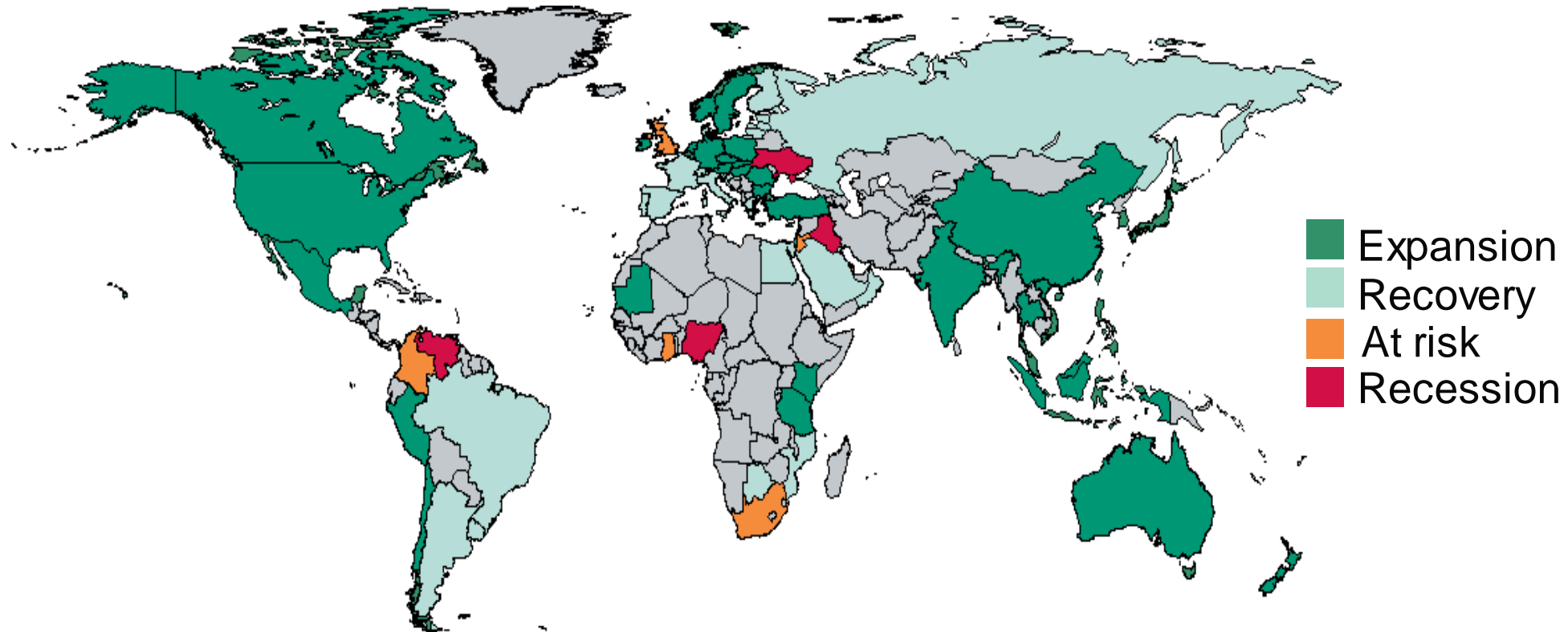


Global Risk: Alert but Not Alarmed

Alfredo Coutino, Director
Ruth Stroppiana, Senior Director

Synchronized Global Business Cycle

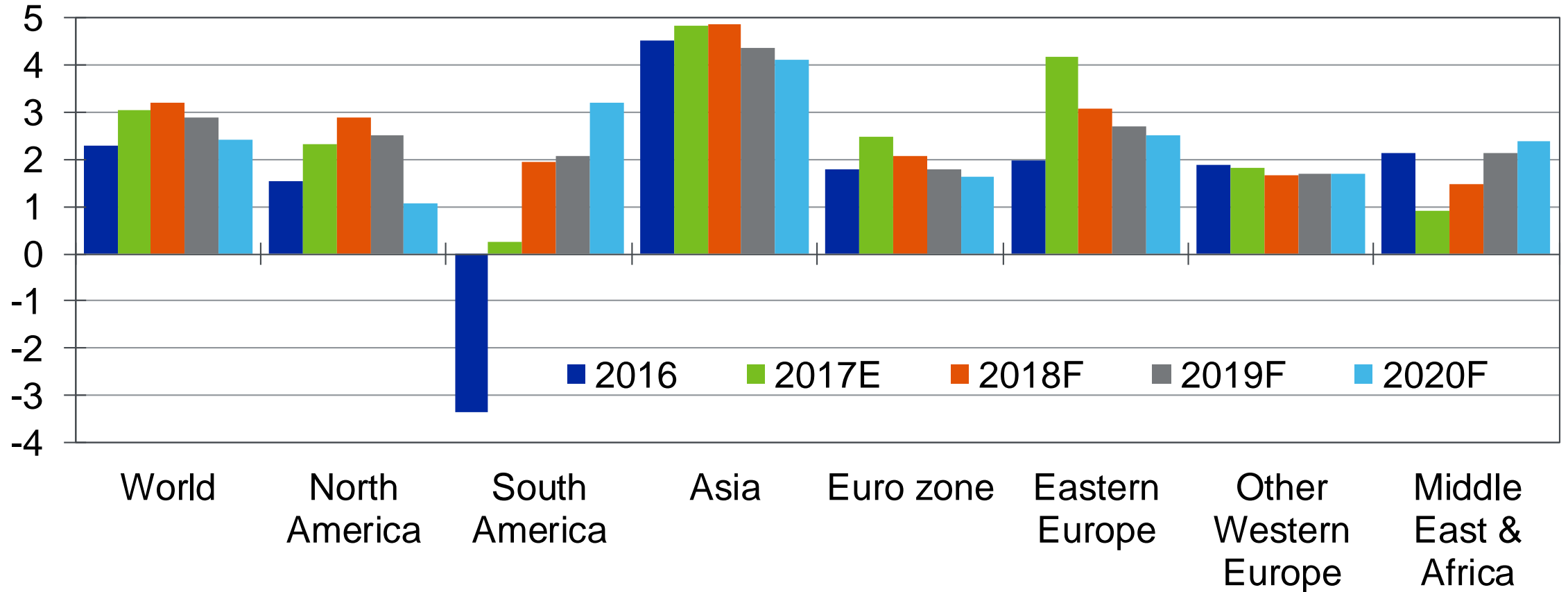
Current business cycle status



Source: Moody's Analytics

All Regions Finally Expanding in Unison

