

Stratfor

Your World. In Context.



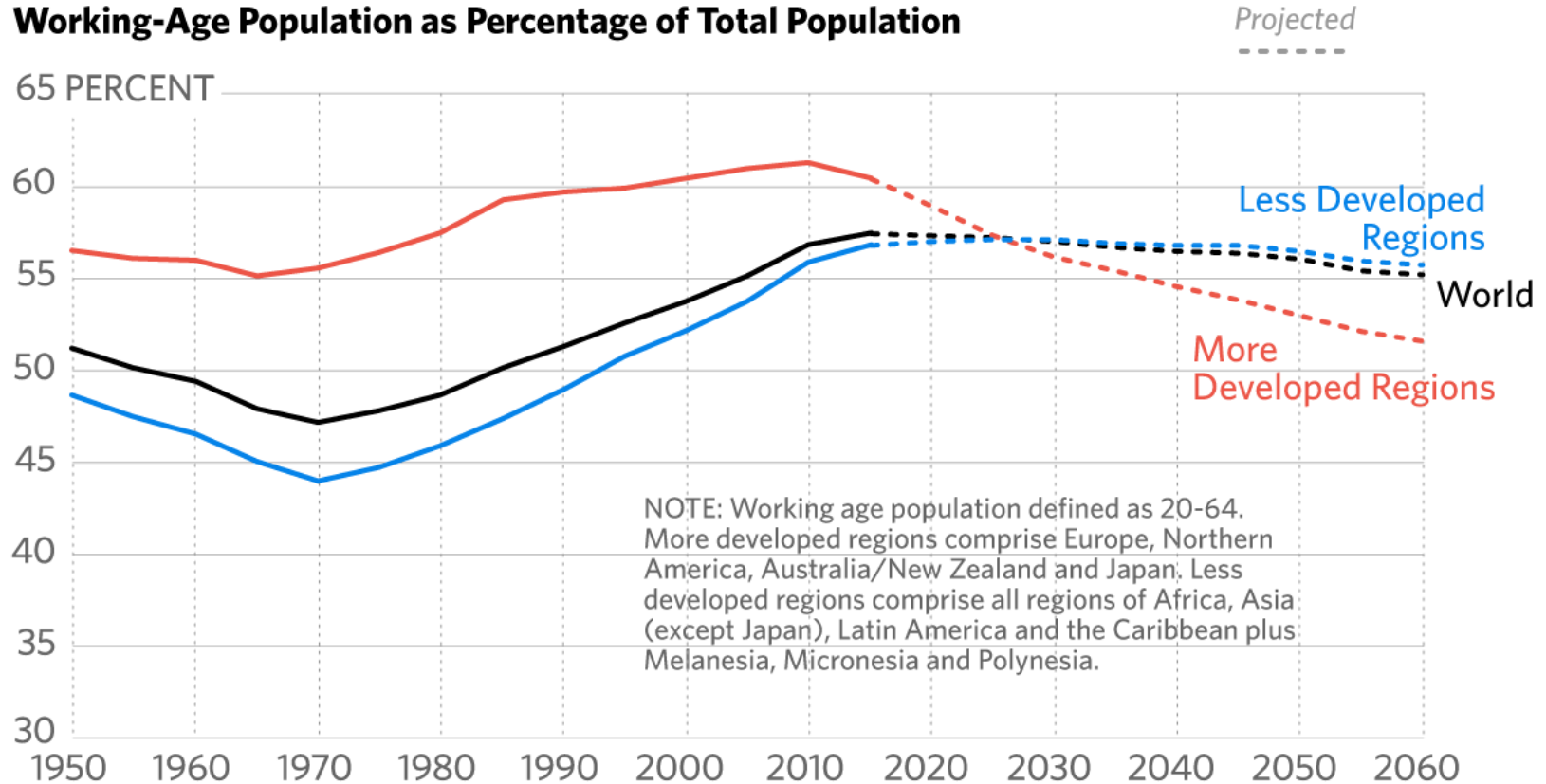


2020: The Global Inflection Point

Sage Advisory Services | Austin | November 12, 2019

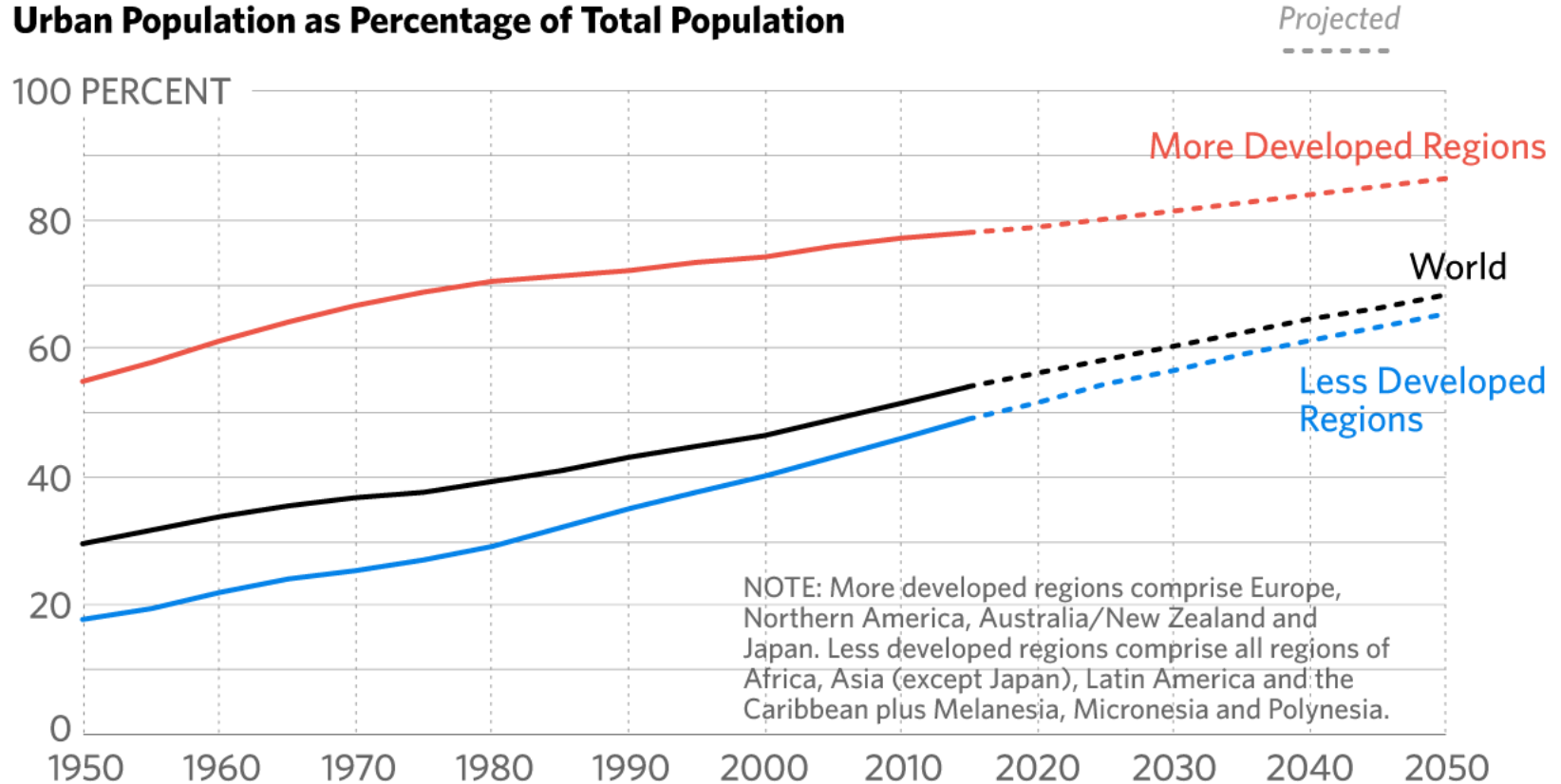
The Decline of Working-Age Population Worldwide

