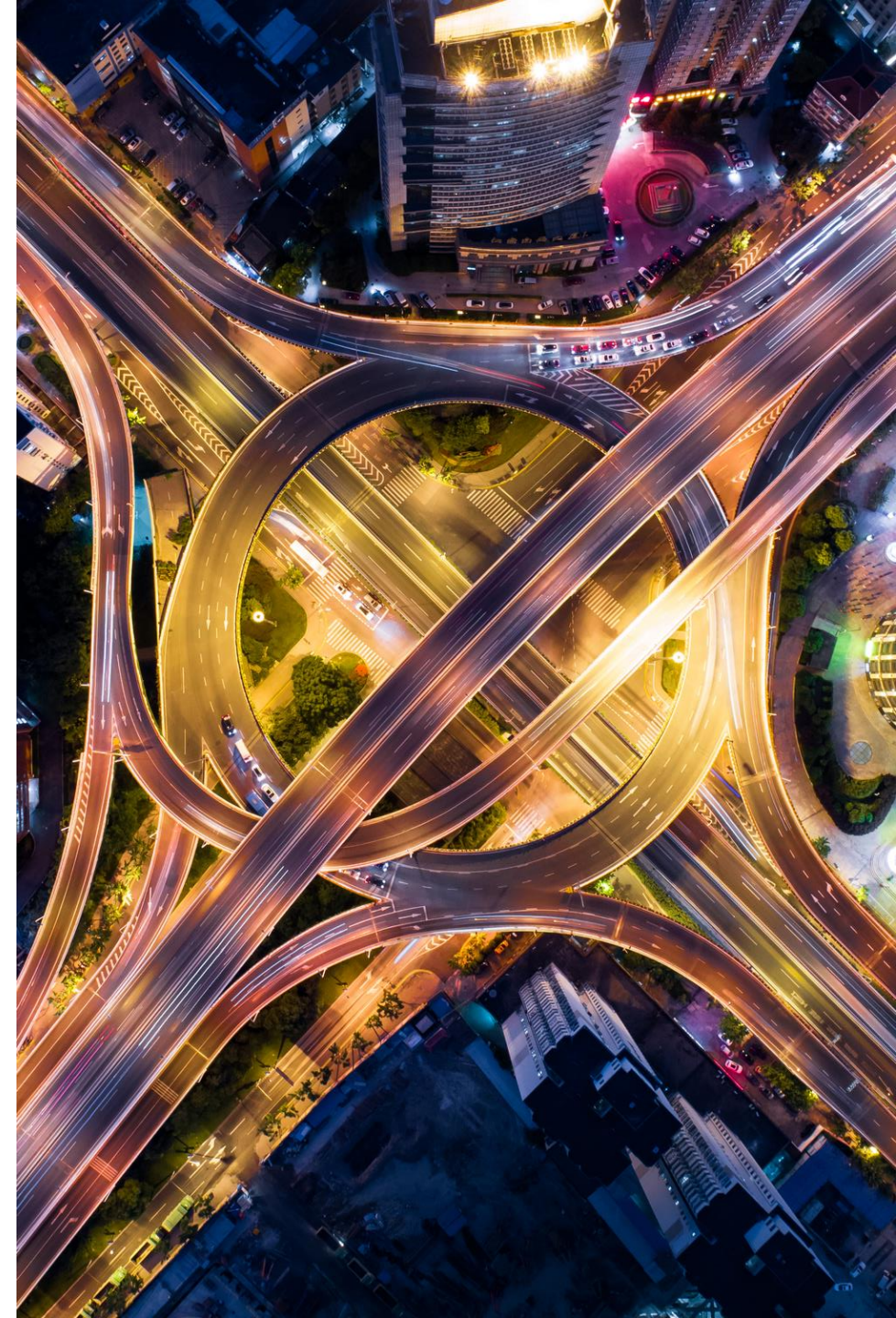


November 2021

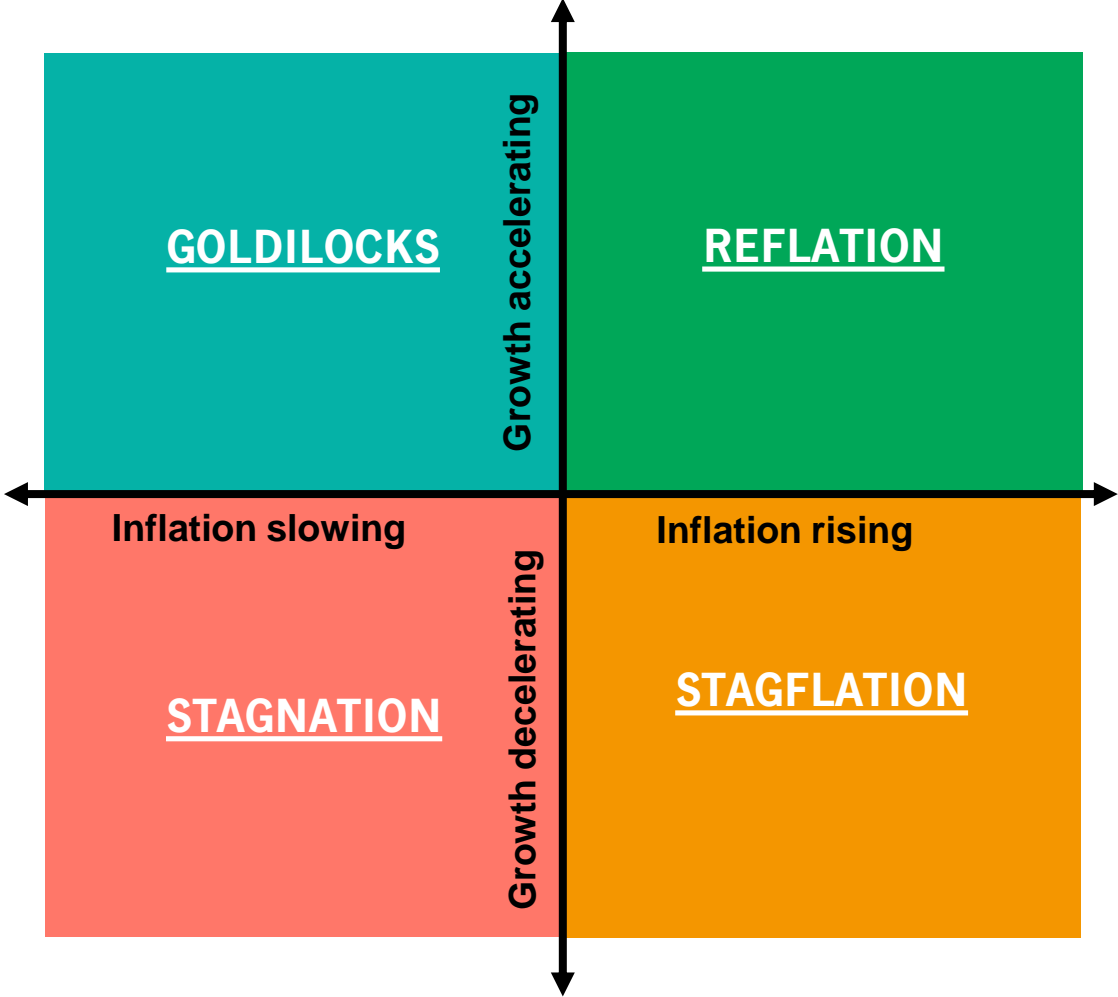
Macroeconomic outlook: an anti-forecast

Frances Donald
Global Chief Economist & Strategist

PRS.545102

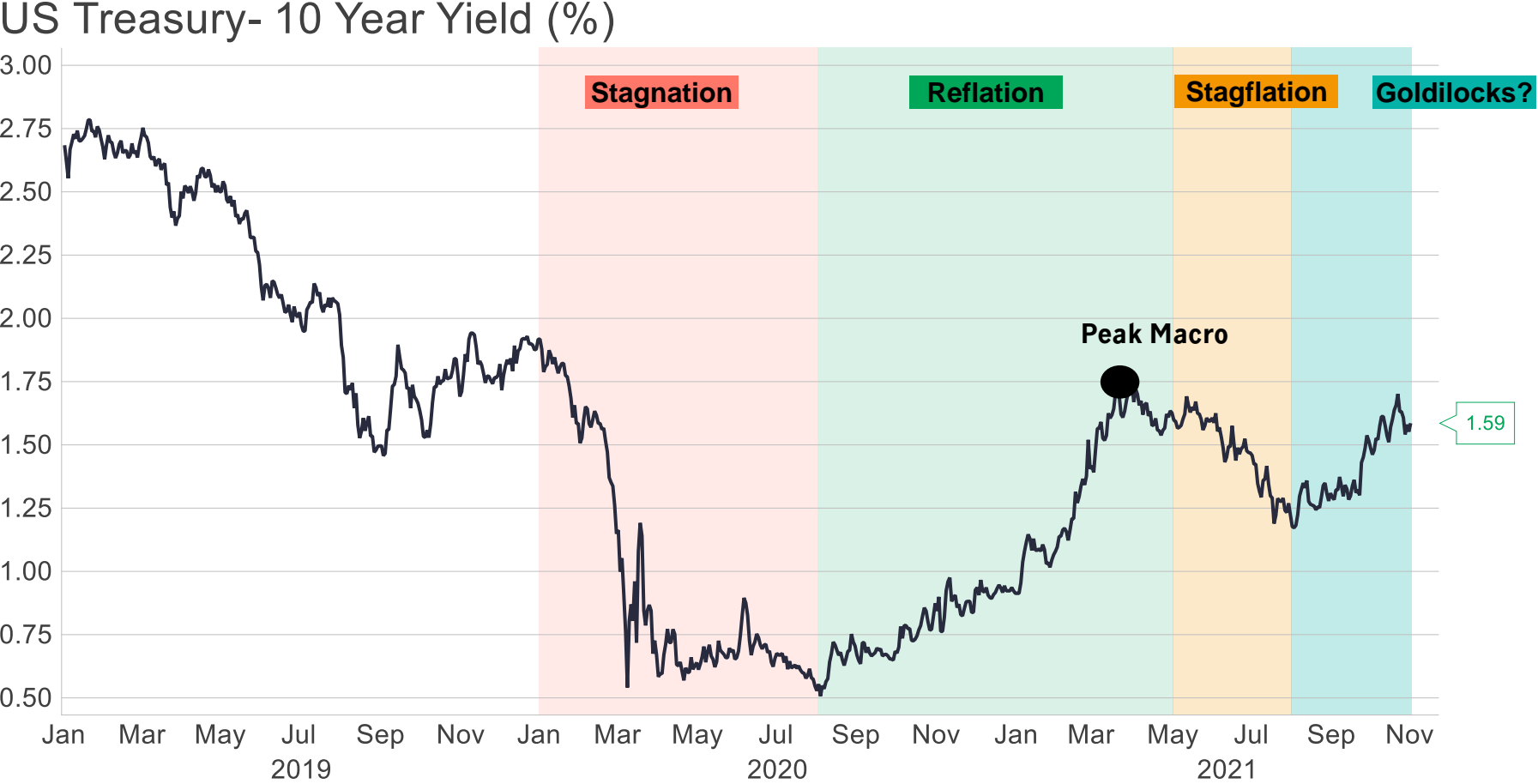


