

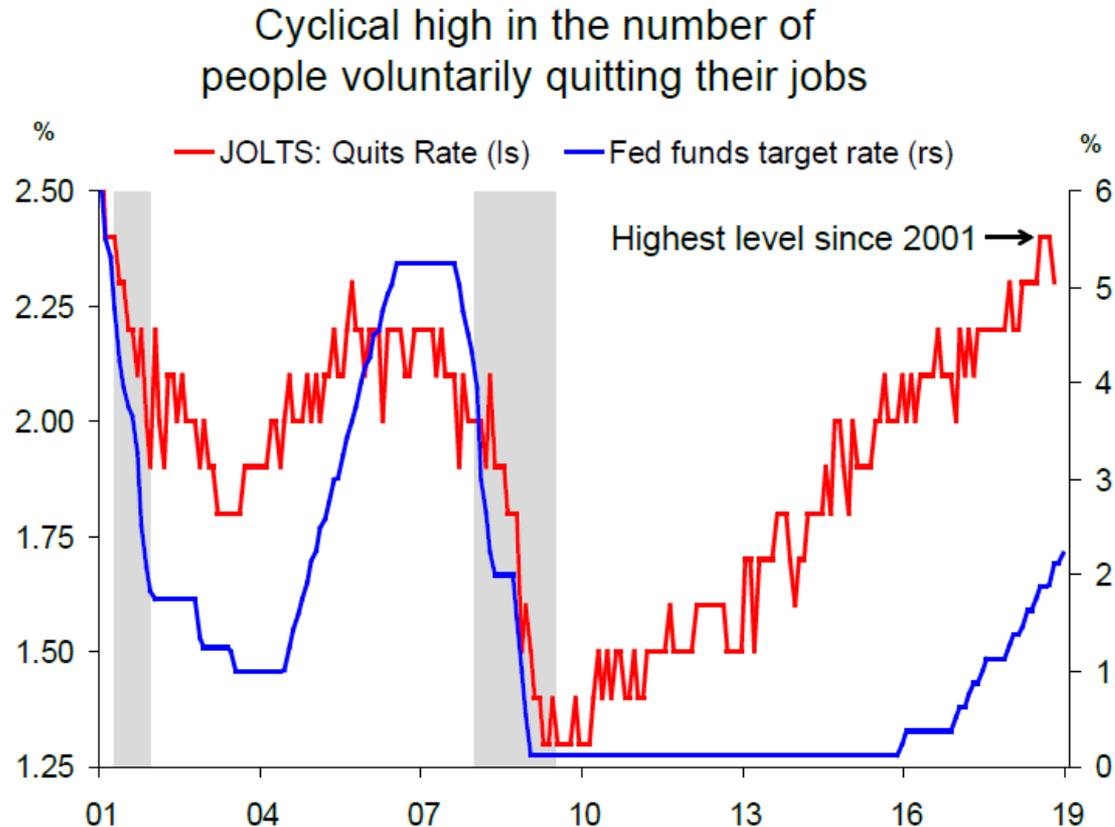
El temido retorno de la palabra que comienza con R

José Manuel Silva | Director de Inversiones
LarrainVial Asset Management

2018 un año donde reinó la Macro...y la geopolítica

- Tres factores macro influyeron fuertemente en el desempeño de la economía global durante el año pasado:
 - El alza de tasas por parte de la FED y el constante retiro de los estímulos no convencionales (QT).
 - La desaceleración del crecimiento chino.
 - La llamada guerra comercial.
- Los tres se combinaron para gatillar una desaceleración en el crecimiento global a contar del segundo semestre del 2018.
- Los dos primeros factores comenzaron a retroceder a fines del 2018/comienzos del 2019, pero el tercero, y más impredecible, reflató con fuerza a partir de mayo de este año.

La economía de EEUU venía creando mucho empleo, probablemente eso motivó a la FED a acelerar su ciclo de alzas durante el 2018



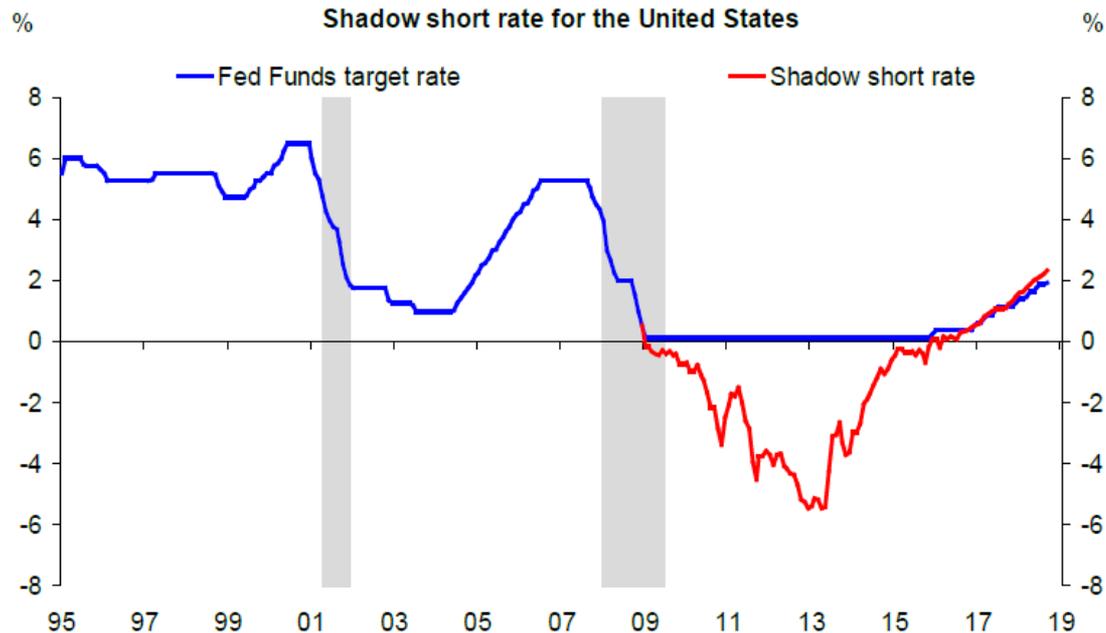
Source: BLS, FRB, DB Global Research

La economía de EEUU venía creando mucho empleo, probablemente eso motivó a la FED a acelerar su ciclo de alzas durante el 2018



El alza efectiva y sombra de la tasa norteamericana se sumaron durante el 2018

Provided for the exclusive use of...
Some measures show monetary policy has tightened significantly over the past five years:
Shadow fed funds rate up 7%-points since trough in 2013

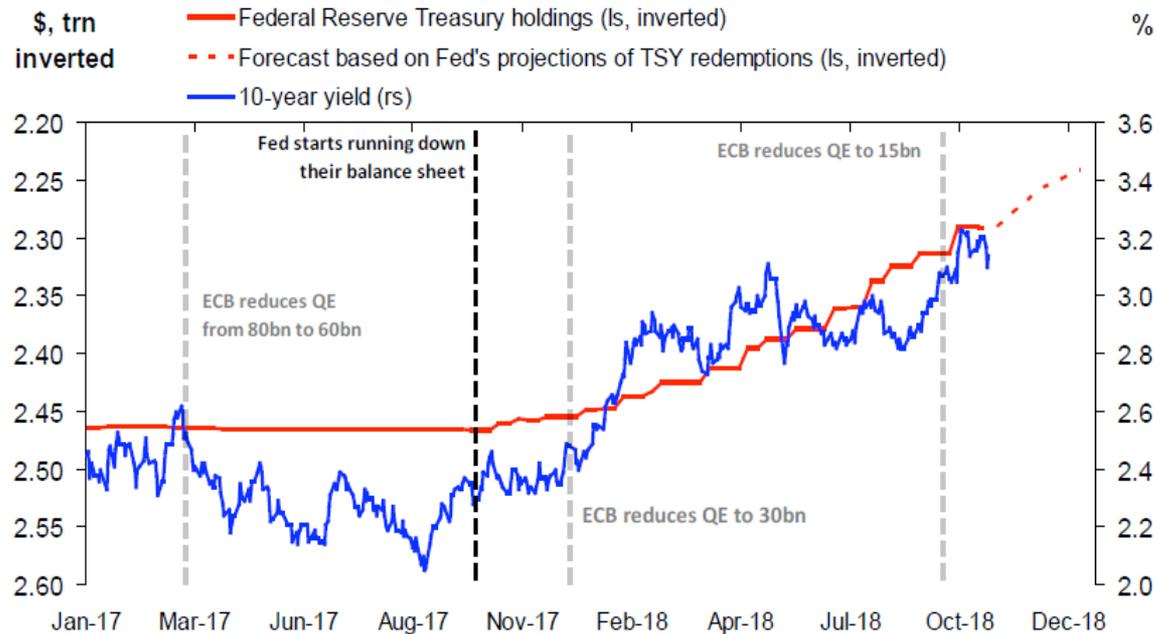


Note: The shadow short rate uses yield curve data to capture the effects that unconventional policy actions such as quantitative easing and forward guidance have on longer-maturity interest rate securities. For more discussion see also Krippner (2016):

Source: Krippner (2016). RBNZ. DB Global Research

El fin del relajamiento cuantitativo tuvo una influencia en el nivel de la tasa

From QE to QT: Fed and ECB pushing US long rates higher

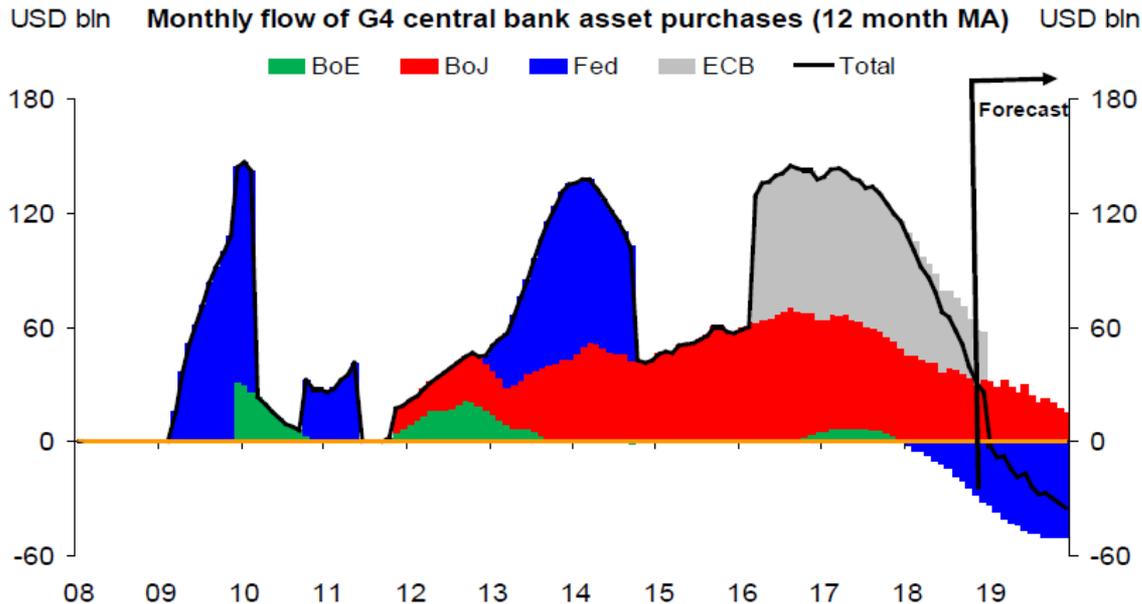


e: Redemptions forecast taken from FEDS Notes "Projected Evolution of SOMA portfolio and the 10-year treasury term premium effect"

Source: FRB, DB Global Research

El fin del relajamiento cuantitativo tuvo una influencia en el nivel de la tasa

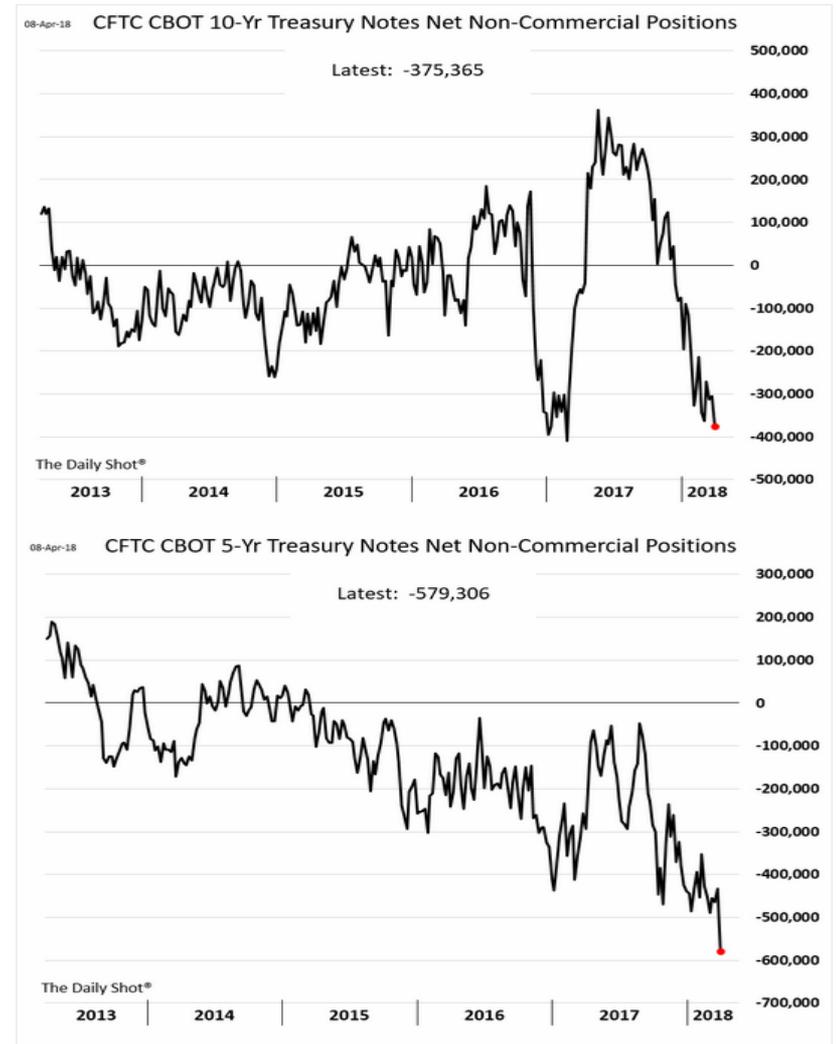
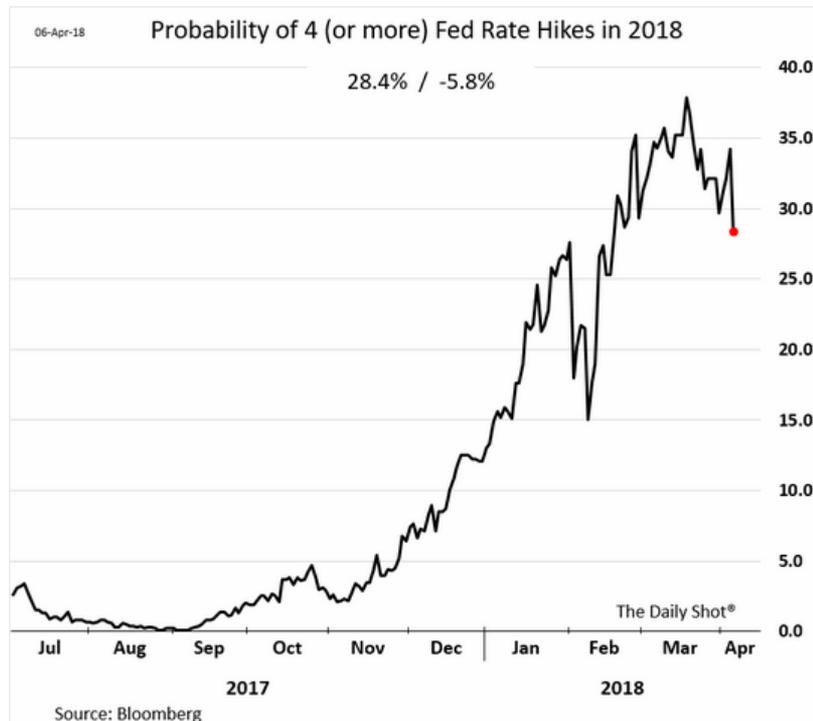
QE coming to an end will have significant implications for global fixed income markets



Assumptions: Fed will redeem assets to the terminal cap of \$ 50 bn consistent with the FOMC's Sep 2017 decision and the June 2017 addendum. ECB will buy EUR 15 bn worth assets in Oct, Nov and Dec 18 and then stop buying. BoJ to buy the average of 2018 so far in Oct, Nov and Dec 2018 and then stealth taper from Jan 2019 to bring monthly purchases to zero by Dec 2019. FX in the forecast assumed to be the same as Sep 2018.

