

The US & the Future of the Global Economic System

Prof. Jacob A. Frenkel

Chairman, JPMorgan Chase International

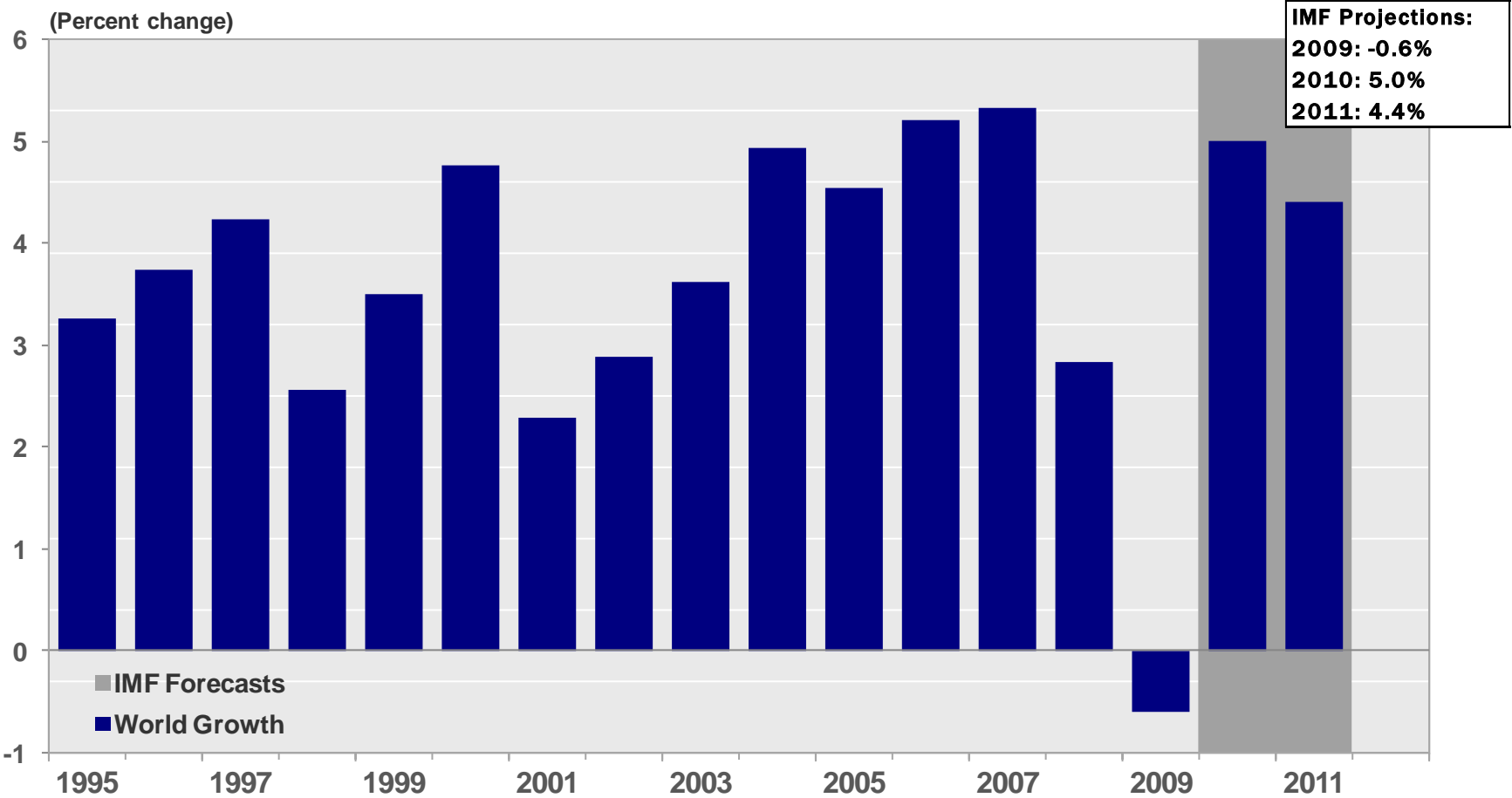
Chairman, Group of Thirty (G30)

Former Governor, Bank of Israel

Herzliya Conference

February 6-9, 2011

Global GDP Growth (%)



Source: IMF, av. Annual growth rates, last update Jan 31 2011, WEO (2010 & 2011 Forecast)

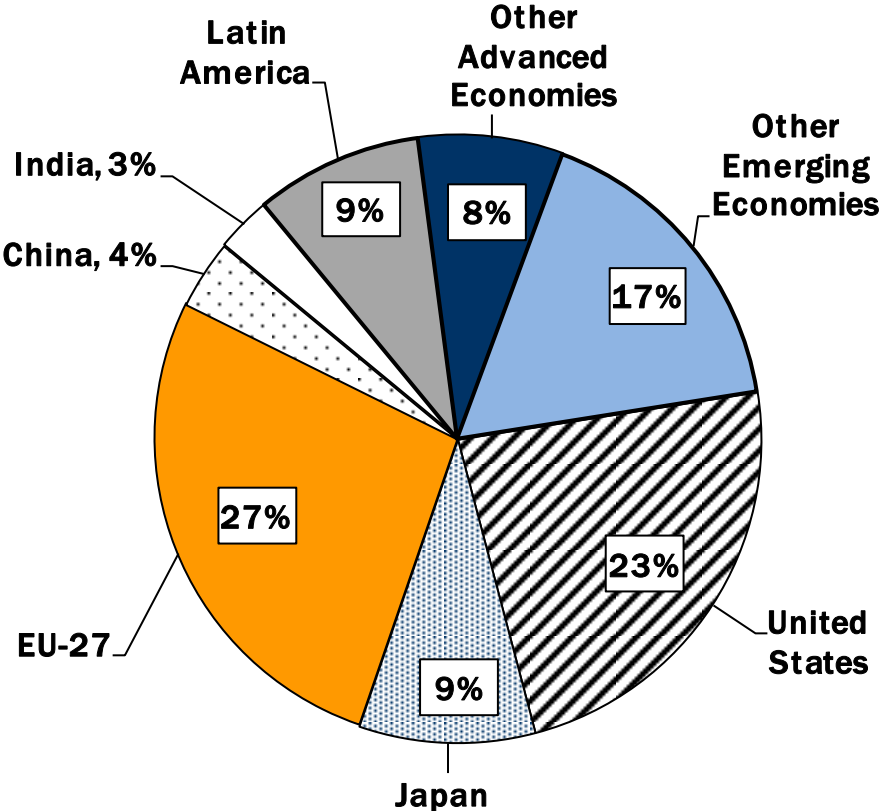
Real GDP Growth (%) World Economy

GDP Growth (Avg Annual Growth Rate, Constant Prices)							
Country	2000	2005	2007	2008	2009	2010	2011
<i>World</i>	4.8	4.6	5.3	2.8	-0.6	5.0	4.4
<i>Industrial Countries</i>	4.2	2.7	2.7	0.2	-3.4	3.0	2.5
<i>Developing Countries</i>	5.8	7.3	8.7	6.0	2.6	7.1	6.5

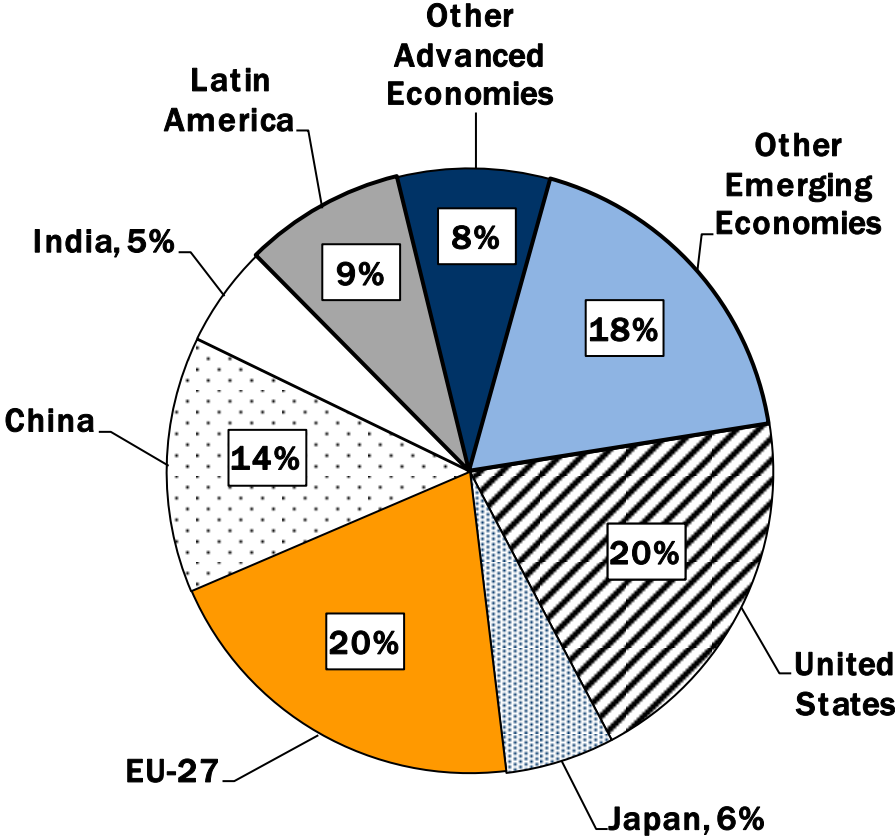
Source: IMF, av. Annual growth rates, last update Jan 31 2011, WEO (2010 & 2011 Forecast)

