TELLUSANT

Streamlining Corporate Decision Making

HARVARD CLUB
OF BOSTON

THE WORLD IS MY OYSTER

Personal Reflections from a Career in Global Business

Dr. Staffan Canback, HBS MBA83

April 15, 2025

Agenda

Introduction

Chaos | The World
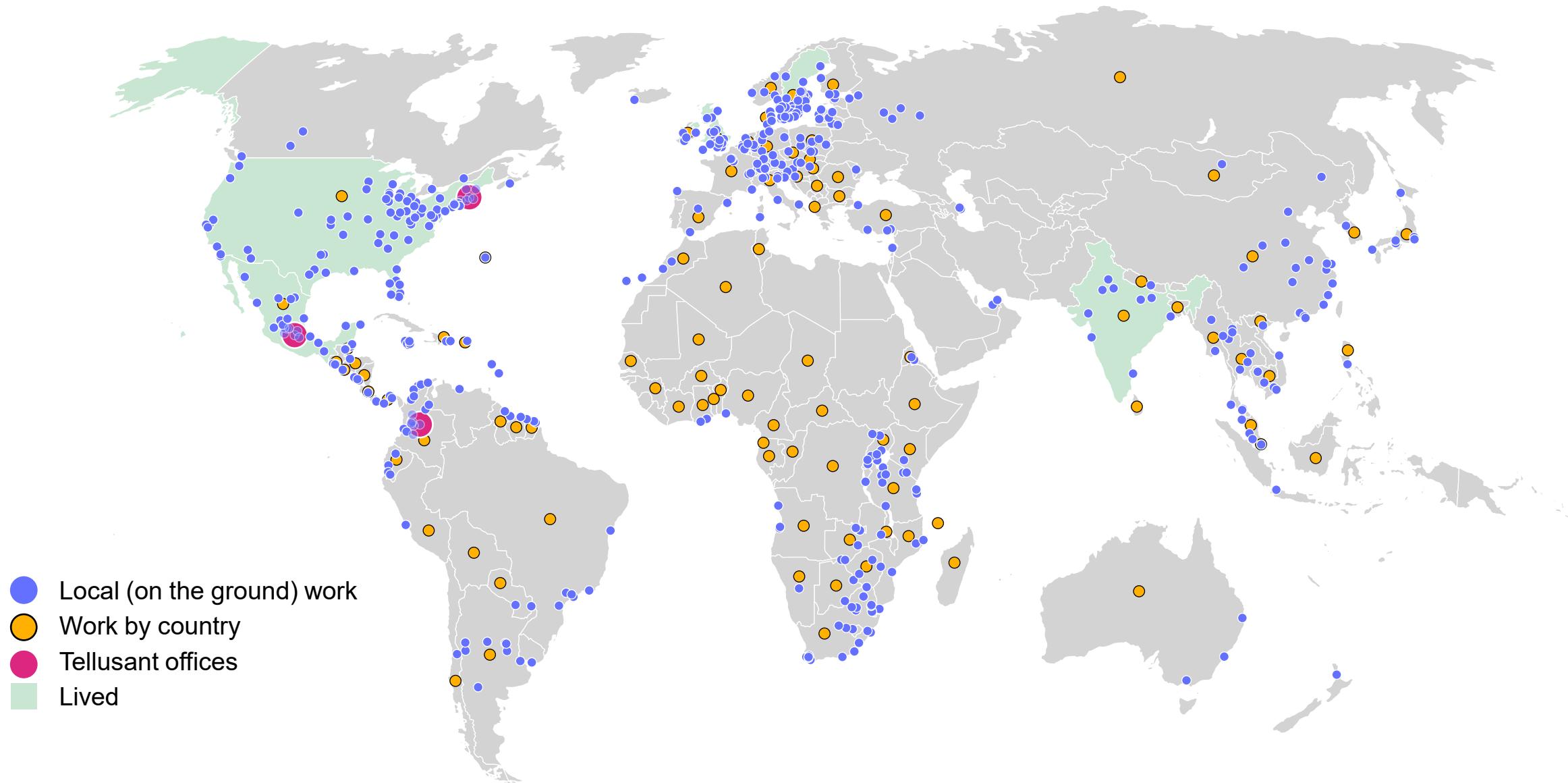
Why | The World

Where | The World

What | The World
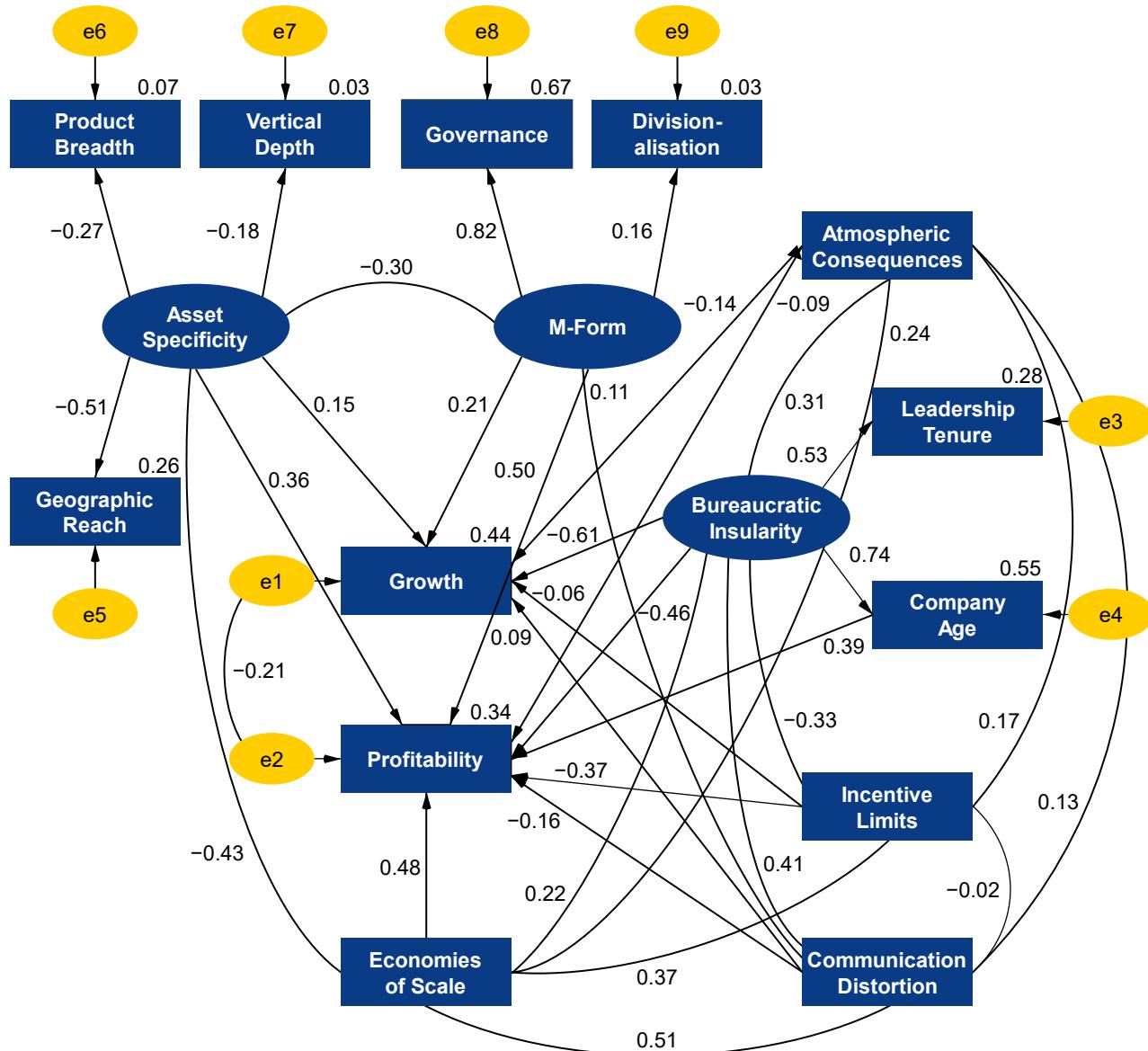
Credentials to speak: Well-travelled

Legend:
- Local (on the ground) work
- Work by country
- Tellusant offices
- Lived