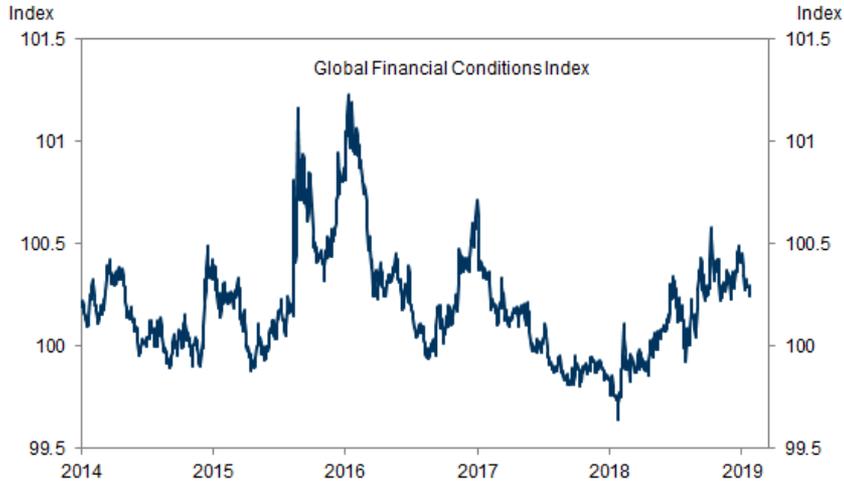
Source: Fed, ECB, BoJ, BoE, Haver Analytics, DB Global Research

El susto de un FED más “halconesco”



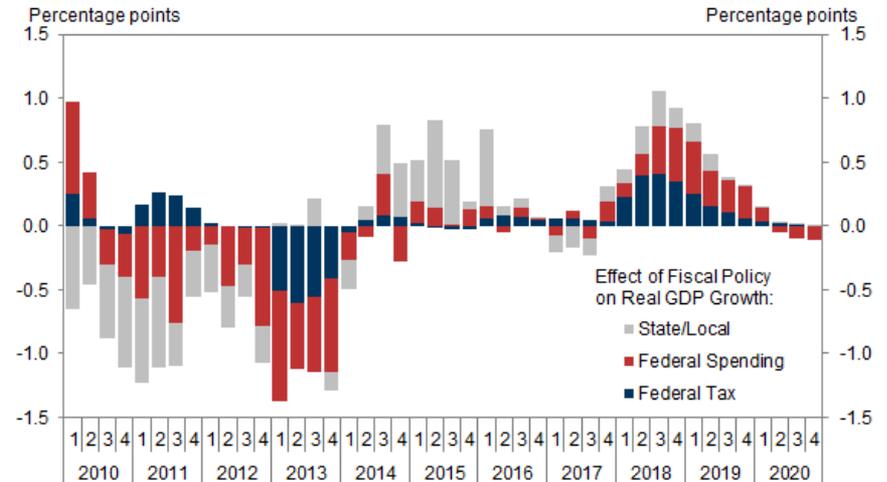
Las condiciones financieras se hicieron más restrictivas durante todo el 2018 y a eso se debe sumar un menor impulso fiscal.

Exhibit 3: Global FCI



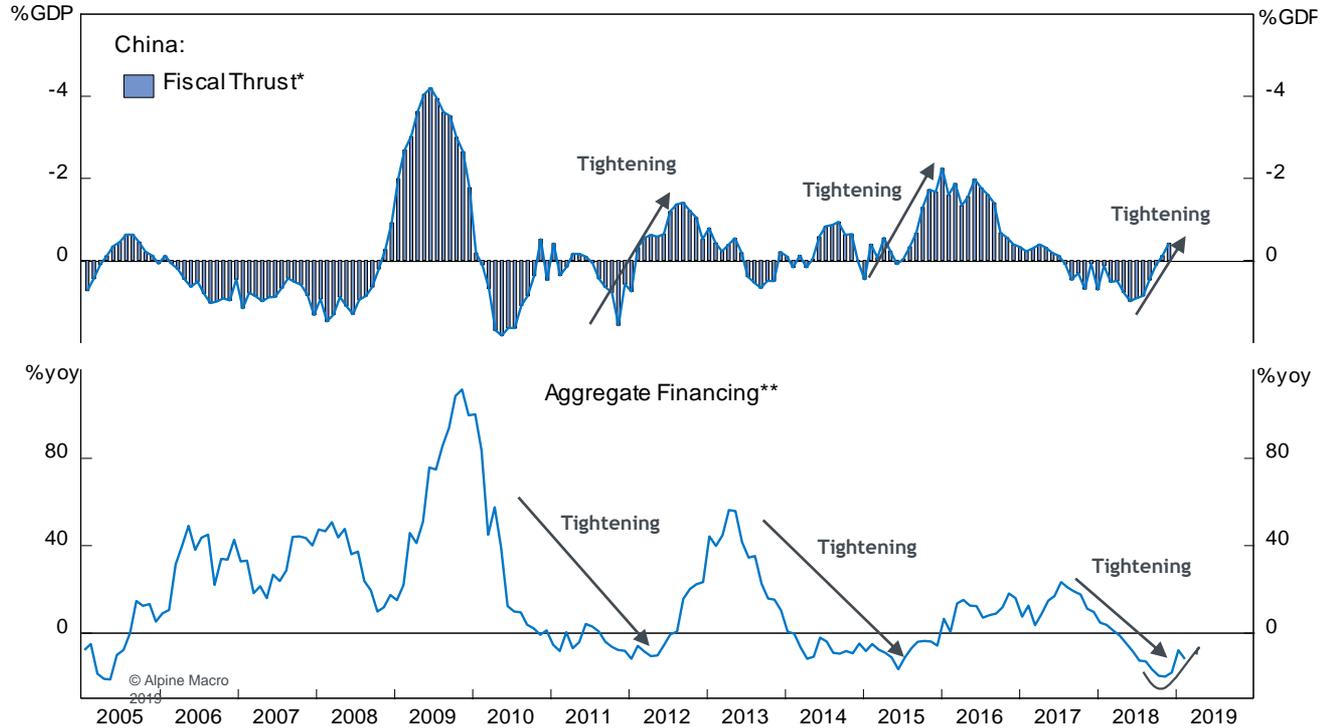
Source: Goldman Sachs Global Investment Research

Exhibit 6: A Fading Fiscal Boost



Source: Congressional Budget Office, Department of Commerce, Goldman Sachs Global Investment Research

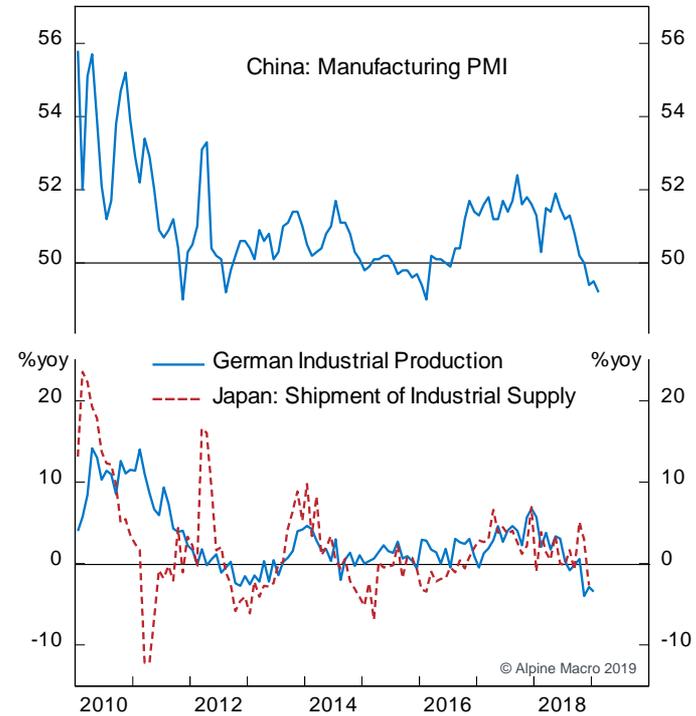
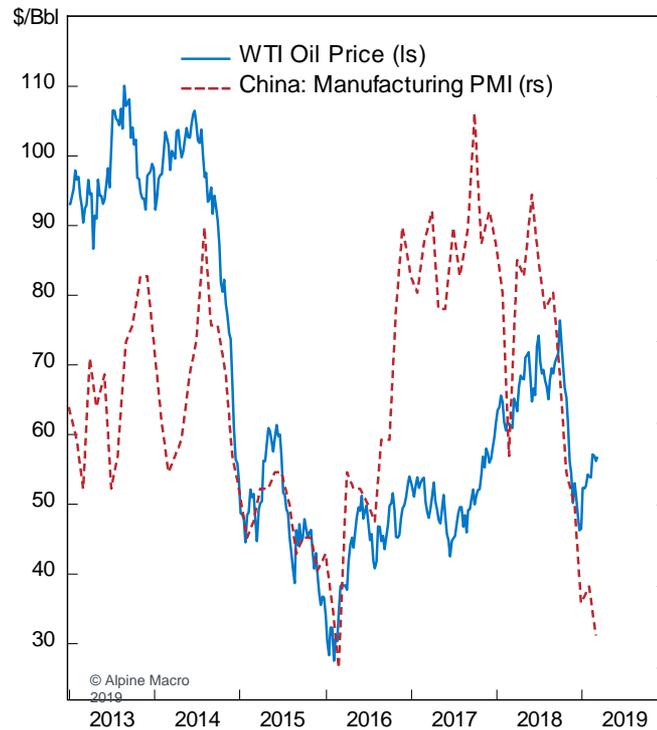
China: Recurrentes mini ciclos la han caracterizado desde 2009. Durante fines del 2017 y gran parte del 2018 las autoridades chinas frenaron su economía



*Annual change in fiscal balance, inverted

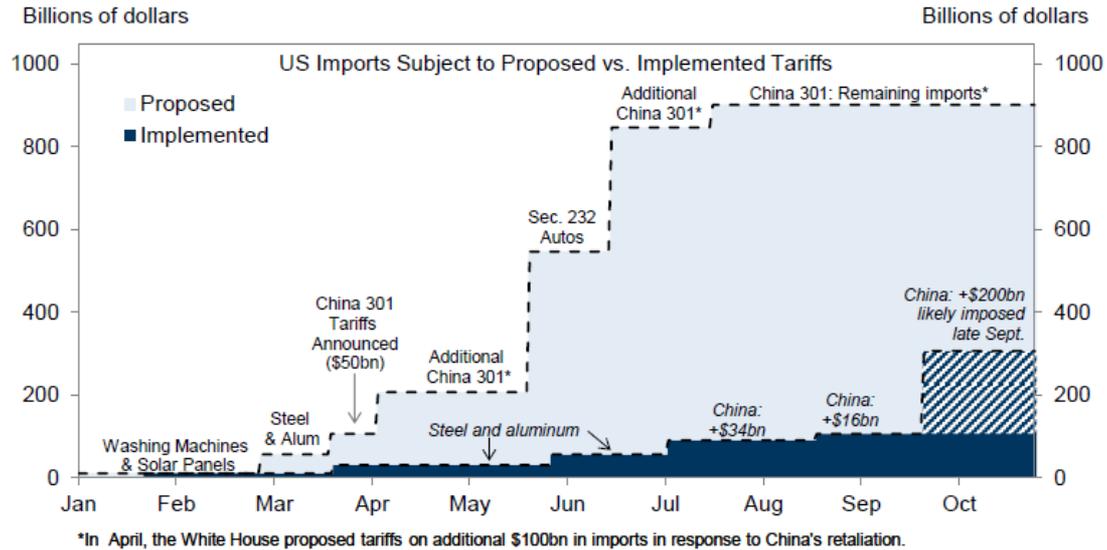
**12-month moving sum

2018: Estos ciclos afectan a la economía global: actividad y commodities



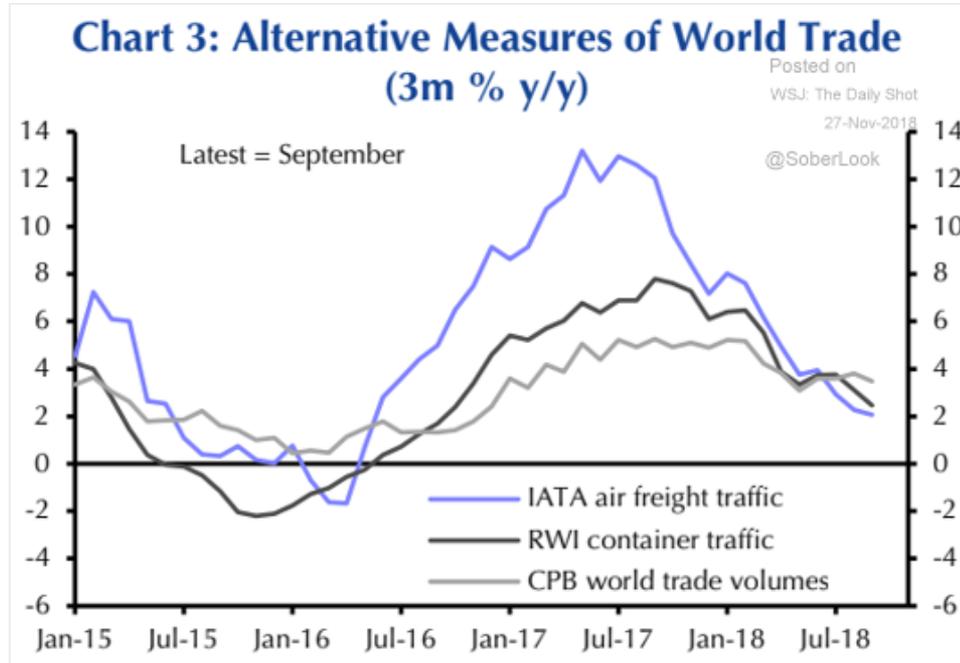
El tercer viento en contra que afectó el crecimiento global es la escalada proteccionista que desata el Pdte Trump a contar de mayo del 2018.