Global GDP Shares

1990

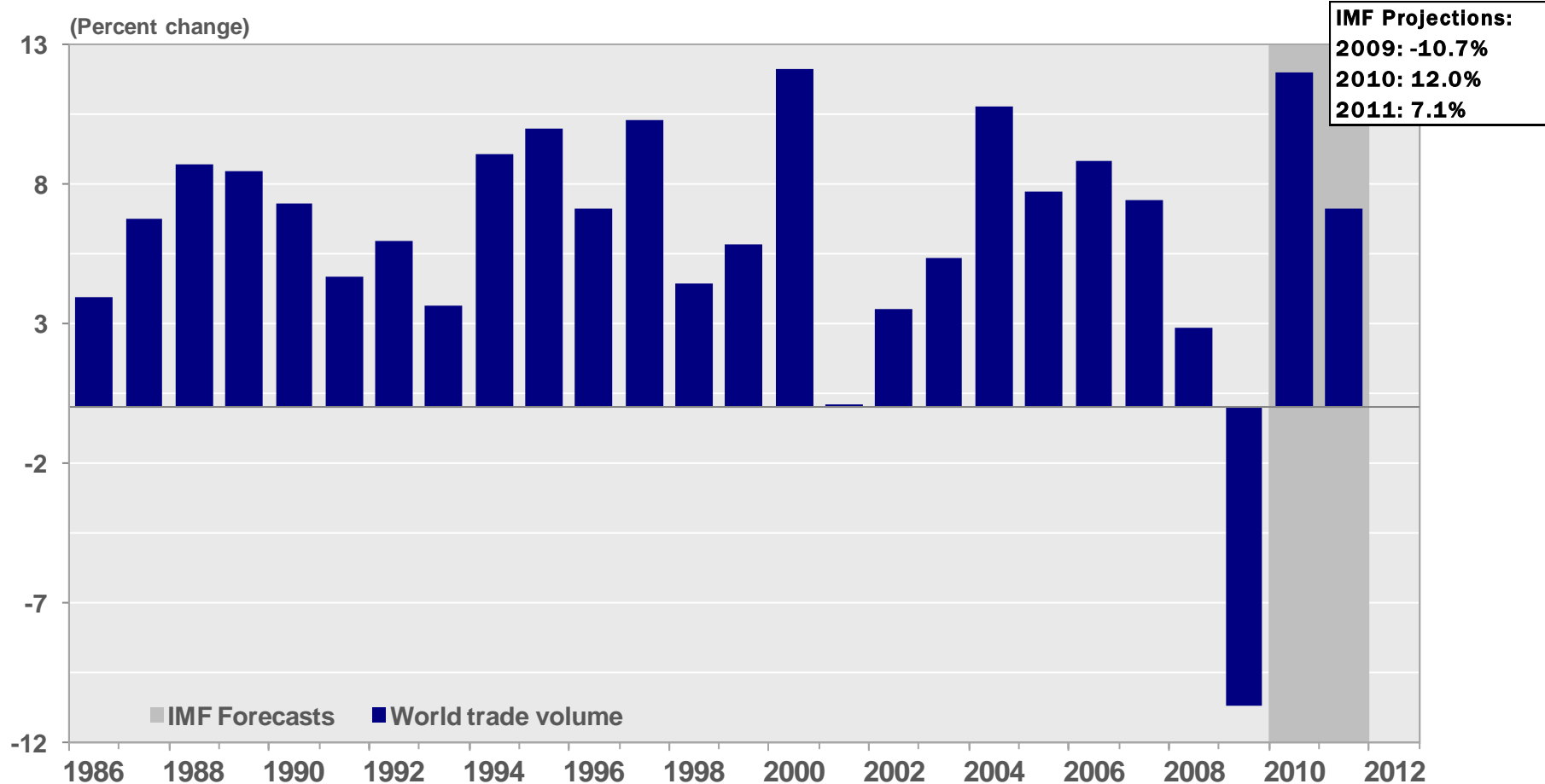


2010 IMF Forecast



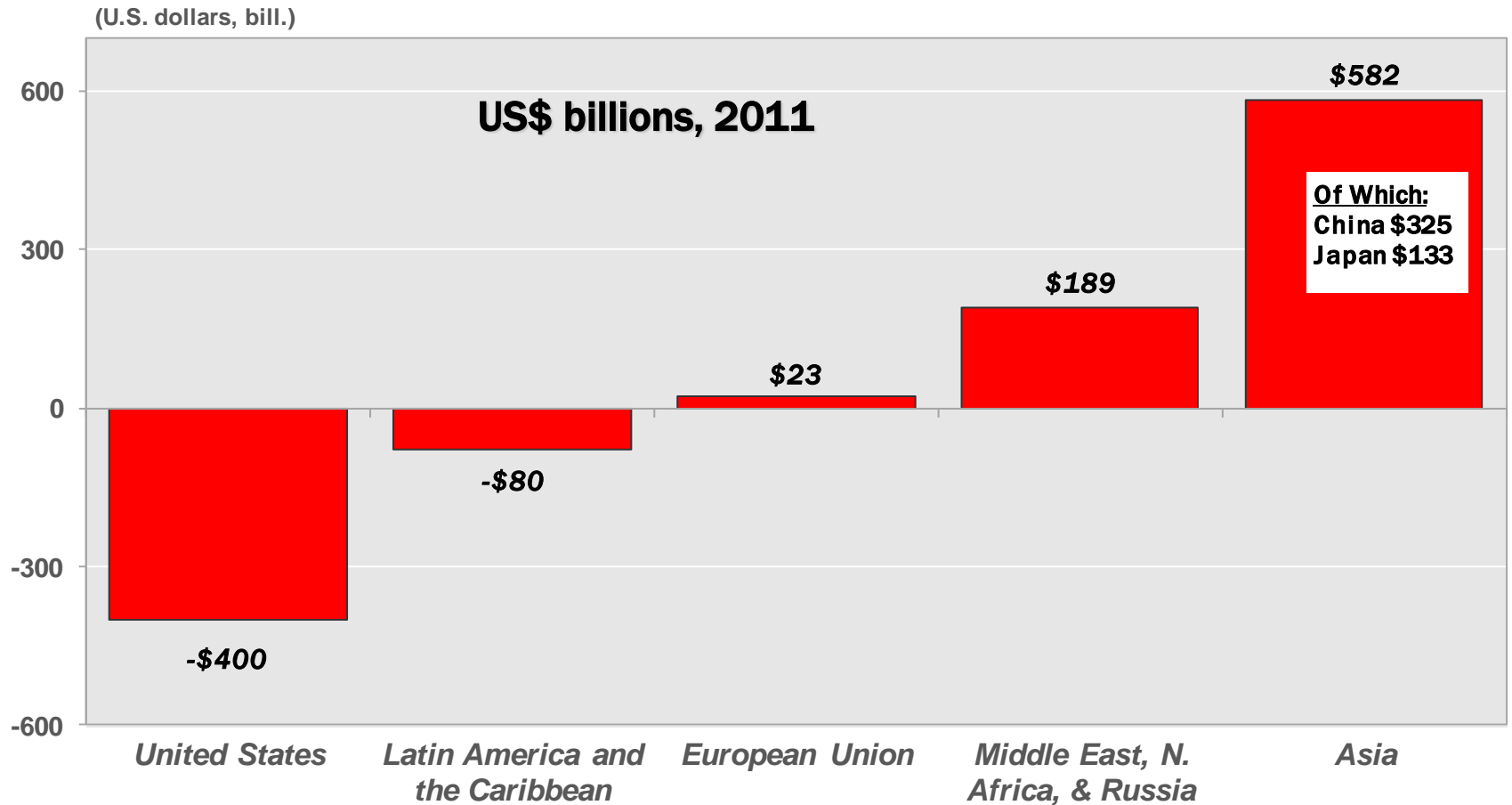
Source: IMF, WEO Database, last update Oct 1 2010, WEO (2010 Forecast)

World Trade Volume



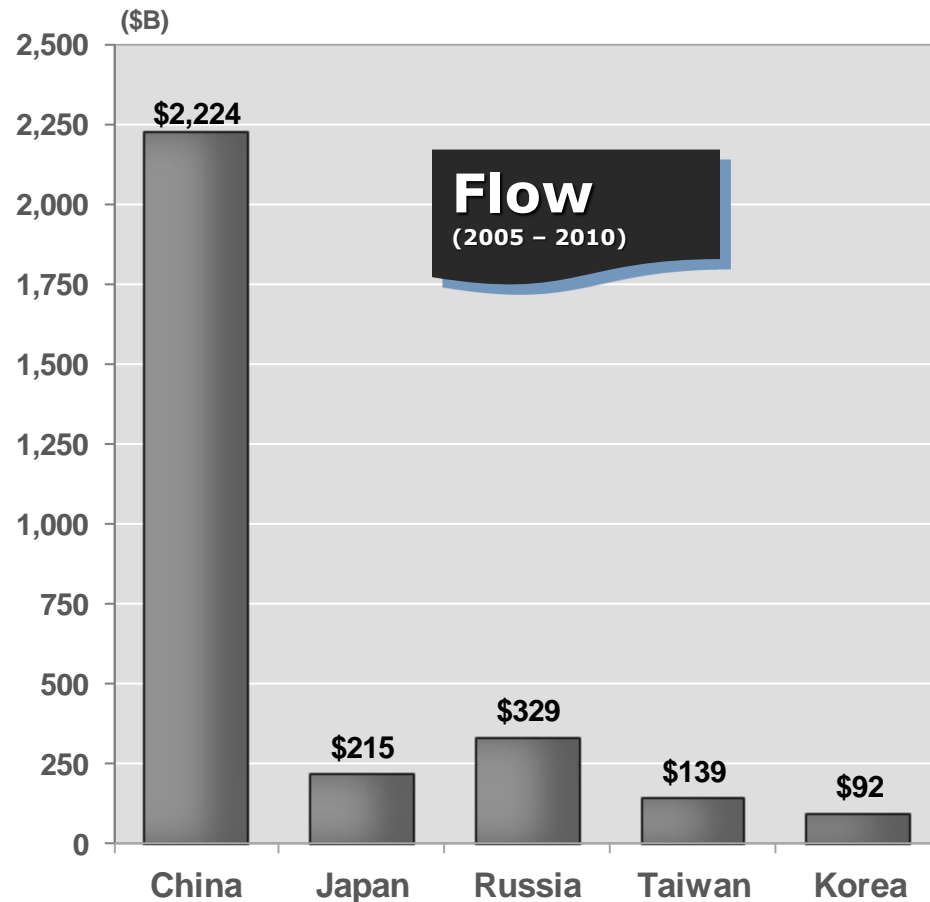
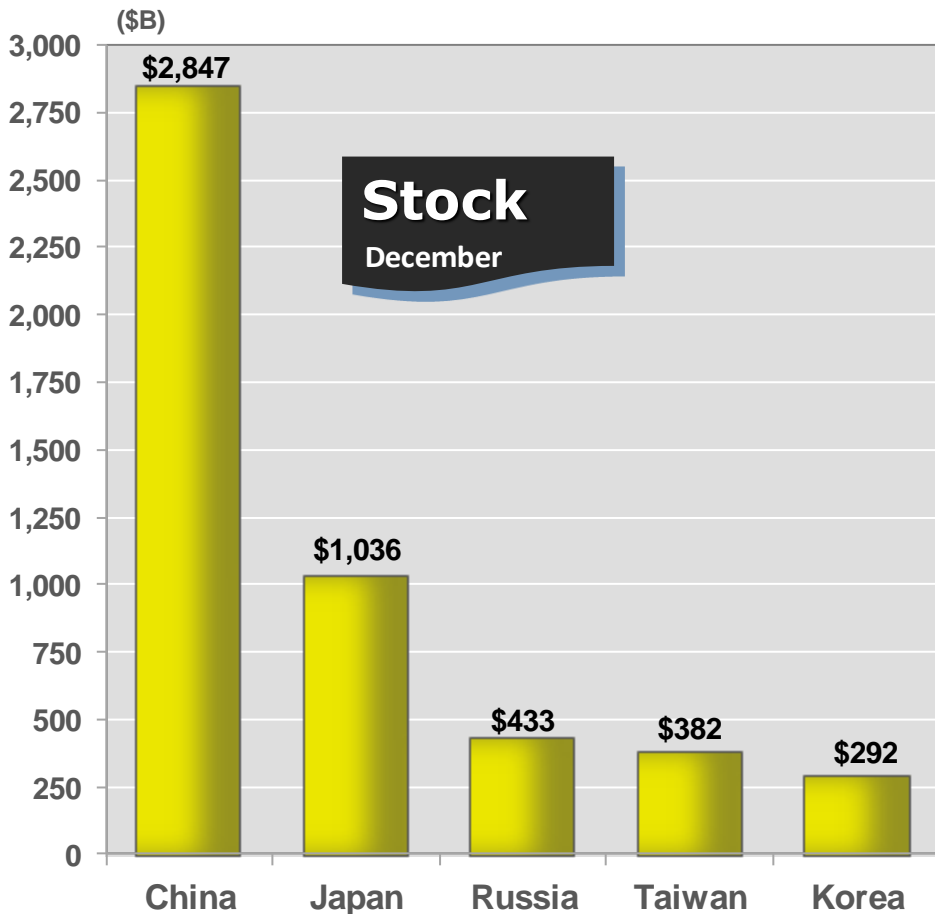
Source: IMF, av. Annual growth rates, last update Jan 31 2011, WEO (2010 & 2011 Forecast)

