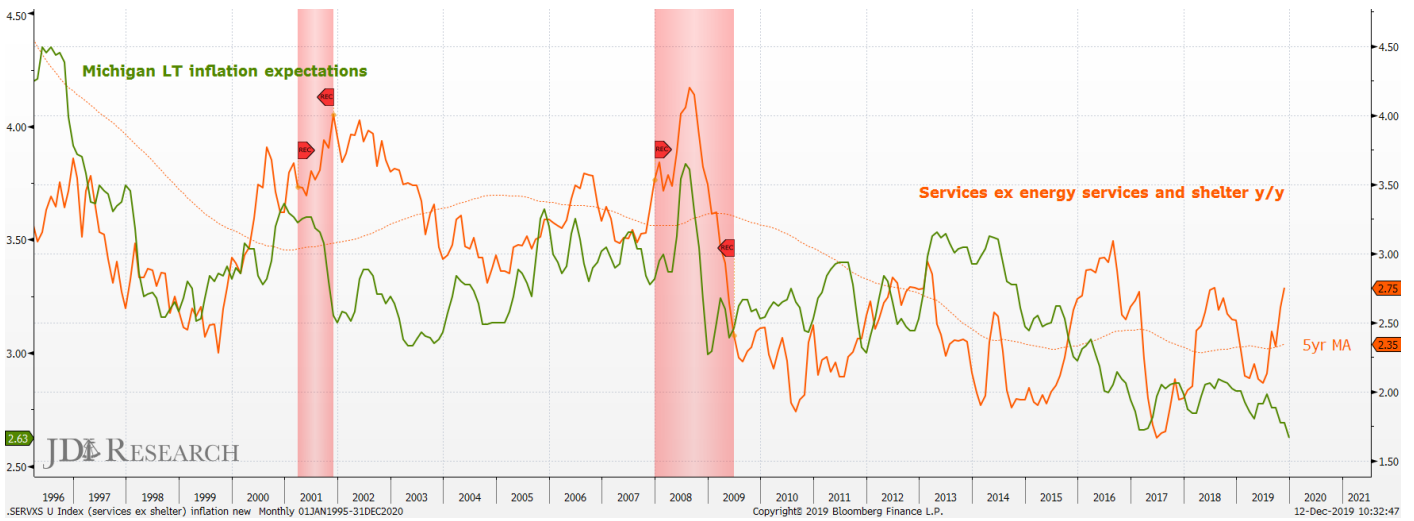


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**Chart 1: Underlying domestic inflation remains tame:**



