

The World Economic & Financial System: Risks & Prospects

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**Chairman JPMorgan Chase International &
Chairman Group of Thirty (G30)**

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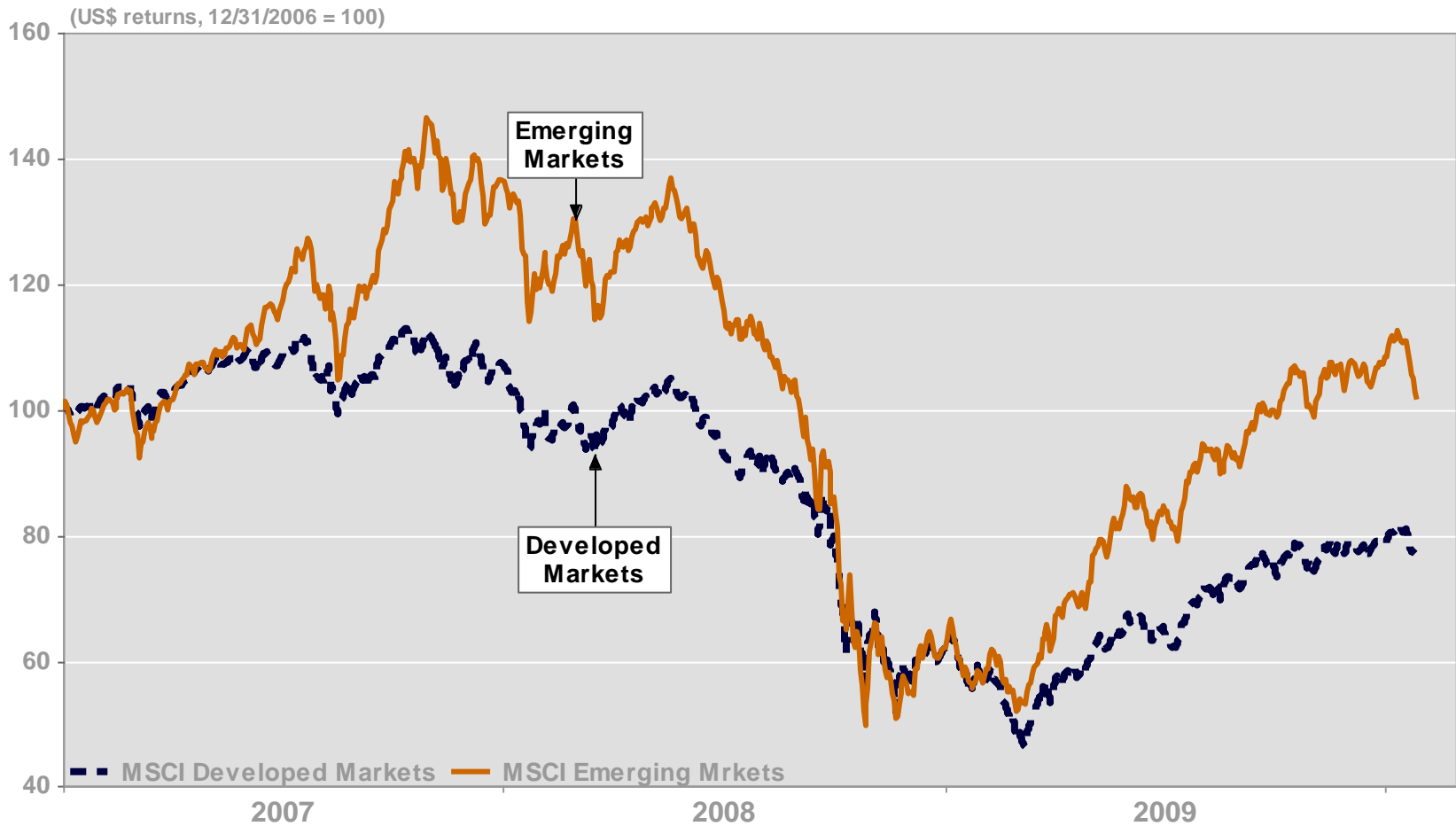
Six Global Challenges

- **Financial Markets**
- **The Global Economy**
- **Global Imbalances**
- **Exit Strategy: Monetary Policy**
- **Exit Strategy: Fiscal Policy**
- **The Demographic Challenge**

Global Financial Markets: Is the Worst Over?

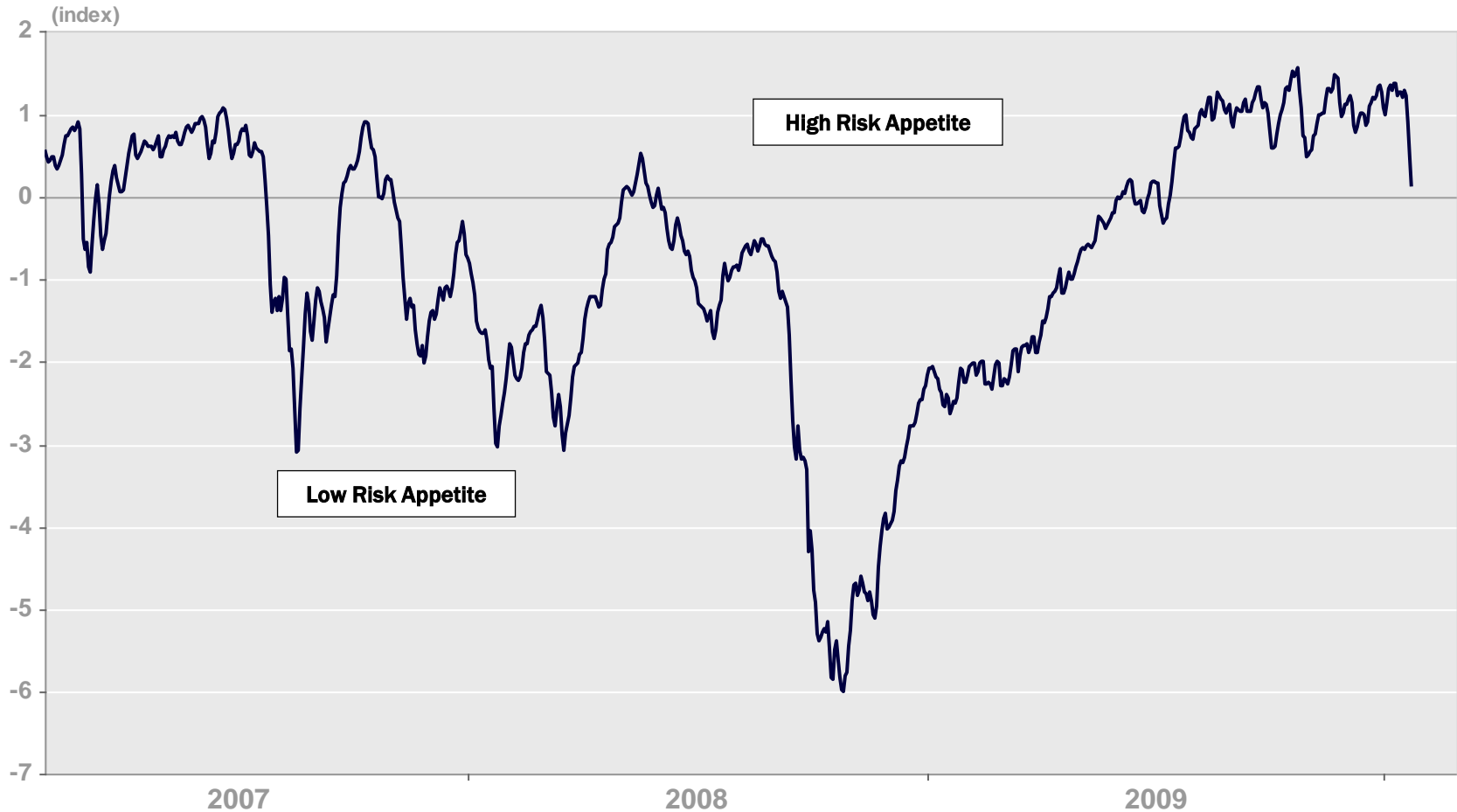
- **Equity Markets**
- **Risk Appetite**
- **Regulatory Reform**

