

A Disjointed World

Navigating a New Era of Uncertainty and Risks

Laurence Allan, Head of Europe Insights & Analysis, Global Intelligence & Analytics

April 2024



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Cross-cutting challenges that will shape the global landscape in the year(s) ahead

Economic fault lines

•Regional divergence in inflation rates and monetary policy, financial stresses in some regions, and sovereign debt vulnerabilities in emerging economies will be set against the role of APAC as main engine of global growth.

Geopolitica reordering • Sources of persistent risk include a number of key elections in 2024, unresolved conflicts, and strategic competition among nations.

Supply chair resilience

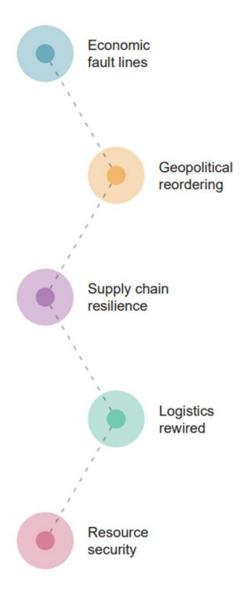
• Significant uncertainties on labour, sourcing diversification, costs will shape evolution of reshoring in an uncertain geopolitical environment.

Logistics rewired

• Climate risks to physical infrastructure will combine with regulatory pressures, with environmental challenges for shipping, and digitization of payments to shape logistics networks through 2024.

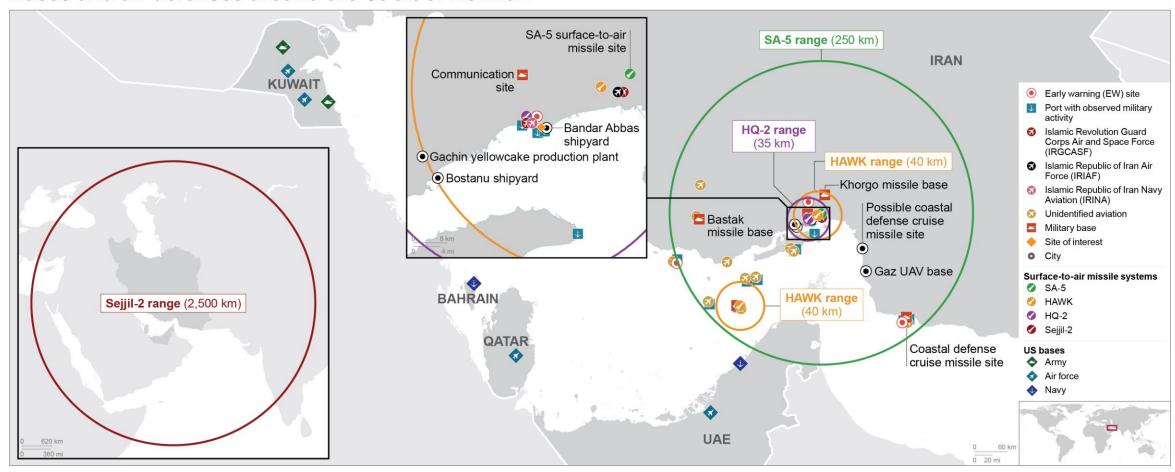
Resourc

• Strategic competition on key resources - like critical minerals, semi-conductors – points to likely intensified contention between countries; further implementation of new policies like CBAM, IRA, likely to see further reach of national security into economic spheres.



Regional war would likely impact the Gulf and Strait of Hormuz

Bases and air defenses around the Strait of Hormuz



Data compiled April 15, 2024.

Source: S&P Global Market Intelligence: 2012845.

