
DSGAsia

Kicking The Can Down The Road

Khazanah Megatrends Forum

Simon Ogus

October, 2010

simon@dsgasia.com; www.dsgasia.com

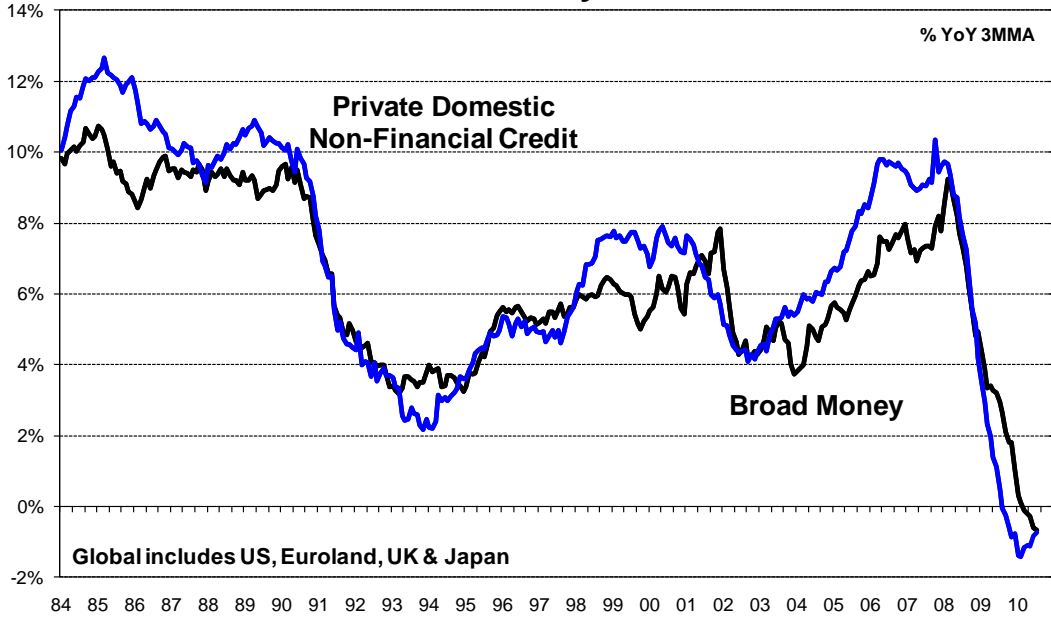


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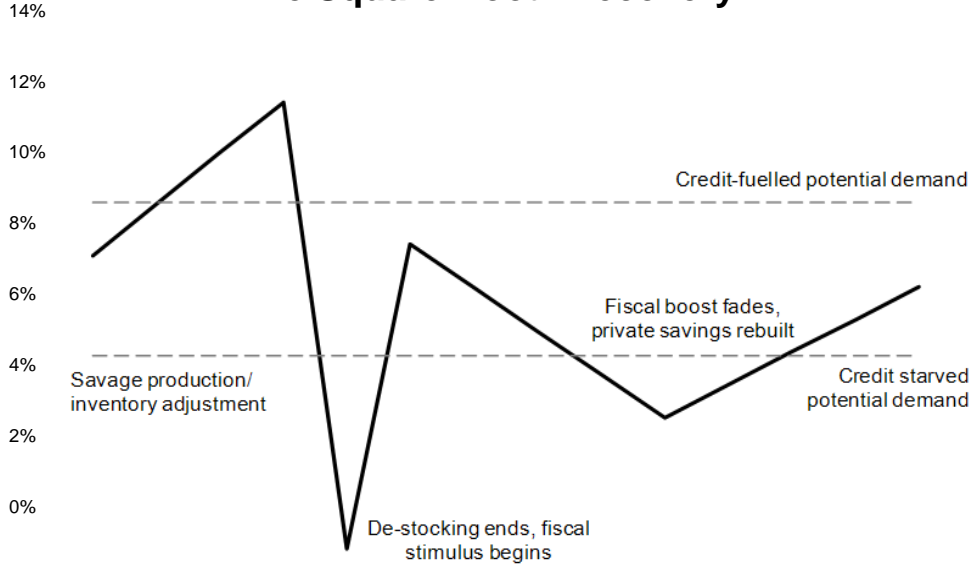
Independent Asian Economic & Political Analysis

