

Global Thinking and Creativity
**“Future of the global economy by trend prediction”
The arrival of the real economic crisis**

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Keywords :

US, China, Trade friction, New coronavirus, Production system collapse, Gold price, Crude oil price, JPY appreciation, Economic crisis, Re-election, Emphasis

**Crash over between
the superpower USA and developing power China**

Crash over the trade between the superpower USA led by President Trump and China, the power of developing countries, led by President Xi Jinping reminds me of a book entitled "Head to Head *1)" by Professor Lester C. Thurow *2).

At that time, Europe was EC just before they organized the EU. In this book, he mentioned that even though Japan would dream of becoming the protagonist of the world economy someday, unfortunately, it would be Europe that to be at the centre of the world economy in the 21st century. He also stated that attempts to unify Europe, whether successful or not, would be the most notable move in the world economy in the first half of the 21st century. As Professor Thurow wrote, it could say that the EU has achieved remarkable economic growth and has become a significant player in the world economy for nearly 30 years.

However, the financial collapse of Greece, the UK's departure from the EU, also the slump in the German economy led by Prime Minister Merkel, has led to a situation in which the EU economic zone can no longer continue being the protagonist of the world economy. In the meantime, the answer if the United States can maintain its economic dominance is not clear because China will not bow down to the United States, unlike Japan, in this extreme trade conflict. President Trump can be said to be in a state of being blocked for re-election.

**The arrival
of the slowdown and the crisis of the world economy**

Under such circumstances, a new coronavirus was born in Wuhan, China. And it spread to the world in almost half a year. The world has finally begun to realize that this phenomenon is an unprecedented crisis, but by now, it has been too slow it seems. However, it is also said that human beings grow significantly each time they are subject to adversity. It could prove as Japan has developed so far while undergoing a baptism of numerous crises from the first and second oil shocks, trade friction with the United States, the Great East Japan Earthquake, and the Lehman shock.

So, what will happen to this fall to next year due to the new coronavirus? I tried to predict the trends to know that. I leave its discretion to readers whether the results are reasonable or not, however, as the effects of the new coronavirus continue to expand, it becomes impossible to work, and the production of goods is stopped, or a considerable reduction. So, November 2020 I estimate that nearly half of the world's imports and exports will be stagnant and then the national and people's finances will be significantly tightened.

It triggered the problems in countries exhausted by the new coronavirus that began in January 2020, and human emotion would explode momentum, leading to more riots, robberies and debt traversing around the world would be. I would anticipate that unprecedented "world economic crisis" will occur from March to April 2021. Then, the economy would recover from around August 2021 gradually, and the stock prices of companies are expected to soar from the end of 2021.

Background of prediction

Behind the above forecast, there is a fact that I have made the trend predictions based on current phenomena and forecasted the future of the world economy based on the relationship between the gold, crude oil and yen prices and seeing its result for almost 40

years. From the end of 2019 to the present of 2020, it can be said the gold price has, although there was a month temporarily stagnant too, risen overall. The gold price as of July 27, 2020, is trading at JPY 7,137 per gram. Since December 2019 was 5,218 yen per gram, the price has increased by about 30% in the last six months. From my Past predictions and experience suggest that this rise implies that the oil price will fall, and the yen will appreciate. In predicting based on this reality, it could anticipate that the world economic crisis will come when the gold price is around 9,000 yen.

In other words, the currency cycle may stagnate amid the production system is collapsed on the new coronavirus as mentioned above. It is because if the crude oil price further declines, then YEN - as it is considered to be one of the world's key currencies - would appreciate further. *3)

Lastly, while the above is a mixed form of facts and forecasts, I would like to stress again that the real-world economic crisis will occur from March to April 2021 due to the impact of the new coronavirus.

(*1) Published for Japan in 1992

(*2) Former Dean of MIT Sloan School: Advisor of our company till passed away in March 2017

(*3) Although YEN appreciation is a task for Japan

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