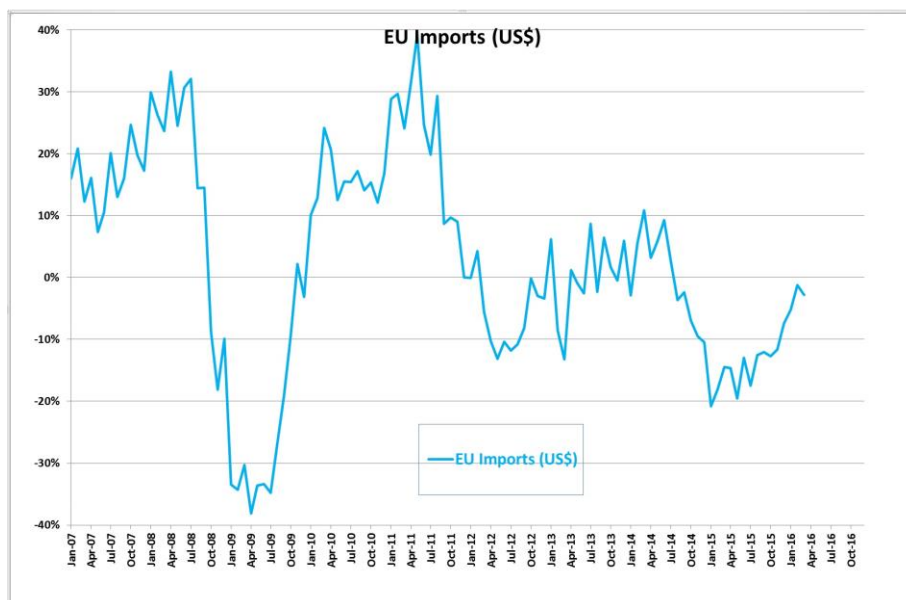
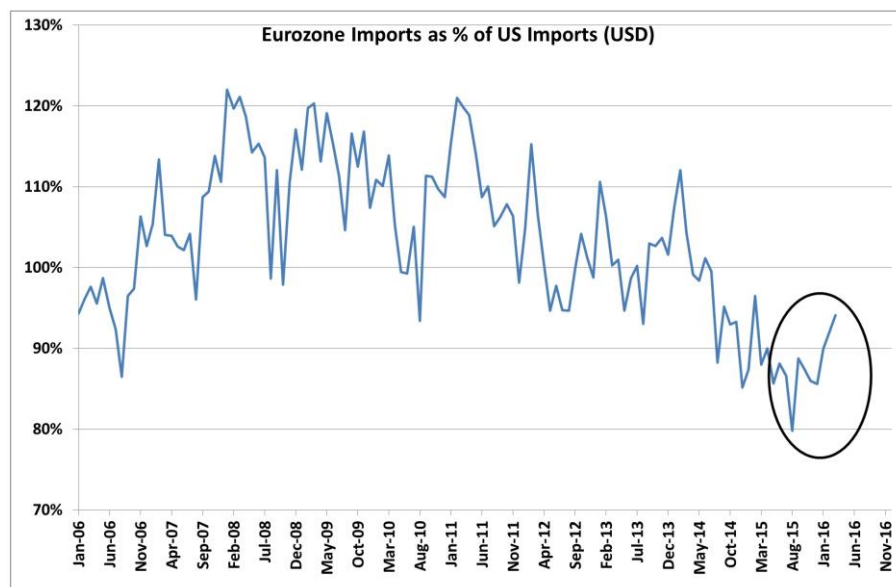


## Was Draghi Correct After All?

Growth in European imports, measured in USD, has been accelerating from deep negative towards zero.



Another way to think about it is to ask how much Eurozone buys from the rest of the world compared to the US i.e. how much of global output does it consume relative to the US.



I find the above chart interesting. We are used to thinking of the US as the big buyer of goods for the export economies around the world but in fact, until 2014, the Eurozone bought more than the US! The crisis brought demand down drastically but the chart shows we could be emerging from the worst of the Eurozone crisis.

