Global economic forces

Tailwinds Hea Historically low interest rates Pent-up service industry demand created by the economy's stalled reopening Expanded COVID-19 vaccinations support the global economic reopening Spending's "dry powder" from ample savings and wealth Supportive infrastructure and business investment Resilient housing Accelerated state and local spending Le mo

Source: Wells Fargo Investment Institute, as of March 31, 2022. Subject to change.

Headwinds

- Central-bank policy tightening here and abroad
- Lingering worker and supply shortages
- Economic and geopolitical fallout from the Russia-Ukraine war, other global hot spots
- Purchasing power squeezed by elevated inflation
- Credit quality, financing tested by less ample liquidity, firmer interest rates
- Fiscal "drag" from diminished budget deficits
- Less global economic support from moderate growth in China



Key takeaways

- We expect tailwinds to continue outweighing headwinds, supporting moderate economic growth in 2022. These tailwinds center on the important consumer sector, accounting for over two-thirds of total demand in the U.S.
- The most visible risk in the outlook is an overheating economy driving increases in inflation and interest rates, exposing a more credit-sensitive economy and financial market to a slowdown.