

Methods of **comparable data** **obtaining**

Methods of comparable data obtaining

Currency conversion

- ❖ Average annual exchange rate
- ❖ The purchasing power parity

Market exchange rate
International organization
The influence of different factors



PPP (purchasing power parity)

A Prototype Is The "Big Mac"



PPP (purchasing power parity)

3200 main consumer of goods and services

236 main investment products

16 typical construction projects

3200 main consumer of goods and services

236 main investment products

16 typical construction projects

3200 main consumer of goods and services

236 main investment products

16 typical construction projects



When PPP?











- ☐ **Cross-country comparisons**
- ☐ **Rational allocation of limited funds (quotas of the IMF)**
- ☐ **The identification of appropriate exchange rates for countries opening their economies**

Comparable price level



Price level ratio of PPP conversion factor (GDP) to market exchange rate

	1981-1985	1986-1990	1991-1995	1996-2000	2001-2005	2006-2010	2011-2015
Country name	÷ 2011	÷ 2012	÷ 2013	÷ 2014			
Australia	1.5	1.6	1.6	1.4			
Austria	1.2	1.1	1.1	1.1			
Canada	1.3	1.2	1.2	1.1			
Brazil	0.9	0.8	0.7	0.7			
Germany	1.1	1.0	1.1	1.0			
Finland	1.3	1.2	1.2	1.2			
France	1.2	1.1	1.1	1.1			
Russian Federation	0.6	0.6	0.6	0.5			

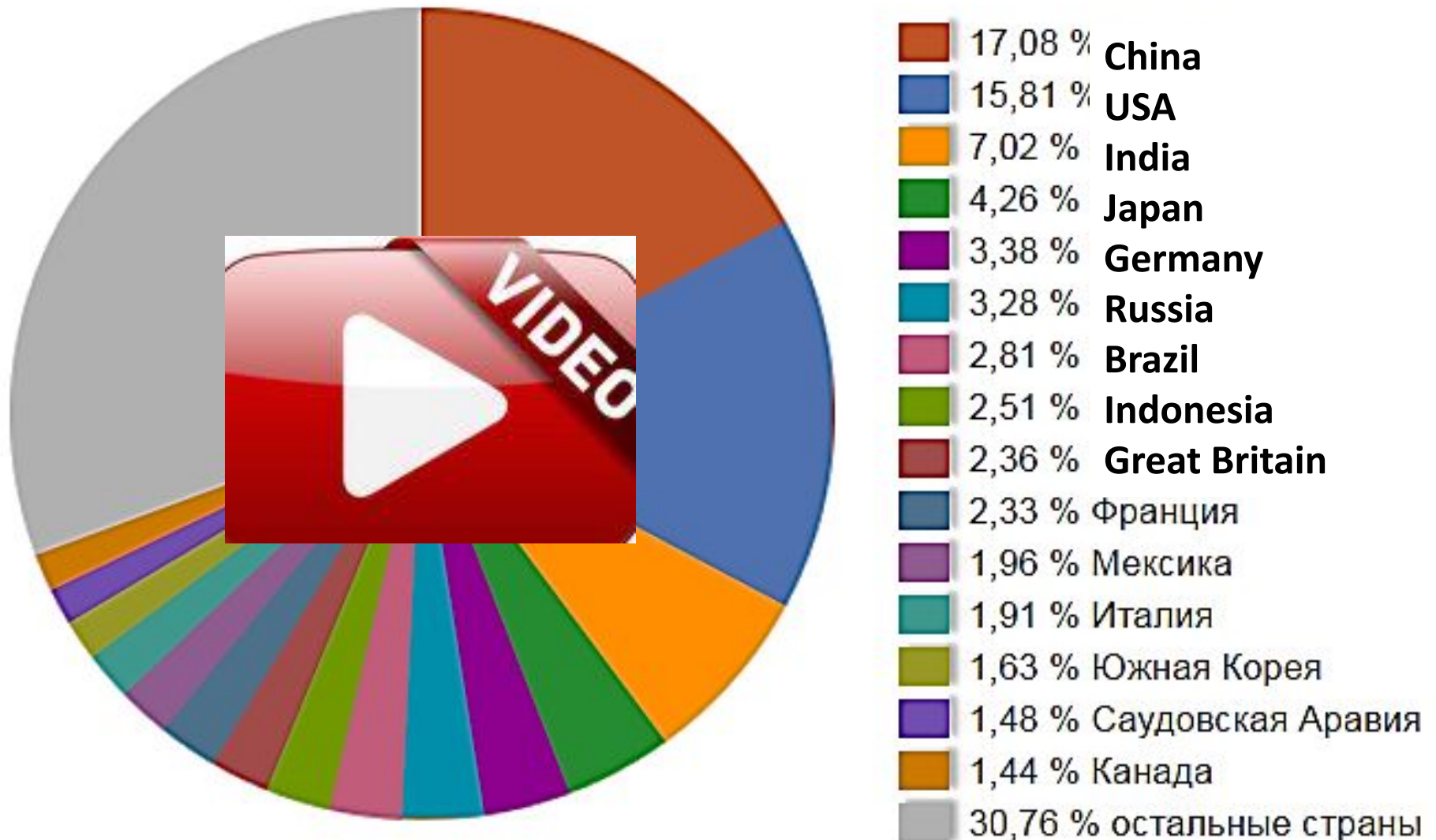
List by the International Monetary Fund (Estimates for 2017)

