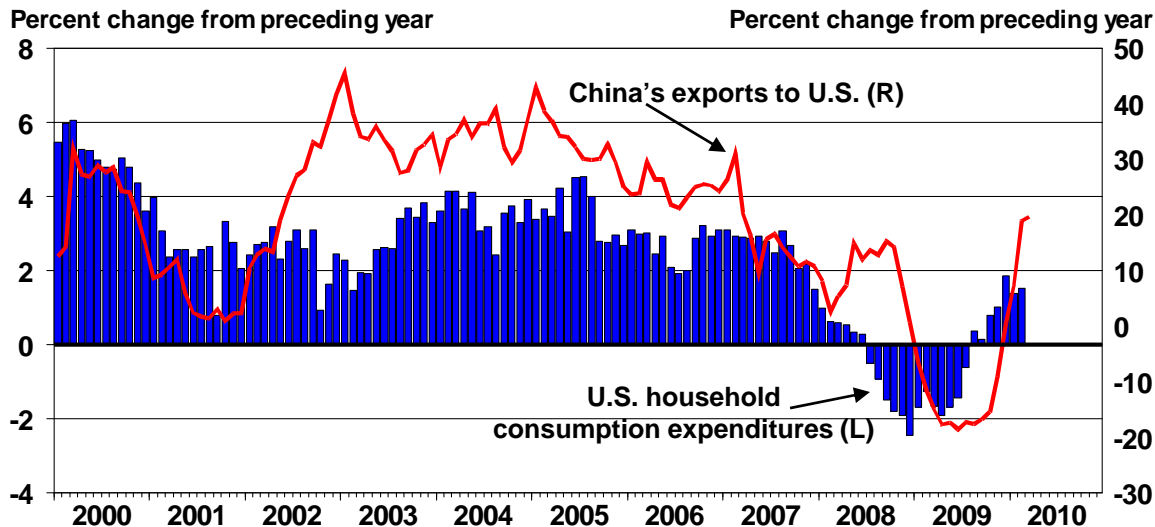


Improvement in U.S. household consumption expenditures help improve China's exports



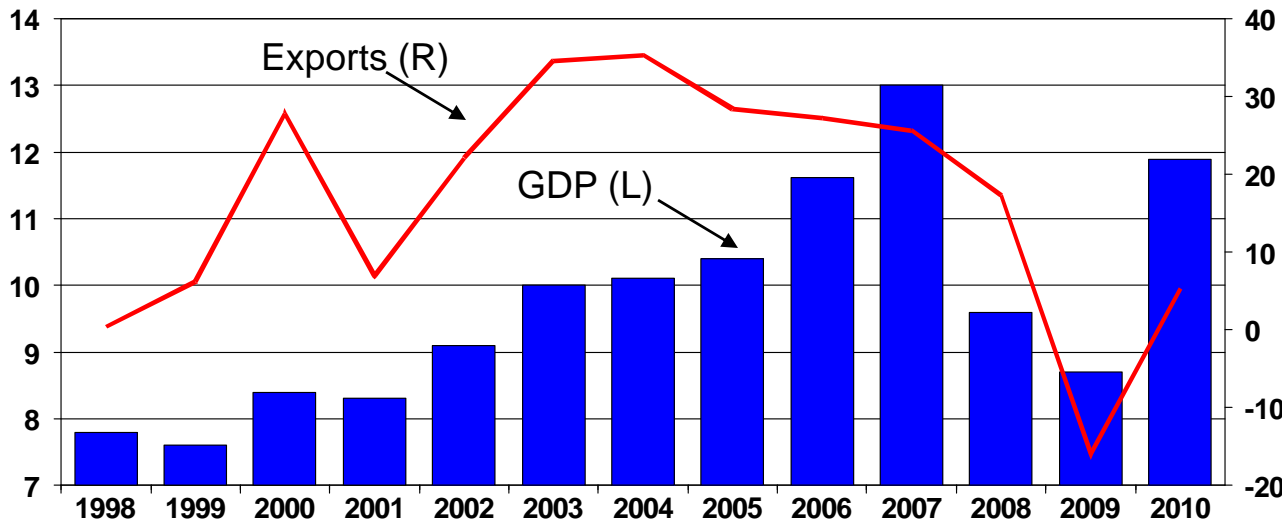
Sources: U.S. Bureau of Economic Analysis, IHS Global Insight, and China Statistics Monthly.

China GDP and total exports



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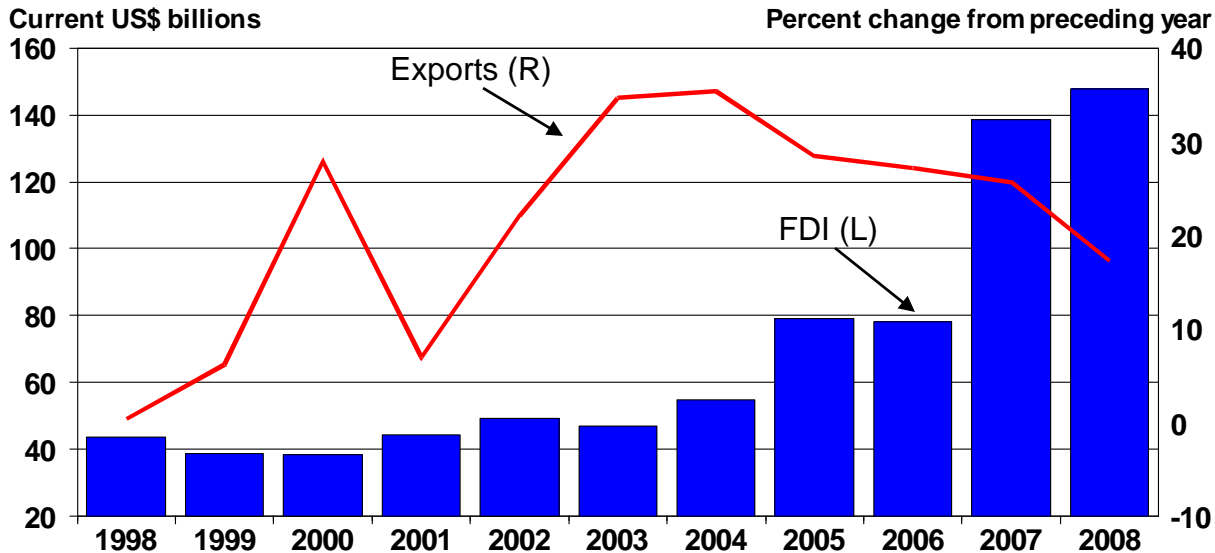
Annual percent change, 1998 to Q1 2010



Sources: National Bureau of Statistics of China, IMF World Economic Outlook, October 2009.

