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## 2<sup>nd</sup> Quarter 2016 Webcast

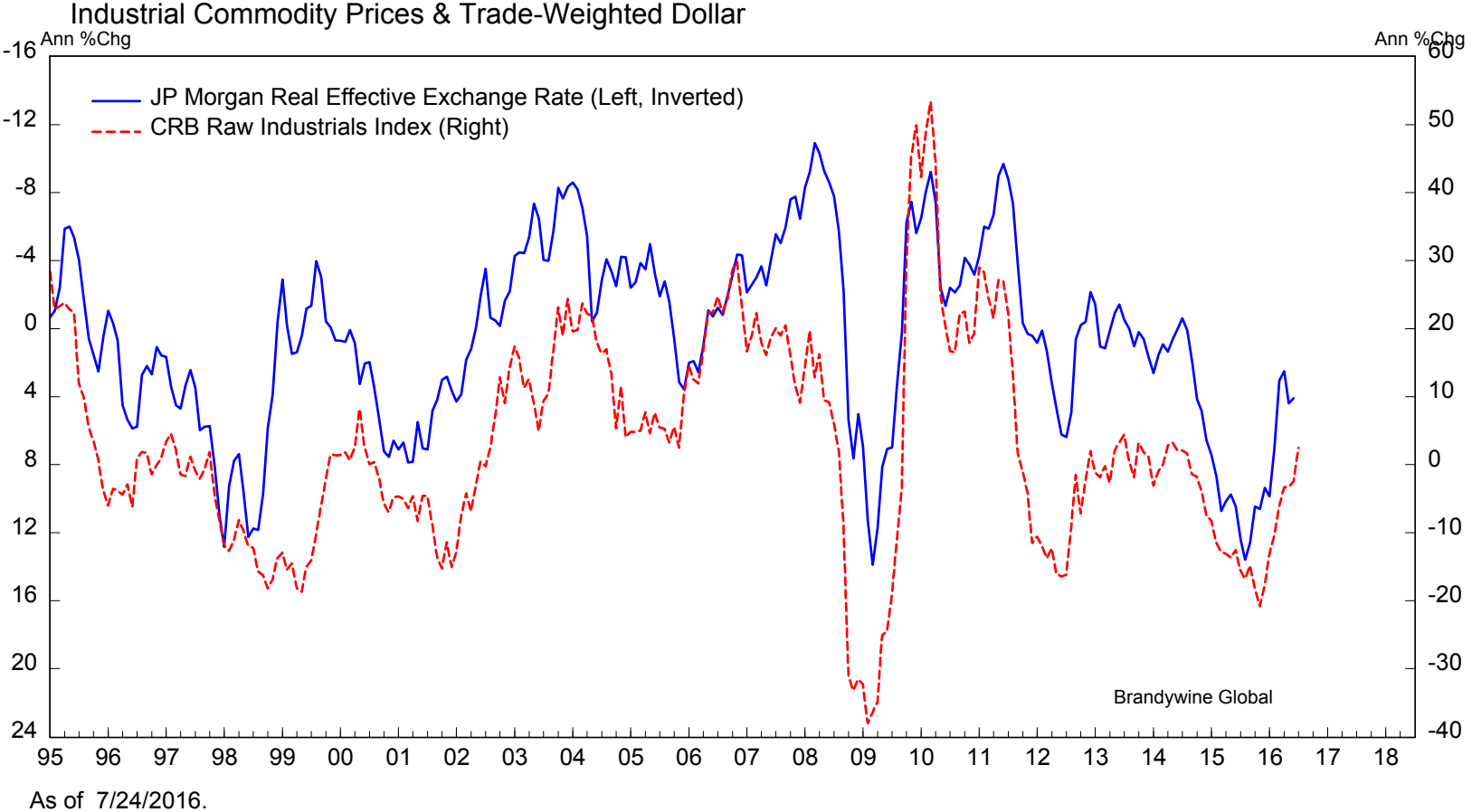
Presented by

**Francis A. Scotland**

Co-Director of Global Macro Research

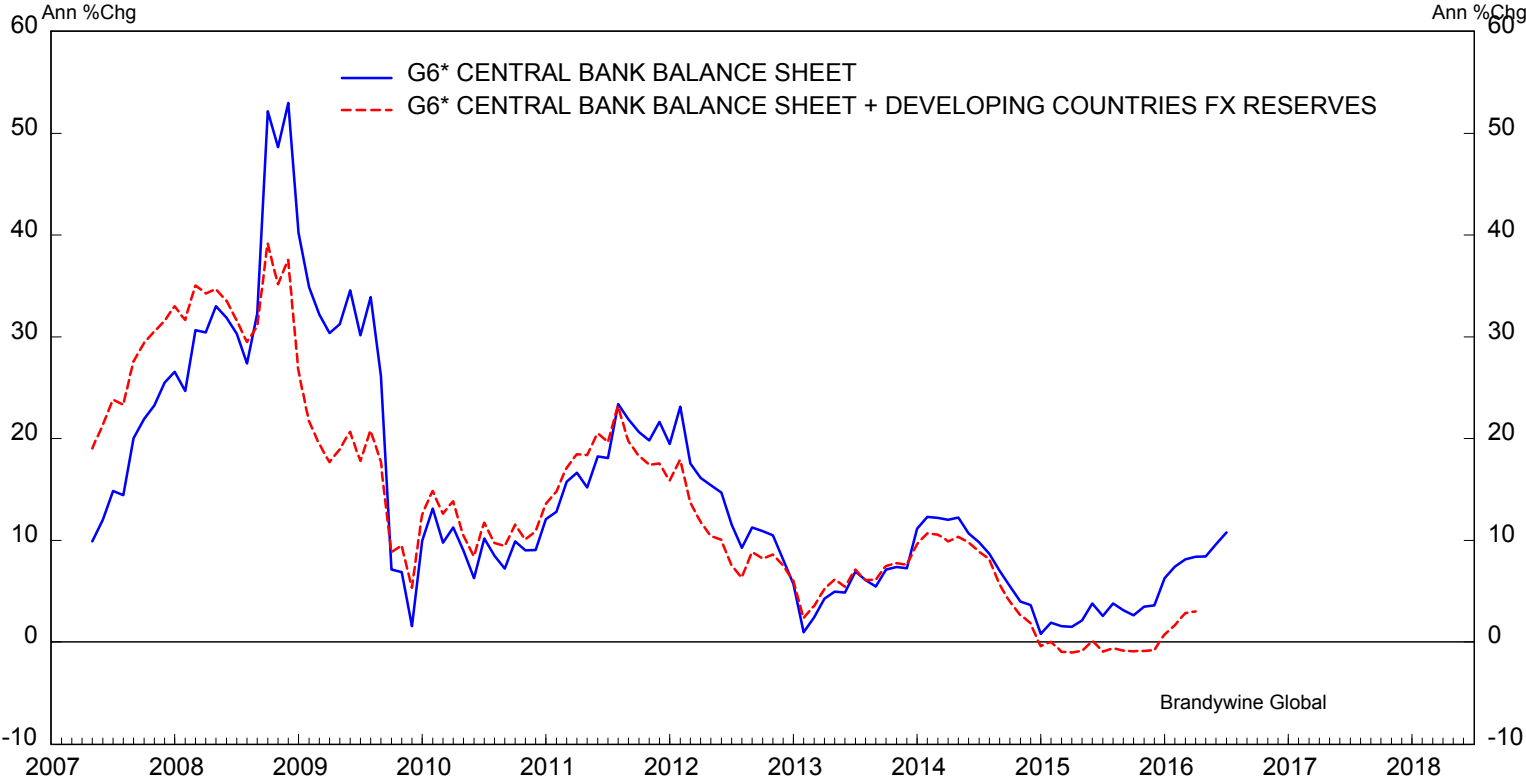
Portfolio Manager, Macro Strategy

