BCα Research

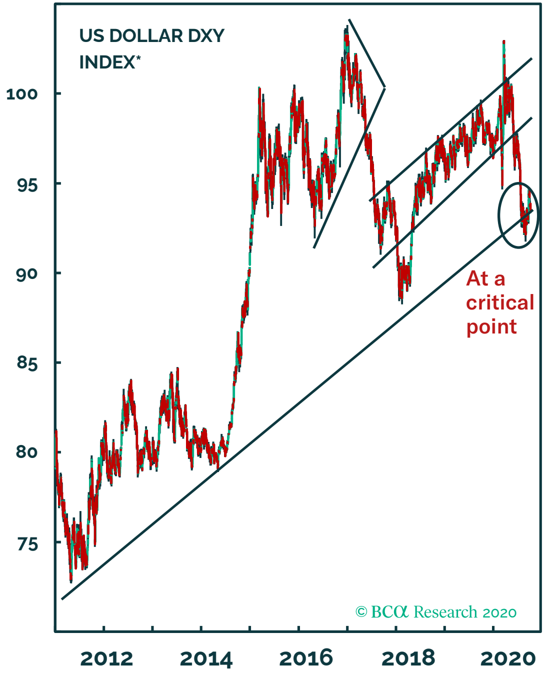
Investment Conference 2020

Shape Your Conviction™

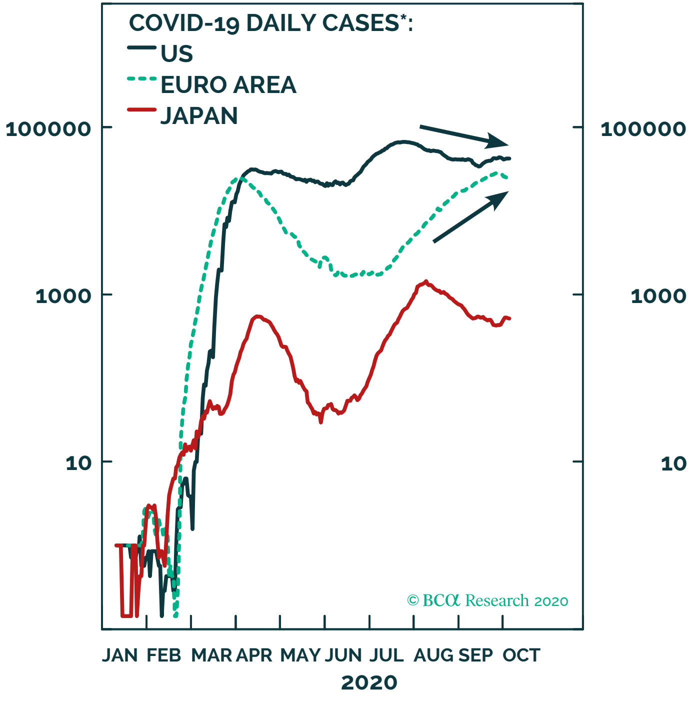
The Great FX Rotation

Chester Ntonifor
Foreign Exchange Strategist
chestern@bcaresearch.com

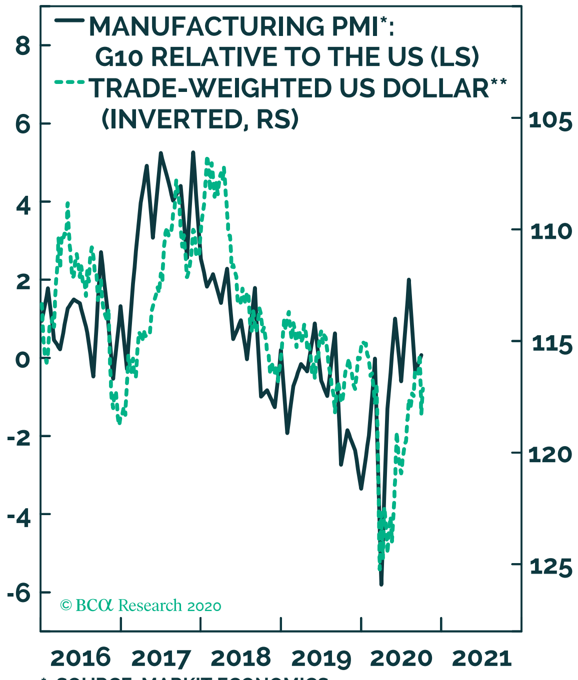
The Dollar Is Breaking Down



* SOURCE: BLOOMBERG/NYMEX.

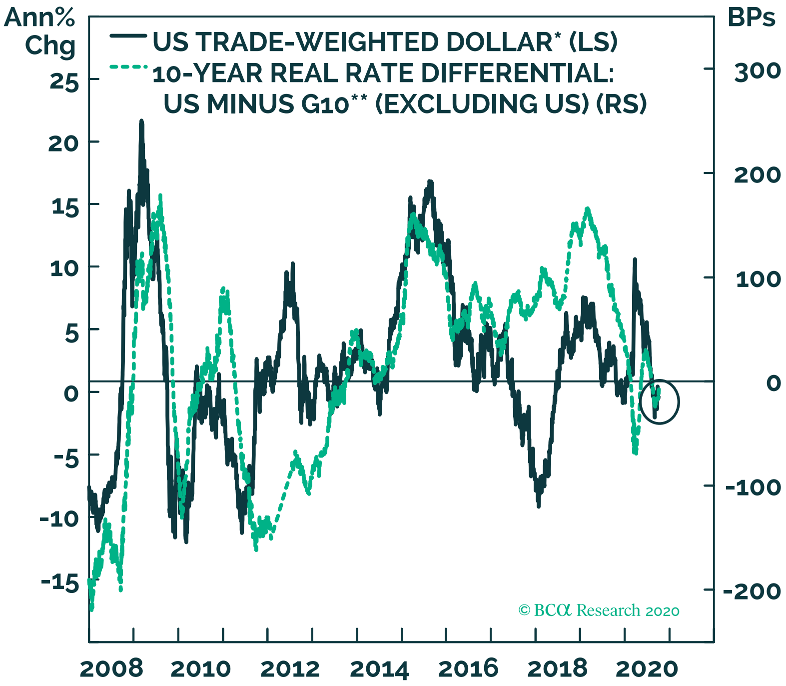


* SHOWN IN LOG SCALE AND AS 7-DAY MOVING AVERAGES.
SOURCE: WHO.

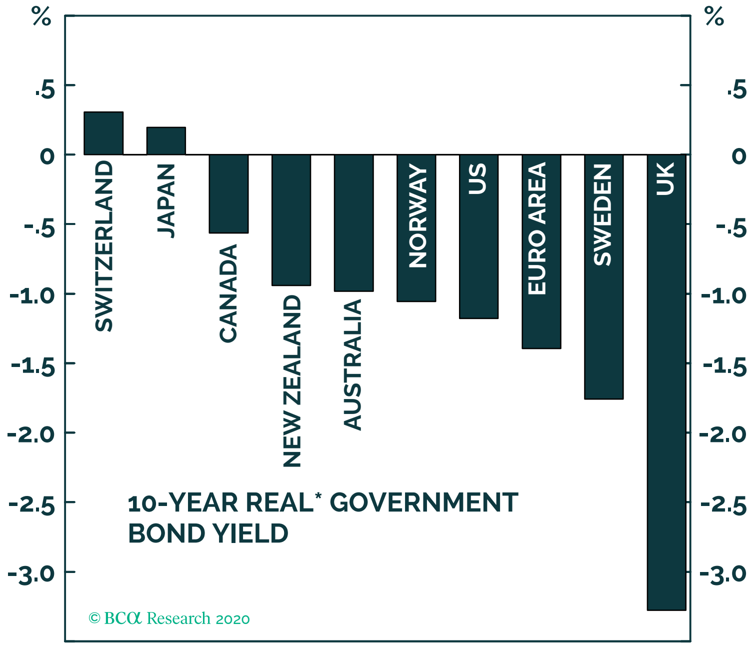


* SOURCE: MARKIT ECONOMICS.
** SOURCE: FEDERAL RESERVE.

