



Demographic trends that matter for investors

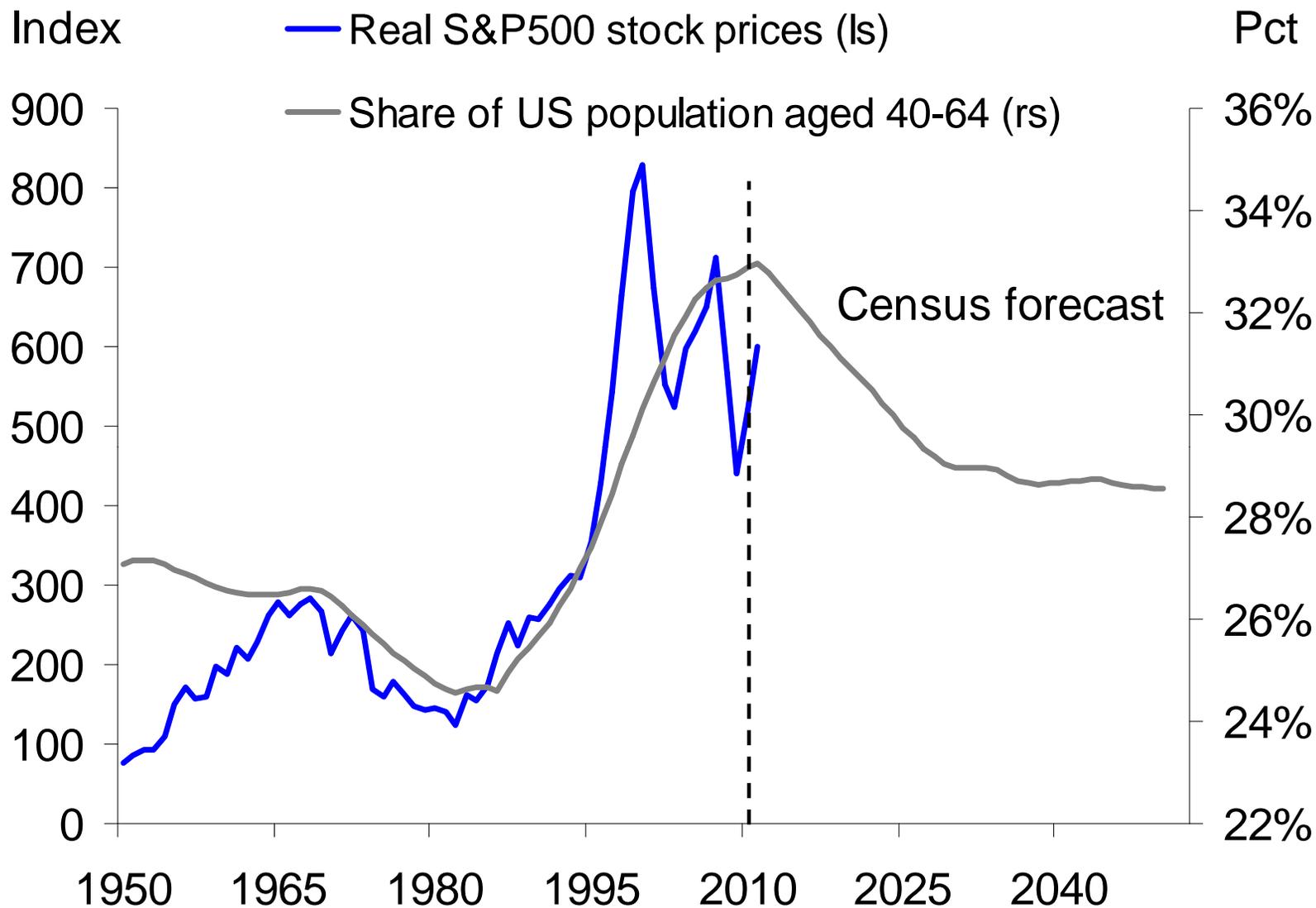
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Torsten Slok, Ph.D.
Chief International Economist
60 Wall Street
New York, New York 10005
Tel: 212 250 2155
Torsten.Slok@db.com

Passion to Perform

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Are stock markets driven by baby-boomers first saving for retirement, and then retiring?





Why are demographic trends relevant for investors?

