

A REBOUND LIKE NO OTHER



Klaus Baader
Global Chief Economist
+44 (0)20 7762 4714
klaus.baader@sgcib.com

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A REBOUND LIKE NO OTHER

- **The title of this GEO paraphrases that of the IMF's Autumn World Economic Outlook, "A Crisis like no other". What was less obvious then – and still isn't entirely certain now – is what sort of a rebound was to follow. We believe there is sufficient evidence that the most likely outcome by far is the steepness and severity of the downturn being matched in kind by the upswing. This is fundamentally a direct result of the unprecedented and laser-sharp focus of fiscal policy activism.**
- **Brighter growth momentum and outlook**
Despite continuing restrictions, the outlook for growth has improved almost everywhere, and our global GDP forecast is up by 0.2pp and 0.5pp for 2021 and 2022 respectively, and they indicate an unprecedented boom. But they must be seen in context of the unprecedented contraction that preceded it. Still, the rapidity of the turnaround and the speed of recovery are indeed like no other. As such, the pre-crisis GDP level is expected to be regained much sooner than had been expected only recently – and remarkably quick compared with previous downturns, especially the Great Recession. Even so, our forecasts are pessimistic compared to the consensus, especially for the euro area.
- **The key role of excess household savings**
This is an extraordinary economic cycle in many respects. Its trigger was a large-scale sudden stop by decree, not an economic shock per se. This supply-side shock made this recession, unusually, consumption driven. At the same time, household incomes were boosted public transfers. The result is that households have built up excess savings of truly monumental proportions. Our forecasts are cautious, not to say timid, as to whether and how quickly these savings will be spent, especially in the euro area. The German term "Kaputtsparen" (save to destruction) comes to mind. Greater and/or faster spending of these excess savings is a key upside risk to global growth.
- **Risks tilt further to upside, growth scenarios symmetric**
The probabilities we ascribe to our alternative upside and downside scenarios – which are driven by the path of COVID-19 and the release of pent-up consumer demand – are sharply tilted to the upside. But the paths for alternative scenarios are symmetric.
- **Inflation bucking like a bronco in 2021, but not running away**
Oil prices will drive headline inflation to scary levels in the coming months, but with unemployment high, a sustained shift up in inflation looks unlikely to us. That being said, the list of upside inflation risks is long – but short on downside risks.
- **Central banks vs markets stand-off in the making**
Monetary policy will become boring again in 2021. But a battle is brewing in the bond market – and it's one central banks better not get into.

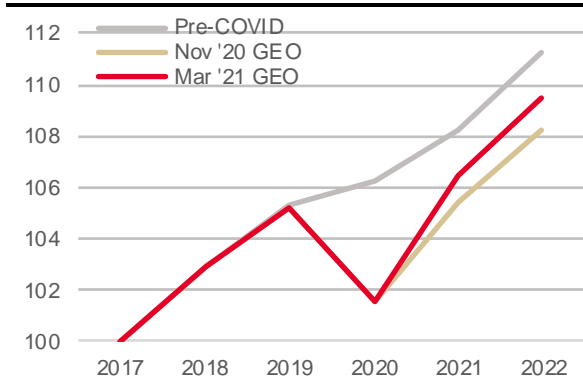
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BRIGHTER GROWTH MOMENTUM AND OUTLOOK

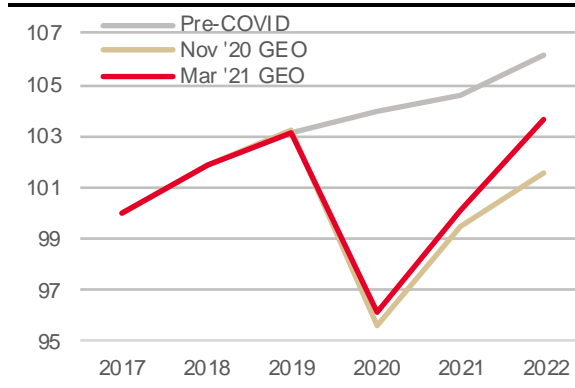
THE NUMBERS: A LESS WEAK PAST AND A STRONGER FUTURE

SG GDP path forecasts US (index 2017=100)

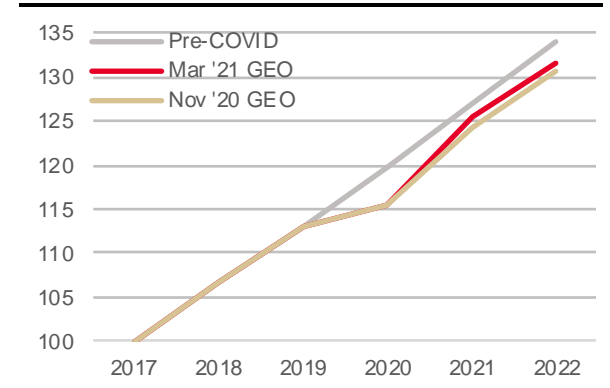


Source: SG Cross Asset Research/Economics

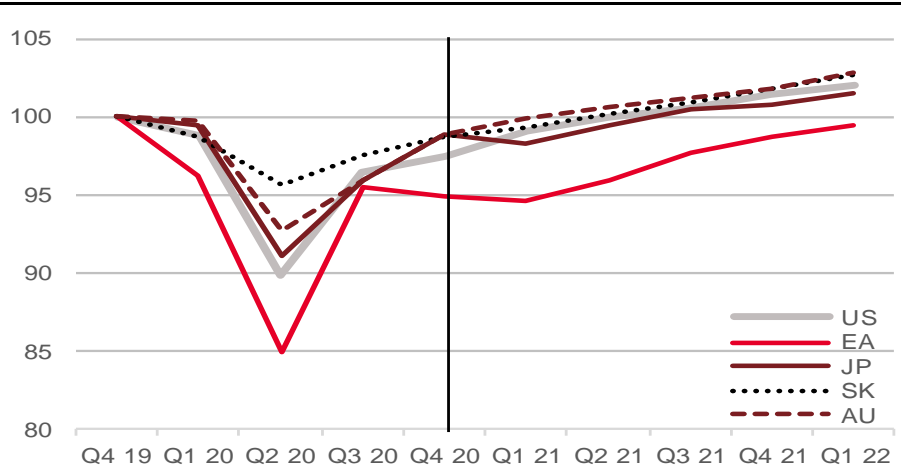
SG GDP path forecasts euro area (index 2017=100)



SG GDP path forecasts China (index 2017=100)

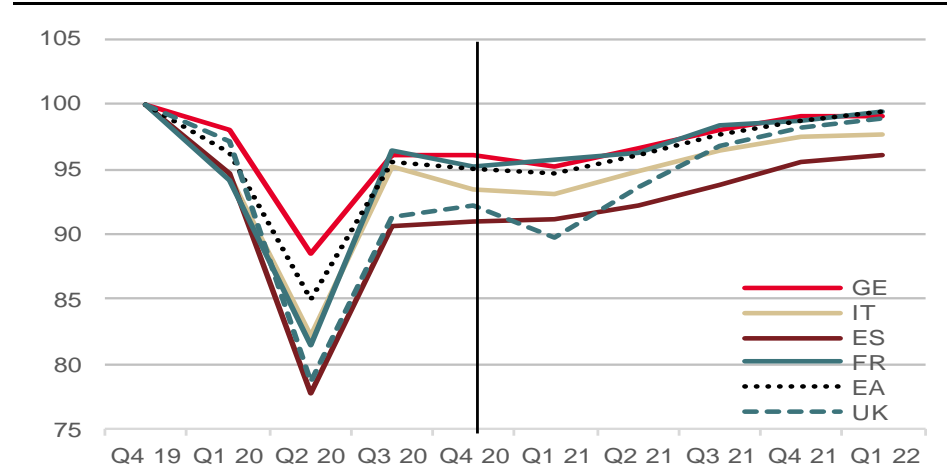


Real GDP (index 4Q19=100)



Source: SG Cross Asset Research/Economics

Real GDP (index 4Q19=100)



WARP-SPEED RECOVERY, BUT WE ARE BELOW CONSENSUS, ESP. EURO

Number of quarters to reach pre-recession GDP

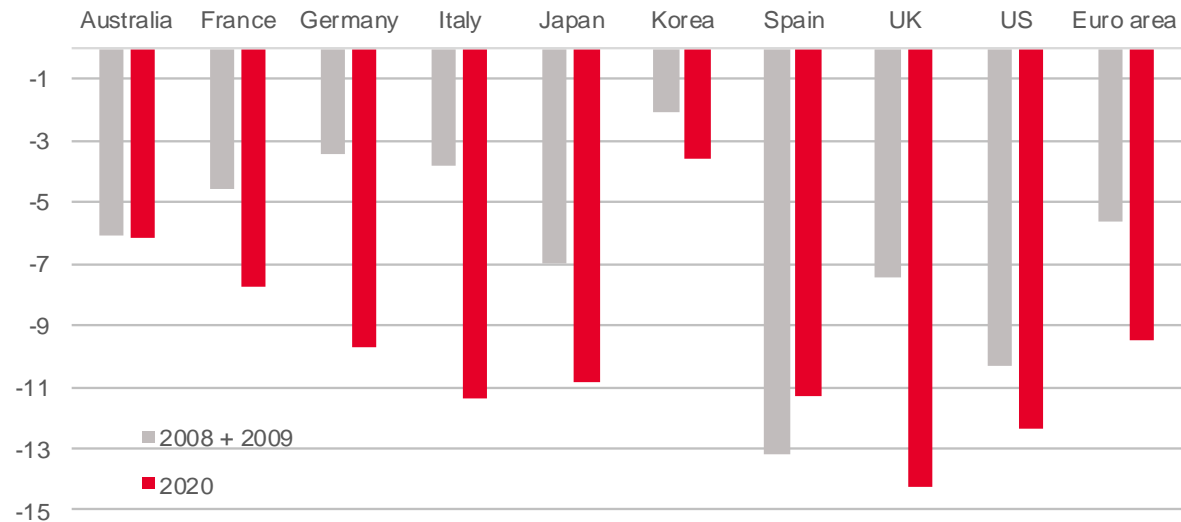
	Great Recession	COVID-19 Recession
United States	14	6
Euro area	27*	10 to 11
Japan	22	6 to 7
Germany	12	8 to 9
France	12	10 to 11
UK	21	12
Australia	2	5
South Korea	4	6

