

# Economic Evolution & Perspectives for Asia compared to US & Europe

by Prof Bernard Jaquier  
For [www.Terrapinn.com](http://www.Terrapinn.com), Singapore

Serviced  
apartments  
ASIA 2009

19 – 21 October 2009  
Grand Hyatt, Singapore

Stable yields



Opportunity and strategy for operators, developers and investors

- **Macroeconomic Overview**
- **Capital Market**
- **Tourism**
- **FDI**
- **Real Estate**
- **Roadmap from macro environment to the company**
- **Climate changes**

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# Macroeconomic overview

GDP Growth

Inflation rate

Unemployment rate

Private Consumption Expenditure

International Trade

# Regions & Countries under observation

Countries chosen according to their importance of

**GDP**

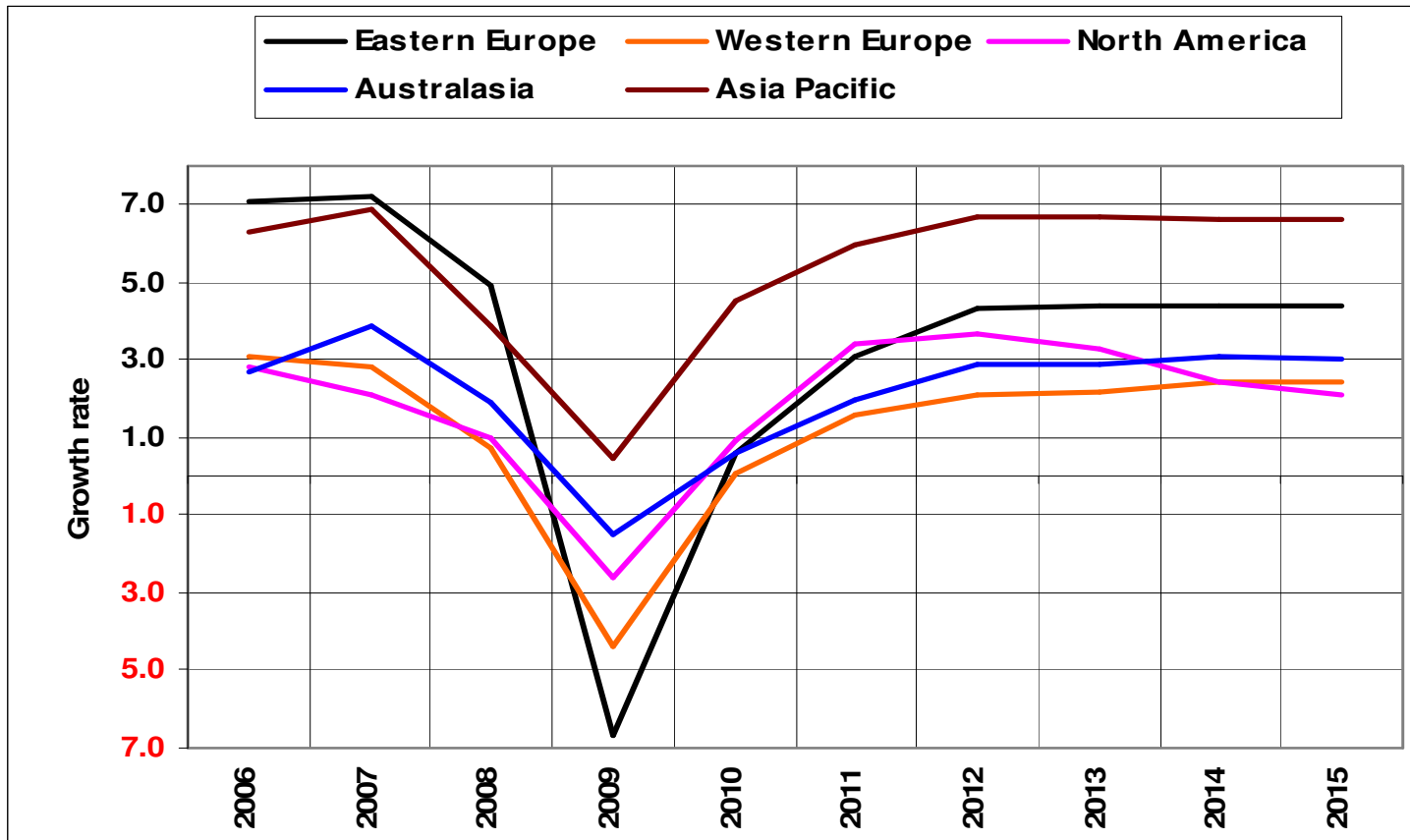
| Countries        |
|------------------|
| China            |
| India            |
| Japan            |
| <b>US</b>        |
| <b>Euro Zone</b> |
| Singapore        |
| Indonesia        |
| Malaysia         |
| Taiwan           |
| Thailand         |
| Vietnam          |

| Regions        |
|----------------|
| Australasia    |
| Eastern Europe |
| Western Europe |
| North America  |
| Asia Pacific   |

# Regions – Annual Real GDP growth%

## 2006 – 2015

### A strong drop in 2009



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## Regions – Annual Real GDP growth%

### 2009 : Rank from most to least affected Regions

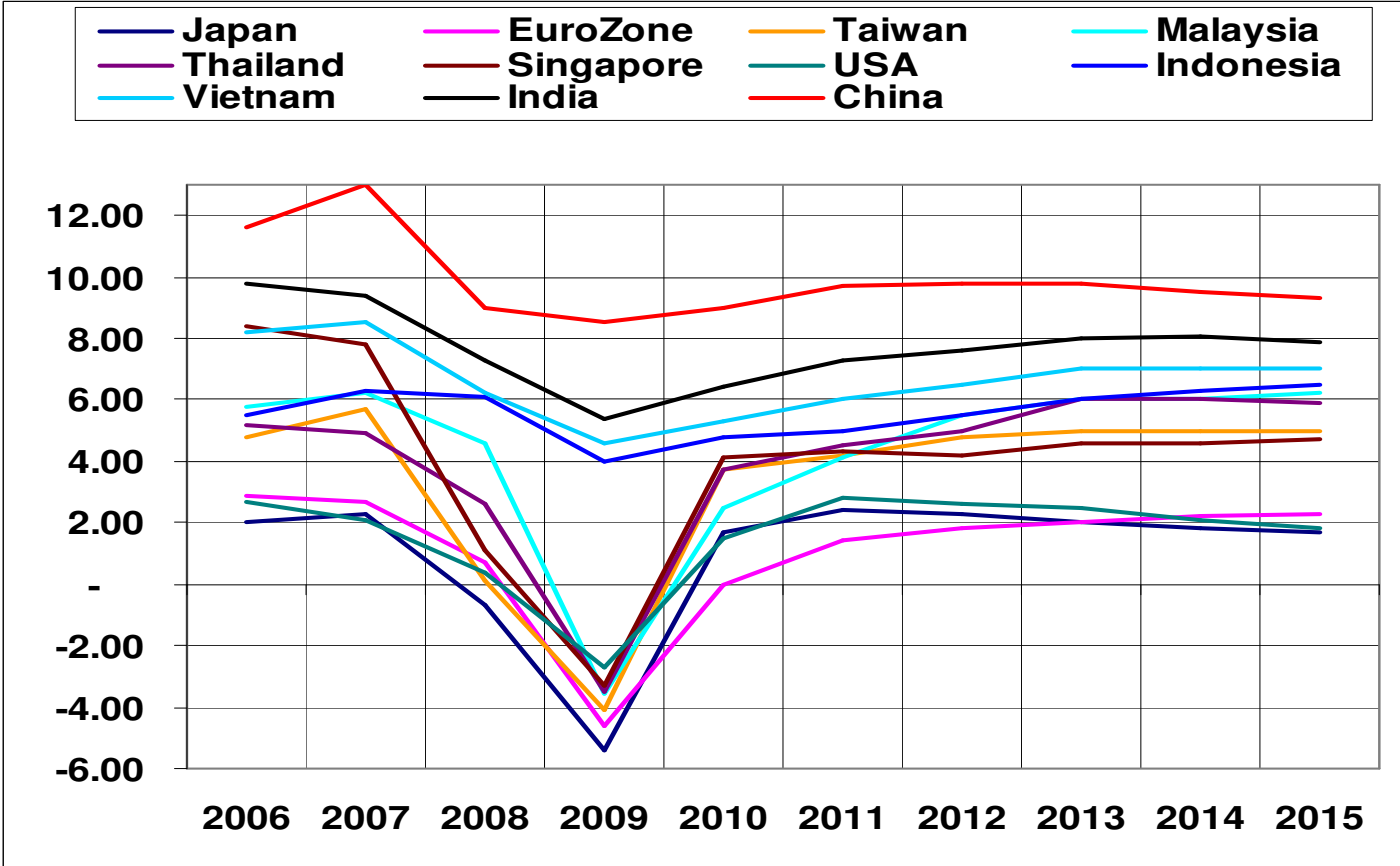
| Regions        | Historic |      |      | Forecast     |      |      |      |      |      |      |
|----------------|----------|------|------|--------------|------|------|------|------|------|------|
|                | 2006     | 2007 | 2008 | 2009         | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Eastern Europe | 7.10     | 7.20 | 4.90 | <b>-6.70</b> | 0.60 | 3.10 | 4.30 | 4.40 | 4.40 | 4.40 |
| Western Europe | 3.10     | 2.80 | 0.70 | <b>-4.40</b> | 0.10 | 1.60 | 2.10 | 2.20 | 2.40 | 2.40 |
| North America  | 2.80     | 2.10 | 1.00 | <b>-2.60</b> | 0.90 | 3.40 | 3.70 | 3.30 | 2.40 | 2.10 |
| World          | 4.20     | 4.10 | 2.30 | <b>-2.40</b> | 1.70 | 3.50 | 4.10 | 4.10 | 3.90 | 3.90 |
| Australasia    | 2.70     | 3.90 | 1.90 | <b>-1.50</b> | 0.60 | 2.00 | 2.90 | 2.90 | 3.10 | 3.00 |
| Asia Pacific   | 6.30     | 6.90 | 3.90 | <b>0.50</b>  | 4.50 | 6.00 | 6.70 | 6.70 | 6.60 | 6.60 |

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# Countries - Real GDP growth%

Also a strong drop in 2009, except for...



# Countries - Real GDP growth%

## 2009 : rank from most to least affected countries

|           | Historic |      |       | Forecast |      |      |      |      |      |      |
|-----------|----------|------|-------|----------|------|------|------|------|------|------|
|           | 2006     | 2007 | 2008  | 2009     | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Japan     | 2.00     | 2.30 | -0.70 | -5.40    | 1.70 | 2.40 | 2.30 | 2.00 | 1.80 | 1.70 |
| Euro Zone | 2.90     | 2.70 | 0.70  | -4.60    | 0    | 1.40 | 1.80 | 2.00 | 2.20 | 2.30 |
| Taiwan    | 4.80     | 5.70 | 0.10  | -4.10    | 3.70 | 4.20 | 4.80 | 5.00 | 5.00 | 5.00 |
| Malaysia  | 5.80     | 6.20 | 4.60  | -3.60    | 2.50 | 4.10 | 5.50 | 6.00 | 6.00 | 6.20 |
| Thailand  | 5.20     | 4.90 | 2.60  | -3.50    | 3.70 | 4.50 | 5.00 | 6.00 | 6.00 | 5.90 |
| Singapore | 8.40     | 7.80 | 1.10  | -3.30    | 4.10 | 4.30 | 4.20 | 4.60 | 4.60 | 4.70 |
| USA       | 2.70     | 2.10 | 0.40  | -2.70    | 1.50 | 2.80 | 2.60 | 2.50 | 2.10 | 1.80 |
| Indonesia | 5.50     | 6.30 | 6.10  | 4.00     | 4.80 | 5.00 | 5.50 | 6.00 | 6.30 | 6.50 |
| Vietnam   | 8.20     | 8.50 | 6.20  | 4.60     | 5.30 | 6.00 | 6.50 | 7.00 | 7.00 | 7.00 |

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## Mid-term Perspectives 2010-2015

### *Annual average growth rate of real GDP*

**From a mid-term point of view,** Asia countries and Region Asia Pacific have some reasons to be optimist on growth of GDP.

|                       |             |
|-----------------------|-------------|
| <b>Asia Pacific</b>   | <b>6.18</b> |
| <b>Eastern Europe</b> | <b>3.53</b> |
| <b>World</b>          | <b>3.53</b> |
| <b>North America</b>  | <b>2.63</b> |
| <b>Australasia</b>    | <b>2.42</b> |
| <b>Western Europe</b> | <b>1.80</b> |

|              |             |
|--------------|-------------|
| China        | 9.52        |
| India        | 7.55        |
| Vietnam      | 6.47        |
| Indonesia    | 5.68        |
| Thailand     | 5.18        |
| Malaysia     | 5.05        |
| Taiwan       | 4.62        |
| Singapore    | 4.42        |
| <b>World</b> | <b>3.53</b> |
| USA          | 2.22        |
| Japan        | 1.98        |
| Euro Zone    | 1.62        |

## Countries - Mid-term Perspectives 2010-2015

Real GDP Growth Rate% - Nov. 08 – Sept. 09

The difficulties to make forecasts in an uncertain world

Between these two forecasts, 10 months. It reflects the difficulty to forecast in a world with a high degree of uncertainty.

(\*\*) *Emerging Trends in Real Estate® Asia Pacific 2009*, page 10, Urban Land Institute & PWC, November 2008.  
Source : IMF, Moody's

(\*) October 2009

|                | 2009*        | 2009** |
|----------------|--------------|--------|
| Singapore      | <b>-3.30</b> | 3.45   |
| Taiwan         | <b>-4.10</b> | 2.50   |
| Japan          | <b>-5.40</b> | 0.47   |
| Malaysia       | <b>-3.60</b> | 4.75   |
| Thailand       | <b>-3.50</b> | 4.53   |
| Indonesia      | 4.00         | 5.51   |
| India          | 5.40         | 6.94   |
| China          | 8.50         | 9.25   |
| Asia & Pacific | 0.50         | 5.60   |

## Real GDP Growth Rate% - 2009

The difficulties to make forecasts in an uncertain world !

Note the great  
difference for  
Singapore !

|           | Until Oct. 14<br>2009 | From Oct. 15<br>2009 |
|-----------|-----------------------|----------------------|
| Japan     | -6.00                 | -5.40                |
| Euro Zone | -4.60                 | -4.60                |
| Taiwan    | -7.50                 | -4.10                |
| Malaysia  | -3.50                 | -3.60                |
| Thailand  | -3.00                 | -3.50                |
| Singapore | -10.00                | -3.30                |
| USA       | -2.60                 | -2.70                |
| Indonesia | 2.50                  | 4.00                 |
| Vietnam   | 3.30                  | 4.60                 |
| India     | 5.40                  | 5.40                 |
| China     | 7.50                  | 8.50                 |

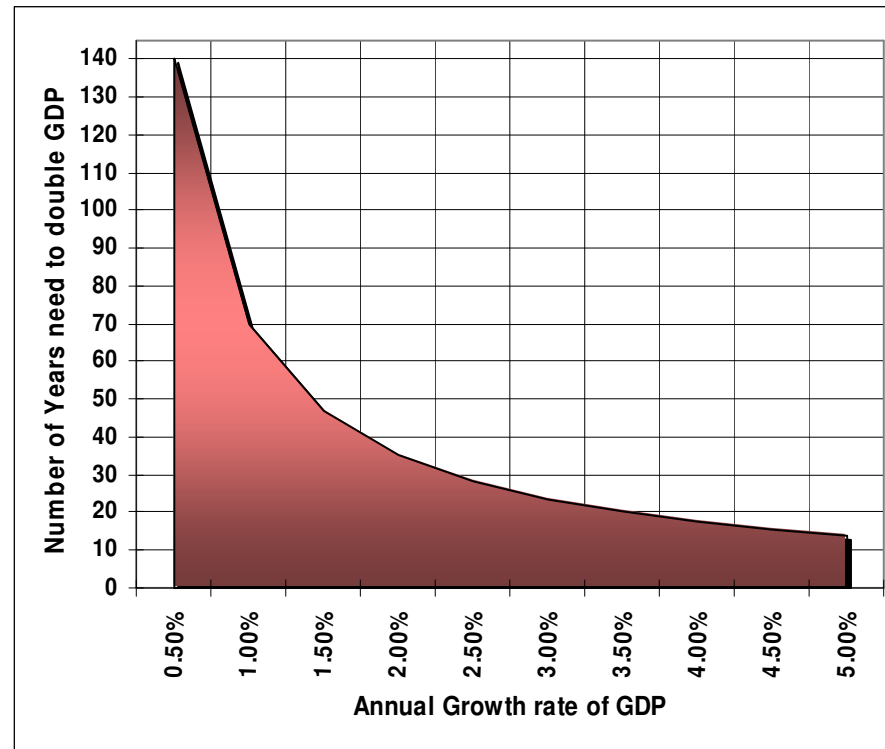
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# Long term perspectives

**From a long term point of view, shall we be able to maintain a sustainable Real growth of GDP ?**

Each government searches to recover growth ? Good, but.....  
For example, If Asia wants a real growth rate of GDP of **5% per year**, that means that the **GDP will double in 14 years**. Is it possible ?

