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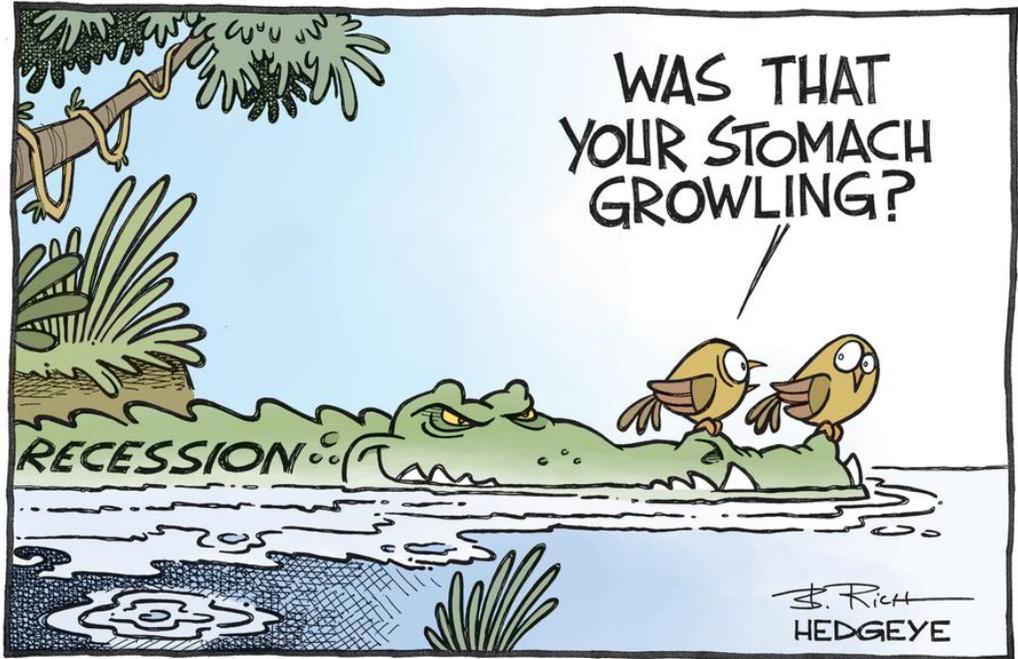
June, 2016 – Half Way Mark – The Score?

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Ashok Dhillon has over 40 years of front-line business experience in Canada and International markets.

Mr. Dhillon's experience includes start-ups, venture capital, seed funding, and heading companies in construction and international power development. His extensive experience gives him in-depth knowledge and intuitive insights into macro and micro, national and international, geo-political and economic realities and trends. He has been invited to speak on international business at various forums, including as an expert witness for the Standing Senate Committee, Government of Canada, on "The Rise of Russia, China and India".



On June 1st, 2016, OECD (Organization for Economic Cooperation and Development) Secretary General Angela Gurría gave the following assessment in her remarks from OECD's latest Global Economic Outlook:

"Growth is flat in the advanced economies and has slowed in many of the emerging economies that have been the global locomotive since the crisis," Gurría said while launching the Outlook during the Organization's annual Ministerial Council Meeting and Forum in Paris. "Slower productivity growth and rising inequality pose further challenges. Comprehensive policy action is urgently needed to ensure that we get off this disappointing growth path and propel our economies to levels that will safeguard living standards for all..."

Considering the extraordinary actions of all major Governments, and their Central Banks, over the past 7 years "since the crisis", we are not sure what the Secretary General of OECD has in mind when she says, "Comprehensive policy action is urgently needed to ensure that we get off this disappointing growth path and propel our economies to levels that will safeguard living standards for all,".

What possible policy action could she have in mind - beyond the \$60-odd-Trillion pushed out as direct stimulus, and the historical record years of near zero rates, which in some countries are now driven down to negative rates - that still culminated in low enough, to no growth, in developed (OECD) countries, to have her worried so; and lower growth in emerging markets (to negative growth in some countries like Russia, Brazil, and Venezuela), what other actions can be taken that haven't been tried after 7 years of desperate policies, and desperate actions, that would make any real difference now?