Deleveraging in the West is a multi-year process and there is scant evidence as yet of credit multipliers re-starting. A square-root “recovery” seems likely

Global Nominal Money and Credit Growth

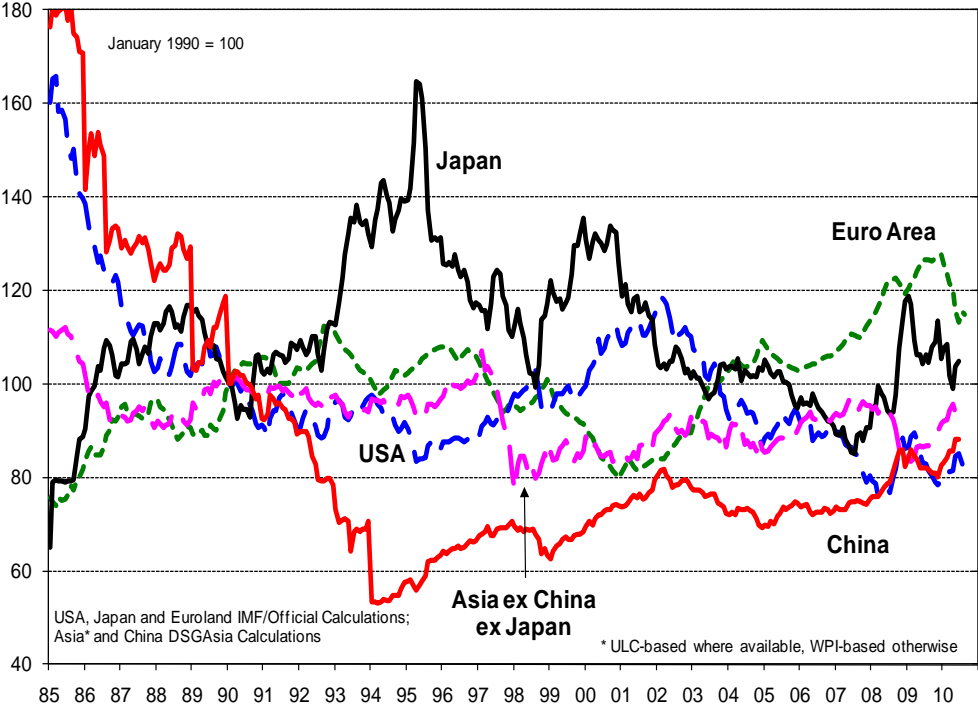


The Square-Root “Recovery”