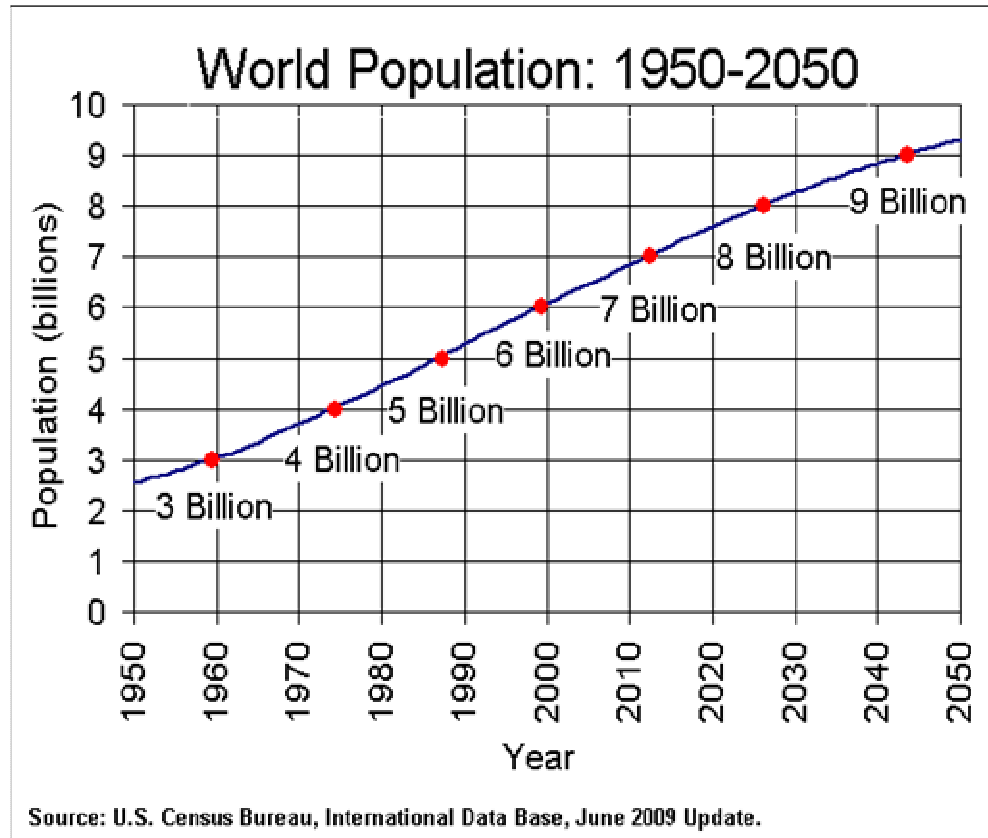


# Long term perspectives

## World Population

**Shall we have enough resources to respond to demand of 2,3 billion more people from now to 2050 ?**

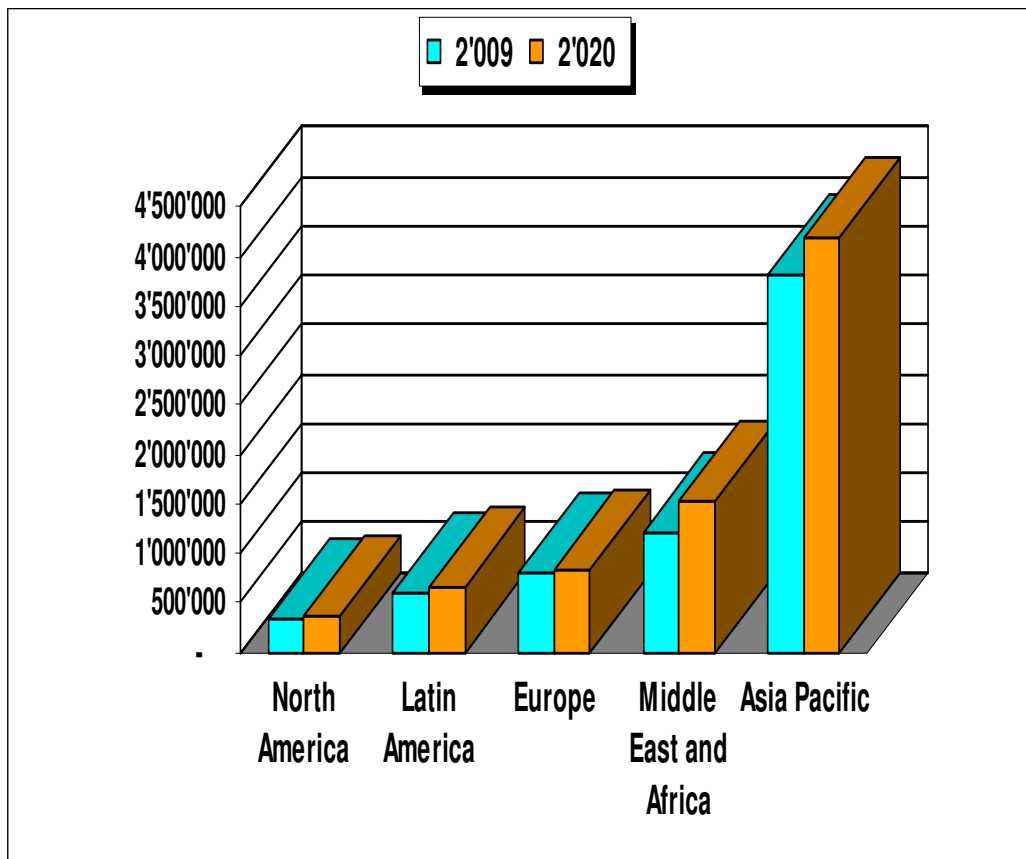
**India & China 2050 : more than 3 billion people. That means one third of world population.**



# Long term perspectives

## Demography 2009 – 2020 in the five regions

**Population of Asia Pacific represents 56% Of world population in 2009 and in 2020**



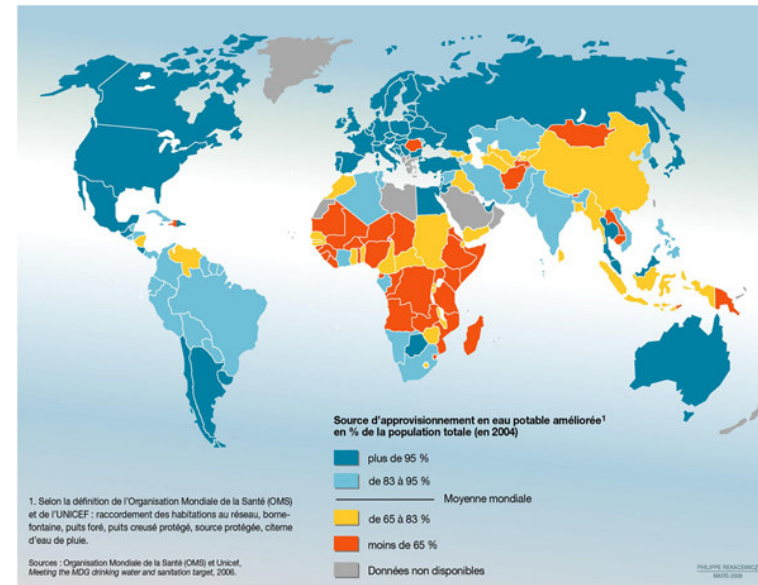
# Long term perspectives

## Water Scarcity

A lack of water to meet daily needs is a reality today for **one in three** people around the world.

**Globally, the problem is getting worse** for the future as cities and **Populations grow**, and the needs for water increase in **agriculture, industry** and **households**.

*Source : WHO, march 2009*



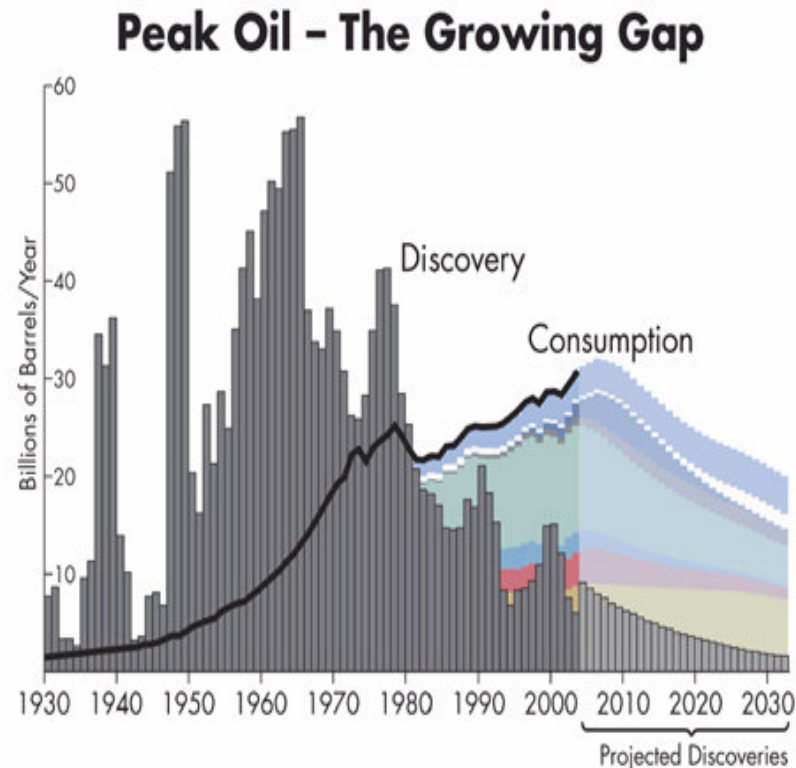
# Long term perspectives

## Peak Oil. Not if, but when it will happen ?

“One thing is clear. The era of easy oil is over.

What we all do next will determine how well we meet the energy needs of the entire world in this century and beyond”.

*David J. O'Reilly,  
Chairman  
and CEO, Chevron  
Corporation  
July 2005*



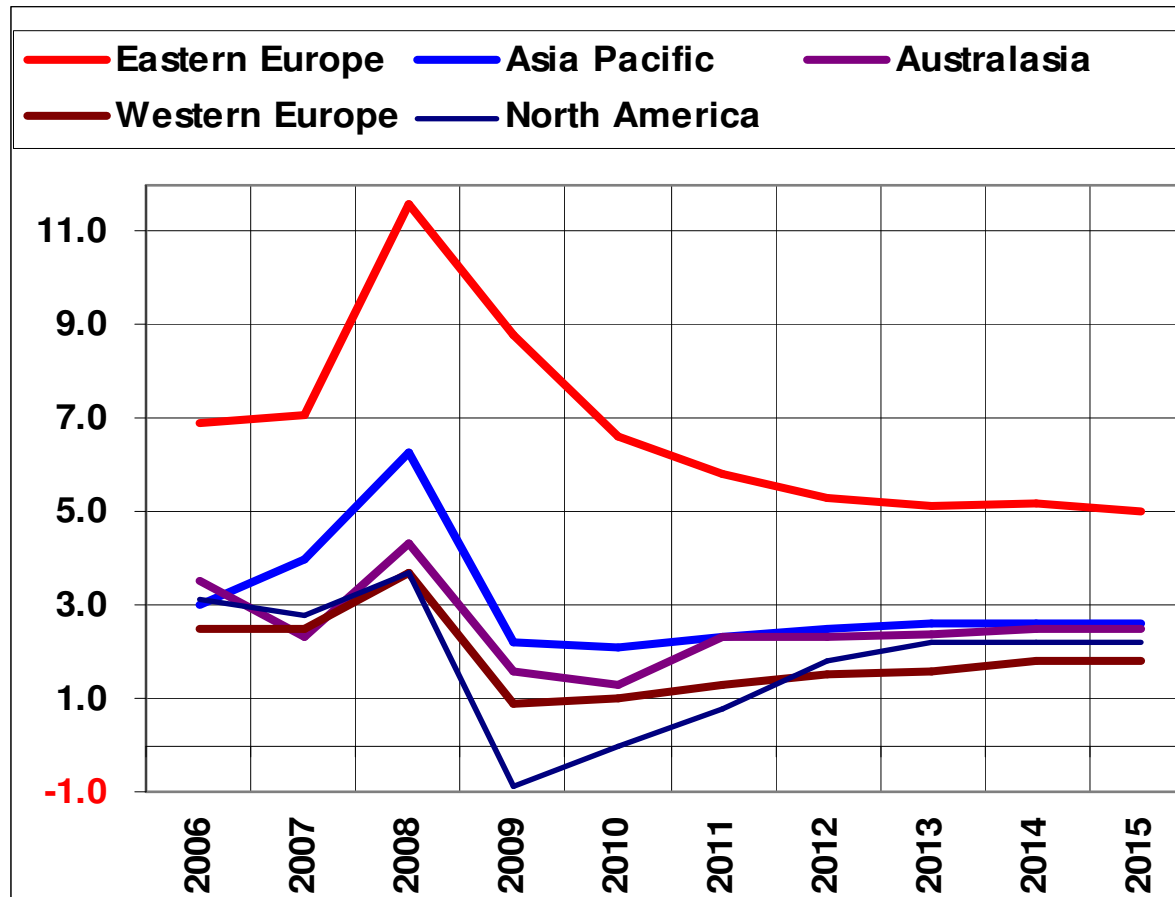
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# INFLATION

## Regions : Annual Rates of inflation



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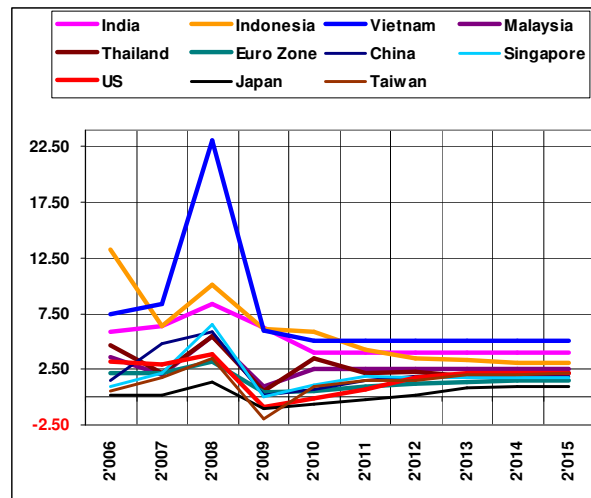
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# Regions : Inflation Rates

2009 : rank from most to least affected Regions

| Regions        | Historic   |            |            | Forecast    |            |            |            |            |            |            |
|----------------|------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|
|                | 2006       | 2007       | 2008       | 2009        | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       |
| Eastern Europe | 6.9        | 7.1        | 11.6       | <b>8.8</b>  | 6.6        | 5.8        | 5.3        | 5.1        | 5.2        | 5.0        |
| <b>World</b>   | <b>3.8</b> | <b>4.0</b> | <b>6.2</b> | <b>2.7</b>  | <b>2.5</b> | <b>2.7</b> | <b>3.0</b> | <b>3.1</b> | <b>3.1</b> | <b>3.1</b> |
| Asia Pacific   | 3.0        | 4.0        | 6.3        | <b>2.2</b>  | 2.1        | 2.3        | 2.5        | 2.6        | 2.6        | 2.6        |
| Australasia    | 3.5        | 2.3        | 4.3        | <b>1.6</b>  | 1.3        | 2.3        | 2.3        | 2.4        | 2.5        | 2.5        |
| Western Europe | 2.5        | 2.5        | 3.7        | <b>0.9</b>  | 1.0        | 1.3        | 1.5        | 1.6        | 1.8        | 1.8        |
| North America  | 3.1        | 2.8        | 3.7        | <b>-0.9</b> | 0.0        | 0.8        | 1.8        | 2.2        | 2.2        | 2.2        |

# Countries : Annual Rates of Inflation



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# Countries : Annual Rates of Inflation

## 2009 : rank from most to least affected countries

|           | Historic |      |       | Forecast |       |      |      |      |      |      |
|-----------|----------|------|-------|----------|-------|------|------|------|------|------|
|           | 2006     | 2007 | 2008  | 2009     | 2010  | 2011 | 2012 | 2013 | 2014 | 2015 |
| India     | 5.80     | 6.40 | 8.30  | 8.70     | 8.40  | 5.70 | 4.10 | 4.00 | 4.00 | 4.00 |
| Vietnam   | 7.40     | 8.30 | 23.10 | 7.00     | 11.00 | 8.50 | 6.00 | 5.00 | 5.00 | 5.00 |
| Indonesia | 13.10    | 6.30 | 10.10 | 5.00     | 6.20  | 5.40 | 4.70 | 4.40 | 4.20 | 4.10 |
| Euro Zone | 2.10     | 2.10 | 3.20  | 0.40     | 0.60  | 0.90 | 1.20 | 1.40 | 1.50 | 1.50 |
| China     | 1.50     | 4.80 | 5.90  | -0.10    | 0.60  | 1.50 | 1.90 | 1.90 | 1.90 | 1.90 |
| Malaysia  | 3.60     | 2.00 | 5.40  | -0.10    | 1.20  | 1.90 | 2.30 | 2.50 | 2.50 | 2.60 |
| Singapore | 1.00     | 2.10 | 6.50  | -0.20    | 1.60  | 1.90 | 1.70 | 1.70 | 1.80 | 1.80 |

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## ***Forecasted Inflation Rate 2010-2015***

***A Good News ? A relative moderated inflation for the next few years !***

| <b>Regions</b> | <b>AVG 2010-2015</b> |
|----------------|----------------------|
| Eastern Europe | 5.50                 |
| <b>World</b>   | <b>2.92</b>          |
| Asia Pacific   | 2.45                 |
| Australasia    | 2.22                 |
| North America  | 1.53                 |
| Western Europe | 1.50                 |

| <b>Countries</b> | <b>AVG 2010-2015</b> |
|------------------|----------------------|
| Vietnam          | 6.75                 |
| India            | 5.03                 |
| Indonesia        | 4.83                 |
| <b>World</b>     | <b>2.92</b>          |
| Malaysia         | 2.17                 |
| USA              | 2.07                 |
| Thailand         | 1.87                 |
| Taiwan           | 1.77                 |
| Singapore        | 1.75                 |
| China            | 1.62                 |
| Euro Zone        | 1.18                 |
| Japan            | 0.18                 |

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# **Forecasted Inflation Rate 2010-2015**

## **Comments**

***For China, with such a high GDP growth rate, how is it possible to maintain such a low rate of inflation? Will production be able to respond to such a high Demand ?***

**Risk :**

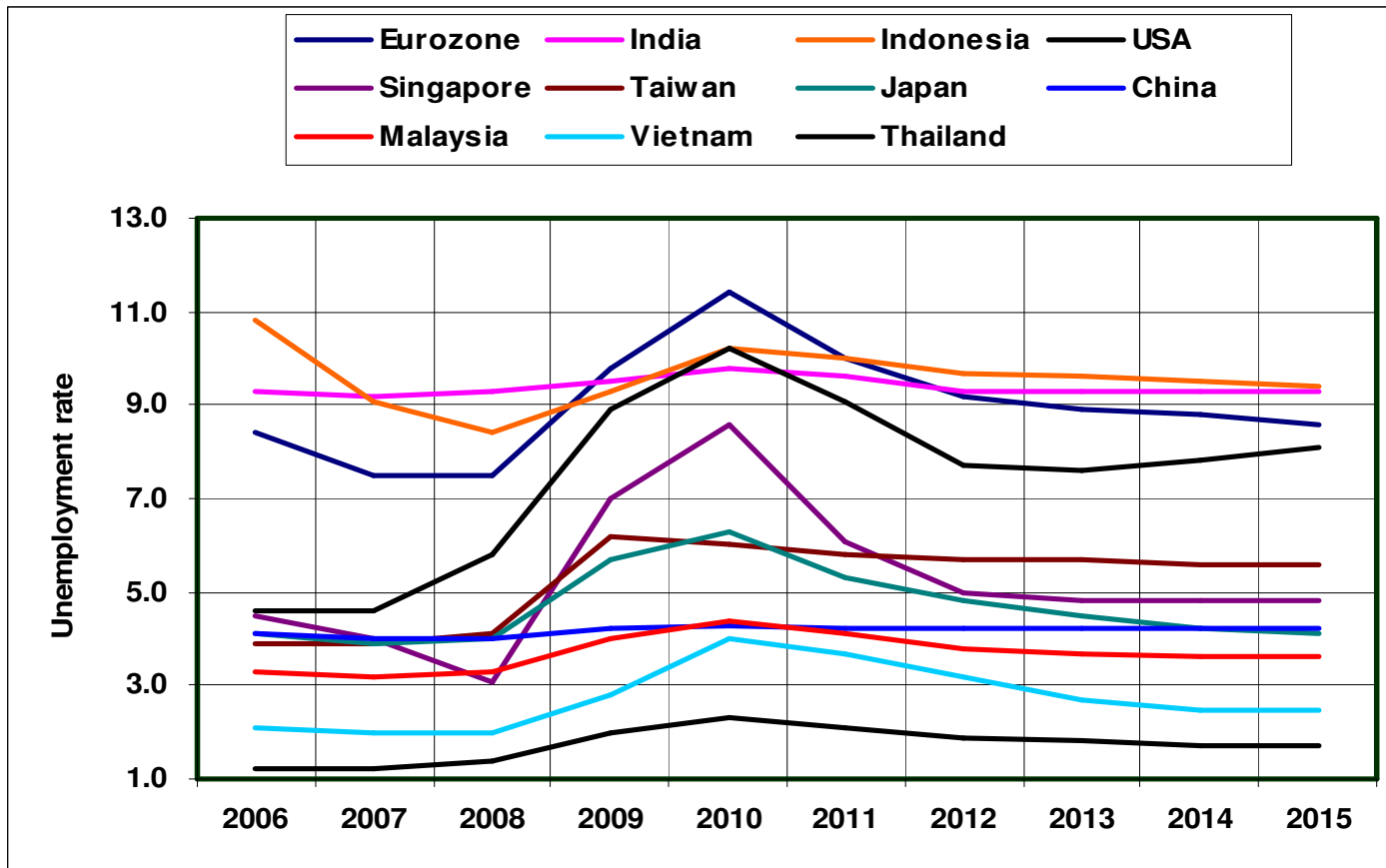
***An inflation higher than that forecasted, will have an impact on interest rates which can affect investments and reduce the growth.***

