

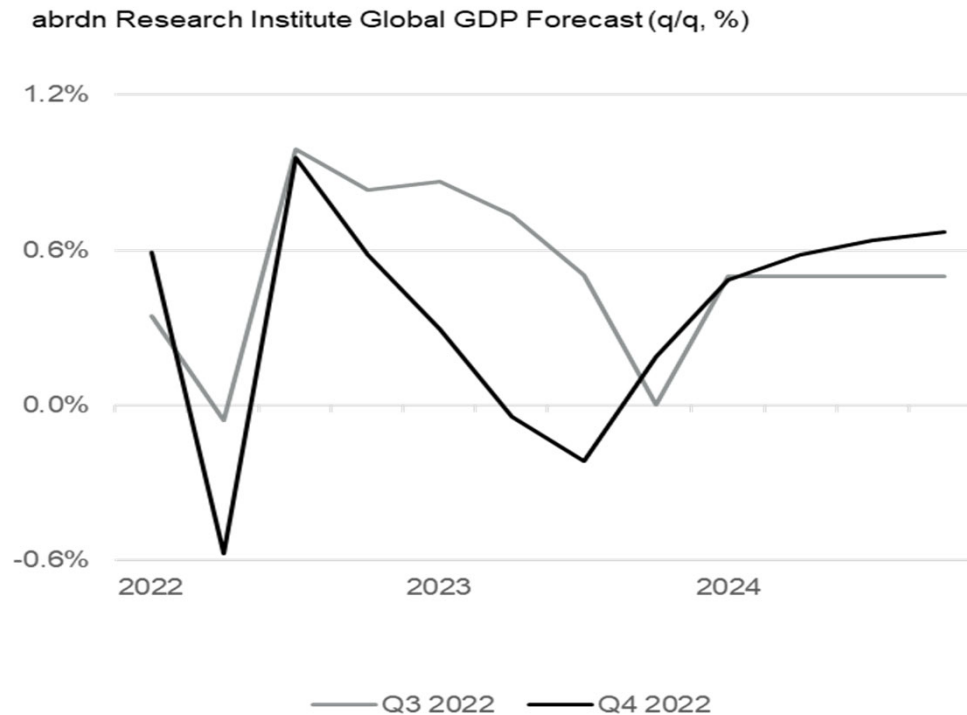
Macro-economic Outlook

Luke Bartholomew, Senior Economist, abrdrn Research

Why are we forecasting a global recession?

High inflation requires sharply higher interest rates and unemployment to be brought under control.

