

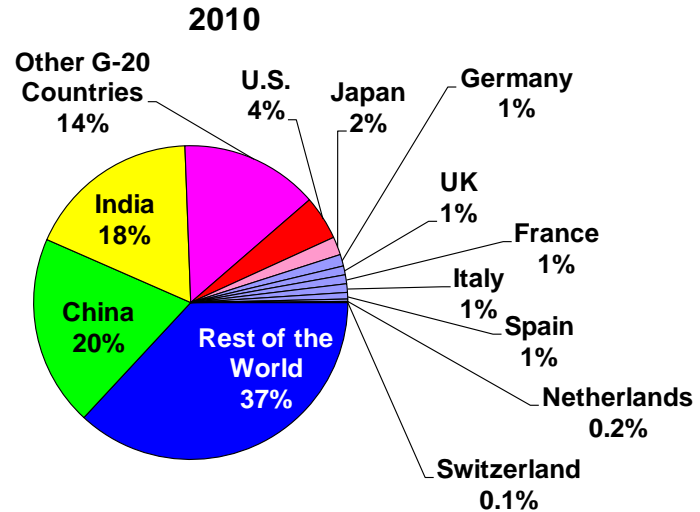
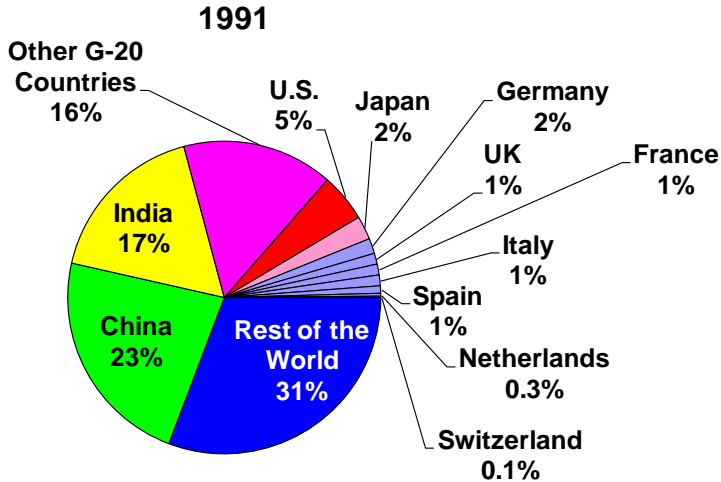


# Global Risk

# Shares of world population 1991 and 2010

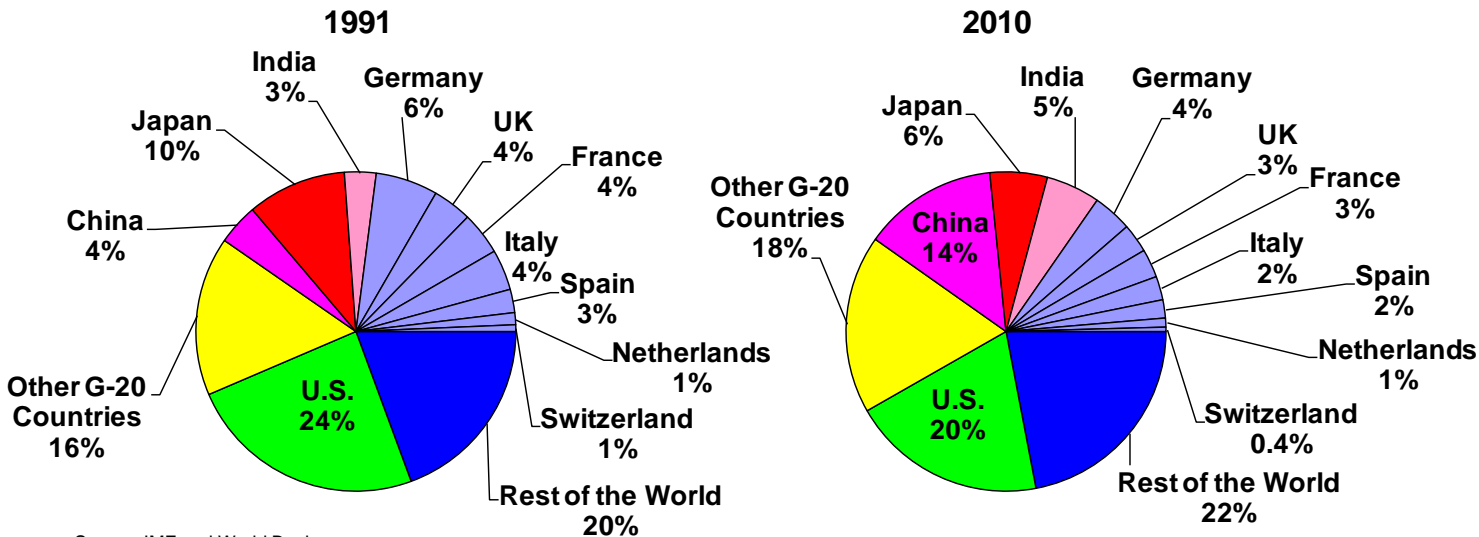


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Source: IMF and World Bank.

# Shares of world GDP 1991 and 2010

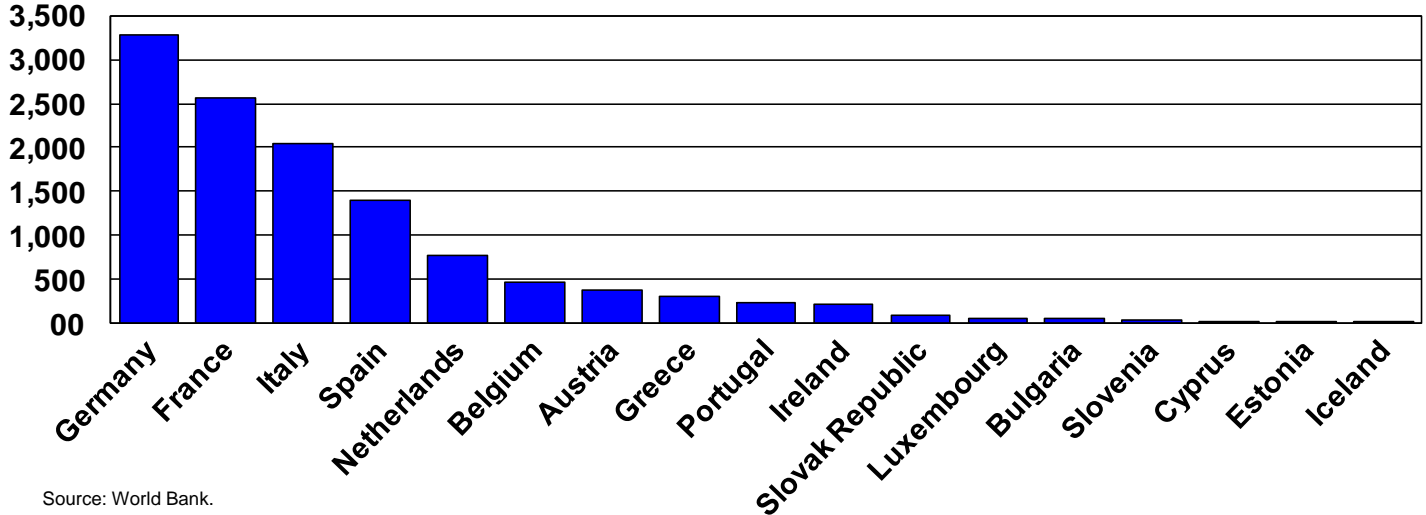


Source: IMF and World Bank.

# Euro zone GDP, 2010



Current US\$ billions



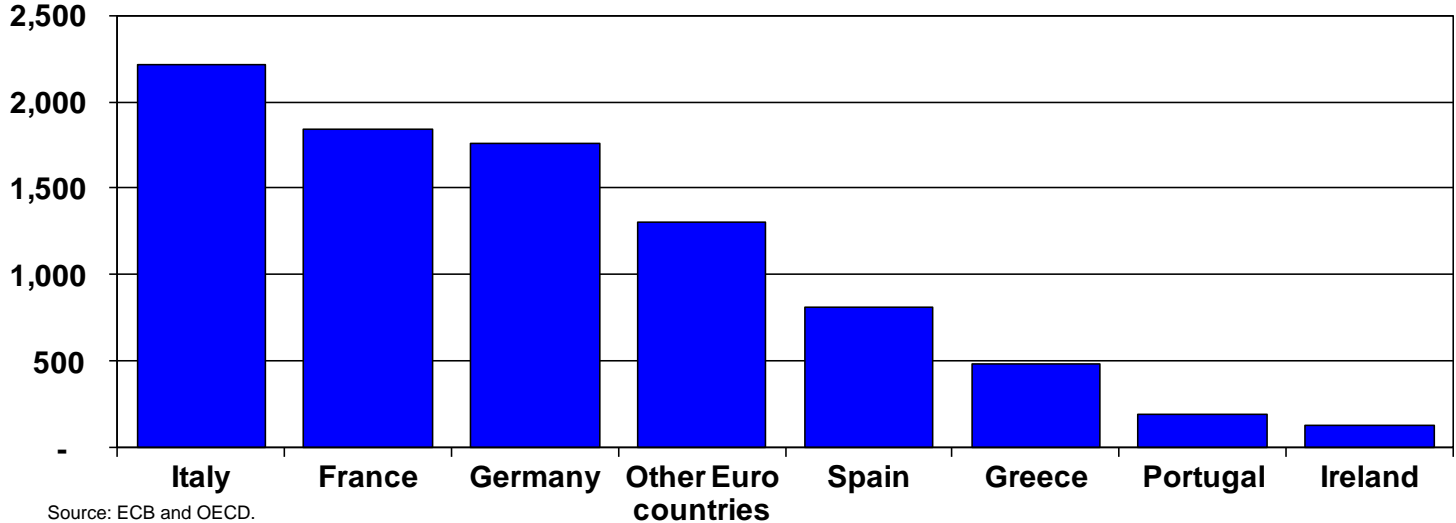
Source: World Bank.

# Euro zone debt, 2011



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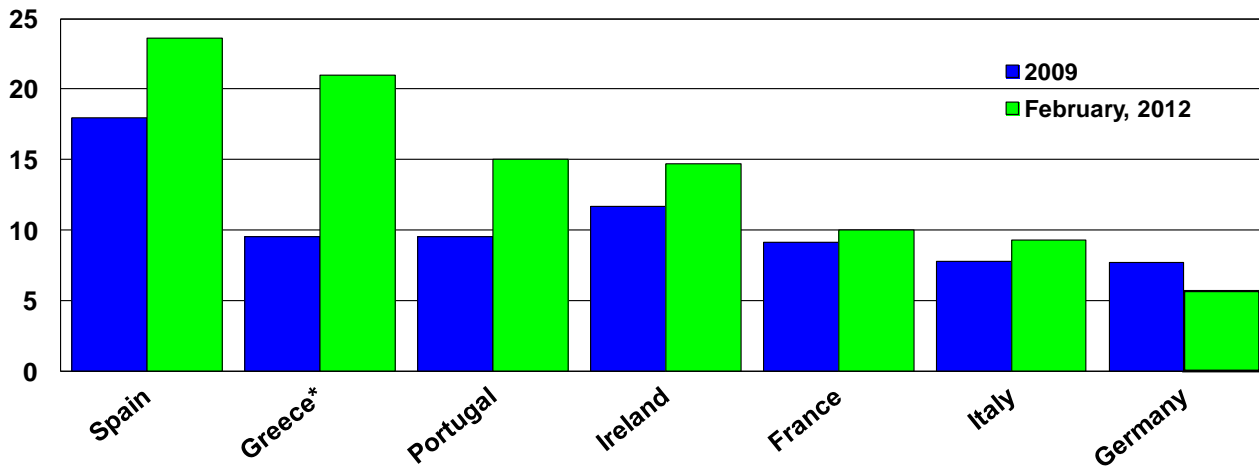
US\$ billions



Source: ECB and OECD.

# Unemployment in select euro zone countries

Percent of total labor force

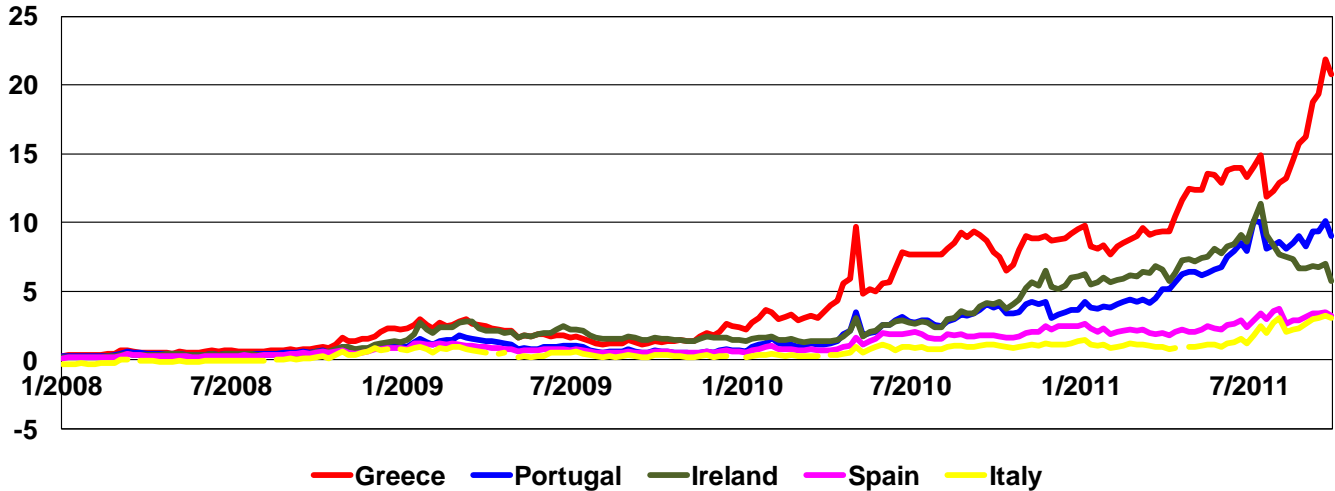


Source: World Bank and Eurostat (\* data from Dec 2011).

# GIIPS yield spreads

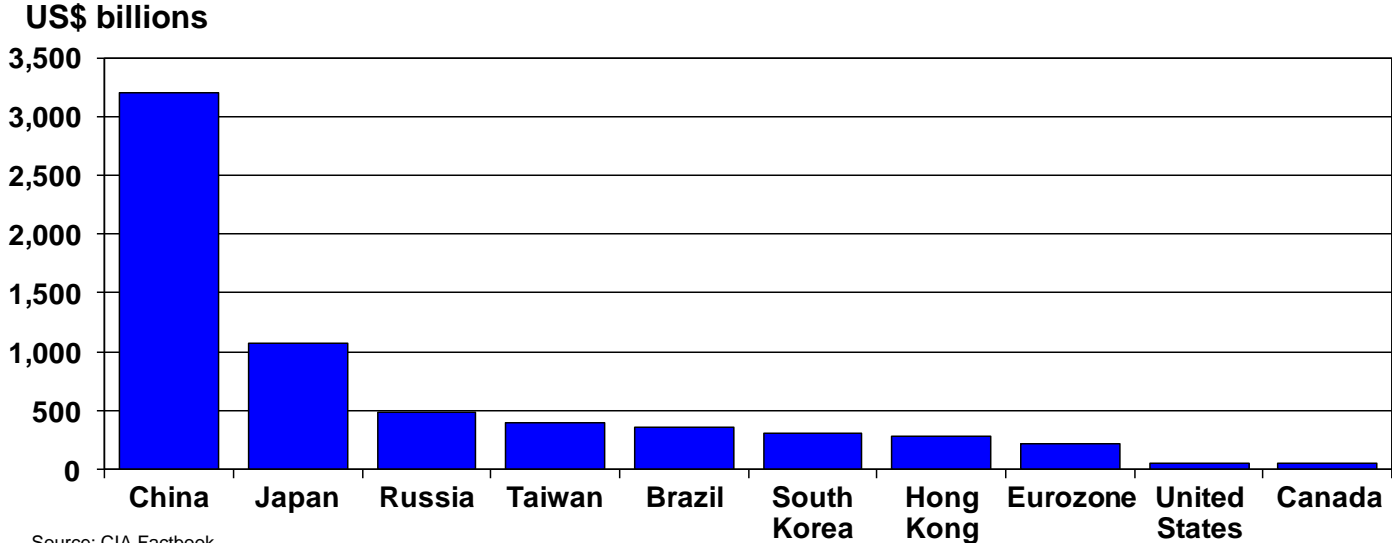
Over 10-year German bonds

Percentage points



Source: Bloomberg.

