

SARASIN  
& PARTNERS

# Economic Landscape

Niloofar Rafiei

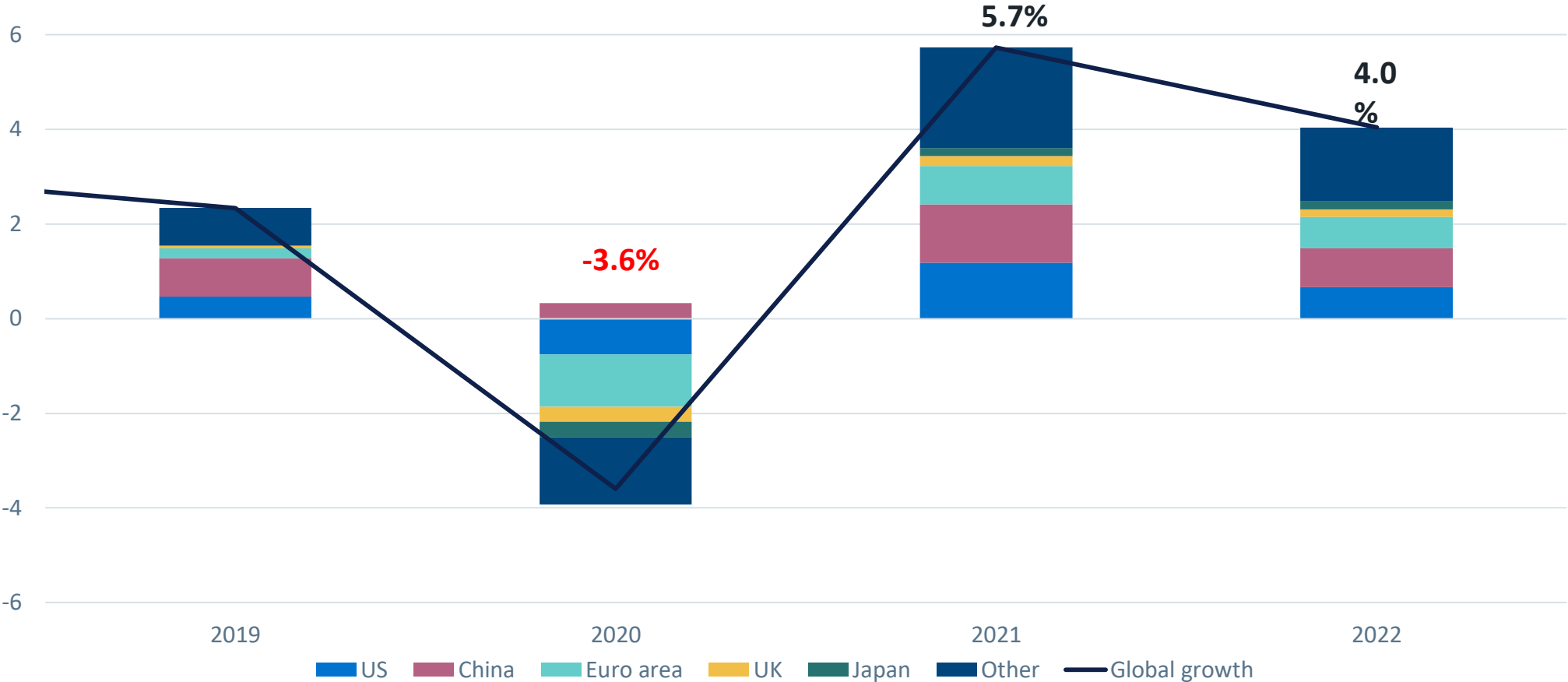
If you are a private investor, you should not act or rely on this document but should contact your professional advisor.