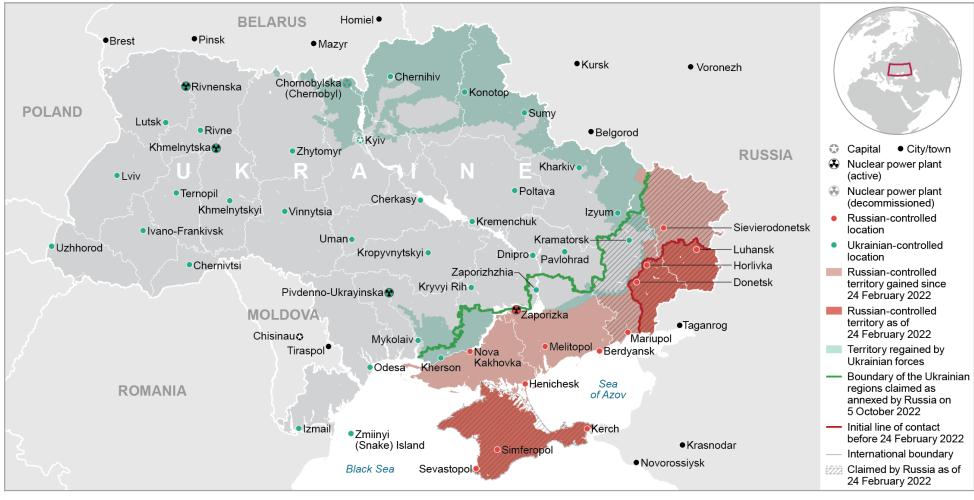
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Baseline scenario for Russia's invasion of Ukraine: A Long War

There has been little change in territorial control in Ukraine since late 2022

Russia's invasion of Ukraine (April 15, 2024)



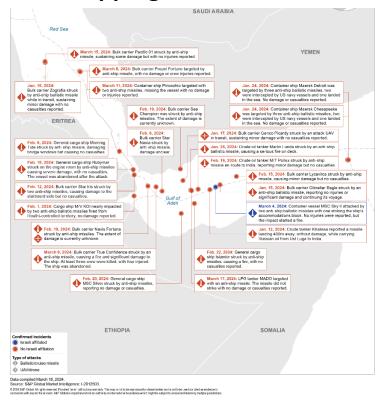
Data accessed April 15, 2024.

Sources: External data sources; S&P Global Market Intelligence, Commodity Insights midstream content (EDIN): 2012847.

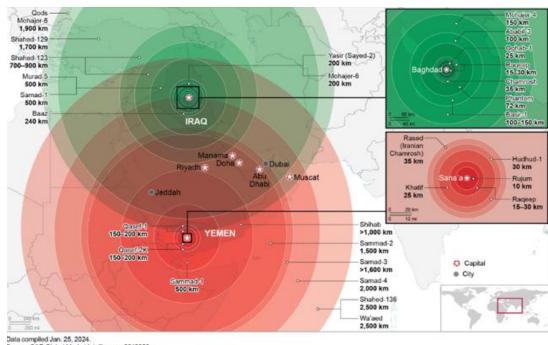
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Evolving conflict tactics impact risks globally

