



MARTIN V. SMITH  
SCHOOL of  
BUSINESS &  
ECONOMICS

***Around the World***

***In***

***30 Minutes***

***November 2015***



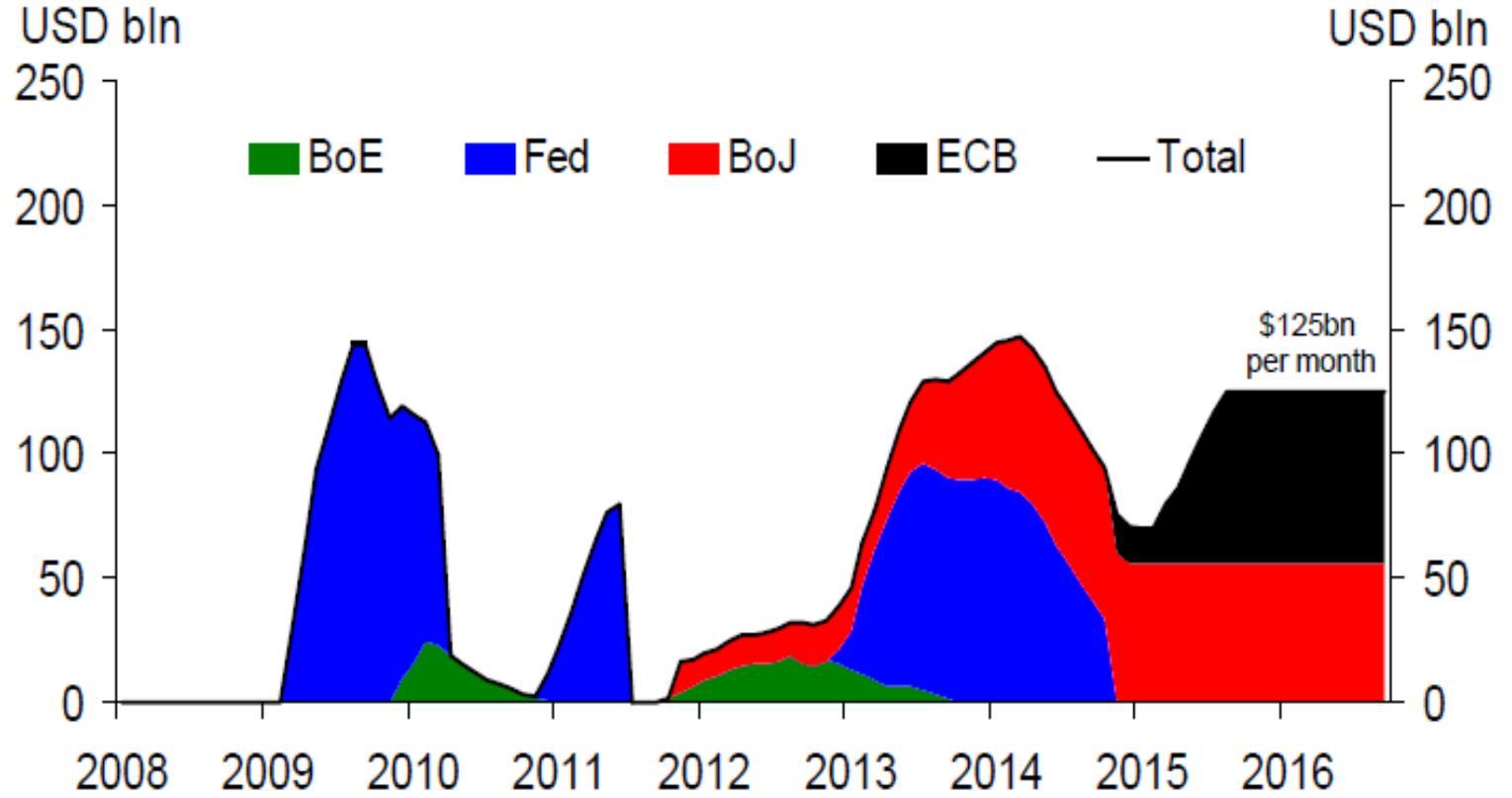
## DM: Gradual Pickup

Currency

Oil Price

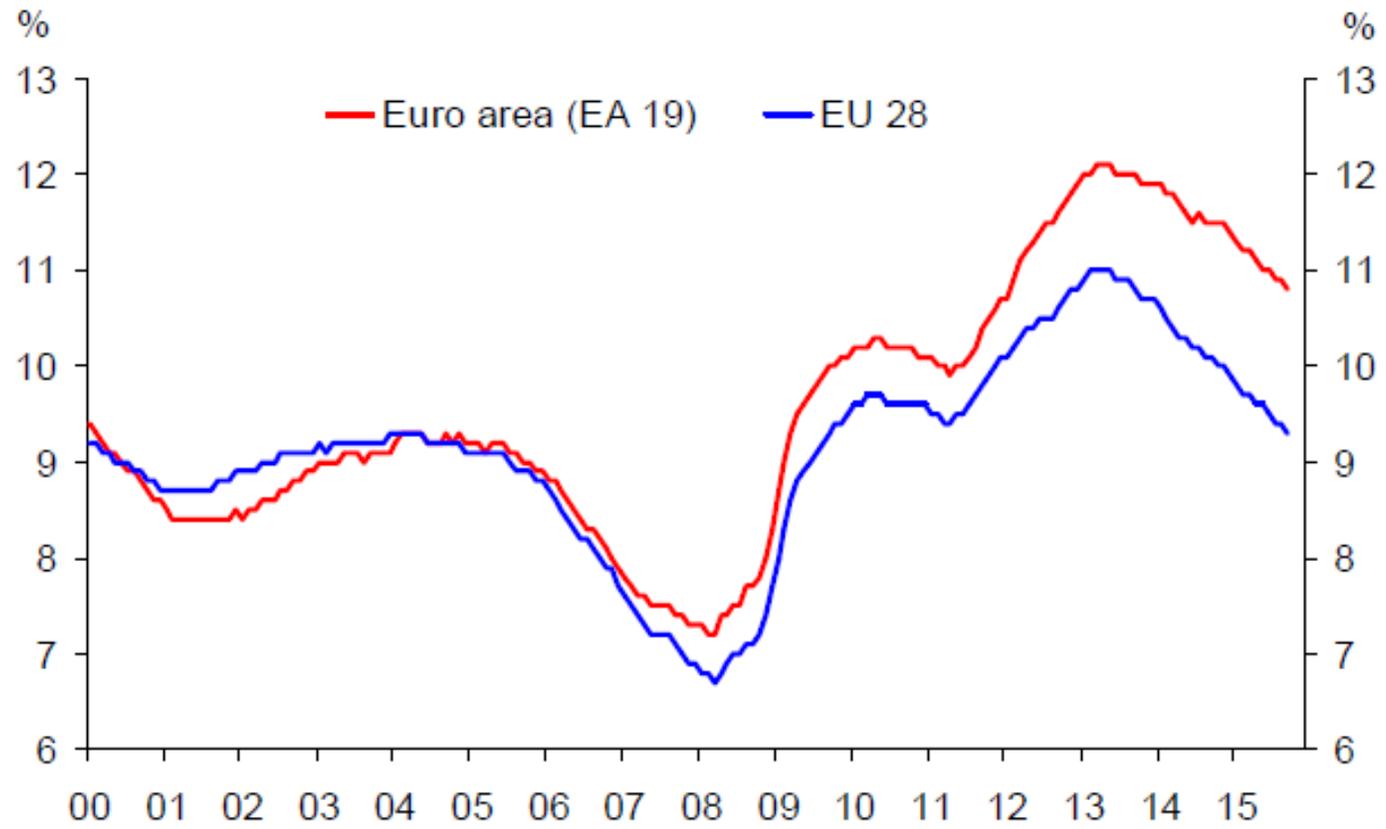
QE

# Global Central Bank QE



Note: 12m moving average.

