



## Making Sense of the Economic Landscape

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July 2017

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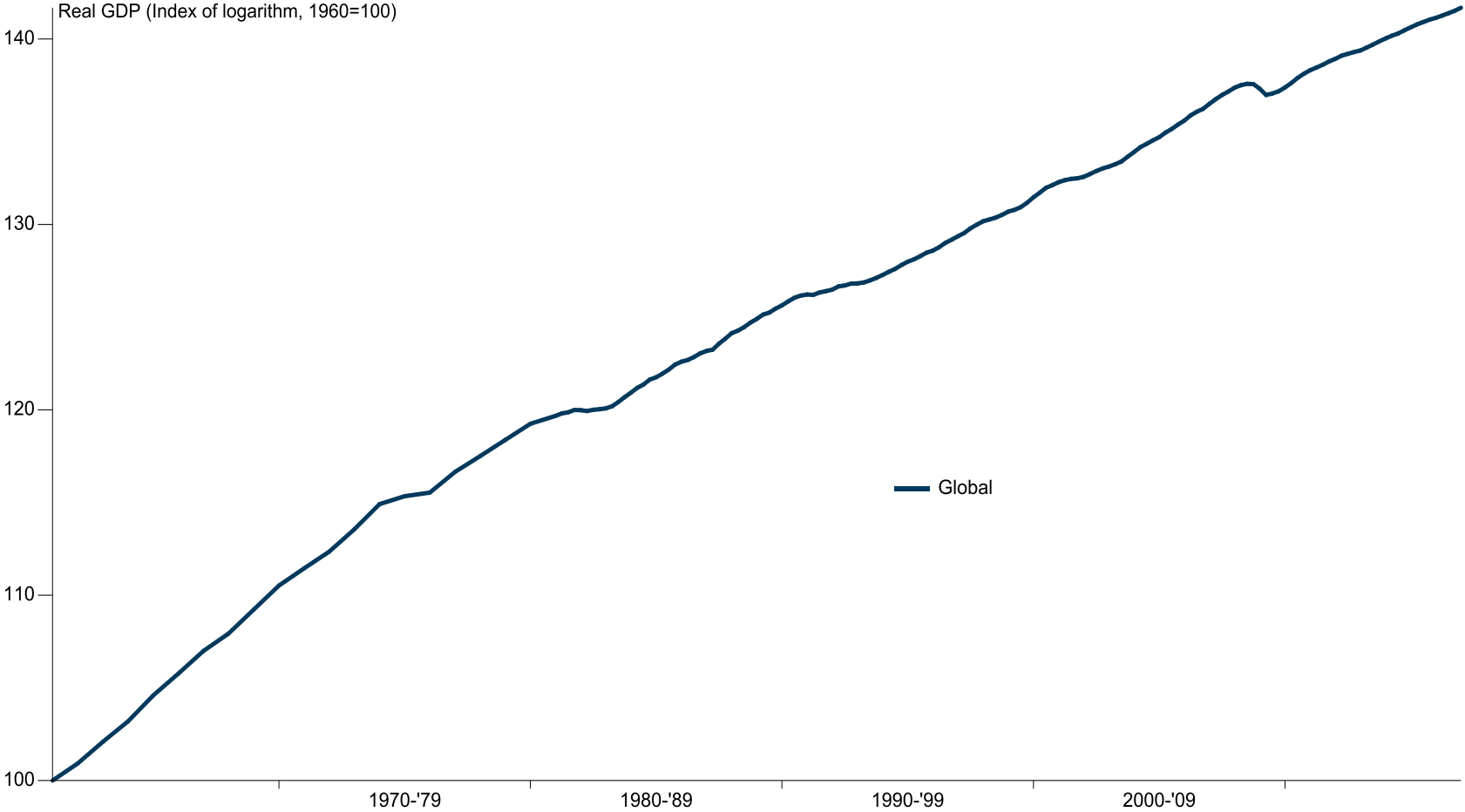
What we know, and what we don't

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*“The only function of economic forecasting is to make  
astrology look respectable.”*  
*John Kenneth Galbraith*