# Commodity Bust and Dollar Bull Market: Flip Side of the Same Coin



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# Global Reflation

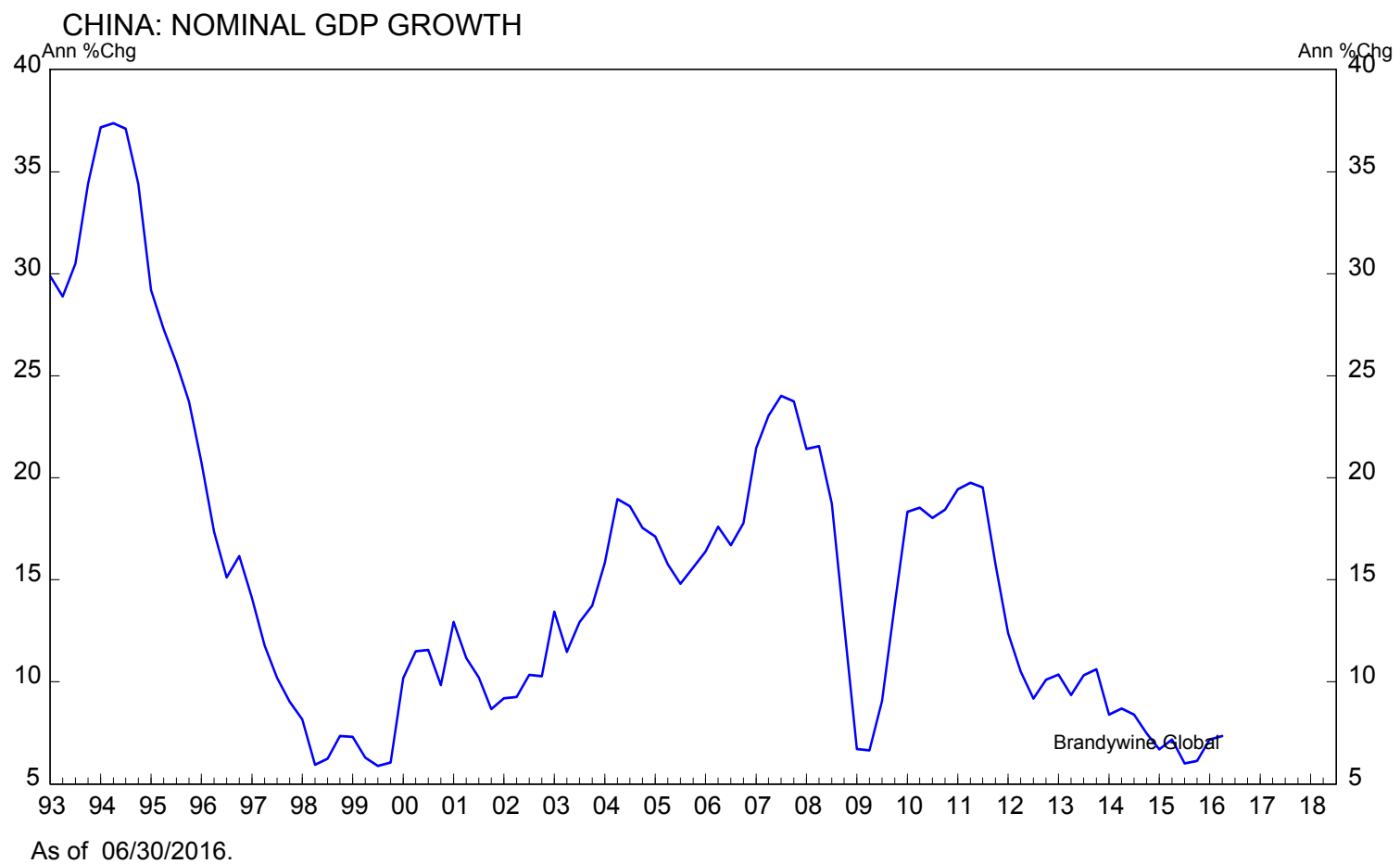


\* INCLUDING US, UK, ECB, JAPAN, CHINA, AND SWITZERLAND  
As of 7/13/2016.

