

Demographics and The Impact on Investment Opportunities

**Victoria Chapter of Financial Analysts
Union Club of Victoria
Victoria, British Columbia**

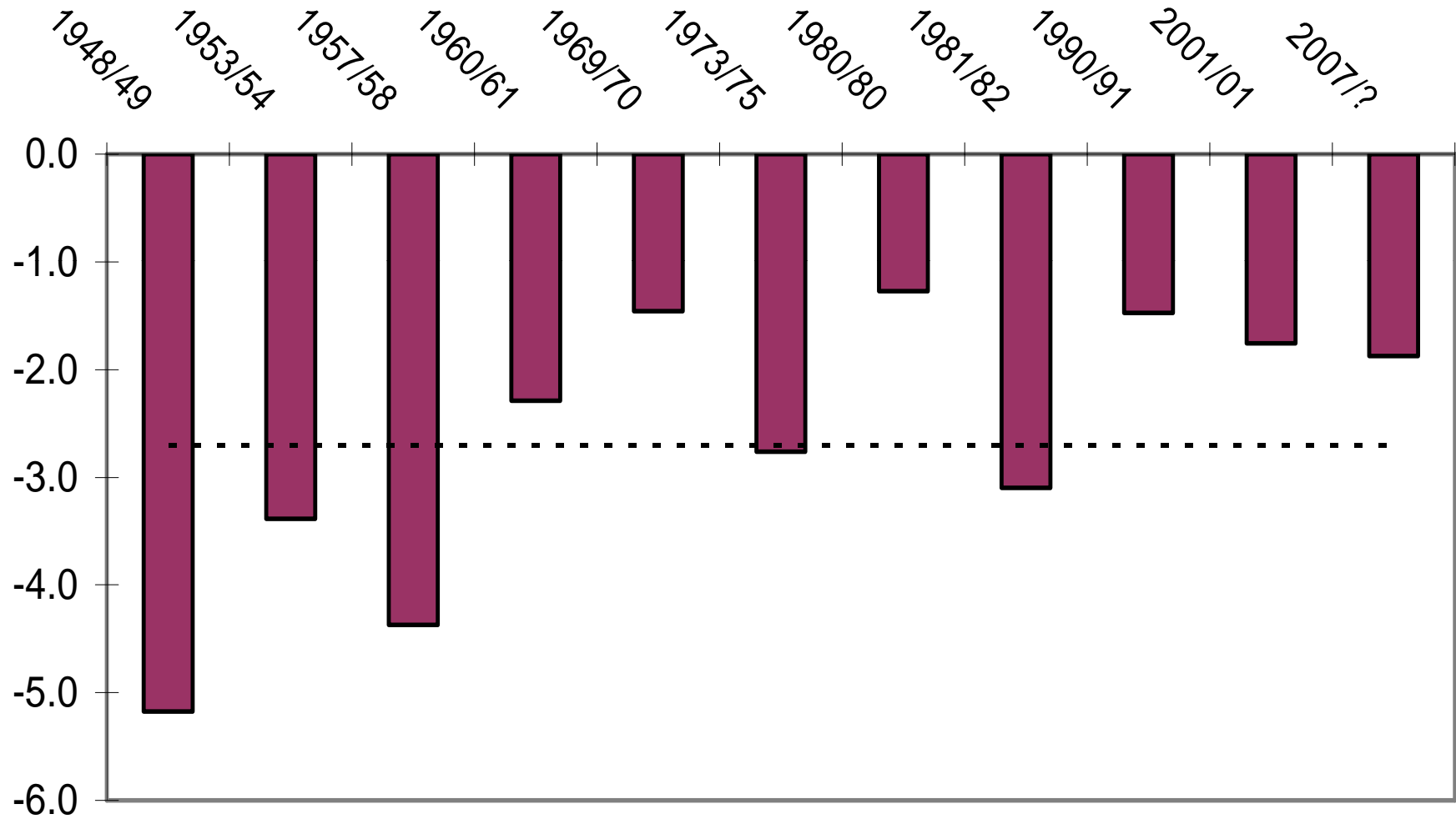
**Richard F. Hokenson
Hokenson & Company**

February 4, 2009

Hokenson & Company is an independent consulting firm specializing in the application of demographics to economic, industry and financial market forecasting.

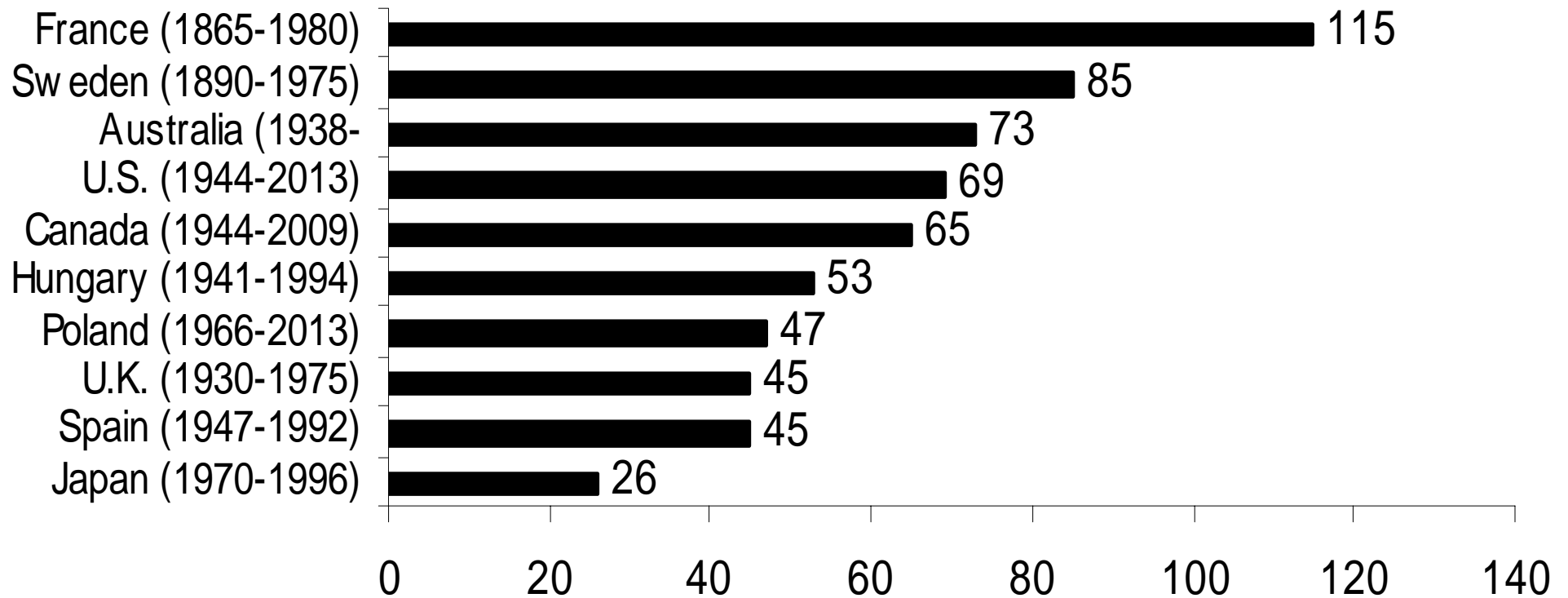
Prior to founding Hokenson & Company in May 2002, Richard Hokenson was the Chief Economist for Donaldson, Lufkin & Jenrette where he pioneered the application of demographics to economic and financial market forecasting. Following the merger with Credit Suisse First Boston in November 2000, he was made the Director of their Global Demographics Project where he continued his responsibility for analysis and forecasting of global demographic trends and their associated economic and investment implications.

Percent Decline in Employment during Recessions



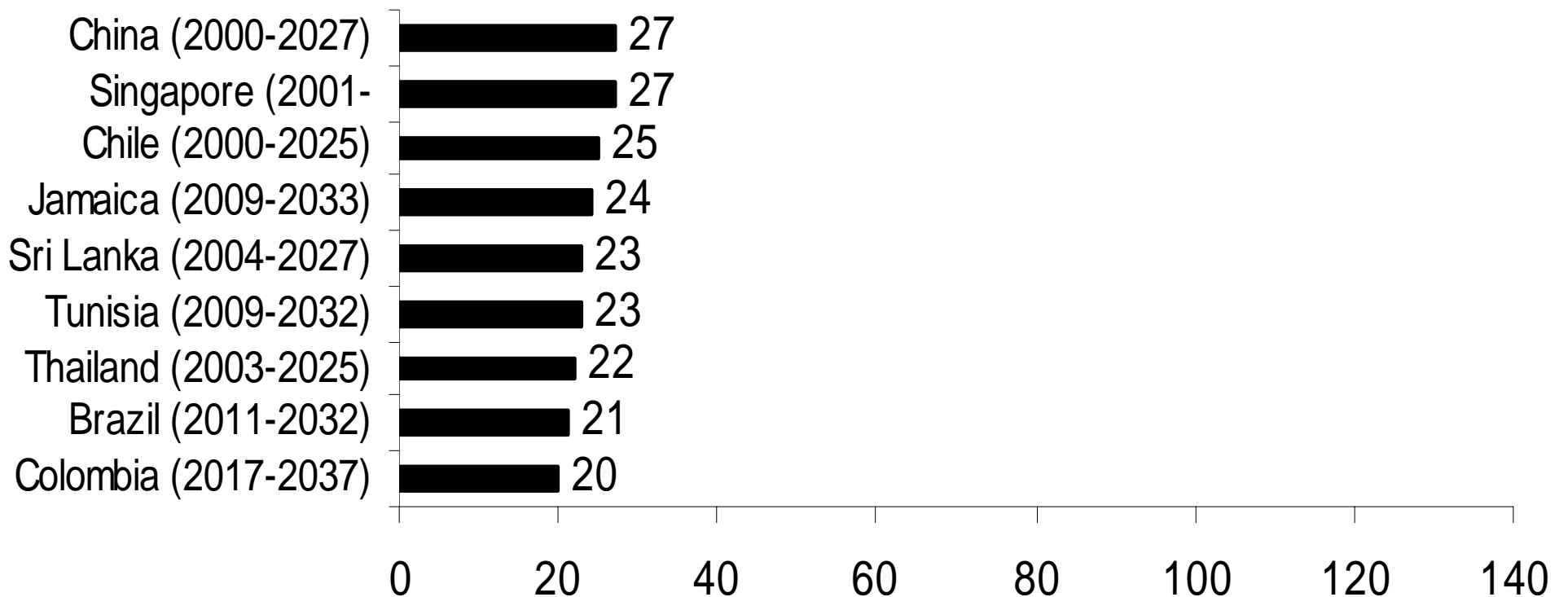
The Speed of Aging: Developed Countries

Number of Years for Percent of Population 65+ to rise from 7 to 14 percent



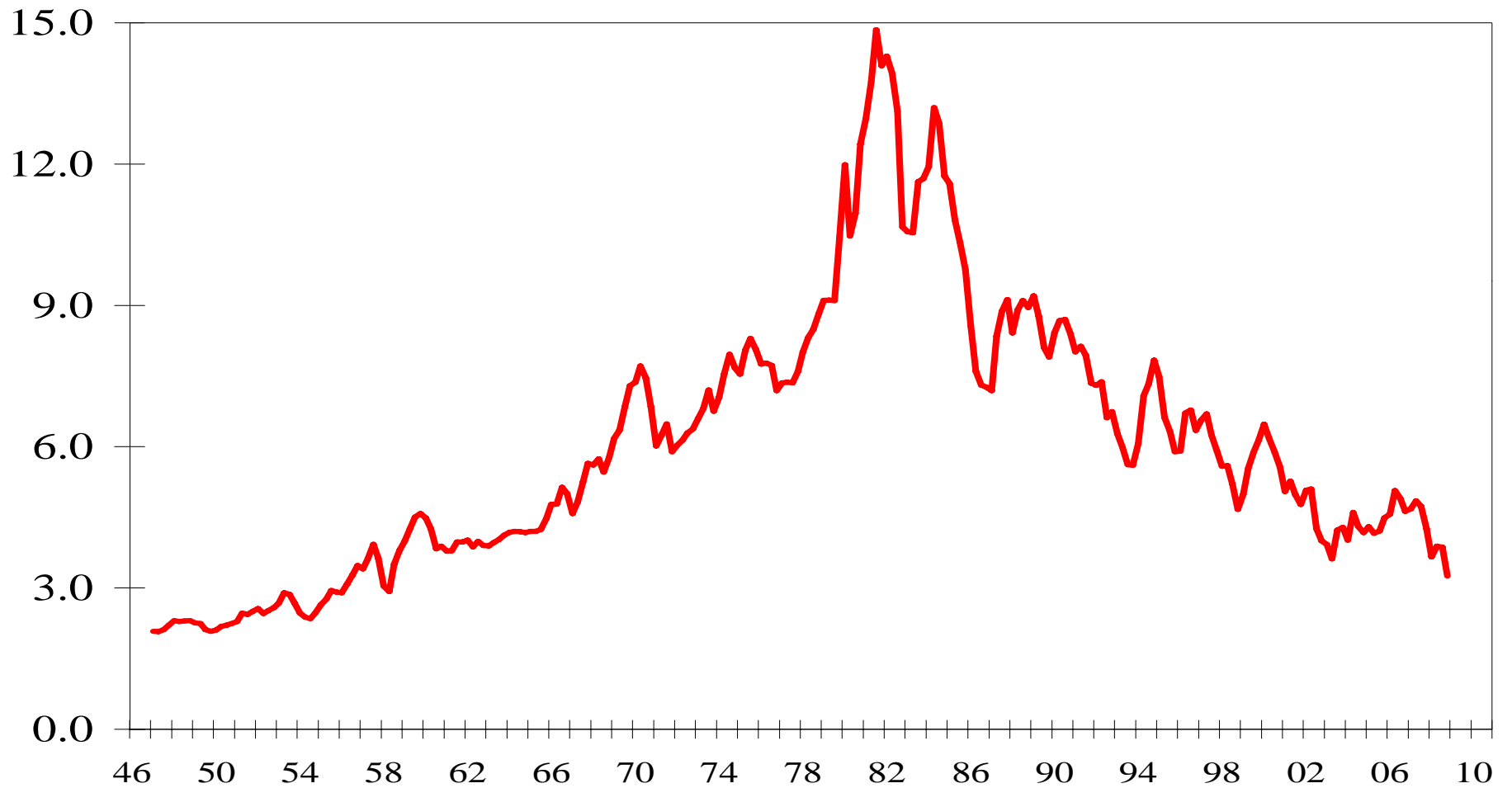
Speed of Aging: Developing Countries

Number of Years for Percent of Population 65+ to rise
from 7 to 14 percent



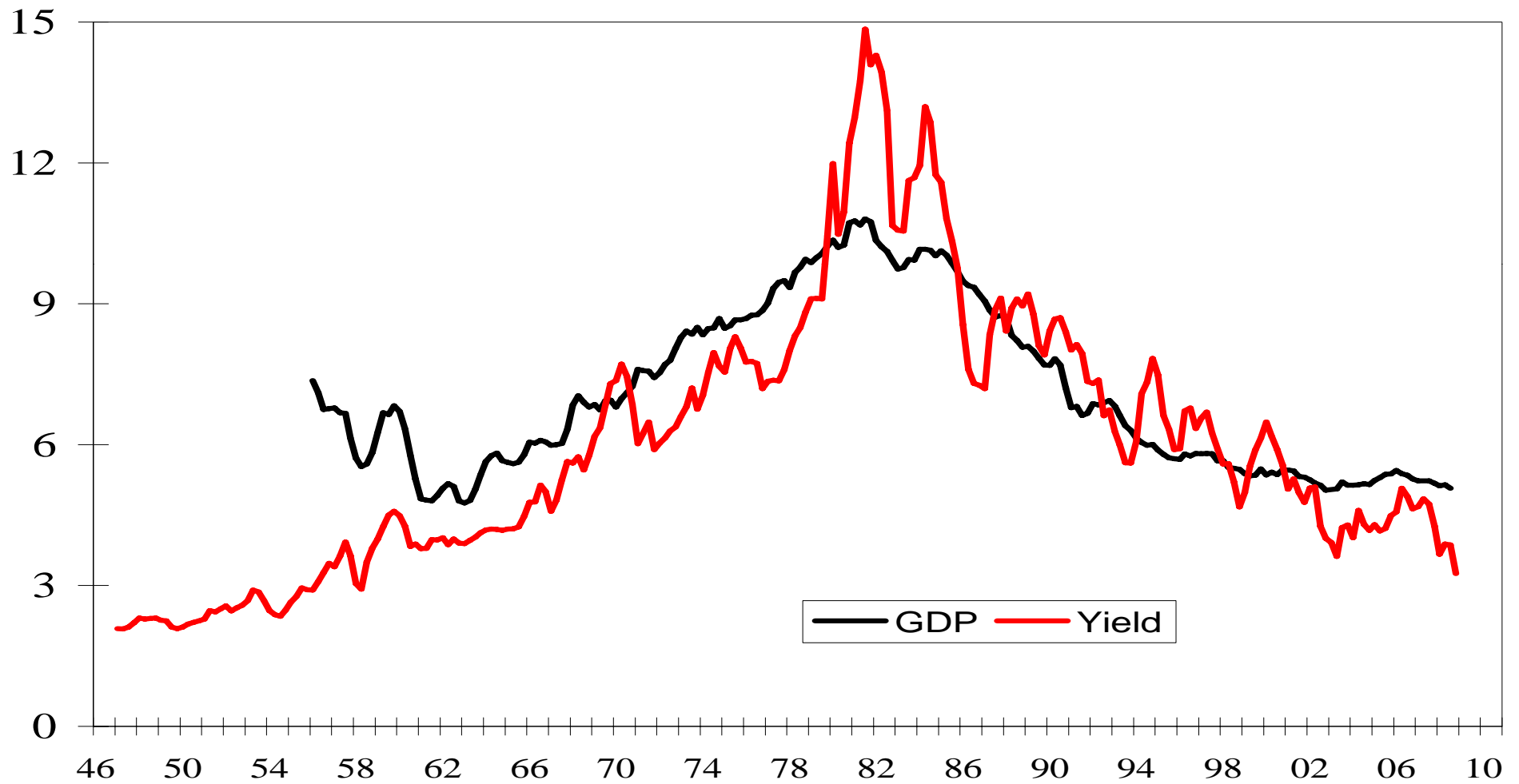
ZERO Interest Rates

Yield on US Long-Term Treasuries



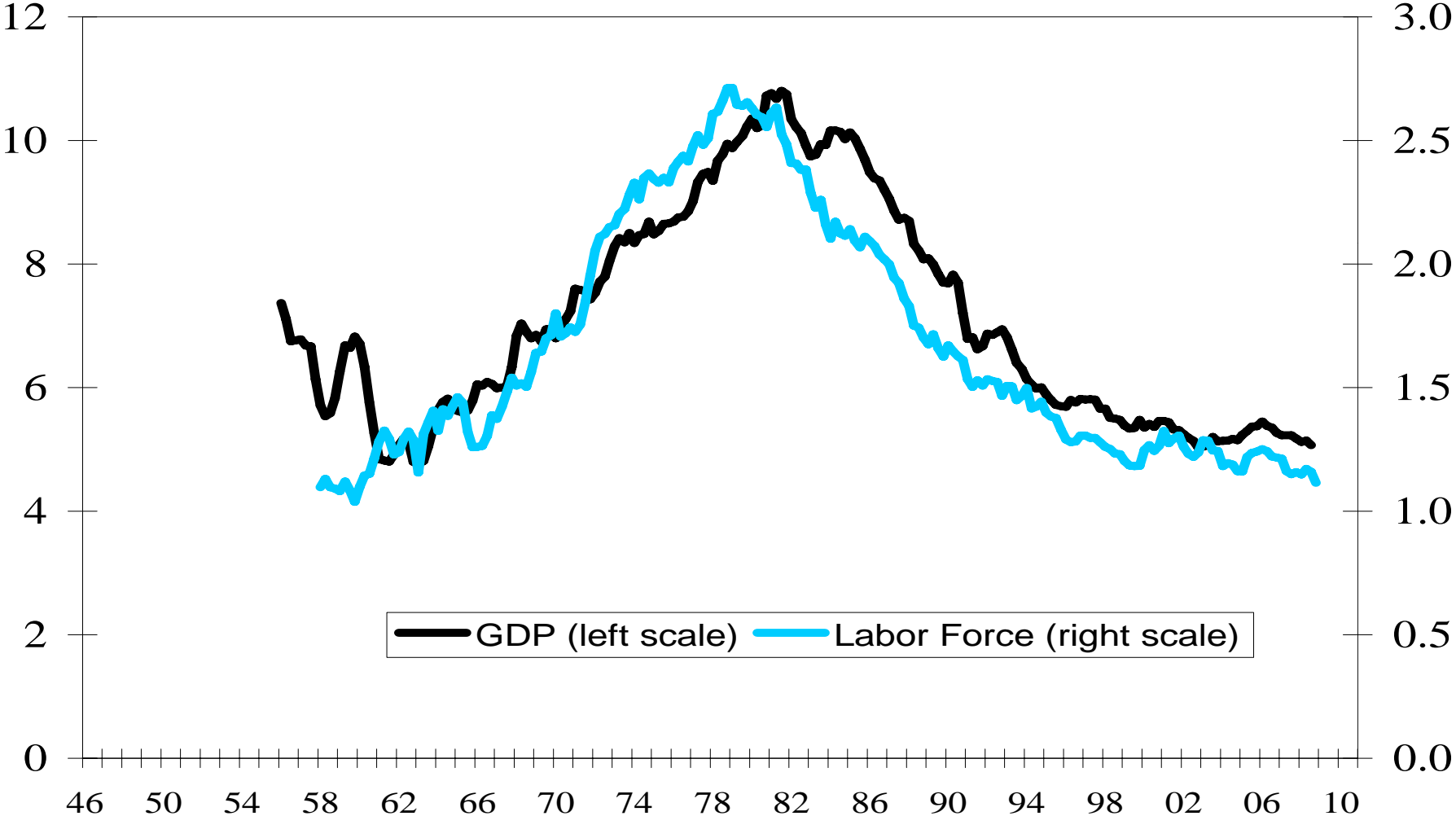
Sources: Federal Reserve; Hokenson & Company

