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Fourth Quarter 2017

Global Macro Webcast

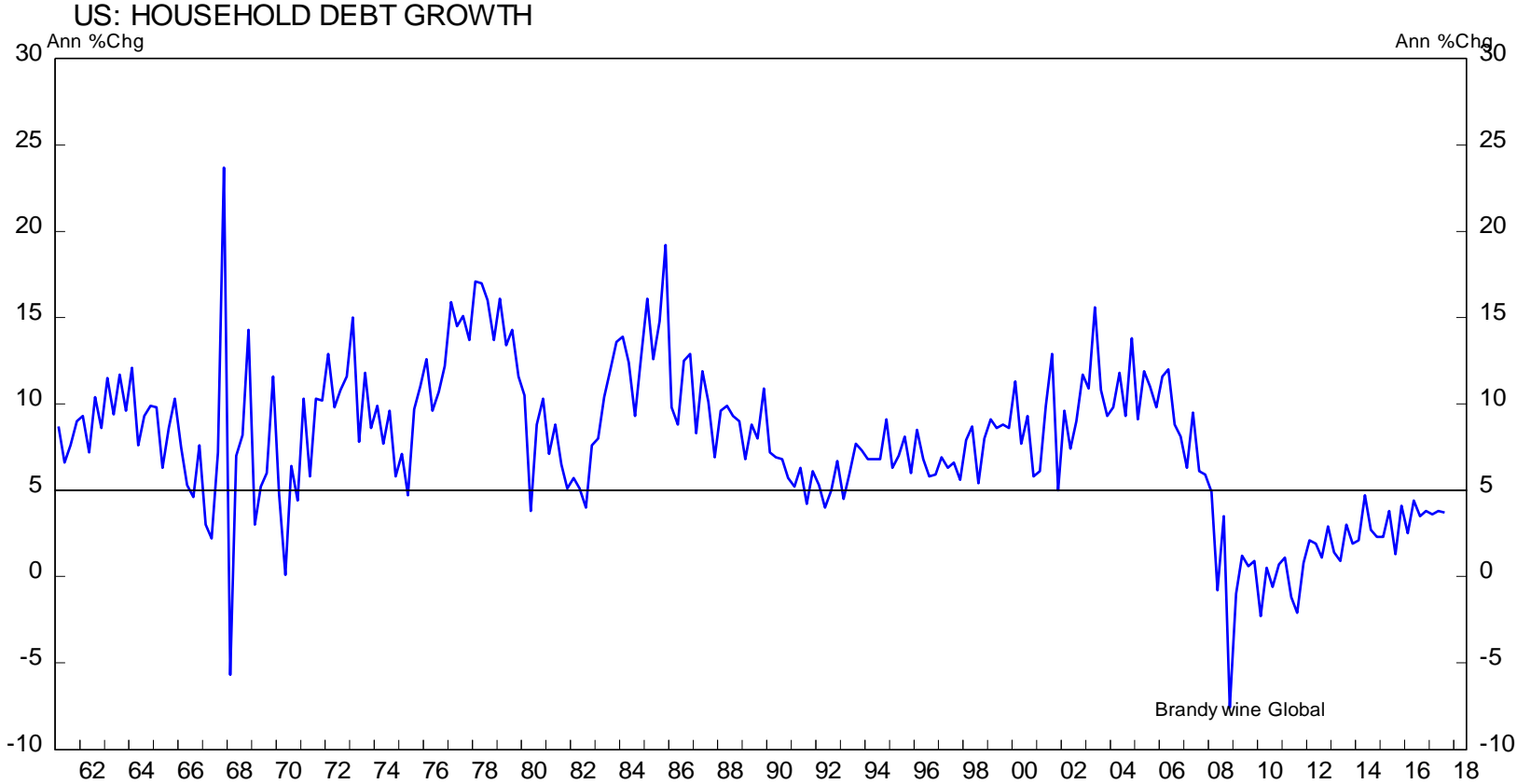
Presented by

Francis A. Scotland

Director of Global Macro Research

**From Secular Stagnation to
Business Cycle Expansion?**

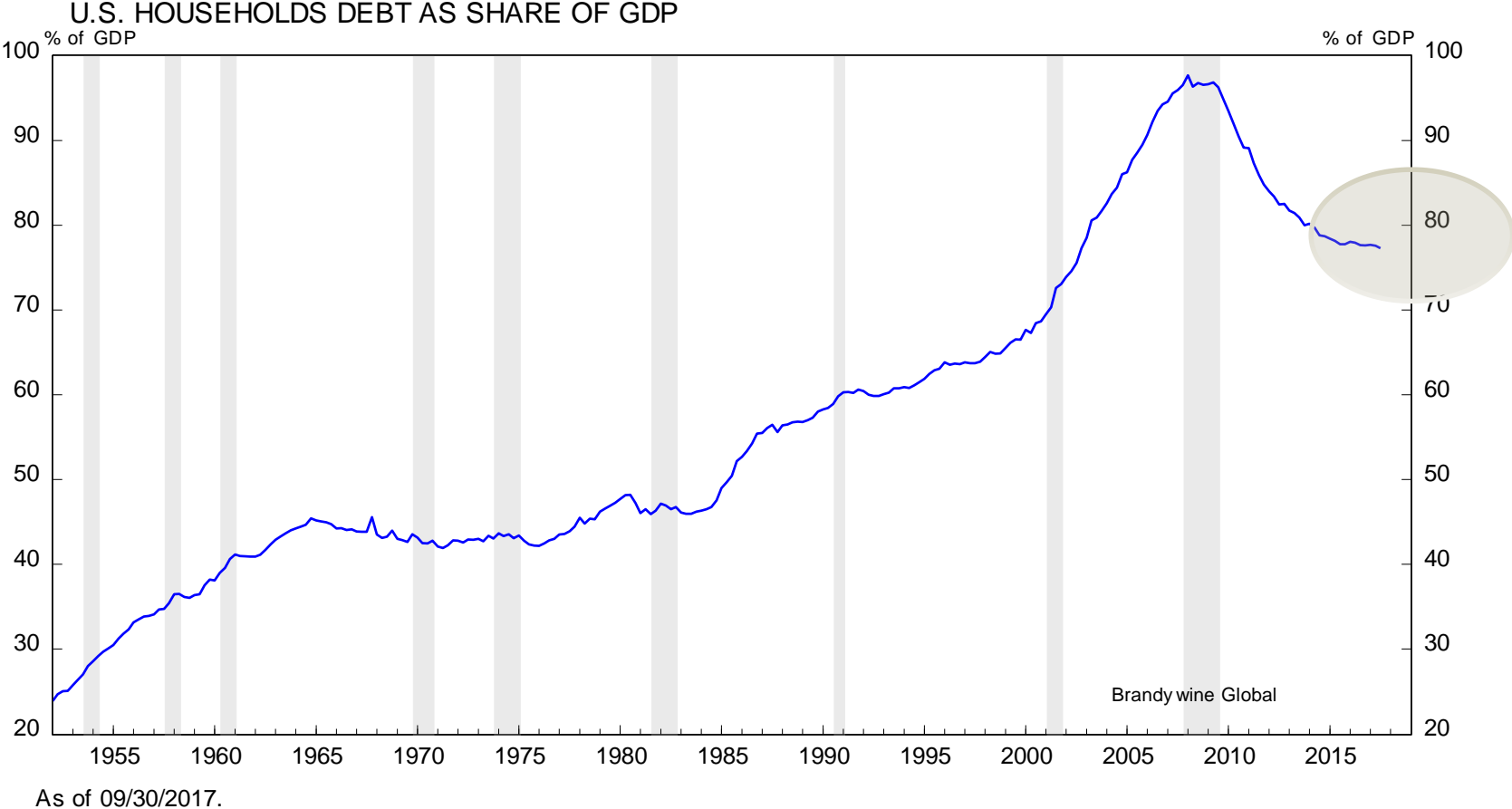
