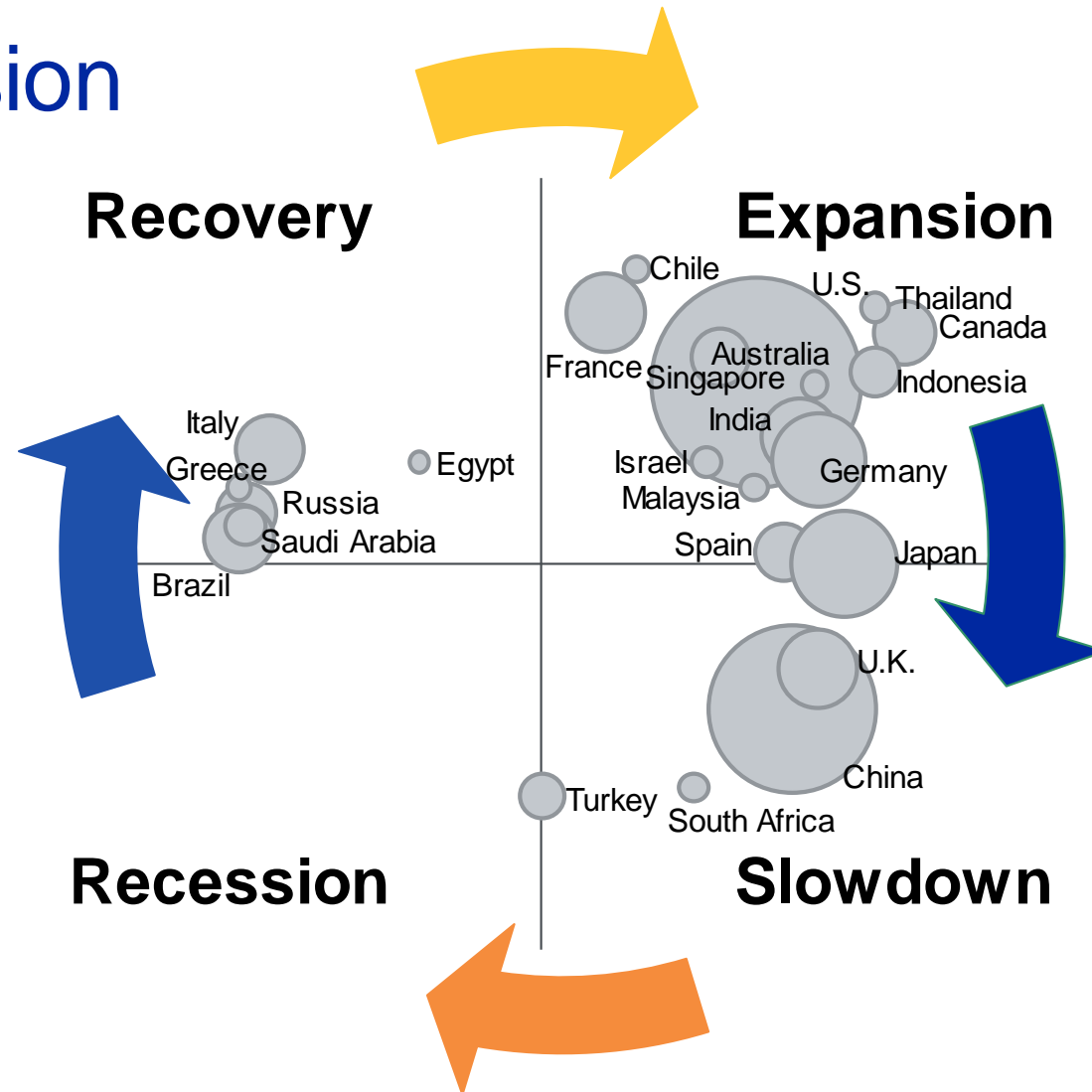


Feeling Good (For Now)

Steven G. Cochrane, Ph.D., Chief APAC Economist
Veasna Kong, Assistant Director - Economist

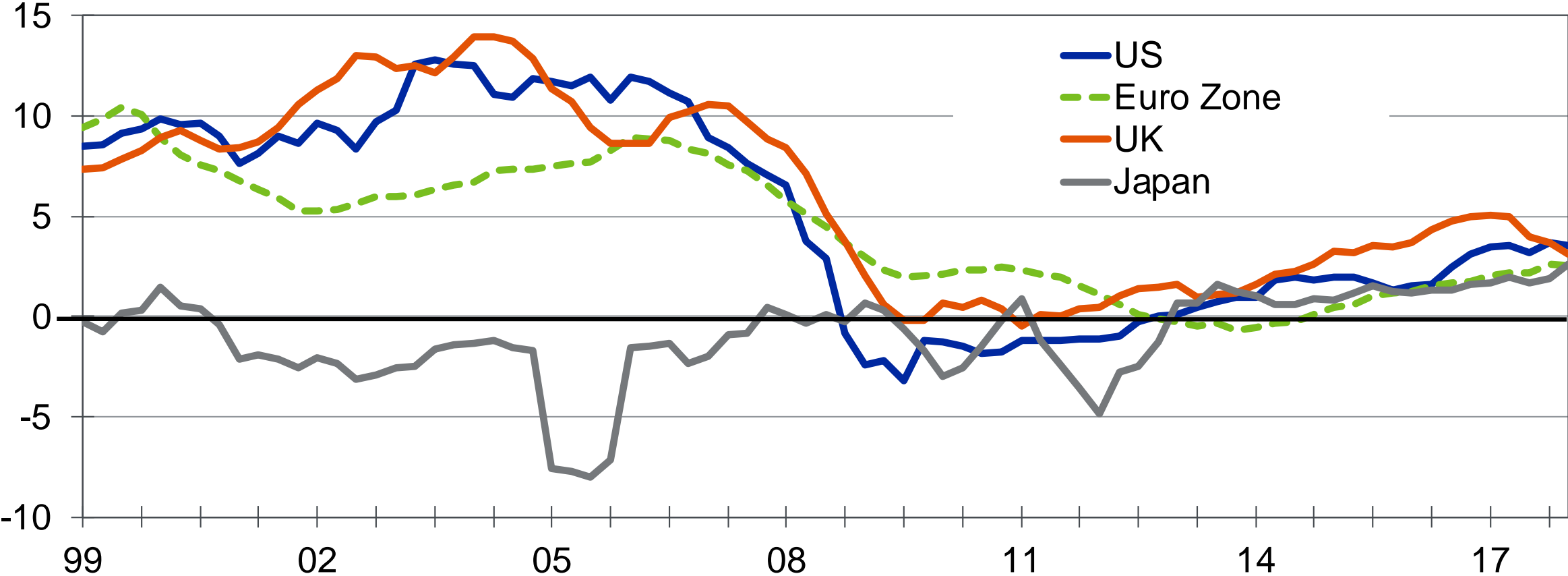
November, 2018

Broad-Based Global Expansion



Financial Conditions Ease in Europe

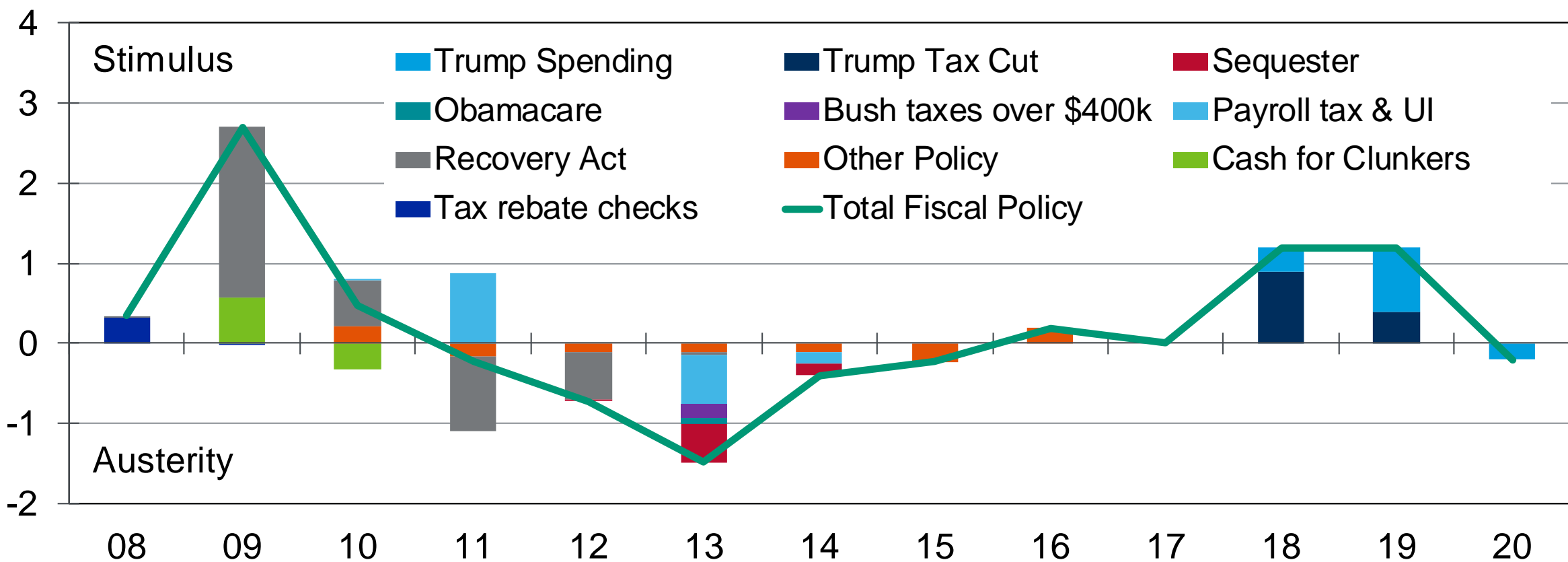
Household credit growth, domestic currency, % change yr ago



