RBC Dominion Securities

A Publication for the clients & friends of Shawn Hass & Dustin Leniuk

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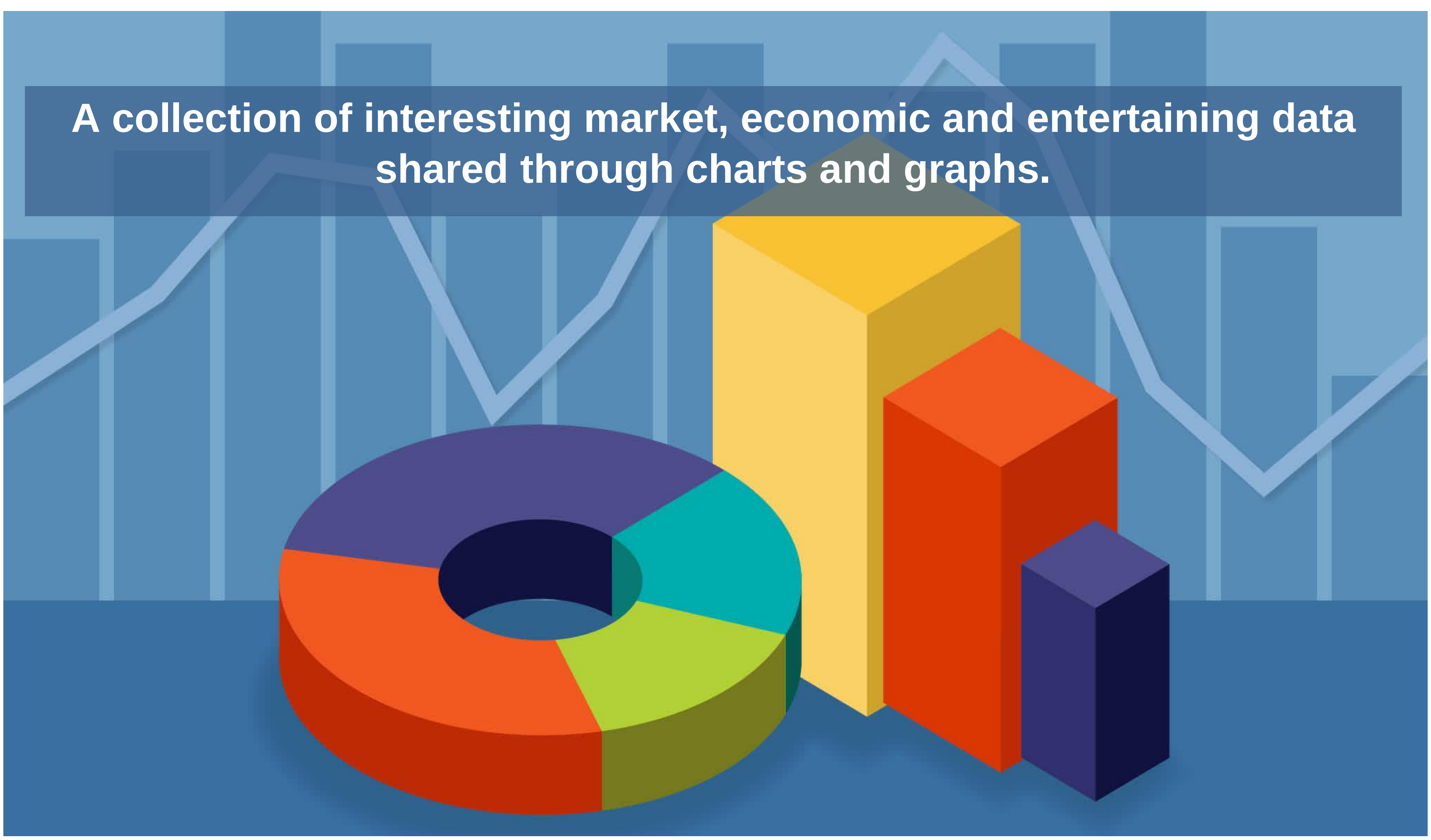
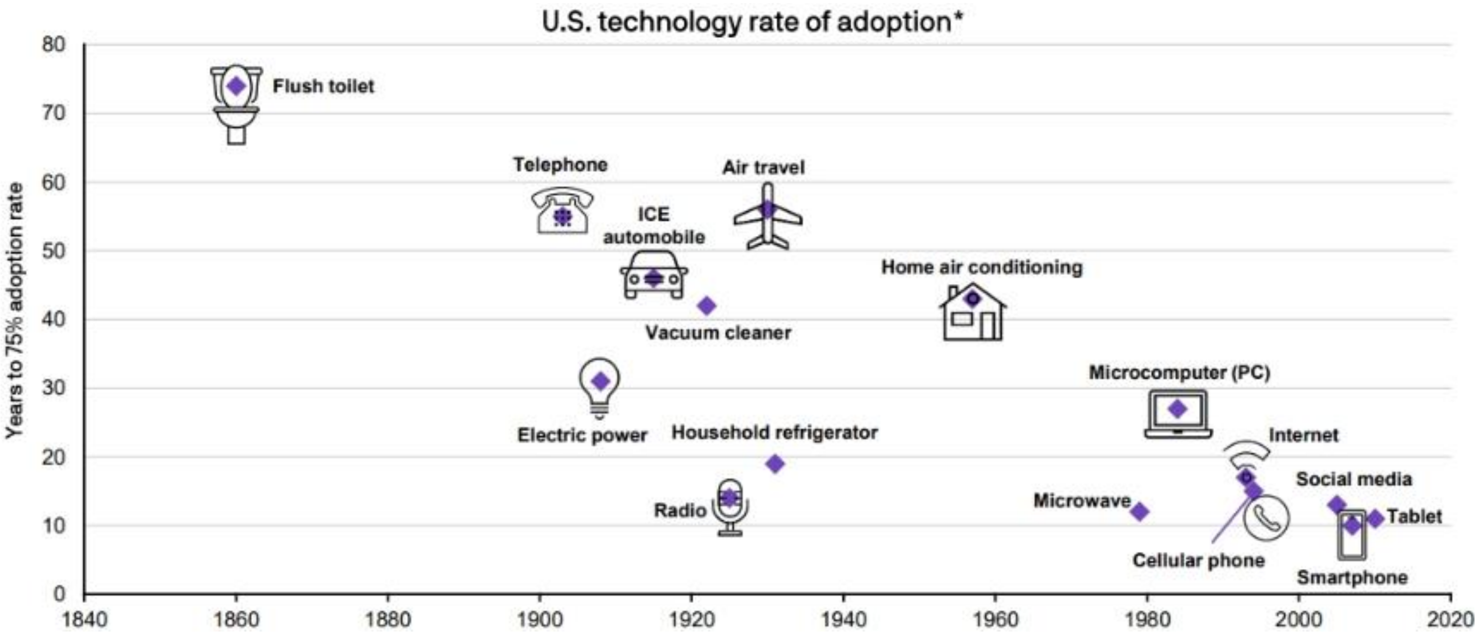
The Chart Mixer