Real Yields Are Low In The US

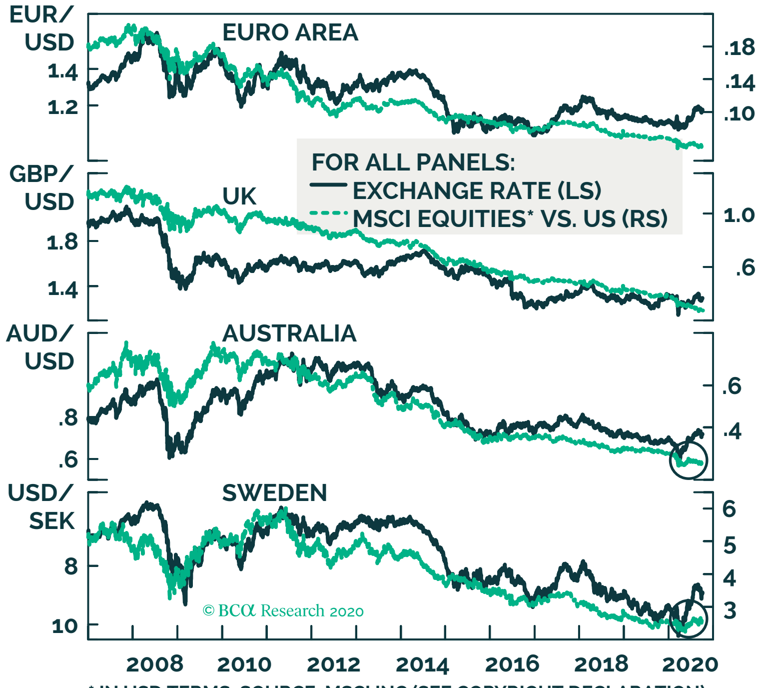


* SOURCE: FEDERAL RESERVE.
** ARITHMETIC AVERAGE OF AUSTRALIA, CANADA, EURO AREA, JAPAN, NEW ZEALAND, NORWAY, SWEDEN, SWITZERLAND, AND THE UK
NOTE: ALL SERIES SHOWN SMOOTHED EXCEPT FOR LATEST DATA POINT.

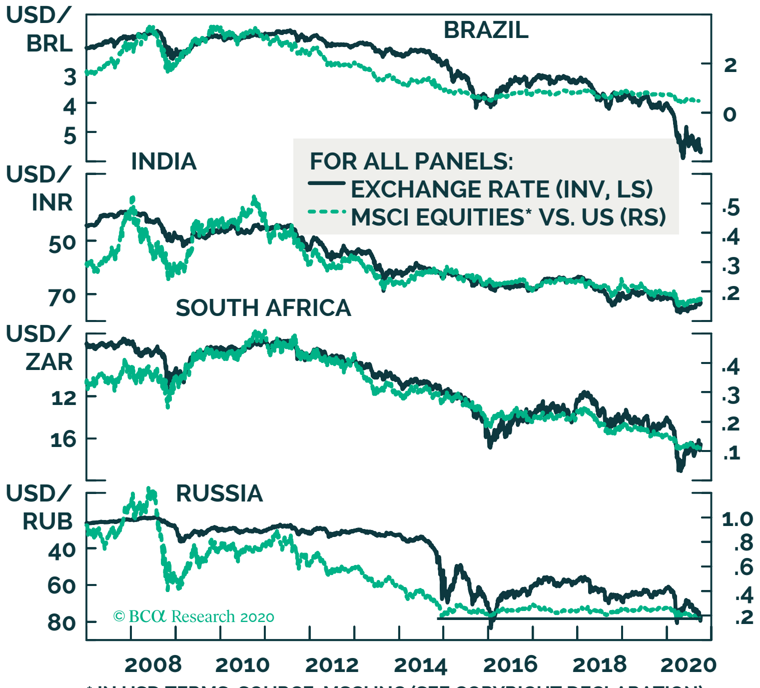


* DEFLATED BY 10-YEAR CPI SWAP RATES. HEADLINE CONSUMER PRICES USED FOR NORWAY, SWITZERLAND AND NEW ZEALAND.

Nascent Outperformance Of Non-US Markets

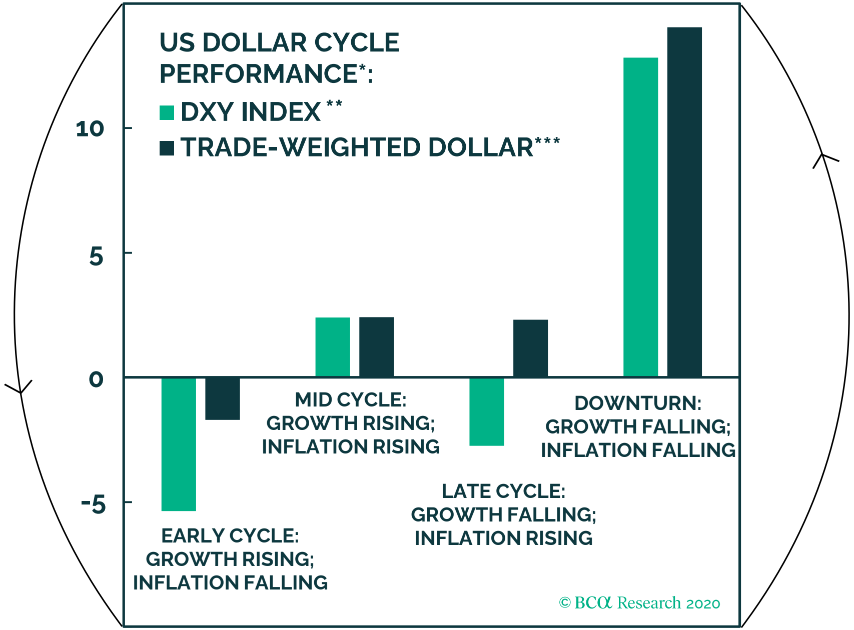


* IN USD TERMS; SOURCE: MSCI INC (SEE COPYRIGHT DECLARATION).



* IN USD TERMS; SOURCE: MSCI INC (SEE COPYRIGHT DECLARATION).

