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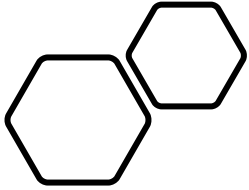
Agenda

- How To Trade The News, Pandemic Edition
 - Some things don't change
 - But timing and focal points do shift
- What To Look For: Top Technical Issues
 - Fiscal Policy: Coronabonds
 - Trade Policy: Phyto-sanitary standards
 - Financial Regulation: the hidden stimulus
 - Data Privacy
- What to Look For: Top Three Macro Trends
 - MIA: Trade Ministers, G20, G7
 - Domestic Supply Chains
 - Structural shifts: consumer behavior, political polarization,



How To Trade The News

Top Ten Rules – Pandemic Edition

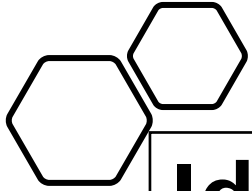


Rule 1 – Be Objective

Beware

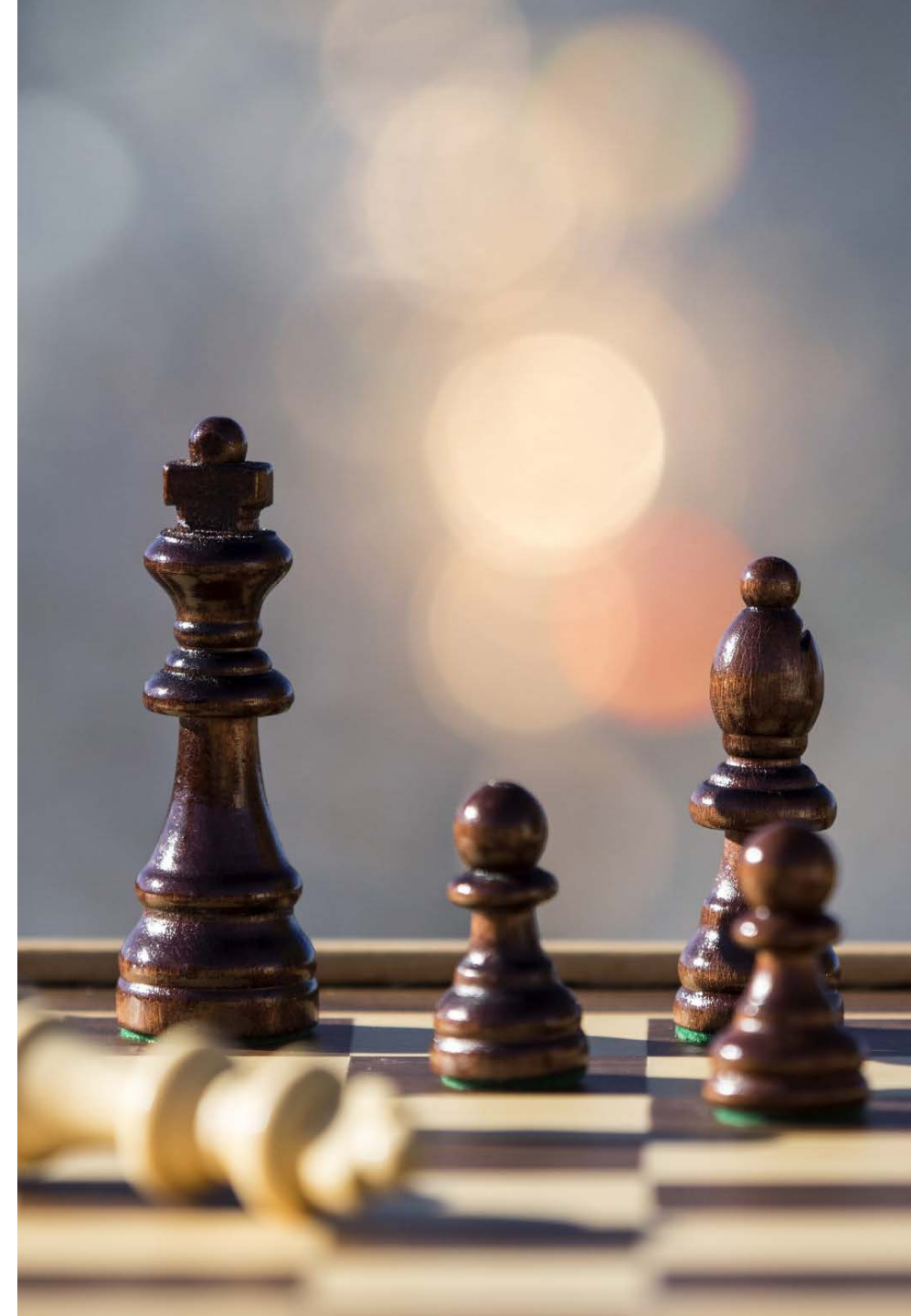
- Emotions (Denial and Disbelief)
- Surprise/ Justification
- The Lemming Effect





