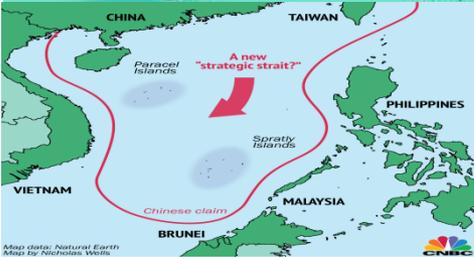


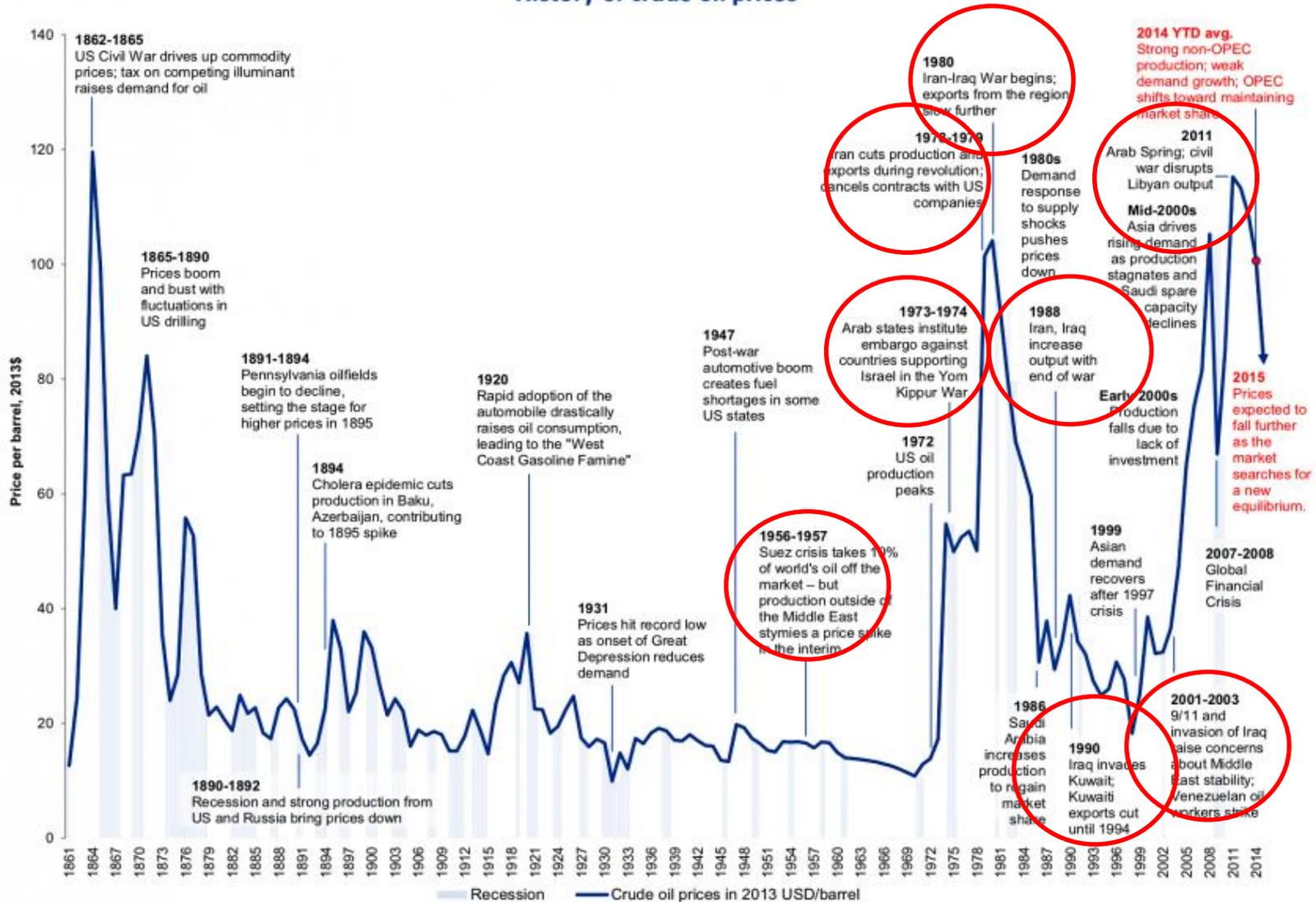
Turbulent Times



- 
- Geopolitical Events & Trends
 - Geopolitics and Commodity Markets
 - Conclusions



History of crude oil prices



Note: 2014 YTD average price is as of December 8, 2014.

