

Measuring the Business Cycle

THE BUSINESS CYCLE TRIFECTA

LIQUIDITY – GROWTH – INFLATION

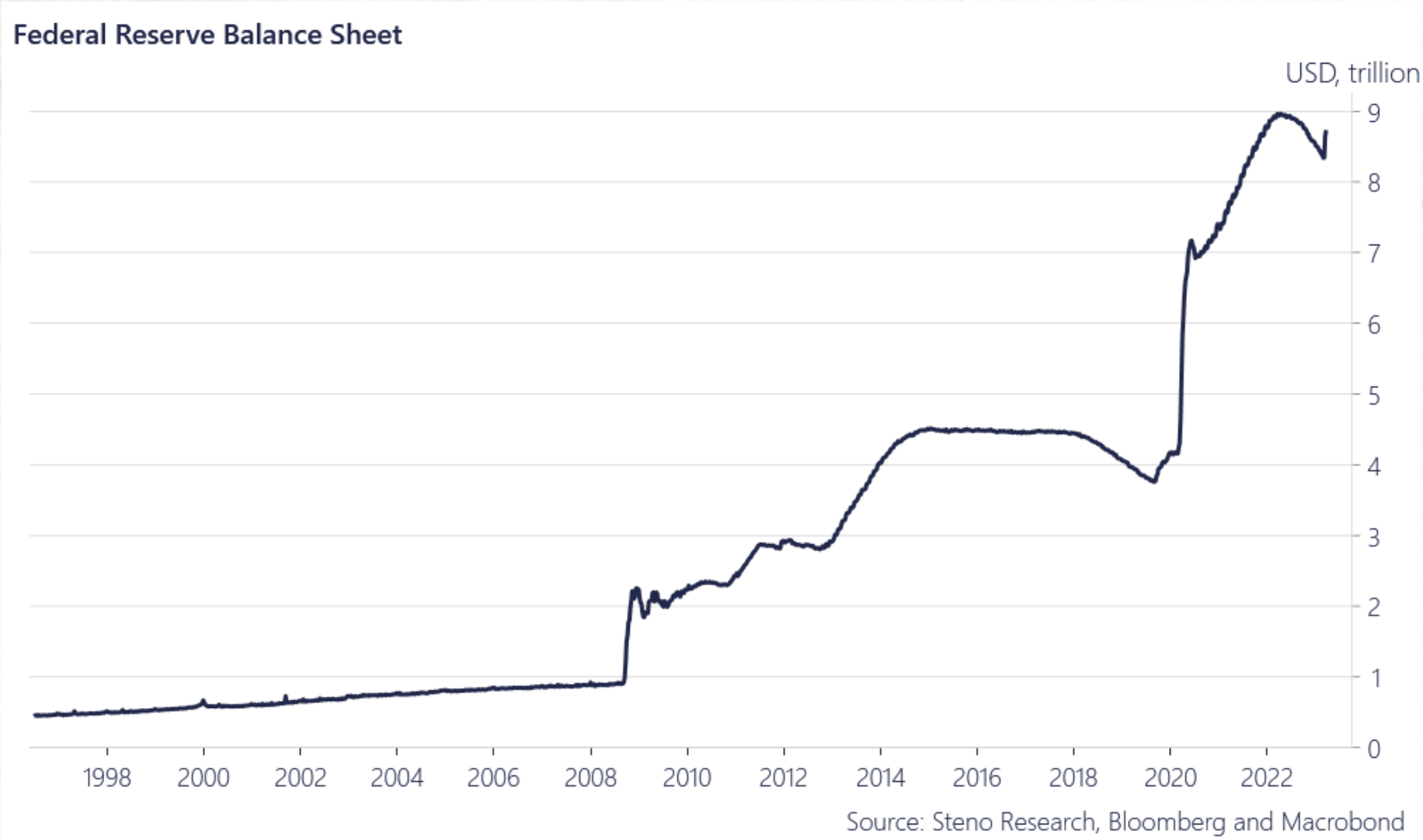
Follow The Traffic Lights



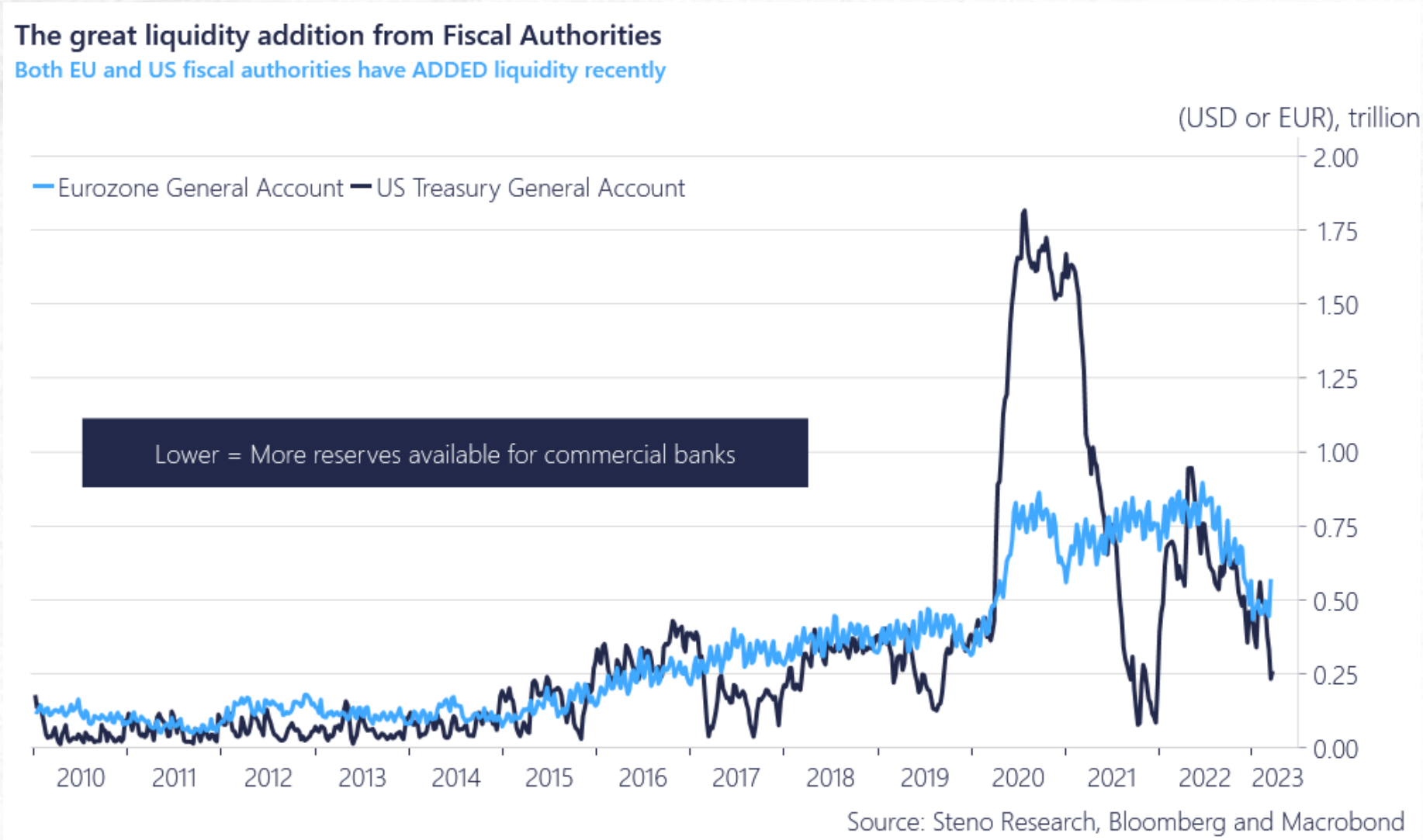
Source: Steno Research

LIQUIDITY

