

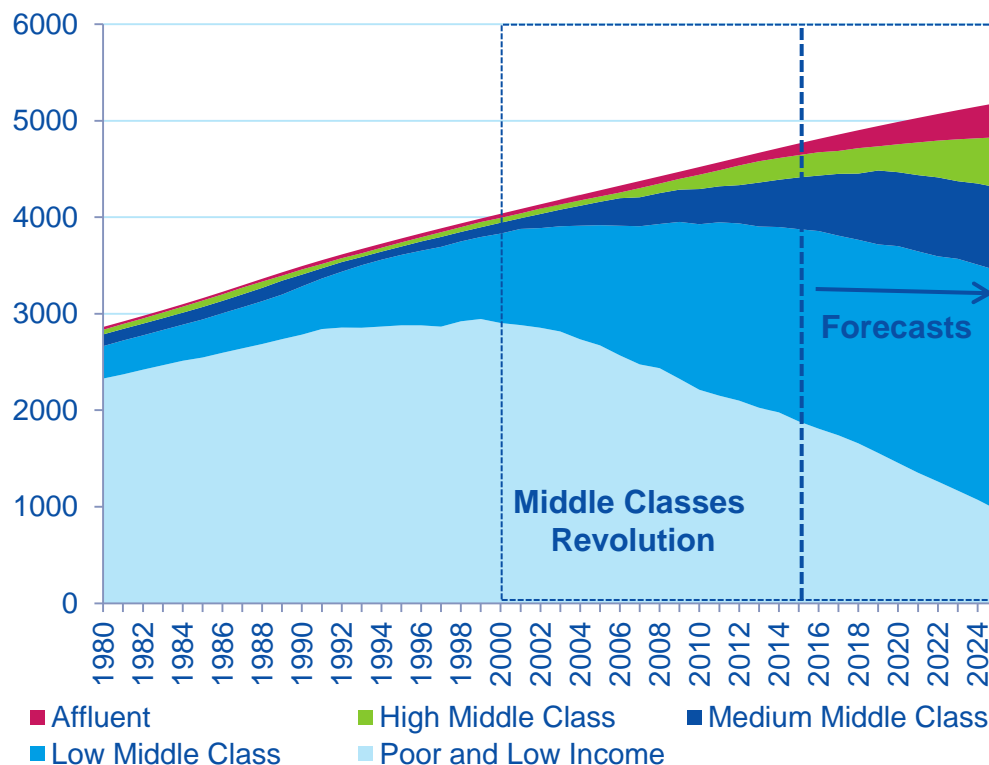
2016

Update of
Middle Classes
projections



The Middle Classes Revolution in the emerging world will continue...

Emerging countries' middle classes (1980-2025)
(millions)



The reshaping of global income distribution started in 2000 in the emerging world and will continue in the coming years

The share of the wealthier segments is on the rise in Africa, Latin America and Emerging Europe

We expect emerging countries to increase their share of the global middle classes from 58% in 2015 to 75% by 2025

