



CyclOpe

**Spring 2012 : where is the world economy heading for ?
Which consequences for global markets ?**

CyclOpe
European leading
research Institute
on commodity markets

www.cercle-cyclope.com

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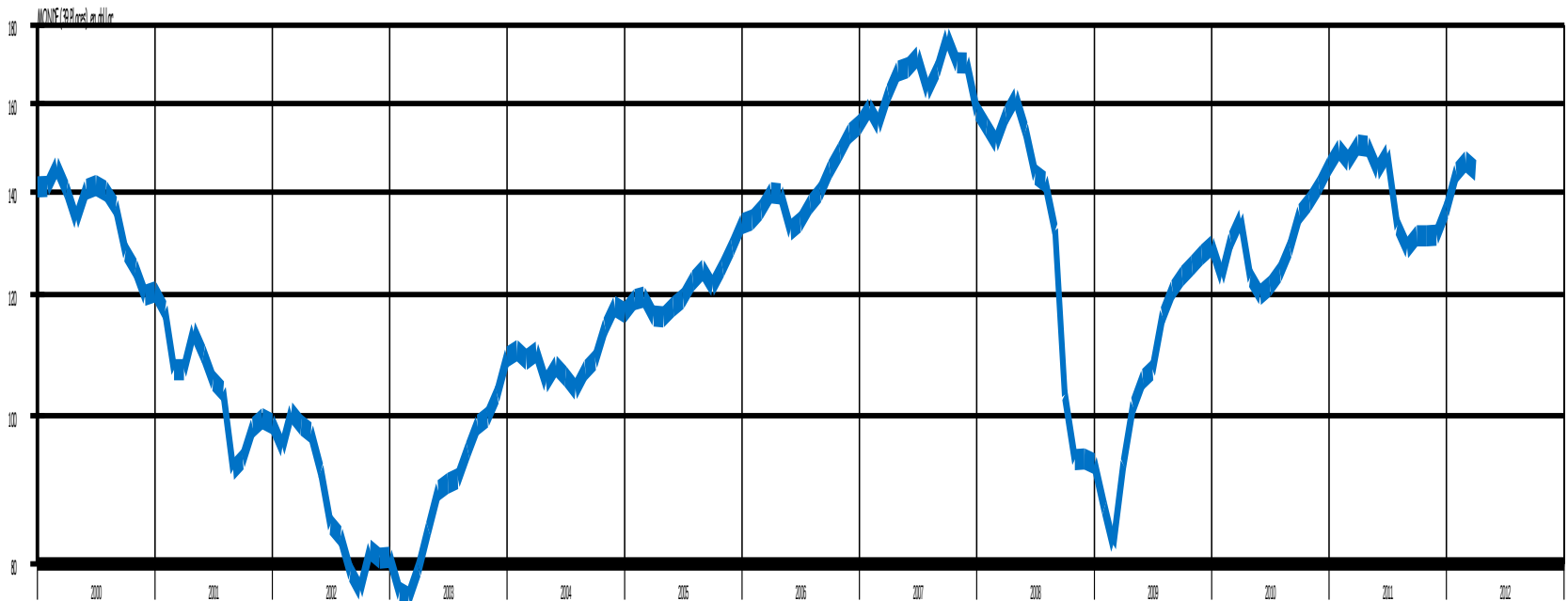
Spring 2012 :

- . Greece in turmoil, Spain in danger
- . Europe is still a mess !
- . The US slightly better but...
- . A new oil crisis
- . Spring of Arab nations : from Lybia to Syria
- . Drought and a food crisis
- . Iran and the nuclear dilemna
- . No pilot in the world plane

Life as usual indeed...

A good way to look at world economic optimism or pessimism !

Indice boursier mondial
(base 100 au 01.01.2002)



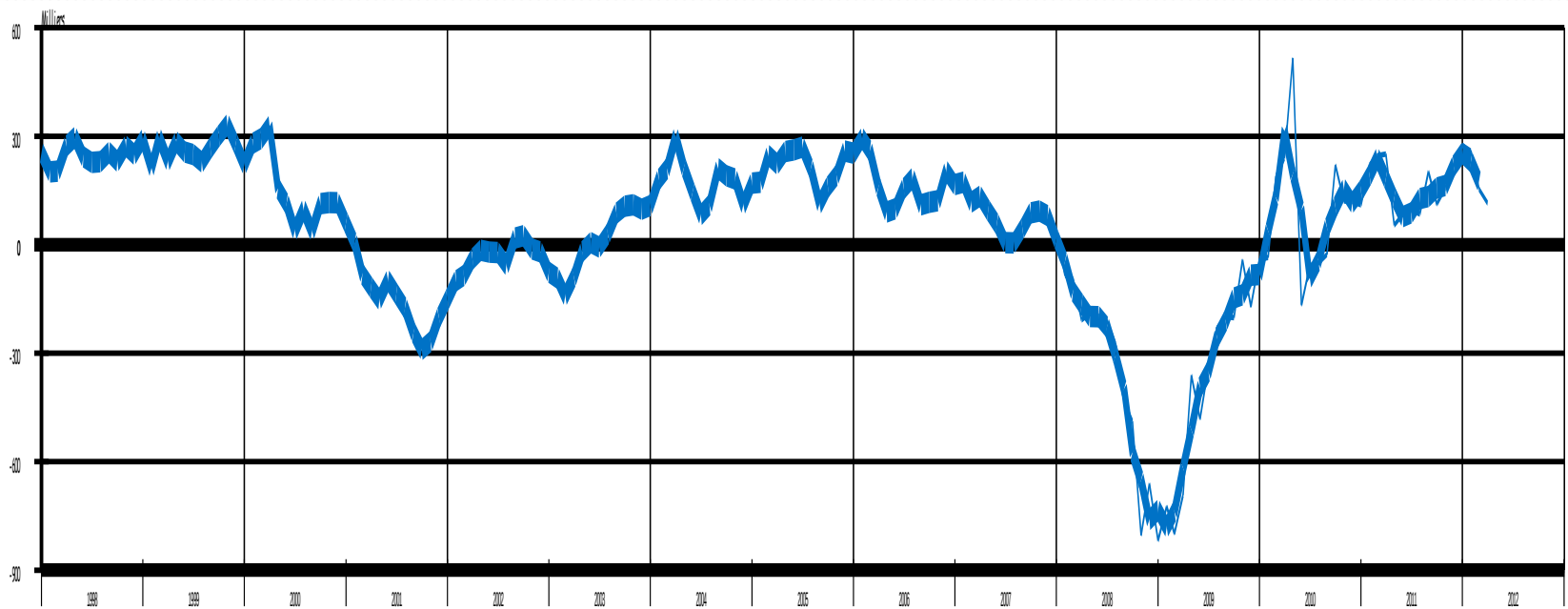
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The macro economic situation :

- . The US are rebounding
- . Europe is stagnating
- . Emerging countries are growing as usual
- . But... some doubts in China

The US are back again and the economy
is at last creating jobs
but ... not enough

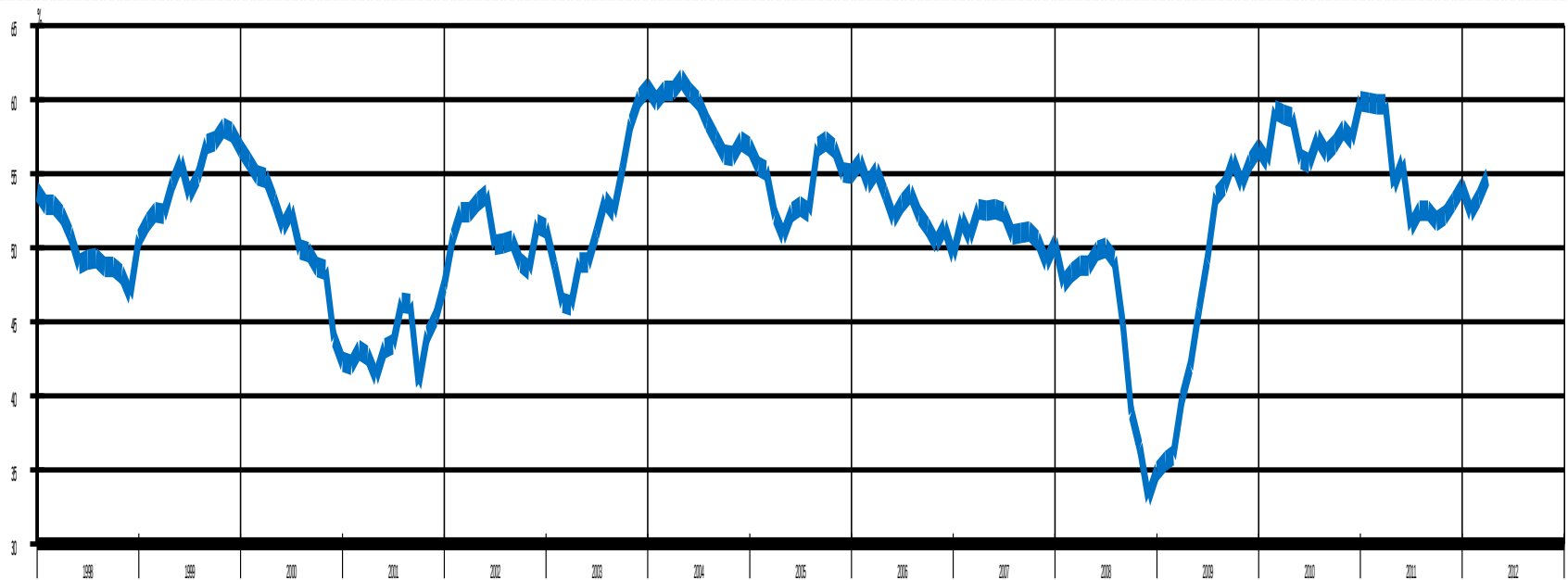
Etats-Unis : créations d'emplois
Salariés du secteur non agricole



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But don't be too optimistic : 2.5 % in 2012 is a safe bet

