

The Global Economy in 2023 and Beyond

Special Webcast
Tuesday, December 6th, 2022



Questions we will be exploring today

- Is the global economy on the verge of recession?
- What are near- and long-term growth projections for key economies?
- What factors are impacting 2023 growth prospects in the US, Europe, Asia, and China?
- What are the upside and downside risks to economic growth?
- What does all this mean for business?



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Panelists



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Poll 1

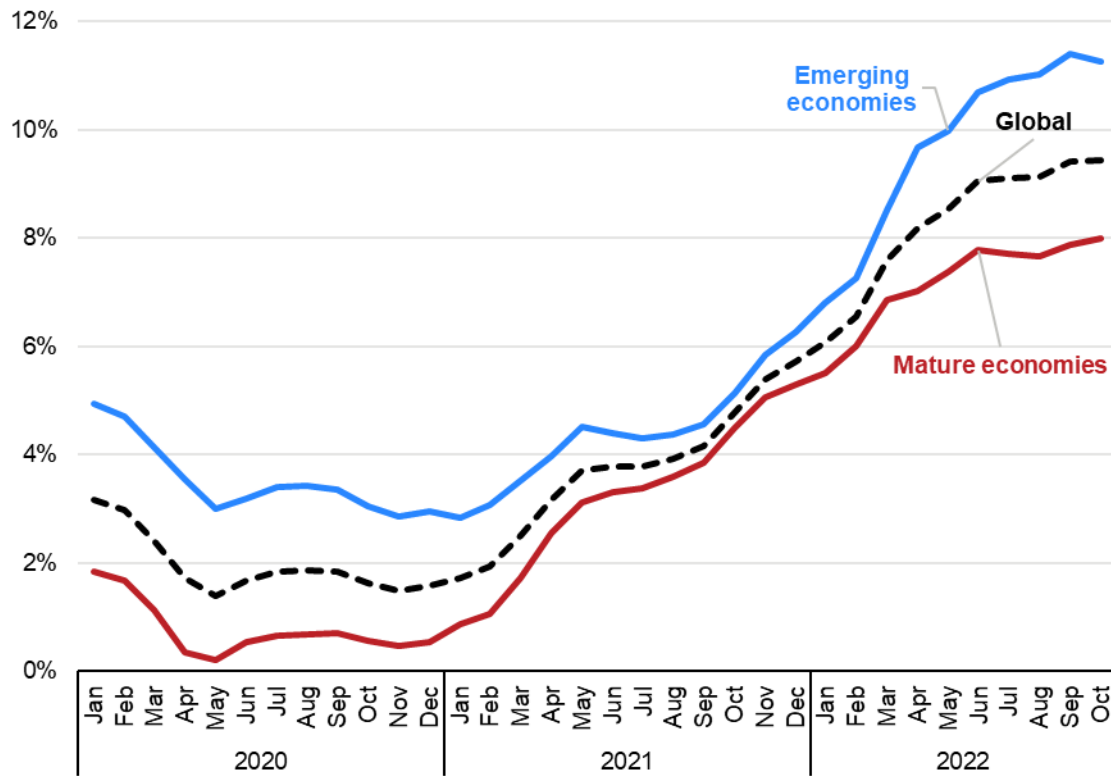
What is the biggest global challenge your company is currently facing?

- a. Political and government instability
- b. Energy access and energy security
- c. Continued Russian/Ukraine conflict
- d. A slowing Chinese economy
- e. Climate change
- f. Continued COVID-19 related disruptions
- g. Continued supply chain disruptions
- h. Inflation
- i. No new significant challenges expected
- j. Other