Global Equity Markets



Source: Bloomberg, Market Data, Last Update Jan 27, 2010

UBS Global Equity Strategy Risk Appetite Indicator

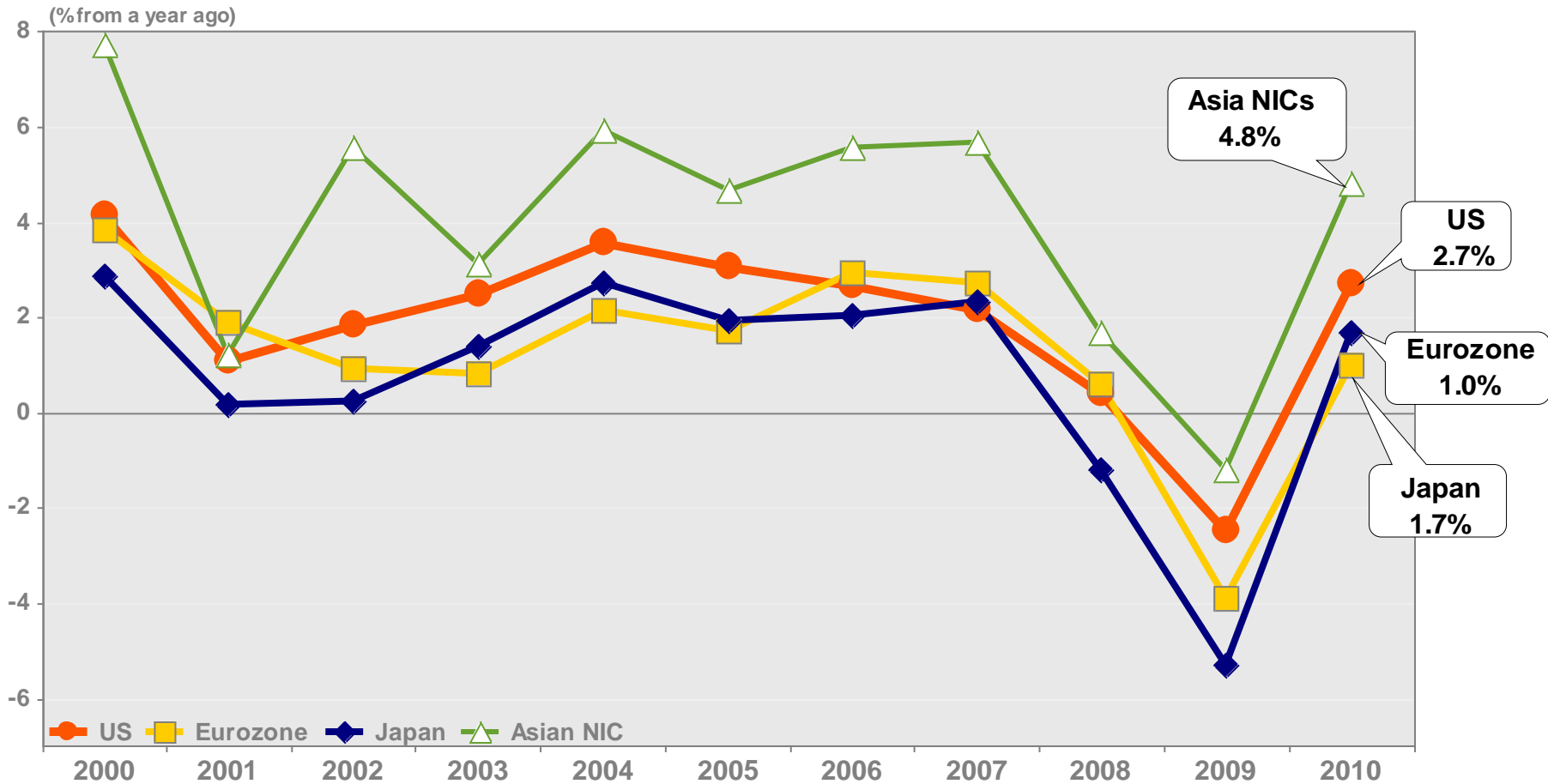


Source: UBS, Last Observation Jan 22, 2010

The Global Economic System

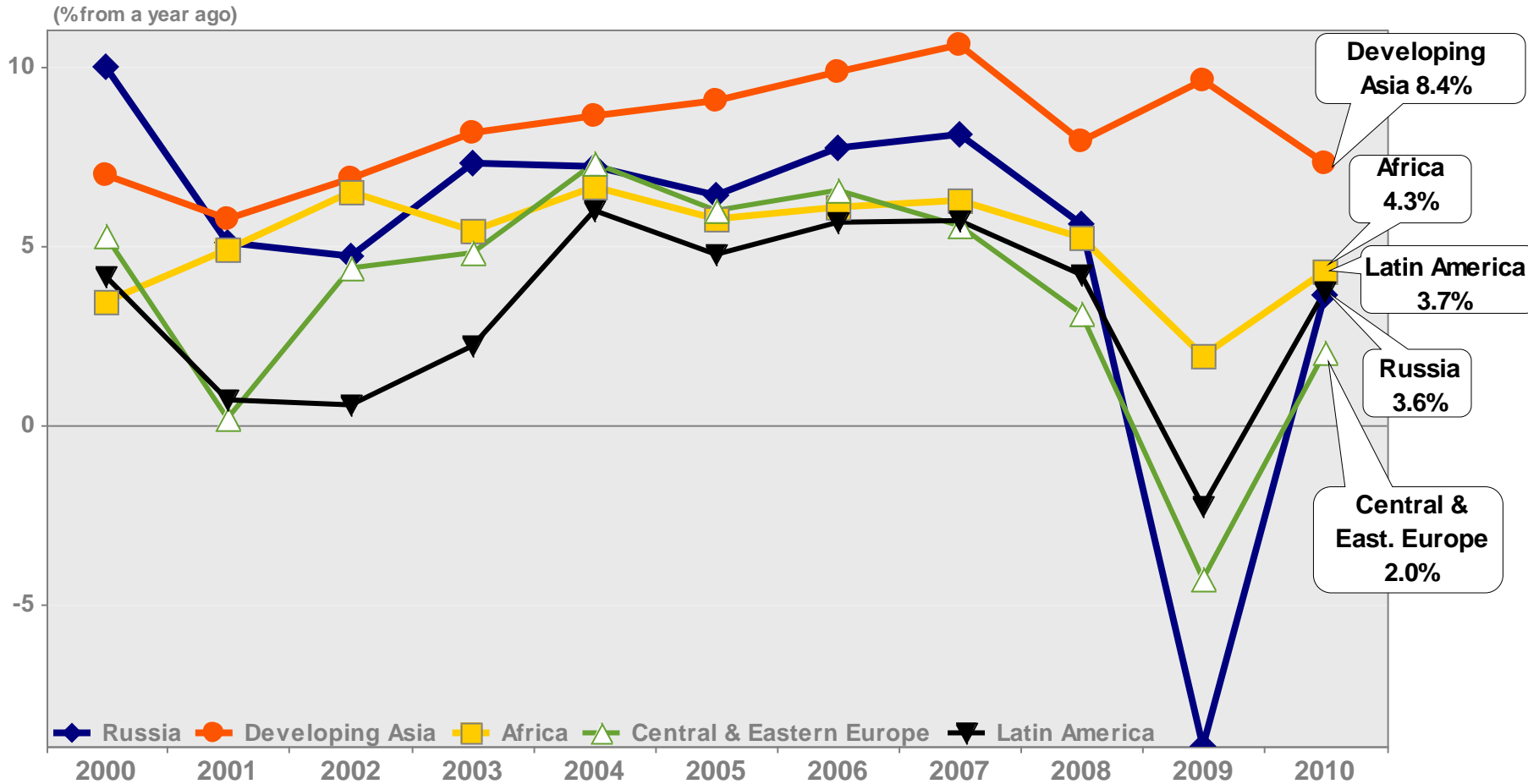
- **Global Growth Projections**
- **The Rise of Developing Countries**
- **Unemployment**
- **Global Trade and Protectionism**

Real GDP Growth (%) Industrial Countries



Source: IMF, av. Annual growth rates, last update Jan 26 2010, WEO (2008 Estimate, 2009 & 2010 Forecast)

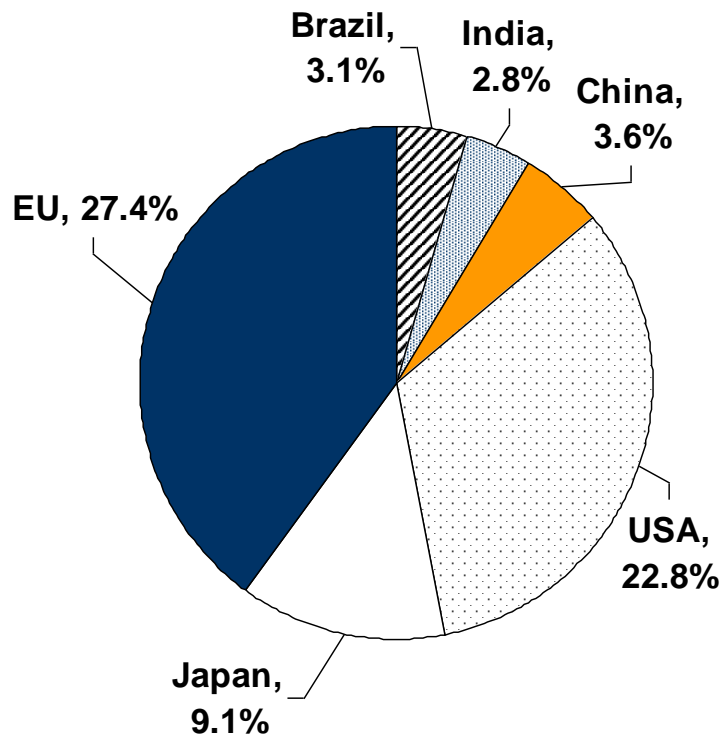
Real GDP Growth (%) Developing Countries



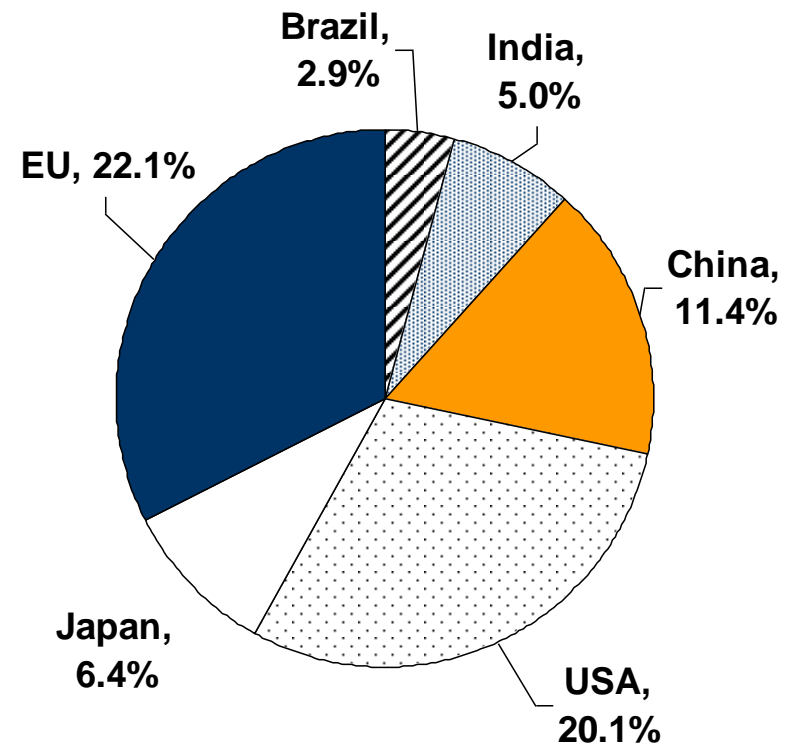
Source: IMF, av. Annual growth rates, last update Jan 26 2010, WEO (2008 Estimate, 2009 & 2010 Forecast)

