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today's economy and  
financial markets

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# Global ABCs

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This is the companion piece to *Domestic ABCs* of December 16, 2009

**A**nxiety—even as economic performance around the globe continues to improve, a high level of individual and corporate anxiety remains. We have all been through the “ringer” during the past 24 months

**B**udget Deficits—unprecedented government spending around the globe to offset financial chaos 12 to 18 months ago has led deficits in too many countries to astronomical levels. Excessive government spending must be curtailed sooner rather than later

**C**hina—robust economic growth has returned, following the slowing of a year ago. China's move up the ladder to replace Japan as number two on the economic scale is continuing

**D**ollar—despite all of the complaining about a weak currency, the dollar lost roughly 2.5% versus the euro and gained 2.5% versus the yen last year

**E**urope—a return to modest economic growth developed faster than expected by economists. Modest growth seems on tap during the new year now unfolding

**F**inancial System—the American and global financial system emerged from the Great Recession bruised and battered, but still largely viable. Did we learn anything about minimizing the chance of a similar meltdown in the future?

**G**lobal Economy—the overall global economy emerged from its first recession since just after WWII sooner than expected. Reasonably solid growth, led by Asia, seems likely this year

**H**unger—a child starves to death every six seconds somewhere in the world. Can't we work together to stop this travesty?

**I**nflation—largely subdued during 2008 and 2009. However, excessive money creation around the globe during those years could see inflation pressures rise in 2011 and 2012

**J**apan—growing again after its most serious recession in generations. Growth prospects, however, will be limited this year and next

**K**orea (North)—massive failure of this centrally planned economy is without question. Meanwhile, South Korea is expecting a return to solid growth during 2010

**L**atin & South America—most nations in the region will see growth prospects improve during 2010. Problems with excessive red tape, bungling bureaucracy, and corruption will limit gains

**M**exico—a return to modest growth is likely this year, following the sharp decline during 2009. The troubled tourism sector should perform somewhat better

**Neighbor to the North**—Canada seems in transition to renewed economic growth, following the return of U.S. economic growth during mid-year 2009

**Oil**—massive oil discoveries around the globe and improving technology could help keep prices under control in coming years. At the same time, historically high prices will encourage continuing development of non-oil sources of energy

**Politics**—some nations moved to the political left, others moved to the right. U.S. Congressional elections later this year will be crucial as to which way the nation “leans” in coming years

**Quagmires**—as before, there never seems to be a shortage. Today’s list still includes Afghanistan, Chechnya, Iran, Iraq, the Sudan, and the Middle East. We can now add Yemen to the list

**Risks**—pick any descriptor...political...economic...financial market...terrorism...military

**Stock Prices**—volatile but rising in many developed and emerging markets. Modestly higher prices are likely this year as economic growth continues

**Travel**—spending on global tourism is expected to rise in 2010 versus that of late 2008 and during 2009. Any major terrorist “successes” during 2010 would cloud that view

**U.S.**—returned to a reasonable growth pace during mid-2009. U.S. growth during 2010 and 2011, combined with solid Asian performance, provides a foundation for improving global growth

**Vancouver 2010**—can the Olympic Winter Games help us realize that we all live together on this tiny spec of dust...and help us work together?

**WWW**—the World Wide Web continues to be both amazing...and cluttered with junk. Still, estimates suggest we have tapped only about 10% of the potential of the Internet. Global companies using it will save in excess of \$1 trillion in operating costs during the next three years

**eXports**—global trade is expected to rise this year from last year’s depressed level, contributing to greater employment and higher incomes around the globe

**Young People (around the world)**—facing a rising tax burden in coming decades to finance the retirement years of Baby Boomers (and Boomers’ parents) if minor changes are not soon made

**Zones**—three major trading zones—North America, Europe, and the Pacific Rim—still define the planet’s future. Most expect two-thirds of the incremental growth in trade during the next 20 years to take place within the Pacific Rim



## “TEA”ser

You guys line up alphabetically by height.

—A sports coach



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