



Demographics & destiny

Khazanah Megatrends Forum
2012

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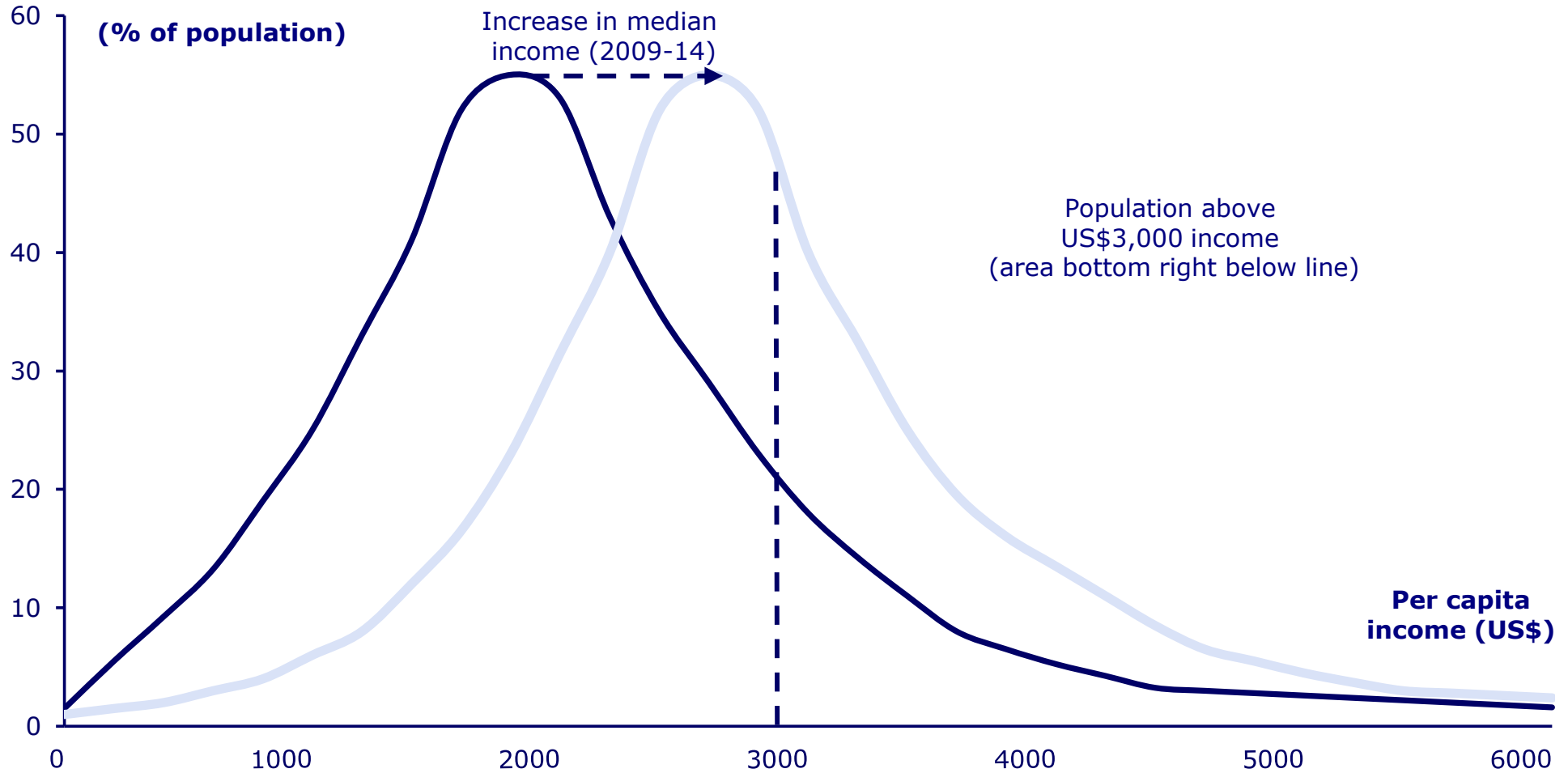
October 2012

Demographics & destiny

- Middle-class growth is non-linear; 400m entering Asian middle class over 2010-15.
- Labour force in Europe and Japan in decline; in US moderate growth
- China's labour force growth decelerating; growth in labour pool for rest of Asia
- Rising education levels will support productivity
- Structurally positive for Asia but with risks (reversal of globalisation, geo-political flareups)

