



Current context and prospects for the global economy

June 2024

2024 TRENDS

Slowing global economic growth

Instability and fragmentation of world trade

Interest and inflation rates still high, with a probable downward trend

Dropping agricultural commodity prices in a context of historically high values

Increased uncertainty

- Armed conflicts: Ukraine, Middle East
- Extreme weather conditions
- Geopolitical tensions and protectionism



- Impact on prices and commercialisation of fuels and gold
- Disruption of value chains and supply chains - **Red Sea**, **Panama Canal** and **Black Sea**

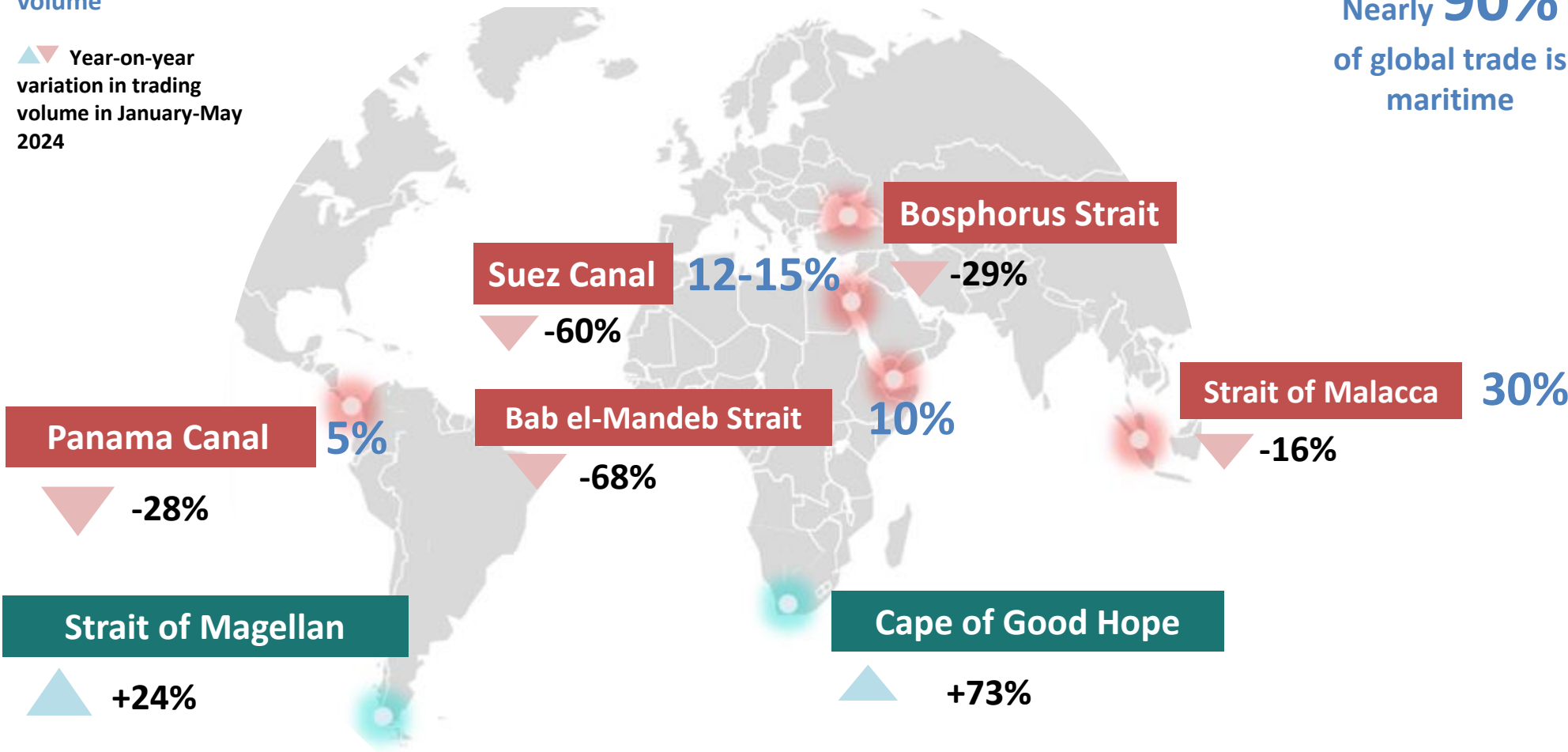
Value and supply chain disruptions

% of global trade volume

▲▼ Year-on-year variation in trading volume in January-May 2024