## Euro: Unemployment Rate





**Tide Goes Out**





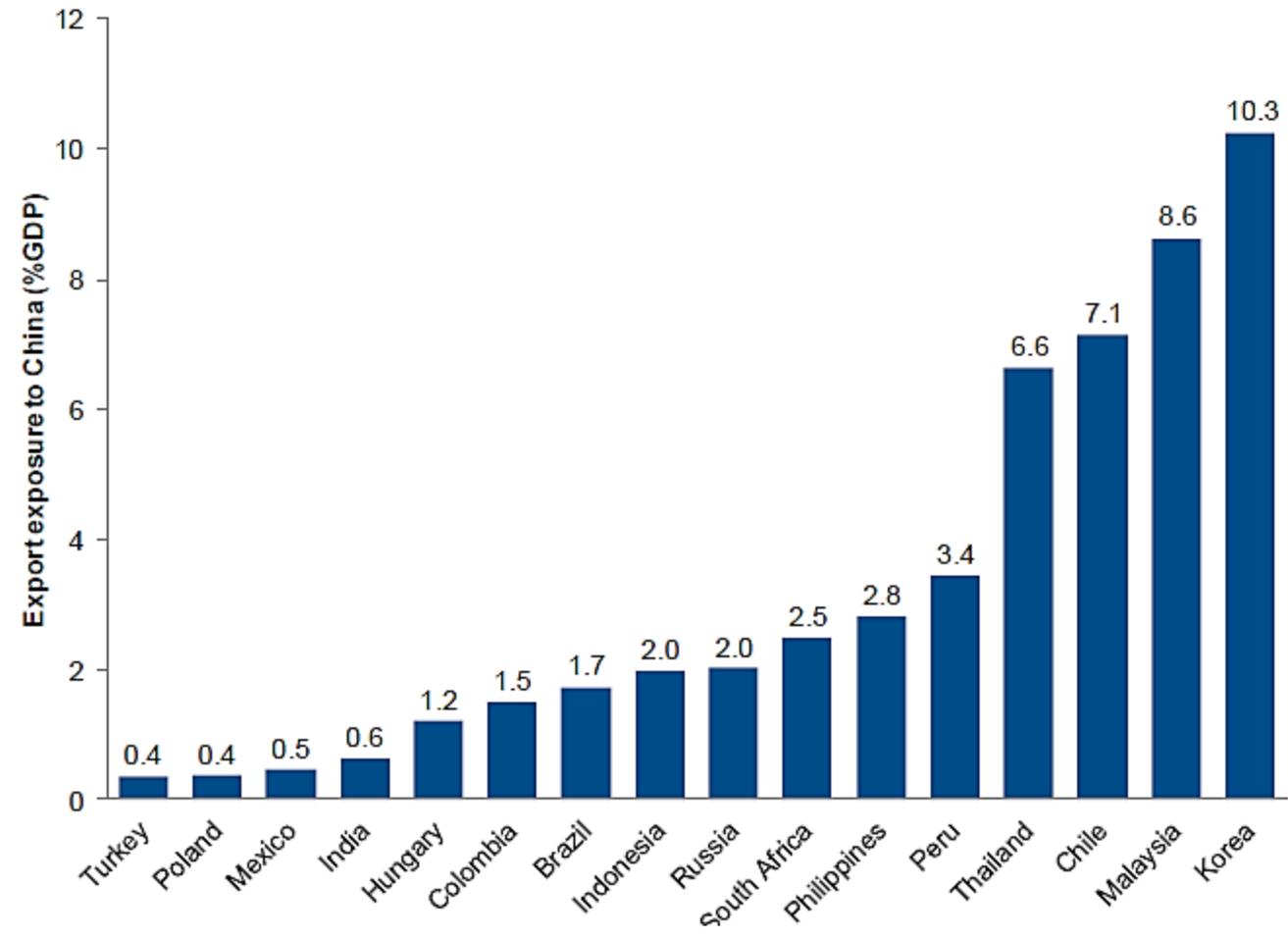
# EM Concerns

China Slowdown

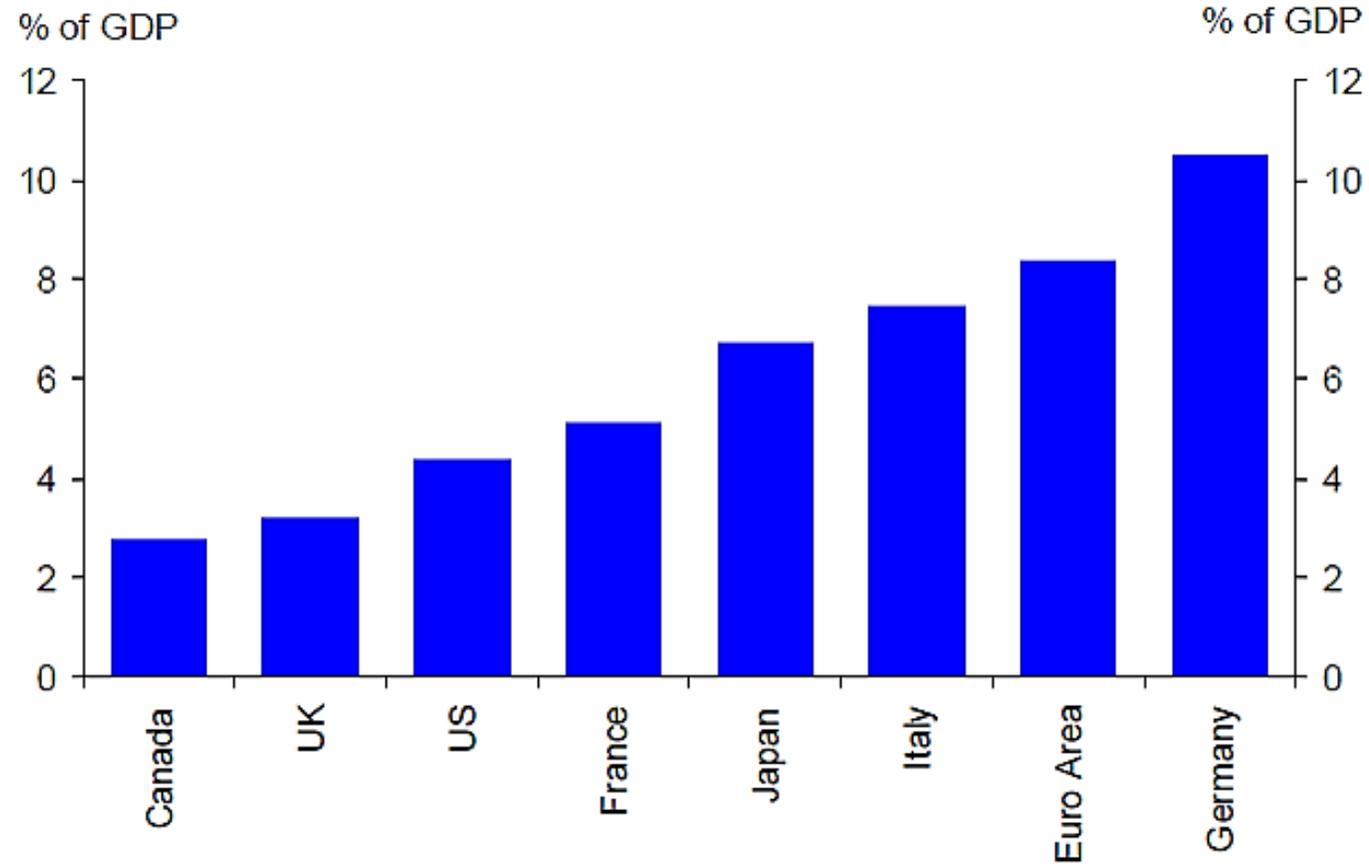
Lower Commodity Prices

Fed Hike Interest Rate

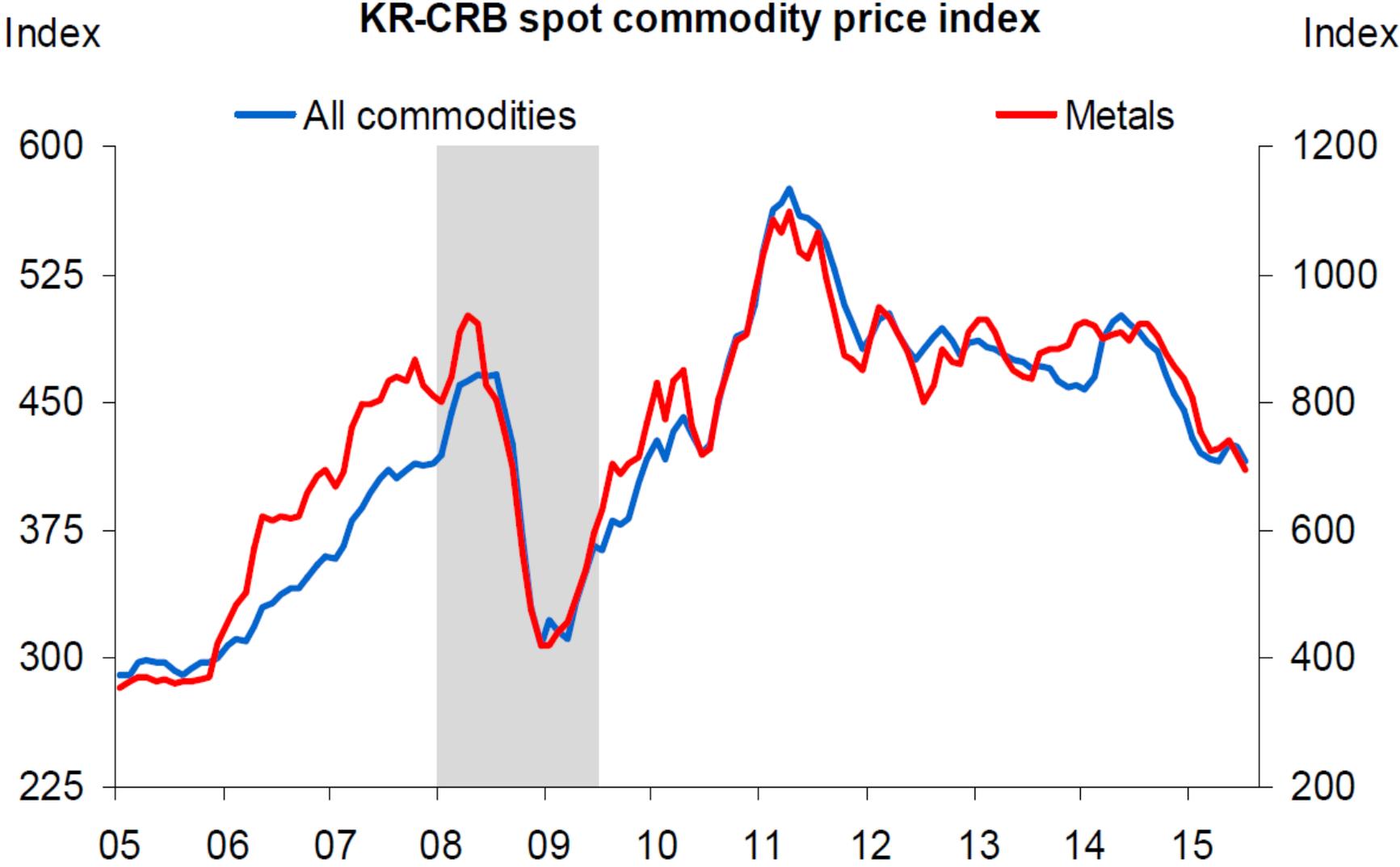
## EM: Export Exposure to China



## DM: Export Share of GDP to EM 2014

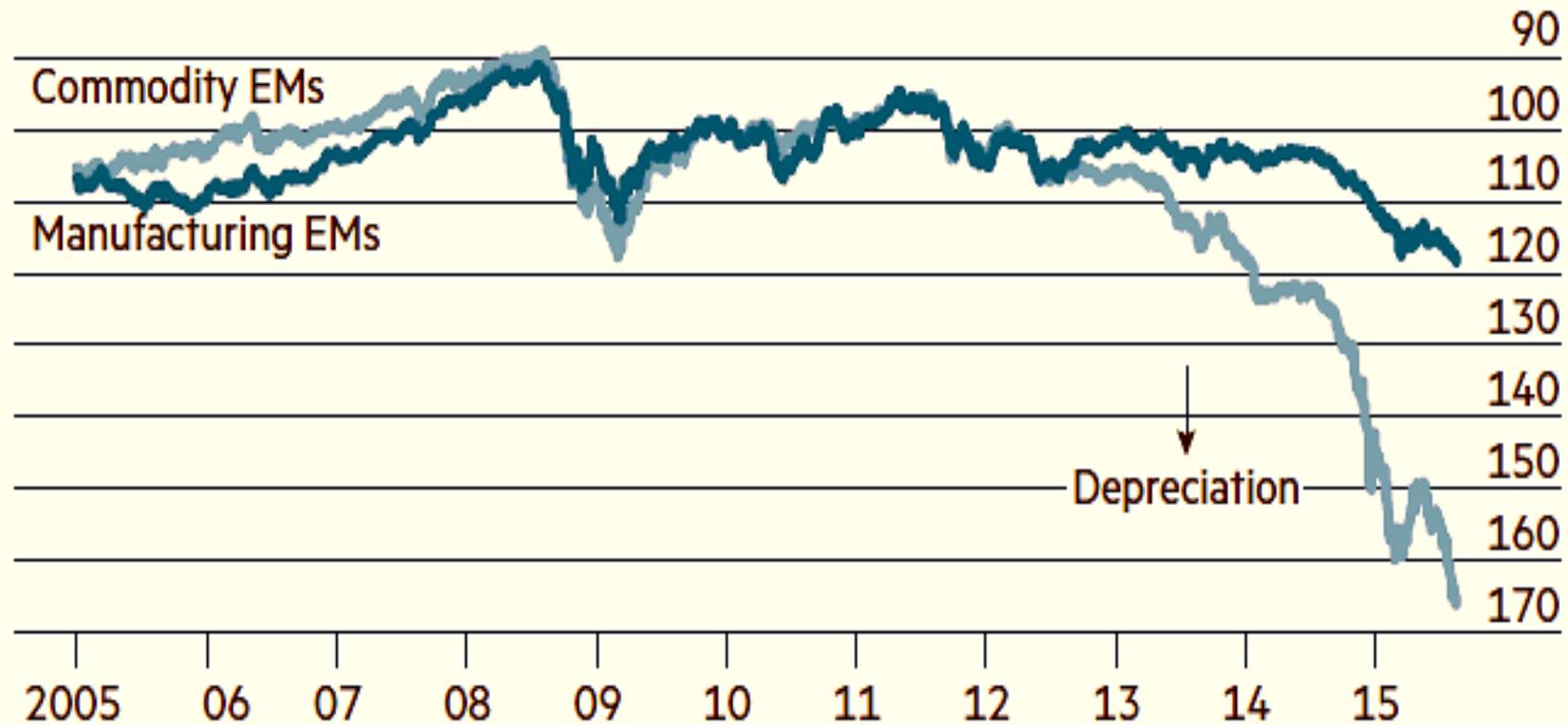


# Falling Commodity Prices



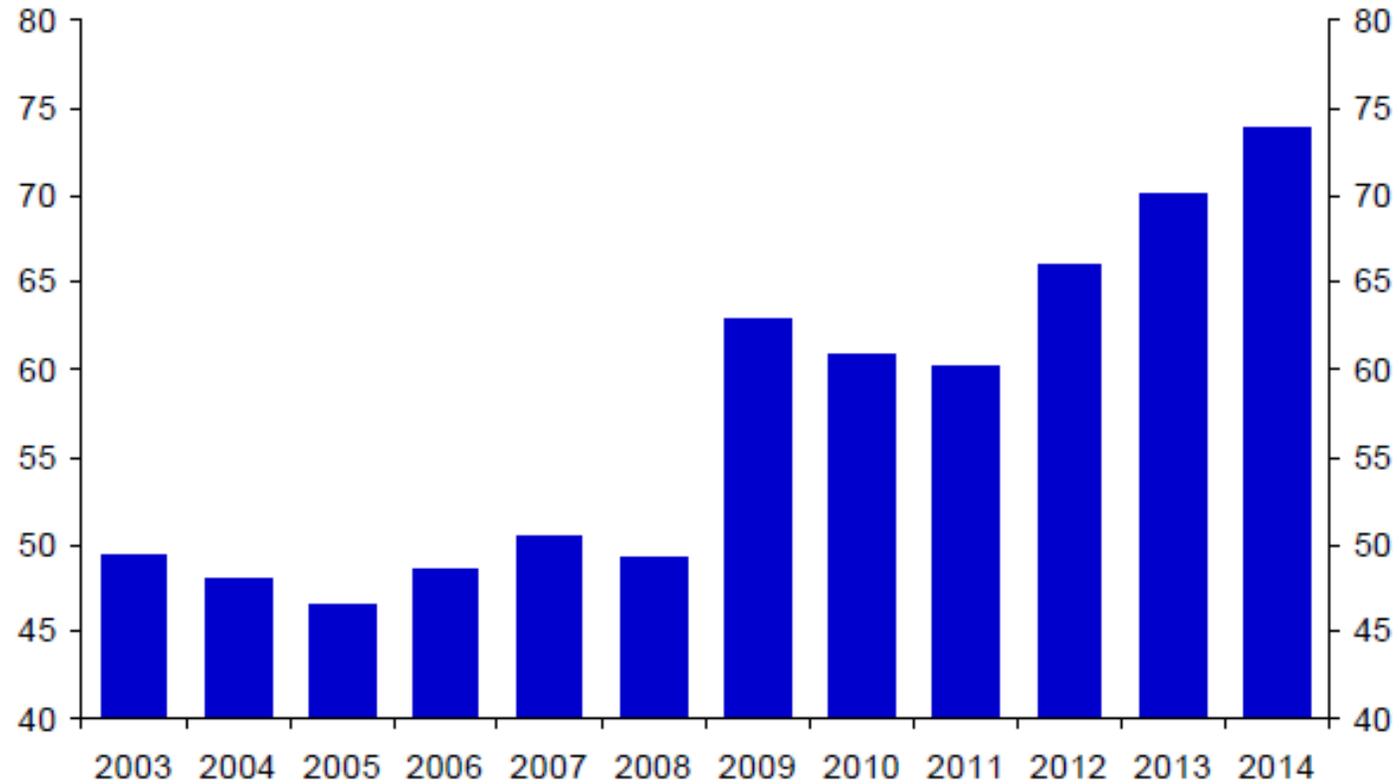
## EM: Currency Values

Rebased, Jan 2010=100

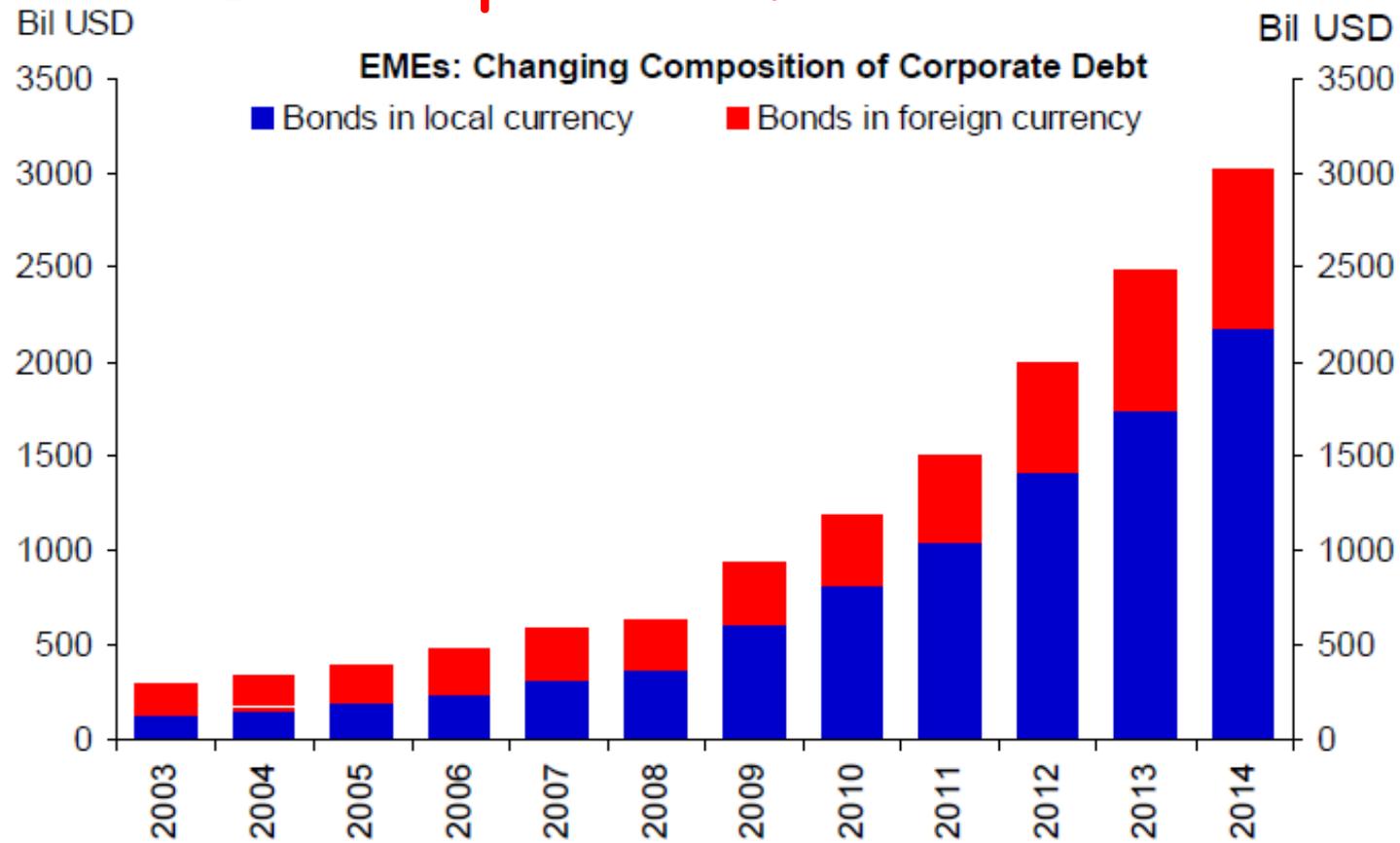