The Collapse in the U.S. Household Debt Super-cycle Is Over



As of 09/30/2017.
Data Source: Bloomberg

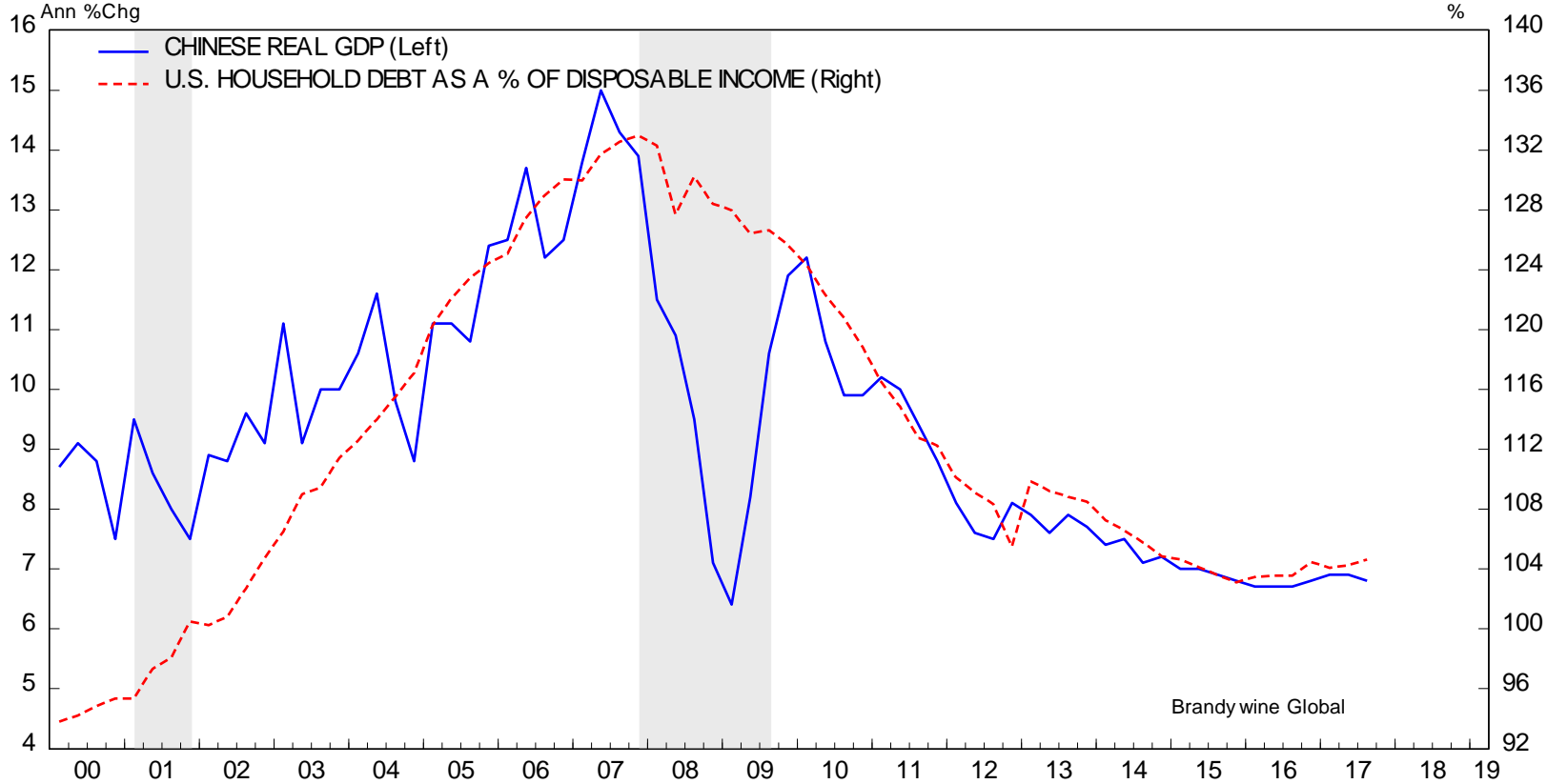
Data has been obtained by Bloomberg Finance LP © 2018, which Brandywine Global believes to be accurate and reliable. Charts created by Brandywine Global. Please refer to Appendix 1 for important disclosure information.