# Global real GDP

Growth is the norm, not the exception

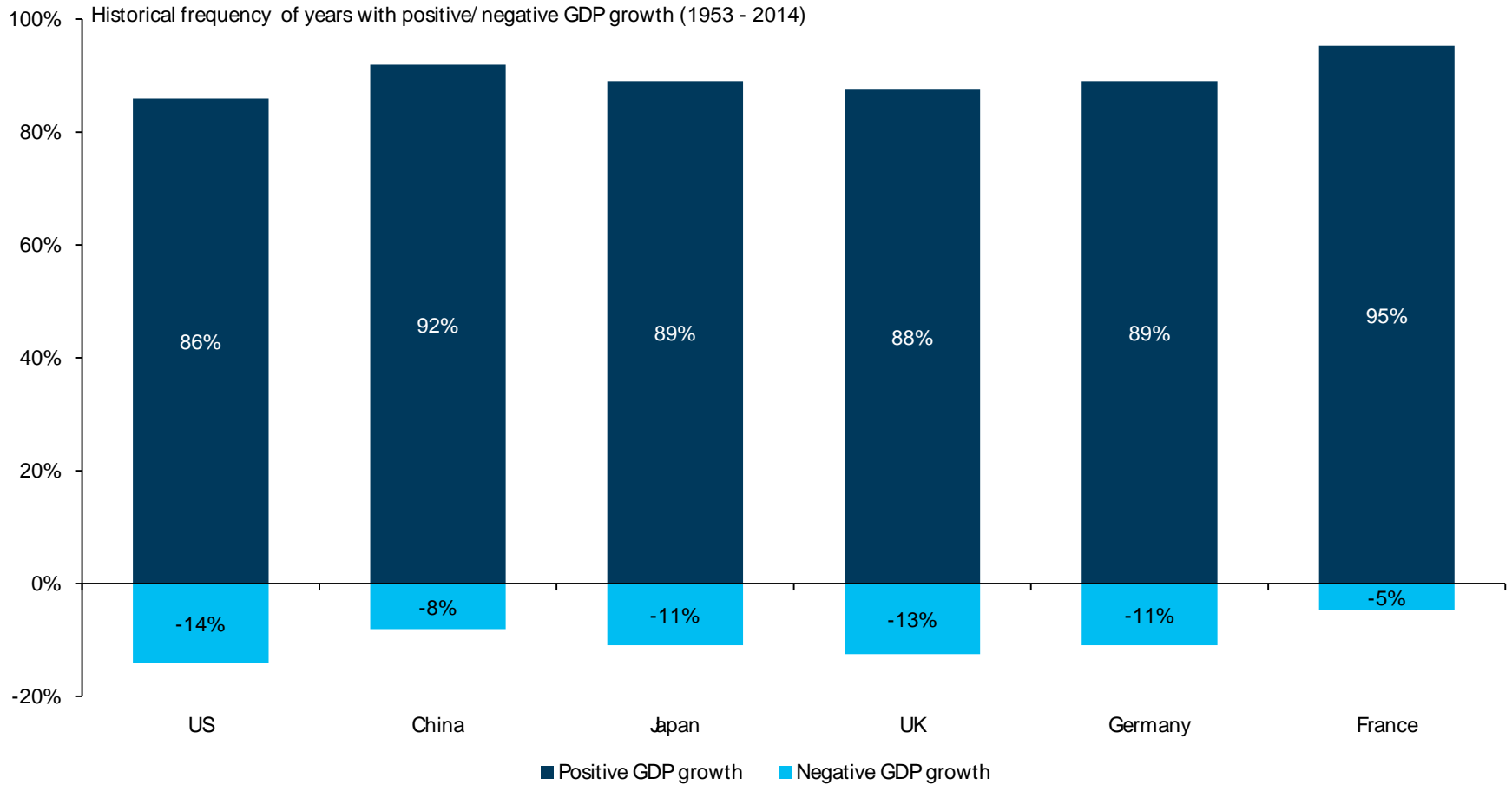


Source: Datastream, Barclays

All investments can fall in value. You may lose capital. Please note that past performance is not a guide to future performance.

# Growth in the long-run

Growth is positive most years, simply because of the interaction between the learning curve and technological innovation



Source: Datastream, Barclays

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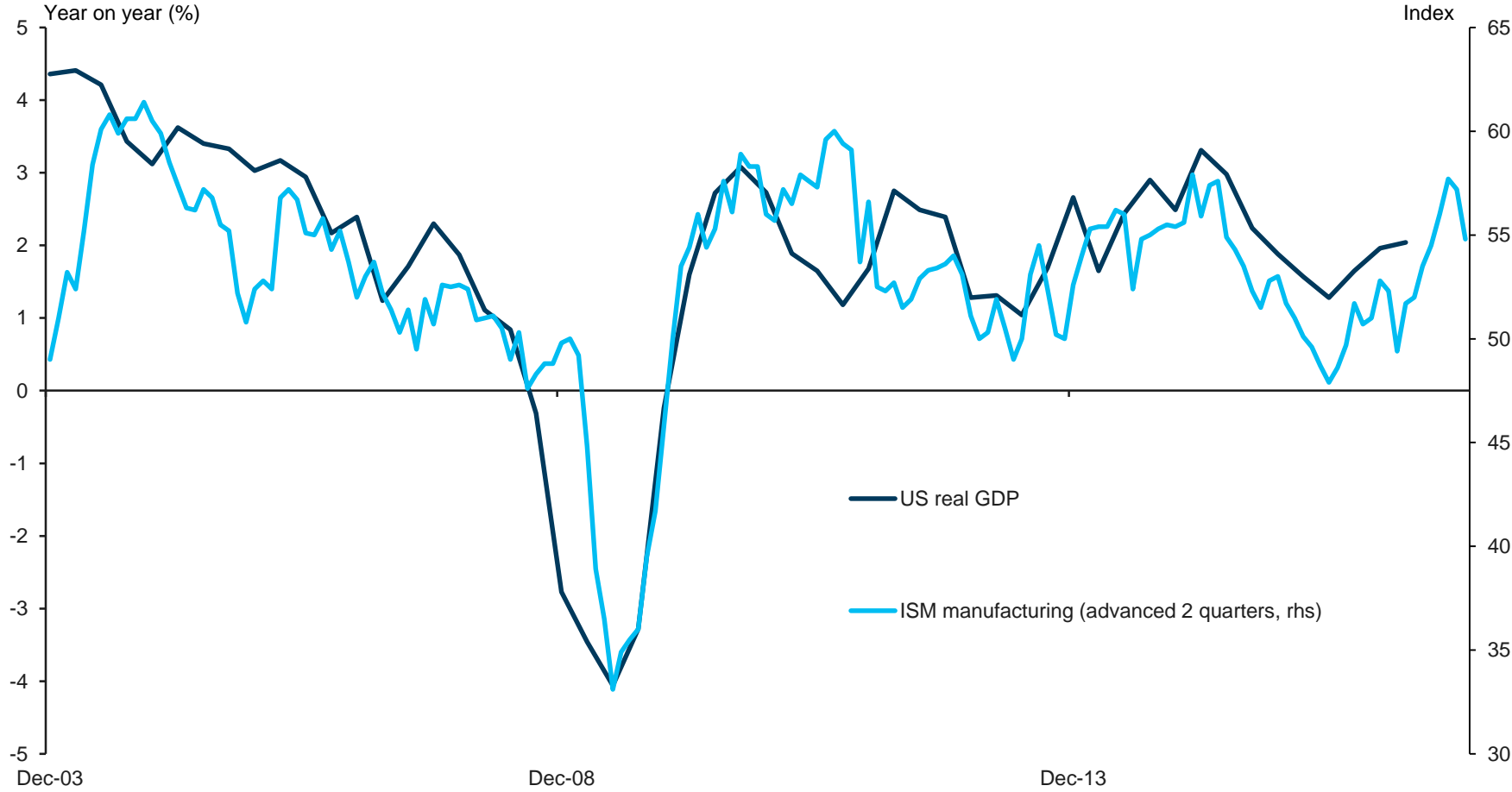
# Global economic outlook