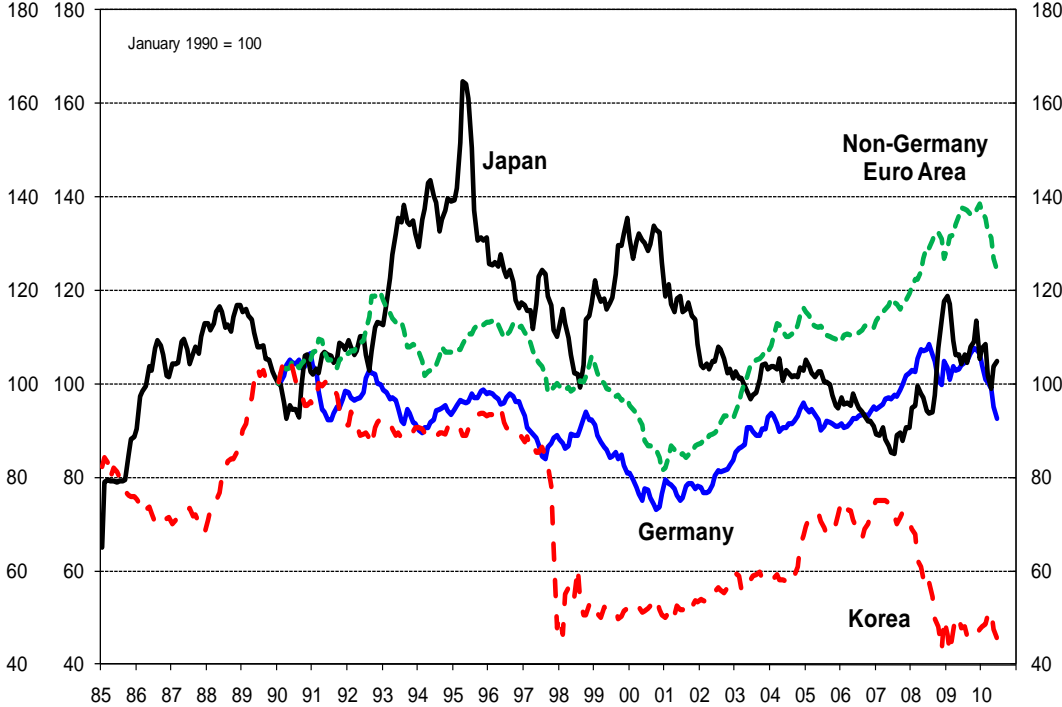


Global rebalancing is being constrained by unreconstructed mercantilism. The dollar is cheap against the majors but the real divergences remain within continents

Real Unit Labour Cost-Based Trade-Weighted Exchange Rates

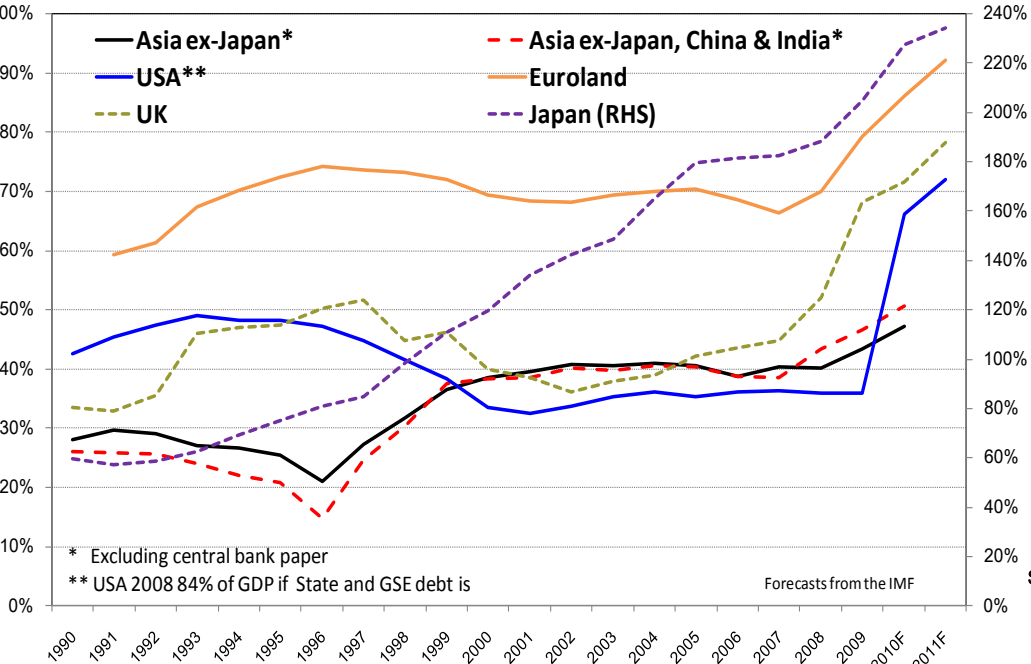


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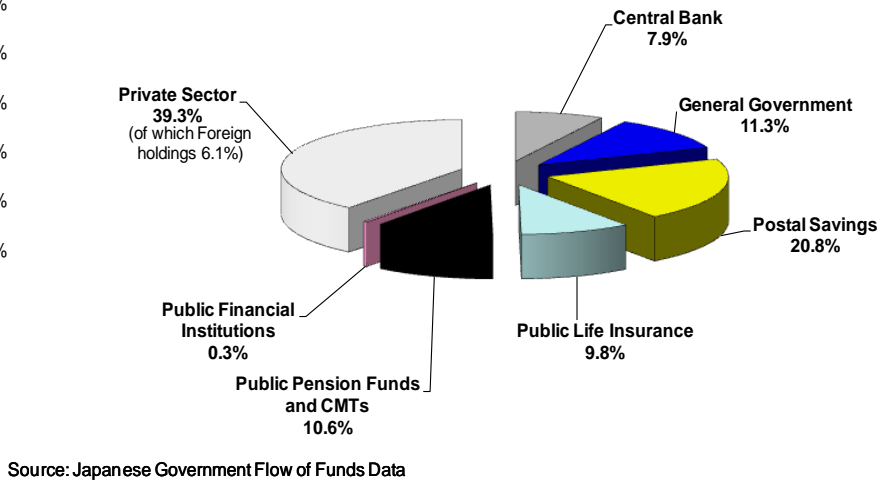