Most affected areas

Nearly **90%** of global trade is maritime



Container transport rates increase

Impact on international prices

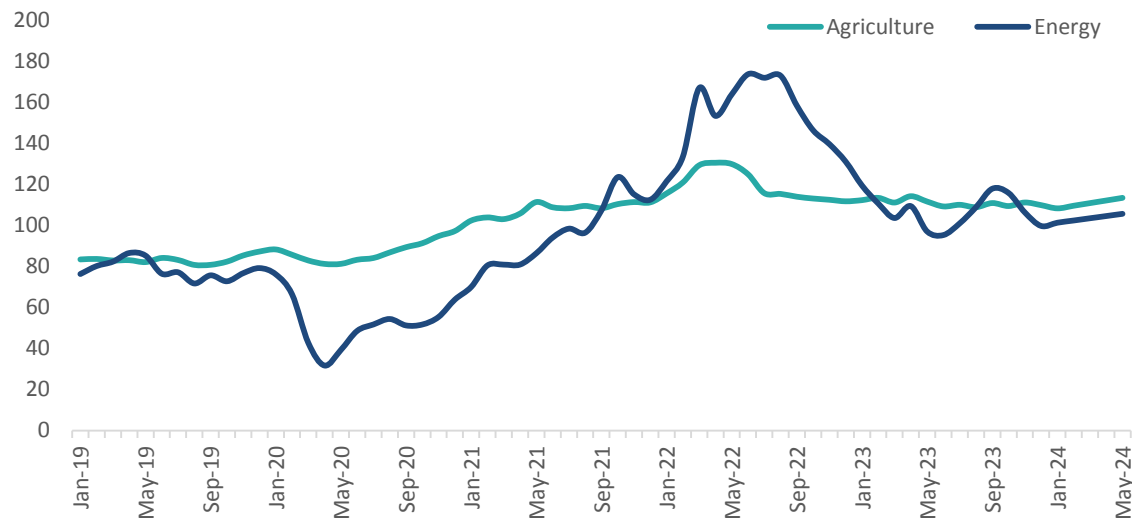
Global commodity prices are stabilising after falling in 2023. In 2024, these prices would decrease by 3% y-o-y (above prepandemic levels).

If the conflict in the Middle East were to escalate, disruptions in oil supply could cause global inflation to rise.

Gold, oil, chemicals, non-metallic mineral products and some cereals have seen the steepest increases so far this year.

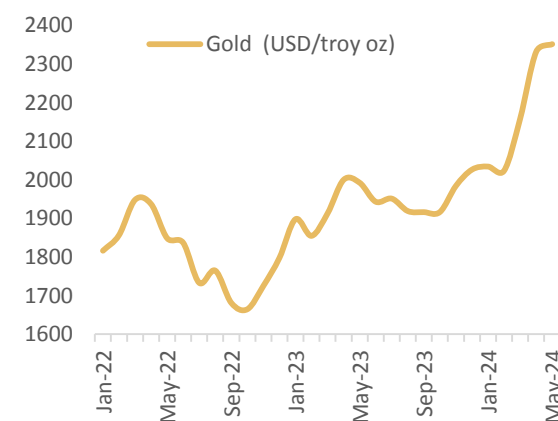
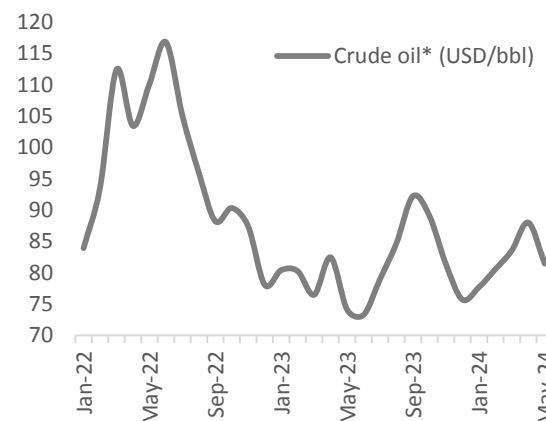
Agricultural and energy commodity prices

In index number (Base 2010=100)