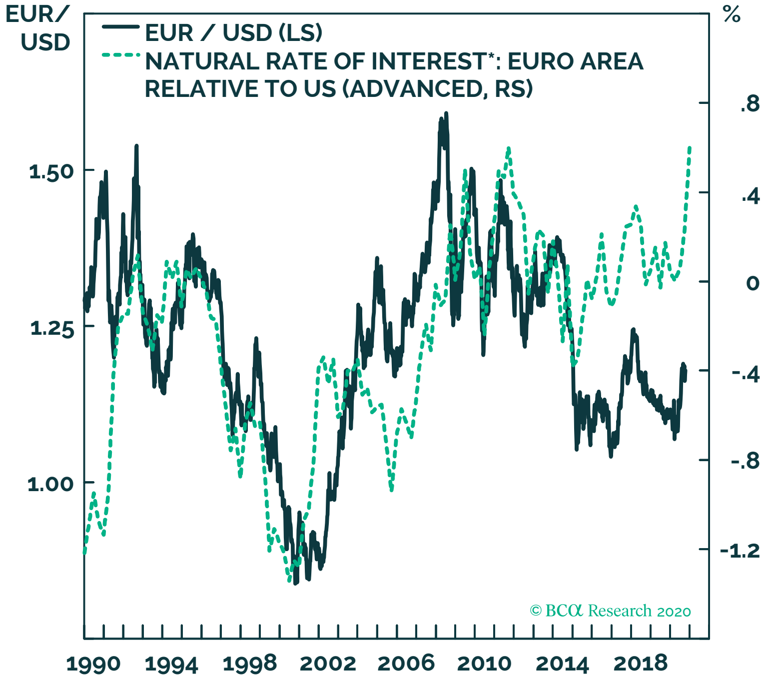
The Dollar And Cycles



* ANNUALIZED MEDIAN RETURN FOR EACH CYCLE. CYCLE SAMPLE: FEBRUARY 1973 - APRIL 2020. GROWTH PROXY BASED ON OECD LEADING ECONOMIC INDEX; INFLATION PROXY BASED ON OECD HEADLINE CONSUMER PRICE INDEX.

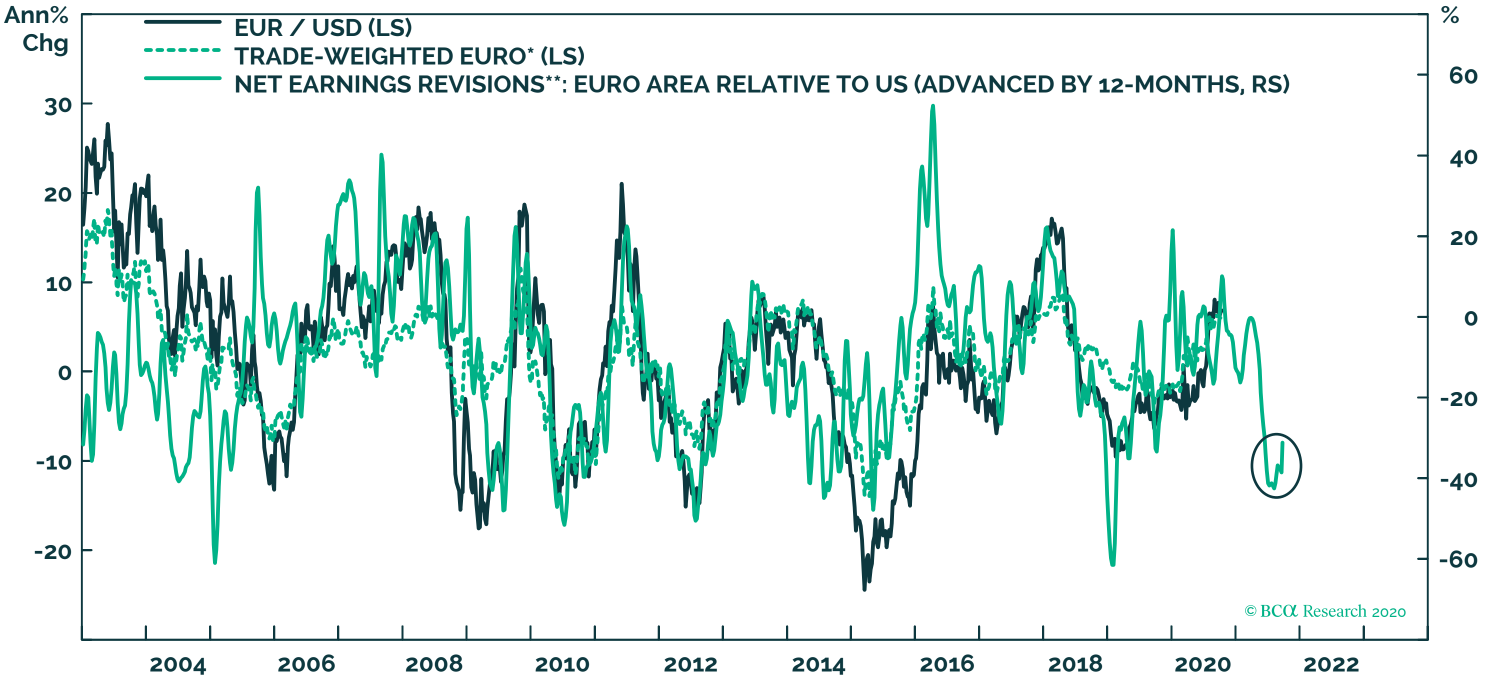
** SOURCE: BLOOMBERG / NYMEX.

***SOURCE: FEDERAL RESERVE.



* HOLSTON-LAUBACH-WILLIAMS ESTIMATES;
SOURCE: FEDERAL RESERVE BANK OF NEW YORK.

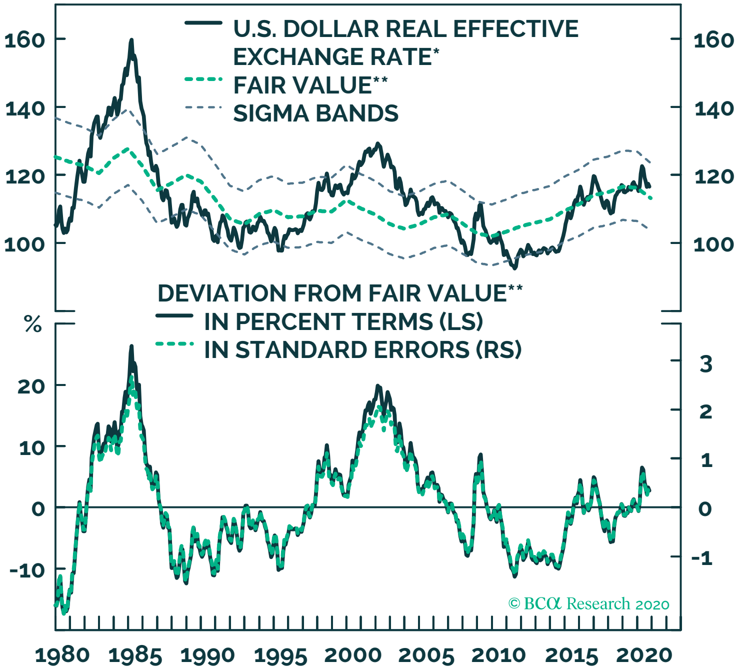
Relative Profits Are Important For The Euro



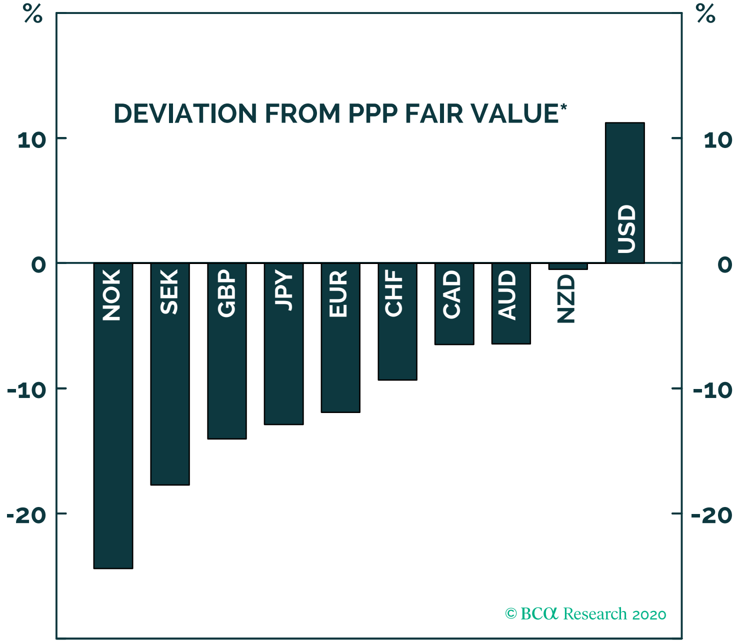
* SOURCE: J.P. MORGAN CHASE & CO.

