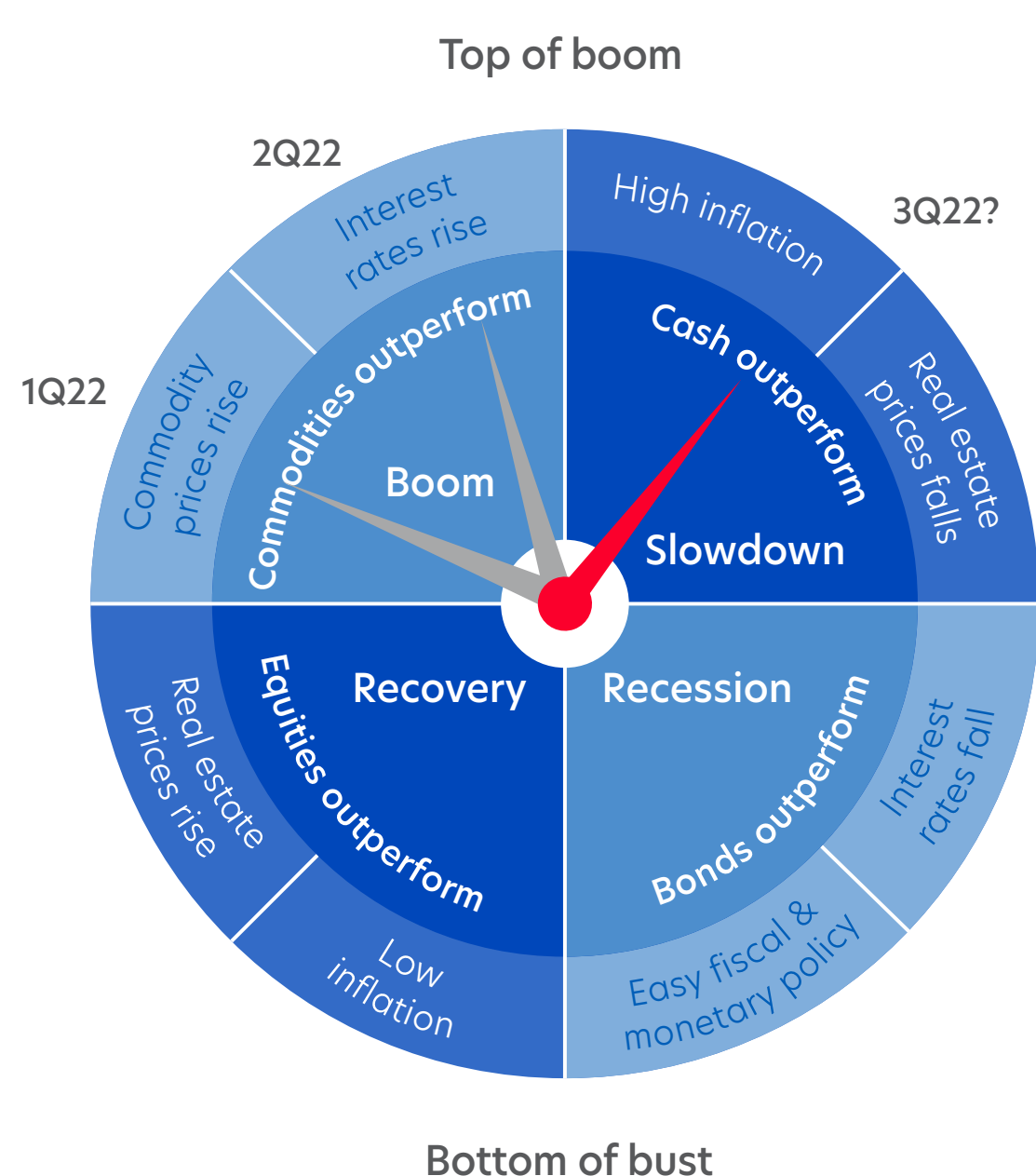


# A complicated balancing act

## UOBAM investment clock



The expansion period when interest rates start to rise can usually last 3 to 5 years. It appears this mid cycle expansion will last less than 1 year.