Credentials to speak: Analytically astute

$$\begin{bmatrix} \eta_1 \\ \eta_2 \end{bmatrix} = \begin{bmatrix} \gamma_{11} & \gamma_{12} & \gamma_{13} & \gamma_{14} & & \gamma_{16} & \gamma_{17} \\ \gamma_{21} & \gamma_{22} & \gamma_{23} & \gamma_{24} & \gamma_{25} & \gamma_{26} & \gamma_{37} \end{bmatrix} \begin{bmatrix} \xi_1 \\ \xi_2 \\ \xi_3 \\ \xi_4 \\ \xi_5 \\ \xi_6 \\ \xi_7 \end{bmatrix} + \begin{bmatrix} \zeta_1 \\ \zeta_2 \end{bmatrix}$$
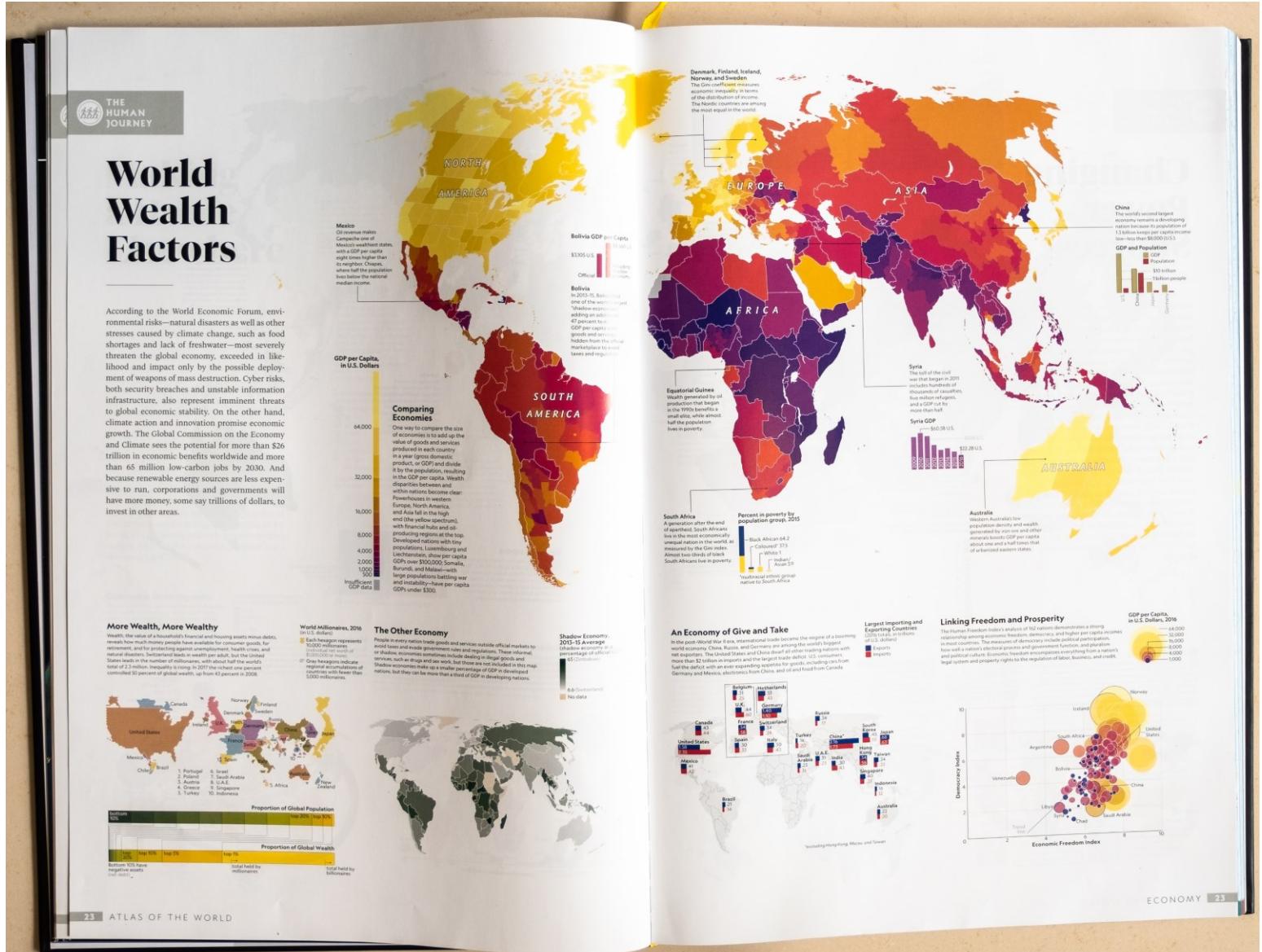
$$\begin{bmatrix} X_1 \\ X_2 \\ X_3 \\ X_4 \\ X_5 \\ X_6 \\ X_7 \\ X_8 \\ X_9 \\ X_A \\ X_B \end{bmatrix} = \begin{bmatrix} 1 & & & & & & \\ \lambda_{22}^X & & & & & & \\ \lambda_{32}^X & & & & & & \\ & 1 & & & & & \\ & & 1 & & & & \\ & & & 1 & & & \\ & & & & \lambda_{76}^X & & \\ & & & & \lambda_{86}^X & & \\ & & & & \lambda_{96}^X & \lambda_{97}^X & \\ & & & & & \lambda_{A7}^X & \\ & & & & & \lambda_{B7}^X & \end{bmatrix} \begin{bmatrix} \xi_1 \\ \xi_2 \\ \xi_3 \\ \xi_4 \\ \xi_5 \\ \xi_6 \\ \xi_7 \end{bmatrix} + \begin{bmatrix} \delta_2 \\ \delta_3 \\ \\ \\ \\ \delta_7 \\ \delta_8 \\ \delta_9 \\ \delta_A \\ \delta_B \end{bmatrix}$$

$$\begin{bmatrix} Y_1 \\ Y_2 \end{bmatrix} = \begin{bmatrix} 1 & \\ & 1 \end{bmatrix} \begin{bmatrix} \eta_1 \\ \eta_2 \end{bmatrix} + \begin{bmatrix} \varepsilon_1 \\ \varepsilon_2 \end{bmatrix}$$