** SOURCE: IBES; SHOWN SMOOTHED.

The Dollar Is Slightly Expensive

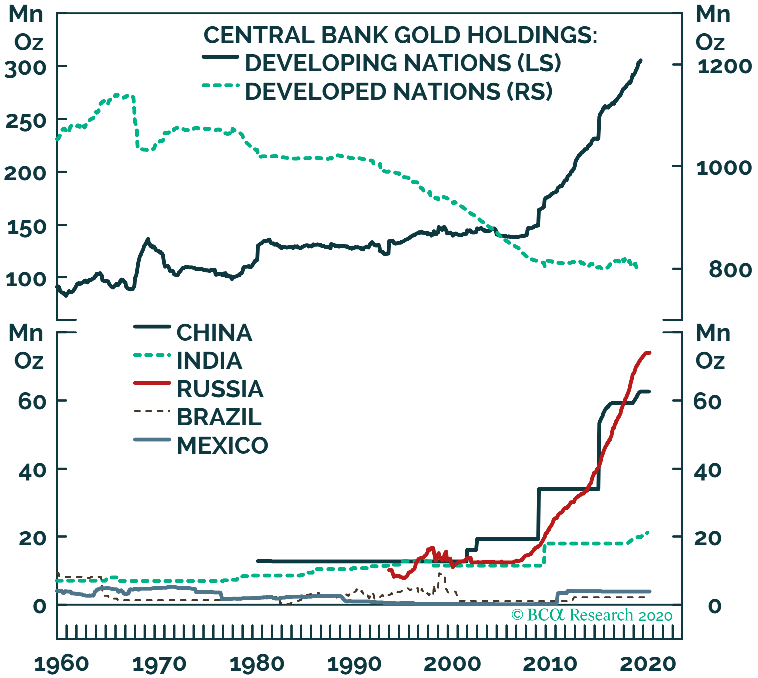


* SOURCE: IMF, BASED ON CONSUMER PRICES.
** BASED ON RELATIVE PRODUCTIVITY TRENDS AND REAL BOND YIELD DIFFERENTIALS.

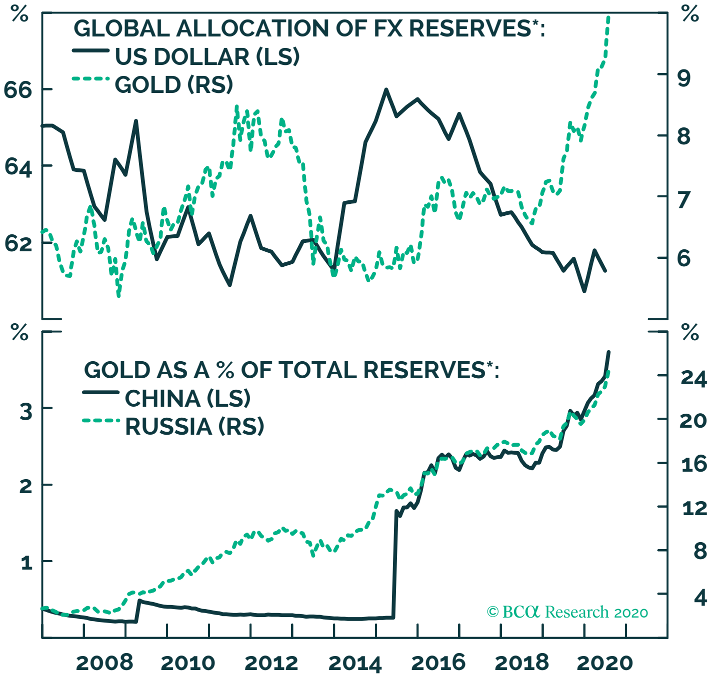


* OUR FX PPP MODEL IS BASED ON RELATIVE PRICE RATIOS AGGREGATED USING FIVE GROUPS IN THE CPI BASKET WITH CUSTOM WEIGHTS. PLEASE REFER TO FX AUGUST 23, 2019 SPECIAL REPORT TITLED "A FRESH LOOK AT PURCHASING POWER PARITY" FOR FURTHER DETAILS.

Reserve Diversification Out Of Dollars

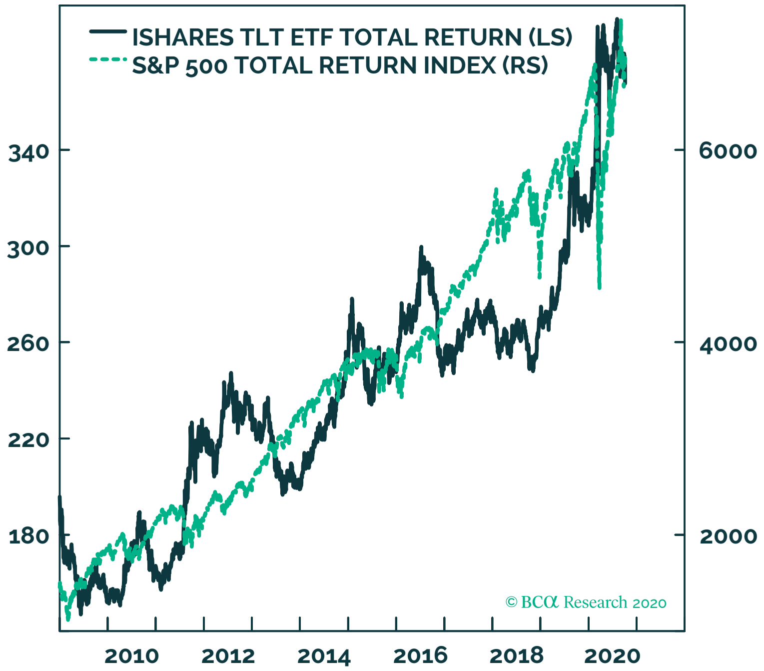


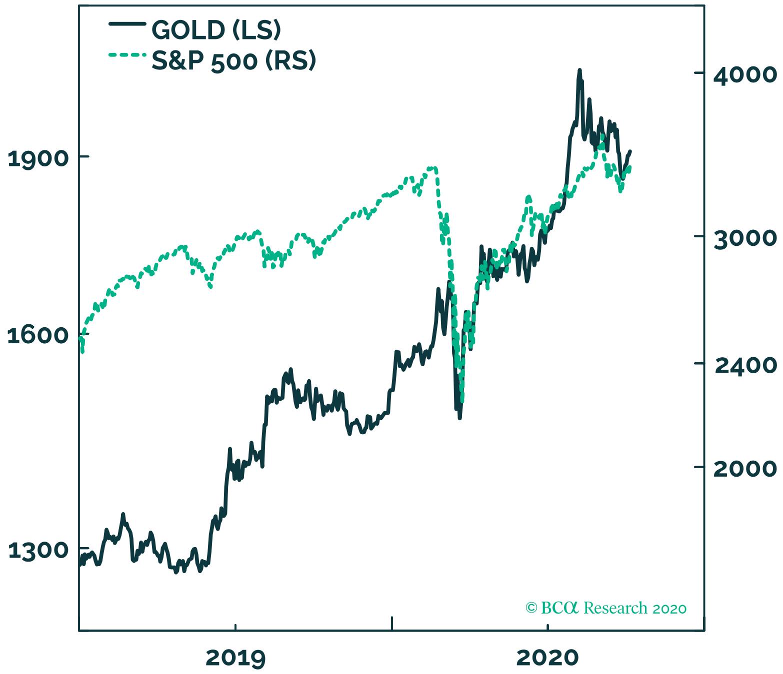
SOURCE: IMF.



