

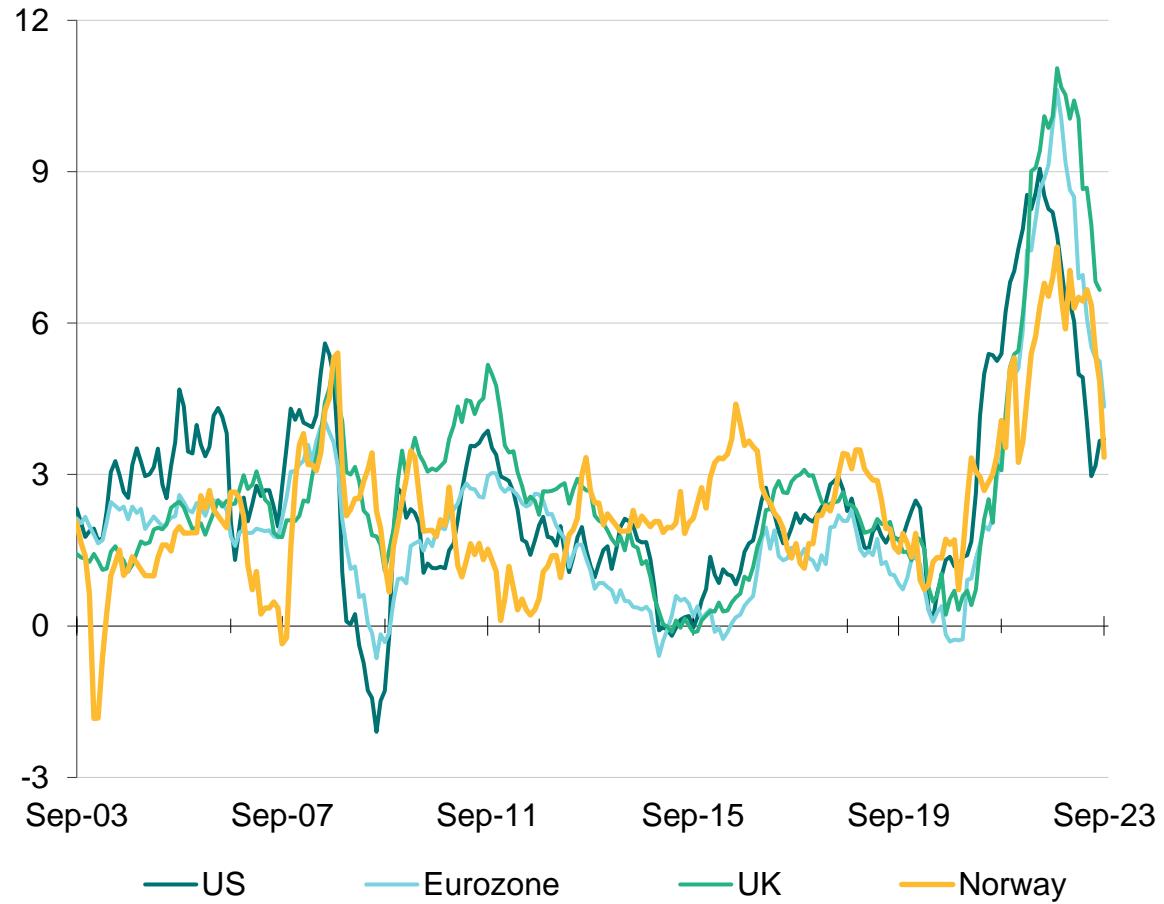
Economic outlook in a world marked by turbulence

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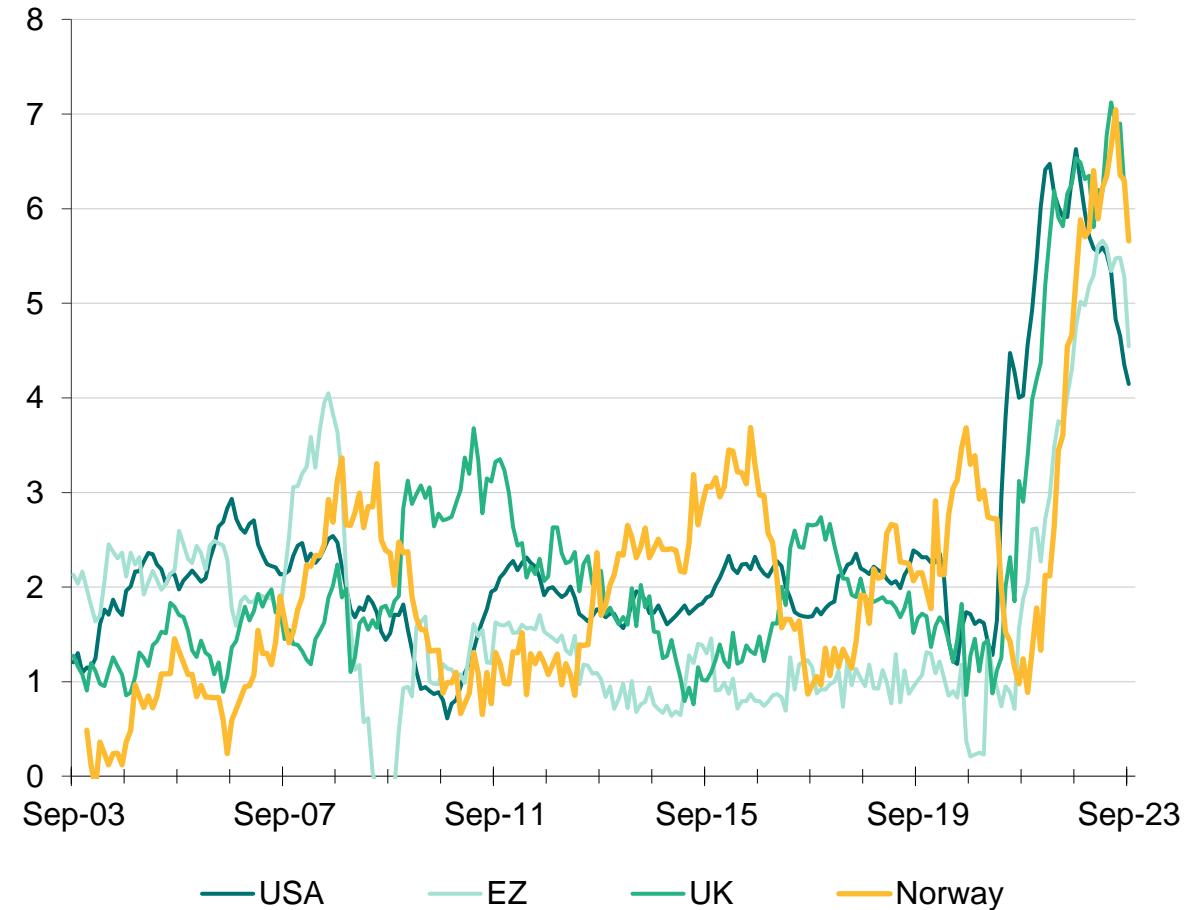
31 October 2023

Inflation has fallen a lot from the peak, but underlying trend remains worryingly high