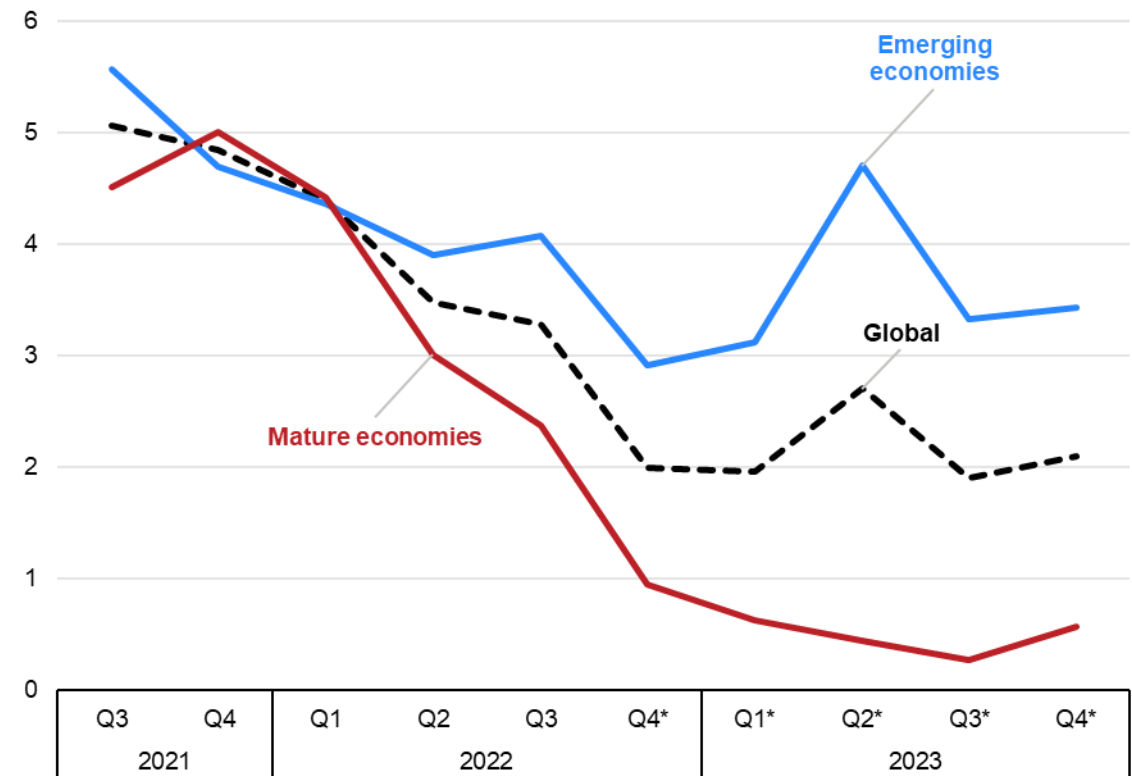
Inflation is elevated globally while growth is slowing

Headline inflation (YoY, % change)



Notes: Weighted aggregate based on GDP in US dollars in 2015.
Source: Haver Analytics

Real GDP growth (YoY, % change)



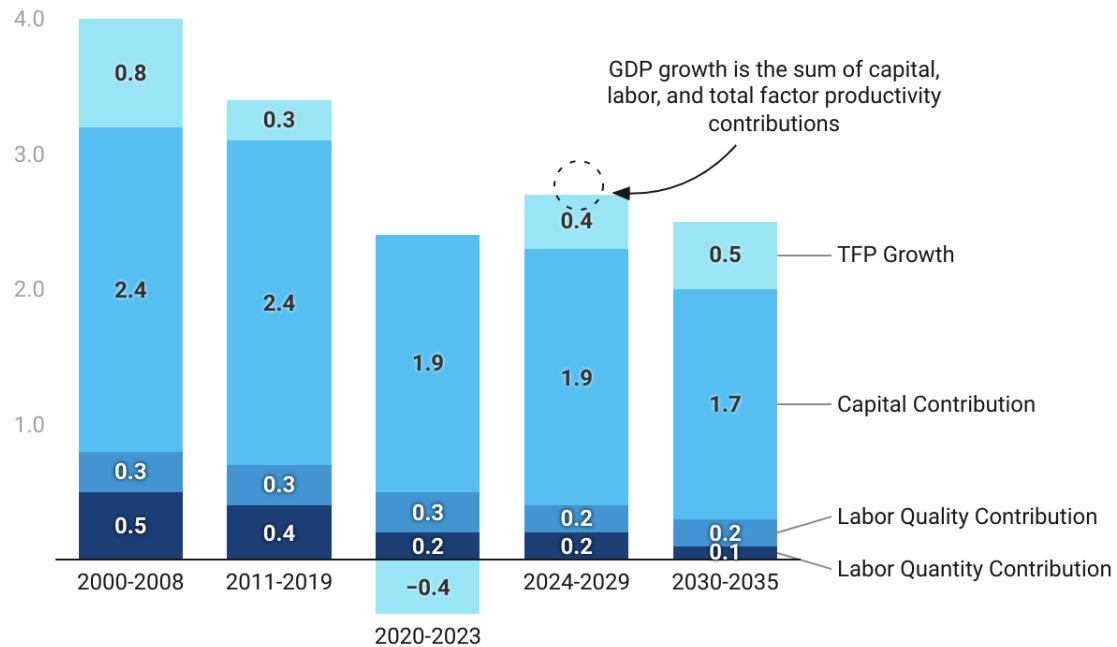
Notes: Weighted aggregate based on nominal US dollar PPP-converted GDP; Data from 2022 Q4 onwards are forecasts from The Conference Board.
Source: The Conference Board Global Economic Outlook



