

Global Economy and Finance at a Turning Point

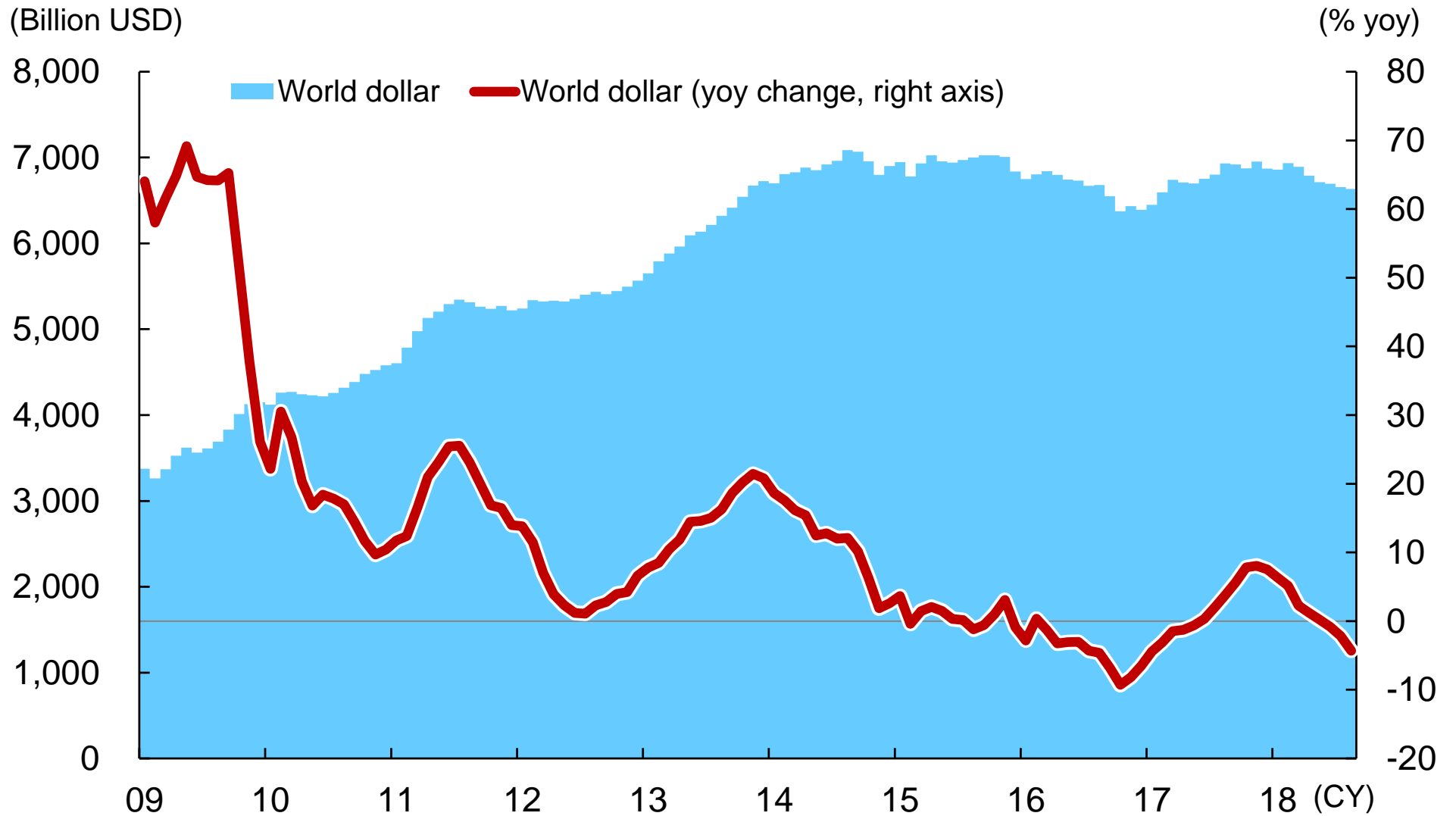
Japan-US International Finance Symposium
October 20, 2018

Nobuhide Hayashi, Chairman
Mizuho Bank, Ltd.