Exhibit 1: A Significant Increase in Tariffs Implemented vs. Proposed



Source: USITC, Department of Commerce, Goldman Sachs Global Investment Research

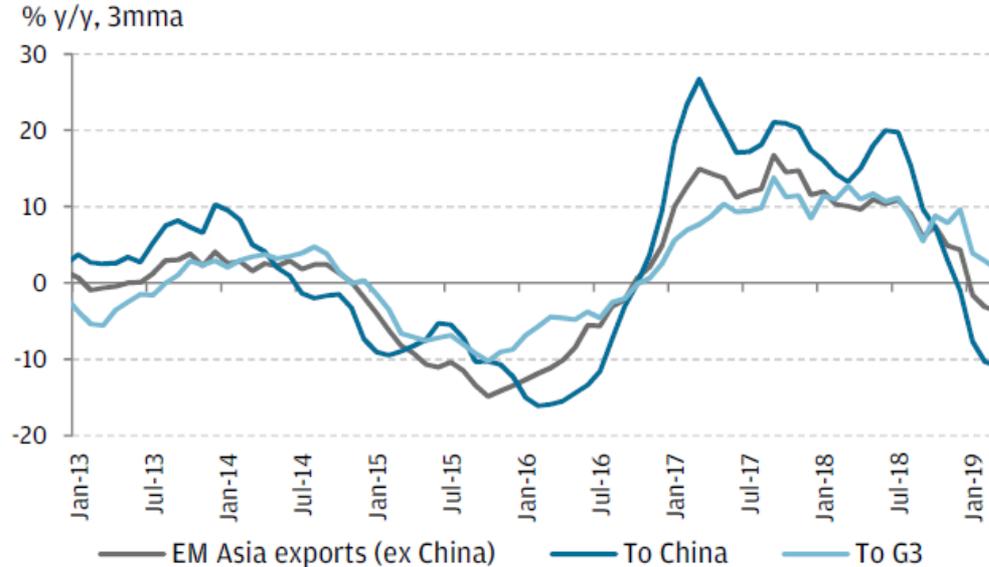
El comercio global se resiente



El ajuste lo lidera Asia emergente, cuya economía está cada vez más enlazada con China

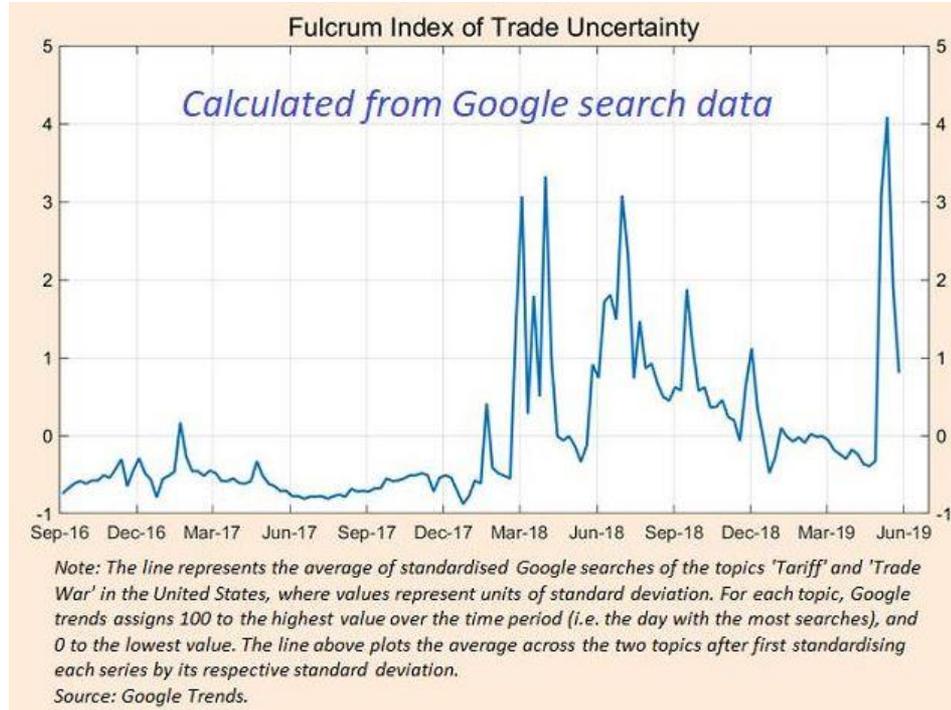
EXHIBIT 1: EM ASIA (EX CHINA) EXPORTS, BY DESTINATION

Export growth in EM Asia (ex China) accelerated in 2016, helped by spillovers from a pickup in China's growth momentum. Since October 2018, exports out of the region have fallen, as the impact of additional U.S. tariffs on Chinese goods has started to take effect. The deceleration was mainly due to a collapse in exports to China.



Source: CEIC, J.P. Morgan Asset Management Multi-Asset Solutions; data as of March 30, 2019.

Esto incrementa la incertidumbre global

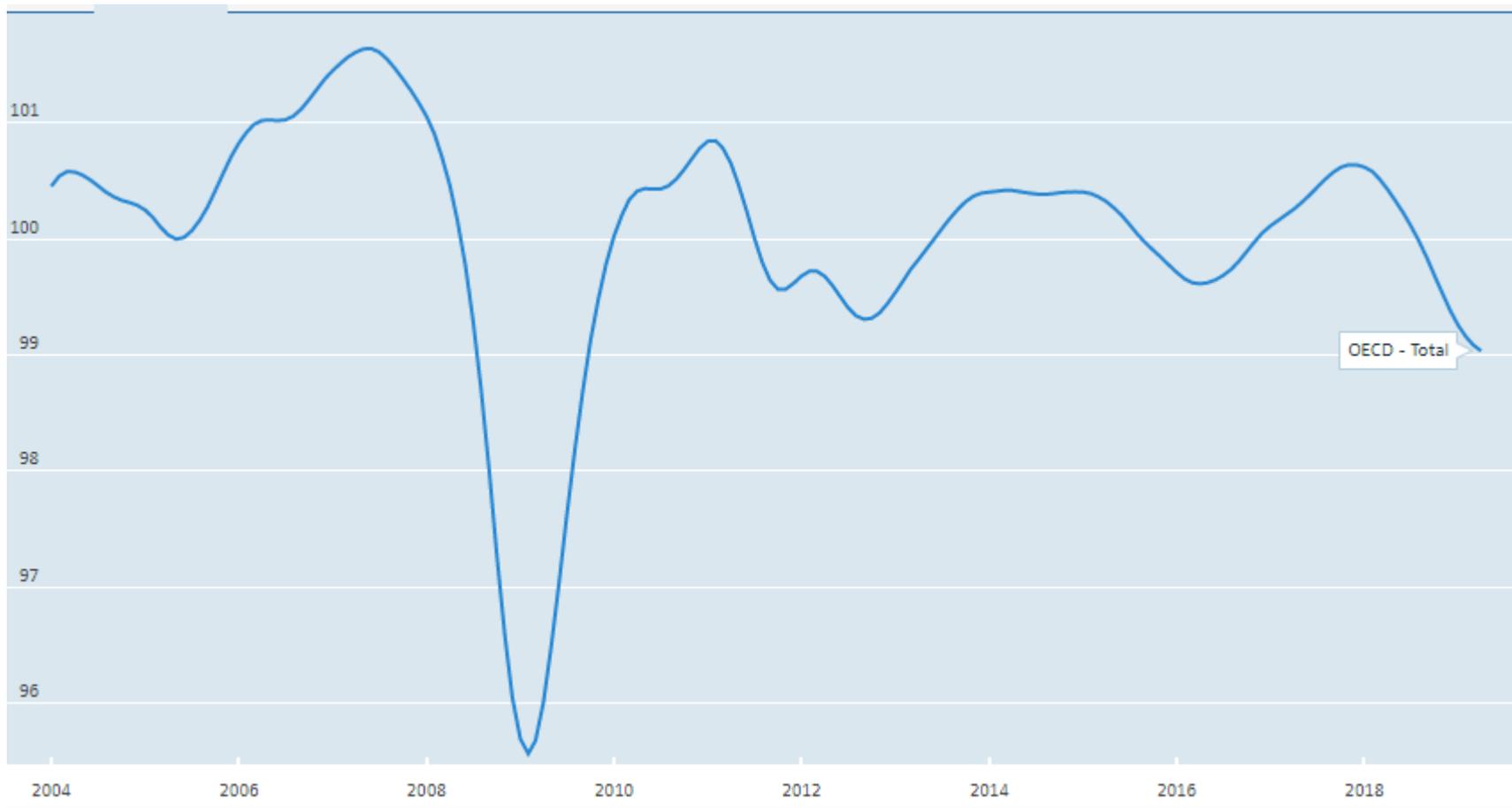


Obviamente la guerra al comercio ha afectado la confianza empresarial

Indicador de confianza empresarial de la OCDE

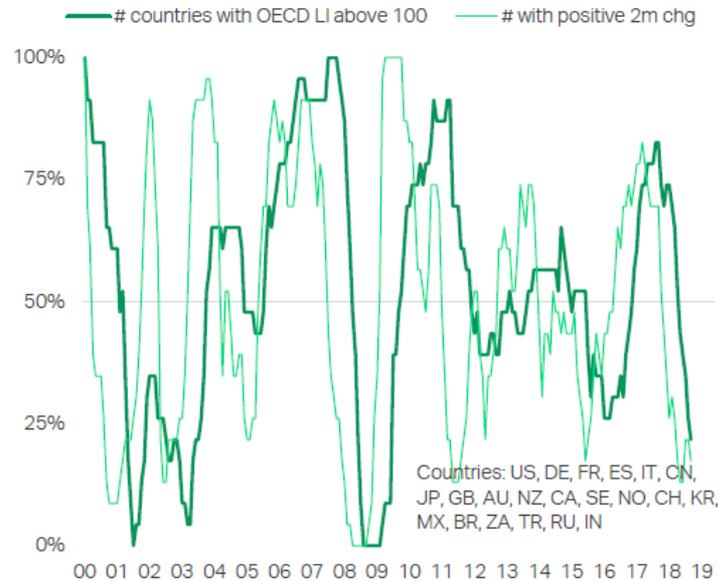


..y a los indicadores líderes



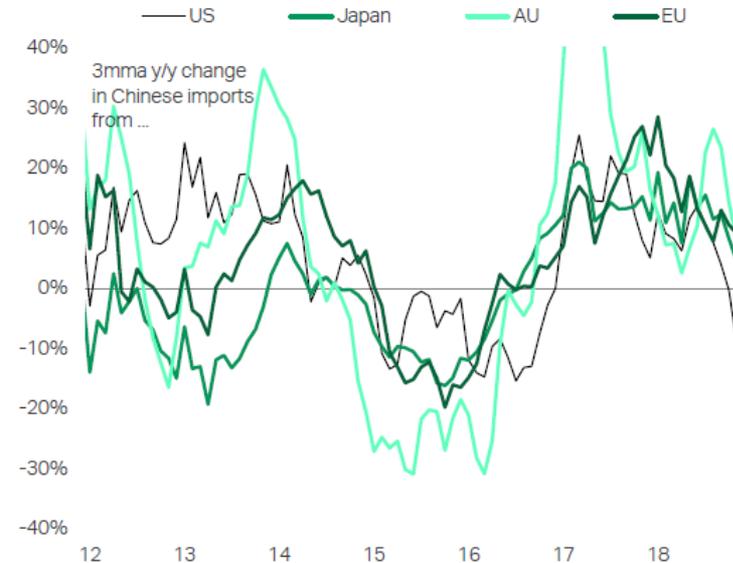
A partir de mediados del 2018 se produjo una desaceleración global

Global growth slowdown broadens



This time last year the consensus view was of synchronised global growth. The slowdown in US activity now suggests the synchronisation is in the other direction. The LIs of 18 of 23 countries are below 100 (implying below-trend growth) and 19 countries' rate of change is negative. The bright spot remains China, where the OECD LI is in the 'recovery' quadrant; recent policy easing will further help the recovery.

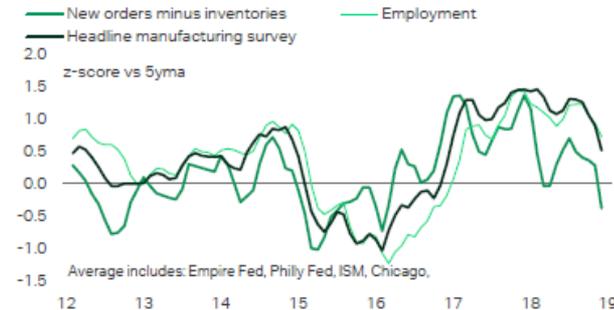
Trade war effects beginning to be felt



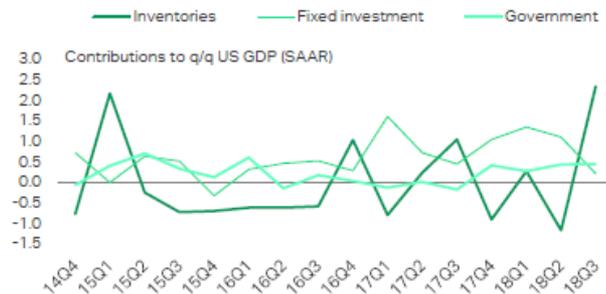
US exports to China fell by 25% in November. Whereas the trade war directly affected the other side of the bilateral trade balance (imports of categories of goods subject to tariffs fell once the duties went into force), this fall in demand is not due to Chinese levies. Apple's revenue guidance downgrade suggests the true reason: Chinese buyers are shunning US products. This collapse in demand is also evident in US data.

A partir de mediados del 2018 se produjo una desaceleración global

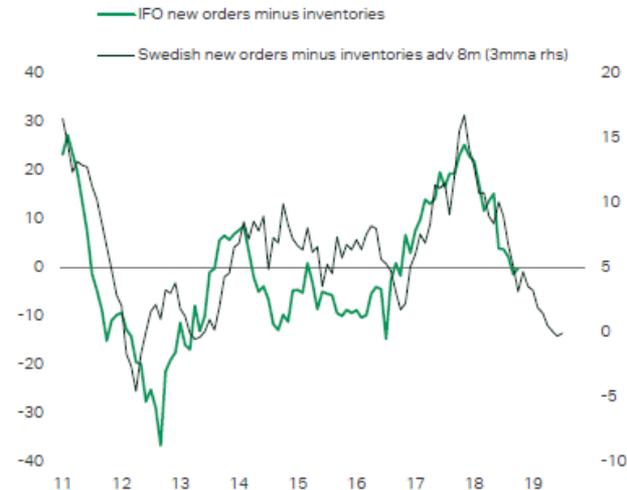
New orders/inventories collapse dragging down US sentiment



And note inventory contributed 2.33pp to Q3 GDP



Further slowdown in Germany ahead



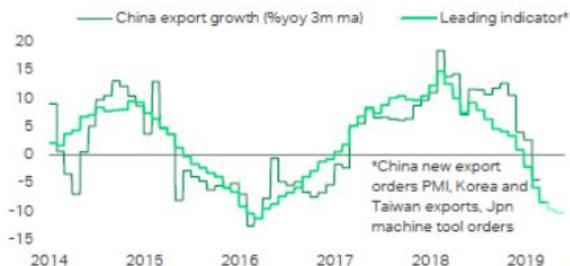
Charles Dumas outlined why Germany could have entered a technical recession in Q4. The inventory overhang has not yet been worked off. Sweden's new orders/inventories ratio peaked eight months before Germany's, suggesting that German activity could continue to slow for at least the first half of this year.