***Maintaining inflation at a low level also depends on discipline of Central Banks and governments (e.g. Focusing more on growth than inflation)***

|             | <b>Inflation rate</b> | <b>GDP Growth rate</b> |
|-------------|-----------------------|------------------------|
| CHINA       |                       |                        |
| <b>2010</b> | 0.60                  | 9.00                   |
| <b>2011</b> | 1.50                  | 9.70                   |
| <b>2012</b> | 1.90                  | 9.80                   |
| <b>2013</b> | 1.90                  | 9.80                   |
| <b>2014</b> | 1.90                  | 9.50                   |
| <b>2015</b> | 1.90                  | 9.30                   |

# UNEMPLOYMENT

*% OF ECONOMICALLY POPULATION*



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# Countries : unemployment Rates

## 2009 : rank from most to least affected countries

| Countries | Historic |      |      | Forecast   |      |      |      |      |      |            |
|-----------|----------|------|------|------------|------|------|------|------|------|------------|
|           | 2006     | 2007 | 2008 | 2009       | 2010 | 2011 | 2012 | 2013 | 2014 | 2015       |
| Euro zone | 8.4      | 7.5  | 7.5  | <b>9.8</b> | 11.4 | 10.0 | 9.2  | 8.9  | 8.8  | 8.6        |
| India     | 9.3      | 9.2  | 9.3  | <b>9.5</b> | 9.8  | 9.6  | 9.3  | 9.3  | 9.3  | 9.3        |
| Indonesia | 10.8     | 9.1  | 8.4  | <b>9.3</b> | 10.2 | 10.0 | 9.7  | 9.6  | 9.5  | 9.4        |
| USA       | 4.6      | 4.6  | 5.8  | <b>8.9</b> | 10.2 | 9.1  | 7.7  | 7.6  | 7.8  | 8.1        |
| Singapore | 4.5      | 4.0  | 3.1  | <b>7.0</b> | 8.6  | 6.1  | 5.0  | 4.8  | 4.8  | 4.8        |
| Taiwan    | 3.9      | 3.9  | 4.1  | <b>6.2</b> | 6.0  | 5.8  | 5.7  | 5.7  | 5.6  | 5.6        |
| Japan     | 4.1      | 3.9  | 4.0  | <b>5.7</b> | 6.3  | 5.3  | 4.8  | 4.5  | 4.2  | 4.1        |
| China     | 4.1      | 4.0  | 4.0  | <b>4.2</b> | 4.3  | 4.2  | 4.2  | 4.2  | 4.2  | 4.2        |
| Malaysia  | 3.3      | 3.2  | 3.3  | <b>4.0</b> | 4.4  | 4.1  | 3.8  | 3.7  | 3.6  | 3.6        |
| Vietnam   | 2.1      | 2.0  | 2.0  | <b>2.8</b> | 4.0  | 3.7  | 3.2  | 2.7  | 2.5  | 2.5        |
| Thailand  | 1.2      | 1.2  | 1.4  | <b>2.0</b> | 2.3  | 2.1  | 1.9  | 1.8  | 1.7  | <b>2.7</b> |

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# UNEMPLOYMENT

## *Annual variations of Unemployment rate*

**Bad news** : unemployment will continue to growth in 2010

|           | 2006  | 2007   | 2008   | 2009   | 2010  | 2011   |
|-----------|-------|--------|--------|--------|-------|--------|
| Vietnam   | -4.5% | -4.8%  | 0.0%   | 40.0%  | 42.9% | -7.5%  |
| Singapore | -4.3% | -11.1% | -22.5% | 125.8% | 22.9% | -29.1% |
| Euro zone | -6.7% | -10.7% | 0.0%   | 30.7%  | 16.3% | -12.3% |
| Thailand  | -7.7% | 0.0%   | 16.7%  | 42.9%  | 15.0% | -8.7%  |
| USA       | -9.8% | 0.0%   | 26.1%  | 53.4%  | 14.6% | -10.8% |
| Japan     | -6.8% | -4.9%  | 2.6%   | 42.5%  | 10.5% | -15.9% |
| Malaysia  | -5.7% | -3.0%  | 3.1%   | 21.2%  | 10.0% | -6.8%  |
| Indonesia | -1.8% | -15.7% | -7.7%  | 10.7%  | 9.7%  | -2.0%  |
| India     | 3.3%  | -1.1%  | 1.1%   | 2.2%   | 3.2%  | -2.0%  |
| China     | -2.4% | -2.4%  | 0.0%   | 5.0%   | 2.4%  | -2.3%  |
| Taiwan    | -4.9% | 0.0%   | 5.1%   | 51.2%  | -3.2% | -3.3%  |

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## ***Forecasted Unemployment Rate 2010-2015***

***Annual average rate% - From least to most affected countries***

***7 Asian countries have a rate of unemployment much lower Than US & Euro Zone (except for India and Indonesia)***

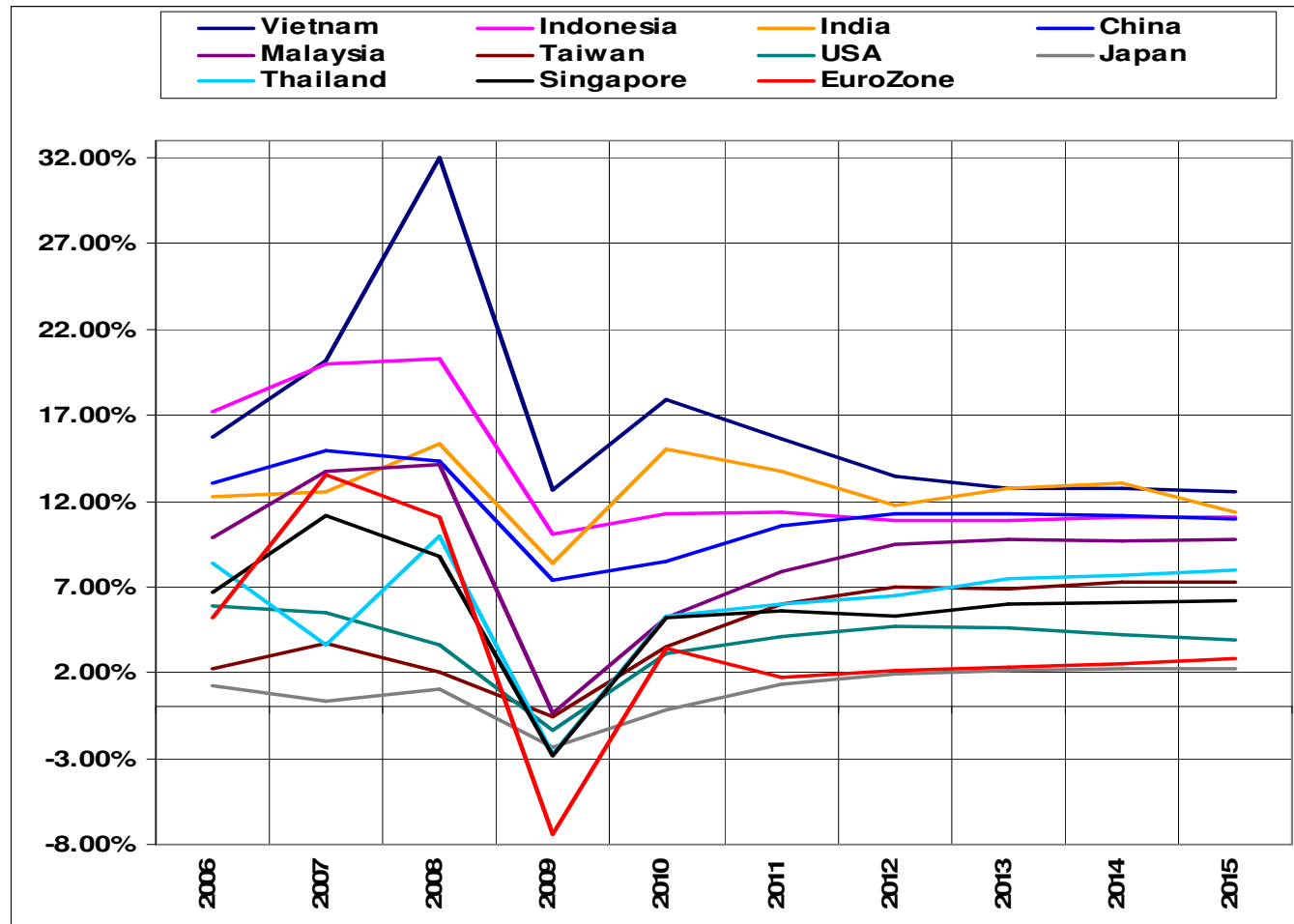
|           |      |
|-----------|------|
| Thailand  | 1.92 |
| Vietnam   | 3.10 |
| Malaysia  | 3.87 |
| China     | 4.22 |
| Japan     | 4.87 |
| Singapore | 5.68 |
| Taiwan    | 5.73 |
| USA       | 8.42 |
| India     | 9.43 |
| Euro zone | 9.48 |
| Indonesia | 9.73 |

# Private Final Consumption Expenditure Countries 2009 - (70 % of the World) – US\$ mn – Fixed 2008 Exchange Rates

**A variation of 10% of the GDP of Vietnam will not have an impact on World Economy as important as a variation of 3% of GDP of US.**

|           |         |
|-----------|---------|
| USA       | 43.35%  |
| Euro Zone | 29.99%  |
| Japan     | 12.12%  |
| China     | 7.14%   |
| India     | 3.17%   |
| Indonesia | 1.50%   |
| Taiwan    | 1.05%   |
| Thailand  | 0.64%   |
| Malaysia  | 0.44%   |
| Singapore | 0.32%   |
| Vietnam   | 0.30%   |
|           | 100.00% |

# Countries - Annual Variation of PRIVATE CONSUMPTION EXPENDITURE



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## Countries - Annual Variation of Private Consumption Expenditure%

2009 – Rank from least to most affected countries

|                  | Historic |        |        | Forecast      |        |        |        |        |        |        |
|------------------|----------|--------|--------|---------------|--------|--------|--------|--------|--------|--------|
|                  | 2006     | 2007   | 2008   | 2009          | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   |
| <b>Vietnam</b>   | 15.76%   | 20.21% | 32.03% | <b>12.64%</b> | 17.91% | 15.59% | 13.44% | 12.78% | 12.74% | 12.59% |
| <b>Indonesia</b> | 17.20%   | 19.97% | 20.27% | <b>10.08%</b> | 11.25% | 11.36% | 10.82% | 10.91% | 11.03% | 11.03% |
| <b>India</b>     | 12.23%   | 12.52% | 15.30% | <b>8.40%</b>  | 15.07% | 13.73% | 11.72% | 12.79% | 13.01% | 11.36% |
| <b>China</b>     | 13.00%   | 14.89% | 14.36% | <b>7.43%</b>  | 8.52%  | 10.58% | 11.24% | 11.25% | 11.13% | 10.95% |
| <b>Malaysia</b>  | 9.90%    | 13.72% | 14.18% | <b>-0.37%</b> | 5.23%  | 7.90%  | 9.46%  | 9.73%  | 9.63%  | 9.73%  |
| <b>Taiwan</b>    | 2.22%    | 3.68%  | 2.07%  | <b>-0.56%</b> | 3.50%  | 5.98%  | 6.99%  | 6.90%  | 7.24%  | 7.27%  |
| <b>USA</b>       | 5.90%    | 5.46%  | 3.57%  | <b>-1.36%</b> | 3.12%  | 4.15%  | 4.67%  | 4.63%  | 4.22%  | 3.95%  |
| <b>Japan</b>     | 1.28%    | 0.29%  | 1.03%  | <b>-2.32%</b> | -0.15% | 1.29%  | 1.93%  | 2.12%  | 2.22%  | 2.22%  |
| <b>Thailand</b>  | 8.38%    | 3.59%  | 9.96%  | <b>-2.78%</b> | 5.29%  | 5.96%  | 6.50%  | 7.50%  | 7.65%  | 7.98%  |

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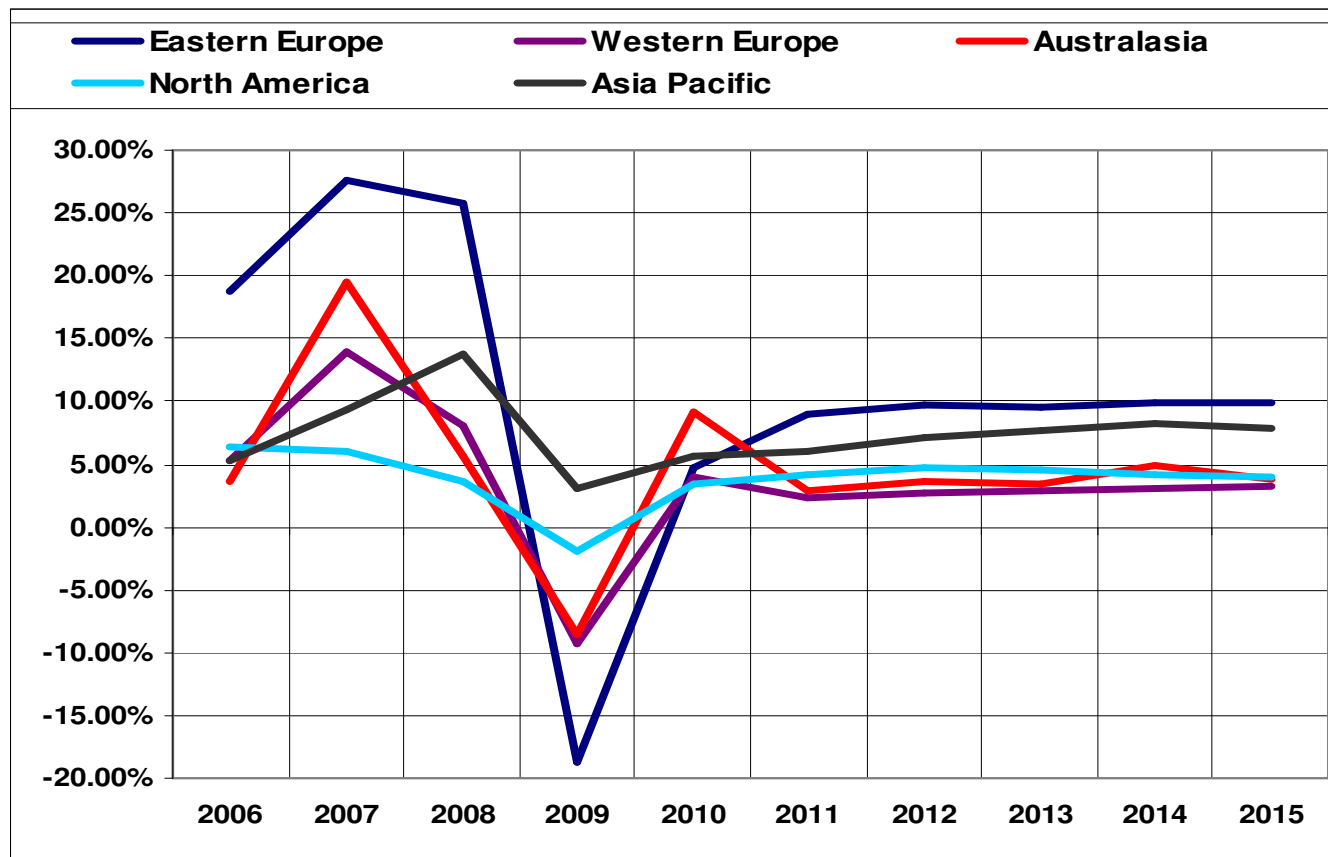
# Private Final Consumption Expenditure

*(87.98% of the World)*

***Base : US\$ mn – Fixed 2008 Exchange rate***

| <b>Regions</b> | <b>2009</b> |
|----------------|-------------|
| North America  | 35.80%      |
| Western Europe | 32.51%      |
| Asia Pacific   | 24.60%      |
| Eastern Europe | 5.21%       |
| Australasia    | 1.89%       |
| Total          | 100.00%     |

# Regions - Annual Variation of PRIVATE CONSUMPTION EXPENDITURE



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# Regions : Annual Variations of Private Consumption expenditure

2009 – Rank from most to least affected Regions

| Regions        | Historic |        |        | Forecast       |       |       |       |       |       |       |
|----------------|----------|--------|--------|----------------|-------|-------|-------|-------|-------|-------|
|                | 2006     | 2007   | 2008   | 2009           | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
| Eastern Europe | 18.73%   | 27.64% | 25.85% | <b>-18.64%</b> | 4.74% | 9.05% | 9.75% | 9.61% | 9.81% | 9.87% |
| Western Europe | 5.30%    | 13.91% | 8.05%  | <b>-9.31%</b>  | 4.05% | 2.30% | 2.75% | 2.91% | 3.01% | 3.25% |
| Australasia    | 3.59%    | 19.41% | 5.73%  | <b>-8.59%</b>  | 9.20% | 2.88% | 3.54% | 3.34% | 4.96% | 3.84% |
| World          | 7.01%    | 11.19% | 9.48%  | <b>-4.51%</b>  | 4.88% | 4.48% | 5.16% | 5.32% | 5.45% | 5.39% |
| North America  | 6.34%    | 5.96%  | 3.70%  | <b>-1.89%</b>  | 3.48% | 4.20% | 4.66% | 4.57% | 4.17% | 3.91% |
| Asia Pacific   | 5.21%    | 9.36%  | 13.76% | <b>3.04%</b>   | 5.57% | 5.94% | 7.09% | 7.59% | 8.25% | 7.79% |



## Regions & Countries : Perspectives 2010 – 2015

### Average annual growth rate of Private Consumption

**Best Perspectives for Asian Countries than for US & Euro Zone (except for Japan)**

| Countries |        |
|-----------|--------|
| Vietnam   | 14.18% |
| India     | 12.95% |
| Indonesia | 11.07% |
| China     | 10.61% |
| Malaysia  | 8.61%  |
| Thailand  | 6.81%  |
| Taiwan    | 6.31%  |
| Singapore | 5.72%  |
| USA       | 4.12%  |
| Euro Zone | 2.50%  |
| Japan     | 1.61%  |

| Regions        |              |
|----------------|--------------|
| Eastern Europe | 8.80%        |
| Asia Pacific   | 7.04%        |
| <b>World</b>   | <b>5.11%</b> |
| Australasia    | 4.63%        |
| North America  | 4.17%        |
| Western Europe | 3.05%        |

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## Regions & Countries : Perspectives 2010-2015 Comment

|                   | China         | India         |
|-------------------|---------------|---------------|
|                   | AVG 2010-2015 | AVG 2010-2015 |
| Consumption       | 10.61%        | 12.95%        |
| $\Delta$ Real GDP | 9.52%         | 7.55%         |
| Inflation         | 1.62%         | 5.03%         |

**Private consumption is the main driver of growth.**

- **How can China have a growth of 10.61% of private consumption per year and maintain an inflation rate of 1.62% per year ? Unless the supply responds to increase of demand.**
- **Idem for India ?**

