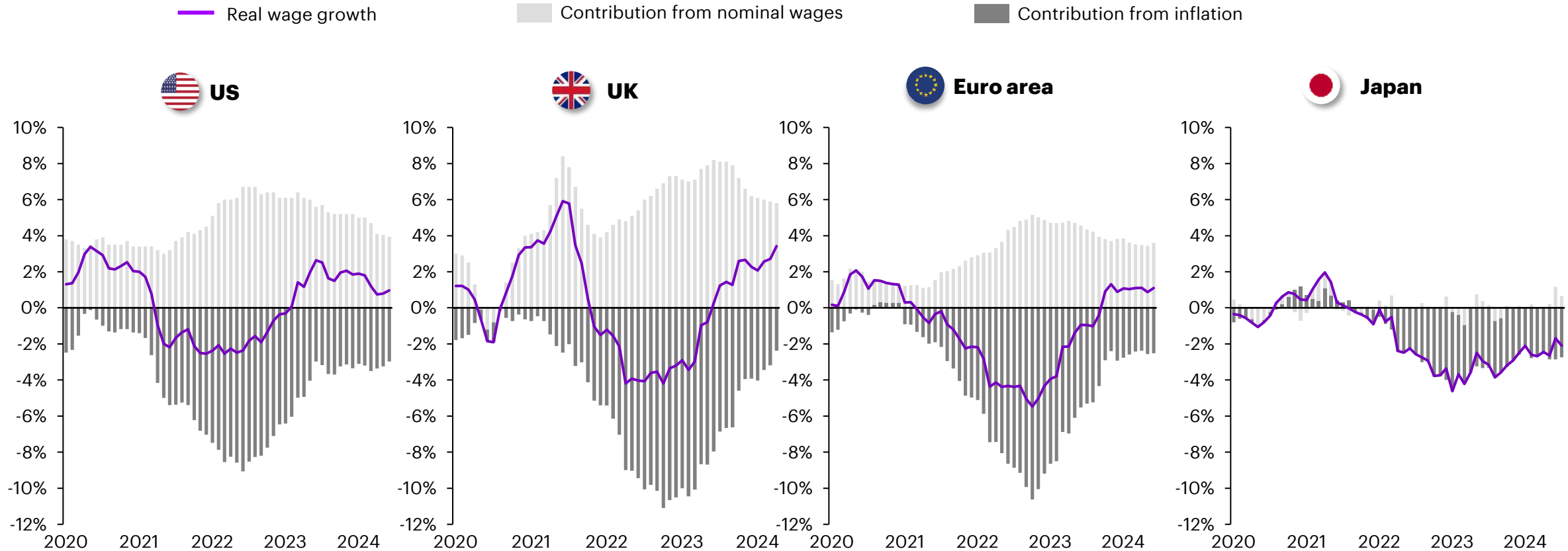
Job vacancies per unemployed person



# Real wage growth in the US and Euro area held steady, while the UK has seen a persistent upward trend in recent months. In Japan, real wages growth remains subdued.

## Wage growth developments

YoY % change in real wages and contributions to change (percentage points) from nominal wage growth and inflation
















# Inflation



# Disinflationary momentum continued in the US and European nations but reversed among many APAC economies

## CPI inflation rates and trends

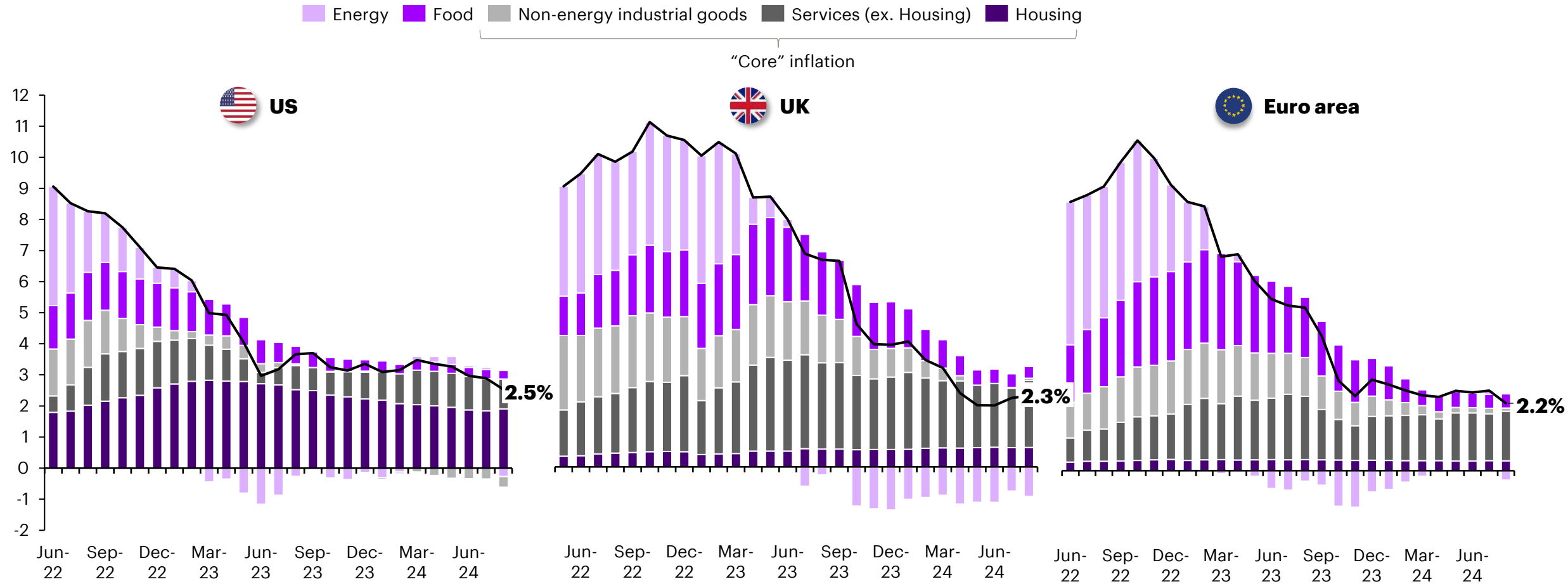
Year over year change to CPI and point change from prior month

Country	YoY Inflation Rate	Change from previous month's rate (percentage points)		Country	YoY Inflation Rate	Change from previous month's rate (percentage points)	
 <b>United States</b>	2.5%	-0.4%	↓	 <b>China</b>	0.6%	0.1%	↑
 <b>United Kingdom</b>	2.3%	0.1%	↑	 <b>Japan</b>	3.0%	0.2%	↑
 <b>Canada</b>	2.0%	-0.5%	↓	 <b>Brazil</b>	4.2%	-0.3%	↓
 <b>Germany</b>	2.0%	-0.6%	↓	 <b>India</b>	3.7%	0.1%	↑
 <b>France</b>	2.2%	-0.5%	↓	 <b>Singapore</b>	2.2%	-0.2%	↓
 <b>Italy</b>	1.2%	-0.3%	↓	 <b>Korea</b>	2.0%	-0.5%	↓
 <b>Spain</b>	2.3%	-0.5%	↓				

# Headline inflation has fallen consistently across the US and Euro area, while the UK has seen a recent uptick in prices. Core inflation remains above central bank targets.

