

Current Economic Topics

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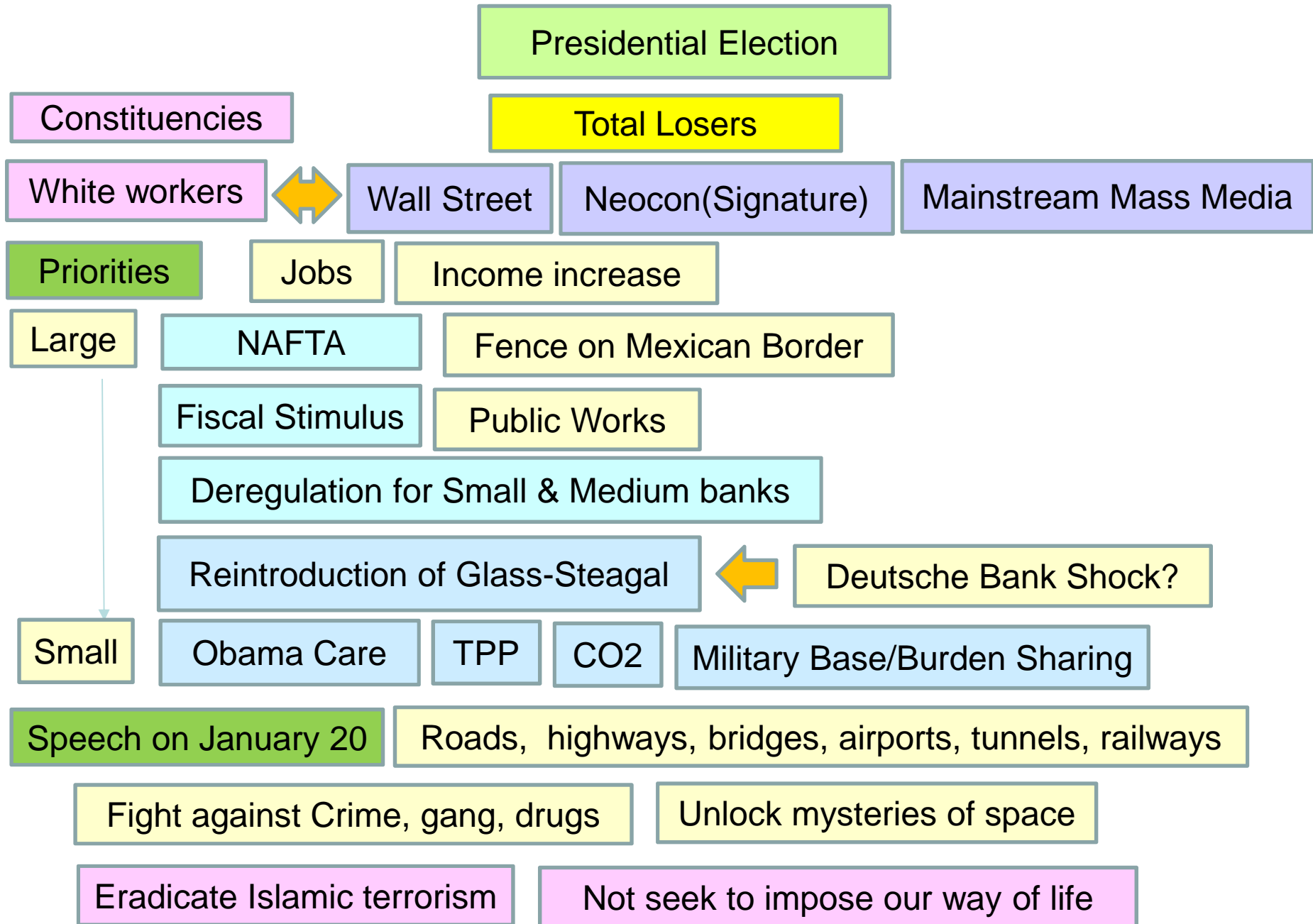
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Who's who in the administration

Lincoln: Cabinet of Rivals

Marine

James Mattis

Joseph Dunford

John Kelly

GS

Gary Cohn

Steve Mnuchin

Steve Bannon

Jay Clayton

Anthony Scaramucci

Dina Powell

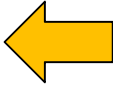
Japan

Wilbur Ross

William Haggerty

Russia

Rex Tillerson



Robert Gates

Sam Nunn

Michael Flynn



H.R. McMaster

China

Peter Navarro



Terry Branstad

Henry Kissinger

Steven Schwarzman

Masayoshi Son

Jack Ma



Jeff Bezos

Anti-drug

Jeff Sessions

John Kelly

Saudi Arabia

Publication of the Congress Report on 9/11



Parting

Good “Trump” effect on world economy

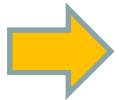
Fiscal stimulus , Large scale public works in the US



Change of European fiscal policy?

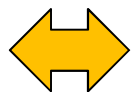
End of economic sanction on Russia?

