

**1st Quarter 2017**

**Global Macro Webcast**

**Presented by**

**Francis A. Scotland**

**Director of Global Macro Research**

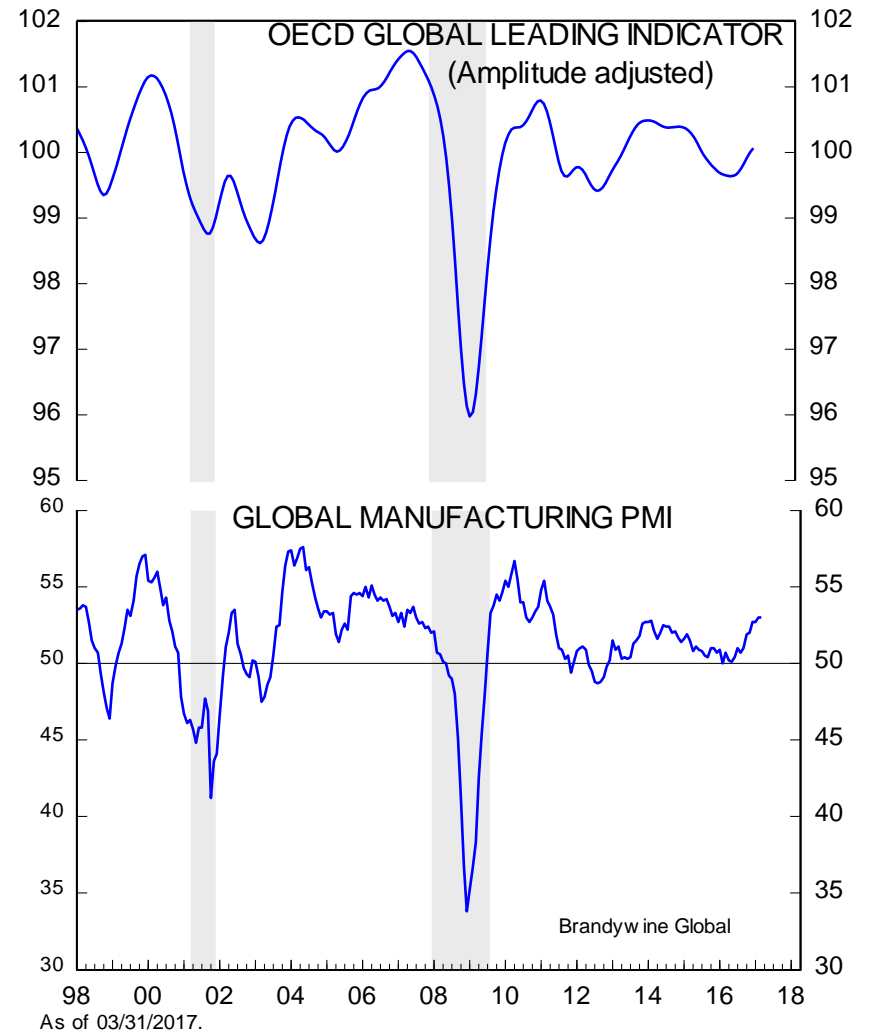
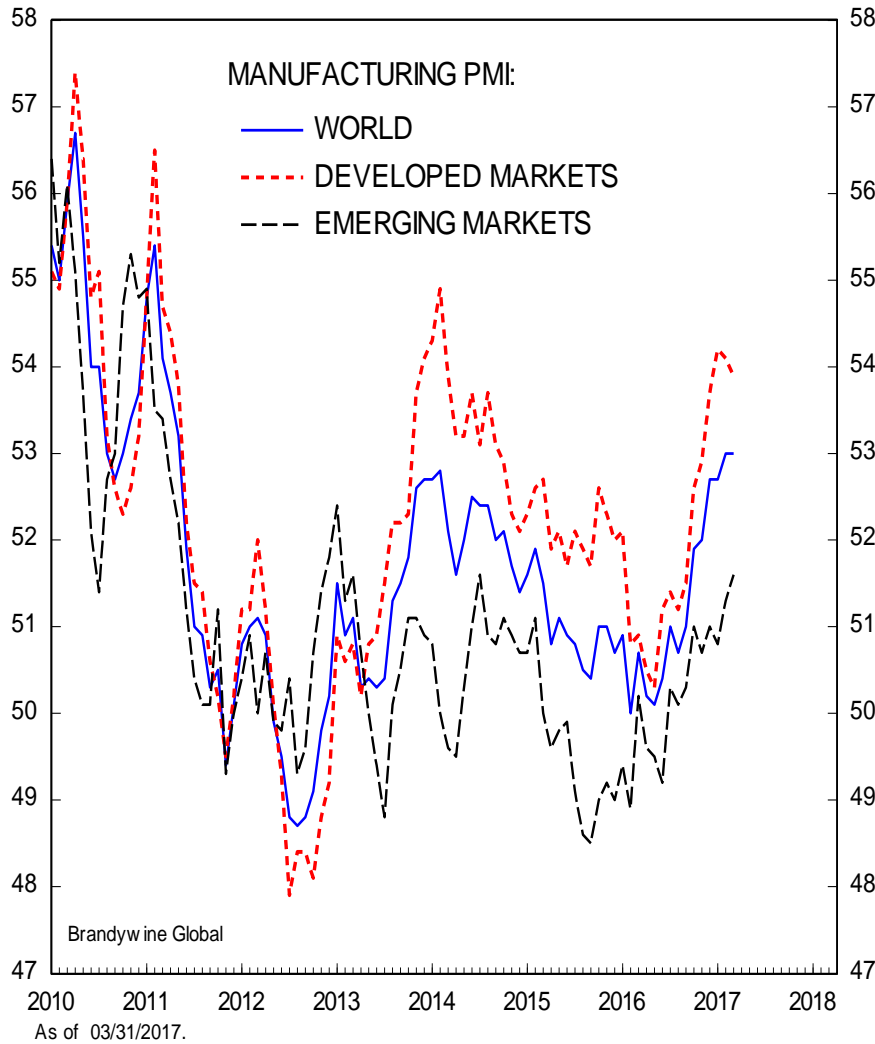


