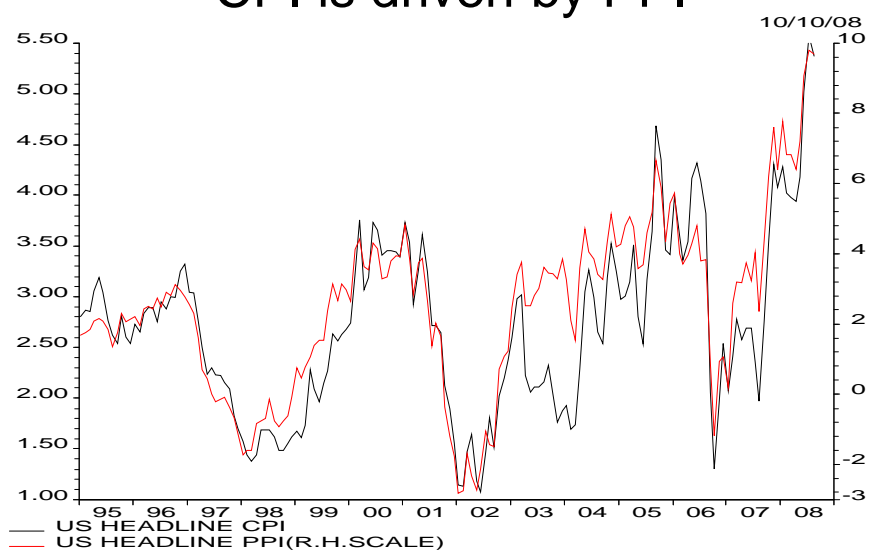
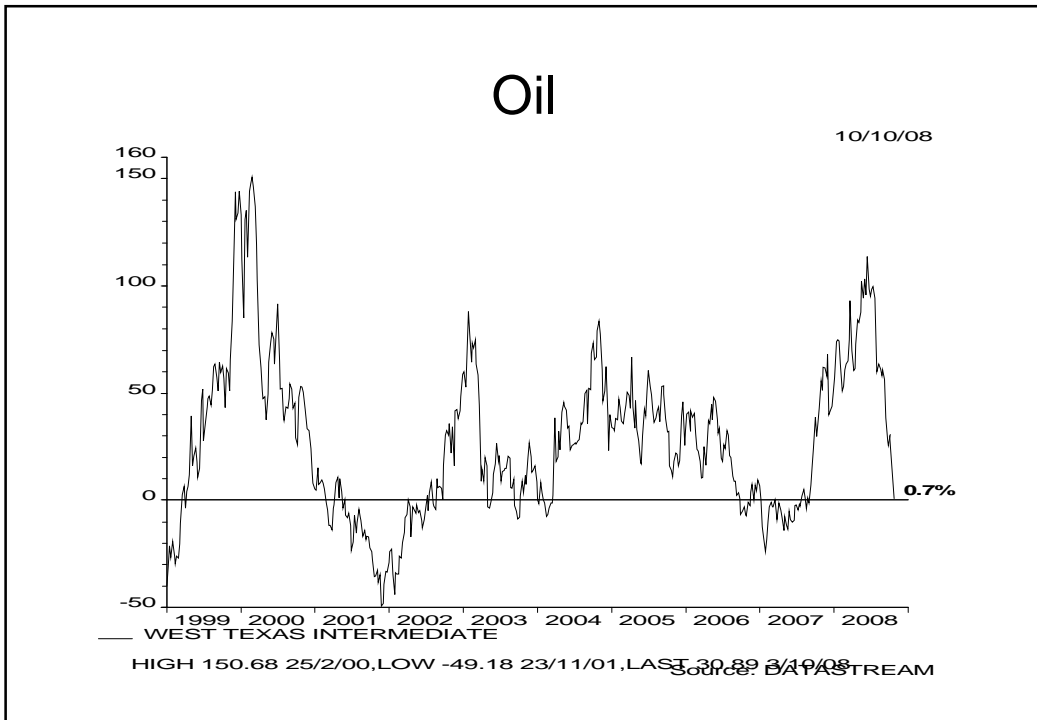
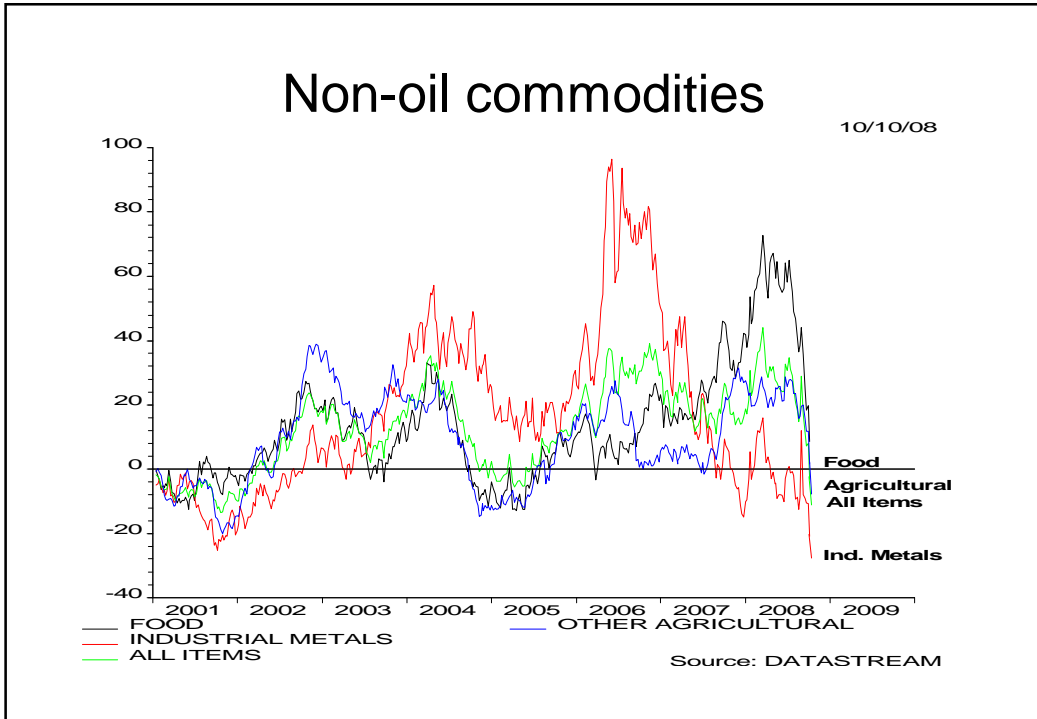