Inflation (CPI) % YOY

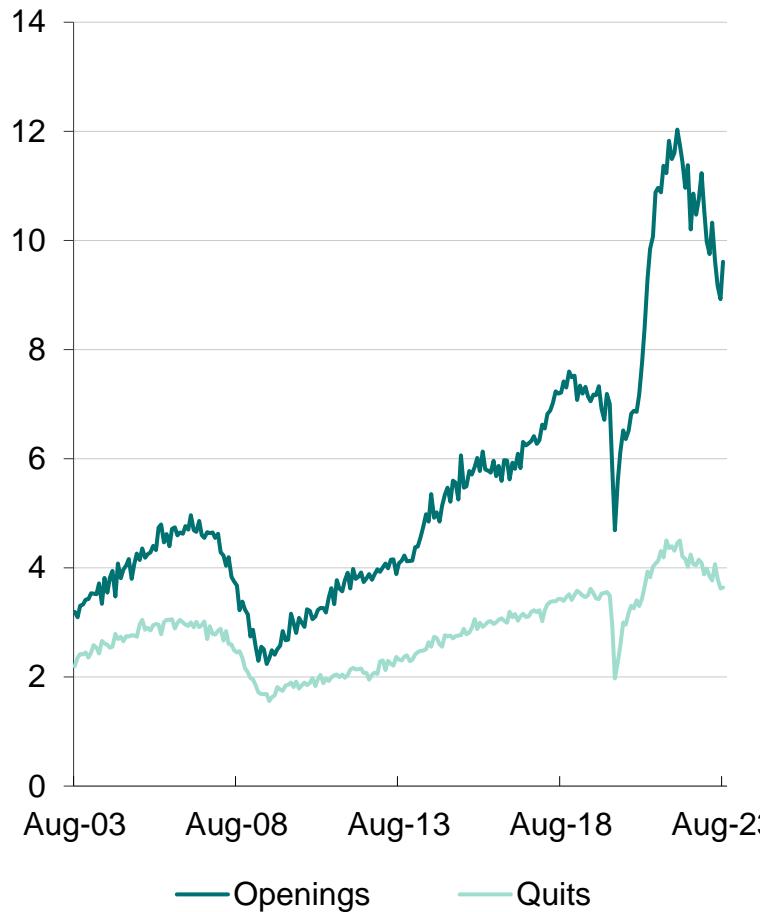


Core inflation (CPI ex food/energy*), % YOY

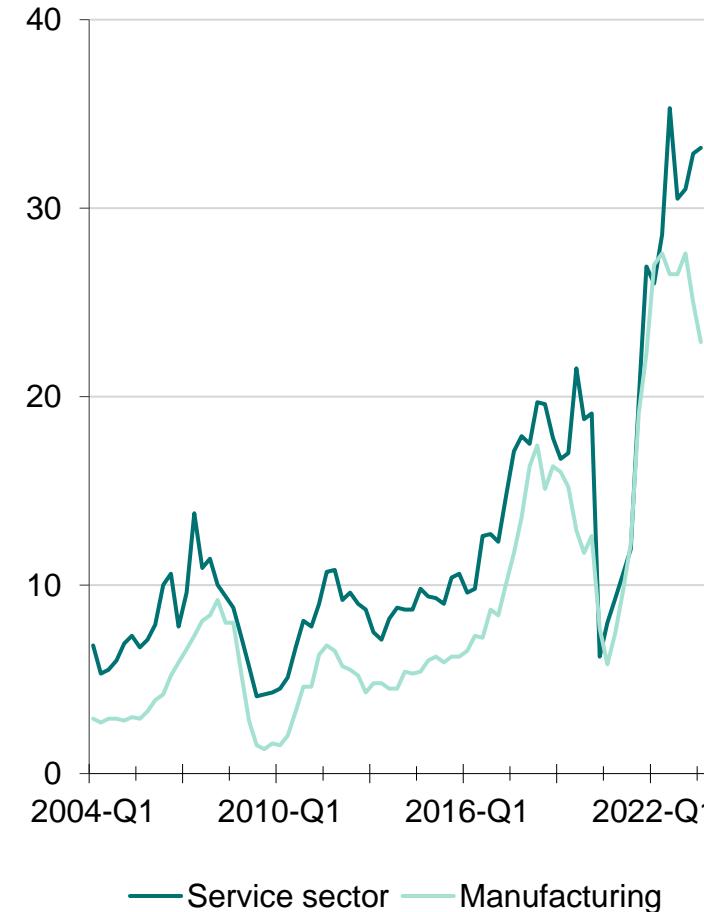


Labour markets remain tight, albeit not as tight as at the peak early 2022

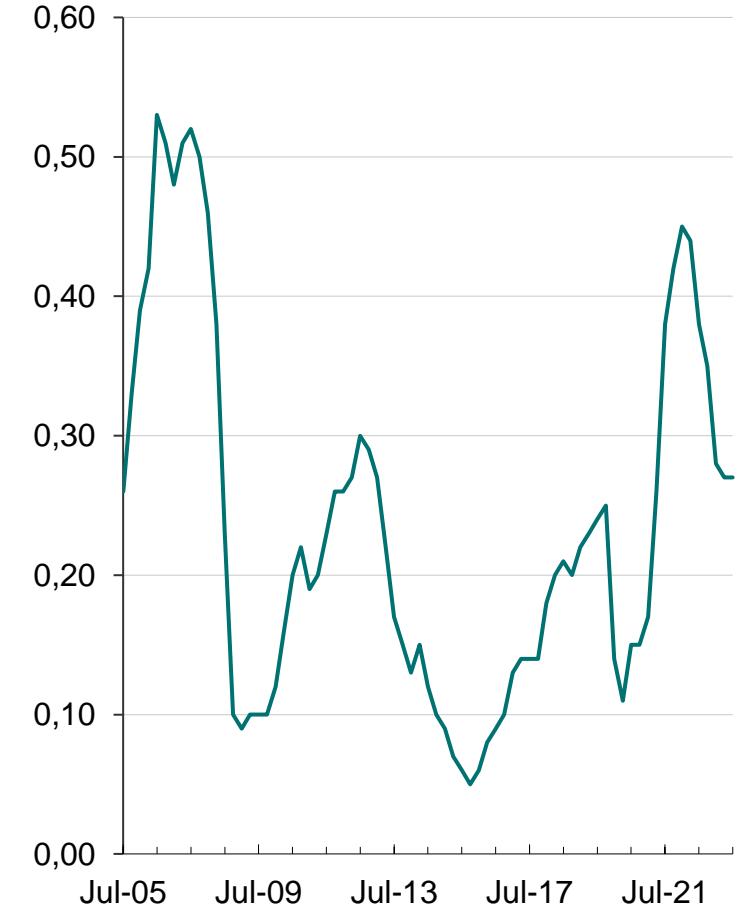
