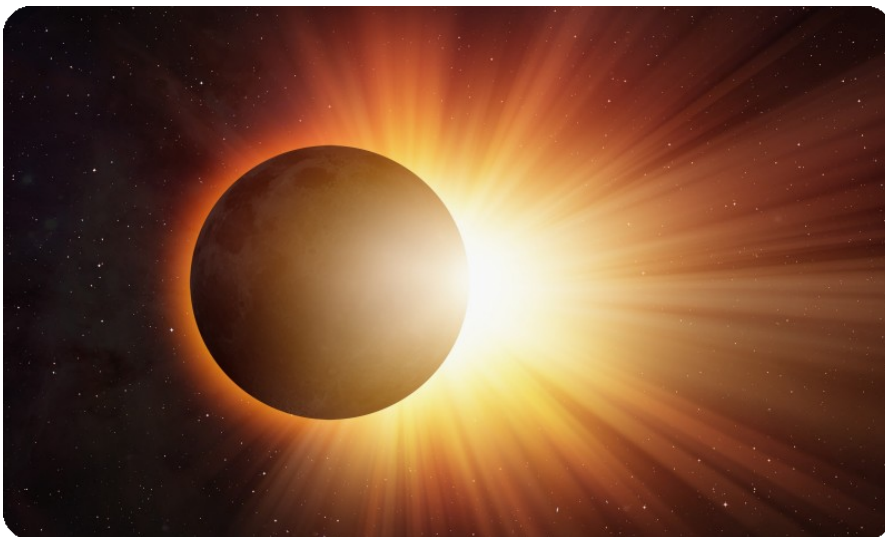


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# Global Macro Outlook 2021: The darkness before the dawn

What a year! As this wild and turbulent year draws to a close, we look back on how Covid-19 has sent the global economy into the worst slump in a century and focus on what to expect beyond lockdowns, the virus and the vaccine in 2021



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## Executive summary

What a year! Who still remembers the start of 2020, when the global economy was discussing the eurozone's Japanification, trade wars and how to revive or extend the very mature economic cycle? In January, Covid-19 was just a regional virus, and none of us thought it could end up becoming the driver of such turbulent year.

As the wild year slowly but surely draws to a close we look back on 2020 and see a global economy which had entered the pandemic on a much weaker footing than most previous economic crises and ended up in the most severe economic slump in almost a century.

Next to the economic fallout of the crisis, 2020 has also been a postmark for other remarkable developments. Just think of the end of austerity-dominated fiscal policies in the eurozone, unprecedented forms of European solidarity, Donald Trump becoming the fourth US president since the second world war who (presumably) didn't win a second

term, or the Asian-Pacific trade agreement, creating the world's largest trading bloc without either the US or Europe. In any case, it has been a very remarkable year in all aspects.

Looking ahead, finally, we can spot some silver linings. Research breakthroughs on a vaccine against Covid-19 are now being announced by the week. First, it was the Pfizer/BioNTech vaccine, a week later Moderna released news about moving into phase 2 of the FDA's clinical trial. With any kind of vaccine being rolled out in the first half of 2021, hope is that most economies can return to a new normal. If the next US administration really takes a more cooperative approach to global trade too, risks to the economic outlook could finally, and for the first time in months, be tilted to the upside.

However, for many European countries and probably also the US, things will first get worse before they get better. The winter months will be characterised by more severe lockdowns, requiring a lot of stamina from people and also more fiscal and monetary support from governments and central banks.

Although, a low probability scenario, don't rule out a combination of remaining risk factors such as a delay in rolling out the vaccine due to unexpected side effects, a delay in the start of the European Recovery fund due to vetoes by Hungary and Poland, a more disruptive "no-trade deal" Brexit than anticipated, or unexpected political tensions in the US.

As much as we would like to, in the words of Monty Python, 'look on the bright side, don't grumble give a whistle', the truth is that potential risk factors are still out there. Some would argue, they always are.

In our Global Macro Outlook 2021, we focus on what to expect beyond lockdowns, the virus and the vaccine. Our [traditional forecasts and expectations](#) can be found here. It is not always a look on the bright side but rather an analysis of what to expect from 2021. If you want, there is more on [our special 2021 hub](#) here, including broad country coverage.

We hope that you will enjoy our analysis as we move into 2021. A year, which as far as we are concerned, could definitely do with somewhat less excitement than 2020.

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