

December 2023 Edition

ANALYSIS REPORT



World Economy Ranking 2023

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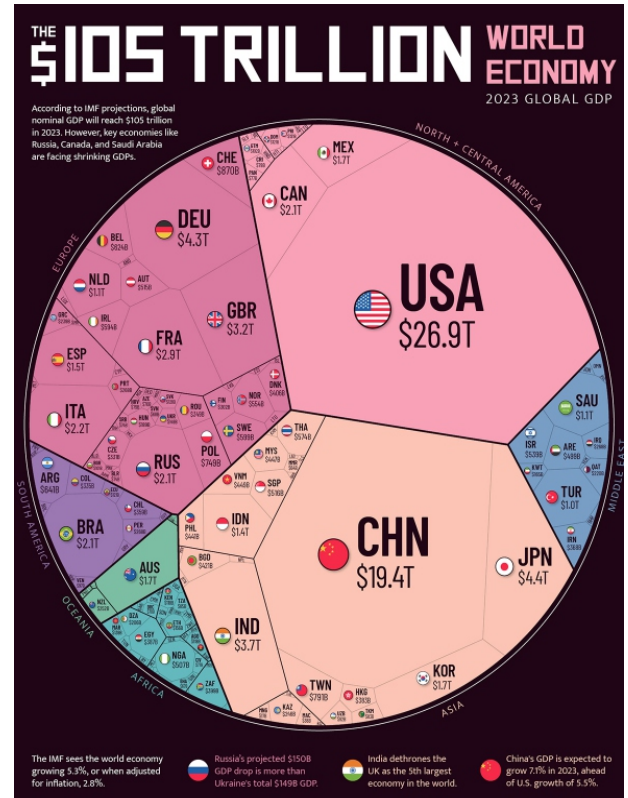
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Introduction

The world's economic framework is complicated as well as correlated. However, each country according to its potential assists the international economy lobby in terms of income generated and other economic affairs under diverse capacities. These parameters are the building blocks of the World Economy Ranking (WER) prepared by global financial institutions such as the International Monetary Fund (IMF) through its various reports. **The IMF's World Economic Outlook 2023 report shows projections that the world economy is at the level of achieving a GDP of US\$ 105 trillion by the end of 2023.**

According to the inputs provided by the IMF, the top global economies are ranked based on their Gross Domestic Product (GDP) contribution. The GDP of a nation showcases the overall amount of goods and services originating in the country's boundary in a given period probably the financial year furnishing details of the economic enhancement and development of that particular country.



WER 2023: Key Highlights

According to IMF projections the world's economy by end of 2023 estimated to have a GDP of 105 trillion US dollars.

The world economy is boosting at 5.3% or 2.8% when altered for inflation as per IMF

India dismisses UK as the V largest economy globally

China's GDP is estimated to increase 7.1% in 2023, ahead of U.S. growth of 5.5%

Russia's estimated GDP drop of \$150 billion is more than Ukraine's total %149 billion GDP

According to the World Economy Ranking 2023 based on the GDP inputs, the USA, China, Japan, Germany, and India are the top five global economies this year. The progress of economic ranking for any country is directly affected by the growth of the manufacturing sector, infrastructure development, ease of doing business initiatives, and skilled and educated manpower, besides many other factors. The ranking helps economists and stakeholders make appropriate decisions to boost the economies of a country and adopt the world's best-proven practices to improve further.

Global Credit Rating Agency Network

The global Credit Rating Agency (CRA) industry of the World economy has various players but **the network is ruled by the top three agencies namely Moody's Investor Services, S&P (Standard and Poor's), and Fitch Group**. The U.S. Securities and Exchange Commission (SEC) has recognized **these top three CRAs as the Nationally Recognized Statistical Rating Organizations (NRSRO)** since 1975.

Registered CRAs with NRSRO

A.M. Best Rating Services, Inc.	DBRS, Inc.	Demotech, Inc.	Egan-Jones Ratings Co.	Fitch Ratings, Inc.
HR Ratings de México, S.A. de C.V.	Japan Credit Rating Agency, Ltd.	Kroll Bond Rating Agency, Inc.	Moody's Investors Service, Inc.	S&P Global Ratings

The rating system finds its usefulness in organized financial transactions and the providers fund these CRAs to accredit them as well as seek suggestion to optimize it. It assists developing nation governments in trading bonds to get funds from other nations and institutions IMF and World Bank.

