

Economist Intelligence Unit's Quarterly Global Outlook Webinar series

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Today's Presenters



John Bowler

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Location: London, UK



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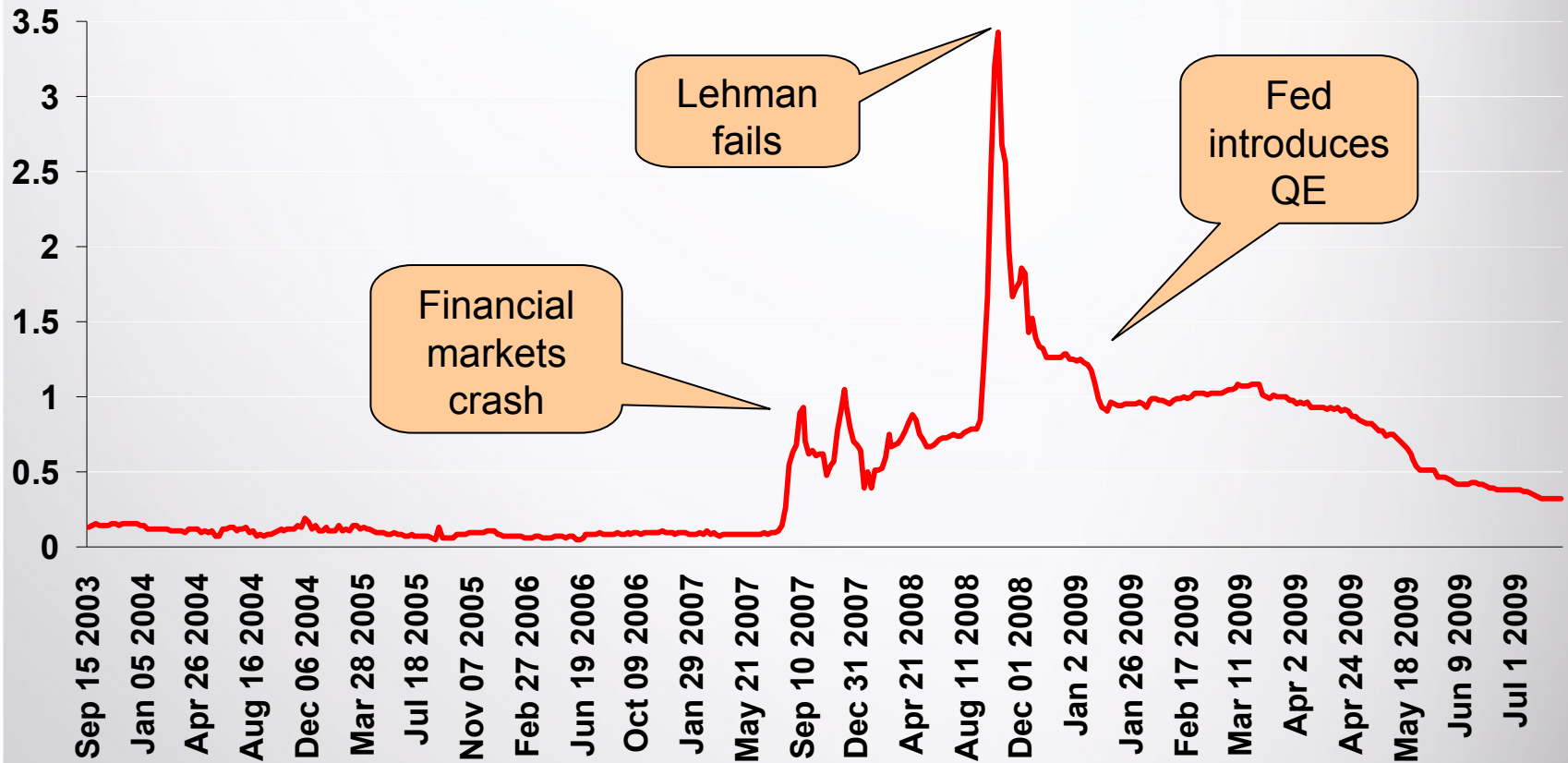
Location: London, UK

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- Analysis and forecasting for over 200 countries and territories
- Industry data and trends
automotive, consumer goods, energy,
financial services, healthcare, technology
- Market sizing
- Risk assessment

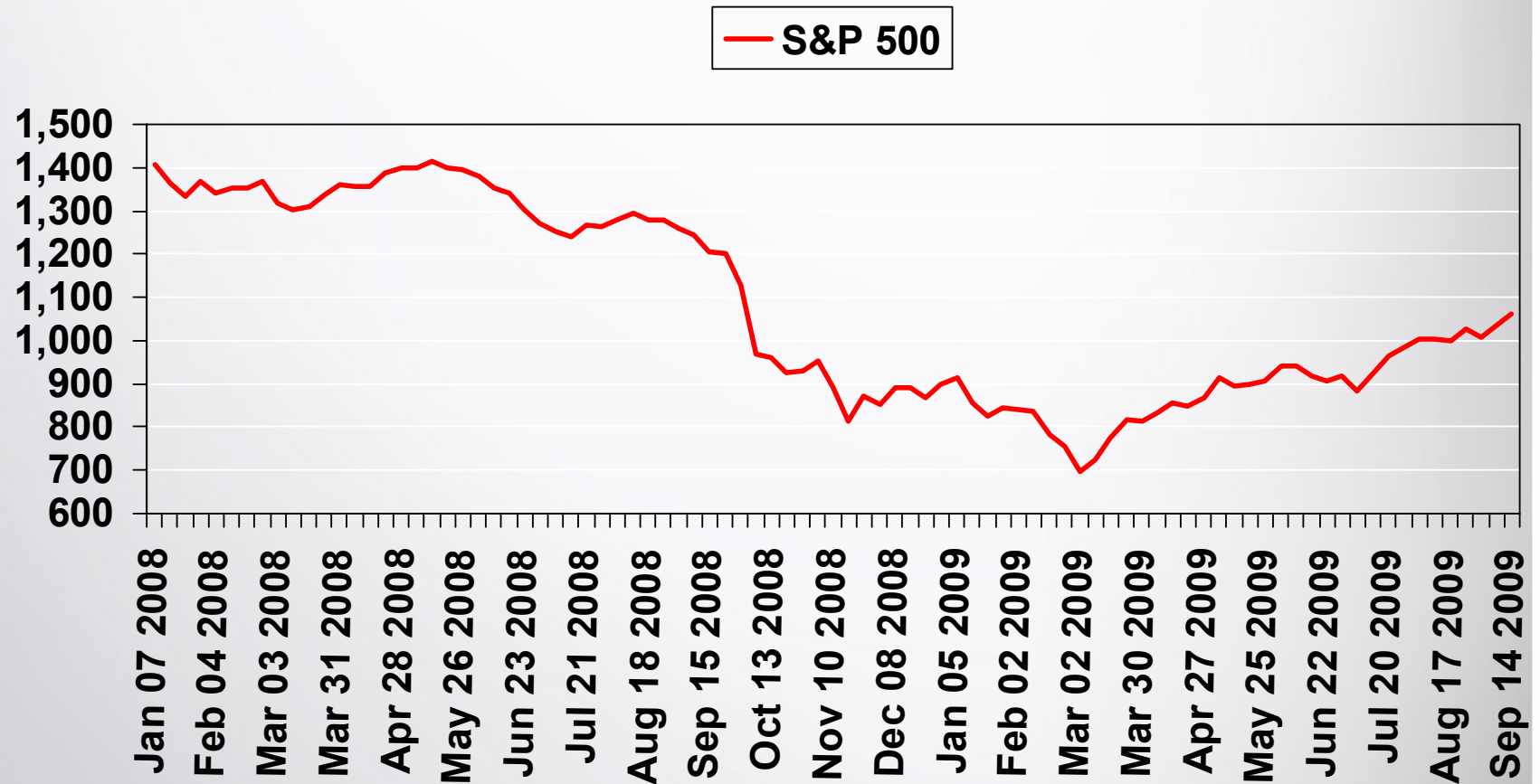


Banking system is stabilising



3-month LIBOR/3-month overnight index swap (OIS) spread, percentage points. **A higher spread denotes more market stress.** Sources: Haver Analytics; Economist Intelligence Unit.

