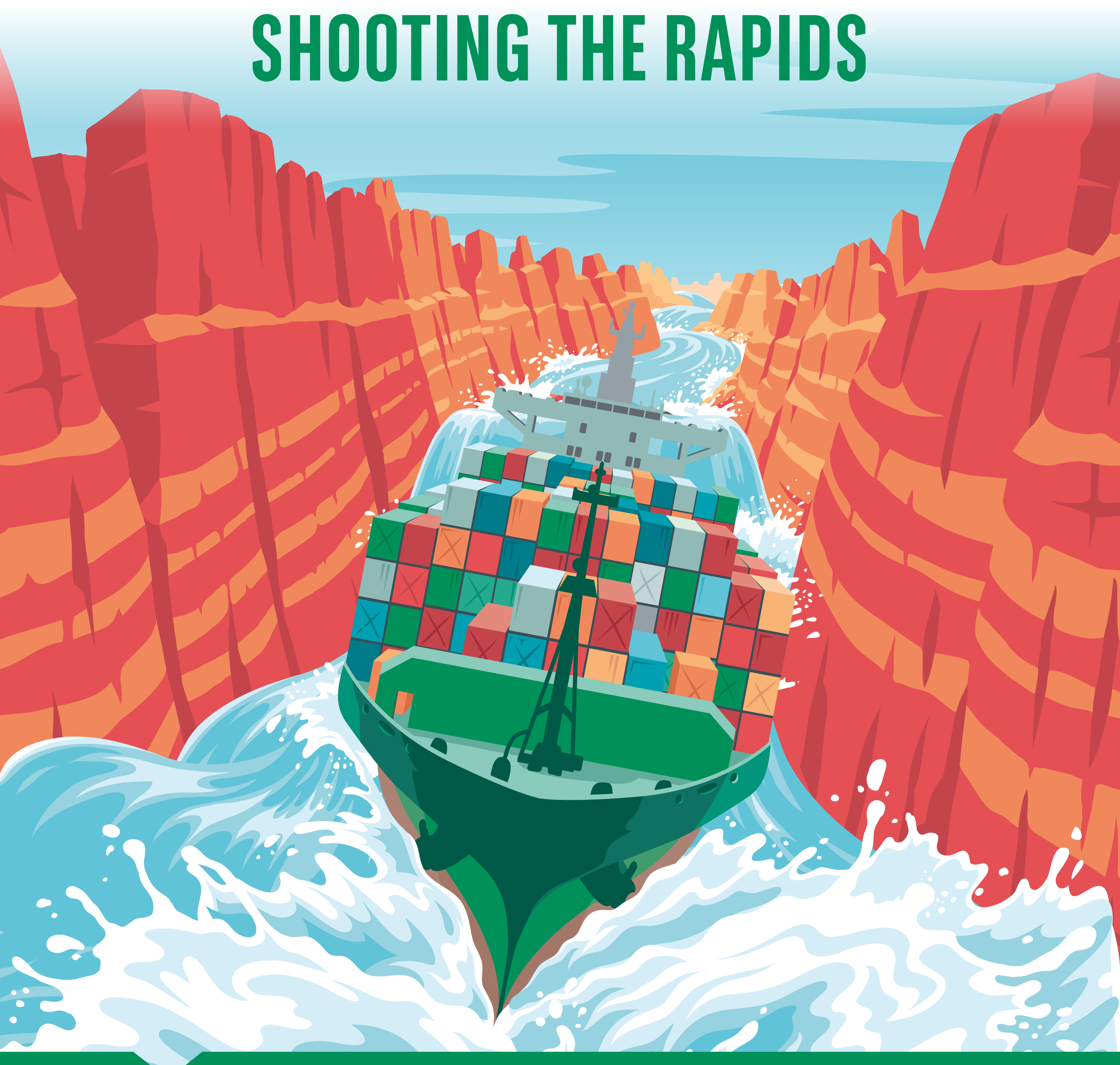
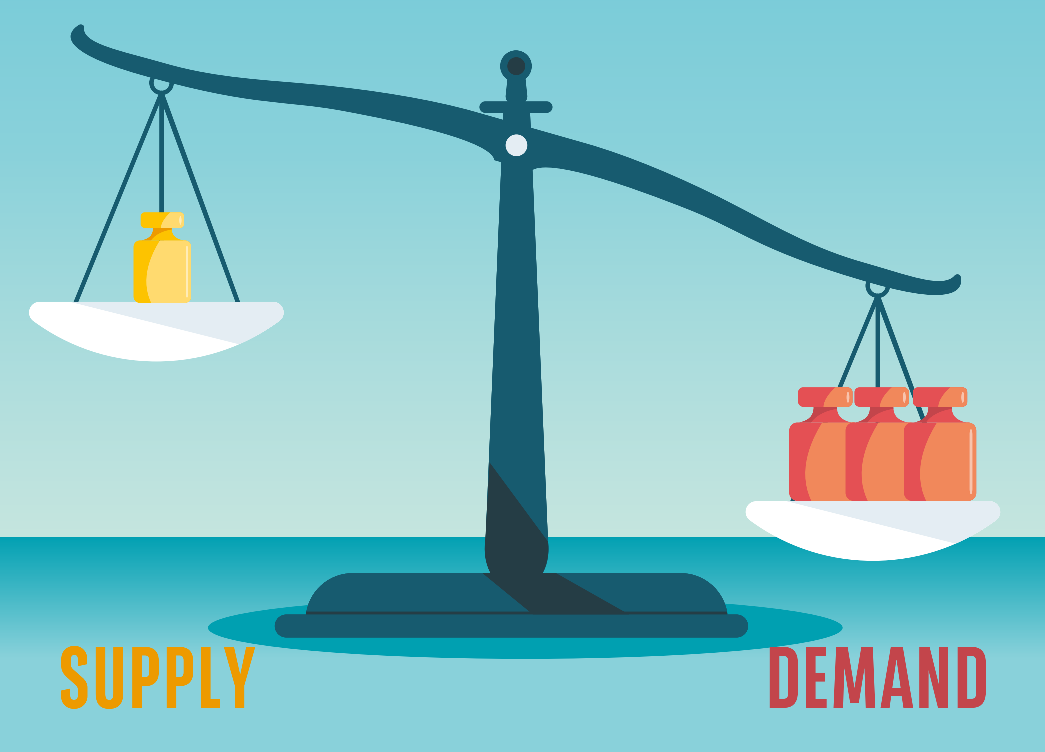
INVESTMENT OUTLOOK 2022
SHOOTING THE RAPIDS



