



Asia's rise to global economic pre-eminence could see China and India leading the world by 2050, with Southeast Asia also making gains, according to PwC. However, Japan, South Korea and Australia are seen slipping down the world rankings without major reforms.

The projections came in the consultancy's latest "World in 2050" report, which provides growth forecasts for 32 of the world's largest economies, accounting for around 84 percent of global gross domestic product (GDP), based on purchasing power parity (PPP).

According to PwC, China is already the world's biggest economy in PPP terms and will become the biggest at the more commonly accepted figures of market exchange rates by 2028, despite its projected reversion to the global growth average. China's share of world GDP in PPP terms is forecast to increase from 16.5 percent in 2014 to a peak of around 20 percent in 2030, before easing slightly to 19.5 percent in 2050.

However, China's growth rate is forecast to slow to just 3.4 percent annually during the period through to 2050, with its economy reaching \$61 trillion in PPP terms.

India's economy is forecast to expand by an average annual rate of 6.4 percent from 2014 to 2020, remaining faster than China after 2020 due to its "younger population and greater scope for catch-up growth." However, the report said India's envisaged golden destiny would require "sustained economic reforms and increased investment in infrastructure, institutions and mass education (notably for women in rural areas)."

Both the International Monetary Fund and the World Bank expect India to overtake China as the world's fastest growing major economy in 2016. On Monday, India's statistics ministry revised upwards its forecast for annual economic growth to 7.4 percent for the year to March, although it downplayed any rivalry with China. Neighboring Pakistan is also expected to

advance, rising from 25th-largest in 2014 to 15th by 2050 with an estimated \$4 trillion economy in PPP terms.

Southeast Asia is also set for further moves up the global economic ranks, led by Indonesia's forecast rise from ninth in 2014 to fourth-largest by 2050 in PPP terms, at \$12 trillion. The Philippines is seen surging from 28th place last year to 20th by 2050 at \$3.5 trillion, narrowly ahead of Thailand which is seen holding its 21st ranking. Bangladesh is predicted to climb from 31st to 23rd, with Malaysia also rising from 27th to 24th over the same period. According to the report, Southeast Asia's rise will be helped by a shift in overseas investment away from China due to its increasing labor costs.

Japan is predicted to slip from fourth-largest in 2014 in PPP terms to seventh by 2050, with South Korea dropping from 13th to 17th and Australia from 19th to 28th over the same period.

Economy of the United States

The U.S. economy cooled in the final months of 2014, a return to the moderate growth that has marked much of the recovery. Gross domestic product, the broadest measure of goods and services produced across the economy, expanded at a 2.2% annual rate in the fourth quarter, the Commerce Department said. That was weaker than an initial estimate of 2.6% reported last month. Economists surveyed by The Wall Street Journal had expected a fourth-quarter advance of 2%.

The latest figures indicate the breakout 5% pace in the third quarter and 4.6% in the second quarter were unsustainable. For 2014 as a whole, GDP expanded 2.4%, slightly better than the average 2.2% growth of 2010-13. By comparison, the economy grew an average 3.4% a year during the 1990s.

Industrial production in the U.S. saw a modest increase in the month of January, according to a report released by the Federal Reserve, with the uptick partly reflecting a significant rebound in utilities output. The report said industrial production edged up by 0.2 percent in January after dipping by a revised 0.3 percent in December.

Economists had expected production to rise by 0.3 percent compared to the 0.1 percent drop originally reported for the previous month. The modest increase in production largely reflected the rebound in utilities output, which surged up by 2.3 percent in January after tumbling by 6.9 percent in December. Manufacturing output also crept up by 0.2 percent in January after revised data showed a lack of growth in the previous month. On the other hand, the report said mining output slumped by 1.0 percent in January after jumping by 2.1 percent in December.

The Fed also said capacity utilization came in at 79.4 percent in January, unchanged from the revised figure for December. Economists had expected the capacity utilization rate to edge up to 79.9 percent from the 79.7 originally reported for the previous month.

The U.S. trade deficit in December jumped to the highest level in more than two years as American exports fell and imports climbed to a record level. The deficit jumped 17.1 percent to \$46.6 billion in December, the biggest imbalance since November 2012, the Commerce Department reported. The widening trade gap reflected a drop in exports, which fell 0.8 percent to \$194.9 billion. Imports soared 2.2 percent to \$241.4 billion.