Macro strategy 101: It's all about the growth/inflation mix



For illustrative purposes only.

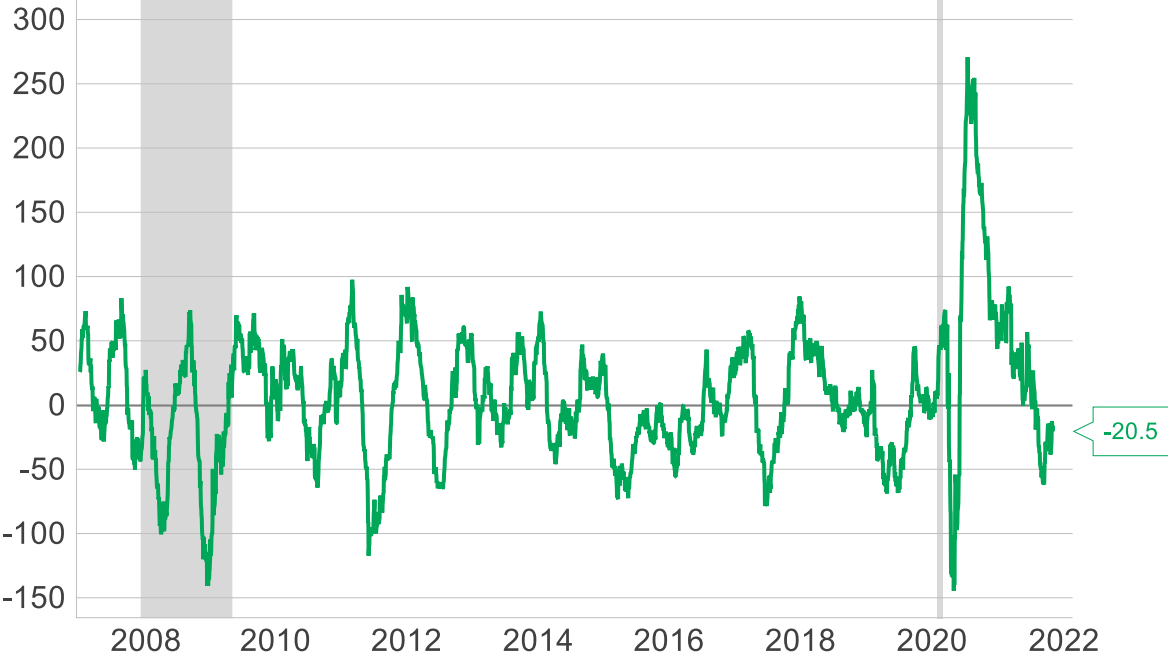
The COVID19 Recession and Recovery has been defined by frequent regime shifting