Current Account of Balance of Payments



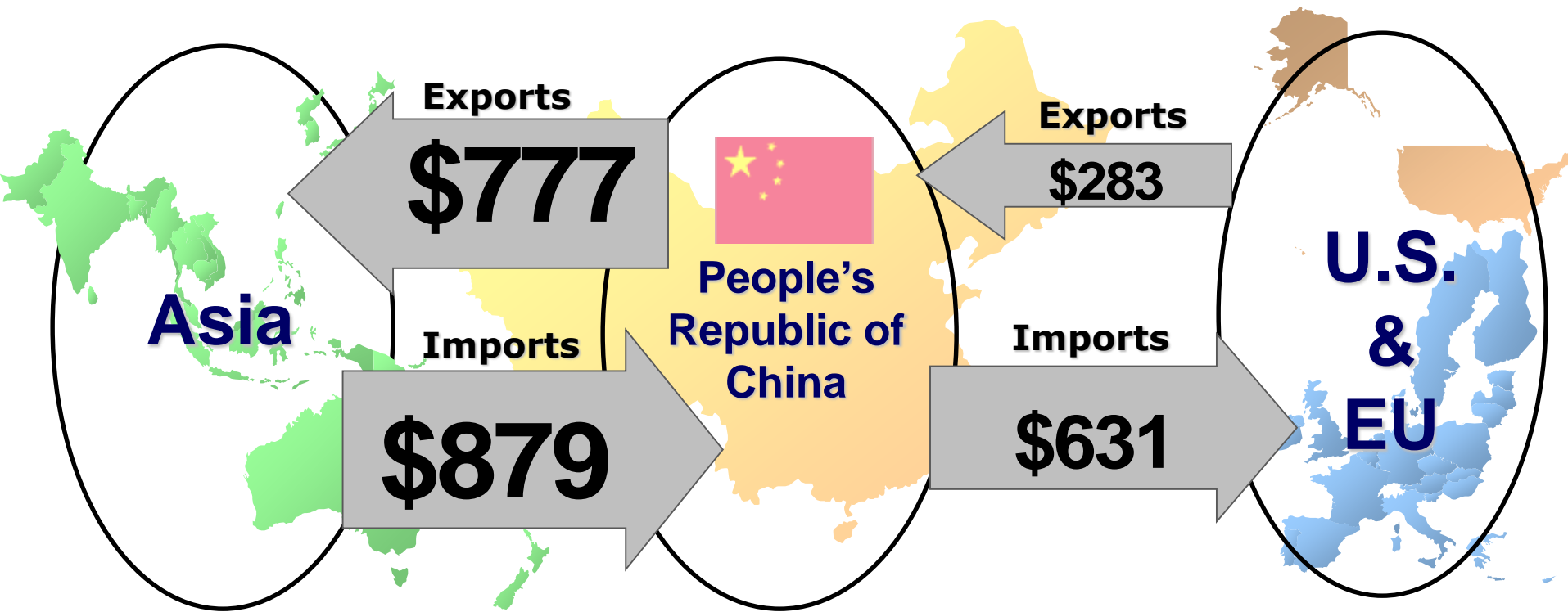
Source: IMF, last update Oct 01 2010, WEO (2011 Forecast)

Accumulation of Foreign Exchange Reserves (Bill. Usd)



Source: Nat'l Statistical Institutes, Foreign-Exchange Reserves ex. Gold, Last Observation: 12/10

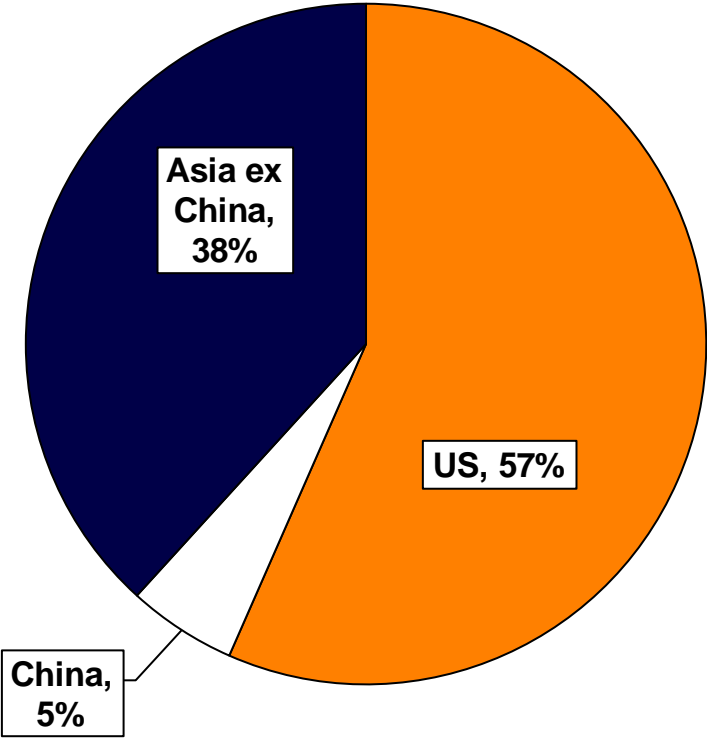
China's Role in Global Trade (bill. Usd)



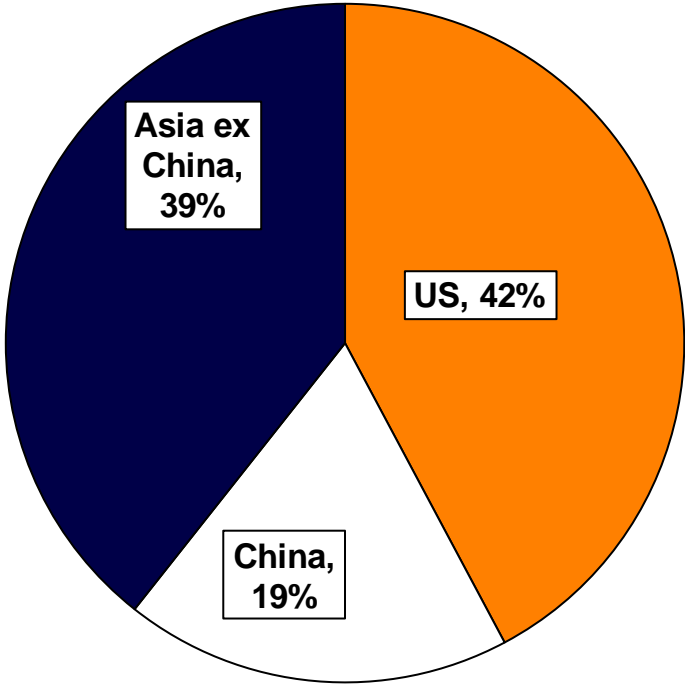
Source: National Bureau of Statistics of China, 12-months through November 2010

European Union Exports by Destination

2000



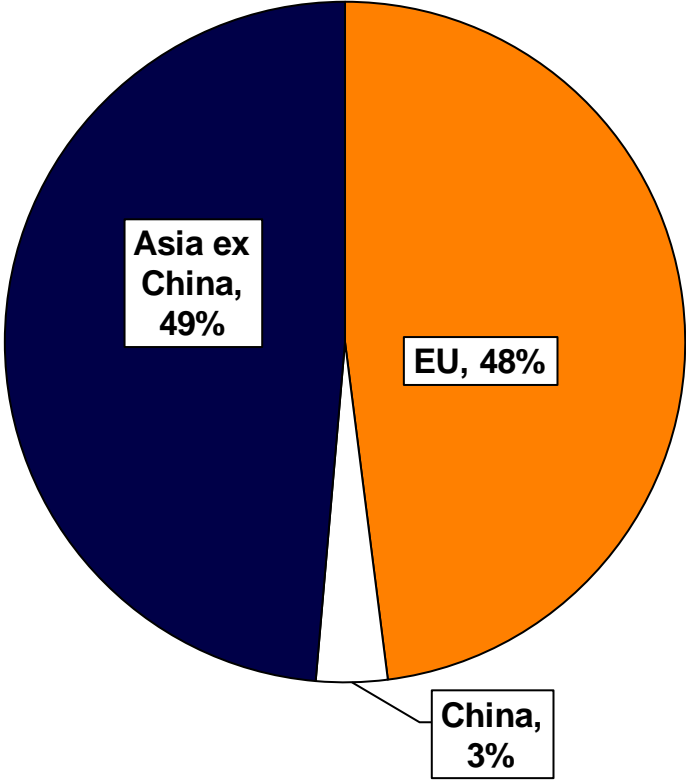
2010



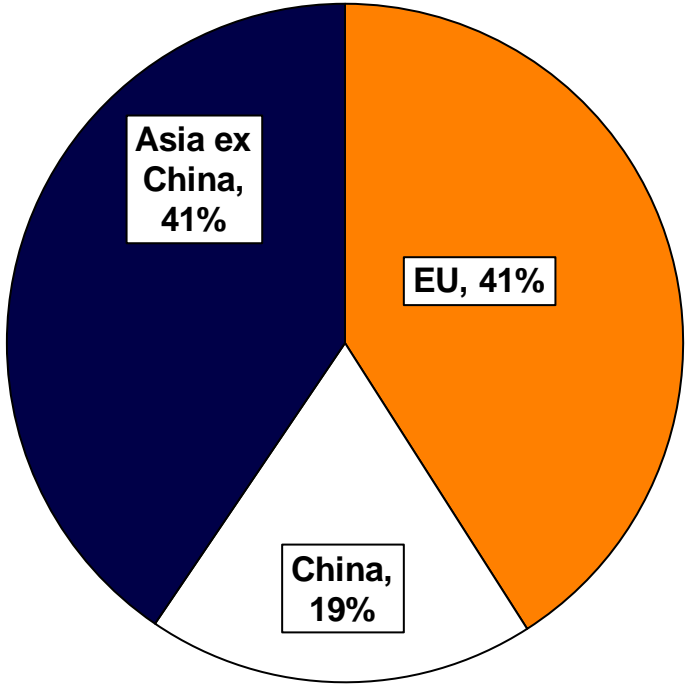
Source: Eurostat, Last Observation: Oct 2010