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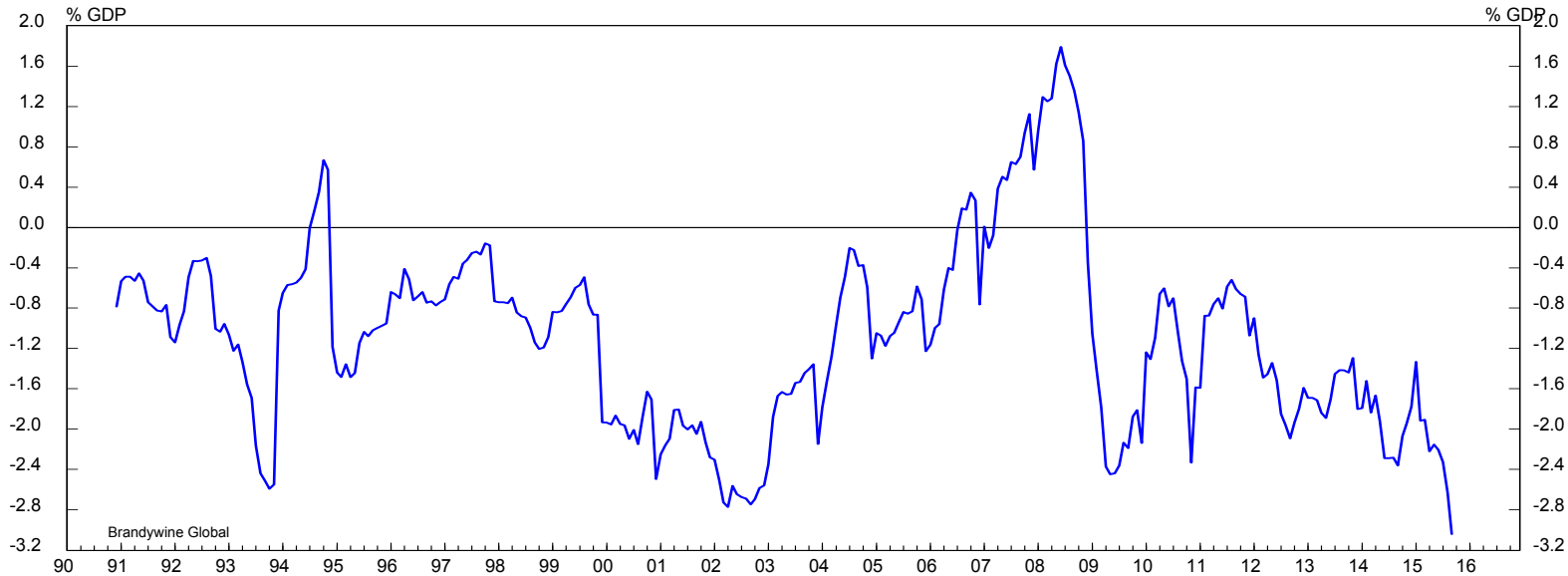
# China Nominal GDP Growth Stabilizing



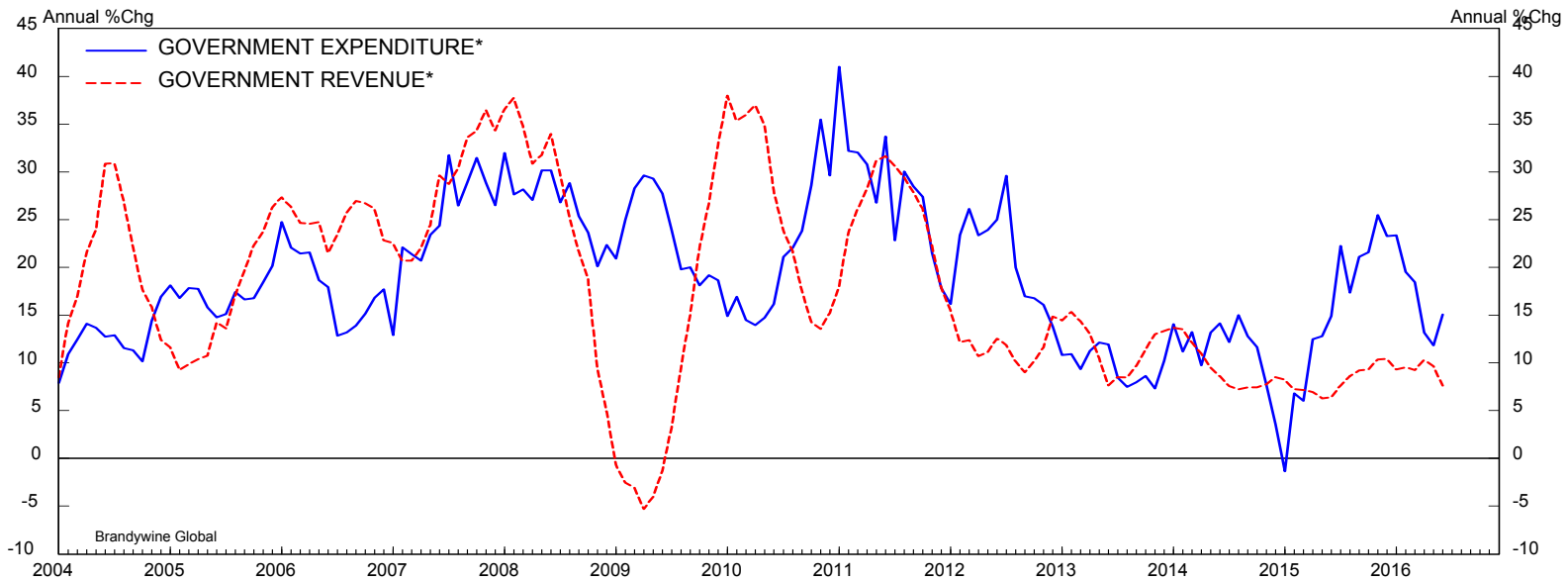
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# Due Mainly to Big Government Spending

