

Global Economics

What is driving emerging market growth?

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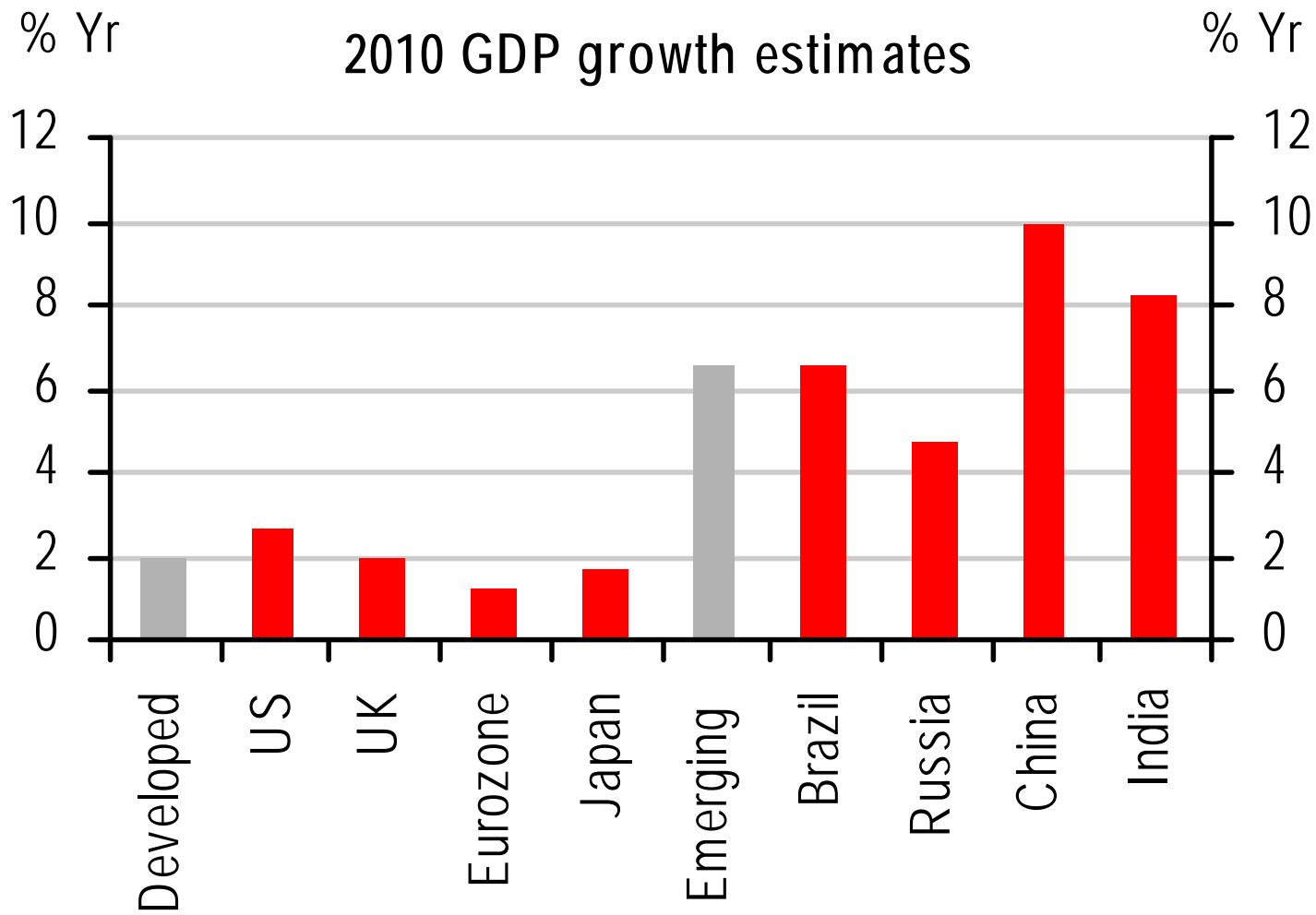
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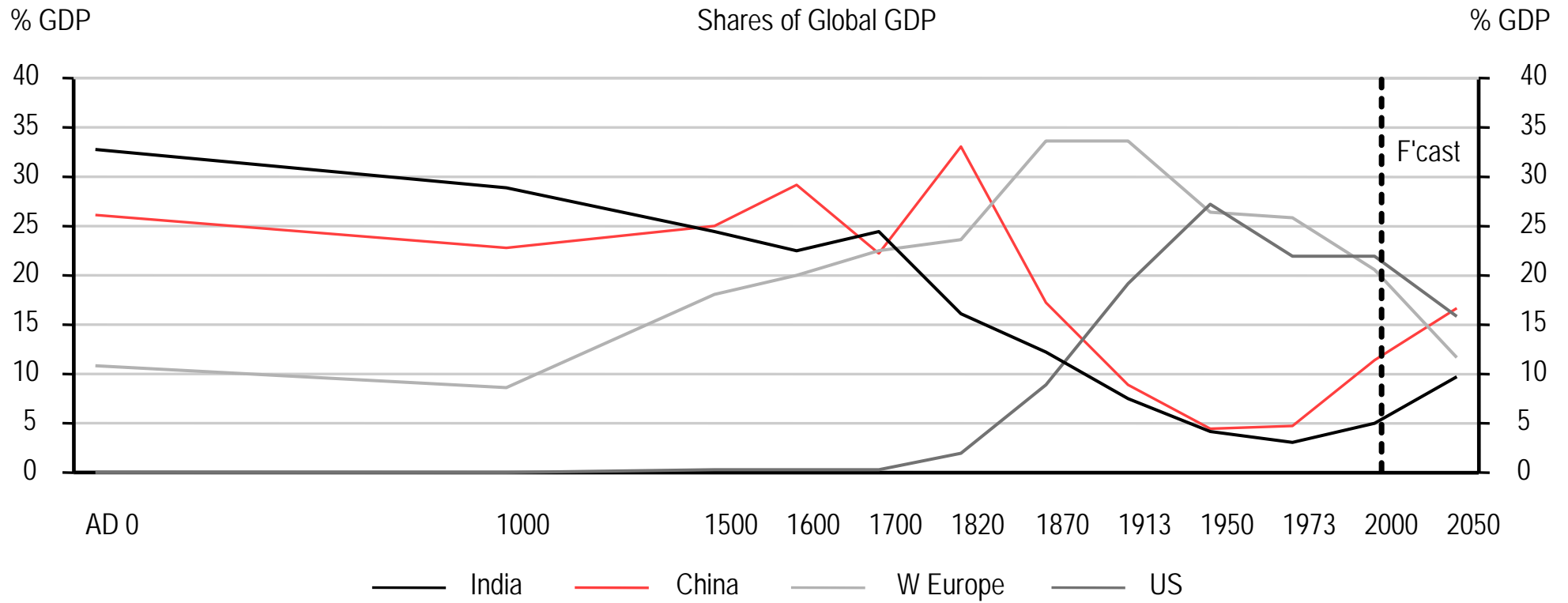
Summary

