28 January 2022

Week Ahead Economic Preview

January global PMIs, US jobs data, BOE and ECB meetings

Worldwide manufacturing and services PMIs will be released in a busy week ahead filled with key economic data such as the **US jobs report and eurozone GDP and inflation**. **Central bank meetings in the UK and eurozone** will also unfold. All of which happens while a large part of Asia, including China, will be away for **Lunar New Year holidays.**

Global markets are being rattled by mounting concerns over inflation and the US Federal Reserve's increasingly hawkish stance. The January US jobs report will therefore be eyed for further clues as to the recent strength of the labour market, which the Fed alluded to in its latest Federal Open Market Committee (FOMC) statement. According to flash PMI data, US firms continued to hire at a solid clip in January, with many reporting rising staff costs amid labour shortages.

The final worldwide PMI survey data will be therefore also be watched for further clues on the growth, supply chain and price outlook after flash PMIs alluded to slowing developed world growth at the start of 2022 as the Omicron wave hit. How the latest Omicron wave has affected the supply chain, notably in Asia, and if global price pressures continued to ease from December 2021 will be in focus.

In Europe, the ECB and BOE hold monetary policy meetings. While the ECB is expected to remain on hold, the market will be looking closely for signs that the mood could be turning more hawkish. Markets are meanwhile pricing in another hike from the UK central bank following the December surprise hike to 0.25%.

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The Great Supply Chain Disruption

Supply chains used to be something that only supply chain managers talked about. Now they are of deep concern to everyone from consumers waiting for their deliveries to retailers, major manufacturers, prime ministers and presidents, and of course central banks.

The highly synchronized global supply chain system developed over the past 30 years is under strain like never before and resolving the disruption will be less a "sprint" and more of a "marathon" that runs well into 2022. This is the first major disjunction in the highly-integrated supply chain system that has developed over the last three decades of globalization. The intense new debate on inflation adds to the urgency to understand what is ahead for supply chains in 2022.

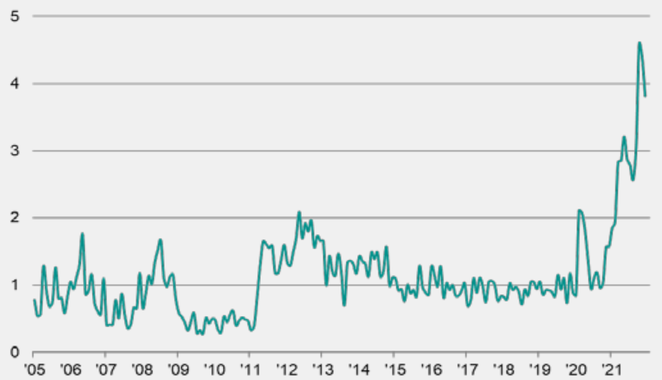
"What is unfolding in supply chains globally is not only disruptive, it is also historic," says Daniel Yergin*, vice chairman, IHS Markit and editor of a new report from IHS Markit entitled **The Great Supply Chain Disruption: Why it Continues in 2022**.

While COVID-19 has been a significant factor in driving the disruptions—with the current Omicron variant creating new uncertainties—it is not the only factor, the report says. Substantial capacity, logistical and labour challenges also exist beyond the pandemic.

The report includes key insights and observations from IHS Markit experts on manufacturing, shipping and logistics, automotive, oil, agriculture, labour and materials, as well as ESG and geopolitical strains.

Global producers reporting lower output due to component shortages

Index, 1 = long run average (2005-20)



Source: IHS Markit PMI surveys

The complete report is available for free at:

https://ihsmarkit.com/Info/0122/great-supply-chain-disruption.html

* Daniel Yergin, vice chairman of IHS Markit, is a Pulitzer Prize winning author. His latest book is "The New Map: Energy, Climate, and the Clash of Nations."

Key diary events

Monday 31 Jan

China (Mainland), South Korea, Taiwan Market Holiday, Singapore, Malaysia Market Holiday (Partial)

Japan Industrial Output and Retail Sales (Dec)

United Kingdom Nationwide House Price (Jan)

Eurozone GDP Flash (Q4, prelim)

Germany CPI (Jan, prelim)

Canada Producer Prices (Dec)

Tuesday 1 Feb

China (Mainland), South Korea, Singapore, Indonesia, Malaysia, Taiwan Market Holiday

Worldwide Manufacturing PMIs, incl. global PMI* (Jan)

Japan Unemployment Rate (Dec)

Australia RBA Cash Rate (Feb)

Indonesia Inflation (Jan)

Germany Unemployment Rate (Jan)

United Kingdom Mortgage Lending and Approvals (Dec)

Eurozone Unemployment Rate (Dec)

Canada GDP (Nov)

United States ISM Manufacturing PMI (Jan)

Wednesday 2 Feb

China (Mainland), South Korea, Singapore, Malaysia, Taiwan Market Holiday

Eurozone HICP (Jan, flash)

United States ADP National Employment (Jan)