Sources: Bank for Intl. Settlements, Moody's Analytics

Fiscal Stimulus Juices-Up U.S. Economy

Federal discretionary fiscal policy as a % of GDP



Source: Moody's Analytics

China Should Be Able to Manage Through

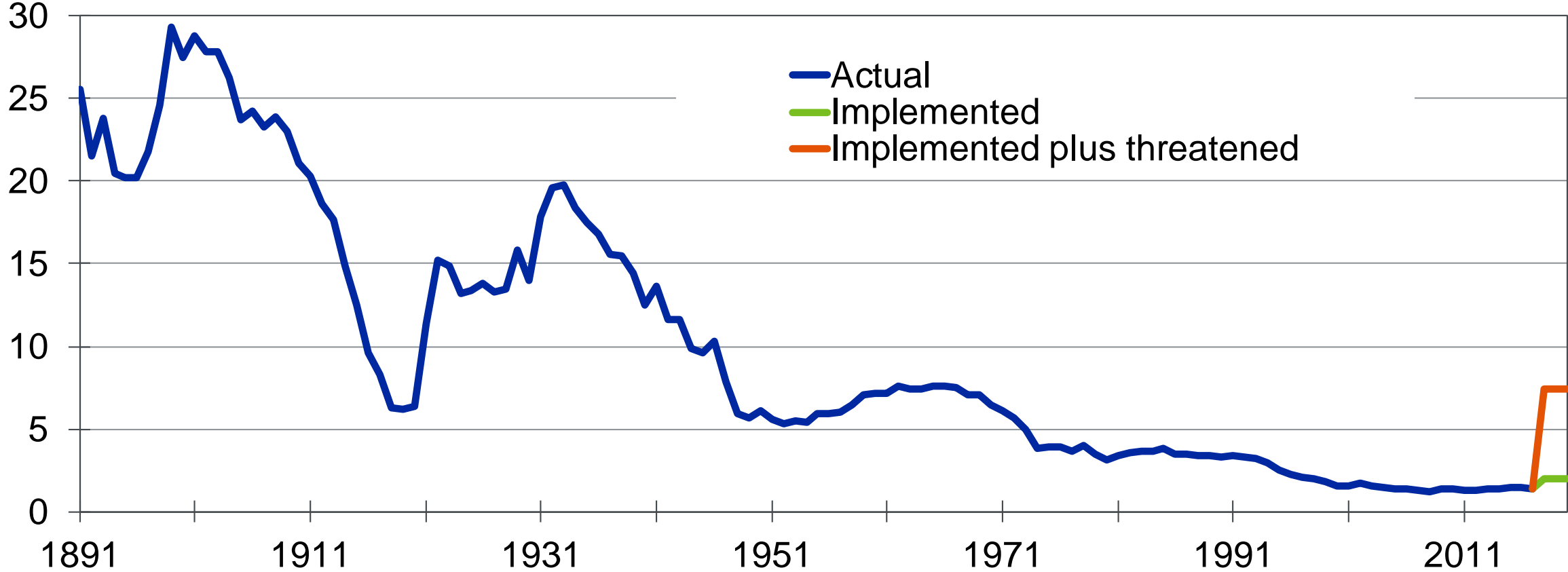
China's reserve requirement ratio for major banks, %



Sources: PBoC, Moody's Analytics

Trump's Trade War...

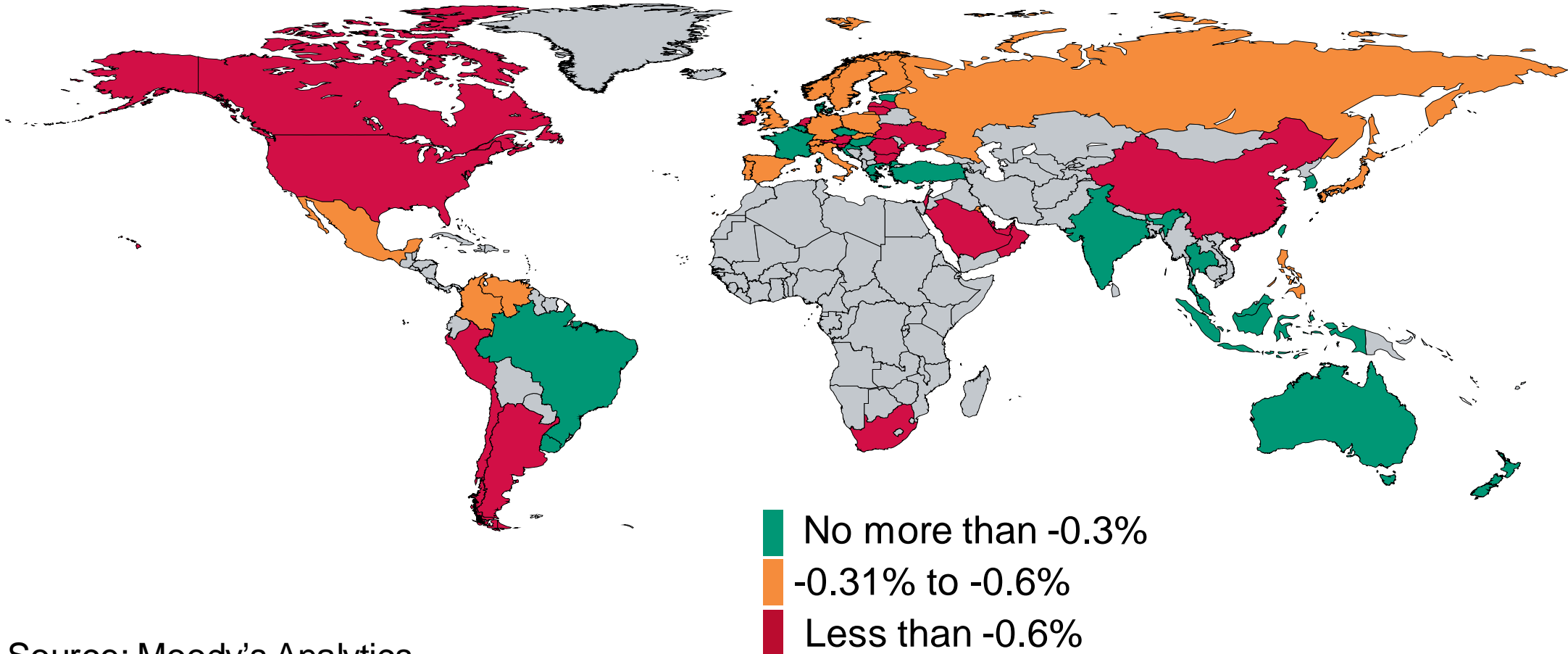
U.S. effective tariff rate, % (gross customs duties/total imports)