Innovation adoption timeline (see chart below from **[J.P. Morgan](#)**): “The exhibit below offers a timeline of many innovations that we now take for granted and **the time it took for them to achieve a 75% adoption rate, signifying ubiquity.**”

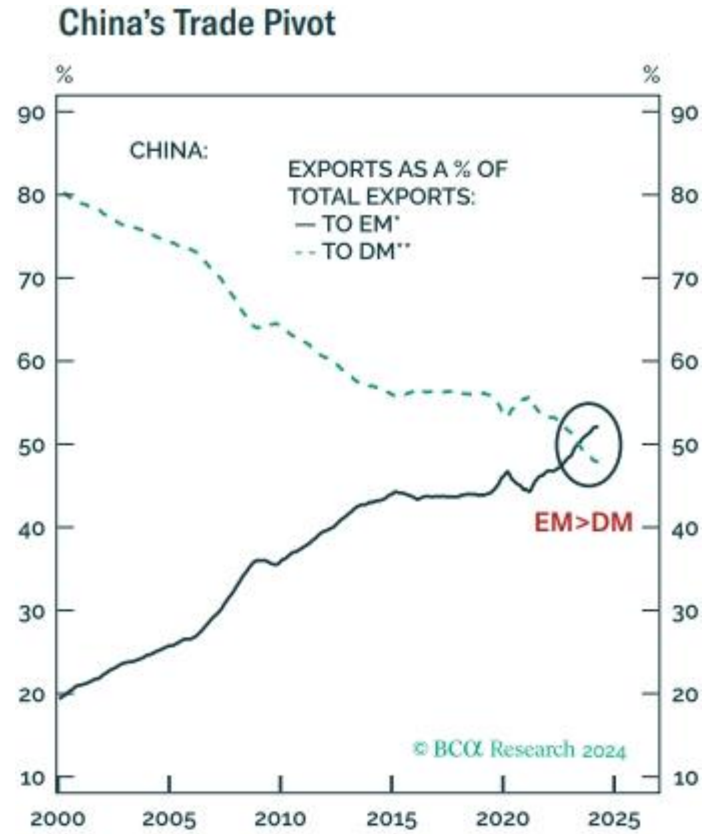


UBS Global Wealth Report 2024 (see chart to the right from **[UBS](#)**): “In simplified terms we can assert that in markets where median and average wealth growth is similar, such as the U.S. and the U.K., all sections of society have grown their wealth pretty much in lockstep, without a significant change in the distribution of wealth within the population. In other words, any equalities or inequalities that existed before have stayed roughly the same across all wealth brackets.”

All data in USD, as of 2023 (per adult)

Top 25 in average wealth			Top 25 in median wealth	
Switzerland	709,612	1st	Luxembourg	372,258
Luxembourg	607,524	2nd	Australia	261,805
Hong Kong SAR	582,000	3rd	Belgium	256,185
United States	564,862	4th	Hong Kong SAR	206,859
Australia	546,184	5th	New Zealand	202,525
Denmark	448,802	6th	Denmark	193,669
New Zealand	408,231	7th	Switzerland	171,035
Singapore	397,708	8th	United Kingdom	163,515
Norway	382,575	9th	Norway	152,233
Canada	375,800	10th	Canada	142,587
Belgium	362,408	11th	France	140,593
Netherlands	361,759	12th	Netherlands	116,948
United Kingdom	350,264	13th	Italy	113,754
France	329,122	14th	United States	112,157
Sweden	319,289	15th	Spain	111,270
Taiwan	302,551	16th	Taiwan	110,521
Germany	264,789	17th	Japan	106,999
Israel	260,567	18th	Singapore	104,959
Austria	255,689	19th	Malta	102,451
Ireland	249,918	20th	Korea	95,872
Korea	245,298	21st	Ireland	95,459
Spain	225,675	22nd	Qatar	92,789
Japan	220,371	23rd	Finland	87,878
Italy	220,216	24th	Sweden	82,864
Qatar	199,430	25th	Slovenia	81,195

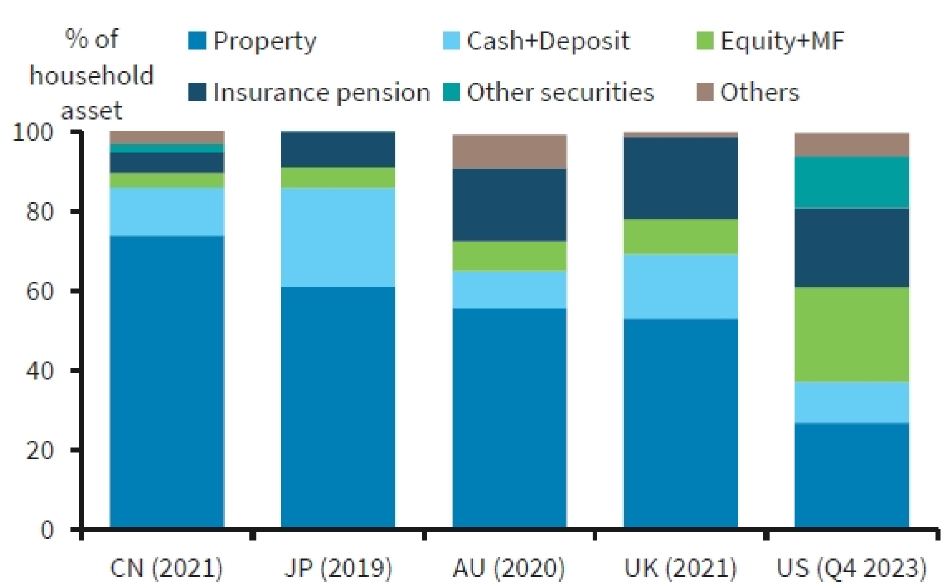
China has reduced reliance on advanced economies (see chart to the right): "China's trade patterns have changed substantially over the past 15 years. **Chinese shipments to the U.S. have dropped from 30% of its total exports in 2000 to 16% now. Meanwhile, China's shipments to developing economies have risen from 20% of total exports in 2000 to 52% now. Exports to the U.S. and Euro Area make up 3% and 2.5% of China's GDP, respectively. By comparison, Chinese exports to all developing economies account for 10% of its GDP.** The point is that China has been successfully diversifying its export markets for many years. For some time, China has not been reliant on the West in general and the U.S. in particular to buy its products and/or finance its manufacturing capacity buildup."