U.S. Exports by Destination

2000

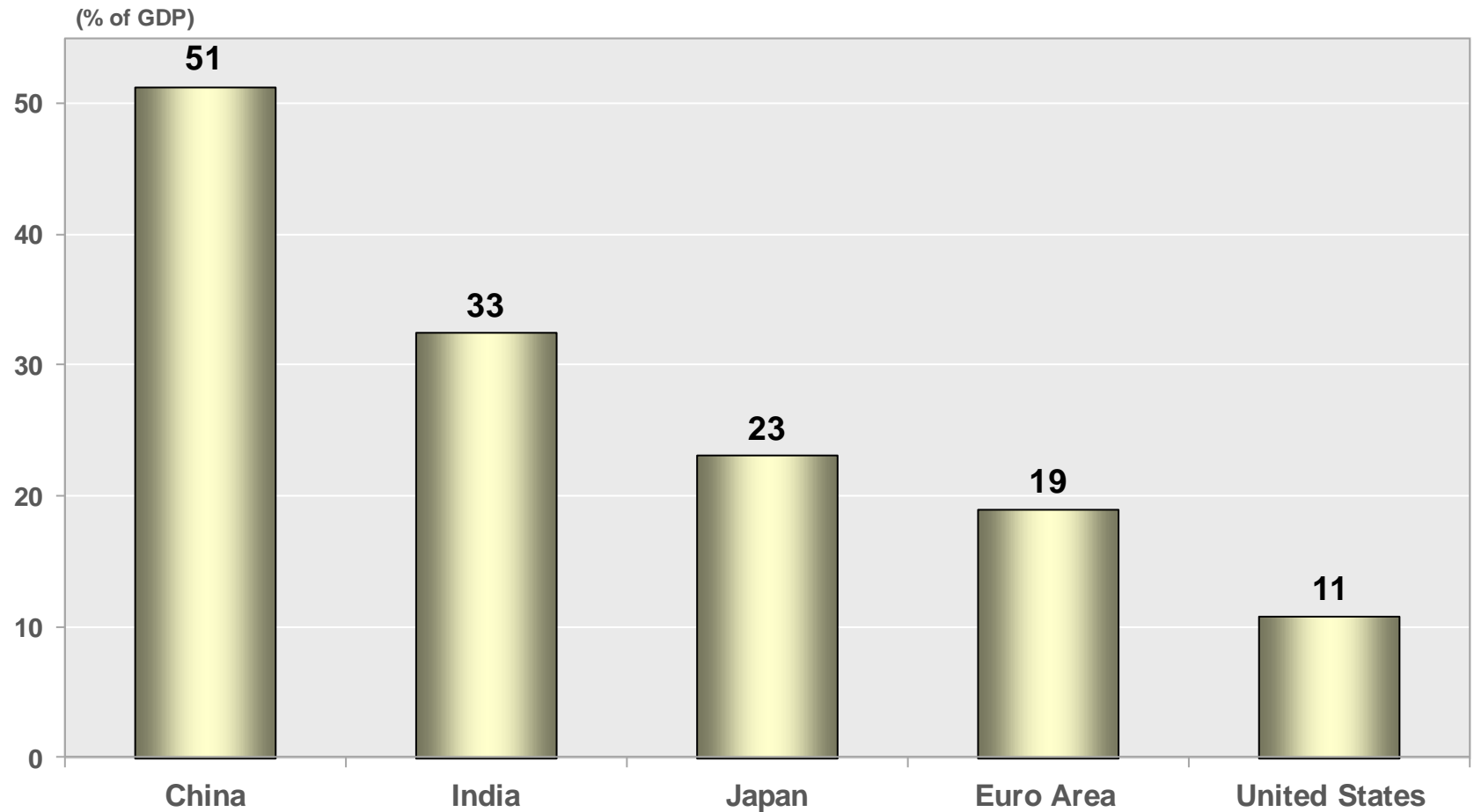


2010



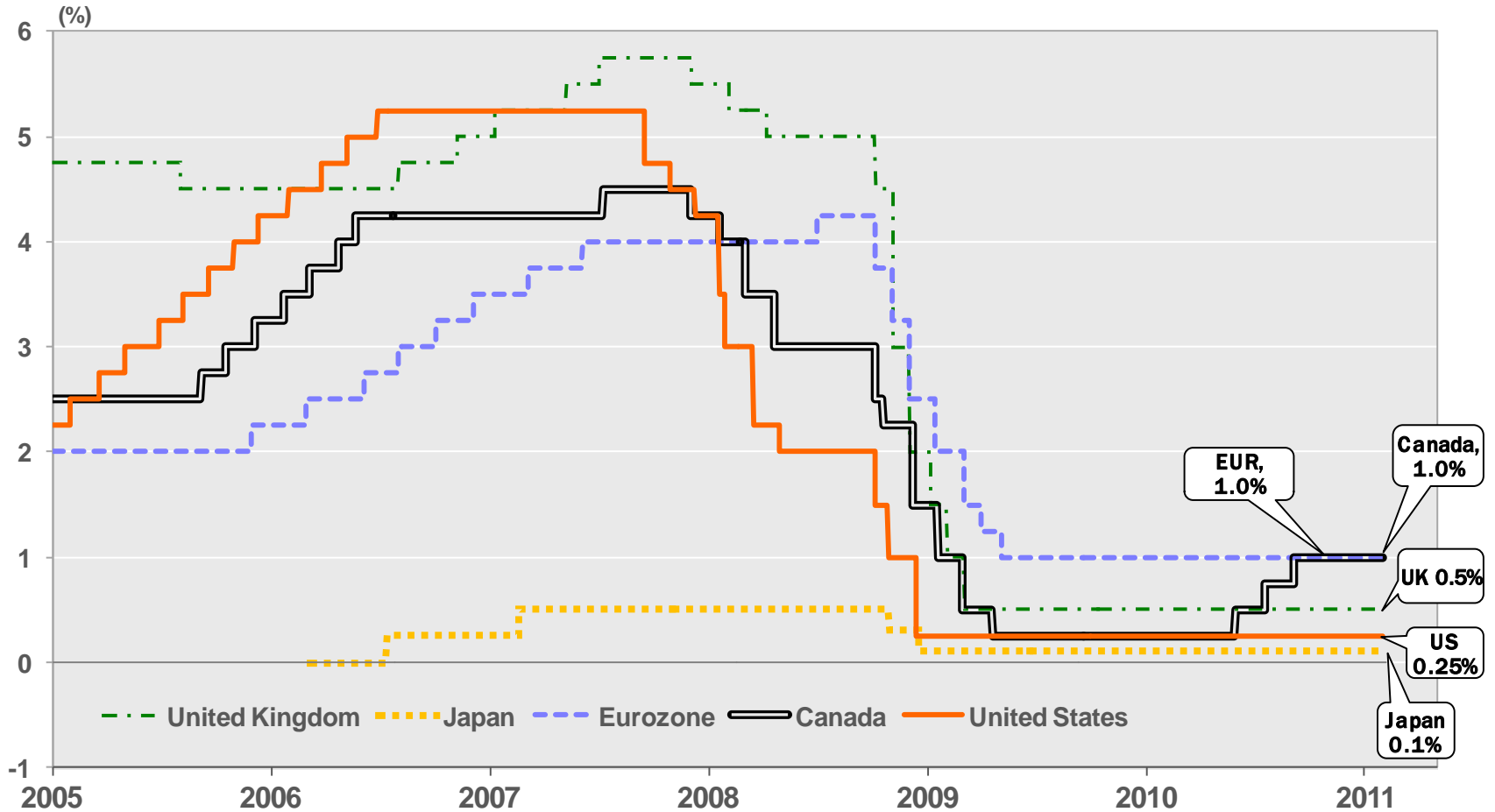
Source: US Department of Commerce, Last Observation: Nov 2010

Gross National Savings as a % of GDP (2009)