Source for data: BP, NBER/Federal Reserve Bank of St. Louis.

Source for annotations: Hamilton, James. "Historical Oil Shocks." University of California, San Diego; various news sources; Goldman Sachs Global Investment Research.

Complex business: many types of commodities:
energy, metals, agri, minerals, etc. Own characteristics

Megatrends:

- Urbanisation
- Demography
- Climate Change
- Technology
- ...

Accidental:

- Weather
- Disasters
- ...

Market Specs:

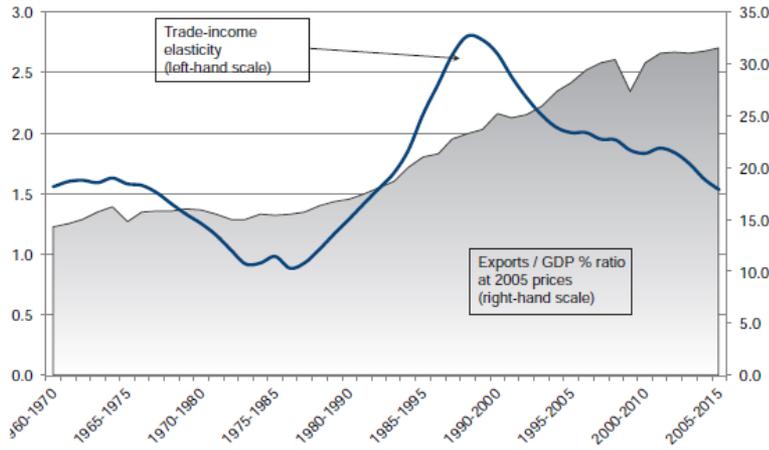
- Financialisation
- Stock
- ...

Cyclical:

- Economic growth
- (Geo-)political developments
- ...