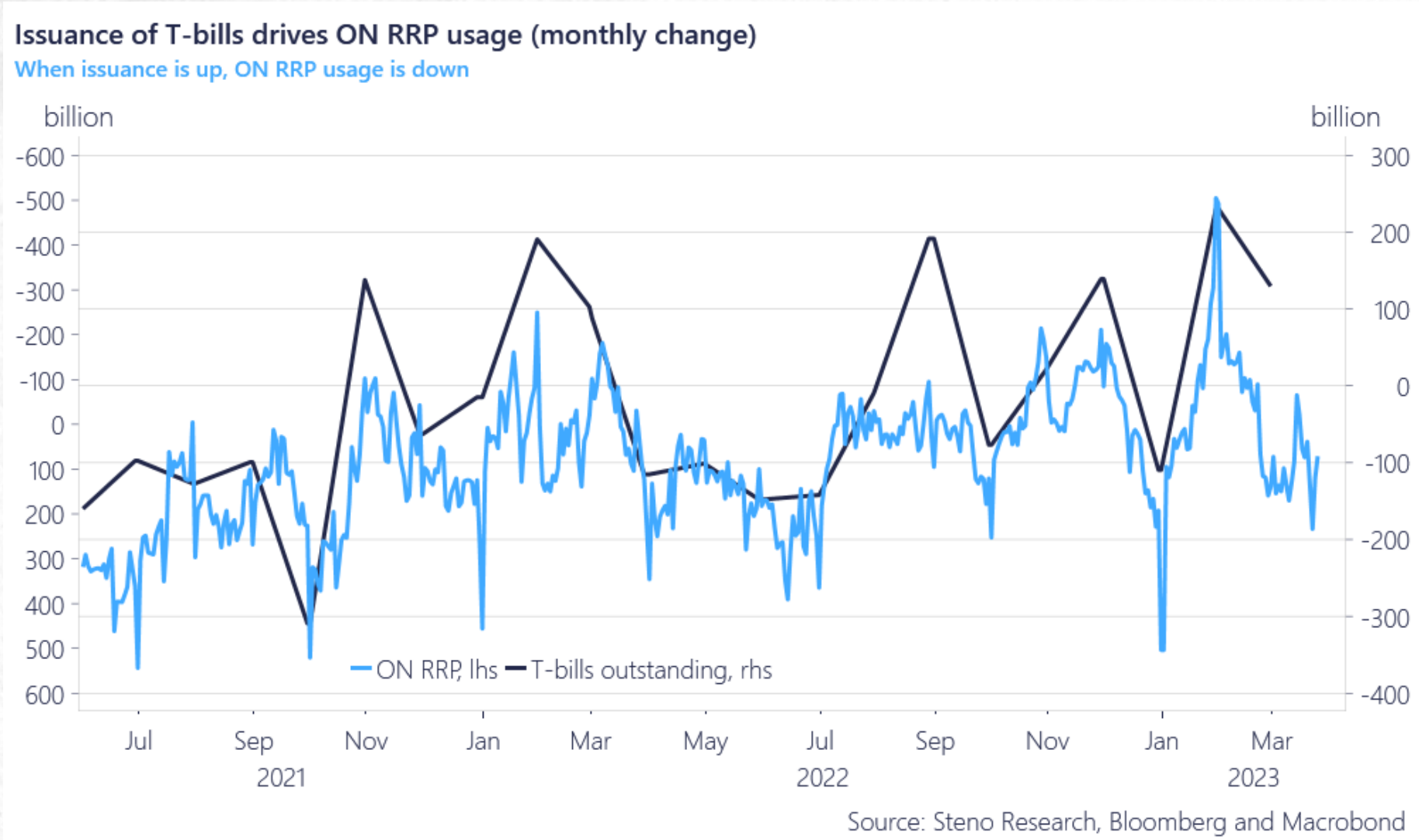
Agent 1: The Fed



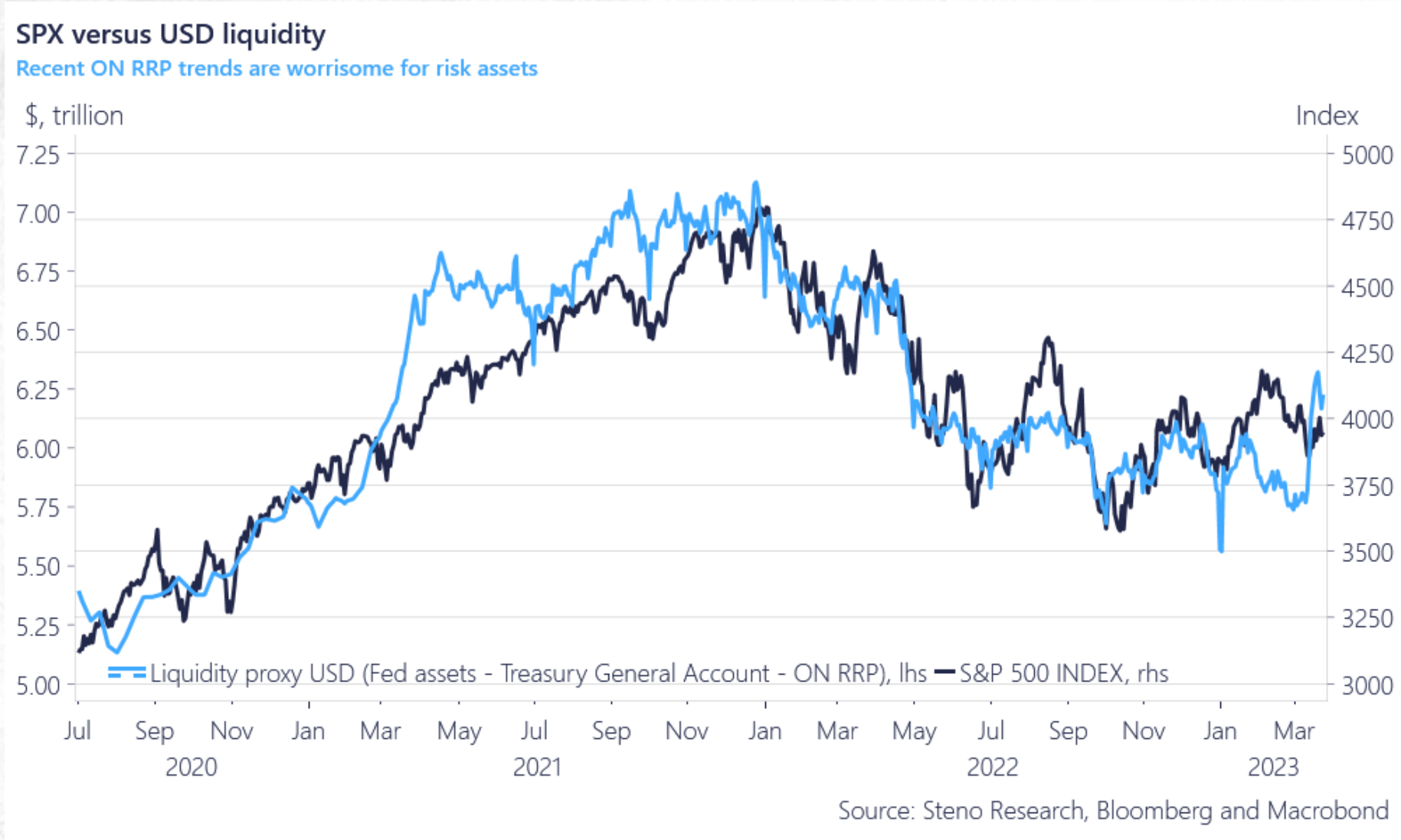
Agent 2: US Treasury



Agent 3: Money Market Funds



How to proxy and forecast liquidity



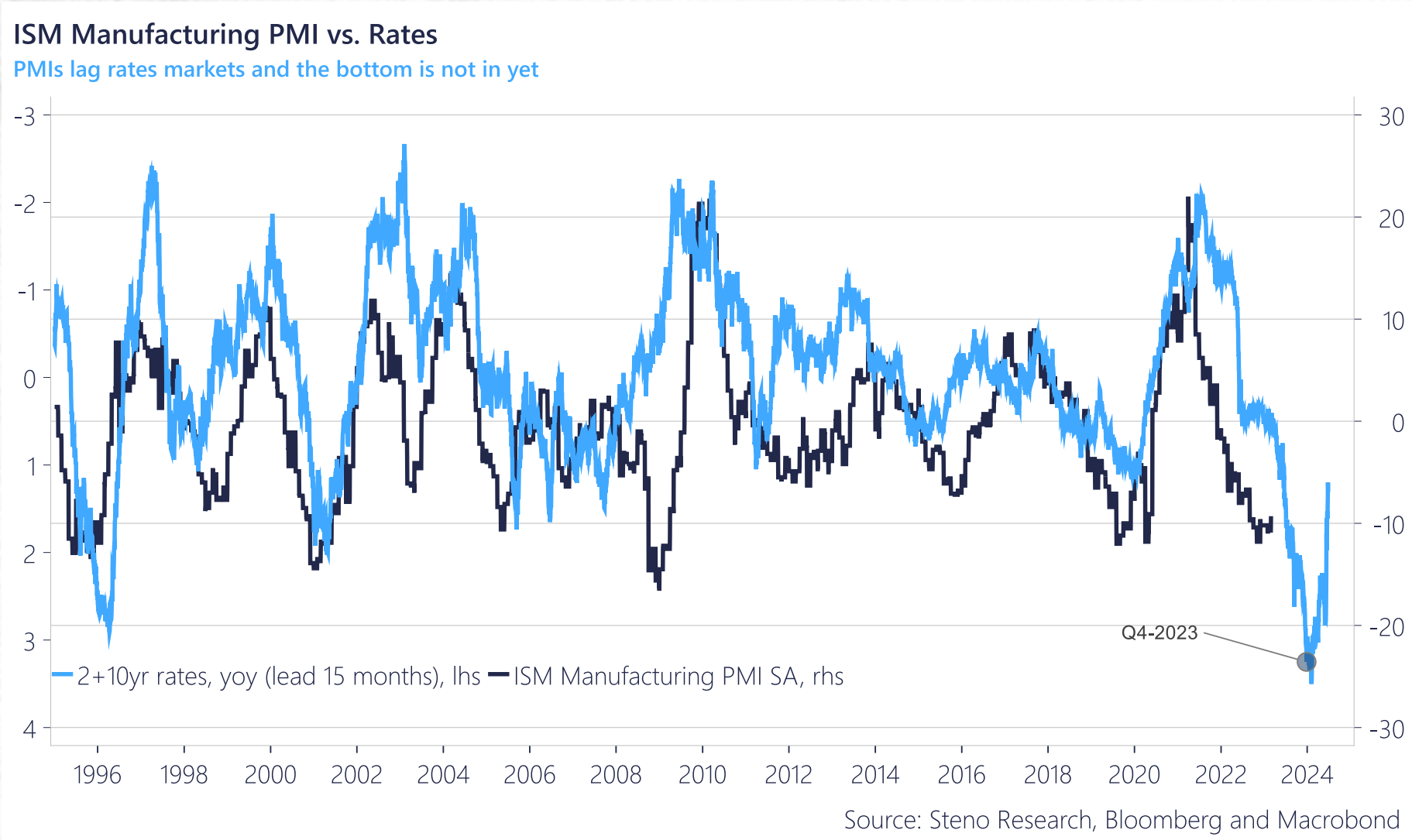
What about China credit impulse?

