

China Research

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## China – Overview and Outlook 2019-2020

### China GDP Growth, Implicit Deflator, % Y/Y

Qtr	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Real	6.8	6.8	6.7	6.7	6.8	6.7	6.5	6.4	<i>6.2</i>	<i>6.2</i>	<i>6.3</i>	<i>6.3</i>
Nominal	11.5	10.7	10.8	10.7	10.3	10.1	9.4	9.1	<i>7.5</i>	<i>7.9</i>	<i>7.5</i>	<i>7.4</i>
Deflator	4.4	3.7	3.9	3.8	3.3	3.2	2.7	2.6	<i>1.2</i>	<i>1.6</i>	<i>1.1</i>	<i>1.0</i>

Yr	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real	9.4	10.6	9.6	7.9	7.8	7.3	6.9	6.7	6.8	6.6	<i>6.3</i>	<i>6.0</i>
Nominal	9.2	18.2	18.4	10.4	10.1	8.1	7.0	7.9	10.9	9.7	<i>7.6</i>	<i>6.5</i>
Deflator	-0.2	6.9	8.0	2.3	2.2	0.8	0.0	1.1	3.8	2.9	<i>1.2</i>	<i>0.5</i>

Source: CEIC, EVRISI Estimates (in red and italics) and Calculations

## 2019-20. China Weak Outlook; Xi Warnings

- **Bad economy. 2019 slower. 2020 slower...etc.**
- **Cyclical and Secular problems. Our SGI is weaker**
- **Uncertainty -- Consumers, Companies, Countries**
- **Cyclical and secular. Worries (real) rising in China**
- **Xi, Jan 21, most negative language in 20 years**
- **Xi #1 Party, state, military. Where does buck stop?**
- **In 'whatever it takes' mode. Needed; growth, jobs**
- **Still trade 'deal' March 1. Satisfy some; not others**
- **US-China relations in sharp, dangerous descent**

#1 risk is US-China trade. Xi says 'multilateralism.' Trump says 'patriotism, not globalism.' Beijing's problem only with WH.

Unpredictable -- to Unreliable -- to Untrustworthy. Stay in react mode.

**#1 China need** -- find replacement non-US economic & tech partners.

We see more China change in years 2019-23 than occurred in 2014-18.

# Unprecedented President Xi Jinping Warnings

## What's Now and What's Next in China?

Xi Jinping used very cautious and urgent language at an unusual Party 'seminar' in Beijing, Jan 21, 2019. This followed weak December, 4Q18 and annual 2018 data showing economic growth continuing to weaken. Numerical details, not important. His tone -- consistent with our view; China's economy looks worse than we have seen in the last two decades. The risks remain asymmetric -- to the downside.

What Xi said, in part: "The party is facing long-term and complex tests in terms of maintaining long-term rule, reform and opening-up, a market driven economy, and within the external environment." And: "The Party is facing sharp and serious dangers of a slackness in spirit, lack of ability, distance from the people, and being passive and corrupt. This is an overall judgment based on the actual situation."

This tone of concern we did not hear during 2008-09 global meltdown, nor in 2015 summer, when Beijing bailed out the collapsing stock market (Jul 4, 2015), and devalued the currency (Aug 11, 2015). 6 years into Xi's term, this is the status.

It is remarkably negative, since Xi is the head of the Party, the government (state) and the military, the 3 titles in China that matter most. He has consolidated power, with open-ended leadership of his own making. Where does the buck stop?

Xi says 'multilateralism.' But China's return to political-strongman rule reminds many of Chairman Mao -- and less than fondly. And Xi seems more top-down than market-forces centric. Neither of these are easy sells to the DMs of the world.

In recent months we have seen a blizzard of policy initiatives and statements meant to warn economic participants, inspire confidence and mobilize support of Party and government officials, and let the public know that Xi is on the case. But there is big downward momentum, and the trade war with the US is ongoing.

We believe every careful economic observer of China over the last few decades will recognize this worrisome turn of events, that seems sudden in its public recognition in Beijing. Maybe, but only maybe, recognizing a problem is the first step in solving it. This new-found doubt in Beijing will not be lost on America, Europe, Asia... Companies and countries wonder -- what next in China? When one of world's two largest economies is troubled, everyone loses. Most developed nations in the world have consensus-driven leadership-selection processes and market-driven economies. Those rest-of-world leaders, when looking abroad for future growth partners and relationships, usually want to find market economies -- and not political strongmen. What will they find in China?