Rank ↕	Country ↕	GDP (Millions of ↕ Int\$)
	World	113,523,500
1	 China	20,853,331
—	 <i>European Union</i> ^[n 1]	19,205,364
2	 United States	18,558,129
3	 India	8,642,758
4	 Japan	4,901,102
5	 Germany	3,934,664
6	 Russia	3,684,643
7	 Brazil	3,101,247
8	 Indonesia	3,010,746
9	 United Kingdom	2,756,748
10	 France	2,703,378
11	 Mexico	2,227,176
12	 Italy	2,213,909
13	 South Korea	1,848,518
14	 Saudi Arabia	1,720,027
15	 Turkey	1,665,332
16	 Canada	1,631,943

17	 Spain	1,615,074
18	 Iran	1,439,295
19	 Australia	1,138,085
20	 Thailand	1,108,111
21	 Republic of China (Taiwan)	1,099,030
22	 Egypt	1,092,634
23	 Nigeria	1,091,700
24	 Poland	1,005,449
25	 Pakistan	982,380
26	 Argentina	971,967
27	 Philippines	831,477
28	 Netherlands	815,646
29	 Malaysia	803,031
30	 South Africa	723,518
31	 Colombia	667,443
32	 United Arab Emirates	647,823



Proportion of countries by GDP PPP



Classification of the countries



The number of States and dependent territories in the world

195 countries, 72 dependent areas

Country = economy
≠ state

Colony = "dependent
territory"

Neocolonialism

Signs of dependent areas

Advantages for mother-country

Advantages for dependent area



Group of countries

✓ Developed countries

✓ Developing countries

✓ Transition economy(?)



Criteria:

- ✓ The nature of the economy
- ✓ The level of socio-economic development



The level of socio-economic development

- ✓ Sectoral structure of GDP as an indicator of the level of socio-economic development
- ✓ The level and quality of life
- ✓ GDP/GNI per capita



Sectoral structure of GDP as an indicator of the level of socio-economic development of the country



High level development => tertiary sector



secondary sector => manufacturing

Developing = > if tertiary - tourism, trade

if secondary - mining

2004:

1:2:3 %

USA: 2:23:75

Russia: 5:34:61

India: 23:26:52

2013:

1:2:3 %

USA: 1:20:79

Russia: 4:38:58

India: 17:26:57



The level and quality of life

Lifespan

The incidence

Personal safety

Natural environment

Unemployment

Consumption

Human development index

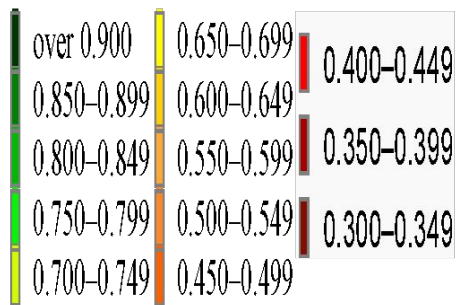
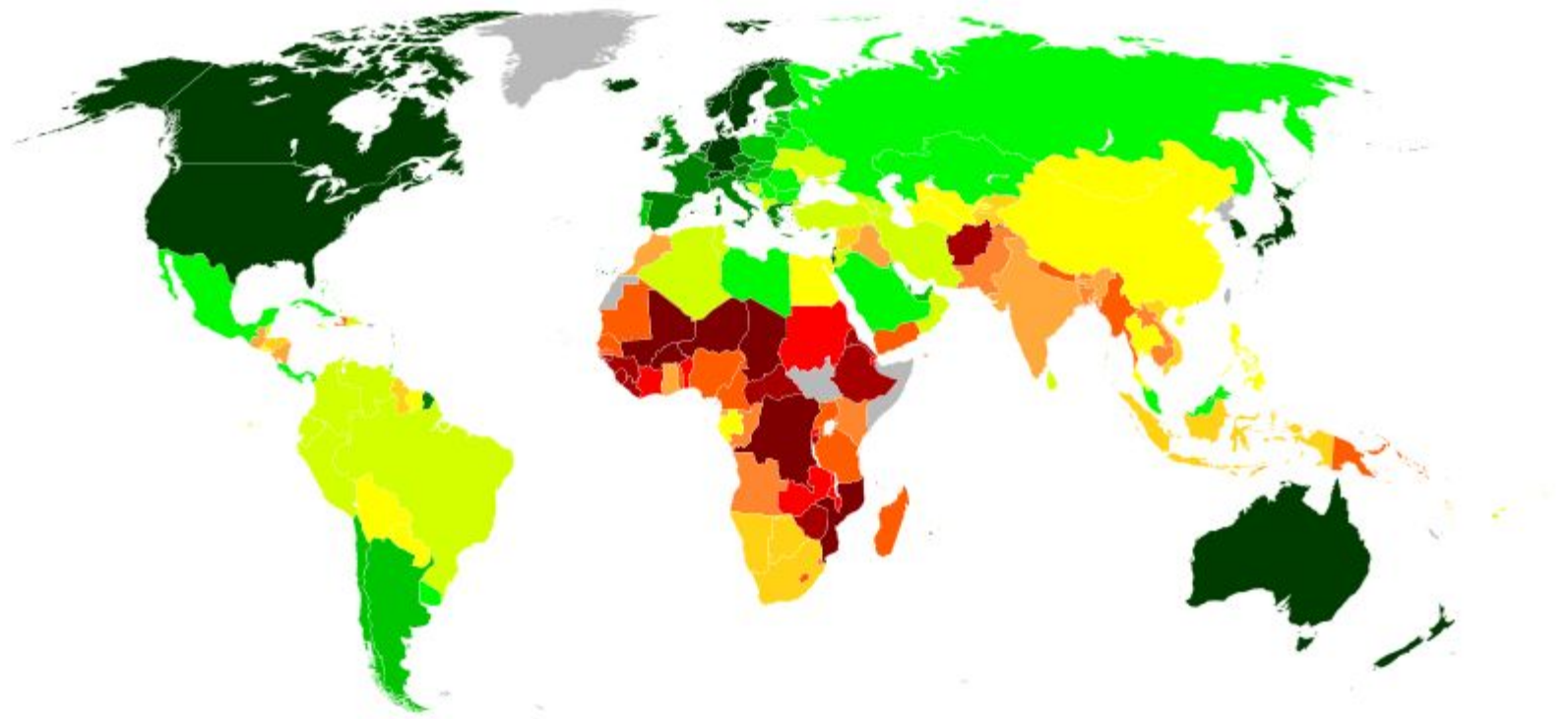
Lifespan

