



The Association of
Property Lenders

UK Property Market and the Impact from Global Economy, Shocks and Global Events

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K&L GATES

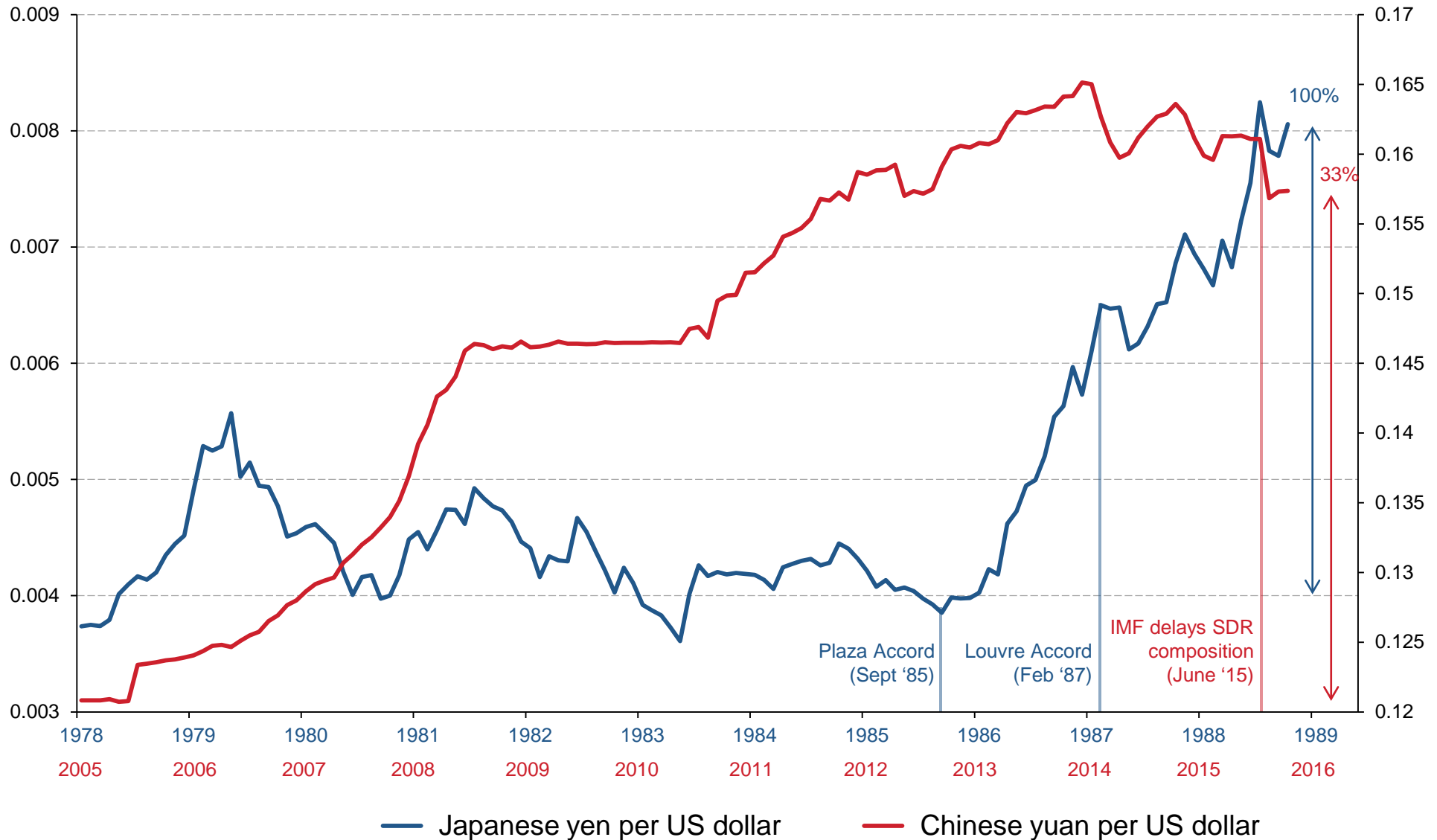
Some details...