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# USA – standing strong

Lead indicators still bode well for economic activity



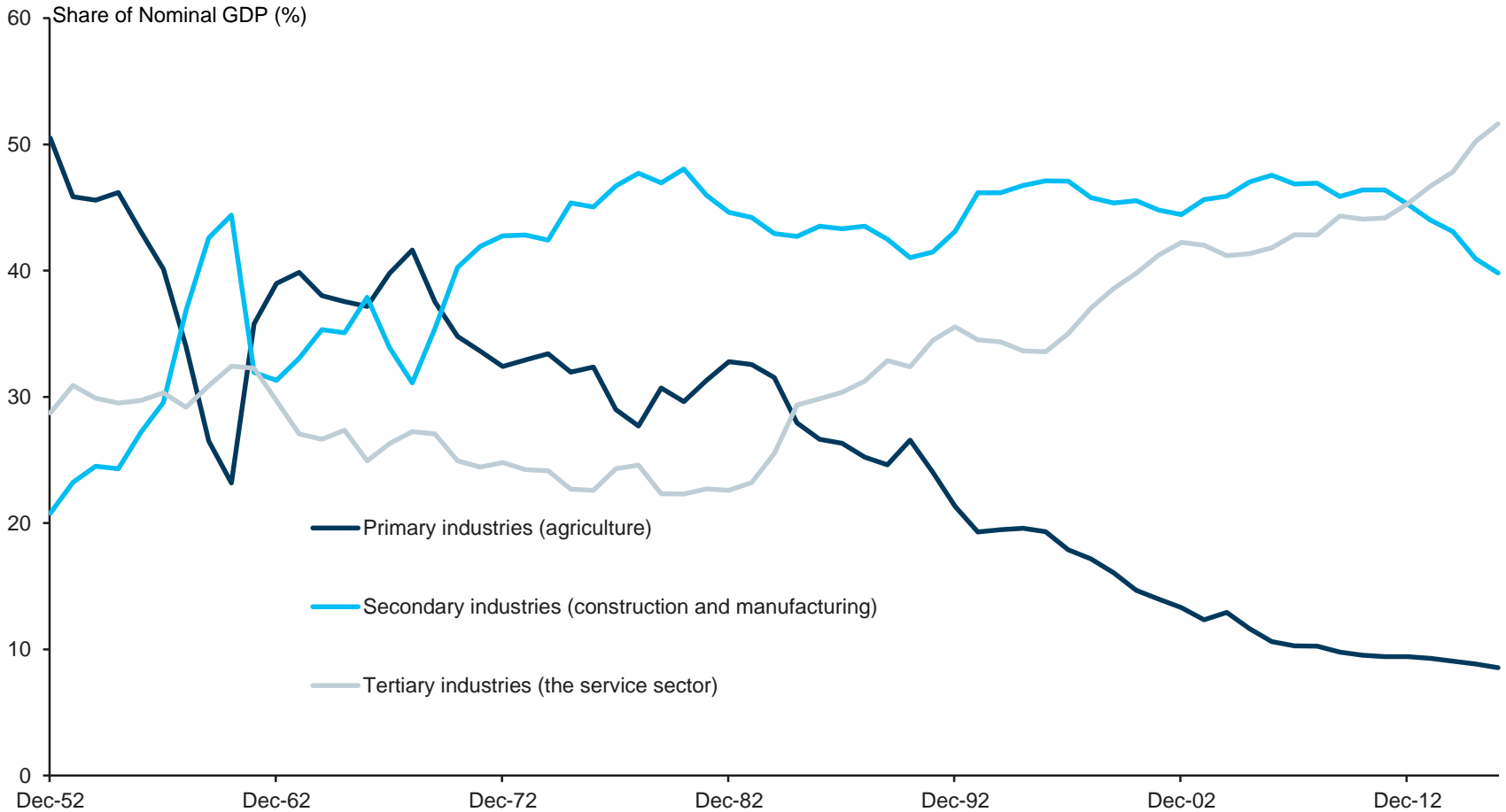
Source: Datastream, Barclays

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# China – the great rebalancing

