
INTELLIFLO “CHANGE THE GAME”

JUNE 2016
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BREXIT - GREXIT - OR FIRE EXIT?

JUNE 2016
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GREAT START TO A NEW YEAR!



A KEY MOMENT OF ECONOMIC CHANGE

THE CONSIDERED MEDIA VIEW



AFTER THE STIMULANTS...RATE RISES



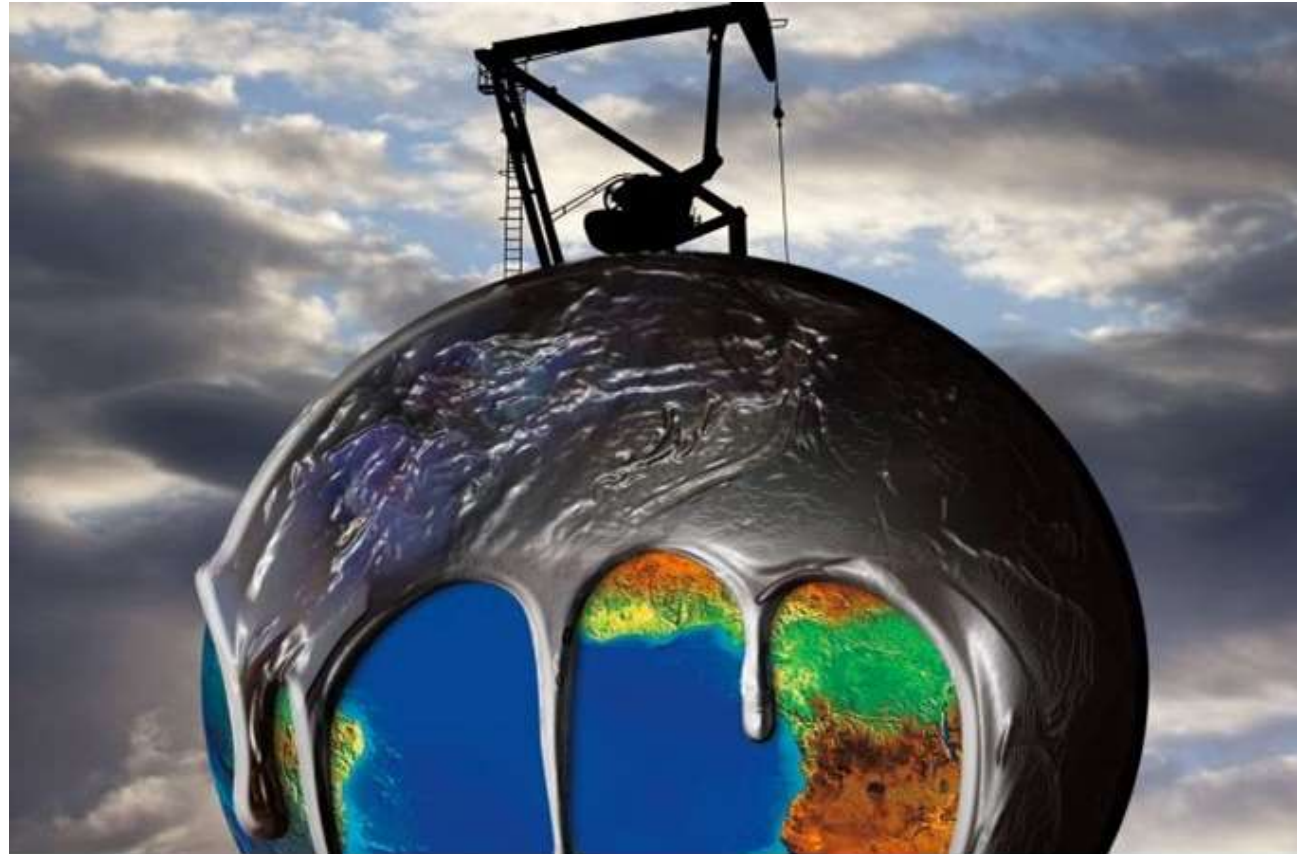
RISING RATES- RISING FEARS?

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GEO – OIL POLITICS



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'Sell everything!' Dire warning from Royal Bank of Scotland as fears mount that markets are set for new crash and oil could plunge to \$10 a barrel

- RBS tells investors 'In a crowded hall, exit doors are small. Risks are high'
- Mass sell-off could be as severe as the 2008 market meltdown, bank says
- Oil price drop could see petrol fall to 86p a litre, says RAC

By TANYA JEFFERIES FOR THISISMONEY.CO.UK

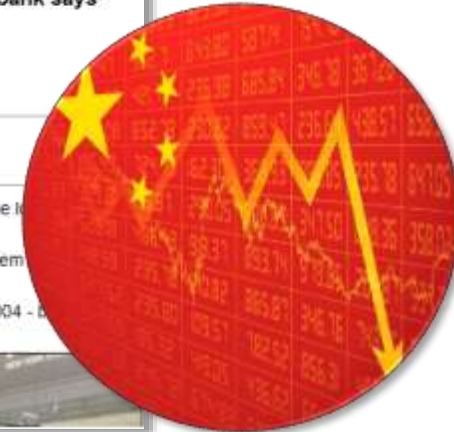
PUBLISHED: 10:23, 12 January 2016 | UPDATED: 10:50, 14 January 2016

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RBS urged investors to sell everything amid warnings that oil prices could fall to the lowest in 17 years which may spark a meltdown as severe as the 2008 financial crisis.

The bank told investors stock markets could fall 20 per cent this year as it urged them to take a stark warning, saying: 'In a crowded hall, exit doors are small. Risks are high.'

The chilling warning came as oil prices fell to \$30 a barrel for the first time since 2004 - a level the Chartered said it might yet fall to as low as \$10, not seen since 1998.



GEO POLITICAL SCARES



AN UNEXPECTED BEAR?



CONTROLLED EUROPE?



CONSIDERED VIEW



BREXIT KEY ISSUES

- Sovereignty
 - Employment rules
 - Legislation 6.8% UK Primary 14.1% Secondary from Europe
 - Political Union
 - Euro break up effect?
 - EU restricts global markets access
 - EU needs UK – the share of UK trade with EU greater than EU trade with UK

BREXIT KEY ECONOMIC ISSUES

- Currency £ volatility
- Trading Agreements
- Employment
 - Immigration
 - Employment Rights

BREXIT KEY ECONOMIC ISSUES

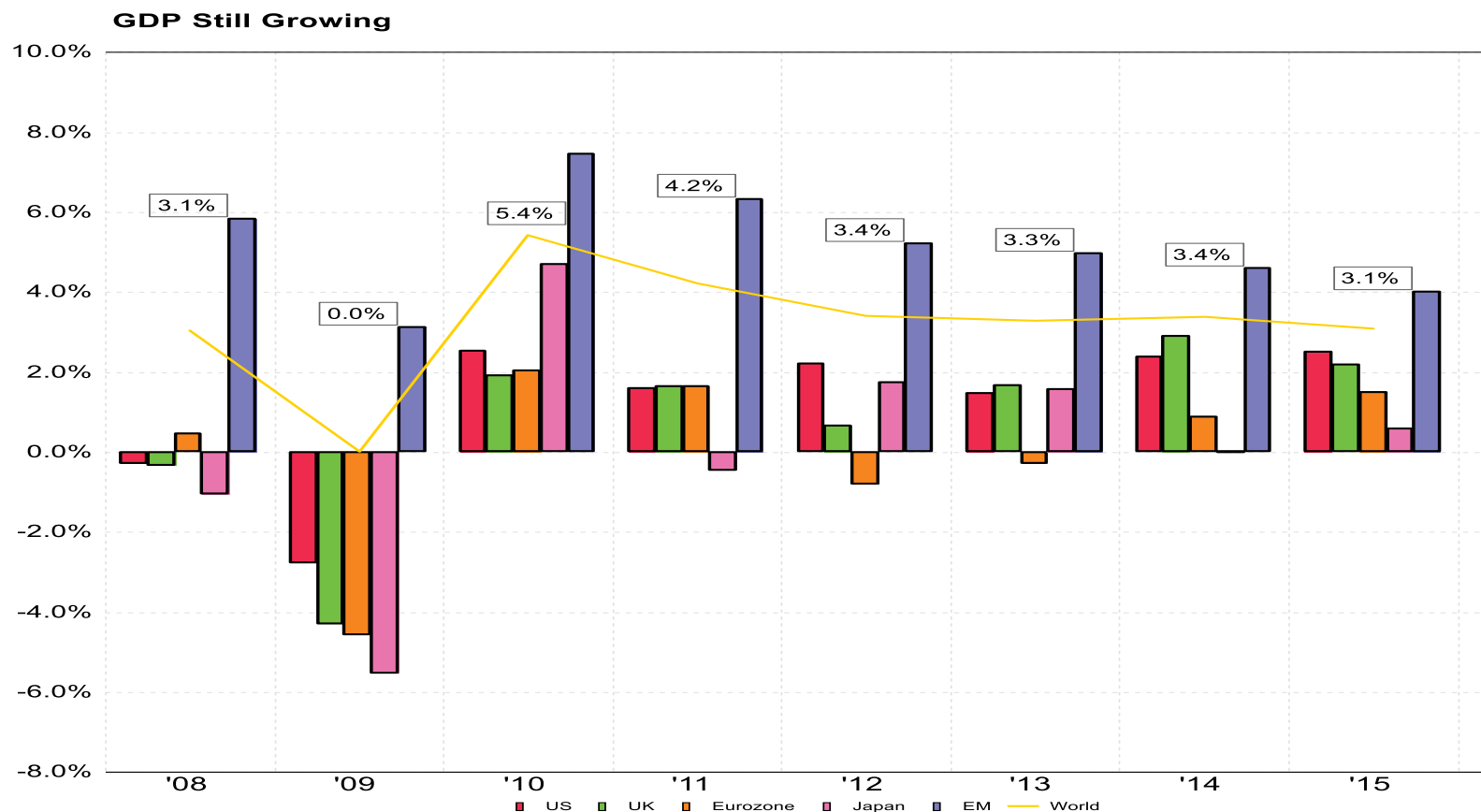
- Confidence
 - Inward Investment 2016 vs 2015
 - Debt Funding costs
 - Spending Corporate/Personal
 - Volatility

