



# Shifting gravity: 2010 as Asia's Year

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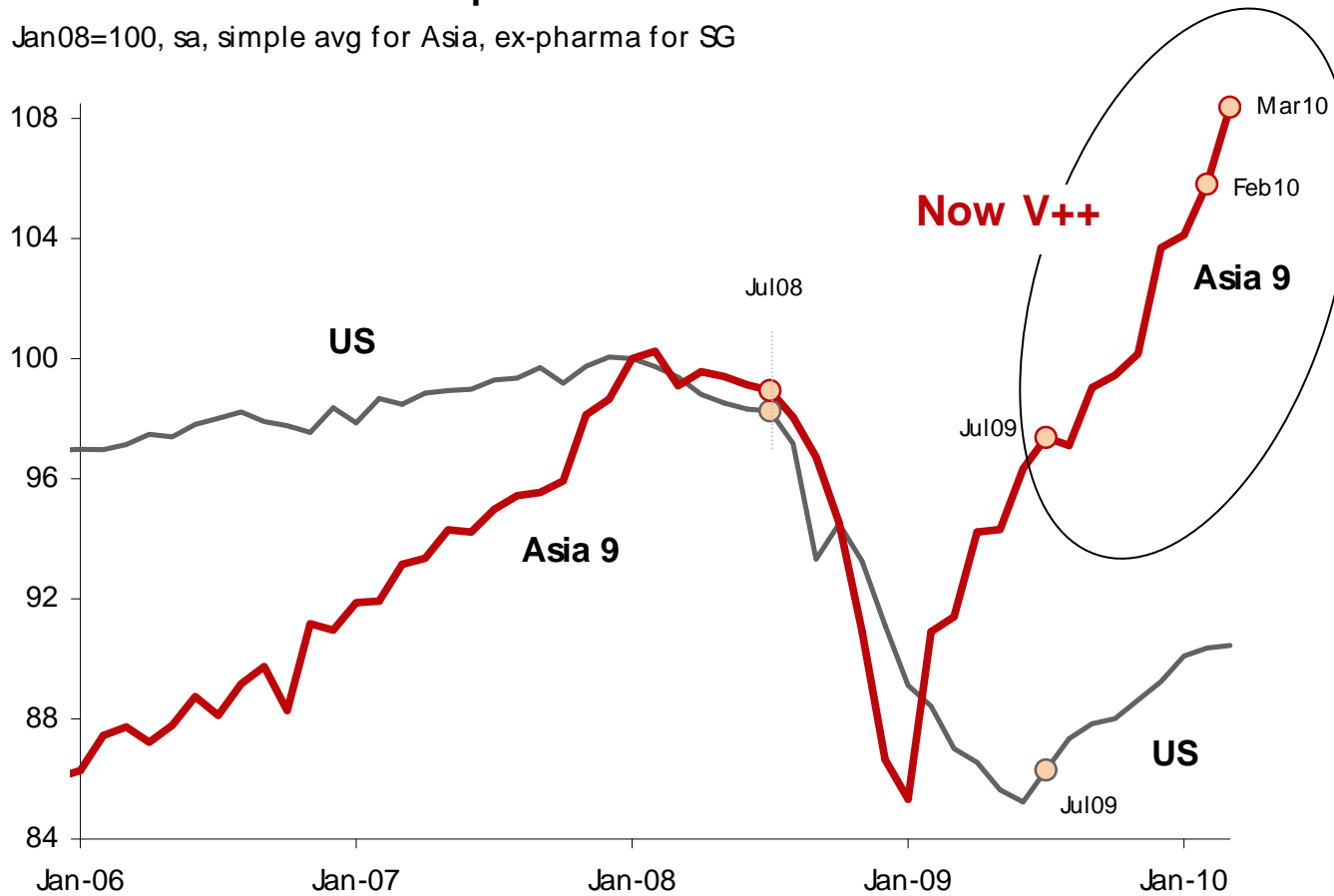
## 4 interesting charts

