Barings Roundtable Luncheon

17 September 2018

The Seven Most Important Questions

Christopher Smart, PhD, CFA
Macroeconomic & Geopolitical Research

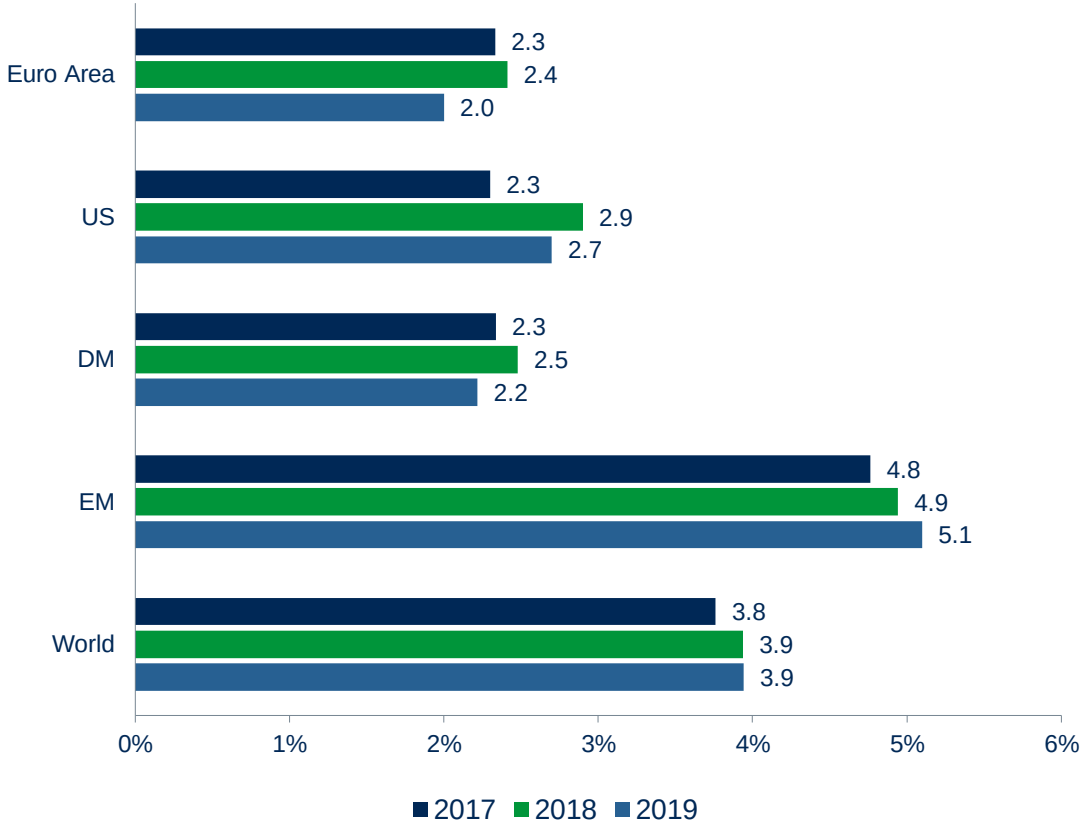




1 How Fast Will the World Economy Grow?

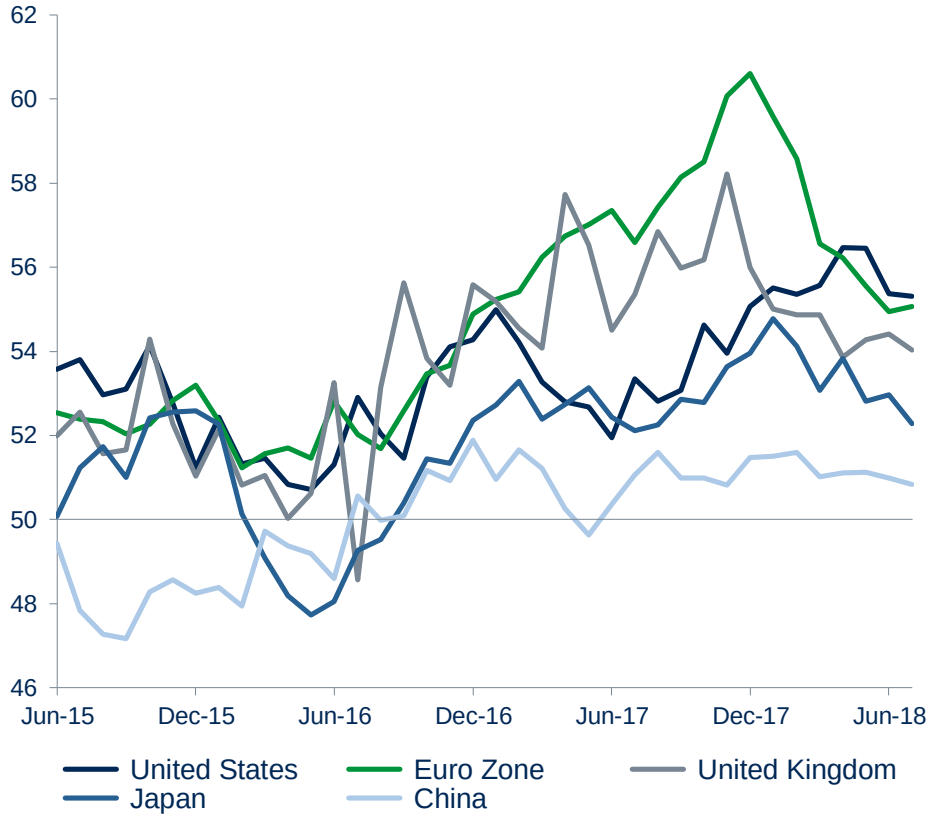
1 How Fast Will the World Economy Grow?