CHINA: FISCAL BALANCE AS % OF GDP



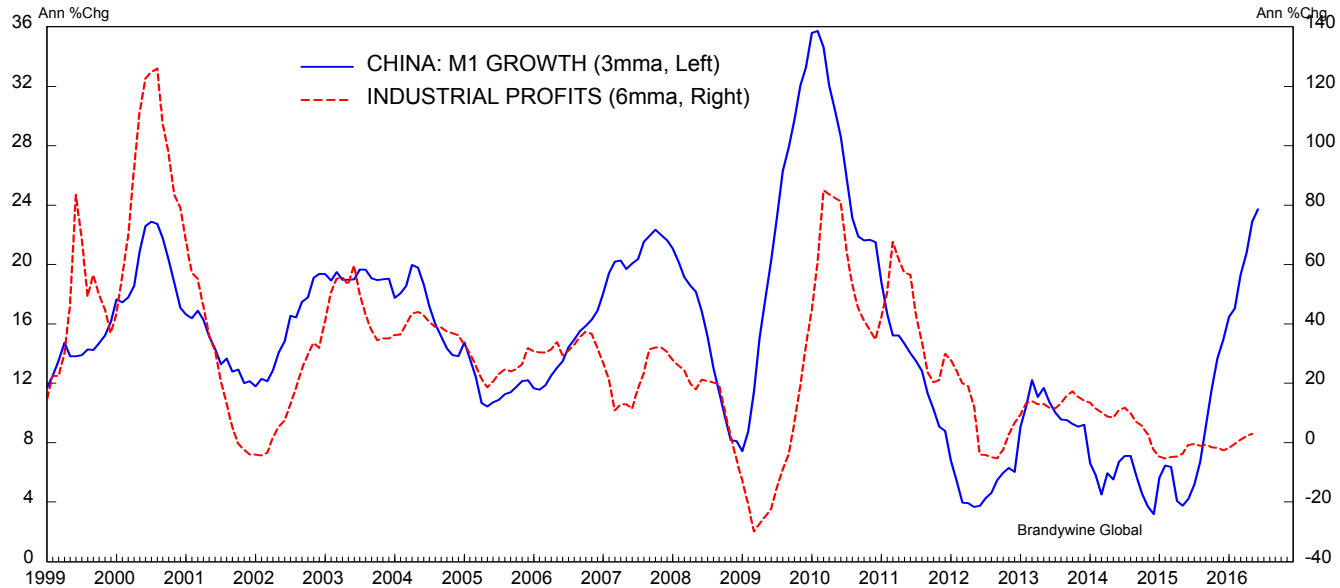
As of 06/30/2016.



\*Shown as a 6-month moving average  
As of 06/30/2016.

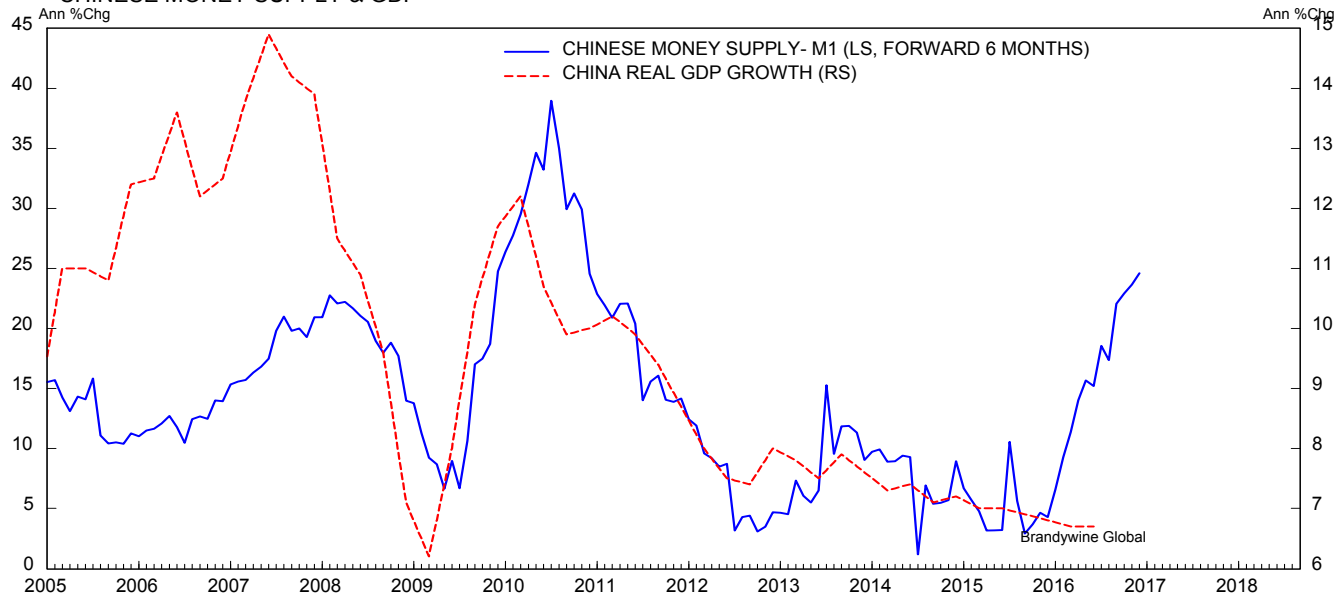
# A Rebound in Nominal GDP and Profits is in the Pipeline

CHINA: M1 GROWTH AND INDUSTRIAL PROFITS



As of 06/30/2016.