GDP Shares: the new Center of Gravity

1990

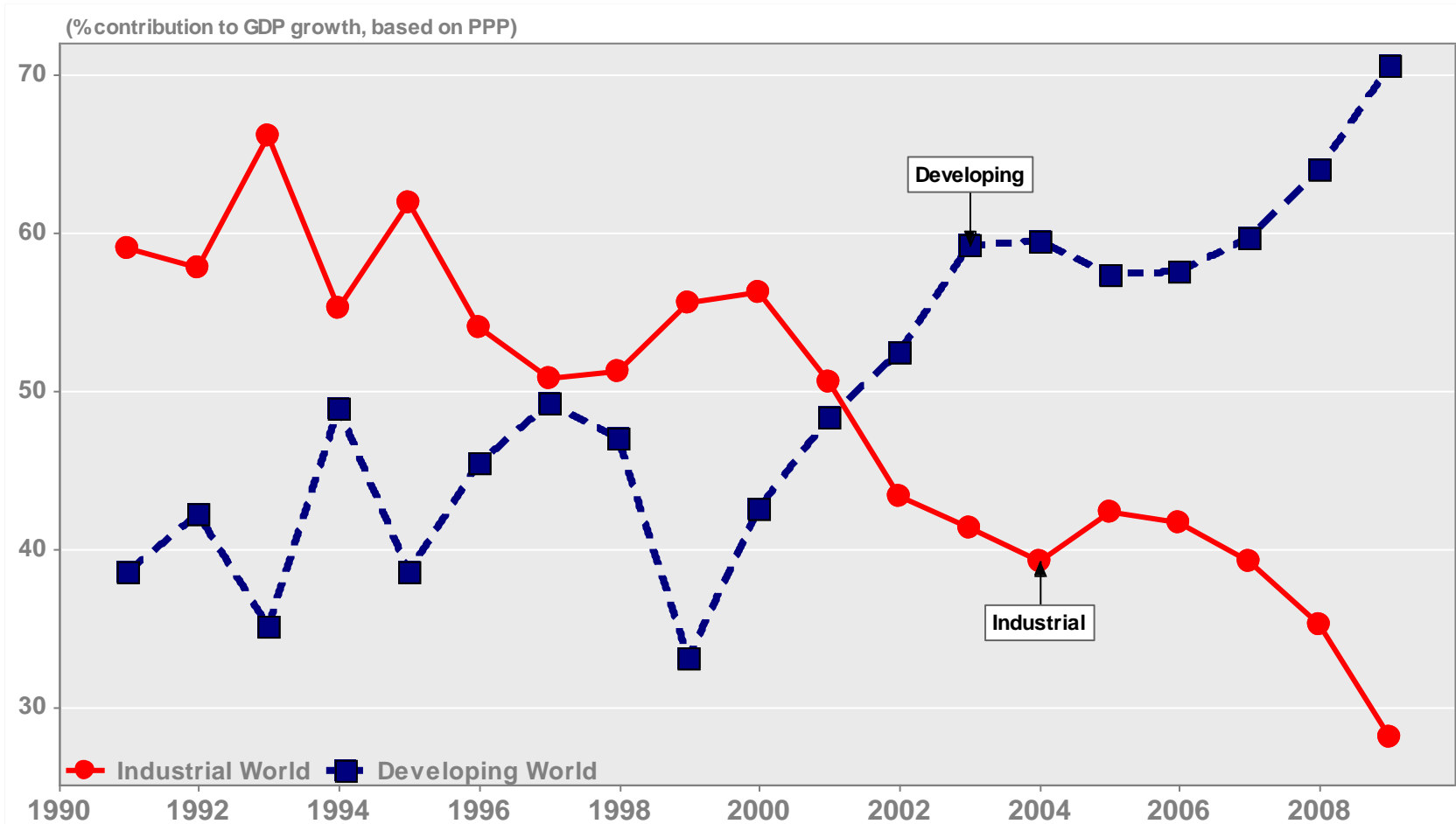


2008



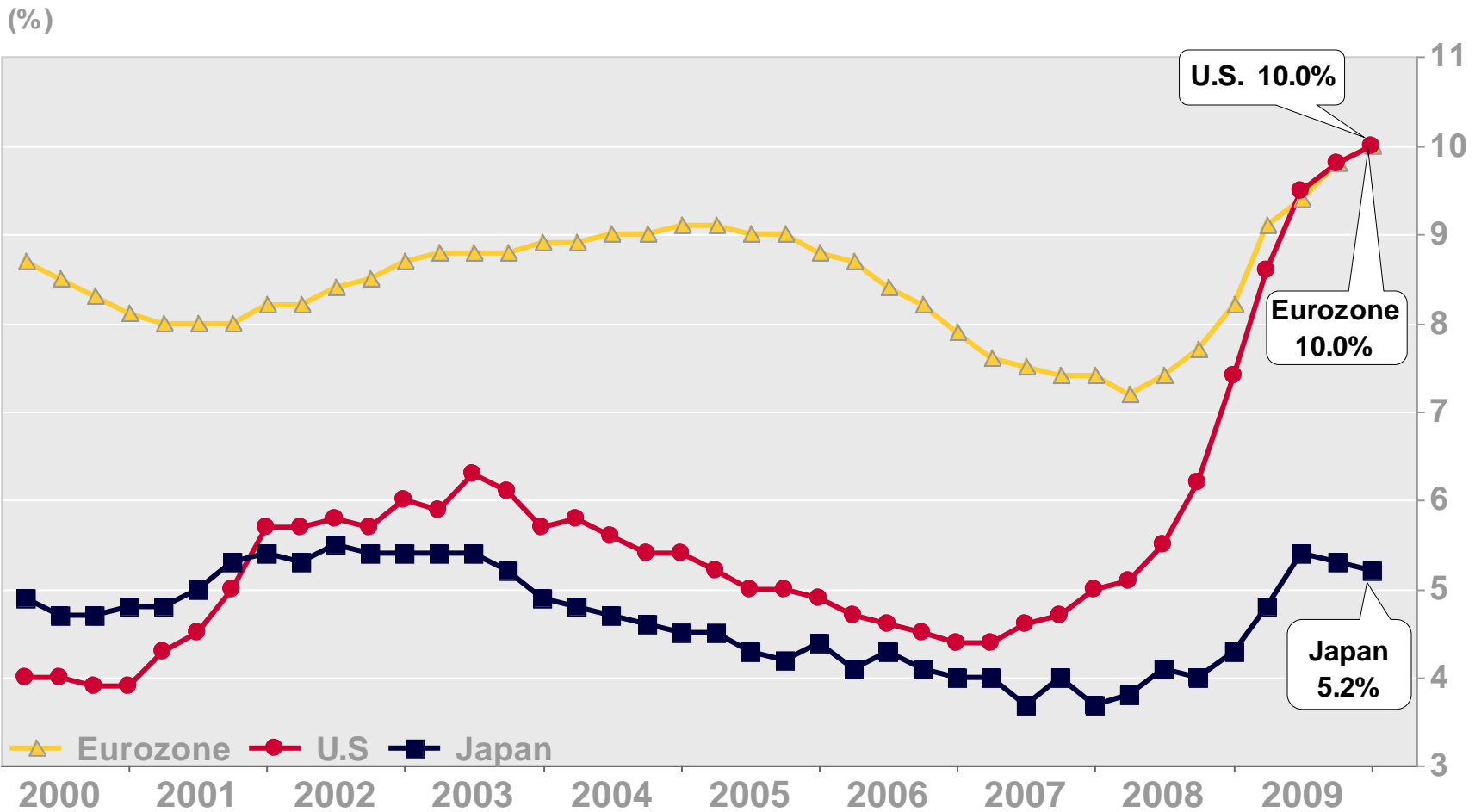
Source: IMF, av. Annual growth rates, last update Oct 01 2009, WEO (2009 Estimate 2010 Forecast)

Global Growth Contributions (%)



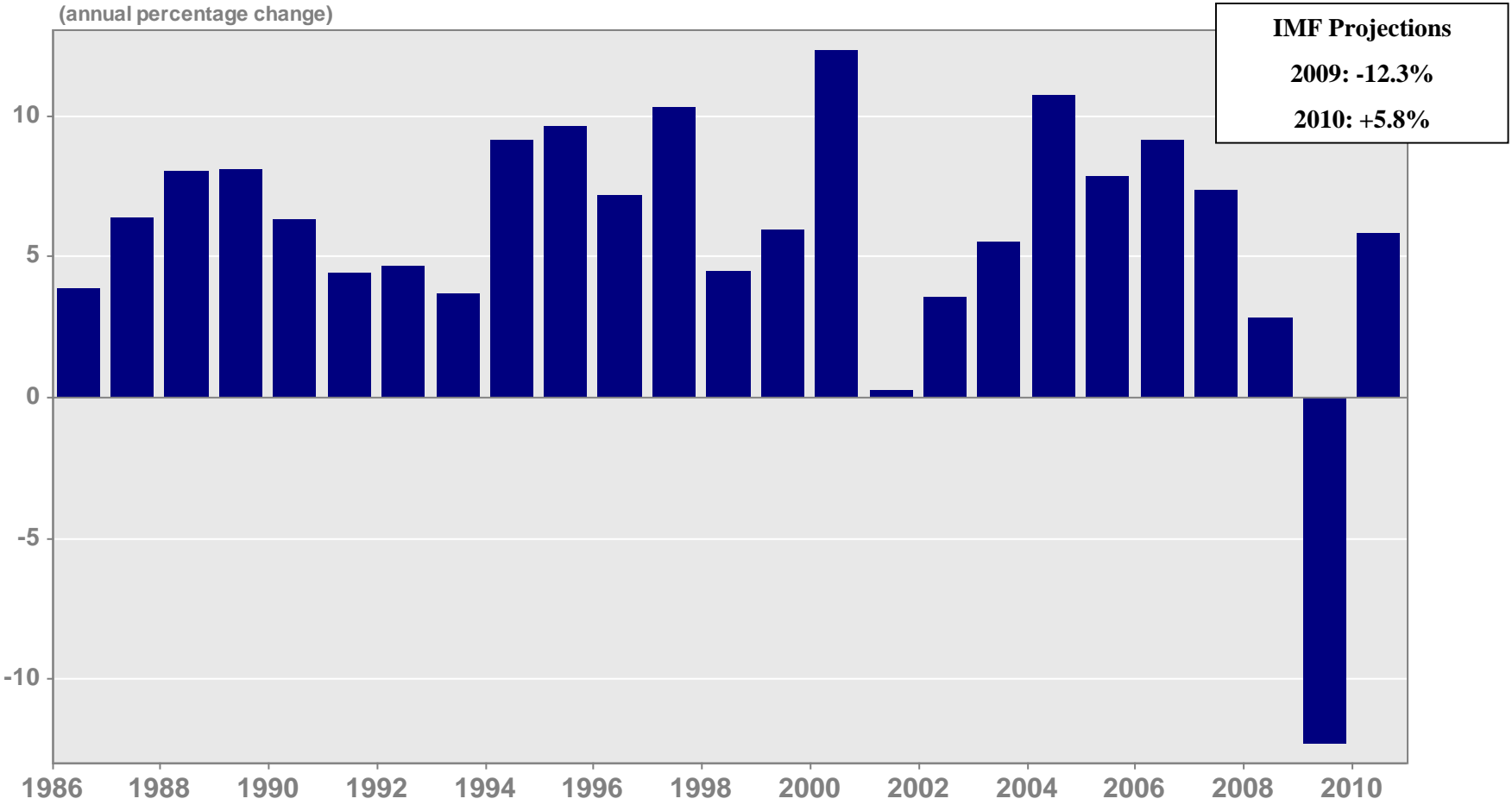
Source: IMF, av. Annual growth rates, last update Apr 22 2009, WEO (2009 Estimate 2010 Forecast)

Unemployment Rate (%)



Source: National Statistical Institutes, last observation Eurozone & Japan 11/09, U.S. 12/09

World Trade Volume

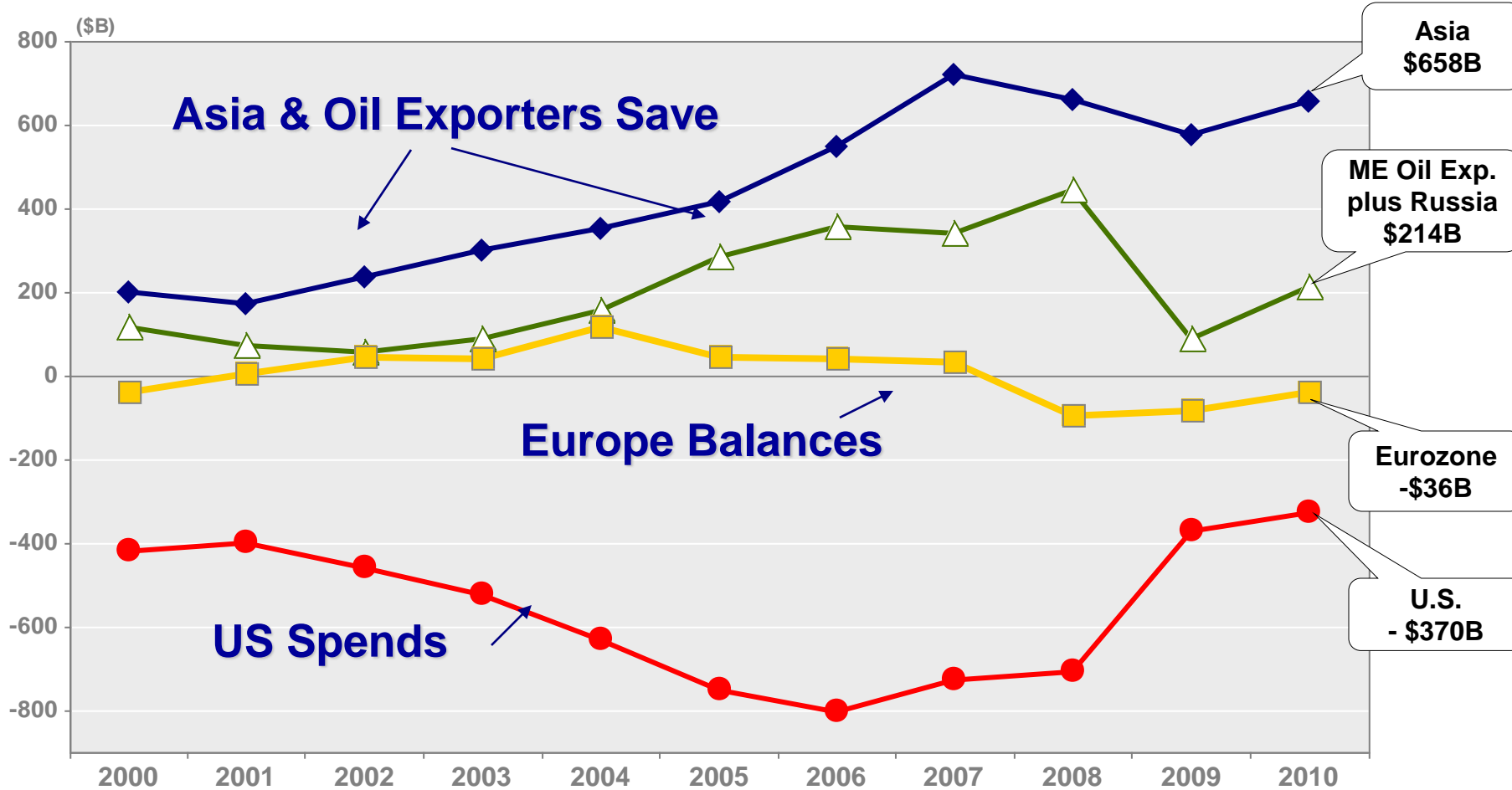


Source: IMF, av. Annual growth rates, last update Jan 26 2010, WEO (2008 Estimate, 2009 & 2010 Forecast)

