

## Current Position

- Until achievement of herd immunity is realized, COVID-19 restrictions will continue to impede global economic growth.
- Further fiscal stimulus has grown increasingly likely after both Georgia senate seats flipped blue, solidifying Democratic majority in the senate, and curtailing the partisan hurdle to Biden's agenda.

"The timing of effective and widely available Covid-19 vaccines will be a key driver of the restart – particularly in the face of increased risks to U.S. fiscal stimulus needed to sustain households and businesses through the virus shock. Encouraging news on the vaccine front strengthens our base case of a full restart by late 2021.

The vaccine game changer is knowing we are building a bridge to somewhere. It provides more clarity for governments, [companies](#) and households about the shape of a post Covid-19 economy. This anchor should help limit any

economic scarring and justify deploying further policy support. All this should make it easier for risk assets to absorb any near-term disappointments but also to quickly price in the accelerated restart, in our view."<sup>1</sup>

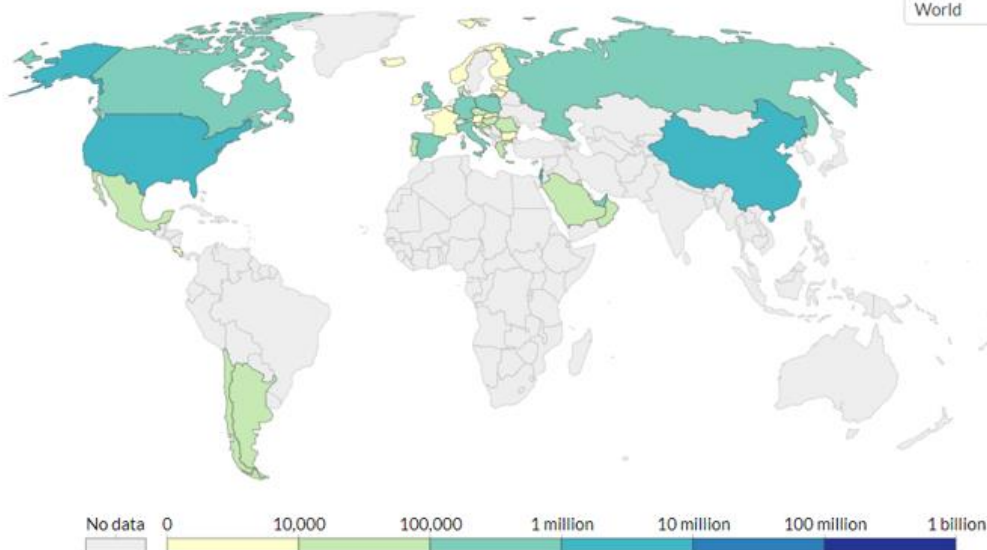
"Uncertainties about its (the vaccines) effectiveness and durability will also dictate how quickly the losses from the pandemic are recouped. The surge in infections in recent months and the re-imposition of containment measures set up for a soft start to 2021 to be followed by a healthy rebound as the vaccine becomes widely available."<sup>2</sup>

### COVID-19 vaccination doses administered, Jan 6, 2021

Total number of vaccination doses administered. This is counted as a single dose, and may not equal the total number of people vaccinated, depending on the specific dose regime (e.g. people receive multiple doses).

Our World  
in Data

World



Source: Official data collated by Our World in Data. Dates refer to when the data was reported.