Risk appetite recovers

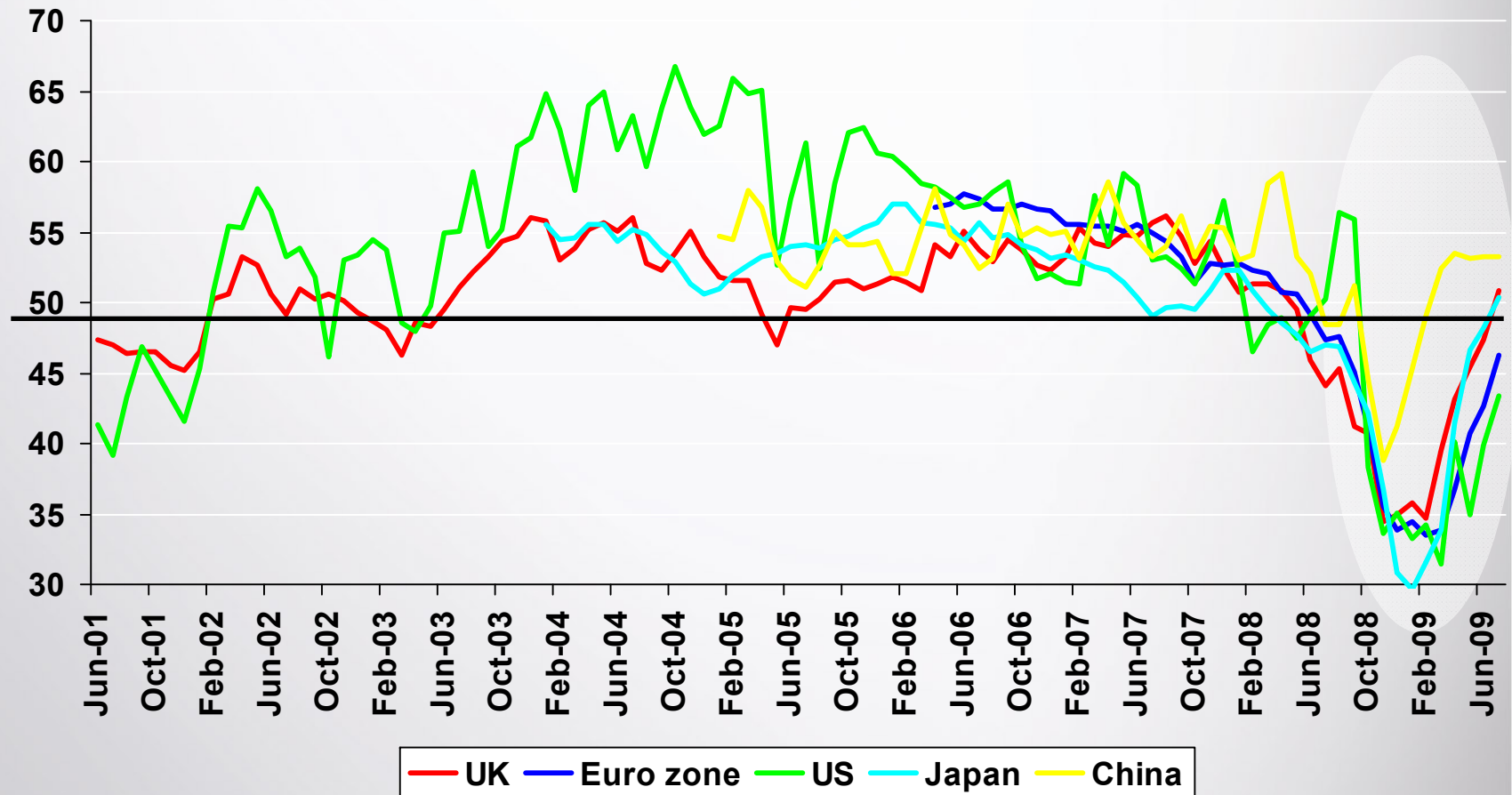


S&P 500 index, 1940-41 = 10.
Source: Haver Analytics

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Industrial production rebounds



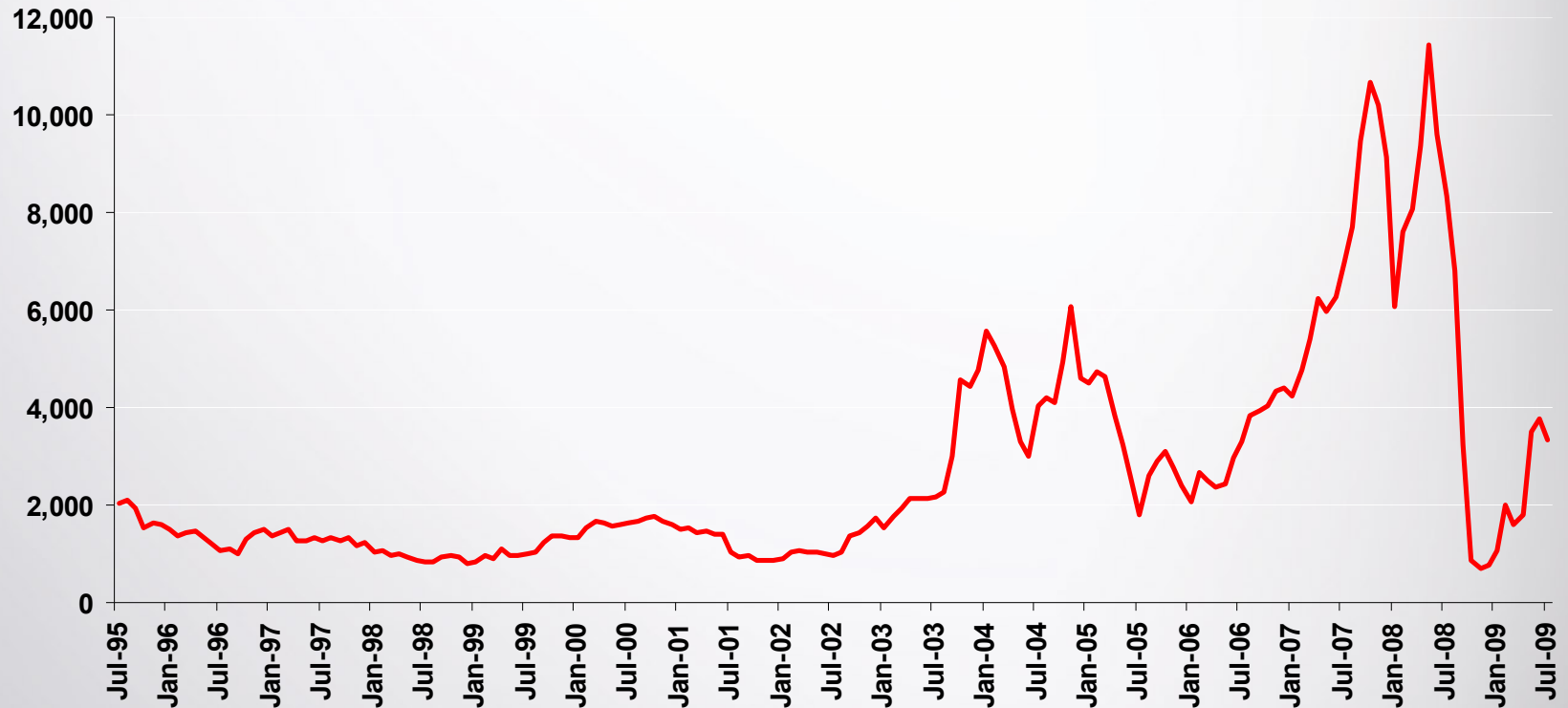
Purchasing managers index. For US, Chicago PMI (mid-West measure).

50 indicates breakeven; a reading above 50 suggests expansion. Manufacturing. Source: Bloomberg.

