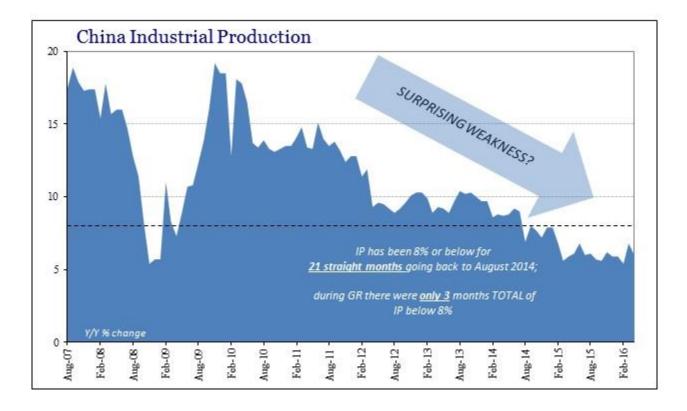


"The economy has been *full of surprises this year*, starting with *economic troubles in China* that helped fueled two months of financial market turbulence and raised worries the U.S. economy could be headed for a recession."

Associated Press Article, June 6, 2016

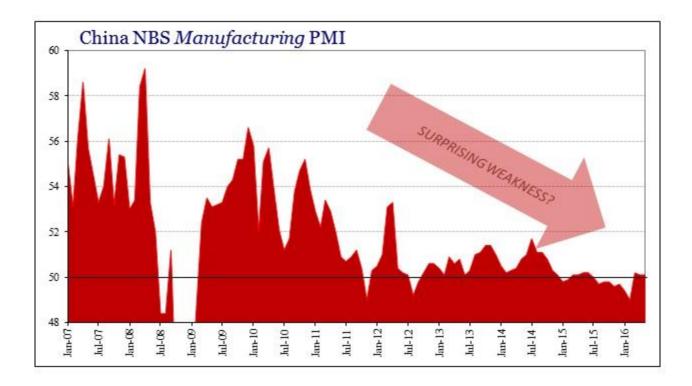




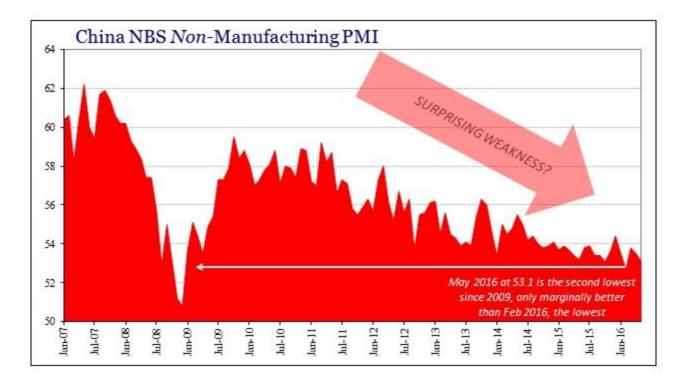


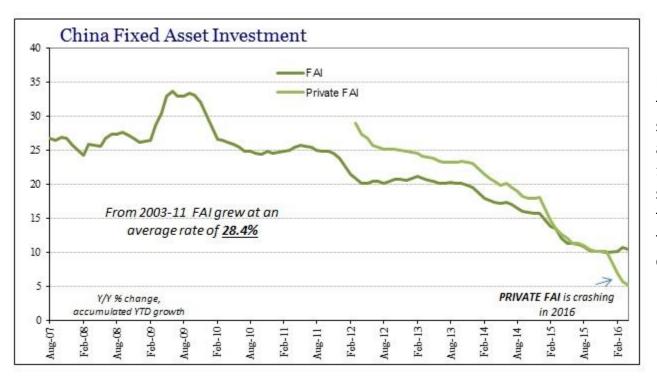








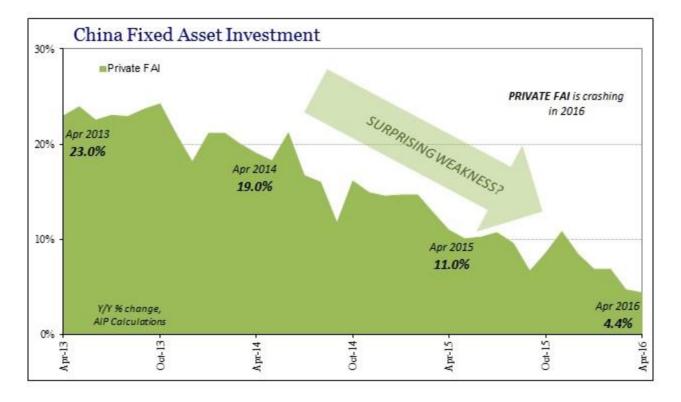




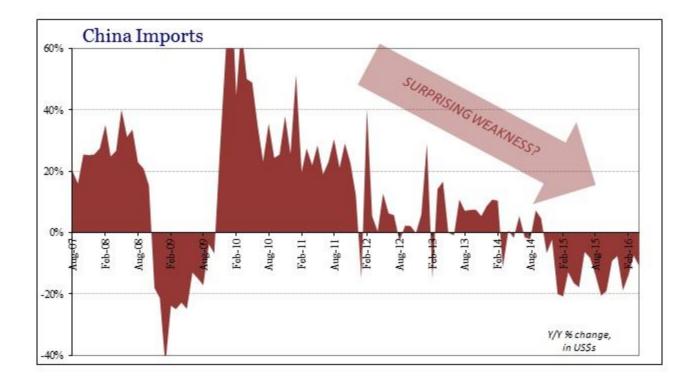
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> Because China is still oriented toward manufacturing, private spending to increase that