# International reserve assets



Source: CIA Factbook.



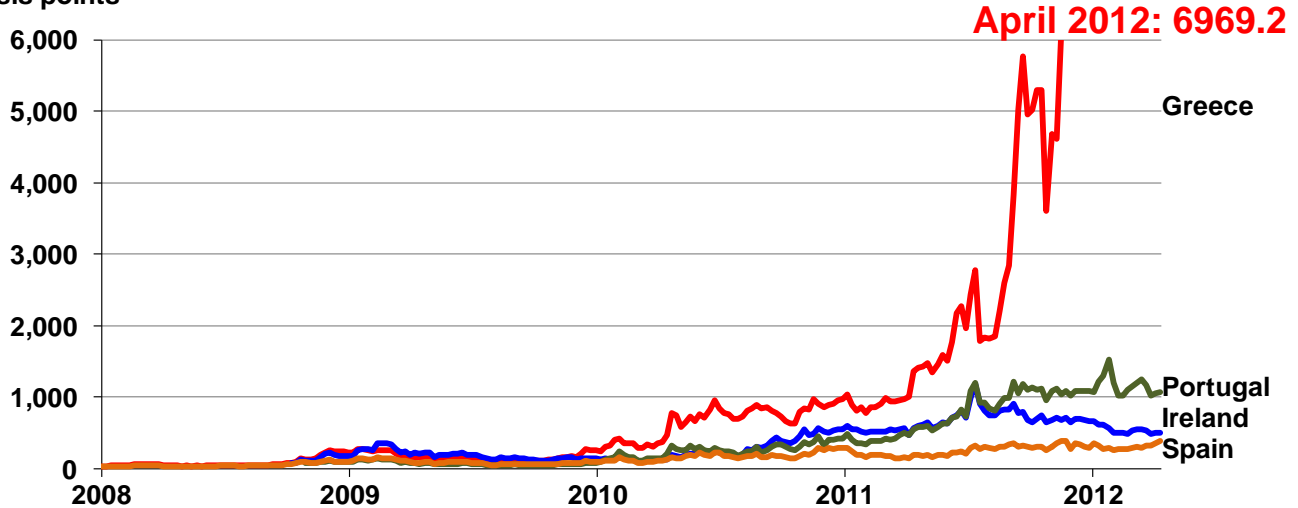
# GIIPS debt risk

*5-year senior sovereign CDS spreads*



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Basis points



Source: Bloomberg.

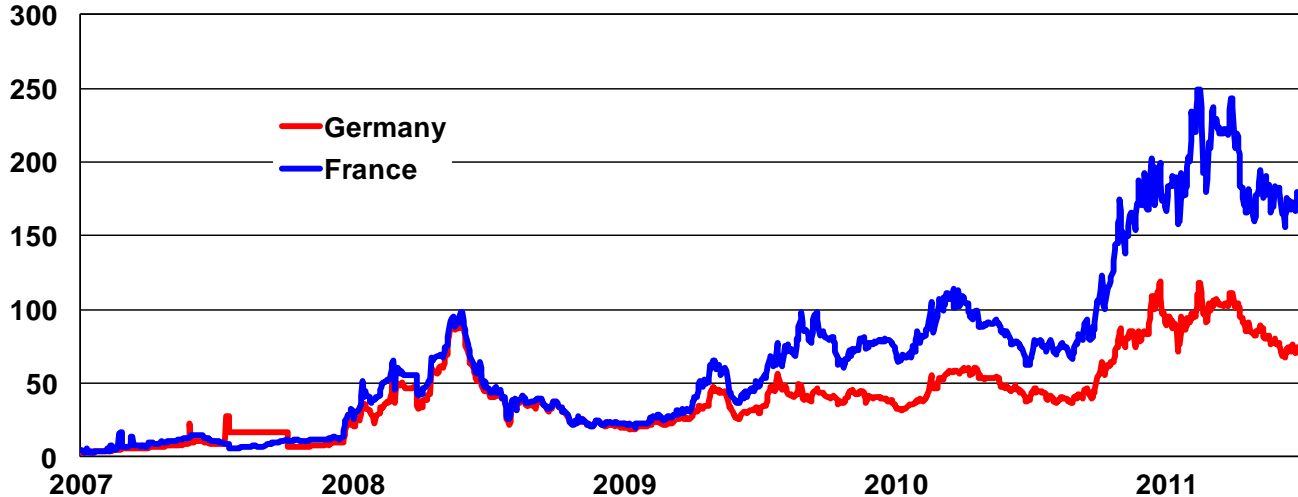
# France and Germany debt risk also on the rise



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*5-year senior sovereign CDS spreads 2007 through April 2012*

Basis points

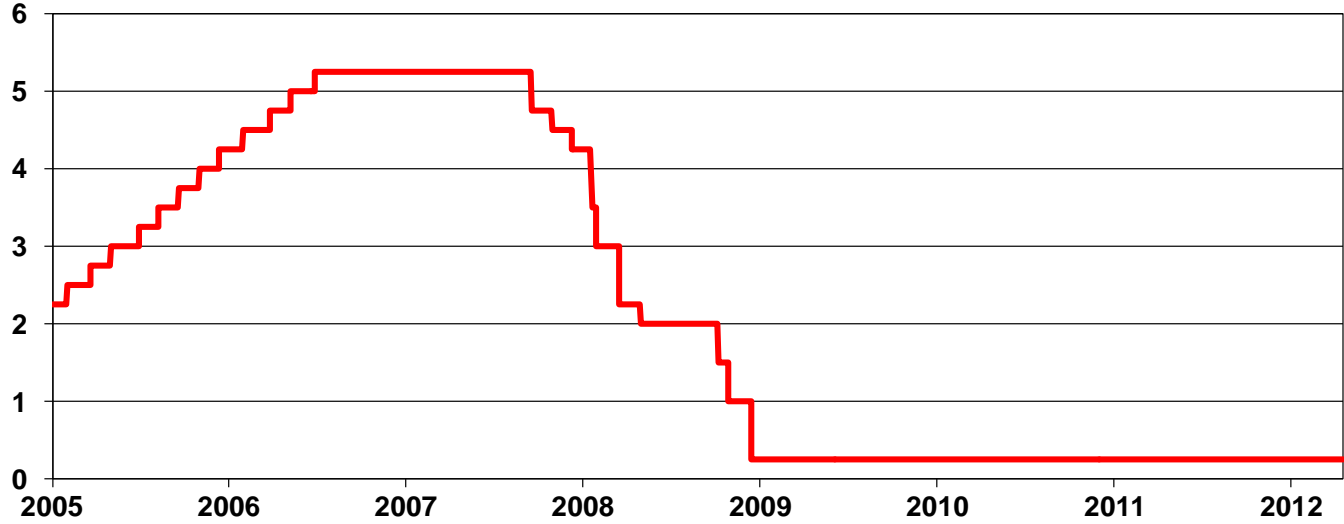


Source: Bloomberg.

# Federal funds target rate January 2005 – April 2012



Percent



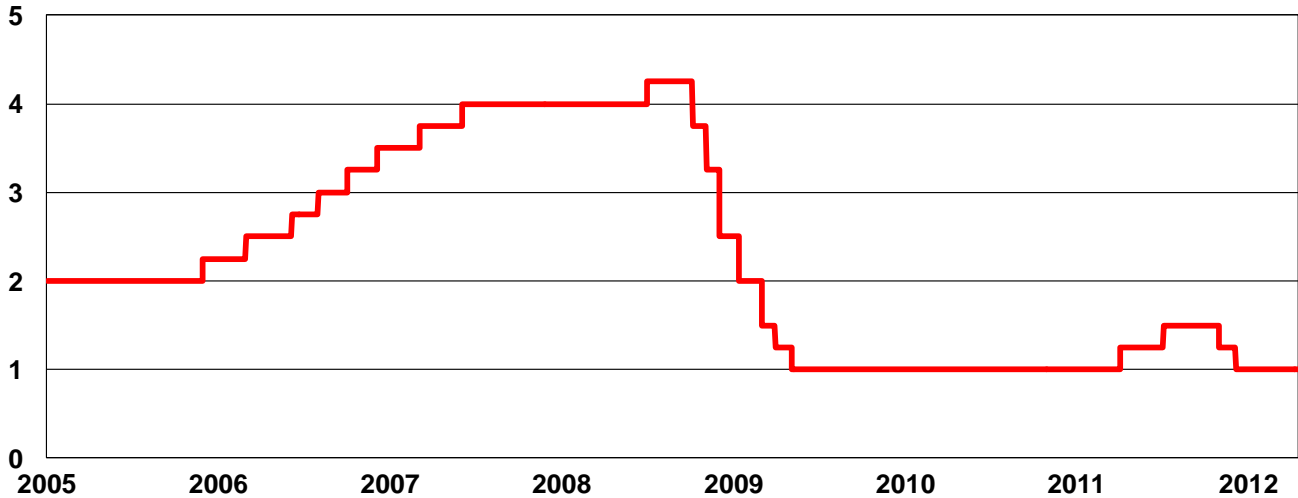
Source: Bloomberg.

# ECB refinancing rate January 2005 – April 2012



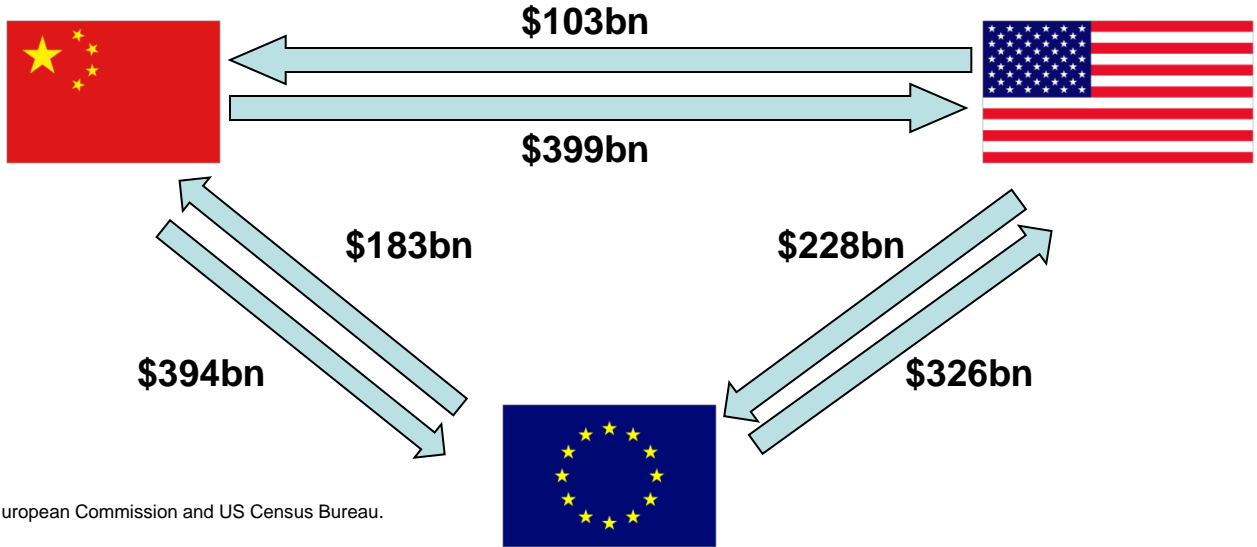
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Percent



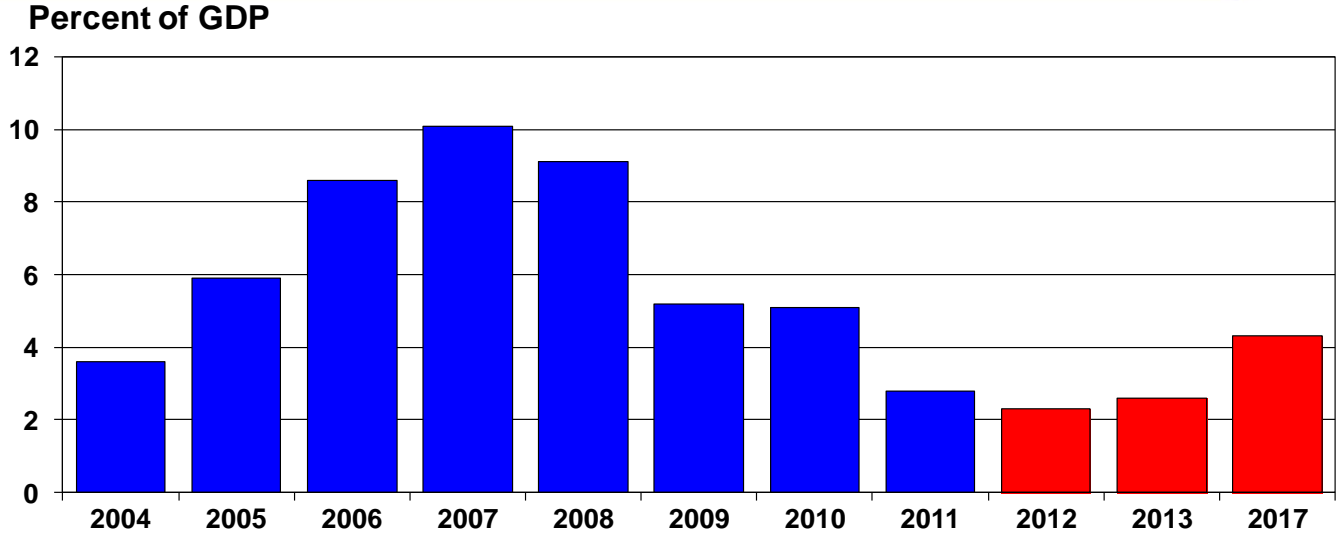
Source: Bloomberg.

# Trade inter-dependence in 2011



Source: European Commission and US Census Bureau.

# China's balance on current account

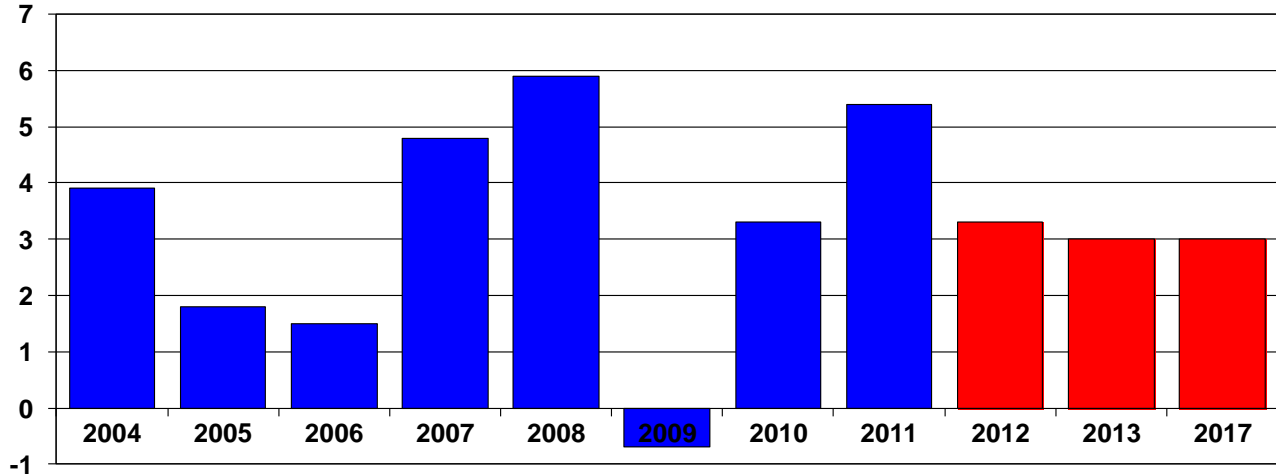


Note: Predictions in red. Source: IMF World Economic Outlook.