Identifying Policy Momentum

- **DOWNGRADE Rule 2**: The Trend Is Your Friend
- **Rule 3**: Be Strategic
- **UPGRADE Rule 5**: Be Relentless



Rule 4 and Rule 9: Data Types

DOWNGRADE Rule 4: Economic Data

GDP

PMI

Trade Flows



UPGRADE Rule 9: Alternative Data

Habit Data

IoT-Generated Data

New Combinations of Data



UPGRADE Rule 9: New Data

Machine-Generated Data

New Correlations

Language Data



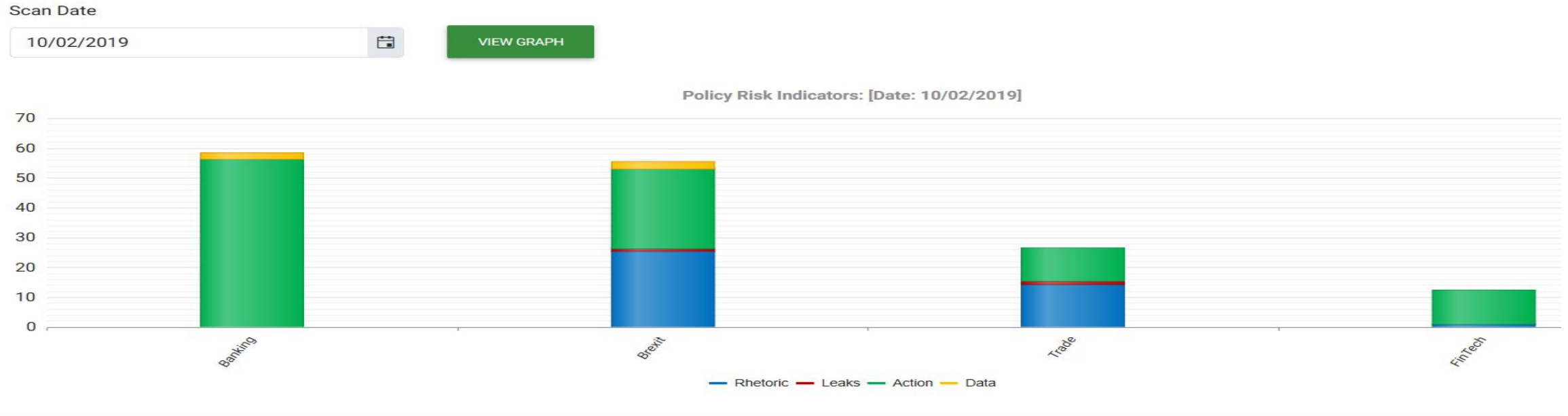
Rule 10: Distinguishing Rhetoric from Action

Rhetoric

The News Cycle, including Leaks

Action

Today's action generates tomorrow's headlines



Source: BCMstrategy, Inc.



Key Take Aways

- Policy Risk Can – And Should – Be Measured, ESPECIALLY IN A CRISIS
- Advanced technology can
 - minimize headline risk,
 - increase operational efficiencies, and
 - increase strategic opportunities.
- Nowcasting and predictive analytics provide strategic advantages to investors when applied to public policy risk.





Plan Ahead – Predictable Inflection Points



Identifying Inflection Points

- **Rule 8: Nowcasting**
 - Align time horizons (meetings vs. options expiration dates)
 - Revisit assumption daily based on new facts
 - “Past performance does not *always* indicate future results”
- **Rule 7 and Rule 10: Action vs. Rhetoric vs. Leaks**
 - Look past the headlines
 - Don’t look back

The background features a blurred grid of financial data with numbers like '12.99', '7.45', '10.74', '11.12', and '60' in green and blue. Several hexagonal shapes are overlaid: a grey one, a white one with a black outline, and a large white one with a black outline.