IT'S NOT THE SUPPLY SIDE...

Production constraints and bottlenecks may persist well into 2022 **but they will be resolved.** As a result, economic growth rates will revert to trend **without triggering a permanent rise in inflation.**



...BUT RATHER THE DEMAND SIDE THAT COULD SURPRISE

Substantial accumulated household savings could trigger an inflationary spending spree. However, if precautionary saving dominates **then central bank and state support may be needed to bolster demand.**

AN AGE OF TRANSFORMATION AND AUTOMATION

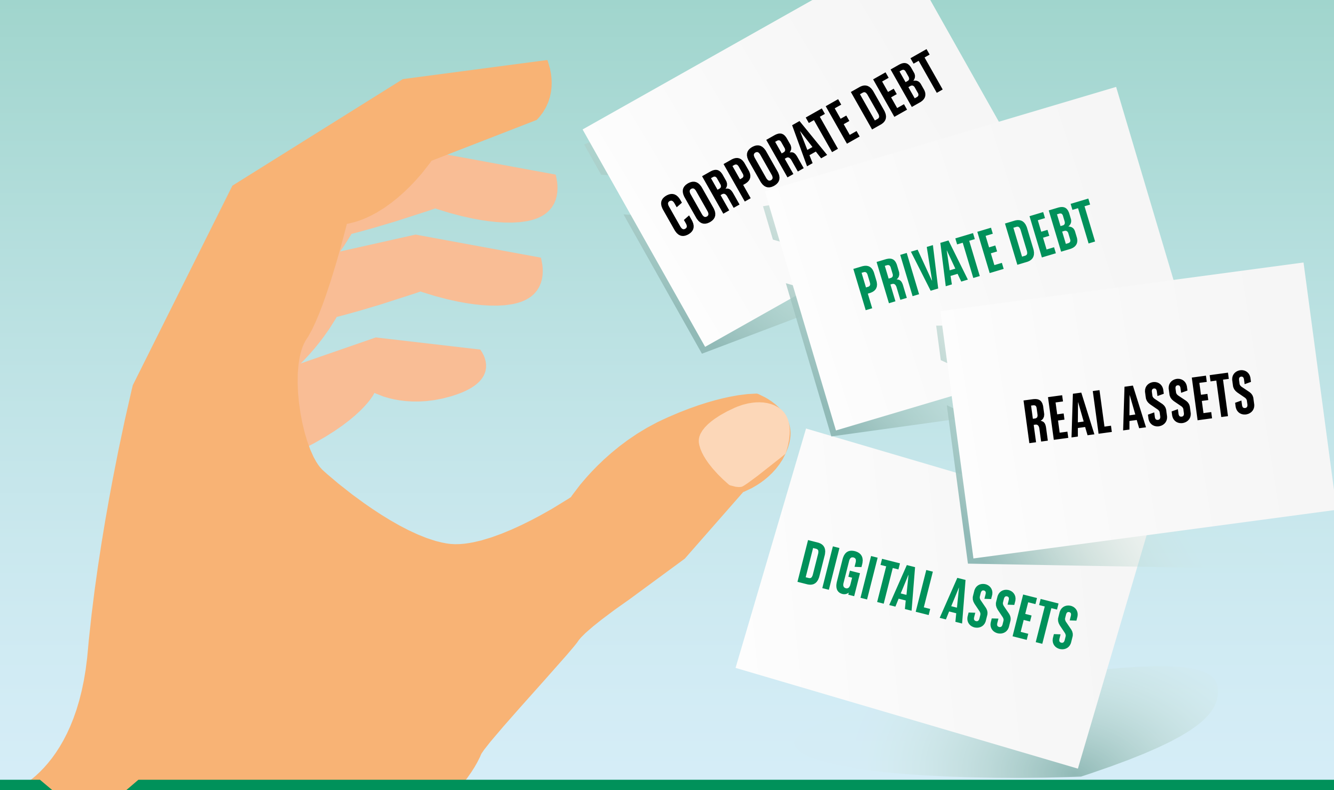
We expect any wage-price spiral to quickly fade. Automation and the relative weakness of organised labour mean comparisons with the 1970s are inappropriate.

EQUITIES WILL STRUGGLE TO GENERATE ABOVE-AVERAGE RETURNS IN 2022...

...even if there is no obvious alternative. We see European equities making up lost ground versus their US peers.

INTRANSIGENT INFLATION MAY LEAD THE US FEDERAL RESERVE TO RAISE POLICY RATES...

...but we expect only a short cycle of rises in key policy rates. Bond yields will stay low and the reach for yield will continue.



IT IS TIME FOR THE WORLD TO START THINKING ABOUT MORE CLIMATE RESILIENCE.

Trillions of dollars

will need to be mobilised in meeting **the Sustainable Development Goals (SDGs) and mitigating climate change. A rebooting of macroeconomic thinking and policy** will be required to usher in a more sustainable future.

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FOR THE FULL ANALYSIS OF OUR OUTLOOK FOR 2022

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