# China's consumer price development

Annual percent change

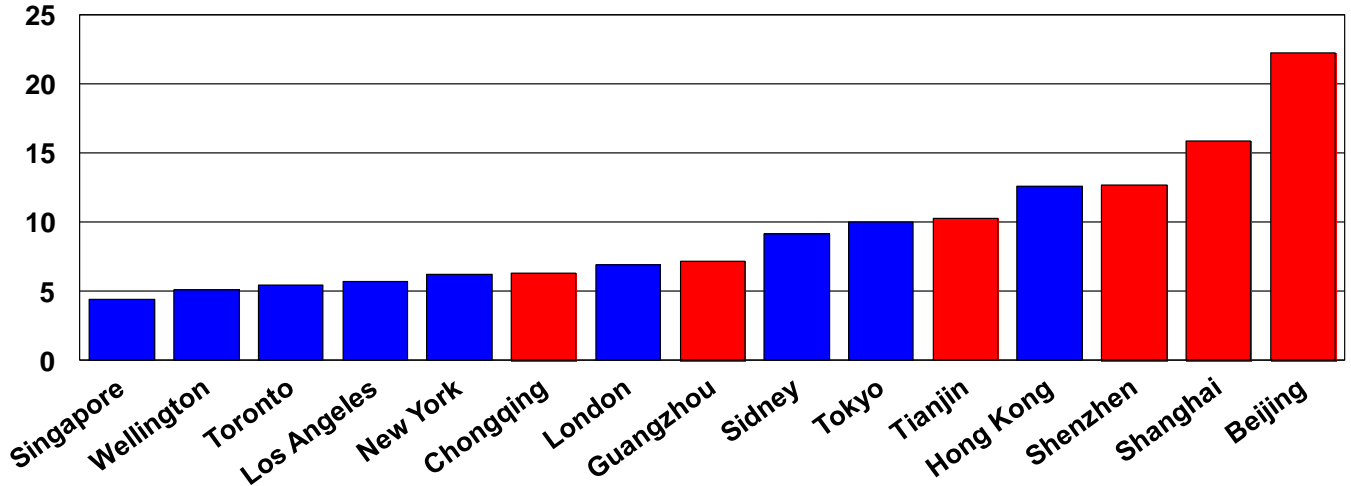


Note: Predictions in red. Source: IMF World Economic Outlook.

# Cost of housing in Chinese cities in comparison



Ratio of house price to annual household income



Source: IMF Global Risk Report, 2012.

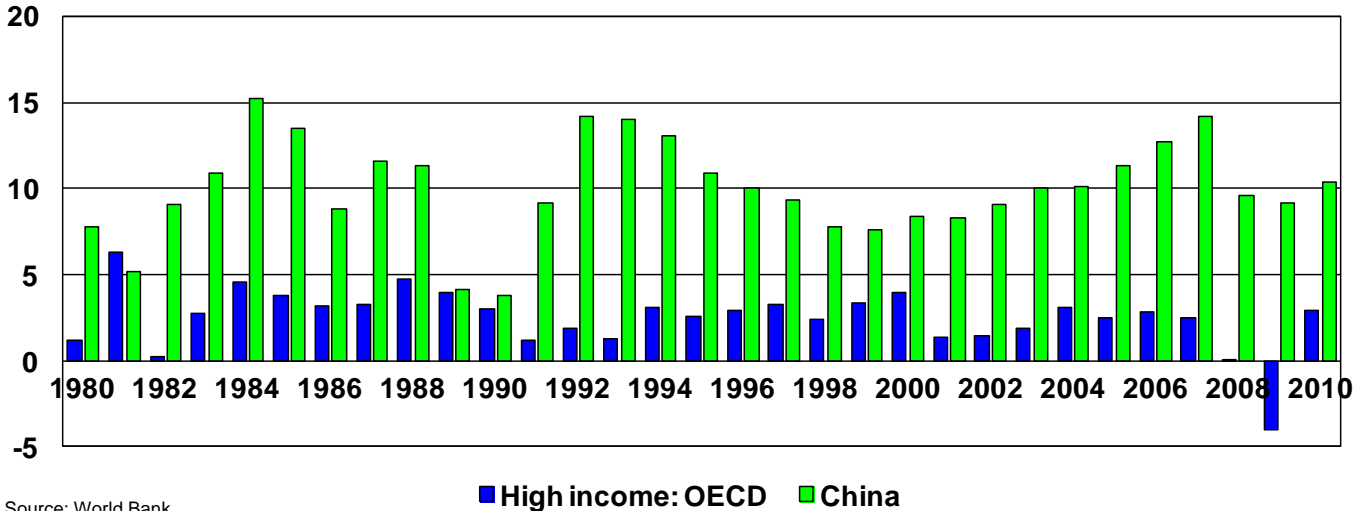


# China vs. OECD: GDP growth



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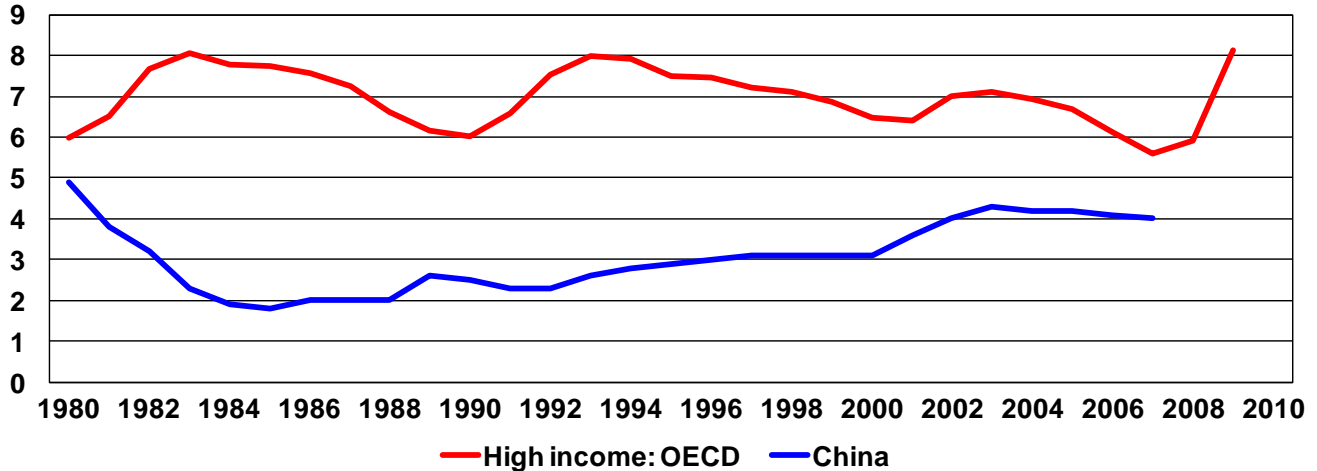
Annual percent growth



Source: World Bank.

# China vs. OECD: Unemployment

Percent of total labor force



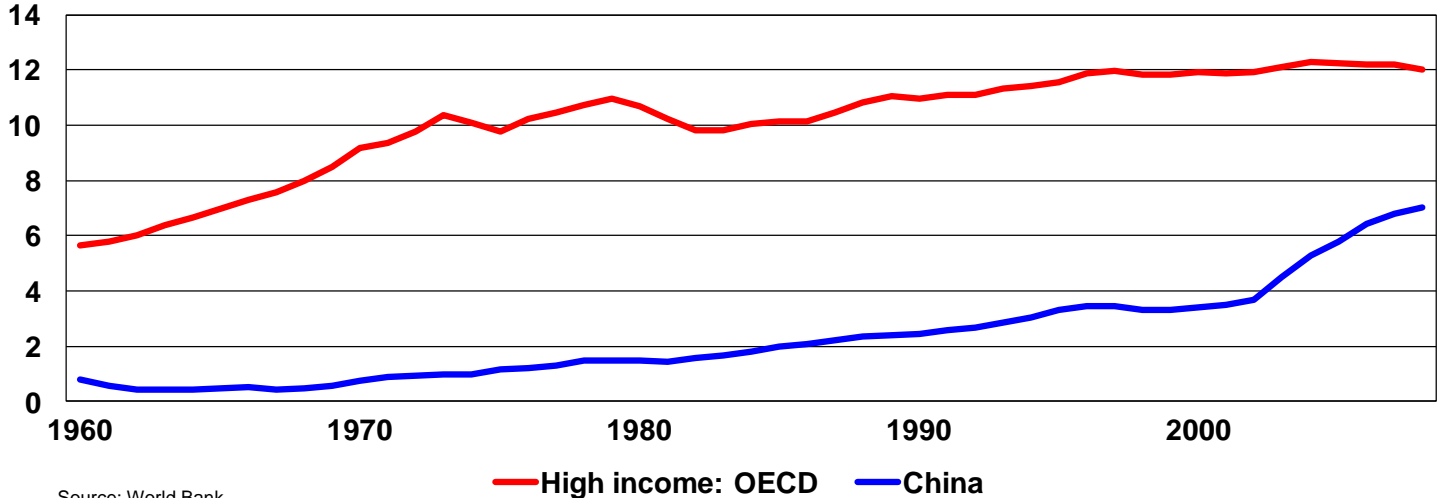
Source: World Bank.

# China vs. OECD: CO2 emissions



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Billion tons



Source: World Bank.

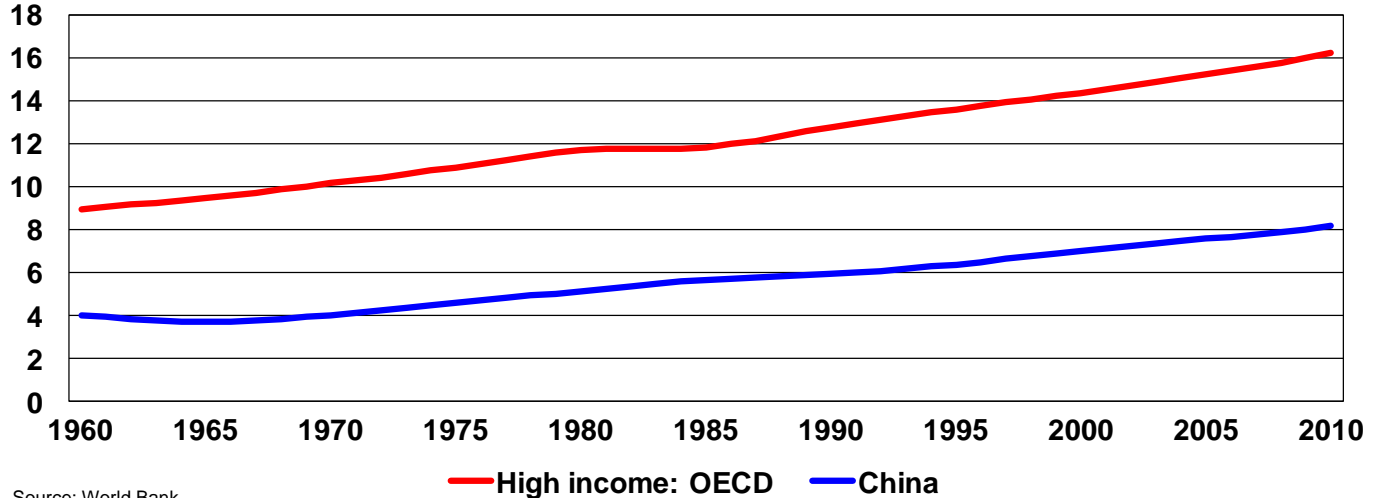
# China vs. OECD: Aging working force

*Persons age 65 and above*



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## Percent of total population



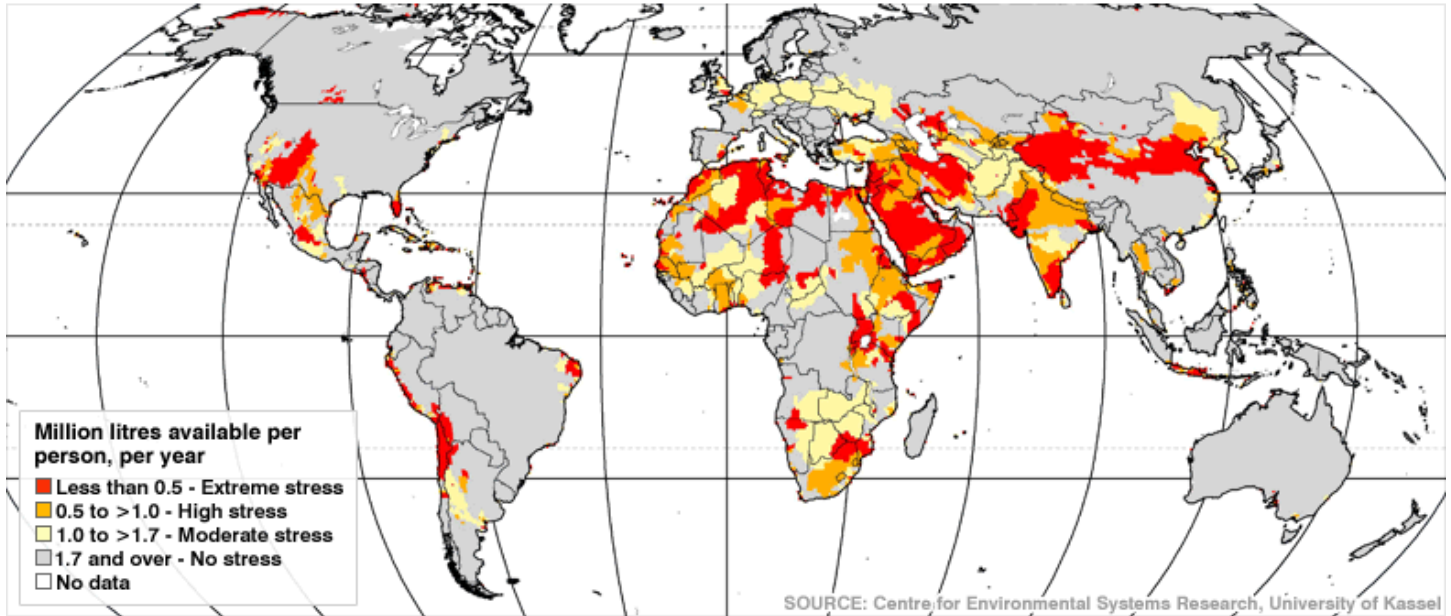
Source: World Bank.

# Water scarcity in 2020



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2020s



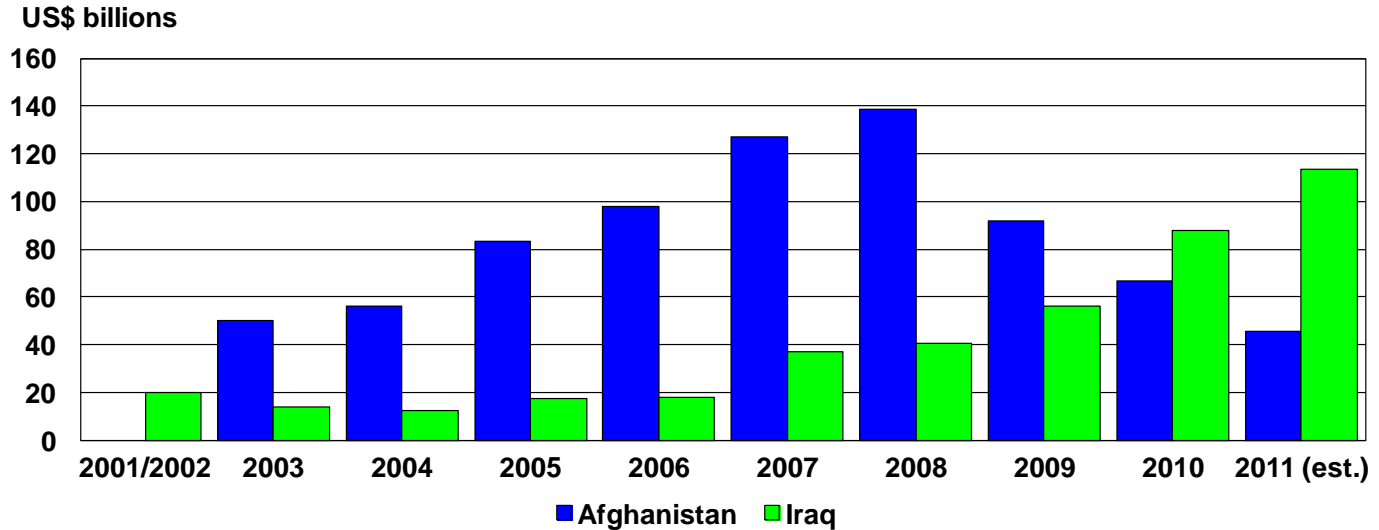
Source: BBC, originally: Centre for Environmental Systems Research, University of Kassel

# U.S. cost of post-9/11 wars



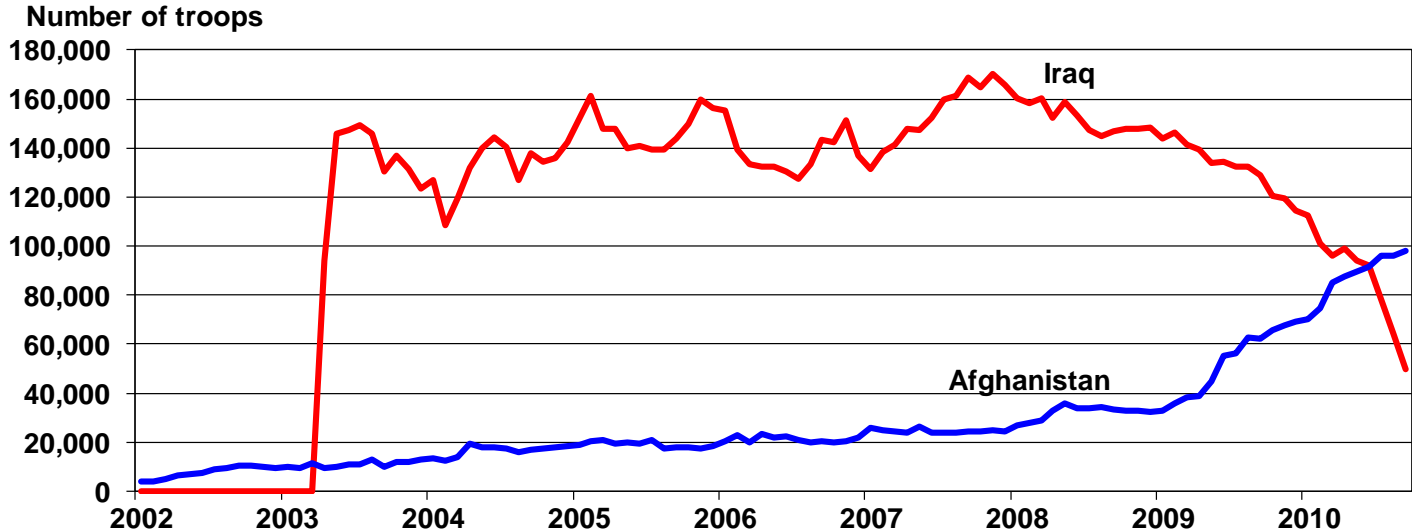
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*Department of Defense appropriations*



Source: Watson Institute for International Studies, Brown University.