The level of education

The level of GDP

Rank		List of countries by Human Development Index	HDI	
2015 estimates for 2014			2015 estimates for 2014	
1		Norway	0.944	
2		Australia	0.935	
3		Switzerland	0.930	
4		Denmark	0.923	
5		Netherlands	0.922	
6		Germany	0.916	
6		Ireland	0.916	
8		<u>United States</u>	0.915	
9		Canada	0.913	
9		New Zealand	0.913	
11		Singapore	0.912	
12		Hong Kong	0.910	
13		Liechtenstein	0.908	
14		Sweden	0.907	
14		United Kingdom	0.907	

Russia – 50, 0,798



World map indicating the Human Development Index (based on 2014 data, published on December 14, 2015)

Approximate characteristics of developed countries

1) GDP per capita is on average about 30 thousand dollars and it is growing =>



2) A high level of consumption and investment and the standard of living of the population as a whole



3) Social support – the "middle class" who share the values and basic foundations of society



**Approximate
characteristics of
developed
countries**

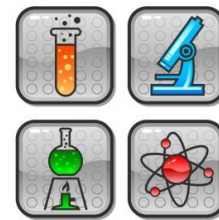
4) Evolution towards domination of the industry and the trend of transformation of the industrial economy in the post-industrial



5) Growing service sector , and the share of the population employed in it is leading



6) Technological progress has a significant impact on economic growth and the structure of the economy



**Approximate
characteristics of
developed
countries**

7) Business structure is non-uniform. The leading role in the economy belongs to powerful corporations – TNCs



8) The wide distribution of small and medium business as factor of economic and social stability. This business employs up to 2/3 of the economically active population. In many countries, small businesses provide up to 80% of new workplaces and affects the sectoral structure of the economy



Approximate
characteristics of
developed
countries

9) The state of developed countries is an active participant in economic activity



**Approximate
characteristics of
developed
countries**

10) The openness to the world economy and the liberal organization of the foreign trade regime

11) In the field of international labour migration, developed countries act as the receiving party

Countries with economies in transition:

The former socialist countries of Central and Eastern Europe:

Albania, Bulgaria, Hungary, Poland, Romania, Slovakia, Czech Republic, successors of the Socialist Federal Republic of Yugoslavia — Bosnia and Herzegovina, Republic of Macedonia, Slovenia, Croatia, Serbia and Montenegro;

The former Soviet republics, now the CIS countries:

Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Uzbekistan, Ukraine;

The former Baltic republics: Latvia, Lithuania, Estonia.

A particular challenge is the classification of **China**, since the building of capitalism and, therefore, market relations is under the leadership of the Communist party of China (CPC).



Exemplary characteristics of transition countries

The term "transition economy" is used to describe the transformation of the socialist economy to the market one.

The transition to the market :

- ✓ The deregulation of the economy, requiring privatization and stimulation of development of private enterprises;
- ✓ The development of non-state forms of ownership, including private ownership on the means of production;
- ✓ The formation of the consumer market and the saturation of its products
- ✓ The experience of “shock therapy” is not a guarantee of a strong economy

Exemplary characteristics of developing countries

The low level of socio-economic development



- 1) Suppliers of raw materials and fuels on the world market
- 2) As suppliers of raw materials depend on import of finished products
- 3) The economy's dependence on TNCs
- 4) The low level of development of productive forces, backwardness of technical equipment of industry, agriculture and social infrastructure

Exemplary characteristics of developing countries

5) The agricultural profile of the economy and the share of the population employed in agriculture

6) Poverty, overpopulation, high unemployment

7) Economic role of the state is large and along with the traditional functions include:

The exercise of national sovereignty over natural resources;