- 2 short-term / cyclical
- 1 medium term
- 1 long-term / structural

# Asia's V-shaped recovery

## US and Asia 9 – industrial production

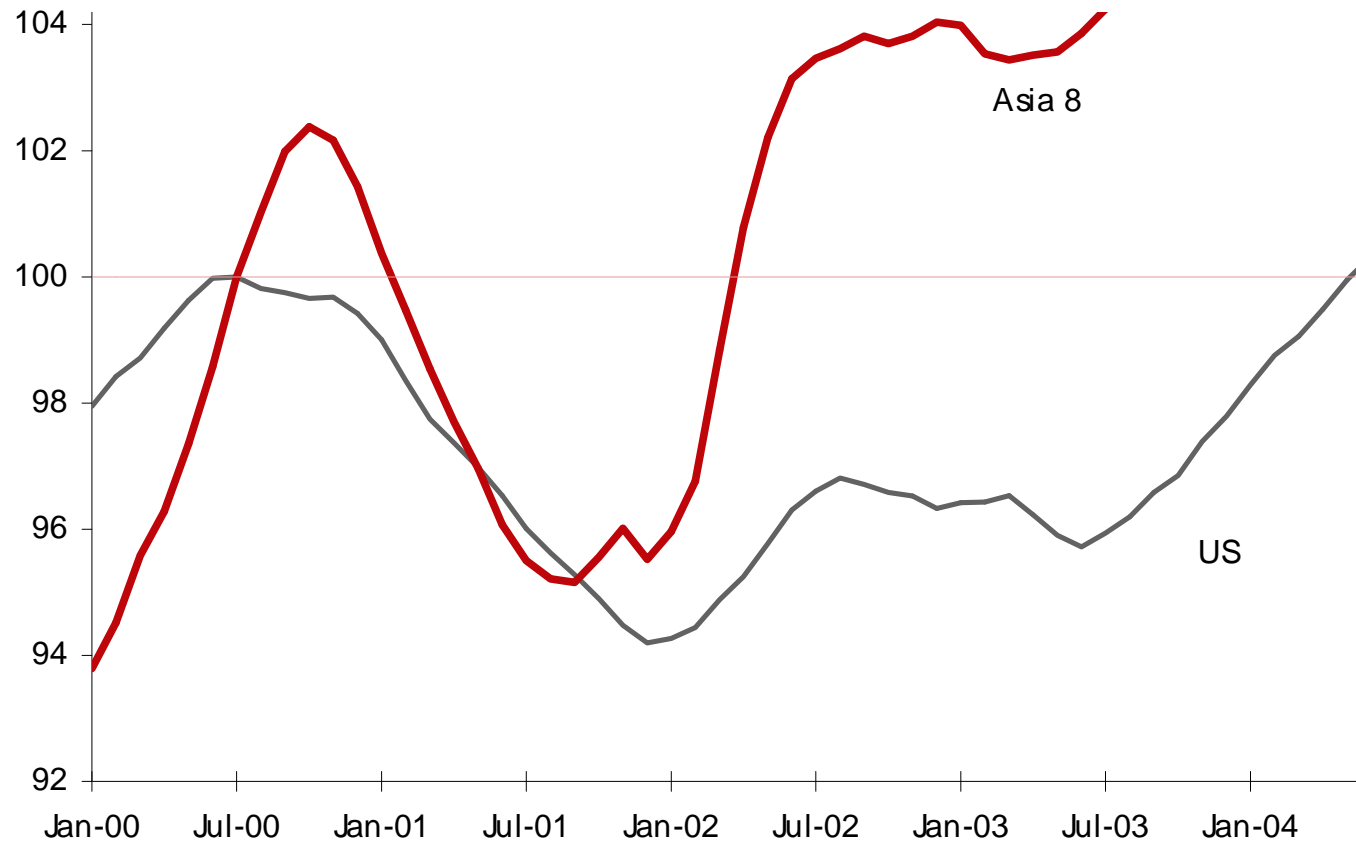
Jan08=100, sa, simple avg for Asia, ex-pharma for SG