Credentials to speak: Somewhat respected

400 academic, news media, and business citations to my name

National Geographic
Atlas of the World
Plate 23

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Why | The World
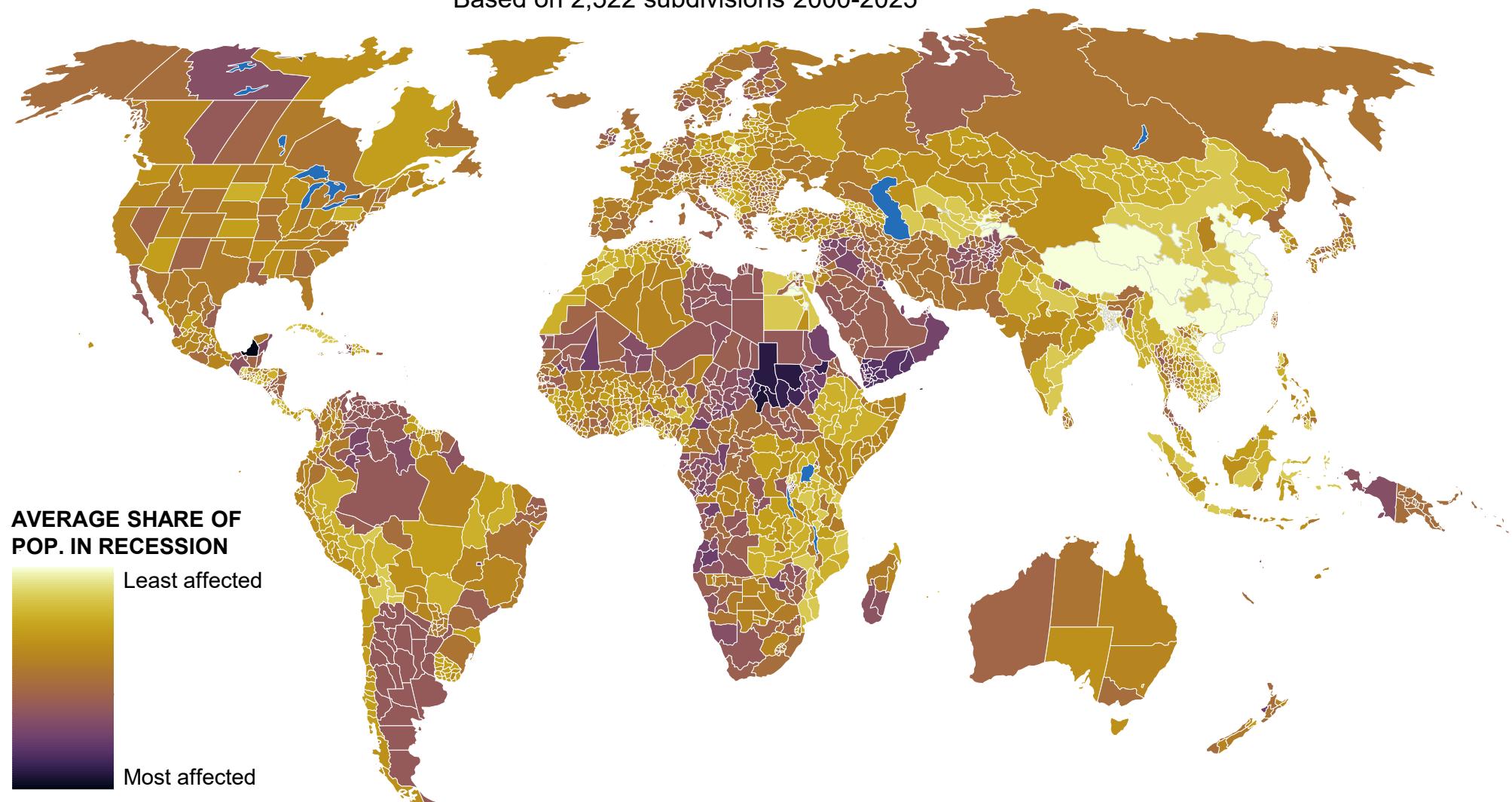
Where | The World
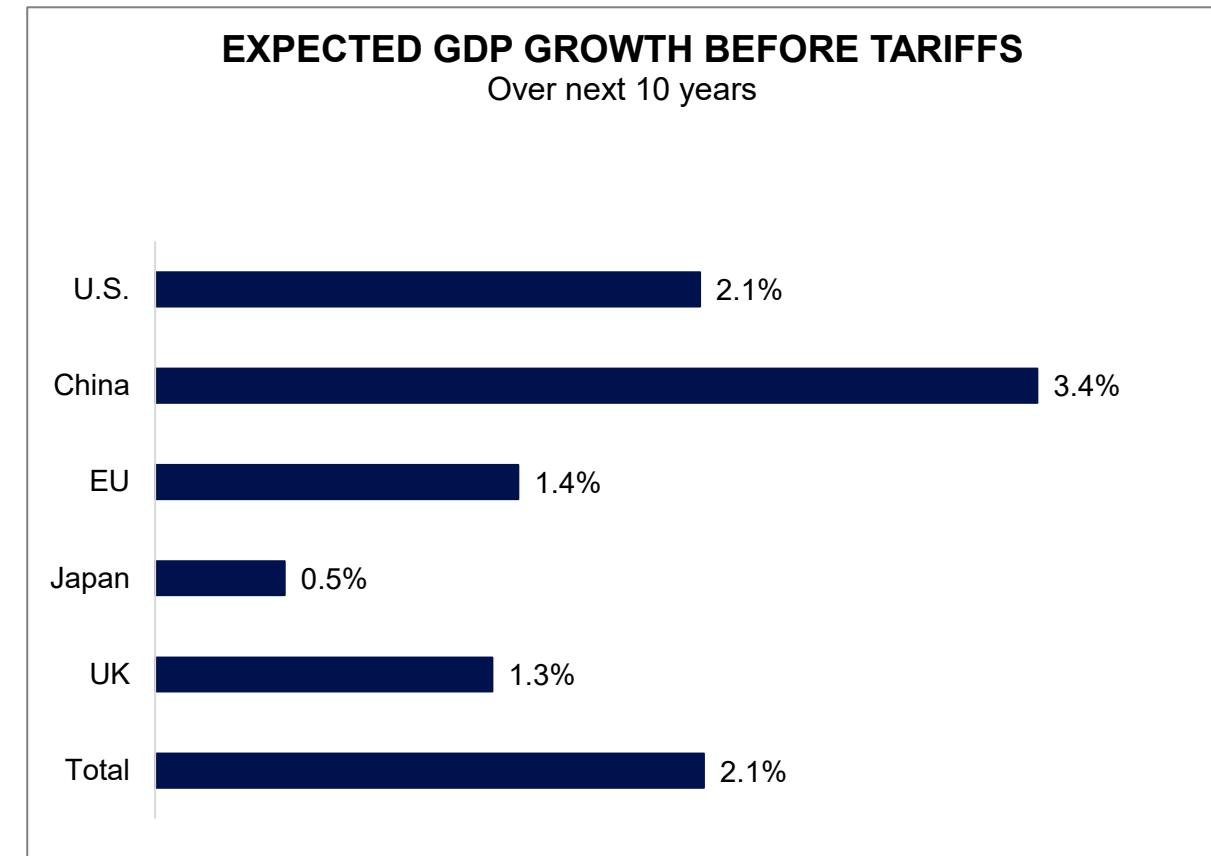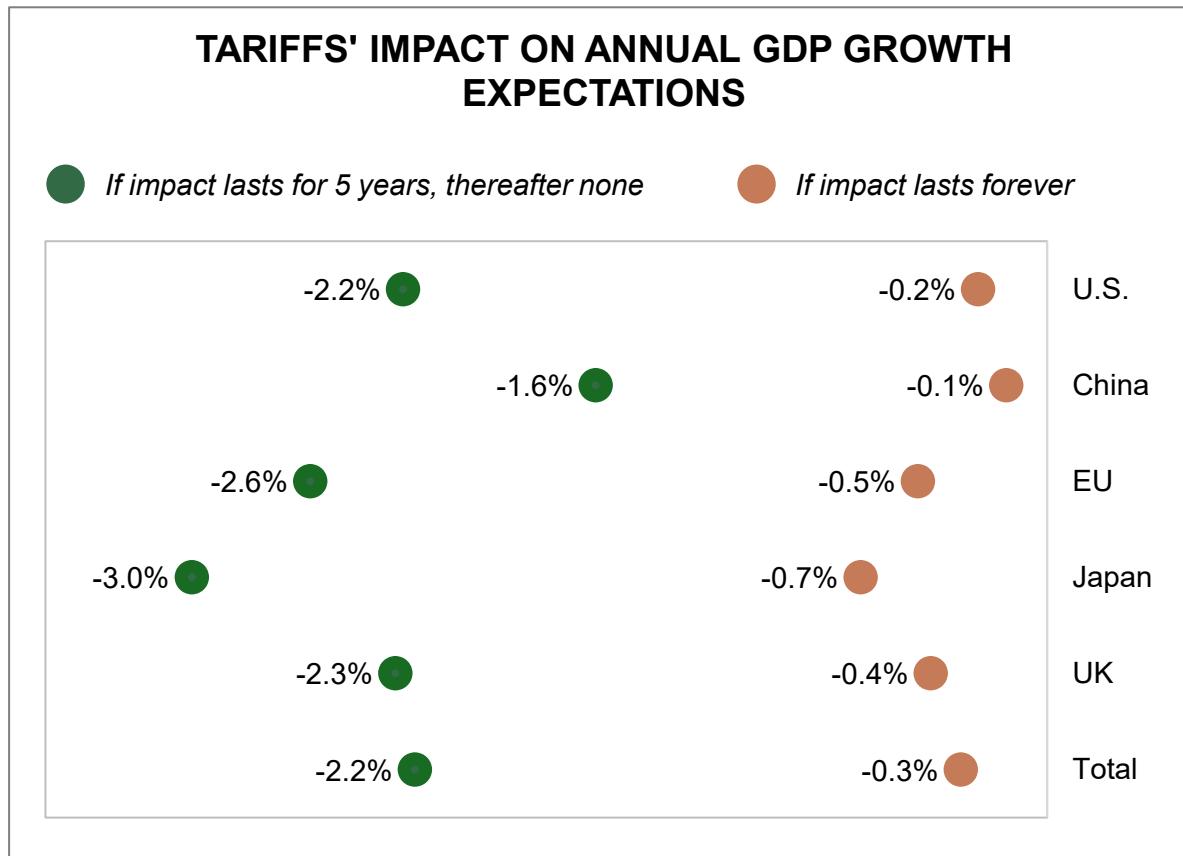
What | The World

RECESSION PRESSURE AROUND THE WORLD
Based on 2,522 subdivisions 2000-2025
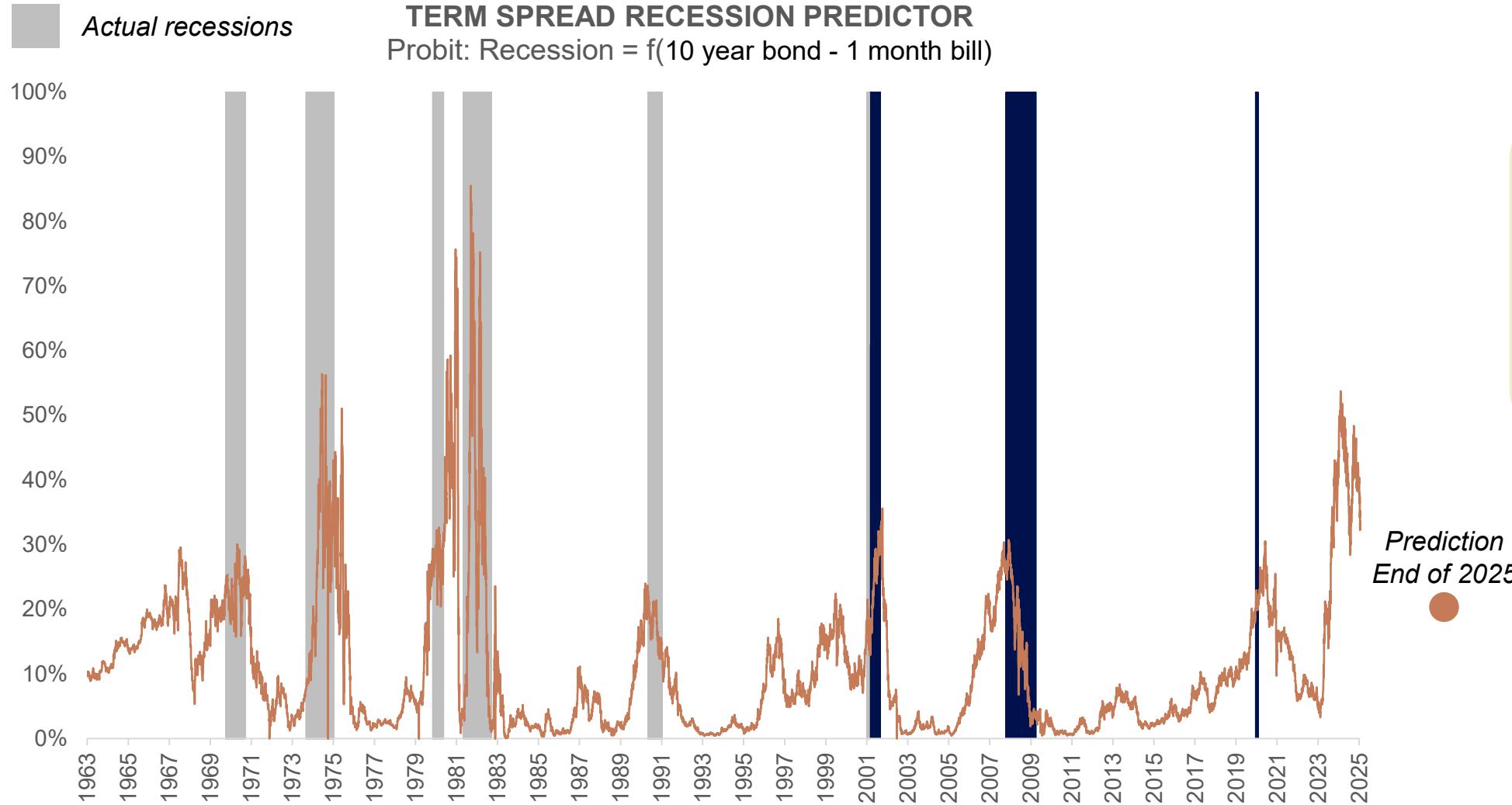
AVERAGE SHARE OF POP. IN RECESSION