Control over foreign financial assistance;

Agrarian transformation associated with increased agricultural production, creation of cooperatives, etc.;



The classification of the International Monetary Fund

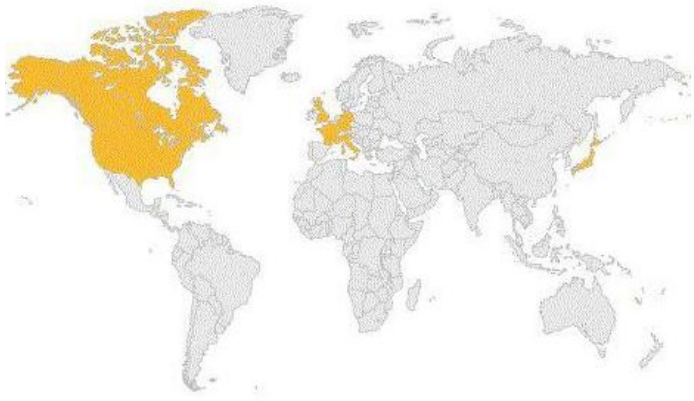
2 groups of countries

✓ «Industrialized countries»

✓ «Other emerging market and developing countries»

Major industrialized country,
or "Big seven"

Euro area countries



Australia

Austria

Belgium

Germany

Greece

Denmark

Ireland

Spain

Italy

Canada

Netherlands

New Zealand

Norway

Portugal

United Kingdom

USA

Finland

France

Switzerland

Sweden

Japan

Cyprus

Czech Republic

Iceland

Israel

South Korea

Luxembourg

Malta

Singapore

Slovakia

Slovenia

+ Hong Kong

Taiwan

The Vatican

Faroe Islands

Bermuda

Liechtenstein

Monaco

San Marino

Andorra

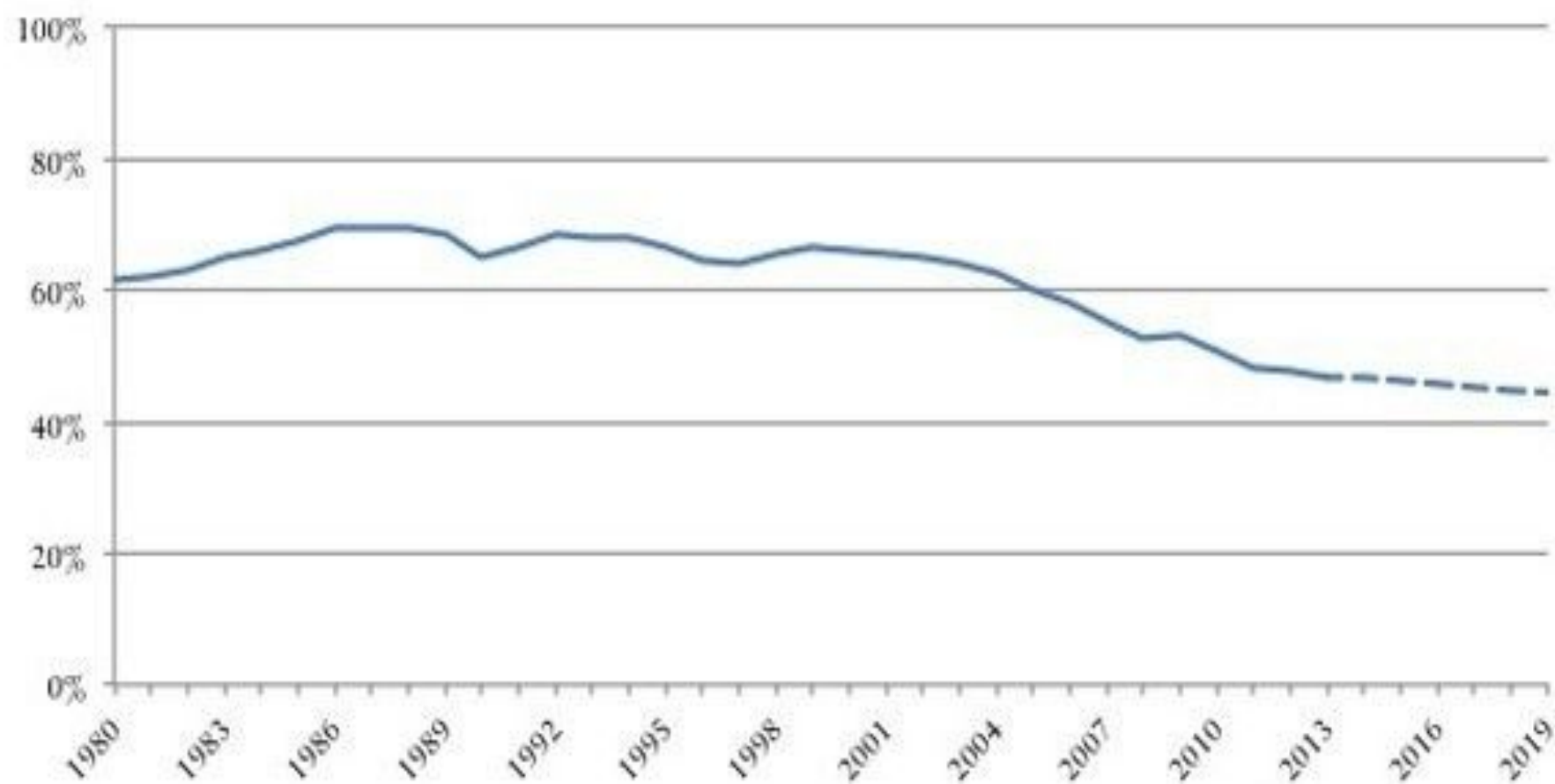
Major industrialized
country,
or "Big seven"