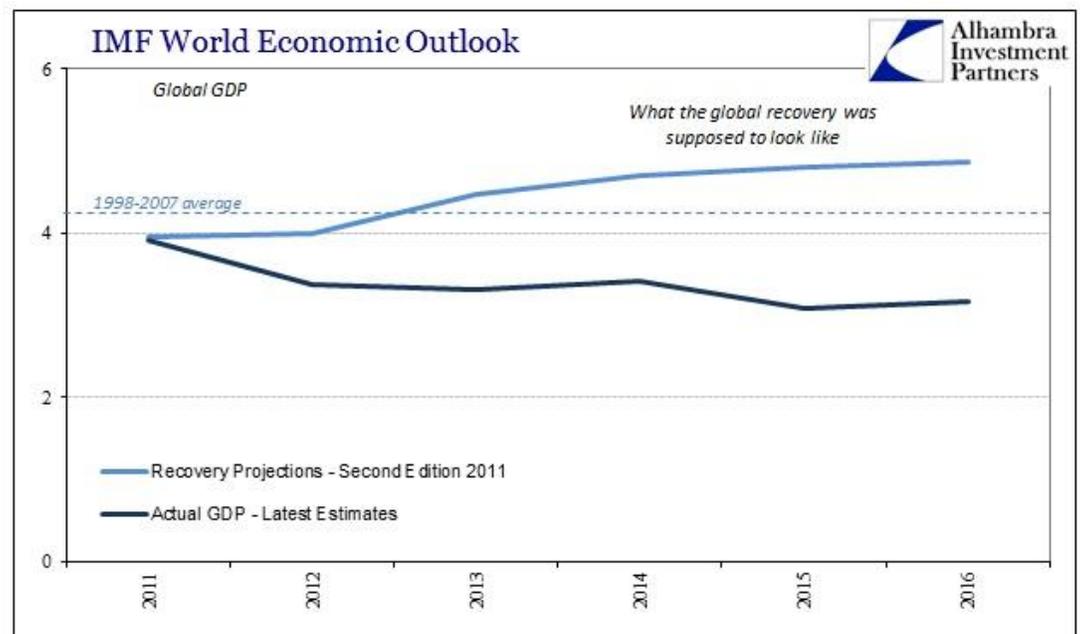


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Well, we know that Japan's policy makers tried more than just "comprehensive policy action", as a matter of fact, they hit "*comprehensive policy action*" right out of the ball park, with aggressive policy action so aggressive, it left the rest of the World with their collective jaws hanging open. And after all that, Japan still ended up in recessions and near recessions, and with no 'breaking free' from deflationary pressures, or any other practical benefit to their economy, only an insane level of debt, and a broken and panicking Prime Minister Abe, and his much touted but now thoroughly discredited 'Abenomics'.

In fact the global economies have not fared well with the extreme level of 'aggressive policy action' of governments and the Central Banks (CB), as of the past aggressively stimulative years, as the Chart below categorically shows.



Extraordinary government and CB interventions, outrageous cash stimulus and historic low interest rates have produced, over the last 7 years, a dangerously unbalanced global economic crisis that has most policy makers quite spooked, and their Central Banks at a loss (*pun unintended*) as to what to do next.

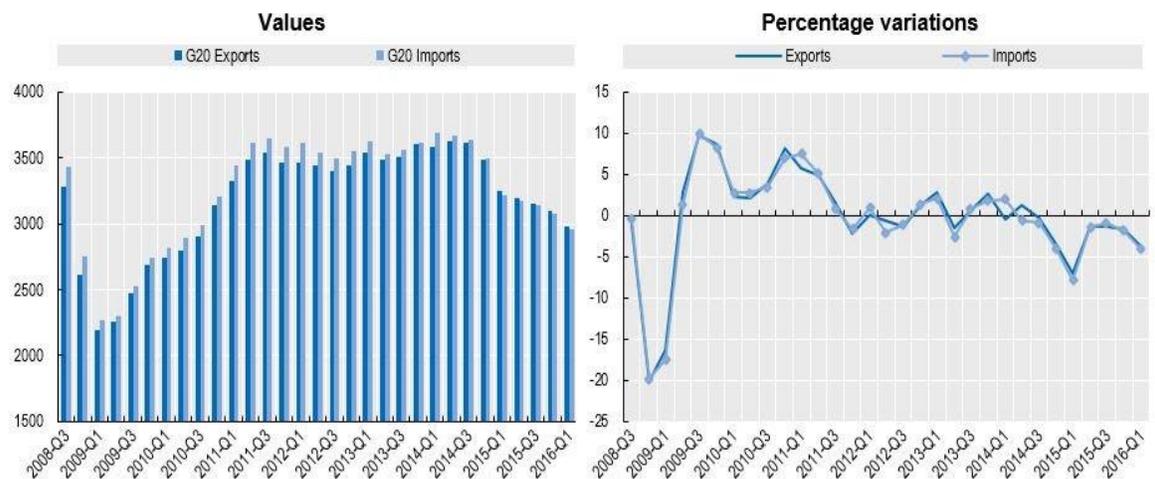
Everyone that could have done anything, to get the global economics back on a sustainable path to recovery, did it, but they have collectively failed, as witnessed by the utterances of the G7 leaders at their recent meeting in Japan, and of the Secretary General of OECD quoted above.

Everyday chatter of everybody aside, the fundamentals of the global economies are irrefutably proven by the steady declines in all the critical indicators of global economic activity and their negative trends. All major economic blocks are in grievous trouble, the difference is only of degrees.

The United States, Canada, the UK and Australia were the bright spots, in a very dim firmament, but as we had anticipated months or even a year ago, these economies are now being dragged down, inexorably into a global recession. The global recession has been on for years but all the huffing and puffing, and the financial jiggling, keeps the numbers barely debatable.

G20 total international merchandise trade

Seasonally adjusted, current prices and US\$ billion



As has been pointed out ad-nauseam, the only thing accomplished by all the aggressive and comprehensive policy action, has been the re-creation of asset market bubbles the World over, that have been deflating and will continue to do so over time. The net result is going to be a far worse global economic recession than the previous one. And that is not going to be prevented by more of the same.

The only thing that will start the global economies growing again is the writing off of Trillions in sovereign and private debt, and the extraordinary surplus capacity, the recapitalization and re-growth of the middle class all over the World (*the real consumer class*), the uplifting of the poor (*the desperately needed new consumers*) and real structural reform of the unbalanced economies, and definitely NOT the same old, tried over and over again and failed, QE policies.

In other words, a real cleanup of the completely messed up Global Balance Sheet is required before any sustainable growth is possible. Yeah, we know, good luck with that.