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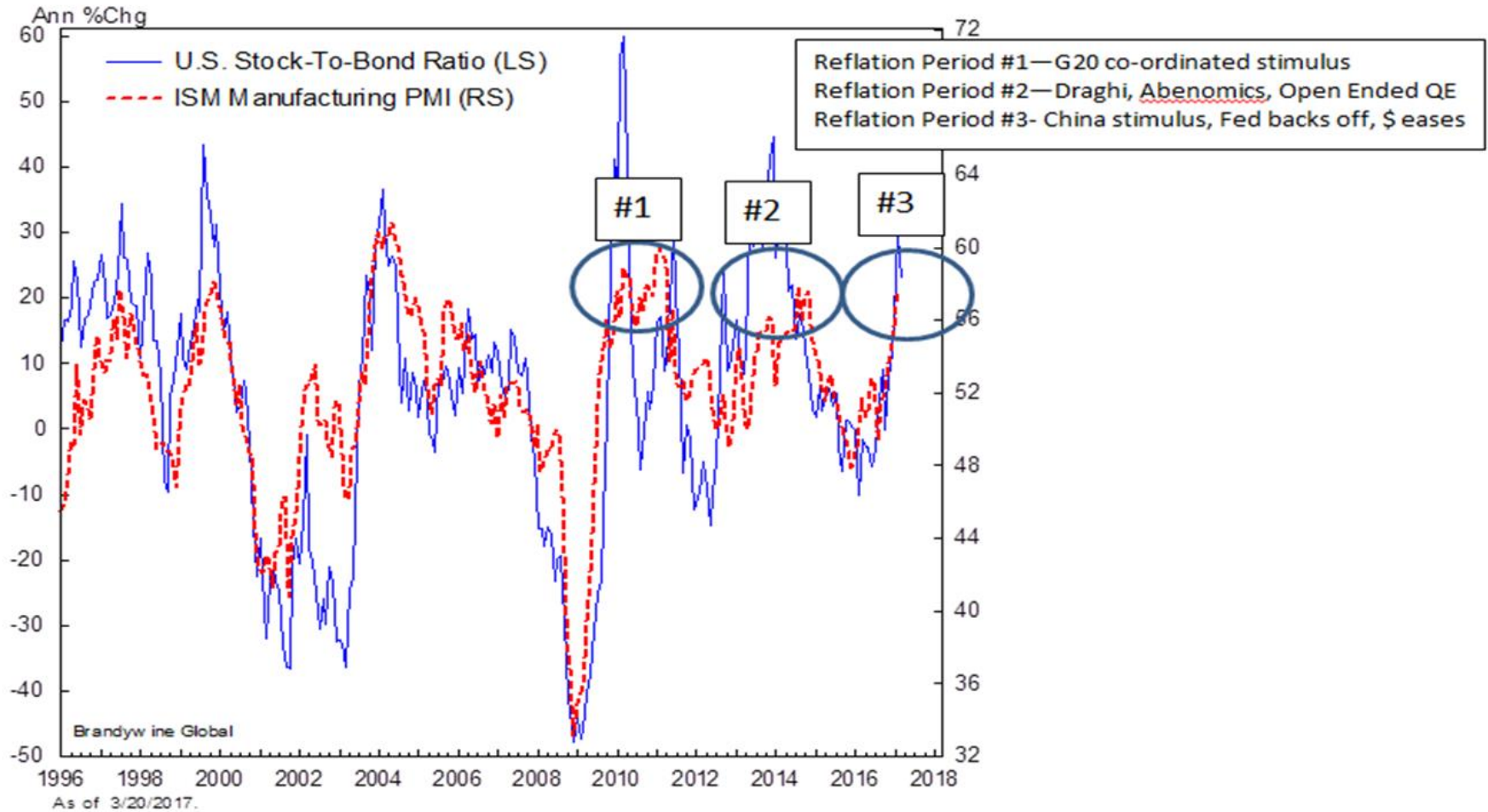
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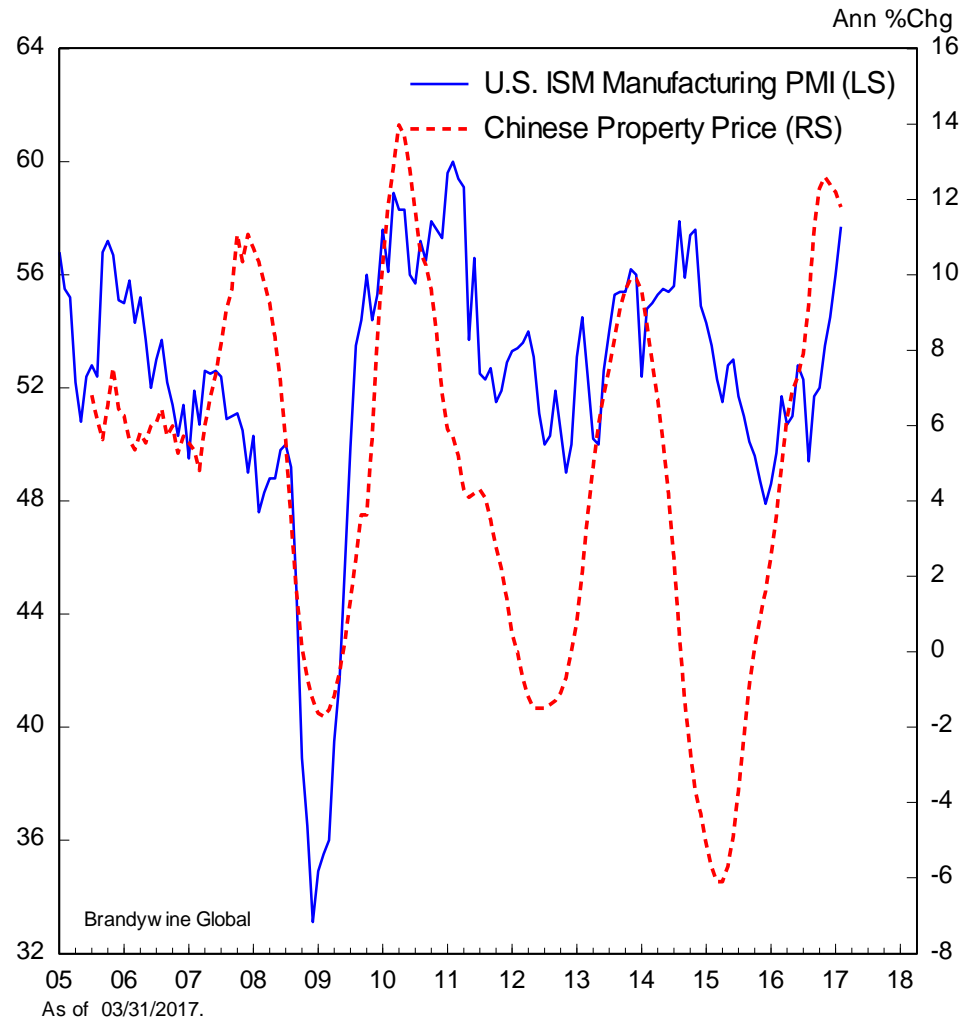
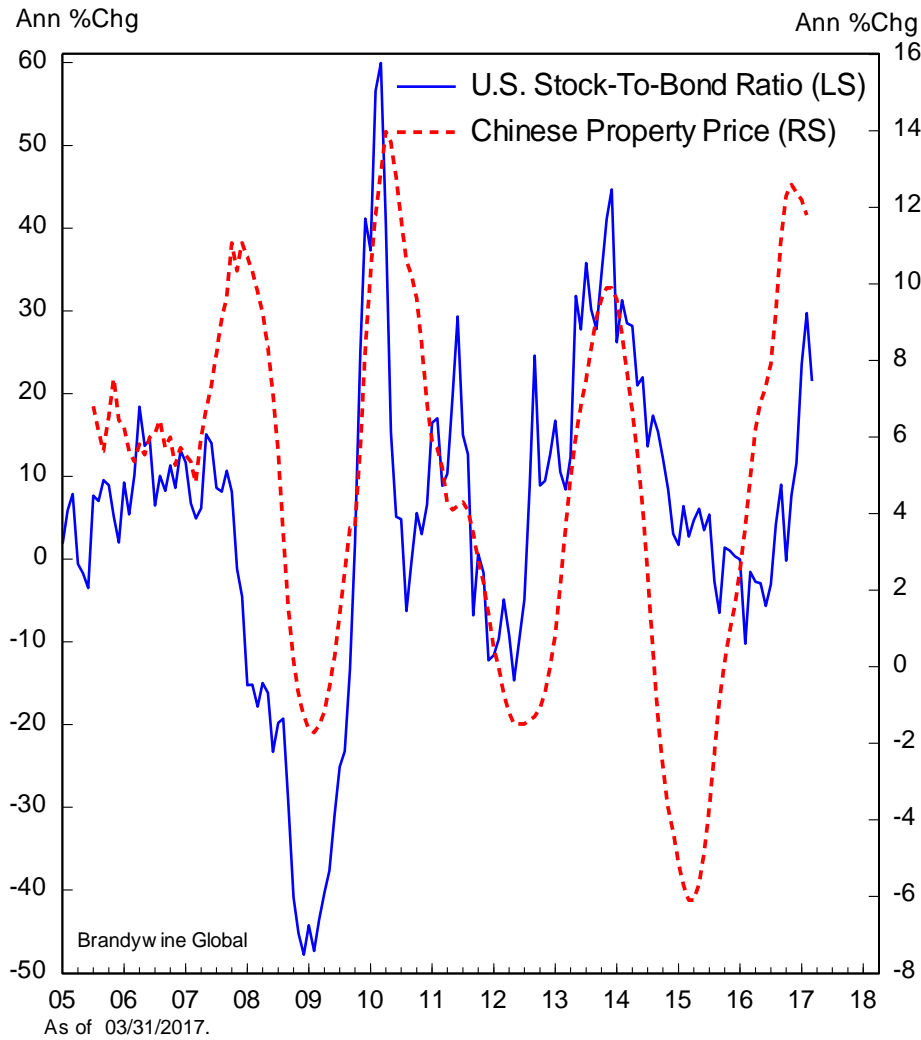
# Relapse from Reflation or the Beginning of a Self-Sustaining Global Economic Expansion?