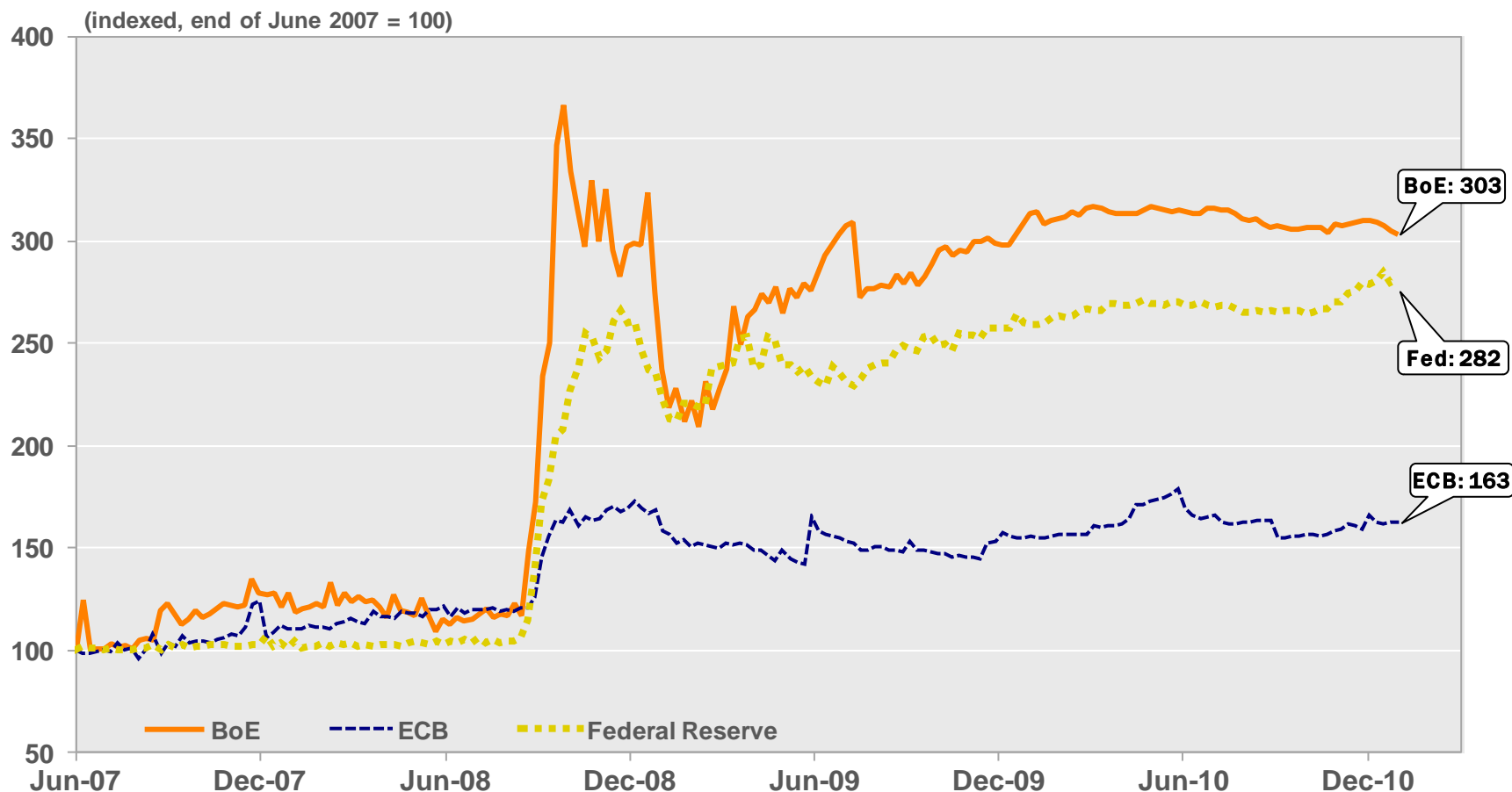
Source: IIF (last update: China - December 2010; India - sep 2010), JPMorgan, IMF-IFS (last Update: Oct 2010)

Coordinated Global Rate Cuts



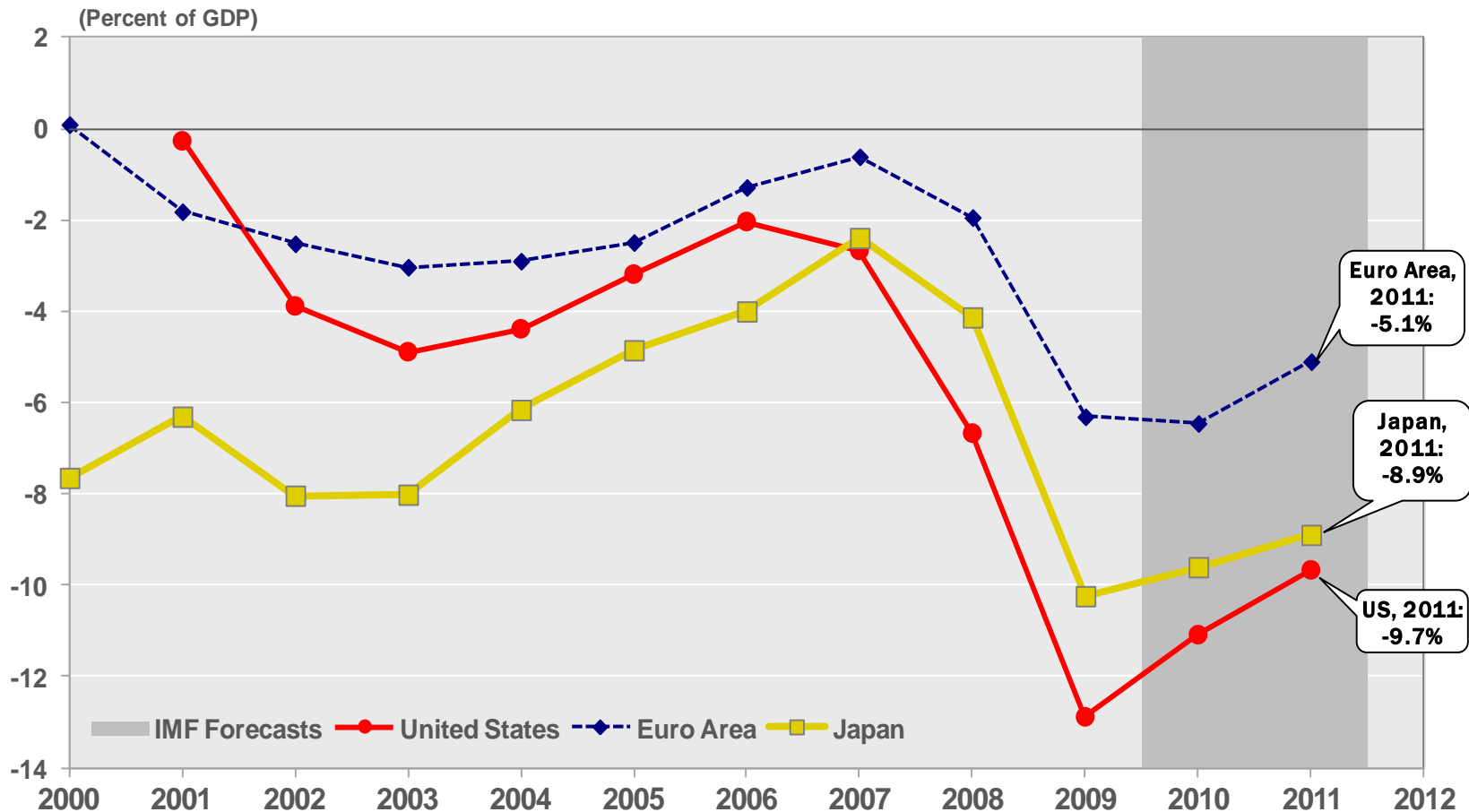
Source: Bloomberg Market Data, Last observation: 2 Feb, 2011

Total Assets of Key Central Banks (indexed levels)



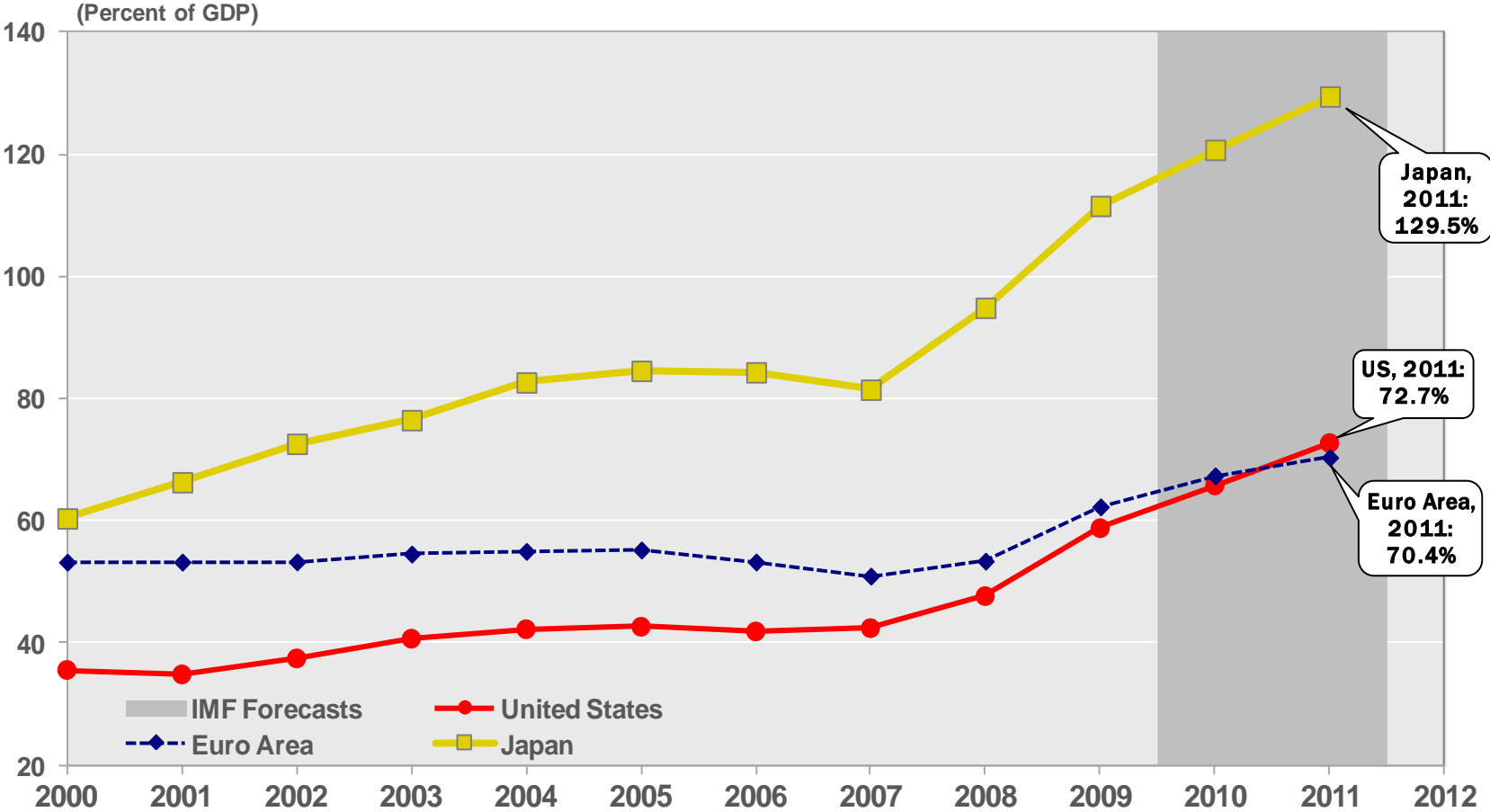
Source: NSI's, Last Observation: ECB (Jan 28, 2011); Fed, BoE (Jan 26, 2011)