Real GDP growth, %



Source: Moody's Analytics

Global Trade Recovers

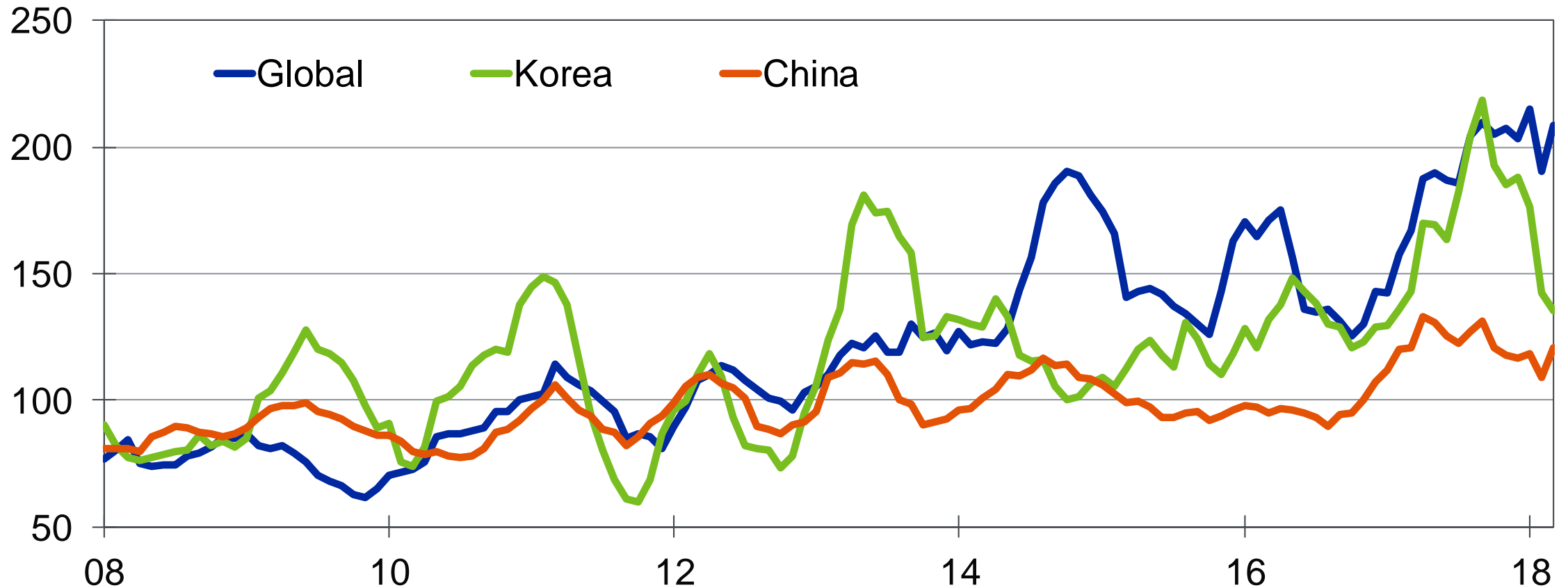
World exports, 12-mo rolling sum, % change yr ago



Sources: IMF, Moody's Analytics

Geopolitical Tensions Remain Elevated

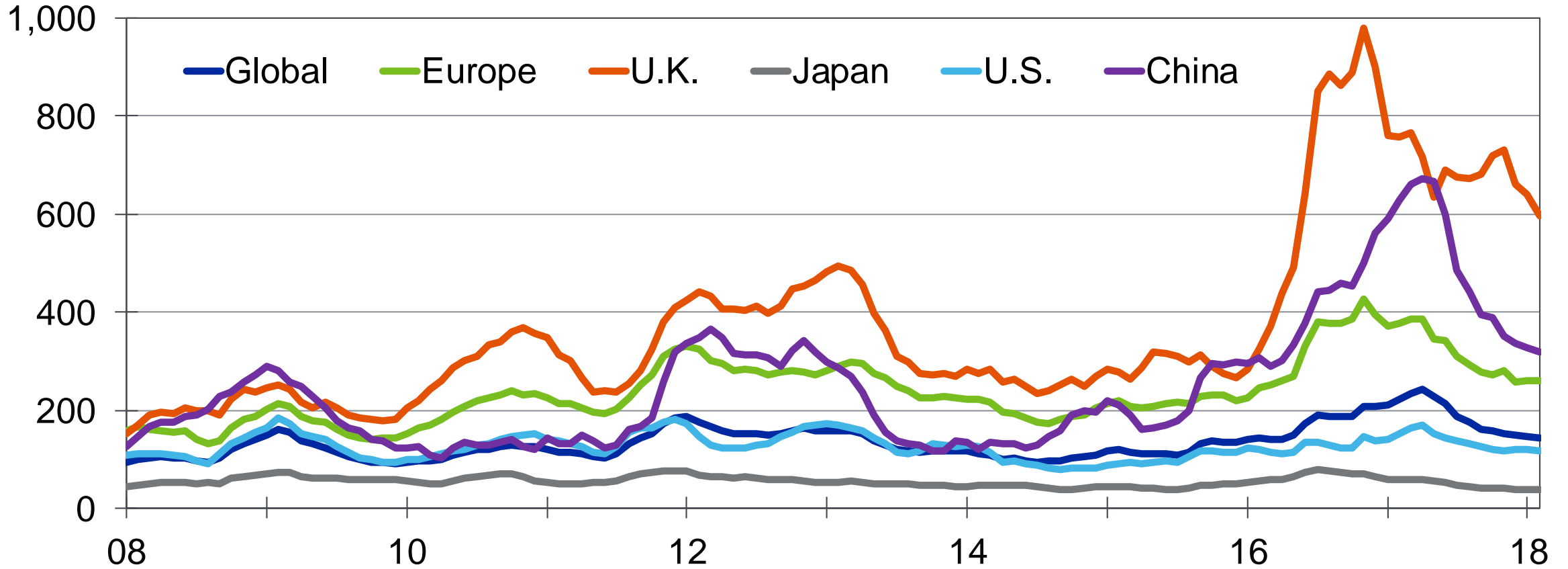
Geopolitical risk, 2000-2009=100, 6-mo MA