THE GLOBAL ECONOMY DOESN'T STOP

UNPRECEDENTED STIMULI

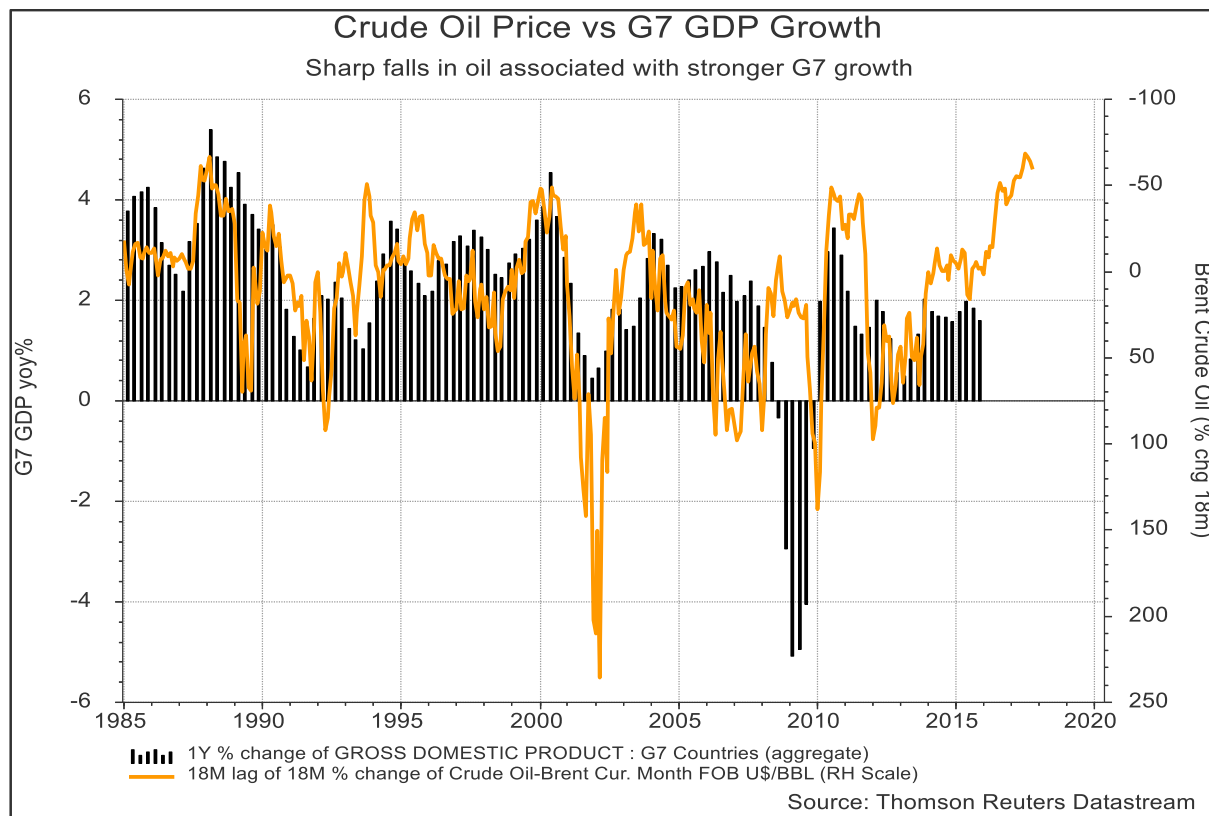
- Low Rates
- Infrastructure Spending
- Quantitative Easing
- Commodity Price falls

GDP GROWTH STILL POSITIVE



AVERAGE GLOBAL GROWTH CLOSE TO STATIC BUT CHANGES IN REGIONAL GROWTH RATES NOTABLE.

OIL “STIMULUS” STILL TO COME?



Big falls in the oil price have always been followed by periods of higher GDP growth in G7 economies

So far, consumers have saved much of the oil windfall. This may change...

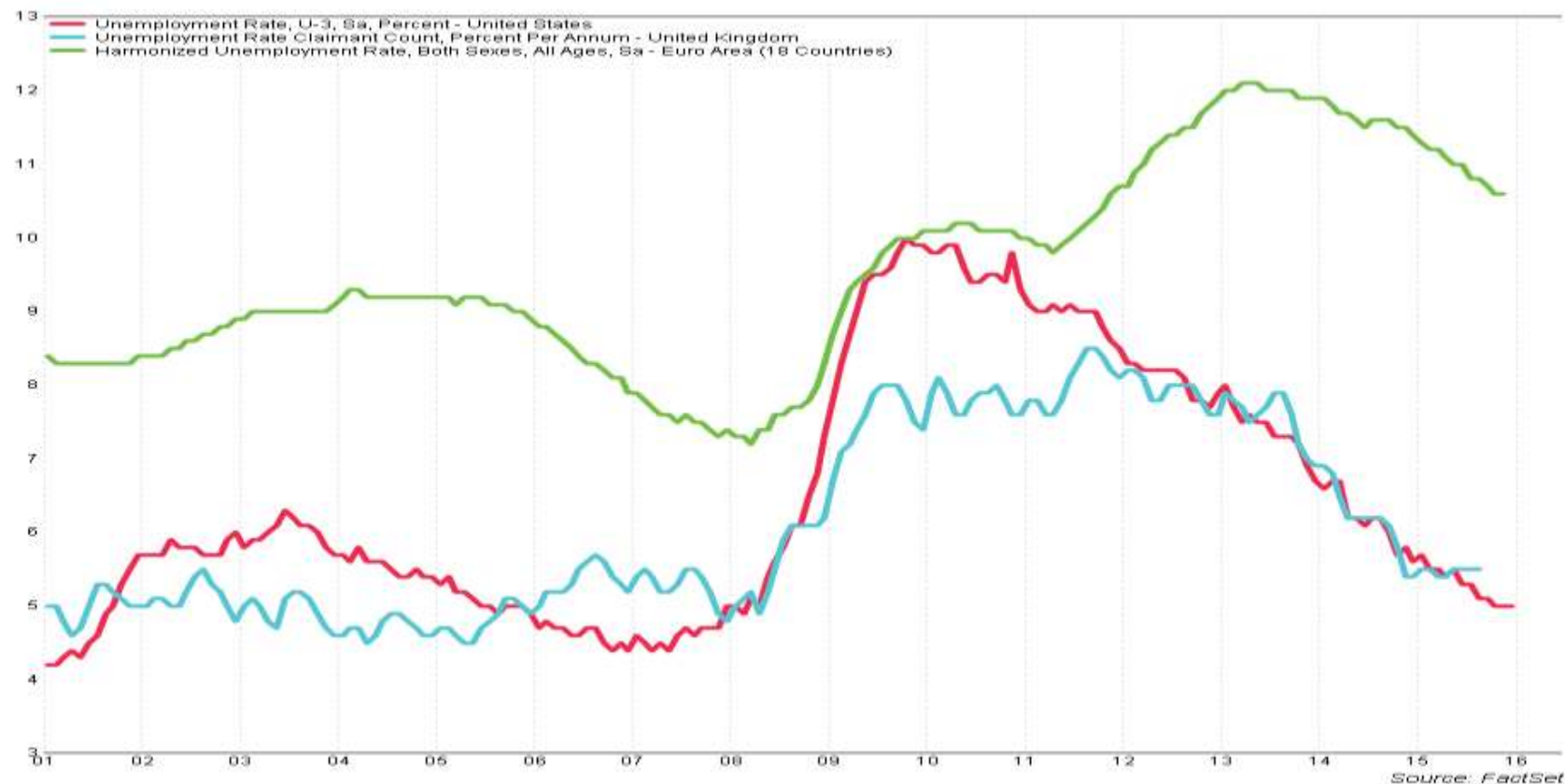
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COMMODITIES - ROLLING 5 YEARS



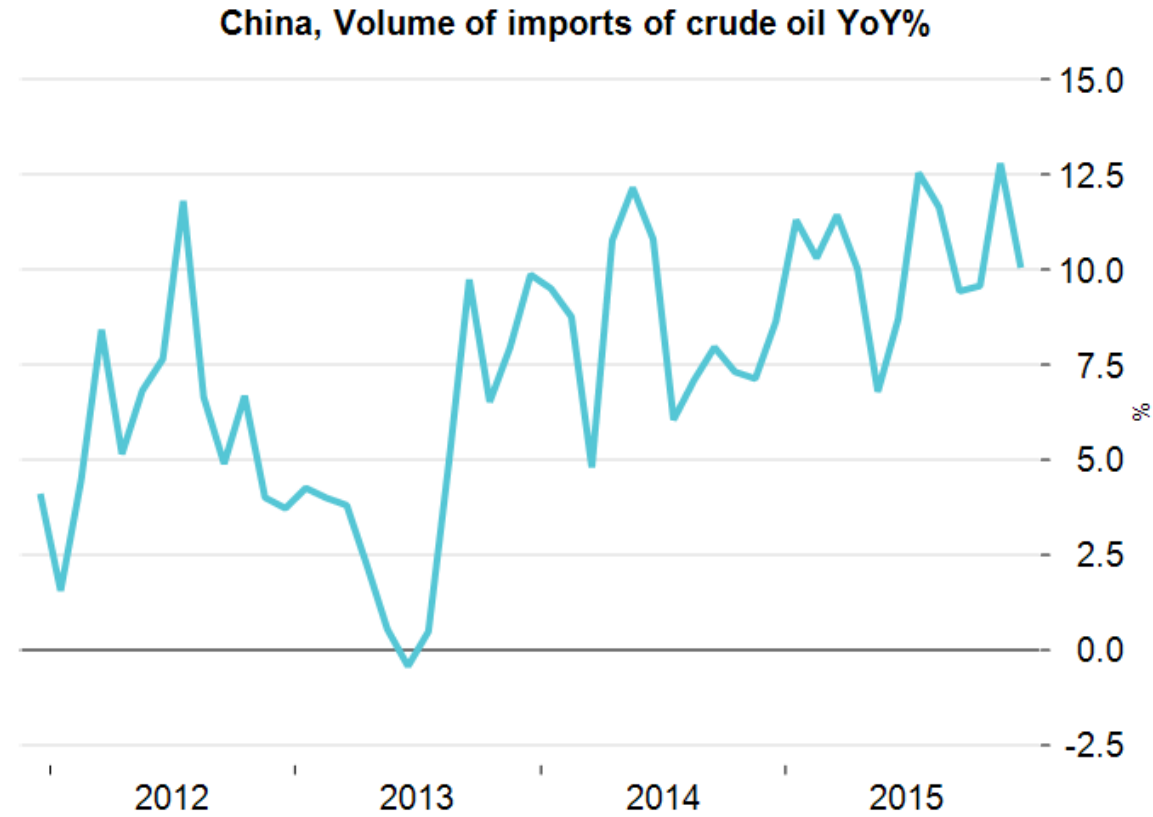
BALTIC DRY, COPPER, GOLD, BRENT CRUDE (WTI)