Know Your Policymakers

- **The EIFG Entities:**

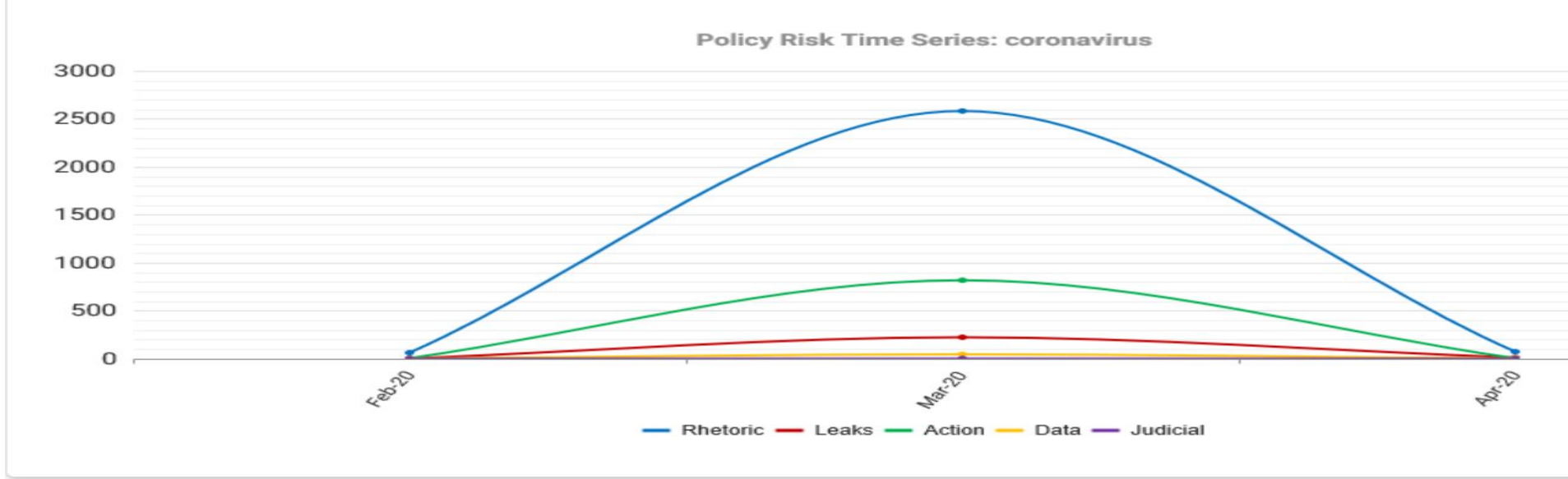
- E: European (ECB, EP, EC, EBA, EIOPA, ESMA, ESM, EFSF) Click to add text
- I: International (IMF, IAIS, IAEA, BIS, IOSCO, BIS Innovation Hub, etc.)
- F: Cross-border (FSB)
- G: HOSG, Ministerials (G7, G20, G24)

