



**J. Safra Sarasin**

# Economic & Strategy Outlook 2023

January 2023



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Sustainable Asset Management



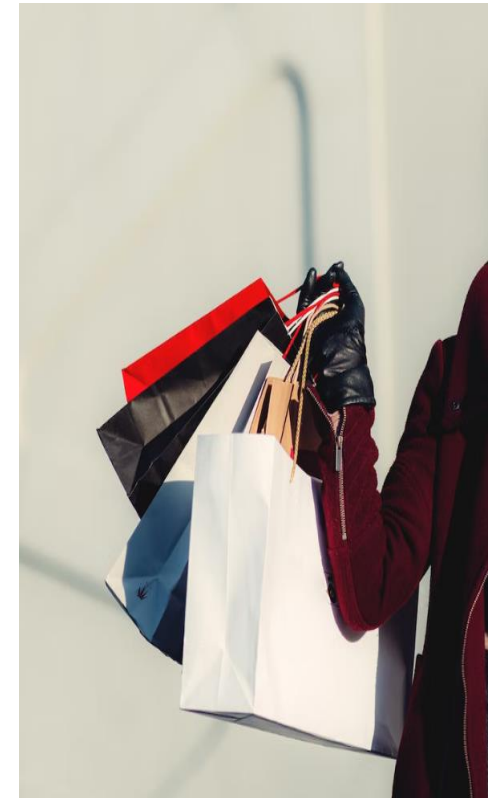
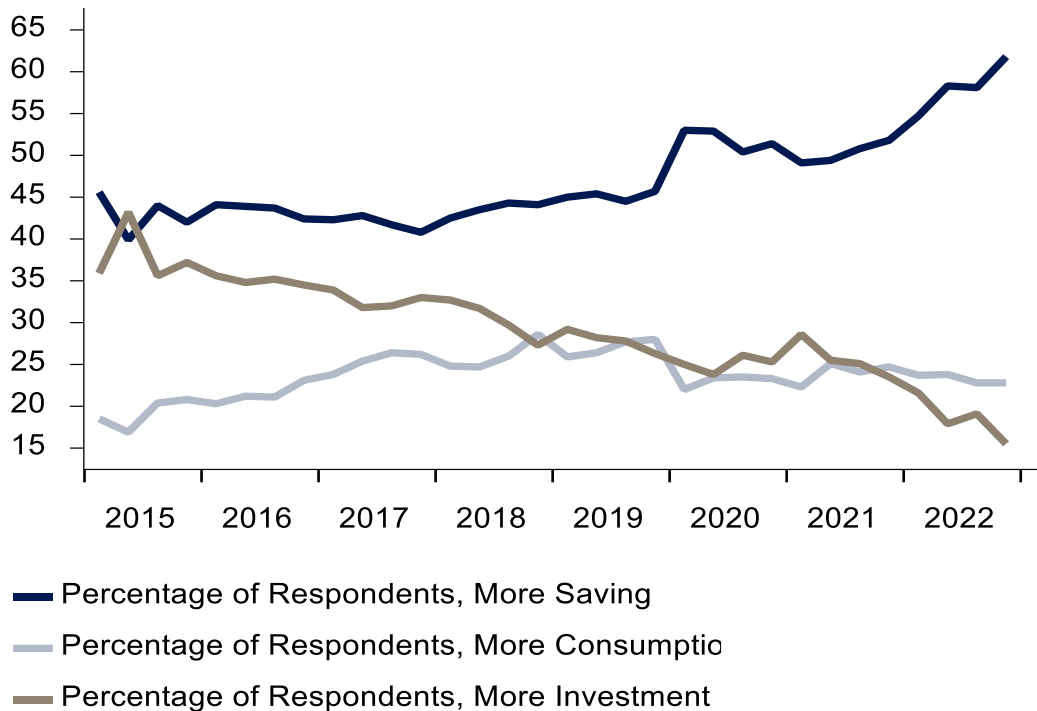
# Coming shopping spree



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## Large excess savings and strong pent-up demand for travelling