US: Job openings and quits. Millions



EZ: Labour constraints. % of respondents

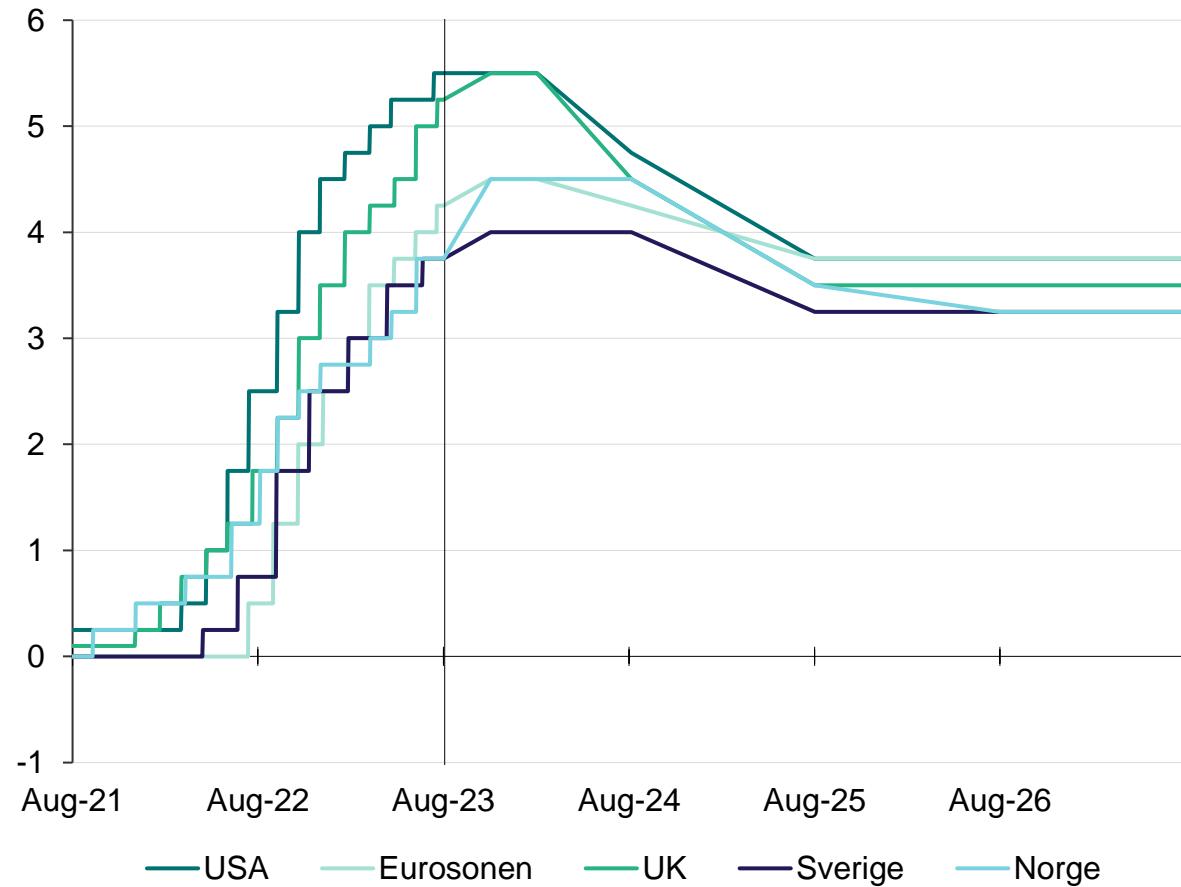


NO: Labour constraints. % of respondents

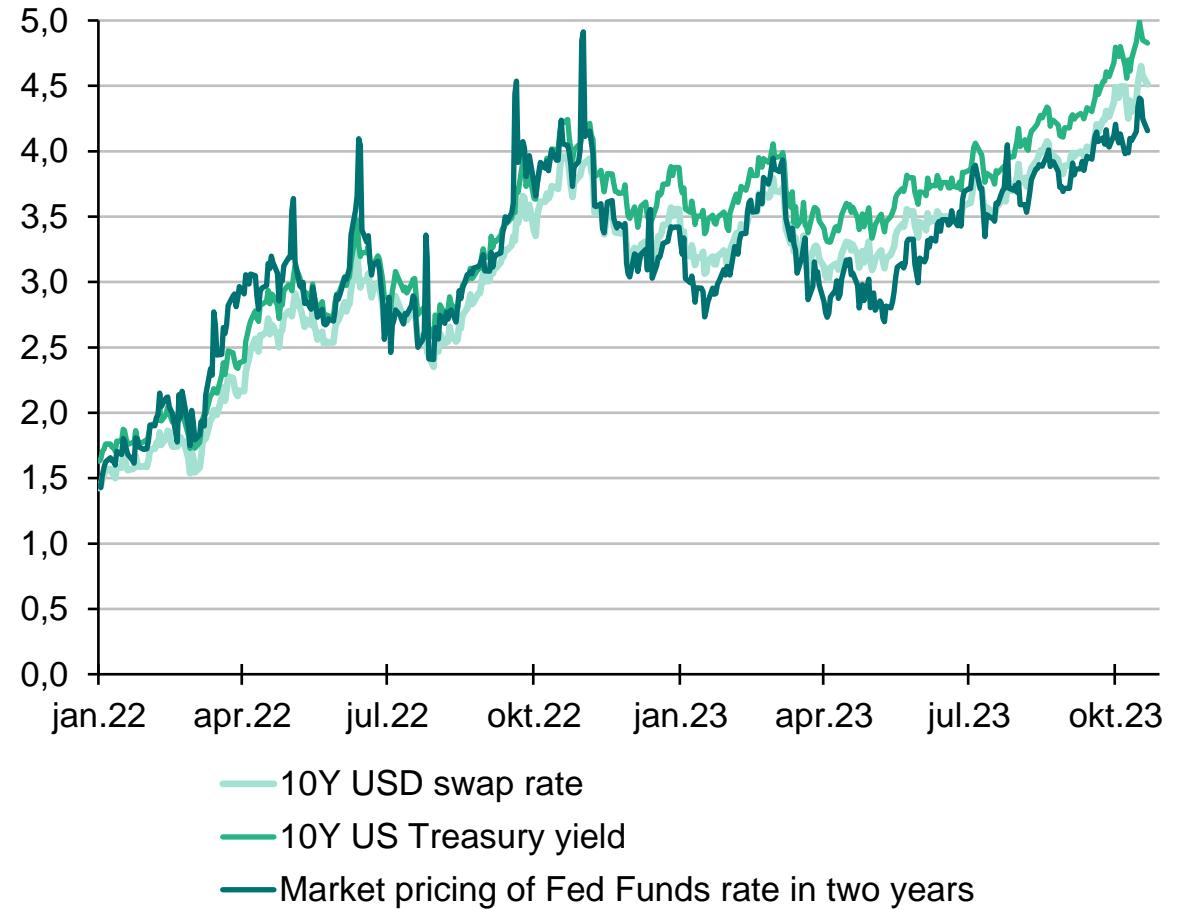


Peak interest rates likely close, but resemble Table Mountain rather than Mont Blanc