Confirmed incidents of Houthi targeting commercial shipping since Jan.12, 2024



Unmanned aerial vehicle (UAV) ranges from Yemen and Iraq

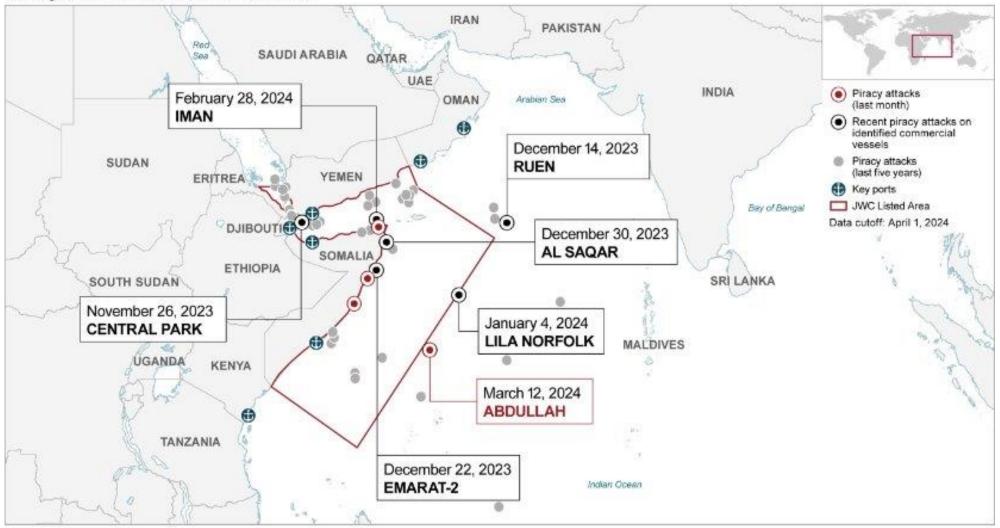


Source: SSP Global Market Intelligence: 2012023.

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Somali piracy attacks have become more frequent since late 2023

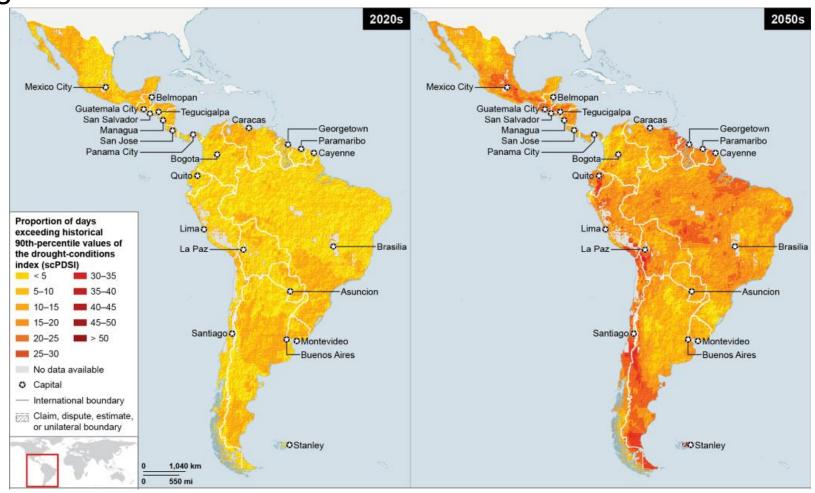
Piracy attacks recorded off Somalia



Data compiled April 2, 2024. Source: S&P Global: 2012748.

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Drought hazard in 2020s and 2050s: 'middle of the road scenario'



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Supply chair resilience

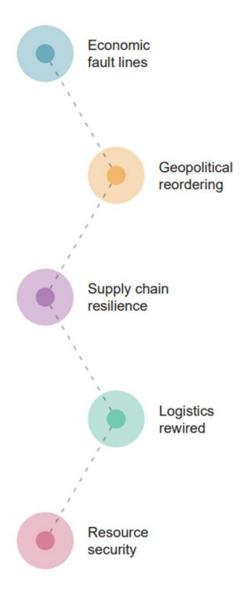
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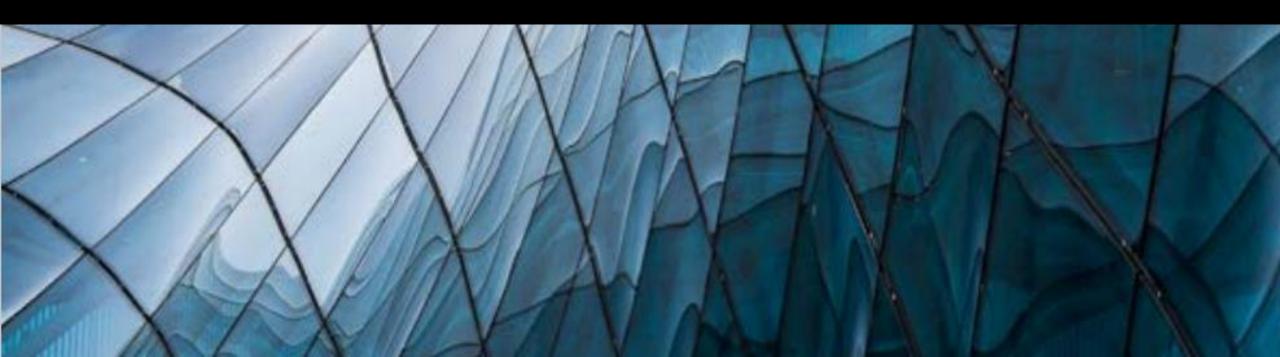


