

# Bianco Research L.L.C.

An Arbor Research & Trading Affiliated Company

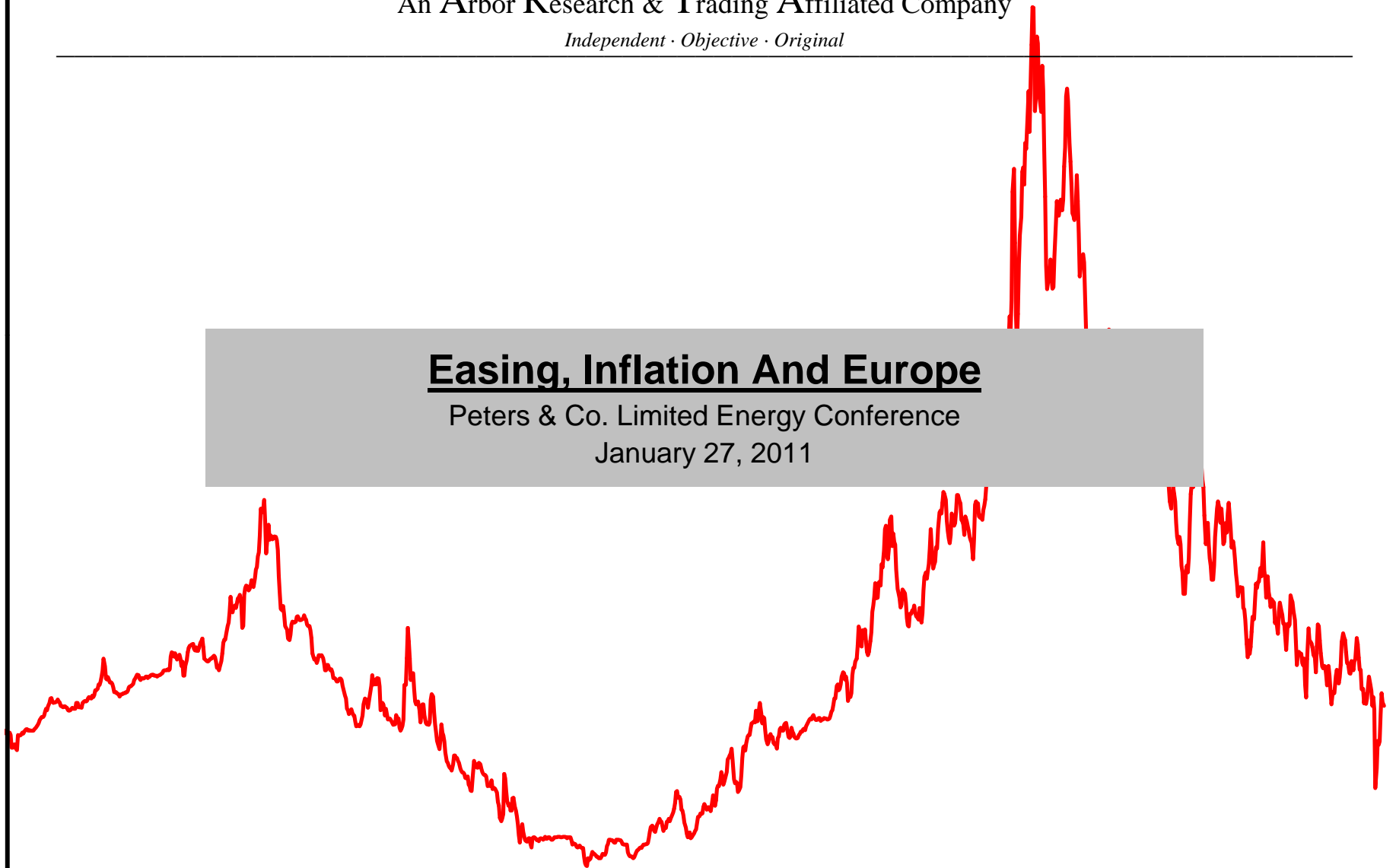
*Independent · Objective · Original*

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## Easing, Inflation And Europe

Peters & Co. Limited Energy Conference

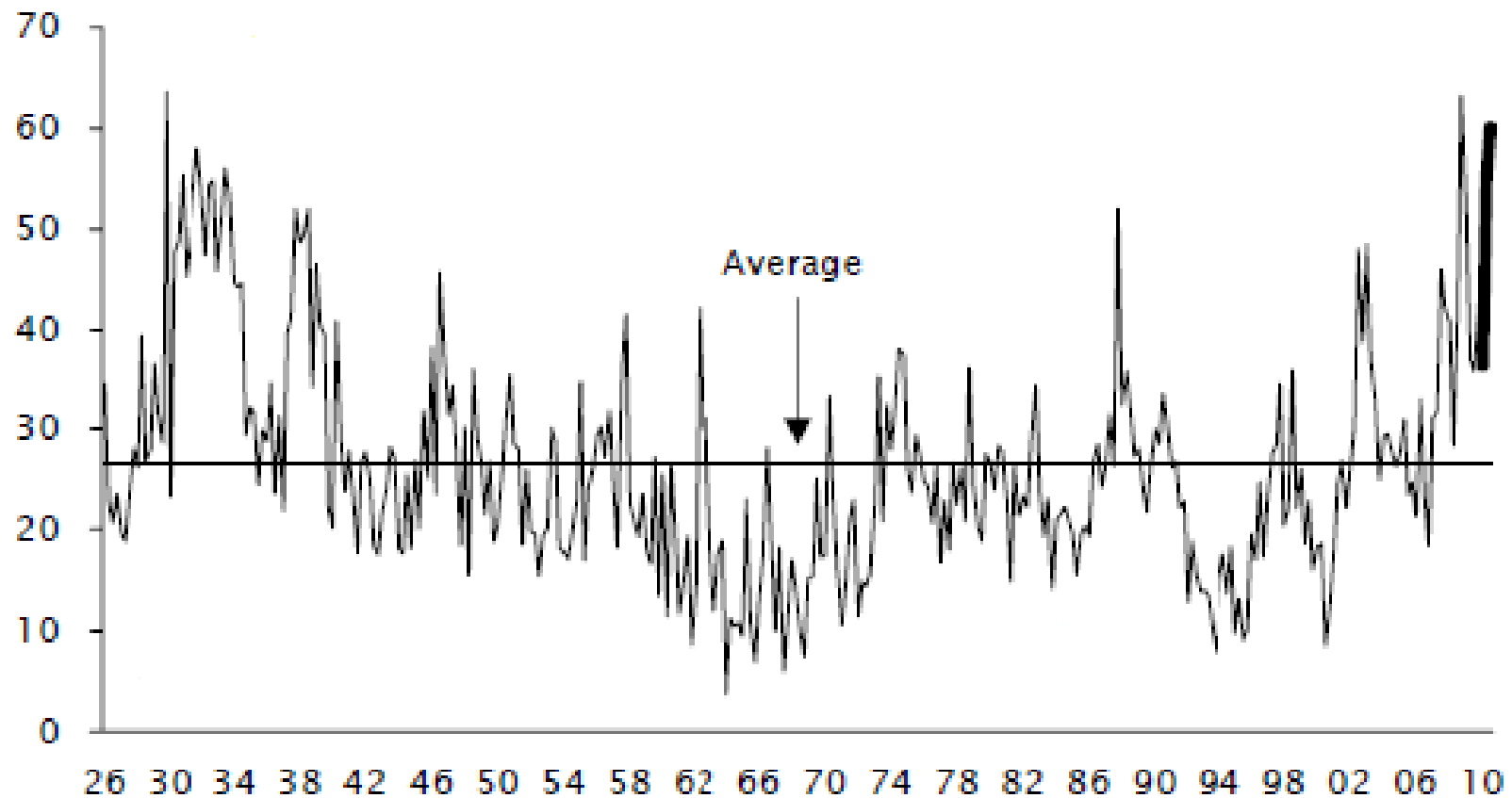
January 27, 2011



Long-Term Interest Rates - 1900 to 2009

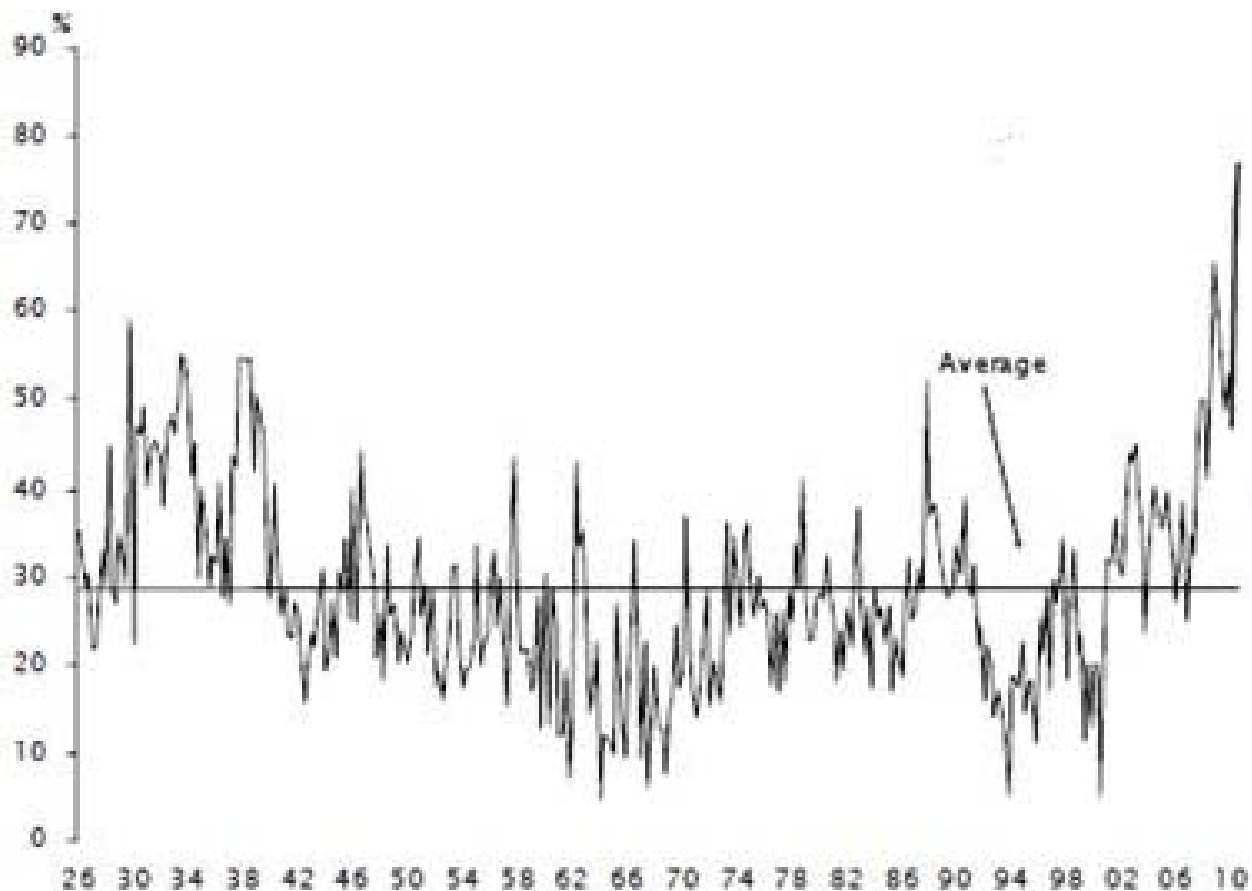
## Large Cap Correlations

Large Capitalization Stocks Average Cap-Weighted Return  
Correlation Among Stocks\*, 1926 Through Late July 2010

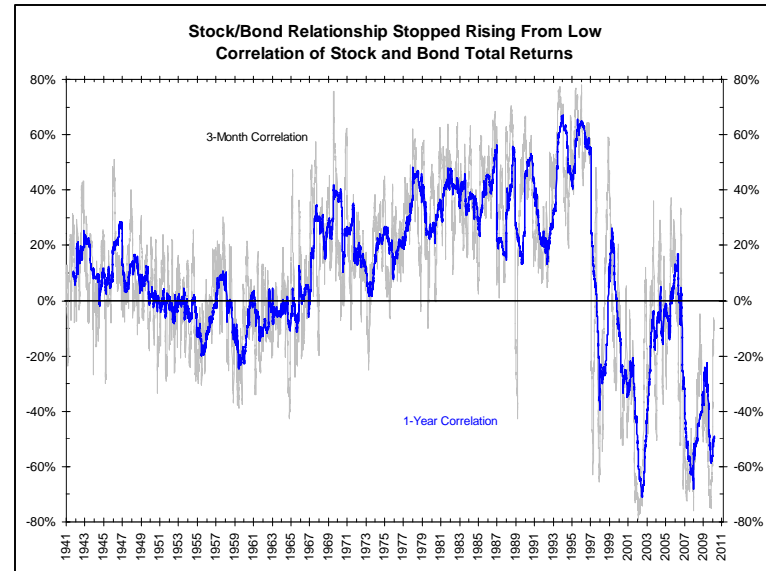
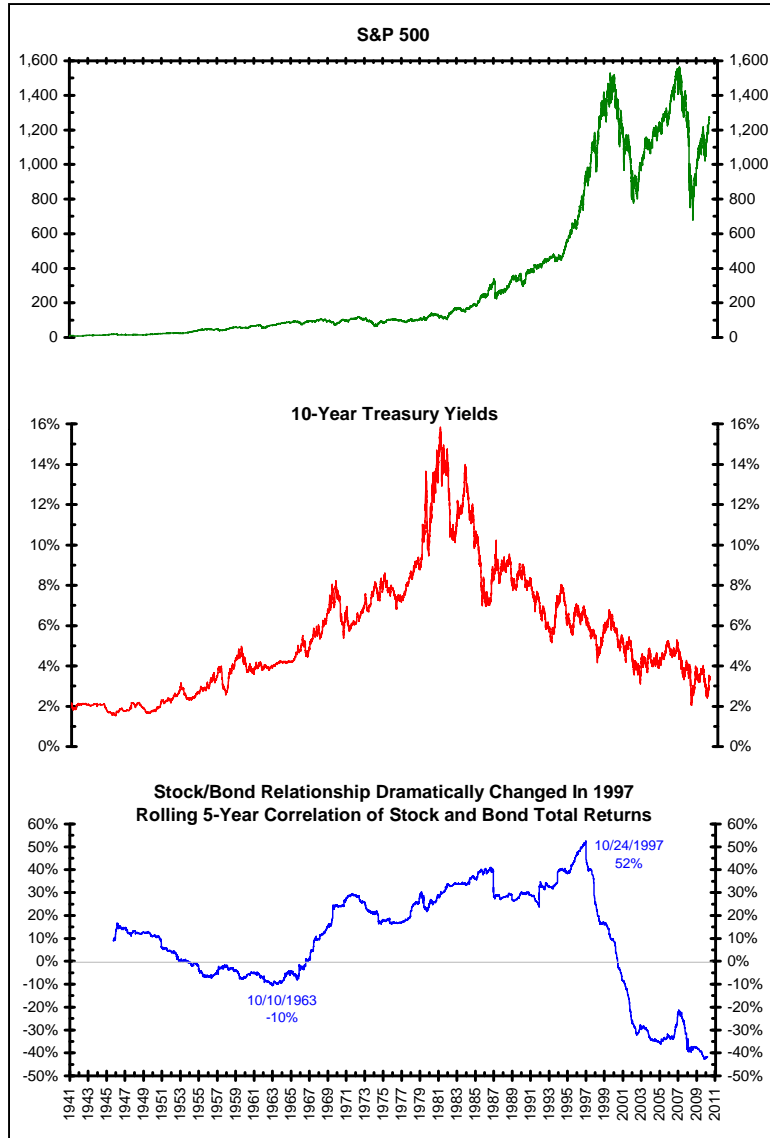