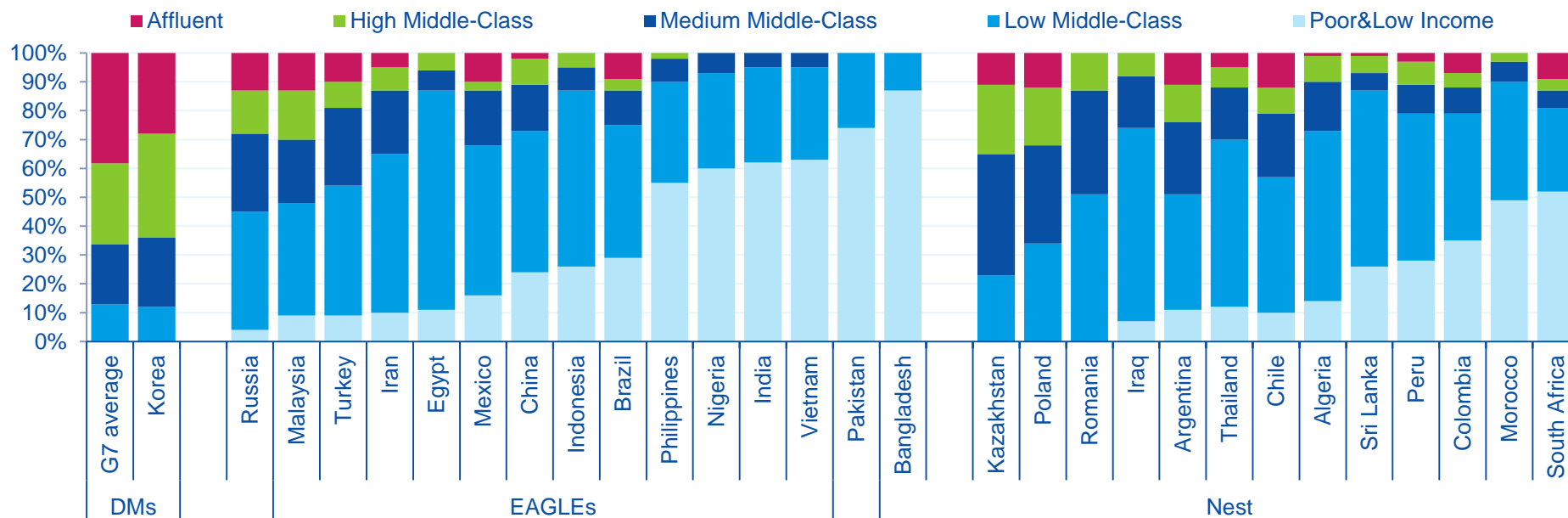
NB: Based on PPP-adjusted 2010 USD; Poor and Low Income (<USD5,000), Low Middle Class (USD5,000-15,000), Medium Middle Class (USD15,000-25,000), High Middle Class (USD25,000-40,000), Affluent (>USD40,000). See the annex for further information about the methodology.

Source: BBVA Research, UN, WB, IMF



...but with important differences among countries...

Middle classes distributions by GDP per capita 2015
(millions of people by country and group)



Differences among countries are more accentuated in the EAGLEs group than in the Nest with **Russia, Malaysia, Turkey and Iran having the highest proportion of medium-high middle classes and affluent segments in the EAGLEs group.**

