

2022 Year Ahead Outlook

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Q1: What is your investment outlook for 2022?

In 2022, I'm cautious on both equity markets and bond markets. Equity and bond markets over the past 18 months have done extremely well. A lot of that I believe is due to the unprecedented liquidity that central banks have provided over this period, which has lifted both bond and equity prices.

Unfortunately, toward the end of 2021, that liquidity also started to lift inflation. We had an economic recovery, but we also had inflation. And really if you think about 2021, the main theme was an inflation shock.

And by nature, that should be followed by a rates shock, which we think will be the key theme going into 2022 and that rates shock will represent a tightening of financial conditions and is likely at least for some period to put downward pressure on both equities and bonds.

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