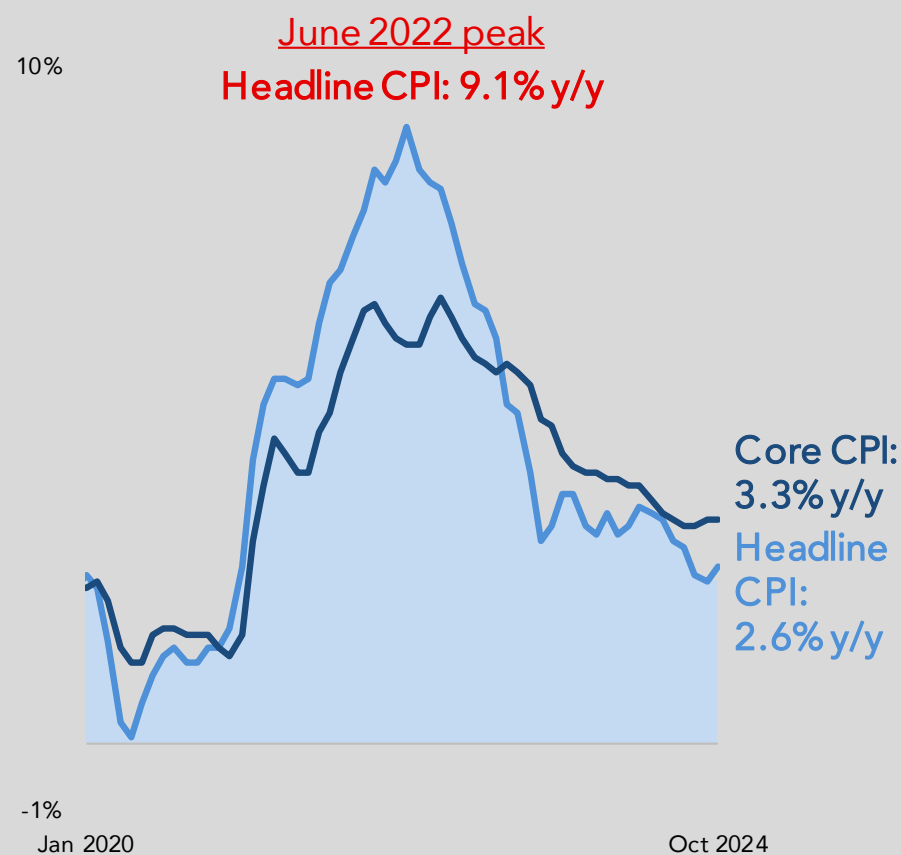


Chart of the Day

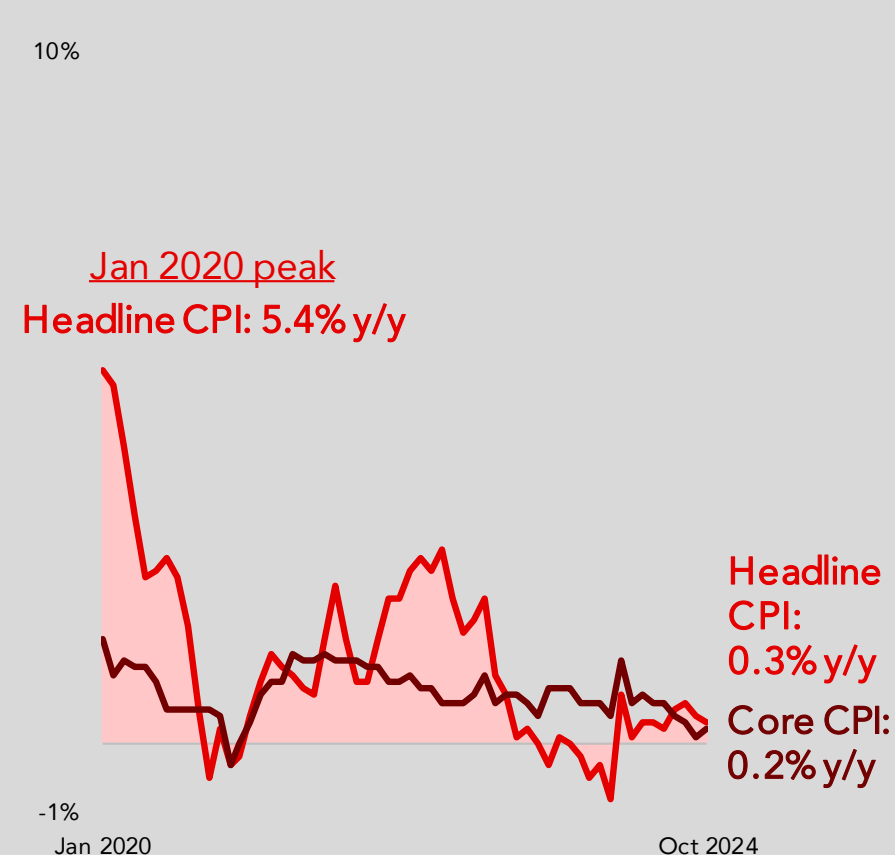


As a result of domestic policy prescriptions across the world's two largest economies, the United States and China are experiencing inflation and deflation, respectively, at exactly the same time. To the extent this policy induced divergence widens in 2025, which we think is likely, the implications for the global economy may be profound. Specifically, those economies (i.e., Europe, South Korea) and markets (i.e., oil, EMFX) that are high beta to global trade, China demand and/or a strong US Dollar are especially vulnerable.

US headline and core CPI, y/y



China headline and core CPI, y/y



Source: (1-2) Bureau of Labor Statistics. CPI Report October 2024. Bloomberg. Data as of November 13, 2024.

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"Macro stability isn't everything, but without it, you have nothing."