Key policy rates, %. Actual and DNB Markets' projections

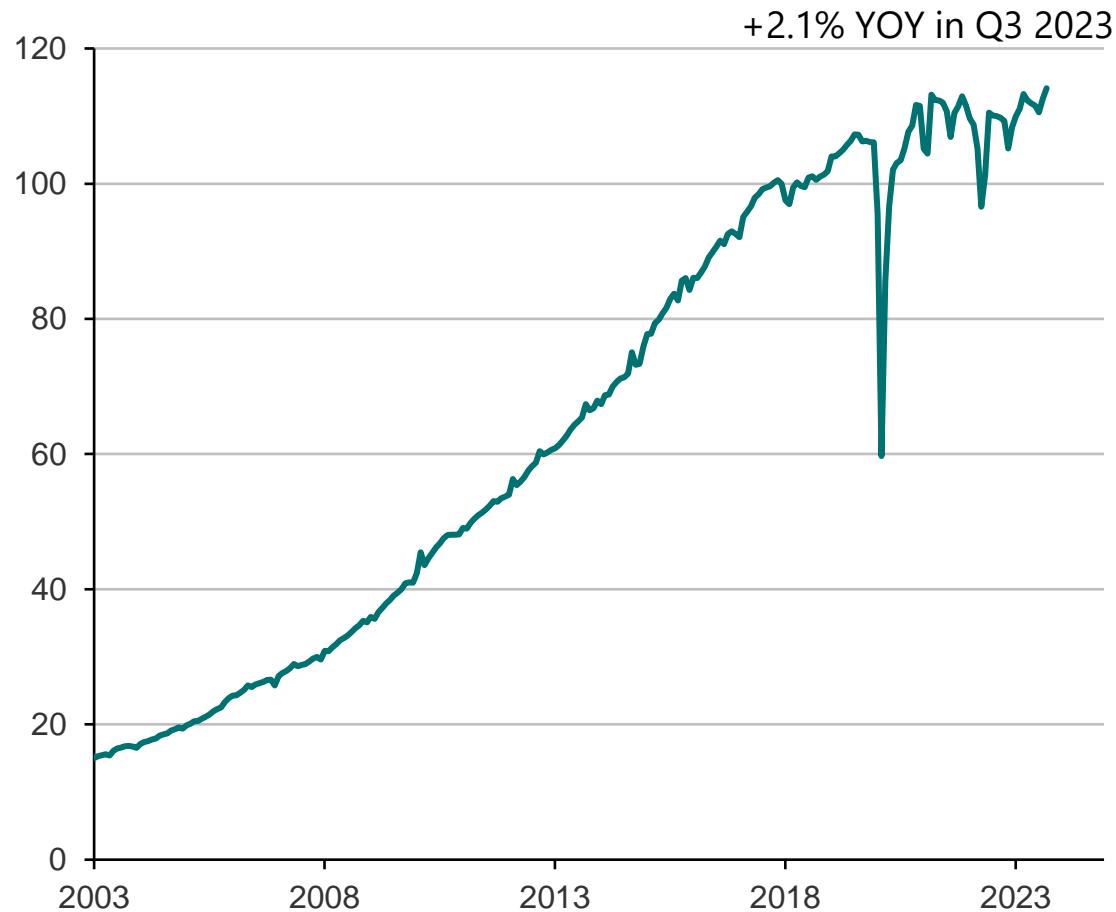


US: 10-year rates and market pricing of Fed Funds rate, %

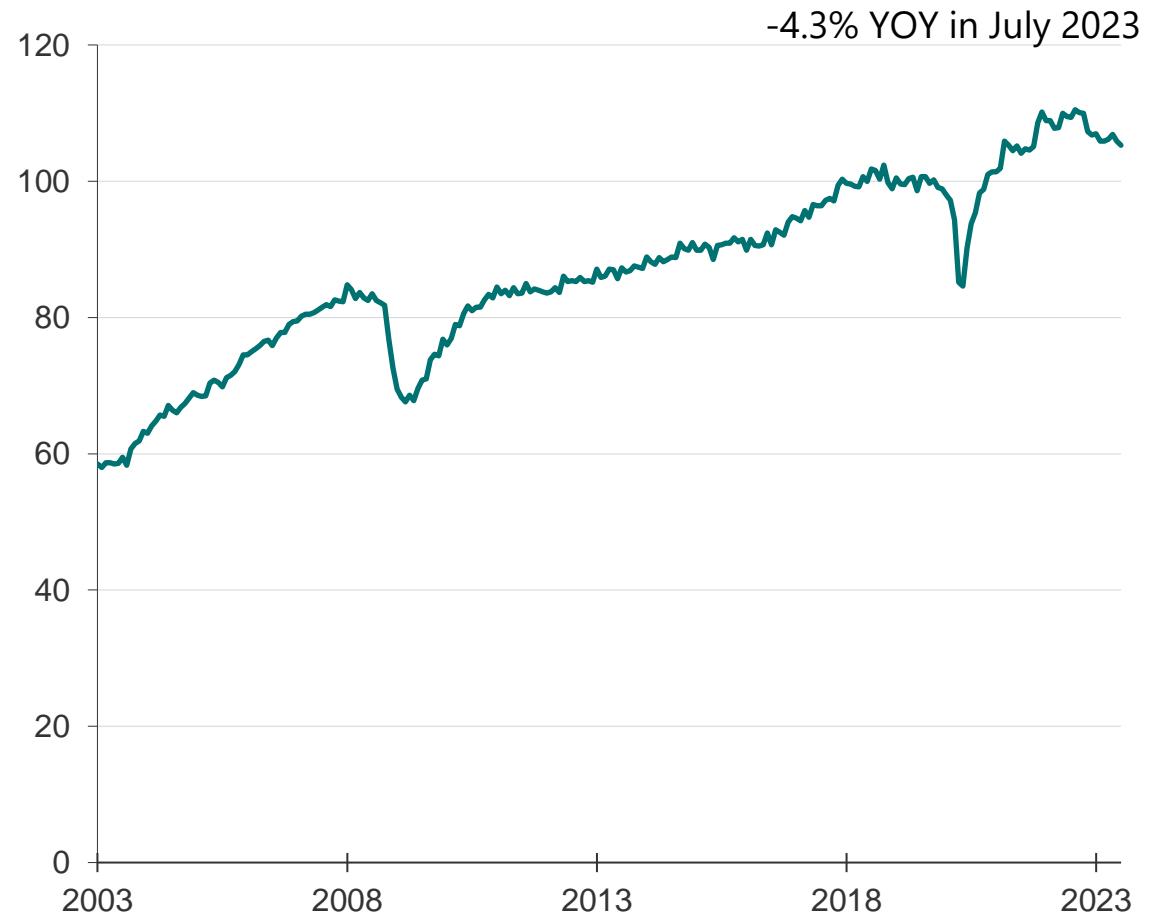


China: Persistent signs of weakness on the demand side...

