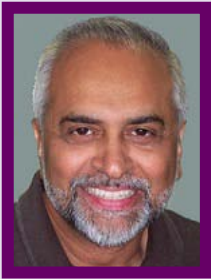


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WRITTEN BY: ASHOK DHILLON



Ashok Dhillon has 40 years of front-line business experience in Canada and International markets. He has founded and led companies in construction and international power development.

Mr. Dhillon has worked and negotiated with highest levels of Governments in Canada and India. He has pursued and won mandates to develop power plants in Canada, and foreign jurisdictions such as Hungary, Iran, Pakistan and India with uncompromising ethical standards. His extensive experience in securing and negotiating multi-hundred million and billion dollar mandates in power project development, gives him in-depth knowledge and intuitive insights into macro and micro, national and international, geo-political and economic realities and trends.

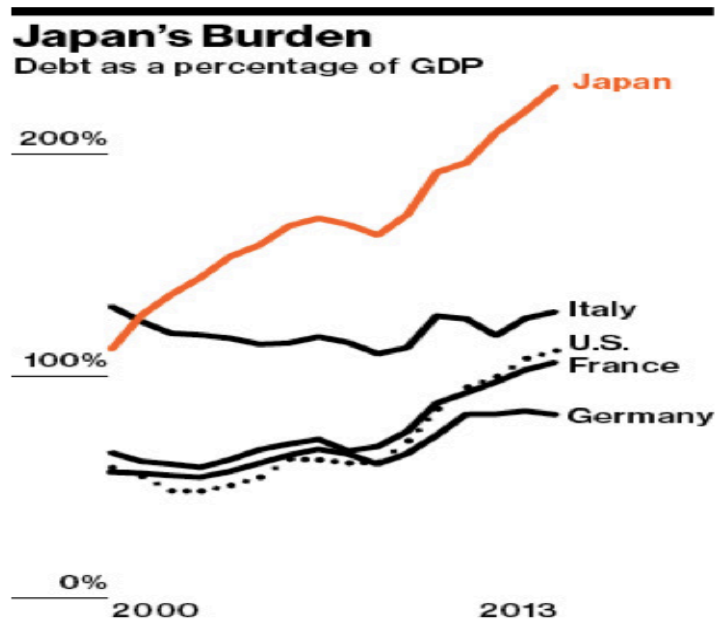
Mr. Dhillon has been invited to speak on international business at various forums, including as an expert witness for the Standing Senate Committee, Government of Canada, on "The Rise of Russia, China and India".

Japanese Economy, 2014 – Excerpt From Global Economy, 2014 - Looming Catastrophe



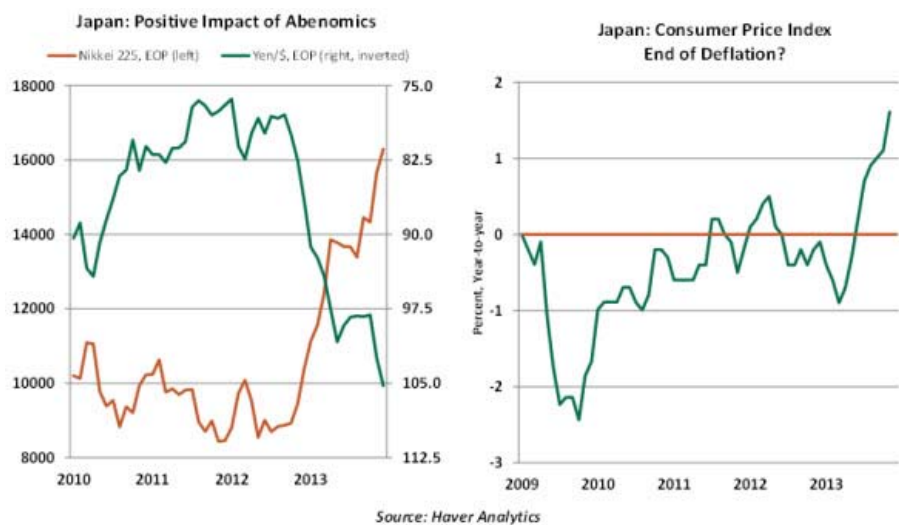
JAPAN:

As debt induced growth goes, at this time Japan has to be considered the World champ. Japan leads all major economies where it comes to debt versus economic growth (GDP). When it comes to a developed country using financial stimulus and low interest rates to try to break-out of decade's long deflationary economic slump, and spur inflation and growth, there is no equal to Japan. Desperate times call for desperate measures and Shinzo Abe, Japan's Prime Minister has gone for broke.