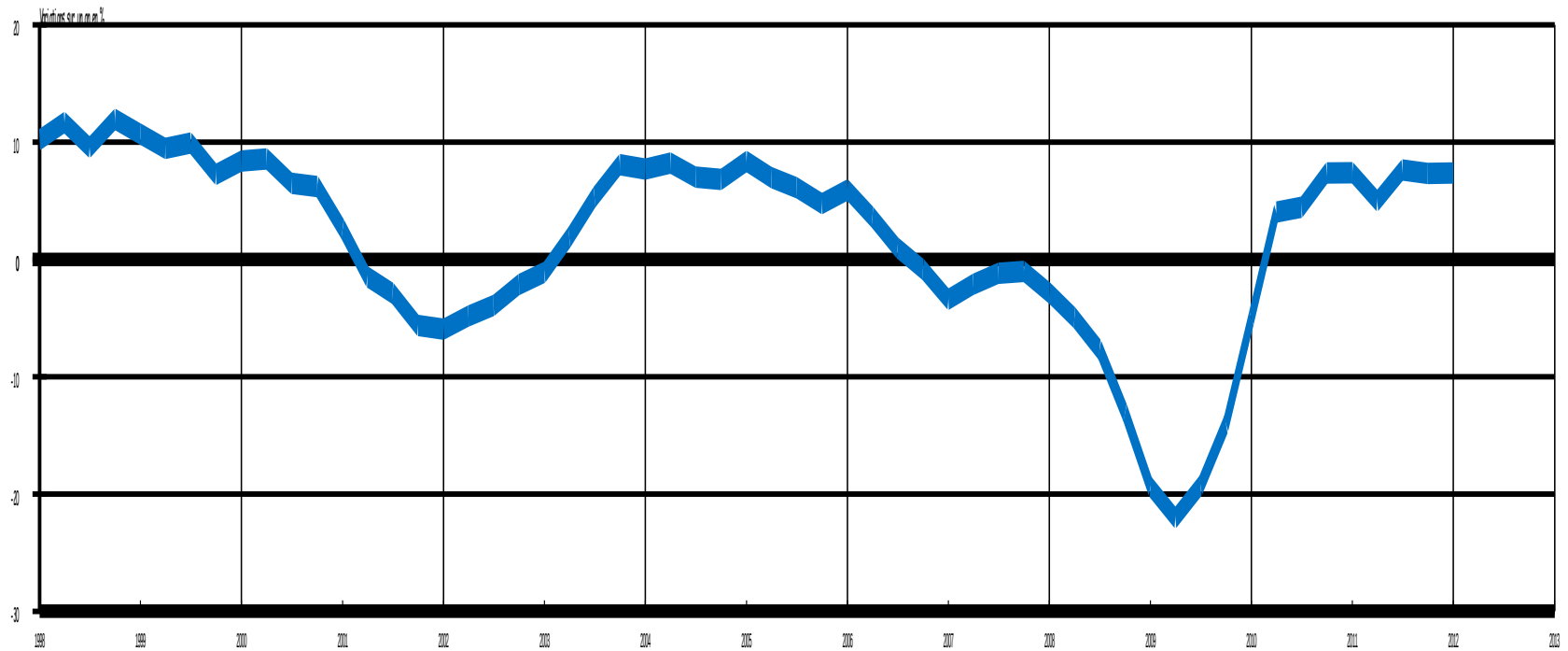
Etats-Unis
Enquête auprès des directeurs d'achat - ISM manufacturier



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But the good news is that investment is back again

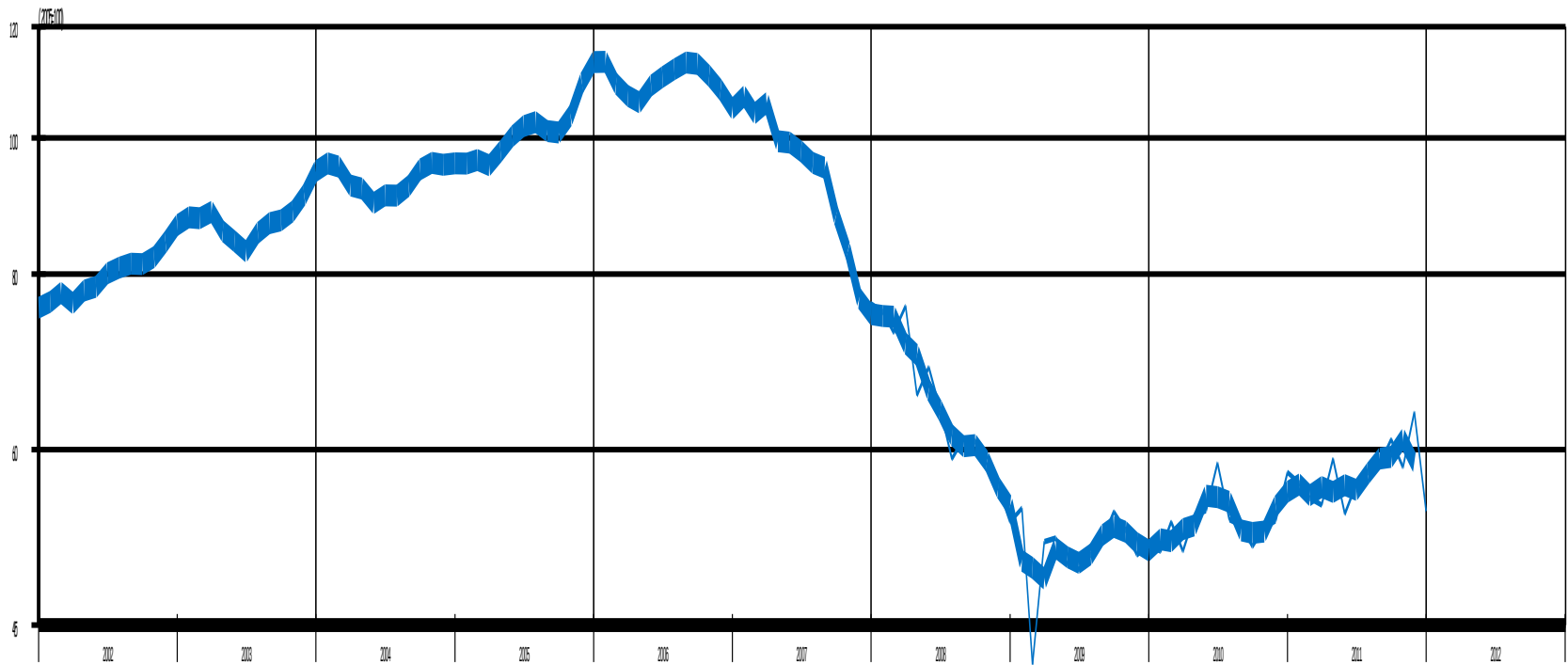
Etats-Unis : croissance de la FBCF secteur privé



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In Europe, it's stagnation at best as shown here by the building industry

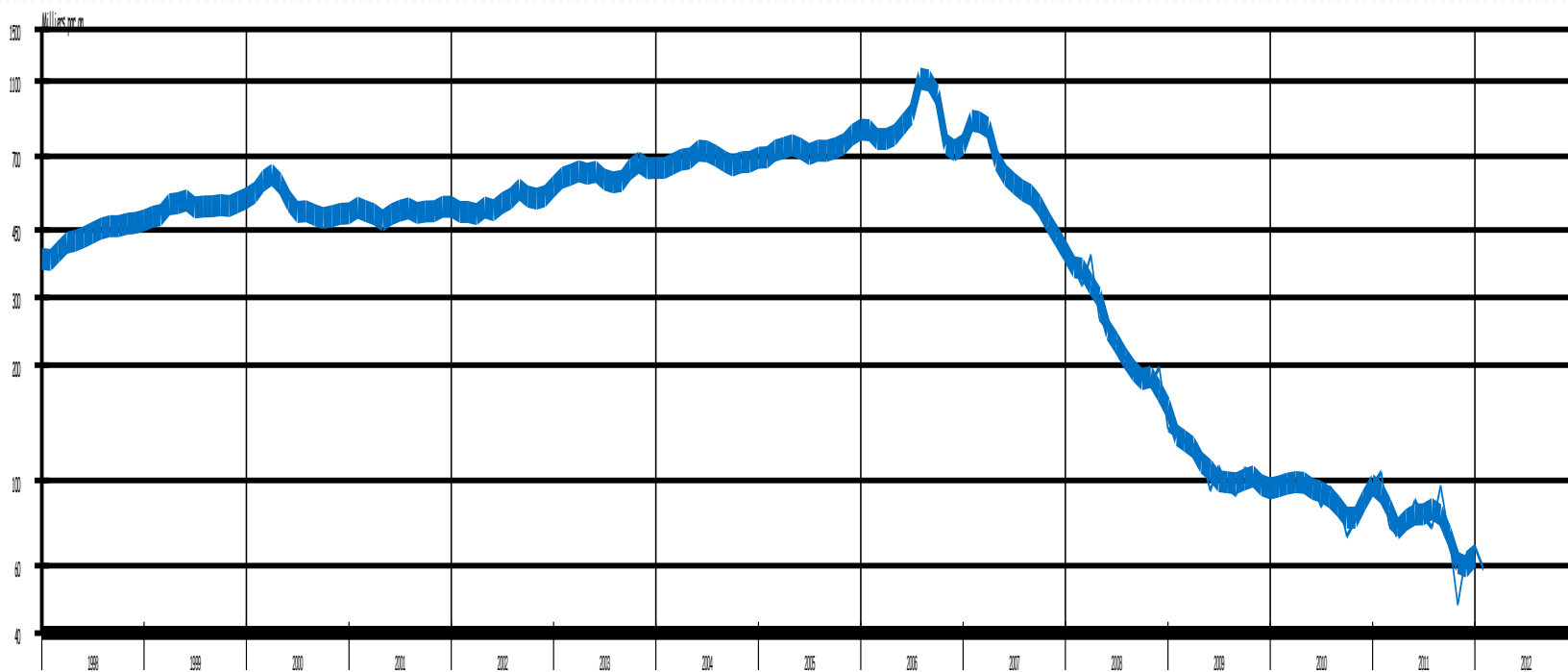
Zone euro : permis de construire résidentiels



© Cae-Recherche

The worst case being in Spain
and beware of the « Spanish flu »