?
11.4% of the
population
50% of the WGDP
42,3% of the global
trade, PPP



Countries	GDP	GDP per capita	Export	Population
USA	\$18.57 trillion (2)	\$57,400 (20)	\$1.471 trillion (2)	326,625,791 (3)
Great Britain	\$2.786 trillion (10)	\$42,500 (38)	\$412.1 billion (10)	64,769,452 (22)
Canada	\$1.682 trillion (18)	\$46,400 (35)	\$390.1 billion (11)	35,623,680 (38)
Japan	\$5.238 trillion (5)	\$41,300 (42)	\$641.4 billion (4)	126,451,398 (10)
Italy	\$2.235 trillion (13)	\$36,800 (51)	\$436.3 billion (9)	62,137,802 (23)
France	\$2.734 trillion (11)	\$42,300 (39)	\$489.1 billion (6)	67,106,161 (21)
Germany	\$3.98 trillion (6)	\$48,100 (31)	\$1.283 trillion (3)	80,594,017 (19)



G7 Share of Global GDP



Source: International Monetary Fund, World Economic Outlook Database, April 2014

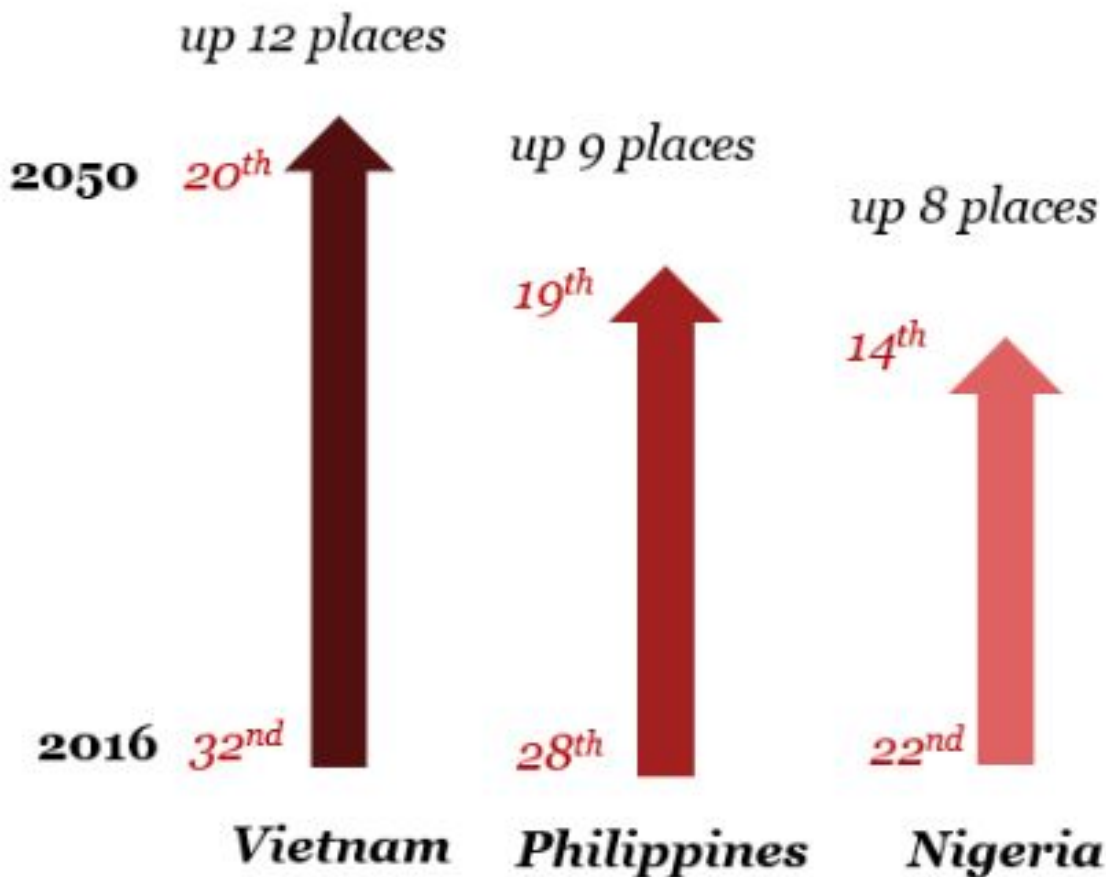
Emerging markets will dominate the world's top 10 economies in 2050 (GDP at PPPs)

	2016	2050	
China	1	1	China
US	2	2	India
India	3	3	US
Japan	4	4	Indonesia
Germany	5	5	Brazil
Russia	6	6	Russia
Brazil	7	7	Mexico
Indonesia	8	8	Japan
UK	9	9	Germany
France	10	10	UK

 E7 economies
  G7 economies

The PwC The World in 2050 report suggests that emerging markets will constitute many of the world's top ten economies by gross domestic product (GDP) and purchasing power parity (PPP) by 2050.