Source: Bloomberg, Macrobond, Manulife Investment Management, as of 11/1/2021

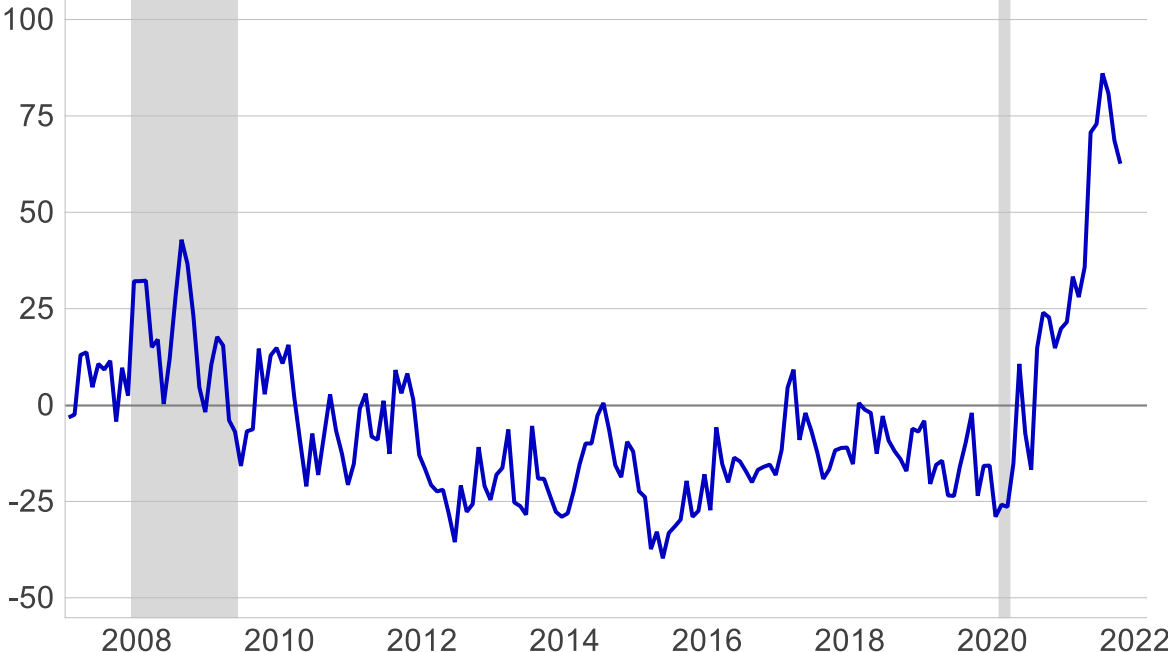
What matters most is how data comes in relative to expectations

U.S. Citi Economic Surprise Index



Source: Bloomberg, Macrobond, Manulife Investment Management, as of 11/1/2021

U.S. Citi Inflation Surprise Index

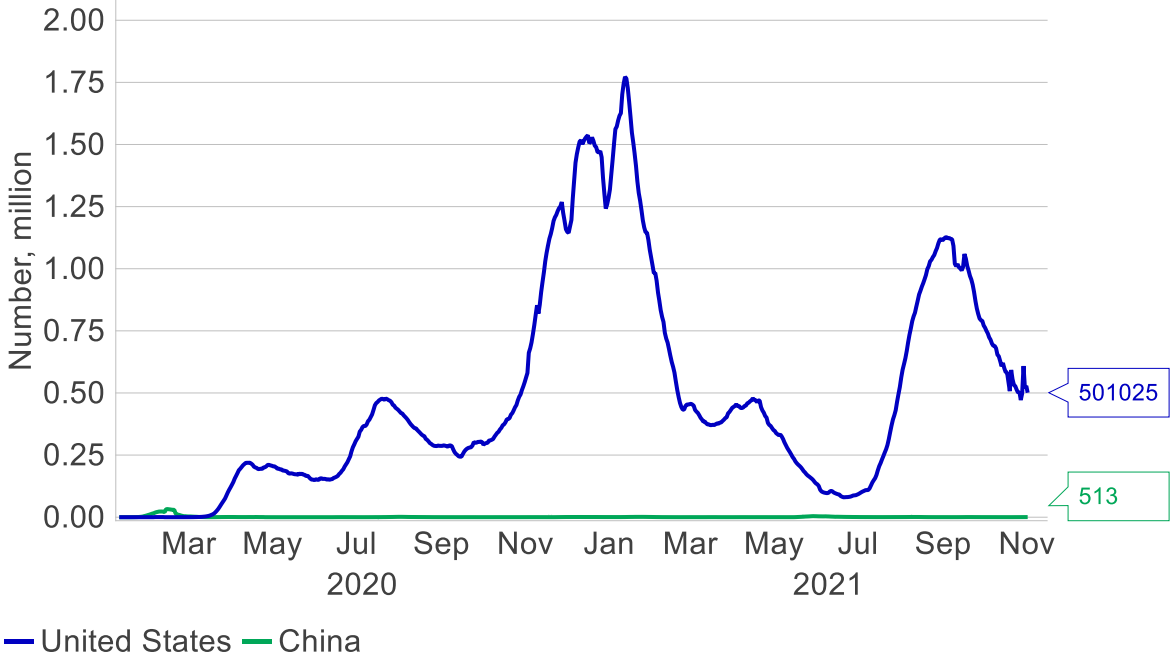


Source: Bloomberg, Macrobond, Manulife Investment Management, as of 11/1/2021

Known Unknowns

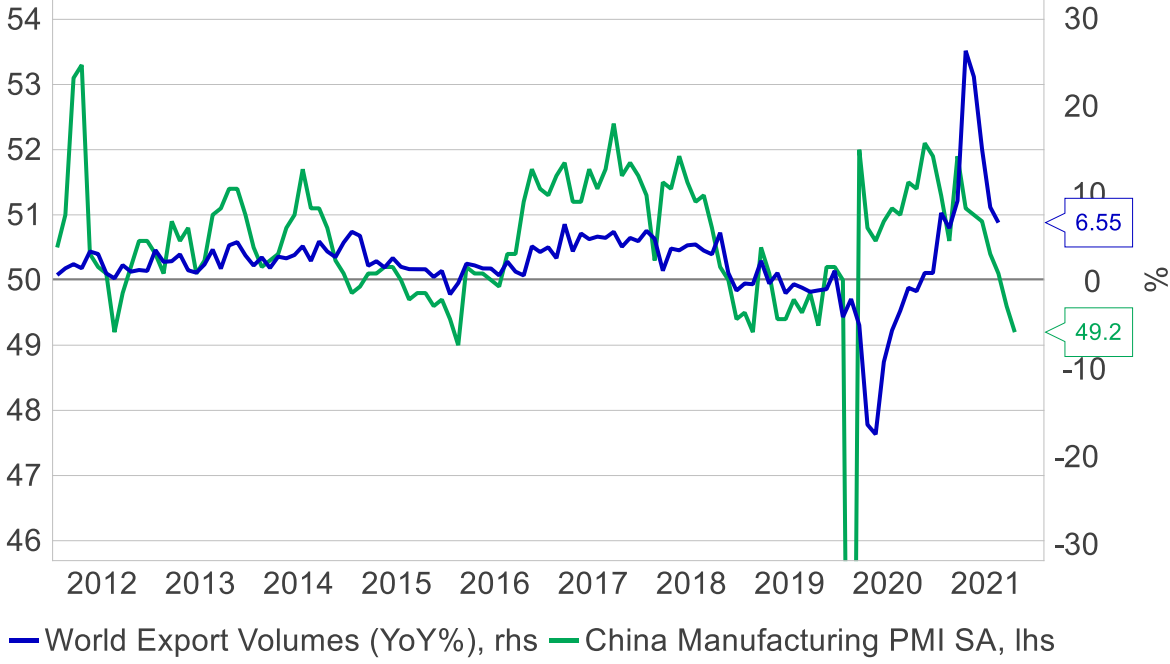
Known Unknown 1: COVID19, but specifically COVID-zero policies in China