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Global trade strengthens

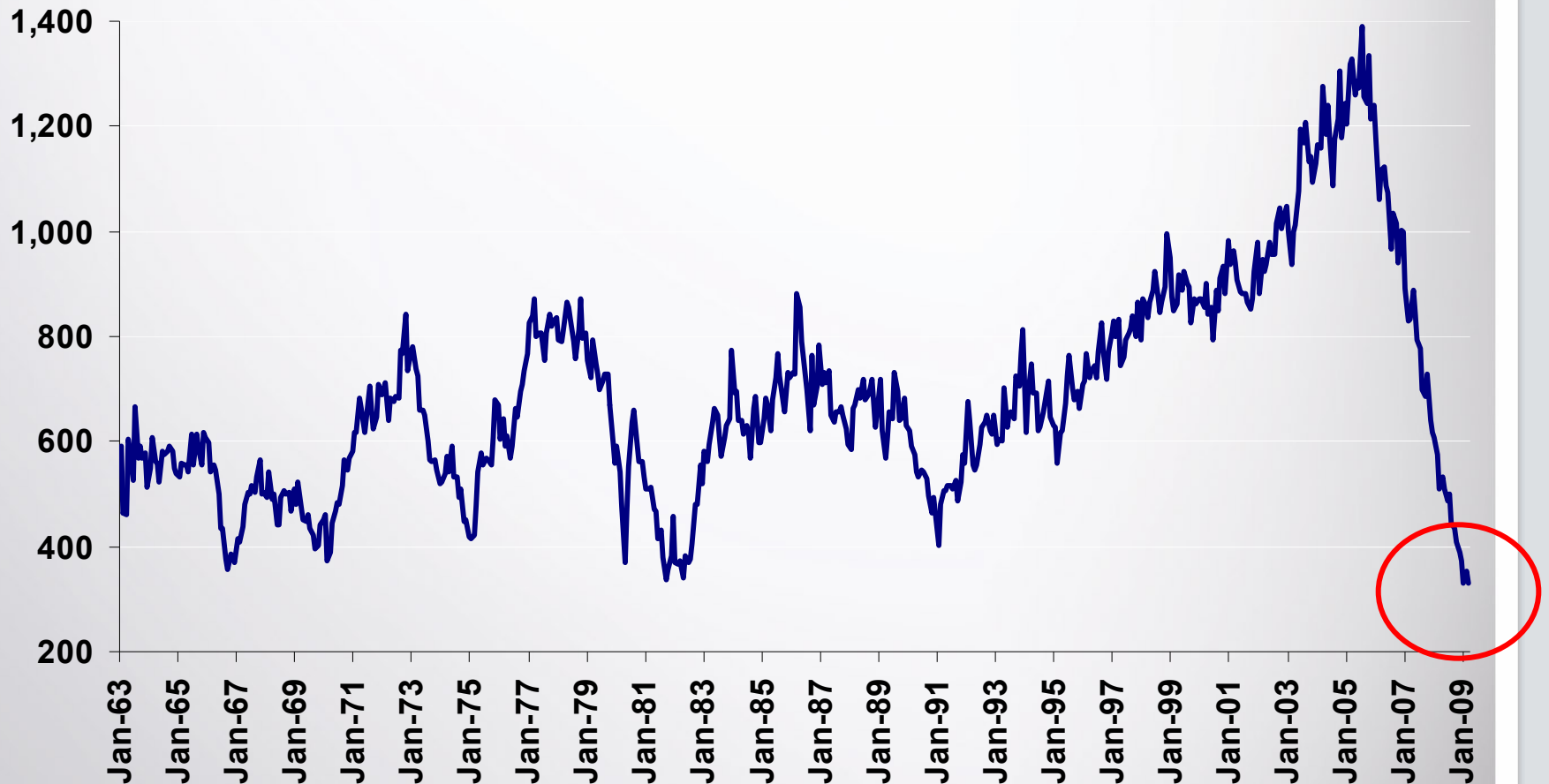


Baltic Dry Index. Measures prices for moving raw Materials, such as iron ore and grains, by sea.
Source: Bloomberg.

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Signs that US housing market is stabilising?

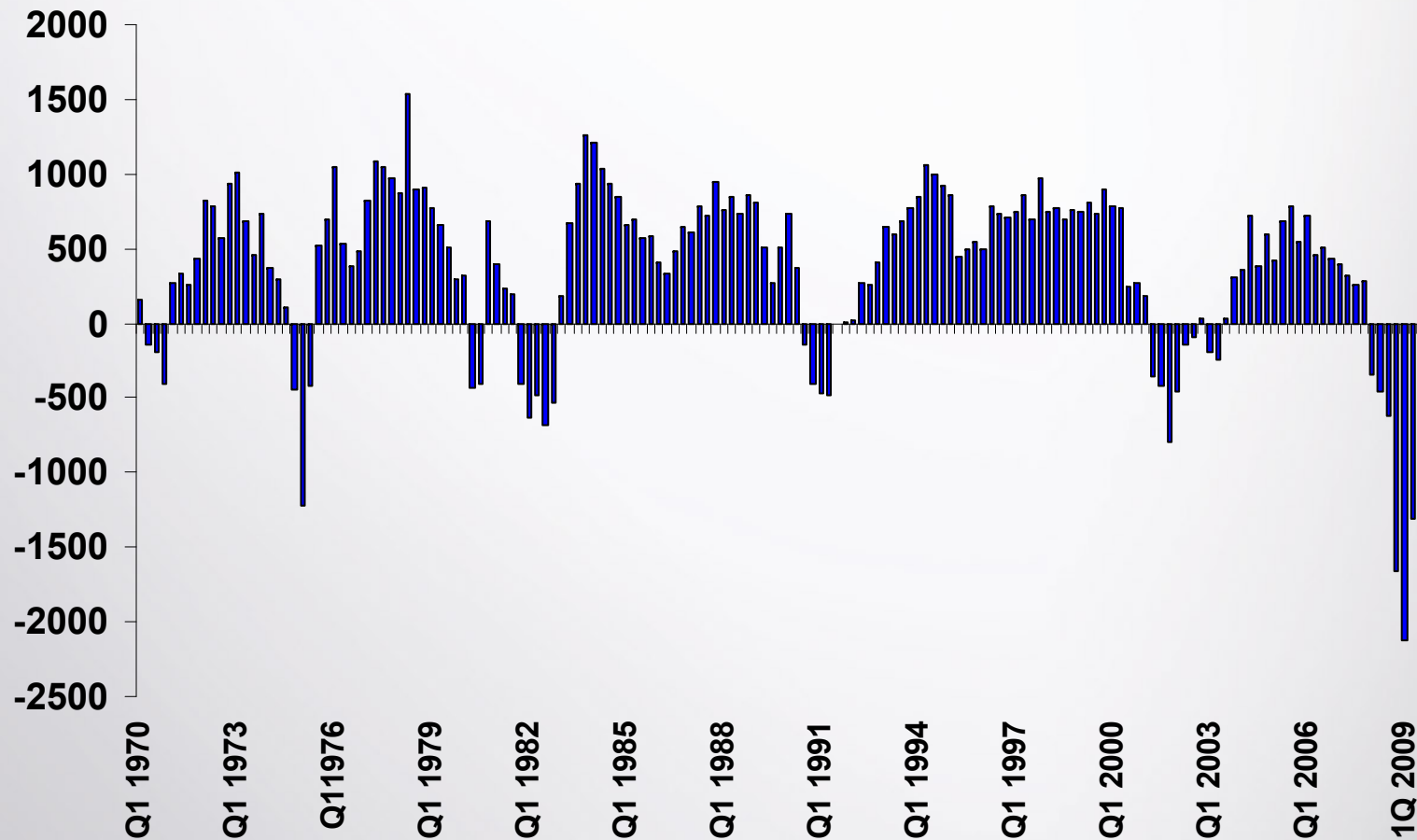


US single family new home sales; SA at annual rate; '000 units.
Source: Bureau of the Census.

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US still shedding jobs but at a slower rate



Quarterly non-farm payrolls, change in '000
Source: Bureau of Labour Statistics.

