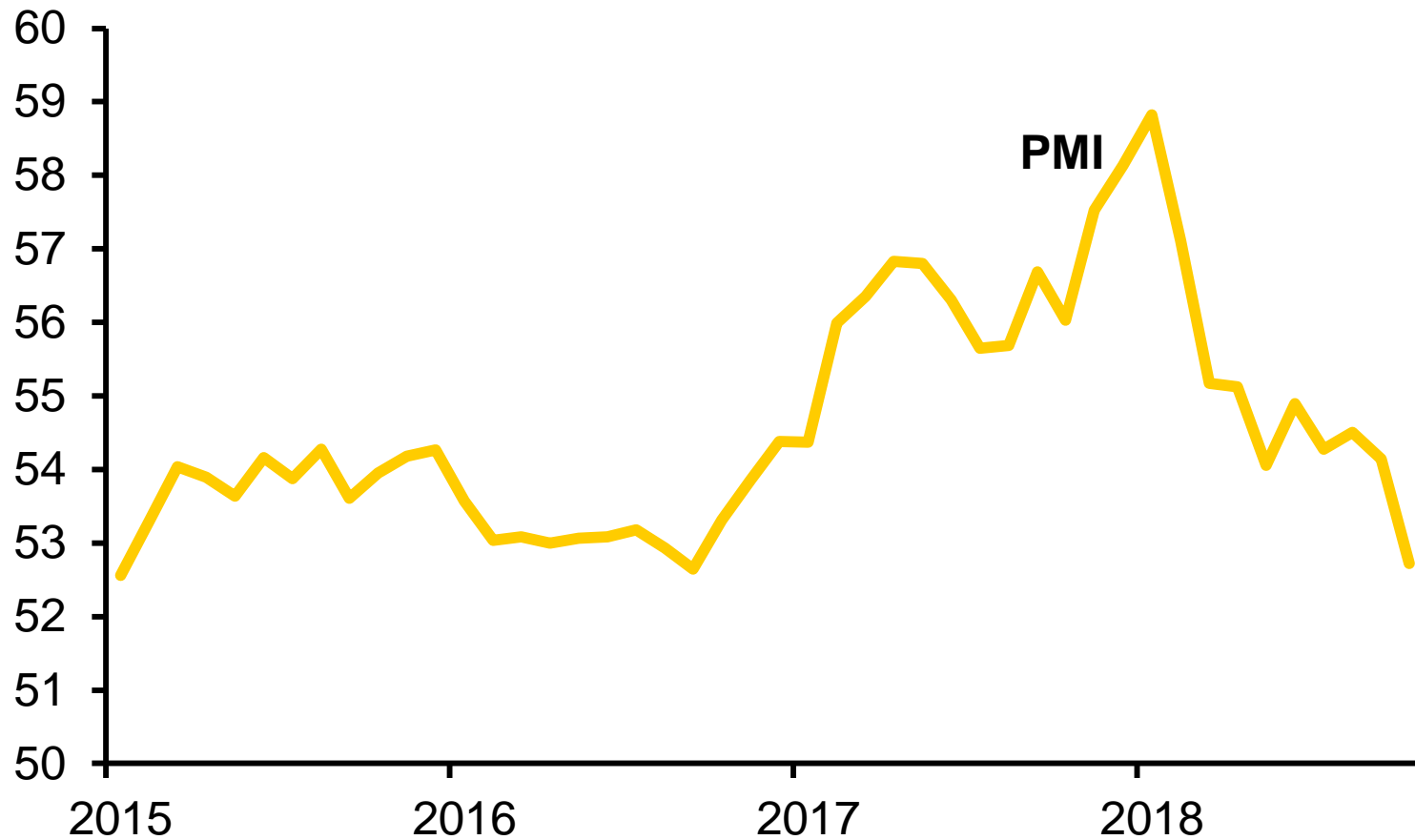




Global Economy – Cruise or Crash

Euro zone: soft patch

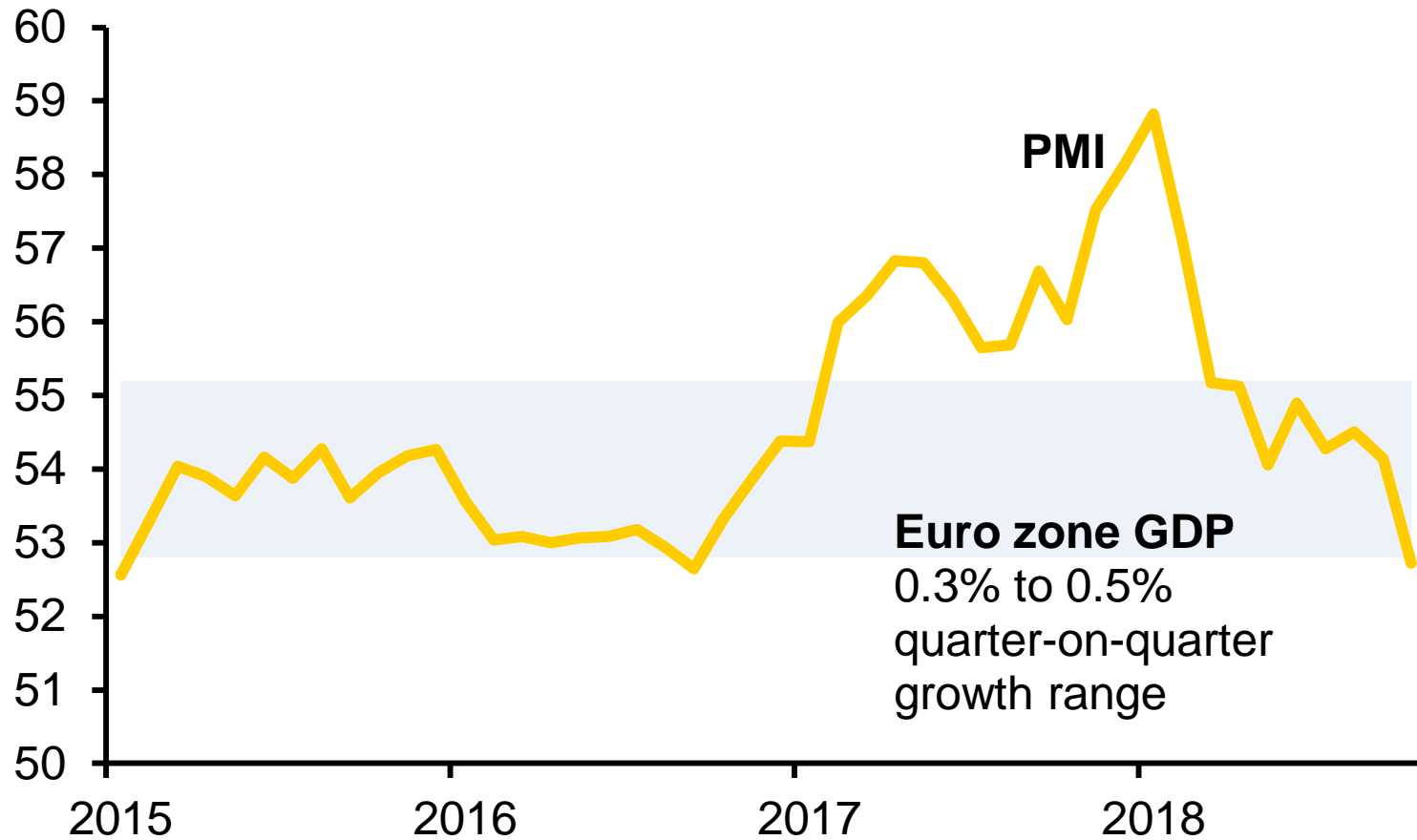
Purchasing managers' index (PMI), composite.



Source: Global insight, Commerzbank Research

Euro zone: soft patch

Purchasing managers' index (PMI), composite.