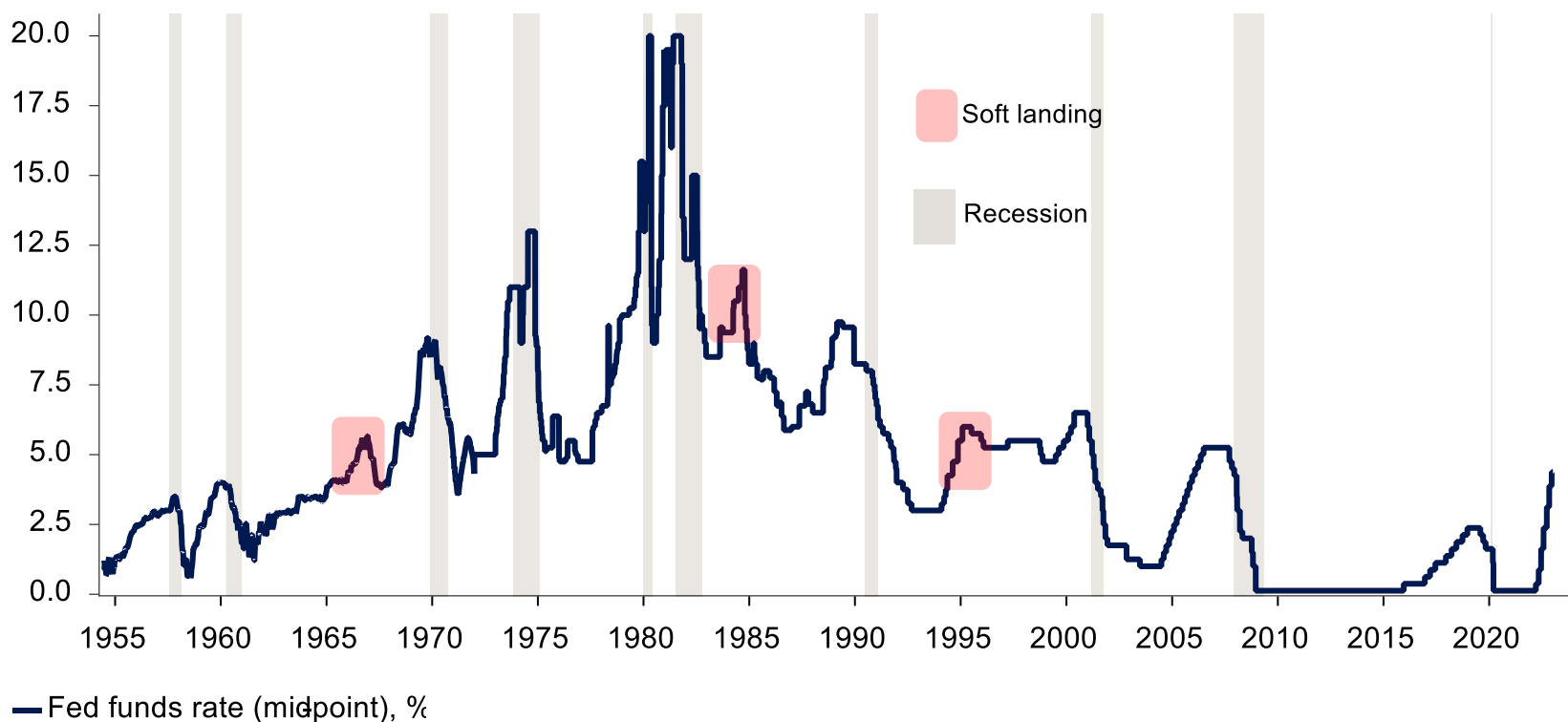
China, PBoC Consumer Surveys, %



Source: Macrobond, People's Bank of China (PBoC), Bank J. Safra Sarasin, 05.01.2023