Weekly confirmed Covid-19 cases



Source: World Health Organization, Macrobond, Manulife Investment Management, as of 11/1/2021

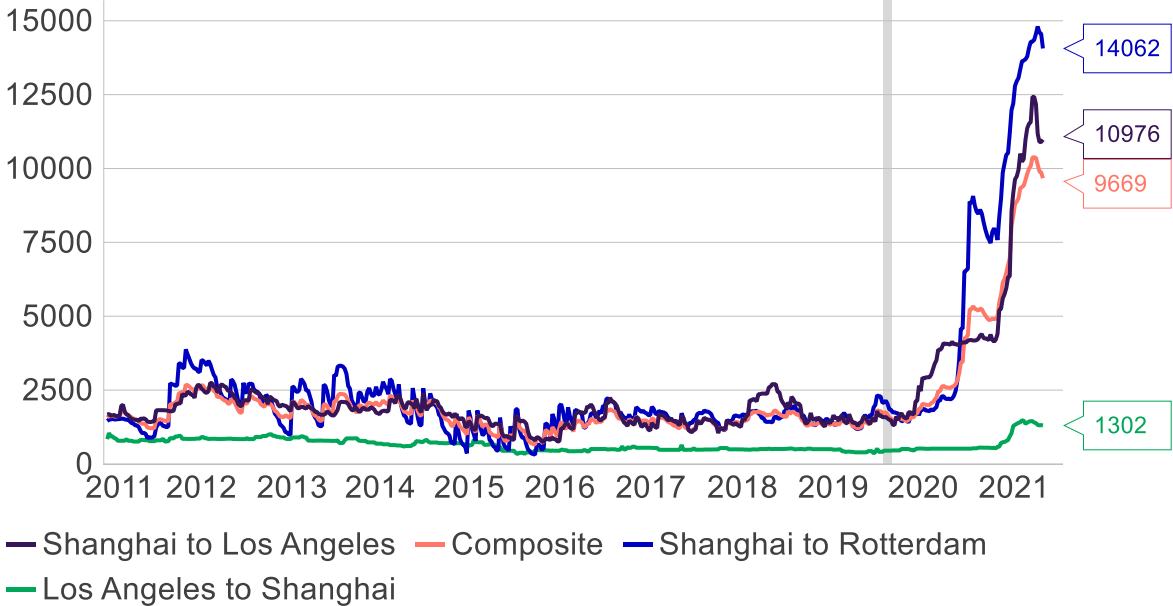
China's manufacturing cycle leads global trade



Source: Bloomberg, Macrobond, Manulife Investment Management, as of 11/1/2021

Known Unknown 2: Supply chain disruptions – how long will they last?

WCI Container Freight Rates- Benchmark Rate per 40ft Box



Source: Bloomberg, Macrobond, Manulife Investment Management, as of 11/1/2021

Container Ship Time Charter Assessment Index (known as the New ConTex Index)

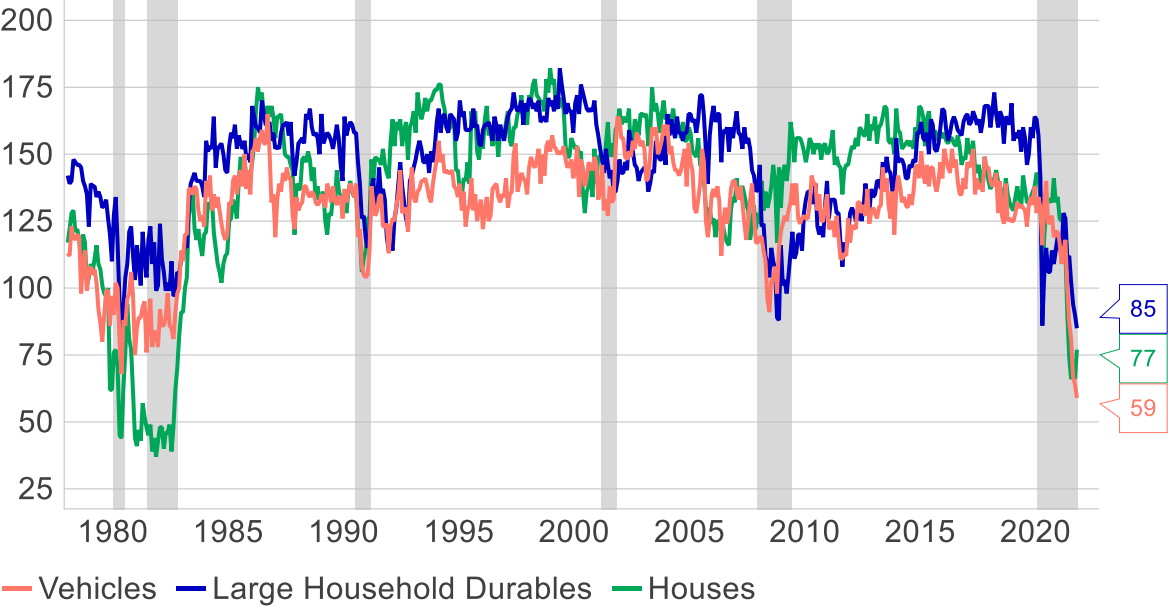


Source: Bloomberg, Macrobond, Manulife Investment Management, as of 11/1/2021

Note: the New ConTex is a company-independent Index of time charter rates for container ships. It is based on assessments of the current day charter rates of six selected container ship types, which are representative of their size categories

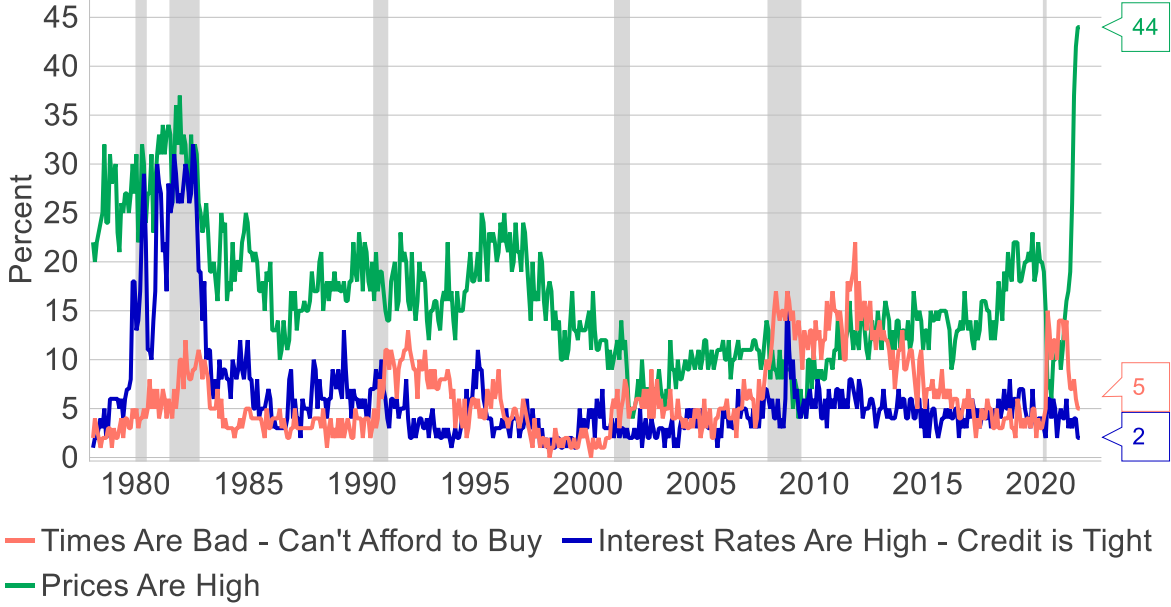
Known Unknown 2: Supply Chain disruptions – are they about inflation or growth?