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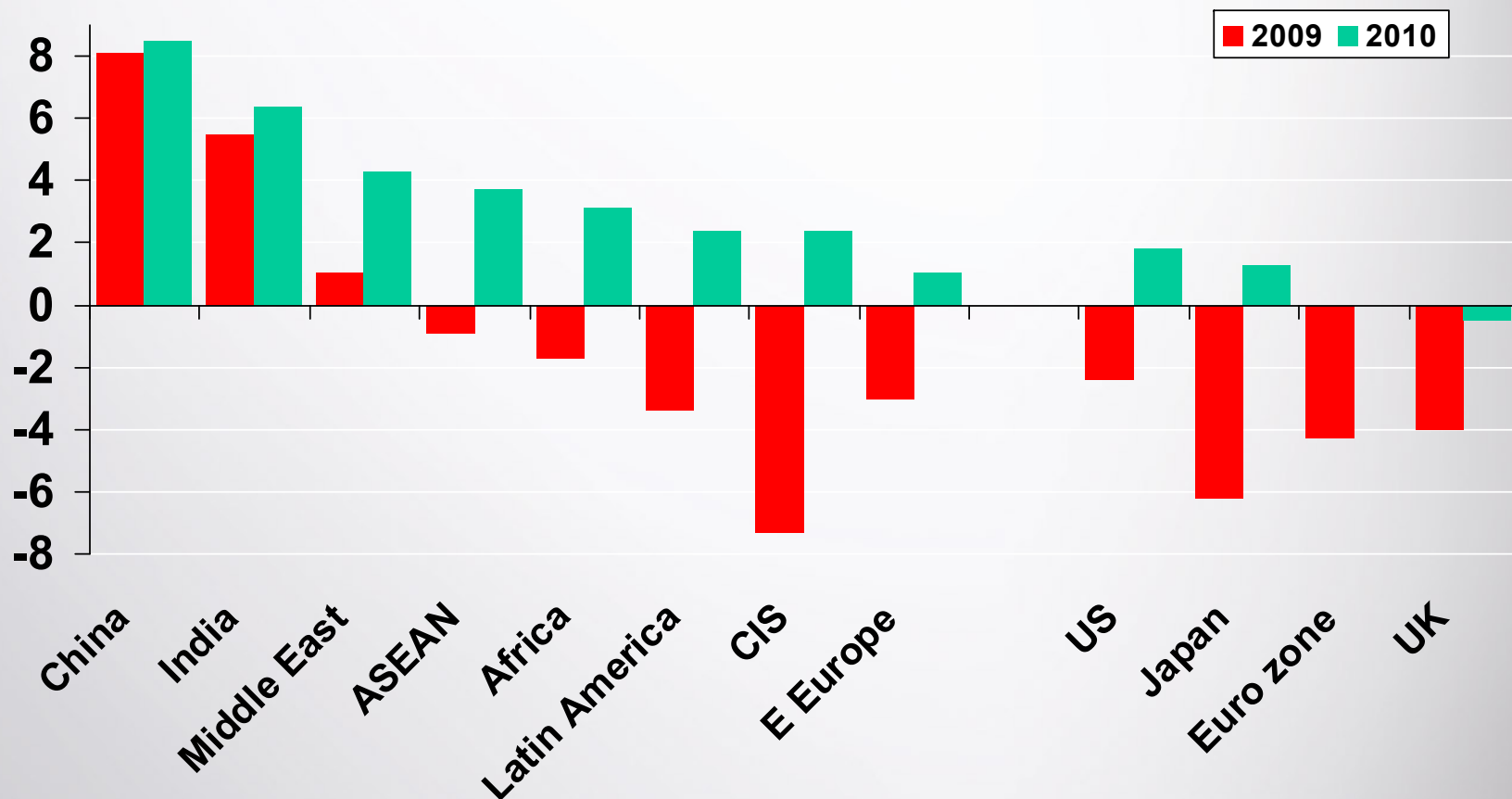
So far, so good

» Policy is working

- Armageddon averted
 - Collapse of global financial system
 - Global depression

» China and other large EMs performing well

Short-term: Where's the growth?



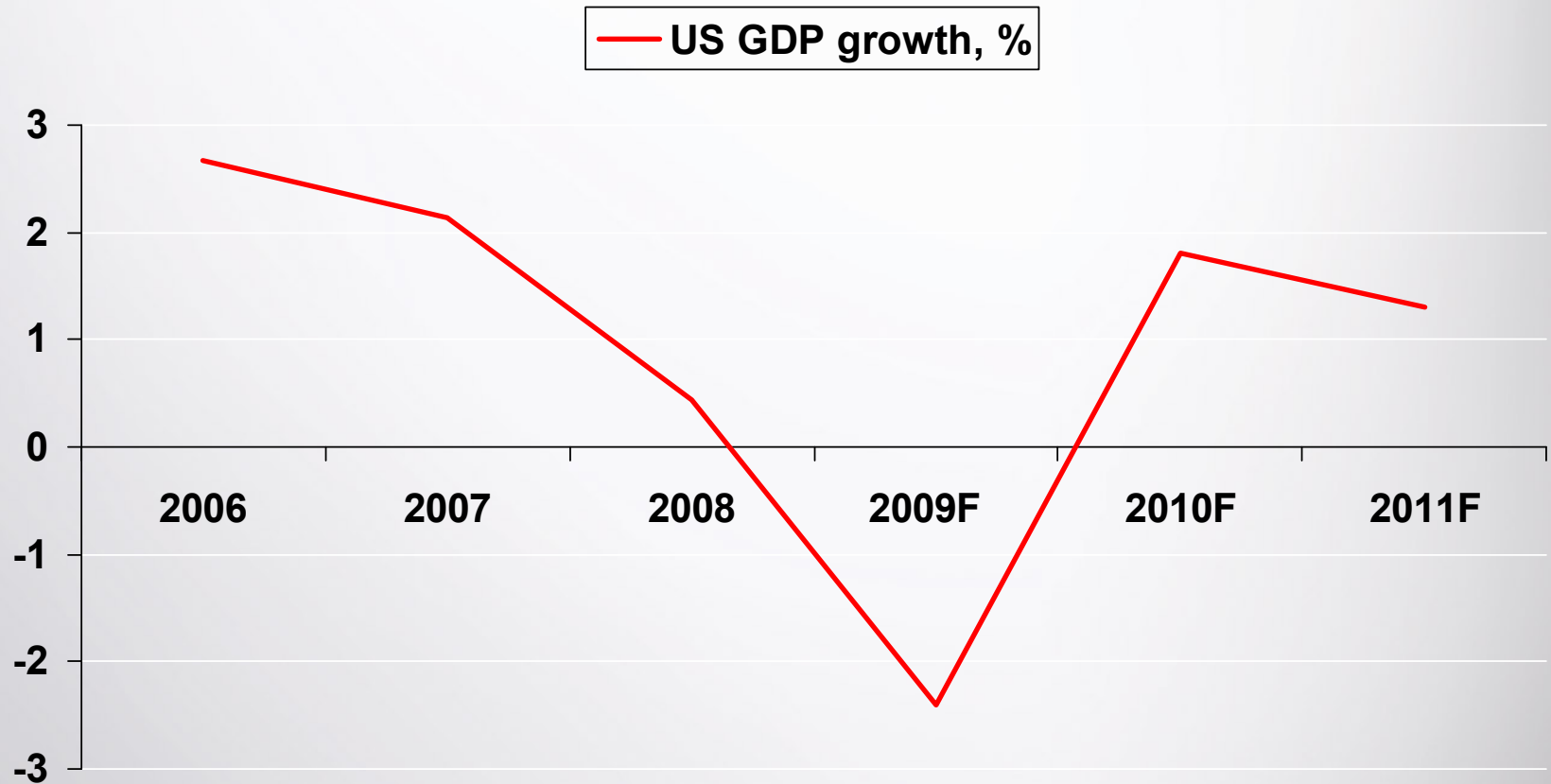
Real GDP growth; % change, year on year. ASEAN=Association of South East Asian Nations. CIS=Russia, Ukraine etc.

Source: Economist Intelligence Unit, *CountryData*.

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Muted US medium-term growth outlook



US real GDP growth; % change year on year.
Source: Economist Intelligence Unit, *Country Data*.