Least affected

Most affected

How did the tariff announcements the world? In line with the law of comparative advantage (Ricardo)

TARIFFS' IMPACT ON ANNUAL GDP GROWTH EXPECTATIONS

● *If impact lasts for 5 years, thereafter none*   ● *If impact lasts forever*

	5 years	*Forever*
U.S.	-2.2%	-0.2%
China	-1.6%	-0.1%
EU	-2.6%	-0.5%
Japan	-3.0%	-0.7%
UK	-2.3%	-0.4%
Total	-2.2%	-0.3%

EXPECTED GDP GROWTH BEFORE TARIFFS
Over next 10 years

U.S.	2.1%
China	3.4%
EU	1.4%
Japan	0.5%
UK	1.3%
Total	2.1%

What is the recession probability for the United States as of today (4/15/2025)?

Actual recessions

TERM SPREAD RECESSION PREDICTOR
Probit: Recession = f(10 year bond - 1 month bill)

The **GDPNow** model by Atlanta Fed says we are <u>deeply</u> in recession in 1Q25.

However, the model appears to be distorted by excess imports before the tariffs hit.

Prediction End of 2025

Yemenia

اليمنية

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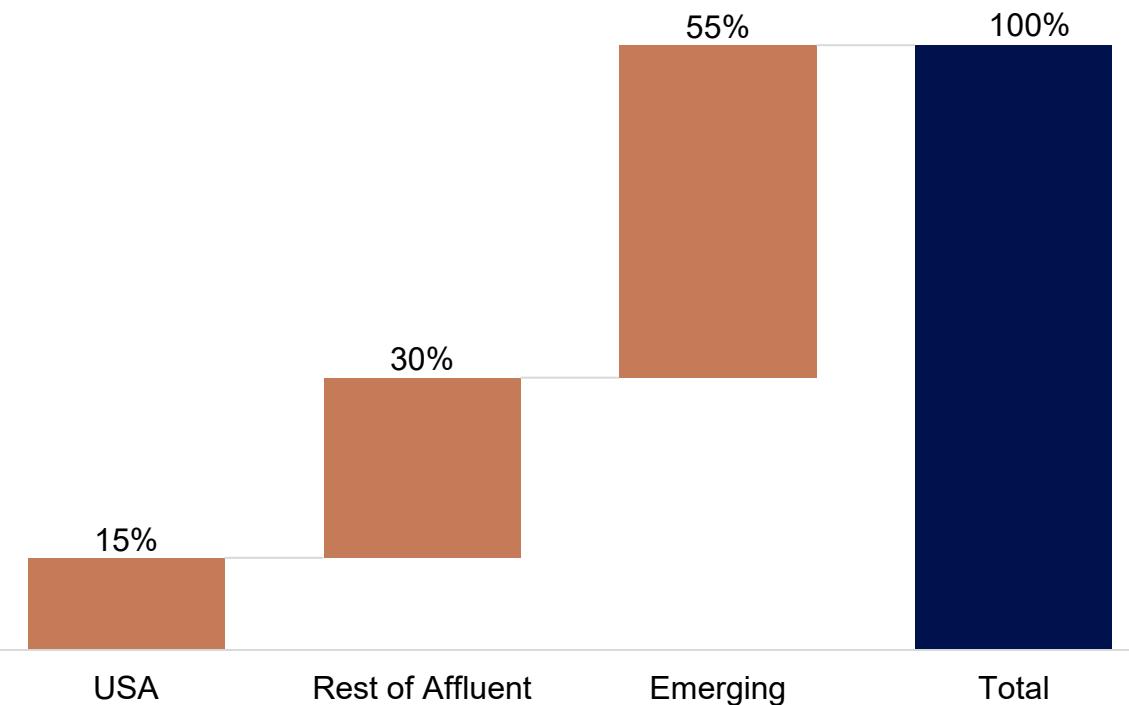
# Why? The U.S. is an important, yet small, part of the world economy
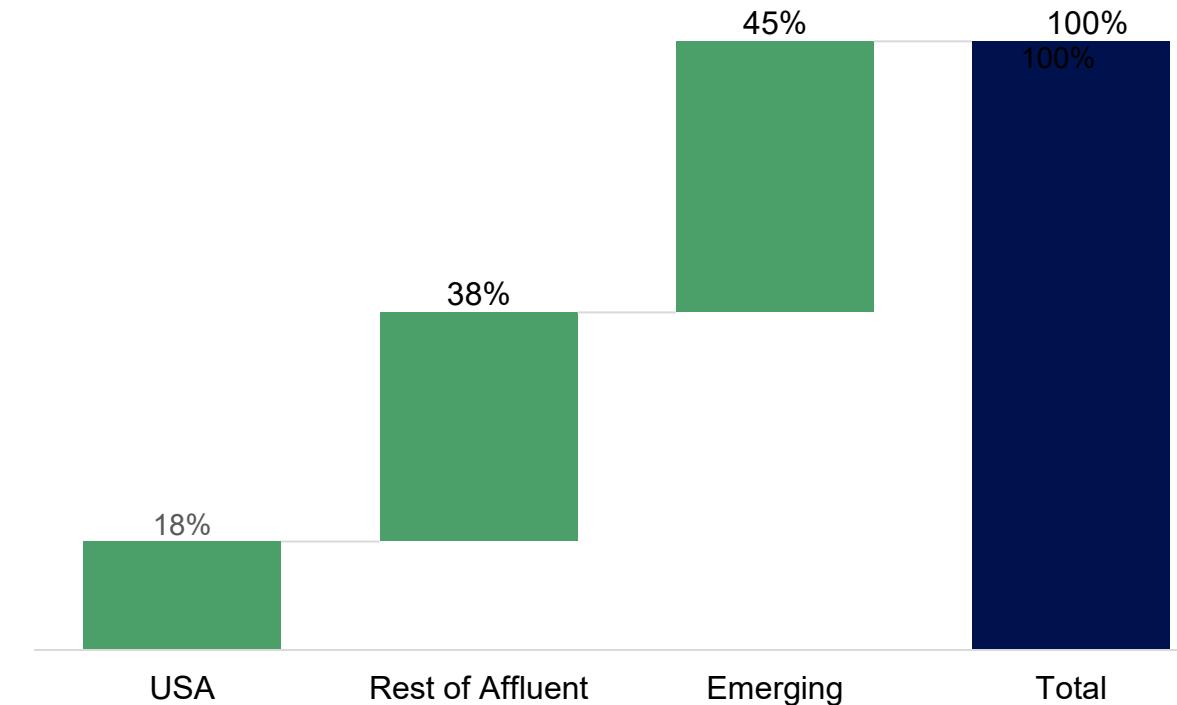
U.S. SHARE OF GLOBAL GDP
PPP$, constant 2015 values
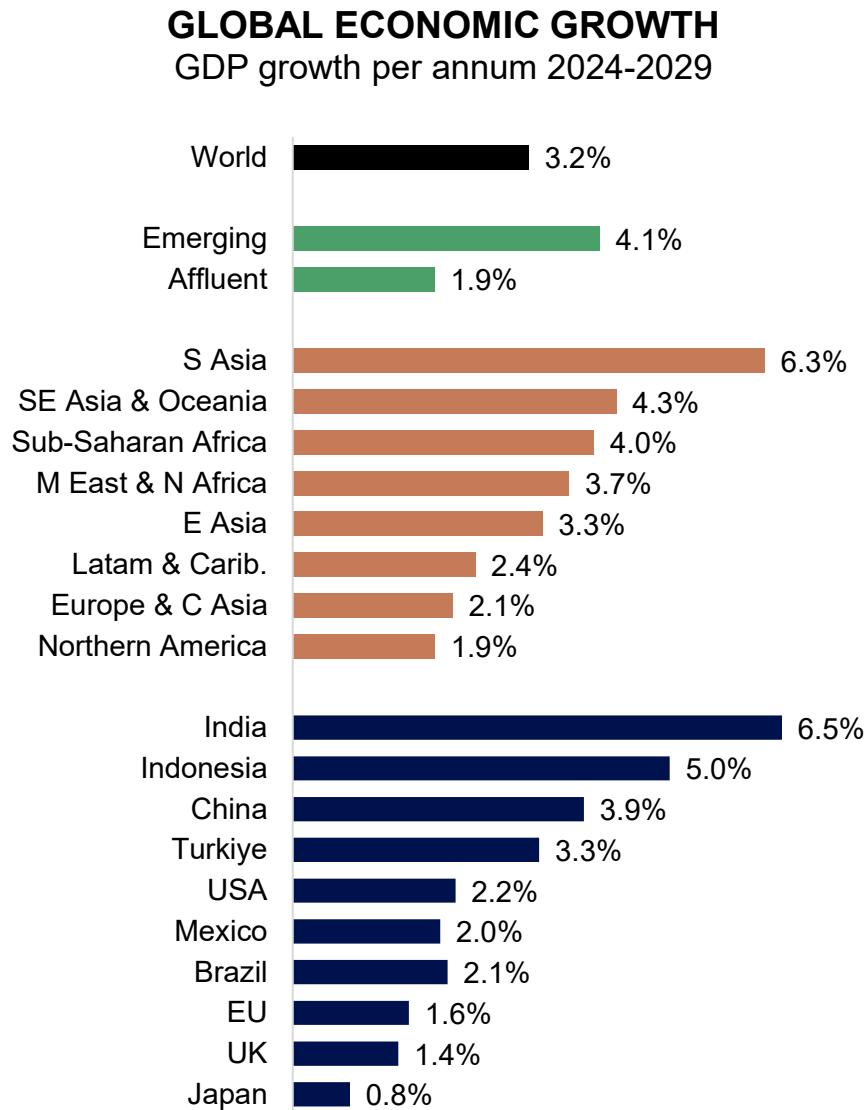
USA	Rest of Affluent	Emerging	Total
15%	30%	55%	100%