UNEMPLOYMENT IS FALLING



GREEN – EUROPEAN, **RED** - UNITED STATES, **BLUE** - UNITED KINGDOM

CHINESE DEMAND



SOURCE: GENERAL ADMINISTRATION OF CUSTOMS, CHINA



USA – HIGHER PRESSURE

Rates Change?

Economic growth
uninspiring

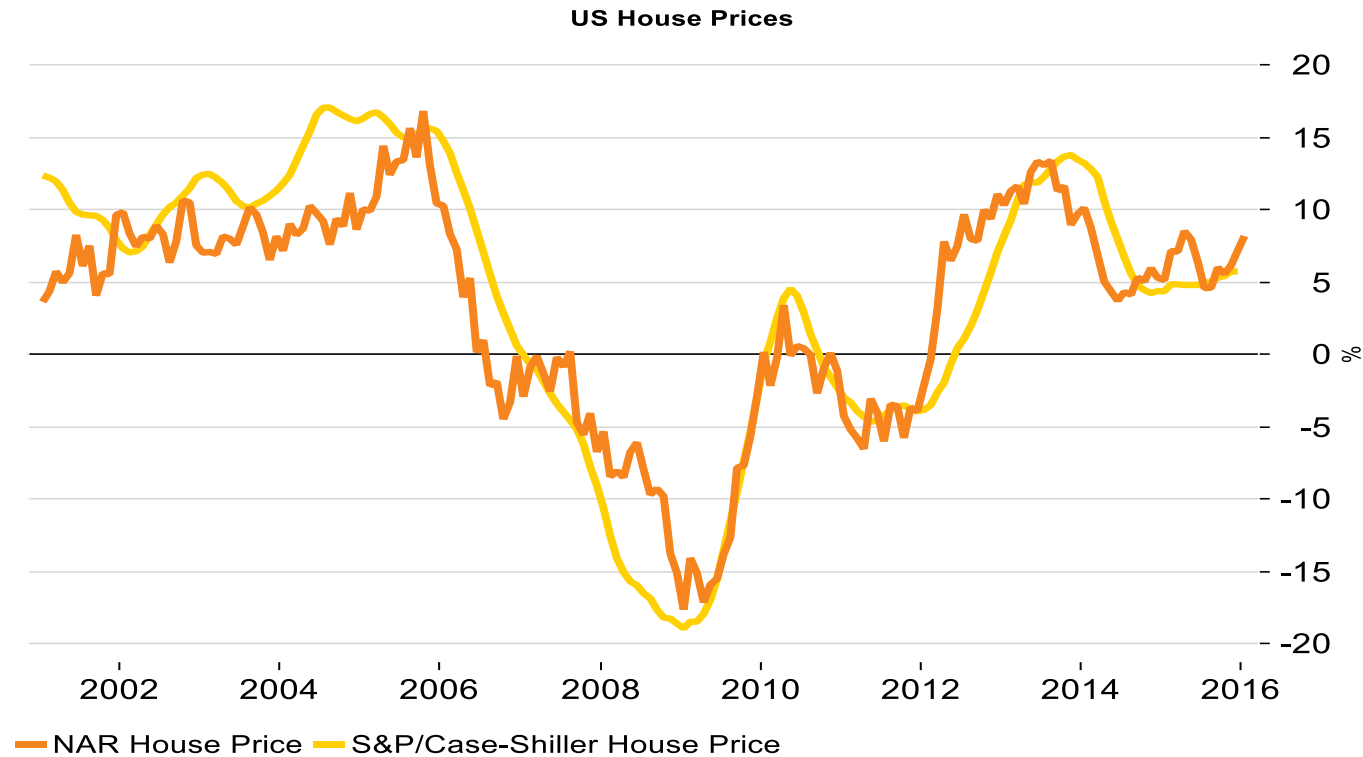
Housing
improving,
unemployment
falling

Corporate
Earnings still
rising!

Iran/Cuba

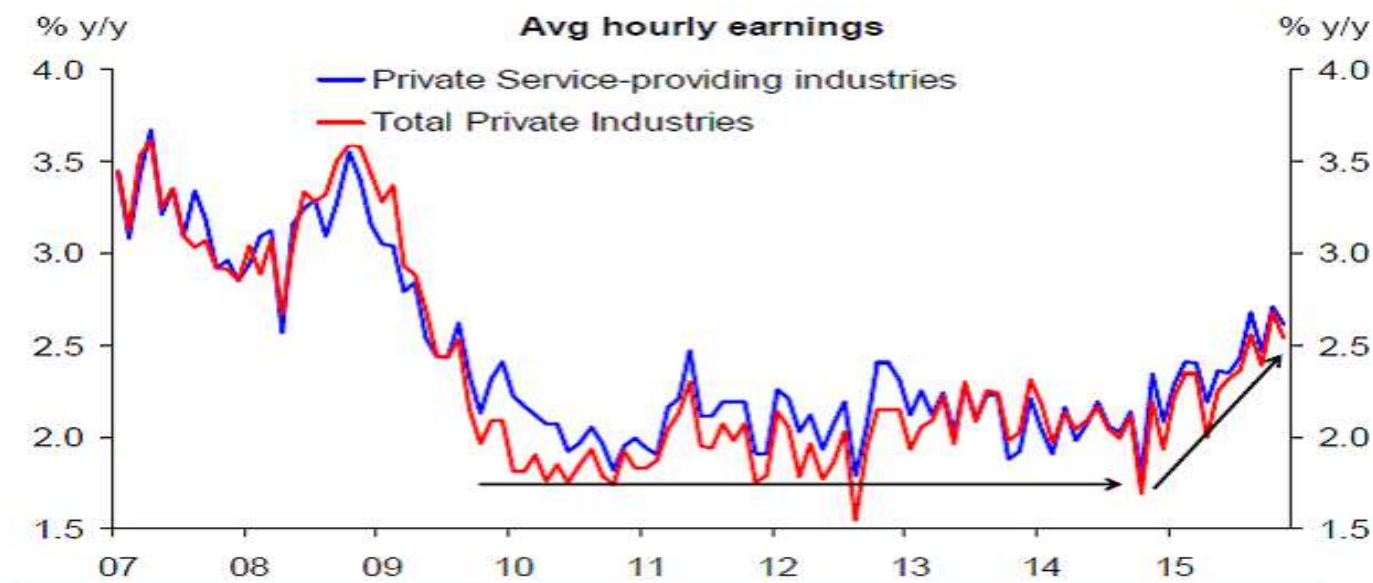
Frackers Fracked

US HOUSE PRICES ARE STRONG



US WAGE GROWTH IS RISING

Higher wages means higher income growth.
This is important for corporate topline growth and for the Fed