Working-Age Population as Percentage of Total Population



A More Urbanized World

Urban Population as Percentage of Total Population



The Growing Cost of Keeping Up With Moore's Law

COST TO ADVANCE TO NEXT LEVEL OF CHIP DESIGN

600 MILLION USD

500

400

300

200

100

0

65nm

45nm

28nm

22nm

16nm

10nm

7nm

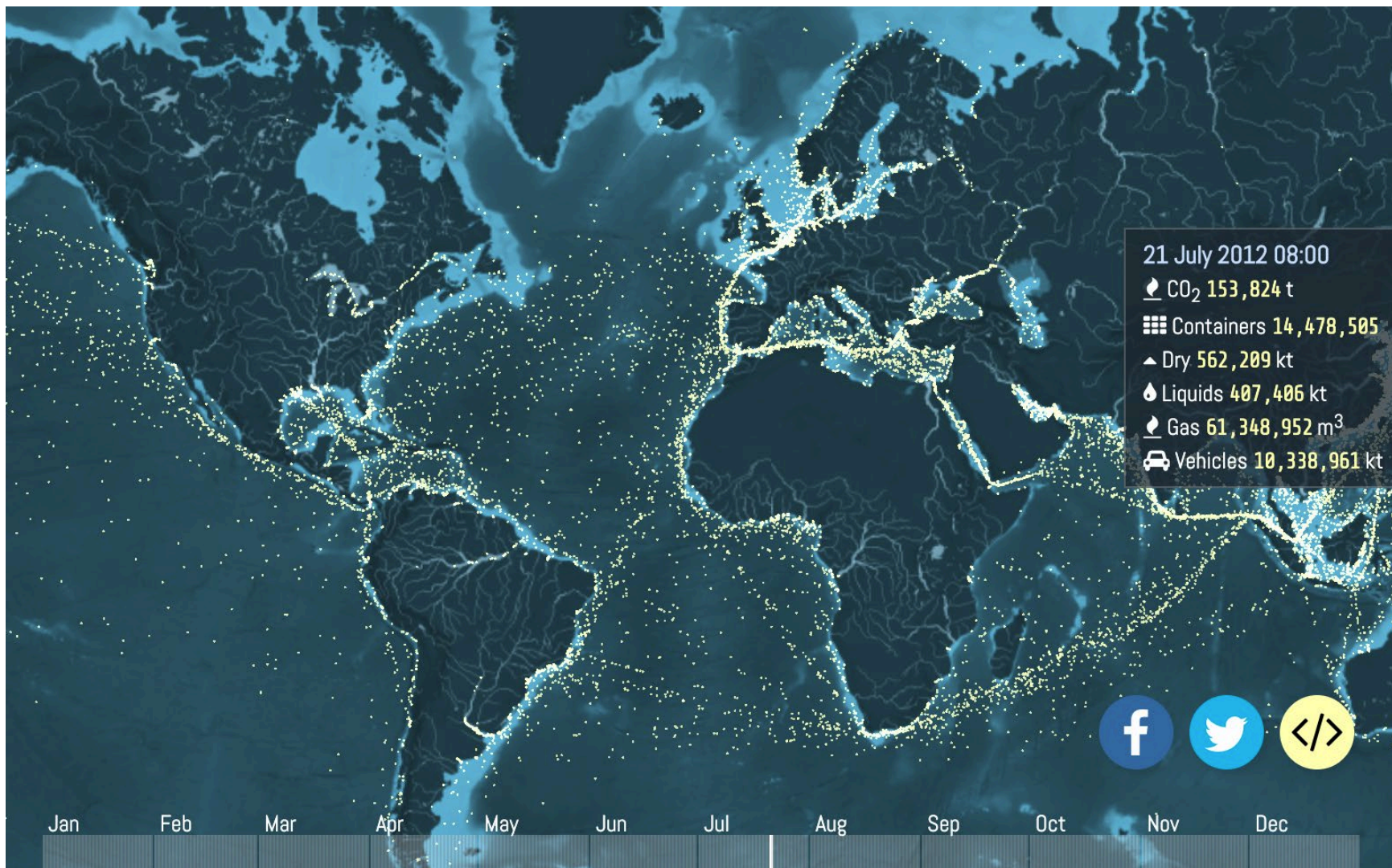
5nm

Older

← INTEGRATED CIRCUIT DESIGN NODE →