## Drivers of recent CPI inflation

Year-on-year % change and % point contributions from major goods and services categories

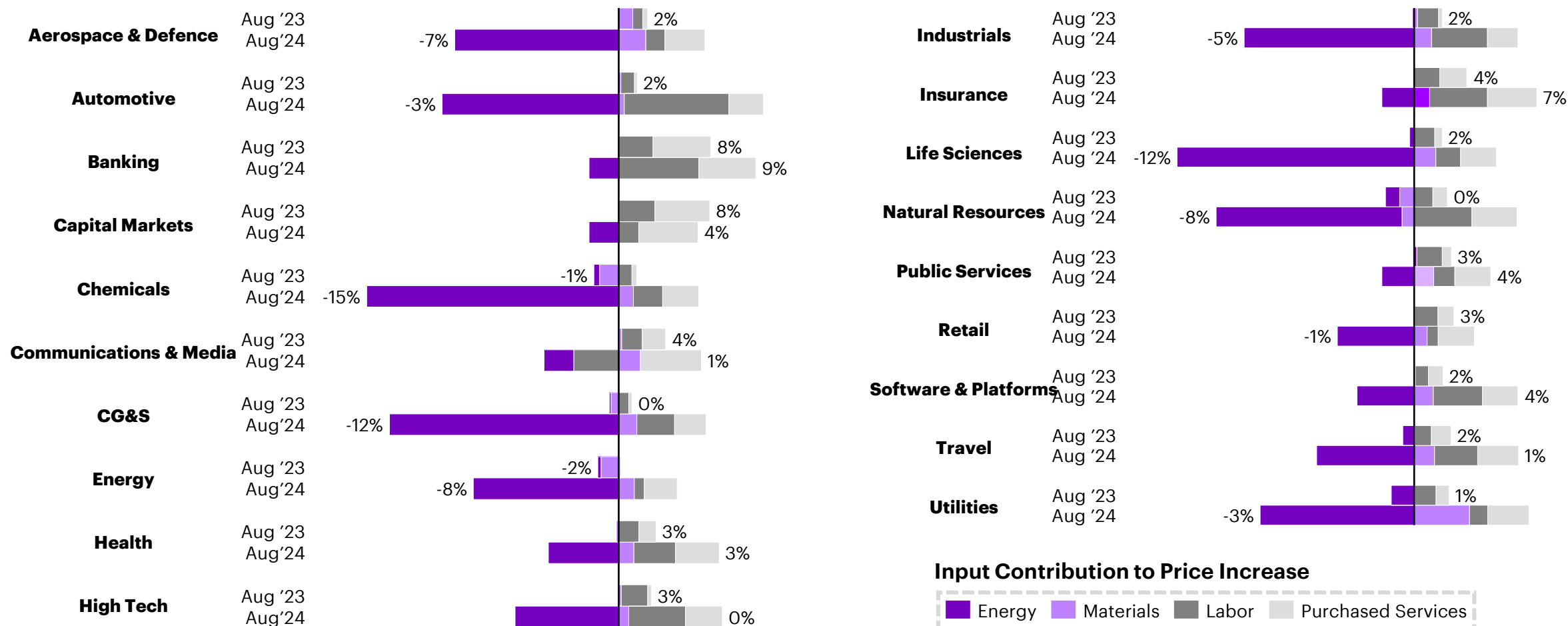




# Falling energy prices, along with a steady decline in producer price growth, have alleviated some cost pressures, though labor and material costs continue to rise

## Recent input cost inflation by industry

LTM year-over-year % change in input costs and contributions (percentage points) from key inputs, 2024

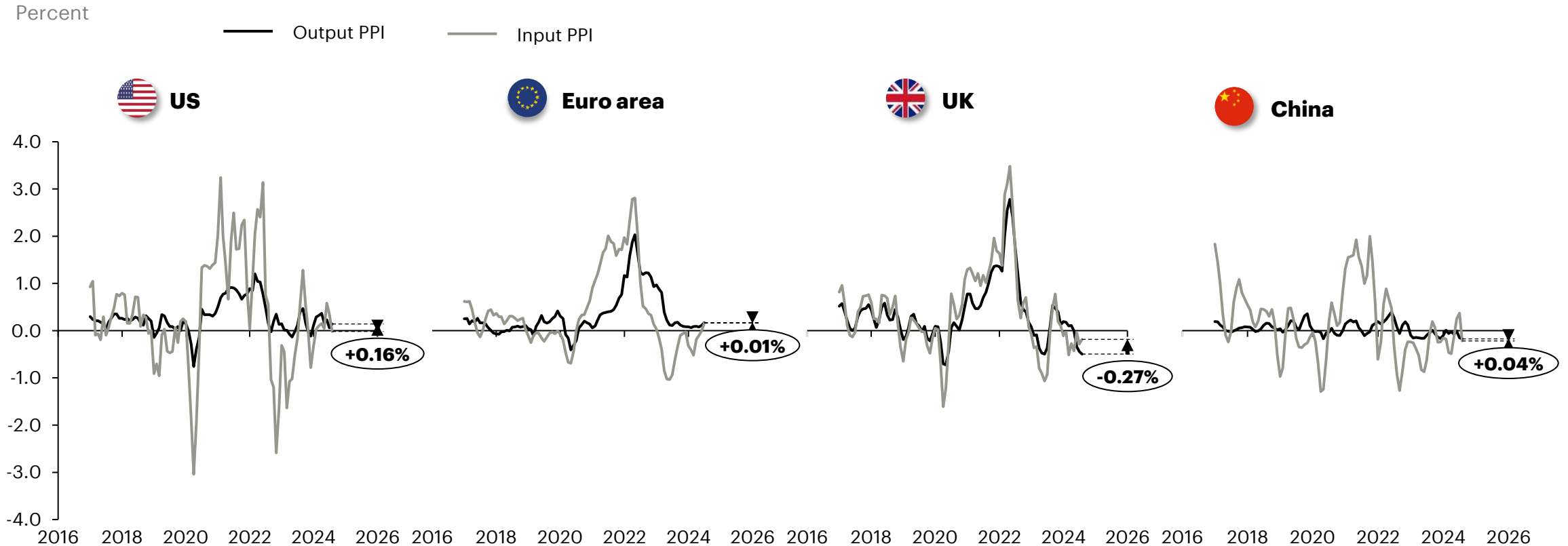


Notes: Wage data as of Jul'24; Energy prices (Natural Gas Prices as of Jun'24, Electricity Prices as of Jul'24 and others as of Aug'24); Materials and Purchased Services PPI price increases as of Aug'24; Sources: BLS, BEA, EIA, EPA, Accenture Strategy analysis