- Emerging markets share in global output will continue to grow
- Asia is becoming more self-sufficient and less reliant on developed world growth
- This growth is driven by three factors: demographics, technological progress and a globalisation of capital markets, and improvement in political stability

There is a huge divergence between our outlook for growth in developed and emerging markets

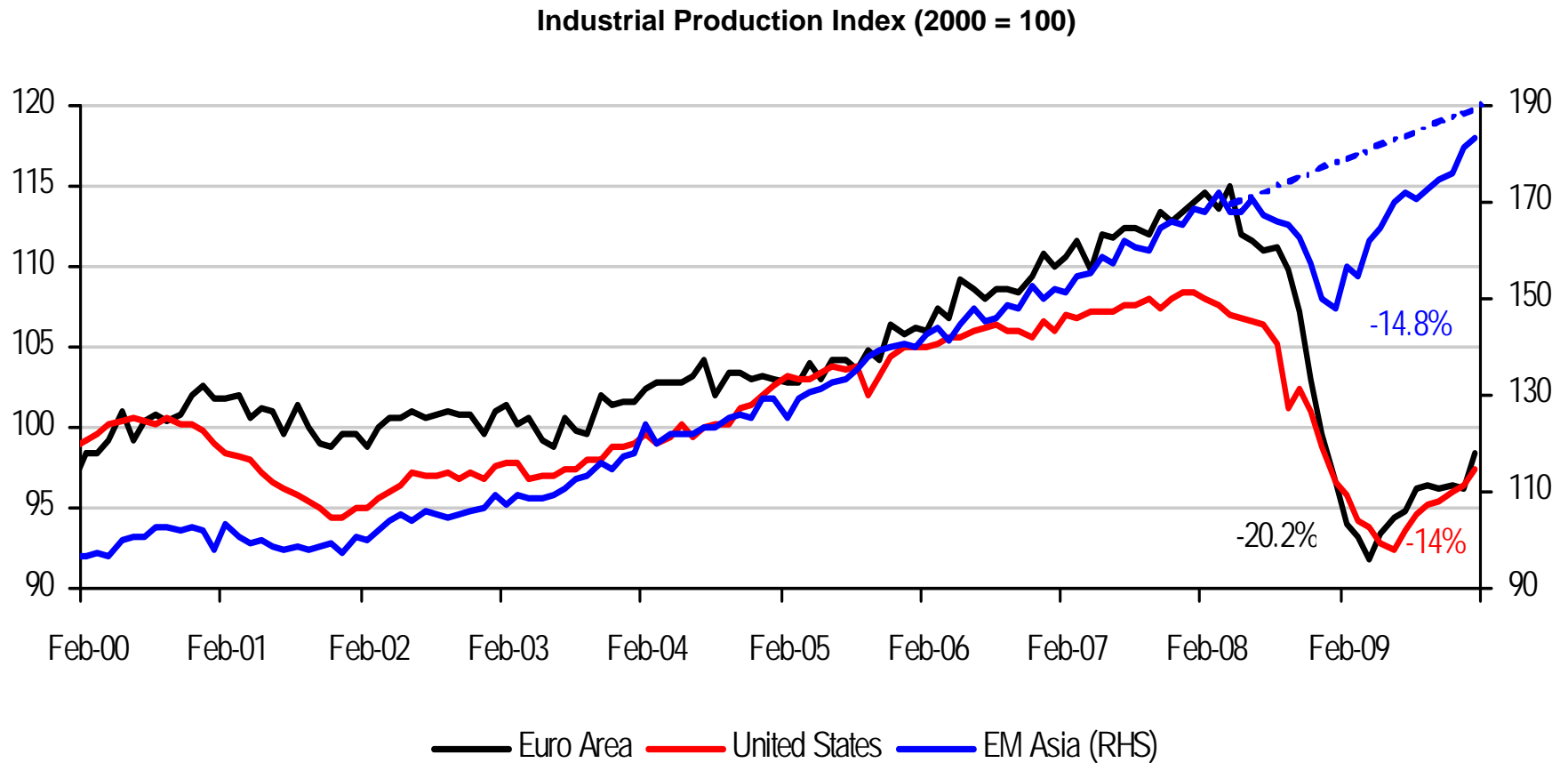