Sources: Caldara, Dario and Matteo Iacoviello, Federal Reserve, Moody's Analytics

Heightened Global Policy Uncertainty

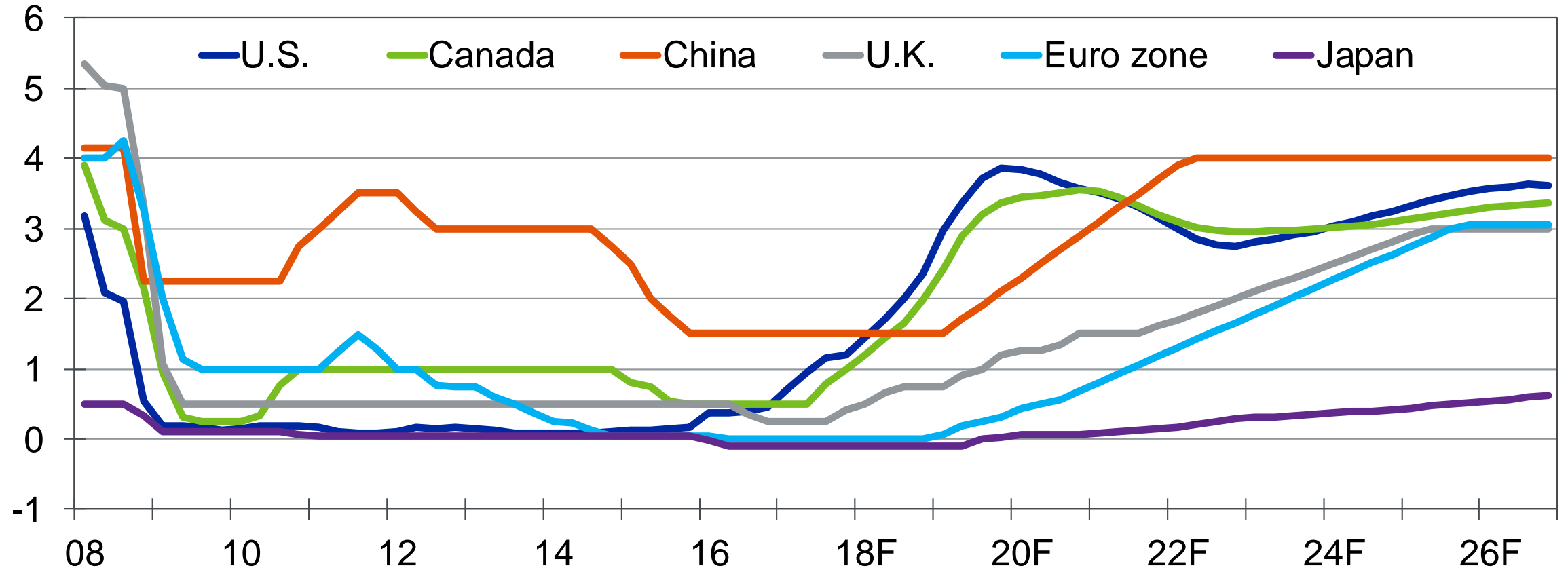
Economic policy uncertainty, 1998=100, 6-mo MA



