

ASFONZ

The Voice of Workplace Super

Recession, depression or limited growth?

The outlook for future returns

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Talking points

- Global environment
 - Changing world growth dynamics: it's not all bad!
- Implications for NZ
 - 2008: growth outlook ugly
 - 2009/medium term will be better

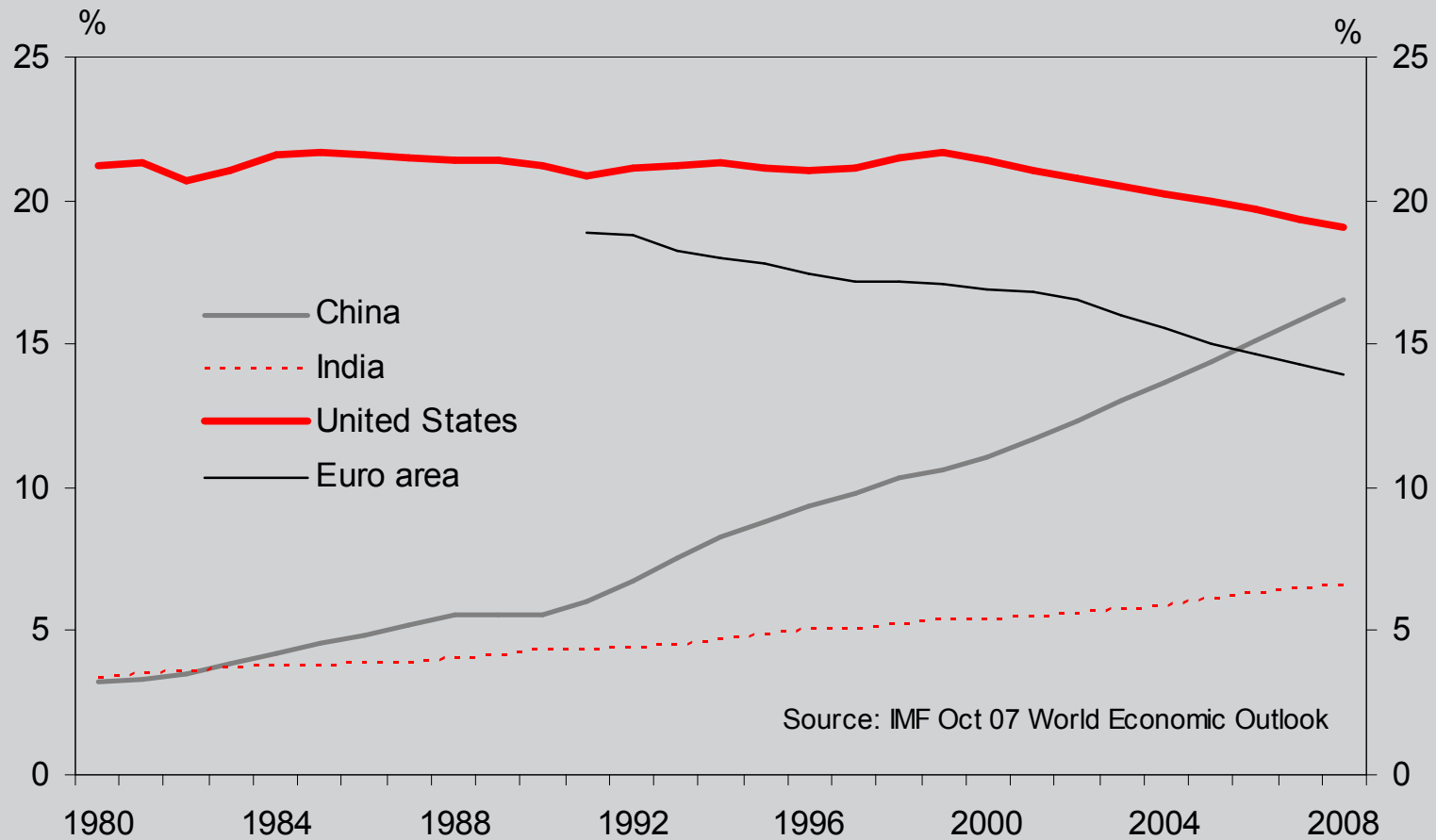
Global environment

World growth forecasts

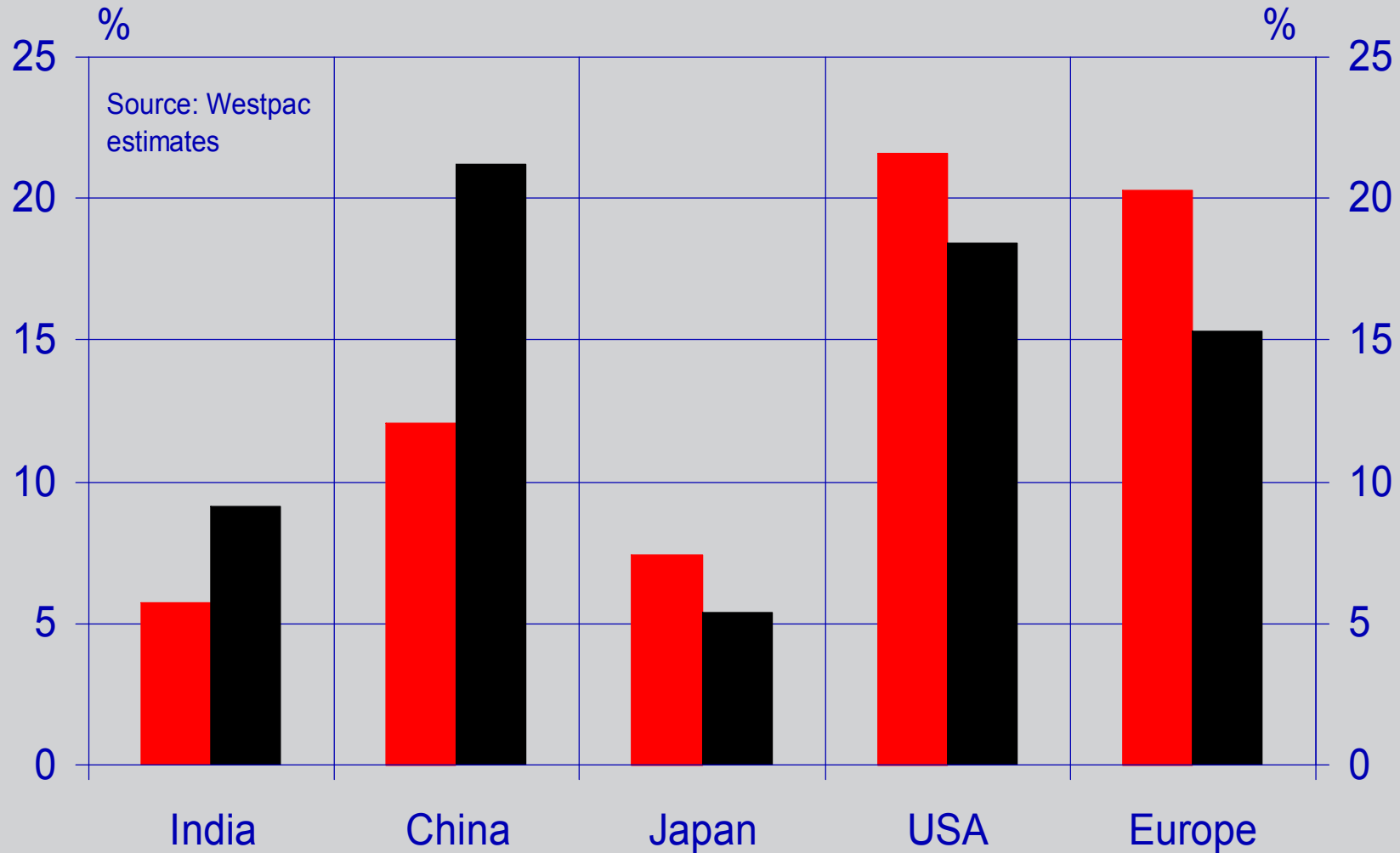
	2007	2008	2009
IMF	4.9	3.9	3.7

Source: IMF, August 2008

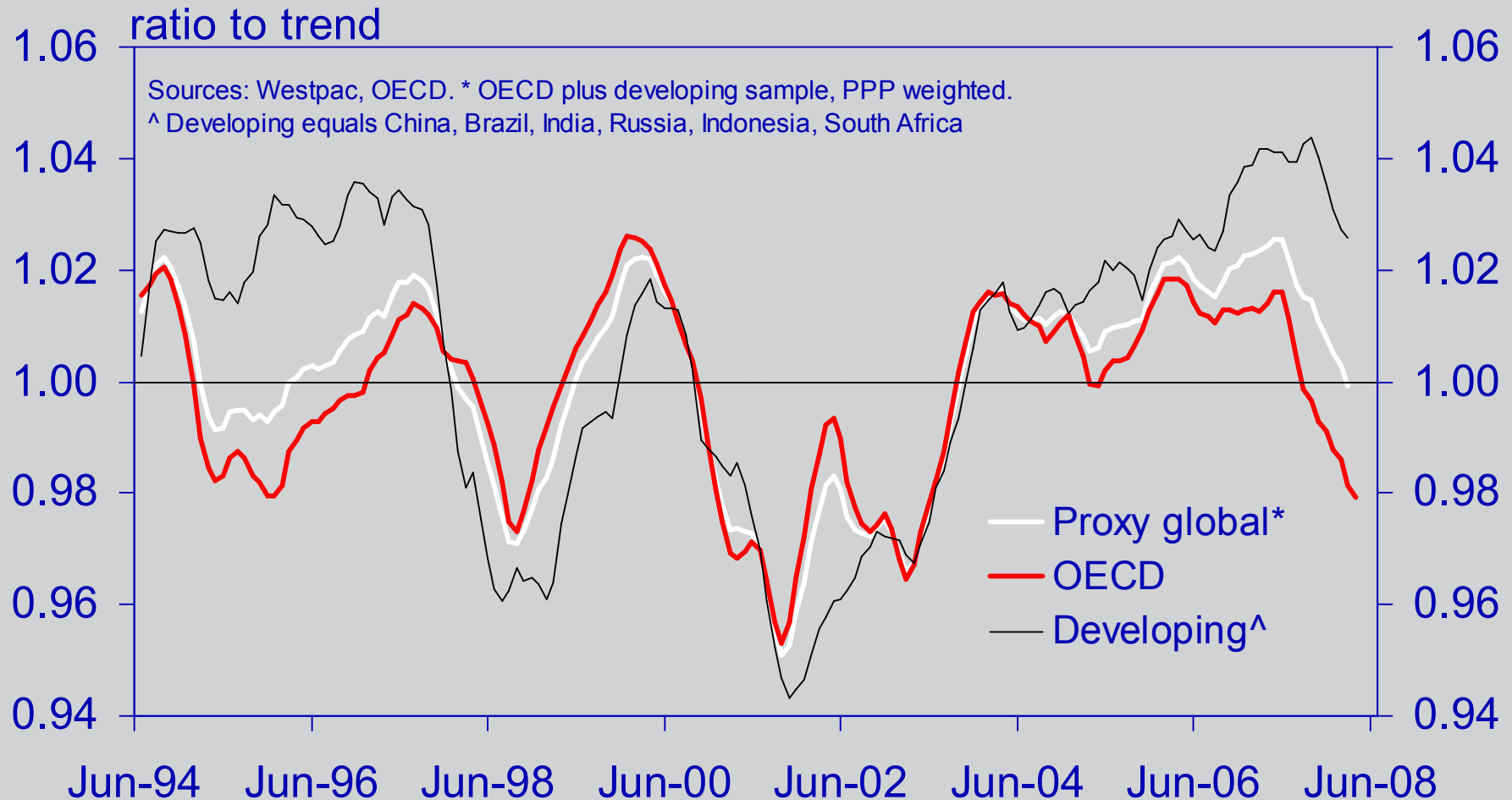
Shares of world growth



Shares of global output, 2004 & 2020



Global leading indicators



Asia-Pacific prospects (2008-2018)

	GDP	Consumer Prices
China	8.7	4.0
India	8.3	5.0
Indonesia	5.9	5.6
Malaysia	5.5	2.3
Singapore	5.2	2.6
Thailand	4.7	3.2
Hong Kong	4.6	3.4
South Korea	4.5	2.9
Taiwan	4.3	2.0
Australia	3.1	2.8
New Zealand	2.7	2.6
Japan	1.7	1.0