Sources: USITC, Moody's Analytics

...Threatens the Global Expansion

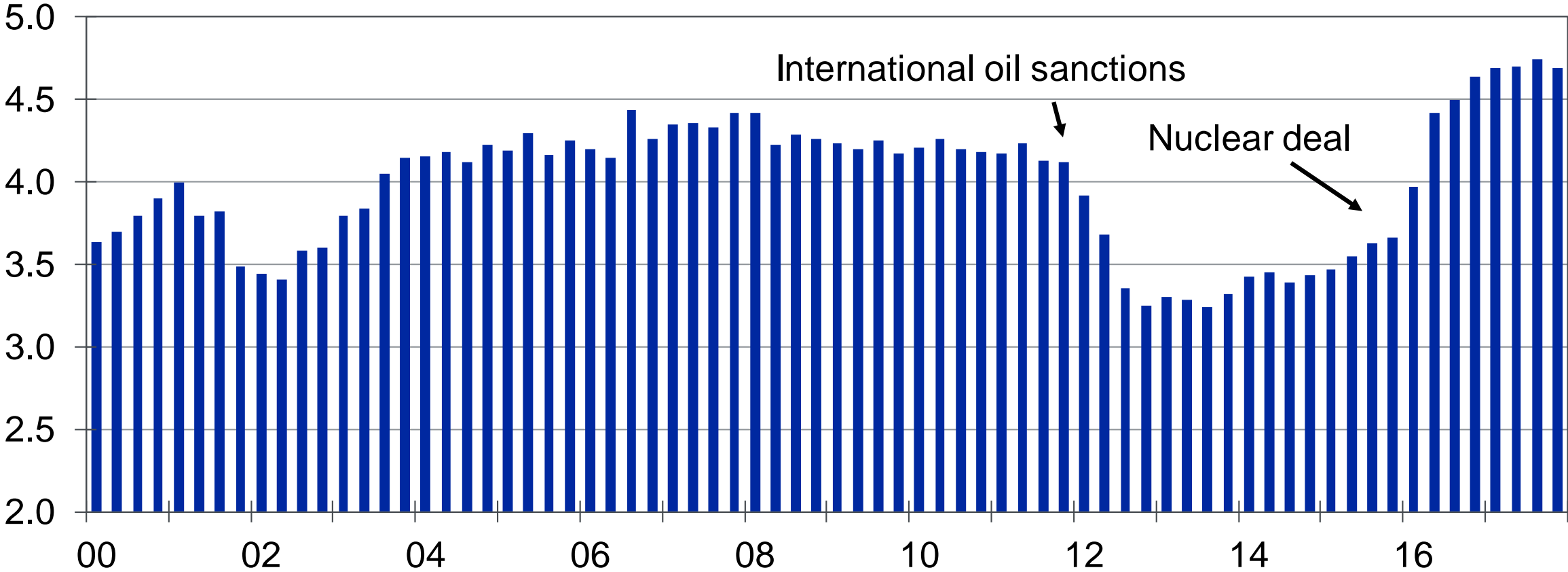
Diff in real GDP growth, 18Q2-20Q2, trade conflagration vs. no tariff scenario



Source: Moody's Analytics

Iranian Sanctions Risk Higher Oil Prices

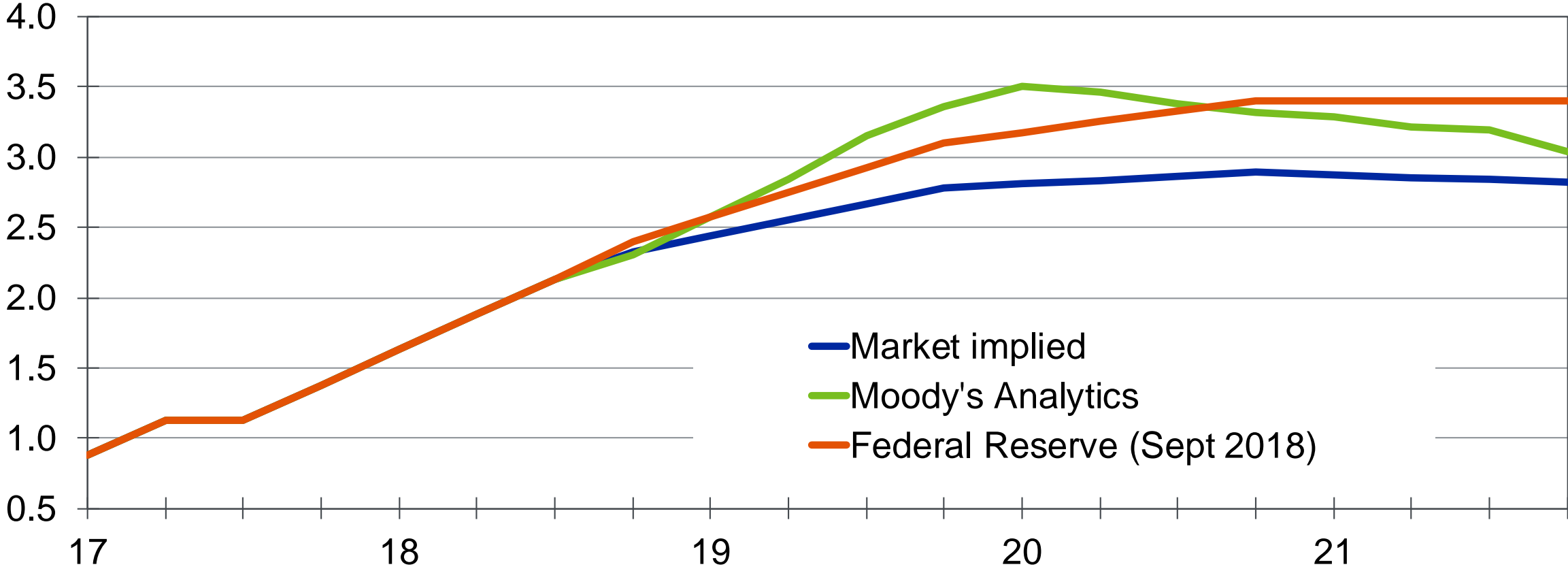
Iranian crude oil production, mil bpd



Sources: IEA, Moody's Analytics

Federal Reserve Normalizes Interest Rates...

