

Global economic turbulence predicted for Q4 2023 and beyond

Having not yet recovered from the pressing geopolitical and social risks of the past two years, the global economy will continue to experience turbulence in Q4, and into 2024. Here are the most prominent tendencies that would be pushing financial-market volatility in the upcoming months, according to FBS financial-market analysts:



Source: [Pexels](#)

- **Migration policy in the EU and the US:** Although the liberalisation of migration policy and the attraction of cheap labour forces have historically been the hallmarks of the European and American economies, it has given rise to right-wing tendencies and increased focus on national minorities.

This trend will remain stable in 2023 and 2024, potentially triggering regional disintegration. It can lead to an increased allocation of safe-haven assets like gold, making them a favourable investment target for the near future.

- **Prolonged tight monetary policy:** High key rates, a consequence of inflation, were expected to slow down stock markets in 2023. While some stock exchanges in the EU and the US have experienced growth over 2023, the market is realising the low possibility of stimulating monetary policy from regulators by the end of the year.

Thus, in Q4, particular attention should be paid to European and American stock indices, as seasonality may provide significant support, and shares (especially on American exchanges) may rise. Nevertheless, the risks of continued decline

may remain present even in 2024.

- **Deglobalisation of the energy market:** Over the past years, the largest energy-supply countries, including the Gulf members and Russia, have gradually disconnected from the European energy market. At the same time, the current vector of European policy and the EU's shift from traditional energy sources will solidify the energy market.

Consequently, in Q4, oil and gas prices are expected to remain stable or experience local fluctuations, potentially affecting global markets.

FBS analysts indicate that financial markets will be challenged by political actions toward energy supplies and the development of monetary and migration policies for the rest of 2023 and beyond. Thus, traders should focus on agile trading strategies, exploit seasonality trends, and focus on defensive assets and mid-to-low volatility stocks.

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