

Special Ukraine Macro and market forecasts

Macroeconomic forecasts

(28 February 2022)

Annual averages (%)	Real GDP growth %			Inflation (CPI, yoy, %)		
	2021	2022	2023	2021	2022	2023
US	5.8	3.2/3.4	2.1/2.3	4.7	6.0/5.7	2.9/2.4
Japan	1.7	2.1/2.4	0.6/0.9	-0.2	1.3/0.7	0.1/0.6
Eurozone	5.5	2.0/3.2	1.8/2.3	2.6	5.8/4.5	2.6/2.0
UK	7.5	3.5/4.2	1.9/2.2	2.6	6.7/5.9	2.8/2.2
Russia	4.7	-5.6/-3.6	-0.5/-1.5	6.7	13.0/9.0	7.5/5.4
China	8.1	4.2/4.5	4.5/4.9	0.9	2.0/1.4	1.6/1.6
Developed countries	5.1	2.8/3.2	1.9/2.2	3.1	5.0/4.3	2.3/1.9
Emerging countries	6.7	3.6/4.1	3.8/4.3	4.4	7.4/6.1	4.7/4.3
World	6.0	3.3/3.7	3.0/3.4	3.8	6.1/5.4	3.6/3.2

The Russia/Ukraine crisis is pushing the regime shift one step further with more severe economic implications for some regions, in this case Europe because of its energy dependence and geographic proximity. While it is still difficult to anticipate how macro fundamentals will be impacted through this crisis because of the uncertainty of its evolution and final outcome, we expect inflation in Eurozone to remain stubbornly high during the year on energy and food, negatively affecting both demand and production. This context could be indeed consistent with a temporary recessionary outcome in the lower end of our projections.

Due to the uncertainty related to the Russia/Ukraine conflict and its impact on global economic trend, we started with insulating the Oil/Commodity channel (incorporating a more acute geopolitical risk on top of our FV analysis on the next 6M horizon) to assess the impact on the main areas macro forecasts. Overall, Global growth revised down by 0.5% in 2022. The main drivers being countries more dependent on external sourcing of Oil/Gas across DM and EM. Global Inflation revised higher across EM & DM (around 0.5% over 2022), based on the different weight of Energy component in the CPI baskets. In Eurozone, Inflation will remain more stubbornly high during the year, negatively affecting both demand and production. The lowest growth band in EU (2.0% in 2022) is consistent with a stagflationary or temporary recessionary outcome, where GDP YoY growth could slow to levels in a range of 0- 0.5% YoY over the year.

Key interest rate outlook

Developed countries

	25/02/2022	Amundi +6M	Consensus +6M	Amundi +12 M	Consensus +12 M
US	0.13	1/1.25	1.21	1.5/1.7	1.85
Eurozone	-0.5	-0.5	-0.4	0.00	-0.01
Japan	-0.02	-0.1	-0.02	-0.1	+0.01
UK	0.50	1.00	1.55	1.25	1.93

Emerging countries

	28/02/2022	Amundi +6M	Consensus +6M	Amundi +12 M	Consensus +12 M
China	3.70	3.60	3.60	3.60	3.60
India	4.00	4.50	4.35	5.00	4.75
Brazil	10.75	12.25	11.8	10.75	10.90
Russia	20.00	16.00	na	12.00	na

Long rate outlook

2Y. Bond yield

	25/02/2022	Amundi +6M	Forward +6M	Amundi +12 M	Forward +12 M
US	1.57	1.6/1.8	1.94	1.8/2	2.11
Germany	-0.42	-0.2/0	-0.21	-0.1/0.1	-0.05
Japan	-0.02	-0.10/0	0.00	-0.10/0	0.03
UK	1.21	1.0/1.20	1.38	1.20/1.40	1.39

10Y. Bond yield

	25/02/2022	Amundi +6M	Forward +6M	Amundi +12 M	Forward +12 M
US	1.95	2/2.2	2.06	2.1/2.3	2.13
Germany	0.18	0.1/0.3	0.25	0.1/0.3	0.32
Japan	0.21	0.1/0.3	0.27	0.1/0.3	0.33
UK	1.43	1.3/1.5	1.54	1.4/1.6	1.58

Currency outlook

	25/02/2022	Amundi Q2 2022	Consensus Q2 2022	Amundi Q4 2022	Consensus Q4 2022		25/02/2022	Amundi Q2 2022	Consensus Q2 2022	Amundi Q4 2022	Consensus Q4 2022
EUR/USD	1.12	1.09	1.13	1.14	1.16	EUR/SEK	10.47	10.61	10.33	10.25	10.11
USD/JPY	115	114	116	118	116	USD/CAD	1.27	1.31	1.26	1.23	1.24
EUR/GBP	0.83	0.84	0.83	0.82	0.84	AUD/USD	0.71	0.70	0.73	0.76	0.75
EUR/CHF	1.04	1.03	1.06	1.10	1.08	NZD/USD	0.67	0.65	0.69	0.68	0.71
EUR/NOK	10.05	10.16	9.86	9.55	9.75	USD/CNY	6.32	6.45	6.40	6.30	6.50

Source: Amundi Institute

DISCLAIMER TO OUR FORECASTS

The uncertainty around the macro forecasts is very high, and it triggers frequent reassessments any time fresh high frequency data are available. Our macroeconomic forecasts at this point include a higher qualitative component, reducing the statistical accuracy and increasing the uncertainty through wider ranges around them.

METHODOLOGY

— Scenarios

The probabilities reflect the likelihood of financial regimes (central, downside and upside scenario) which are conditioned and defined by our macro-financial forecasts.

— Risks

The probabilities of risks are the outcome of an internal survey. Risks to monitor are clustered in three categories: Economic, Financial and (Geo)politics. While the three categories are interconnected, they have specific epicentres related to their three drivers. The weights (percentages) are the composition of highest impact scenarios derived by the quarterly survey run on the investment floor.

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