



Recovery – but can it last?

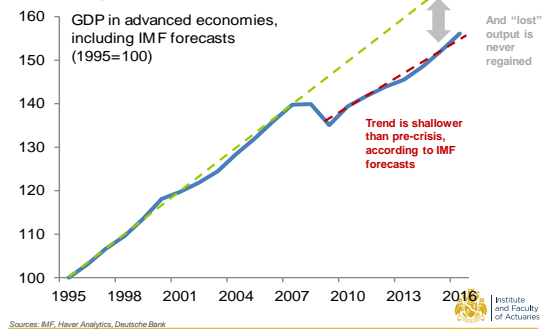
George Buckley

6 November 2013

1. Where we are in the recovery cycle?

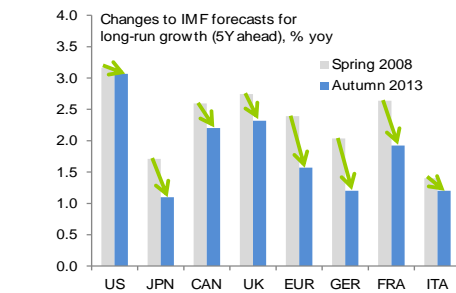
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The starting point



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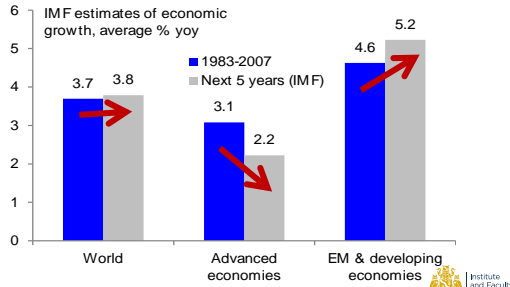
Some countries have fared worse than others



Sources: IMF, Haver Analytics, Deutsche Bank

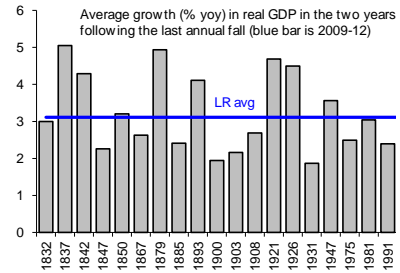
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But generally EM is expected to outperform DM



5

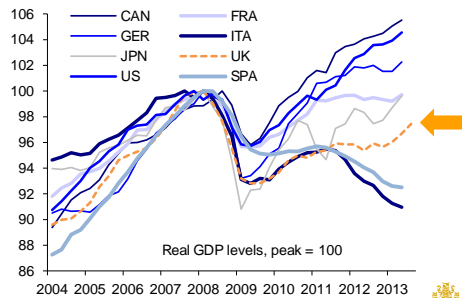
What about the UK?



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6

Only Italy among the G7 has been worse than the UK



Sources: Haver Analytics, Deutsche Bank

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7

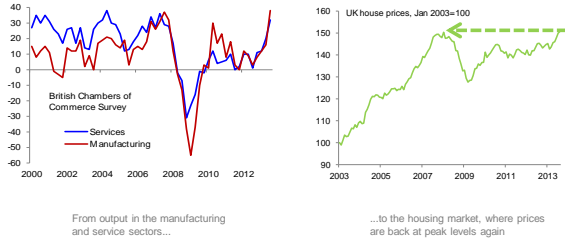
2. Engineering a recovery



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8

There is little doubt a recovery is happening



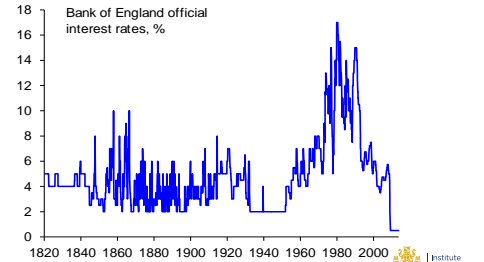
Sources: BCC, ONS, Haver Analytics, Deutsche Bank

9

But only with significant outside help



A. Conventional monetary policy



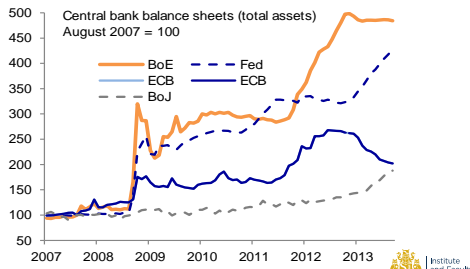
Sources: Bank of England, Haver Analytics, Deutsche Bank

10

But only with significant outside help



B. Unconventional monetary policy



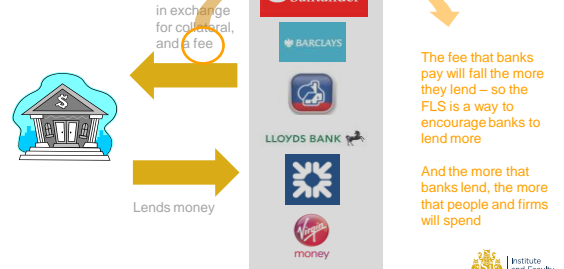
Sources: Bank of England, ECB, Federal Reserve, BoJ, SNB, Haver Analytics, Deutsche Bank

11

But only with significant outside help



C. Funding for Lending (FLS)



Sources: Deutsche Bank

12

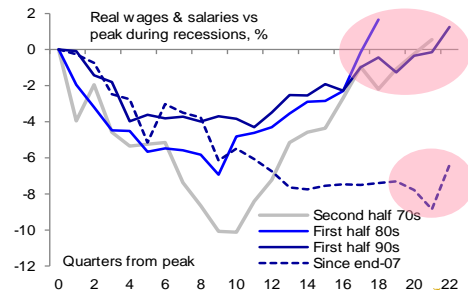
There are some key threats to growth

- A. **Rebalancing:** Households, banks, and the government
- B. **Interest rates:** Inflation risks could prompt BoE tightening
- C. **The housing market:** Still looks overpriced on some metrics
- D. **Falling real wages:** Difficult to see strong consumer spending

Sources: Deutsche Bank



17



Sources: ONS, Haver Analytics, Deutsche Bank



18

There are some key threats to growth

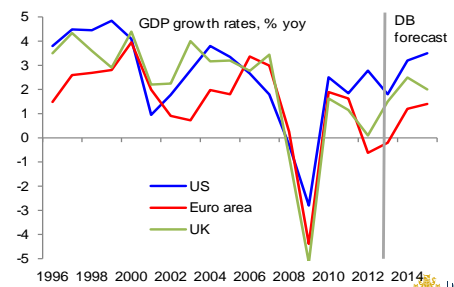
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- C. **The housing market:** Still looks overpriced on some metrics
- D. **Falling real wages:** Difficult to see strong consumer spending
- E. **Return of crisis to Europe:** Italy and Spain the main risks
- F. **Is the tech revolution over?:** Robert Gordon & Kondratieff Waves
- G. **Demographics:** Few countries moving in the right direction
- H. **A.N.Other:** US debt/slower world growth/oil price spike

Sources: Deutsche Bank



19

Despite all that...



Sources: Haver Analytics, Deutsche Bank



20



Questions?