- Just as with thunder and lightning, we have already seen some very sharp currency declines across economies which are crucial providers of natural resources,
only over coming months we will hear what these have done to inflation on both sides of the Atlantic; I am convinced the data will tell us loudly that a new wave of deflation is happening.
- Deflation – things becoming ever cheaper – leads to economic atrophy.
It paralyses consumption and it paralyses investment.
- Switzerland and Sweden already have them, and Andrew Haldane, Bank of England's chief economist has talked of the UK having them to:
They are negative interest rates.
- Whilst the UK will escape deflation, others across the developed world will not. Underlying why we will escape will be rising real estate pricing, occupancy and rents.

Some details...

- Not only is China not broken,
but the euro-zone is far from being fixed
- Recent exchange rate events have not simply made rate rises across the developed world less likely,
they have opened up the prospect of further loosening indeed more QE
- The UK may sit geographically alongside Continental Europe,
its economy is however quite distinct,
- Just as Japan sits alongside China
but may as well be on the moon for the ultimate good it will bring it

Appreciating currency change



Yuan per other currencies

Russian ruble per Chinese yuan



Indonesian rupiah per Chinese yuan



Malaysian ringgit per Chinese yuan

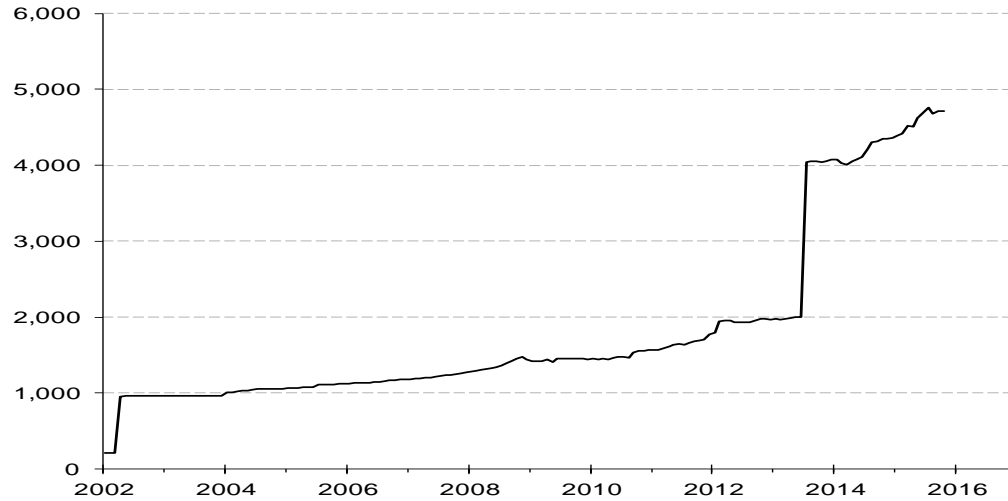