# Cap Equipment Stock Correlations

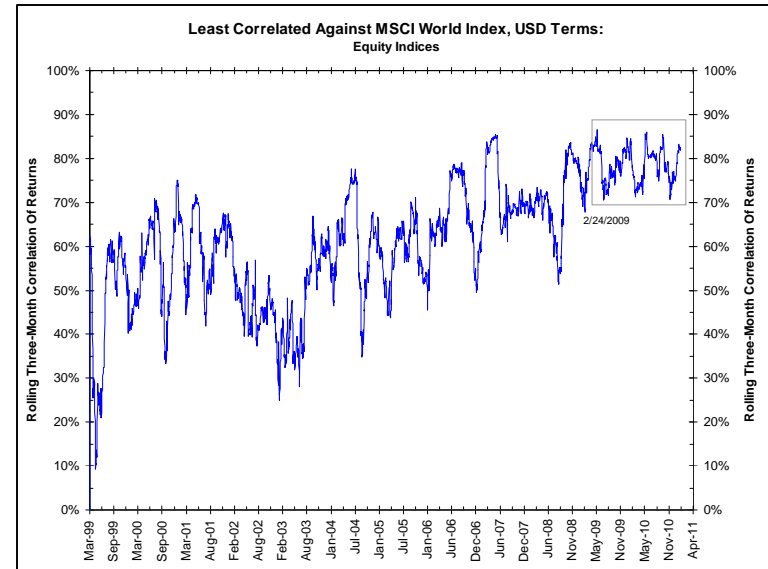
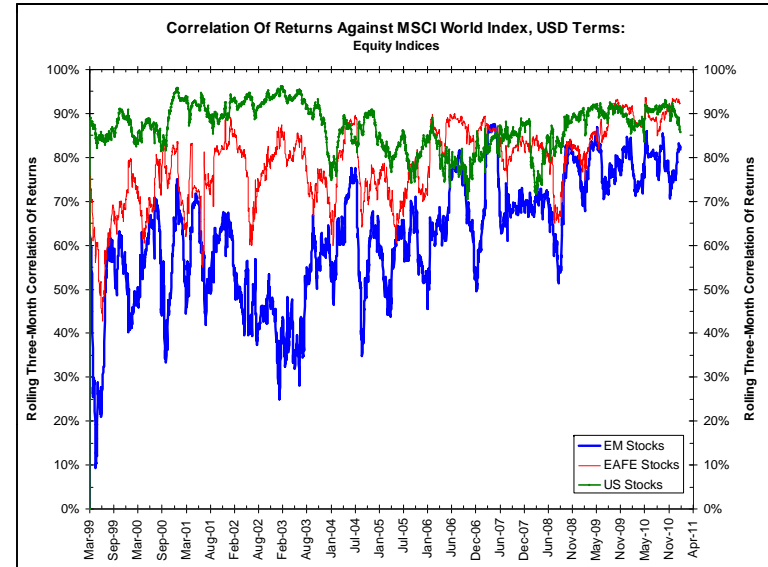
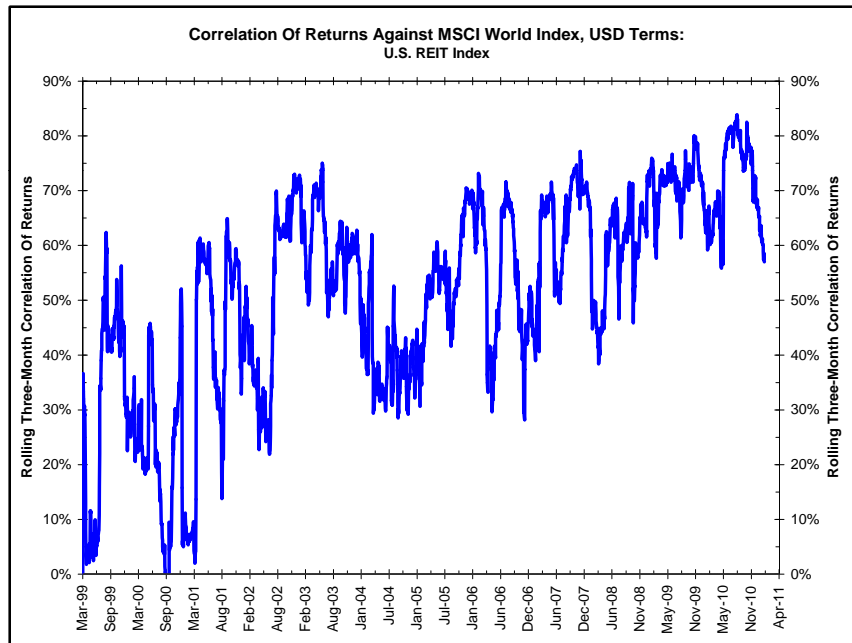
Large Capitalization Capital Equipment Stocks Average Cap-Weighted Return Correlations,\* 1926 Through Late July 2010



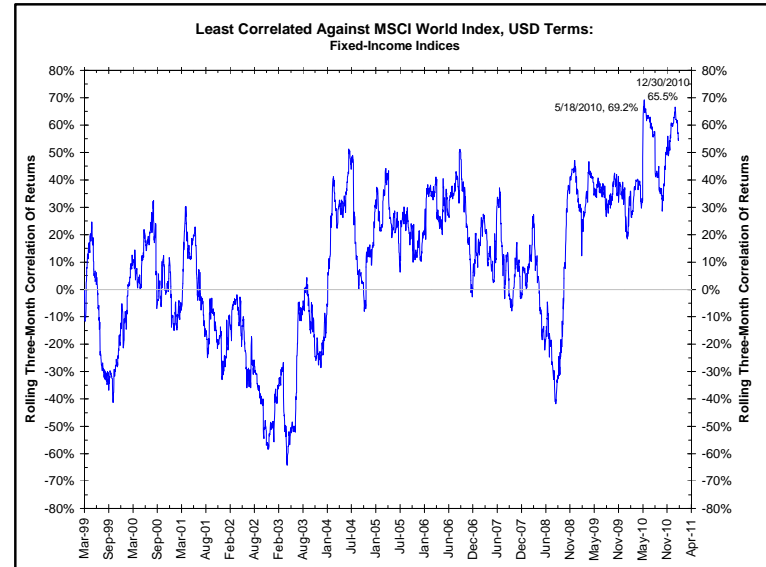
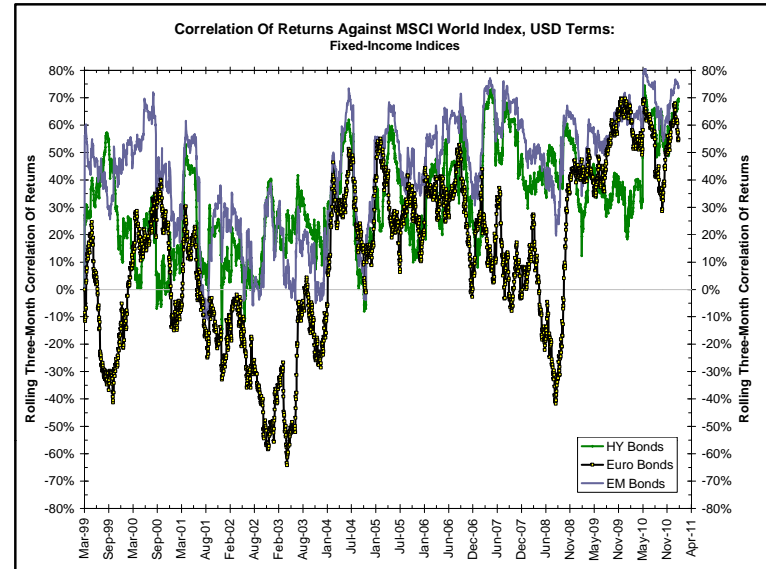
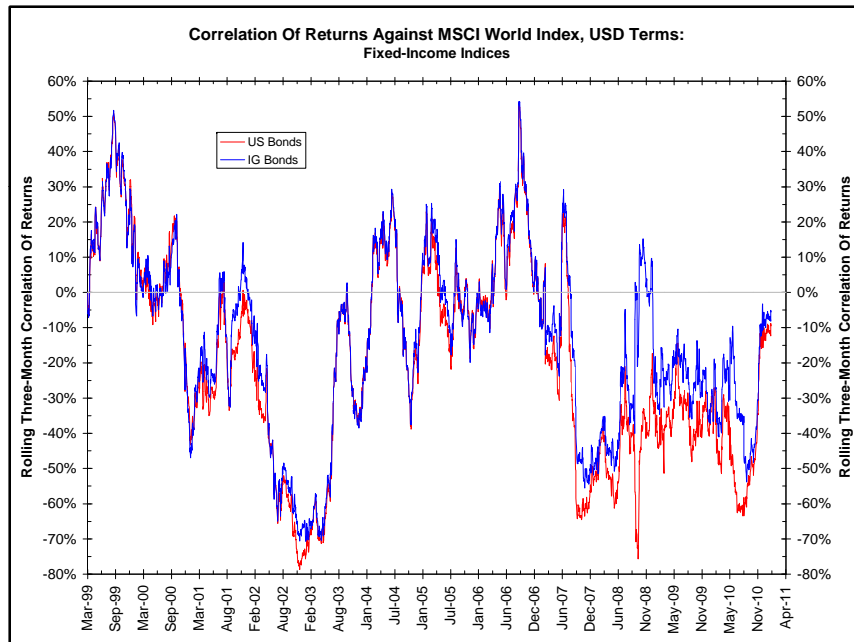
# Stock/Bond Relationship



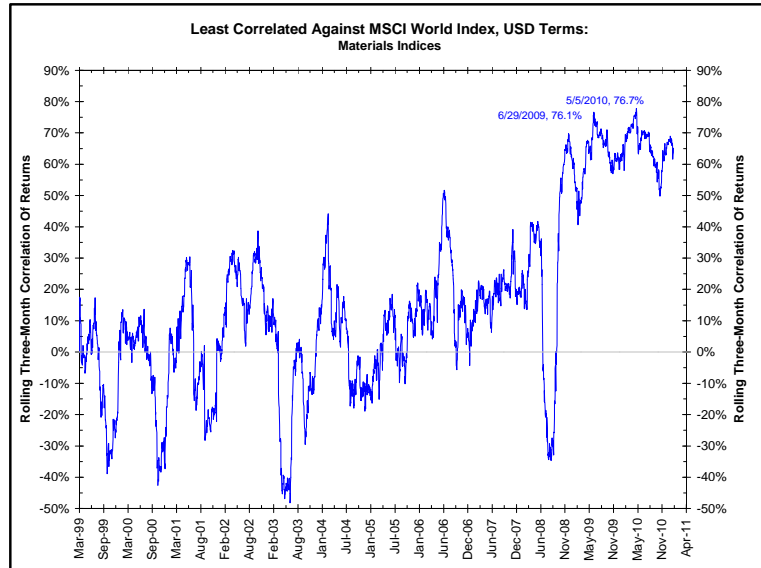
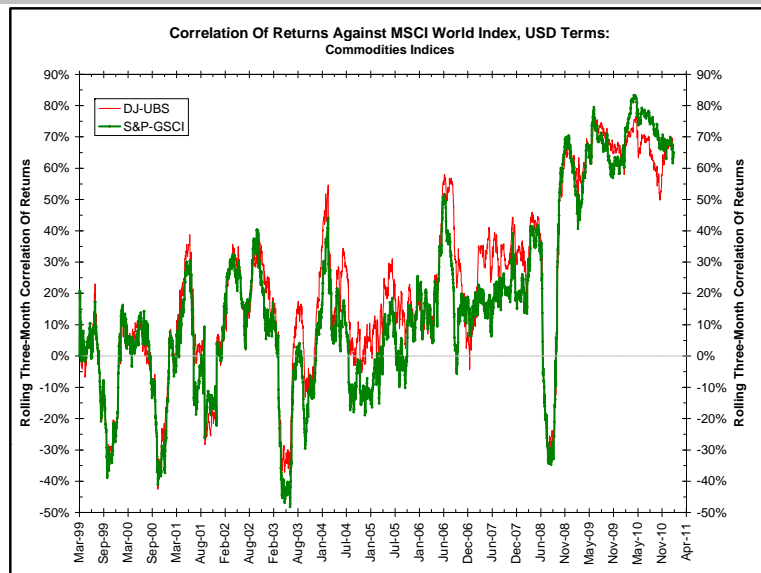
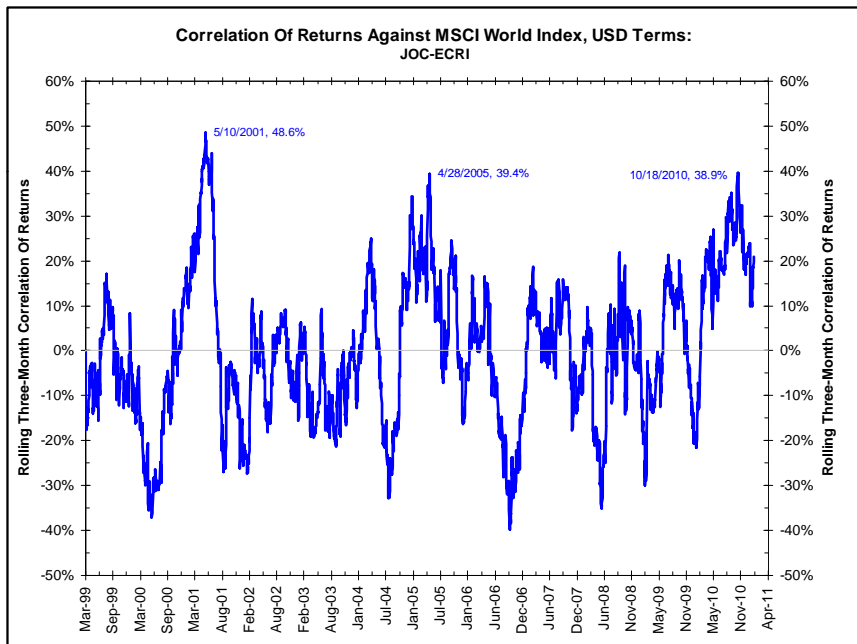
# World Stock Correlations



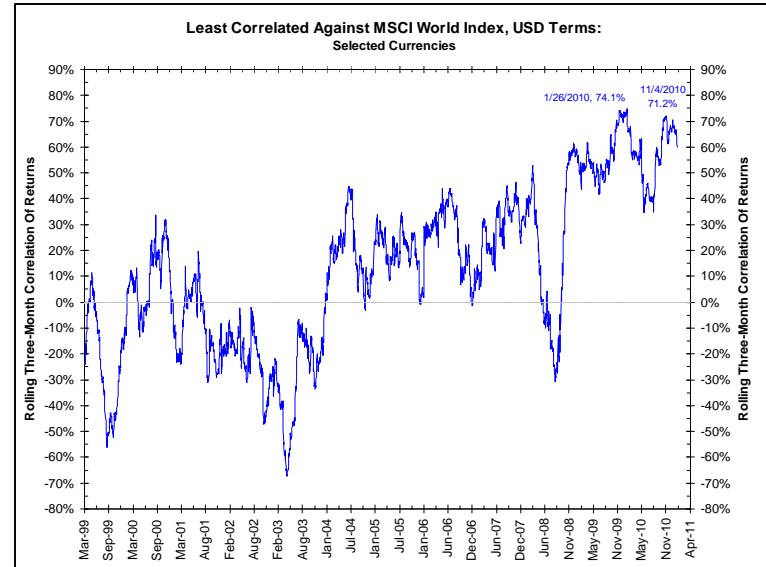
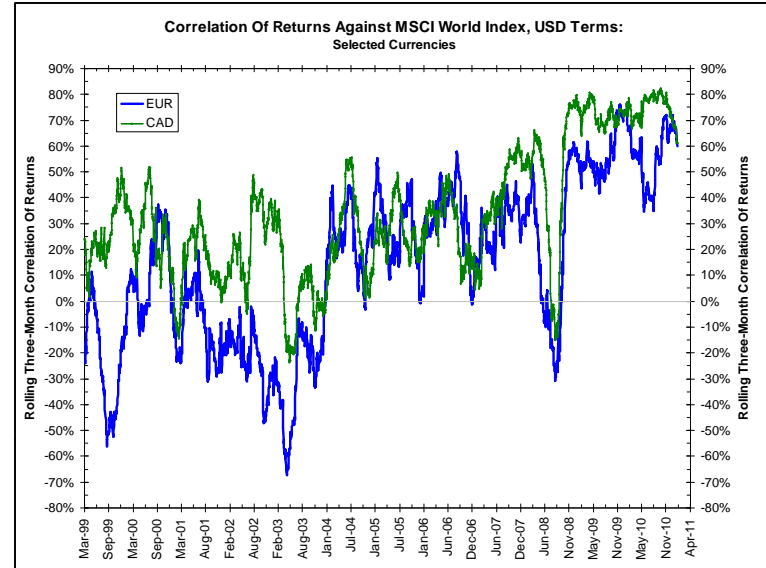
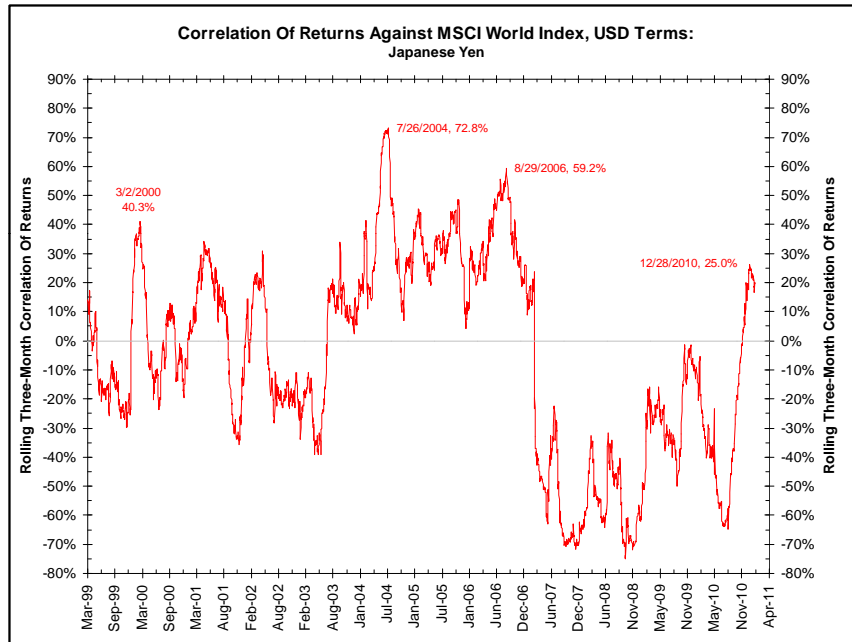
# World Bond Correlations



