

Our hit list: What could go right - or wrong - in 2025

A look at the major risks and opportunities facing the global economy amid uncertainty as to just what the new US president will do once he takes office. The rhetoric may not match up with reality



Donald Trump is set to be inaugurated as US President on 20 January

The upside and downside risks to our global outlook

Forecasting what's going to happen in 2025 is doubly difficult right now because we really don't know for sure how Donald Trump's new presidency will shape global events. Will tariffs be as severe and wide-reaching as threatened? Will Mr Trump's position on Ukraine evolve from his campaign? These questions will determine not only the strength of the US economy, particularly into the end of 2025, but also the fate of Europe.

How European policymakers respond to the US administration's protectionism is also key. Do they retaliate, and does it galvanise European leaders into some joint fiscal stimulus? A lot hinges on China, too, and the success of its recent stimulus measures in stabilising sentiment and the property market.

Here's a list of the major risks we see to the global outlook and how they'd likely play out across the world economy and financial markets.

The upside risks to our global outlook

	How likely	Growth (Stronger/Weaker)				Inflation (Higher/Lower)				Policy rates (Higher/Lower)			Markets (Higher/Lower)		
		US	Euro zone	CEE	Asia	US	Euro zone	CEE	Asia	Fed	ECB	BoE	EUR/USD	USD yields	EUR yields
Macro drivers															
China stimulus triggers housing market turnaround	▲▲▲														
Core inflation moves lower in major economies	▲▲▲														
EU agrees major pan-European investment stimulus	▲▲▲														
US policy															
US reaches deal with EU to avoid tariffs	▲▲▲														
US tariffs on China prove less extreme/implemented more slowly	▲▲▲														
Geopolitics															
Ukraine war ceasefire and clearer prospects of NATO/EU membership	▲▲▲														
Middle East war deescalates; Iran-Israel tensions stabilise	▲▲▲														

Source: ING

The downside risks to our global outlook

	How likely	Growth (Stronger/Weaker)				Inflation (Higher/Lower)				Policy rates (Higher/Lower)			Markets (Higher/Lower)		
		US	Euro zone	CEE	Asia	US	Euro zone	CEE	Asia	Fed	ECB	BoE	EUR/USD	USD yields	EUR yields
Macro drivers															
China property prices, sentiment keep falling steeply. Overcapacity leads to dumping	▲▲▲														
US unemployment unexpectedly spikes early-on in 2025	▲▲▲														
Aggressive US deregulation sparks rapid outflow of EU corporate activity	▲▲▲														
Europe joins US with tighter migration policy. Worker supply hit	▲▲▲														
Inflation and wage growth rebounds in both US and Europe	▲▲▲														
US policy															
US and EU engage in tit-for-tat trade war; tariffs eclipse initial expectations	▲▲▲														
Tax cuts fuel disorderly rise in US Treasury yields, market disorder	▲▲▲														
Geopolitics															
Ukraine-Russia conflict intensifies	▲▲▲														
Iran-Israel tensions rebuild; Iranian oil supply disrupted	▲▲▲														
Increased uncertainty surrounding North/South Korea, China/Taiwan	▲▲▲														

Source: ING

Author

Carsten Brzeski

Global Head of Macro

carsten.brzeski@ing.de

James Smith

Developed Markets Economist, UK

james.smith@ing.com

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