Emerging economies will increasingly drive global growth over the next decade

The global economic trend growth rate is weakening

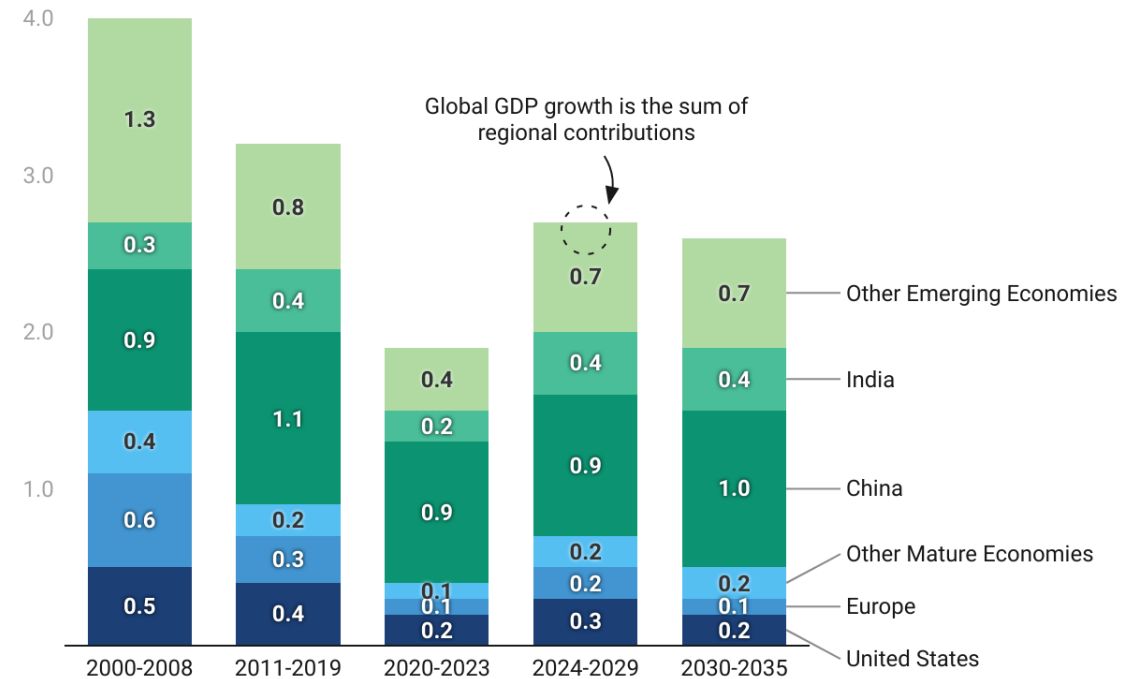
Contribution of factor inputs and efficiency changes to global GDP growth (average annual % change)



Global GDP contributions are calculated using shares in nominal PPP converted GDP.
Source: The Conference Board Global Economic Outlook 2023 • Created with Datawrapper

Emerging economies remain key engine for growth

Regional contributions to global GDP growth (average annual % change)



Regional GDP contributions are calculated using shares in nominal PPP converted GDP.
Source: The Conference Board Global Economic Outlook 2023 • Created with Datawrapper



Poll 2

What is your GDP growth expectation for China in 2023?