* 14Q to within 0.6%

	SG				Consensus		IMF	
	2021	P*	2022	P*	2021	2022	2021	2022
World (Mkt FX weights)	5.3	5.0	3.8	3.4	--	--	--	--
World (PPP weights)	5.3	5.1	4.1	3.6	--	--	5.5	4.2
US	4.9	3.9	2.8	2.6	4.7	3.6	5.1	2.5
Euro area	4.1	4.1	3.6	2.1	4.4	4.1	4.2	3.6
Germany (nsa)	2.9	3.0	4.0	3.4	3.5	3.8	3.5	3.1
France	5.9	6.7	3.2	1.3	5.5	3.6	5.5	4.1
Italy	4.5	4.8	3.0	1.5	4.3	3.9	3.0	3.6
Spain	5.3	4.8	5.0	2.1	5.7	5.7	5.9	4.7
Slovakia	4.5	2.9	4.4	5.9	4.5	4.5	6.9	4.8
UK	5.2	5.1	5.7	3.8	4.2	5.6	4.5	5.0
Switzerland	2.6	2.7	2.8	2.6	3.0	3.0	3.6	2.1
China	8.5	7.8	5.0	5.0	8.4	5.5	8.1	5.6
Japan	3.5	4.4	2.8	1.9	2.3	2.3	3.1	2.4
Australia	4.2	3.5	3.3	4.0	3.7	3.1	3.0	2.8
South Korea	2.9	2.9	2.7	2.7	3.4	3.0	2.9	3.1
Taiwan	4.3	3.3	2.6	2.8	4.2	2.9	3.2	2.1
India*	9.5	7.1	6.3	4.2	11.1	6.1	11.5	6.8
Indonesia	4.5	5.4	5.1	4.8	4.5	5.5	6.1	5.3
Brazil	3.6	3.7	1.9	1.8	3.3	2.5	3.6	2.6
Mexico	5.0	4.8	2.5	2.5	4.0	2.9	4.3	2.5
Chile	8.3	5.0	3.7	2.7	5.3	3.4	4.5	3.2
Colombia	6.4	5.2	3.1	3.1	5.1	3.9	4.0	3.7
Russia	3.0	2.7	2.3	2.0	2.9	2.5	1.8	1.6
Czech Republic	2.6	3.0	3.9	4.6	3.5	4.7	3.5	2.6

FISCAL EFFORT HAS BEEN HUGE – BUT EA’S EFFORT LAGS THE US

Change in general government balances (% of GDP)

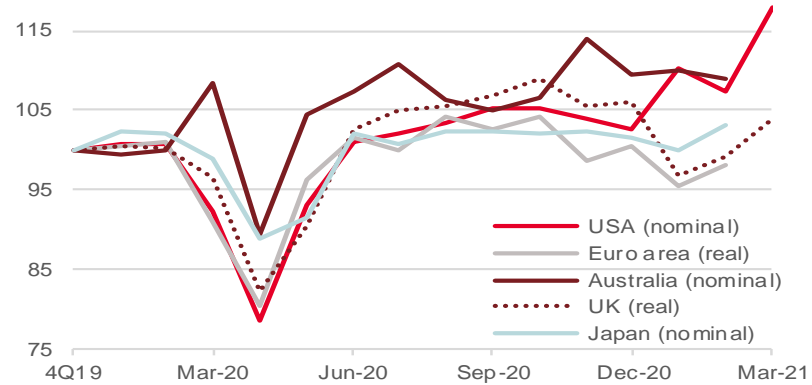


Source: IMF WEO Database Oct 2000, SG Cross Asset Research/Economics

- Public sector deficits have ballooned everywhere, and by more in just 2020 than in 2008 and 2009 combined.
- Euro area deficits have risen less than in the US and several others, despite deeper output loss and greater automatic stabilisers. Suggests smaller fiscal effort.
- The IMF's estimates (Oct 2020) are that the 2.9pp difference in the headline deficit expansion between the US and EA grows to a 3.4pp difference in cyclically-adjusted terms – though the latter comes with huge uncertainty attached.

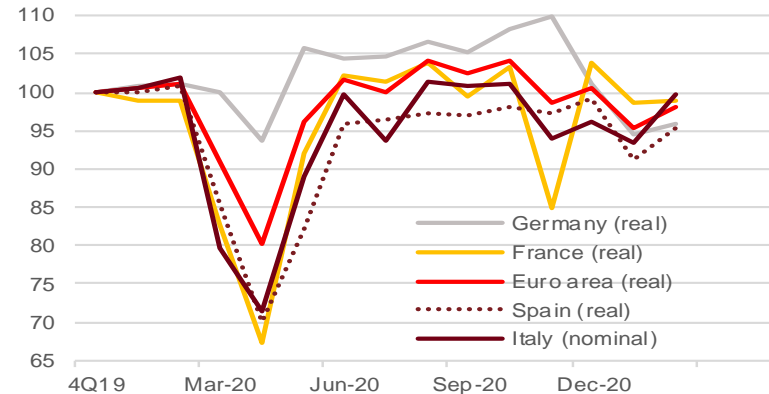
CONSUMERS ARE DOING THEIR BIT – WHEN ALLOWED

Retail sales in key economies (index 4Q19 = 100)

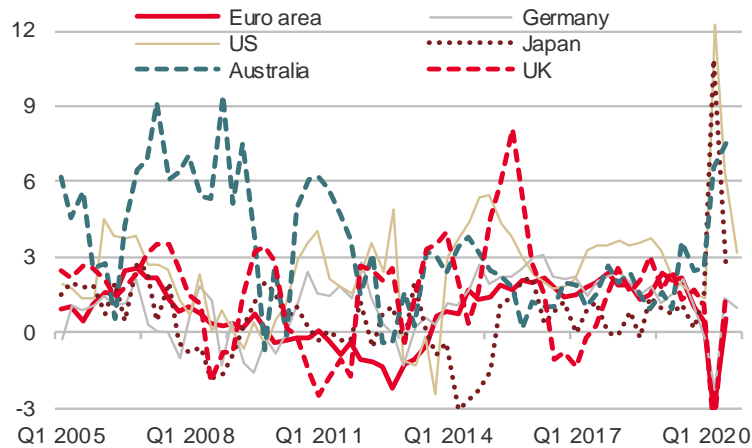


Source: SG Cross Asset Research/Economics

Retail sales across euro area countries (index 4Q19 = 100)

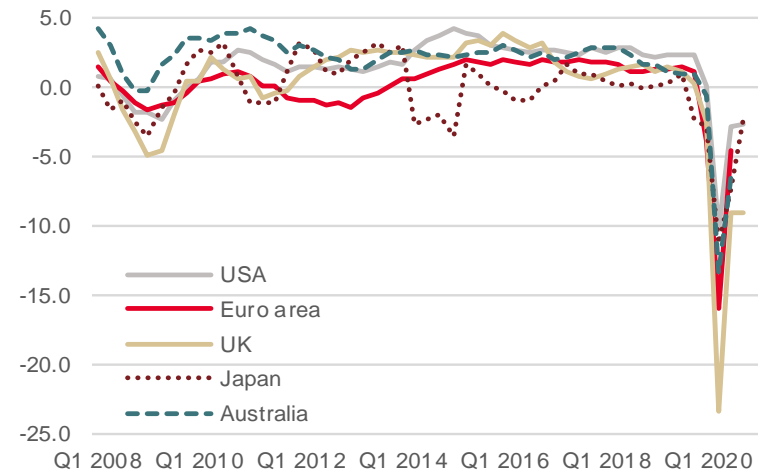


Real personal disposable income (% yoy)



Source: National sources, Refinitiv, SG Cross Asset Research/Economics

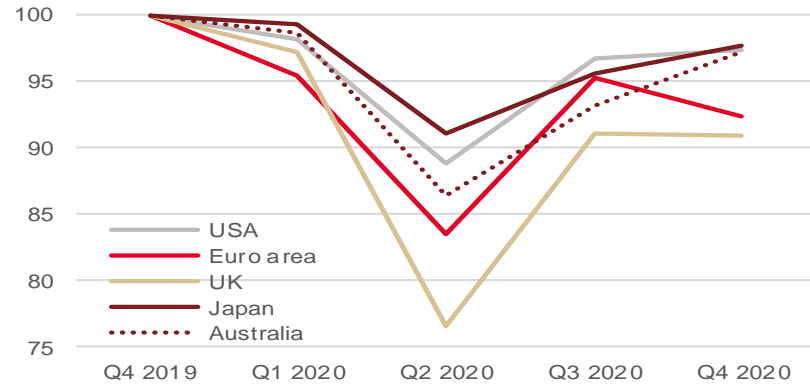
Real household expenditure (% yoy, 3Q MA)



Source: National sources, Refinitiv, SG Cross Asset Research/Economics

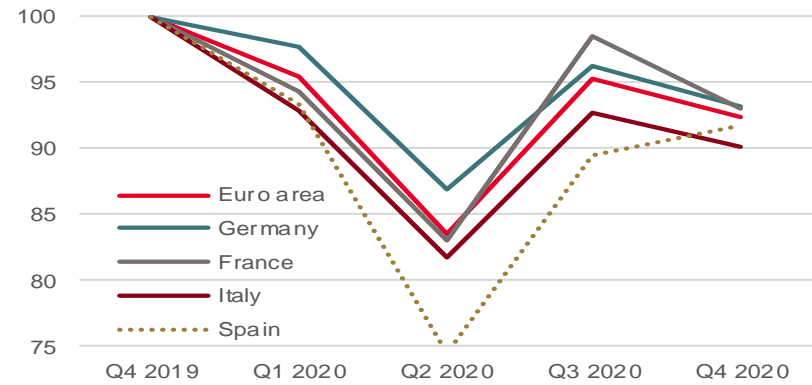
BUT IT WAS STILL A VERY UNUSUAL CONSUMPTION-DRIVEN RECESSION

Real private consumption expenditure (index 4Q19=100)

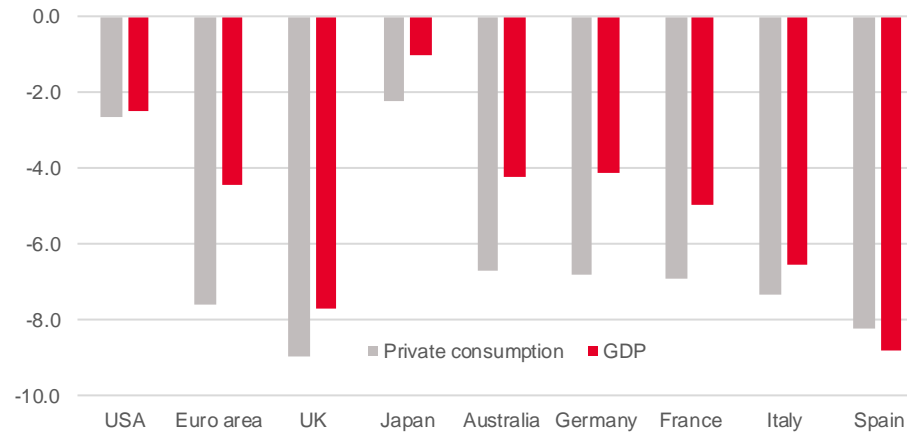


Source: SG Cross Asset Research/Economics

Real private consumption expenditure (index 4Q19=100)