Household Deleveraging Has Ended



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U.S. Household's Spending Twin—Chinese Production Growth—Has Stabilized

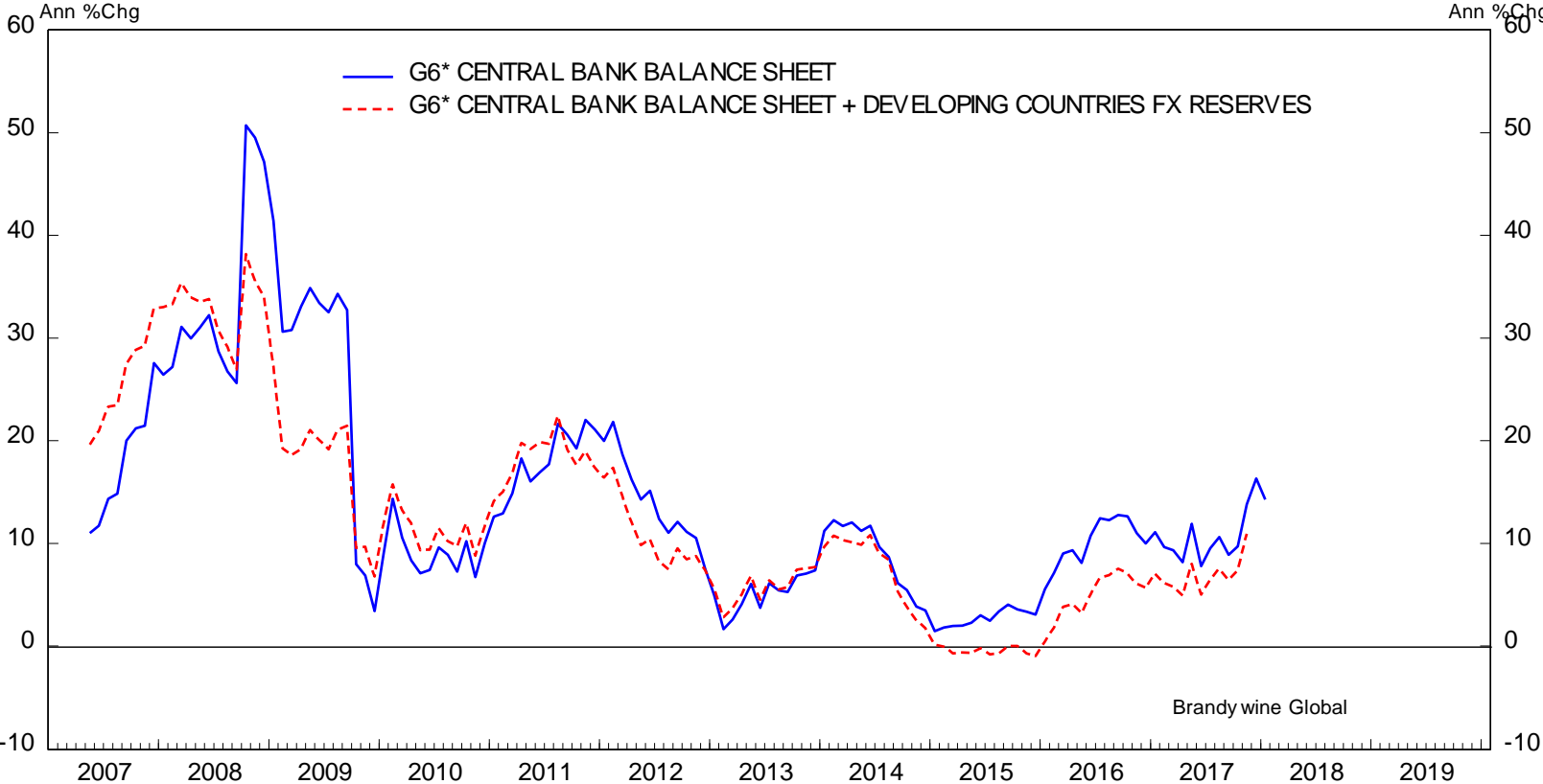


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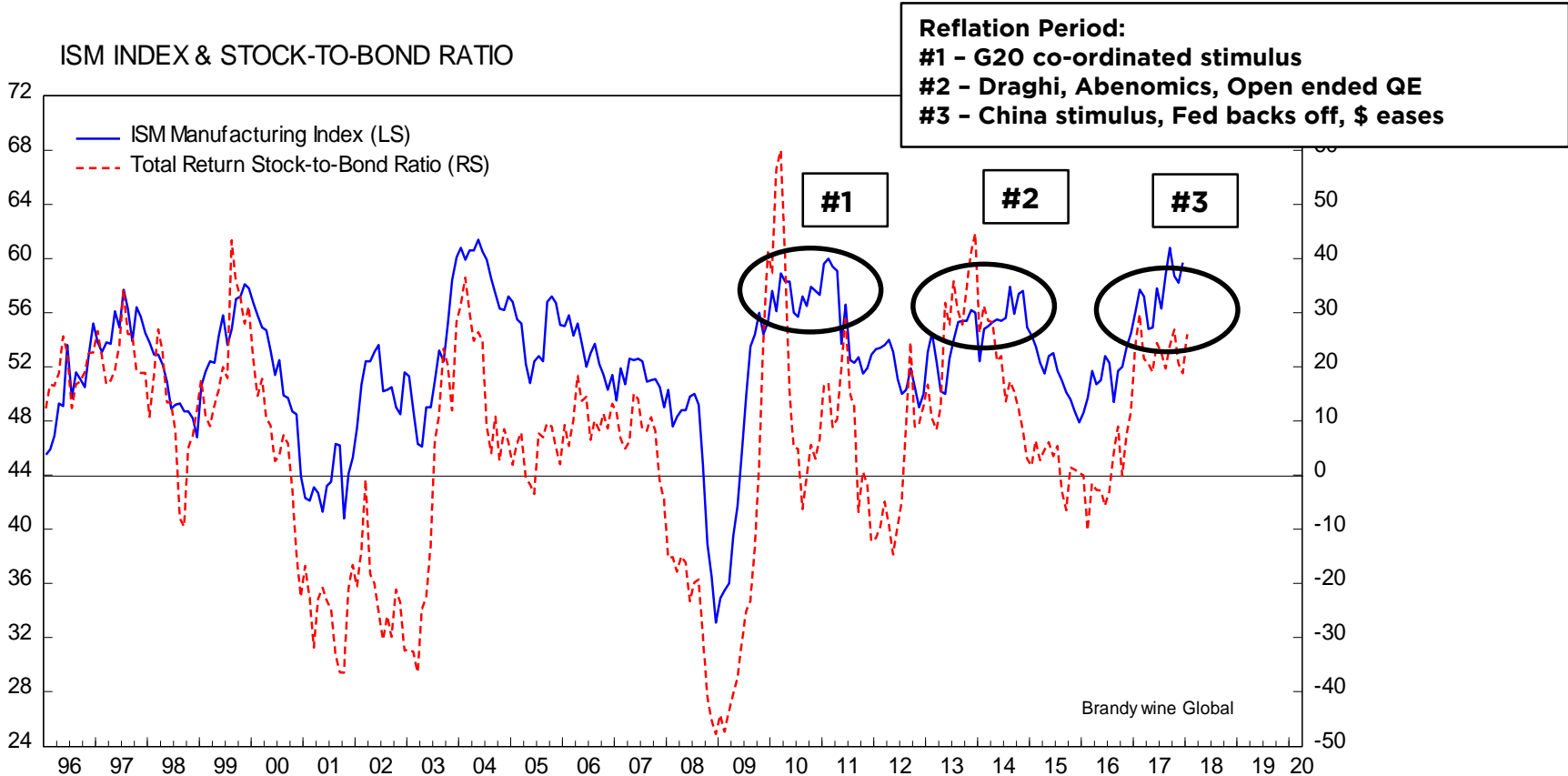
Data has been obtained by Macrobond (© 2018, Macrobond) which Brandywine Global believes to be accurate and reliable. Charts created by Brandywine Global. Please refer to Appendix 1 for important disclosure information.

