



# Global Macroeconomics: The Good, the Bad, and the Ugly

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# The Good

# IMF revised down 2013-14 world GDP

**Table 1. Overview of the World Economic Outlook Projections**

(Percent change unless noted otherwise)

	Year over Year								
	2011	2012	Projections		Difference from April 2013 WEO Published		Q4 over Q4		
			2013	2014	2013	2014	Estimates 2012	Projections 2013	2014
<b>World Output 1/</b>	<b>3.9</b>	<b>3.1</b>	<b>3.1</b>	<b>3.8</b>	<b>-0.2</b>	<b>-0.2</b>	<b>2.6</b>	<b>3.5</b>	<b>3.7</b>
<b>Advanced Economies</b>	<b>1.7</b>	<b>1.2</b>	<b>1.2</b>	<b>2.1</b>	<b>-0.1</b>	<b>-0.2</b>	<b>0.7</b>	<b>1.8</b>	<b>2.2</b>
United States	1.8	2.2	1.7	2.7	-0.2	-0.2	1.7	2.0	3.1
Euro Area	1.5	-0.6	-0.6	0.9	-0.2	-0.1	-1.0	0.3	1.1
Germany	3.1	0.9	0.3	1.3	-0.3	-0.1	0.3	1.1	1.2
France	2.0	0.0	-0.2	0.8	-0.1	0.0	-0.3	0.5	0.6
Italy	0.4	-2.4	-1.8	0.7	-0.3	0.2	-2.8	-0.9	1.4
Spain	0.4	-1.4	-1.6	0.0	0.0	-0.7	-1.9	-0.7	0.0
Japan	-0.6	1.9	2.0	1.2	0.5	-0.3	0.4	3.5	0.2
United Kingdom	1.0	0.3	0.9	1.5	0.3	0.0	0.2	1.1	1.7
Canada	2.5	1.7	1.7	2.2	0.2	-0.2	1.0	2.0	2.4
Other Advanced Economies 2/	3.3	1.8	2.3	3.3	-0.1	-0.1	2.0	3.0	3.2
<b>Emerging Market and Developing Economies 3/</b>	<b>6.2</b>	<b>4.9</b>	<b>5.0</b>	<b>5.4</b>	<b>-0.3</b>	<b>-0.3</b>	<b>5.0</b>	<b>5.6</b>	<b>5.6</b>
Central and Eastern Europe	5.4	1.4	2.2	2.8	0.0	0.0	0.8	3.6	2.5
Commonwealth of Independent States	4.8	3.4	2.8	3.6	-0.6	-0.4	1.3	3.3	2.9
Russia	4.3	3.4	2.5	3.3	-0.9	-0.5	2.0	3.6	2.5
Excluding Russia	6.1	3.3	3.5	4.3	0.0	-0.3	...	...	...
Developing Asia	7.8	6.5	6.9	7.0	-0.3	-0.3	6.9	7.0	7.0
China	9.3	7.8	7.8	7.7	-0.3	-0.6	7.9	7.9	7.6
India 4/	6.3	3.2	5.6	6.3	-0.2	-0.1	3.0	6.0	6.6
ASEAN-5 5/	4.5	6.1	5.6	5.7	-0.3	0.2	9.1	5.5	5.1
Latin America and the Caribbean	4.6	3.0	3.0	3.4	-0.4	-0.5	2.8	2.9	3.5
Brazil	2.7	0.9	2.5	3.2	-0.5	-0.8	1.4	2.6	3.5
Mexico	3.9	3.9	2.9	3.2	-0.5	-0.2	3.3	3.6	2.4
Middle East, North Africa, Afghanistan, and Pakistan	3.9	4.4	3.1	3.7	-0.1	0.0	...	...	...
Sub-Saharan Africa	5.4	4.9	5.1	5.9	-0.4	-0.2	...	...	...
South Africa	3.5	2.5	2.0	2.9	-0.8	-0.4	2.3	2.3	3.0

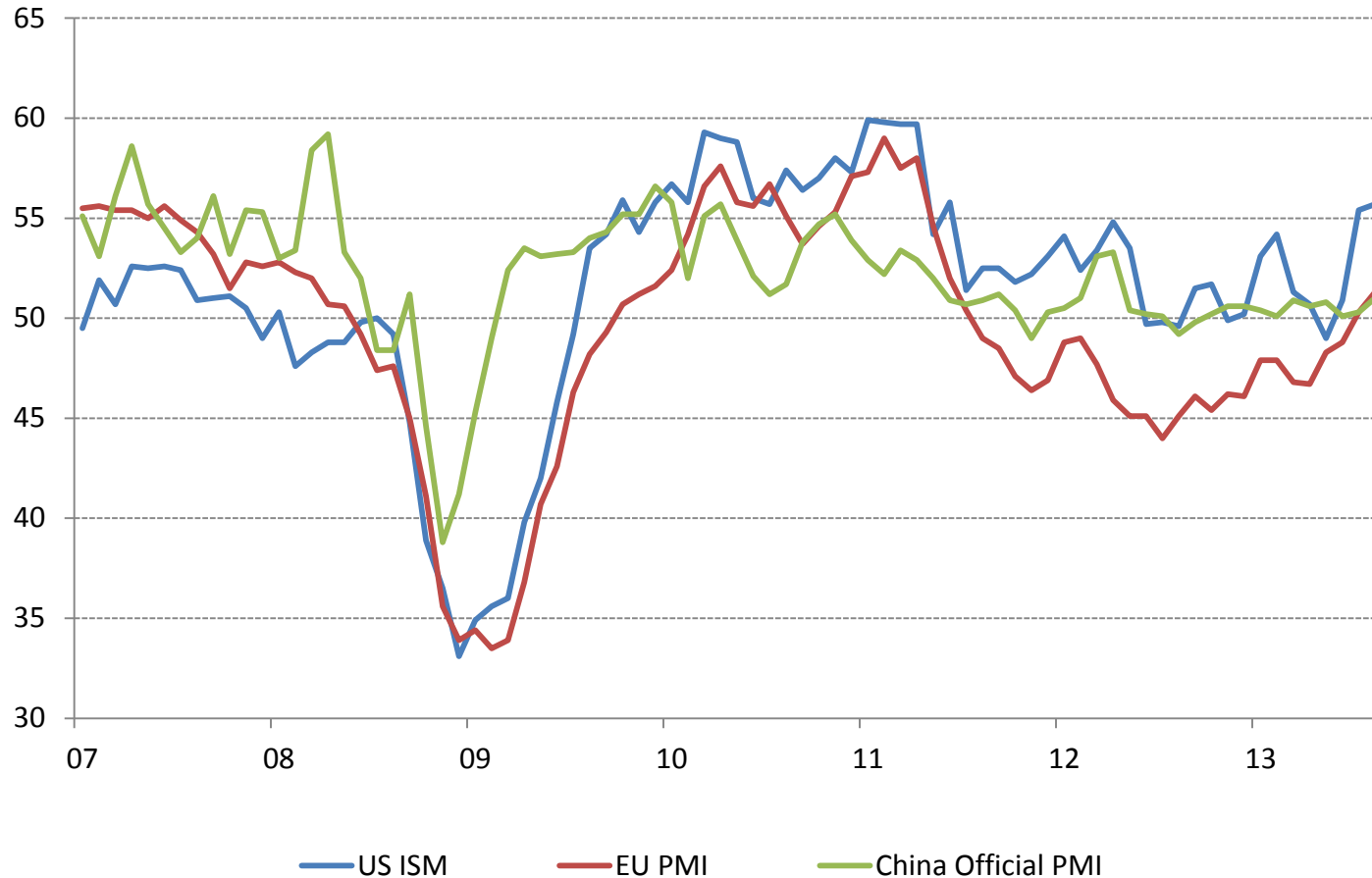
# IMF revised down 2013-14 world GDP (ctn.)