# Global economic growth outlook



Global GDP growth (constant prices, USD)

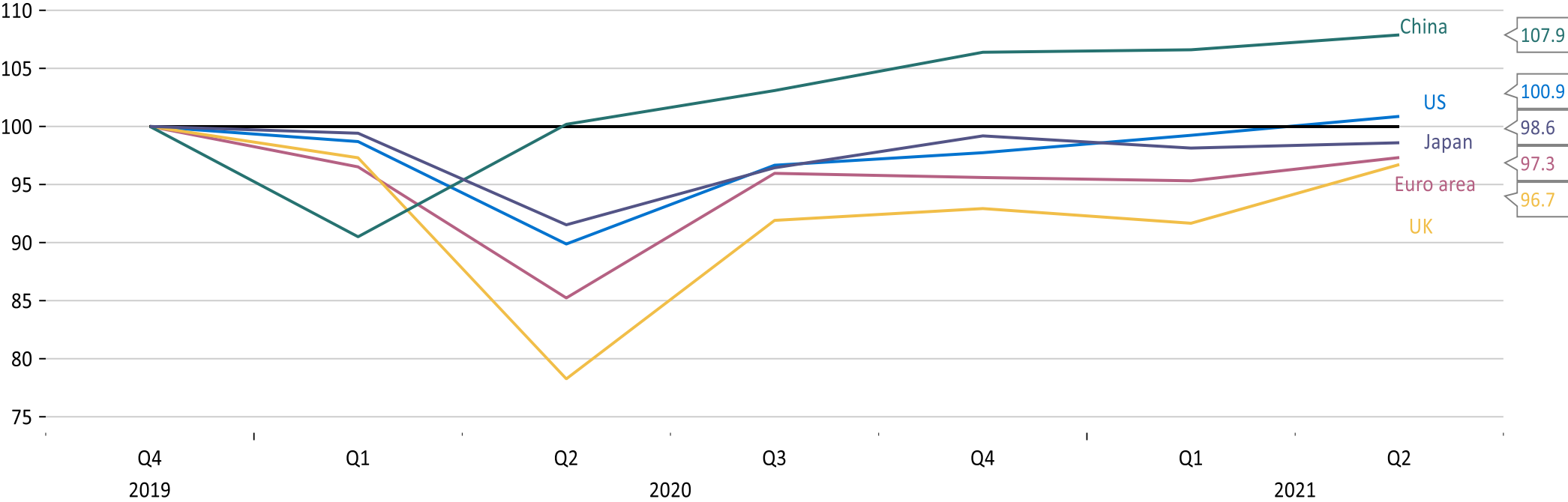


Source: Sarasin & Partners, and Macrobond, October 2021

# Gaps in the recovery, with China and the US back to their pre-COVID size, and most other countries still smaller in size