GROWTH

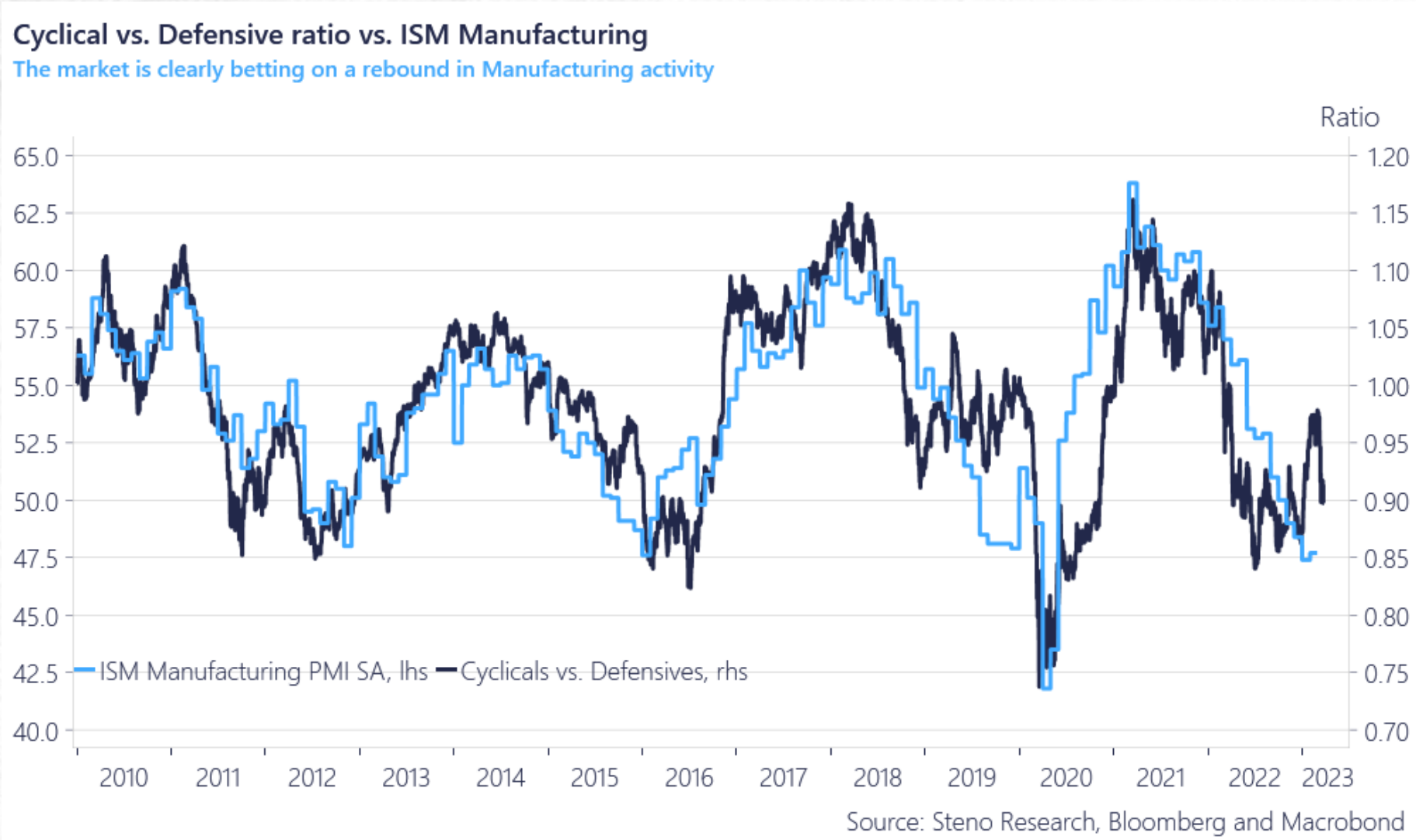
Method 1: Follow the Money



Method 2: Follow the Curve

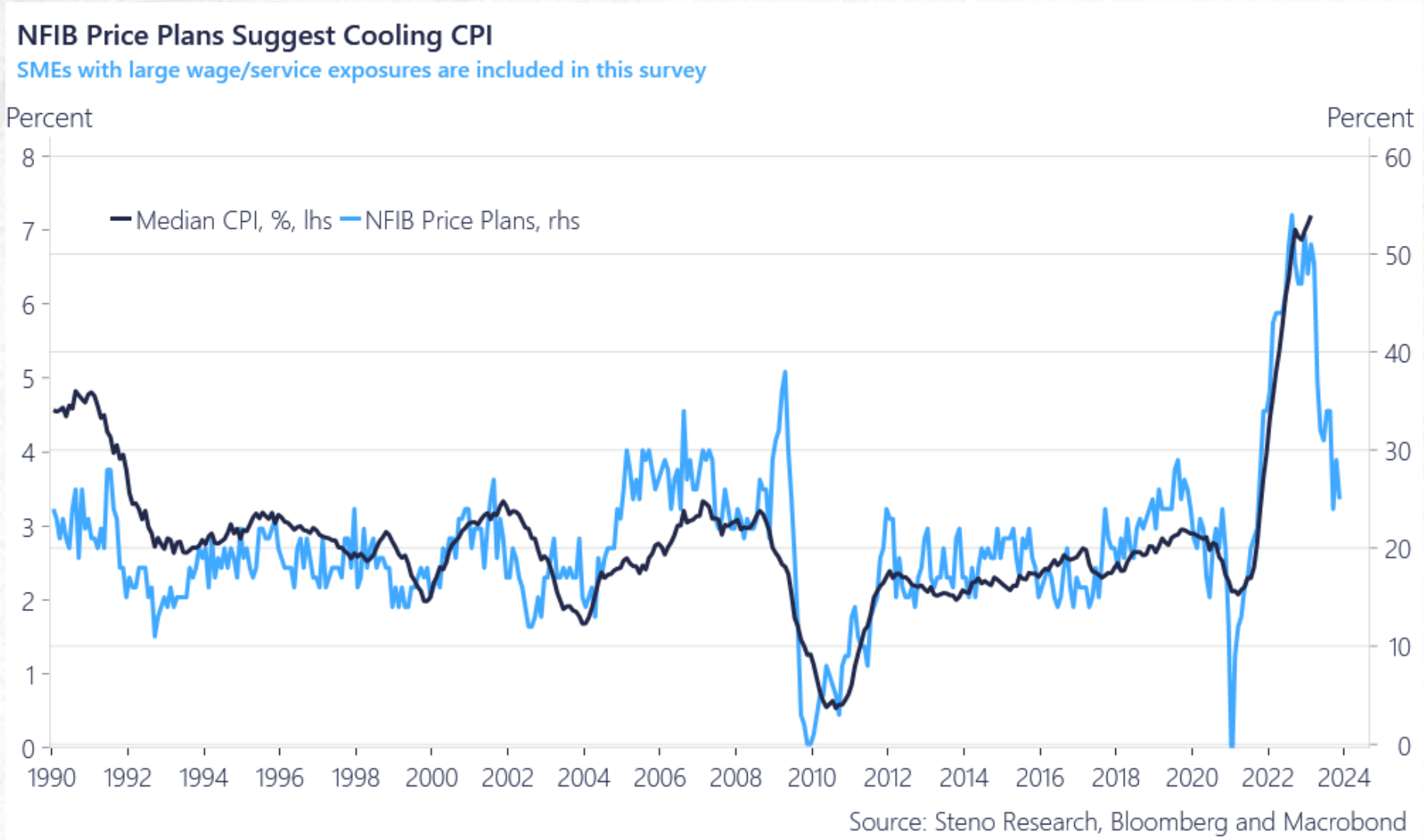


Method 3: Follow the Markets

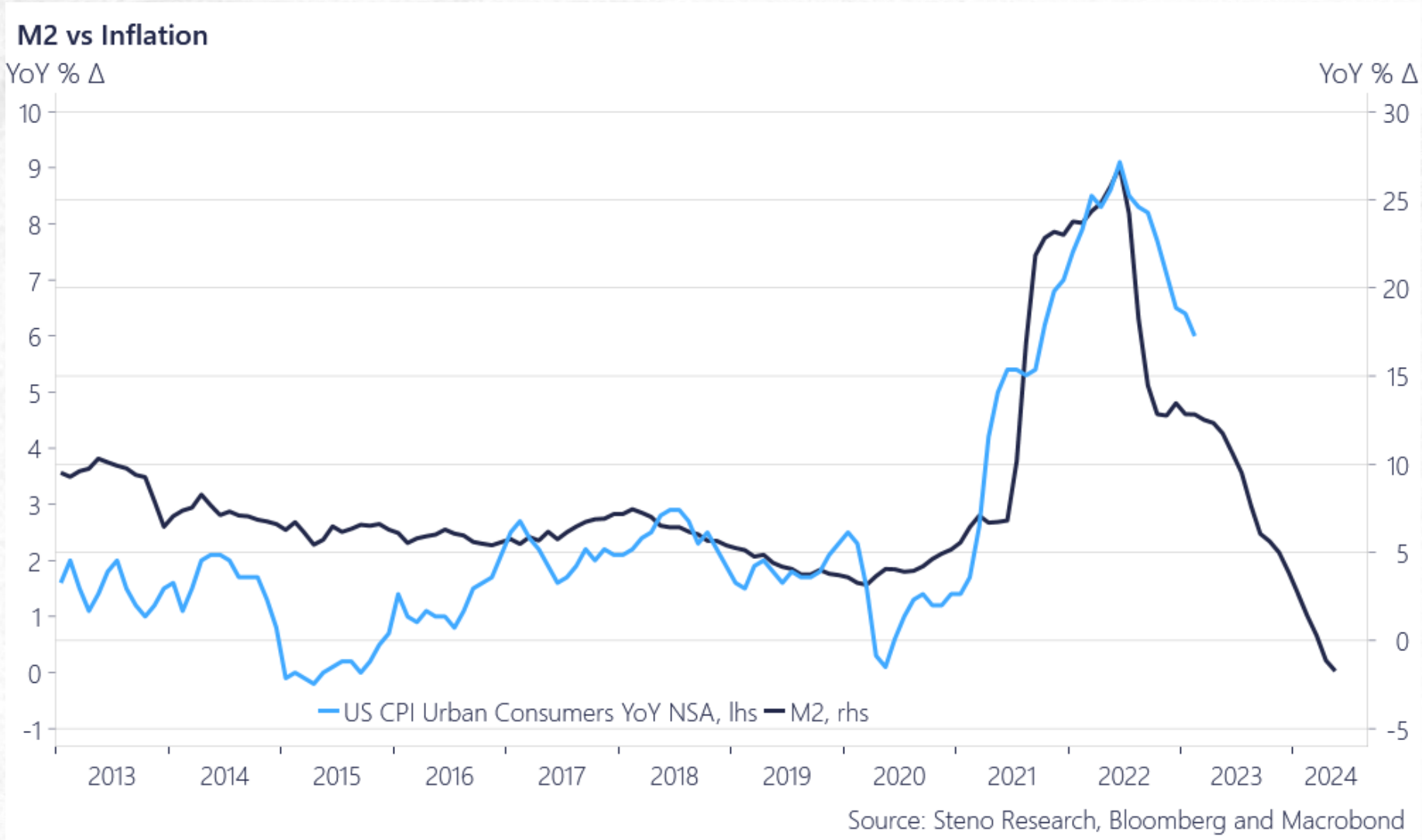


INFLATION