Thursday 3 Feb

China (Mainland), Taiwan Market Holiday

Worldwide Services & Composite PMI, incl. Japan, Brazil, Eurozone, India* (Jan)

Australia Trade Balance (Dec)

Eurozone Producer Prices (Dec)

United Kingdom BOE Bank Rate (Feb)

Eurozone ECB Deposit and Refinancing Rate (Feb)

United States Initial Jobless Claims

United States ISM non-manufacturing PMI (Jan)

Indonesia GDP (Q4)

Friday 4 Feb

China (Mainland), Taiwan Market Holiday

Australia RBA Monetary Policy Statement

South Korea CPI Growth (Jan)

Thailand CPI (Jan)

Germany Industrial Orders (Dec)

United Kingdom Markit/CIPS Construction PMI* (Jan)

Eurozone Retail Sales (Dec)

United States Non-Farm Payrolls, Unemployment Rate, Average Earnings (Jan)

* *Press releases of indices produced by IHS Markit and relevant sponsors can be found here.*

What to watch

- **Worldwide manufacturing and services PMIs**

  Amid the spread of the COVID-19 Omicron variant, worldwide manufacturing and services PMIs will be watched intently next week for indications of how the global economy has fared at the start of 2022.

  January flash PMIs alluded to sharp slowing in developed world growth, with US growth notably slipping to an 18-month low. Japan and Australia meanwhile fell into their third economic downturns of the pandemic as the Omicron wave hit, though the UK displayed some encouraging economic resilience in the face of the Omicron variant's spread.

  A common theme that emerged was the disruption to output as COVID-19 conditions worsened, even though demand appeared to have held up on balance across the G4 economies. On the other hand, price trends varied at the start of 2022, with easing raw material price inflation contrasting with rising service sector prices. The upcoming data will therefore be watched in particular for indications of the supply situation out of Asia and the corresponding implications for prices.

- **North America: January jobs data**

  The turn of the month brings the January jobs report from the US, with the market currently pencilling in a stronger 238k addition for non-farm payrolls, while the unemployment rate comes in at 3.9% and average hourly earnings grow by 0.5% month-on-month. The latest IHS Markit Flash US Composite PMI pointed to firms expanding their workforce numbers in January despite challenging labour market conditions. This pace of jobs growth will be closely watched amid the market's concern with the rising interest rates outlook.

- **Europe: BOE, ECB meetings, eurozone GDP and inflation**

  The Bank of England (BOE) and European Central Bank (ECB) both meet for the first time in 2022. No change to rates is expected from the ECB though the current consensus points to the BOE hiking the bank rate by 0.25% to 0.50% at the upcoming meeting. Key economic releases for the eurozone meanwhile include Q4 GDP and January 'flash' inflation.

Special reports:

Flash PMIs Signal Sharp Slowing in Developed World Growth at Start of 2022 as Omicron Wave Hits

Chris Williamson | **page 4**

Philippines to Become USD 1 Trillion Economy by 2033 **Rajiv Biswas |** **page 7**

Recent PMI and economic analysis from IHS Markit

Global	Flash PMIs signal sharp slowing in developed world growth at start of 2022 as Omicron wave hits	25-Jan	Chris Williamson
	PMI survey data to reveal Omicron impact around the world	18-Jan	Chris Williamson
	Labour market heat adds to Bank of England policy dilemma	13-Jan	Chris Williamson
US	US economic growth slows to 18-month low as Omicron wave exacerbates supply delays and labour shortages	24-Jan	Chris Williamson
Europe	Eurozone growth slows as flash PMI slides to 52.4. Omicron hits services, but manufacturers benefit from easing supply constraints	24-Jan	Chris Williamson
	UK flash PMI signals economic resilience amid Omicron wave	24-Jan	Chris Williamson
APAC	Japan and Australia enter third economic downturns as Omicron wave hits	24-Jan	Jingyi Pan
Commodities	Weekly Pricing Pulse: Commodity price strength continues as oil reaches a seven-year high	26-Jan	Michael Dall

IHS Markit Economics & Country Risk highlights

Geostrategy 2022: Winter Virtual Event

The key challenge as we enter 2022 will be that critical drivers of risk are becoming increasingly intertwined, even as the world is becoming more divergent.

Join our two day event for our Geostrategy 2022 event to hear our experts discuss the critical dynamics, key risks and opportunities, and likely impacts.

Click here to join our event

The Great Supply Chain Disruption: Why it continues in 2022

The global supply chain system is in the midst of the greatest disruption it has ever experienced. It will continue in 2022, with the impact felt across industries, the world economy, and inflation. Drawing upon its range of capabilities, IHS Markit brings together a coherent overview of what's happening in supply chains and why the turmoil will persist. For other IHS Markit Connect content, one can contact CustomerCare@ihsmarkit.com.

Click here to read our strategic report

Get Your Money's Worth: Using PMI Data to Assess Currency Valuation

Our PMI data have long been used to accurately nowcast by relying on its early release -- well in advance of comparable official data -- and its standardized methodology. Our analysts are now using these same attributes to explore how PMI data could help establish whether a currency is over, under, or valued just right.