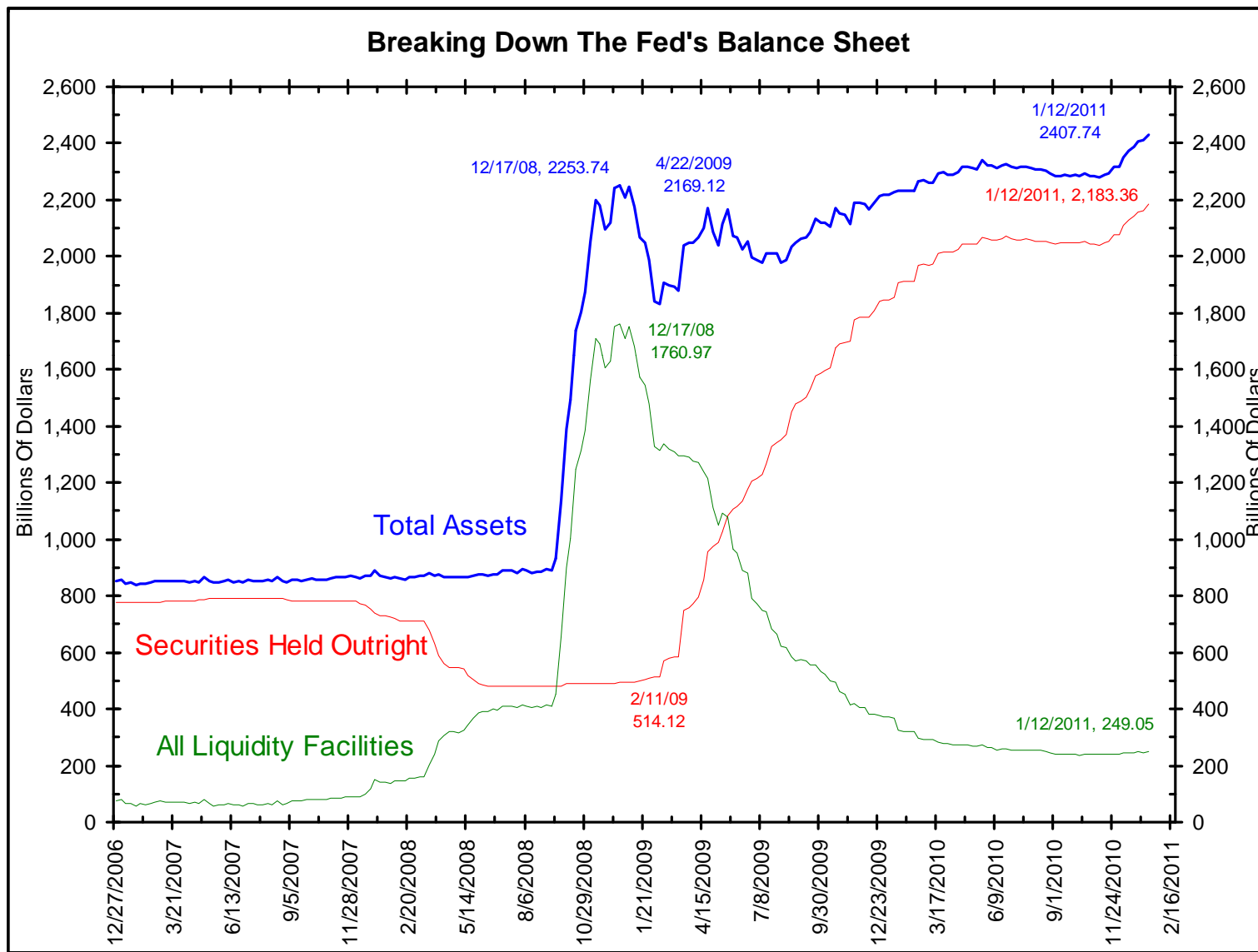
# World Commodity Correlations



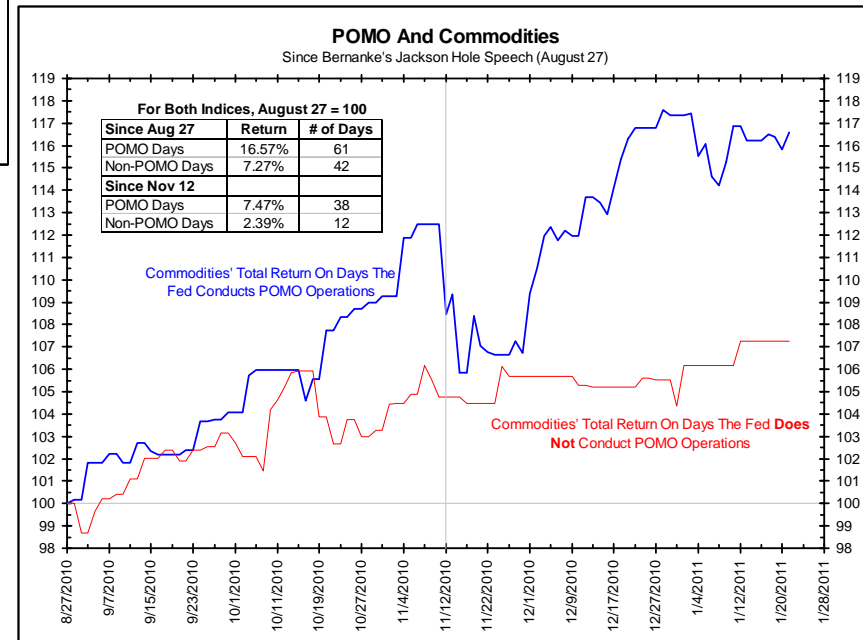
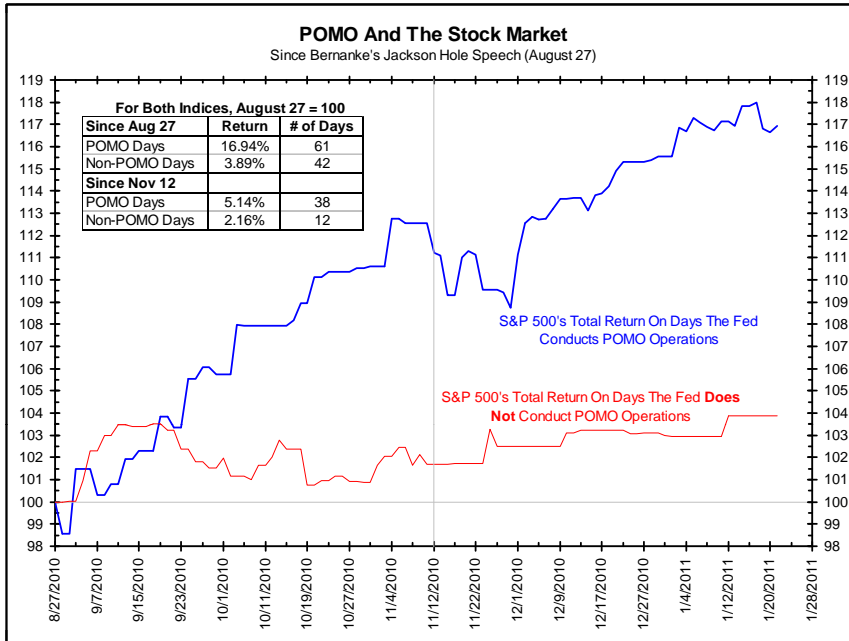
# World Currency Correlations



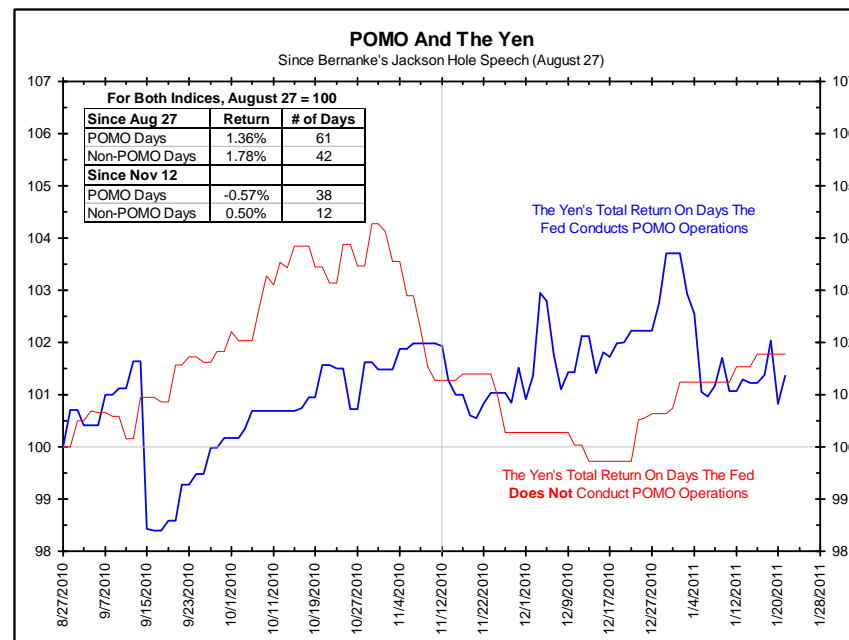
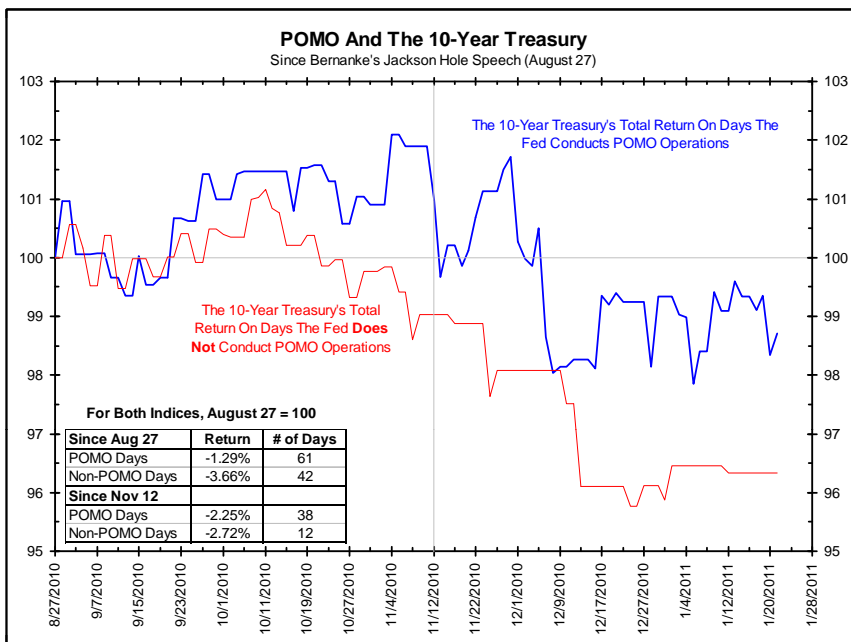
# The Federal Reserve's Balance Sheet



# POMO Works - Stocks And Commodities



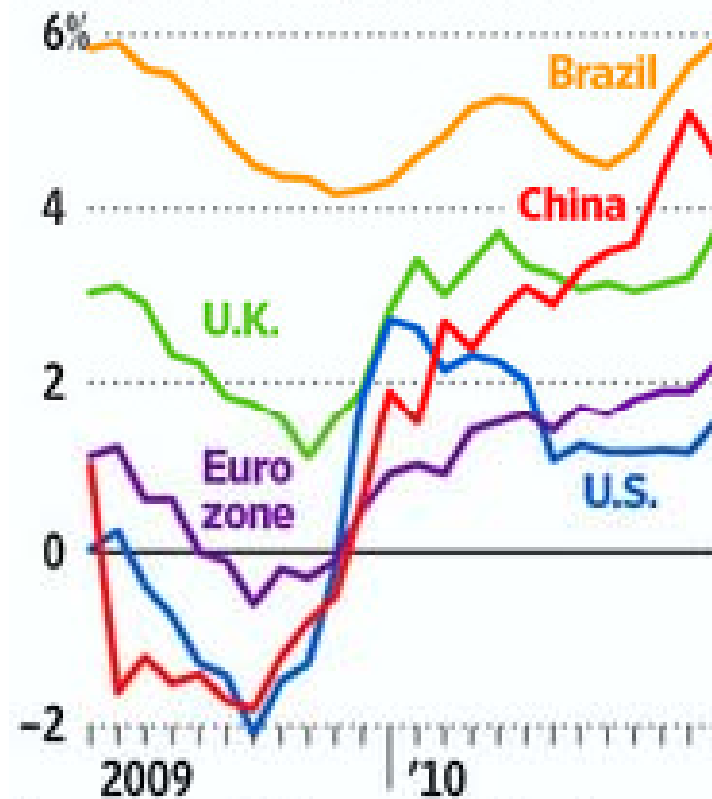
# POMO Doesn't Work - Bonds And Yen



## World Inflation

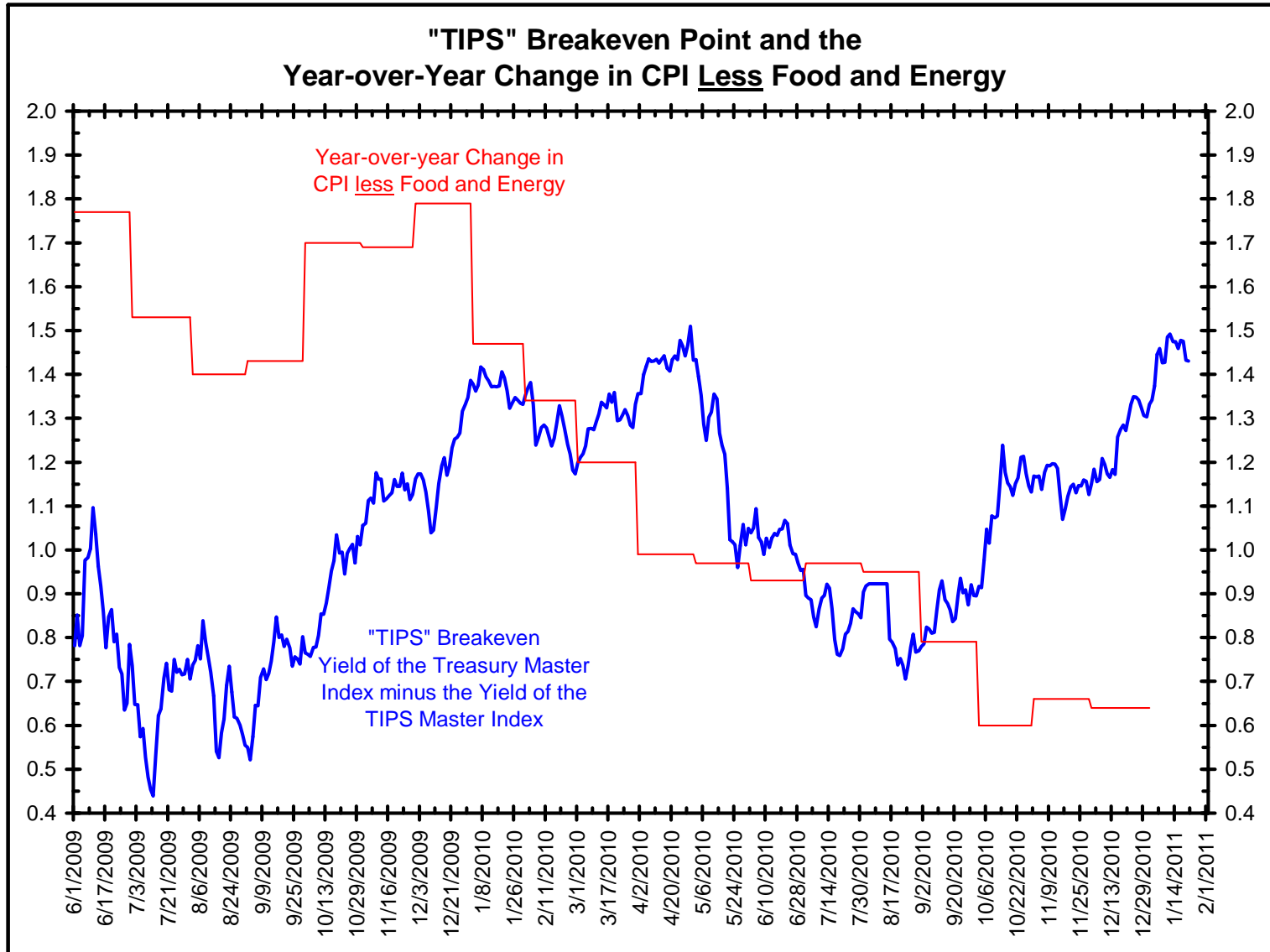
### Bubbling Up

Consumer-price indexes, change from a year earlier

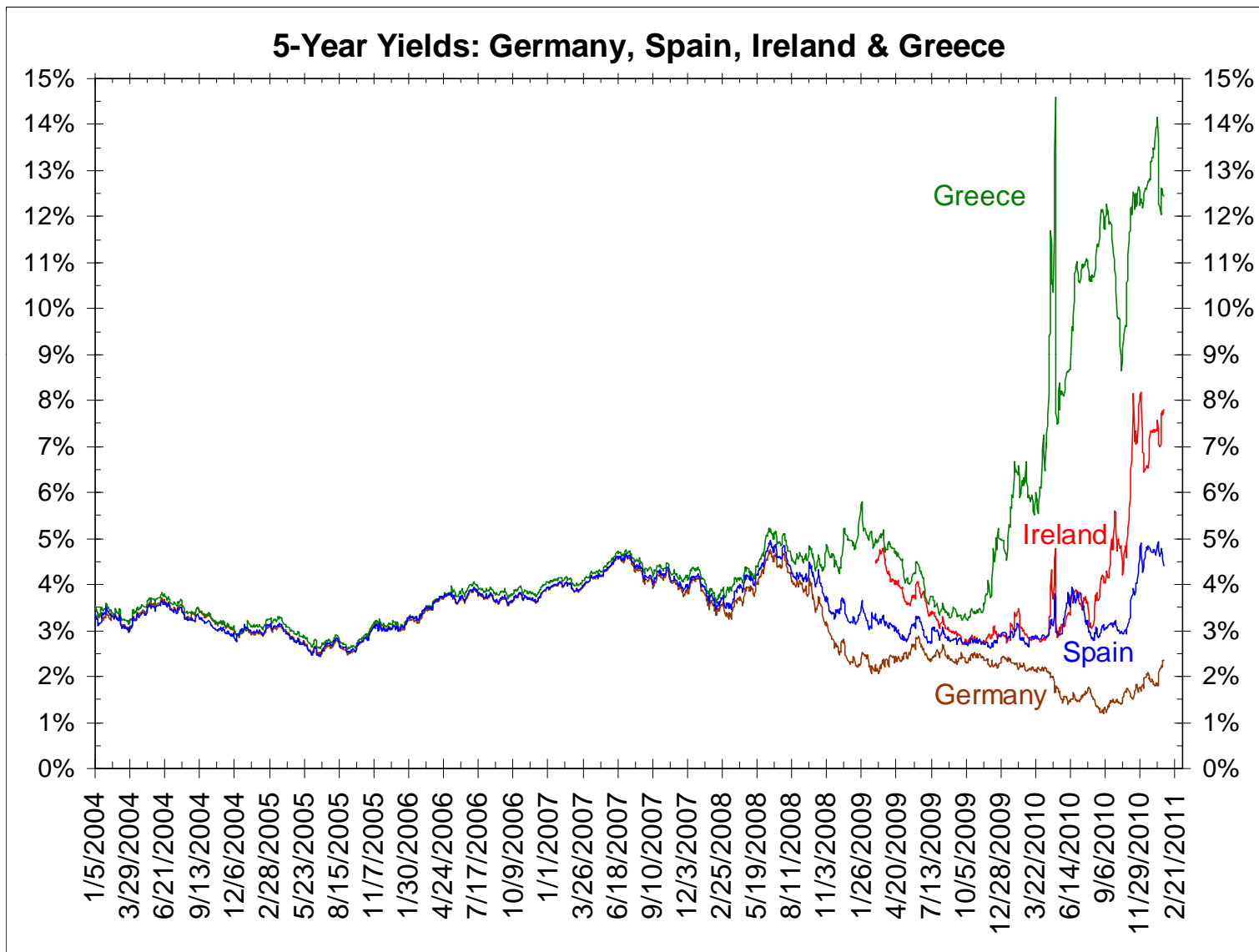


Sources: Eurostat (euro zone); China's National Bureau of Statistics (China); OECD