Fiscal Positions: General Government Balance



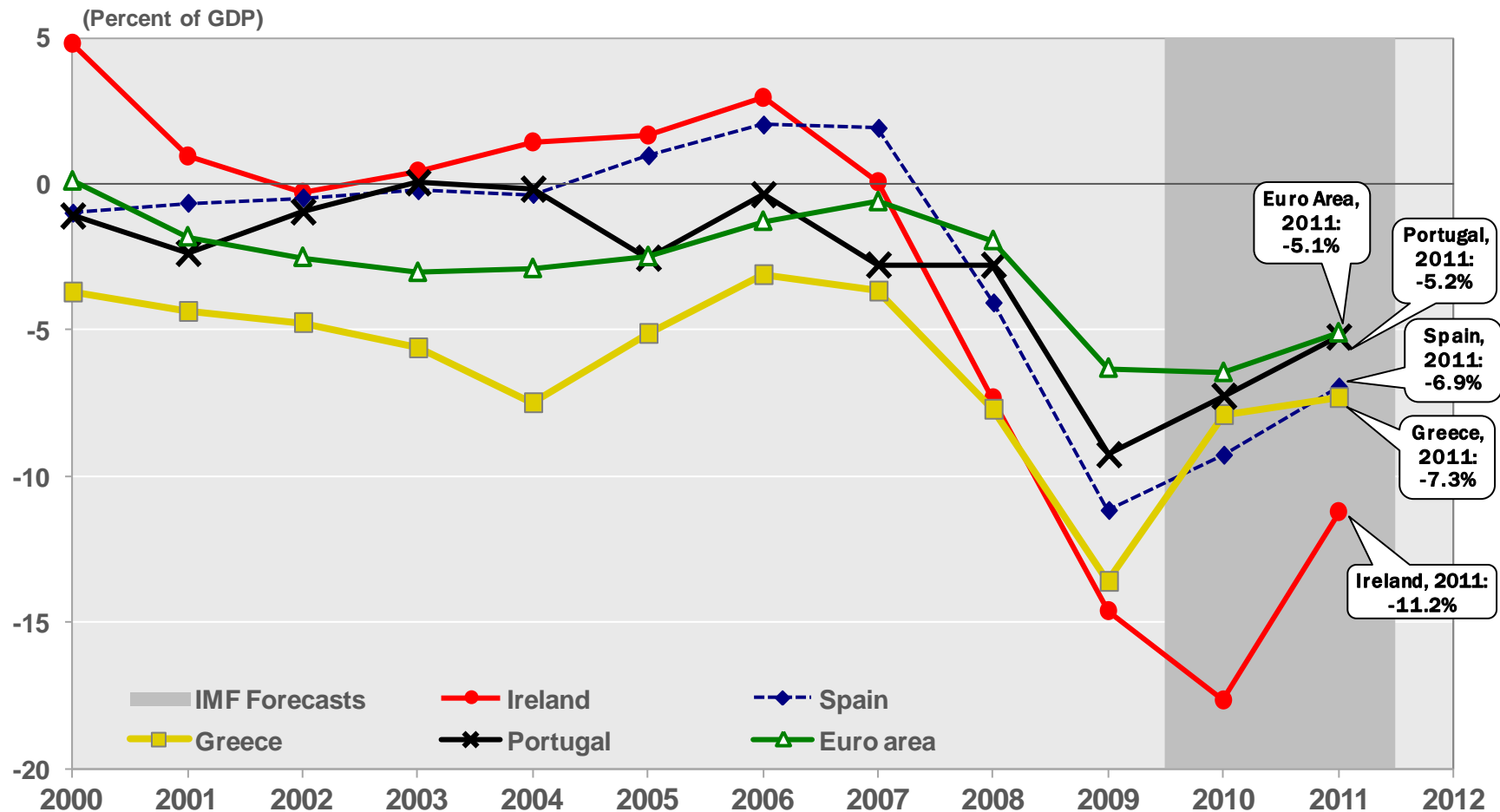
Source: IMF, WEO Database, last update Oct 1 2010, WEO (2009 Estimate, 2010 & 2011 Forecast)

Fiscal Positions: Net Debt



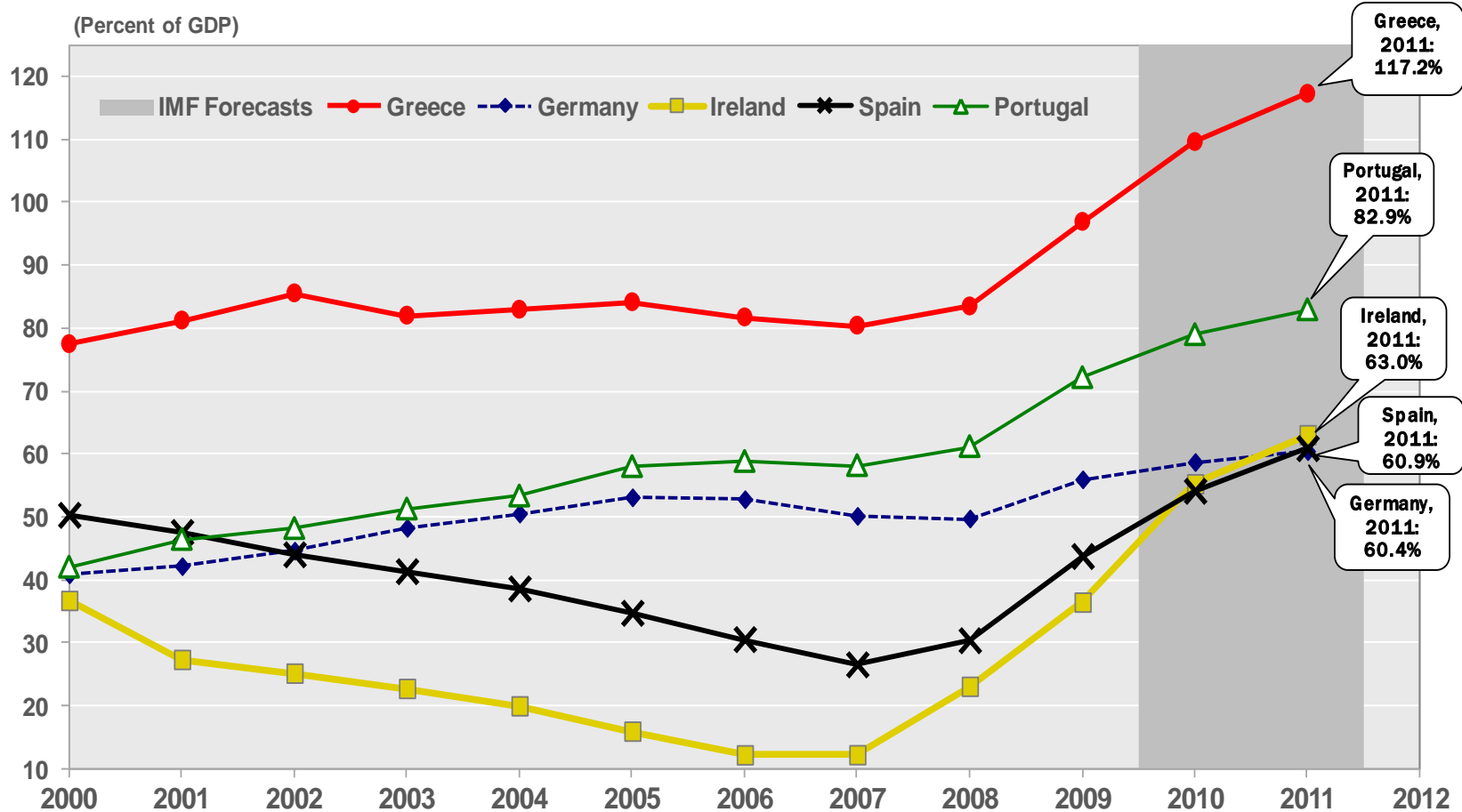
Source: IMF, WEO Database, last update Oct 1 2010, WEO (2009 Estimate, 2010 & 2011 Forecast)

Fiscal Position: General Government Balance – Select Euro Area Economies



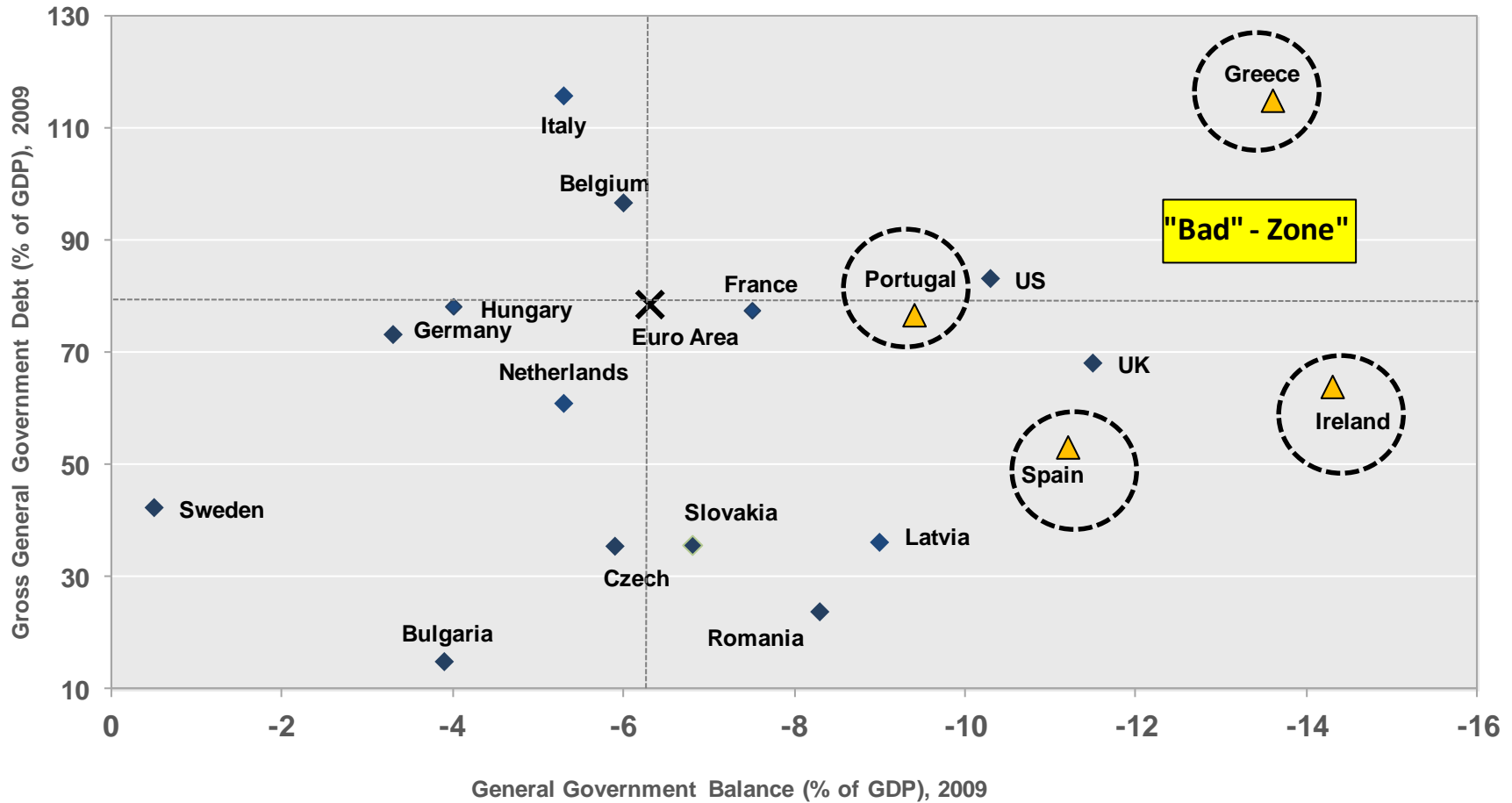
Source: IMF, WEO Database, last update Oct 1 2010, WEO (2009 Estimate, 2010 & 2011 Forecast)