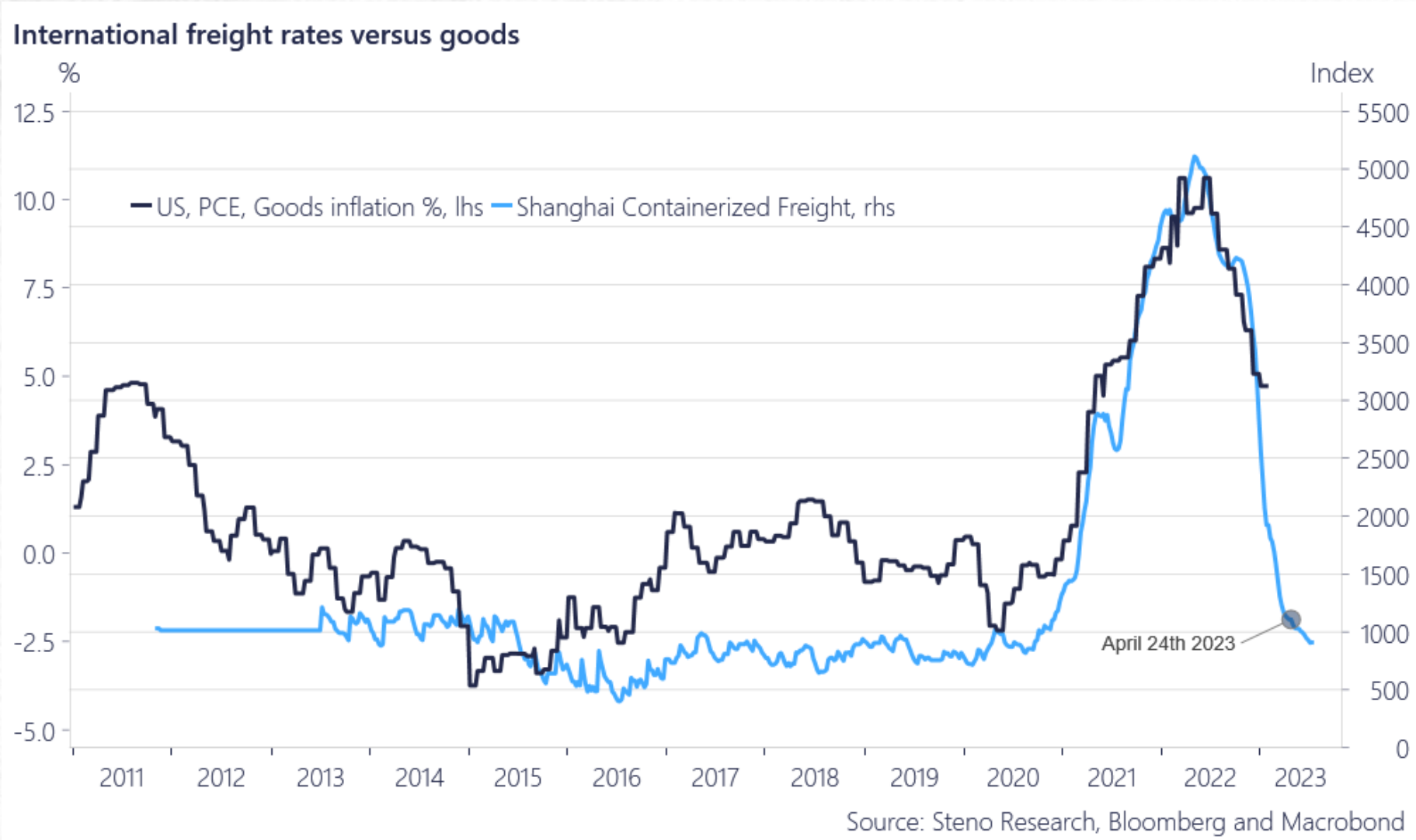
Method 1: Ask Companies



Method 2: Follow the Curve



Method 3: Follow the Markets



WHERE ARE WE NOW?


Is this crisis the
recession trigger?

Why is Liquidity Being Added Now?