Foreign direct investment and exports

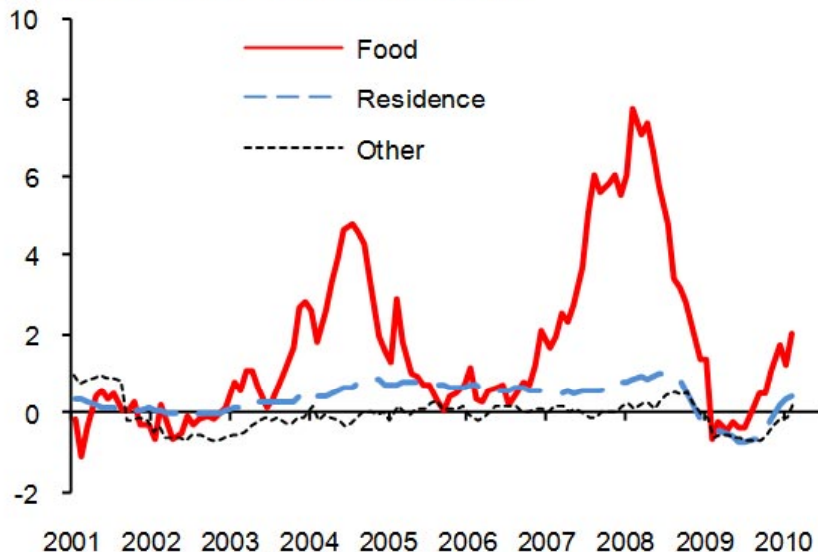
China's FDI net inflows and total exports



Source: National Bureau of Statistics of China, World Bank.

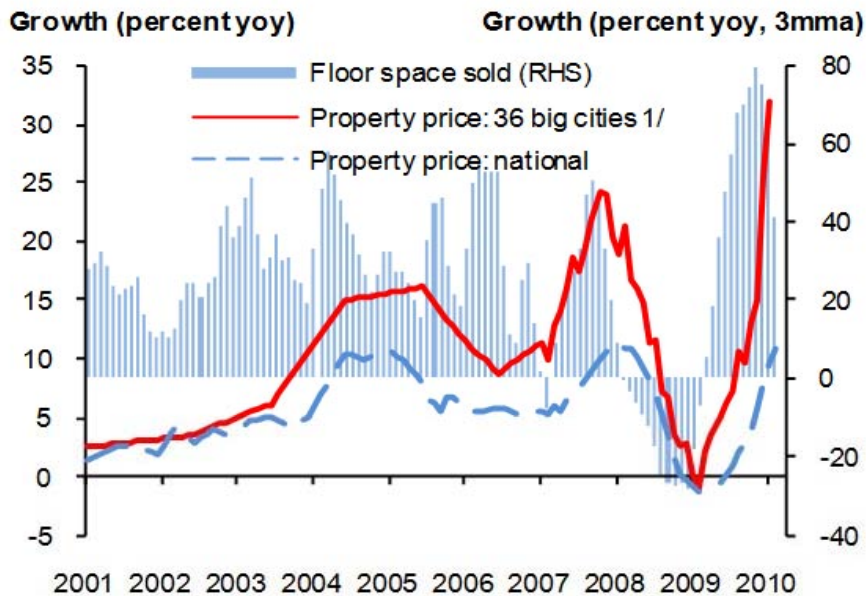
Inflation creeping up

Contribution to CPI inflation (ppts, yoy)



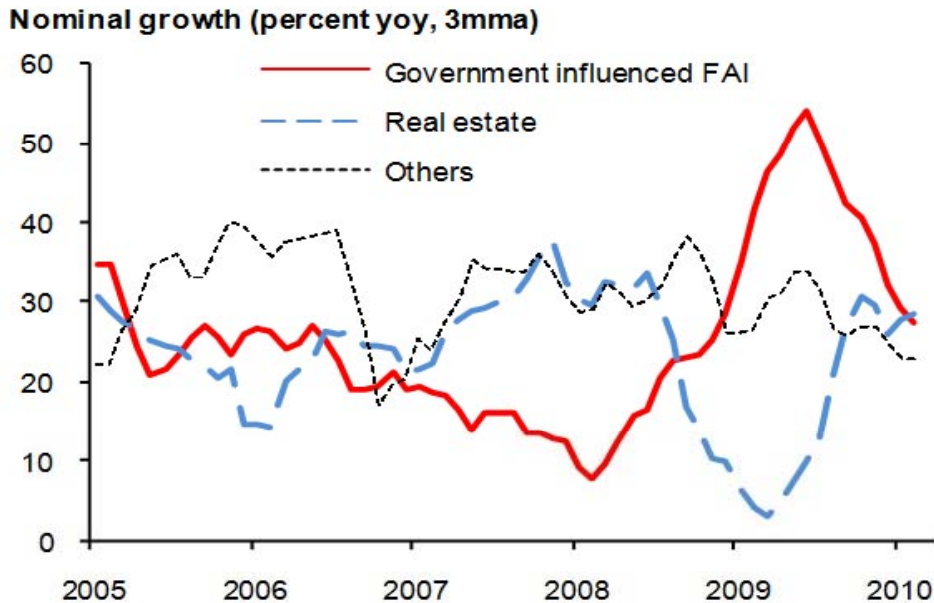
Sources: CEIC, World Bank.