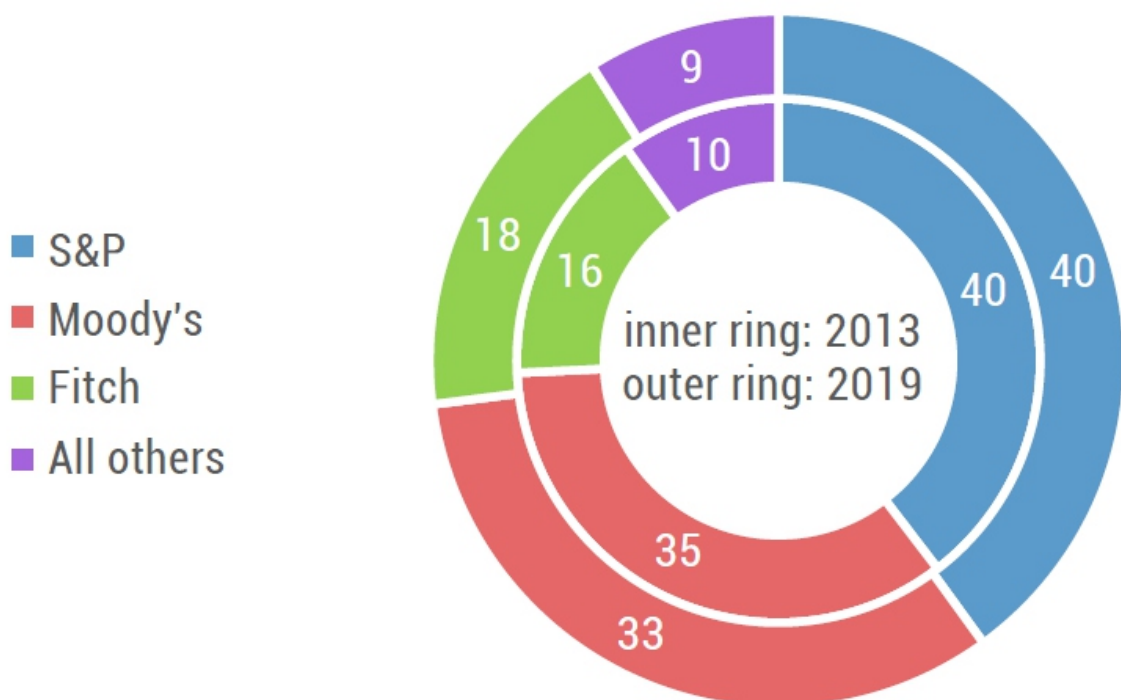
Forecast & Rating Standard

01	CRAs uses 20 rankings system from the highest (AAA) to the lowest (D), upper ten ratings (AAA to BBB-) referred as investment grade, and the bottom half originating from BB+ as non-investment grade.
02	Moody's and S&P are based in the U.S.A and they dominate 80% of the global market.
03	Fitch is based in the U.S.A and London controlling around 15% of the international market.
04	Moody's Investor Services raises India's growth forecast for 2023 to 6.7%, post April-June GDP spurt
05	S&P Global Ratings raises forecast for 2023 world GDP growth to 3.1% and growth expectations for 2024 weakened to 2.8%, down by the same amount, due to downward revisions for economies such as China & UK.
06	Fitch Group expects world GDP to grow by 1.4% in 2023. Fitch has lowered its 2023 growth forecasts for the U.S.A to 0.2%, from 0.5% and also China to 4.1% from 4.5%.
07	Another agency named Morningstar Inc. is expected to join the trio soon.

The combined market share of these top three CRAs is about 95% in the rating sphere. Different nations are provided with a credit rating that estimates the nation's economic state underlined by public, private, and foreign investments. This credit rating works as a rider for making promising global investments and thus leading global financial growth in a particular time.

Market share as estimated by EU-regulator (2013 and 2019 in %)

Percentage points



Source: European Securities and Market Authority

Source: <https://www.un.org/en/file/147841/download?token=bejCgRC4>

The rating agency evaluates the economic strength of a country and helps to sail through political transitions. They provide inputs on debt and bonds issued by the corporations and government. The CRAs play a significant role in providing reliable information driven on the backbone of NRSRO to be utilized by the investors for understanding the risk involved concerning different world economies and driving their future decisions.

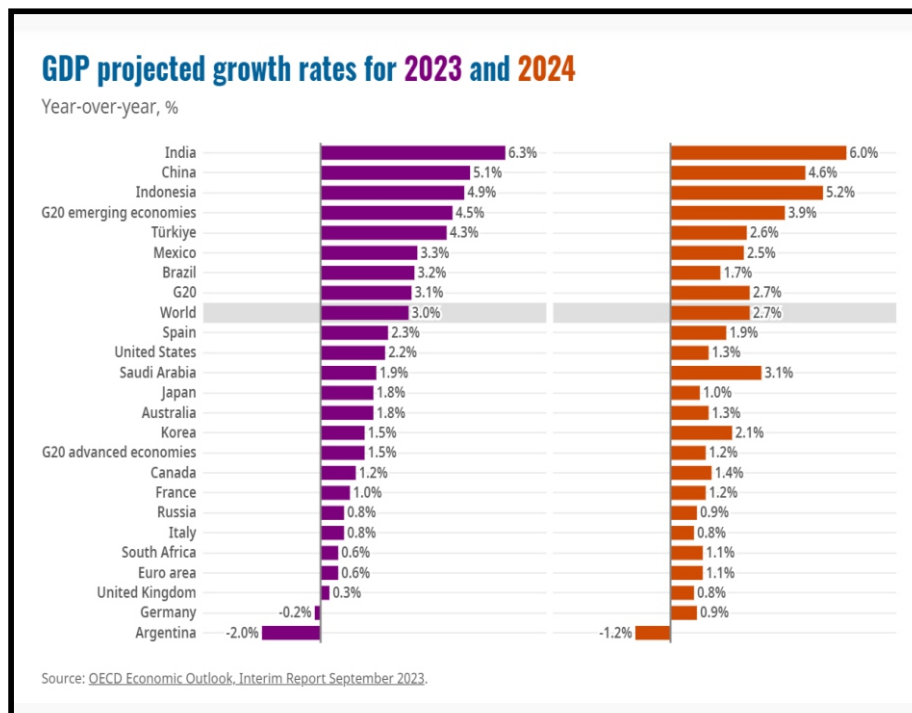
World Economy Ranking 2023 by IMF

The IMF has announced the 'World Economy Ranking 2023' in its October edition of the "World Economic Outlook 2023" report with the title 'Navigating Global Divergence'. The report highlights the ranking of the top ten economies in the world along with others. The estimated total economy of the world for 2023 by the IMF is around 105 trillion US dollars which is expected to show a global growth rate of 3% in 2023.