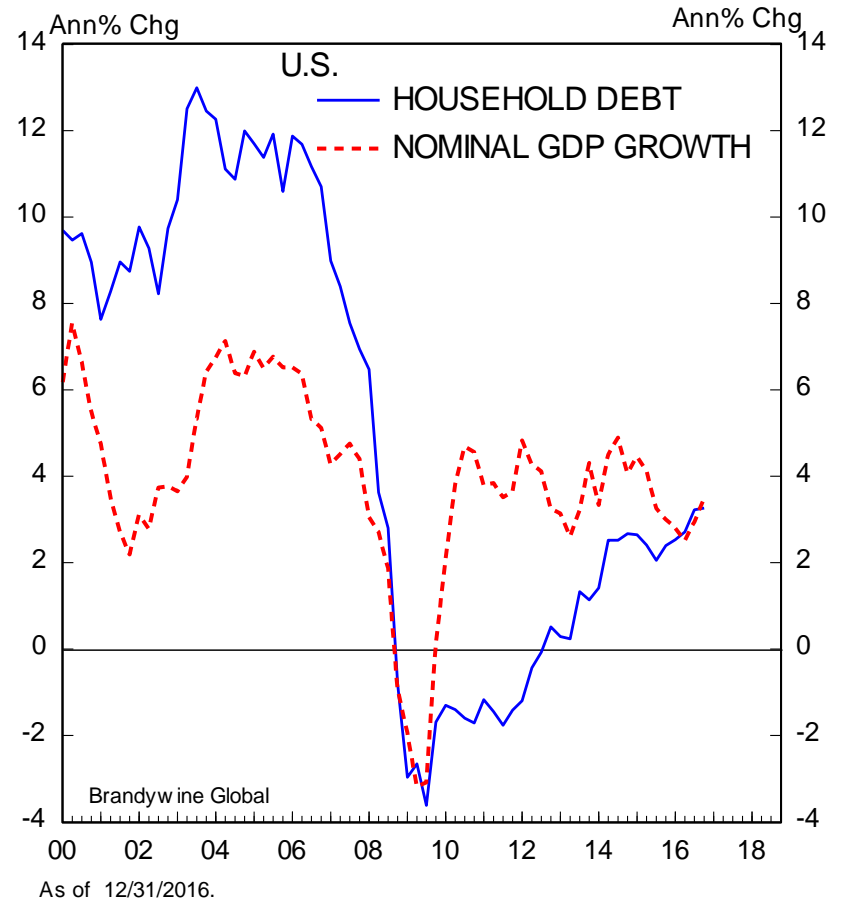
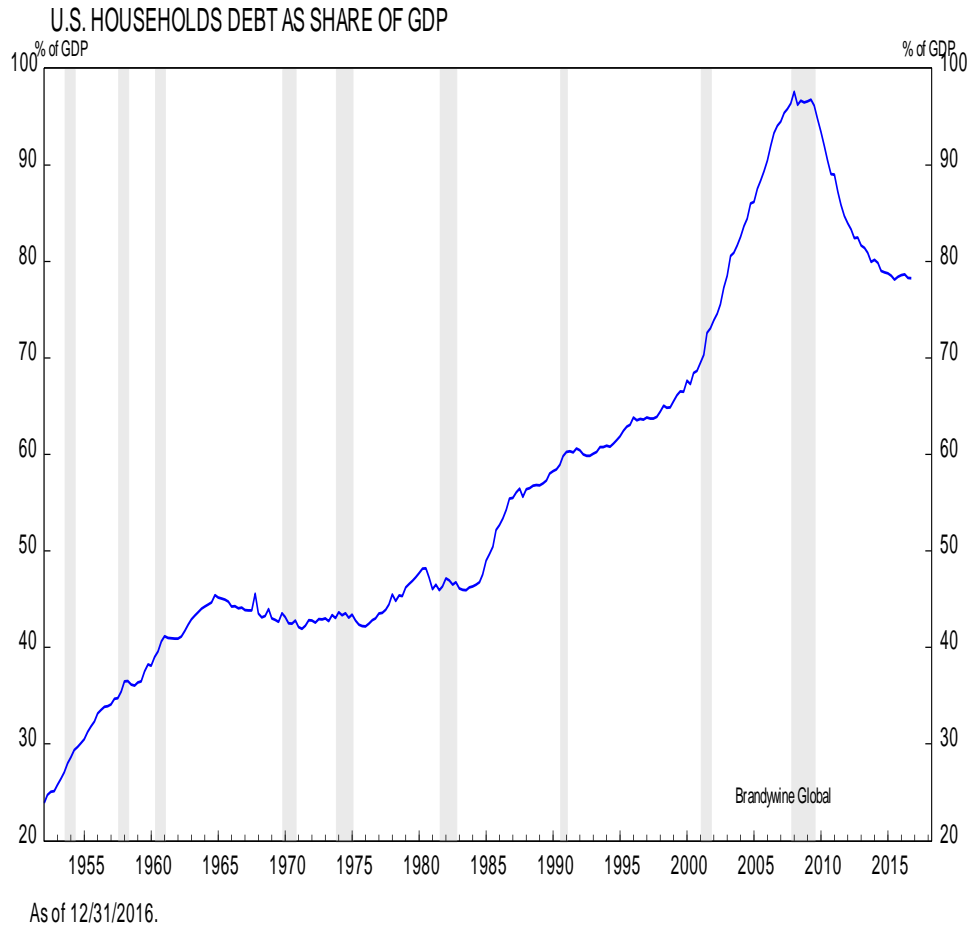
# This is the Third Reflationary Cycle since the Great Financial Crisis