Fiscal Positions: Net Debt – Select Euro Area Economies



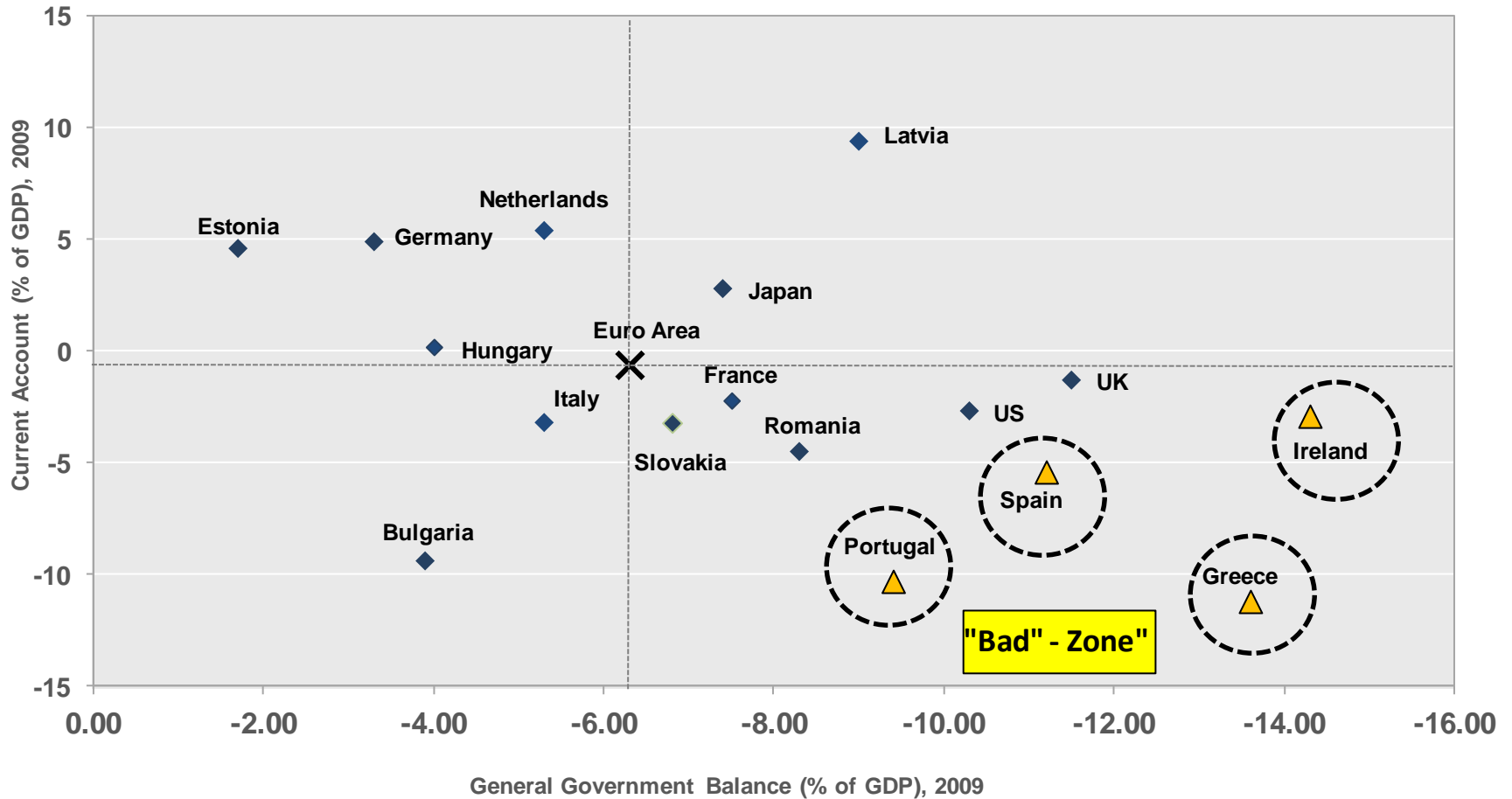
Source: IMF, WEO Database, last update Oct 1 2010, WEO (2009 Estimate, 2010 & 2011 Forecast)

Gross Government Debt and Budget Deficit (% of GDP 2009)



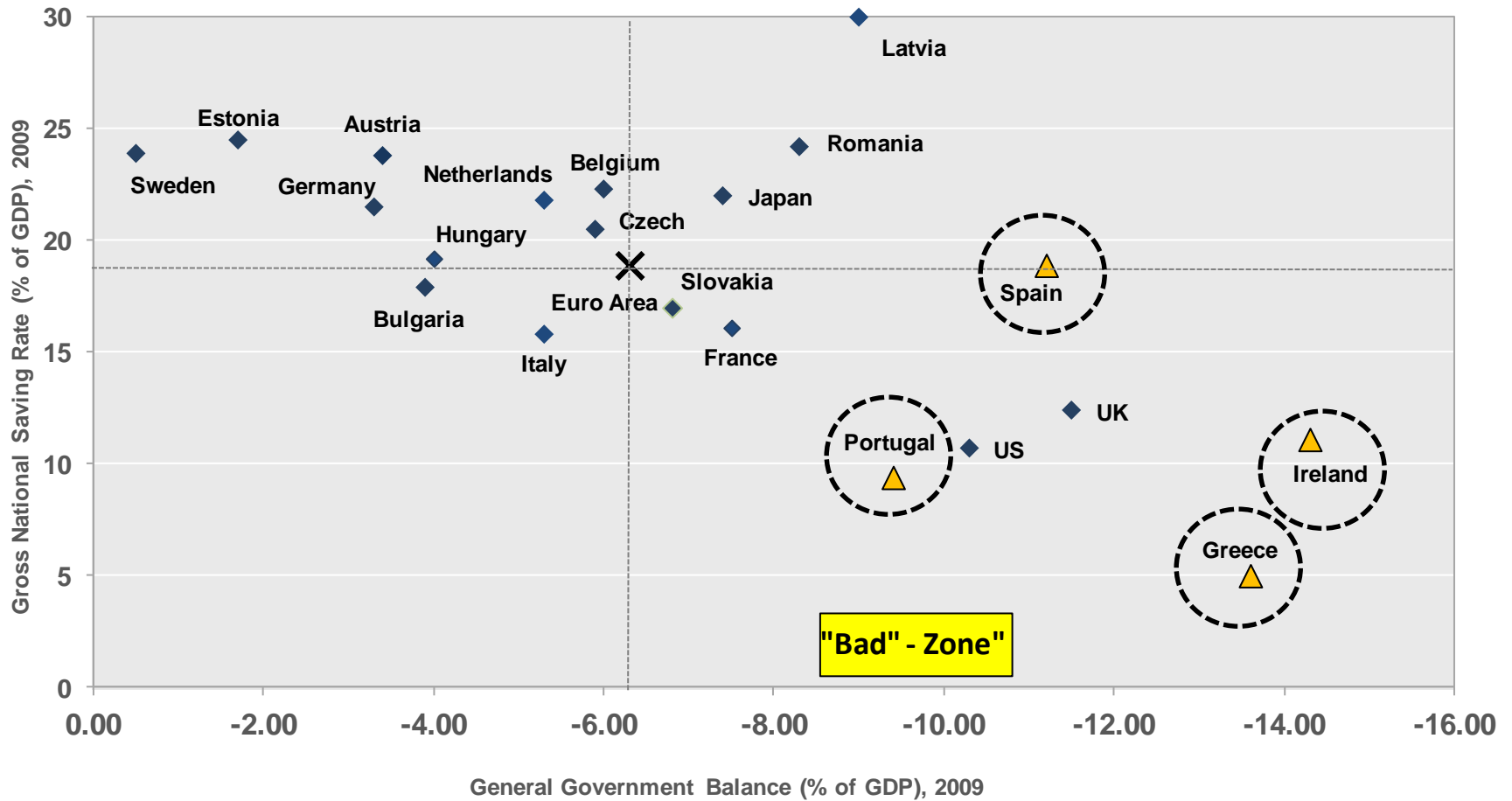
Source: Eurostat, National Statistical Institutes

Current Account Balance and Budget Deficit (% of GDP 2009)