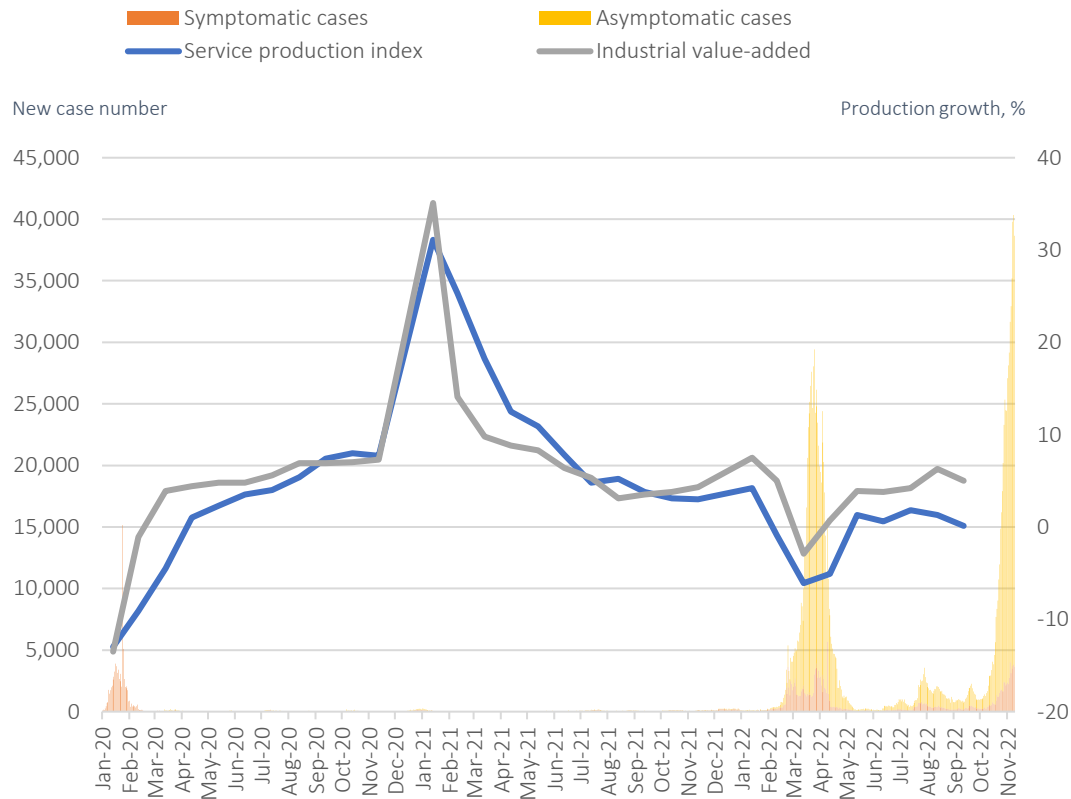
- a. Above 6%
- b. 5% to 6%
- c. 4% to 5%
- d. Under 4%