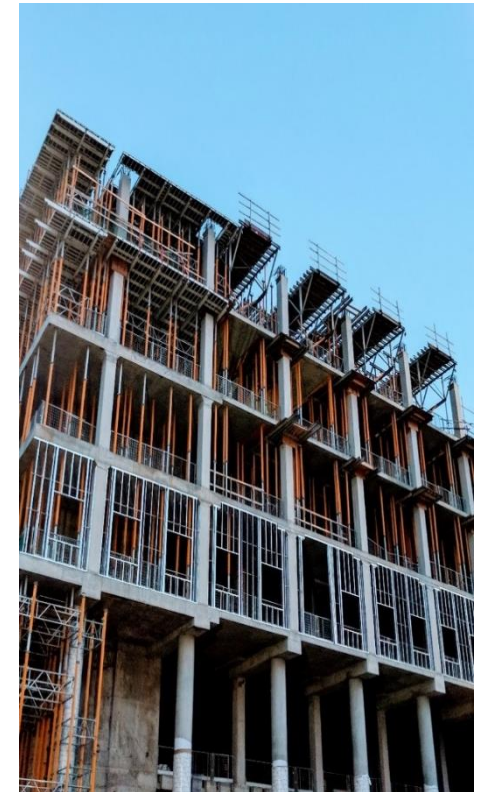
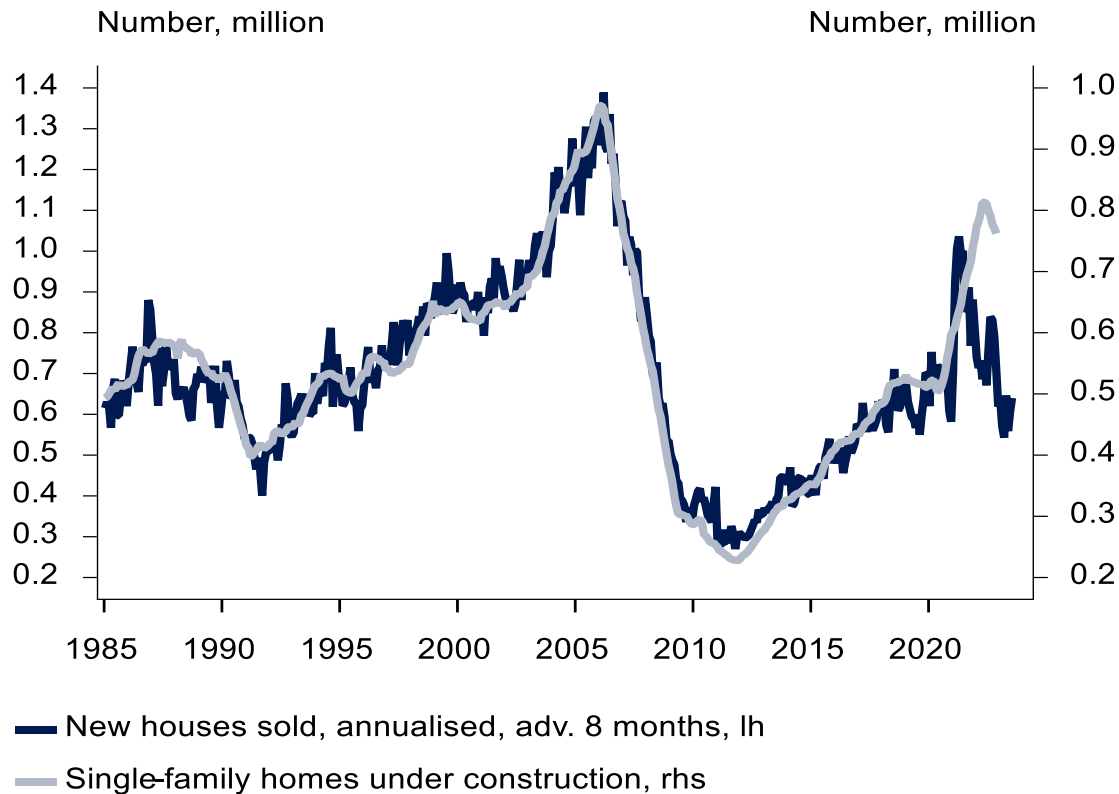


