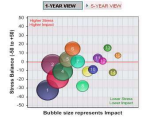


Top Risks to the Global Economy

Oxford Analytica's Macro Political-Economy Risk Monitoring Service



**Oxford
Analytica**

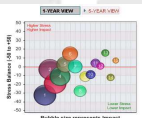


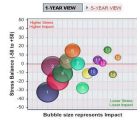
“How to Assess the Likelihood of the Unlikely”

“Intelligence is about knowledge, about facts. Forecasting is about imaginative extrapolation from known facts into the future...I am talking about the capacity to make judgements based on available facts about LIKELIHOOD and about RISK in the near to medium future”

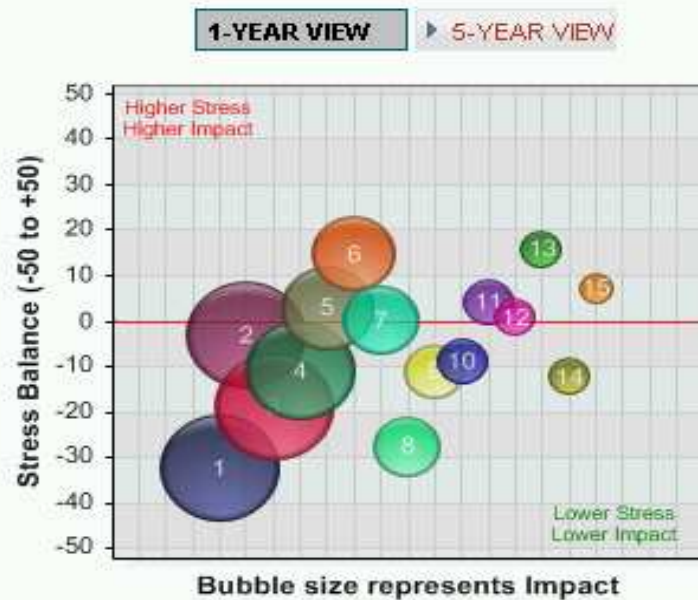
**Sir Colin McColl, former Head of MI6
Oxford Analytica’s Region Head and creator of the GSPM™**

**What we need to make good decisions is to be able to see
over the knowledge horizon.**

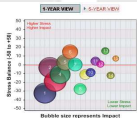




We have developed a systematic methodology to measure the likelihood of the unlikely.



Rank	Global Stress Point
1	CHINA/TAIWAN: Armed hostilities
2	INTERNATIONAL: Oil price shock
3	UNITED STATES: Deep recession
4	INTERNATIONAL: Return to protectionism
5	INTERNATIONAL: Avian flu pandemic
6	NORTH KOREA: Military conflict
7	INTERNATIONAL: Terrorist dirty bomb
8	INTERNATIONAL: Chemical/biological attack
9	UNITED STATES/IRAN: US Strike on Iran
10	CENTRAL ASIA: Risk of major disorder
11	RUSSIA: Rise of assertive nationalism
12	LATIN AMERICA: Disruption to hydrocarbons sector
13	PAKISTAN: State collapse
14	NIGERIA: Large-scale disorder in the Delta
15	INDIA/PAKISTAN: Armed hostilities
16	IRAQ: Collapse of state institutions
17	ARGENTINA: New sovereign default
18	BALKANS: Return to serious disruption
19	HORN OF AFRICA: Regional conflagration

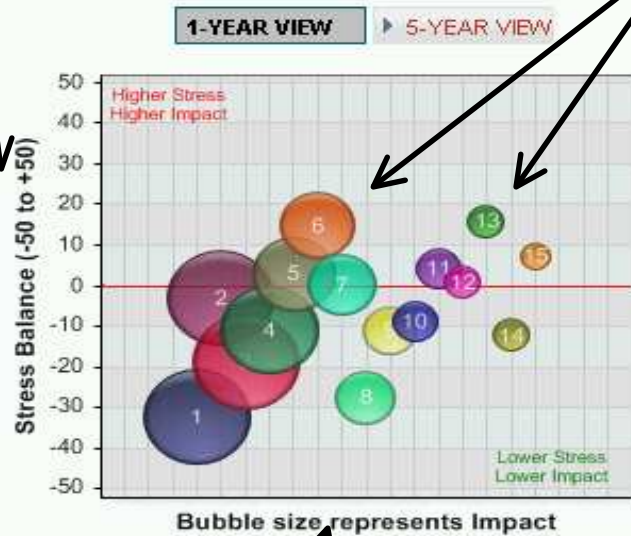




The vertical axis is the stress balance

The size of the stress point bubble indicates its impact on the global economy

The values in these columns represent the one- and five-year stress balance, and the change in stress balance over the previous three months

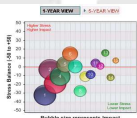


Hover over bubbles for summaries, click for details.

Rank	Global Stress Point	Impact	1-year Balance	3mnth +/-	3mnth vol.	5-year Balance
1	CHINA/TAIWAN: Armed hostilities	70	-32	▲ 3.3	3	-19
2	INTERNATIONAL: Oil price shock	70	-3	▲ 1.3	3	-16
3	UNITED STATES: Deep recession	70	-19	▼ -9.0	16	-10
4	INTERNATIONAL: Return to protectionism	65	-11	▼ 0.0	0	-2
5	INTERNATIONAL: Avian flu pandemic	55	+3	▲ 0.6	1	-1
6	NORTH KOREA: Military conflict	50	+15	▲ 11.8	13	+9
7	INTERNATIONAL: Terrorist dirty bomb	45	0	0.0	0	+2
8	UNITED STATES/IRAN: US Strike on Iran	40	-28	▲ 2.7	3	-9
9	CENTRAL ASIA: Risk of major disorder	35	-11	0.0	2	+6
10	RUSSIA: Rise of assertive nationalism	30	-9	▲ 10.7	15	+7
11	LATIN AMERICA: Disruption to hydrocarbons sector	30	+4	▲ 2.4	6	-6
12	IRAQ: Civil war	25	+1	▲ 9.1	9	+21
13	NIGERIA: Large-scale disorder in the Delta	25	+16	▲ 3.6	4	-9
14	INDIA/PAKISTAN: Armed hostilities	25	-13	▲ 0.9	2	-3
15	BALKANS: Return to serious disruption	20	+7	▲ 6.1	6	-2

The horizontal axis ranks the stress points based on their impact on the global economy

The values in this column represent the volatility (total movement of the one-year stress balance over the previous three months)



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