**Chart 2: The Fed’s dramatic U-turn has failed to move the needle on the “low-forever” inflation outlook:**

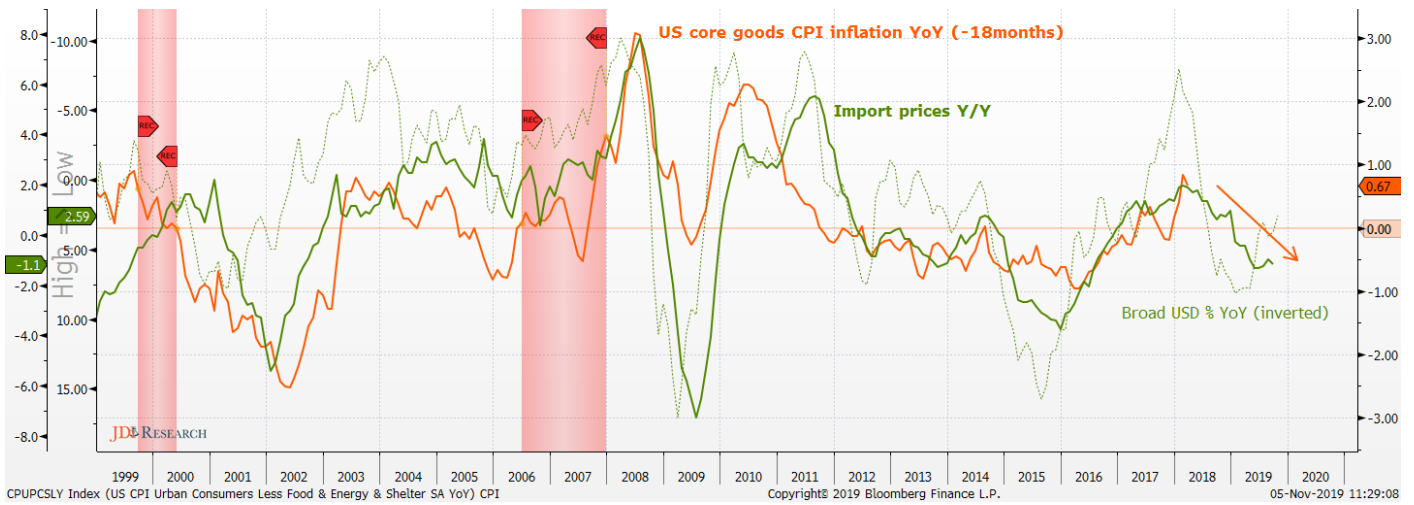


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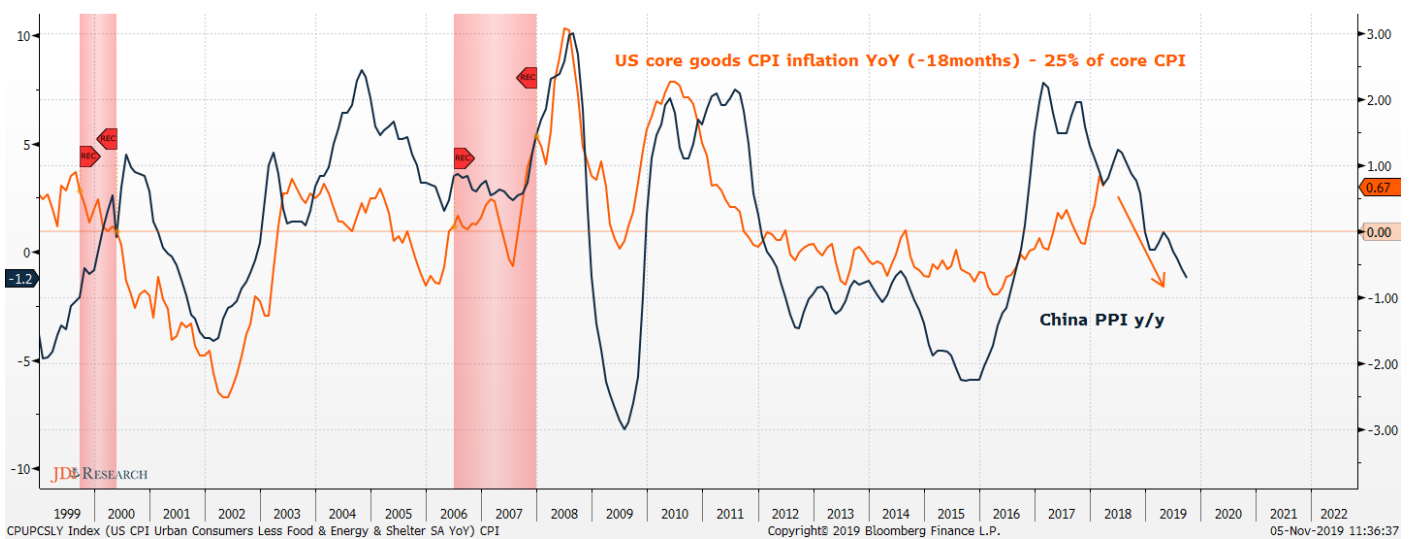
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**Chart 3: The strong USD in 2018/19 will take its toll on core goods going forward:**