Brazilian real per Chinese yuan



Yuan per other currencies

Iranian rials per Chinese yuan



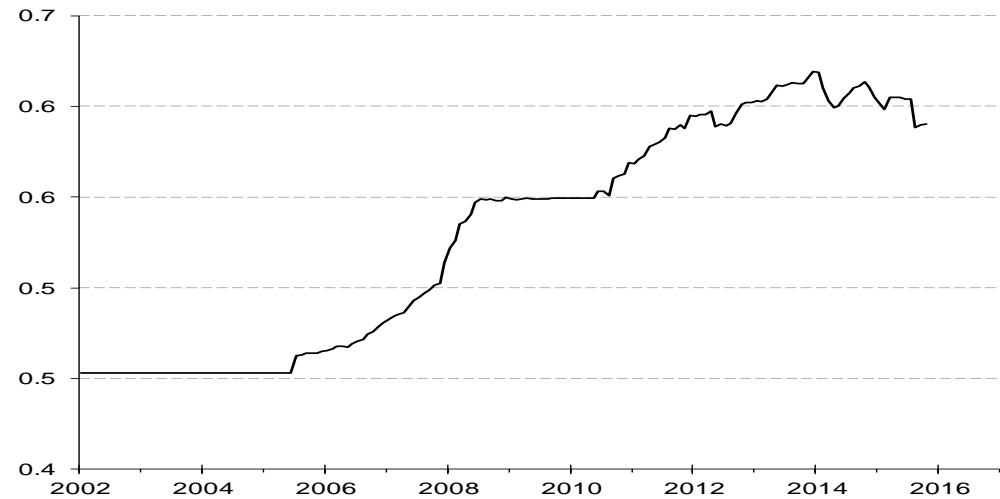
Angola kwanza per Chinese yuan



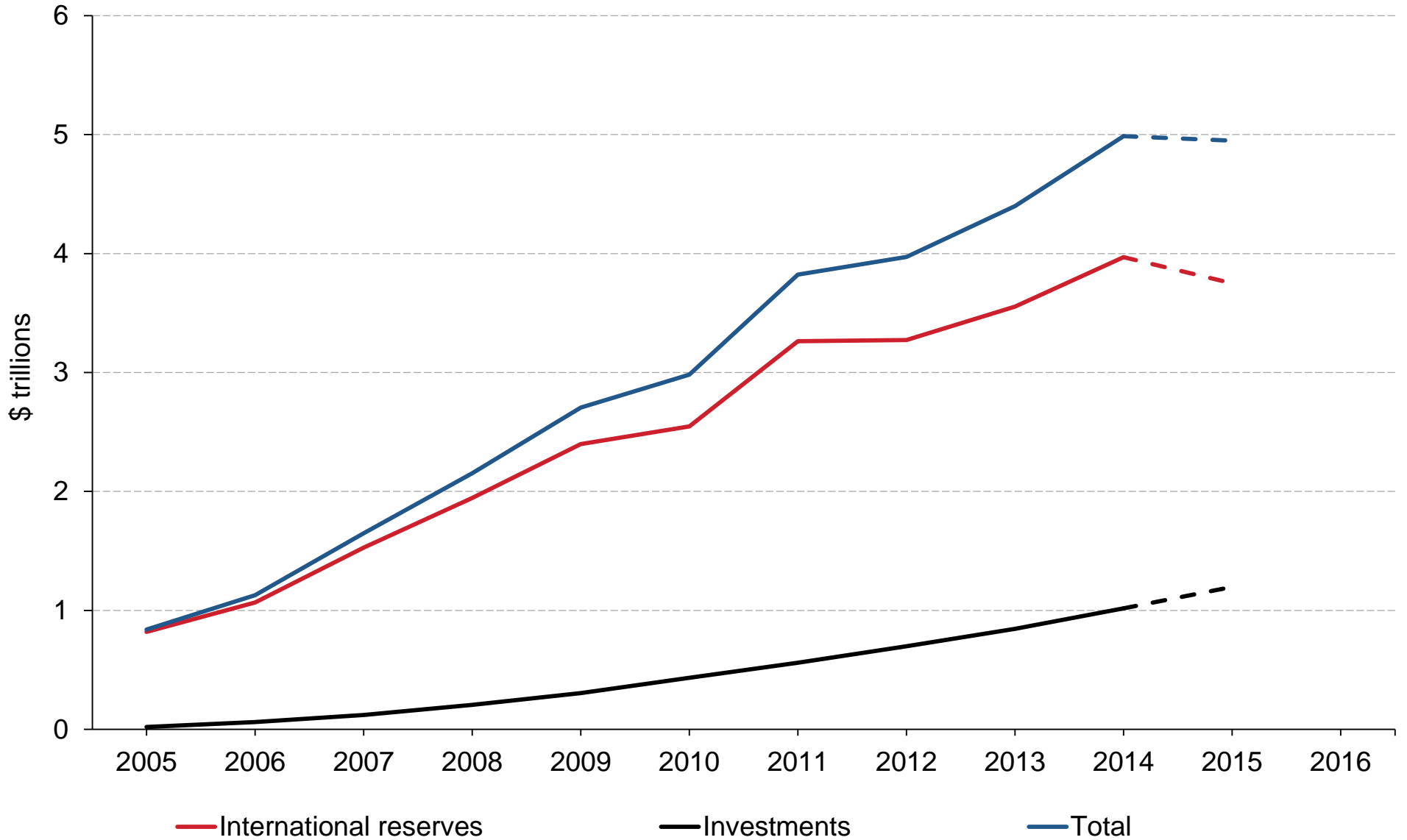
Norwegian krone per Chinese yuan



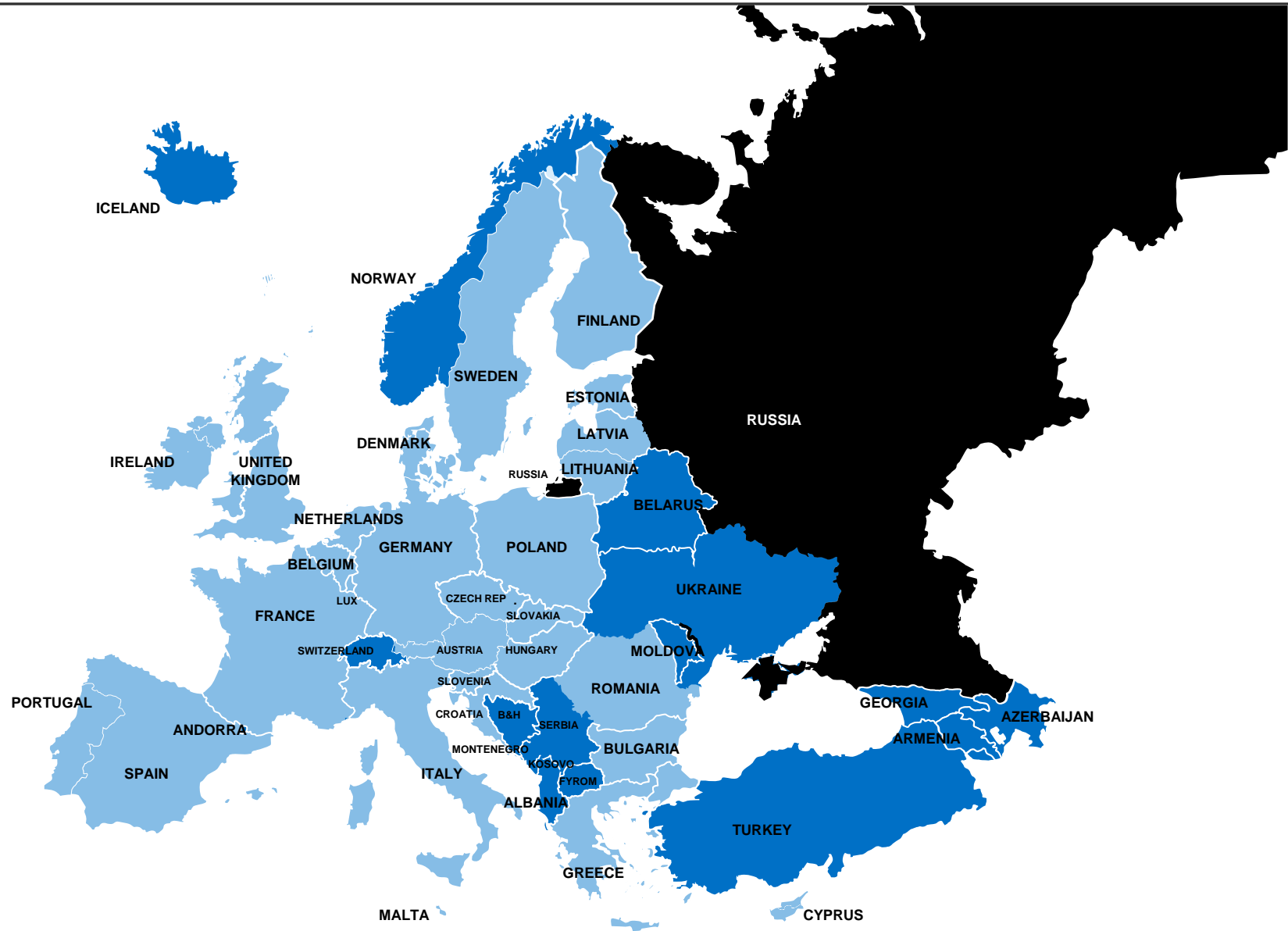
Saudi Arabian dinar per Chinese yuan



China



Europe a very tangled web indeed



Euro per other currencies

Turkish lira per euro



Ukrainian hryvnia per euro



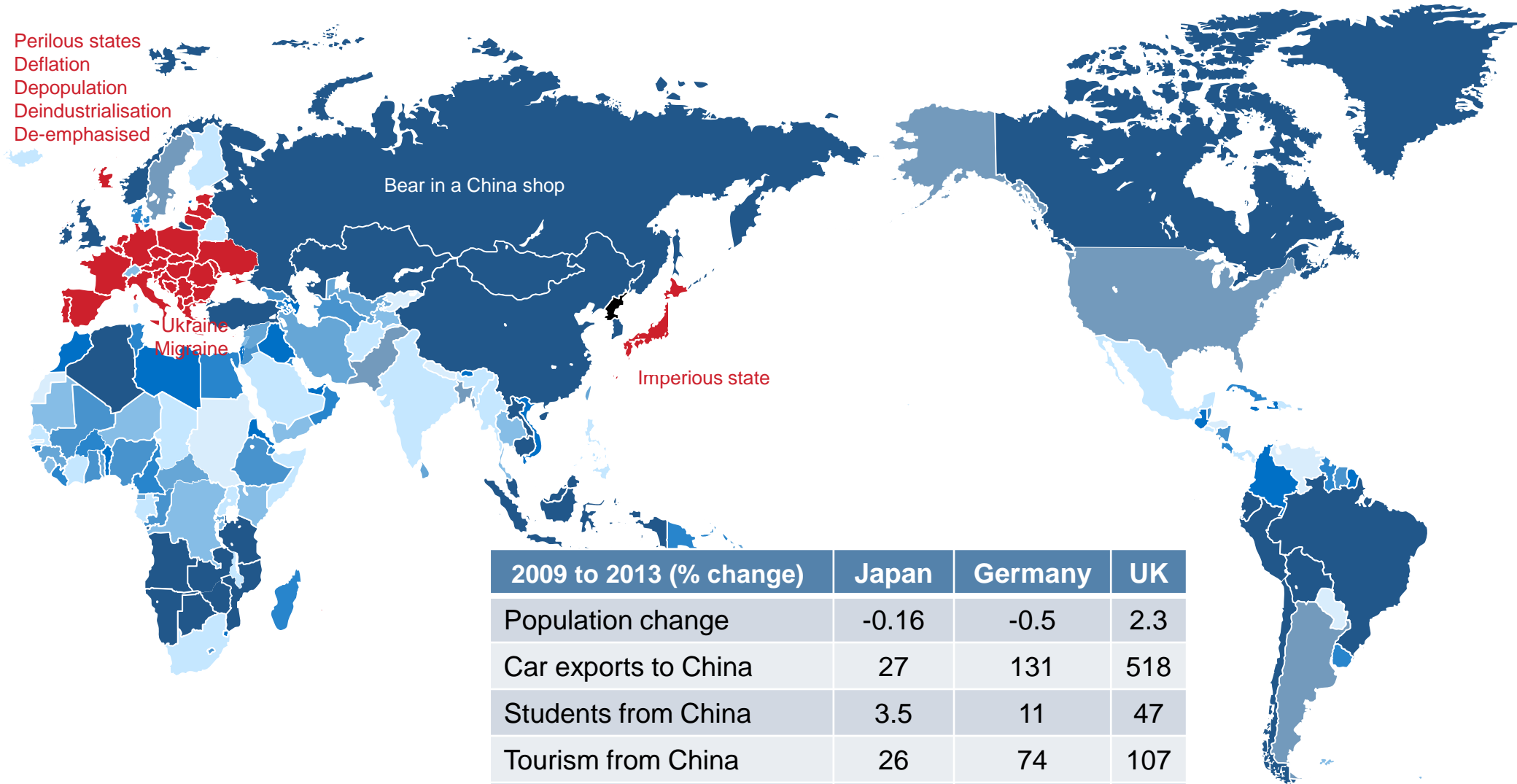