Private and confidential

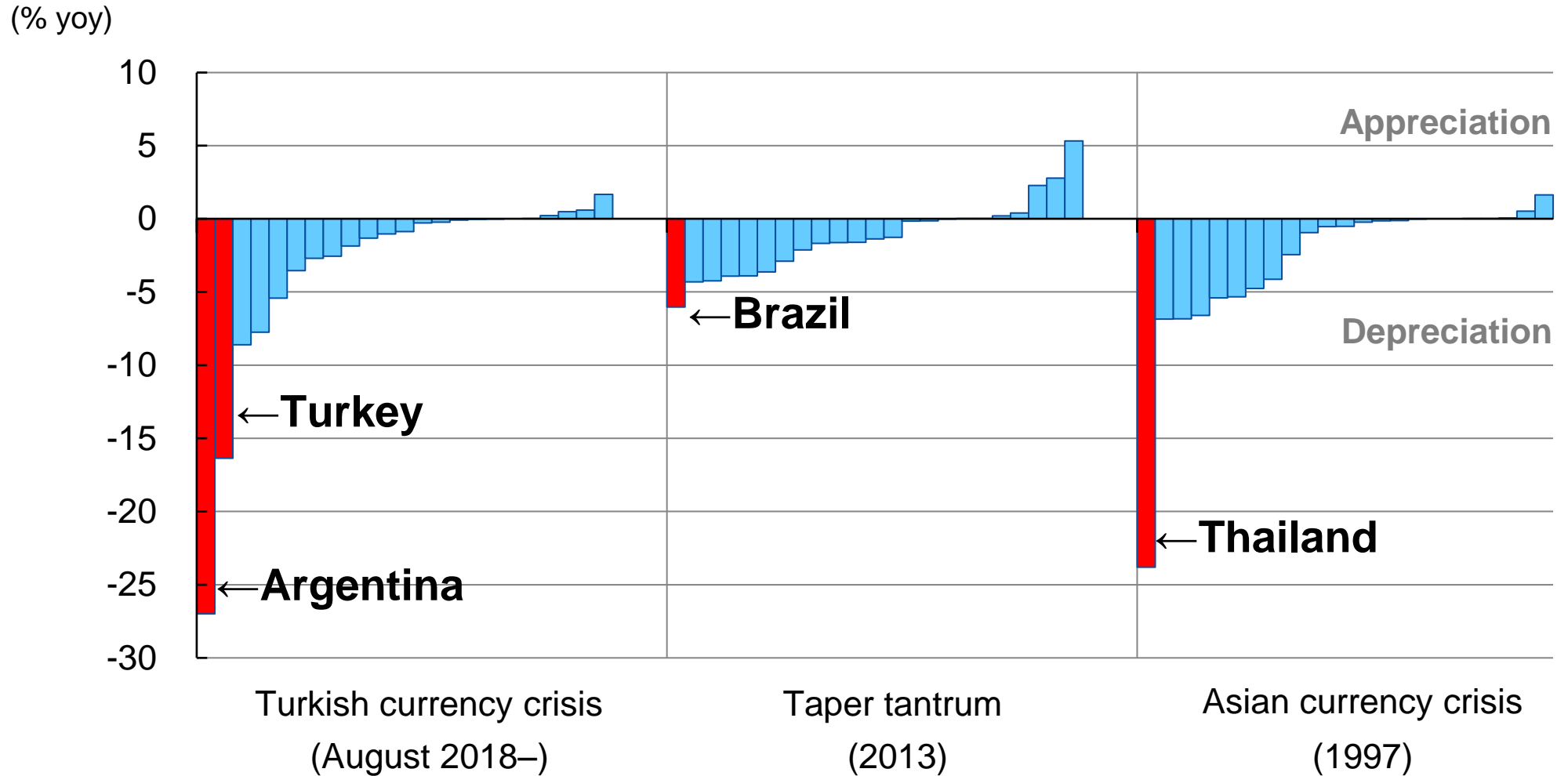
MIZUHO

Figure 1. Trend of world dollar