# Actual Inflation Versus Expected Inflation



# European 5-Year Yields



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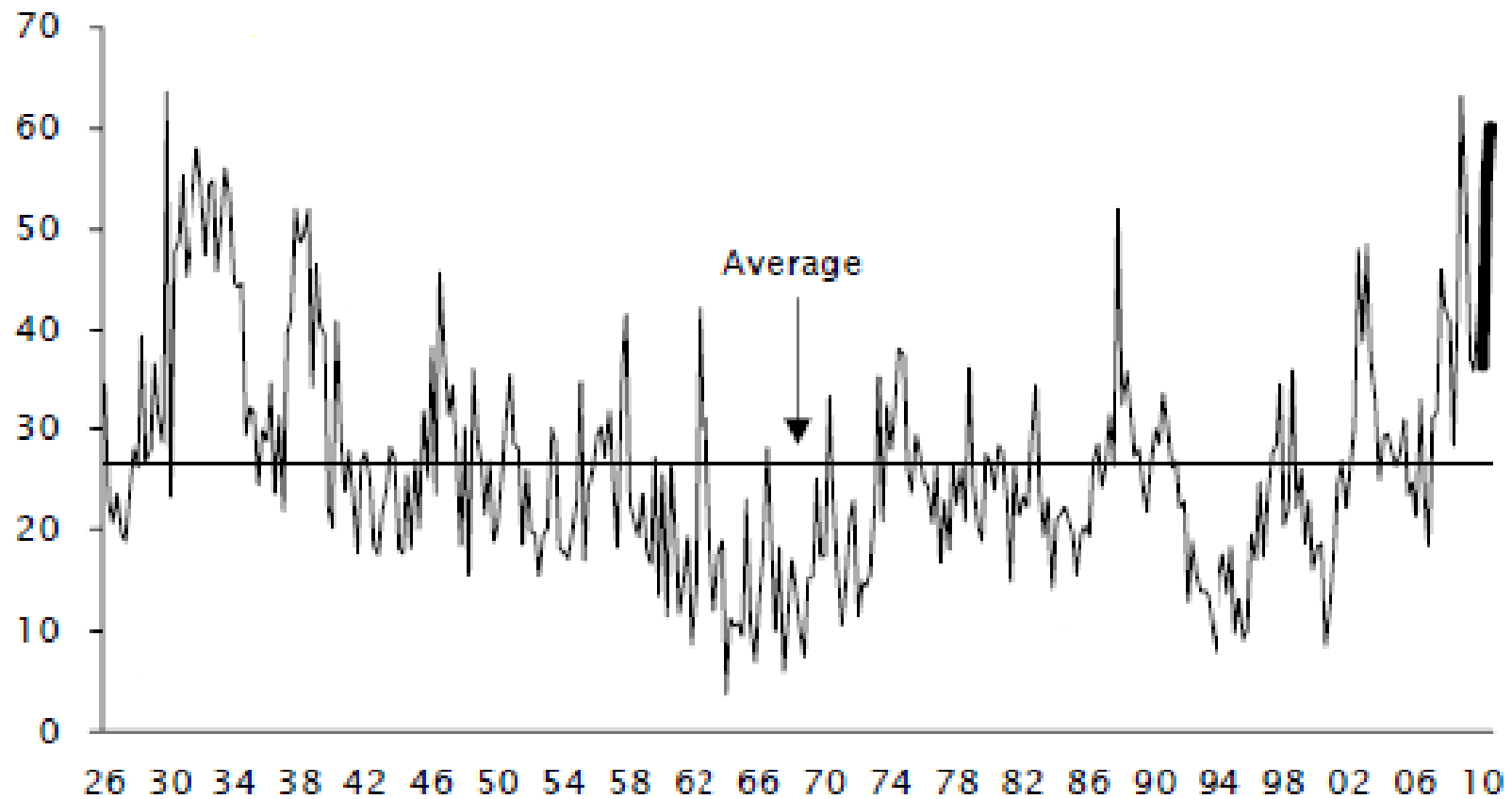
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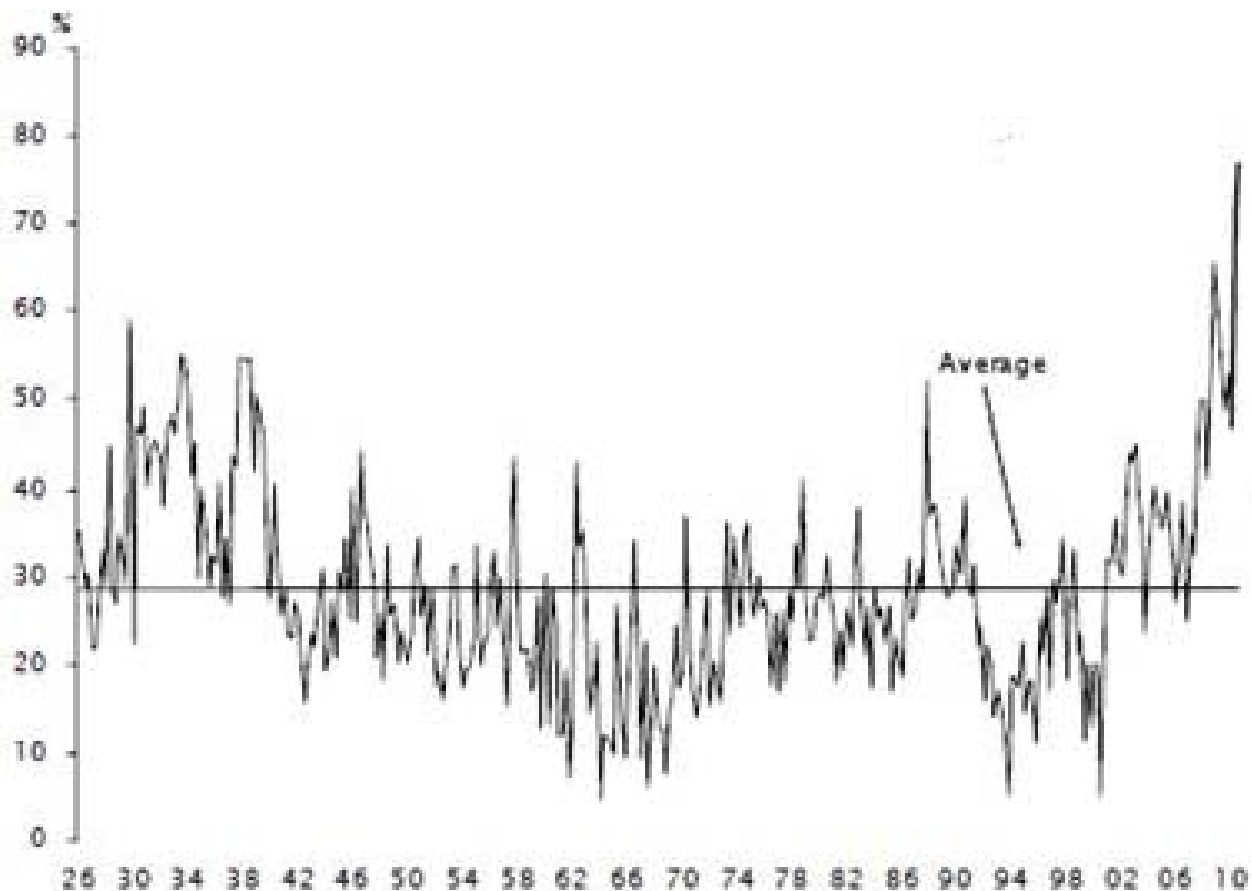
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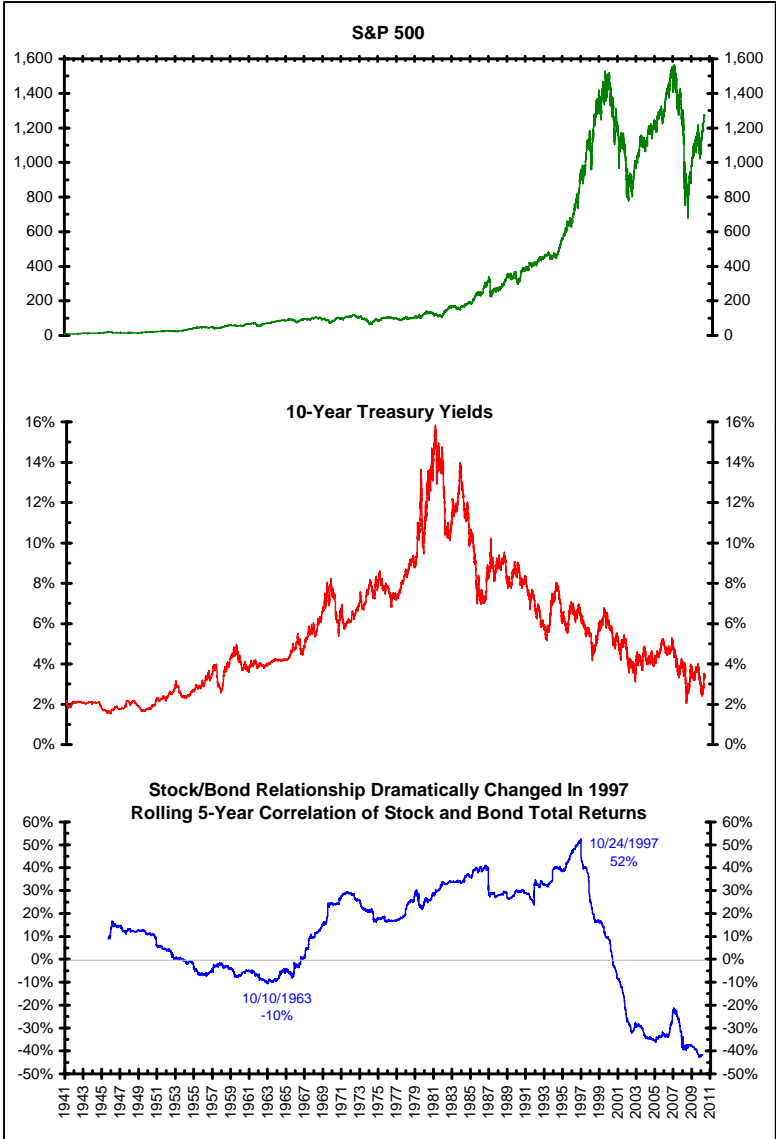


## Cap Equipment Stock Correlations

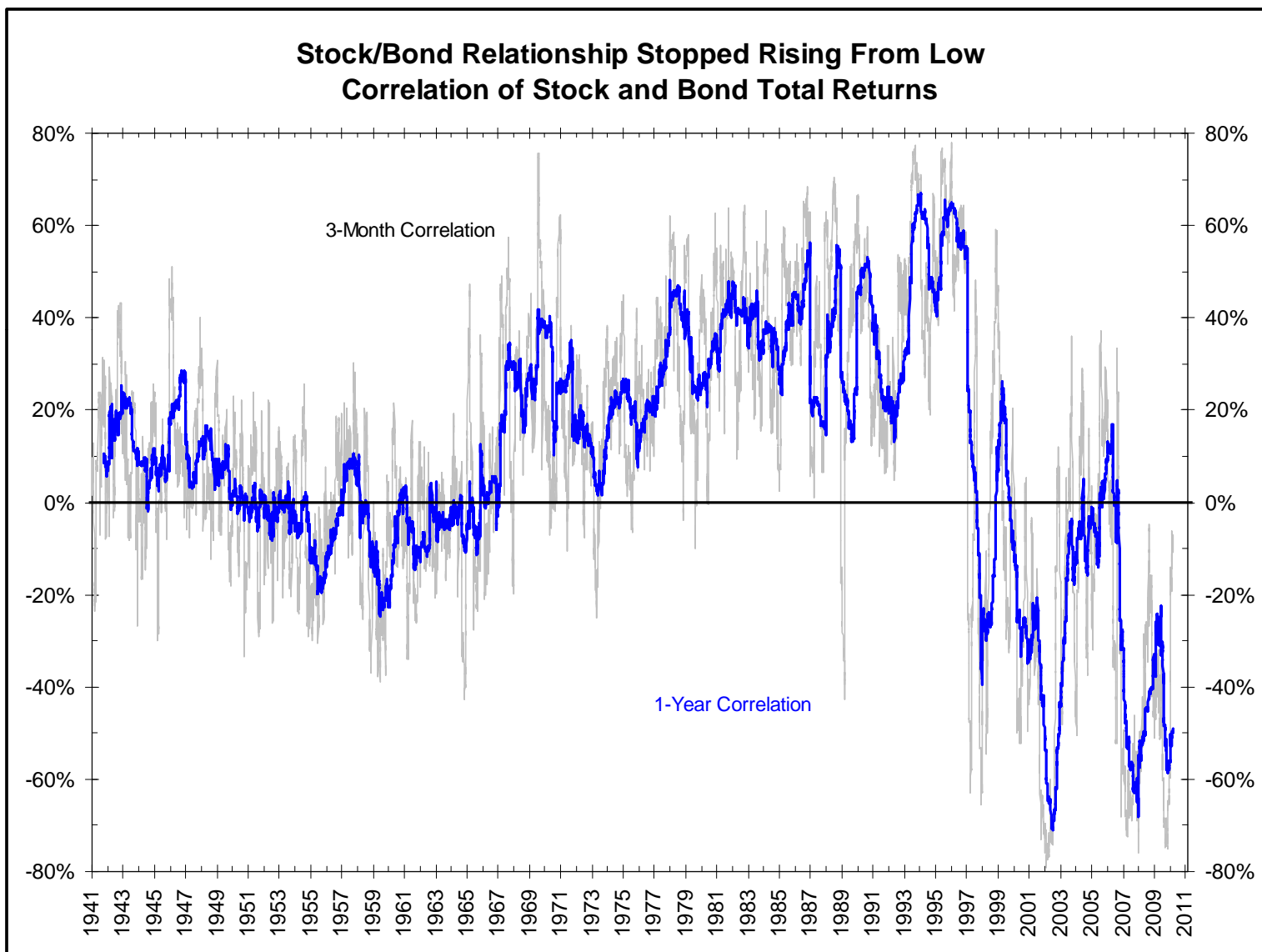
Large Capitalization Capital Equipment Stocks Average Cap-Weighted Return Correlations,\* 1926 Through Late July 2010