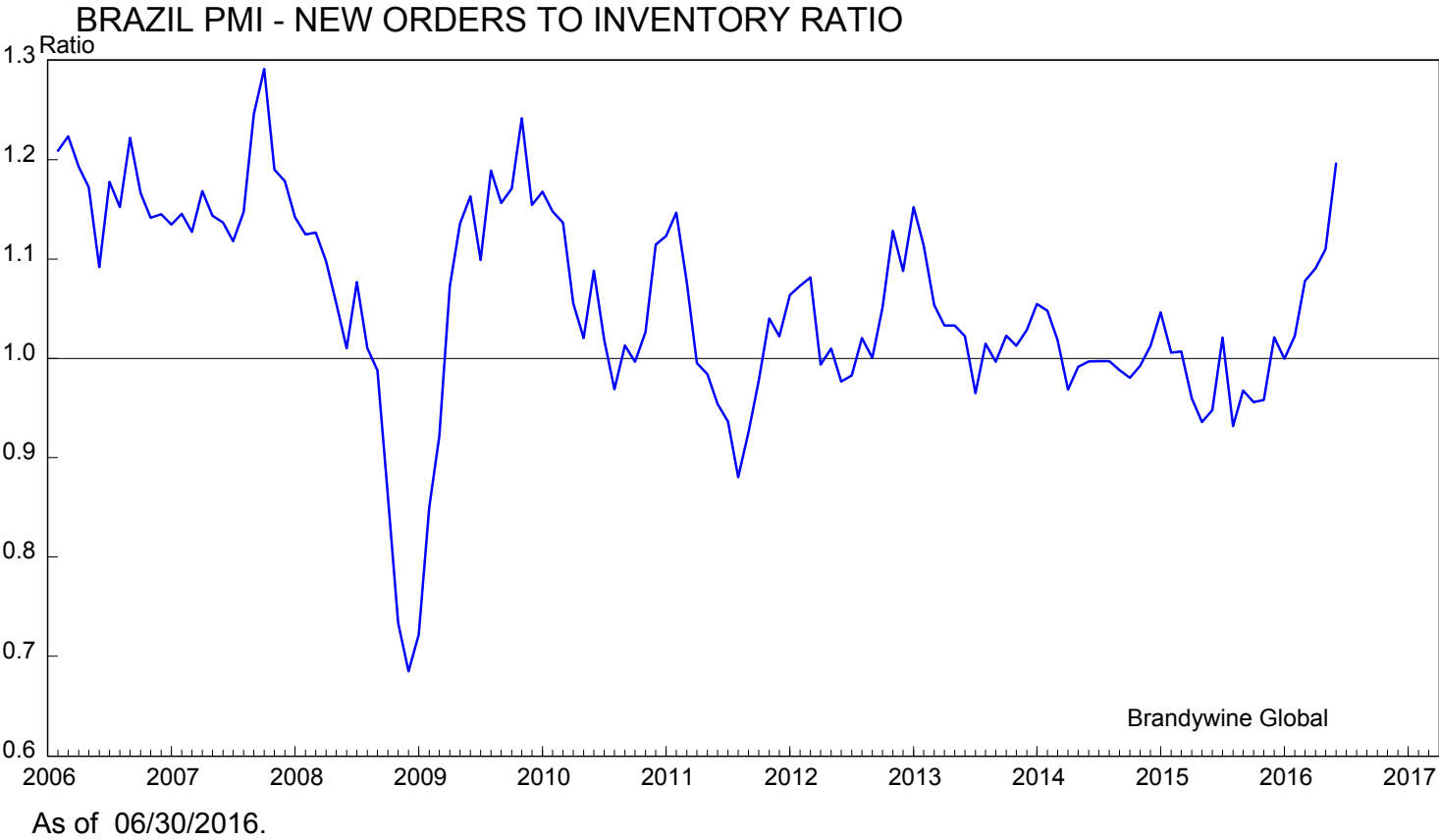
CHINESE MONEY SUPPLY & GDP



As of 06/30/2016.

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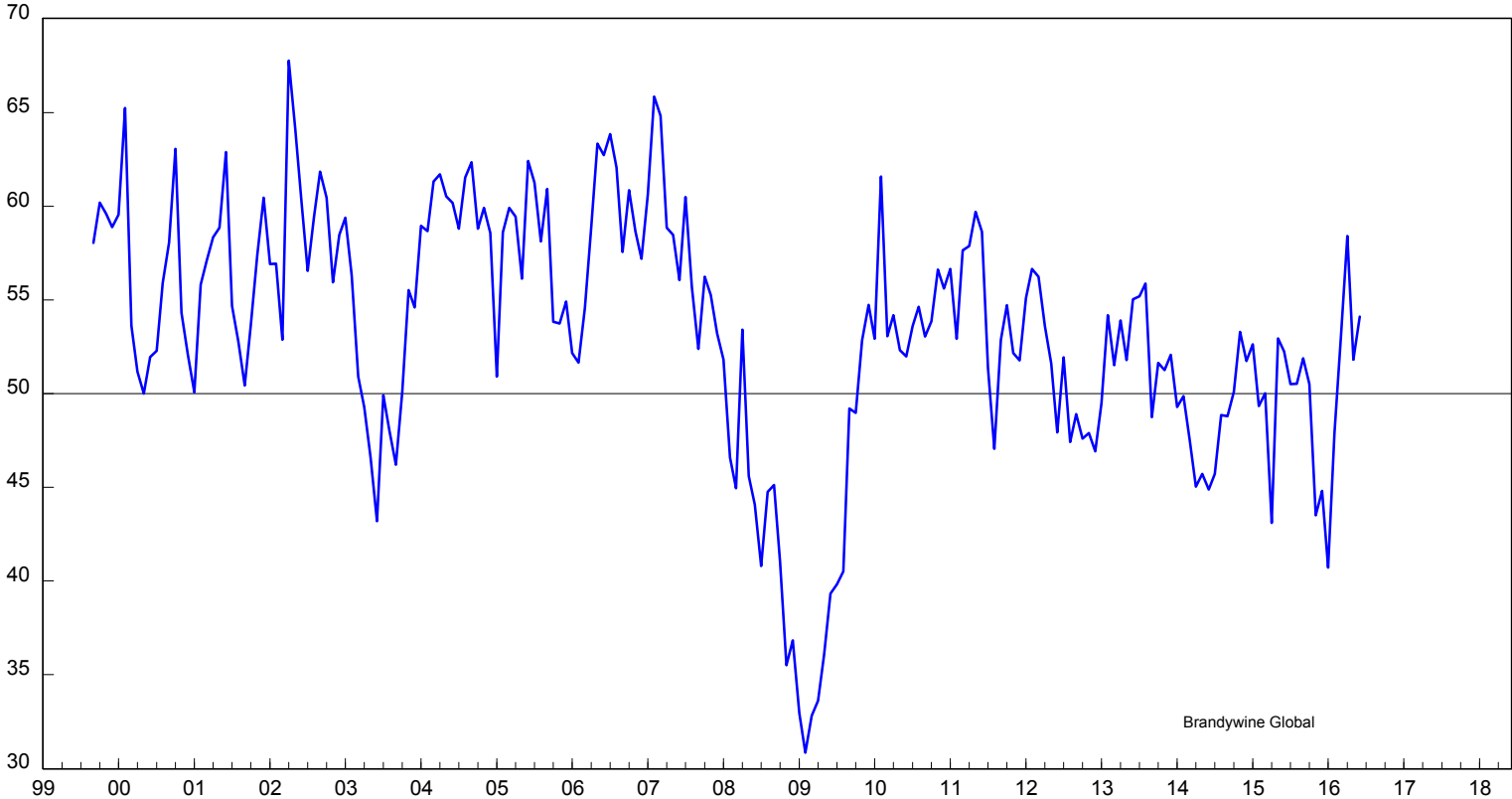
# Tentative Signs of Improvement in Some Hard Hit EM Economies