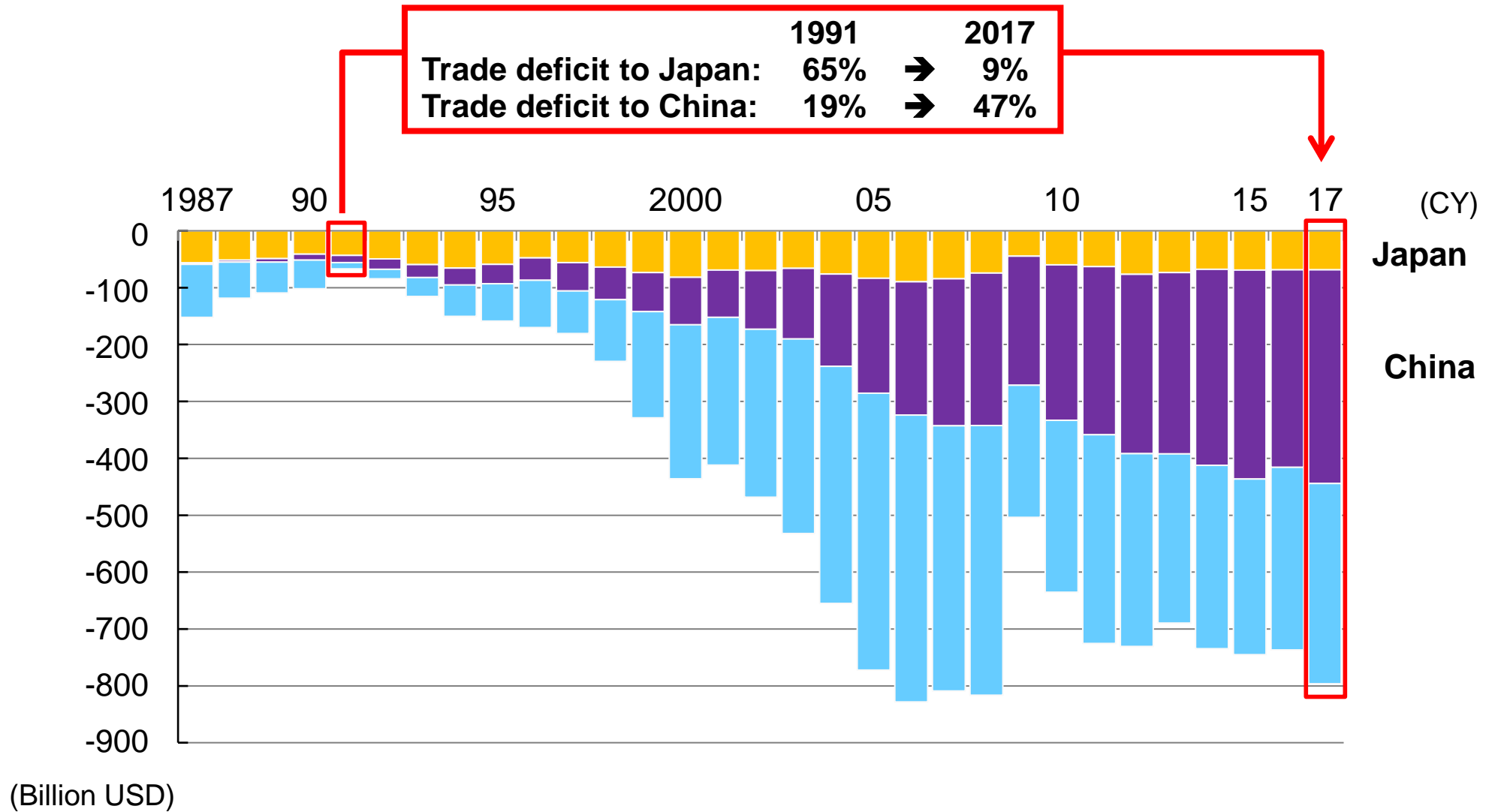
Source: FRB

Figure 2. Emerging market currencies against USD (one-month change since crisis)



