



## Economic

### **Global Assumptions - Q3 2014 Update** [\(click to Read More\)](#)

Our global real GDP growth forecast for 2014 has dropped to 3.1% from 3.2%, due mainly to minor downgrades to some emerging market growth forecasts, but our 2015 projection of 3.2% is unchanged. Our view that 2014 would see global economic activity pick up, led by developed states, remains intact. Disappointing data from Q114 and into April have posed some risks to this view, with real GDP growth in both the eurozone and the US coming in below our expectations, but we are sticking to the overall narrative of an improvement in developed market growth this year. .

### **Developed Markets Vulnerable To Deflation Shock** [\(click to Read More\)](#)

Although our medium-term outlook for the global economy is fairly benign, we warn that at this stage in the cycle developed markets are particularly vulnerable to a deflationary shock. Growth in the advanced economies is by and large still below potential, inflationary pressures are weak and monetary and fiscal ammunition has already been heavily depleted. At the moment we still see deflation as a manageable risk, but much will depend on the sustainability of the current recovery and the ability of policymakers to get ahead of the curve.

### **Latam Regional Unemployment Update: Joblessness To Broadly Head Higher** [\(click to Read More\)](#)

BMI View: Most major countries in Latin America will have higher average unemployment rates in 2014 owing to weaker economic growth. That said, we see some divergence between countries, with stronger manufacturing and construction sector activity bolstering the labour markets of Mexico and Colombia. On the opposite end of the spectrum, slower economic activity will see a sharp rise in joblessness in Venezuela.

### **Emerging Europe: What If The ECB Implemented QE Tomorrow?** [\(click to Read More\)](#)

If the ECB does opt to enact large scale asset purchases, export-driven Central European economies would adopt activist monetary policy stances to mitigate FX appreciation, whereas Russia and Turkey may stand to benefit from ECB quantitative easing.

### **Key Themes Point To Stronger 2014 Growth** [\(click to Read More\)](#)

The major themes that drove the US economy in 2013 are set to continue next year, and we forecast real GDP growth accelerating from 1.8% in 2013 to 2.8% in 2014 as these dynamics continue. We will be watching several key areas - including the labour market, cyclical components of GDP, the energy sector, and rising yields on long-end US Treasuries - for signs that our forecast is playing out.

### **Mexico Economic Analysis - Secondary And Tertiary Sectors To Drive Growth Acceleration** [\(click to Read More\)](#)

The Mexican economic recovery will continue to solidify in the coming quarters, following an acceleration in real GDP growth in Q114. The main drivers of stronger headline growth will be a faster expansion in the manufacturing and services sectors, and a return to positive growth in the construction sector.

### **US GDP Contraction Belies Major Improvements In Economy** [\(click to Read More\)](#)

A larger-than-expected Q114 real GDP contraction has prompted us to revise down our US 2014 headline growth forecast from 2.8% to 2.4%, but we do not believe that the US economy is on the verge of a substantial slowdown. The factors responsible for the weak first quarter have already begun to dissipate, and we have revised up our forecast for personal consumption expenditure growth this year, from 2.5% to 2.9%.



## **Economic Analysis - Crunch Time For The ECB: A Policy Primer** [\(click to Read More\)](#)

The ECB has given clear indications that it is willing and able to ease monetary policy considerably once again. We believe that this would most likely involve several technical adjustments (such as cutting interest rates, or changing the terms of the standing facilities) and easy to implement unconventional measures (such as targeted LTROs), with the big bazooka - outright QE - holstered for now.

## **Sector**

### **Geopolitics Take Centre-Stage In Sino-Russian Gas Deal** [\(click to Read More\)](#)

Russia has made significant concessions to China in order to secure the geopolitical and diplomatic dividends of a Sino-Russian gas supply agreement. The gas agreement not only cements Russia's strategic pivot towards Asian energy markets, but also acts as a potent political symbol as Western powers increasingly seek to economically isolate Russia.

### **Global Industry Overview - Mining For Opportunities Amidst Downturn** [\(click to Read More\)](#)

The pain in the global mining industry is far from over as the Chinese economy enters a protracted period of less commodity-intensive growth in the coming years. Lower mineral prices will continue to reshape the long term growth strategies of the larger miners and threaten the short-term survival of cash-strapped juniors. While mining sector's fortunes will remain challenged by the fading of the commodities boom, several positive themes will stand out to partially arrest pessimism in the industry. Below, we highlight the key challenges and opportunities that are set to dominate the headlines over the coming quarters.