University of Michigan Consumer Sentiment: "Is it a good time to buy?"



Source: University of Michigan, Macrobond, Manulife Investment Management, as of 11/1/2021

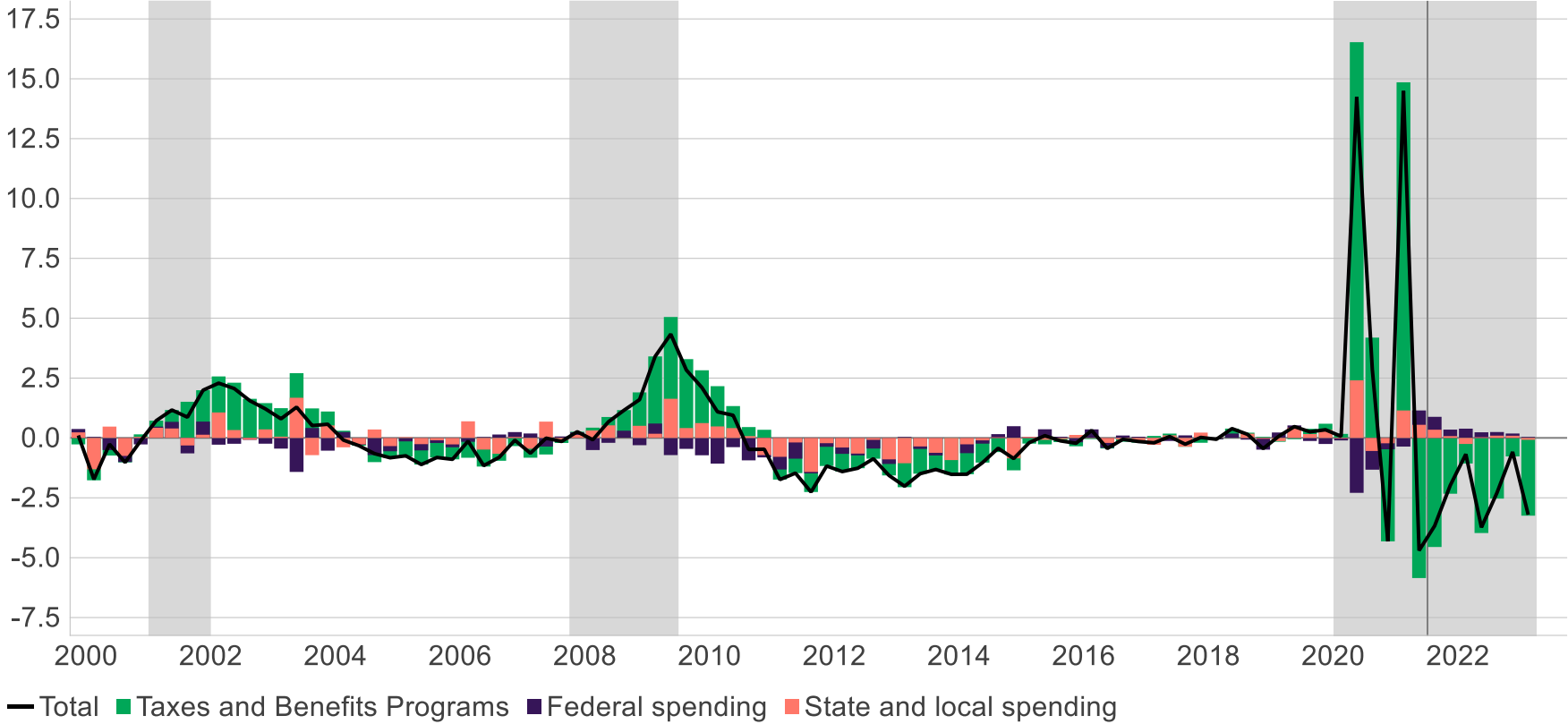
University of Michigan Consumer Sentiment "Why is it a bad time to buy a car?"



Source: University of Michigan, Macrobond, Manulife Investment Management, as of 11/1/2021

Known Unknown 3: How will policymakers respond?

A sizeable fiscal 'drag' is coming in 2022: Fiscal Policy Contribution to Real GDP Growth



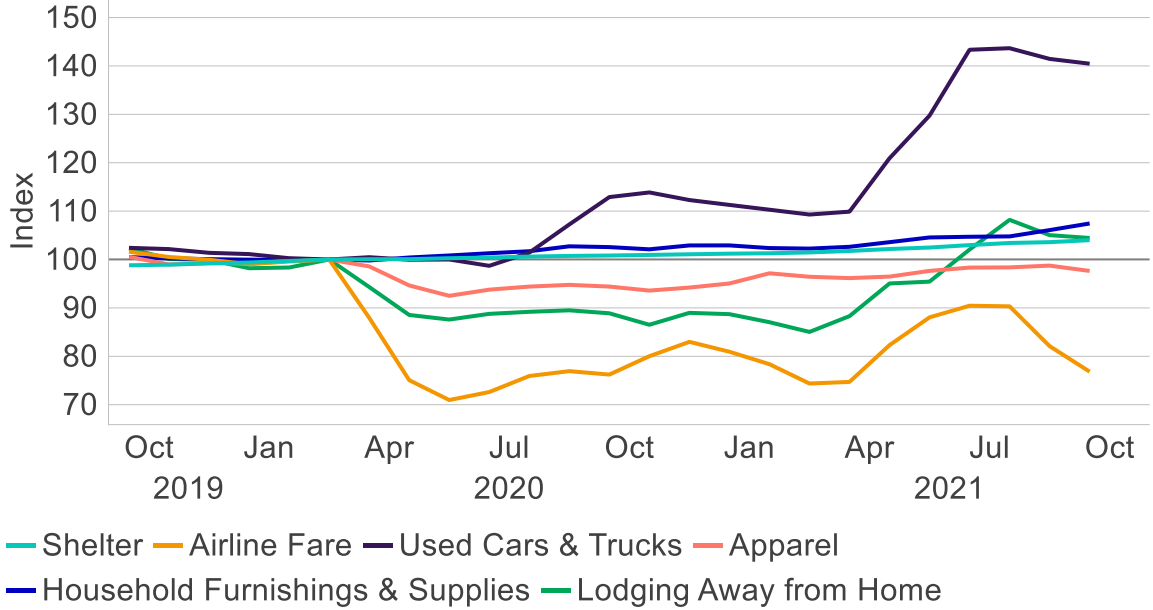
Source: Brookings Institute, Macrobond, Manulife Investment Management, as of 11/1/2021

Brooking's Institute: Hutchins Center Fiscal Impact Measure: The Hutchins Center Fiscal Impact Measure shows how much local, state, and federal tax and spending policy adds to or subtracts from overall economic growth and provides a near-term forecast of fiscal policies' effects on economic activity.