## Shifting towards a new growth model



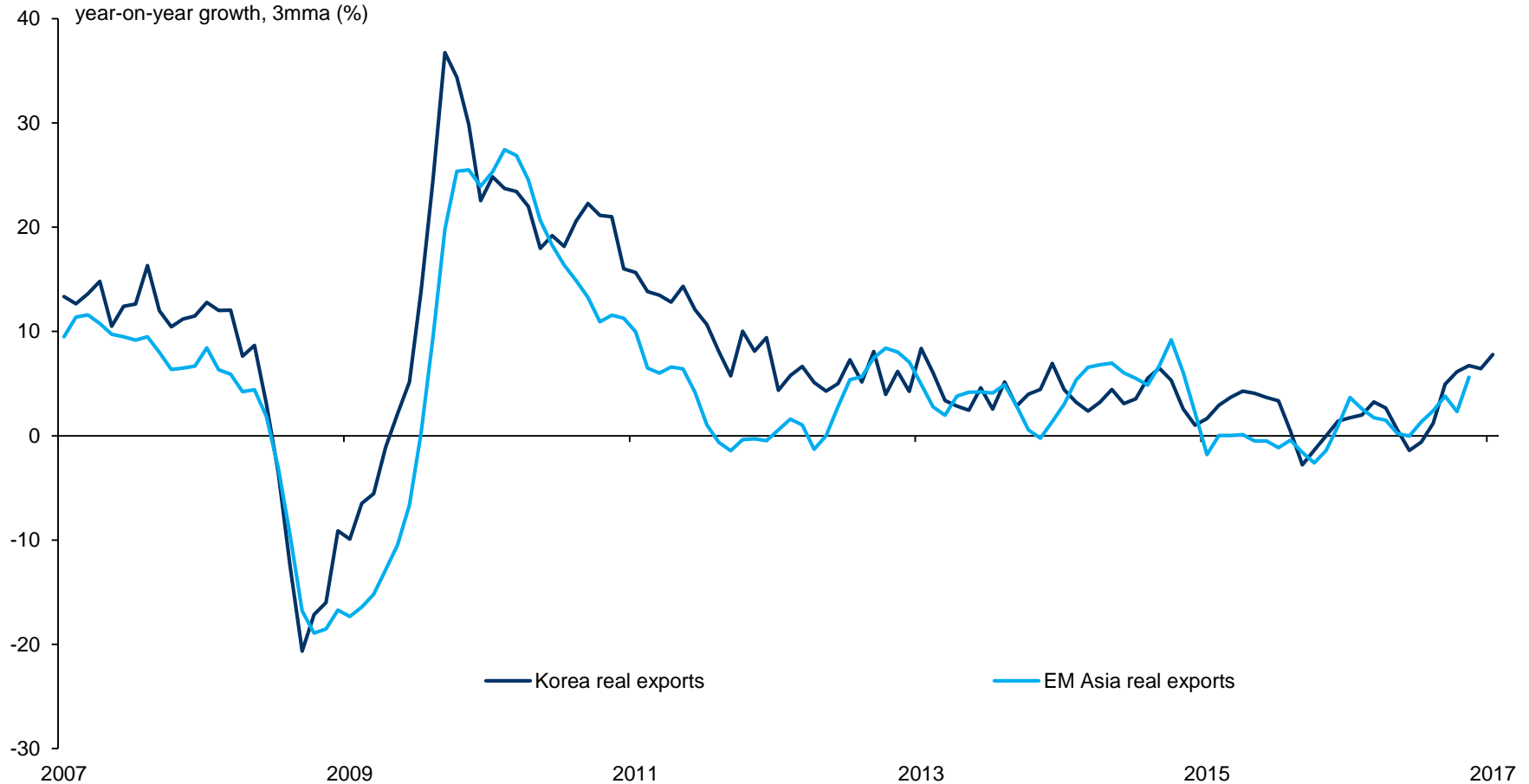
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# Global trade – cyclical upturn

Korean exports are a good lead indicator for global trade

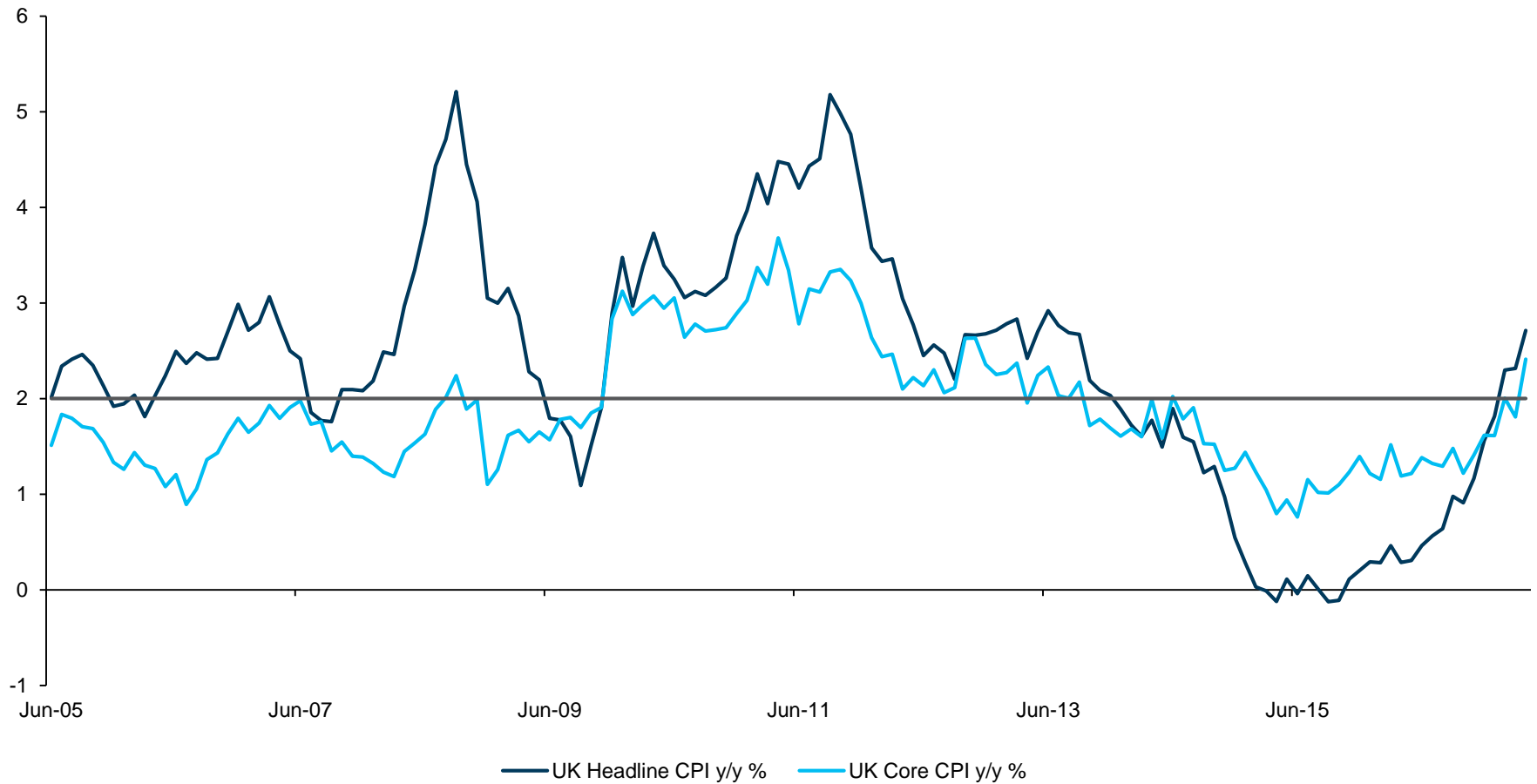


Source: Datastream, Barclays

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# UK – from deflation to inflation

