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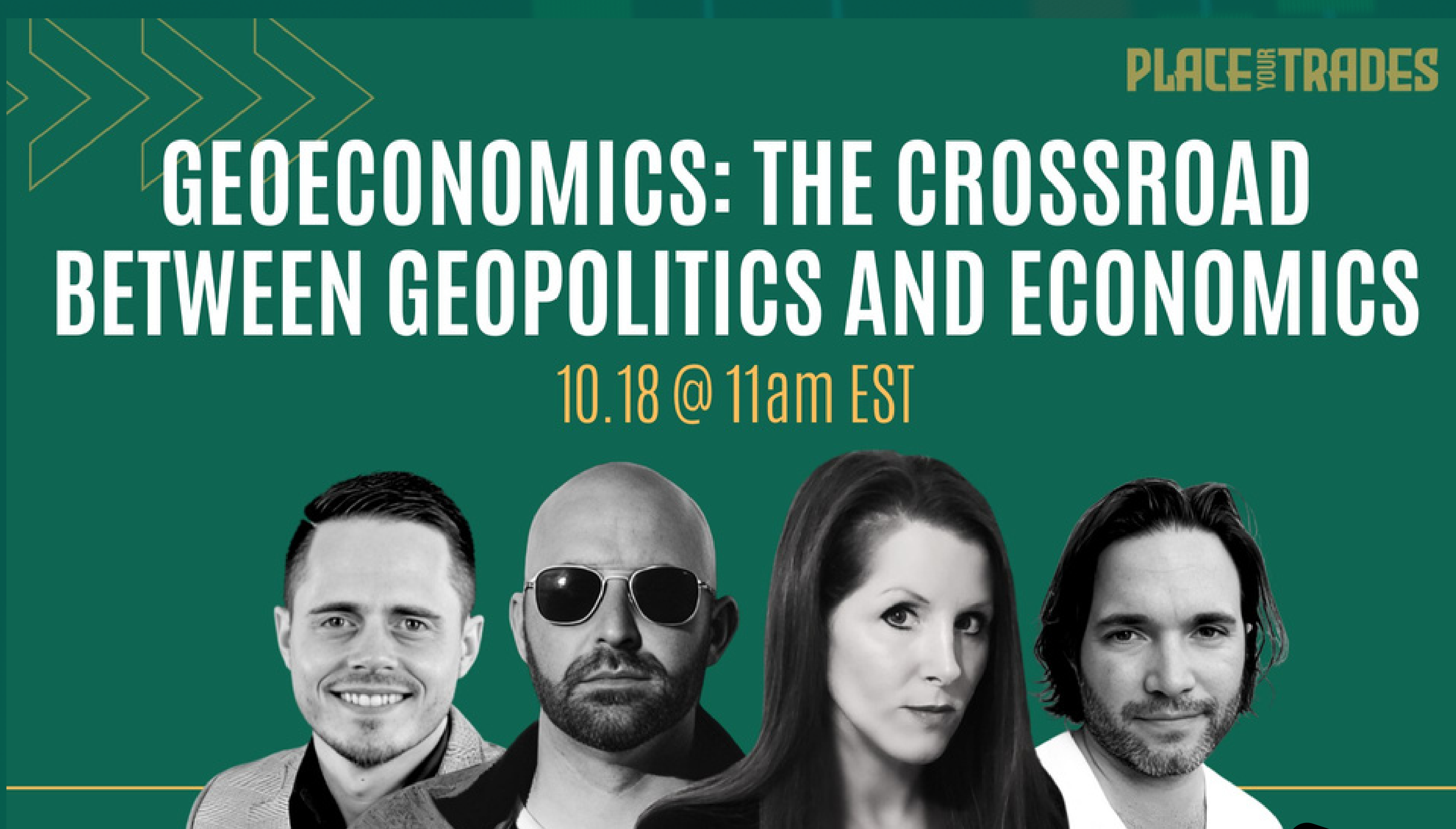
KEY TAKEAWAYS



Special Guests: Albert Marko, Ross Kennedy, and Arno Venter

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CHIGRL'S KEY TAKEAWAYS

Albert Marko

1. On with current events in Israel what is the likelihood of this spreading to other countries and market implications

To the point, the biggest risk to the markets was Israel entering Lebanon and Gaza, leading to a larger conflict with Iran. As the days go on the likelihood of an Israeli strike on Iran diminishes. That is what would have been the most damaging to the markets.

One of the things that people are not watching are what are the Turks going to do? Will they broker a deal and push back on Iran. This is what I would be looking at in the next 10-20 days.

2. On possibility of China invading Taiwan

Well there is always a remote possibility, but I have been hearing this Taiwan invasion story for multiple years, I keep giving the same answer, the Chinese can not afford it. The ports would be shutdown and economy is already in a shambles.

3. On the Fed going into an election year next year

We are probably going to have a rate hike November 1, then hope for a Santa rally into the end of the year. The Fed is keen on keeping the White house and treasury department happy. Maybe talk of a pivot, maybe bring down the dollar, but that depends on inflation. He does not think that inflation will get anywhere near the Fed target.

4. In the fact that we still have no speaker and we have another government shutdown in a month

This is a real problem. There are 8 appropriations bills that need to go through before the next shutdown. Jim Jorden is likely not going to get it. It is a real problem.

