



Critical Issues Forum 2 – Geopolitics and Markets

Presentation

Climbing the mother of all walls – stay positive

Presenter

Jonathan Pain, Editor, The Pain Report (Sydney)

A Journey from West to East

- The tectonic plates of the global economic landscape
- Identify the key factors and forces
- Beware the prism through which you view the world and be aware...



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The Reality Check 10% versus 90%

- USA, UK, Spain, Italy, Greece, Ireland, Portugal, Japan, Cyprus
- China, India, Indonesia, Brazil, Nigeria, Bangladesh, Russia, Mexico, Philippines, Vietnam, Ethiopia, Turkey, Thailand, South Africa, Myanmar, Malaysia, Ghana, Mozambique, Taiwan, Australia, Cambodia, Zambia, Singapore



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Central banks of the world unite

- Will do whatever it takes
- The rubber meets the road as monetary policy gains traction
- $MV=PT$
- Global financial system (ex Europe) is strong
- The WFC not the GFC



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USA

- 3% in 2013
- Housing recovers-1% plus impact on GDP
- Energy independence?
- Business confidence and capital spending
- What a relief it is for me to say this!



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Japan

- The bold and the beautiful
- The biggest monetary experiment in history
- For the times they are a-changing



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Chongqing Chongqing It's up to you ~~New York, New York~~

- Over 3 billion consumers in Asia
- China new frontier-its own backyard
- High speed rail



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Rise of Asian middle classes

- Chinese and Indian consumers will be spending nearly \$10 trillion by 2020*
- More than three times the amount today
- Most significant economic phenomenon of our lifetime

*Source: 'The \$10 Trillion Prize', Silverstein, Singhi, Liao, Michael, The Boston Consulting Group



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A maturing giant

- 10% average annual growth since 1978
- 2001:1.3 trillion....2012:8.3 trillion
- A Greece every 4 months!
- Composition and quality of growth to change
- 8% growth in 2013



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This might surprise you

World GDP-average growth(%)

- | 1981-1990 | 1991-2000 | 2001-2010 | 2011-2020 |
|-----------|-----------|-----------|-----------|
| 3.3 | 3.3 | 3.5 | 4.2 |
-

Source: IMF, GS Global ECS Research



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The New Reality

- Nationality, colour and gender are becoming irrelevant as we become ideologically more united and better educated.
- The digital age gives us a greater degree of transparency and connectivity.
- The decades ahead will see an era of prosperity, enlightenment and opportunity that very few are predicting.



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better quality
investor portfolios

21-22 May 2013