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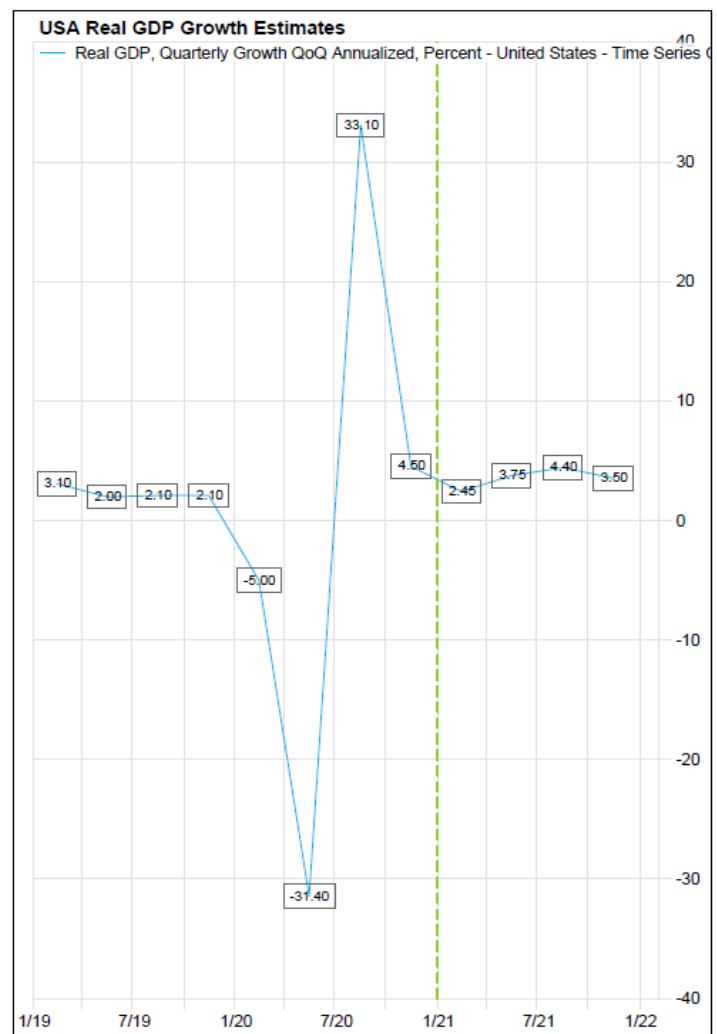
## Main Risks

- Successful vaccine distribution, domestically and globally, will be the main short-term driver of economic recovery in developed markets. Distribution since approval of the Pfizer vaccine has palpably underperformed government goals of 20 million inoculations by year end with only 2.8 million Americans vaccinated.<sup>3</sup>
- Increasingly optimistic equity and credit valuations are straying further from economic reality, induced by vaccine jubilation and low interest rates. Government and Fed intervention may be necessary to keep markets afloat until underlying economic conditions improve.
- Bond yield increases of greater than 50 bps could create a tempting short-term alternative to equities, given relative valuations, causing pullbacks in equity markets.<sup>2</sup>
- With economic uplift imminent and the Fed experimenting with an “average inflation target” while vowing to keep interest rates low, long-term inflationary management questions exist.

## Outlook

“The vaccine game changer is knowing we are building a bridge to somewhere. It provides more clarity for governments, companies, and households about the shape of a post Covid-19 economy. This anchor should help limit any economic scarring and justify deploying further policy support. All this should make it easier for risk assets to absorb any near-term disappointments but also to quickly price in the accelerated restart, in our view.”<sup>1</sup>

“In the U.S., there likely will be two distinct phases to the path forward. The first—over the northern winter months—looks challenging, as COVID-19 infections explode across the country, leading to partial, localized lockdowns. However, once a vaccine is widely available, we believe that dislocated sectors (e.g., restaurants, travel, and hotels) will bounce back strongly, likely in the second half of 2021. Meanwhile, the Federal Reserve (the Fed) continues to maintain an ultra-accommodative policy stance. Even with our expectation for a robust 2021, the Fed’s focus on generating an inflation overshoot should leave plenty of runway for the expansion to strengthen and broaden.”<sup>4</sup>





## Global GDP Outlook

**TABLE 1.1 Real GDP<sup>1</sup>**

(Percent change from previous year)