Yield on Long-Term Treasuries versus Smoothed Growth in Current Dollar GDP



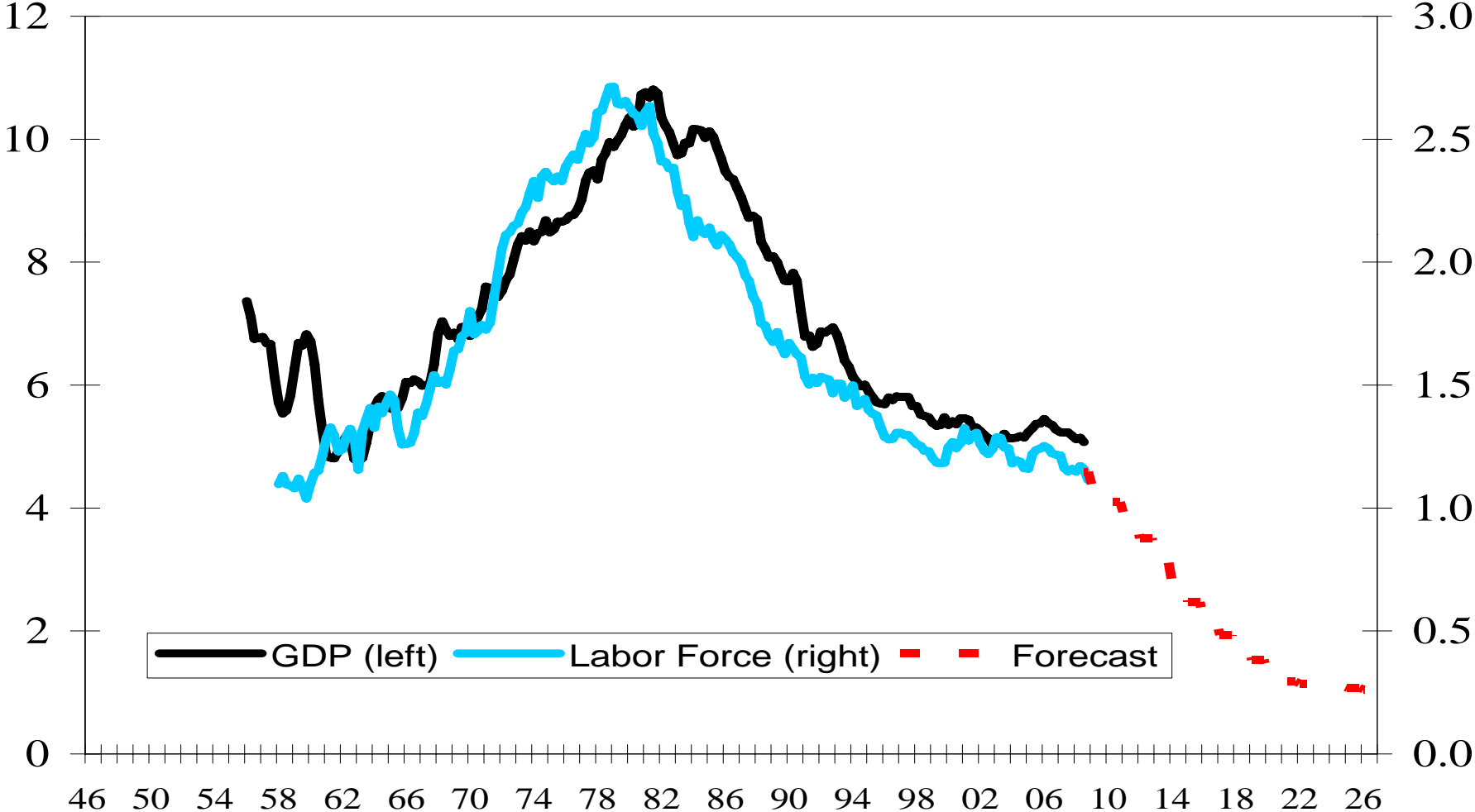
Sources: BEA; Federal Reserve; Hokenson & Company

U.S.: Smoothed Growth in Current Dollar GDP and Labor Force



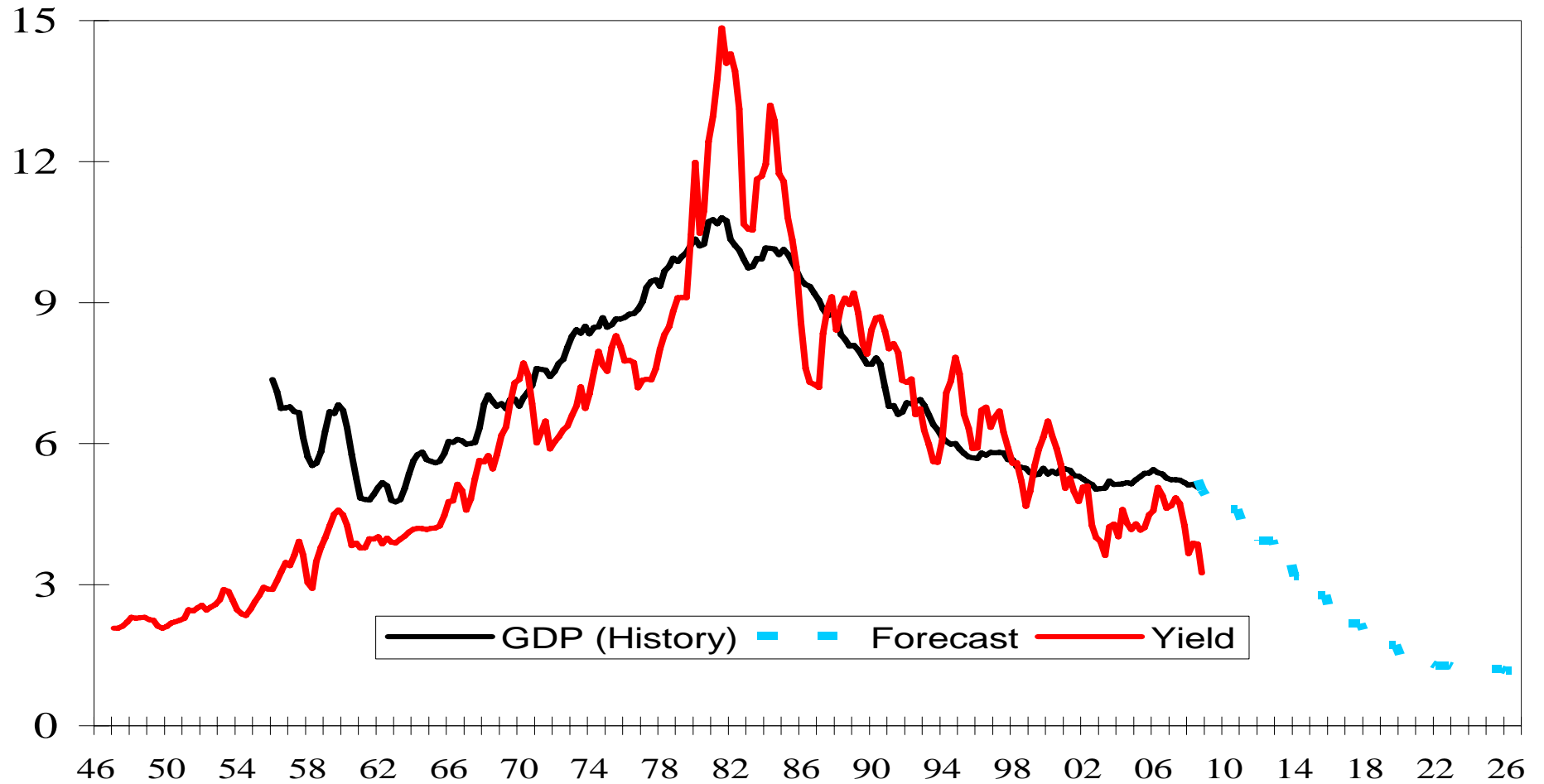
Sources: BEA; BLS; Hokenson & Company

U.S.: Smoothed Growth in Current Dollar GDP and Forecasted Labor Force



Sources: BEA; BLS; Hokenson & Company

Yield on Long-Term Treasuries versus Historical and Forecasted Growth in Current Dollar GDP

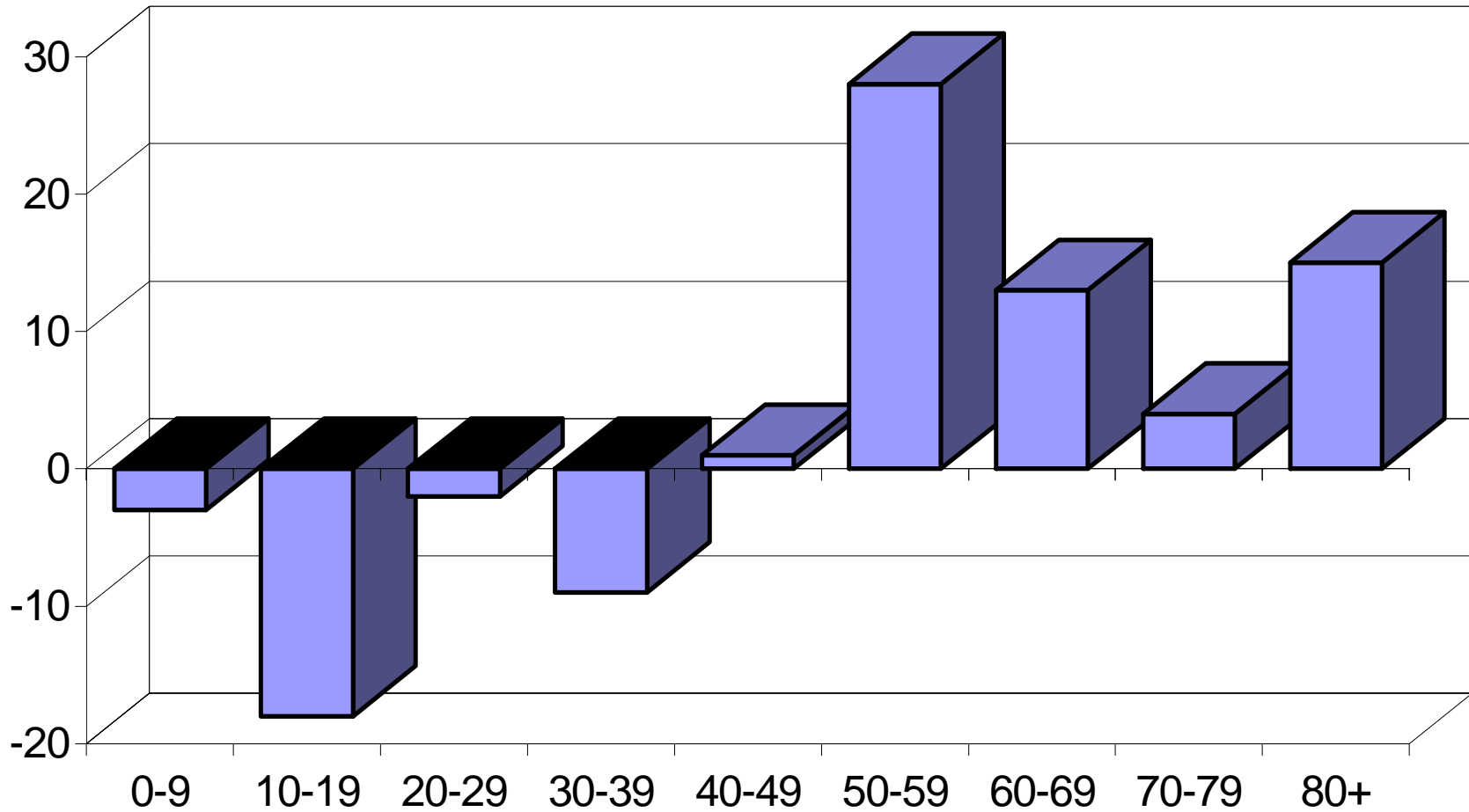


Sources: BEA; Federal Reserve; Hokenson & Company

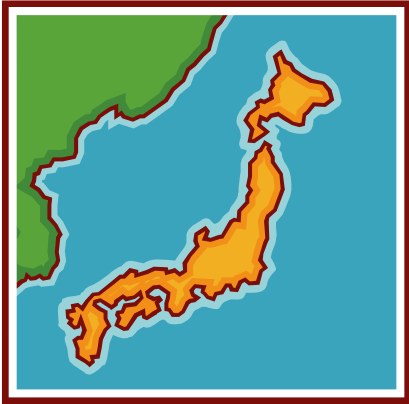
Population Trends in The Developed World

The Developed World

Population Change by Age Groups in Millions: 2005-2015



Sources: United Nations; Hokenson & Company.