Tailwind of Aggressive Monetary Policy Support 9 Years After the Crisis



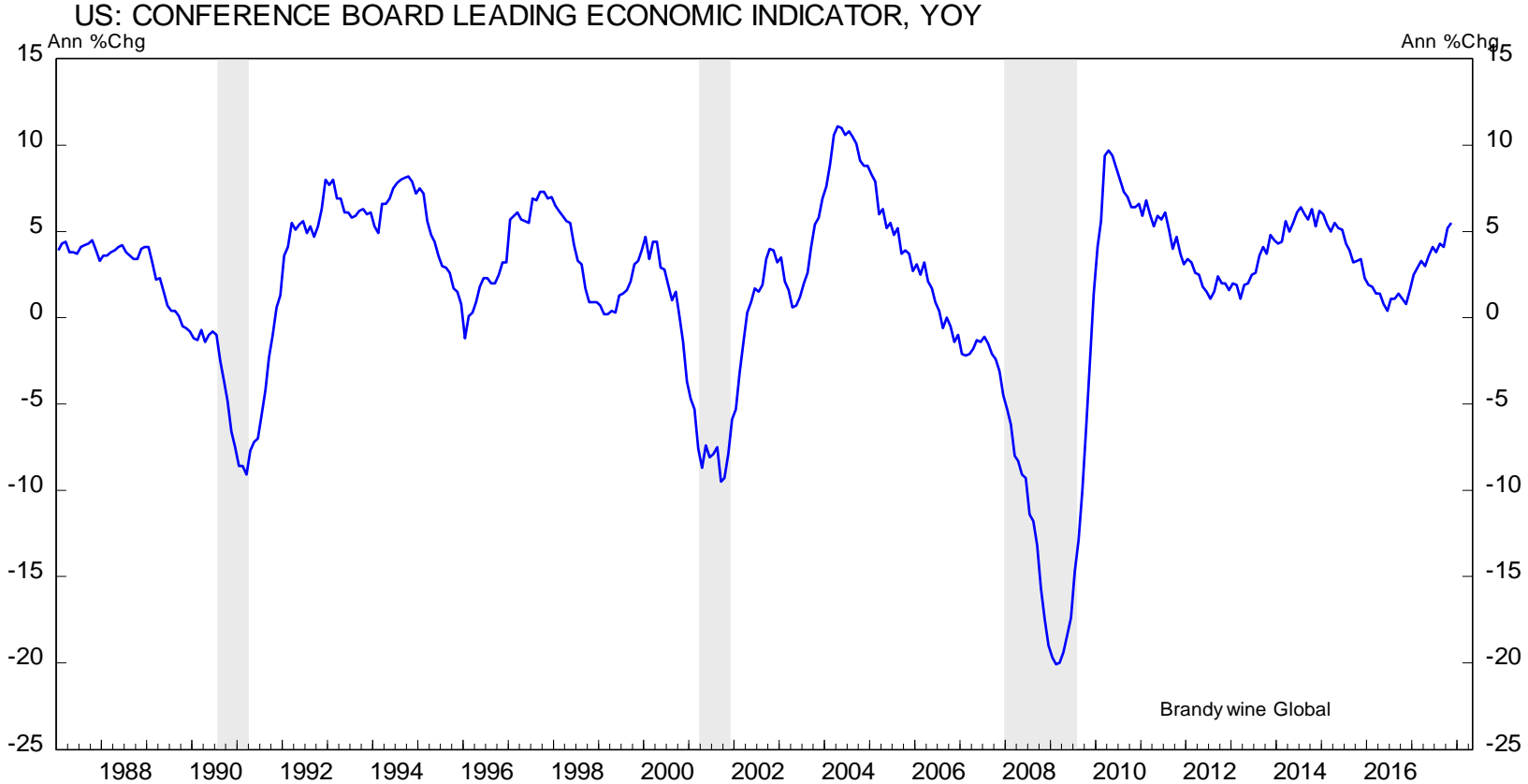
* INCLUDING US, UK, ECB, JAPAN, CHINA, AND SWITZERLAND
As of 1/17/2018.

Will Policy Normalization Slow Nominal and Real Growth?



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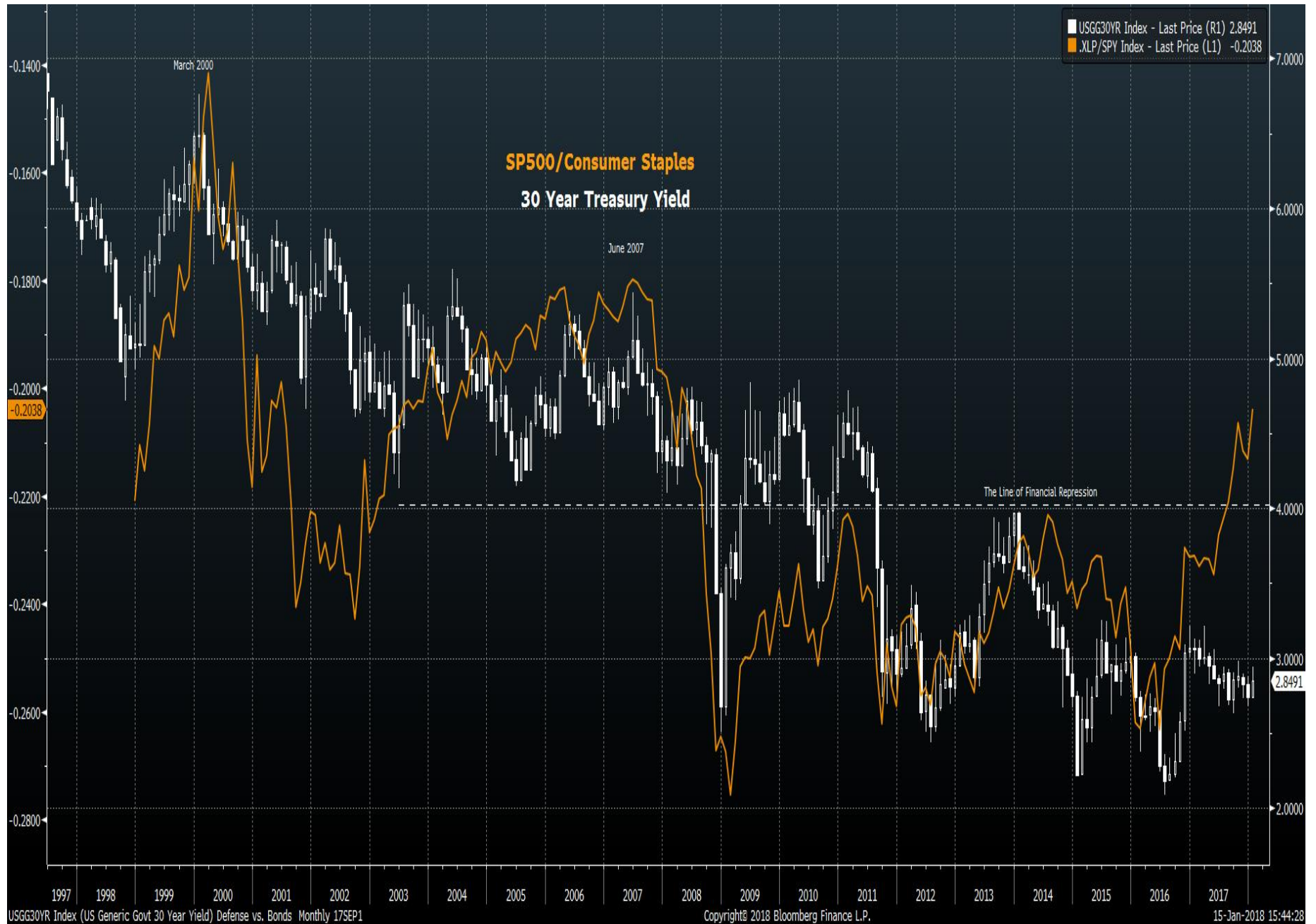
No Sign of U.S. Recession: Growth in LEI Is Up