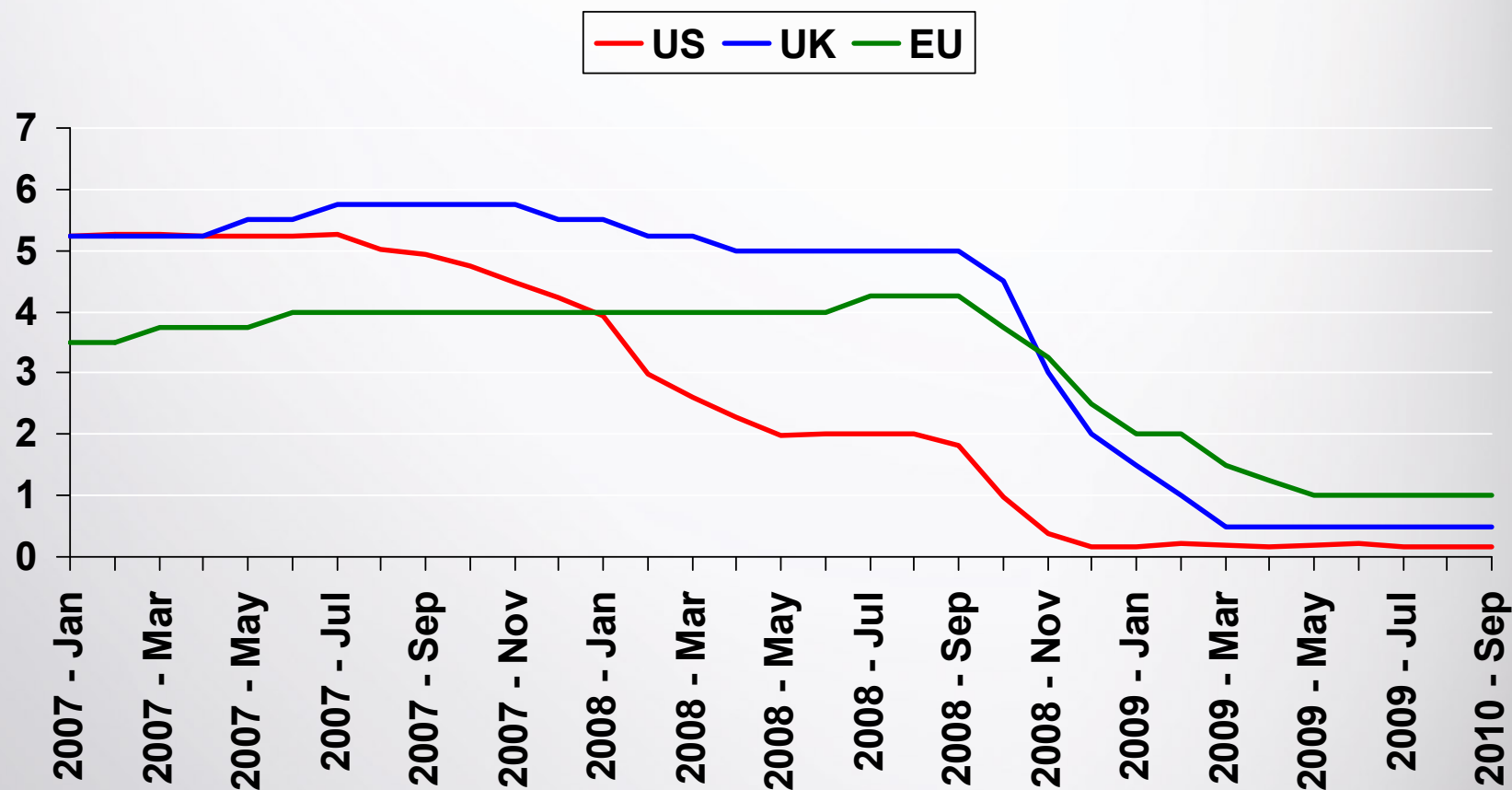
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But many uncertainties and risks

- » Exit strategies from stimulus
- » Large public debt burdens
- » Overindebted households
 - Deleveraging
 - Banks face further write-downs
- » Outlook for final demand
 - Once stocks rebuilt, will companies invest and hire ?
- » Inflation/Deflation
- » Protectionism

Policy rates at record lows



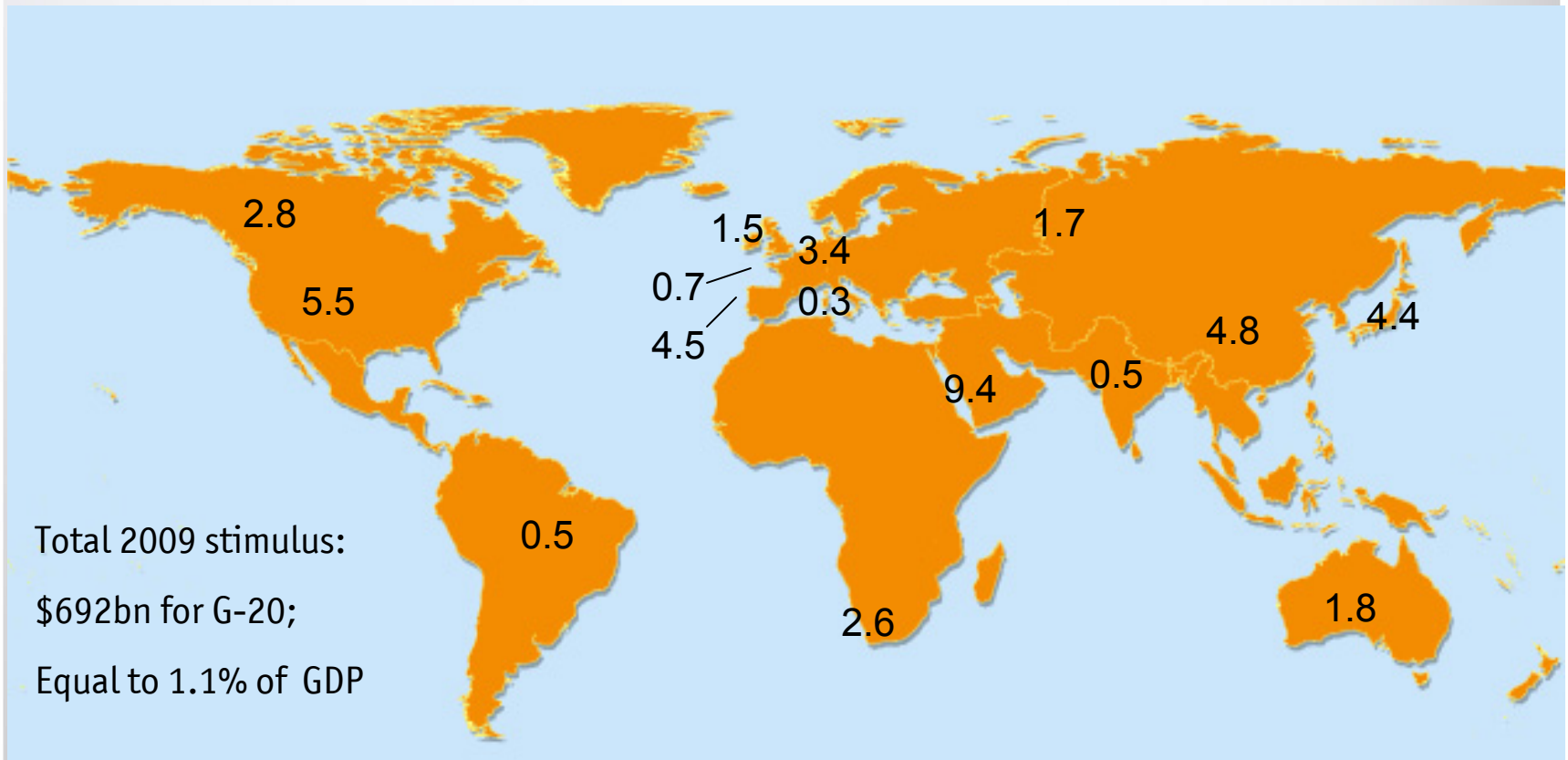
Annual interest rates; %.
Source: Haver Analytics.

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Government supports demand

Announced fiscal stimulus measures in major economies (% GDP)