Japan is the champion government debtor but a unique ownership pattern suggests that Europe is the likelier catalyst for bond market mayhem

Government Debt as a Percentage of GDP



Sectoral Holdings of Central Government Debt (June 2010)

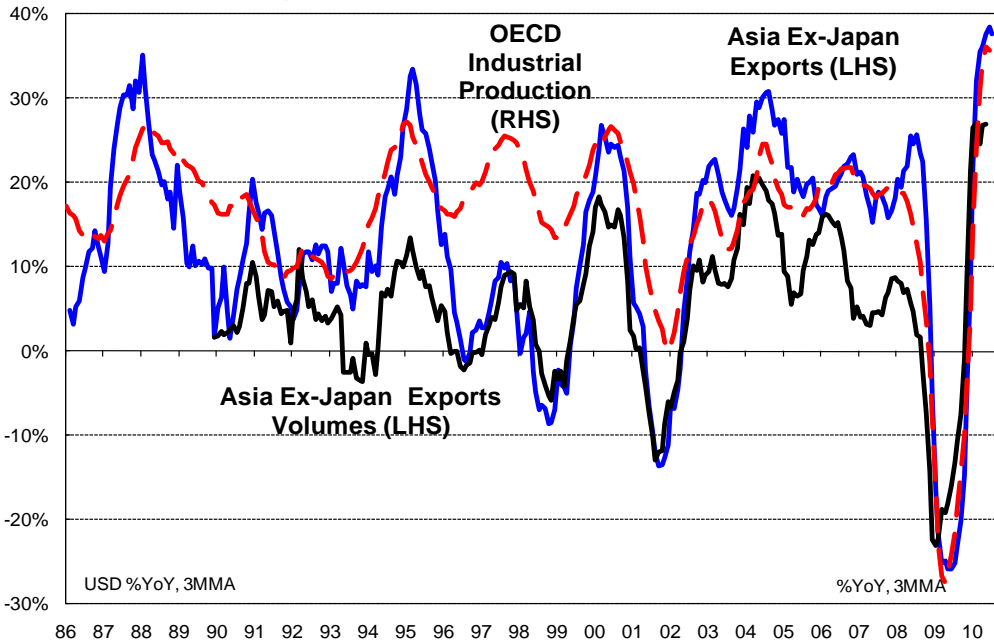


A 2009 Rogoff-Reinhart study notes that if public debt exceeds 90%, median growth rates fall by 1% and average growth rates by more