U.S. SHARE OF GLOBAL MIDDLE CLASS AND ABOVE

USA	Rest of Affluent	Emerging	Total
18%	38%	45%	100%

Why? Growth is high in most parts of the world

GLOBAL ECONOMIC GROWTH
GDP growth per annum 2024-2029

| Region	Growth
World	3.2%
Emerging	4.1%
Affluent	1.9%
S Asia	6.3%
SE Asia & Oceania	4.3%
Sub-Saharan Africa	4.0%
M East & N Africa	3.7%
E Asia	3.3%
Latam & Carib.	2.4%
Europe & C Asia	2.1%
Northern America	1.9%
India	6.5%
Indonesia	5.0%
China	3.9%
Turkiye	3.3%
USA	2.2%
Mexico	2.0%
Brazil	2.1%
EU	1.6%
UK	1.4%
Japan	0.8%

The major headwind in affluent countries is demographic: Declining and aging populations
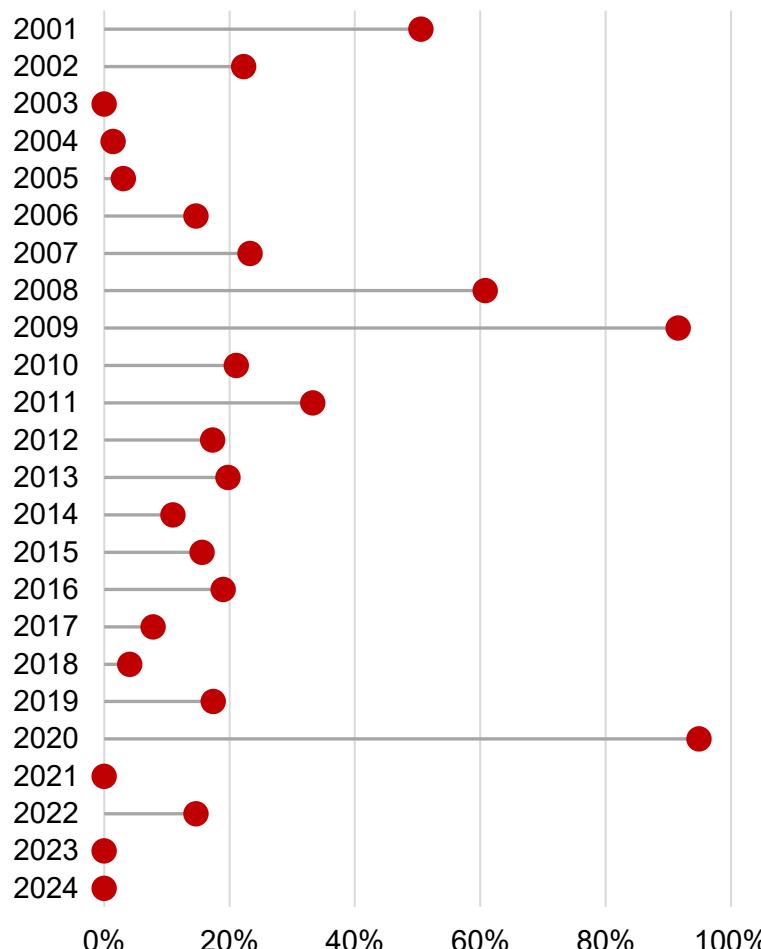
It is largely not an economic issue

Why? Working outside the U.S. in emerging countries also reduces risk

SHARE OF POPULATION IN RECESSION
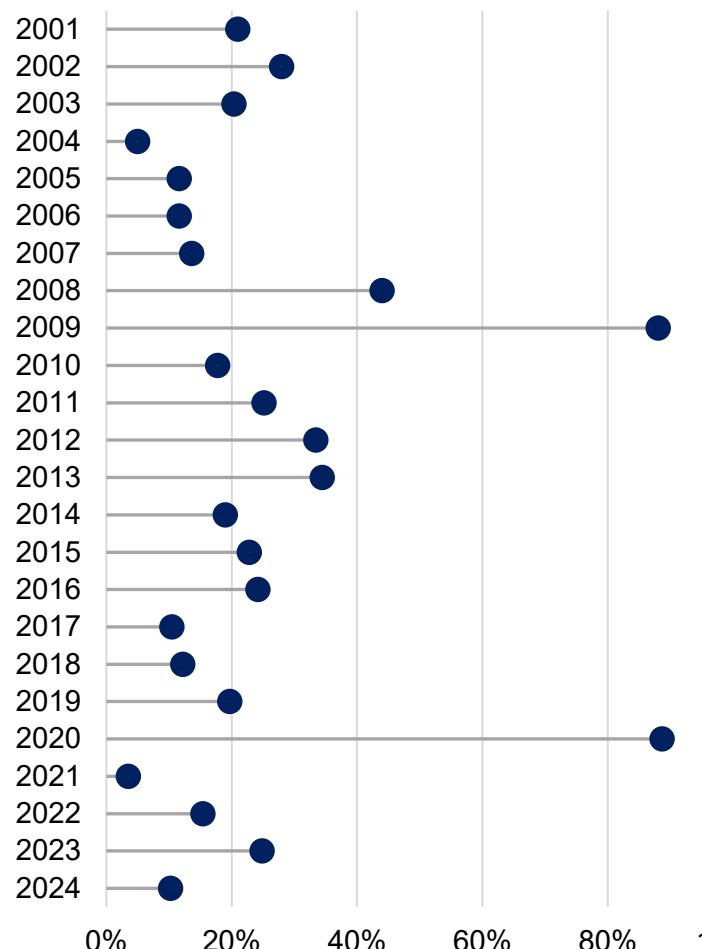
United States
Average = 22%
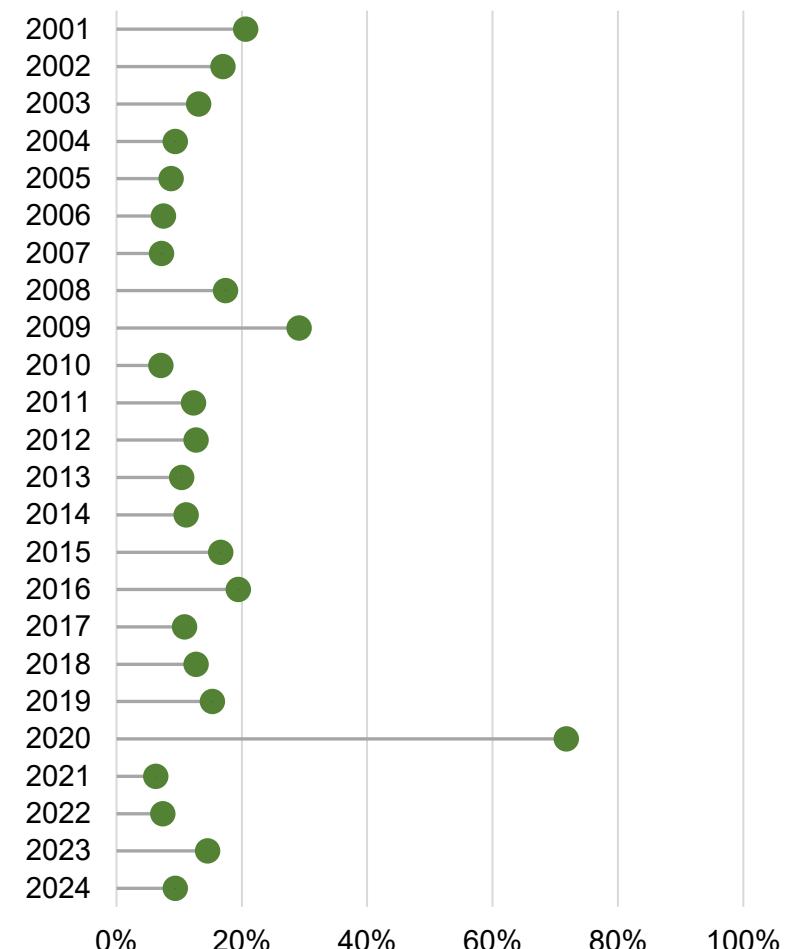
Other Affluent Countries
Average = 25%

