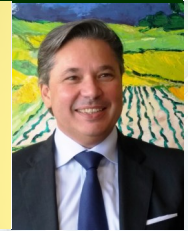


WEEKLY ANALYSIS

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RECORD GROWTH EXPECTED IN THE US IN 2021

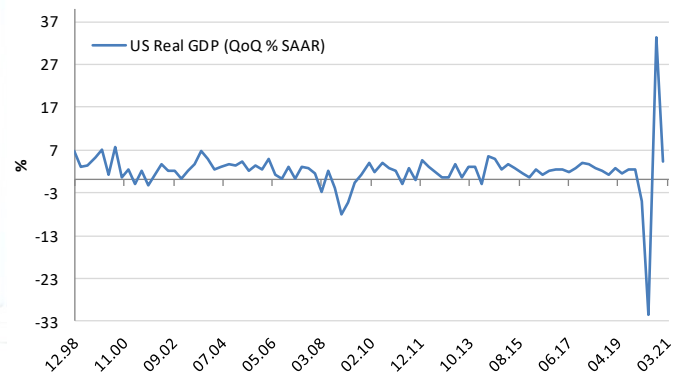
Acceleration of growth in Q2 (+5.6%). GDP to increase by +7% in 2021. Effective vaccination campaign. Massive economic support. Positive wealth effect. Excess savings. Increases in inflation, long-term rates and the dollar.

Key points

- Transition in Q1 to visible acceleration of growth already in Q2
- 2021 to set record with GDP growth close to +7%
- Overall economic support of USD 5 trillion will boost growth
- Leading indicators still very optimistic
- Employment could strengthen quickly
- Two trillion in savings to spend and invest
- The Fed is not afraid of inflation, and yet...
- Very significant adjustment in expected inflation
- Renewed attractiveness of bonds and the dollar
- Equity markets benefitting from abundant liquidity despite high valuations

estate market has thus contributed quite clearly to the economic recovery in the US, the pandemic having also motivated buyers in search of more living space. The sector has thus performed very well and has regained greater momentum than before the health crisis.

Quarterly GDP growth



Sources: BBGI Group SA

Transition in Q1 to visible acceleration of growth already in Q2

The US economy logically ended 2020 on a weaker note than in Q3. The annualised growth of +4% was in line with our expectations following the extraordinary recovery (+33.4%) over the summer. However, it turned out to be slightly below expectations due to the still noticeable effects of the pandemic on the labour market and on household consumption. Despite this sharp, expected deceleration, growth remains above average for the US economy historically. Consumption growth (+2.5%) turned out to be lower than expected (+3.1%) and therefore did not support GDP as much at the end of the year. Alongside this relative caution on the part of households, there was a clear recovery in non-residential investment (+13.8%) and private residential investment (+33.5%). A very strong recovery in real estate investment has begun, with sales of new homes jumping in December for the first time in several months, with the strongest monthly increase since 2006. Nearly 850,000 new homes were purchased in a particularly favourable context of low interest rates, pushing prices up by +8% over one year. The real

In Q1 2021, the economy will likely transition towards an acceleration of growth in Q2, which could then strengthen and allow the US economy to record one of its best annual performances in recent economic history. Growth expectations are now up from +2.3% to +3.2% for Q1, effectively reducing the expected, temporary decline in economic momentum, as the pandemic was still raging at the start of the quarter before the population began getting vaccinated. The current situation on the pandemic management front is radically different from that of previous quarters thanks to the massive and effective vaccination campaigns underway. This logically improves the prospects for economic recovery in Q2, which could reach +5.6% (annualised growth).

Q1 2021 could also prove to be stronger if the upswing in activity seen at the beginning of the year in the consumer retail sector continued through March. It could indicate an even faster economic recovery during the spring thanks to the stimulus measures and payments made to households in December and January.