Real estate prices have risen rapidly



Sources: CEIC, World Bank.

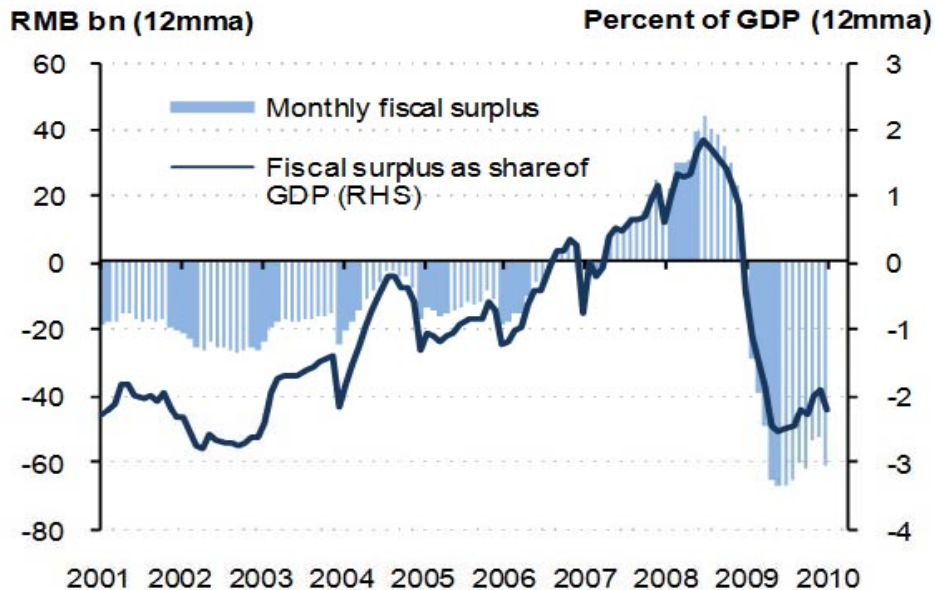
Investment growth in China



Sources: CEIC, World Bank.

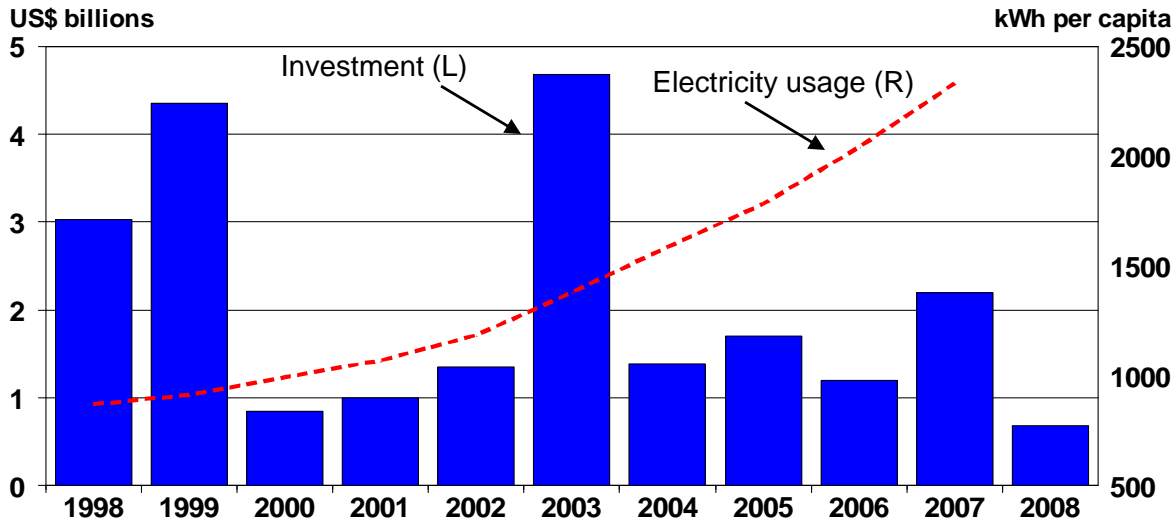


China's budget deficit



Sources: CEIC, World Bank.

China's investment in energy projects with private participation and electricity usage



Sources: World Bank Private Participation in Infrastructure Project Database, International Energy Agency, Energy Statistics and Balances of Non-OECD Countries and Energy Statistics of OECD Countries..

China's health-care reform

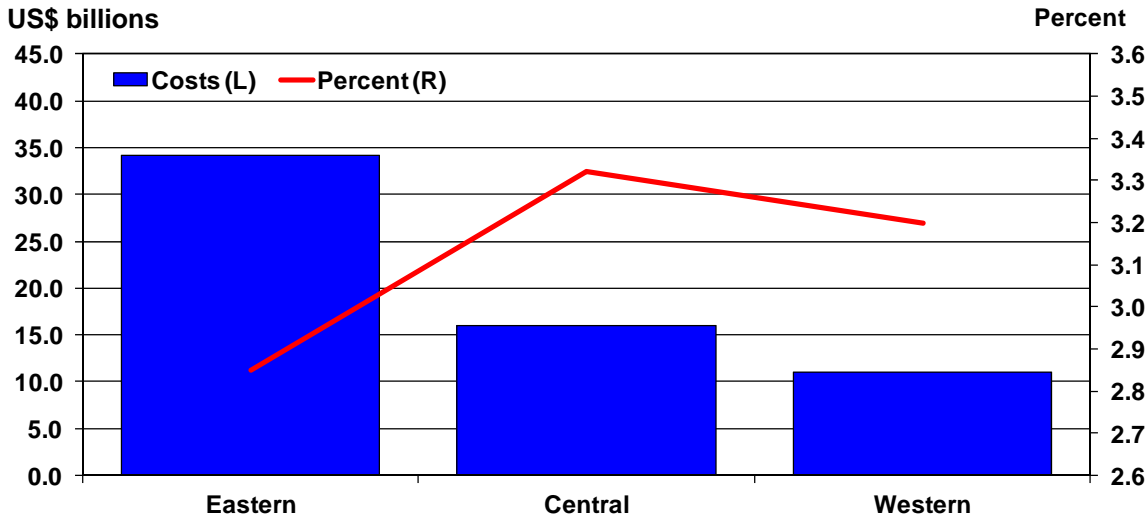
“The plan announced by the State Council in April 2009 aims to invest RMB850 billion to provide basic medical services to the population by 2011, with the long-term goal of rolling out universal coverage by 2020. Each province will select one to two cities as the trial bases for setting up a public hospital network.”