## EM: Corporate Debt % GDP

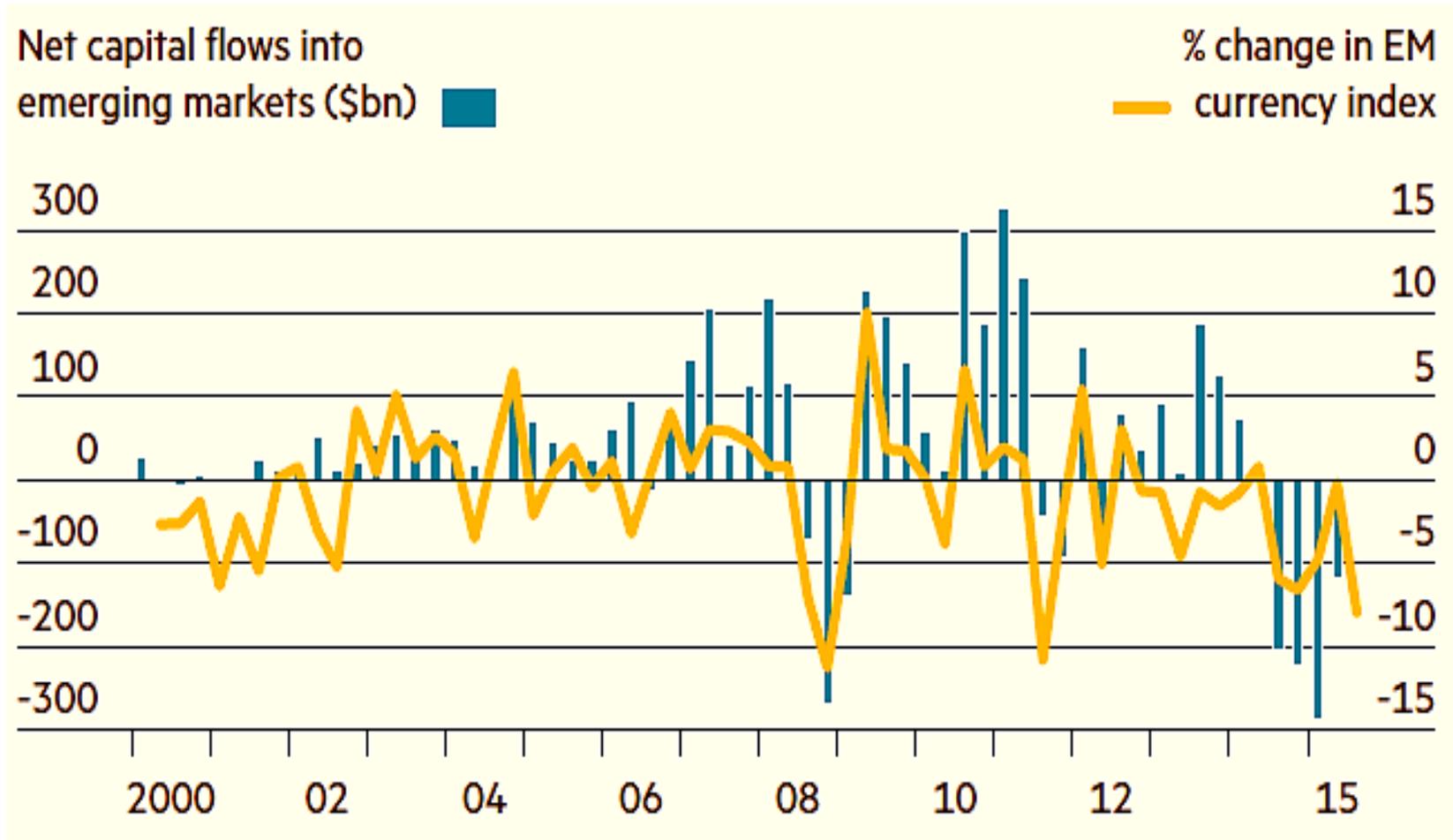
Total Major EM Corporate Debt (percent of GDP)



## EM: Composition of Bonds Issued



## EM: Capital Flowing Out





## EM: Mounting Debt

**Outflow: \$1tn in 2015**

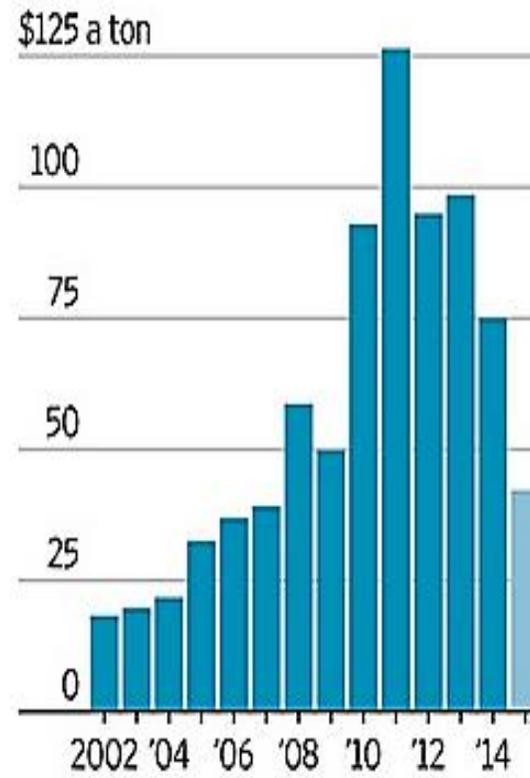
## EM: Foreign Currency Reserves



## Brazil: Mineral Exports

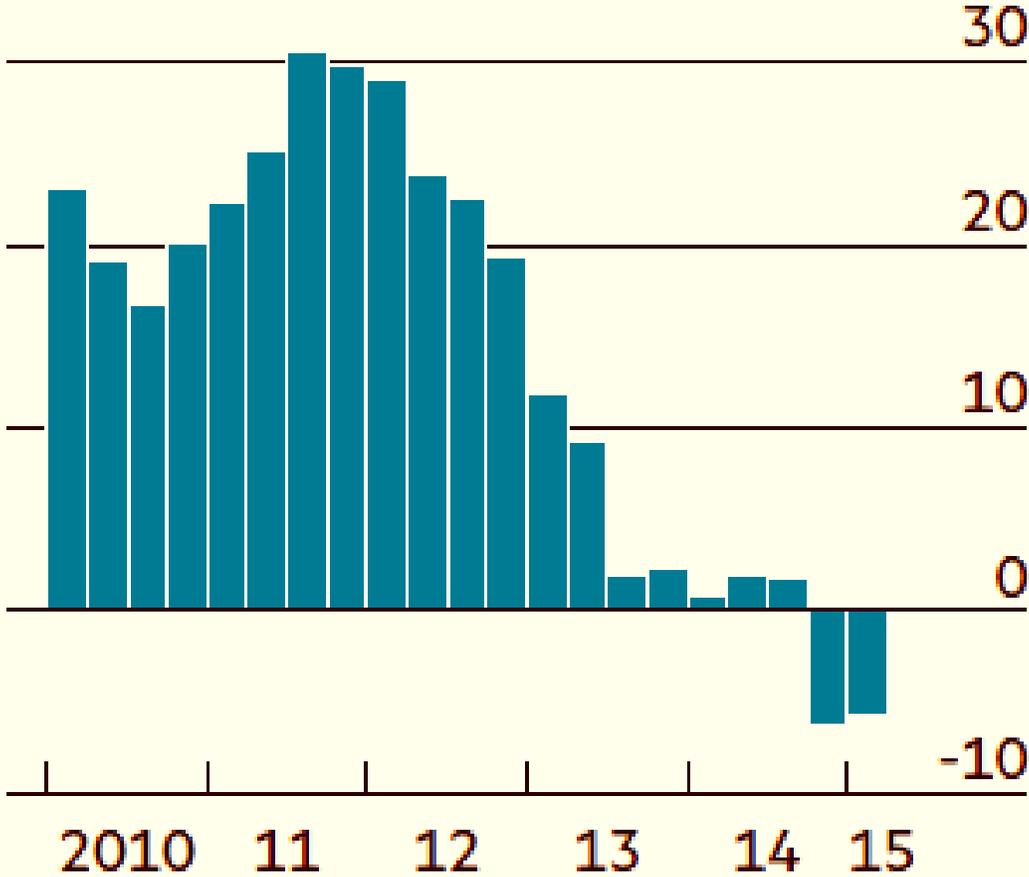


## Brazil: Price Received for Iron Ore

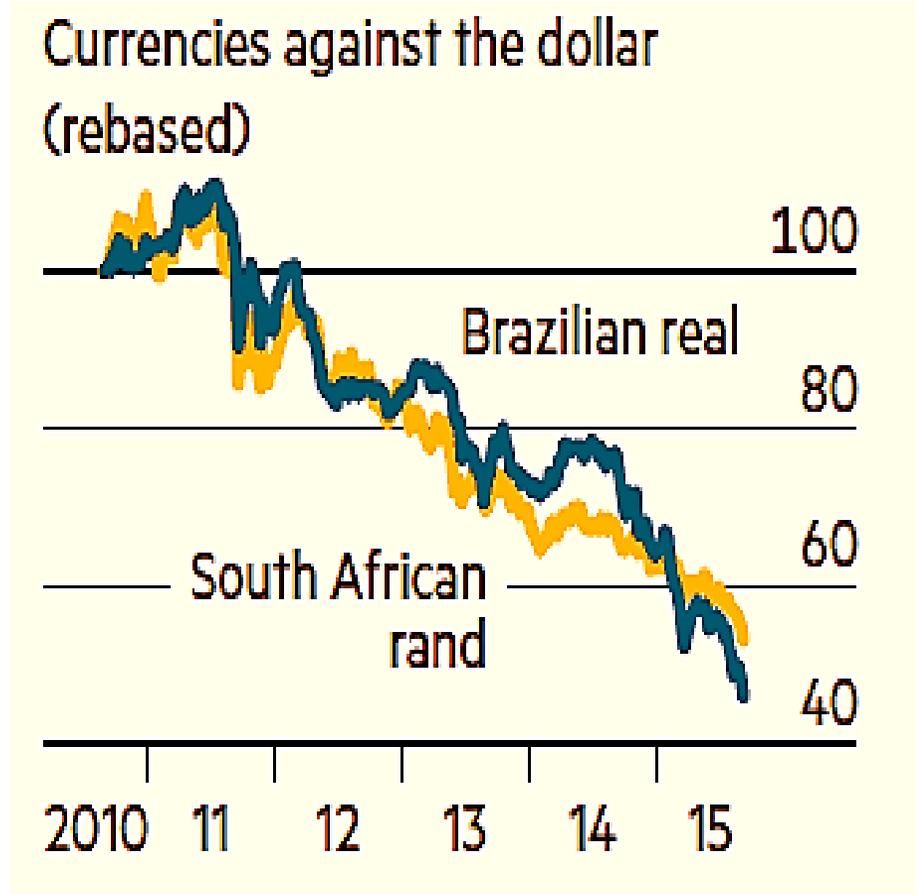


# Brazil: Current-Account Deficits

Rolling 4 quarters sum (\$bn)