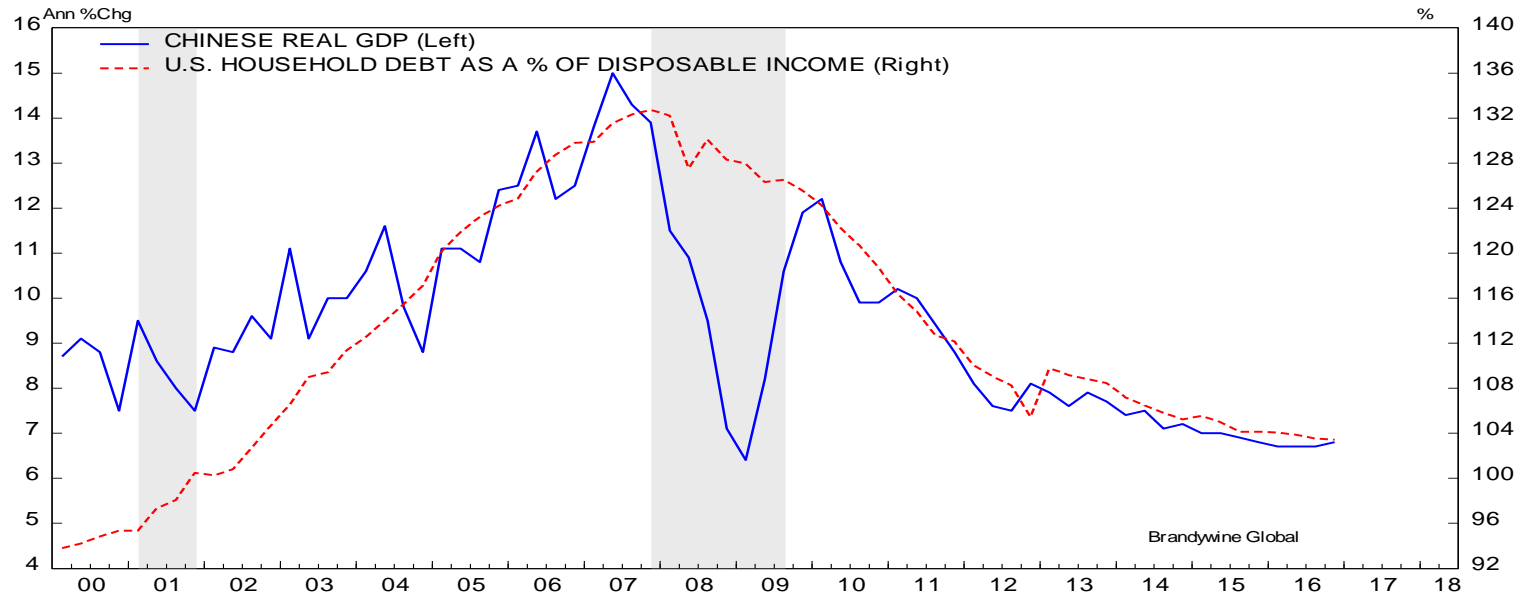
# The Three Reflationary Cycles are Evident in U.S. Manufacturing and Chinese Property Prices



