

Macro Roundup Article

Headline: [Global Liquidity Slowly Rebuilding](#)

Article Link: <https://capitalwars.substack.com/p/global-liquidity-slowly-rebuilding>

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Publication	Capital Wars
Publication Date	July 14, 2023

Tweet: Michael Howell @crossbordercap argues that a 2% point fall in trend inflation is equivalent to a 60% jump in global liquidity which is bullish for risk assets.

Summary: This inflationary crisis was caused by excessive fiscal spending and it needs to be corrected by reducing fiscal spending. Demographic forces now act in the other direction [vs. the 1970s] and they are pushing up the pace of mandatory spending, even as growing geopolitical pressures demand ever more military spending. The inevitable conclusion is that Central Banks will ultimately have to purchase more and more government debt, or in other words create monetary inflation. Monetary inflation may not be the same thing as high street inflation, but over the long term, it runs close. Our two key criteria are: (1) rising Global Liquidity and (2) falling underlying inflation. Our analysis shows that a 2% point fall in trend inflation is equivalent to a 60% jump in Global Liquidity.

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Primary Topic: Inflation

Topics: Financial Markets, GDP, Inflation, Monetary Policy, Op-Ed/Blog Post

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