The End of Inflation

Why 2008 is the year of the gilt, 2009 will see the birth of a new FTSE bull market and why UK house prices will fall throughout the next decade

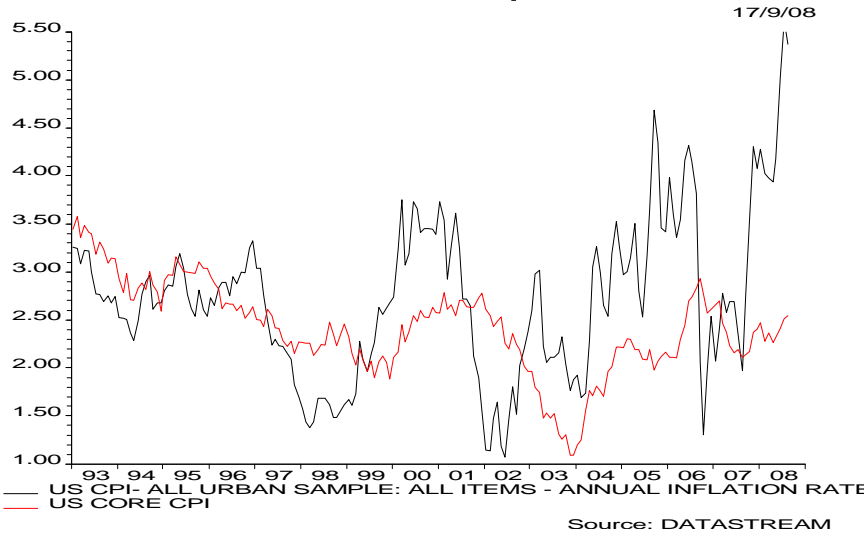
CPI is driven by PPI



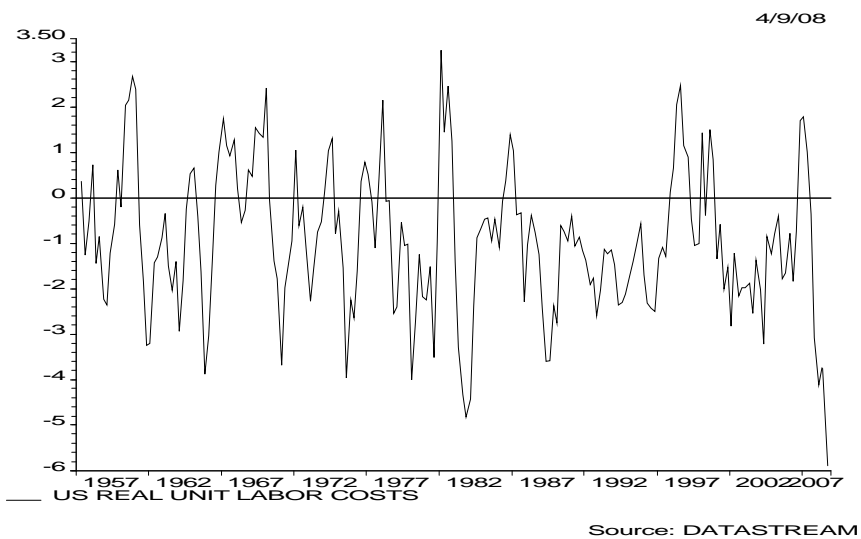




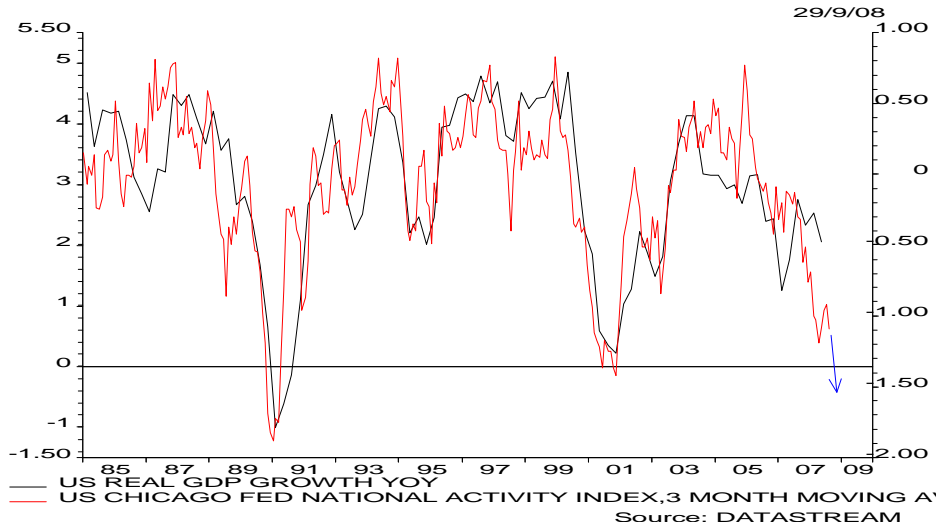
'Core' CPI is unperturbed



US labour costs at post-War low



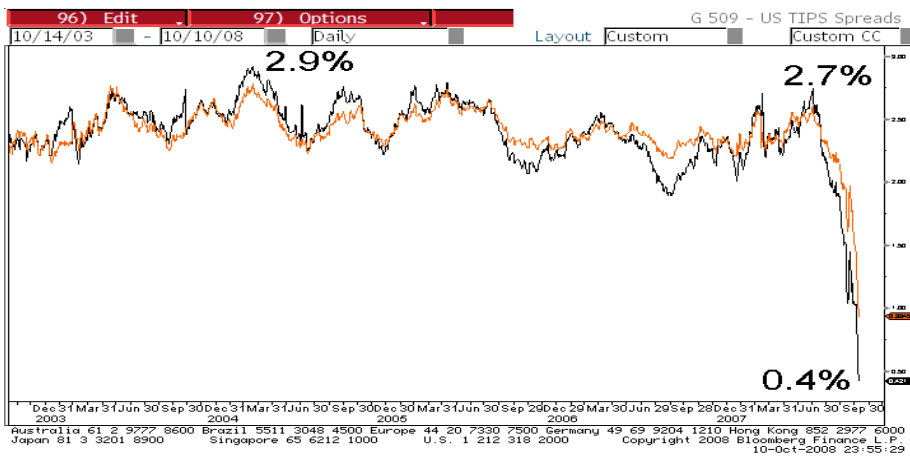
US already in recession?