Rise of Asia's middle class

Large expansion of the middle class as median income rises



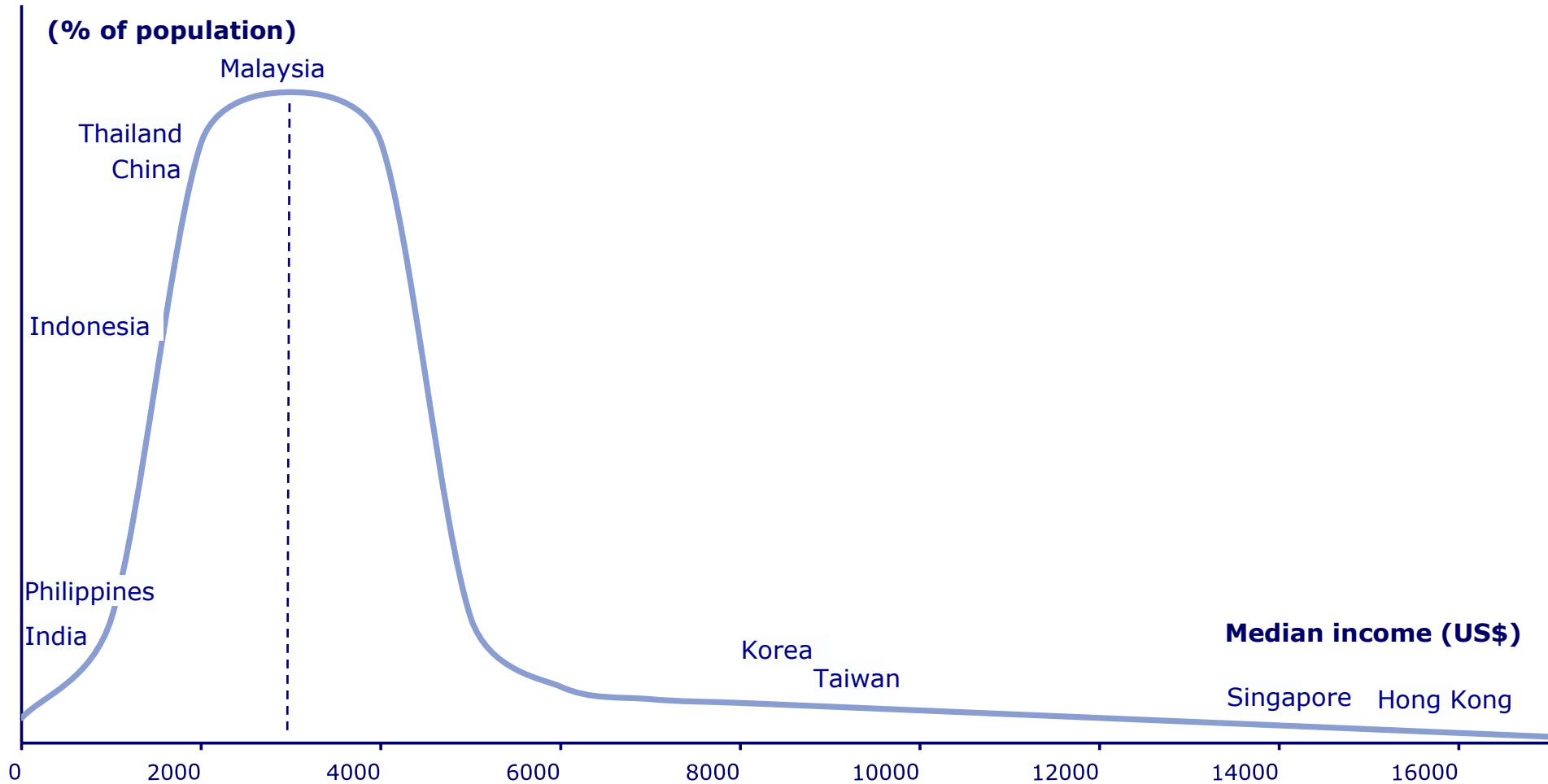
Source: CLSA Asia-Pacific Markets

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Median-income levels

Median-income levels and % of population with discretionary spending power



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Growth in middle class

Asia ex-Japan middle class (2010-15)