James Lankford

US Senator from Oklahoma



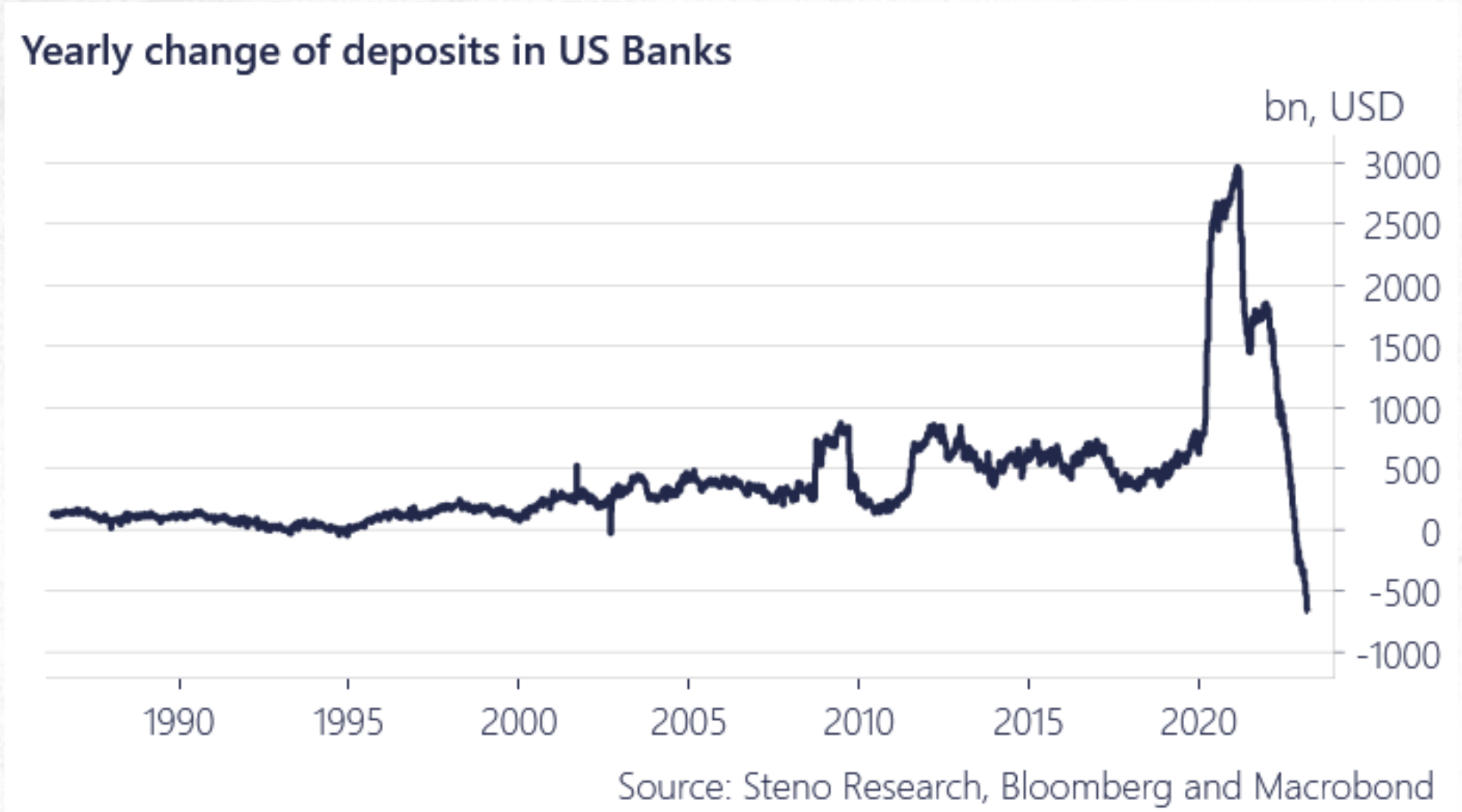
Jannet Yellen

Treasury Secretary and former Fed Chair