### Most aggressive hiking cycle in decades makes a soft landing of the economy unlikely





## Real estate sector cools off sharply





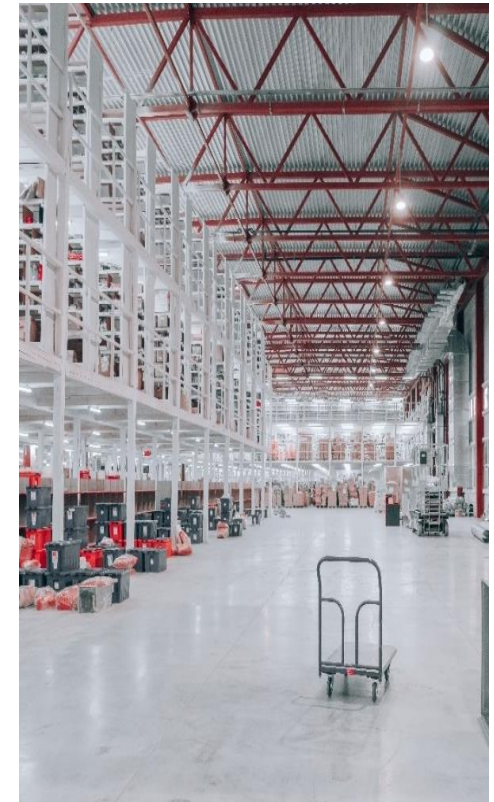
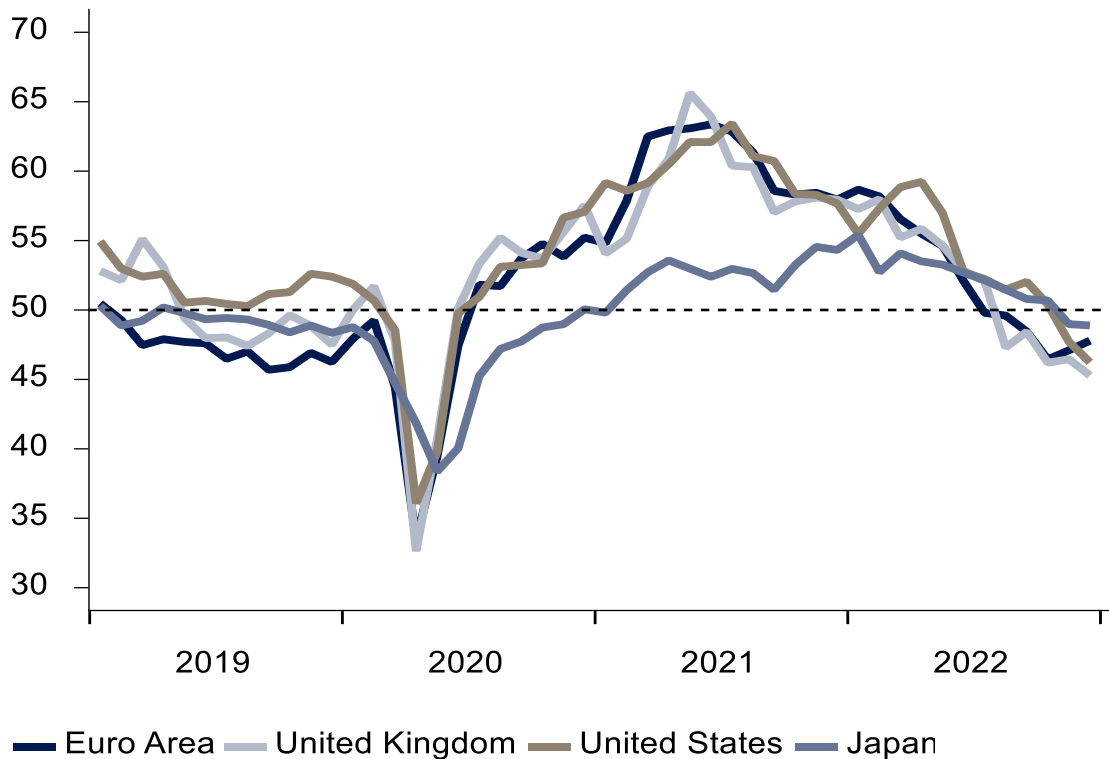
Paint it black



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## Manufacturing sector is in recession globally

Manufacturing PMIs- composite (Index)