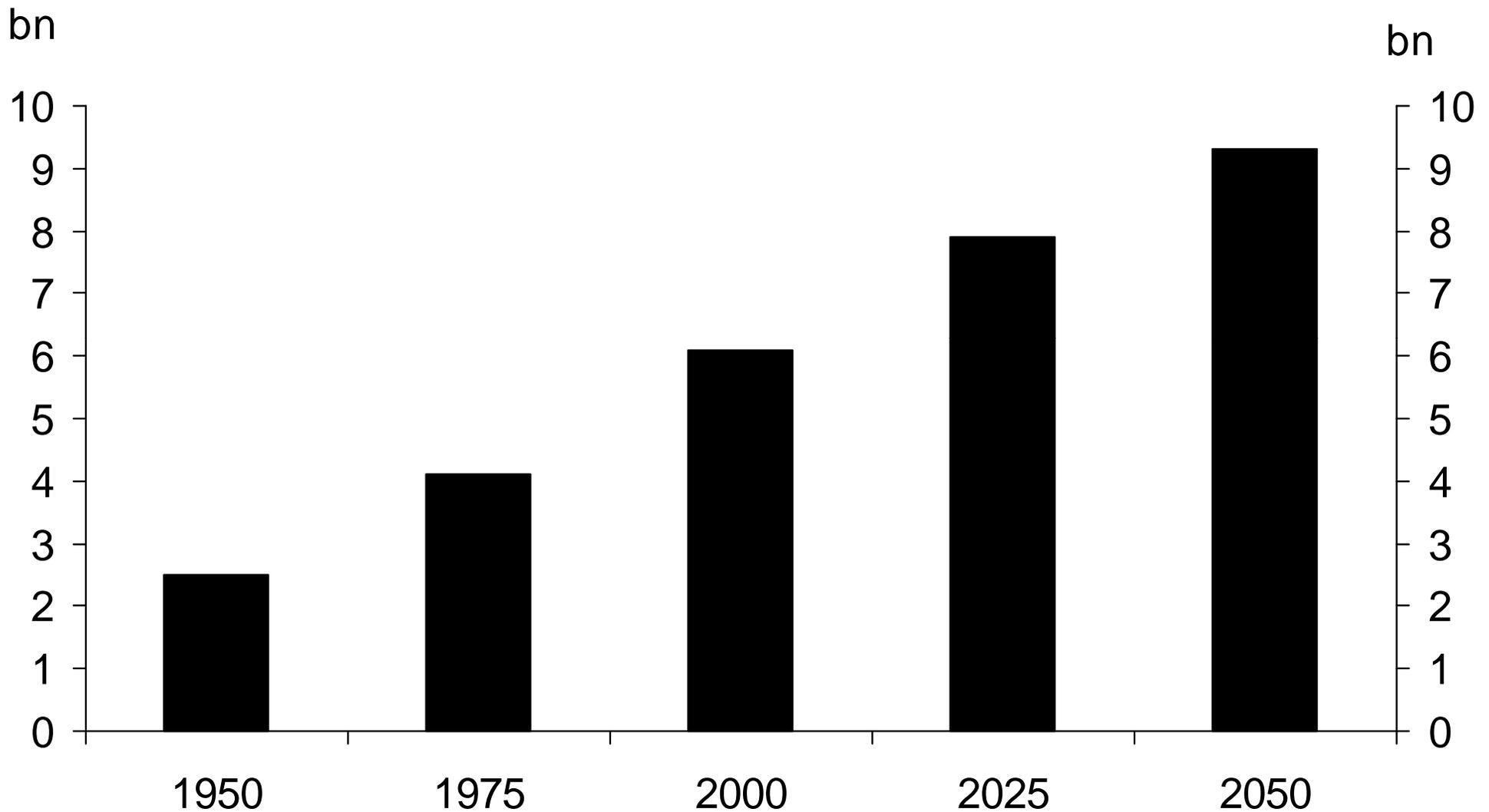
Demographic trends have implications for:

1. Productivity/Potential growth rates (how many in the “young” productive generation relative to the “old” generation)
2. Tax revenues and expenditures and hence budget balances (bigger government sector often needed for larger older generations)
3. Design of the government sector (more resources toward health care/medical spending etc).
4. Patterns of consumer spending (fewer “young” consumers)
5. Population age structure is important; demand for assets for retirement savings (“young” generations are savers)
6. Migration patterns can be important for wage determination (for example, migration from rural to urban areas tends to put downward pressure on wages)