capacity accounts for about *a third* of *all* Chinese labor! Further, state-owned media has reported that Private FAI is responsible for **90%** of *new* urban employment.

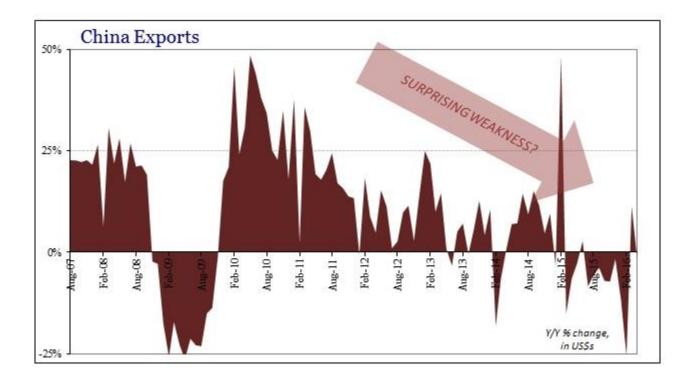














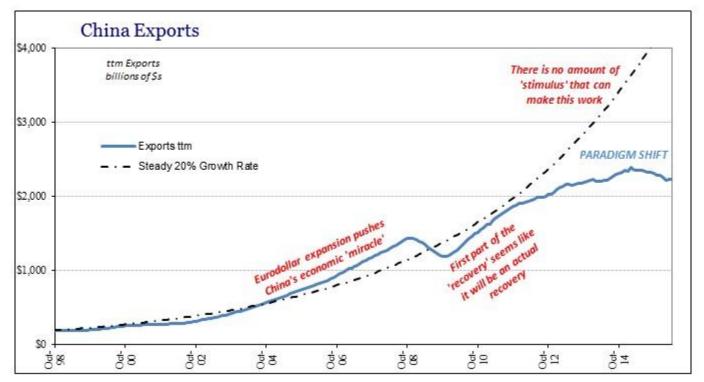
There is far too much emphasis on RECESSION and CYCLE such that it misses easily what is really happening.



There is more nuance to the world than strictly a binary economic paradigm of *recession* or *not recession*.



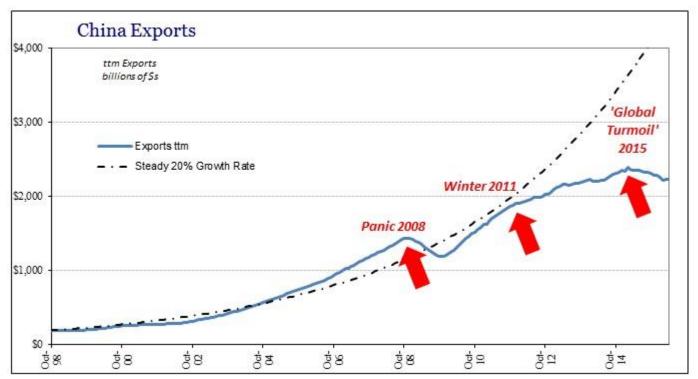
PARADIGM SHIFT





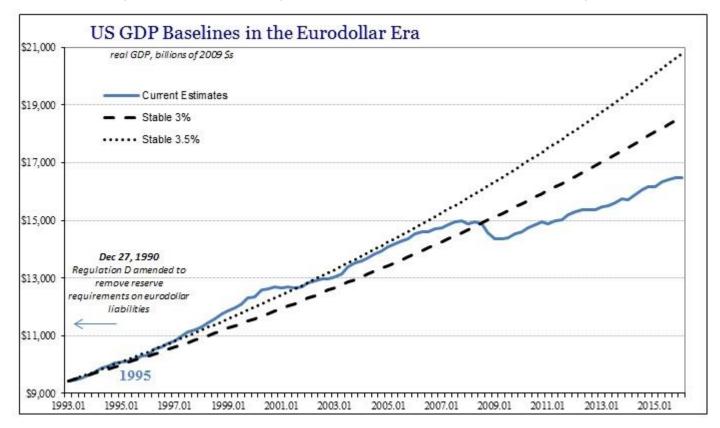
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Eurodollar System Inflections