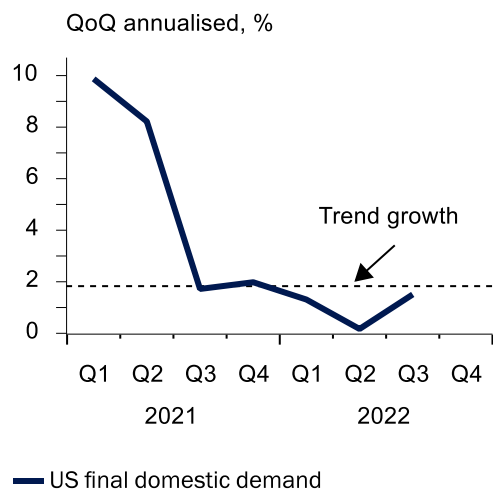


Source: Macrobond, Bank J. Safra Sarasin, 04.01.2023

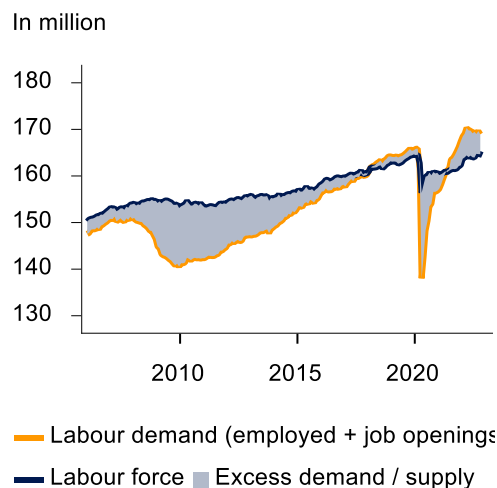


## 3 conditions Fed Chair Powell set to stop rate hikes – unlikely to be met before 2Q23

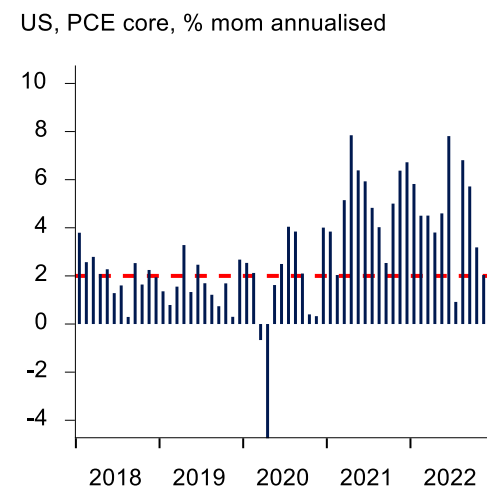
### Below-trend growth



### Labor market slack



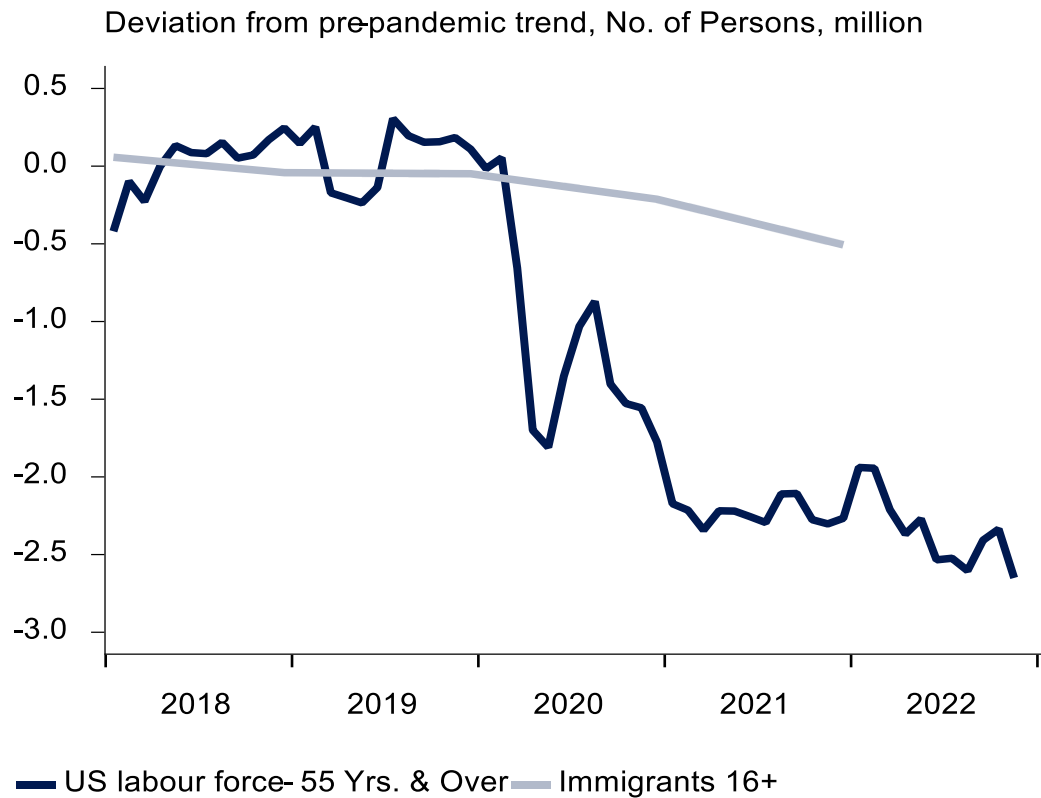
### Clear evidence inflation is moving back down to target