Vietnam, the Philippines and Nigeria could make the greatest moves up the rankings



The PwC report also looks at the fastest growing economies between 2016 and 2050, which include frontier markets by today's definition.

Average annual GDP growth rate, 2016-2050

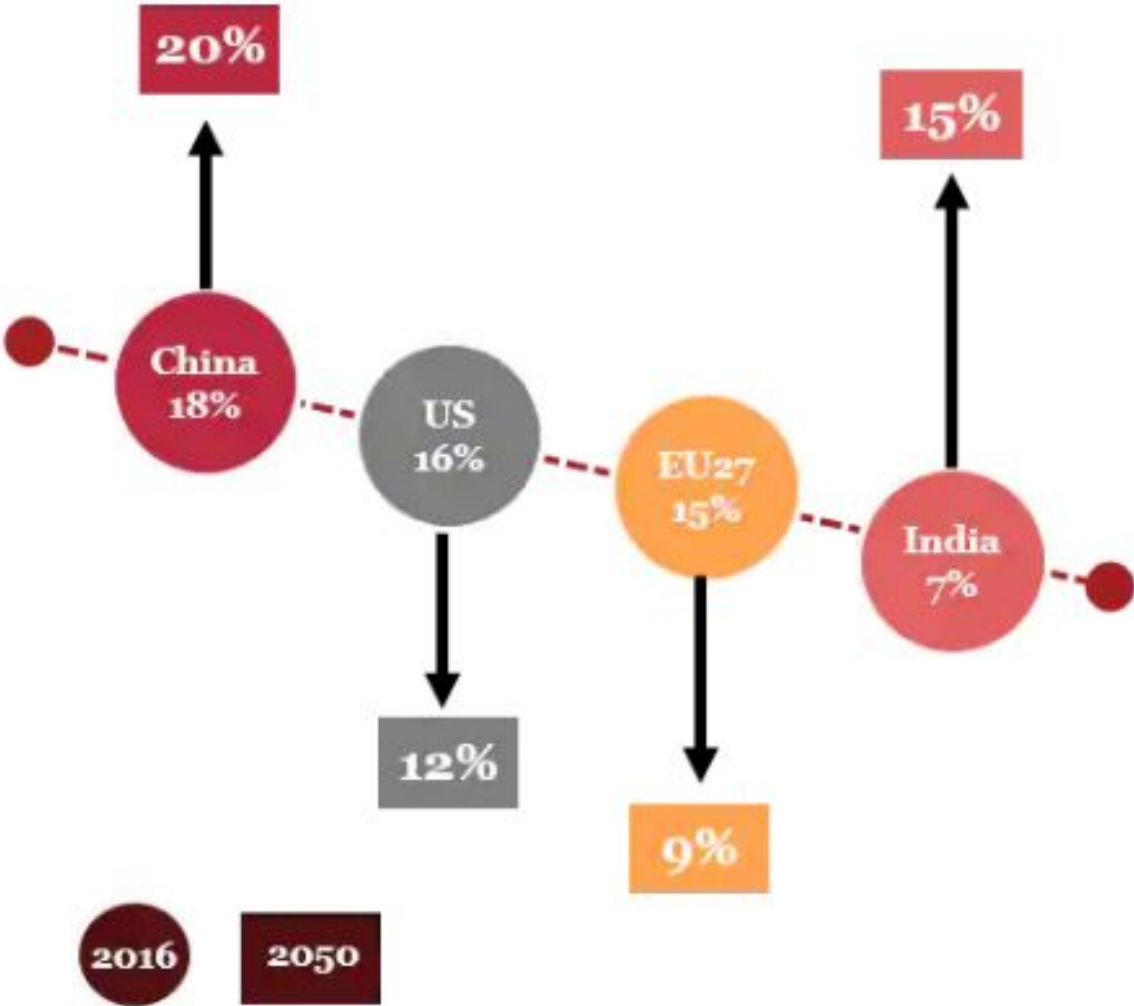
5.1%

4.3%

4.2%

The US and Europe will steadily lose ground to China and India

Share of world GDP (PPPs) from 2016 to 2050...



Sources: IMF for 2016 estimates, PwC analysis for projections to 2050

Global economic power will shift to the E7 economies

In...

1995

E7

*were
half
the size of*

G7

By...