DMs= Developed Markets

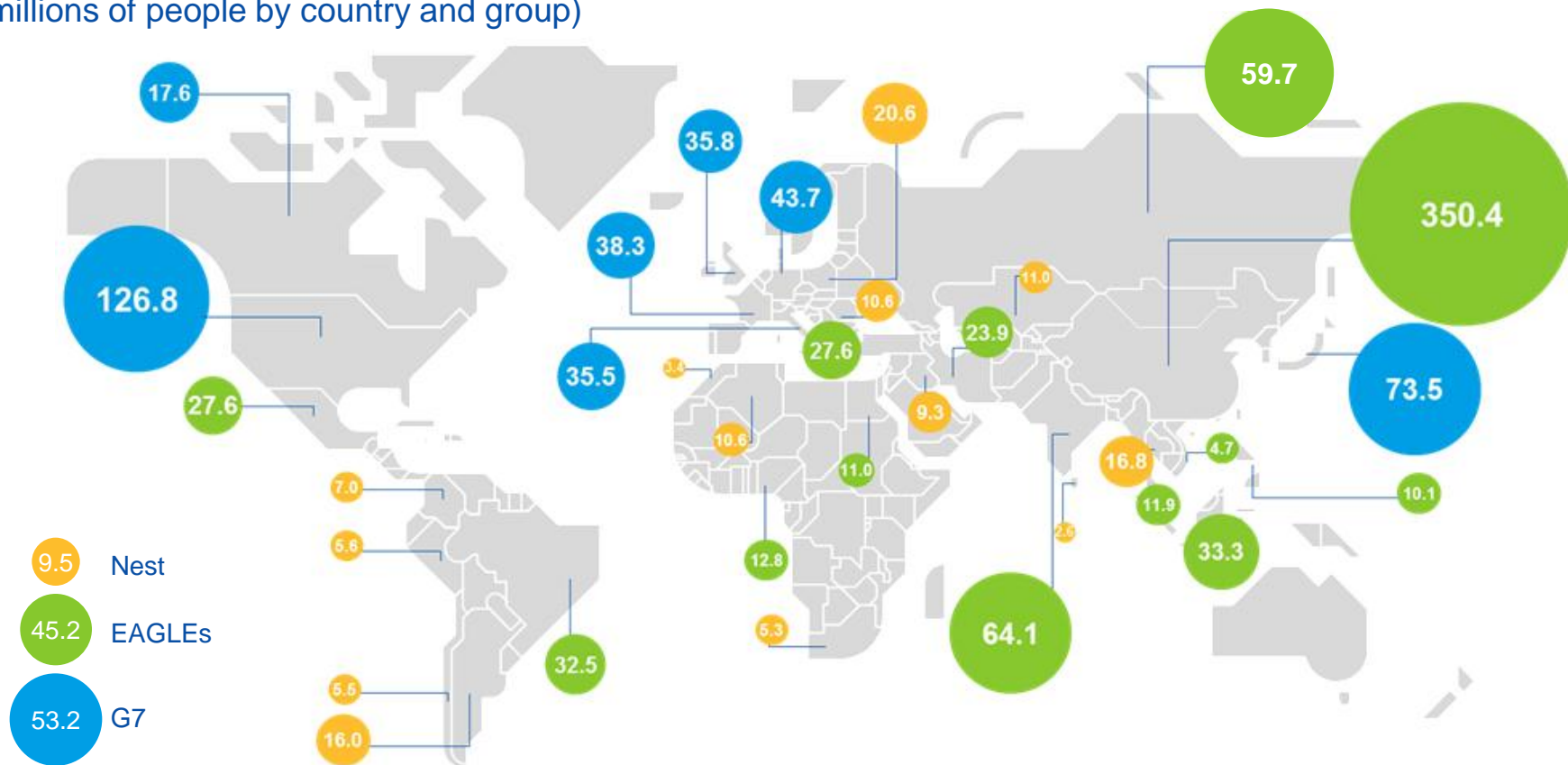
** No available data for Saudia Arabia,, UAE , Myanmar, Mozambique, Ethiopia, Lybia and Uzbequistan

Source: BBVA Research, UN, WB, IMF



...and with Asia leading the reshaping of global income distribution

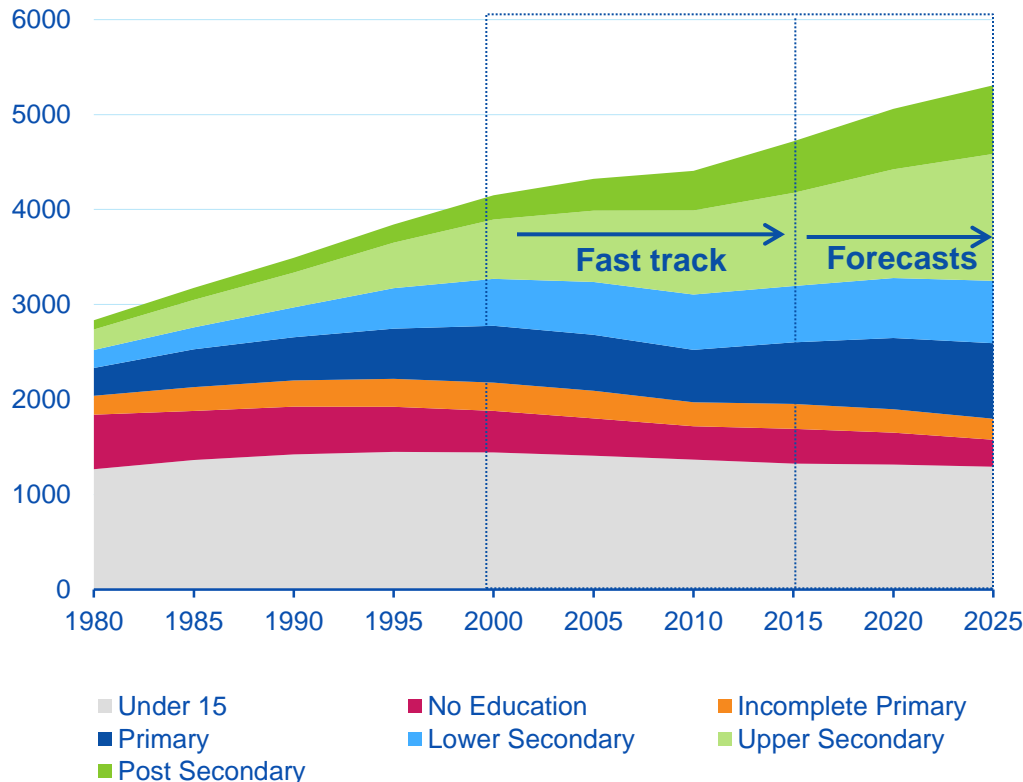
Middle classes distributions by GDP per capita in 2015
(millions of people by country and group)