As of 11/30/2017.
Data Source: Bloomberg

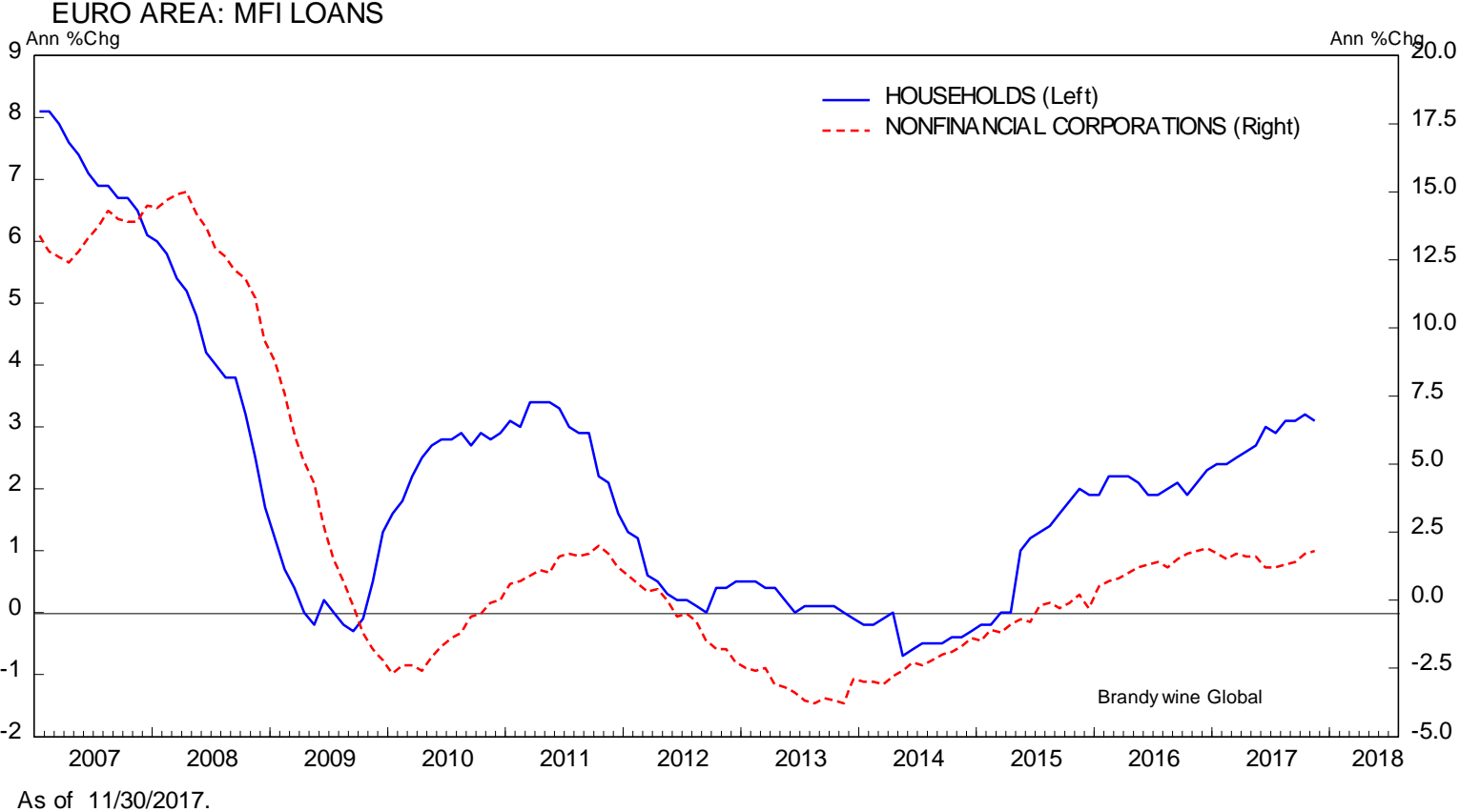
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Capital Markets Signal U.S. Economy Busting out from Secular Stagnation



