

TOC Europe, Antwerp, June 2011



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# Analyst Perspective

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# Global Economic Outlook



**The world economy has encountered a series of major obstacles during the first half of 2011:**

- ▶ a sharp increase in political risks of Near East countries
- ▶ supply chain disruptions resulting from Japan's triple disasters
- ▶ and renewed surges in energy, food, and other raw-material prices

**As a result, we expect global GDP growth for the first quarter to come in at a below-trend pace of 2.9% in seasonally adjusted annualized terms.**

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# Global Economic Outlook

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Nevertheless, despite recent data releases indicating that world GDP growth will likely come in weaker than anticipated during the first half of this year, the **global economy's post-recession expansion remains intact.**

As a result, we expect the global economy to **further strengthen** during the coming months

We project world quarterly GDP growth to accelerate **from 3.2%** during the first half of 2011 **to 4.8%** during the second half.

Over the longer term, we expect growth to gradually moderate, but the pace should remain well above trend for an extended period, with annual GDP growth averaging **4.1%** during the next five years (2012–16) and still record a robust **3.8%** pace over the subsequent five years (2017–21).

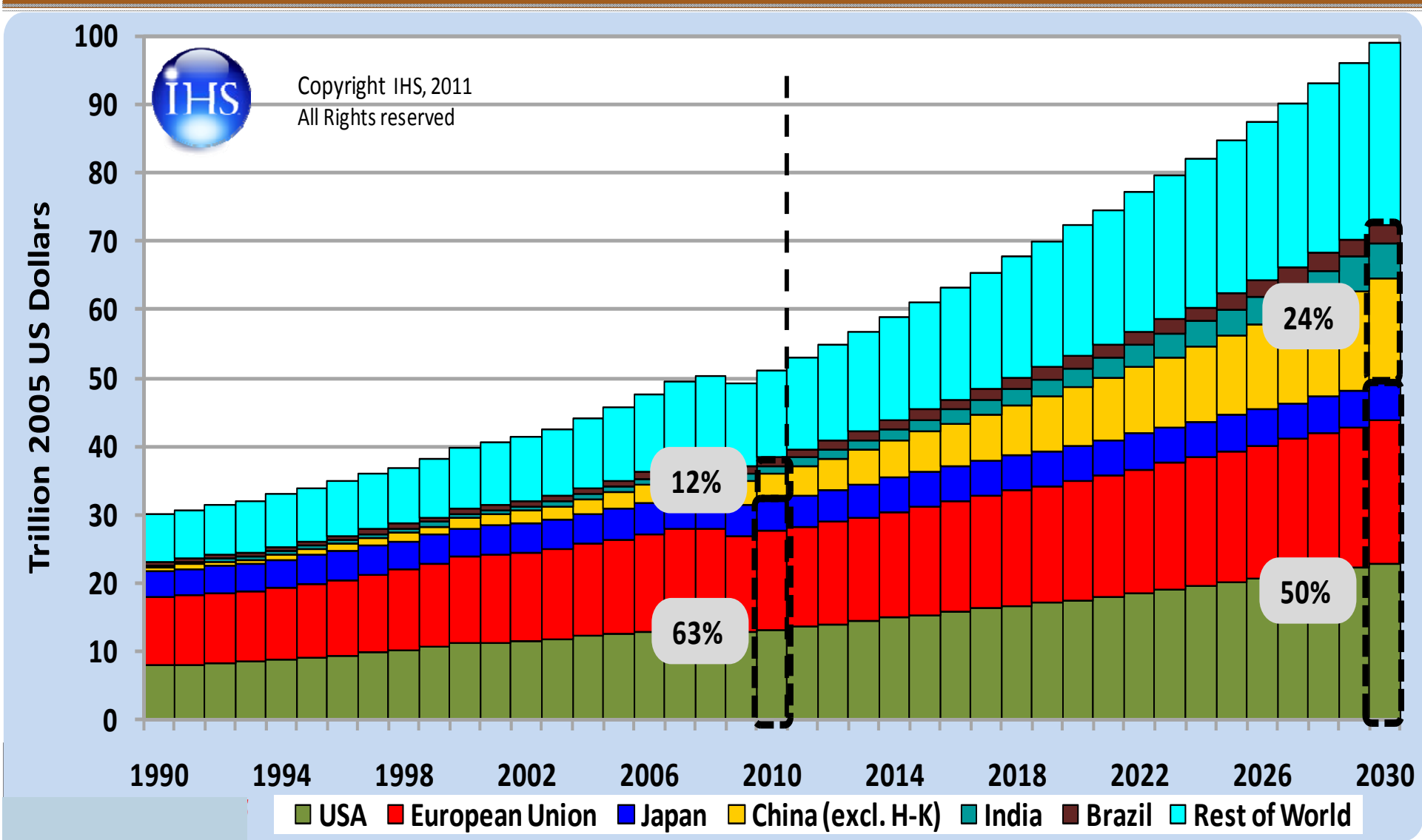
# Global Economic Risks



**Significant downside risks are associated with our forecast since the global economy will be facing a multiplicity of headwinds and imbalances over the coming years:**

- ▶ a wounded financial system
- ▶ high household-debt burdens in some of the advanced economies
- ▶ rising taxes will be a significant headwind for global growth
- ▶ substantial risk of headwinds from the monetary policy front as banks normalize their rates and unwind other reflationary measures

# Rebalance of GDP - China the Winner





# Real GDP Growth Forecast

## Real GDP Growth—Preliminary April Forecast

	2009	2010	2011	2012	2013
<b>United States</b>	-2.6	2.9	2.9	2.9	2.9
<b>Eurozone</b>	-4.1	1.7	1.7	1.6	1.7
<b>United Kingdom</b>	-4.9	1.3	1.5	2.2	2.5
<b>Japan</b>	-6.3	4.0	0.5	3.5	1.4
<b>China</b>	9.2	10.3	9.4	8.6	8.9
<b>India</b>	6.8	8.5	8.3	8.5	8.6
<b>Brazil</b>	-0.6	7.5	4.5	5.6	5.3
<b>Russia</b>	-7.8	3.6	4.4	3.7	3.7
<b>World</b>	<b>-1.9</b>	<b>4.1</b>	<b>3.6</b>	<b>3.9</b>	<b>4.0</b>

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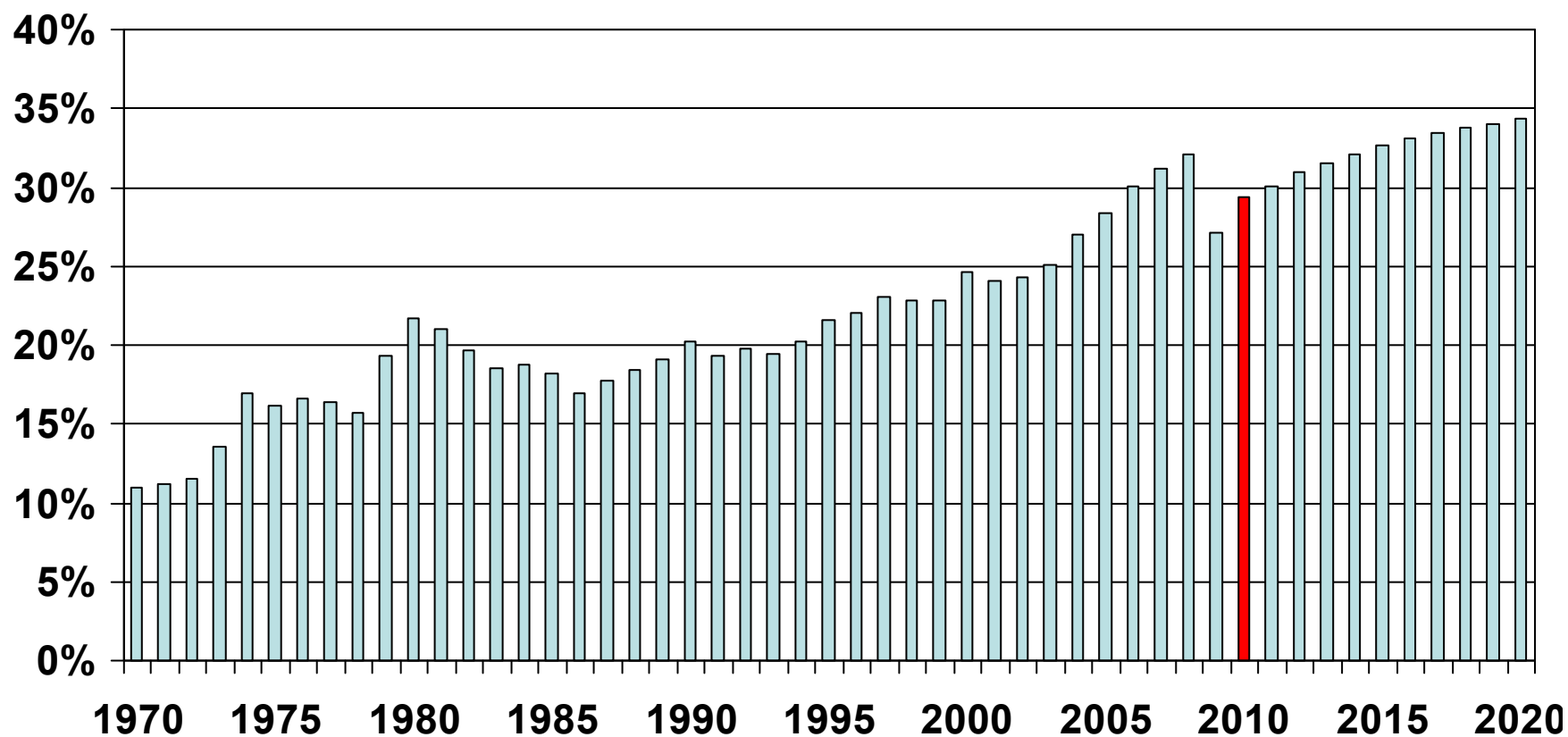
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# The World Economy Is Increasingly Trade-Dependent