Global Payments Imbalances

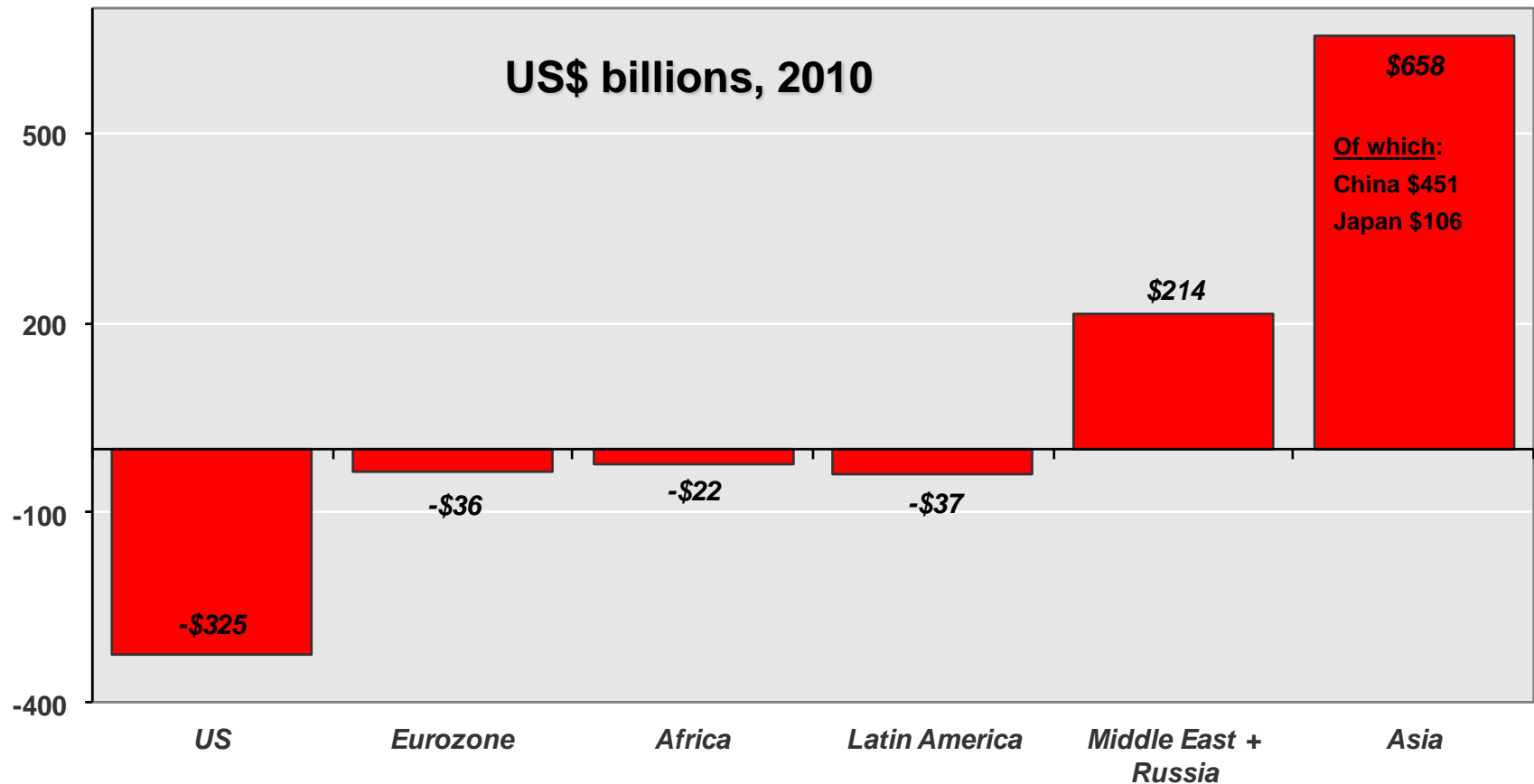
- **Current Accounts Imbalances**
- **Foreign Exchange Reserves**
- **Savings Imbalances**

Current Account of Balance of Payments



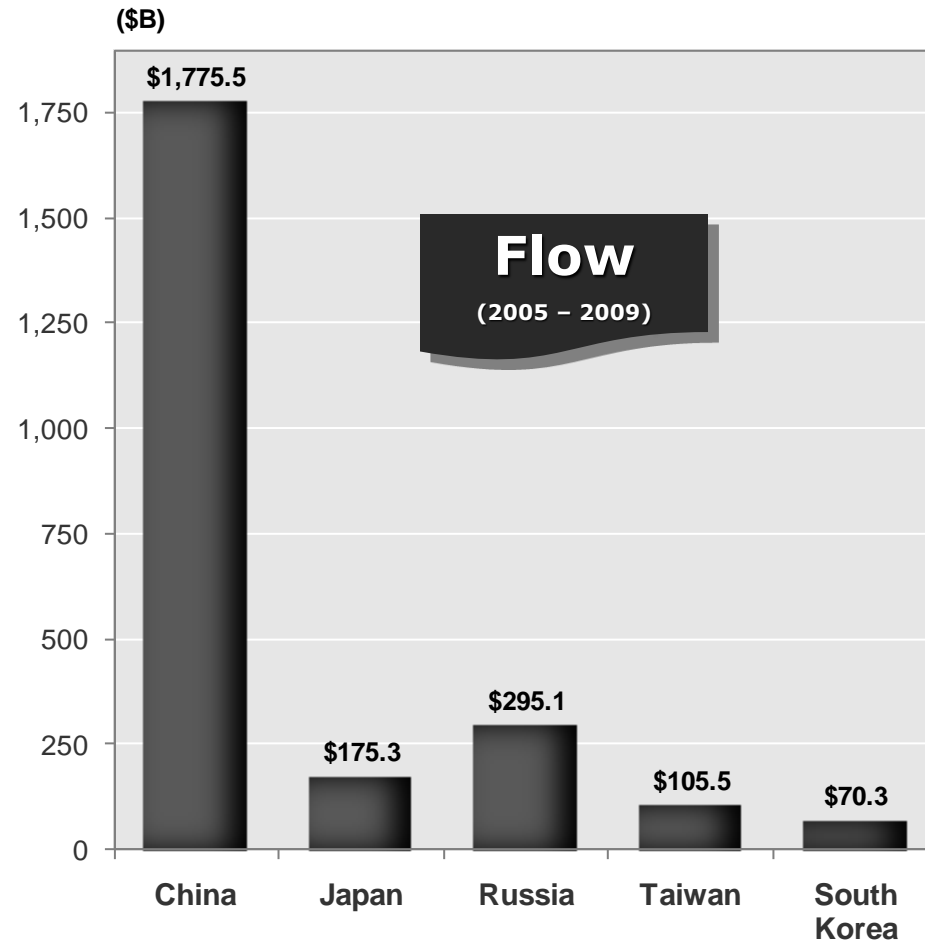
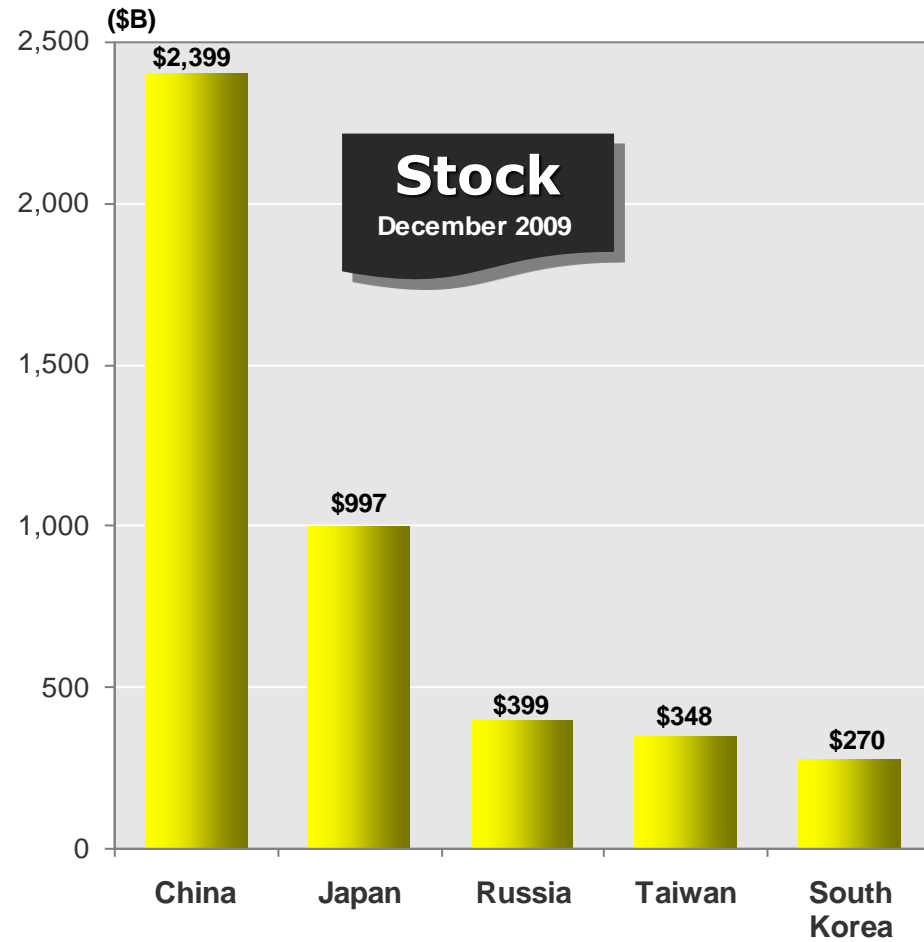
Source: IMF, av. Annual growth rates, last update Oct 01 2009, WEO (2009 Estimate 2010 Forecast)

Current Account of Balance of Payments



Source: IMF, av. Annual growth rates, last update Oct 01 2009, WEO (2009 Estimate 2010 Forecast)