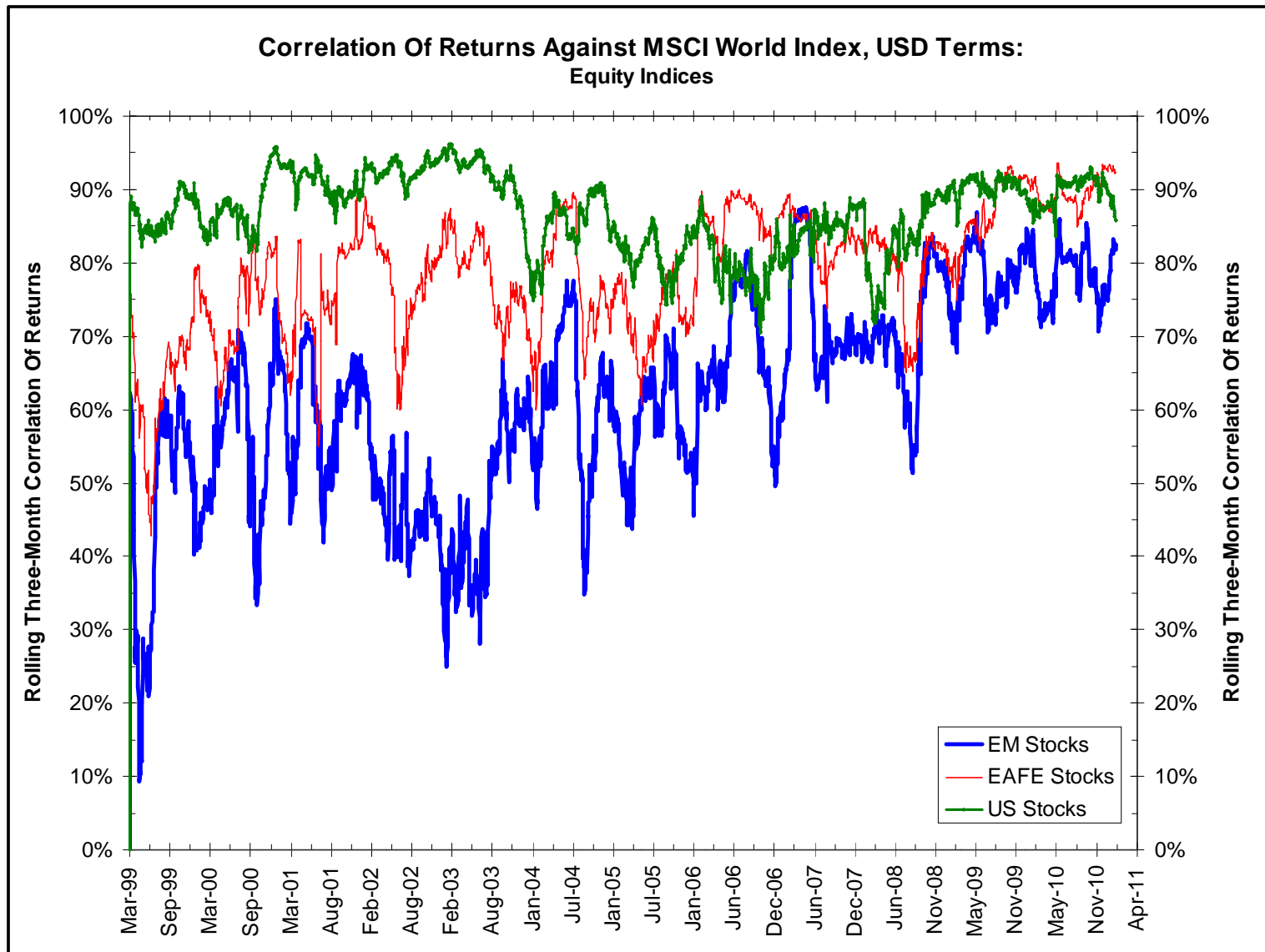
# S&P 500 And 10-Year Treasury Yields



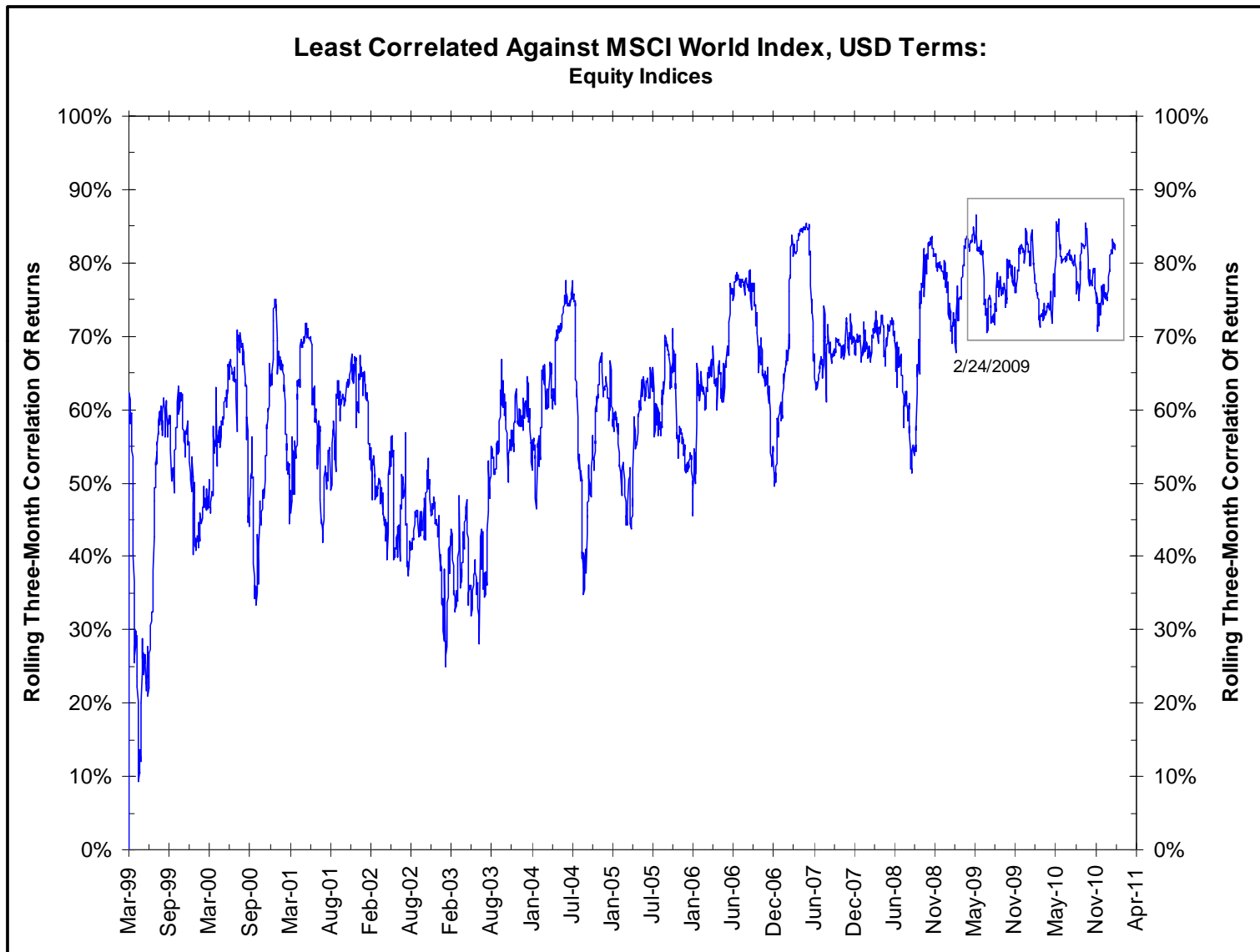
# Correlation Of Stock And Bond Total Returns



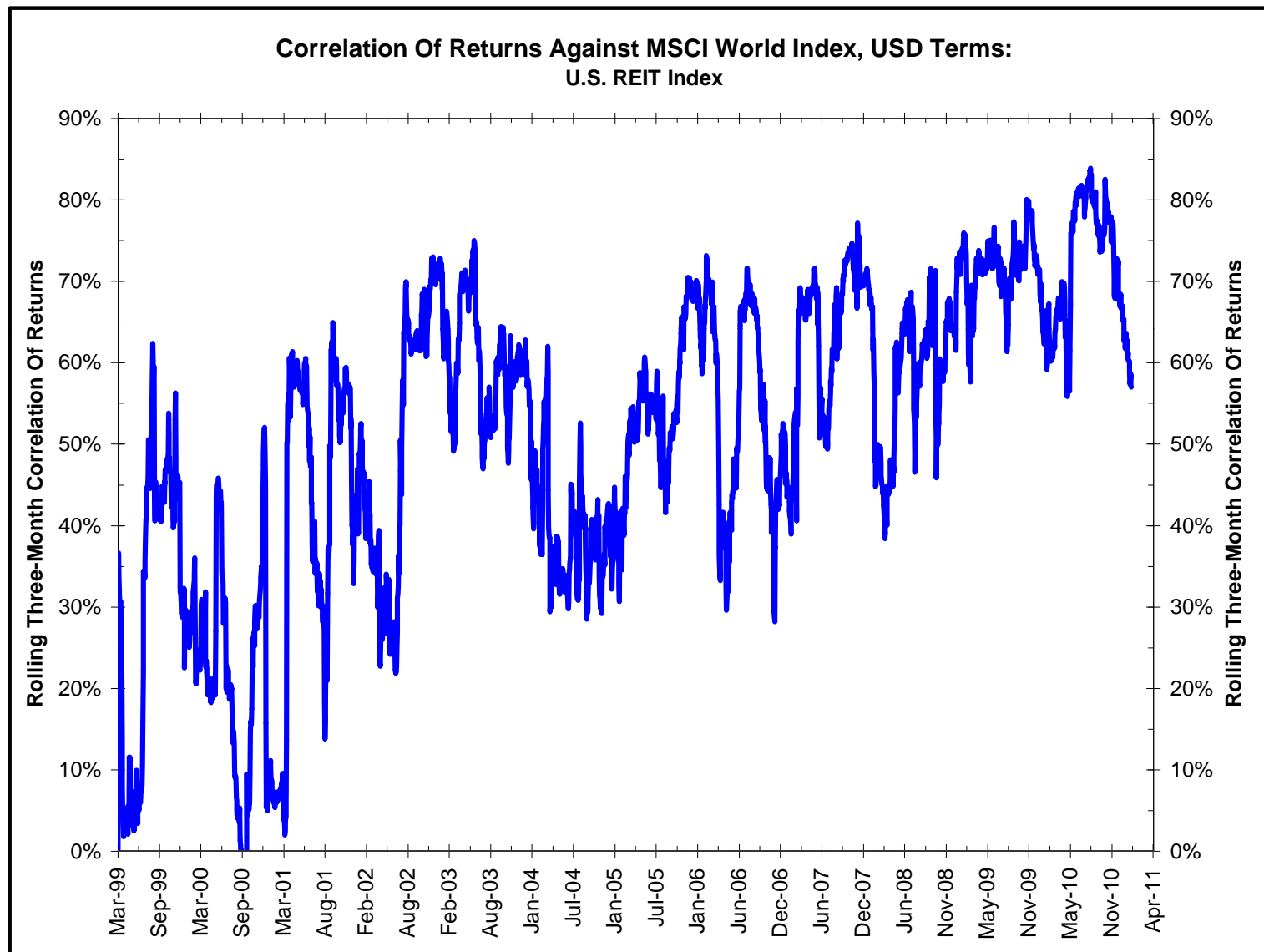
# Correlation Of Returns Against MSCI World Index – Equity Indices



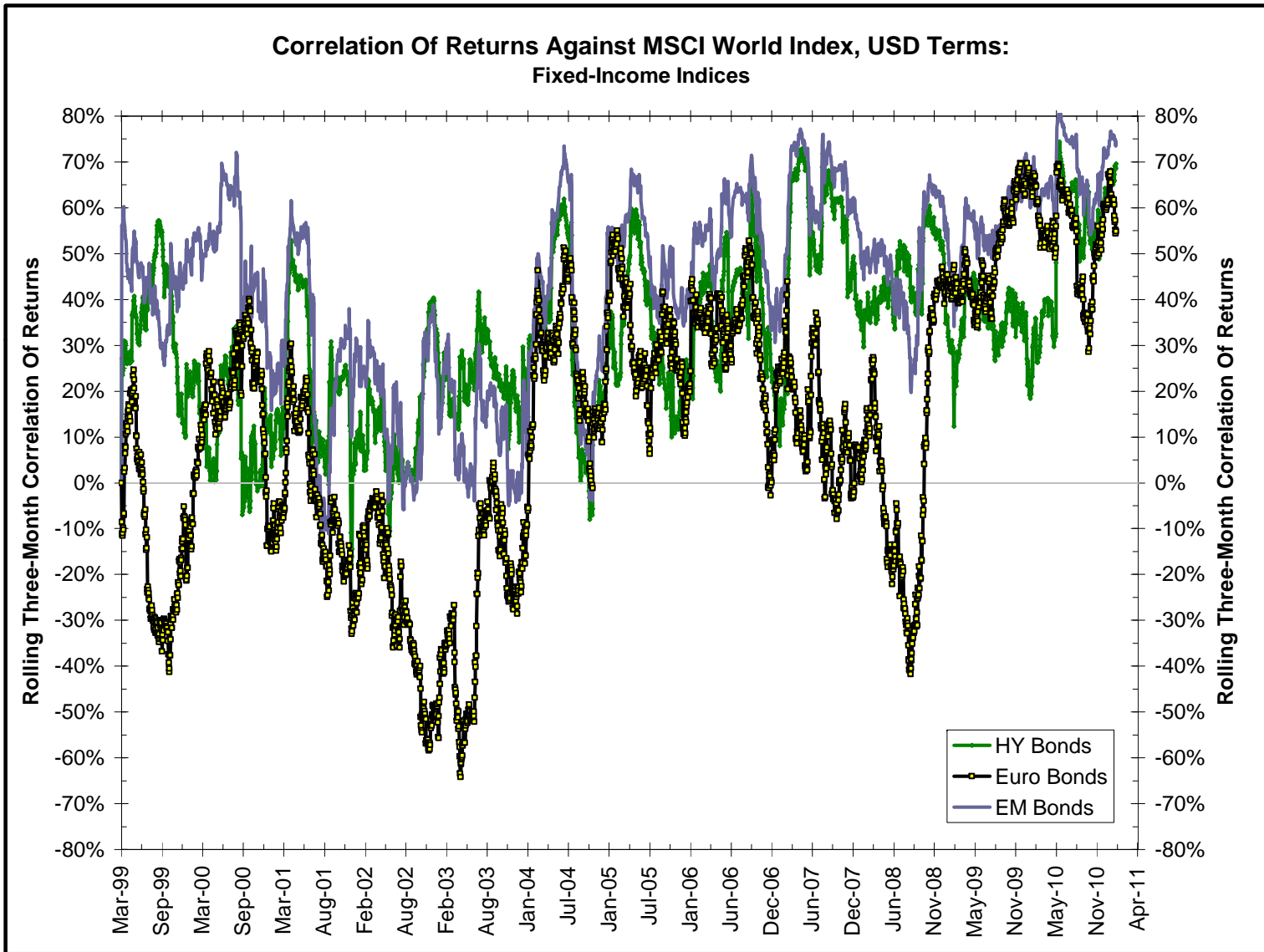
# Least Correlated Against MSCI World Index – Equity Indices



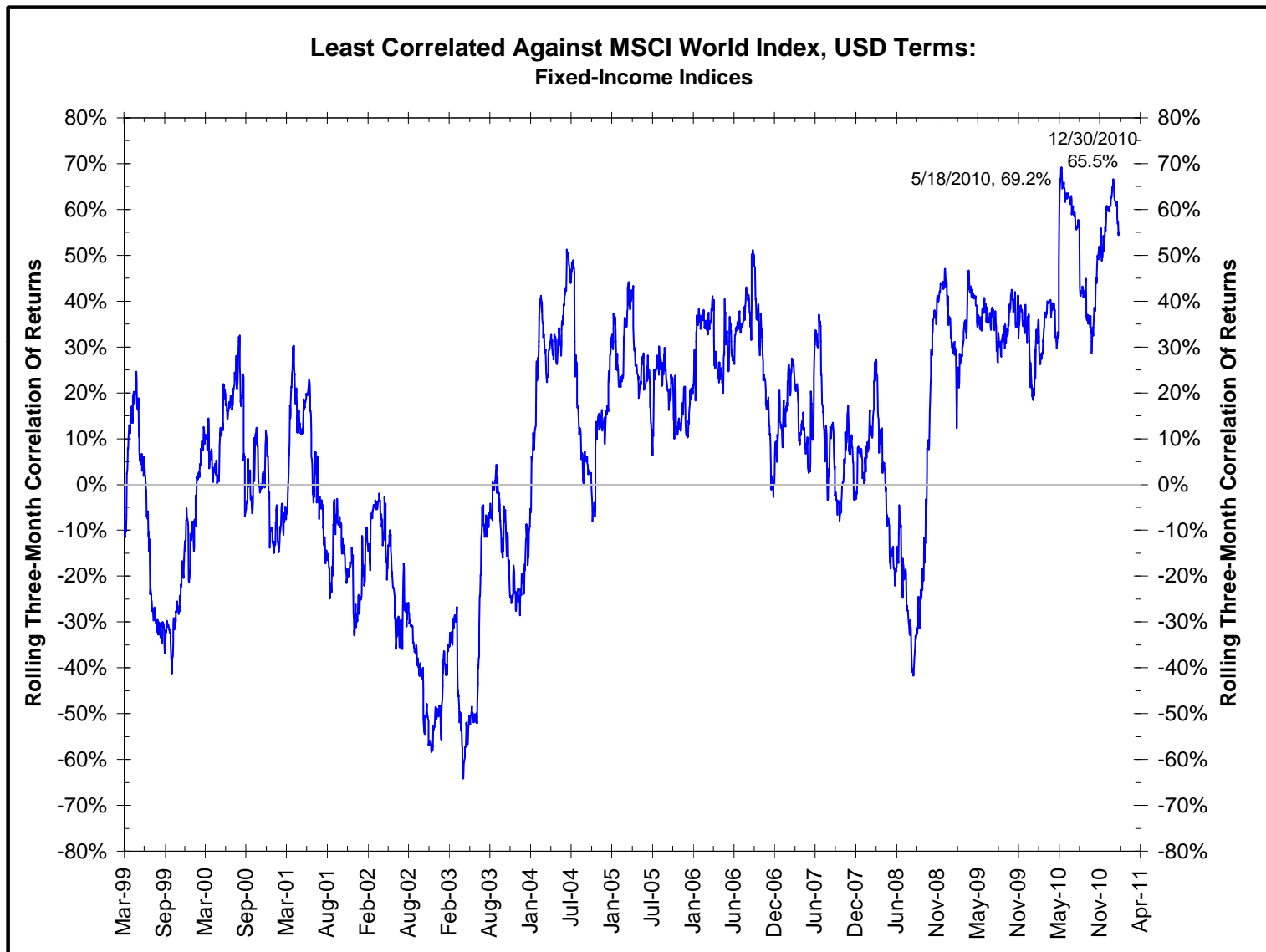
# Correlation Of Returns Against MSCI World Index – REIT Index