Human capital will counterbalance the effect of slower growth of labor force...

Emerging countries' demographic transition by education (millions)



The educational sector will be both the motor and beneficiary of expanding middle classes

The education population dynamics has evolved positively during the last decades, reshaping its population structure from a society where no education was prevailing during the 70s to a society dominated by people with secondary or higher studies

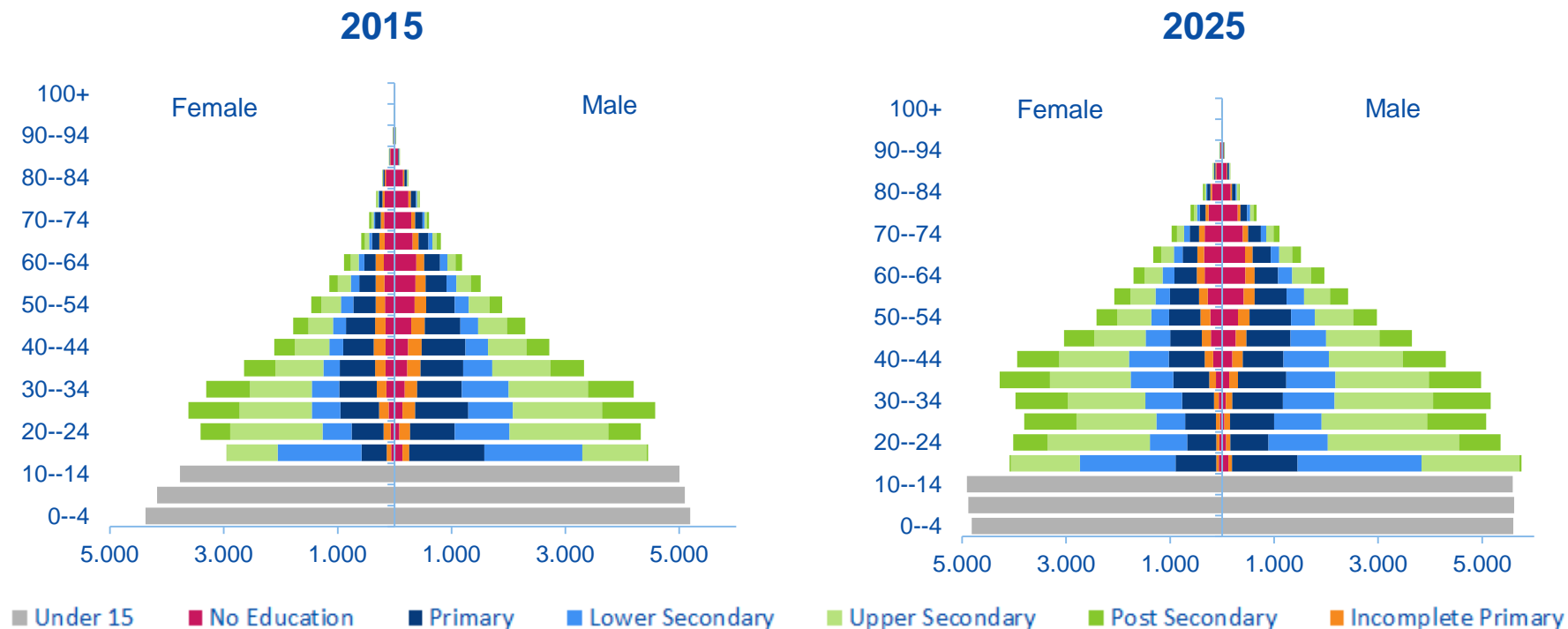
People with secondary or higher studies moved from less than one third in the 90s to 60% of total population in 2015 and it will be three quarters in the next ten years