We expect a US recession starting in Q2 2023

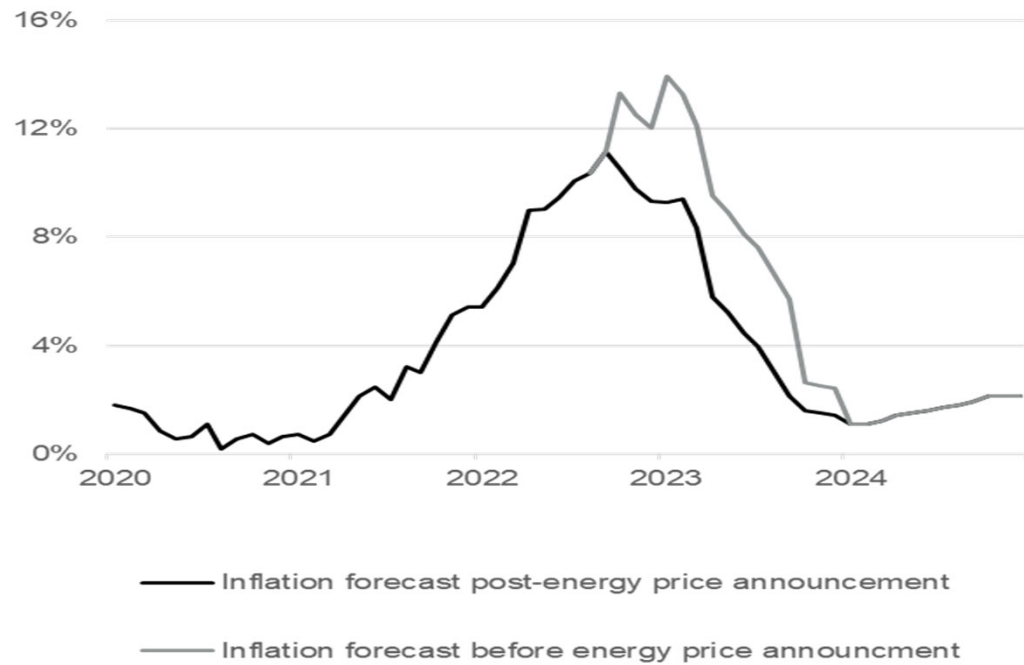


Source: abrdrn, October 2022

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Policy intervention brings forward peak inflation

The UK's energy price cap will mechanically push down on headline inflation. Similar policies are possible elsewhere

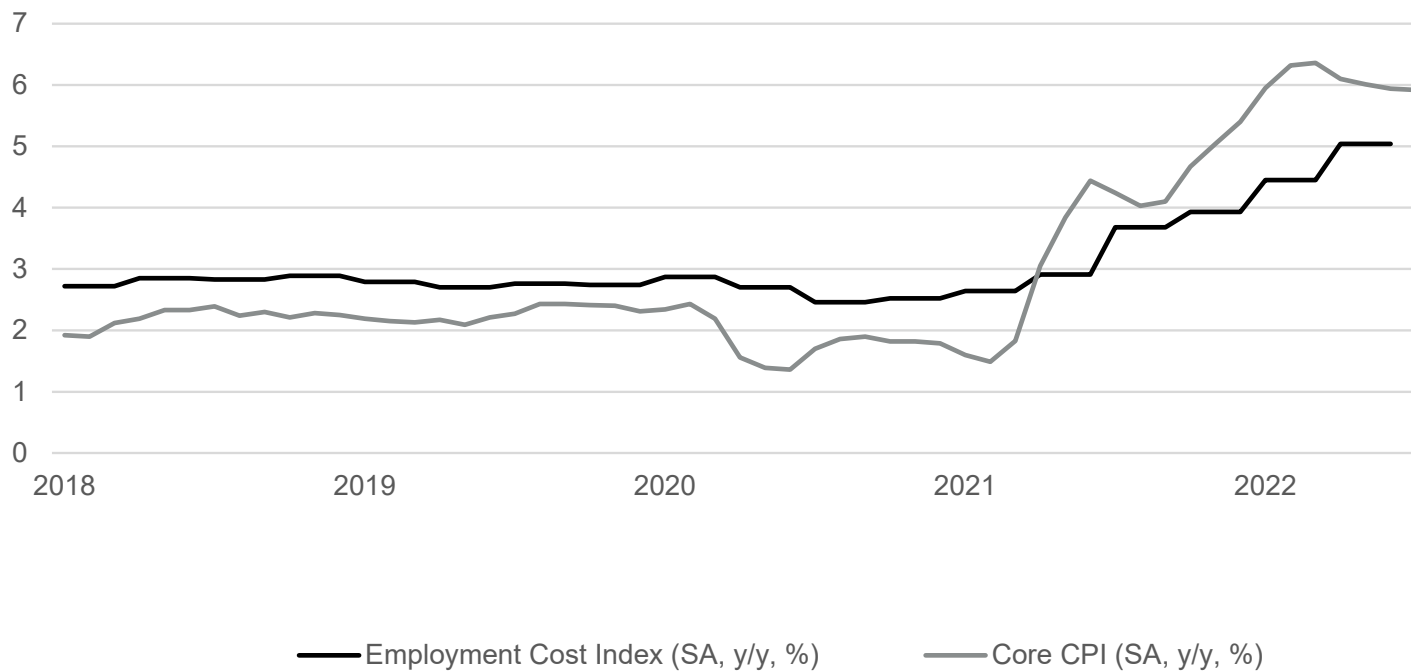


Source: abrdn, Haver, October 2022

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But underlying inflation pressure still a problem