## Commodity Currencies Under Pressure



## Brazil: Inflation





## Brazil Economy

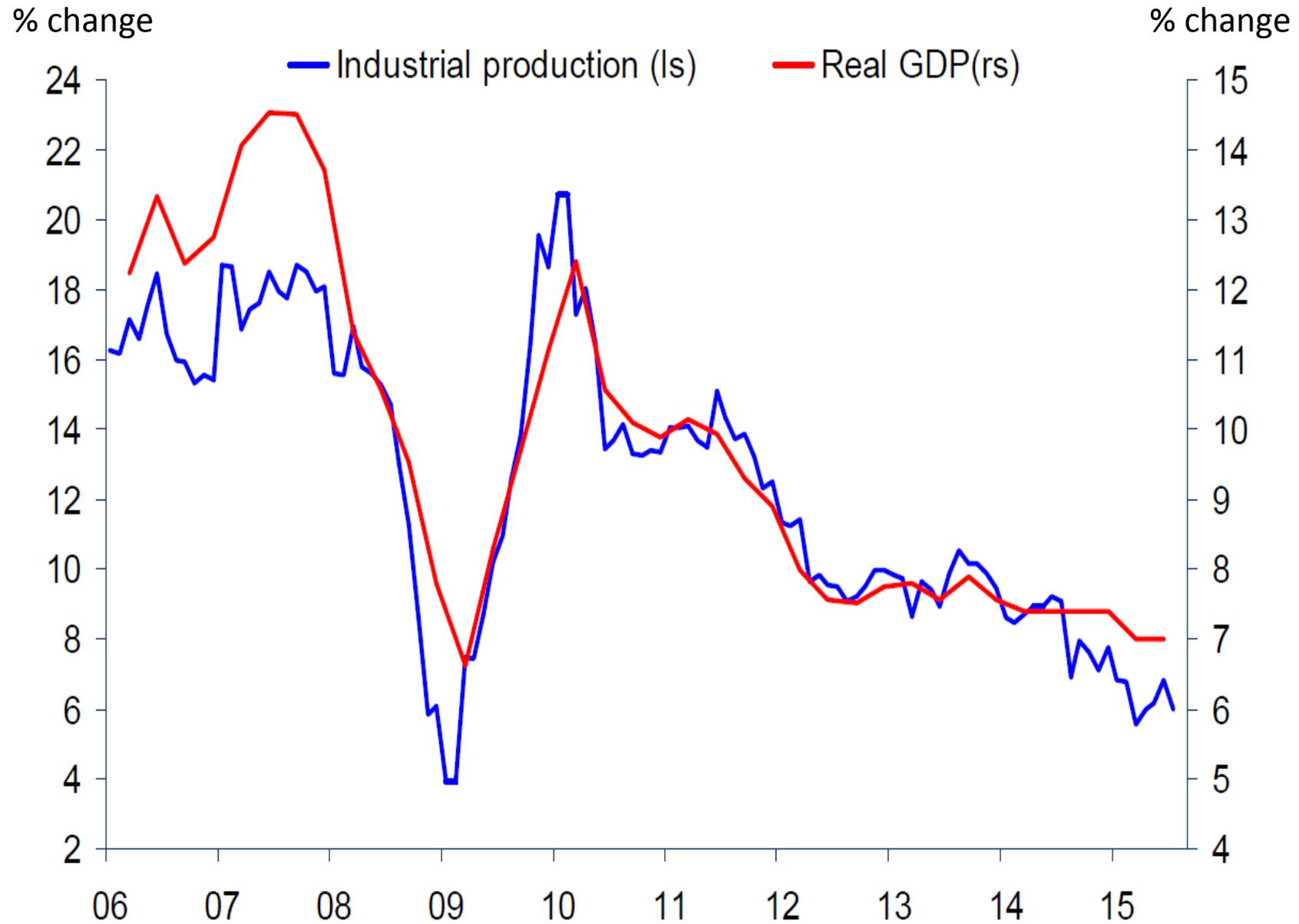
Higher Interest Rate

Slower Growth

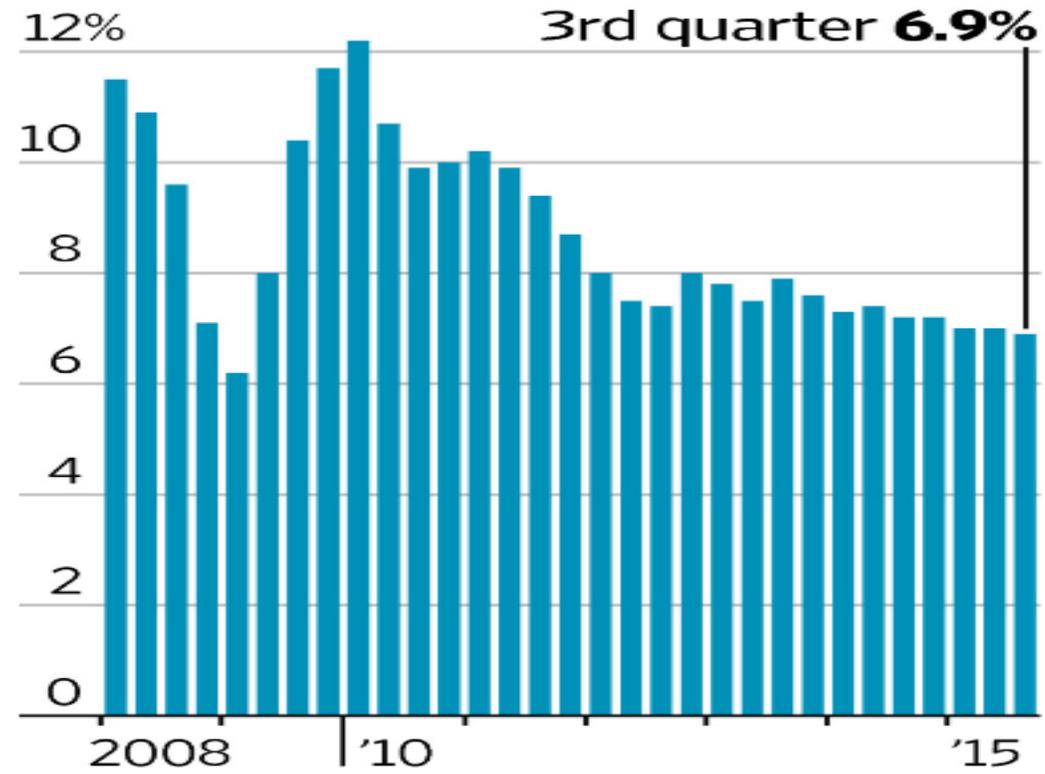
Less Imports



## China: Slowing Economy

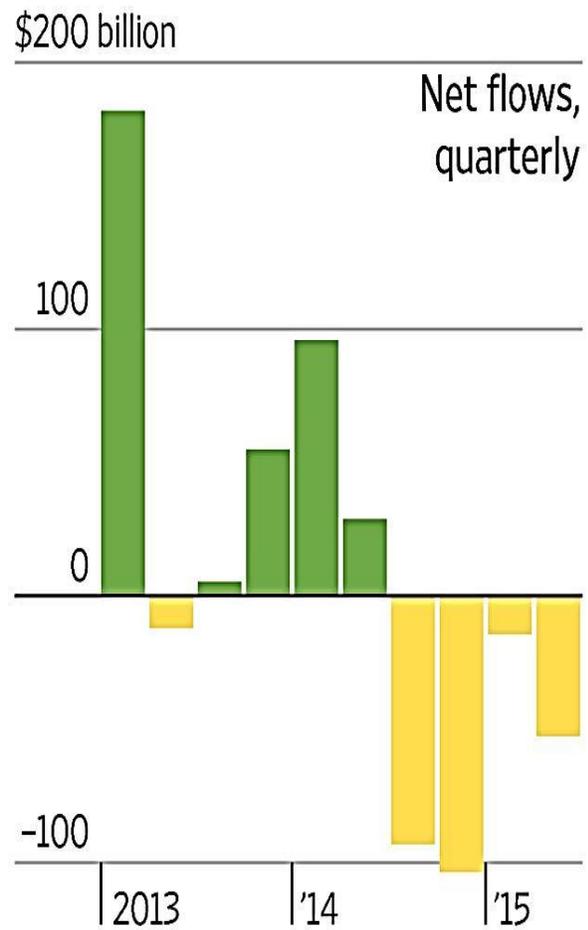
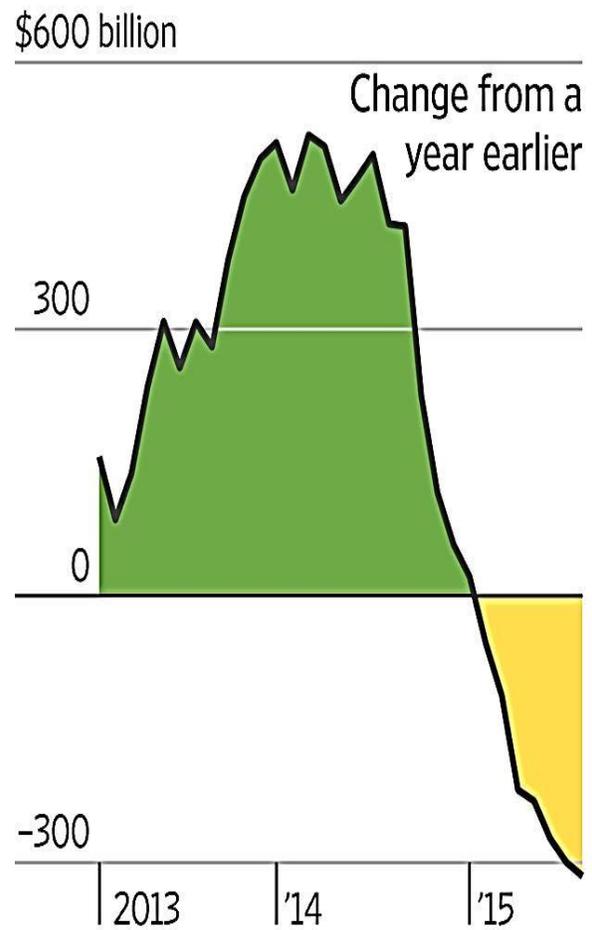