Top Ten World Economies 2023 by IMF

Rank & Country	GDP (USD billion)	GDP Per Capita (USD thousand)
#1 United States Of America (U.S.A)	26,954	80.41
#2 China	17,786	12.54
#3 Germany	4,430	52.82
#4 Japan	4,231	33.95
#5 India	3,730	2.61
#6 United Kingdom (U.K.)	3,332	48.91
#7 France	3,052	46.32
#8 Italy	2,190	37.15
#9 Brazil	2,132	10.41
#10 Canada	2,122	53.25

Source: <https://www.forbesindia.com/article/explainers/top-10-largest-economies-in-the-world/86159/1>



Source: <https://www.oecd.org/economic-outlook/september-2023/>

The report represents the list of top global economies that are derived on behalf of GDP data contribution. According to the IMF, the top five on the list are the USA, China, Japan, Germany, and India in 2023. The list of countries with a GDP between US\$ 1 to 2 billion are Comoros and Solomon Islands, Grenada, Vanuatu, St. Kitts and Nevis, and St. Vincent and the Grenadines. The US\$ 1 billion economies are listed as Samoa, Dominica, Nauru, Micronesia, Palau, São Tomé and Príncipe, Kiribati, Tonga, and Marshal Islands.

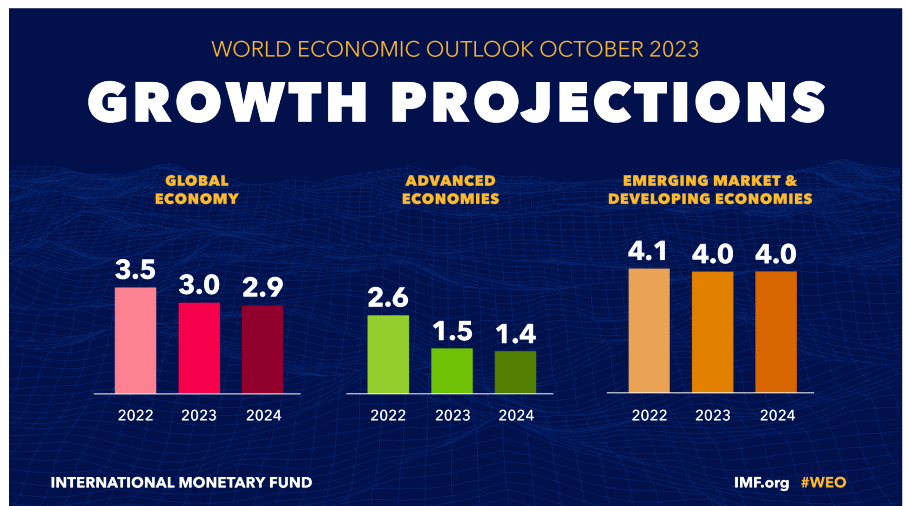
The United States of America retains its status as the highest economy and richest country maintaining its position since 1960 till date. The US economy witnessed substantial growth supported by the diverse sectors

of finance, technology, services & manufacturing, etc enhancing pioneering spirits, promoting innovation, and a favourable business environment.

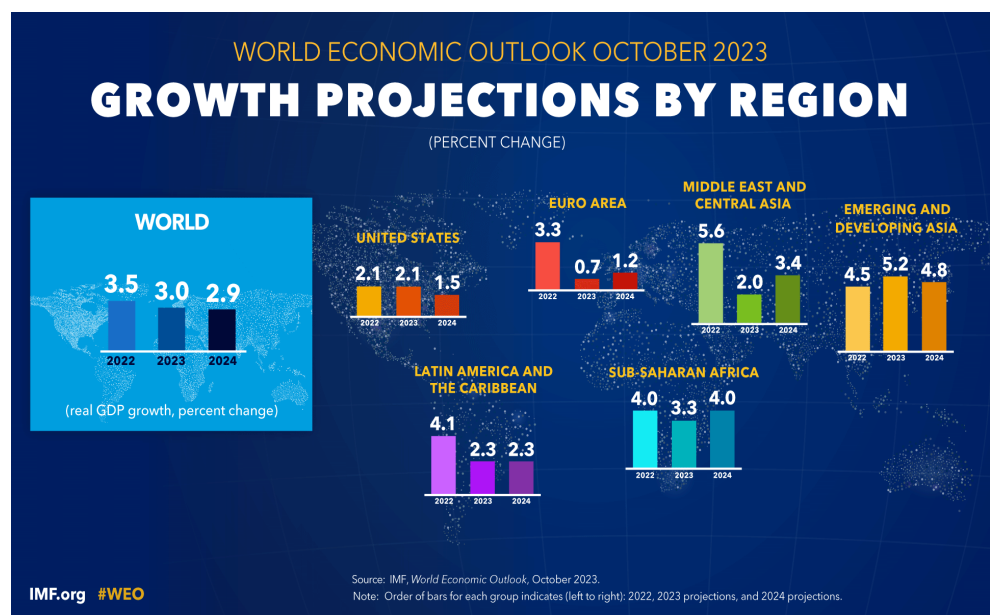
China acquired the 2nd position in 2023 and gained momentum in the world economy linking to global investment, bulk manufacturing, and worldwide exports underlined by human resources, a growing consumer base, strong backing from the government, and progress in the infrastructural sector.

