Key reads to get ready for 2025

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Data releases and a slew of central bank meetings have made for a busy end to the year. Our latest monetary policy analysis is listed here, and you can explore and download our interest rate forecasts here and listen to our Drop-In (our short-form online briefing) wrapping the Fed, the ECB and the Bank of England December meetings here.

The coming week should be quieter and, with that in mind, here are some notable reads from the past twelve months to prepare you for what looks set to be another busy year ahead:

GETTING TARIFFS RIGHT

There's huge uncertainty around the policies that a second Trump administration will pursue. One thing we can be reasonably sure about is that tariffs will be used to punish perceived US economic adversaries and to coerce its allies. This is difficult terrain for economists, and one where thinking is often muddled. Vicky Redwood's framework for thinking about the economic effects of tariffs was one of our most read pieces of 2024 – and there's a good chance it will be high up the list in 2025. Clients can find all of our analysis about what to expect when Donald Trump returns to the White House here .

EUROPE'S STRUGGLES

Even as Donald Trump's looming return to office has dominated client – and internal – conversations over the past couple of months, Europe's economy has been going from bad to worse. This matters: Europe accounts for a similar share of global GDP as the US and its economic problems aren't limited to the French inability to find the political will to tackle worsening public finances. Germany, which for so long was the motor of Europe's economy, is also in deep trouble. February's federal election will be held in an economy that is the same size now that it was five years ago. Back in March, Andrew Kenningham predicted slow growth through the end of this decade while Franziska Palmas recently explained why much more pain is in store for its crucial auto sector. Clients can access an interactive dashboard and data charting fiscal sustainability in Europe here.

SUBMERGING MARKETS?

If the challenges posed by tariffs and a stagnant European economy weren't enough, emerging economies are also facing headwinds. Increased fiscal and monetary support should give a boost to China's economy in the first half of 2025, but structural constraints on growth remain in place. Foremost is a property sector that has grown too large and is drowning in debt. Julian Evans-Pritchard and colleagues analyse the steps that Beijing must take to put it on a more sustainable path. Brazil's fiscal position is a major concern and our EM team are flagging growing risks to Russia's banking sector too. That leaves India as the main source of hope in EMs. Recent data have been soft, but India should still be the fastest growing major economy this year and next. One reason

for optimism about the country’s medium-term prospects is how well placed it is to capture some of the manufacturing production that is likely to move out of China. This is a trend that is likely to gather pace next year.

Have a great break.

Neil