Japanese
Economy, 2014
– Excerpt From
Global Economy,
2014 – Looming
Catastrophe

The unprecedented liquidity unleashed by the Bank of Japan drove its currency the yen down, spurring exports, and its stock market the 'Nikkei' up, boosting long lost and desperately needed confidence among its despairing populace, and triggering foreign direct investment. This extremely aggressive, bold and almost foolhardy strategy has been so successful since its implementation that it's been named after its chief proponent, the current Prime Minister of Japan, Shinzo Abe, as "Abenomics".



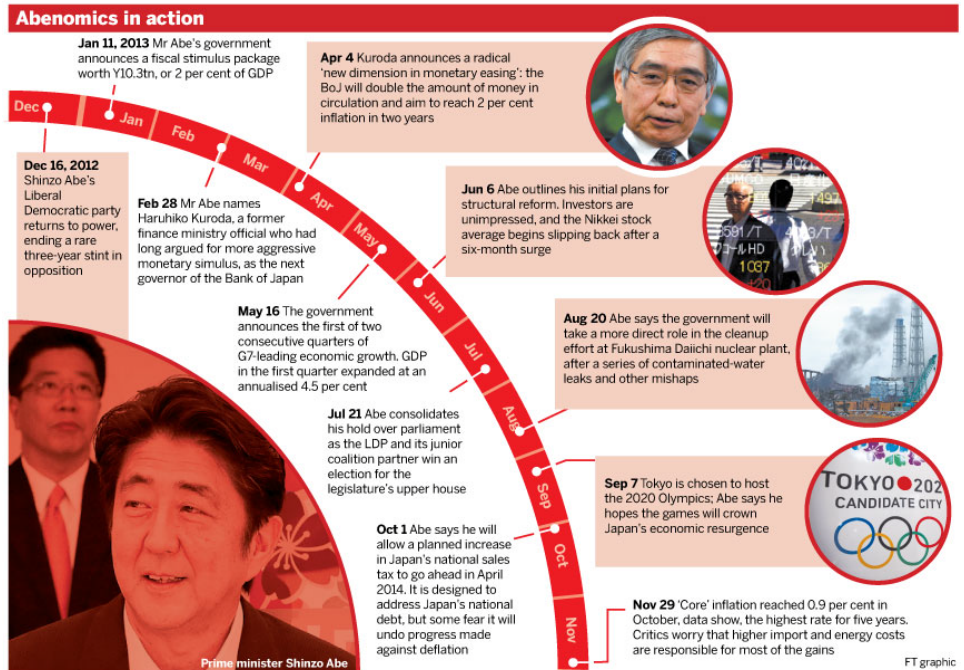
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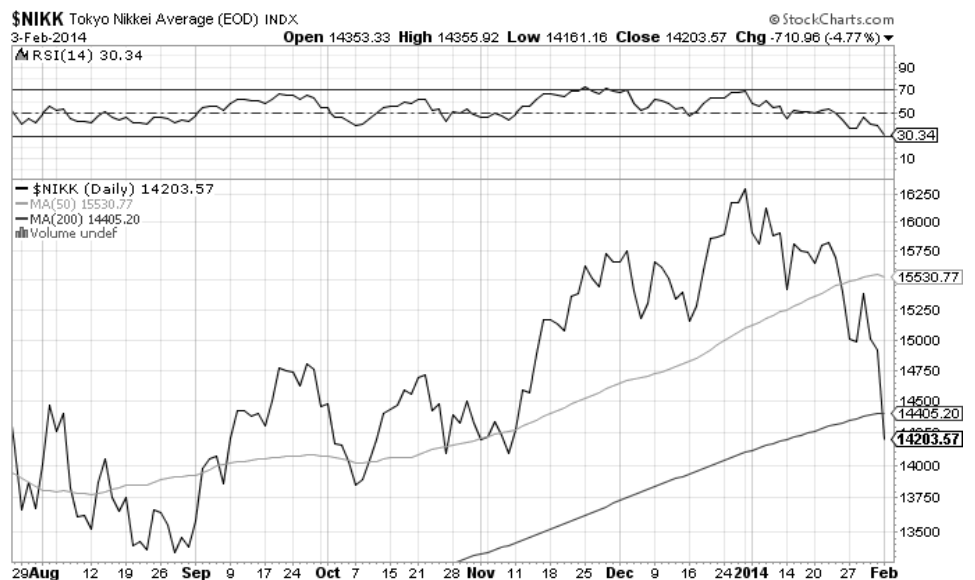
Abenomics succeeded quickly because the Japanese Government, once committed, took a 'no-backing-down' attitude towards the problem and startled everyone awake in the hereto long dormant economy, with the sheer scale and scope of its proposed fiscal and monetary stimulus. The Prime Minister projected a sense of total commitment to succeeding, which had been lacking previously, even in his past term as a Prime Minister, and a sense of determination took hold amongst the Government and the Bank of Japan, which rekindled hope in the population that till then had all but given up in the past years, of ever seeing a resurgent economy.