Oil and gold prices

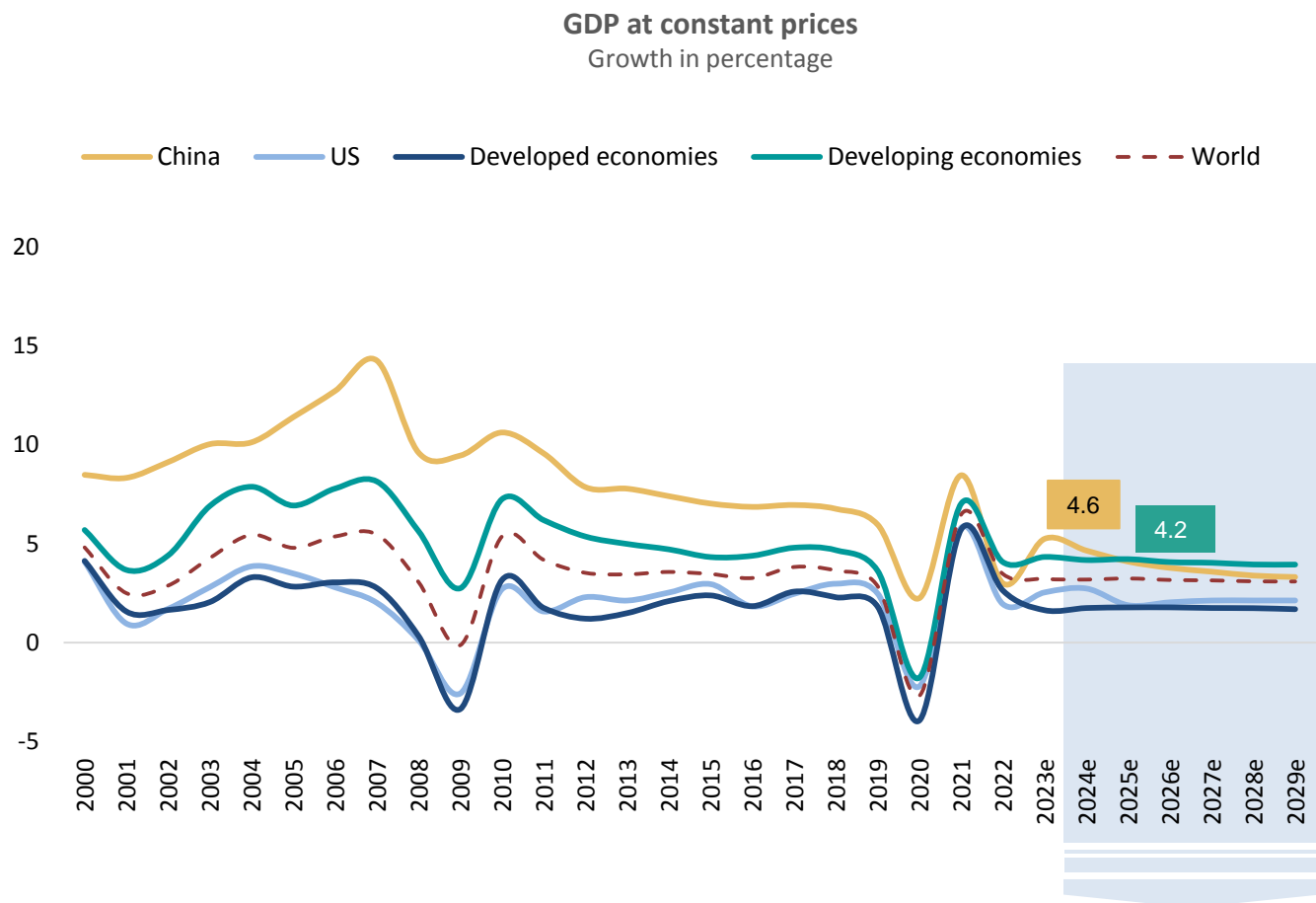
In current USD by unit of measure



WORLD MEDIUM-TERM TRENDS

- 1 Slowing global economic growth and trade
- 2 Population ageing and uneven population growth
- 3 Global climate context and energy transition
- 4 Fragmentation of international trade relations and trade flows
- 5 Technological Revolution: IA and hyperconnection

1.1. Slowing global economic growth



Global GDP growth projections

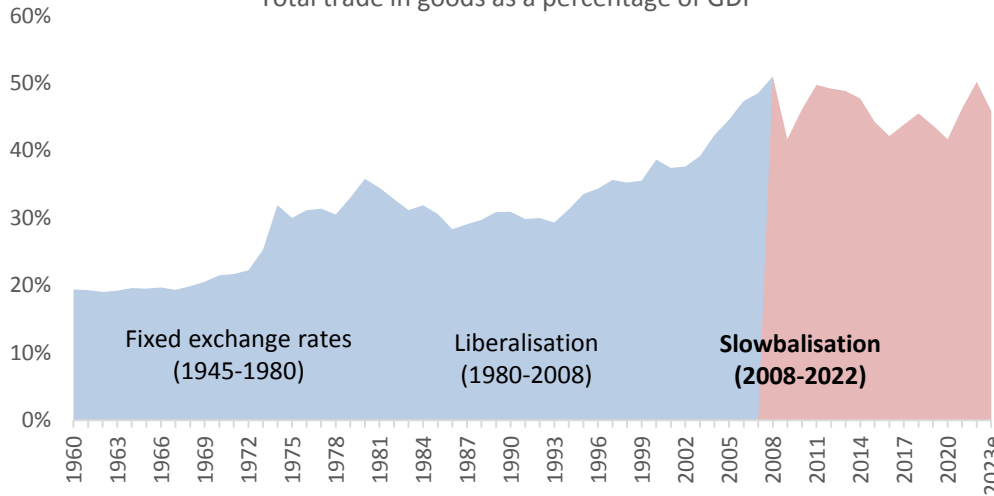
	2024	2025	2029
IMF	3.18%	3.23%	3.08%
WB	2.6%	2.7%	n.a.

Influencing factors

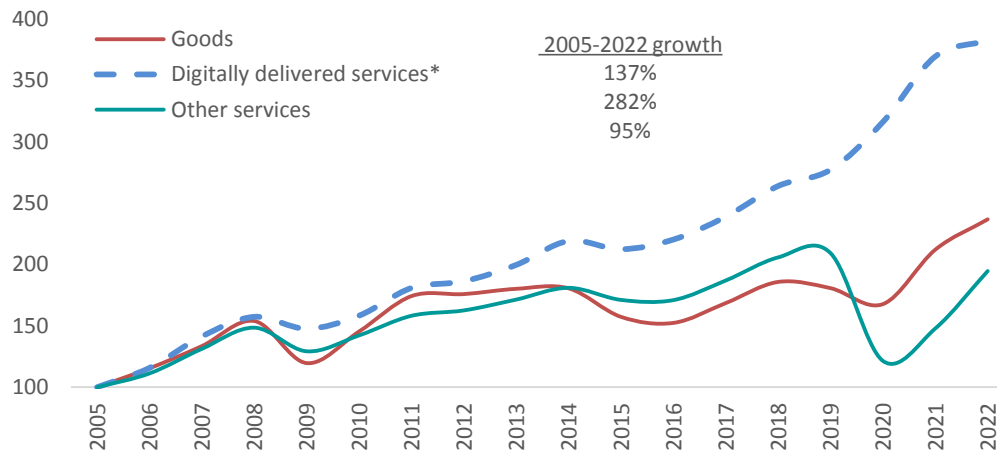
- Less dynamic consumption in the United States, China and Europe
- Contractionary policies to reduce inflation
- Vulnerability of sovereign debt in emerging markets
- Uncertainty about the real estate sector in developed countries
- Interest rates above twice the average of 2000-2019