Rapid wage growth has supported core services inflation in the US, which will persist without robust monetary tightening



— Employment Cost Index (SA, y/y, %)

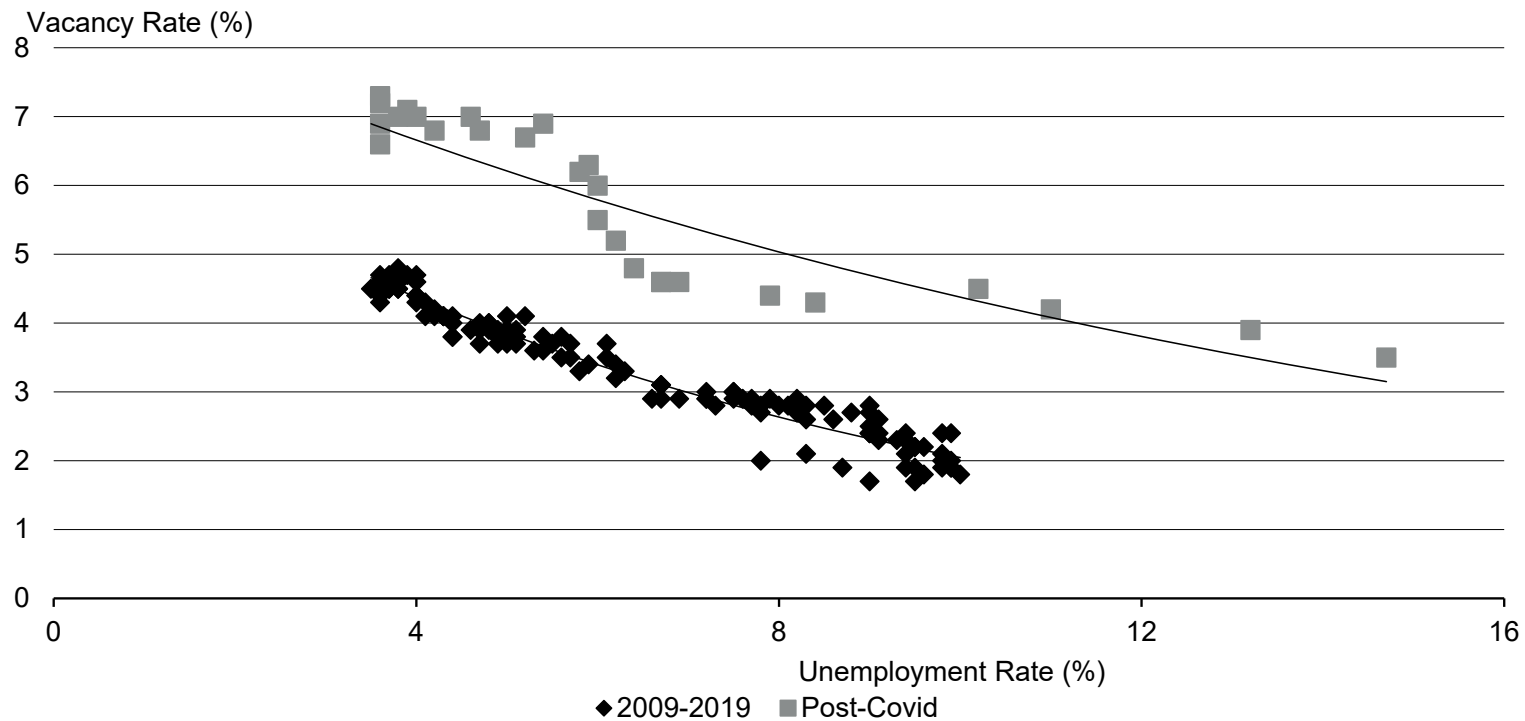
— Core CPI (SA, y/y, %)

Source: abrdrn, Haver, October 2022

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What could go right?

Well-anchored inflation expectations and significant scope for supply recovery may make the Fed's job easier, limiting rate hikes and the increase in unemployment



Source: abrdrn, Haver, October 2022

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THANK YOU

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