Inflationary spike driven by sterling depreciation

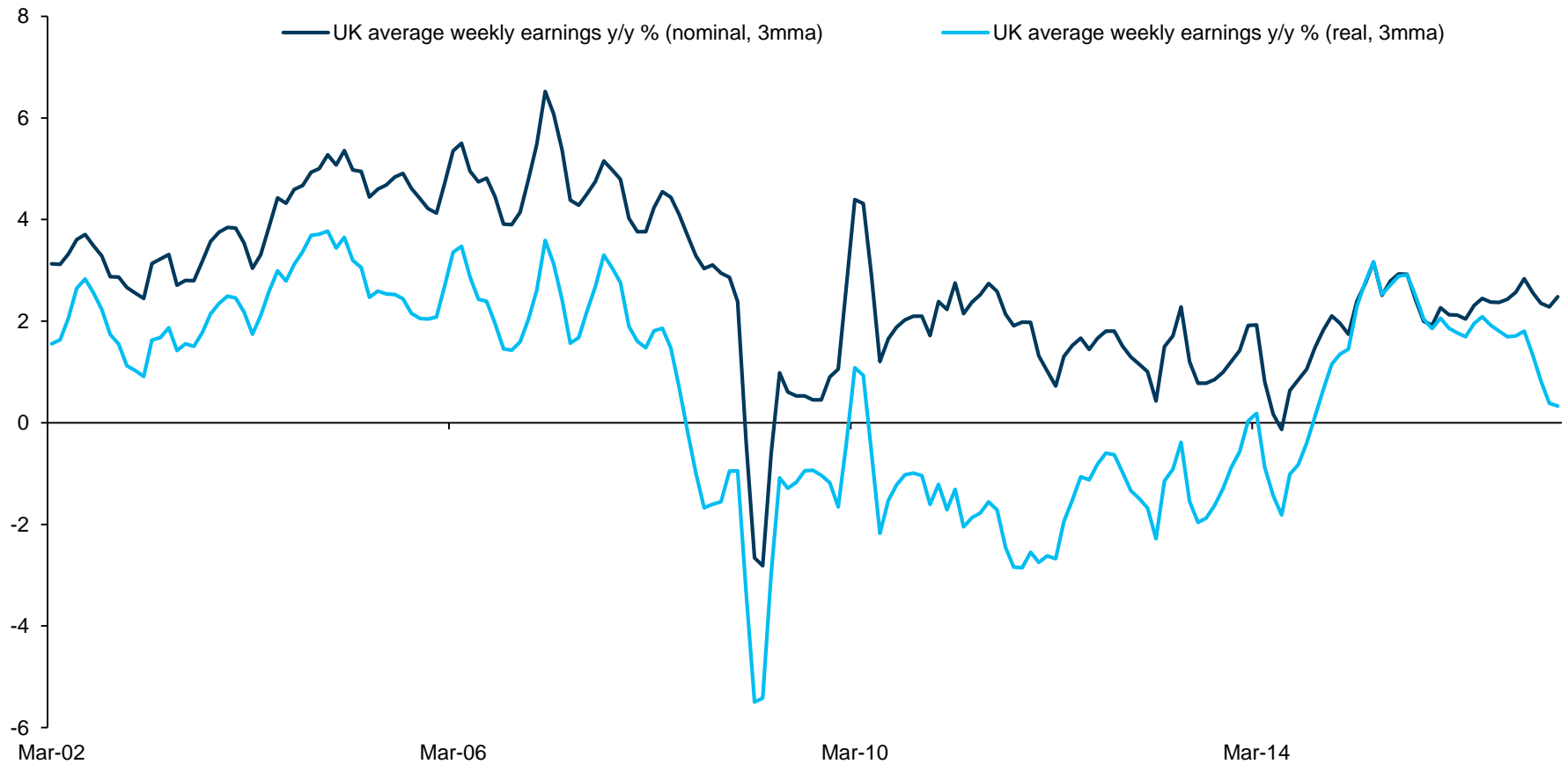


Source: Datastream, Barclays

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# UK – real wages being squeezed