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# Tentative Signs of Improvement in Some Hard Hit EM Economies

SOUTH AFRICA: BARCLAYS PMI: MANUFACTURING - NEW ORDERS



Seasonally adjusted  
Source: BER (Bureau for Economic Research), South Africa  
As of 06/30/2016

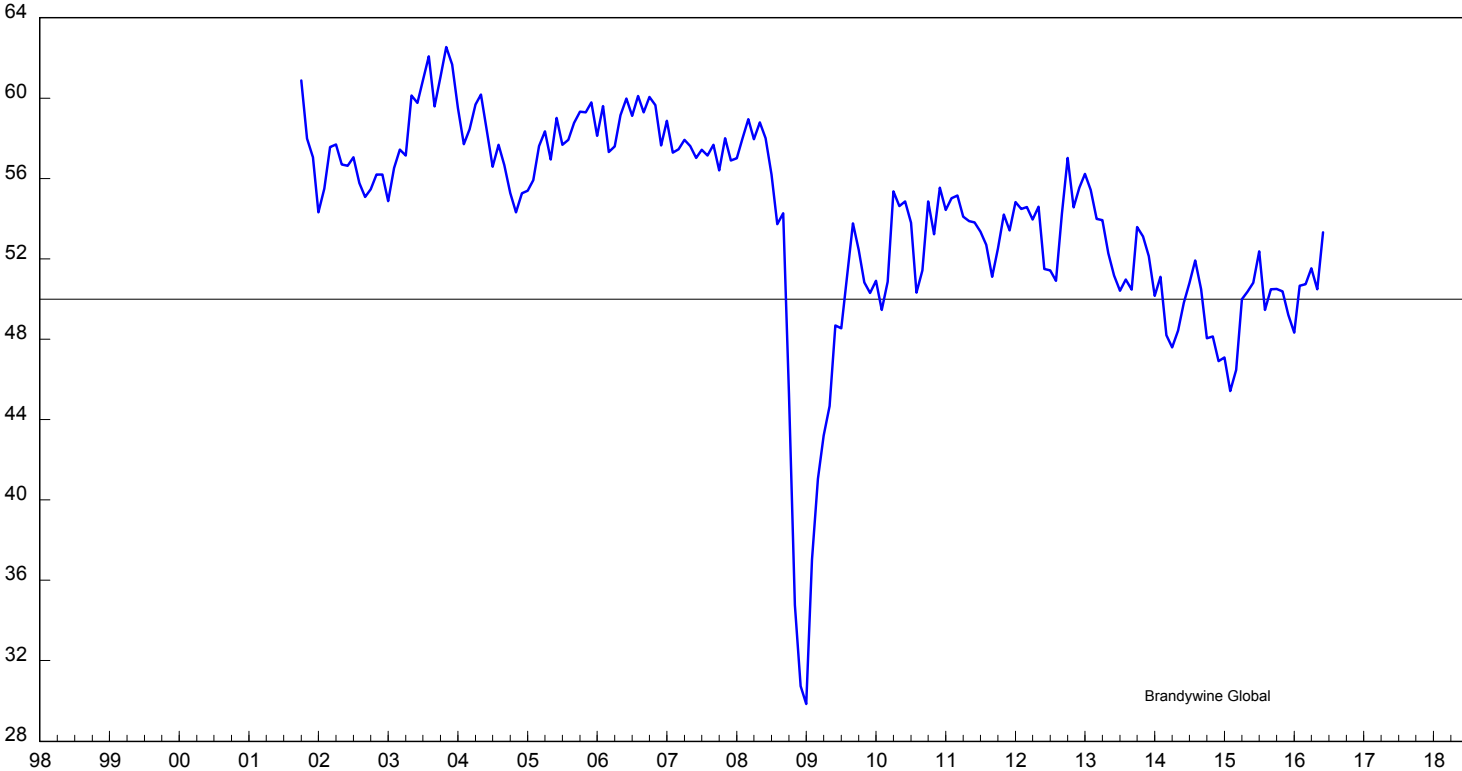
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# Tentative Signs of Improvement in Some Hard Hit EM Economies

