
Macroeconomic Drivers in 2024

Takeaways from the Bloomberg Media Think Tank at the World Economic Forum at Davos

JANUARY 2024 - This year is poised to be one of convergence across significant economic drivers. Geopolitical complexities, technological innovations, and energy transition will continue to greatly impact markets across the globe. At Bloomberg Media's Global Economic Think Tank, some of the world's foremost leaders in business and government convened to discuss the latest proprietary insights from Bloomberg Intelligence and Bloomberg Media Industry Accelerator as well as share their own regional expertise to uncover paths to drive global business.

The unprecedented number of elections in 2024 will likely catalyze remarkable transformation and volatility in global markets.

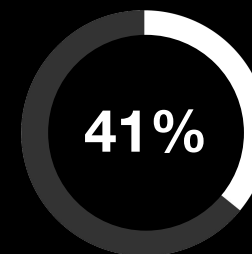
The world economy is navigating one shock after another, with geopolitical conflict and stubborn inflation becoming ongoing stories against a post-pandemic recovery backdrop. Looking ahead to 2024, global government and business leaders are bracing for the next shock - a significant election year.

Forty countries have been or will be holding key elections in 2024, reshaping not only the current global economy but the factors that will influence it for years to come. These regional elections stand to drive worldwide impact, with Bloomberg Intelligence projecting these countries represent \$44.2 billion of the global GDP.

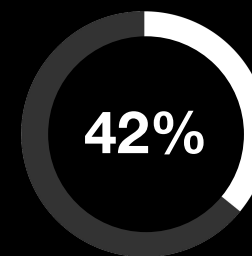
While much emphasis has been placed on the Taiwanese and US elections, Bloomberg Intelligence has seen that emerging market elections in particular can trigger significant economic implications. With South Africa, India, Indonesia, Pakistan and more holding elections this year, leaders can anticipate direct shifts in energy and resource supply chains.

Acutely aware of the increasingly complex geopolitical landscape, investor sentiments around foreign investing have indicated a heightened effort to identify countries with political stability, openness, and less geopolitical involvement to provide greater security in this dynamic macroeconomic environment.

By the Numbers: 2024 Elections



*Of global population
is represented*



*Of global GDP
is represented*

Key Elections by Region

Americas

Mexico, US, Venezuela.

EMEA

EU Parliament, Russia, South Africa, UK.

Asia Pacific

India, Indonesia, Pakistan, Taiwan.

Source: Bloomberg Intelligence

Increasing complexities that plague the geopolitical landscape will pose new challenges for energy transition.

The dynamic geopolitical landscape is playing a significant role in climate-related conversations as the combination of key elections and supply chain dependencies could hinder progress for energy transition.

In regard to elections, the upcoming US presidential race is positioned to have significant global impact as it will determine the future of the Inflation Reduction Act.

As it pertains to ESG energy sourcing, only half of companies claim to have good visibility on ESG supply chain risks, leading to major vulnerabilities for industries seeking to convert to greener energy.

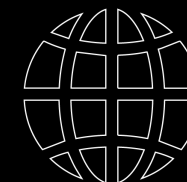
According to Bloomberg Intelligence's The ESG Market Navigator, a study revealing how ESG has moved to the C-Suite as a backbone of financial and corporate strategy, these geopolitical dynamics are driving investor decisions as geopolitics is a top three risk in deterring ESG investments.

These concerns around elections and supply chains have also inspired governments and companies to engage in global competition to secure raw materials, resulting in environmental champions calling for cross-border connectivity over competition to avoid setbacks.

Headwinds for Energy Transition



59% of investors say the current geopolitical context makes it acceptable to use fossil fuels



Geopolitical complexities are ranked as the #3 risk for deterring ESG investments



Only 57% of executives think they'll hit current net-zero targets



Only 50% of companies claim to have good visibility on ESG supply chain risks

Sources: Bloomberg Intelligence; Bloomberg Media 2023 Foreign Direct Investor Outlook

Think Tank Attendee Perspective

"I would like to insist on the necessary cross-border connectivity with infrastructure, transportation, and data... Otherwise we risk expediting the crisis."

- Developed Market Participant

Diversifying key supply chains becomes a top priority, in efforts to avoid the pitfalls of single sourcing.

In recent years, government and company policies have spurred organizational leaders to reexamine their supply chains, and as geopolitical complexities leave key regional relationships in question, 2024 is poised to be a year of transitioning supply chains from reliance to flexibility.

Through Bloomberg Intelligence's latest survey of Chief Technology Officers, companies indicated a desire to secure supply chains in the midst of these growing geopolitical tensions, especially as it relates to the semiconductor sector. Over 77% of these decision makers either have already or plan to make significant changes in their supplier base within the next two years.

With this increased demand, expansion into the US and Europe as well as emerging markets across both the North or South are projected in 2024. These actions within the semiconductor industry could reduce dependence on existing suppliers by as much as 40% by 2030 according to Bloomberg Intelligence.