# Producers in the UK and Euro have been more successful in passing through costs to consumers, while input costs in the US are putting more pressure on producer margins

## Company input cost pass-through trends

Producer price indices (PPI) for intermediate inputs and final outputs, 3 month moving average % change



Notes: (1) Figures in bold represent absolute percentage point difference between intermediate and final demand PPI YoY % values; higher positive values imply greater pass through to final producer selling prices, while larger negative values imply lower pass through. (2) US data is based on production flow classification for PPI, where Stage 2 intermediate inputs (shown in chart) feed into stage 3 production, stage 3 outputs serve as inputs to stage 4 production, and stage 4 provides inputs to final demand goods/services.

Sources: Whitehouse Statements, BLS, ONS, Eurostat, Accenture Strategy analysis

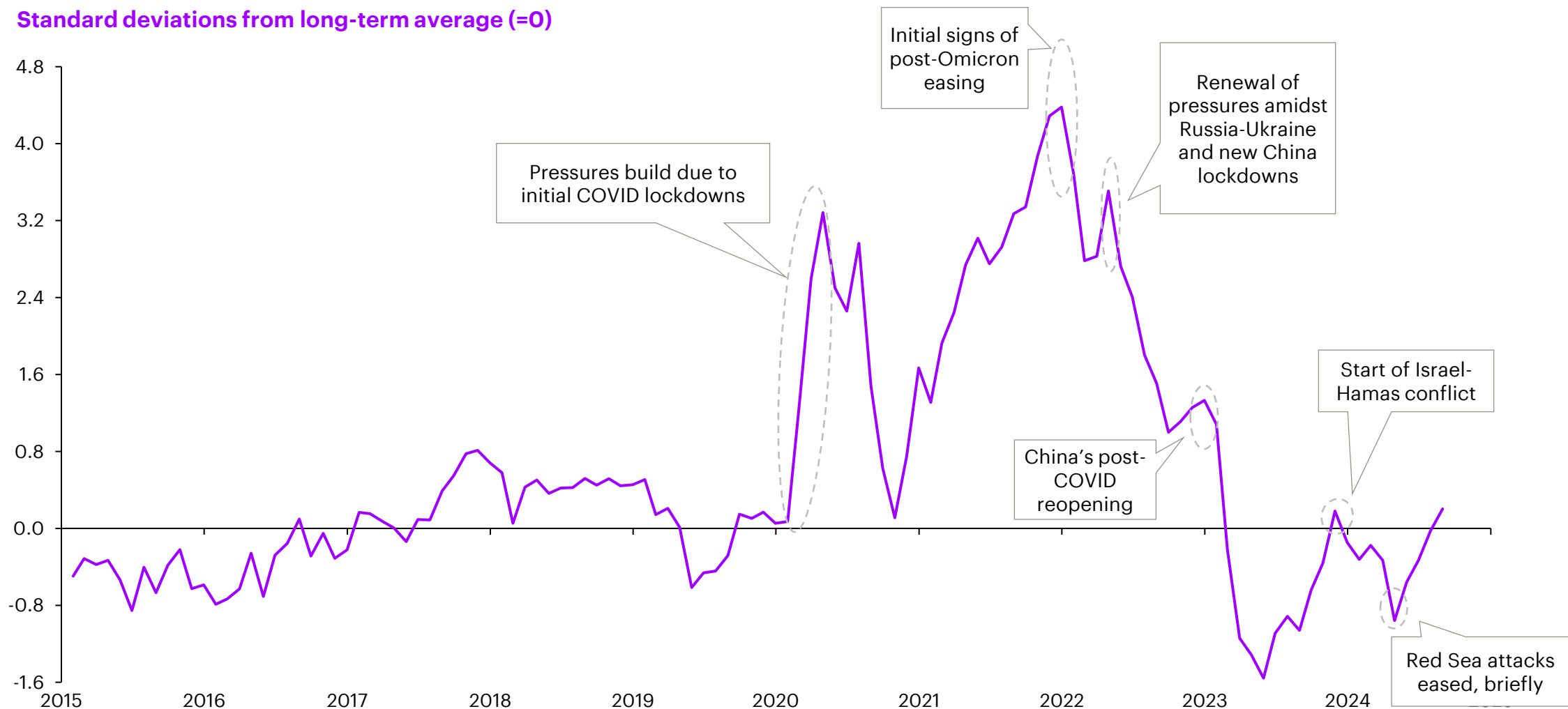
# Supply chains



# Global supply chain pressures increased recently as geopolitical tensions remain elevated, though conditions remain well-below pandemic-era extremes

## Global Supply Chain Pressure Index

Standard deviations from long-term average (=0)