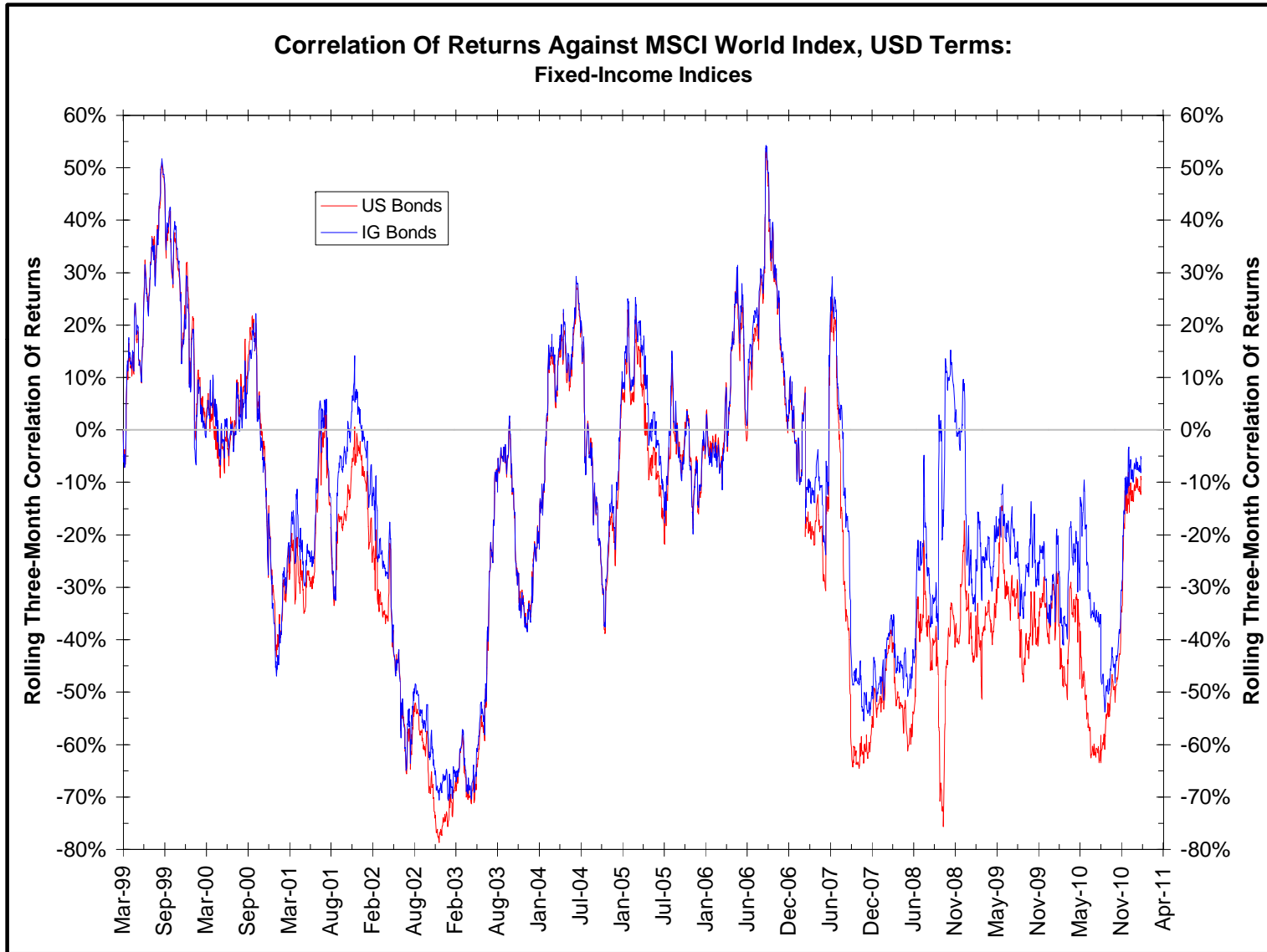
## Correlation Of Returns Against MSCI World Index – Fixed-Income Indices - 2



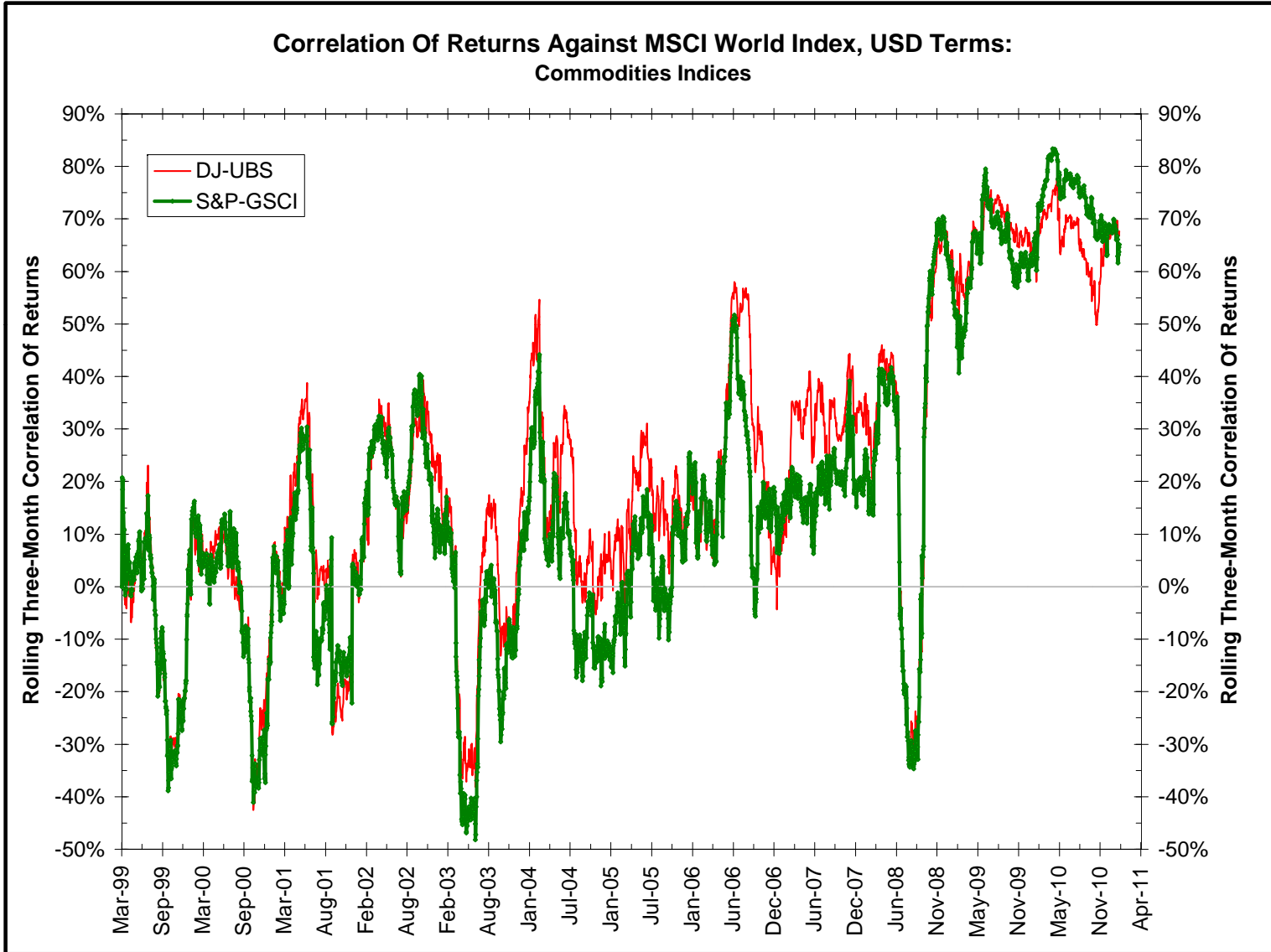
## Least Correlated Against MSCI World Index – Fixed Income Indices



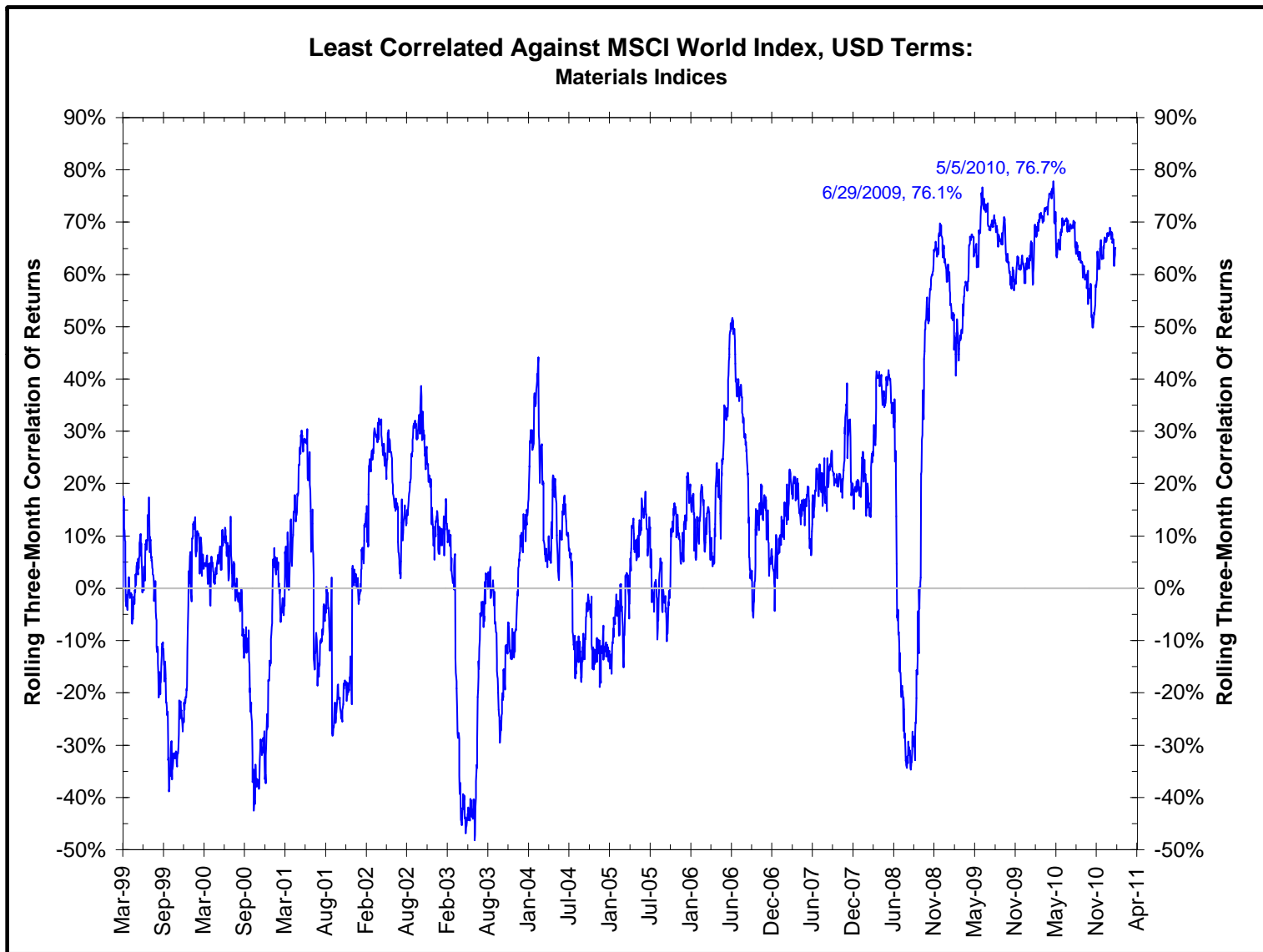
# Correlation Of Returns Against MSCI World Index – Fixed-Income Indices



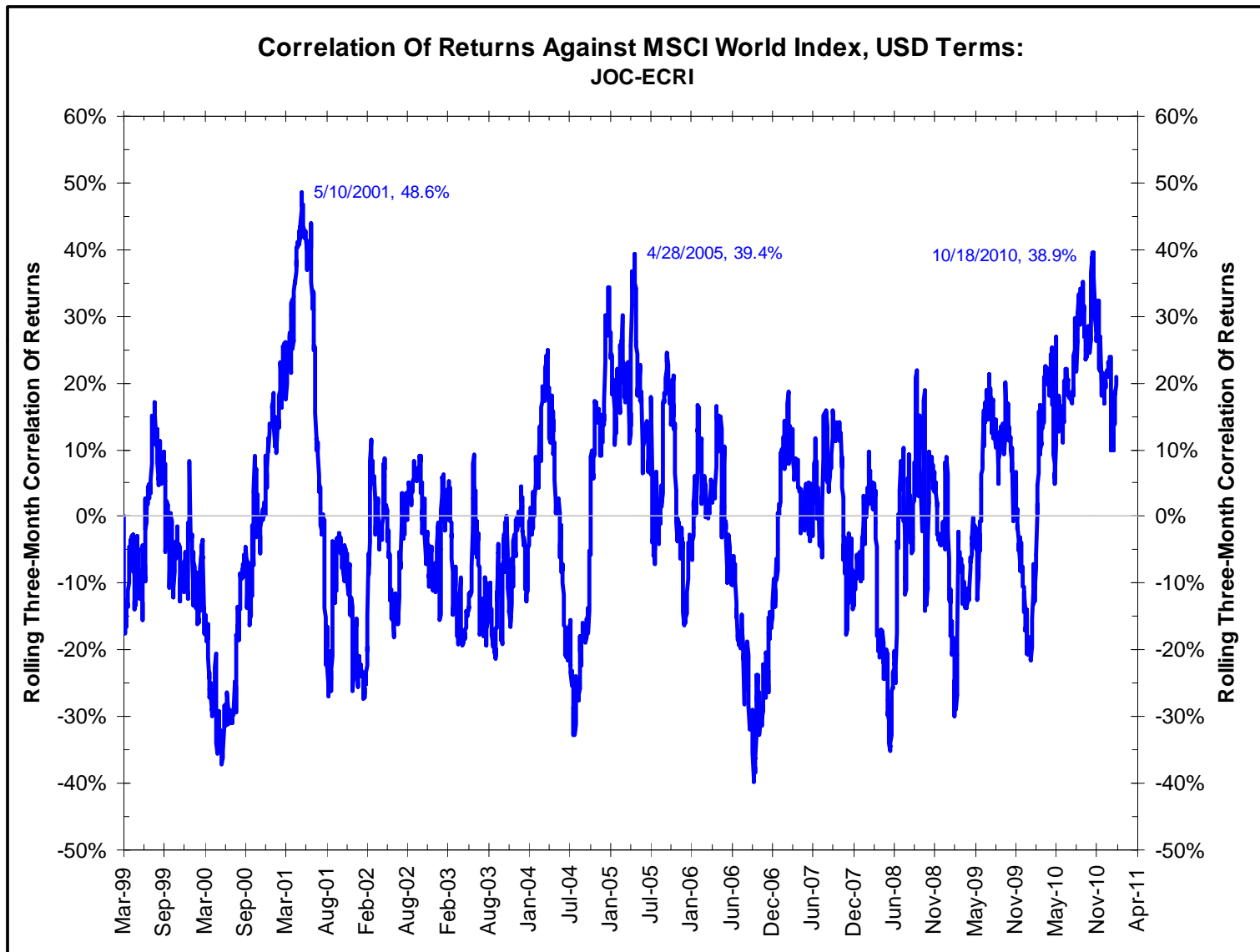
# Correlation Of Returns Against MSCI World Index – Commodities Indices



