

# The Year Of Geopolitics ... What Next?!

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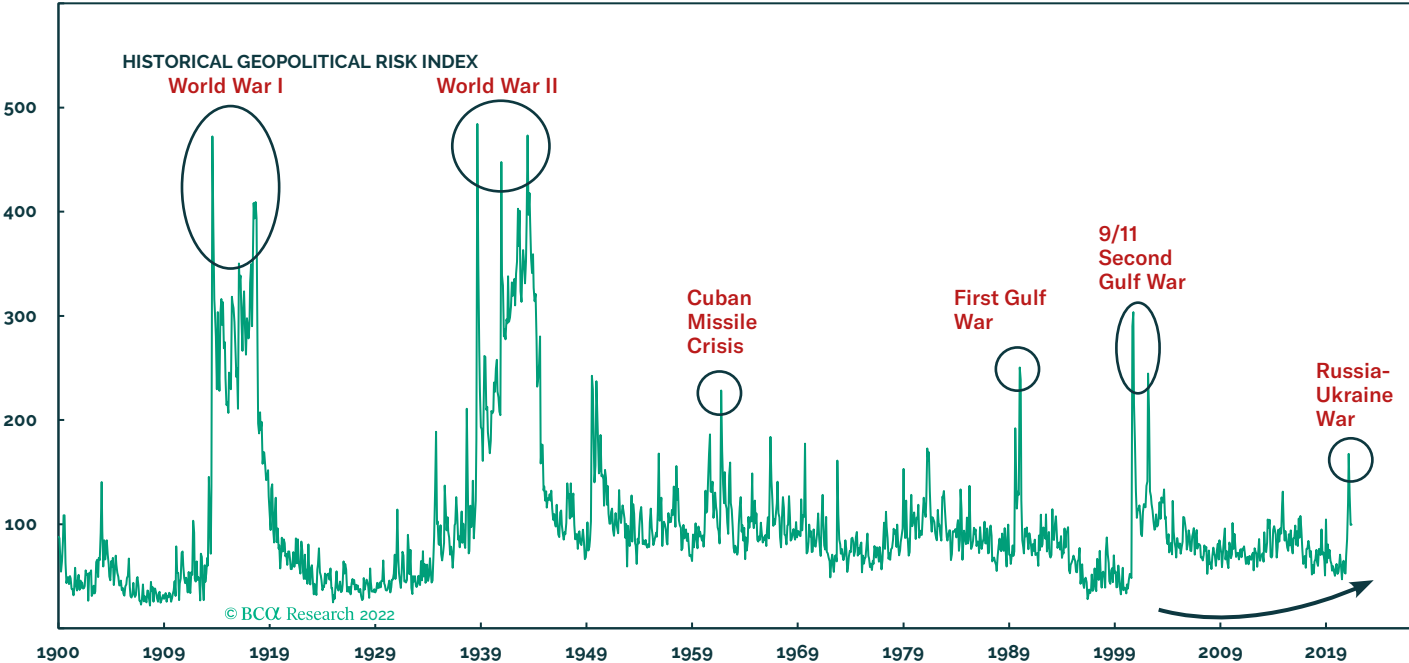
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# **Global Geopolitical Risk On The Rise**