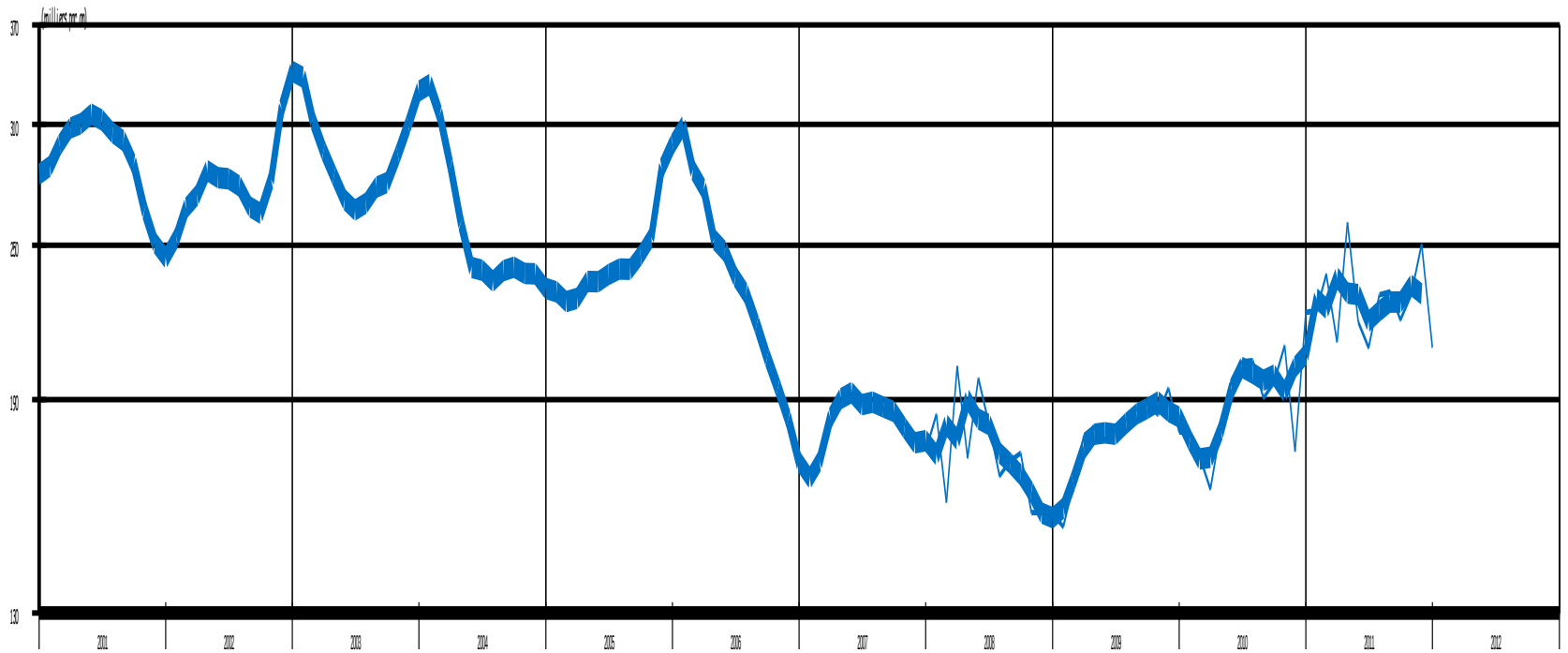
Espagne : logements autorisés



© Cae-Herzfeld

Slightly better in Germany

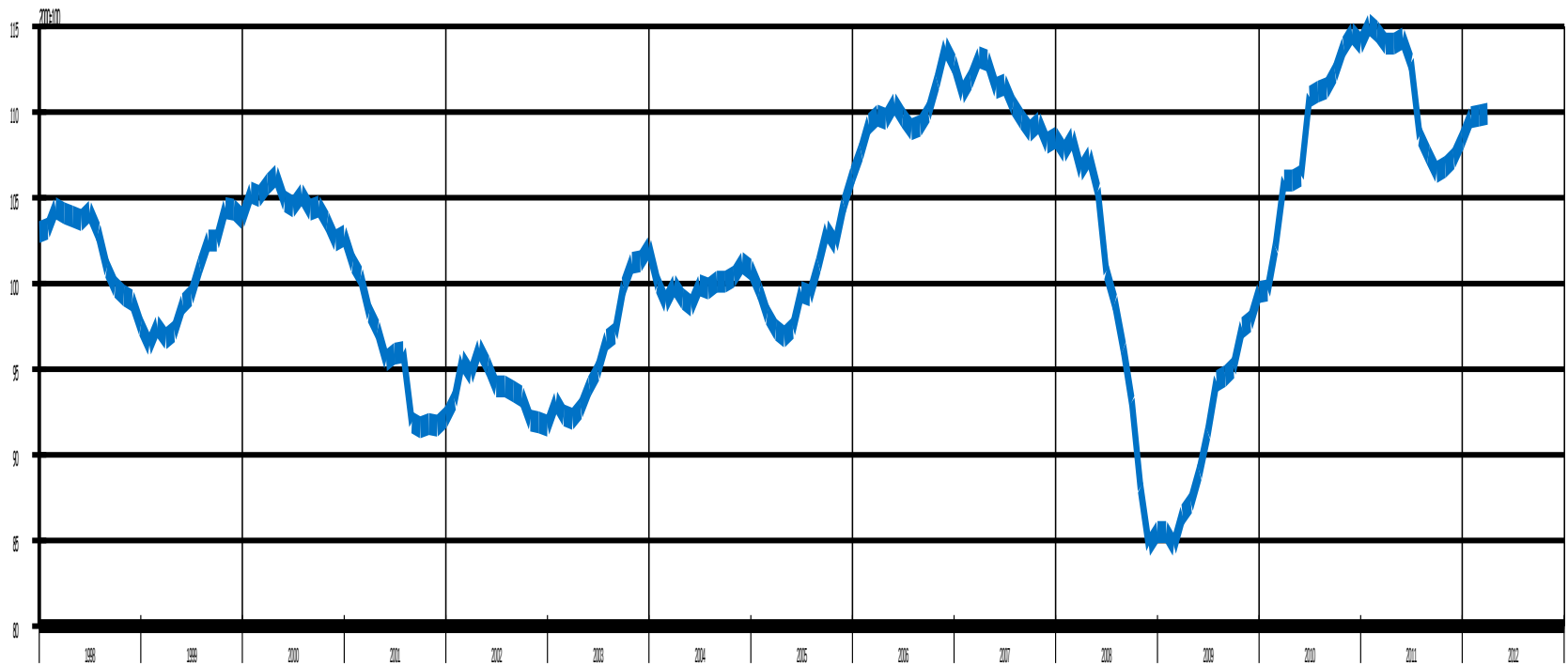
Allemagne : permis de construire de logements



© Cae-Herzfeld

But German industry remains pretty cautious

Allemagne : Enquêtes IFO - climat des affaires

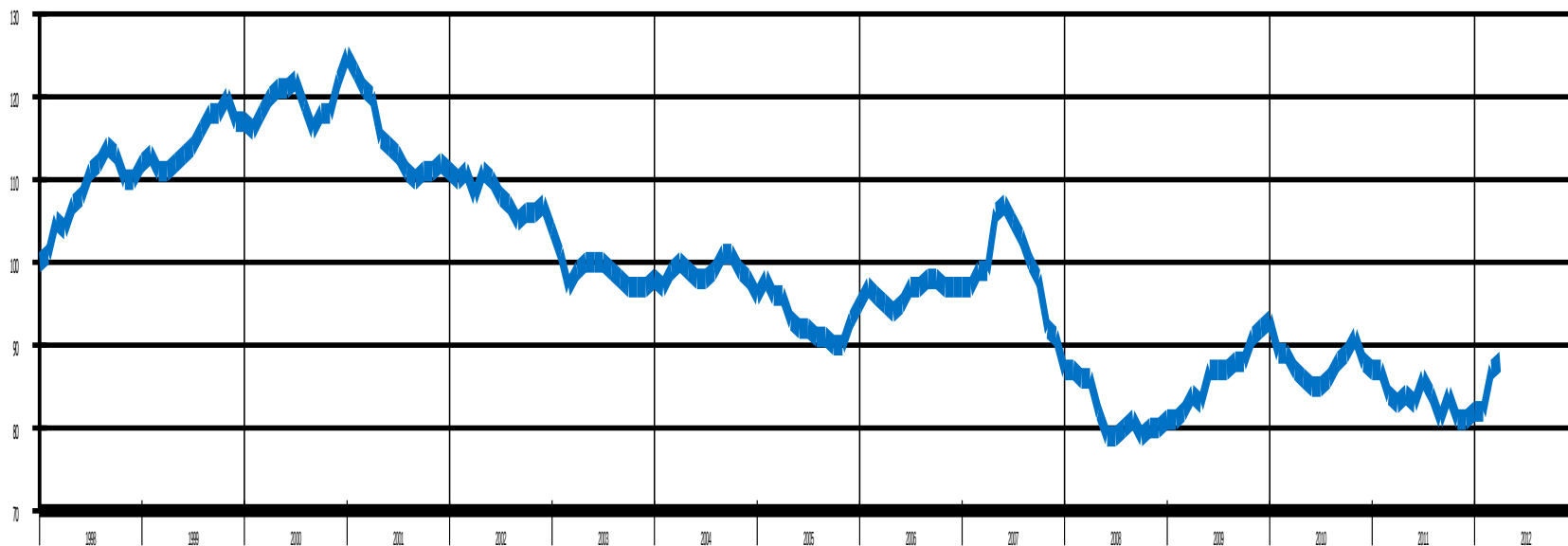


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And French people slightly more optimistic even
before the elections !

France : indicateur synthétique de confiance des ménages

Indicateur synthétique de consommation des ménages avec une moyenne de 100
et un écart type de 10 pour la période 1987-2010



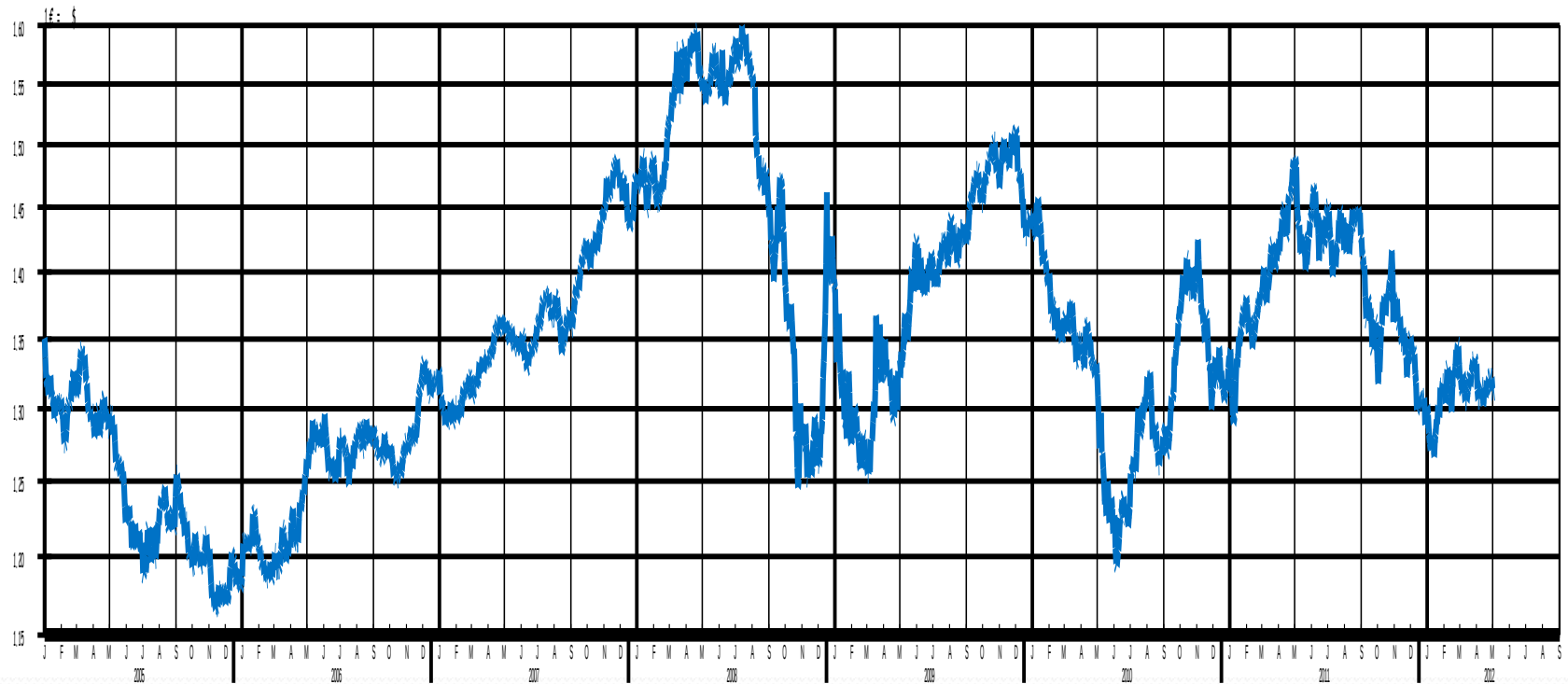
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For advanced economies, there will be in 2012 / 13 a huge gap over Atlantic