# China – Key Risks, Questions for 2019-20

## How to think about China risks. Many dynamics.

- 1. Is the (economic) sky falling in China?** We are worried. Weak; T/W damage is ongoing. China doing tariffs, non-tariff barriers. Pursuing its' L/T development goals. 8 years of slower GDP. Consumer, business confidence down. Xi challenged to retain confidence of the people.
- 2. Can DC, Beijing find common ground?** Words have consequences. Trump says 'patriotism, not globalism.' Xi says 'multilateralism.' Two biggest in world fighting, danger. Goodwill, grace – gone. Beijing saw Oct 4, 2018, VP Pence speech, overt, as 'Stop the China Rise.'
- 3. Does China become isolated?** Xi push 'political strongman' system and increasingly non-market forces. Most-developed economies and countries don't like dealing with such systems and such leaders. Do overseas targets reject more outbound FDI by China SOEs? Uh oh.
- 4. What do companies, frozen with uncertainty, do next?** What of: Producing. Investing. Hiring. Pricing. Sourcing. Planning. When; where; how? How to re-optimize global supply chain to fit state actions?
- 5. Debt, leverage manageable?** Sovereign market growing; corp. still dysfunctional. Still need visibility -- credit ratings, financials, visibility.
- 6. Can Beijing rationalize old, inefficient SOEs?** Not fast enough! Remain big employers. Not profit maximizers; in declining industries.
- 7. Does China's economic transition get derailed?** Ongoing -- consumer up, services up, tech up. Industrial down, commodities down.
- 8. What happens North Korea?** DPRK is bankrupt. Econ dominates missiles and nukes. DPRK not a China pawn in US-China trade war.
- 9. Or another overseas problem?** Europe, Middle East, Africa, Asia? South China Sea. 'China Dream; collective. Belt & Road Initiative.
- 10. Divide global tech sector?** US national security suspicions. A US tech 'pole' and a China tech 'pole.' Globally integrated; how to separate?

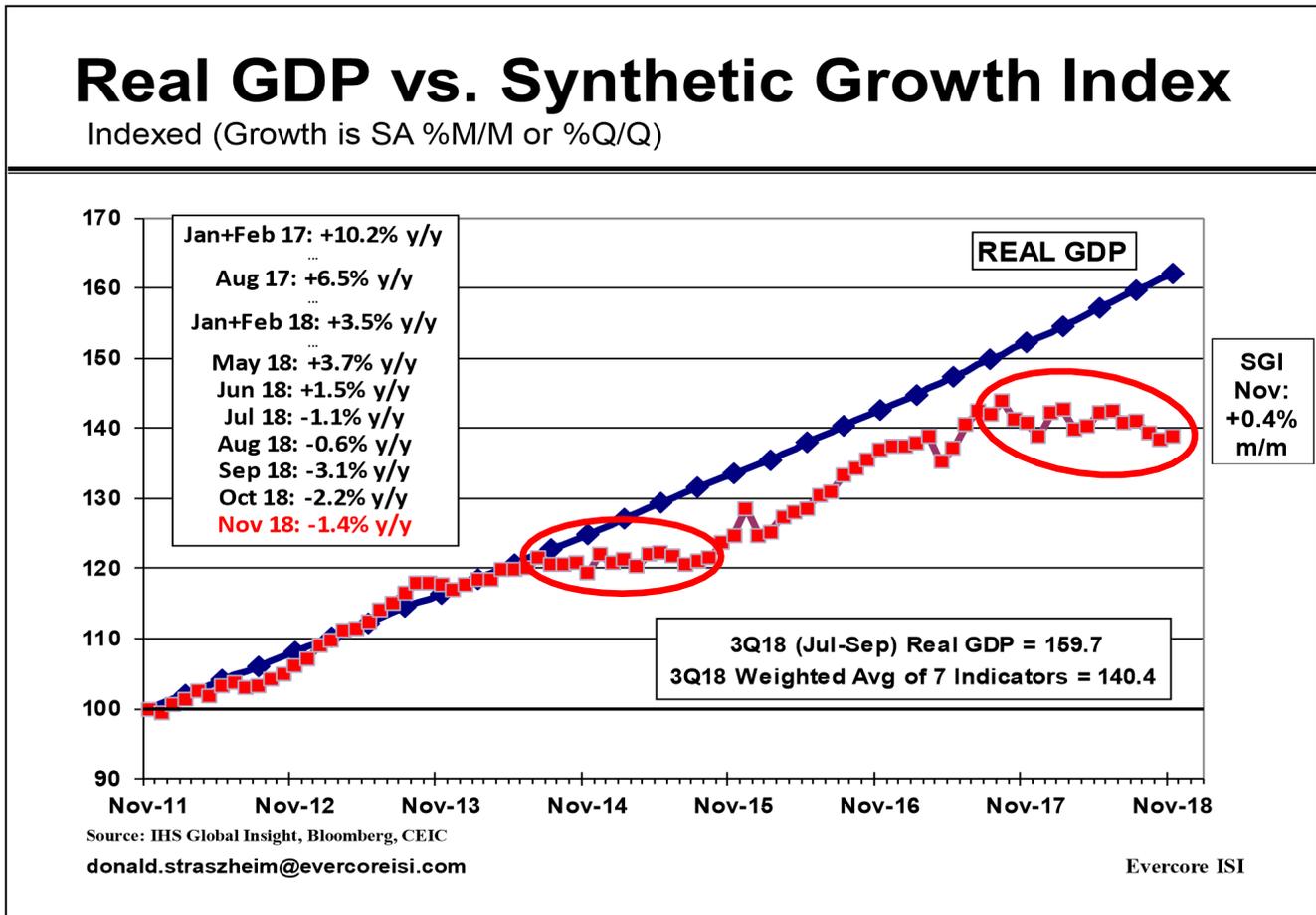
# Thinking About China, 2019-20 – 1 of 2