Click here to listen to this podcast by IHS Markit Economics & Country Risk team

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PMI™ By IHS Markit

Special Focus

Flash PMIs Signal Sharp Slowing in Developed World Growth at Start of 2022 as Omicron Wave Hits

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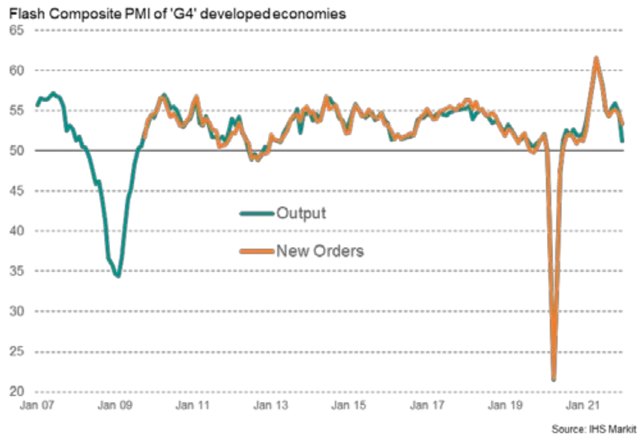
The pace of economic growth across the four largest developed economies slowed sharply in January to the lowest since June 2020 as the Omicron variant disrupted business activity. The impact was most fiercely felt in the service sector, with manufacturing supported by an easing of supply constraints. The reduced supply squeeze helped alleviate price pressures in manufacturing, but service sector charges spiked higher on rising energy and staff costs, pointing to still elevated levels of inflation in coming months. The outlook meanwhile remained one of heightened uncertainty, albeit with easing supply constraints helping boost prospects in the manufacturing sector.

Developed world output and new orders growth



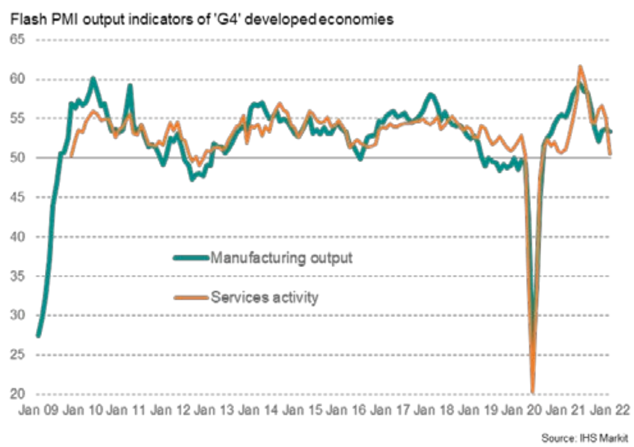
Developed world growth slides to 19-month low

Flash PMI surveys for January signalled a sharp slowing in the pace of economic growth across the world's largest developed economies to the weakest since the recovery from the first lockdowns began in mid-2020. Growth in the 'G4' developed economies of the US, eurozone, Japan and the UK had surged to an all-time high in May 2021 as economies opened up from pandemic-related restrictions, but growth subsequently slowed sharply as the demand recovery faded and the COVID-19 Delta wave further disrupted economies and supply chains. Another downshifting in the rate of expansion is now evident at the start of 2022 as the Omicron variant led to a further surge in virus infection rates.

Although new orders across the four largest developed economies continued to rise, the January increase was the weakest for nearly a year, in turn resulting in the smallest increase in companies' backlogs of work for ten months.

Measured across the G4 economies, the service sector was especially hard hit by Omicron, with activity slowing to near-stagnation, registering the weakest increase for 18 months. Manufacturing output growth slipped to the second-lowest in 17 months, but remained relatively resilient, buoyed in part by a further alleviation of supply constraints.

G4 manufacturing and services output



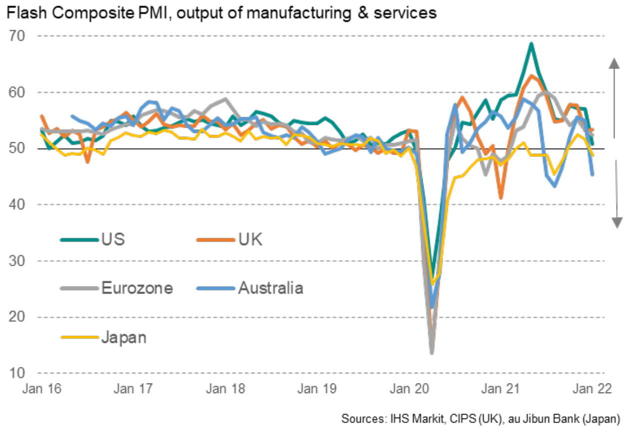
Japan and Australia contract, US stalls

The flare up of Omicron caused both Japan and Australia (the latter also covered by the flash PMIs) to fall back into decline, representing their third downturns so far during the pandemic. Both saw reduced service sector activity, with Australia's manufacturing economy also slipping into contraction. However, Japan's factory sector continued to expand, and at a solid rate.

