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**Frances Donald, Global Chief Economist, and
Global Head of Macroeconomic Strategy, Manulife
Investment Management**

So why is the first half of the year really challenging? Well, the first half of the year is challenging because inflation data is still likely to be high and uncomfortable. We've got 7% inflation in the United States, the highest since the 1980s, and we're probably looking at another month or two when all those COVID-related distortions stay extraordinarily high and pressure us as individuals, as businesses, in markets as well. Now, in the meantime, we're going to see growth decelerate, and probably pretty sharply in the first half of the year.

Remember that last year we had two major supports for growth and for markets. We had massive government spending and massive monetary policy support. This year, we have the opposite. Monetary policy tightening, and a massive removal of government money. We're going to see the biggest year-over-year drop in government money that we have seen since the 1940s. Of course, still very high, but year-over-year massive decline.

Now, on top of that, there's other challenges in the first half of the year. Ongoing supply chain disruptions that limit inventory rebuilds. You're going to see the impacts of a much slower China weight on the aggregate economy. US and Canadian consumers, I think they're in a little bit of trouble here. Real wages are declining. They can buy less but it costs more. I wouldn't be banking too much on a super strong consumer. And then, of course, we have what many Canadians, particularly in Ontario and Quebec feel, the impact of lockdowns and Omicron.

Now, that sounds a little bit sad, and I don't like to have sad outlooks in 2022, so luckily for me, the data does suggest that the second half of the year is much better.

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