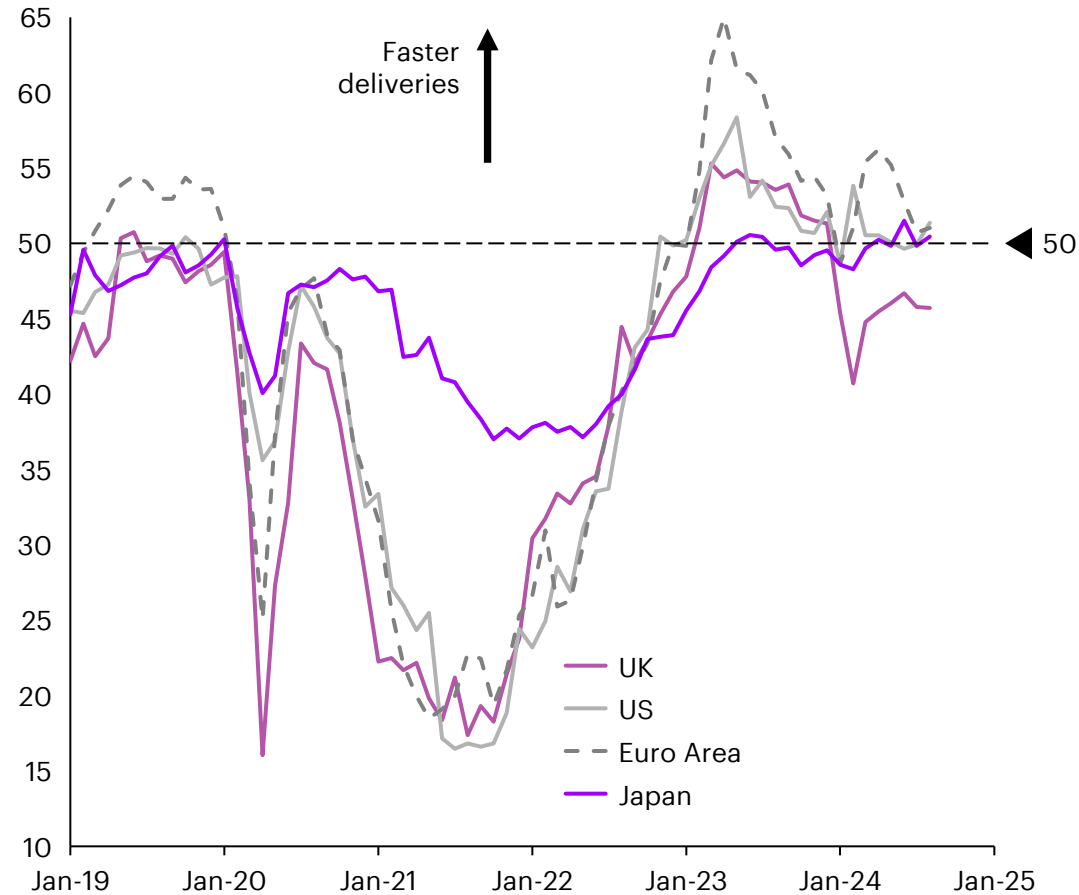


# Global shipping times are on the rise in most economies, except the UK, despite ongoing port congestions and labor strikes in key regions