The US meanwhile saw growth slow sharply to indicate a near-stalling of the economy, with both manufacturing and services reporting greatly weakened performances to record only very modest expansions during the month.

In Europe, eurozone growth hit an 11-month low and growth in the UK continued to run at a rate similar to the 12-month low seen in December. Both economies battled against the Omicron variant, though with manufacturing output growth rates picking up amid fewer supply chain delays.

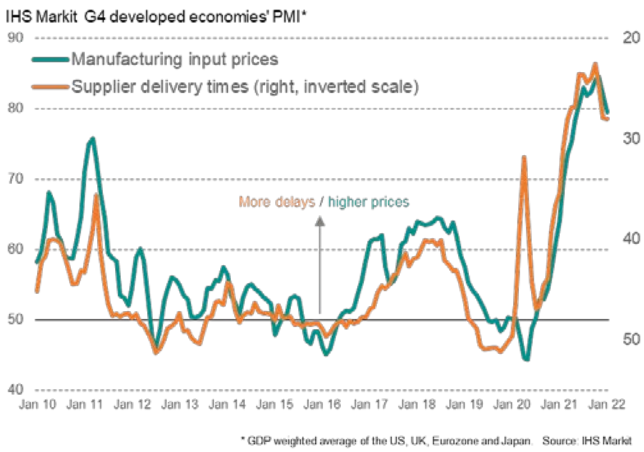
Output growth



Supply constraints ease further record highs, though not in the US

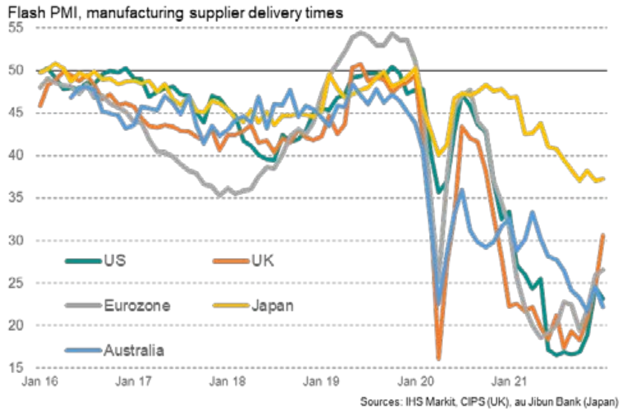
One of the principal reasons for the relative resilience of manufacturing could in part be explained by spending switching from face-to-face services to goods as the Omicron wave took hold, but the factory sector also saw an easing of supply chain disruptions. Measured across the G4 economies in January, supplier delivery times continued to lengthen, but to the smallest degree since March of last year. The incidence of delays appears to have peaked back in October amid the Delta wave, and it has been encouraging to see delivery times not lengthen at an increased rate so far during the Omicron wave.

G4 manufacturing supplier delays and input prices



However, there are some notable regional differences in supply chains. While delivery delays in Europe eased considerably during January, delays worsened in the US, likely due to ongoing port congestion and other logistical issues, which appear to be on the wane in Europe but still prove problematic in the US.

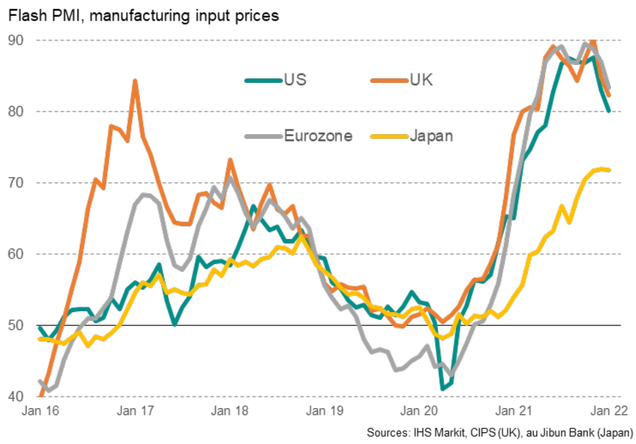
Suppliers' delivery times



Varying sector price trends

A welcome by-product of the broad easing in supply chain pressures was a cooling of input cost inflation, with raw material prices paid by manufacturers across the G4 economies showing the smallest monthly increase since last May. Notably, this easing in cost pressures included the US, despite the additional domestic supply chain pressure recorded during the month.