# Secular Rise In Geopolitical Risk

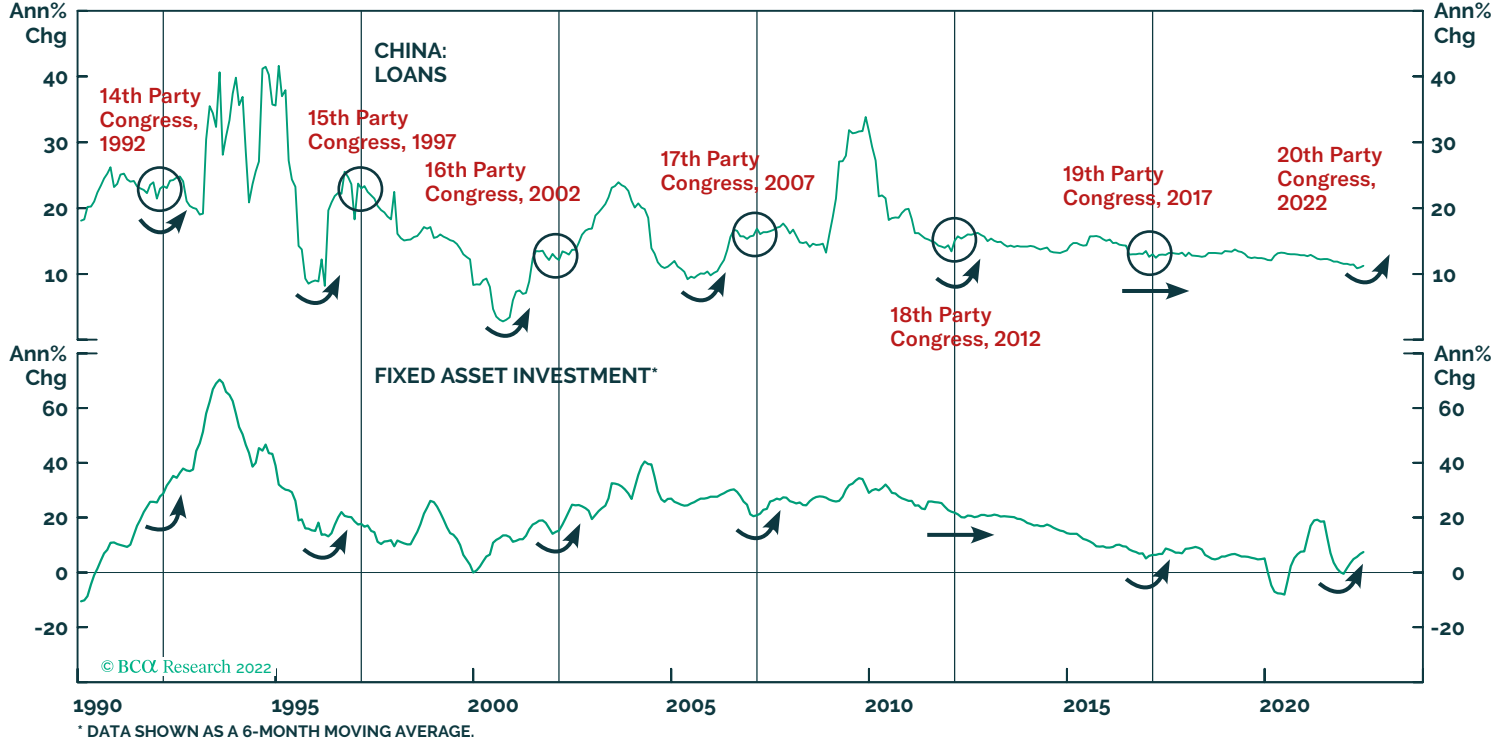


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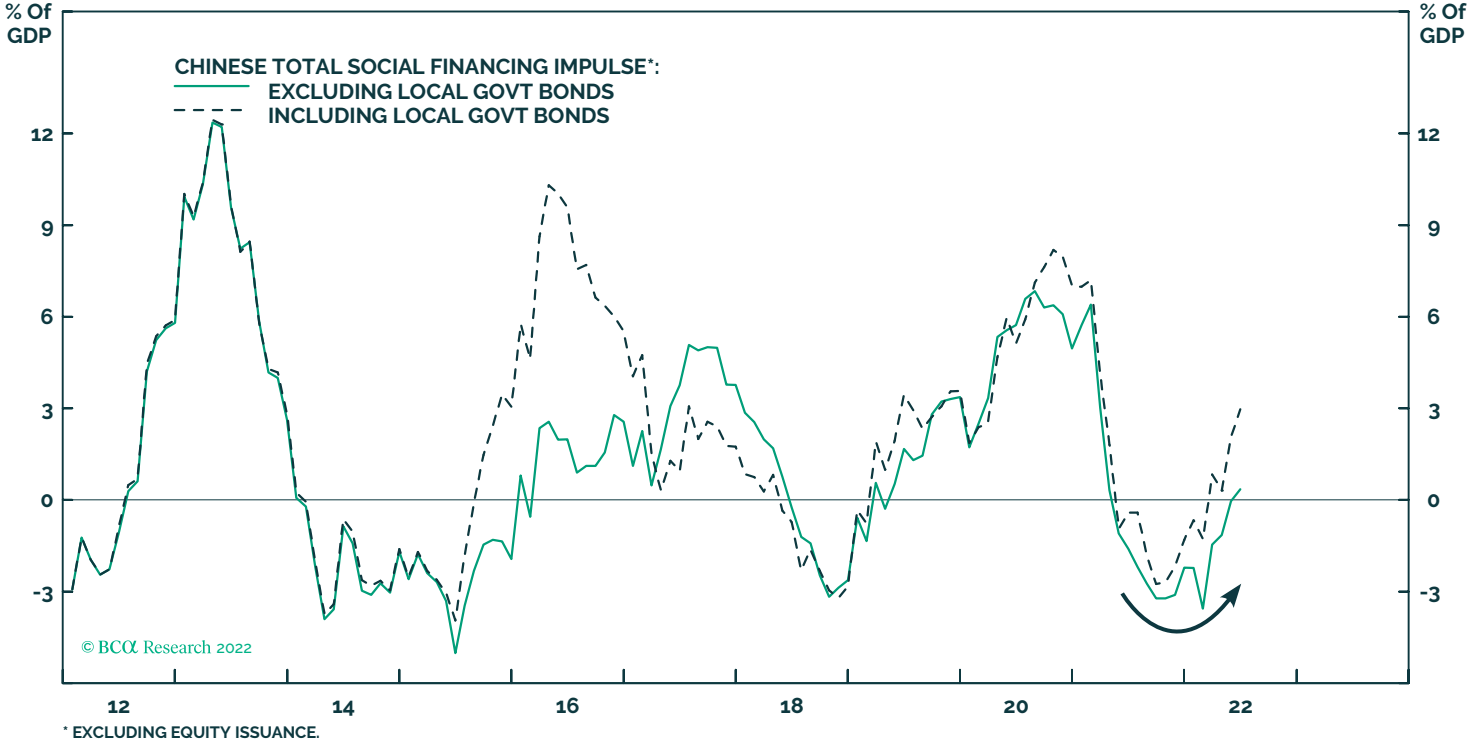
SOURCE: "MEASURING GEOPOLITICAL RISK" BY DARIO CALDARA AND MATTEO IACOVIELLO AT [HTTPS://MATTEOIACOVIELLO.COM/GPR.HTM](https://matteoiacoviello.com/gpr.htm)