NOTE: HONG KONG'S EXPORTS ARE INCLUDED IN CHINESE EXPORTS;
TAIWAN IS CLASSIFIED AS AN ADVANCED ECONOMY AND KOREA IS CLASSIFIED AS AN EMERGING ECONOMY;
SOURCE: IMF AND BCA CALCULATIONS
*EMERGING & DEVELOPING ECONOMIES AS DEFINED BY IMF
**ADVANCED ECONOMIES AS DEFINED BY IMF

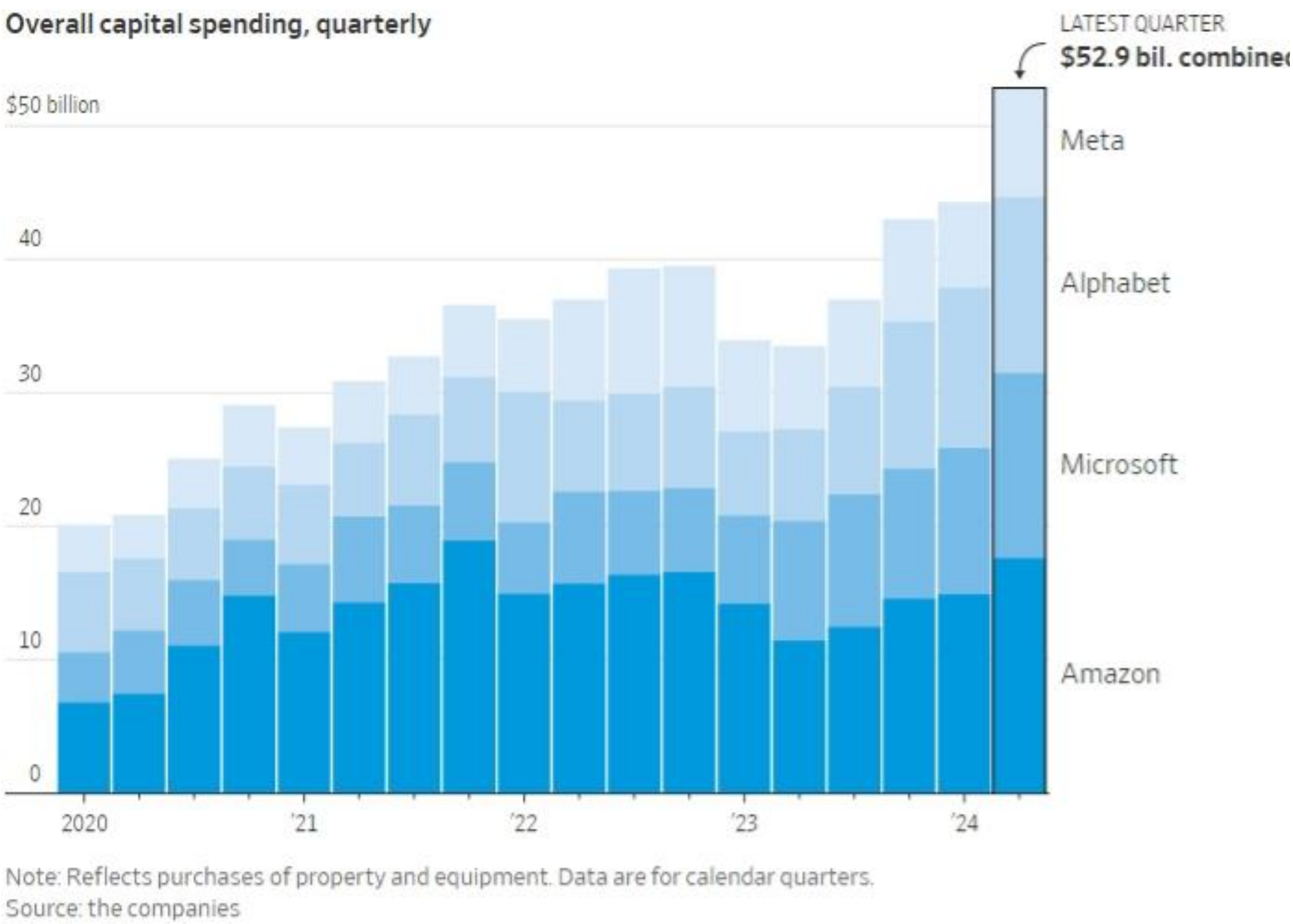
Why Chinese consumer confidence remains downbeat (see chart to the right): "The property downturn has resulted in massive wealth destruction. **Housing assets made up ~70% of Chinese household wealth in 2021, versus ~65% in Japan (2019) and ~25% in the US (Q4 23). The existing home price data reported by Centaline Property show even the more resilient tier-1 cities saw a ~30% decline on average from their peaks in mid-2021. Applying that conservative loss rate across China's ~USD60tn residential property market as of 2021—the high-water mark—generates wealth destruction of an estimated USD18tn, which is equivalent to an entire year of Chinese GDP, or 8 years of 2023 total household savings for China's 1.41 billion population.** Another yardstick: the asset value so far destroyed by the property slump is 1.8 times the total market cap of China's equity market (~USD10tn)."