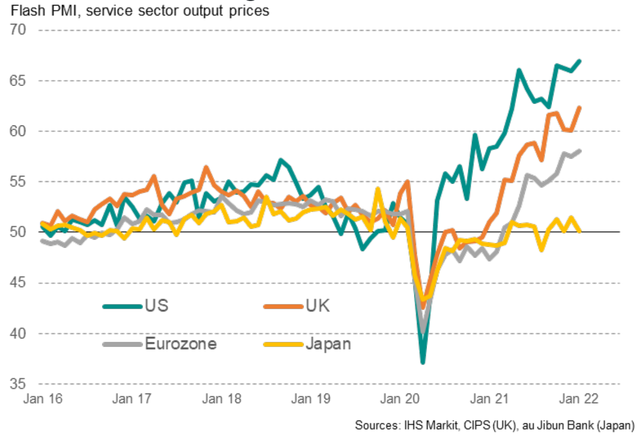
Manufacturing input costs



However, while producers' input cost inflation eased, average prices charged for services rose at a record rate across the G4 economies, with new highs recorded in the US, eurozone and the UK. Japan remained a striking exception, with charges barely rising.

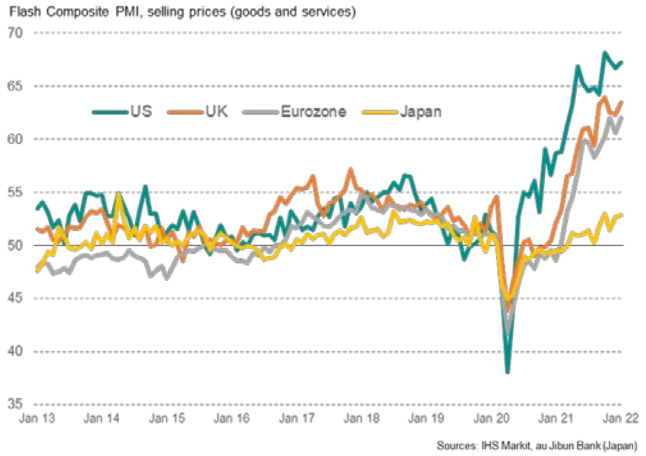
Higher service charges were associated with soaring energy and staff costs, compounding supply and demand imbalances.

Service sector charges



Average prices charged for goods and services consequently rose at increased rates in all G4 economies, running at or near record rates in all cases to hint at further sustained and elevated inflationary pressures.

Prices charged for goods and services



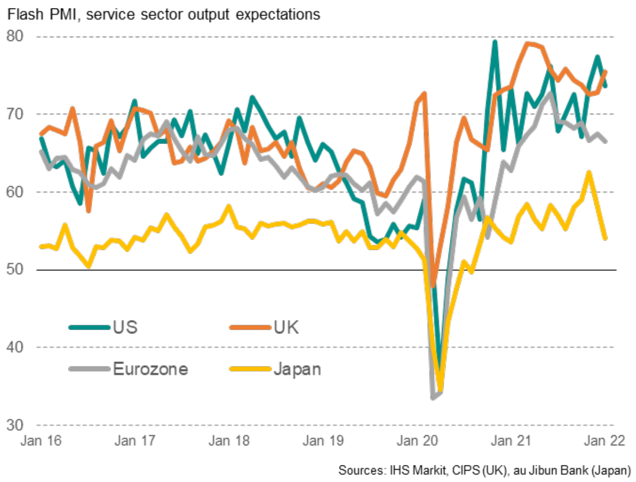
Future expectations

Looking ahead, hopes of alleviating supply shortages played a material role in lifting manufacturers' future output expectations higher in both the US and the Eurozone, albeit with optimism in the former limited by concerns over shipping delays. In the UK, improved prospects due to alleviating shortages were conflicted by concerns over the damaging effect of Brexit on trade with EU countries. In Japan, COVID-19 worries dominated, pushing expectations lower.

In the service sector, COVID-19 worries likewise pushed future activity expectations lower in Japan, the US and eurozone, but prospects brightened in the UK. This likely reflects the timing of the Omicron wave, which hit the UK earlier than the other economies. UK firms consequently reported a brightening picture due to the imminent re-opening of the economy, but firms in other countries remained very uncertain either as to when restrictions will be lifted, or case numbers start to decline. Much will of course depend on how governments react to the Omicron wave, with the UK (and specifically England) appearing to be relatively relaxed regarding the health impact of the Omicron wave.

PMI manufacturing business expectations

PMI service sector business expectations



Outlook

When looking ahead, it is encouraging that demand – as measured by new orders – continued to rise at a stronger rate than output across the G4 economies in January, reflecting the ongoing constraints on output (namely supply chain delays and worker shortages due to the virus). Output growth could therefore reaccelerate, provided supply constraints continue to ease. We will therefore need to assess the broader supply situation out of Asia in January and February via the final PMIs to gauge extent of global supply constraints more fully.

As for demand, it is worth noting that, although the cooling of demand growth witnessed in January was in part attributable to the spread of the Omicron variant, the slowdown often coincided with reports of customers baulking at higher prices or having incomes squeezed by recent inflationary pressures, as well as fewer reports of companies building inventories.

Geopolitical concerns, notably in Ukraine, and the trend towards monetary and fiscal tightening that is widely anticipated in many economies – led by the US – in coming months is also likely to be detrimental to demand growth.

It is therefore possible that, while the global economy may be over the worst in terms of supply delays, these constraints are persisting (though not worsening) at a time during which demand growth is also waning, which points to risks being tilted towards a slower pace of economic expansion.