- **Beijing looking elsewhere.** Geopolitical, Economic, Societal, Military. Danger – US and China in dangerous rivalry. The new ‘balkanization’ is underway. Sad.
- **Beijing’s ‘Made-in-China 2025’ program** (higher tech) is the future. Sovereign, OK. Trump says; end China ‘state capitalism.’ Abandoned language, not abandoned goal.
- **Consumer sector.** China L/T growth focus. Services strongest; Durables next; Nondurables slowest. Ongoing cuts on luxury taxes and on tariffs on imports to China. Sector remains open to foreign participation. Boycotts on US products; not now.
- **Real GDP growth decelerating – secular and cyclical.** China #1 global growth driver, again unless a China crisis. Ever slower is the new normal. 6.0% by 2020.
- **Slowing growth in the US, JP, EU, elsewhere.** Trade wars hurt all nations. US at full employment. But interest rates peaked? 70 years of global trade order – ended by WH.
- **Regional China.** Northeast ‘rustbelt’ – heavy industry. Income inequality; hard to manage. Compassion, help for losing people, firms is the only real choice.
- **Urbanization.** 15 mln people per year from rural to urban is ongoing (better jobs). Limits being set in biggest cities. Migration is big source of reported productivity gains.
- **Interest rates and monetary policy.** ‘Prudent and neutral’ says PBoC. Keeping liquidity adequate. RRR cuts. SOE banks still dominate. WMPs out of favor. Ongoing.
- **Fiscal stimulus.** Beijing emphasizing ‘more proactive’ FP. Individual tax cuts. More infrastructure. Lift budget deficit; from 3.3% of GDP Nov 2018 to 5+% in 2019.
- **Corporate bond market.** Won’t work until investors know what is protected by state vs. what is not. Slow progress, but progress. Overseas rating agencies coming.
- **Inflation.** Not a near-term problem. Risk would be if inflation overseas were to ignite.
- **Currency.** Stability key. Beijing still pursuing its’ minimum-risk path; watch ‘basket’ (EUR, JPY, GBP, AUD, CAD, CHF) rather than USD alone. Manage, not free float.
- **Forex Reserves.** No relaxation of China capital-controls (in order to avoid even more exposure to overseas events). There is no ‘safe’ minimum level of Forex Reserves.
- **Equities.** Still too much ‘state’ -- not enough ‘market.’ Western market reforms still absent. Equities 10% of consumer wealth in China; are 40+% in US.
- **MSCI Inclusion.** In EM Index, 2-step, Jun and Sep 2018. No real emphasis.
- **Consumer.** Rising share of economy; now over 50% of GDP. Giant middle-class market. Work to consume. Borrow to buy. Luxury -- still only foreign brands.
- **E-commerce.** Everywhere. Innovative. Cashless coming. Pay-by-phone is it. Risk is in fin-tech; hard for PBoC to manage. China teaching the world.
- **Automobiles.** China the clear world leader in NEVs. Strategically vital; build at-home domestic capability. Tariffs down. China opening to 100% foreign ownership.