GDP index, Q4 2019 =100

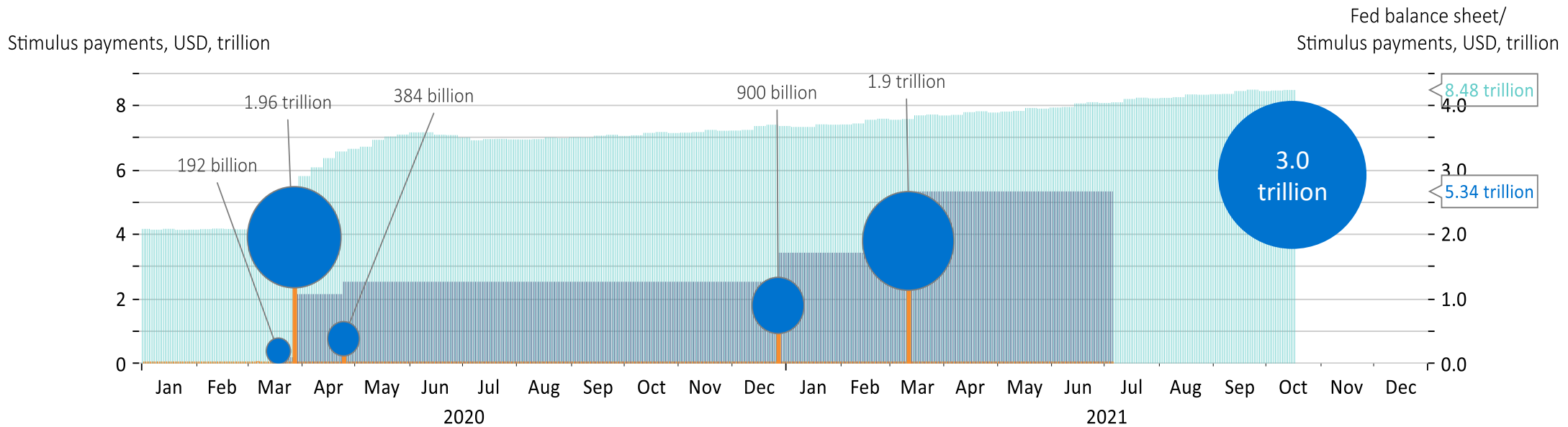


Source: Macrobond, 27.10.21

# Policy support has been crucial for the sharp economic rebound



## Fiscal and monetary policy stimulus in the US



● Fiscal Measures, rhs ■ Fed Balance sheet, lhs ■ Cumulative fiscal measures, lhs ■ United States, COVID-19, Fiscal Measures, USD, rhs