## Suppliers' delivery times and backlogs of work

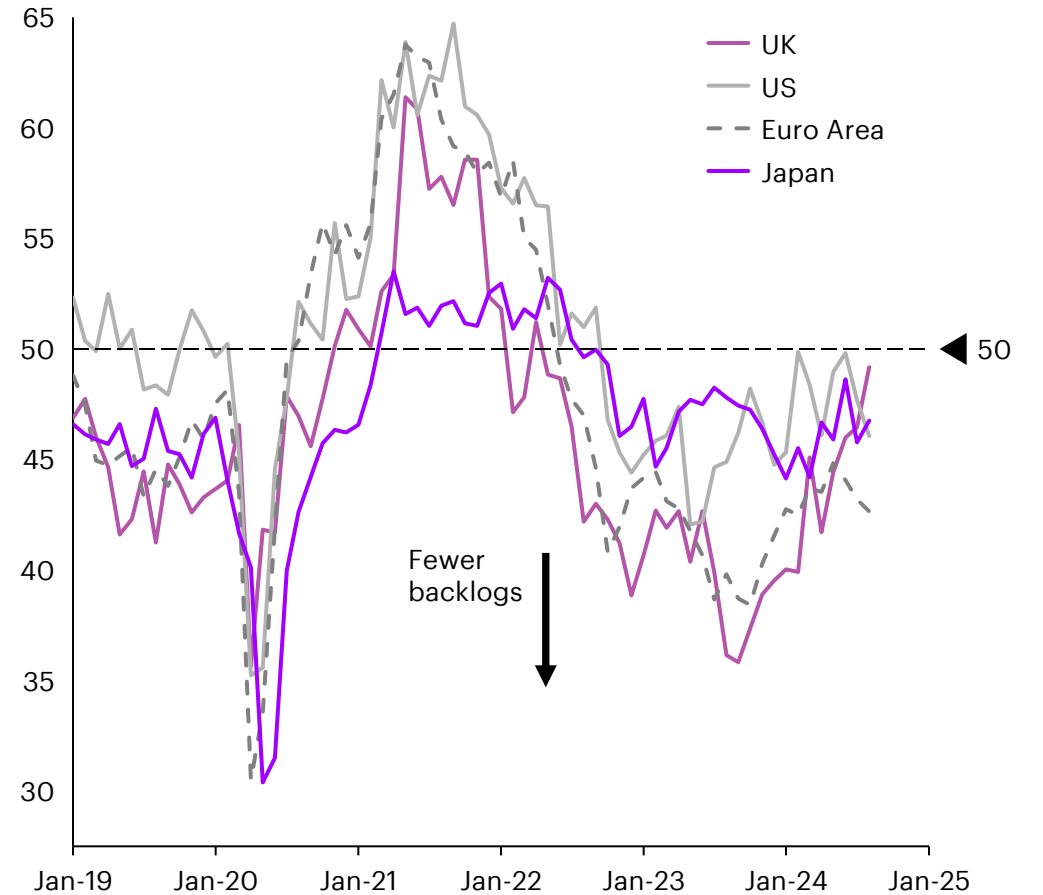
### Suppliers' Delivery Times

Seasonally adjusted, 50+ = Increase



### Manufacturing Backlogs of Work

Seasonally adjusted, 50+ = Increase



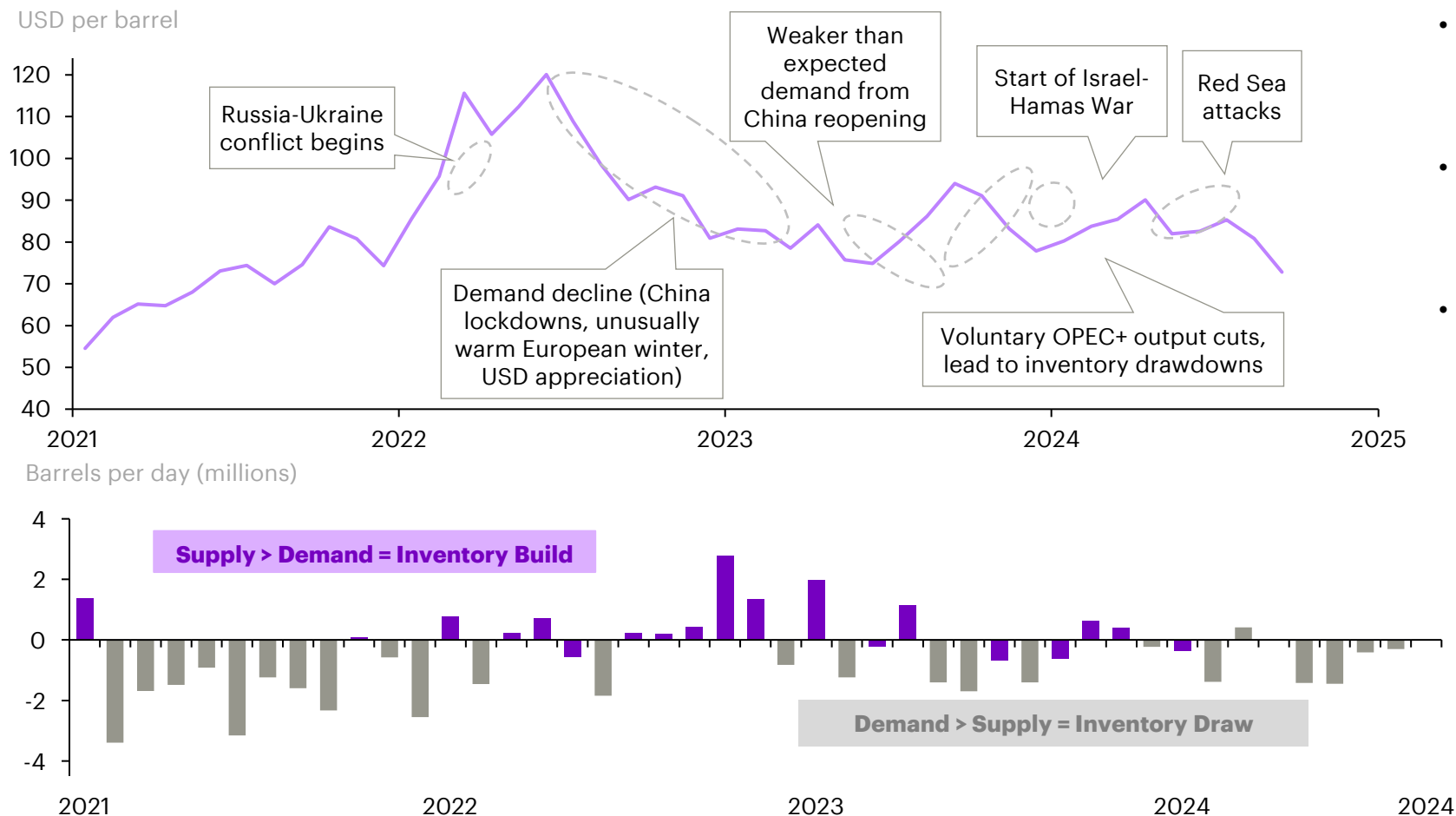
# Energy and commodities



# Oil prices in September have settled lower than in prior months as slowing global demand has outweighed supply shortages from geopolitical tensions

## Crude oil prices and inventories

**Brent crude oil spot prices (upper panel) and global inventory changes (lower panel)**



### Drivers of energy prices in 2024

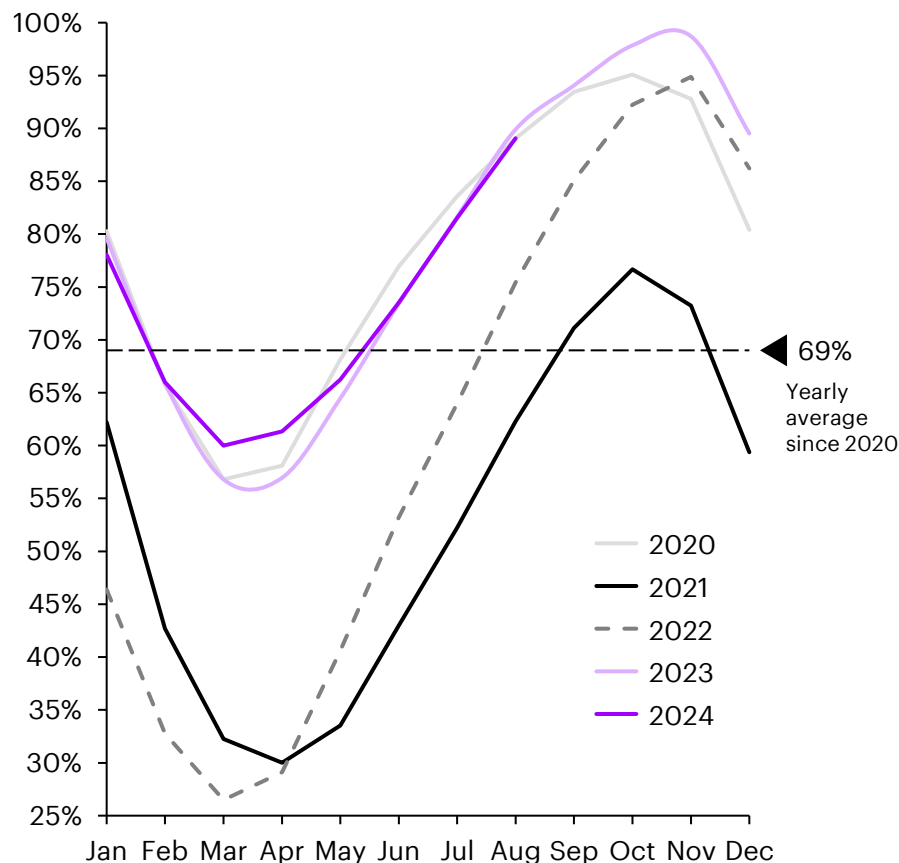
- Brent crude prices plummeted early September but rebounded slightly later in the month amid ongoing geopolitical conflicts
- U.S. crude inventories declined by 1.6 million barrels in early September, bringing total stockpiles to 417.5 million barrels
- Supply and demand fundamentals indicate a downward movement due to:
  - Continued voluntary production cuts by OPEC+ and rising political tensions in Libya contributing to supply-side constraints
  - Sluggish global consumption along with a strong dollar balancing out demand side pressure

# Natural gas prices in September have increased marginally in Europe amid high reserves and weakness in global demand from the industry side