Share of Nominal Exports to GDP, World Economy

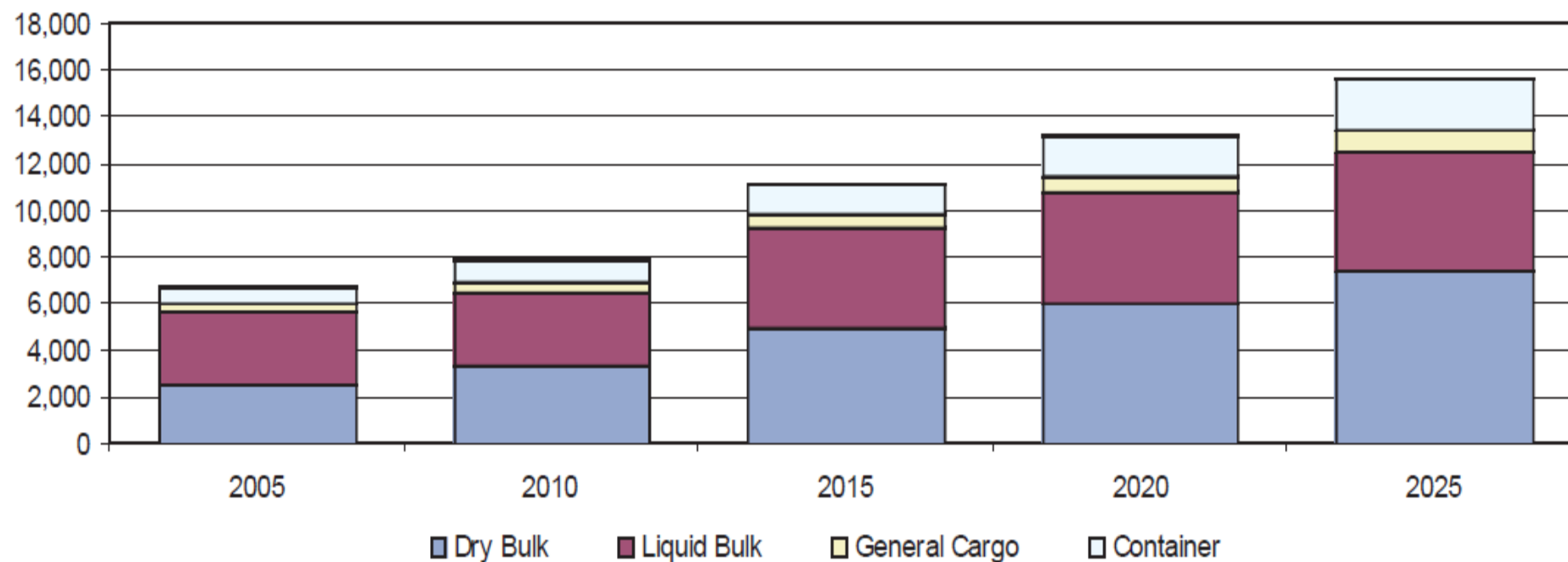




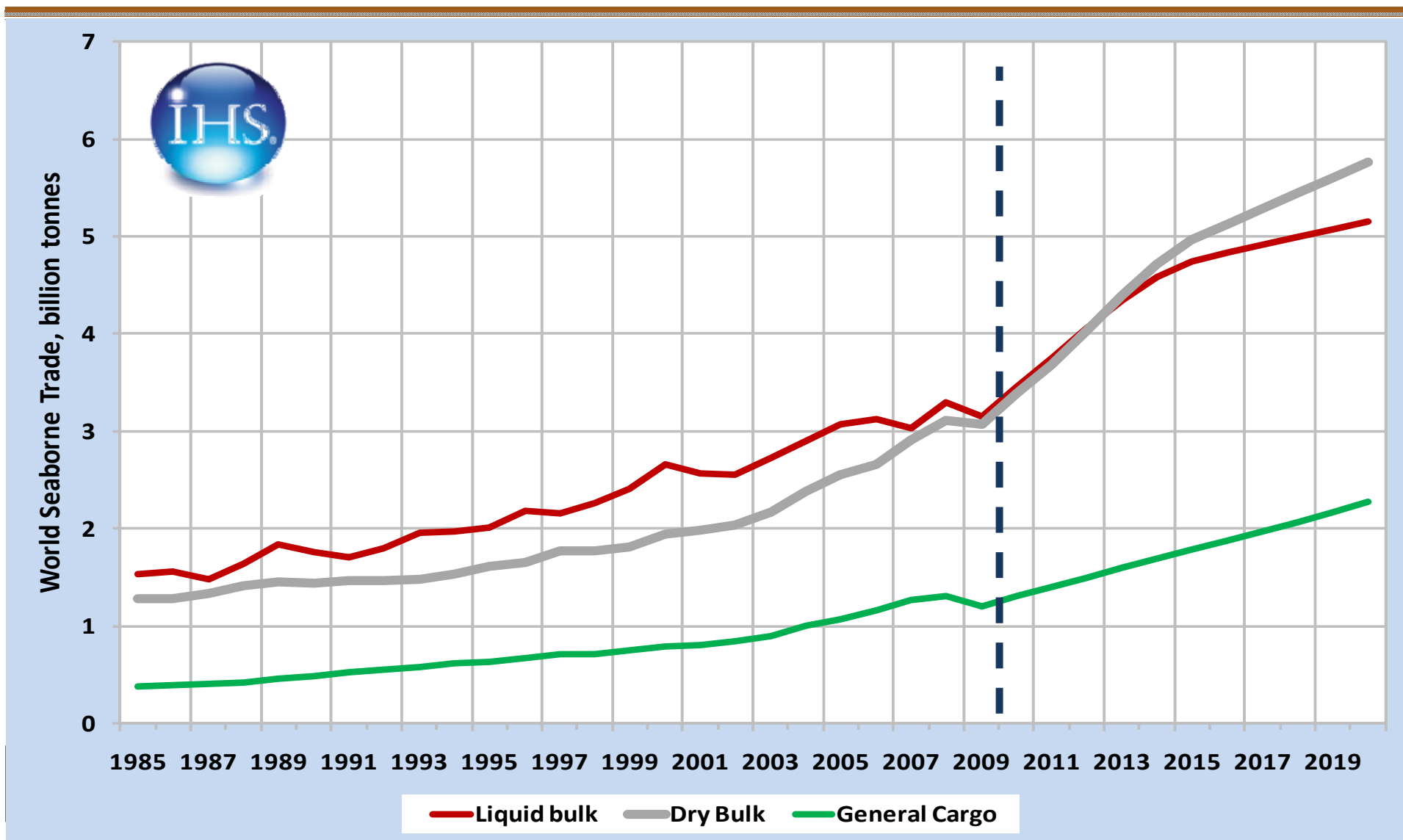
# World Seaborne Trade 2005 - 2025

## World Seaborne Trade by Cargo Type

(Millions metric tons)



# Total Deep Sea Trade: Dry Bulk Outpaces Liquid



# Shipping Ultimately Depends on Goods Demand



- **Underlying consumption demand is fundamental to shipping**
- **Globally-integrated international supply chains have developed to provide efficiencies of scale, but have increased the interdependencies between economies in good times and bad**
- **The increased importance of trade to countries' economies has increased their vulnerability to external forces**
- **Financial markets are critical to the facilitation of ocean trade**

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# Shipping Ultimately Depends on Goods Demand

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**▶ Transportation depends on Trade –  
and not vice versa!!!!**

**Thank you very much!**

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