Over time Asia's share of global output would continue to grow



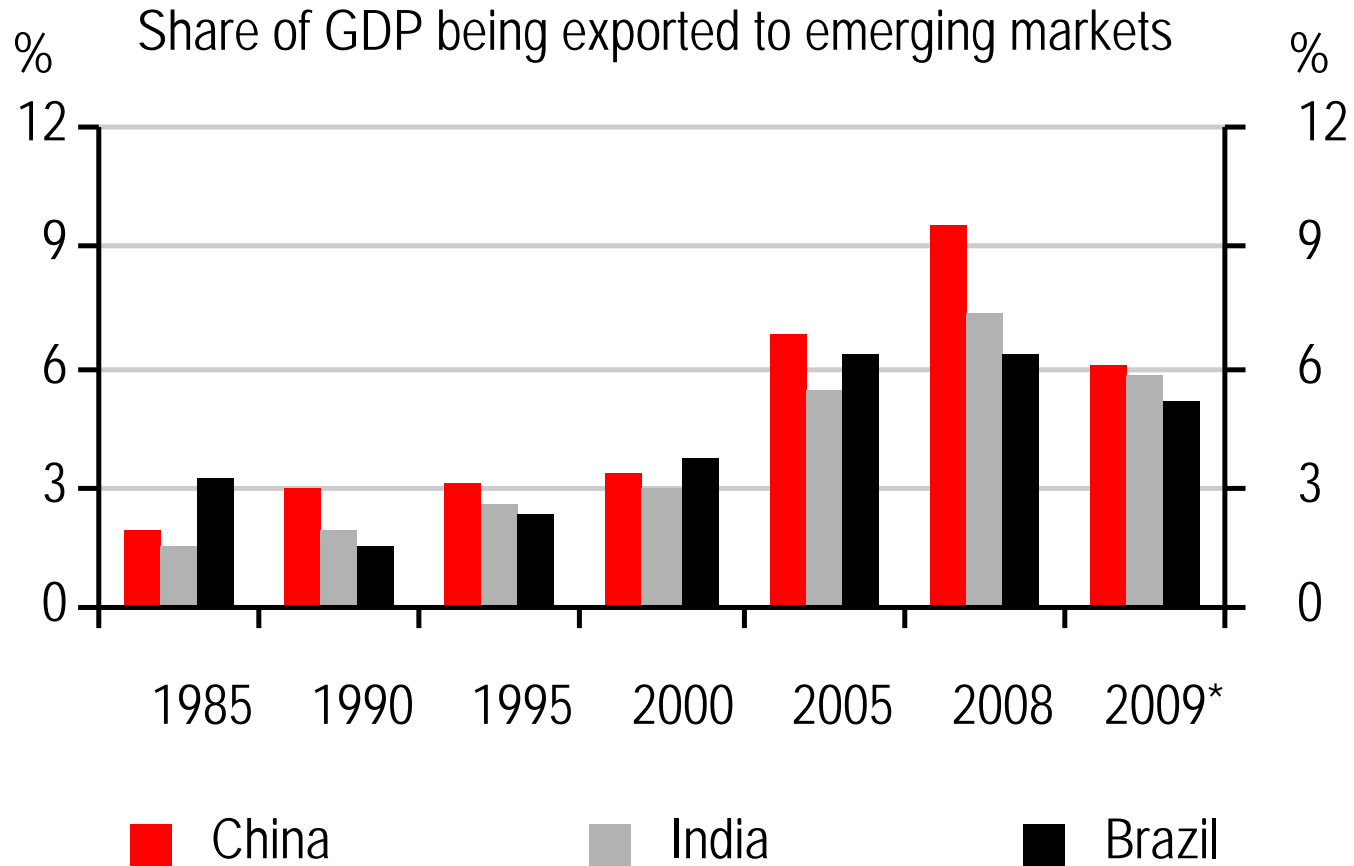
Source: HSBC, Angus Maddison, OECD

The level of activity in Asia is almost back to the previous level



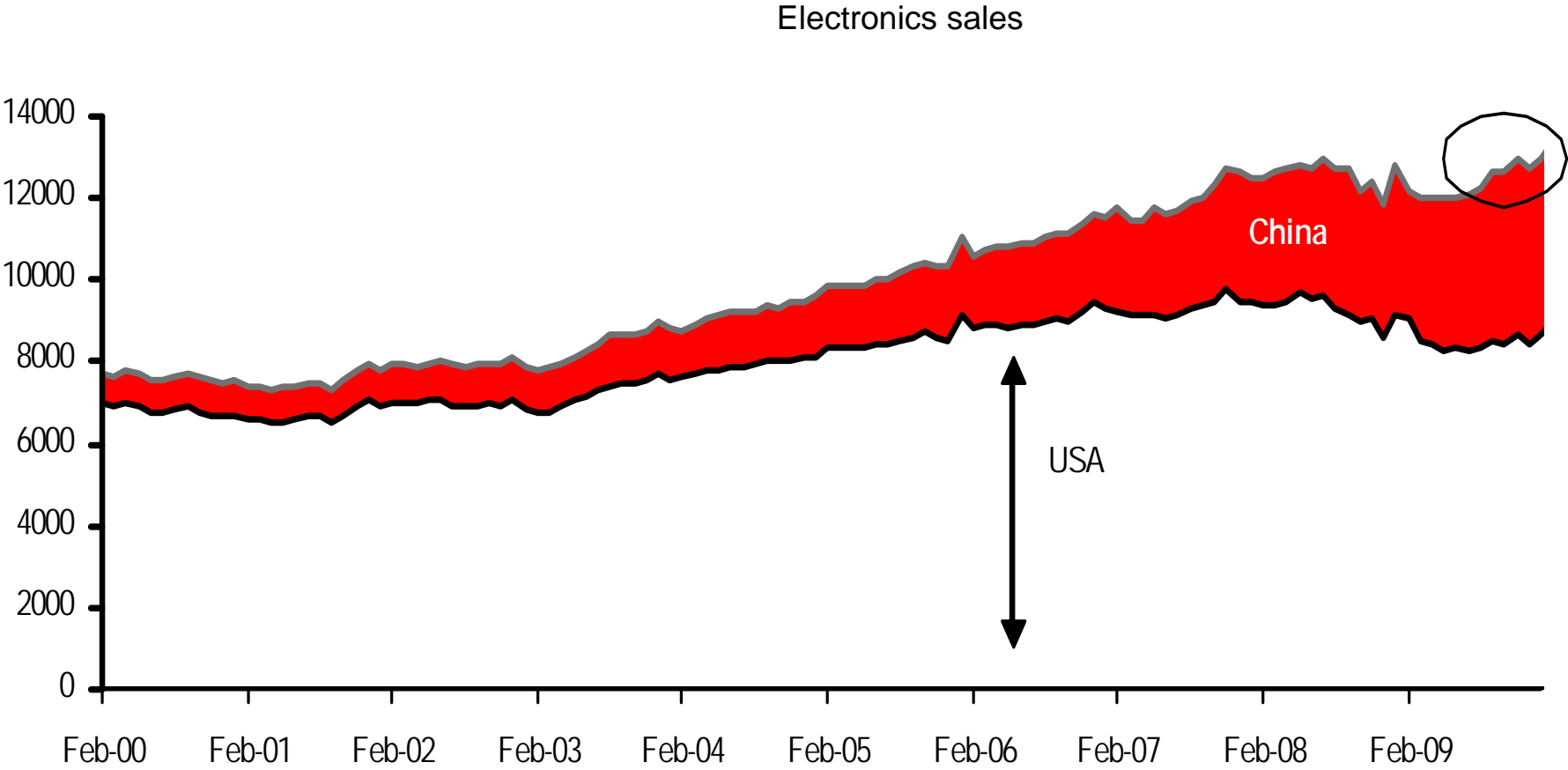
Source: CPB, HSBC

The emerging markets are trading much more with each other



Note: *Data for Jan-Oct 2009. IMF nominal GDP estimates used for 2009.
Source: IMF Direction of Trade Statistics.