# Not the first time

## US and Asia – industrial production in 2000/01

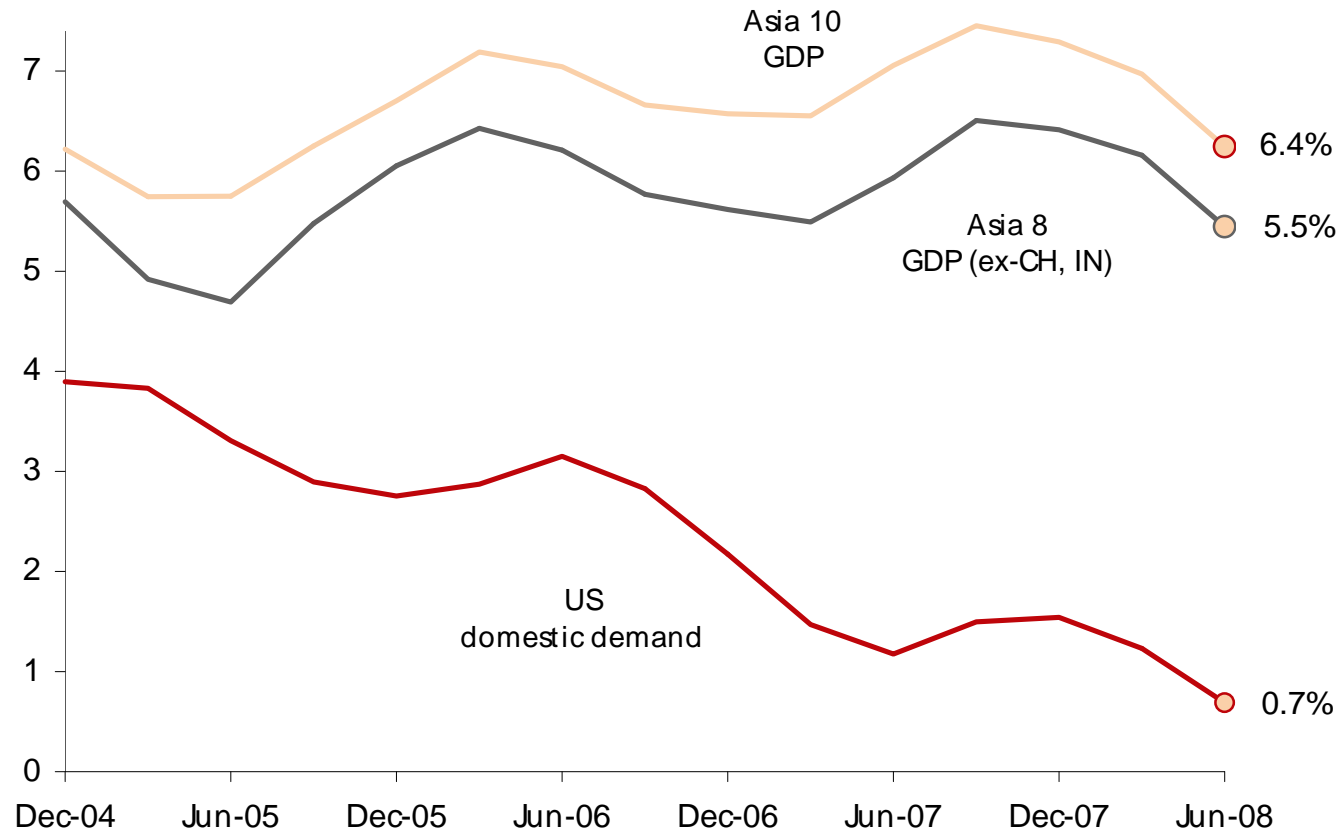
Jul00 = 100, sa, 3mma



# Very much the first time

## Income and demand growth – Asia & US

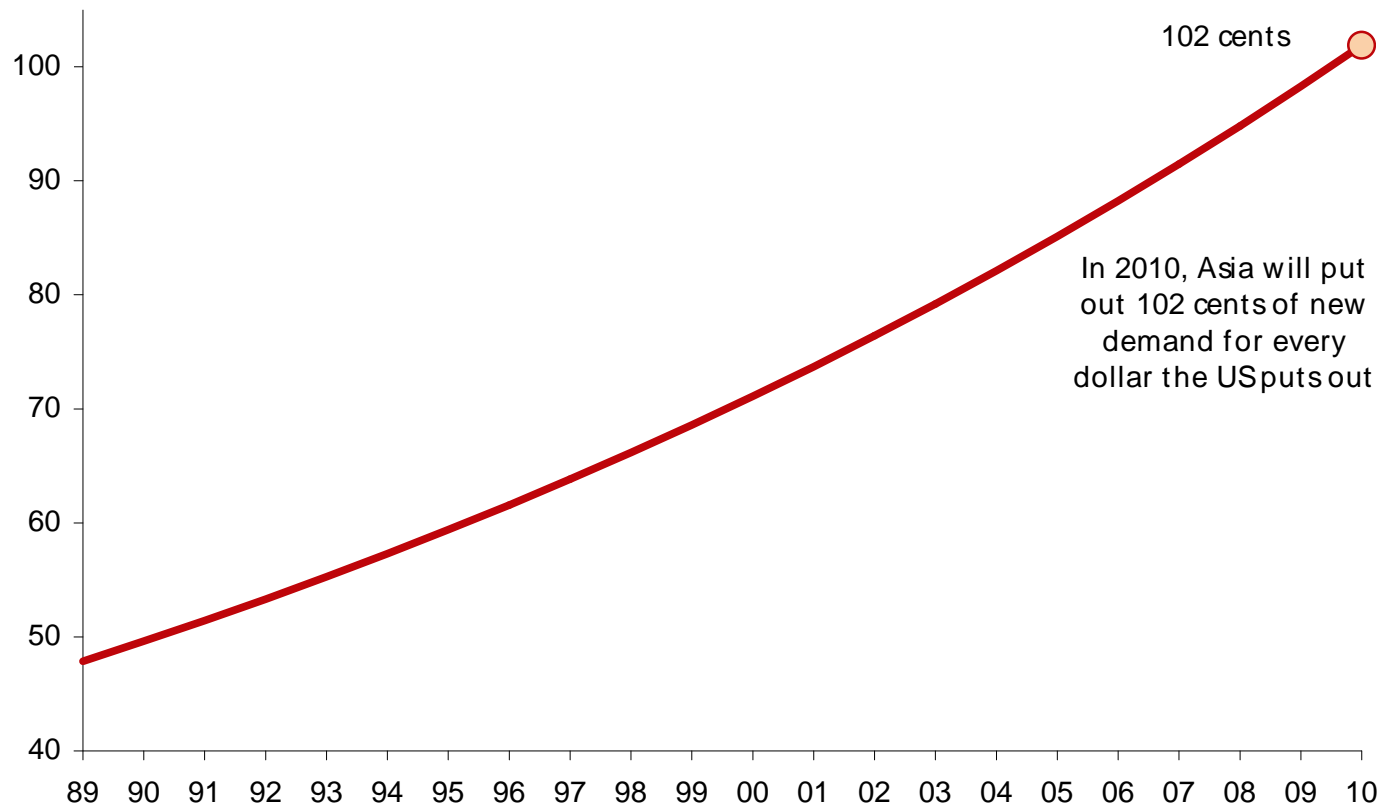
% YoY, 2qma, simple average



# 2010: Asia's year

## Asia 10 – domestic demand growth as % of US domestic demand growth

Incremental Asia Dom Dem as % of incremental US Dom Dem, structural terms



# Who drives?

- Global GDP this year = \$100
- Global GDP next year = \$110
- Growth = \$10
- If your country generated \$8 of \$10, you drove
- If your country generated 10 cents out of that \$10, then.... you're a small potato

# What makes you a driver?

- Size? Not enough
  - Japan
- Fast growth rate? Not enough
  - Asia grew fast for decades but was too small to matter
- Size and speed – yes
  - And Asia is no longer too small to matter