China: Retail sales volumes CPI adj., Index 2018 = 100

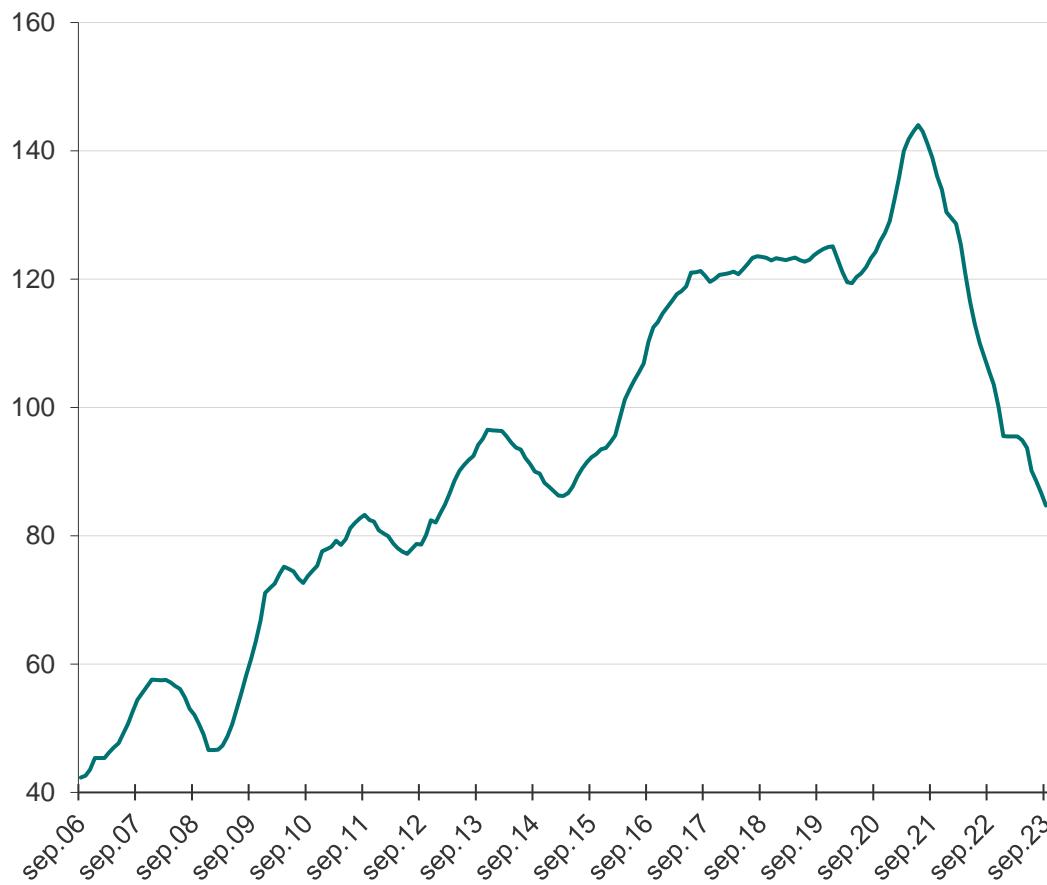


Global: Trade volumes, Index 2010 = 100

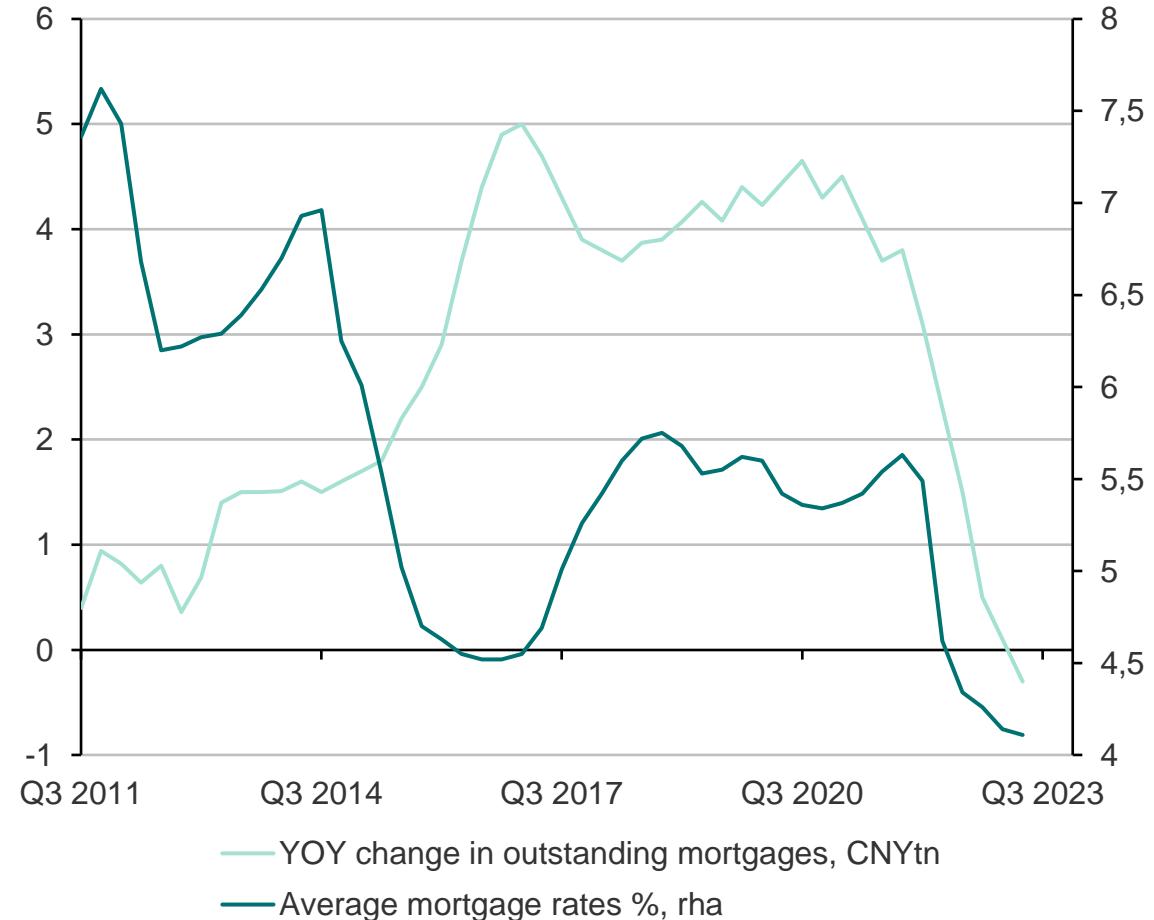


...and an ongoing crisis for the real estate sector

China: Real estate sales, gross floorspace
million sqm 12mma

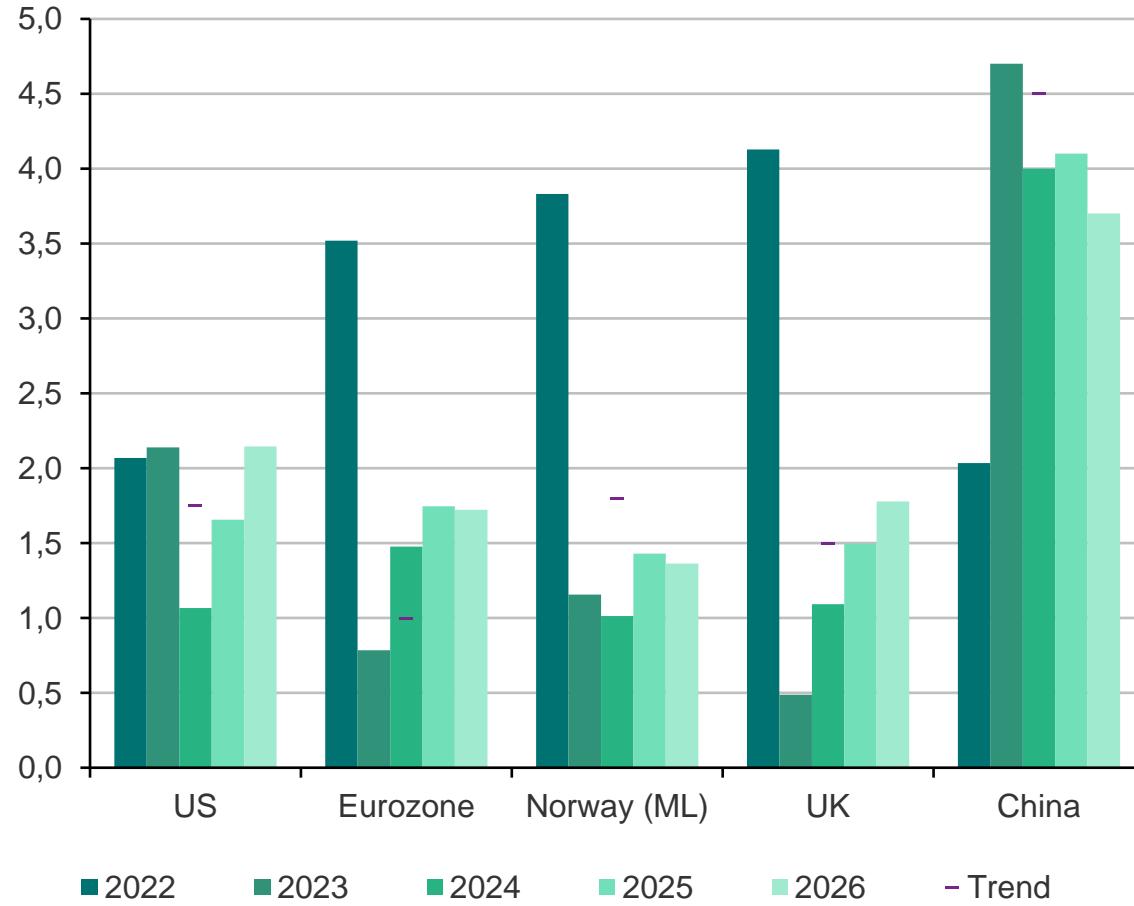