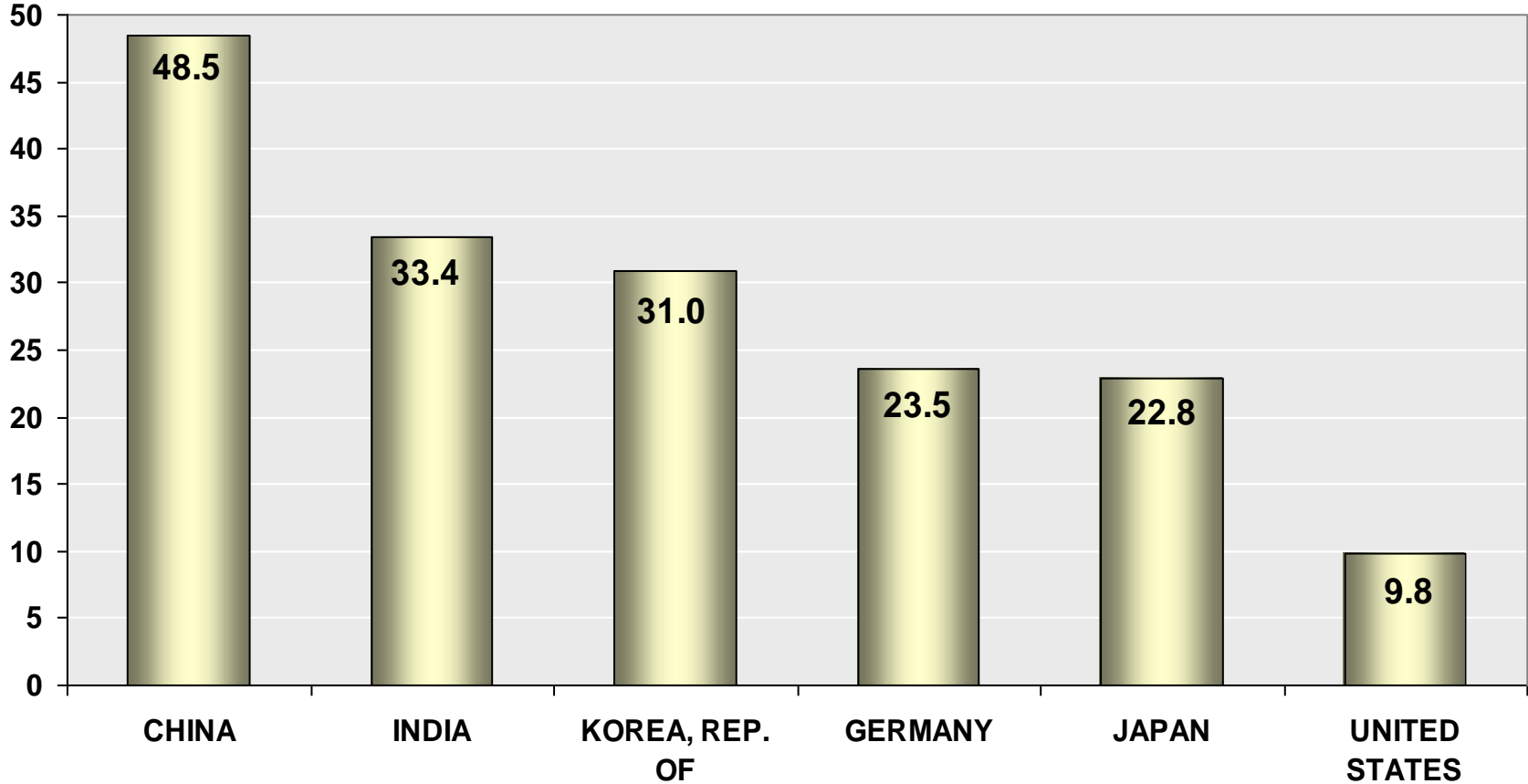
• Accumulation of Foreign Exchange Reserves (\$B)



Source: Nat'l Statistical Institutes 12/2009, Foreign-Exchange Reserves ex. Gold.

National Savings Rate Comparison

Gross Domestic Savings: 2009 (% of GDP)

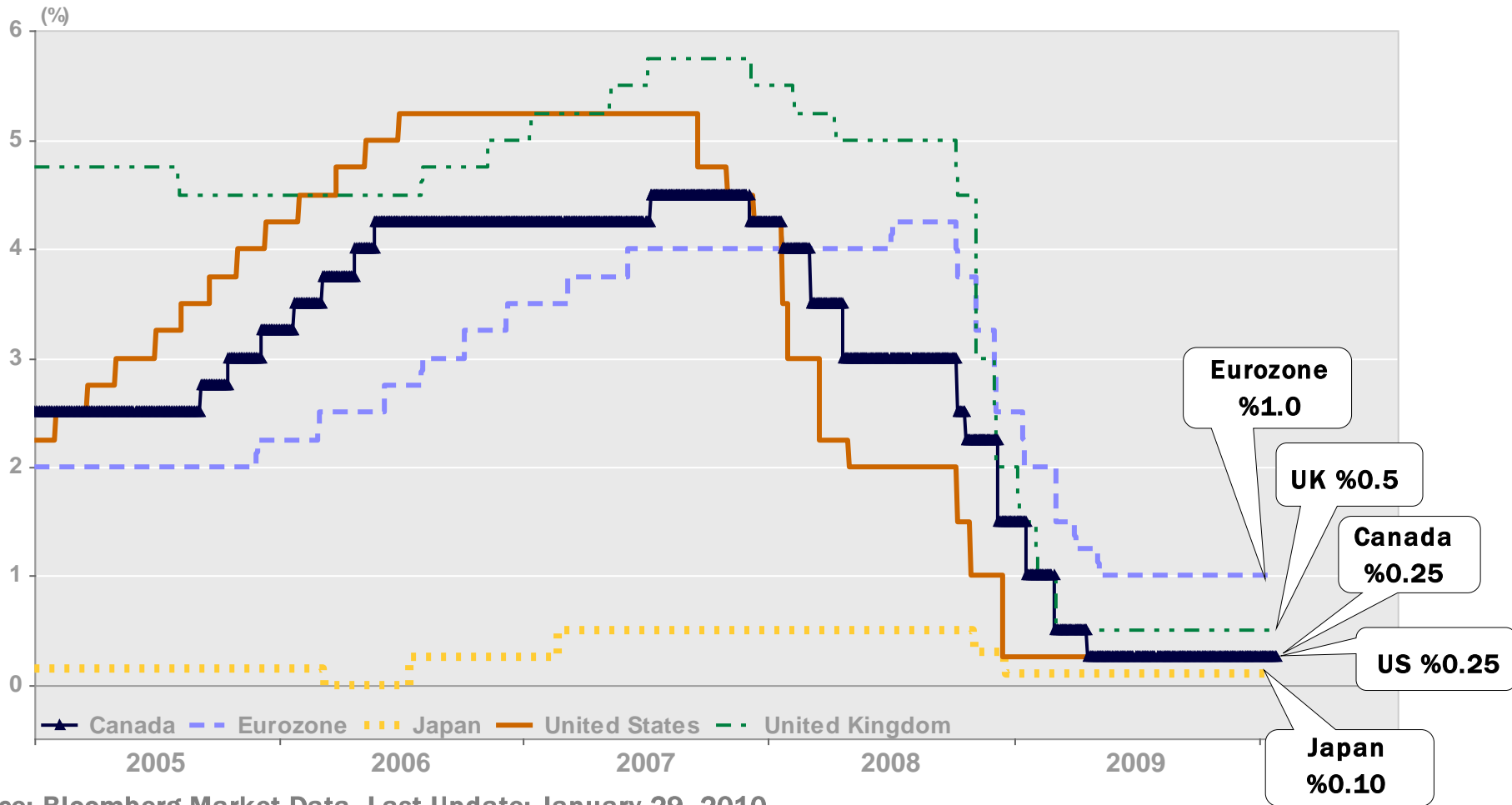


Source: EIU estimates, annual average rates, Last update 10/2009

Challenges to Monetary Policy

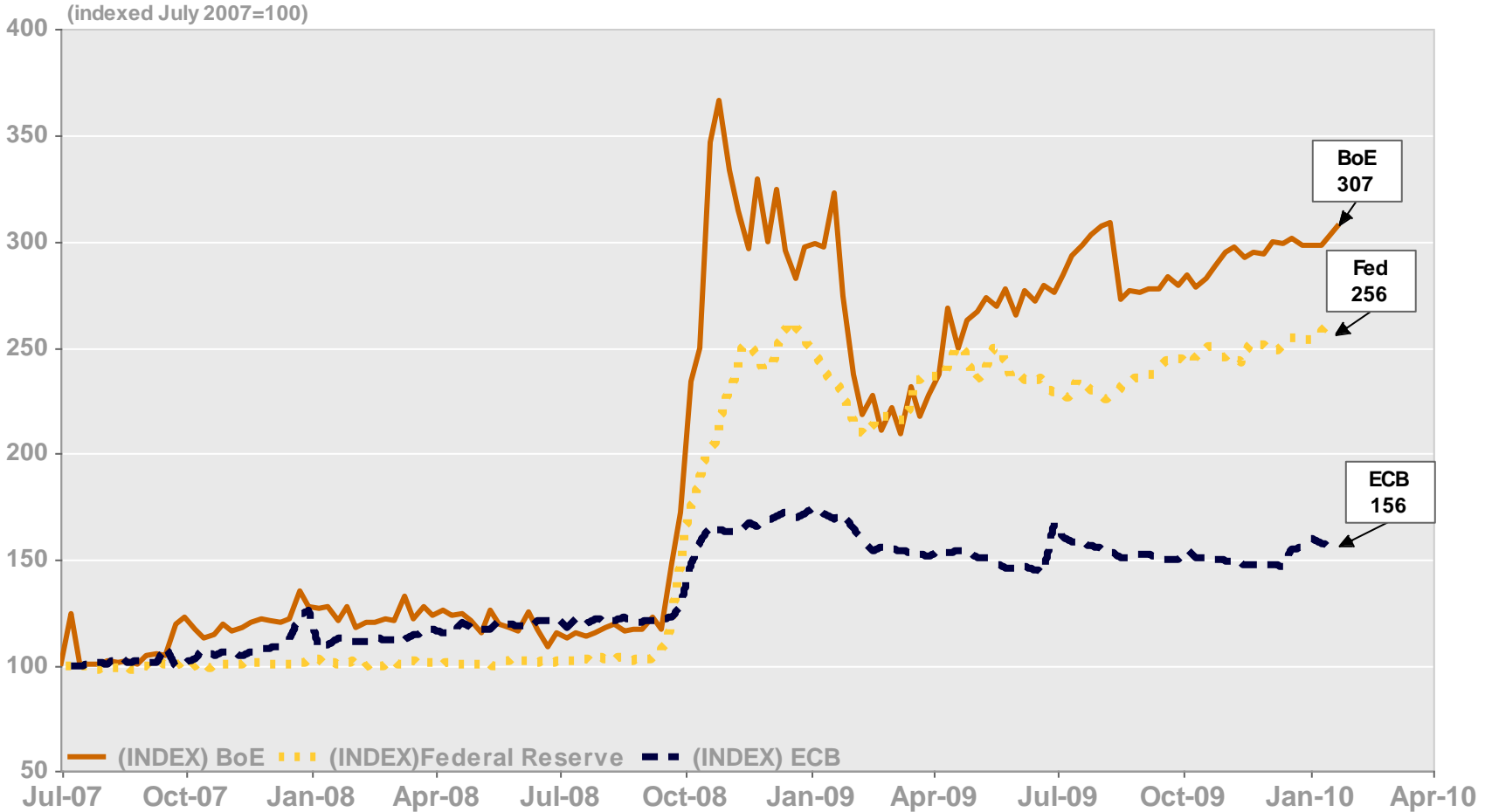
- **Global Interest Rate Cuts**
- **Central Banks' Balance Sheet**

