

## **GLOBAL MACROECONOMIC TRENDS AND DRIVERS FOR RETAIL**

**Martin Pickering, Chief Analyst, The Economist**

*Martin Pickering, Chief Analyst at The Economist, revealed his predictions for global economic trends at Summit 2006*

Over the next 18 months, an economic slowdown is predicted, with the US likely to bear the brunt. Japan and then Europe are set to halt the slide. However, the stars of the future are the emerging markets: BRIC (Brazil, Russia, India and China).

China is the fastest growing of these, although growth has slowed slightly in recent times. As a nation, the Chinese are set to consume more while at the same time there is a rush from consumers to get rich before they get old. In India, people are generally younger, poorer and sicker than in China, but there are better institutions – and this is the key to a better long term future.

Despite reasonable growth rates, Russia has poor institutions and poor demographics, while Brazil has large debts and a population growth which is slowing. Partly due to these reasons, and therefore unlike its Asian counterparts, Brazil is not attracting the sort of investors which would encourage economic growth.

In the next few decades, the economic mass will shift towards Asia, away from Europe. The emerging world will remain more dynamic in terms of demography and productivity and become more important, but due to the longstanding dominance of the US, it will not become the most important. However, this period is likely to see the EU and Japan losing out to India and China.