**Table 1. Overview of the World Economic Outlook Projections**

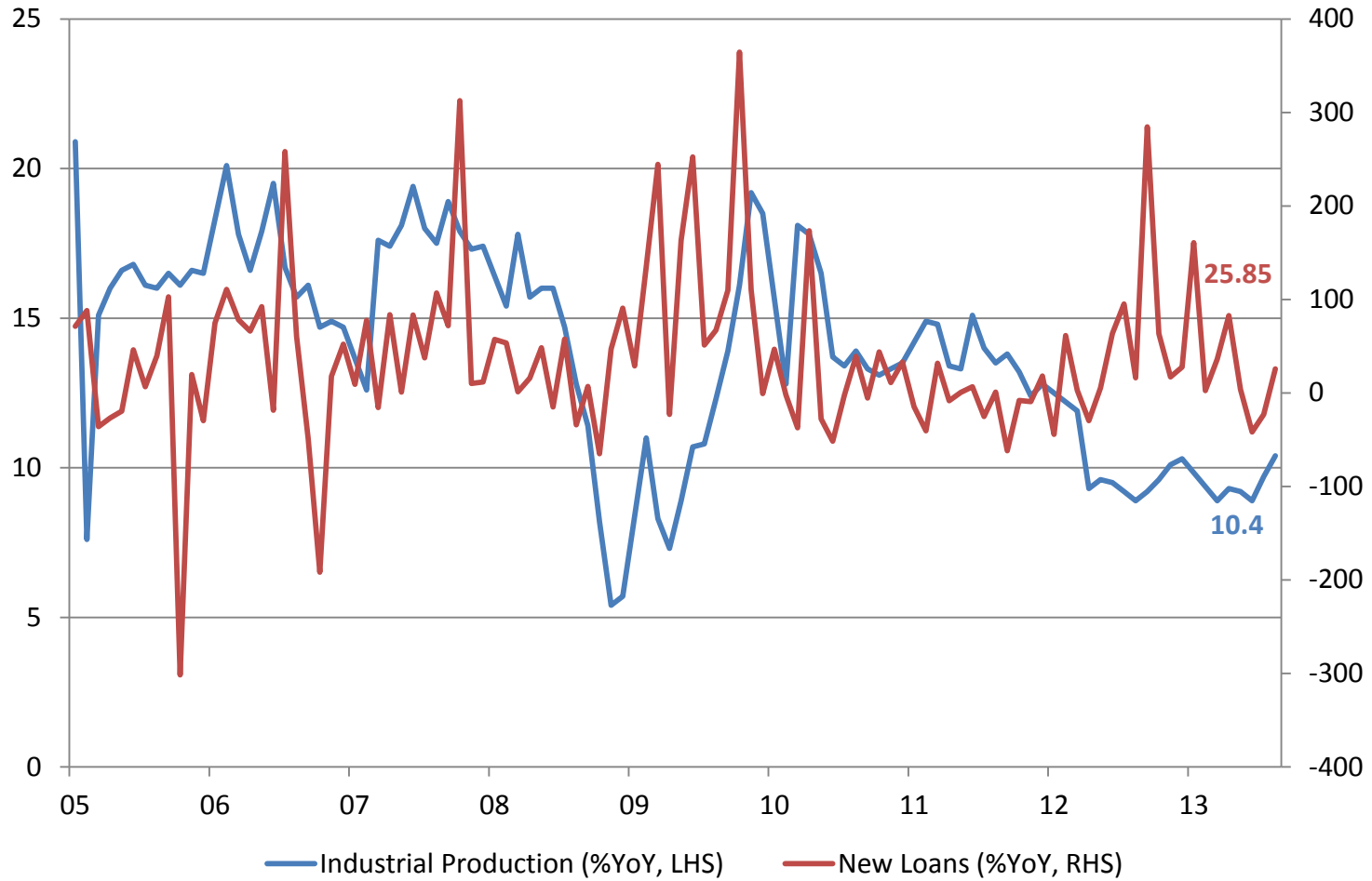
(Percent change unless noted otherwise)