**Chart 4: A large share of US core goods (20%) is imported from China:**

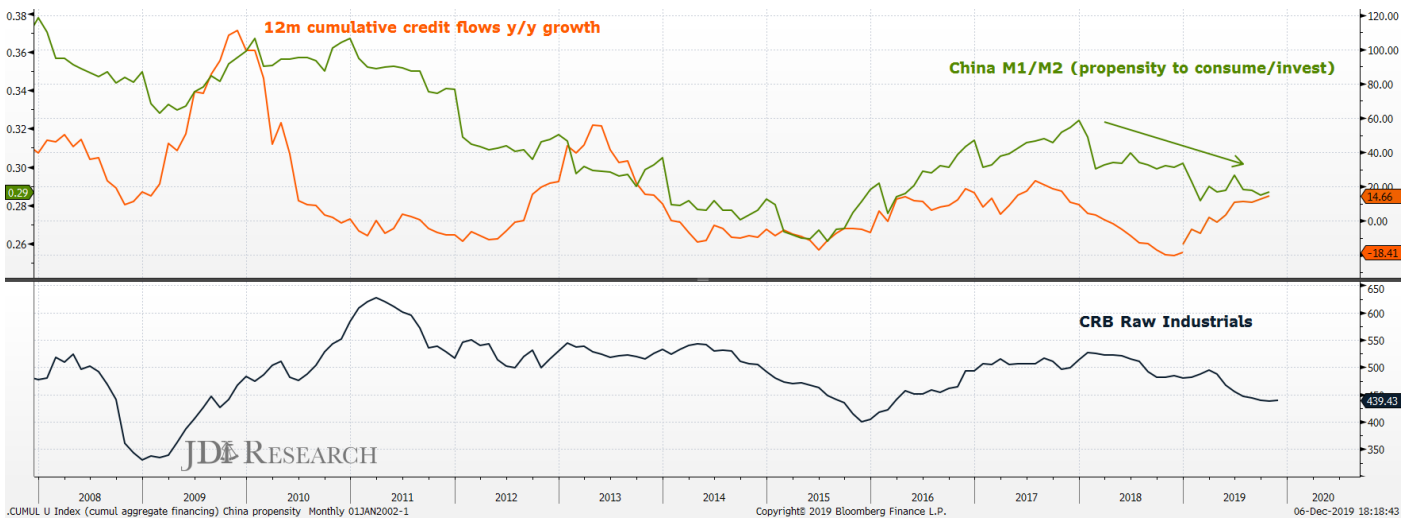


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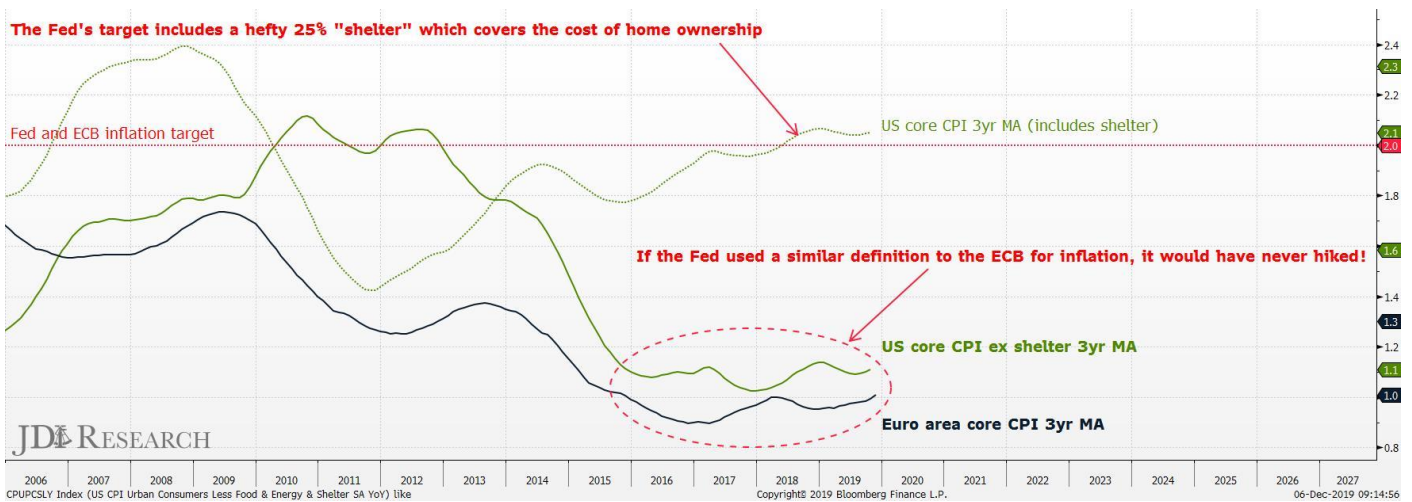
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**Chart 5: The animal spirit is dormant in China:**