Economic losses caused by environmental pollution reached \$64.7 billion in 2004, accounting for 3.05% of GDP.

Source: China Green National Accounting Study Report 2004.

Environmental degradation costs

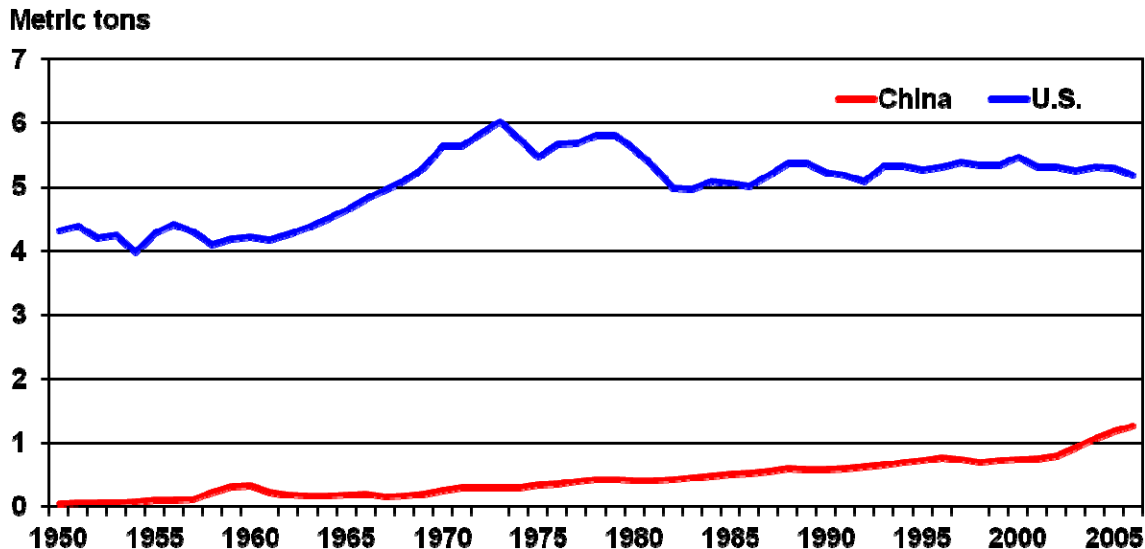
China, percent of local GDP, 2004



Source: China Green National Accounting Study Report 2004.

Carbon dioxide emissions

China vs. U.S., per capita, 1950 – 2006



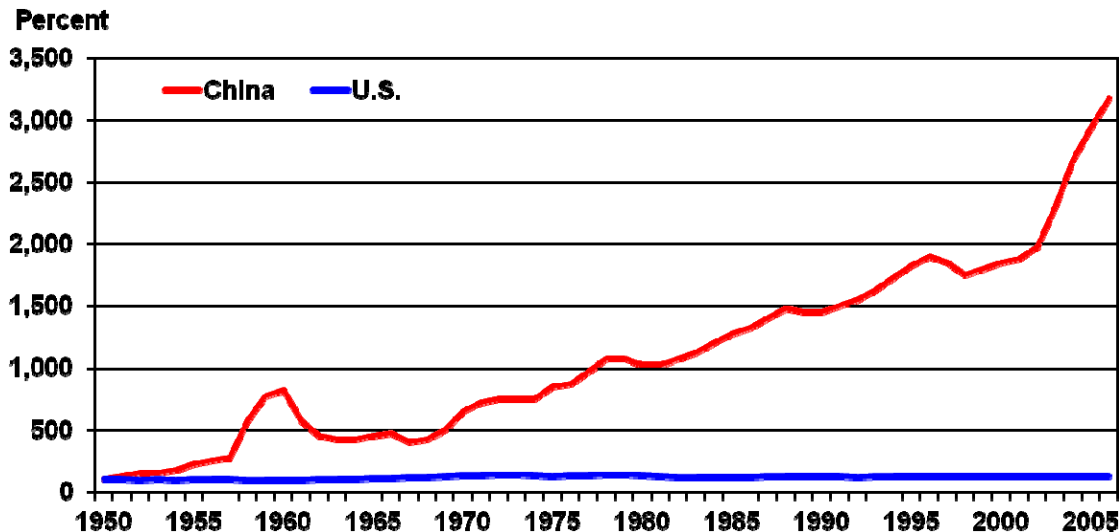
Source: Carbon Dioxide Information Analysis Center.

Carbon dioxide emissions



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China vs. U.S., indexed growth, 1950 – 2006