	Year over Year								
	2011	2012	Projections		Difference from April 2013 WEO Published		Q4 over Q4		
			2013	2014	2013	2014	Estimates 2012	Projections 2013	Projections 2014
<i>Memorandum</i>									
European Union	1.7	-0.2	-0.1	1.2	-0.1	-0.1	-0.6	0.7	1.3
Middle East and North Africa	4.0	4.5	3.0	3.7	-0.1	0.1	...	...	...
World Growth Based on Market Exchange Rates	2.9	2.4	2.4	3.2	-0.1	-0.2	1.8	2.8	3.1
<b>World Trade Volume (goods and services)</b>	<b>6.0</b>	<b>2.5</b>	<b>3.1</b>	<b>5.4</b>	<b>-0.5</b>	<b>0.1</b>	...	...	...
<i>Imports</i>									
Advanced Economies	4.7	1.1	1.4	4.3	-0.8	0.1	...	...	...
Emerging Market and Developing Economies	8.7	5.0	6.0	7.3	-0.2	0.0	...	...	...
<i>Exports</i>									
Advanced Economies	5.6	2.0	2.4	4.7	-0.4	0.2	...	...	...
Emerging Market and Developing Economies	6.4	3.6	4.3	6.3	-0.5	-0.2	...	...	...
<b>Commodity Prices (U.S. dollars)</b>									
Oil 6/	31.6	1.0	-4.7	-4.7	-2.4	0.2	-1.2	-4.1	-3.8
Nonfuel (average based on world commodity export weights)	17.9	-9.9	-1.8	-4.3	-0.9	0.0	1.2	-4.5	-2.3
<b>Consumer Prices</b>									
Advanced Economies	2.7	2.0	1.5	1.9	-0.1	0.0	1.8	1.6	2.1
Emerging Market and Developing Economies 3/	7.1	6.1	6.0	5.5	0.1	-0.1	5.2	5.4	4.9
<b>London Interbank Offered Rate (percent) 7/</b>									
On U.S. Dollar Deposits	0.5	0.7	0.5	0.7	0.0	0.1	...	...	...
On Euro Deposits	1.4	0.6	0.2	0.4	0.0	-0.1	...	...	...
On Japanese Yen Deposits	0.3	0.3	0.3	0.3	0.0	0.1	...	...	...

