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Global Economic Conditions

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Global Economic Conditions

Economic Conditions and Challenges



Each of these factors represent current and near term roadblocks to a more stable global economy. Without initiating stimulus or corrective plans to grow confidence we may be in for continuous rounds of uncertainty with regards to real economic recovery.

Significant economic factors showing the requirement for forward thinking economic plans

Without taking the initiative to stimulate long term economic growth we may run the risk of even more long term unemployment, increased government debt, lower corporate revenues, and continuous economic uncertainty.

A Fragile Recovery

According to the OECD, the "global recovery is taking place at different speeds across countries and regions. Most advanced economies are faced with sluggish growth, high budget deficits and high unemployment" "In most emerging-market economies, by contrast, vibrant domestic demand growth and high commodity prices are generating inflationary pressures and prompting policy tightening."

"In the advanced economies, structural reforms are needed to boost growth against a backdrop of fiscal consolidation and gradual monetary normalisation. In the emerging markets, the monetary stance needs to be tightened to curb inflation. Structural reforms there could also make growth more sustainable and inclusive, while contributing to global rebalancing and enhancing long-term capital flows."

Remarks by Angel Gurría, OECD Secretary-General, delivered at the Forum of the Americas Montreal, Quebec, Canada, 6th June 2011

<http://www.oecd.org/canada/fragilerecovery.htm>

Policy can brighten the economic outlook

Excerpts from an article by the OECD Observer

Pier Carlo Padoan, Chief Economist and Deputy Secretary-General of the OECD

"After five years of crisis, the global economy is weakening again." "Over the recent past, signs of emergence from the crisis have more than once given way to a renewed slowdown or even a double-dip recession in some countries. The risk of a new major contraction cannot be ruled out." "The weaker outlook has several causes. A significant drop in confidence is a key driver. Efforts at deleveraging public and private debt and reining in government budgets have had a particularly strong impact on our economies, while weaker global trade adds to the gloom. High unemployment is further depressing confidence and spending. Slow and ineffective policy responses have not helped the situation." "Yet, a strong policy response using every policy tool available can turn the downside scenario around and secure more sustainable growth."

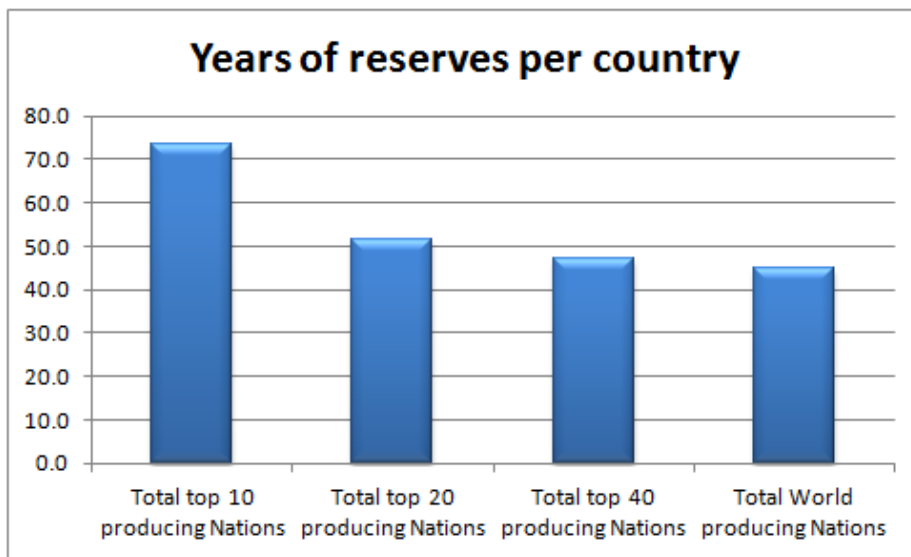
"Policymakers must take spillovers and transmission channels more seriously on board, particularly in the G20, when addressing global imbalances and the impact of monetary policies on capital flows and exchange rates." "Our common policy challenge is to guide the global economy forward on a new long-term path."

http://www.oecdobserver.org/news/fullstory.php/aid/3912/Policy_can_brighten_the_economic_outlook.html

For more on OECD Economic Outlook No 92, visit www.oecd.org/eco/economicoutlook.htm

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Crude Oil Reserves



Given recent oil reserve estimates (2005) and rates of production (2007/8), the earth is capable of supplying the world's crude oil (fossil fuel) requirements only for another 25 to 50 years. According to 2008 production data it is estimated crude oil contributed approximately \$2.4 Trillion for the year to the world economy (@ \$80 USD per barrel). In the years ahead we can only expect higher pricing in addition to environmental and conservation constraints that will likely effect levels of production. One can perhaps ask, what will be the G20 or global plan of transition and to what?