Private consumption and GDP gap from pre-crisis level (% change)



Source: National sources, Refinitiv, SG Cross Asset Research/Economics * 3Q20 data (4Q20 not available)

THE KEY ROLE OF PENT-UP CONSUMPTION DEMAND

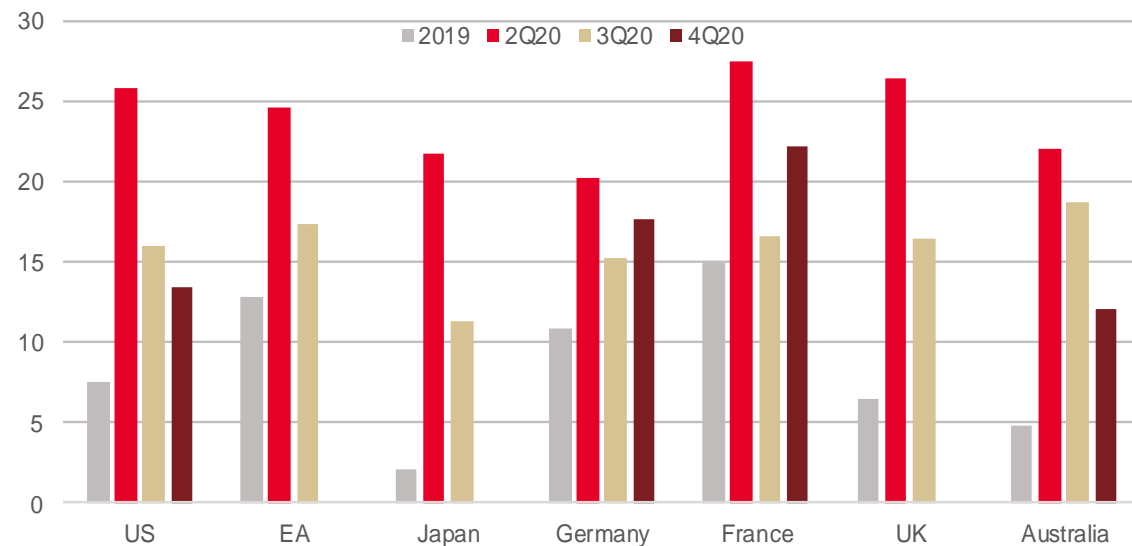
Excess household savings since the start of the COVID-19 crisis

	Absolute (local currency)	% of annual GDP
USA*	1.9tr	9
Japan	30tr	5.4
Euro area	533bn	4.7
Germany	110bn	3.3
France	94bn	4.1
UK	141bn	6.2
Australia	190bn	9.7

* monthly data

Source: SG Cross Asset Research/Economics

Household savings rates (% of disposable income)



Source: SG Cross Asset Research/Economics

SCENARIOS FOR PRIVATE CONSUMPTION

- **The spendthrift scenario**

At one extreme, there is the scenario in which consumers reduce their savings rates back to trend and spend all or virtually all of the excess savings in a relatively short period of time. (Note that in the official statistics this would result in the savings rate dropping below the trend level sharply, albeit temporarily.)

- **“Kaputtsparen”* scenario**

At the other extreme, consumers not only spend none of the accumulated excess savings, but maintain drastically elevated savings rates. (The savings rate remains elevated.) *German for ‘saving to destruction’ (H. Schmidt)

- **The miser scenario**

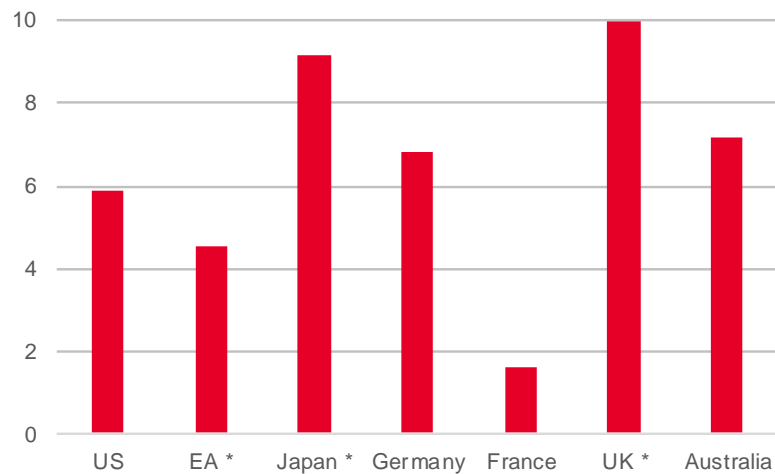
A realistic pessimistic scenario would be one where households return to the pre-crisis level of saving (out of income), but do not spend any of the accumulated excess savings.

- **The revenge-spending scenario**

A realistic but less pessimistic scenario would be one where consumers not only reduce their rate of saving back to the pre-crisis level but also spend a proportion of the accumulated savings, i.e. they release some of the pent-up demand.

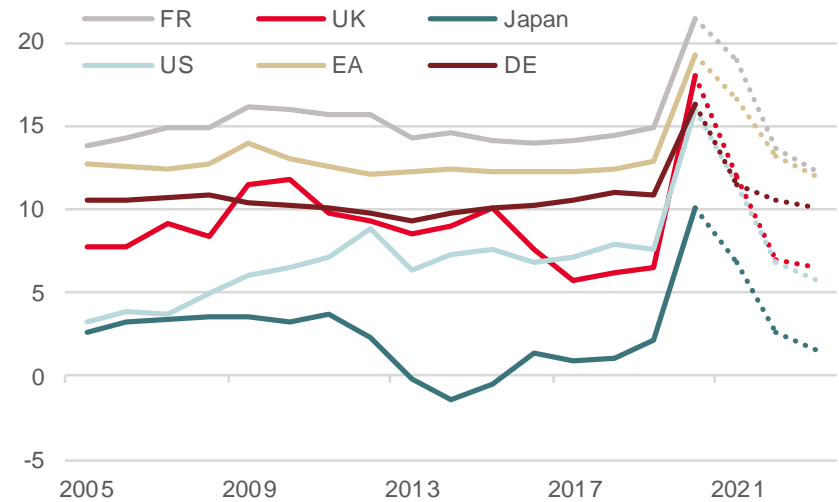
THE KEY ROLE OF PENT-UP CONSUMPTION DEMAND III

Change in household spending if savings rates reverted only to trend (nominal, % of disposable income)



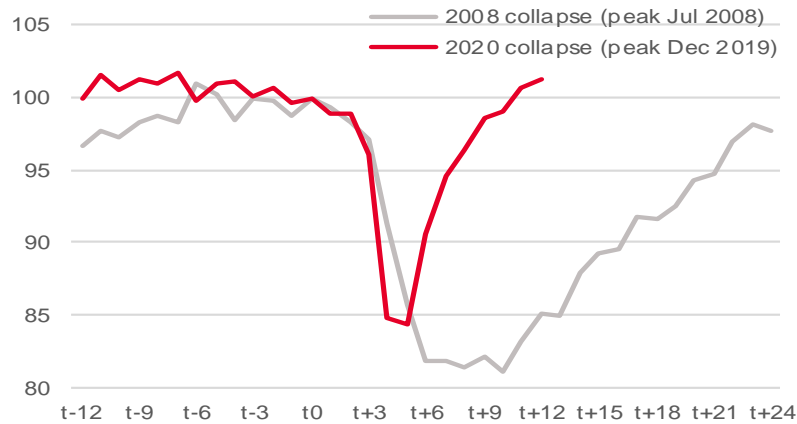
Source: National sources, SG Cross Asset Research/Economics * from 3Q20 (4Q20 n/a)

Household savings rate (annual, % of disposable income)



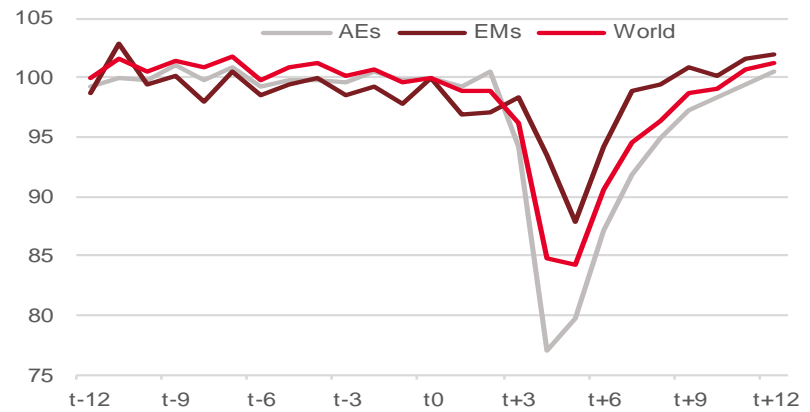
WARP SPEED TRADE RECOVERY COMPLETE – EXPANSION ONGOING

Global trade cycles compared (index pre-crisis-peak = 100)

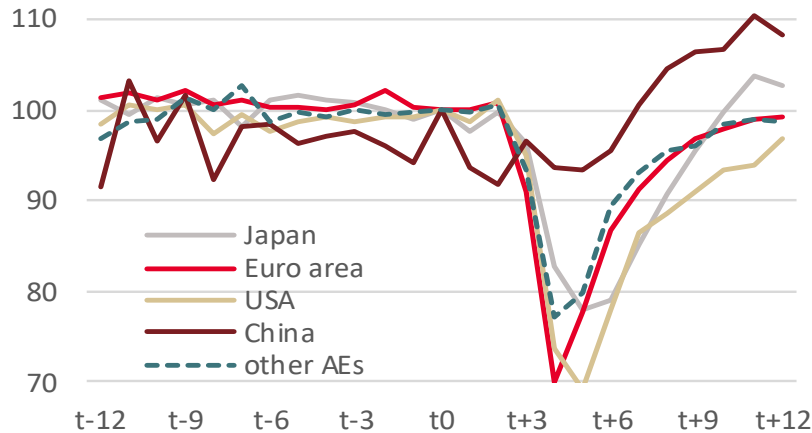


Source: cpb, SG Cross Asset Research/Economics

Real goods exports by country groups (index Dec '19 = 100)