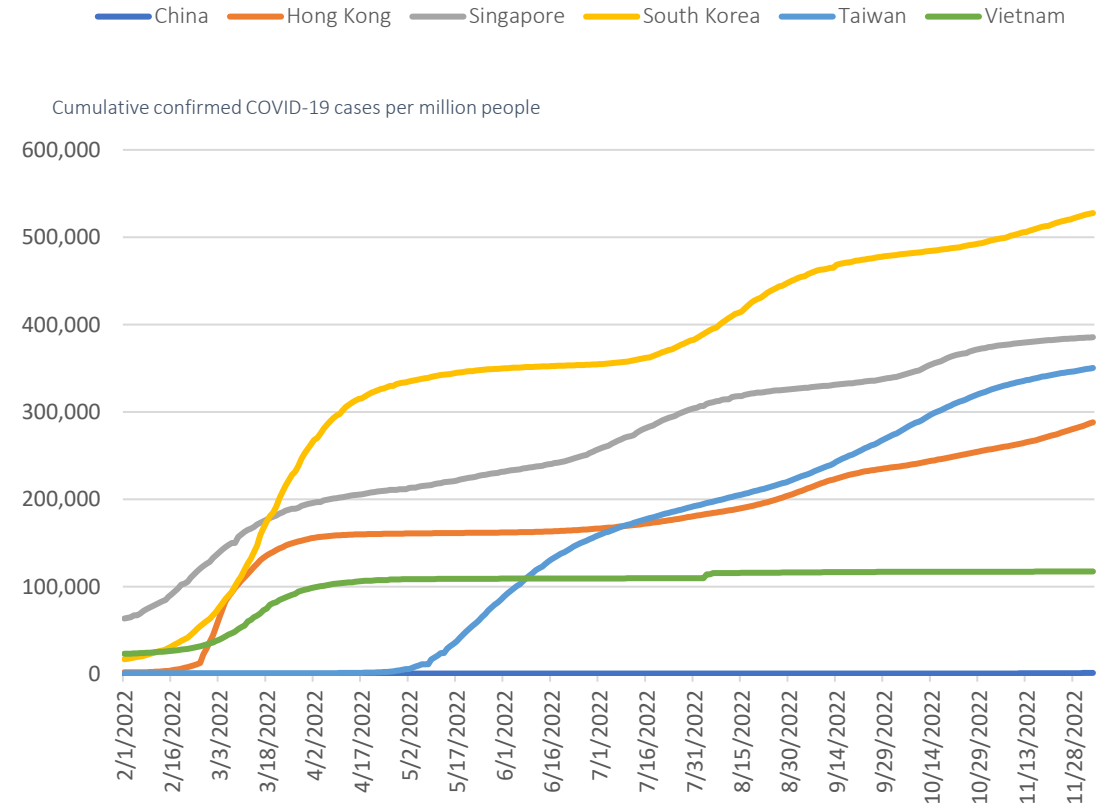
China's short-term economic outlook

We expect China's GDP growth to rebound to above 5% in 2023, with pent-up demand driving consumption recovery in 2H 2023.

China daily new confirmed COVID cases



Cumulative confirmed COVID-19 cases



Sources: National Health Commission, NBS, CEIC, TCB

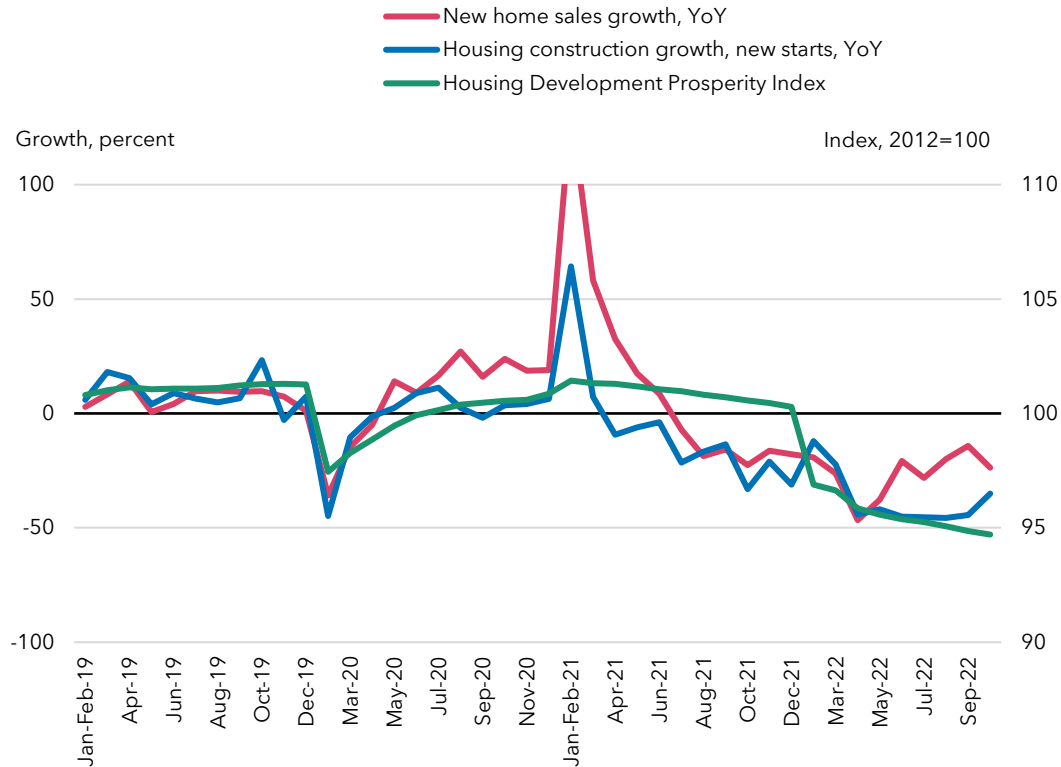
Sources: Johns Hopkins University CSSE COVID-19 Data, Our World in Data. Cases per million people, Due to limited testing, the number of confirmed cases is lower than the true number of infections



