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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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May 2012
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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

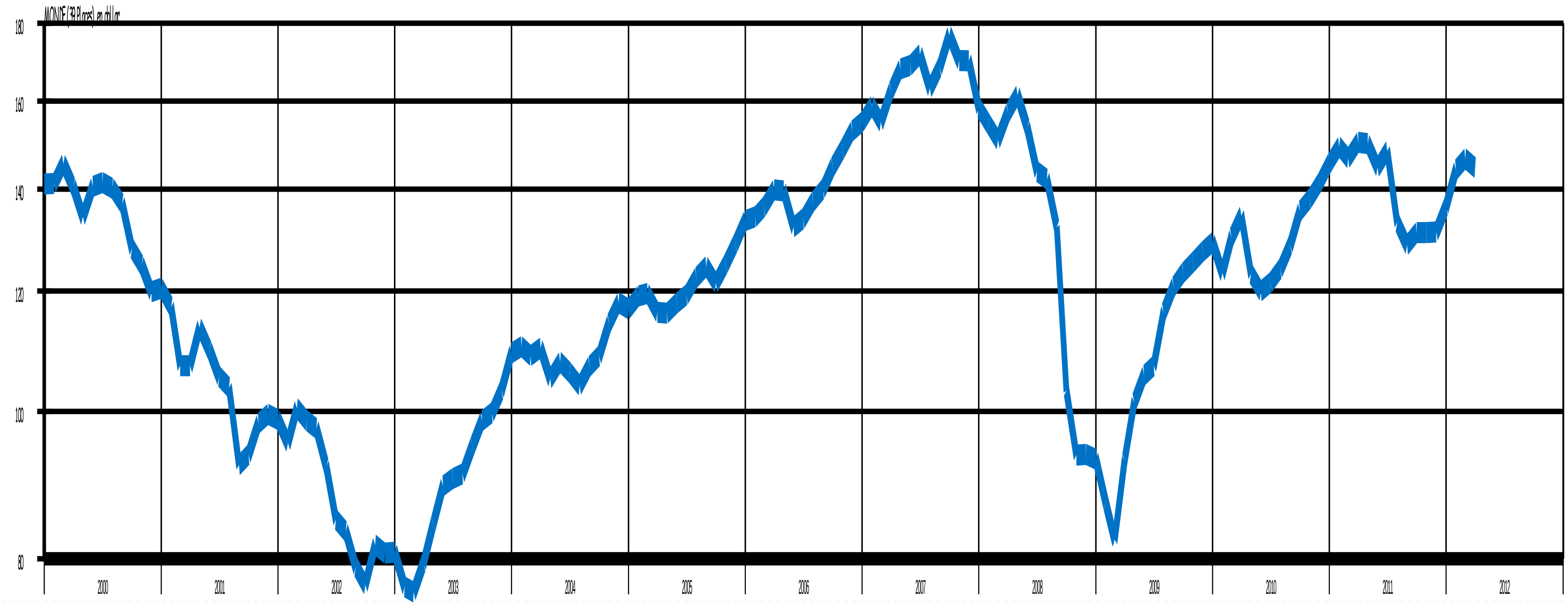
. Iran and the nuclear dilemna

. 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

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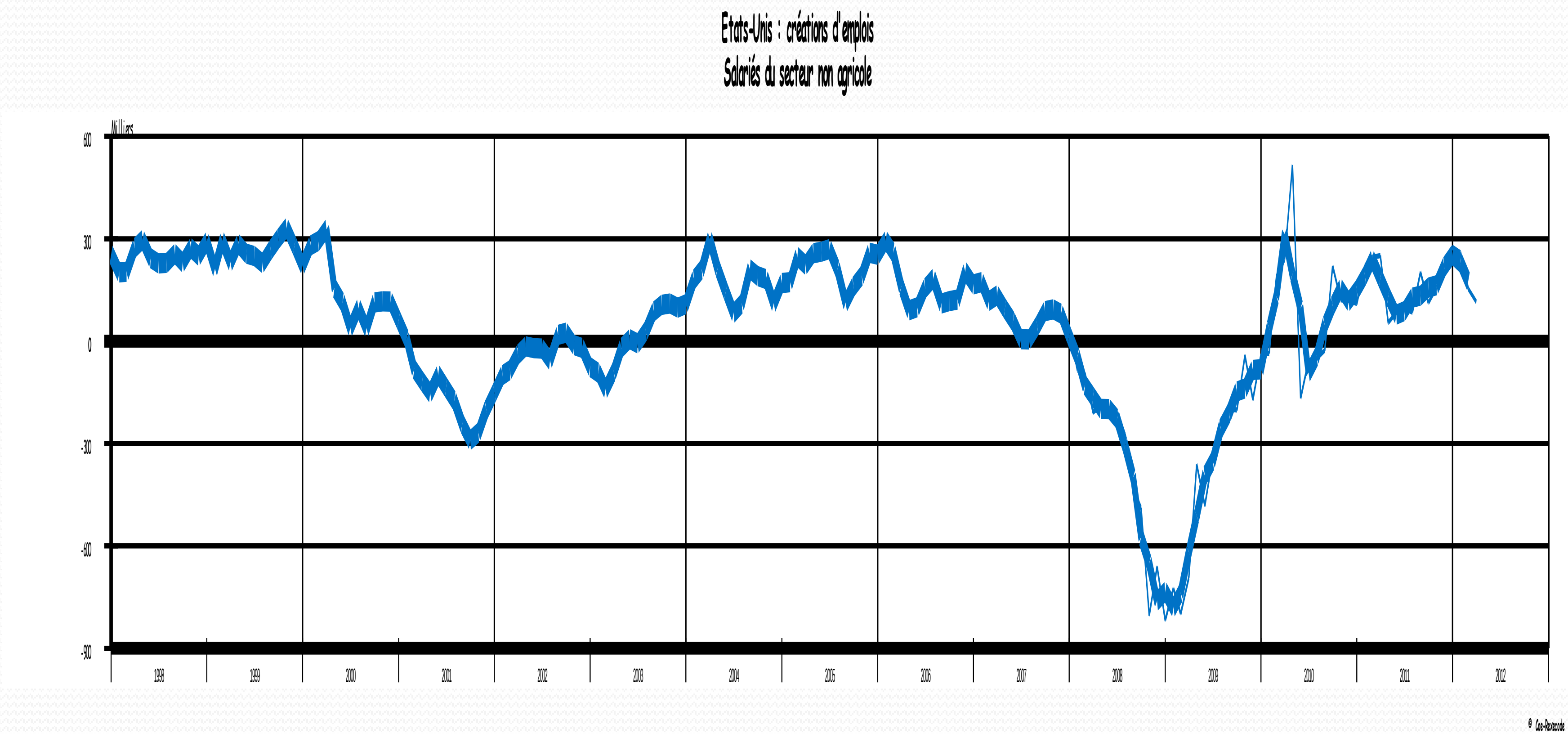
The US are back again and the economy is at last creating jobs but … not enough



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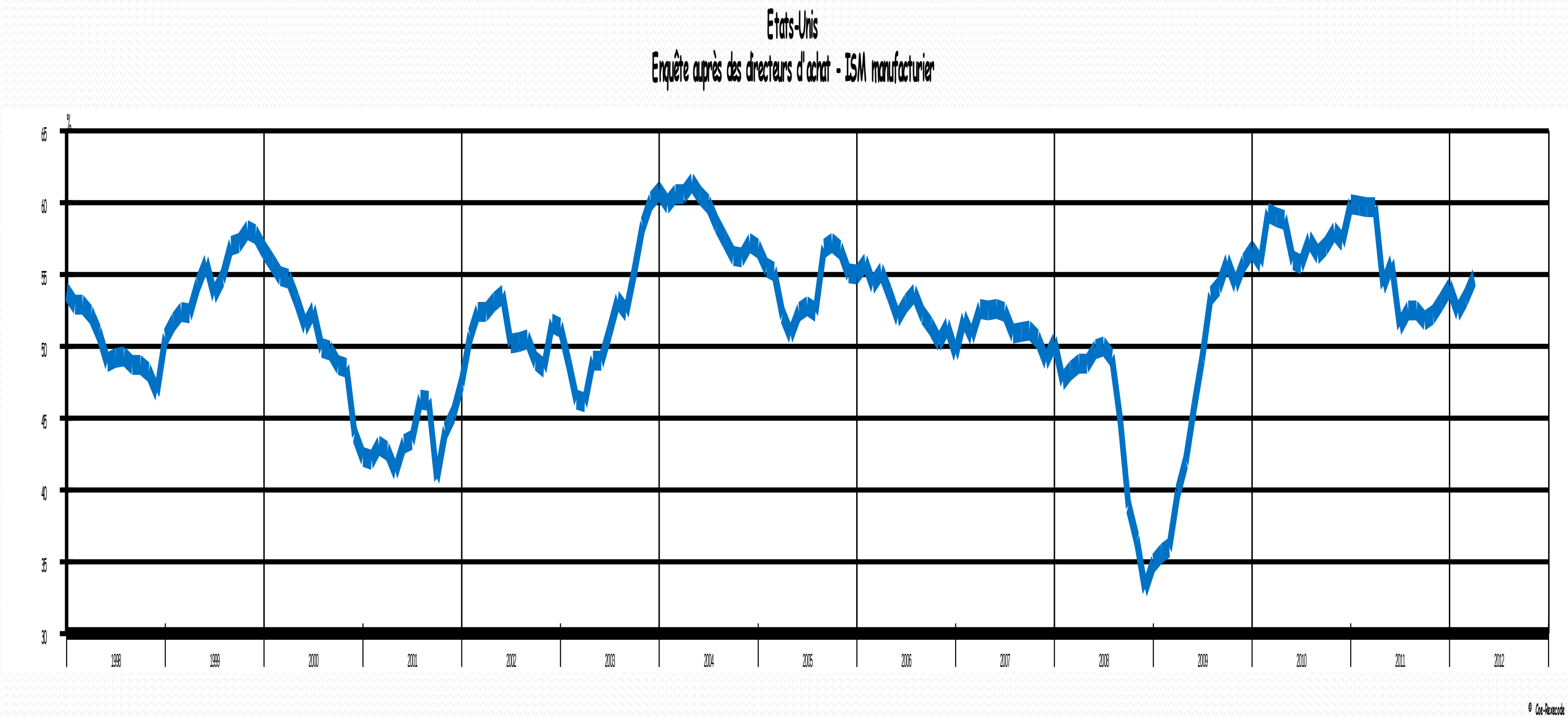
But don't be too optimistic : 2.5 % in 2012 is a safe bet



