

ForeSight Conference

PREPARED FOR PROFESSIONAL CLIENTS ONLY



Utopian? Feasible? Or even conservative?

More than 70% of the participants at our ForeSight Beijing Conference thought our G4 scenario was feasible.

On 8 September 2015 in Beijing, BNY Mellon presented its G4 scenario to over 130 participants at the third ForeSight Conference. The G4 scenario explores what might happen if Japan, America, China and India (the world's four largest economies measured at purchasing-power parity) all flourish simultaneously.

During the ForeSight conference, we encouraged participants to express their views by voting anonymously on several key questions, including the investment outlook for China and America, the threats to Japan's growth, and the dangers of geopolitical strife in the region.

The G4 scenario envisages GDP growth for the rest of the decade averaging 2% in Japan, 3% in America, 7% in China and 8% in India. According to the anonymous vote, 73% of the participants thought this scenario was feasible and 25% found it utopian. A small number (2%) even thought it was conservative.

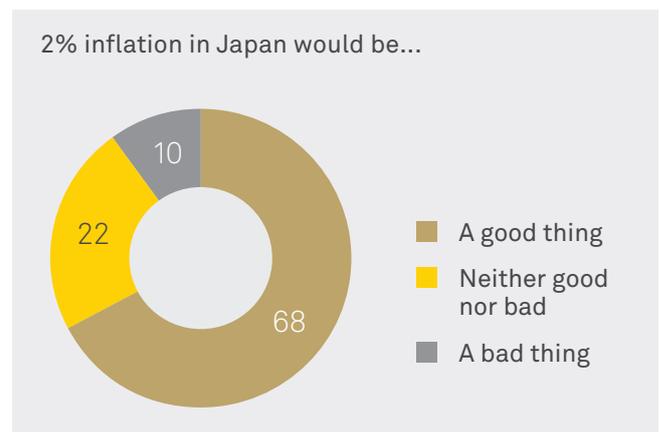
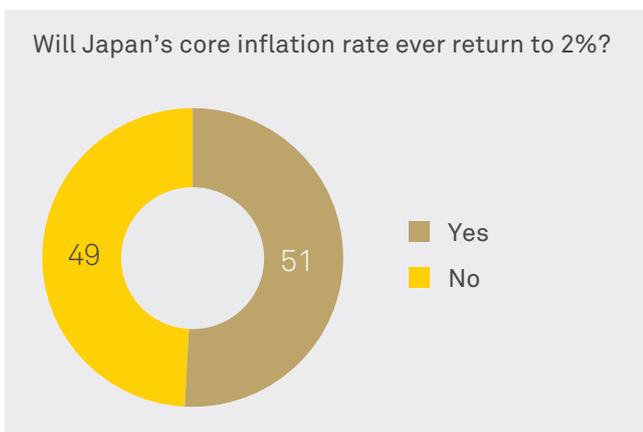
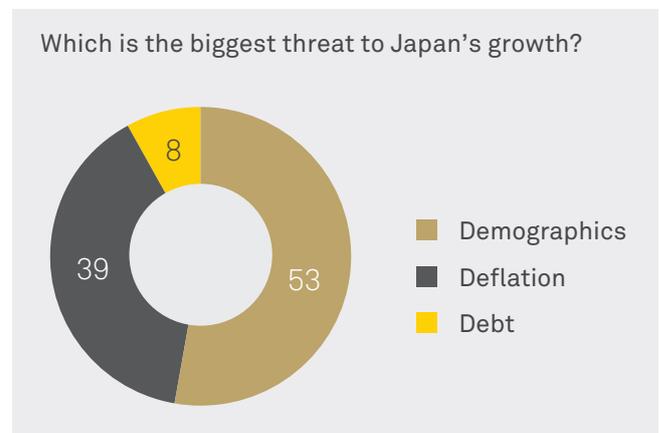
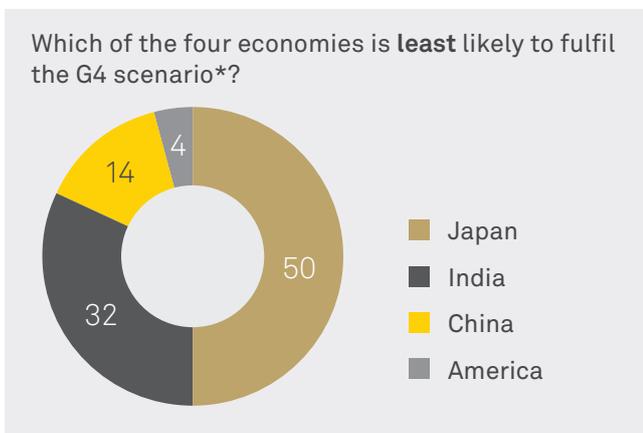
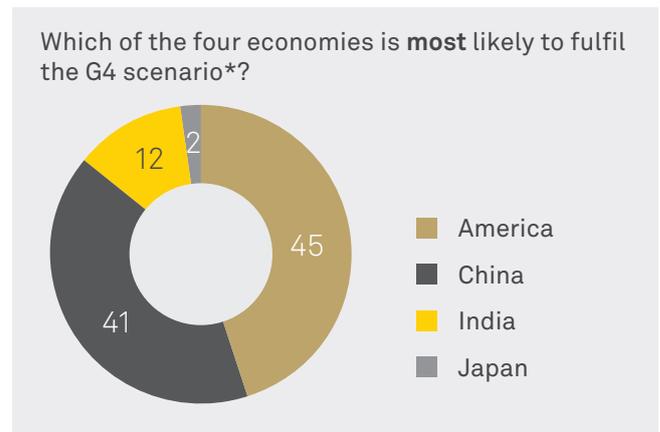
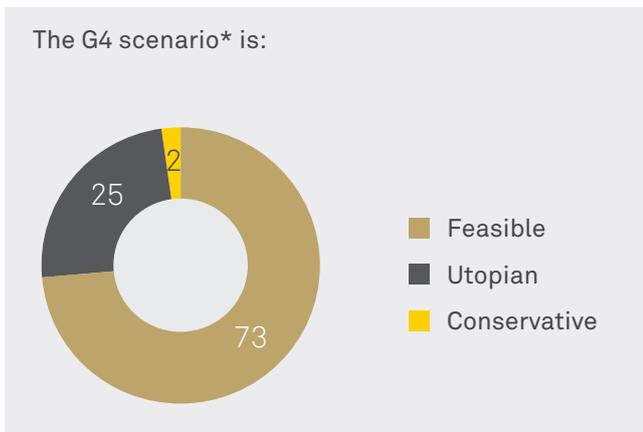
When asked which of the G4 economies (Japan, America, China and India) was the most likely to fulfill its economic potential over the rest of the decade, 45% of the attendees chose America, 41% China, 12% India, and only 2% chose Japan. This suggests the Chinese audience was relatively optimistic about the growth momentum in both the US and China.