El crecimiento mundial se enfrió especialmente a fines del 2018

Causas: alza de tasas EE.UU.+ ajuste chino + guerra comercial

Macro Drivers But econ activity remains in doldrums

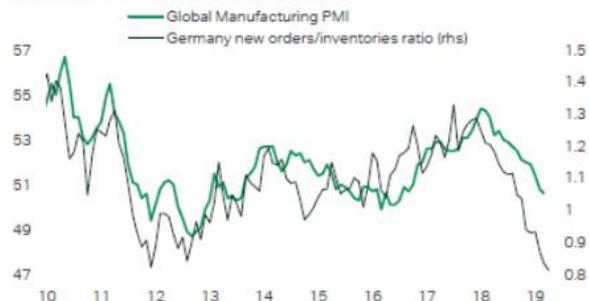
Our leading indicator suggests Chinese exports will fall further



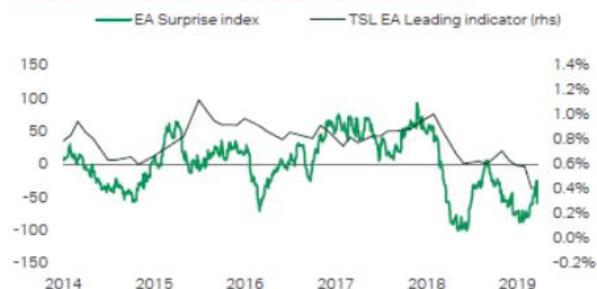
Our leading indicators for the US and EA continue to decline



Global growth still on the back foot

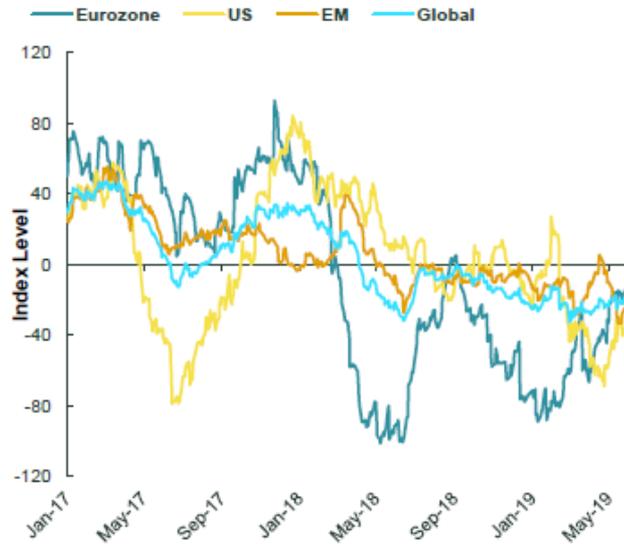


And economic surprises are also underwhelming



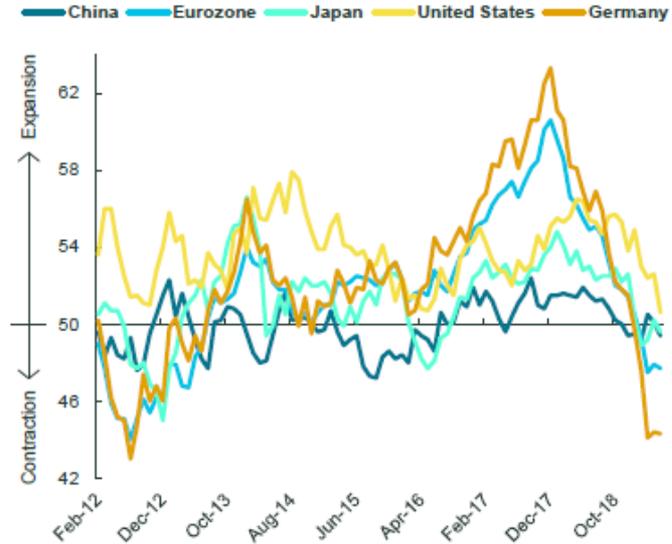
Lamentablemente, esta desaceleración ha continuado durante el 2019 y ahora se ha acoplado parcialmente EE.UU.

Citigroup Economic Surprise Indices



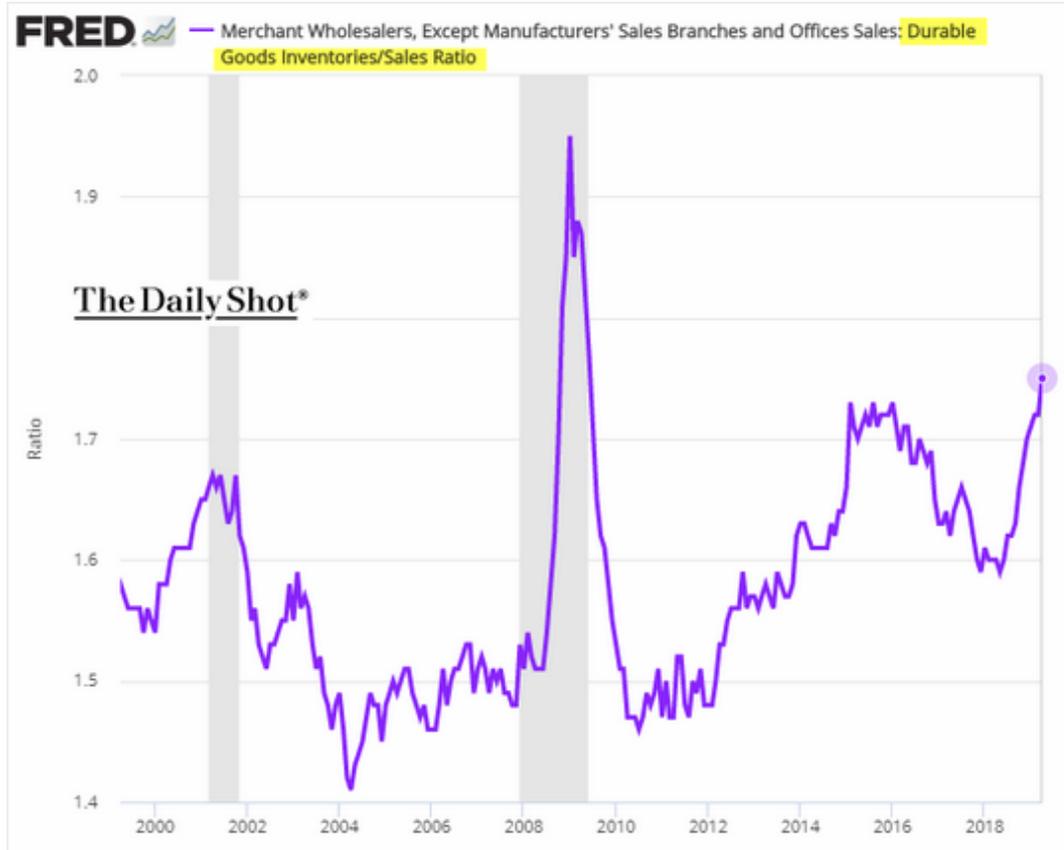
Source: Bloomberg Finance L.P., as of 05/31/2019.

Manufacturing PMI Indices

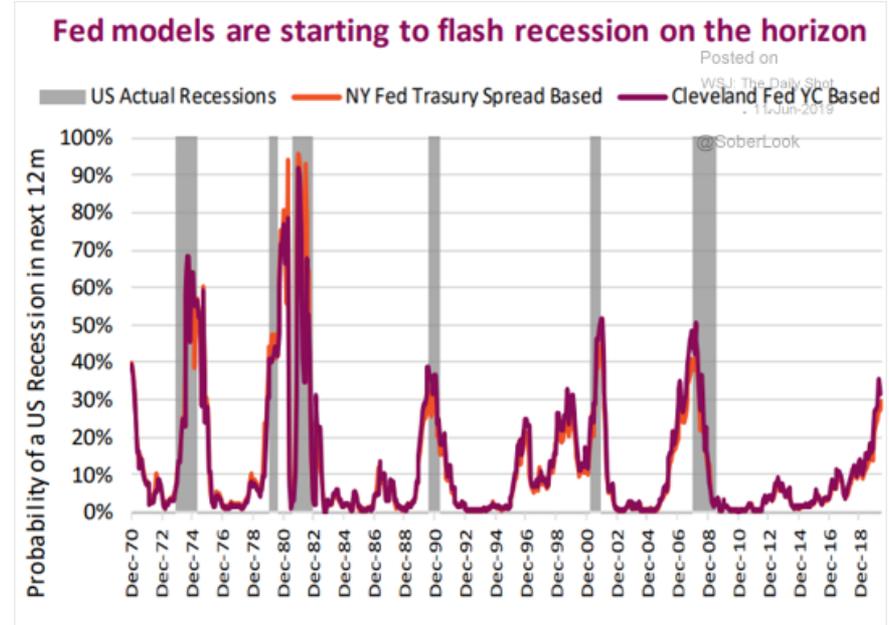
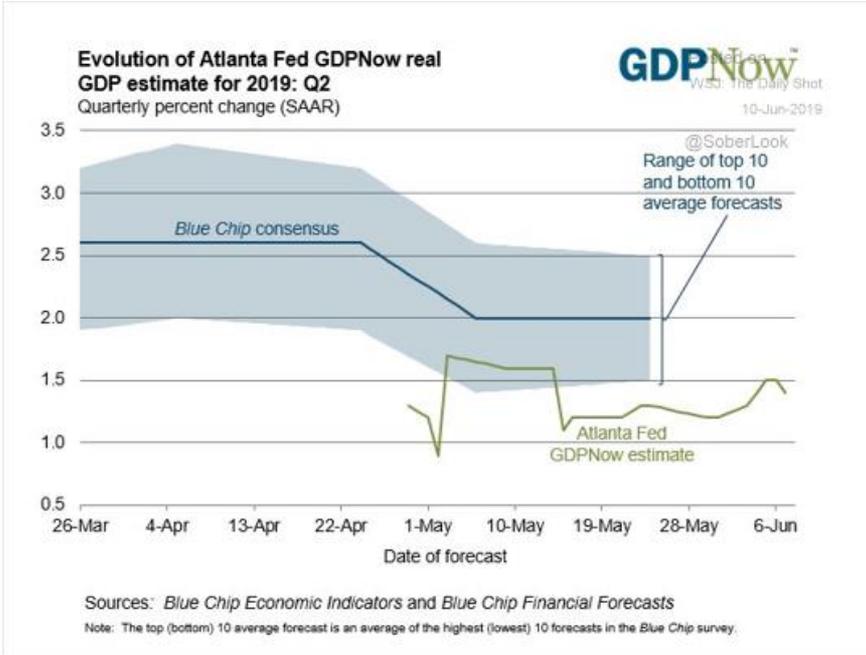


China's manufacturing activities were back in contraction, while the US' fell to the lowest level in more than nine years

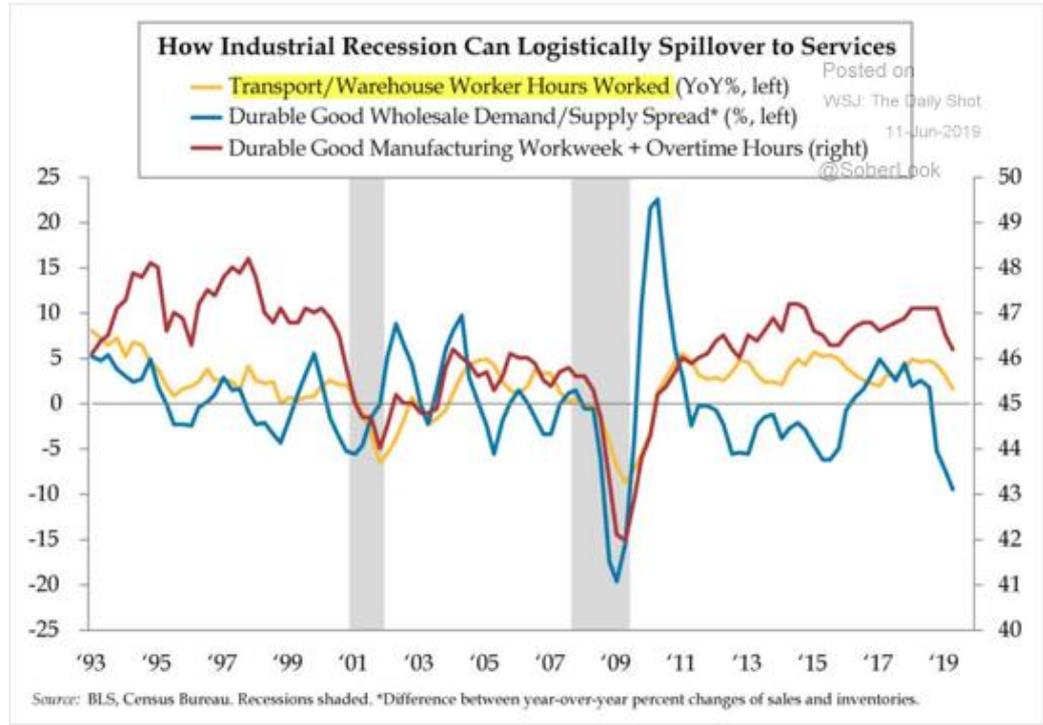
Los inventarios de bienes durables casi en record



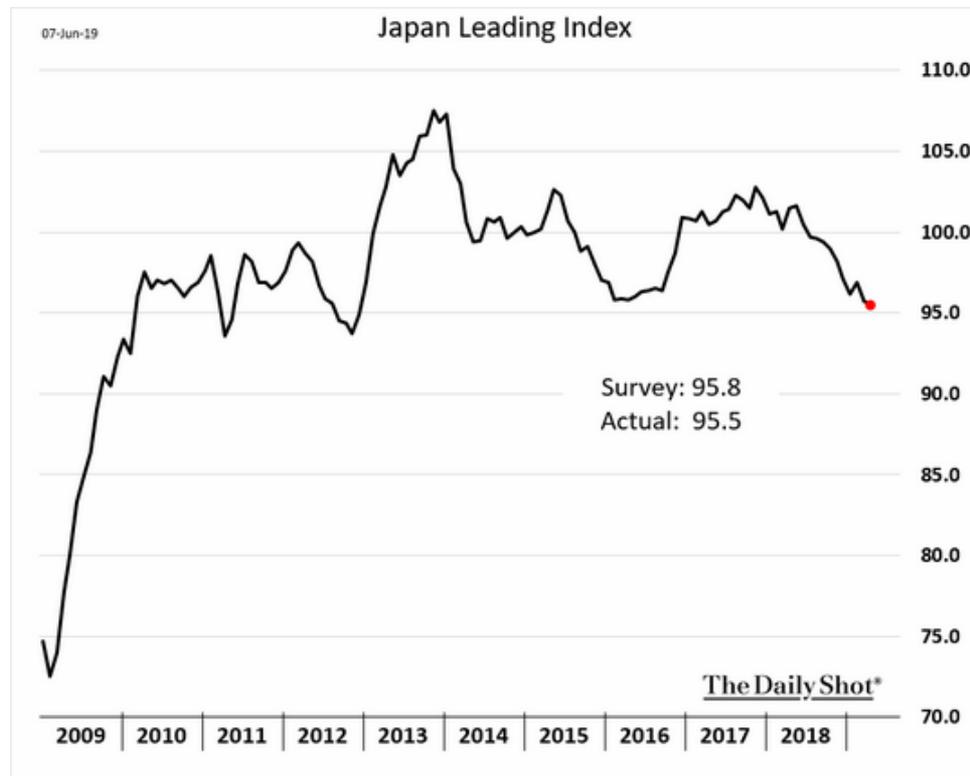
Surge entonces la pregunta sobre probable riesgo de recesión