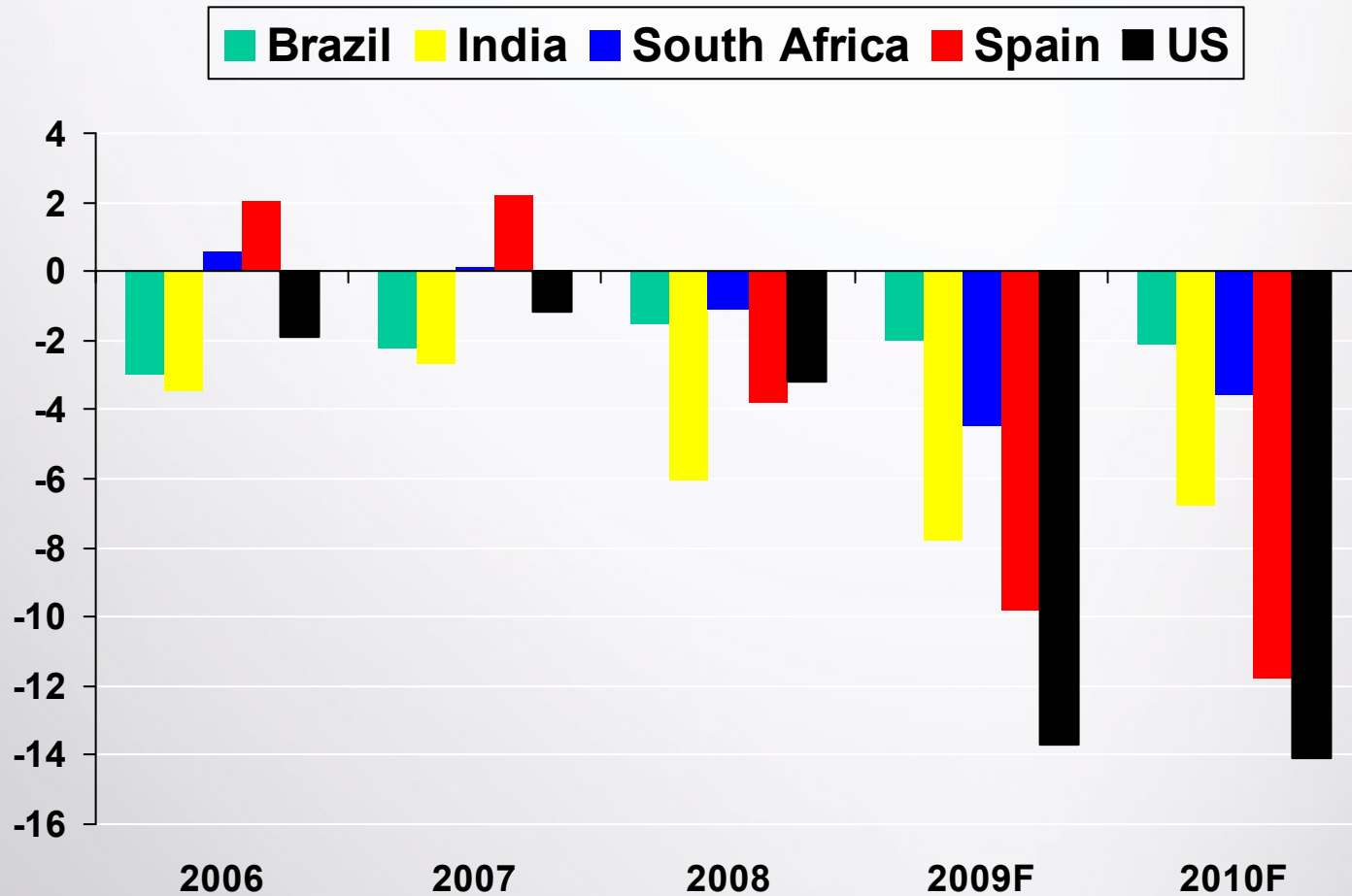


Source: IMF, Brookings Institution, EIU

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Fiscal deficits opening up



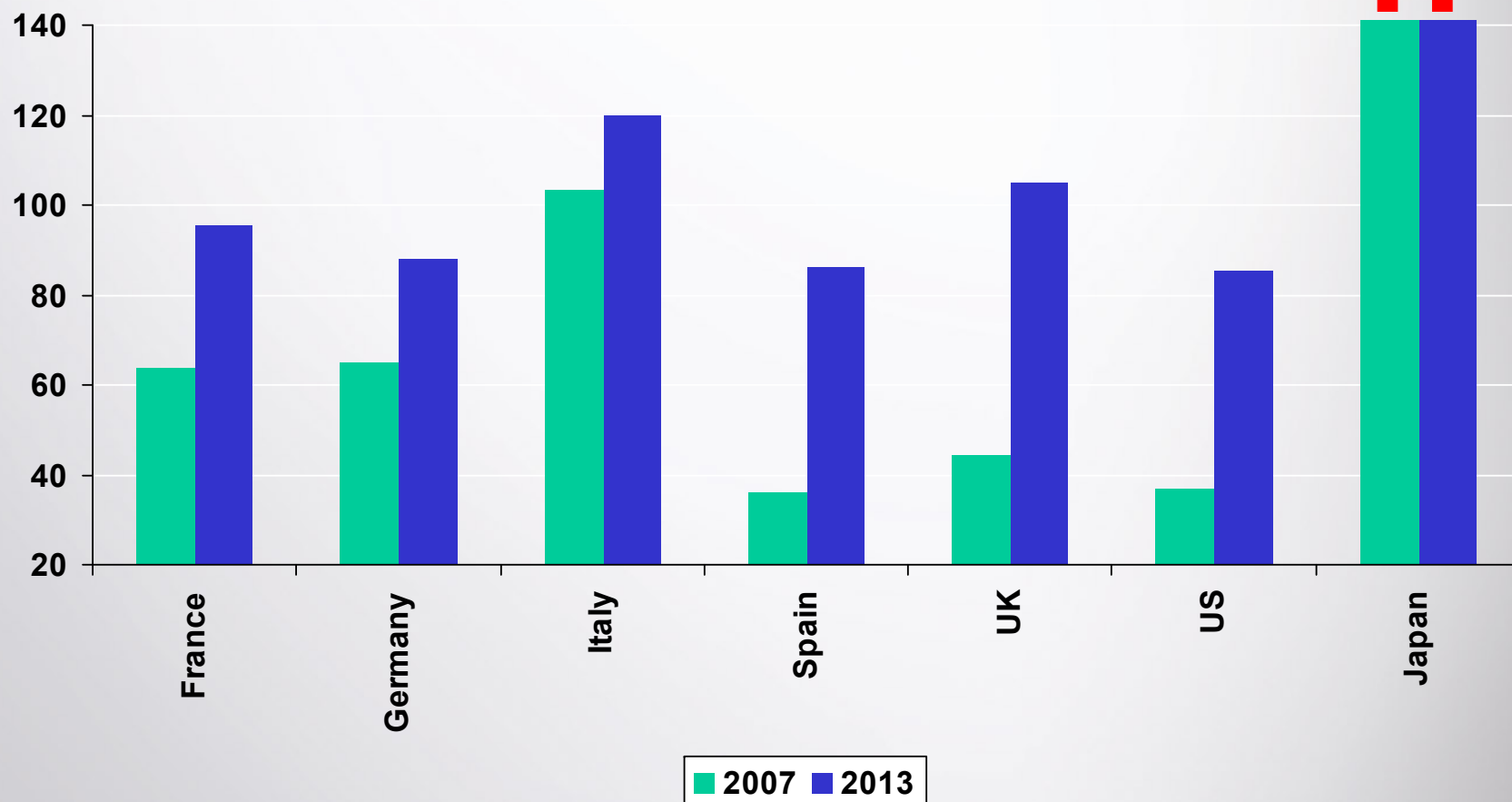
Fiscal balance/GDP, %.

Source: Economist Intelligence Unit, CountryData.