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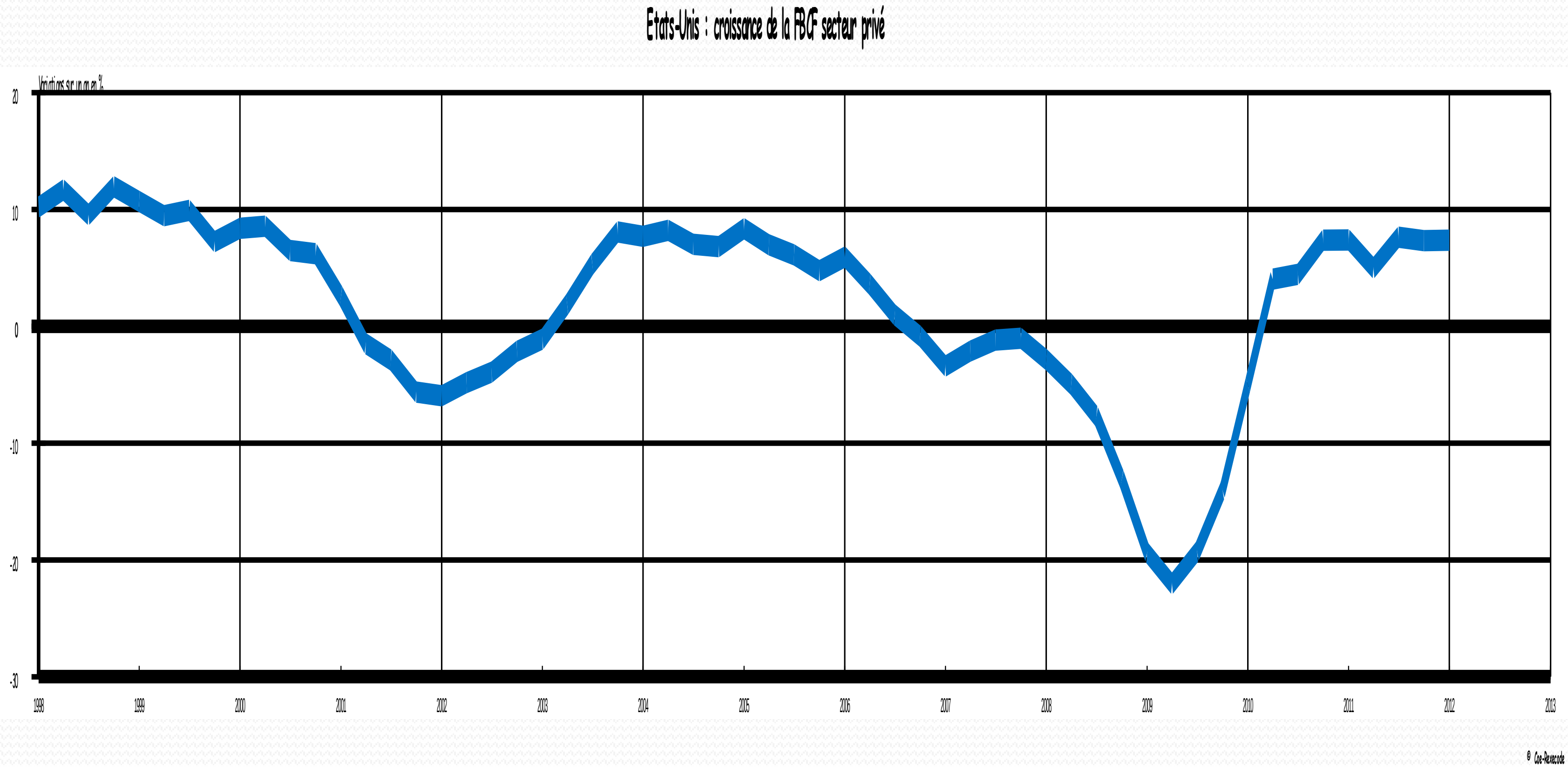
But the good news is that investment is back again



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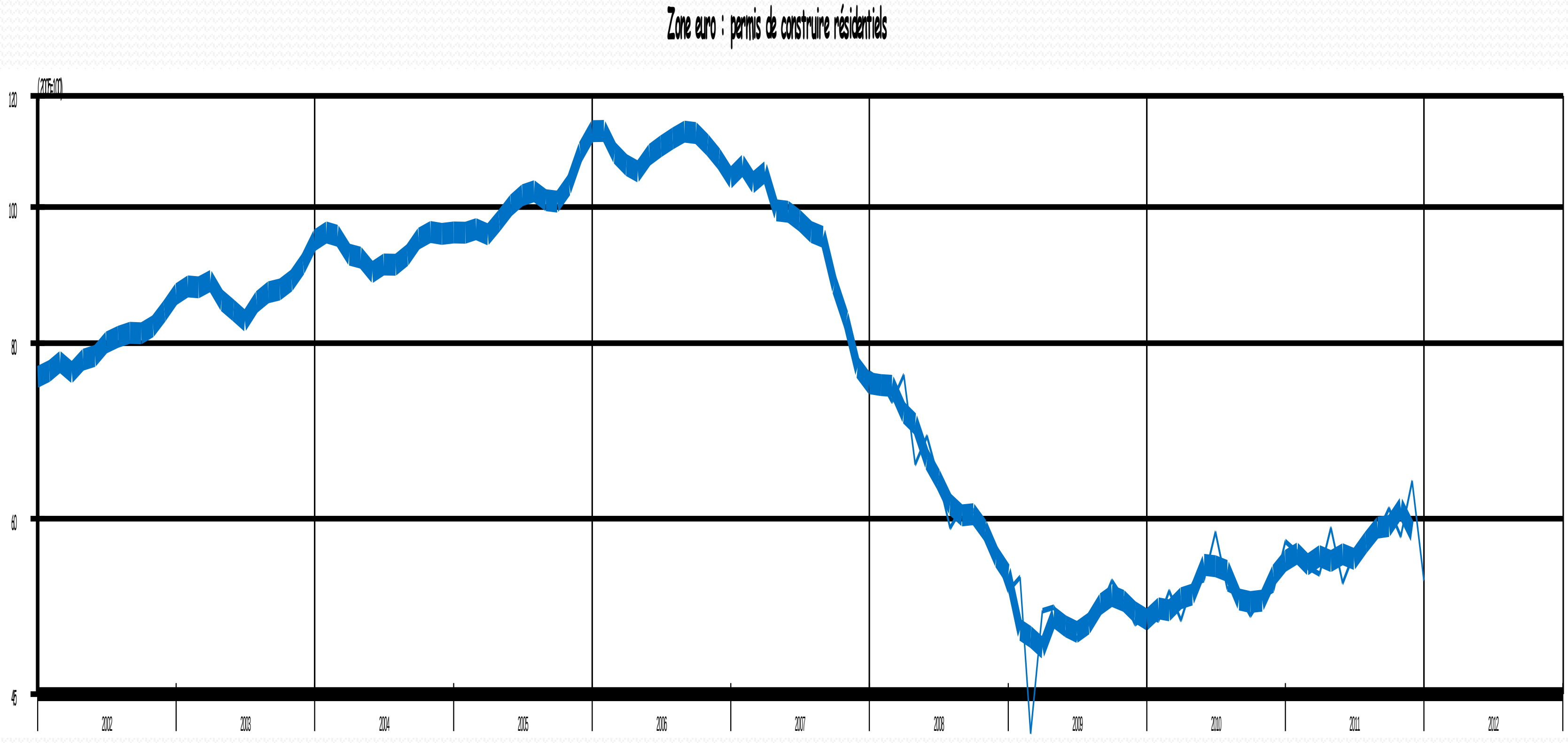
In Europe, it's stagnation at best as shown here by the building industry



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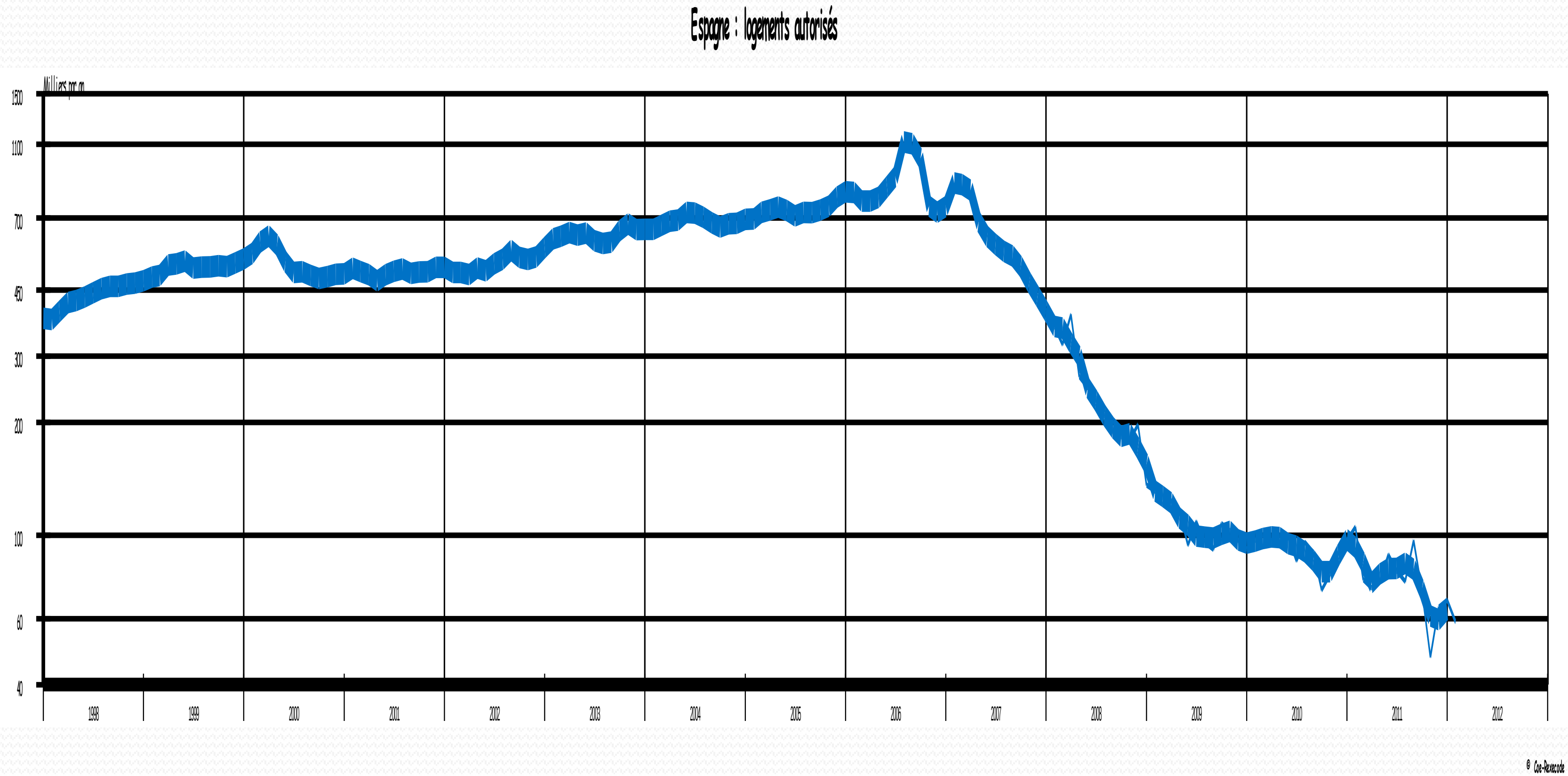
The worst case being in Spain and beware of the « Spanish flu »