Germany managed the 3rd ranking in the list whose economy is majorly driven by exports and world-famous precisions in various sectors of automotive, engineering, pharmaceutical, and chemical as a result of deep R&D leading to innovation.

Besides ranking, this report also talked about global inflation rising to 5.8% with the expectation of higher interest rates to give an overall projection of macroeconomic indicators for the growth of the global economy. The trends will promote sustainable economic growth with financially stable outcomes to support international trade and investment in the global arena.



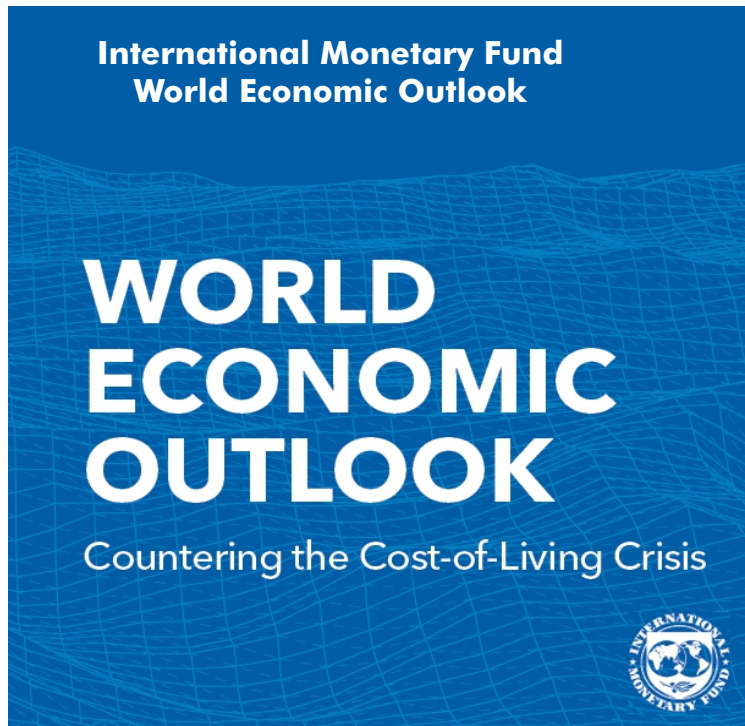
Source: <https://www.imf.org/-/media/Images/IMF/Publications/WEO/2023/October/weo-oct-23-eng-econ-groups.ashx?h=1080&w=1920&la=en>



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Major Highlights and Global Economic Trends from the IMF Report



Source: <https://www.imf.org/-/media/Files/Publications/WEO/2023/October/Data/ch3data.ashx>

The new emerging economies are estimated to show a fair slowdown of 4% in 2023 and 2024 against 4.1% in 2022. The contractionary monetary policies forecast within this report expect a regular decline in universal inflation attaining 6.9% in 2023 and is estimated to be at 5.8% in 2024. This is complemented by minimized prices of international commodities, through which inflation is estimated to retain its earlier position by 2025.

The IMF publishes the World Economic Outlook report twice every year. This report is responsible for doing a complete evaluation of economic development at the international level and providing valuable projections for the future. IMF published the latest WEO report in October 2023.

The IMF's latest report forecasts the growth to remain slow at the world level, and it will witness a slow growth of 3% cent in 2023 against 3.5% cent in 2022. It is estimated to be at 2.9% cent in 2024 based on observing below the average of 3.8% cent of historical data between 2000 to 2019. Increased fund rates are expected to tighten the economic policies **thus developed economies are estimated to slow down to 1.5% against 2.6% in 2022 and 1.4% per cent in 2024.**

	2011-2019	2020	2021	2022	2023	2024	2022-2026	2027-2031
United States	2.4	-2.2	5.8	1.9	2.4	0.8	1.7	1.6
Europe	1.7	-6.3	6.3	3.7	0.6	1.1	0.9	0.8
Euro Area	1.3	-6.5	5.9	3.5	0.7	0.9	0.7	0.7
Germany	1.8	-4.2	3.1	1.9	-0.1	0.6	1.0	1.0
France	1.4	-7.7	6.4	2.5	0.9	1.2	1.0	1.0
Italy	0.1	-9.0	8.3	3.9	0.7	0.5	0.0	-0.2
United Kingdom	1.9	-10.4	8.7	4.3	0.6	0.5	1.0	0.8
Japan	0.9	-4.3	2.3	0.9	1.9	1.1	0.6	0.4
Other Mature Economies	2.0	-2.8	4.4	2.1	1.7	1.6	2.5	2.1
Mature Economies	2.0	-4.0	5.7	2.7	1.5	1.1	1.4	1.3
China	7.4	1.9	8.8	3.0	5.2	4.1	4.4	4.0
India	6.8	-6.2	9.0	6.8	6.9	5.1	4.6	4.3

Source: [https://www.conference-board.org/topics/global-economic-outlook#:~:text=Real%20GDP%20growth%2C%202023%20\(%25%20change\)&text=Global%20real%20GDP%20is%20forecasted,and%20continued%20monetary%20policy%20tightening.](https://www.conference-board.org/topics/global-economic-outlook#:~:text=Real%20GDP%20growth%2C%202023%20(%25%20change)&text=Global%20real%20GDP%20is%20forecasted,and%20continued%20monetary%20policy%20tightening.)