## EU natural gas reserves and prices

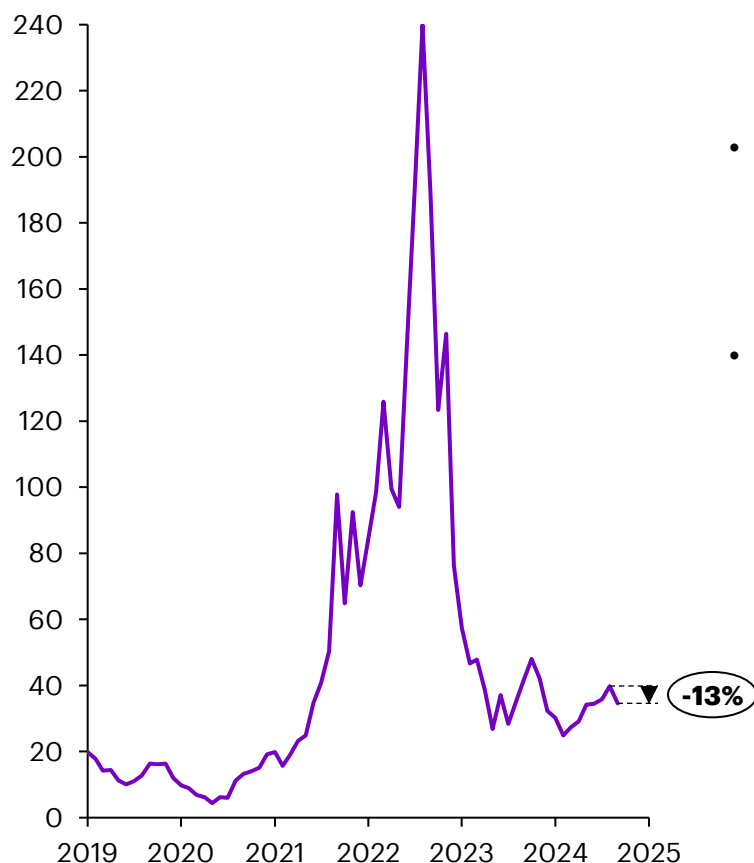
### European gas reserves are relatively high at 89%...

% of storage capacity



### As prices are falling due to high inventories

TTF Gas (EUR per megawatt-hour)



### Commentary

- Natural gas storage in Europe reached nearly 90% by the end of August despite unplanned Norwegian natural gas maintenance
- Natural gas prices are showing a modest downward trend, aligned with a broader slowdown in global economic activity and only a marginal increase in natural gas demand
- However, the LNG supply continues to exhibit tightness, owing to expectation of expiry of the Russia-Ukraine gas transit agreement in December 2024

Notes: Dutch TTF Natural Gas Futures front-month contract. TTF stands for Title Transfer Facility, which is a virtual trading hub for natural gas in Europe. TTF prices represent the average monthly price of natural gas traded at this hub and are considered a benchmark for natural gas prices in Europe. The most recent TTF monthly data point reflects the average daily prices up to the publication date.

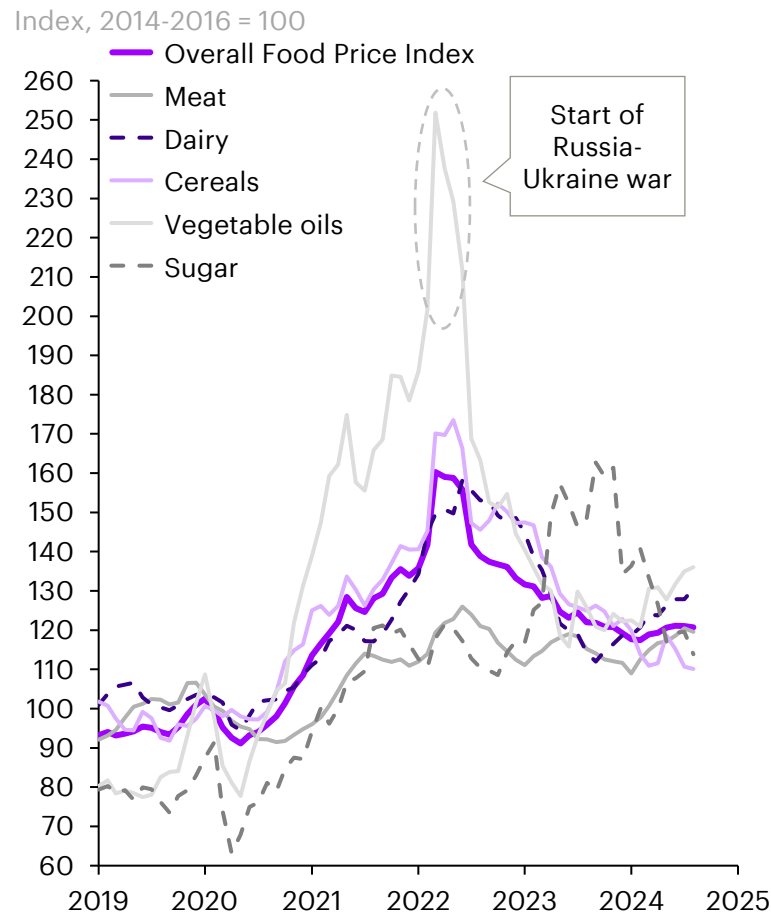
Sources: Gas Infrastructure Europe, Bloomberg, European Council, Reuters, Investing.com, Accenture Strategy analysis



