- For the first time in months, economic risks are on the downside. While **most forecasts for global growth remain buoyant (at about 4% this year), there are a few warning signs that suggest it is about to slow**. OECD leading indicators have peaked or are starting to decline, while in many advanced economies PMIs (purchasing managers' indices) are receding. In China, the country that matters the most to global growth alongside the US, monetary tightening and measures to contain pollution will inevitably slow the economy.

- Slowing exports of Korean semiconductors (considered as the leading indicator of global trade growth) also signal **weaker global trade growth in the coming months**, and in turn softer manufacturing output and investment. In such circumstances, any trade policy miscalculation risks exacerbating an incipient slowdown.

- Many commentators view Donald Trump's decision to impose tariffs on Chinese imports as a quasi "trade war". Wrong: **we are not there yet**. The US administration knows that its trade deficit with China is significantly smaller than the $370bn headline (because of China's status as a supply chain hub and the US services trade surplus with China), and has acted accordingly. So far, it has announced protectionist measures that would only have a negligible impact on the Chinese economy, while the Chinese response has been measured. **The real US policy intent is not trade, but technology**. The Trump administration is determined to (1) shut off access to the technologies that China needs to fulfil its industrial policy goals, and (2) to prevent China becoming no.1 in Artificial Intelligence. **What we are seeing at the moment is just the opening move of a much more fundamental game.**

- The triumph of the anti-establishment parties in Italy's elections is the latest episode in the **populist saga engulfing much of the world**. Italy's new government (when it is formed – if indeed it is) will join the ranks of many others around the globe that thrive on policy hostile to immigrants and democratic values. **This is bad news for long-term growth**: every time a populist government comes to power, it either doesn't have enough support to govern, or governs in a manner that disorients investors because of its unpredictability. In both cases, uncertainty – a deterrent to long-term investment and a brake on growth – increases.

- The results of the Italian elections - the South voted overwhelmingly in favour of populist parties, while the North voted for the traditional incumbents – give credence to the theory that **regional inequality comes ahead of personal inequity as a cause of populist revolt**. In Italy, like in so many other rich countries, ballot-box successes with a populist twist are the revenge of the "places that don't matter": increasingly, lagging or declining regions vote differently than prosperous ones. This poses a particular challenge for policy-makers because **regional inequality is certain to grow with the 4th Industrial Revolution and its clustering effects** around dynamic cities and regions.

- The populist backlash has no end in sight: **it is fuelled not only by inequality, but also by a deep sense of anxiety about the future**. Before the 4th Industrial Revolution works wonders in terms of productivity and growth, it will inflict a lot of pain on the most vulnerable and least-skilled workers. "Techno-optimists" like to revile the Luddites and are convinced that all Industrial Revolutions increase total employment and make countries richer. **Yes they do, but with a time lag and at considerable social and political cost**. Note: to put down the Luddite movement took the full weight of British law (machine breaking became a capital offence) and the military (troops were deployed against the protesters). What is more: it took six decades for textile workers' real wages to recover.

- A recent study by the Bank of Japan is grist to our longstanding-conviction-mill that **demographics will subdue inflation and real interest rates for decades**. Japan - the demographics canary in the mine – shows that a rise in longevity triggers a permanent change in savings (up), hence in interest rates (down). Bond yields may rise occasionally, but only as a result of cyclical factors (faster growth, a spike in inflation, etc.), all of which in the long term, demographics - the most powerful secular factor - has the power to compress.

- Over the past months we saw the backlash against tech (now in full swing) coming. Our caveat now concerns the impending **backlash against shareholders' value**. Assessing companies on their share performance alone doesn't cut it anymore. The public, and an increasing number of prominent investors and CEOs, are calling for business to take a stand on non-financial issues, ranging from climate change and sustainability to immigration, gender equality and LGBT rights. **It's hard to say exactly when corporate activism will have a defining impact on share performance, but the direction of the trend is clear**.

- With global growth possibly reaching its nadir, investors' attention is turning to high-growth economies– India in particular (the world's best-performing economy in terms of GDP growth). **The prevailing common wisdom is that India will benefit from the demographic dividend of its youth bulge. Yet this is by no means a given**. It takes a novel – the meta-discipline by excellence – to explain why. In *Dreamers: How Young Indians Are Changing Their World*, Snigdha Poonam (an Indian journalist) depicts a troubling future in which the aspirations of the 600 million young Indians under 25 (of whom only 17% are immediately employable) are shattered. It's not difficult to extrapolate this example to countries with similar demographic profiles, e.g. Nigeria. With the right mix of economic, political, social, administrative, and governance reforms, these countries will enjoy prosperity. Equally, **the conflation of automation (which require skills), urbanisation and demography could turn a rich dividend into a social disaster and political nightmare.**