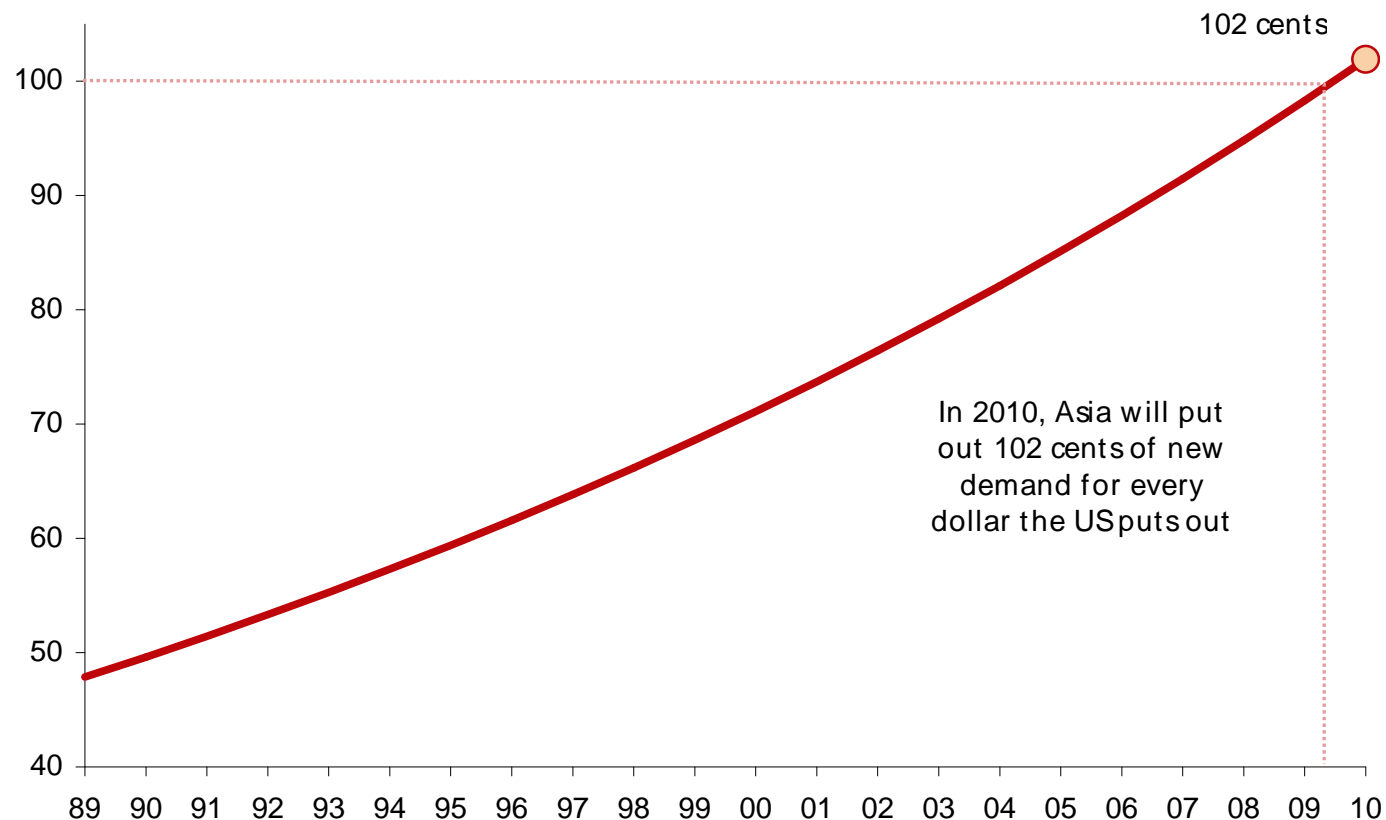
# US and Asia in 2010: the arithmetic

- US: pretend \$100 'big' and grows at 3% rate
  - That generates \$3 of new demand each year
- Asia:
  - If the US is \$100 'big' then Asia is \$44 'big'
  - Grow that by 7% (avg growth rate)
  - That generates \$3.08 each year
- Thus, Asia generates \$1.02 for every dollar generated by the US

# The biggest structural change underway in the global economy today

## Asia 10 – domestic demand growth as % of US domestic demand growth

Incremental Asia Dom Dem as % of incremental US Dom Dem, structural terms



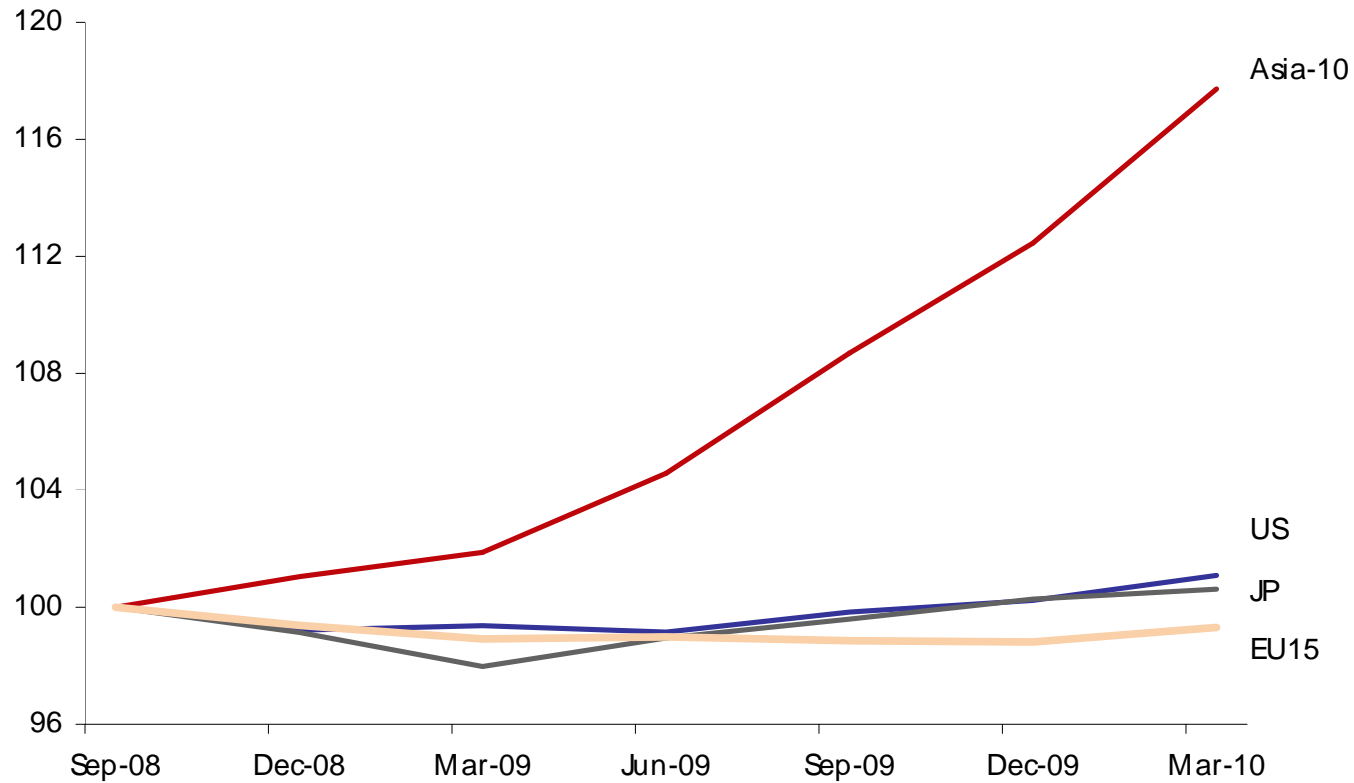
# Asia's consumption recovery since 3Q08