World population reaching close to 10bn in 2050



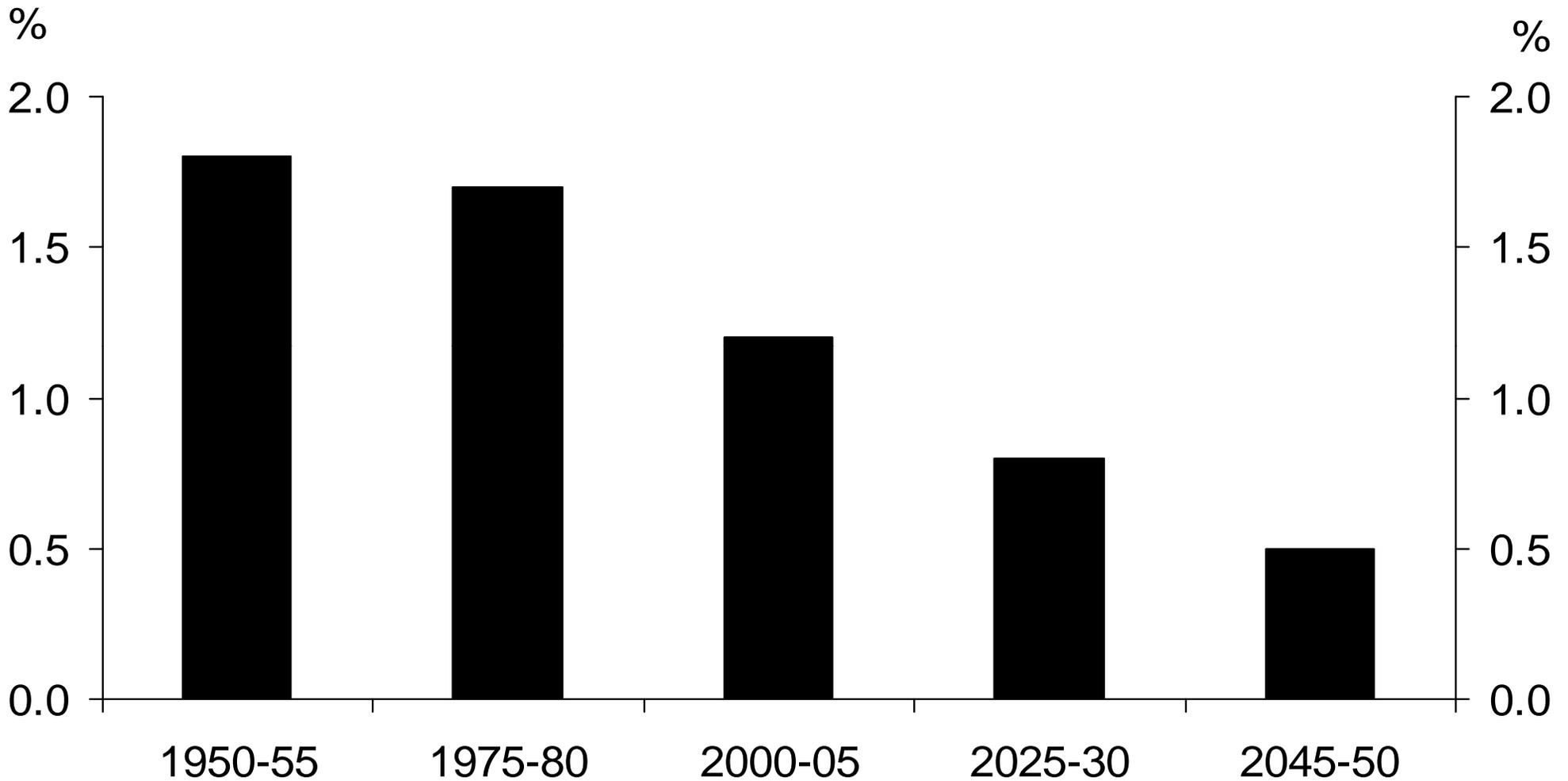
World population



World population growth slowing



Growth rate in population: World



Percentage of Global population by region and country in 2010 and 2050



	2010	2050
More developed world	17.9%	13.9%
Less developed world	82.1%	86.1%
Least developed world	12.4%	18.3%
India	17.6%	17.6%
China	19.6%	15.5%
USA	4.6%	4.4%
Brazil	2.8%	2.4%

Brazil, India, and Russia have experienced significant moves in total fertility rates