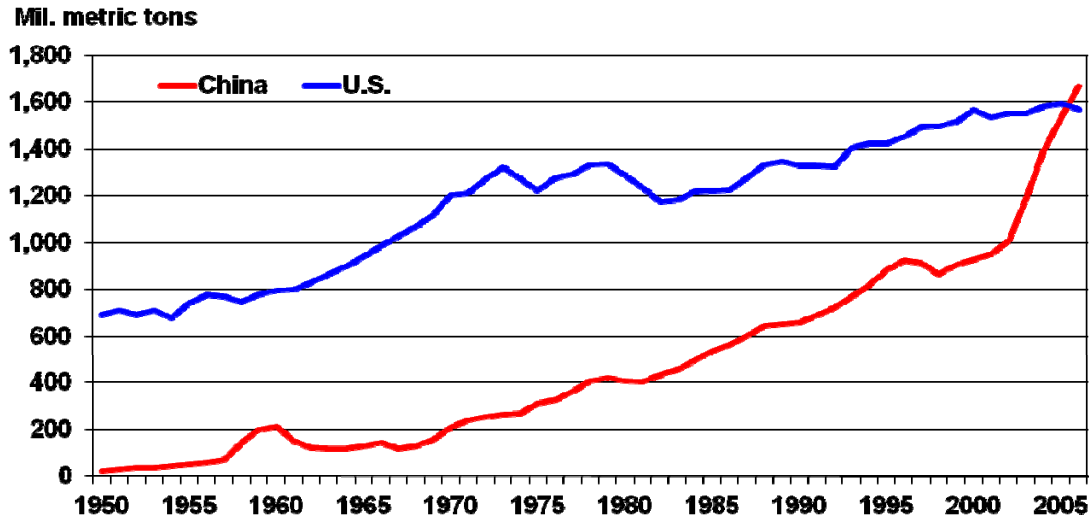
Source: Carbon Dioxide Information Analysis Center.

Total carbon dioxide emissions from fossil fuels



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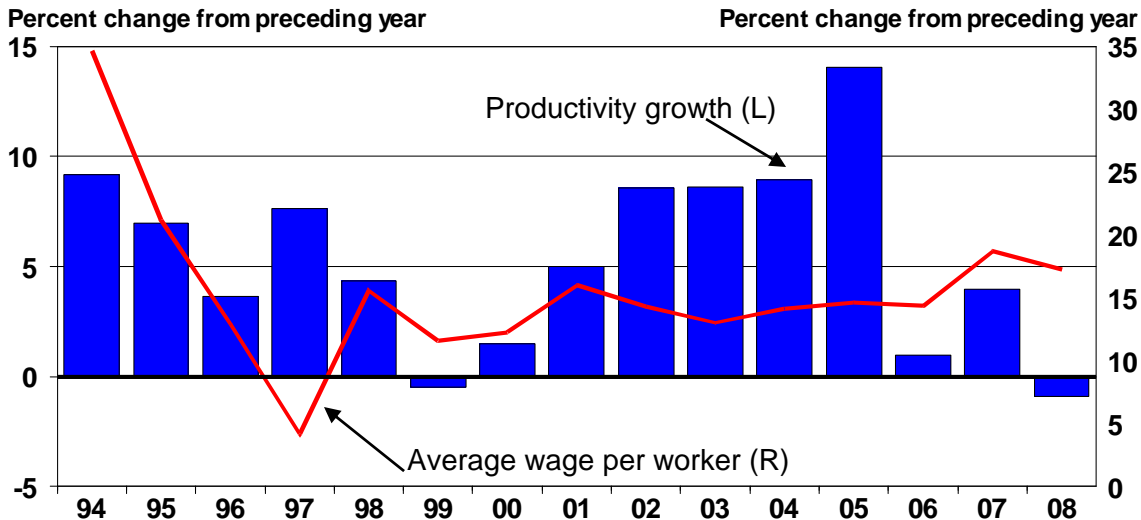
China vs. U.S., 1950 – 2006



Source: Carbon Dioxide Information Analysis Center.

China's labor picture

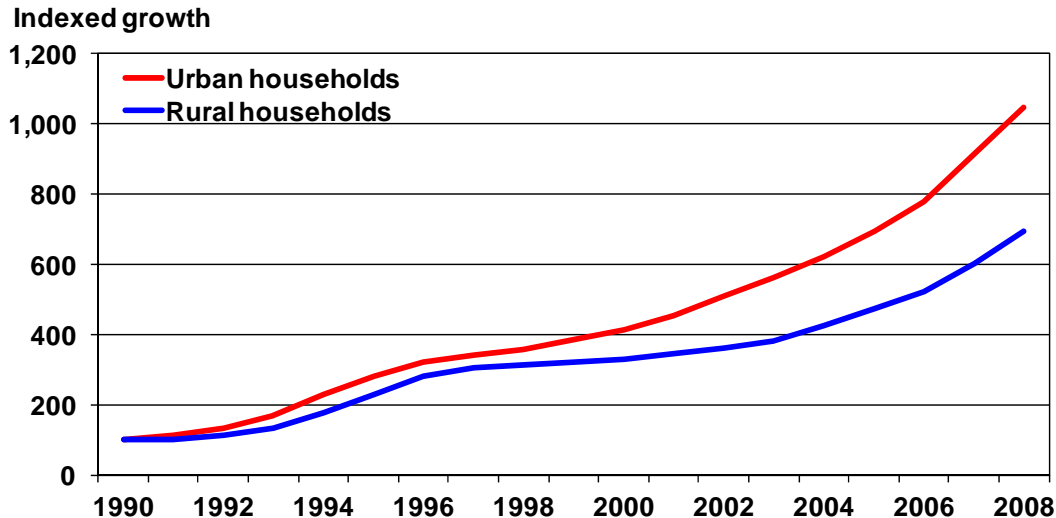
Average wage per worker and labor productivity growth



Sources: The Conference Board, China Statistical Yearbook, 2009.

Per capita annual income

China, urban vs. rural, indexed growth, 1990 – 2008



2001-2008 growth

Urban: +130.1%

Rural: +101.1%

Source: China Statistical Yearbook, 2009.

Cost of living 2009

City	2009 rank	2008 rank
Tokyo	1	6
Paris	3	2
Copenhagen	4	3
Oslo	5	1
Geneva	9	12
Hong Kong	11	28
Chicago, Los Angeles, New York	23	39
London	27	8
Shanghai	29	45

Source: Economic Intelligence Unit, 2009.