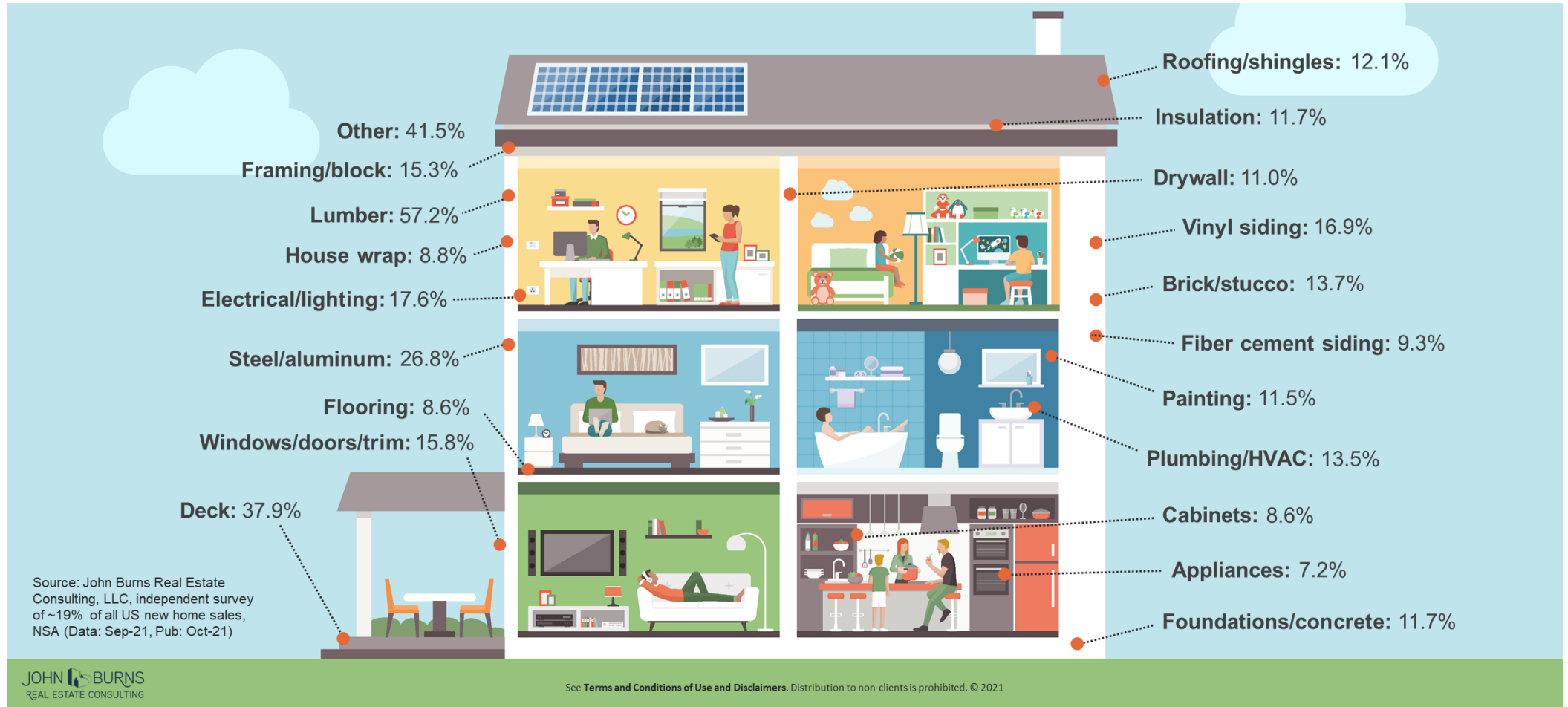
Source: Macrobond, 20.10.21

# Demand and supply imbalances causing dislocations across multiple markets



# Dislocations: 1. Goods market dislocations placing pressure on prices

Construction cost increases Year-on-Year as of Q3 2021 – labour and materials

