

Macro Roundup Article

Headline: [Deglobalization Raises the Value of Geographic Diversification](#)

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Summary: Looking at the past year since the onset of the global tightening cycle, differences in discounted growth, discounted inflation, discount rates, and risk premiums have been very large between the Western blocs and Asia. And while the discounting has been correlated between North America and Europe, the magnitudes of the changes have been quite different, especially in discounted inflation and changes in risk premiums. Are these divergences likely to persist? Structurally, the rising independence of Europe and Asia (with China at its center) as economic blocs with their own monetary policies makes that highly likely. Whereas in the past the US dominated globalized economic and capital flows and the business cycles were more aligned, today each bloc is in a different cyclical position due to its response to the pandemic. And these cyclical differences are being compounded by today's policy decisions and how that will influence future conditions.

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Primary Topic: Business Cycle

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