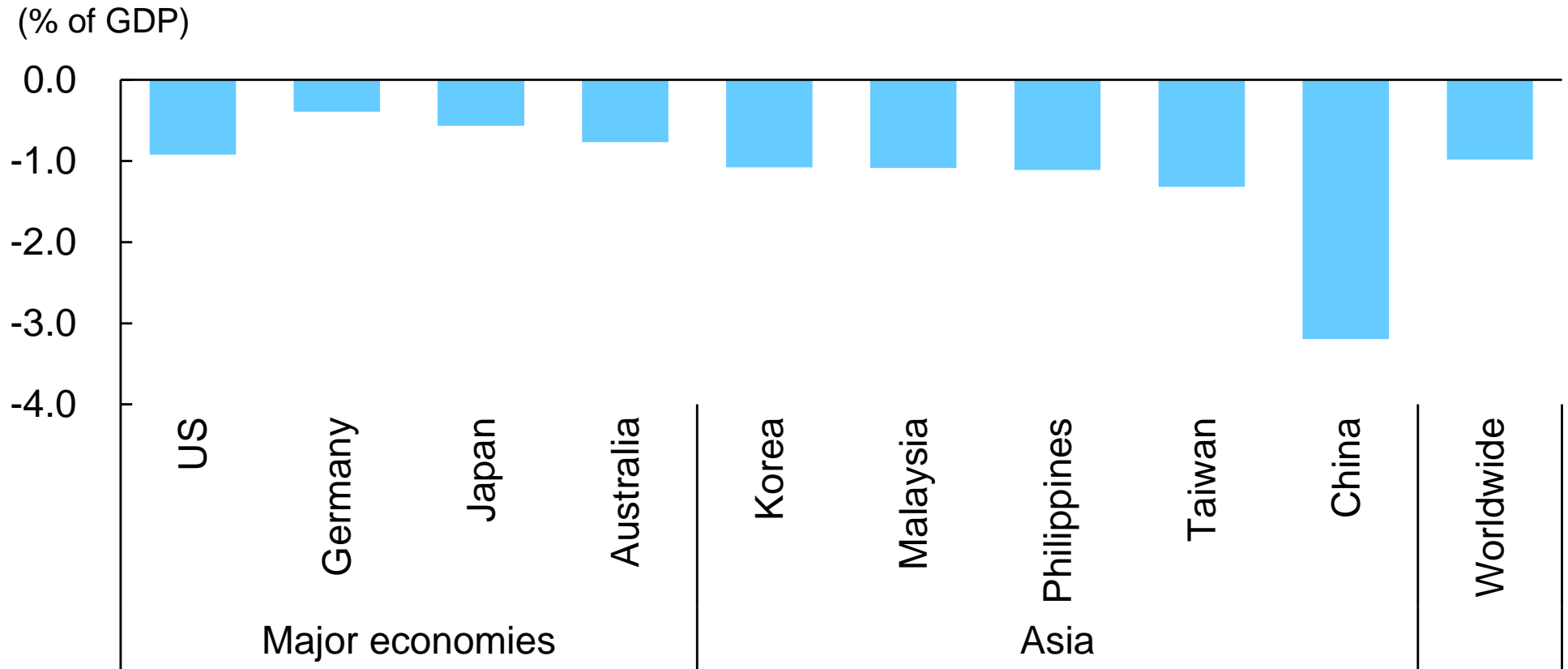
Source: Data of 23 currencies. Bloomberg (compiled by Mizuho Research Institute)