Shanghai Composite Index



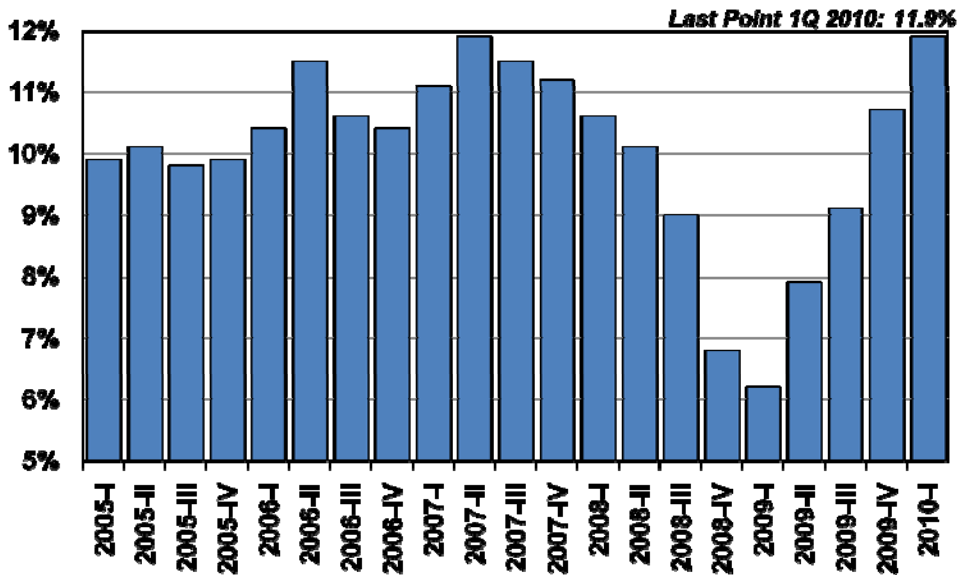
Source: Yahoo Finance.

Chinese Gross Domestic Product



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Year/year percentage change



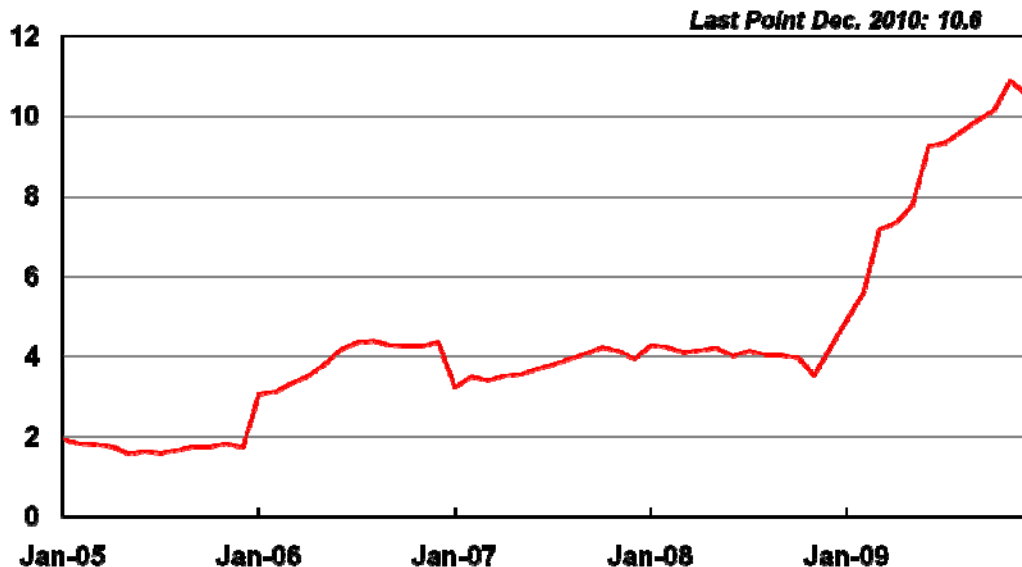
Source: China National Bureau of Statistics.

Total loans of Chinese financial institutions



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Change from one year ago, trillion Yuan



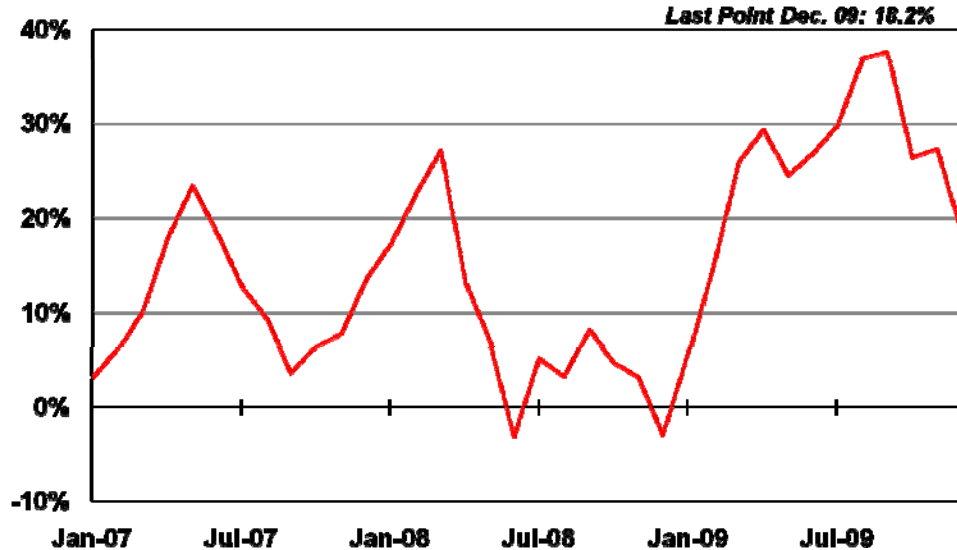
Source: People's Bank of China.