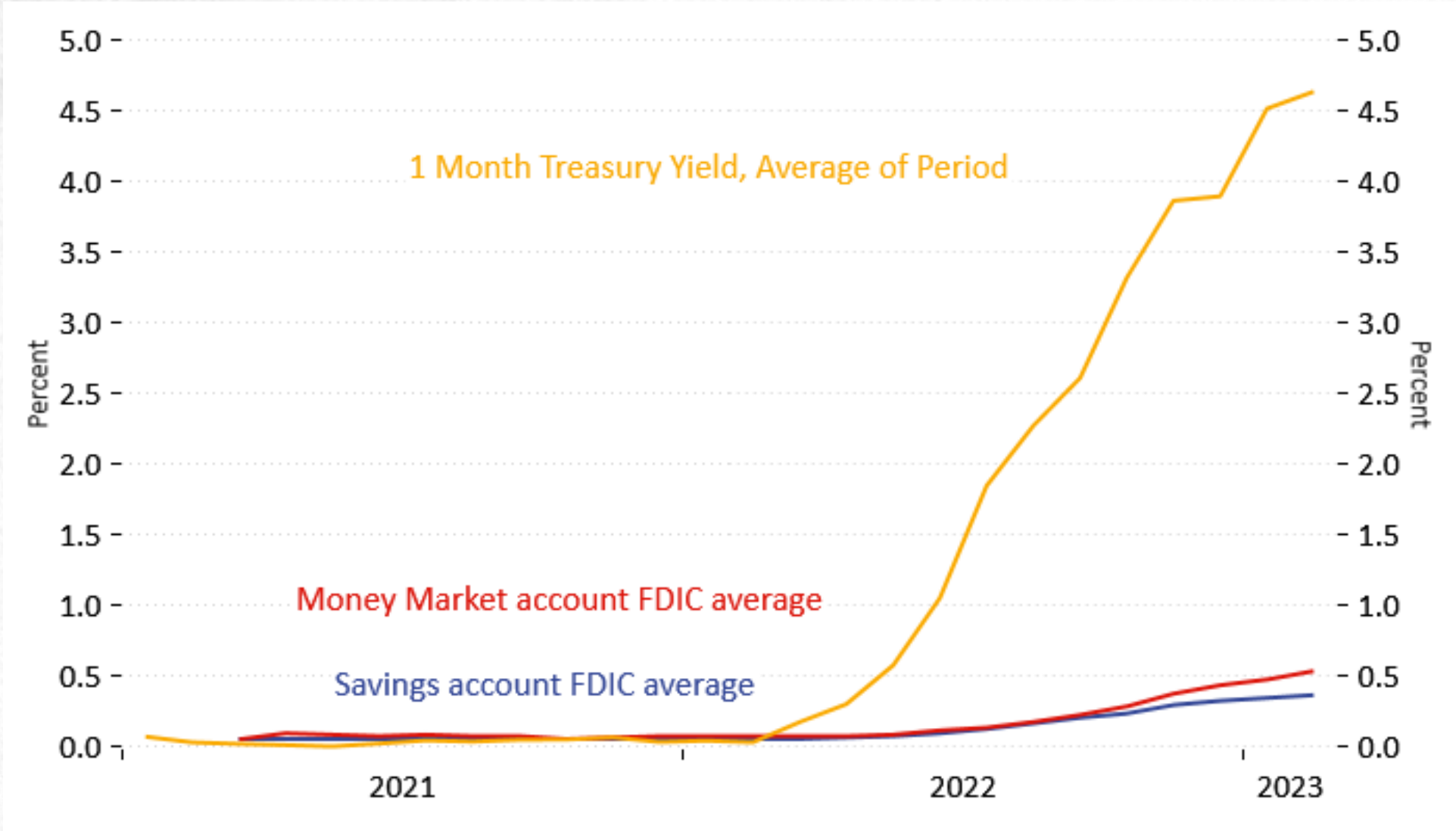




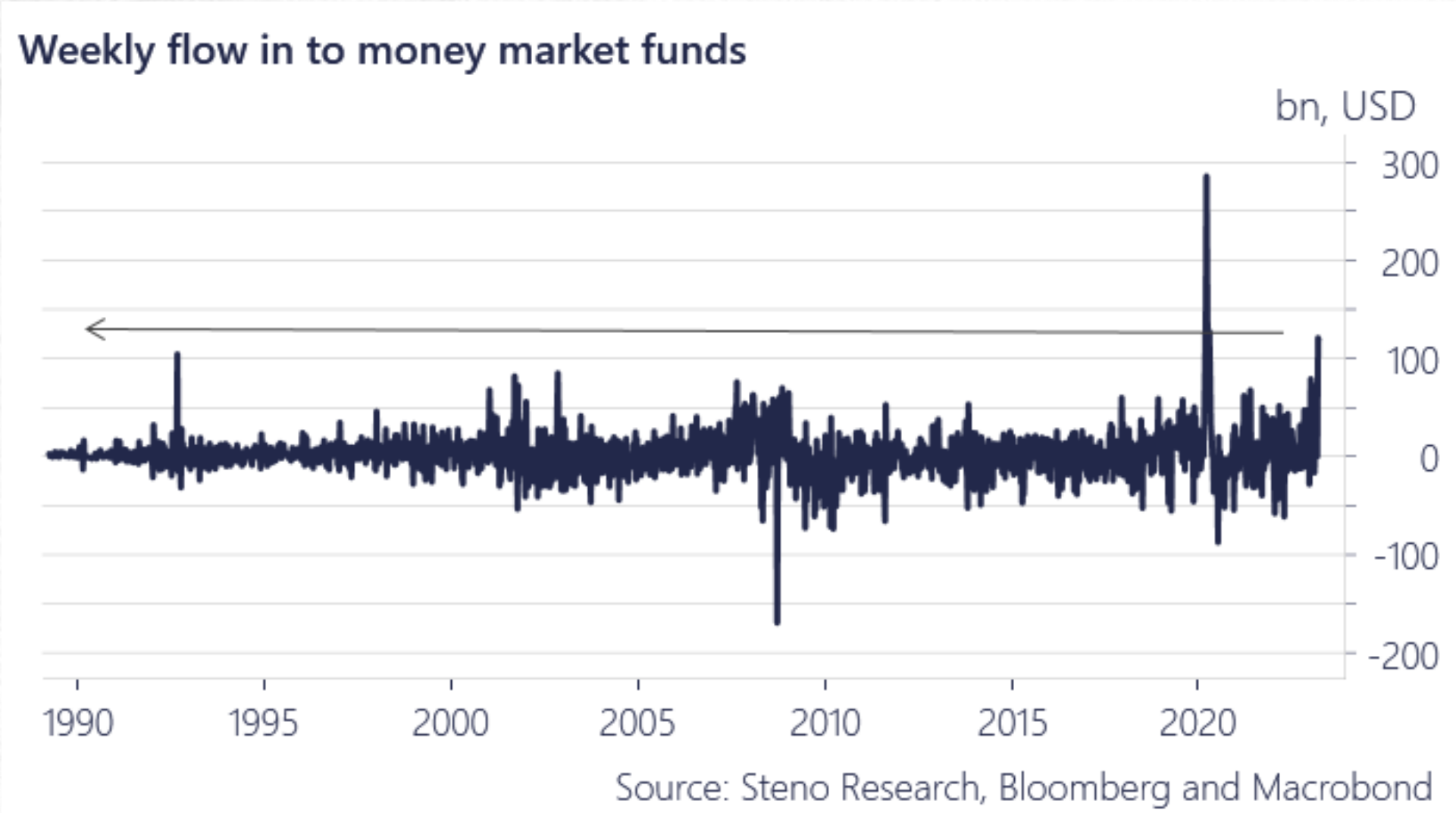
Deposit Flight is Very Real...