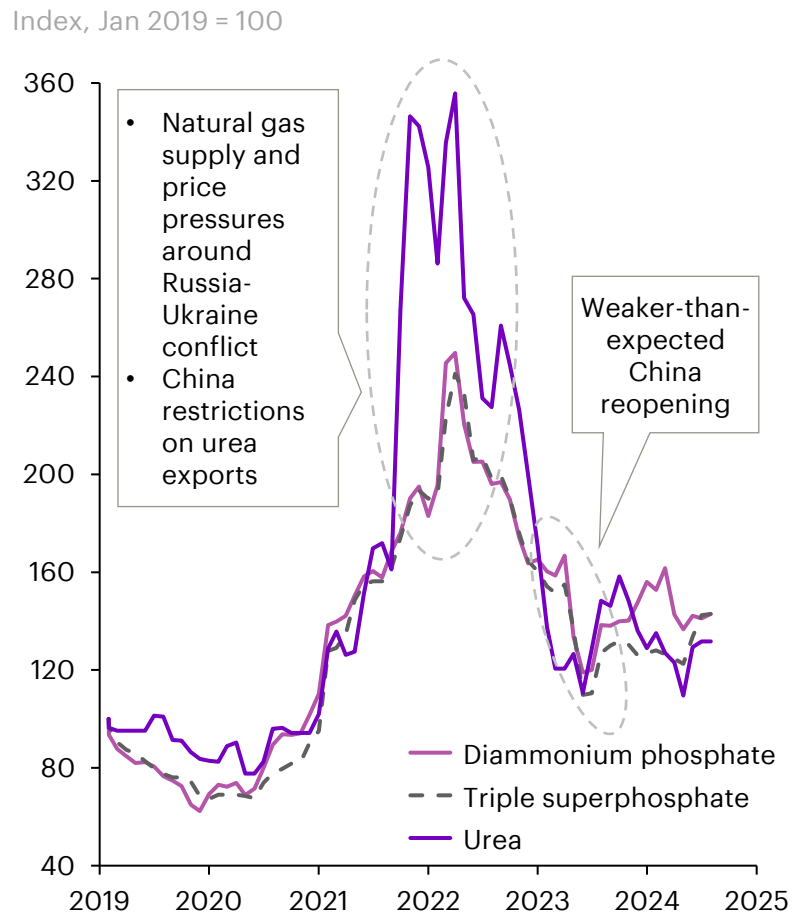
# Global food prices have remained mostly steady in recent months, while reduced input costs and enhancement in production kept downward pressure on fertilizer prices

## Food and fertilizer prices

### Food prices



### Fertilizer prices



### Commentary

- In August, food commodities prices declined slightly, with a dip in sugar, meat and cereals, offsetting a rise in vegetable oils and dairy products
- Cereal prices dropped 0.5% from July, remaining 11.9% lower than August 2023 levels, reflecting lower global wheat export prices and increased production
- Vegetable oil prices rose by 0.8% in August, reaching their highest point since January 2023, driven by higher world palm oil prices, offsetting lower soy, sunflower and rapeseed oil quotations
- Dairy prices rose 2.8% compared to last month and 14.2% from August 2023, amid increased import demand and tight inventories in major producing regions
- Most fertilizer prices edged downwards in August due to falling input prices, and despite disruptions in phosphate imports from China and ammonia from Russia, Europe managed to substitute imports from other countries

Notes: (1) Food Price Index is a measure of the monthly change in international nominal prices of a basket of food commodities (2) Fertilizers include DAP (diammonium phosphate), TSP (triple superphosphate), and urea.  
Sources: World Bank, UN FAO, USDA, Accenture Strategy analysis

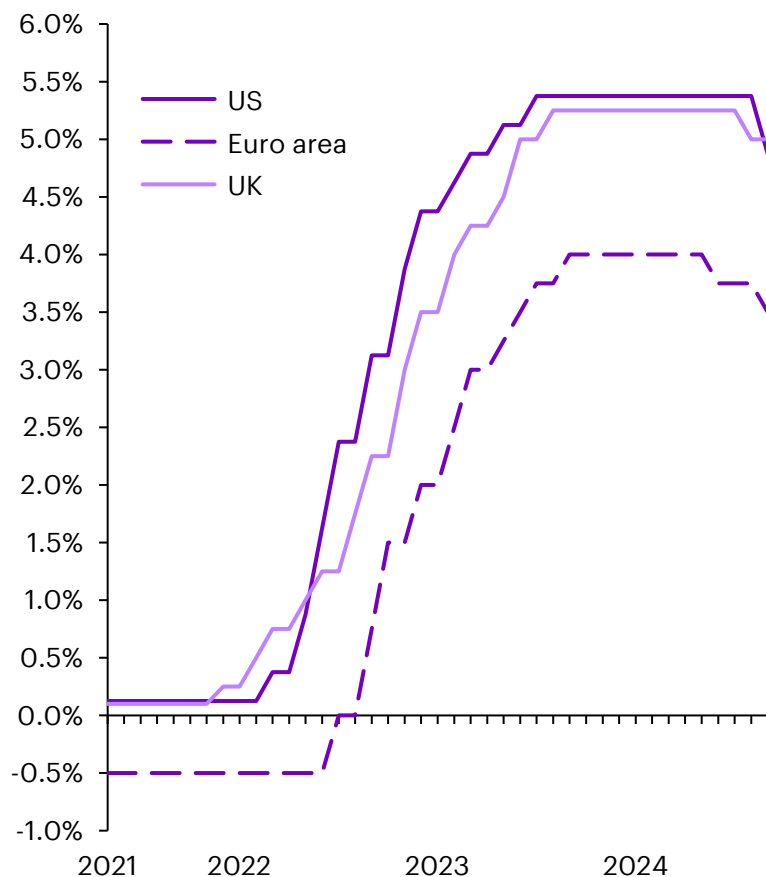
# Financial markets



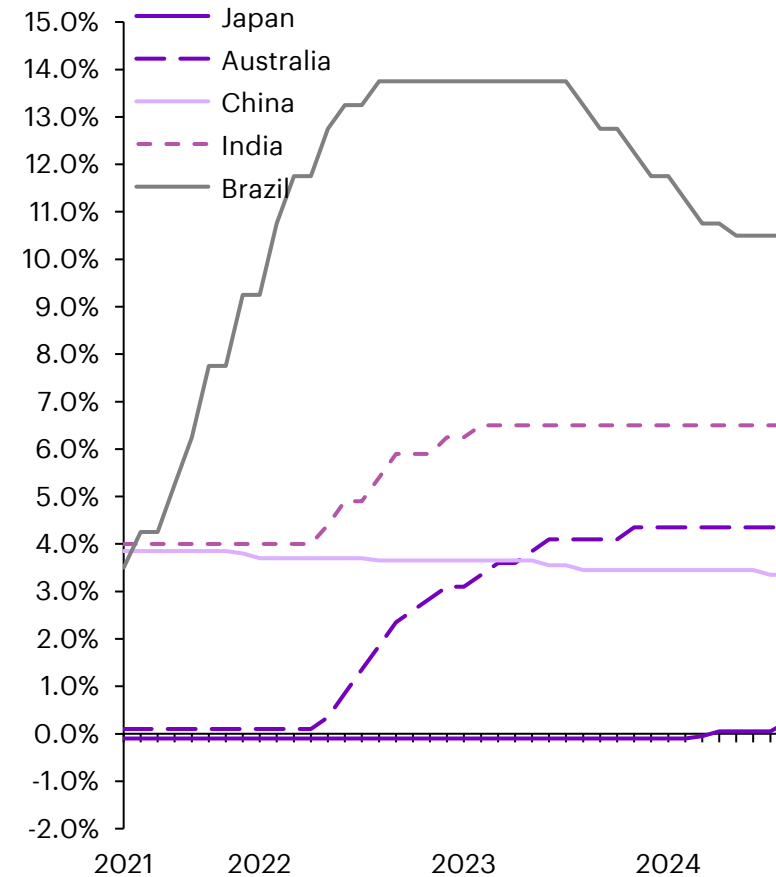
# Central banks in the US, Europe and China cut interest rates in response to easing inflation and slowing economic growth, while Japan and England kept rates unchanged