Emerging Countries
Average = 15%

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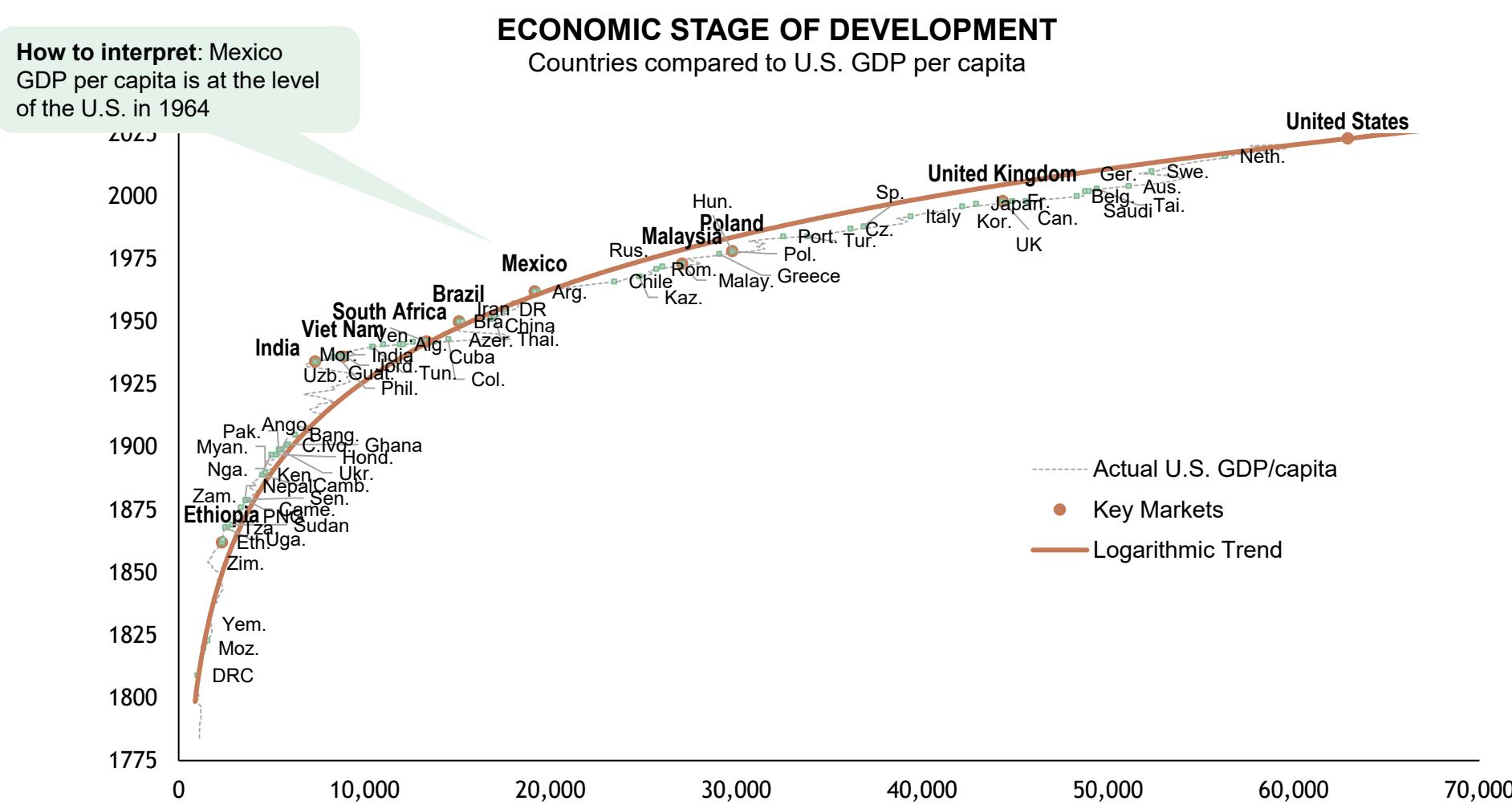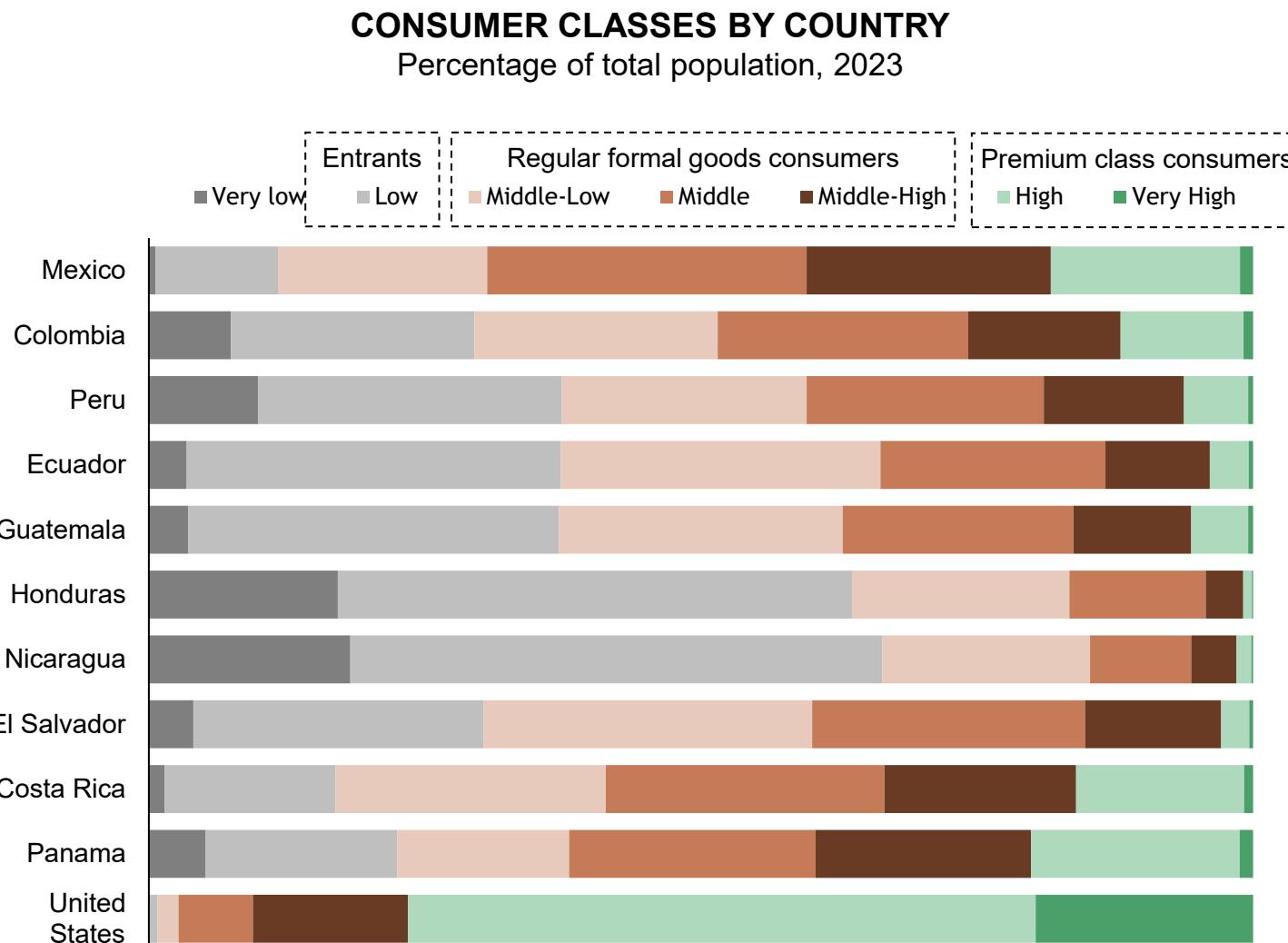
Chaos | The World

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ECONOMIC STAGE OF DEVELOPMENT
Countries compared to U.S. GDP per capita