United States	+ 2.5	
Europe (EU)	0	
. Germany		0.8
. France		0.8
. Italy		- 1
. Spain		- 2
United Kingdom	0	

How do you translate that for « eurodol » ?

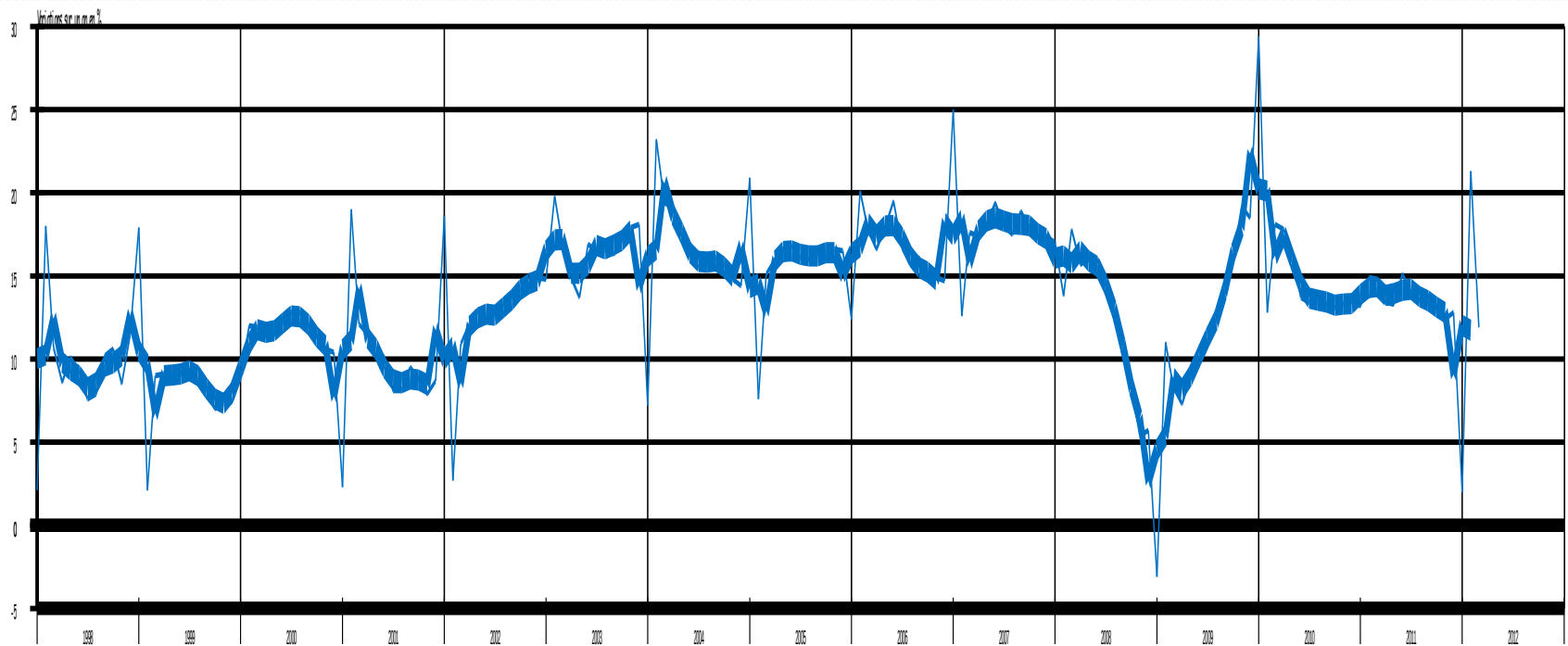
Cours de l'euro (1 euro = ... dollar)



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But for world markets, the real question is China :
will it slow ?

Chine : croissance de la production industrielle



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So in 2012 :

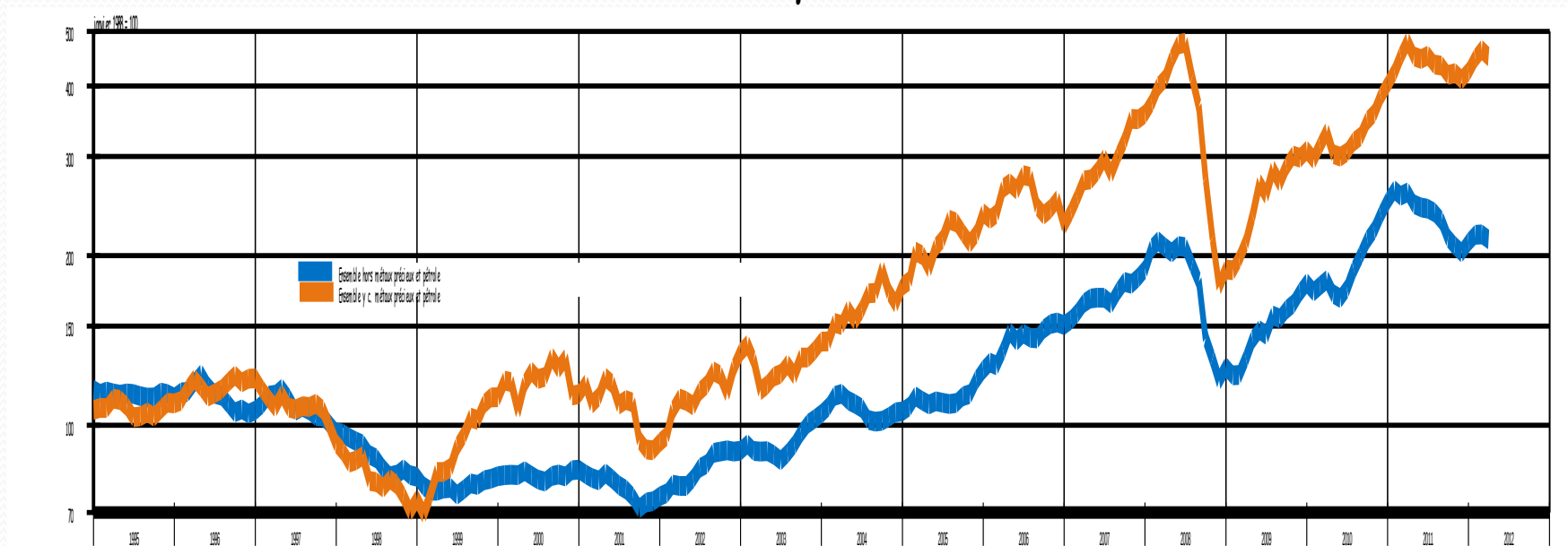
Brazil	+ 3
India	+ 7
rest of Asia	+ 6
China	+ 9 ?

