

0313 | 2019

ASIA CHART OF THE WEEK

Emerging Asia: A Pillar of Global Growth

In the January 2019 update to its flagship World Economic Outlook, the International Monetary Fund (IMF) painted a picture of moderating global growth that seems to be stabilizing between 3.6% to 3.7% between 2017 and 2020. However, the details of the report paint an interesting picture that supports the case for Emerging and Developing Asia.

From 2017 to 2020, the IMF estimates that Emerging Economies will grow above the global rate and play a key role in supporting global growth as Advanced Economies taper off (Chart 1).

Digging deeper, growth in Emerging and Developing Asia looks to be playing a monumental role in Emerging Markets growth. The Asia region is projected to continue outpacing their European, Latin American and Middle Eastern counterparts (Chart 2). Chart 3 confirms that China and India will most likely continue to drive regional growth with ASEAN-5 not too far behind.

The bottom line

It is difficult to ignore the widening growth disparity between Emerging and Developing Asia and the rest of the world. Investors have begun and will continue to recognize that a growing and relevant economic environment will undoubtedly create the conditions for a self-reinforcing virtuous cycle between growing businesses, confident consumers and a proactive government.

Chart 1 : Emerging Economies are projected to grow faster
GDP Growth (YOY%)

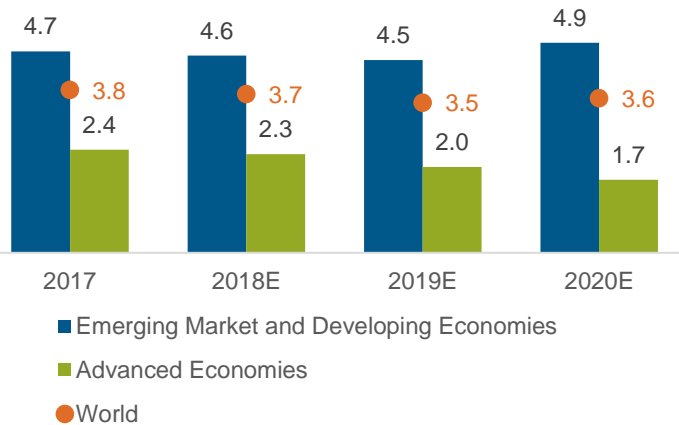


Chart 2 : Emerging Asia leads the pack
GDP Growth (YOY%)