Coordinated Global Rate Cuts



Source: Bloomberg Market Data, Last Update: January 29, 2010

Total Assets of Key Central Banks

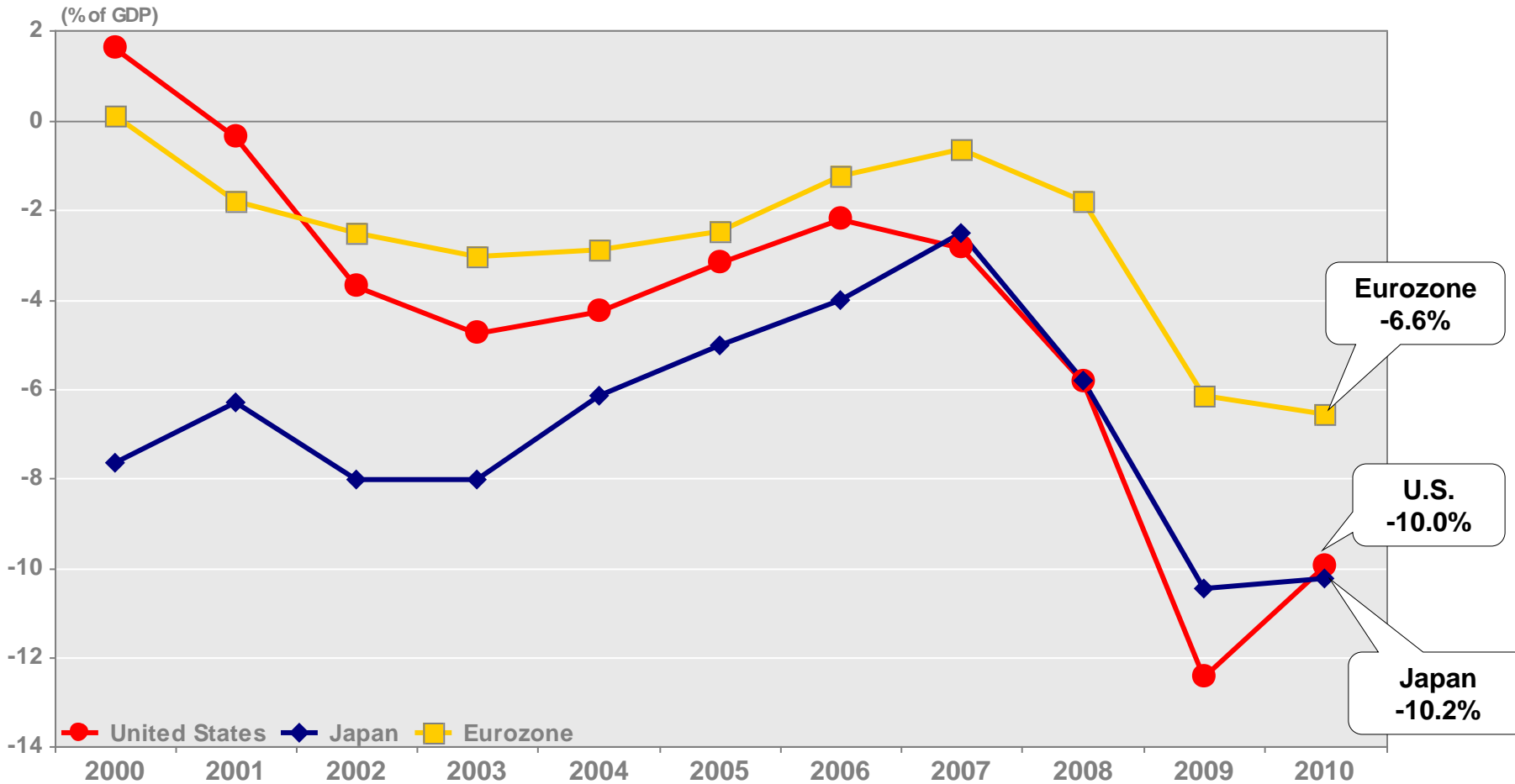


Source: Federal Reserve System, ECB, BOE, Last Observation: ECB, BoE January 22, 2010/ Fed January 22, 2010

Challenges to Fiscal Policy

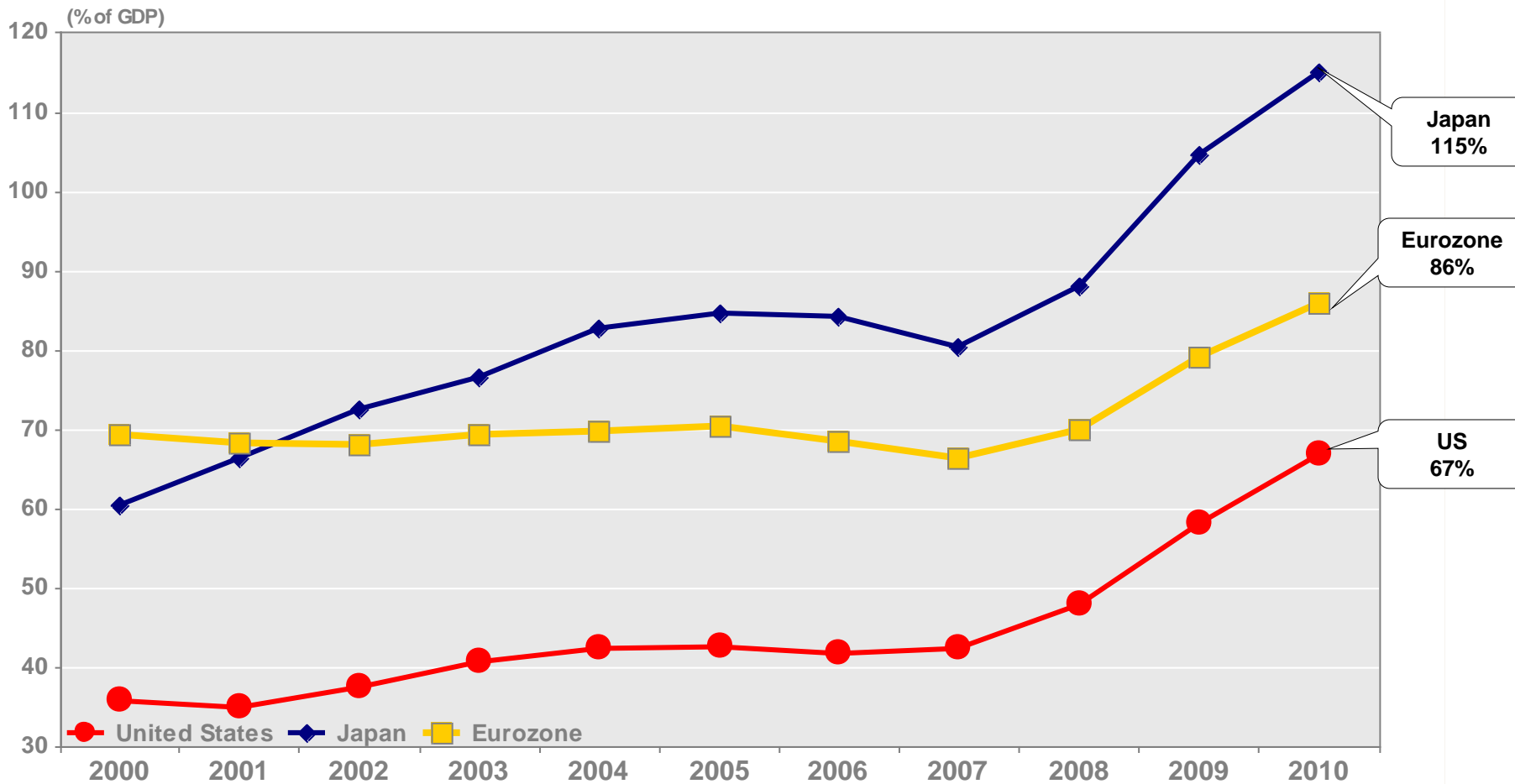
- **Global Budget Deficits**
- **Global Debt**

Fiscal Positions: Budget Balance



Source: IMF, av. Annual growth rates, last update Oct 01 2009, WEO (2009 Estimate 2010 Forecast)

Fiscal Positions: Net Debt



Source: IMF, av. Annual growth rates, last update Oct 01 2009, WEO (2009 Estimate 2010 Forecast)

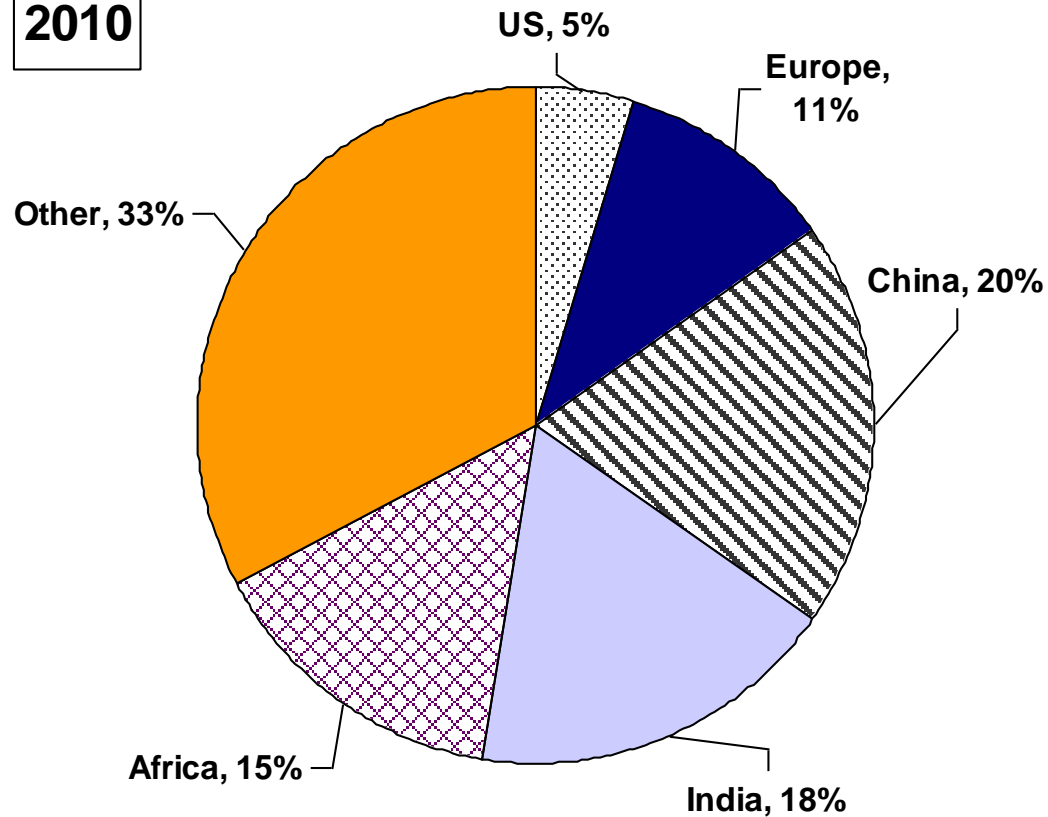
Long-term Demographic Challenge

- **World**
- **Developed Countries**
- **Developing Countries**
- **China, India, Africa**