China: Mortgage rates and new mortgage loans issued YOY

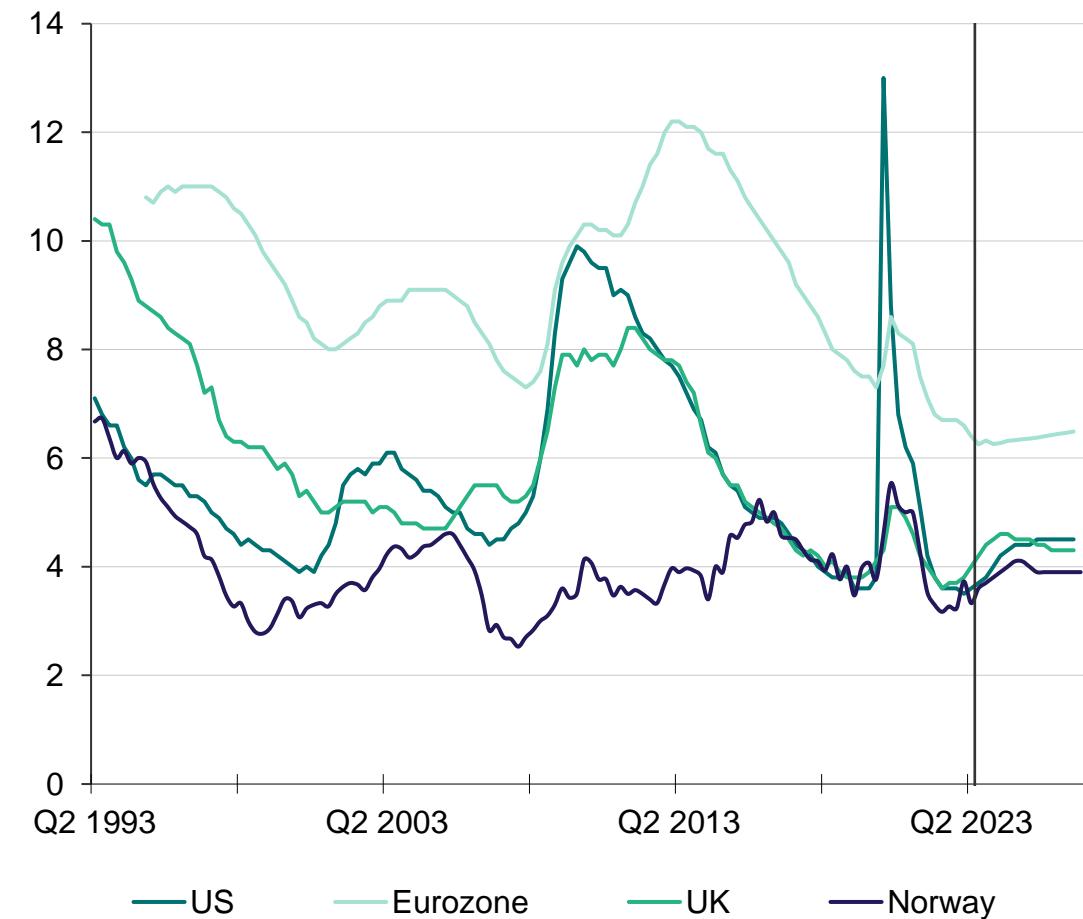


Our expectation: (Relatively) soft landings in sight

GDP growth, % YOY. Actual (2022) and DNB Markets' projections



Unemployment, %. Actual and DNB Markets' projections

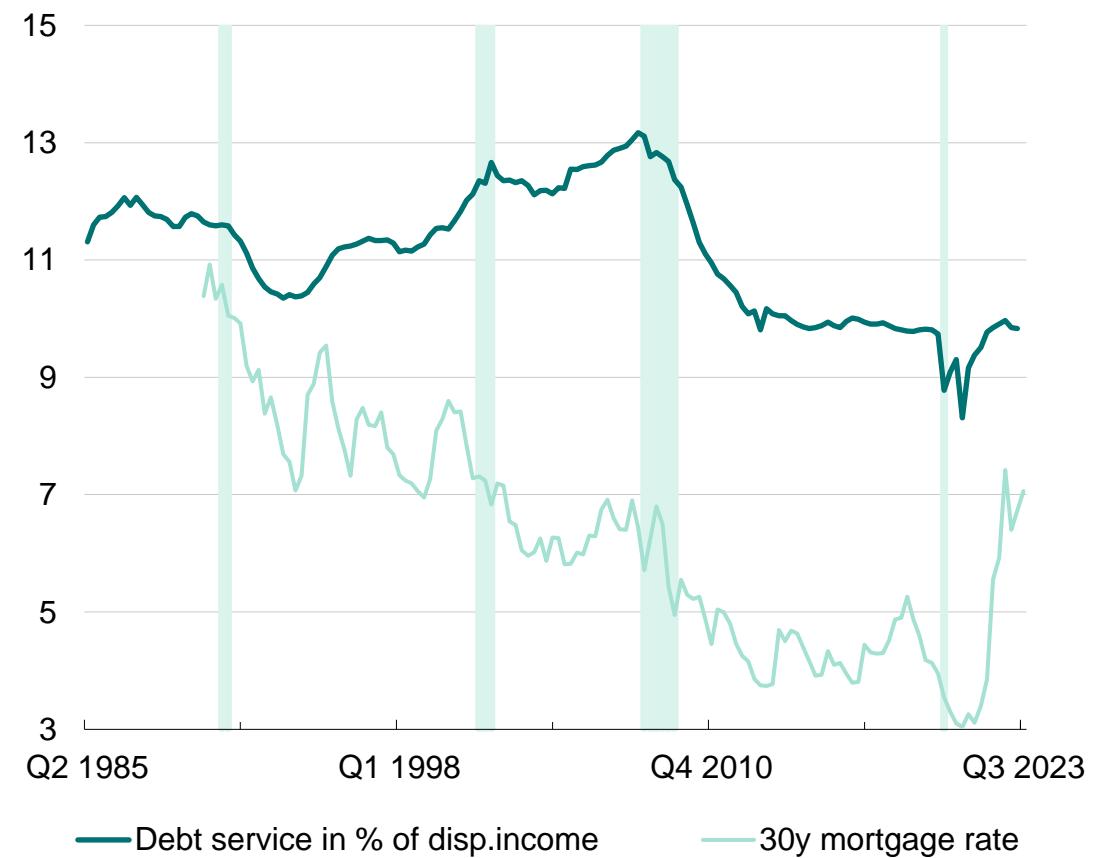


How is a soft landing possible?