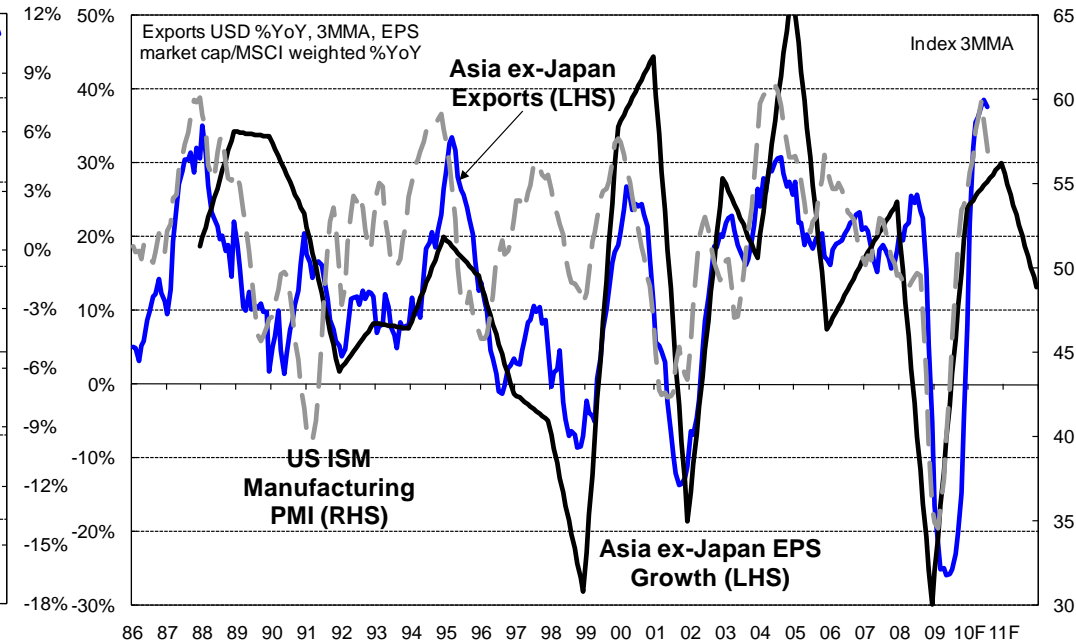


Where was the decoupling? An early 1990s earnings trajectory seems likely though this may not preclude market re-ratings at times of global calm

