### The House View: Snapshot
### Navigating perilous waters

<table>
<thead>
<tr>
<th>MACRO VIEWS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>WORLD</strong></td>
</tr>
<tr>
<td>• There is still a path to a soft landing but many risks remain for the global economy, including above-target inflation, the Covid-19 pandemic and supply-chain issues.</td>
</tr>
<tr>
<td>• If inflation proves even higher than anticipated, that could lead to a more aggressive tightening stance from central banks.</td>
</tr>
<tr>
<td><strong>EUROPE</strong></td>
</tr>
<tr>
<td>• We expect Euro Area GDP to expand by 3.8% in 2022. The Omicron variant and supply shortages are creating temporary headwinds, but growth is still being supported by high vaccination rates, NGEU disbursements and a resilient labour market.</td>
</tr>
<tr>
<td><strong>CHINA</strong></td>
</tr>
<tr>
<td>• We forecast 5.1% GDP growth in 2022. The policy stance shift towards supporting growth is critical for this year’s outlook. Fiscal policy will exit from its very contractionary stance, while monetary policy will boost green lending and restore housing credit. Structural reforms will become more growth-friendly.</td>
</tr>
<tr>
<td><strong>UNITED STATES</strong></td>
</tr>
<tr>
<td>• US growth is set to slow as stimulus wears off. We see growth at +3.6% in 2022 (Q4/Q4).</td>
</tr>
<tr>
<td>• Inflation has broadened and will take longer to dissipate, with our inflation profile showing above-target inflation over the next couple of years.</td>
</tr>
<tr>
<td>• We expect the Fed will start hiking in March, with a total of 4 hikes in 2022.</td>
</tr>
<tr>
<td><strong>GERMANY</strong></td>
</tr>
<tr>
<td>• The synchronous acceleration of the domestic and more externally driven parts of the economy should result in annual GDP growth of 4% in 2022.</td>
</tr>
<tr>
<td>• We expect headline inflation to only slow modestly, coming in slightly below 3% in 2022.</td>
</tr>
<tr>
<td><strong>EMERGING MARKETS</strong></td>
</tr>
<tr>
<td>• EM growth has been hampered by stop-go restrictions and the pace of vaccination.</td>
</tr>
<tr>
<td>• In Asia, external demand has moderated but is still reasonable, whilst central banks will mostly lag other regions in normalising policy.</td>
</tr>
<tr>
<td>• In LatAm, the region is well on its way to normalising monetary policy settings.</td>
</tr>
<tr>
<td>• In CEE, Russia and places like Turkey and South Africa, the focus is on inflationary pressures, though with markedly divergent policy reactions between CEE, Russia and places like Turkey and South Africa.</td>
</tr>
</tbody>
</table>

### KEY DOWNSIDE RISKS

- **Higher-than-expected inflation**: The failure of inflation to recede as anticipated would lead central banks into a more aggressive tightening stance, causing a sharply negative reaction in markets and most likely a significant recession.
- **New Covid variants**: A more severe variant would be a significant setback to the outlook, particularly if vaccines were less effective or ineffective.
- **Supply-chain disruption**: Although these are set to gradually unwind, they are already having significant effects on output and inflation.

---

**Deutsche Bank AG/London**

The views expressed above accurately reflect the personal views of the authors. The authors have not and will not receive any compensation for providing a specific recommendation or view. Investors should consider this report as only a single factor in making their investment decision. Prices are current as of the end of the previous trading session unless otherwise indicated and are sourced from local exchanges via Reuters, Bloomberg and other vendors. FOR OTHER IMPORTANT DISCLOSURES PLEASE VISIT [https://research.db.com/Research/Disclosures/PICCDisclosure](https://research.db.com/Research/Disclosures/PICCDisclosure). MCI (P) 051/04/2021. UNTIL 19th MARCH 2021 INCOMPLETE DISCLOSURE INFORMATION MAY HAVE BEEN DISPLAYED. Aside from within this report, important risk and conflict disclosures can also be found at [https://research.db.com/Research/Disclosures/Disclaimer](https://research.db.com/Research/Disclosures/Disclaimer).
Considerable growth momentum will continue to drive markets, but numerous risks remain. Equities will continue to advance this year, and longer-term market interest rates should rise as central banks lift off. Credit spreads will widen some and the dollar should strengthen whilst more OPEC output will depress oil prices.

Our year-end 2022 targets see the S&P 500 at 5250, and the STOXX 600 at 550.

Conservative estimates of neutral and a mild repricing of the term premium would be consistent with UST10y in a 220-240bp range in Q2. The sell-off may partially reverse in H2 if markets start to worry about the fiscal implications of the midterm elections.

EUR/USD to end the year at 1.08, which can be seen as the outcome of the market now pricing the Fed delivering a reversal of the Covid cutting cycle to broadly end up where we were in end-2019: Fed funds near 2% and the ECB still stuck.

The low volatility environment that characterised credit markets for much of 2021 is unlikely to last, and spreads will sell-off at some point in H1 when markets reappraise how far behind the curve the Fed is.

We forecast WTI falling and potentially breaking $60/bbl in 2022 on the back of a material rise in oil surpluses.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.

Fed: First rate hike expected in March, with a total of 4 hikes in 2022 and 3 hikes in 2023.
ECB: Rates lift-off to start end-2023.
BoJ: Rates on hold.
BoE: Further hikes in Feb-22, Nov-22 and May-23.
PBoC: Rates on hold.