Swedish Krona per euro



Norwegian krone per euro



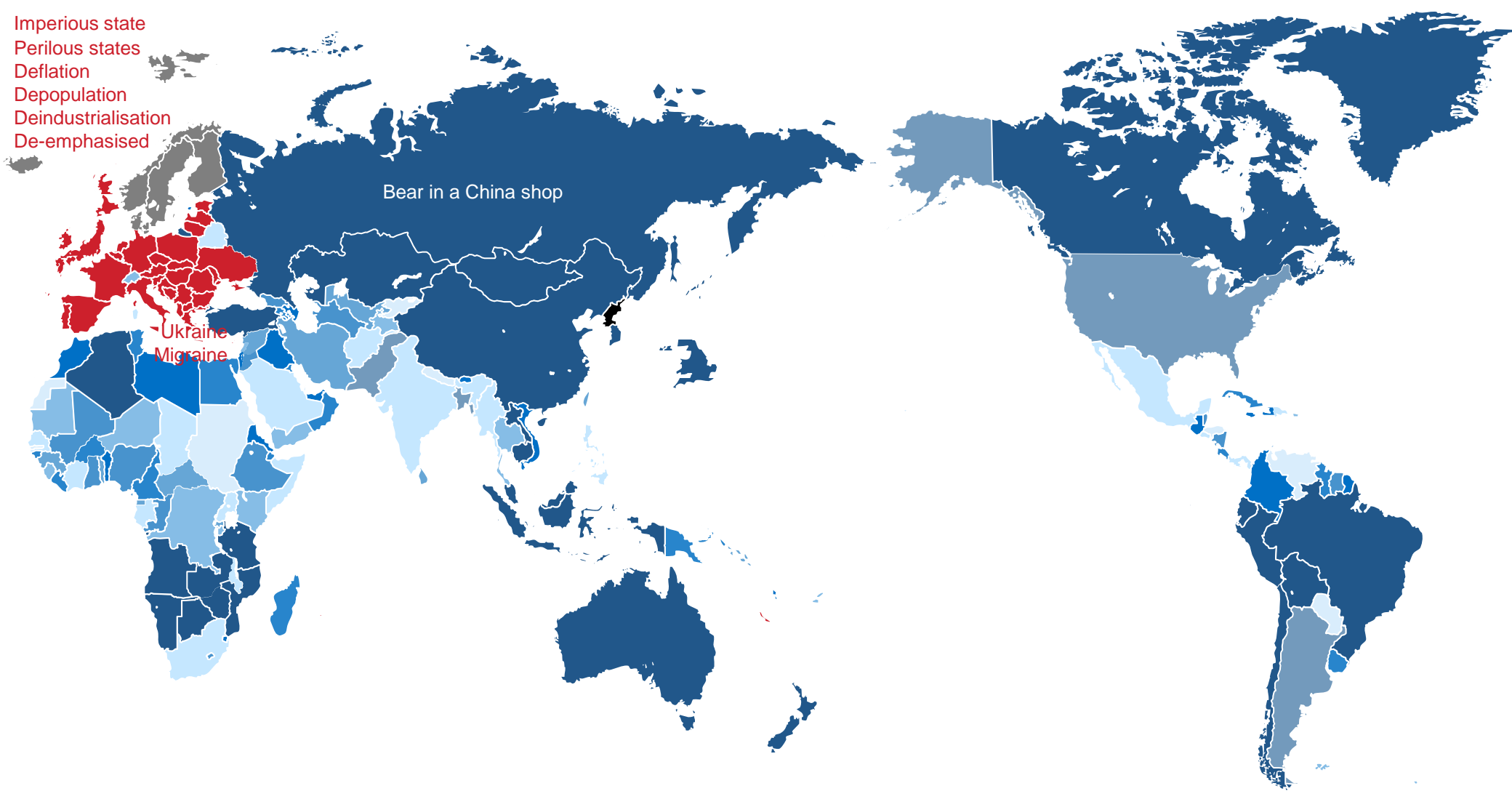
Global economy; proximity versus propinquity



2009 to 2013 (% change)	Japan	Germany	UK
Population change	-0.16	-0.5	2.3
Car exports to China	27	131	518
Students from China	3.5	11	47
Tourism from China	26	74	107
FDI (figure for 2013, \$bn)	0.6	6.4	13

Sources: UN Population division, Japan Auto Association, SMMT, E&Y, Japan Tourism, German Federal Ministry of Education, ONS, JASSO, HESA, Toscafund