Source: Global insight, Commerzbank Research



Donald J. Trump

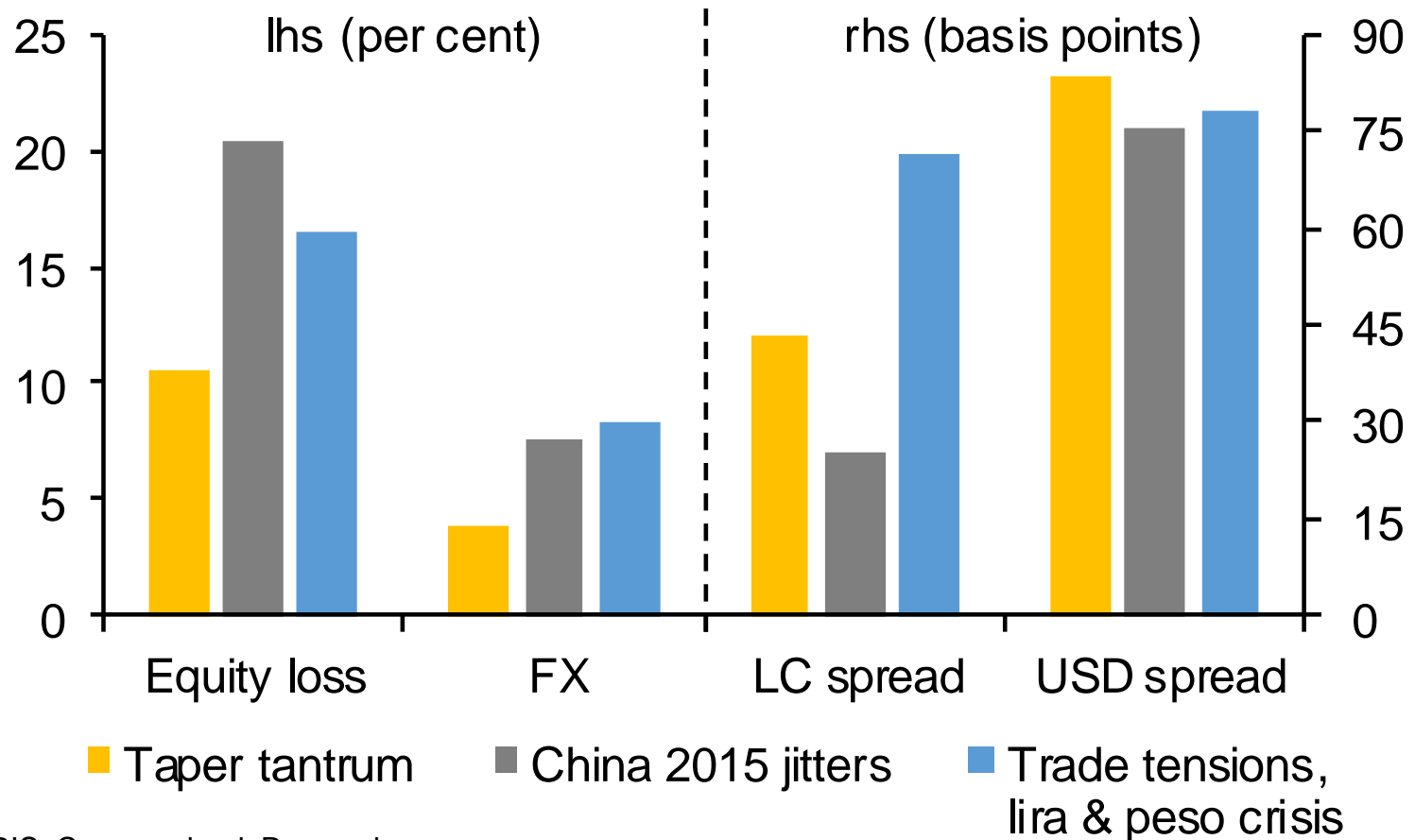
45th President of the United States



@realDonaldTrump

EM stress in 2018 comparable to previous episodes

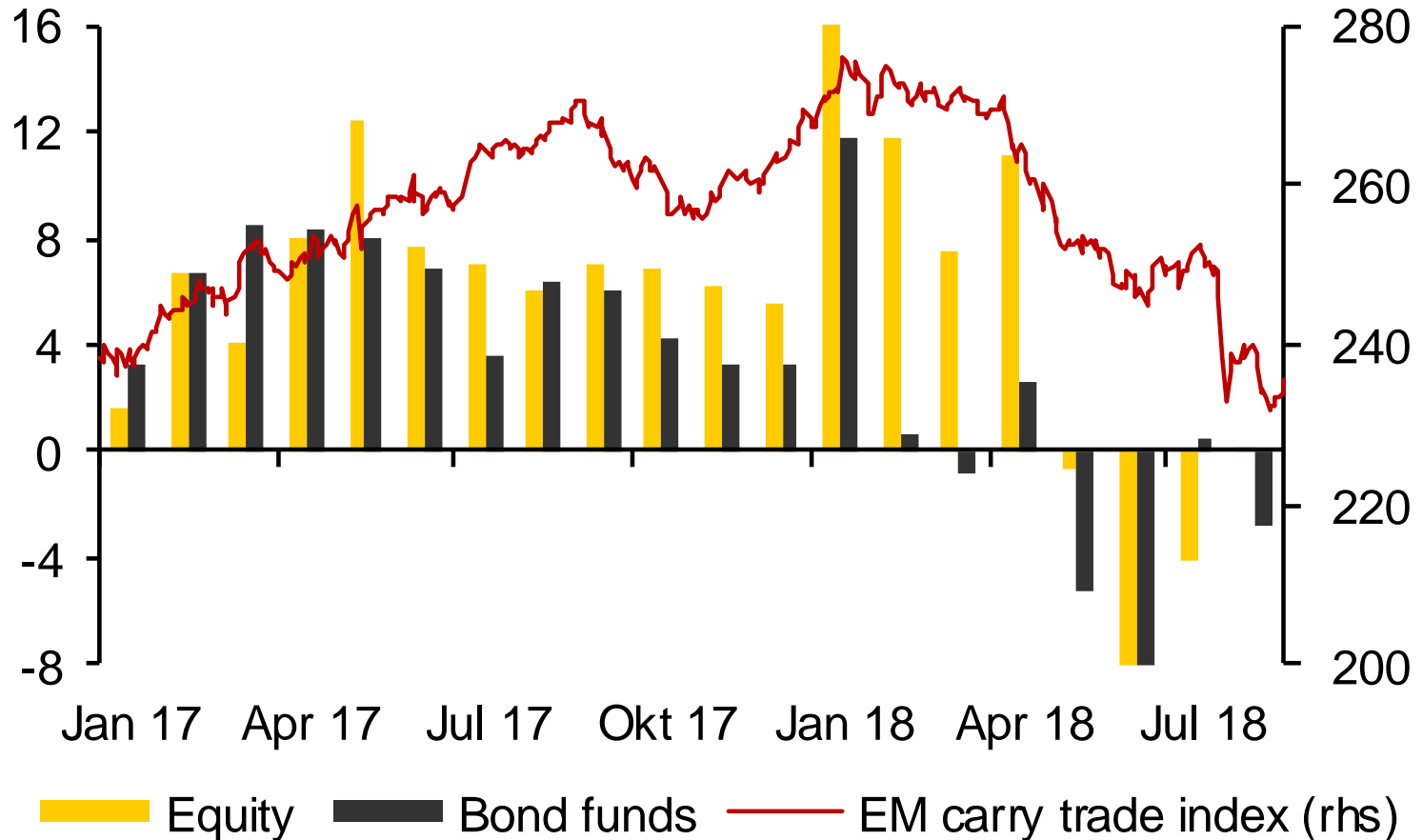
Changes over the following periods: taper tantrum = 22 May to 5 Sept 2013; China 2015 jitters = 11 Aug 2015 to 28 Jan 2016; trade tensions escalate = 22 Mar to 31 July 2018; lira & peso crisis = 1 Aug to 7 Sept 2018.