# **Three Key Views For 2022**

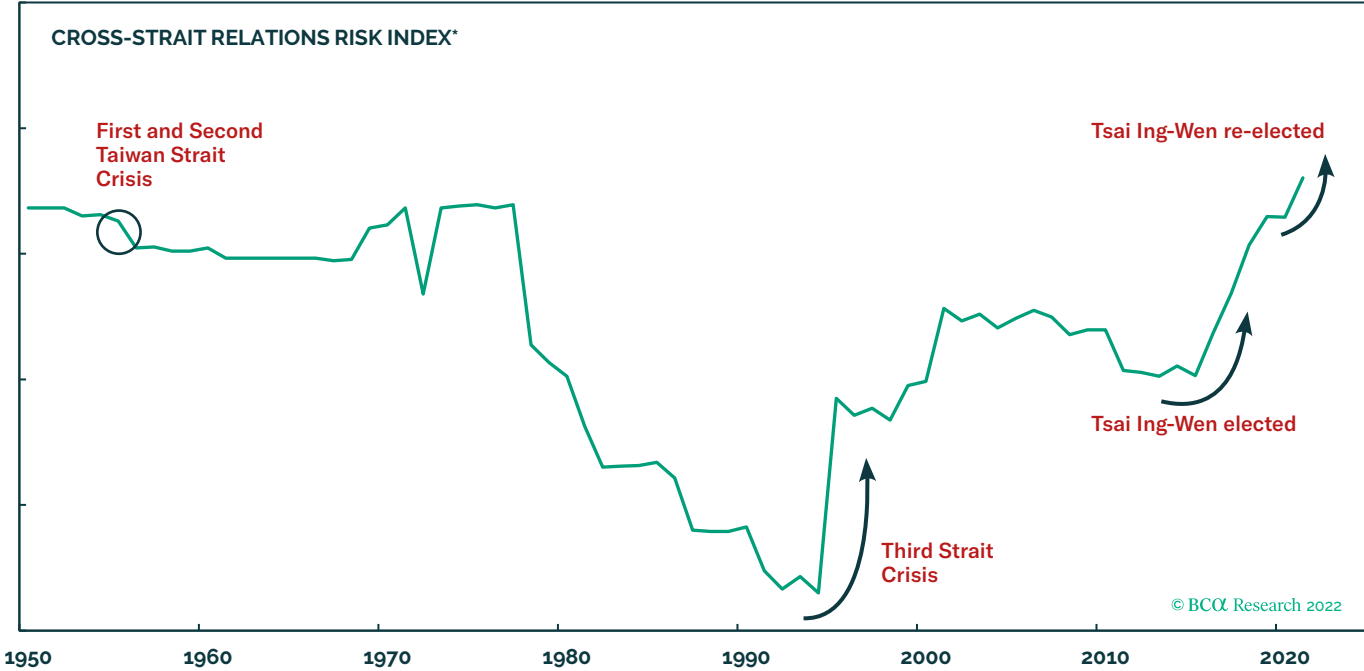
# View #1: China Will Ease Policy Ahead Of Political Reversion To Autocracy