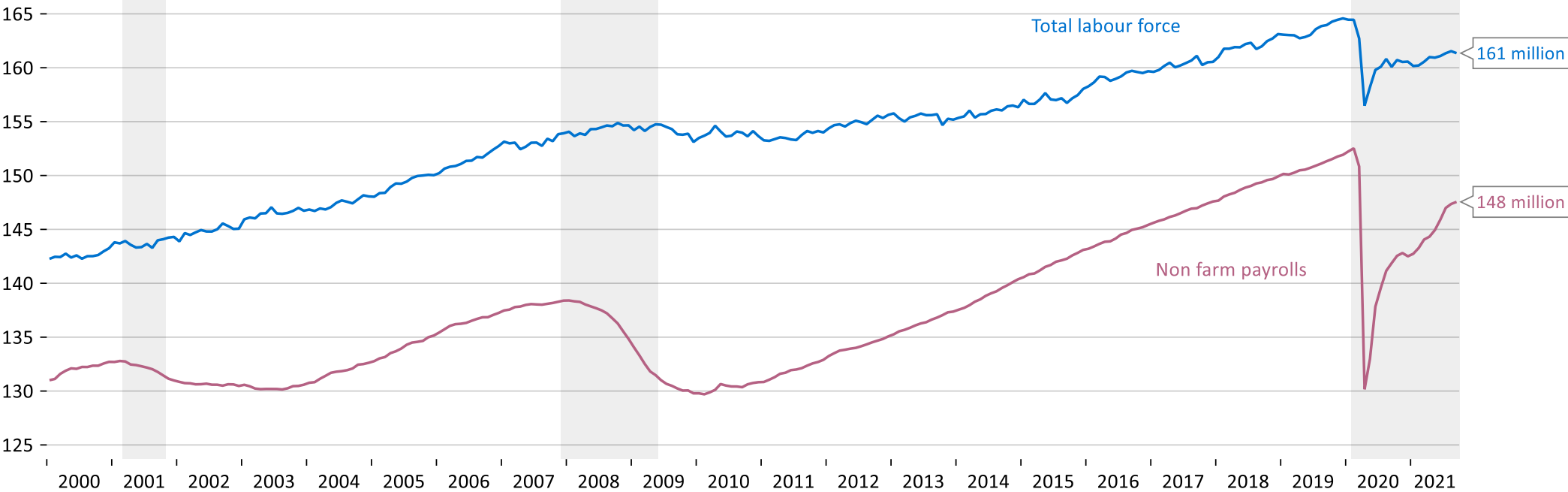


Source: John Burns Real Estate Consulting LLC

# Dislocations: 2. Labour market has been hit hard, but impact varied by sector



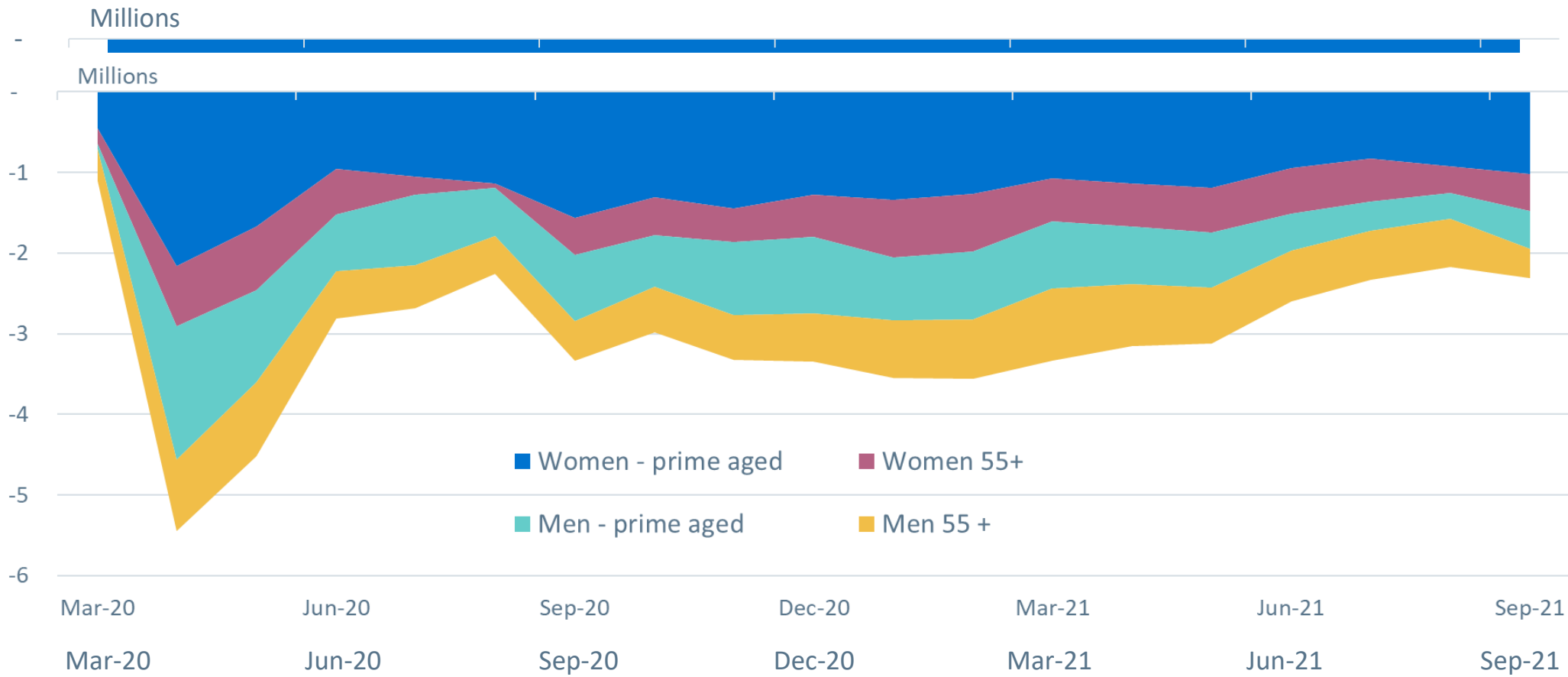
## US Labour Market – employment and labour force