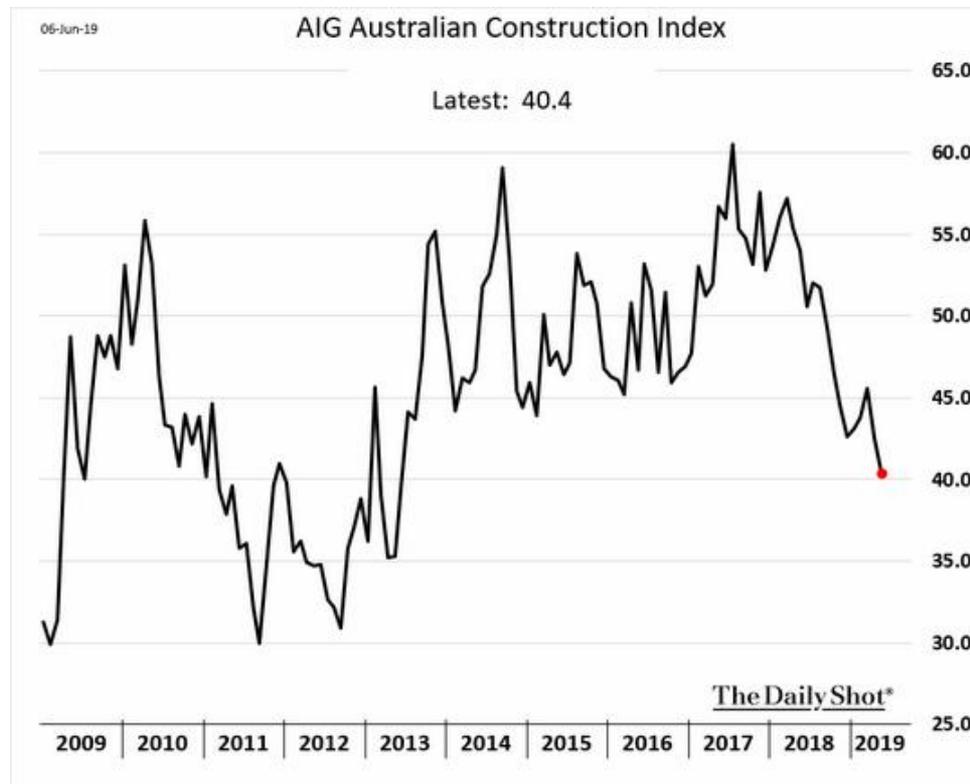
...o si la llamada recesión industrial contaminará el sector servicios.



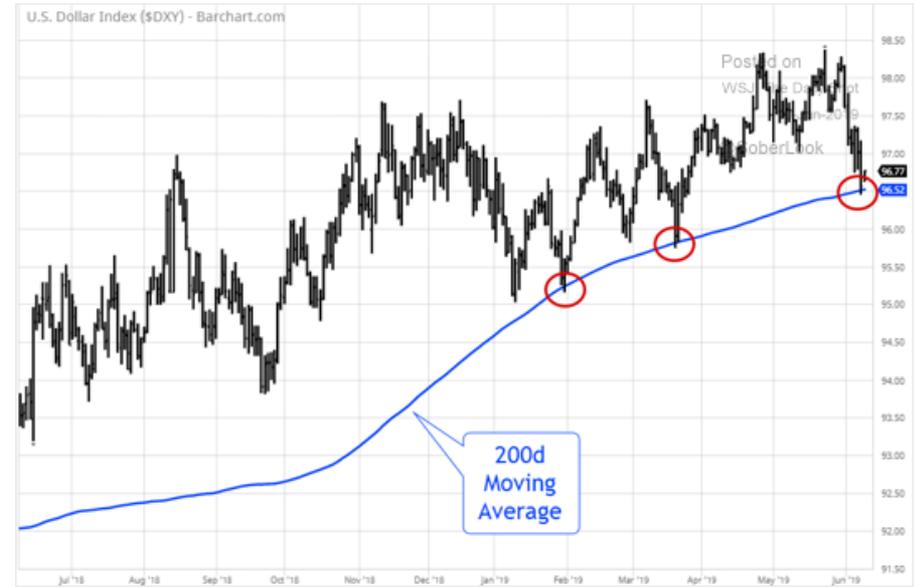
La desaceleración es global



La desaceleración es global



La desaceleración es global y hasta ahora el dólar se ha mantenido firme



Europa vive sus propios problemas: Brexit, desaceleración china, Italia

Chart 2: Euro-area downturn



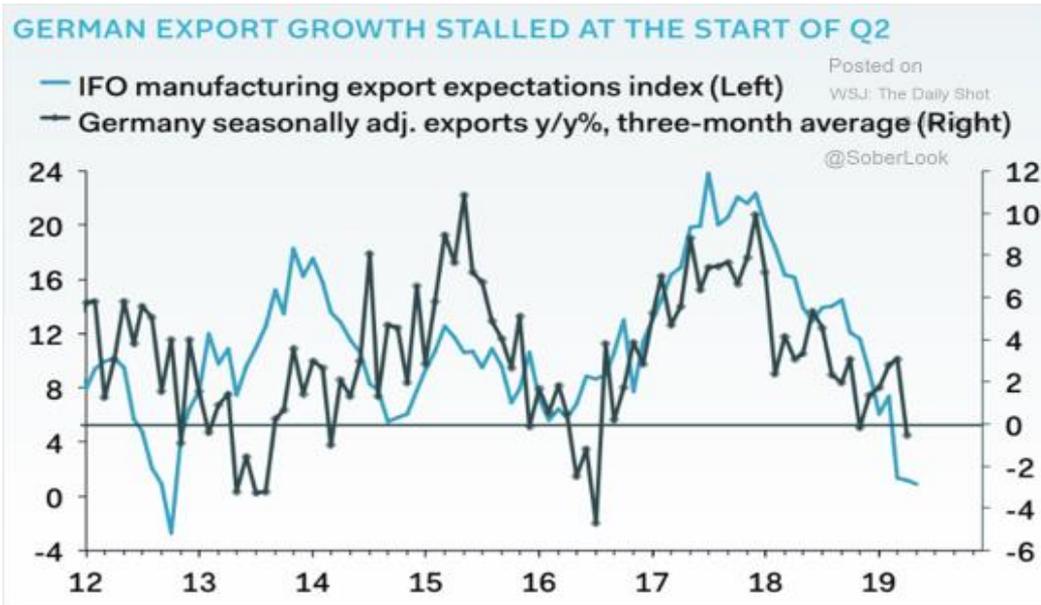
Source: Markit, Eurostat

Chart 3: Industrial plunge



Source: Markit

Europa vive sus propios problemas: Brexit, desaceleración china, Italia



fastFT Sovereign bonds

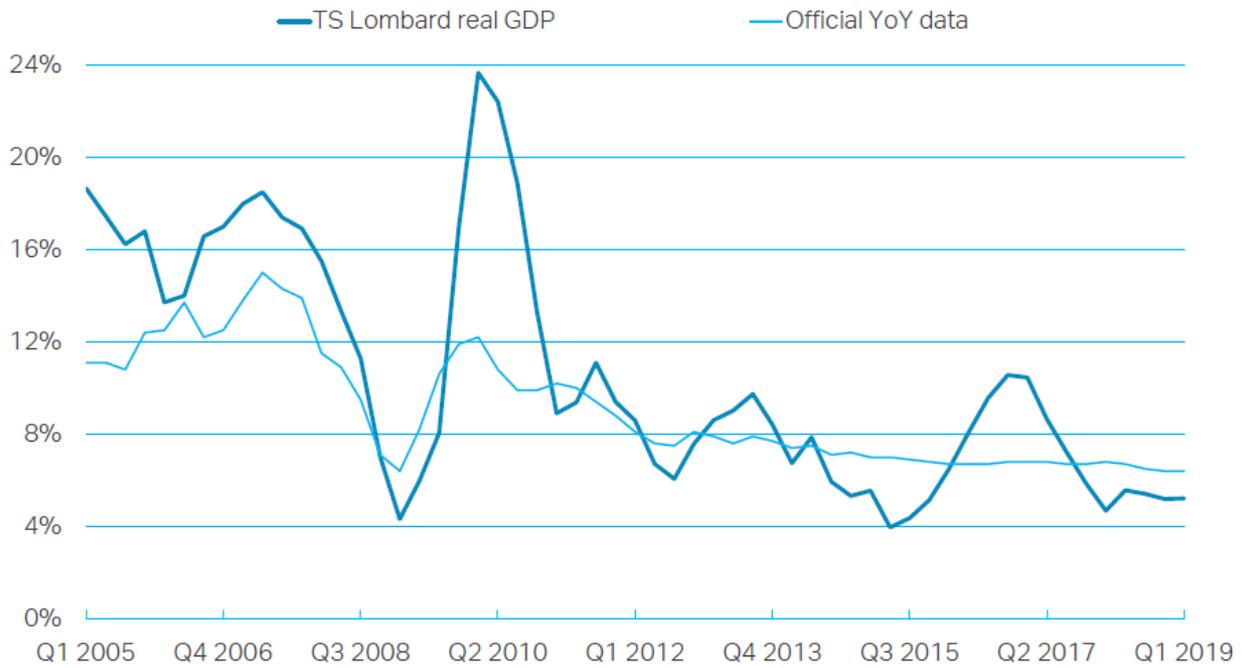
+ Add to myFT

Germany sells 10-year Bunds at lowest yield on record

Auction results are latest sign of global shift into highly rated government bonds

Es probable que China se siga frenando si la guerra comercial se mantiene

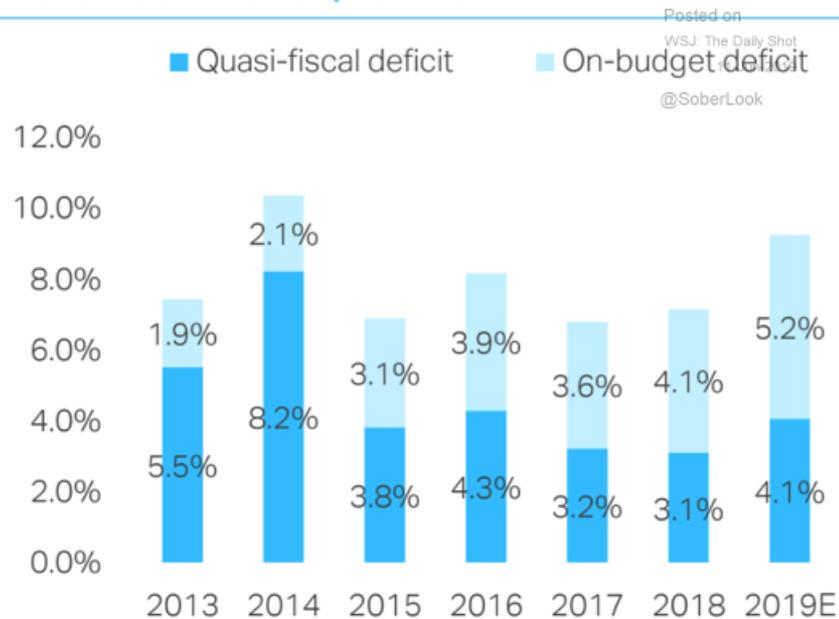
CHINA'S SLOWDOWN TO WORSEN



Source: CEIC, TS Lombard

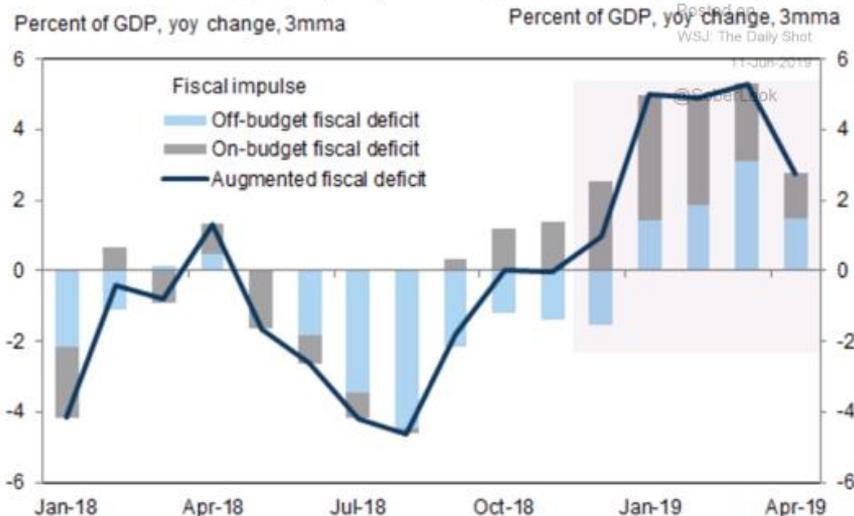
Por ahora han incrementado el impulso fiscal

Broad fiscal deficit, % of GDP



Source: TS Lombard.