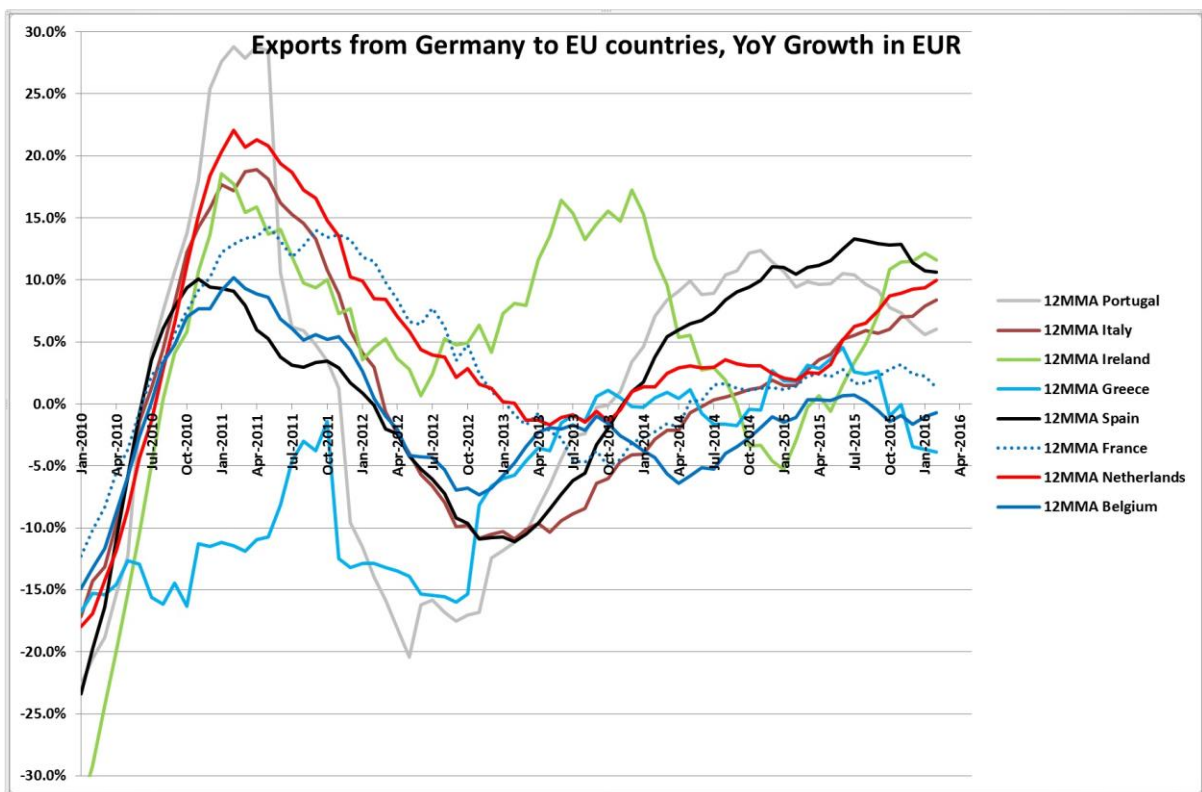
Eurozone exports have also perked up and become one of the few bright spots on the global export landscape.

	A	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT
1	Exports	China	Korea	Taiwan	Japan	India	Malaysia	Thailand	Singapore	Indonesia	Philippines	Vietnam	US	Australia	Eurozone	Germany	France	Spain	Italy	UK
100 Jan-15		-3%	-1%	3%	2%	-9%	-9%	-3%	-17%	-8%	0%	17%	-5%	-17%	-17%	-16%	-15%	-19%	-20%	-6%
101 Feb-15		48%	-3%	-7%	-13%	-13%	-18%	-6%	-33%	-17%	-3%	0%	-4%	-17%	-15%	-15%	-17%	-17%	-16%	-7%
102 Mar-15		-15%	-5%	-9%	-7%	-21%	-10%	-4%	-6%	-10%	3%	9%	-6%	-2%	-13%	-12%	-19%	-12%	-15%	-12%
103 Apr-15		-7%	-8%	-12%	-8%	-14%	-17%	-2%	-18%	-8%	-4%	2%	-4%	-2%	-12%	-13%	-14%	-14%	-12%	-8%
104 May-15		-4%	-11%	-4%	-16%	-20%	-18%	-5%	-21%	-14%	-17%	10%	-7%	-2%	-17%	-15%	-15%	-18%	-18%	-9%
105 Jun-15		1%	-3%	-15%	-9%	-16%	-10%	-9%	-15%	-12%	-2%	16%	-6%	-2%	-8%	-7%	-11%	-12%	-12%	-5%
106 Jul-15		-9%	-5%	-13%	-11%	-10%	-13%	-3%	-16%	-19%	-2%	10%	-7%	-2%	-12%	-12%	-10%	-13%	-10%	
107 Aug-15		-6%	-15%	-15%	-12%	-21%	-22%	-6%	-30%	-12%	-6%	9%	-11%	-2%	-10%	-10%	-12%	-15%	-13%	-5%
108 Sep-15		-4%	-8%	-15%	-8%	-24%	-19%	-5%	-23%	-18%	-16%	9%	-6%	-1%	-11%	-8%	-10%	-11%	-10%	-7%
109 Oct-15		-7%	-16%	-11%	-9%	-18%	-10%	-8%	-19%	-21%	-11%	2%	-11%	-2%	-12%	-9%	-12%	-13%	-13%	-7%
110 Nov-15		-7%	-5%	-17%	-7%	-24%	-15%	-7%	-21%	-18%	-1%	5%	-11%	-1%	-10%	-8%	-12%	1%	-10%	-6%
111 Dec-15		-2%	-14%	-14%	-8%	-15%	-18%	-9%	-19%	-17%	-3%	7%	-10%	-17%	-7%	-7%	-10%	-6%	-7%	-9%
112 Jan-16		-11%	-19%	-13%	-15%	-14%	-15%	-9%	-22%	-21%	-4%	0%	-11%	-15%	-6%	-5%	-1%	-2%	-7%	-8%
113 Feb-16		-25%	-13%	-12%	2%	-6%	-8%	6%	-11%	-7%	-4%	6%	-4%	-16%	-2%	1%	-2%	0%	0%	-10%
114 Mar-16		11%	-8%	-11%	-1%	-5%	-4%	-1%	-21%	-13%	-15%	13%	-7%	-1%	3%	6%	2%	3%	5%	-3%
115 Apr-16		-2%	-11%	-7%	1%	-7%			-13%	-13%		6%								
116 May-16																				