## Thinking About China, 2019-20 – 2 of 2

- **Macau.** Future is as a tourism destination (not just gambling). Macau is China's only 'S.A.R.' success (vs. Taiwan, Hong Kong). Hainan Island; not a threat. US won't punish.
- **Hong Kong.** Future was sealed in 1984; has become just a big port city; losing to Shenzhen, all of Guangdong Province. And to Singapore in SE Asia. Won't recover.
- **Taiwan.** Rising danger, US-China faceoff. An economic afterthought to China, but integral geo-politically. Hard to imagine capital flows into Taiwan in this circumstance.
- **Japan.** Economy grew in 2018. JP is China's third biggest export market. Ask our Japan research head, [Jaewoo.nakajima@evercoreisi.com](mailto:Jaewoo.nakajima@evercoreisi.com). China outlook is concerning.
- **Demographics.** JP lifting retirement age to 70. China still stuck at 60. Must change. China is lifting 2-child policy to no limits (2020?). Demo damage can't be erased.
- **North Korea (DPRK).** Economy bankrupted by UN sanctions. Harsh US stance. China defy UNSCR? No. Kim/Trump Singapore Jun 2018. US, China mostly agree.
- **Outbound FDI (from China).** Beijing decides what outbound is OK; what is not. More important, overseas countries decide if outbound by China SOEs is OK. More resisting.
- **Inbound FDI (to China).** Complicated by US trade war. Fear of China exposure with trade war, but move into the US vacuum? China has opened up to much more foreign.
- **Infrastructure.** Much done last 20 years. Changing – Elec power grid beats highways.
- **Belt and Road Initiative.** Outreach is both source and market. Is part of China going global, soft power. Many countries unhappy with Beijing ways. BRI is not decisive
- **Hard Commodities.** Poor natural resource endowment. Last century's darlings.
- **Energy.** Coal; headed toward zero. Natural gas; transitional fuel. Domestic fossil resources not adequate. Import dependence up. Electric power grid progress crucial.
- **Environment (Air).** China all-in; air quality & CO2. Big gains made in recent years. Renewables; nuclear. Smart grid. People demand ongoing Beijing efforts to fix.
- **Water Pollution, Soil Contamination.** More dangerous than air. Expensive to fix. Pernicious. Takes time. Recycling a high China priority. Food safety for home grown.
- **Logistics.** Physical infrastructure largely built. Focus now is the soft part of infra.
- **Internet.** "No internet security; no national security" per Xi. Control is everything. No foreign opening. 'Surveillance state' being built. Control far outranks privacy in China.
- **Human capital.** Talented people are China's #1 asset. K-12 among world's best. But college, grad school, still top choice is to US, to other English-speaking nations.
- **'Made-in-China 2025.'** Abandoned name but not thrust. Still #1 development strategy. The future; US won't deflect from this. State capitalism is what they want.
- **ASEAN.** Natural China market. Nearby; OK growth. SCS island building dangerous.