Sources: Economic Policy Uncertainty, Moody's Analytics

Gradualist Path to Policy Normalization

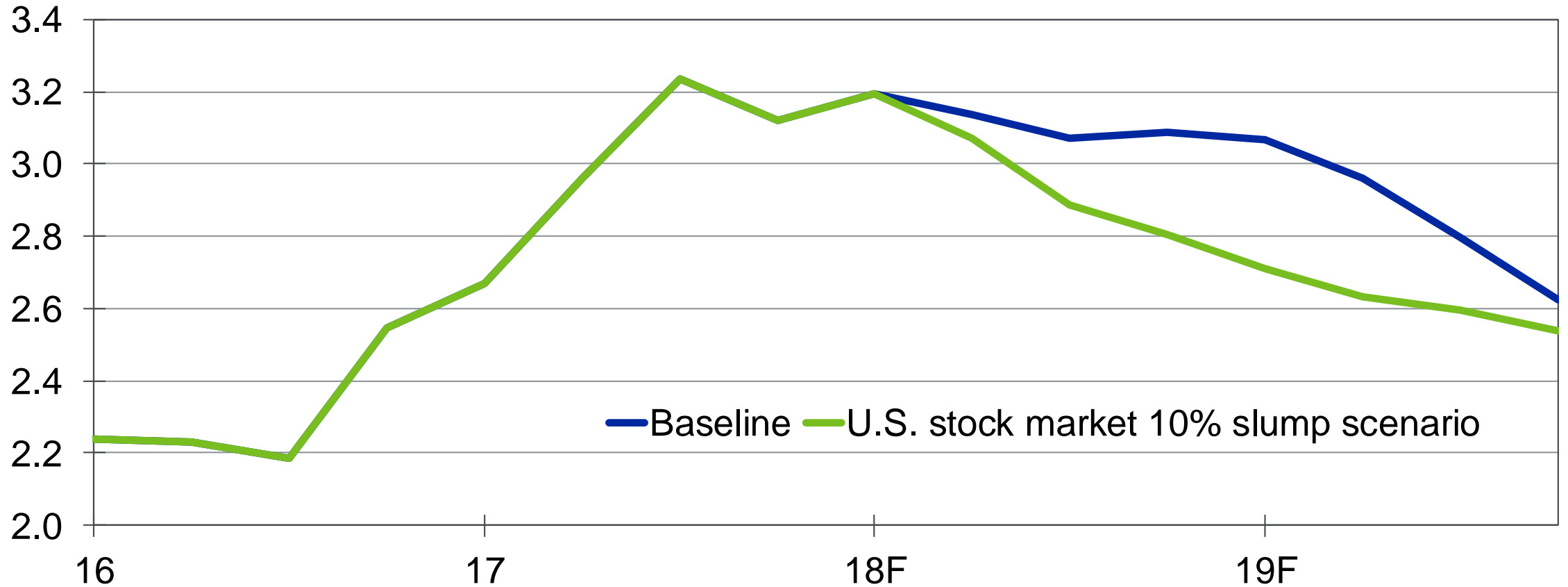
Main monetary policy rate, %



Source: Moody's Analytics

Further Financial Market Volatility Could Hurt

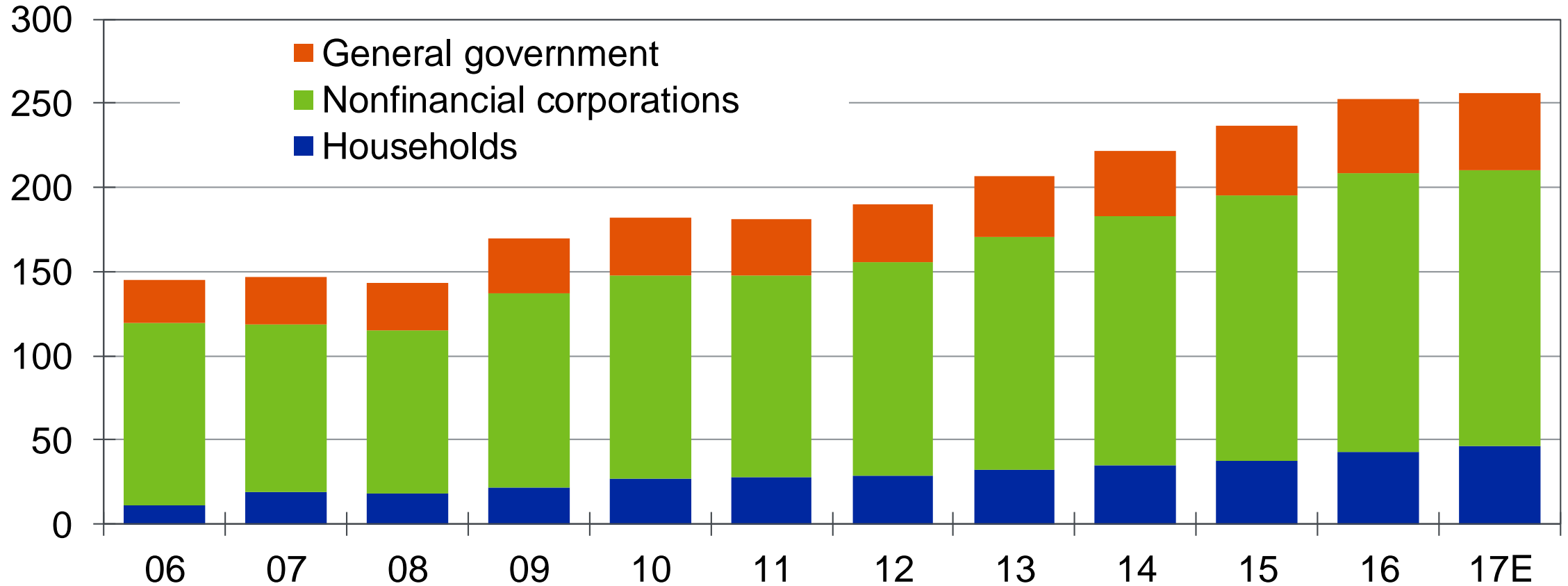
Global real GDP, % change yr ago



Source: Moody's Analytics

China's Rapidly Rising Leverage...