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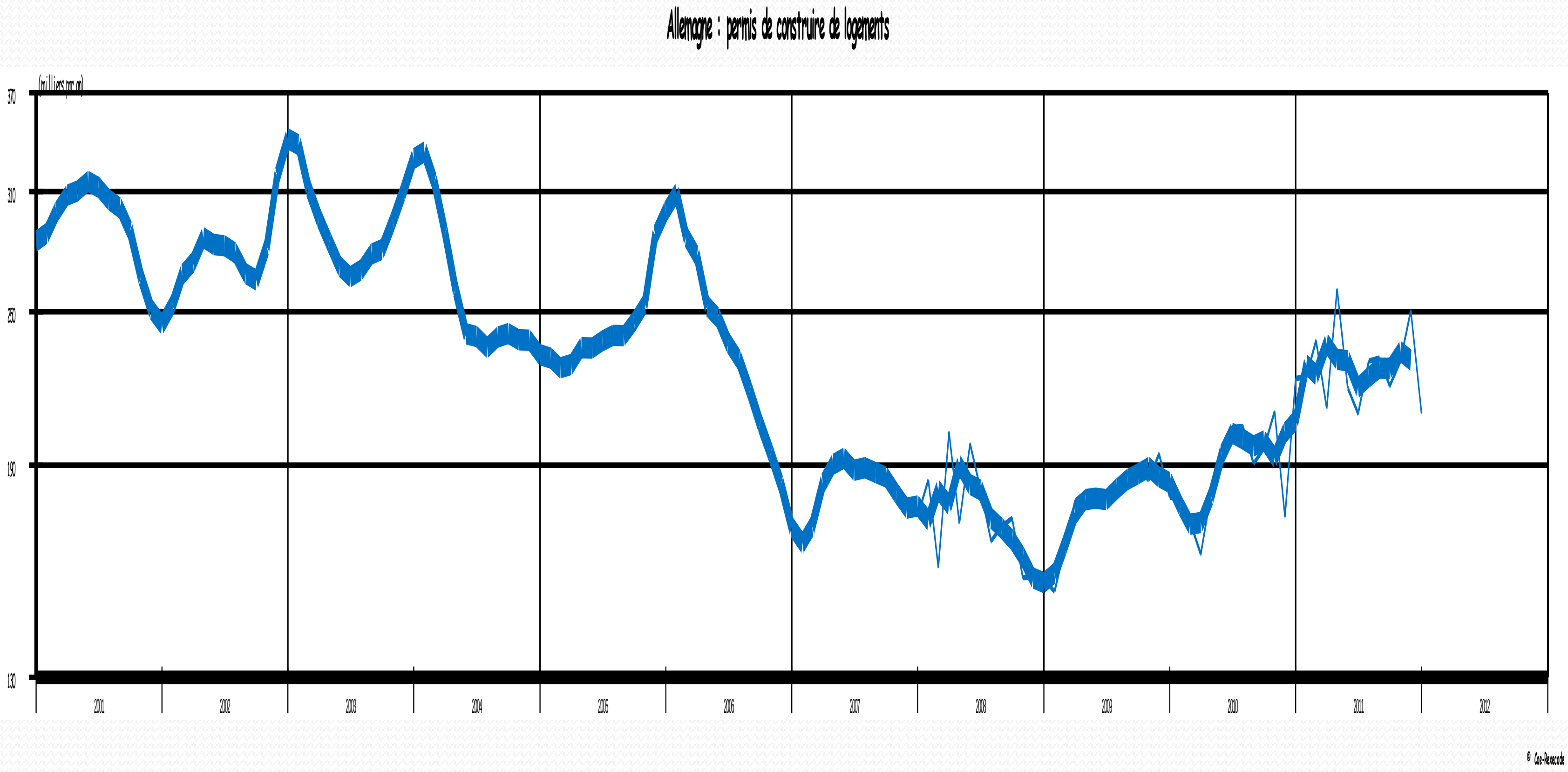
Slightly better in Germany



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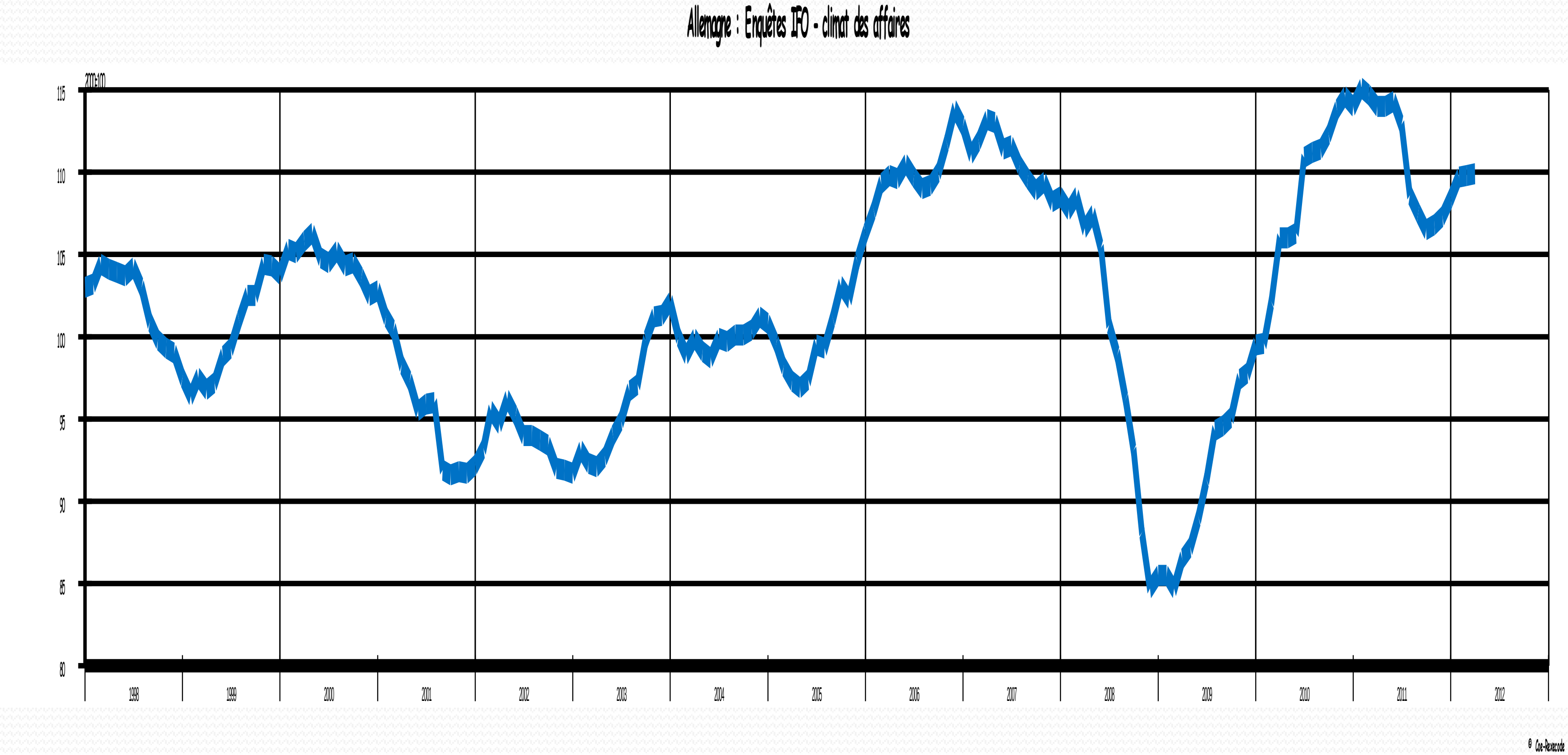
But German industry remains pretty cautious



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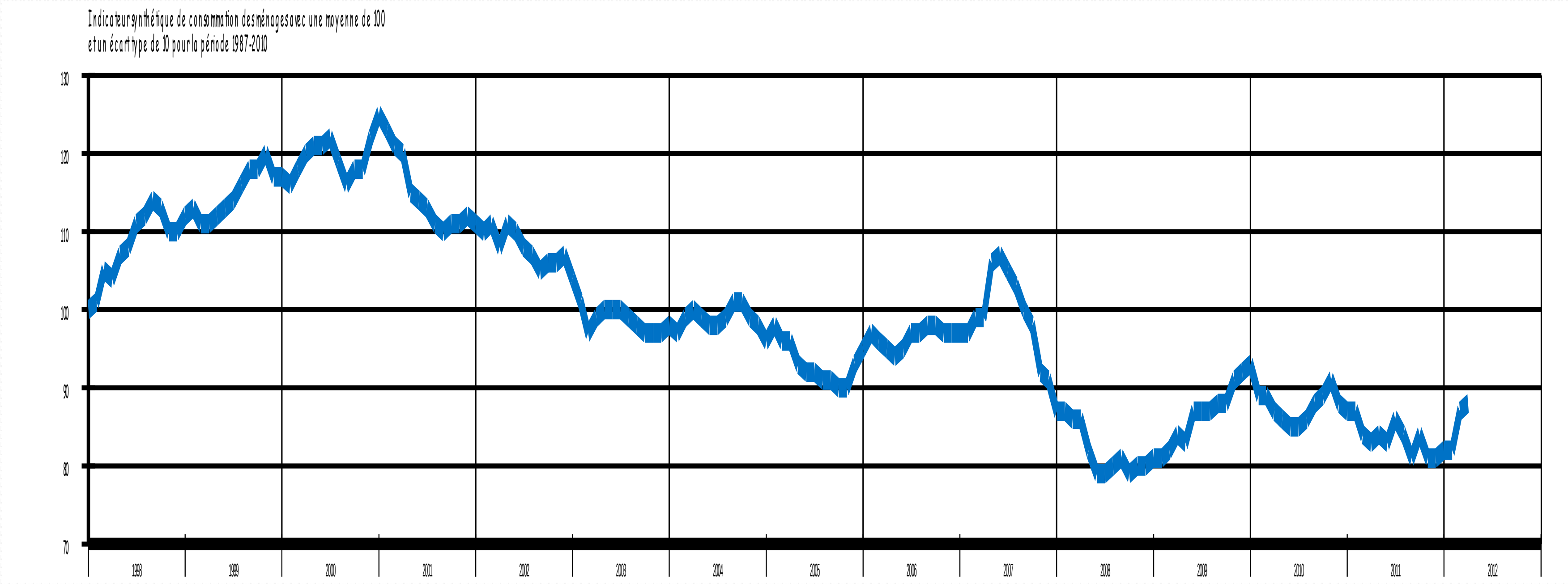
And French people slightly more optimistic even before the elections !

France : indicateur synthétique de confiance des ménages



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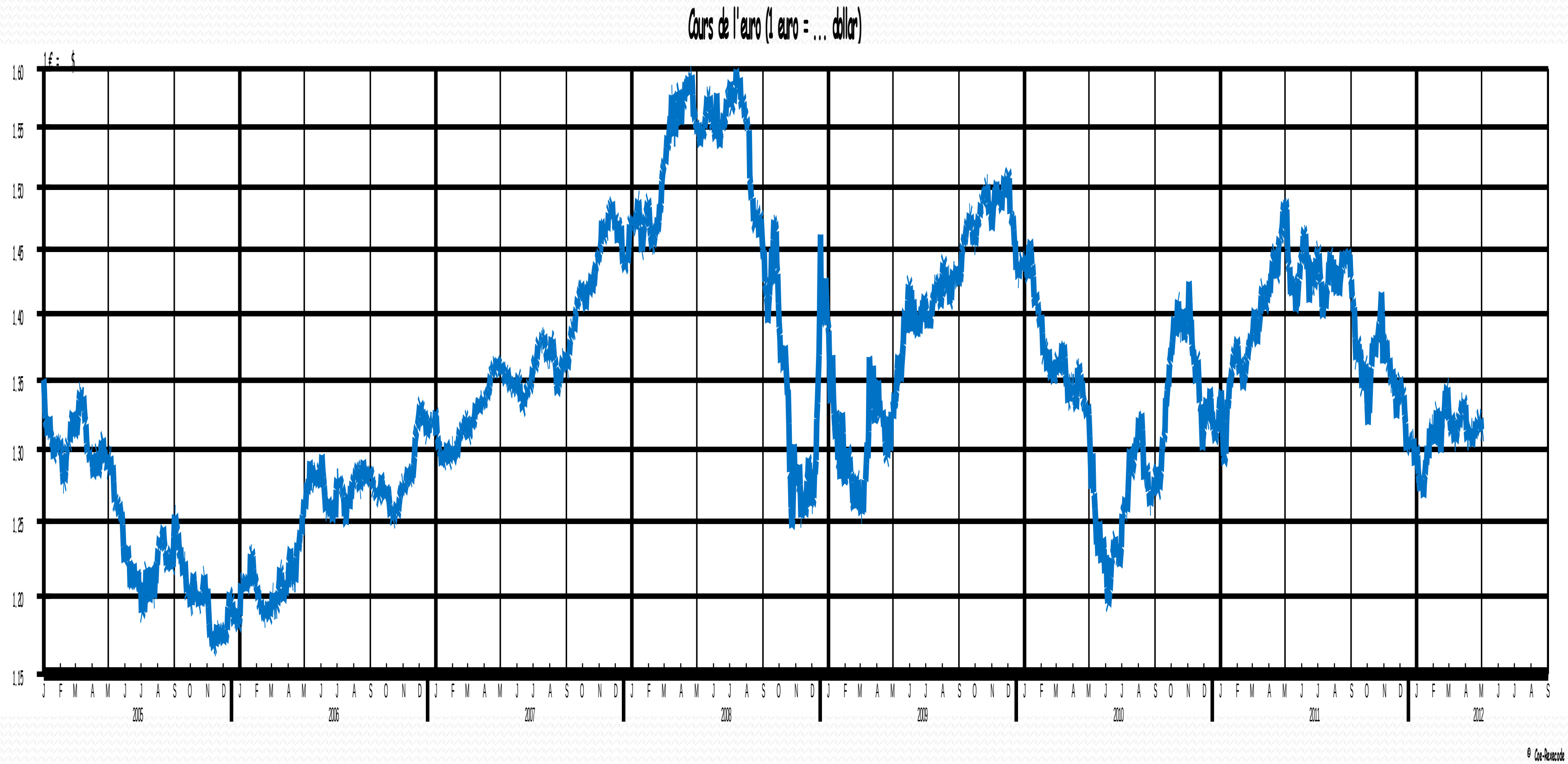
For advanced economies, there will be in 2012 / 13 a huge gap over Atlantic

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 » ?



