

press release

Signs of rising confidence help emerging markets to lead the upturn

London, 4th February, 2010: Rising confidence in Asia and other emerging regions could accelerate their pace of recovery. This contrasts with the West, where subdued confidence points to sluggish growth, according to the latest edition of **Global Focus**, Standard Chartered Bank's monthly report, published today.

The outlook depends on the fundamentals, policy and confidence. The fundamentals point to a multi-speed, policy-led global recovery -- multi-speed because emerging economies appear to be in much better shape and are expected to lead the recovery. In contrast, it will be a long, hard slog in most advanced economies. For them, the recovery will be weak, according to the report.

This divergence reinforces the Bank's views that the balance of power is shifting from the West to the East.

China's risks

Despite this shift there will be setbacks along the way, the report notes. The rapid pace of credit and lending growth in China, for instance, is a concern and reinforces a message the Bank has stressed.

Dr. Gerard Lyons, Chief Economist, said: "The trend for the Chinese economy is up, but one should expect increased volatility along that upward path. The business cycle exists in China, as elsewhere."

Davos debate

The Global Focus report draws lessons from the debates among bankers, regulators and policy makers at the recently concluded World Economic Forum held in Davos.

As Dr. Lyons notes: "Last year the mood at Davos was pessimistic. This year it was realistic. It will have to wait until next year to become optimistic."

The report looks at some of the financial and economic issues. It contrasts the populism of the public debate on banks with the pragmatism of the technocratic debate. One risk is the unintended consequences of excessive regulation. Also, says Dr. Lyons, "it is vital to avoid premature policy tightening in the West, and important that emerging economies address potential problems of capital inflows."

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