# GDP vs. Synthetic Growth Index (SGI)

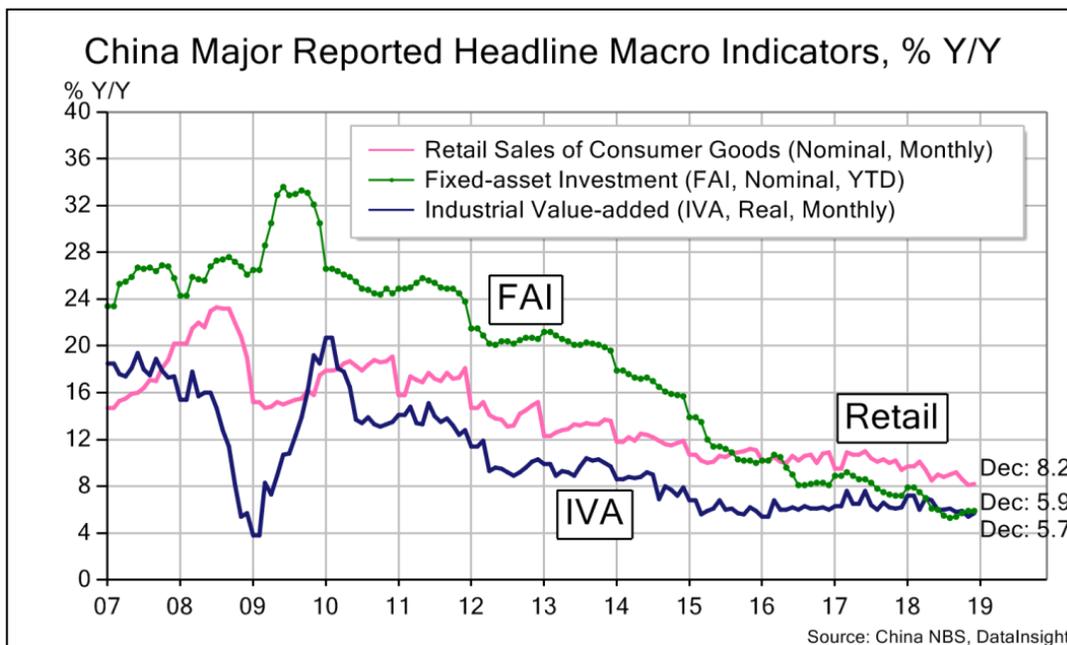
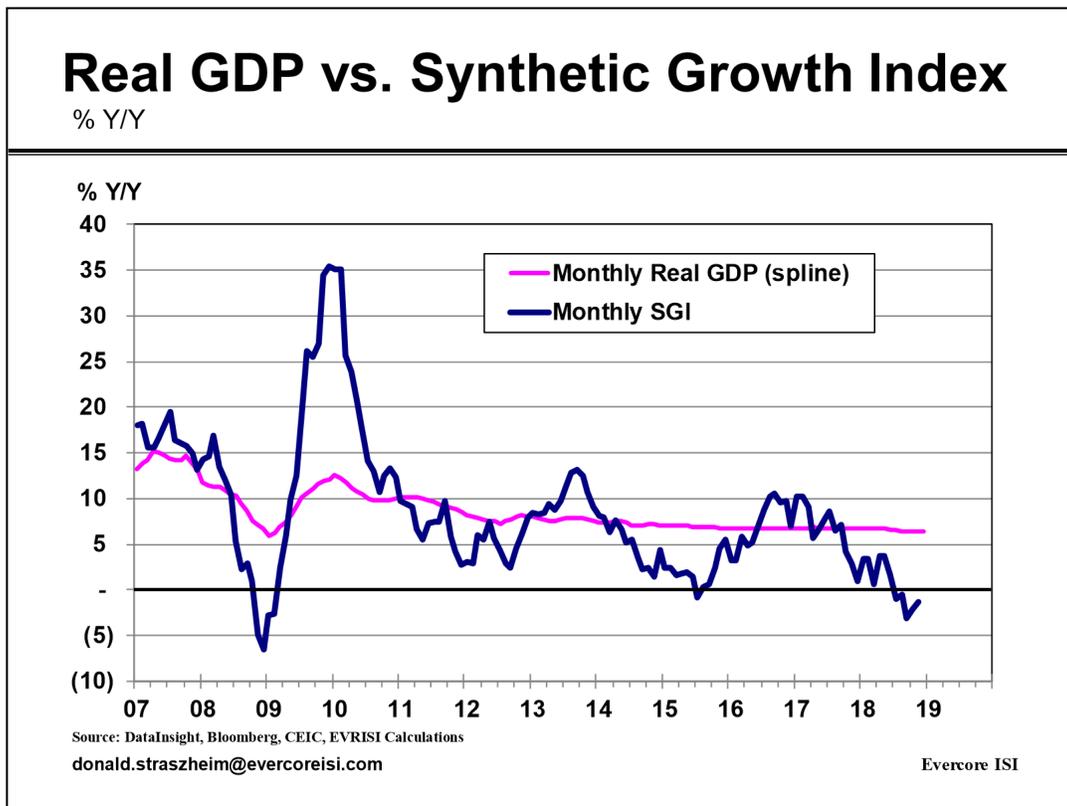


**China's GDP data opaque; near straight line in volatile global, domestic?**  
 Our SGI (7 independent components) and Real GDP look quite different.  
 Little available data on tech and hi-growth sectors (independent, long history, sufficient to seasonally adjust (for levels). Systematic first look at macro.  
**All volumetric.** So, no price component. *We manipulate, maintain. Ask us.*