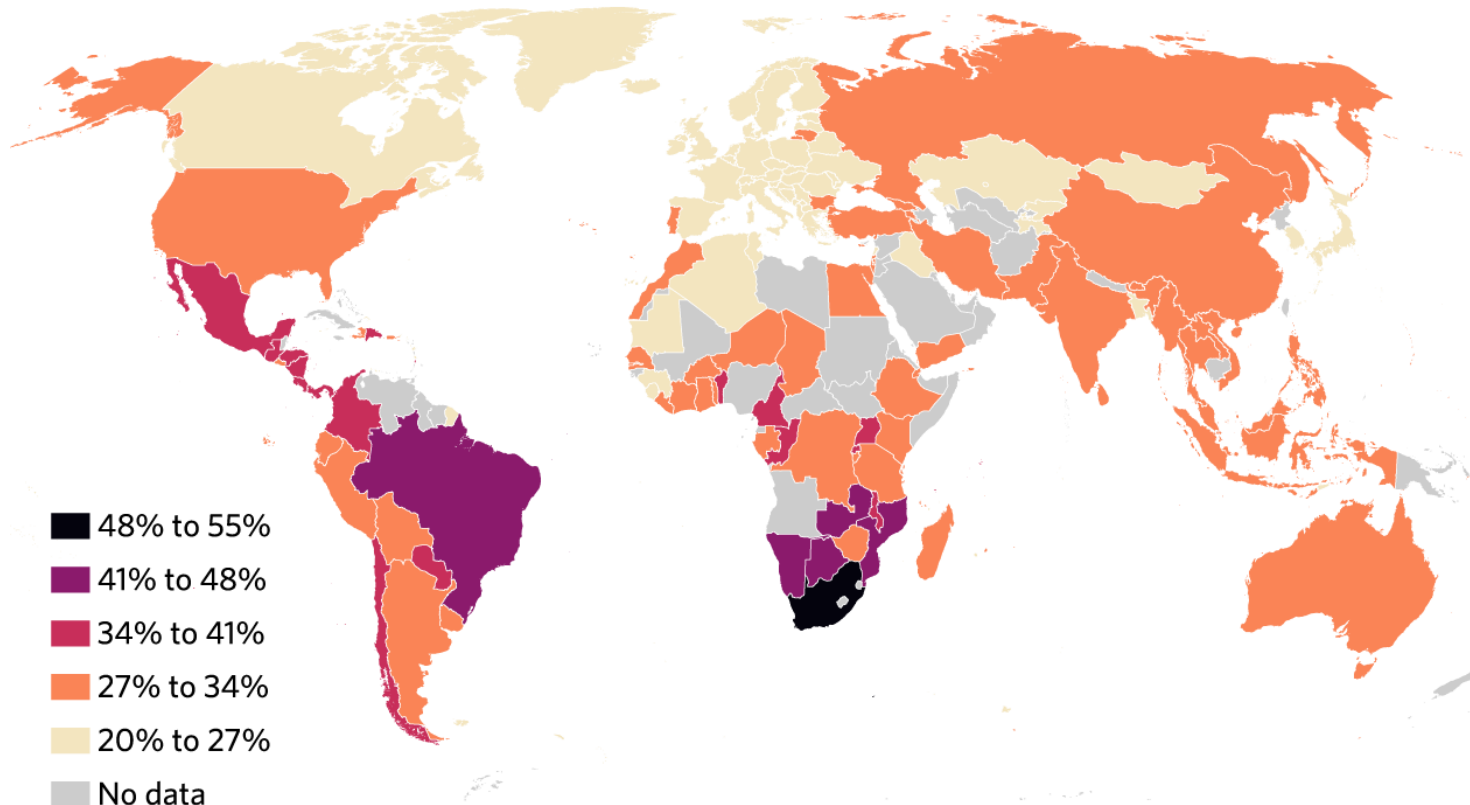
Newer

Source: IBS
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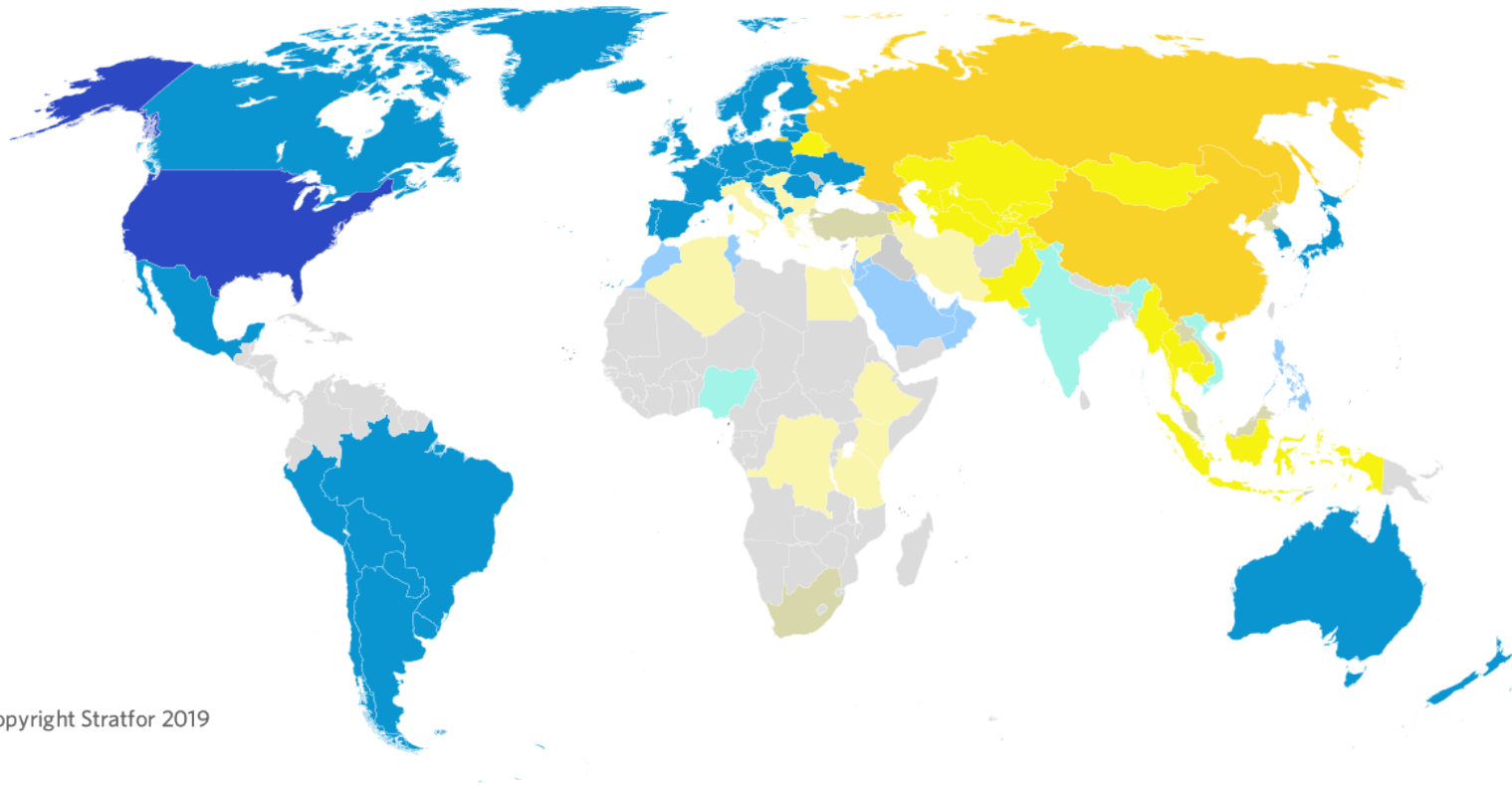
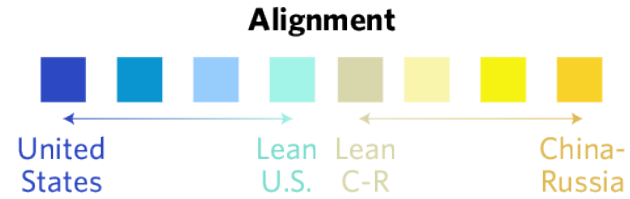


Income Share Held by Top 10 Percent

Income distribution in the United States more closely resembles that of China, Russia and India than it does Western Europe.



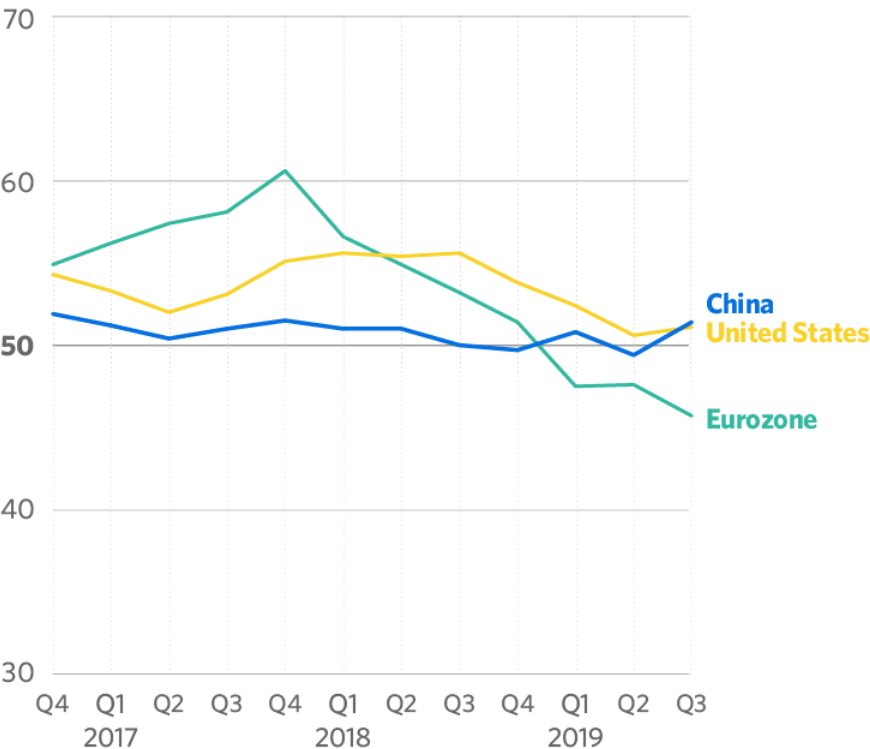
Great Power Competition and Balancing Acts