# California Dreamin'

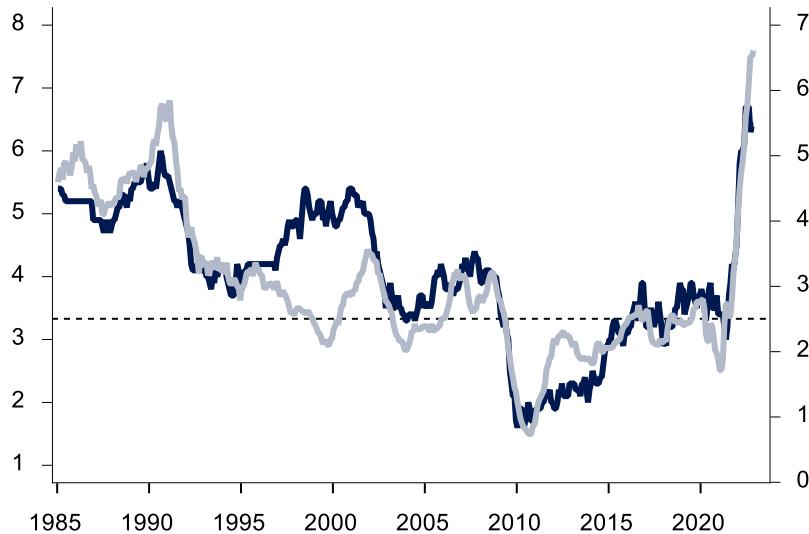
## Fewer migrants and earlier retirement has shrank the labour force





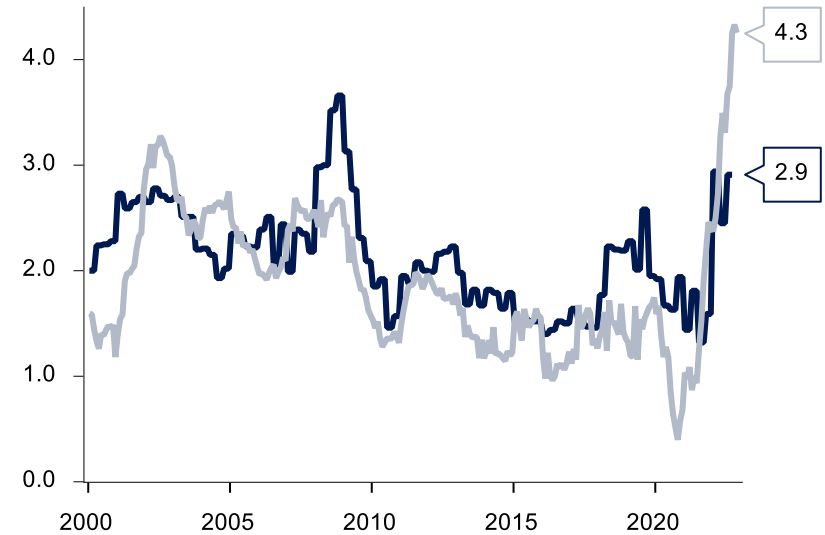
# Money, Money, Money

## US wages



— Atlanta Fed wage growth tracker, yoy%, l  
— Atlanta Fed sticky inflation, yoy%, rhs