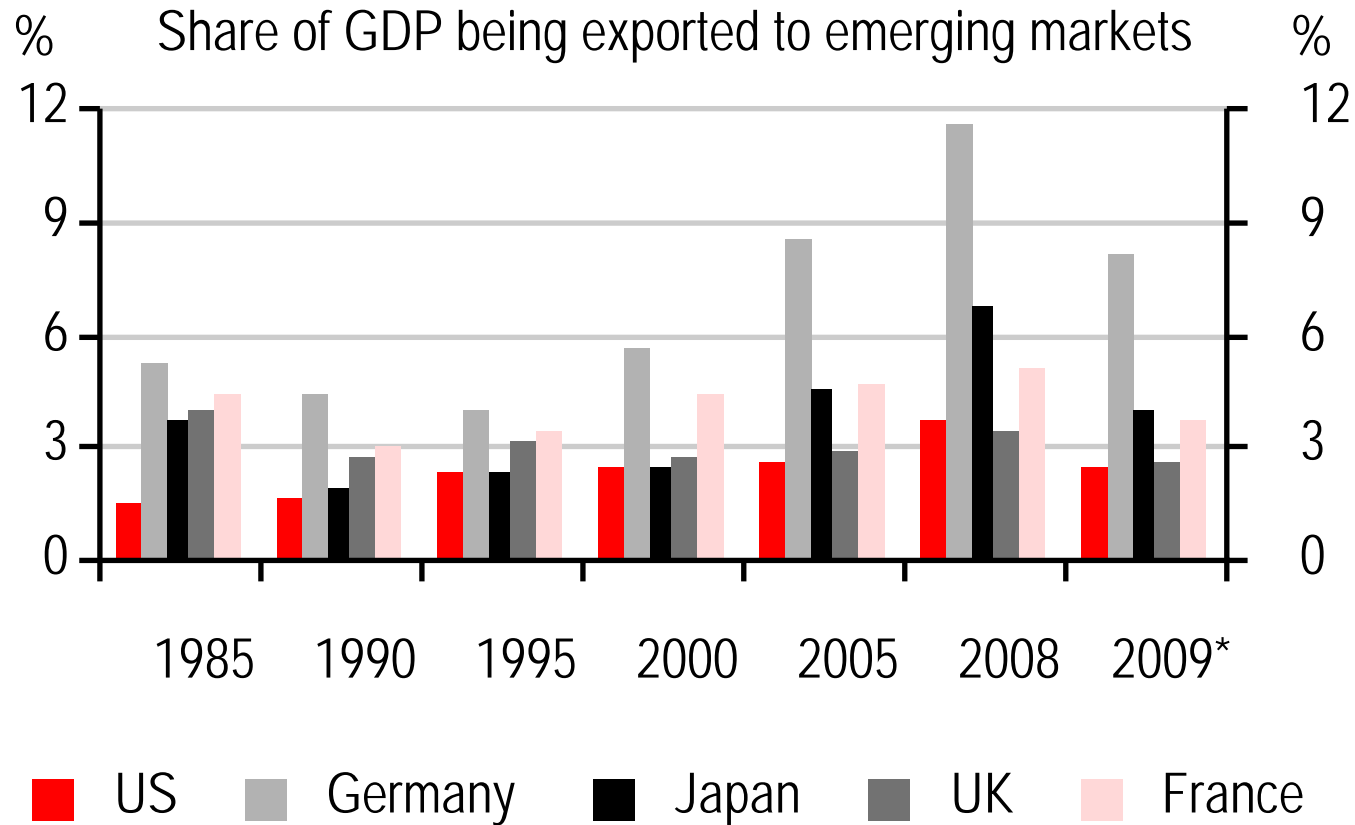
And increasingly the Chinese consumer is becoming the engine of global growth