Asia Exports and OECD Industrial Production

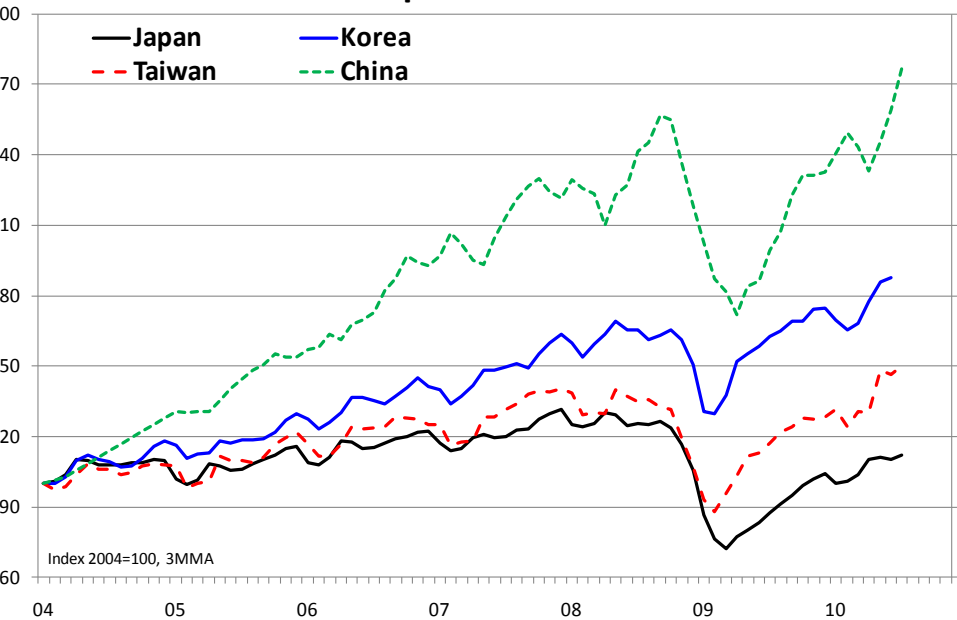


Asia ex Japan Exports & EPS Growth and the US ISM Manufacturing PMI

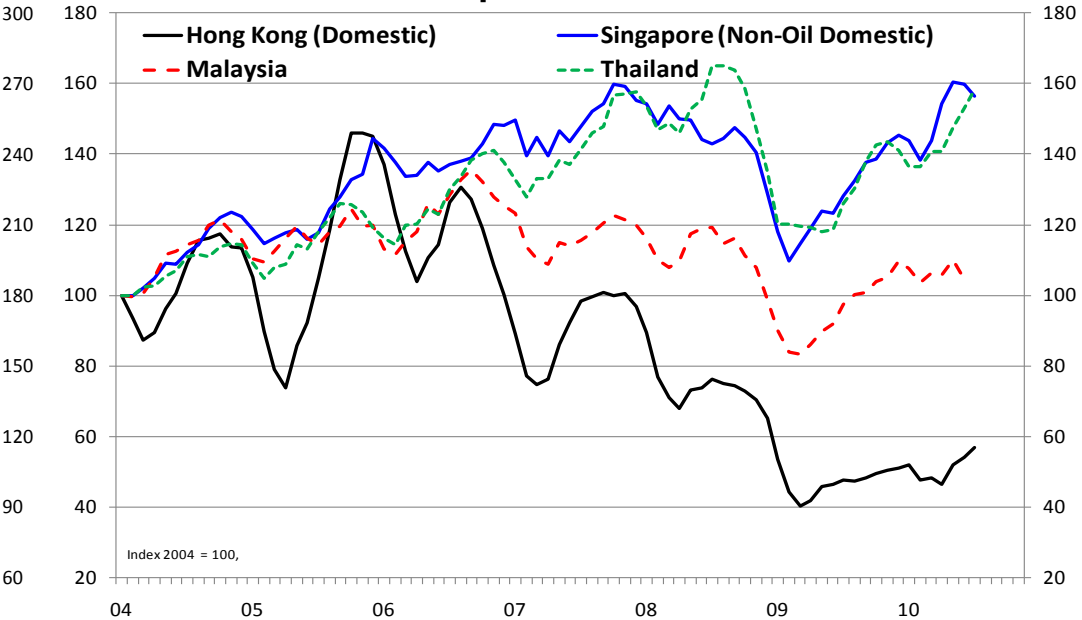


Year-on-year export comparisons are easy but volume levels will tell us whether sustainable final demand is really returning

