

The World in 20 20

The Economist

2020 will be dominated by the American election and a global slowdown.

Two of the worlds great cultures are butting heads. On one side is USA, Britain, Canada, Australia and new Zealand. On the other side is China. This battle is about two different types of societies trying to get along.

**It is 75 years since the bomb fell on
Hiroshima.**

The global slowdown is a supply side slowdown since it has been primarily caused by the tariff war between USA and China. China GDP will grow at 6 % in 2020, US by 1.6 and Euro Area by 1.5

The most visible effects of the slowdown so far have been – declining business confidence, global manufacturing slump and tepid inflation.

There is further global uncertainty in 2020 because of new global officials taking over the world – Christian Lagarde at the ECB, Kristalina at IMF and Andrew Bailey at the bank of England

Thanks to digital medium and yearly notes, many CEOs are signaling their position on politics and key issues.

Business CEOs are motivated by idealism, vanity and calculated self interest.

CEO activism has so far been cost free.

The role of government is to set the rules and the job of companies is to maximize value within these rules.

This means delighting customers, investing in profitable innovation and attracting workers.

A CEO role is not to stand on a soap box and talk politics.

In a recession, employee costs get cut first. In the last two recessions in America, wage bill was cut by 6 %. If this had not happened, profits would have been 24 % lower today. This flexibility is the hallmark of American capitalism.

Prohibition took effect in 1920, 100 years ago. It was a failure since society did not support it. When police in Denver raided a bar during prohibition, they found the mayor, the sheriff and the local congressman having a drink!!

Liquor sales are slowing down, in every western country teenagers are starting to drink later than they used to. This is because they socialize a lot more with each other online rather than in person.

Alcohol is carcinogenic even in small amounts, but most people don't know that. So, tobacco style labels are being talked about by public health officials. South Korea has a compulsory cancer warning on liquor packs, Ireland passed a law in 2018 but hasn't followed through.

Alcohol companies are seeing the writing on the wall. Heineken has alcohol free drinks and they make up 10 % of sales in Netherlands and Germany.

The top 10 growing markets for alcohol are all emerging economies, Africa and Asia. Alcohol sales in china are declining.

**After 28 years of unparalleled growth,
Australia had a weak 2019 – a 1.4 % growth.
The Australian central bank expects it to be
2.8 % in 2020.**

Trump's tariff war with China is the biggest risk to the American economy over the next 12 months. China and America , the two largest economies will account for 40 % of the global GDP of \$ 90 trillion.

American corporate debt at 50 % of GDP today has never been higher.

The yield on long term government bonds dipped below the rate on short term notes in the middle of 2019. this is a sign of waning investor confidence and an accurate predictor of a recession.

**America unemployment is at a 50 year low
of 4 %.**

Instagram has exploded in popularity since 2016. one reason is people are tiring of face book's cluttered interface and cumbersome privacy controls.

Stories has changed Instagram, it introduced text to what was a visual medium.

For the first time in the world, the median age is above 30. USA median age is 38, India is 29, Niger is 15.

Countries with older age groups depend more on industrial robots than younger countries.

Across the world, two types of identity driven movements are increasingly clashing and feeding off each other. On the one hand you have separatist groups who want to break away and then there is the assertive and outraged nationalism.

Around 100 countries offer CRBI-Citizenship and residence by Investment. This is a golden visa for a big investment. The prices range from \$150,000 in Vanuatu to \$ 2.5 Mln for. British Tier 1 Investment visa.

The Euro soccer tournament will be played across 12 countries, a rare event.

Big tournaments do not really help. Russia spent \$ 14 billion on the football world cup. Brazil spent \$11 – 14 billion in 2014. One of the stadiums built is now used as a bus depot!

100 ball cricket will start in England in 2020. in this format , a bowler will bowl 10 deliveries from one side before the next bowler bowls ten from the other end. The idea is to get young consumers with great experience in a short time. A 100 match will be 150 minutes !

Top 10 growth GDPs in 2020

Country	GDP growth 2020
Guyana	35%
Syria	8.9%
Bangladesh	7.7%
Rwanda	7.5%
Ethiopia	7.4%
Bhutan	7.3%
Myanmar	7 %
Nepal	6.9%
Ivory Coast	6.8%
India	6.7%

Region GDP growth in 2020

Region/Country	GDP growth 2020
North America	1.6
Latin America	1.2
Middle east and North Africa	2.3
Sub Saharan Africa	2.5
Western Europe	1.4
Eastern Europe	2.4
Japan	0.4
Asia	5.2
Australasia	2.3

2020-Numbers by country

Country	PopulationMln	GDP growth	GDP per head\$	GDP PPP \$	Inflation%	Fisc deficit%
France	65	1.3	\$48,820	\$49,690	1.4	(2.5)
Germany	83	0.9	\$47,680	\$56,100	1.5	0.2
Netherlands	17	3.2	\$54,260	\$60,260	1.8	0.2
Russia	149	1.5	\$11,610	\$28,580	4.2	1.5
Spain	47	1.9	\$31,310	\$42,930	1.3	(1.7)
Turkey	84	4	\$9,850	\$30,720	10.1	(3.1)
UK	68	1.1	\$43,090	\$47,890	2.1	(2.4)
Bangladesh	165	7.7	\$2,080	\$5,180	5.1	(4.7)
China	1400	6.1	\$10,090	\$20,930	3.1	(4.5)
India	1380	6.7	\$2,490	\$8,860	4.2	(3.4)

2020-Numbers by country

Country	PopulationMln	GDP growth	GDP per head\$	GDP PPP \$	Inflation%	Fisc deficit%
Indonesia	268	5	\$4,700	\$15,000	3	(2.1)
Japan	127	0.4	\$42,560	\$45,100	1.4	(2.7)
Pakistan	221	2.6	\$1,220	\$5.910	6.4	(7.8)
Philippines	110	5.2	\$3,690	\$10,050	2.4	(3.3)
Thailand	70	2.1	\$7,540	\$20,600	1.3	(2.6)
Canada	38	1.7	\$48,210	\$50,730	1.9	(1)
Mexico	129	1.2	\$9,640	\$20,520	3.3	(2.9)
USA	335	1.6	\$66,650	\$66,650	1.6	(5)
Brazil	212	2	\$9,120	\$16,960	3.7	(4.9)
Egypt	100	5.1	\$3,620	\$14,050	6.9	(6.1)

2020-Numbers by country

Country	PopulationMln	GDP growth	GDP per head\$	GDP PPP \$	Inflation%	Fisc deficit%
Ethiopia	115	7.4	\$830	\$2,300	10.7	(3.1)
Iran	84	(1.6)	\$5,600	\$18,800	26.5	(5.2)
Iraq	42	2.8	\$5,520	\$17,270	1.3	(1.3)
Nigeria	206	2	\$2,610	\$6,150	11.3	(1.8)
Saudi Arabia	35	1.7	\$21,880	\$57,060	2	(7.3)
South Africa	59	1.6	\$6,080	\$14,170	5.1	(4.8)

Brent Crude \$/barrel

Year	\$
2016	42
2017	56
2018	70
2019	66
2020	63

Health care spending \$ per person

Country	\$
USA	11,190
Germany	5,940
France	5,070
Japan	4,590
Canada	5,170
Britain	4,250
Italy	\$3,220
Russia	650

Retail sales Growth % in 2020

Country	%
Vietnam	6
Chile	5.5
Indonesia	4.2
Malaysia	4.4
India	3.8
Philippines	3.8
USA	1.8
Russia	1.7