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Rising public debt burdens

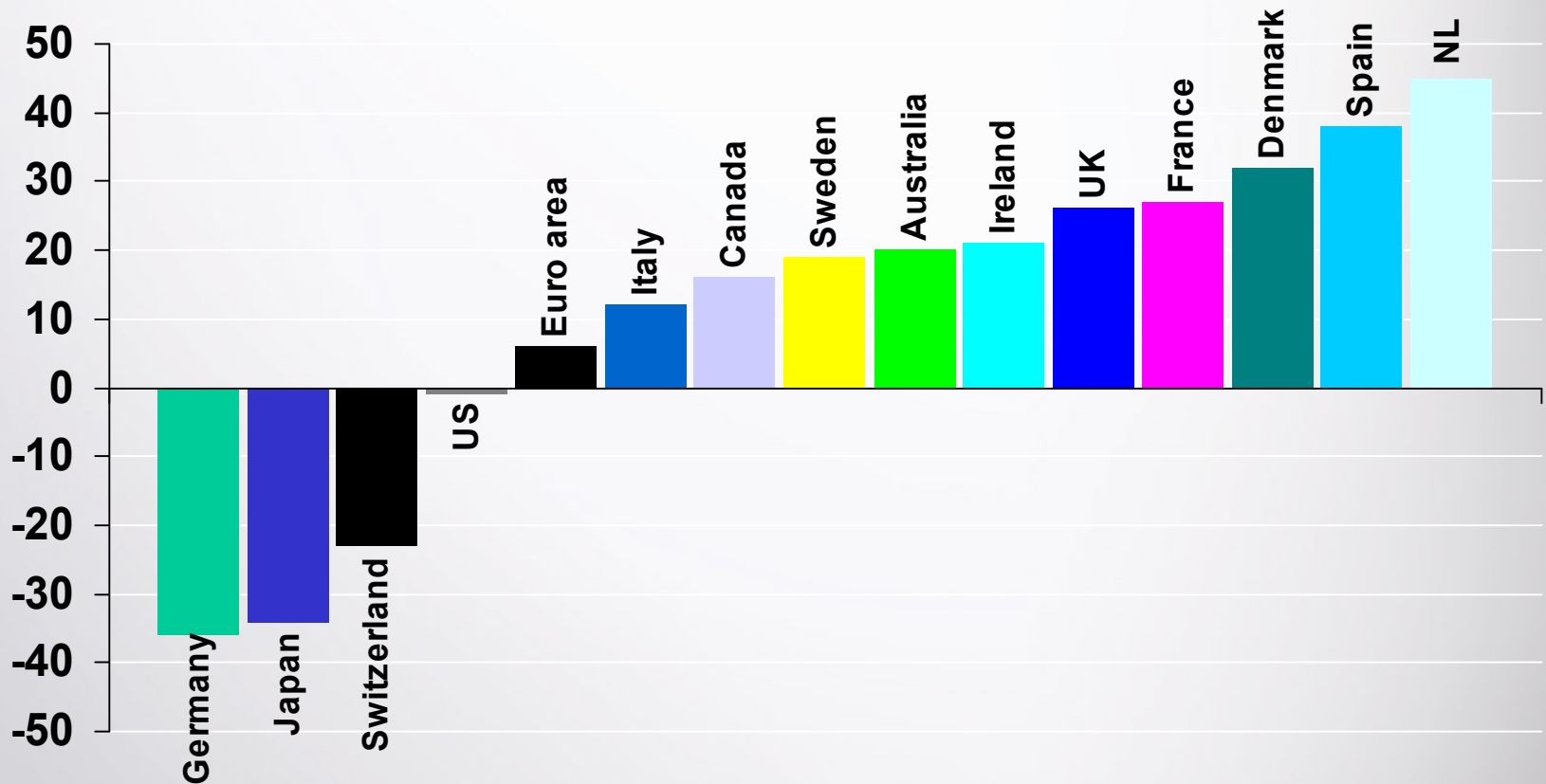


Gross public debt stock as a % of GDP; end-period.
Source: Economist Intelligence Unit, Country Data.

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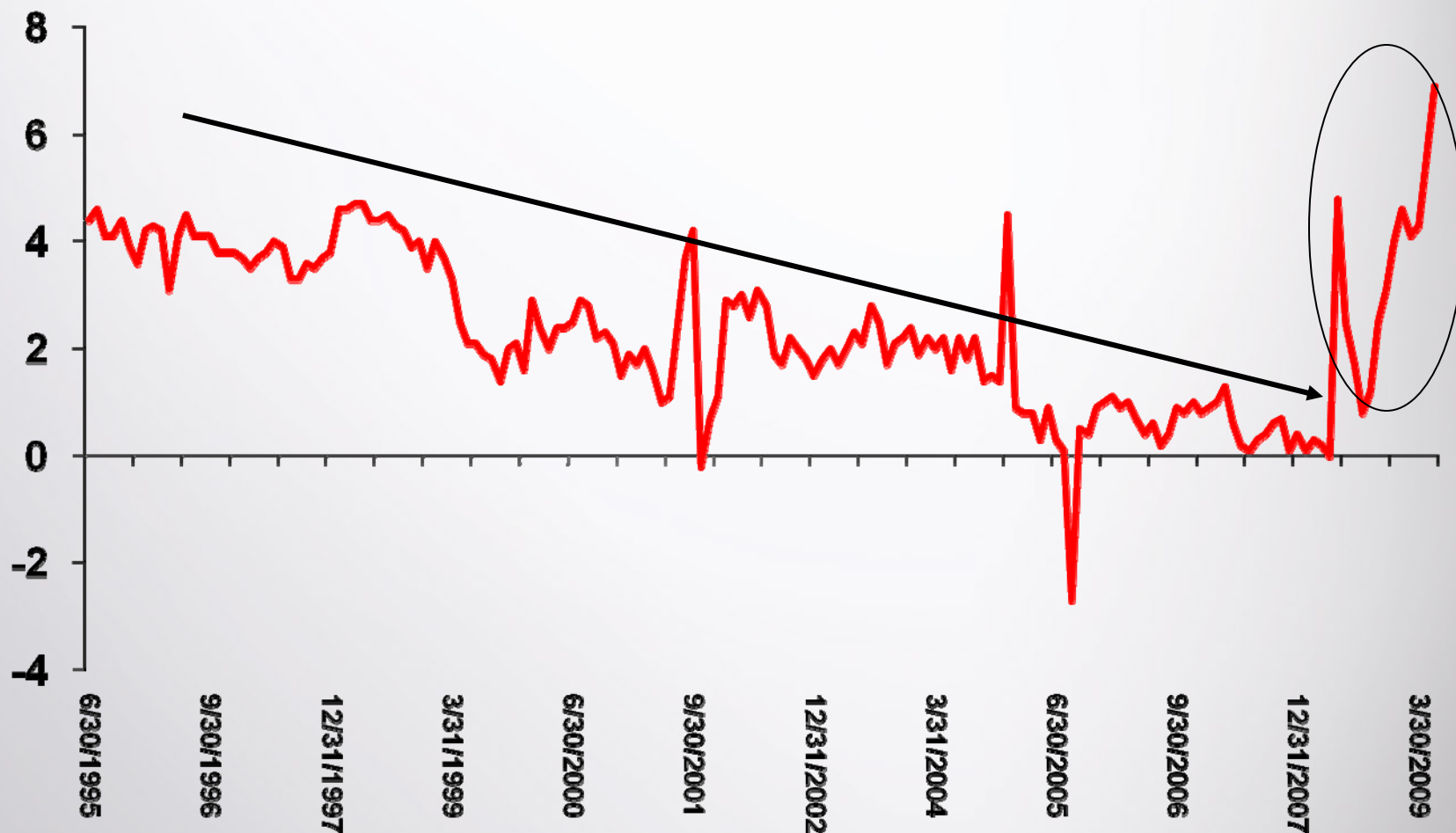
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House price corrections



Real house price level relative to long-term av.
price-to-income ratio, %.
Source: OECD.

Balance sheets: US saving rate rises



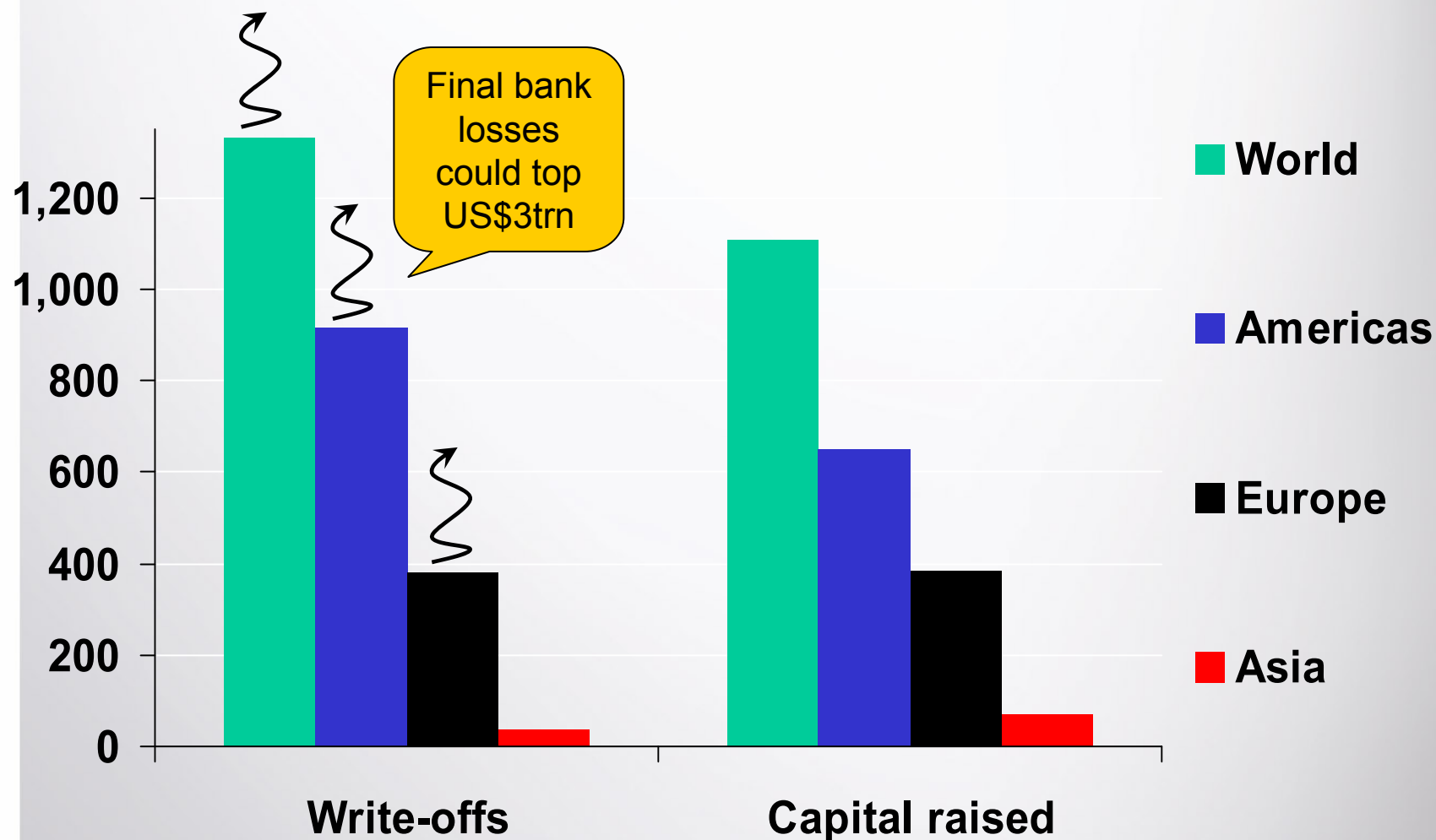
Personal disposable income less personal spending; %