## China: Real GDP Y/Y

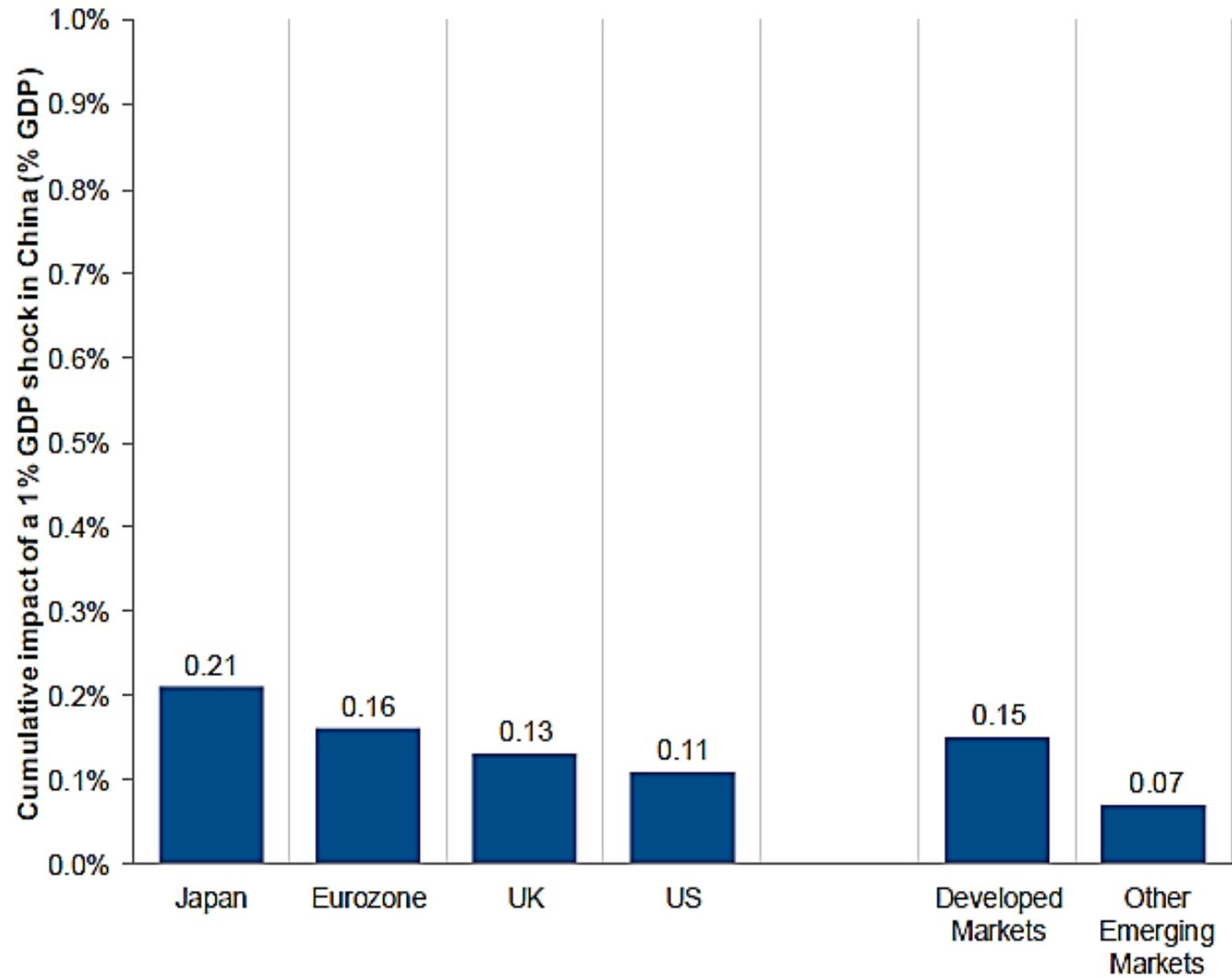


## China: F/X Reserves

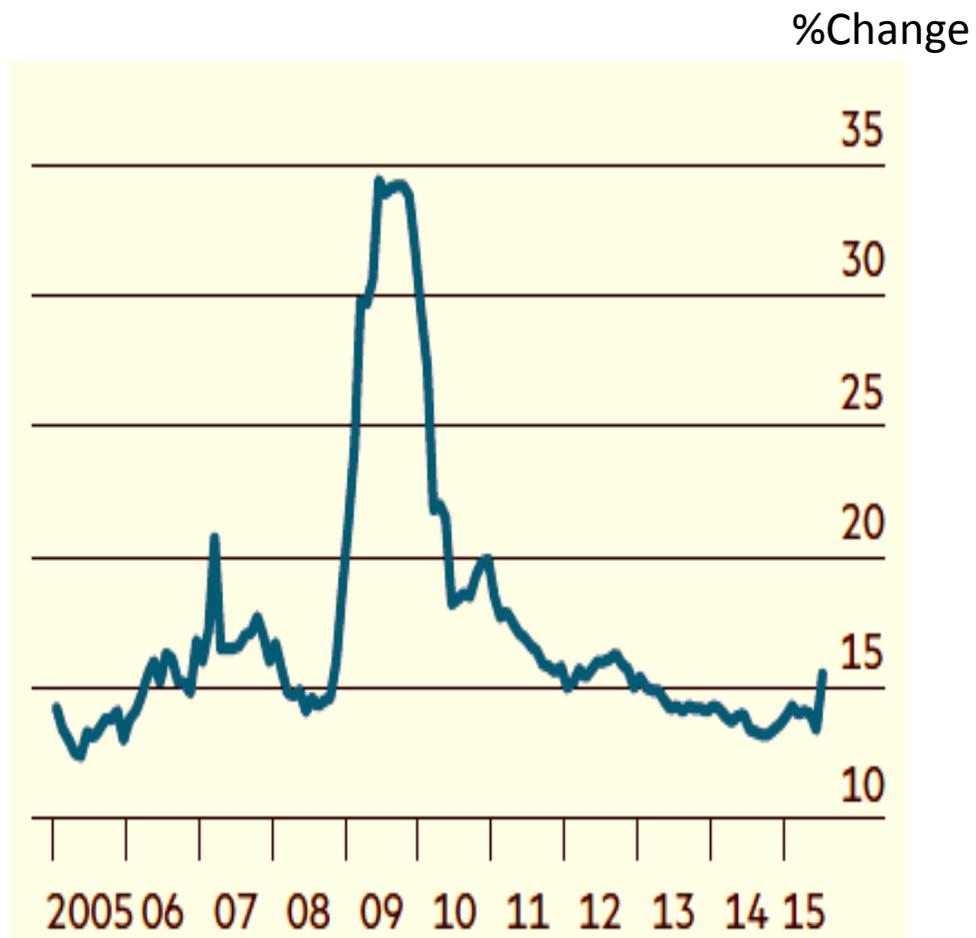
## China: Capital Outflows



## If China's GDP Falls by 1 Percent--



## China's Credit Growth in RMB





# High Savings Rate



# Credit Binge in 2008

## Debt-to-GDP

**2008: 80%**

**2014: 300%**



# Growth on Steroids

Capital Controls

Excess Investment



Steep Fall in Growth

Reduced Investment

## China Medium-term Economic Growth

**Conference Board**  
for 2015–19

**5.5%**

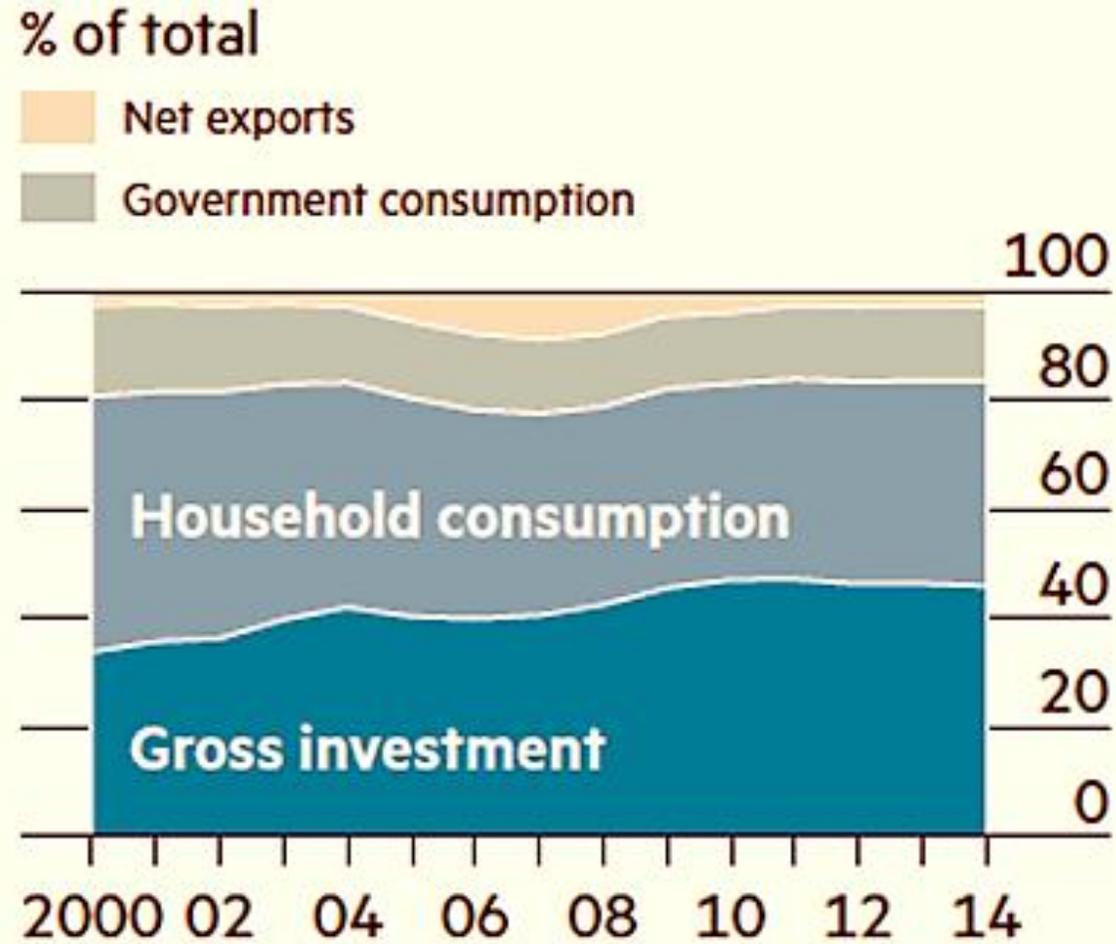
**IMF**  
2015–19

**6.6**

**World Bank**  
2016–20

**7.0**

## China: Rebalance Growth





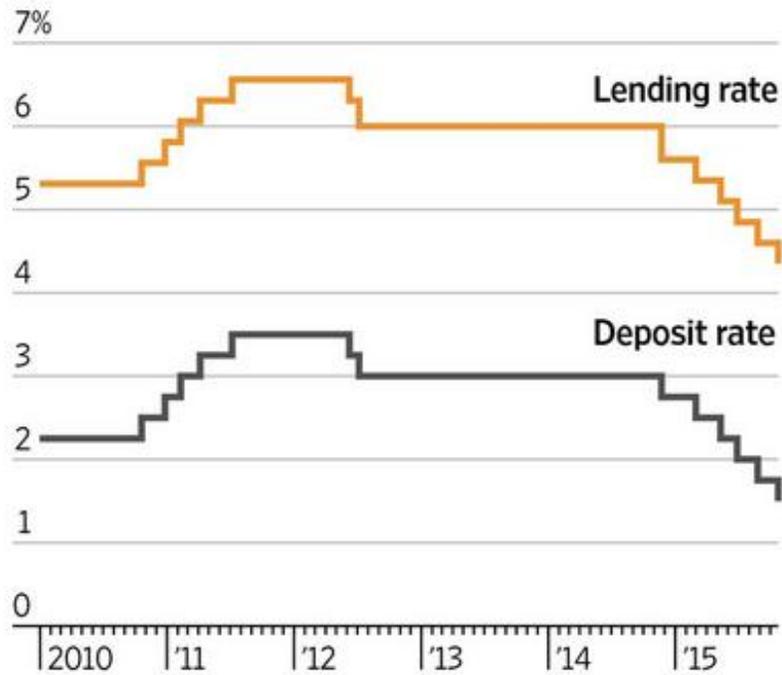
Soft Landing

Public Works

Monetary Policy

## China: Easing Credit Conditions

**Benchmark rates** on loans of as much as a year and one-year deposits

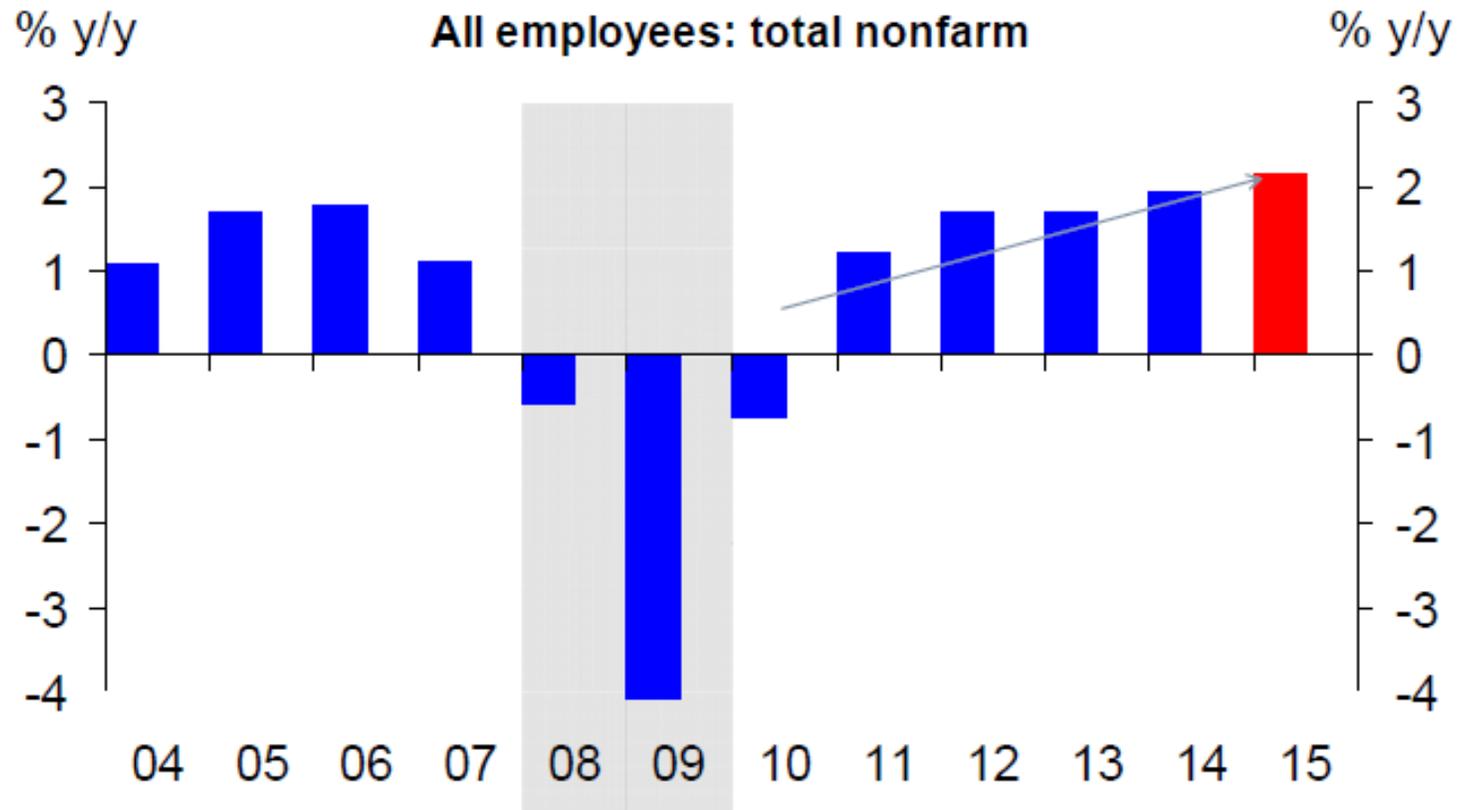