## Monetary policy across major economies

### US, UK and Euro area policy rates



### Policy rates for other major economies



### Commentary

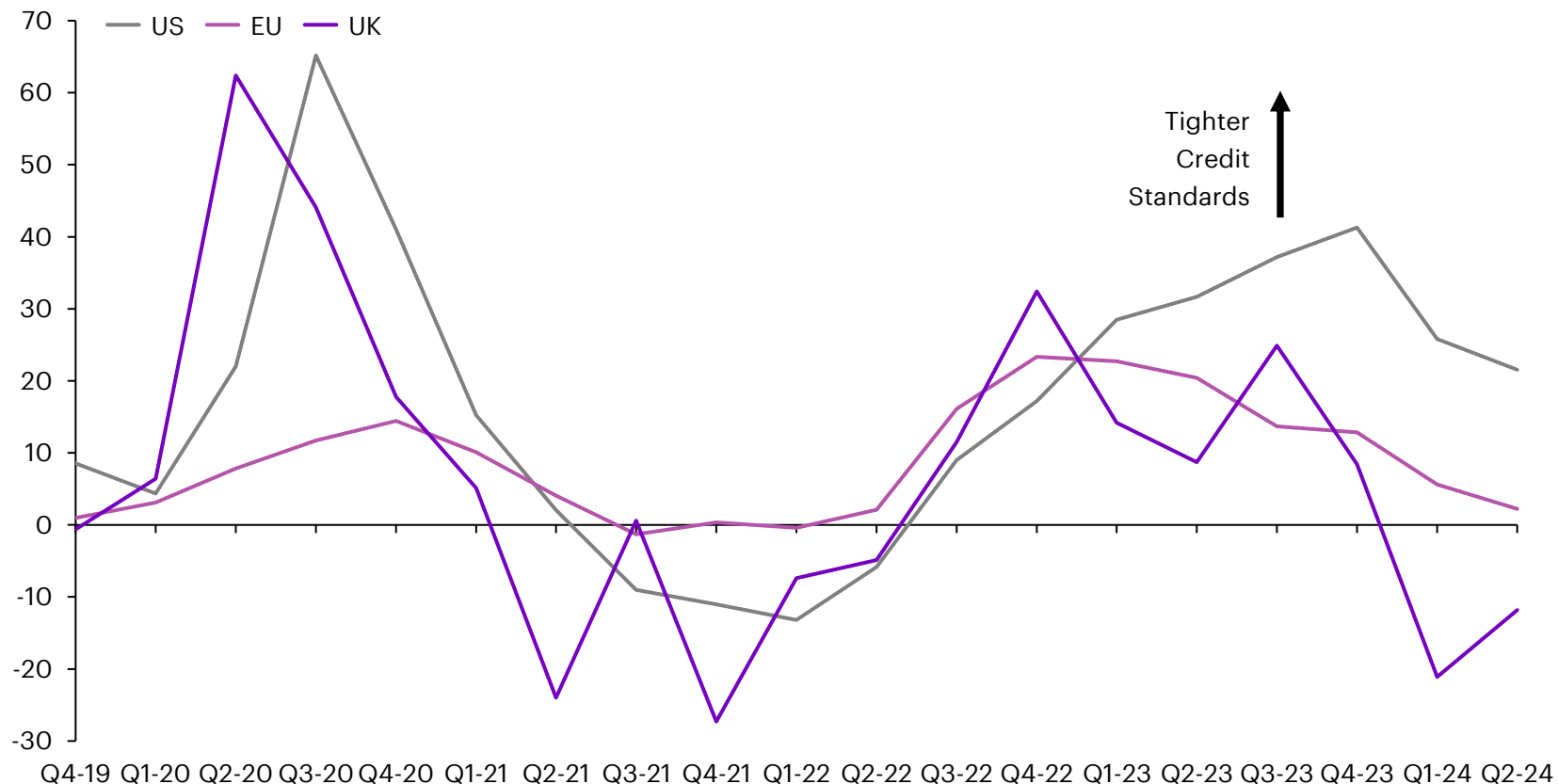
- In September, the Federal Reserve lowered interest rates by a widely anticipated 50 basis points, bringing the target range to 4.75-5%.
- The ECB cut its interest rates by 25 basis points to 3.50%, as inflation continues to decline and most European nations exhibit slow economic growth
- The Bank of England kept its policy rate unchanged at 5% in September as inflation stood at 2.2%, slightly above the MPC target of 2%
- The People's Bank of China reduced the 7-day repo rate by 0.2 percentage points and medium-term lending facility rate to 2% (from 2.3%) to stimulate the Chinese economy
- The Bank of Japan maintained its benchmark interest rate at 0.25%, the highest level since 2008, in an effort to support normalizing monetary policy

# Credit standards eased in the US and EU with an aim to aid economic growth, while lending conditions in UK tightened slightly, but remain looser than other major economies

## Restrictiveness of banks' lending standards

### Banks are adjusting their credit standards in tandem with monetary policy

Index of weighted net change in credit standards (tightening standards > 0)



### Commentary

- US banks loosened credit standards for most segments in an effort to support growth. However, commercial and industrial loans still exhibit tightness.
- EU banks also reported an easing of lending standards, though there was further tightening of credit standards for loans or credit lines specifically to enterprises
- UK credit standards tightened slightly after easing early in 2024. Demand for secured lending for house purchases and unsecured lending increased, while demand for corporate lending remained unchanged.

Notes: The date of each datapoint refers to the quarter in which the bank lending survey was conducted but reports the assessment of credit conditions in the prior quarter. Lending standards for US and EU reflect a weighted index constructed using select survey questions to measure tightening or loosening standards to both households and enterprises. UK lending standards series based on inverted series of use of credit scoring

Sources: Haver Analytics, EU Bank Lending Survey, BoE, Board of Governors of the Federal Reserve System, Accenture Strategy analysis

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