Known Unknown 4: How will policymakers respond?

Inflation is still being COVID19-impacted

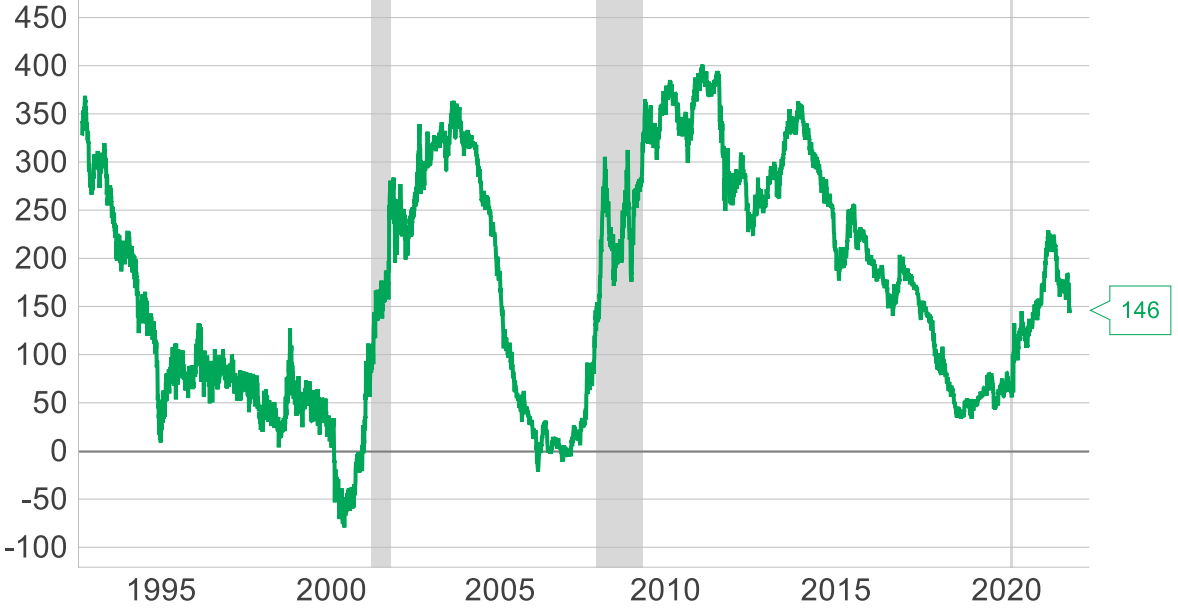
Consumer Price Index (CPI) components rebased to February 2020



Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Manulife Investment Management, as of 11/1/2021

The U.S. yield curve has started to flatten again

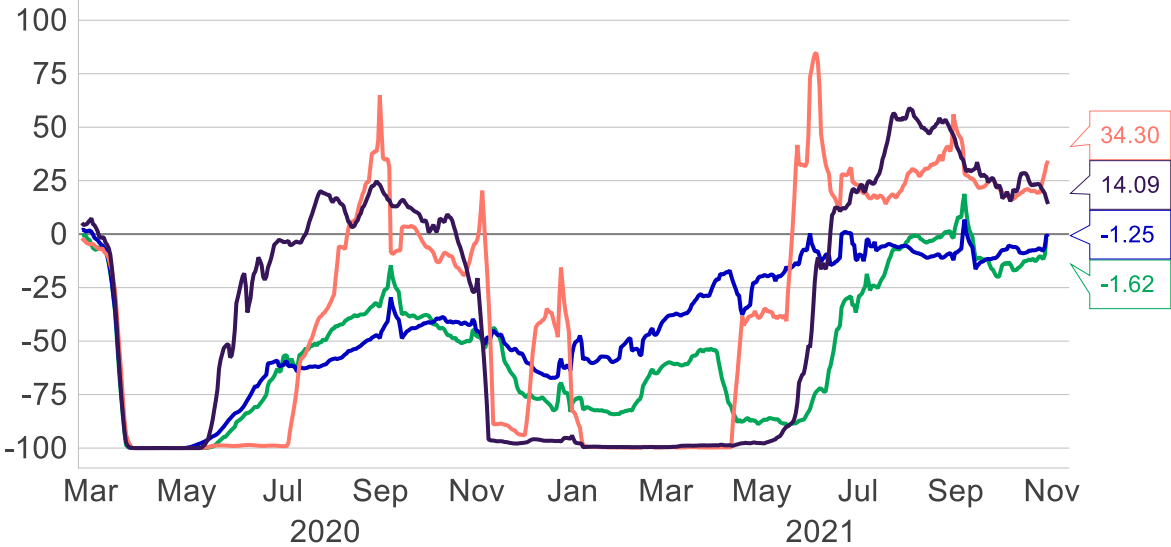
US Treasuries: 30 year yield minus 2 year yield



Source: Bloomberg, Macrobond, Manulife Investment Management, as of 11/1/2021

Known Unknown 4: Are we even doing economics right?

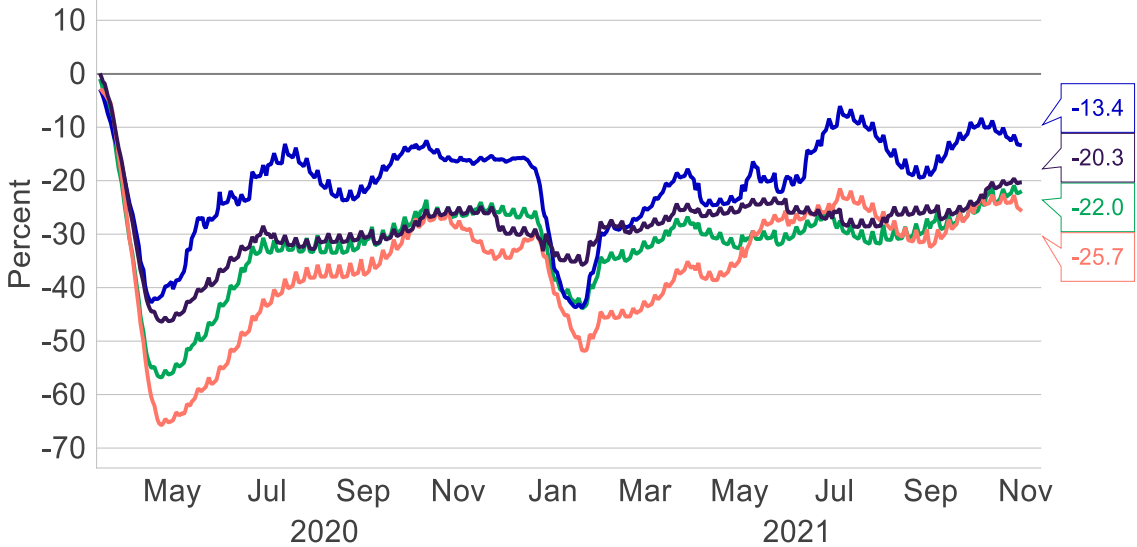
OpenTable restaurant reservations (YoY%, 7 day moving average)