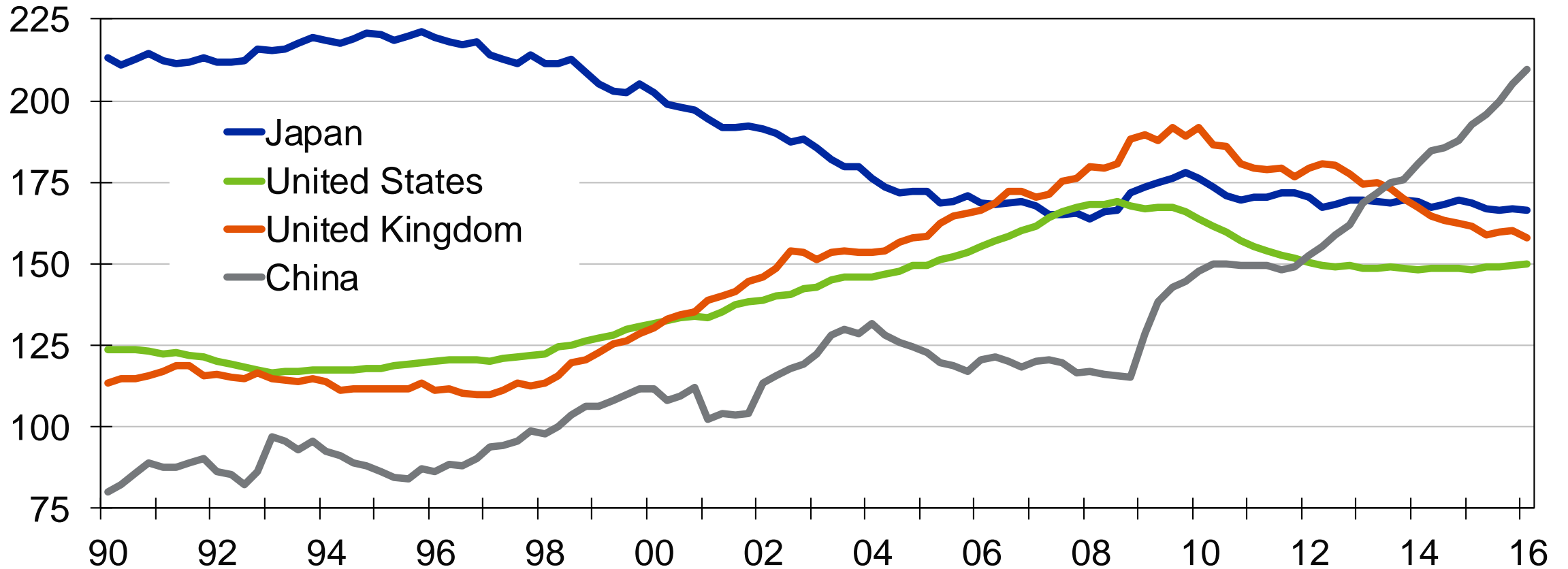
Total credit to GDP, %



Sources: Bank for International Settlements, Moody's Analytics

...Likely Will Not End Well

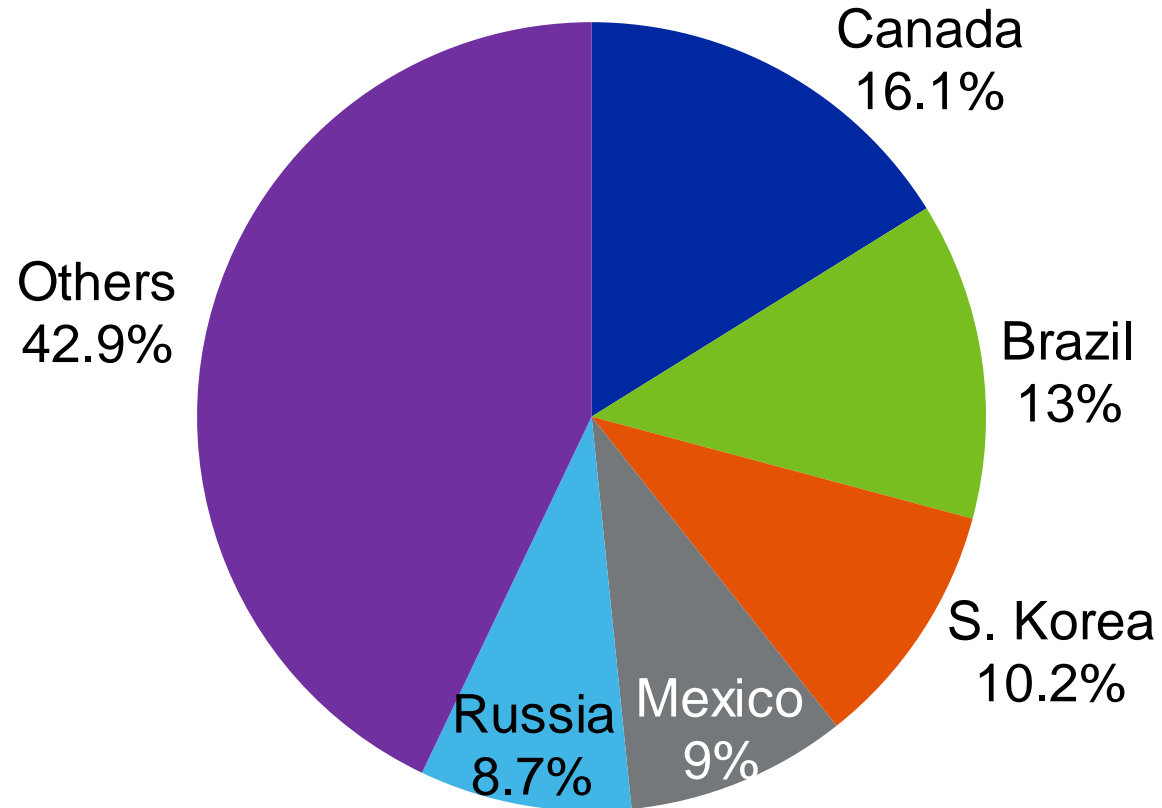
Credit to nonfinancial corporate and household sectors, % of GDP



Sources: Bank of International Settlements, Moody's Analytics

Protectionism: Raising Tariffs on Steel

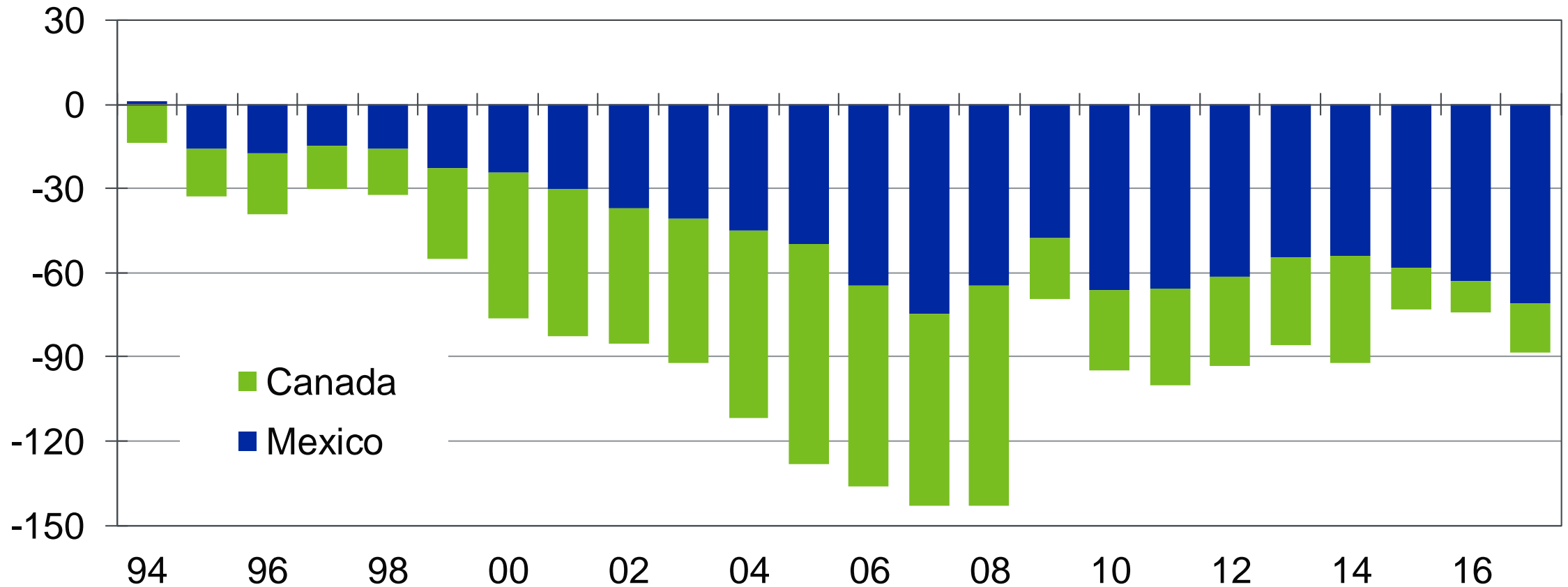
U.S. imports of steel by country, share of total volume