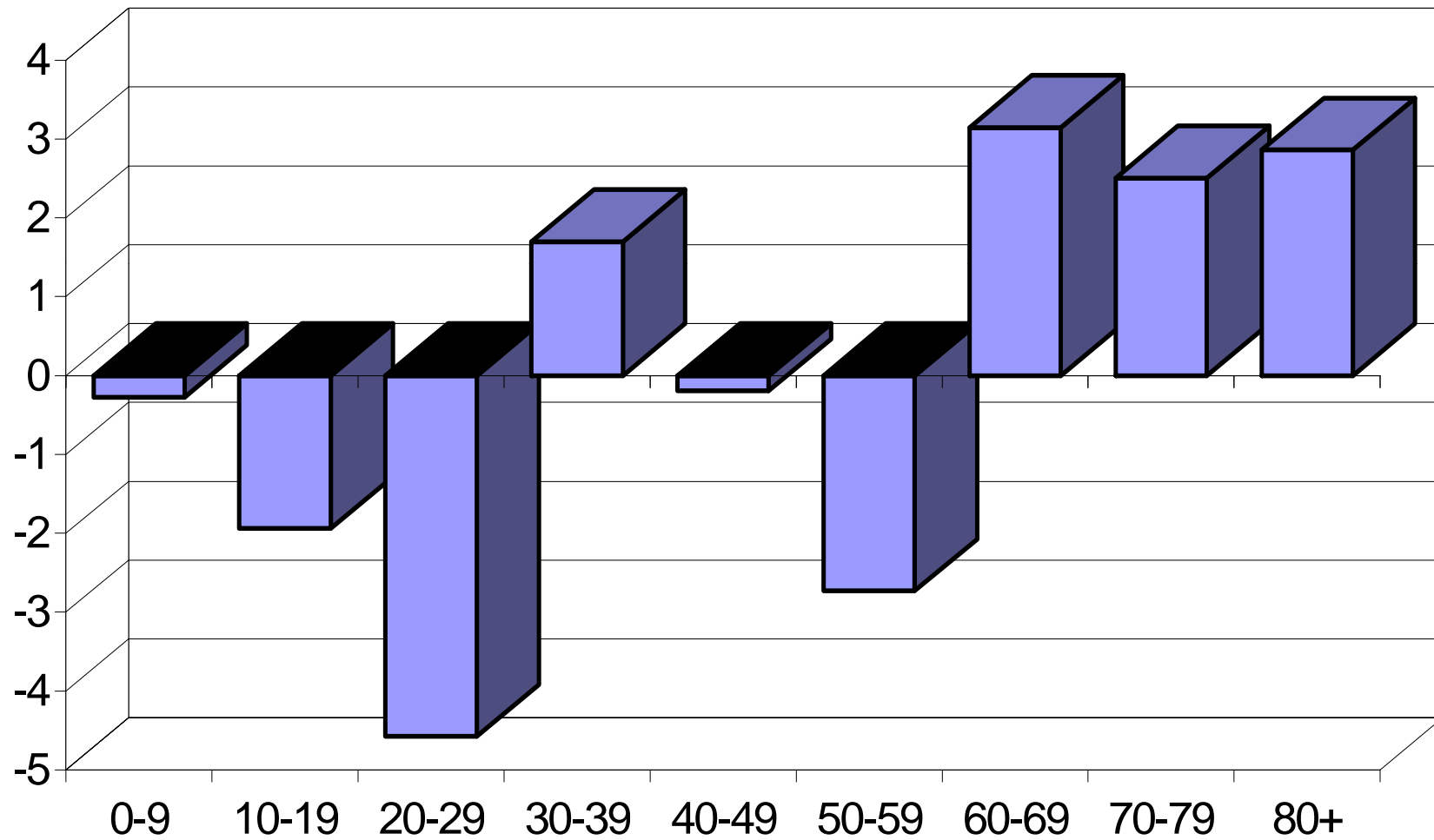


Japan and Europe

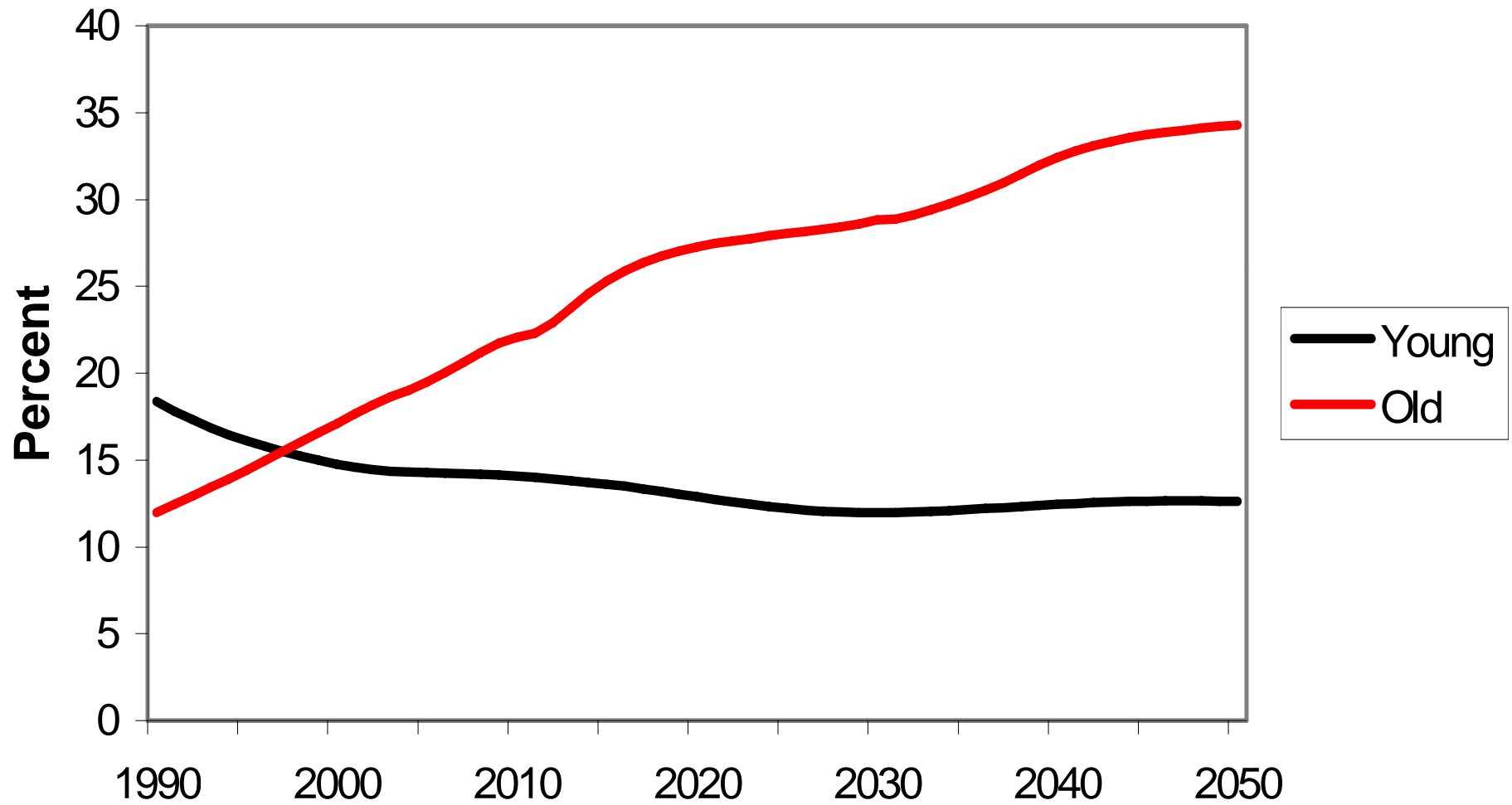


Japan

Population Change by Age Groups in Millions: 2005-2015

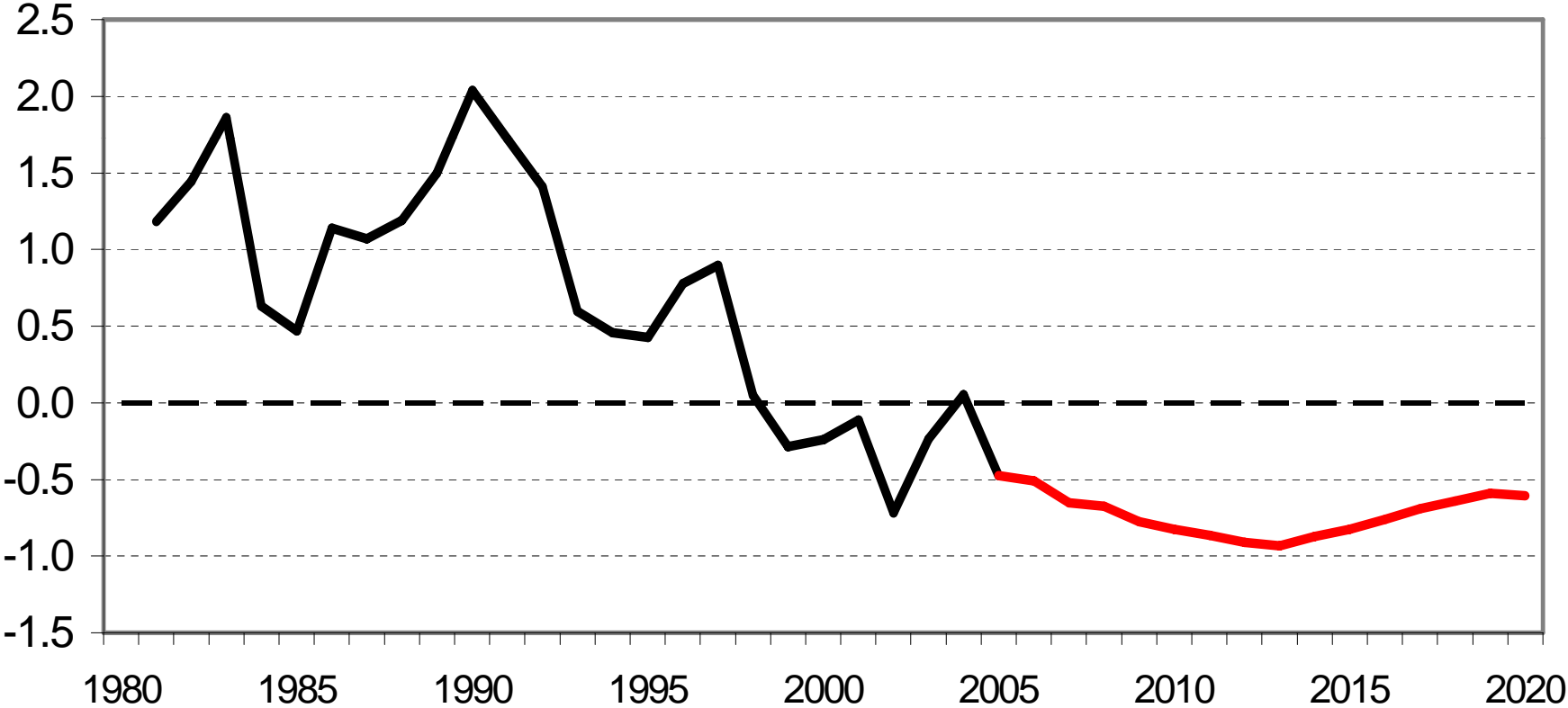


Japan: Old and Young as Percent of Population



Japan

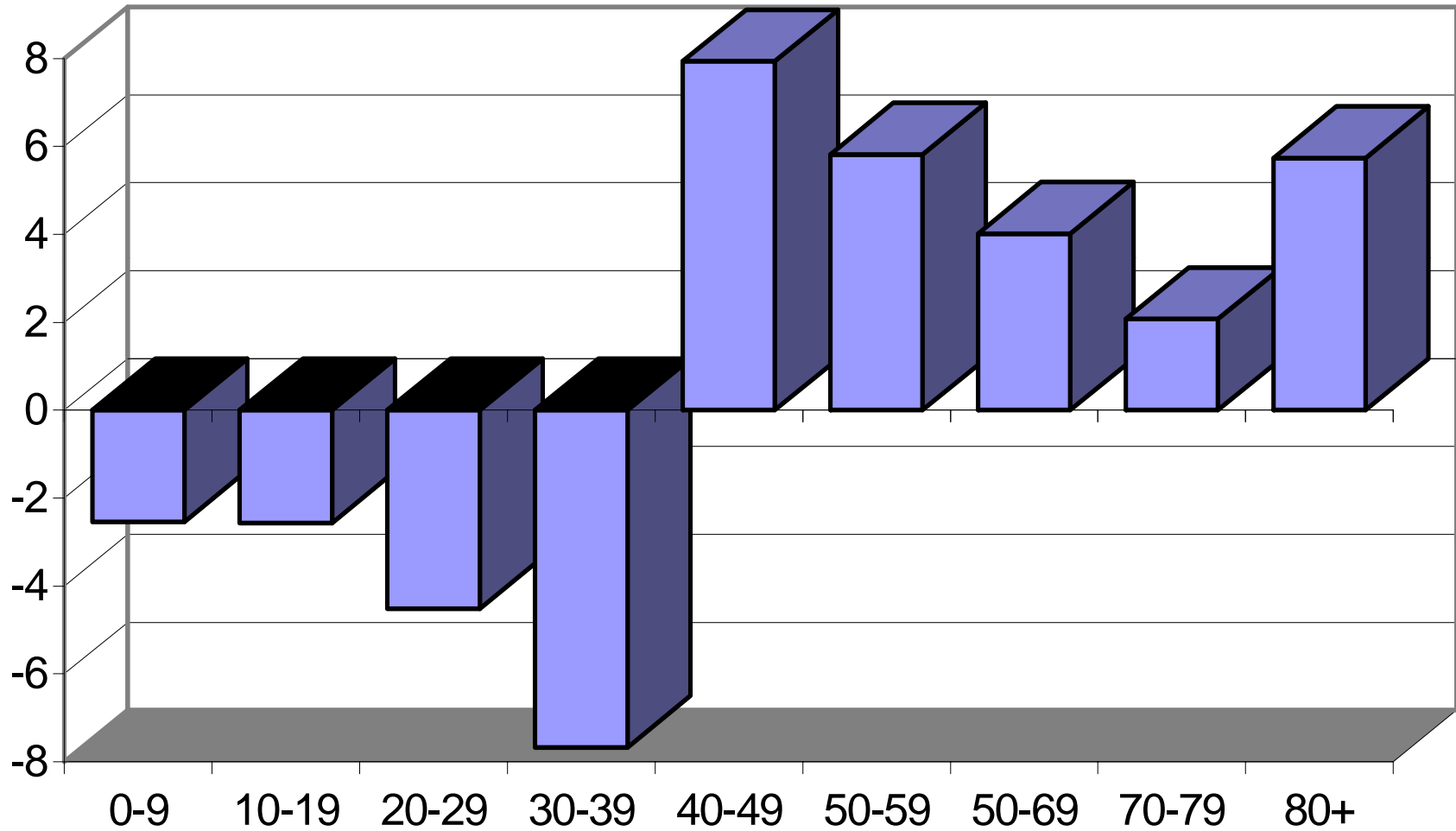
Annual Growth in Labor Force



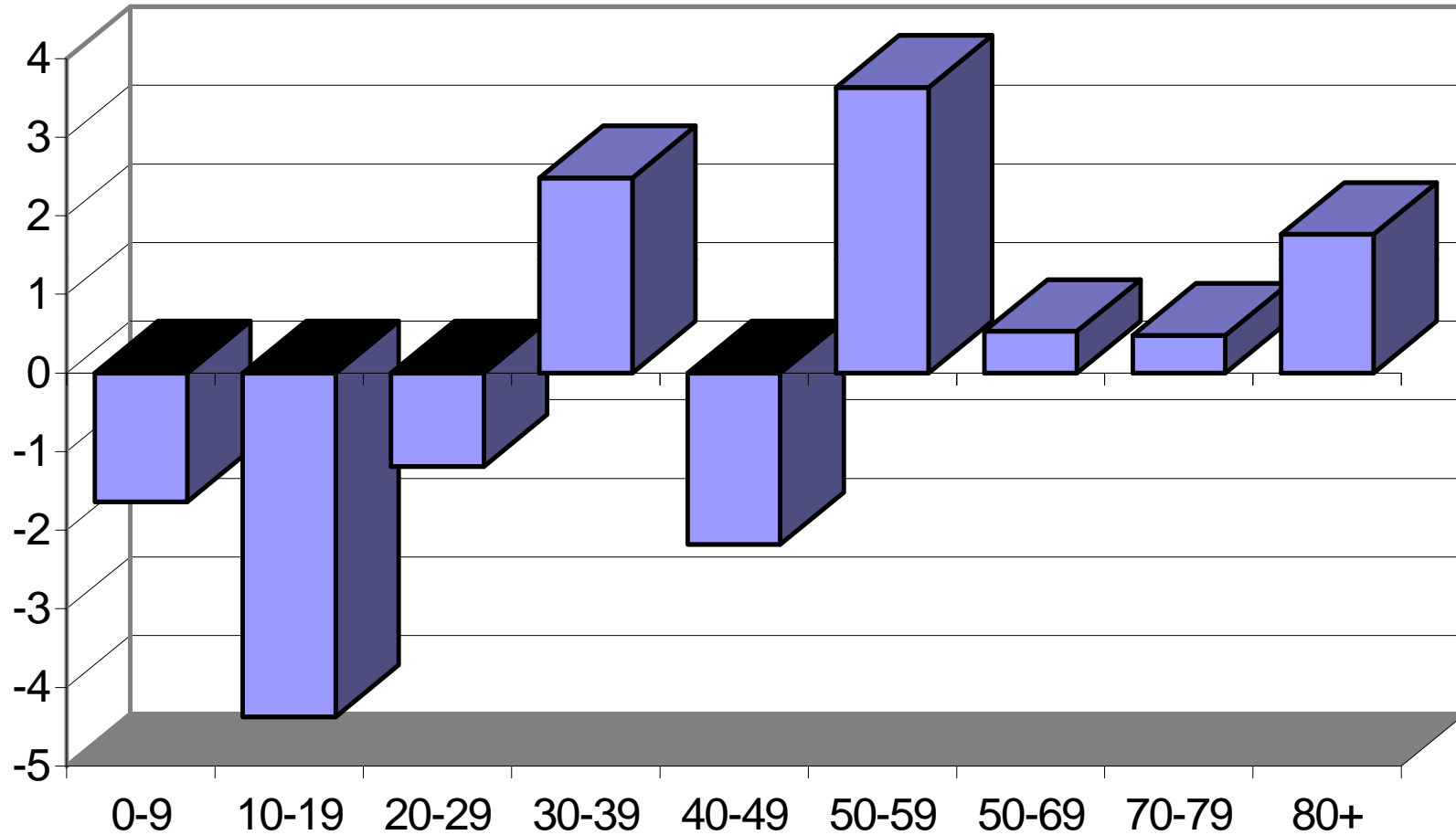
Sources: ILO; Hokenson & Company.

Western Europe

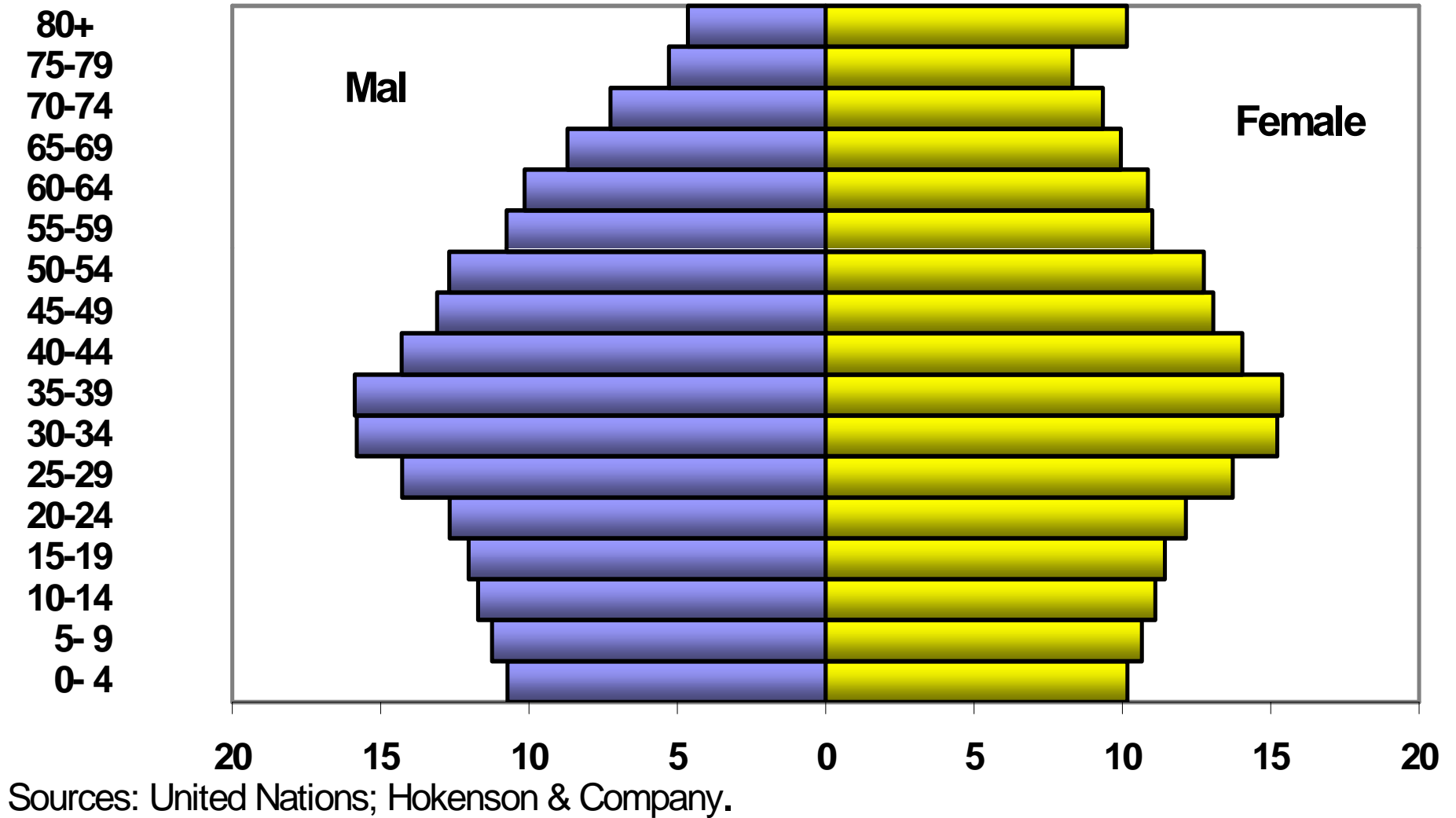
Population Change by Age Groups in Millions: 2005-2015



Eastern Europe Population Change by Age Group: 2005-2015



Western Europe: Population in Millions (2000)



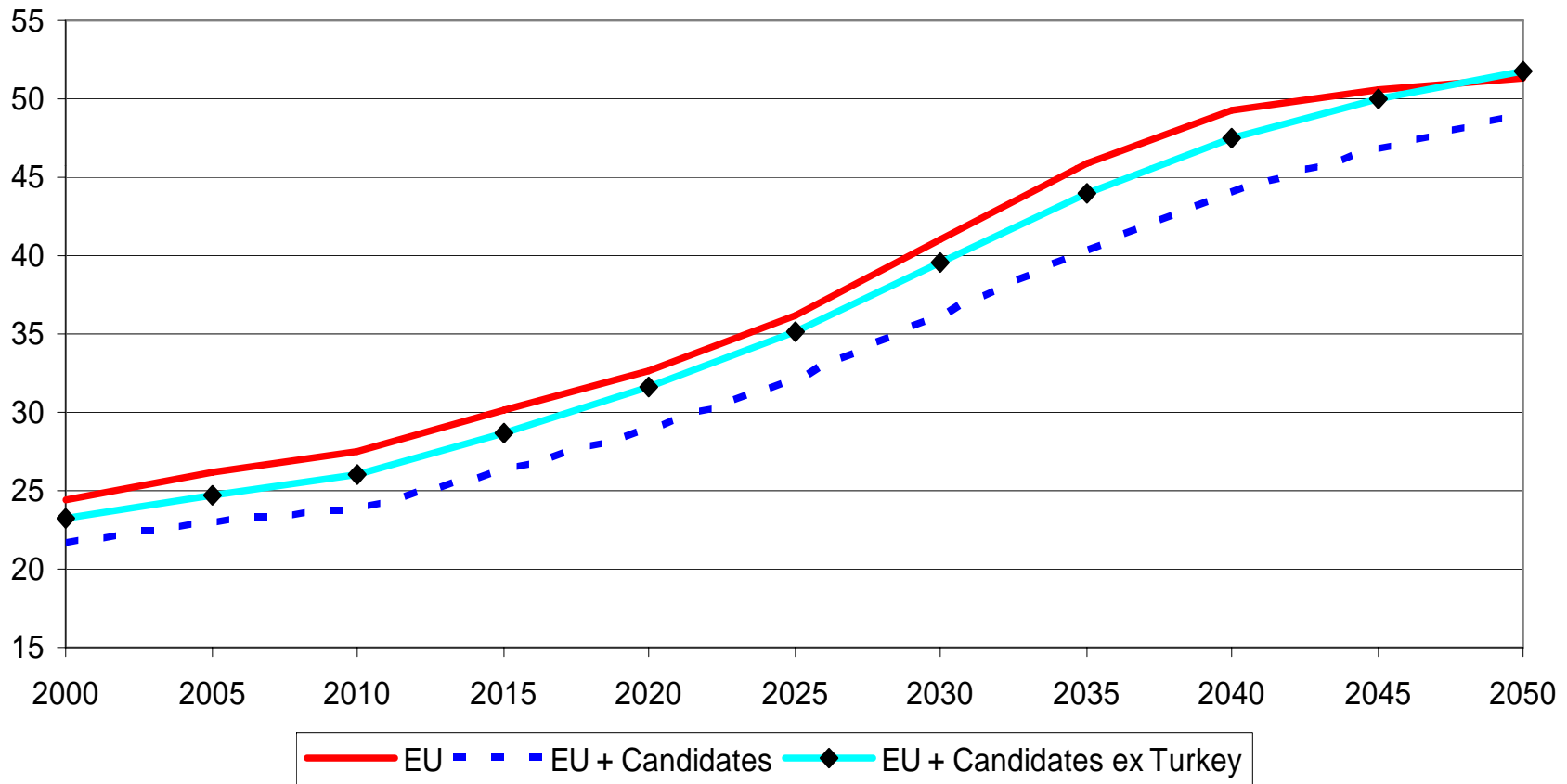
Eastern Europe: Population in Millions (2000)



Aging in the European Union

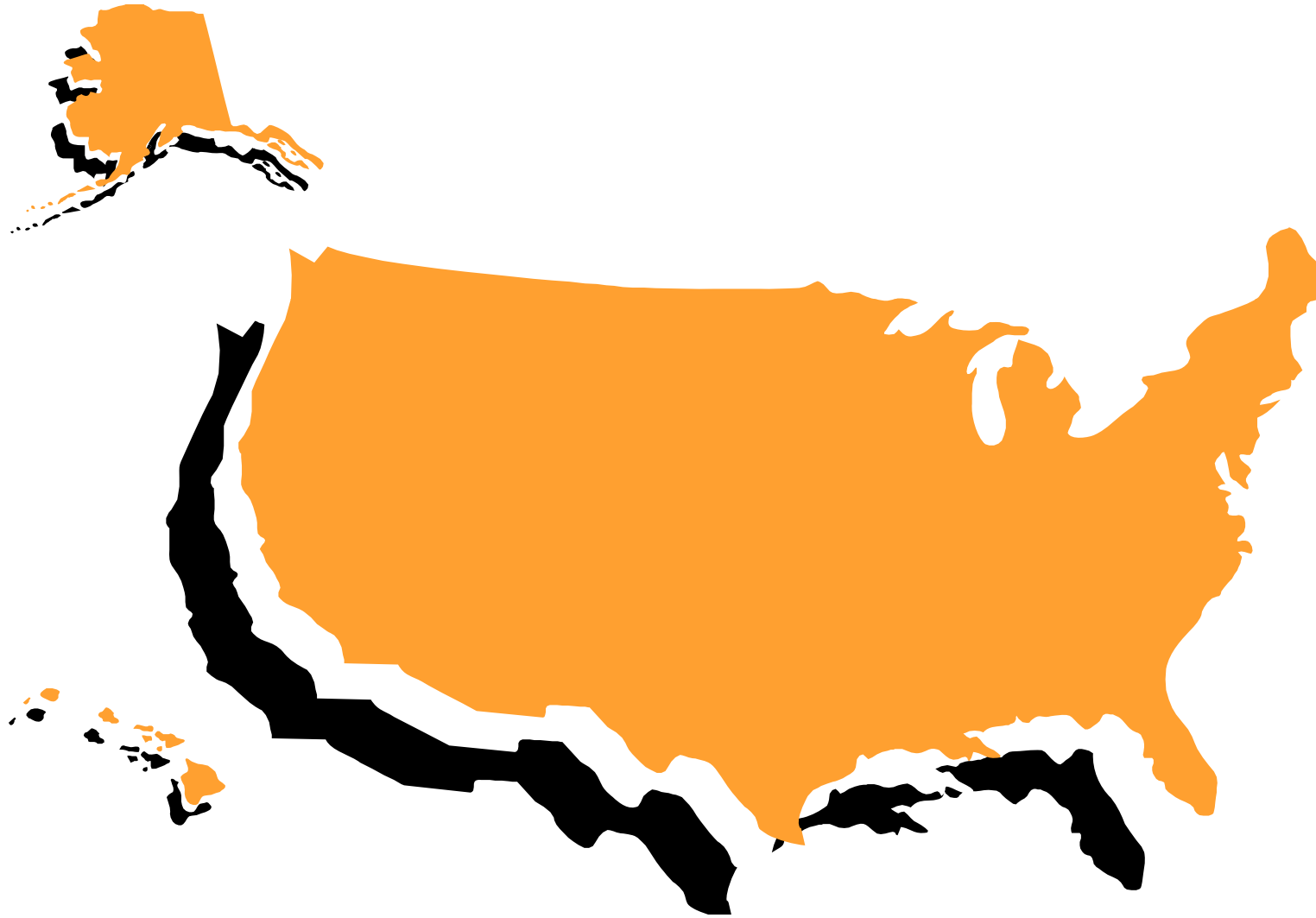
E.U. & Candidates Aged Dependency Ratios

(population 65+ as a percent of 15 to 64)



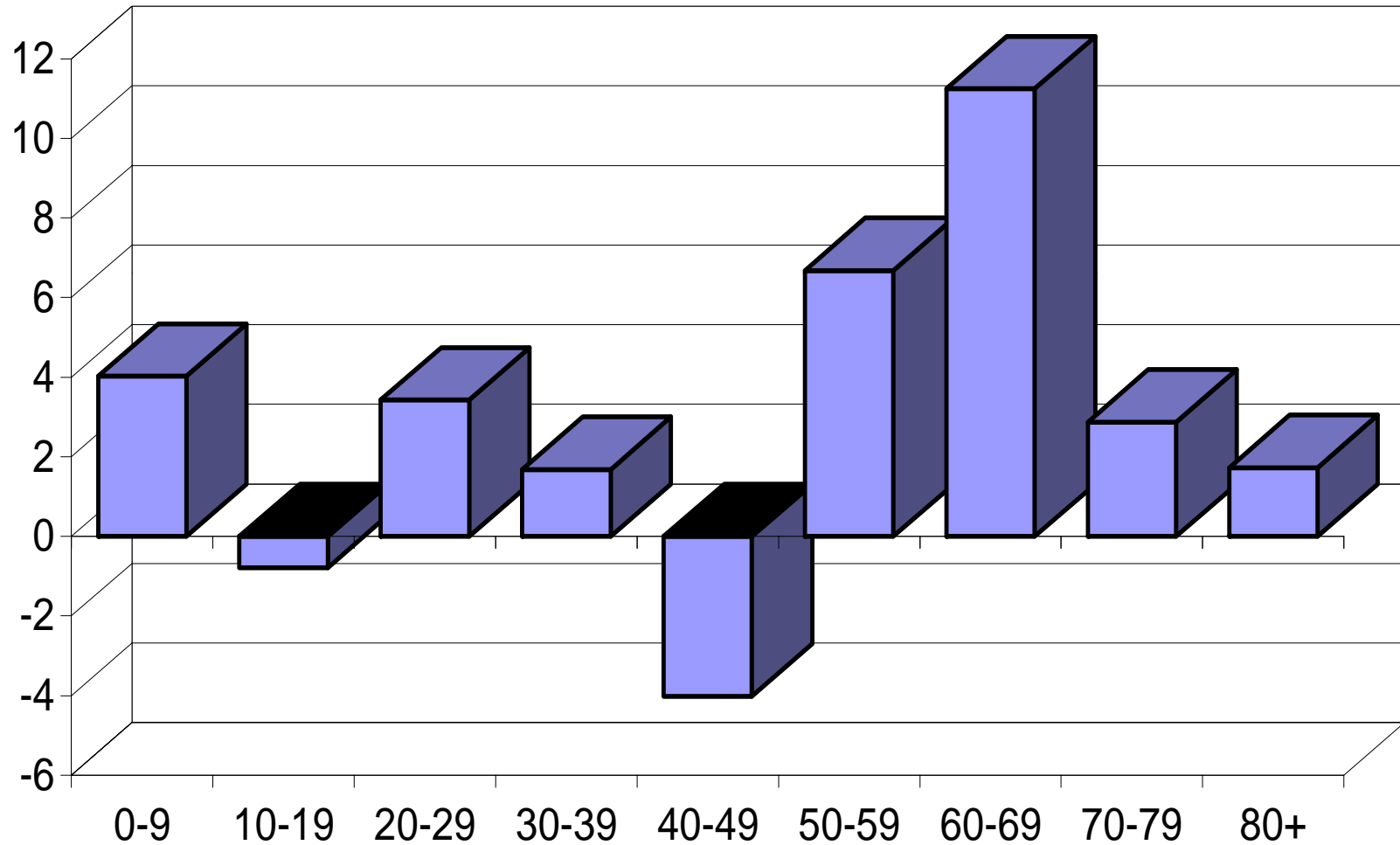
Sources: US Census Bureau, International Data Base; Hokenson & Company