	Middle class population (m)		Cagr (%)	Middle class (% of population)	
	2010	2015	2010-15	2010	2015
China	365.6	628.2	11.4	27.0	45.0
Hong Kong	7.1	7.4	0.9	100.0	100.0
India	68.0	160.5	18.7	5.6	12.4
Indonesia	33.5	63.5	13.7	14.4	26.0
Korea	48.5	49.2	0.3	100.0	100.0
Malaysia	12.6	16.5	5.6	45.0	55.0
Philippines	13.1	18.3	6.9	14.0	18.0
Singapore	4.8	5.1	0.9	100.0	100.0
Thailand	19.1	31.1	10.2	28.0	44.4
Taiwan	23.2	23.5	0.3	100.2	100.4
Asia ex-Japan	595.4	1,003.1	11.0	19.4	31.1

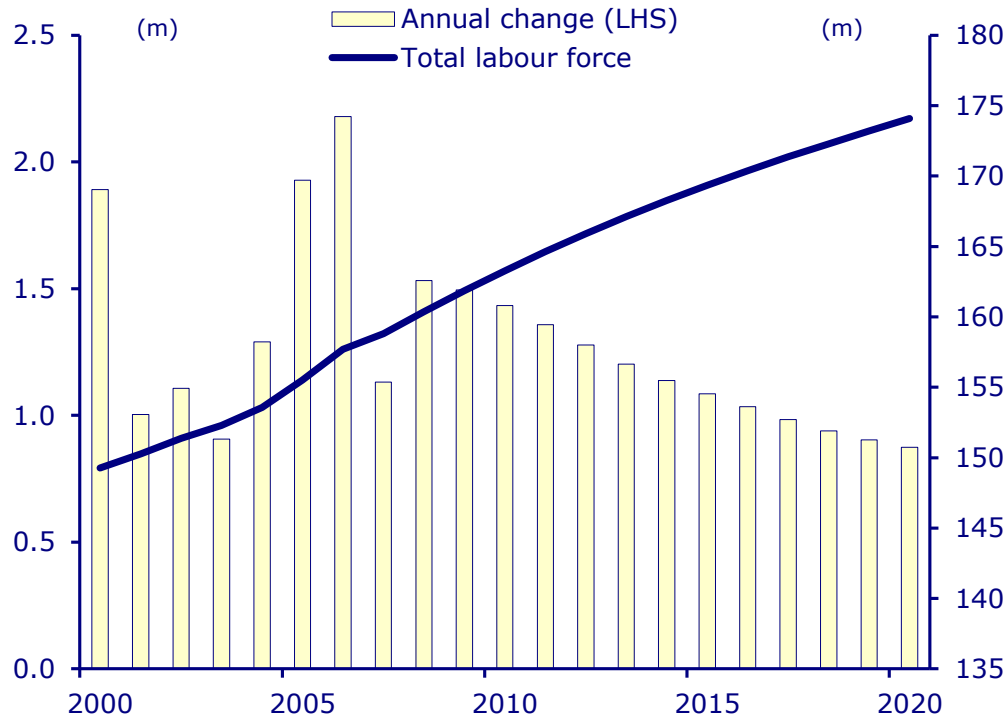
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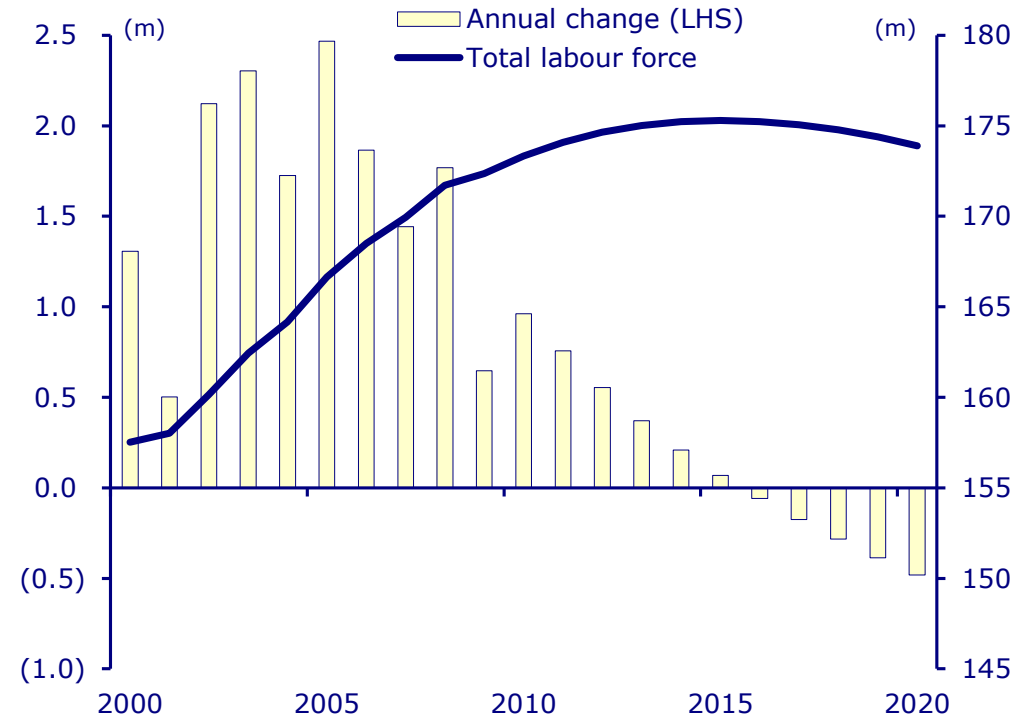
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Labour force in the US & Europe