and a world growth of 3.5 %

We are still in the midst of a commodity shock

Indices Coe-Reveco des cours des matières premières en \$

Indices globaux

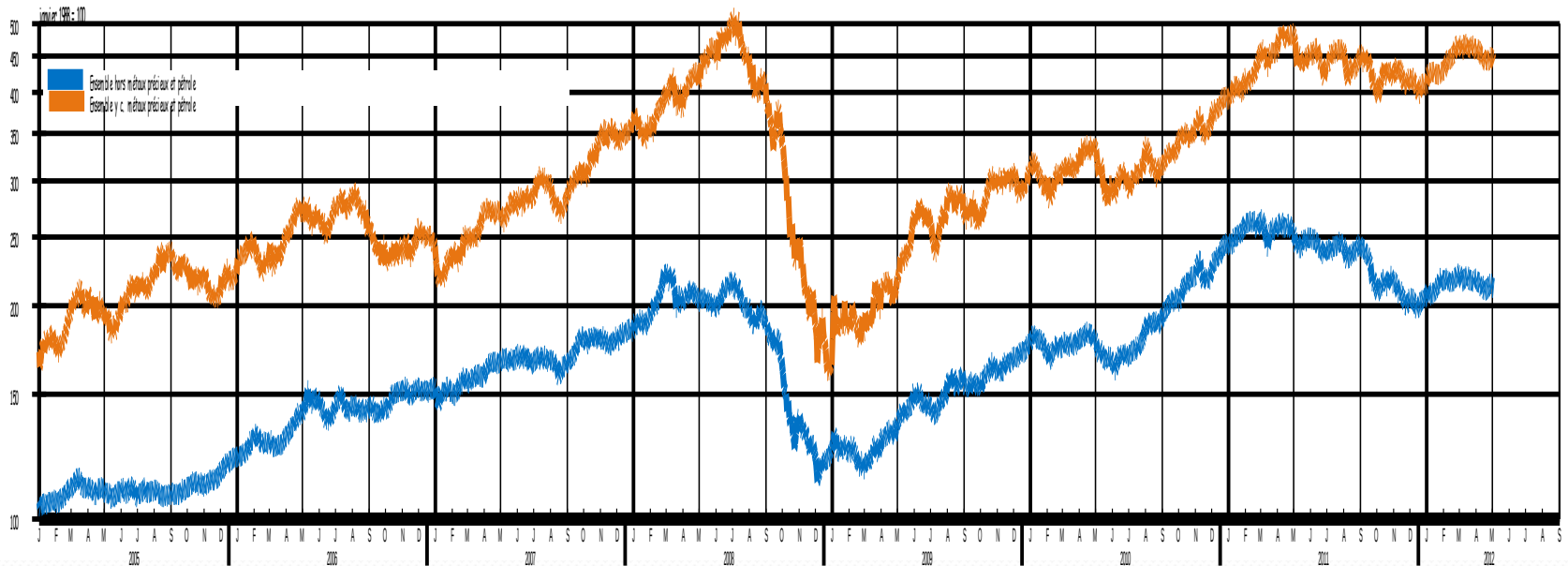


© Coe-Reveco

And prices were still pretty high in the first months of 2012

Indices Coe-Rezecode des cours des matières premières en \$

Indices globaux

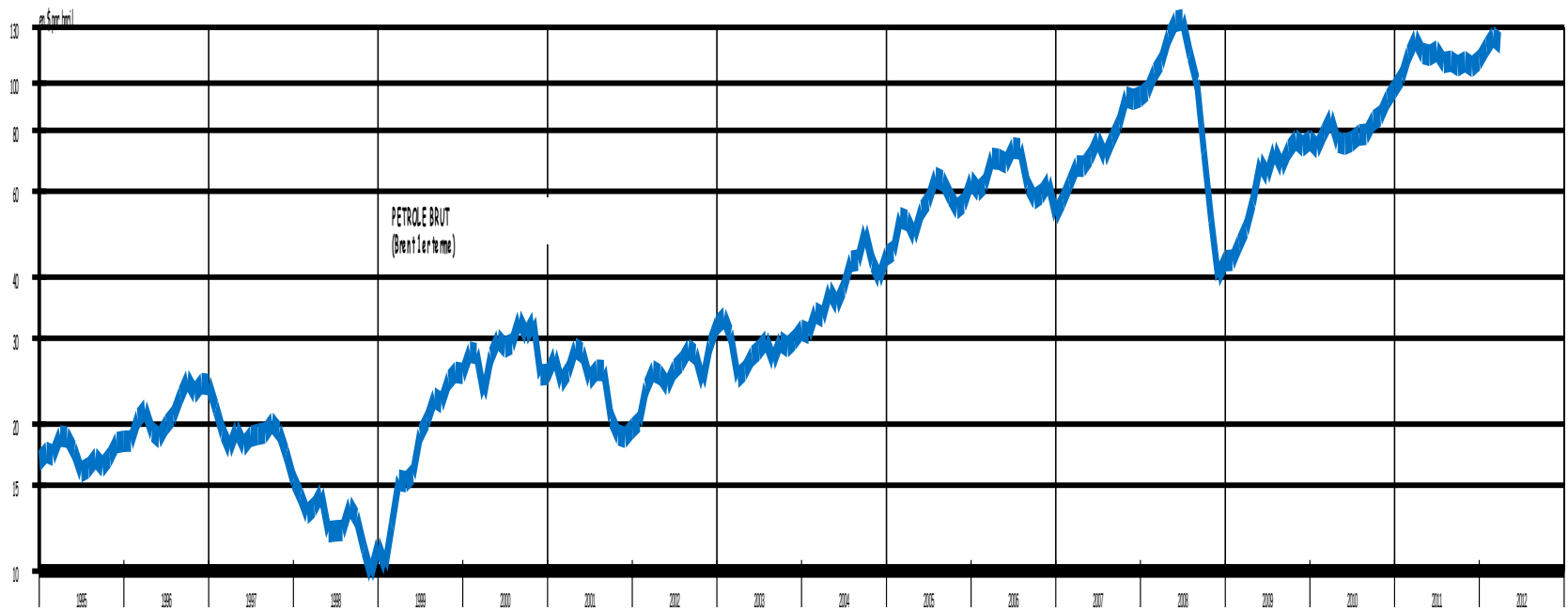


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Energy : the third oil shock

Cours des matières premières

Pétrole brut

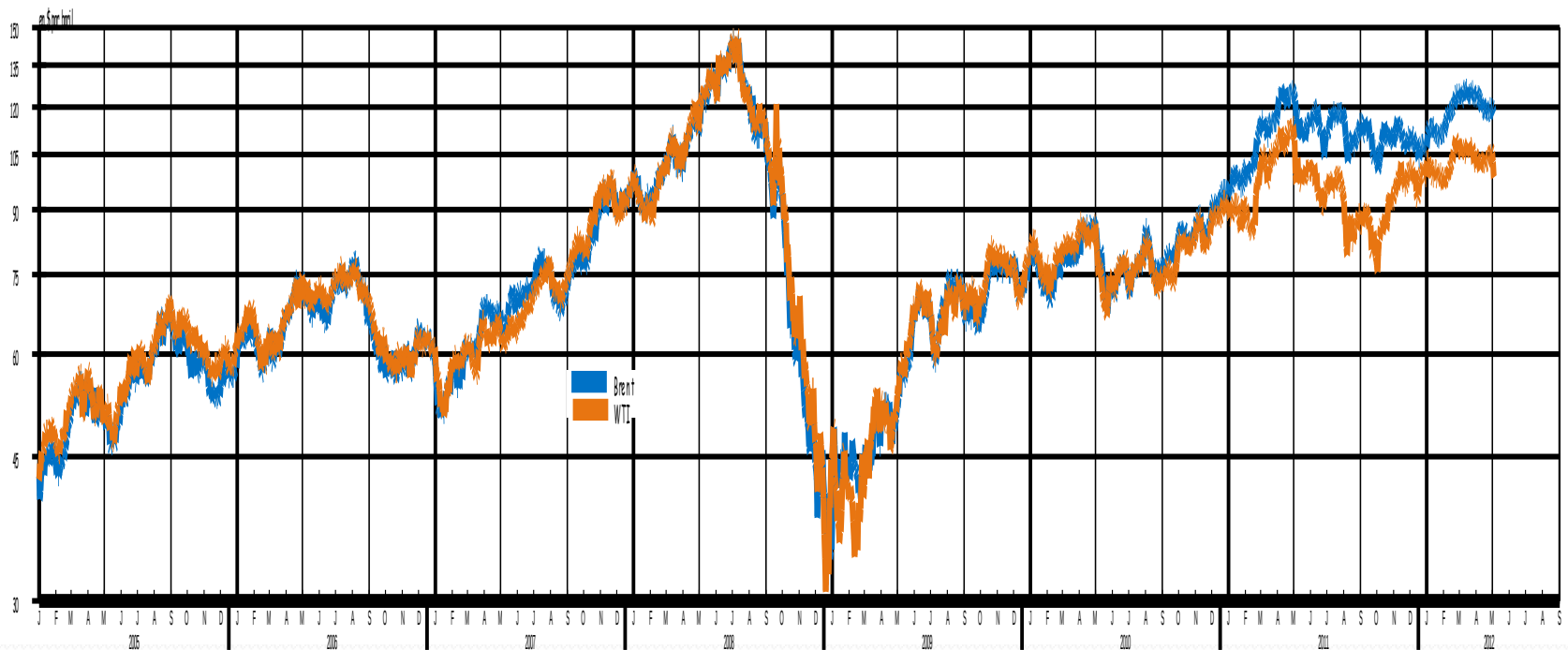


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But a very complex market !
And a true « energy revolution » !

Cours des matières premières

Pétrole brut

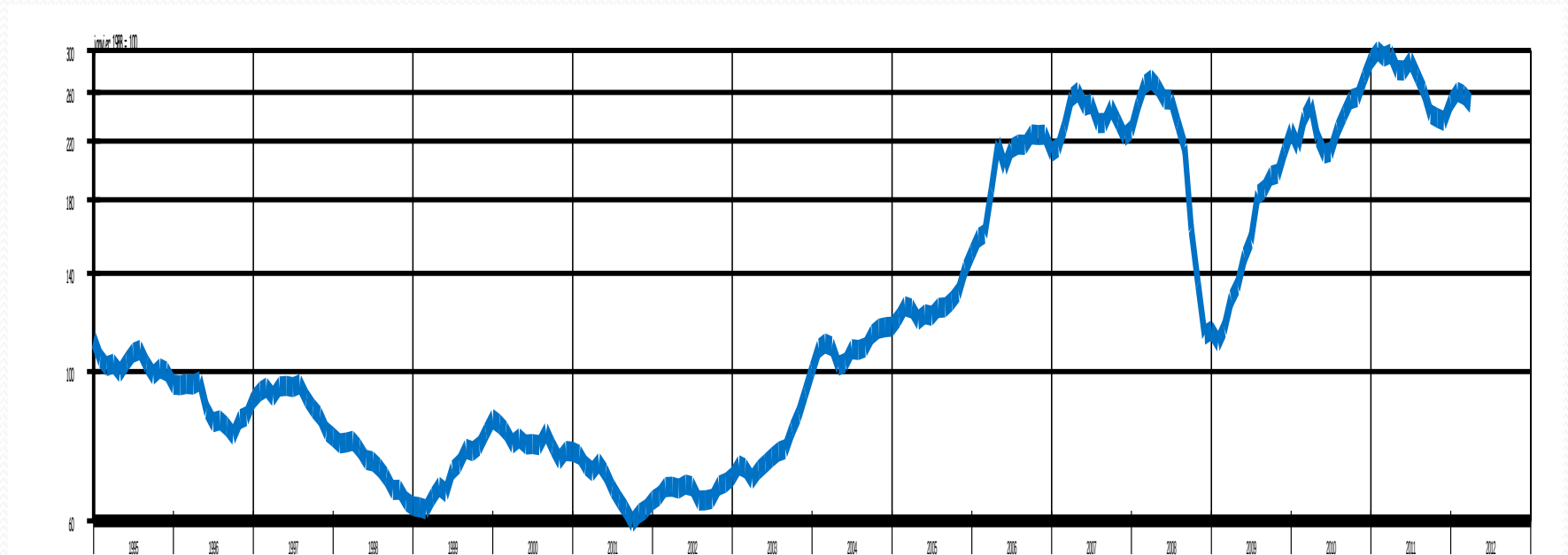


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For non ferrous metals Chinese demand and lack of investments