WEO Projections

	2022	2023	2024
World Output	3.5	3.0	2.9
Advanced Economies	2.6	1.5	1.4
United States	2.1	2.1	1.5
Euro Area	3.3	0.7	1.2
Germany	1.8	-0.5	0.9
France	2.5	1.0	1.3
Italy	3.7	0.7	0.7
Spain	5.8	2.5	1.7
Japan	1.0	2.0	1.0
United Kingdom	4.1	0.5	0.6
Canada	3.4	1.3	1.6
Other Advanced Economies	2.6	1.8	2.2

Source: <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023#:~:text=Advanced%20economies%20are%20expected%20to,in%20both%202023%20and%202024.>

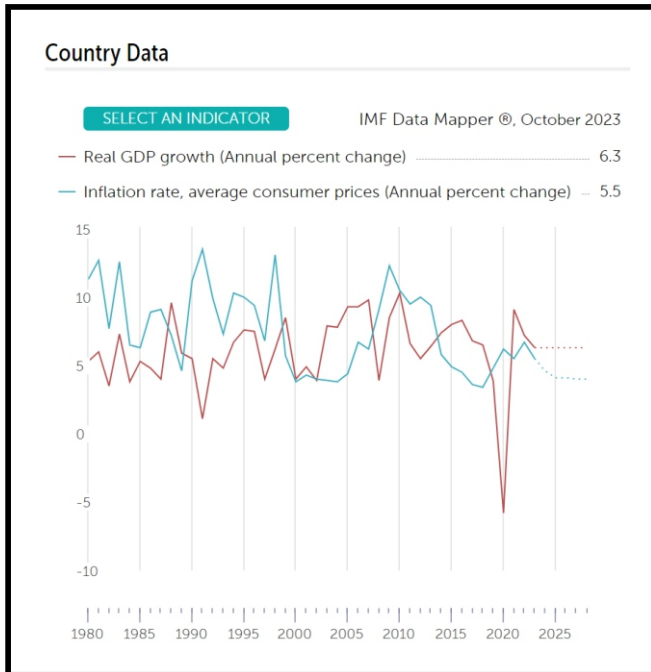
The latest IMF report shows the latest trends in inflation and the role of policies in deflation at a minimized cost and is concerned about increasing the global economy in the current and coming financial year. Finally, it points to disturbed commodities of global trade impacting its price, green energy transition, and economic ventures to hamper sustainable global growth.

WEO Projections

Emerging Market and Developing Economies	4.1	4.0	4.0
Emerging and Developing Asia	4.5	5.2	4.8
China	3.0	5.0	4.2
India	7.2	6.3	6.3
Emerging and Developing Europe	0.8	2.4	2.2
Russia	-2.1	2.2	1.1
Latin America and the Caribbean	4.1	2.3	2.3
Brazil	2.9	3.1	1.5
Mexico	3.9	3.2	2.1
Middle East and Central Asia	5.6	2.0	3.4
Saudi Arabia	8.7	0.8	4.0
Sub-Saharan Africa	4.0	3.3	4.0
Nigeria	3.3	2.9	3.1
South Africa	1.9	0.9	1.8
Emerging Market and Middle-Income Economies	4.0	4.0	3.9
Low-Income Developing Countries	5.2	4.0	5.1

Source: <https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023#:~:text=Advanced%20economies%20are%20expected%20to,in%20both%202023%20and%202024.>

Key Findings for the Indian Economy



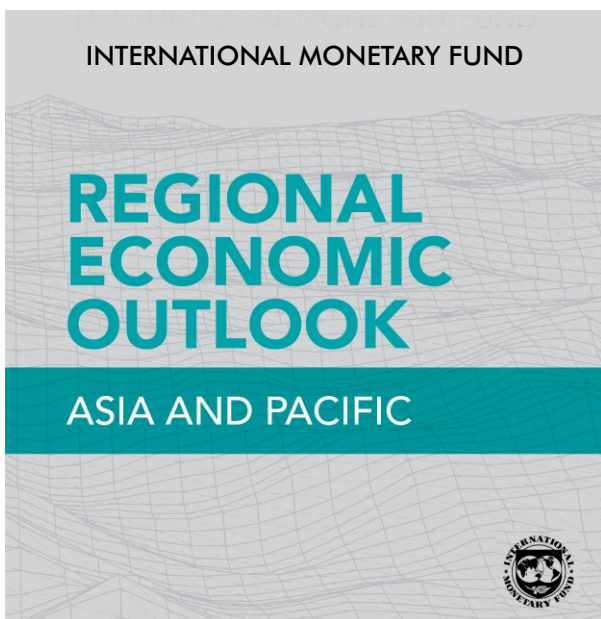
Source: <https://www.imf.org/en/Countries/IND>

2023-24. Here India's growing economy and its prospects can be boosted through revised FDI norms, structural reforms, a seasoned workforce, and a strong financial system.