Source: Macrobond, 27.10.21

# Dislocations: 2. Labour force is still short of 3m people, and driven by women in prime-aged groups

 Labour force shortfall from Feb 2020



Source: Sarasin & Partners and Partners, October 2021



# The great resignation has started

---



# Dislocations: 3. The current energy crisis highlights the long term challenges to the energy transition



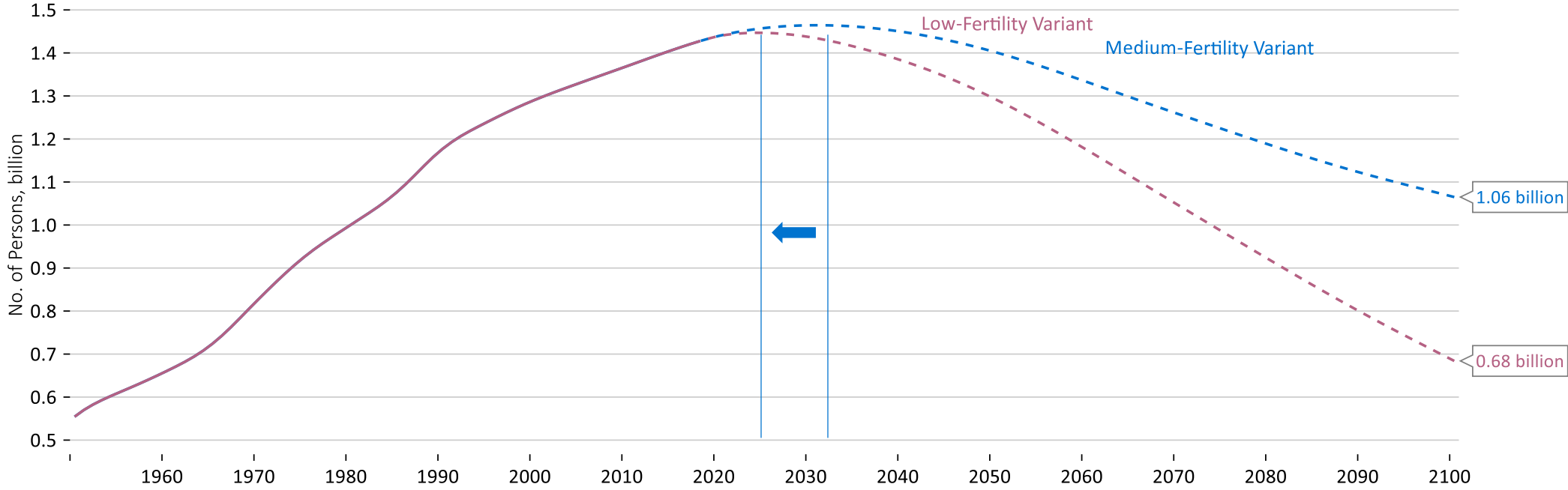
UK – Consumer price inflation picking up sharply



Source: Sarasin & Partners and Macrobond, October 2021

# Long term trends to continue: Demographics continue to impart headwinds

 China's population is likely to peak in 2024, around 7-years earlier than thought