Indices Rexecode des cours des matières premières en \$

Métaux communs

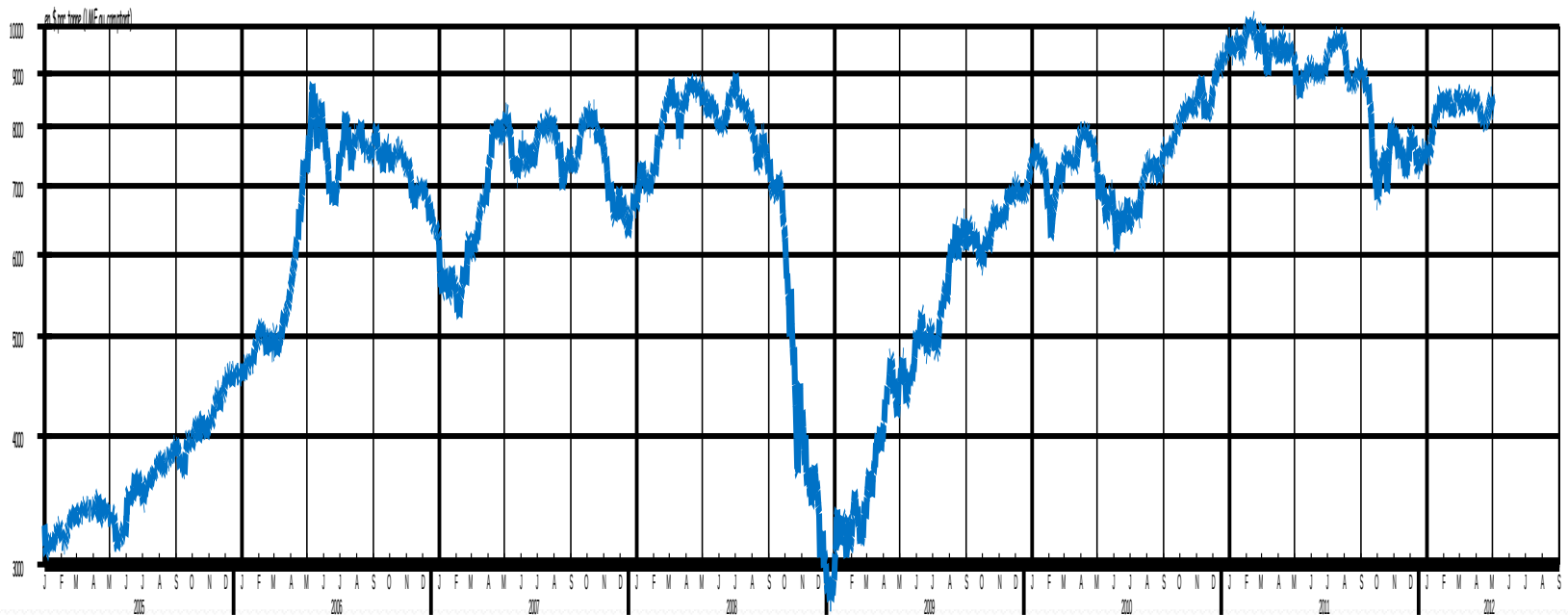


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Copper is one of the best economic indicator

Cours des matières premières

Métaux communs : cuivre

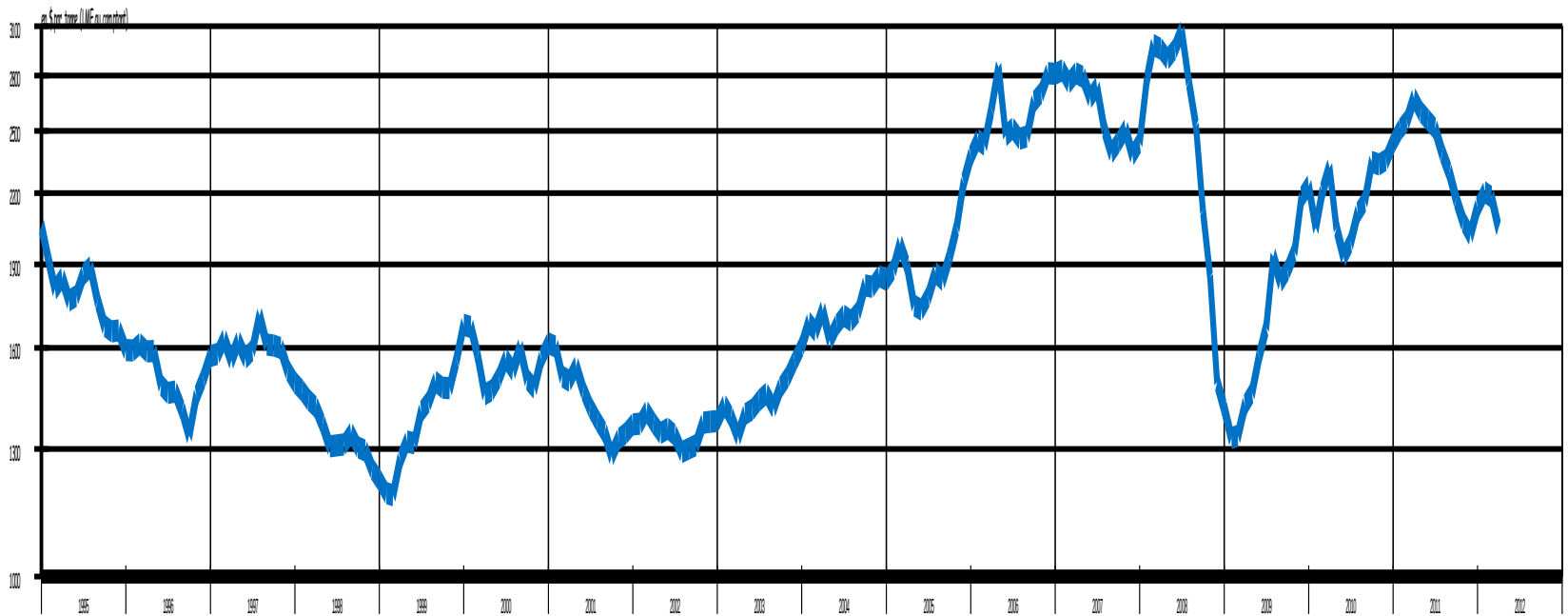


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Aluminium tells another story

Cours des matières premières

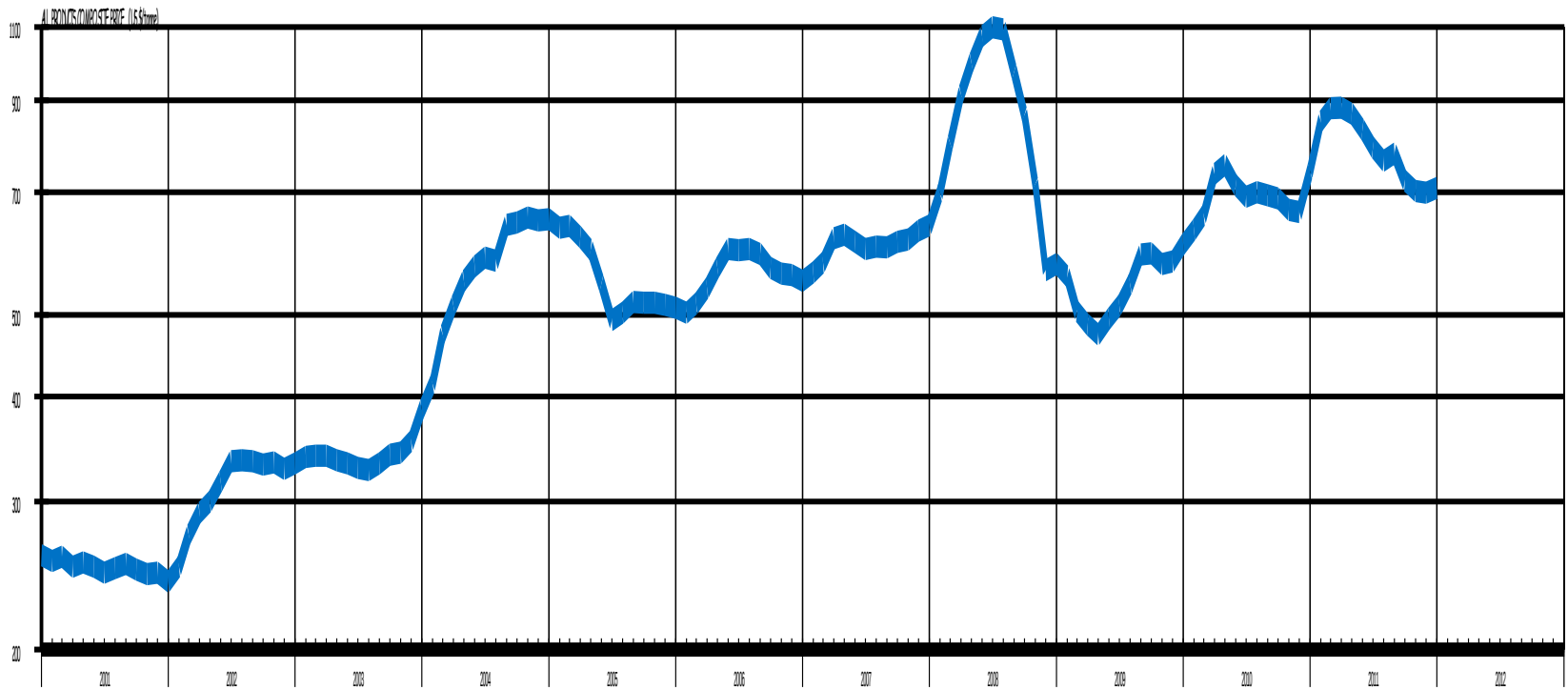
Métaux communs : aluminium



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Steel prices are linked to China