* SOURCE: IMF.

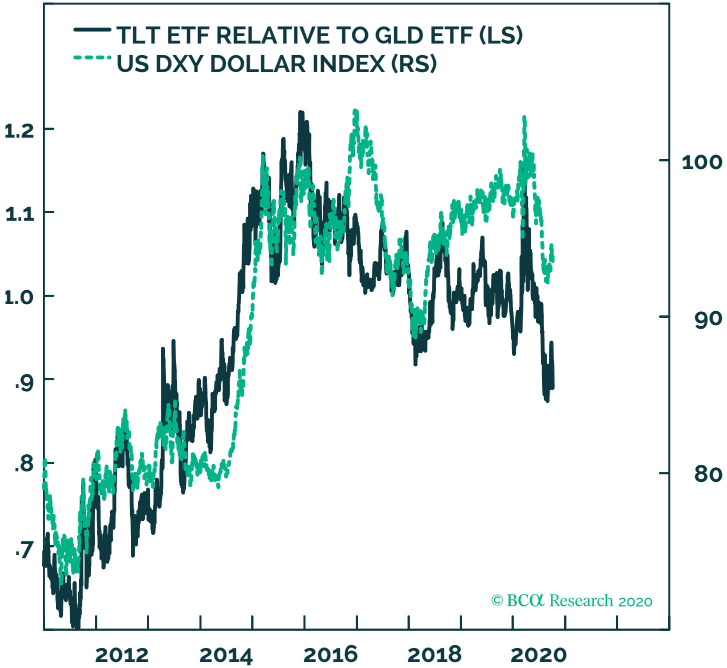
A Rotation From Bonds To Gold

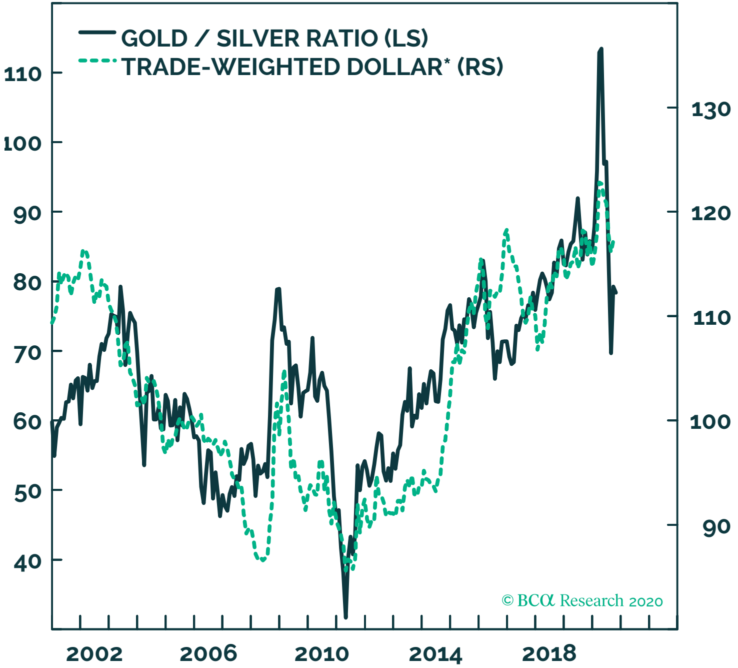




NOTE: SHOWN ON A LOG SCALE.

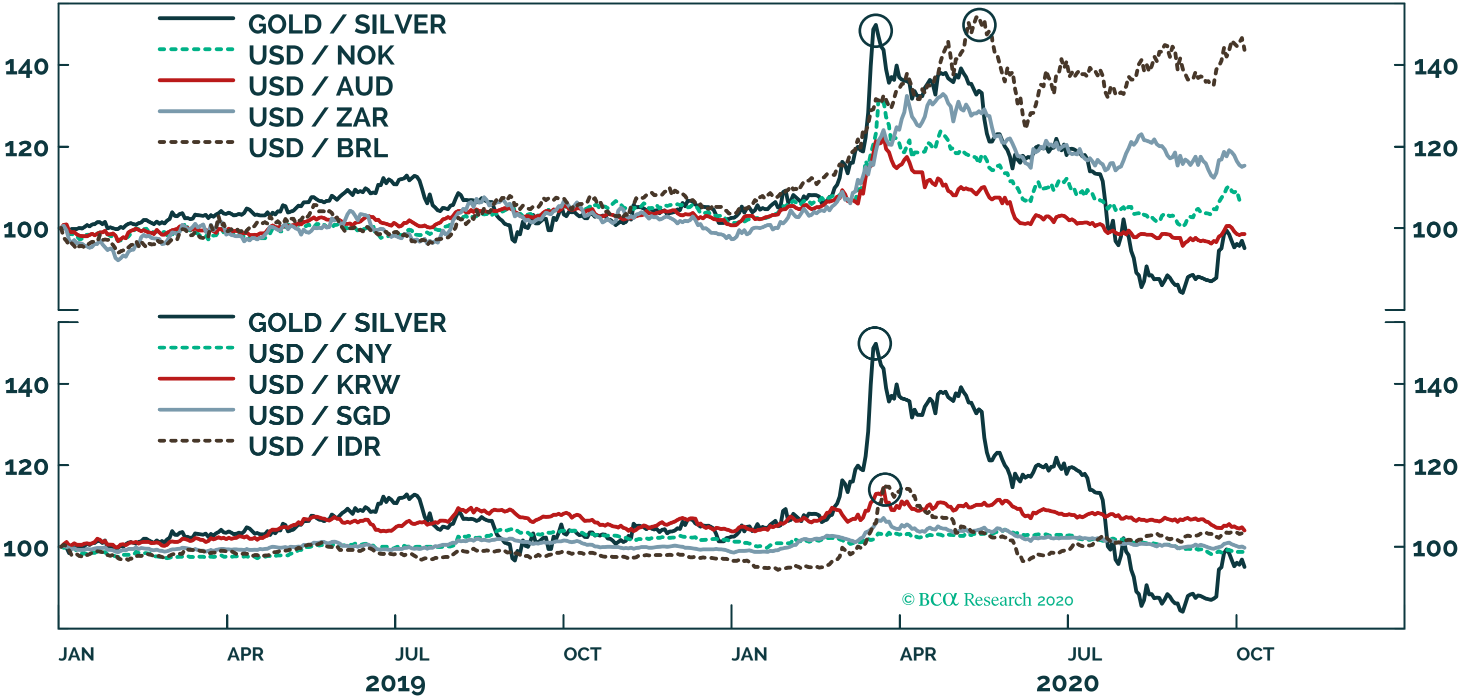
Gold And Silver Benefiting From Reflation