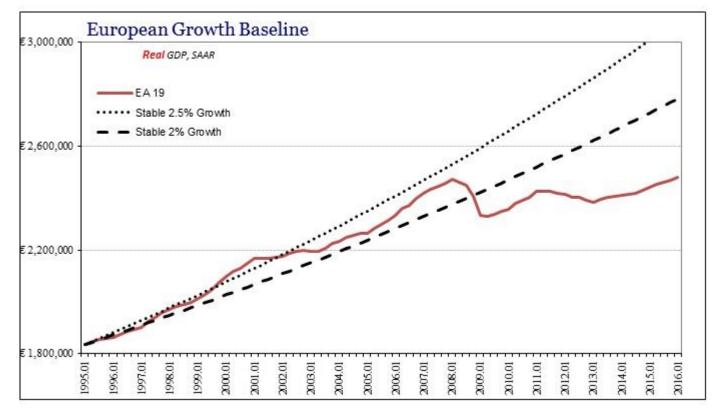


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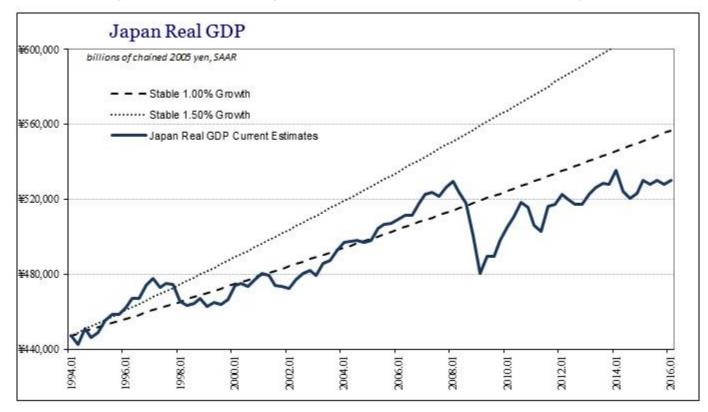


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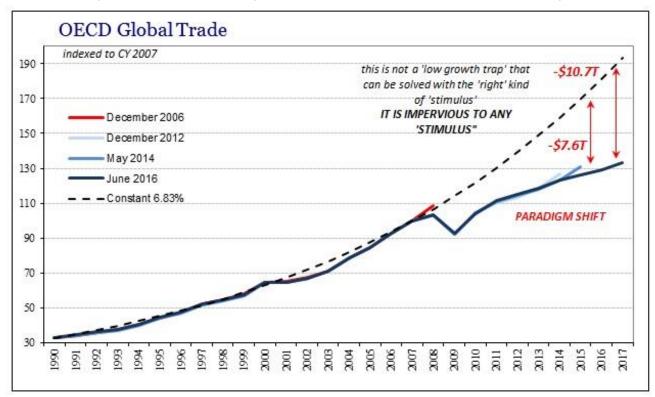


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Did the world economy just 'forget' how to grow after the Great Recession?



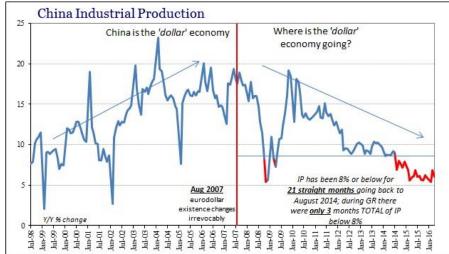
Economic Baselines in the Eurodollar Era \$21,000 real GDP, billions of 2009 \$s - Current Estimates \$19,000 Stable 3% PEAKPHASE ····· Stable 3.5% housing mania \$17,000 **BUILDUP PHASE** \$15,000 DECAY PHASE \$13,000 mostly devoid of monetary boost (with the exception of corp bonds) Dec 27, 1990 \$11,000 -Regulation D more direct economic growth overseas credit-based 'investment' called back (via credit creation) focused overseas esp. China \$9,000 +------2001.01 2003.01 2005.01 2007.01 ***** 1993.01 1995.01 1997.01 1999.01 2009.01 2011.01 2013.01 2015.01 OCC: Wholesale/Eurodollars 'Money Supply' \$250,000 \$20,000 Total Notional US Banks in billions \$16,000 \$200,000 -Credit Default Swaps Interest Rate Swaps - RHS \$150,000 \$12,000 \$8,000 \$100,000 \$4,000 \$50,000 \$0 \$0 2005.04 2013.04 1993.04 995.04 997.04 90,004 2001.04 2003.04 2007.04 2009.04 2011.04 2015.04

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Systemic Reset can be a scary proposition, but in the end it really is great OPPORTUNITY...