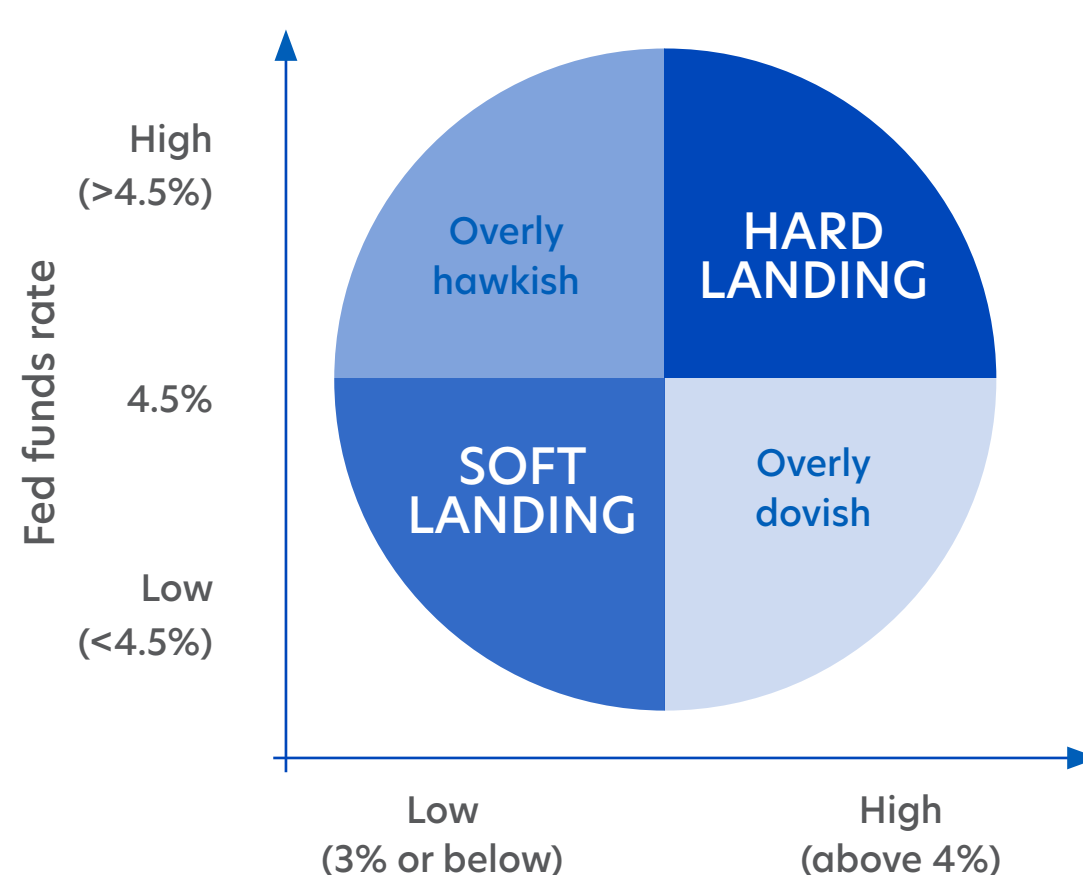
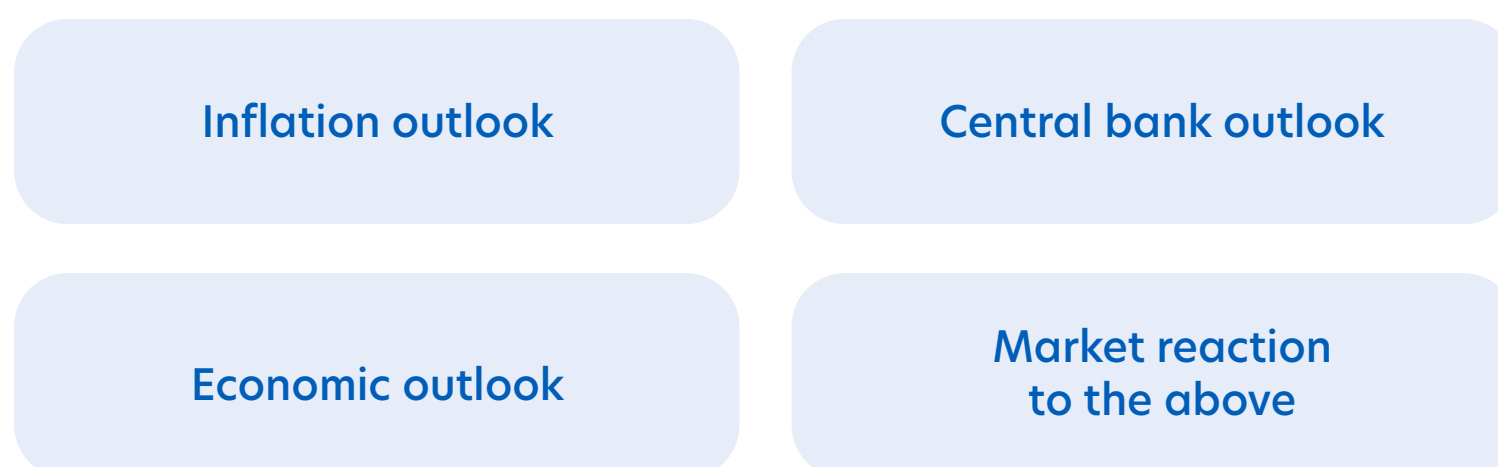
## US core services inflation



Source: Bloomberg, UOBAM, July 2022

Although the overall inflation outlook is improving, core services and prices remain at multi-year highs.

## The four big uncertainties



Core inflation trend in 2023

The “new clock” helps us monitor the intersection between inflation and policy.