Rising inflation has eaten into real wage growth

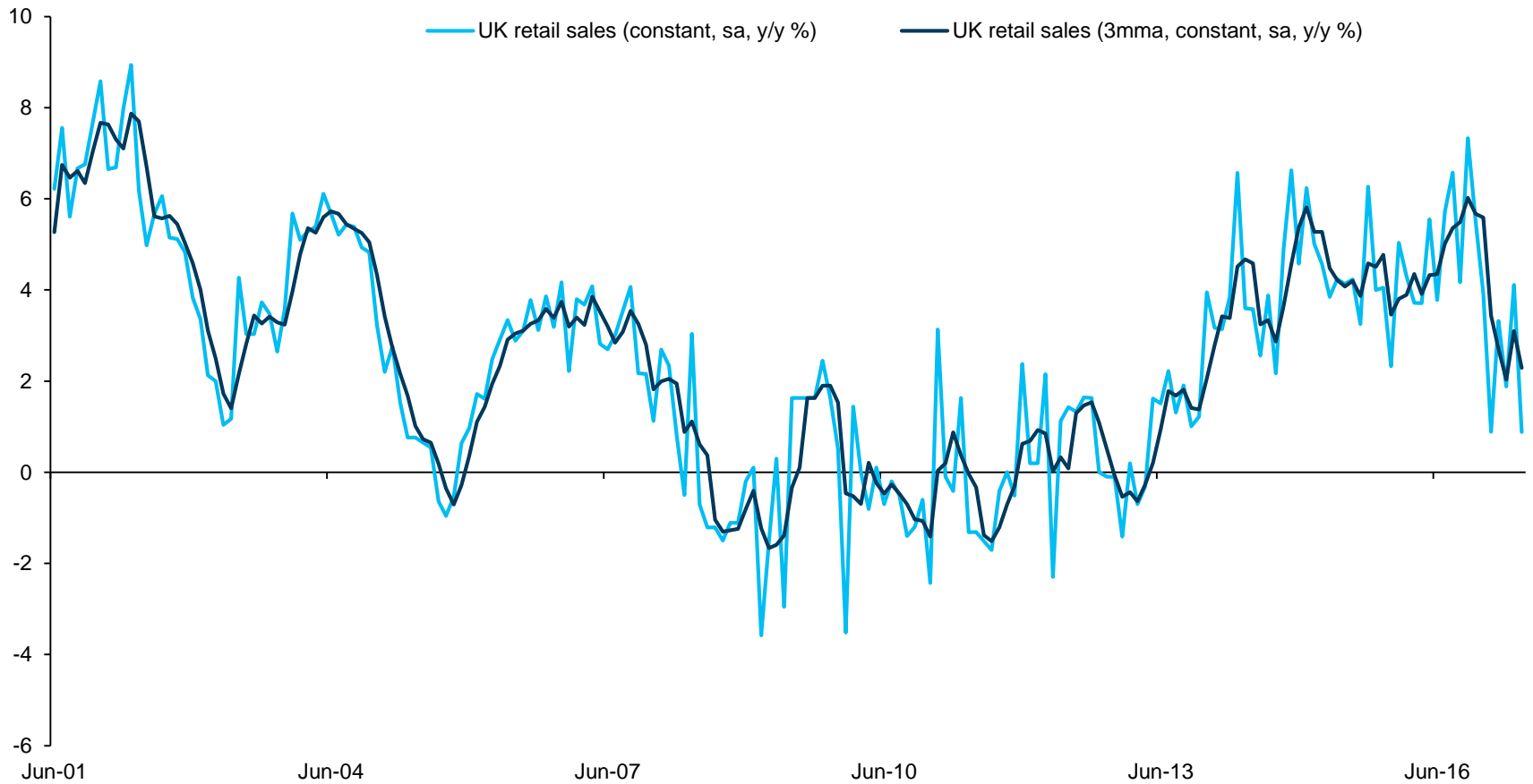


Source: Datastream, Barclays

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# UK – slowing consumption

Retail sales starting to reflect lower real incomes

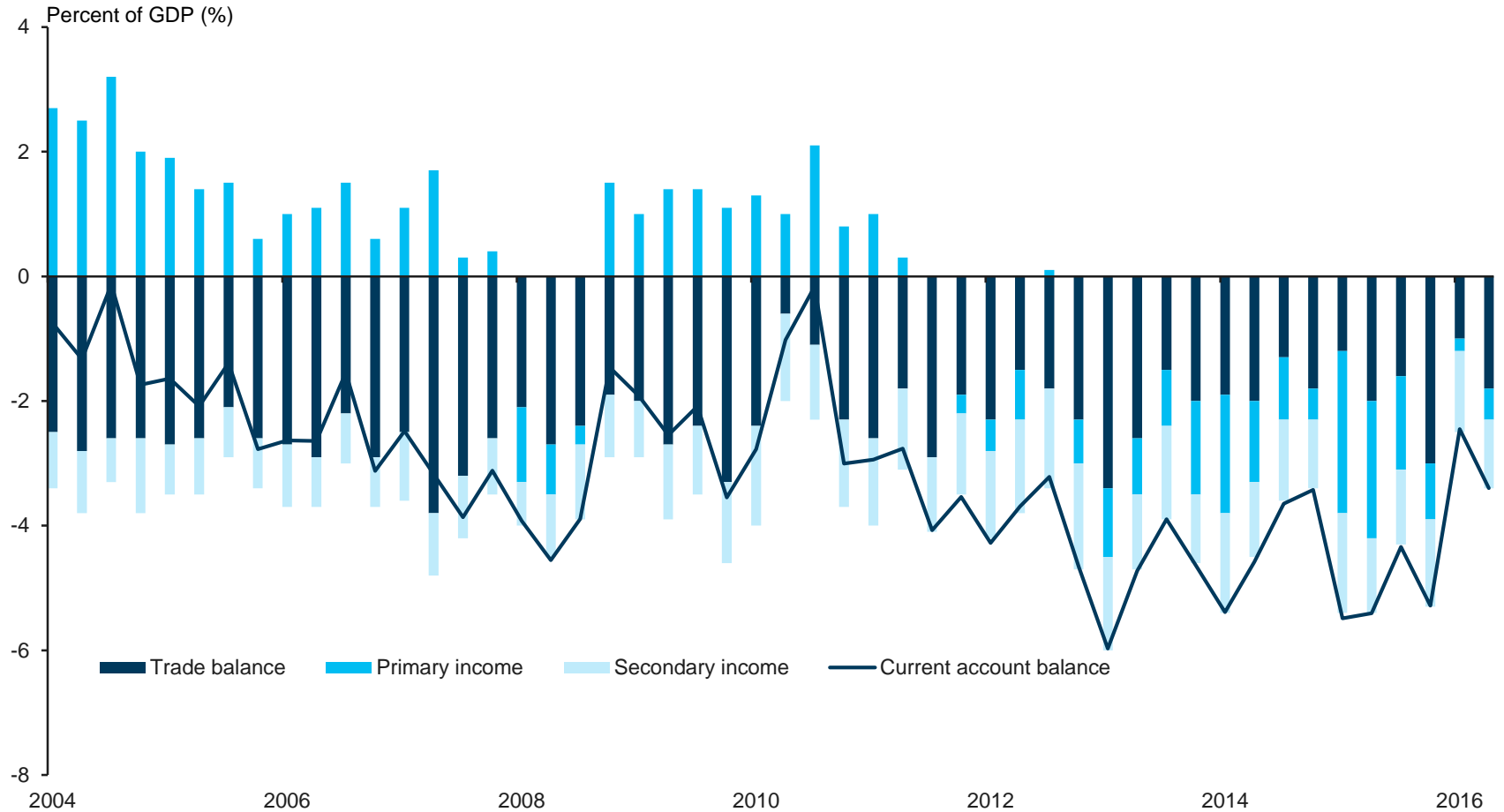


Source: Datastream, Barclays

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# UK – current account crisis?