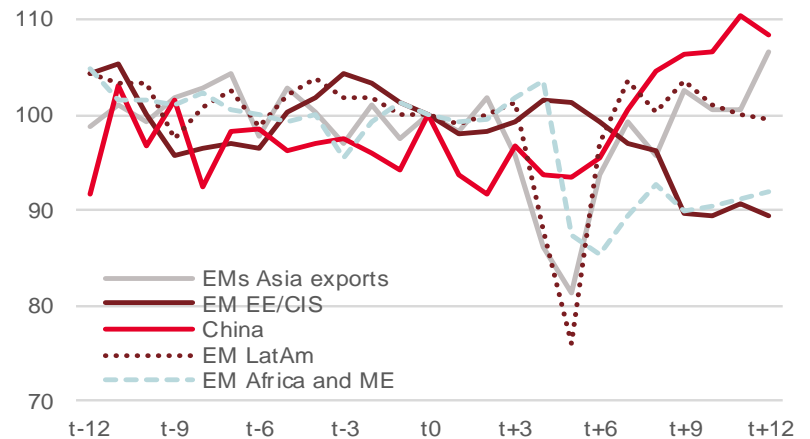


Real goods exports by AEs (index pre-crisis-peak = 100)



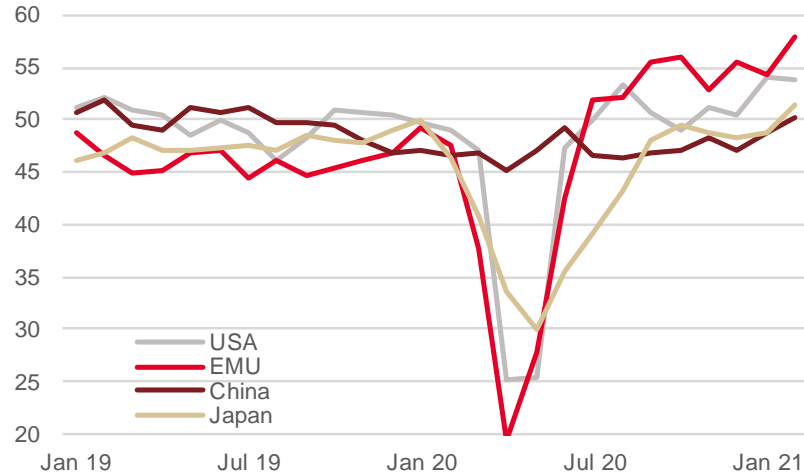
Source: cpb, SG Cross Asset Research/Economics

Real goods exports by EMs (index pre-crisis-peak = 100)



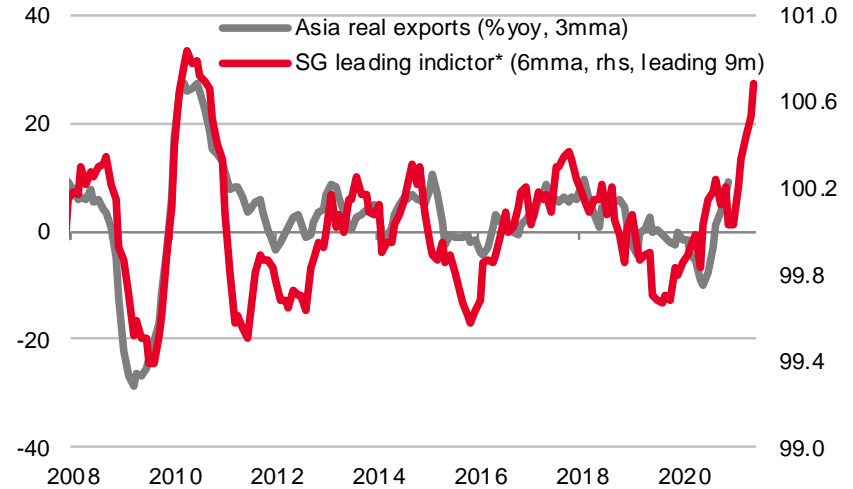
SOLID NEAR-TERM PROSPECTS FOR GOODS TRADE – SERVICES MORIBUND

Manufacturing PMIs – export orders

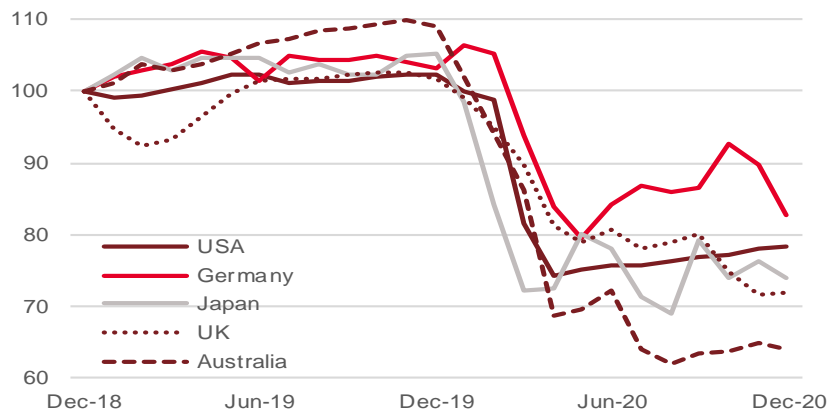


Source: Markit, Refinitiv, SG Cross Asset Research/Economics

SG Asia real export leading indicator

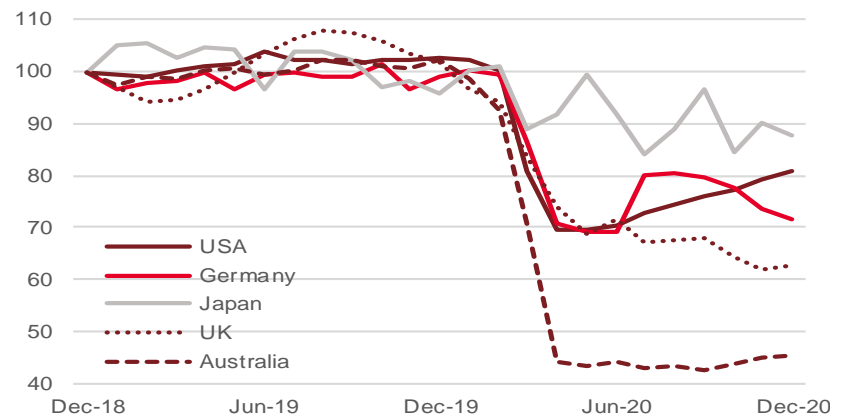


Services exports (s.a., index Dec '18=100)



Source: SG Cross Asset Research/Economics

Services imports (s.a., index Dec '18=100)



#2

RISK SCENARIOS

THE RISKS SCENARIOS

- **Base case: Successful vaccination campaign – eventually**

The vaccination campaign will progress at an accelerating pace, but it will require varying lengths of time until current wide-spread restrictions can be relaxed, depending on local conditions. Gradual acceleration in activity.

- **Downside: COVID-19 could defeat us once more**

Defeat in the battle against the virus, whether it is because vaccination production, distribution and delivery fail to meet expectations, owing to poor implementation – or because of mutations of the virus that will delay effective herd immunity. In this case, normalisation of economic activity will be delayed, potentially for a significant period of time (many months).

- **Upside: Vaccine roll-out could be faster and more effective; revenge spending**

The vaccine roll-out could be faster and more effective than we assume currently.

But the greater economic impact is likely to come from confidence effects, and release of pent-up demand.

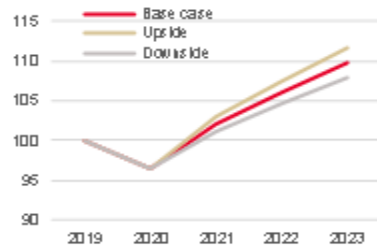
OUR SCENARIO PROBABILITIES HEAVILY SKEWED TO THE UPSIDE (%)

	Base Case	Upside	Downside
World	59	28	13
North America			
US	55	30	15
Europe			
Euro area	60	30	10
UK	50	35	15
Asia			
China	60	30	10
Japan	60	25	15
Australia	65	25	10
South Korea	60	25	15
Taiwan	70	25	5
India	60	25	15
Indonesia	60	20	20
Latin America			
Brazil	60	20	20
Mexico	60	20	20
Eastern Europe			
Czech Republic	60	25	15
Average	59	28	13
Maximum	70	35	20
Minimum	50	20	5

Source: SG Cross Asset Research/Economics

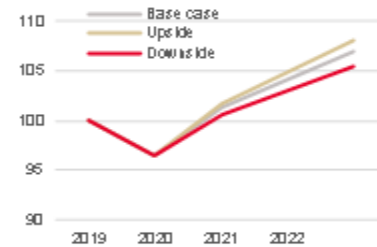
...BUT OUR ALTERNATIVE GROWTH SCENARIOS ARE SYMMETRIC IN AGGREGATE

Global-GDP(PPP)

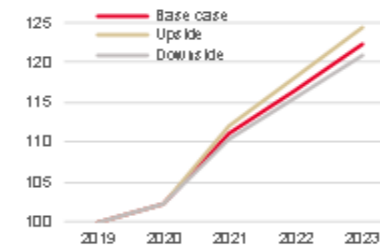


Source: S&P Global Credit Research/Economics

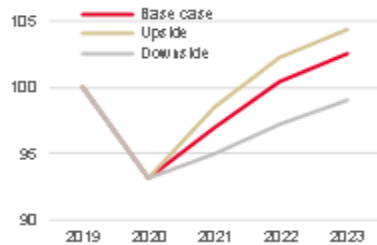
US



China

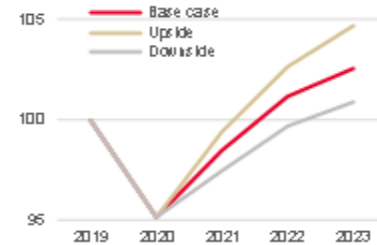


Euro area

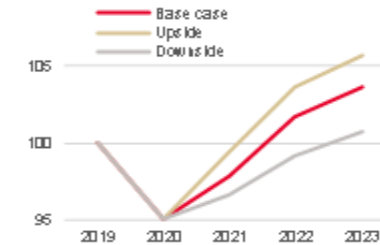


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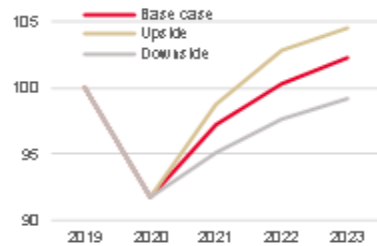
Japan



Germany

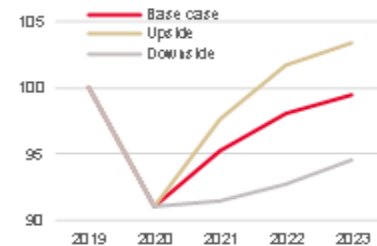


France

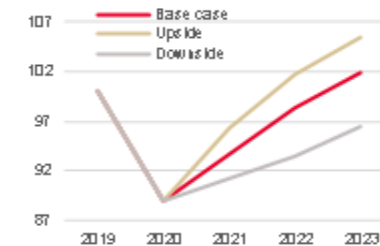


Source: S&P Global Credit Research/Economics

Italy



Spain



#3



**INFLATION BUCKING LIKE A BRONCO IN 2021,
BUT NOT BOLTING**

LOWFLATION FOR YEARS (%)...