**Reserve ratio for large banks**





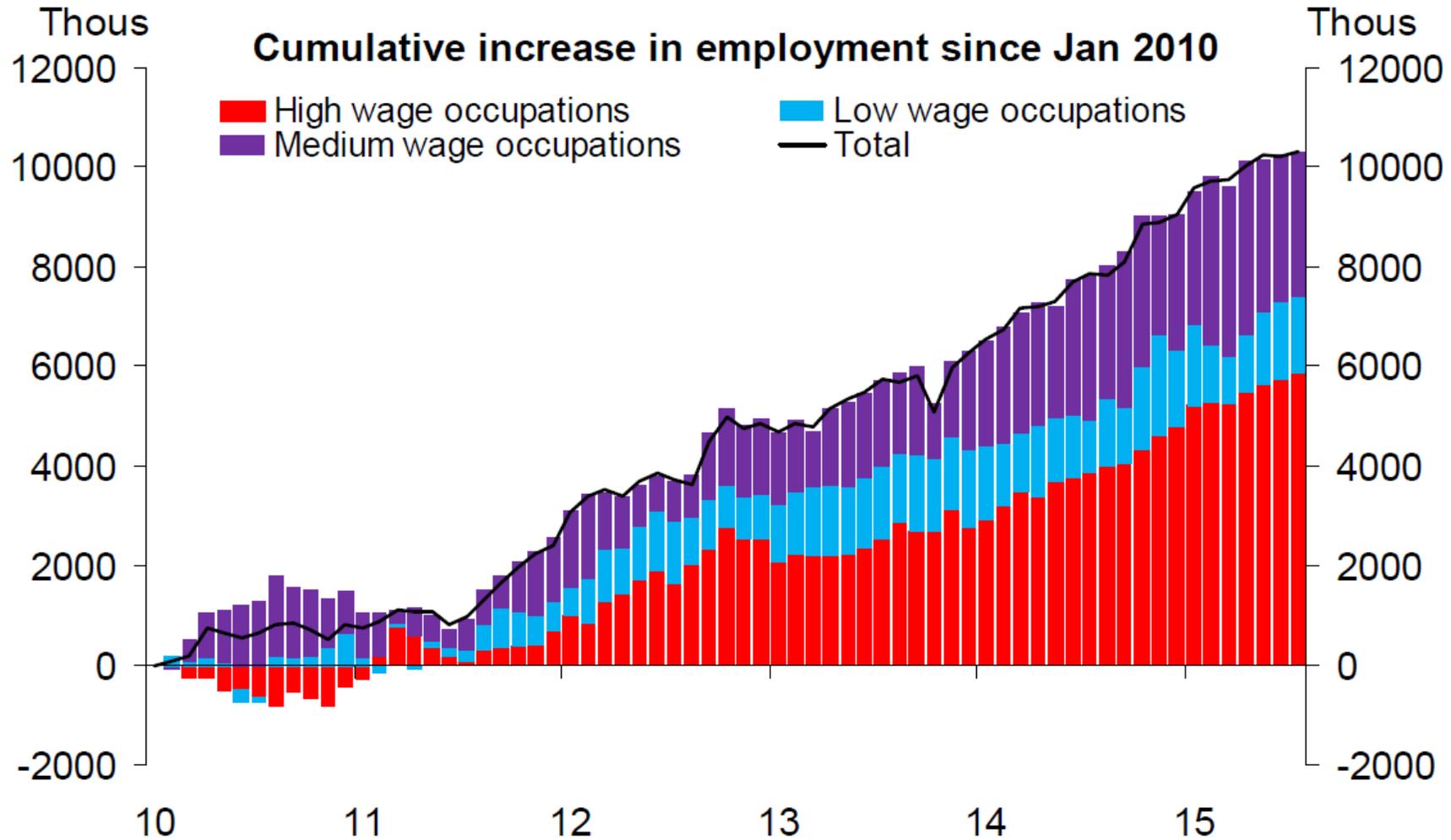
## Job Gains Improving



# Labor Market Tightening

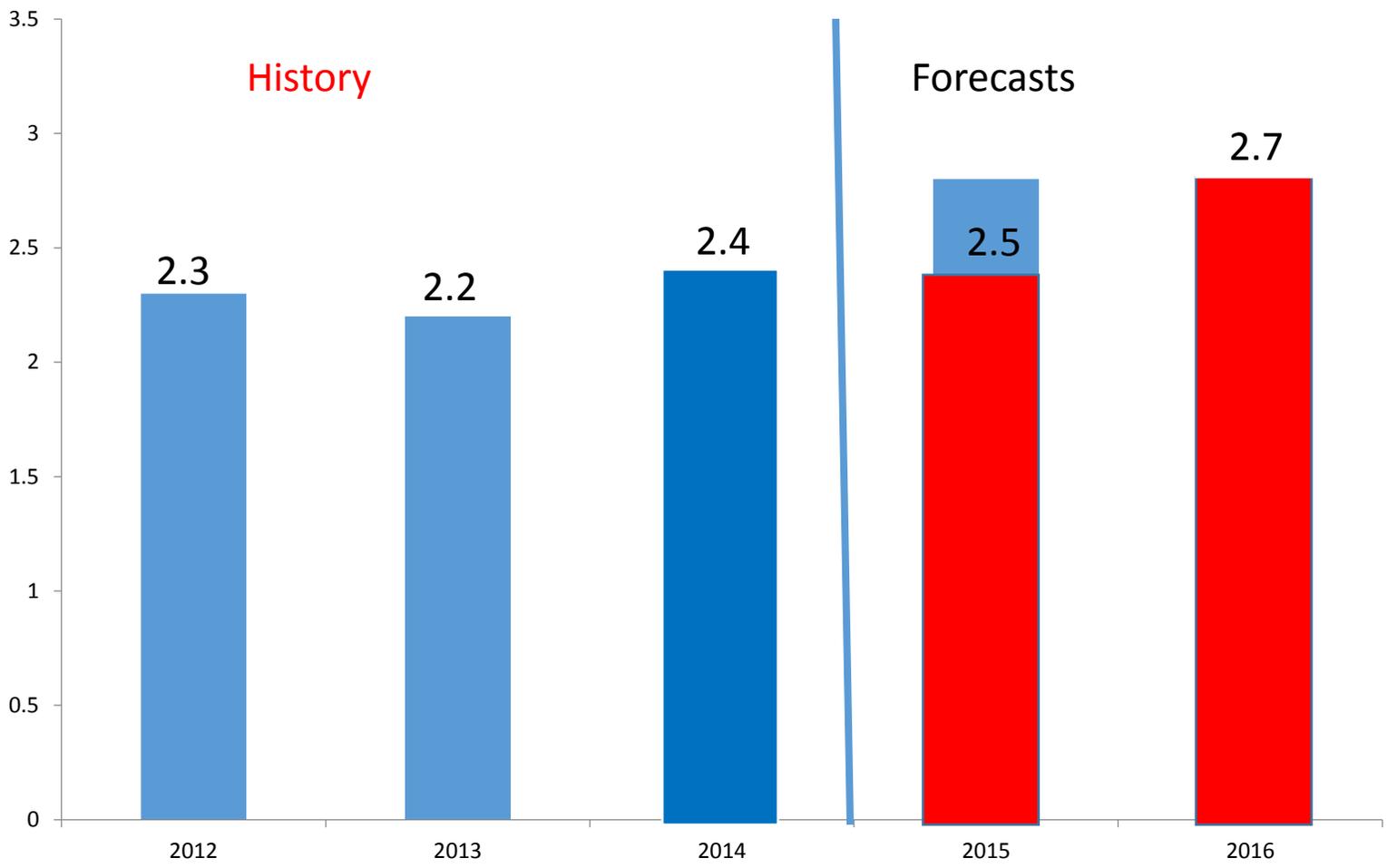


## High, Medium and Low Wage Job Creations



High wage occupational categories are management, professional and related occupations. Medium wage categories are sales and office occupations; construction and extraction occupations; installation, maintenance and repair occupations; and production/transportation and material moving occupations. Low wage occupations are service occupations and farming, fishing, and forestry.

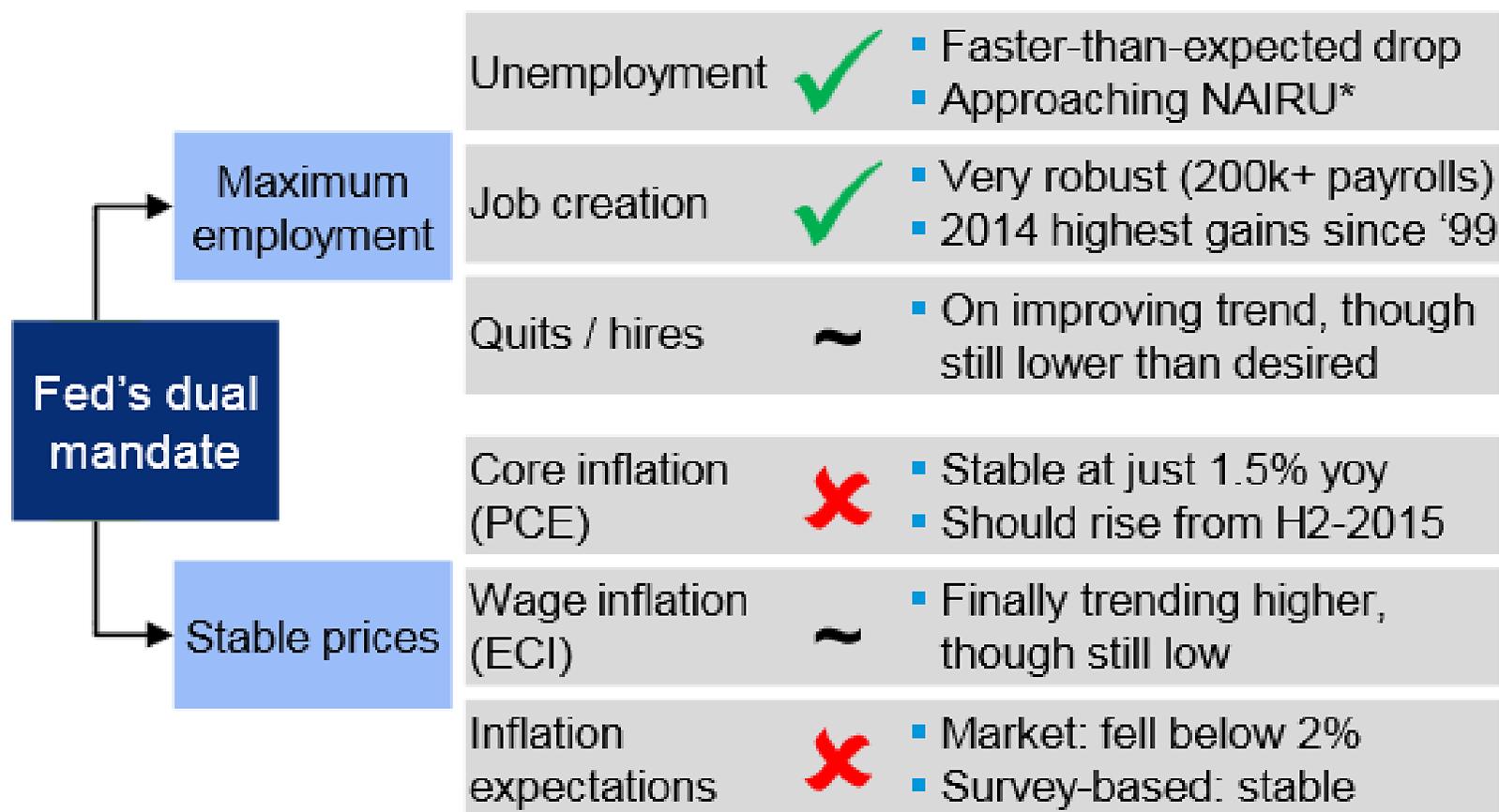
# U.S. Economic Outlook



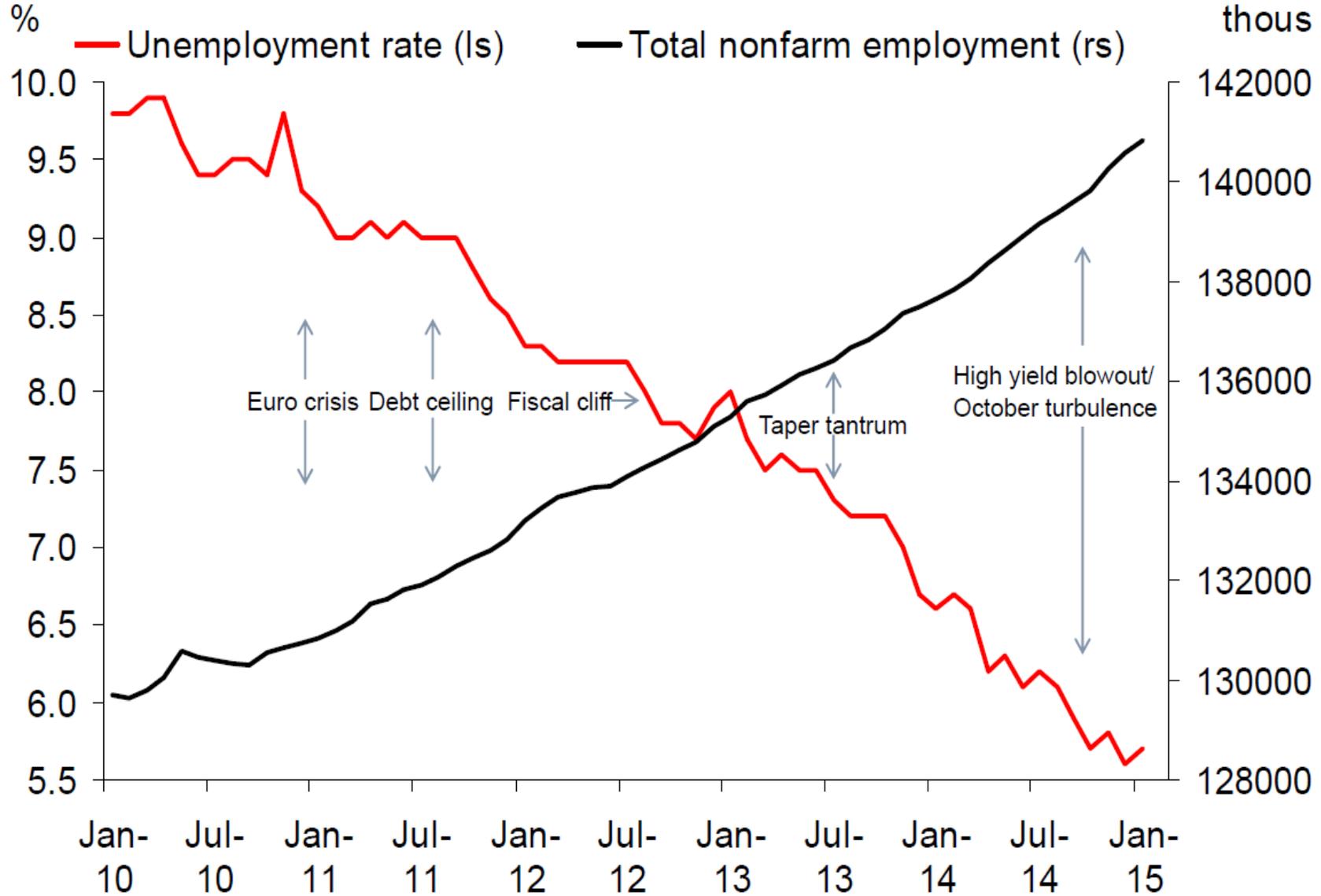
## Federal Reserve and Investments



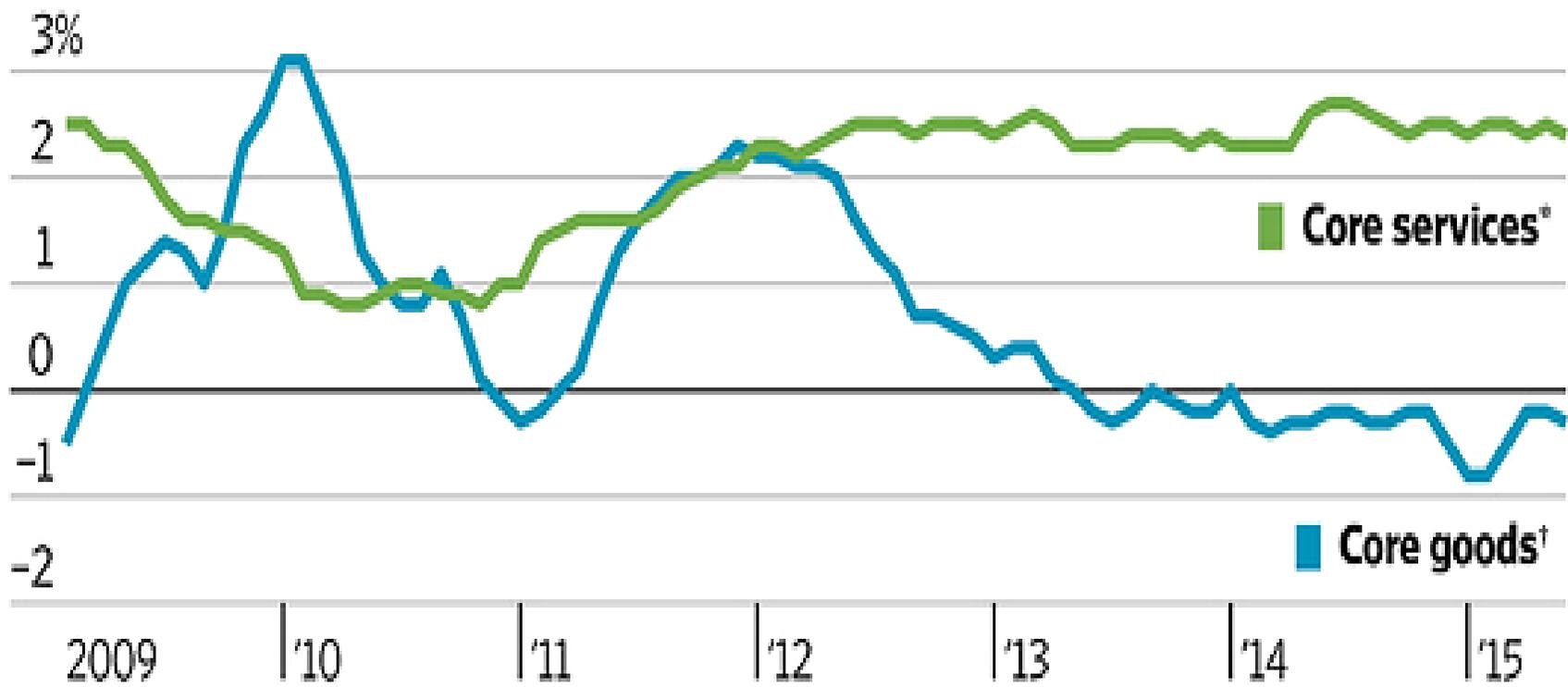
## Federal Reserve: Lift-off?