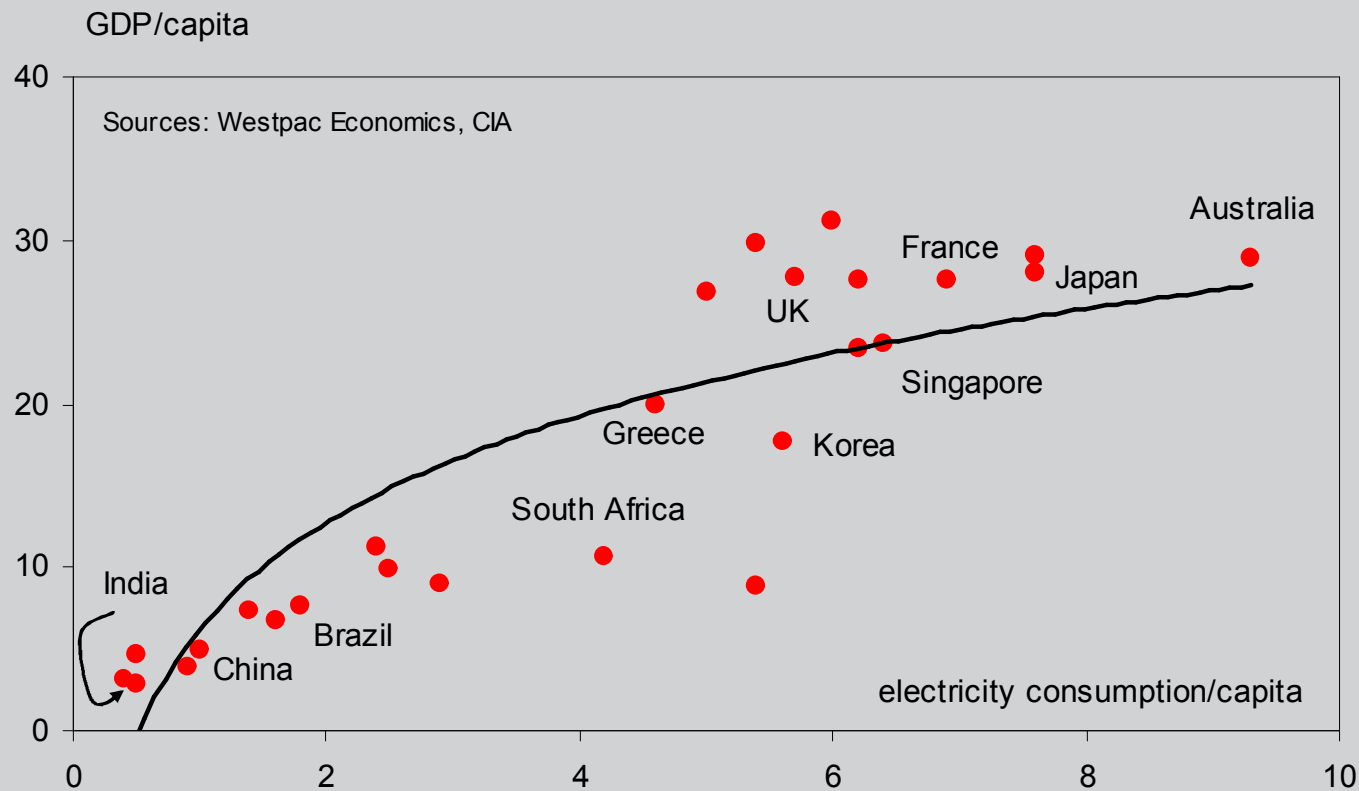
Source: Consensus Economics

Global prospects (2008-2018)

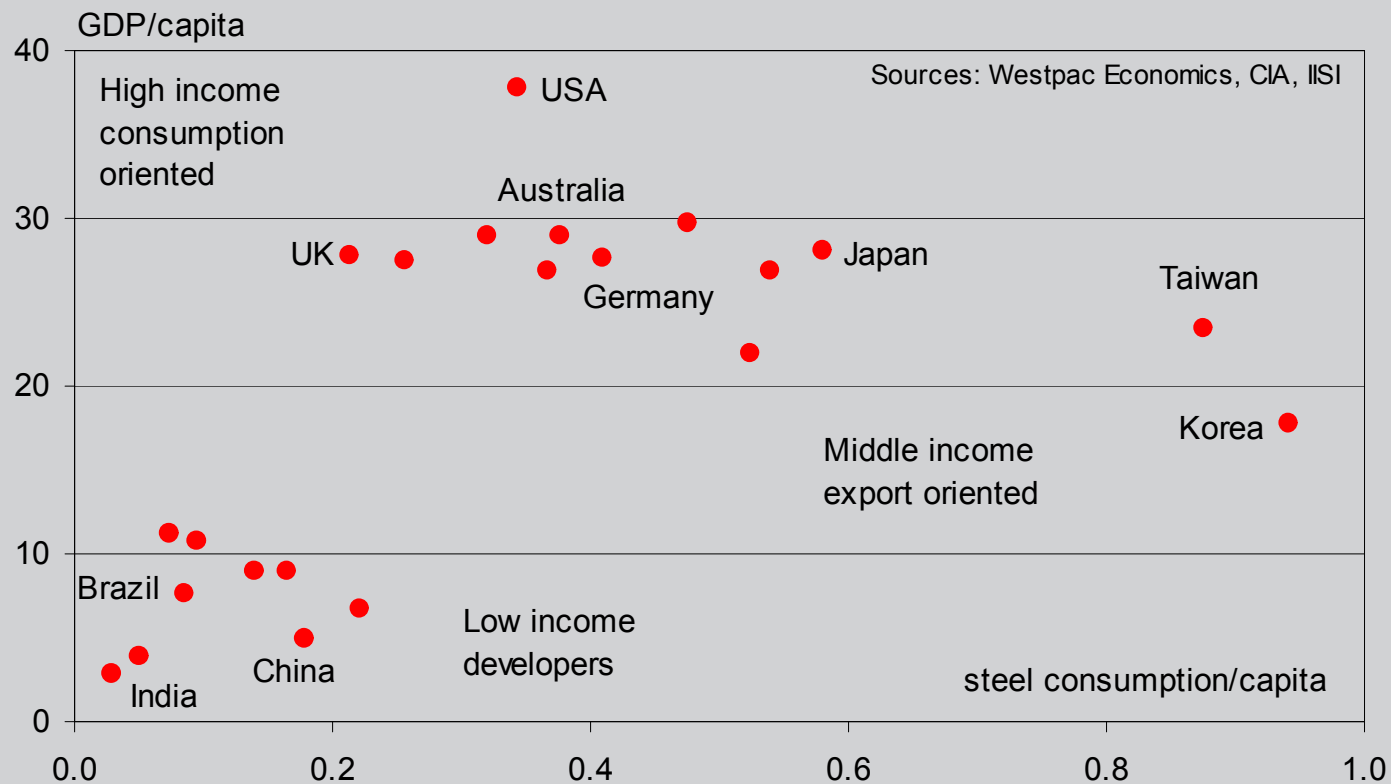
	GDP	Consumer Prices
Australia	3.1	2.8
New Zealand	2.7	2.6
Norway	2.7	2.6
Sweden	2.5	2.2
United States	2.4	2.4
Spain	2.4	2.7
Canada	2.3	2.0
United Kingdom	2.2	2.2
Netherlands	2.1	2.1
France	1.9	1.9
Eurozone	1.9	2.1
Switzerland	1.8	1.6
Japan	1.7	1.0
Germany	1.7	1.8
Italy	1.3	2.1

