

The World Consumer Outlook



15th May



10am ET | 4pm CET

CHIEF ECONOMISTS
ROUND TABLE

Consumer Spending
in the times of

Global Uncertainty



WORLD DATA LAB

Speakers and Discussants

Speakers



Indermit Gill

Chief Economist & Senior
Vice President for
Development Economics
The World Bank Group



Anu Madgavkar

McKinsey Global
Institute Partner
McKinsey & Company



Alex Boersch

Chief Economist &
Head of Research
Deloitte Europe



Homi Kharas

Co-Founder &
Chief Economist
World Data Lab

Moderator



Reshma Sheoraj

Vice President of Strategic
Engagements
World Data Lab

What we'll cover

1

How things have changed

2

How expectations have changed

3

Different scenarios

The Outlook for 2025



GDP

(IMF projection)

\$113 T
(2.9%)



**Total
Spending**

\$63.7 T
(3.1%)



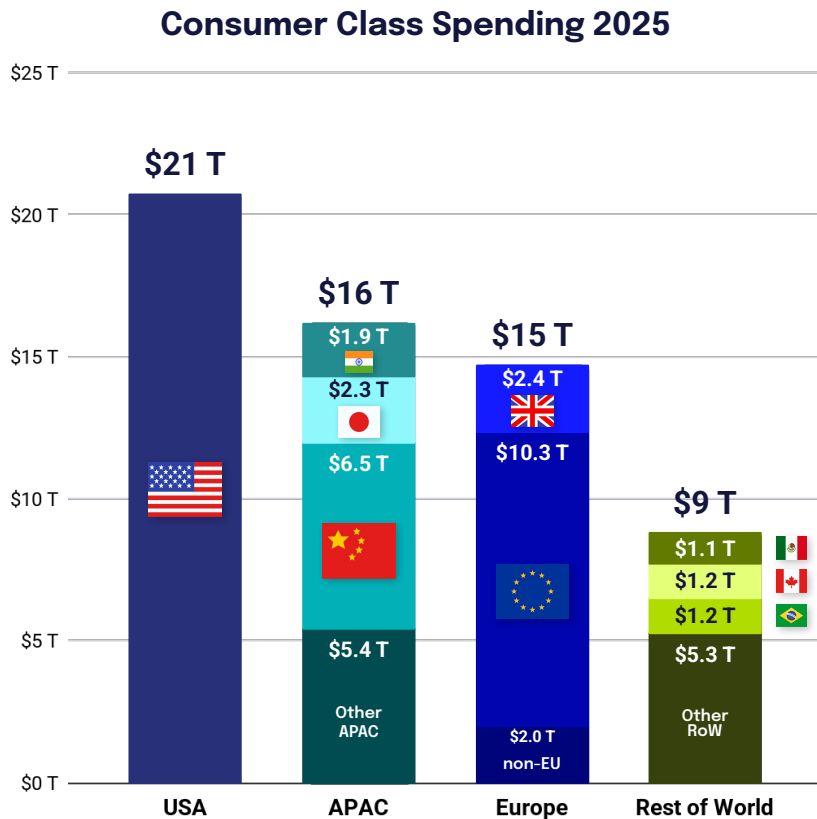
**Consumer
Class Spending**

\$60.3 T
(3.4%)

The global consumer class will spend \$60.3T in 2025

Consumer Class
Spending 2025

\$60.3T



Nominal USD
Consumer Class

World Consumer Outlook

2024

+116M
(4.3B)

+\$2.5T
(\$58.3T)

2025

+106M
(4.4B)

+\$2T
(\$60.3T)