Main arguments

1. Relatively slow pass-through from higher rates to the economy
2. Investments lifted by policy trends (energy transition, deglobalisation), that have been reinforced by the geopolitical turbulence
3. High wage and price growth is, in isolation, positive for those with debt
4. Real wages improving due to falling inflation and continued high wage growth
5. China: Government actions, including the rotation to knowledge and technology intensive manufacturing

US: Household debt serv. costs and 30y mortgage rate

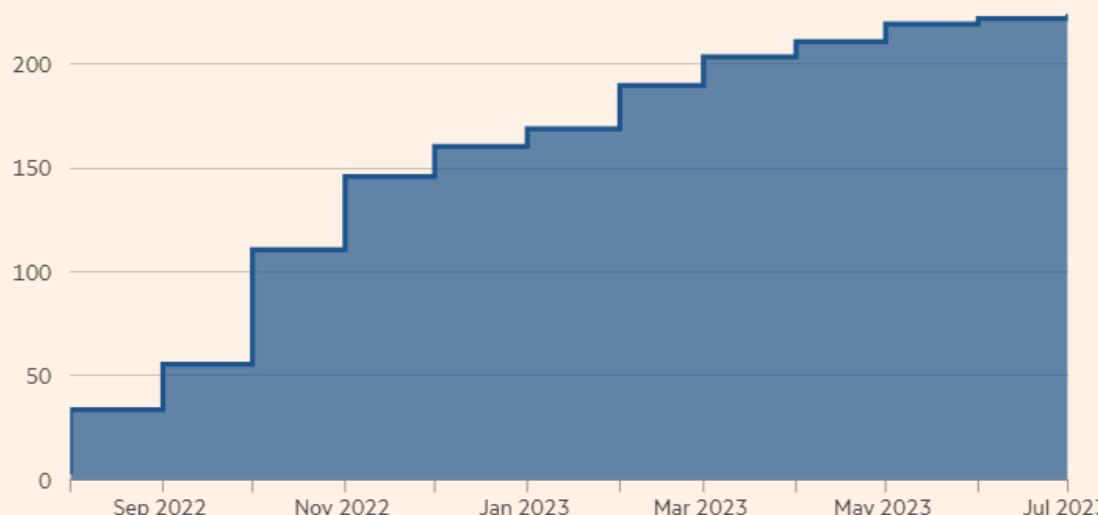


How is a soft landing possible?

US: > 110 large investment projects launched over the past year

Clean tech and semiconductor investments total \$224bn since passage of IRA and Chips Act

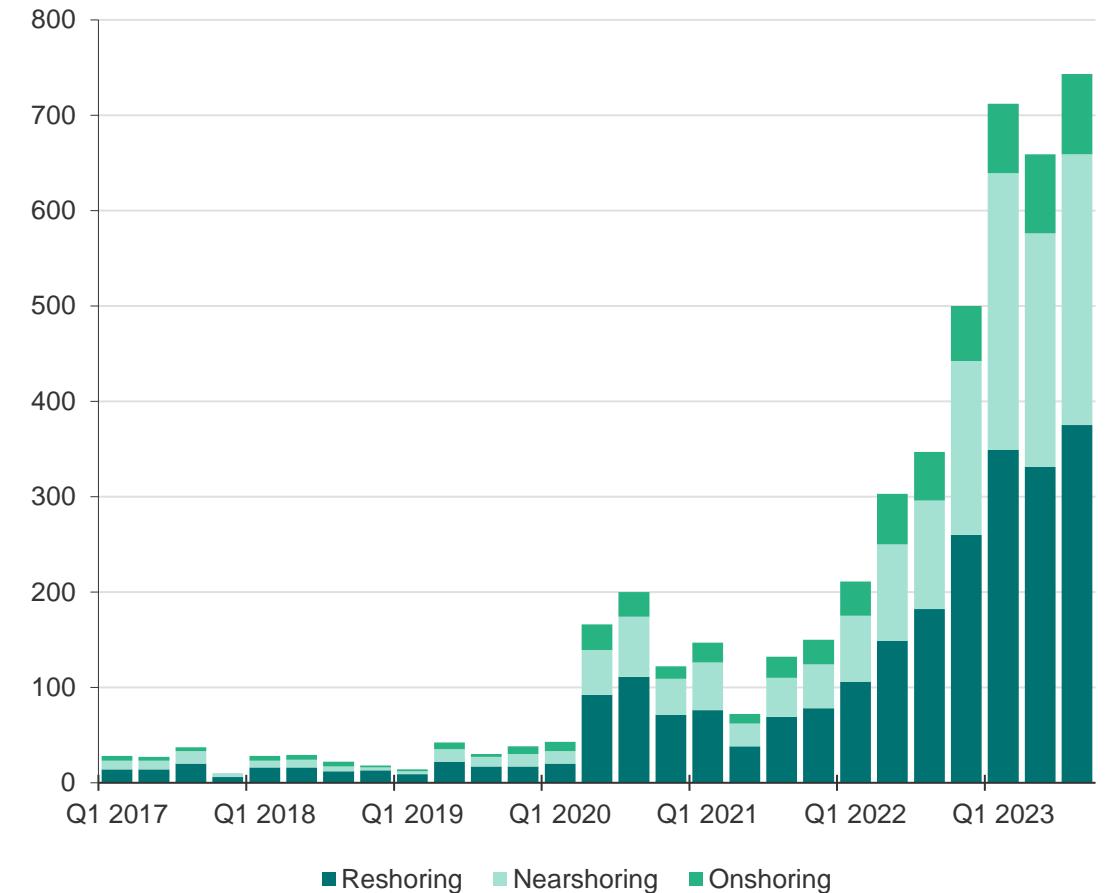
Cumulative total of all announced projects of at least \$100mn since August 2022, by month (\$bn)



Source: FT analysis of company and state press releases and data from fDi Markets, Rystad Energy, Semiconductor Industry Association, S&P Global Market Intelligence, Wood Mackenzie

