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This week's note begins with the Greek elections, the continuing problems in Spain which overshadow them, and what looks to me like a European Safari. Primary focus this week: consideration of what could "go right" in the world, such as the potential for a US manufacturing renaissance, a China soft landing, a break in the long-term US budget impasse, and a gradual reduction of the Wall of Corporate Cash. With equity markets pricing in expectations of the weakest long-term real earnings growth since the mid 1970's, these questions are as important as the ones we normally review on the world's economic imbalances (Squid vs Whale, June 4th EoTM). There's a reasonable argument to be made that outside Europe, equity markets have already factored in some pretty bad outcomes. Also, a post-script on some meetings we had in Beijing last week at which Henry Kissinger discussed his mission to China on its 40th anniversary, and the outlook for US-China relations over the next 40 years.

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