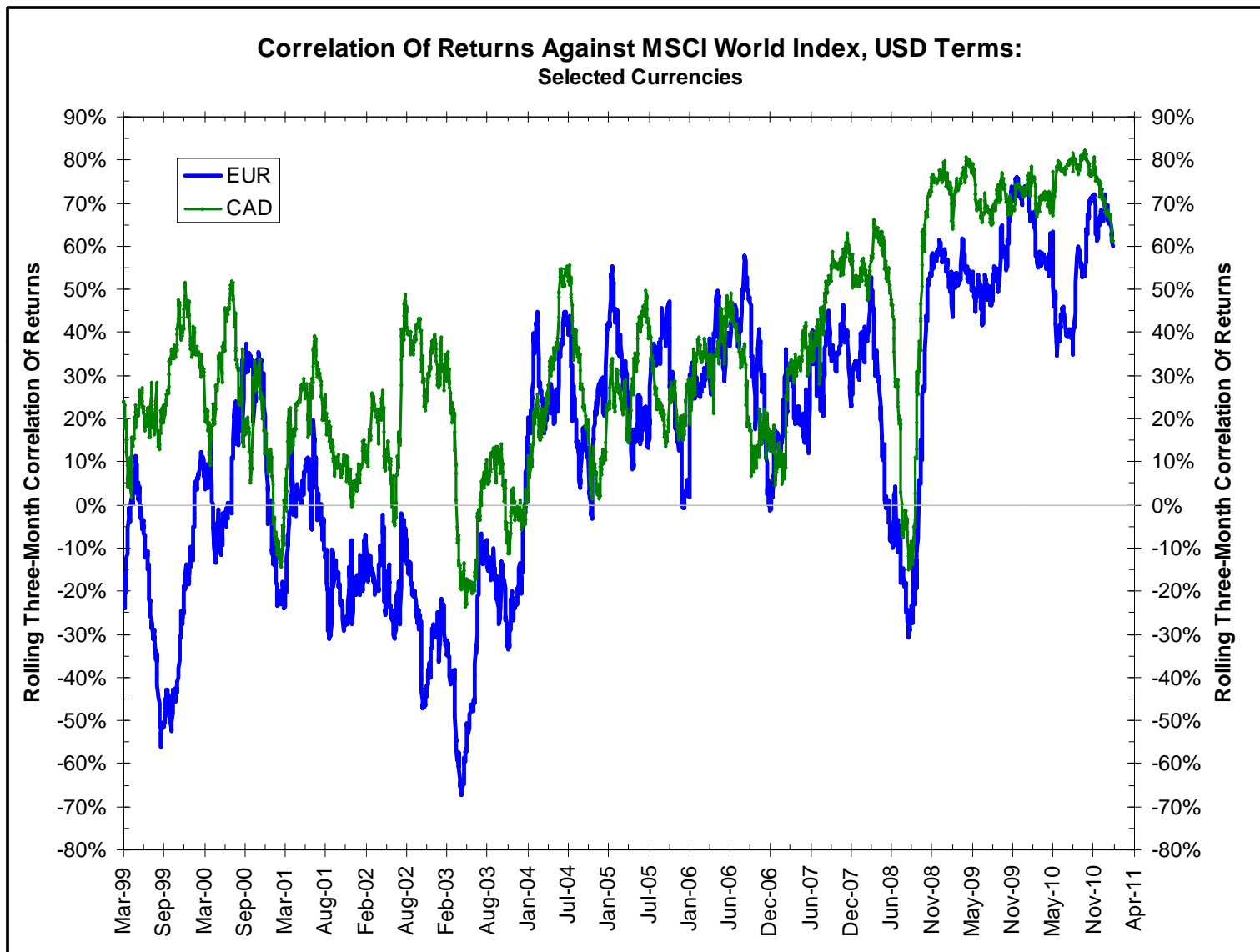
# Least Correlated Against MSCI World Index – Materials Indices



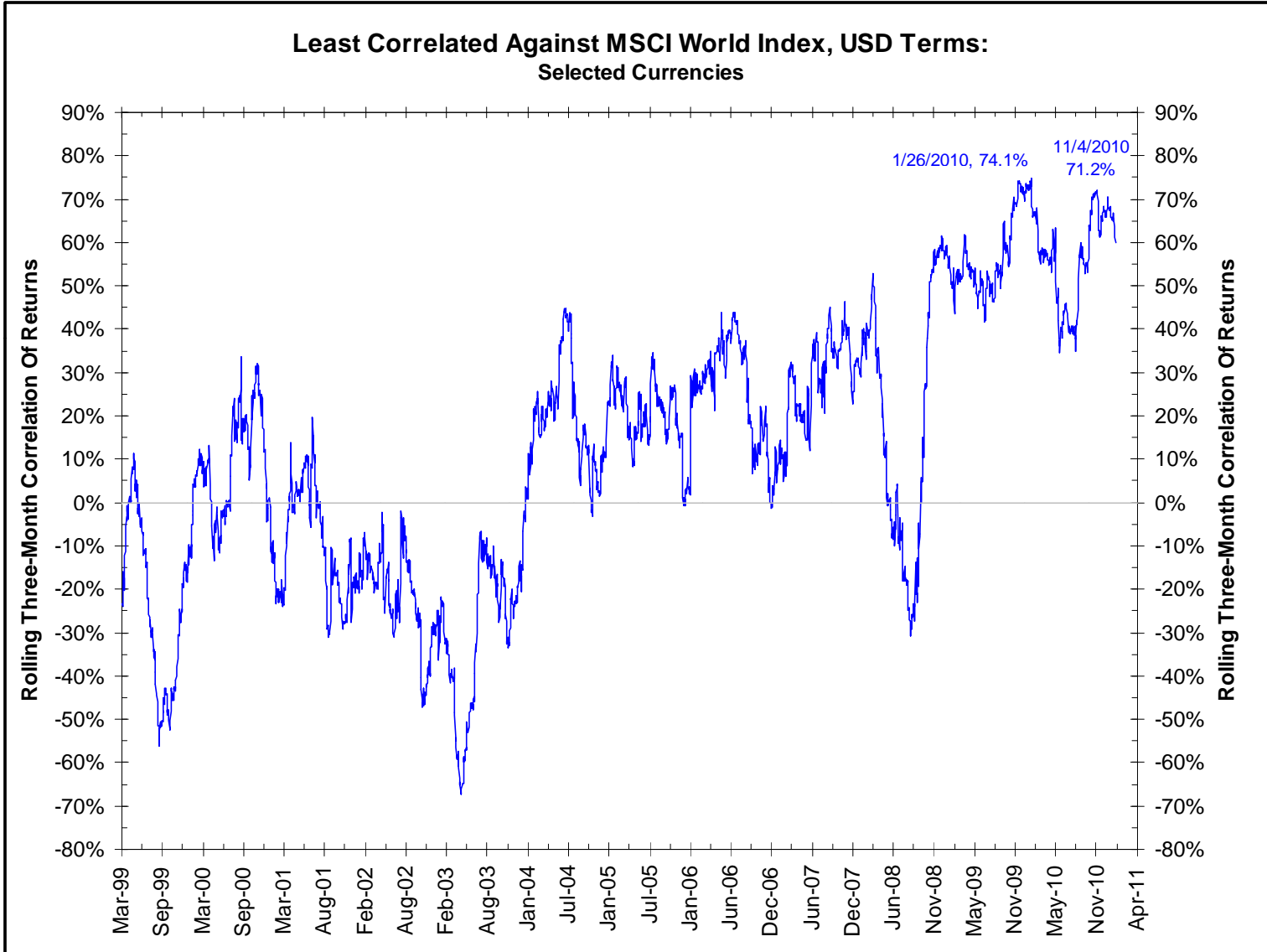
# Correlation Of Returns Against MSCI World Index – JOC-ECRI



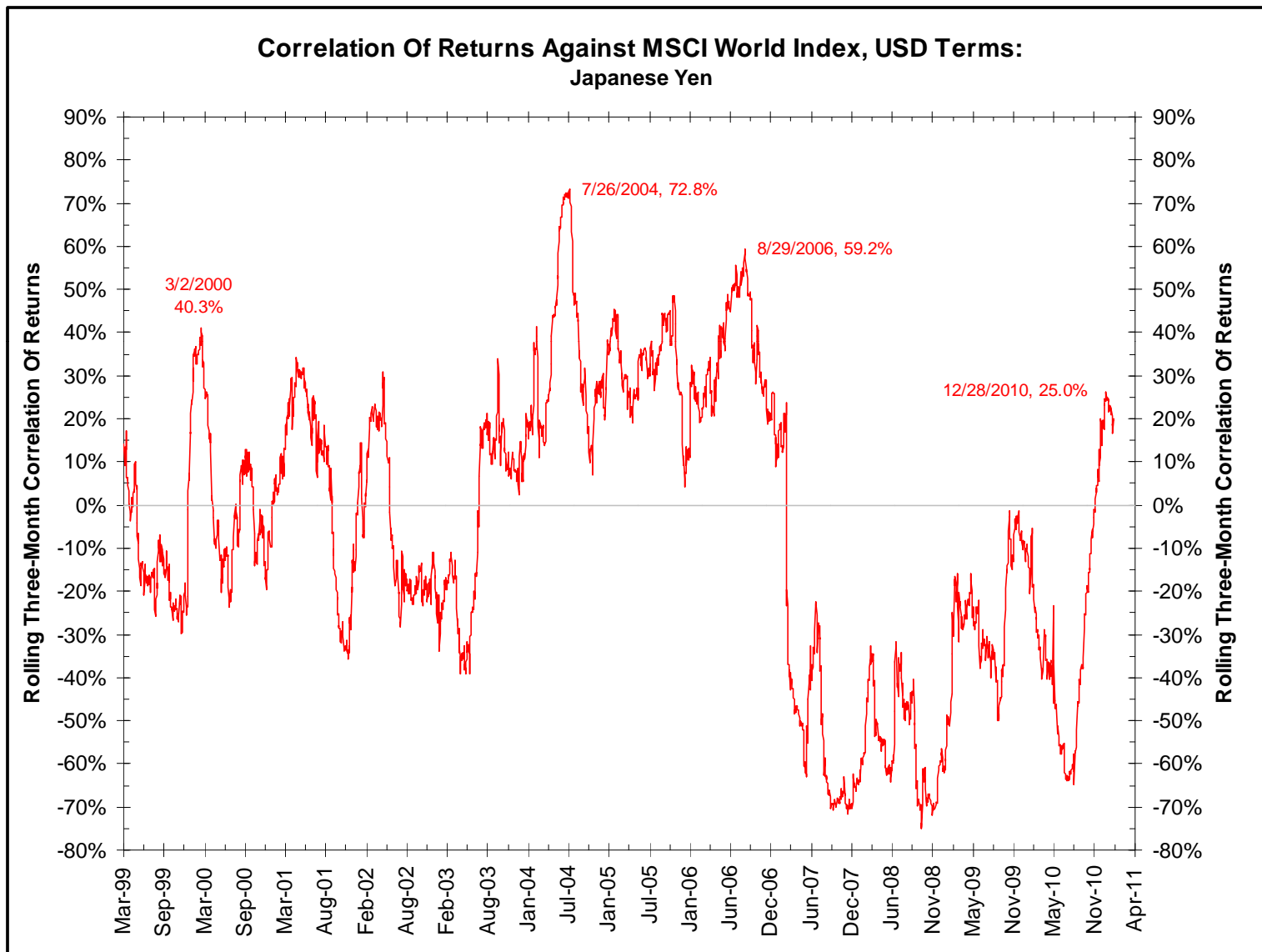
# Correlation Of Returns Against MSCI World Index – Selected Currencies



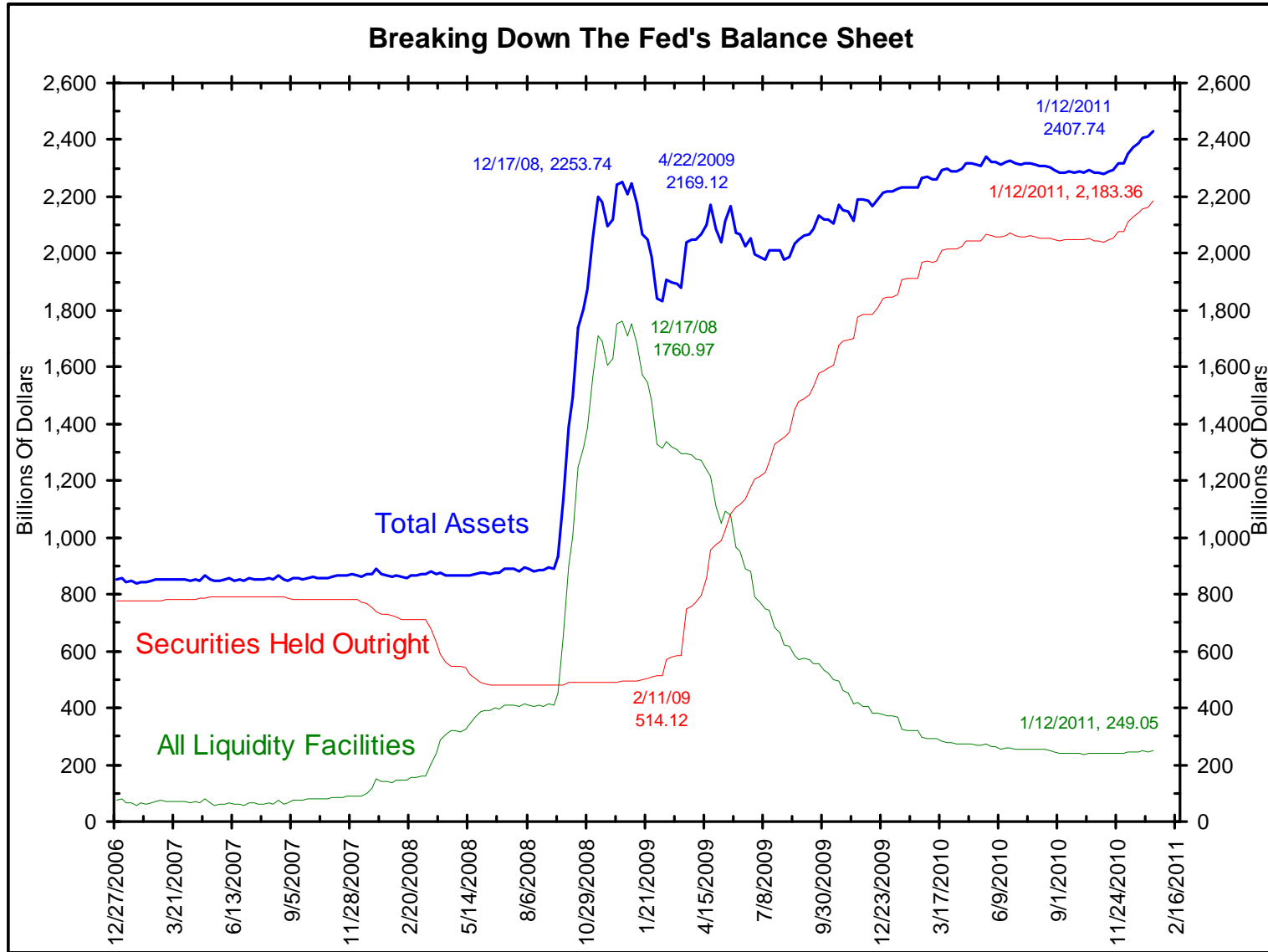
# Least Correlated Against MSCI World Index – Selected Currencies



