

# Stormy waters or calm seas ahead?

Some potential global economic outlook scenarios include...

... a probability<sup>1</sup> of a good recovery with economic growth strengthening...

## SCENARIO 1



- High-risk population receive a vaccine by Q2
- Growth strengthens in major economies
- Further support from monetary and fiscal policy
- Reach pre-crisis output by 2H21
- Risk assets gain

...the return of inflation and a more mixed economic picture...

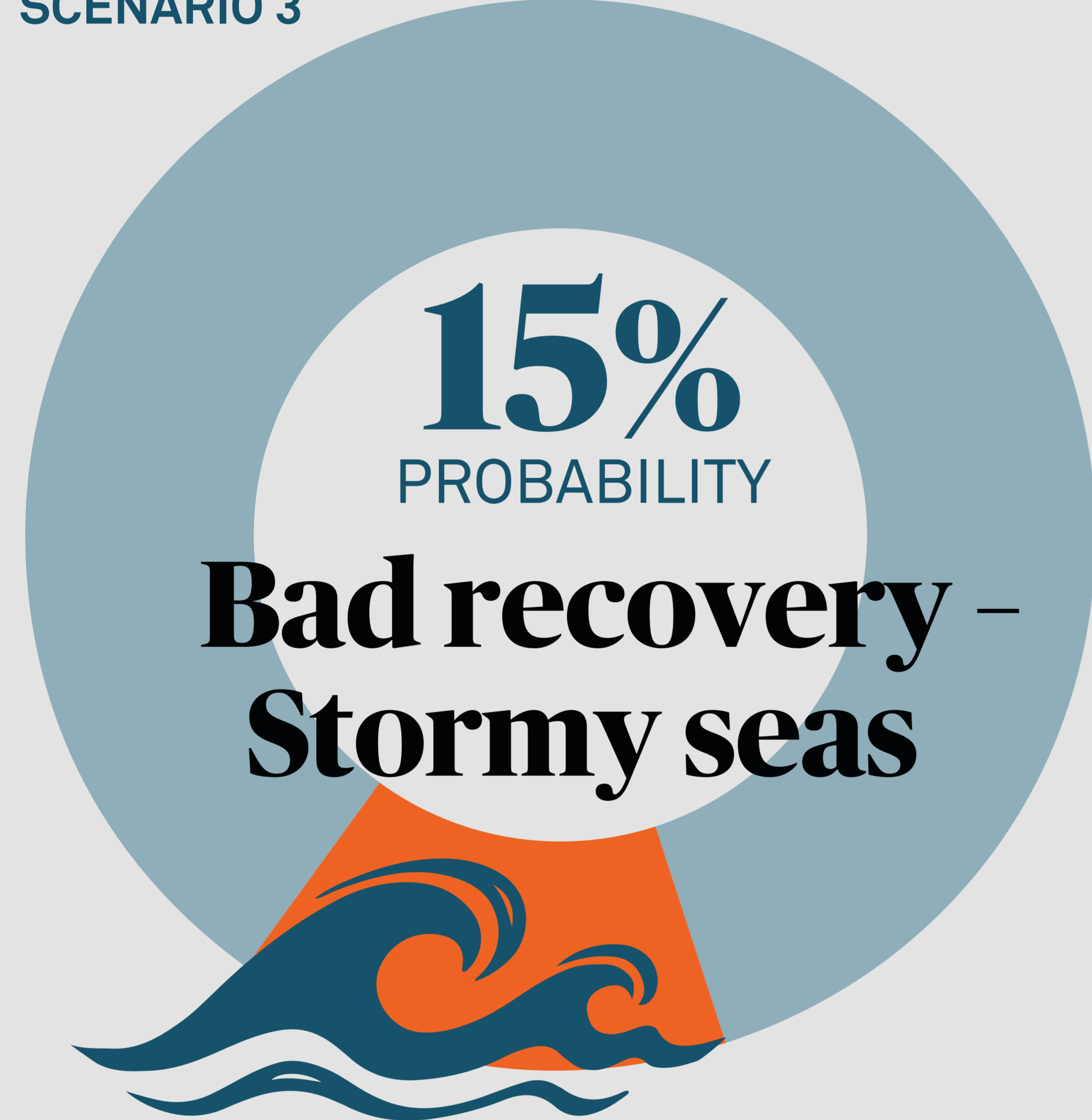
## SCENARIO 2



- Stronger global recovery
- US inflation spikes
- Fed raises rates early
- Ex-US weakness
- Dollar shortage

...economic strife and market pessimism prevail...