Percentage point  
differences from  
June 2020 projections

	2018	2019	2020e	2021f	2022f	2020e	2021f
<b>World</b>	<b>3.0</b>	<b>2.3</b>	<b>-4.3</b>	<b>4.0</b>	<b>3.8</b>	<b>0.9</b>	<b>-0.2</b>
<b>Advanced economies</b>	<b>2.2</b>	<b>1.6</b>	<b>-5.4</b>	<b>3.3</b>	<b>3.5</b>	<b>1.6</b>	<b>-0.6</b>
United States	3.0	2.2	-3.6	3.5	3.3	2.5	-0.5
Euro area	1.9	1.3	-7.4	3.6	4.0	1.7	-0.9
Japan	0.6	0.3	-5.3	2.5	2.3	0.8	0.0
<b>Emerging market and developing economies</b>	<b>4.3</b>	<b>3.6</b>	<b>-2.6</b>	<b>5.0</b>	<b>4.2</b>	<b>-0.1</b>	<b>0.4</b>
EMDEs excluding China	3.2	2.3	-5.0	3.4	3.6	-0.7	0.1
Commodity-exporting EMDEs	2.0	1.6	-4.8	3.0	3.2	0.1	0.0
Other EMDEs	5.7	4.8	-1.3	6.1	4.8	-0.2	0.6
Other EMDEs excluding China	4.8	3.2	-5.3	3.9	4.1	-1.7	0.1
East Asia and Pacific	6.3	5.8	0.9	7.4	5.2	0.4	0.8
China	6.6	6.1	2.0	7.9	5.2	1.0	1.0
Indonesia	5.2	5.0	-2.2	4.4	4.8	-2.2	-0.4
Thailand	4.1	2.4	-6.5	4.0	4.7	-1.5	-0.1
Europe and Central Asia	3.4	2.3	-2.9	3.3	3.9	1.8	-0.3
Russian Federation	2.5	1.3	-4.0	2.6	3.0	2.0	-0.1
Turkey	3.0	0.9	0.5	4.5	5.0	4.3	-0.5
Poland	5.4	4.5	-3.4	3.5	4.3	0.8	0.7
Latin America and the Caribbean	1.9	1.0	-6.9	3.7	2.8	0.3	0.9
Brazil	1.8	1.4	-4.5	3.0	2.5	3.5	0.8
Mexico	2.2	-0.1	-9.0	3.7	2.6	-1.5	0.7
Argentina	-2.6	-2.1	-10.6	4.9	1.9	-3.3	2.8
Middle East and North Africa	0.5	0.1	-5.0	2.1	3.1	-0.8	-0.2
Saudi Arabia	2.4	0.3	-5.4	2.0	2.2	-1.6	-0.5
Iran, Islamic Rep. <sup>3</sup>	-6.0	-6.8	-3.7	1.5	1.7	1.6	-0.6
Egypt, Arab Rep. <sup>2</sup>	5.3	5.6	3.6	2.7	5.8	0.6	0.6
South Asia	6.5	4.4	-6.7	3.3	3.8	-4.0	0.5
India <sup>3</sup>	6.1	4.2	-9.6	5.4	5.2	-6.4	2.3
Pakistan <sup>2</sup>	5.5	1.9	-1.5	0.5	2.0	1.1	0.7
Bangladesh <sup>2</sup>	7.9	8.2	2.0	1.6	3.4	0.4	0.6
Sub-Saharan Africa	2.6	2.4	-3.7	2.7	3.3	-0.9	-0.4
Nigeria	1.9	2.2	-4.1	1.1	1.8	-0.9	-0.6
South Africa	0.8	0.2	-7.8	3.3	1.7	-0.7	0.4
Angola	-2.0	-0.9	-4.0	0.9	3.5	0.0	-2.2
<b>Memorandum items:</b>							
<b>Real GDP<sup>1</sup></b>							
High-income countries	2.2	1.6	-5.4	3.2	3.5	1.4	-0.6
Developing countries	4.4	3.7	-2.3	5.2	4.3	0.1	0.5
Low-income countries	4.4	4.0	-0.9	3.3	5.2	-0.8	-0.6
BRICS	5.4	4.7	-1.1	6.1	4.5	0.6	0.8
World (2010 PPP weights) <sup>4</sup>	3.6	2.8	-3.7	4.3	3.9	0.4	0.0
<b>World trade volume<sup>5</sup></b>	<b>4.3</b>	<b>1.1</b>	<b>-9.5</b>	<b>5.0</b>	<b>5.1</b>	<b>3.9</b>	<b>-0.3</b>
<b>Commodity prices<sup>6</sup></b>							
Oil price	29.4	-10.2	-33.7	8.1	13.6	14.2	-10.7
Non-energy commodity price index	1.7	-4.2	2.2	2.4	1.3	8.1	-0.6

Source: World Bank.

- <https://www.blackrock.com/corporate/literature/whitepaper/bii-2021-global-outlook.pdf>
- <https://royal-bank-of-canada-2124.docs.contently.com/v/vaccine-clears-path-for-recovery-but-not-out-of-the-woods-yet-pdf>
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