Figure 3. US trade balance



Source: US Department of Commerce Census Bureau

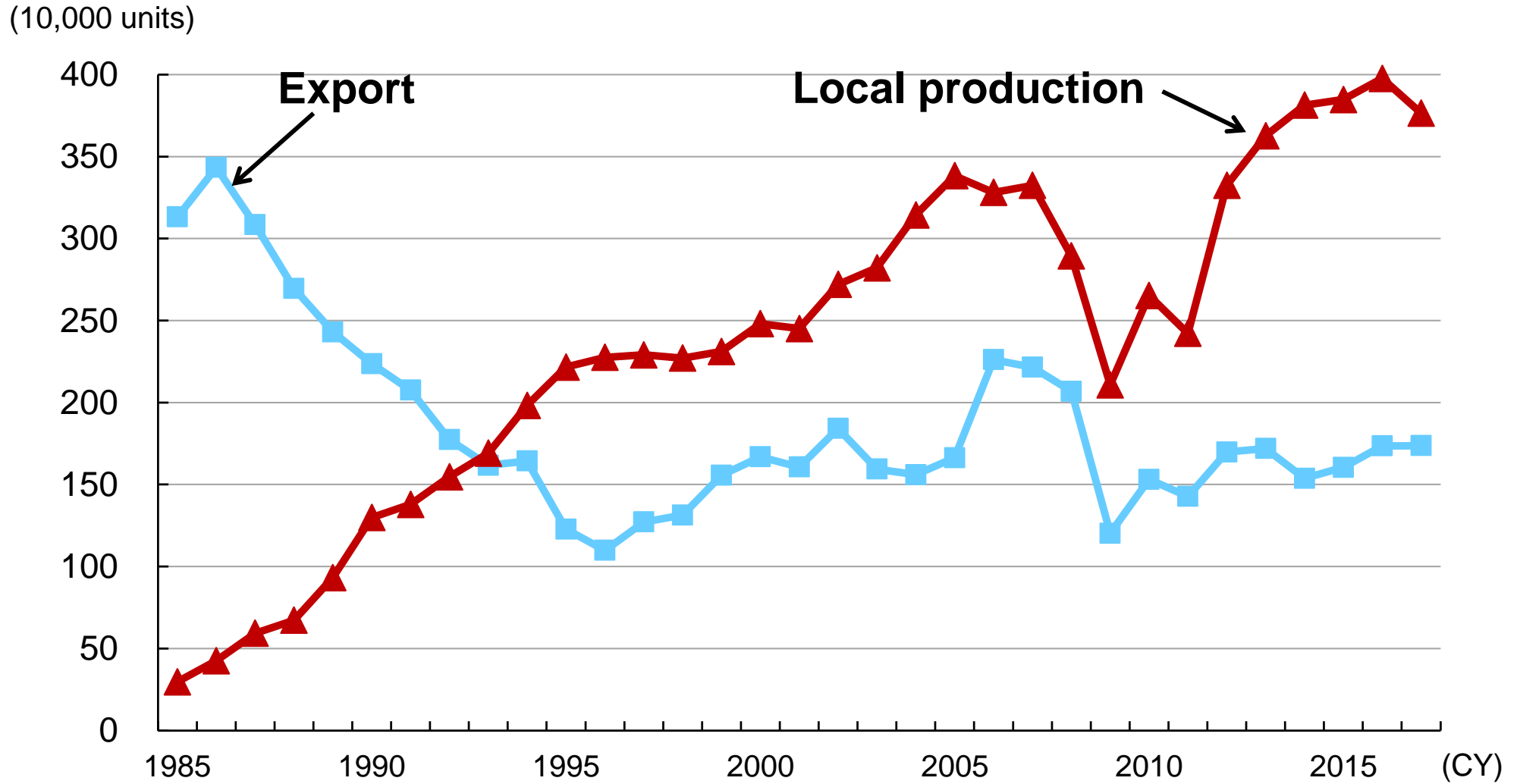
Figure 4. Impact of 20% decline in US-China trade volume