The American “Exception”



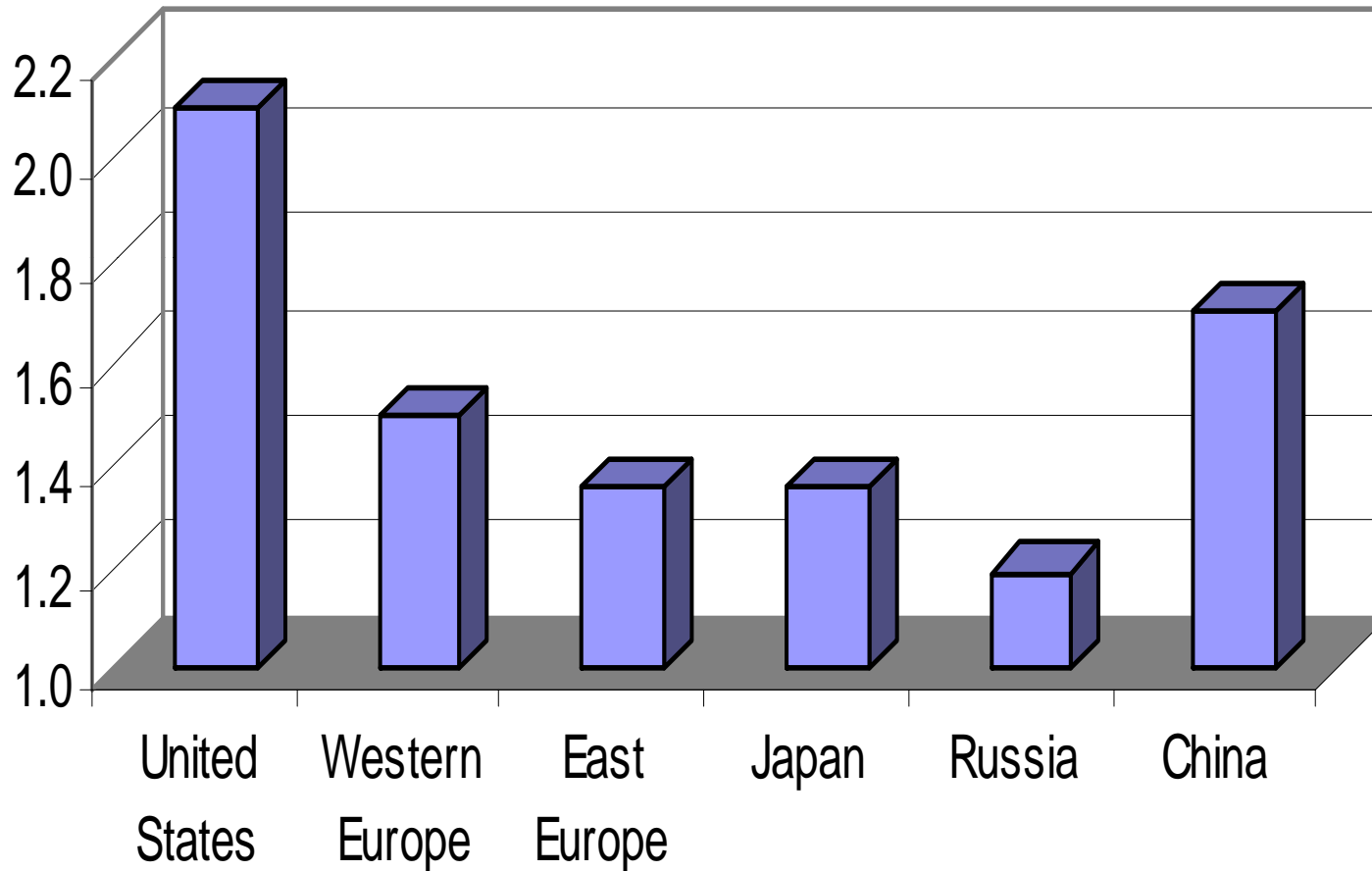
The United States

Population Change by Age Groups in Millions: 2005-2015



Sources: U.S. Census Bureau; Hokenson & Company.

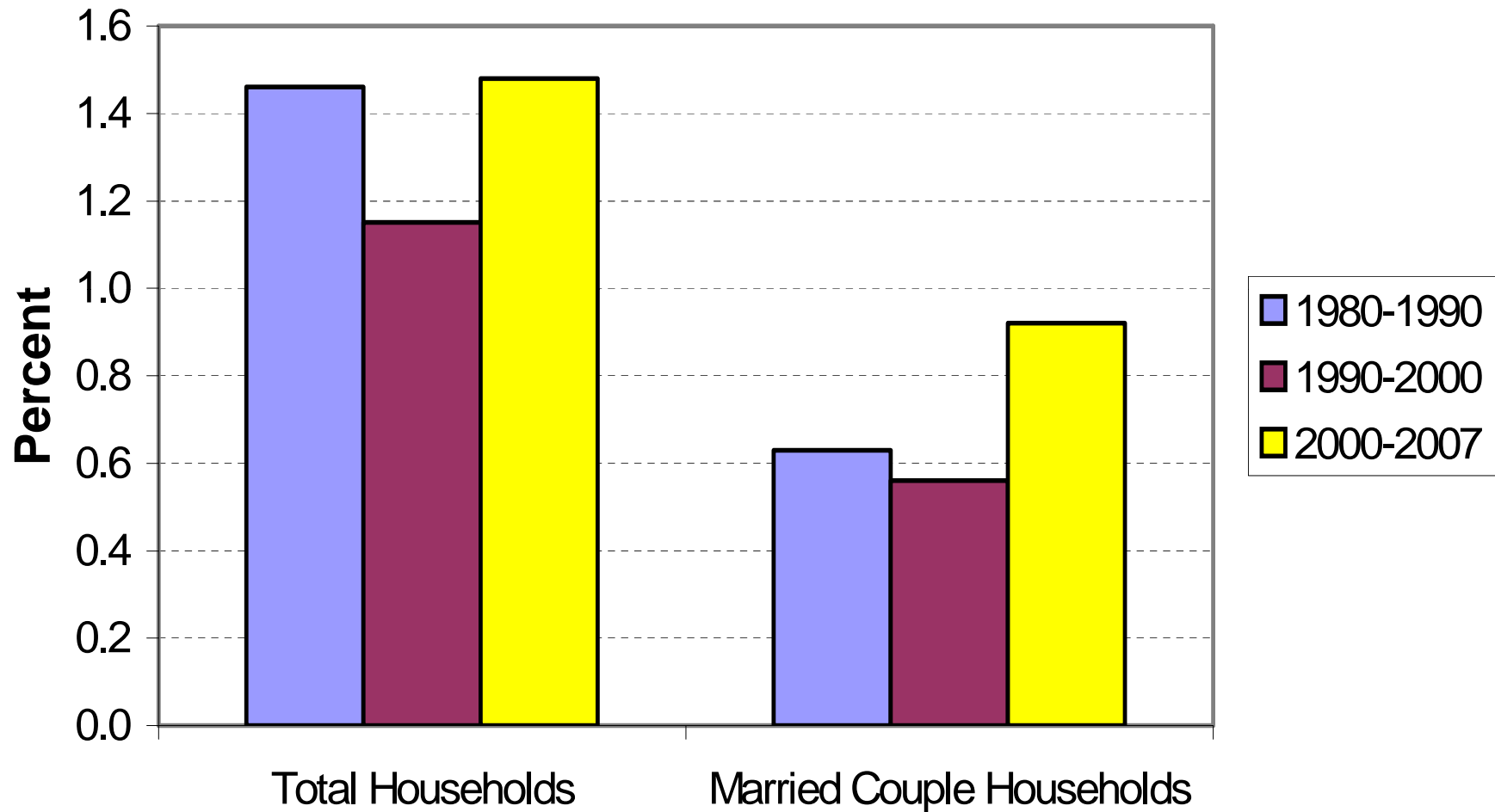
Total Fertility Rate for Selected Regions and Countries: 2005



Source: United Nations: Hokenson & Company.

Demographics of the Obama Years

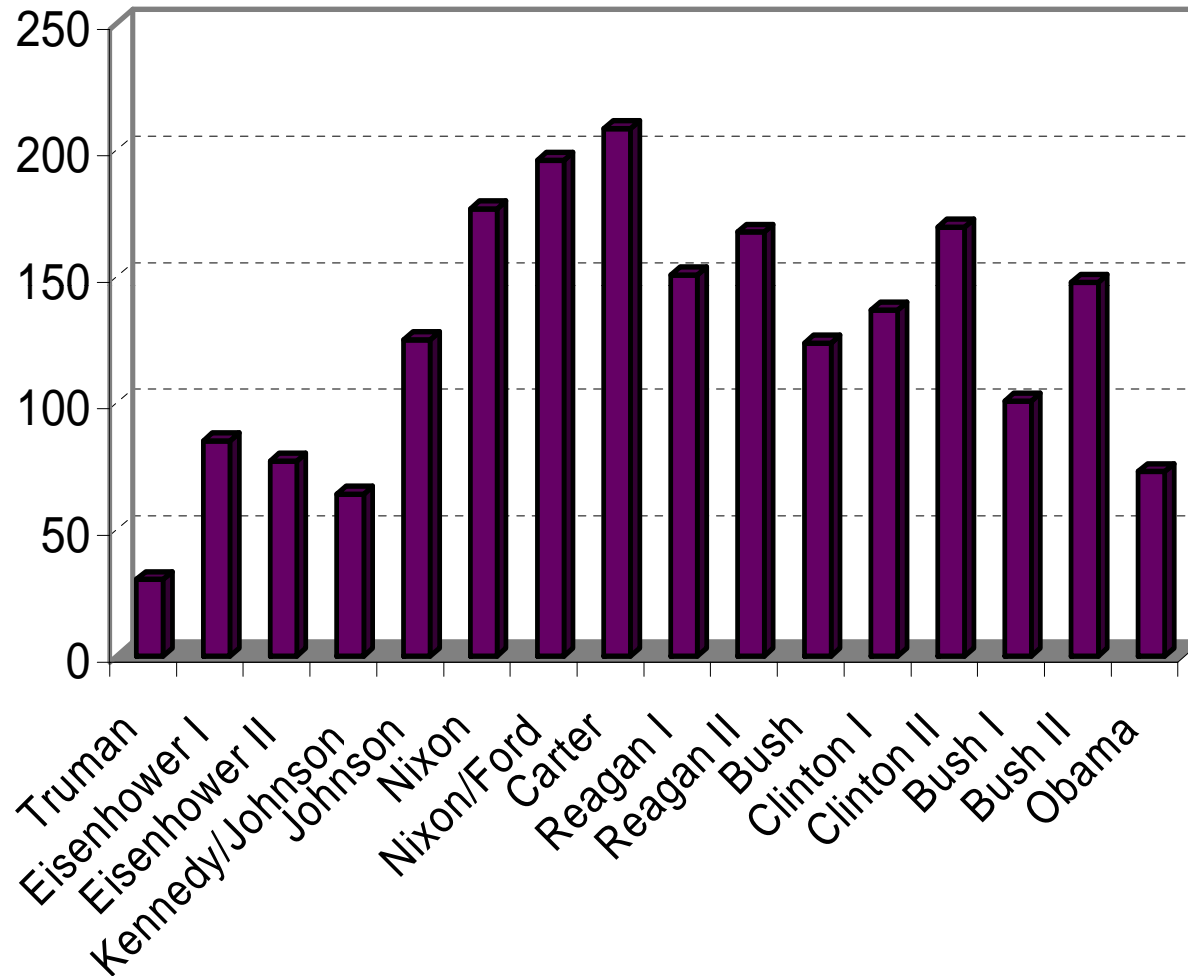
Annualized Growth in Total and Married Couple Households



Sources: U.S. Census Bureau; Hokenson & Company.

Average Monthly Increase in Labor Force by Term

(Thousands of Persons)



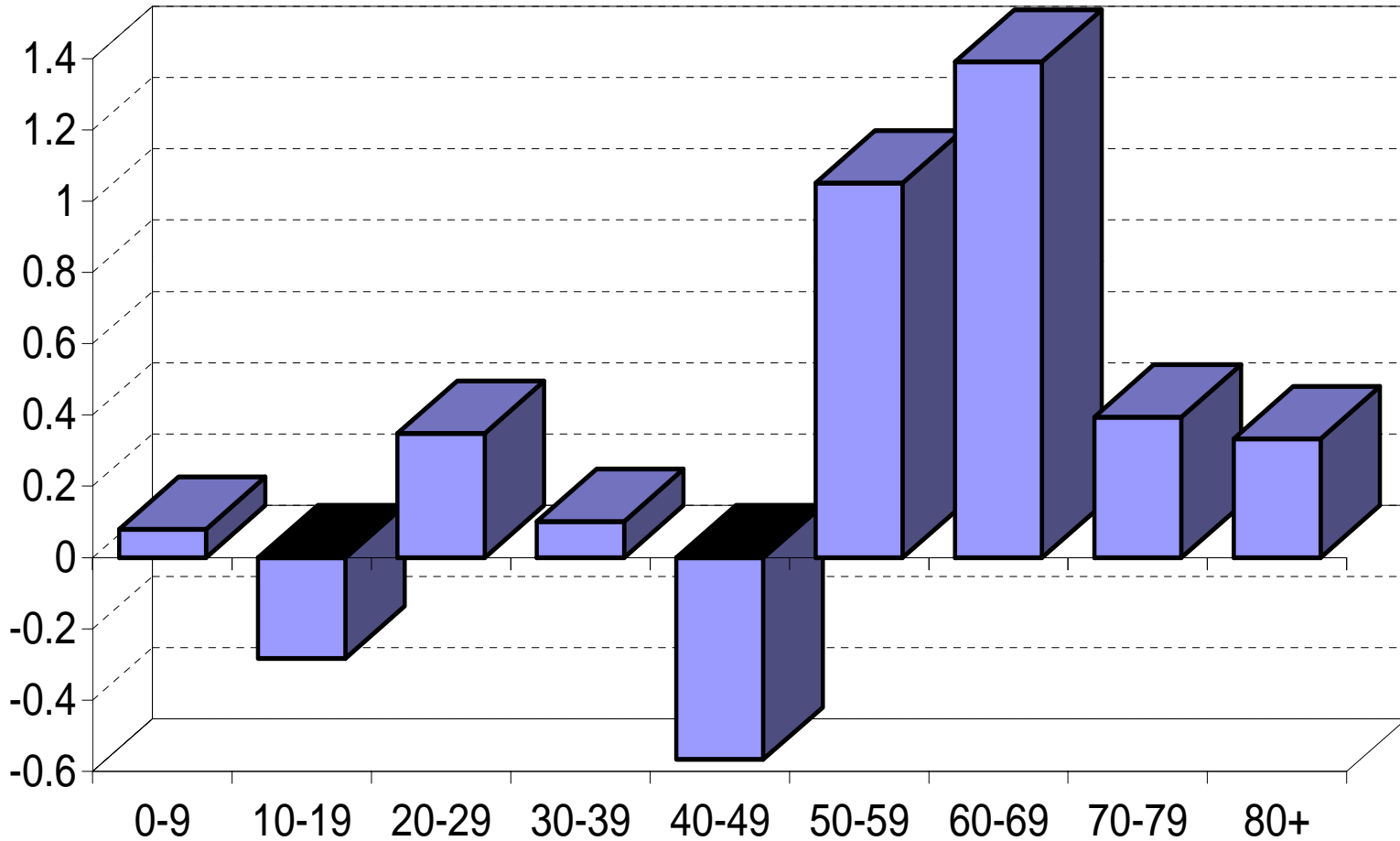
Sources: BLS; Hokenson & Company.

Canada



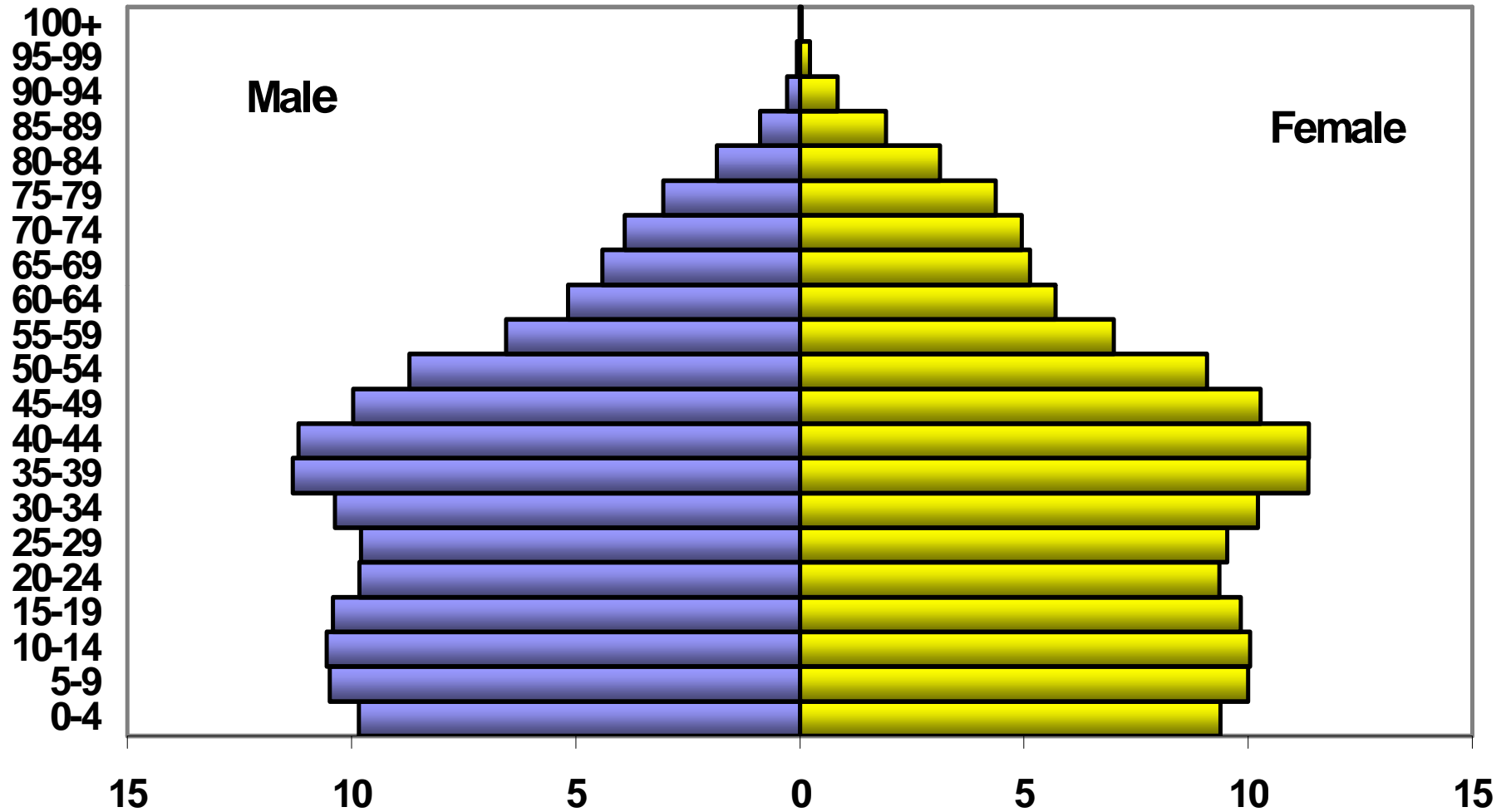
Canada

Population Change by Age Groups in Millions: 2005-2015



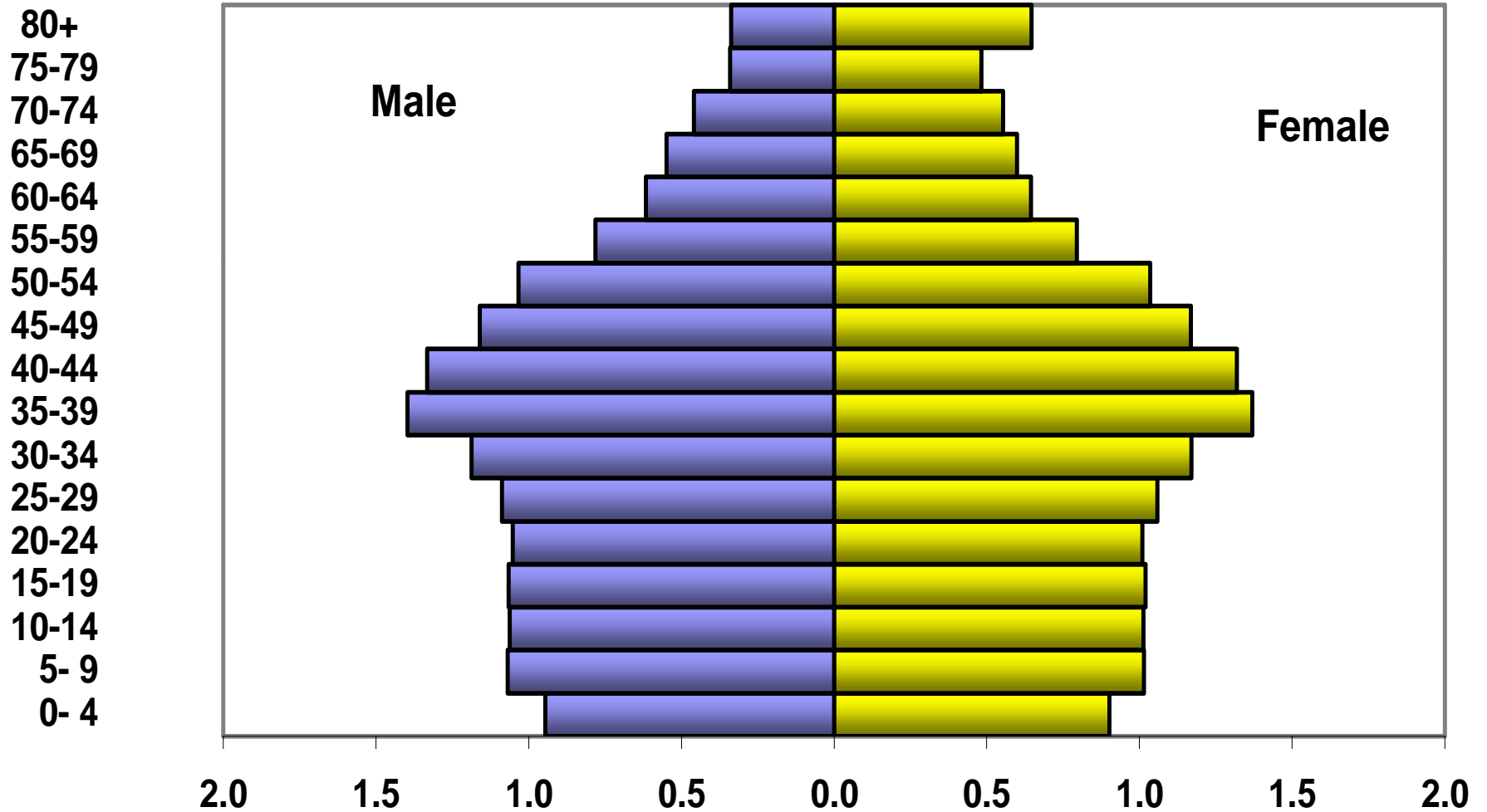
Sources: United Nations; Hokenson & Company.