Breakeven inflation rates have dived

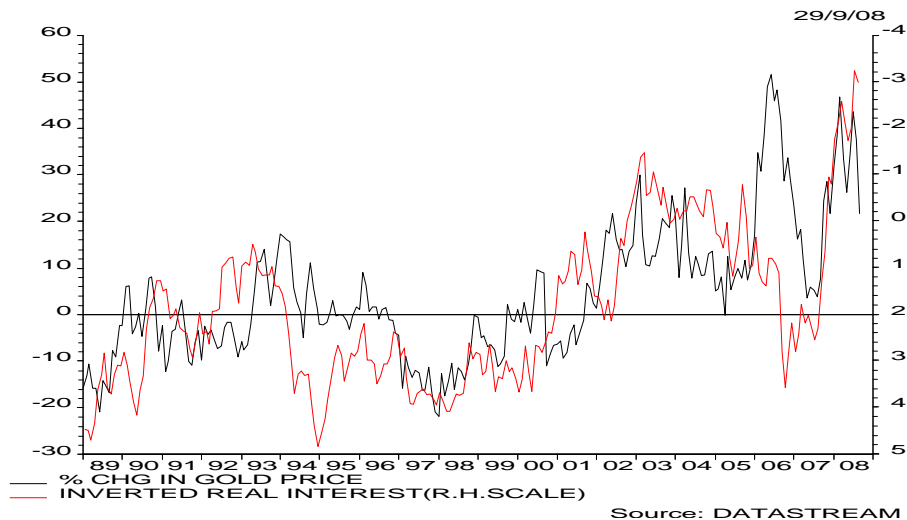
<HELP> for explanation.