Seasonally Adjusted, Nov 2011=100

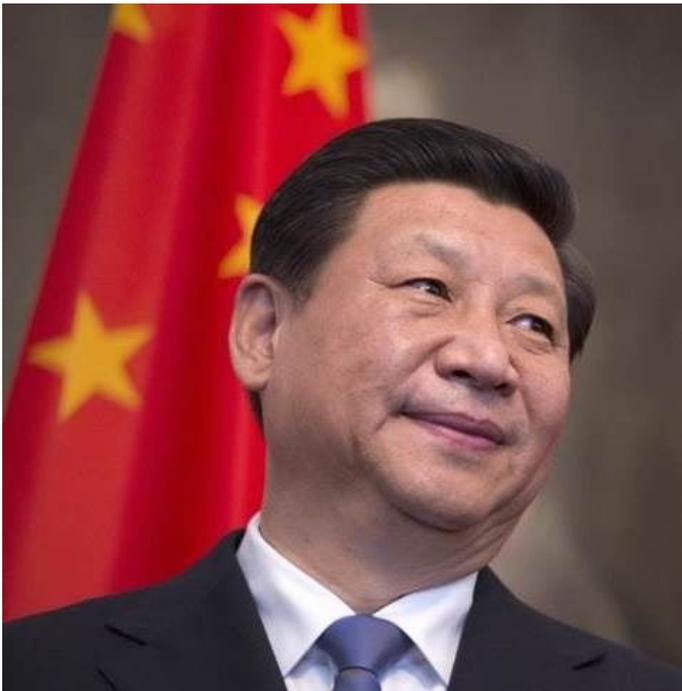
Indicator	Nov 11	Nov 12	Nov 13	Nov 14	Nov 15	Nov 16	Feb 17	May 17	Aug 17	Nov 17	Dec 17	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	Nov 18	Dec 18	
<b>Real GDP</b>	<b>100.0</b>	<b>108.1</b>	<b>116.4</b>	<b>124.8</b>	<b>133.6</b>	<b>142.6</b>	<b>144.7</b>	<b>147.3</b>	<b>149.8</b>	<b>152.2</b>						<b>154.5</b>		<b>157.1</b>		<b>159.7</b>				
Railway Freight	100.0	99.9	102.3	95.2	80.6	91.9	93.6	93.0	96.5	92.7	90.3	101.8	102.0	99.9	96.3	103.9	104.6	104.7	103.4	104.9	104.6	105.6	103.3	
Airline Passengers	100.0	109.5	121.1	137.7	148.6	168.4	177.5	181.6	178.9	196.7	198.2	192.2	194.1	204.7	202.5	202.5	205.5	201.4	201.0	202.4	208.6	212.0	212.9	
Electricity Consumption	100.0	106.1	114.3	117.6	118.5	128.5	128.3	129.1	133.9	134.1	138.6	143.3	143.7	136.9	140.2	144.1	142.8	143.8	145.1	145.1	143.3	142.3	139.0	
Container Throughput	100.0	108.7	117.0	124.7	127.0	134.4	136.3	142.6	143.4	144.2	144.5	148.5	149.2	144.0	147.9	149.4	150.1	148.1	151.0	153.5	154.4	154.6		
Passenger Vehicle Sales	100.0	107.2	122.5	125.1	150.8	173.0	162.6	155.5	173.6	170.2	166.8	166.4	165.9	165.8	166.2	166.4	167.8	161.6	162.4	152.5	147.2	141.4	139.0	
Commercial Vehicle Sales	100.0	103.1	106.4	95.4	93.2	104.0	112.7	105.4	112.4	109.6	110.2	110.4	110.9	116.5	111.7	122.3	128.7	115.4	113.4	111.8	109.7	112.4	116.2	
Industrial Apparent Consumption	100.0	108.3	129.3	131.4	141.3	148.7	150.5	150.2	151.5	144.6	136.4	141.3	141.9	131.1	134.4	130.6	127.2	131.0	131.4	129.1	127.0	130.0	130.3	
<b>Weighted Avg of 7 Indicators</b>	<b>100.0</b>	<b>106.2</b>	<b>117.7</b>	<b>119.3</b>	<b>124.7</b>	<b>136.9</b>	<b>138.0</b>	<b>137.2</b>	<b>142.0</b>	<b>140.8</b>	<b>138.7</b>	<b>142.2</b>	<b>142.6</b>	<b>139.7</b>	<b>140.2</b>	<b>142.2</b>	<b>142.5</b>	<b>140.7</b>	<b>141.0</b>	<b>139.4</b>	<b>138.3</b>	<b>138.8</b>		
% M/M		1.3	(0.2)	(1.3)	0.8	0.9	0.4	1.4	(0.3)	(0.4)	(1.4)	2.5	0.3	(2.1)	0.4	1.4	0.2	(1.2)	0.2	(1.2)	(0.8)	0.4		
% Y/Y		6.2	10.8	1.4	4.5	9.8	10.2	6.6	6.5	2.8	0.9	3.4	3.4	0.6	3.7	3.7	1.5	(1.1)	(0.6)	(3.1)	(2.2)	(1.4)		
<b>3MMA of Above</b>		<b>105.1</b>	<b>117.8</b>	<b>120.3</b>	<b>123.3</b>	<b>135.6</b>	<b>137.6</b>	<b>137.1</b>	<b>141.6</b>	<b>142.0</b>	<b>140.3</b>	<b>140.6</b>	<b>141.2</b>	<b>141.5</b>	<b>140.9</b>	<b>140.7</b>	<b>141.7</b>	<b>141.8</b>	<b>141.4</b>	<b>140.4</b>	<b>139.6</b>	<b>138.8</b>		
<b>Simple Avg of 7 Indicators</b>	<b>100.0</b>	<b>106.1</b>	<b>116.1</b>	<b>118.1</b>	<b>122.9</b>	<b>135.6</b>	<b>137.4</b>	<b>136.8</b>	<b>141.5</b>	<b>141.7</b>	<b>140.7</b>	<b>143.4</b>	<b>144.0</b>	<b>142.7</b>	<b>142.8</b>	<b>145.6</b>	<b>146.7</b>	<b>143.7</b>	<b>144.0</b>	<b>142.7</b>	<b>142.1</b>	<b>142.6</b>		
Steel Product Apparent Cons.	100.0	114.7	128.3	123.4	125.9	130.4	126.7	124.4	128.5	121.6	121.5	123.8	123.8	118.6	123.4	126.3	124.4	129.7	128.8	130.3	132.1	132.3	130.1	
Iron Ore Apparent Cons.	100.0	99.3	113.1	102.3	105.2	110.2	118.9	111.6	110.3	107.6	102.6	100.4	101.1	88.2	87.3	90.2	78.1	83.1	82.8	80.7	84.1	81.5	82.4	
Copper Product Apparent Cons.	100.0	99.1	134.7	139.1	170.2	177.3	178.2	177.4	177.5	163.6	145.3	156.3	156.5	150.3	151.0	141.3	139.9	145.5	145.1	143.0	131.2	139.5	141.2	
Aluminum Product Apparent Cons.	100.0	117.3	152.9	174.5	189.3	209.0	218.4	227.0	229.9	218.0	207.8	216.7	220.1	191.8	186.3	173.7	166.7	163.5	171.4	154.5	153.2	158.6	172.0	
Cement Product Apparent Cons.	100.0	107.0	119.7	116.9	109.1	114.6	115.0	114.6	111.8	118.0	110.3	106.5	106.6	89.9	111.8	108.0	103.9	105.1	106.1	106.6	110.3	110.0	106.4	
Refined Oil Product Apparent Cons.	100.0	109.0	109.5	115.0	111.9	114.4	117.5	118.5	119.3	120.1	111.5	118.7	118.8	114.1	118.2	115.3	116.6	123.2	118.9	123.4	121.7	124.8	113.1	