Source: BIS, Commerzbank Research

EM fund flows turned

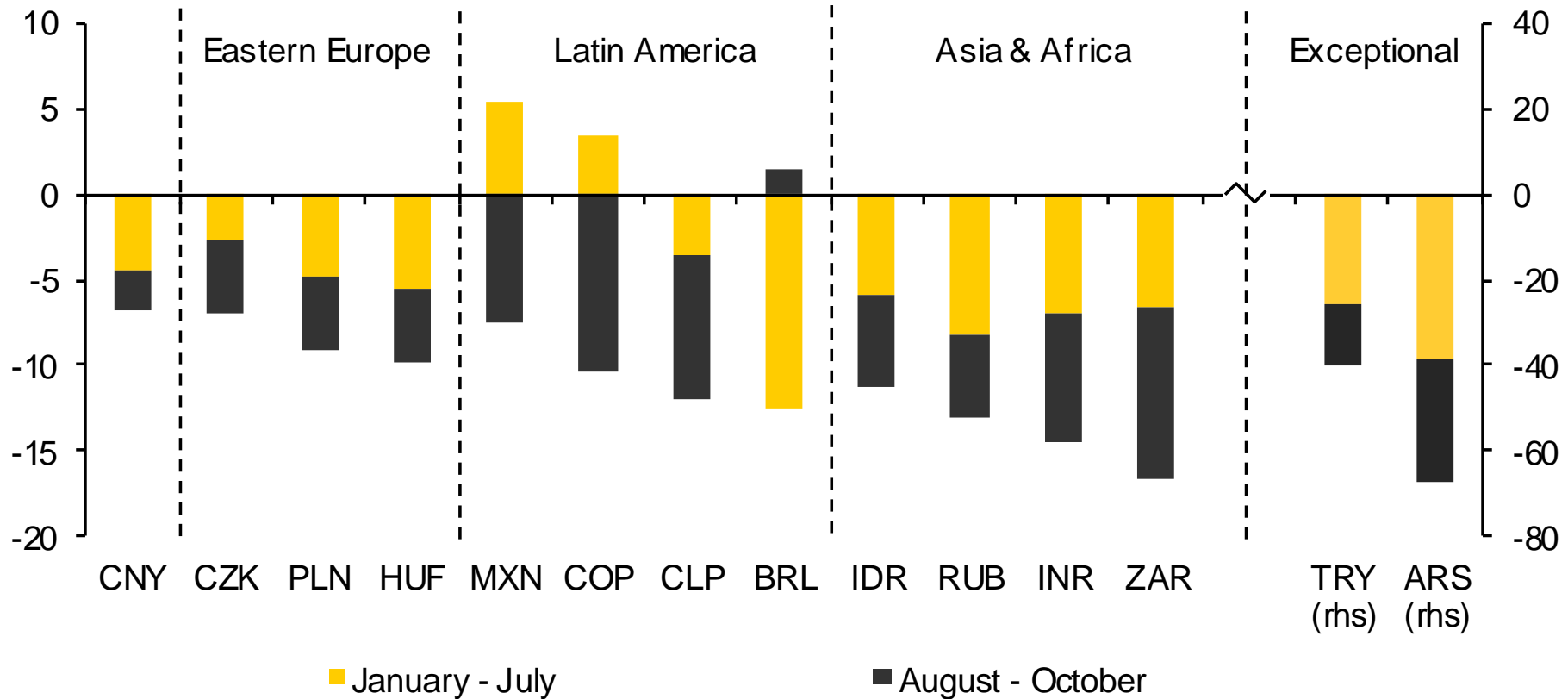
Equity and bond funds flows (local and hard currency), in bn USD; EM carry trade index: cumulative total return of a buy and hold carry trade position that is long in eight EM currencies and fully funded with short positions in USD.



Source: BIS, Commerzbank Research

EM currencies under pressure

Change in the value of the respective currency versus USD in per cent.



Source: Bloomberg, Commerzbank Research

In a nutshell

Purchasing managers' index (PMI), composite.

1. Euro zone economy currently in a soft patch, but will pick up again in 2019
2. ECB: first cautious interest rate increase in fall 2019
3. US trade policy remains risk for global economy
4. US economy is faring well
5. Federal Reserve proceeds on rate hike cycle ...
6. ... which is a peril to certain EM countries

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