# Correlation Of Returns Against MSCI World Index – Japanese Yen



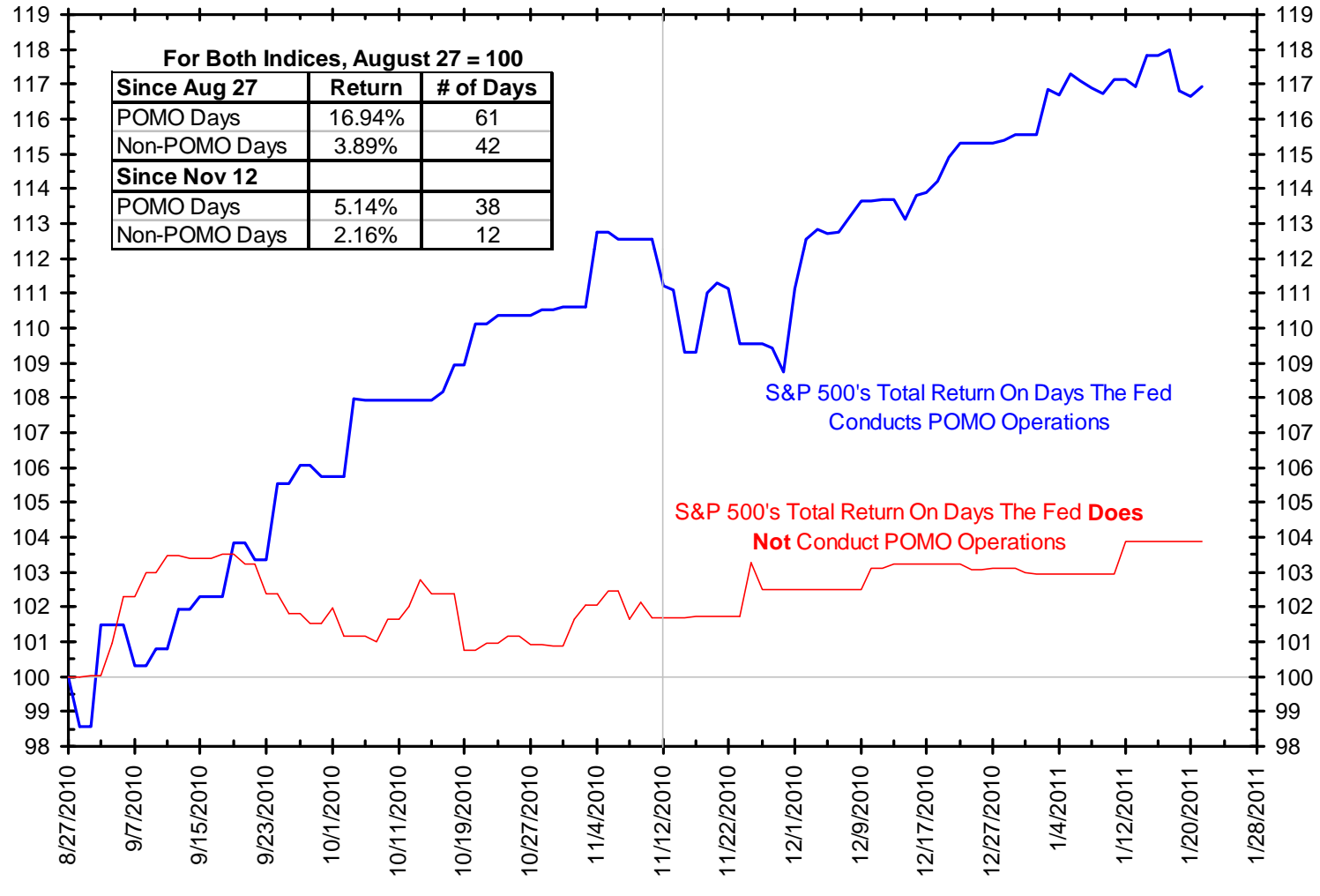
# The Federal Reserve's Balance Sheet



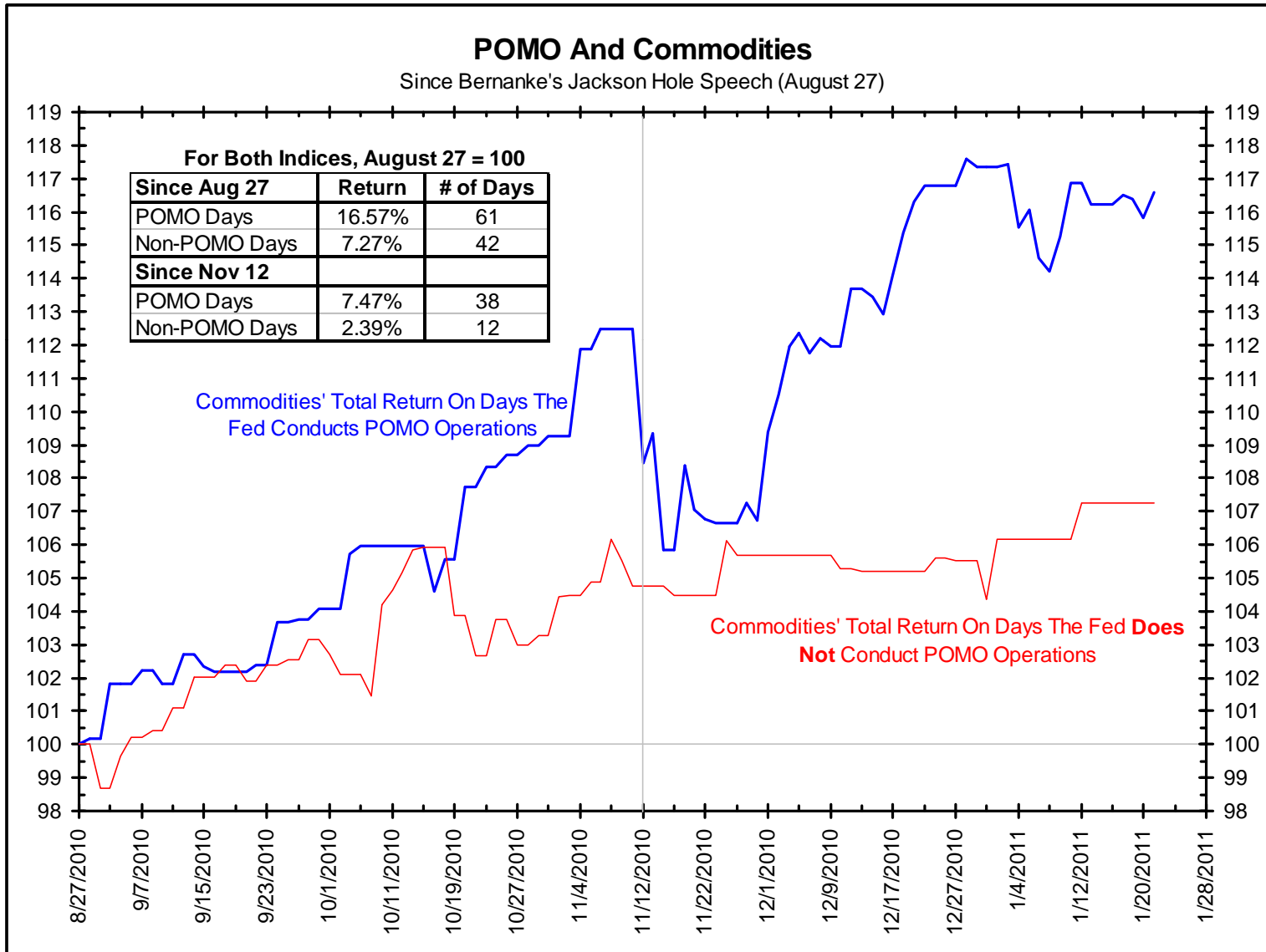
# POMO And The Stock Market

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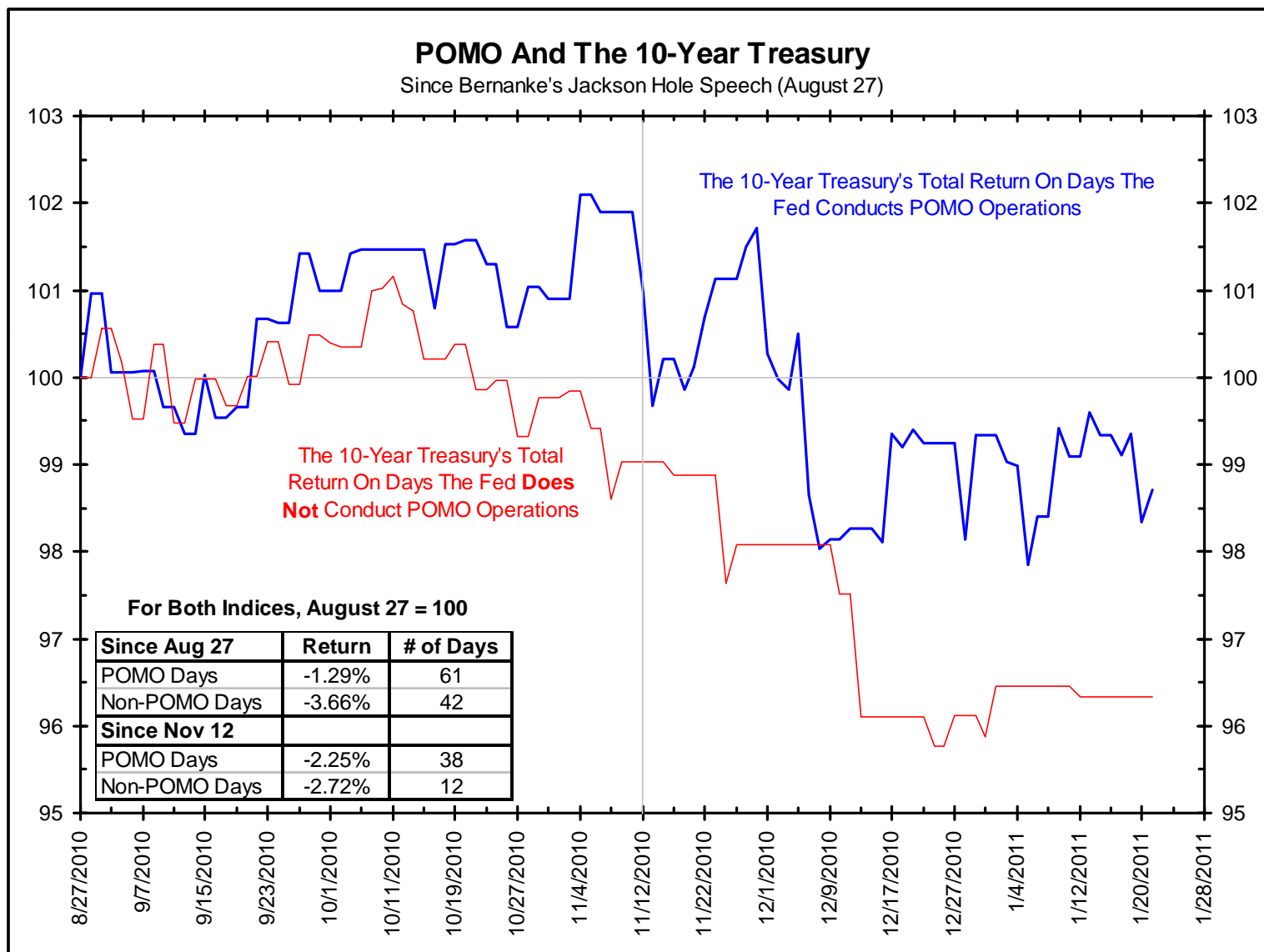
Since Bernanke's Jackson Hole Speech (August 27)



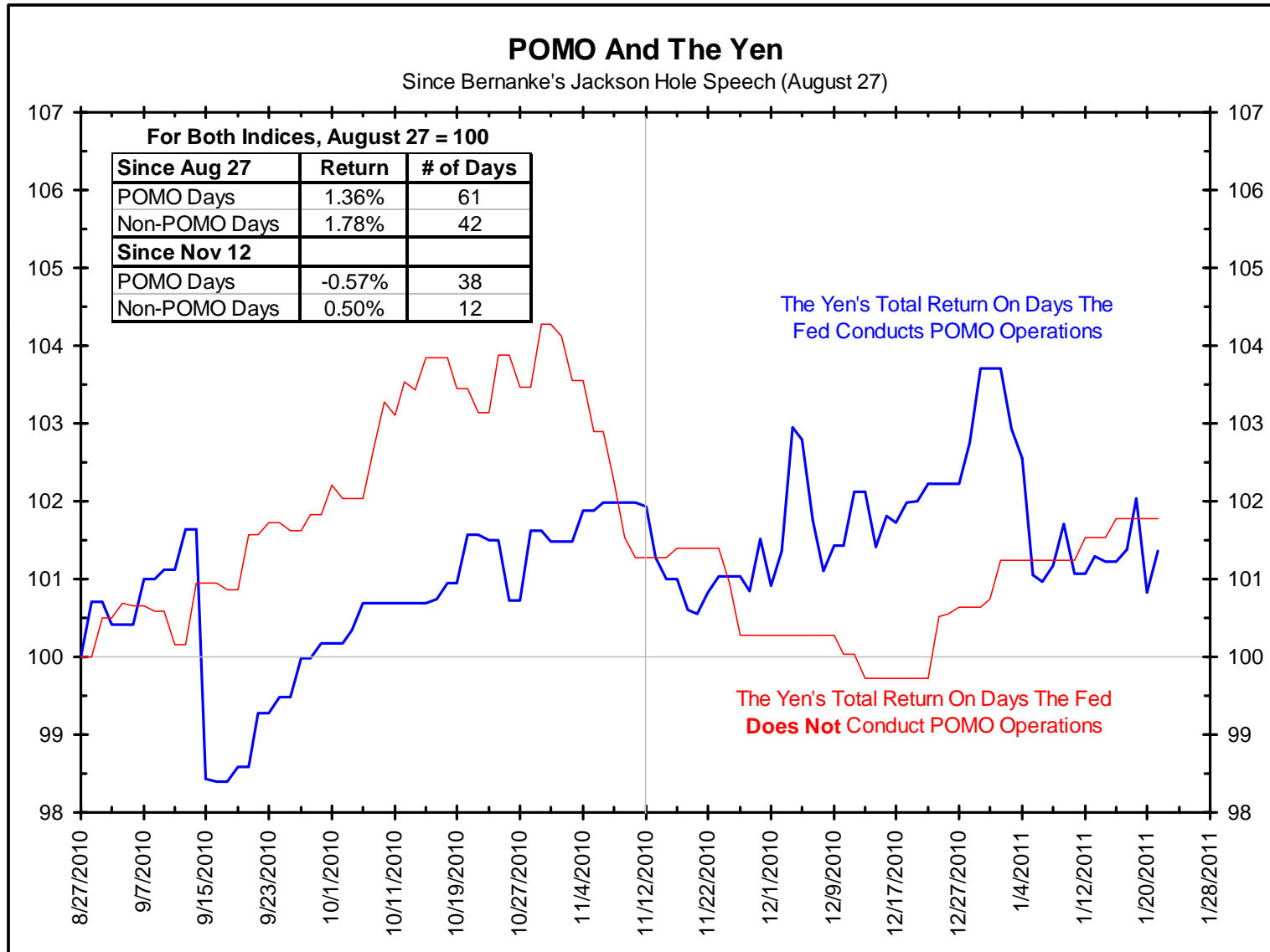
# POMO And Commodities



# POMO And The 10-Year Treasury



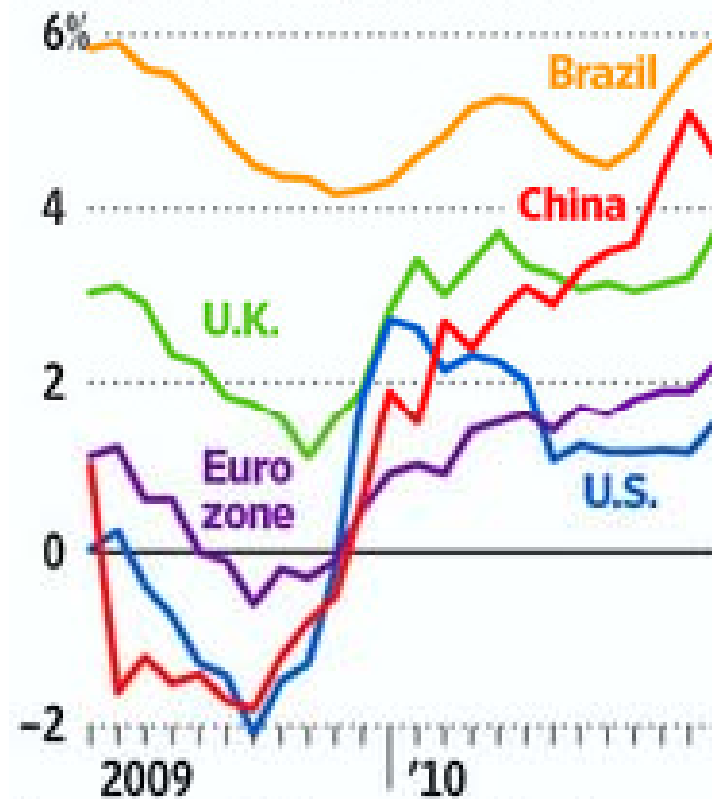
# POMO And The Yen



## World Inflation

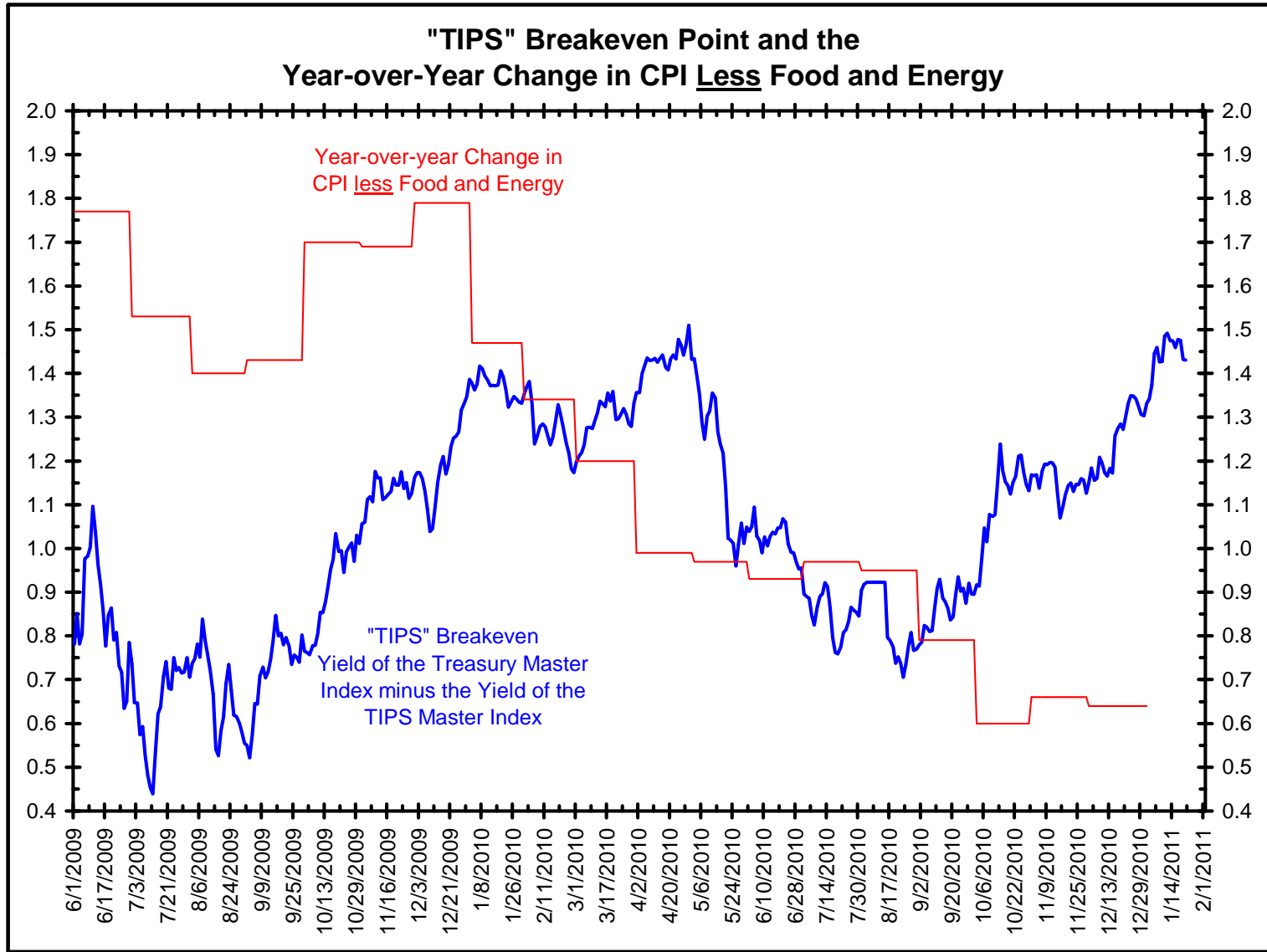
### Bubbling Up

Consumer-price indexes, change from a year earlier



Sources: Eurostat (euro zone); China's National Bureau of Statistics (China); OECD

# Actual Inflation Versus Expected Inflation



# European 5-Year Yields