This has contributed to a significant pickup in fiscal impulse and overall growth early this year



Source: Goldman Sachs Global Investment Research, Wind

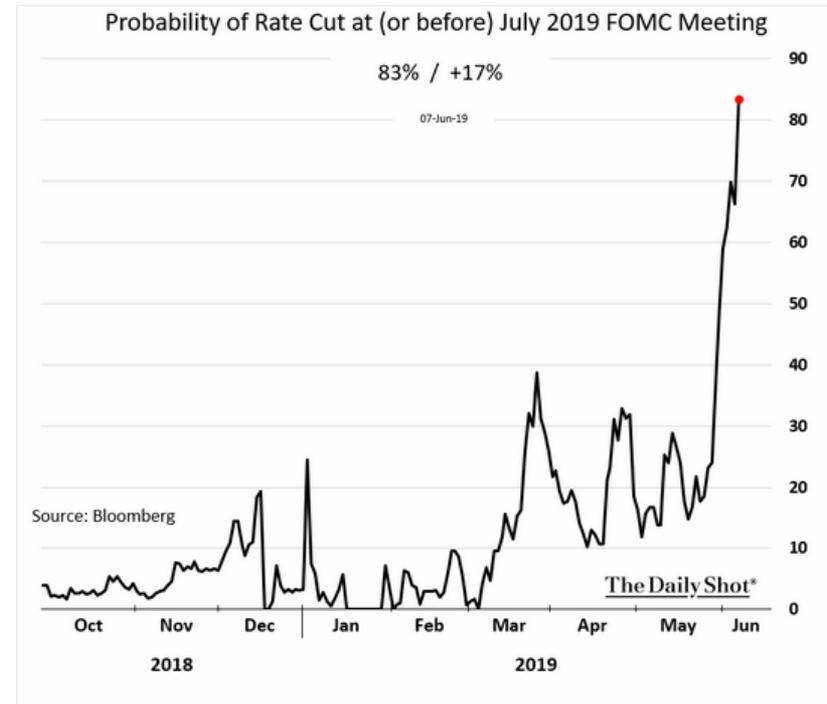
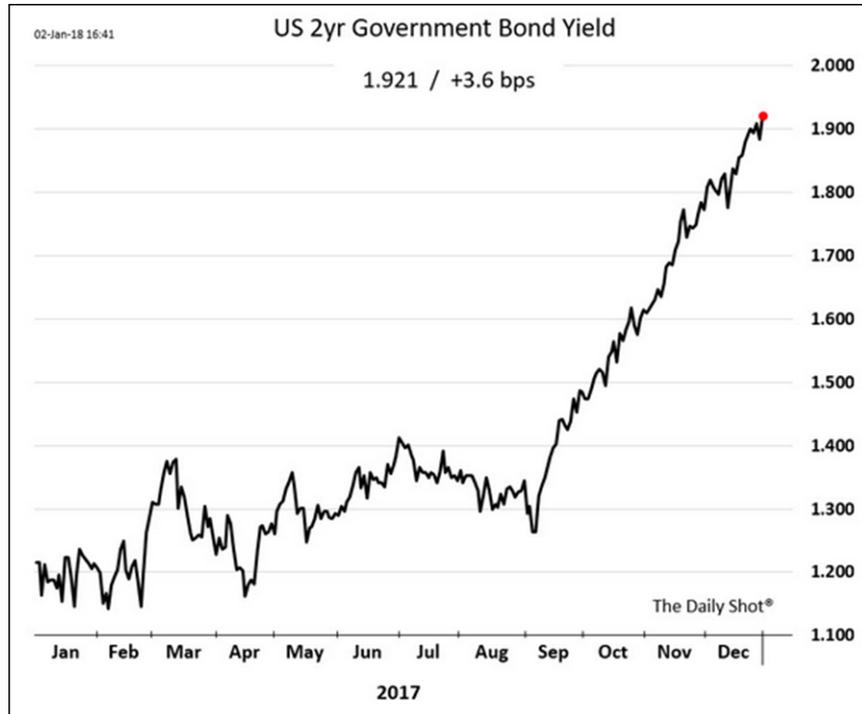
Han dejado que el RMB se devalúe: afectando a otras monedas y al cobre



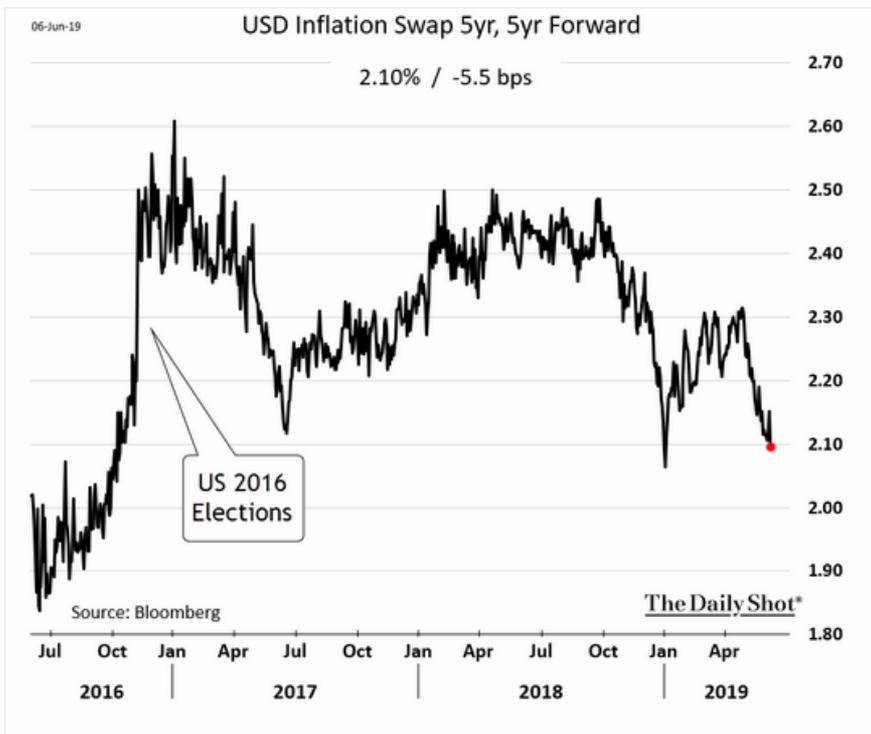
...uno de los indicadores líderes de recesión es la pendiente de la curva de rendimiento



Entonces pasamos del susto de sobrecalentamiento al terror deflacionario...

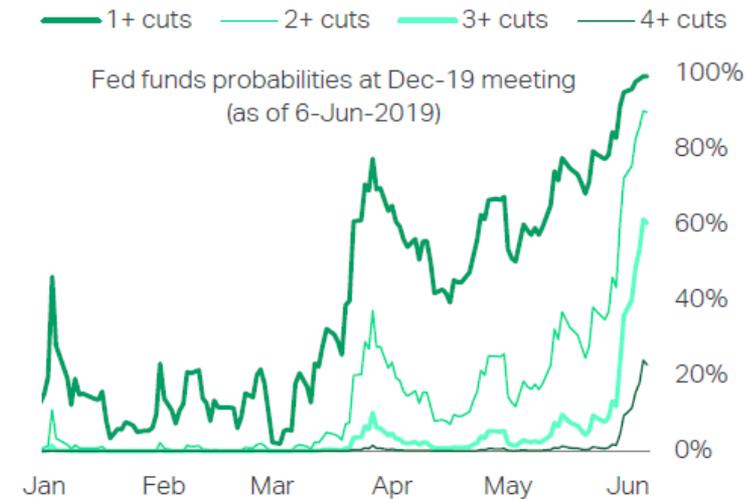


En un mundo sin inflación



El mercado probablemente ha sobrerreaccionado y apuesta por 3 cortes para la FED

Greater than 50% chance of three cuts in 2019



Source: Bloomberg, TS Lombard

US 2/10y steeper, but short-end more inverted

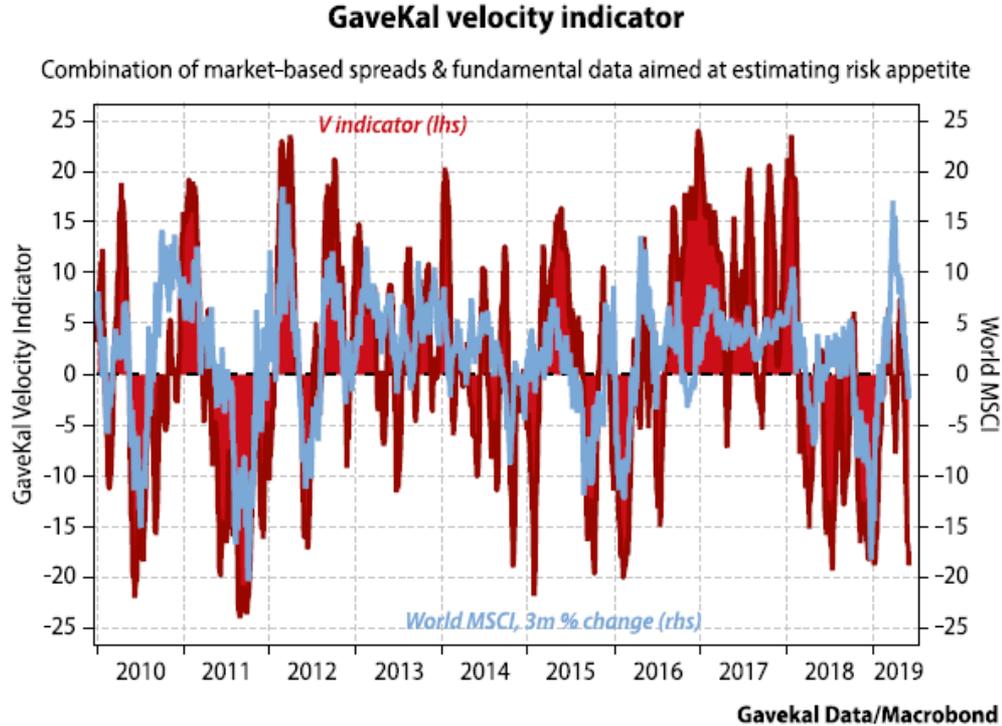


Source: Bloomberg, TS Lombard

En Europa también las tasas y break even se derrumbaron



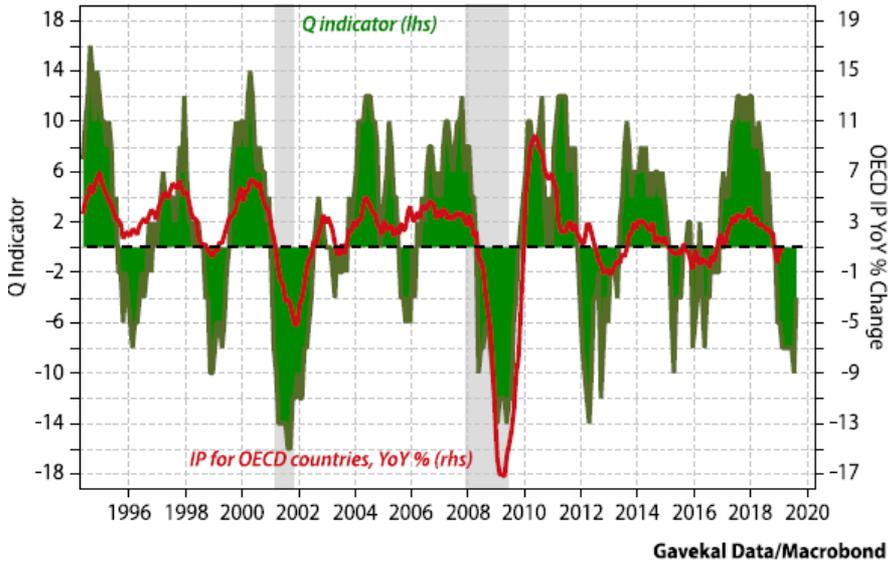
Y el apetito por riesgo ha vuelto a caer



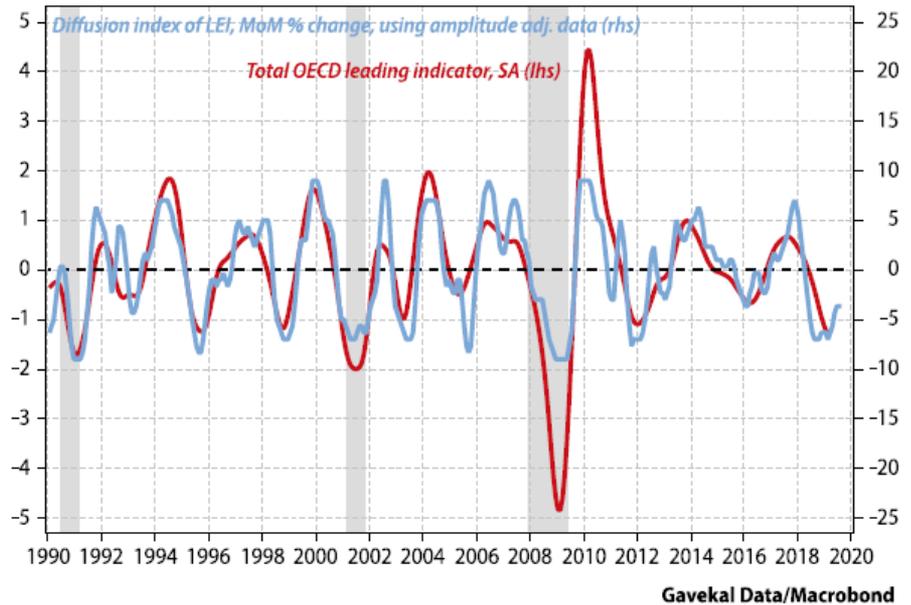
Los indicadores líderes han apuntado hacia el “sur”

The GaveKal Q indicator

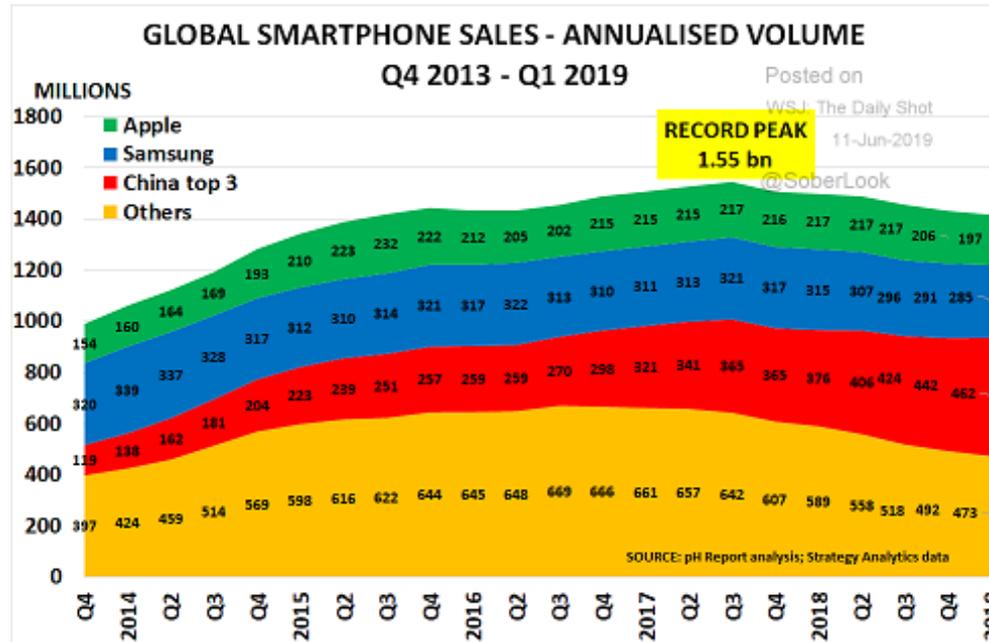
A monthly series of leading indicators and market prices that indicate global growth