— Germany — U.K. — U.S. — Canada

Source: Bloomberg, Macrobond, Manulife Investment Management, as of 11/1/2021

Google Data: Workplace mobility compared to baseline

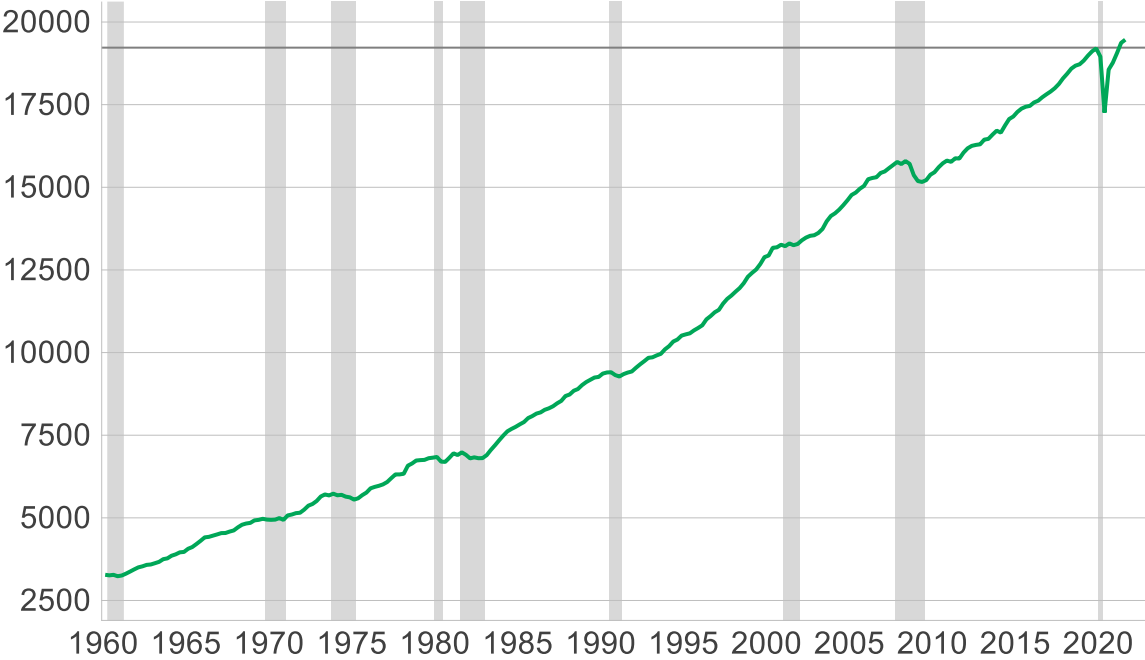


— United States — United Kingdom — Germany — Canada

Source: Google, Macrobond, Manulife Investment Management, as of 11/1/2021

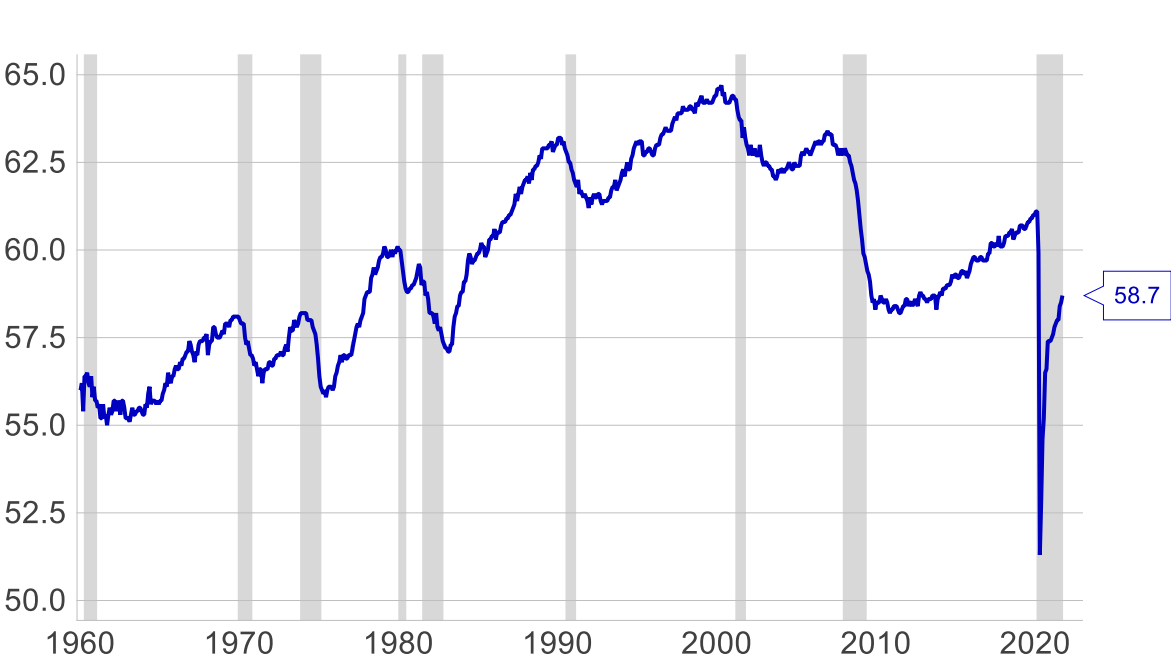
Known Unknown 4: Are we even doing economics right?

U.S. Real GDP: "Totally recovered"



Source: Bloomberg Macrobond, Manulife Investment Management, as of 11/1/2021

U.S. employment to population ratio



Source: Bureau of Labor Statistics, Macrobond, Manulife Investment Management, as of 11/1/2021

Back to basics

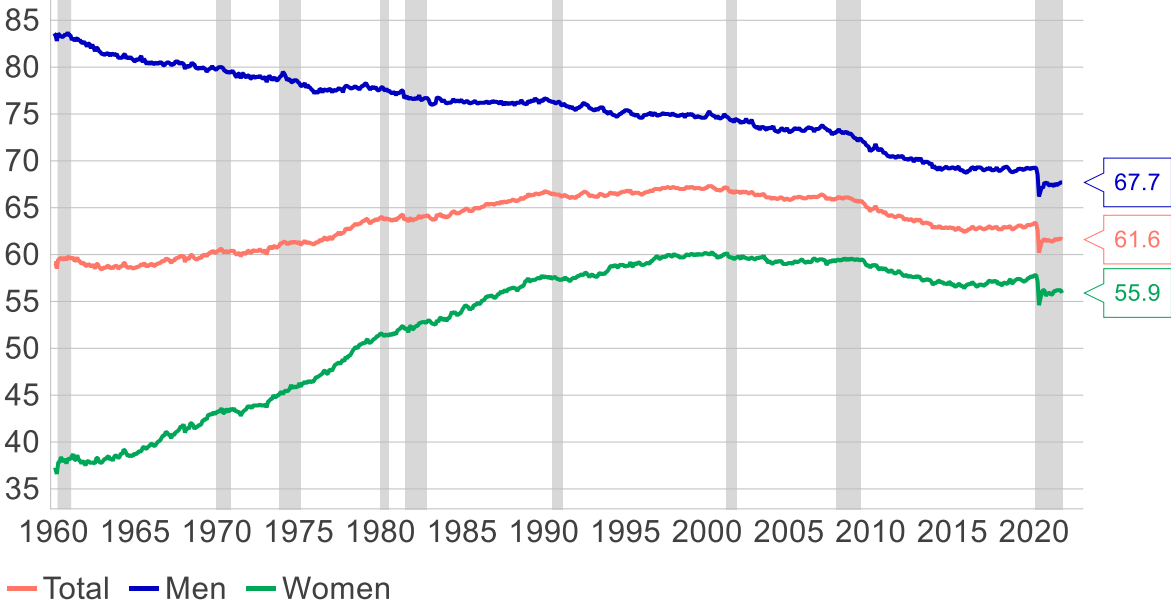
The biggest call of my career: do we break out of long-term decline in yields?