Source: Consensus Economics

Electricity consumption and level of development



Steel consumption and level of development



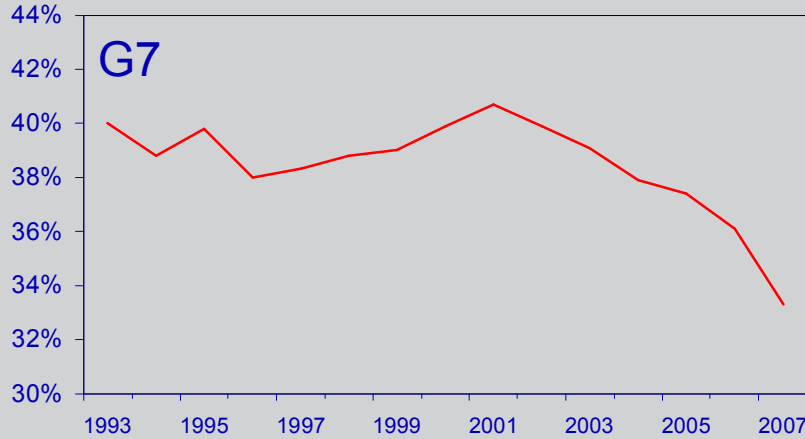
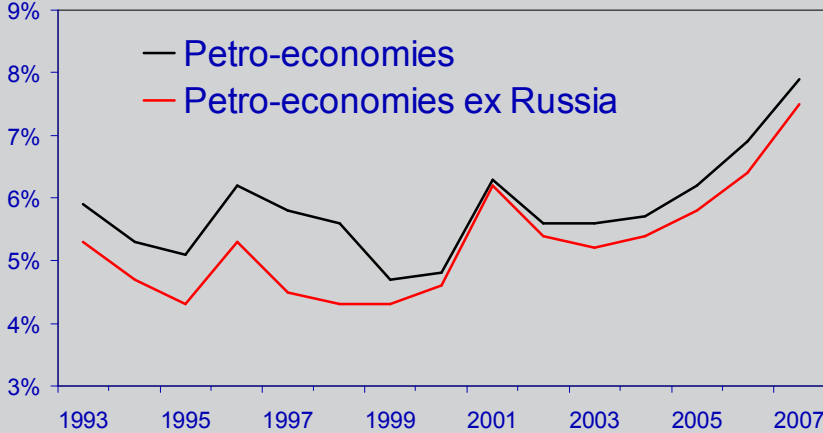
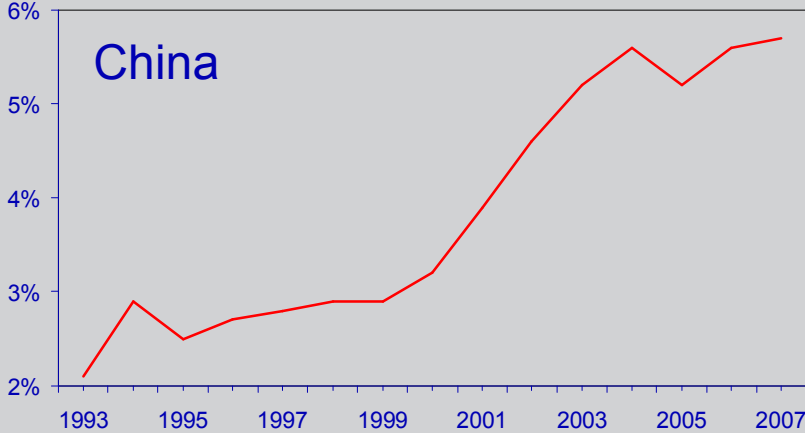
China – consider this...