Export Volumes

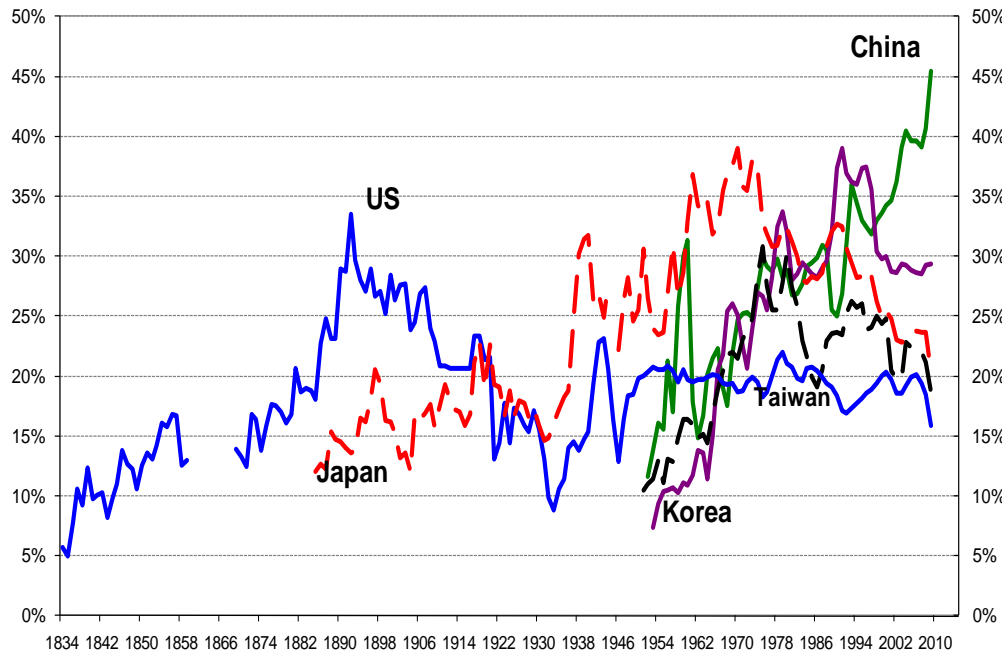


Export Volumes

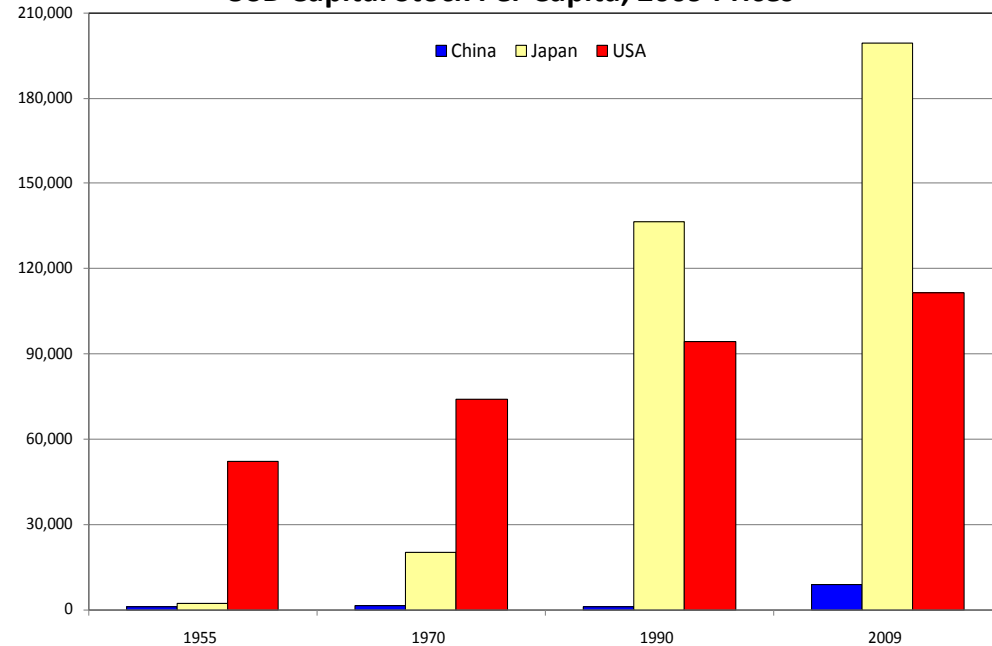


China may well be cyclically over-invested but it remains structurally under-invested