# Consumption score: Asia, 17; G3,0

## Real global consumption

3Q08=100, seas adj

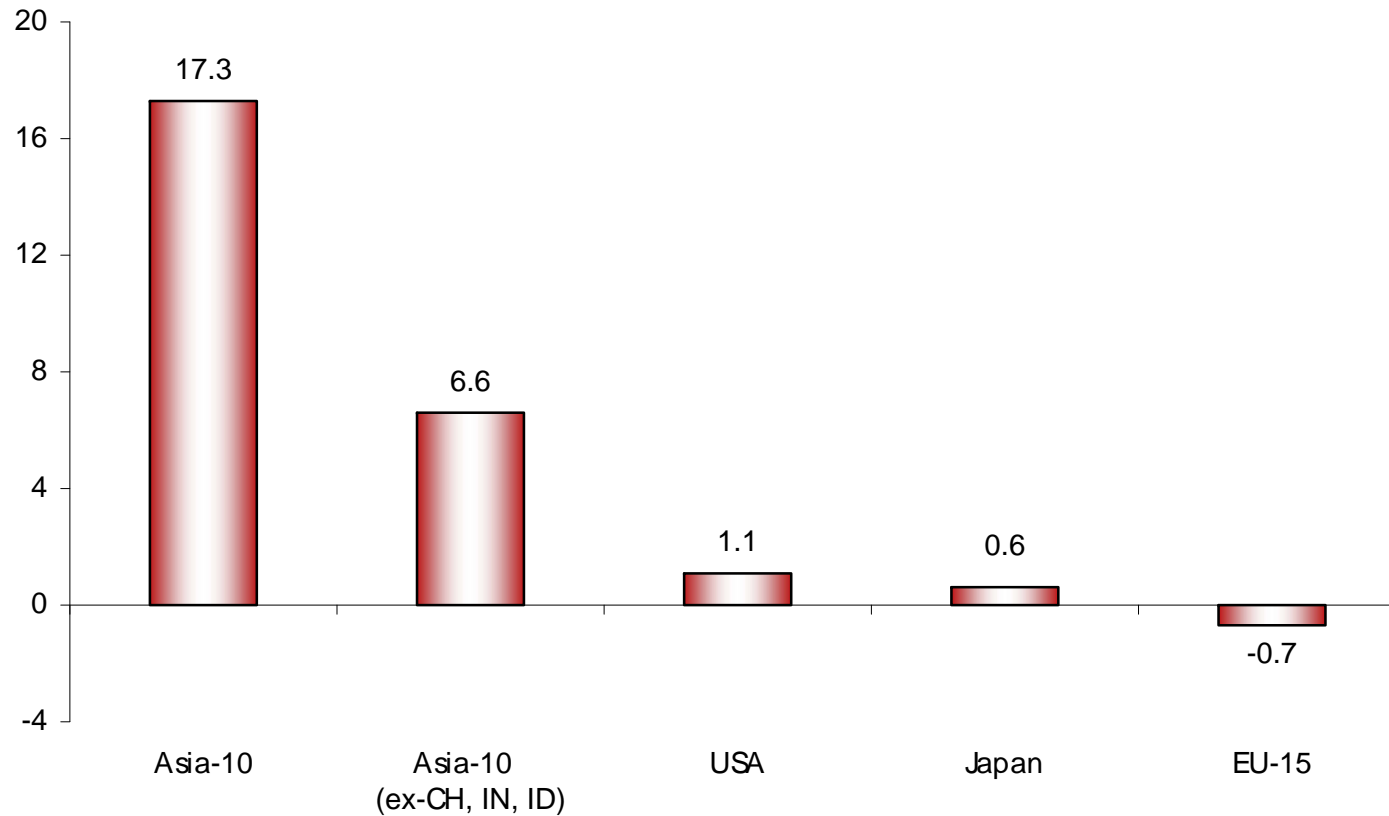


Asia-10: CH, HK, TW, KR, SG, MY, TH, ID, PH, IN

# Consumption score: Asia, 17; G3,0

## Global consumption growth since 3Q08

total cumulative % change, 3Q08 - 1Q10, seas adj, inflation adjusted

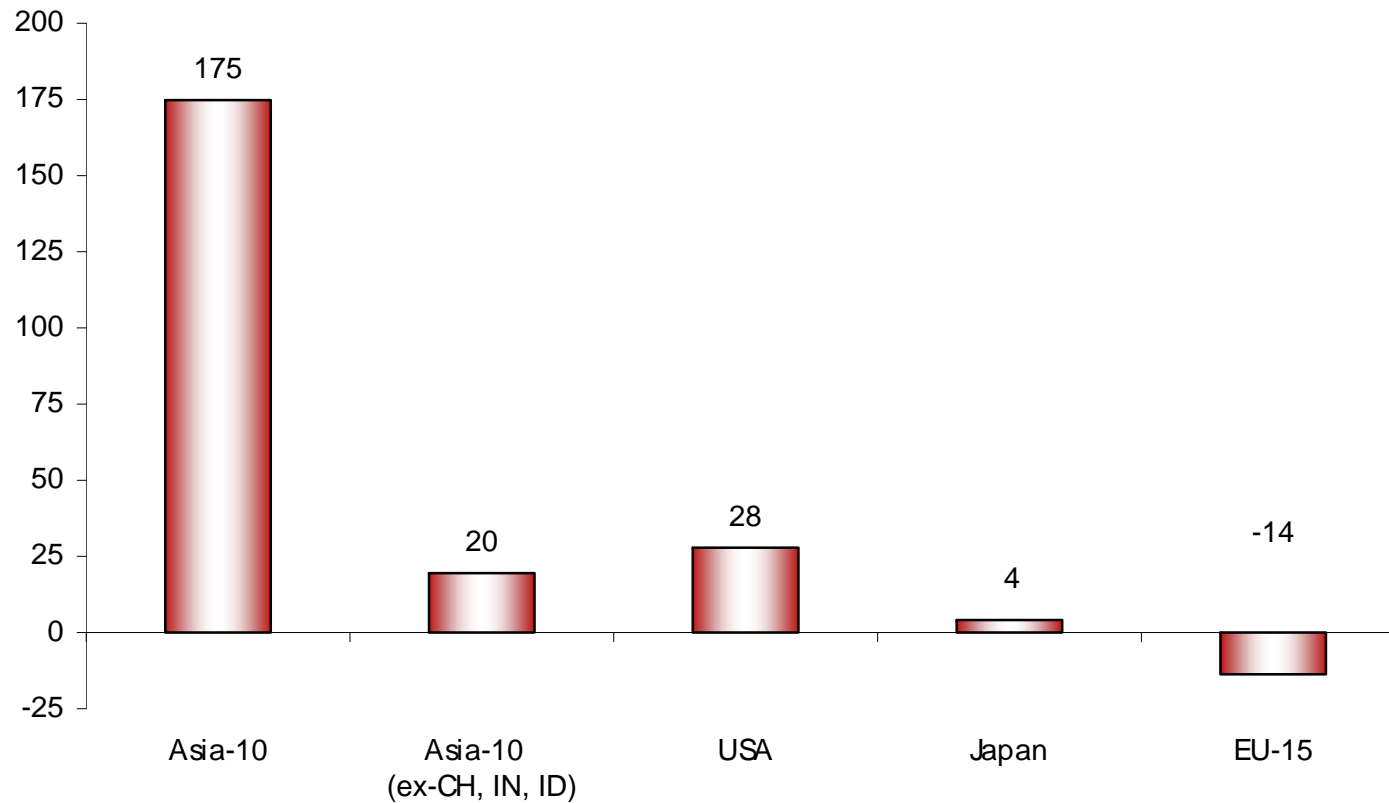