Source: Eurostat, National Statistical Institutes

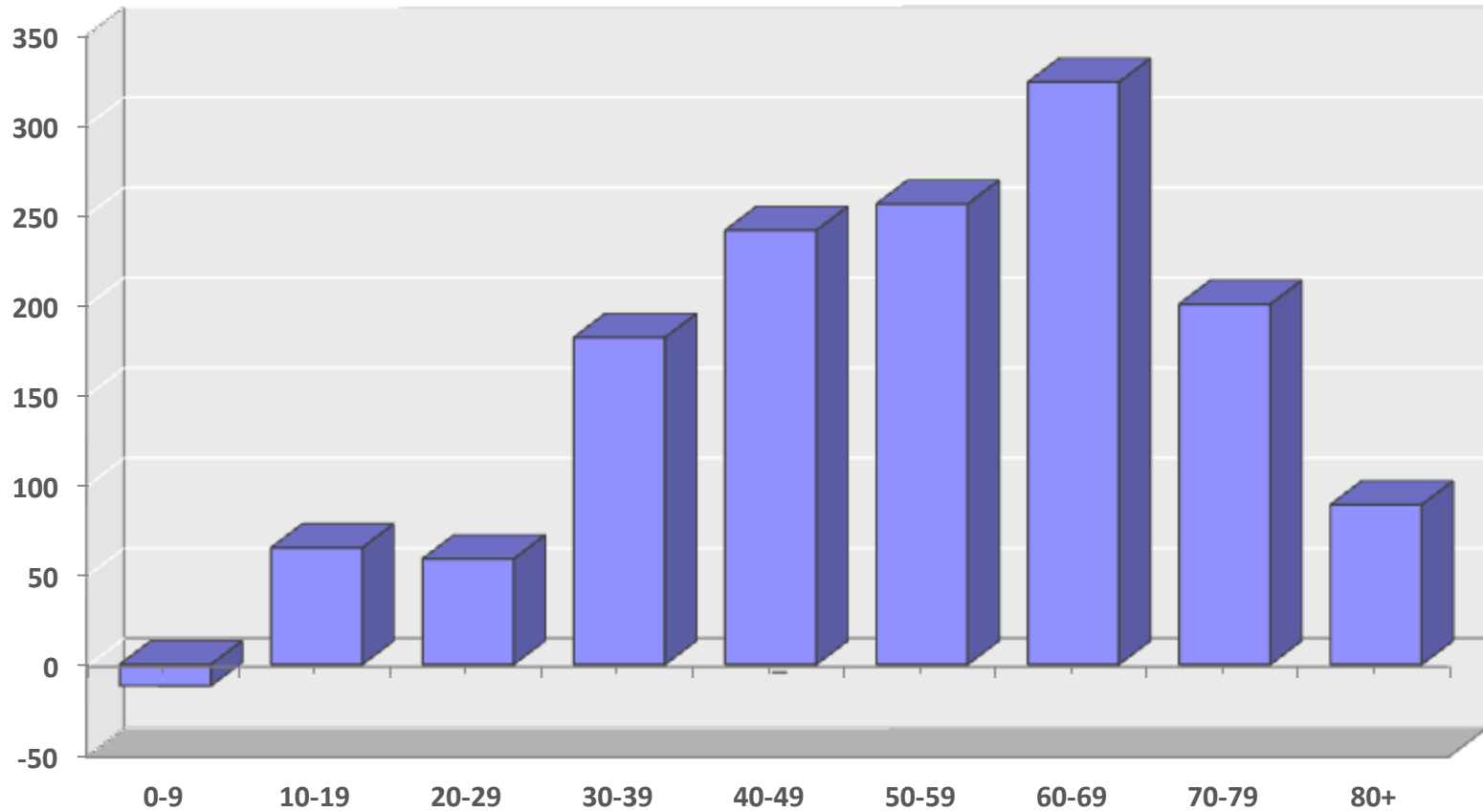
Gross National Saving Rate and Budget Deficit (% of GDP 2009)



Source: Eurostat, National Statistical Institutes

World Demographic Challenge

Change in Population between 2010 - 2030 (in millions)



Projected Change in Population
from 2010 - 2030:

+1400.2M

2010 Level:

6909M

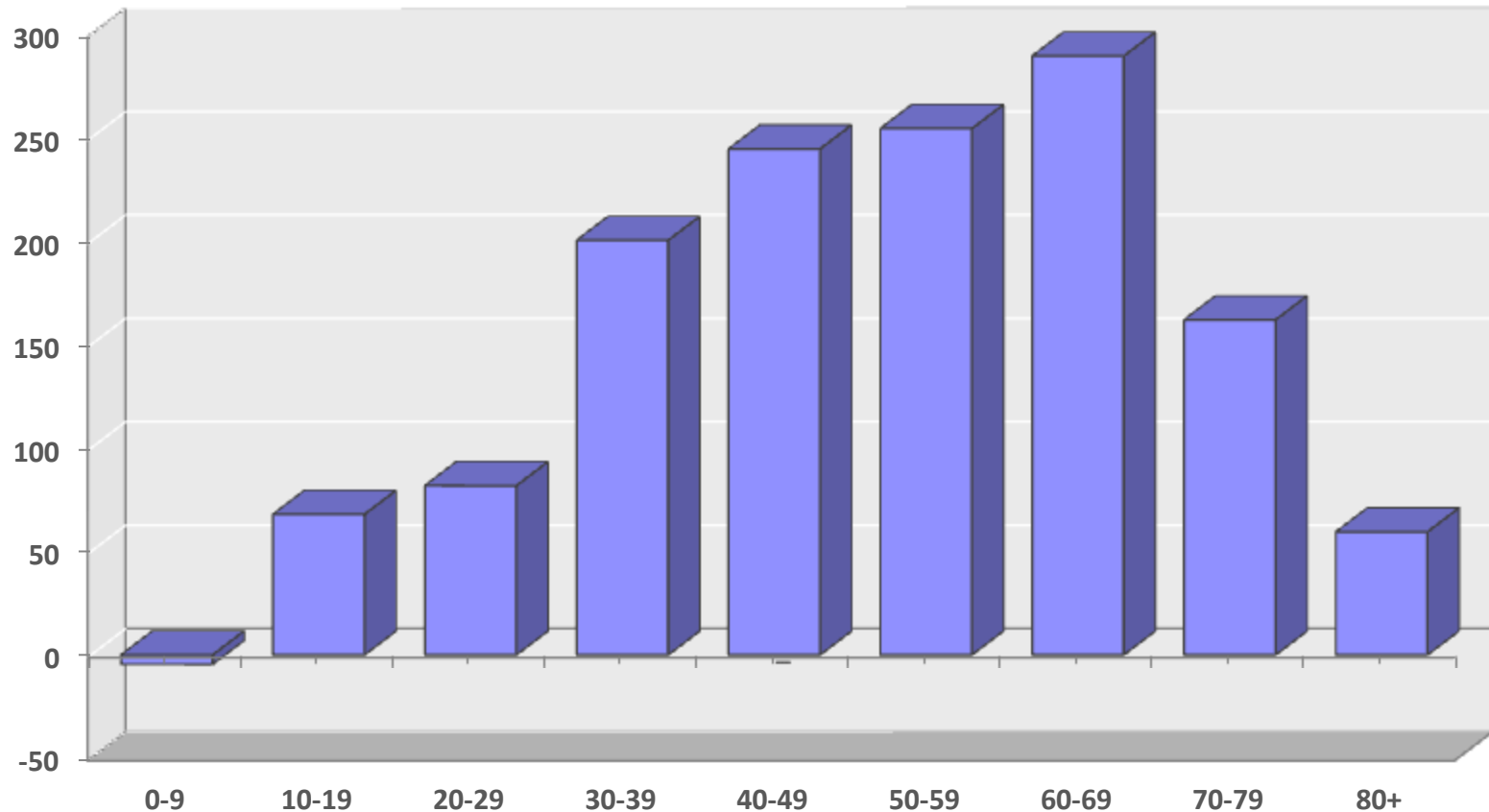
2030 Level:

8309M

Source: United Nations Populations Division, Last update 2009

Developing Countries Demographic Challenge

Change in Population between 2010 - 2030 (in millions)



Projected Change in Population
from 2010 - 2030:

+1355.8M

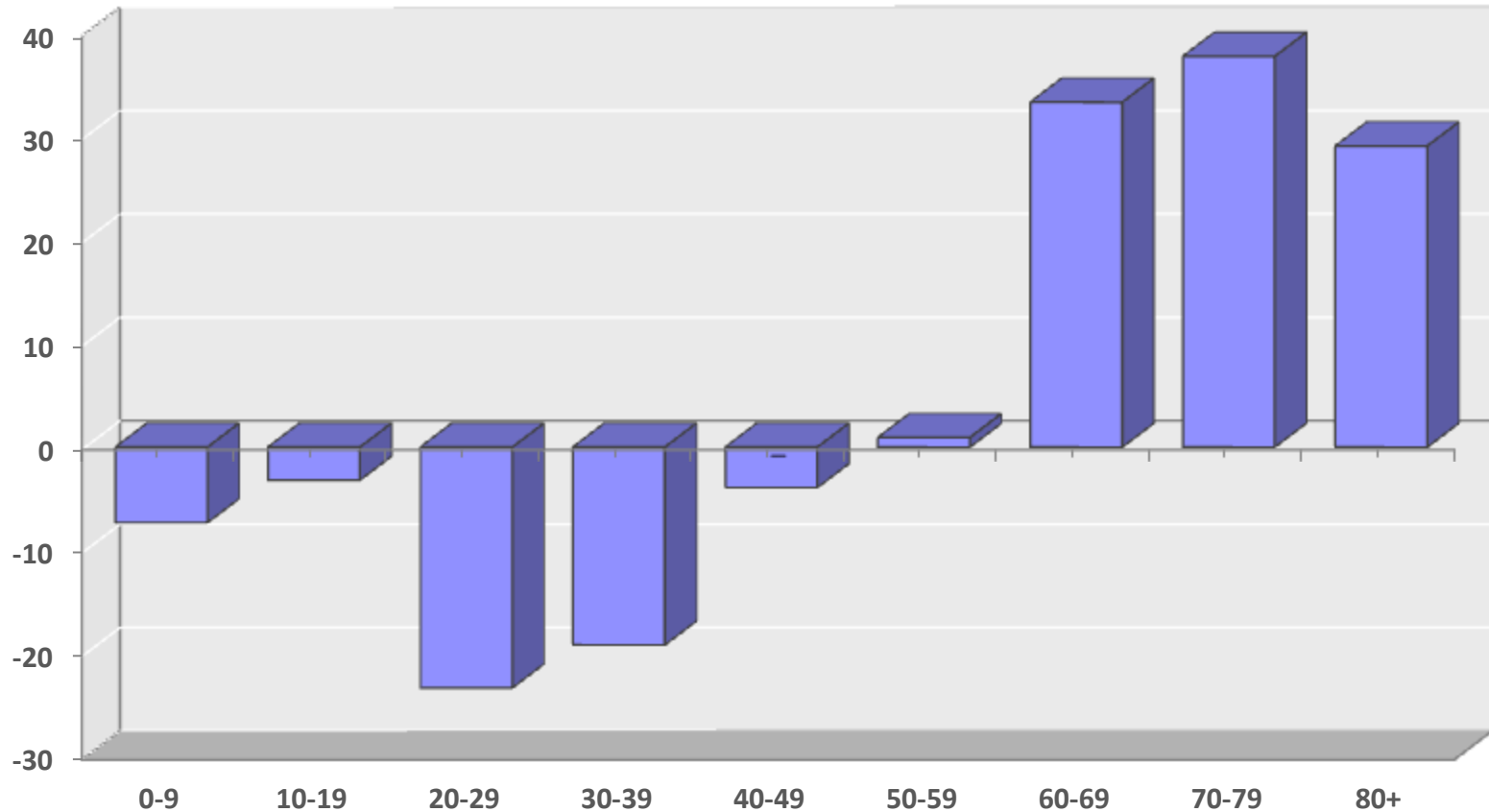
2010 Level: **5671M**

2030 Level: **7027M**

Source: United Nations Populations Division, Last update 2009

Developed Countries Demographic Challenge

Change in Population between 2010 - 2030 (in millions)



Projected Change in
Population from 2010 - 2030: **+44.4M**

2010 Level: **1237M**
2030 Level: **1282M**

Source: United Nations Populations Division, Last update 2009