IMF GLOBAL GROWTH FORECASTS



Note: 2017 represents actual growth. Estimates begin 2018
Source: IMF WEO, Factset. As of August 3, 2018
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GLOBAL PURCHASING MANAGERS INDICES

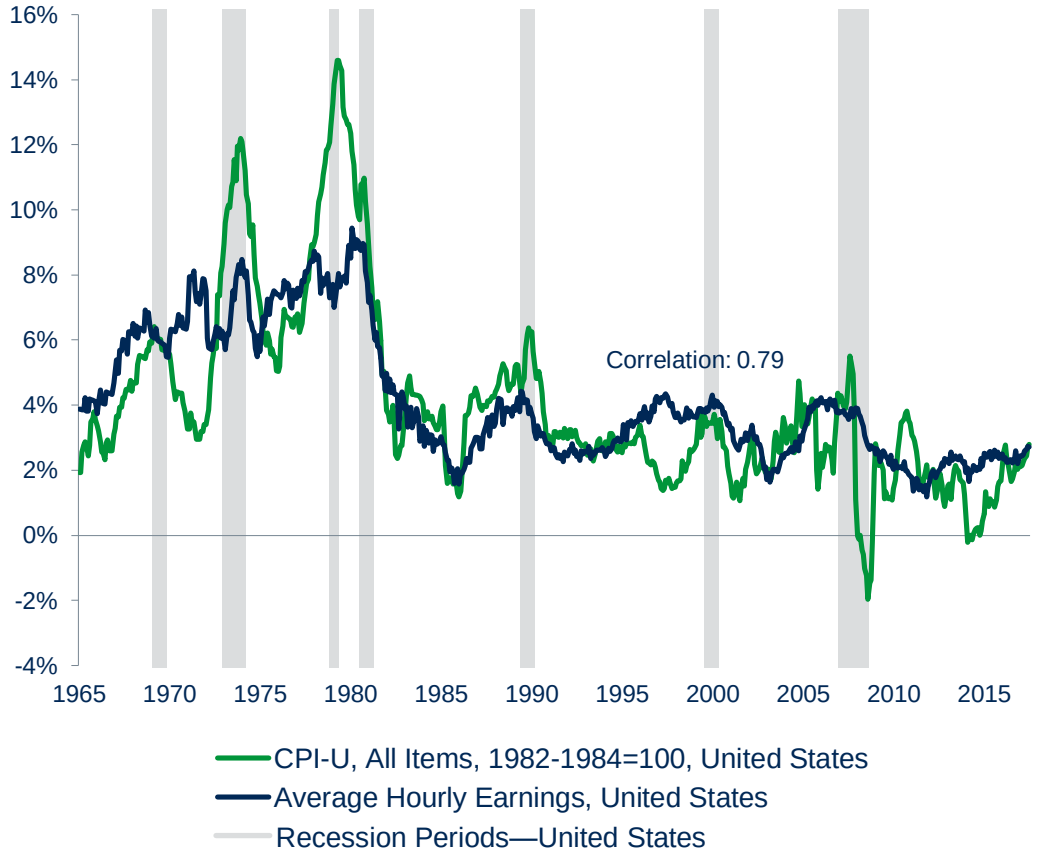