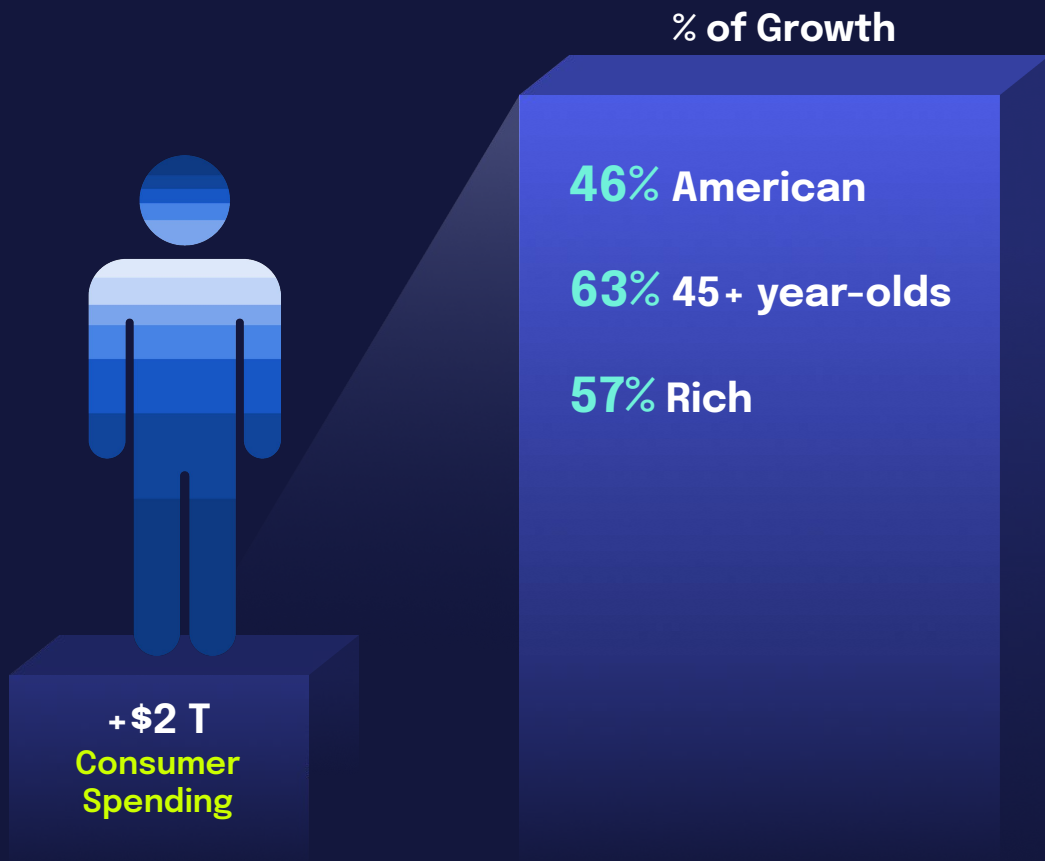
Consumers



Consumer Spending

Nominal USD
Consumer Class

Consumer class spending growth 2024-2025



Decomposing 2025 Spending Growth

The IMF assumption is for a
continuingly stronger dollar in
2025



Exchange Rates

Inflation is expected to be lower
in 2025 than 2024



Inflation

Real Growth is expected to be
lower than in 2024



Real Growth

	2024	2025
Consumer Spending Growth	\$2.5T (4.5%)	\$2.0T (3.4%)
Exchange Rates	-\$2.3T (-4.1%)	-\$1.6T (-2.8%)
Inflation	\$3.2T (5.6%)	\$2.2T (3.8%)
Real Growth	\$1.7T (3.0%)	\$1.4T (2.4%)