US



Europe



Source: ILO, Hokenson & Company

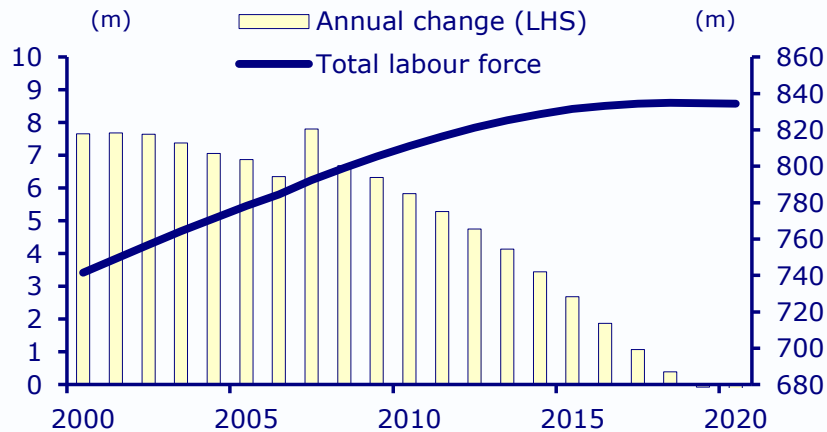
Note: Europe consists of France, Germany, Greece, Ireland, Italy, Netherlands, Portugal, Spain and UK

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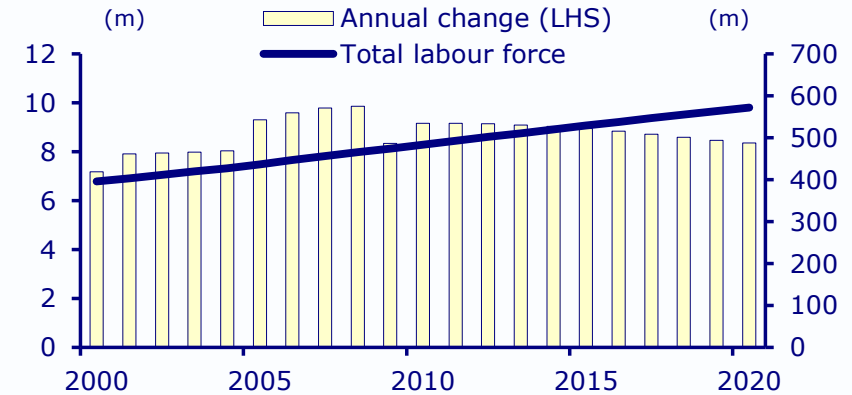
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Labour force in Asia