# China Stimulus Fails To Quicken Animal Spirits

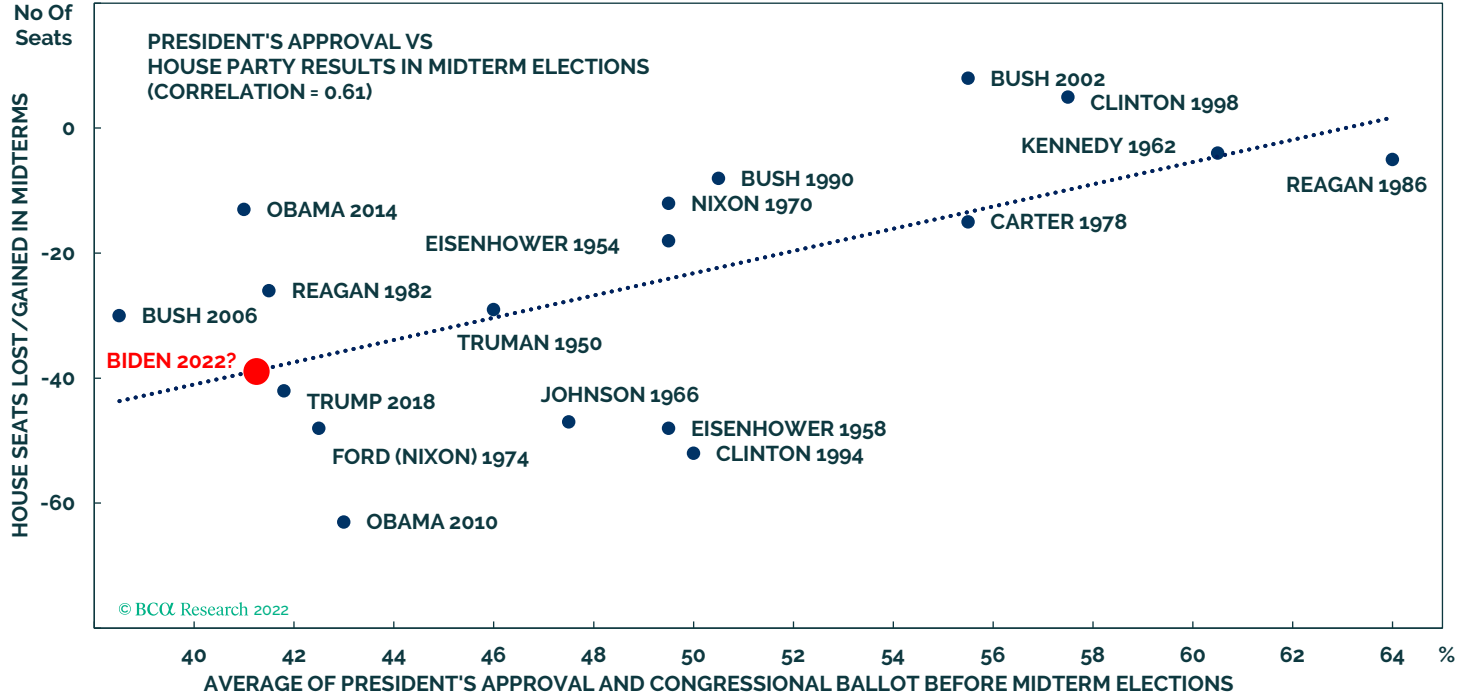


# Fourth Taiwan Strait Crisis Likely, Though Full War Is Long-Term Risk



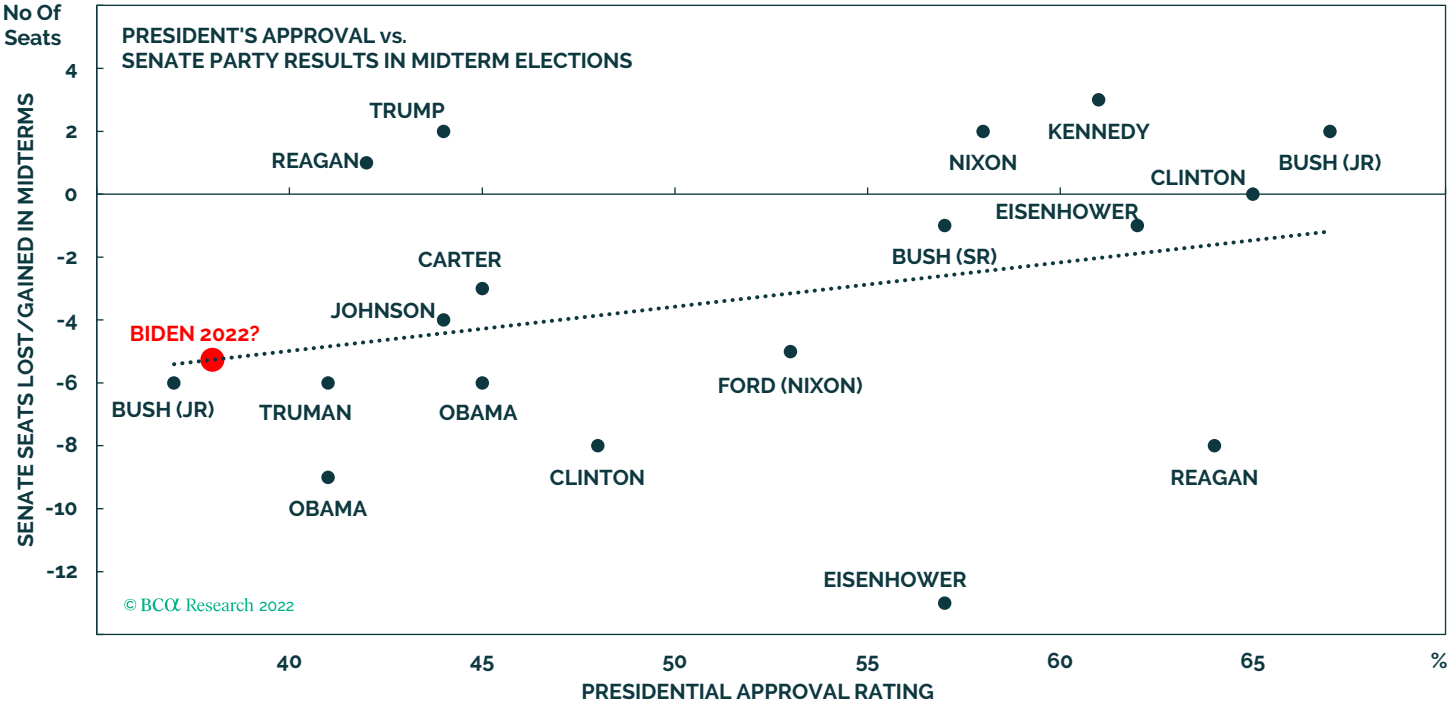
\* MEASURES BASED ON POLITICAL FACTORS, MILITARY POWE COMPARISON, ECONOMIC RELATIONS, SOCIAL