Special Focus

Philippines to Become USD 1 Trillion Economy by 2033

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The Philippines economy rebounded in 2021, growing at a pace of 5.6%, despite the negative impact of the COVID-19 Delta wave that hit the nation in the second half of 2021. Over the decade ahead, rapid economic growth is forecast for the Philippines economy. Consequently, by 2033 the Philippines is set to join the ranks of a small group of countries in the Asia-Pacific region that have a GDP exceeding USD 1 trillion.

This will result in a significant transformation of the structure of the Philippines economy, with substantial expansion in the size of the domestic consumer market. This will help to drive foreign direct investment inflows into the Philippines, as multinationals build up their local presence in a wide range of manufacturing and service sector industries.

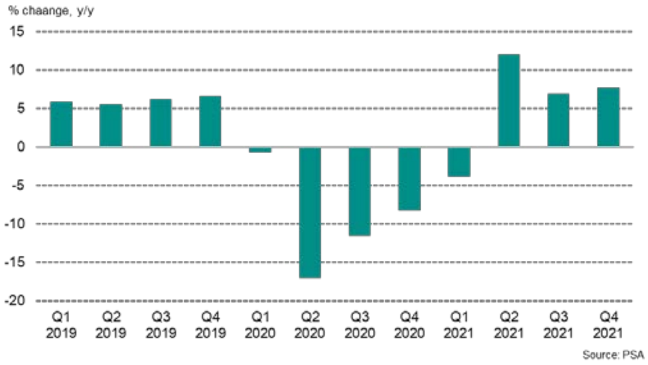
Escalating new COVID-19 cases dampens recovery

In the fourth quarter of 2021, the Philippines economy grew at a pace of 7.7% year-on-year (y/y), following growth of 6.9% y/y in the third quarter and 12.0% y/y in the second quarter. The Philippines economy had previously recorded five consecutive quarters of contraction from the first quarter of 2020 until the first quarter of 2021.

In the 2020 calendar year, the Philippines economy had contracted by 9.4% y/y due to the severe economic impact of the COVID-19 pandemic and related lockdowns as well as border closures. The 2020 economic contraction was the largest annual decline ever recorded since National Accounts data series for the Philippines commenced in 1946. Household final consumption expenditure fell by 7.9% y/y in calendar 2020, while gross capital formation contracted by 34.4% y/y. Some sectors of the economy recorded severe declines in output, with the transport and storage sector recording a 30.9% y/y decline in output in 2020, while accommodation and food services output slumped by 45.4%.

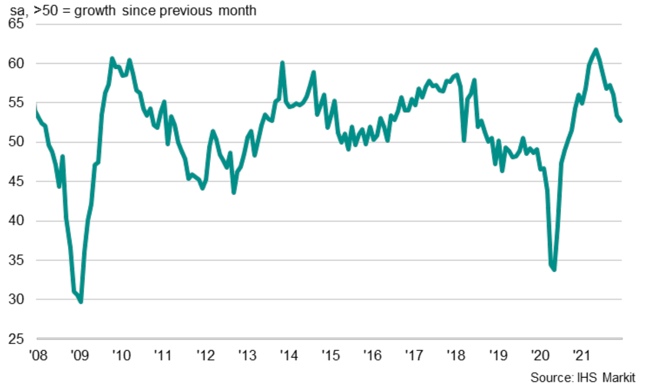
Following the return to positive GDP growth in the second quarter of 2021, the GDP outturns for the third and fourth quarters were above financial markets' expectations. Consumption was a key driver for growth in the fourth quarter of 2021, with household final consumption expenditure rising by 7.5% y/y, while government final consumption expenditure rose by 7.4% y/y. Gross capital formation also grew strongly in the fourth quarter, rising by 12.6% y/y.

Philippines GDP growth, 2019-2021



In the fourth quarter, exports rose by 7.8% y/y, with December merchandise exports up by 7.1% y/y. Exports of electronic products continued to be the country's top merchandise export in December 2021, accounting for export earnings of USD 3.7 billion and accounting for 58.5% of total exports. For calendar 2021, total exports rose by 14.5% y/y. The global upturn in electronics demand has helped to boost the Philippines electronics sector in 2021, with the IHS Markit Global Electronics New Orders Index continuing to signal strongly expansionary new orders pipelines in 2022.