2015

E7

*were
around the
same
size as*

G7

*And in just
25 years...*

2040

E7

*could be
double
the size of*

G7

G7: US, UK, France, Germany, Japan, Canada and Italy

E7: China, India, Indonesia, Brazil, Russia, Mexico and Turkey

Challenges for policymakers

Protectionism

Benefits of globalisation \Leftrightarrow equity

Green technologies



Opportunities for business :

- ✓ Mature emerging markets (costs, consumers, B2B)



«Other emerging market and developing countries»

146 countries, 85% of the population, 60% of the WGDP, 65% of world trade

Azerbaijan	Guatemala	Indonesia	Madagascar
Albania	Guinea	Jordan	Malawi
Algeria	Honduras	Iraq	Malaysia
Angola	Hong Kong SAR	Iran	Mali
Argentina	Georgia	Kazakhstan	Morocco
Armenia	Democratic Republic	Cambodia	Mexico
Afghanistan	Of the Congo	Cameroon	UAE
Bangladesh	Dominican Rep.	Kenya	Oman
Belarus	Mozambique	China	Pakistan
Benin	Moldova	Colombia	Panama
Bulgaria	Mongolia	Korea	Papua New Guinea
Bolivia	Namibia	Costa Rica	Paraguay
Bosnia and Herzegovina	Nepal	Côte d'ivoire	Peru
Botswana	Niger	Kuwait	Poland
Brazil	Nigeria	Kyrgyz Republic	Republic Of The Congo
Burkina Faso	Nicaragua	Lao PDR	Russia
Burundi	Egypt	Latvia	Rwanda
FYR Macedonia	Zambia	Lesotho	Romania
Hungary	Zimbabwe	Liberia	Salvador
Venezuela	Yemen	Lebanon	Saudi Arabia
Vietnam	Israel	Libya	Senegal
Haiti	India	Lithuania	Serbia
Ghana			Singapore

Sub-group "Other emerging market and developing countries"

Criteria:

- a) exporters of liquid fuel;
- b) exporters of other raw materials;
- c) exporters of industrial finished products;
- d) exporters of services;
- e) financial criteria: countries export capital and import of capital;
- f) countries not exporting oil



The classification of the world Bank

GNI per capita

3 groups:

Countries with low income

Crane middle-income

Countries with high income

Countries with above-average income

Country lower middle income



The relationship between poverty, child mortality and economic performance

207 countries

<i>group</i>	<i>The per capita income, dollars.</i>
<i>Countries with low income</i>	<i>< \$1,005 (31)</i>
<i>Countries with lower middle-income</i>	<i>\$1,006–3,955 (53)</i>
<i>Countries with upper-middle income</i>	<i>\$3,956–12,235 (56)</i>
<i>Countries with high income</i>	<i>> \$12,236 (78)</i>

The state of external debt

Poor countries with largest external debt
Countries with moderate debt
Countries with a small debt

Largest external debt

80% of the GNI

220% for export



Moderate debt

>60%

LOW-INCOME ECONOMIES (\$1,005 OR LESS)

(31)

Afghanistan	Guinea	Rwanda
Benin	Guinea-Bissau	Senegal
Burkina Faso	Haiti	Sierra Leone
Burundi	Korea, Dem. People's Rep.	Somalia
Central African Republic	Liberia	South Sudan
Chad	Madagascar	Tanzania
Comoros	Malawi	Togo
Congo, Dem. Rep	Mali	Uganda
Eritrea	Mozambique	Zimbabwe
Ethiopia	Nepal	
Gambia, The	Niger	

LOWER-MIDDLE-INCOME ECONOMIES (\$1,006 TO \$3,955)

UPPER-MIDDLE-INCOME ECONOMIES (\$3,956 TO \$12,235)

(53)

Angola	Indonesia	Philippines
Armenia	Jordan	São Tomé and Príncipe
Bangladesh	Kenya	Solomon Islands
Bhutan	Kiribati	Sri Lanka
Bolivia	Kosovo	Sudan
Cabo Verde	Kyrgyz Republic	Swaziland
Cambodia	Lao PDR	Syrian Arab Republic
Cameroon	Lesotho	Tajikistan
Congo, Rep.	Mauritania	Timor-Leste
Côte d'Ivoire	Micronesia, Fed. Sts.	Tunisia
Djibouti	Moldova	Ukraine
Egypt, Arab Rep.	Mongolia	Uzbekistan
El Salvador	Morocco	Vanuatu
Georgia	Myanmar	Vietnam
Ghana	Nicaragua	West Bank and Gaza
Guatemala	Nigeria	Yemen, Rep.
Honduras	Pakistan	Zambia
India	Papua New Guinea	

(56)

Albania	Ecuador	Nauru
Algeria	Fiji	Panama
American Samoa	Gabon	Paraguay
Argentina	Grenada	Peru
Azerbaijan	Guyana	Romania
Belarus	Iran, Islamic Rep.	Russian Federation
Belize	Iraq	Samoa
Bosnia and Herzegovina	Jamaica	Serbia
Botswana	Kazakhstan	South Africa
Brazil	Lebanon	St. Lucia
Bulgaria	Libya	St. Vincent and the Grenadines
China	Macedonia, FYR	Suriname
Colombia	Malaysia	Thailand
Costa Rica	Maldives	Tonga
Croatia	Marshall Islands	Turkey
Cuba	Mauritius	Turkmenistan
Dominica	Mexico	Tuvalu
Dominican Republic	Montenegro	Venezuela, RB

HIGH-INCOME ECONOMIES (\$12,236 OR MORE)

(78)

Andorra	Greece	Poland
Antigua and Barbuda	Greenland	Portugal
Aruba	Guam	Puerto Rico
Australia	Hong Kong SAR, China	Qatar
Austria	Hungary	San Marino
Bahamas, The	Iceland	Saudi Arabia
Bahrain	Ireland	Seychelles
Barbados	Isle of Man	Singapore
Belgium	Israel	Sint Maarten (Dutch part)
Bermuda	Italy	Slovak Republic
British Virgin Islands	Japan	Slovenia
Brunei Darussalam	Korea, Rep.	Spain
Canada	Kuwait	St. Kitts and Nevis