EXCHANGES & PUBLIC OPINIONS, AND FOREIGN COUNTRIES' POLICIES & POSITIONS.  
SOURCE: CHINA CROSS-STRAIT ACADEMY (2021 MAY).

# View #2: American Policy Will Be Insular, Foreign Policy Defensive



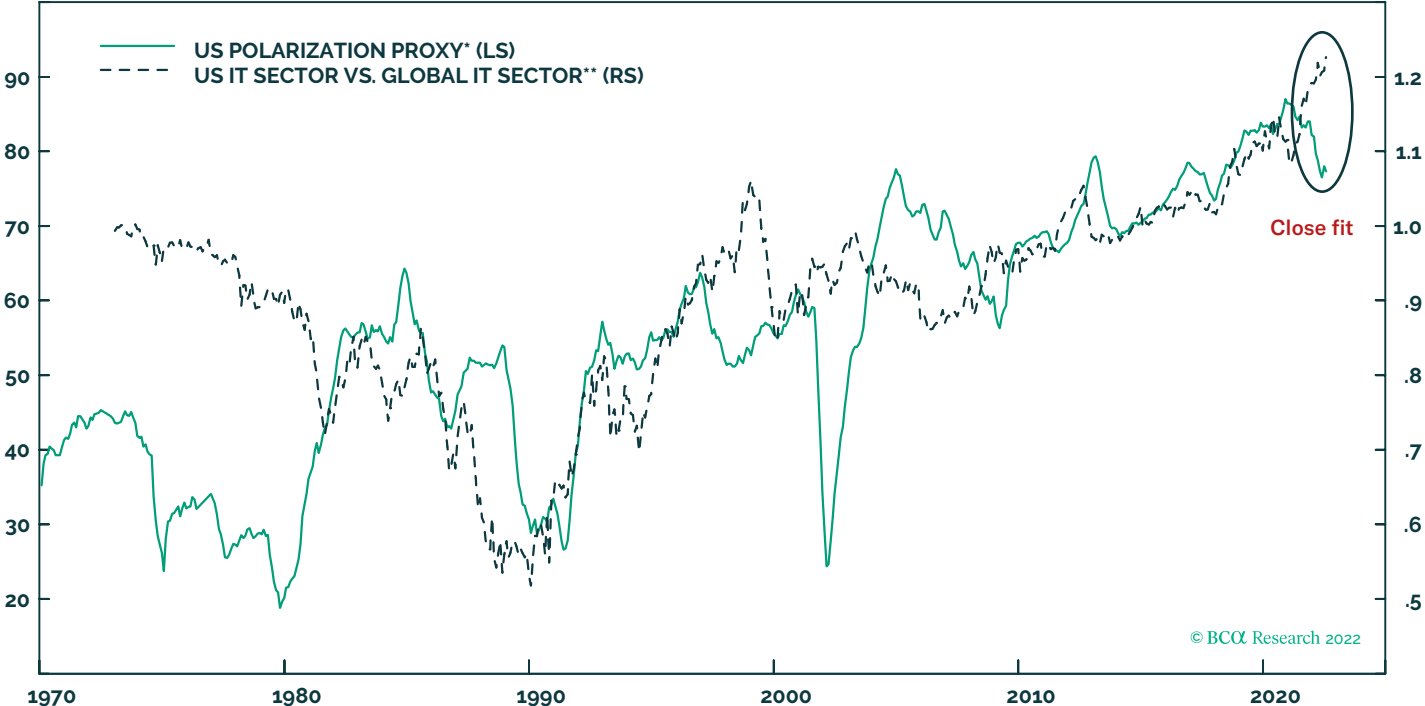
SOURCE: GALLUP, REALCLEARPOLITICS AND BCA CALCULATIONS.