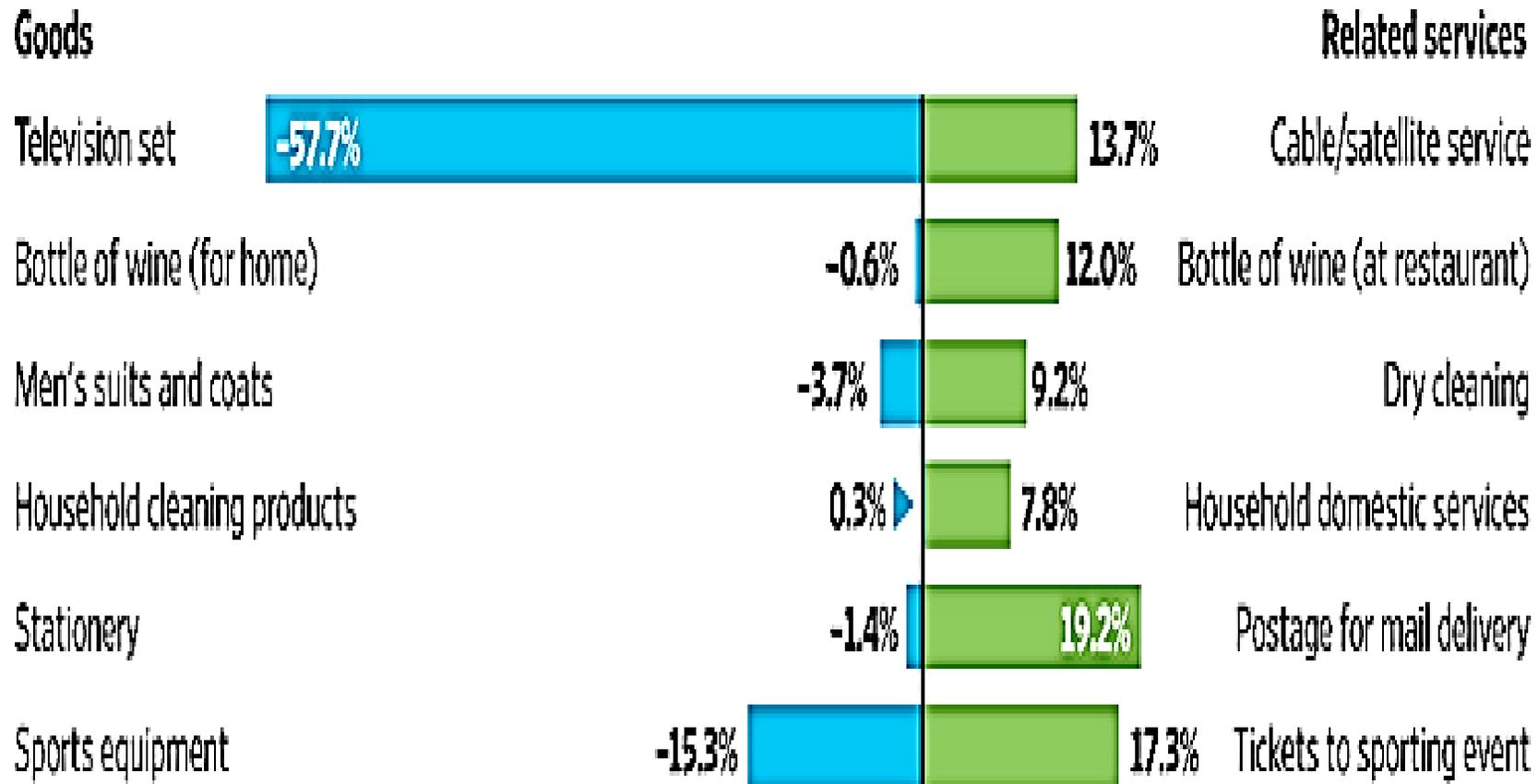
# Employment and Unemployment Rate



# CPI: Goods vs. Services



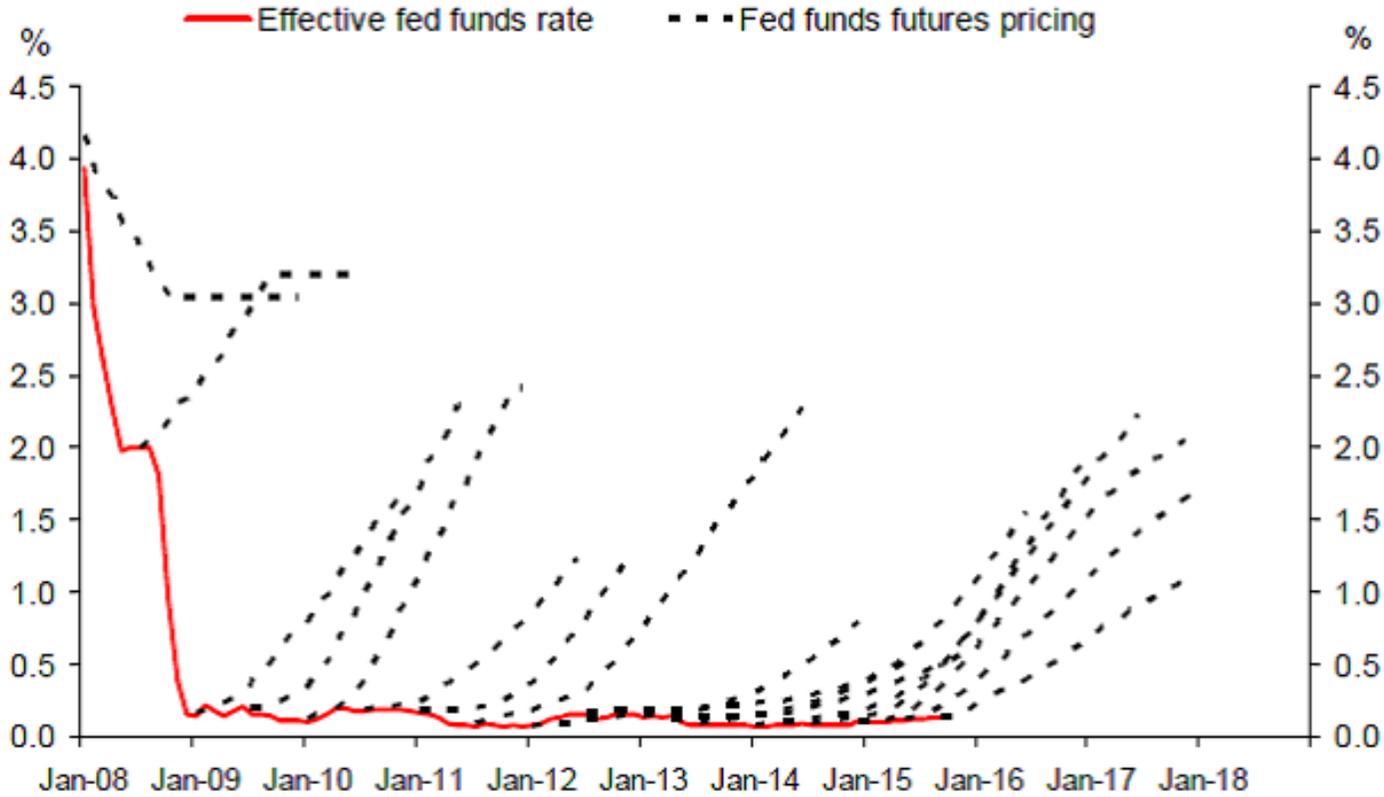
## CPI: Winners and Losers for Past Years