Global Activity Indicators

Manufacturing PMI

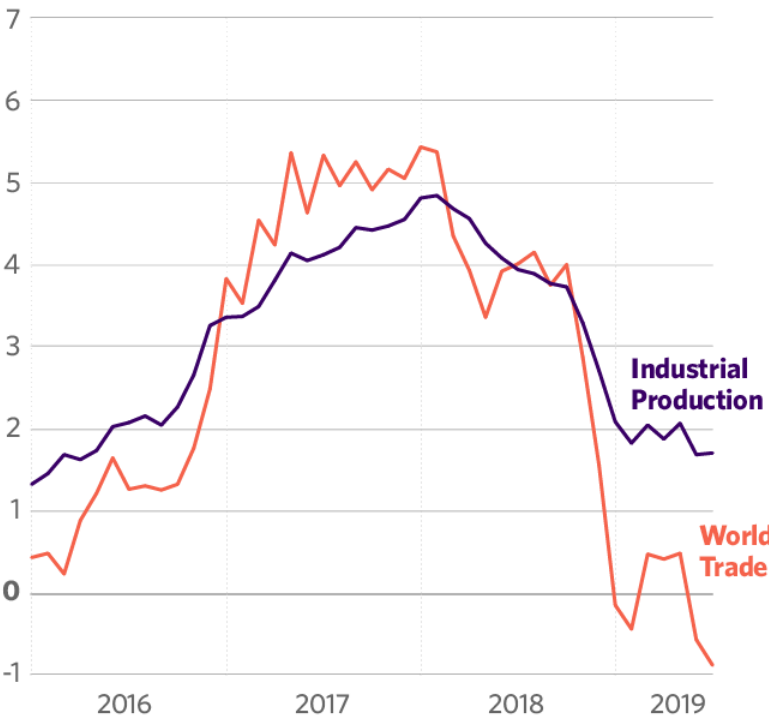
PMI: Over 50 represents an expansion compared with the previous month



Sources: Bloomberg, IHS Markit, Caixin

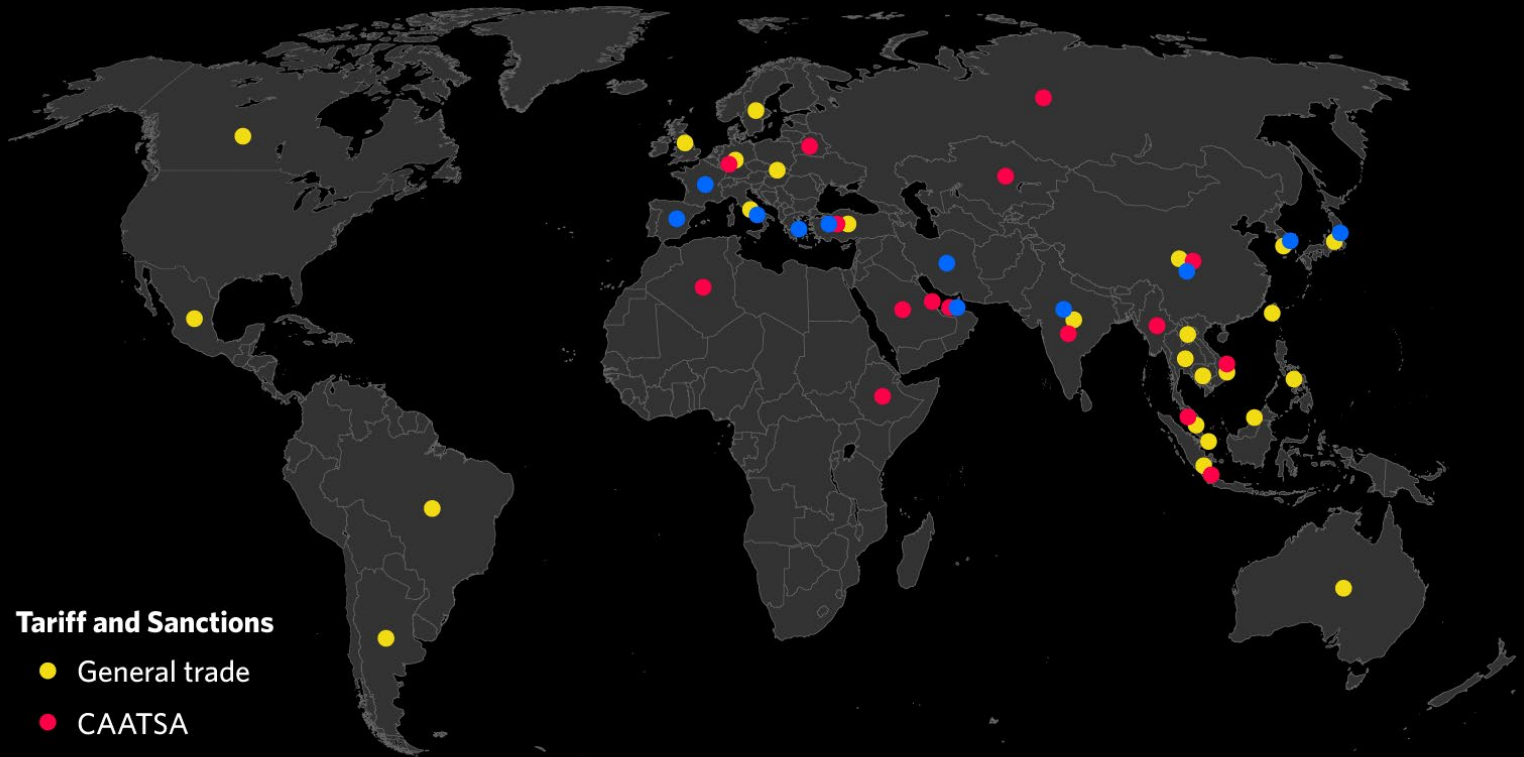
World Trade and Industrial Production

Y-O-Y PERCENT CHANGE, THREE-MONTH MOVING AVERAGE



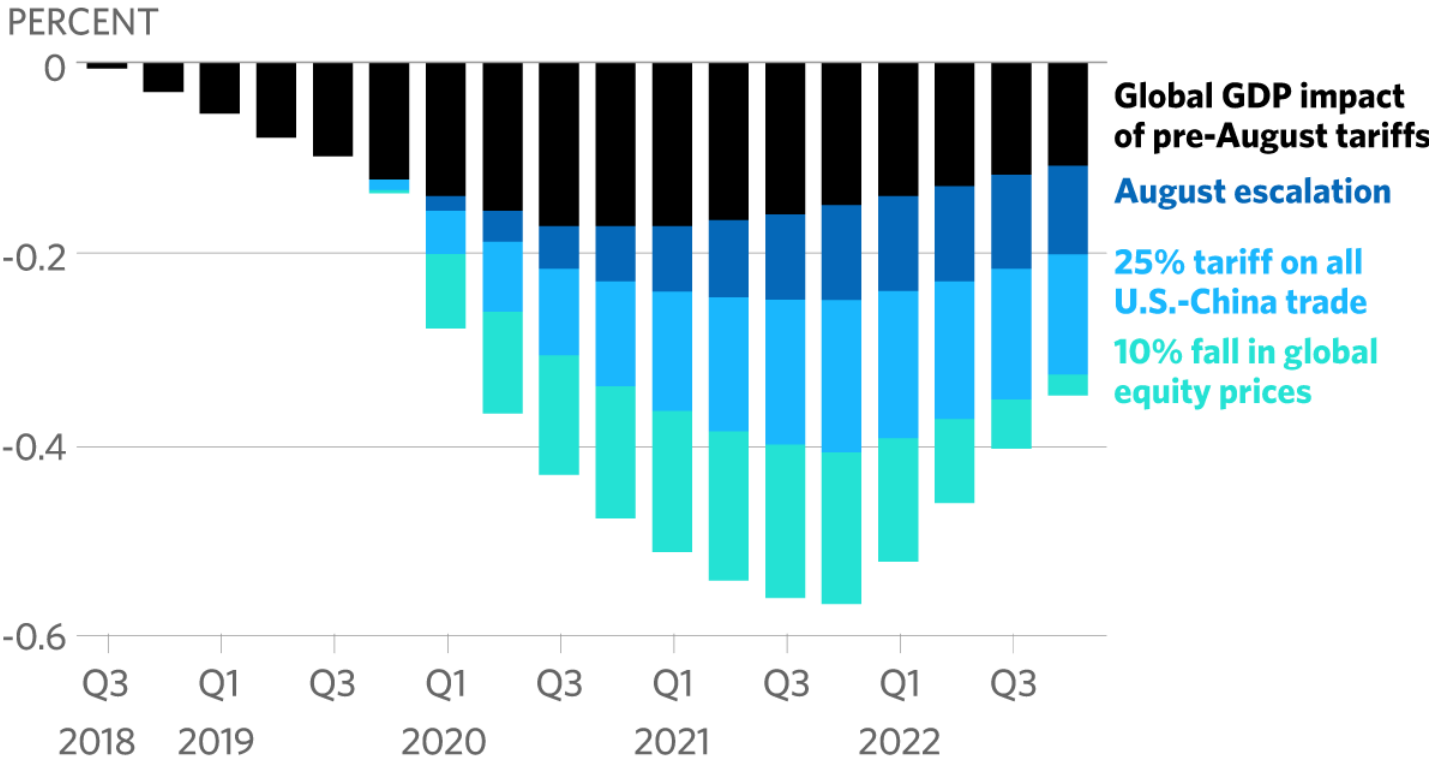
Source: World Economic Outlook, IMF
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Countries Affected by White House Tariffs and Sanctions