# Democrats Pass Reconciliation Bill To Try To Save Senate In Midterm



SOURCE: GALLUP AND BCA CALCULATIONS.

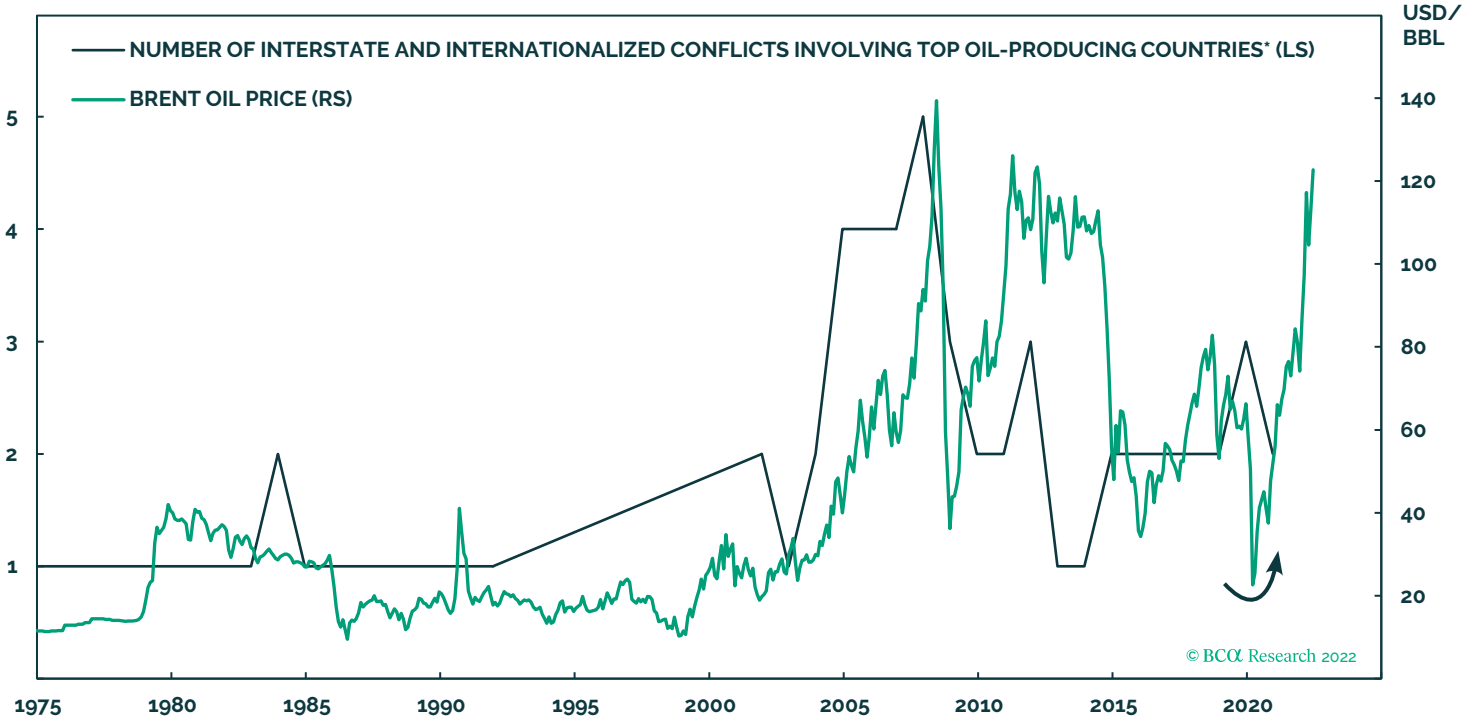
# US Still At Peak Polarization



\* SHOWN AS A 6-MONTH MOVING AVERAGE OF ABSOLUTE VALUE OF THE DIFFERENCE IN PRESIDENTIAL APPROVAL RATING BY PARTY. SOURCE: GALLUP.  
\*\* SOURCE: REFINITIV DATASTREAM.