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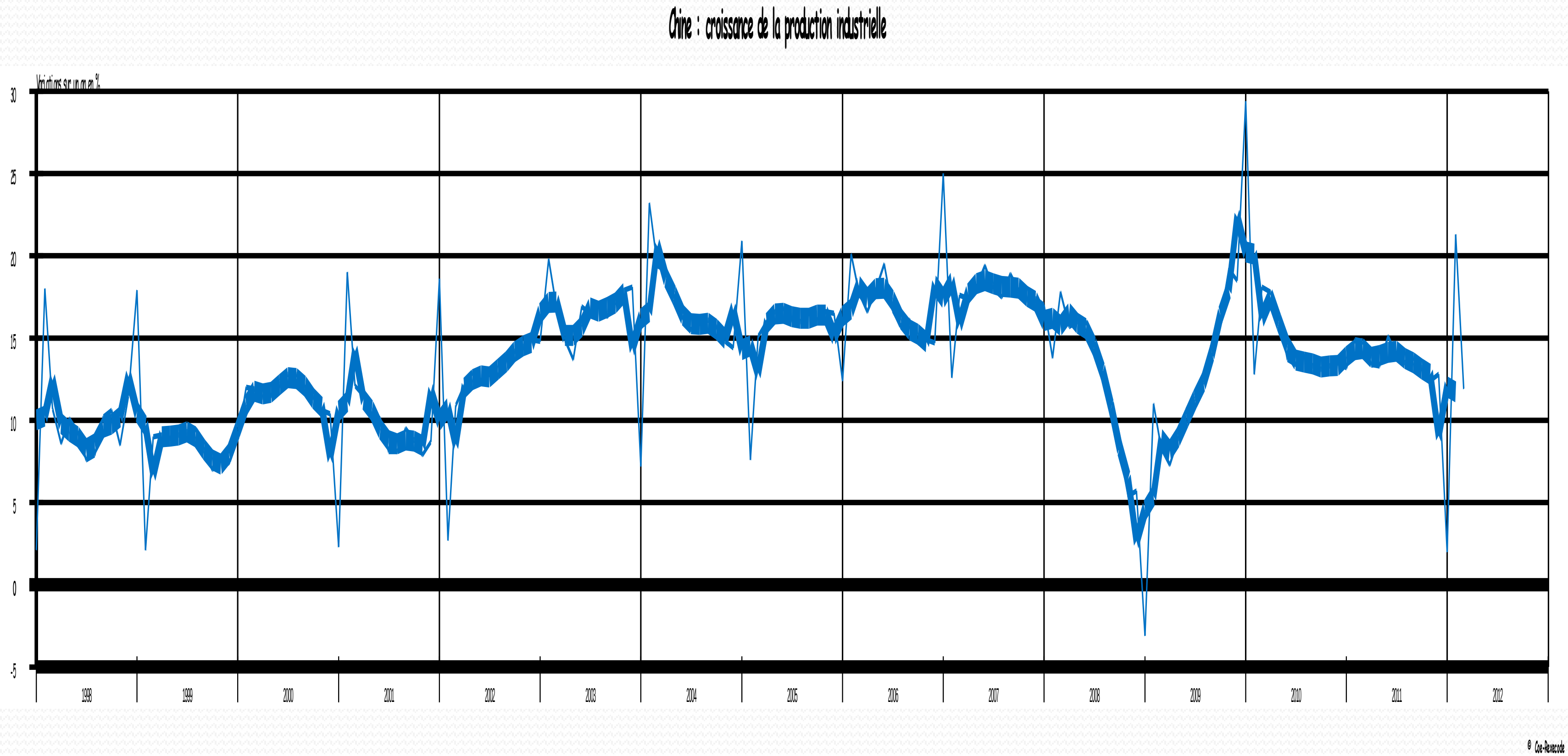
But for world markets, the real question is China : will it slow ?



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So in 2012 :

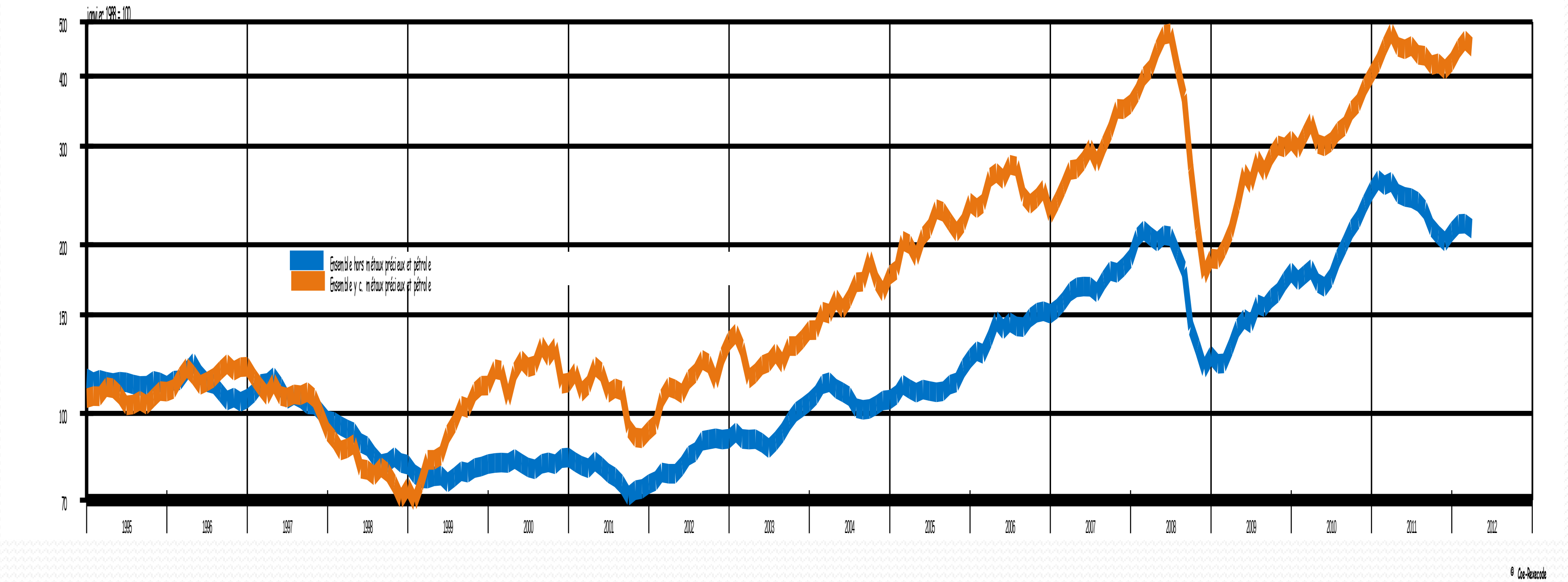
Brazil	+ 3
India	+ 7
rest of Asia	+ 6
China	+ 9 ?

and a world growth of 3.5 %

We are still in the midst of a commodity shock

Indices Coe-Rexecode des cours des matières premières en $

Indices globaux



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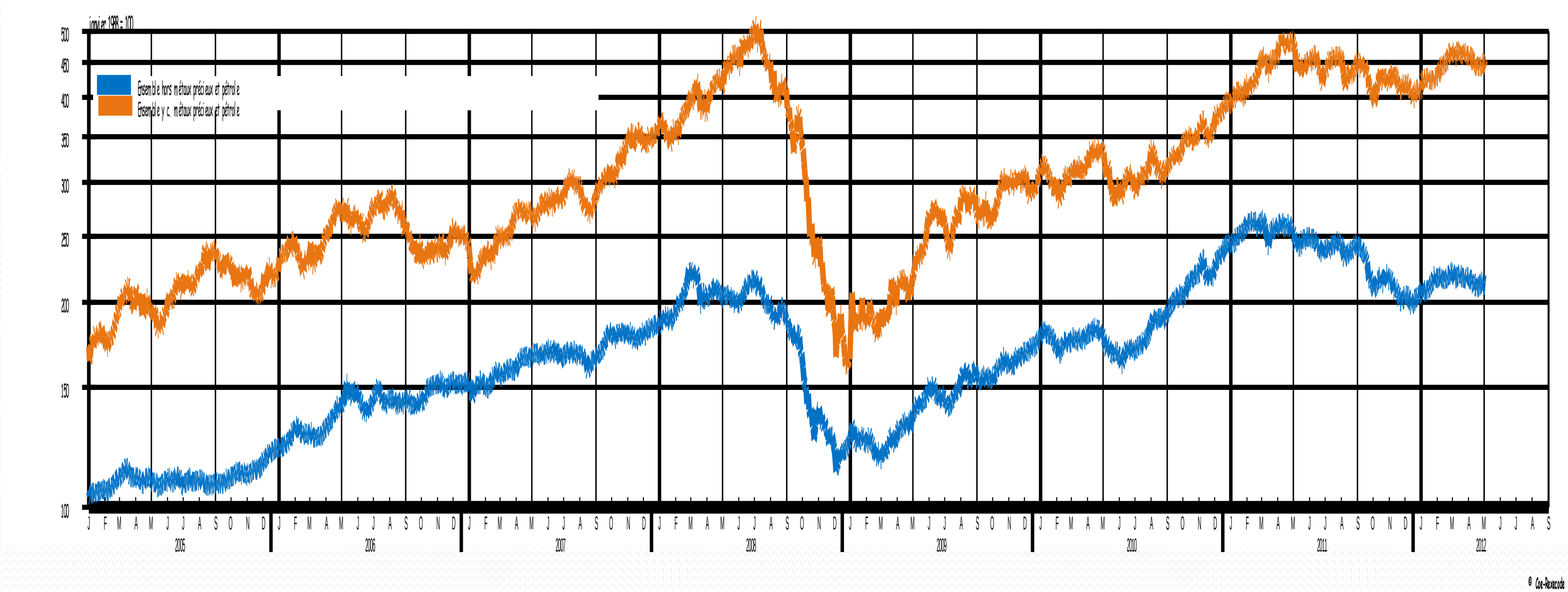
And prices were still prety high in the first months of 2012