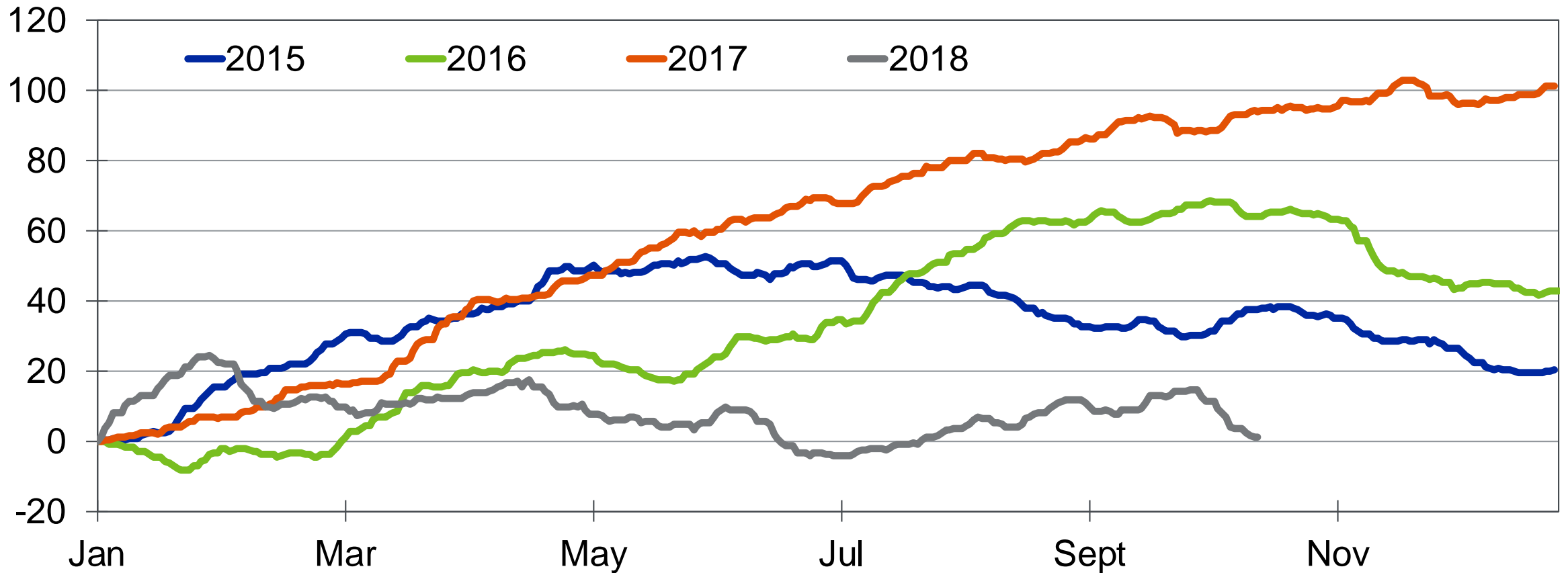
Federal funds rate, %



Sources: Federal Reserve, Bloomberg, Moody's Analytics

...and Pressuring Emerging Markets

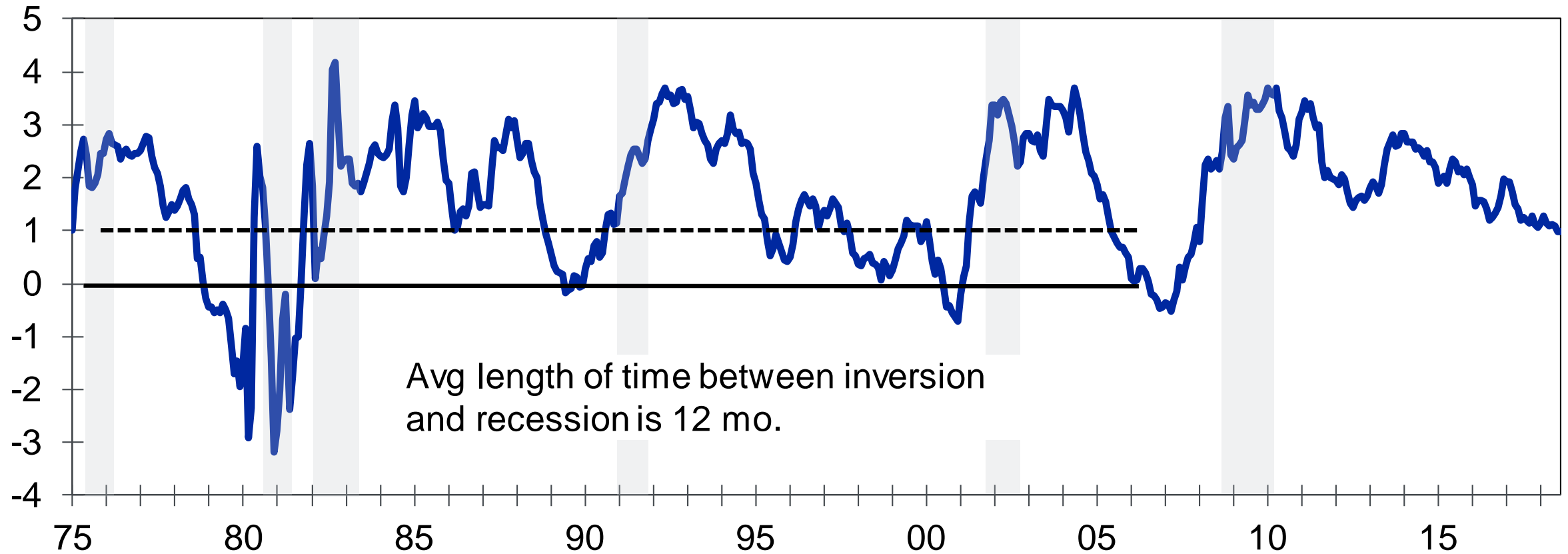
Nonresident cumulative portfolio flows to emerging markets, \$ bil



Sources: Institute of International Finance, Moody's Analytics

U.S. Treasury Yield Curve Sends a Warning

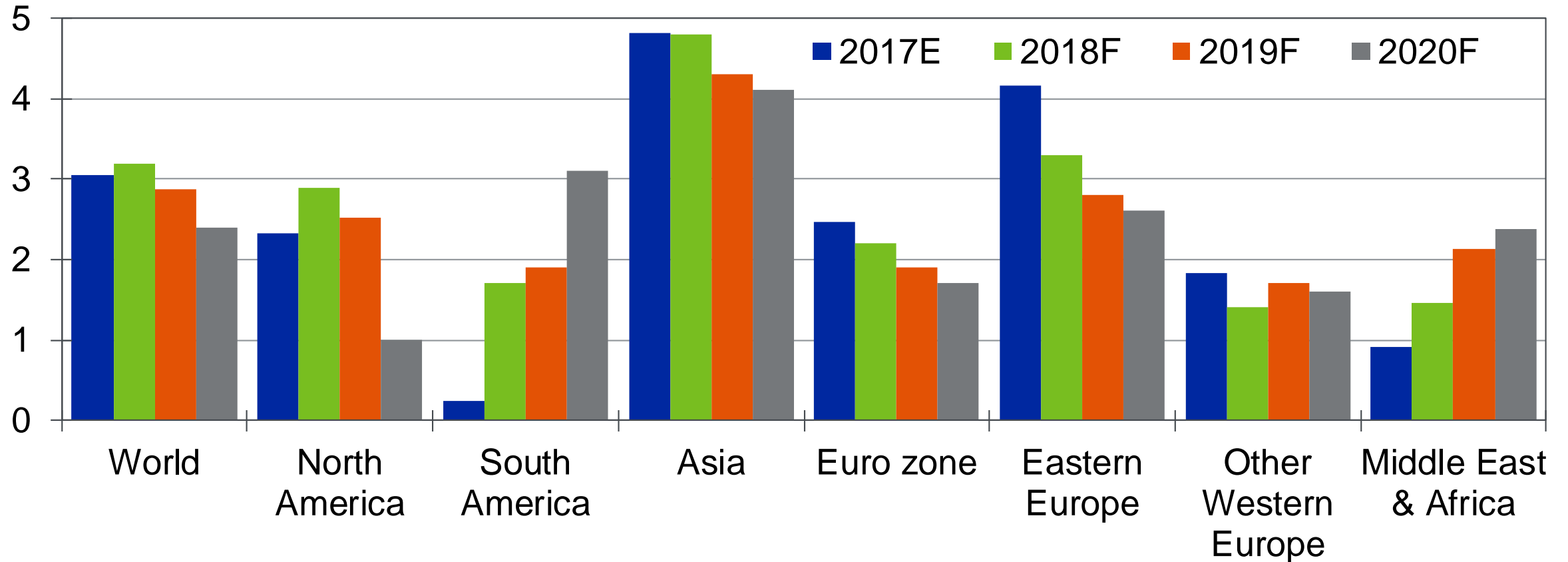
Difference between 10-yr and 3-mo EBY, %



