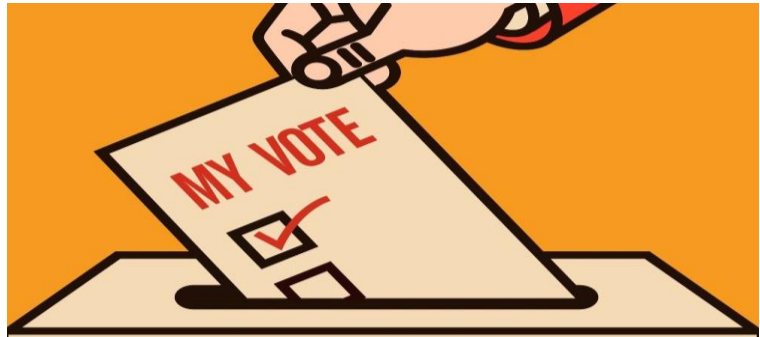




R&R Weekly Column
By Brunello Rosa



Elections in 2024: The Year That Can Change The Fate of The World

In 2024 there will be elections held in several key countries or regions, each of which has the ability to change the fate of the world for the foreseeable future. Three of these will be held in developed countries and regions, namely, the US, the European Union, and the UK; three will be held in the developing world, in Russia, India and Taiwan. We will discuss these elections in two upcoming pieces of research.

Starting with the developed countries, the US presidential election in November 2024 is likely to be as contested, and possibly even more heated, than the 2020 election that led Joe Biden to become US president. In spite of [13.2 million jobs having been created during his presidency](#), and the US having led – so far rather successfully – the anti-Russia coalition in Ukraine, [Biden's popularity remains low \(at 41%\)](#), and polls show that [another run-off against Donald Trump would be as tight as it was last time](#). Needless to say, if Trump were to win the race to the White House, the entire geopolitical landscape at global level would change.

In June 2024, the European election will be held. Formally speaking, this is the election of the European Parliament, which is still much less powerful than the national parliaments of the EU member states. However, the result of the election will be key for the choice of the EU Commission, which is the executive body (together with the Council) of the EU. [There is an ongoing attempt by the right-wing groups, such as the European Conservative and Reformists, to re-balance the political barycentre](#) of the governing coalition, which is currently composed of the Socialists and Democrats, European People's Party (EPP) and the liberals. Other even more extremist groups, such as Identity and Democracy of Marine Le Pen and Matteo Salvini, will try to create a right-wing bloc with the EPP, which might be capable of substituting for the grand coalition between Socialists and EPP.

In the UK, elections may also take place in November. [A victory of the Labour party is widely expected](#), but the real question is whether Labour will have a working majority in parliament or will instead be forced to form a minority government or enter into coalitions. Even after Brexit, the UK is crucial for European affairs, given its international alliances (including NATO) and its strenuous anti-Russian position in the war in Ukraine. A Labour victory may change some of these equilibria.

Moving on to the developing countries, in April and May 2024 there will be elections to decide the members of the 18th Lok Sabha, India's lower house. [As we have discussed in our recent report](#), a large coalition has been put together to defeat Narendra Modi, the ["most popular leader in the world,"](#) who has recently shown a more nationalistic and autocratic posture. [But as in the case of Turkey](#), a large but heterogeneous coalition may not be enough to defeat the incumbent leader. [We have often discussed India's ability not to choose side between the US and China in Cold War 2](#). But if a change of leadership were to occur, the balance may move one way or the other.

[In January 2024, there will be presidential elections in Taiwan](#). As usual, the key issue [will be the position of the next president vis-à-vis China](#). But this year, there are reasons to believe the contest will be even more heated than usual. This could be the case not just because of the increasing disputes regarding Taiwan, but also because some analysts believe that [China may take advantage of the electoral year in both the US and Taiwan to increase its destabilisations tactics against the island](#). Some even fear there is a potential window for an invasion (though this is a risk scenario, at this stage).

Finally, but no less importantly, [in March 2024 there will be presidential elections in Russia](#). Prior to the war in Ukraine, these would be considered marginal events, with a predetermined outcome, the re-election of Putin. However, there are now rumours that Putin may not even be in a physical condition to actually run the next election, which if true would dramatically change the entire global geopolitical landscape, as much as would a victory by Trump in November 2024 would do.