FIGURE 5. **Housing accounts for more than 70% of household wealth in China**

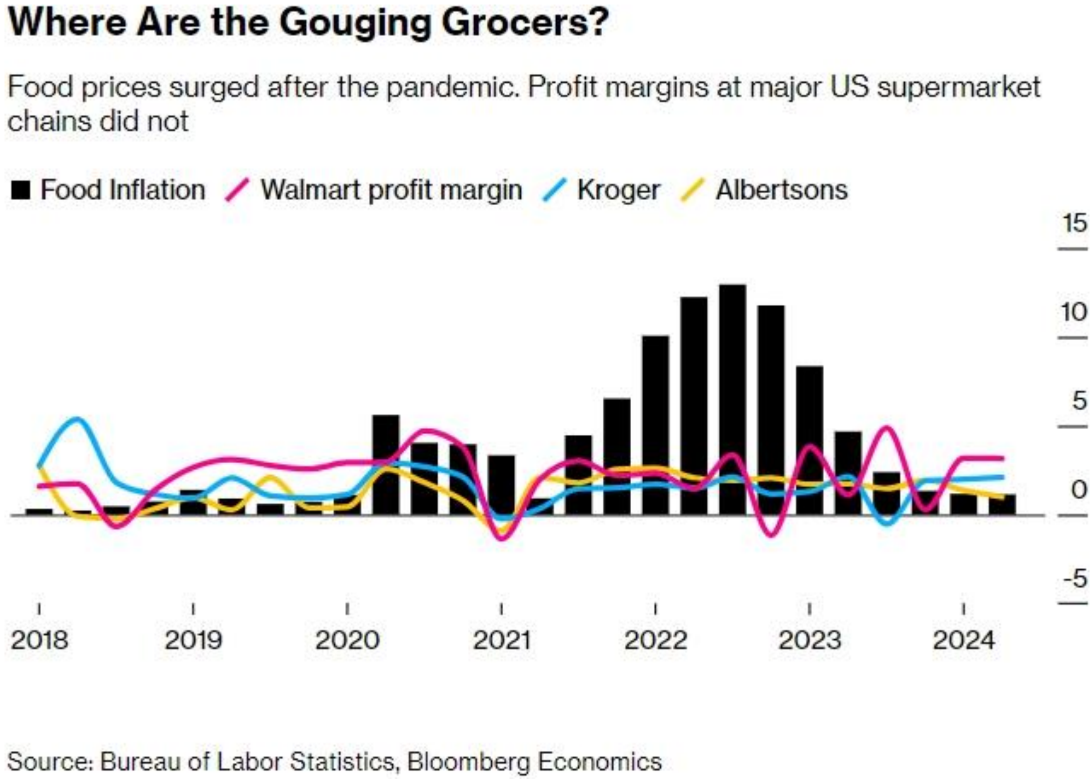


Note: Property includes residential and other use. See Korea: Financial Stability: Project financing fix risks stagnation, 30 May 2024
Source: Wind, Barclays Research