Index G

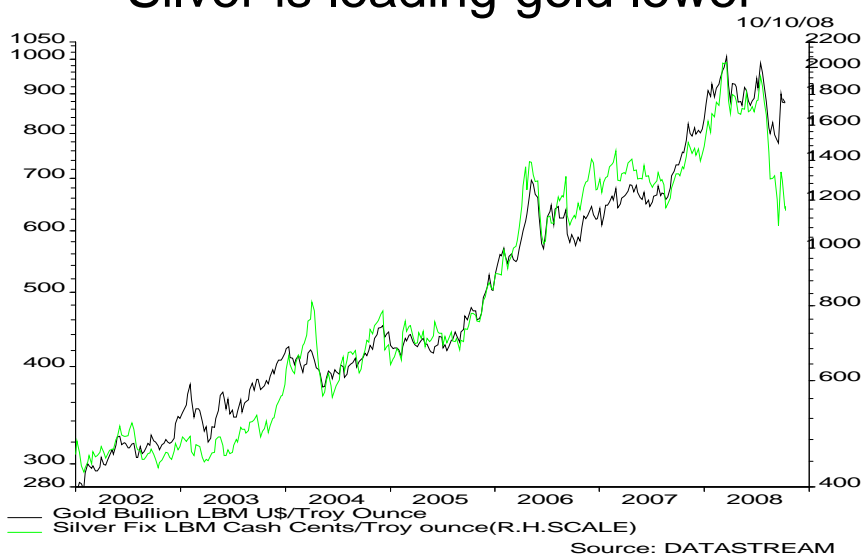




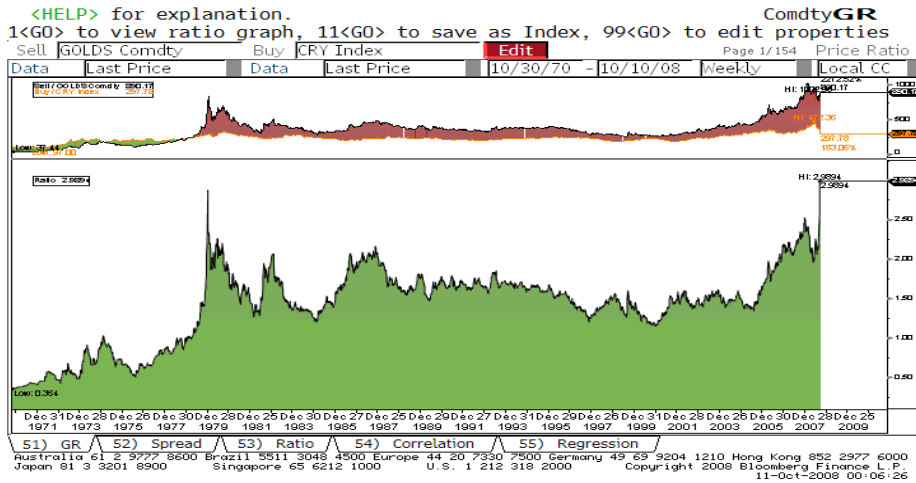
Gold and real interest rates



Silver is leading gold lower



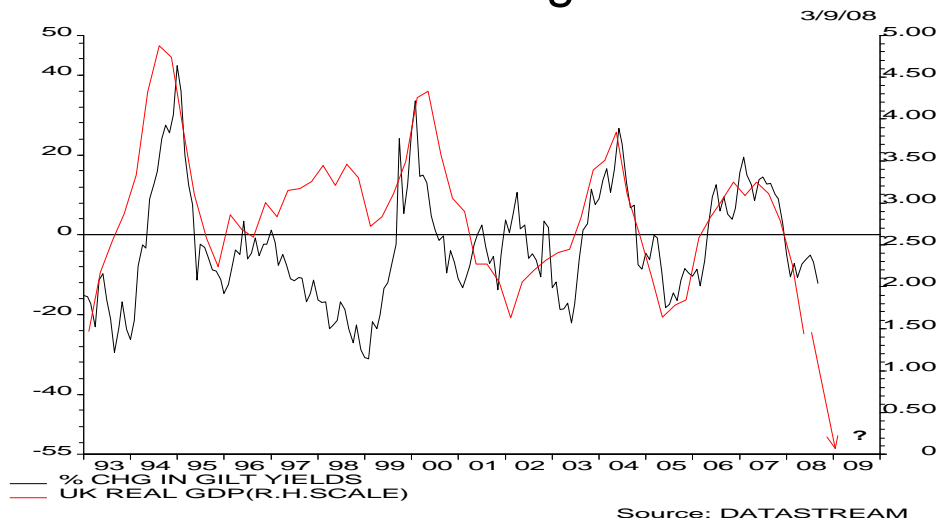
Gold's never been higher compared to other commodities



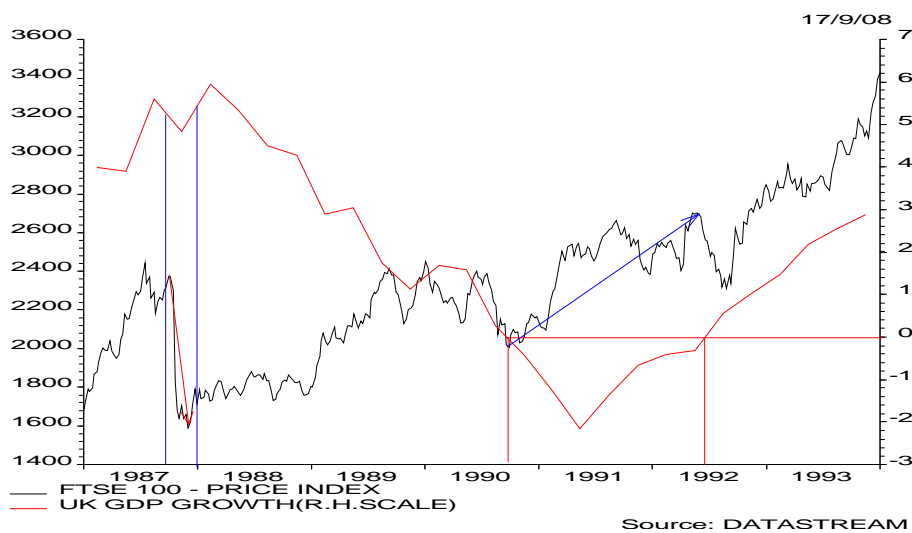
So gold's short-term rally presents a 'sell' opportunity