Changing Expectations of Consumer Class Spending **2025**

\$61.4 T

(+\$3.0 T)
+5.1%

January 2025

\$60.3 T

(+\$2.0 T)
+3.4%

Now

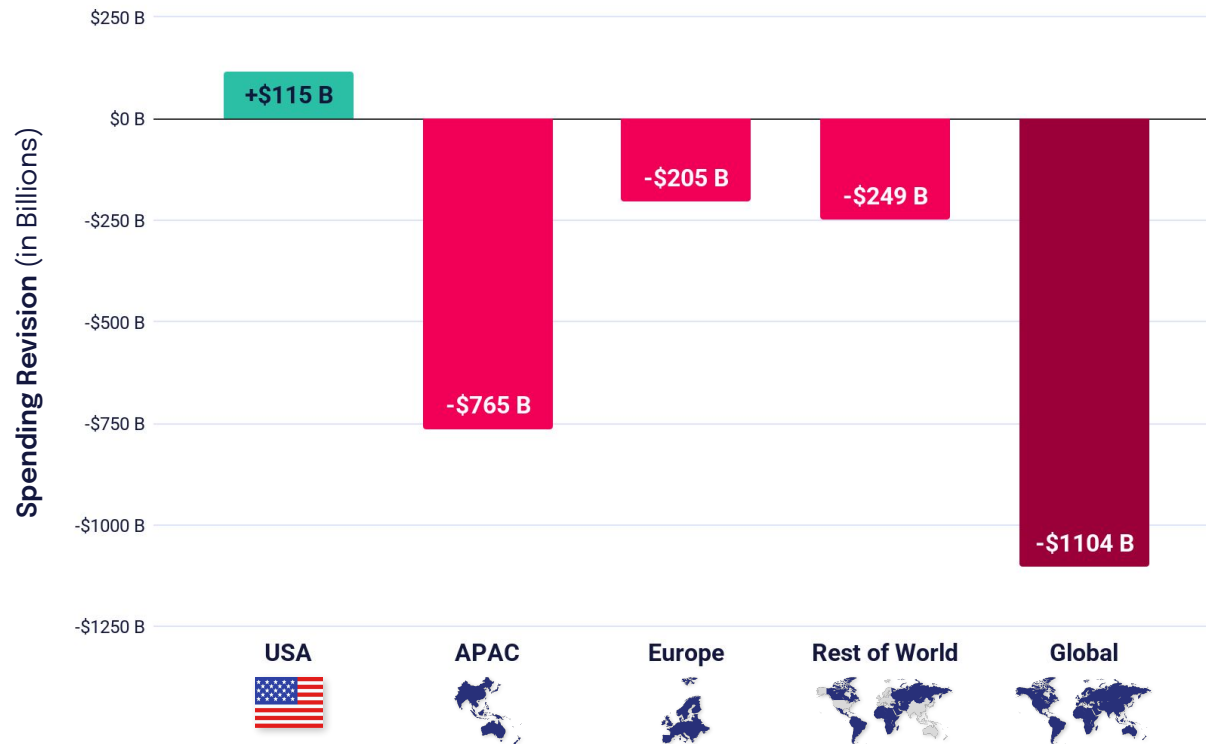
Consumer Class Spending

	2024	2025
January 2025	\$58.40 T	\$61.37 T
Now	\$58.30 T	\$60.26 T
	-\$0.10 T	-\$1.10 T
	2024 Rebasing	2025 Revisions