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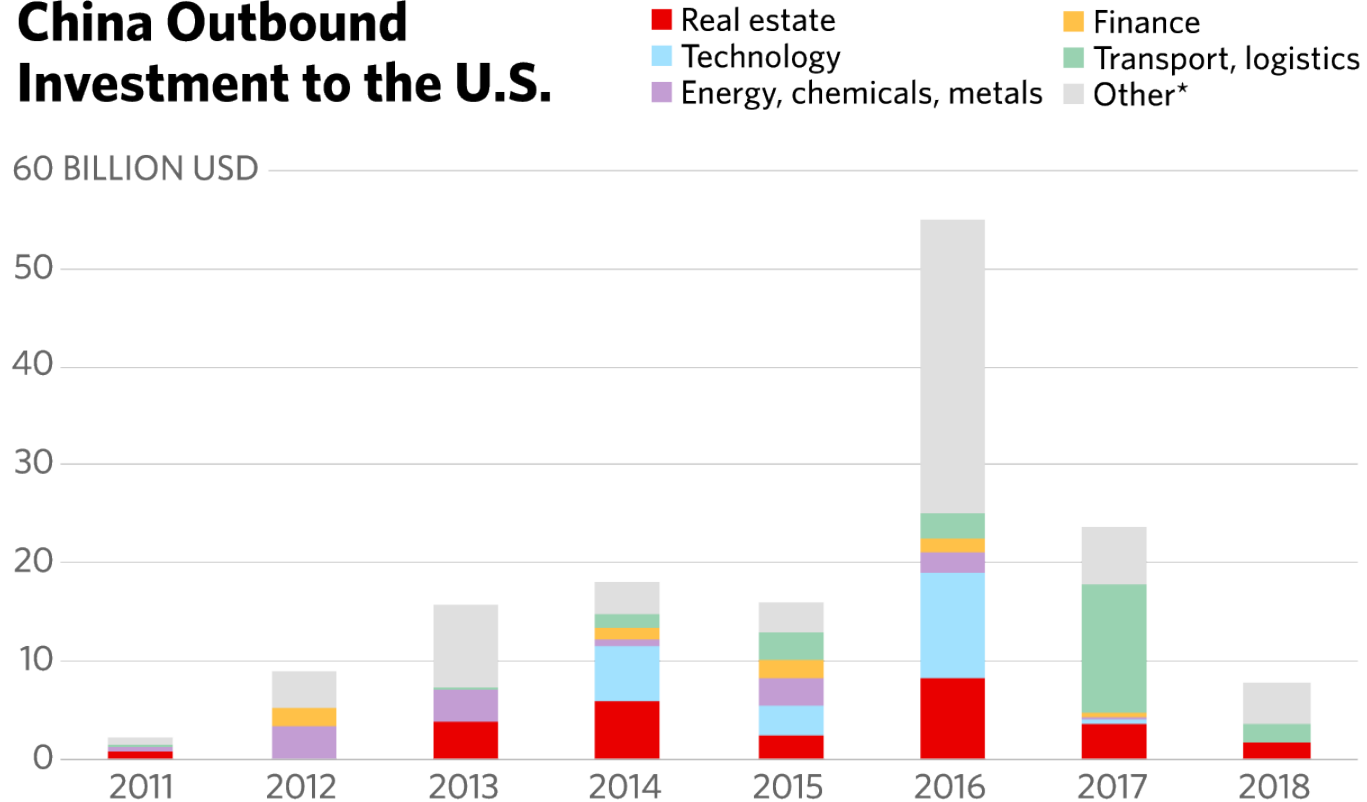
The Global Economic Impact of Trump Tariffs on China



Source: Bloomberg Economics

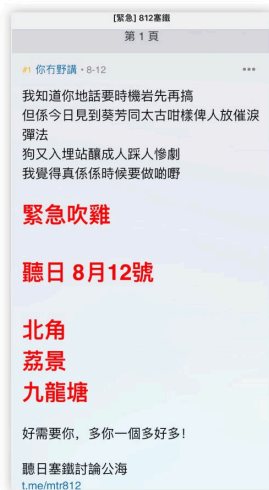
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China Outbound Investment to the U.S.

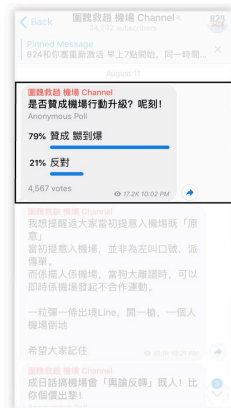


Source: AEI * Includes tourism, entertainment, healthcare and agriculture, among other sectors