Indices Coe-Rexecode des cours des matières premières en $

Indices globaux



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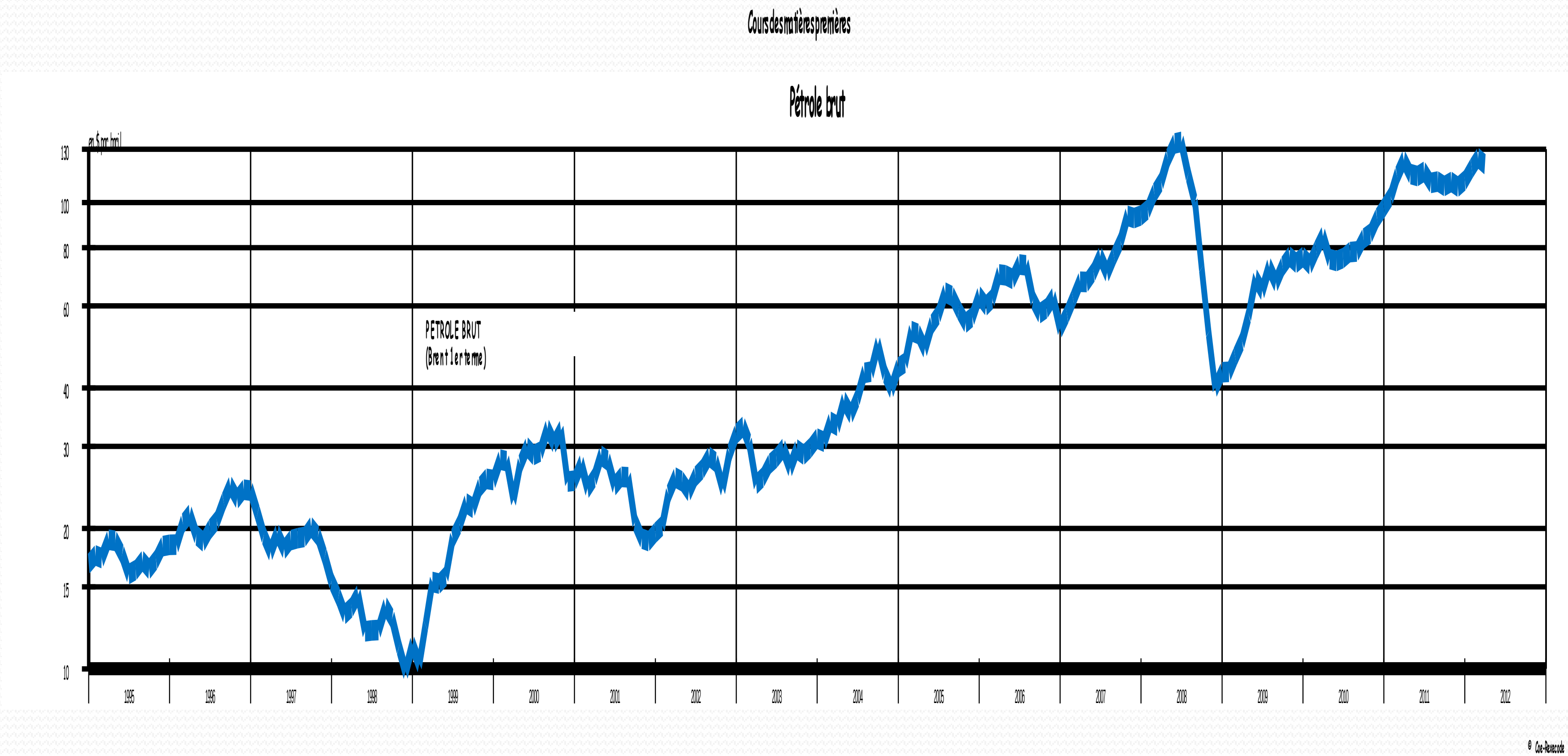
Energy : the third oil shock



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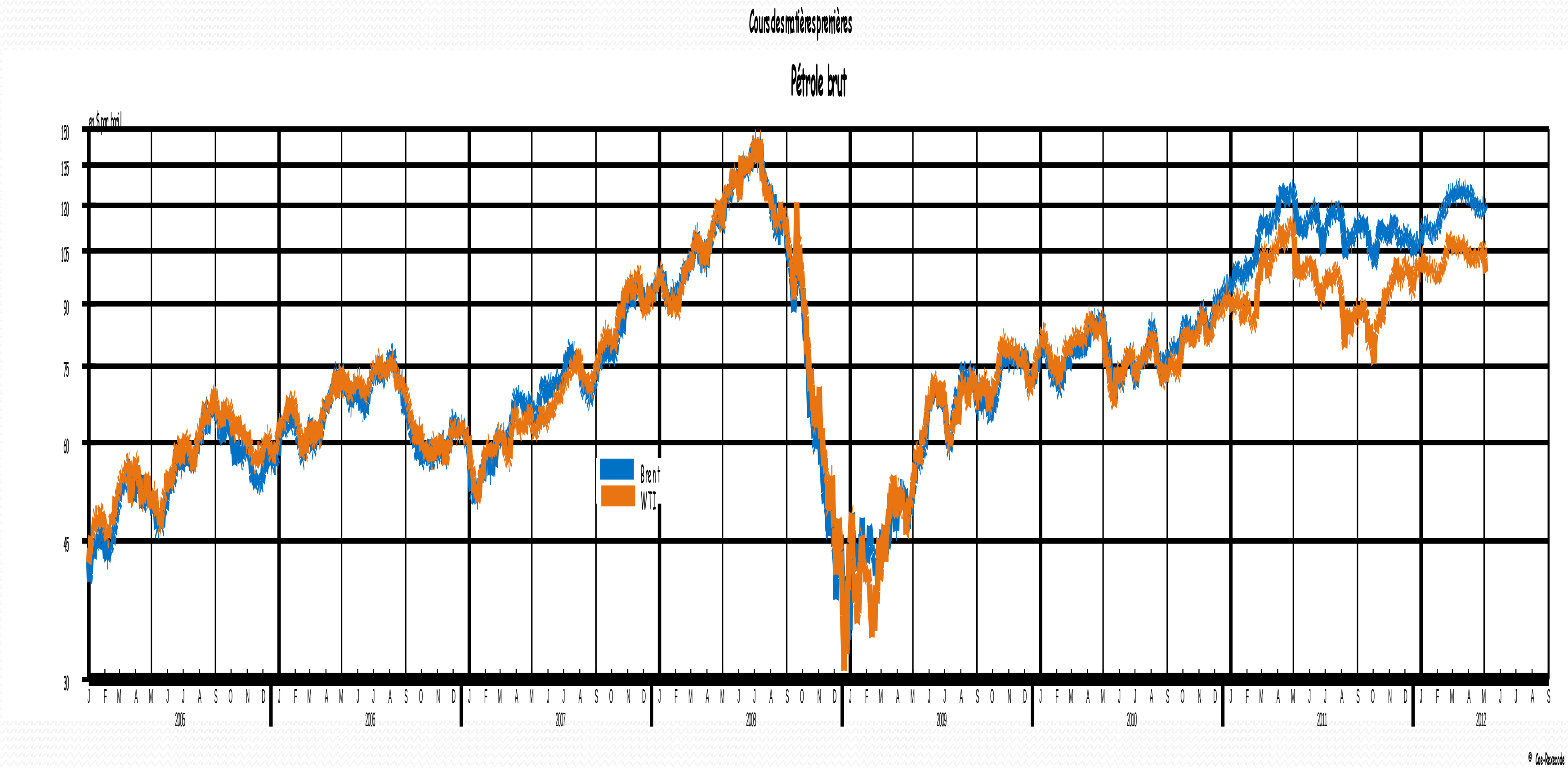
But a very complex market !
And a true « energy revolution » !



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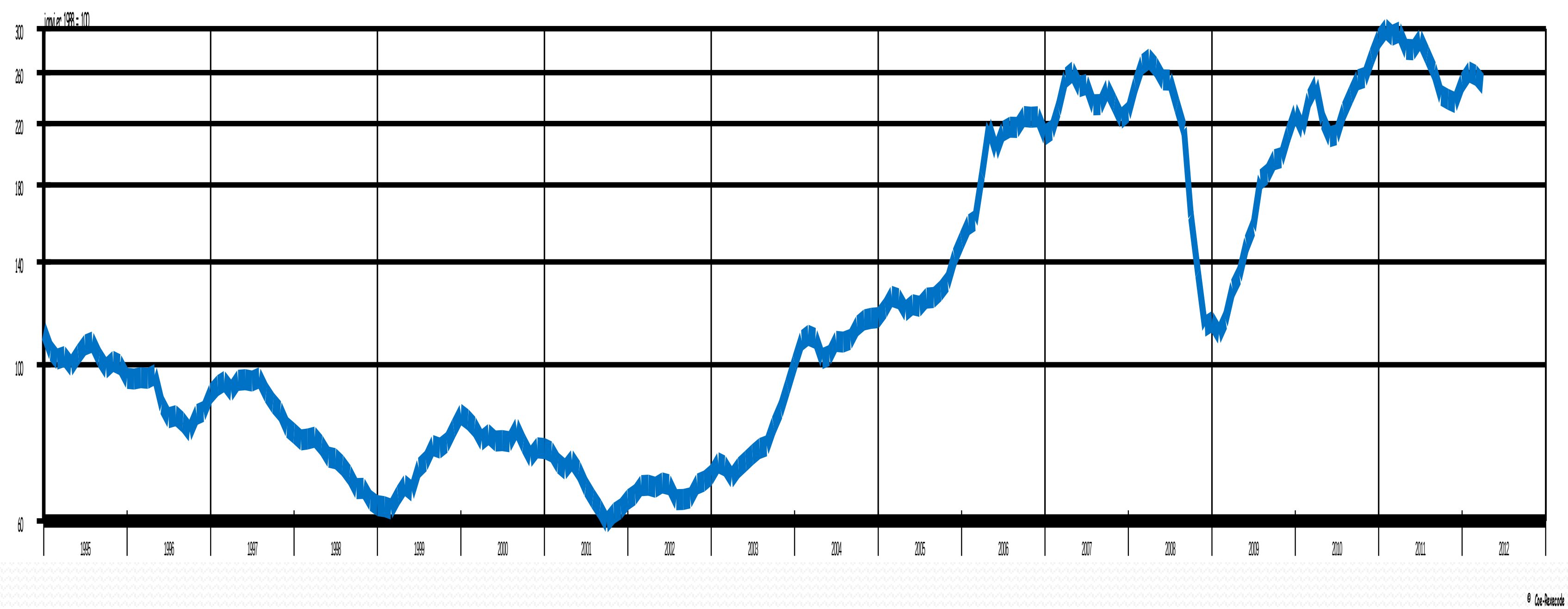
For non ferrous metals
Chinese demand and lack of investments