1.2. Slowing global economic growth and trade

Trade openness
Total trade in goods as a percentage of GDP



Exports of goods and services
Index 2005=100



Slowing growth in trade in goods (slowbalisation) in response to the reorganisation of the global trade map

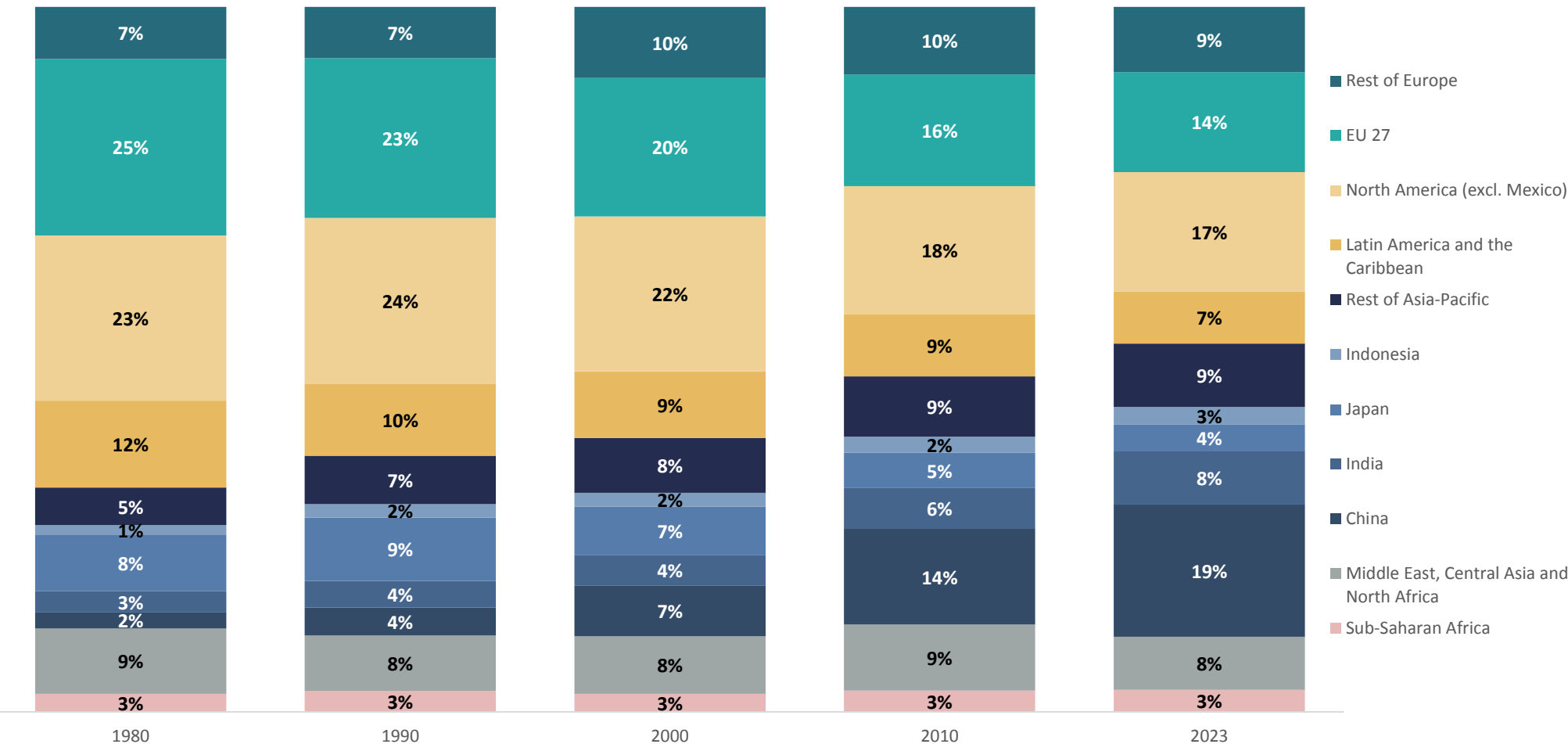
- Policies to support national industry, in the name of “economic or national security”. European strategic autonomy.
- Diversification towards markets with lower geopolitical risk, reliable infrastructure and, in some cases, proximity to end markets (nearshoring/friendshoring).
- Global pressure to meet decarbonisation targets. Operations in areas with clean energy supplies.