5. On Yellen saying we can afford two wars...what are the implications of this

This goes back to the budget and the appropriations bills, she can say that now, but if we don’t have a budget and these bill done, we wont have any funds for these wars and that is where the political calculus comes in the Treasury. Yellen doing the billing of the White House, the chaos is because of the Republicans. Yes we can afford these wars, but we need a budget to do it

6. On Yellen keeping the dollar elevated

Her idea of keeping inflation in check is keeping the dollar high. The problem is going to be if the dollar spikes again again this will be horrific for emerging markets and even Europe. I think the dollar tops out at 110-112 before Yellen will be forced to intervene again.

CHIGRL'S KEY TAKEAWAYS

Ross Kennedy

1. On tensions in the Middle East and effects on logistics

The likelihood of a true closure of the Strait of Hormuz or the Suez Canal is low. What I would be watching more for is unexpected individual incidents that could force commercial shippers particularly under the risk losing their insurance, choose to stay away from those routes.

2. On potential supply chain issues over land

Natural gas is more of an elevated concern than oil at this point. That said the region is a powder-keg as we have seen escalated militia activity. Multiple hotspots right now: Turkey, Syria, Iraq, and Iran. But, right now everyone seems to be doing business as usual.

3. On are we in a new paradigm where we are geopolitical risks are rising in a bifurcating world

There is a certain pattern of escalation. BRICS vs Anglosphere. India being a major part of that block will keep a lid on some on a lot of more insane things. We do is the ability of malign actors to coordinate large scale geoeconomic maneuvers. The real thing he is watching right now is relocation of the US Navy. What we risk is unorthodox poly-synchronous moves that will suck in the the Navy, Army, Marines, into positioning assets in multiple theaters of conflict.

4. On resource nationalism, an what this means for green transition

We have indeed seen a rise in resource nationalism. Most analysts take a surface view of availability of the rock resource. What he is looking at is processing, which is a bigger issue. The US has access to resources in the ground, but the problem is refining and processing to get the finished good and materials. We are incredibly deficient on the processing side and have to be dependent on countries such as China.we We should have been focusing on this 20 years. Our stockpiles cover the bear minimum. The issue is urgent and mismanaged.

5. On the SPR

The biggest part of the issue is that its governed and largely paid for out of executive and legislative purse strings, there are a lot of fingers in the pie at the regulatory level, and private sector actors that actually manage the daily operation. The SPR serves an extremely vital role. The other problem is lack of storage for products, things you use to run the country. Like minerals we have a refining capacity problem as well. It is a completely mismanaged program.

6. On the impact of global commodities with Russia/China increasingly stronger alliance

Russia is going to do what Russia is going to do Russia is going to continue to trade with whoever it can to keep trade alive. They are still sitting on vast natural resource reserves. The interesting wrinkle is China is water deficient. Russia is building a water pipeline to China.
On balance what we are see Russia do is play a pretty intelligent game where they are absorbing the sanctions by getting pretty creative by how they are manufacturing trade deals and sell and transport the significant resources that they have. China will continue to be and grow as a significant trade partner with Russia.

CHIGRL'S KEY TAKEAWAYS

Arno Ventor

1. On rising energy costs and will it be a problem for central banks

In the short term no. We know they should have gone a lot more aggressive from the start. Look at where they allowed inflation to get from the start before they started to react. Now they have done a bit of a victory lap, although still well above targets, he thinks they are going to give it some time before they allow short term events to impact them.
What is important to note is that as long as we do not get more major escalation in the Middle East, the risk premium in the energy markets should subside rather quickly.

2. On ECB

They should be hiking, but they can not do that from a growth perspective especially if you look at Germany. They missed their window of opportunity to go more aggressive.

3. On thoughts on the Fed...have they over tightened

The Fed is still holding onto the the idea that they can lower inflation with a soft landing, and he does not think that is possible. The economy has held up much better than most have thought. They should do more, but politically that is going to be hard to do.
Bottom line they communicated themselves into a pause over the last two weeks which is putting them in a very difficult situation. They probably should hike more as inflation is not over.

4. On BOJ having to step in with an emergency bond buying operation on Wednesday and Yen bumping up against 150

The only people that need to be worried about the emergency bond buying operation is the BOJ. At some stage they will need to make a pivot, but they have been at this so long, it would be very difficult to unwind what they have accumulated after the last two decades.
I do not thing this is big surprise for the markets. Everyone knows that they will step in when they need to.
In terms of meaningful intervention in the Yen, the answer is who knows.
Last year they intervened at 146 then they let is run again to 152 before they intervened again.
The pain spot for them is is 146-152.
The carry trade will remain alive. The outside factor we need to watch is volatility.

5. On geopolitical risks and inflation for CB's

Let us wait and see, it really depends on how this all flows into actual inflation. One thing they really need to look at are things like shipping costs. It really depends on how this all flows into actual inflation. They do have the time to sit and wait to see how this all plays out. I would be watching gas prices, particularly in Europe.
Watch how this impacts global trade in any way.

6. On what should investors be looking at over the next 12-24 months

The area I would be looking at right now to to looking to extract the most value from is looking the relative attractiveness at the growth and inflation differentials for economies.
The biggest focus from an analysis perspective is currency risk for the next 12-24 months.
We have had this equity chop playing out but for me currencies is going to be the big focus point.

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