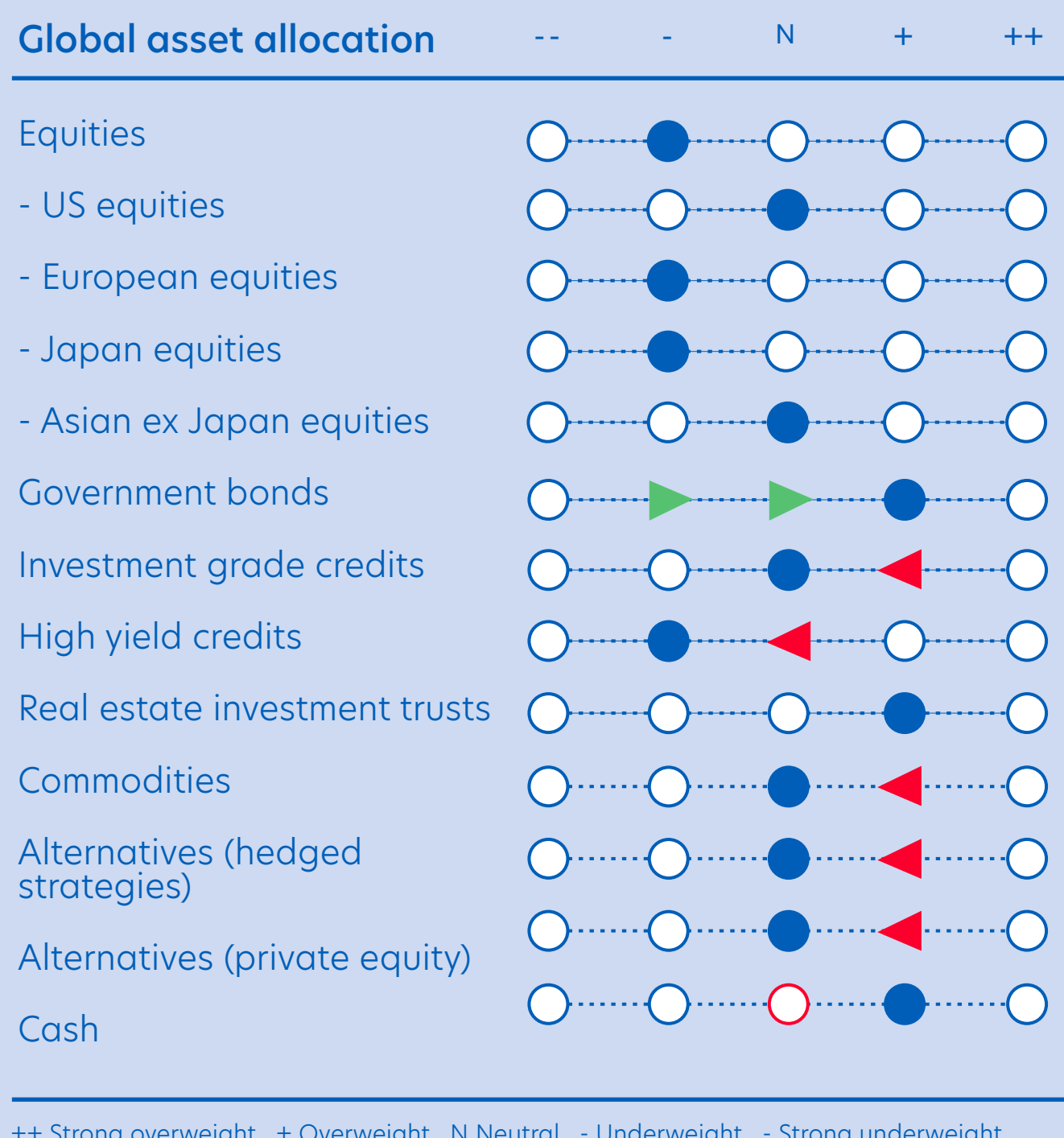
## Real GDP growth consensus estimates (%)

	2018	2019	2020	2021F	2022F	2023F
Global	3.6	2.9	-3.1	6.1	2.9	2.7
United States	2.9	2.3	-3.4	5.7	1.7	1.1
Eurozone	1.8	1.6	-6.3	5.3	2.8	0.9
Japan	0.7	-0.4	-4.7	1.8	1.6	1.6
Asia ex. Japan	6.0	5.4	1.3	5.6	3.8	5.2
China	6.7	6.0	2.2	8.1	3.8	5.3

Source: Bloomberg, UOBAM, Aug 2022

2022 and 2023 estimates moderating towards more average growth rates but the risk of a global recession is growing.

## UOBAM House view remains cautious



## 4Q22 summary of investment conclusions

### Is the worst over and is it time to invest?

No, not yet. We think markets remain rangebound in 2022, and probably can invest more confidently by the middle of 2023.

### When should we invest?

On our base case outlook, 2Q23 looks likely.

### Should existing portfolios just shift to cash?

Rebounds can happen suddenly, such as occurred in July. Participating in the recovery is important and it could come earlier than expected.

### Is the worst over for fixed income?

The upside risks and long-term returns look favourable. But near-term volatility is likely to remain high.

### Can the 2022 losses be recovered?

Equity losses are likely recoverable when growth resumes. Bond losses can be recovered from higher yields but capital gains could take more than a year.