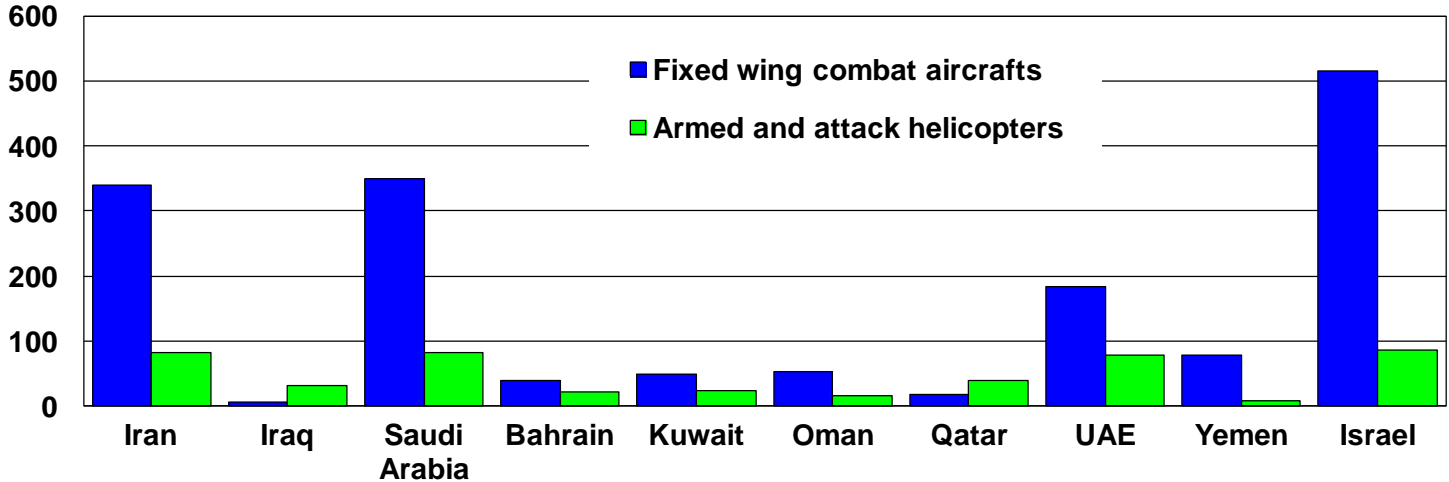
# U.S. troops on the ground in Afghanistan and Iraq



Source: Congressional Research Service.

# Iran and Gulf air force strength

Number of units



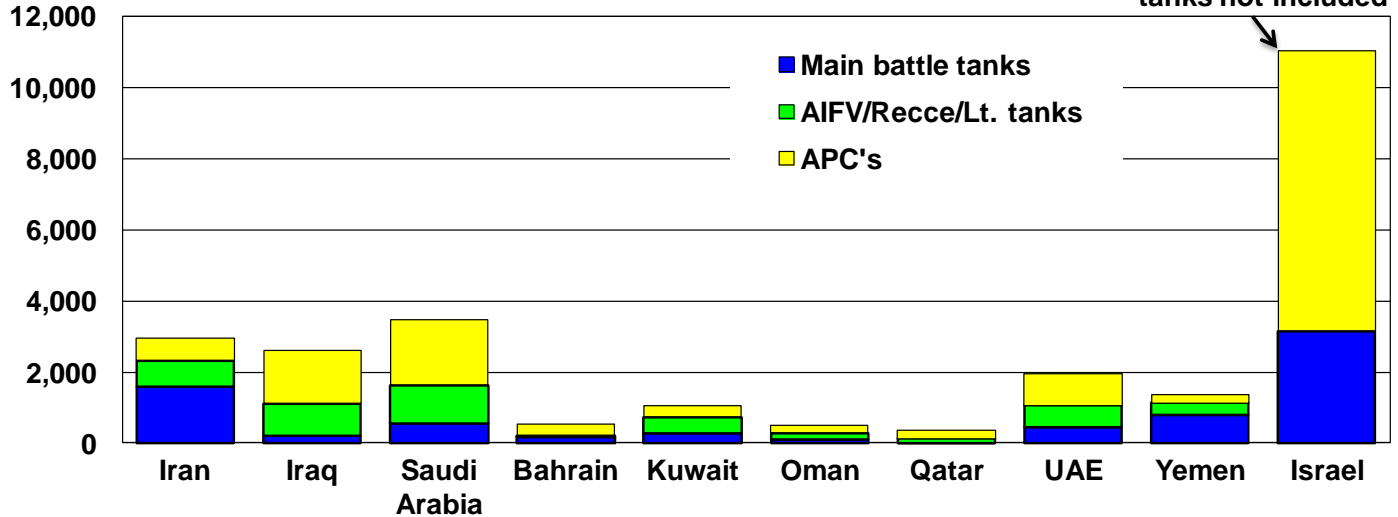
Source: Center for Strategic and International Studies and Institute for National Securities Studies.





# Iran and Gulf armor strength

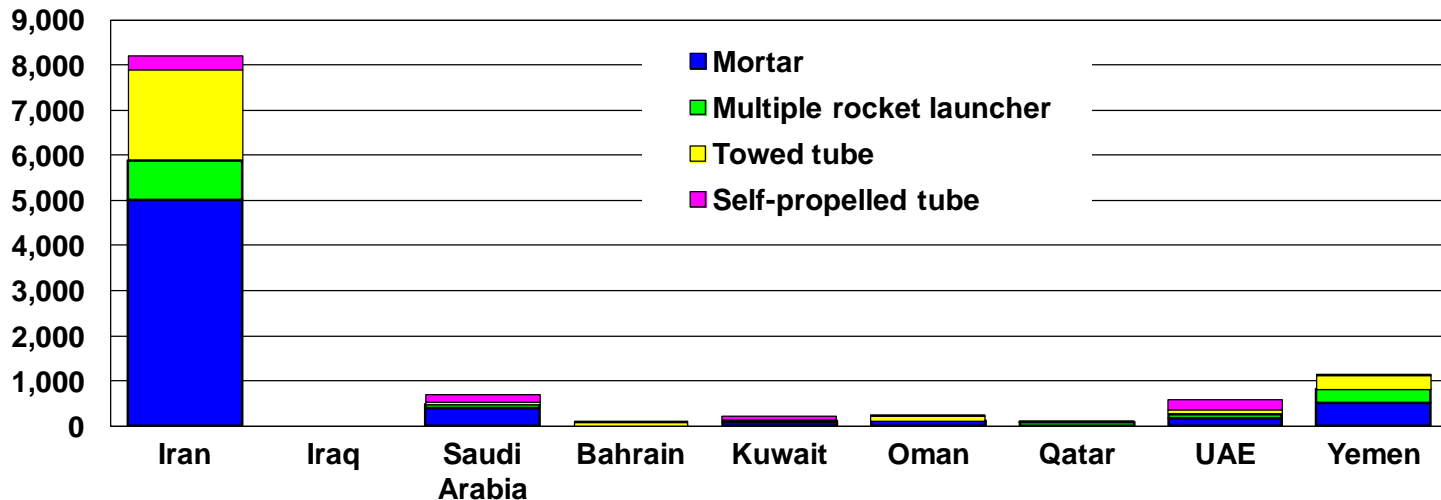
Number of units



Source: Center for Strategic and International Studies and Institute for National Securities Studies.

# Iran and Gulf artillery strength

## Number of units

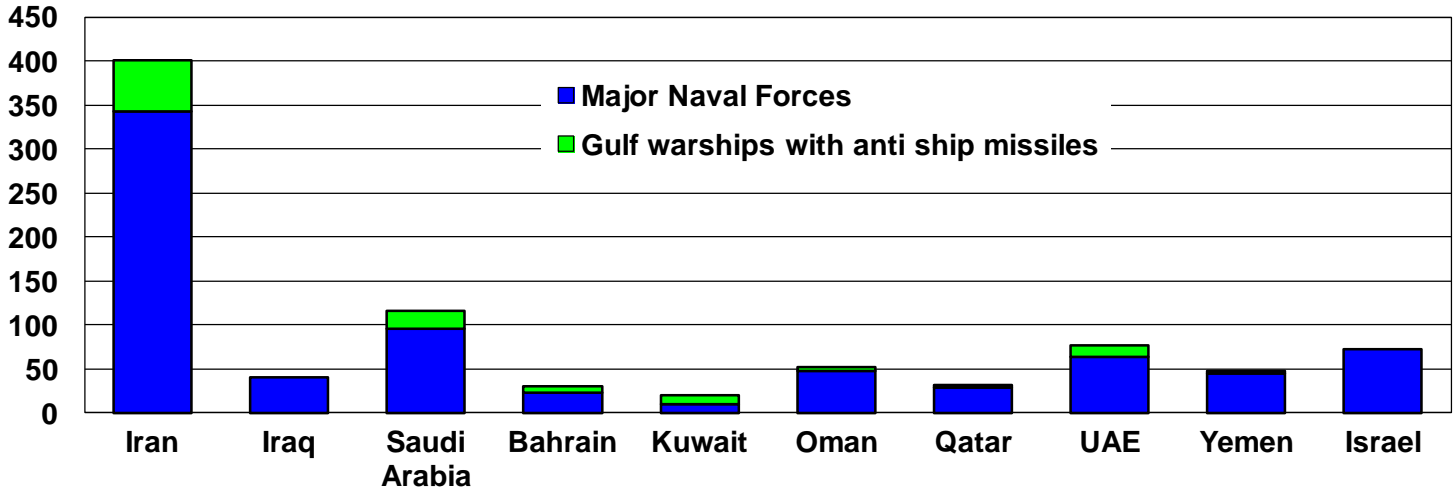


Source: Center for Strategic and International Studies and Institute for National Securities Studies.



# Iran and Gulf naval strength

## Number of units

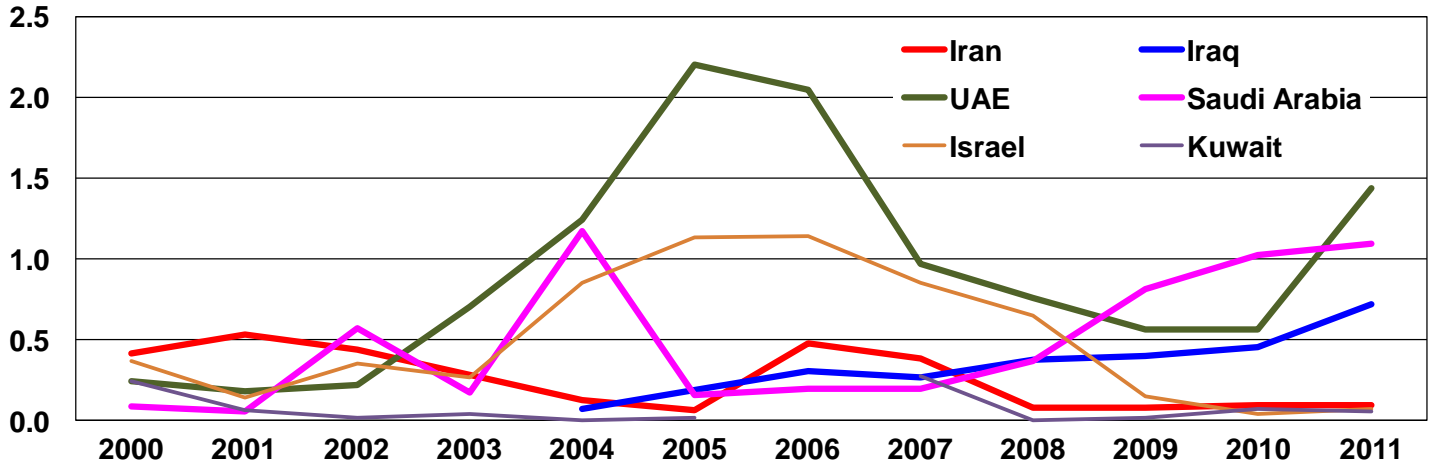


Source: Center for Strategic and International Studies and Institute for National Securities Studies.