Nominal USD
Consumer Class

With new IMF projections, spending revisions are mostly negative in 2025

Europe, APAC, and the rest of the world all see revisions downwards

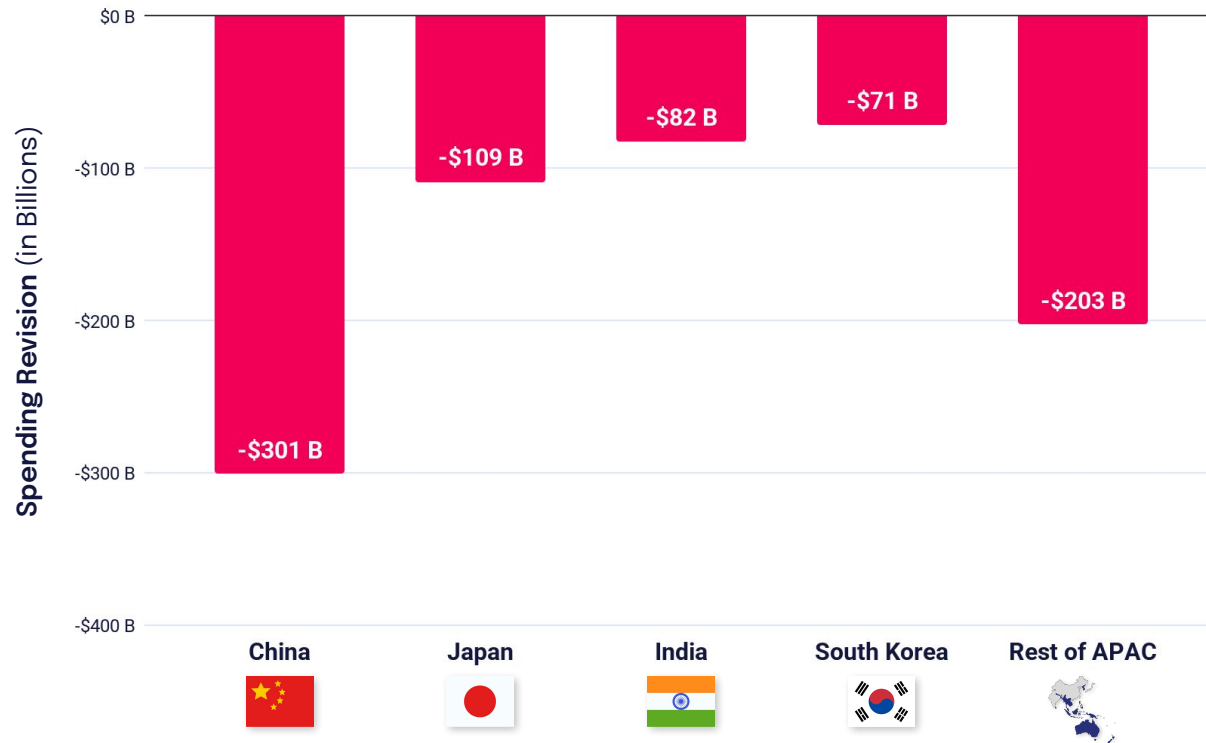


**Consumer
Class spending
revisions
in 2025**

Nominal USD
Consumer Class

China's consumer class spending is revised down \$300 billion

APAC Revisions

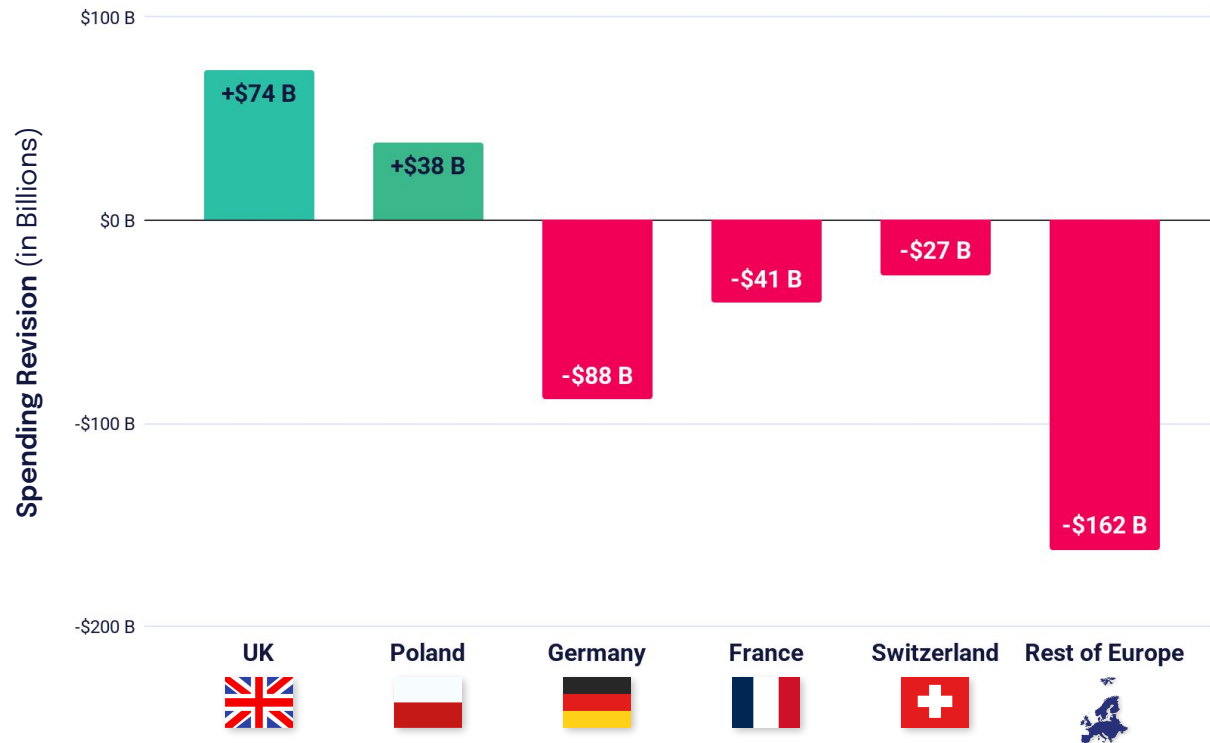


**Consumer
Class spending
revisions
in 2025**

Nominal USD
Consumer Class

The UK and Poland show stronger than expected growth, while Germany and France see the largest downward revisions