Source: CEIC, HSBC

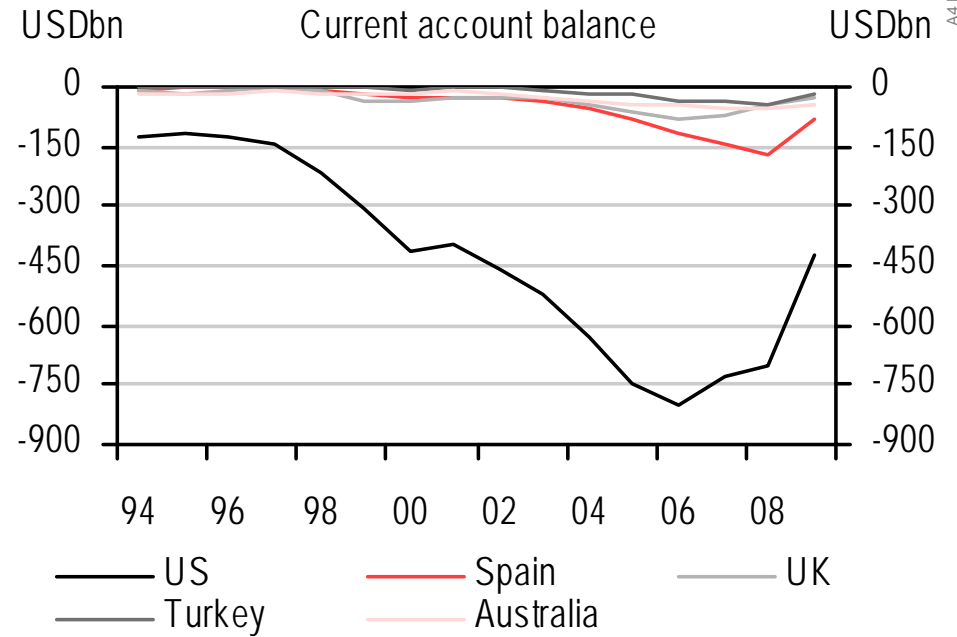
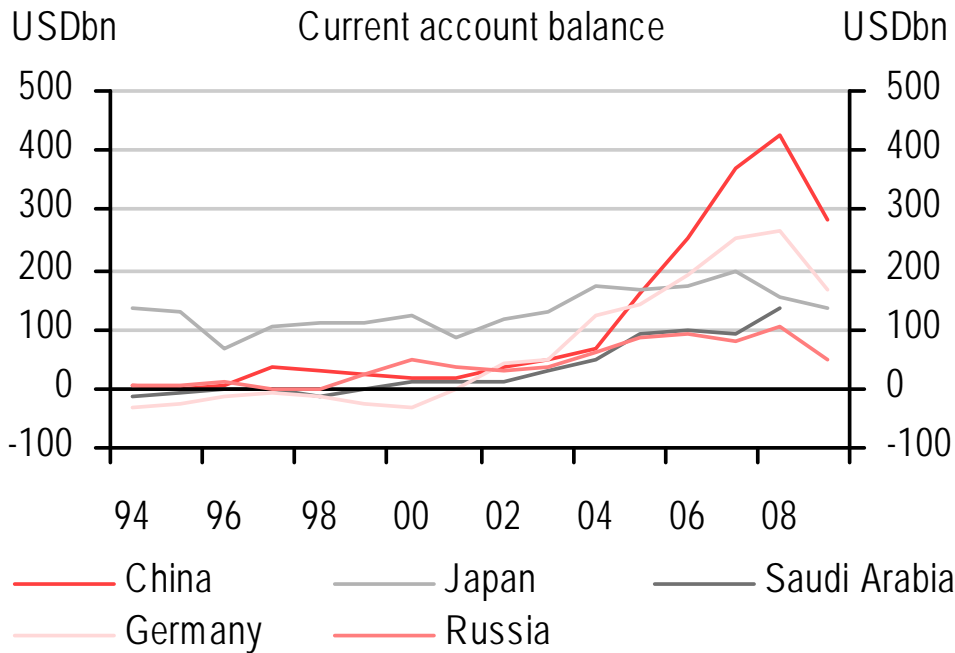


Now the developed world is hoping to export to the EM consumer...



Note: *Data for Jan-Oct 2009. IMF nominal GDP estimates used for 2009.
Source: IMF Direction of Trade Statistics.