- **National Processes**

COVID19 – Data and MacroTrends

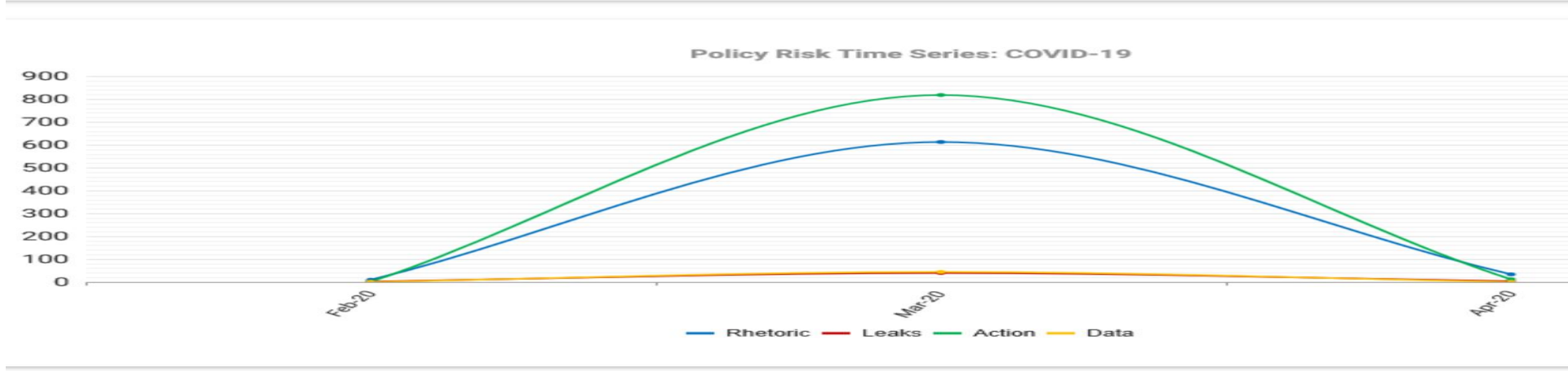
The Time Series

Feb 2020
To
1 April 2020



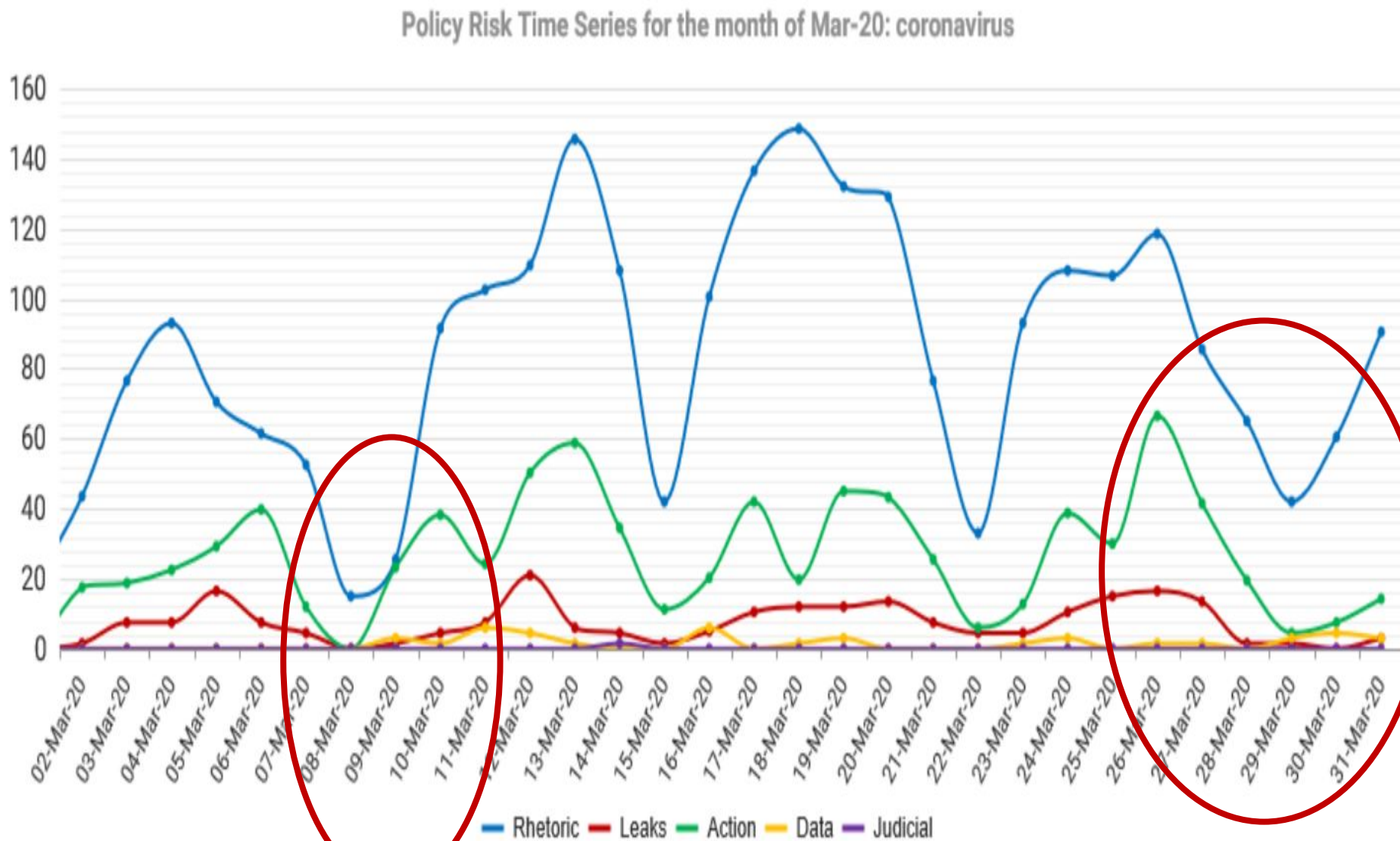
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02/01/2020 [Calendar Icon] 04/01/2020 [Calendar Icon] COVID-19 [Search Icon] SEARCH