# Manufacturing PMI shows that economic outlook gets better

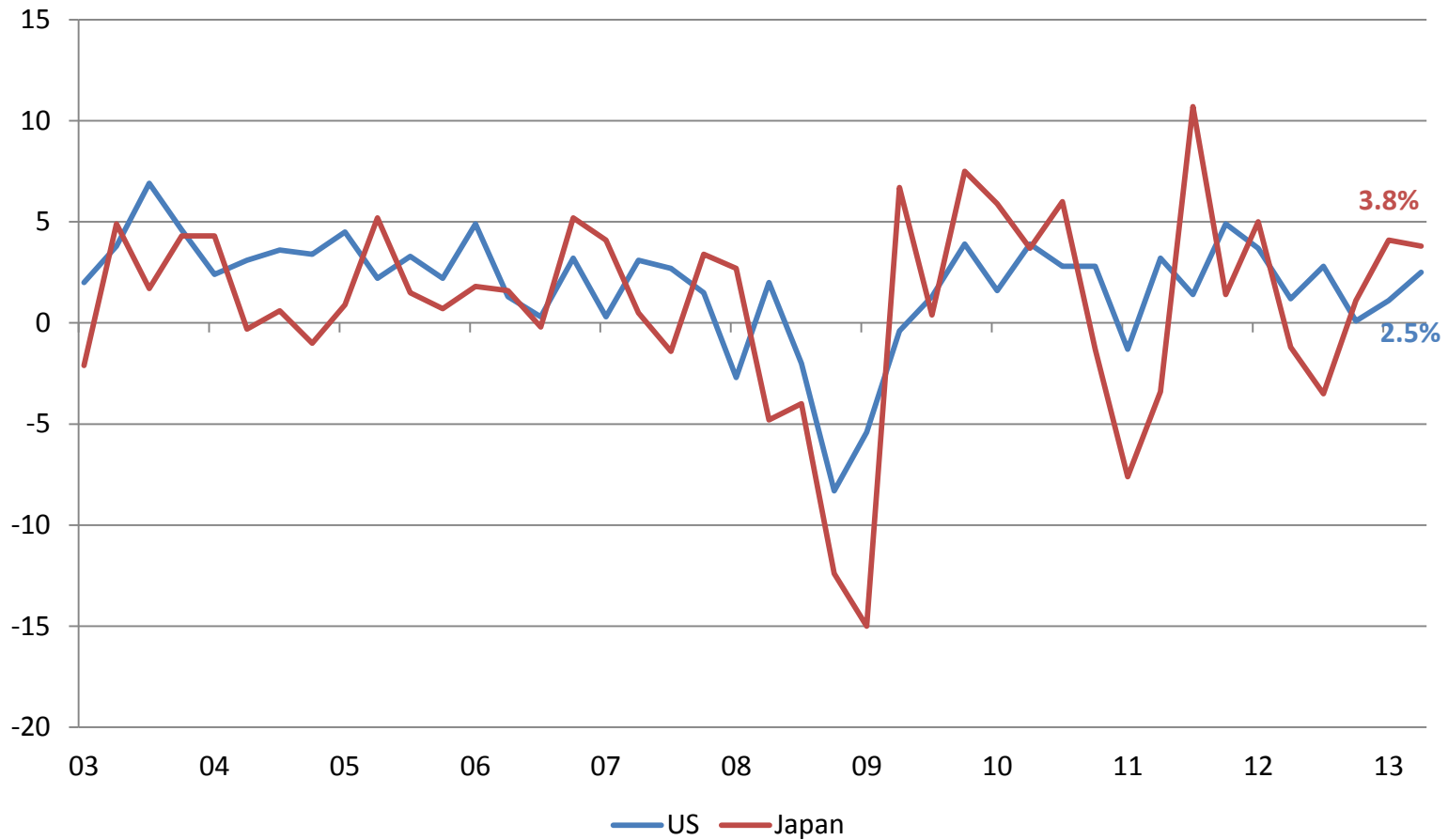


# China industrial production and new loans rebound



# US and JP GDP gradually improves

## US and Japan GDP (saar)

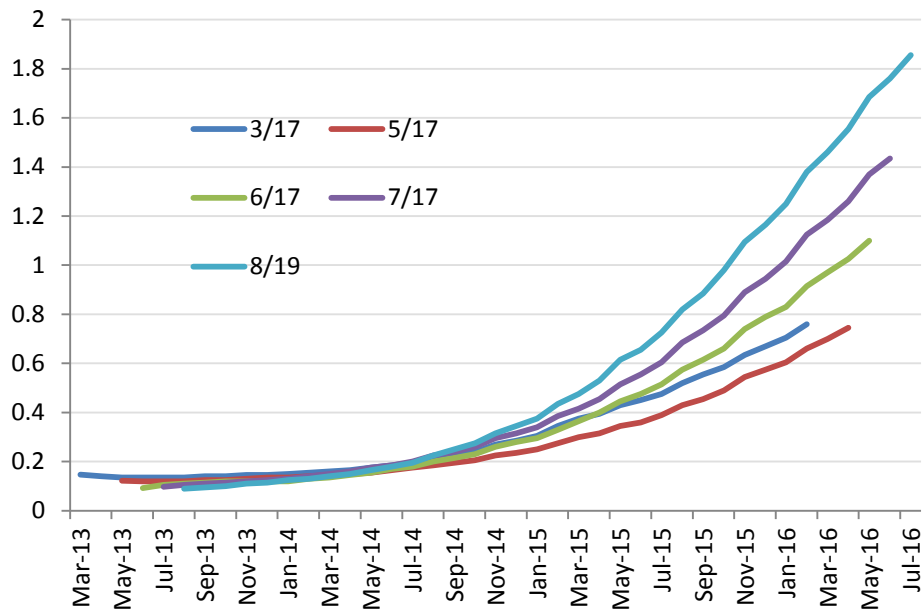


# The Bad



# US : Probability of raising rates

30 Day Fed Fund Future Contract

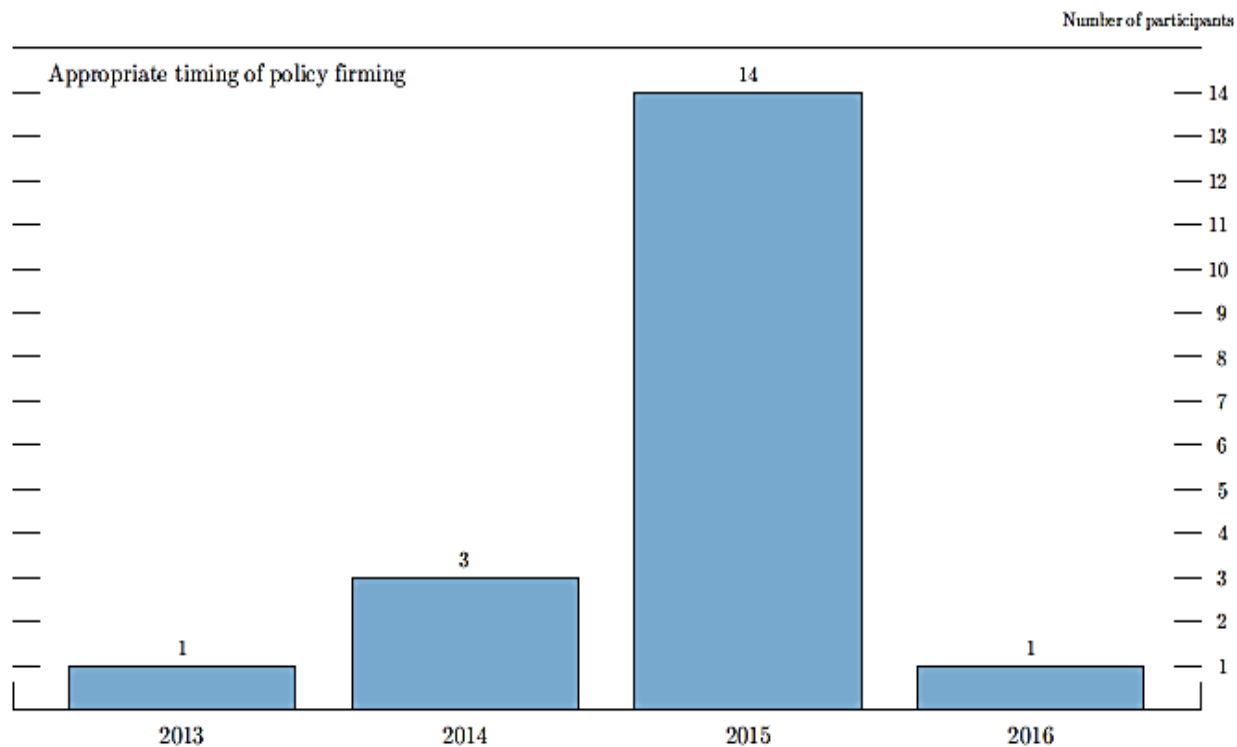


Probability of FED Raising Fed Fund Rate