The table above shows Monthly YoY Exports of various countries/regions, measured in USD.

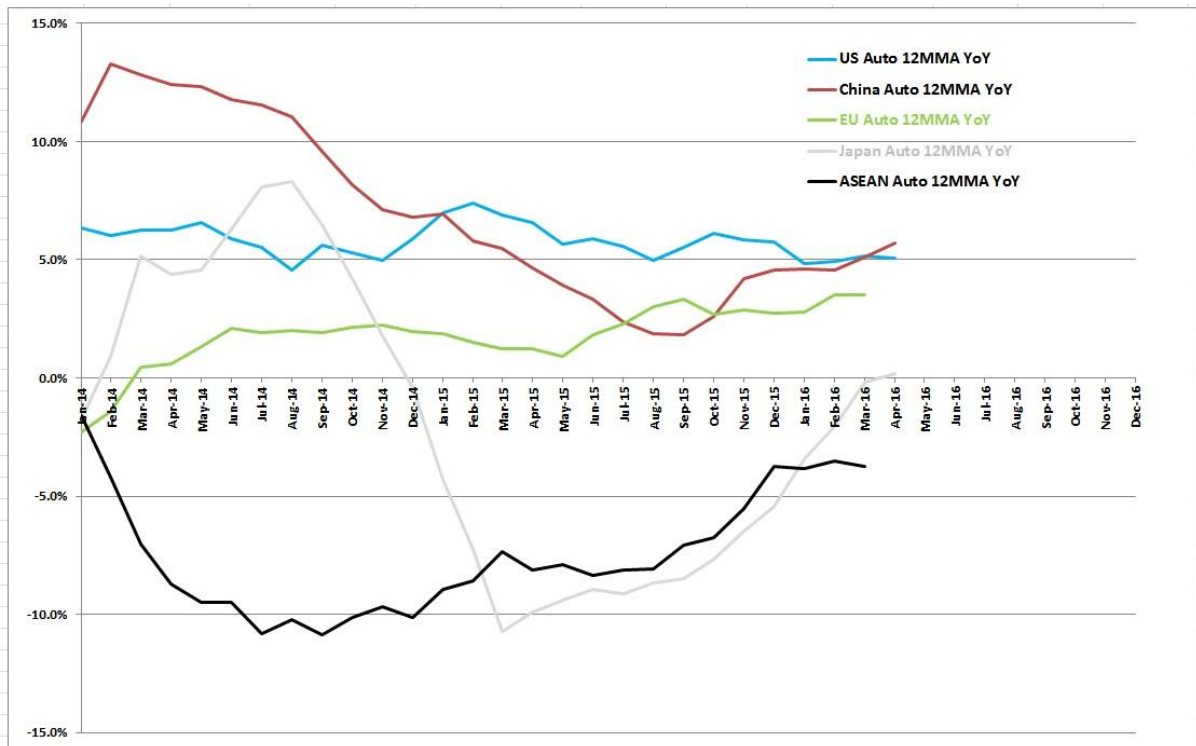
Europe’s double-digit negative export growth percentages ended in late 2015 and as of Apr 16, has actually turned positive.

It’s not just Europe’s exports to the outside world. Europe’s internal export dynamics have also seen steady improvement.



The above chart shows Germany’s exports to selected EU countries. The former PIIGS nations (with the exception of Greece) that were such a drag have all returned to healthy and even accelerating growth in purchases from Germany. France and Belgium remain somewhat weak but on the whole the picture is one of improving conditions.

Perhaps my favourite barometer of economic conditions is auto sales.



The above chart shows EU new auto registrations accelerating steadily from the misery of pre-2014 to a healthy growth of 3-4% currently.

If the US is healthy and EU is returning to health, then what ails ASEAN? Notice how ASEAN auto sales continue to struggle in negative territory – it’s even worse than the supposedly anaemic Japan! And the earlier tables show how ASEAN exports continue to decline.

ASEAN leaders, both political and corporate, need to stop waving around general remarks like “weak global economy” and “weak developed markets” as excuses for the continued sluggishness of their economies and company earnings.

It’s time to turn inwards and face up to what is wrong domestically.