

NATIONAL ASSOCIATION FOR BUSINESS ECONOMICS
Silicon Valley Roundtable—April 2008 Meeting

*******Tuesday, April 8, Noon, Menlo Park Library*******

Topic: **Bringing Economic Geography into Demand Forecast**

Speaker: **Paul Thomas**
Chief Economist, Intel Corporation and Board Member of NABE

Conventional forecasting of PC demand usually involves regressing volume on price and income and on some estimate of the installed base of PCs from previous sales minus retirements. This works fairly well within homogeneous areas, such as the US, Western Europe, and Japan. It can miss some of the most dynamic elements of emerging markets in China, India, Southeast Asia, Eastern Europe, and the Middle East and Africa. The best way that we've found to understand the demand drivers in these markets is to dive into developmental economics, demography, geography, sociology, and political science considerations that are subsumed under the title, Economic Geography, and to engage in cross-country and even within-country comparisons.

For instance, India's population is almost as large as China's and will eventually surpass it. India's per capita income is considerably lower than China's but Purchasing Power Parity adjustments bring the two countries closer. PC prices in China are lower than those in India but the gap is shrinking. These are all good reasons for the PC sales in India to be lower than those in China, but do they account for the 5 to 1 advantage of sales in China over India? Are there other factors that we need to consider that make India so different from China? In this presentation, I'll attempt to describe the elements of Economic Geography that we've found most useful for understanding the India vs. China question as well as other issues involving emerging markets. I'll describe the challenges in doing this work and the promise that it might hold for economic models of demand that explain cross-country differences as well as changes over time. I'll start with an economic geography quiz to illustrate the kinds of variables we think are useful and just for fun. By the time we're done, I hope that the SVRT participants will share some of our excitement about Economic Geography and will be able to suggest ways to use this approach in marketing and investment analysis as well as demand forecasting.

When: **Tuesday, April 8, Noon to 2 PM**

Where: **Menlo Park Library**

Directions: El Camino Real north or south to Menlo Park. East on Ravenswood Avenue (towards Highway 101). Right onto Alma Street (first right after crossing the railroad tracks). The library is the first building on the left and is part of the Menlo Park Civic Center complex.

Fees: **\$20 members, \$25 non-members** for lunch and meeting, pay at the door. Free parking. ***(please note new meeting dues to cover increased costs)***

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