

For Immediate Release:

Confidence in 2015 Economic Outlook Weakens *China Growth, Currency Reforms on Track: AFF Intelligence*

30 January 2015 – Confidence in the global and regional economic outlook has weakened, according to the results of the live interactive poll at this year's Asian Financial Forum (AFF), held in Hong Kong on 19-20 January 2015. As one of the leading events on the global financial calendar, the annual AFF presents an excellent opportunity to gauge the expectations of financial and business communities worldwide. With over 100 distinguished speakers and more than 2,600 global leaders in government, finance and business in attendance, the AFF 2015 provided a glimpse into the subdued sentiment for the year ahead.

Intelligence Galore

Audience members were less confident about the global economic prospects than they were at last year's AFF, with only 30 per cent being optimistic about the global economy in 2015 compared to 40 per cent in 2014, while 24 per cent indicated pessimistic expectations for the year ahead, compared to just 11 per cent in 2014.

More than half the audience (52%) felt that banking reforms had stifled credit as well as economic growth, and that European governments should defer austerity programmes, setting the scene perfectly for the European Central Bank's announcement of stimulus policies a few days later.

Regarding the biggest risk for global growth in 2015, participants were fairly evenly split between volatility created by diverging monetary policies among the major central banks (23%), an increase in geopolitical tensions (23%), a collapse of energy and commodity prices (20%), a hard landing of the Chinese economy (18%), as well as stagnation and/or deflation in the European Union and/or Japan (17%).

A different picture, emerged when the focus zeroed in on Asia, with an overriding 53 per cent of the audience highlighting regional realpolitik and social stability as the main obstacles to achieving sustainable growth in the region.

On the impact of falling oil prices on the global economy, 84 per cent of the participants predicted the impact would be positive (36%) or mixed (48%), with only eight per cent seeing a negative outcome on the horizon. AFF Honorary Advisor Paul Achleitner, Chairman of the Supervisory Board, Deutsche Bank AG, said the current oil price level would mean the transfer of about US\$2 trillion from producers to consumers. He added that the average individual in the US would save about US\$500 a year and in Europe about \$250 to \$300 a year in terms of just fuel prices.

China Opportunities

Forty-three per cent of the audience believed economic liberalisation and structural reform to be the top drivers of growth in China in 2015, far out-pacing domestic demand and expansionary monetary policy. Full convertibility of the renminbi was projected, by 39 per

cent of the audience, to happen within five years while 37 per cent predicted its realisation within 10 years.

In terms of growth projection, 61 per cent predicted China's GDP growth in the coming year to be around seven per cent, representing a slight drop from 64 per cent who voted that way in 2014, although those who projected a growth rate of six per cent or below had doubled to 29 per cent this year, reflecting a more somber outlook for the Chinese economy. The greatest threats, as reported by 41 per cent of the audience, continue to be local government debt and the shadow banking problem, echoing the view of more than half the audience last year. AFF panel speaker Mr Jiang Jianqing, Chairman, Industrial and Commercial bank of China Ltd., said the issue of local government debt was still being dealt with in the Chinese mainland, but he added that people are overly concerned about the impact of local government debt and shadow banking on the country's economic growth.



Asia Beckons

India topped the list of investment destinations in South and Southeast Asia, receiving 21 per cent of the vote, closely followed by Malaysia (18 per cent) as well as Thailand and Indonesia (tied at 15 per cent).

Audience members also chose healthcare (28 per cent) and e-commerce (24 per cent) as the sectors with the greatest growth potential in Asia, with green industries as well as telecommunications, media and technology tied for third. Mr Narayana Murthy, Founder of the India-headquartered IT multinational Infosys Limited, added that the Internet of Things would lead to increasing automation and greater demand for software and software services, and that China and India would be ideal candidates to capitalise on this emerging trend, provided that their companies would continue to innovate and create new ideas and solutions to differentiate themselves.

Photo Download: http://filesharing.tdc.org.hk/hktdc/download.php?fid=_phpBITCSb

	<p>Paul Achleitner, AFF Honorary Advisor and Chairman of the Supervisory Board, Deutsche Bank AG, speaks during the Panel Discussion on Global Economy during the Asian Financial Forum</p>
	<p>Narayana Murthy, Founder of the India-headquartered IT multinational Infosys Limited, addresses the audience during a dialogue session on innovation technology at the Asian Financial Forum</p>

	<p>Jiang Jianqing, Chairman, Industrial and Commercial bank of China Ltd., speaks at the AFF Panel Discussion on China Opportunities</p>
	<p>The audience takes part in a real-time interactive poll during the AFF 2015</p>
	<p>More than 2,600 global leaders in government, finance and business attended the AFF 2015, including over 100 distinguished speakers from around the world</p>

AFF Videos: http://www.youtube.com/playlist?list=PLBrAaPzPW6UpQwgdG8hdhUVIU-yKf_Egl

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