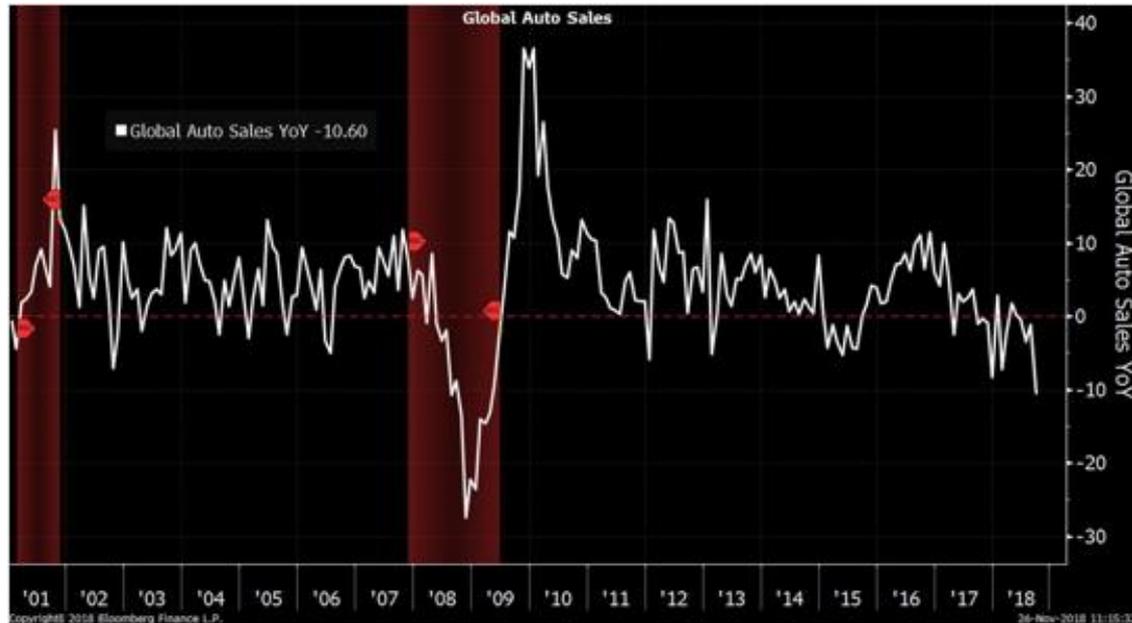
Leading the OECD leading indicators



La desaceleración se nota a niveles micro en industrias claves

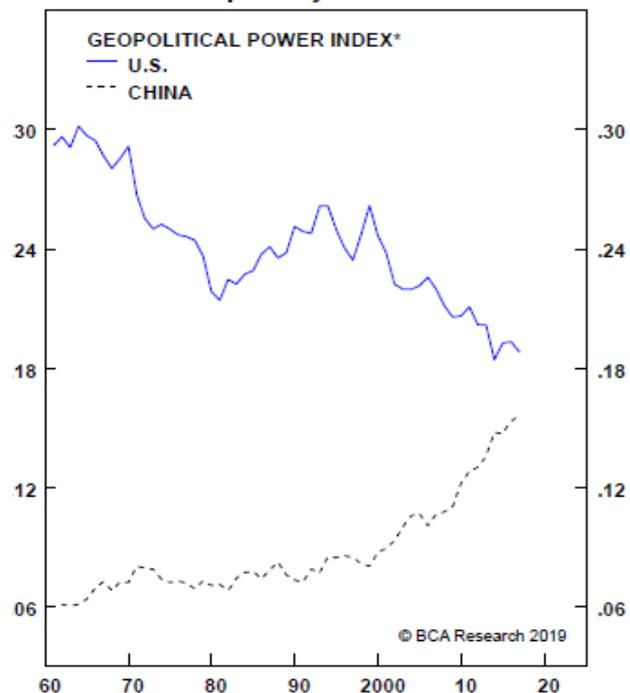


El sector automotriz global se ha resentido



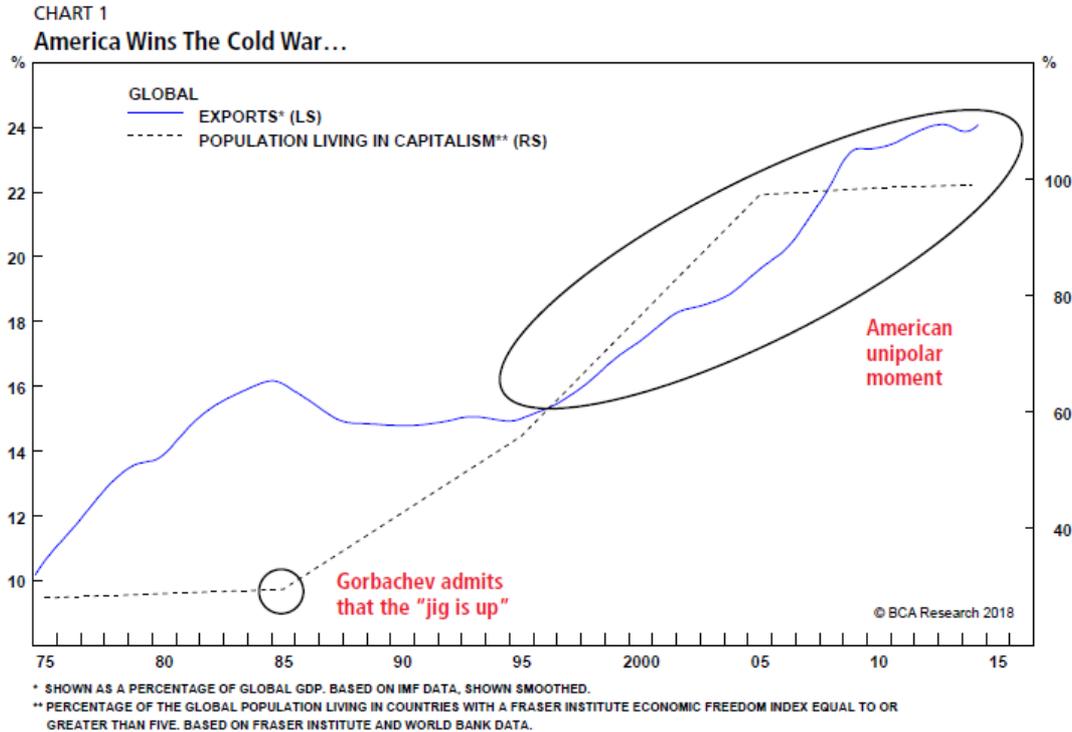
El fin de la era unipolar

The Era Of Unipolarity Is Over



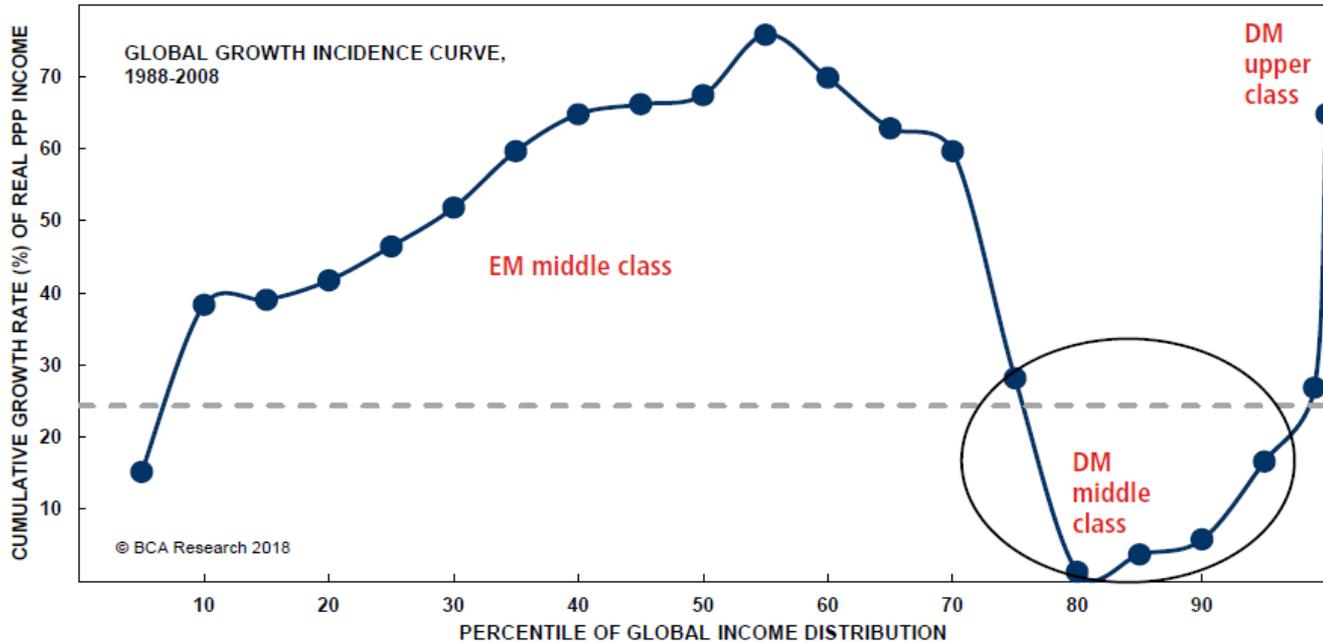
* MEASURED AS A COUNTRY'S RAW POWER BASED ON ITS POPULATION, THE SIZE OF ITS ECONOMY AND IMPORTS, MILITARY EXPENDITURE, ARMS EXPORTS, AND PRIMARY ENERGY CONSUMPTION.
SOURCE: BCA CALCULATIONS.

La caída del muro significó el mayor aumento en la oferta laboral de la historia



Ello le produjo un golpe a la clase media de países desarrollados

Globalization: No Friend To Developed-Market Middle Class



NOTE: Y-AXIS DISPLAYS THE GROWTH RATE OF THE FRACTILE AVERAGE INCOME (IN 2005 PPP USD), WEIGHTED BY POPULATION. GROWTH INCIDENCE EVALUATED AT VENTILE GROUPS (E.G. BOTTOM 5%); TOP VENTILE IS SPLIT INTO TOP 1% AND 4% BETWEEN P95 AND P99. THE HORIZONTAL LINE SHOWS THE GROWTH RATE IN THE MEAN OF 24.34% (1.1% P.A.).

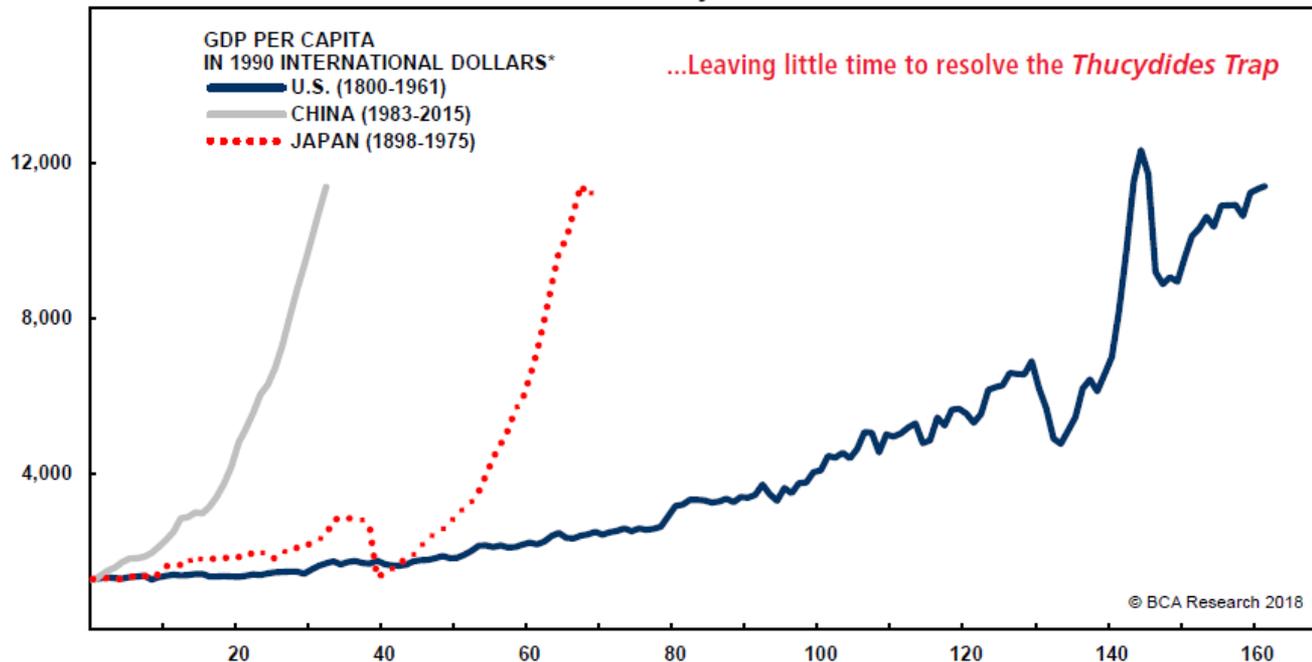
SOURCE: LAKNER AND MILANOVIC (2015).

DATA AVAILABLE AT: [HTTP://GO.WORLDBANK.ORG/NWBUKI3JP0](http://go.worldbank.org/NWBUKI3JP0).

GLOBAL INCOME DISTRIBUTION: FROM THE FALL OF THE BERLIN WALL TO THE GREAT RECESSION, CHRISTOPH LAKNER AND BRANKO MILANOVIC, WORLD BANK ECONOMIC REVIEW, ADVANCE ACCESS PUBLISHED SEPTEMBER 26, 2015.

El alza de China ha sido sin precedentes

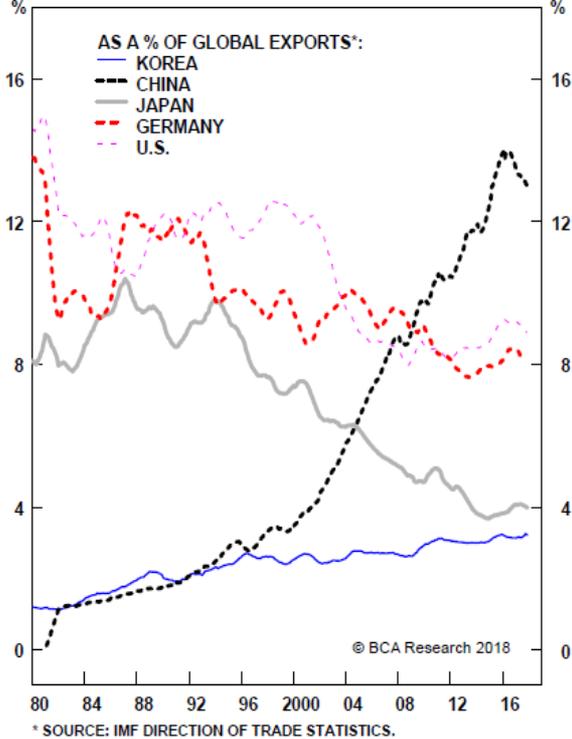
China's Economic Rise Has Been Extraordinarily Fast...



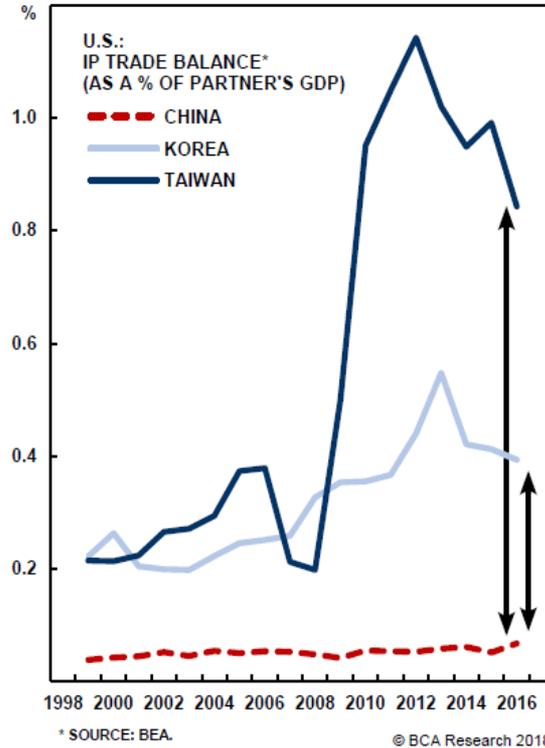
* IN GEARY-KHAMIS DOLLAR; SOURCE: ANGUS MADDISON.