- 300m people will urbanise by 2020
- Doubling of the rail network by 2020
- 75% increase in number of expressways
- 70% increase in number of airports by 2010
- 280% increase in seaport capacity

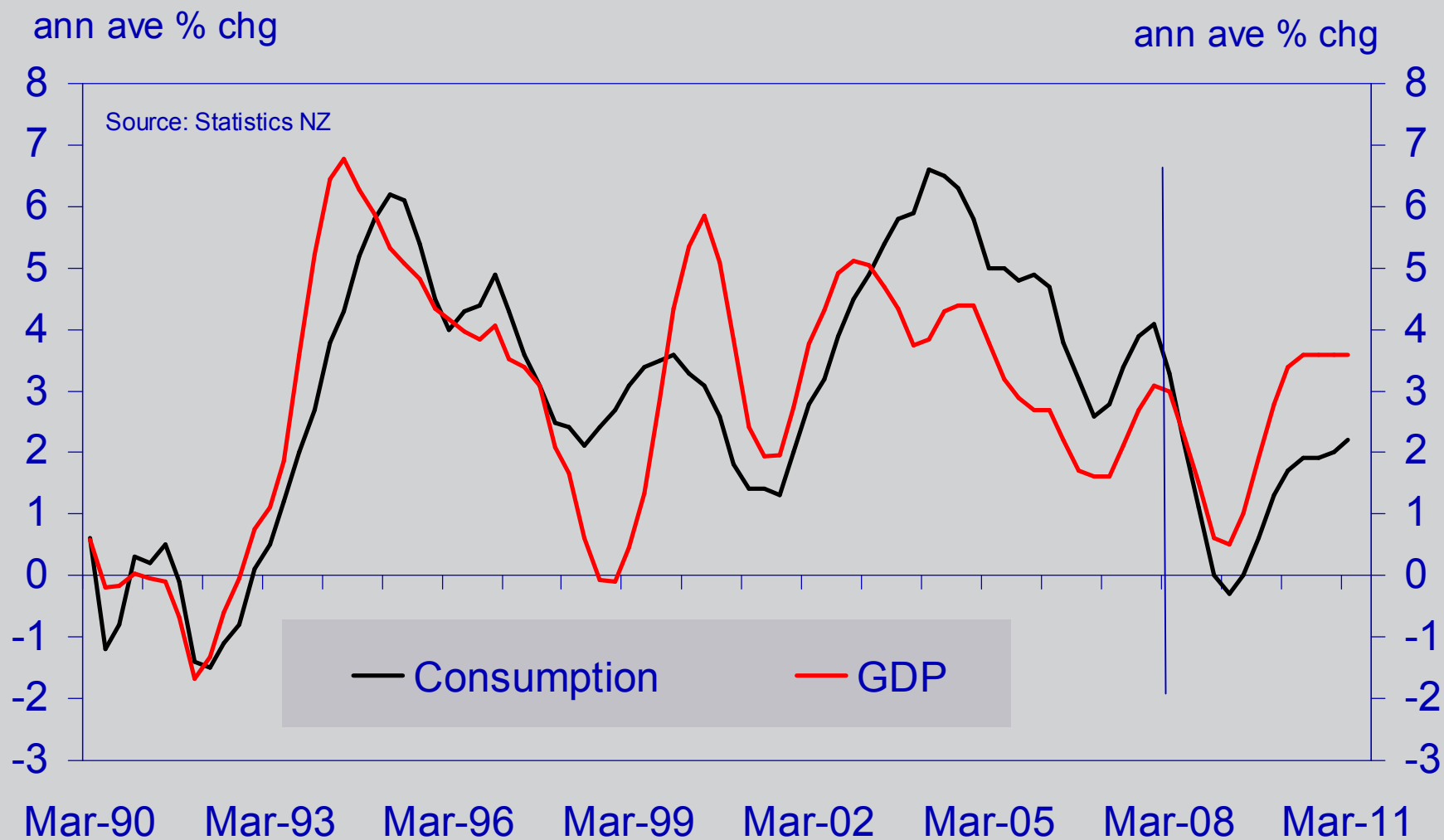
...commodities required for that lot!!!!?