Marchés mondiaux : prix de l'acier

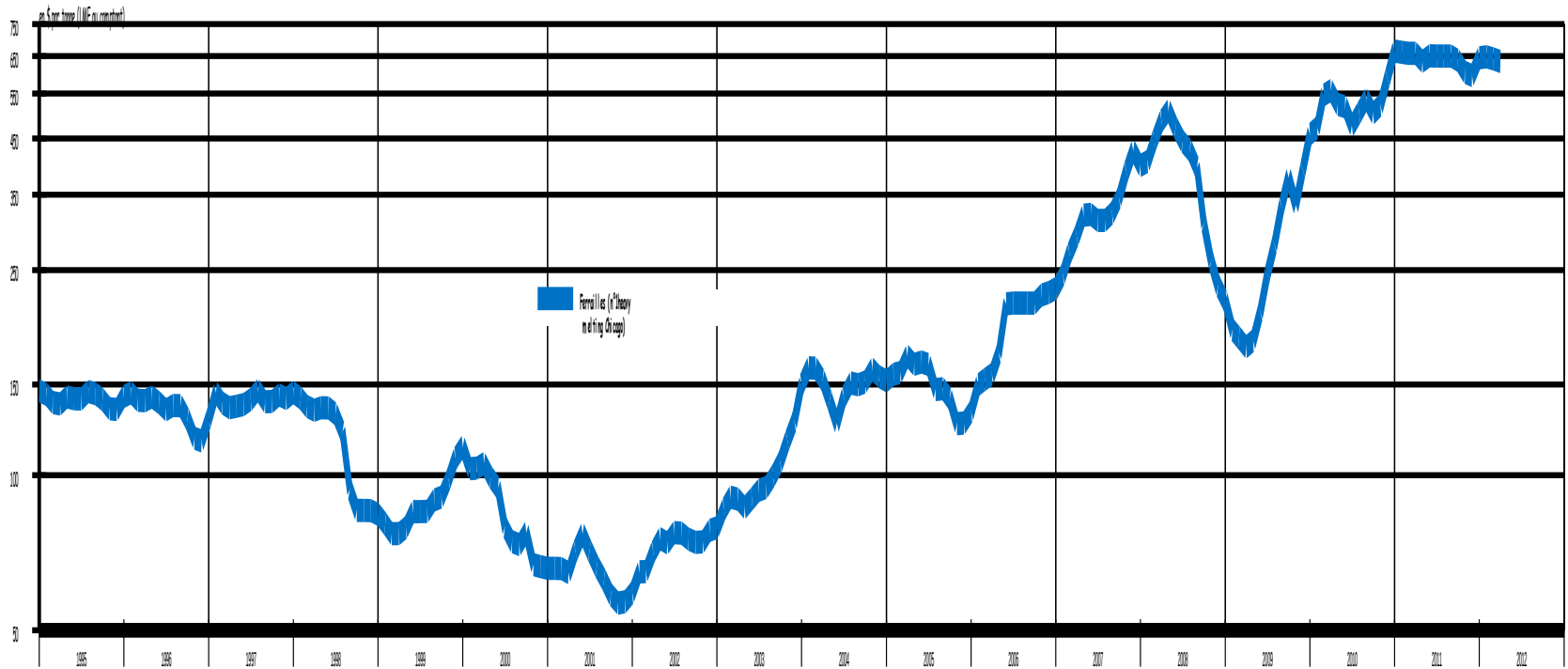


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But look at scrap prices on the US market