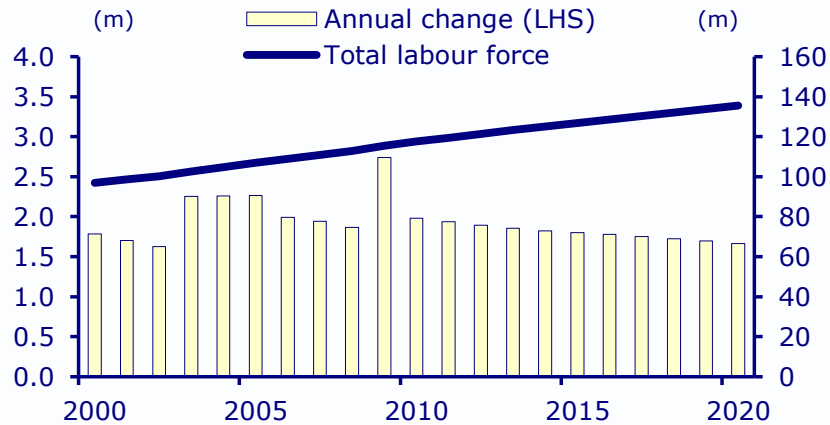
China



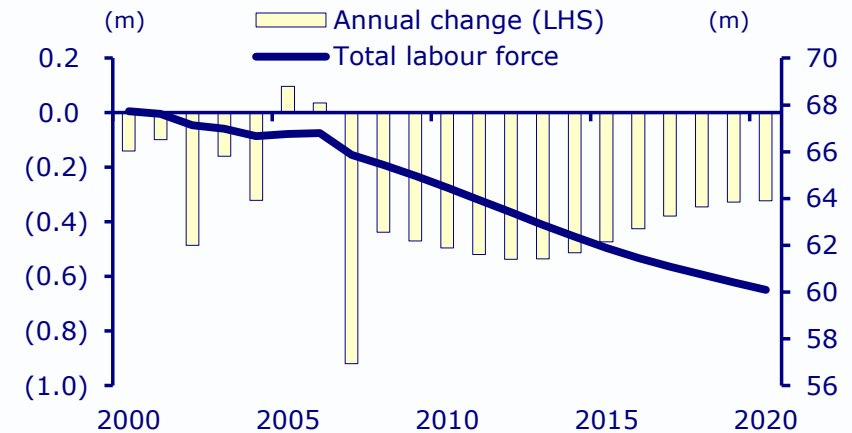
India



Indonesia



Japan



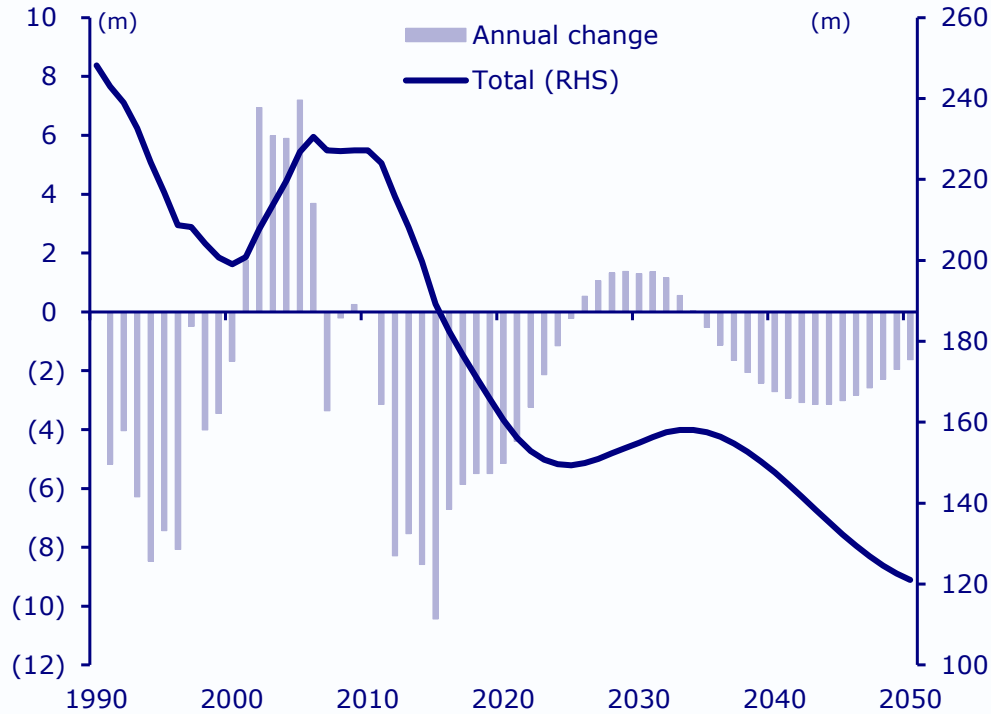
Source: ILO, Hokenson & Company

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