# Iran and Gulf arms imports 2000 - 2011

Constant 1990 US\$ billions



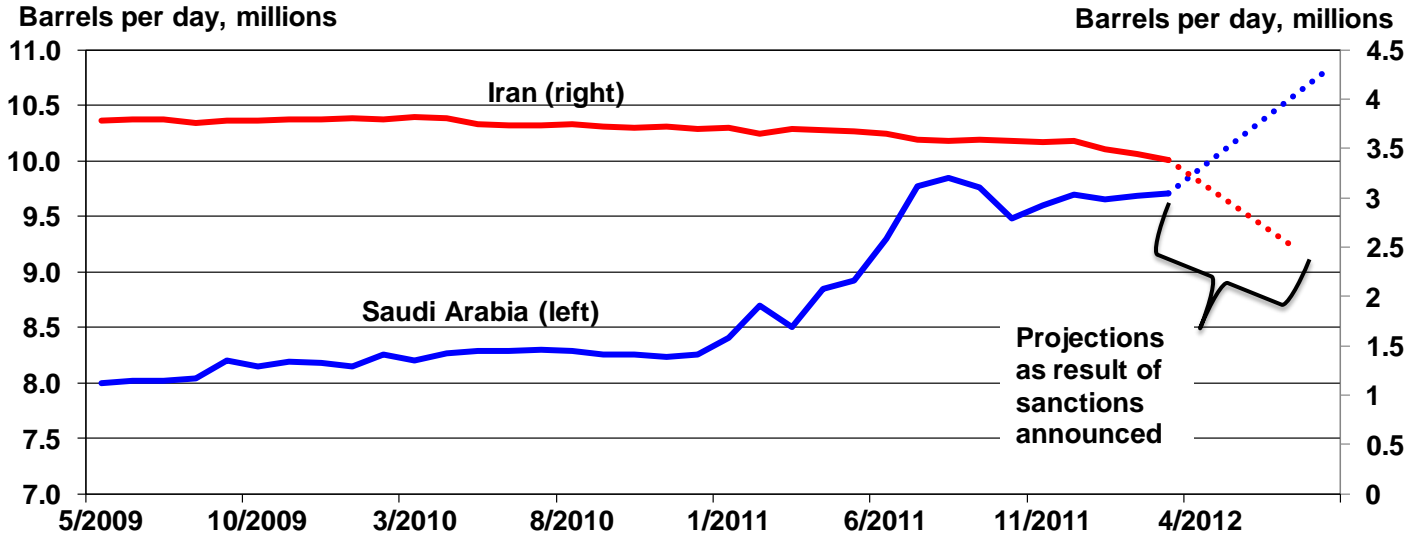
Source: Center for Strategic and International Studies

# Iran and Saudi oil production



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*Saudi Arabia to compensate for sanctions on Iran oil*



Source: Bloomberg



## Strait of Hormuz facts

**17 million barrels in 2011 (6 percent increase from 2010)**

**14 crude oil tankers per day**

**35% of all seaborne traded oil**

**70% of Iran government revenues from Hormuz traded oil**

**85 percent of exports to Asian markets**

# U.S. and Allied Naval forces

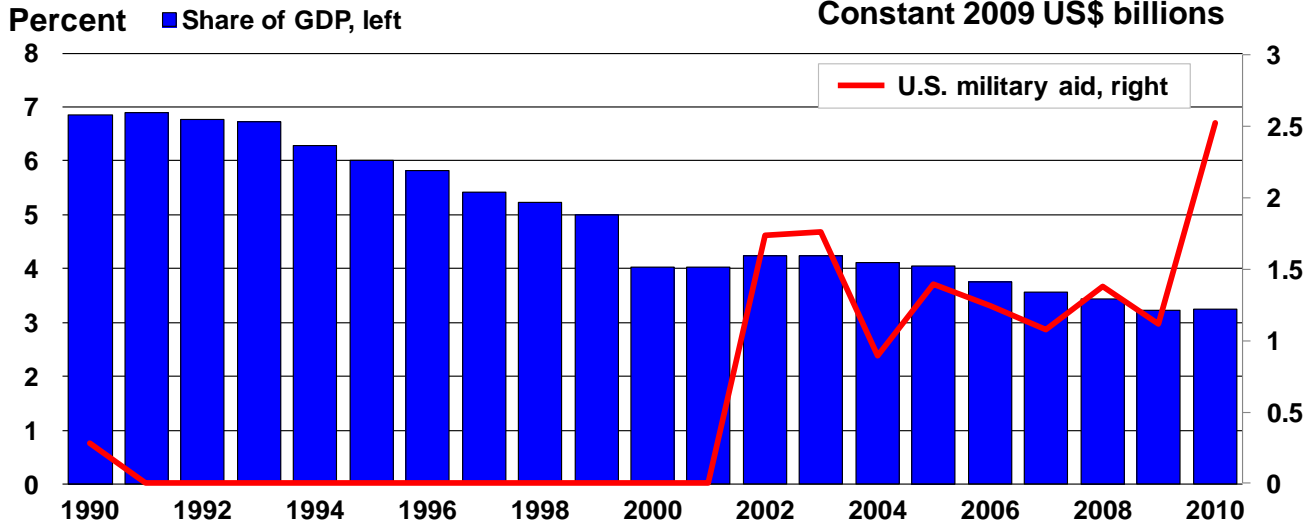
	<b>In the Gulf</b>	<b>In the Arabian Sea</b>
<b>US Navy</b>	1 Aircraft carrier	1 Aircraft carrier
	1 Cruiser	1 Cruiser
	2 Destroyers	2 Destroyers
	4 Anti-mine vessels	3 Submarines
		3 Amphibious ships
		8 Auxiliaries
<b>US Coast Guard</b>	6 Cutters	
<b>UK</b>	1 Frigate	1 Destroyer
	4 Anti-mine vessels	
	1 Auxiliary	
<b>France</b>	1 Destroyer	

Source: International Institute for Strategic Studies.

# Pakistan's military spending and U.S. aid received



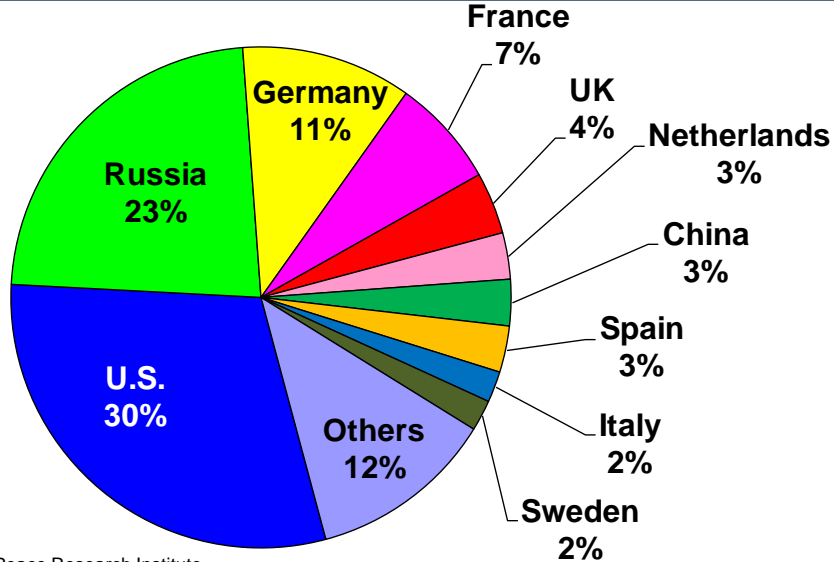
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Source: World Bank and Wren Elhai, Center for Global Development, 2011.



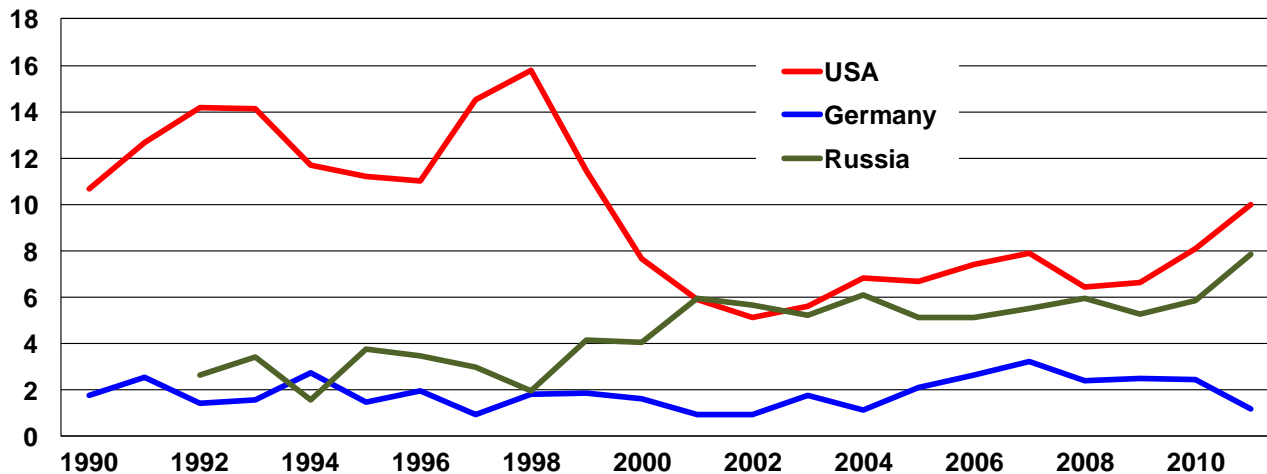
# Top arms exporters 2006 - 2010



Source: Stockholm International Peace Research Institute.

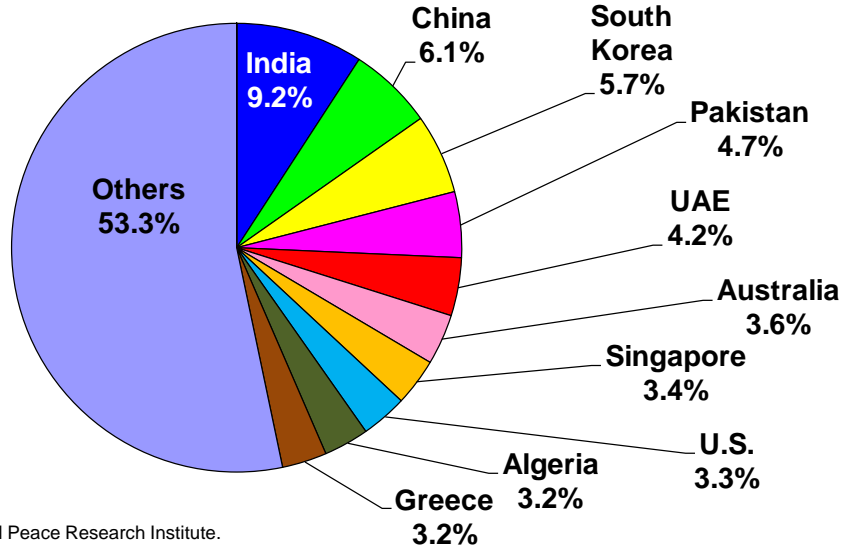
# Top three arms exporters 1990 - 2010

Constant 1990 US\$ billions



Source: Stockholm International Peace Research Institute.

# Top arms importers 2006 - 2010



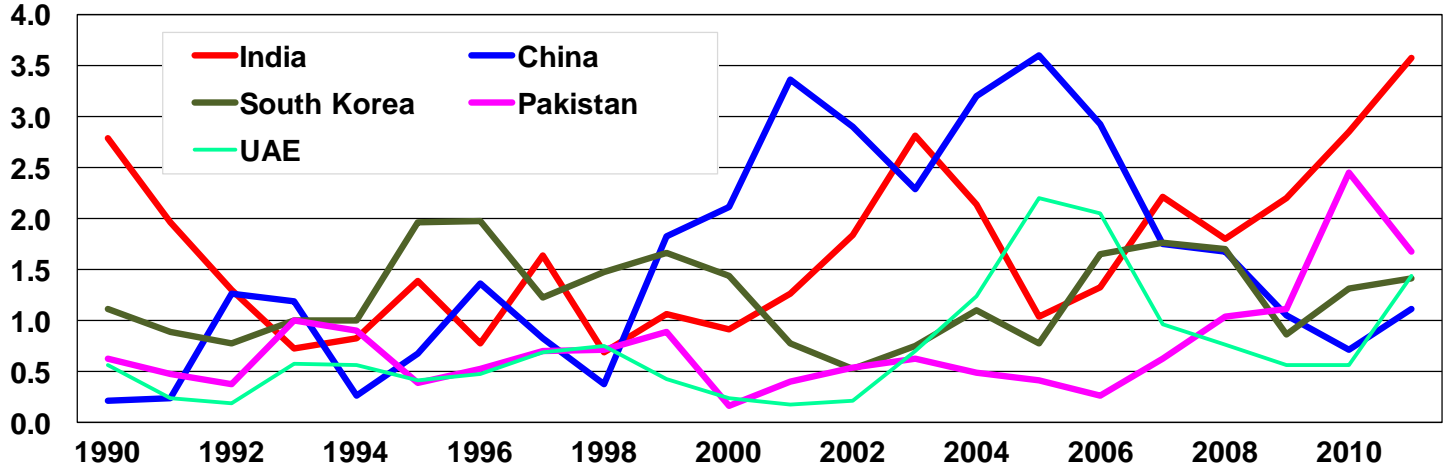
Source: Stockholm International Peace Research Institute.

# Top five arms importers 1990 - 2010



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Constant 1990 US\$ billions



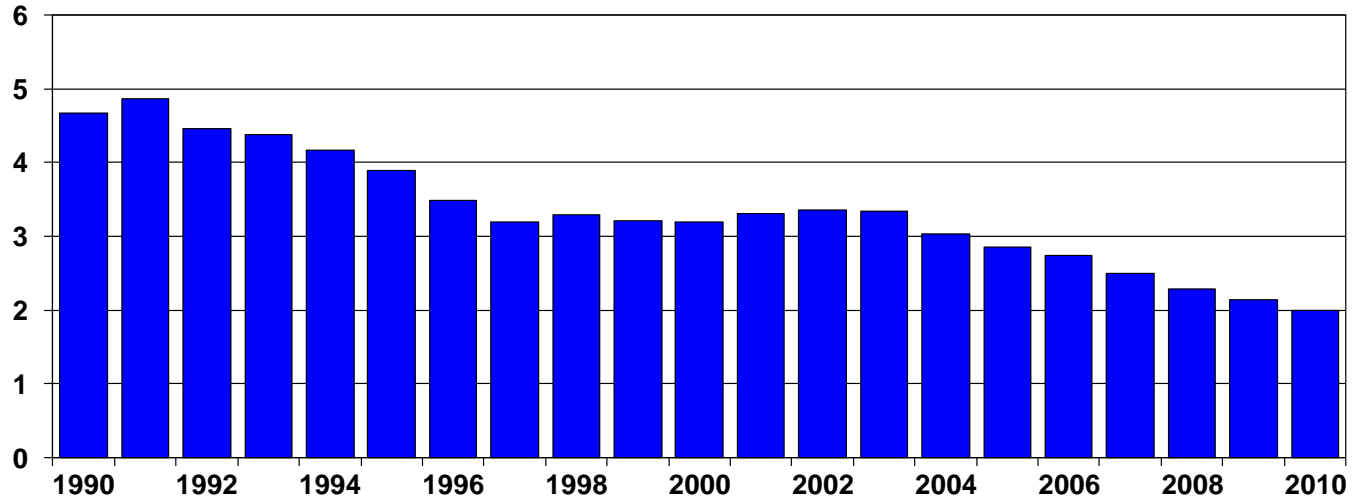
Source: Stockholm International Peace Research Institute.

# Egypt's military expenditure



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## Percent of GDP



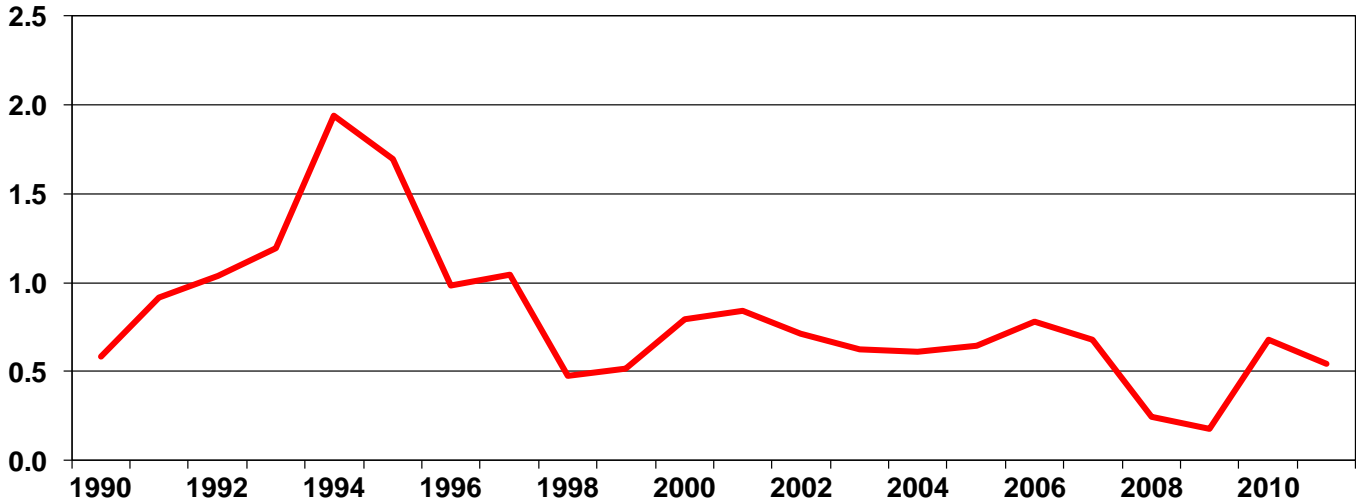
Source: World Bank.

