

TELLUSANT QUICK READS

THE GLOBAL MIDDLE CLASS

How will the global middle class evolve over the next 20 years. At a torrid pace, but with different regions leading the way.

We use Tellusant's new product TelluBase¹ containing a complete source for global income distribution data at the subnational level. We use it here to look at one trend: the global middle-class growth.

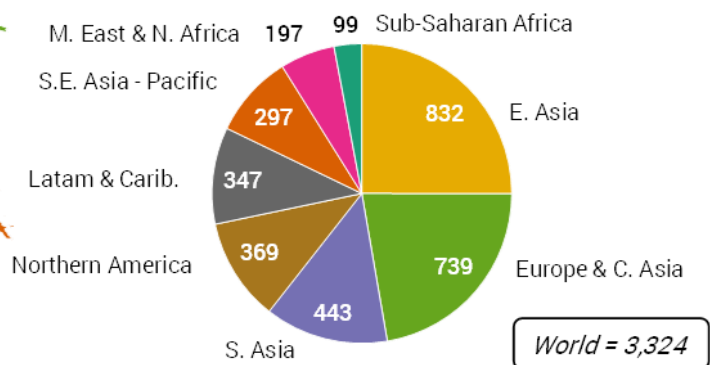
First, the global middle class (including upper class) consists of around 3.3 billion people. We use the top 40% of global household as the cut off. In some countries it is over 90% of the population, in others less than 10%.

TELLUREGIONS



COMPOSITION OF THE GLOBAL MIDDLE+ CLASS

Million people in 2023



Plus sign denotes middle class and above
Source: TelluBase; Tellusant analysis

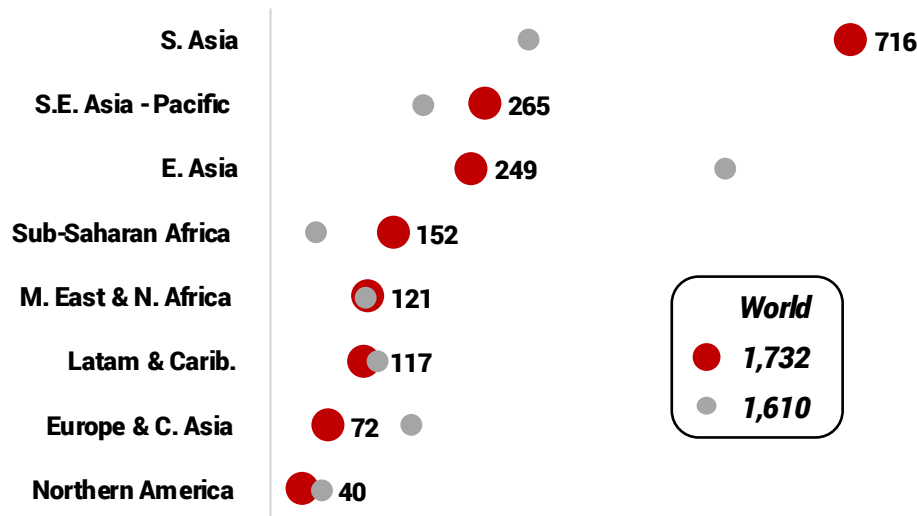
See how small Northern America is. Affluence is high, but there are not many people. At the other end, East Asia has lots of people and, even though affluence is middling, they constitute a large group of people. Staying out of China is not an option.

Second, the global middle class will continue to grow rapidly, although a bit a bit slower over the next 20 years compared to the past 20 years.

The middle class will grow from 3.3 billion to 5.1 billion people between 2023 and 2043. A staggering development.

INCREMENTAL MIDDLE+ CLASS POPULATION (M)

● 2003-2023 ● 2023-2043



Source: TelluBase; Tellusant analysis

South Asia will be the fastest growing with rates like China over the past 20 years. Note that it is not only India. Pakistan and Bangladesh will grow their middle classes significantly.

East Asia does not add as many as it did historically. But not shown is the massive shift from lower middle class to higher middle class. It creates tremendous premiumization opportunities.

Sub-Saharan Africa is noteworthy. Over the past 20 years, the middle class has grown rapidly but from a small base. Today, the base is established and the net addition of middle class will be substantial. In percentage terms, SSA will be the fastest growing region.

At the other end, Northern America and Europe see little growth. Population growth is stagnating and there just is not much room for middle class growth given the currently high share. Companies that expect such growth will be sorely disappointed. Premiumization opportunities will be good though.

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There is so much that can be said. We took an infinitesimally small part of the insights one can derive from TelluBase. We will deep dive into other insights over the next few years.

What could turn the projections upside down? Climate change is such an acute problem that a downside case is necessary. Further, we do not view a decline in world trade as viable. The benefits to humanity are too large. Still, one never knows.

¹ <https://tellubase.telluplan.com>