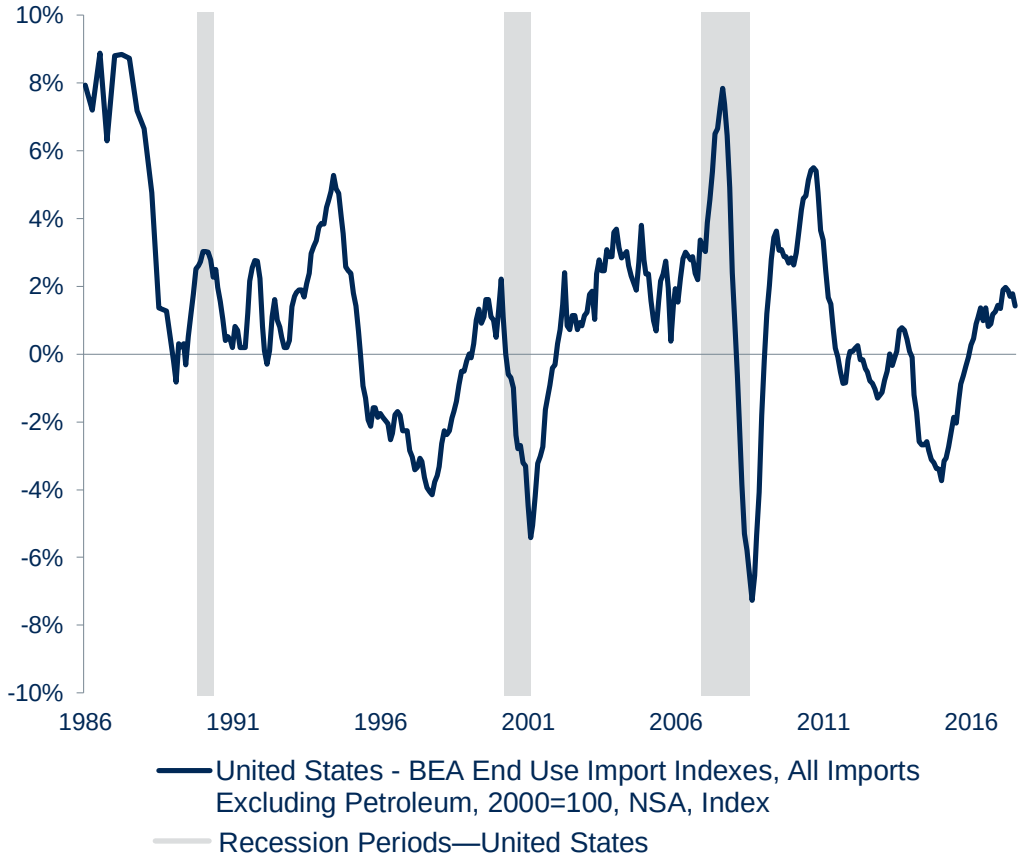
2 What About Inflation?

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U.S. INFLATION VS. AVERAGE HOURLY EARNINGS



U.S. IMPORT PRICES EX-PETROLEUM Y/Y% GROWTH RATE



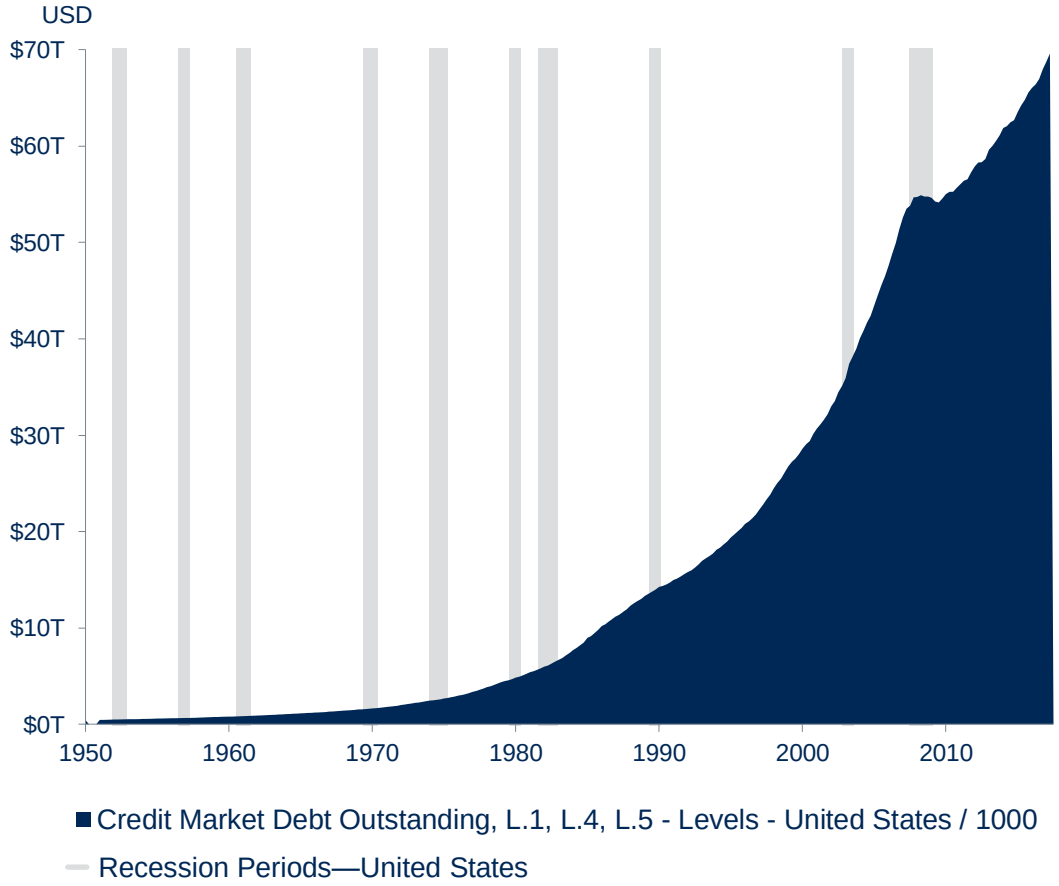
Source: Factset/BEA. As of August 3, 2018