	CPI						
	2019	2020	2021f	2022f	2023f	2024f	2025f
World (Mkt FX weights)	2.9	2.2	2.3	2.2	2.5	2.5	2.5
World (PPP weights)	3.6	3.2	2.9	2.8	3.0	2.9	2.9
Developed countries (PPP)	1.4	0.7	1.5	1.5	1.7	1.8	1.8
Emerging countries (PPP)	5.3	5.0	4.0	3.7	3.9	3.7	3.7
North America							
US	1.8	1.2	2.0	1.9	2.1	2.1	2.2
Europe							
Euro area	1.2	0.3	1.7	1.1	1.1	1.5	1.5
Germany (nsa)	-	-	-	-	-	-	-
Germany	1.3	0.4	2.4	1.1	1.3	1.7	1.7
France	1.3	0.5	1.5	1.0	1.1	1.4	1.5
Italy	0.7	-0.2	1.2	0.9	0.7	1.1	1.2
Spain	0.8	-0.3	1.3	0.9	0.9	1.4	1.6
Slovakia	2.8	2.0	1.6	2.0	2.3	2.4	2.0
UK	1.8	0.9	1.5	1.9	2.0	2.1	2.1
Switzerland	0.4	-0.7	0.0	0.4	0.7	0.9	0.9
Asia							
China	2.9	2.5	0.7	1.6	2.2	1.8	1.8
Japan	0.5	0.0	0.2	1.2	1.3	1.2	1.0
Australia	1.6	0.9	1.8	1.6	2.0	2.2	2.2
South Korea	0.4	0.5	1.2	1.3	1.4	1.5	1.5
Taiwan	0.8	-0.2	1.4	1.5	1.5	1.6	1.0
India	3.7	6.3	4.5	4.1	4.4	4.3	4.4
Indonesia	2.8	2.0	2.3	2.8	3.0	3.0	3.3
Latin America							
Brazil	3.7	3.2	5.5	3.7	3.5	3.5	3.6
Mexico	3.6	3.4	3.7	3.1	3.2	3.2	3.2
Chile	2.3	3.0	3.7	2.9	3.1	3.2	3.2
Colombia	3.5	2.5	2.5	3.4	3.1	3.2	3.3
Russia & Eastern Europe							
Russia	4.2	3.7	4.5	3.9	4.0	4.0	3.8
Czech Republic	2.8	3.2	1.8	1.9	2.1	2.0	2.0

Source: National sources, SG Cross Asset Research/Economics

THE LIST OF UPSIDE RISKS IS LONG, SHORT FOR DOWNSIDE

- **+ Purchasing managers surveys point to a sharp increase in prices**

And not just in the manufacturing sector where demand has recovered strongly, but also in services. (Caveat, in Europe the PMI price indicators have historically not been good inflating gauges)

- **+ Food prices look a bit menacing**

The FAO World Food Price Index was up 16.7% yoy in February, the fastest rate in a decade”.

- **+ House price inflation is soaring**

- **+ Short-term supply/demand imbalance**

If demand for services bounces back strongly this could meet a much reduced supply side after many businesses in the catering, tourism, accommodation, etc. industries have closed for good. This would, however, probably be a temporary effect.

- **+ Rampant money growth**

- **+ Environmental protection**

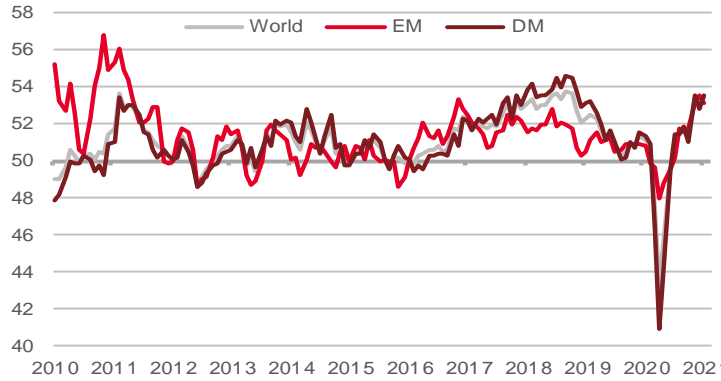
- **- Weaker growth**

- **- Accelerating digitalization**

- **- Fiscal austerity**

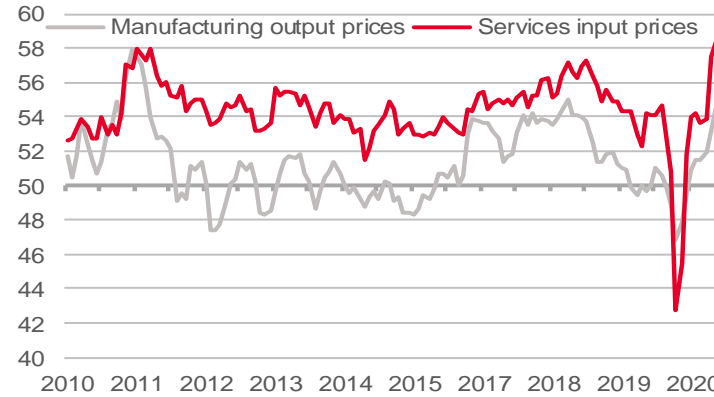
THE LIST OF UPSIDE RISKS IS LONG

PMI composite output prices (Diffusion Index, s.a.)

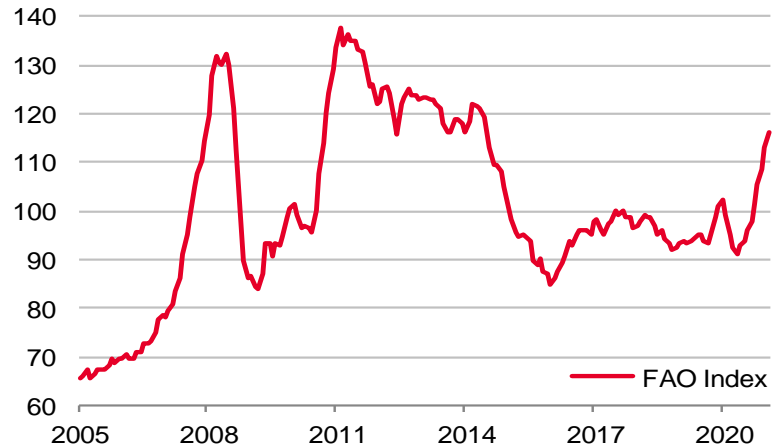


Source: Markit, Refinitiv, SG Cross Asset Research/Economics

World PMI price indices (Diffusion Index, s.a.)

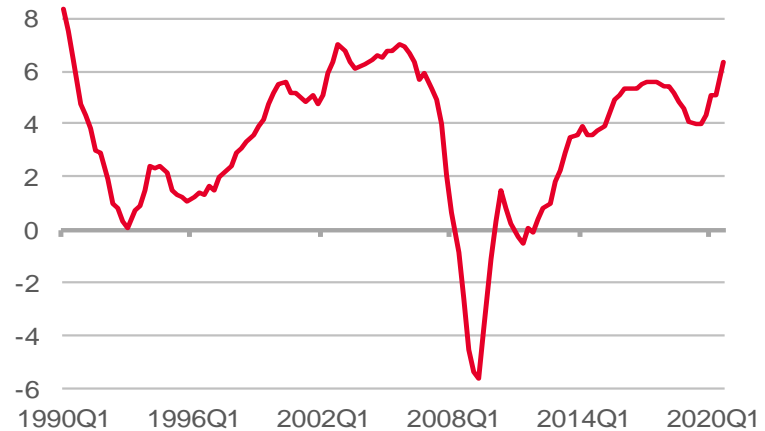


UN FAO world food price index



Source: FAO, Bloomberg, SG Cross Asset Research/Economics

OECD house price index (% yoy)



Source: OECD, SG Cross Asset Research/Economics

LEADERS AND LAGGARDS IN THE PANDEMIC

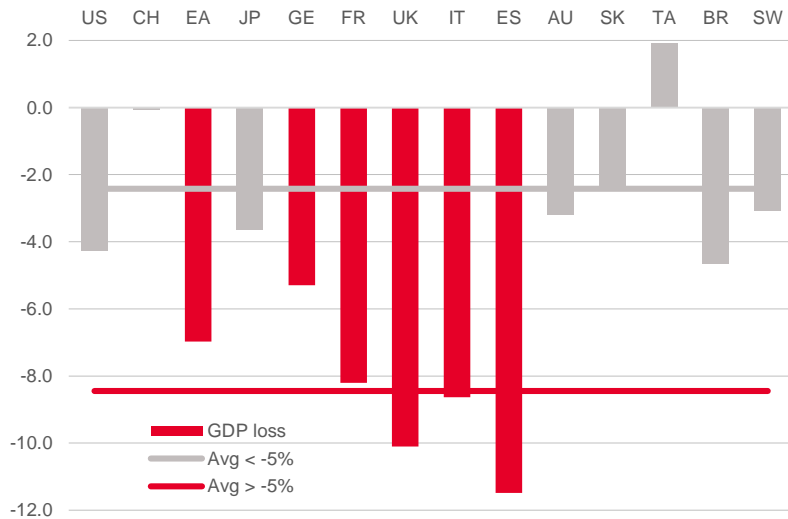


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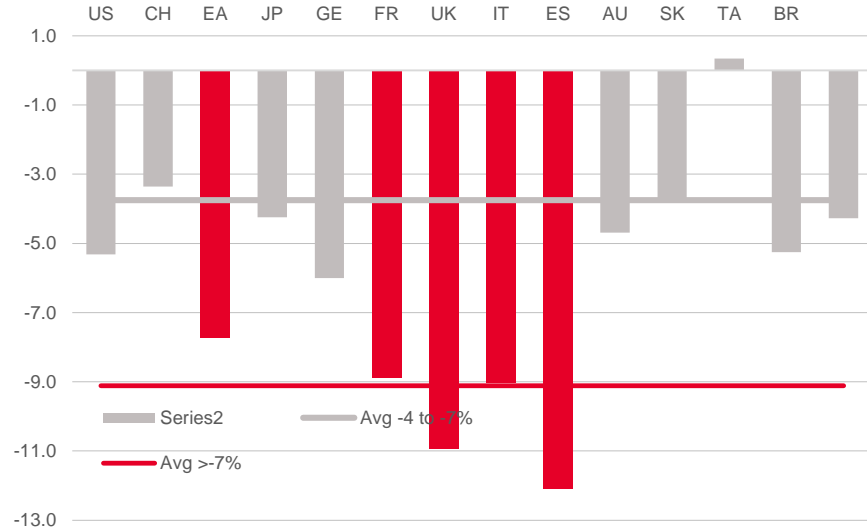
Klaus Baader
Global Chief Economist
+44 (0)20 7762 4714
klaus.baader@sgcib.com