# China Synthetic Growth Index – 2 Perspectives



**SGI % y/y captures China’s cyclical volatility. Not visible in official Real GDP. Note severity of slowdown since mid-late 2017. NOTE. Ask us for details. 3 major economic indicators released by Beijing on a monthly basis. Trend is unambiguous. Not over. Growth at decade low at least, if not record low.**

# Xi Jinping – ‘Core, Paramount, Helmsman?’



**3 titles (Party, State, Military). All indefinite term of office. State as of Mar 2018.**

- Party leader from Oct 2012
- Gov't (state) leader from Mar 2013

**China's future? Xi decides. Scary**

- Leadership evolution (1949-2018). From political strongman (Party Chairman Mao). To consensus-driven leadership in the Politburo (CMC Chair Deng, General Secretary Jiang and Hu).
- Now back to political strongman

**Where does the buck stop?**

## Xi Jinping's 8 primary objectives (as we see them)

- **Remain** head of state (President of PRC) (government)
- **Become** Chairman of the Party Central Committee
- **Keep** the people satisfied (quiet)
- **Create** legacy projects and initiatives
- **Establish** more, deeper overseas relationships
- **Build** an unchallengeable military
- **Resist** western, developed-market influences, values
- **Replace** the US as the global geopolitical leader

## Challenge for Xi and for China – 2 GIANT PROBLEMS

- **Market economies** want to deal with other market economies
- **Consensus-leadership countries** want to deal with similar

The China 'dream' (collective) – Oct 18, 2017. "National rejuvenation has been the greatest dream of the Chinese people." Versus the American 'dream' (Individual, all have a chance).