Japanese
Economy, 2014
– Excerpt From
Global Economy,
2014 – Looming
Catastrophe

WRITTEN BY: ASHOK DHILLON



The Bank of Japan unleashed unprecedented liquidity into the financial system (*Yen 10.3 Trillion*); the yen was driven down dramatically, 25% in the first three months; the stock market soared 55% in the first six months, attracting greater domestic and foreign direct investment, and suddenly there was near euphoria, in up-to-then moribund economy, and a pleasantly shocked reaction from the rest of the World, which had also given up on Japan after two decades of stagnation. But, the bloom may be coming off the rose as the Chart below shows.



In 2014 the Nikkei has corrected sharply (see Chart above) and the negative aspects of the uber-stimulative package implemented through Abenomics maybe becoming more plainly and painfully apparent.

Japanese Economy, 2014 – Excerpt From Global Economy, 2014 – Looming Catastrophe

March 25, 2014

Page 4

WRITTEN BY: ASHOK DHILLON

While the cheaper yen is boosting exports, the trade balance against Japan is soaring as the cheaper yen makes all imports that much more expensive, particularly energy. Japan is a huge net importer and consumer of energy (*oil and natural gas*). Expensive imports are also creating internal inflation, which is the target of the Government, but it is tough on the population which has not seen any material rise in their incomes. That is putting a squeeze on the average household resulting in dropping consumer demand, which is the opposite effect the Government had wanted. Additionally, Japan is a country of savers, and they are getting penalized by the prolonged ultra low interest rates. The low yen is also triggering currency wars with other countries, as other governments are forced to lower their currencies to compete in the international market place (*as China recently did*) putting downward pressure on Japan's exports and upward pressure on the yen, negating the effects of the massive stimulus.

Japan cannot have internal or external doubts about the success of its desperate gamble with a highly risky economic strategy. If doubt creeps in, support for the Prime Minister's radical and highly risky policy will start to vanish within Japan, and from external investors. That development will lead to an unmitigated disaster for Abenomics and the Country.

In addition to the headwinds of other sliding currencies resulting in slowing exports, and in soft internal consumer demand, Abenomics faces another approaching challenge - the proposed increase in the sales tax from 5% to 8% in April of this year. It is widely anticipated that prior to the implementation of the higher sales tax, consumption may spike in this quarter as everyone makes purchases to try and save on the additional 3% tax that is coming. But that anticipation maybe wrong, as hard pressed and cautious consumers and businesses may hunker down as the deteriorating impact of Abenomics becomes increasingly clear.

Japan has committed itself to a highly risky course of action to break out of its economic malaise. If the rest of the World was not suffering from similar afflictions at this time, it may have pulled of the gamble. But as every other country and economy is also trying to revive itself, the competitive pressures thus exerted on Japan, are going to make it difficult for Abenomics to succeed. Abenomic's failure will further bury Japan in unprecedented debt and indefinite economic stagnation, and at the same time it will just add another crushing load to the already fragile global economic structure, adding further impetus to the impending 'Global Crash II'.

