

BCX Research

| eAcademy

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Course Overview

# Principles of Global Macro

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## | Overview

Macro directly impacts all financial assets. Yet the various relationships between the economy and markets are often overlooked or misunderstood by investors, and this leads to an increased risk of factors undermining portfolio returns.

The BCA Research Academy focuses on teaching the analytical methods and investment strategies developed at BCA Research over the past 65 years for macroeconomics, sector analysis, and quantitative modeling. BCA Research is a leading independent provider of global investment research. Participants of our courses learn techniques that will enable them to interpret data and important economic developments from the perspective of an investment professional.

In addition to learning how to read major economic trends, students of our courses also explore how movements in certain assets can influence returns in other financial assets. Participants will look at important and interesting questions, such as why a strong currency implies lower bond yields, and how lower interest rates can boost equity multiples. Our courses teach simple and accessible methods that are critical to understanding how markets work.

## | Description

The first half of this course emphasizes the fundamental macroeconomic concepts that drive financial markets. Students will begin by learning how to assess whether the economy is operating above or below trend; a critical question for both the macro outlook and financial asset performance. A thorough examination of debt and credit will follow, since these factors are often described as the “lifeblood” of an economy. Lastly, the instructors will consider how policy can impact both the economy and markets, as well as how investors can gauge the durability of certain fiscal and monetary policies.

In the second half, students will learn BCA Research’s time-tested analytical framework to examine the three major financial markets: currencies, fixed-income, and equities. Valuations, liquidity, and momentum strategies will be applied to each of these markets, including real-time examples that demonstrate the value of this multi-faceted approach.

Case studies will be used during the session to ensure that participants are effectively learning how to apply the various concepts to real situations. The final session will conclude with a look at the bull market in bonds and stocks from the early 1980s, in addition to a general market overview from the course instructors.

**“At the end of the course you’ll have a very good idea of macroeconomics complexities and the potential pitfalls, a very clear way to look at the market, and the right variables to look for in macroeconomics research.”**

Jean Pierre Lacombe,  
Chief Global Markets &  
Research IFC at World Bank

## Course Highlights

Here's what we'll cover:

- How to evaluate an economy using a macro framework
- The importance of business cycle dynamics
- Why debt is important, what is the debt supercycle, and how does it impact the components of growth
- What factors most influence fiscal and monetary policy
- Dissecting the relationship between policy and growth
- The fundamental drivers of the major risk asset classes
- Practical applications in FX, bond, and equity markets
- Understanding the feedback loops that link the economy, policy, and financial assets

## Instructor



**Mathieu Savary**  
Strategist, *The Bank Credit Analyst*

Mathieu is currently BCA Research's Strategist, *The Bank Credit Analyst* and *Daily Insights*. From 2016 to 2019, he headed BCA Research's *Foreign Exchange Strategy* service. He has also served as Senior Editor of the Global Investment Strategy service and as

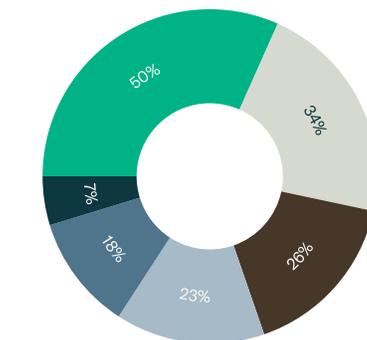
a Research Analyst for the European Investment Strategy service. Moreover, Mathieu was one of the two developers of BCA Research's "Principles Of Global Macro" course, a course he still teaches to investors around the world. Prior to BCA, Mathieu held the position of Global Macro Research Analyst with Brandywine Global Investment Management. Mathieu holds a BCom in Finance and Economics from McGill University, and the CFA designation.

## Who Should Attend?

This course is ideal for:

- Investors who need to understand macro and policy trends to invest or communicate effectively
- Buy-side research, portfolio management, and quantitative investment professionals
- Sell-side equity, fixed income, and bond sales and research professionals
- Family office investors, private banking professionals, and investment advisors
- Junior-to-mid level asset allocators, and equity and fixed income strategists

2016-2018 Class Profile



- Analyst 50%
- Portfolio Manager 34%
- CEO 7%
- CIO 18%
- Head/Director 23%
- Other 26%

2016-2019 Class Survey Results

Level of understanding before the course.

6.41 / 10

Level of understanding after the course.

7.82 / 10

Delegates' understanding of macro increased by 25% after taking this course.

↑25%

Overall course rating.

8.51 / 10

Instructors overall rating.

9.14 / 10

Professional credibility of trainers.

9.37 / 10

Likely to recommend this course to a colleague.

8.43 / 10

## | Course Agenda:

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### Day 1

#### Intro And Long-Term Determinants Of Growth

- Examples of how the economy, markets and policymakers interact
- Understanding the role of demography and productivity as structural drivers of growth
- What is slack?
- Why is slack do important

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### Day 2

#### Debt And Household

- Understanding the money creation process
- What hampers bank lending?
- Debt and its relation to growth
- What makes the household sector tick
- The wealth effect
- A look at the labor market
- A case study: A bust today, what boom tomorrow?

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### Day 3

#### The Corporate Sector And External Sector

- What drives corporate spending
- Corporate debt and the economy
- The link between profits and spending and back to profits
- Understanding the current account
- What drives exports and imports

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### Day 4

#### Inflation And Policy

- What drives inflation?
- Inflation as the ultimate lagging indicator
- Central bank independence and its role in inflation setting
- Monetary policy channels
- Fiscal policy and structural reform

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### Day 5

#### FOMC Group Exercise

- In the shoes of the FOMC

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### Day 6

#### FX And commodities

- Long-term FX valuations
- Interest parity models
- The role of capital flows in FX determination
- The role of growth in determining FX returns
- The dollar's role in the capital markets
- Commodity drivers
- A case study: Is its reserve currency status enough to buy the dollar?

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### Day 7

#### Fixed Income

- The link between growth and interest rates
- The link between inflation and interest rates
- The link between interest rates and net savings
- Why does the yield curve work?
- A primer on corporate bonds
- A case study: Are Treasuries attractive?

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### Day 8

#### Equities

- Understanding the link between growth, policy and multiples
- Why do stocks fear “bad deflation”?
- Valuations as the key long-term driver of stock returns
- How to pick countries the correct way?
- Understanding profit margins
- Case Study: The S&P 500 today

#### Additional Material:

Participants will receive reading materials that will supplement the in-class learning experience.

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