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Coronavirus March 2020

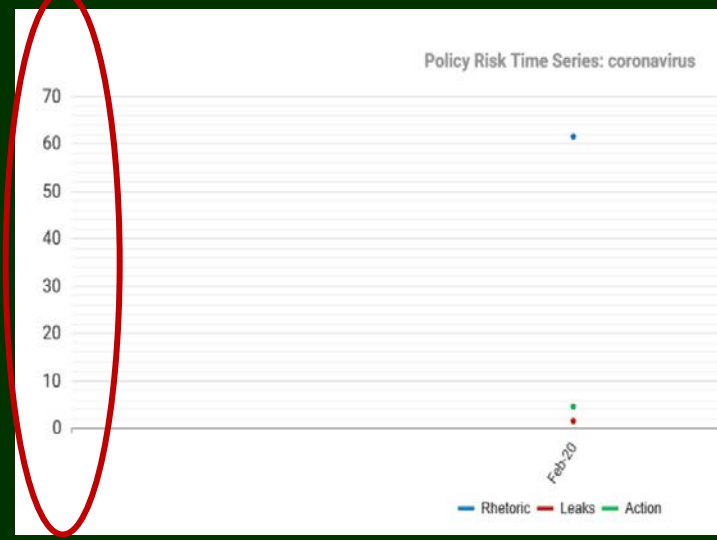
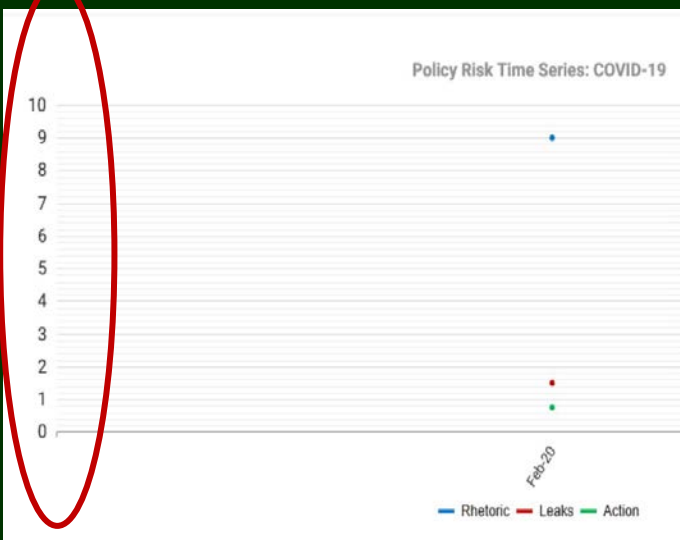
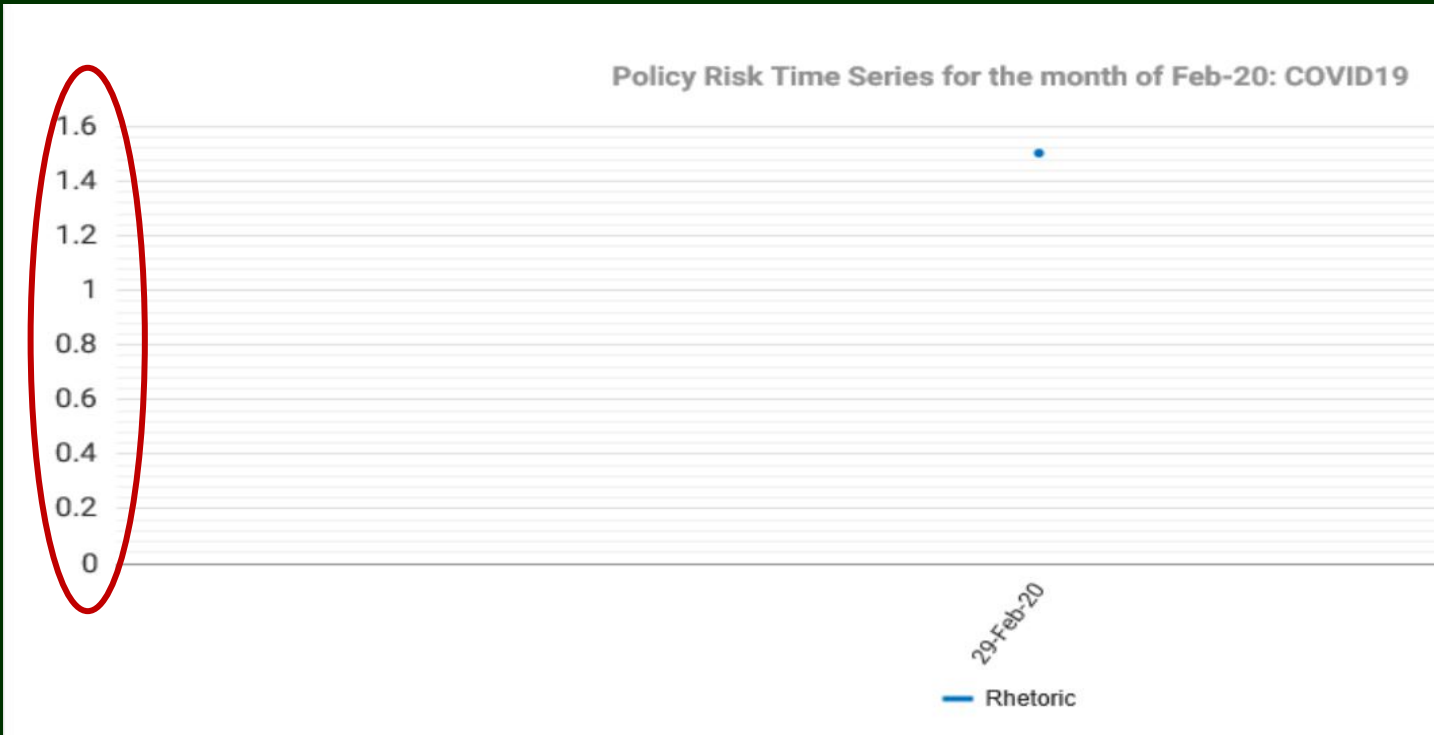


Source: [PolicyScope.io](https://www.policyscope.io)