UK likely to remain attractive to foreign direct investment



Source: Datastream, Barclays

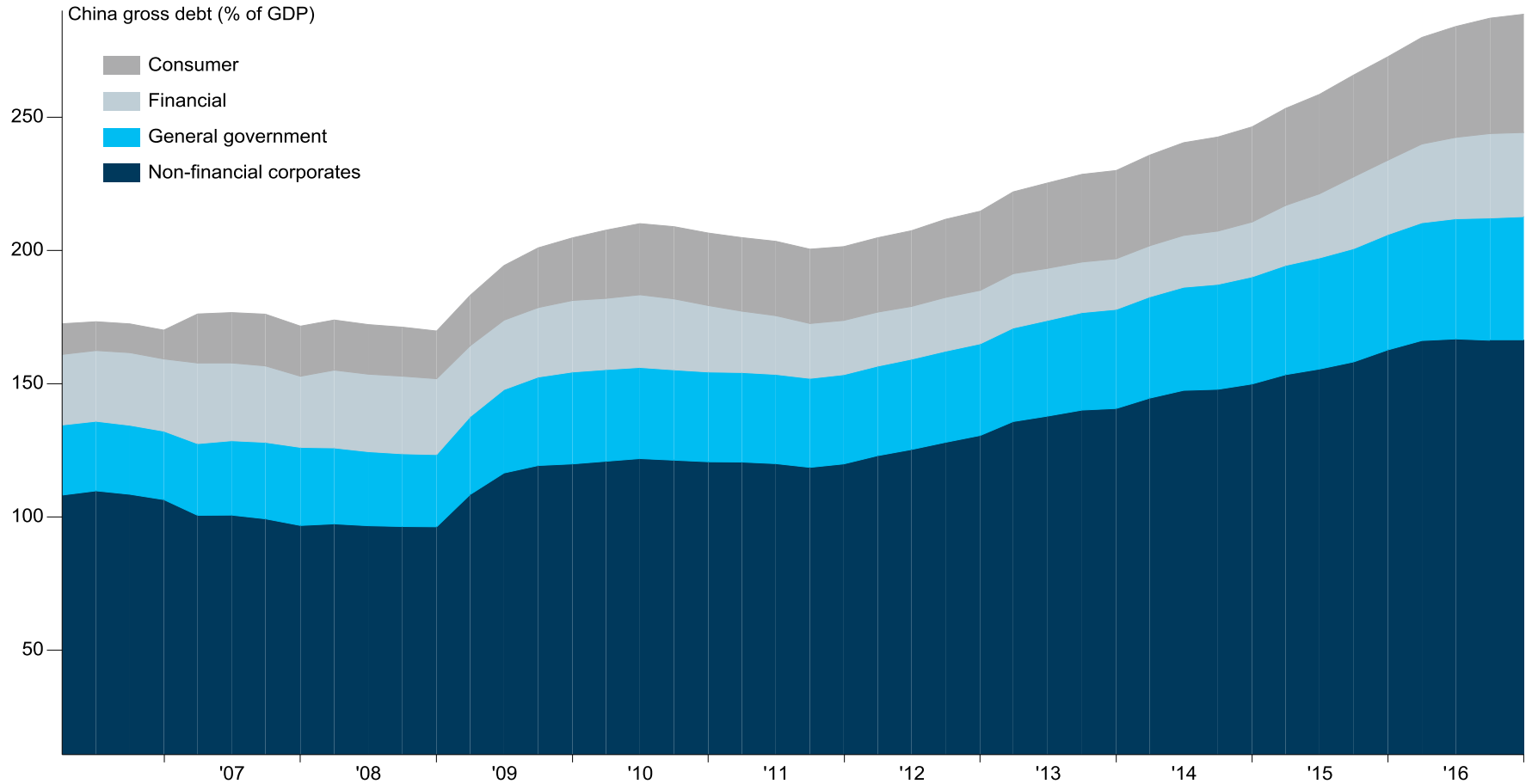
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# Three myths about the global economy