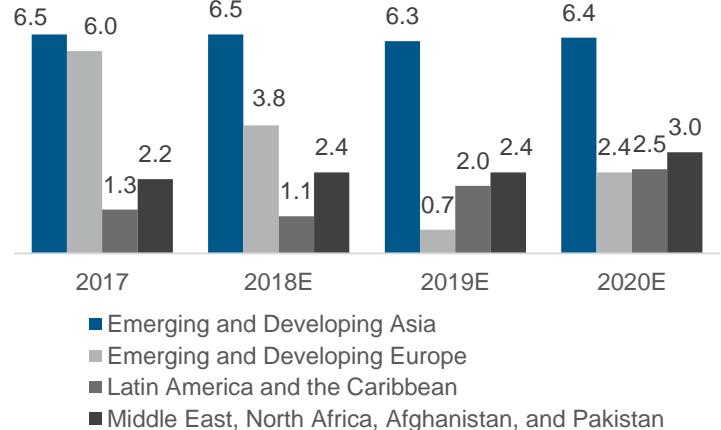
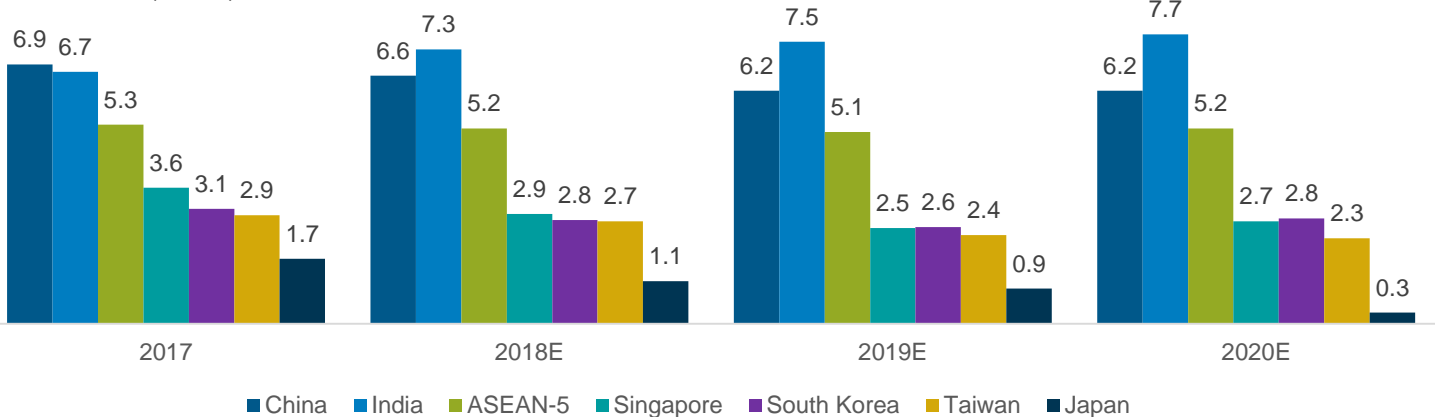


Chart 3 : China, India and ASEAN-5 drives growth in Emerging Asia
GDP Growth (YOY%)



Source: Legg Mason, 13 March 2019. International Monetary Fund (IMF), World Economic Outlook. 11 January 2019. "E" refers to IMF staff estimates. "YOY" refers to Year On Year. Note: Regional categories are based on the IMF's classification. For more information please visit the Country Groups Information section at www.imf.org/external/pubs/ft/weo/2018/02/weodata/weoselagr.aspx

IMPORTANT INFORMATION:

All investments involve risk, including possible loss of principal.

The value of investments and the income from them can go down as well as up and investors may not get back the amounts originally invested, and can be affected by changes in interest rates, in exchange rates, general market conditions, political, social and economic developments and other variable factors. Investment involves risks including but not limited to, possible delays in payments and loss of income or capital. Neither Legg Mason nor any of its affiliates guarantees any rate of return or the return of capital invested.

Equity securities are subject to price fluctuation and possible loss of principal. Fixed-income securities involve interest rate, credit, inflation and reinvestment risks; and possible loss of principal. As interest rates rise, the value of fixed income securities falls.

International investments are subject to special risks including currency fluctuations, social, economic and political uncertainties, which could increase volatility. These risks are magnified in emerging markets.

Commodities and currencies contain heightened risk that include market, political, regulatory, and natural conditions and may not be suitable for all investors.

Past performance is no guarantee of future results. Please note that an investor cannot invest directly in an index. Unmanaged index returns do not reflect any fees, expenses or sales charges.

Important Information:

The opinions and views expressed herein are not intended to be relied upon as a prediction or forecast of actual future events or performance, guarantee of future results, recommendations or advice. Statements made in this material are not intended as buy or sell recommendations of any securities. Forward-looking statements are subject to uncertainties that could cause actual developments and results to differ materially from the expectations expressed. This information has been prepared from sources believed reliable, but the accuracy and completeness of the information cannot be guaranteed. Information and opinions expressed by either Legg Mason or its affiliates are current as at the date indicated, are subject to change without notice, and do not take into account the particular investment objectives, financial situation or needs of individual investors.