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Coronavirus

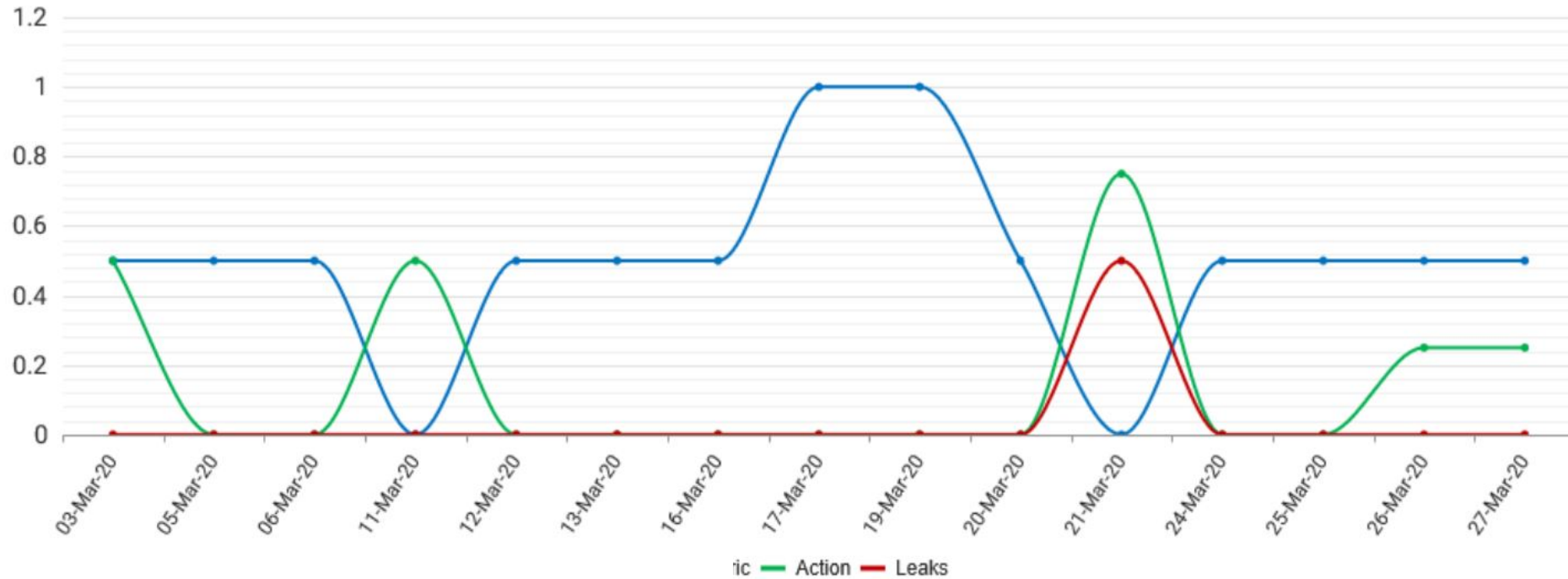
Data collection begins
29 Feb 2020



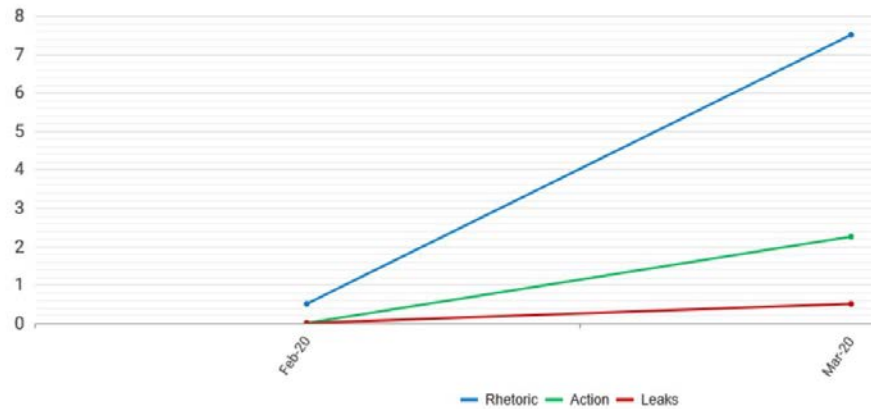
COVID19 – Top Technical Policy Issues

Trade Supply Chain

Policy Risk Time Series for the month of Mar-20: supply chain coronavirus



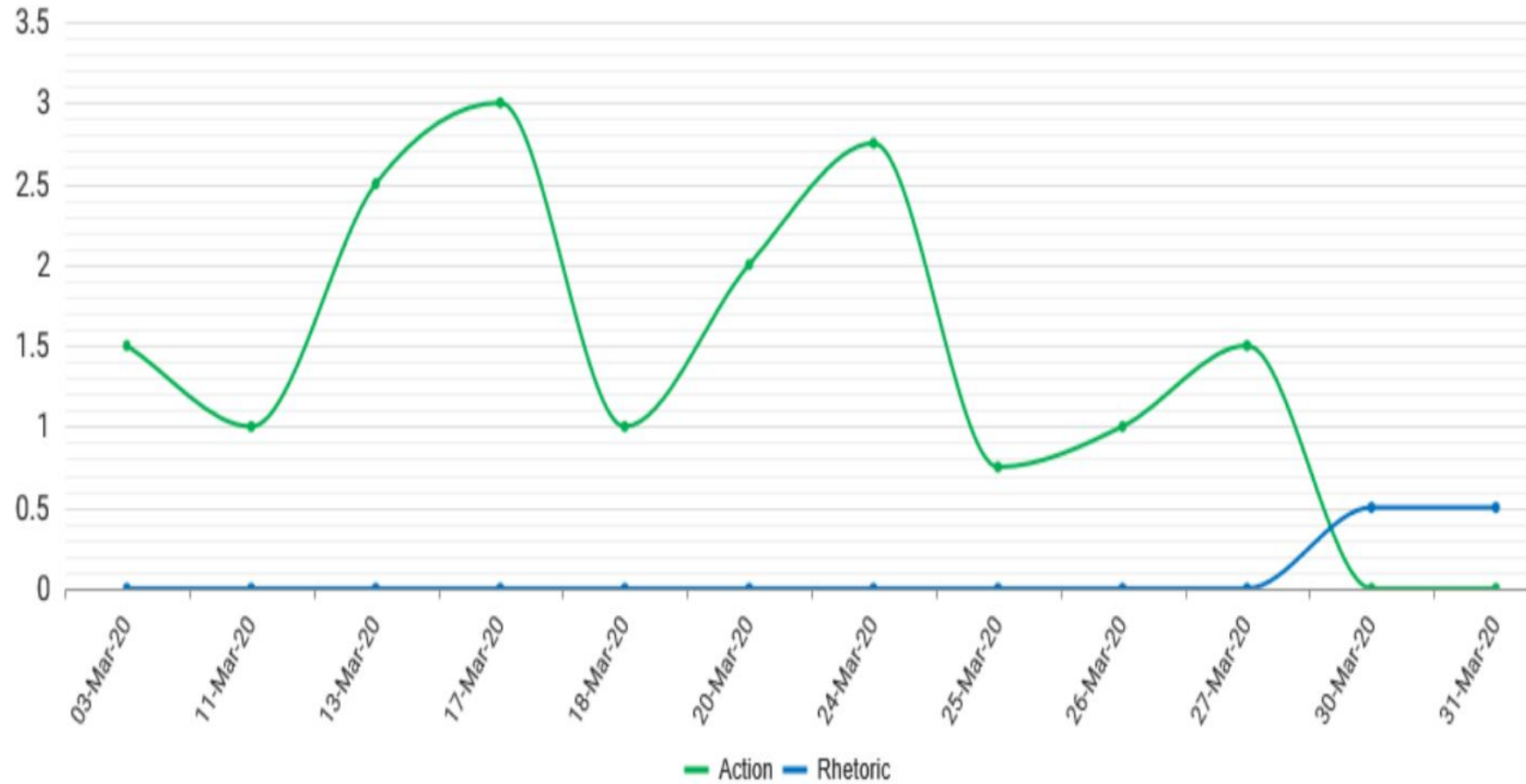
Policy Risk Time Series: supply chain coronavirus