Y ese auge ha generado una concentración del ingreso en países desarrollados

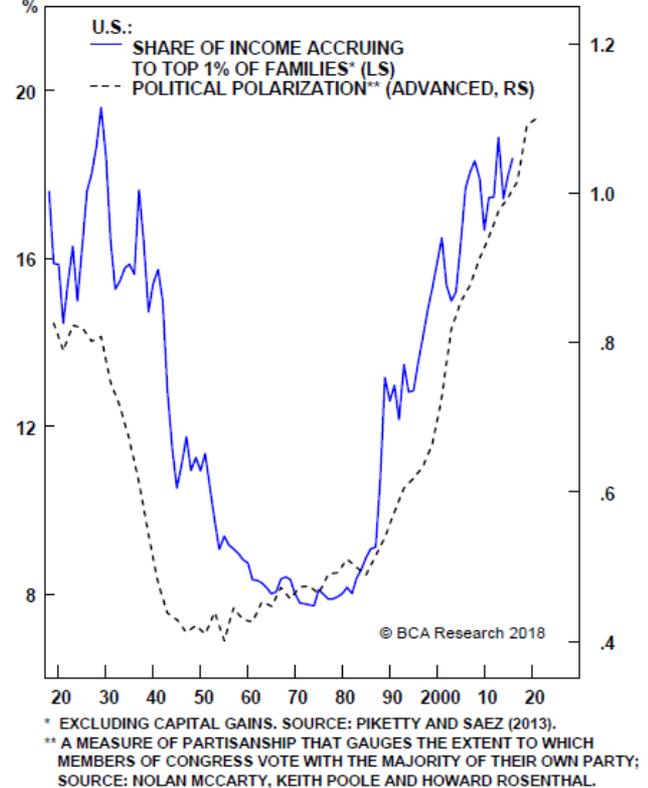
China's Share Of Global Exports Has Skyrocketed



China Imports Conspicuously Little U.S. IP

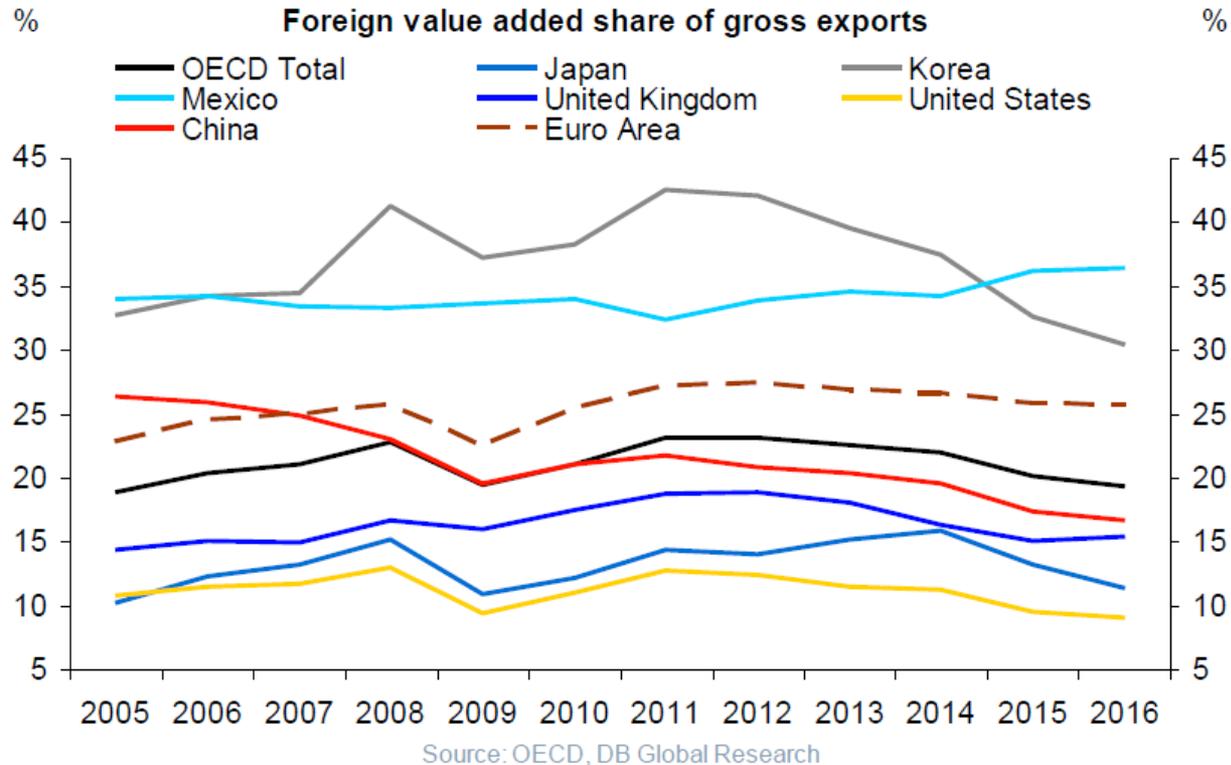


Inequality Fuels Political Polarization

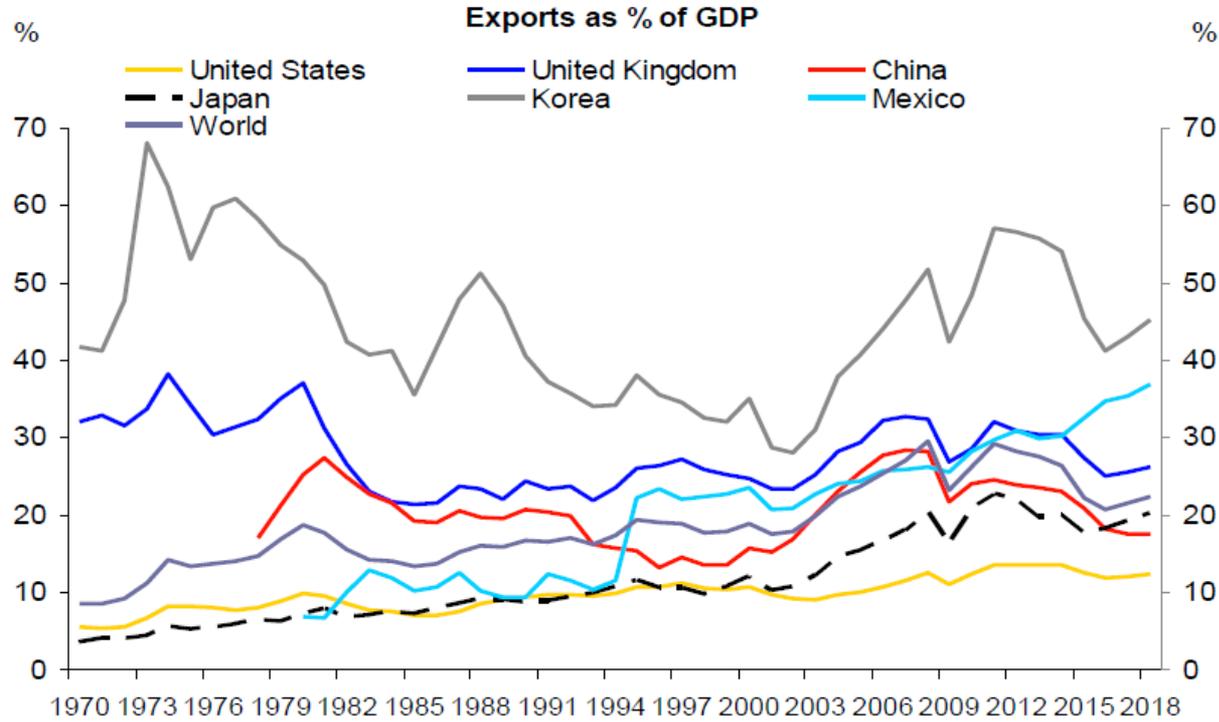


Des-integrar la economía globalizada puede tener costos incalculables

El problema es que a EE.UU. le duele menos

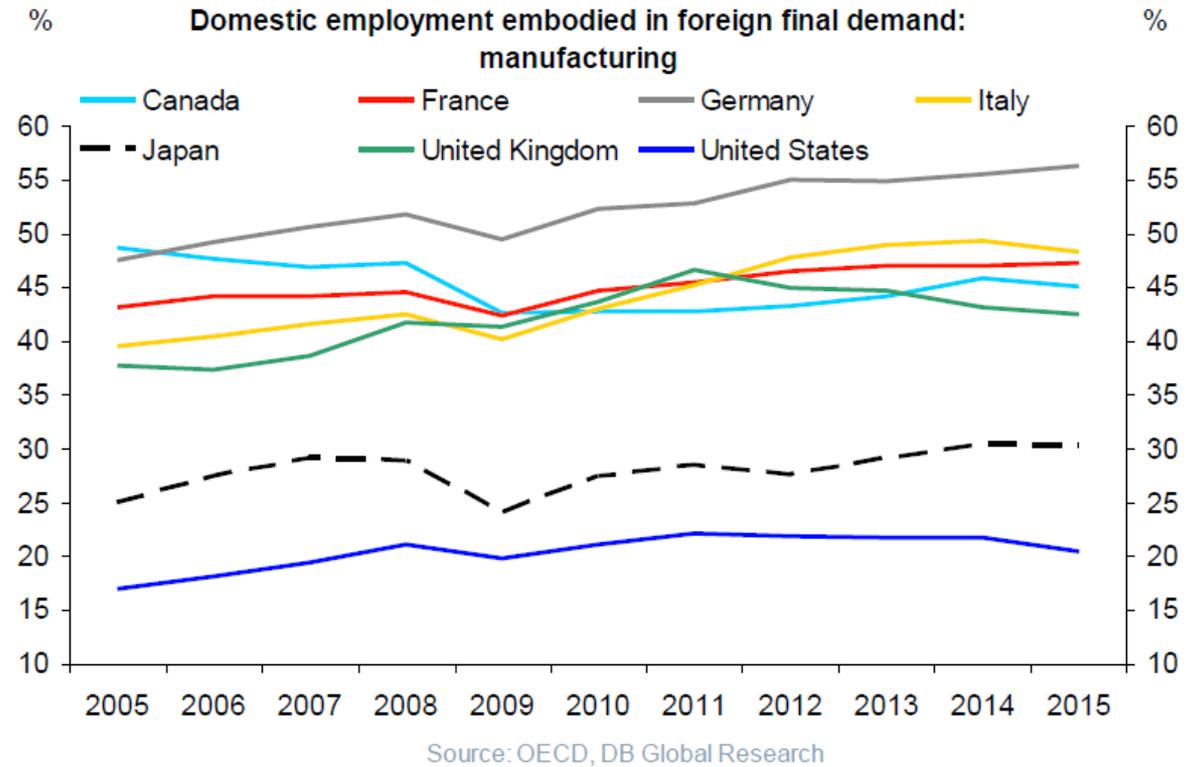


Des-integrar la economía globalizada puede tener costos incalculables



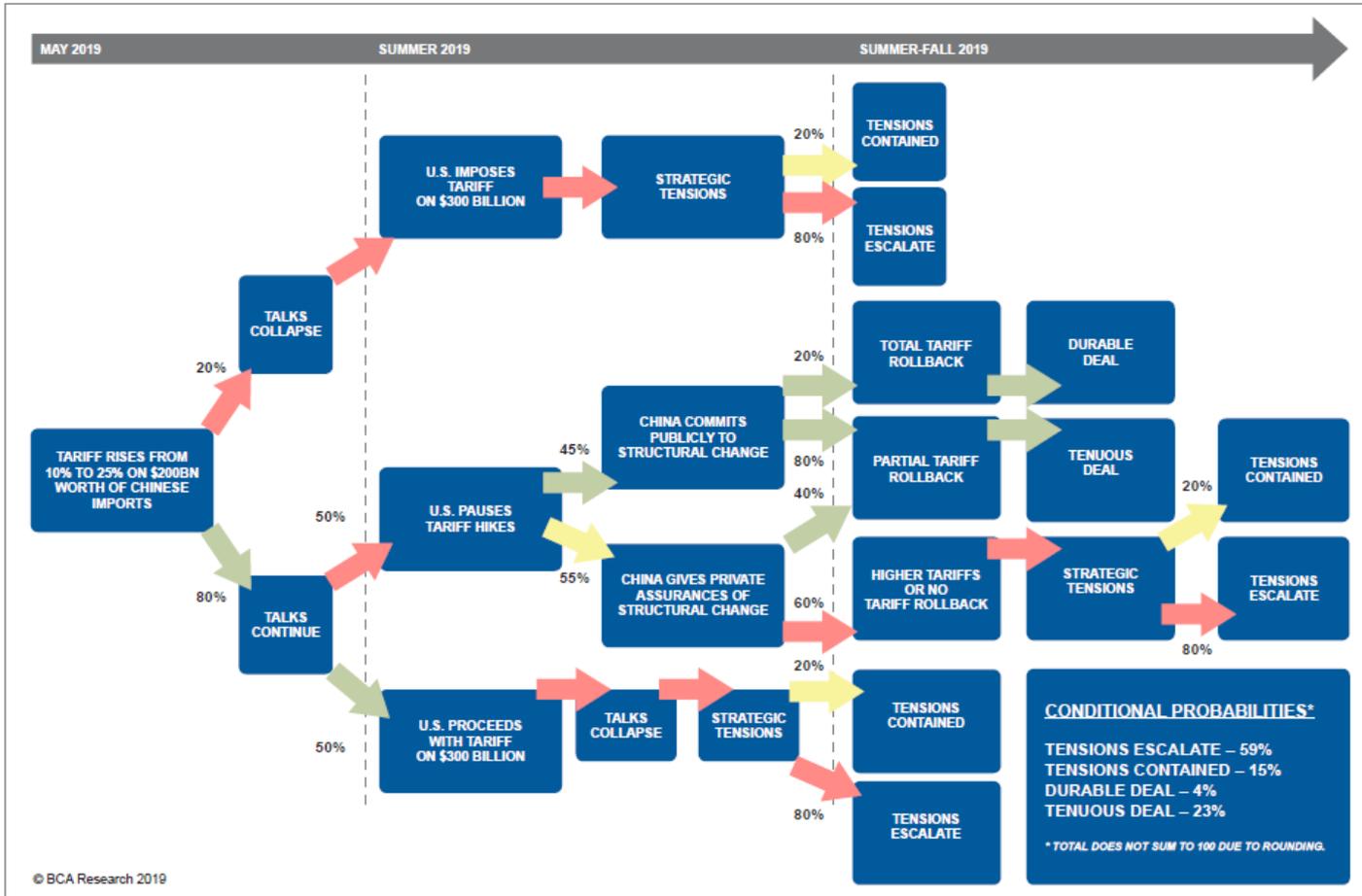
Source: OECD, IMF, Haver Analytics, DB Global Research

Des-integrar la economía globalizada puede tener costos incalculables



El alza del proteccionismo como idea política hace menos probable llegar a acuerdos

DIAGRAM 1
A Simple Decision Tree Says Geopolitical Risks Are Huge



- La economía global se sigue desacelerando, en especial el comercio global. Los indicadores líderes no han repuntado.
- En los últimos trimestres EE.UU. se “acopló” a la desaceleración global, a pesar de que el empleo sigue bien.
- El rebrote de la retórica proteccionista le producirá un nuevo daño a la confianza empresarial global. Aún no sabemos la profundidad del daño.
- ¿Quién conoce la función de reacción del Pdte Trump?
- Parece probable que la relación China/EE.UU esté estructuralmente dañada.
- La economía global tiene lamentablemente varias zonas de fractura que podrían reaccionar mal ante una desaceleración aguda del crecimiento: Europa (y sus bancos), deuda corporativa emergente y en EE.UU., auge del populismo.
- Es probable que veamos un ciclo más prolongado de bajas de tasas a nivel mundial.



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