United States: Population in Millions (2000)



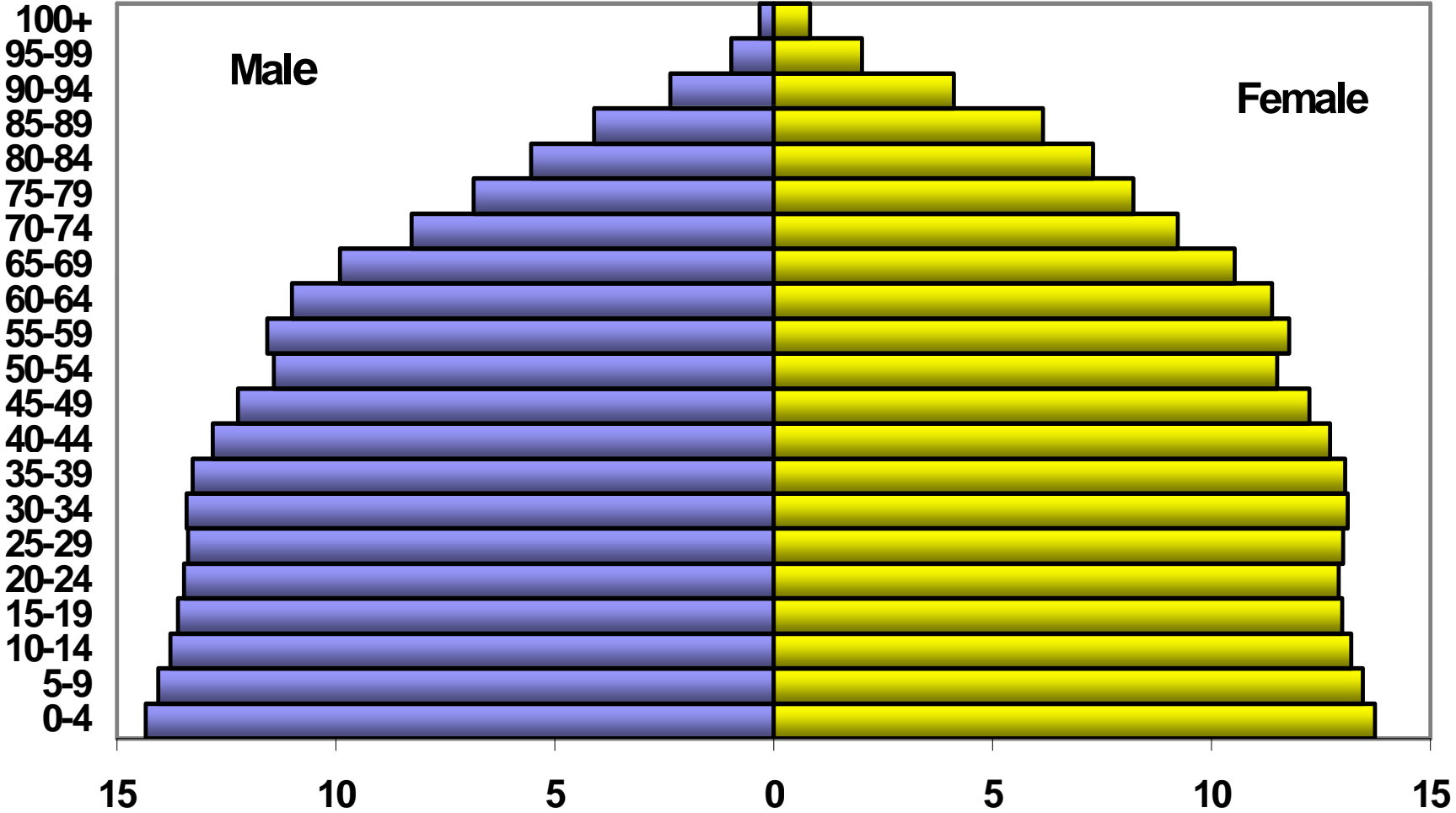
Source: United Nations; Hokenson & Company.

Canada: Population in Millions (2000)



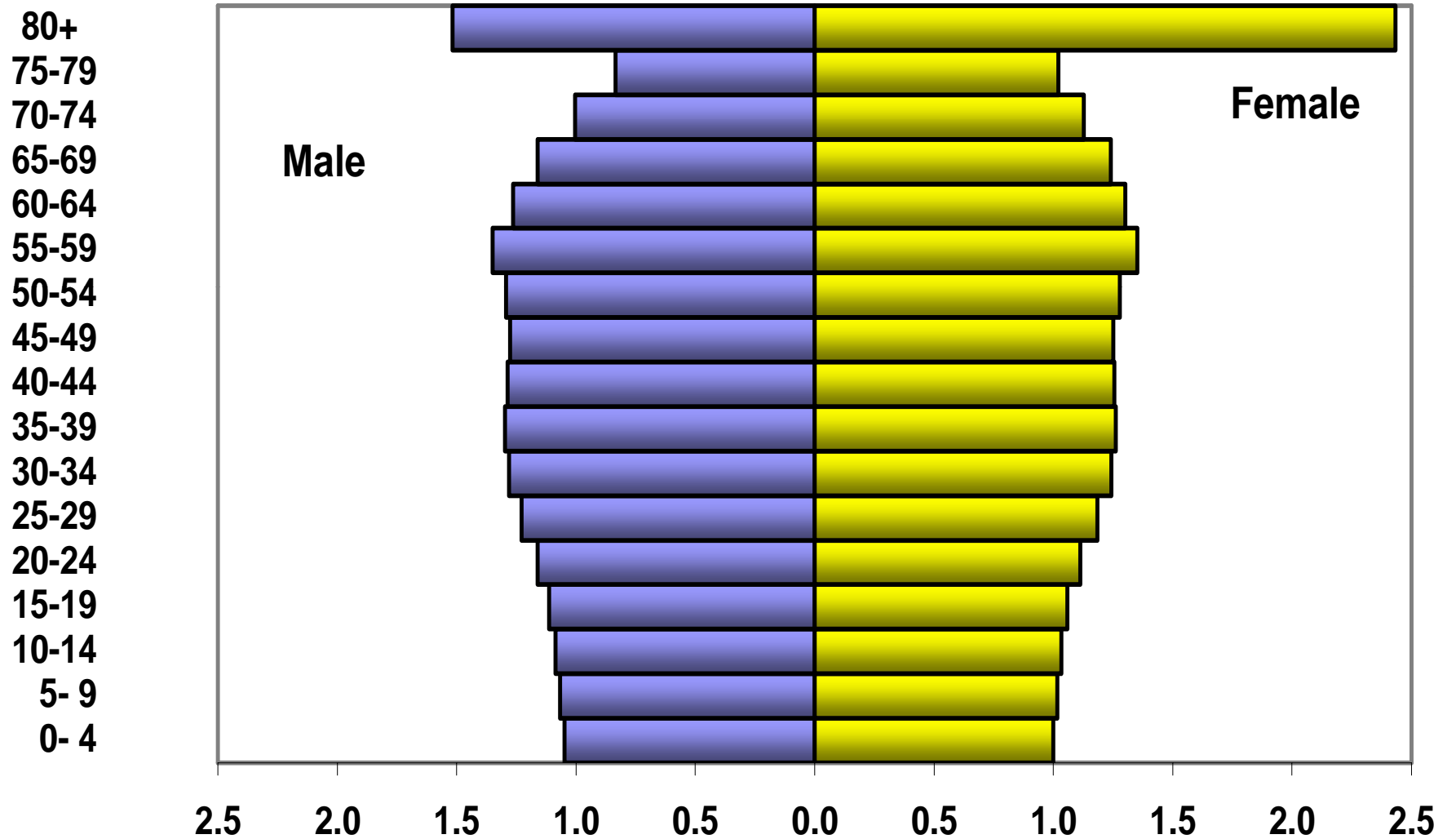
Sources: United Nations; Hokenson & Company.

United States: Population in Millions (2050)



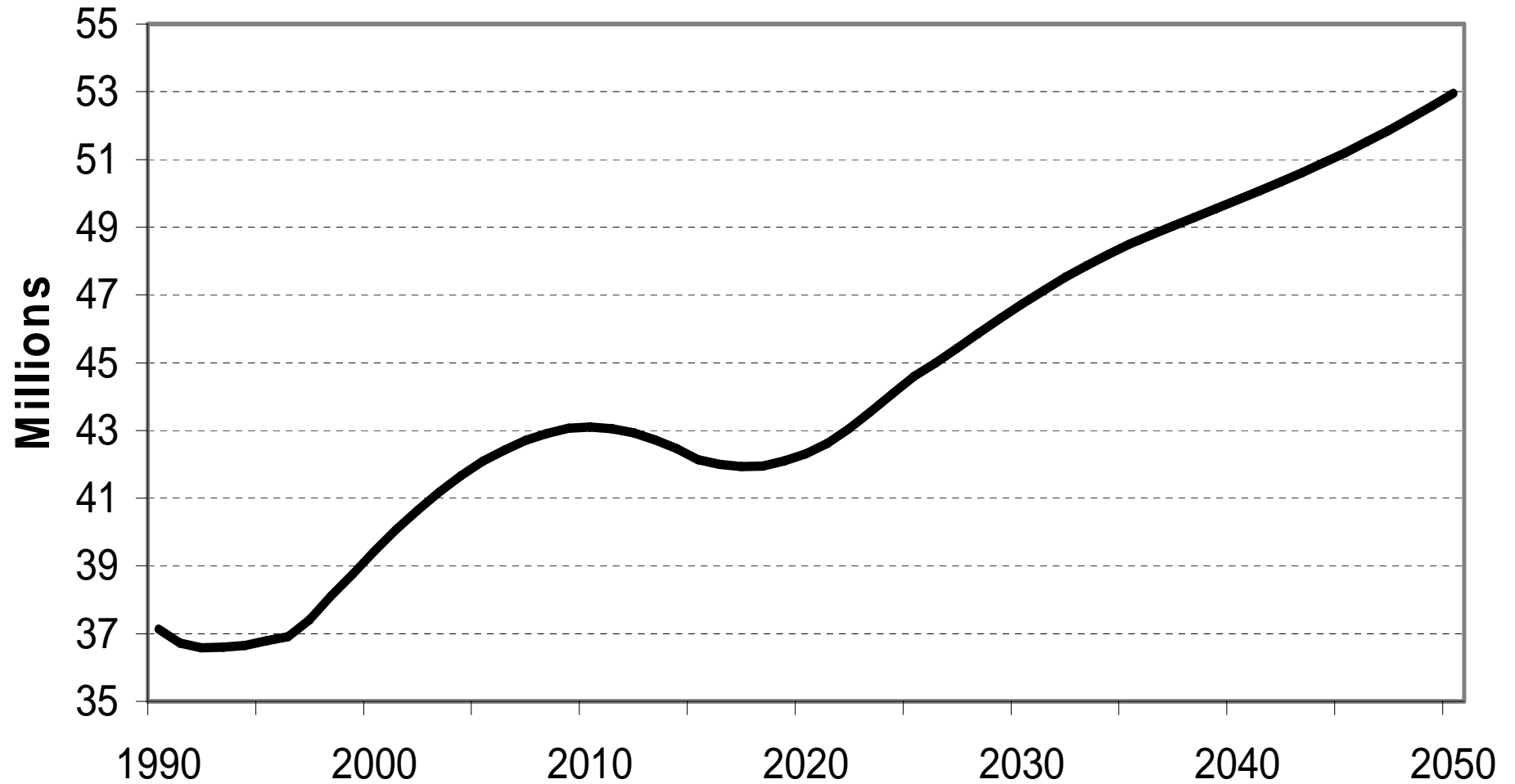
Sources: United Nations; Hokenson & Company.

Canada: Population in Millions (2050)



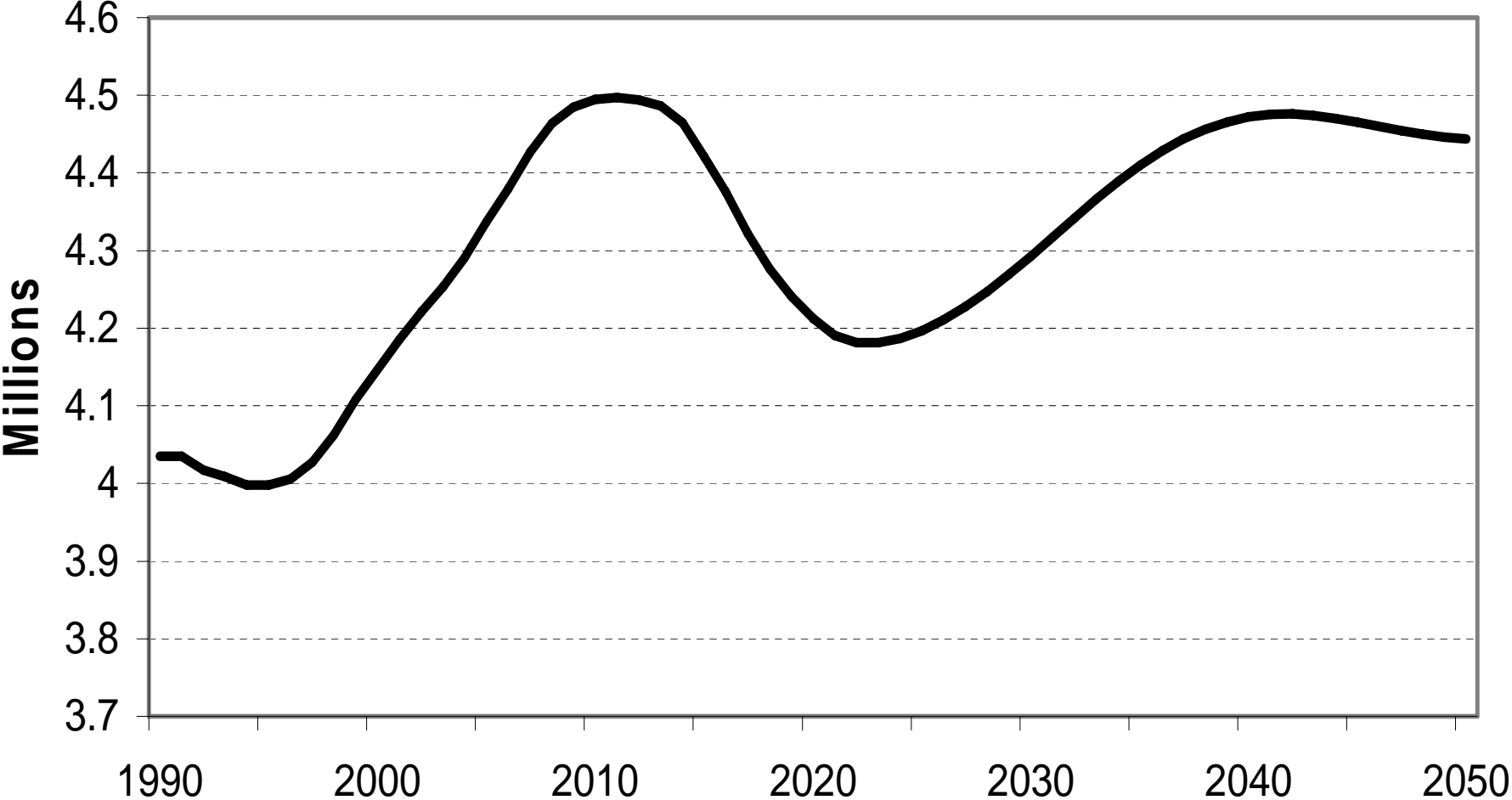
Sources: United Nations; Hokenson & Company.

United States : Number of Entry-Level Workers



Sources: United Nations; Hokenson & Company.

Canada : Number of Entry-Level Workers



Sources: United Nations; Hokenson & Company.