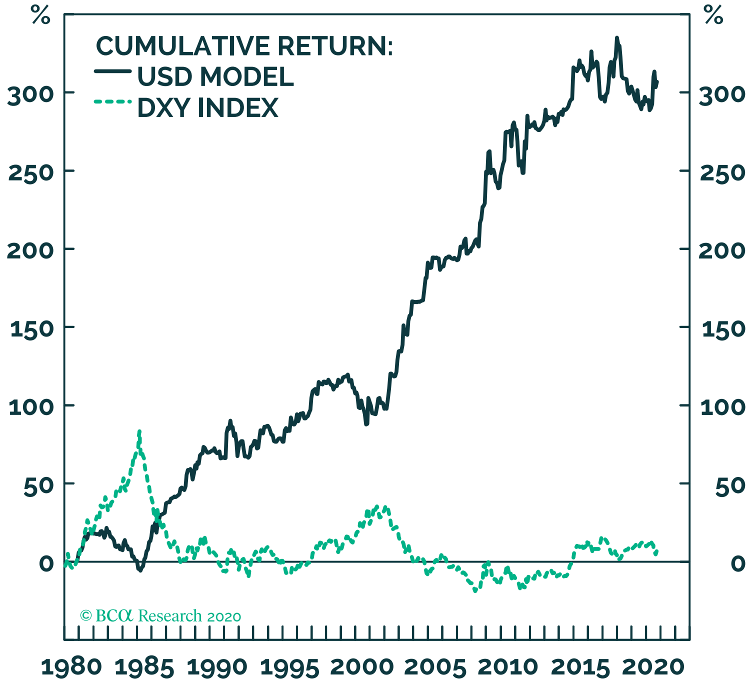
* SOURCE: FEDERAL RESERVE.

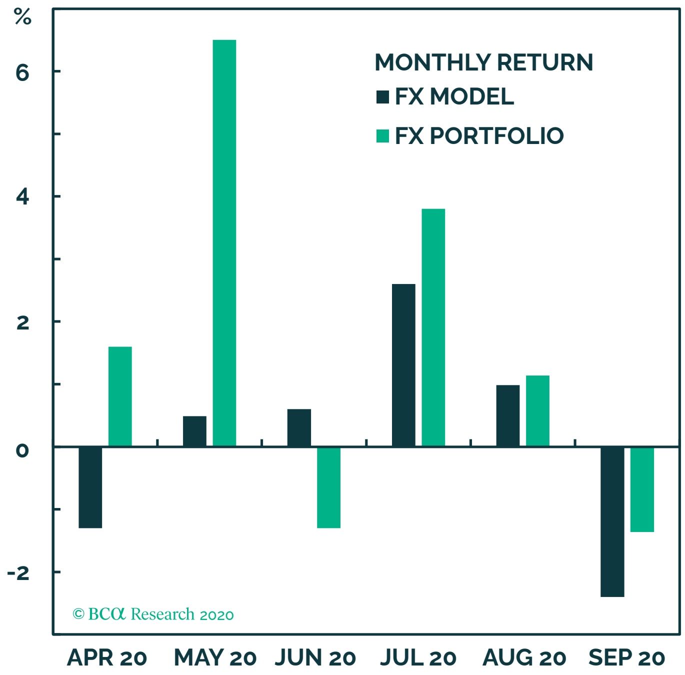
GSR, Latam And Asean Currencies



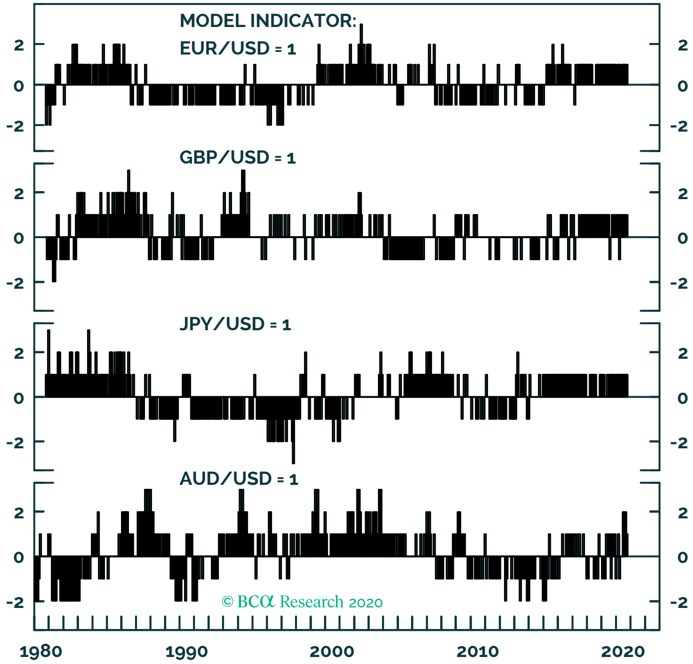
ALL REBASED TO 1/1/2019=100.

