

Tullett Prebon Research, a blog by Dr Tim Morgan

Perfect Storm report now live

by Tim Morgan on January 21, 2013

As many readers will know, I've spent a long time researching a major report on the fundamentals of the economic outlook. This report is now available for download [here](#).

The central theme is that we are at the confluence of no less than four critical economic trends. Whilst each is disturbing enough in itself, the combination of all four of these trends can indeed be described as a "perfect storm".

First, the Western world is still mired in the fall-out from the 'credit super-cycle', a bubble so vast that it makes Dutch tulips, British south sea stock, the 1840s railway boom and "the roaring twenties" look like "little local difficulties".

Second, globalisation is now being exposed as a disaster which has driven a critical wedge between Western nations' consumption and their production. Third, policymakers and the public do not even have access to data reliable enough for an accurate appraisal of the predicament.

Most important – given that the economy is an energy dynamic, not a monetary construct – the critical surplus energy component is now in rapid and seemingly-irreversible decline. Policymakers – blinded both by short-termism and by a focus on the monetary token rather than the energy reality – have yet to recognise the real problem.

The critical harbingers of the coming challenge are becoming ever clearer, in rising energy costs and in related pressures on energy-enabled resources as diverse as minerals, food and water. As the dysfunctional relationship between monetary claims and energy capabilities deteriorates, we can expect inflation to be stirred into a mix that is looking increasingly volatile.