New Zealand

Share of NZ exports



GDP – crunch!

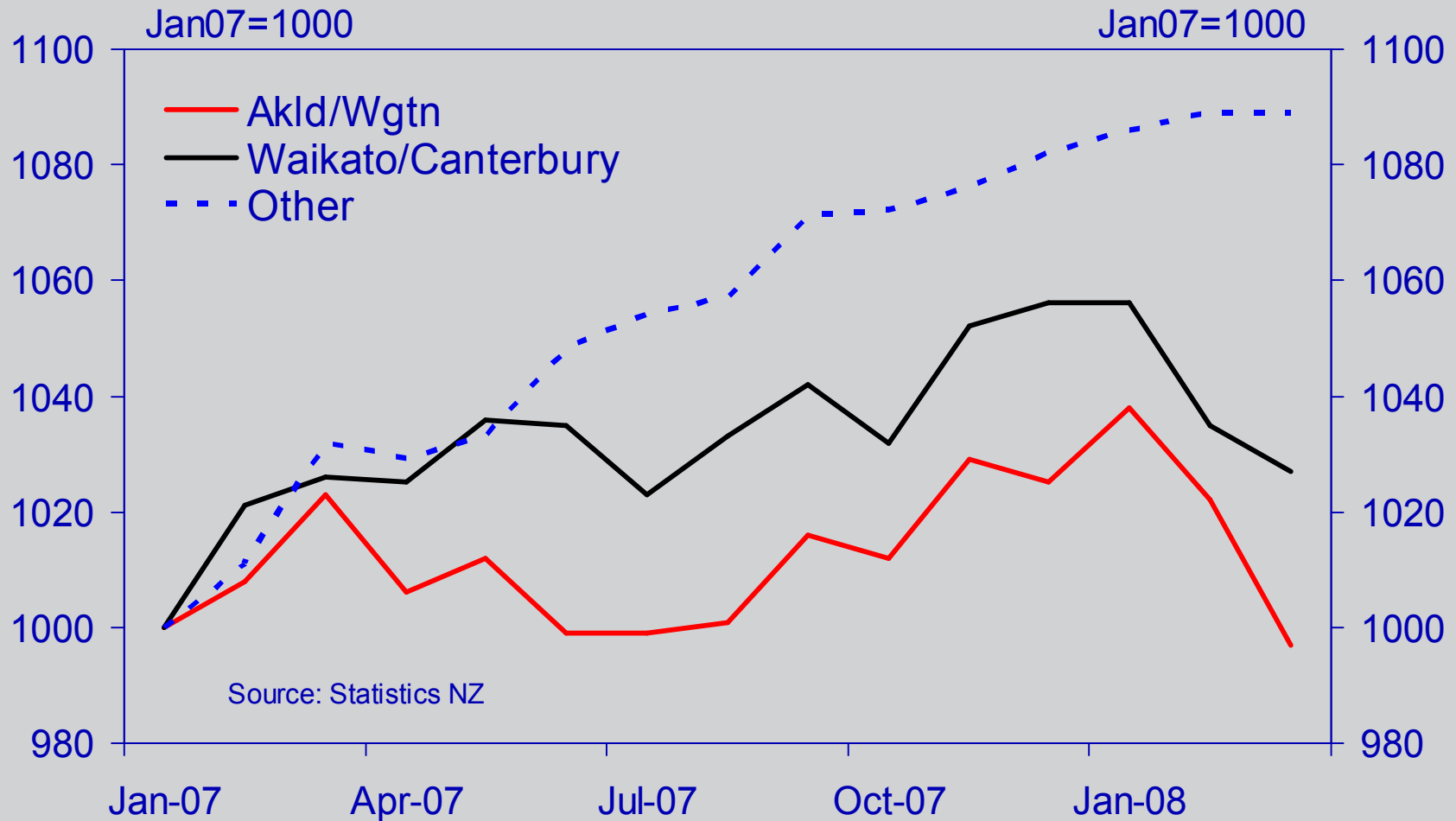


Four shocks hit NZ in 2008H1

- High interest rates - \$1.8bn in additional debt servicing
- Drought - \$1.5-\$2.0bn off ag production and electricity
- Housing correction – lowered consumption by \$1.3bn
- Inflation – set to reach 5%
 - food prices up 8% in the past year, groceries up 12%
 - oil added \$1.3bn to households fuel bill