# International trade

- **Annual variations 2004 – 2008**
  - Exports of Goods & Services
  - Imports of Goods & Services
- **Monthly variations from Sept. 2008 to June 2009**
  - Exports of Goods & Services
  - Imports of Goods & Services
- **Trade Balance**

# International trade

## Exports G & S : Annual variations%

(Base : Exports at fixed 2008 exchange rate – US\$ mn)

*2007-2008 : rank according to decreasing growth rate of exports*

|                      | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08      |
|----------------------|---------|---------|---------|---------|--------------|
| Indonesia            | 20.52   | 27.78   | 9.65    | 12.22   | <b>26.79</b> |
| India                | 39.50   | 27.40   | 26.40   | 9.00    | <b>20.73</b> |
| China                | 35.20   | 26.30   | 23.50   | 26.10   | <b>12.40</b> |
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# International trade

## Exports G & S : Monthly Variations Sept08 – June09

|          | Japan          | United States  | OECD Europe    | OECD Asia Oceania |
|----------|----------------|----------------|----------------|-------------------|
| Sep-2008 | 6.87%          | <b>-9.24%</b>  | 16.93%         | 3.16%             |
| Oct-2008 | <b>-0.06%</b>  | 4.33%          | <b>-6.37%</b>  | <b>-0.90%</b>     |
| Nov-2008 | <b>-20.10%</b> | <b>-12.66%</b> | <b>-18.41%</b> | <b>-19.83%</b>    |
| Dec-2008 | <b>-3.94%</b>  | <b>-7.81%</b>  | <b>-5.92%</b>  | <b>-4.19%</b>     |
| Jan-2009 | <b>-27.28%</b> | <b>-12.80%</b> | <b>-8.82%</b>  | <b>-23.93%</b>    |
| Feb-2009 | <b>-0.89%</b>  | 2.98%          | NA             | 5.73%             |
| Mar-2009 | 11.80%         | 8.69%          | NA             | 11.23%            |
| Apr-2009 | <b>-0.56%</b>  | <b>-7.70%</b>  | NA             | 0.45%             |
| May-2009 | <b>-1.50%</b>  | 3.46%          | NA             | NA                |
| Jun-2009 | 14.15%         | 3.63%          |                |                   |

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# International trade

## Imports of G & S : Annual variations%

(Base : Imports at fixed 2008 exchange rate – US\$ mn)

*2007-2208 : rank according to decreasing rate of Imports*

|           | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08                    |
|-----------|---------|---------|---------|---------|----------------------------|
| Indonesia | 35.72   | 31.26   | 3.07    | 17.26   | <b>41.35</b>               |
| India     | 41.20   | 32.70   | 25.50   | 12.00   | <b>27.71</b>               |
| Thailand  | 22.90   | 24.70   | 2.20    | 2.00    | <b>20.50</b>               |
| China     | 35.10   | 16.20   | 16.50   | 19.10   | <b>15.60</b>               |
| Vietnam   | 26.30   | 17.70   | 24.10   | 34.80   | <b>12.90</b> <sup>68</sup> |
|           |         |         |         |         |                            |

# International trade

## Imports : Monthly Variations Sept08 – June09

|          | Japan          | United States  | OECD Europe    | OECD Asia Oceania |
|----------|----------------|----------------|----------------|-------------------|
| Sep-2008 | 1.05%          | <b>-4.89%</b>  | 12.59%         | 0.07%             |
| Oct-2008 | 2.29%          | 3.28%          | <b>-7.25%</b>  | <b>-3.10%</b>     |
| Nov-2008 | <b>-17.59%</b> | <b>-21.22%</b> | <b>-16.37%</b> | <b>-17.33%</b>    |
| Dec-2008 | <b>-1.73%</b>  | <b>-6.11%</b>  | <b>-5.64%</b>  | <b>-3.51%</b>     |
| Jan-2009 | <b>-13.10%</b> | <b>-11.57%</b> | <b>-9.34%</b>  | <b>-11.57%</b>    |
| Feb-2009 | <b>-24.07%</b> | <b>-10.62%</b> | NA             | <b>-17.54%</b>    |
| Mar-2009 | 14.24%         | 10.72%         | NA             | 10.81%            |
| Apr-2009 | <b>-1.92%</b>  | <b>-1.52%</b>  | NA             | 0.10%             |

# International trade

## Countries : Balance US\$ - mn

(no TB in local currencies available)

|           | 2005                 | 2006           | 2007           | 2008            |
|-----------|----------------------|----------------|----------------|-----------------|
| China     | 102'000              | 177'775        | 261'536        | 297'040         |
| Malaysia  | 26'459               | 29'493         | 29'253         | 45'263          |
| Japan     | 79'983               | 70'357         | 80'709         | 23'838          |
| Singapore | 29'602               | 33'097         | 36'117         | 18'422          |
| Indonesia | 11'090               | 24'712         | 25'640         | 17'873          |
| Taiwan    | 15'208               | 20'696         | 26'729         | 14'372          |
| Euro Zone | 74'921               | 14'585         | 69'424         | 13'720          |
| Thailand  | <b>-7'980</b>        | 2'080          | 12'305         | <b>-5'914</b>   |
| Vietnam   | <b>-4'536</b>        | <b>-4'805</b>  | <b>-12'567</b> | <b>-18'355</b>  |
| India     | <b>-43'222</b>       | <b>-54'381</b> | <b>-69'848</b> | <b>-115'843</b> |
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## International trade

### Regions : Trade Balance US\$ - mn

|                       | 2005            | 2006            | 2007            | 2008            |
|-----------------------|-----------------|-----------------|-----------------|-----------------|
| <b>Asia Pacific</b>   | 209'365         | 290'334         | 373'536         | 231'742         |
| <b>Eastern Europe</b> | 37'642          | 29'141          | <b>-19'405</b>  | <b>-9'601</b>   |
| <b>Australasia</b>    | <b>-23'954</b>  | <b>-19'956</b>  | <b>-28'169</b>  | <b>-17'113</b>  |
| <b>Western Europe</b> | 6'593           | <b>-59'221</b>  | <b>-82'712</b>  | <b>-107'806</b> |
| <b>North America</b>  | <b>-797'315</b> | <b>-849'279</b> | <b>-826'641</b> | <b>-830'066</b> |

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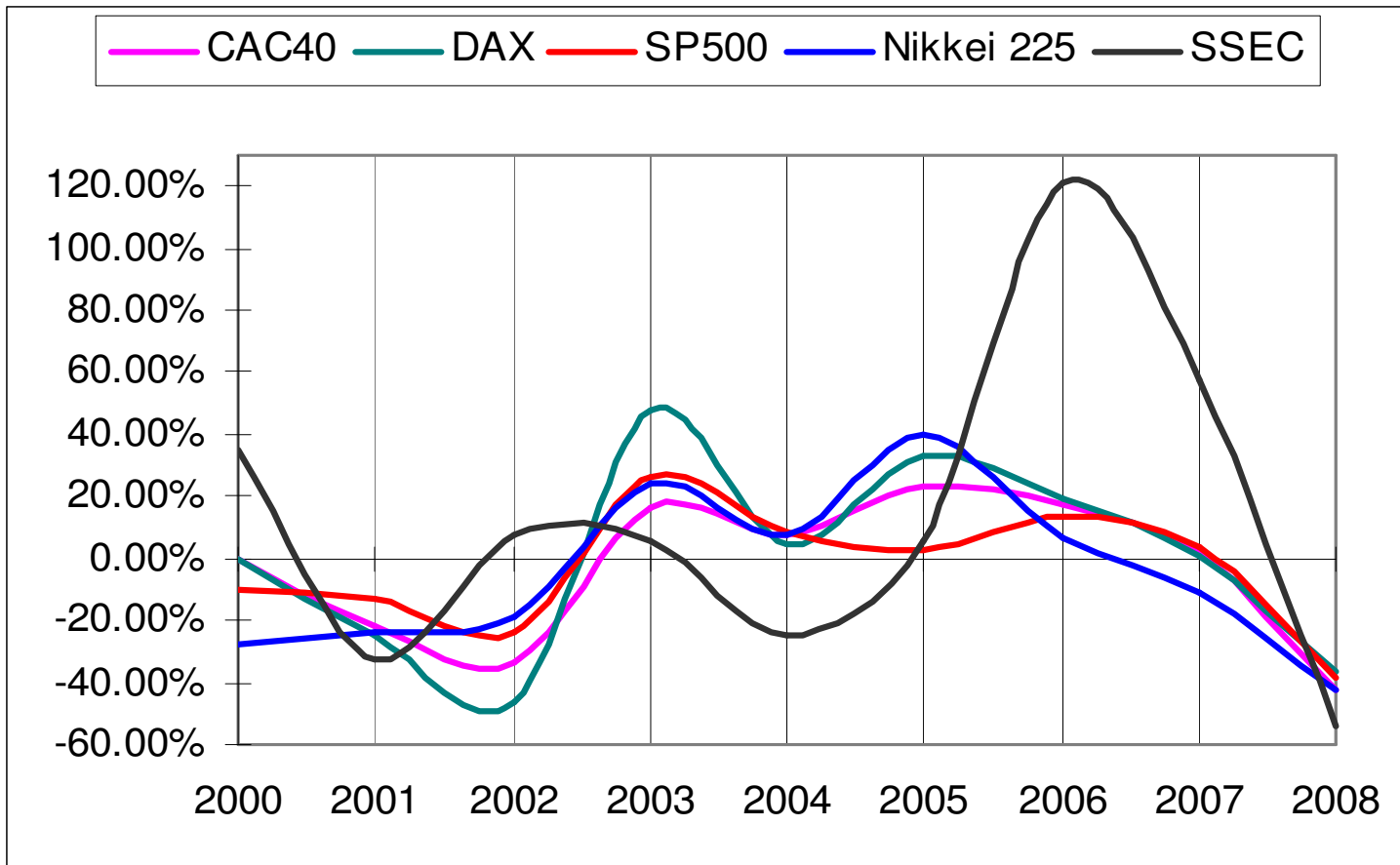
# International trade

An equilibrium of trade balance contributes to the stability of the local currency on foreign exchange markets

Consequences of a depreciation of a currency in case of a negative balance (case of US) :

- **Exports cheaper :**
  - Advantage : increase the competitiveness of US products on foreign markets
- **Imports more expensive**
  - **Risk** : imported inflation
- For example, will China be able to continue to export to US or develop its domestic market to compensate a decrease of its exports ?

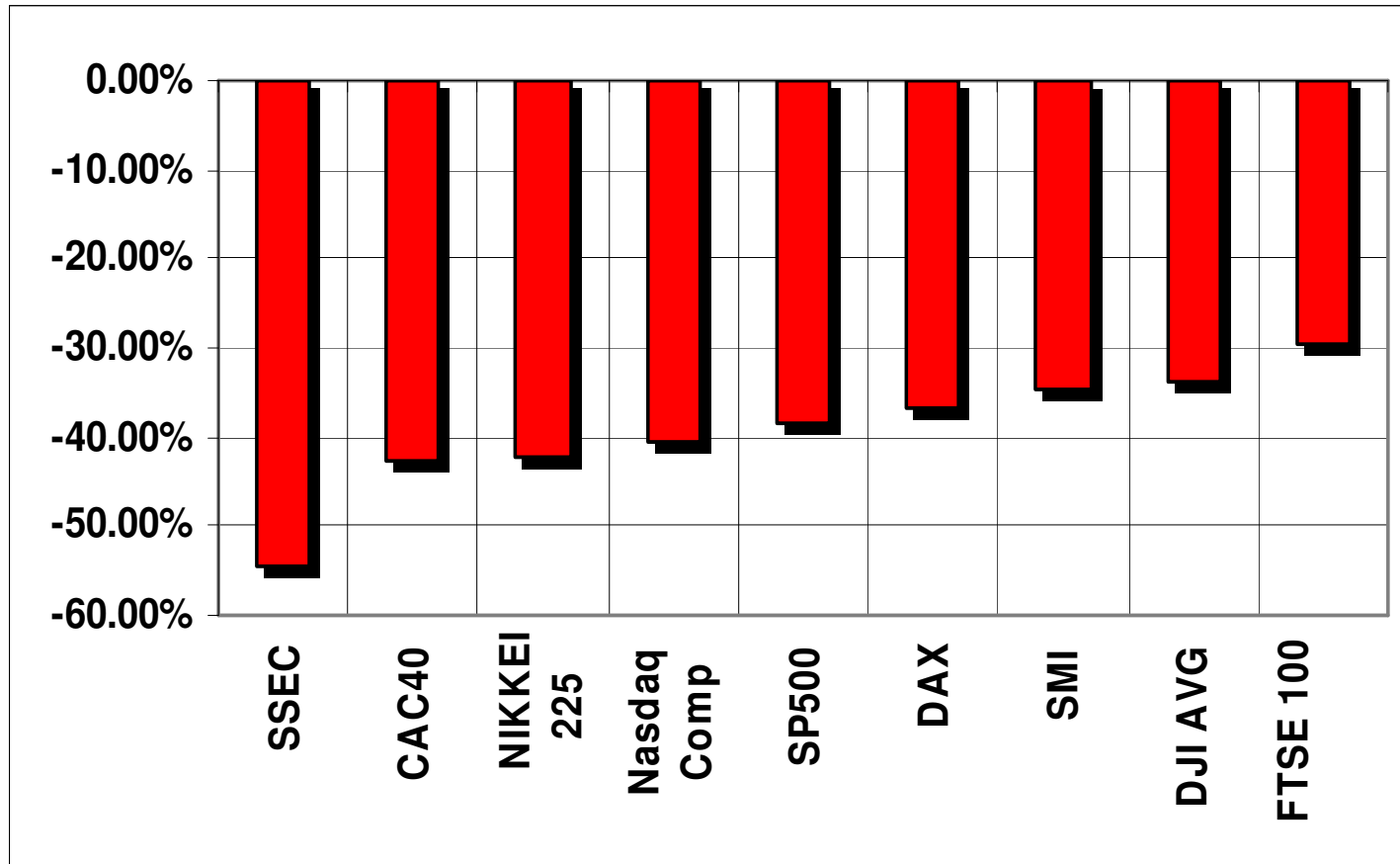
# Capital Markets



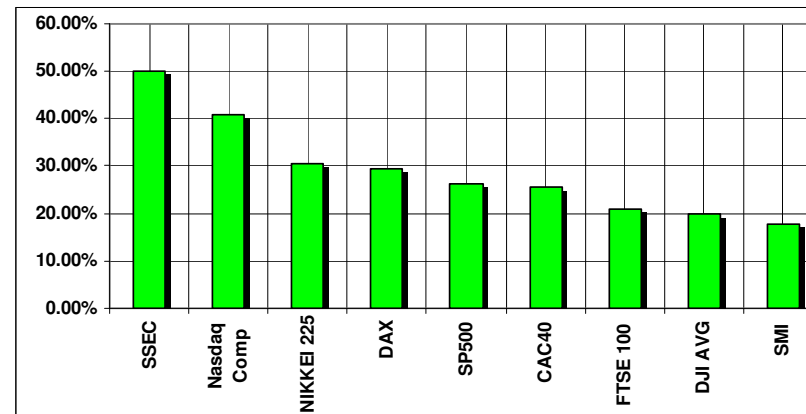
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# Variations of Indices in 2008