Fixed Investment as a % of GDP

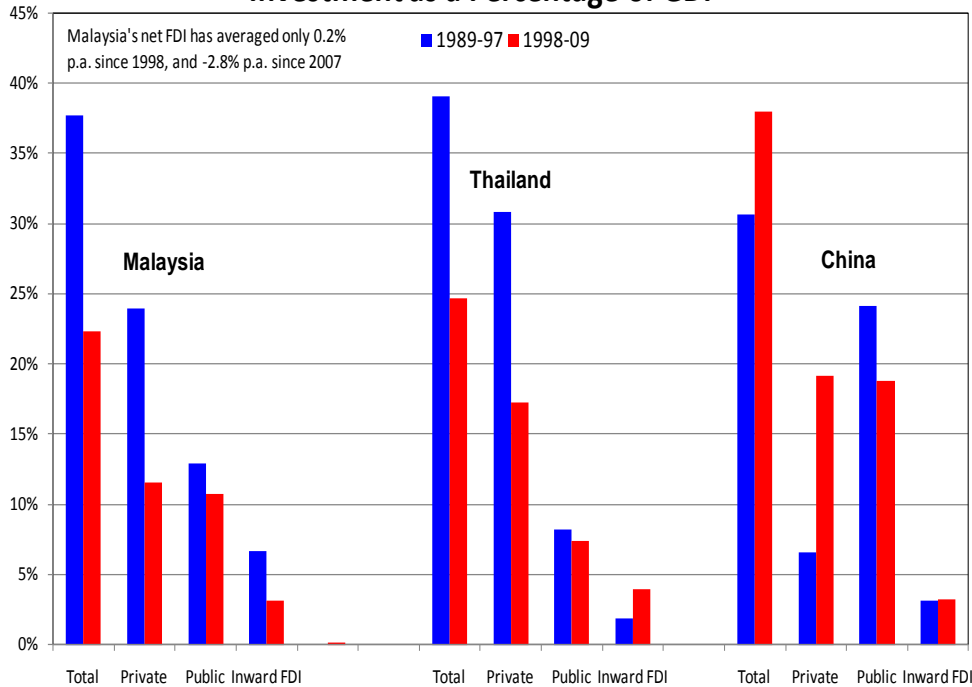


USD Capital Stock Per Capita, 2009 Prices

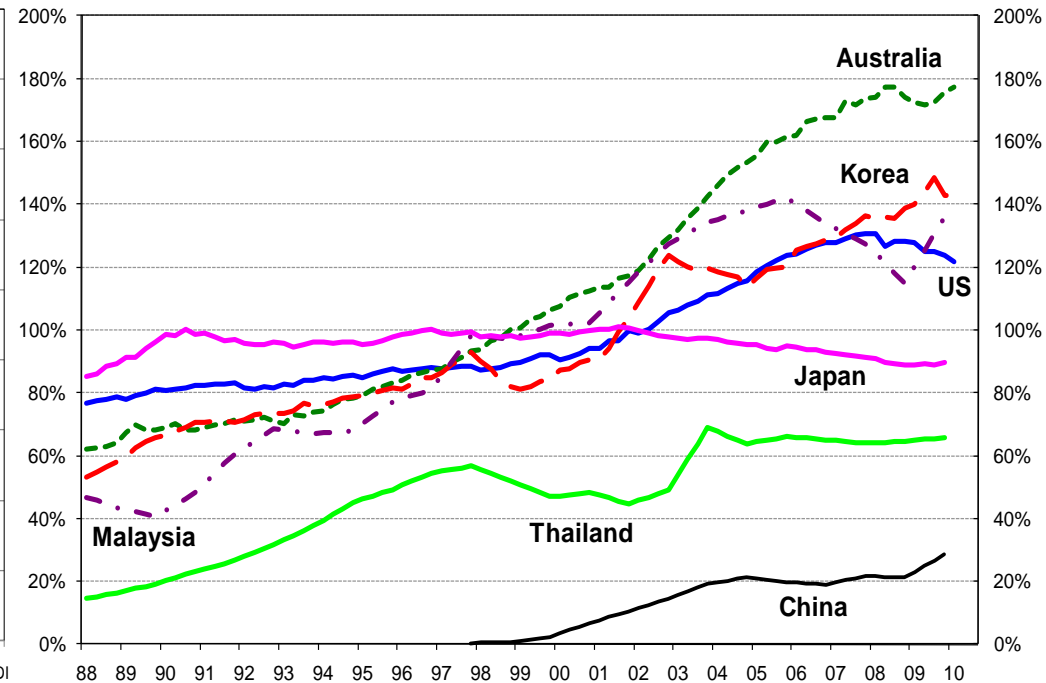


The Malaysian private corporate sector has been disinvesting; the household and government sectors have been gearing up

Investment as a Percentage of GDP

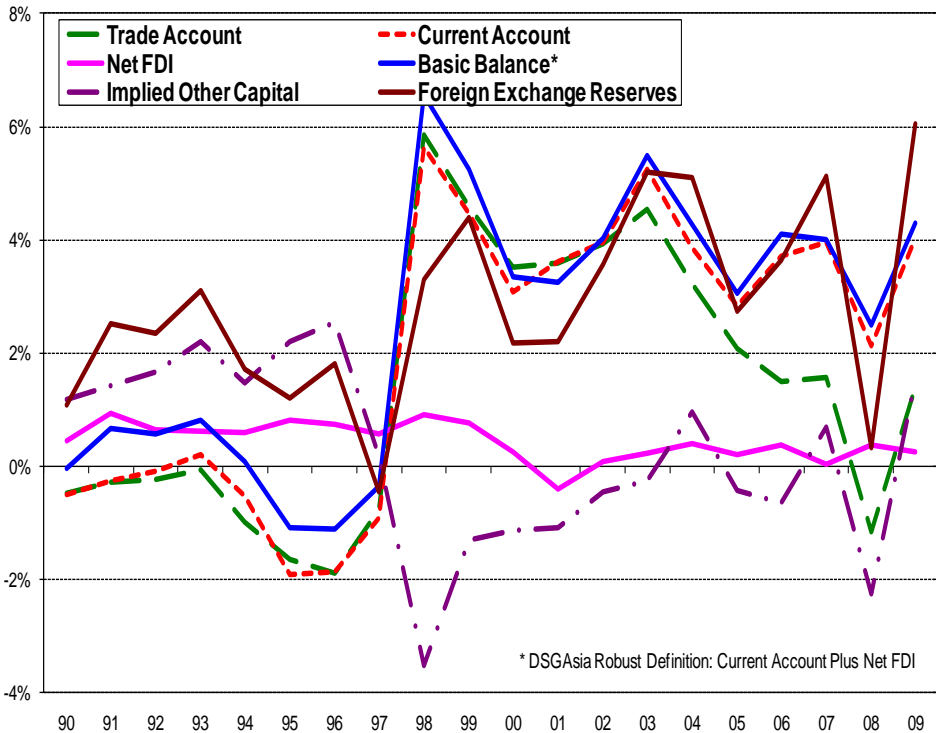


Household Debt / Disposable Personal Income



A huge current account surplus is perhaps more a sign of weakness than strength

Asia ex Japan & China: Balance of Payments as a % of GDP



Malaysia: Balance of Payments as a % of GDP