Cours des matières premières

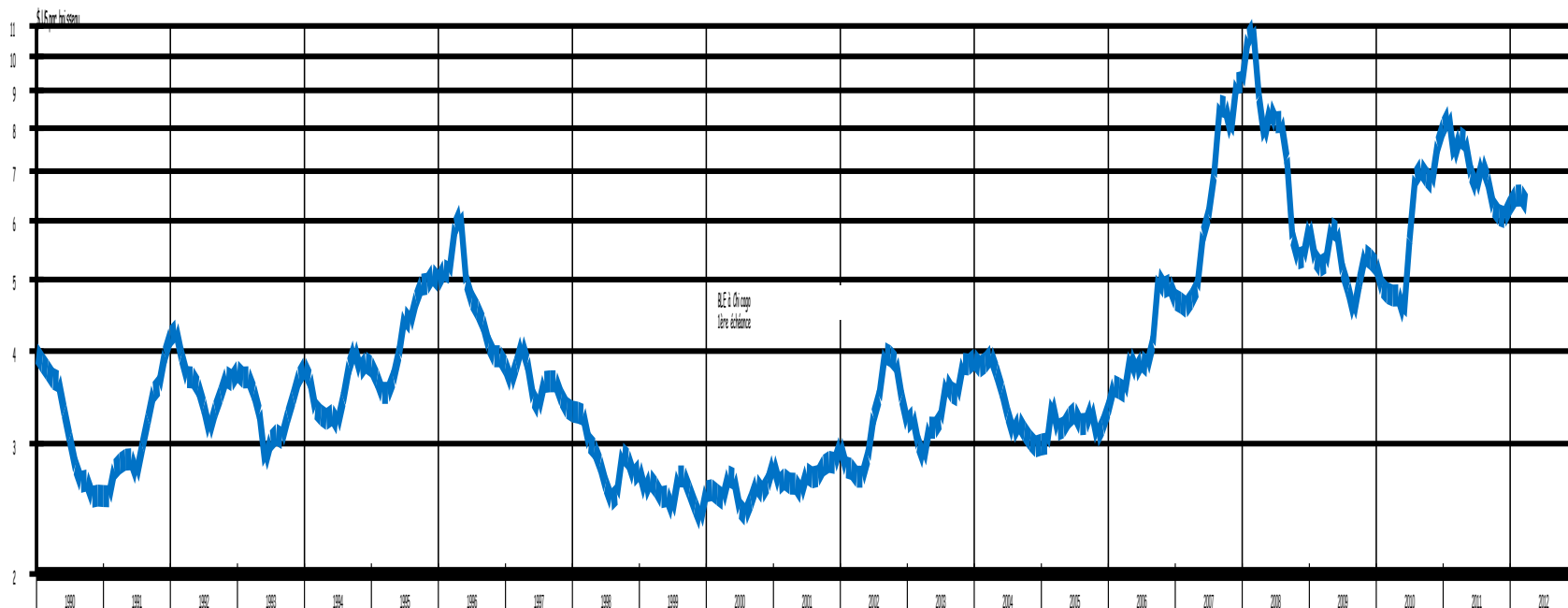
Métaux communs : ferrailles



And a real food shock since 2006 look at the wheat market

Cours des matières premières

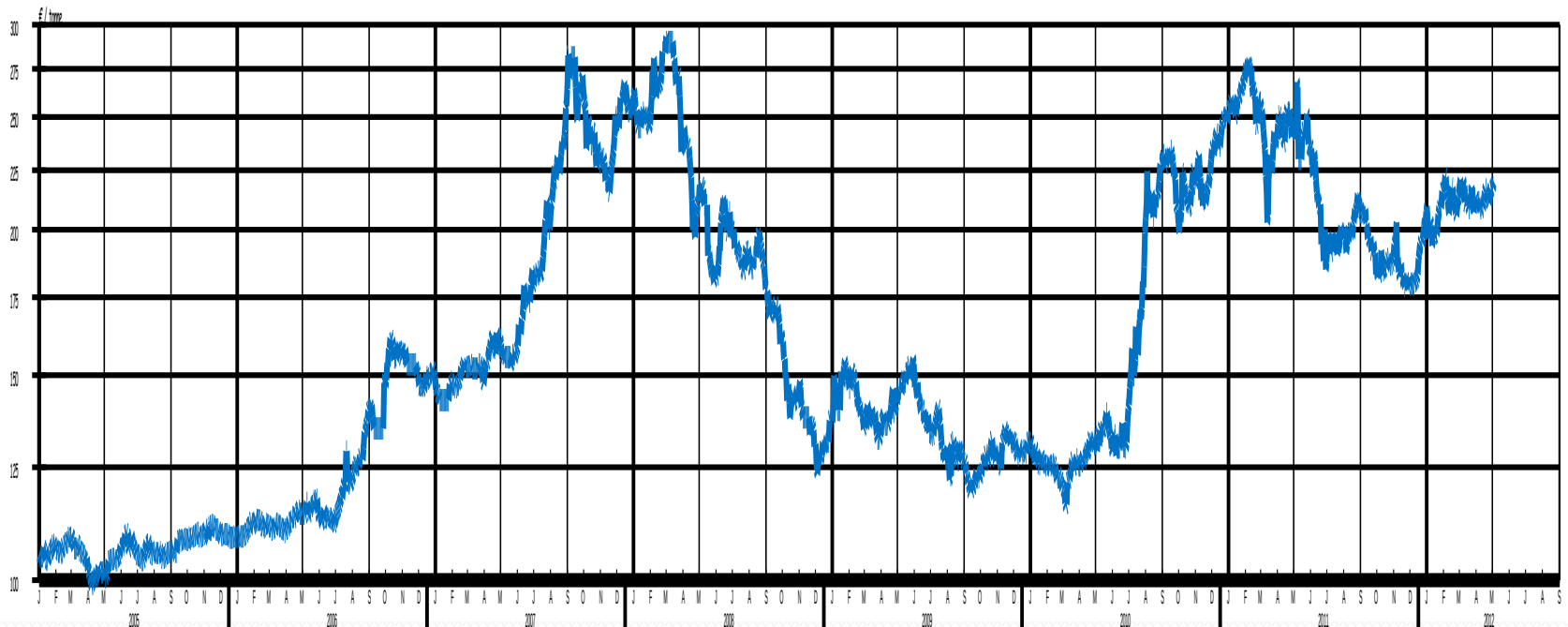
Blé



And on the European market

Cours des matières premières

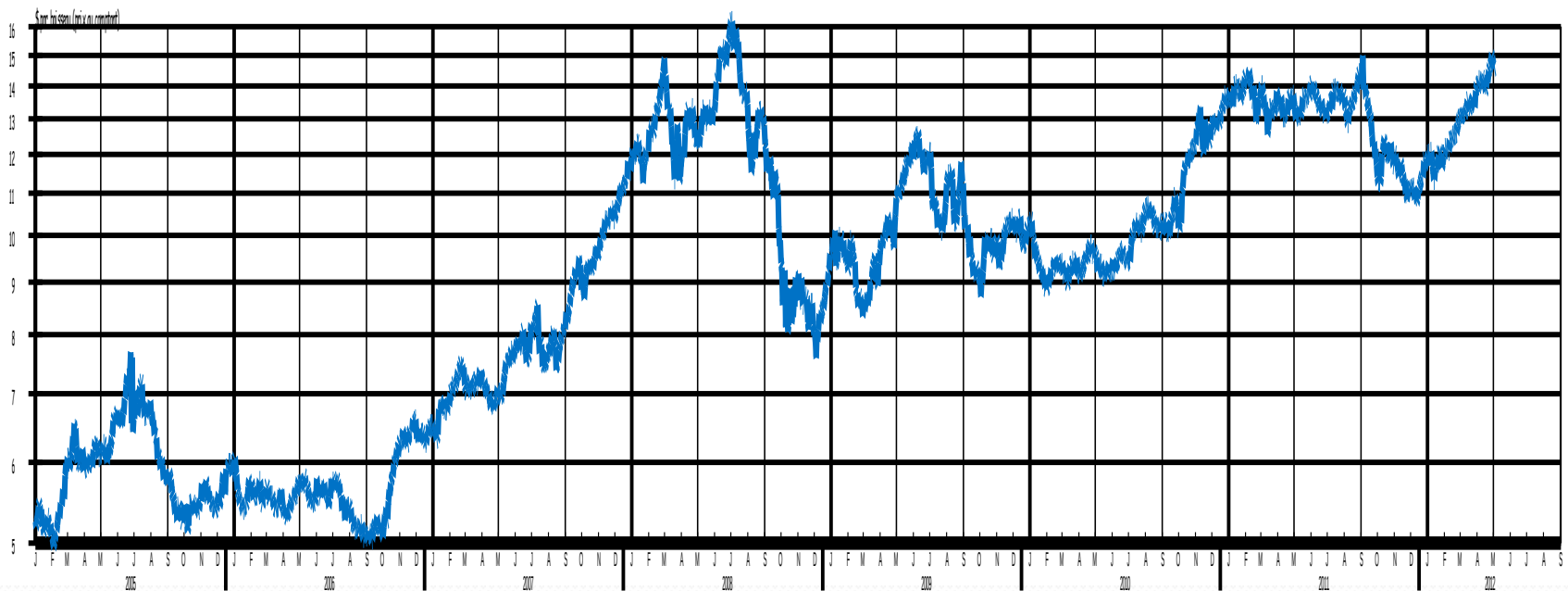
Blé de meunerie à Paris



Soybeans are today's hottest commodity

Cours des matières premières

Fèves de soja

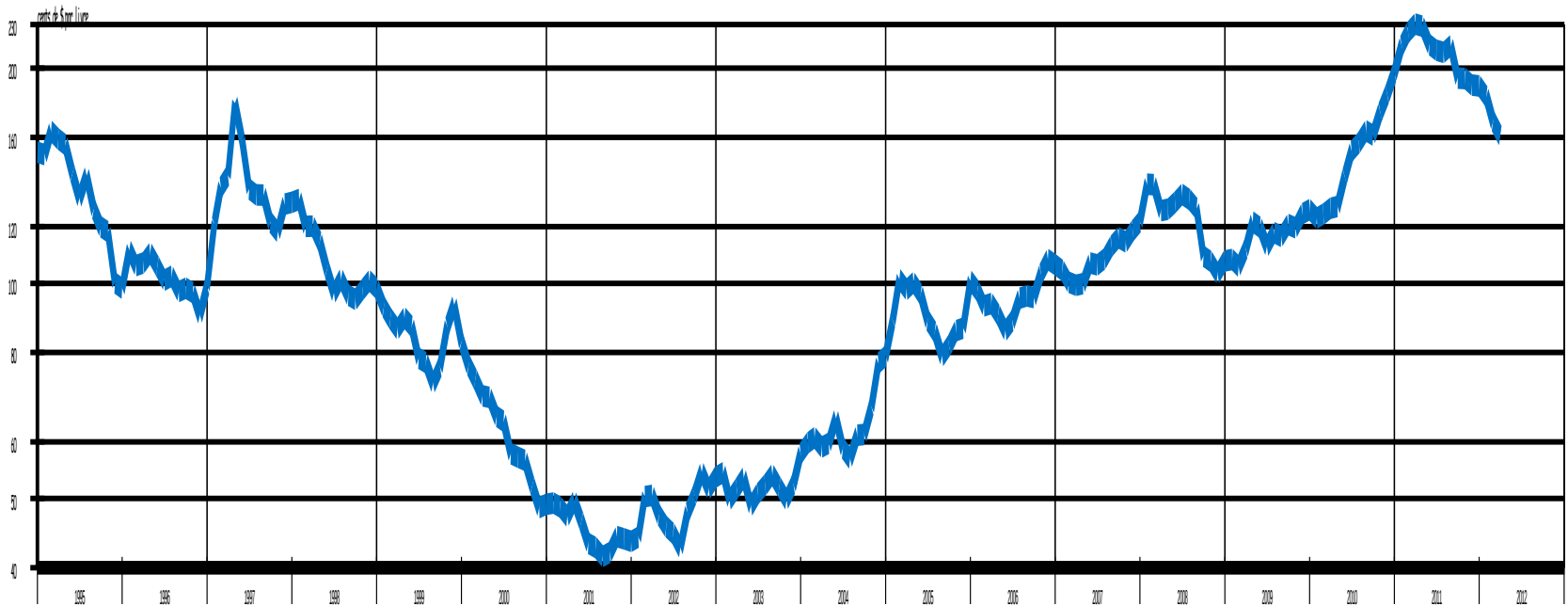


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Never has your morning coffee been so expensive

Cours des matières premières

Café



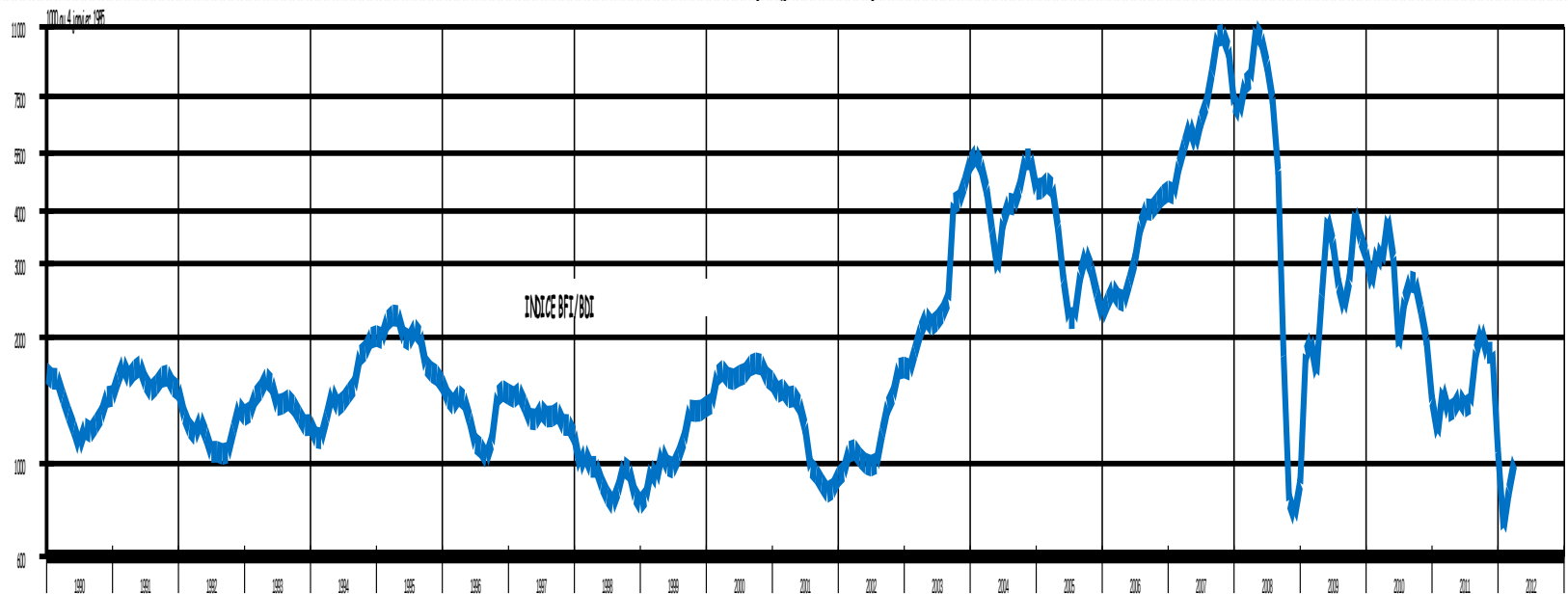
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In fact the only really bearish market is maritime freight :
look at dry bulk

Cours des matières premières

Frêts maritimes (cargaisons sèches)

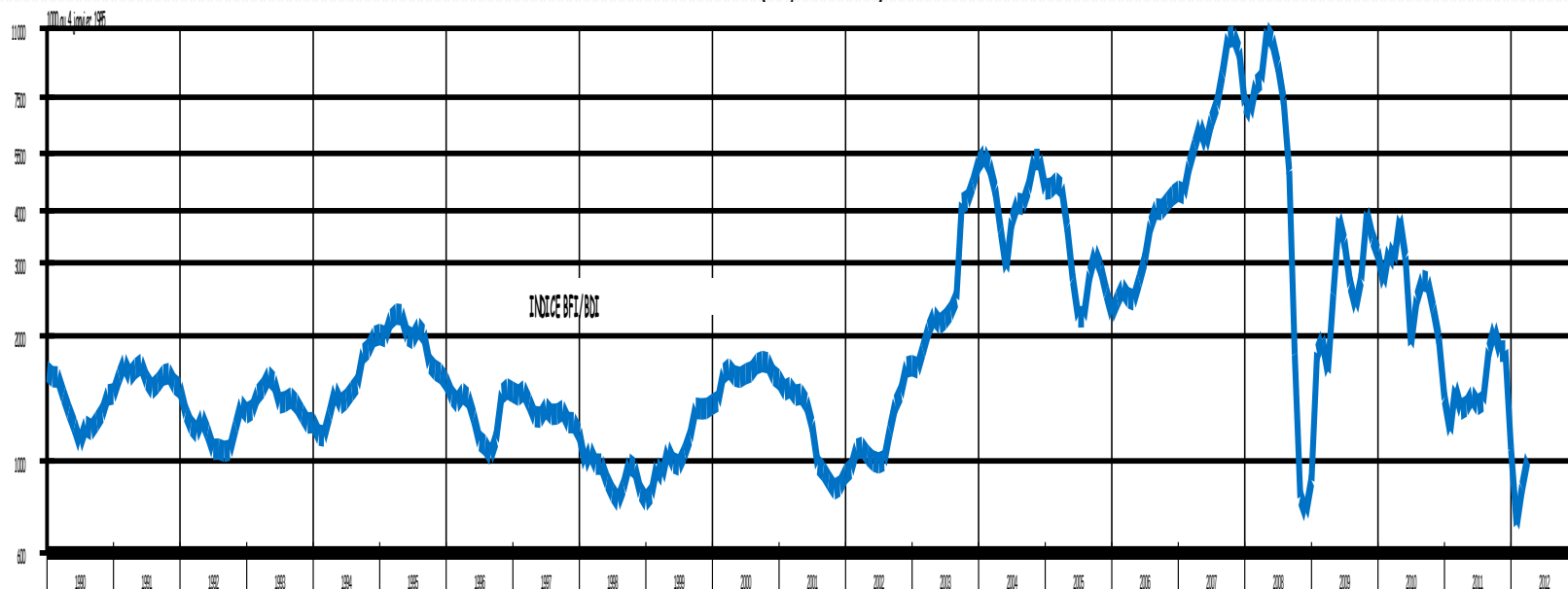


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The Baltic index has never been so low

Cours des matières premières

Frêts maritimes (carraisons sèches)



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The big questions ahead ?

- The US after elections : how to cope with debt and deficits ?
- Europe : how to govern it ?
- China : political transition and soft landing
- Currencies : strong or weak dollar / euro
- Oil : Iran and the strait of Ormuz
- New technologies :
 - . an energy revolution : shale gas and oil
 - . information technology
 - . bio and nano

... The most volatile of all worlds