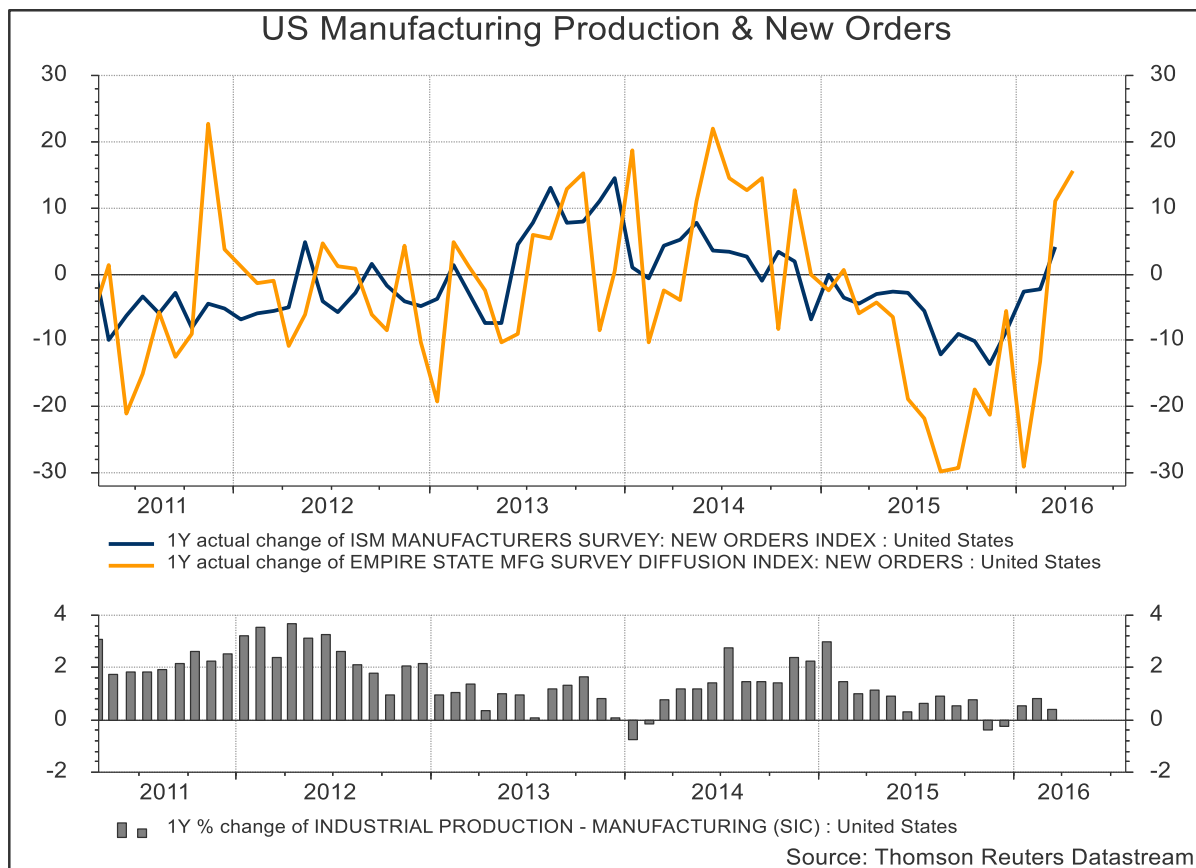


Source: BLS; DB Global Markets Research

Deutsche Bank
Torsten Slok, torsten.slok@db.com +1 212 250-2155

53

US MANUFACTURING REBOUND



Recent surge in New Orders components is consistent with decent pick up in YoY manufacturing growth in US

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THE WORLD BENEFITS

Countries who export to the US

Country	% of exports to US
China	16.7%
Japan	17.8%
South Korea	10.7%
Germany	7.9%
France	6.9%
UK	10.5%

REGIONAL STORMS



EUROZONE

The Future of the
Euro
“Grexit”?

Further financial
integration

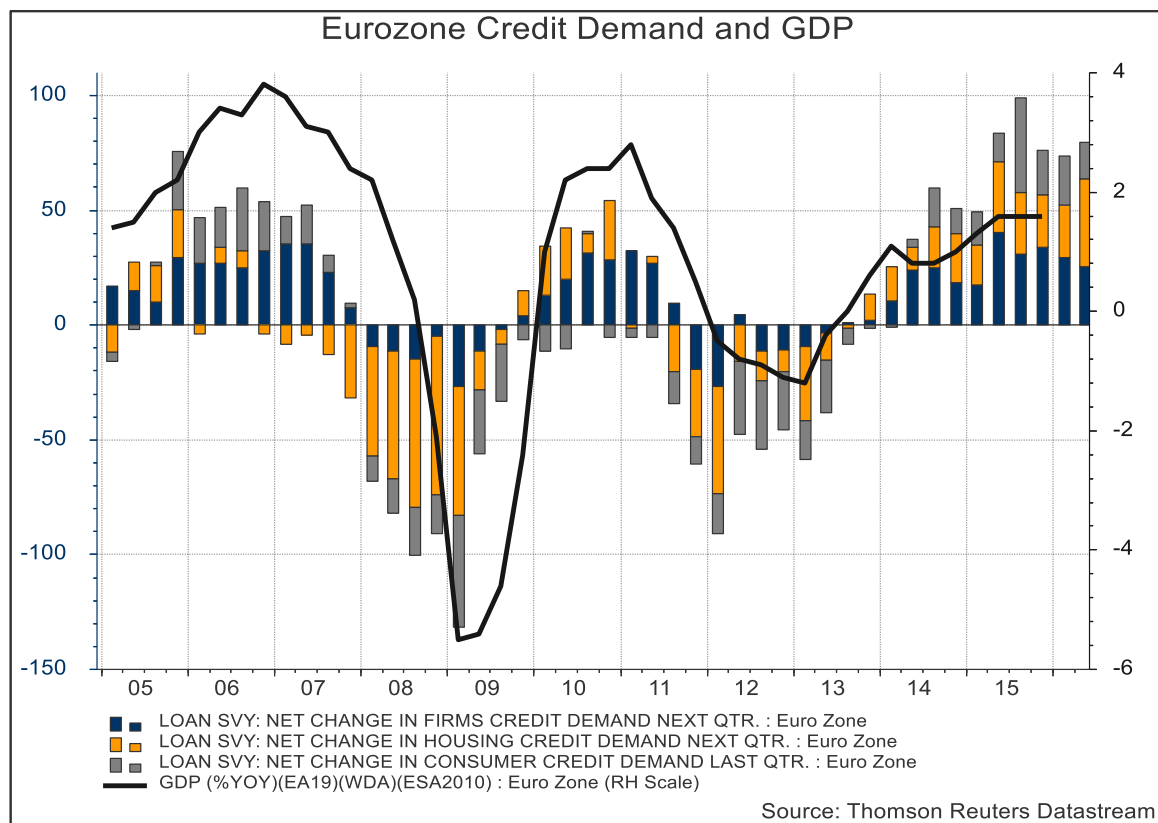
QE =
Growth?

Widespread
economic
pickup

Company
earnings rising at
double digit rates

Immigration &
Borders

EUROZONE RECOVERY



Recovery in credit demand is continuing in Europe – bodes well for GDP growth?

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SOURCE: TWITTER - @MARK_WILLEM5

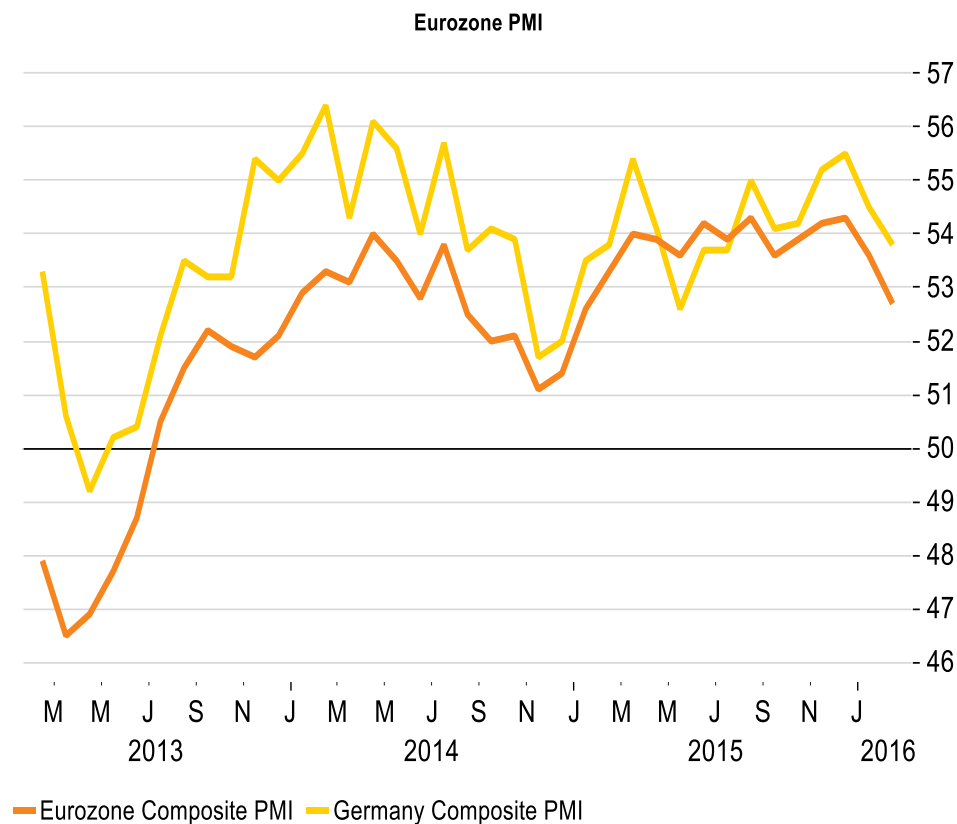
“TRUTH IN ENGINEERING”



THE SOUFFLE RISES – AT LAST!



EZ SURVEY DATA - HOLDING UP

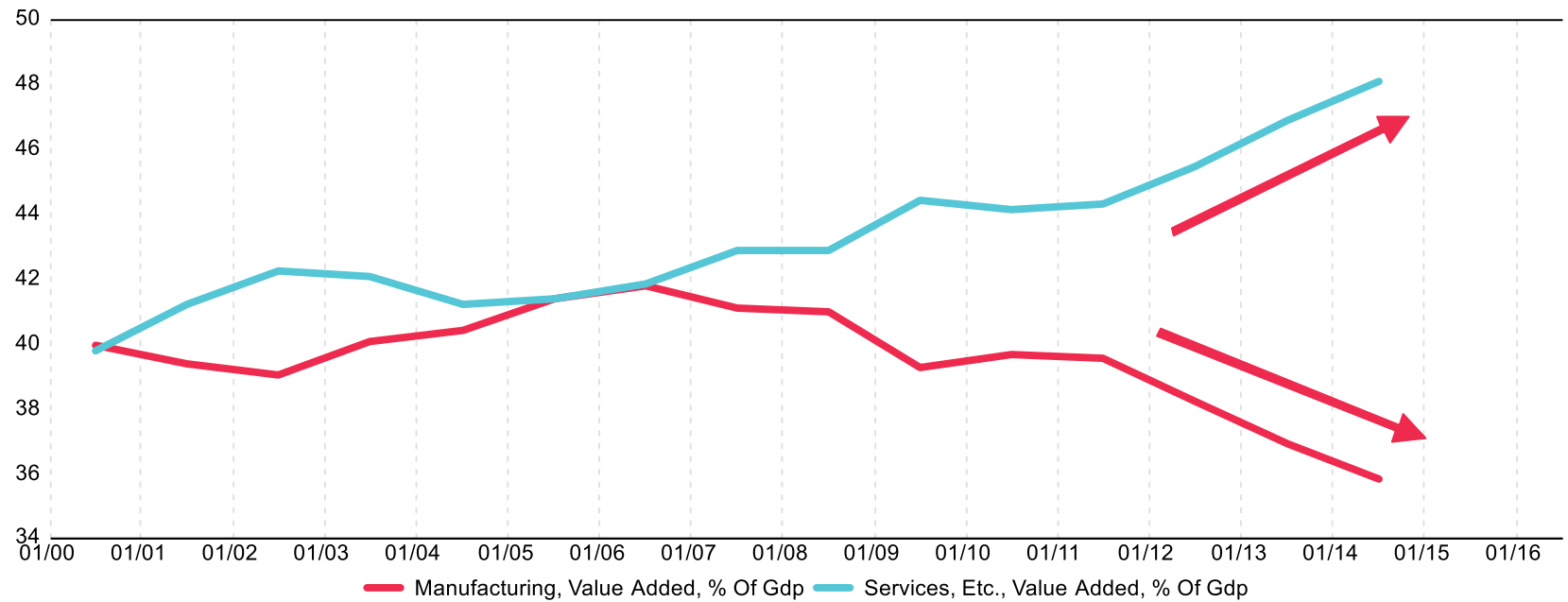


WATCH IT SHORTY!