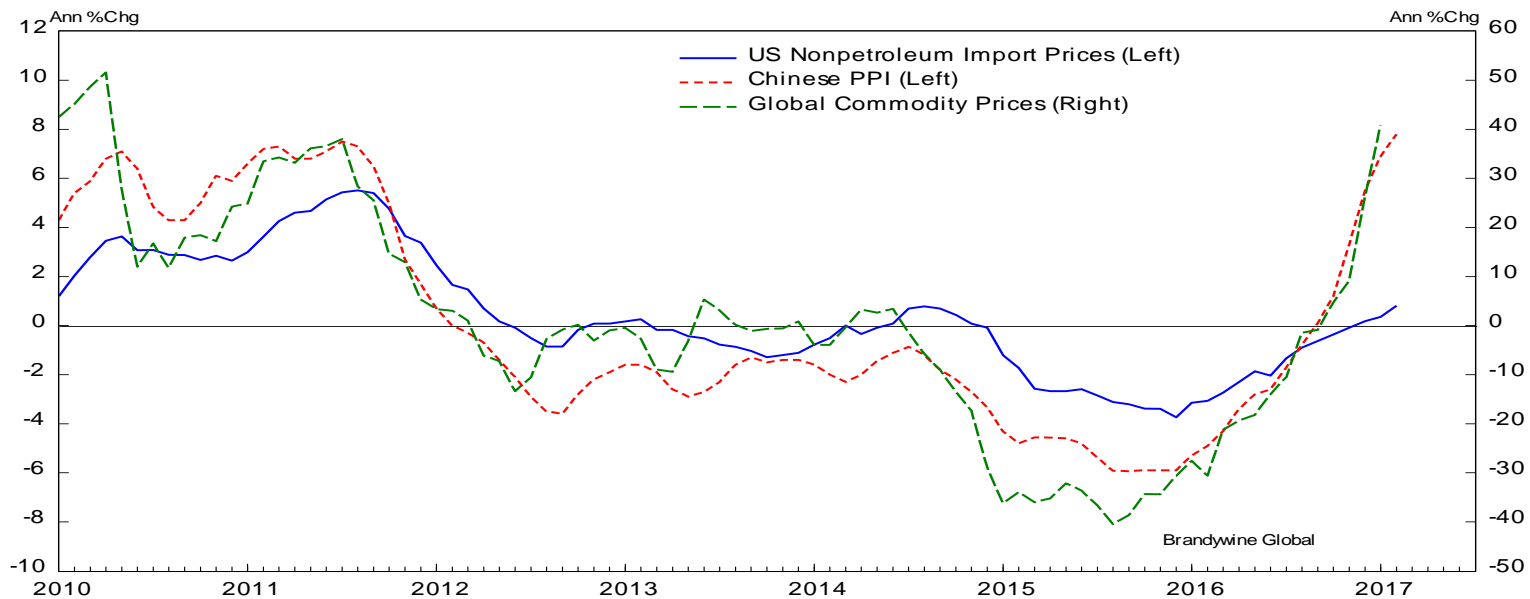
# U.S. Households Stop Deleveraging



# Chinese Economic Growth Stabilizes and Deflation Ends as U.S. Households Stop Deleveraging

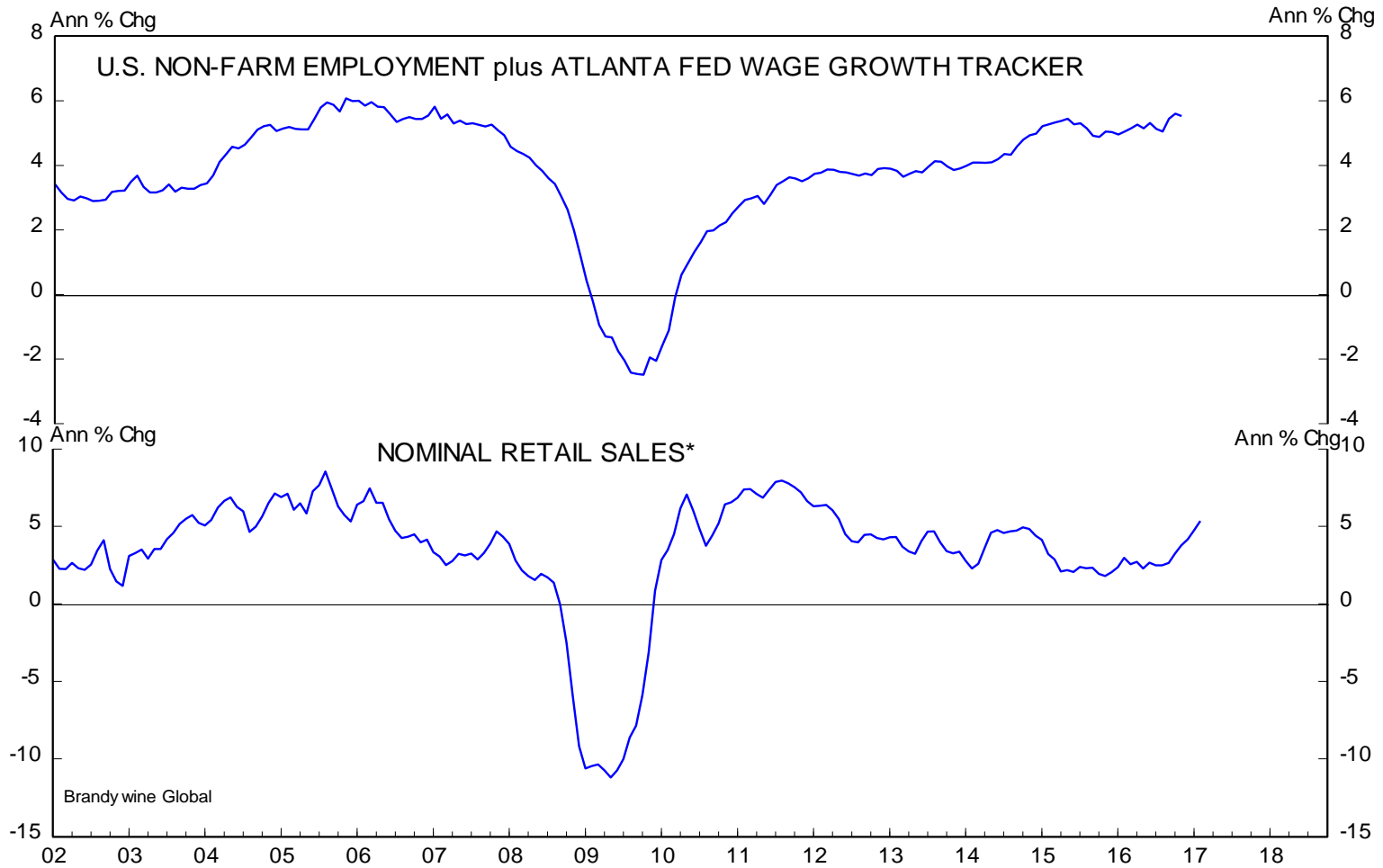


As of 12/31/2016.



As of 02/28/2017.

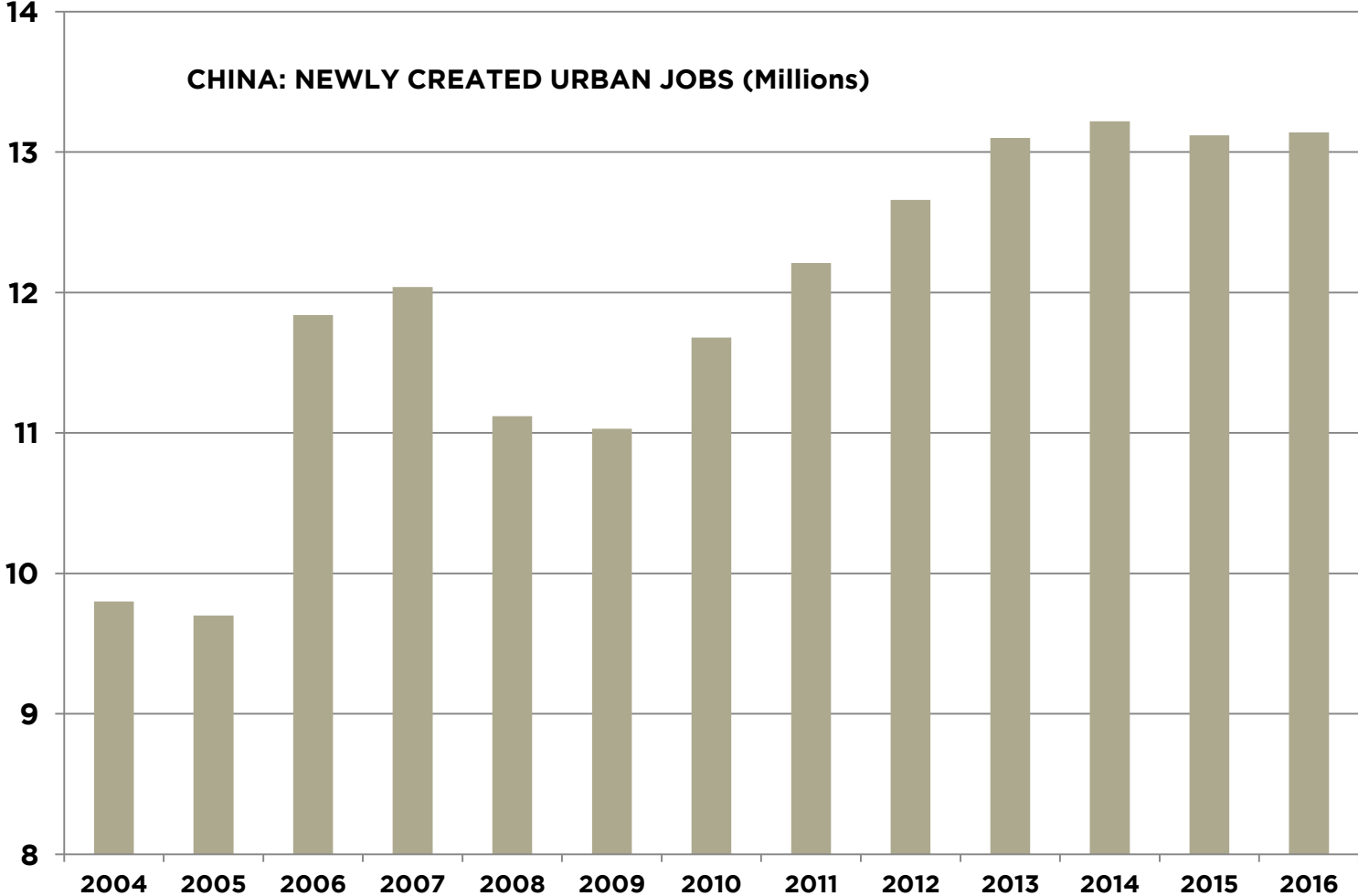
# Labor Incomes Could Be Growing as Fast as 5% or More