How to interpret: Mexico GDP per capita is at the level of the U.S. in 1964

Source: WHO; TelluBase; Tellusant analysis
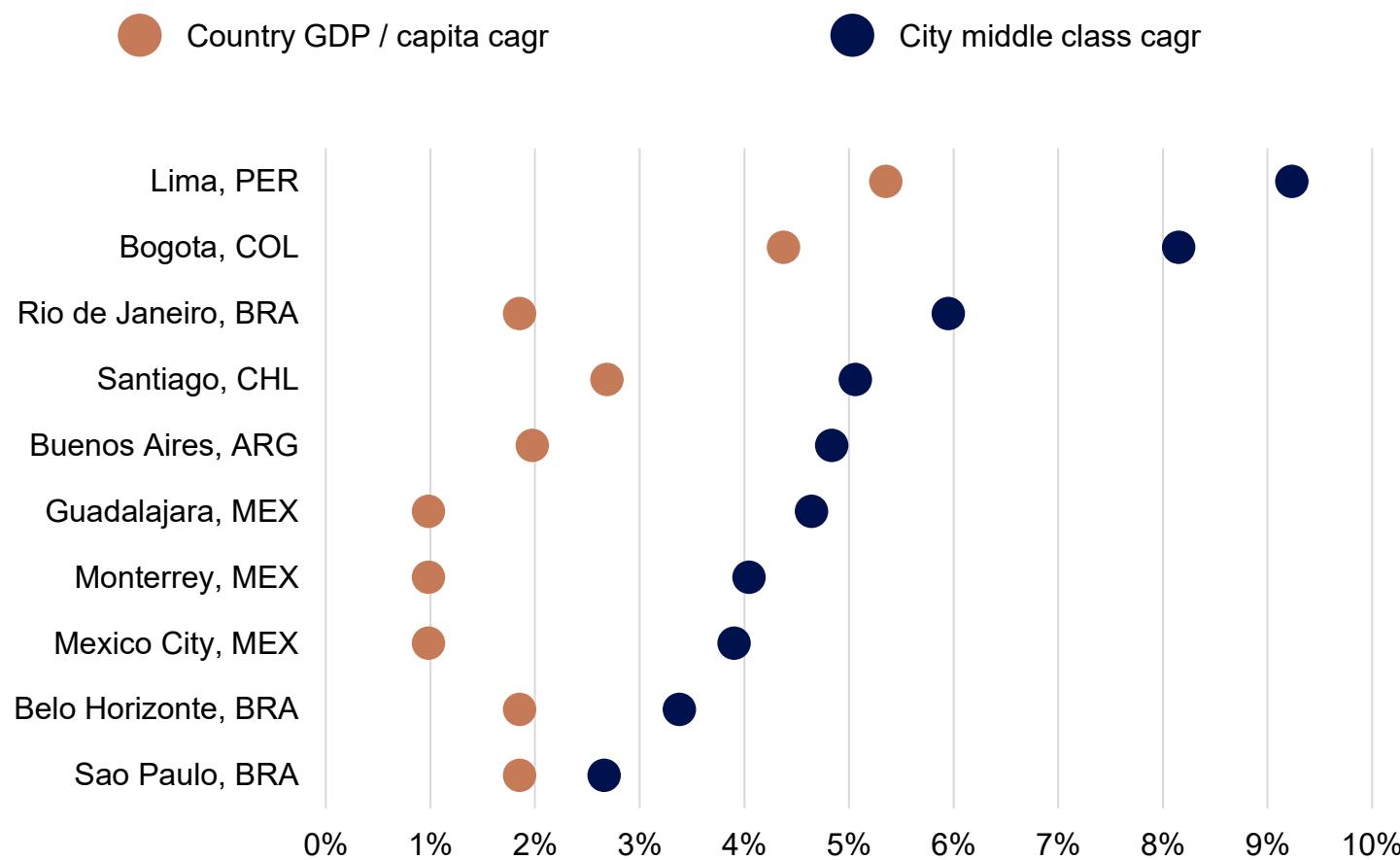
Where? The size of consumer classes is the right metric to understand opportunity

CONSUMER CLASSES BY COUNTRY
Percentage of total population, 2023

Legend:
- **Entrants**: Very low, Low
- **Regular formal goods consumers**: Middle-Low, Middle, Middle-High
- **Premium class consumers**: High, Very High

Countries (top to bottom): Mexico, Colombia, Peru, Ecuador, Guatemala, Honduras, Nicaragua, El Salvador, Costa Rica, Panama, United States

Where? Keep in mind that cities always outperform the country

MIDDLE CLASS ANNUAL GROWTH RATE 2003-2023
10 largest Latin American cities

Country GDP / capita cagr • City middle class cagr

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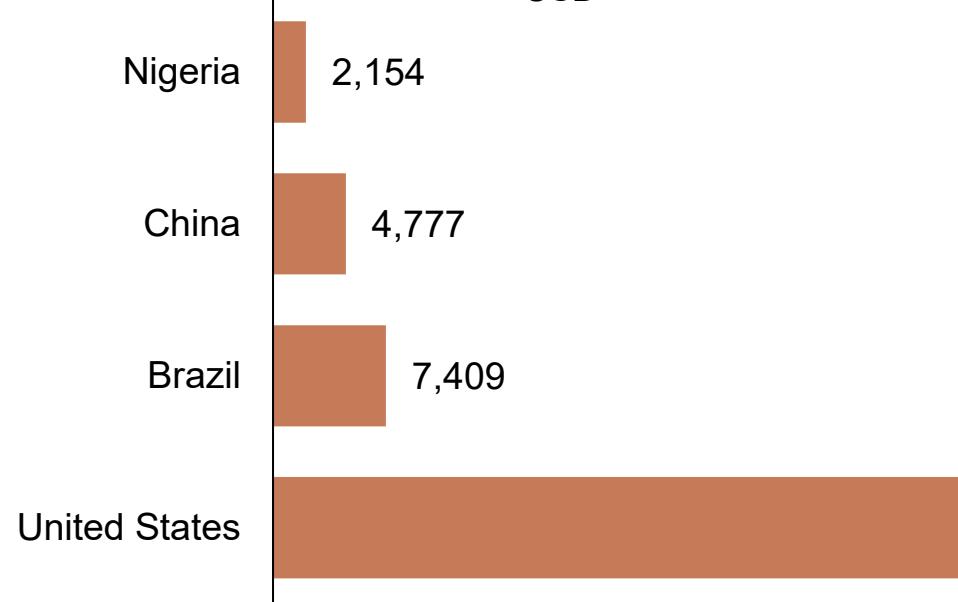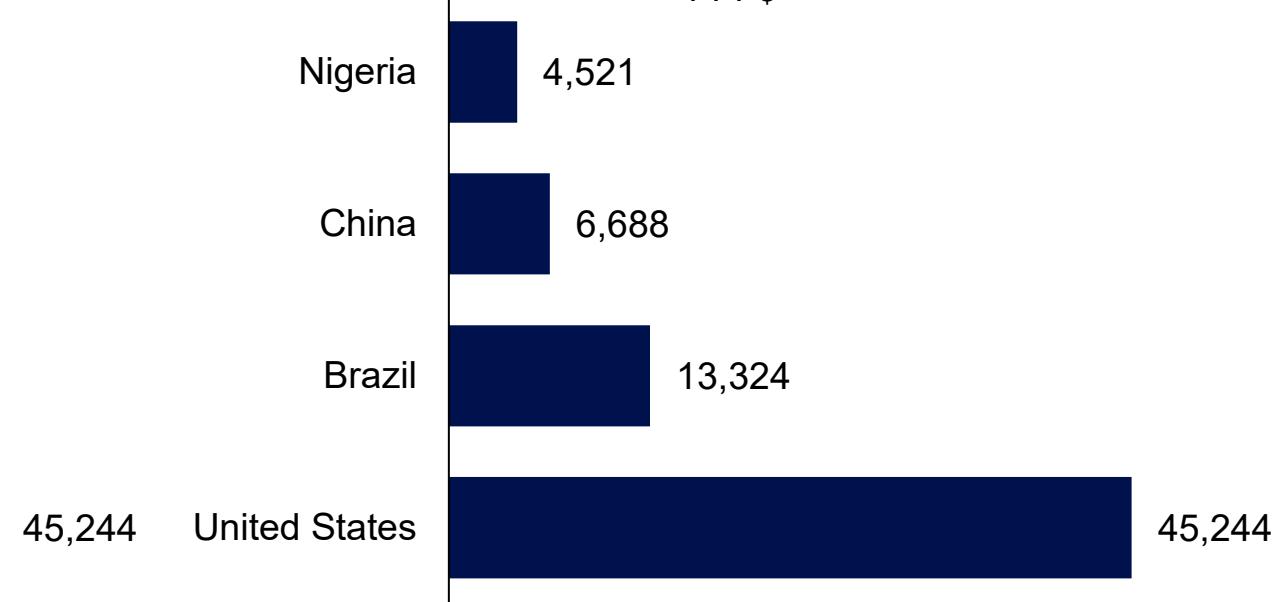
How: Work with purchasing power parity values or you will underestimate opportunity and be late