# Egypt's arms imports



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Constant 1990 US\$ billions



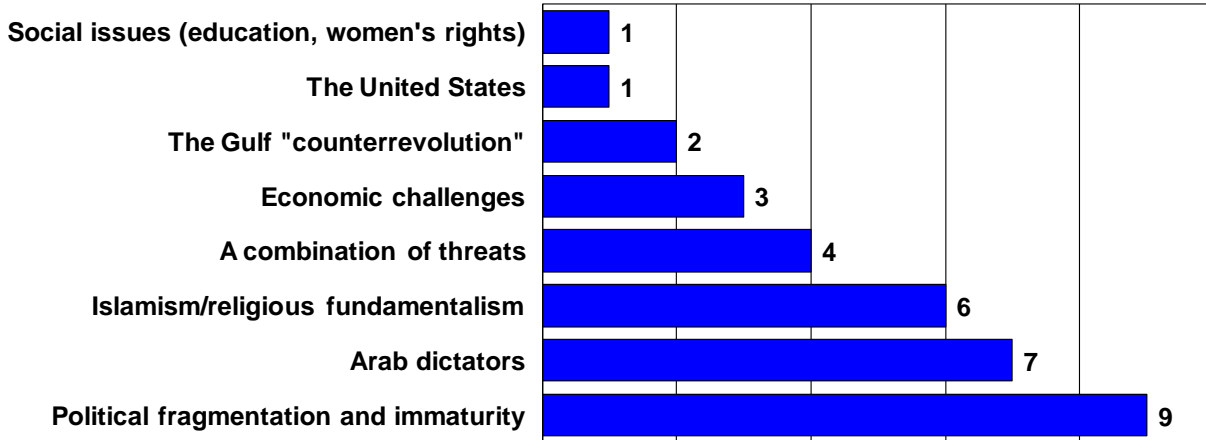
Source: Stockholm International Peace Research Institute.

# Foreign Policy magazine survey responses of 34 Middle East experts



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## What is the greatest threat to Arab democracy?



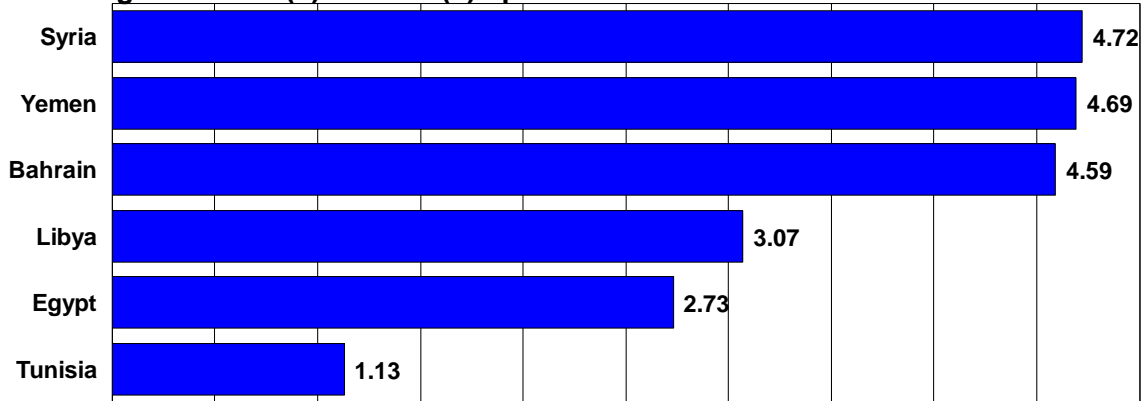
Survey Participants (34): Akbar Ahmed, Christopher Alexander, Jon Alterman, Issandr El Amrani, Anna Badkhen, Isobel Coleman, Mohamed El Dahshan, Robert Danin, F. Gregory Gause, Stephen Grand, Jonathan Guyer, Shadi Hamid, Michael Wahid Hanna, Ed Husain, Efraim Karsh, Zalmay Khalilzad, Amil Khan, Wadah Khanfar, Tom Kutsch, Andrew Lebovich, Marc Lynch, Hisham Melhem, Aaron David Miller, Dalia Mogahed, Marwan Muasher, David Pollock, Bruce Rutherford, Karim Sadjadpour, Robert Satloff, Jonathan Schanzer, David Schenker, Ibrahim Sharqieh, Robert Springborg, Dirk Vandewalle Source: Foreign Policy Magazine.

# Foreign Policy magazine survey responses of 34 Middle East experts



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Which Arab uprising are you most optimistic about? Rank the following from least (6) to most (1) optimistic:



Survey Participants (34): Akbar Ahmed, Christopher Alexander, Jon Alterman, Issandr El Amrani, Anna Badkhen, Isobel Coleman, Mohamed El Dahshan, Robert Danin, F. Gregory Gause, Stephen Grand, Jonathan Guyer, Shadi Hamid, Michael Wahid Hanna, Ed Husain, Efraim Karsh, Zalmay Khalilzad, Amil Khan, Wadah Khanfar, Tom Kutsch, Andrew Lebovich, Marc Lynch, Hisham Melhem, Aaron David Miller, Dalia Mogahed, Marwan Muasher, David Pollock, Bruce Rutherford, Karim Sadjadpour, Robert Satloff, Jonathan Schanzer, David Schenker, Ibrahim Sharqieh, Robert Springborg, Dirk Vandewalle Source: Foreign Policy Magazine.

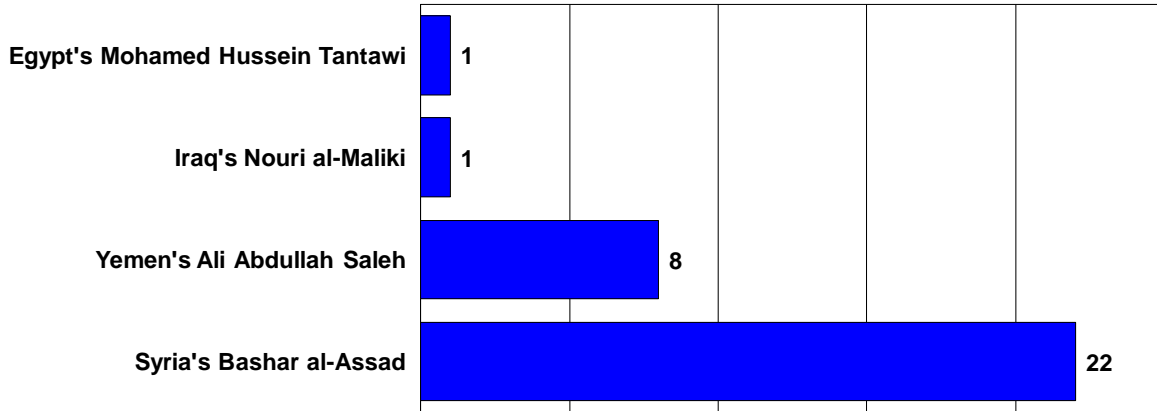


# Foreign Policy magazine survey responses of 34 Middle East experts



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The next Arab dictator to fall will be...

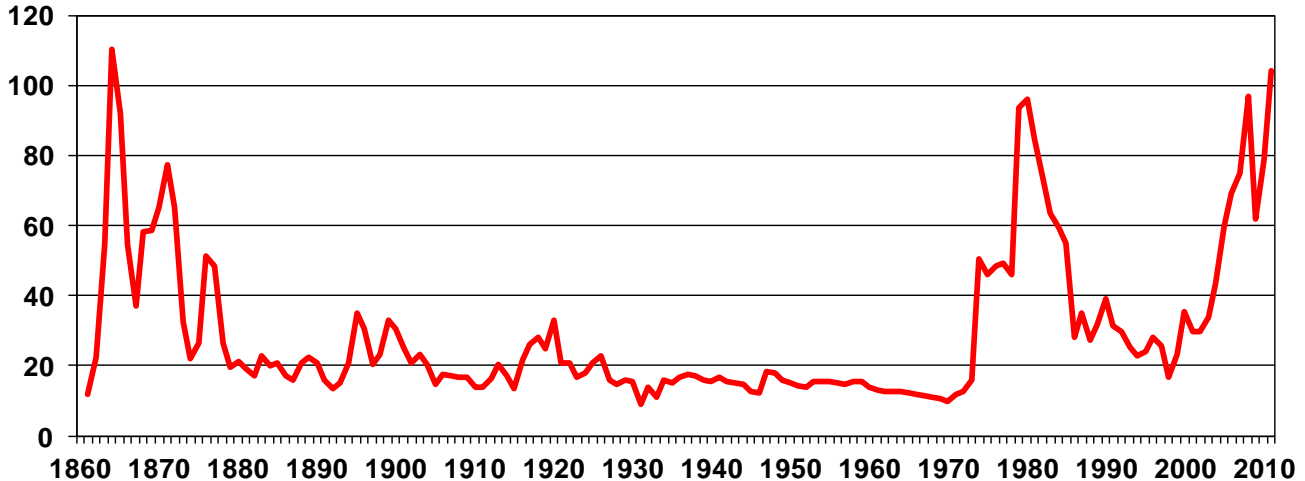


Survey Participants (34): Akbar Ahmed, Christopher Alexander, Jon Alterman, Issandr El Amrani, Anna Badkhen, Isobel Coleman, Mohamed El Dahshan, Robert Danin, F. Gregory Gause, Stephen Grand, Jonathan Guyer, Shadi Hamid, Michael Wahid Hanna, Ed Husain, Efraim Karsh, Zalmay Khalilzad, Amil Khan, Wadah Khanfar, Tom Kutsch, Andrew Lebovich, Marc Lynch, Hisham Melhem, Aaron David Miller, Dalia Mogahed, Marwan Muasher, David Pollock, Bruce Rutherford, Karim Sadjadpour, Robert Satloff, Jonathan Schanzer, David Schenker, Ibrahim Sharqieh, Robert Springborg, Dirk Vandewalle Source: Foreign Policy Magazine.

# Oil prices in real terms nearly at historic high

1861 to Q1 2011

Average crude oil price in 2009 dollars, US\$ per barrel

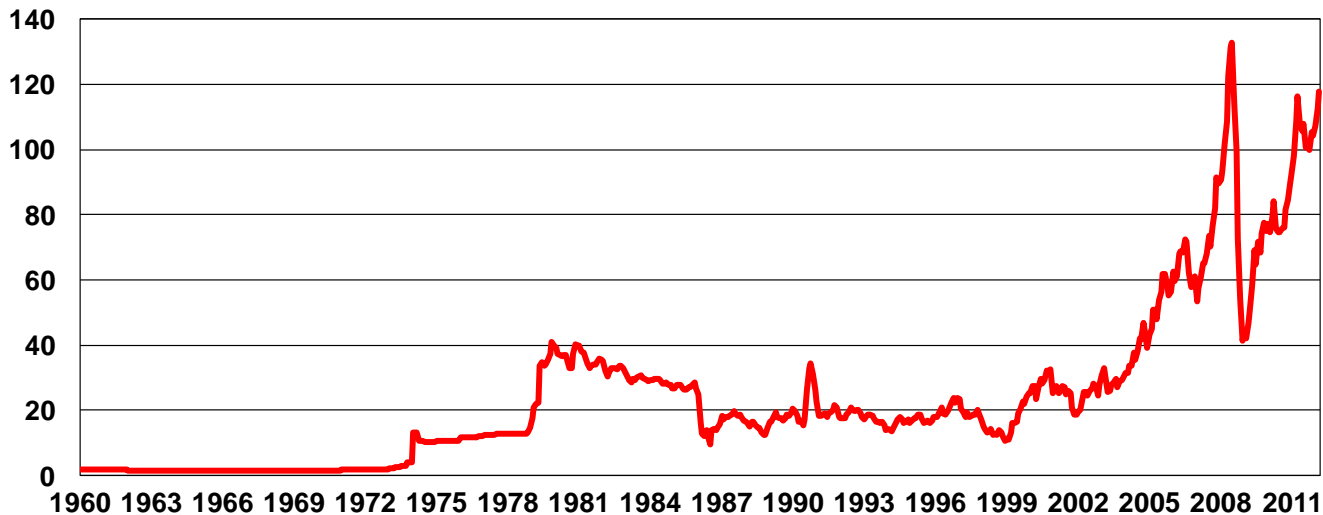


Sources: BP Amoco, Bloomberg, Bureau of Labor Statistics, Milken Institute.

Note: 1861-1944 U.S. average. 1945-1983 Arabian Light posted at Ras Tanura. 1984 onward Brent dated. 1861-2009 figures calculated by BP. 2010 and 2011 figures calculated by MI staff using data from Bloomberg and Bureau of Labor Statistics.

# Crude oil price history

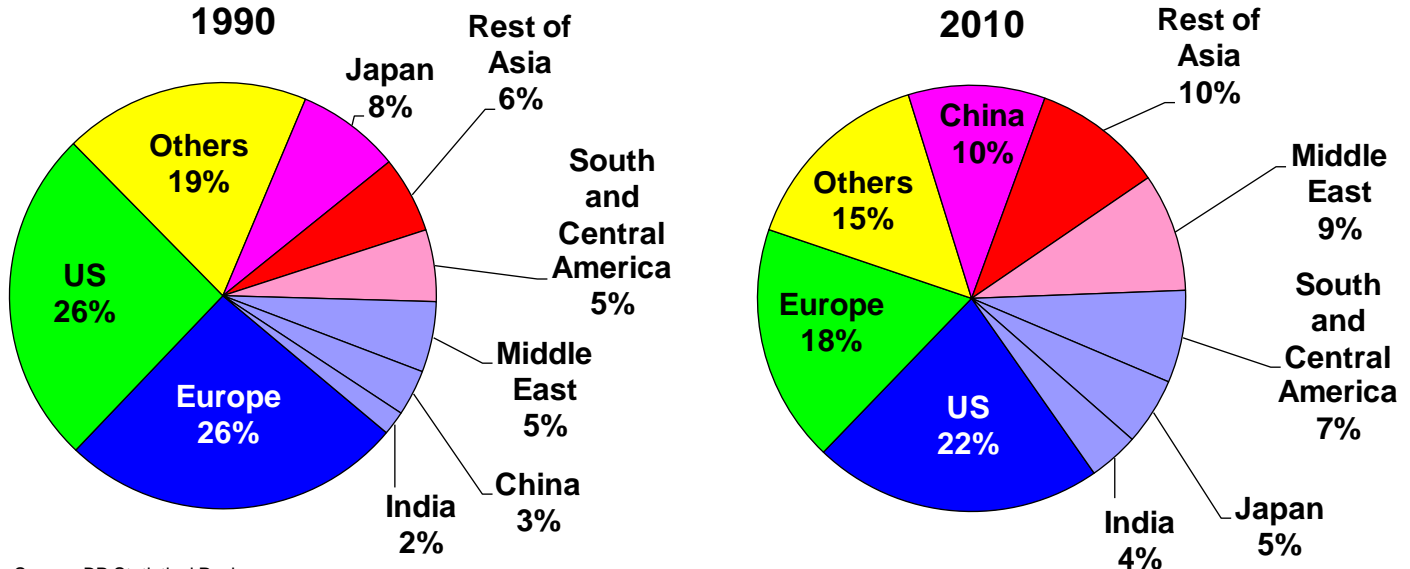
## Nominal US\$ per barrel



Source: World Bank Commodity Price Data.



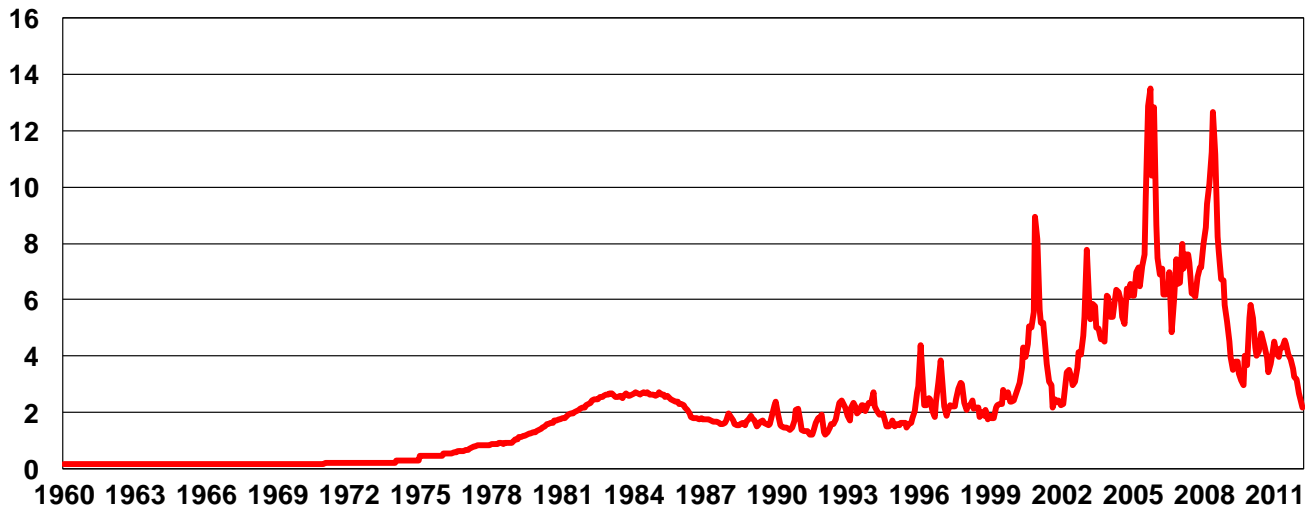
# Shares of world oil consumption



Source: BP Statistical Review.