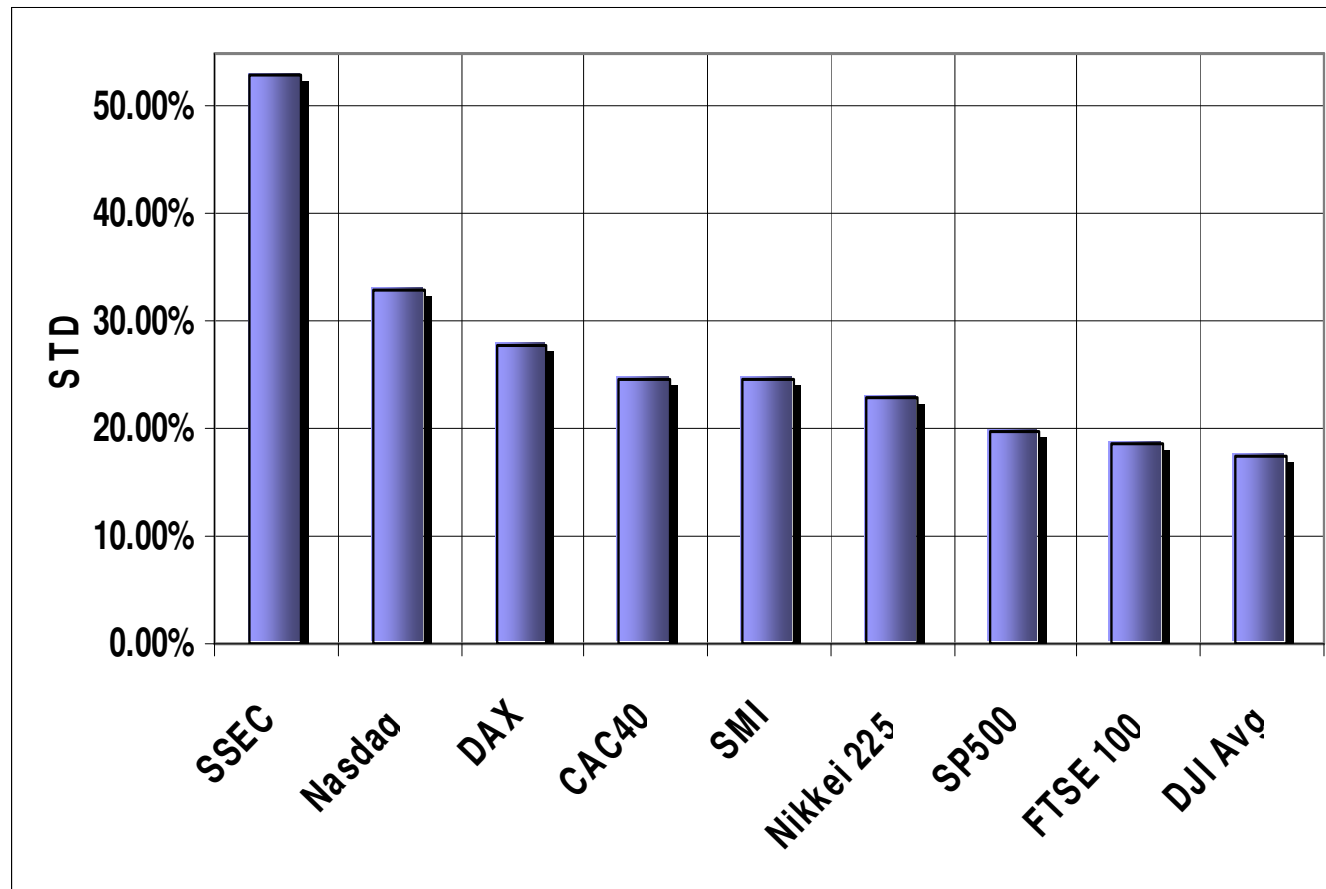


# Variations of indices – From 2nd Jan. to 1st Sept. 2009



# Volatility of Indices 1992 – 2008

For SSEC : from 1999



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# Market Capitalisation

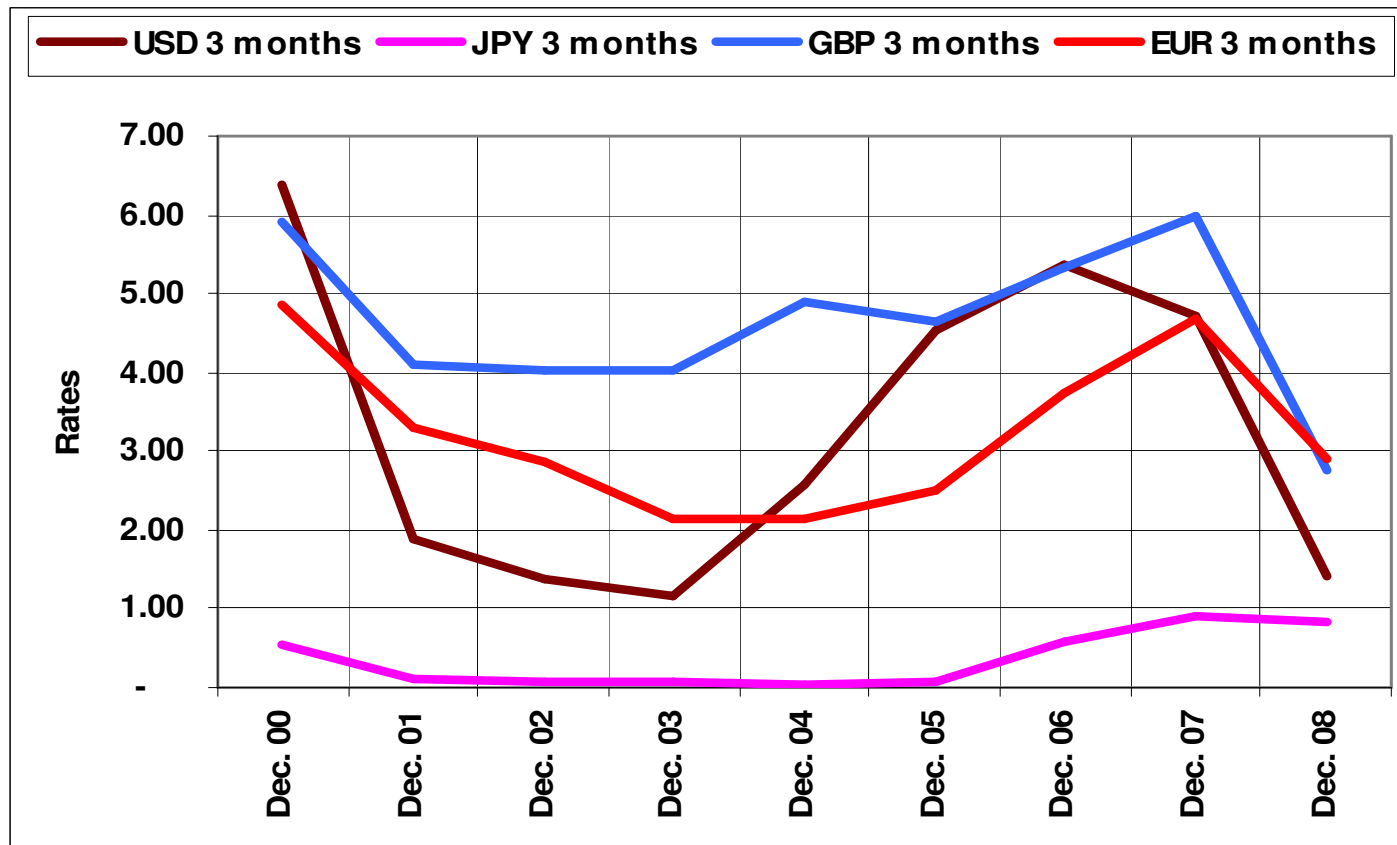
US\$ mn - Fixed 2008 Exchange Rates - Value at Current Price

|                         | 2007                 | 2008              | 2009              |
|-------------------------|----------------------|-------------------|-------------------|
| <b>USA</b>              | <b>19'947'284</b>    | <b>18'583'291</b> | <b>16'430'060</b> |
| <b>Euro Zone</b>        | <b>10'477'937</b>    | <b>9'090'166</b>  | <b>7'084'738</b>  |
| <b>Japan</b>            | <b>5'073'917</b>     | <b>4'033'987</b>  | <b>3'309'440</b>  |
| <b>China</b>            | <b>6'816'687</b>     | <b>2'793'613</b>  | <b>1'922'045</b>  |
| <b>Hong Kong, China</b> | <b>1'164'744</b>     | <b>1'059'812</b>  | <b>849'716</b>    |
| <b>India</b>            | <b>1'728'924</b>     | <b>645'478</b>    | <b>634'670</b>    |
| <b>Singapore</b>        | <b>377'258</b>       | <b>268'758</b>    | <b>205'521</b>    |
| <b>Total</b>            | <b>45'586'751</b>    | <b>36'475'104</b> | <b>30'436'189</b> |
|                         | <b>Loss of Value</b> | <b>-9'111'647</b> | <b>-6'038'915</b> |

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# Money Market Rates

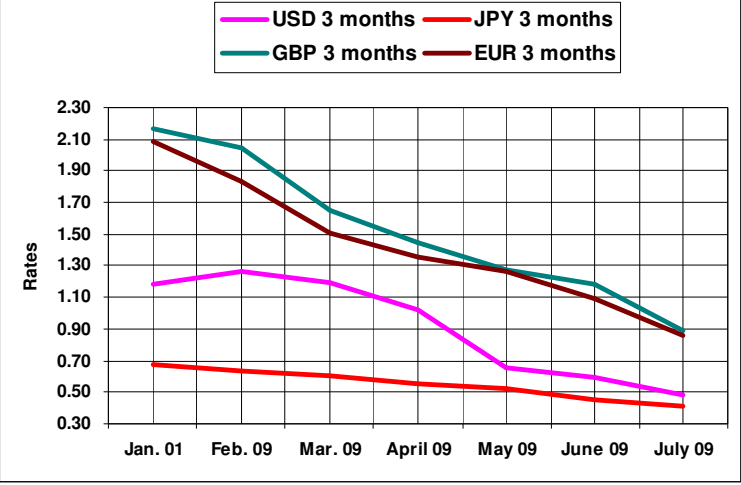


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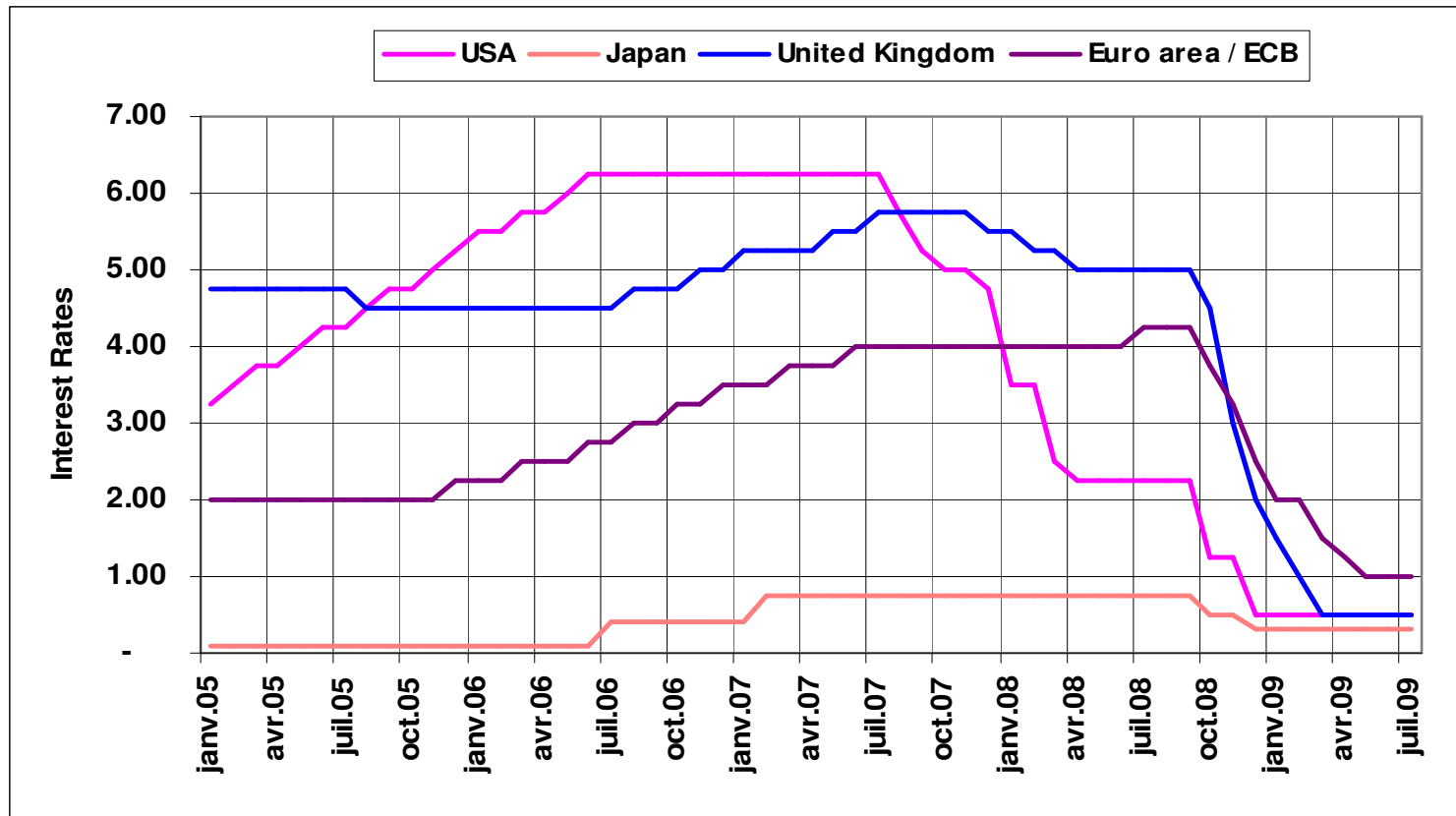
# Money Market Rates Jan. 09 – July 09



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# Money Markets

## Official Interest Rates (Central Banks)



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# Capital Market Comments

- **Important increases of stock market in 2009.**  
Investors anticipate a take off of the real economy. (It is quicker to recover a loss in stock exchange than in real economy). Unemployment will continue to drag until 2010 because it takes more time for the real economy to recover the growth.
- We observe a **high volatility** on stock market.  
Therefore, on base only on observation of stock market, can we conclude that real economy will recover a positive growth in 2010 and beyond?
- **Official interest rates** : we will see later the possible consequences of very low rates on investments

# TOURISM

- **Arrivals**
- **Domestic & International Demand**
- **Hotel bed occupancy rates - % of beds occupied**
- **Tourism Receipts**

*Note : No forecast available from 2010 et beyond*

# Tourist Arrivals 2008

| Visited Countries<br>▼ | Tourists Arrivals from... ▼ (% of total arrivals) |        |          |
|------------------------|---|--------|----------|
|                        | East Asia and the Pacific & South Asia            | Europe | Americas |
| <b>China</b>           | 92.91%  | 4.89%  | 1.81%    |
| <b>Malaysia</b>        | 90.92%  | 4.02%  | 2.36%    |
| <b>Singapore</b>       | 81.14%  | 12.13% | 5.05%    |
| <b>Indonesia</b>       | 80.38%  | 14.19% | 3.92%    |
| <b>Japan</b>           | 77.60%  | 10.32% | 11.82%   |
| <b>Taiwan</b>          | 77.51%  | 6.24%  | 15.32%   |
| <b>Vietnam</b>         | 70.23%  | 16.58% | 13.15%   |
| <b>Thailand</b>        | 64.50%  | 26.76% | 5.62%    |
| <b>India</b>           | 34.54%  | 38.98% | 21.38%   |
| <b>USA</b>             | 22.76%  | 12.19% | 63.64%   |
| <b>Euro Zone</b>       | 3.33%   | 89.13% | 6.76%    |

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## Arrivals 2007 – 2009

### Annual variations%

|  | Historic |      | Forecast | Weighting |
|--|----------|------|----------|-----------|
|  | 2007     | 2008 | 2009     | 2009      |
| <b>China</b>                           |          |      |          |           |
| Americas                               | -53%     | -16% | -15%     | 2%        |
| Europe                                 | -50%     | -11% | -13%     | 5%        |
| East Asia and the Pacific & South Asia | 22%      | -3%  | -5%      | 93%       |
| <b>Malaysia</b>                        |          |      |          |           |
| Americas                               | 54%      | 6%   | -9%      | 2%        |
| Europe                                 | 26%      | 3%   | -9%      | 4%        |
| East Asia and the Pacific & South Asia | 18%      | 5%   | -8%      | 94%       |
| <b>Japan</b>                           |          |      |          |           |
| Americas                               | 2%       | -5%  | -9%      | 11%       |
| Europe                                 | 10%      | -3%  | -8%      | 10%       |
| East Asia and the Pacific & South Asia | 17%      | 3%   | -3%      | 79%       |

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# Arrivals 2007 – 2009

## Annual variations%

|  | Historic |      | Forecast | Weighting |
|--|----------|------|----------|-----------|
|  | 2007     | 2008 | 2009     | 2009      |
| <b>USA</b>                             |          |      |          |           |
| Americas                               | 8%       | 4%   | -7%      | 65%       |
| Europe                                 | 8%       | 2%   | -8%      | 12%       |
| East Asia and the Pacific & South Asia | 18%      | 5%   | -7%      | 23%       |
| <b>Vietnam</b>                         |          |      |          |           |
| Americas                               | 22%      | 2%   | -6%      | 13%       |
| Europe                                 | 45%      | 3%   | -5%      | 17%       |
| East Asia and the Pacific & South Asia | 13%      | 2%   | -8%      | 70%       |
| <b>Singapore</b>                       |          |      |          |           |
| Americas                               | 2%       | -3%  | -3%      | 5%        |
| Europe                                 | 4%       | -4%  | -5%      | 12%       |
| East Asia and the Pacific & South Asia | 5%       | -1%  | -3%      | 83%       |

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# Arrivals 2007 – 2009

## Annual variations%

|  | Historic |      | Forecast | Weighting |
|--|----------|------|----------|-----------|
|  | 2007     | 2008 | 2009     | 2009      |
| <b>Taiwan</b>                          |          |      |          |           |
| Americas                               | 3%       | 2%   | -3%      | 15%       |
| Europe                                 | 10%      | 3%   | -3%      | 6%        |
| East Asia and the Pacific & South Asia | 6%       | 4%   | -2%      | 79%       |
| <b>Thailand</b>                        |          |      |          |           |
| Americas                               | -1%      | -3%  | -2%      | 6%        |
| Europe                                 | 11%      | -1%  | 0%       | 28%       |
| East Asia and the Pacific & South Asia | 2%       | -3%  | -3%      | 66%       |
| <b>Euro Zone</b>                       |          |      |          |           |
| Americas                               | 2%       | 2%   | 3%       | 7%        |
| Europe                                 | 4%       | -1%  | -1%      | 89%       |
| East Asia and the Pacific & South Asia | 1%       | 2%   | 2%       | 3%        |



# Arrivals 2007 – 2009

## Annual variations%

|  | Historic |      | Forecast | Weighting  |
|--|----------|------|----------|------------|
|  | 2007     | 2008 | 2009     | 2009       |
| <b>India</b>                           |          |      |          |            |
| Americas                               | 16%      | 6%   | 4%       | 23%        |
| Europe                                 | 19%      | 6%   | 4%       | <b>41%</b> |
| East Asia and the Pacific & South Asia | 9%       | 4%   | 2%       | 36%        |
| <b>Indonesia</b>                       |          |      |          |            |
| Americas                               | 19%      | 12%  | 10%      | 4%         |
| Europe                                 | 9%       | 12%  | 10%      | 15%        |
| East Asia and the Pacific & South Asia | 14%      | 15%  | 9%       | <b>82%</b> |

## Arrivals 2009

### From East Asia and the Pacific & South Asia

**Note** : no forecasts available for 2010 and over.

**Message :**

Arrivals are mainly **intra Region** : East Asia and Pacific & South Asia.

That means that a decrease of arrivals from US or Europe will not affect seriously economies of asian countries.

For example, arrivals in China from Europe are supposed to decrease of 13% but it represents only 5% of total arrivals. It has note the same effect than a decrease of 5% of arrivals from East countries representing 93.8% of total arrivals.

|           | Forecast | Weighting |
|-----------|----------|-----------|
| Indonesia | 9.4%     | 81.5%     |
| India     | 2.2%     | 35.9%     |
| Taiwan    | -1.7%    | 78.5%     |
| Singapore | -2.5%    | 82.8%     |
| Thailand  | -2.8%    | 66.1%     |
| Japan     | -3.2%    | 78.8%     |
| China     | -5.2%    | 93.8%     |
| Vietnam   | -7.6%    | 69.8%     |
| Malaysia  | -8.4%    | 93.5%     |

## Demand : Domestic tourist nights Annual Variations%

|           | Historic      | Forecast      |
|-----------|---------------|---------------|
|           | 2007-2008     | 2008-2009     |
| China     | 8.70%         | 10.02%        |
| Indonesia | 6.42%         | 6.83%         |
| Euro Zone | 2.42%         | 2.60%         |
| Vietnam   | 2.10%         | 1.91%         |
| Malaysia  | 2.26%         | 1.70%         |
| Thailand  | 1.52%         | 1.56%         |
| Japan     | <b>-1.65%</b> | <b>-0.70%</b> |

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## Demand : International tourist nights Annual Variations%

|           | Historic      | Forecast  |
|-----------|---------------|-----------|
|           | 2007-2008     | 2008-2009 |
| Vietnam   | 3.10%         | 25.45%    |
| Indonesia | <b>-9.93%</b> | 6.08%     |
| USA       | 3.35%         | 5.20%     |
| China     | <b>-1.33%</b> | 4.36%     |
| Malaysia  | 2.36%         | 4.12%     |
| Thailand  | 0.13%         | 3.58%     |
| Singapore | 10.02%        | 2.64%     |
| Euro Zone | 2.59%         | 1.41%     |
| Taiwan    | <b>-2.15%</b> | 1.01%     |

## Proportions of Domestic & International Nights – 2009

| 2009      | Domestic | International |
|-----------|----------|---------------|
| China     | 72%      | 28%           |
| Euro Zone | 52%      | 48%           |
| Indonesia | 37%      | 63%           |
| Malaysia  | 58%      | 42%           |
| Thailand  | 55%      | 45%           |
| Vietnam   | 68%      | 32%           |

## OCCUPANCY : Annual Variations % of beds occupied

### 2009 : RANK FROM LEAST TO MOST AFFECTED COUNTRIES

|  | Historic      |       |                |                |                | Forecast      |
|--|---------------|-------|----------------|----------------|----------------|---------------|
|  | 2004          | 2005  | 2006           | 2007           | 2008           | 2009          |
| <b>USA</b>                                     | 0.33%         | 2.94% | 0.32%          | <b>-0.32%</b>  | <b>-0.32%</b>  | <b>1.75%</b>  |
| <b>Taiwan</b>                                  | 16.31%        | 9.76% | <b>-3.89%</b>  | <b>-2.89%</b>  | <b>5.36%</b>   | <b>0.85%</b>  |
| <b>Indonesia</b>                               | <b>-3.78%</b> | 5.08% | 1.54%          | 1.52%          | <b>9.17%</b>   | <b>-0.39%</b> |
| <b>Singapore</b>                               | 19.94%        | 3.97% | 1.67%          | 2.11%          | <b>-18.39%</b> | <b>-0.56%</b> |
| <b>Thailand</b>                                | <b>-2.59%</b> | 7.98% | <b>-18.13%</b> | <b>-17.63%</b> | <b>-2.09%</b>  | <b>-2.40%</b> |
| <b>China</b>                                   | 8.02%         | 0.66% | 0.00%          | 0.00%          | <b>-0.66%</b>  | <b>-6.11%</b> |
| <b>Japan</b>                                   | 1.27%         | 1.81% | 8.07%          | 11.39%         | <b>-1.25%</b>  | <b>-6.21%</b> |
| <i>Note : no forecast from 2010 and beyond</i> |               |       |                |                |                |               |
| <b>India</b>                                   | 7.25%         | 3.99% | <b>-10.78%</b> | <b>-1.32%</b>  | <b>-3.36%</b>  | <b>-8.33%</b> |