RUSSIA: MARKIT PMI: COMPOSITE - NEW ORDERS



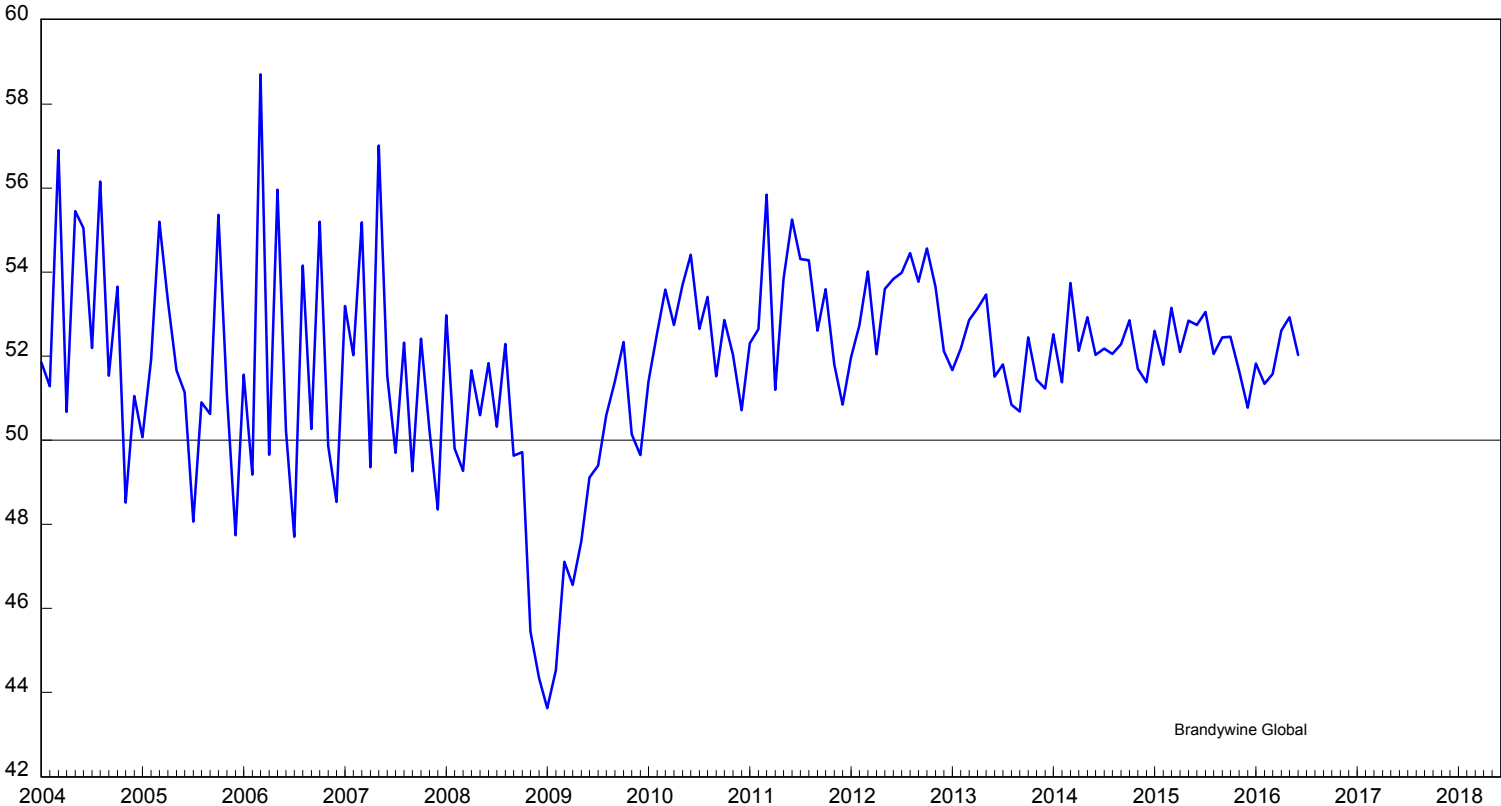
Seasonally adjusted  
Source: MARKIT PMI:  
As of 06/30/2016

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# Tentative Signs of Improvement in Some Hard Hit EM Economies

MEXICO: PURCHASING MANAGERS INDEX (PMI)