Increased dynamism in trade in services –particularly those delivered digitally*–

1.3. Evolution of GDP by region

Share of global GDP by region*

In percentage



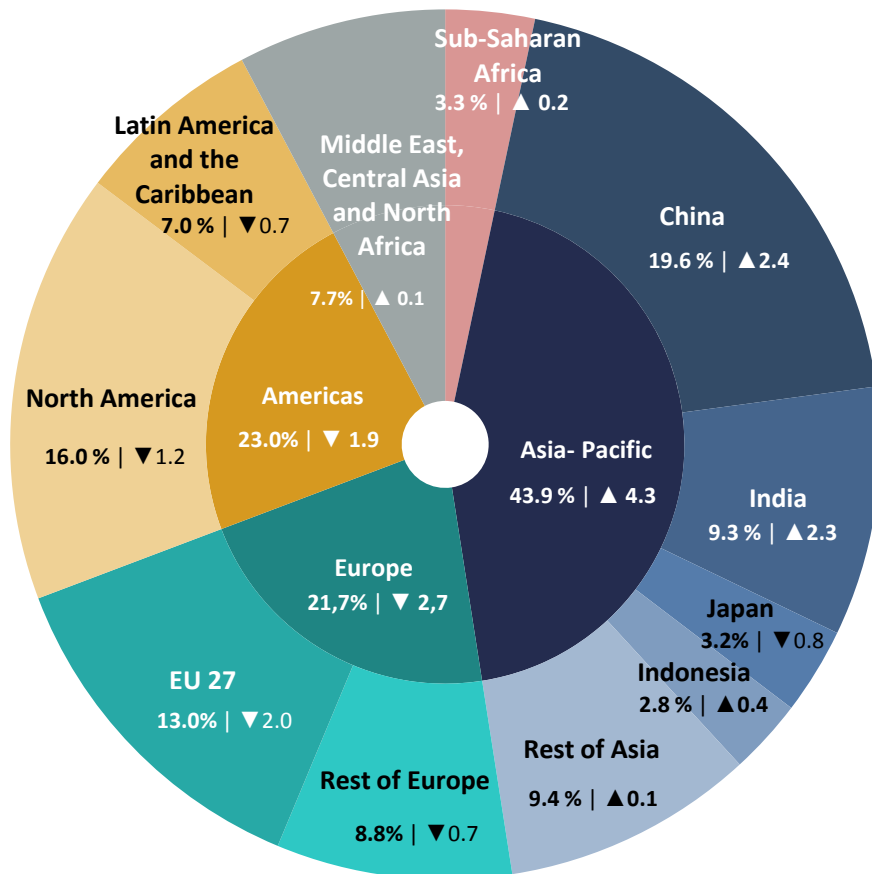
* Current prices, PPP

1.4. Regional projections

Asia will continue to be the engine of global growth and trade. Imports growth will be led by developing Asia, developing Europe, Africa, Middle East and Central Asia