Data source for the data used to produce the above Graph:

http://www.nationmaster.com/graph/ene_oil_res-energy-oil-reserves

SOURCE: CIA World Factbook, 28 July 2005

http://www.nationmaster.com/graph/ene_oil_pro-energy-oil-production

SOURCE: All CIA World Factbooks 18 December 2003 to 18 December 2008

Global Debt: Government Debt versus Overall Debt Figures

Summary of the Economist article of Sept 19 2012

In an Economist article of Sep 19 2012, the "Global debt guide", we get a picture of just how significant the overall debt to GDP situation may be. The overall debt in the report is comprised of government debt, household debt, financial debt, and non-financial corporate debt. For Japan and Britain the overall debt is reported to be just at or less than 500% of GDP (with government debt at 200% and under 90% respectively). For the industrial powerhouses of Germany and USA the overall debt is reported to be just under 300% for both (with government debt at about 70% and 80% respectively). For the stronger emerging countries of China and Brazil the overall debt is less significant at under 180% and 150% respectively (with government debt at approximately 30% and 70% respectively).

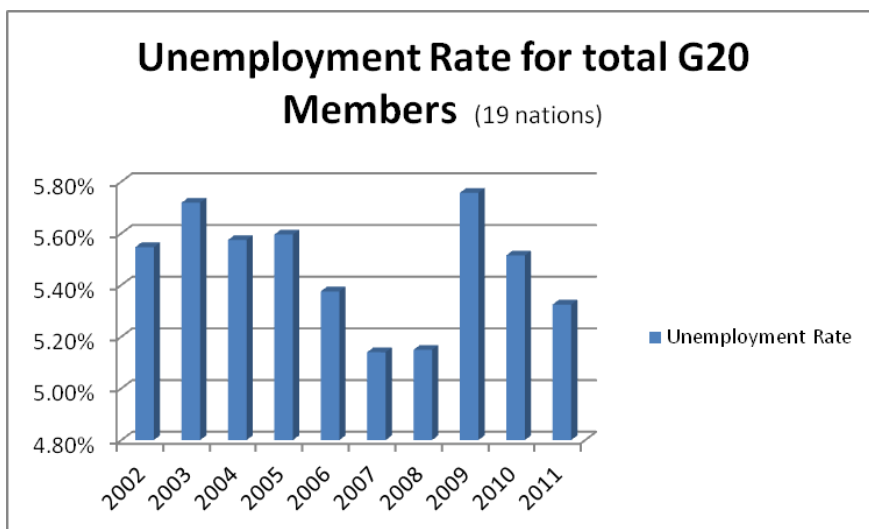
<http://www.economist.com/blogs/graphicdetail/2012/09/global-debt-guide>

On the Economist site they present some very informative and interactive graphs and charts that give a clear picture of the approximate extent of the global debt situation.

If the global economy was growing at historical rates the overall debt situation might not be so significant. But over the past few years the global economy's growth has been quite slow. We do face significant barriers to financial stimulus of the economy as a result of these high debt to GDP ratios. What will be the G20 and individual nations pathway to sound sustainable recovery? Many organizations have started this necessary dialogue, there needs to be more participation as well as open and constructive dialogue.

Unemployment Rates for G20 and Non G20 Nations

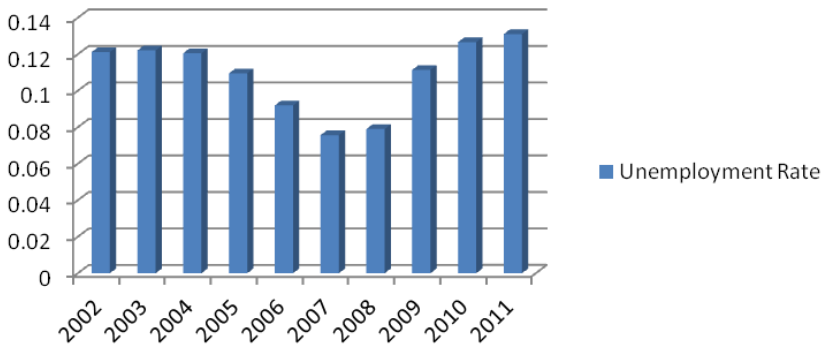
While these unemployment rate charts may be indicative of the state of unemployment at the indicated time they are "official" rates and are subject to editing. Also, complete data may be difficult to obtain for government agencies due to the nature of the data collection and the rules used to collate the rates. Actual rates may be higher than the "official" rates.