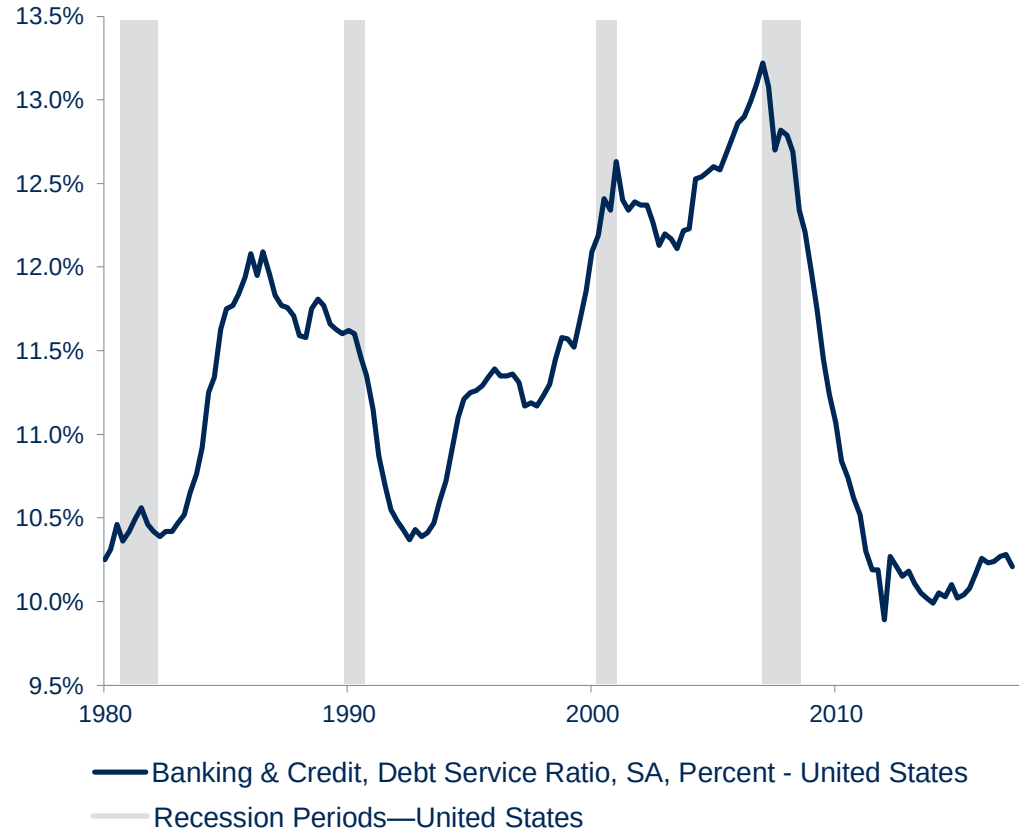
3 How Manageable Are Debts?

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U.S. CREDIT MARKET DEBT OUTSTANDING



U.S. DEBT SERVICE RATIO



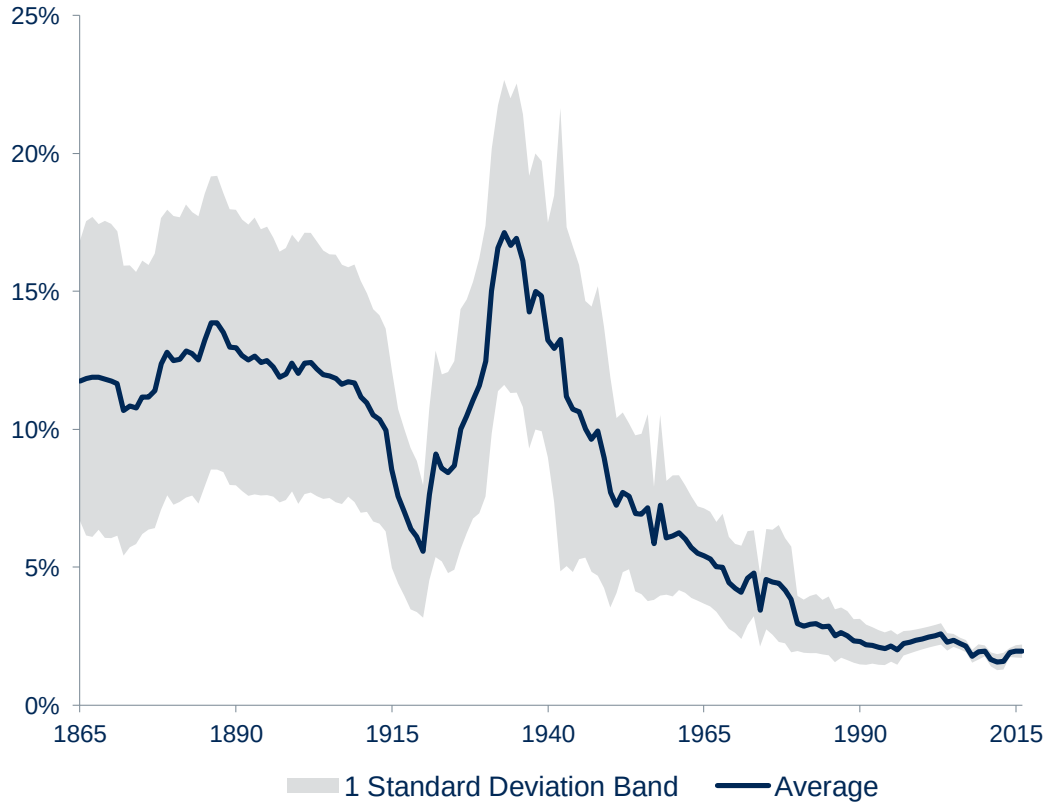
Source: Factset/Federal Reserve. As of August 3, 2018