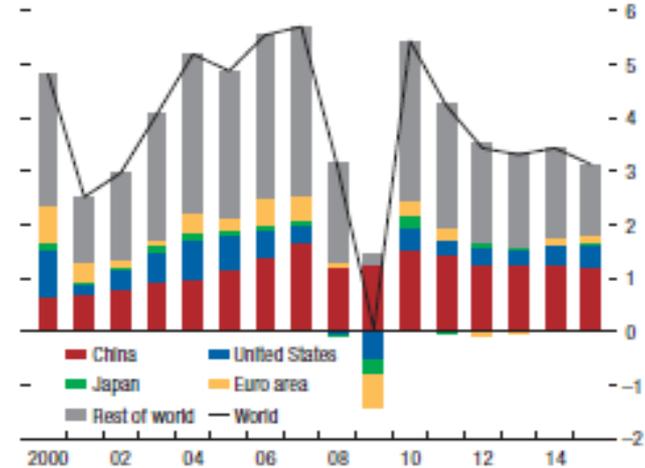
Economic Growth Engines

World Trade



Source: CEPR/EIU

China's Growth Contribution

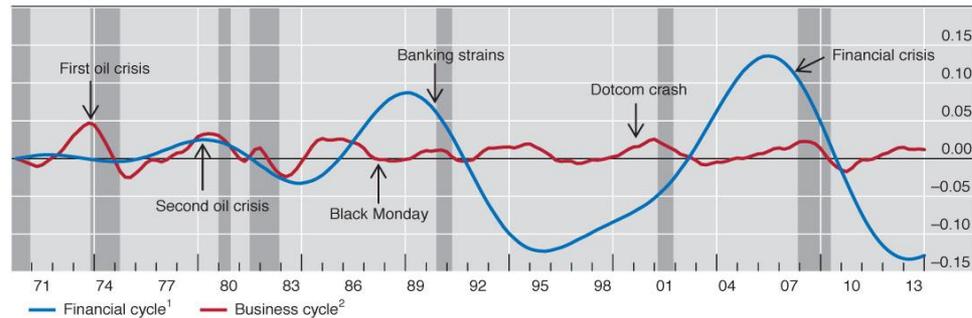


Source: IMF

Credit Cycle

The financial and business cycles in the United States

Graph IV.A



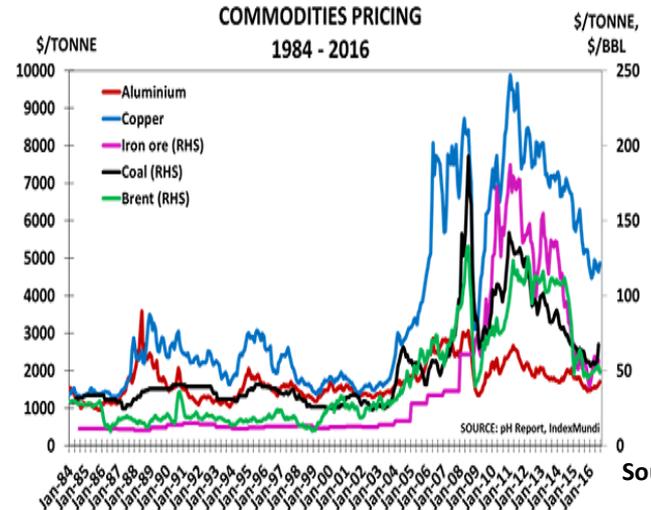
¹ The financial cycle as measured by frequency-based (bandpass) filters capturing medium-term cycles in real credit, the credit-to-GDP ratio and real house prices. ² The business cycle as measured by a frequency-based (bandpass) filter capturing fluctuations in real GDP over a period from one to eight years.

Source: M Drehmann, C Borio and K Tsatsaronis, "Characterising the financial cycle: don't lose sight of the medium term!", *BIS Working Papers*, no 380, June 2012.