Global economy; proximity versus propinquity

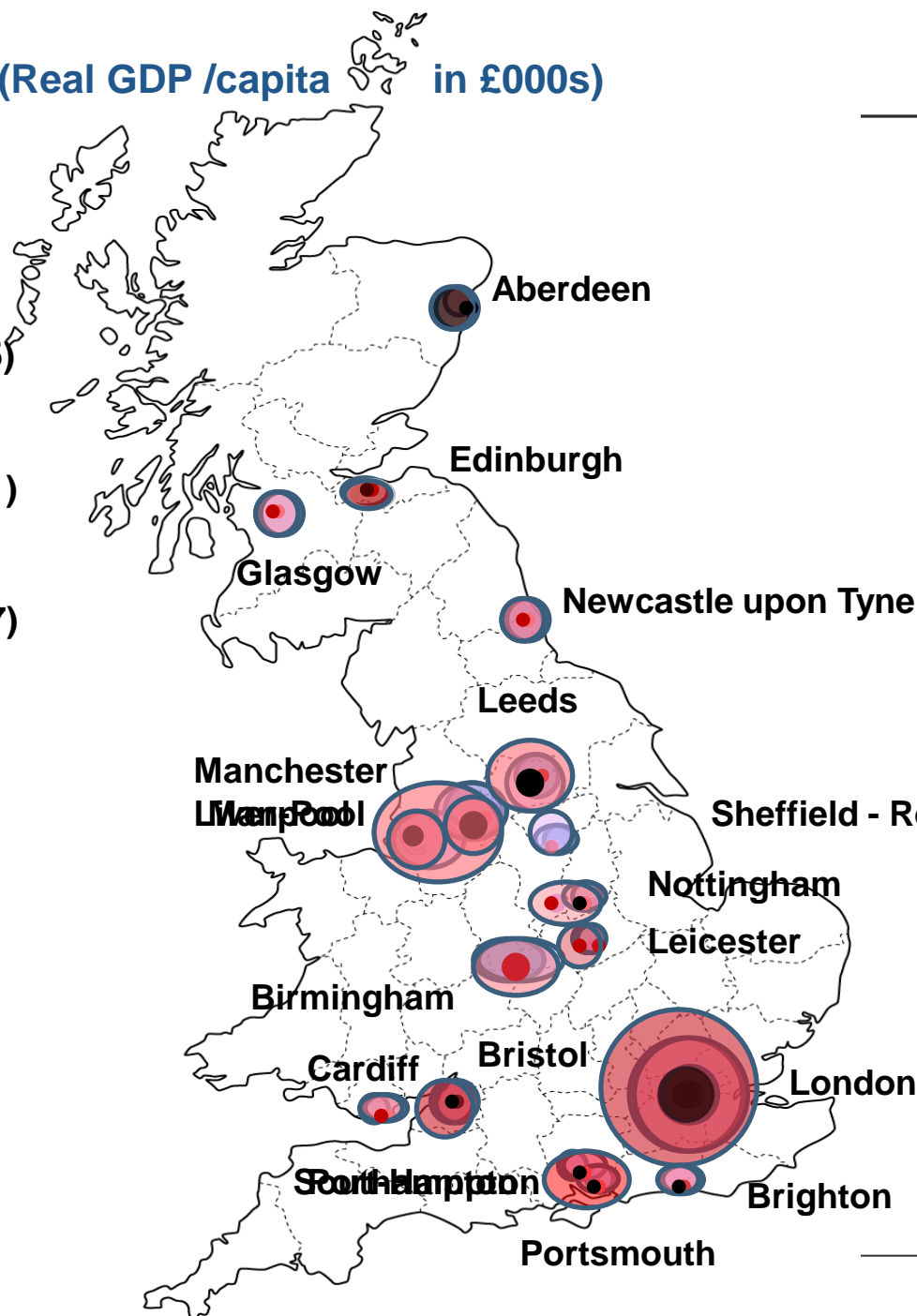
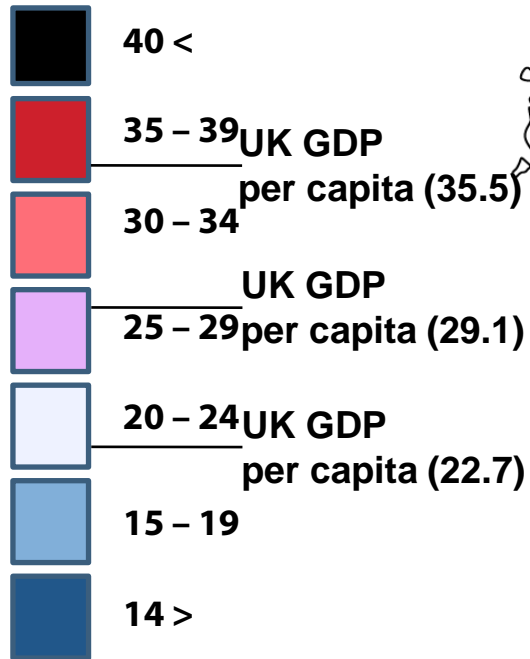


Sterling per Euro



Regional wealth (Real GDP /capita in £000s)

2020



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