...in order to remove global imbalances

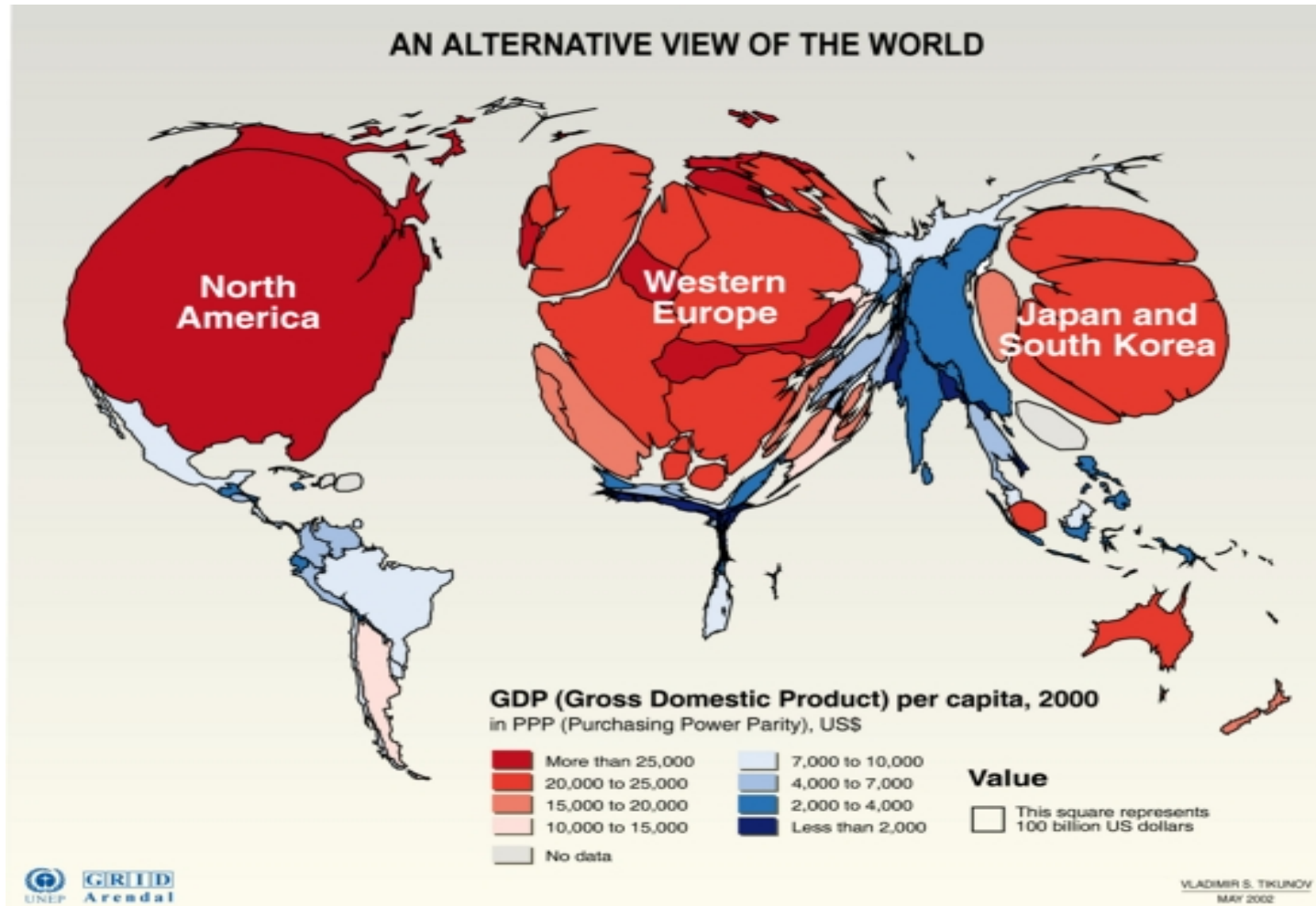


Note: *Data for Jan-Oct 2009. IMF nominal GDP estimates used for 2009.
Source: IMF Direction of Trade Statistics.