Asia-10: CH, HK, TW, KR, SG, MY, TH, ID, PH, IN

# US dollar terms: Asia 6x greater than US

## Consumption growth since 3Q08

USD bn, 3Q08 - 1Q10, seas adj

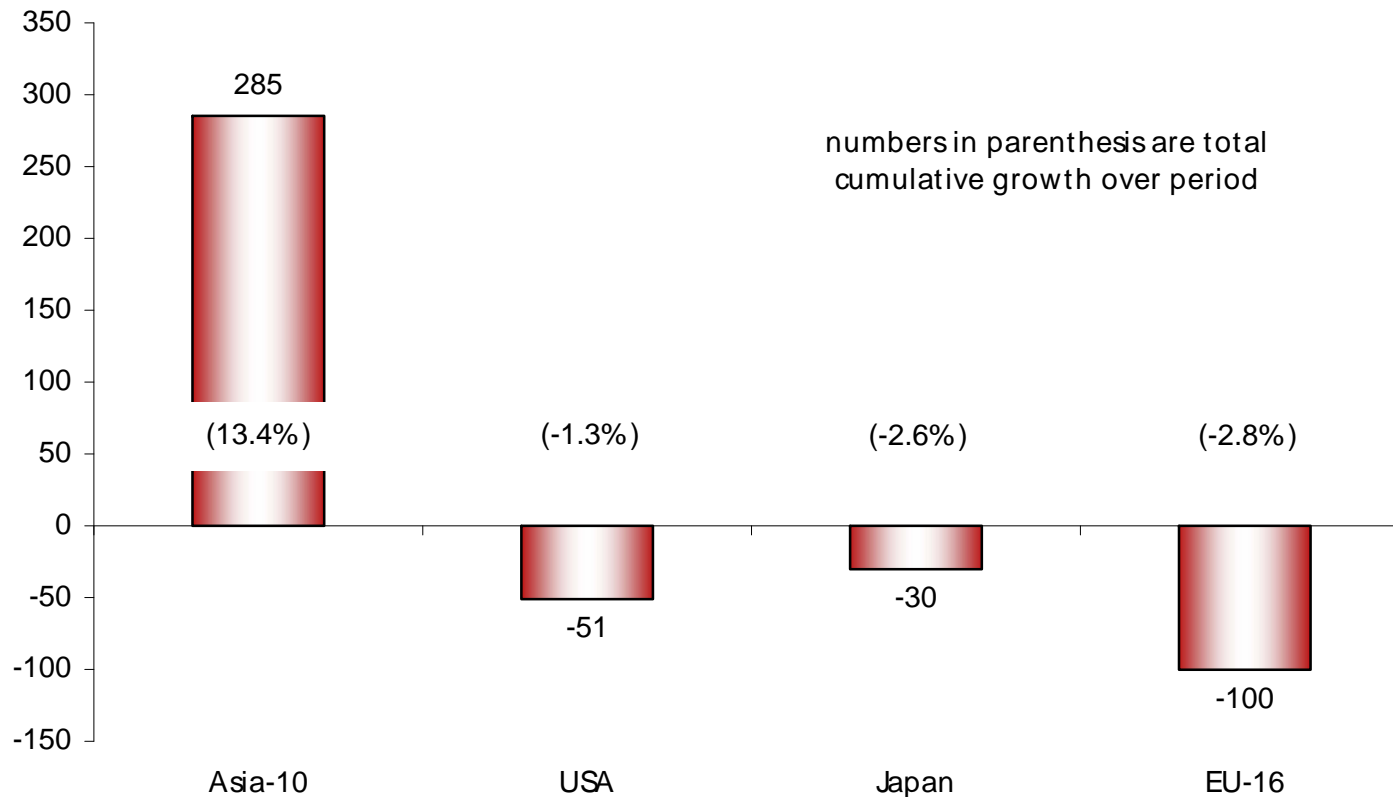


Asia-10: CH, HK, TW, KR, SG, MY, TH, ID, PH, IN

# Total domestic demand in Asia and G3

## G4 – incremental domestic demand growth since pre-crisis

USDbn, 3Q08-1Q10, seas adj, inflation adjusted, FX rate is constant 3Q08 avg

