Global Economic Outlook

Dr. Richard Barkham
Global Chief Economist & Head of Research

11:02 AM – 11:30 AM
GDP Growth Revised Up


<table>
<thead>
<tr>
<th>Country</th>
<th>November 2020 Forecast</th>
<th>March 2021 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S.</td>
<td>4.6%</td>
<td>6.7%</td>
</tr>
<tr>
<td>Germany</td>
<td>3.9%</td>
<td>3.7%</td>
</tr>
<tr>
<td>U.K.</td>
<td>5.6%</td>
<td>6.3%</td>
</tr>
<tr>
<td>France</td>
<td>6.0%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Italy</td>
<td>4.9%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Canada</td>
<td>5.5%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>2.8%</td>
<td>2.7%</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td>8.7%</td>
</tr>
</tbody>
</table>
FORCES ACTING...
U.S. Fiscal Stimulus

Fiscal Support (% of 2019 GDP)

- U.S.
- Japan
- Australia
- U.K.
- France
- Italy
- Canada
- Germany
- Brazil
- China
- Indonesia
- South Korea
- India

Source: CBRE Research, March 2021.
China Booming

Chinese Economic Activity Indicator

Real GDP Growth (Y-o-Y, %)

Source: CBRE Research, 1 Mar 2021.
Progress on Vaccination

Daily COVID Vaccine Doses Administered per Million People

Herd Immunity Not Far Away – in the U.S.

At current pace of 1.6 million newly vaccinated people (7-Day Avg.)

- 22% on March 17
- 50% on May 14
- 70% on June 25
- 90% on Aug. 5

Retail Sales Growth Generally Strong

Retail Sales (excl. gas and auto)

Source: National Sources, Macrobond, CBRE Research, February 2021.
Monetary Policy - Super Loose

Source: National Sources, Macrobond, CBRE Research, March 2021.
BEFORE WE GET TOO OPTIMISTIC
Bond Rates Up

Change in 10-Year Bond Rates from November 2020 (Basis Points)

Source: National Sources, Macrobond, CBRE Research, March 2021.
WILL THERE BE INFLATION?
Too Much Spare Capacity

18 Million ‘Spare’ Workers

China is About to Tighten

China Total Social Finance (% of GDP) and Global Raw Materials Index

Service Sector Pricing Remains Weak

U.S. Core Consumer Price Index

Y-o-Y Change (%)


Core Goods and Services
Core Services
Core Goods

Verdict: Not Much Inflation

Source: CBRE House-View, March 2021.
OTHER RISKS TO THE OUTLOOK
New Variant Virus

Note: Number reported as a 7-day moving average.
U.S.-China Relations Deteriorate Further

U.S. warns of China’s growing threat to Taiwan

The Economist
Why commercial ties between Taiwan and China are beginning to fray

The Wall Street Journal
U.S. Deploys Coast Guard Far From Home to Counter China
Stock Market Correction


Index (1/1/2020 = 100)

Stock Market Indices

- S&P 500
- FTSE 100
- Nikkei 225
- Shanghai SE
- DAX 30
U.S. Trade Deficit: Goes to Historic High

Source: BEA, CBRE Research, February 2021.
Dollar Weakness Becomes a Policy Issue

Source: Macrobond, CBRE Research, February 2021.
Thank You

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