## Euro area wages drive prices of services



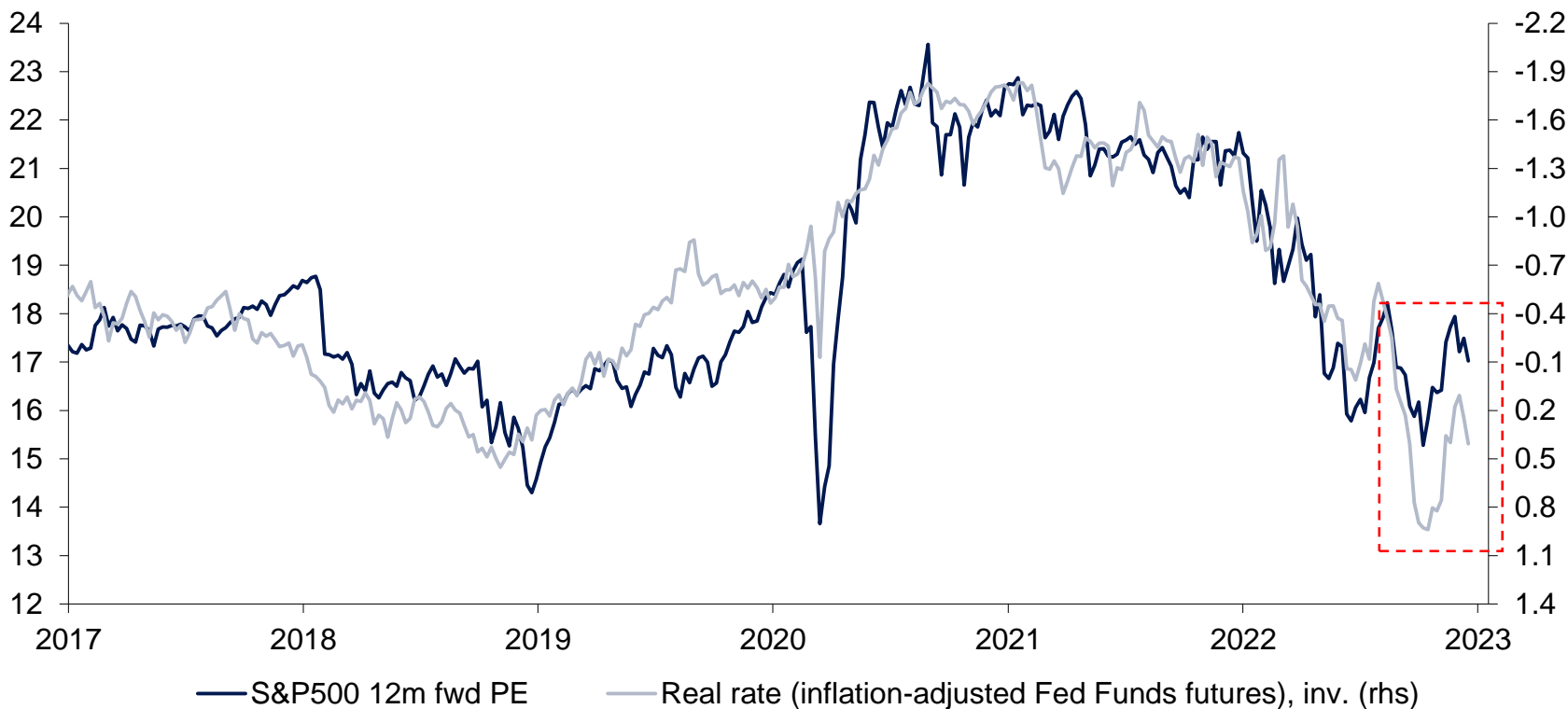
— Indicator of Negotiated Wage Rates (ECB), in %  
— HICP services, in % yoy



