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Neverending Story?
Growth normalization continues

Global economy began to decelerate in 2018

2019: Largest negative surprises in Europe, LatAm and India

SYNCHRONIZED SLOWDOWN
(GDP % YoY)

MOSTLY BELOW POTENTIAL ECONOMIC GROWTH
(% GDP Growth 2020)

Sources: IMF and CEMEX Economics
Growth normalization continues

MOSTLY BELOW POTENTIAL ECONOMIC GROWTH
(% GDP Growth 2020)
Continued threat of “looming” recession

R RECESSION FEARS SUBSIDING
(Index 15-day m.a., Google and articles max level = 100)

# Google Searches (lhs)
# Online Articles (lhs)
Average Tone in Articles* (rhs)

(Index Numbers show the interest over time. 100 means the highest degree of interest on the issue)

Slowdown? For sure (already happening)

Recession? Eventually, but no crisis

Source: Google Trends
Growth normalization continues

FORECAST GDP GROWTH (% YoY)

USA

MEXICO

GERMANY

CHINA

Source: Bloomberg

RECESSION FEARS SUBSIDING
(Index 15-day m.a., Google and articles max level = 100)

(Index Numbers show the interest over time. 100 means the highest degree of interest on the issue)
Trade war having a global impact

Manufacturing recession. Can services sustain the economy?

Source: CPB World Trade Monitor

Source: IHS Markit
Growth normalization continues

FURTHER MODERATION AHEAD
(% YoY)

- Actual
- Target (lower-end)

Growing pains: industrial sector winding down after shift from exports to domestic consumption

New environment policies further impact industry

Trade war escalation

Government infrastructure boost


7.4 7 6.8 6.9 6.7 6.1 5.9 5.8

2020: FOUNDATIONS STILL SHAKY

CONSUMPTION TO REMAIN LACKLUSTRE
WEAKNESS IN CAPEX PERSISTS
THOUGH INFRASTRUCTURE MAY RECOVER

AND MAJOR CONCERNS REMAIN

Debt
Demographics
Trade War
Technology tensions
Political concerns (HK, Taiwan)
Economic disruptions

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7.4 7 6.8 6.9 6.7 6.1 5.9 5.8
Monetary Policy: The new “snake” oil

Source: Bloomberg

SOME MARKETS DOING BETTER THAN OTHERS
(Jan 18 =100)

US S&P 500
EURO STOXX 600
HANG SENG COMPOSITE
EURO STOXX BANKS

Fed reacting to markets?

Powell: “patient” with monetary policy
Powell open to rate cuts

How high is too high?

Excess liquidity
Buybacks
Physical versus financial investments
“New” versus “Old economy”

Source: Bloomberg
How low is too low?
As long as inflation does not pick up
Neverending Story
- Growth normalization
- Trade, collateral damage

Easy Money
- Return to dovishland
- The new “snake” oil

A Few Good Men

Risky Business
A Few Good Men…
Easy Money
Return to dovishland
The new “snake” oil

Neverending Story
Growth normalization
Trade, collateral damage

A Few Good Men

Risky Business
Other clouds in the horizon

Geopolitics dominates economic policy, casts shadow on investments
Other clouds in the horizon

With global links, no unexpected event is isolated. These may affect productivity, trade, prices.
Economy continues to grow
(no excesses in Main St.)

Market addicted to Easy Money
(mispriced assets)

Strong unpredictable leaderships
Thank you