

2020 Macro Themes

A Late-Summer Assessment

2020: Investing Forever Changed

In this reassessment of our *2020 Macro Themes*, we revisit the six key market trends we identified in December 2019 as likely to define market activity in 2020, and provide an update on how we expect these forces to play out over the remainder of the year.

1. Global Inflation: Bottlenecks Echo Cracks in Global Value Chains

COVID-19 has upended the inflation outlook, with consumer spending plunging in the those industries and regions most impacted. Health concerns are creating permanent supply-side impairments and small business recovery is being impeded by social distancing.

2. Turning Color-Blind: Green Is the New Red

The Next Generation EU plan is a game changer as Europe spearheads public sector-led ESG. The EU has pledged 30% of total NGEU expenditures to support climate objectives and bailouts of autos and aviation industries are focused on the development of greener vehicles.

3. Battlegrounds in the US Elections Are Tech, Trade and Healthcare

The US response to COVID-19 will dominate the November election, with both presidential candidates campaigning on healthcare reform. On



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trade with China and Big Tech, there may perhaps be surprisingly little daylight between the two parties.

4. Brexit: Orderly Out of Fatigue

Negotiations over the the UK's future relationship with the European Union have been sidelined by the toll the pandemic has taken on Britain's economy. While both sides work toward a mutually acceptable basic agreement, domestic UK investment is growing in importance.

5. Ugly Currencies: Selling USD But Unsure What to Buy

With the dollar's weakness continuing into the second half of the year, look to the EUR, JPY and GBP as candidates to pick up the slack.

6. De-VOL-ution as Volatility Struggles

Central banks have crushed curves, along with volatility, but liquidity in FX markets remains challenging, especially for large trades, Scandinavian currencies and in EM.

To access our late-summer update to our 2020 Macro Themes, [click here](#)

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