

Global Outlook

Reading the current situation:
Hot Spots and Weak Points



Navigating geopolitical uncertainty: A central scenario approach

As we approach 2025, the global economy faces significant uncertainties due to intensified geopolitical tensions and rising protectionism. The analysis centers on a "central scenario," assuming these tensions will not escalate into major global conflicts.

This scenario anticipates that a K. Harris U.S. presidency could provide policy continuity, although risks remain, particularly if D. Trump is re-elected, potentially leading to heightened protectionism and volatile international relations.

Key risk factors include potential escalations in Russia-Ukraine, Middle Eastern, and South China Sea conflicts. A severe disruption, such as an Ormuz Strait blockade, could provoke an economic shock and recession. The scenario also highlights the strategic restraint shown by key powers, though sudden shifts could alter the geopolitical landscape rapidly.

Our latest analysis identifies four key dynamics driving the current geopolitical landscape.

1. Persistent violent instability
2. Deepening US-China tensions
3. New alliances and global South sentiment
4. Europe's strategic weaknesses

1. Persistent violent instability

Despite escalating violence, particularly in the Middle East, a systemic shock is unlikely unless the U.S., China, or Russia engage more directly.

The Ukrainian conflict remains a focal point, with hopes for a negotiated resolution resting on China's diplomatic influence.

2. Deepening US-China Tensions

Both countries aim to manage tensions to avoid major fallout, but issues like Taiwan's 2024 elections, Chinese tech advancements, and a bipartisan "China-bashing" sentiment in the U.S. are heightening risks.

We anticipate increased sanctions, export controls, and resource-based political tactics.

3. New Alliances and Global South Sentiment




As a multipolar world order emerges, complex alliances (e.g., Russia-Iran-North Korea) bring security risks, while anti-Western sentiment gains momentum, feeding ideological divides and “resentment politics.”

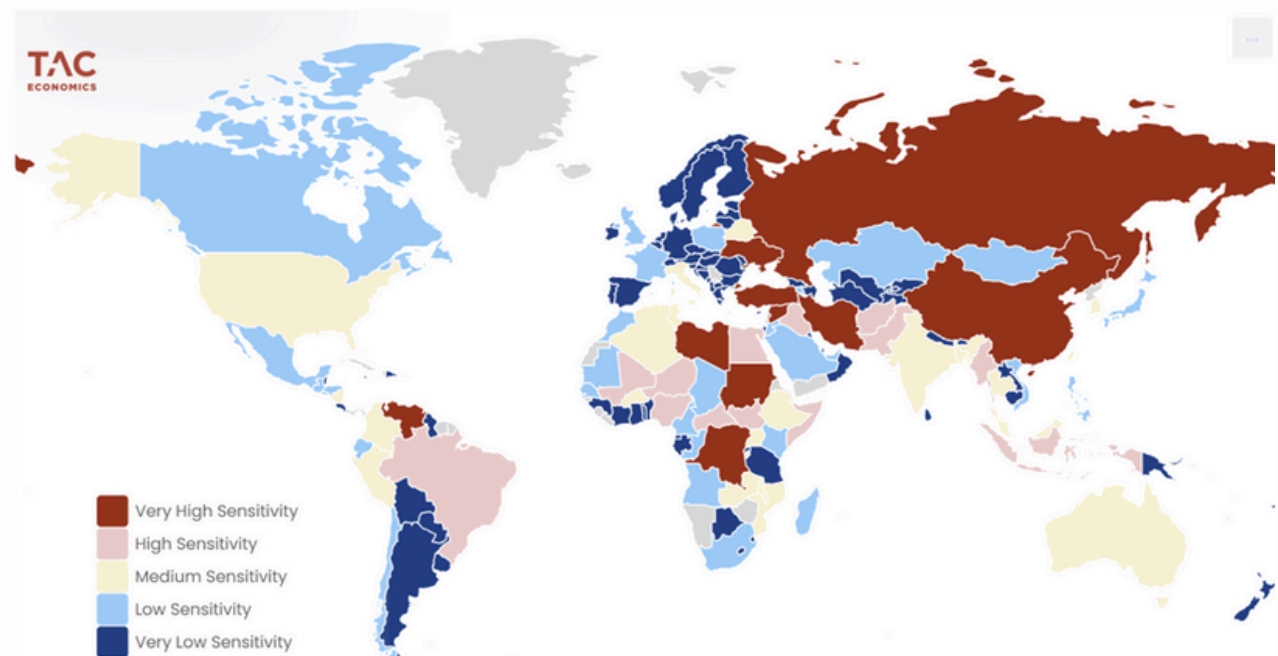
4. Europe's Strategic Weaknesses

EU vulnerabilities are pronounced, with political fragility in France and Germany and structural gaps in defense and technology.

These issues, coupled with Russia's persistent targeting of Europe, underscore the EU's delicate position in global affairs.