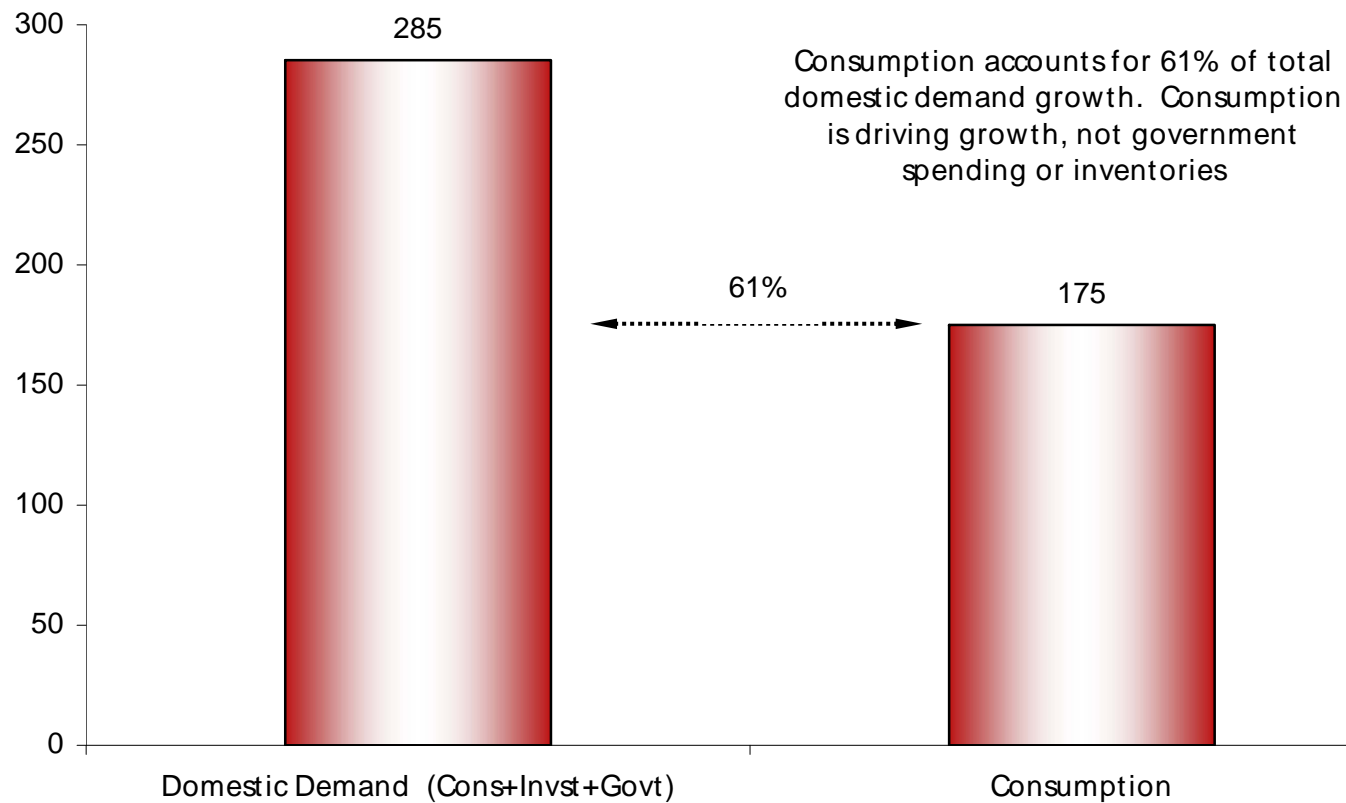


Asia-10: CH, HK, TW, KR, SG, MY, TH, ID, PH, IN

# Consumption driving, not governments

## Asia-10 – consumption and domestic demand growth since pre-crisis

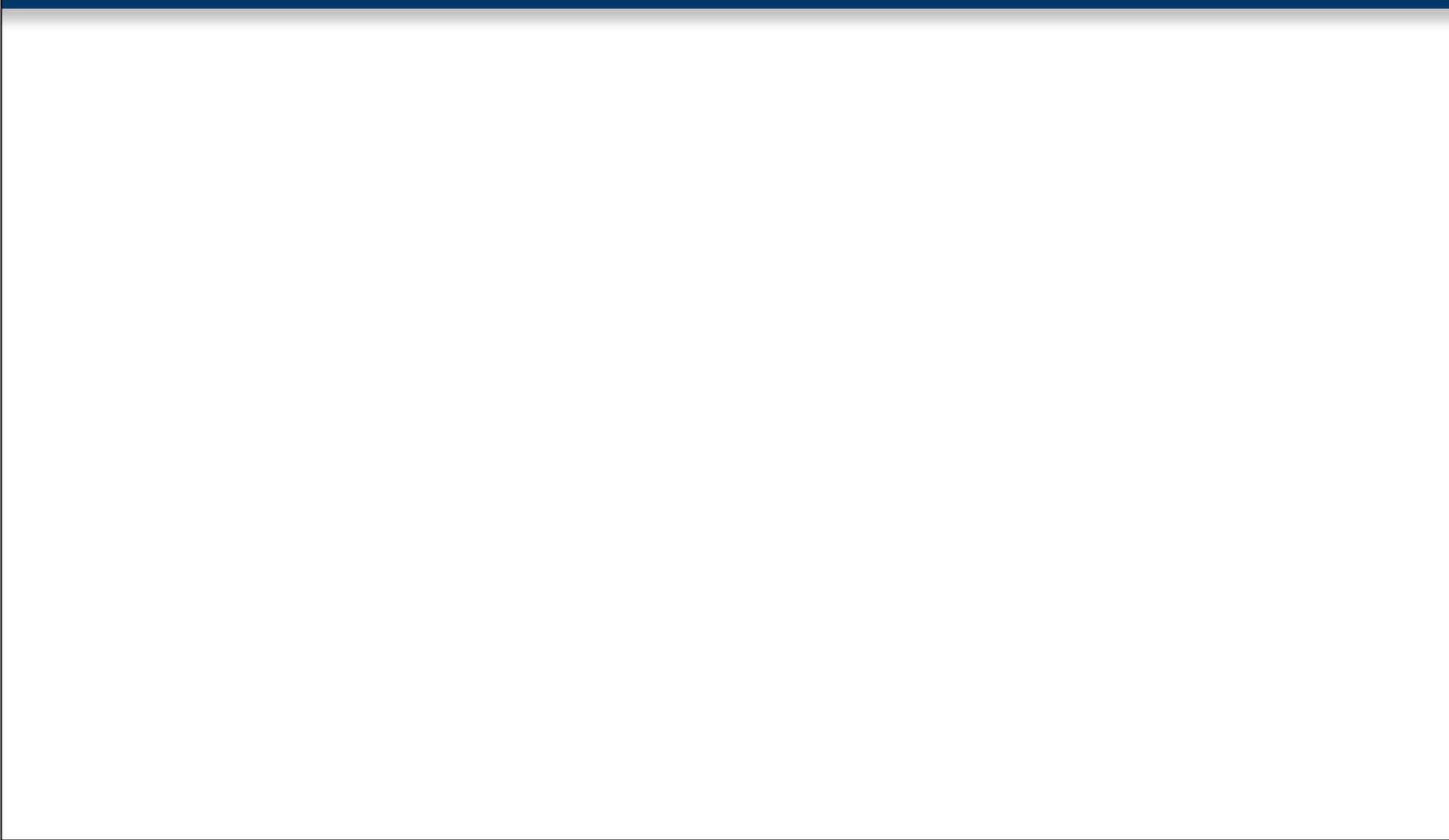
USDbn, 3Q08-1Q10, seas adj, inflation adjusted, FX rate is constant 3Q08 avg