# Is there too much debt?

## Chinese debt-to-GDP ratio

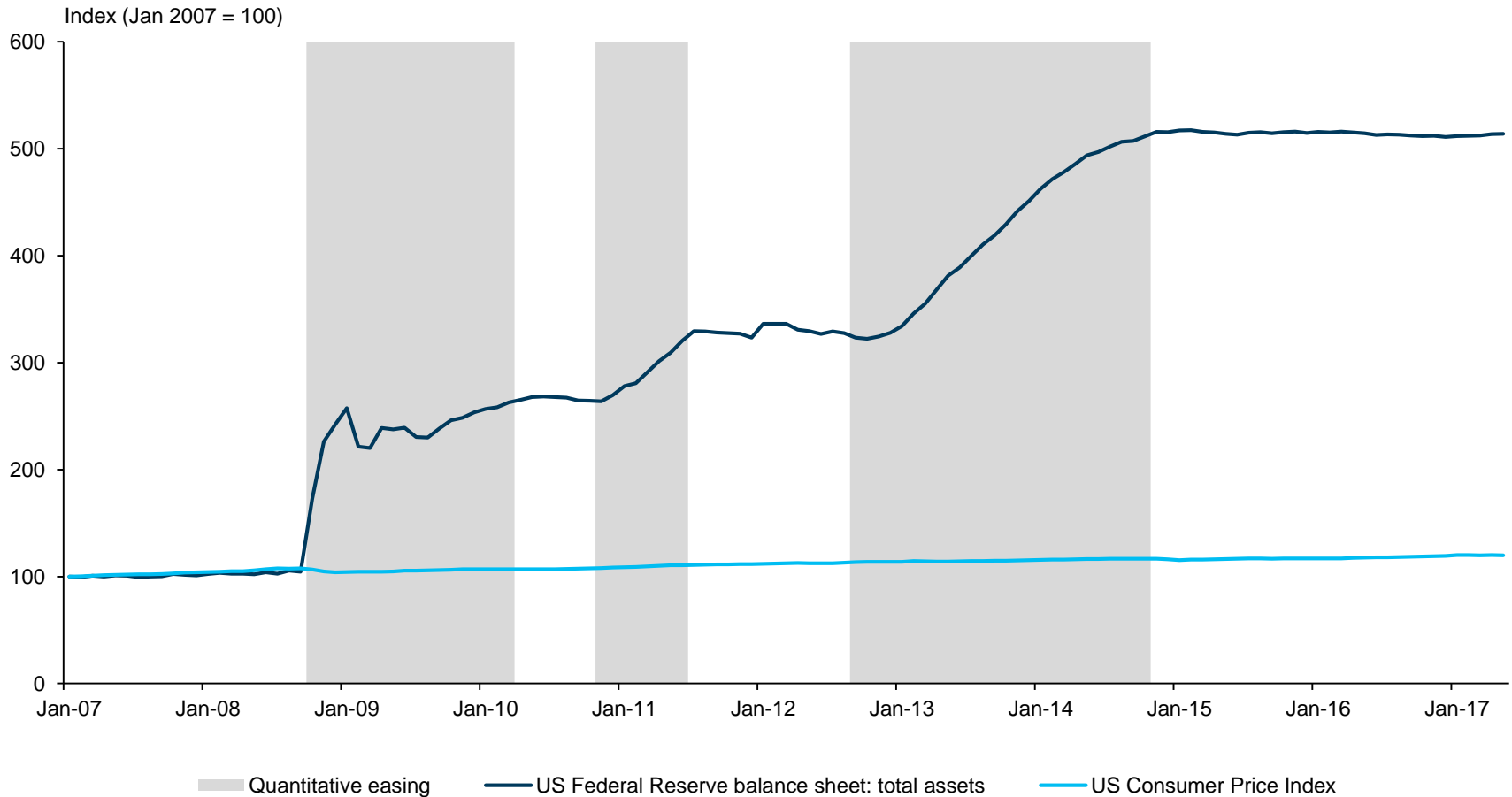


Source: Datastream, Barclays

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# Will quantitative easing lead to hyperinflation?

Easy monetary policy has coincided with low inflation, not hyperinflation



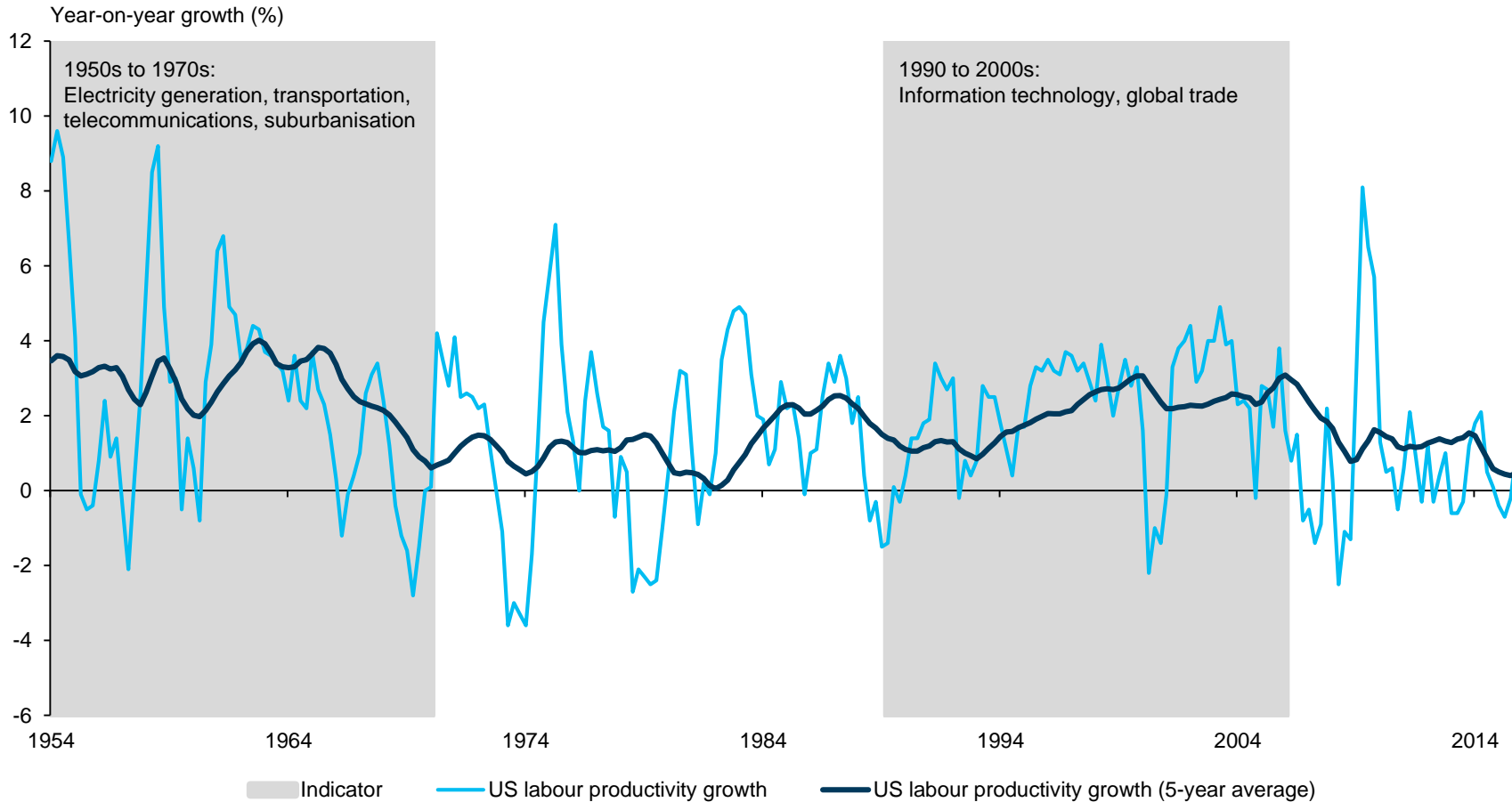
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# Is productivity growth dead?

## Technological booms come in waves



Source: Datastream, Barclays

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