The information in this material is confidential and proprietary and may not be used other than by the intended user. Neither Legg Mason or its affiliates or any of their officer or employee of Legg Mason accepts any liability whatsoever for any loss arising from any use of this material or its contents. This material may not be reproduced, distributed or published without prior written permission from Legg Mason. Distribution of this material may be restricted in certain jurisdictions. Any persons coming into possession of this material should seek advice for details of, and observe such restrictions (if any).

This material may have been prepared by an advisor or entity affiliated with an entity mentioned below through common control and ownership by Legg Mason, Inc. Unless otherwise noted the "\$" (dollar sign) represents U.S. Dollars.

This material is only for distribution in those countries and to those recipients listed.

All investors in the UK, professional clients and eligible counterparties in EU and EEA countries ex UK and Qualified Investors in Switzerland.

Issued and approved by Legg Mason Investments (Europe) Limited, registered office 201 Bishopsgate, London EC2M 3AB. Registered in England and Wales, Company No. 1732037. Authorized and regulated by the Financial Conduct Authority. Client Services +44 (0)207 070 7444.

All Investors in Hong Kong and Singapore:

This material is provided by Legg Mason Asset Management Hong Kong Limited in Hong Kong and Legg Mason Asset Management Singapore Pte. Limited (Registration Number (UEN): 200007942R) in Singapore.

This material has not been reviewed by any regulatory authority in Hong Kong or Singapore.

All Investors in the People's Republic of China ("PRC"):

This material is provided by Legg Mason Asset Management Hong Kong Limited to intended recipients in the PRC. The content of this document is only for Press or the PRC investors investing in the QDII Product offered by PRC's commercial bank in accordance with the regulation of China Banking Regulatory Commission. Investors should read the offering document prior to any subscription. Please seek advice from PRC's commercial banks and/or other professional advisors, if necessary. Please note that Legg Mason and its affiliates are the Managers of the offshore funds invested by QDII Products only. Legg Mason and its affiliates are not authorized by any regulatory authority to conduct business or investment activities in China.

This material has not been reviewed by any regulatory authority in the PRC.

Distributors and existing investors in Korea and Distributors in Taiwan:

This material is provided by Legg Mason Asset Management Hong Kong Limited to eligible recipients in Korea and by Legg Mason Investments (Taiwan) Limited (Registration Number: (98) Jin Guan Tou Gu Xin Zi Di 001; Address: Suite E, 55F, Taipei 101 Tower, 7, Xin Yi Road, Section 5, Taipei 110, Taiwan, R.O.C.; Tel: (886) 2-8722 1666) in Taiwan. Legg Mason Investments (Taiwan) Limited operates and manages its business independently.

This material has not been reviewed by any regulatory authority in Korea or Taiwan.

All Investors in the Americas:

This material is provided by Legg Mason Investor Services LLC, a U.S. registered Broker-Dealer, which includes Legg Mason Americas International. Legg Mason Investor Services, LLC, Member FINRA/SIPC, and all entities mentioned are subsidiaries of Legg Mason, Inc.

All Investors in Australia:

This material is issued by Legg Mason Asset Management Australia Limited (ABN 76 004 835 839, AFSL 204827) ("Legg Mason"). The contents are proprietary and confidential and intended solely for the use of Legg Mason and the clients or prospective clients to whom it has been delivered. It is not to be reproduced or distributed to any other person except to the client's professional advisers.

Companies in the infrastructure industry may be subject to a variety of factors that could adversely affect their business or operations, including high interest costs in connection with capital construction programs, high degrees of leverage, costs associated with governmental, environmental and other regulations, the effects of economic slowdowns, increased competition from other providers of services, uncertainties concerning costs, the level of government spending on infrastructure projects, and other factors.

Investment in real estate entails significant risks and is suitable only for certain investors as part of an overall diversified investment strategy and only for investors able to withstand a total loss of investment.

© 2019 Legg Mason Investor Services, LLC, member FINRA, SIPC. Legg Mason Investor Services, LLC is a subsidiary of Legg Mason, Inc.

Tracking Number: **TN19-029**