Stabilization of Middle East by US and Russia cooperation



Tremendous demand for investments for reconstruction

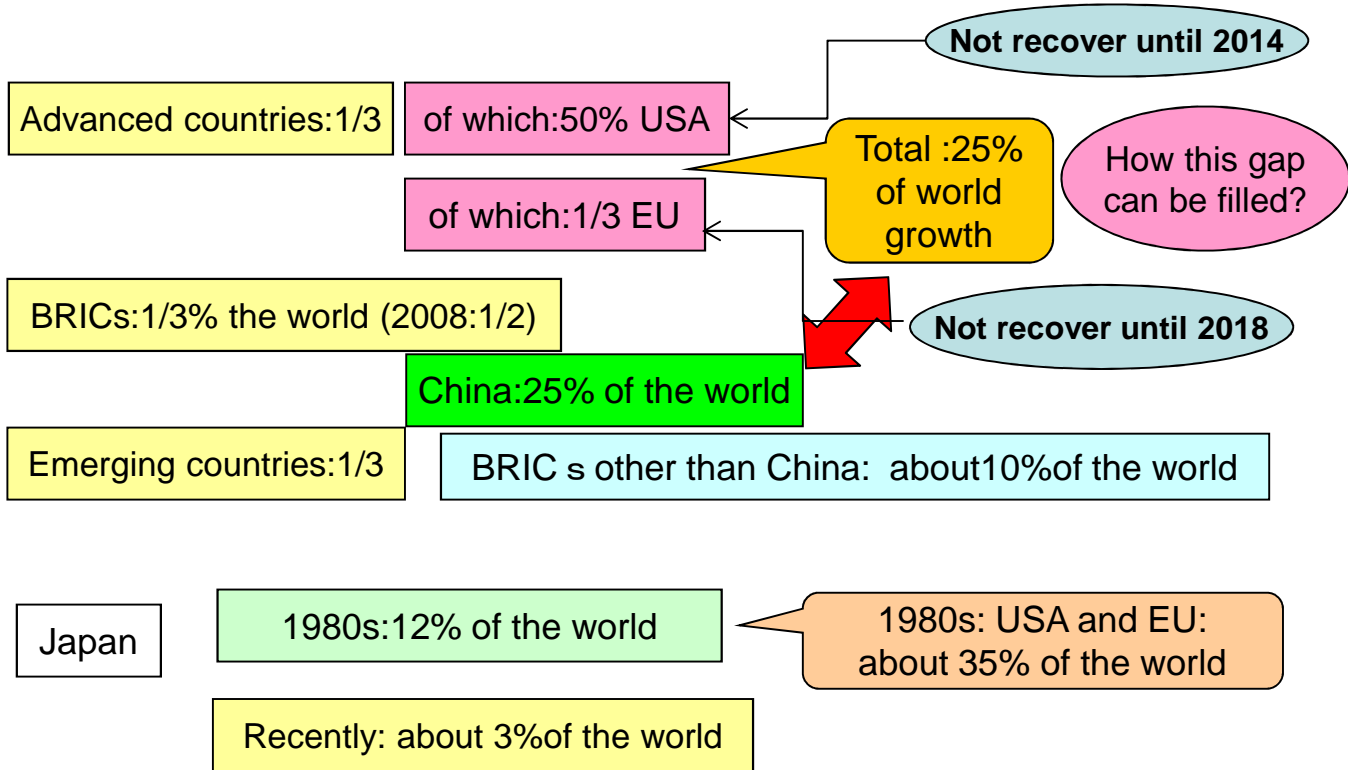
All of above increase real demand



Not a disguised restoration by Quantitative Easing

Overview of Global Economy (2000~):My projection in 2009

Contribution to world economic growth (2001 -2006)



World Economy in glimpse

US, Europe

Multiple QEs

Real economy: not recovered

Fiscal stimulus is required



Fiscal Austerity Instead



Excess Liquidity



Limited Borrowers



IT

Energy

Derivatives

Prices ignoring supply/demand

Surge of derivative market

BIS Warning(2016.9)

Before Lehman

Now

Outstanding Liabilities in US Market.

USD 53 T



USD 60 T

Assets of US Fed.

USD 850 B



USD 4.5 T

5 Times

Reserve of US Fed.

USD 8 B

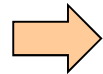


USD 4.3T

50 times

Deutsche Bank Woe

After Lehman



Safe Haven of Derivative Dealings

IMF Warning(2016.6)

DB is the largest risk of world financial system

Notional amount of derivatives

55-70 trillion euro

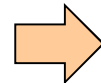
Estimate of required injection for bail-out



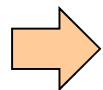
90 billion euro

Stock price fall

20 euro year start

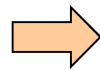


Less than 10 euro



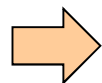
Out of StoxxEuro50 (2016.8)

USD 14 B Fine



7.2 B

Option other than nationalization?



MIZUHO style equity raising failed

“Let it collapse”

Unpopularity of bankers

Contagion effect on other major banks in Europe

J,C,R,B,L,S,U,C,U,S,P,K

How to cope with crisis

Winner

Cash holder

Strong currency

Loser

Asset holder

Weak currency

Leveraged entity *

Potential of economic growth

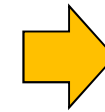
= (Desired living standard - Current living standard) x Population

Emerging

Exist abovementioned gap = High potential

Advanced

Gap does not exist = Low potential



New products

The end of financial capitalism

Need of fiscal stimulus

One belt one road