The Developing World with a focus on BRIC

Brazil



Russia



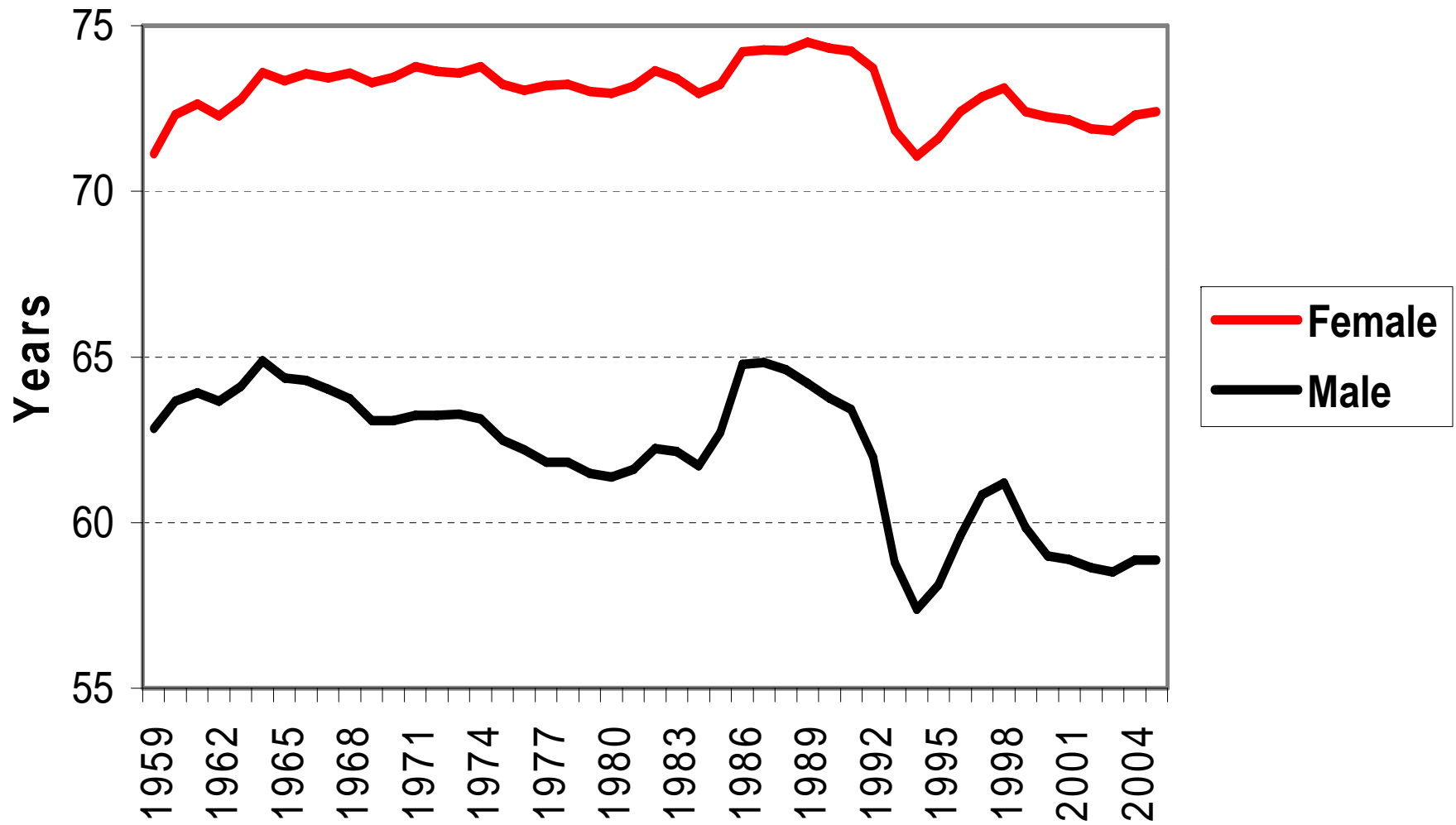
India



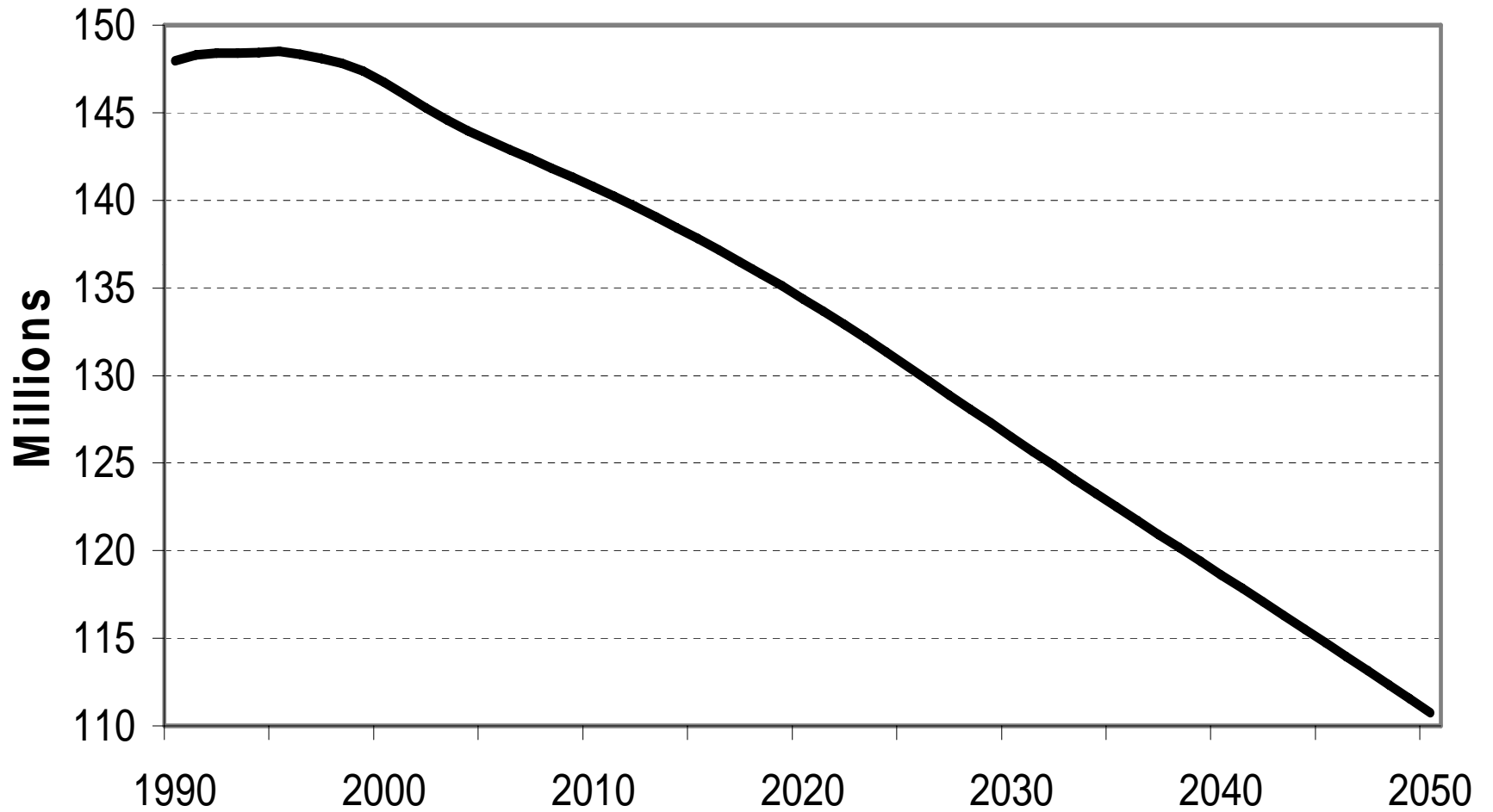
China



Russian Federation: Life Expectancy at Birth



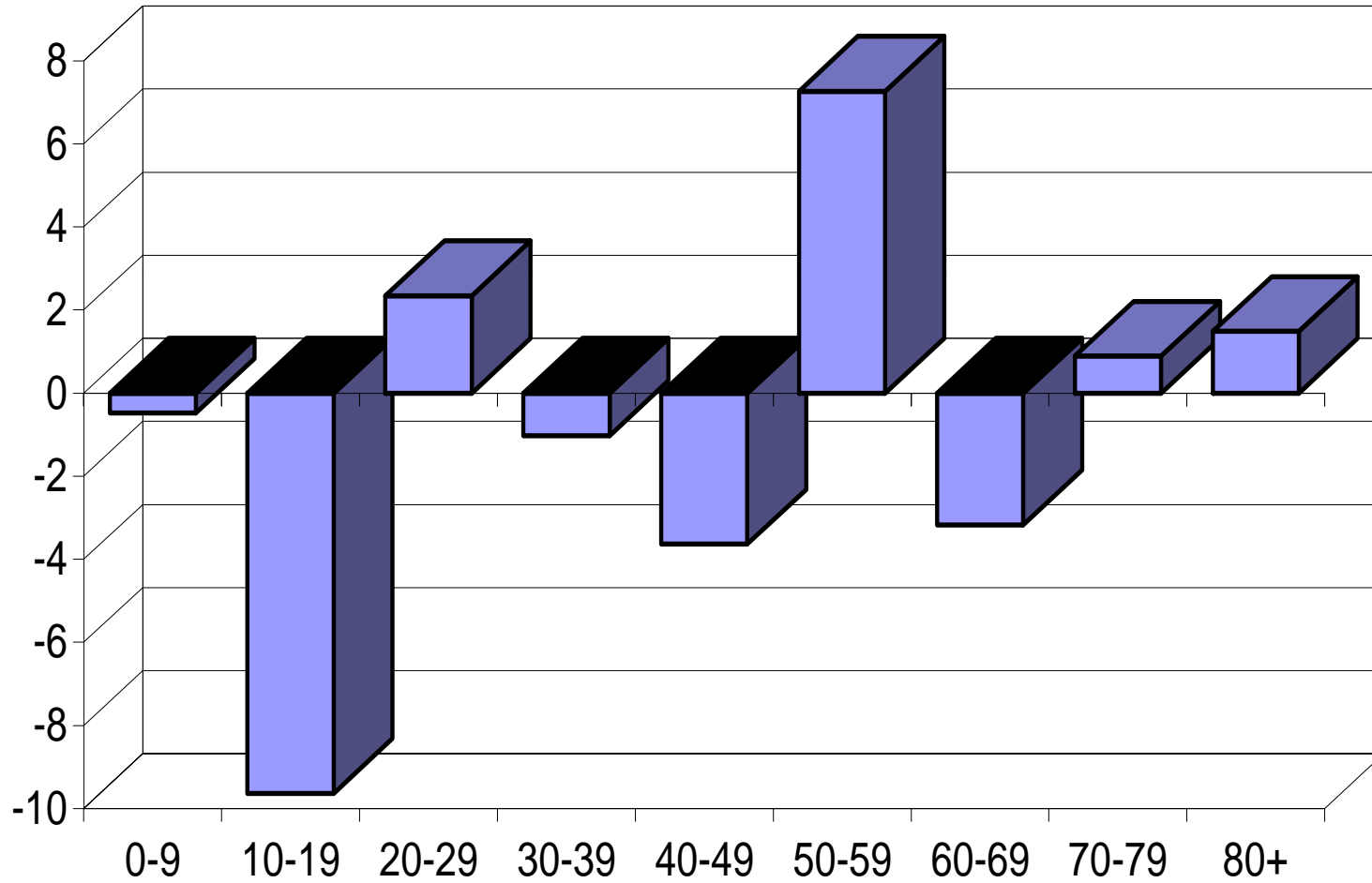
Russian Federation: Total Population: 1990-2050



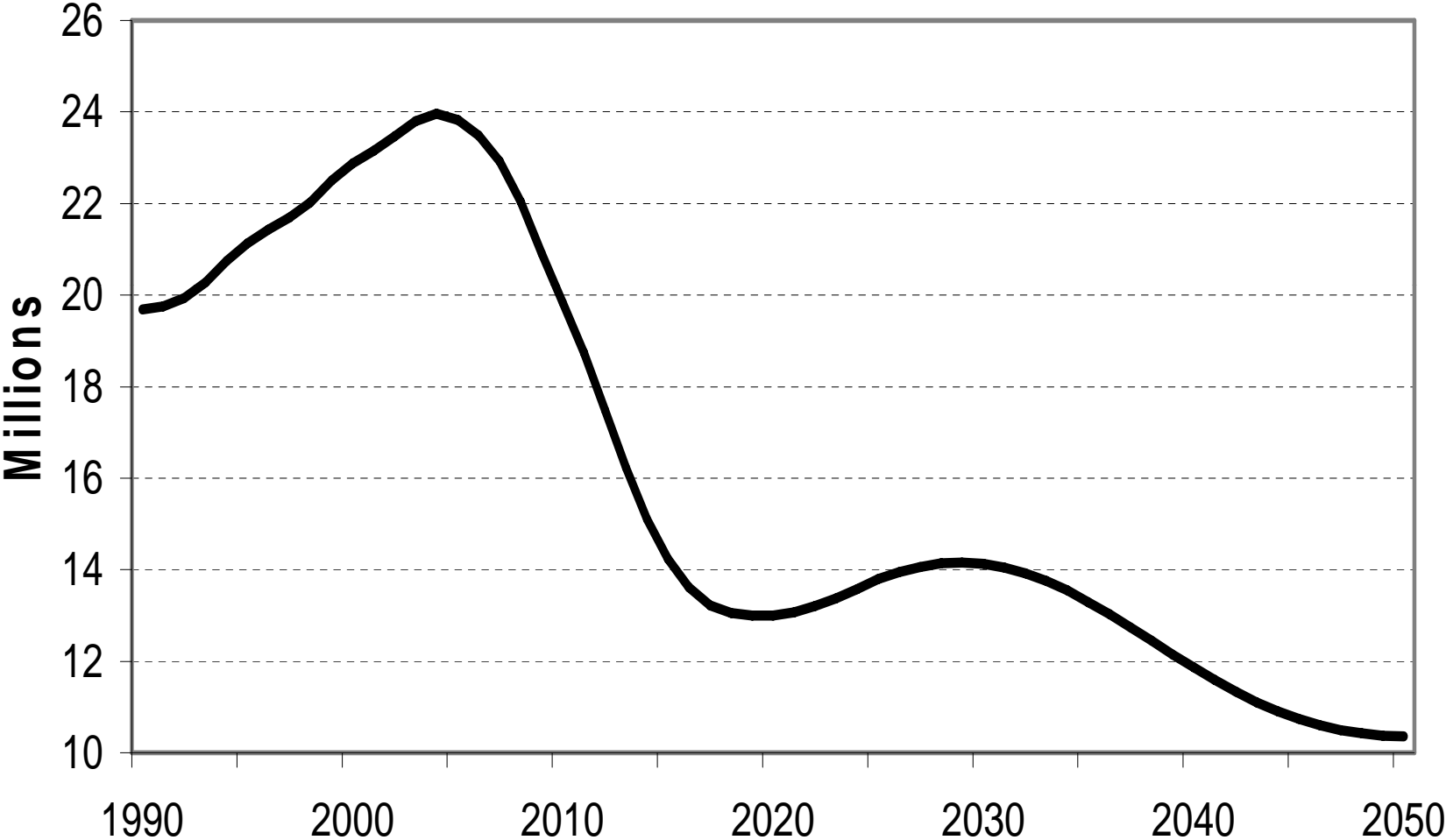
Sources: United Nations; Hokenson & Company.

Russian Federation

Population Change by Age Groups in Millions: 2005-2015

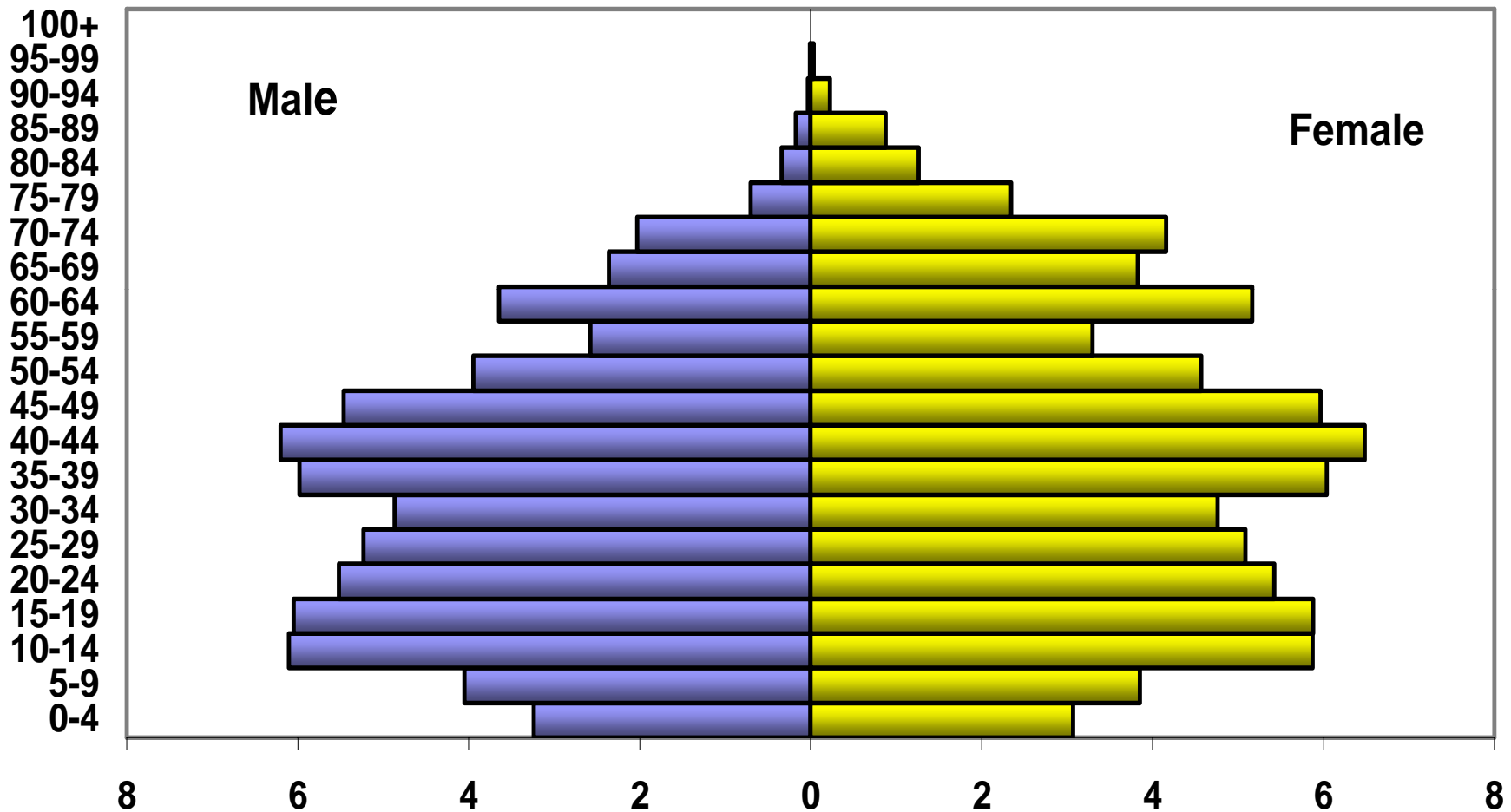


Russian Federation : Number of Entry-Level Workers



Sources: United Nations; Hokenson & Company.

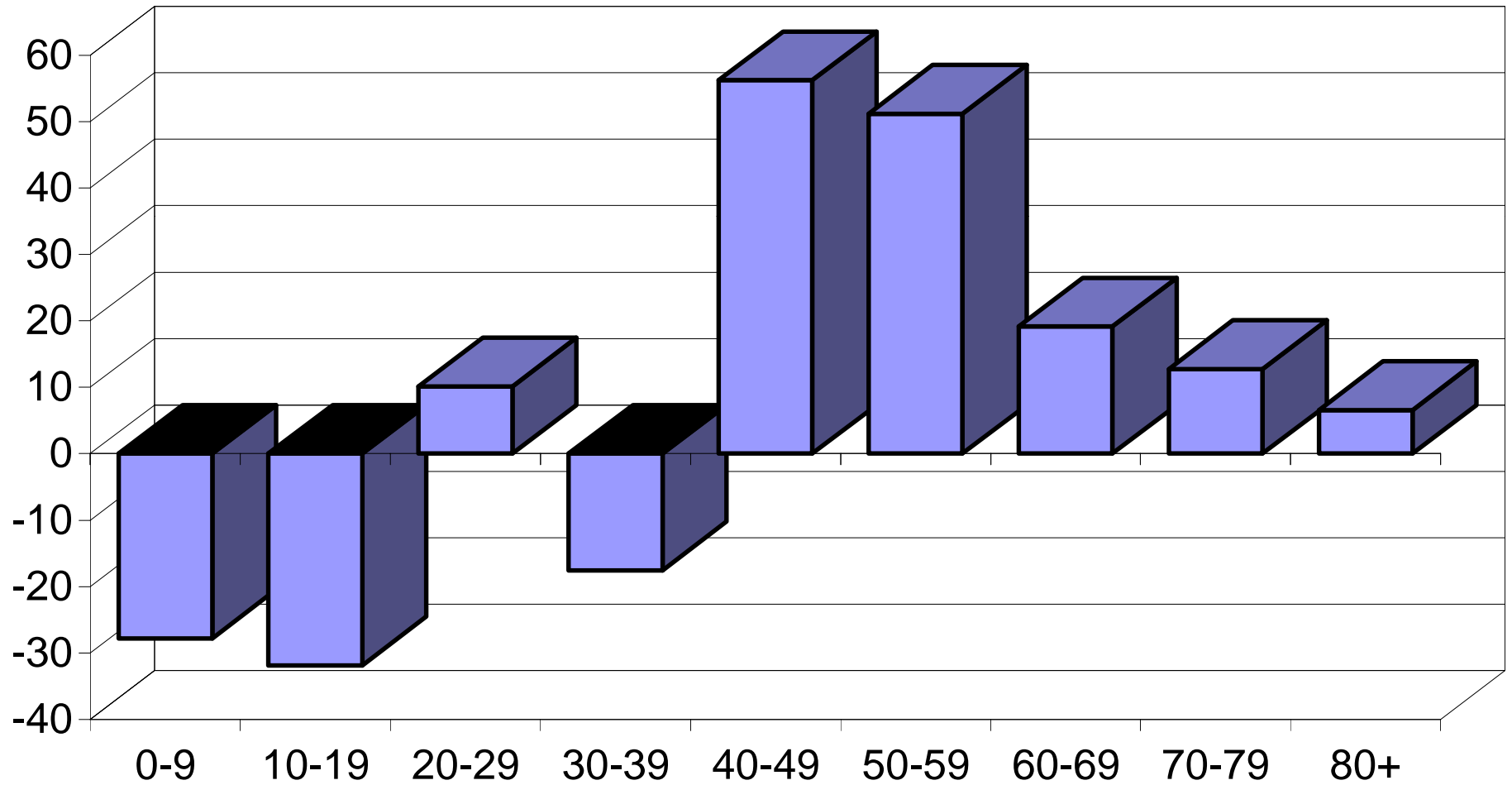
Russian Federation : Population in Millions (2000)



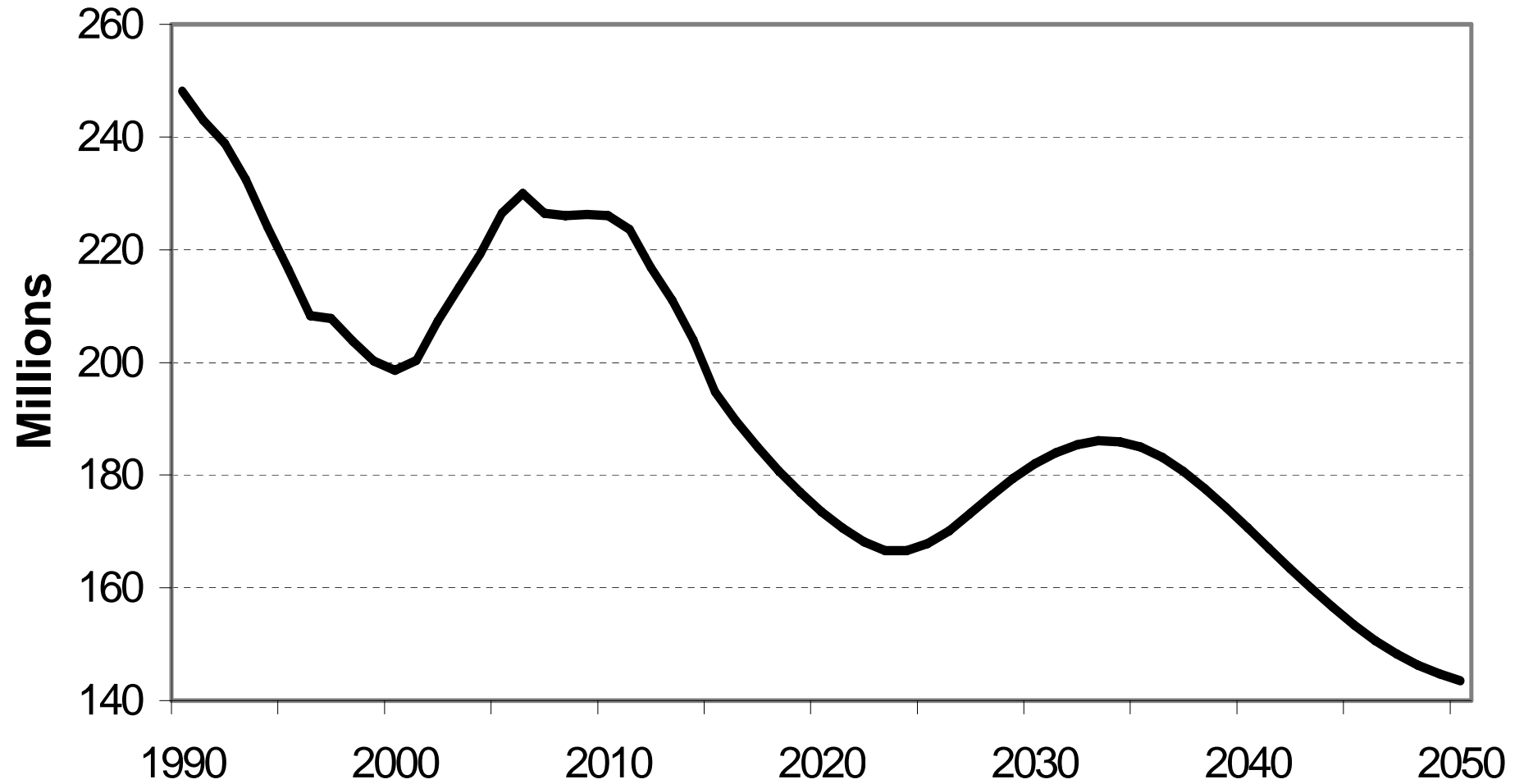
Source: United Nations; Hokenson & Company.