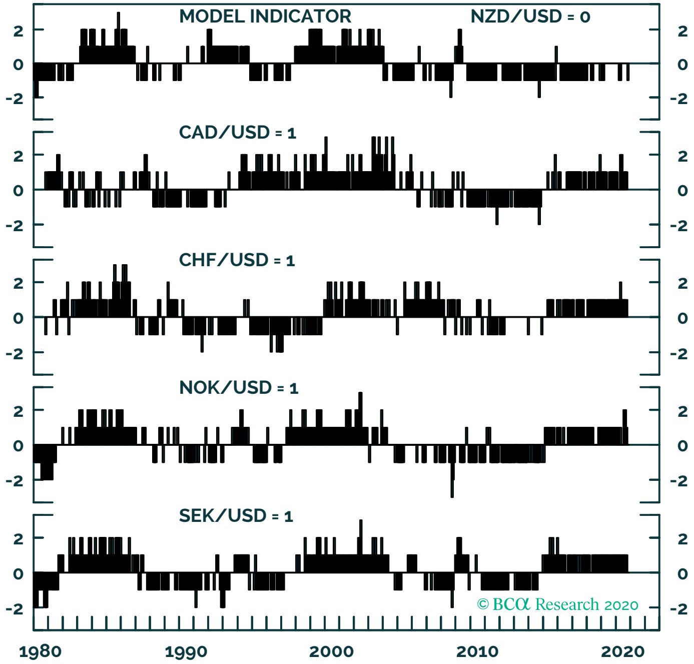
Model Versus Portfolio Returns



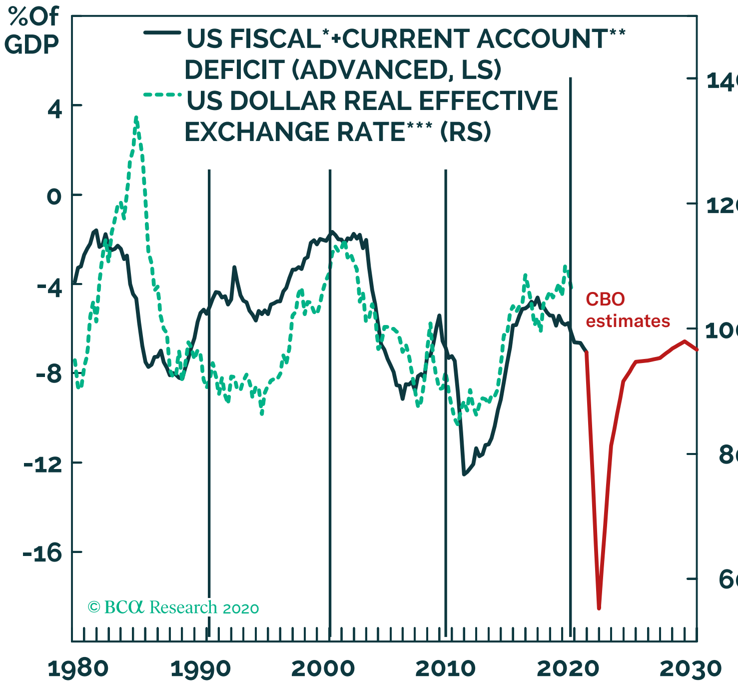


Model Recommendations For October

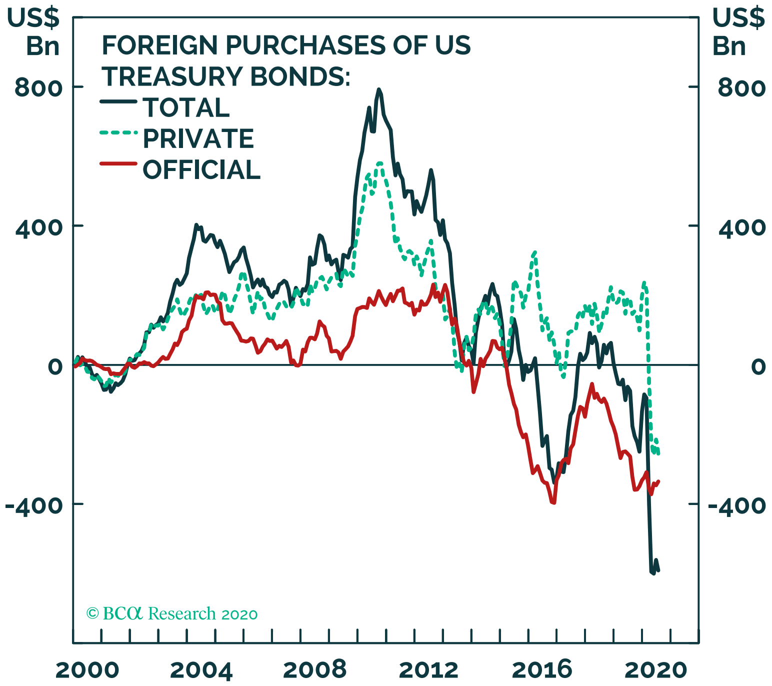




A Stampede Out Of US Assets

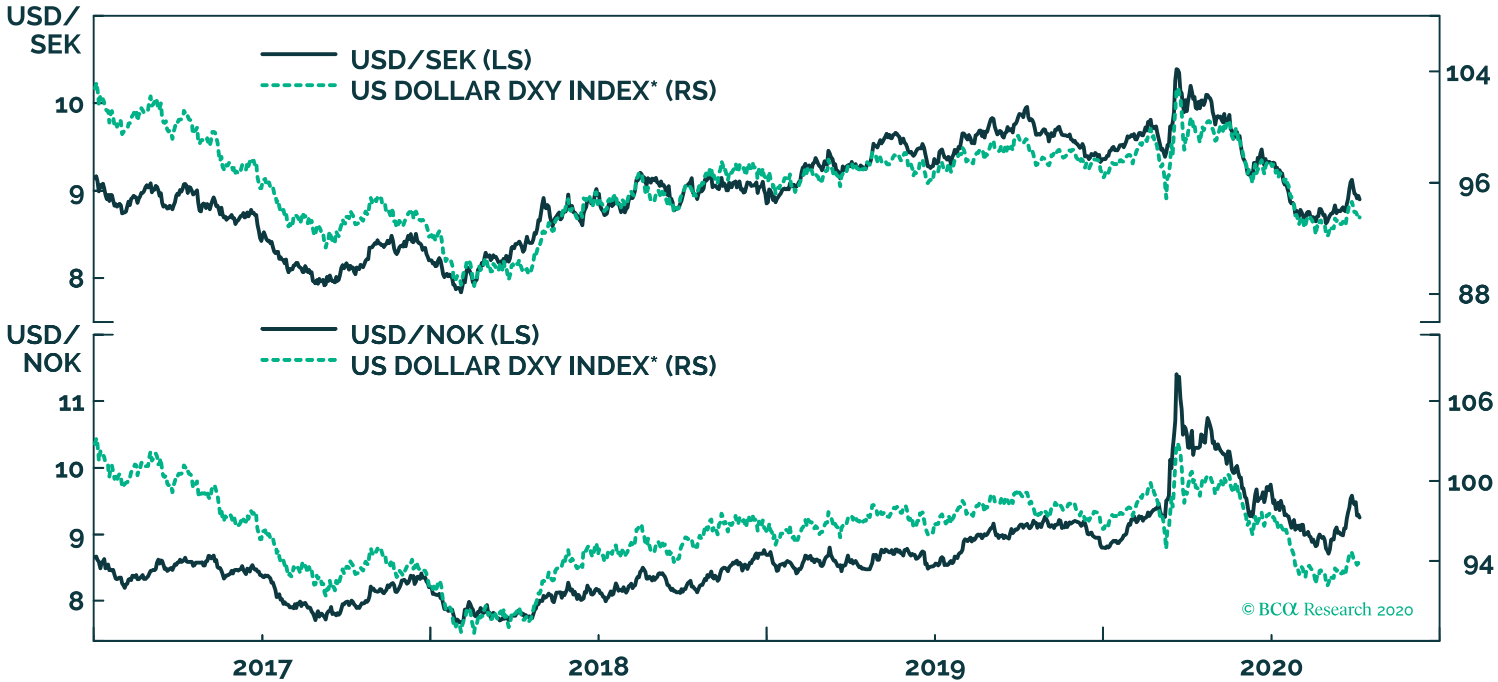


* SOURCE: CONGRESSIONAL BUDGET OFFICE.
** SOURCE: OECD ECONOMIC OUTLOOK.
*** SOURCE: OECD.



NOTE: ALL SERIES SHOWN AS 12-MONTH MOVING TOTALS.
SOURCE: UNITED STATES DEPARTMENT OF TREASURY.

Weak Dollar Plays



* SOURCE: BLOOMBERG/NYMEX.