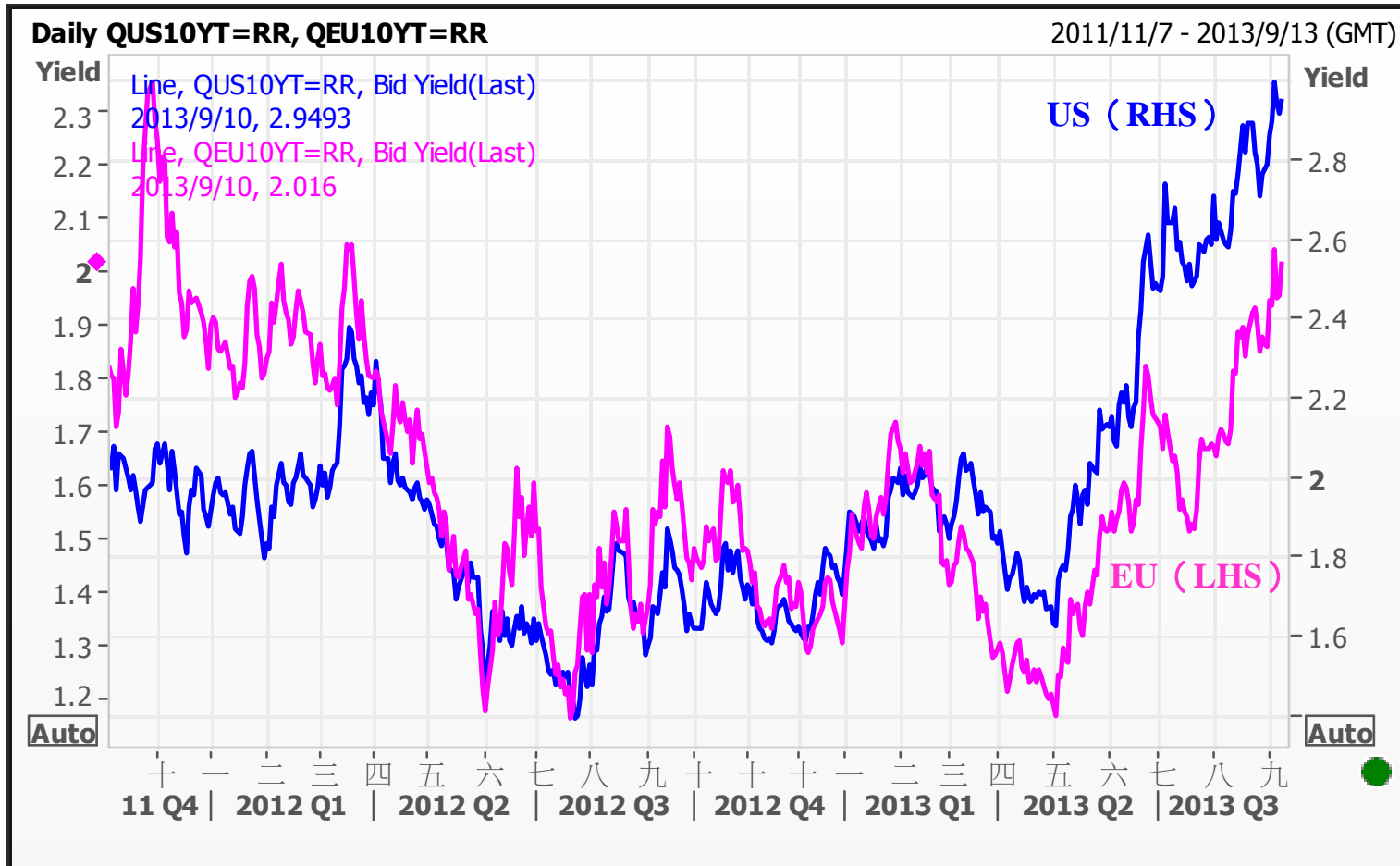
FOMC Meeting	0	0.25	0.5	0.75	1.0
2013/9/18	62.0%	38.0%			
2013/10/30	60.8%	38.5%	0.7%		
2013/12/18	57.1%	39.8%	3.1%		
2014/1/29	54.8%	40.5%	4.5%	0.2%	
2014/3/19	48.3%	42.2%	8.8%	0.7%	
2014/4/30	44.4%	42.7%	11.5%	1.3%	0.1%
2014/6/18	38.2%	42.9%	15.9%	2.8%	0.2%

source: bloomberg, 2013/9/10

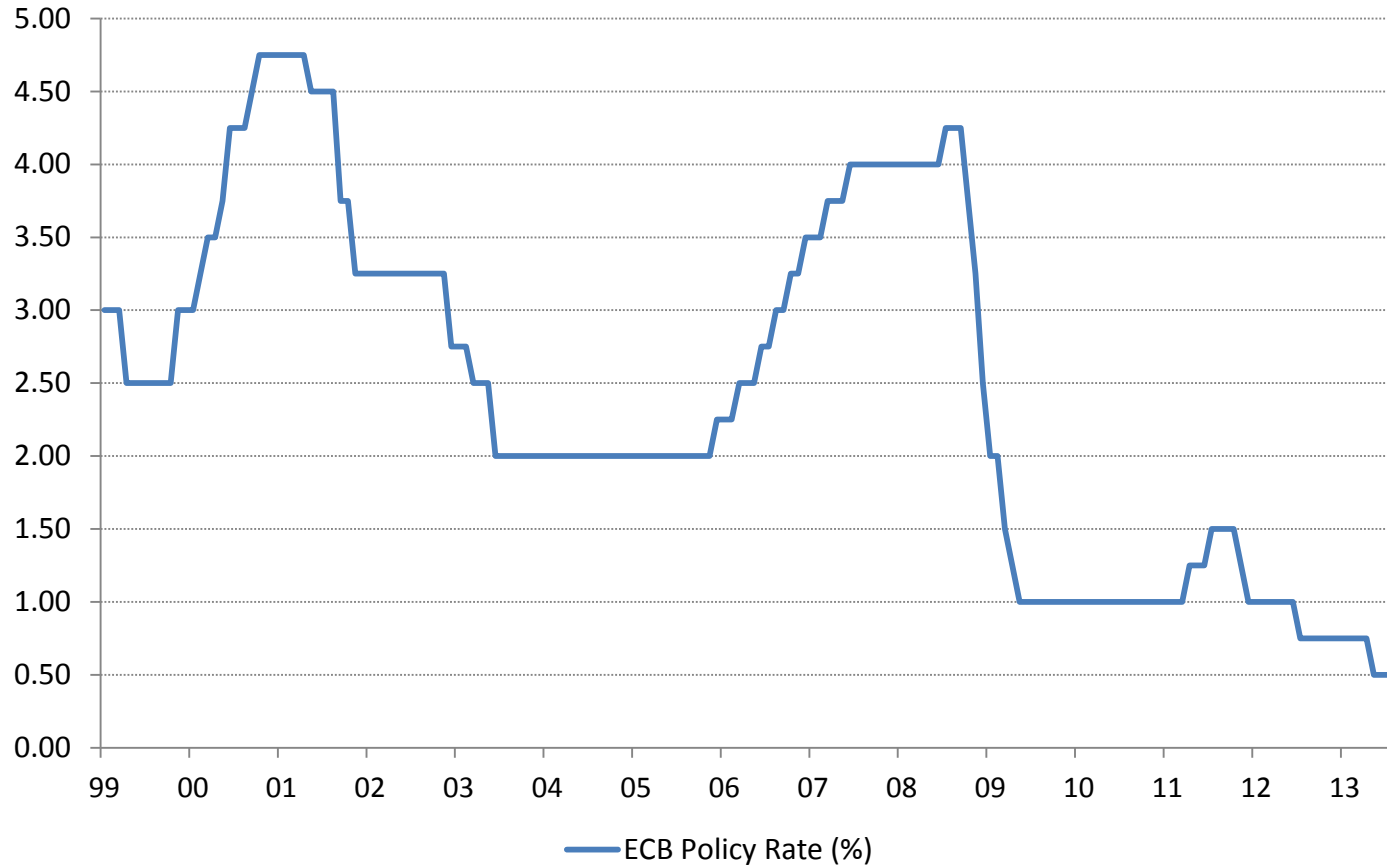
# US : Most FOMC members agree policy firming in 2015