Note: Based on 2014–2016 economic structure and includes multiplier effects of each country. Figures for the US and China assume that a plunge in import is not compensated by substitute goods.

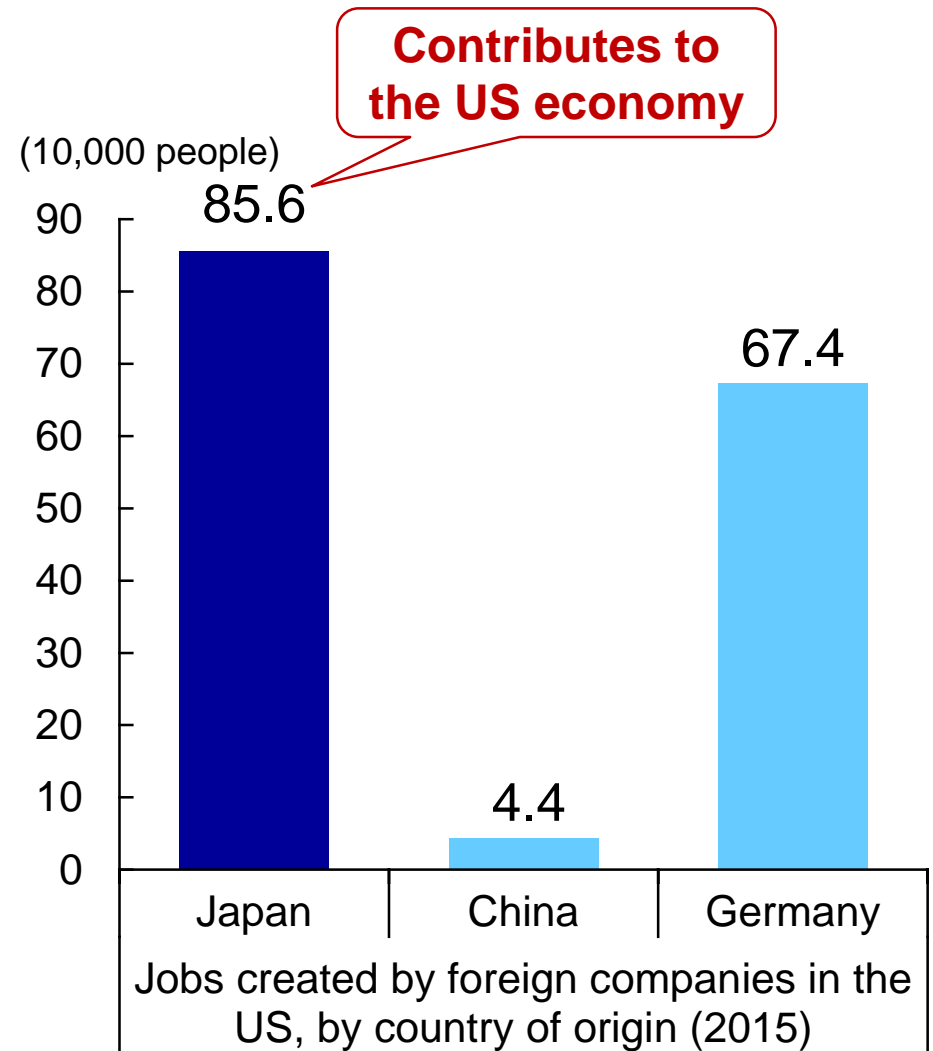
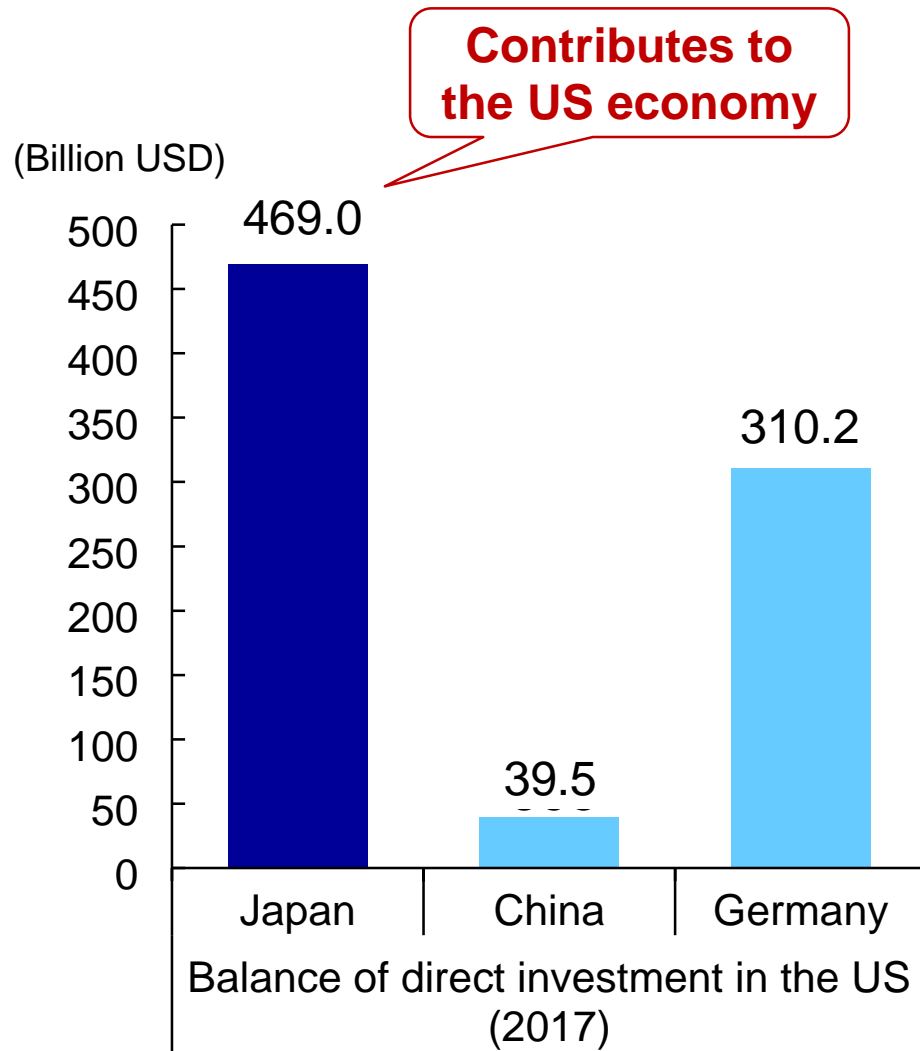
Source: IMF and World Bank (compiled by Mizuho Research Institute)