4 Are Governments Raising or Lowering Barriers to Trade?

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GLOBAL AVERAGE TARIFF RATE



US NET FOREIGN DIRECT INVESTMENT



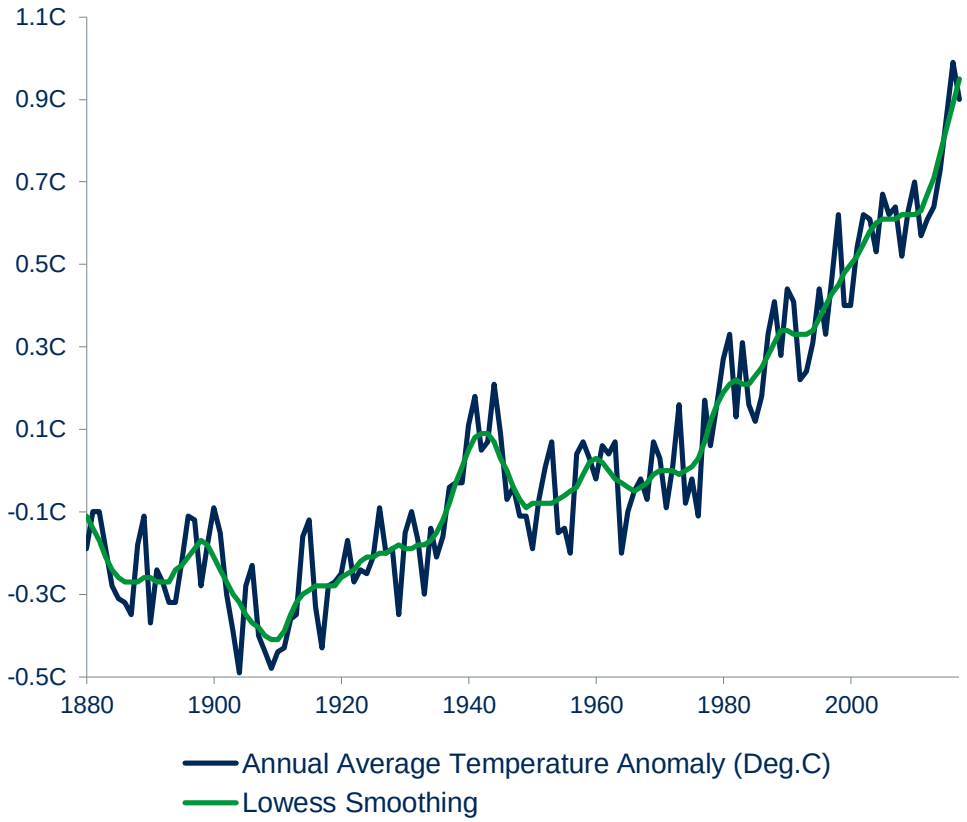
Note: Average Tariff Rates across 16 countries, including Australia, Belgium, Switzerland, Germany, Denmark, Spain, Finland, France, UK, Italy, Japan, Netherlands, Norway, Portugal, Sweden and the U.S.
Source: Goldman Sachs, Clemens and Williamson (2002), World Bank. Factset, BEA. As of August 3, 2018



