

Four possible scenarios for the Russia-Ukraine crisis

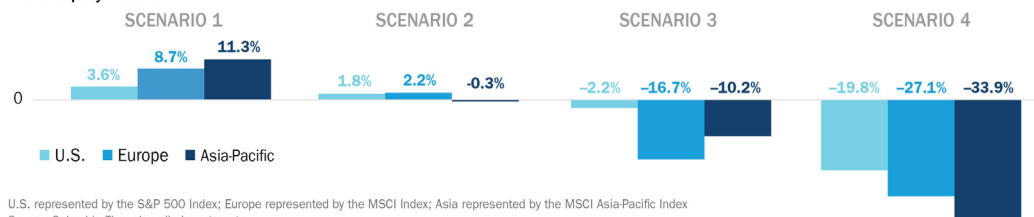
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What comes next? We detail four potential outcomes for the continued war in Ukraine.

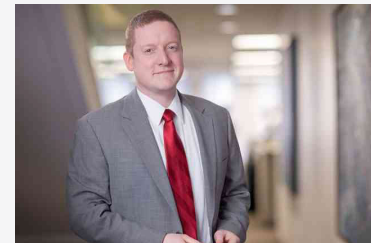
With the war in Ukraine continuing to drag on, our asset allocation team has identified four possible outcomes for the crisis and evaluated their potential economic and broad market impacts. The analysis suggests that any scenario other than de-escalation could result in greater economic dislocation and market volatility. For investors, different outcomes can have meaningfully different impacts on asset allocation.

SCENARIO 1 De-escalation	SCENARIO 2 Prolonged conflict	SCENARIO 3 Russian escalation	SCENARIO 4 Broadening to China
Possible outcomes <ul style="list-style-type: none"> Russia yields to sanctions and leaves Ukraine Within Russia, regime change leads to end of conflict 	Possible outcomes <ul style="list-style-type: none"> Prolonged engagement in Ukraine Military action ends, but Russia sets up a new government within Ukraine 	Possible outcomes <ul style="list-style-type: none"> Sanctions expanded against Russia Russia extends military operations into other countries 	Possible outcomes <ul style="list-style-type: none"> Formal retaliatory sanctions against China China becomes more aggressive militarily <ul style="list-style-type: none"> Military aid to Russia Uses chaotic environment to introduce its own conflicts (e.g., Taiwan)
Macroeconomic outlook <ul style="list-style-type: none"> Slower growth 	Macroeconomic outlook <ul style="list-style-type: none"> Slower growth Stickier headline inflation from high oil prices 	Macroeconomic outlook <ul style="list-style-type: none"> Europe goes into a recession 	Macroeconomic outlook <ul style="list-style-type: none"> Global recession

2023 equity returns



U.S. represented by the S&P 500 Index; Europe represented by the MSCI Index; Asia represented by the MSCI Asia-Pacific Index
Source: Columbia Threadneedle Investments



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