US: Inventory cycle vs. household balance sheet adjustments

US Durable Goods Orders and Inventories

US Personal Income, Expenditure, and Savings

Index: PDI = 100 in Jan ‘08

Durable Goods Orders (lhs)
Durable Goods Inventories (rhs)

Personal disposable income

Savings

Personal consumption expenditure
China: A government-led recovery

Growth in Chinese Trade

% y-o-y

Exports
Imports

Growth in Bank Credit and Retail Sales

% y-o-y

Jan-08 Jun-08 Nov-08 Apr-09

Jan-08 Jun-08 Nov-08 Apr-09
Globally: Fiscal deficits a threat to stability and growth

% of GDP

US  Germany  Japan  UK

2008  2009  2010
Do Oil Prices Have an Anchor?

$/bbl

- Dated Brent
- 5-year Brent futures

Jan-07  Jul-07  Jan-08  Jul-08  Jan-09  Jul-09
Oil Demand Recovering

US oil demand growth

Chinese oil demand growth
The interplay between OPEC discipline and demand recovery drives prices over the medium term.

Production Creeps Up

OPEC Spare Capacity

Forecasts

Average demand growth 2000-07 was 1.2 Mb/d
... The interplay between OPEC discipline and demand recovery drives prices over the medium term.

OPEC Spare Capacity

Mb/d

- Saudi Arabia
- Kuwait, UAE
- Other

Forecasts

Average demand growth 2000-07 was 1.2 Mb/d
Without further OPEC action, inventories will remain above the 5-year range for now.