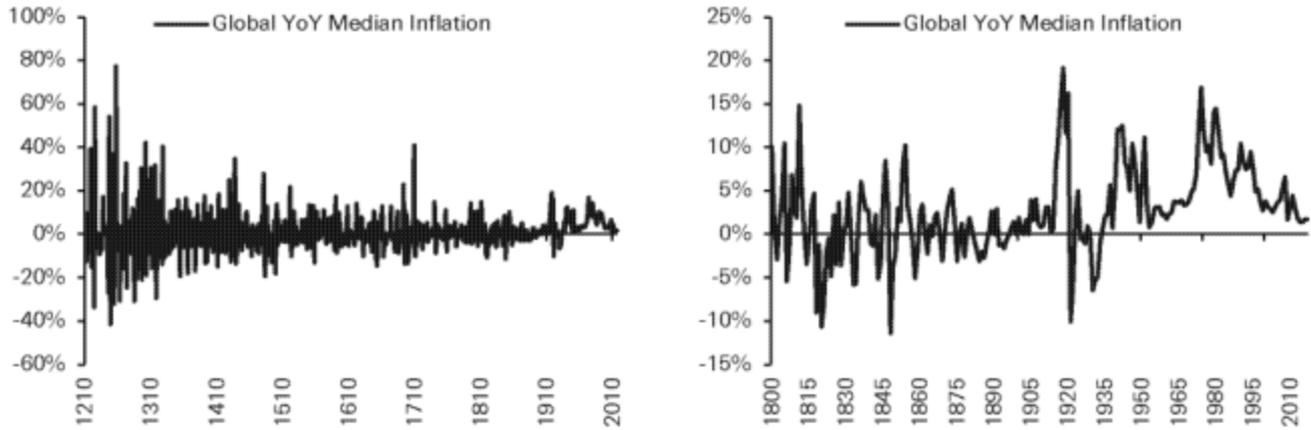




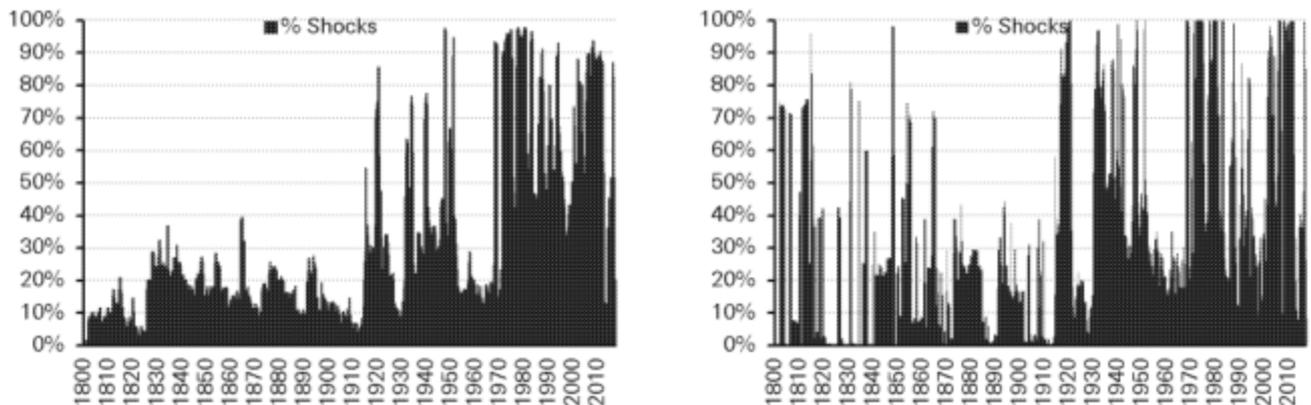
Figure 17: Median Global Inflation (YoY) – from 1210 (left) and 1800 (right)



Source: Deutsche Bank, Global Financial Data

To try to adjust for this modern era debasement of money, we repeat the exercise of identifying crises/shocks over the last 200+ years and replace the down 10% FX criteria with a down 10% versus Gold criteria for each currency. In doing so, we can highlight more aggressively the changes to the financial system over the last 45 years relative to the past. As Figure 18 - Figure 20 show there are many more instances where our index is at or close to 100%, which means that in that particular year, one of our 'shock' criteria has been breached for every country (or the vast majority) in the study. We live in a world where bubbles and excesses are allowed to be created and in a world where monetary debasement follows to try to correct such imbalances. The story is equally compelling whether you look at DM or EM. Such a measure may seem meaningless in today's modern financial system but we highlight it to show how different it is to the system that existed before the early 1970s.

Figure 18: Percentage of Countries facing a Financial Shock (FX measured against Gold) – Equally weighted (left) and GDP weighted (right)



Source: Deutsche Bank, Global Financial Data, Author's calculations