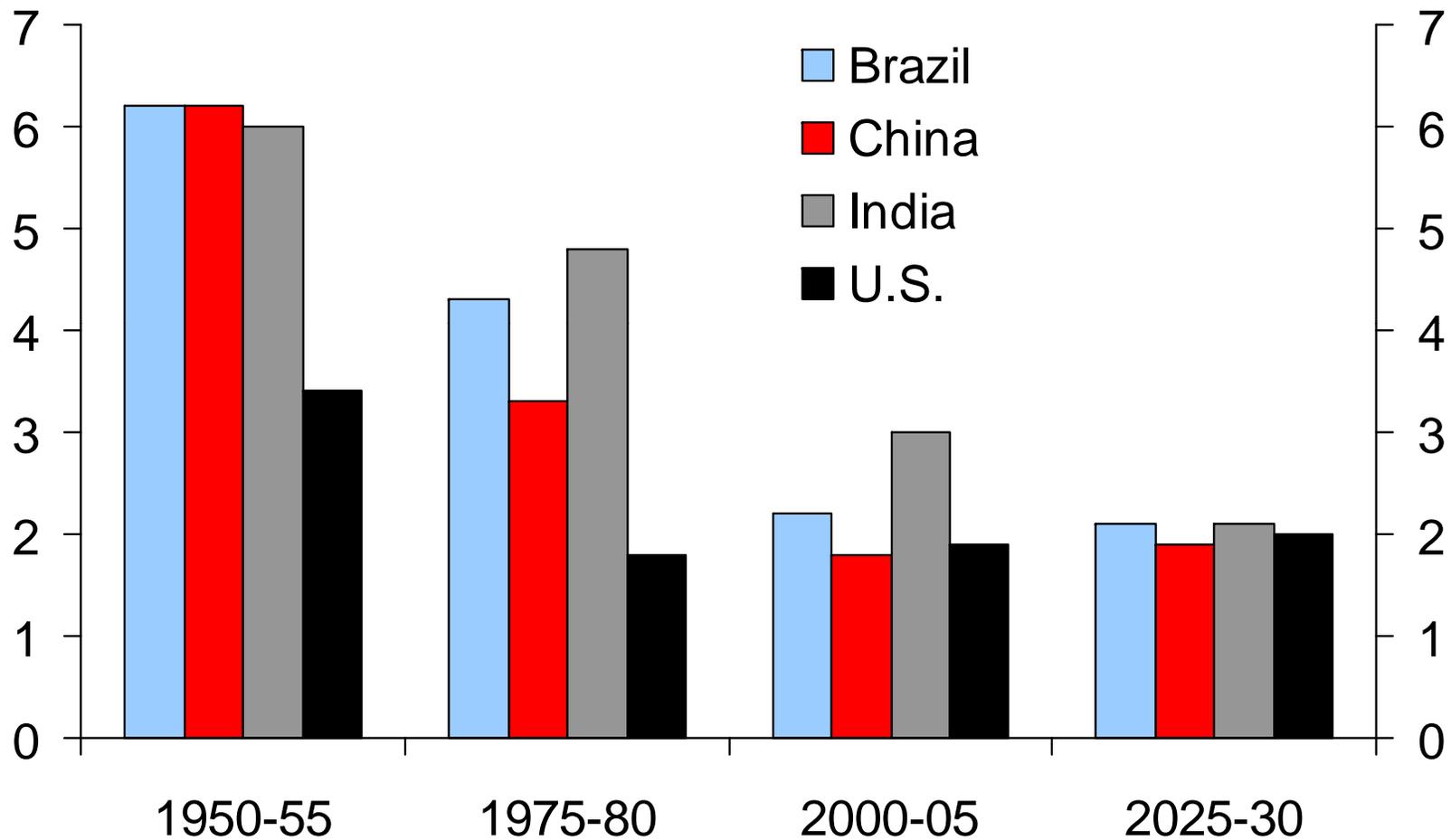


Total fertility rate (number of children per woman)		
	1950	Latest
Germany	2.2	1.4
United Kingdom	2.2	1.9
France	2.7	2
Italy	2.4	1.4
Japan	3	1.4
United States	3.5	2
South Korea	5.1	1.2
OECD average	NA	1.7
India	5.9	2.7
Russia	2.9	1.5
Brazil	6.2	1.7
South Africa	6.5	2.4