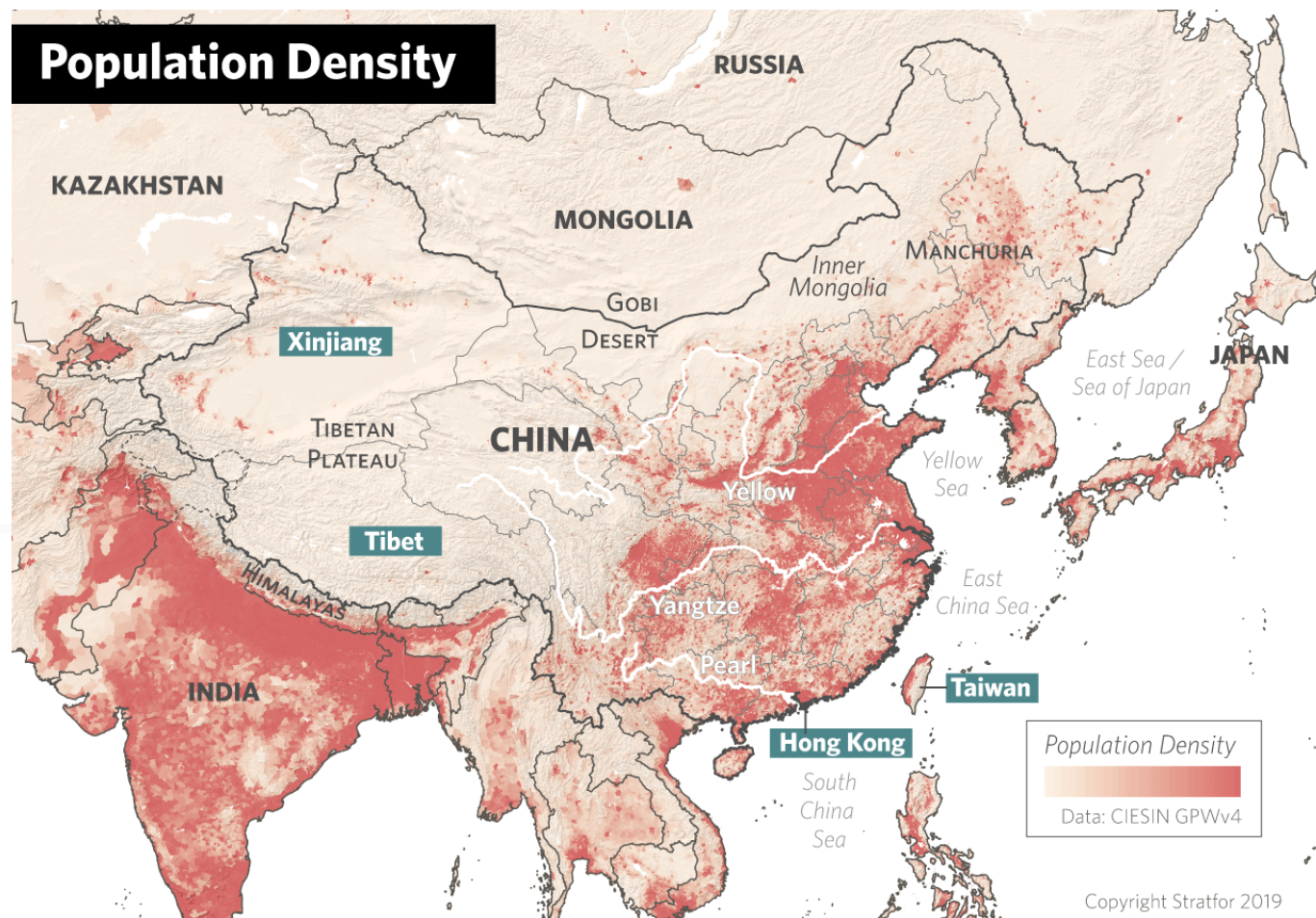
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LHK post calling for MTR shutdown



Early Telegram poll on airport siege



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Extent of Chinese Naval Power, 2030 (Projected)