# Asia in the next 5 years: faster or slower?

- Consensus: ‘global imbalances’ will keep Asia’s growth sub-par over next 5 years
- DBS: above-average Asian growth over next 5 years will help reduce ‘global imbalances’
- 2010: Asia’s year or the start of Asia’s decade?

# Appendix



# China driving Asia's exports

## Asia 8 – exports to China & USA

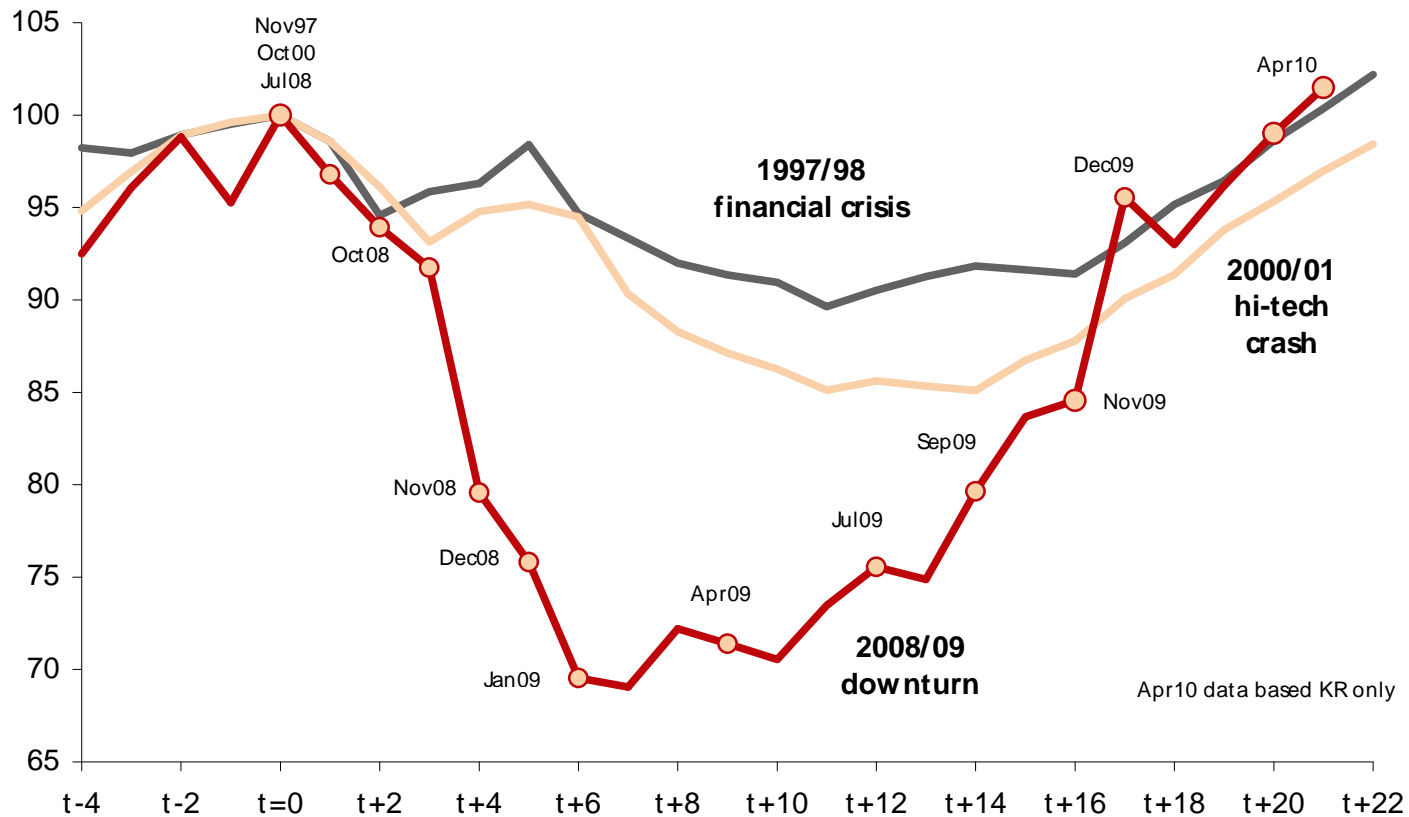
US\$ terms, Jan02=100, seas adj., DX for HK, SG



# Asia-vu: back to the '90s

## Asia 9 – exports

USD terms, seas adj, cyclical peak = 100, Dom X for SG, HK, 3mma for prev downturns



Apr10 data based KR only