Fertility rates converging

Births per woman



Urbanization rate in EM still well below G7 levels

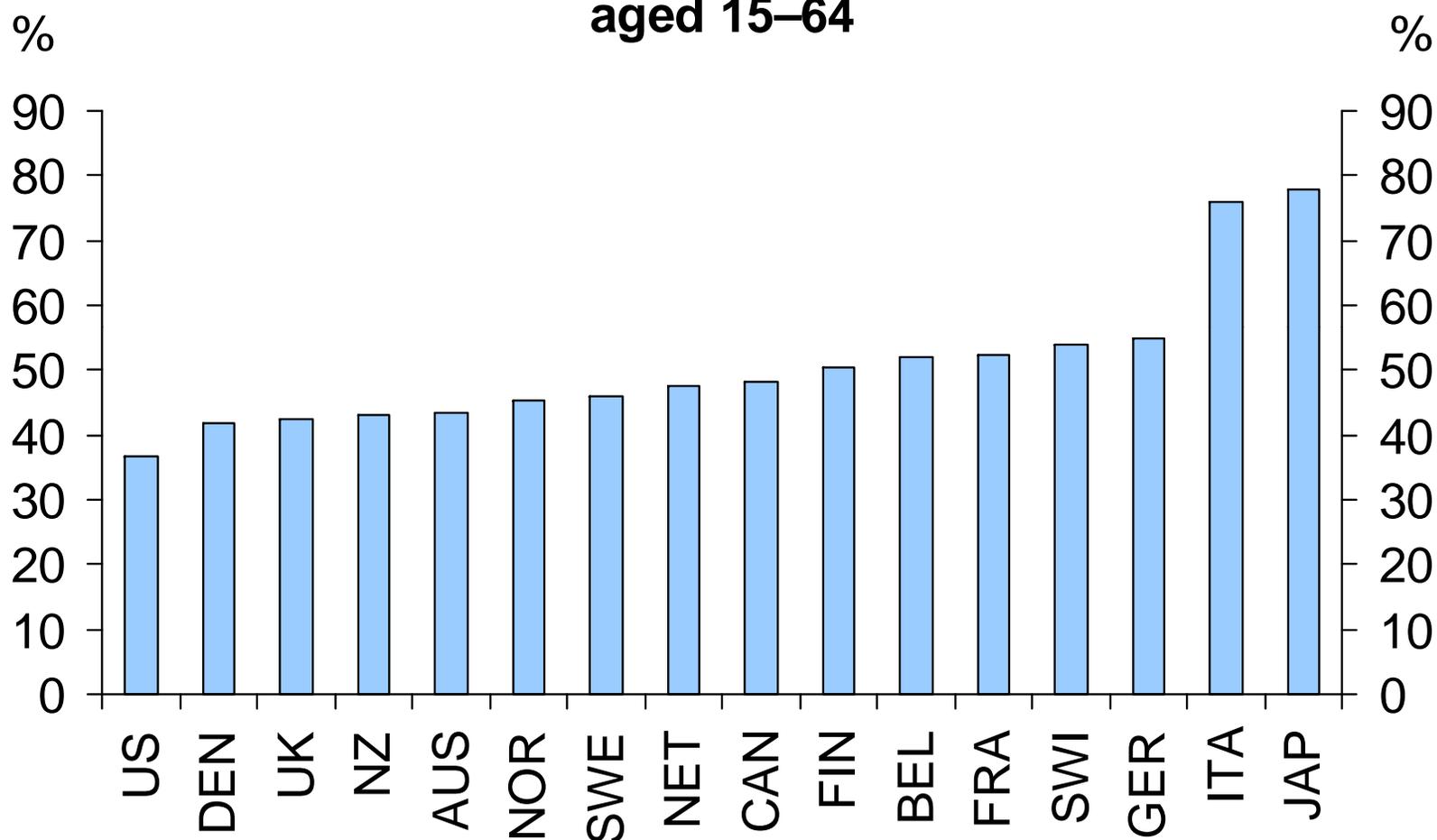


Urbanization rates since 1800				
% of total population	1800	1890	1950	2010
United Kingdom	20.3	61.2	79	79.6
Germany	5.5	28.2	68.1	73.9
Italy	18.3	21.2	54.1	68.4
France	8.8	25.9	55.2	85.3
China	3.8	4.4	11.8	49.9
Japan	12.3	16	34.9	66.8
India	3.4	5.4	17	33

Old-age dependency differs significantly across countries...