Source: Bloomberg, Macrobond, Manulife Investment Management, as of 11/1/2021

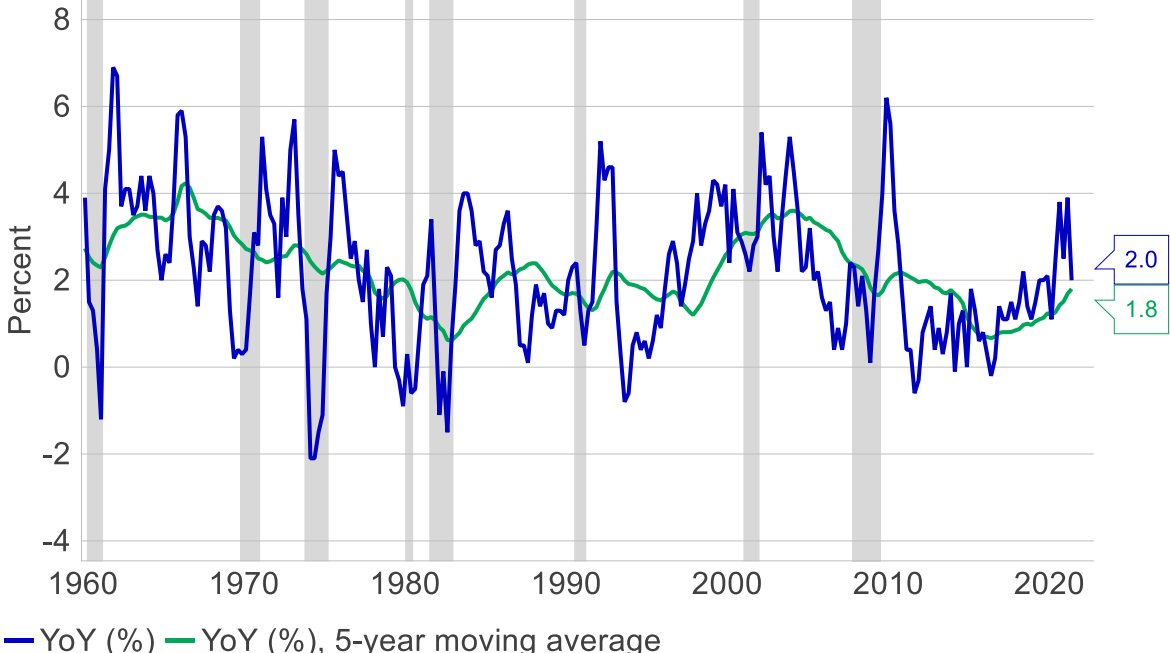
GDP = Labor Force Participation Rate + Productivity

US labor force participation rates in secular declines



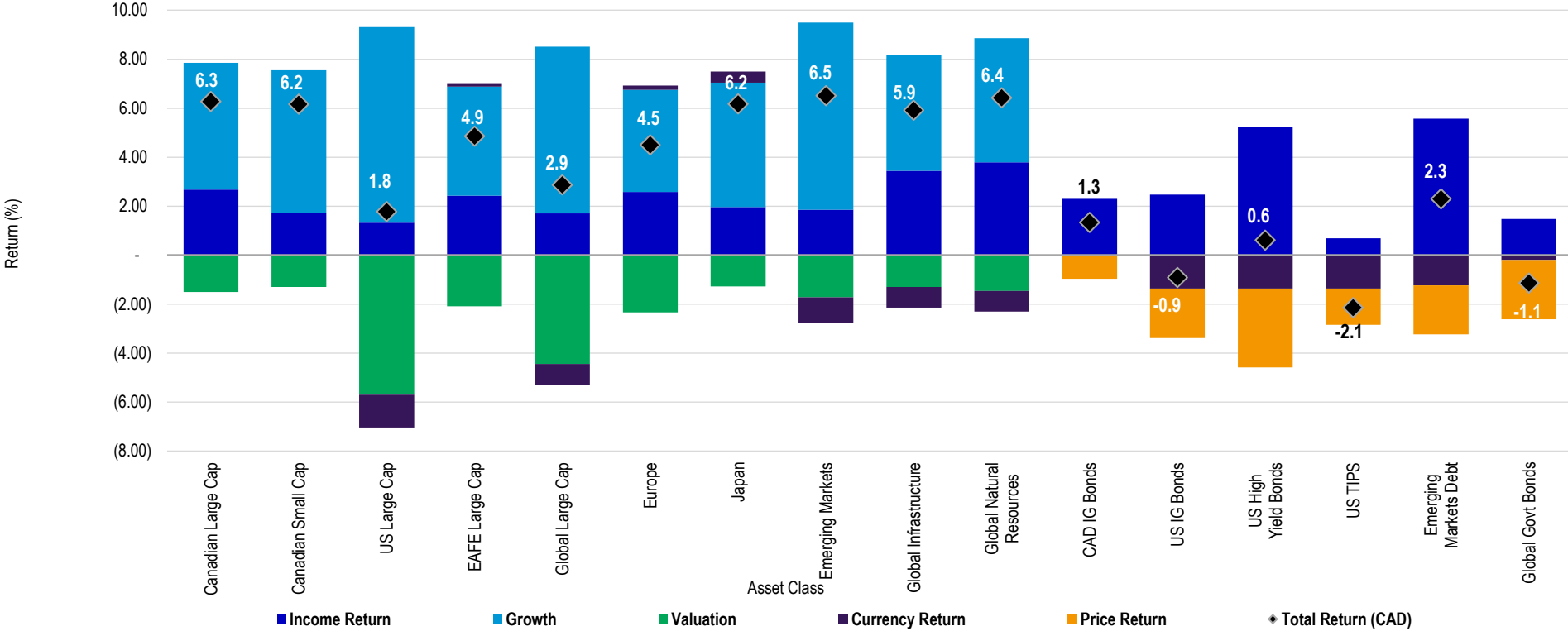
Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Manulife Investment Management, as of 11/1/2021

US productivity growth is still depressed



Source: U.S. Bureau of Labor Statistics (BLS), Macrobond, Manulife Investment Management, as of 11/1/2021

Multi-Asset Solutions Team Current 5-Year Asset Class Forecasts



For illustrative purposes only.

Source: Manulife Investment Management Multi-Asset Solutions Team, June 30, 2021. Asset class forecasts are comprised of inputs driven by proprietary Manulife IM research and are not meant as predictions for any particular index, mutual fund or investment vehicle. To initiate the investment process, the investment team formulates five-year, forward looking risk and return expectations, developed through a variety of quantitative modeling techniques and complemented with qualitative and fundamental insights. Assumptions are then adjusted for a number of factors. This chart contains forecasts reflecting potential future events and is only as current as of the date indicated. There is no assurance that such events will occur, and the actual asset class return may be significantly different than that shown here. This material should not be viewed as a recommendation or a solicitation of an offer to buy or sell any investment products or to adopt any investment strategy. Past performance is not an indication of future results. It is not possible to invest directly into an index.

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