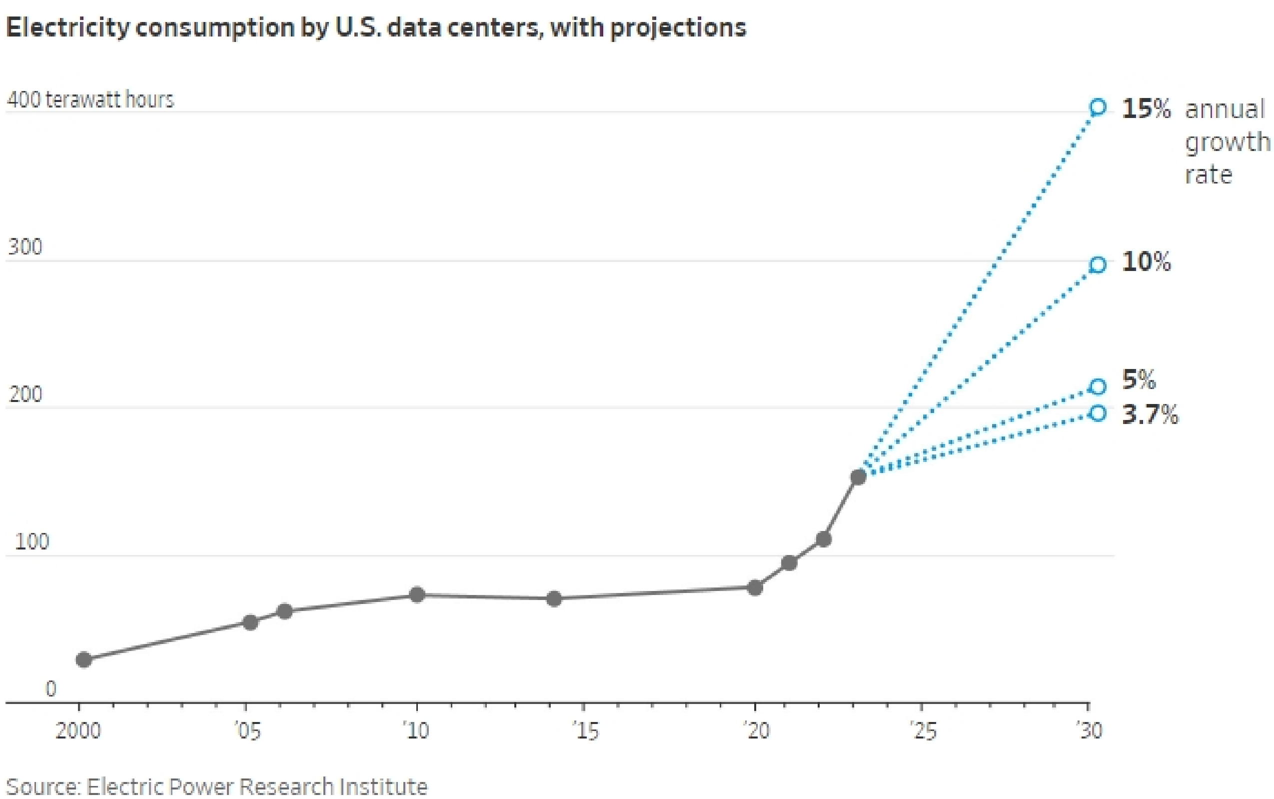
GenAI: Risk of underinvesting vs. overinvesting (see chart below from the **Wall Street Journal**): "Apps like OpenAI's ChatGPT have attracted hundreds of millions of users, but relatively few people are paying for premium versions and businesses are still experimenting with how generative AI can increase their productivity. Nonetheless, the biggest tech companies are putting record amounts of money into capital spending. 'The risk of underinvesting is dramatically greater than the risk of overinvesting,' Sundar Pichai, chief executive of Alphabet, said on an earnings call in July. The question is when, and even whether, all those investments will pay off."