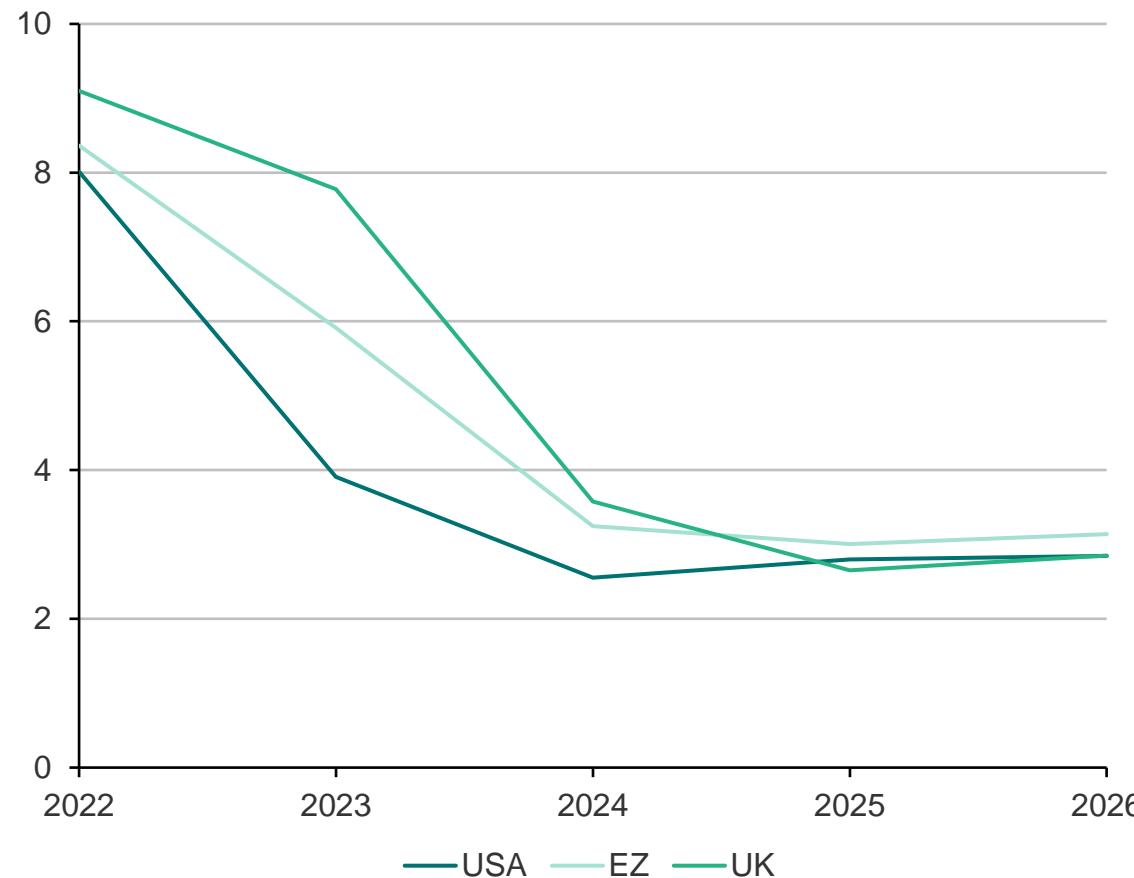
FINANCIAL TIMES

Management mentions of near-, re- or friend-shoring, number*

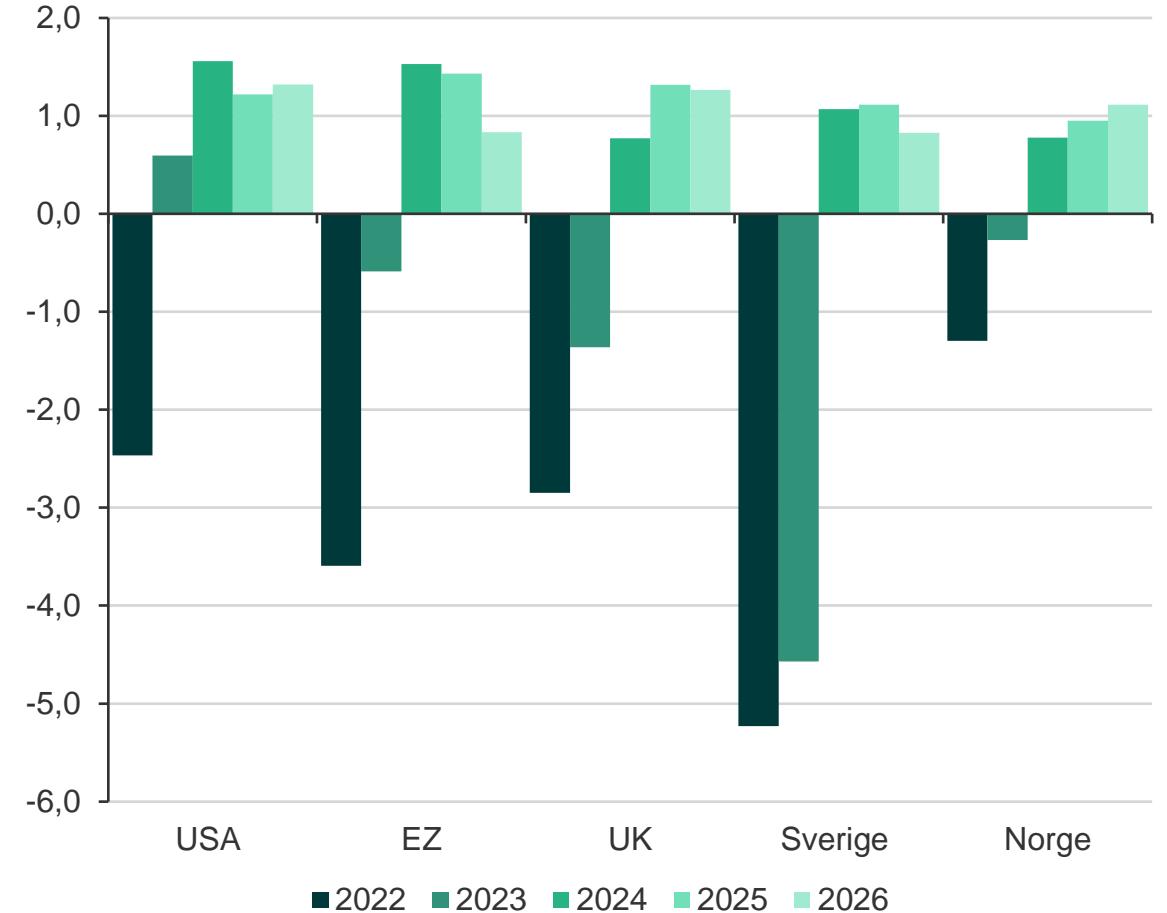


How is a soft landing possible?

Inflation, % YOY. Actual (2022) and DNB Markets' projections

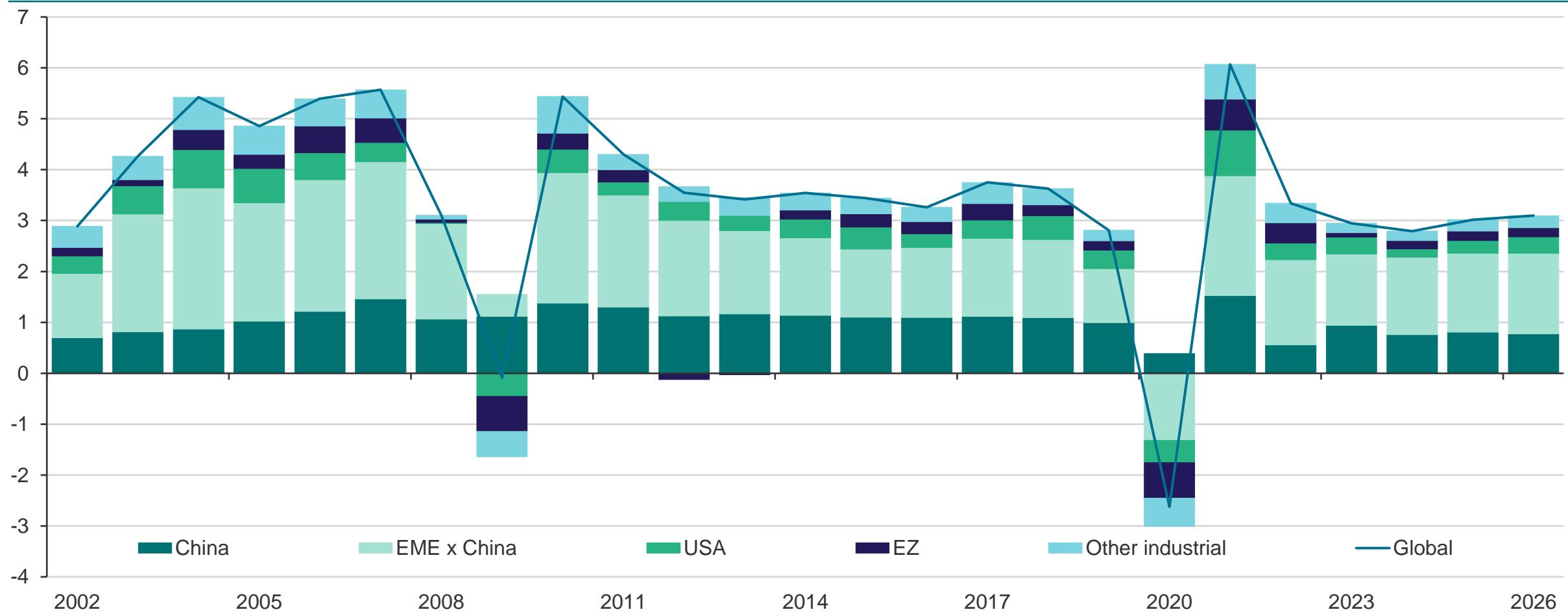


Real wages, % YOY. Actual (2022) and DNB Markets' projections



House view: Medium-term outlook modest rather than grim, but risk is elevated

Global GDP, % YOY and contribution in %-points



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