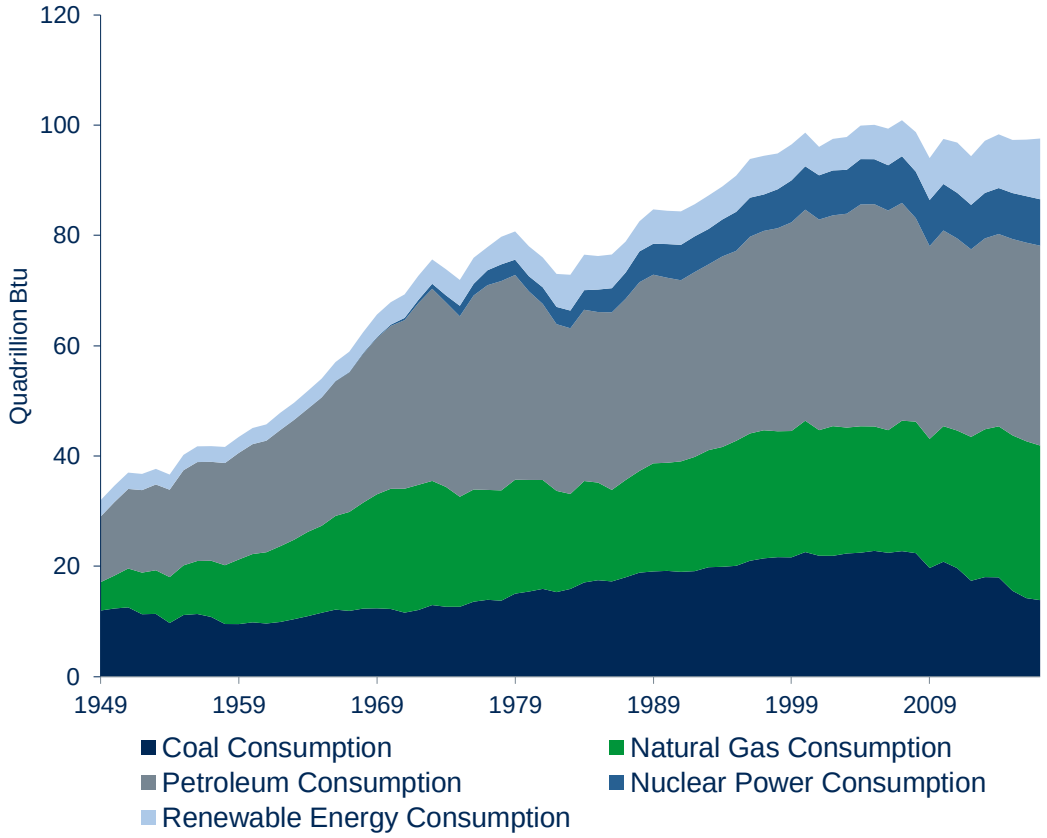
5 Will Current Climate Forecasts Prove Too Pessimistic or Too Optimistic?

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GLOBAL LAND-OCEAN TEMPERATURE INDEX



US ELECTRICITY CONSUMPTION BY SOURCE



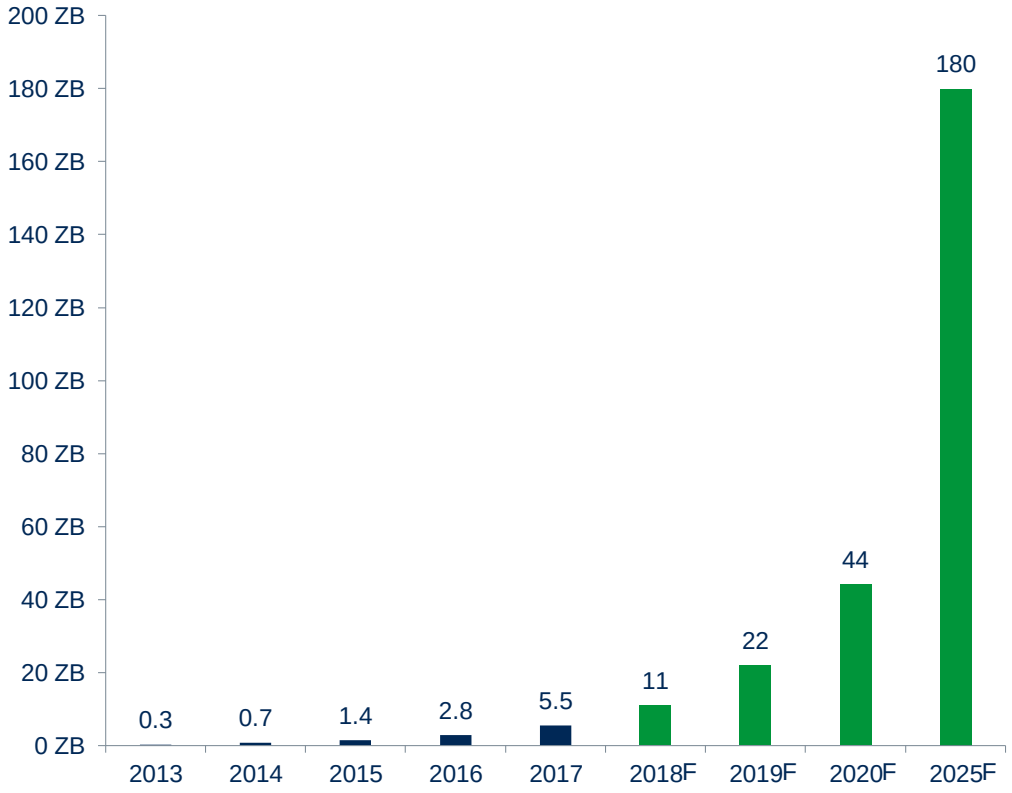
Note: Temperature Anomaly is how much colder or warmer than the long-term average a specific point in time is
Source: EIA Monthly Energy Review July 2018. NASA/Goddard Institute for Space Studies. As of August 3, 2018