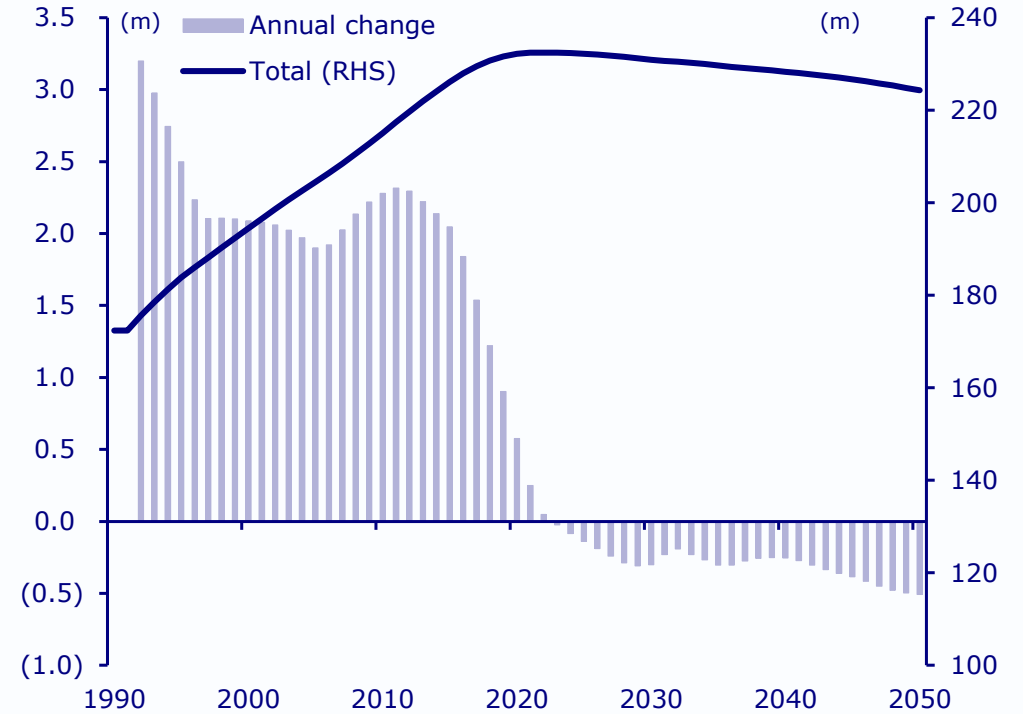
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Entry-level workers

China



India



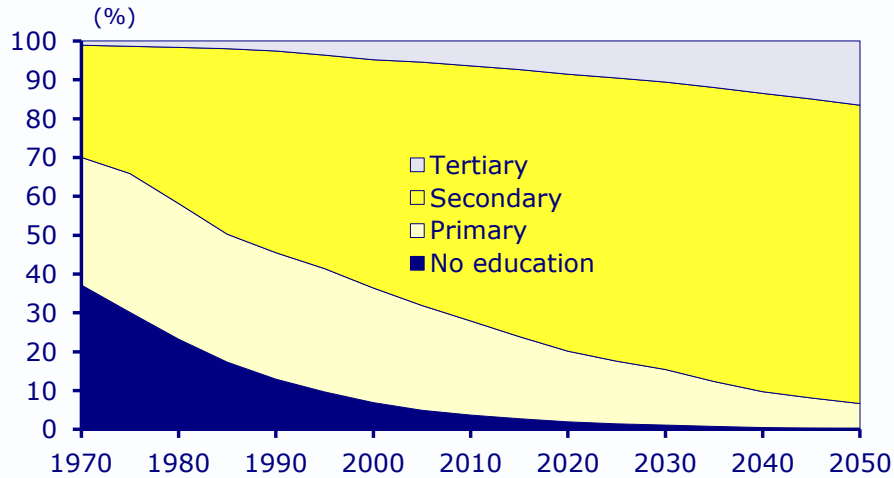
Source: US Census Bureau, Hokenson & Company