----- First island chain

----- Second island chain

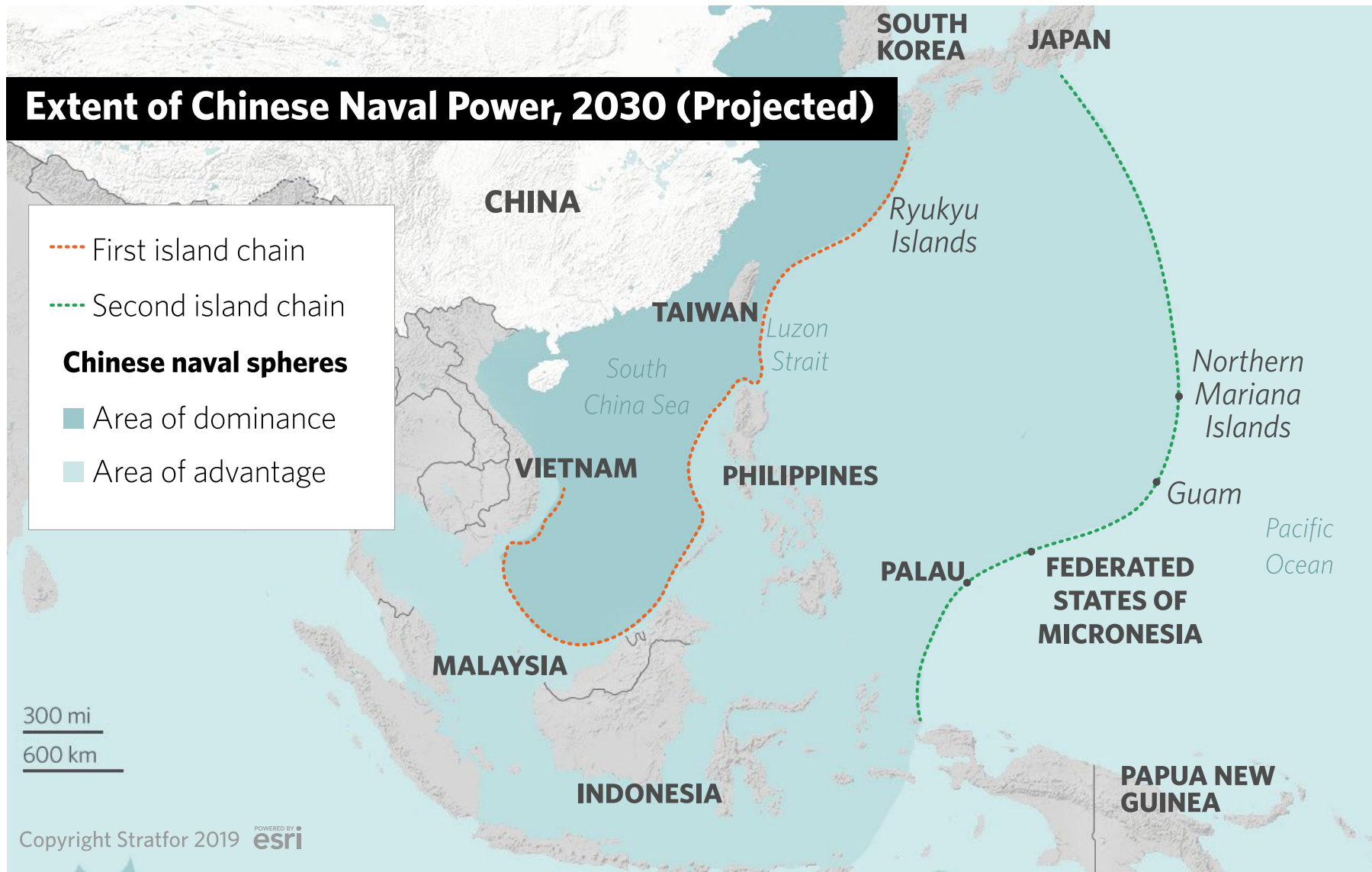
Chinese naval spheres

■ Area of dominance

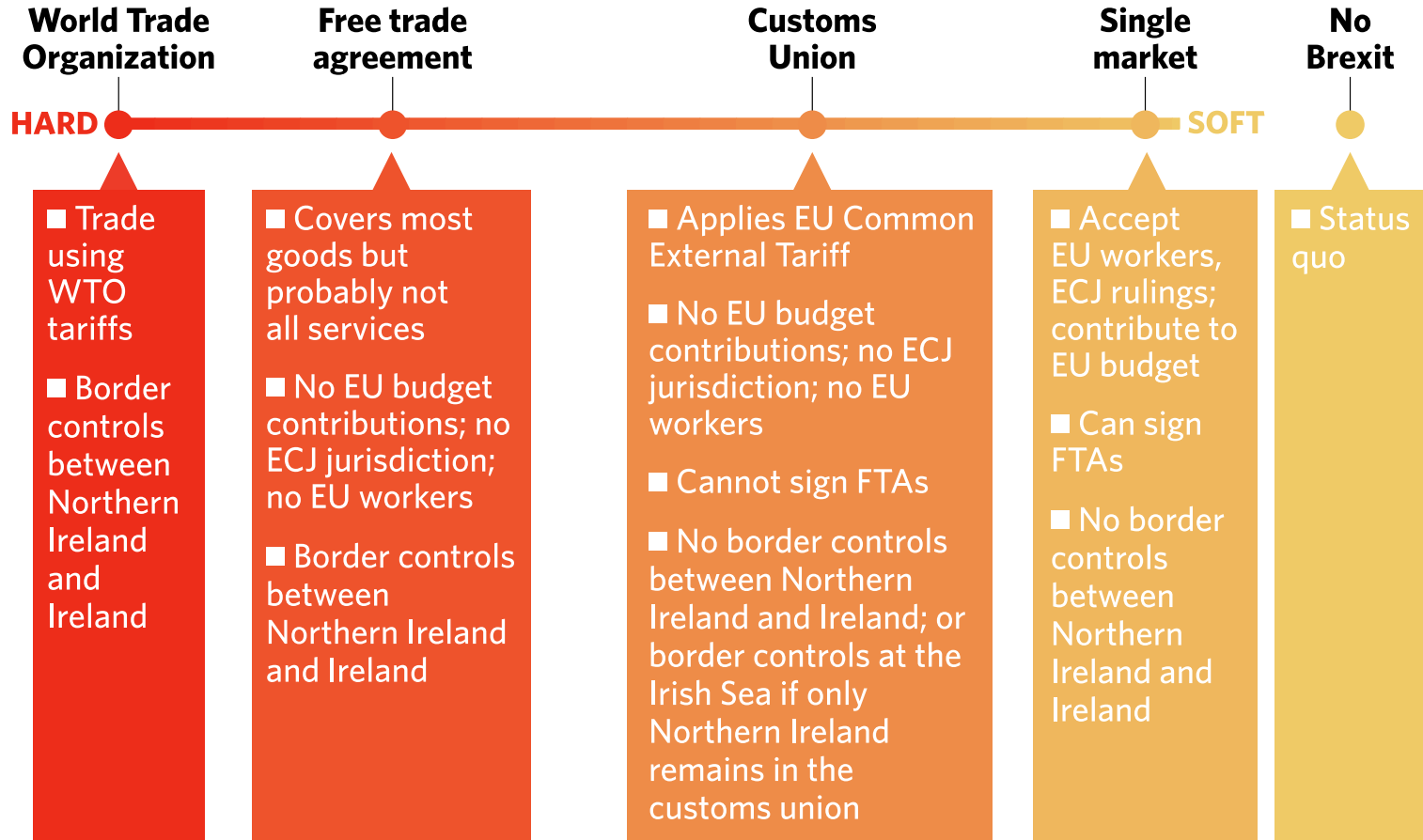
■ Area of advantage

300 mi

600 km

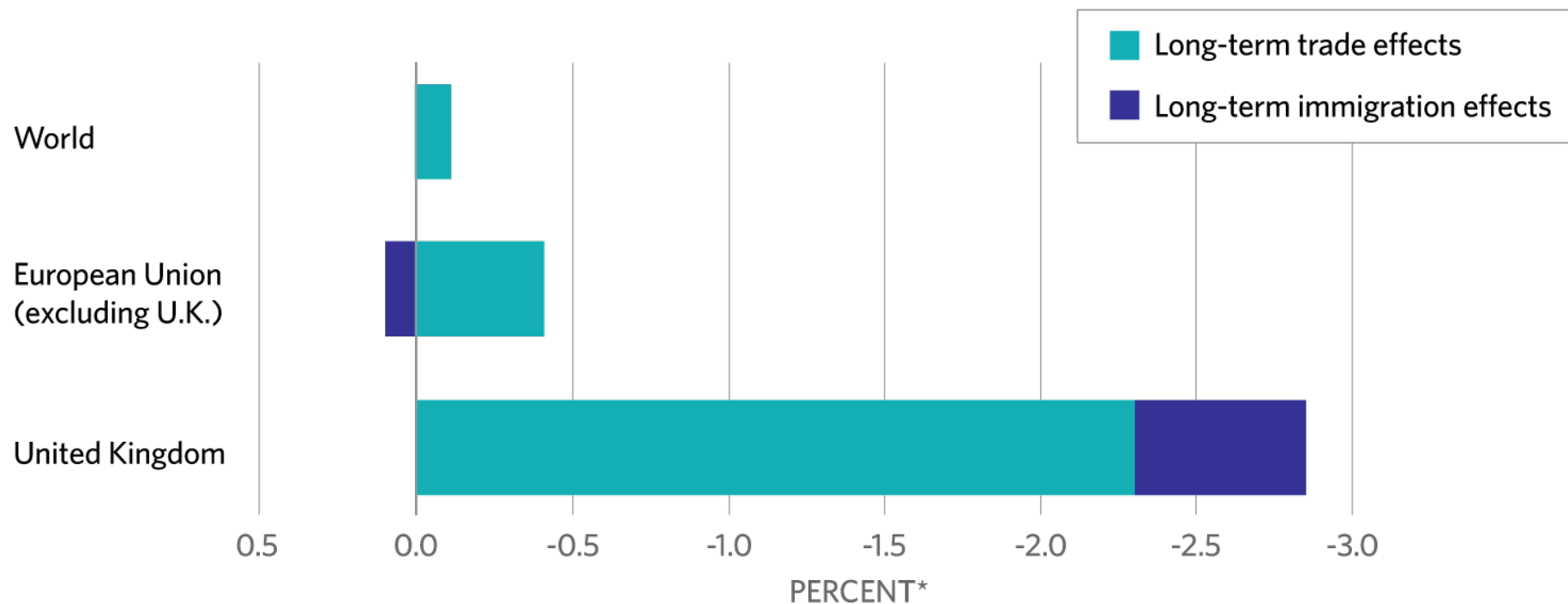


Brexit Options



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Brexit: Effect on Real GDP

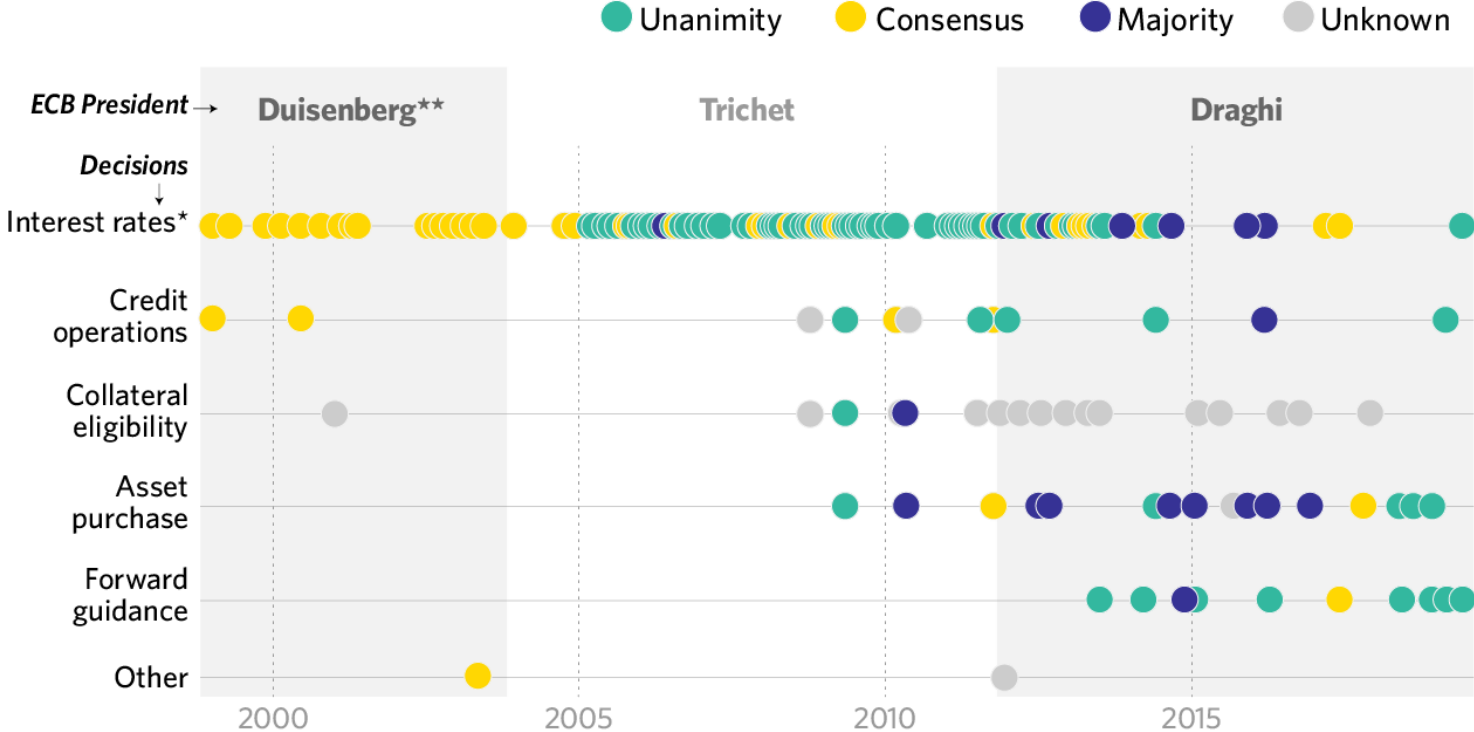


*Percent deviation from April 2019 World Economic Outlook baseline

Source: IMF staff estimates

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Decision-Making in the ECB Governing Council



*159 unknown decisions are not marked
**Duisenberg often only revealed whether a consensus was reached

Source: Bruegel (Grégory Claeys and Tanja Linta)
<https://bruegel.org/2019/06/the-evolution-of-the-ecb-governing-councils-decision-making/>

The Northern Bloc

The Southern Bloc

The Nordic Bloc

The Outsiders

The British Isles

The Benelux

The Fragile South

The Central Europeans

The Security Allies

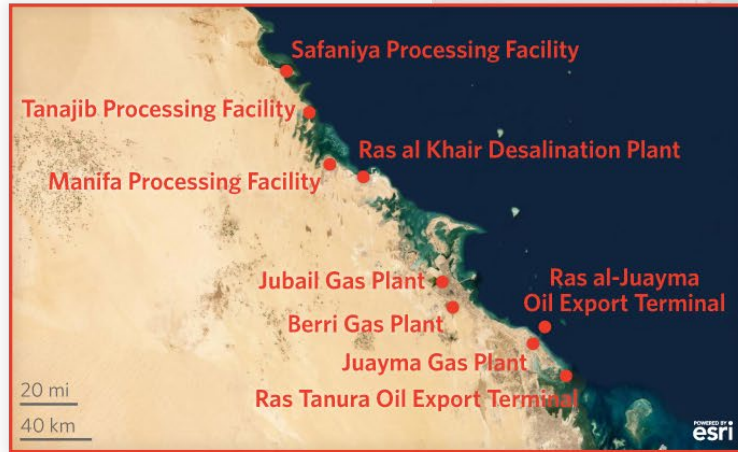