Source: BIS

© Bank for International Settlements

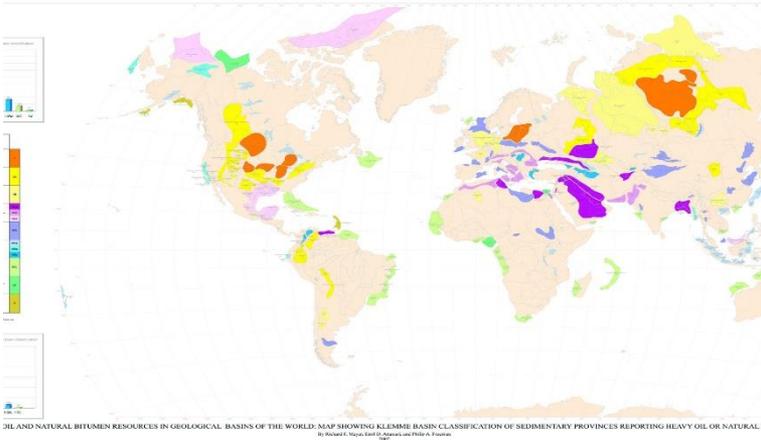
Commodity Super Cycle



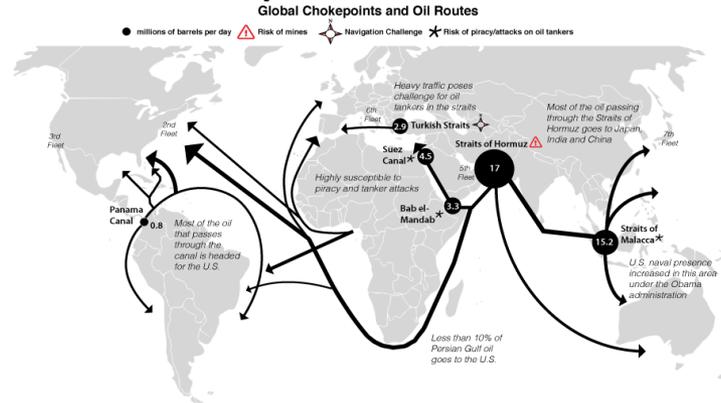
Source: IndexMundi

Geopolitical events: production, transportation and consumption

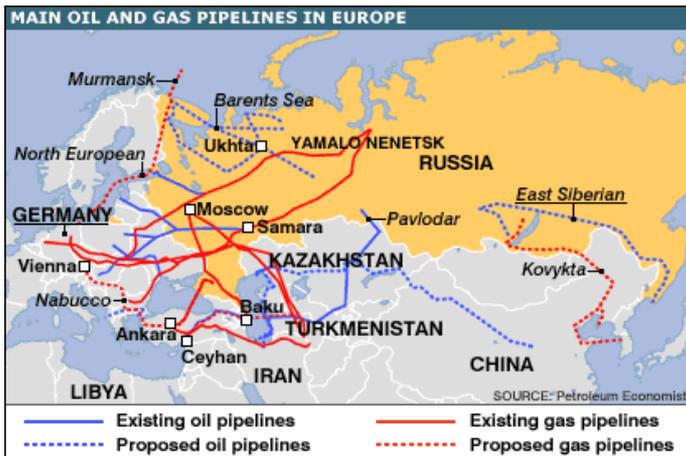
