



Global Views

Goodman on the Incredible Shrinking World—GDP Edition

Michael Goodman,
Senior Global Markets Analyst

Penserra Securities LLC
20 Broad Street
New York, NY 10005
+800.456.8850

156 Diablo Road
Danville CA 94526
+925.594-5000

Contact:

U.S. Equity Sales & Trading
Robert Goddard | +925.594-5002
robert.goddard@penserra.com

Fixed Income Capital Markets
Ed Prado | +866.651.8947
ed.prado@penserra.com

Global Equity Trading
Jason Valdez | +800.456.8850
jason.valdez@penserra.com

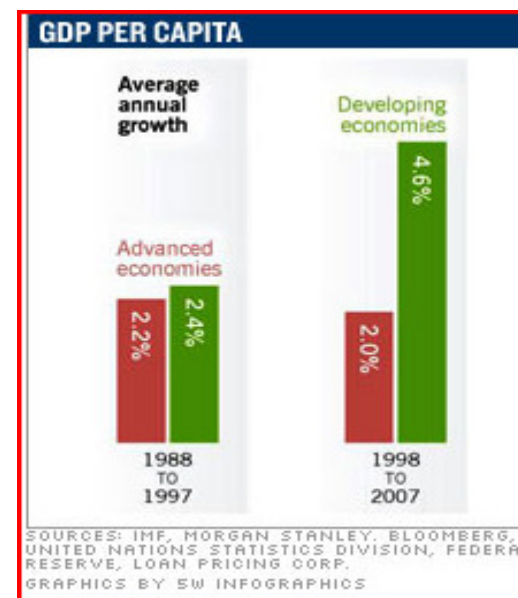
Truth in Advertising

We are Global Views, so it should come as no surprise to anybody reading this that we here at GVHQ (Global Views Head Quarters) believe the world at large has an important impact on everything that goes on in the financial center. Gone are the days when all you needed to know about France was that their exchange students were kind of annoying and enjoying their wine made you seem smart. Now, domestic markets rise and fall on rumors of European Central Banking plans and Chinese currency manipulation allegations. But, not to fear, we are here to help you make some sense of it all. So, now we give you the first installment of “Incredible Shrinking World, I Love You,” a series breaking down the changes in the structure and interconnectedness of the world economy, and how it impacts how we look at domestic indicators. Today, We’ll start with GDP.

