Macroeconomic Risk Assessment in Key Emerging Markets: A Comparative Analysis of India, Turkey, and Mexico

1 Introduction

This report presents an analysis of key macroeconomic indicators (exchange rates, GDP growth, and inflation) for India, Turkey, and Mexico from 2019 to 2024. The aim is to assess relative macroeconomic stability, risks, and opportunities across selected emerging markets.

2 Analysis and Interpretation

2.1 Exchange Rate Dynamics

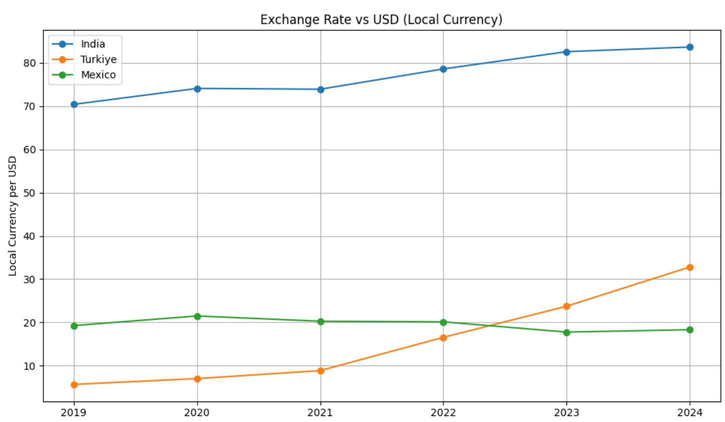

Figure 1: *This chart illustrates the local currency value per US dollar for India, Turkey, and Mexico from 2019 to 2024. A rising trend indicates local currency depreciation, highlighting differing degrees of exchange rate volatility across the countries.*

The exchange rate trends (in local currency per USD) suggest varying levels of currency depreciation across the three countries:

- India showed a modest and steady depreciation of the rupee, from 70.4 in 2019 to 83.7 in 2024. This signals gradual external pressure, likely manageable under current monetary policy.
- Turkey experienced the most severe depreciation, with the lira weakening from 5.7 to 32.8 over the same period. This reflects macroeconomic instability and weak investor confidence, likely tied to policy credibility and inflation volatility.
- Mexico remained relatively stable, fluctuating between 18–21 pesos per USD. This indicates exchange rate resilience despite global shocks, possibly due to disciplined monetary policy and remittances support.

Implication: Among the three, Mexico currently offers the most stable FX profile, while Turkey carries the highest exchange rate risk.

2.2 GDP Growth Performance

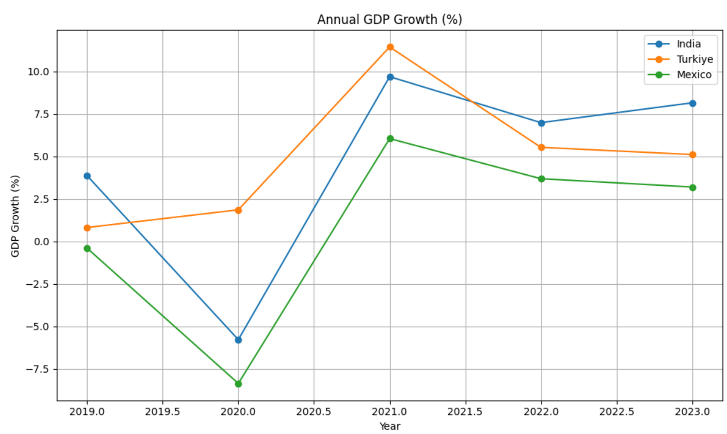

Figure 2: *This figure presents annual real GDP growth rates for India, Turkey, and Mexico. It highlights India's consistent expansion, Turkey's post-COVID rebound, and Mexico's relatively moderate growth, reflecting varied economic recovery trajectories.*

GDP growth data reveals post-COVID recovery patterns and underlying structural strengths:

- India rebounded sharply from a -5.8% contraction in 2020 to sustained growth above 7% in 2021–2024. This suggests strong domestic demand and effective post-pandemic fiscal support.
- Turkey showed a volatile but high growth profile, peaking at 11.4% in 2021 before tapering to 5% by 2023–2024. The volatility may reflect credit-driven growth and pro-cyclical policies.

- Mexico posted a milder recovery, moving from -8.4% in 2020 to 3.2% by 2024. The recovery appears slower, likely due to dependence on the U.S. cycle and conservative fiscal stance.

Implication: India offers strong growth momentum, while Turkey shows high but unstable growth. Mexico provides moderate, consistent output expansion.

2.3 Inflation Trends

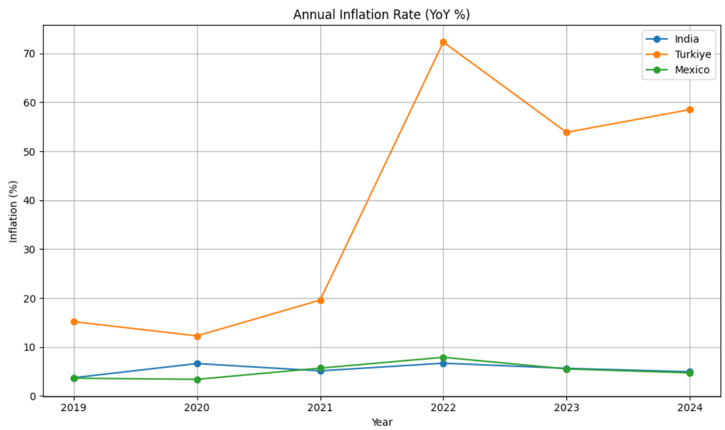

Figure 3: *The chart compares year-over-year consumer price inflation across India, Turkey, and Mexico. Turkey shows significant inflation volatility, while India and Mexico maintain more stable inflation trends.*

Inflation patterns reveal divergent policy and structural pressures:

- Turkey faced runaway inflation, peaking above 70% in 2022, and remaining elevated (59%) by 2024. This level is macroeconomically destabilizing, eroding purchasing power and complicating monetary management.
- India kept inflation in check, hovering between 5–7%, aligning closely with the RBI's target band. This reflects effective inflation targeting amid supply shocks.
- Mexico experienced stable inflation in the 3–5% range. Price dynamics suggest policy credibility and demand-side discipline.

Implication: Turkey poses substantial inflation risk, while India and Mexico maintain relatively stable price environments, beneficial for real returns.

3 Conclusion

Based on the data and visual analysis, India stands out as a strong candidate for emerging market allocations. It demonstrates a combination of high economic growth, moderate inflation, and a controlled pace of currency depreciation. These factors suggest a relatively stable macroeconomic environment, making India particularly attractive for both equity and fixed income strategies.

In contrast, Turkey exhibits substantial macroeconomic risks. The country's inflation has been highly volatile, and its currency has experienced severe depreciation. These conditions reflect a fragile economic framework, suggesting that any investment exposure to Turkey should be tactical, closely monitored, and ideally hedged to manage downside risks.

Meanwhile, Mexico offers a comparatively stable macroeconomic profile. With moderate and consistent GDP growth, low-to-moderate inflation, and a stable exchange rate, it provides a defensive positioning opportunity within the emerging markets universe. This environment is well-suited for conservative investors or those pursuing currency carry strategies.

References

World Bank World Development Indicators (2024). GDP, Inflation, and Exchange Rate data.