Cayman Islands	Latvia	St. Martin (French part)
Channel Islands	Liechtenstein	Sweden
Chile	Lithuania	Switzerland
Curaçao	Luxembourg	Taiwan, China
Cyprus	Macao SAR, China	Trinidad and Tobago
Czech Republic	Malta	Turks and Caicos Islands
Denmark	Monaco	United Arab Emirates
Estonia	Netherlands	United Kingdom
Faroe Islands	New Caledonia	United States
Finland	New Zealand	Uruguay
France	Northern Mariana Islands	Virgin Islands (U.S.)
French Polynesia	Norway	
Germany	Oman	
Gibraltar	Palau	



RANK	COUNTRY	2015	GDP - PER CAPITA (PPP)
1	<u>QATAR</u>		\$132,100
2	<u>LUXEMBOURG</u>		\$99,000
3	<u>MACAU</u>		\$98,200
4	<u>LIECHTENSTEIN</u>		\$89,400
5	<u>BERMUDA</u>		\$85,700
6	<u>SINGAPORE</u>		\$85,300
7	<u>ISLE OF MAN</u>		\$83,100
8	<u>BRUNEI</u>		\$79,700
9	<u>MONACO</u>		\$78,700
10	<u>KUWAIT</u>		\$70,200
11	<u>NORWAY</u>		\$68,400
12	<u>UNITED ARAB EMIRATES</u>		\$67,600
13	<u>SINT MAARTEN</u>		\$66,800
14	<u>AUSTRALIA</u>		\$65,400
15	<u>SAN MARINO</u>		\$63,900
16	<u>SWITZERLAND</u>		\$58,600
17	<u>JERSEY</u>		\$57,000
18	<u>HONG KONG</u>		\$56,700

19	<u>UNITED STATES</u>	\$55,800
20	<u>IRELAND</u>	\$55,500
21	<u>FALKLAND ISLANDS (ISLAS MALVINAS)</u>	\$55,400
22	<u>SAUDI ARABIA</u>	\$53,600
23	<u>GUERNSEY</u>	\$52,300
24	<u>BAHRAIN</u>	\$50,100
25	<u>NETHERLANDS</u>	\$49,200
26	<u>SWEDEN</u>	\$47,900
27	<u>AUSTRIA</u>	\$47,300
28	<u>GERMANY</u>	\$46,900
29	<u>TAIWAN</u>	\$46,800
30	<u>ICELAND</u>	\$46,100
31	<u>DENMARK</u>	\$45,700
32	<u>CANADA</u>	\$45,600
33	<u>OMAN</u>	\$44,600
34	<u>CAYMAN ISLANDS</u>	\$43,800
35	<u>BELGIUM</u>	\$43,600
36	<u>GIBRALTAR</u>	\$43,000

37	<u>BRITISH VIRGIN ISLANDS</u>	\$42,300
38	<u>FRANCE</u>	\$41,200
39	<u>UNITED KINGDOM</u>	\$41,200
40	<u>FINLAND</u>	\$41,100
41	<u>NEW CALEDONIA</u>	\$38,800
42	<u>JAPAN</u>	\$38,100
43	<u>PUERTO RICO</u>	\$38,000
44	<u>GREENLAND</u>	\$37,900
45	<u>EUROPEAN UNION</u>	\$37,800
46	<u>ANDORRA</u>	\$37,200
47	<u>FAROE ISLANDS</u>	\$36,600
48	<u>KOREA, SOUTH</u>	\$36,500
49	<u>NEW ZEALAND</u>	\$36,200
50	<u>VIRGIN ISLANDS</u>	\$36,100
51	<u>MALTA</u>	\$35,900
52	<u>ITALY</u>	\$35,700
53	<u>SAINT PIERRE AND MIQUELON</u>	\$34,900
54	<u>SPAIN</u>	\$34,800
55	<u>ISRAEL</u>	\$33,700

56	<u>CYPRUS</u>	\$32,800
57	<u>TRINIDAD AND TOBAGO</u>	\$32,600
58	<u>EQUATORIAL GUINEA</u>	\$31,800
59	<u>CZECHIA</u>	\$31,600
60	<u>SLOVENIA</u>	\$31,000
61	<u>GUAM</u>	\$30,500
62	<u>SLOVAKIA</u>	\$29,700
63	<u>TURKS AND CAICOS ISLANDS</u>	\$29,100
64	<u>ESTONIA</u>	\$28,600
65	<u>LITHUANIA</u>	\$28,400
66	<u>PORTUGAL</u>	\$27,800
67	<u>POLAND</u>	\$26,500
68	<u>GREECE</u>	\$26,400
69	<u>MALAYSIA</u>	\$26,300
70	<u>SEYCHELLES</u>	\$26,300
71	<u>HUNGARY</u>	\$26,200
72	<u>FRENCH POLYNESIA</u>	\$26,100
73	<u>RUSSIA</u>	\$25,400
74	<u>ARUBA</u>	\$25,300