Europe Revisions



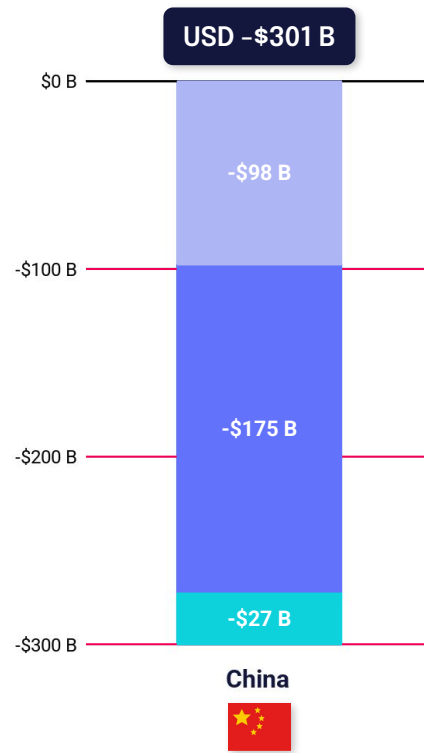
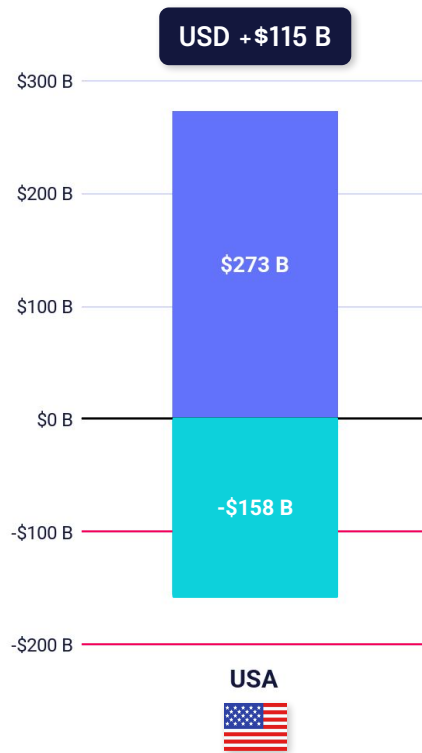
Consumer
Class spending
revisions
in 2025

Nominal USD
Consumer Class

While the US is growing by \$115 billion due to increased inflation revisions, China's downward revision mostly stems from its deflation

US and China Revisions

Revisions
in 2025



Exchange Rates

Inflation

Real Growth

Nominal USD
Consumer Class

Scenario Analysis

Impact of Global Uncertainty

To analyze global uncertainty, we explored different scenarios:



Scenario A - global setbacks & uncertainty

- **Monetary Policy:** tighter global financial conditions; rising risk premiums.
- **Fiscal Policy:** US tax cuts extended; no major reforms elsewhere.
- **Trade:** severe US-China trade war; global tariffs increase sharply; heightened uncertainty.



Baseline Scenario

- **Monetary Policy:** US and EU lower interest rates; Japan raises rates.
- **Fiscal Policy:** US and emerging markets increase public debt; EU debt ratio rises.
- **Trade:** Continued high trade policy uncertainty.