IHS Markit Global Electronics PMI New Orders Index

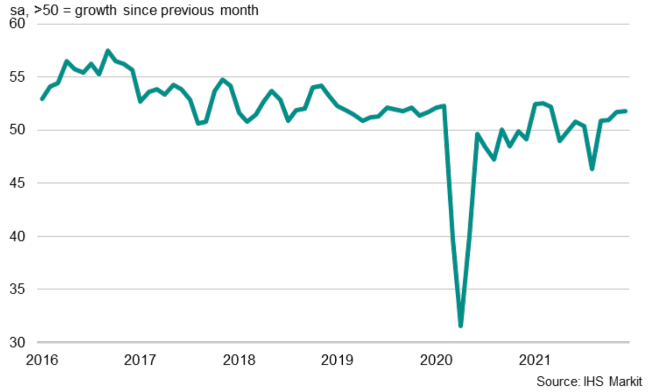


In 2020, the current account surplus reached a record high of USD 13 billion or 3.6% of GDP, boosted by the sharp slump in imports due to the severe contraction in domestic demand. Another current account surplus is expected in 2021, albeit narrowing as growth recovery triggers higher domestic demand and rising imports. In December 2021, the Philippines central bank, Bangko Sentral ng Pilipinas (BSP), revised down its current account projection for 2021 to a deficit of USD 4 billion or 1% of GDP due to a widening trade deficit, as the economic recovery and rising oil prices pushed up imports. This was a significant downward revision from its September 2021 projection of a current account surplus of USD 3.5 billion, or 0.9% of GDP.

An important stabilizing factor for the Philippines economy has been overseas worker remittances by Filipinos working abroad, which remained quite stable during 2020, down only 0.8% y/y, and equivalent to around 10% of GDP. However, an estimated 600,000 Filipino workers were repatriated in the 12 months since May 2020 as a result of job losses in their host countries, raising concerns about the impact on remittance flows during 2021. Remittances sent home by workers are an important factor supporting domestic consumer spending in the Philippines. However, despite concerns about job losses, recent monthly data continues to show resilient remittance inflows, with remittances by workers abroad up by 4.8% y/y in November 2021. In the first 11 months of 2021, personal remittance flows rose by 5.3% y/y.

Manufacturing production contracted by 9.8% y/y in 2020, reflecting significant disruption to manufacturing output during the pandemic-related lockdown and restrictions on retail trading in Q2 and Q3 2020. Economic conditions gradually improved in 2021, with strong growth in the second half of 2021. Manufacturing output rose by 7.2% y/y in the fourth quarter of 2021, while construction grew by 18.5% y/y.

Philippines Manufacturing PMI



Operating conditions in the Philippines manufacturing sector improved slightly in December 2021. The IHS Markit Philippines Manufacturing PMI rose fractionally from 51.7 in November to 51.8 in December, registering above the 50.0 no-change threshold that separates expansion from contraction. Although only modest, the latest uptick was the strongest in nine months. New orders continued to rise which encouraged companies to add to their input inventories for the fourth month running.

Material scarcity and stretched supply chains led to another substantial increase in input prices during December. There was further evidence that supply-chain issues persisted. Vendor performance deteriorated sharply with company respondents often attributing these to tighter virus-related restrictions in international markets, and difficulties obtaining inputs.

Looking ahead, firms were upbeat about their output expectations for the next 12 months. Sentiment improved to the strongest since January 2020 with firms foreseeing higher customer numbers and a return to normality in 2022.

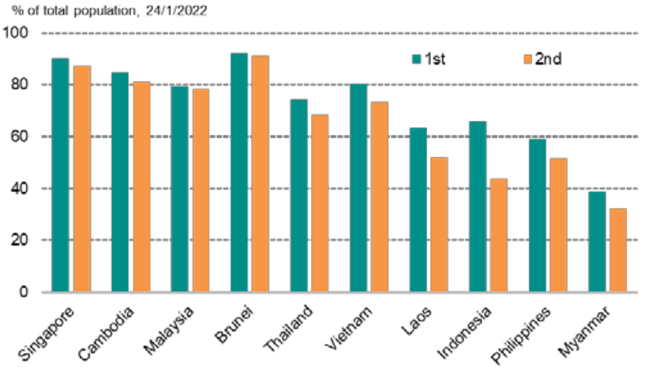
Progress of vaccine rollout

As a developing country with a population of 108 million, the Philippines has confronted significant challenges in vaccinating its population with COVID-19 vaccines due to difficulties in obtaining sufficient vaccine supplies as well as the logistical problems of implementing a large-scale vaccination rollout nationwide. The COVID-19 vaccination program began on 1st March 2021, after the arrival of shipments of China’s Sinovac vaccine.

Overall, the Philippines government has negotiated with seven global COVID-19 vaccine makers to secure sufficient supplies. By mid-November 2021, an estimated 117 million doses had arrived in the Philippines, some acquired through government contracts and some by donations by foreign governments. Out of this total, 50.5 million doses are from Sinovac, 32.1 million doses are from Pfizer, 16.1 million doses are from AstraZeneca and 10 million doses are from Moderna.

The Philippines government has fully vaccinated 57.8 million persons by 25th January 2021, which amounted to an estimated 53% of the total population. The booster rollout has also begun, with 6.7 million booster doses already administered by 25th January. Financing of USD 800 million to purchase the booster doses was agreed with multilateral institutions, including the ADB, World Bank and AIIB. A key problem confronting the Philippines, like many other developing countries, is that it is relying on imported vaccine supplies and has therefore been vulnerable to supply disruptions due to “vaccine nationalism”, as some nations with vaccine production facilities prioritize supplies to their own domestic populations due to the mounting human toll of the pandemic.