The deficit for all of 2014 increased to \$505 billion, up 6 percent from the 2013 deficit of \$476.4 billion. Economists expect the deficit to widen further in 2015 as strong growth in the United States boosts imports, while weak growth overseas and a rising dollar continue to depress exports.

The U.S. consumer price index fell 0.7 percent in January to take the 12-month inflation rate into negative territory for the first time since 2009, the Labor Department reported. The CPI declined 0.1 percent over the 12 months ending Jan. 31. Core CPI, which excludes more volatile food and energy prices, rose 0.2 percent in January and 1.6 percent over the 12-month period.

Last month's drop in the CPI, which followed declines of 0.3 percent in November and 0.4 percent in December, was larger than analysts expected. Energy prices fell 9.7 percent in January, while gasoline prices plunged 18.7 percent, the biggest fall in seven consecutive months of declines, the government said.

Total nonfarm payroll employment rose by 257,000 in January, and the unemployment rate was little changed at 5.7 percent, the U.S. Bureau of Labor Statistics reported. Job gains occurred in retail trade, construction, health care, financial activities, and manufacturing.

The unemployment rate, at 5.7 percent, changed little in January and has shown no net change since October. The number of unemployed persons, at 9.0 million, was little changed in January. Among the major worker groups, the unemployment rate for teenagers (18.8 percent) increased in January. The jobless rates for adult men (5.3 percent), adult women (5.1 percent), whites (4.9 percent), blacks (10.3 percent), Asians (4.0 percent), and Hispanics (6.7 percent) showed little or no change.

Economy of the European Union

Seasonally adjusted GDP rose by 0.3% in the euro area (EA18) and by 0.4% in the EU28 during the fourth quarter of 2014, compared with the previous quarter, according to flash estimates published by Eurostat, the statistical office of the European Union. In the third quarter of 2014, GDP grew by 0.2% in the euro area and by 0.3% in the EU28.

Compared with the same quarter of the previous year, seasonally adjusted GDP rose by 0.9% in the euro area and by 1.3% in the EU28 in the fourth quarter of 2014, after +0.8% and +1.3% respectively in the previous quarter.

In December 2014 compared with November 2014, seasonally adjusted industrial production was stable in the euro area (EA18) and rose by 0.1% in the EU28, according to estimates from Eurostat. In November 2014, industrial production grew by 0.1% in both zones.

In December 2014 compared with December 2013, industrial production decreased by 0.2% in the euro area and increased by 0.3% in the EU28. The average industrial production for the year 2014, compared with 2013, rose by 0.6% in the euro area and by 1.0% in the EU28.

The first estimate for the euro area (EA18) trade in goods balance with the rest of the world in December 2014 gave a €24.3 billion surplus, compared with +€13.6 bn in December 2013. The November 2014 balance was +€21.2 bn, compared with +€16.5 bn in November 2013. In December 2014 compared with November 2014, seasonally adjusted exports fell by 1.1% and imports by 2.4%. These data are released by Eurostat.

The first estimate for the December 2014 extra-EU28 trade balance was a €12.4 bn surplus, compared with +€8.1 bn in December 2013. In November 2014 the balance was +€10.5 bn, compared with +€2.5 bn in November 2013. In December 2014 compared with November 2014, seasonally adjusted exports fell by 1.8% and imports by 1.3%.

During 2014, euro area trade in goods recorded a surplus of €194.8 bn, compared with +€152.3 bn in 2013. The EU28 recorded a surplus of €24.2 bn in 2014, compared with +€51.8 bn in 2013.

Euro area annual inflation is expected to be -0.3% in February 2015, up from -0.6% in January, according to a flash estimate from Eurostat. Looking at the main components of euro area inflation, services is expected to have the highest annual rate in February (1.1%, compared with 1.0% in January), followed by food, alcohol & tobacco (0.5%, compared with -0.1% in January), non-energy industrial goods (-0.2%, compared with -0.1% in January) and energy (-7.9%, compared with -9.3% in January).

The euro area (EA19) seasonally-adjusted unemployment rate was 11.2% in January 2015, down from 11.3% in December 2014, and from 11.8% in January 2014. This is the lowest rate recorded in the euro area since April 2012. The EU28 unemployment rate was 9.8% in January 2015, down from 9.9% in December 2014 and from 10.6% in January 2014. These figures are published by Eurostat.