What is *driving* emerging market growth?

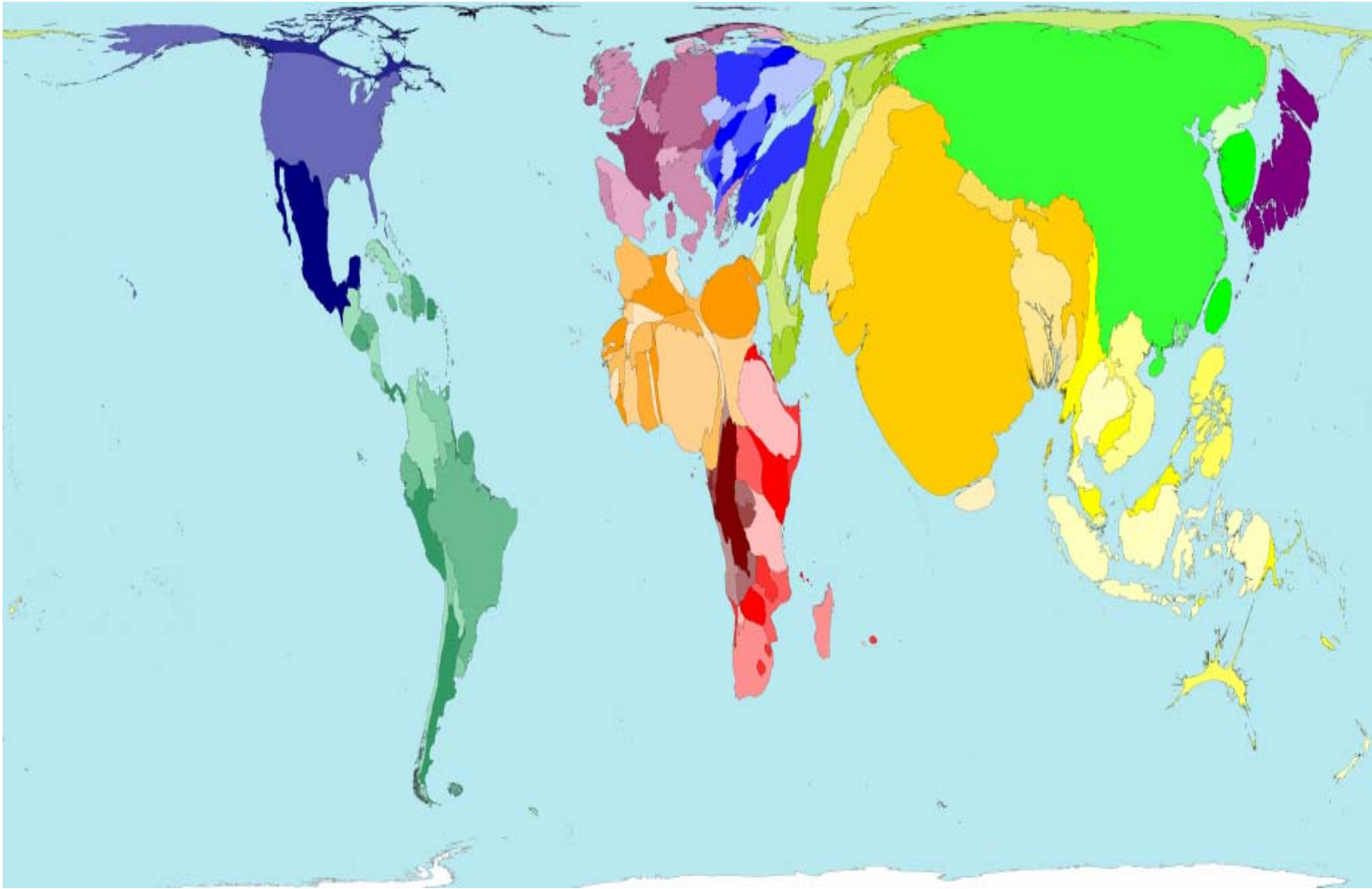
- Demographics
- Technological progress and the globalisation of capital markets
- Political stability

