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Subject: Week 108 learnings - About budgets
Date: 03.02.2020 11:24:26 (+0000)

Dear All
India had a budget presented this week. The concept of a budget is not new, it is more than 200 years old.
In the old days , everything that could be taxed was taxed since taxes were the only income for a government.
In one country , the size of a window facing the road was taxed as the house was using natural sunlight!!
In every budget, the country tries to manage its revenues and its expenditure.
I looked at the critical elements of what constitutes important data for a country and looked at the countries where the textiles business and cement business have presence.
The last week saw three unprecedented events – The China virus, The Brexit closure and the Trump impeachment proceedings. All three will have an impact on the global economy in one way or the other.
The china virus is significant. I already sense prices moving up where Chinese goods dominated the market. I believe it will china 3 to 6 months to get rid of the hangover of the virus and to come back to normal price and trade relations. Every china customer will beat down prices.
Look at the six economies listed here :

1. All of them have a population of more than 100 million people
2. India has a long way to go in terms of GDP per capita
3. There is real GDP growth in every country in 2020.
4. Inflation is under control in all countries.
5. Unemployment is a challenge in India.
6. Only china and Thailand have a trade surplus i.e. exports minus imports is positive.
7. Education spend is roughly similar across the board in all counties. In the USA, 5 % of such a large economy is a huge number.
8. Health spend is a key concern across all countries except the USA where the cost of Medicare is different and difficult for most people despite the high spend.
9. All developing economies are spending on infrastructure.
10. The global economy is expected to grow at 3.3 % this year. With the three challenges of last week, I personally feel that this number will be challenged.

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	USA	China	India	Indonesia	Thailand	Phillipinnes
GDP in trillion $ 2019	21.4	14.3	2.9	1.1	0.53	0.35
Population in mln	330	1400	1351	266	68	109
GDP per capita in USD	65,056	10,098	2,172	4,163	7,791	3,294
GDP growth expected in 2020 (real GDP / constant prices)	1.8%	5.8%	6%	5.1%	3%	6%
Inflation % 2020	2.3%	2.4%	4%	3.3%	1%	2.2%
Unemployment	3.5%	3.8%	7.7%	5%	1.2%	5%

%						
Exports Billion $ 2020 expected**	**2476**	**3004**	**595**	**180**	**252**	**67**
Imports Billion $ 2020 expected**	**3315**	**2447**	**745**	**188**	**249**	**115**
Current account deficit 2020 % **(+ve –> surplus ; -ve –> deficit)**	**-3%**	**0.9%**	**-2.3%**	**-2.9%**	**5.4%**	**-2.3%**
Education spend as % GDP	**5%**	**4.1%**	**3.8%**	**3.6%**	**4.1%**	**3.4%**
Health spend as a % GDP	**17%**	**4.9%**	**3.7%**	**3.1%**	**3.7%**	**4.4%**

Sources

Export And Import: OECD and WITS

GDP, Population, GDP per Capita, GDP Growth, unemployment, Inflation, current account deficit :IMF

Education and Health Spend as a % of GDP: World Bank and other sources including Government sites

*** Import and Export forecast is for the year 2021 for US, China, India and latest numbers for others*