Economic Crisis Worsening Around The World: Forecasters

Posted on Thursday, September 17th, 2009 and is filed under Investments. You can follow any responses to this entry through the RSS 2.0 feed. You can leave a response, or trackback from your own site.

The world economy is entering a major recession in the biggest financial crisis since the 1930s, said the International Monetary Fund (IMF).

Actually, a famous analyst by the last name of Armstrong has recently written a cheery essay called "The Coming Great Depression. Why Government Is Powerless". In it, Armstrong forecasts:

"We are facing a Depression that will last 23-26 years. The response of government is going to seal our fate because they cannot learn from the past and will make the same mistakes that every politician has made before them."

Leading economist Marc Faber has previously said that this will be worse than the Great Depression and Faber's been calling for a slump lasting for somewhere between 2 and 15 years.

Below are some in-depth research of the economic crisis plaguing the global economy along with some potential life and financial-saving economic analysis.

Africa

Africa should feel the effects of the global financial crisis with slowing demand for energy and raw materials, which were in high demand, particularly in China in recent years. Africa is also facing a slowdown in trade with China who has been expropriating resources from this country. Sub-Saharan Africa will face a slowdown in growth to less than 5% in 2009, before recovering slowly in 2010.

On the topic of exports from South Africa, the metal platinum has been hard hit declining car sales by 36 percent over the previous year. It's also been reported that South Africa's lost export earnings are making them much less money because of import prices trailing down. Given these circumstances, the current account deficit will probably allow a constraint on growth in South Africa. Likewise, mining companies are scaling back their activities.

Effects In Asia

The economic crisis has affected China's rural poor: rural migrants in the eastern coastal home of China have seen their income return total of rural regions considerably reduced. This is clear both from the survey statistics and anecdotal evidence.

The impact of financial crisis on China has been drastic as it has affected exports heavily. If China can increase its domestic demand, which is not an easy task, it could become less reliant on the latter. Indeed, the crisis hit China, which forced it to implement a stimulus package of 586 billion dollars to reduce its impact on employment and trade: . Much of that repackages previous allocations, however, but China is also loosening the money supply, reducing interest rates and reserve requirements. Because of the global financial crisis, China has seen rising unemployment in manufacturing and investment, and reducing consumption around the globe of its exports. Many of its key economic indicators being inflation, industrial production, exports and investment have also been declining.

Small businesses in China were forced to close or to adopt innovative strategies or switch to new products. Many factory owners fled their responsibilities during this financial crisis and left workers without pay. This problem may accelerate the economic recession of China, so realizing this, Chinese officials have sought to avoid unemployment by the forcing of labor law news since last year to strengthen the protection of workers. Similarly, millions of rural migrant workers have been laid off from factory jobs and are forced to try to earn a living from real estate, this also increases the possibility of social unrest, such as illegal taxation of farmers and local corruption. Indeed, the government committees are now responsible for developing the rural areas to offset the economic impact.

Economic forecasters are predicting 8 bull markets in the Asia-pacific region as the economic depression drags on, and offers a glimmer of hope for those looking to invest and eventually profit from this dynamic region.

Taiwan

Because of the crisis, Taiwan forecasts economic growth for 2009 at 3.34 percent; a sharp decline from a forecast 5.5 per cent in 2008. Share prices fell around the world share index in Taiwan fell by half from its peak in 9303 May 20, 2008. The leader, Ma Ying-jeou, was obliged to

declare that because of the recession, it would not be able to keep all his campaign promises, which met a negative response sent share prices in Taipei crashing to their lowest in twenty years. The Taiwanese are reluctant to spend money due to reduced personal wealth and inflation of consumer prices.

