



2022 economic outlook

Anwiti Bahuguna, Ph.D., Senior Portfolio Manager,
Head of Multi-Asset Strategy



I expect 2022 to be a great year for economic growth. Growth will likely be somewhere in the range of three to four percent, driven primarily by consumer spending and pretty strong CapEx spending by businesses.

2021 was a fantastic year fueled by a lot of fiscal and monetary stimulus, somewhere in the range of five or six percent. 2022 will see a slowdown from that fiscal spend. Still, consumer spending is likely to be very strong, driven by strong growth in wages and income. In 2022 growth is expected to be strong in most of the developed world, including Japan and UK.

I expect the year to start off with pretty strong inflation numbers, stronger than what the Fed's been expecting for the last several years. But as the year goes on towards the second half of the year, many of the things that have been keeping inflation elevated are likely to calm down and inflation's likely to come down towards the second half of the year.

What investors should be focusing on is how does Fed react to that strength in inflation. Do they see that strength in inflation and start pulling monetary accommodation faster or do they continue to be watchful, but tolerant of it and not end monetary accommodation.

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