Patchy growth

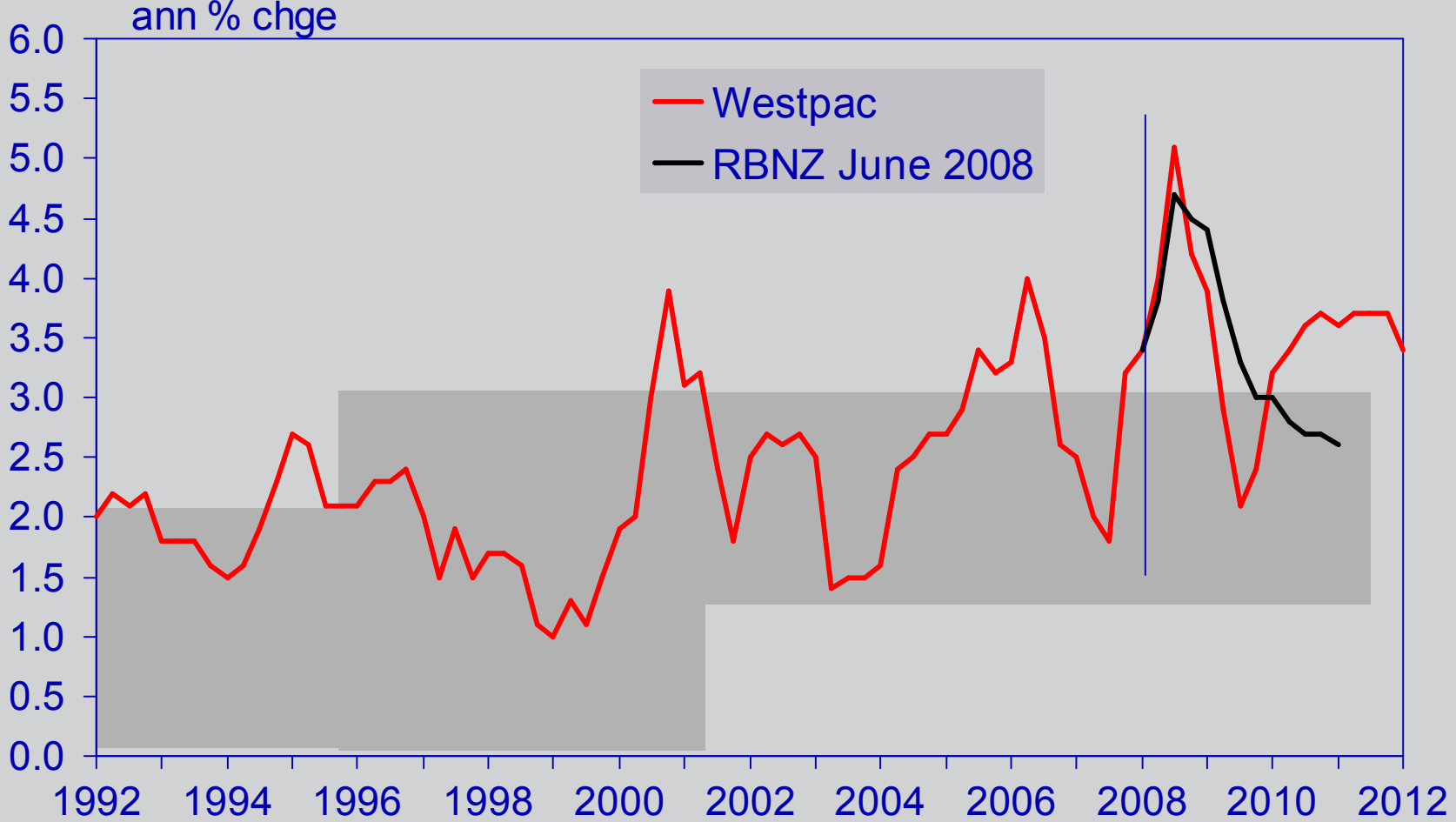
Retail spending by region



Outlook: 2009 should be better

- Commodity boom - dairy and now meat
- Ag, mining, electricity production will improve
- Fiscal stimulus
- Housing won't be such a drag
- Currency to boost exporters' competitiveness
- Interest rate cuts

Inflation – under control?



Uncertain times and risk aplenty

- Big questions remain around:
 - Oil prices?
 - Credit markets?
 - Decoupling?
 - Inflation?
 - US biofuels?

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