ASEAN: Covid vaccination rates



Source: Our World in Data

Philippines economic outlook

Despite the impact of the recent COVID-19 Delta wave, the Philippines economy has shown considerable resilience during the second half of 2021. Consequently, GDP growth for calendar 2021 rebounded to 5.6% y/y.

Vaccine rollout in the Philippines has been constrained by lack of sufficient supplies of imported vaccines. Despite the rapid progress in the second half of 2022 in lifting the total share of the population vaccinated with two doses, the economic recovery also remains vulnerable to renewed outbreaks of COVID-19.

The outlook for 2022 is positive, with the December 2021 IHS Markit Philippines Manufacturing PMI survey having indicated that firms were upbeat about their output expectations for the next 12 months. Sentiment improved to the strongest since January 2020 with firms foreseeing higher customer numbers and a return to normality in 2022.

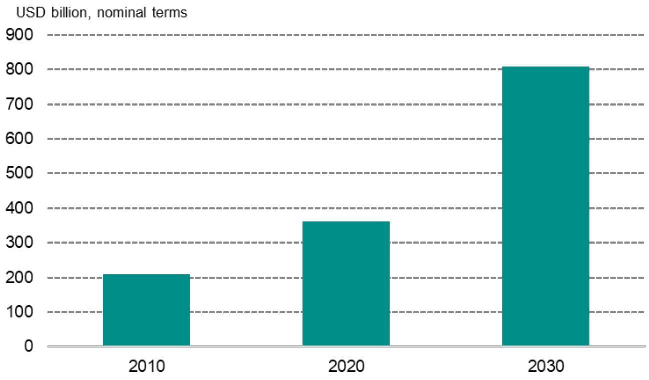
The pandemic is expected to be gradually constrained in 2022 by widening vaccine rollout in the Philippines, resulting in more normal economic conditions. If this allows a gradual and sustained reopening of domestic and international tourism travel, this would provide an important boost to the economy. Prior to the pandemic, in 2019, gross direct tourism value added as a share of GDP was estimated at 12.7% of GDP, including both international and domestic tourism spending. International tourism spending was estimated at Peso 549 billion, while domestic tourism spending was estimated at Peso 3.1 trillion. Due to the importance of domestic tourism in the overall contribution of tourism to GDP, the recovery of domestic tourism could be a significant growth driver in 2022.

Stronger GDP growth of around 7% y/y is expected in 2022, helped by strengthening private consumption spending, an upturn in government infrastructure spending and improving remittance inflows.

Over the next decade, the Philippines economy is forecast to continue to grow rapidly, with total GDP increasing from USD 360 billion in 2020 to USD 810 billion in 2030. A key growth driver will be rapid growth in private consumption spending, buoyed by strong growth in urban household incomes.

By 2033, the Philippines is forecast to become on the Asia-Pacific region’s one trillion-dollar economies, joining mainland China, Japan, India, South Korea, Australia, Taiwan and Indonesia in this grouping of the largest economies in APAC.

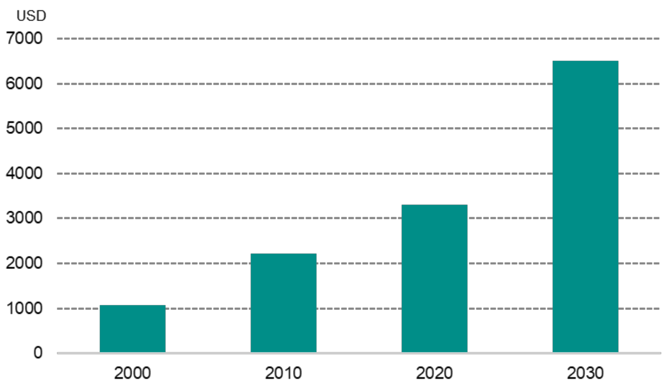
Philippines GDP



Source: IHS Markit.

This strong growth in the size of the Philippines economy is also expected to drive rapidly rising per capita GDP, from USD 3,300 in 2020 to USD 6,500 by 2030. This will help to underpin the growth of the Philippines domestic consumer market, catalysing foreign and domestic investment into many sectors of Philippines industry.

Philippines per capita GDP



Source: IHS Markit.

The Philippines will also benefit from its membership of the Regional Comprehensive Economic Partnership

(RCEP) trade deal, particularly due to its very favourable rules of origin treatment, which provide cumulative benefits that will help to build manufacturing supply chains within the RCEP region across different countries. This will help to attract foreign direct investment flows for a wide range of manufacturing and infrastructure projects into the RCEP member nations, particularly into low-cost manufacturing hubs such as the Philippines.

Consequently, the outlook for the Philippines economy over the next decade is very favourable, with significant progress in economic development expected. Rapidly rising per capita GDP and standards of living will help to underpin a broad improvement in human development indicators and should deliver a significant reduction in share of the population living in extreme poverty over the decade ahead.