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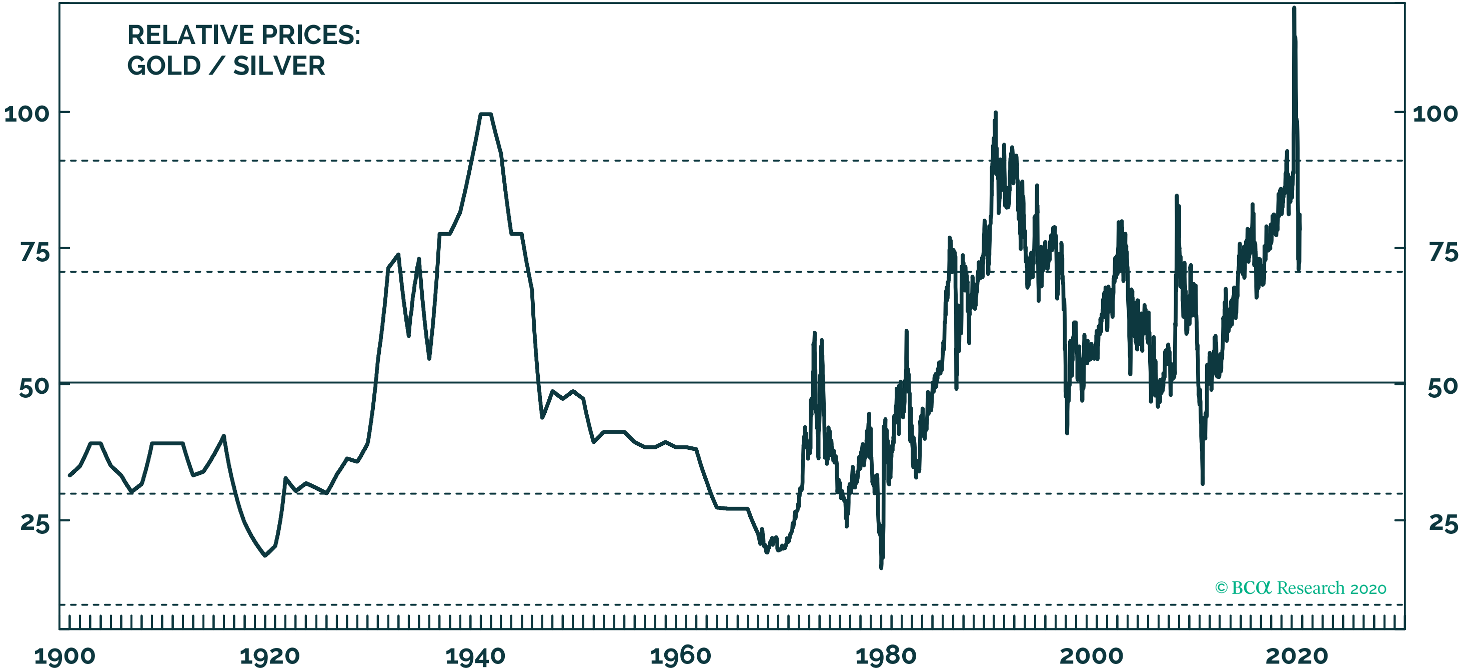
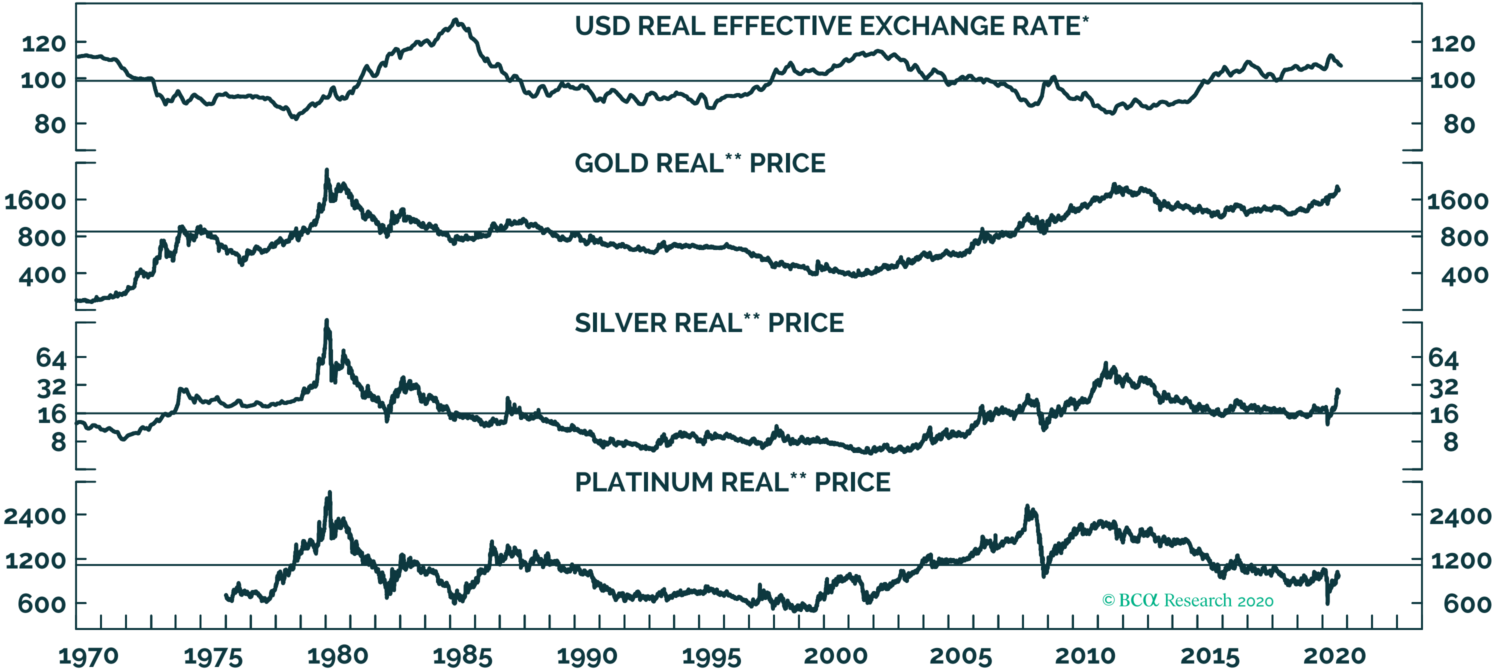
A Long Way From The Mean



NOTE: SOLID LINE INDICATES SERIES MEAN; DASHED LINES DENOTE +/-1 AND +/-2 STANDARD DEVIATIONS ABOVE/BELOW THE MEAN.

Buy Platinum And Silver

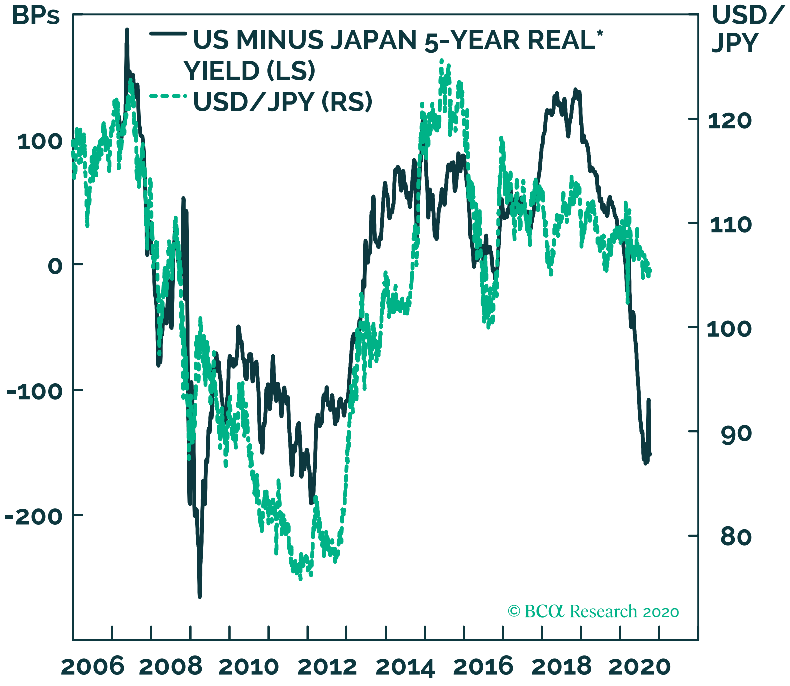


* SOURCE: OECD.

** DEFLATED BY US HEADLINE CONSUMER PRICES.

NOTE: ALL SHOWN IN LOG SCALE.

Hold Some Yen



* DEFLATED BY 5-YEAR CPI SWAP RATE.