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## Hotel bed occupancy rates%

| Years     | 2008 | 2009 | AVG 04-08 |
|-----------|------|------|-----------|
| Singapore | 71.0 | 70.6 | 79.1      |
| Japan     | 86.9 | 81.5 | 78.3      |
| Taiwan    | 70.8 | 71.4 | 66.9      |
| Malaysia  | 64.8 | 57.1 | 63.0      |
| USA       | 62.9 | 64.0 | 62.5      |
| India     | 57.6 | 52.8 | 61.9      |
| China     | 60.6 | 56.9 | 60.1      |
| Vietnam   | 41.0 | 31.2 | 48.9      |
| Thailand  | 37.5 | 36.6 | 47.6      |
| Indonesia | 51.2 | 51.0 | 46.4      |

*Note : no forecast for 2010 and beyond*

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# Tourism Receipts

## *Annual variations%*

**Tourism receipts** : Tourism receipts are defined as **expenditure of international inbound visitors** including their payments to national carriers for international transport. They should also include any other prepayments made for goods/services received in the destination country. They should in practice also include receipts from same-day visitors, except in cases when these are so important as to justify a separate classification

| Countries            | 2007  | 2008  | 2009          | Weighting 2009 |
|----------------------|-------|-------|---------------|----------------|
| <b>Euro Zone</b>     | 13.1% | 10.1% | <b>-10.6%</b> | 54.0%          |
| <b>USA</b>           | 11.7% | 7.2%  | <b>-2.4%</b>  | 24.4%          |
| <b>China</b>         | 9.7%  | 3.8%  | <b>-0.1%</b>  | 7.5%           |
| <b>Thailand</b>      | 24.4% | 1.2%  | <b>-4.1%</b>  | 3.2%           |
| <b>Japan</b>         | 10.3% | 26.5% | 9.3%          | 2.5%           |
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# Foreign direct investment FDI

## FDI inflows

- *Inflows of FDI in the reporting economy comprise capital provided (either directly or through other related enterprises) by a foreign direct investor to an enterprise resident in the economy (FDI enterprise).*

## FDI outflows

- *Outflows of FDI in the reporting economy comprise capital provided (either directly or through other related enterprises) by a company resident in the economy (foreign direct investor) to an enterprise resident in another country (FDI enterprise).*

# FDI : Warning

**UNCTAD** (*United Nations Conference on Trade and Development*) compiles FDI statistics **based on national international sources**. There is an **apparent lack of comparability of FDI data reported by different countries**. The methodology for compiling these data varies between countries. For a given transaction, host country and Home country often do not register it in exactly the same way.

For example, country A may include re-invested earnings in its outflow statistics while country B receiving this FDI may not include the earnings in its inflow statistics. Furthermore, corporate accounting practices and valuation methods differ between countries. These two factors lead to **discrepancies** in FDI data.

**Note** : on ***DB Euromonitor International*** no data available from 2009 and beyond. ***OECD DB*** gives data for members until 2008, but as the amounts are different, it's not comparable.

## FDI inflows Annual variations%

|           | 05-06          | 06-07  | 07-08         |
|-----------|----------------|--------|---------------|
| Euro Zone | 1.5%           | 82.7%  | <b>-49.7%</b> |
| Taiwan    | 361.6%         | 5.6%   | <b>-32.9%</b> |
| Singapore | 83.8%          | 8.1%   | <b>-32.4%</b> |
| Thailand  | 10.5%          | 8.3%   | <b>-13.3%</b> |
| Malaysia  | 44.4%          | 29.9%  | <b>-7.0%</b>  |
| Japan     | <b>-322.9%</b> | 431.2% | <b>-2.8%</b>  |
| China     | <b>-4.0%</b>   | 69.1%  | <b>-2.5%</b>  |
| USA       | 115.9%         | 13.4%  | 15.9%         |
| Vietnam   | 19.8%          | 182.7% | 20.9%         |
| Indonesia | <b>-44.4%</b>  | 40.7%  | 27.7%         |
| India     | 174.7%         | 12.8%  | 74.0%         |

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## FDI Outflows Annual variations%

|           | 05-06          | 06-07          | 07-08          |
|-----------|----------------|----------------|----------------|
| Singapore | 13.17%         | 74.45%         | <b>-65.73%</b> |
| Vietnam   | 31.96%         | 77.70%         | <b>-32.52%</b> |
| Euro Zone | 0.70%          | 61.93%         | <b>-21.18%</b> |
| USA       | 575.83%        | 62.75%         | <b>-16.71%</b> |
| Taiwan    | 24.01%         | 51.55%         | <b>-11.11%</b> |
| India     | 394.85%        | 9.95%          | 7.68%          |
| Malaysia  | 98.29%         | 70.77%         | 23.05%         |
| Indonesia | <b>-16.06%</b> | 71.16%         | 33.91%         |
| Thailand  | 82.96%         | 73.56%         | 47.68%         |
| Japan     | 16.50%         | 48.31%         | 56.25%         |
| China     | 82.12%         | <b>-23.37%</b> | 187.38%        |

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# FDI 2008

## Comparison Inflows - Outflows

|           | Inflows | Outflows | In - Out |
|-----------|---------|----------|----------|
| USA       | 319'740 | 332'010  | -12'270  |
| Euro Zone | 306'428 | 704'923  | -398'496 |
| China     | 147'791 | 53'471   | 94'320   |
| India     | 41'554  | 17'685   | 23'869   |
| Japan     | 24'550  | 130'820  | -106'270 |
| Singapore | 22'725  | 8'928    | 13'797   |
| Thailand  | 10'090  | 2'838    | 7'252    |
| Indonesia | 8'340   | 5'900    | 2'440    |
| Malaysia  | 8'053   | 14'059   | -6'006   |
|           |         |          |          |

# REAL ESTATE

Concerning Real Estate, data are fragmented and dispersed in many DB and Websites. As there is no standardization, it's difficult to make comparisons.

Unlike stocks and bonds, one cannot simply open the *Wall Street Journal* or visit financial DB to obtain past data (returns, investments, indices, sales,..) from residential buildings in Geneva or in Paris.

# REAL ESTATE

Following the slides used in this presentation, you will find some figures on real Estate in Asia.

In 2009, Hotels Price indices are increasing in Singapore, Thailand, Malaysia, Indonesia and Australia. (Data Stream)

The report of HVS “*2009 Asia Hotel Valuation Index (HVI)*” shows a decrease of value per room in all locations observed in 2008.

# REAL ESTATE

Official interest rates are very low today.

- **Consequences** : Bank short & long term interest rates (mortgages,...) are low. This should encourage Investments.
- **Question ?** In what kind of Assets all this ocean of money put on the market by governments & Central bank will be invested ? In Hotels, in Serviced apartments, or in other assets ?
- **Investments in Real Estate** : The land is not extensible (Singapore, Tokyo,..) Therefore, if Demand increases for accommodation, the value created will come from the prices and not from volume.



# REAL ESTATE

Will interest rates stay so low for a long time ?

It is not sure, but opinions are divided ?

**Two possible reasons to be sceptical :**

**1. Negative Trade Balance US :** imported inflation

→ increase of interest rates (it's the role of Central Bank to stabilize prices)

→ slow down of investments & Economy – raise of unemployment, etc, etc, and finally, a new recession

**2. An Ocean of money put on the market by governments & central banks, which finally will run in the real economy.**

→  $\Delta M > \Delta \text{Production}$  →  $\Delta \text{Prices} = \text{inflation}$

Remember : Forecast Inflation US 2010-2015 : 2,07% per year.

# From the macro environment to the company

## External Value Drivers

| Macroeconomic environment             | Monetary aggregates   | Capital & Debt Markets |
|---------------------------------------|-----------------------|------------------------|
| GDP                                   | Central bank policy   | Accounting regulations |
| Private consumption                   | Interest rates        | Stock market           |
| Consumer taxes                        | M1, M2, M3            | Bond market            |
| Consumption confidence index          | Labor Market          | Mortgage market        |
| Gross fixed capital formation         | Unemployment rate     | Corporate tax rate     |
| Inflation rate                        | Labor Supply & Demand | Financial performance  |
| Export & Import                       | Labor cost            | Others                 |
| Exchange rates                        | Social contribution   | Energy cost            |
| Population growth rate & distribution | Health insurance      | Water supply           |
| Means of Transportation & costs       | Level of education    | Fossil fuel            |
|                                       | Regulations           |                        |

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## From the macro environment to the company

### External Value Drivers

| Tourist sector          | Accommodation sector                         |
|-------------------------|--|
| Domestic tourists       | Development of National Overnight stays      |
| Foreign tourists        | Development of International Overnight stays |
| Employment              | Overnight stays by country                   |
| Travel behaviour        | Capacity, Overnight stays & Occupancy        |
| Destinations            | Destinations                                 |
| Means of transportation | F&B sector                                   |
| Arrivals                | Business Sizes & Types                       |
| Tourism expenditures    | Cost structure                               |
|                         | Turnover per business                        |
|                         | Food supply                                  |
|                         | Beverage supply                              |

# From the macro environment to the company

## External Value Drivers

| Hospitality Market            |
|-------------------------------|
| Income Level                  |
| Local transportation network  |
| Local economy activity        |
| Special Events                |
| Attraction                    |
| National Business Demand      |
| National Demand leisure       |
| National Demand MICE          |
| International Business Demand |
| International leisure Demand  |
| International MICE Demand     |
| Supply business               |
| Supply leisure                |
| Supply MICE                   |
| Distribution channel          |

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# From the macro environment to the company Internal Value Drivers

| Hospitality Firm    | Labor                         | Finance                  |
|---------------------|-------------------------------|--------------------------|
| Occupancy rate      | Recruitment                   | Amortization             |
| ADR                 | Education                     | Interest expenses        |
| REVPAR              | HR Allocation                 | Corporate Taxes expenses |
| Market Share        | Absenteeism                   | Change in WC             |
| Penetration rate    | Employee satisfaction         | Change in WCR            |
| GOPAR               | Employees turnover            | Cost of Debt             |
| Contributive margin | Number of full-time employees | Cost of Equity           |
| Operating cash flow | Average labour cost           | WACC                     |
| <b>F &amp; B</b>    | Total Labour cost             | NPV                      |
| Seat turnover       |                               | EVA                      |
| Average check       |                               | EMV                      |
| Contributive margin |                               | MVA                      |
| F & B Revenue       |                               | <b>Others</b>            |
| Operating cash flow |                               | Maintenance cost         |
|                     |                               | Utility cost             |
|                     |                               | Energy cost              |
|                     |                               | Etc                      |

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## From the macro environment to the company

All these “**Value Drivers**” can affect positively or negatively the **value creation** for the company and shareholders.

**Accor Group 2008** : an Economic Value Added (EVA) of 360 million€ but a loss in market capitalisation of 4,9 billion €.

But don't forget that **Economy is not mathematical. Experience, good sense, feeling, intuition, Confidence in Economy, are also part of investment decisions.**

## Final comments

- **From a mid-term point of view**, many aggregates show us that Asian countries are less affected by the crisis and have better opportunities than Europe and US. One of an explanation is that Asian countries have been more careful following the crisis in 1997.
- **From a long-term point of view**, In addition to major problems we have seen before, as demographic growth, Peak Oil and Water Scarcity, we are deeply concerned by Climates changes, which need global actions and solutions.
- To get a **green label** is a good thing, but it's not enough to solve major global problems.
- However, real **opportunities of investment** exist in sustainable development, such as in renewable energies, saving energies, etc **Japan** is a world leader in Ecobusiness. In Japan this Business is expected to grow to US\$ 483 billion by 2010 and US\$ 596 billion in 2020.

# **Climate changes**

## **Our beautiful Planet ! Is it worth to preserve it ?**



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# Climate changes

Beautiful ! (*Cervin – 4478 m*)



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# Climate changes

A reason to be anxious !

**Aletesch glacier – 1905 – 2005 – Switzerland**



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**Thank you for your attention !**

# Sources of Data

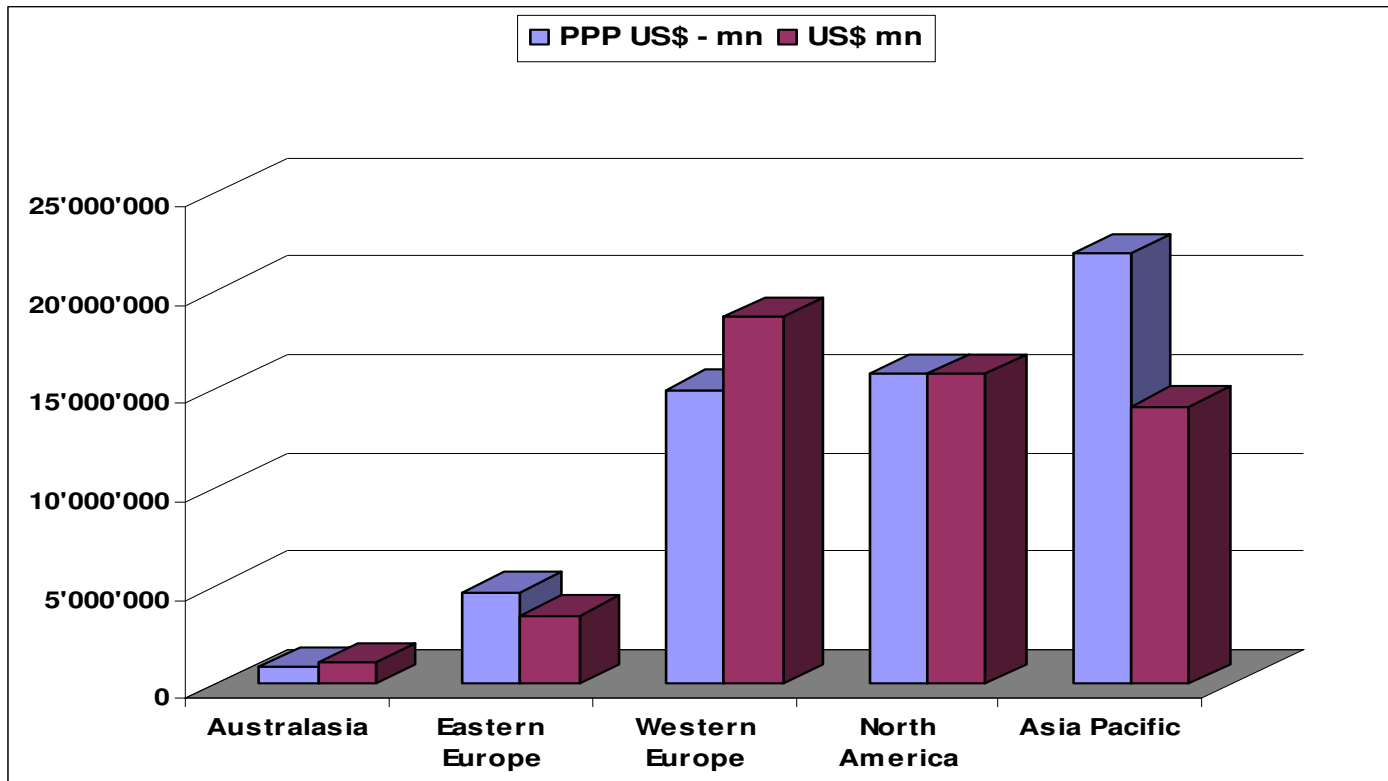
- DB Euromonitor International
- DB OCDE (Organisation for Economic Cooperation & Development)
- DB Data Stream
- IMF (International Monetary Fund)
- UNCTAD (United Nations Conference on Trade & Development)
- World Bank
- International Labour Organisation
- World Tourism Organisation
- Swiss National Bank

# Other Data

# Comparison of Regions

## GDP 2008 - PPP vs Current prices US\$ mn

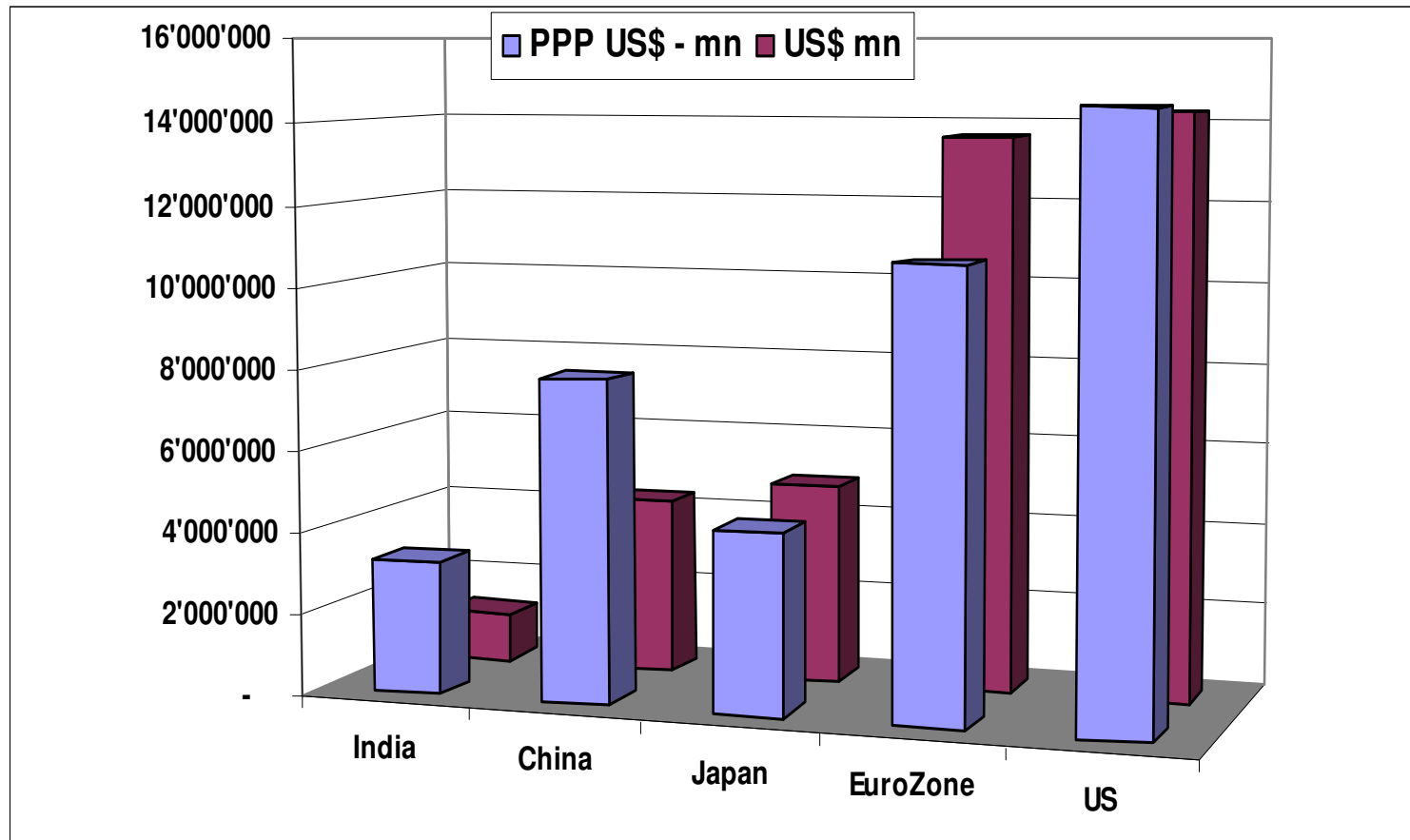
*PPP (Purchasing power parity) allows us to make more accurate comparisons of standards of living across countries*