See the annex for further information about the methodology.
Source: BBVA Research, IIASA



...offsetting the diminishing population premium in the emerging world...

Demographic transition in the EAGLEs: population pyramid by skills (total population 000's)

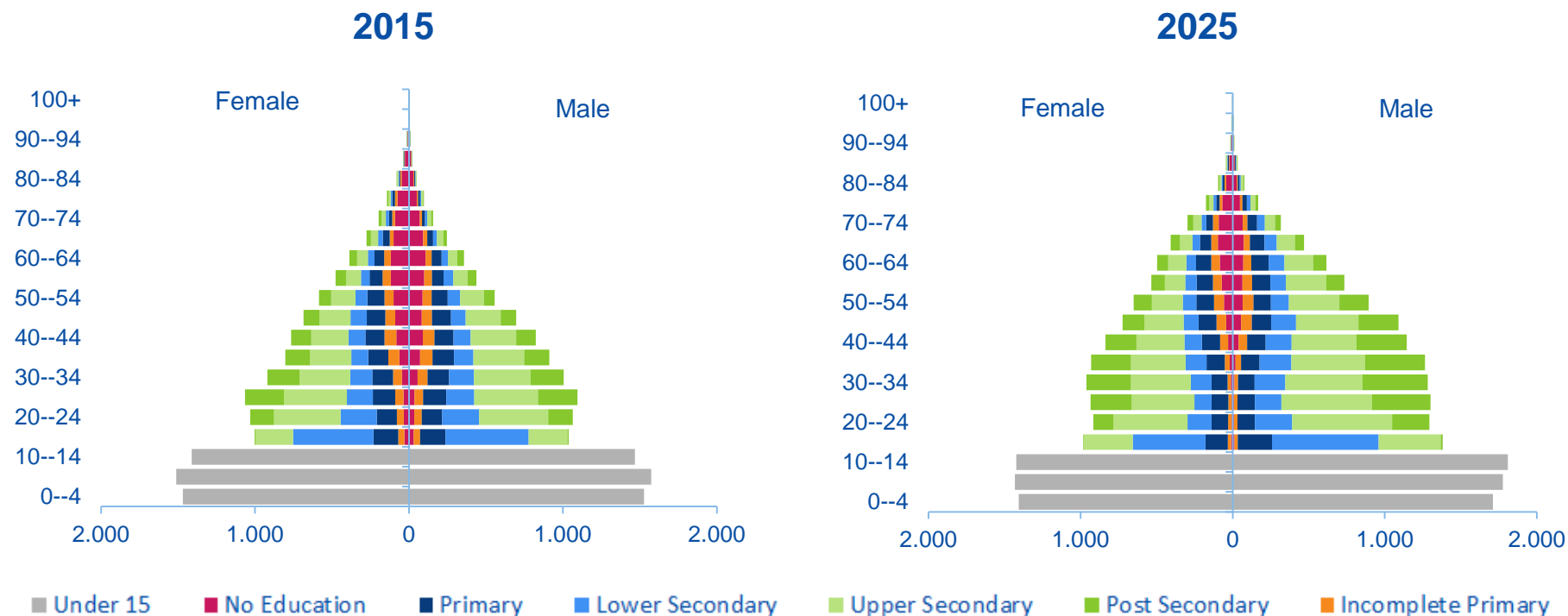


A substantial progress in educational attainment is expected in the EAGLEs countries, where people with at least secondary education would evolve from 59% in 2015 and 70% by 2025



...guaranteeing equality of opportunities...