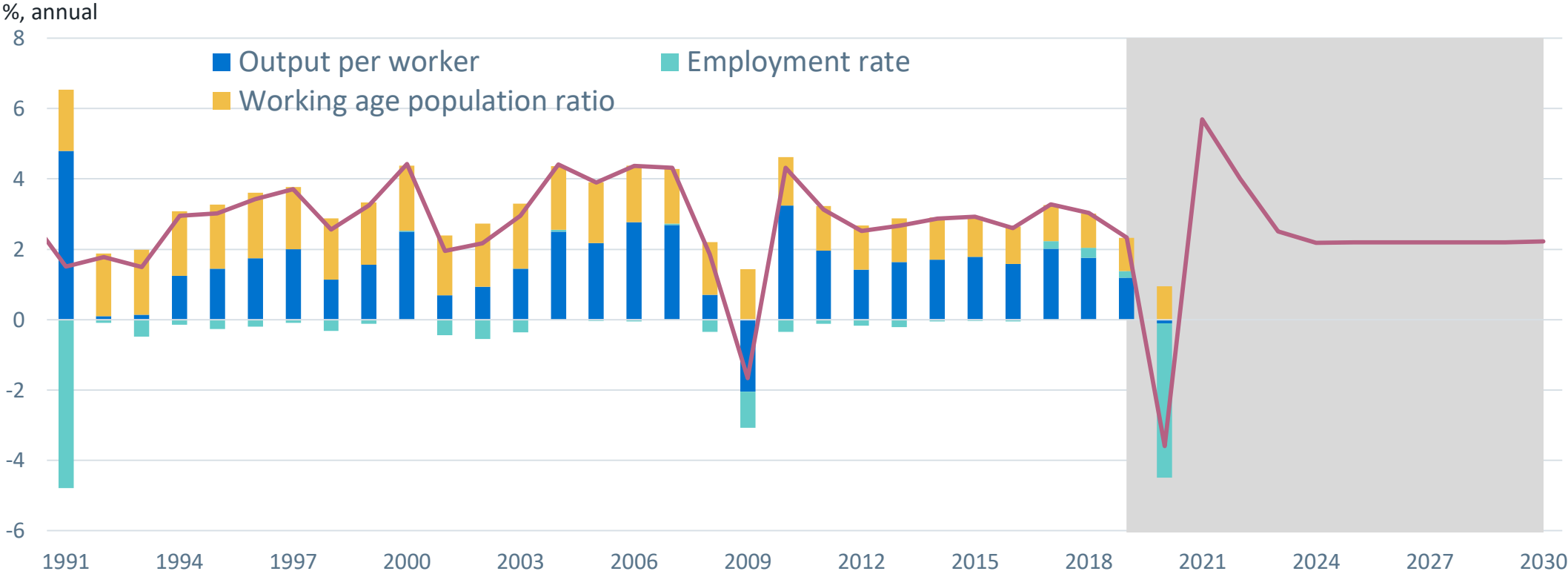


Source: Macrobond, 27.10.21

# Long term growth needs heavy lifting from productivity growth



Contribution to Global GDP growth (constant prices, USD)



Source: Sarasin & Partners, Macrobond, October 2021

# The long term economic landscape

---

- Recovery has been sharp and remarkable

---

- Policy support has been effective

---

- Demand and supply shocks have been of an enormous magnitude triggering dislocations

---

- Inflationary pressures will build for some time

---

- Long term trends such as demographics remain a challenge and need productivity growth to accelerate

---

- Opportunities for a broader re-think of the economic system

---

# Important information

**If you are a private investor, you should not act or rely on this document but should contact your professional advisor.**

This document has been approved by Sarasin & Partners LLP of Juxon House, 100 St Paul's Churchyard, London, EC4M 8BU, a limited liability partnership registered in England & Wales with registered number OC329859 which is authorised and regulated by the Financial Conduct Authority with firm reference number 475111.

**Please note that the value of shares and the income from them can fall as well as rise and you may not get back the amount originally invested.** This can be as a result of market movements and also of variations in the exchange rates between currencies. **Past performance is not a guide to future returns and may not be repeated.**

All details in this document are provided for marketing and information purposes only and should not be misinterpreted as investment advice or taxation advice. This document is not an offer or recommendation to buy or sell securities. You should not act or rely on this document but should seek independent advice and verification in relation to its contents. Neither Sarasin & Partners LLP nor any other member of the Bank J. Safra Sarasin Group accepts any liability or responsibility whatsoever for any consequential loss of any kind arising out of the use of this document or any part of its contents. The views expressed in this document are those of Sarasin & Partners LLP and these are subject to change without notice.

Where the data in this document comes partially from third party sources the accuracy, completeness or correctness of the information contained in this publication is not guaranteed, and third party data is provided without any warranties of any kind. Sarasin & Partners LLP shall have no liability in connection with third party data.

Where printed by Sarasin & Partners, this document has been printed on FSC certified sustainably sourced or 100% recycled paper.

© 2021 Sarasin & Partners LLP – all rights reserved. This document can only be distributed or reproduced with permission from Sarasin & Partners LLP. Please contact [marketing@sarasin.co.uk](mailto:marketing@sarasin.co.uk).

# SARASIN & PARTNERS

Juxon House  
100 St Paul's Churchyard  
London  
EC4M 8BU

T: +44 (0) 20 7038 7000  
[www.sarasinandpartners.com](http://www.sarasinandpartners.com)