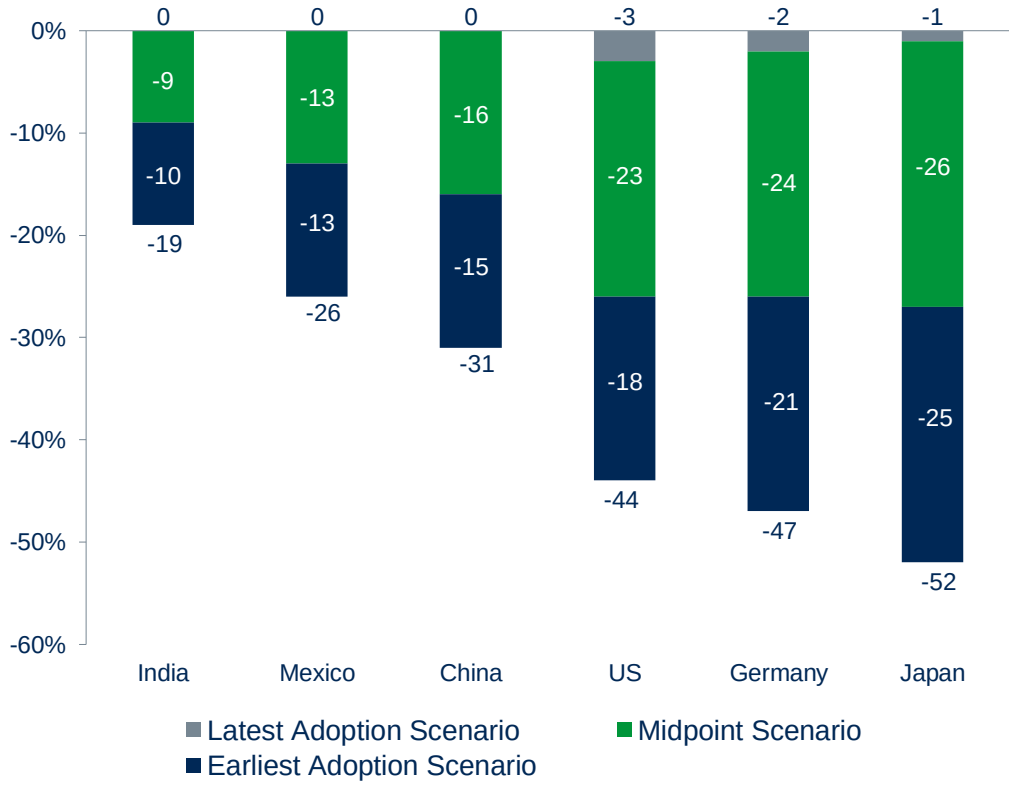
6 How Intelligent Will AI Grow?

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DATA CREATED ANNUALLY



IMPACT DUE TO AUTOMATION ON TOTAL FULL-TIME EMPLOYMENT HOURS BY 2030



Note: ZB refers to Zettabyte, or one billion terabytes
Source: Goldman Sachs, IBM, IDC. McKinsey Global Institute (Jobs Lost, Jobs Gain: Workforce Transition in a Time of Automation. Dec 2017). As of August 3, 2018
F denotes forecast. Any prediction, projection or forecast is not necessarily indicative of the future.