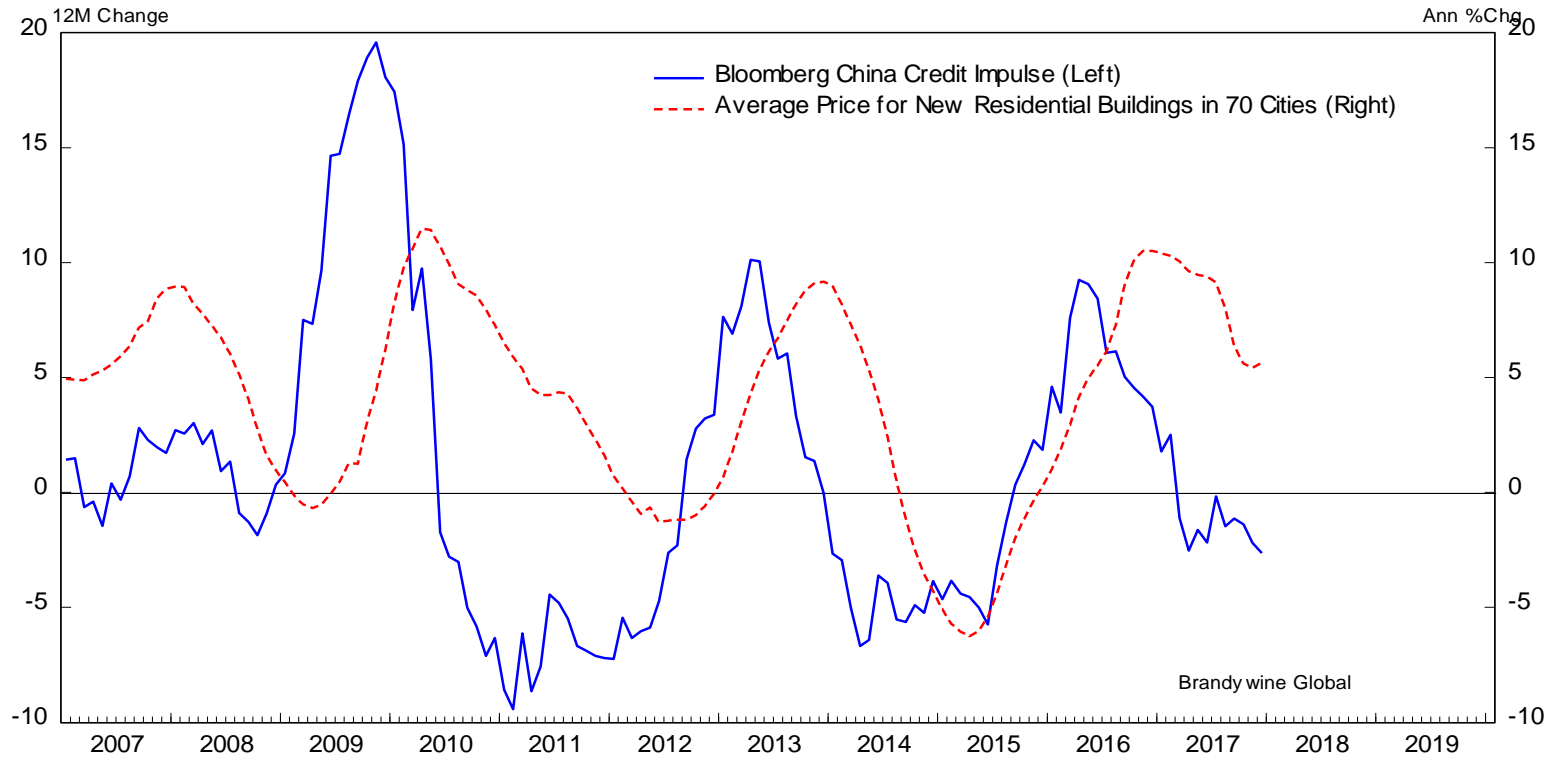
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Lending Has Bottomed Out; European Households Re-leveraging



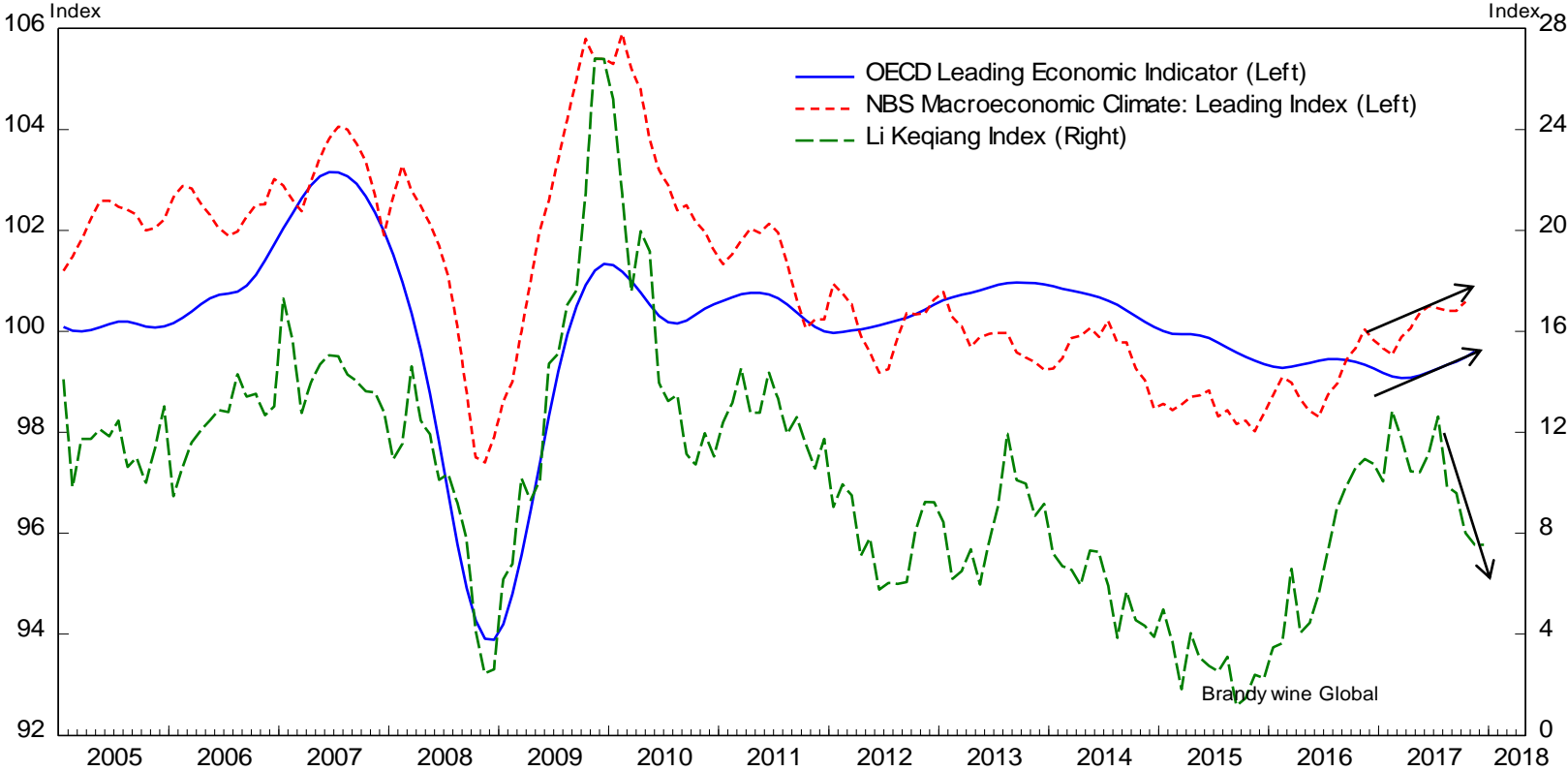
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A Negative Credit Impulse Has Already Weighed on Chinese Real Estate