The IMF in its October 2023 edition report revealed that **India is one of the top-rated emerging economies performing better than expected, and regarded as one of the fastest developing economies in the world.** The report states the expectation that **the country can become 3rd biggest world economy with a GDP of around 5 trillion US dollars by 2027.**

According to the IMF, annual announcement through the WEO release forecasts India's raised GDP growth for the year 2023-24 to 6.3% cent. **The country is expected to retain its growth at 6.3% cent for 2023 and 2024 witnessing a rise of 0.2% cent for 2023 because of high consumption demand during April 2023 to June 2023 the first quarter of the FY 2023-24.** In the July 2023 forecast, the IMF estimated GDP forecasts for India at 6.1% cent but it was found to be lower than the RBI estimate of 6.5% cent for FY

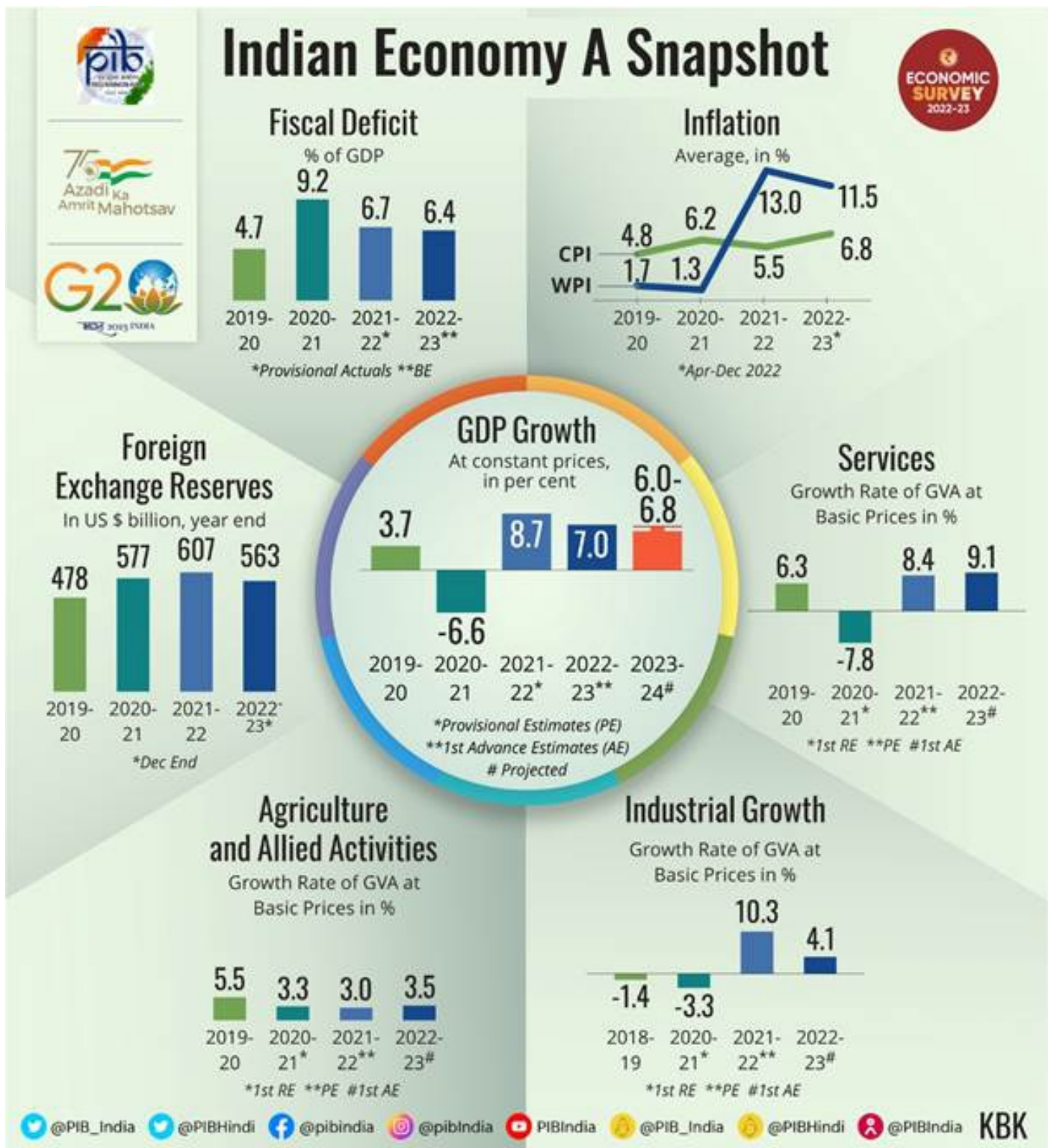
Regional Economic Outlook: Asia-Pacific Highlights



IMF forecasted a rise to 4.6% cent in 2023 from 3.9% cent in 2022 and Asia's growth will witness a slowdown to 4.2% cent in 2024.