Sources: U.S. Department of Commerce, Moody's Analytics

NAFTA Negotiation: Fighting the Deficit

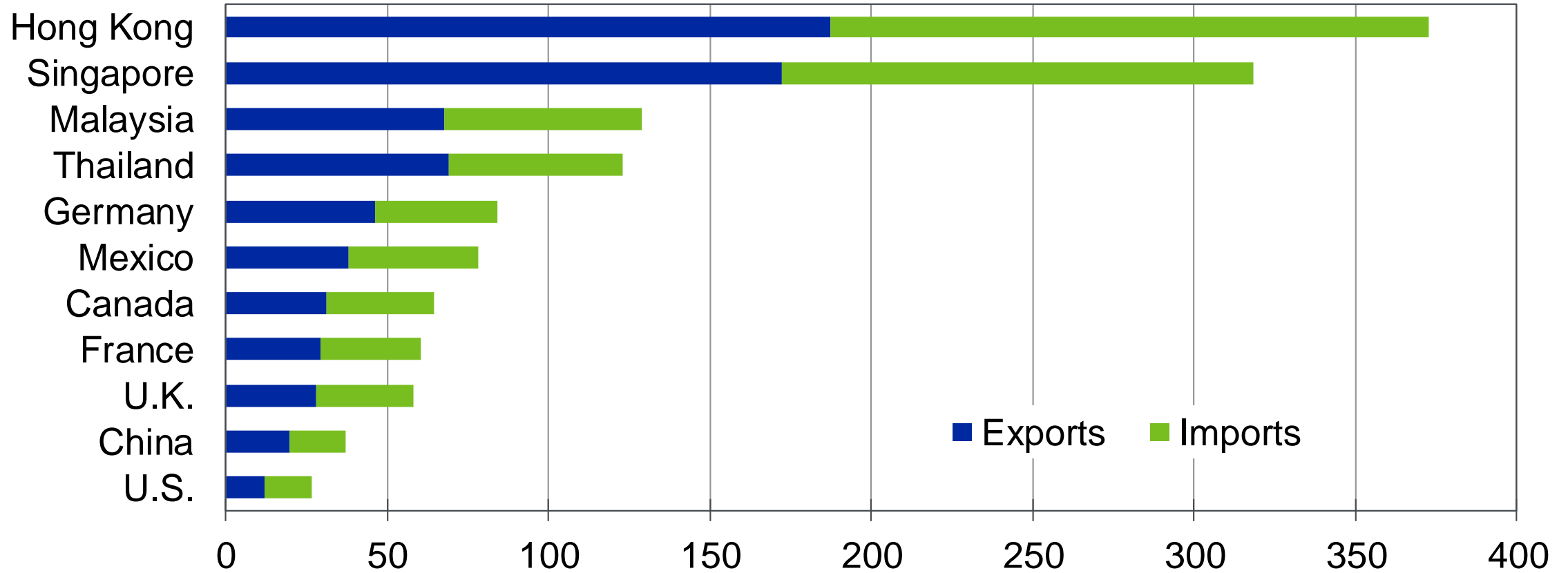
U.S. trade balance on goods, \$ bil



Sources: Census Bureau, Moody's Analytics

Trade War: Most Vulnerable Economies

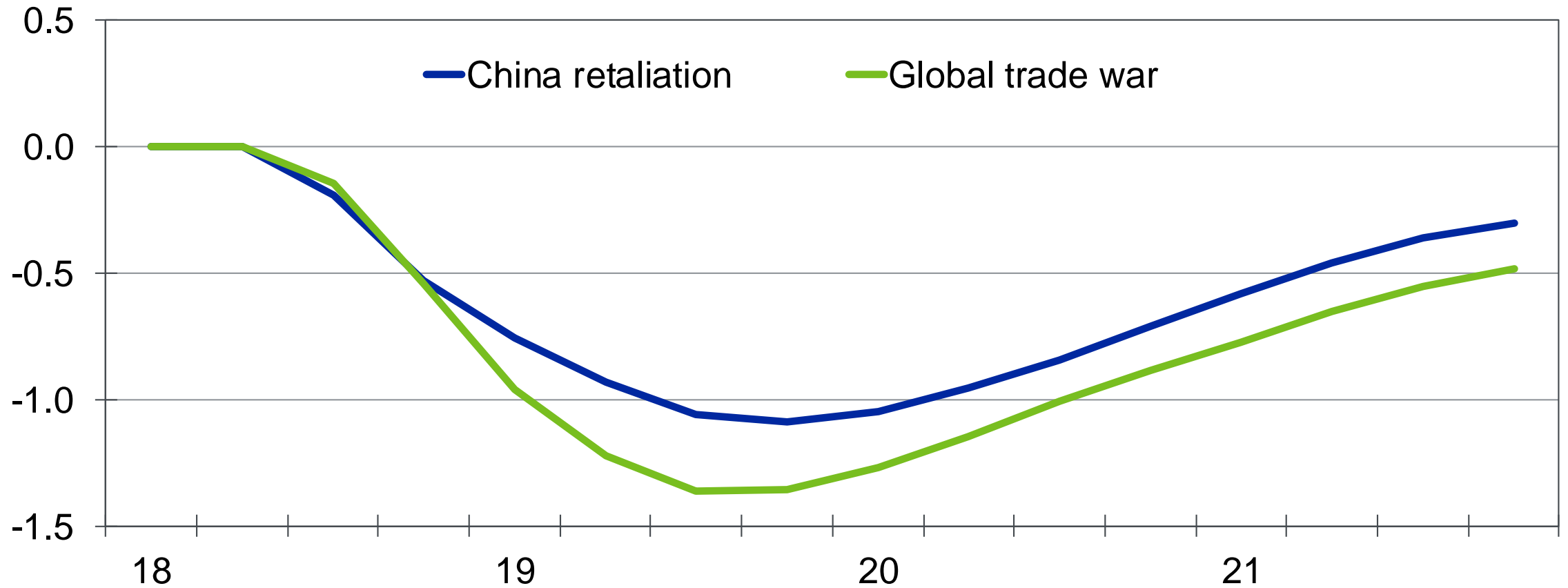