**Chart 6: The Fed’s target includes a hefty 40% “shelter” weight, which the ECB excludes... This is the only reason the Fed’s target is in reach whilst the ECB’s is unattainable:**



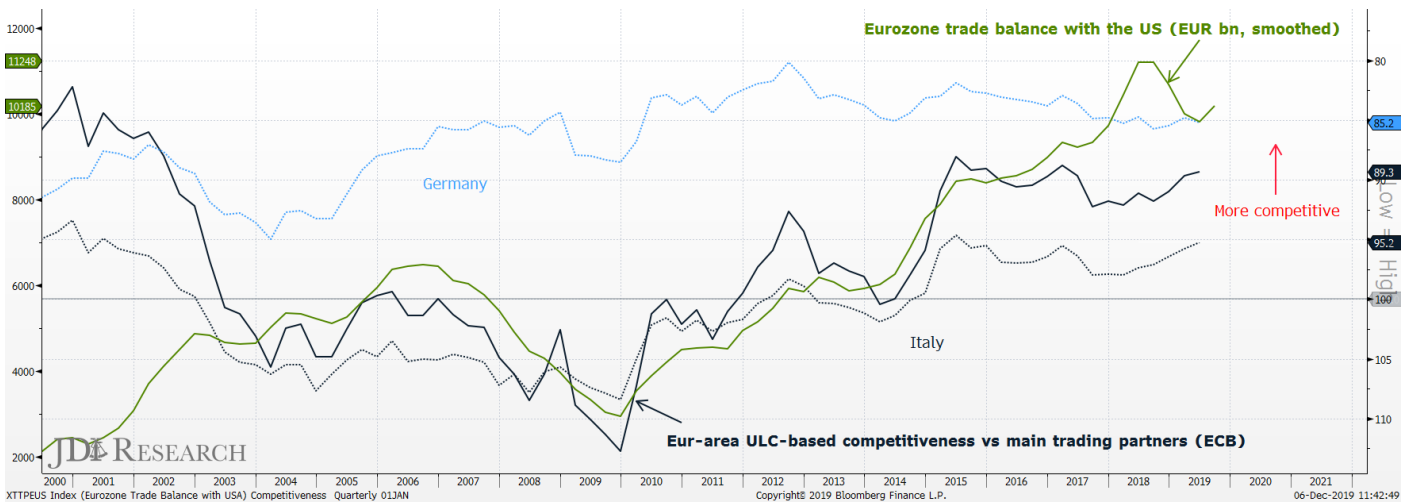
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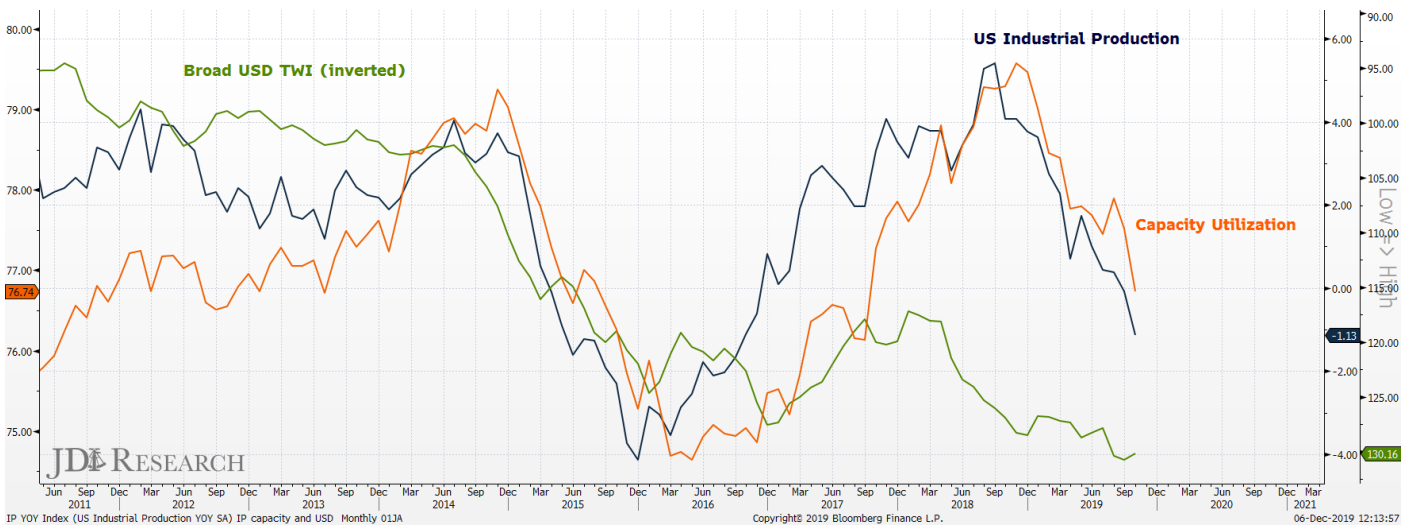
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**Chart 7: Is the undervalued Euro keeping the Euro-area unfairly competitive?**