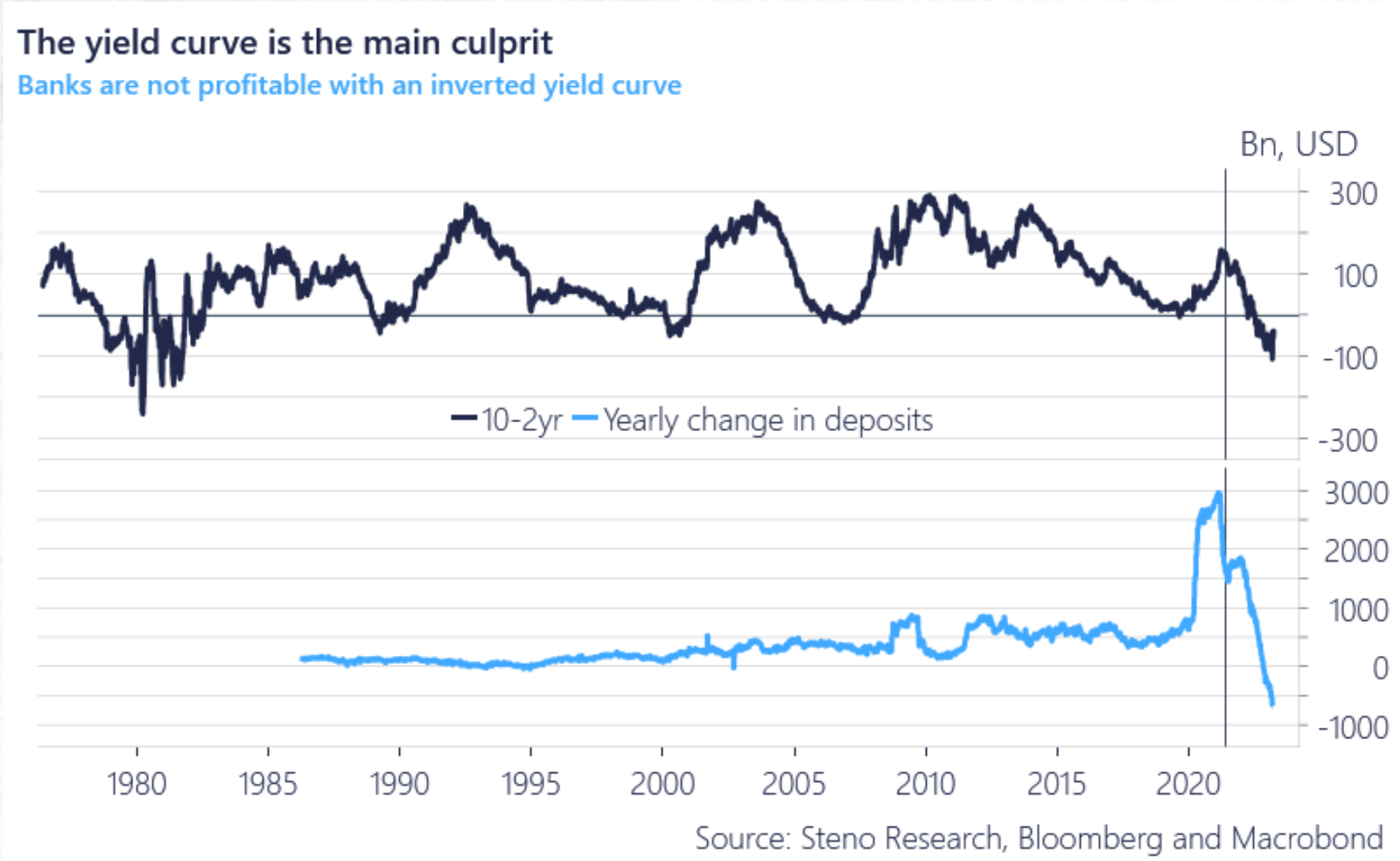
Why Do Deposit Flights Happen?



