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S&P Global: Emerging Markets Set to Drive Global Economic Growth in the Next Decade

NEW YORK, Oct. 16, 2024 /PRNewswire/ -- S&P Global today published the latest edition of its *Look Forward* research series, which identifies and assesses the opportunities and challenges the next decade will bring for emerging markets' economic growth in terms of energy transition, supply chain integration and labor productivity.

Emerging Markets: A Decisive Decade

By 2035, emerging markets will play a crucial role in shaping the global economy, contributing about 65% of global economic growth. While supportive demographics, abundant natural resources, evolving trade dynamics and technological innovations in energy and manufacturing could propel their development, geopolitics, climate change and limits to frictionless trade and globalization could add complexities.

Key findings from ***Look Forward Emerging Markets: A Decisive Decade*** include:

- Emerging markets will average 4.06% GDP growth through 2035, compared to 1.59% in advanced economies. This growth is driven mainly by emerging markets in Asia including China, India, Vietnam, and the Philippines.
- Our macro-level data on market potential, policy favorability, institutional quality, logistics efficiency and resource availability shows how Malaysia positively stands out among its peers;Brazil, Indonesia and India are well positioned to grow.
- Progress in increasing income levels in emerging markets will be uneven: by 2030, median GDP per capita in the largest emerging markets will be less than a third (31%) of developed markets.
- Public debt is on the rise in most emerging sovereigns through to 2030, as is their capacity to self-finance. Lower foreign currency debt, improved external positions, higher reserve buffers and increased monetary policy effectiveness signal that most emerging markets are less vulnerable to global financial shocks than in previous decades.
- Emerging markets must compete with cheap labor from frontier economies and increased mechanization in developed economies to continue their supply chain-led growth; investing in skills and manufacturing automation is key.
- Emerging markets have a unique decarbonization path, influenced by policies and market priorities shaping renewable investment models. Rising electricity demand, abundant resources, and decreasing technology costs will drive a transition towards renewable energies. By 2040, these markets are set to develop nearly 6,000 gigawatts of clean energy projects, requiring over US$5 trillion in investments.

"In the coming decade, emerging markets are strategically positioned to drive global economic growth through the expansion of their domestic markets and to benefit from the reconfiguration of supply chains, trade and investment," said **Yann Le Pallec, Head of Global Ratings Services, S&P Global Ratings**. "This edition of our *Look Forward Journal* draws on the deep expertise across our enterprise to examine the biggest themes shaping these vibrant economies and help our customers navigate the complexities of emerging markets with confidence."

Access the full report here - ***Look Forward: Emerging Markets — A Decisive Decade | S&P Global (spglobal.com)***

This is the latest in the *Look Forward* research series from the S&P Global Research Council. For more information about S&P Global Research Council, please visit: **https://www.spglobal.com/en/research-insights/featured/research-council**

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