Oil Production



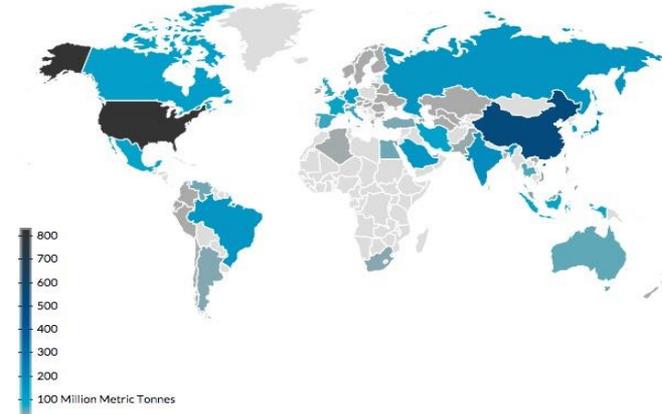
Oil Transport - Maritiem



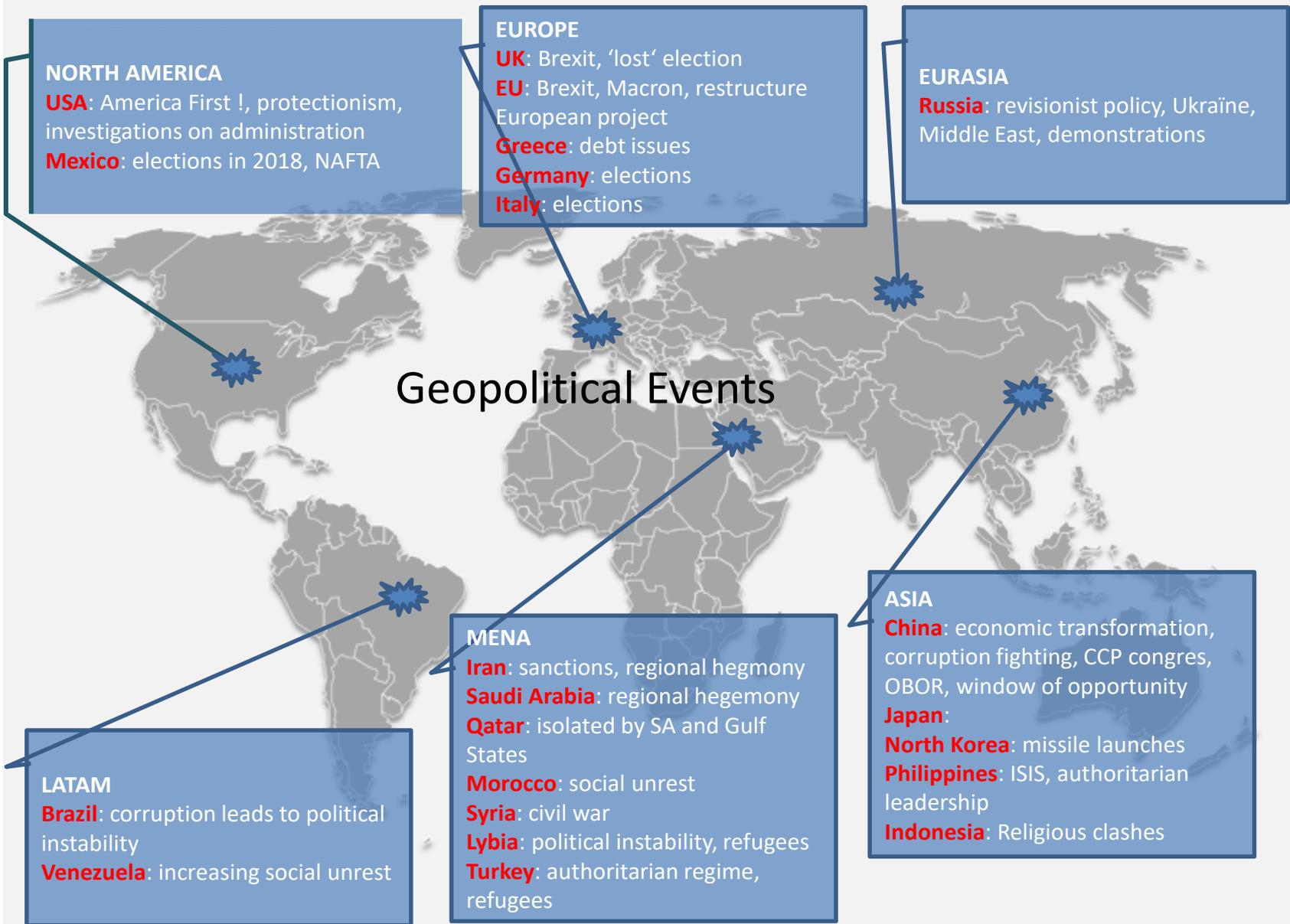
Oil Transport - Pipelines



Oil Consumption

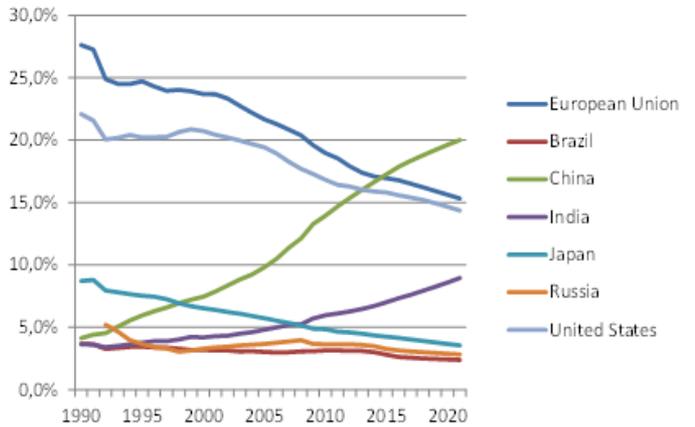


Source: BP Statistical Review of World Energy 2015.