This is how the world looks when land mass is weighted by GDP per capita



Source: Google Images

And this is how it looks when weighted by population



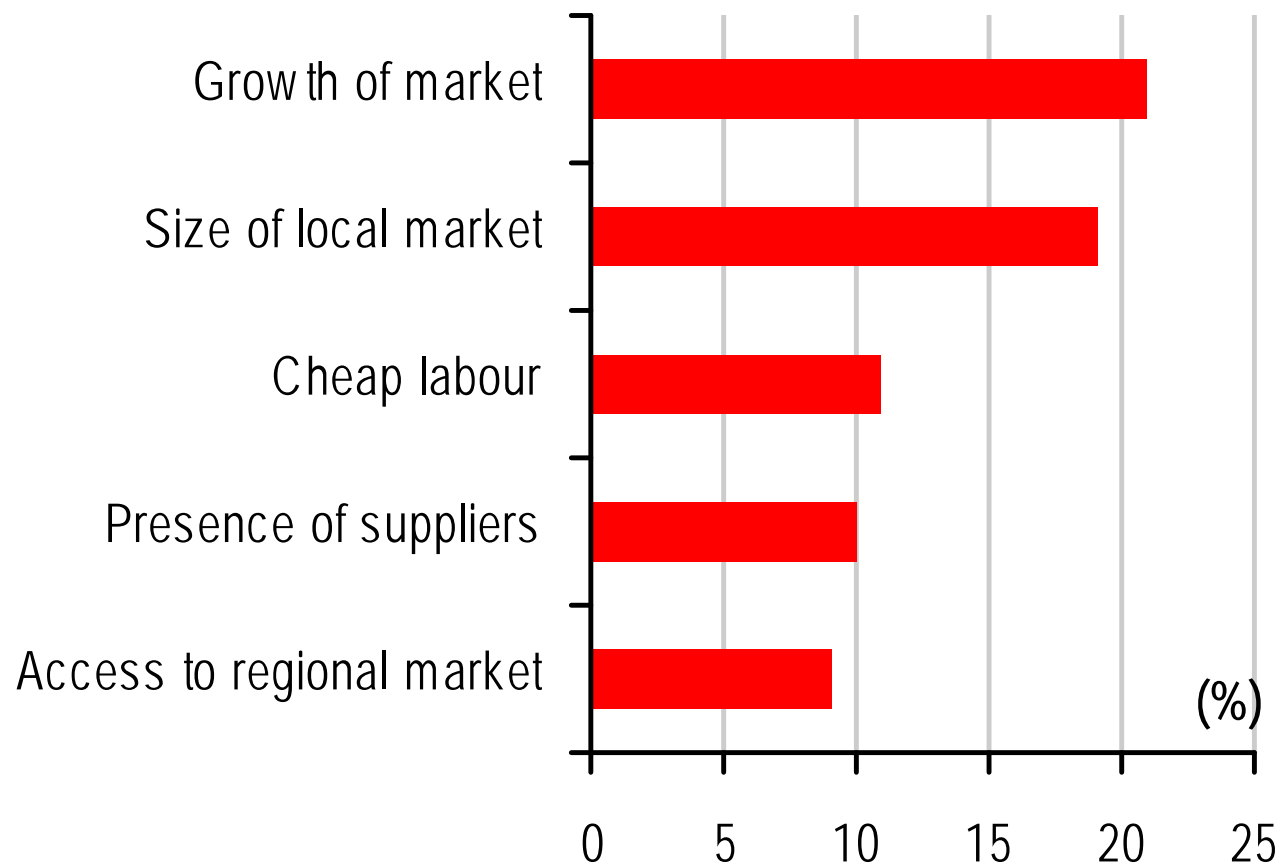
Source: Google Images



Everywhere, population growth is slowing. But it remains stronger in the emerging world

Average population growth	1960-80	1980-2000	2000-2020	2020-2040
More developed regions	0.91%	0.52%	0.31%	0.05%
Less developed regions	2.96%	2.33%	1.51%	0.87%
Least developed countries	3.21%	3.34%	2.83%	1.98%

Business survey: what are the key reasons for doing business in China?



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