G20 Members:

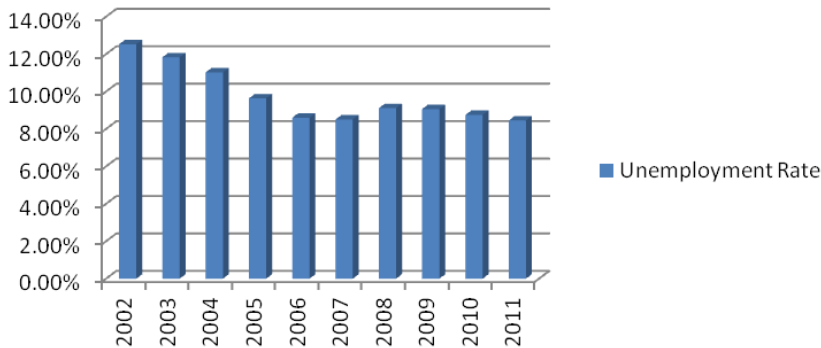
Argentina Australia Brazil Canada China
France Germany India Indonesia Italy Japan
Korea, Rep. Mexico Russian Federation Saudi
Arabia South Africa Turkey United Kingdom
United States

Non G20 EU 5 Countries Total Unemployment Rate



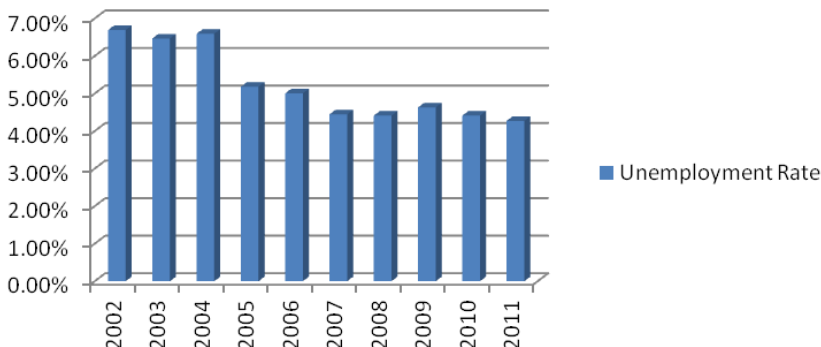
Non G20 EU5:
Spain Netherlands Poland Belgium Norway

Non G20 SA 5 Countries Total Unemployment Rate



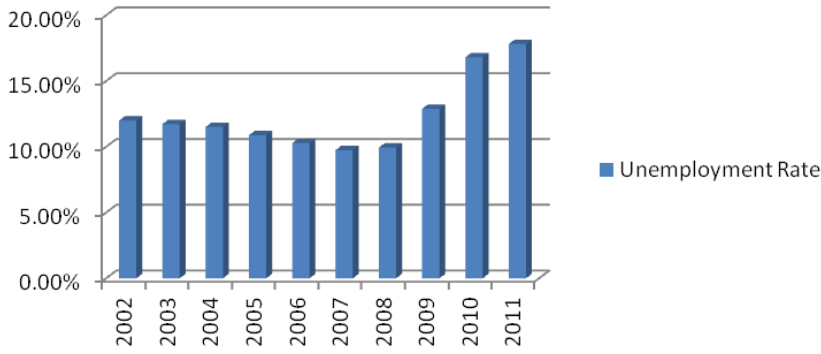
Non G20 SA 5:
Colombia Venezuela Chile Ecuador Guatemala

Non G20 AP 5 Countries Total Unemployment Rate



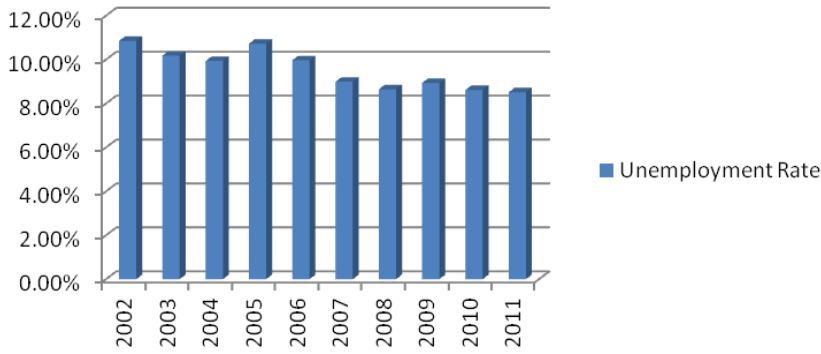
Non G20 AP 5:
Thailand Malaysia Singapore Philippines
Pakistan

Non G20 AFR 5 Countries Total Unemployment Rate



Non G20 AFR 5:
Nigeria Algeria Angola Morocco Sudan

Non G20 Other 5 Countries Total Unemployment Rate



Non G20 Other 5
United Arab Emirates Iran, Islamic Rep. Israel
Egypt, Arab Rep. Kazakhstan

Note: Most labor force and unemployment data was obtained from the World Bank database (which is subject to updates). Other official sites were used where there was no World Bank Data. Where there were gaps in unemployment data estimate data was extrapolated from prior and later years.