

Omicron pushing US Fed into action

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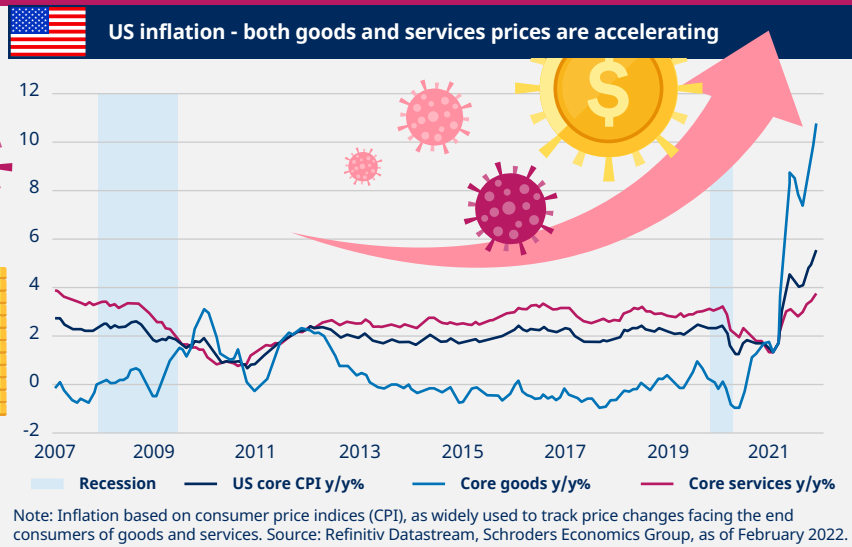
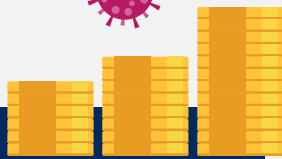
Omicron disruption is likely to slow global growth and exacerbate inflationary pressures



Pushing the US Federal Reserve towards a March rate rise

Getting to the "core" of inflation

By stripping out volatile items such as oil and food, core inflation gives a clearer picture of underlying price trends



China's economy: light at the end of a long dark tunnel?

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Economic activity in China may remain weak

Due to:

- A slowdown in exports
- Challenges facing the real estate sector
- Government's zero-tolerance approach to Covid

Activity could pick up later this year as interest rate cuts and increased public spending take effect

China GDP growth (year-on-year)

4.0% Q4 2021 vs. 4.9% Q3 2021

Source: Refinitiv Datastream, Schroders Economics Group, as of January 2022.

What's driven upgrades to our long-term return forecasts?

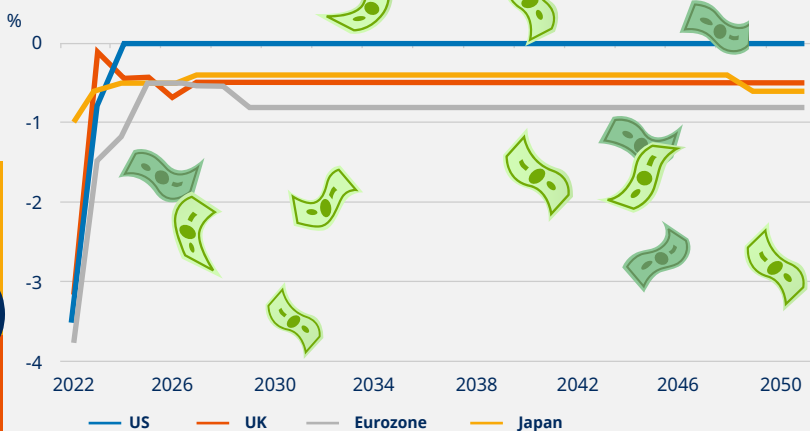
There was a shift in the interest rate outlook at the end of 2021. This prompted us to upgrade our 30-year return forecasts for fixed income assets such as cash and bonds

We expect real interest rates (adjusted for inflation) to have moved closer to zero by 2024



Likely to occur as major central banks "normalise" borrowing costs from emergency settings introduced in response to the pandemic

Expected evolution of real interest rates



Source: Schroders as at February 2022.

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