\* Shown as a 3-month moving average

As of 02/28/2017.

# Chinese Employment Creation in the Urban Centers Where Productivity Is Highest

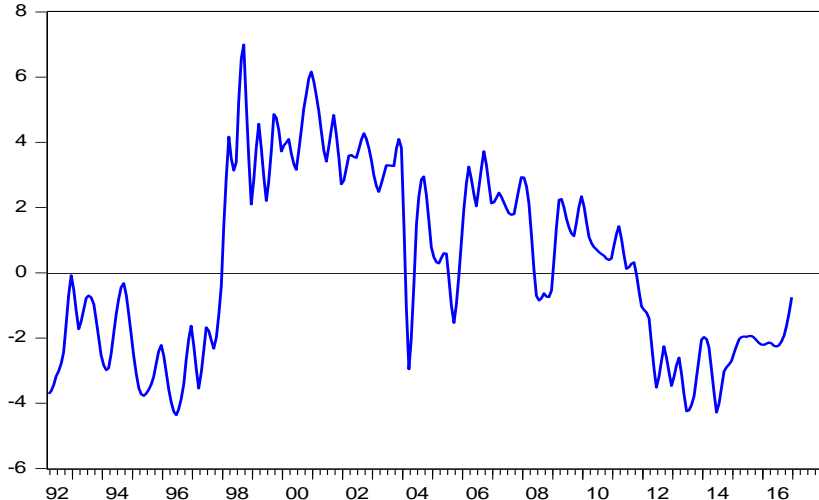


Data has been obtained by Thomson Reuters DataStream (© 2017, Thomson Reuters) which Brandywine Global believes to be accurate and reliable. Charts created by Brandywine Global. Please refer to Appendix 1 for important disclosure information.



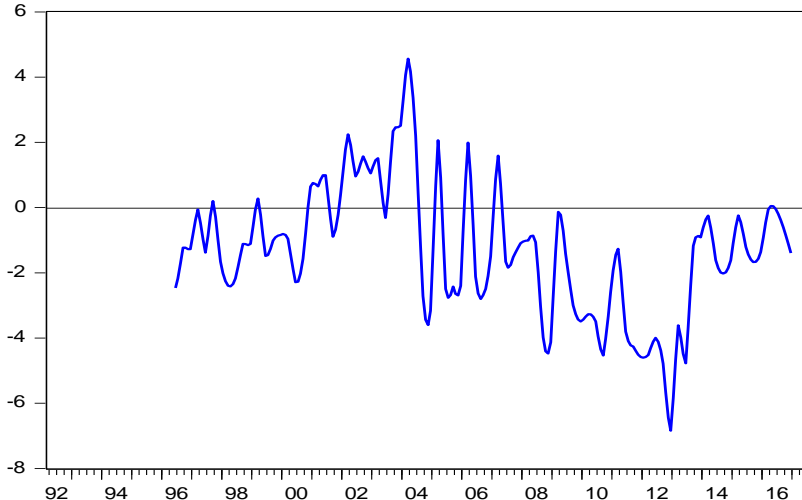
# Emerging Countries in Greater External Balance

INDONESIA: BOP: CURRENT ACCOUNT BALANCE (PERCENTAGE OF GDP)  
% of GDP



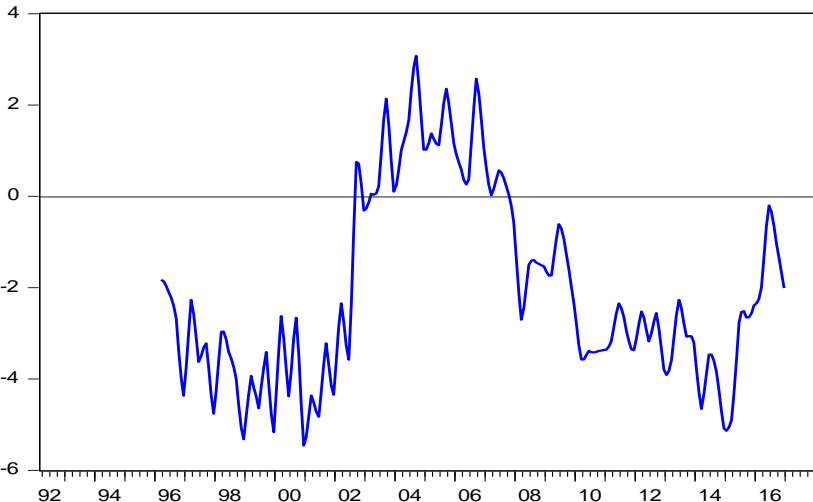
Current prices, not seasonally adjusted  
Source: CENTRAL BANK OF INDONESIA  
As of 12/31/2016.