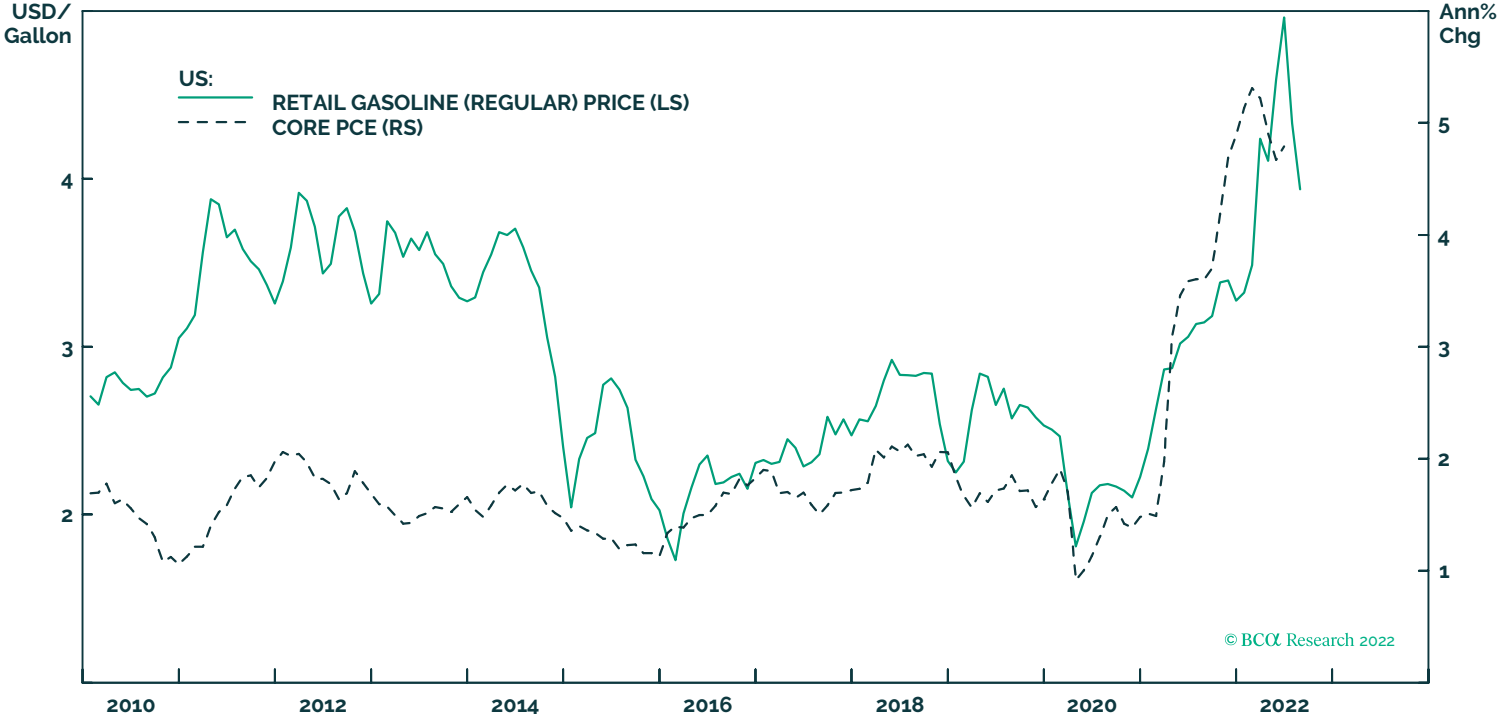
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# View #3: Petro-States Have Geopolitical Leverage