Exports plus imports, % of GDP



Sources: World Bank, Moody's Analytics

Trade War: A Toll on the Global Economy

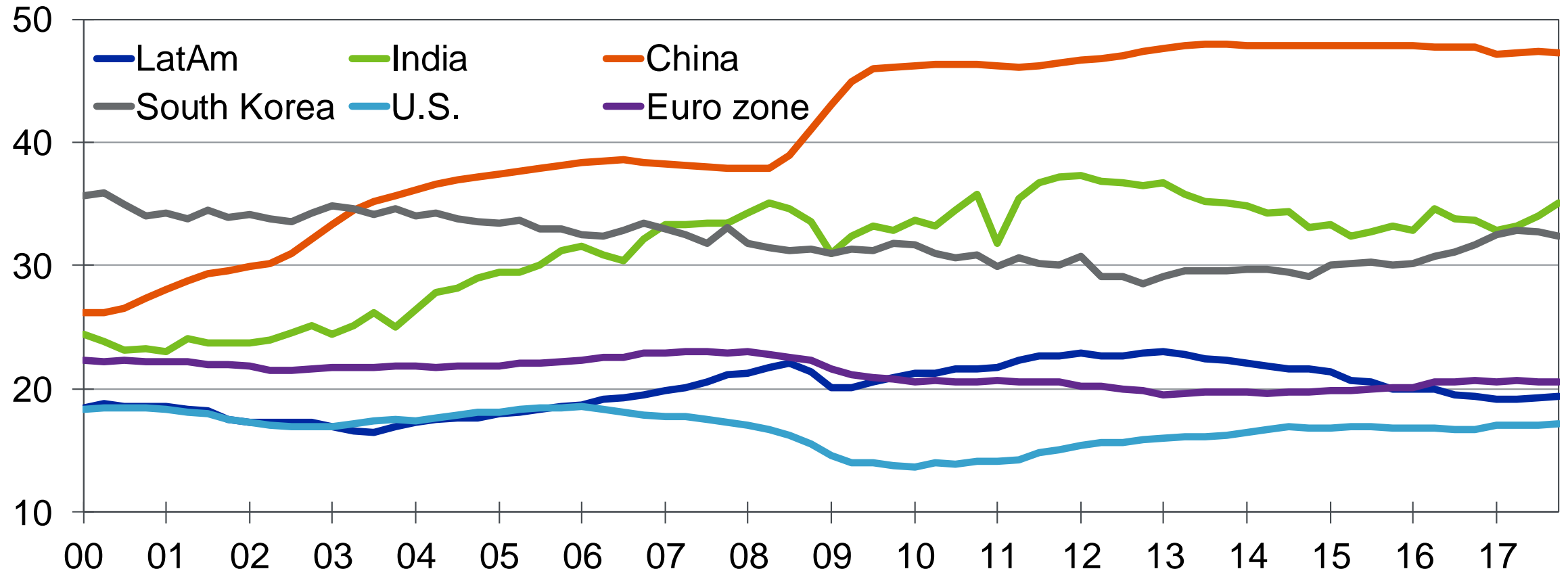
World GDP, difference between baseline and scenario, ppts



Source: Moody's Analytics

Structural: Lack of Investment Imposes Limitations...