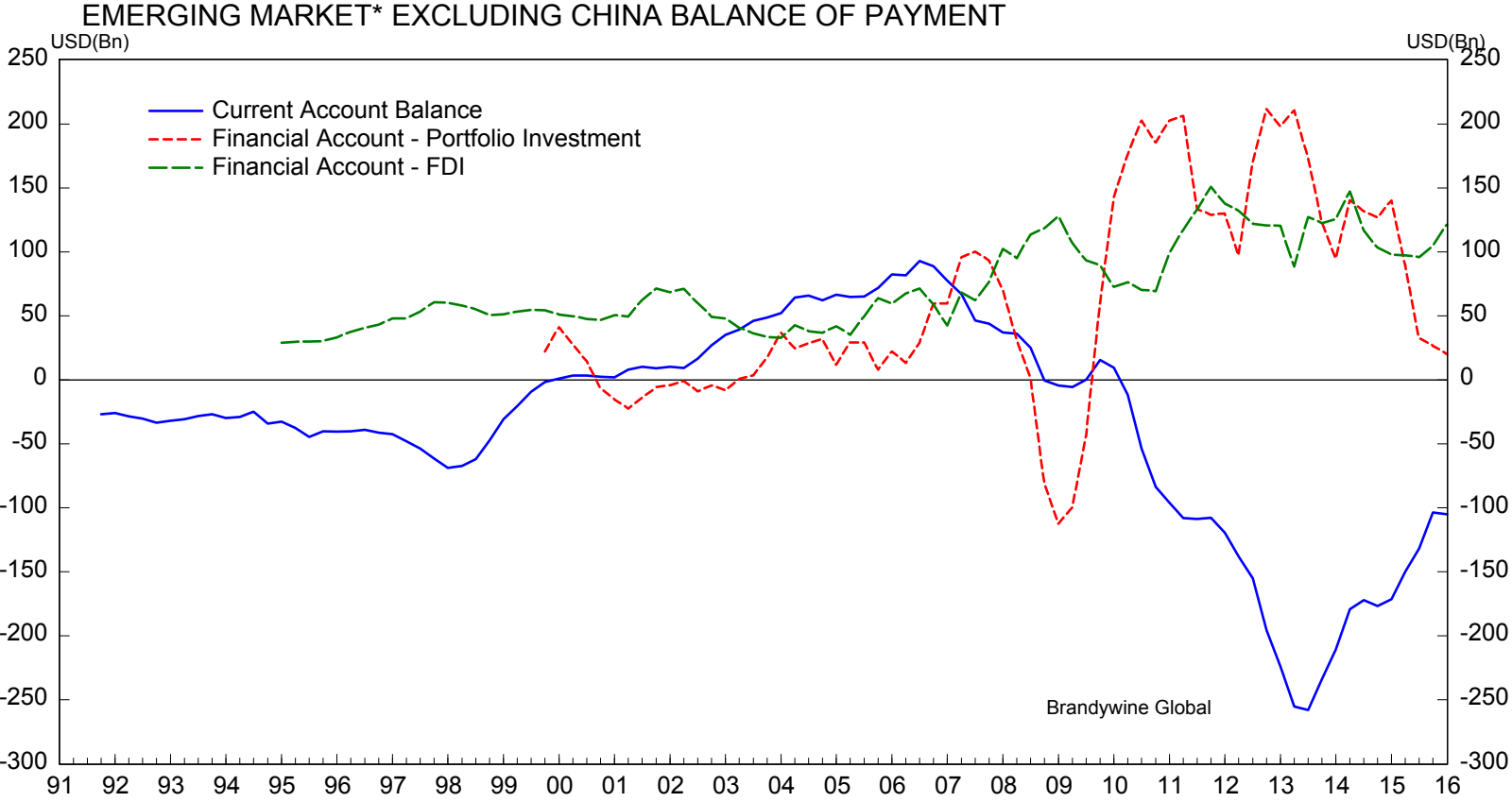


Not seasonally adjusted  
Source: INEGI  
As of 06/30/2016

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# An EM FX Rally Could be Self-Perpetuating

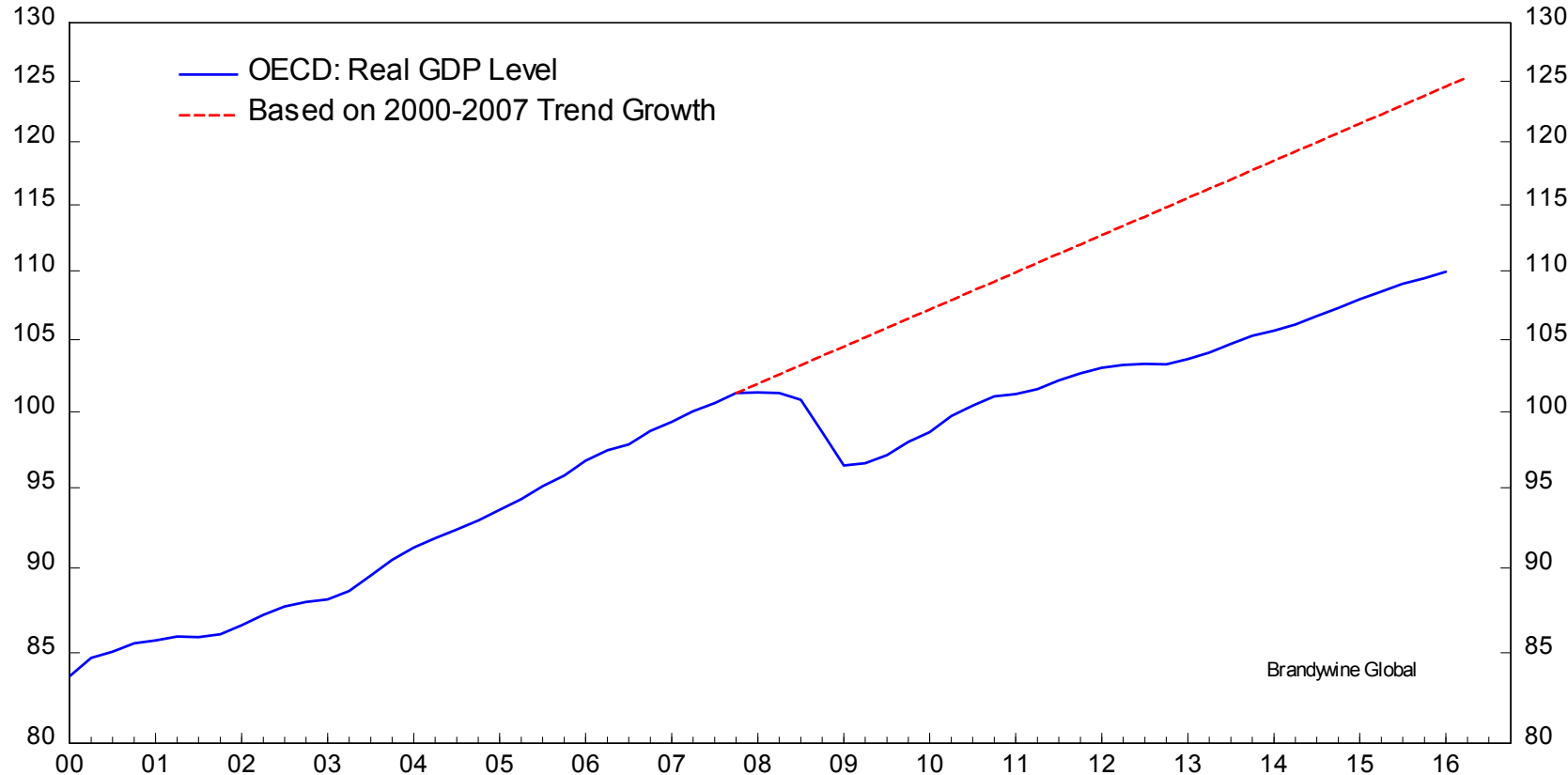


\*Excluding China. Including Brazil, Chile, Indonesia, India, Mexico, Malaysia, Russia, SA, Turkey.  
As of 3/31/2016

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# A Permanent Downshift in Global Growth. Is it Over?

OECD: REAL GDP



As of 03/31/2016.

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# Appendix 1 – Important Disclosure Information

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