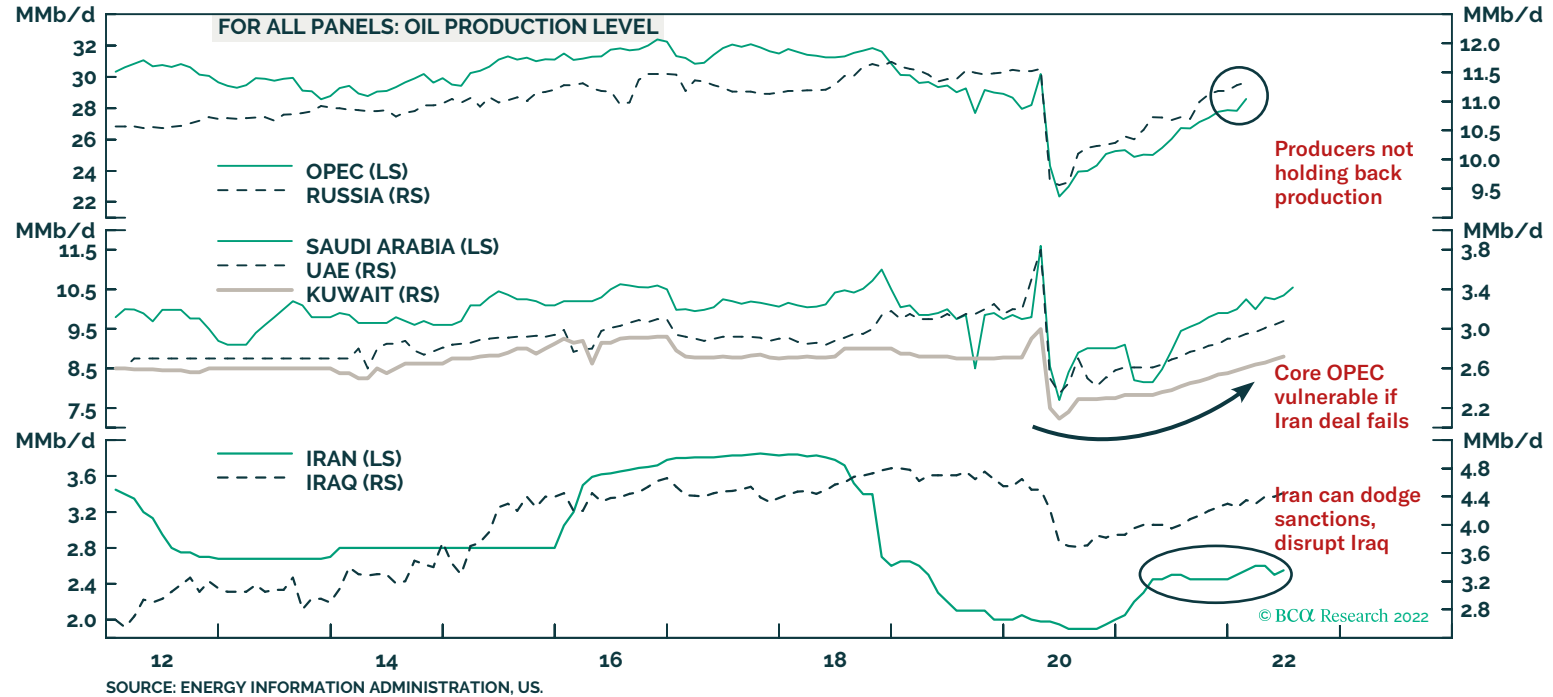


\* SHOWN AS THE SUM OF INTERSTATE AND INTERNATIONALIZED INTRASTATE CONFLICTS. TOP OIL-PRODUCING COUNTRIES INCLUDE US, RUSSIA, IRAQ, CHINA, IRAN AND KUWAIT.  
SOURCE: UPPSALA CONFLICT DATA PROGRAM AND BLOOMBERG FINANCE L.P.

# Energy Prices: Biden's And Europe's Problem



# OPEC Pumping More, But No Durable US-Iran Deal



# Takeaways

# Checklist: Will Geopolitical Risk De-Escalate From Here?

CHECKLIST FOR GEOPOLITICAL AND MACRO BACKDROP			
CATEGORY	BAD NEWS		GOOD NEWS
MACROECONOMICS	US SLOWDOWN	X	US REBOUND
	CHINA SLOWDOWN	X	CHINA REBOUND
	EU SLOWDOWN	X	EU REBOUND
GEOPOLITICS	EU ENERGY CRISIS	X	EU ENERGY STABILITY
	US-CHINA WAR		US-CHINA STATUS QUO X
	TAIWAN STRAIT CRISIS	X	TAIWAN STRAIT STABILITY
	UKRAINE WAR	X	UKRAINE CEASEFIRE
	RUSSIA-NATO WAR		RUSSIA-NATO STATUS QUO X
	PERSIAN GULF WAR		PERSIAN GULF STABILITY X
	IRAN NUCLEAR CRISIS	X ?	US-IRAN NUCLEAR DEAL

NOTE: AS OF AUGUST 2022.

**Thank You**

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