CHINA IN TRANSITION



Source: FactSet

Services matter more than manufacturing and constructionand are growing far faster

SOURCE: MRB

BROKEN BRICS?

China
Change of Life

India
Post election

Russia
Rule of law?

Brazil
Weaker Exports

South Africa
Political issues

Turkey
On the Cusp



THE EUROPEAN CAMERON



UK

Jobs & growth vs
Income Tax

No Power or
Transport strategy

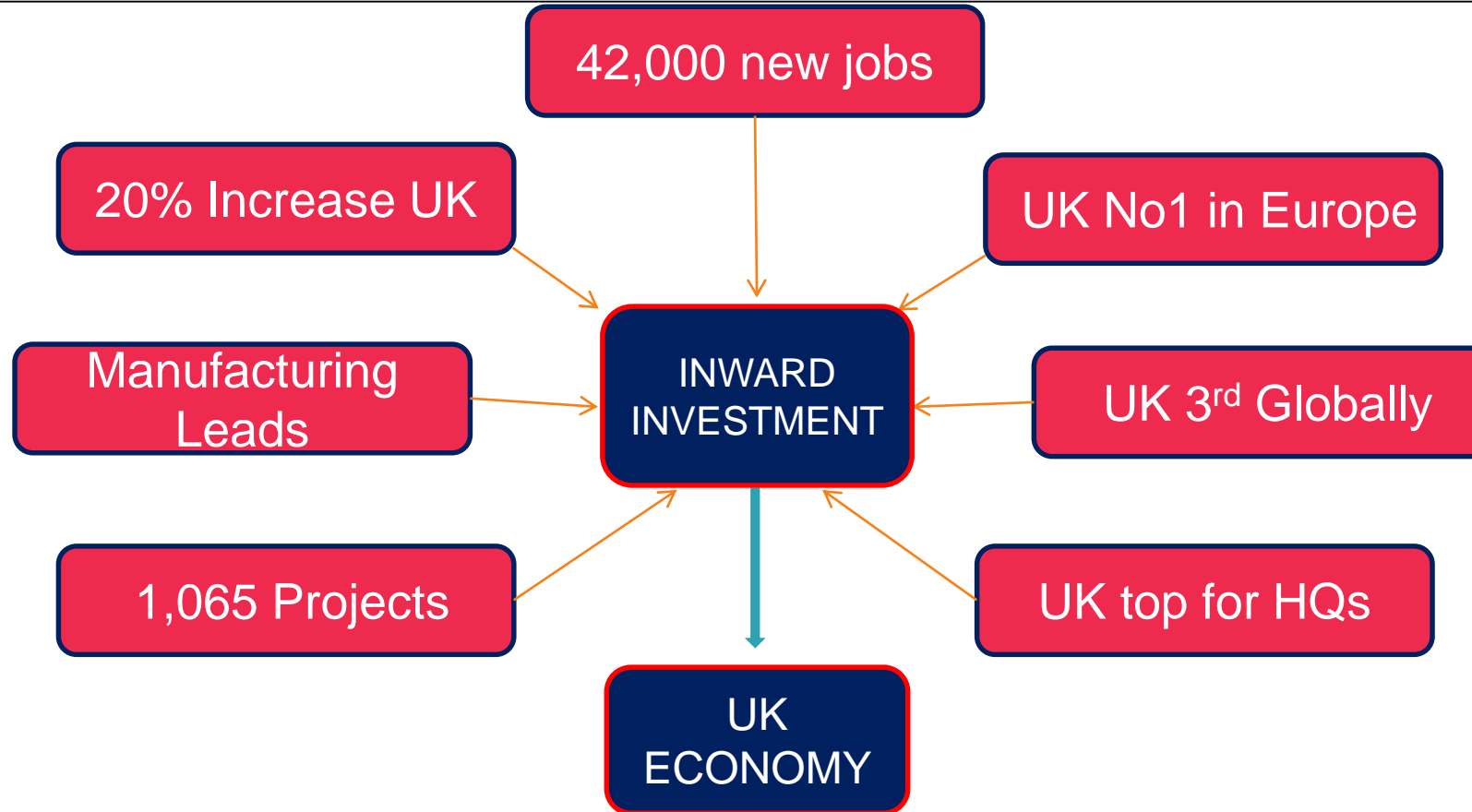
2 Unions

Fixing the banking
system

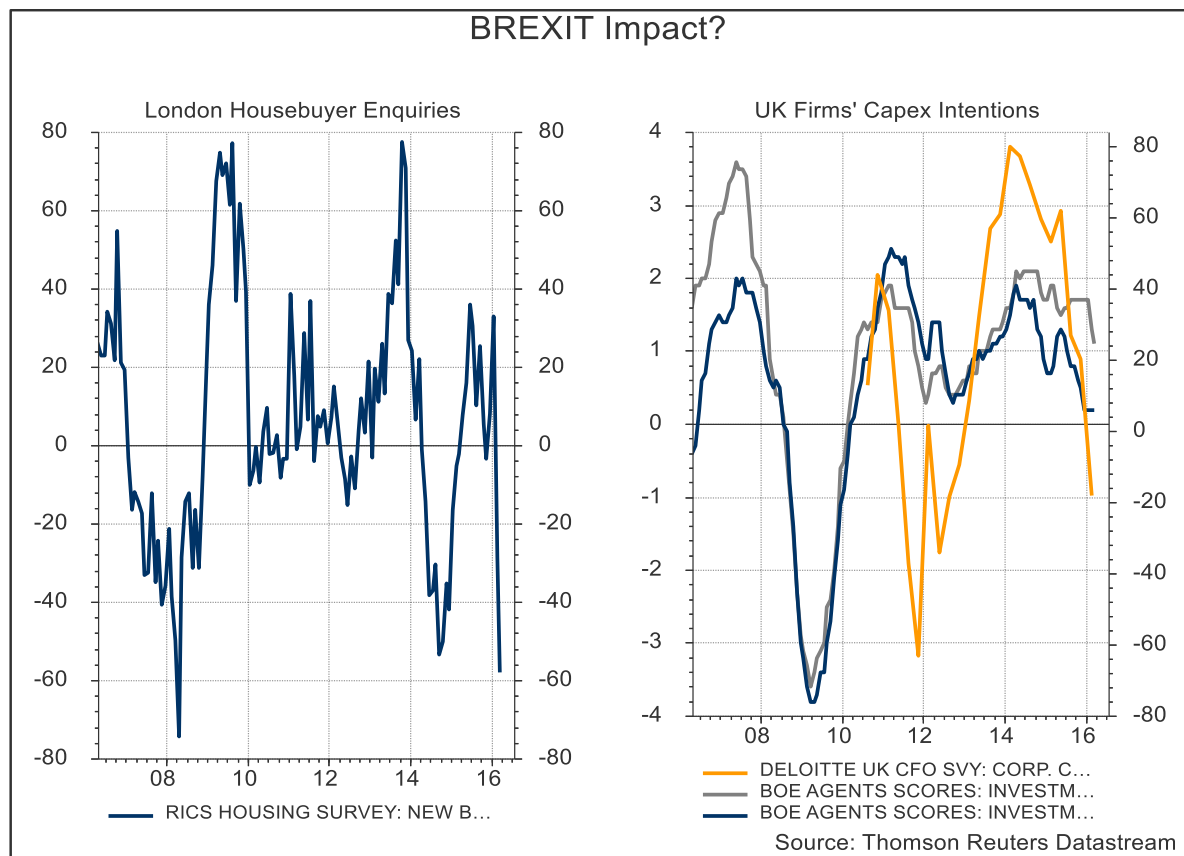
Tax reform?

World's
5th - 8th - 10th
?

UK – SHE'S GOT PULLING POWER



UK: BREXIT VULNERABILITY?