MIA: Trade Ministers, WTO

Financial Stability March 2020

Policy Risk Time Series for the month of Mar-20: Coronavirus financial stability



Key Issues to Watch

Fiscal Policy

- Coronabonds/ESM
- Direct Payments/CBDC
- 5G
- Green New Deal

Credit Risk/Sovereign Risk

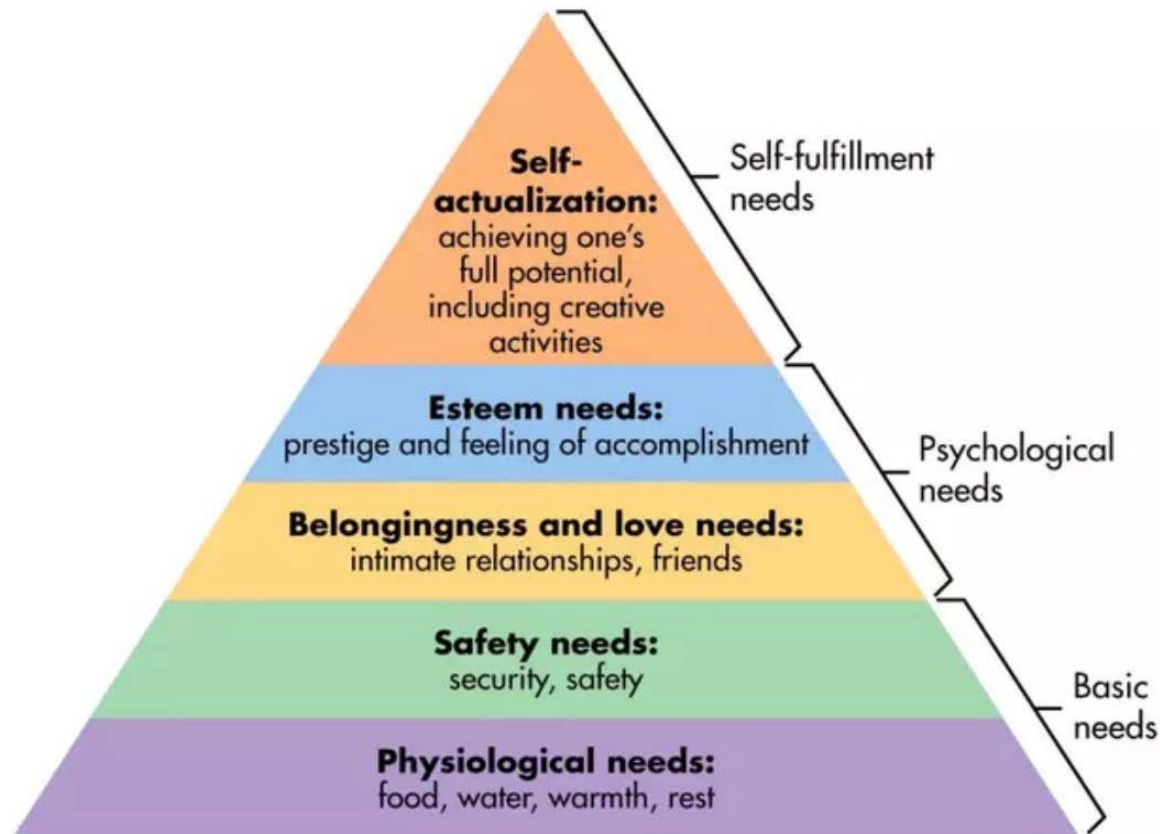
- Government Guarantees
- Debt/GDP Ratios
- Bank Regulatory Capital