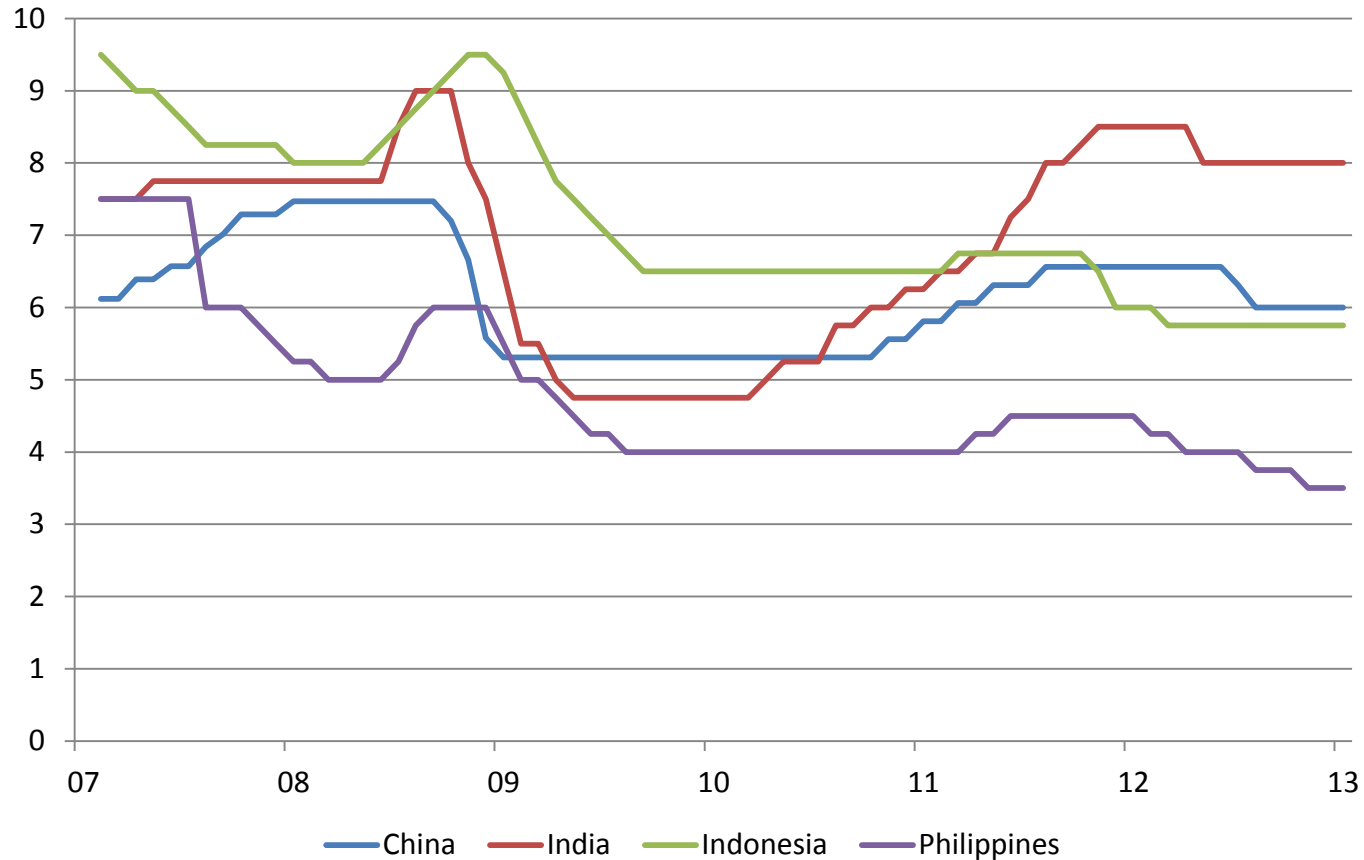
# US & EU 10yr gov't bond yield



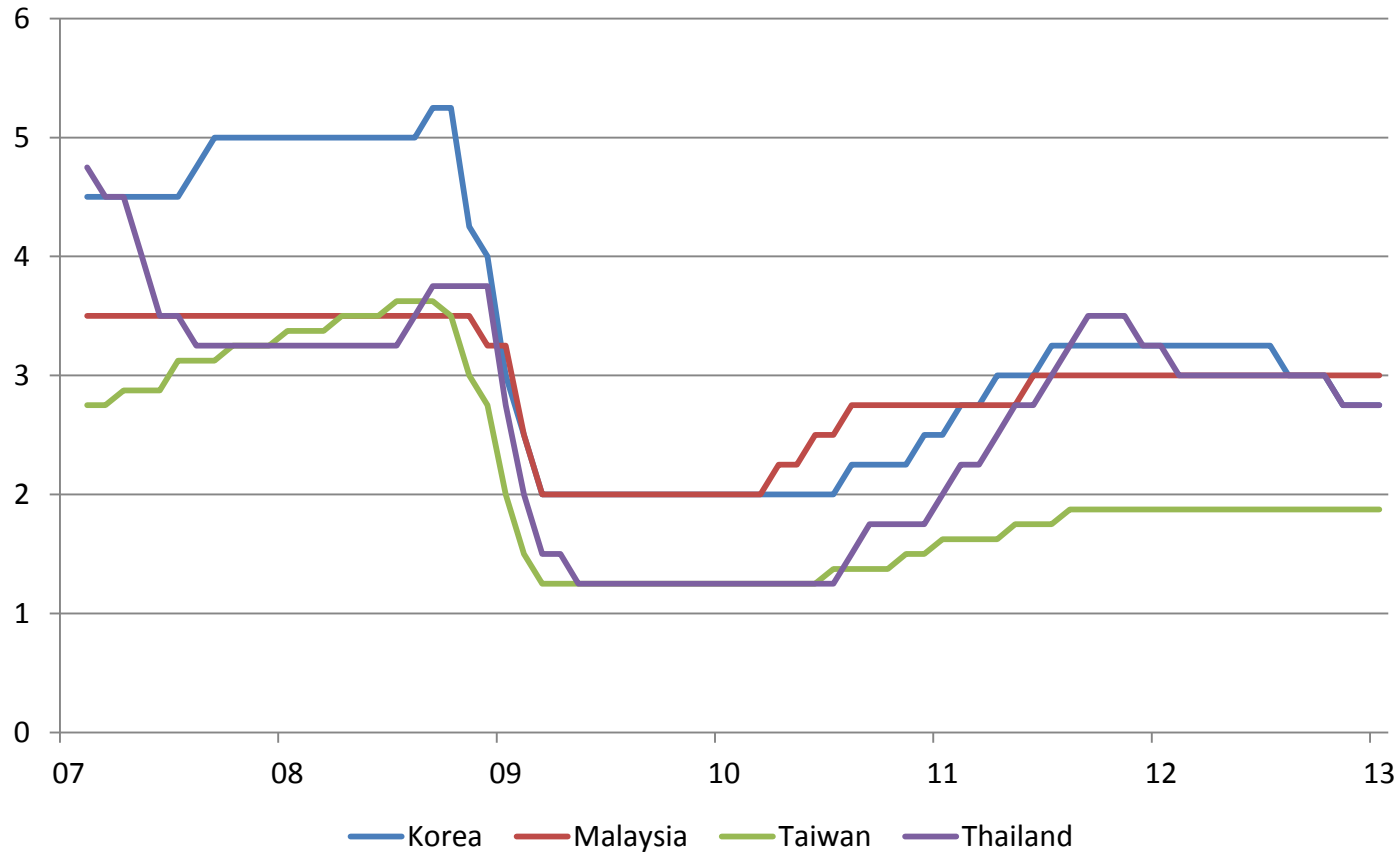
# ECB Policy Rate



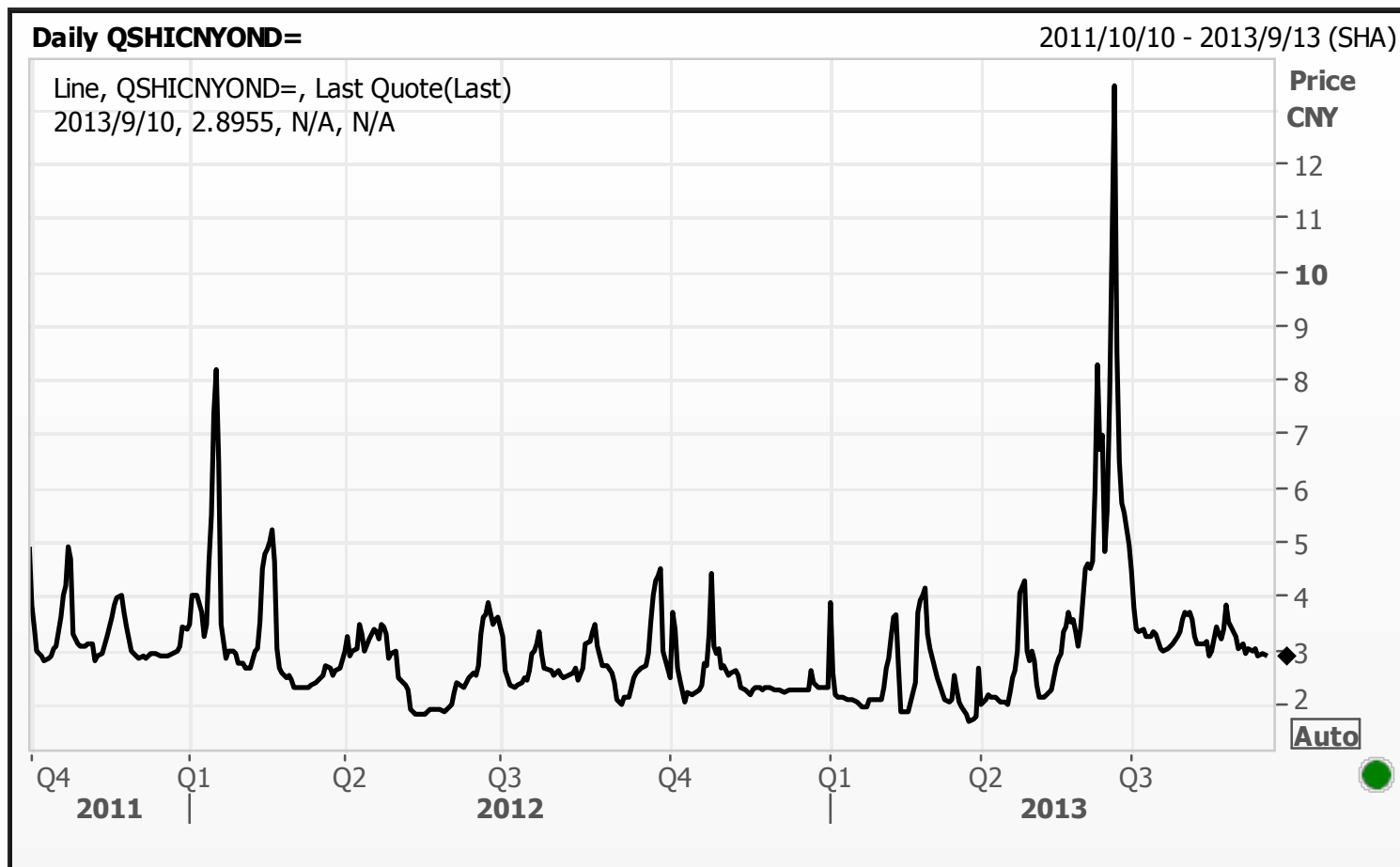
# Asian Countries Policy Rates



# Asian Countries Policy Rates (ctn.)



# CH : O/N Shibor

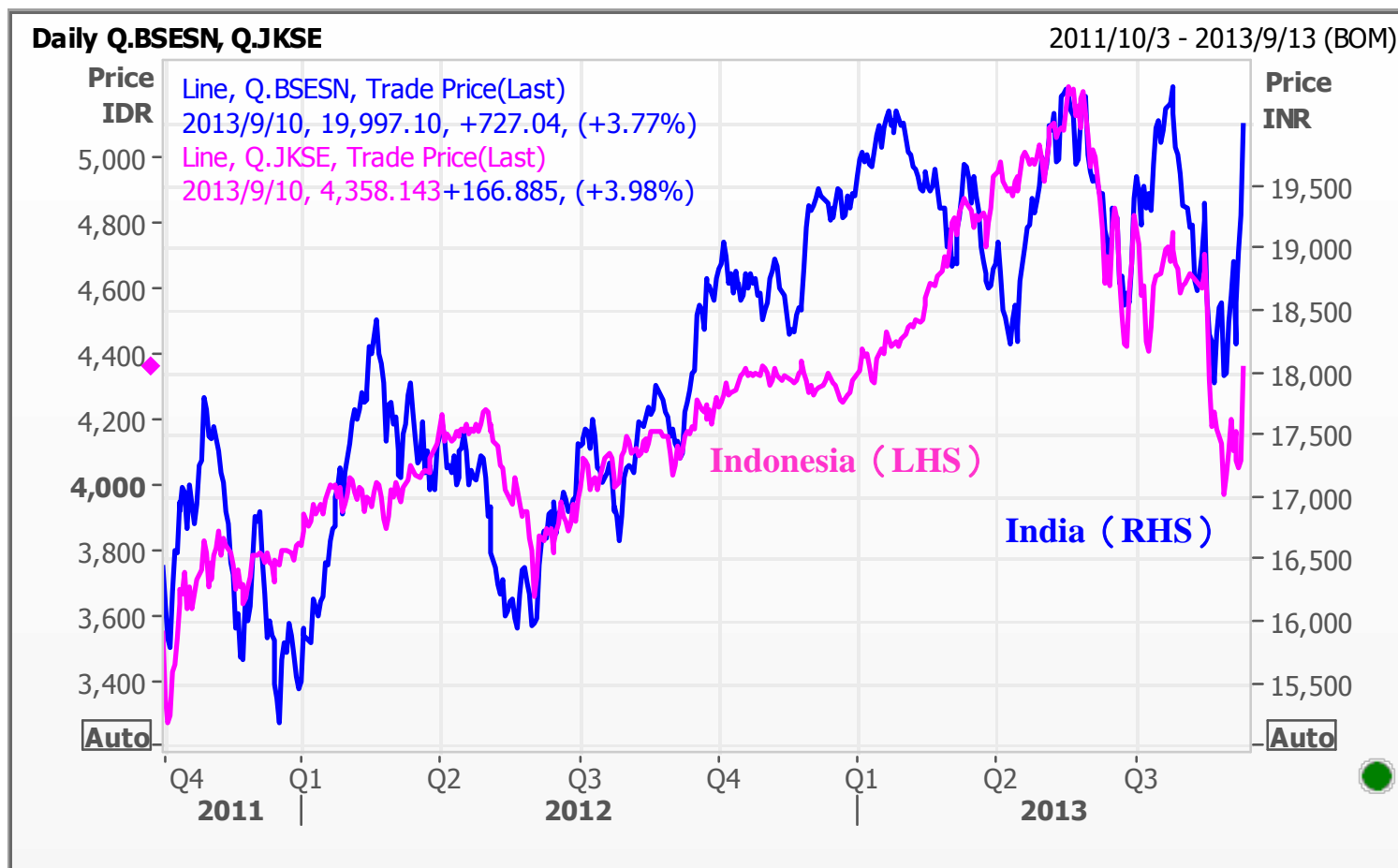