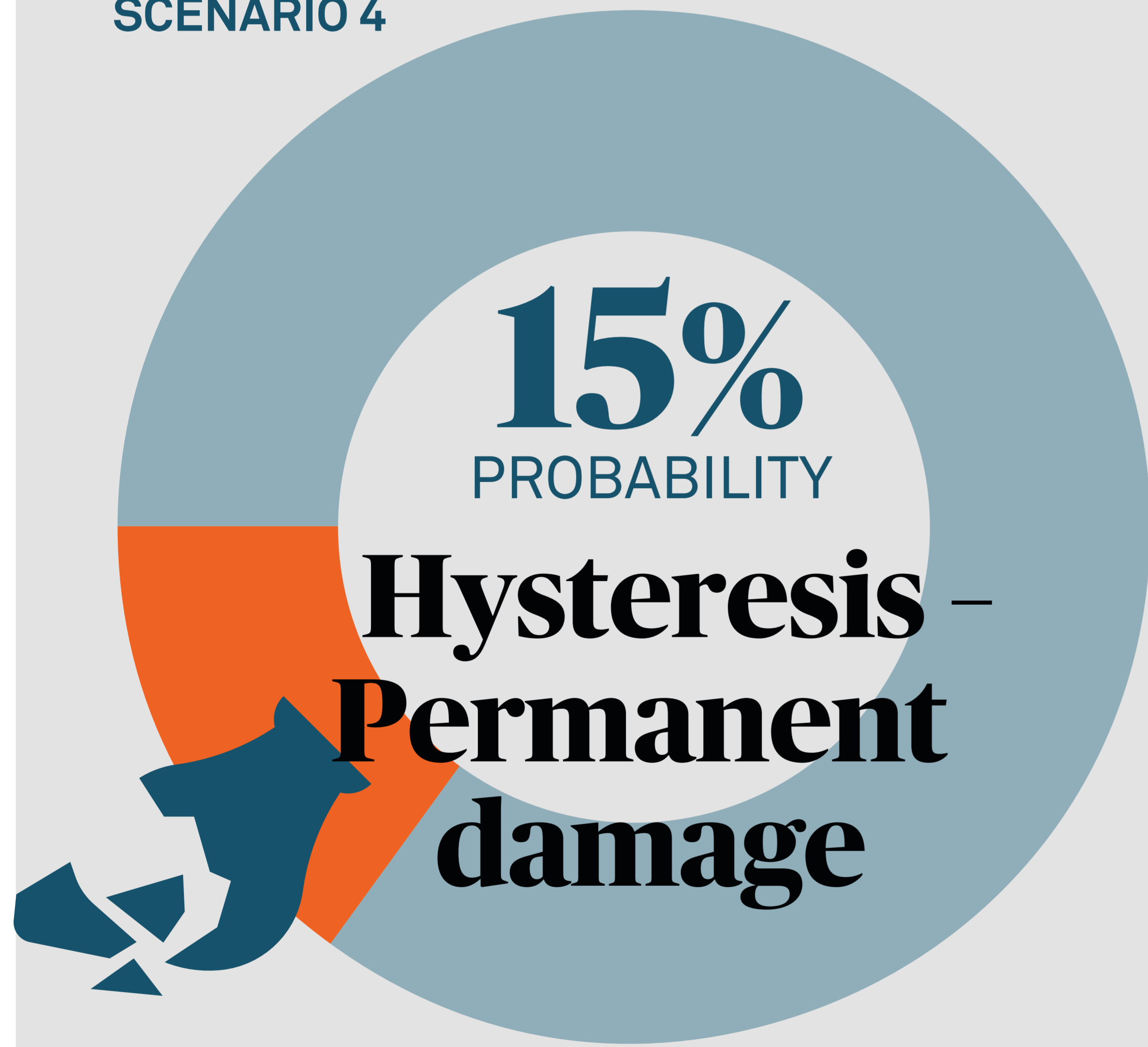
## SCENARIO 3



- Vaccines fail to live up to their promise, lockdowns continue
- Widespread risk-off
- Policy ineffective
- Market bottoms '21
- Previous GDP levels '22

...or permanent economic damage ensues with rising unemployment in a worst case scenario.

## SCENARIO 4



- Pessimism restrains demand
- Unemployment rises
- Permanent GDP hits
- Inflation picks up later on
- Prolonged bear market

### MIXED SIGNALS

**5.2%**  
global growth forecast.<sup>2</sup>

**6.7%**  
US unemployment rate.<sup>3</sup>



**US\$1.9trn**

planned US stimulus package under Biden presidency.<sup>4</sup>

<sup>1</sup> Percentages equal probability of outcome based on BNY Mellon Investment Management forecasts.

<sup>2</sup> IMF, World Economic outlook, October 2020.

<sup>3</sup> As at end November 2020. Source: Guardian. Year ends on low note as 787,000 more Americans file for unemployment. 31 December 2020.

<sup>4</sup> FT. Biden's \$1.9trn stimulus plan faces growing Republican backlash. 15 January 2021.