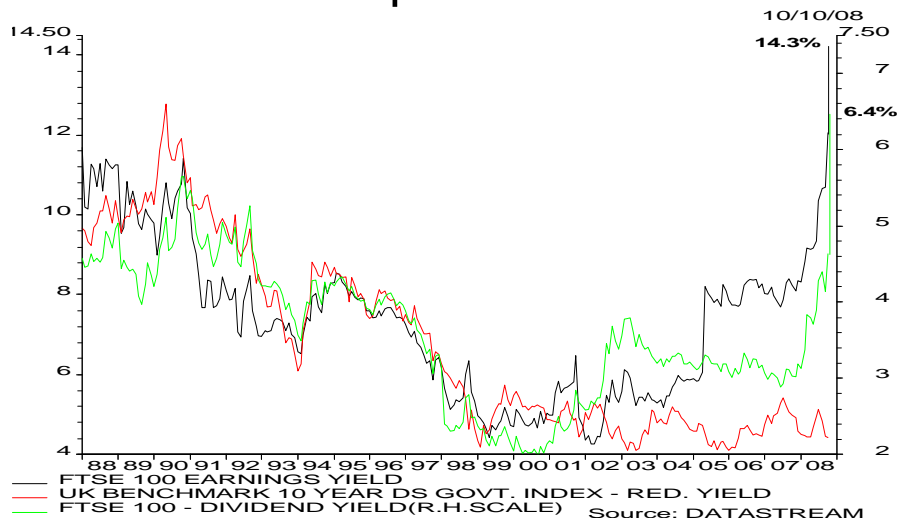
For the UK, recession will mean a bull market in gilts