Figure 5. Units of Japanese cars exported to and produced in the US



Source: Japan Automobile Manufacturers Association

Figure 6. Direct investment and jobs created in the US



Source: US Department of Commerce

Figure 7. Twitter : President Trump on Oct 18

Prime Minister @AbeShinzo of Japan has been working with me to help balance out the one-sided Trade with Japan. These are some of the investments they are making in our Country - just the beginning!

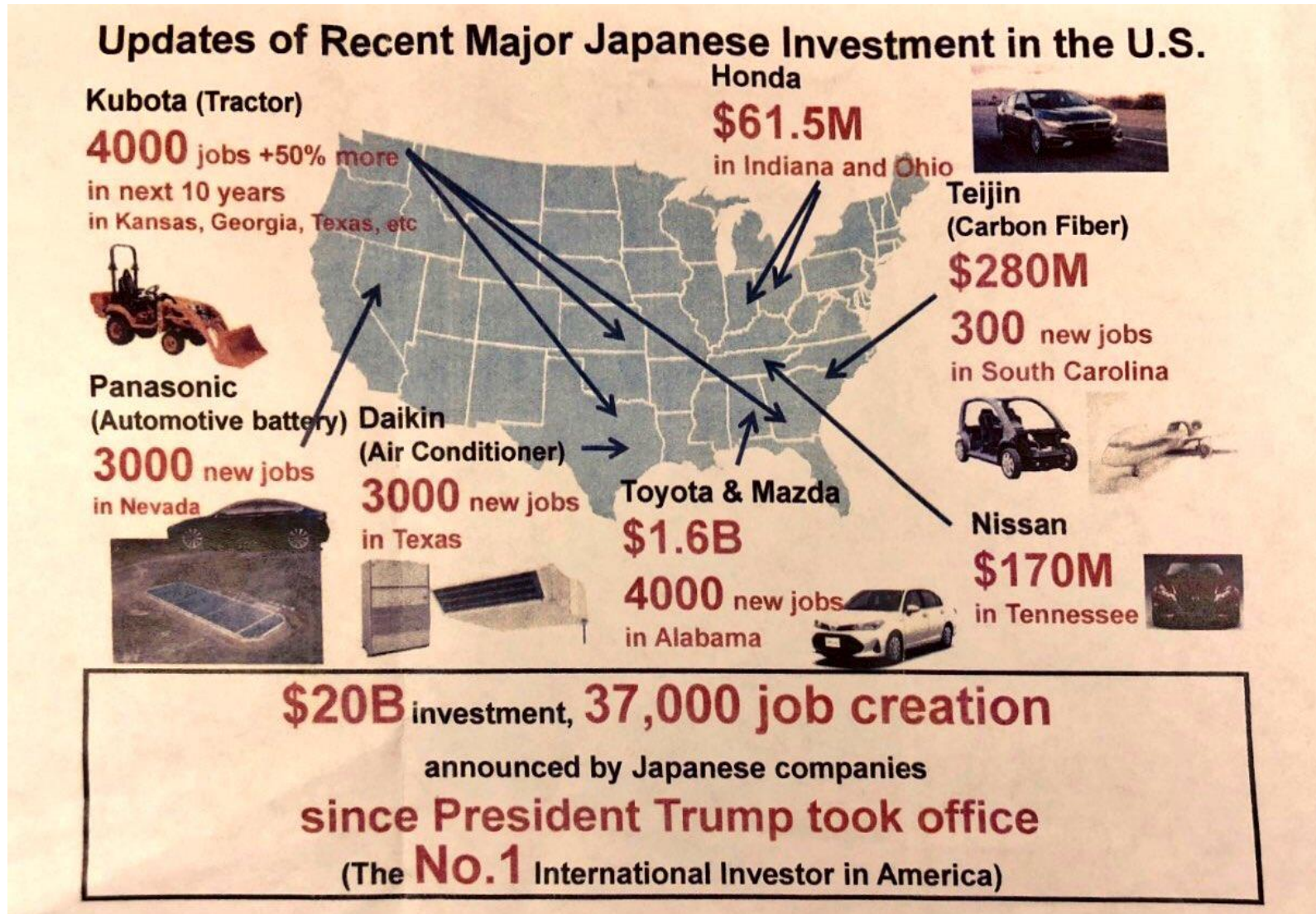
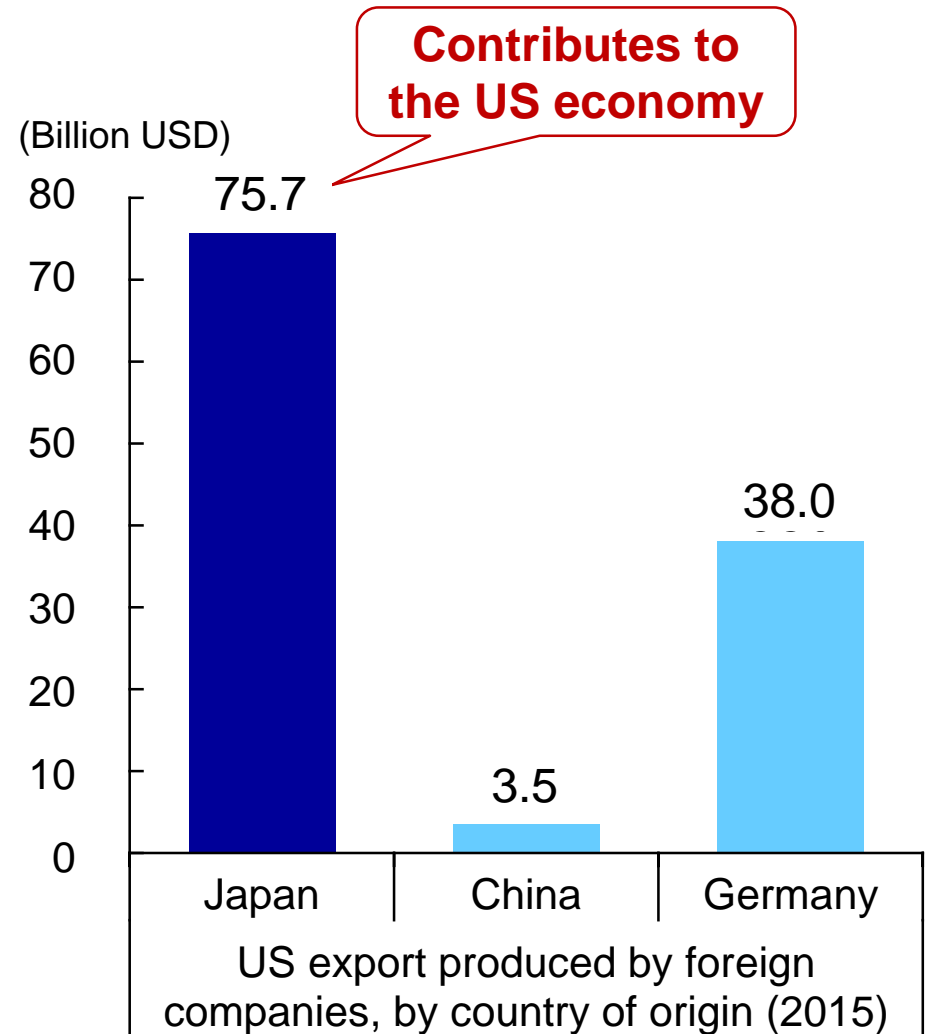
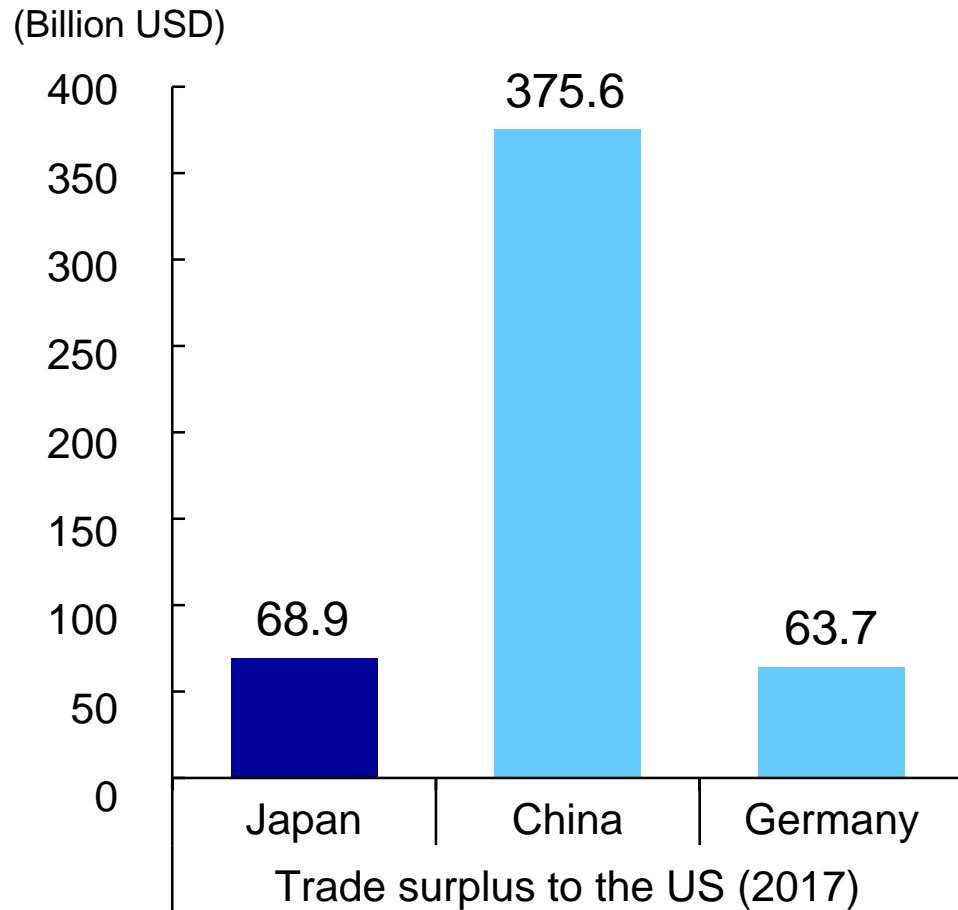


Figure 8. Trade balance with the US: Japan vs China and Germany



Source: US Department of Commerce

Takeaways: key points

- The world economy today is at a turning point

Three significant changes:

1. Shift away from easy monetary policy
 2. Rising global trade and economic tensions in the world resulting in conflicts
 3. Digital innovation
- Increasing importance of international coordination
 - Unique contribution Japan has made for the US economy and its commitment to promoting multilateral economic cooperation

Disclaimer

© Mizuho Bank, Ltd. (2018)

The Presentation was prepared by Mizuho Bank, Ltd. strictly for the purpose of the event. Although the Presentation was prepared based on newspaper and other media reports, private research and other publications, official websites, financial reports, press releases, and other available data, this does not assure the accuracy or the completeness of information contained herein, for which we are not responsible.

All rights reserved by Mizuho Bank, Ltd. The Presentation may not—electronically or otherwise—be copied or forwarded to a third party without a prior consent of the author regardless of the purpose.

The Presentation was not intended to solicit any of the transactions described as financial instruments business in the Financial Instruments and Exchange Law (Law No. 25 of 1948).