## Slow Wage Increases

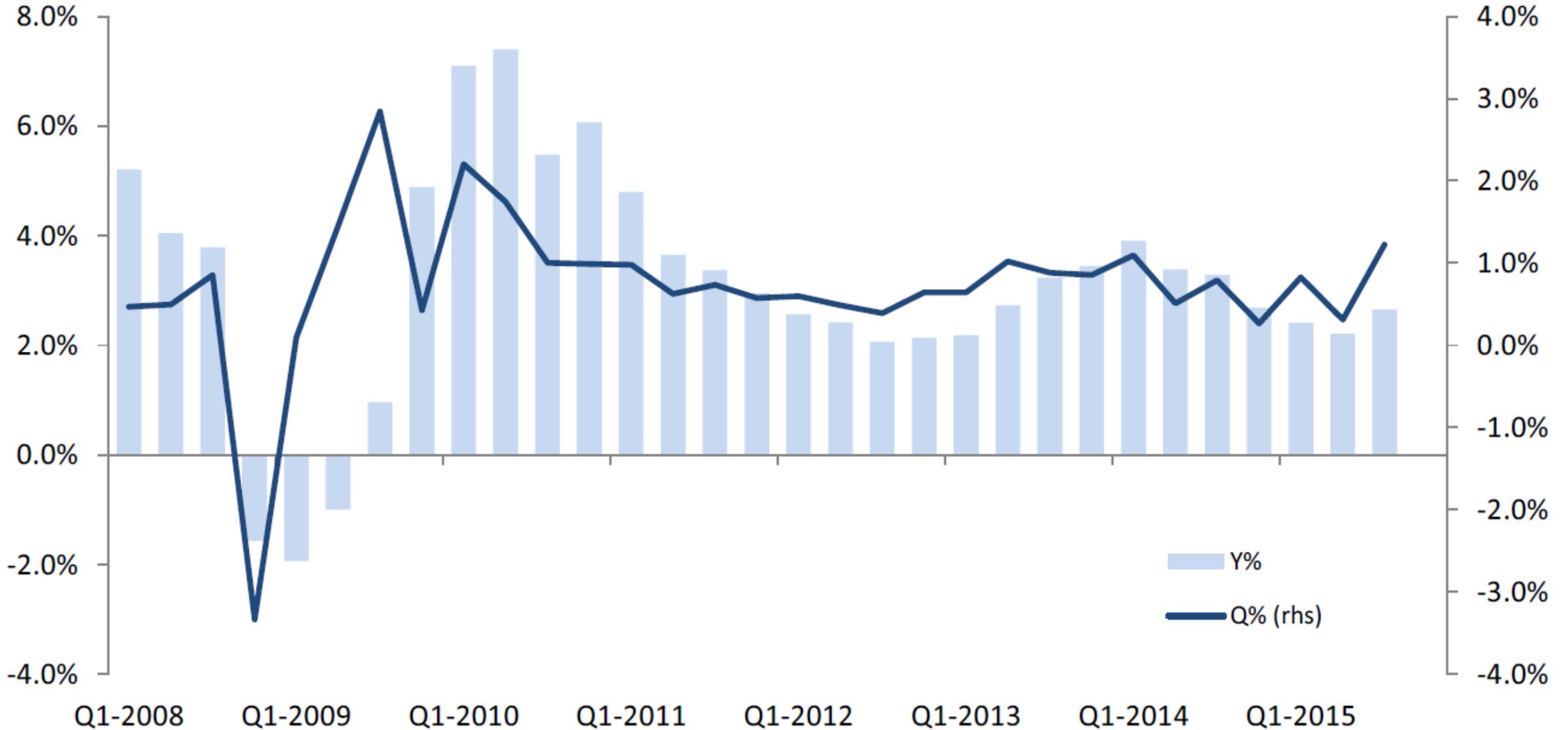


# Fed Funds Rate: Actual vs. Market Expectation

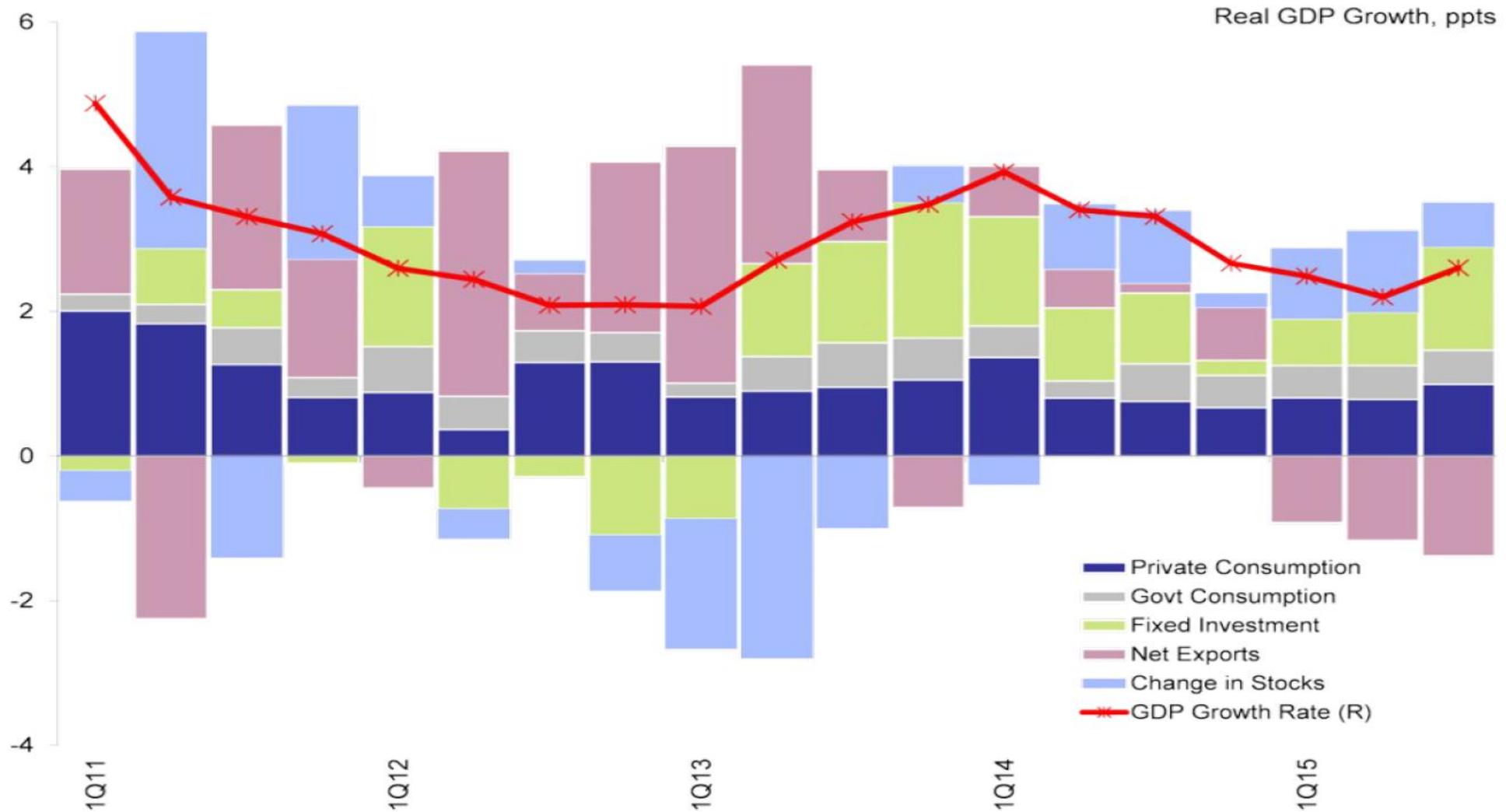




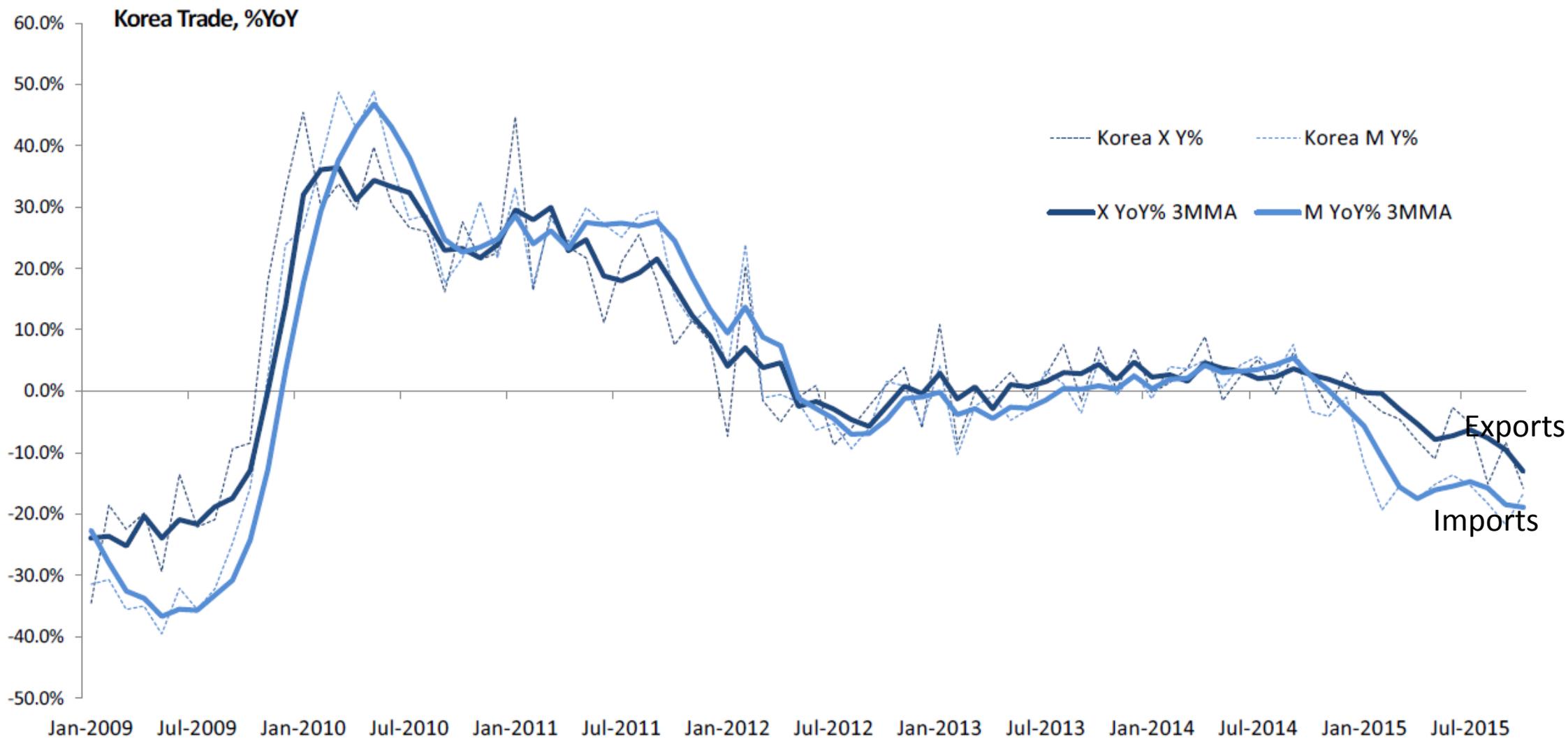
# Korea: Real GDP Growth



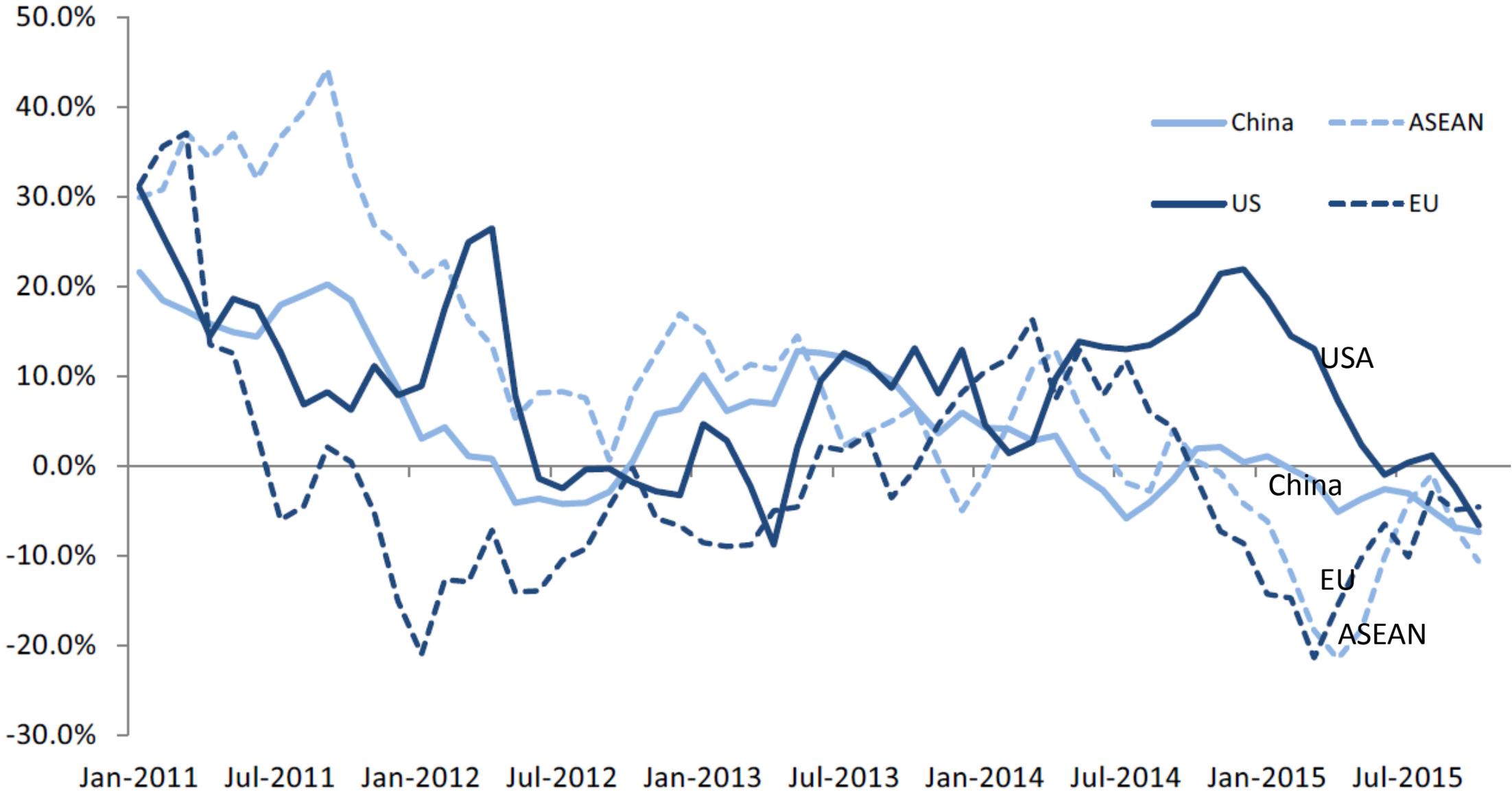
# Korea: Composition of Economic Growth



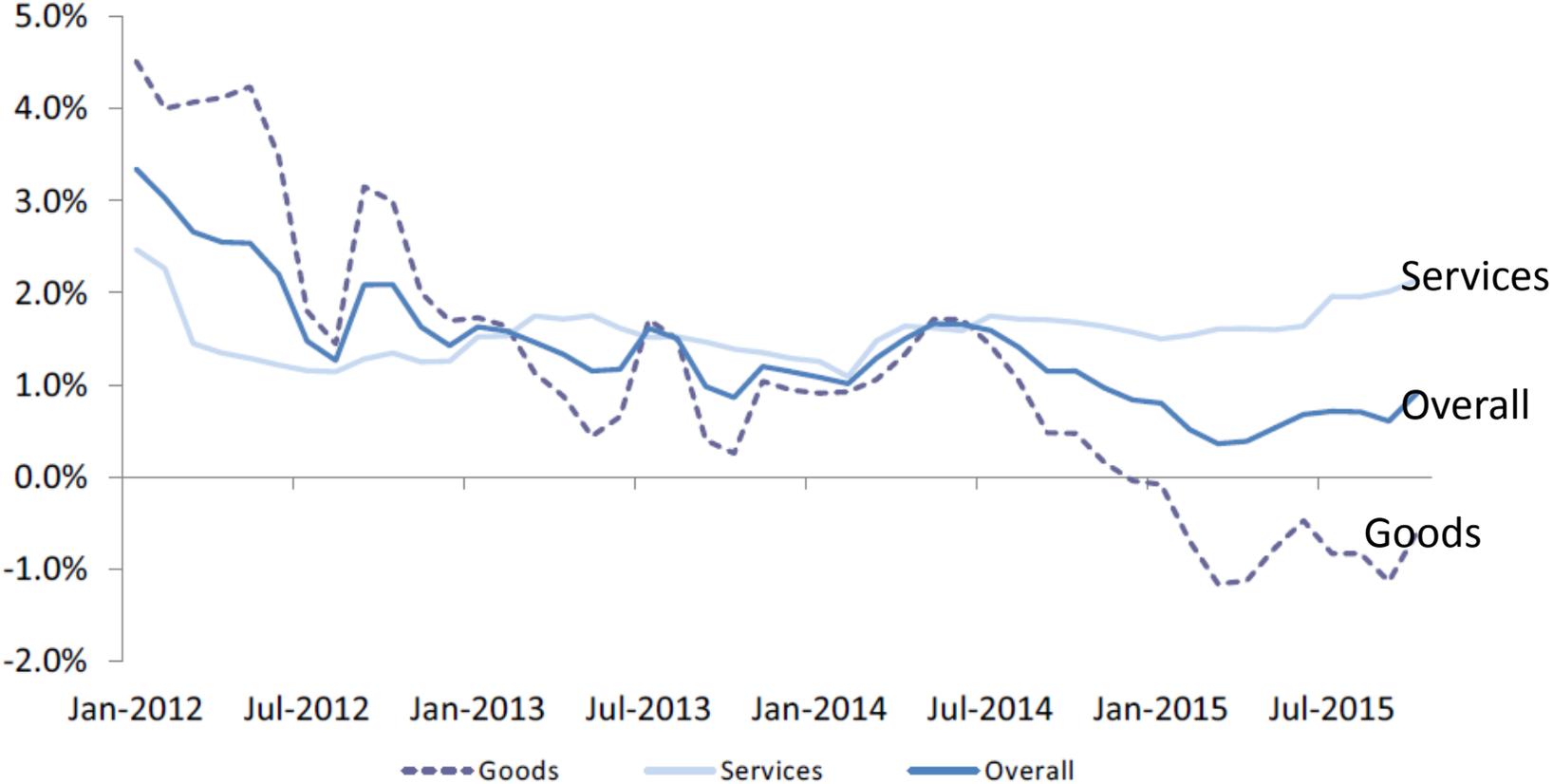
# Korea: Exports and Imports



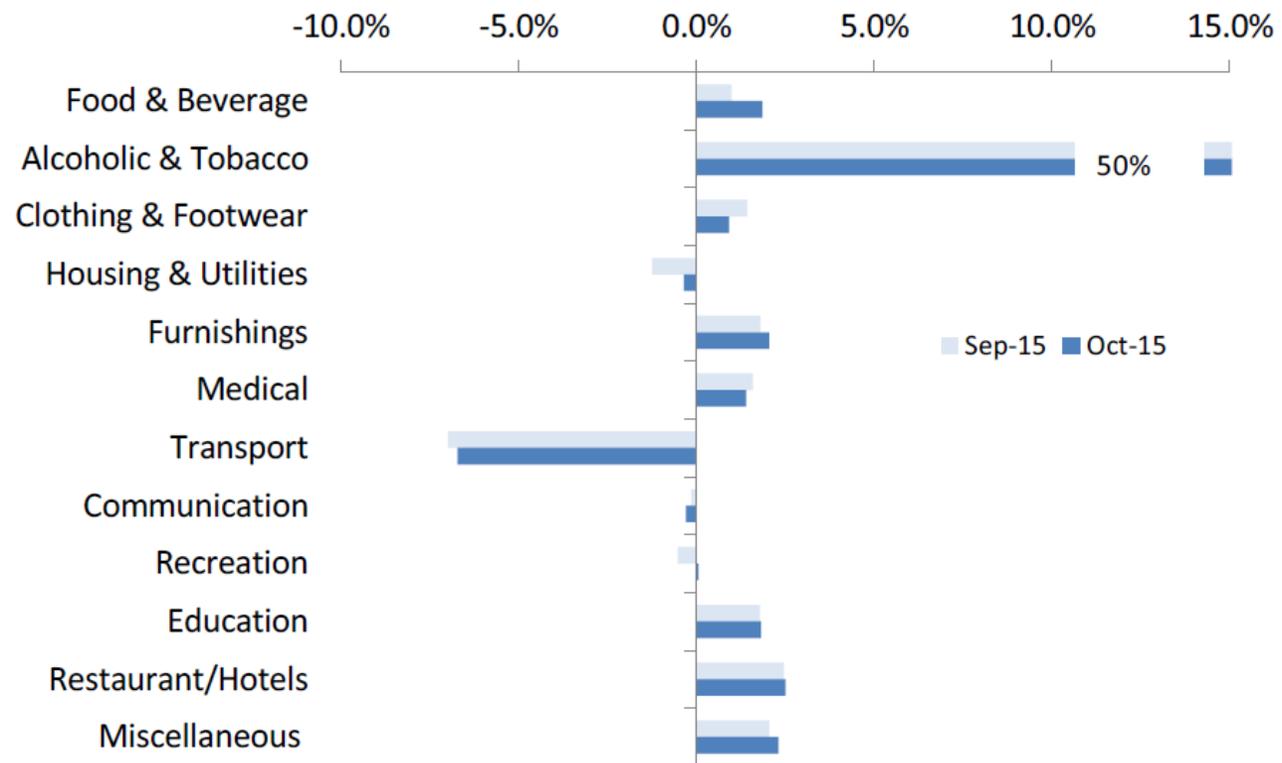
# Korea: Exports by Destination (y/y 3M)



# Korea: CPI



# Korea: CPI Composition





# Why BOK Cautious?

Household Debt

Federal Reserve

Weaker Yen Not Effective

Economic Growth First



*DrSohn.com*  
*(not Dr.Sohn.com)*