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Regional take: Selected priority issues to watch in 2024

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Economic fault lines

Geopolitical reordering

Supply chain resilience

Logistics rewired

Resource scarcity

Europe & CIS

- EU institution disequilibria and policy instability risks
- NATO expansion and evolution of European security
- EECA: sanctions vs nearshoring opportunities
- Pathway for reinstituting fiscal deficit caps and risks of livelihood protests
- Shaky foundations for global green standard bearer

Asia-Pacific

- Competing for FDI in industrial upgrade, energy transition, supply chain diversification
- Conflicting agenda and escalation risks around South China Sea, Taiwan Strait, Korean peninsula
- Geopolitics, trade, fiscal health dominate key elections in South, Southeast Asia

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Latin America

- •Brazil positioning food security and climate transition for the 'Global South'
- •Water disruptions for industry & logistics
- Critical minerals alignment / development strategy
- •Mexico-US postelections impact on nearshoring
- •Venezuela-Guyana war risks

Sub-Saharan Africa

- Risks of coup in Sahel and WAEMU fracturing
- Deterioration in South Africa's potential growth
- Continued delays to G20 Common Framework debt restructuring
- Divergent monetary policy paths

Middle East & North Africa

- Freedom of navigation through four critical maritime chokepoints
- Iran-Israel confrontation intensifying via Hezbollah
- Intra-regional competition/diversifi cation
- Fiscal discipline amid debt refinancing pressure
- Food insecurity driving government instability and civil unrest risks

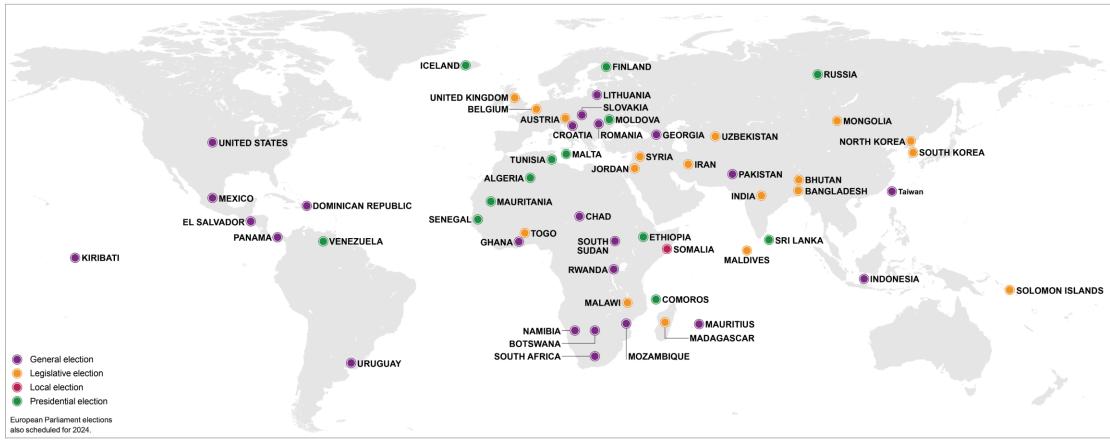
North America

- Failure of foreign/military aid legislation.
- Inflation and monetary policy loosening
- Polarized politics: protests and terrorism following contested election.
- Environmental and labor regulations initiated prior to election.
- Strict immigration policies create tight agricultural labor market.

Elections as key indicators for geopolitical and policy pivots

Anticipating potential outcomes and quantifying impacts to mitigate risks and leverage opportunities

Key elections in 2024



Data compiled Dec. 21, 2023.

Source: S&P Global Market Intelligence: 2011721

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