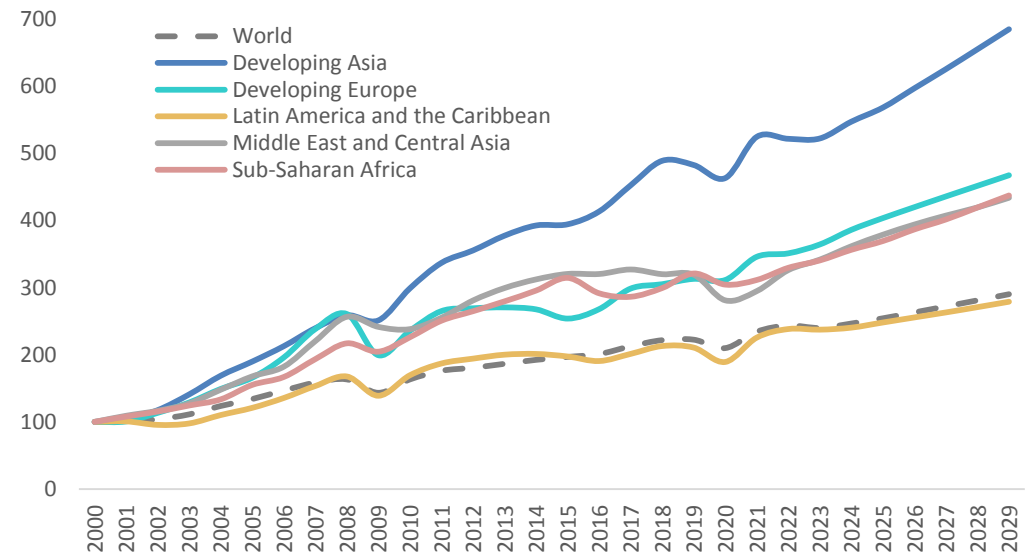
Share of global GDP projected to 2029*

In percentage | ▲ ▼ Variations compared to 2019 in percentage points



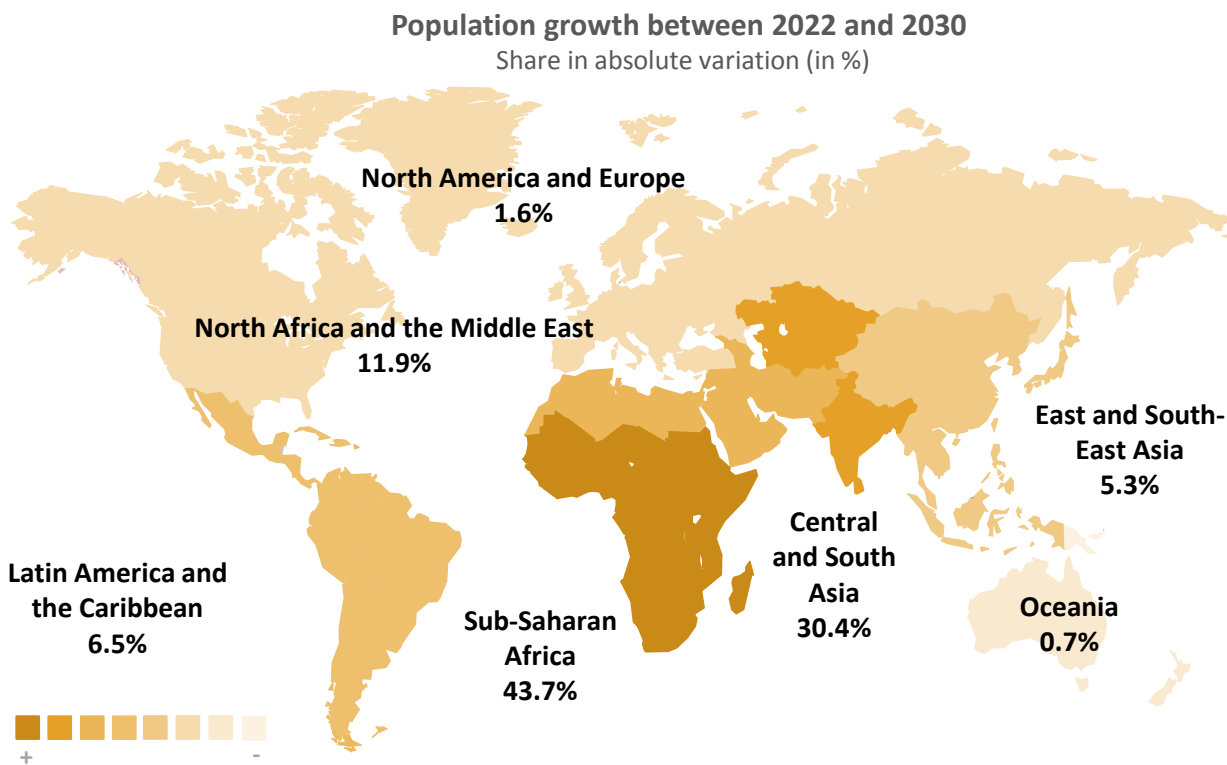
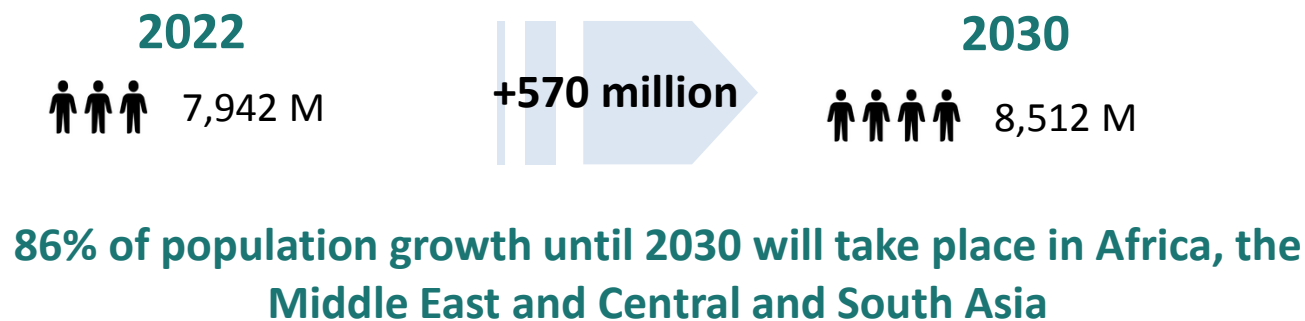
Imports of goods in developing economies

Volume index, year 2000 = 100



* Current prices, PPP

2. Population ageing and population growth in low-income regions



60% of the population will be urban
(66% in 2040*)



- The greatest increase in urbanisation will be in areas of low economic development.
- Increased migration flows to areas of higher social and economic status.
- Population ageing.

Latin America, North Africa and the Middle East will be the regions with the highest proportion of working-age population (+65%) in the next 20 years.

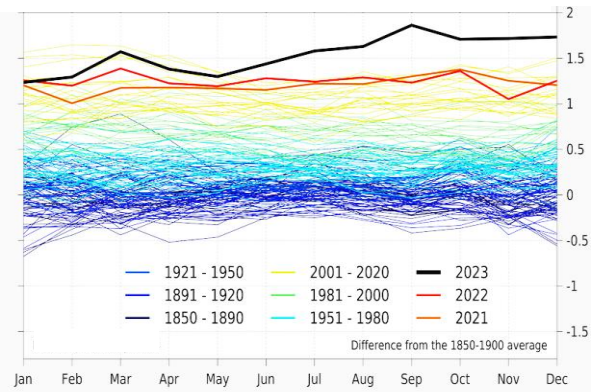
*56% in 2020

3.1. Global climate context

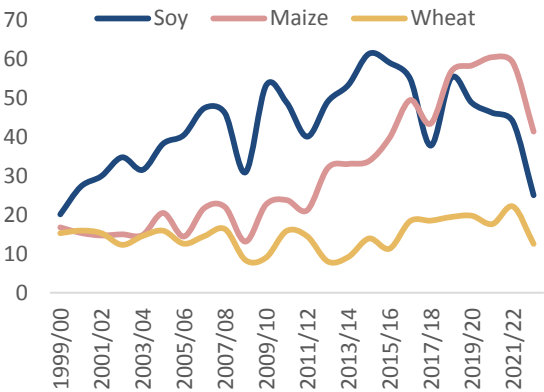
2023, record year in...