Demographic transition in the Nest: population pyramid by skills (total population 000's)

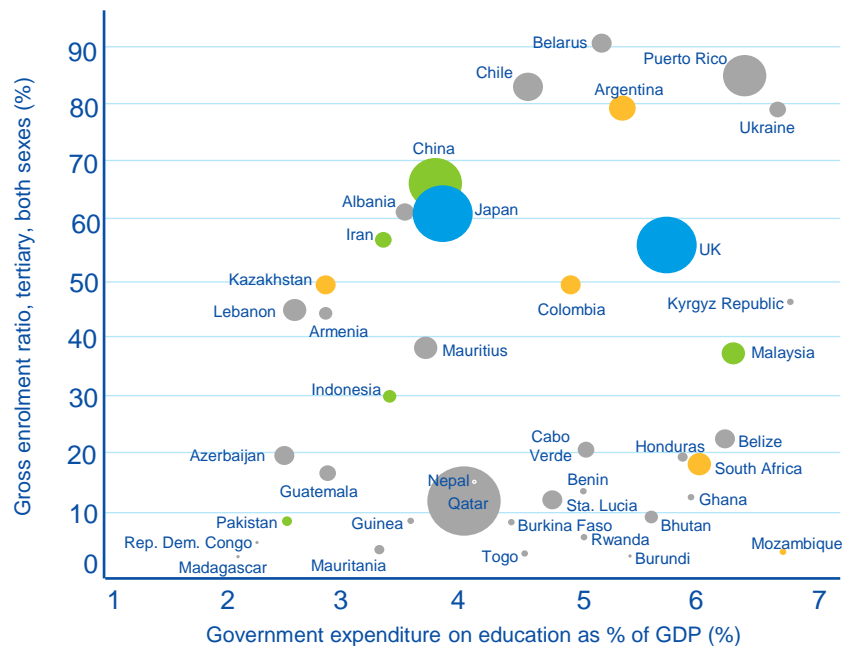


In the Nest group, the pace of convergence to high educated population would be even faster than in the EAGLEs group and three quarters of the total population will have secondary and/or tertiary studies in the next decade.



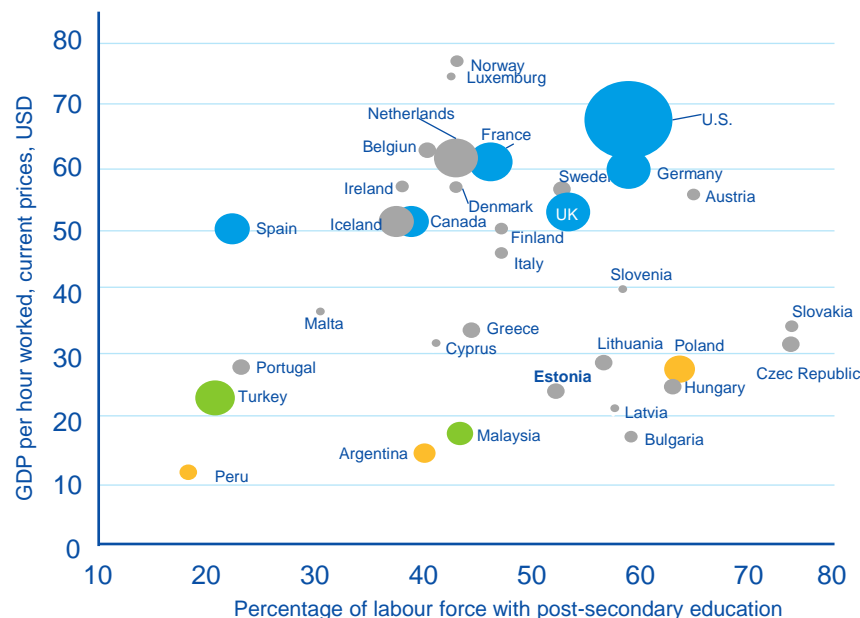
...and having a positive impact on the labor market

Relationship between Government expenditure in education and the enrollment ratio in tertiary education



● Eagles ● Nest ● Developed countries ● Other emerging countries

Relationship between labor productivity and the education level of the labor force



Public expenditure on education leads to high educational attainment, which also has a positive impact on the labor market.