# TW & HK 10yr gov't bond yield

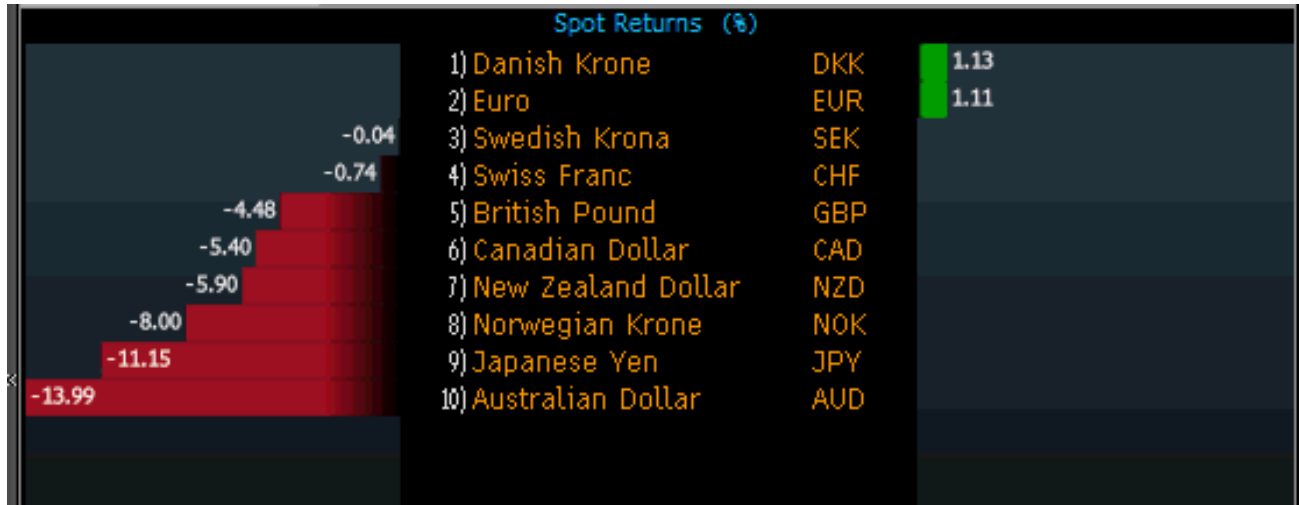




# Asian stock market fluctuates dramatically



# 2013 World currencies performance



# The Ugly

# 2012 Asian Countries Debt Situation (%GDP)

	China		India		Japan		Korea		Taiwan		Thailand		Singapore	
	2008	2012	2008	2012	2008	2012	2008	2012	2008	2012	2008	2012	2008	2012
Government debt	37.9	45.5	70.0	69.1	190.9	199.8	23.1	35.0	32.9	41.7	35.9	44.2	90.6	114.0
Corporate debt	85.0	99.9	47.9 (2010)	45.0	68.5	68.1	107.3 (2009)	106.7	57.2	65.6	74.1	80.7	N/A	N/A
Household debt	18.1	30.4	9.1 (2010)	8.8	63.8	62.8	87.1 (2009)	91.1	64.6	65.0	17.8	24.2	70.5 (2009)	76.8



**Thank you for your Attention!**

**Q&A**