



MASTERCARD ECONOMICS INSTITUTE

Economic outlook 2024

Asia Pacific



In 2024, consumers and businesses around the globe will make difficult decisions about how to spend and invest, according to the Mastercard Economic Institute's [Economic Outlook 2024](#) report.

Resources will be carefully prioritized as interest rates, wages and prices remain high relative to pre-pandemic levels. However, moderating inflation, steady real economic growth and varied regional dynamics will sustain consumer empowerment.

Here's how the dynamics are playing out in Asia Pacific.

Key takeaways for Asia Pacific in 2024:



Asia Pacific is likely to experience a modest pickup in GDP growth, though below trend.



Consumer spending is expected to be resilient, supported by tight labor markets and a catch up of inflation-adjusted wages.



Discretionary spend will see more consumer allocation between sub-categories across travel, discretionary goods and essentials.

Headwinds & tailwinds to watch



2024 headwinds:

- Household budgets in Asia Pacific are likely to be dependent on central bank policies and how long mortgage costs stay high for, or how much it has risen.
- Income disparities between affluent and mass market consumers tend to be wider in emerging than developed economies with lower income. Household budgets allocated to discretionary goods may be slower to recover in emerging markets as inflation-adjusted incomes recover this year given the sharp rise in essentials the past couple of years.
- Mass market consumers spend a higher share of their wallet relative to affluent consumers on essentials. Any unforeseen shocks to prices of essentials may drive another round of cutbacks in discretionary purchases.



2024 tailwinds:

- Monetary policy could see some easing, with rate cuts likely across the Asia Pacific region in tandem with the US federal reserve's interest rate path.
- Economies in ASEAN and Oceania will enter their third year without pandemic restrictions in 2024.
- The progressive fulfilment of out-and-about demand should support a rotation of spend back into goods, positively impacting Asian manufacturers. This is a similar trend globally as well and should result in a convergence in performance of between manufacturing and services.
- Northeast Asian economies may continue to see out-and-about services outperform for a good part of 2024 as the travel recovery enters its second year.

Country breakdown



Economic trends to watch in India

- India has remained relatively resilient assisted by domestic demand. The growth of real economic activity has slowed and is expected to experience a less volatile environment ahead.
- 2024 forecast for India:
 - Real consumer spending is expected to grow **6.7% YOY**
 - Consumer price inflation to increase by **4.5% YOY**
 - Central bank interest rate (end of period): **6.0%**
 - Real gross domestic product to increase by **6.4% YOY**
 - Unemployment rate: **7.8%**



Economic trends to watch in Japan

- Japan has persisted with easy monetary policy, contrasting itself from other major central banks that have raised rates to address high inflation. The Bank of Japan may take this chance of above 2% inflation in Japan to exit negative interest rates, but any sharp tightening of monetary policy is unlikely even if this should happen.
- 2024 forecast for Japan:
 - Real consumer spending is expected to grow **0.5% YOY**
 - Consumer price inflation to increase by **2.5% YOY**
 - Central bank interest rate (end of period): **-0.1%**
 - Real gross domestic product to increase by **1.0% YOY**
 - Unemployment rate: **2.4%**



Economic trends to watch in Mainland China

- China will see a slowing, but steady GDP growth. We expect to see a continuation of the travel recovery story, especially as international air travel capacity out of the market remains slow to resume.
- 2024 forecast for Mainland China:
 - Real consumer spending is expected to grow **4.5% YOY**
 - Consumer price inflation to increase by **1.8% YOY**
 - Real gross domestic product to increase by **4.6% YOY**
 - Unemployment rate: **3.4%**



Economic trends to watch in Australia

- Australia is now seeing interest rates above pre-pandemic trend levels and could see some easing of monetary policy, with rate cuts likely.
- 2024 forecast for Australia:
 - Real consumer spending is expected to grow **1.6% YOY**
 - Consumer price inflation to increase by **3.2% YOY**
 - Central bank interest rate (end of period): **3.85%**
 - Real gross domestic product to increase by **1.3% YOY**
 - Unemployment rate: **4.0%**

Read the full [Economic outlook 2024 report](#) and learn more about the [Mastercard Economics Institute](#).