World Demographic Challenge: World Population Shares

% Share of
World
Population

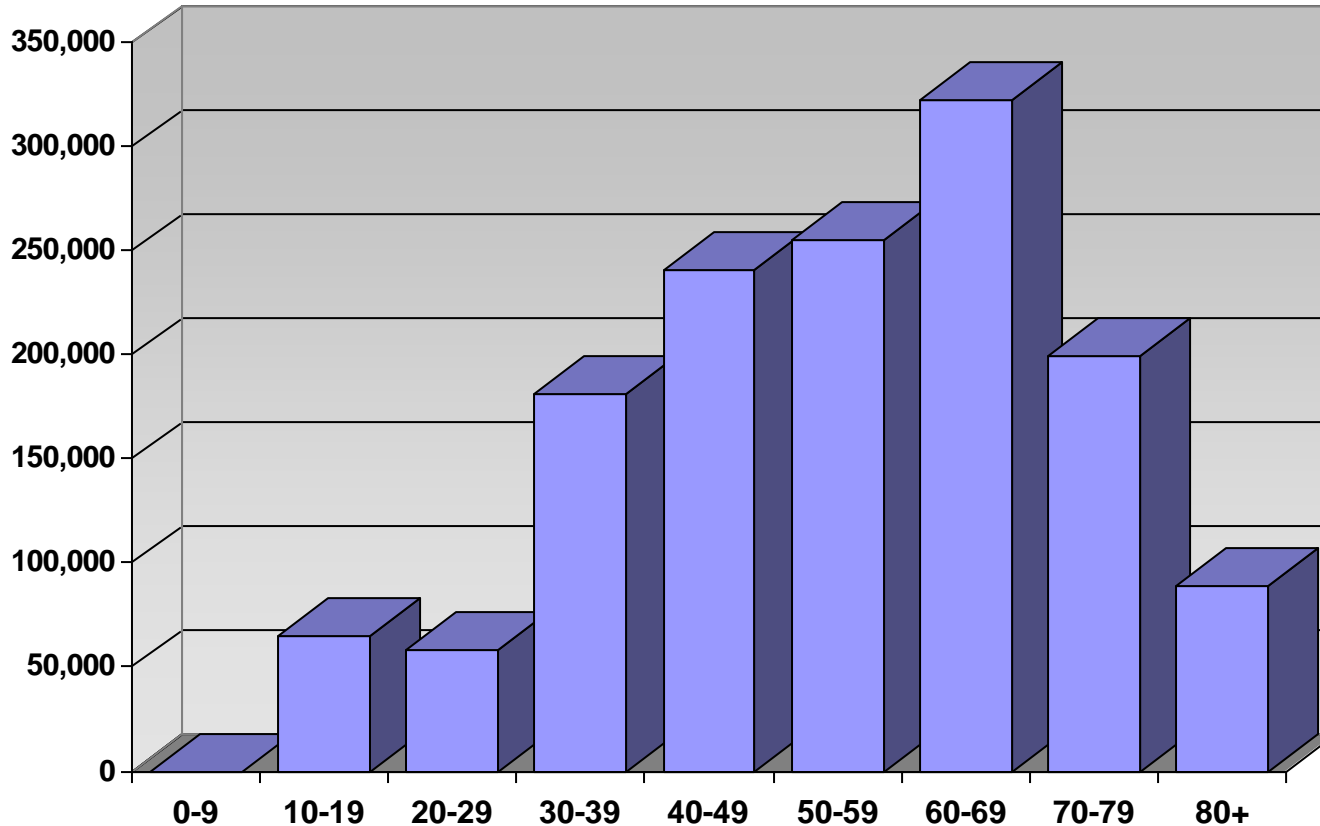
2010



Source: United Nations Populations Division, Last update 2009

World Demographic Challenge

Change in Population between 2010 - 2030 (in millions)



Projected
change in
population
2010 - 2030 :

+1400.2M

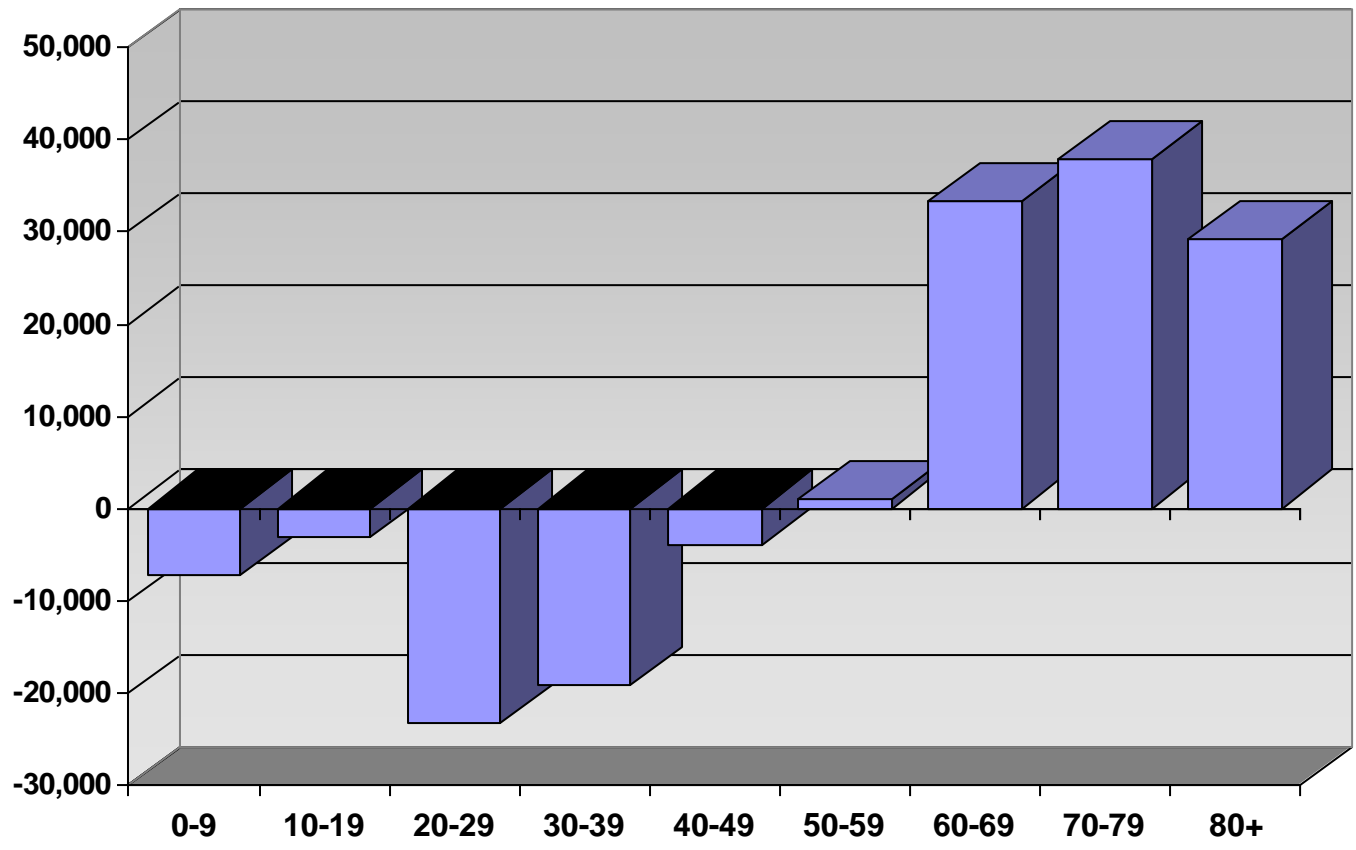
2010 Level: **6,908,689M**

2030 Level: **8,308,894M**

Source: United Nations Populations Division, Last update 2009

Developed Countries Demographic Challenge

Change in Population between 2010 - 2030 (in millions)

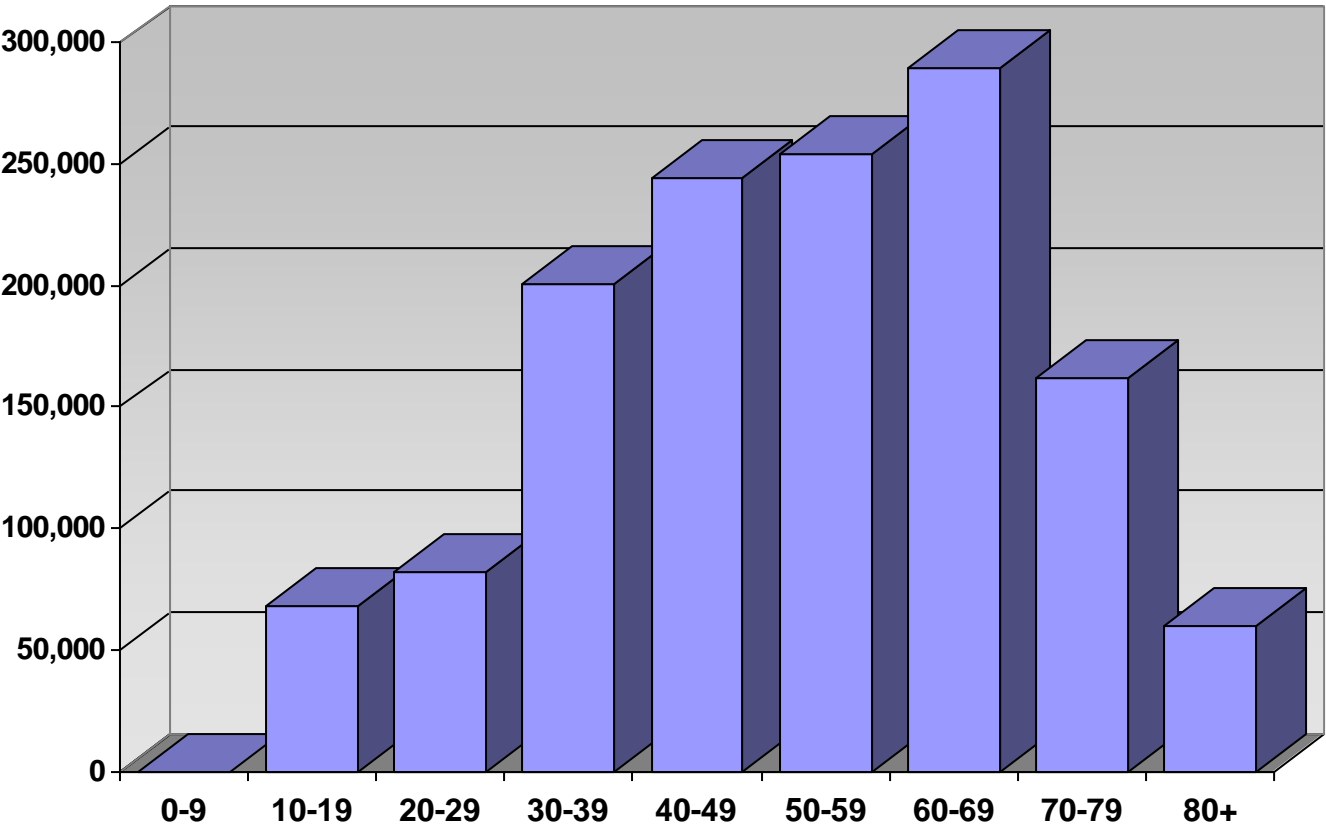


Projected change in population 2010 - 2030 :
+44.4M
2010 Level: **1,237,228M**
2030 Level: **1,281,629M**

Source: United Nations Populations Division, Last update 2009

Developing Countries Demographic Challenge

Change in Population between 2010 - 2030 (in millions)



Projected change in population 2010 - 2030 :