- Land and ocean temperature
- Loss of ice from glaciers
- Sea level rises
- Level of CO₂, methane and nitrous oxide concentrations.

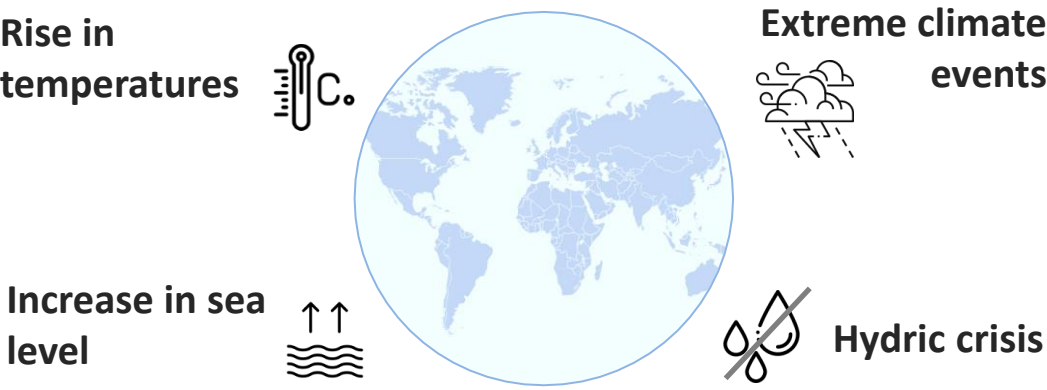
Global average temperature anomalies.
In °C



Effects of drought on Argentine production.
In million tonnes



Next 10 years



All nations will be impacted but the associated costs and challenges will mainly affect developing countries

3.2. Energy transition

“Net Zero Emissions 2050”.
Increasing demand for electricity, emphasis on the use of new energy technologies and CO₂ elimination techniques



“Fourth Industrial Revolution”. Changes in production methods.

Higher demand and **competition for critical minerals, specific** for power generation, storage and transport, electric motors and generators.

Peak of demand for fossil fuels by 2030 and subsequent slow descent. Reduction of demand differentiated by region (lower in emerging economies) and type of fuel (lower in the case of gas and petroleum).



Solar, wind and nuclear energies

as the most relevant towards reducing emission in power generation (current largest source of CO₂ emission).



Hydrogen

and other fuels based on it will have to fill voids where electricity cannot easily or economically replace fossil fuels and where the limited supplies of sustainable bioenergy available fail to meet demand (ships, planes, heavy industries).

3.3. Food and health security by 2030

Increasing urbanisation and migratory flows



+ 840 million will go hungry, mainly in Asia and Africa.

119 million as a result of COVID-19 and the invasion of Ukraine

23% of the population will not have access to healthy cooking solutions



Extreme weather events and biodiversity loss



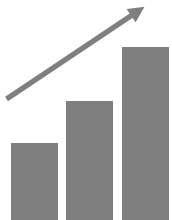
1.5 billion ha to be restored to achieve land degradation neutrality

and avoid increasing food and water insecurity.

Crop losses putting food availability at risk



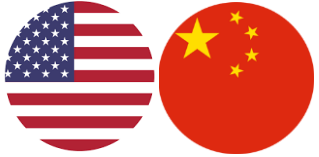
Habitat destruction + climate change + increasing interface between human and animal populations



Risk of emergence/resurgence of diseases with epidemic potential.

Zoonoses and food-, water- and insect-borne diseases, even in developed countries.

4.1. Fragmentation of international trade relations and trade flows



The US-China rivalry would set the general parameters of the geopolitical environment in the coming years.

Intensifying competition for international norms and standards.

Greater protectionism.

Increased fragility of supply chains in the face of regional or small-scale armed conflicts.



Weakening of global multilateralism. Multilateral agreements lose relevance in the face of new cross-border challenges.

Instability, fragmentation and rearrangement of global trade flows.



Nearshoring and **friendshoring** from China to the US and “like-minded countries” (OECD, ASEAN and India). Rise of economic/regional blocs to limit the effects of geopolitical frictions.

4.2. Fragmentation of international trade relations flows

EUROPEAN UNION

Strategic autonomy of the EU, as a process of political survival.

Seeking to diversify sources of supply and/or generate energy production and sensitive materials.

Deforestation-free value chains and border carbon measures.

UNITED STATES

Inflation Reduction Act and *CHIPS Act*. Tax incentives and subsidies with local content requirements.

Restriction of investments in certain technologies and products considered critical to national security.

Strengthening controls over semiconductor exports and their manufacturing equipment.

Sanctions on Chinese companies for forced labour.

CHINA

Sovereignty disputes: Taiwan (Prov. of China) - South China Sea (Southeast Asia).

Restrictions on exports of key materials in strategic industries.

Relocation of some production chains to Southeast Asia.

Other developing countries

Restrictions on exports of critical minerals (E.g.: Indonesia - nickel).

Restrictions on food exports (E.g.: India - wheat and rice).



In 2023, more than 2,500 industrial policy interventions were performed globally.

The new IP is based on three concepts: climate policy, national security and value chain resilience.