Technical Issues

- Data Privacy
- Bank Capital
- Default Rates first, then unemployment

COVID19 – Three Macro Trends

Pandemic Policy Processes are Different



Temporary Shifts

- Basic Needs + Limited Supply = Export Bans
- Basic Needs + Safety = Mobility Bans
- Basic Needs + Safety = Prioritize Life
 - Lower Priority: Data Privacy
 - Lower Priority: Green New Deal
 - Higher Priority: 5G/Broadband/device security

More Permanent Shifts

- Meeting Basic Needs = Shifts in Loyalty
 - Ventilator/PPE deliveries from China
- Inability to Meet Basic Needs = Lose Credibility
 - BitCoin crash vs. USD
 - G20, G7...possibly EU



Key Issues to Watch

Supply Chains

- Agriculture Export Bans
- Import Quarantines
- Local supply chains (trucking, freight)
- Credit risk and regulatory capital
- Fiscal Policy

Structural Shifts

- Gig Economy (scooters, ride sharing, meal prep, fashion in a box)
- Reserve Currency Politics + cryptocurrency
- Political polarization
- China and Europe or Europe and USA?
- The limits of international cooperation

About BCMstrategy, Inc.

BCM PolicyScope

Daily | Global | Data-Driven | Analysis
COVID19 Economic and Financial Policy
Information You Need. Now.

Find actionable insights in the haystack of public policy inputs.



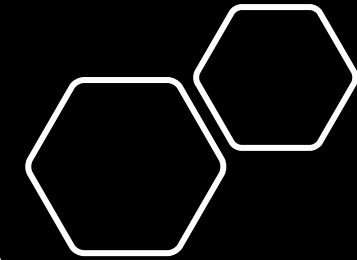
The COVID19 Report

free during April 2020 | \$150/mo thereafter
delivered directly to your email every night (M-F)
driven by patented PolicyScope platform data | interpreted by seasoned policy experts

subscribe here: www.policyscope.io

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Testimonials



Global Accounting Firm Practice Leader

"Twice in the last month, I found important developments that my team and the media had not spotted. We were miles ahead of our competitors, providing superior service to our clients by using this platform."

Algorithmic Trader

"Thx for flagging (a key development)...think it's starting to circulate in trader-chats as we speak and you beat the chats."

Bank Board Advisor and Law Professor

Your reports are "on point, insightful, and more advanced than 90% of the financial commentary out there...They are clearly based on an enormous amount of careful research and thinking."

Global Risk Management Expert and Business School Professor

Your analysis appropriately emphasizes the severity of the challenges" that lie ahead of us."

Former Ambassador

"Congratulations! I am enjoying your excellent reports."

Traders' Academy Online Course



Trading the News

REVIEWS QUESTIONS

Are you tired of headline risk? Do you worry about how policy developments generate market volatility and risk for your portfolio? Would you like to position yourself strategically to make the noise of the news cycle work to your advantage? Our "How to Trade the News" course describes the components needed to start treating public policy risk as an asset class which can be measured, managed, and hedged. Course segments include descriptions of how to distinguish between rhetoric and concrete action, how to engage with both economic and the growing array of alternative data, and how to understand leaks. Segments provide suggestions for how to select technology vendors and how to minimize exposure to third party vendor risk. Individual rules can be found in the Interactive Brokers Traders' Insight blog.

Those enrolled in Traders' Academy can access a complimentary copy of the Trading the News eBook.

[LOG IN](#) to view this course's material.

Traders' Insight Blog Contributor

Disruption & Data Blog

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Additional Resources

BCMSTRATEGY, INC.



MEASURING TODAY'S POLICY RISK

ANTICIPATING TOMORROW'S POLICY DECISIONS

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