India

India has also facing a recession since the United States has been outsourcing fewer jobs in the South-East Asia region. In addition, the country has experienced a credit crisis, falling equity markets and a depreciation of the currency according to Jeremy Kahn of the International Herald Tribune. In attempts to combat these problems, India has introduced a package of fiscal stimulus at $ 4 billion dollars. Indeed, the two largest automobile manufacturers in India, Tata Motors and Maruti Suzuki have suffered a loss of $ 53.2 million and 54%, respectively, as consumers pull back spending. In addition, many supermarkets and retailers have either closed several of its stores or completely disappeared from the company because they have had difficulty paying their suppliers and their employees. Consumers are also required to cope with the consequences of the crisis because they have less money to pay, could lose their jobs, or they could not afford the basic necessities because prices have risen too much.

Japan

Japanese exports fell by a record 27% in November, due to weakening demand and a sharp appreciation in the yen. Similarly, Japan has also been cutting interest rates to stimulate its economy.

Thailand

Thailand's exports slowed significantly by 18.6 percent in November — the first negative number for five years in November, thus creating economic hardship for many of the citizens.

South Korea

South Korean leaders met for the first time on the economic crisis on January 9, 2009. The biggest concern was that the global credit crisis could cripple South Korean banks, which rely more heavily on overseas borrowing than China or Japan. The South Korean economy is very vulnerable to the crisis today because its economy is very transparent and open to foreign capital, and much of the money in circulation in the South Korean economy is tied to investment, borrowing and lending, and exports. The National Currency of South Korea, the Won, was at its lowest level since the Asian crisis of the 1997 Financial Crisis that saw the IMF intervene in their economy. In addition, investor confidence's being lowest in the South Korean economy has led many foreign investors to access capital from the country at an alarming rate.

To fight against the financial difficulties that still weigh on the economy countries, the strategy of South Korea and Finance Minister Yoon Jeung-hyun has been to pledge to ensure that the country has a positive growth rate this year by easing credit, the introduction of stimuli, and deregulation . In addition, Yoon promised that the South Korean government would strive to create many new jobs to offset the risk for the economy that is predicted to lose 200,000 jobs in 2009.

Central Asia

Falling oil prices are predicted to affect oil-exporting countries such as Kazakhstan and Russia according to the Economist. On a similar vein, the Russian government holds $ 100 billion of mortgage securities and is a major exporter of oil in the face of declining commodity prices. Investors withdrew money from the country based on these factors and political tensions with the West over a recent conflict with Georgia increased tensions. In October, the Russian parliament approved a package of 68 billion dollars which would provide assistance to banks.

Latin America

One of the biggest risks in Latin America is a reversal of capital flows in the short term, as investments in the U.S. credit derivatives are not considered important enough to unilaterally de-stablilize credit markets. Some steps have been taken to avoid a complete economic collapse in Argentina as it suffered in 2001. For example, President Cristina Fernandez de Kirchner wants to nationalize 30 billion dollars in private pension foreign funds; this is planned to be done to protect retirees from the financial crisis and would put an end to private funds that were established in 1994 by Carlos Menem. Fernandez de Kirchner thinks this is important because the average has been a 40% decrease in value of private pension funds.

There are many criticisms in this act because of rising debt will really hurt the economy of Argentina during these periods; this is particularly true because of failure to pay $ 95 billion that Argentina was guilty of having, in 2001, which excludes them from participation in international capital markets (PBS). Likewise, it looks like what happened to this country in 2001 is about to happen to the United States; that is, a currency collapse due to excessive debt.

Middle-East

While experiencing economic growth until last year, stock markets in the Middle East have recently begun to reflect the global crisis and has affected the region of mass industrial production of oil.

North America

Similar to Arabia, Canadian oil producers are facing falling demand and prices in the global credit crisis and places like the province of Alberta have experienced massive price and wage deflation as oil indexes dropped with the fall of global oil prices. The Canadian currency also took a beating on the manufacturing and exporting sectors as it rose relatively against the US dollar. Ino.com offers an amazing explanation for this phenomenon.

Canada, like the United States, has also been experiencing a significant downturn in its manufacturing and productive capacity, especially since the 2001/2002 recession, but also because of the policies of the Bush Administration. This de-industrialization of the economy continues to accelerate its exterior debt burden as more inflationary money is printed by the central bank, and by the cheap economic forces of the likes of China with its artificially low currency.

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