HOUSEHOLD DISP. INCOME PER CAPITA
USD

Country	Value
Nigeria	2,154
China	4,777
Brazil	7,409
United States	45,244

HOUSEHOLD DISP. INCOME PER CAPITA
PPP$

| Country	Value
Nigeria	4,521
China	6,688
Brazil	13,324
United States	45,244
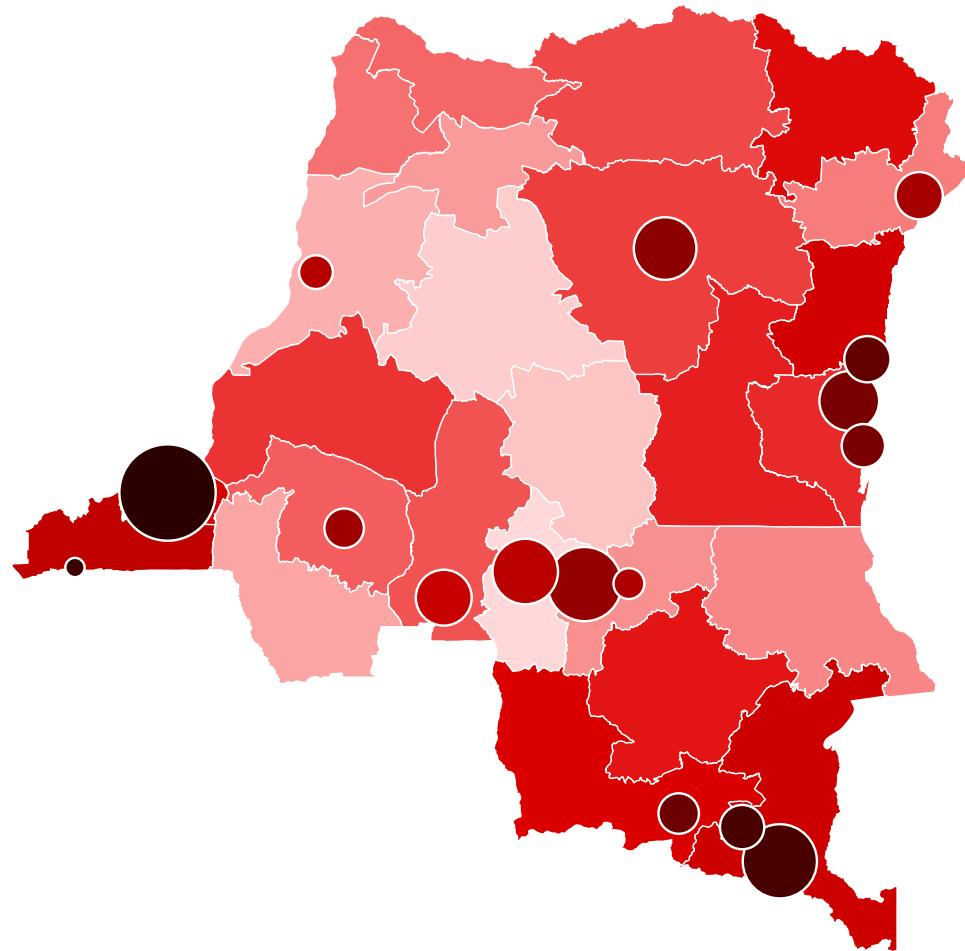
How? Have a detailed subnational understanding. The DRC is an opportunity despite war in the east
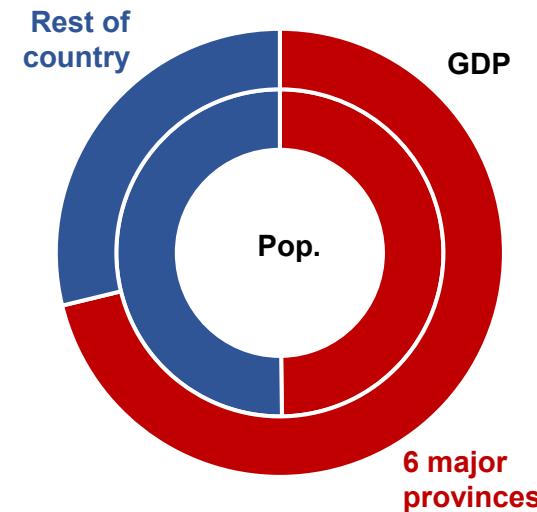
DEMOCRATIC REPUBLIC OF THE CONGO INCOME LEVELS
Cities and rural part of provinces colored by income/capita
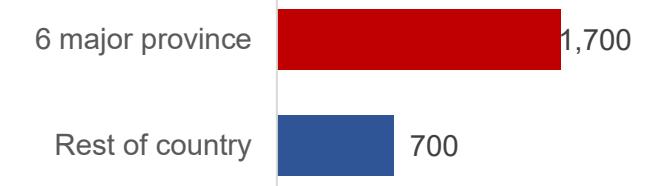
SHARE OF CONGOLESE ECONOMY

Rest of country

GDP

Pop.

6 major provinces
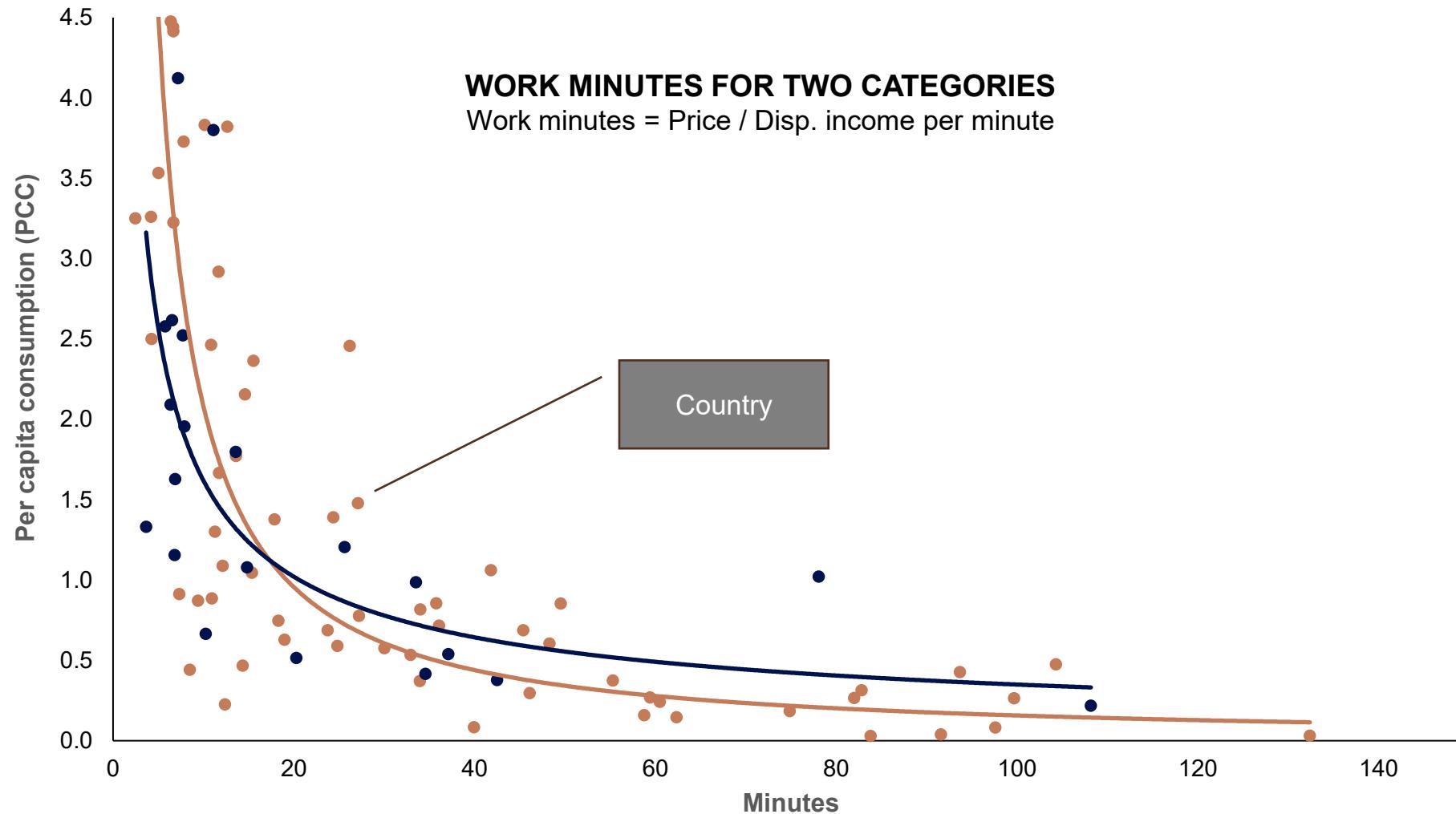
DRC ANNUAL GDP GROWTH '10-'22

6 major province	6.2%
Rest of country	4.7%

DRC GDP PER CAPITA

6 major province	1,700
Rest of country	700

How? Track affordability by measuring the <u>effort required</u> to buy a product

WORK MINUTES FOR TWO CATEGORIES
Work minutes = Price / Disp. income per minute

Country

Thank you for your attention! And a hello from our team!

Office building on Reforma

Team meeting in Mexico City office for Mexican and U.S. staff

Appendix: Sources

Slide	Sources
1	Creator: Rose Lincoln | Credit: Harvard University © 2021 The President and Fellows of Harvard College
4	S.Canback: *Bureaucratic Limits of Firm Size*
5	National Geographic: *Atlas of the World, 11th Edition*
7	© S.Canback: Shanghai, China
8	TelluBase; S.Canback (Tellusant) analysis
9	S&P500, CSI 300, Euro STOXX, Nordic STOXX, Topix, FTSE All-Share Index providers; IMF; TelluBase; S.Canback (Tellusant) analysis
10	FRED series DTB3, DGS10, USRECD; Bernanke, B. (1990): *Predictive powers of interest rates*; S.Canback (Tellusant) analysis
11	© S.Canback: Mukalla, Yemen
13	© S.Canback: Ulaanbaatar, Mongolia (drinking fermented horse milk, *airag)*
14	TelluBase; S.Canback analysis
15	IMF; USDA ERS; TelluBase; S.Canback (Tellusant) analysis
16	TelluBase; S.Canback (Tellusant) analysis

Slide	Sources
17	© S.Canback: Harare, Zimbabwe (shopping center in suburbs)
19	© S.Canback: Mexico City, Mexico (Museo Soumaya)
20	Maddison Historical Statistics; Billennium database (Tellusant); TelluBase; S.Canback (Tellusant) analysis
21	TelluBase; Tellusant analysis
22	TelluBase; S.Canback (Tellusant) analysis
23	© S.Canback: Asmara, Eritrea (Fiat Tagliero petrol station)
25	© S.Canback: Ha Noi, Viet Nam
26	TelluBase; Tellusant analysis
27	TelluBase; UNHDR, MICS and MPI reports; S. Canback (Tellusant) analysis
28	TelluBase; Tellusant analysis
29	© S.Canback: Medellin, Colombia (wholesale market, *Central Mayorista*)
30	© Tellusant: Mexico City office

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