INDIA: BOP: CURRENT ACCOUNT BALANCE (PERCENTAGE OF GDP)  
% of GDP



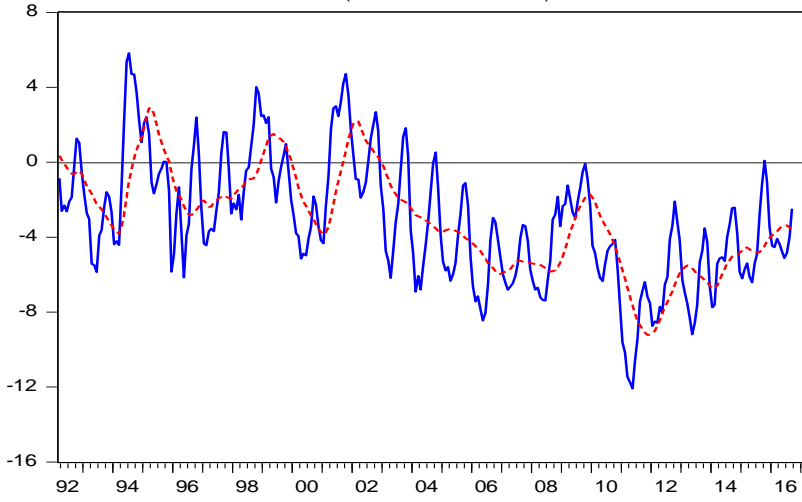
Current prices, not seasonally adjusted  
Source: RESERVE BANK OF INDIA  
As of 12/31/2016.

BRAZIL: BOP: CURRENT ACCOUNT BALANCE (PERCENTAGE OF GDP)  
% of GDP



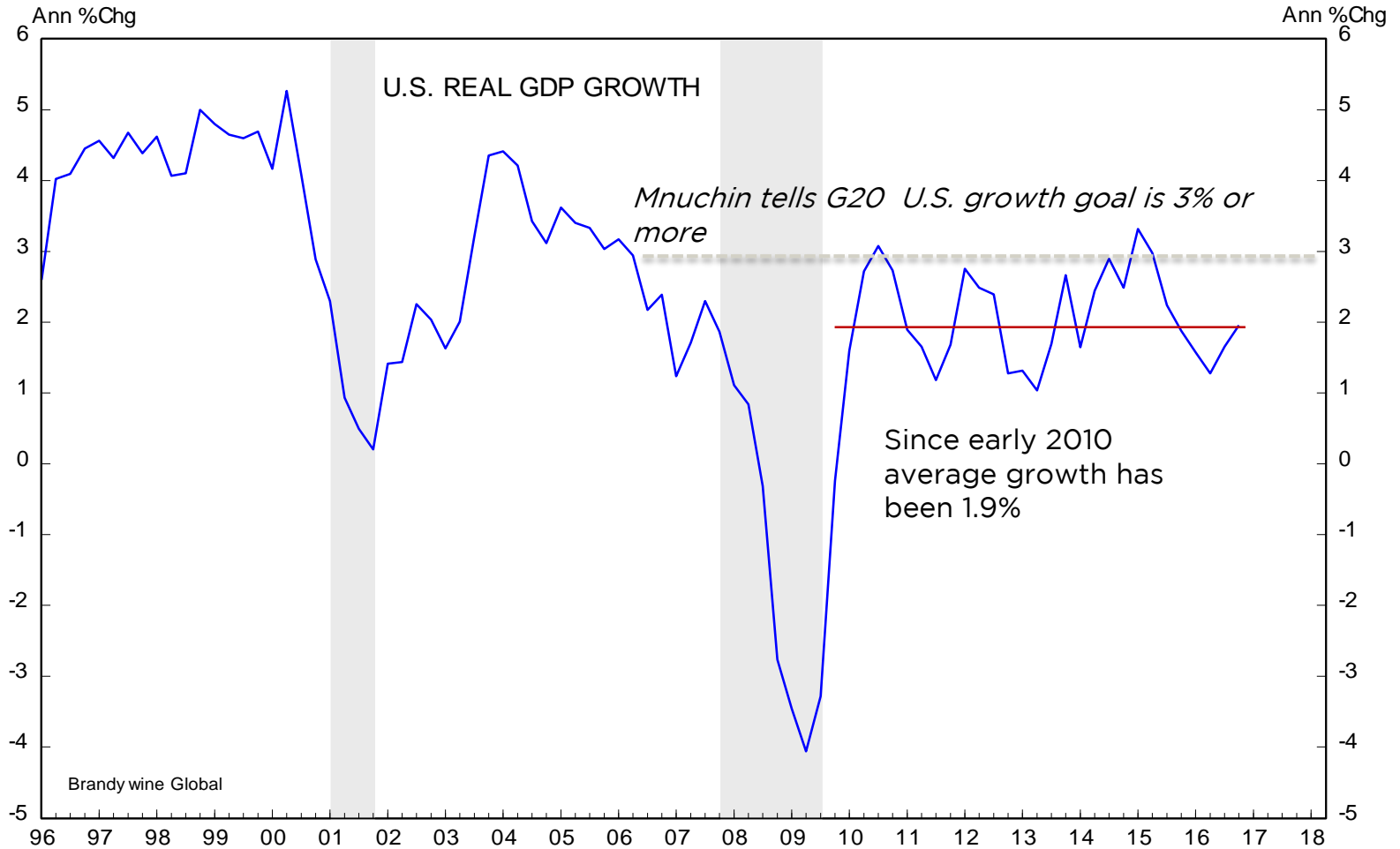
Current prices, not seasonally adjusted  
Source: BANCO CENTRAL DO BRAZIL  
As of 12/31/2016.

TURKEY: BOP: CURRENT ACCOUNT BALANCE (PERCENTAGE OF GDP)  
% of GDP  
(With 12 Months MA)