As of 12/31/2017.
Data Source: Bloomberg

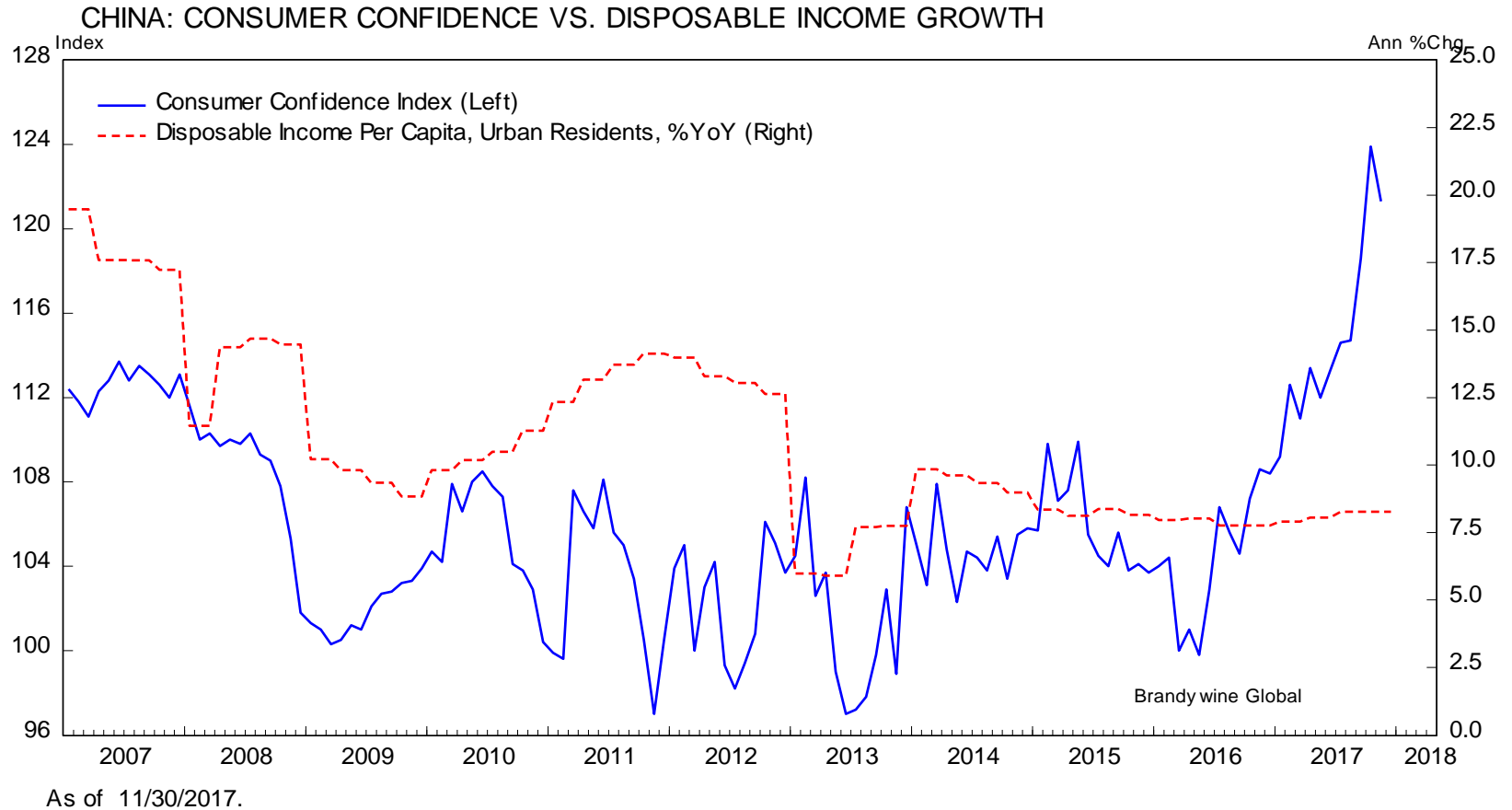
But China LEI's Diverge Upwards from Industrial Trends



As of 12/31/2017.
Data Source: Haver Analytics

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China's Consumer Confidence Unprecedented



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