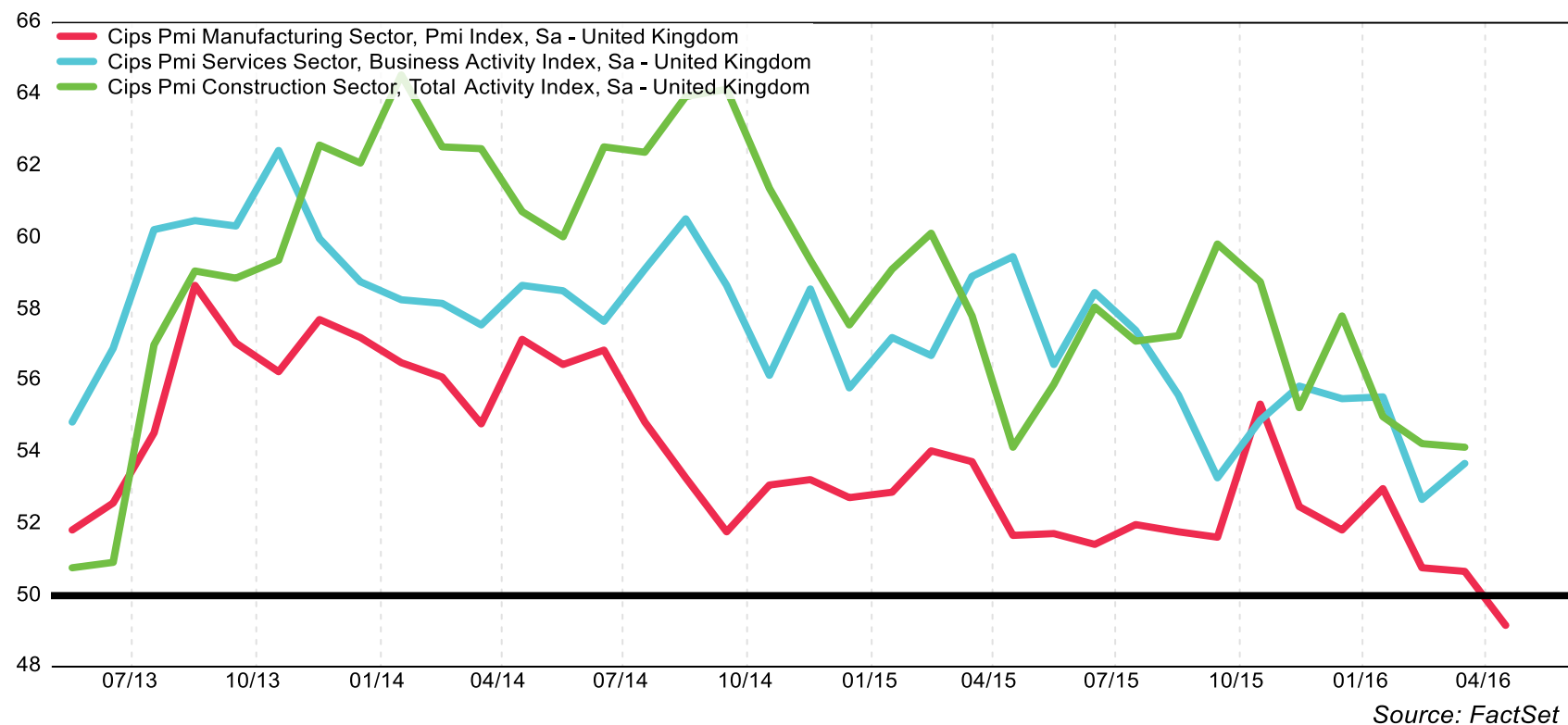
We may already be seeing BREXIT concerns impacting behaviour in the real economy:

RICS report weaker buyer enquiries for London housing.

UK firms are indicating lower capex intentions.

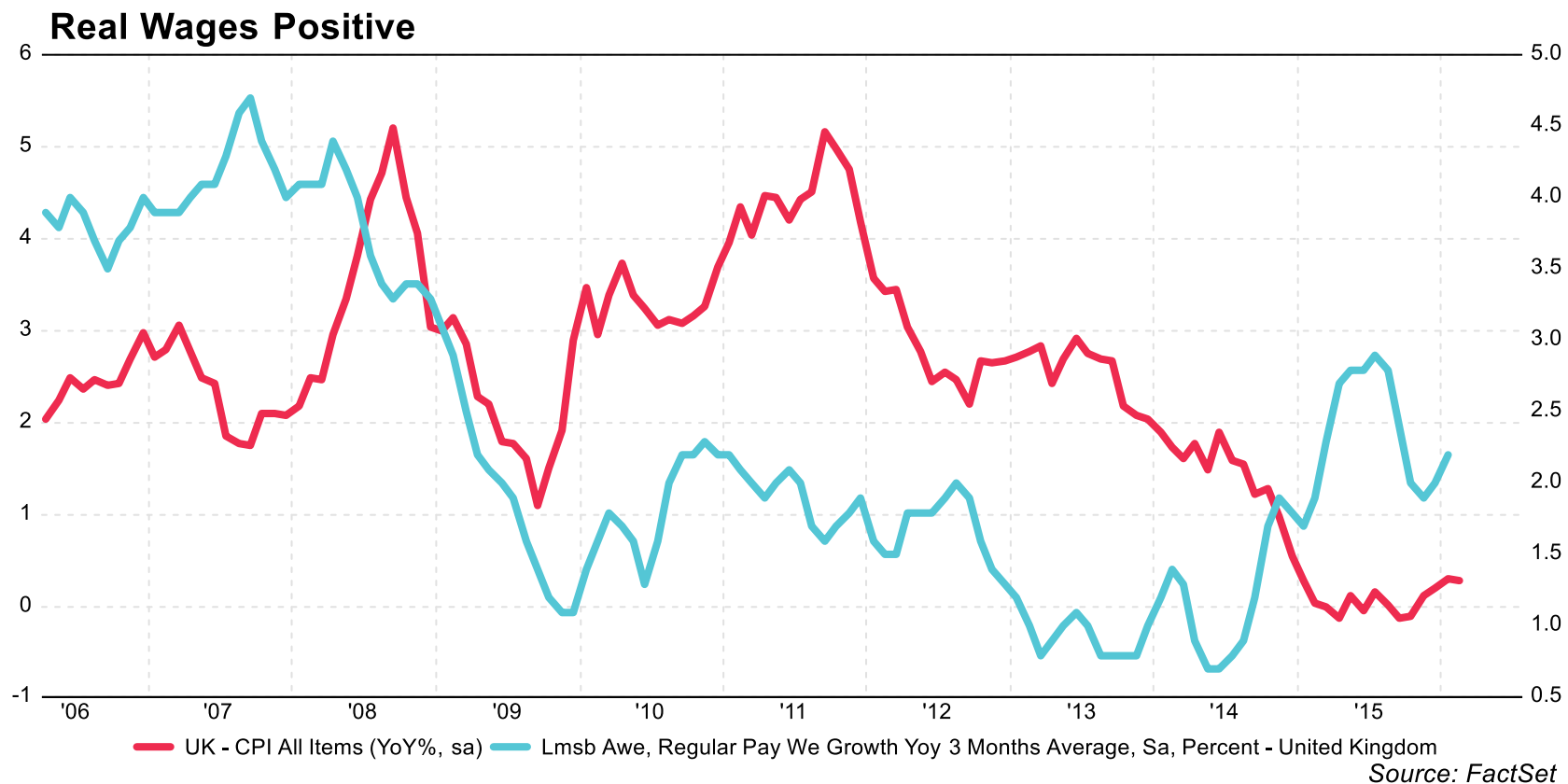
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UK PMIs



SOURCE: FACTSET

REAL WAGES TICKING UP

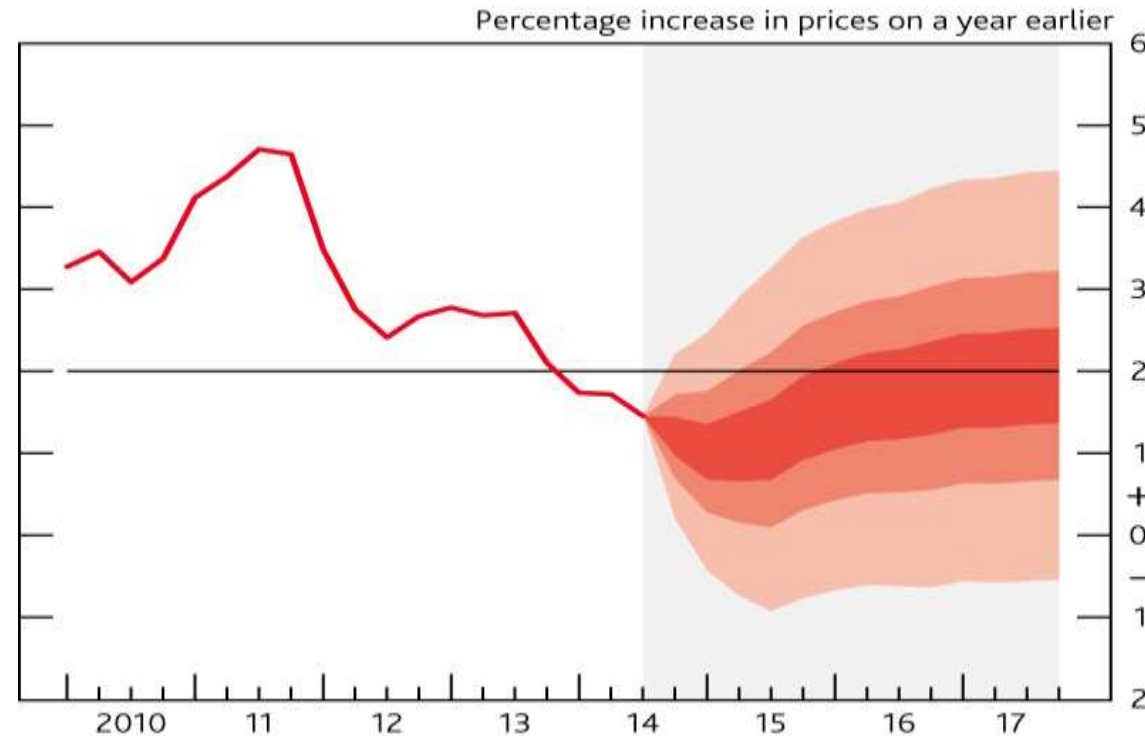


RHS - BLUE— WAGE INFLATION V **RED** UK CONSUMER PRICE INFLATION

LIVING STANDARDS STARTING TO PICK UP AT LAST?