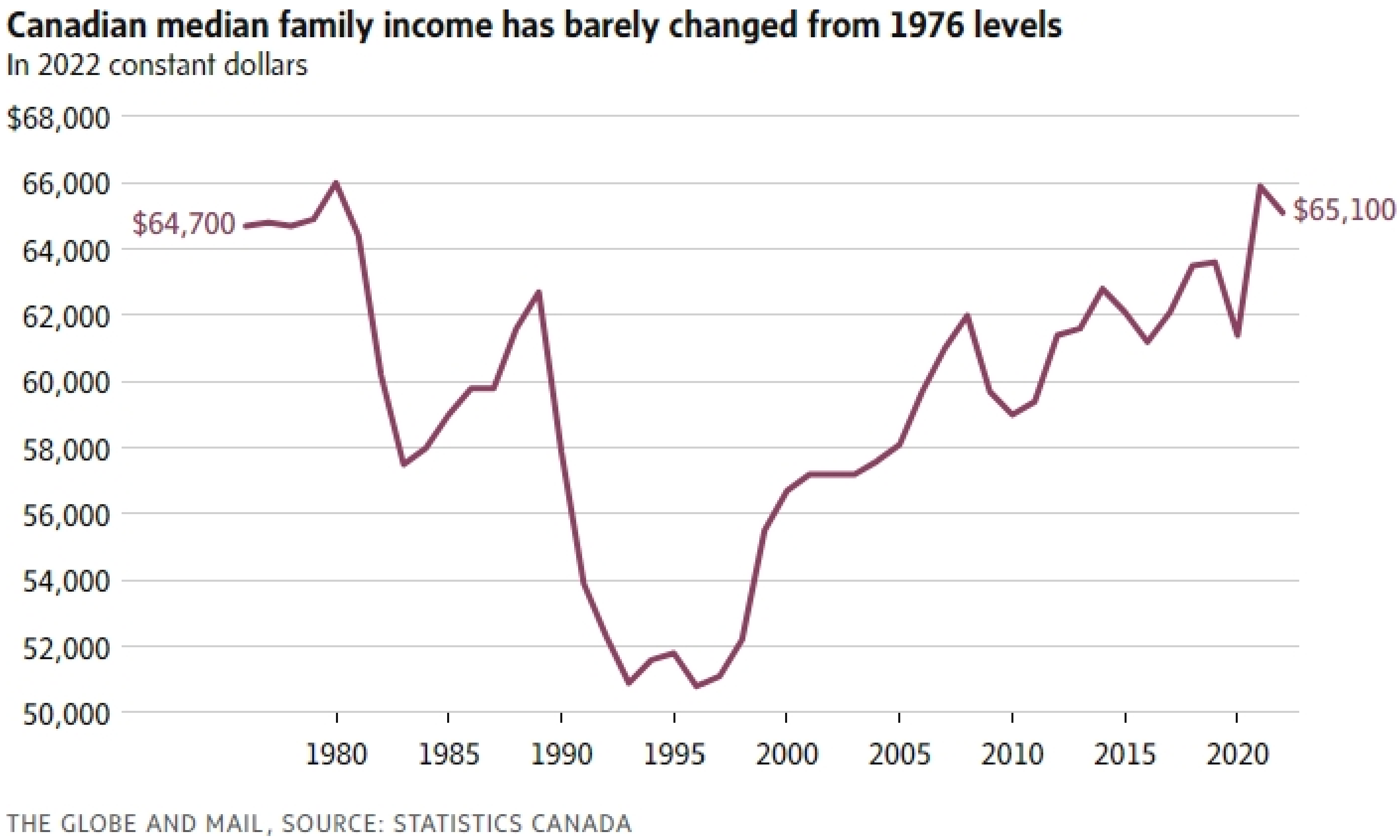
Inflation blame game: Where are the price gouging grocers? (see chart to the right from **[Bloomberg]**): "An examination of grocery stores' profit margins over the past few years shows they're more or less flat. The straightforward interpretation is that stores were raising prices to preserve margins in the face of higher costs and supply-chain disruptions — not taking advantage of an inflationary episode to gouge consumers. Restricting companies' ability to adjust prices hinders shifts in supply and demand that are essential for keeping the economy running and prices stable."