# Don't Believe the Hype

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**Valuations are too high for the current real yield and above typical recession levels**

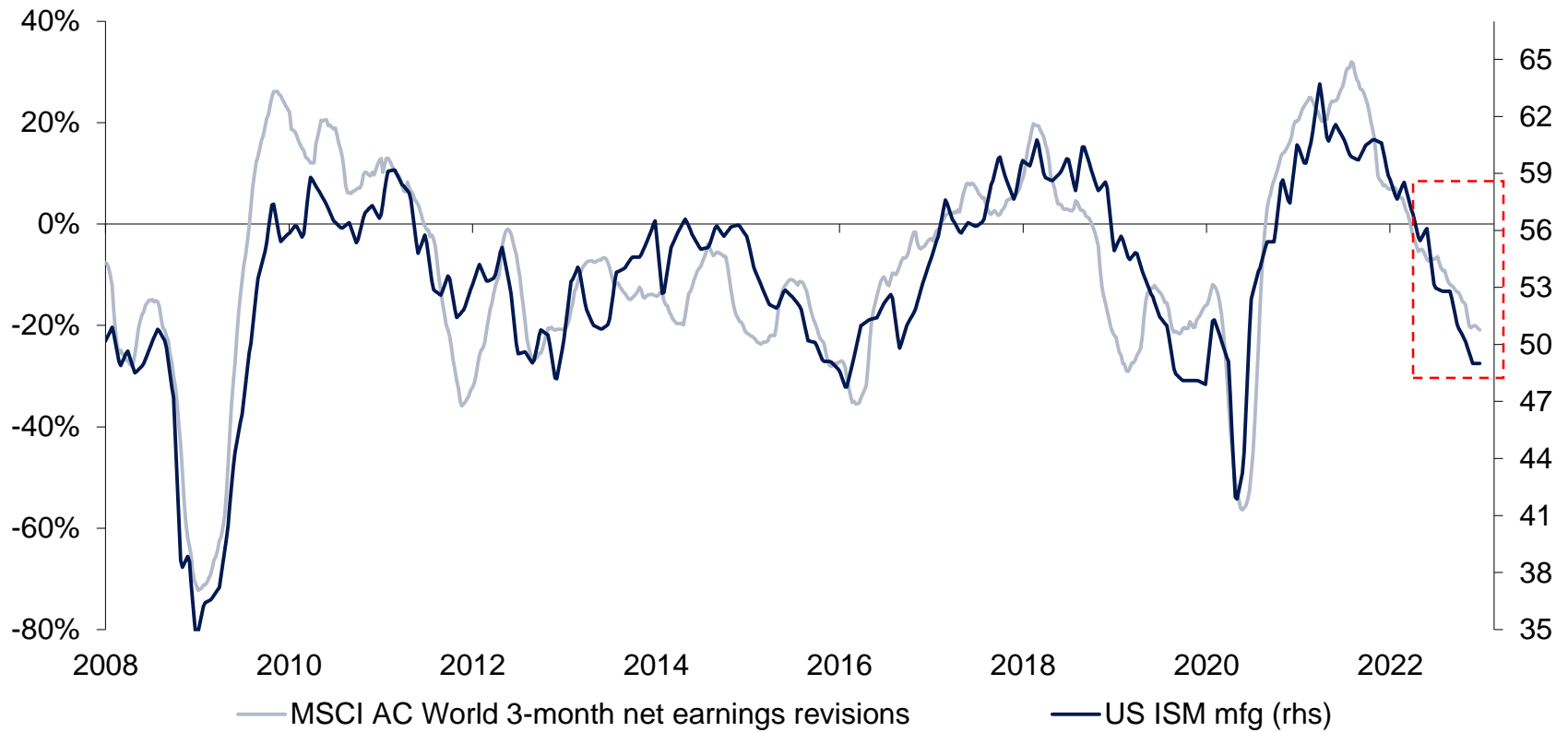


Source: Refinitiv, Bank J. Safra Sarasin, 27.12.2022



# Free Fallin'

US earnings are moving lower as the cycle continues to slow



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