THE LONG AND WINDING ROAD

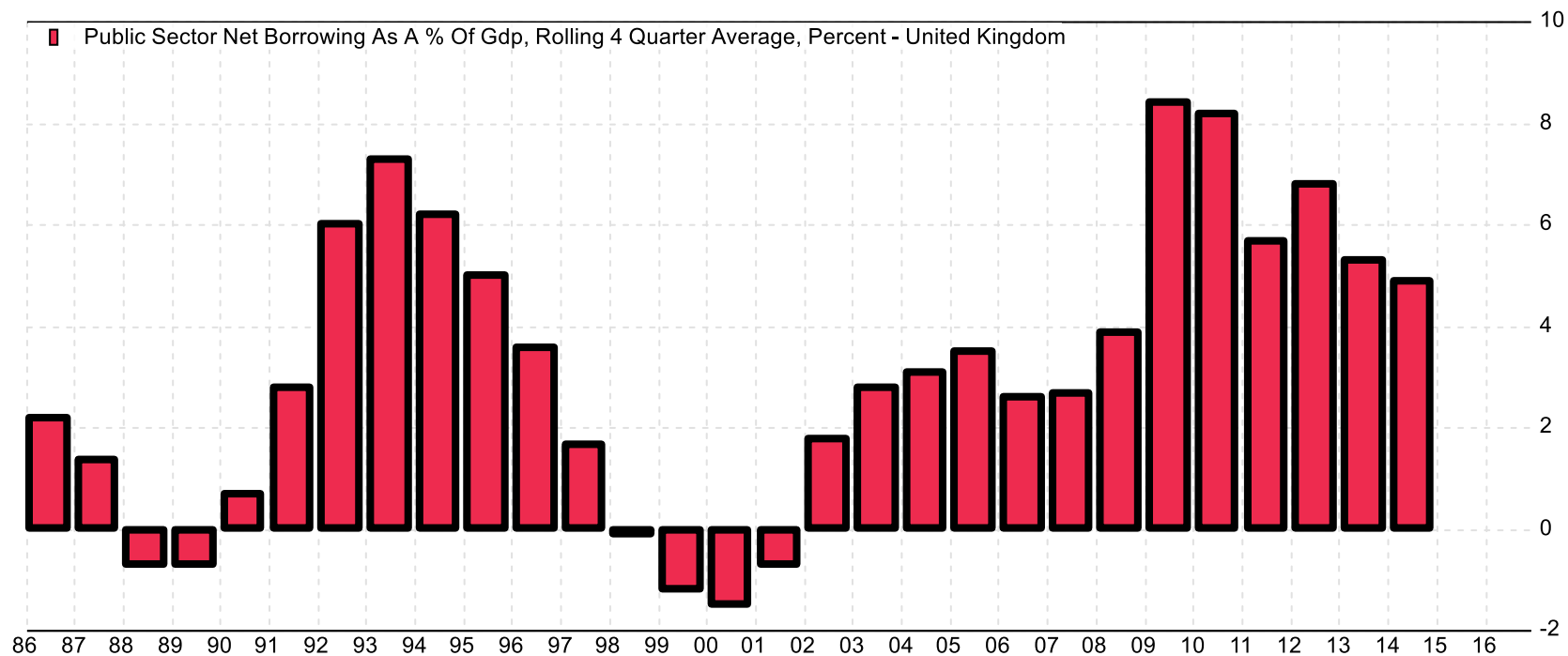
INFLATION LIKELY TO STAY LOW IN THE MID-TERM



SOURCE: BANK OF ENGLAND

GOVERNMENT DEFICIT

UK Govt' forecast to borrow £70bn in 2015/2016



Source: FactSet

UNDERSTANDING OUR DEBT

- Annual Government Income: £673
- Money Spent: £742
- Debt Interest: £36
- Debt: £1,528,000,000,000

BREXIT KEY ECONOMIC ISSUES

- Confidence
 - Inward Investment
 - Debt Funding
 - Spending Corporate/Personal
- Currency
- Trading Agreements
- Employment
 - Immigration
 - Employment Rights

KEY RISKS TO THE VIEW

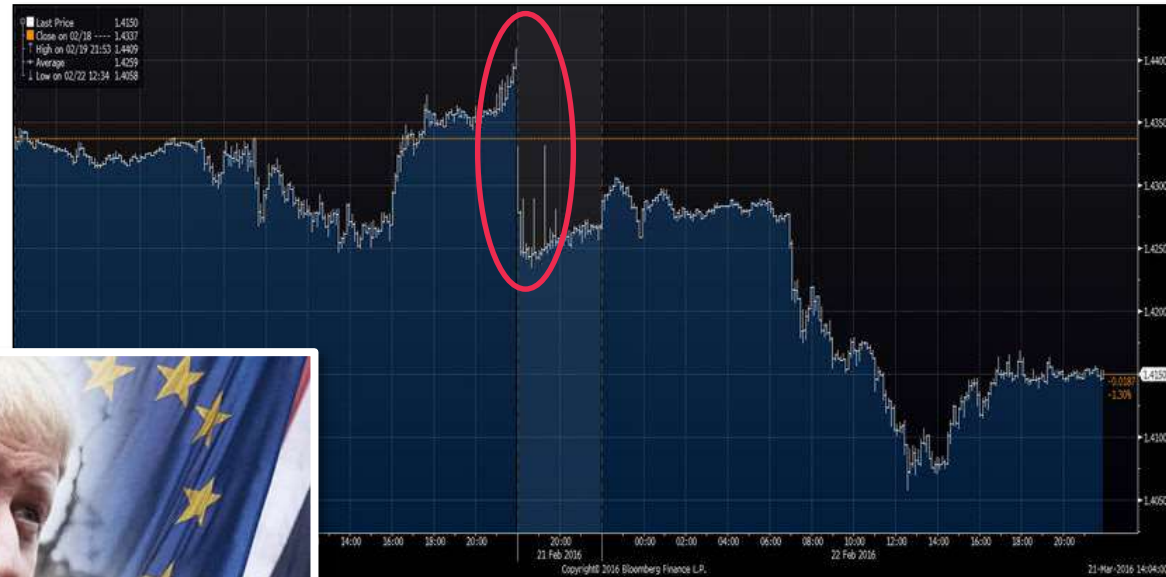
EUROZONE GREEN/K SHOOTS

CHINA CHANGE of LIFE

UK SULLEN GROWTH & NERVES

US DEBT, DEFICIT & DEMAND

BREXIT?



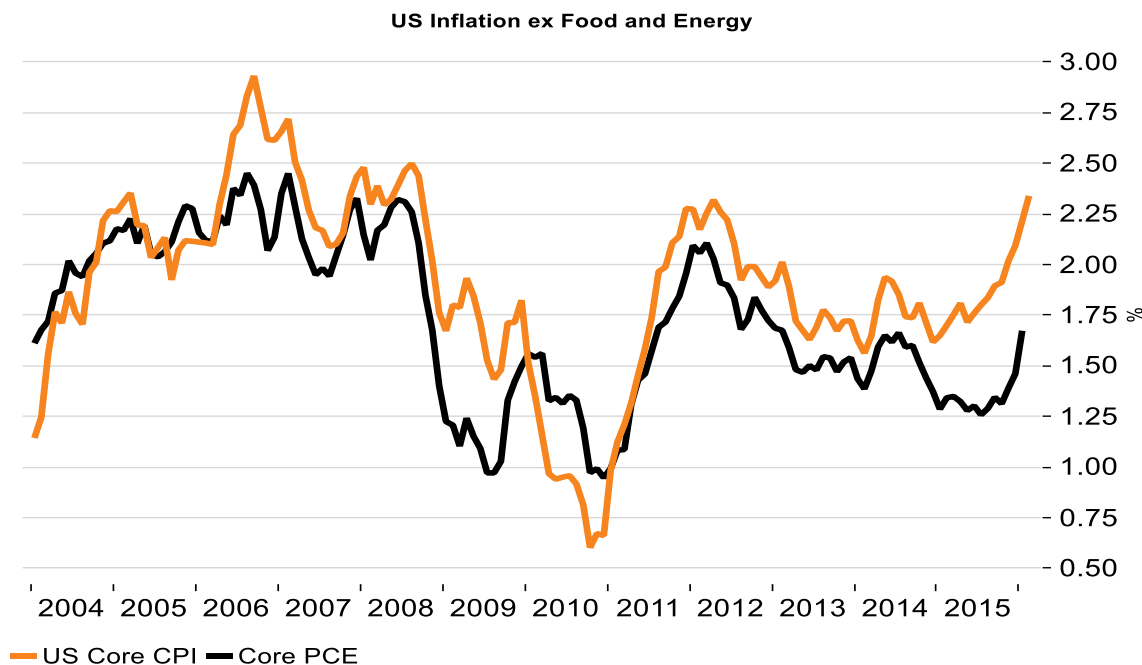
2016 – AND THE WINNER COULD BE...



INFLATION?