Our Recent Publications

📌 [2024 Elections In India: Will Modi's Popularity Overpass The Opposition Coalition?](#), by LP, 6 July 2023

📌 [Main Outcomes of Mohammed bin Salman's Latest Visit to Paris](#), by Gulf State Analytics, 5 July 2023

📌 [Central Banks Between Delusions And Certainties](#), by Filippo Ramigni, 27 June 2023

📌 [Key Takeaways from London's Conference On Ukraine's Recovery](#), by London Politica, 4 July 2023



Looking Ahead

The Week Ahead: US Inflation To Ease Off; Inflation To Fall In France And Italy, While Continue Rising In Germany

In the US, in June, both headline and core inflation rates are expected to ease off to 3.1% y-o-y (*p*: 4.0%) and 5.0% y-o-y (*p*: 5.3%) respectively. The Michigan Consumer Sentiment is seen increasing to 65.5 (*p*: 64.4).

In the EZ, in May, IP is seen contracting by 1.1% y-o-y (*p*: 0.2%).

Among the largest EZ economies, the headline inflation rate is expected to: *i*) increase to 6.4% y-o-y (*p*: 6.1%) in Germany; *ii*) fall to 4.5% y-o-y (*p*: 5.1%) in France; and *iii*) decrease to 6.4% y-o-y (*p*: 7.6%) in Italy.

In the UK, in May, the unemployment rate is expected to stay unchanged at 6.5%. May's IP is likely to shrink by 1.7% y-o-y (*p*: 0.9%).

The Quarter Ahead: Yellen's Visit In China; War In Ukraine; Erdogan And Kristersson To Discuss Turkey's Approval of NATO Bid
Janet Yellen, the Secretary of the Treasury of the United States, meets with members from the American business sector and with the Chinese Prime Minister in Beijing, China. As Yellen said the US and China should compete fairly and communicate closely to avoid misunderstandings. Yellen also reported that "the United States will, in certain circumstances, need to pursue targeted actions to protect its national security".

The War in Ukraine. US President Joe Biden has justified his "very difficult decision" to provide Ukraine with cluster bombs, which have a history of causing harm to non-combatants. The leader of Ukraine praised the action as "timely," while certain Democrats and human rights organizations expressed criticism towards the decision.

Turkey's Erdogan and Sweden's Kristersson to discuss Turkey's approval of NATO bid. According to NATO Secretary-General Jens Stoltenberg, Sweden and Turkey have achieved some advancements in their discussions to address President Erdogan's concerns about Sweden's NATO membership. However, differences still exist between their positions, and their leaders will convene this week to further discuss these matters.

Last Week's Review

Real Economy: US Unemployment Decreased, While NFPs Rose But Still Less Than Expected; PMIs Edged Down In DMs

In the US, in June, the unemployment rate edged down to 3.6% (*p*: 3.7%) as expected. NFPs increased by 209K (*c*: 225K; *p*: 306K). In June, S&P Global Services and Manufacturing edged down to 54.4 (*c*: 54.1; *p*: 54.9) and to 46.3 (*p*: 48.4) respectively. Composite PMI also declined to 52.8 (*c*: 52.8; *p*: 54).

In the EZ, in May, retail sales contracted by 2.9% y-o-y (*c*: -2.7%; *p*: -2.9%). In June, HCOB Manufacturing and Services PMIs fell to 43.4 (*c*: 43.6; *p*: 44.8) and 52 (*c*: 52.4 *p*: 55.1) respectively. Composite PMI edged down to 49.9 (*c*: 50.3; *p*: 52.8).

In the UK, in June, S&P Global/CIPS Manufacturing and Services PMIs fell to 46.5 (*c*: 46.2; *p*: 47.1) and 53.7 (*c*: 53.7; *p*: 55.2) respectively. Composite PMI decreased to 52.8 (*c*: 52.8; *p*: 54).

Financial Markets: Stock Prices Decreased; Yields Edged Up; Dollar Index Fell, While Oil And Gold Prices Rose

Market Drivers: Stocks fell due to increasing worries about the tightening monetary policy. Investors paid close attention to the Fed meeting minutes that provided insights into the future inclination towards raising interest rates. Re-emerging concerns regarding the prospects of further interest rate hikes also caused yields to rise.