Ancient History: 1997-2007

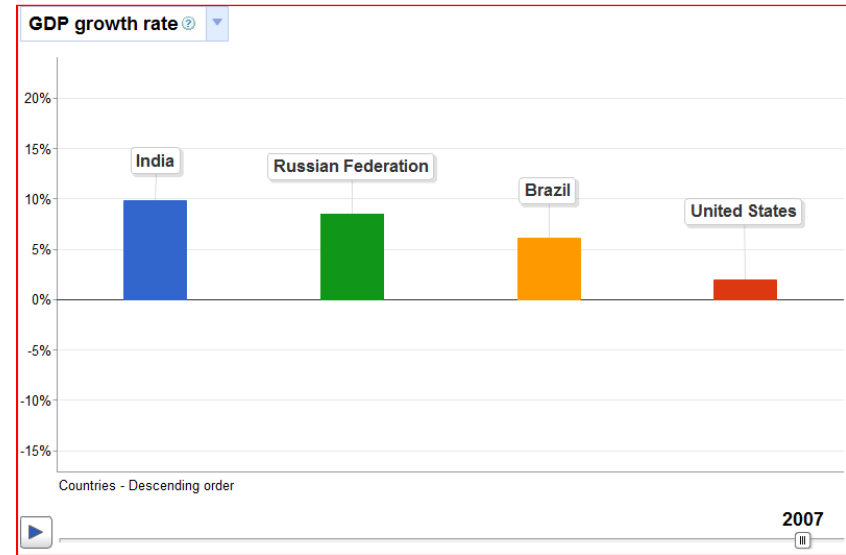
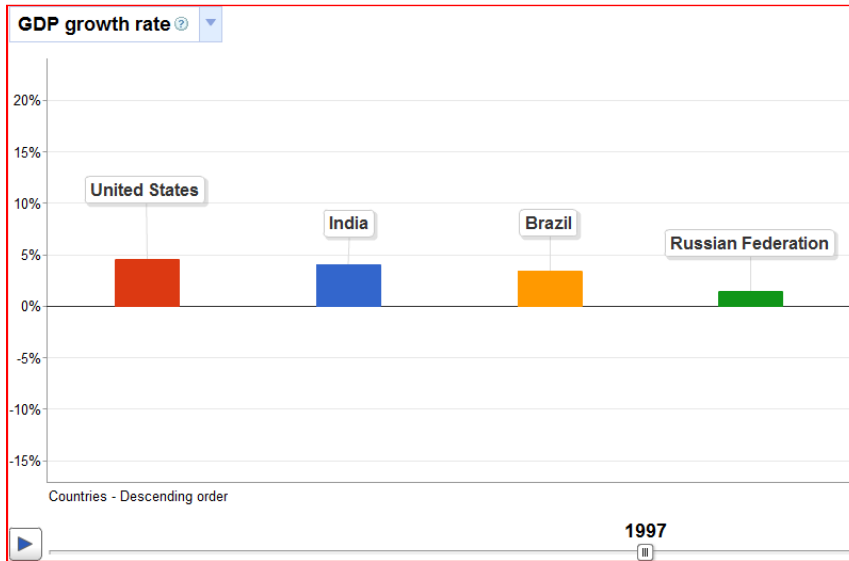
We’ll start with the world before B.C.C. (before credit crunch). You remember that decade. Everything was awesome. There was free money and easy credit, and not even the dot com bubble or September 11th could slow our growth down for long. Sort of. Because as the moving bars on the next page show, the world

changed from 1997 to 2007. While we were growing at a healthy rate, during that decade some fairly important countries passed us. The emerging markets earned their name. The picture is equally dramatic (which is to say not at all dramatic unless you love numbers, but hopefully at least mildly interesting) if we look at the per capita GDP numbers.



Any way you slice it, growth at home was being dwarfed by growth abroad.

Disclaimer All materials are provided for information purposes only and should not be used or construed as an offer to sell, a solicitation of an offer to buy, or a recommendation for any security. Penserra Securities LLC is not responsible for gains/losses that may result in the trading of these securities. All information is believed to be obtained from reliable sources, but there is no guarantee that the information supplied is accurate, complete or timely. There is no guarantee or warranty with regard to the results obtained from its use. There is no guarantee of suitability or potential value of any particular investment or information source. You acknowledge that your requests for this information are unsolicited and shall neither constitute nor be considered investment advice. Past performance is not an indication of future performance. Investors are encouraged to consult a registered broker or investment adviser before making any investment decisions. The interpretations and opinions expressed herein are solely those of the author and not of Penserra Securities LLC as an organization. Member: SIPC, FINRA.



A brief note about the graphs-- I didn't include China because by and large Chinese data is unreliable at best and outright lies at worse. But, the arguments are basically the same, as I said last time in our Quarterly list, China is scary. They have lots of people, lots of resources and while everybody may differ on the specifics they are clearly growing, and fast.

Coming Attractions

So, we've used a whole bunch of pretty pictures to make a fairly limited point. That point is that while the U.S. was doing well, compared to the rest of the world it wasn't doing quite as well as we thought. There are lots of reasons for that, although the most prominent is simply a demographic one. The BRICs started from a position of both relative and absolute underdevelopment, so they had (and still have) lots of room on the upside to grow. All of which merits a big so what.

Well, like any good series we'll leave you with a cliffhanger. The growth of the BRICs is not surprising, but given the fact that it coincided with a severe recession it is important. As the U.S. and the rest of the developed world began to struggle to climb out of their hole, they climbed out into a slightly different world. And that has important implications, ones that we are still grappling with. Next time we'll look at how private business in the U.S. reacted to the shifting world, and what those decisions have meant for the domestic economy. So make sure to check us out then, same bat time, same bat channel. (The bat time is whenever we decide to send it out, and the bat channel is your email box, but I'm sure you figured that out).