

Shifting Geopolitical Landscapes & Implications

Grand Rotation and Search for Grand New Bargain



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Globalization in Reverse: Anti Establishment Movement

Emerging Markets Voice of Reason

Key themes:

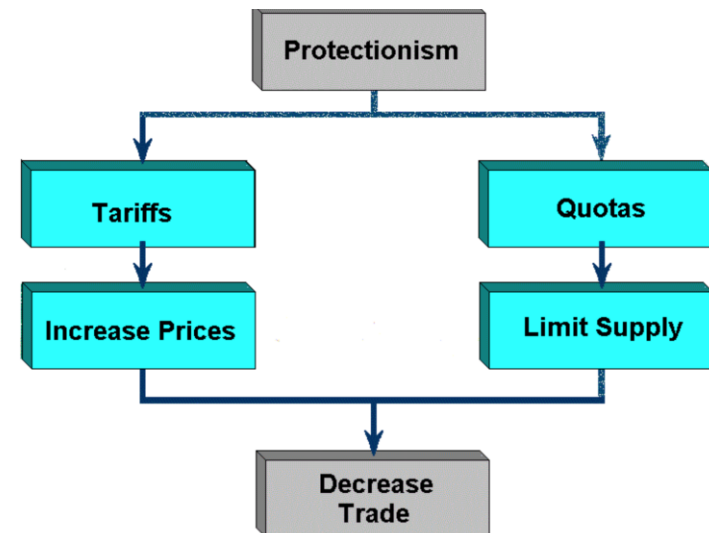
- Trump Legitimizes Populism
- Brexit Legitimizes Nationalism
- Free Movement of People on Hold
- Germany Last Bastion of Reason
- Global Trade Order Reviewed



Implications: High Risk of Protectionism

Post War Global Trade Order is Going to be Renegotiated

- China Emerging as Global Arbiter
- Opportunity for Asia to 'Step Up'
- TPPA Permanently on Hold
- India's Moment to Shine
- UK active in Bilateral Negotiations
- Asia Growth Centre Next 5 Years



Winners and Losers in Grand Rotation

Fiscal Stimulus Back in Vogue. Good for Construction & Infrastructure

- Trump Reflation Hopes
- 1 trillion Dollar Construction Dream
- Fiscal Stimulus Allowed
- Monetary Policy Remains Loose
- ‘Mind the Gap’



Focus on Europe

2017: Busy Election Year

- Italian Referendum
- France Presidential Election
- Germany
- European Central Bank (ECB) Decisions
- Brexit Negotiations
- Russian Policy



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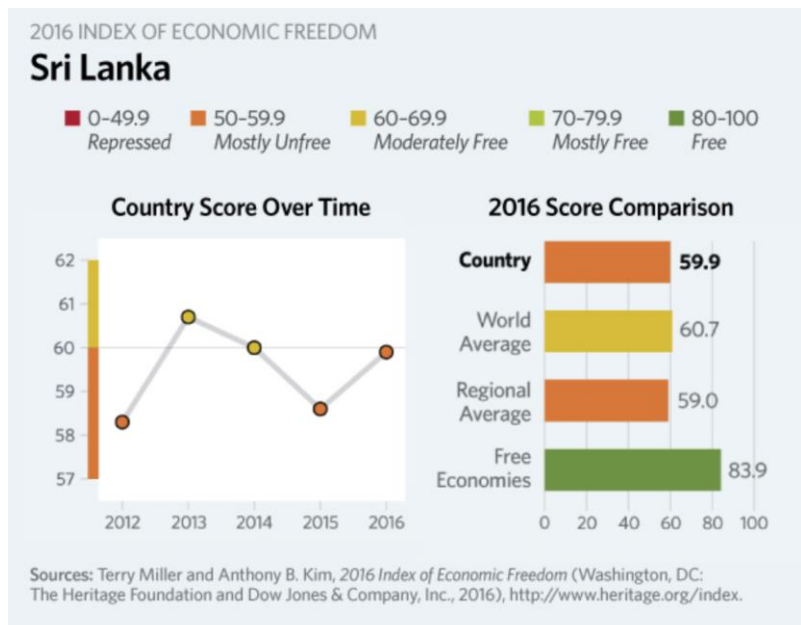
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Implications for Sri Lanka

More Exchange Rate Volatility, Uncertainty and Opportunity

- Open Economies Do Well
- Stick to Old Allies
- Continue Reform Momentum
- Engage UK, China, US, Russia, the Gulf
- Sound Macroeconomic Policy



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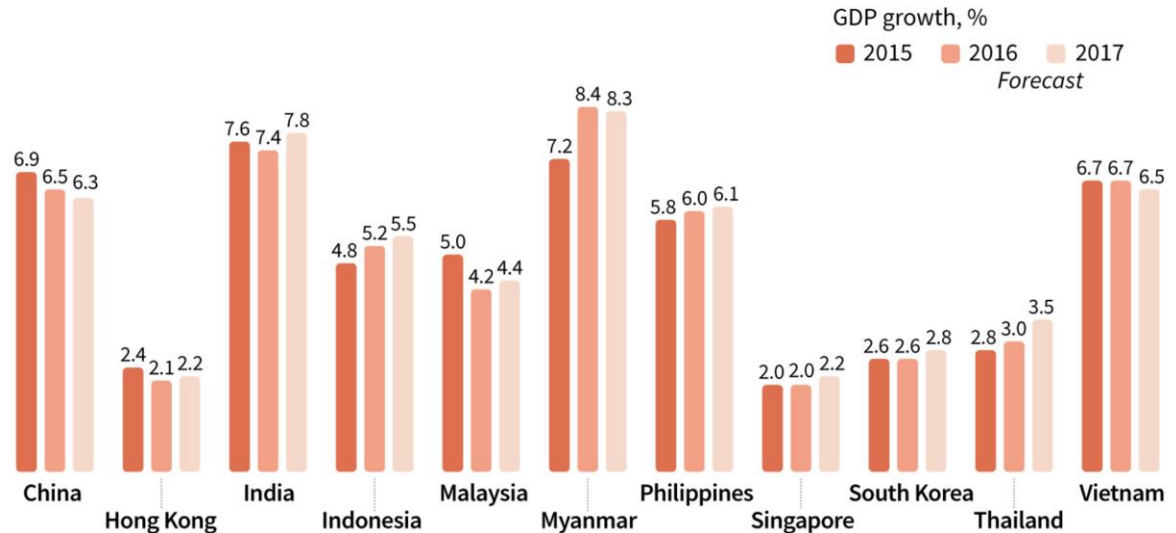
Emerging Economies – High Performance

Growth Delivered in Asia

- Myanmar
- Vietnam
- Indonesia
- Saudi Arabia
- Turkey

Asia growth outlook

Asian Development Bank's outlook for select countries



THANK YOU

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