Chinese residential floor space completed



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Year/year percentage change, 3-month moving average



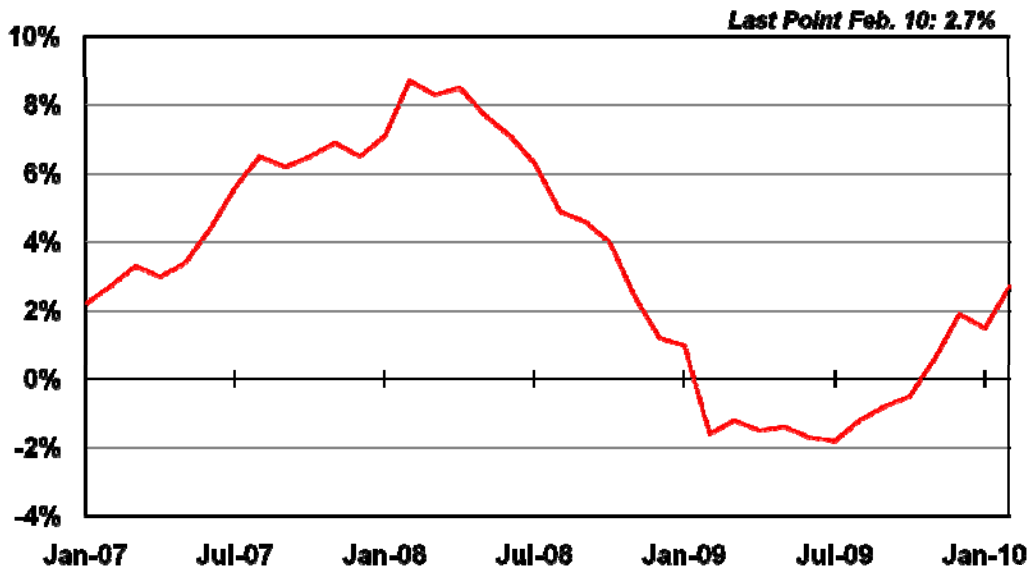
Source: China National Bureau of Statistics.

Chinese consumer price index



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Year/year percentage change



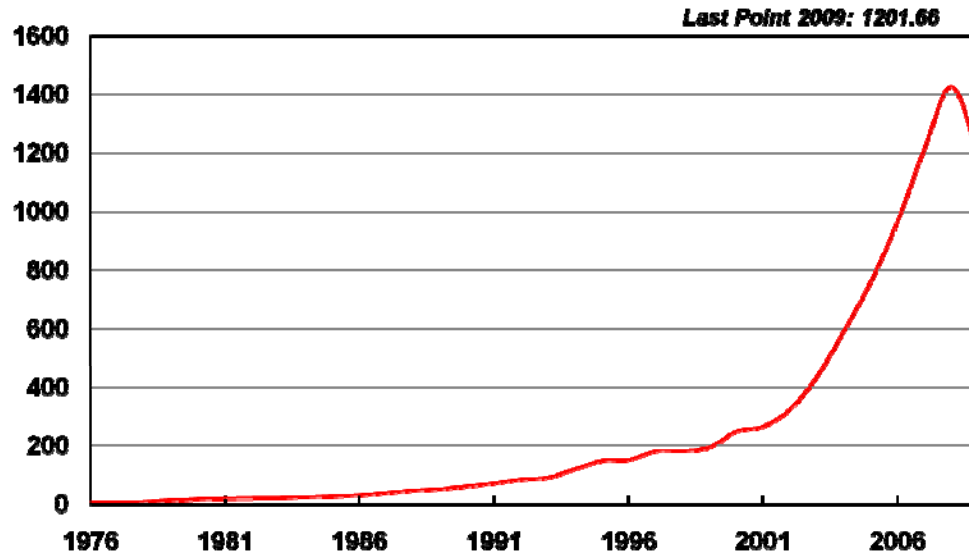
Source: China National Bureau of Statistics.

Chinese exports

\$ billions

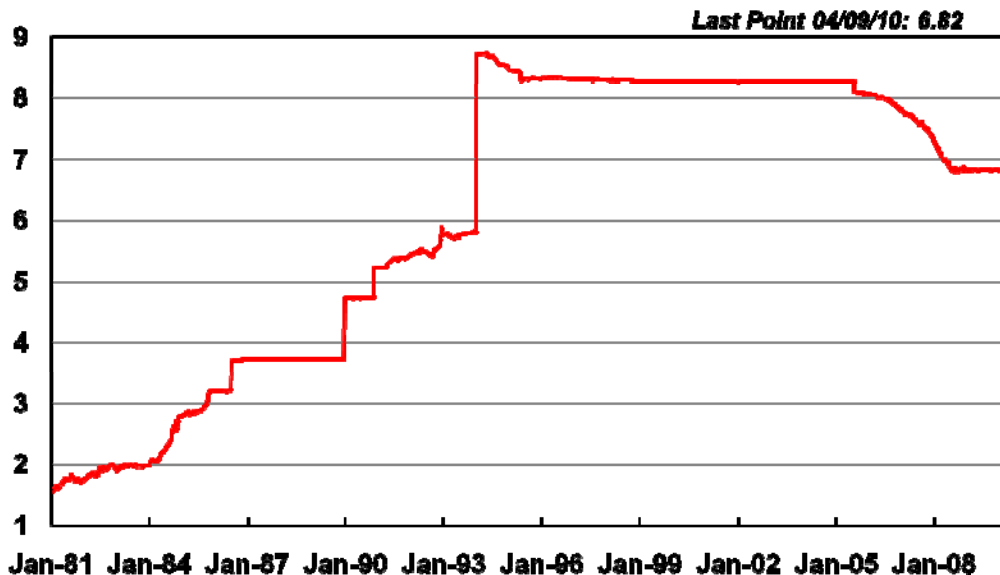


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Sources: World Trade Organization and China Ministry of Finance.