European Fragmentation

- 1 Netherlands
- 2 Belgium
- 3 Luxembourg
- 4 Slovenia
- 5 Croatia

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Many Saudi Facilities are Within Striking Distance of Iran

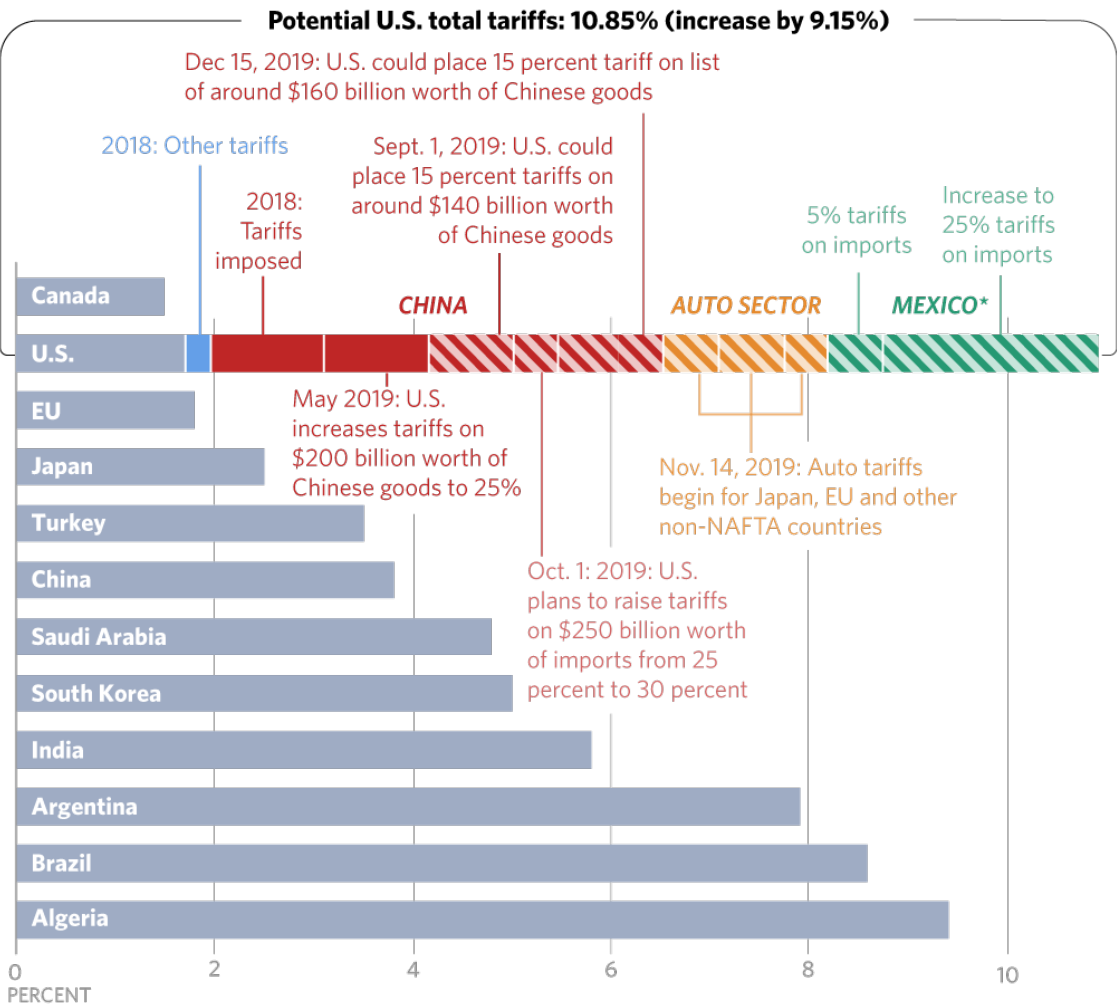


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Tariffs Comparison (Average Applied Rate)

2017 tariff levels

Indicates tariffs not yet imposed



* No possible dates set for tariffs on Mexican imports to take effect.

Sources: World Bank, UN Comtrade, USTR, Trade Map

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“We have now entered the realm of Alice in Wonderland. White is black. Up is down. It is amazing to watch a country that is the world’s most protectionist, mercantilist economy position itself as the self-proclaimed defender of free trade and the global trading system. The WTO must avoid falling down this rabbit hole into a fantasy world, lest it lose all credibility.”

- US Ambassador to WTO Dennis Shea



Food for Thought

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