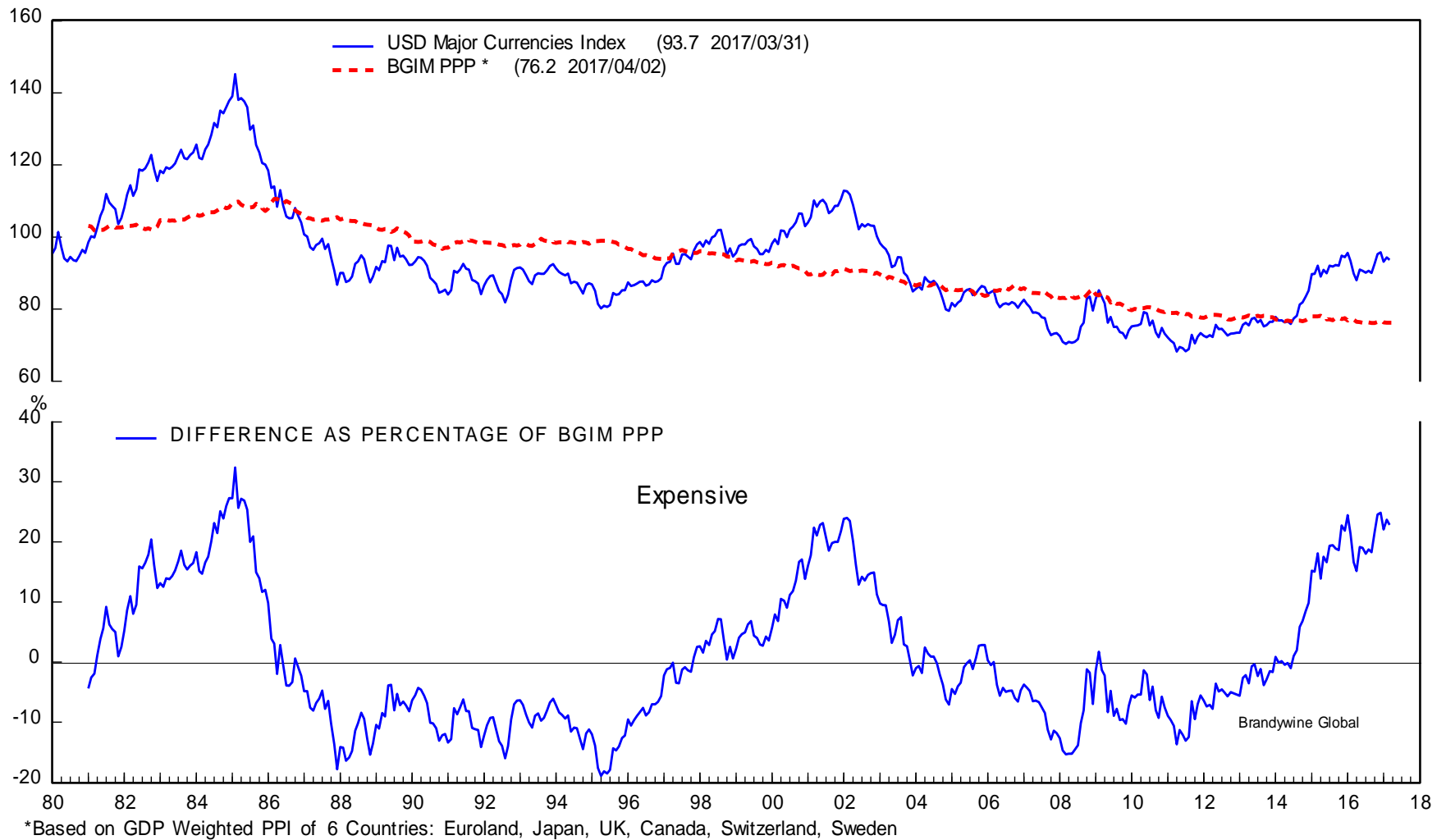
Current prices, not seasonally adjusted  
Source: CENTRAL BANK OF THE REPUBLIC OF TURKEY  
As of 09/30/2016.

# U.S. Administration Focused on Boosting Economic Growth Rate

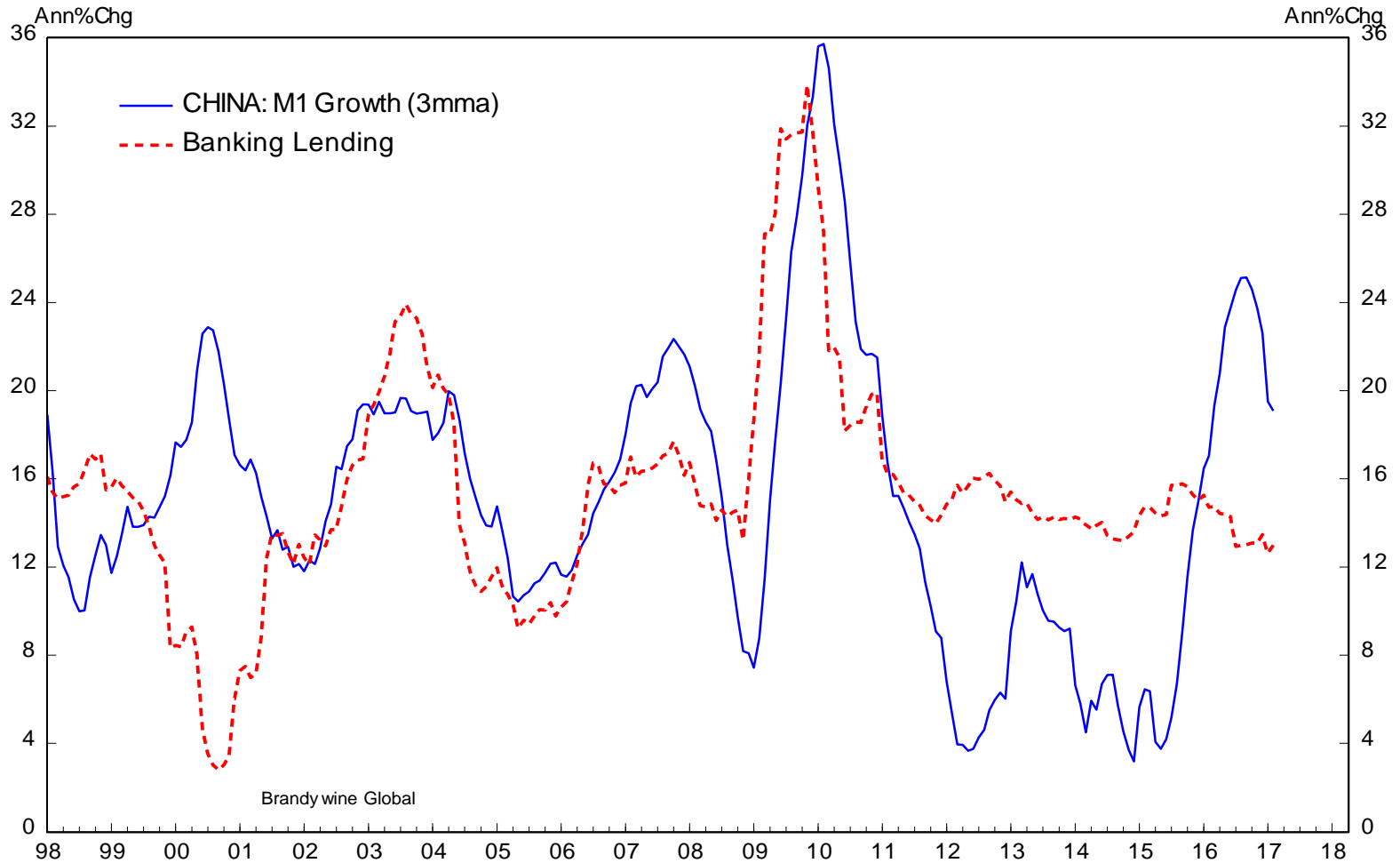


\*Shading represents periods of recession  
As of 12/31/2016.

# The Dollar is Expensive Relative to the Majors



# China's Monetary and Credit Impulse in Retreat but No Contraction



As of 02/28/2017.

# Appendix 1 – Important Disclosure Information

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