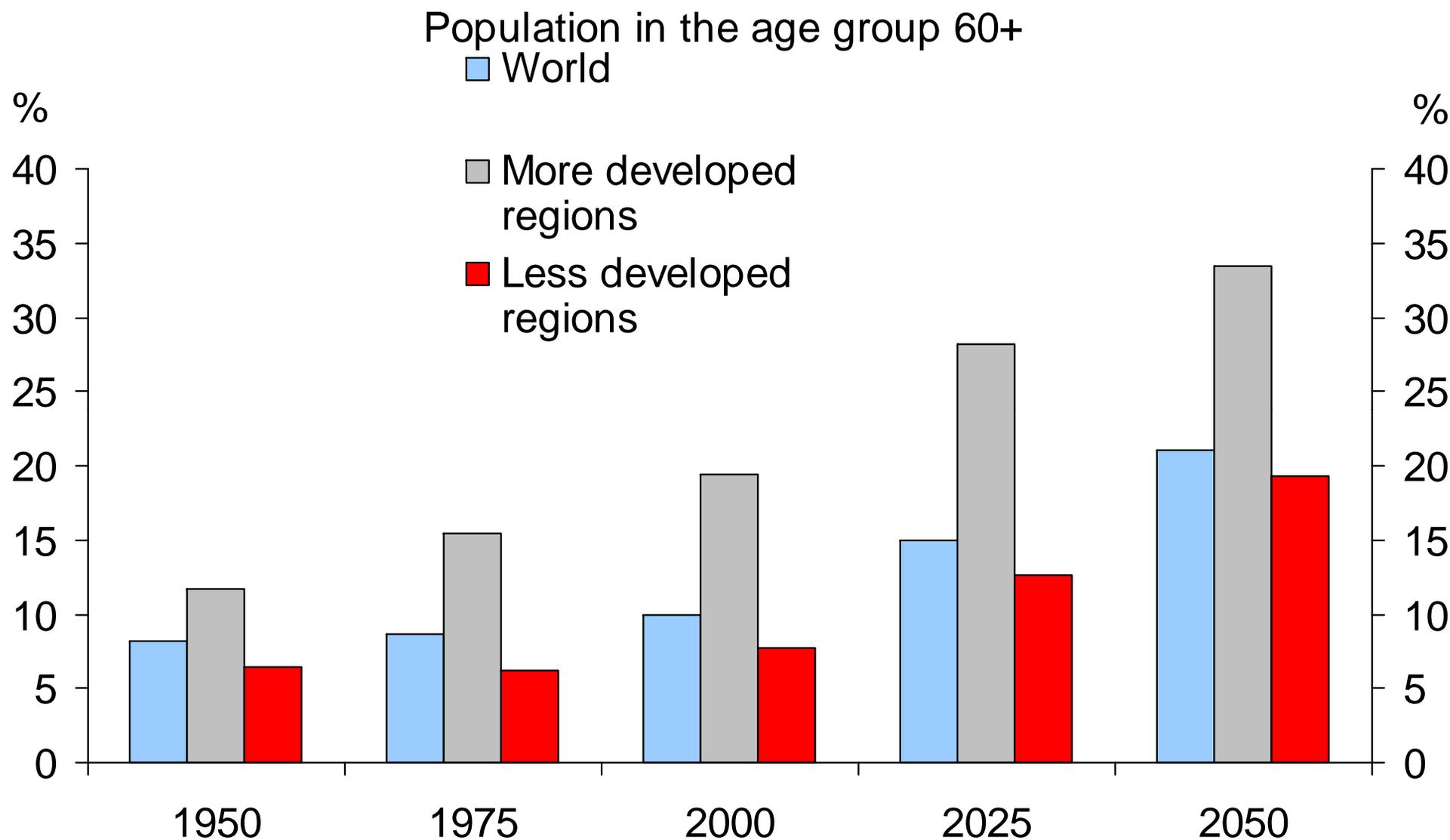


**Old-age dependency in 2050:
population aged 65+ as a share of population
aged 15–64**





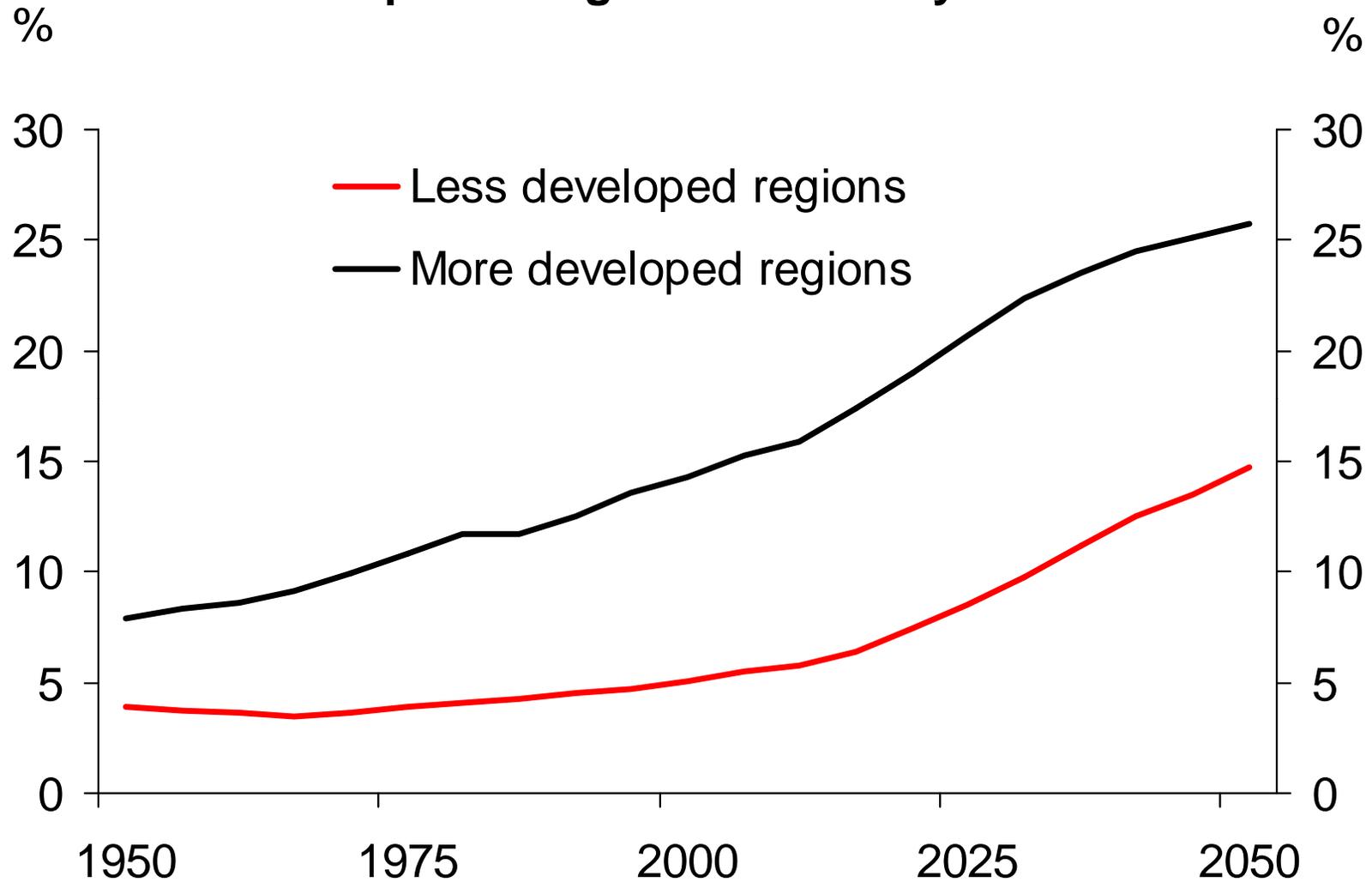
The “graying” of the OECD area



OECD more gray than EM



Population greater than 65 years



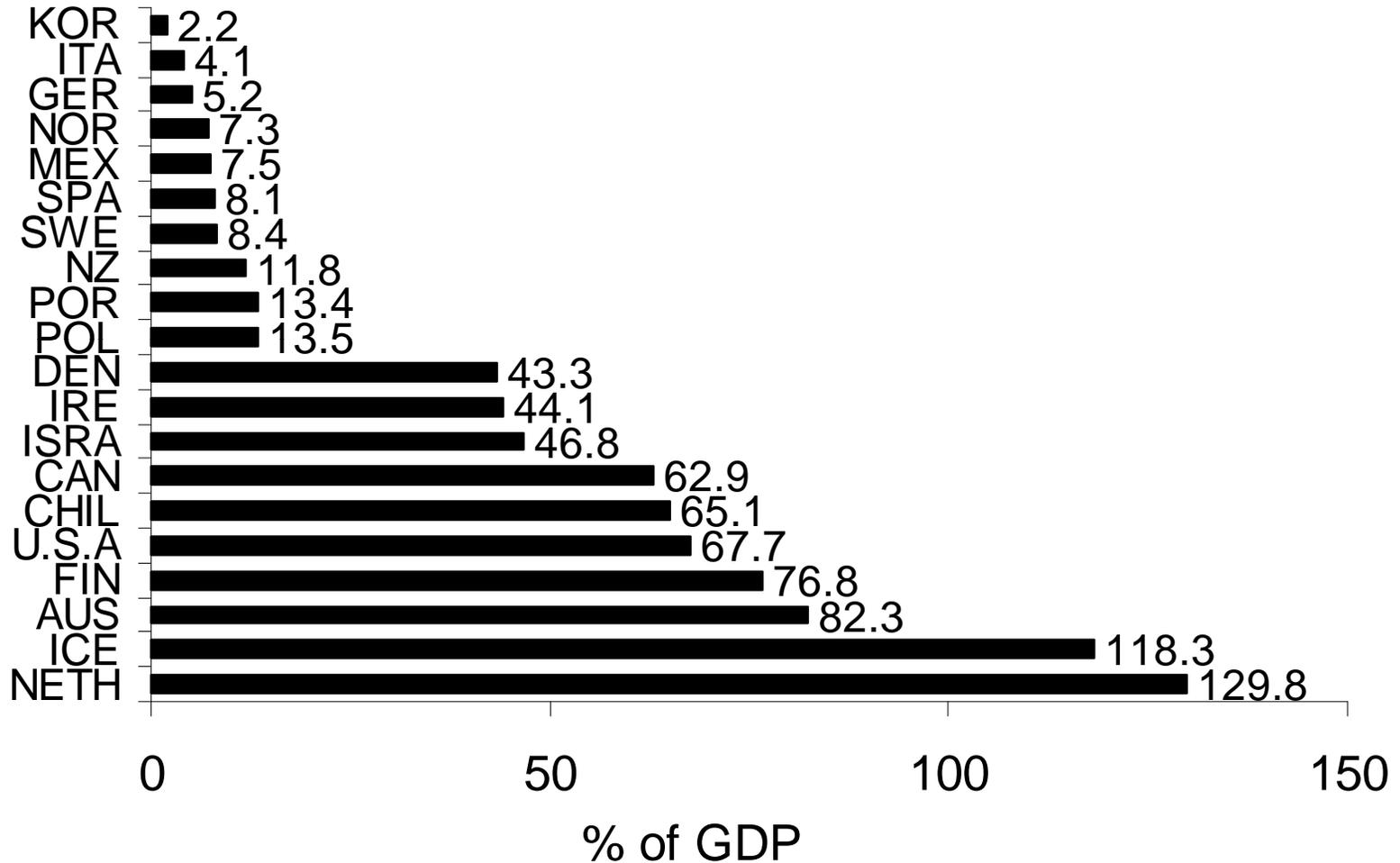


Pensions/Preparedness

Some countries are more prepared than others



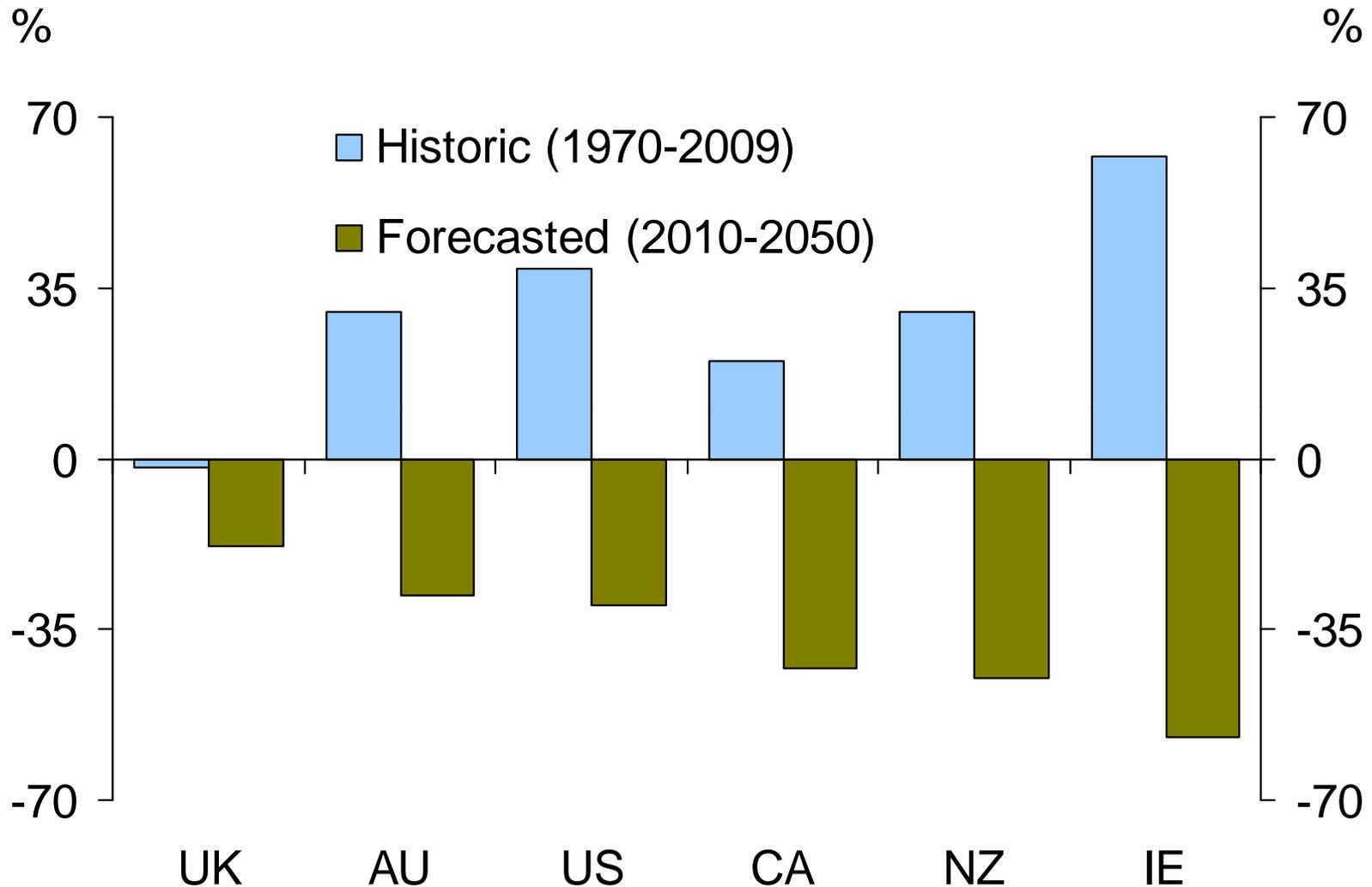
Pension funds as % of GDP



Demographics projected to put pressure on home prices going forward in English-speaking countries



Demographic impact on home prices





Torsten Slok, Ph.D.

Chief International Economist

Deutsche Bank Securities, Inc.

- Torsten Slok joined Deutsche Bank Securities in the fall of 2005 and is a senior member of the Global Economics Team.
- Mr. Slok's Economics team was ranked No. 1 in fixed income research by Institutional Investor in 2010. Slok currently serves as a member of the Economic Club of New York
- Prior to joining the firm, Mr. Slok worked at the OECD in Paris in the Money and Finance Division and the Structural Policy Analysis Division. Before joining the OECD he worked for four years at the IMF in the Division responsible for writing the World Economic Outlook and the Division responsible for China, Hong Kong, and Mongolia.
- Mr. Slok studied at University of Copenhagen and Princeton University. He has published numerous journal articles and reviews on economics and policy analysis.



Appendix 1

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