The growth of the Indian economy is due to enhanced consumption, the PLI scheme to promote manufacturing across the sectors, the setup of new employment streams, and the upscaling of infrastructure sidelined by the warning of slowness caused by geopolitical pressure and rising inflation.

Source: <https://www.imf.org/-/media/Images/IMF/Publications/REO/APD/Covers/apd-reo-generic.ashx?h=3300&w=2550&la=en>



Source: <https://static.pib.gov.in/WriteReadData/userfiles/image/image001HCEM.jpg>

The IMF reports and findings assist the Indian government in introducing flexible policies and a robust framework to boost the GDP contribution against the odd conditions of the global market. It has helped the Indian economy to perform better at various global economic indicators and surpass world economies through its stable and long-term policy implementations over the last few years.

Prime Concerns and Risks

The IMF publishes several reports from time to time throughout the year raising concerns and risks involved with global economic growth. All such inputs, suggestions, and highlights assist governments across the globe in building policies in association with stakeholders to strike economic growth to support their unique developmental needs while trying to keep control of economic growth, inflation, and many other parameters.

IMF Reports List

World Economic Outlook	This report provides an assessment of the global economic landscape and prospects for countries and regions. The latest report was published in October 2023.
Global Financial Stability Report	This report assesses the global financial system and identifies potential vulnerabilities. The latest report was published in October 2023.
Fiscal Monitor	This report provides an analysis of fiscal policy developments and prospects for countries and regions. The latest report was published in October 2023.
Annual Report	This report provides an overview of the IMF's activities and policies over the past year. The latest report was published in 2021.
Country Reports	These reports provide comprehensive background material on economic developments and trends in IMF member countries.
Policy Papers	These papers provide analysis and advice on policy issues of interest to the IMF's membership.
Working Papers	These papers provide in-depth research by IMF authors of theoretical and analytical nature on a wide range of topics.
Staff Discussion Notes	These notes provide policy-related analysis and research being developed by IMF staff.

The IMF advises partner countries to follow appropriate policies to attain a stable political economy, enhanced economic growth, and reduced poverty. Each partner country is seamlessly equipped with finance arrangements to tackle the trade balance and maintain shortage-induced due to foreign exchange when outflow payments overpower earnings from foreign exchange. **It strengthens the economic stability of partner countries for crafting useful economic policies and addressing concerns of food security, climate change, and transition to green energy** supported by robust frameworks and sticking to global cooperation.



Source: <https://www.imf.org/-/media/Images/IMF/Publications/GFSR/gfsr-nodate.ashx?h=776&w=600&la=en>

As per The Global Financial Stability Report 2023, the global economy will witness a slowdown, and challenges faced by the world's financial system increase the risk of financial stability among the member countries. The global growth of diverse assets in different regions of the world faces the challenge of attaining a stable situation as it was before the pandemic era. The economic activities will be at ease by having strong economic and monetary policy support. The insights provided by the IMF report collectively raise the concerns and risks involved among member countries at the global level to be monitored and implement appropriate actions to overcome them.



Recommendations by the IMF



Source: <https://www.imf.org/-/media/Images/IMF/About/Factsheets/2022/Hero/imf-logo.ashx>

IMF Diverse Recommendations



Source: <https://www.imf.org/external/np/spr/triennial/2014/images/tsr14.jpg>

The IMF was developed to boost global trade, acquire financial robustness, reduce poverty, and maintain economic growth by striking coordination among world economies for the welfare of human beings around the globe since 1945.

The IMF announced several recommendations to be implemented by the member countries. It works to formulate policies with external key members to boost the economies of member countries through conducive policies. It encourages business investments while generating long-term comprehensive growth, overcoming lower income inequality for the entire society not just for women, and witnesses a stable economic environment.

As the central banks consistently work to improve their safety parameters, the IMF monitors their progress and releases recommendations for assessing the safeguard parameters for the central banks. In its latest report, the **IMF also encourages close monitoring of the factors that are responsible for economic divergence among major world economies especially the regions such as the eurozone to keep the momentum up for growth.**

Besides this, **the IMF recommended to keep a tight hold on monetary policies to check inflation.** The move is required to bring economic stability to promote growth and development around the globe to counter the geopolitical challenges with the help of synchronized efforts of central banks of member countries.