After digesting the views and insights of our investment panelists, the audience was also asked some questions about the global investment outlook. Most of the participants (73%) believed that the Fed would not raise rates in September. The conference-goers also seemed skeptical about the power of fundamentals to explain China's equity prices. Half of them thought that a "value" investor like Warren Buffett could not make money on China's stock markets (and 19% thought such an investor would underperform the country's amateur dāmā investors).



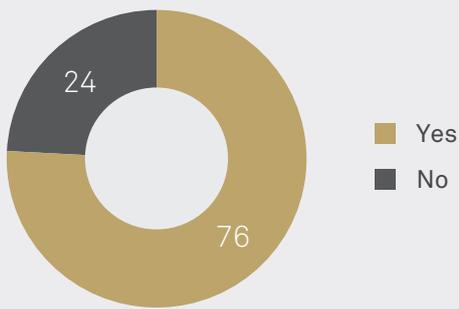
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We also asked our audience to consider the political outlook. Over 60% of the participants believed that the G4 scenario of strong growth in the region's major powers would result in greater geopolitical cooperation rather than conflict. Keeping the peace will, however, require tenacious political leadership. We therefore asked conference participants to compare the leadership qualities of Xi Jinping, Shinzo Abe, Narendra Modi and Donald Trump, whose improbable bid for the US presidency is difficult to ignore, even in Beijing. When asked who is the "toughest" leader, 76% of the audience chose Xi Jinping, unsurprisingly. It was, however, notable that Trump attracted more votes (12%) than either Shinzo Abe (9%) or Narendra Modi (3%).