Indices Rexecode des cours des matières premières en $

Métaux communs



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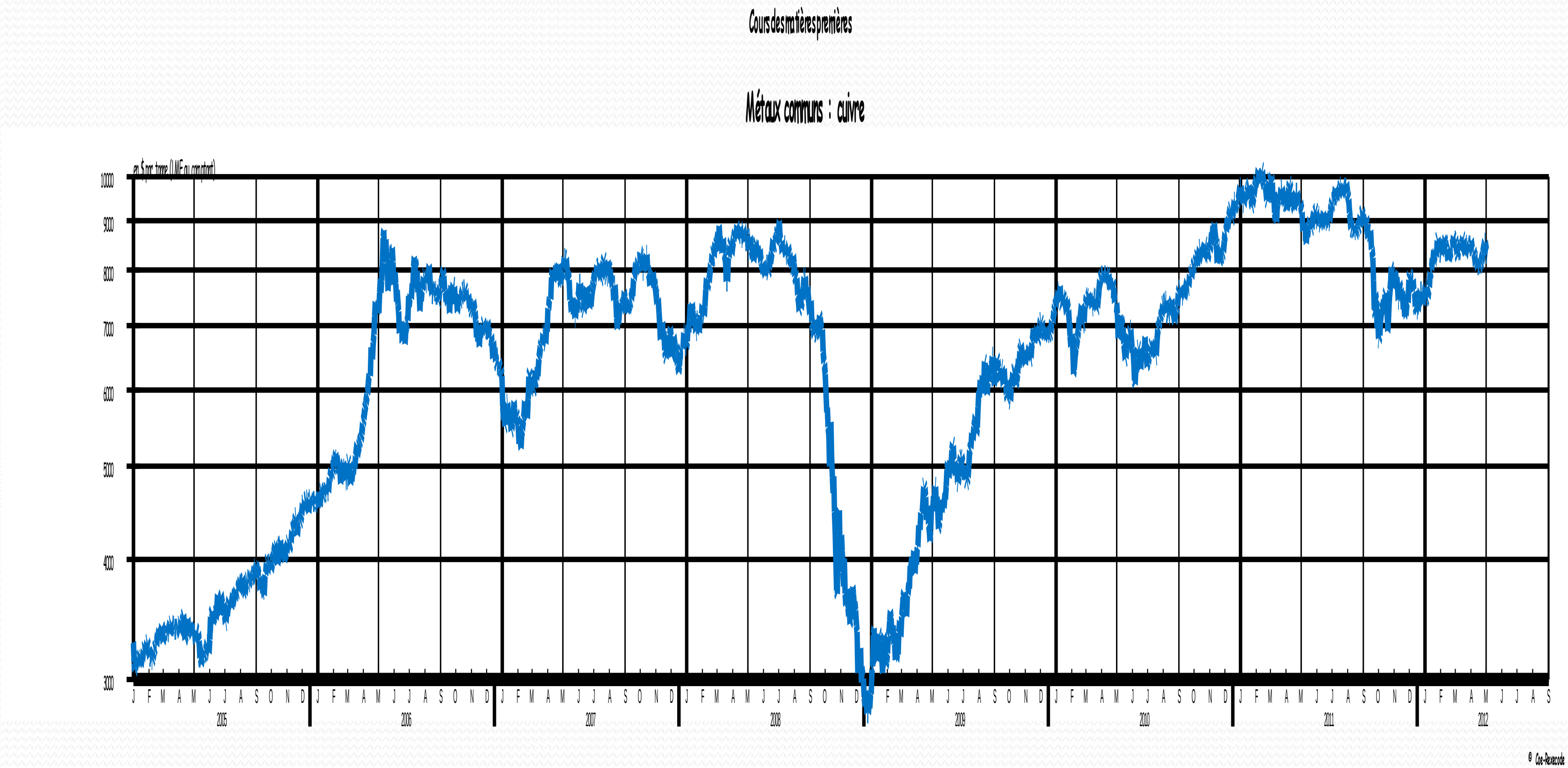
Copper is one of the best economic indicator



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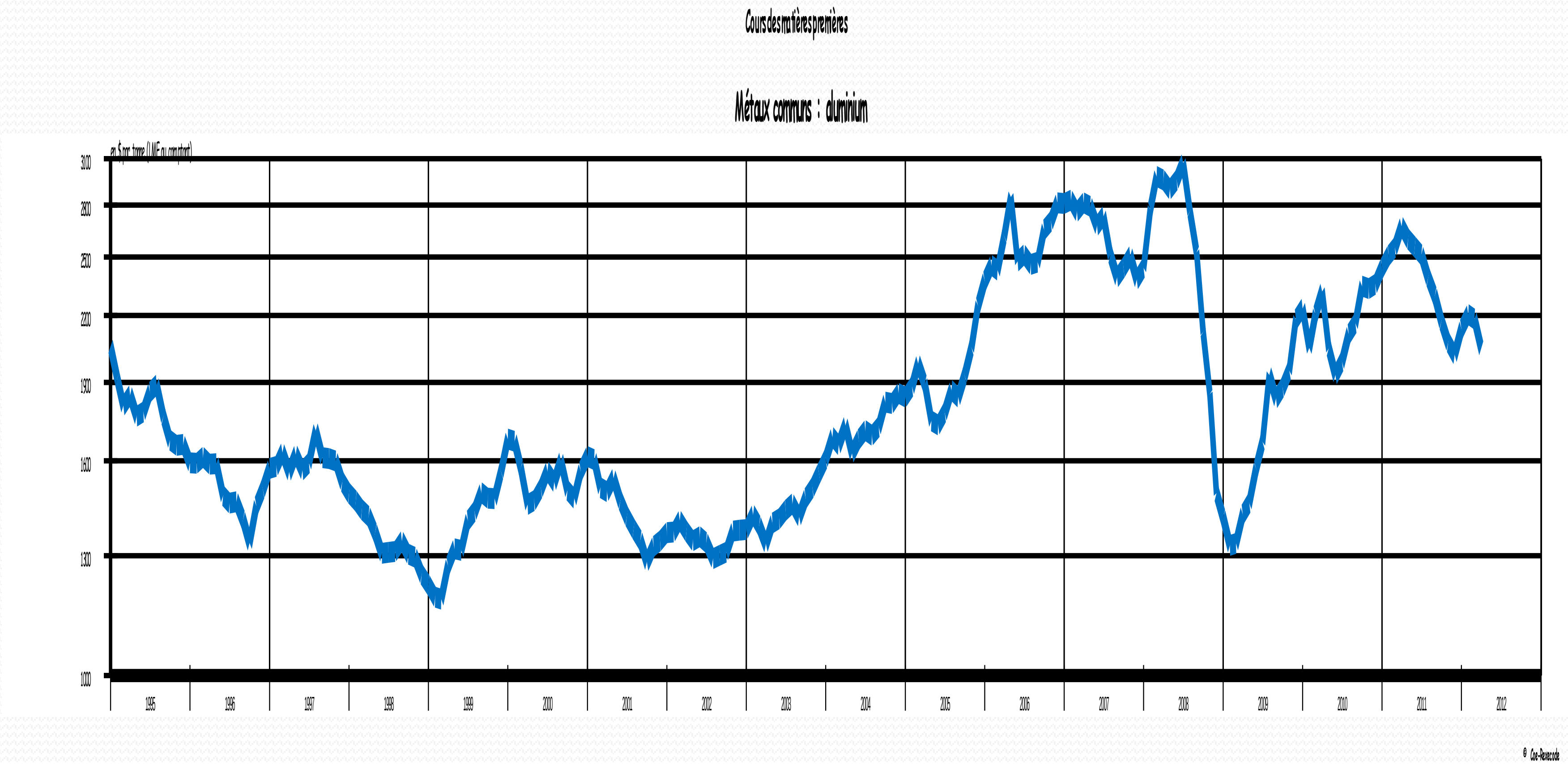
Aluminium tells another story



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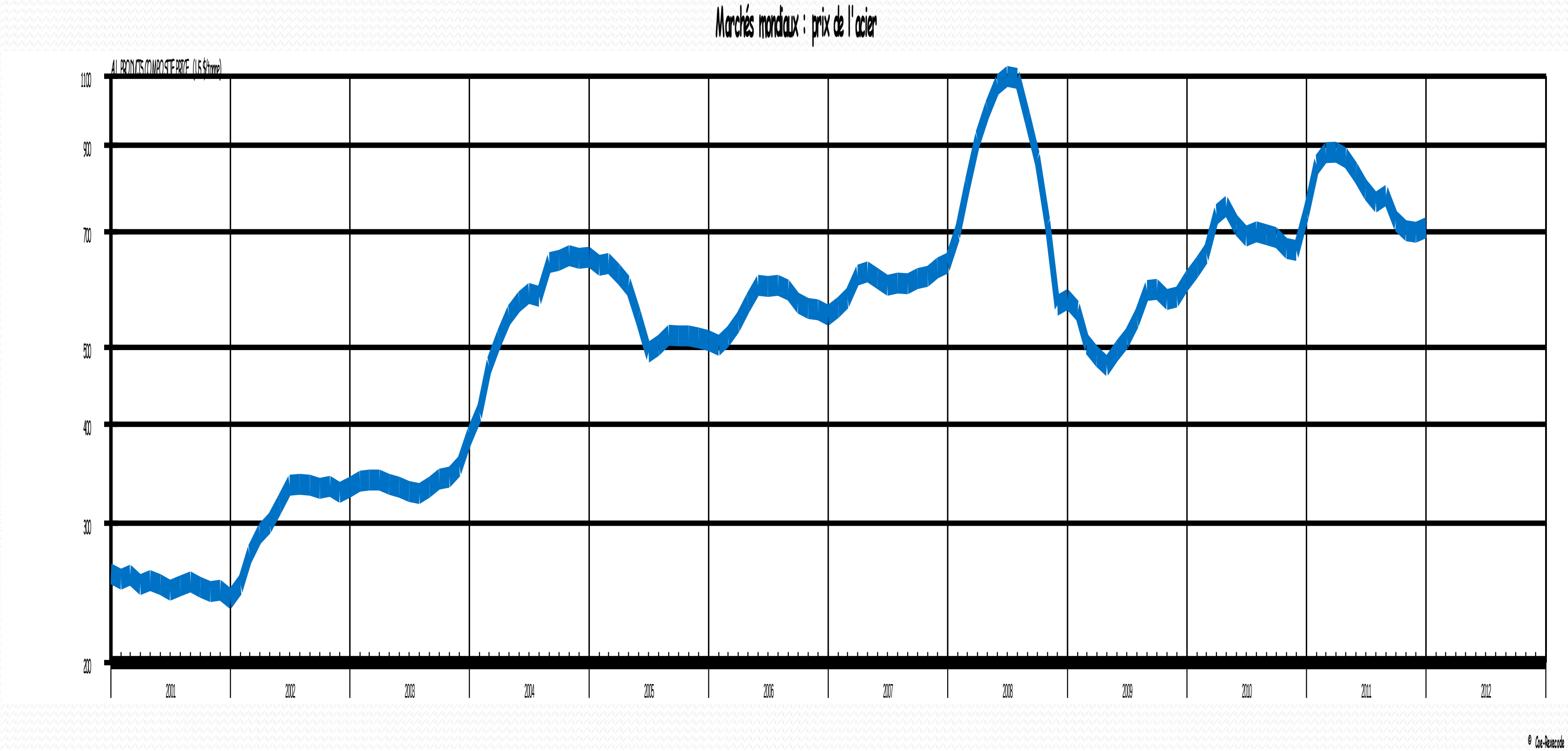
Steel prices are linked to China