Sources: Federal Reserve, Moody's Analytics

Global Outlook Softens; Still Positive

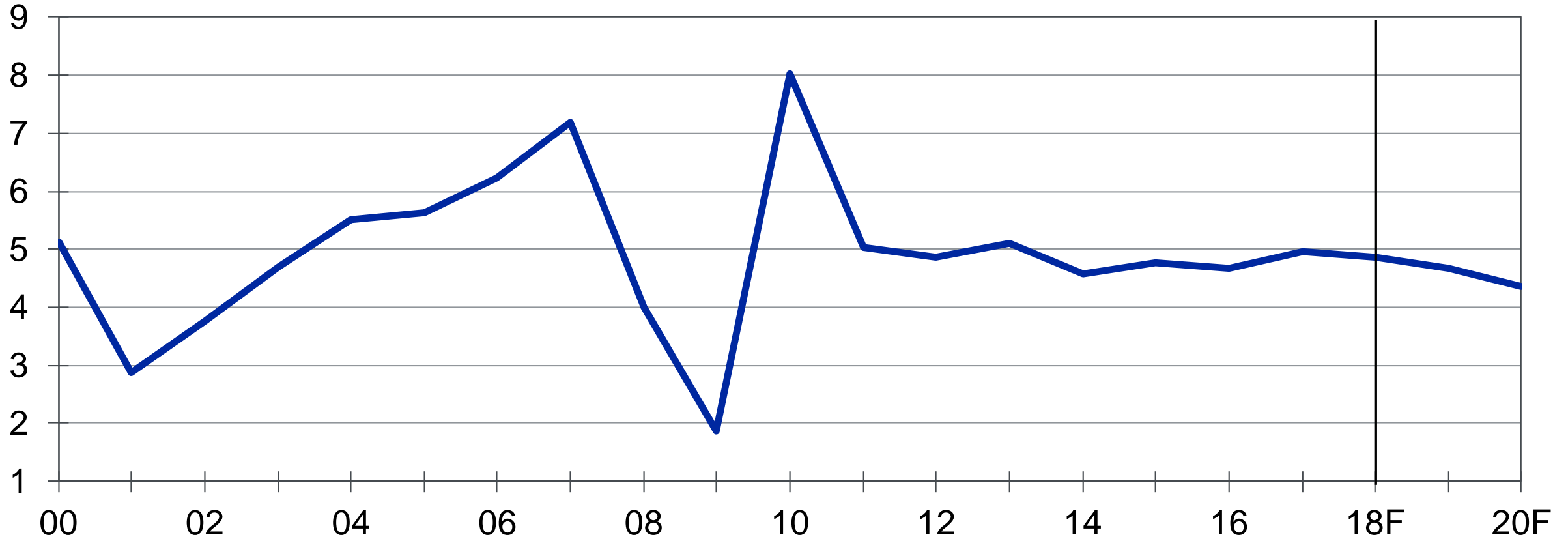
Real GDP growth, %



Source: Moody's Analytics

Asia's Steady Expansion; Growth to Ease

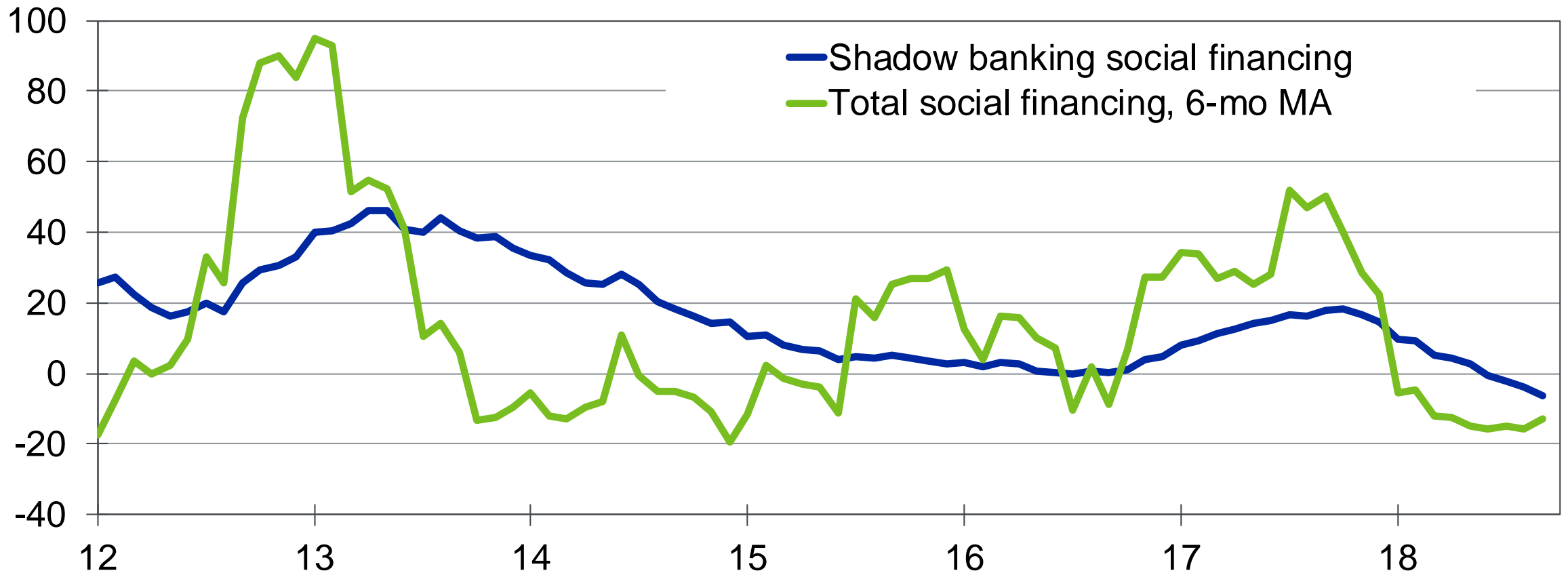
% change yr ago



Sources: National Statistical Agencies, Moody's Analytics

China's Credit Cycle

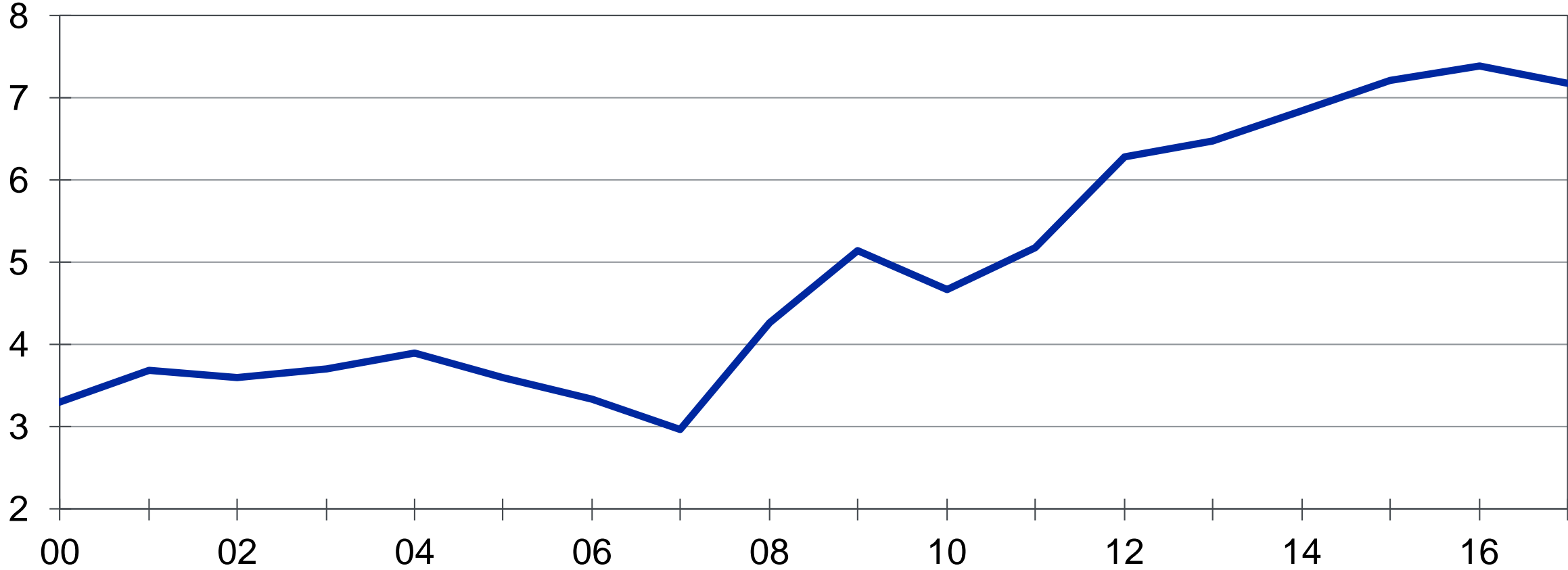
% change yr ago



Sources: National Bureau of Statistics, Bloomberg, Moody's Analytics

China's Investment Efficiency Has Declined

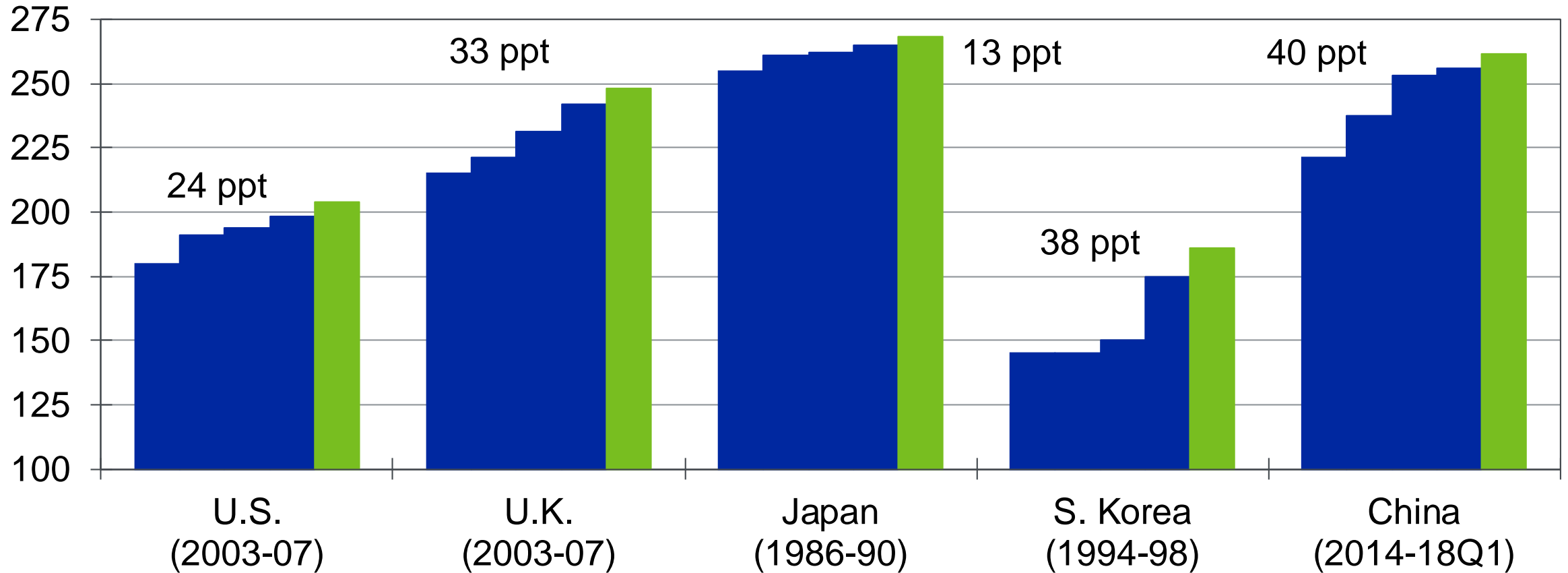
China incremental capital output ratio



Sources: National Bureau of Statistics, Moody's Analytics

China's High and Rising Leverage

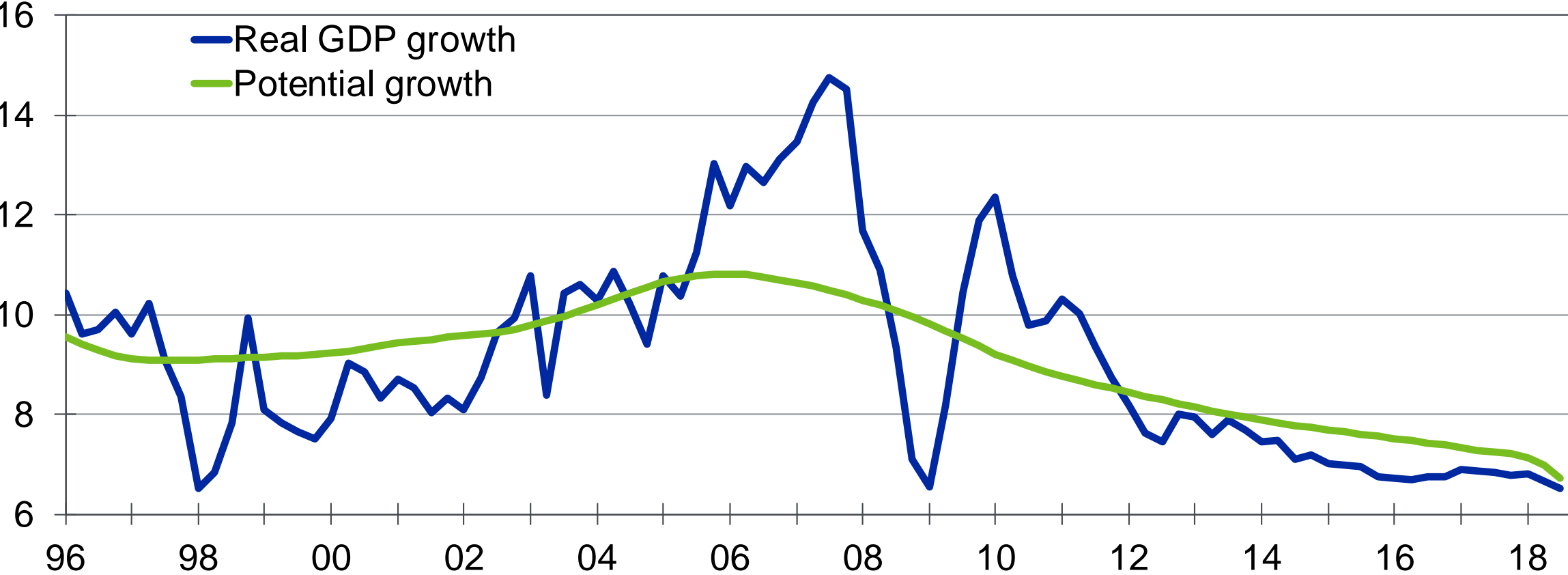
Gross debt as a % of GDP, 5 yrs leading up to financial crisis