7 How Orderly is the World Order?

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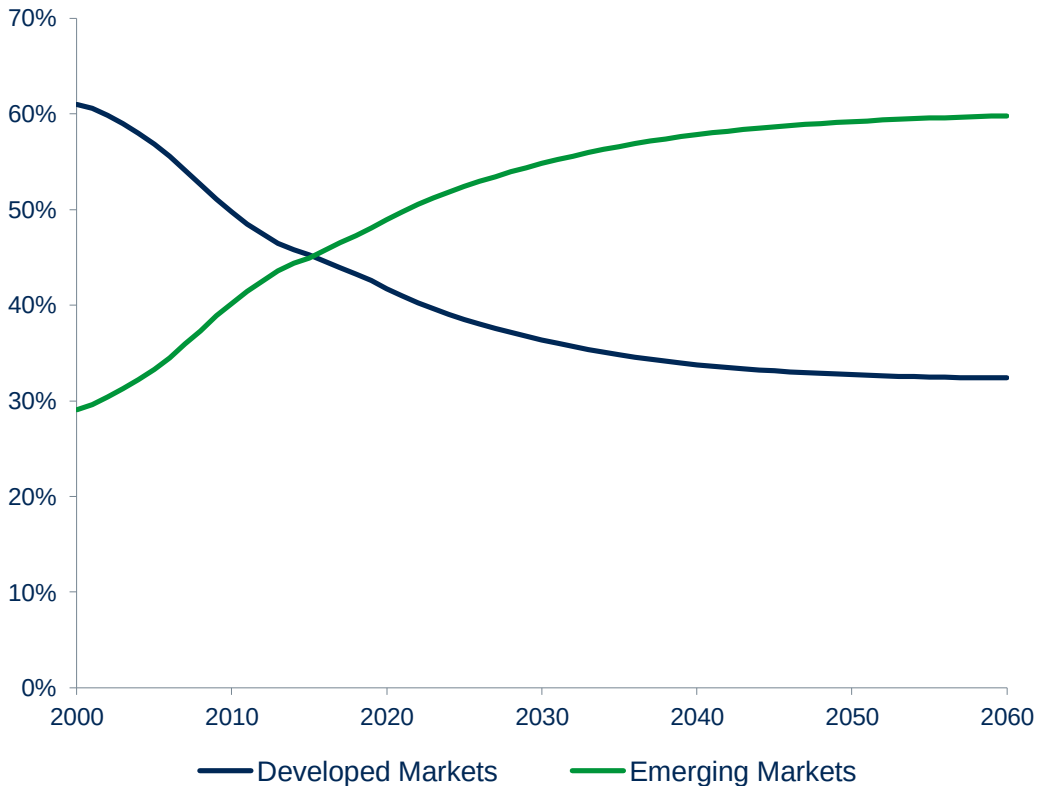




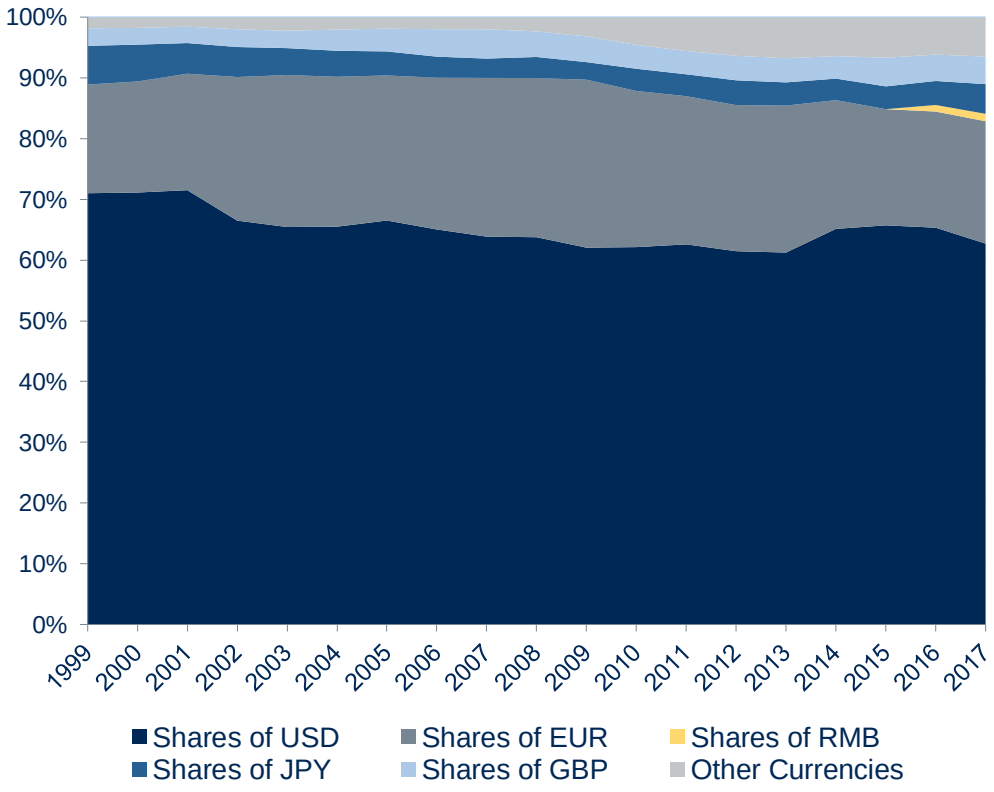
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7 How Orderly is the World Order?

DEVELOPED AND EMERGING MARKETS AS A % OF WORLD GDP[1]



WORLD FX RESERVES CURRENCY COMPOSITION



1. Note: GDP projections begin 2018. Developed Markets include the G7, Euro area, Australia and New Zealand. Emerging Markets include Mexico, Turkey, Brazil, China, India, Indonesia, Russia and South Africa.

Source: OECD, IMF WEO, COFER 2017. As of August 3, 2018

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8 And What About?

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OIL, VOLATILITY, STEEL, MARKET CORRELATIONS, PANDEMICS, THE EURO, CHINA, ESG, THE HUMAN GENOME, COLD FUSION, IMBALANCES, DISTRIBUTED LEDGERS, THE THREAT OF DIRTY BOMBS AND MILLENNIALS



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