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## Comparison of 5 Countries GDP 2008 - PPP vs US\$ mn



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# Arrivals 2008 –'000

| Visited Countries ▼ | Tourist Arrivals from ▼ |         |                                  |
|---------------------|-------------------------|---------|----------------------------------|
|                     | Americas                | Europe  | East Asia & Pacific & South Asia |
| China               | 950                     | 2'574   | 48'859                           |
| India               | 1'142                   | 2'082   | 1'845                            |
| Japan               | 998                     | 871     | 6'548                            |
| Indonesia           | 246                     | 892     | 5'050                            |
| Malaysia            | 520                     | 886     | 20'041                           |
| Singapore           | 395                     | 949     | 6'353                            |
| Taiwan              | 589                     | 240     | 2'981                            |
| Vietnam             | 569                     | 717     | 3'037                            |
| Thailand            | 792                     | 3'773   | 9'096                            |
| USA                 | 36'946                  | 7'080   | 13'214                           |
| Euro Zone           | 19'896                  | 262'340 | 9'813                            |



## Demand : Domestic tourist nights - '000

| Domestic tourist nights - '000 nights |         |         |                |
|---------------------------------------|---------|---------|----------------|
|                                       | 2007    | 2008    | 2009           |
| Euro Zone                             | 664'081 | 680'132 | <b>697'789</b> |
| China                                 | 435'849 | 473'754 | <b>521'236</b> |
| Japan                                 | 264'214 | 259'856 | <b>258'028</b> |
| Thailand                              | 113'895 | 115'632 | <b>117'431</b> |
| Indonesia                             | 30'093  | 32'024  | <b>34'213</b>  |
| Malaysia                              | 26'547  | 27'147  | <b>27'610</b>  |
| Vietnam                               | 21'456  | 21'907  | <b>22'325</b>  |

**NB** . Taiwan, Singapore, US, India : no data on DB Euromonitor International

## Demand : International tourist nights - '000

|           | Historic |         | Forecast |
|-----------|----------|---------|----------|
|           | 2007     | 2008    | 2009     |
| Euro Zone | 607'399  | 623'125 | 631'903  |
| China     | 195'080  | 192'482 | 200'866  |
| Thailand  | 90'812   | 90'934  | 94'186   |
| Indonesia | 62'102   | 55'937  | 59'335   |
| USA       | 30'008   | 31'014  | 32'628   |
| Taiwan    | 21'124   | 20'670  | 20'880   |
| Malaysia  | 19'071   | 19'520  | 20'325   |
| Vietnam   | 8'259    | 8'515   | 10'683   |
| Singapore | 7'104    | 7'816   | 8'022    |

*NB . Japan & India : no data on DB Euromonitor International*

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# Tourism Expenditures

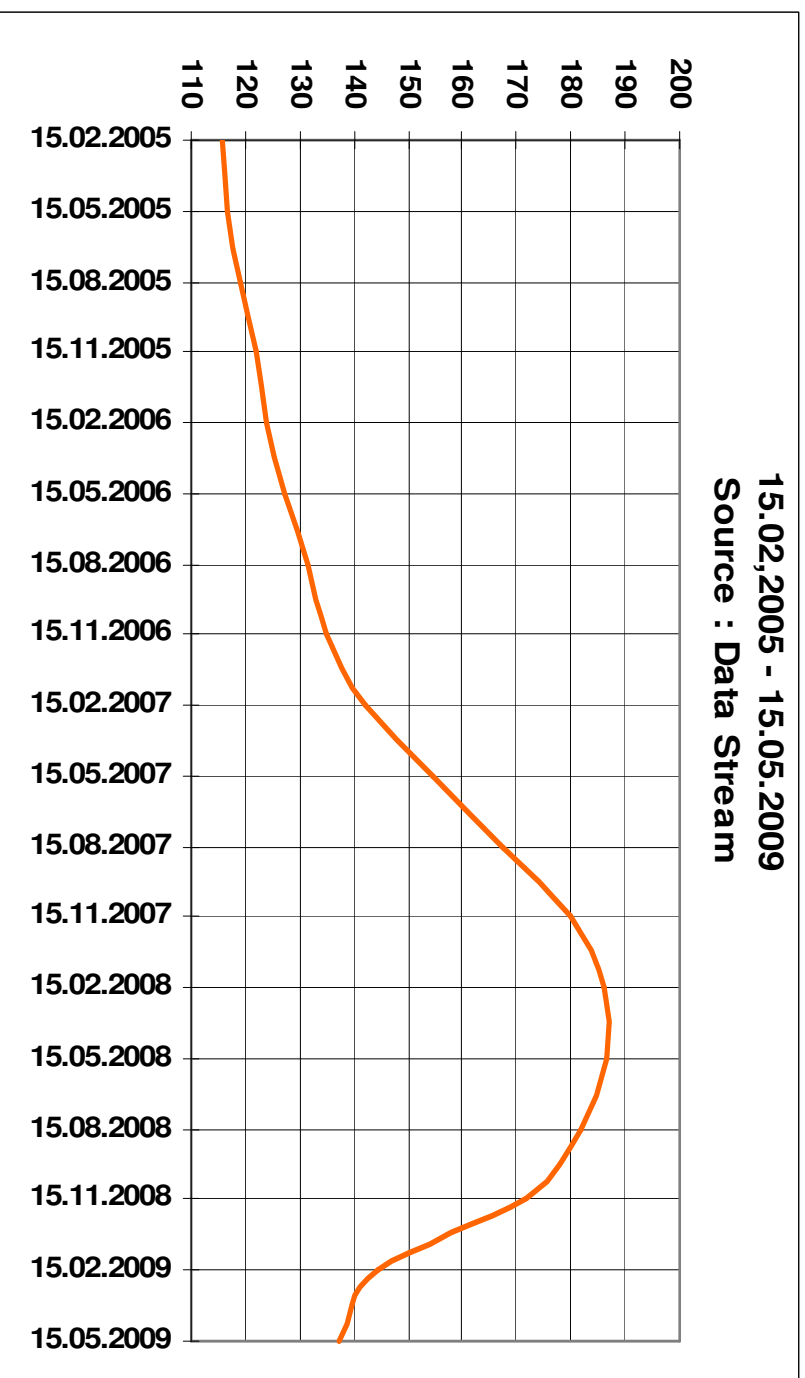
## *Annual variations%*

### Tourism expenditure :

The total consumption expenditure made by a visitor or on behalf of a visitor for and during his/her trip and stay at destination

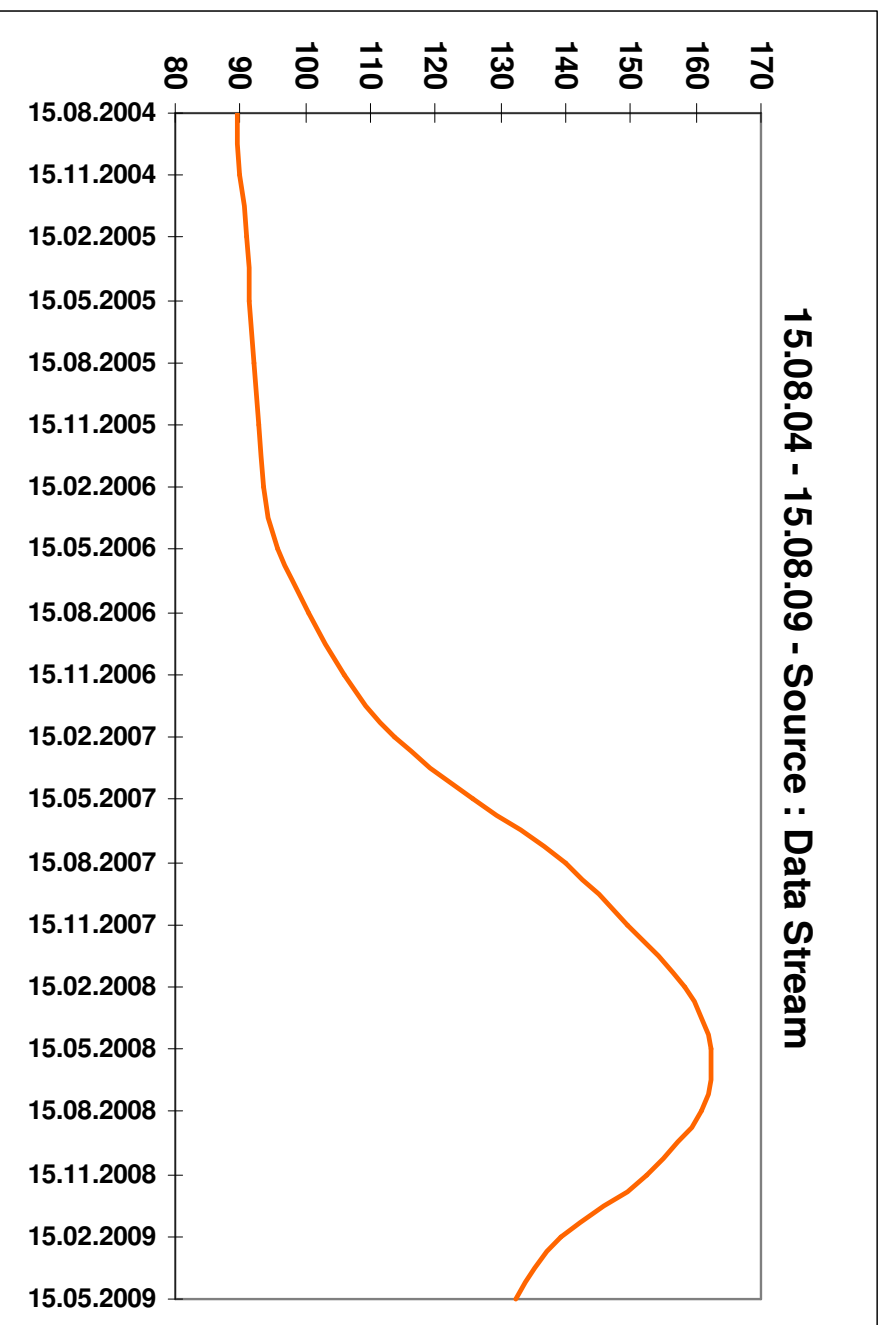
|                  | 2007         | 2008         | 2009         | Weighting<br>2009 |
|------------------|--------------|--------------|--------------|-------------------|
| <b>Euro Zone</b> | 14.8%        | 1.3%         | 1.4%         | 57.6%             |
| <b>USA</b>       | 5.6%         | 3.8%         | <b>-5.0%</b> | 18.6%             |
| <b>Japan</b>     | <b>-1.4%</b> | 2.0%         | 0.0%         | 6.3%              |
| <b>China</b>     | 22.5%        | <b>-6.8%</b> | <b>-3.4%</b> | 6.2%              |
| <b>Singapore</b> | 14.1%        | 8.3%         | <b>-0.2%</b> | 3.0%              |
| <b>India</b>     | 16.6%        | 9.9%         | 15.3%        | 2.5%              |
| <b>Taiwan</b>    | 3.7%         | <b>-1.5%</b> | <b>-2.5%</b> | 2.0%              |
| <b>Malaysia</b>  | 30.6%        | 7.3%         | <b>-2.1%</b> | 1.3%              |
| <b>Indonesia</b> | 23.5%        | 4.3%         | 15.3%        | 1.2%              |
| <b>Thailand</b>  | 11.9%        | <b>-0.3%</b> | 3.7%         | 1.2%              |

# Property Price Index : Residential Apartments Singapore



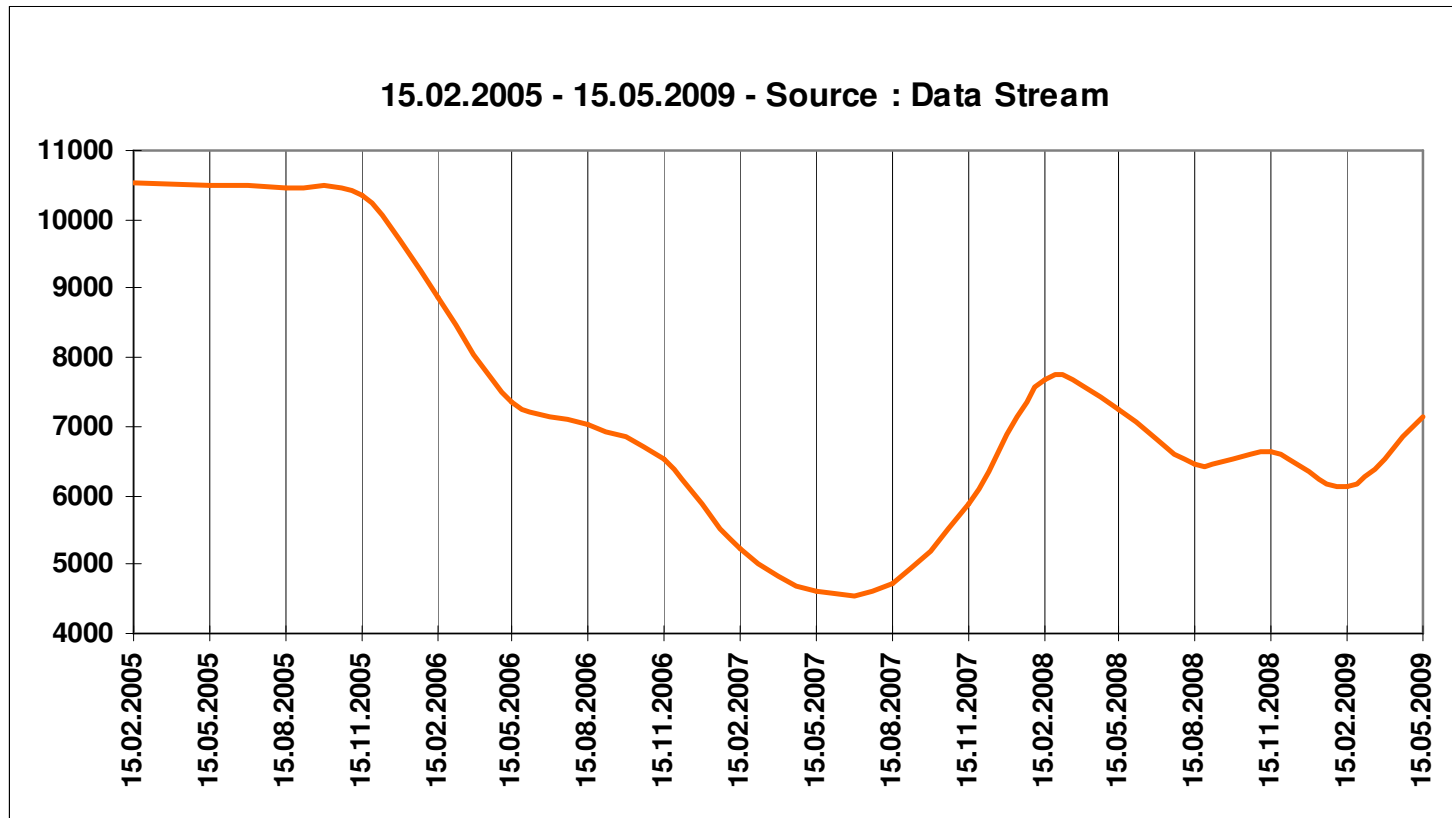
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# Rental Index : Residential Properties Singapore



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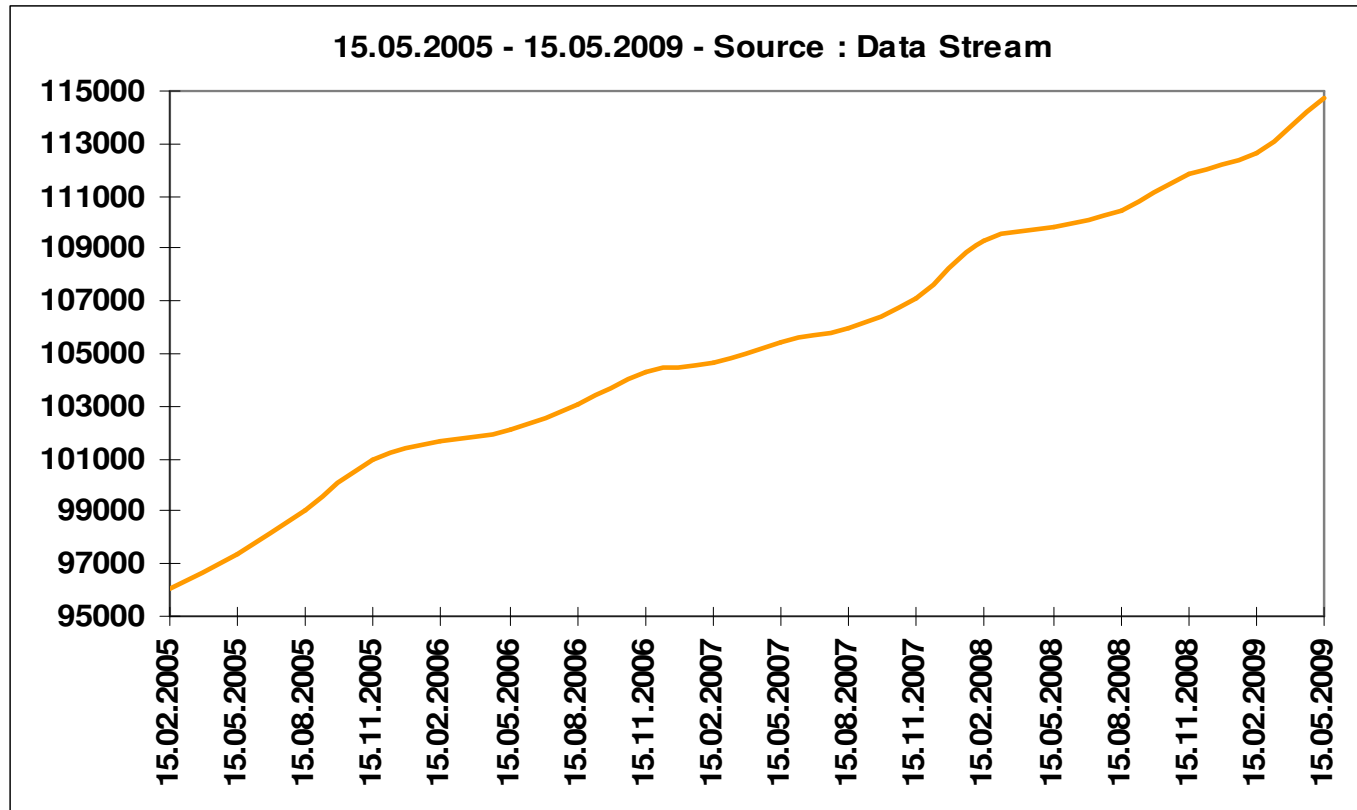
## Private residential Properties : Condominium Units – Vacant Singapore