Global Equities: Decreased w-o-w (MSCI ACWI, -1.4%, to 673.44). The US S&P 500 index edged down (-1.2% w-o-w, to 4,398.95). In the EZ, share prices were down (Eurostoxx 50, -3.7% w-o-w, to 4,236.60). In EMs, equity prices moved down (MSCI EMs, -0.9%, to 980.66). Volatility fell to 15.86 (VIX S&P 500, 52w avg.: 24.6; 10y avg.: 18.5).

Fixed Income: w-o-w, the 10-year US Treasury yields were up (+22 bps to 4.07%). The 2-year US Treasury yields increased (+5 bps to 4.95%). The German 10-year bund yield edged up (+24 bps to 2.64%).

FX: w-o-w, the US Dollar Index decreased (DXY, -0.6%, to 102.27; EUR/USD +0.5%, to 1.1). In EMs, currencies decreased (MSCI EM Currency Index, +0.0% w-o-w, to 1,677.40).

Commodities: w-o-w, oil prices increased (Brent, +4.4% to 78.17 USD/b). Gold prices rose w-o-w (+0.0% to 1,930.50 USD/Oz).



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The picture in the front page comes from [this website](#)



Abbreviations, Acronyms and Definitions

a	Actual	LN	Northern League, Italy
AKP	Justice and Development Party, Turkey	MSS	Five Star Movement, Italy
ann.	annualized	m-o-m	Month-on-month
ARS	Argentinian Peso	mb	Million barrels
avg.	Average	mb/d	Million barrels per day
bn	Billion	MENA	Middle East and North Africa
BoC	Bank of Canada	MHP	Nationalist Movement Party, Turkey
BoE	Bank of England	mn	Million
BoJ	Bank of Japan	MPC	Monetary Policy Committee
bpd	Barrels per day	NAFTA	North-American Free Trade Agreement
bps	Basis points	NATO	North Atlantic Treaty Organization
BS	Balance sheet	OECD	Organization for Economic Cooperation and Development
c	Consensus	Opec	Organization of Petroleum Exporting Countries
C/A	Current account	p	Previous
CB	Central bank	P2P	Peer-to-peer
CBB	Central Bank of Bahrain	PBoC	People's Bank of China
CBK	Central Bank of Kuwait	PCE	Personal Consumption Expenditures
CBT	Central Bank of Turkey	PE	Price to earnings ratio
CDU	Christian Democratic Union, Germany	PM	Prime minister
CNY	Chinese Yuan	PMI	Purchasing managers' index
CPI	Consumer Price Index	pps	Percentage points
DJIA	Dow Jones Industrial Average Index	pw	Previous week
DJEM	Dow Jones Emerging Markets Index	QCB	Qatar Central Bank
d-o-d	Day-on-day	QAR	Qatari Riyal
DXY	US Dollar Index	QE	Quantitative easing
EC	European Commission	q-o-q	Quarter-on-quarter
ECB	European Central Bank	RE	Real estate
ECJ	European Court of Justice	RBA	Reserve Bank of Australia
EIA	US Energy Information Agency	RRR	Reserve Requirement Ratio
EM	Emerging Markets	RUB	Russian Rouble
EP	European Parliament	SWF	Sovereign Wealth Fund
EPS	Earnings per share	tn	Trillion
EU	European Union	TRY	Turkish Lira
EUR	Euro	UAE	United Arab Emirates
EZ	Eurozone	UK	United Kingdom
Fed	US Federal Reserve	US	United States
FOMC	US Federal Open Market Committee	USD	United States Dollar
FRB	US Federal Reserve Board	USD/b	USD per barrel
FX	Foreign exchange	UST	US Treasury bills/bonds
FY	Fiscal Year	VAT	Value added tax
GCC	Gulf Cooperation Council	VIX	Chicago Board Options Exchange Volatility Index
GBP	British pound	WTI	West Texas Intermediate
GDP	Gross domestic product	WTO	World Trade Organisation
IMF	International Monetary Fund	w	Week
INR	Indian Rupee	w-o-w	Week-on-week
IPO	Initial public offering	y	Year
IRR	Iranian Rial	y-o-y	Year-on-year
JPY	Japanese yen	y-t-d	Year-to-date
k	thousand	ZAR	South African Rand
KSA	Kingdom of Saudi Arabia	2y; 10y	2-year; 10-year

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