How AG Group Can Be a Help

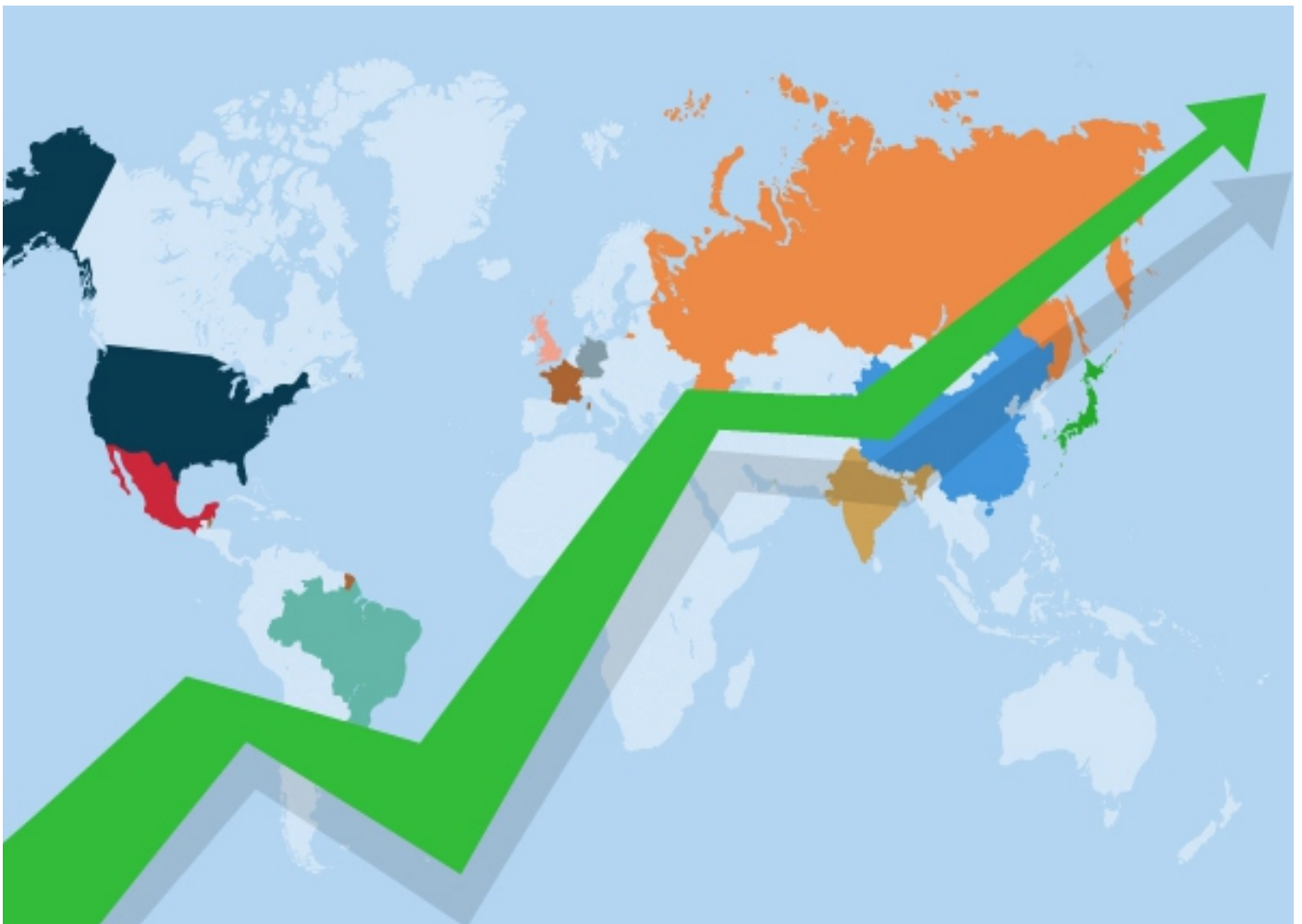
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Conclusion

The yearly world economy ranking is an essential projection because it furnishes a larger picture of the economic performances of the global economies at the world level, and helps to recognize the world's richest and biggest economies and their hierarchical positions viz-a viz others.

The GDP inputs of different countries form the basis for calculating the economic ranking and are used by worldwide governments, stakeholders, businesses, policymakers, and investors concerned with obtaining information about the economic conditions of these countries. This helps them to build constructive learned decisions on how to regulate the investments by choosing the appropriate market and time to enter with the help of useful policies to implement them to attain sustainability.

The World Economic Ranking is regarded as a boon at the global level to comprehend the economic status of different countries which can be seasoned with the support of government-initiated policies and other key stakeholders from the global economic and financial landscape to boost global cooperation in terms of growth and international trade.



Expert's Insight

India will continue to be a bright spot in the global economic picture. The country has been favoured by foreign investors in recent years, reflecting its promising long-term outlook helped by a youthful demographics and a fast-expanding middle class. We expect such a trend to continue. Consumer spending remains one of the biggest growth drivers in the world's most populous nation.

Alicia Garcia-Herrero
Chief economist for Asia Pacific
Natixis



Resources

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We expand your Horizon

AG was established in the year 1998. In the due course of time AG has become multi-functional, multi-disciplinary organization offering a wide range of consultancy services to multiple sectors for implementation of projects under one roof from "Concept to Commissioning" AG shareholders has track record in the development of mega projects in country & overseas in field of sports, hospitality, tourism, flood management, turf farms, F&B, real estate, fashion & clothing, import & exports, chemical & fertilizers.

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Business Acceleration & Growth



Transaction Advisory



Programme Management Unit

OUR SECTORS

Transport

Railway
Aviation
Ropeway
Electric Vehicle
Traffic Management

Engineering

Textile
IT & Telecom
Power & Renewable Energy
Infrastructure:
Highway/Tunnels

Environmental

Water
Irrigation
Agriculture
Animal Husbandry
Horticulture & Forestry

Social & Public Sector

Sports
Tourism
Education
Healthcare

Sustainability

ESG
SDG
Carbon Credit
Climate Change



Chennai



Delhi



Gurugram



Guwahati



Hyderabad



Imphal



info@aggrp.in



www.aggrp.in



+91 9810046249



0124 4235267