THE ECONOMIC COSTS – LOSS OF GDP/INCOME/OUTPUT

GDP in 2020 vs 4Q19 (simple)
(St Dev 3.5)

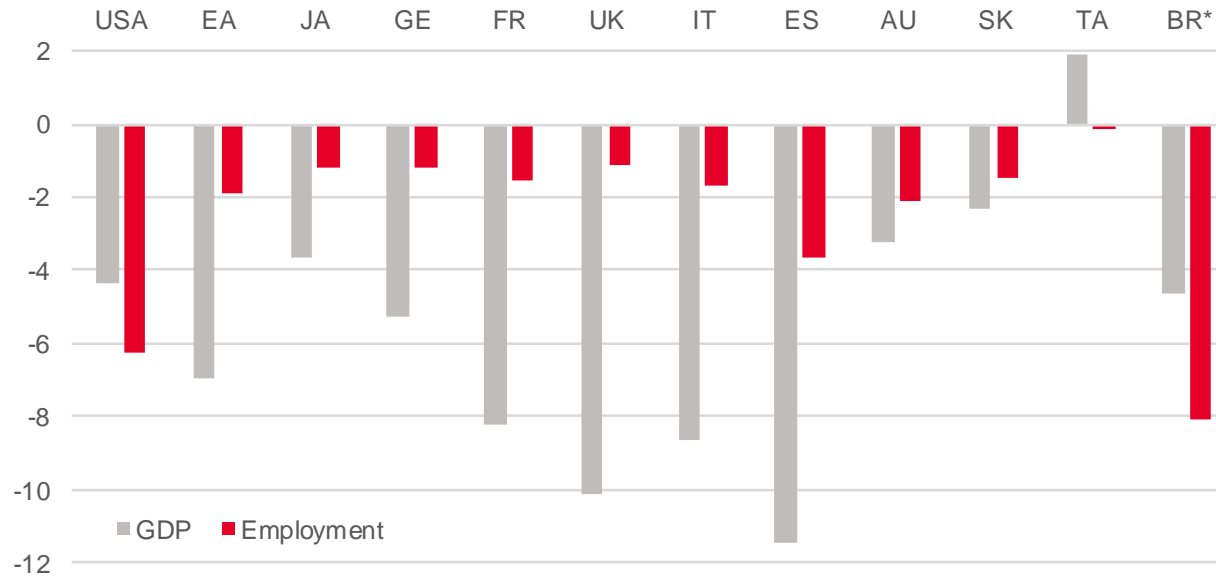


GDP in 2020 vs 4Q19 (trend-adjusted)
(St Dev 2.7)

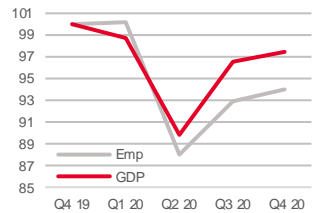


THE ECONOMIC COSTS – LOSS OF EMPLOYMENT

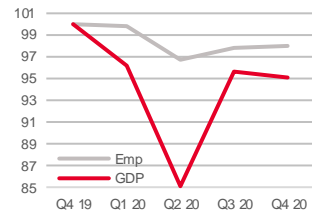
GDP and employment losses compared (2020 avg vs 4Q19, s.a.)



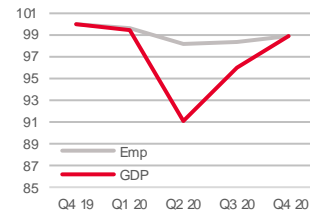
US GDP, employment (index 4Q19=100, s.a.)



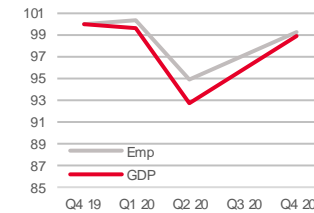
EA GDP employment (index 4Q19=100, s.a.)



Japan GDP, employment (index 4Q19=100, s.a.)



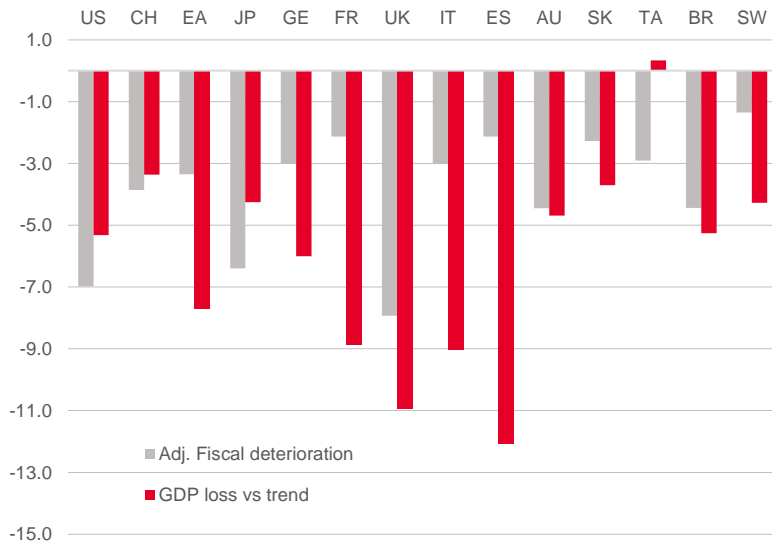
Aus. GDP, employment (index 4Q19=100, s.a.)



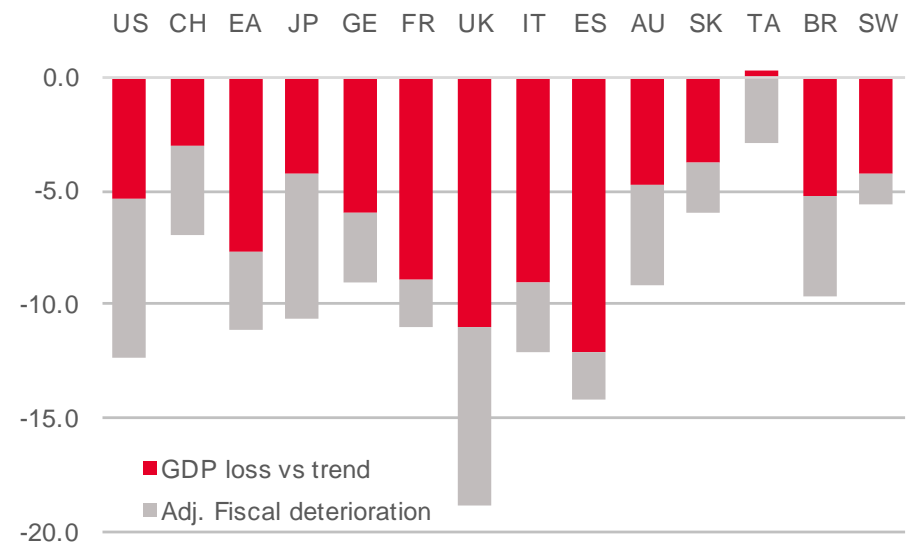
Source: SG Cross Asset Research/Economics

THE ECONOMIC COSTS – THE DAMAGE TO PUBLIC FINANCES

Economic loss and discretionary fiscal hit (% of GDP)

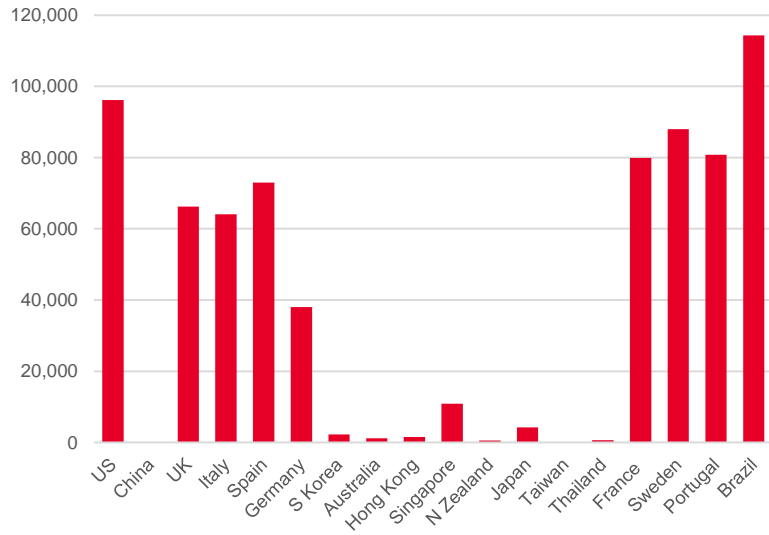


Economic loss and discretionary fiscal hit (% of GDP)