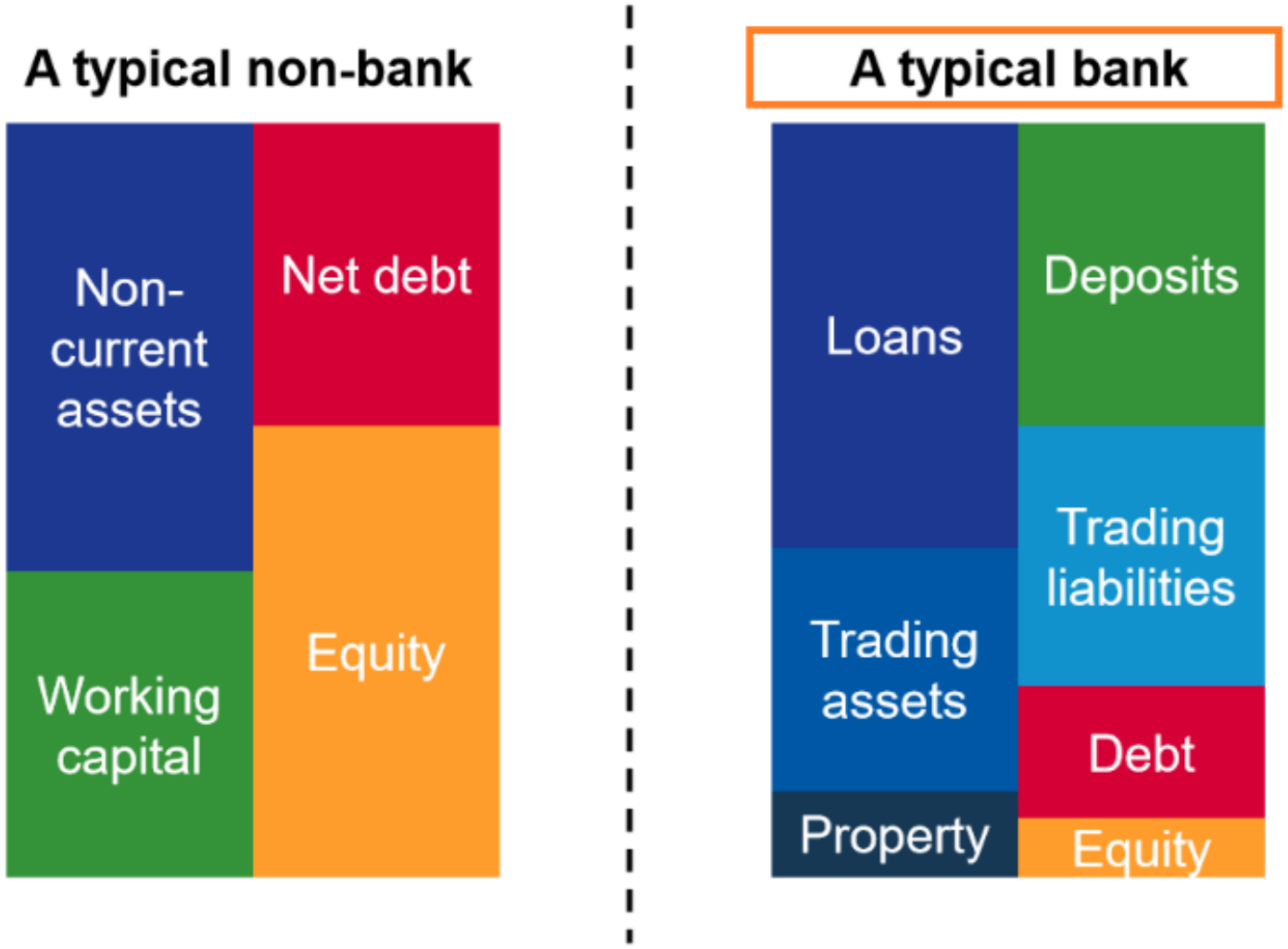
Historic Inflows to Money Markets



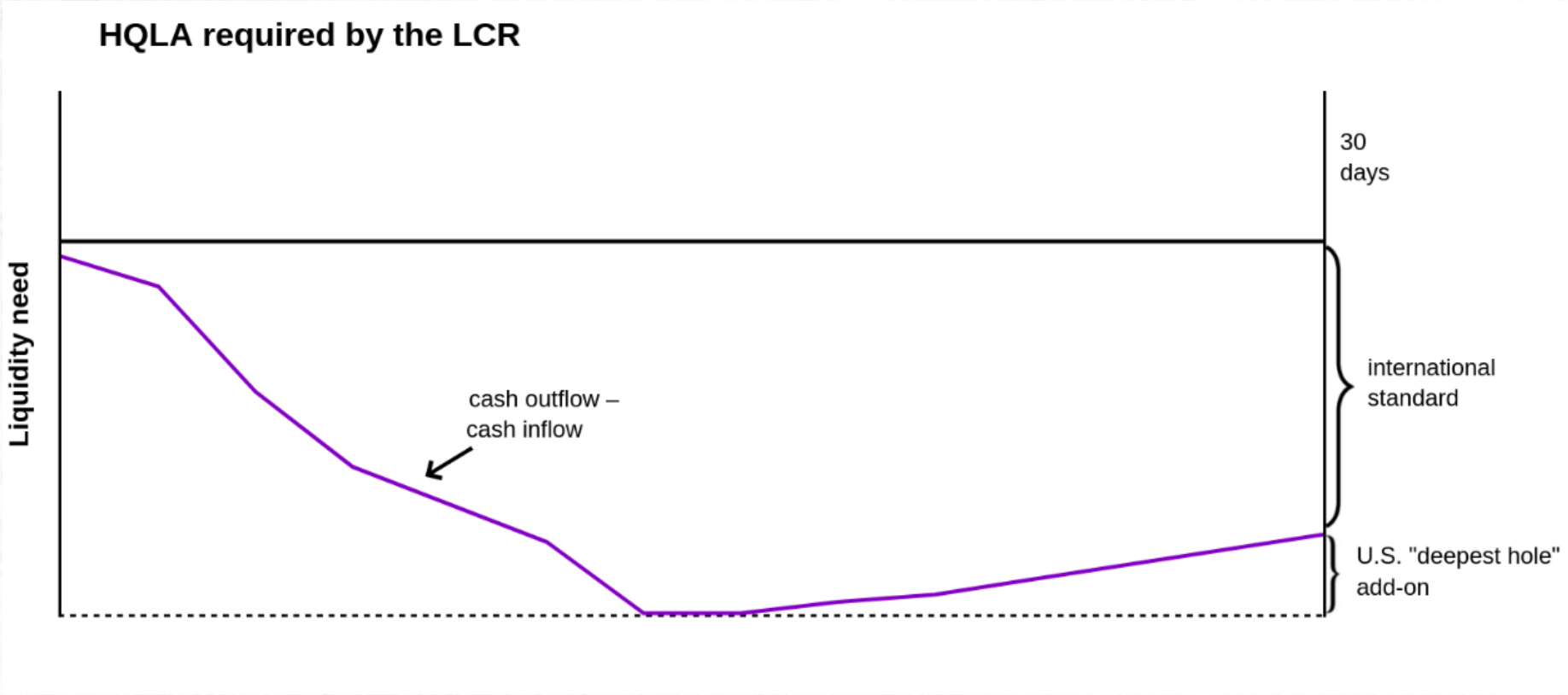
Inverted Yield Curve is TOXIC for Banks



A Bank vs. a Non-bank (1/2)



A Bank vs. a Non-bank (2/2)



Trading Assets

Deposits

Regulation and Its Part in This Crisis (1/3)

Deposits

LCR (Liquidity Coverage Ratio)

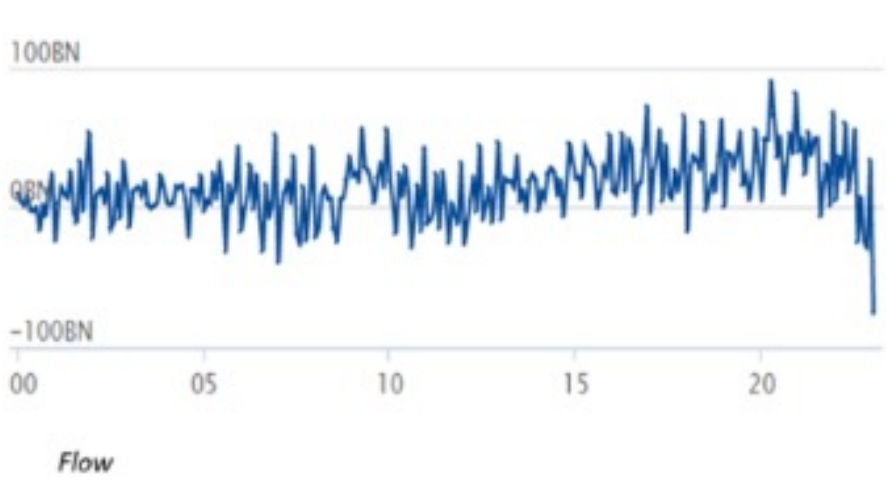
Trading Assets

HQLA (High Quality Liquid Assets)

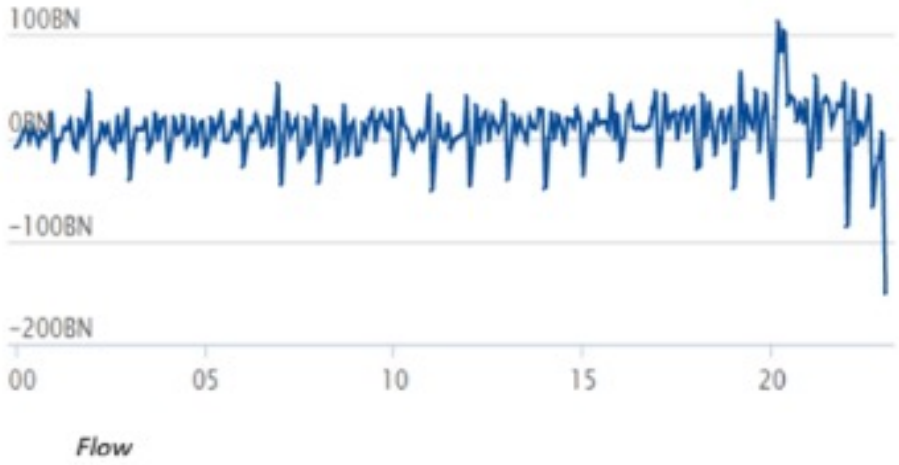
Regulation and Its Part in This Crisis (2/3)

LCR (Liquidity Coverage Ratio)

HOUSEHOLD DEPOSITS



CORPORATE DEPOSITS



Regulation and Its Part in This Crisis (3/3)

HQLA (High Quality Liquid Assets)



Q&A