+1355.8M

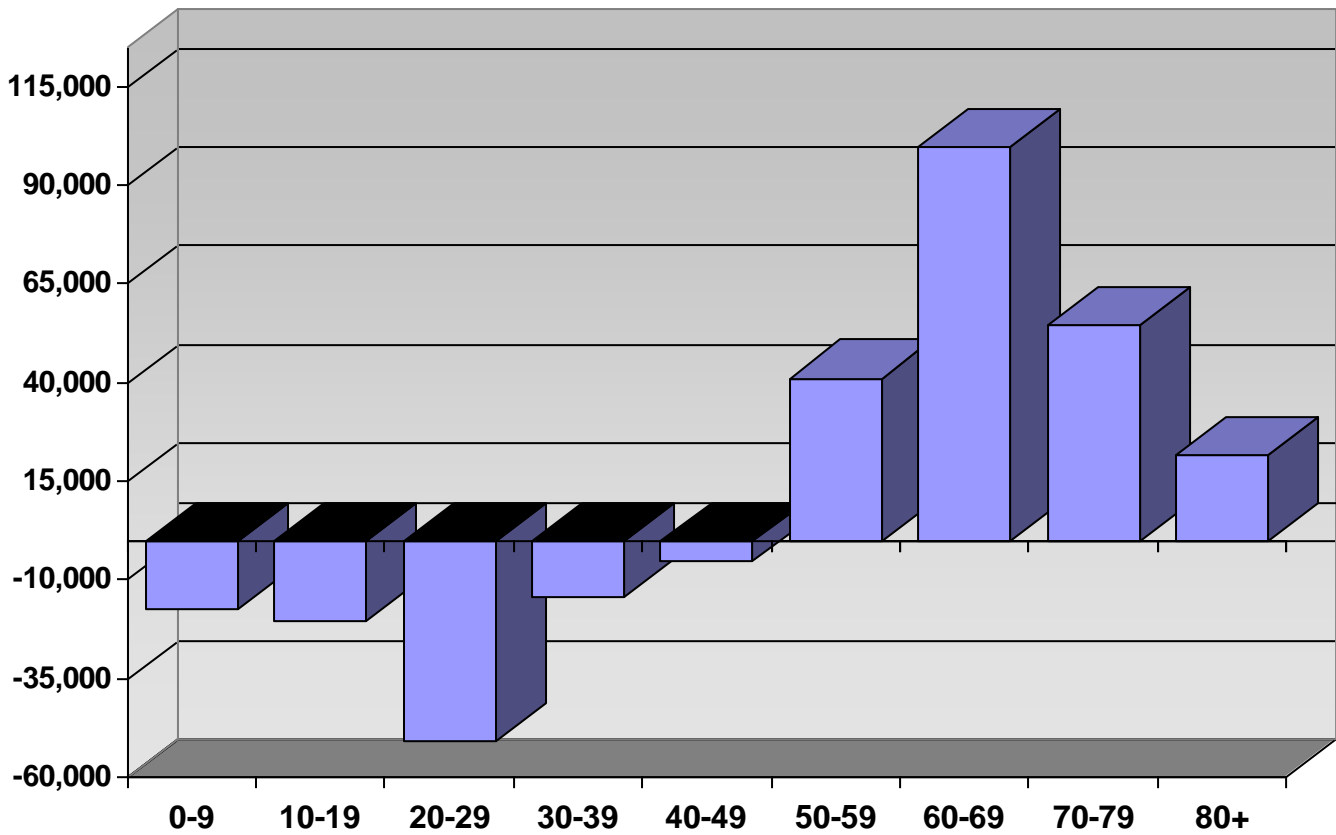
2010 Level: **5,671,461M**

2030 Level: **7,027,268M**

Source: United Nations Populations Division, Last update 2009

China Demographic Challenge

Change in Population between 2010 - 2030 (in millions)



Projected change in population 2010 - 2030 :

+108.3M

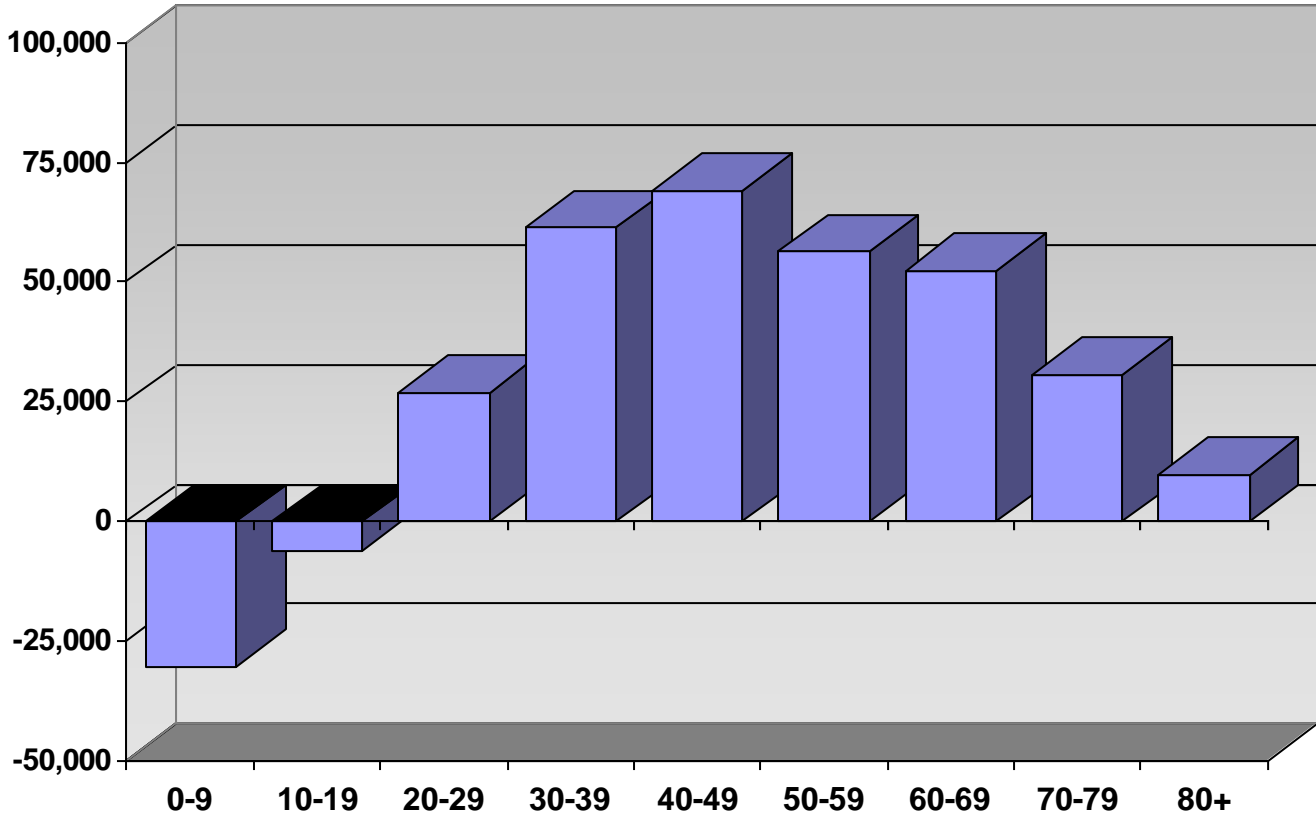
2010 Level: **1,354,148M**

2030 Level: **1,462,468M**

Source: United Nations Populations Division, Last update 2009

India Demographic Challenge

Change in Population between 2010 - 2030 (in millions)



Projected change in population 2010 - 2030 :

+270.1M

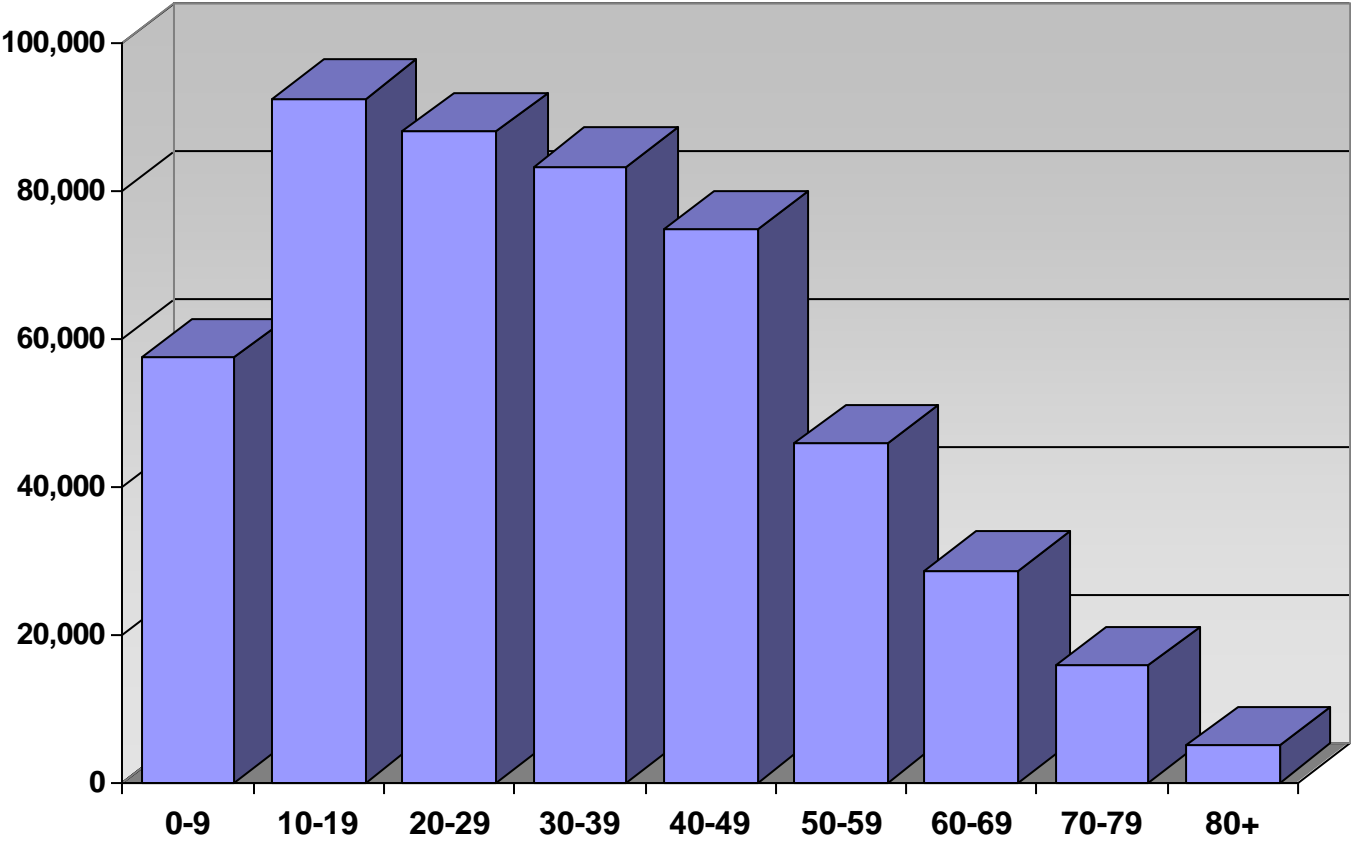
2010 Level: **1,214,465M**

2030 Level: **1,484,599M**

Source: United Nations Populations Division, Last update 2009

Africa Demographic Challenge

Change in Population between 2010 - 2030 (in millions)



Projected change in population 2010 - 2030 :

+491.1M

2010 Level: **1,033,042M**

2030 Level: **1,524,1**

Source: United Nations Populations Division, Last update 2009