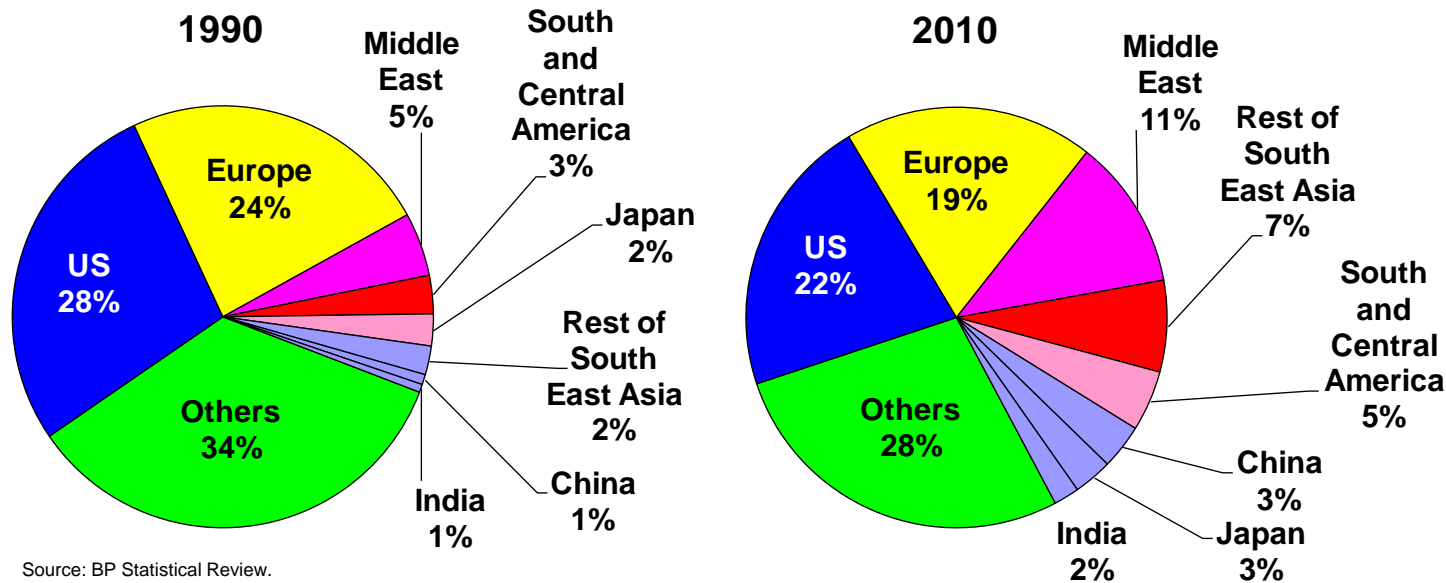
# Natural gas price history

Nominal US\$ per British thermal unit



Source: World Bank Commodity Price Data.

# Shares of world natural gas consumption



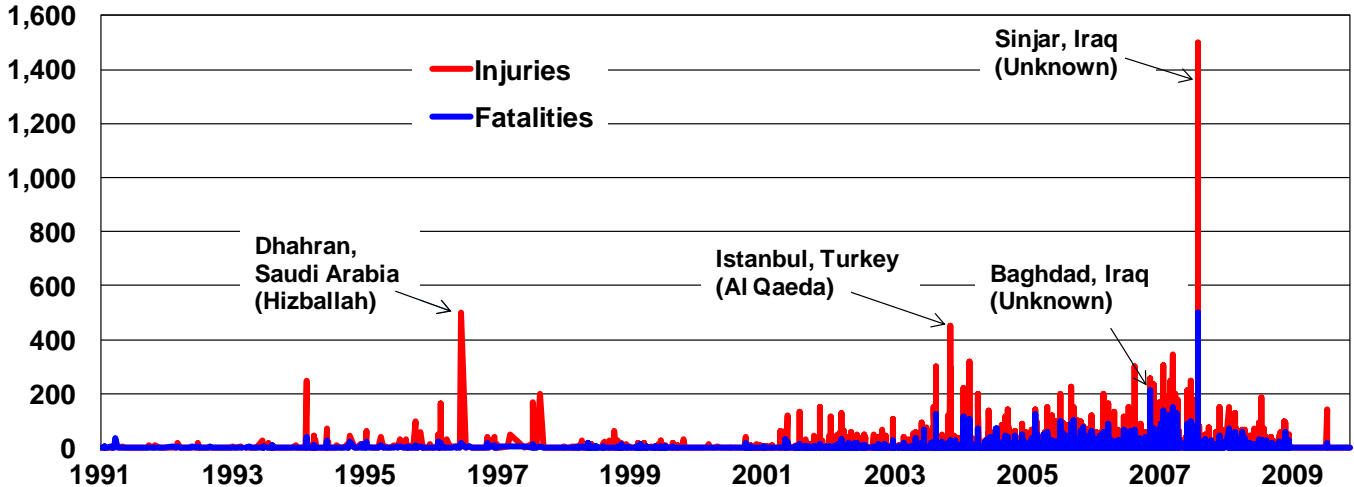
# Terrorism incidents in the Middle East

1991 through 2009



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## Number of persons



Source: RAND Corp., Database of Worldwide Terrorism Incidents.

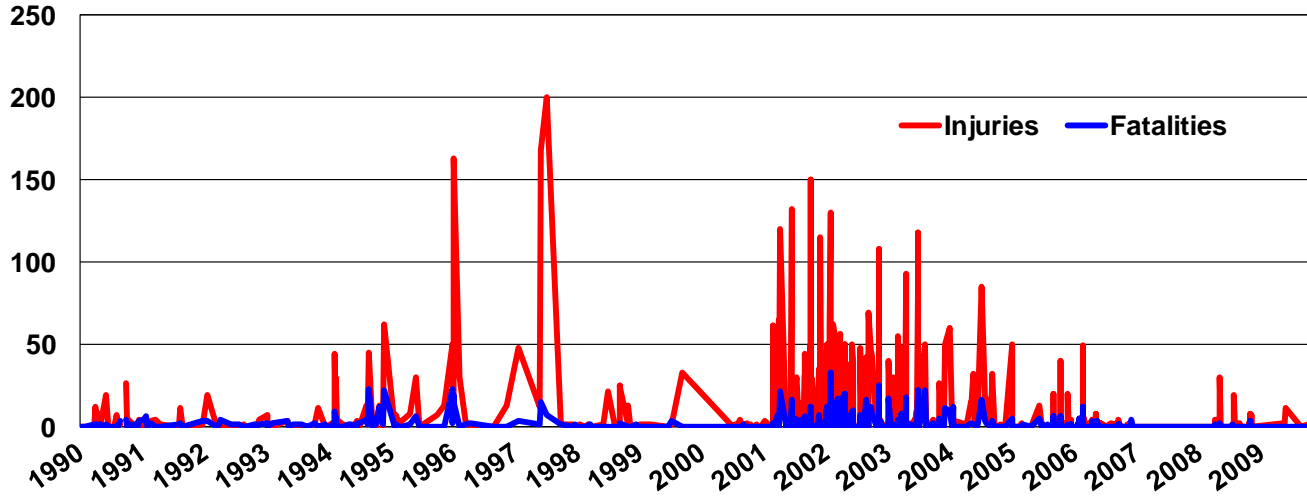
# Terrorism incidents in Israel

1991 through 2009



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## Number of persons



Source: RAND Corp., Database of Worldwide Terrorism Incidents.



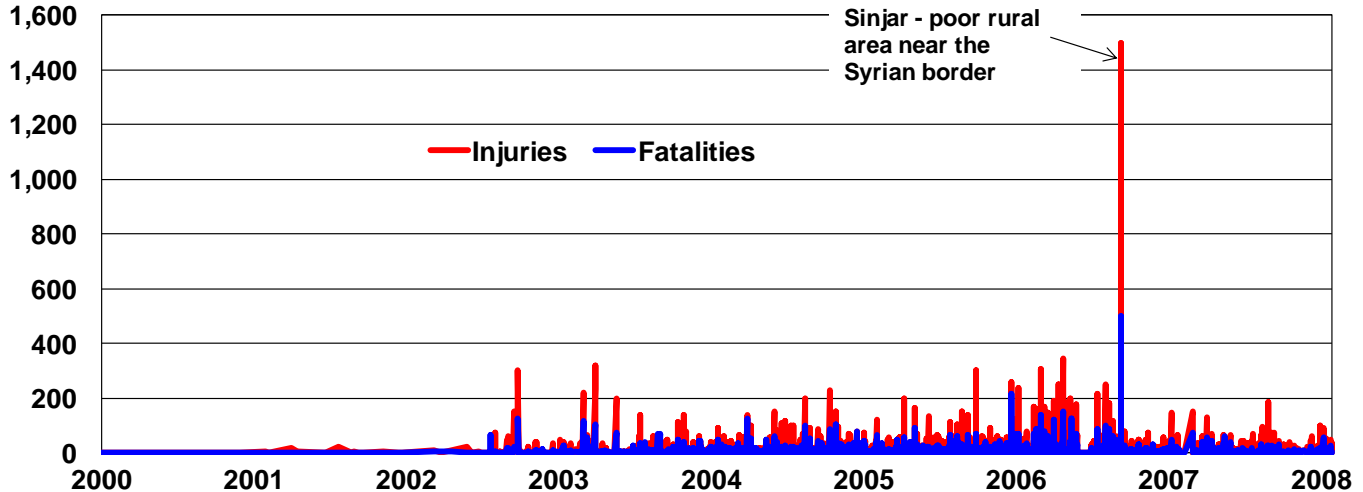
# Terrorism incidents in Iraq

2000 through 2008



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## Number of persons

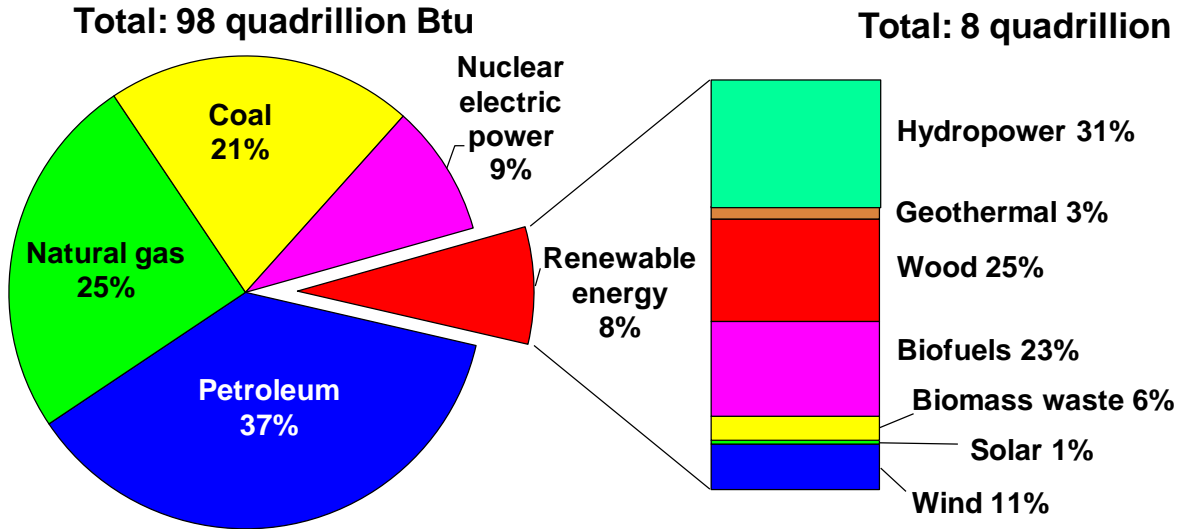


Source: RAND Corp., Database of Worldwide Terrorism Incidents.

# U.S. energy consumption 2010



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Source: U.S. Energy Information Administration.

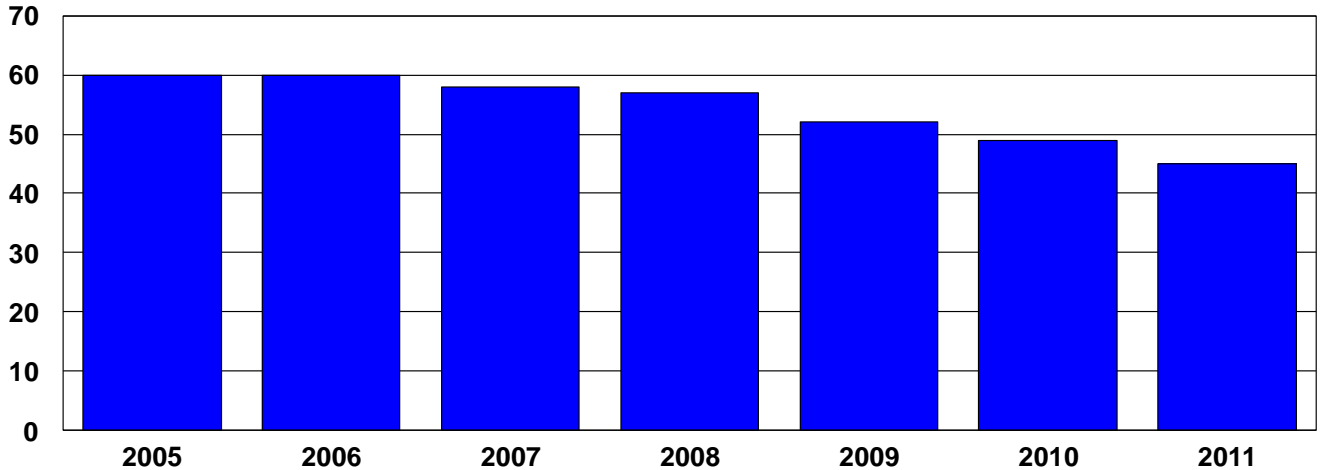
# U.S. dependency on foreign oil

*Net imports as share of domestic consumption*



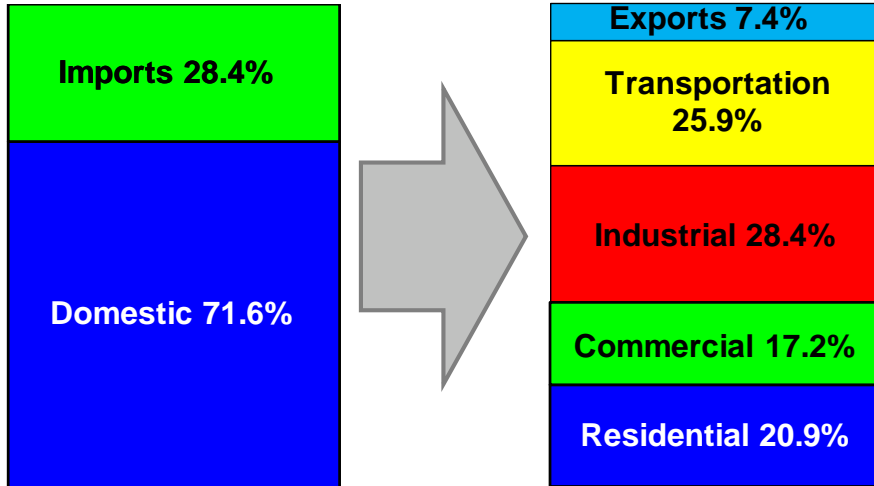
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Percent



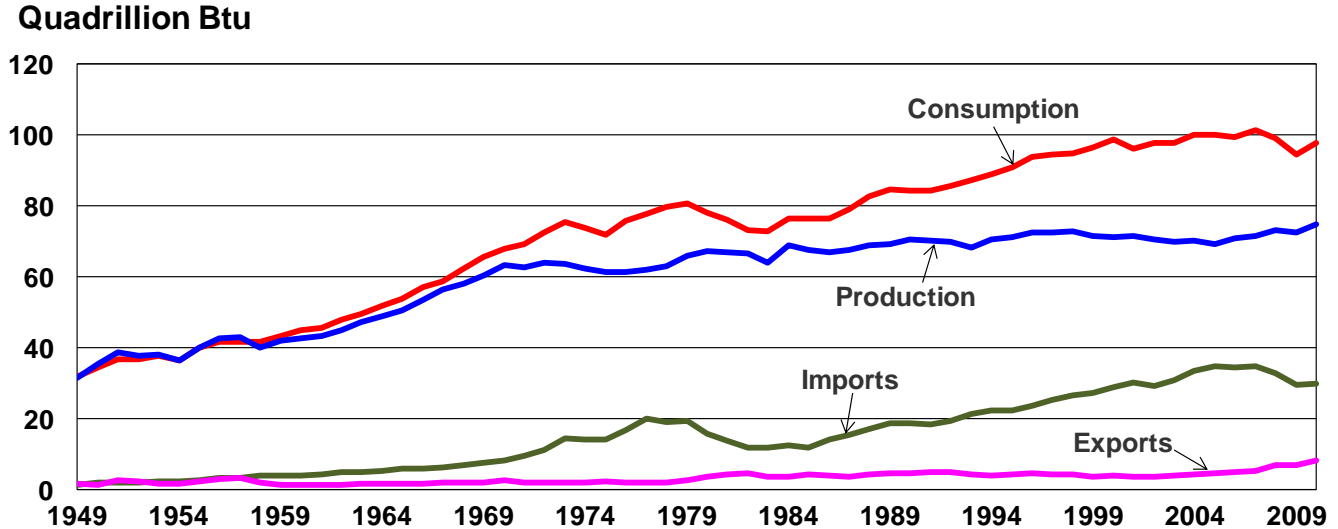
Source: U.S. Energy Information Administration.