Sources: Various government sources, Moody's Analytics

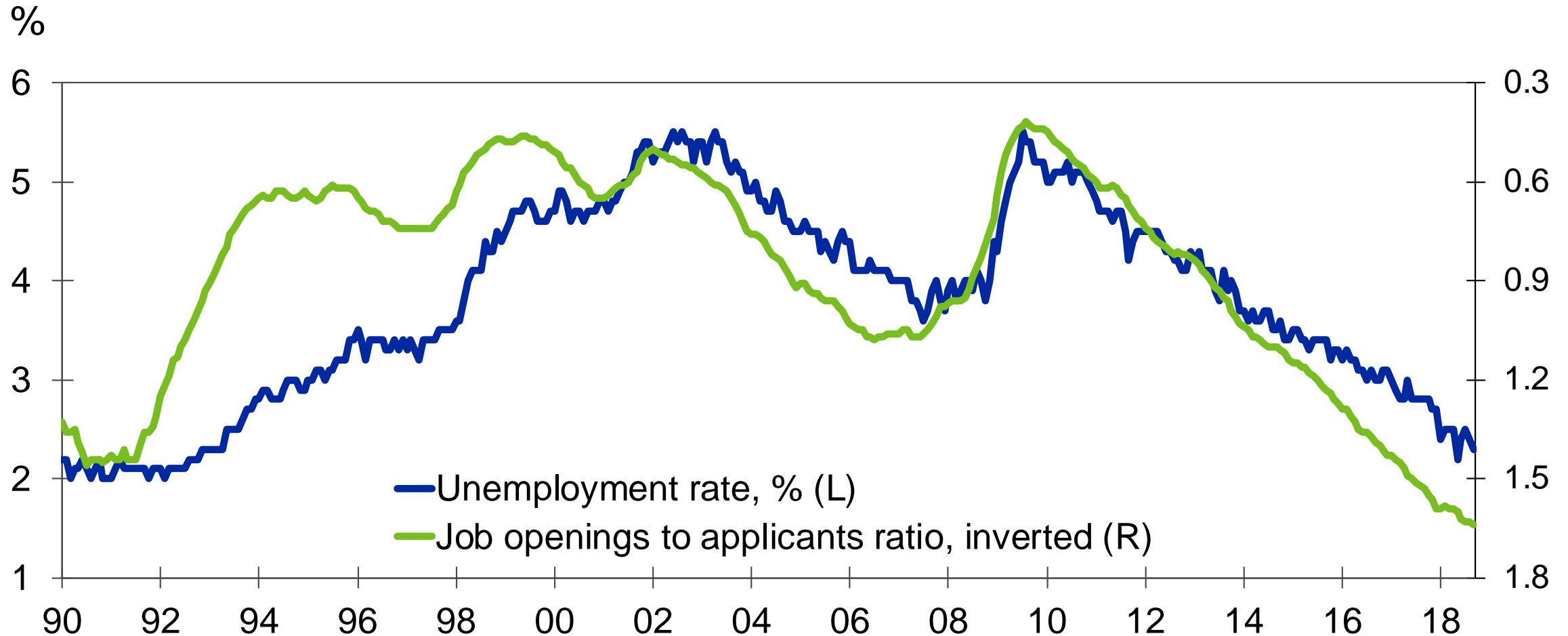
China's Slowdown in Perspective

% change yr ago



Sources: National Bureau of Statistics, Moody's Analytics

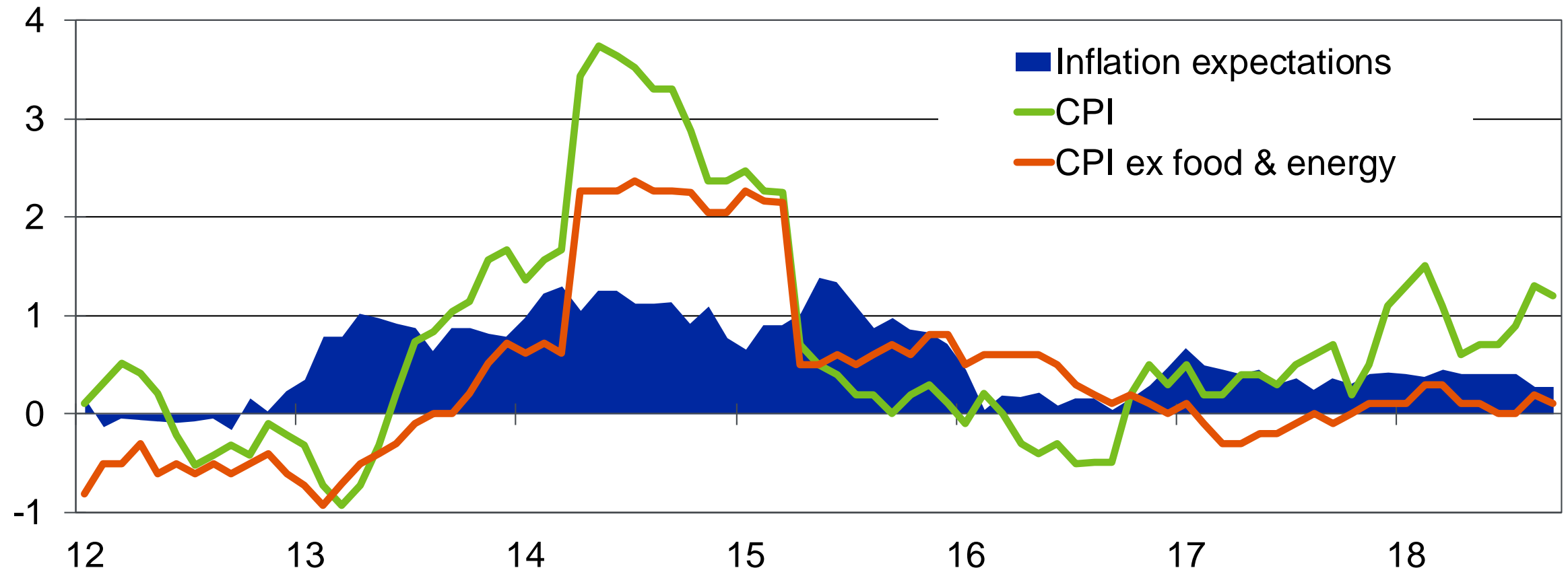
Japan: A Tight Labor Market



Sources: Japan Statistics Bureau, MHLW, Moody's Analytics

Japan: Inflation Continues to Undershoot

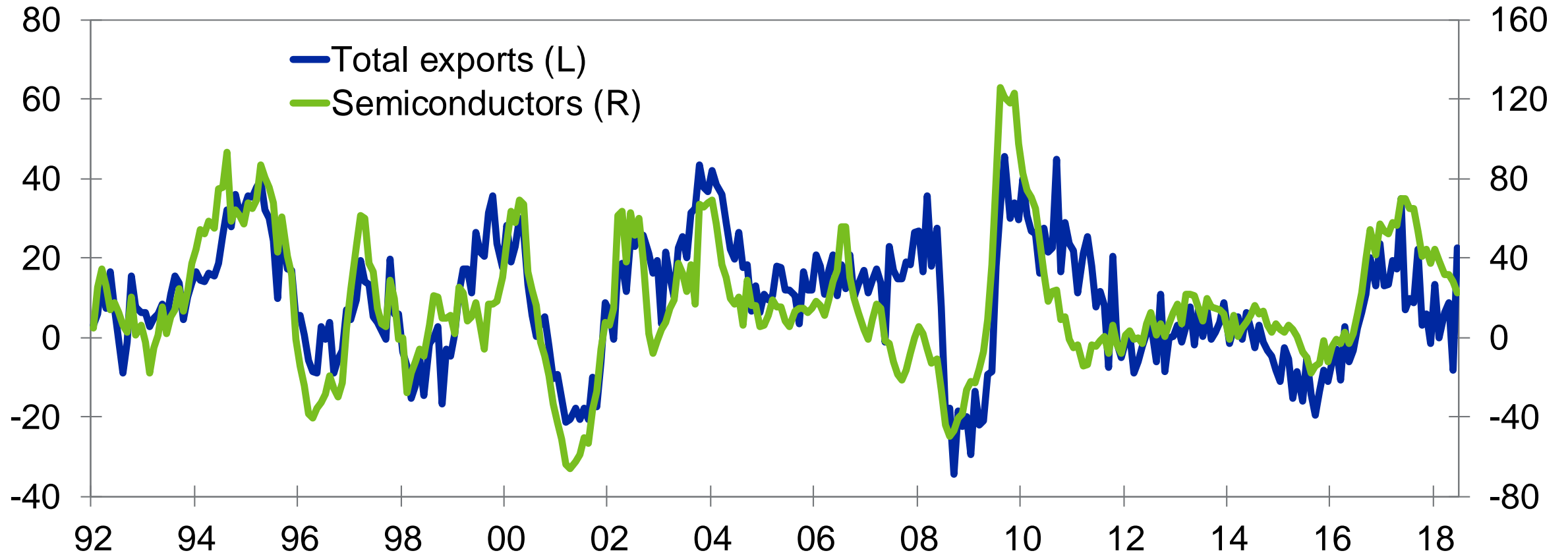
% change yr ago



Sources: Bloomberg, Japan Statistics Bureau, Moody's Analytics

Korea: Semiconductor Exports Are Cooling

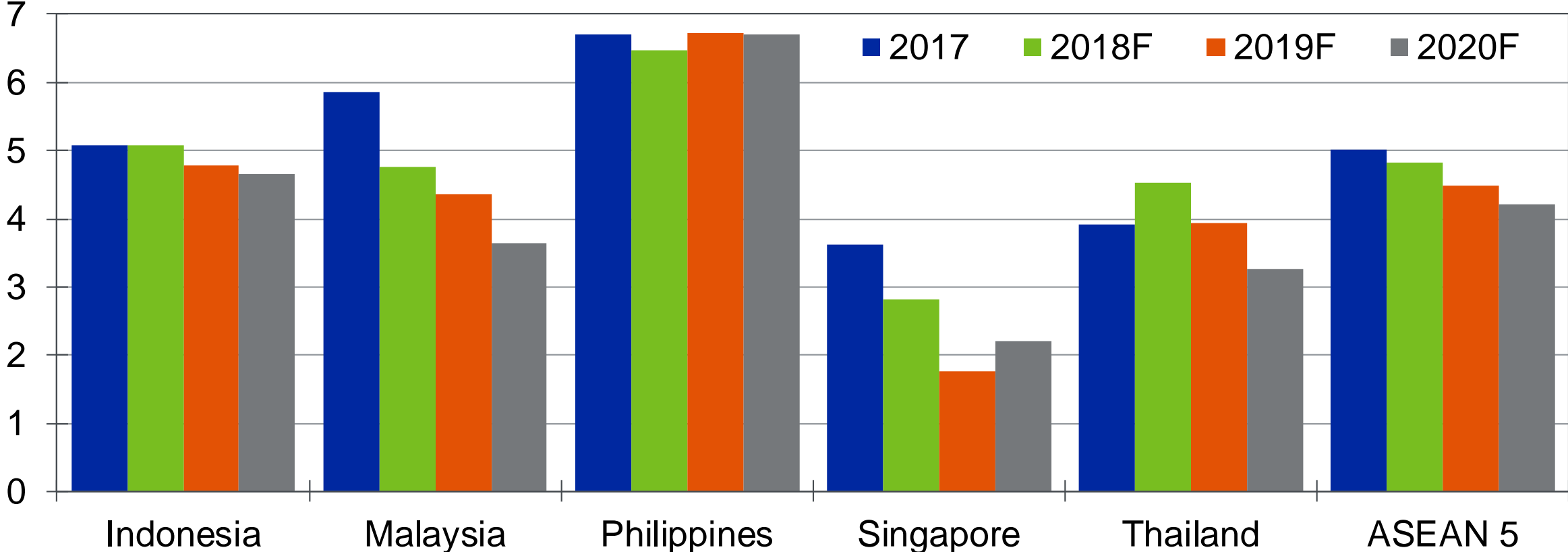
% change yr ago



Sources: Statistics Korea, Moody's Analytics