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# Private Residential Properties : Condominium Units – Available Singapore



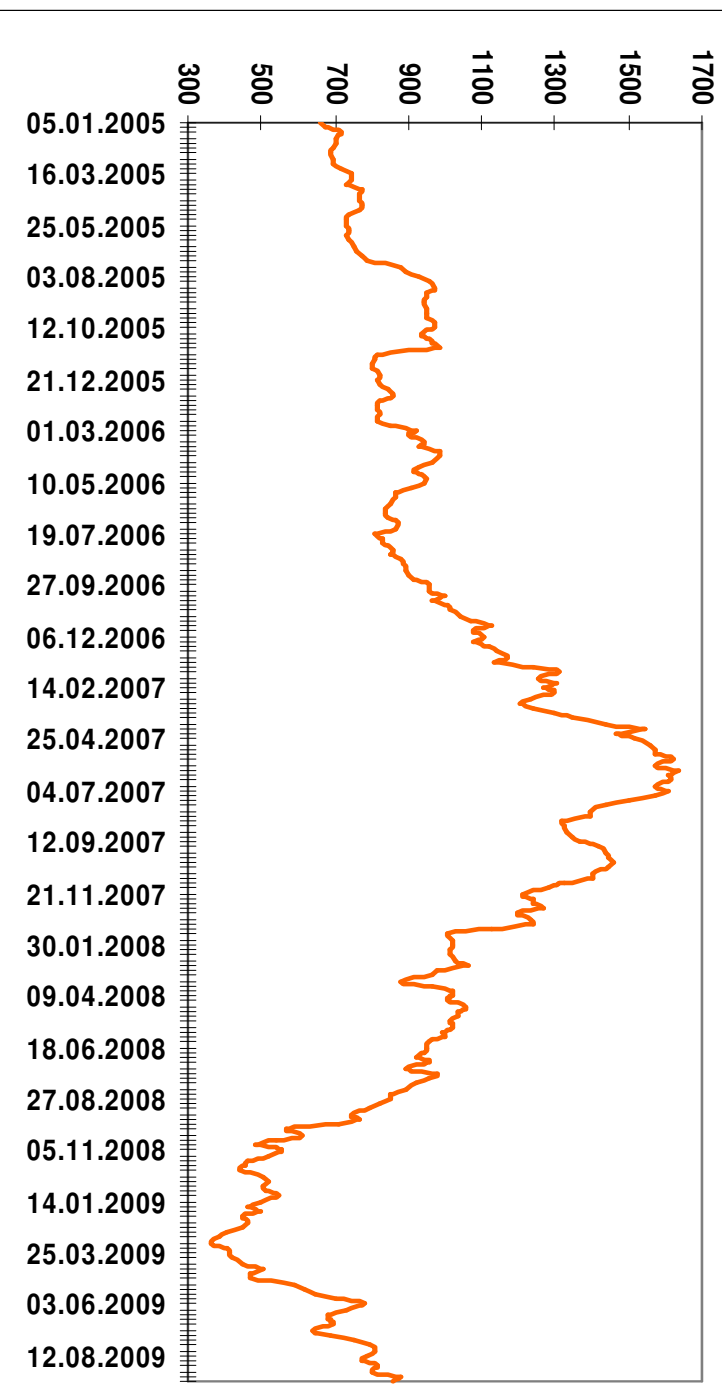
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# Hotels Price Index Singapore

From 05.01.2005 to 16.09.2009

Source : Data Stream

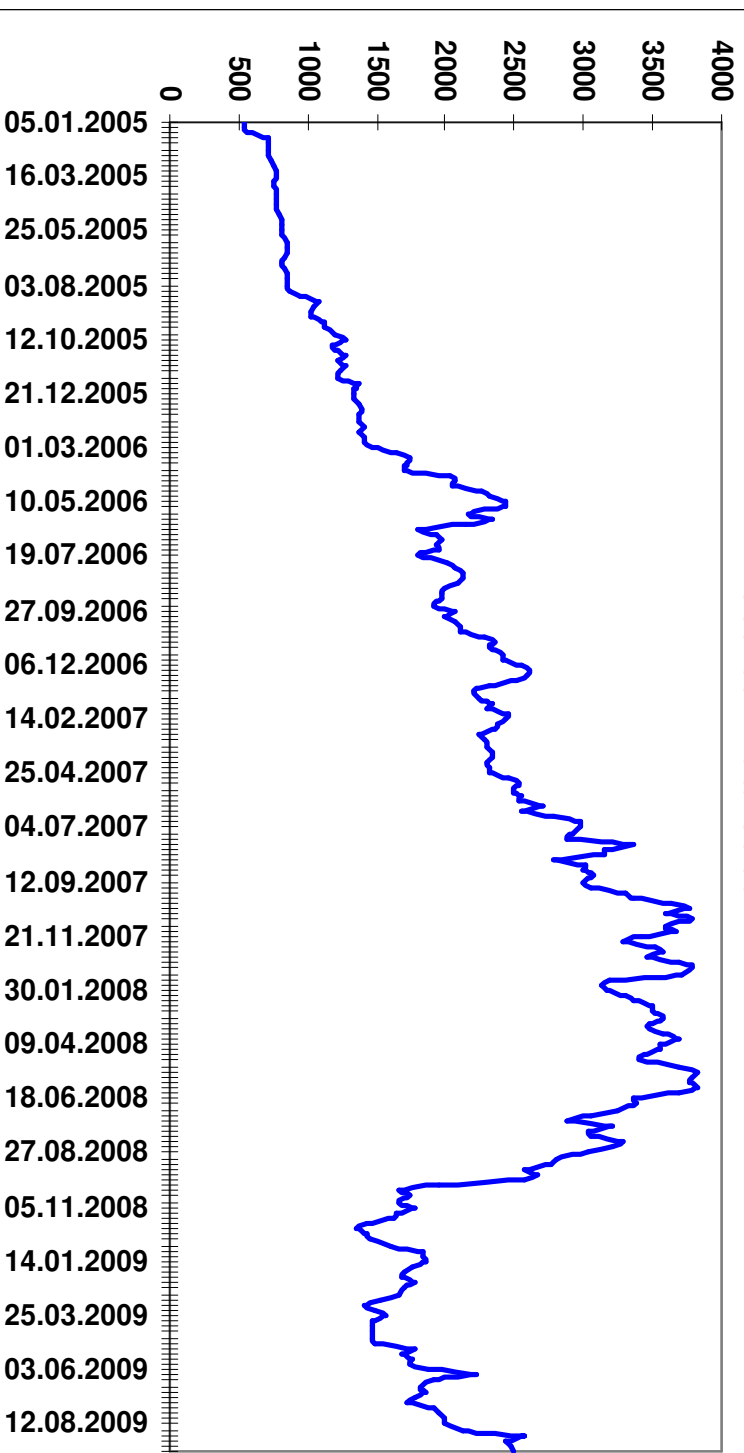


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# Hotels Price Index Thailand

From 5.01.2005 to 16.09.2009  
Source : Data Stream

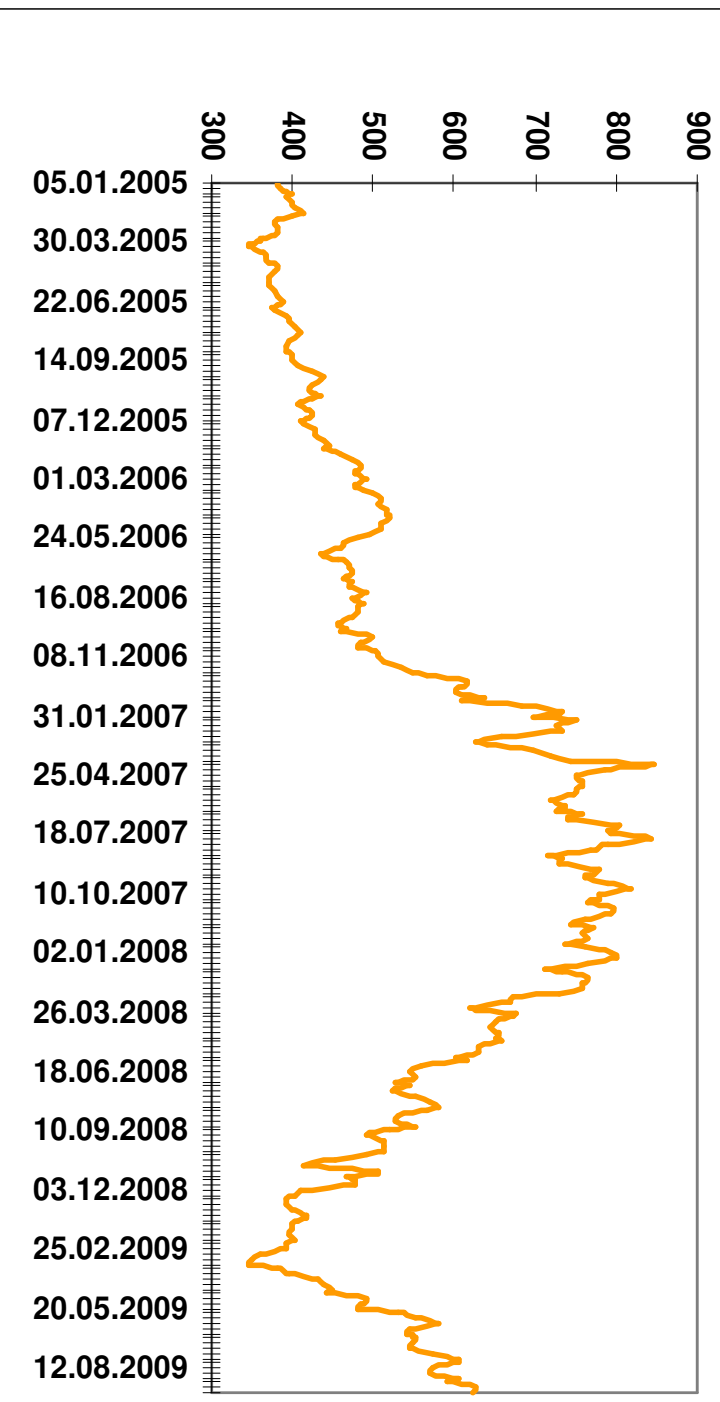


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# Hotels Price Index Malaysia

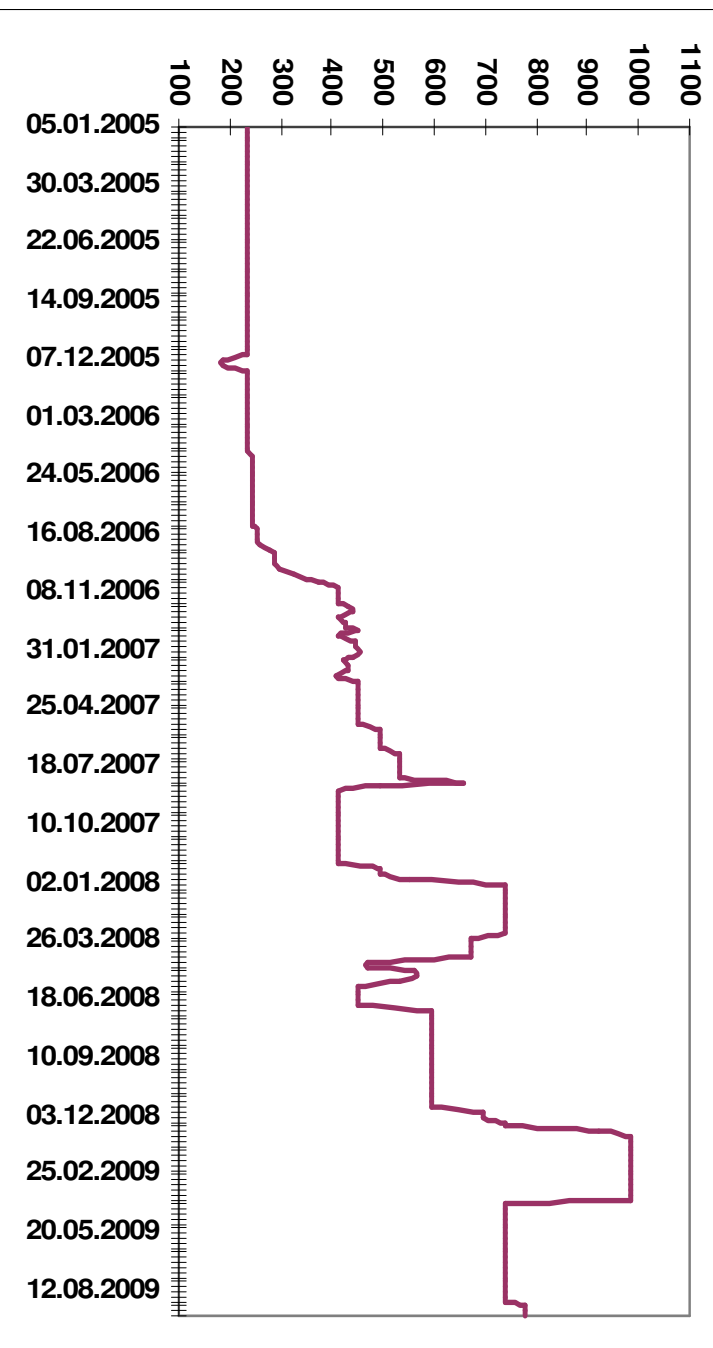
From 5.01.2005 to 16.09.2009  
Source : Data Stream



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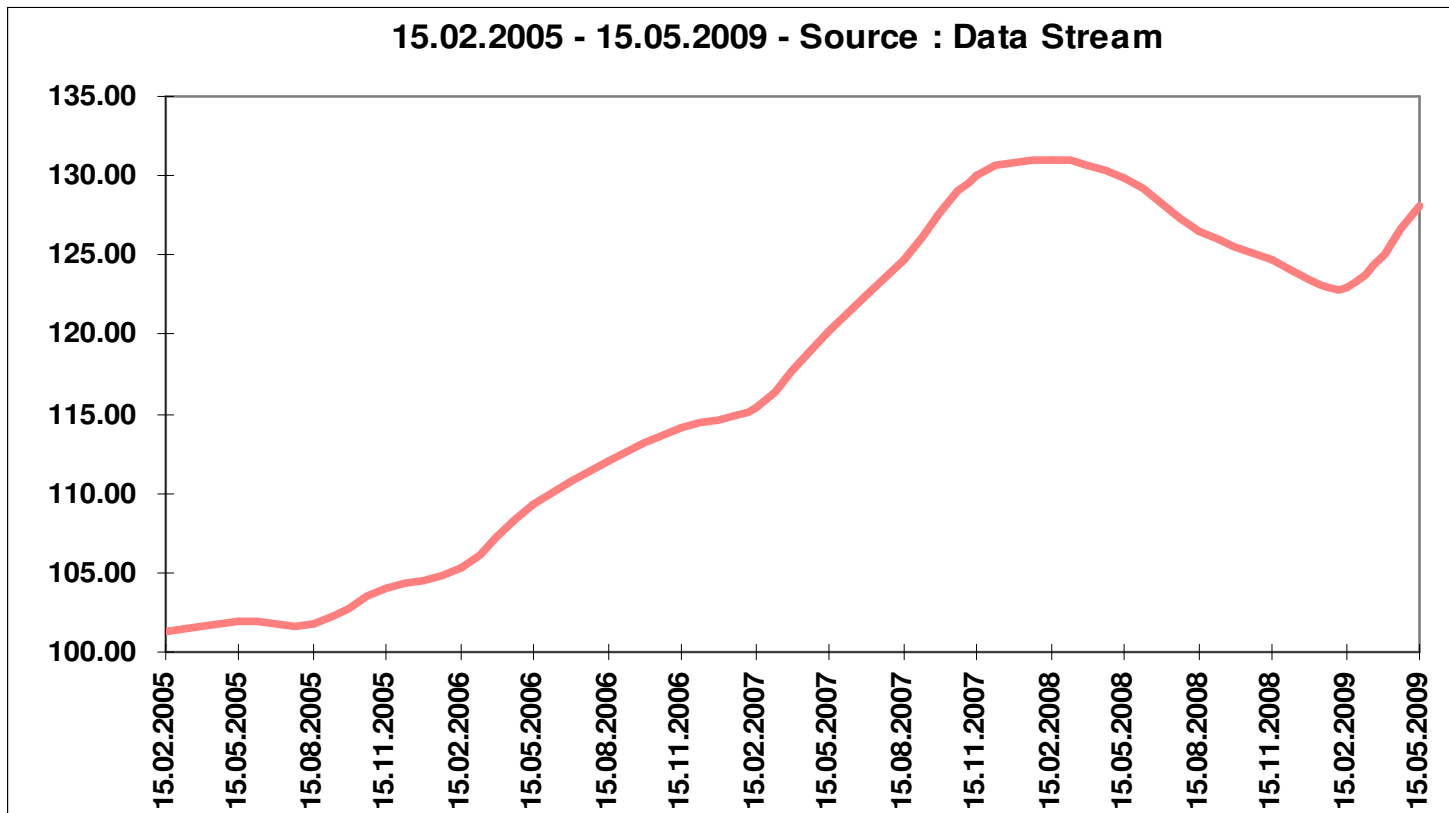
# Hotels Price Index Indonesia

From 5.01.2005 to 16.09.2009  
Source : Data Stream



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# AUSTRALIA : House Price Index : 8 capital cities (weighted AVG)



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# FDI inflows

## At fixed exchange rate - US\$ - mn

|           | 2005    | 2006    | 2007    | 2008    |
|-----------|---------|---------|---------|---------|
| USA       | 112'640 | 243'150 | 275'760 | 319'740 |
| Euro Zone | 328'469 | 333'308 | 609'031 | 306'428 |
| China     | 93'312  | 89'612  | 151'537 | 147'791 |
| India     | 7'710   | 21'178  | 23'881  | 41'554  |
| Japan     | 3'423   | -7'629  | 25'269  | 24'550  |
| Singapore | 16'909  | 31'086  | 33'607  | 22'725  |
| Thailand  | 9'726   | 10'749  | 11'639  | 10'090  |
| Indonesia | 8'341   | 4'641   | 6'530   | 8'340   |
| Malaysia  | 4'614   | 6'664   | 8'657   | 8'053   |
| Vietnam   | 1'966   | 2'355   | 6'658   | 8'050   |
| Taiwan    | 1'661   | 7'667   | 8'100   | 5'432   |

# FDI Outflows

## At fixed exchange rate - US\$ - m

|           | 2005    | 2006    | 2007    | 2008    |
|-----------|---------|---------|---------|---------|
| Euro Zone | 548'485 | 552'309 | 894'357 | 704'923 |
| USA       | 36'240  | 244'920 | 398'600 | 332'010 |
| Japan     | 48'455  | 56'451  | 83'725  | 130'820 |
| China     | 13'332  | 24'281  | 18'606  | 53'471  |
| India     | 3'019   | 14'938  | 16'424  | 17'685  |
| Malaysia  | 3'374   | 6'690   | 11'425  | 14'059  |
| Taiwan    | 6'161   | 7'641   | 11'580  | 10'293  |
| Singapore | 13'197  | 14'934  | 26'053  | 8'928   |
| Indonesia | 3'067   | 2'574   | 4'406   | 5'900   |
| Thailand  | 605     | 1'107   | 1'922   | 2'838   |
| Vietnam   | 63      | 83      | 148     | 100     |

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