Headline was in line with expectations

- But core rose above consensus



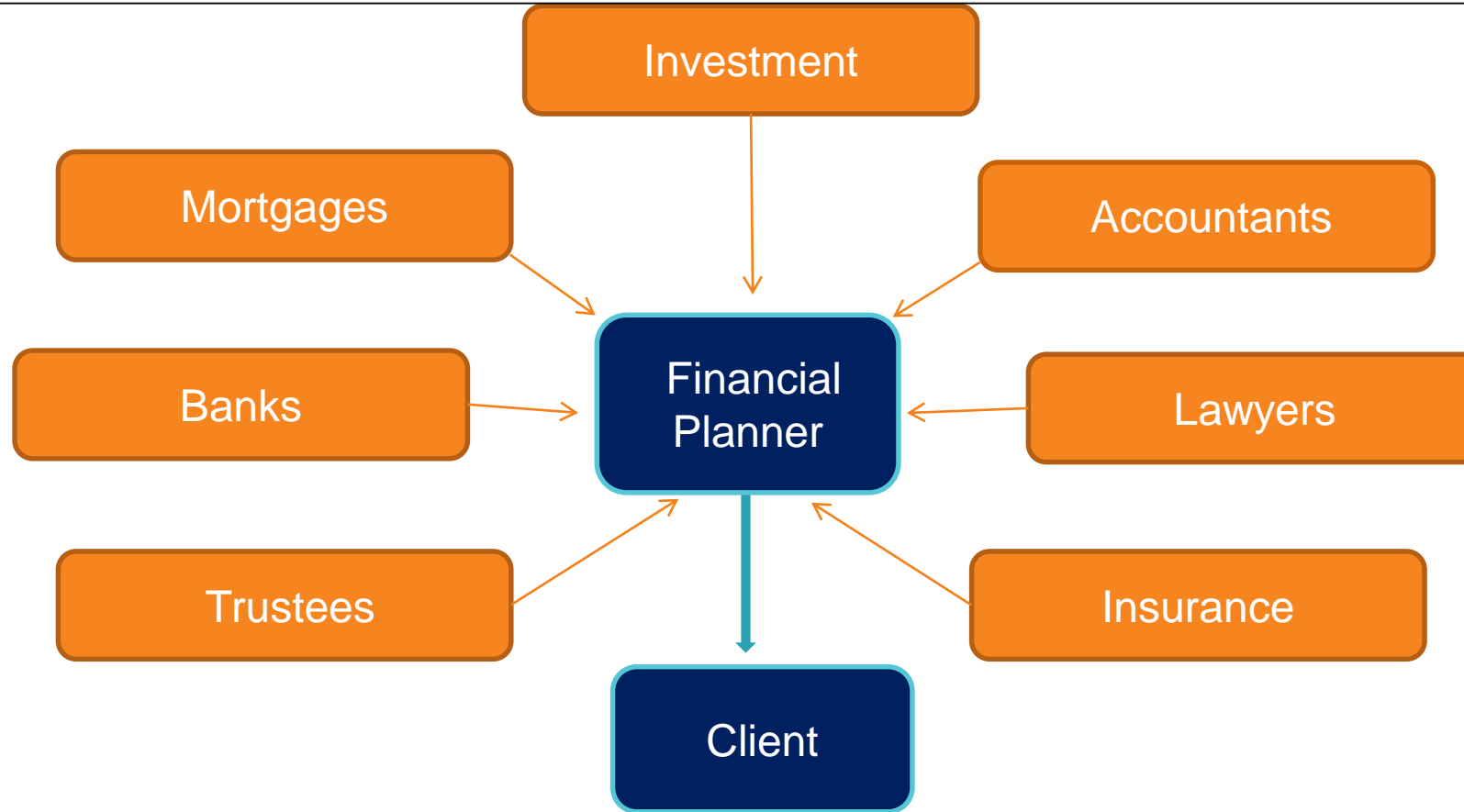
REBUILDING INVESTMENT CONFIDENCE

KEY WORD FOR ECONOMY - CONFIDENCE



**REWARDING
YOUR OWN
HARD WORK**

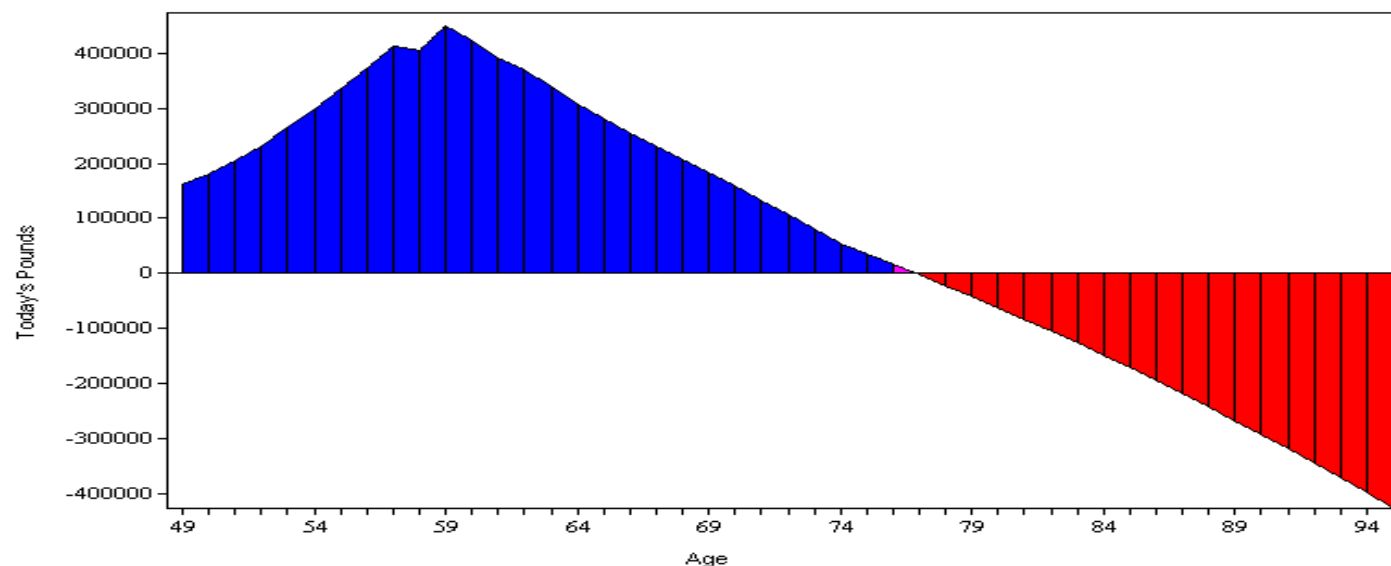
CO-ORDINATING FOR THE CLIENT



FORWARD FINANCIAL HEADLIGHTS

Cash flow – income and expenditure

- Now
- Long term future



7IMAGINE - FROM THE APP STORE



YOUR FINANCIAL PLAN - “MY FUTURE”





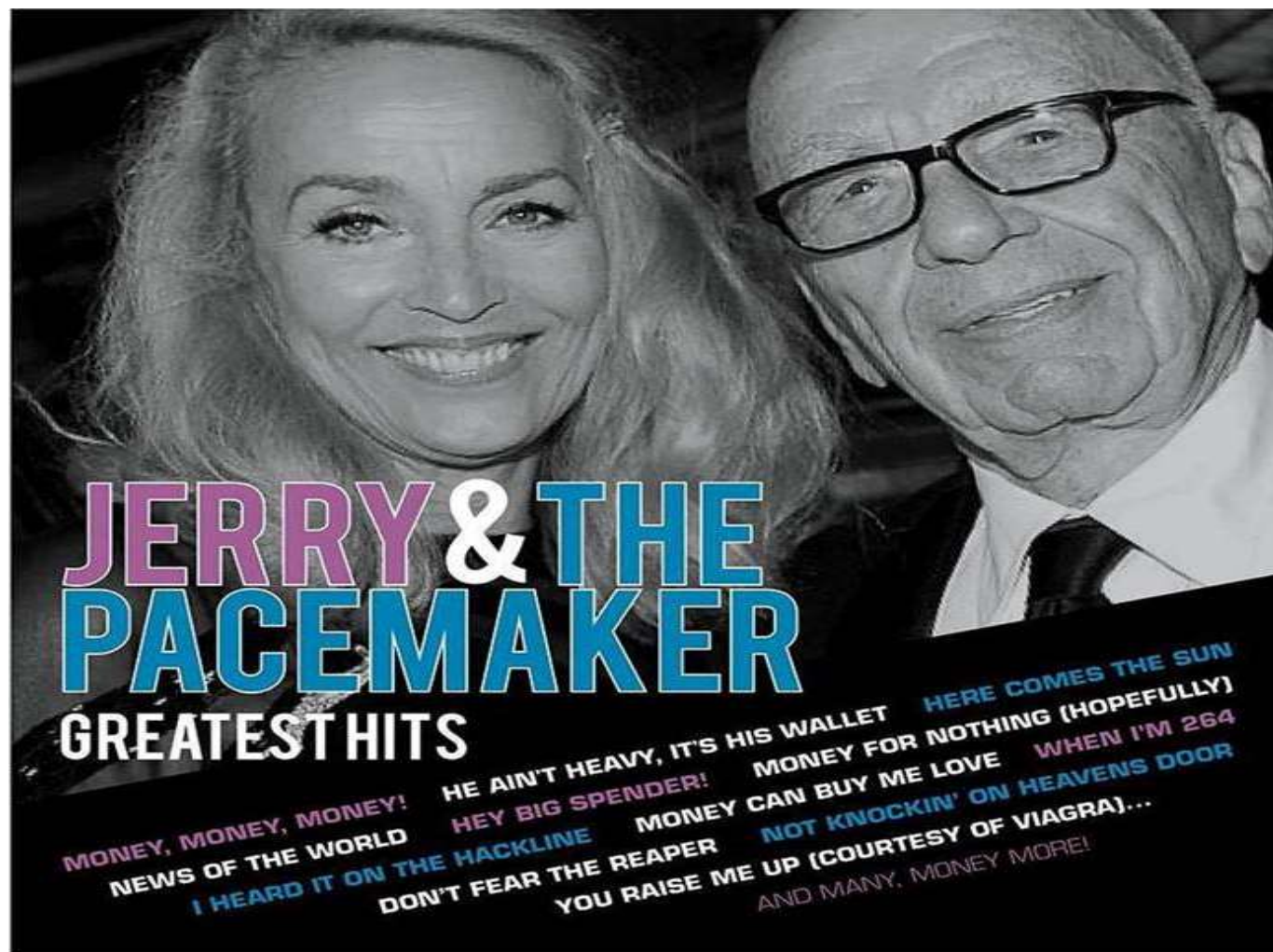
SO WHAT DO YOU DO?

Think broader family assets and liabilities

- Managing family assets

Improve Investment Discipline

- Reducing Costs
- Better than average Returns
- Reducing Risks
- Lower Volatility
- Regular financial planning



FAMILY BALANCE SHEET

ASSETS

House
Car
Pension
Life assurance
ISAs
Shares & National Savings
Cash

LIABILITIES

Mortgage
Credit Cards
Loans

NET BALANCE £

ARE WE IN OR OUT?



THANK YOU

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