Source: Bureau of Economic Analysis

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Banks face more write-offs

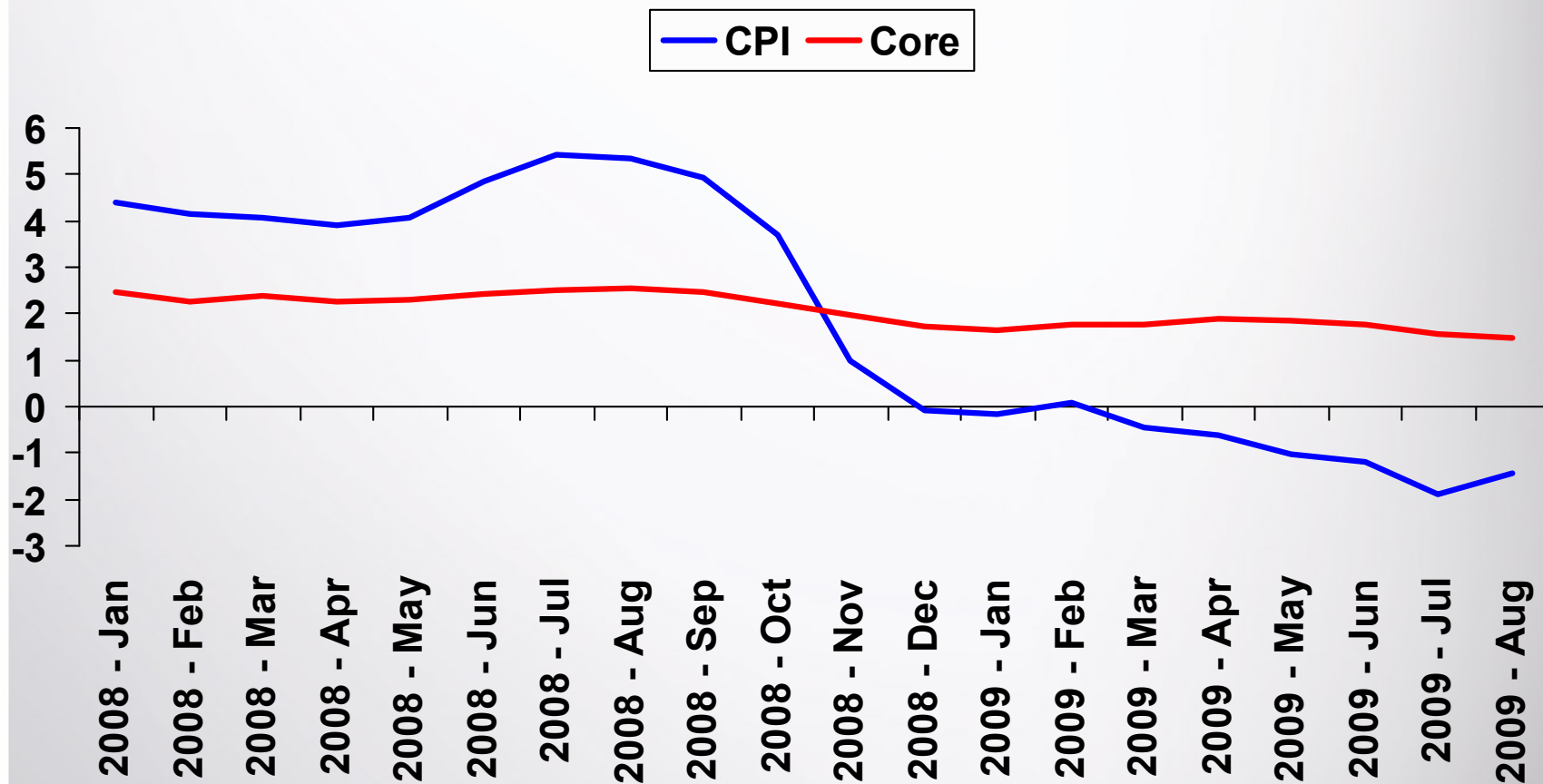


Cost of the credit crunch so far for the banks; US\$ bn.

As of late-April 2009.

Source: Bloomberg.

Inflation or deflation?

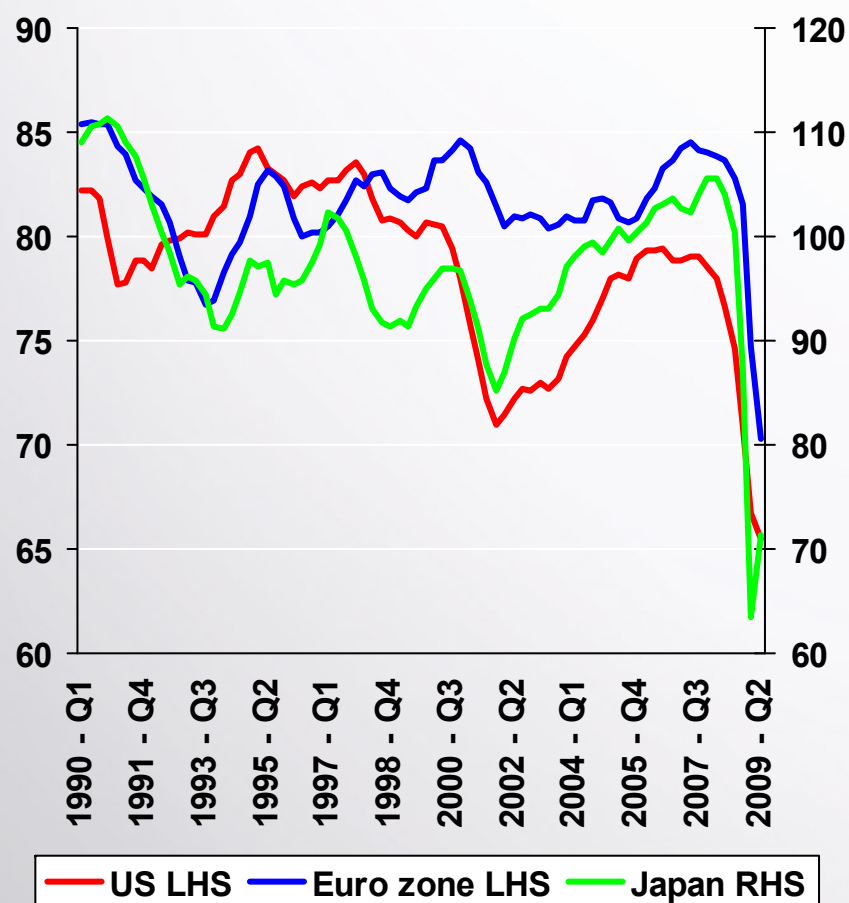


Annual US consumer price inflation, %.
Source: Haver Analytics.

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Strong deflationary pressures



- » Capacity utilisation still low
- » Even with recovery, capacity scrapping will be needed
- » Banks are still hoarding cash
- » So, major rise in inflationary pressure less likely

Capacity utilisation, manufacturing. US and EZ, %.
Japan, 2000=100.
Source: Haver Analytics.

Protectionism gaining ground



- » Governments' actions have not matched rhetoric
- » G20 members regularly breaking "no protectionism" pledge
- » New US tariff on imported Chinese tyres
- » Financial protectionism

But....

- » Disputes still low in a historical comparison

Question and answer session

More Information?

Data and analysis from today's presentation were taken from the Economist Intelligence Unit's country analysis and forecasting services. For more information on these services and other EIU capabilities, including risk assessment, industry trends, and economic data, please [click here](https://countryanalysis.eiu.com).

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Have a question for our country analysts or industry specialists? Please contact:

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Thank you