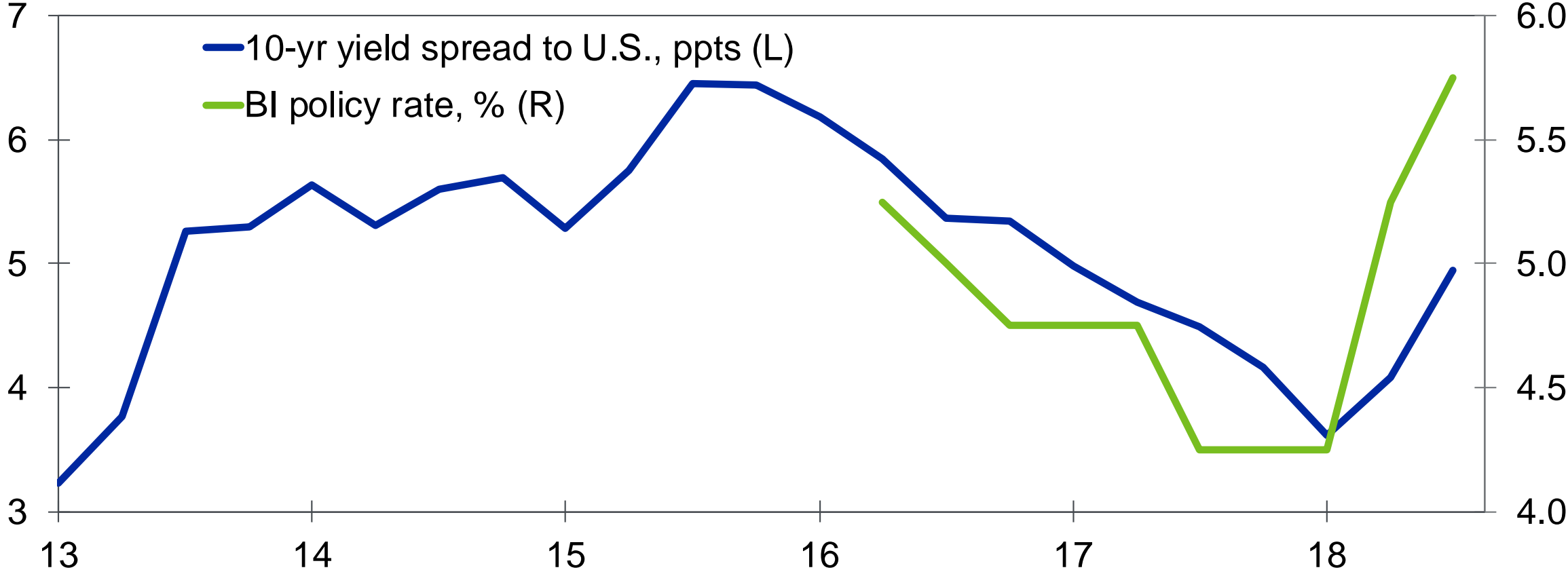
Mostly Slower Across ASEAN-5

Real GDP growth, % change yr ago



Sources: National Statistics Offices, Moody's Analytics

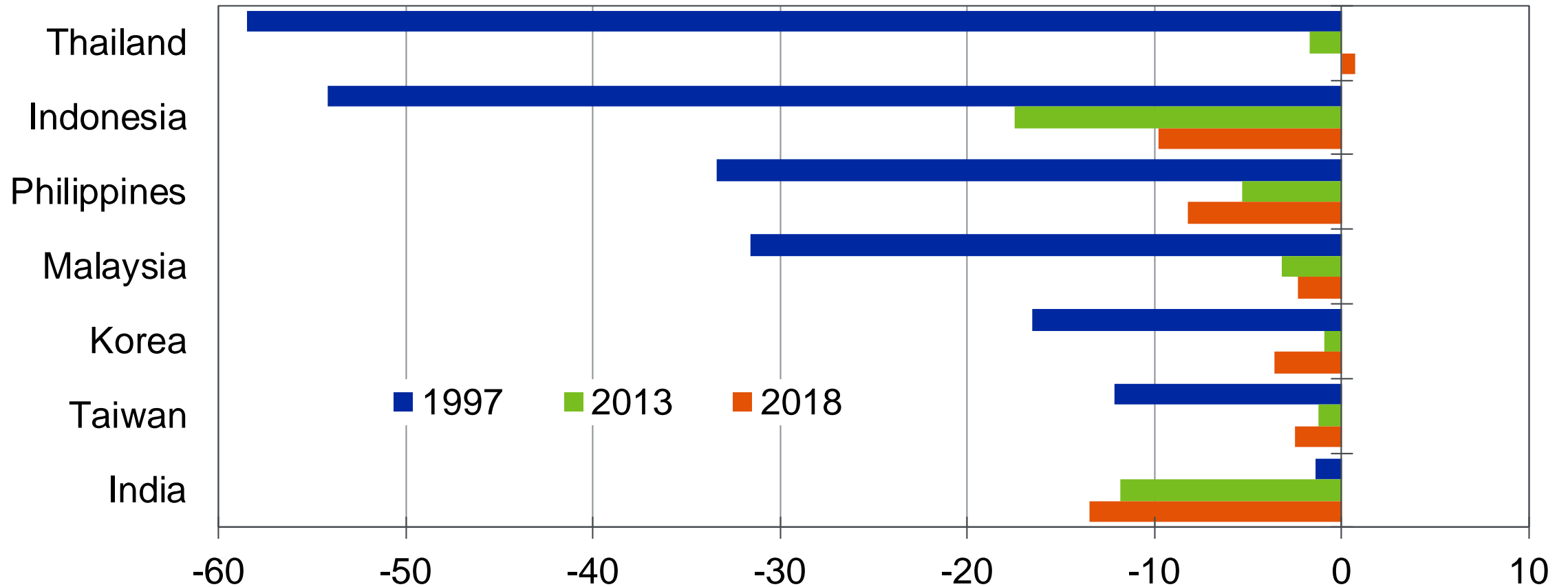
Bank Indonesia on the Offensive



Sources: Bank Indonesia, Bloomberg, Moody's Analytics

Rupiah Weakness in Perspective

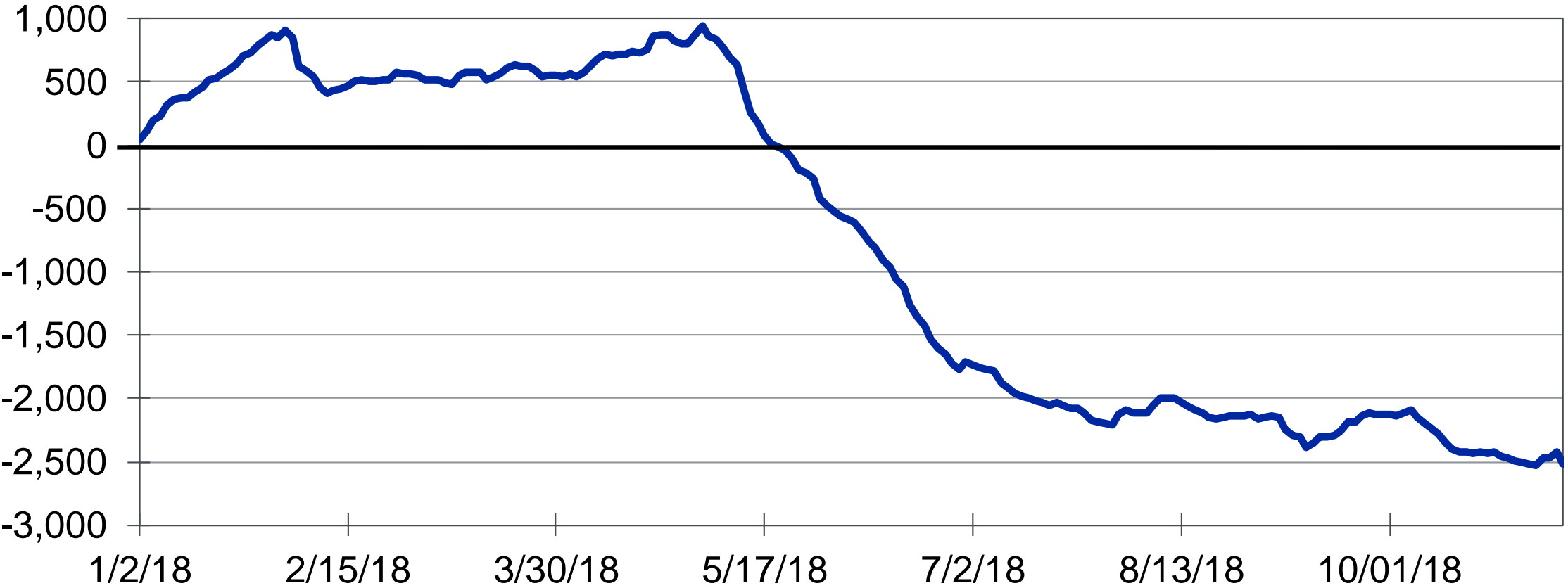
% change, ytd, against \$



Sources: Bloomberg, Moody's Analytics

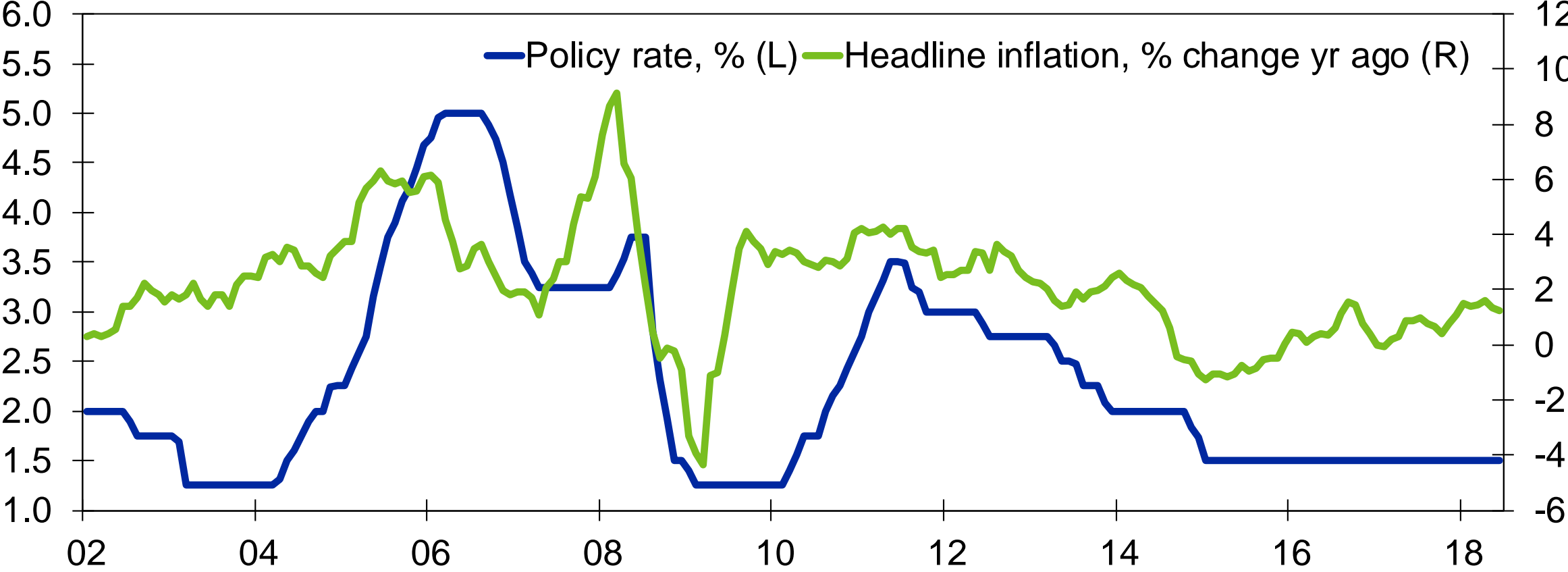
Malaysia Not Immune to Capital Outflows

Malaysia foreign portfolio investment net ytd value, \$ mil



Sources: Bursa Malaysia, Bloomberg, Moody's Analytics

Bank of Thailand Holding Firm



Sources: Bank of Thailand, Ministry of Commerce, Moody's Analytics

Q&A

Questions?

Email us at help@economy.com

United States
121 North Walnut Street
Suite 500
West Chester PA 19380
+1.610.235.5299

United Kingdom
One Canada Square
Canary Wharf
London E14 5FA
+44.20.7772.5454

Australia
Level 10
1 O'Connell Street
Sydney, NSW, 2000
Australia
+61.2.9270.8111

Czech Republic
Washingtonova 17
110 00 Prague 1
Czech Republic
+420.22.422.2929

Singapore
6 Shenton Way
#14-08 OUE Downtown 2
Singapore 068809
+65.6511.4400

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