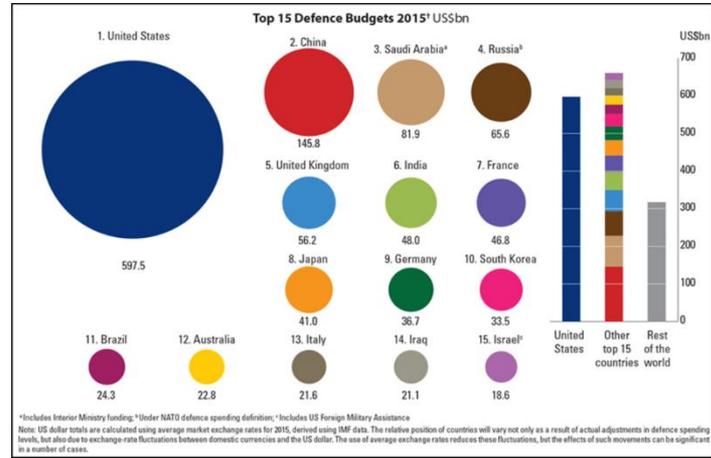
International Power Shift

Economic



Source: IMF

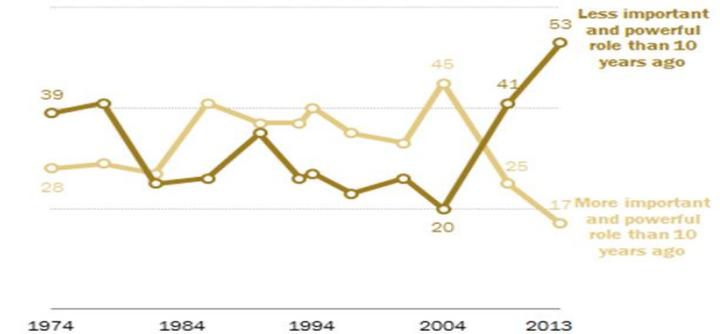
Military



Source: IISS

Views of U.S. Global Power Fall to 40-Year Low

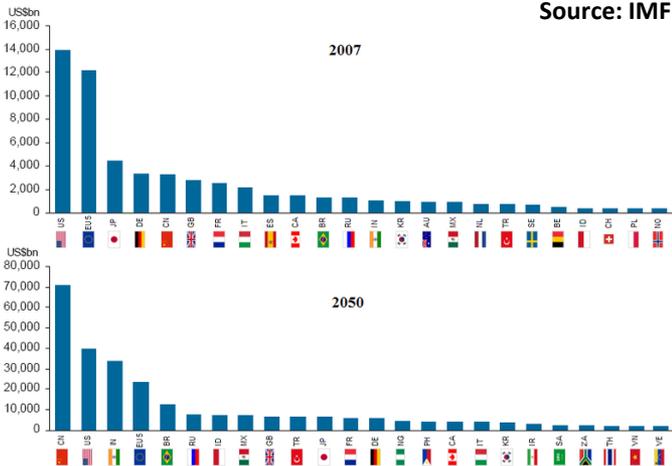
U.S. role today as world leader is ...



Source: America's Place in the World 2013. General public. "About as important a role as world leader" responses not shown. 1974-1990 data from Chicago Council on Foreign Relations.

PEW RESEARCH CENTER

Source: PEW Research



Source: Goldman Sachs

Geopolitical Trends

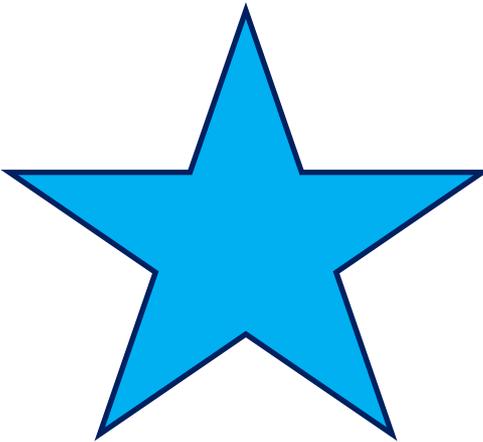
Order



Mood



Actors



Relationships



Rules



Geopolitical Trends

NORTH AMERICA: growing social and political pressures, change of US global role?

USA: inward-looking, highly polarized politics, populism, budget-constrained

Mexico: succes or failure of Mexican reforms?

EUROPE: reform EU project, inward looking, threatening periphery, populism, strong institutions, trans-atlantic relationship, demographic pressures

UK: Brexit, political instability

EU: Brexit, populism, restructure European project

EURASIA: revisionism, insecurity

Russia: revisionist policy, more usage of 'gray zone' military tactics, more domestic coercion, nationalism, economic vulnerable and constrained, 'spoiler'.

Eurasia: more Chinese involvement, resolution of Ukraine conflict

MENA: security competition, demographic pressures, less possibilities to manage public discontent, possible more violent radicalization, contagion to Africa, Europe and Asia, USA committment?

Iran: sanctions, regional hegemony

Saudi Arabia: regional hegemony

LATAM: public dissatisfaction in governments, crime as top concern, commodity dependent, rightward turn

Brazil: political instability, rise of evangelical Christianity

Venezuela: increasing social unrest, humanitarian crisis?