# U.S. energy sources and usage



Source: U.S. Energy Information Administration.

# U.S. energy sources and usage



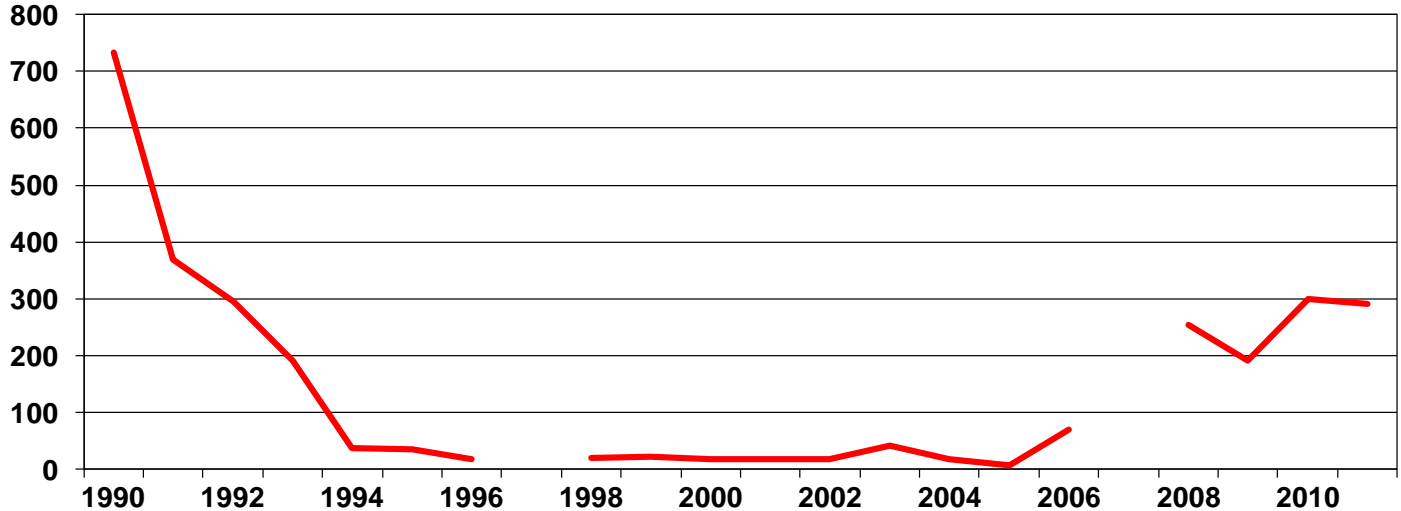
Source: U.S. Energy Information Administration.

# Syria's arms imports



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Constant 1990 US\$ billions

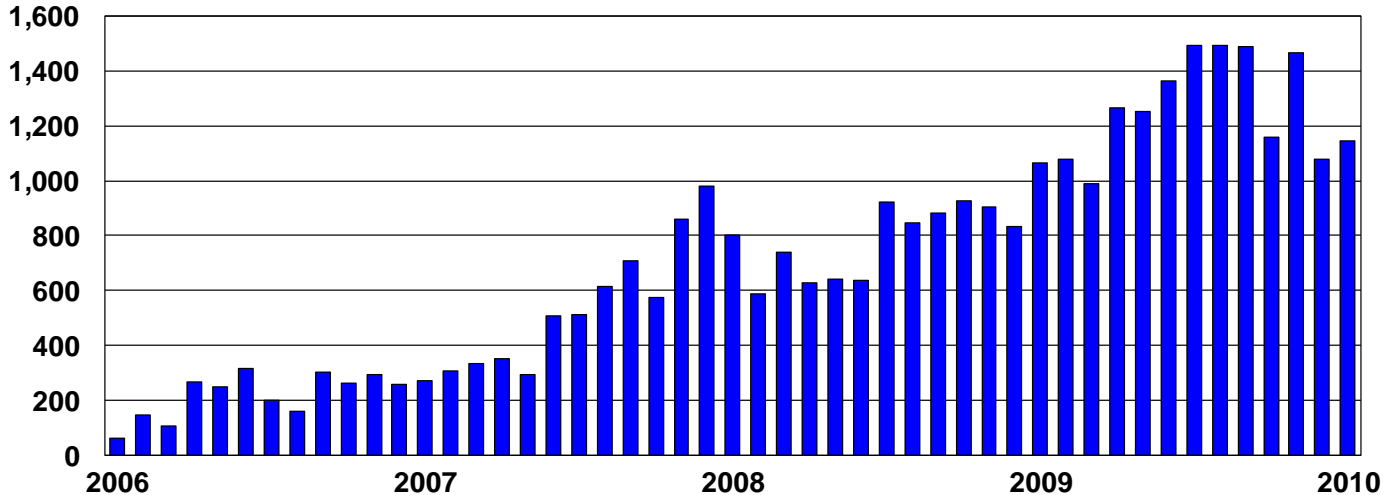


Note: Gaps due to data unavailable. Source: Stockholm International Peace Research Institute.

# Mexico's drug war murders



## Number of murders per month



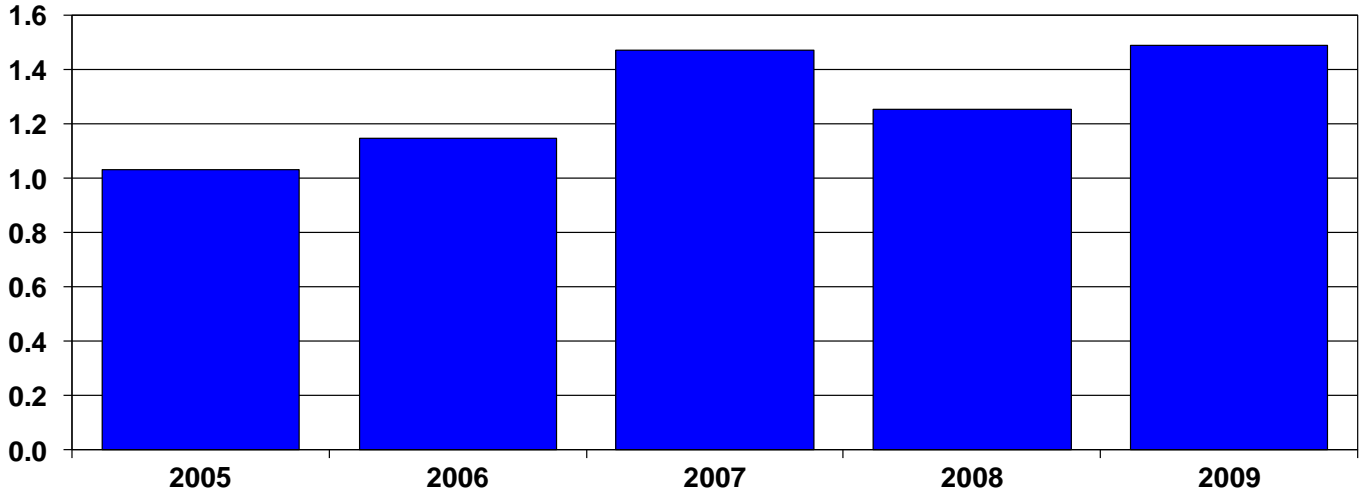
Source: The Guardian.

# Marijuana seized from trafficking across U.S. southwest border



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Million kilograms



Source: U.S. Justice Department



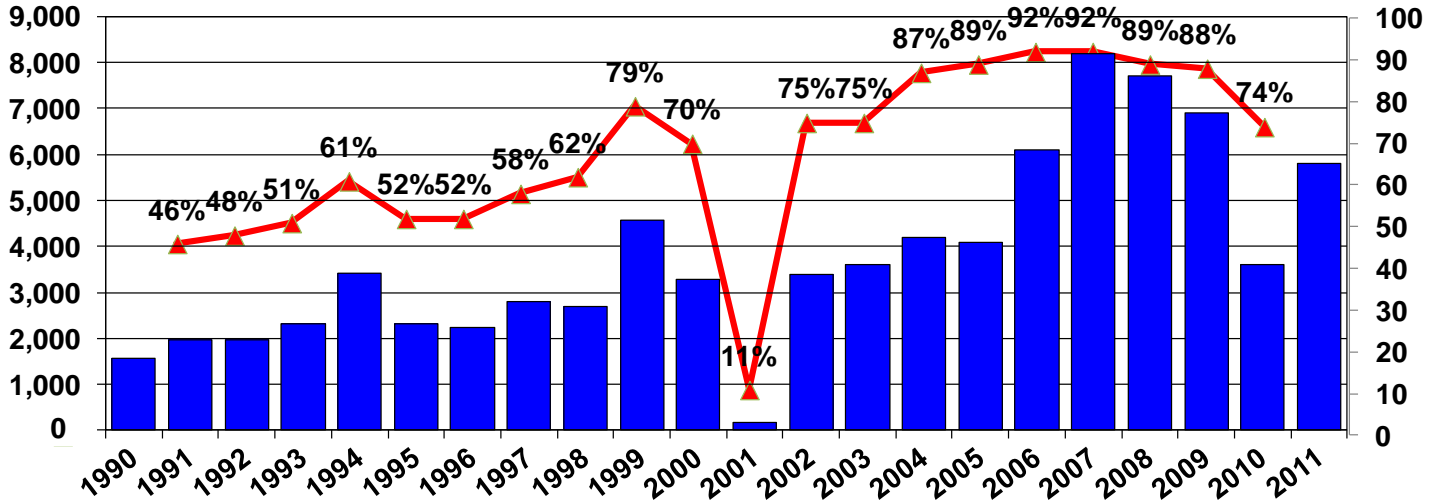
# Afghan opium production and percentage of global production



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Metric tons, left

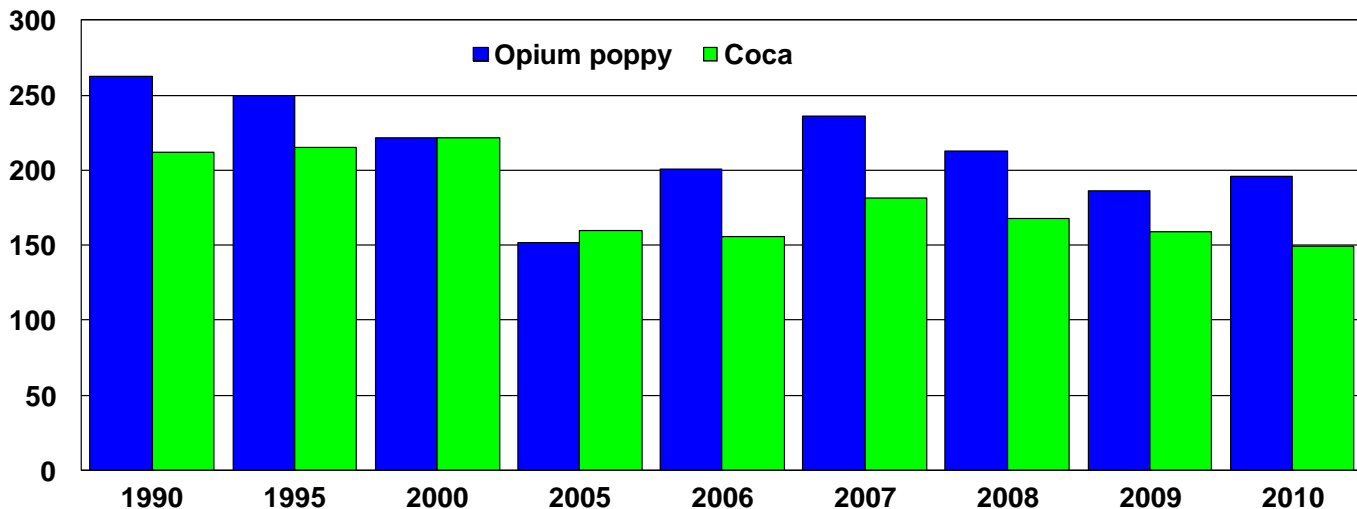
Percent, right



Source: Brookings Institute.

# Global production of opium poppy and coca

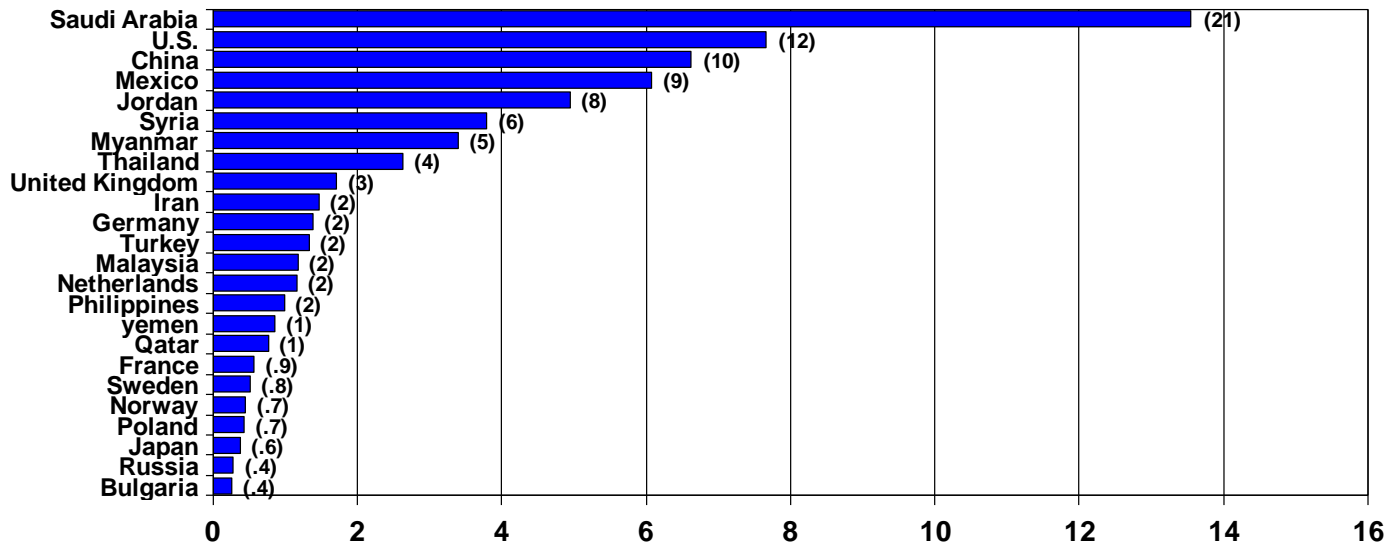
Thousand hectares



Source: UNODC World Drug Report 2011.

# Global seizures of amphetamines (2009)

Thousand metric tons (percent of world total)



Source: UNODC World Drug Report 2011.

# Global market for opiates and cocaine (2009)



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	<b>US\$ billion</b>
<b>Opium/heroin</b>	<b>68</b>
<b>Coca/cocaine</b>	<b>85</b>

Source: UNODC World Drug Report 2011.