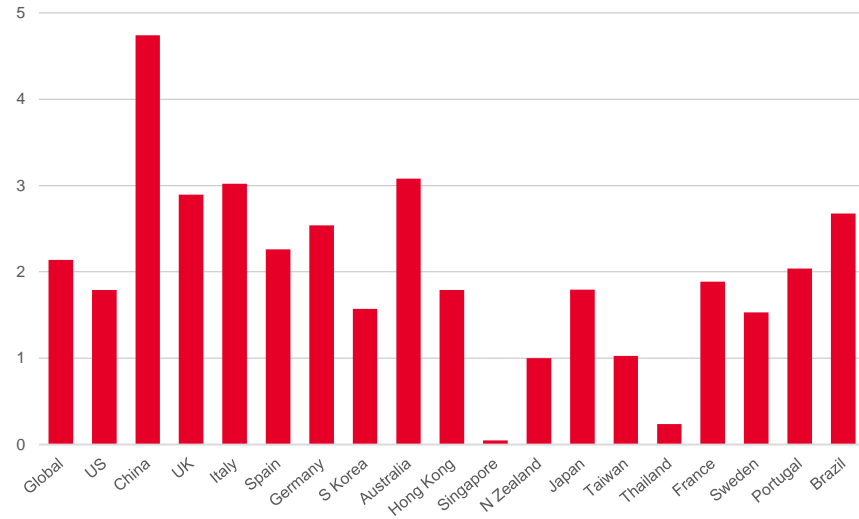


THE HEALTH EVIDENCE – INFECTIONS AND DEATHS

Proven infections per million inhabitants

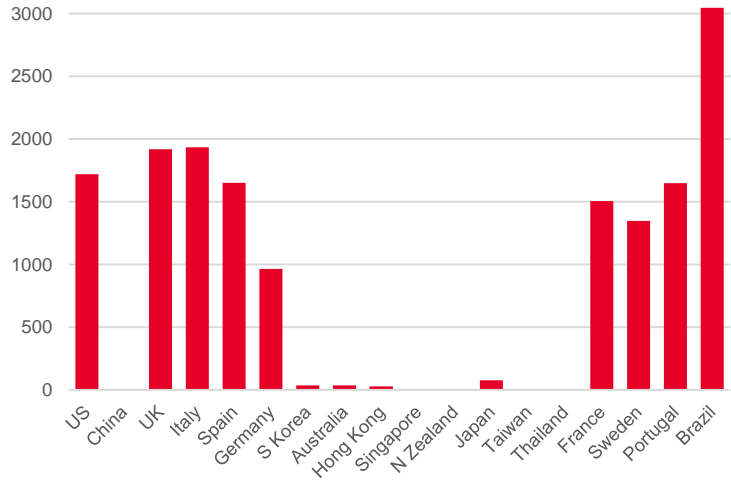


Case fatality rate
(COVID deaths/infections, %)

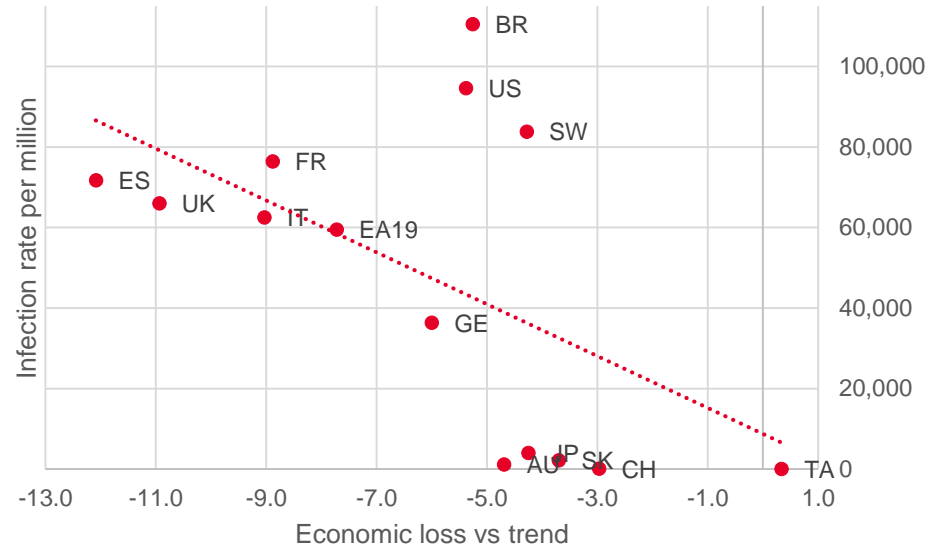


COMBINING ECONOMIC AND HEALTH DATA (I)

Overall fatality rate
(COVID deaths per 1m inhabitants)

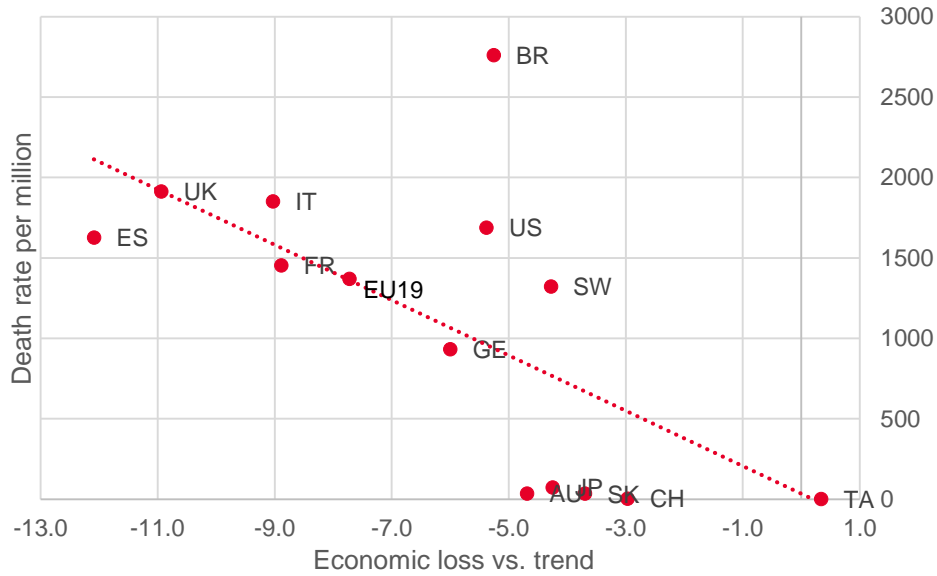


Is there a trade-off between health and economy?

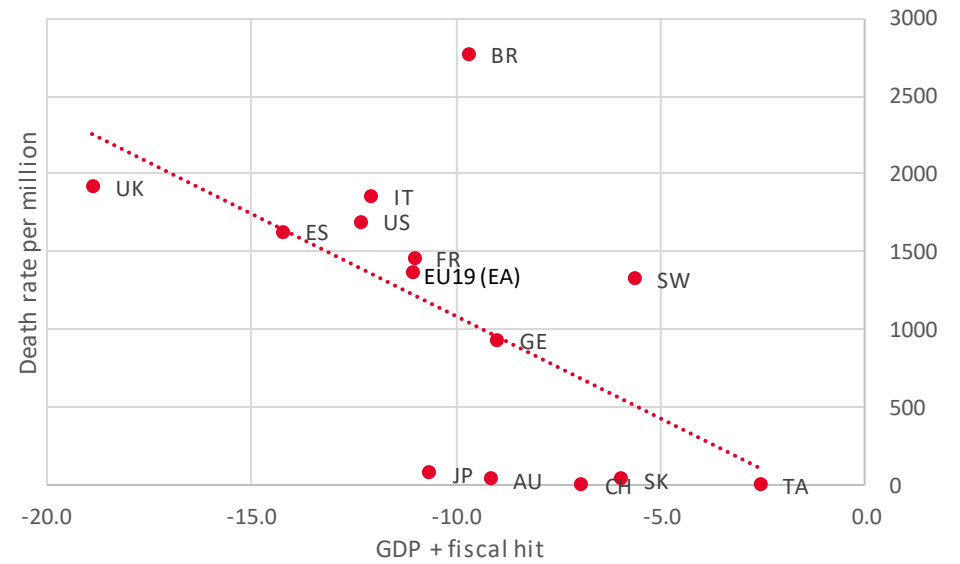


COMBINING ECONOMIC AND HEALTH DATA (II)

Is there a trade-off between COVID deaths and GDP?

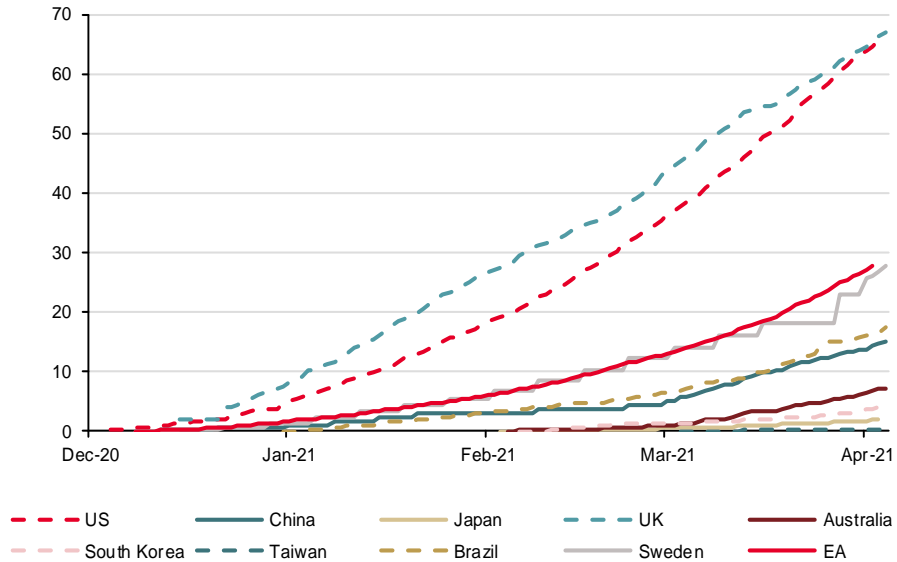


Is there a trade-off between COVID deaths and total economic cost?