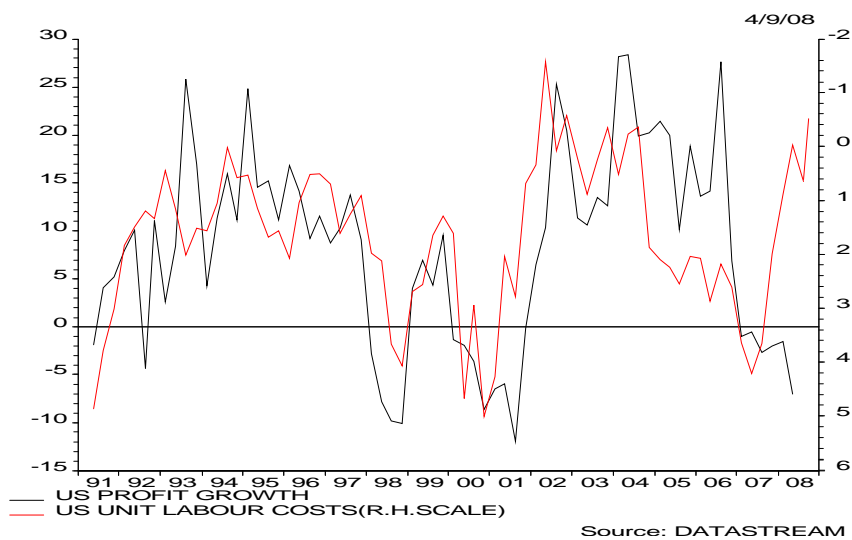
FTSE & UK GDP



Whilst stocks are discounting a 69% drop in EPS

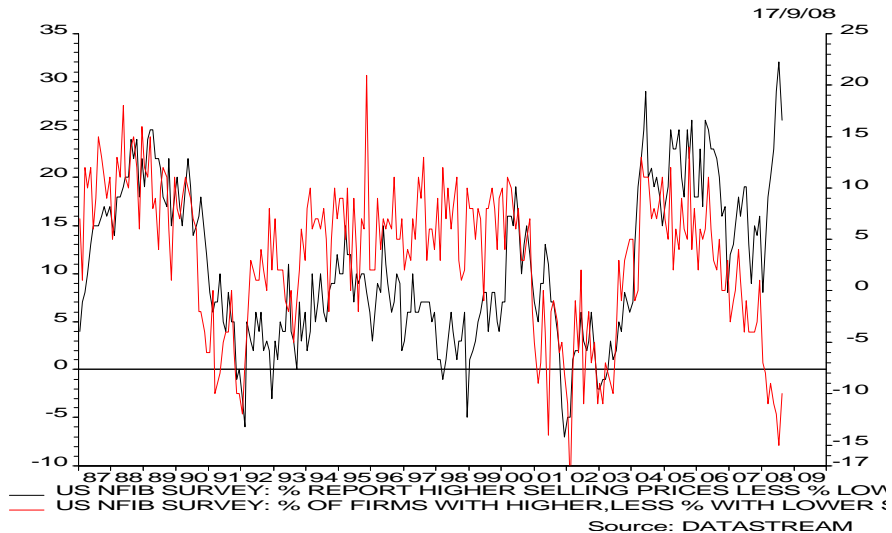


The Good News for Profit Margins

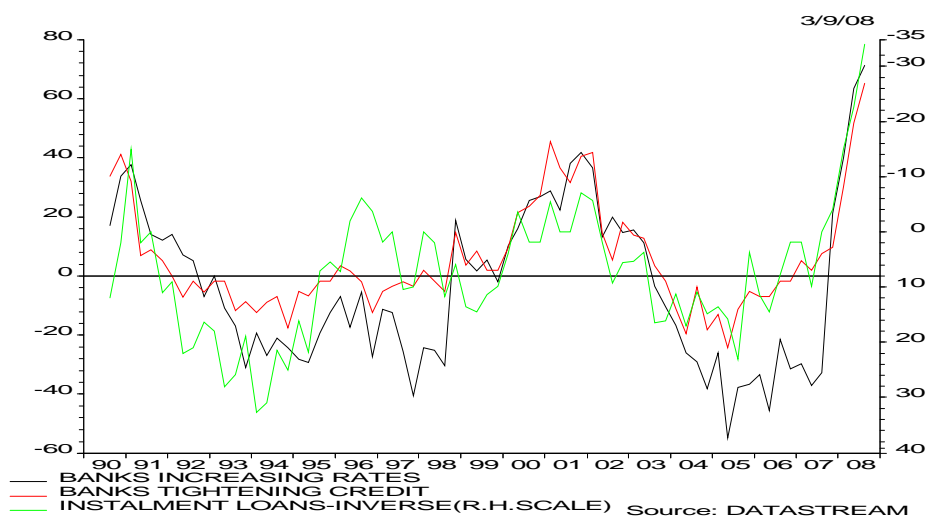




The Bad News for Profit Margins



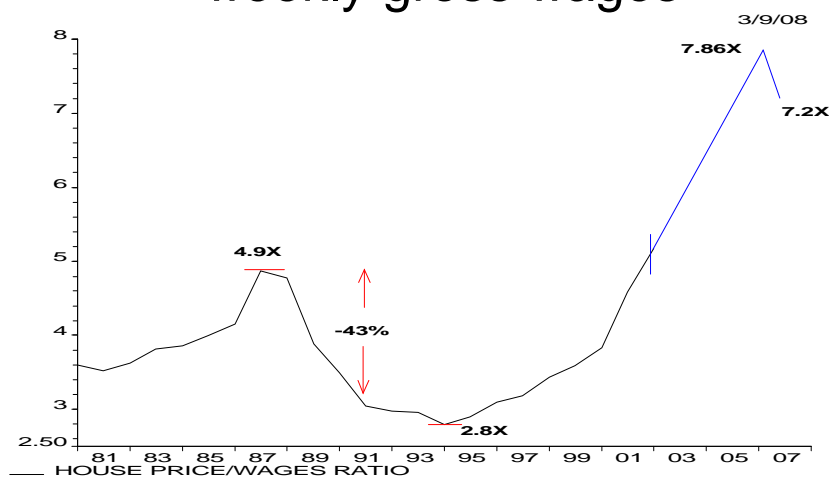
Credit Crunch: US bank survey



UK Housing: How Low and For How Long?

- 1973-1977: -32.4% real house price fall (in RPI terms)
- 1979-1982: -16.4% real house price fall (in RPI ex-mortgage cost terms)
- 1989-1995: -38.2% real house price fall (in RPI ex-mortgage cost terms)

Ratio of UK house prices to average weekly gross wages





UK house price 'crash' set to last a decade