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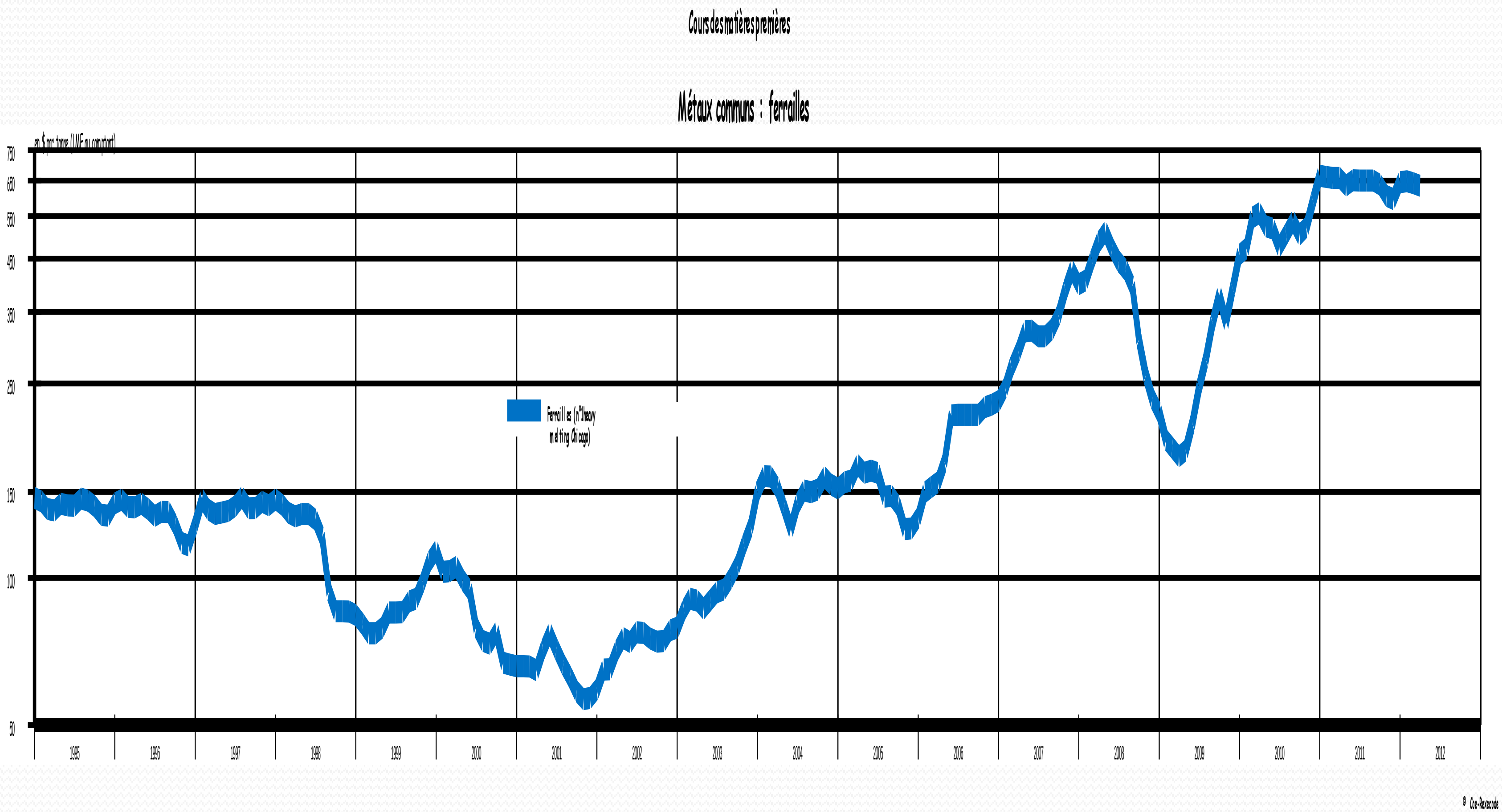
But look at scrap prices on the US market



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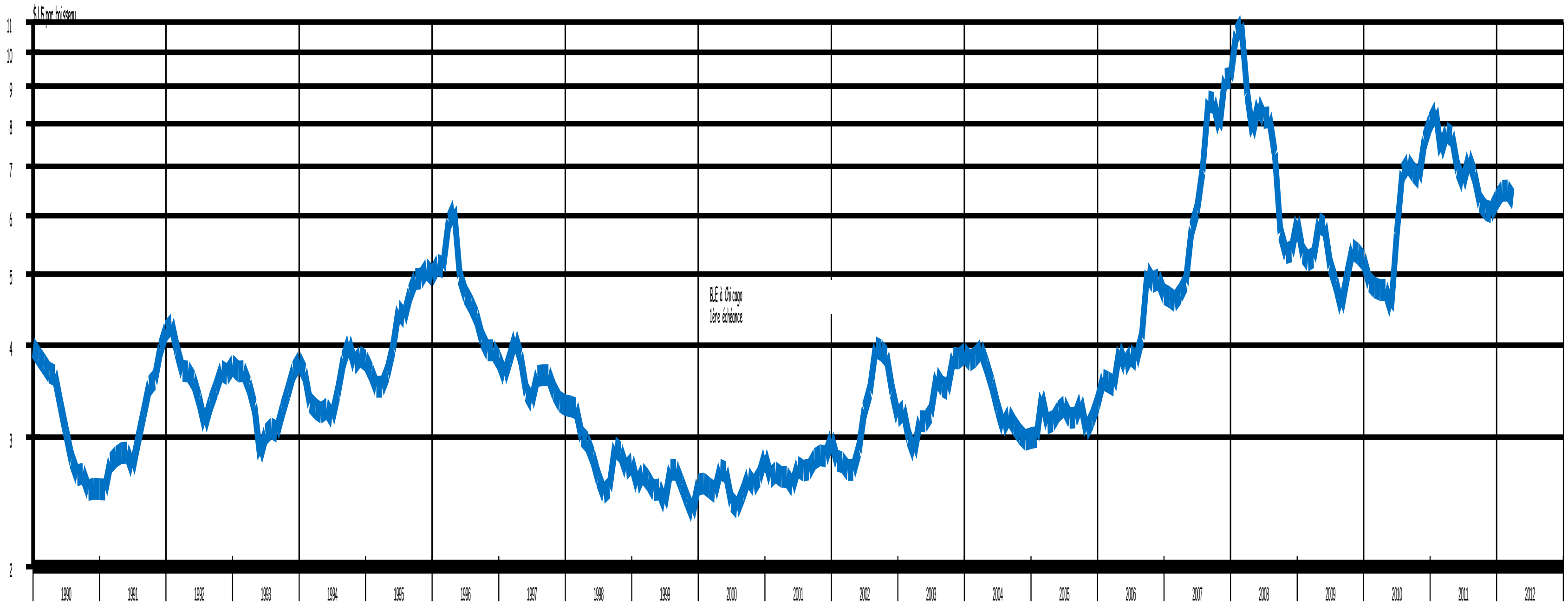
And a real food shock since 2006 look at the wheat market

Cours des matières premières

Blé



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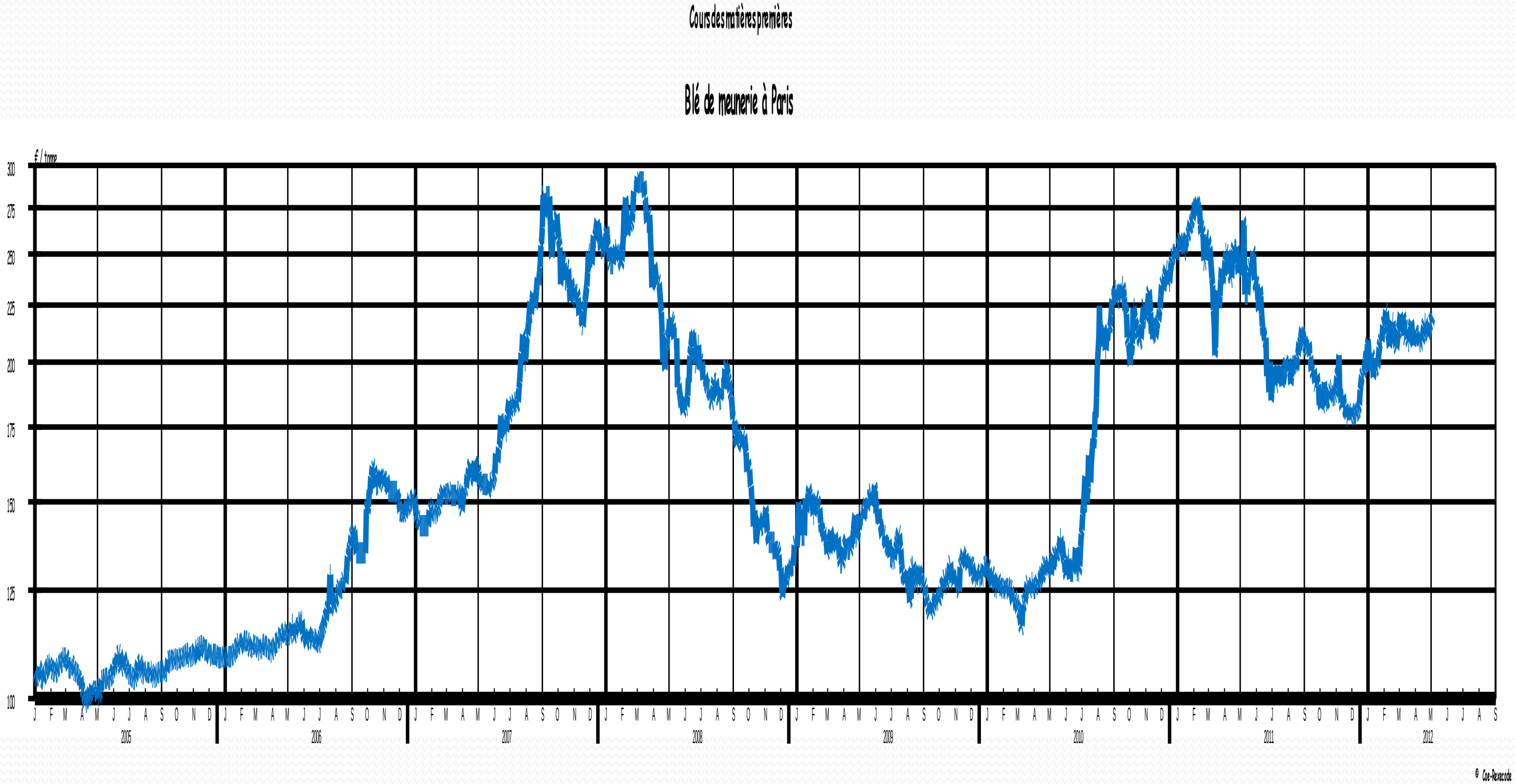
And on the European market



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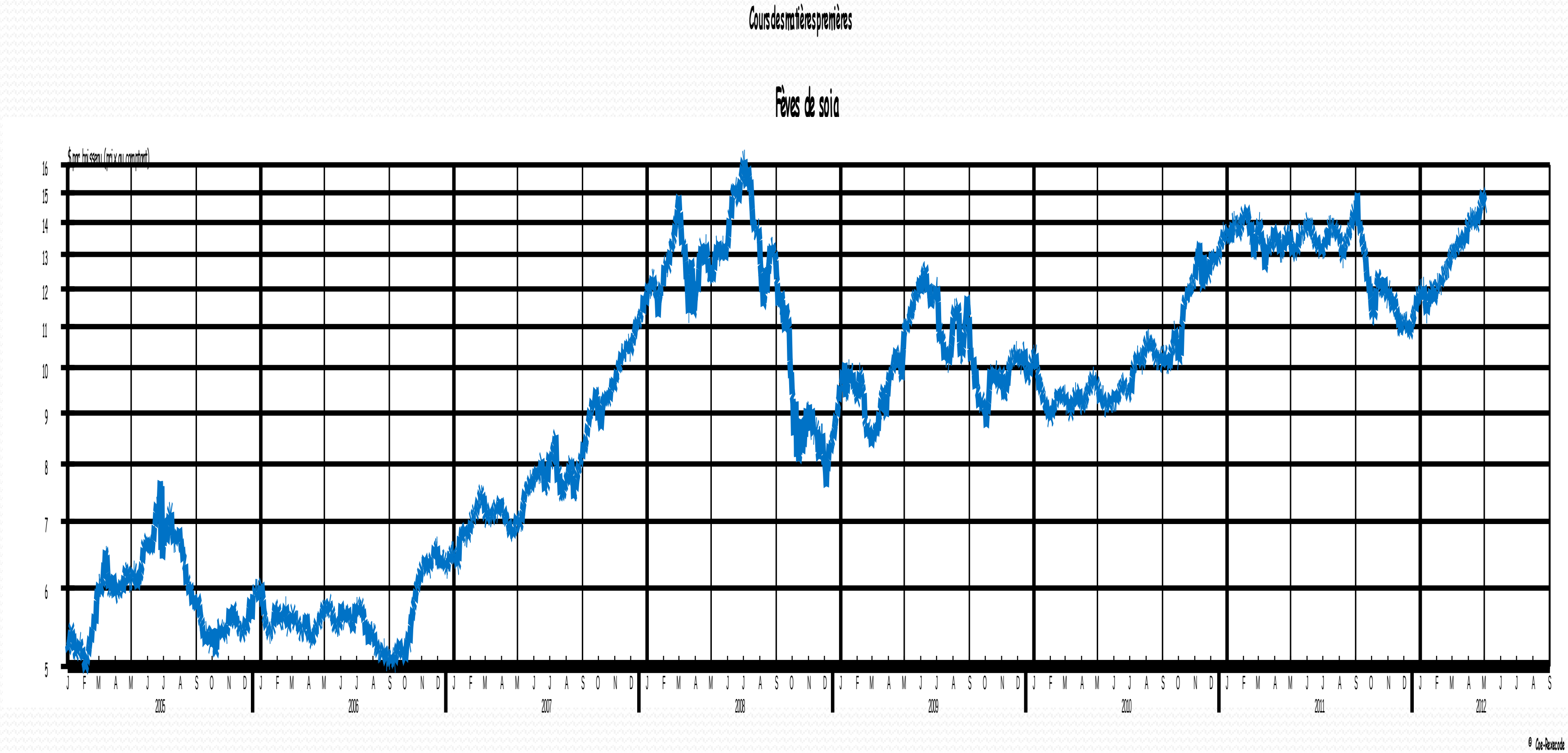
Soybeans are today's hottest commodity