### **Emissions Targets To Facilitate Industry Integration** [\(click to Read More\)](#)

We expect to see more JVs between auto manufacturers and suppliers to achieve lower emissions from driving. Furthermore, as autos companies seek to integrate their supply chains, we expect to see further M&A deals with suppliers focusing on fuel efficiency and emissions-reduction technology.

### **Regional Overview - Pharmaceuticals & Healthcare Latin America Q214 Round-Up** [\(click to Read More\)](#)

Local market leaders with a significant presence in the Latin American pharmaceutical and healthcare industry will become increasingly attractive to multinationals. Strong market growth and an improving regulatory regime will continue to provide excellent revenue-generating opportunities for drugmakers - despite the regional challenges of price controls, currency devaluations and generic competition.

### **Industry Forecast - Banking Sector: Strong Recovery Continues** [\(click to Read More\)](#)

Poland's strong economic recovery will continue to support household and corporate credit growth over the coming quarters, although we see some minor risks to net interest margins arising from the outside possibility of looser monetary policy.

### **Strong Growth Potential For African Cotton** [\(click to Read More\)](#)

We see strong potential for growth in cotton production in Africa over the coming years. This will come from increasing use of biotechnology, sector privatisation, government support for input purchase and generally improving business environment in these countries. The failure of recent WTO trade talks to provide a level playing field for African cotton producers is the only downside risk we see to production and export growth in the medium term.

### **Regional Overview - Pressure On Exports Demands Difficult Decisions** [\(click to Read More\)](#)

Rising consumption of both oil and gas will put pressure on the Middle East's export capacity over the coming decade and we forecast lower net exports growth as a result. Gas in particular will be affected and while countries like Israel are exporting increasing volumes of gas, imports into many of the region's oil producing countries are set to grow.



## Risk

### **UK Referendum Still The Biggest Risk** [\(click to Read More\)](#)

The strong showing by eurosceptic parties in European Parliament elections will have little direct influence on EU-level legislation, but will increase pressure on the UK to hold an EU referendum following the 2015 general election. UK withdrawal remains the biggest threat to EU integration, although our core scenario is that the Conservative Party will not gain enough support to deliver a referendum.

### **Political Risk Analysis - Middle East And North Africa Security Overview - Q2 2014** [\(click to Read More\)](#)

The Middle East and North Africa (MENA) is experiencing a pivotal period in its modern history, and the political turmoil currently sweeping the area will redefine it for at least a generation. At stake is whether the Middle East will finally democratise, or whether authoritarianism will ultimately prevail.

### **Greater Private Sector Participation Not Without Risks** [\(click to Read More\)](#)

Fiscal and infrastructure concerns have increasingly spurred Oceanic states (particularly Australia, New Zealand and Fiji) to turn to greater private sector participation in the development and ownerships of public assets, particularly infrastructure assets. While these attempts at privatisations are not without risks, negative voter sentiment to increasing debt levels and deteriorating fiscal outlooks suggest that this trend of greater private sector involvement in public services can only accelerate over the coming years.

### **Poroshenko Victory Could Mark Ukraine's Turning Point** [\(click to Read More\)](#)

The landslide victory for Petro Poroshenko in the first round of Ukraine's presidential elections held on May 25 marks the best-case scenario possible for the country, despite disruption to voting in several areas in Eastern Ukraine. Nonetheless, considerable economic and political challenges must be addressed over the coming months.

### **Political Risk Analysis - Nuclear Talks: Regional Implications** [\(click to Read More\)](#)

A breakdown or a breakthrough in nuclear talks between Iran and the P5+1 will have immense regional implications. Increased economic opportunities from a breakthrough would significantly benefit Gulf Cooperation Council states, although Saudi Arabia would see its geopolitical clout reduced.



### **Podcast of The Month: Significant Growth Ahead For LatAm Mobile Financial Services** [\(click to Read More\)](#)

See more at <http://www.businessmonitor.com/blog/significant-growth-ahead-for-latam-mobile-financial-services>

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