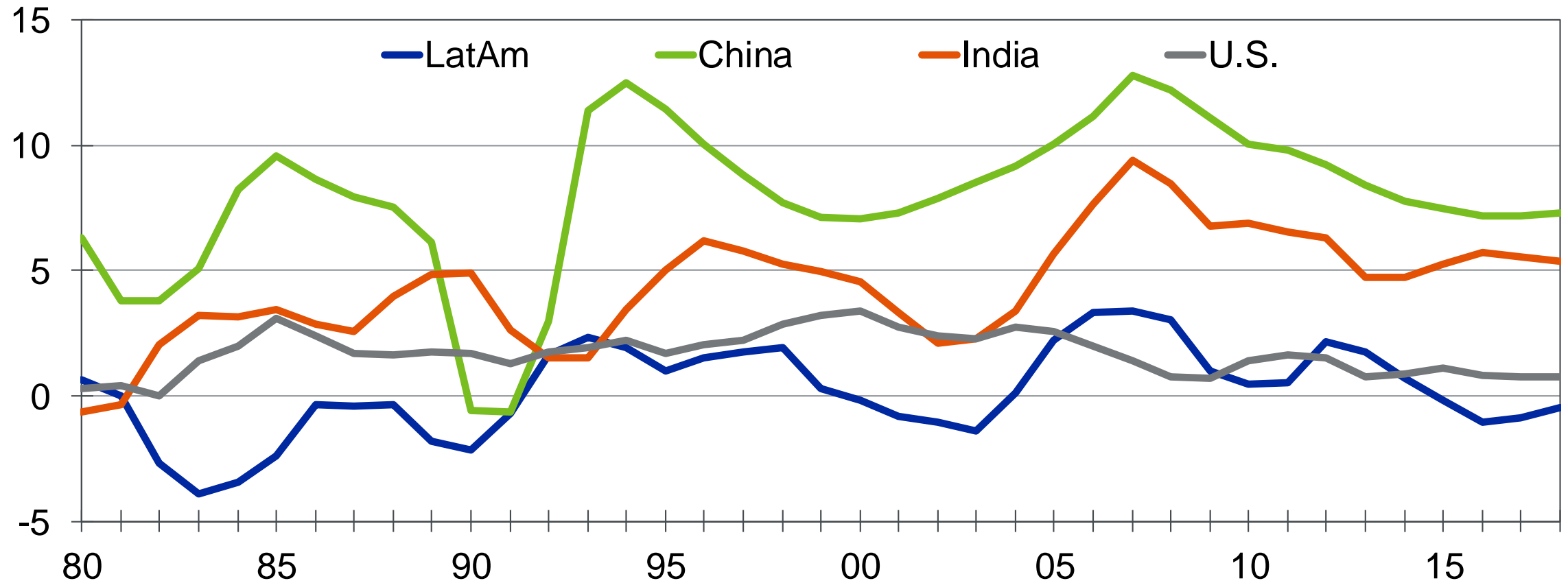
Gross fixed investment, % of GDP



Sources: Central banks, Moody's Analytics

...As Does Slowing Productivity

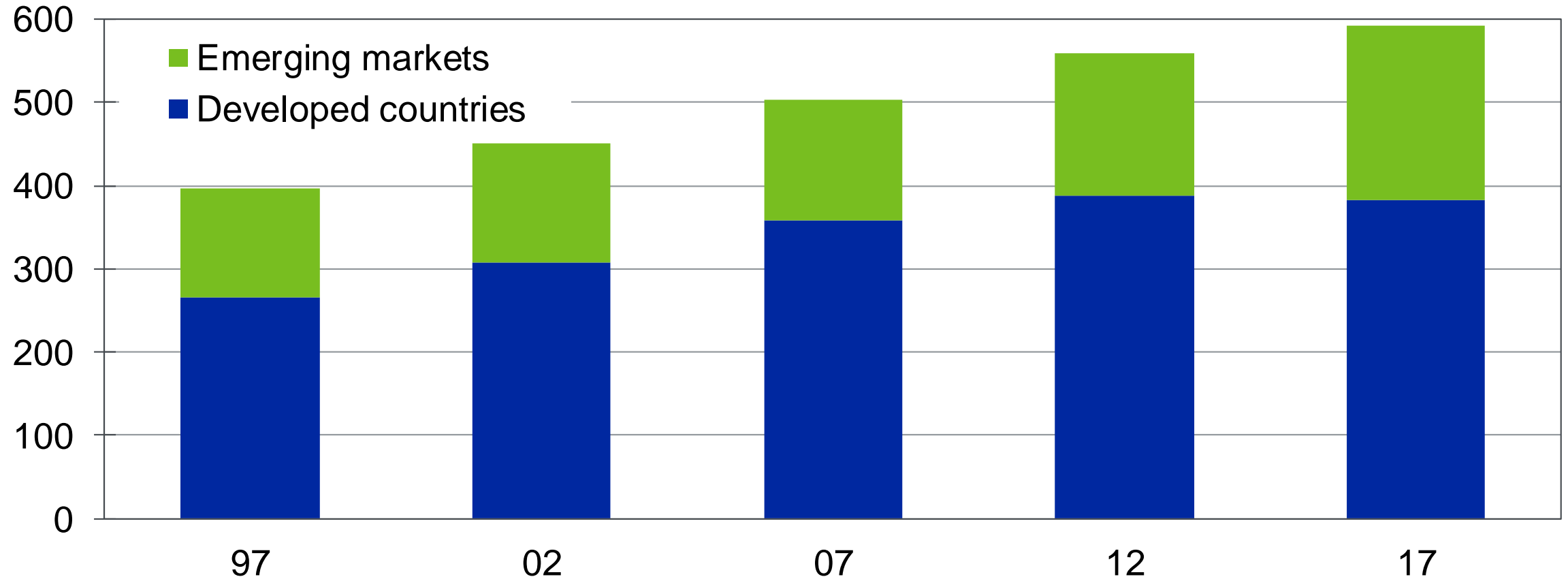
Output per worker, % change yr ago, 3-yr MA



Sources: The Conference Board, Moody's Analytics

Imbalances: Increasing Global Debt

% of GDP



Sources: Institute of International Finance, Moody's Analytics

Main Global Effects

Protectionism:

- » Less global trade, lower economic growth, higher inflation, and more financial volatility.

Investment and productivity:

- » Limited production capacity and restrained potential growth.

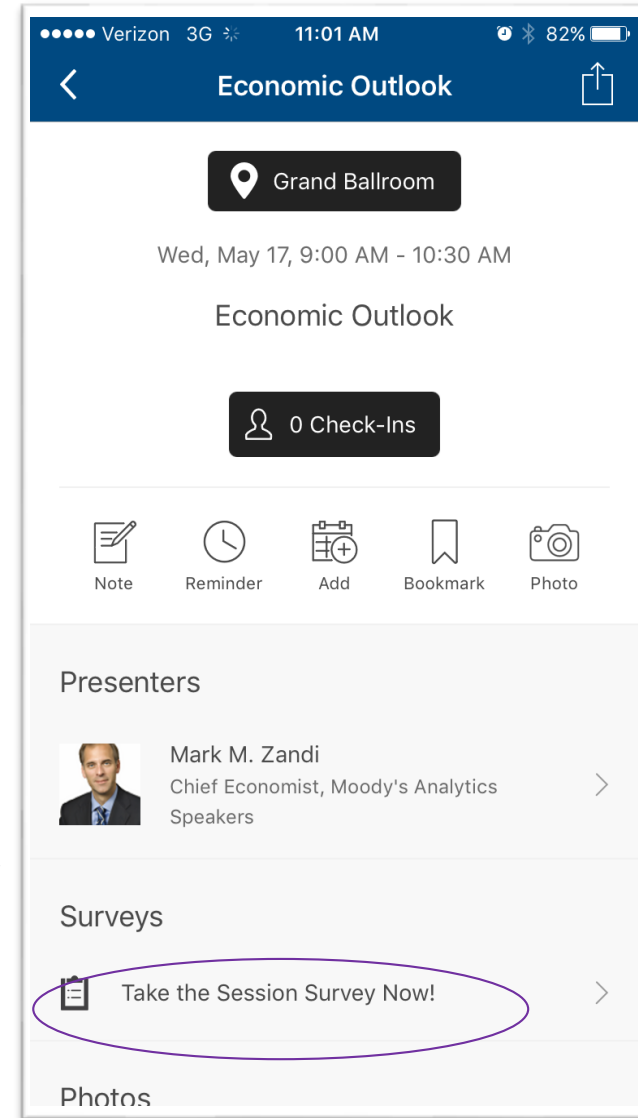
Imbalances (macroeconomic adjustment):

- » Slower global recovery and reduction of well-being.

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United States
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Suite 500
West Chester PA 19380
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United Kingdom
One Canada Square
Canary Wharf
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Australia
Level 10
1 O'Connell Street
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Australia
+61.2.9270.8111

Prague
Washingtonova 17
110 00 Prague 1
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