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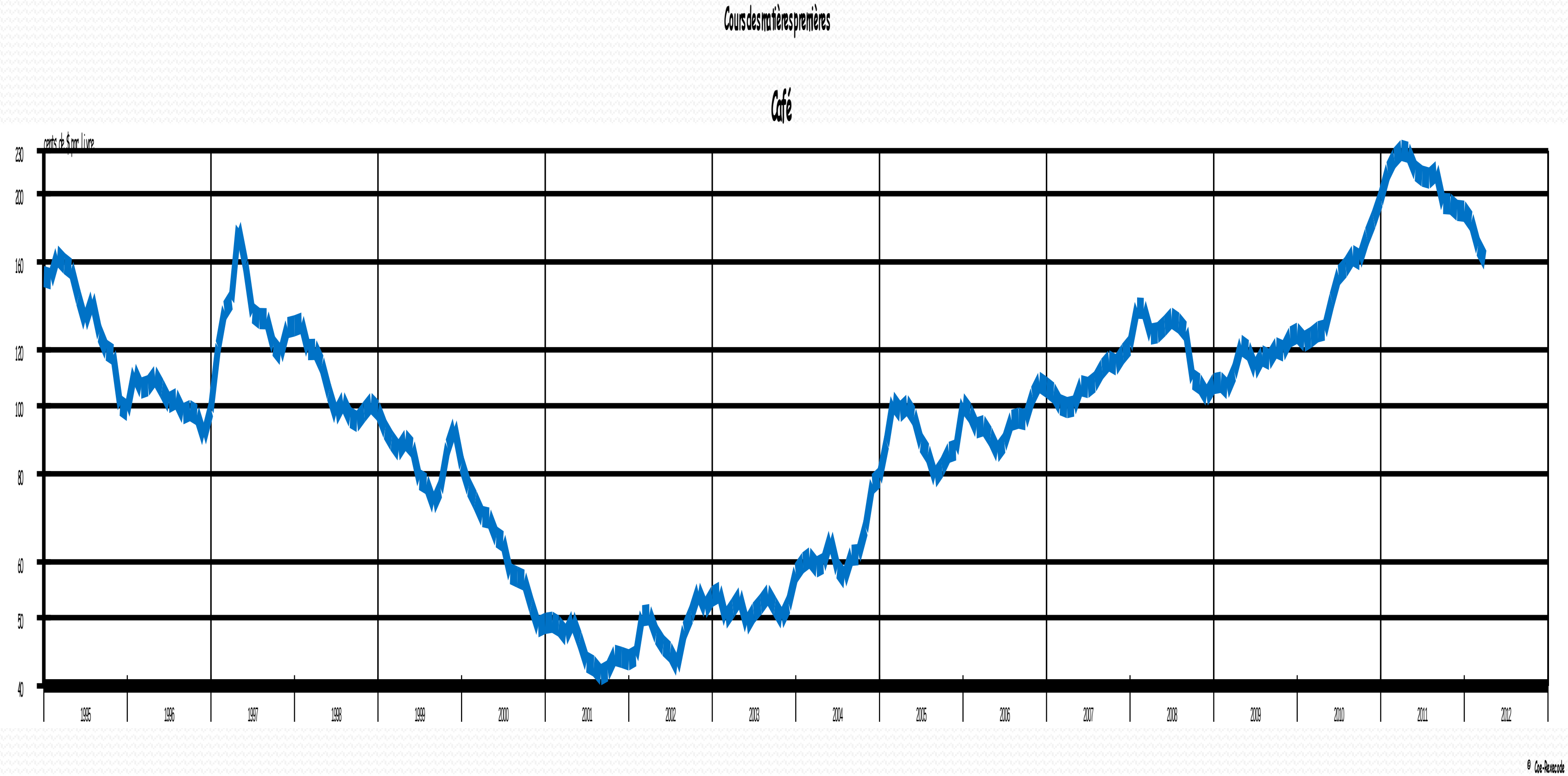
Never has your morning coffee been so expensive



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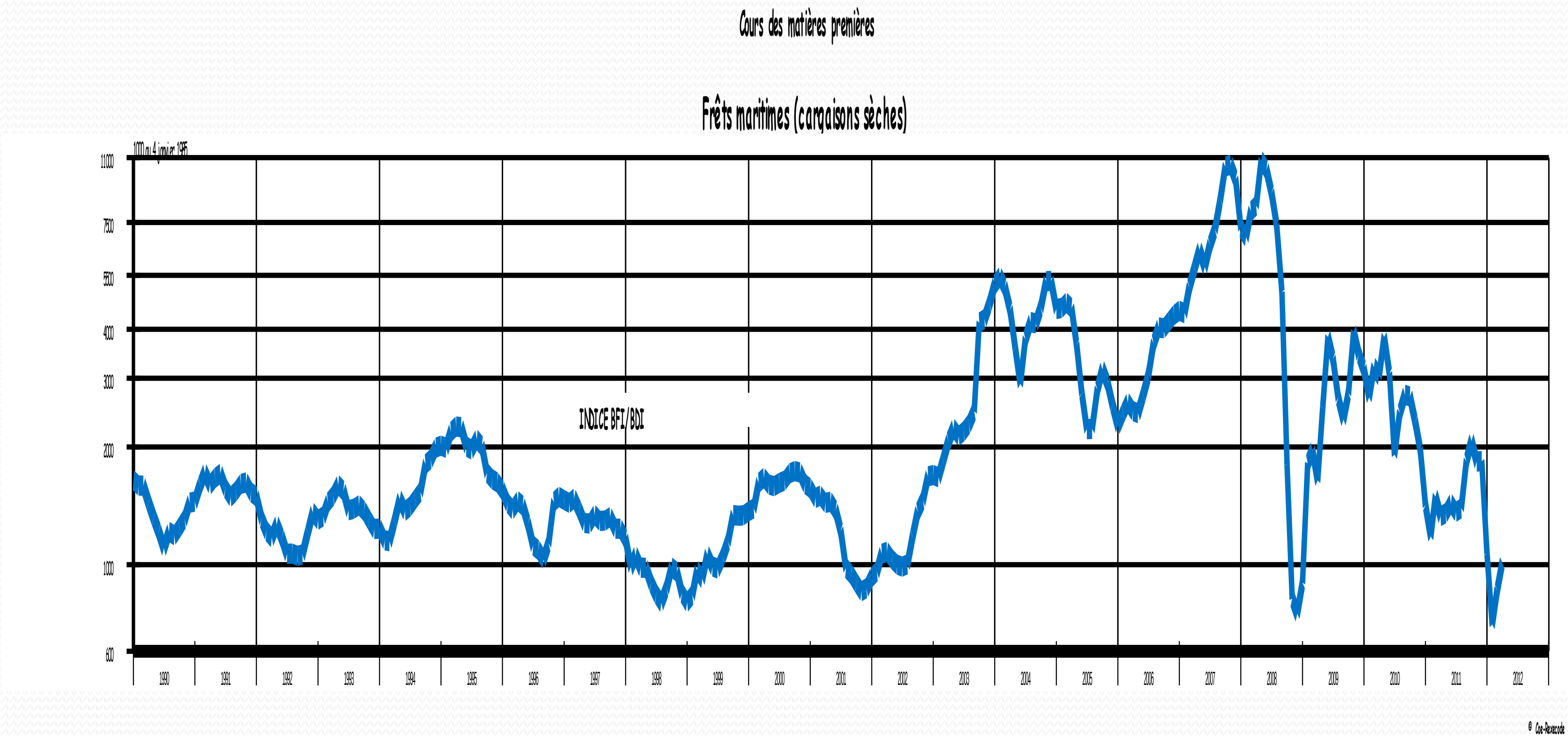
In fact the only really bearish market is maritime freight : look at dry bulk



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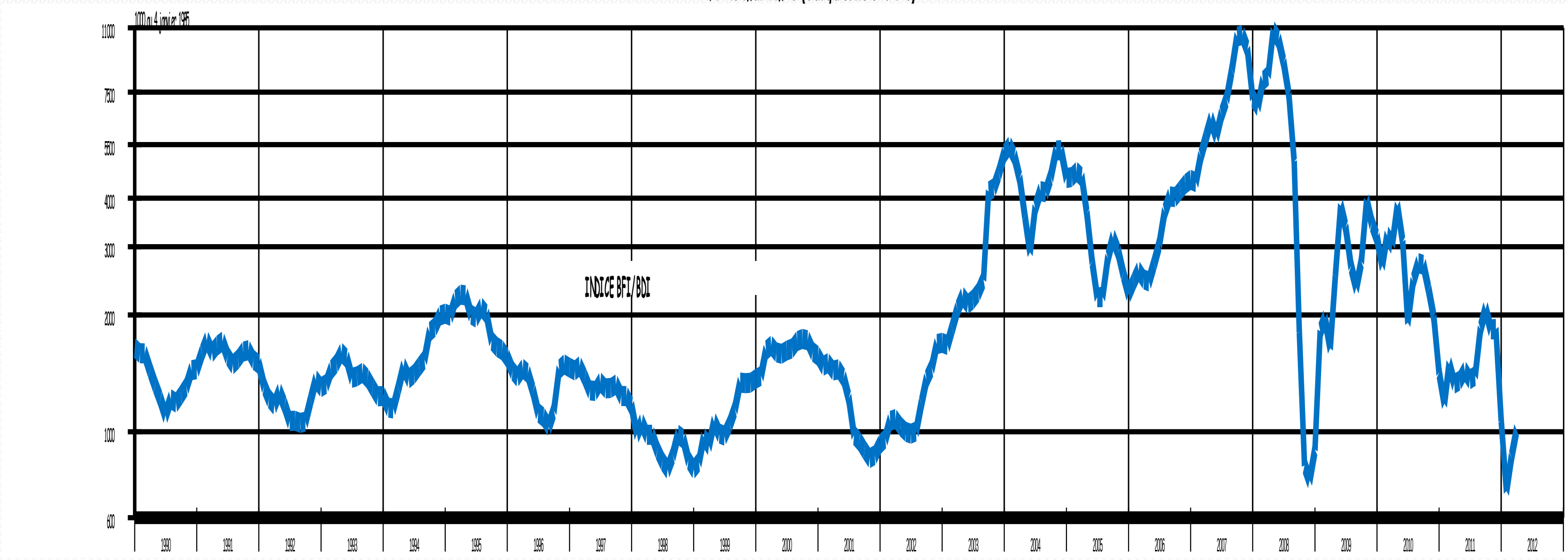
The Baltic index has never been so low

Cours des matières premières

Frêts maritimes (cargaisons 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