Think Tank Attendee Perspective

"Resilience comes from flexibility. We can't rely on one source to drive costs down. We need to have multiple sources, and this is why international cooperation is key."

- Developing Market Participant

Semiconductor Supply Chain Diversification

62% of CTOs have already made changes to their supplier base



55% of CTOs plan to make changes to their supplier base within 2 years



77% of CTOs expect to have made changes to their base in 2 years



Source: Bloomberg Intelligence

The advanced technology industry is a critical growth driver for foreign direct investment strategies.

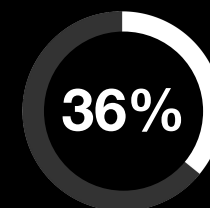
With Bloomberg Intelligence projecting that Gen AI alone will become a \$1.3 Trillion market by 2032, today's business leaders are viewing cross-border investments as a means to drive impactful technological transformation.

According to the Bloomberg Media 2023 Foreign Direct Investor Outlook, a study uncovering the changing sentiments and interests of today's global business leaders in relation to cross-border financial investments, advanced technology has taken the #1 spot for foreign direct investors' industry of interest.

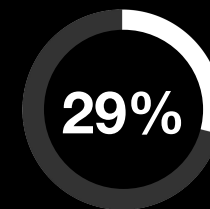
This boosted interest is making a tangible impact across markets, shifting long-standing investment behaviors. For example, London as an epicenter for finance saw technology become its fastest and most dominant sector, outpacing even financial services.

To position their countries for success, regional leaders in emerging and established markets are benefitting from investing resources towards AI-related startups and research institutes to drive investor interest and capitalize on this shifting investment landscape.

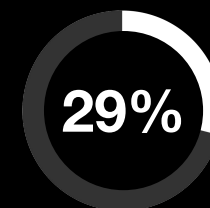
Top Industries FDI's are Looking to Invest in Globally



Advanced Technology



Banking / Finance



Advanced Manufacturing

Source: Bloomberg Media 2023 Foreign Direct Investor Outlook

Think Tank Attendee Perspective

“What’s interesting is that technology now permeates every sector, so it’s not just the technology sector.”

- Developed Market Participant

AI-related skills gaps are a significant barrier to economic development across both emerging and established regions.

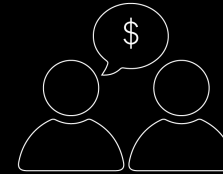
As revealed by the latest Bloomberg Intelligence survey of Chief Information Officers, today's business and technology leaders are expected to increasingly invest in technology, with over 77% planning to expand their organizational technology infrastructure capacity in 2024.

Despite having these funds and resources committed to preparing for a greater AI boom, global leaders are recognizing that one key resource has been comparatively overlooked: skilled workers.

There is significant tension in the workplace as recent surveys indicate that leaders believe Gen AI is underutilized within their organizations, but only 29% of individual contributors believe they can use AI while keeping data secure.

Given that the potential for substantial economic gain relies on a skilled workforce, AI education will be critical this year. While regions with close ties to the technology industry can be seen developing strong relationships with academia, there is room for greater cross-border and cross-organization collaboration to prepare the workforce for the future of AI.

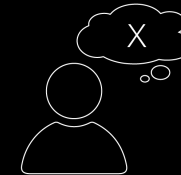
By the Numbers: AI and Skilled Labor



A highly skilled workforce is the 6th leading driver for FDI investment



66% of IT leaders say their employees lack the skills to use AI successfully



39% of workers do not plan to use AI in the future

Source: Bloomberg Media 2023 Foreign Direct Investor Outlook, Salesforce "Top Gen AI Statistics for 2024"

Think Tank Attendee Perspective

"We have companies coming to us that are ready to integrate an AI approach, but one of the main obstacles is to have people with the necessary skills."

- Developed Market Participant

Global leaders view cross-border and cross-industry collaboration as core strategies for navigating this year's volatile market.

"I think if you identify those strategic areas in which we can strengthen our partnerships, we will be able to go much faster, and that's what we want to do in 2024."

- Developed Market Participant

"It's interesting to see that where in the past there was competition now there is collaboration. And the most collaboration is around areas where there are challenges."

- Developed Market Participant

"It's important to think about synergies otherwise we are doing the same thing. We need partnerships internationally - and to combine efforts because we need scale."

We all invest in startups, but we need to see unicorn startups move to scale ups and how we can best combine the funding pots and investment programs."

- Developed Market Participant

"You need more knowledge sharing in business. You need more cooperation."

- Developing Market Participant

"I'd like to stress that the answer is not less global trade and cooperation, but quite the contrary. The more we are able to improve the trade and investment environment with trusted partners, the more creative we will be in building alliances in technology and the green developments, the more we can get out for our citizens - which will play a role in the areas where policy making and politics will lead to better outcomes."

- Developed Market Participant

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To learn more about the Bloomberg Media Global Economic Think Tank, including insights on how geopolitical complexities, technological innovation, and energy transition are driving FDI.