Don't expect a 2021-like recovery in 2023

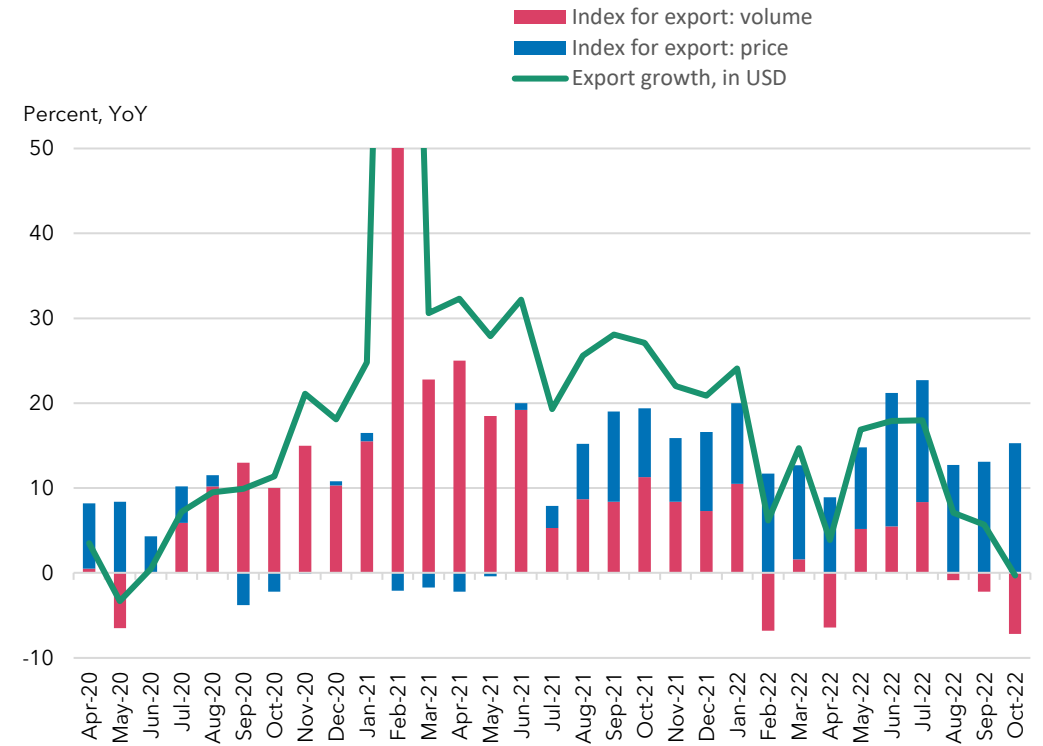
In 2021, real estate and exports were both booming – not the case now...