China

Population Change by Age Groups in Millions: 2005-2015

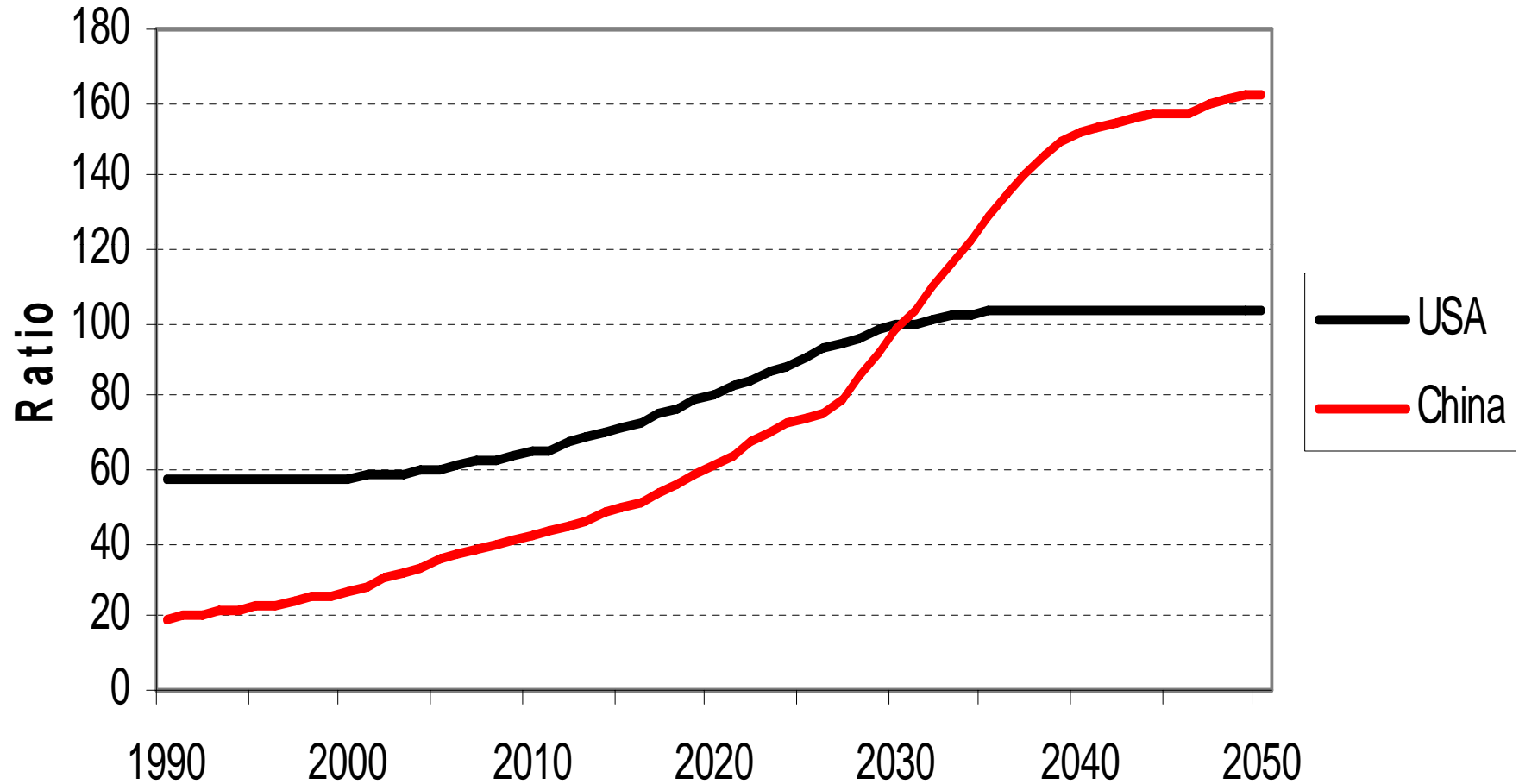


China: Number of Entry-Level Workers



Sources: United Nations; Hokenson & Company.

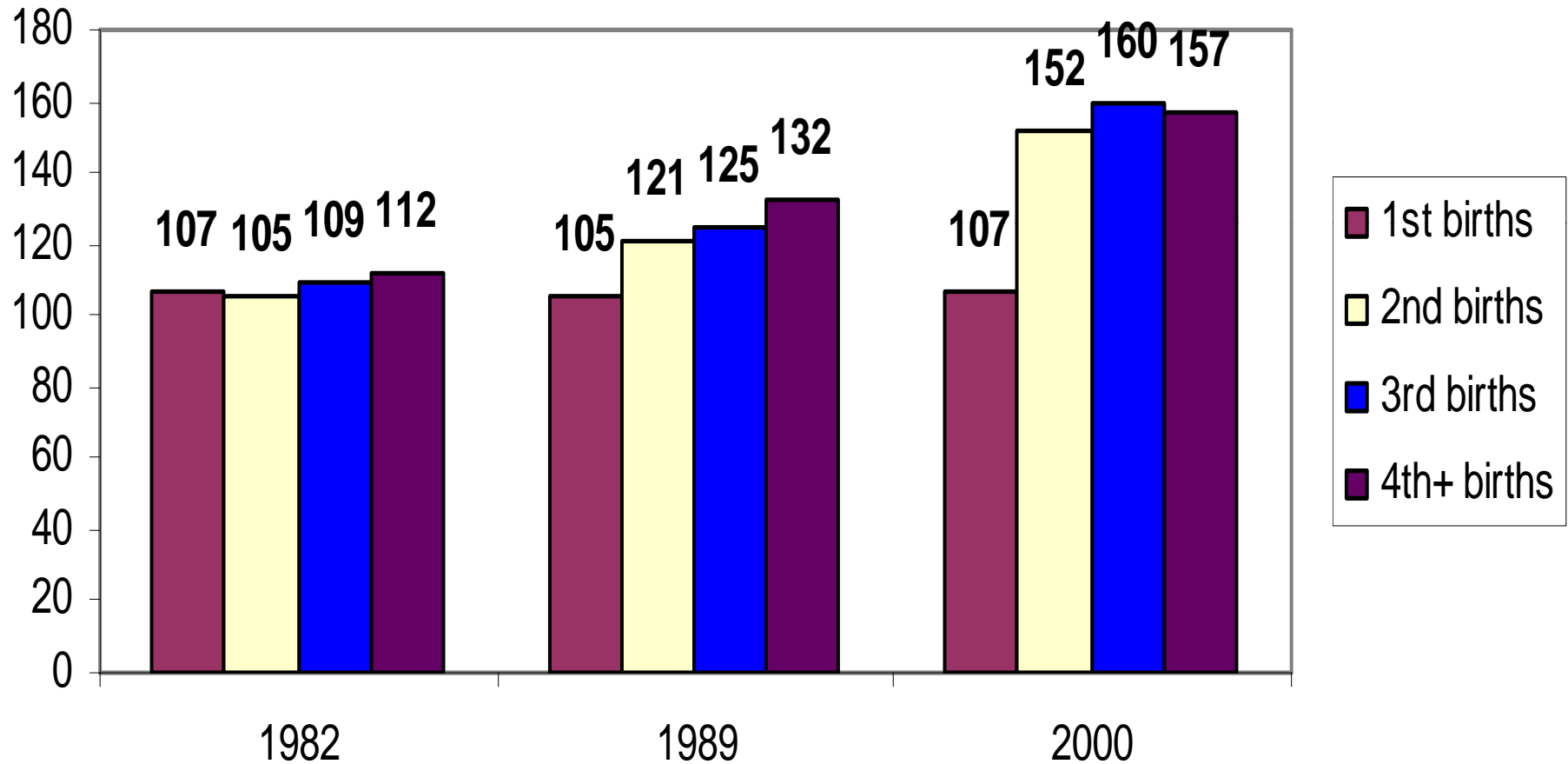
The Aging Index: China versus the US



Sources: United Nations; Hokenson & Company.

China: Six Brides for Seven Brothers

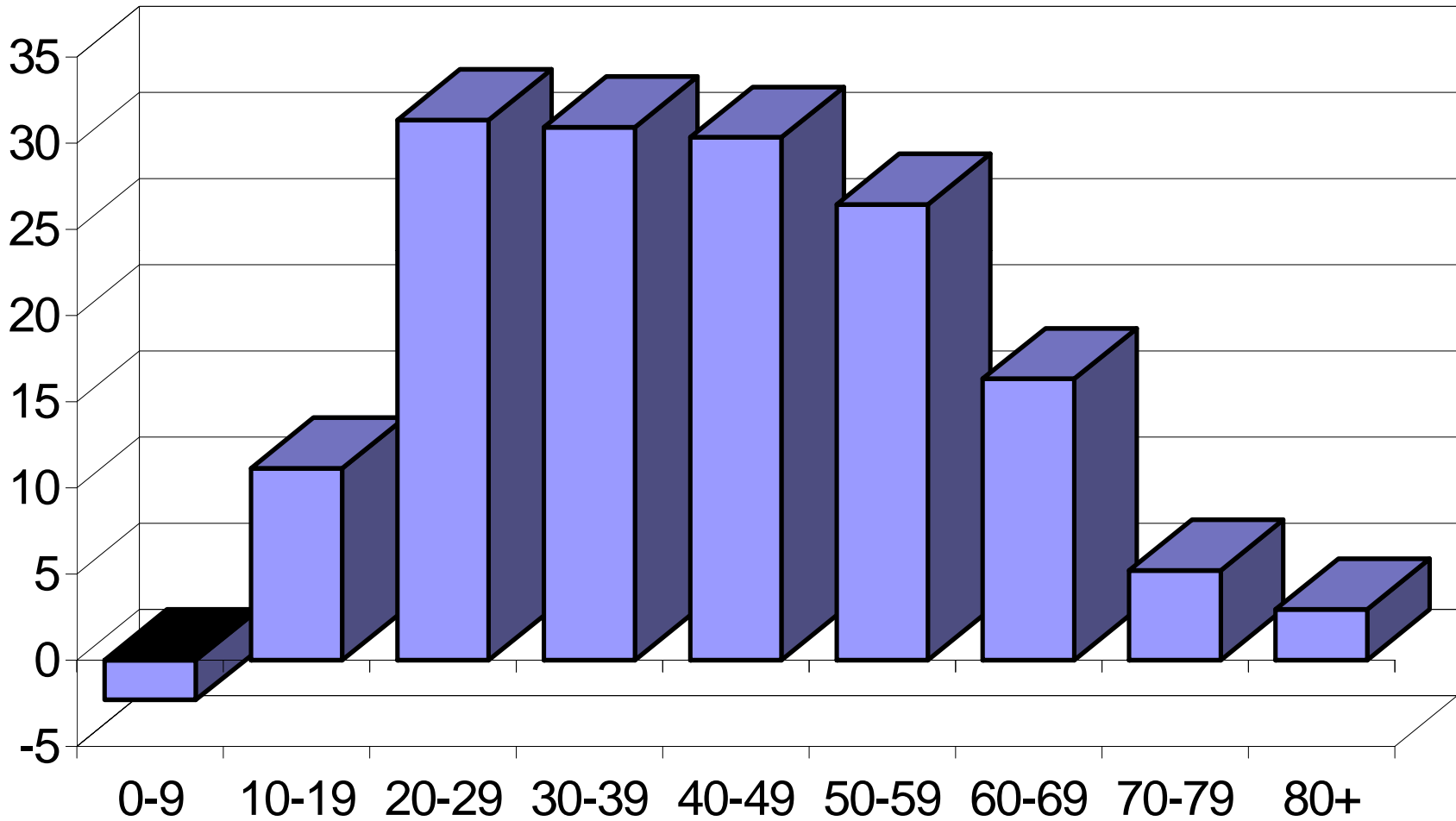
(Sex Ratio at Birth by Birth Order)



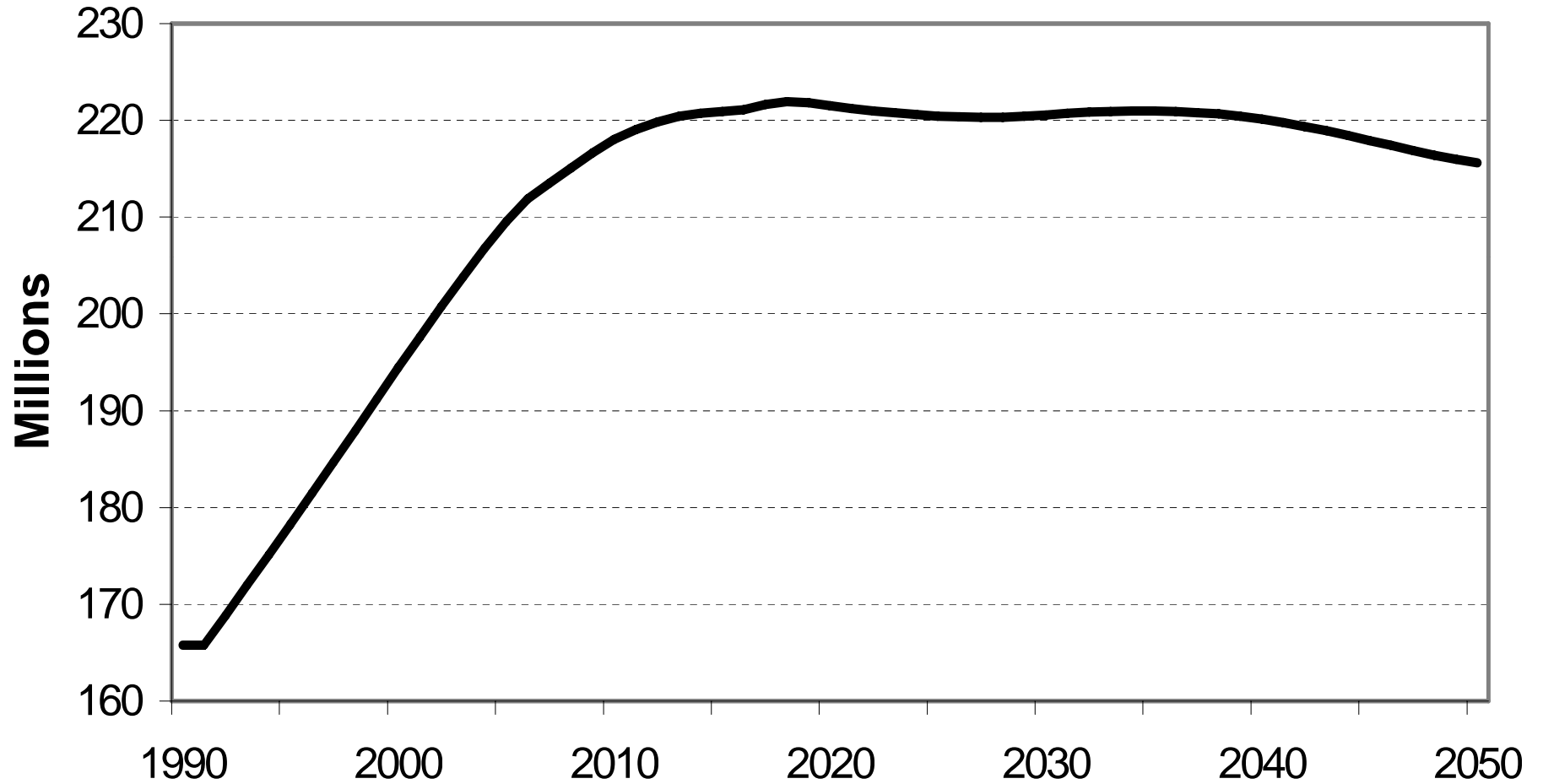
Source: China 2000 Census.

India

Population Change by Age Groups in Millions: 2005-2015



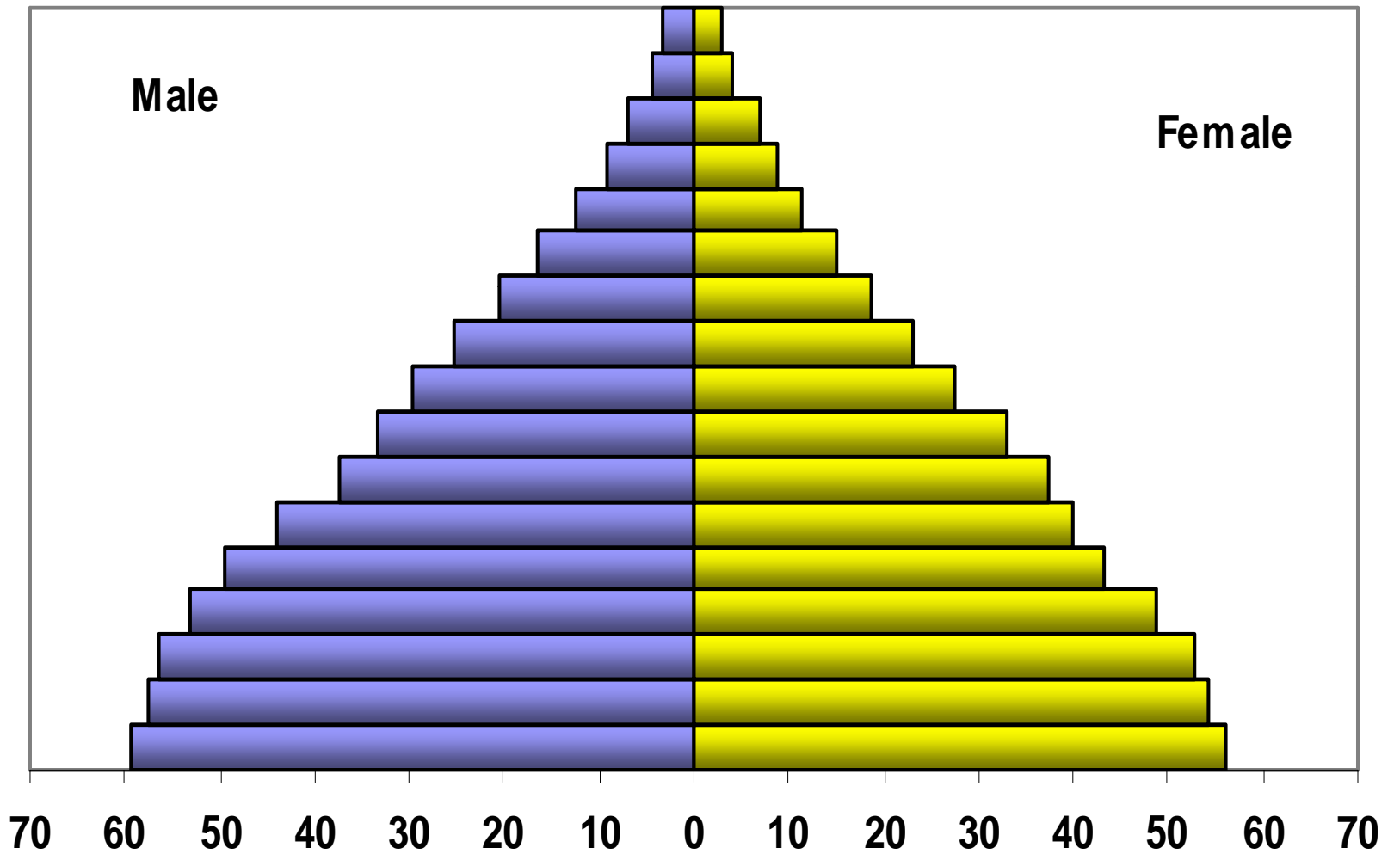
India: Number of Entry-Level Workers



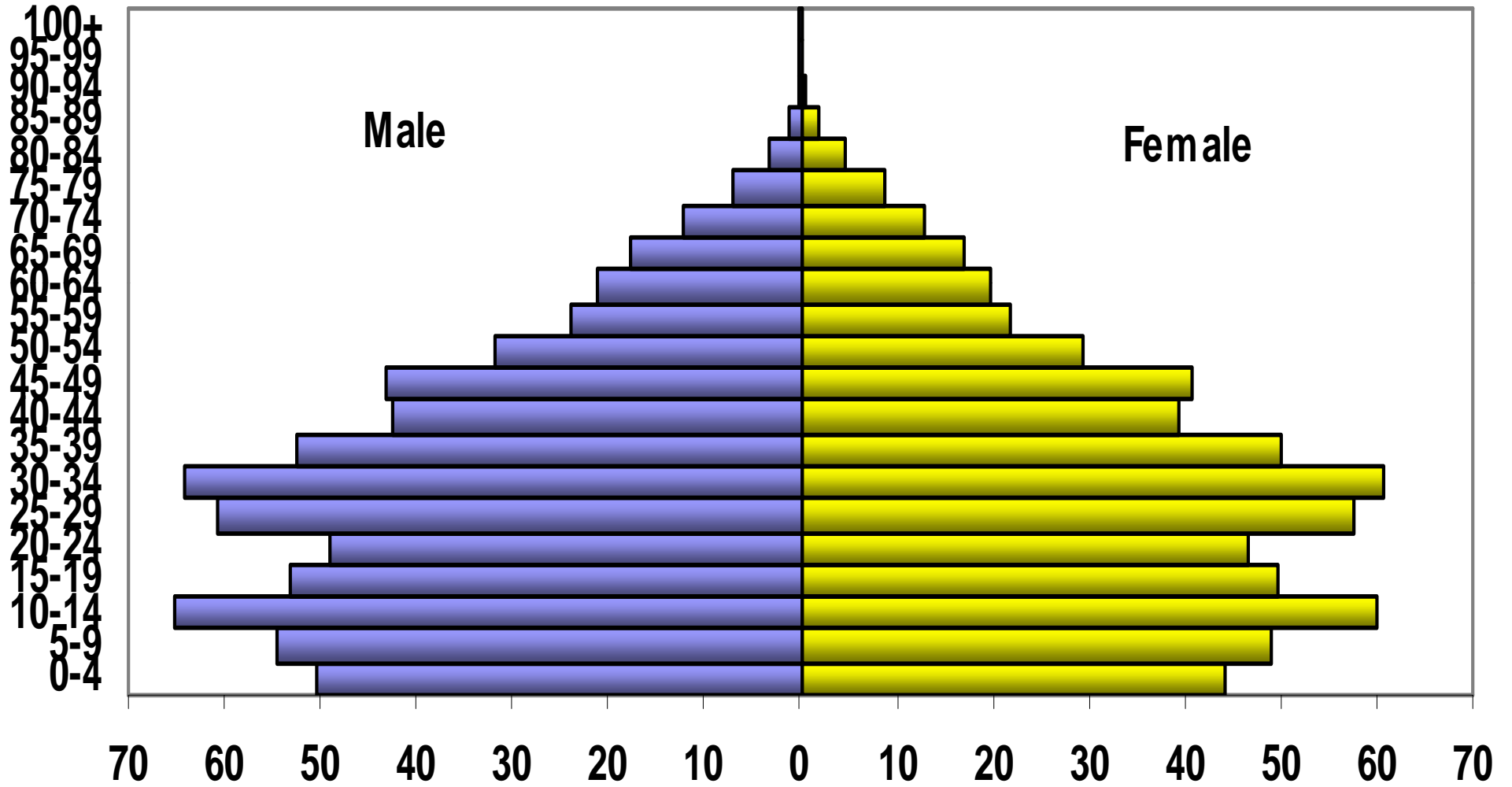
Sources: United Nations; Hokenson & Company.