Is the ECB policy inadvertently creating macro imbalances? The US trade deficit with the eurozone certainly does not appear structural:



**Chart 8: USD strength is an evident dampener on the US manufacturing sector:**



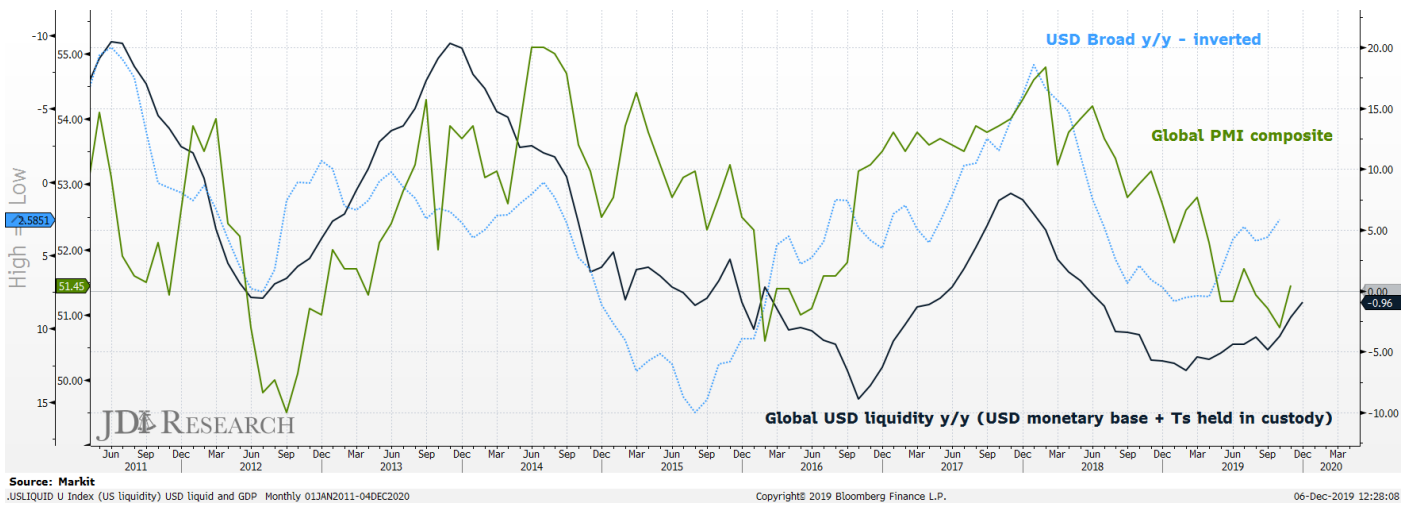
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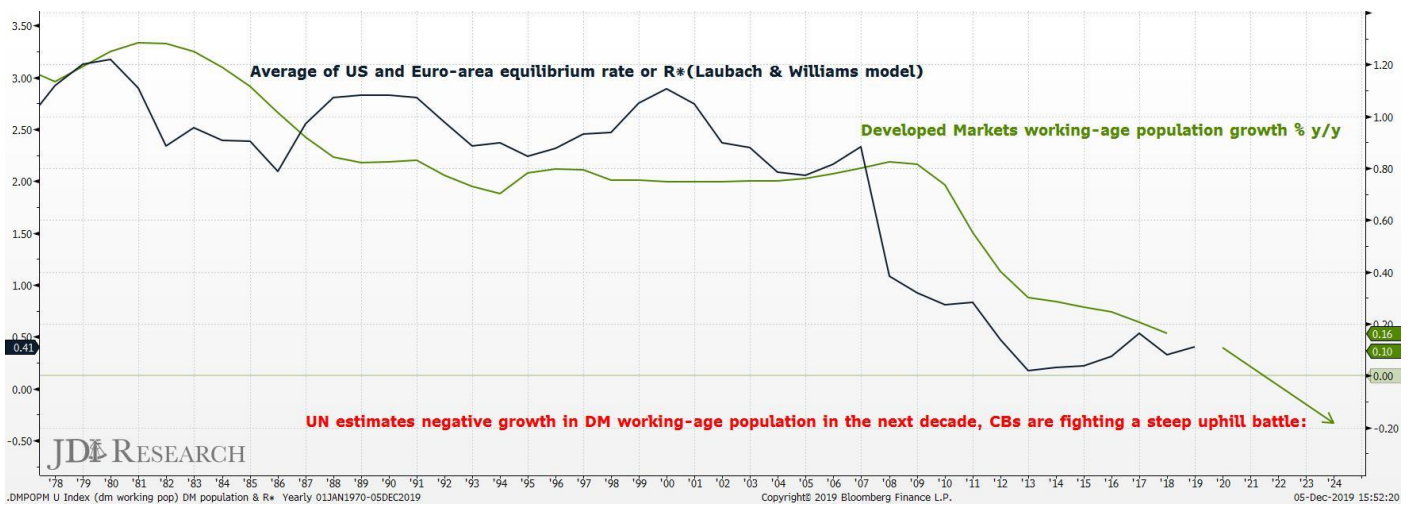
**Chart 9: USD strength constrains global USD liquidity...**

...The price of the USD is as important a driver as its quantity for global activity:



**Chart 10: Central banks are fighting a steep uphill battle to remain accommodative...**

During a massive demographic transition worldwide, the global R\* will inevitably turn deeply negative:

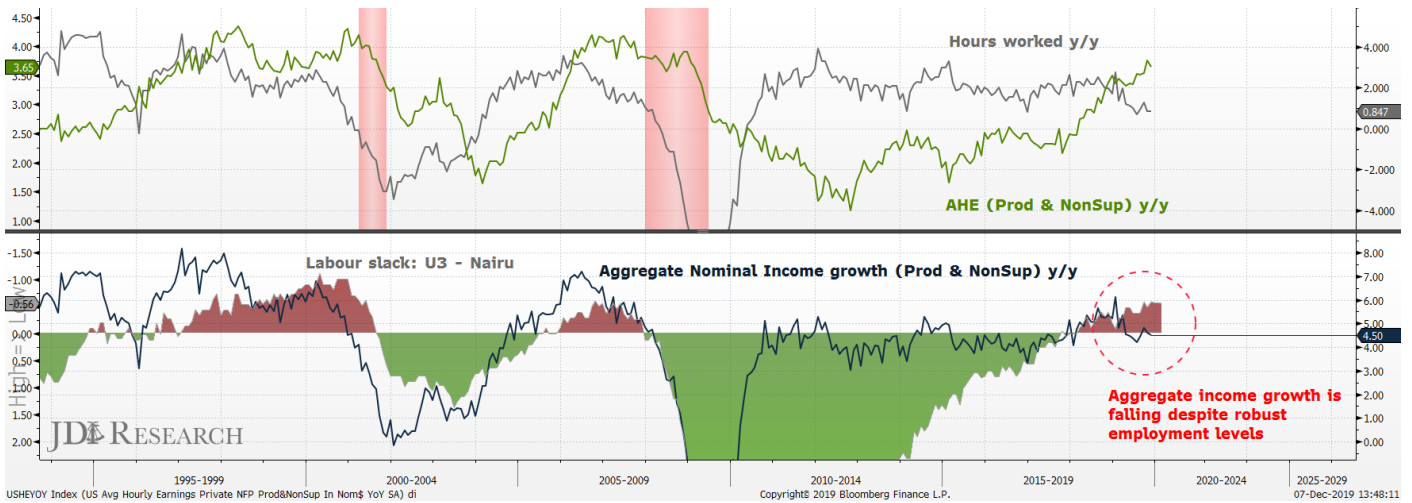


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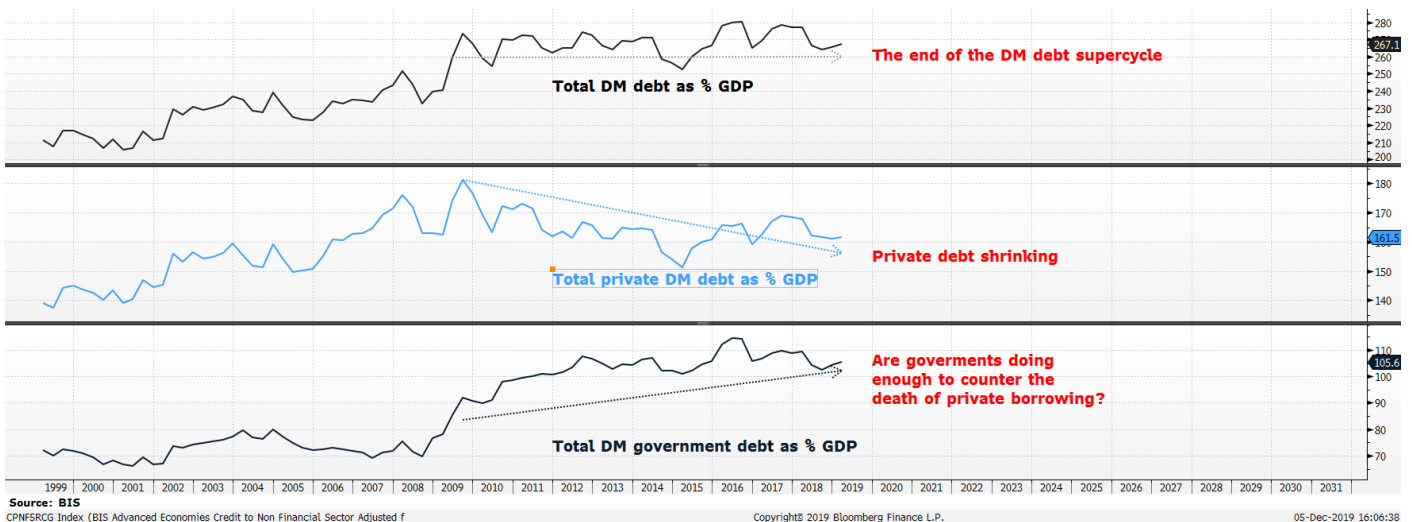
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**Chart 11: Structural demographic weakness is exacerbated in a late-cycle environment:**