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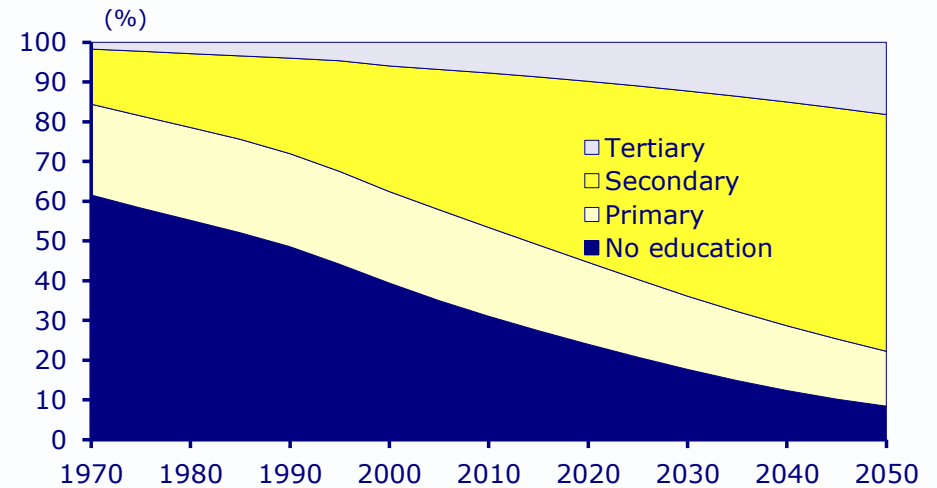
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Education levels in Asia

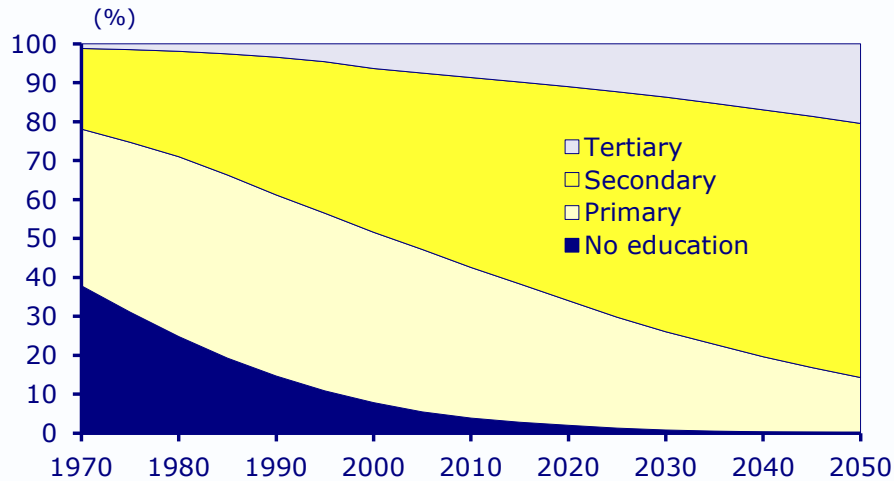
China



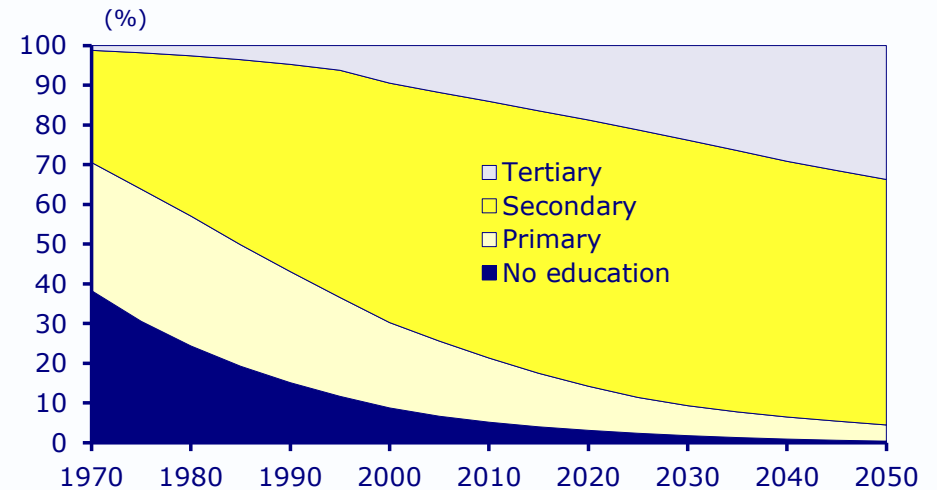
India



Indonesia



Malaysia



Source: Samir KC et al, Hokenson & Company

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Asia – Trading at a PB discount



Source: Bloomberg

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