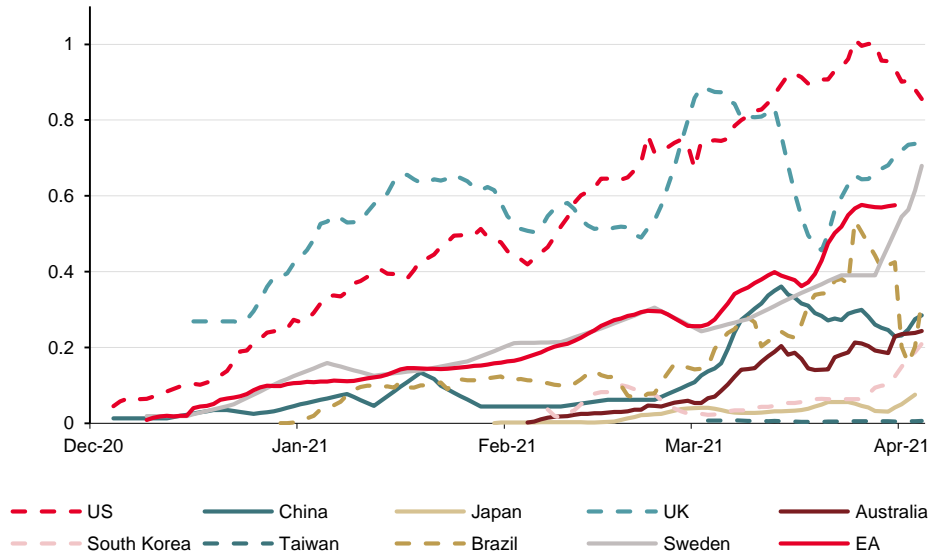


SALVATION IN VACCINATION

Cumulative Covid-19 vaccination doses administered per 100 people



Daily vaccination rate (daily doses administered as % of population)





SUMMARY TABLES

SG GROWTH AND INFLATION OUTLOOK (% YOY)

	Real GDP							Potential growth per annum	CPI						
	2019	2020	2021f	2022f	2023f	2024f	2025f		2019	2020	2021f	2022f	2023f	2024f	2025f
World (Mkt FX weights)	2.6	-3.6	5.3	3.8	3.2	3.1	3.0		2.9	2.2	2.3	2.2	2.5	2.5	2.5
World (PPP weights)	2.9	-3.5	5.3	4.1	3.6	3.5	3.5		3.6	3.2	2.9	2.8	3.0	2.9	2.9
Developed countries (PPP)	1.6	-5.0	4.4	3.2	2.4	2.2	2.0		1.4	0.7	1.5	1.5	1.7	1.8	1.8
Emerging countries (PPP)	3.8	-2.5	6.0	4.7	4.4	4.4	4.4		5.3	5.0	4.0	3.7	3.9	3.7	3.7
North America															
US	2.2	-3.5	4.9	2.8	2.7	2.7	2.7	1.7	1.8	1.2	2.0	1.9	2.1	2.1	2.2
Europe															
Euro area	1.3	-6.8	4.1	3.6	2.1	1.9	1.7	1.3	1.2	0.3	1.7	1.1	1.1	1.5	1.5
Germany (nsa)	0.6	-4.9	2.9	4.0	1.8	1.6	1.3	1.2	█	-	█	-	█	-	-
Germany	█	█	█	█	█	█	█		1.3	0.4	2.4	1.1	1.3	1.7	1.7
France	1.5	-8.2	5.9	3.2	2.0	1.7	1.6	1.2	1.3	0.5	1.5	1.0	1.1	1.4	1.5
Italy	0.3	-8.9	4.5	3.0	1.4	1.2	1.2	0.7	0.7	-0.2	1.2	0.9	0.7	1.1	1.2
Spain	2.0	-11.0	5.3	5.0	3.6	2.8	2.0	1.1	0.8	-0.3	1.3	0.9	0.9	1.4	1.6
Slovakia	2.3	-5.2	4.5	4.4	3.6	2.8	2.6	2.5	2.8	2.0	1.6	2.0	2.3	2.4	2.0
UK	1.4	-9.9	5.2	5.7	2.0	1.7	2.3	1.5	1.8	0.9	1.5	1.9	2.0	2.1	2.1
Switzerland	1.1	-3.0	2.6	2.8	1.9	1.9	1.9	1.9	0.4	-0.7	0.0	0.4	0.7	0.9	0.9
Asia															
China	6.0	2.3	8.5	5.0	5.0	4.8	4.6	5.5	2.9	2.5	0.7	1.6	2.2	1.8	1.8
Japan	0.3	-4.9	3.5	2.8	1.4	1.1	1.1	1.0	0.5	0.0	0.2	1.2	1.3	1.2	1.0
Australia	1.9	-2.4	4.2	3.3	3.1	2.8	2.8	2.8	1.6	0.9	1.8	1.6	2.0	2.2	2.2
South Korea	2.0	-0.9	2.9	2.7	2.3	2.0	2.0	2.3	0.4	0.5	1.2	1.3	1.4	1.5	1.5
Taiwan	3.0	3.1	4.3	2.6	3.0	2.8	2.8	2.5	0.8	-0.2	1.4	1.5	1.5	1.6	1.0
India	5.0	-6.9	7.3	6.8	5.5	7.5	6.8	5.5	3.7	6.3	4.5	4.1	4.4	4.3	4.4
Indonesia	5.0	-2.1	4.5	5.1	5.3	5.3	5.4	5.4	2.8	2.0	2.3	2.8	3.0	3.0	3.3
Latin America															
Brazil	1.4	-4.4	3.6	1.9	1.9	1.7	1.8	1.0	3.7	3.2	5.5	3.7	3.5	3.5	3.6
Mexico	0.0	-8.5	5.0	2.5	2.0	1.9	2.4	1.7	3.6	3.4	3.7	3.1	3.2	3.2	3.2
Chile	1.1	-5.9	8.3	3.7	2.8	2.6	2.6	2.0	2.3	3.0	3.7	2.9	3.1	3.2	3.2
Colombia	3.3	-6.8	6.4	3.1	2.7	2.6	2.9	2.3	3.5	2.5	2.5	3.4	3.1	3.2	3.3
Russia & Eastern Europe															
Russia	1.3	-3.1	3.0	2.3	2.1	2.3	2.5	1.5	4.2	3.7	4.5	3.9	4.0	4.0	3.8
Czech Republic	█	█	█	█	█	█	█		2.2	█	█	█	█	2.1	2.0

• Source: National sources, SG Cross Asset Research/Economics

SG MONETARY POLICY OUTLOOK – KEY CENTRAL BANK RATES (%)

	Nov 20	Mar 2021	Jun 2021	Sep 2021	Dec 2021	Neutral rate	2020	2021	2022	2023	2024	2025
North America												
US	0.13	0.13	0.13	0.13	0.13	2.50	0.25	0.13	0.13	0.67	1.56	2.37
Europe												
Euro area	0.00	0.00	0.00	0.00	0.00	1.50	0.00	0.00	0.00	0.00	0.04	0.40
UK	0.10	0.10	0.10	0.10	0.10	2.50	0.15	0.10	0.10	0.10	0.10	0.55
Switzerland	-0.75	-0.74	-0.74	-0.74	-0.74	1.75	-0.67	-0.74	-0.74	-0.74	-0.61	-0.27
Asia												
China	2.20	2.20	2.30	2.30	2.30	3.00	2.23	2.27	2.25	2.26	2.49	2.50
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	1.00	-0.10	-0.10	-0.10	-0.10	-0.04	0.34
Australia	0.10	0.10	0.10	0.10	0.10	2.50	0.27	0.10	0.10	0.10	0.55	1.54
South Korea	0.50	0.50	0.50	0.50	0.50	2.00	0.63	0.50	1.04	1.90	2.00	2.00
Taiwan	1.13	1.13	1.13	1.13	1.13	2.50	1.15	1.13	1.32	1.54	1.74	1.75
India	4.00	4.00	3.50	3.50	3.50	5.50	4.20	3.67	3.83	4.10	4.35	4.50
Indonesia	3.75	3.50	3.50	3.50	3.50	5.00	4.23	3.52	3.54	3.92	4.23	4.25
Latin America												
Brazil	2.00	2.00	2.00	2.00	2.00	7.50	2.71	2.00	2.54	3.54	4.54	5.54
Mexico	4.25	3.75	3.50	3.00	3.00	5.75	5.21	3.40	3.00	3.15	4.04	5.04
Chile	0.50	0.50	0.50	0.50	0.50	4.00	0.73	0.50	0.81	1.79	2.79	3.79
Colombia	1.75	1.50	1.50	1.50	1.50	5.50	2.60	1.50	1.81	2.79	3.79	4.79
Eastern Europe												
Russia	4.25	4.25	4.25	4.25	4.50	6.50	4.92	4.29	4.50	4.50	4.50	4.50
Czech Republic	0.25	0.25	0.25	0.25	0.25	2.50	1.02	0.25	0.42	0.77	1.44	1.92

Source: Bloomberg, SG Cross Asset Research/Economics

SG 10Y GOVERNMENT BOND OUTLOOK (%)

	Mar 8	Jun 2021	Sep 2021	Dec 2021	Mar 2022	Neutral rate	2020	2021	2022	2023	2024	2025
North America												
US	1.59	1.60	1.80	2.00	2.20	3.50	0.88	1.61	2.26	2.76	3.00	3.19
Europe												
Euro area (Bund)	-0.32	-0.15	0.00	0.10	0.20	2.50	-0.29	-0.16	0.40	1.11	1.54	1.79
UK	0.76	0.75	0.95	1.10	1.25	3.75	0.31	0.78	1.51	2.42	3.05	3.25
Switzerland	-0.23	-0.50	-0.60	-0.55	-0.30	1.50	-0.59	-0.64	-0.33	0.13	0.59	1.14
Asia												
China	3.29	3.10	3.10	3.00	2.90	4.00	2.95	3.27	3.25	3.26	3.49	3.50
Japan	0.17	0.01	0.01	0.02	0.01	2.25	-0.15	0.01	0.00	0.10	0.23	0.43
Australia	1.32	1.80	1.90	2.00	2.10	3.50	0.92	1.63	2.22	2.49	2.50	2.63
South Korea	1.85	2.10	2.25	2.30	2.20	3.00	1.50	2.05	2.33	2.72	2.99	3.00
Taiwan	0.32	0.40	0.50	0.50	0.40	2.80	0.47	0.41	0.76	1.27	1.40	1.50
India	5.98	6.20	6.40	6.60	6.40	7.00	6.01	6.30	6.46	6.65	6.86	7.00
Indonesia	6.60	6.50	6.60	6.60	6.30	7.40	7.07	6.54	6.38	6.68	7.13	7.20
Latin America												
Brazil	8.05	9.00	9.50	9.80	10.00	9.75	7.16	9.02	10.11	10.85	11.01	10.91
Mexico	5.61	6.60	6.70	6.90	7.00	7.50	6.34	6.49	6.98	7.82	8.57	8.43
Chile	2.64	3.15	3.20	3.30	3.40	4.80	2.84	3.11	4.24	5.36	5.05	5.04
Colombia	5.83	6.60	6.80	7.20	7.50	7.80	5.77	6.51	7.61	7.90	8.24	8.16
Eastern Europe												
Russia	6.79	6.70	6.50	6.50	6.40	7.00	6.25	6.53	6.41	6.58	6.69	6.70
Czech Republic	1.33	1.75	1.80	1.95	2.15	4.00	1.12	1.71	2.20	2.53	2.75	2.80

• Source: Bloomberg, SG Cross Asset Research/Economics

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