ALBA: continue support from China and Russia

SUB-SAHARAN AFRICA: demographic pressures, migration flows, insufficient economic growth, fragile states and radicalization, generational transition in politics, consolidate gains, increasing religious affiliation, increasing Chinese influence

ASIA: security competition, regime stability & economic cooperation, uncertainty US committment

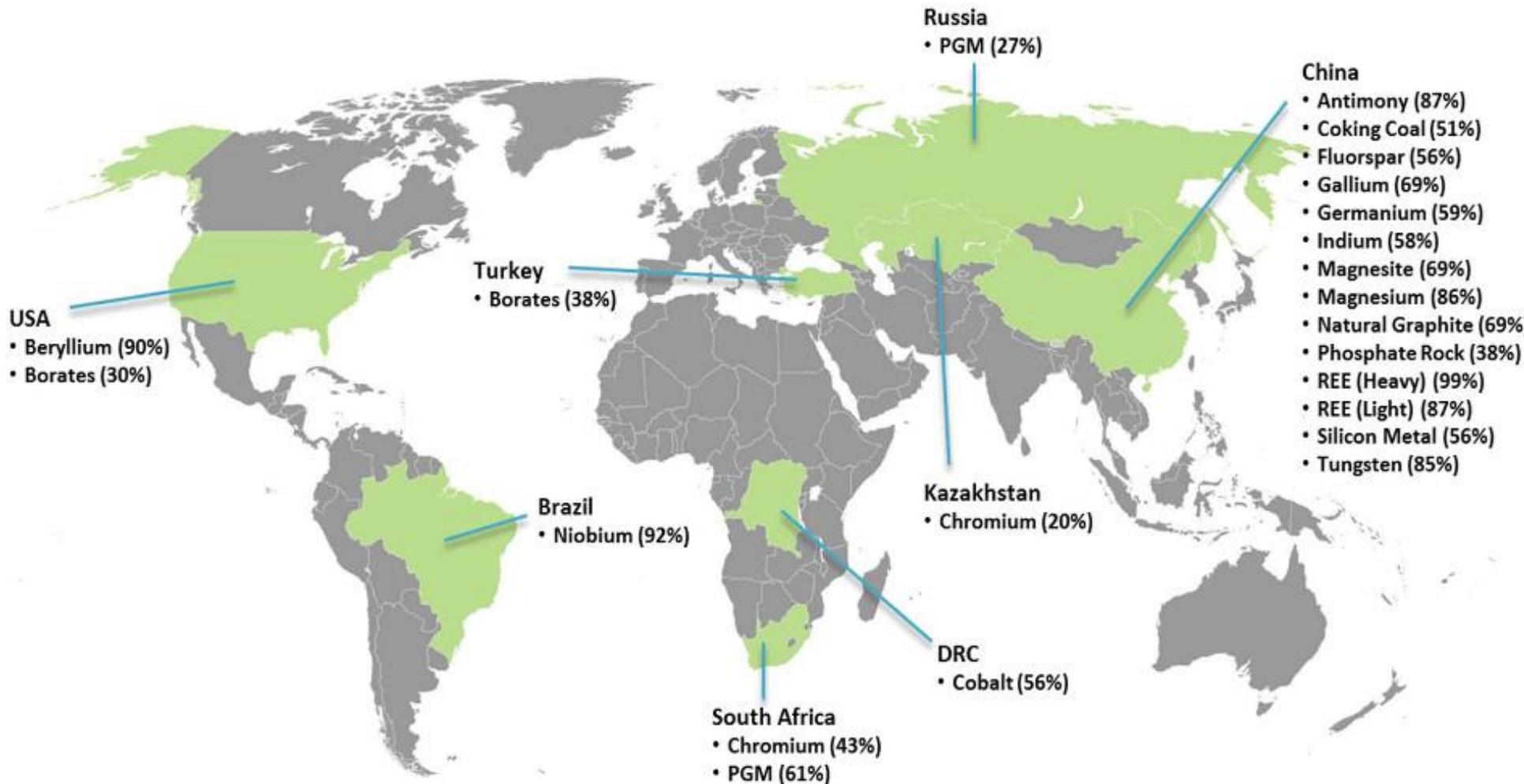
China: slowing economy, window of strategic opportunity, growing middle class, westward developments (OBOR), aging population, control by CCP

India: Hedge China's ambitions, deepening economic integration, tension with Pakistan, growing prosperity vs environmental challenges, demographics

Japan: More international engagement

Indonesia: Rise of Islam

Scarce Commodities



Conclusions:

- Long-term:
 - increasing demand commodities
 - whereby countries will secure supply (China)
- Short-term:
 - Vulnerable economic growth
 - More (geo)political tensions
- For Commodities:
 - Changing patterns
 - More incidents and volatility

Q&A ?