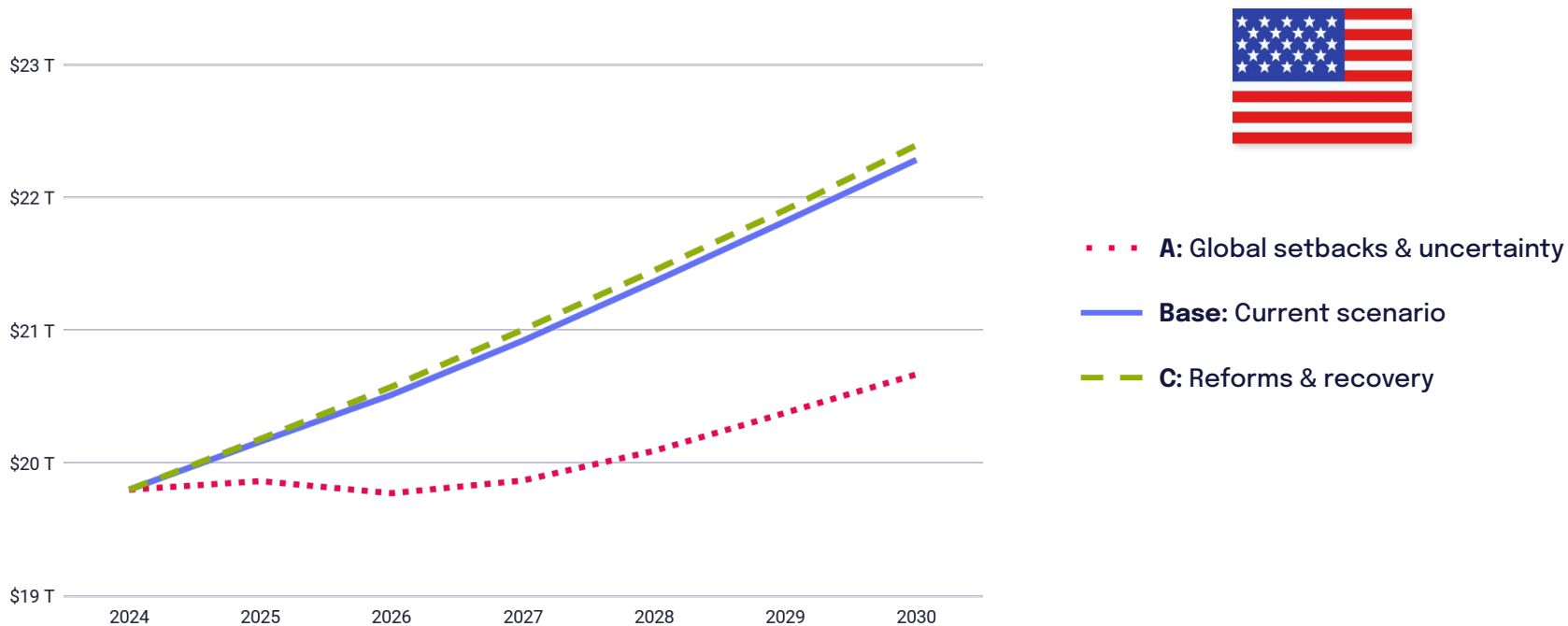
Scenario C - reforms & recovery

- **Monetary Policy:** conditions stabilize or ease due to improved confidence.
- **Fiscal Policy:** US reduces debt via reforms; EU increases public investment
- **Productivity Gains:** China reduces barriers to entry, reforms to state-owned enterprises

From these 3 scenarios...

US consumers have the most to lose due to higher taxes in reform scenario

US consumer spending 2024-2030



Chinese consumers are severely affected by exchange rate uncertainty

China consumer spending 2024-2030



From these 3 scenarios...

E.U. consumers have the most to win from higher public investments

E.U. consumer spending 2024-2030



Tariff wars hit China's middle class and the rich in the West

2025

Scenario A

Global setbacks & uncertainty

	USA 	China 	E.U. 
Vulnerable & Poor	+0.15 M	+12 M	+0.2 M
Middle Class	+2.1 M	-12 M	+1.1 M
Rich	-2.3 M	-0.11 M	-1.3 M

*compared to baseline scenario

Headcount

2021 PPP

Stronger global reforms drive a 5.8M middle-class surge in China, while Western gains are concentrated at the top

2025

Scenario C

Reforms & recovery

	USA 	China 	E.U. 
Vulnerable & Poor	-0.01 M	-5.8 M	-0.2 M
Middle Class	-0.14 M	+5.8 M	-1.5 M
Rich	+0.15 M	0.0 M	+1.5 M

*compared to baseline scenario

Headcount

2021 PPP

Key Takeaways

1 Global growth is slowing but not stalling

Consumer spending grows by \$2T in 2025, \$1T less than previously expected.

2 Downward revisions are largely in APAC

APAC sees a downgrade of \$765B, driven by exchange rate fluctuations, inflation downgrades and slower growth.

3 Silver spenders and US dominance

Almost half of consumer spending growth in 2025 comes from Americans, and it's concentrated in older age groups.

4 US consumers have the most to lose, EU consumers the most to gain

Downside risks hit the US consumers the hardest, while the EU could unlock half a trillion with reforms.

Speakers and Discussants

Speakers



Indermit Gill

Chief Economist & Senior
Vice President for
Development Economics
The World Bank Group



Anu Madgavkar

McKinsey Global
Institute Partner
McKinsey & Company



Alex Boersch

Chief Economist &
Head of Research
Deloitte Europe



Homi Kharas

Co-Founder &
Chief Economist
World Data Lab

Moderator



Reshma Sheoraj

Vice President of Strategic
Engagements
World Data Lab