

# 2022 Year Ahead Outlook

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### **Q2: What is the impact on commodities if monetary policy is tightened? What if the tightening comes more slowly than the market expects?**

Our economics team expects global GDP growth to stay robust next year at 4%+, and also sees a less accommodative Fed. Potentially, this is a challenging environment because it could bring about a strong dollar and create some headwinds for the commodity complex.

However, we believe that commodities will be able to weather the storm pretty well, and part of it has to do with the green energy transition that is underway.

Commodities on the one hand will benefit from incremental consumption. In other cases, commodities like thermal fuels will suffer from low investment and all of that, we believe, will continue to drive investor money into the asset class and we expect a robust outlook for the commodity complex.

Now, if monetary policy ends up being loose next, or not nearly as tight as currently priced in by the market, that may end up being an even better environment for commodities, assuming of course that the global economy continues to plough along with robust demand backdrop in this post-COVID era.

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