5. Digitalisation, hyperconnection and artificial intelligence

AI , biotechnology and the technologies of new materials come up as strategic sectors enhanced by hyperconnectivity

Machine Learning and neural networks are emerging as one of the most important and innovative tools to generate a historic leap in productivity.

They have the **potential to revolutionise knowledge-based industries** and to increase efficiency, quality and productivity in the generation of goods and services.



The **Internet of Things** will reach 64 billion objects by 2025 (vs. 10 billion in 2018).

Connectivity space services combined with land networks will increase.

Data protection and flow as a source of conflict.



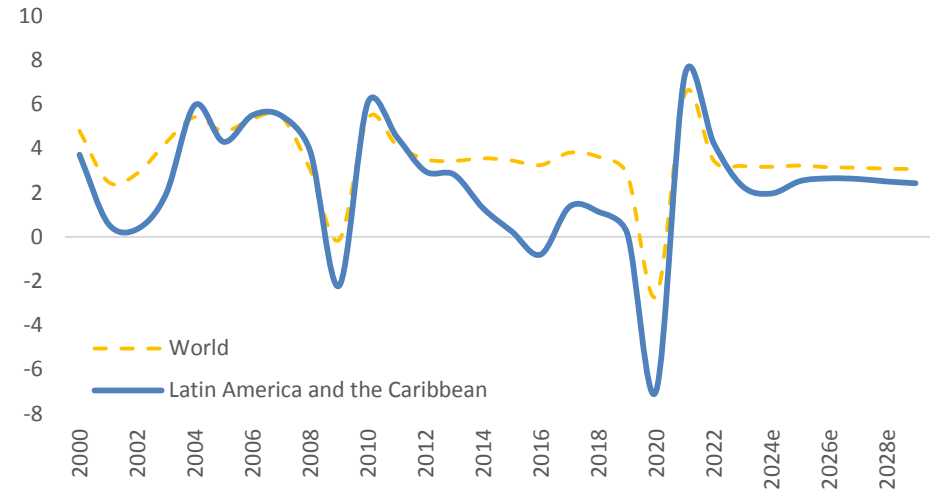
Increased demand for electricity.

Latin America: potential in a framework of stagnation and weaknesses

WEAKNESSES

- Below global average growth rate
- Only 24% of growth between 2000 and 2019 was due to increased productivity
- High levels of informal employment (48.1% in 2022)
- Low average investment growth rate (0.7% between 2010 and 2021)
- High levels of urban violence and organised crime

GDP at constant prices
Growth in percentage



World's largest net food exporter



Strategic non-renewable resource reserves (mining and hydrocarbon)



High potential for clean energy production



Relatively young population



Potential for adoption and development of digital economy

STRENGTHS

Argentina: strengths and opportunities



Human capital

- **University system:** strong and internationally recognised.
- 2nd in Data Science from Latin America and 30th worldwide in the Global Skills Report ranking.



Food and health security

- **Agribusiness:** scale, experience and cutting-edge technology. Leading biotechnology/nanotechnology companies.
- **Medical and pharmaceutical sector:** exports of pharmaceutical products (+350 laboratories/+USD 1 billion annually) and medical equipment (+USD 400 million annually).



Science and technology

- **Nuclear:** for medical use and re-enhancement of unenriched uranium plants. Mastery of the fuel cycle of power plants. A global leader in the design and construction of multi-purpose reactors.
- **Space:** 1st Latin American and Southern Hemisphere country with presence in space and 11th with the highest number of satellites in space at global level. Thriving public-private ecosystem of space development (satellites and vectors).



Peace zone

- Regional integration and remoteness from current armed conflict/terrorism zones.

Argentina: strengths and opportunities



Conventional resources and energy

- **Hydrocarbon tradition**, with recent increase in oil and gas exploitation capacities and technologies, both unconventional and off-shore.
- **Mineral reserve**. 3rd largest lithium reserve globally*. Significant reserves of copper, gold and silver.

* Second in terms of resources.



Clean energy and environment

- Only Western country that reached the construction phase of a Small Modular Reactor (SMR). 4th producer of **renewable energies** in Latin America.
- **Enabling conditions for renewable energies and carbon-free, low-emission hydrogen production** (high solar irradiance and wind speed).
- **Low per capita carbon emissions**. High carbon capture capacity of the atmosphere due to its large surface area of natural grasslands and forests.



Services

- 2nd Latin American exporter of **KBS**. Professional services and software development stand out.
- High number of tech unicorns per inhabitant.
- Potential in tourism services. 1st inbound tourism destination in South America and 3rd in Latin America in 2023.

Argentina is a leading exporter of numerous products

2022 figures*

1st

- Soybean oil, flour and pellets
- Unprepared peanuts
- Lemon juice and essential oil
- Bovine hides
- Dry beans

2nd

- Frozen hake fillets
- Yerba mate
- Grape juice and grape must
- Canary seeds

3rd

- Pickup trucks
- Maize
- Natural honey
- Fresh garlic
- Peanut oil
- Milk powder
- Lithium carbonate
- Soybeans
- Barley

4th

- Seamless iron and steel tubes
- Prepared peanuts
- Sunflower oil

5th

- Frozen shrimps and prawns
- Boneless frozen beef
- Fresh pears

6th

- Wheat and flour
- Biodiesel

Current context and prospects for the global economy

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