Data centre electricity consumption (see chart below from the **[Wall Street Journal]**): "Tech giants swore just a few years ago that they would slash their carbon emissions. Then they got swept up in artificial-intelligence mania. The scramble to build AI data centers that require massive amounts of energy is upending the industry's climate pledges and spurring it to work with power producers to speed development of new clean-energy sources. Tech companies are already the biggest purchasers of wind and solar power, but it isn't enough to meet the round-the-clock needs of data centers. **A search on a generative AI platform like ChatGPT uses at least 10 times the energy as a standard one on Google. Emissions from the global build-out of data centers between now and 2030 could equal about 40% of the entire U.S. economy's annual emissions, Morgan Stanley estimates."**



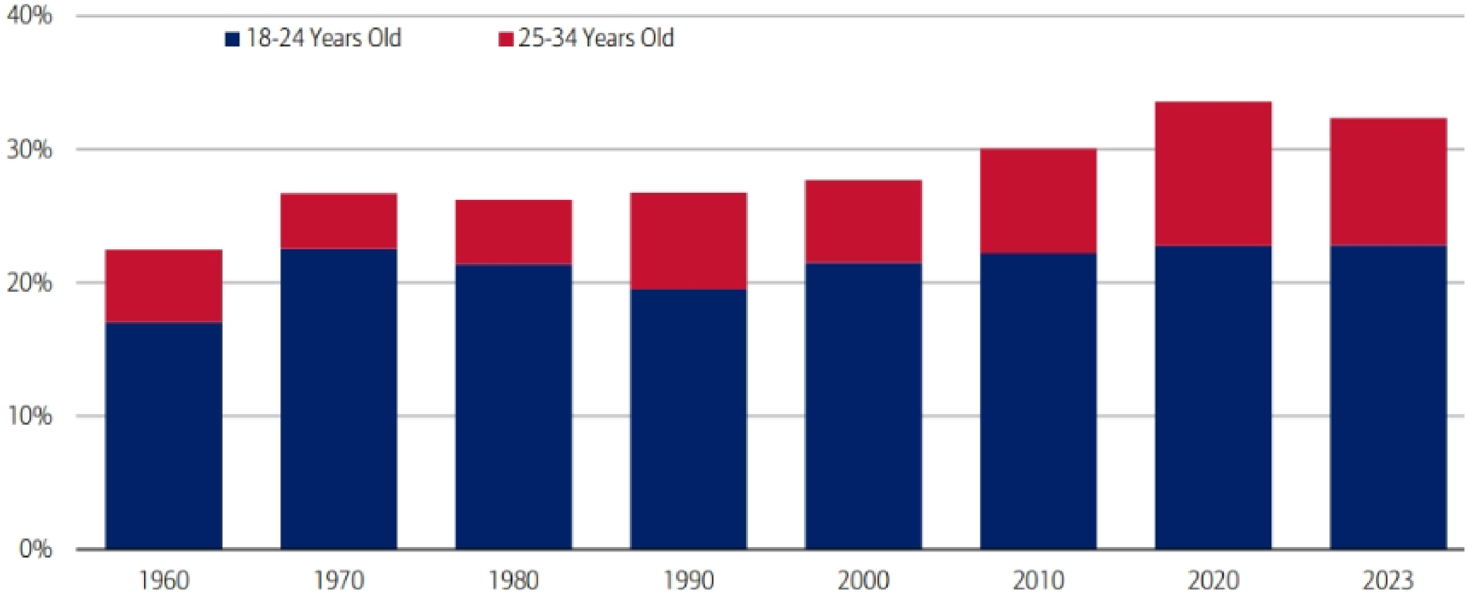
Canadian median household income (see chart below from [The Globe and Mail]): "Real median wages of Canadians have barely changed since 1976. Analysis of data from the OECD and Statistics Canada on the way people spend their time shows that Canadian couples now work so much that they have a full eight months less time to spend with their children before they turn 18, than their peers in other rich OECD countries and G7 economies. Indeed, Canadians have lost more than 10 per cent of their leisure time since 1988."



Roughly a third of younger adults live at home (see chart below form **Bank of America Institute**): "**The share of 18- to 24-year-olds that live at home (or attend college) remains large at 23%. Further, there has been a rise in the share of adults aged 25 to 34 living at home with their parents.** In 2023, 10% of this subset of the population lived at home, double the rate in 1960, but down slightly from the peak in 2020 during the pandemic."

Exhibit 10: There has been a notable rise in the share of adults aged 18 to 34 that live at home since 1960

Share of population living with their parents by age range (yearly, %)



Source: US Census Bureau: Current Population Survey. Students attending school are considered to be living with their parents.

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