Persisting housing market weakness



Sources: NBS, CEIC, The Conference Board

Weakness in China's export growth



Sources: GAC, CEIC, The Conference Board



Poll 3

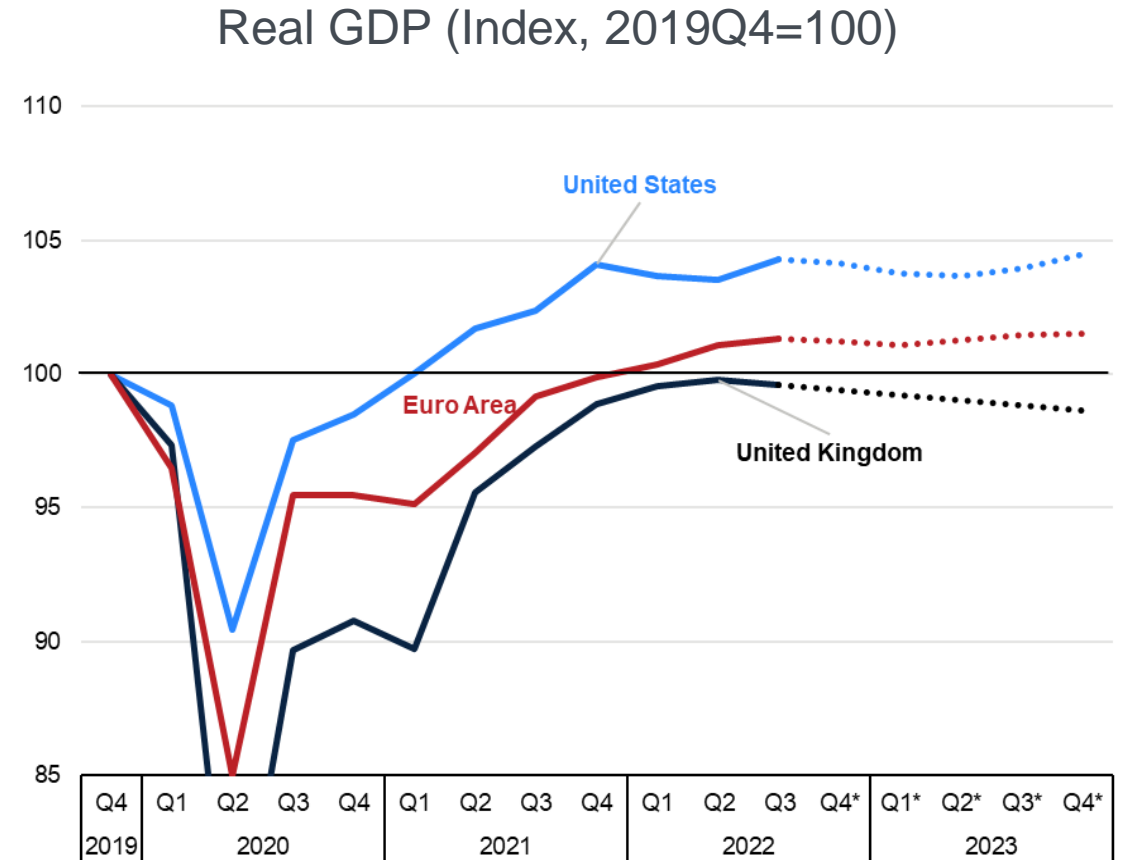
Over the next 12-18 months, you are preparing for:

- a. US recession
- b. Europe recession
- c. US and Europe recession
- d. We don't anticipate a recession



Transatlantic economic challenges

- Europe and the US face similar challenges to their economic outlook:
 - ✓ High inflation
 - ✓ Low consumer and business confidence
 - ✓ Labor shortages
 - ✓ Low unemployment rates
- Euro Area and the US may soon enter broad-based downturn, though relatively mild
- UK may have already entered recession, with possibly a more prolonged and deeper downturn ahead



Notes: Data from 2022 Q4 onwards are forecasts from The Conference Board.
Source: The Conference Board Global Economic Outlook



Key risks to monitor in the European and US outlooks

- Europe
 - ✓ Escalation of the war in Ukraine
 - ✓ Worsening of energy crisis
 - ✓ Restrictive central bank policy
- US
 - ✓ Global recession with equity market fall
 - ✓ Higher inflation
 - ✓ Restrictive FED policy
 - ✓ Housing slump
 - ✓ Infrastructure spending delay



Poll 4

Which region in Asia holds the biggest growth potential for your industry?

- a. China
- b. India
- c. ASEAN
- d. Japan
- e. Other



Asia is on track to recovery in the short term, but several headwinds still exist

TCB Economic Outlook, Asia short-term

Real GDP growth rates (average annual % change)

	2000-2008	2011-2019	2020	2021	2022	2023
Asia	6.2	5.7	-1.5	6.6	4.5	4.3
Developed Asia	2.2	1.6	-3.5	2.8	2.0	1.5
Japan	1.1	0.9	-4.6	1.7	1.6	1.3
Singapore	5.9	3.9	-4.1	7.6	3.1	1.9
South Korea	5.4	2.9	-0.9	4.1	2.8	1.8
Developing Asia	8.2	6.8	-1.1	7.4	5.0	4.9
China	10.4	7.3	2.2	8.1	3.7	5.3
India	7.0	6.8	-7.4	8.9	7.9	4.4
Indonesia	5.2	5.3	-2.1	3.7	5.4	4.1
Malaysia	5.4	5.1	-5.6	3.2	8.5	3.4
Philippines	4.9	6.3	-9.6	5.5	5.8	3.8
Thailand	4.9	3.2	-6.2	1.6	3.3	3.4
Vietnam	7.0	6.5	2.9	2.6	9.6	5.0