Economy of Japan

Japan's economy expanded by an annualised 2.2 percent in October-December after contracting for two straight quarters, supported by a pick-up in exports, the Cabinet Office said. The preliminary reading for gross domestic product compared with the median estimate of a 3.7 percent expansion in a Reuters poll of economists. It followed a revised 2.3 percent contraction in the third quarter of last year, when the economy was hit by a sales tax hike. On a quarter-on-quarter basis, GDP increased 0.6 percent in the fourth quarter.

Industrial output in Japan was up 4.0% on month in January, the Ministry of Economy, Trade and Industry said. That beat forecasts for an increase of 2.7% following the 0.8% increase in December.

On a yearly basis, industrial production dipped 2.0% - but that also beat forecasts for a decline of 3.1% following the 0.1% increase in the previous month. A survey by the ministry of manufacturing companies showed they predict production in February was up a slower 0.2% and fell 3.2% in March.

Japan's trade deficit plunged nearly 60 per cent in January from a year before as exports rose and its import bill for oil and gas dropped thanks to sharply lower crude oil prices. The deficit of 1.18 trillion yen (\$9.9 billion) was better than some forecasts. Exports surged a stronger-than-expected 17 per cent from the year before to 6.1 trillion yen (\$51.7 billion), powered by strong shipments of vehicles and machinery. Imports fell 9 per cent to 7.32 trillion yen (\$61.6 billion), with a nearly 25 per cent drop in imports of oil and gas. Costs for imports of other commodities have also fallen, both due to lower demand and slumping prices. The deficit was nearly 2.8 trillion yen in January 2014.

Core inflation in Japan was 2.2 percent in January 2014, compared with 2.5 percent the month before and the lowest in 10 months. The core consumer price index, which includes oil products but excludes fresh food prices, was less than economists' median estimate for a 2.3 percent annual gain. Excluding energy costs and food, the consumer price index rose 2.1 percent; level with the previous two months.

The inflation rate is overstated by a 3-percentage point increase in the national sales tax, to 8 percent from 5 percent, last April. The tax hike snatched the wind from the sails of the recovery Prime Minister Shinzo Abe has sought to nurture by massive monetary and fiscal stimulus. Excluding the effect from the sales tax, the inflation rate was only 0.2 percent.

The jobless rate in Japan came in at a seasonally adjusted 3.6 percent in January, the Ministry of Internal Affairs and Communications said. That missed forecasts for 3.4 percent, which would have been unchanged from the December reading. The job-to-applicant ration dipped to 1.10 - also shy of expectations for 1.15, which would have been unchanged. The participation rate was 59.0 percent, down from 59.3 percent in the previous month.

Economy of Russia

Russia's gross domestic product fell by 1.5 percent year-on-year in January, an Economy Ministry official said in comments on the ministry's website. Kirill Tremasov, the head of the

ministry's macroeconomic forecasting department, also said: "The adaptation of the economy to new external and domestic conditions will last 2-3 quarters, and already in the autumn we will see the first signs of a return of the business cycle." Russia's GDP rose by 0.2 percent in December, the ministry said earlier this month.

Russia's industrial production growth slowed in January, falling below the 2014 average, data from the federal statistic service RosStat showed. The data showed industrial production grew 0.9% in January from the same month of 2014. Analysts had expected Russian Industrial Production to fall to 0.5% last month. In December the growth rate was 3.9%, while for the whole of 2014 industrial production was up by 1.7%. In monthly terms, industrial production fell 21.2% from the previous month.

Russia's trade balance fell less-than-expected in December 2014, official data showed. In a report, Russian Federation State Committee on Statistics said that Russian Trade Balance fell to a seasonally adjusted annual rate of \$12.90B, from \$13.40B in the preceding month. Analysts had expected Russian Trade Balance to fall to \$9.90B in December.

In January, Russia's consumer price inflation amounted to a massive 15 percent in annual terms, according to statistical data published by the Ministry for Economic Development. According to the ministry, prices rose by 3.9 percent in January 2015, the highest level since February 1999, the peak of the last economic crisis in Russia. According to the Ministry of Economy, in January 2015 the price of food increased most of all – by 3.2 percent, while the prices for non-foods rose by 3.2 percent and for services by 2.2 percent.

Russia unemployment rate increased to 5.5% in January 2015 from 5.3% in December 2014.

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