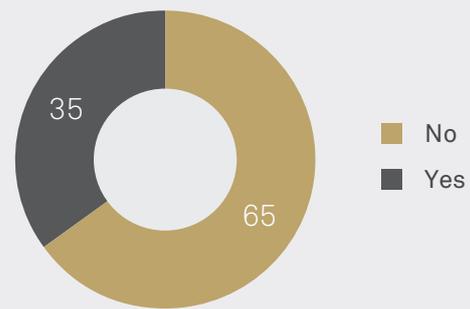


*The G4 scenario envisages growth for the rest of the decade averaging 2% in Japan, 3% in America, 7% in China, 8% in India

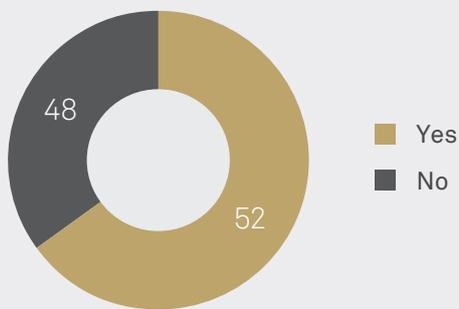
Will the RMB be added to the SDR basket by 1 January 2017?



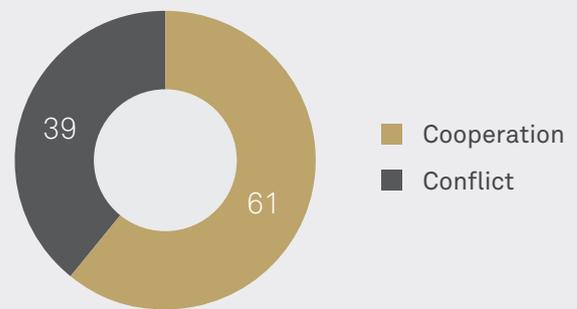
Will the US formally declare China a “currency manipulator” before the November 2016 presidential election?



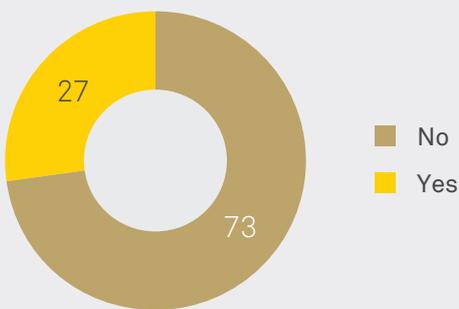
Will China declare an Air Defence Identification Zone in the South China Sea by 1 January 2017?



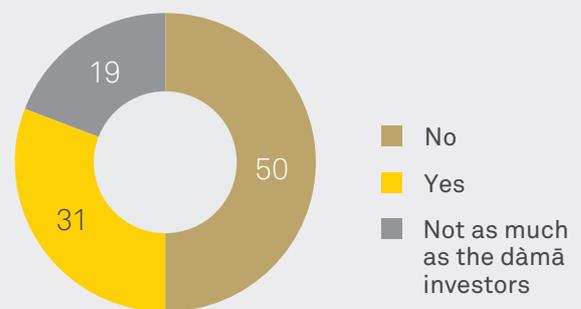
A G4 world in which Japan, America, China and India all do well economically would lead to more...



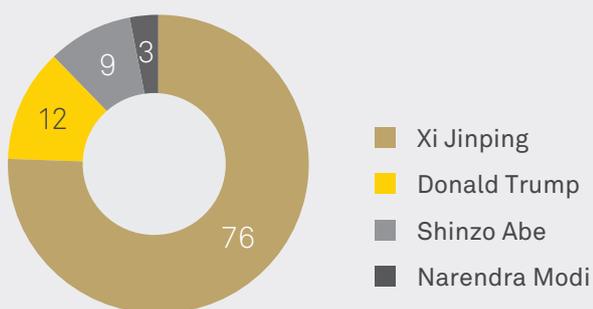
Will the Fed raise rates in September?



Could a “value” investor like Warren Buffett ever make money on China’s stock markets?



Who is the toughest leader?



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