- Asia is on track to recovery. However, several headwinds persist in the short-term economic outlook, namely:
 - ✓ China's slowdown;
 - ✓ US Fed rate hikes ;
 - ✓ and the continued deterioration of the geopolitical environment.

Regional GDP growth rates are aggregated using shares in nominal PPP converted GDP; Calendar year data used (not country-specific fiscal year)

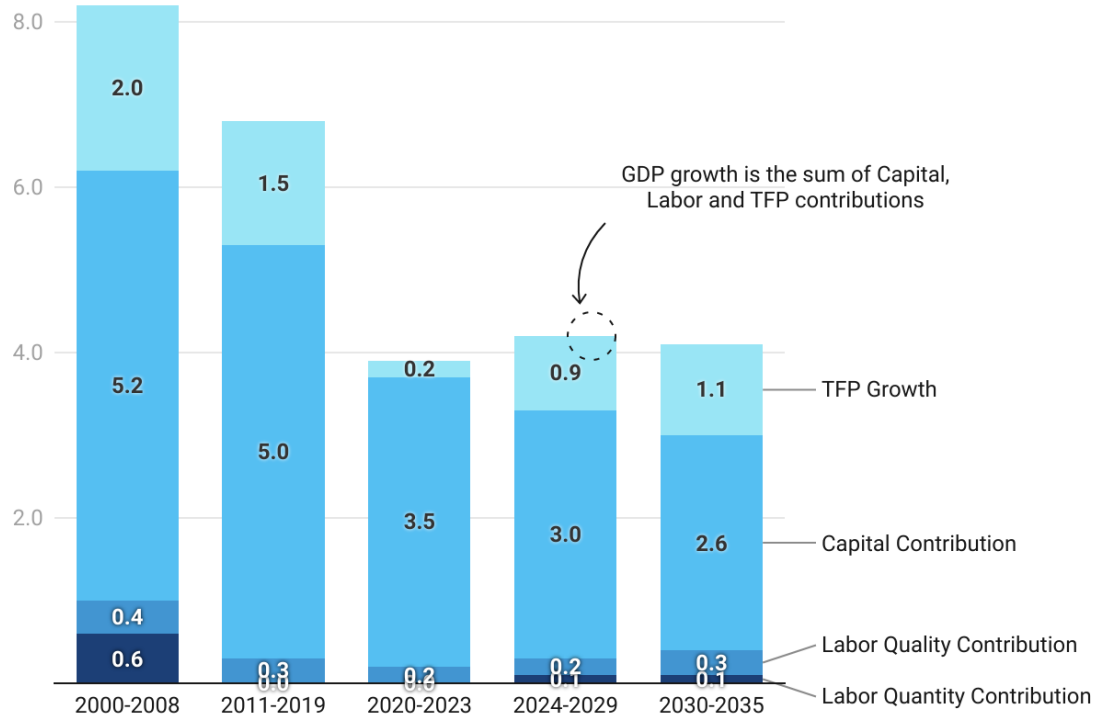
Source: The Conference Board Global Economic Outlook 2023 - Created with Datawrapper



Asia – and especially emerging Asia – will continue growing faster than the global economy, but its growth pace will slow down over the 2024-2035 period.

Developing economies drive Asia’s growth outlook

Contribution of factor inputs and efficiency changes to developing Asia GDP growth (average annual % change)



Source: The Conference Board Global Economic Outlook 2023 • Created with Datawrapper

- Emerging Asia will have higher growth potential thanks to rising domestic demand and continued improvement in technology and human capital.
- Developed Asia will be affected by the shrinking of their workforces due to rapidly ageing societies.
- Many Asian nations are shifting the focus of their export industries to markets closer to home, with RCEP being the latest example of regionalization.



Q&A



Questions? Contact Us

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