Integration of the political and geopolitical framework: persistent tensions without shifting to a disruptive scenario

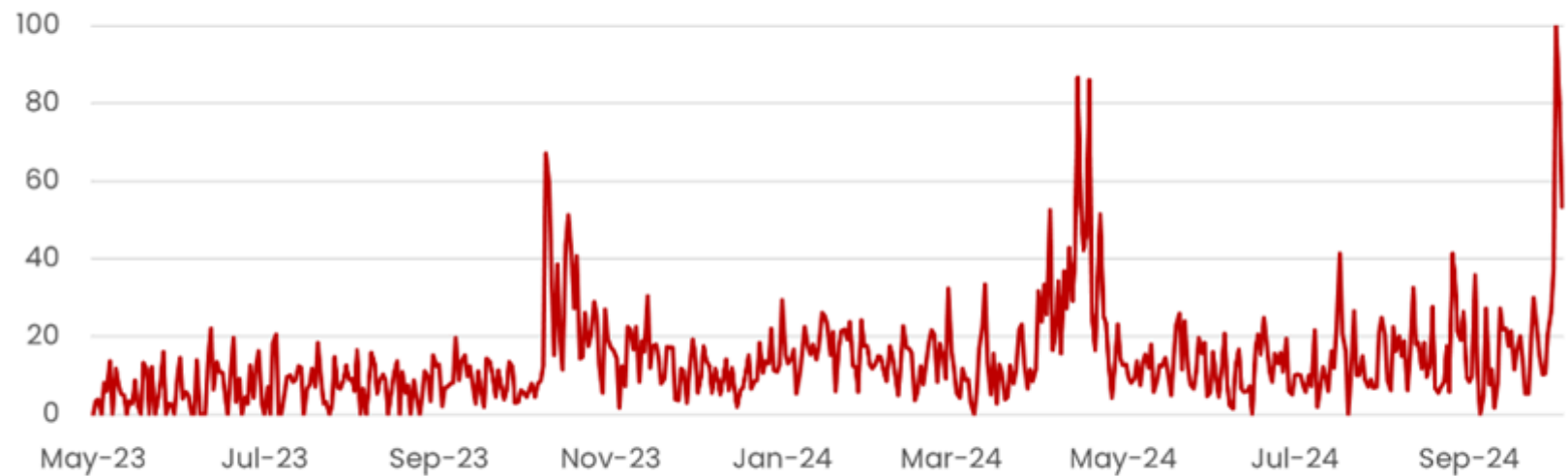
GPSI – GeoPolitical Sensitivity Index		
 Alliances	 Current Conflicts & Sanctions	 Critical Locks & Knots
<ul style="list-style-type: none"> • Alliance Consistency <ul style="list-style-type: none"> - Military suppliers - Exports Markets - External creditors • Geographies <ul style="list-style-type: none"> - Tensions with USA - Tensions with China - Tensions with 2nd order powers countries • Anti-Western Polarization <ul style="list-style-type: none"> - Geopolitical distance with USA - Diplomatic polarization - AWP from IPD, military supply, markets and debt - Military bases and defense agreements 	<ul style="list-style-type: none"> • Current Conflicts <ul style="list-style-type: none"> - Crisis intensity and trend over the last 3 months • Sanctions <ul style="list-style-type: none"> - UN Sanctions - US Sanctions - EU Sanctions 	<ul style="list-style-type: none"> • Technology <ul style="list-style-type: none"> - Overall technology strength - Technology dominance in selected areas • Resources <ul style="list-style-type: none"> - Critical Resources production - Energy production - Uranium production • Networks <ul style="list-style-type: none"> - Shipping chokepoints - Submarine cables - Satellites - Pipelines



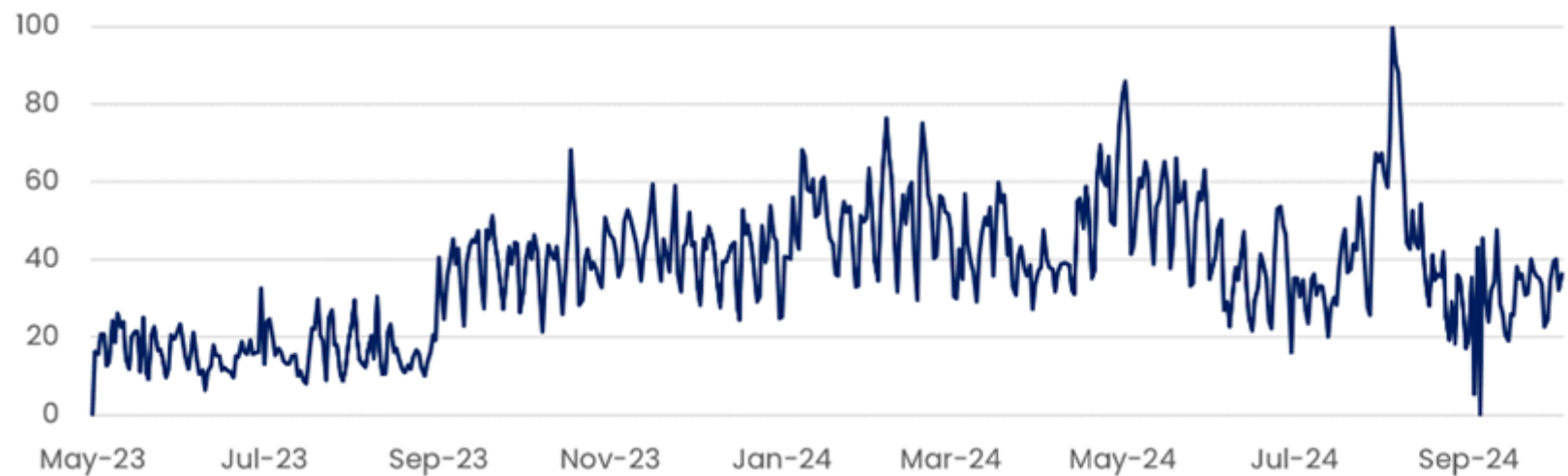
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Alert on GeoPolitical Tensions

Violence /
Buzz



Negative
Sentiment





Monitor our geopolitical risk measures and alerts on our dedicated page on TAC ECONOMICS DataLab:

<https://app.taceconomics.com/products/GeopoliticalRisk>

Get in touch by emailing:
info@taceconomics.com

www.taceconomics.com