Chinese Yuan per U.S. Dollar



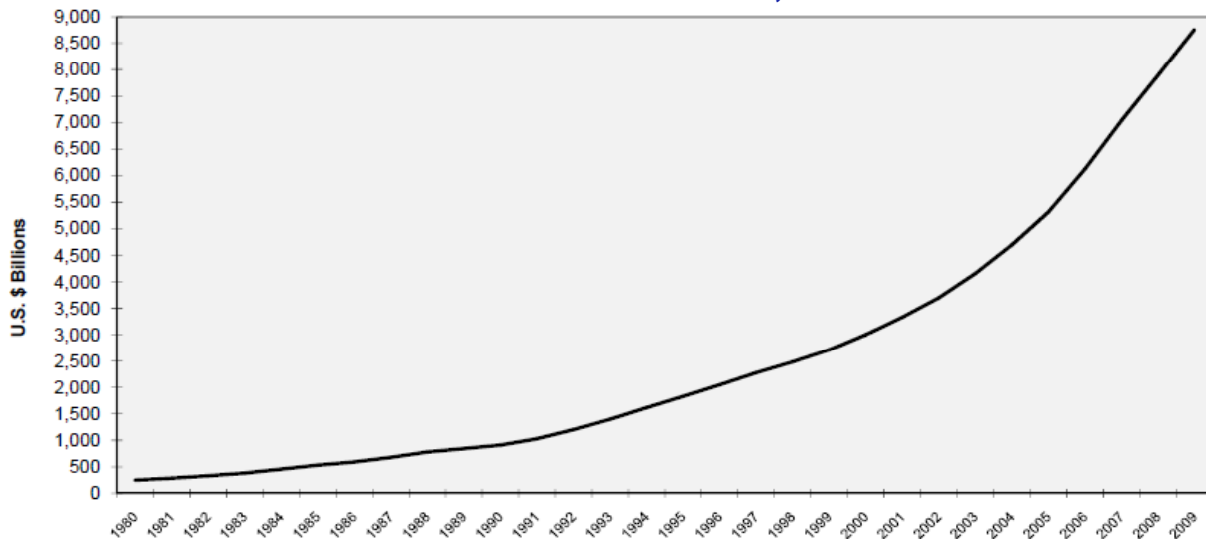
Source: St. Louis Federal Reserve.

The Chinese Economic Revolution – Capitalism is Reintroduced to China



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China's Gross Domestic Product, 1980 to 2009



Purchasing-Power-Parity Valuation in Current US Dollars; Source: IMF



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Trading China – Do It IN-Directly!



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- Australia
 - Currency & Commodities
- Brazil
 - Commodities
- Germany
 - Capital Goods
- South Korea
 - Tougher & leaner than Japan
 - Capital Goods & Management
- Vietnam
 - Replacing lower end of China's value chain



Voracious Appetite for Raw Materials



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■ China consumes:

- 1/2 of world's cement use
- 1/3rd of world steel consumption
- 1/4th of copper demand
- 1/5th of aluminum

Need whole new planet by 2050 just
to feed China's needs!

A Thousand Points of Conflict



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■ Markets

- Mercantilist/Protectionist conquest of U.S./Europe
- Colonial/Predatory trade with Africa/Latin America

■ Energy & Raw Materials

- Iran's nuclear proliferation
- Sudan's genocide

■ Pollution & Climate Change

- China's demand for "reparations"
- Shanghai under water?

■ The Bread and Water Wars

- The disappearing Amazon
- Chinese Plantations around the world

The Coming China Hot Wars:



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- Largest standing army in world
- A budding deepwater navy
- Aggressive/militaristic space program
- Sophisticated cyber warfare capabilities
- A “rogue” military?

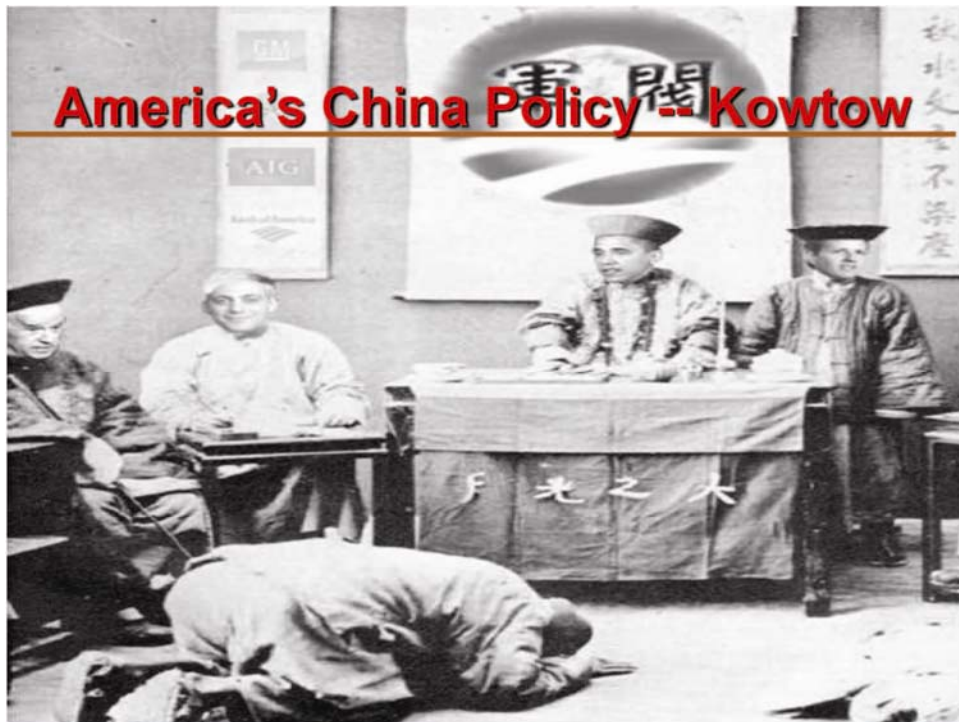


Weapons of Mass Production

Cheap Wages	40%
Web of Illegal Subsidies	17%
Currency Manipulation	11%
Counterfeiting & Piracy	8%
Lax Health & Safety Regs	2.5%
Lax Environmental Regs	2.5%
Unfair Trade Practices Total	41%

Factor in slave labor & percentage is higher!

America's China Policy -- Kowtow



What Do You See?



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SPY Quarterly

9/25/09



Volume

BigCharts.com



Stock Market NOT a Random Walk!



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Connect the dots!

Does this look anything like a random walk?????