India: Population in Millions (2000)

80+
75-79
70-74
65-69
60-64
55-59
50-54
45-49
40-44
35-39
30-34
25-29
20-24
15-19
10-14
5-9
0-4

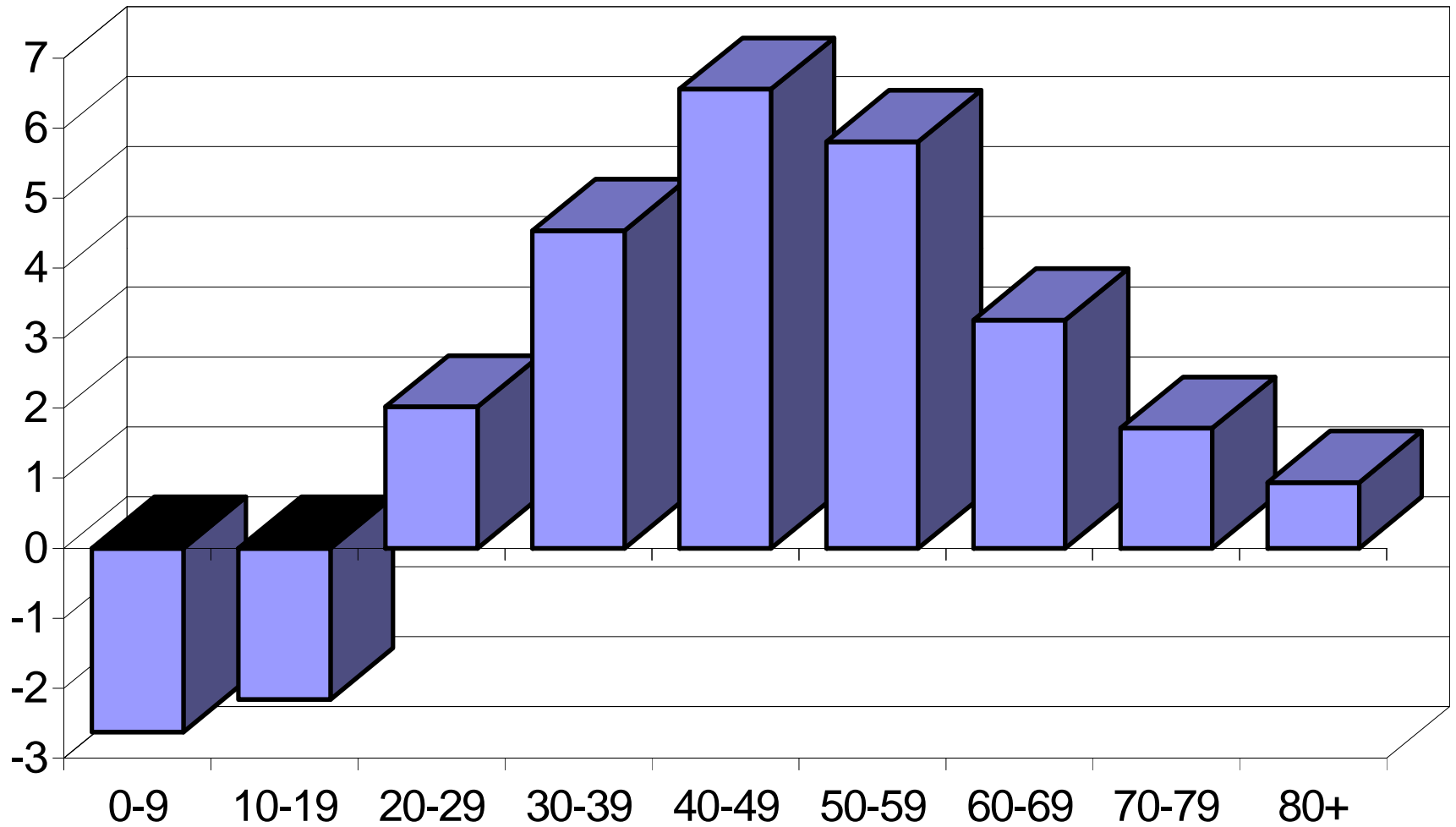


China: Population in Millions (2000)

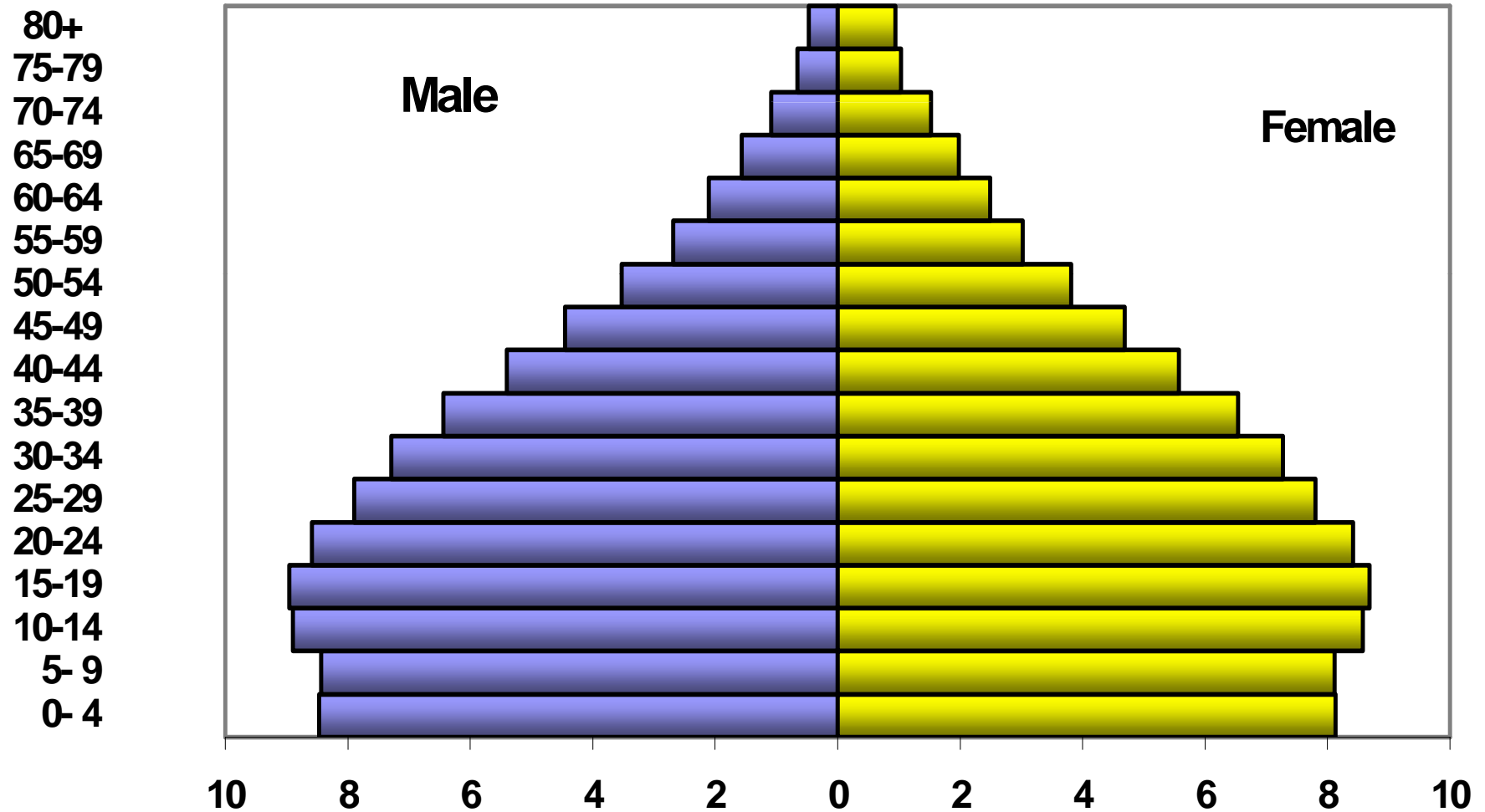


Brazil

Population Change by Age Groups in Millions: 2005-2015

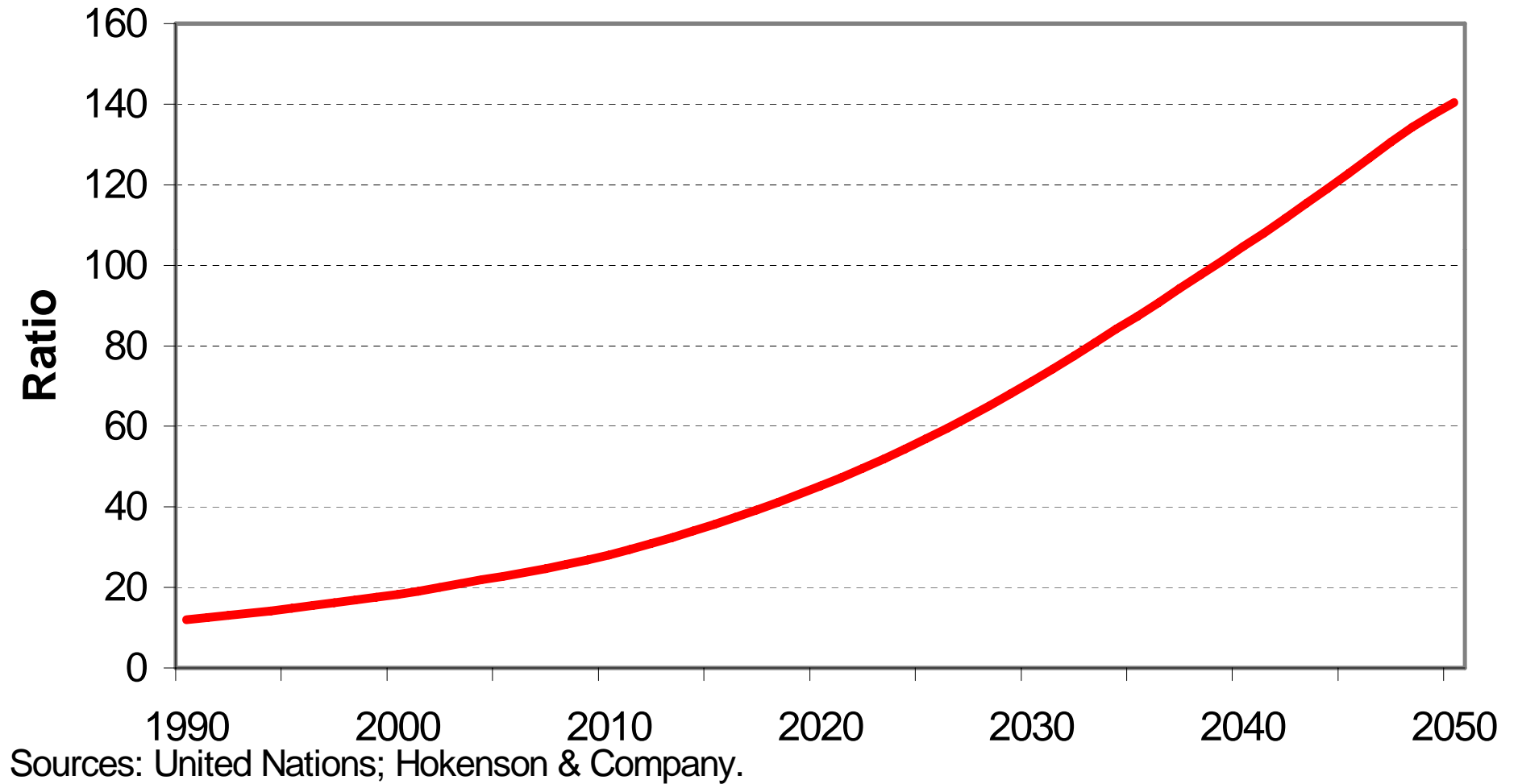


Brazil: Population in Millions (2000)

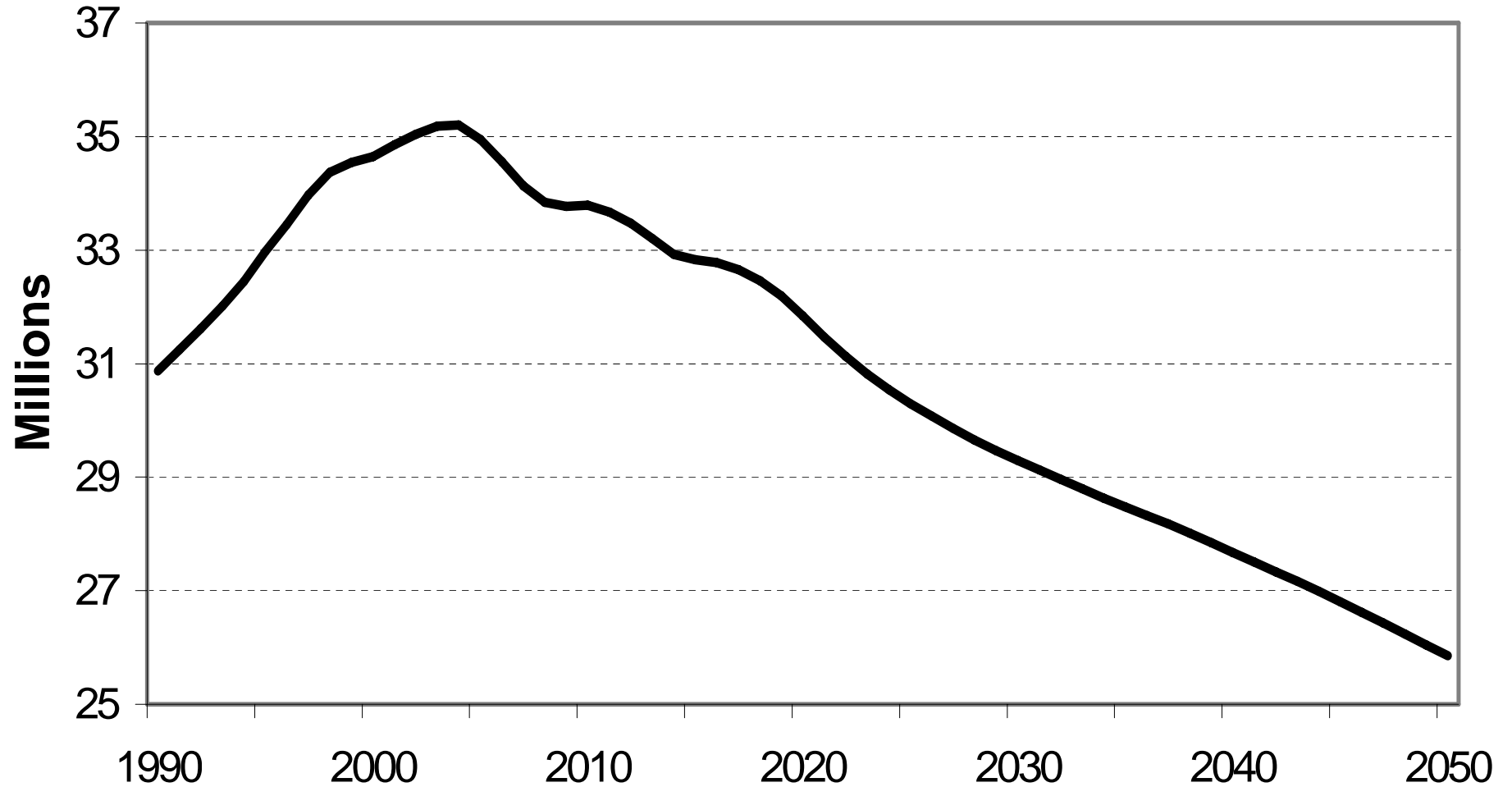


Sources: United Nations; Hokenson & Company.

Brazil - The Aging Index: 1990-2050



Brazil : Number of Entry-Level Workers

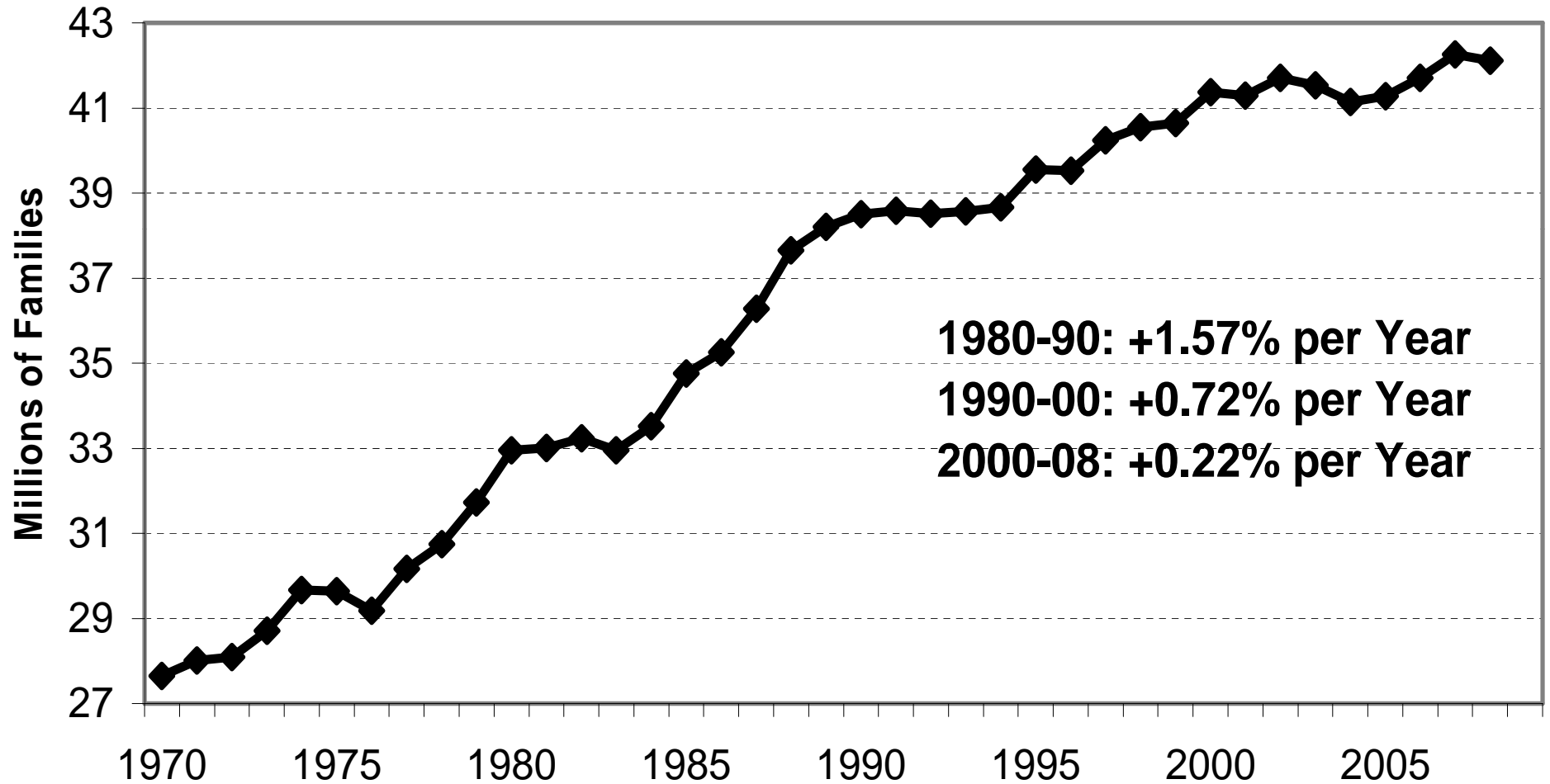


Sources: United Nations; Hokenson & Company.

Important Changes in the Financial Arrangements of Households

U.S. Households with more MONEY than TIME

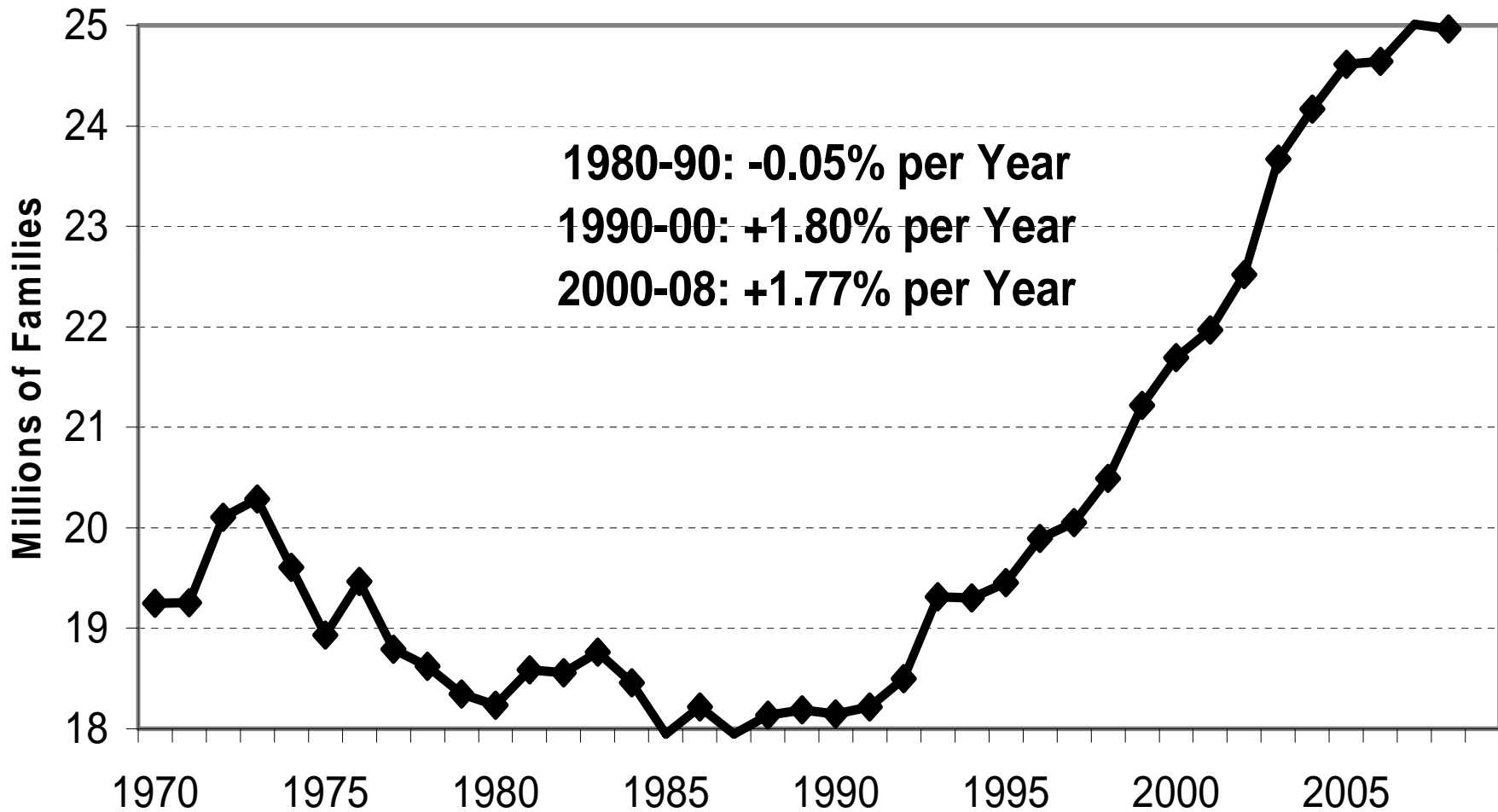
(Number of U.S. Families with Two or More Earners)



Sources: U.S. Census Bureau, Hokenson & Company.

U.S. Households with more TIME than MONEY

(Number of U.S. Families with One Earner)



Sources: U.S. Census Bureau, Hokenson & Company.

Suggested Readings and References

Birth and Fortune: The Impact of Numbers on Personal Welfare by Richard Easterlin

The Great Wave: Price Revolutions and the Rhythm of History by David Hackett Fisher

The Feminine Mystique by Betty Friedan

The Age of Discontinuity by Peter Drucker

Population and Development Review

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