**Chart 12: Countering conventional wisdom, the macroeconomic issue is the timid rise in public indebtedness!**

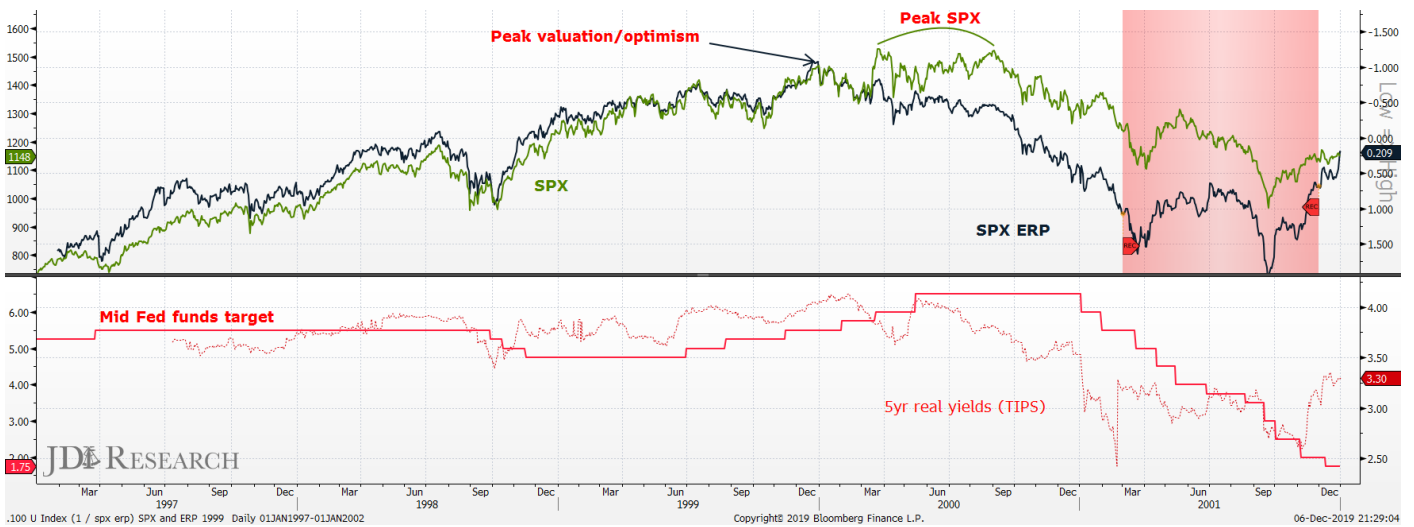
Private deleveraging combined with relative public austerity has brought an end to the debt super-cycle:



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**Chart 13: In 2000, the ERP signalled the recession a year ahead and inflation and the last 50bps hikes were the kiss of death:**



**Chart 14: In 2007, the ERP signalled the recession 9 months ahead. The Fed caught on too slowly to get ahead of the damages the subprime crisis inflicted:**



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**Chart 15: Today, late cycle conditions are almost 2yrs old. And still no sign of a recession?**



**Chart 16: Oh dear, in a couple months, global equities have gone from cheap to overvalued ... Time for a breather?**

