

Predictions for the Economy 2024

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Health Warning: These are only my personal assumptions and as with all predictions cannot be relied upon but they are based on my experience in politics and an understanding of the global debt crisis.

The 'Great Stagflation' is well under way and central banks are trying to manage the decline by tightening to just before the point where the system breaks and then easing for another financial boost. I liken it to a series of mini boom then busts looking more like steps down to a new ground level. Whether they are successful or indeed an external shock pushes the system over the edge is unknown but in the end there will be a realignment of living standards within the G20 and beyond. (<http://www.money-liberty.com/gallery/GreatReset.pdf>).

The US and UK are slackening the fiscal levers in the run up to next year's elections. With the recent cut in UK NI contributions it is likely they go for a May election to coincide with the London Mayoral election to capitalise on anti ULEZ (Ultra Low Emission Zone) votes. It may lessen the electoral defeat and cause a weaker minority Labour Govt to take power. This will not be good for confidence both in financial markets and the real economy. Similarly the US which still faces uncertainty in the Presidential race will have a close call and further instability with a divided country.

The BRICS+ will continue their cooperation with more bilateral trade and a further move away from the dollar. Gold will therefore continue its upward valuation against the dollar exacerbating inflation in those benchmarked currencies. We could see the first of many currency crises as central banks wrestle against protecting their currency or lowering bank rates to ease the burden on households. The struggle between the dollar hegemon and the rising power of BRICS+ is hopefully not going to explode into direct conflict. Instead I see growing internal conflicts as social and economic stresses cause the system to break. Without agreement on a new global currency peg it is a 'game of chicken'.

A black swan event could easily occur if desperate nations seek to externalise their internal problems with external conflicts. The unwinnable Ukraine conflict will end up with a ceasefire and an 'iron curtain' with annexed Russian orientated areas. Taiwan could easily tip over into a full blown regional conflict but more likely China will continue growth of military power with its navy threatening an overwhelming blockade to trade. Greece and Turkey, Argentine and the Falklands are possible minor confrontations but the Middle East is where most risk lies. A two state solution for Israel and Palestine brokered by the the US, China and Russia is likely but tensions within Israel and Iran could upset any settlement.

CBDC (Central Bank Digital Currency) will be piloted in heavily indebted nations as they further try and squeeze cash out of the system. It will not succeed if Govts use it to 'print' their spending needs thus driving up the cost of living. It will more likely be introduced together with emergency capital controls in the event of a currency crisis. This will also lead to rationing and internal price controls which would cause further social instability. China will continue its implementation of CBDC as a means of population control and no doubt Russia will race ahead with its own system. However external trade imbalances will be settled in gold or hard assets without an agreement for a global currency peg.

From a UK perspective it will be difficult year as Main Street suffers further decline. Immigration will continue to be a problem and there is likely to be civil unrest if the existing Govt stretch the General Election out to the end of 2024 as the cost of living crisis extends into another winter.