# China-US (Trade, Tariffs) Overview – 1/24/19

**Expect March 1, 2019. Trade ‘deal.’ But ‘final resolution’ is years away. More iterations in future. All deals are not created equal. Cost of ‘no-deal’ is unacceptable to both sides. (Ramp-up by US of tariff rates – costs in both directions). Progress, not perfection. Any deal, satisfy some; not all. ‘Wins’ can be real (or fake) news. New date certain or indefinite? We need a mind reader. In national leadership, Unpredictable yields unreliable yields untrustworthy. Enforcement of pledges into future, inherently problematic.**

**Broadly, DC acts; Beijing reacts.** But not to tweets, speeches, reports. DC leads; Beijing follows. China wants the US to ‘own’ this trade-war episode.

**Launched by DC on ‘national security’ grounds** (Section 232) on aluminum and steel. Then, bilateral, US and China alone, on tech sector (Section 301).

**China – economy struggling more, vs. US full employment.** Right metric?

**BIGGEST CONCERN. The trade war morphing into a geopolitical cold war – ‘Stop the China rise.’** Xi Jinping – political strongman. Different perspective from western market-driven economy and consensus leadership-selection process.

**The ‘long game?’** US, 4-year political cycle. China, strongman -- media control.

**Trade war is economic lose-lose.** Neither side ready to retreat; but maybe pause. Widely-held US view – China many transgressions. View also by many developed economies, countries. But, understandable, countries might pursue non-economic objectives that dominate economic lose-lose. Differing views on Trump strategy.

**Omnibus Xi-Trump a framework resolution.** Then staff finish? We doubtful, ever. Different leadership styles. WH reacting to 25 years of China ‘misbehavior.’

**China global outreach.** Beijing’s top response, finding other global partners to replace US. China wants multi-lateral; US wants bilateral. Reconciliation is hard

**Companies frozen by uncertainty.** How to optimize global supply chain – invest, produce, source, hire, price, plan. Adjusting? This is #1 market/economic danger.

**Trade War and Trade Peace.** Simultaneous in different sectors. Bitter tech fight -- amid possible win-win deals in energy (LNG) and agriculture (soybeans). Coming.

**Investment restrictions.** Tariffs come go (temporary). Investment restrictions are more lasting (permanent). Both now in play. We see progress potential, both.

**Potential big pickup in China Imports from US.** Not a numerical target. Needed: goodwill, grace, reliability, predictability. Instead, animosity dominates.

**Resolution? Each side claims many successes, vs. only a few concessions.** Clear win. No matter if successes are ‘real’ or ‘fake.’ Just sell at home.

# A 'Deal' Acceptable to China on 3/1/2019?

*As of Jan 24, 2019, our best estimate of a trade deal acceptable to China.*

## Tariffs

- Delay (indefinite?) on ramp-up US tariff rate, \$200 bln, 10% to 25%
- Unchanged on existing Sec 301 (bilateral) or Sec 232 (nat'l security) tariff rates
- China has reduced many tariffs; pledging more in future (indefinite)
- China temporarily suspended retaliatory auto tariffs; said will eliminate

## Foreign Investment Restrictions

- Autos relaxed rules on foreign. Ended JV requirement for NEVs in 2018.
- Financial services opened up, and phase in; banking, insurance, credit, securities
- Opened others via reducing China's 'Negative List' -- more coming
- New opening-up China laws are underway; comment period ends Feb 24

## Foreign Operating Openness

- Market access 2018 treat domestic & overseas firms same
- More open autos, financial sector components (2020-2022)

## Tech Sector (Intellectual Property, etc.)

- IP Theft – continuum. Launch process explicit (Illegal vs. Reverse Engineering)
- Forced Tech transfer – some relaxation. But much is commercial
- Toned down Made-in-China 2025 language; but unchanged development plans
- China IP disputes appeals court established Jan 1, 2019 (first)
- MOU, 38 ministries and agencies on punishment over patent-related violations
- Patent law tightening in process; raises cost of violations

## Trade and Trade Balance

- LNG – Multi-year deal (US reliable supplier, China buyer), other energy
- Soybeans – Multi-year deal. Other ag – corn, rice, sorghum, etc. GMO

## Other Matters

- Transshipment limits. No new arrangement. Commercial decisions
- Excess capacity limits. No new arrangement. Sovereign right. Wacky idea

**Terry Haines ([terry.haines@evercoreisi.com](mailto:terry.haines@evercoreisi.com)), our head of Political Analysis, makes the US calls for our firm. We defer to Terry – what might be acceptable to DC.**

## General Disclosures

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