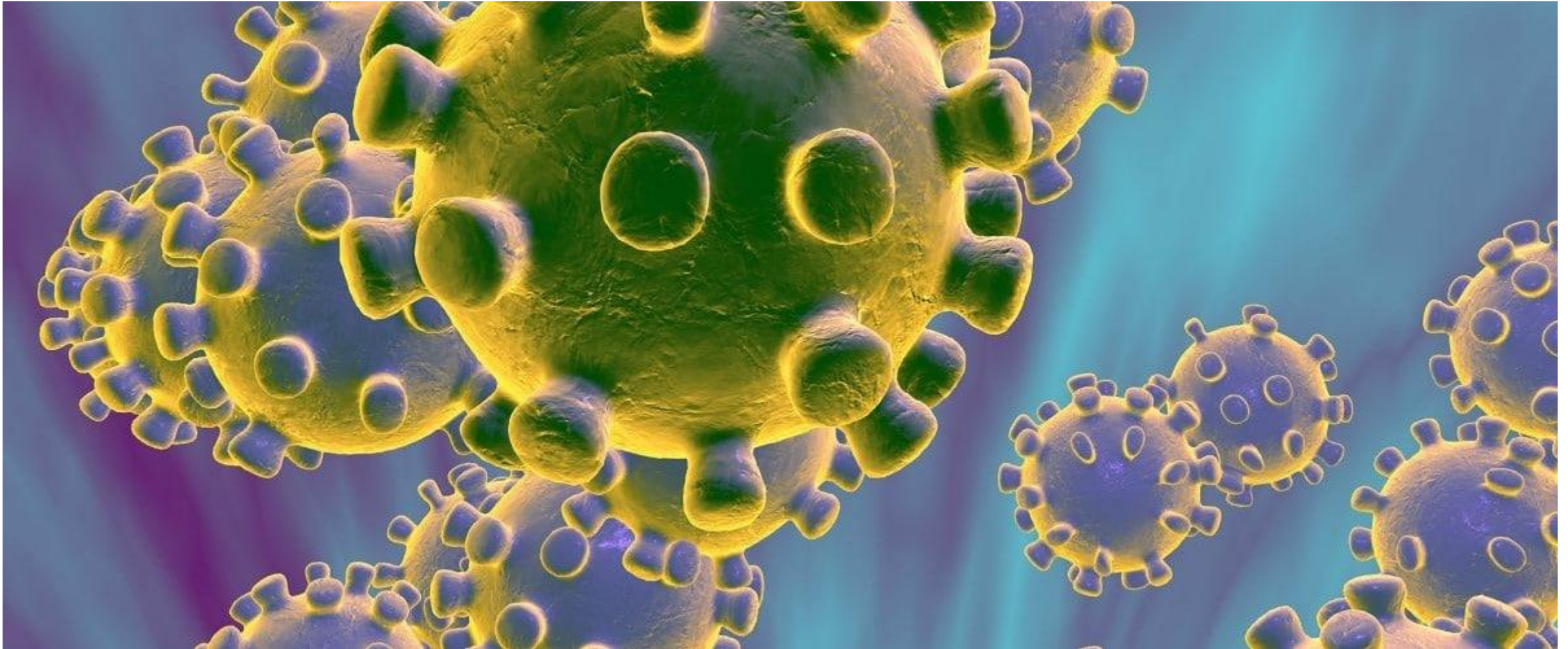




Economic developments

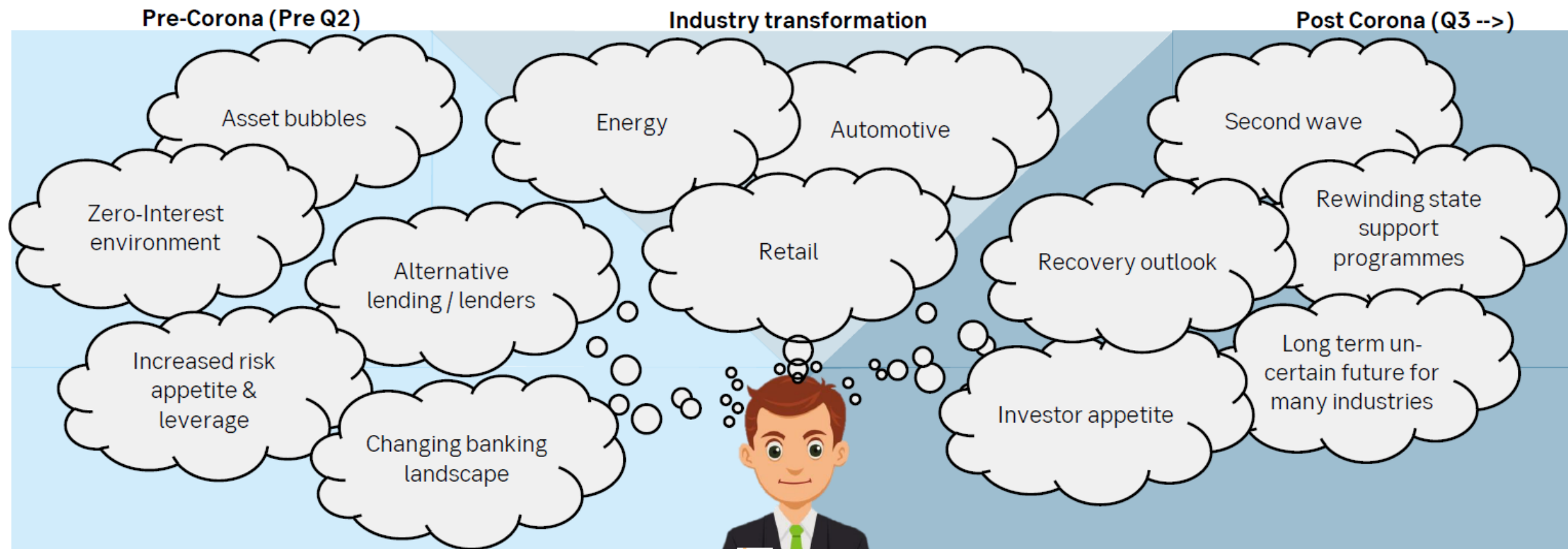
Notice: as the situations is constantly changing, some information may already be out of date.

B.C.

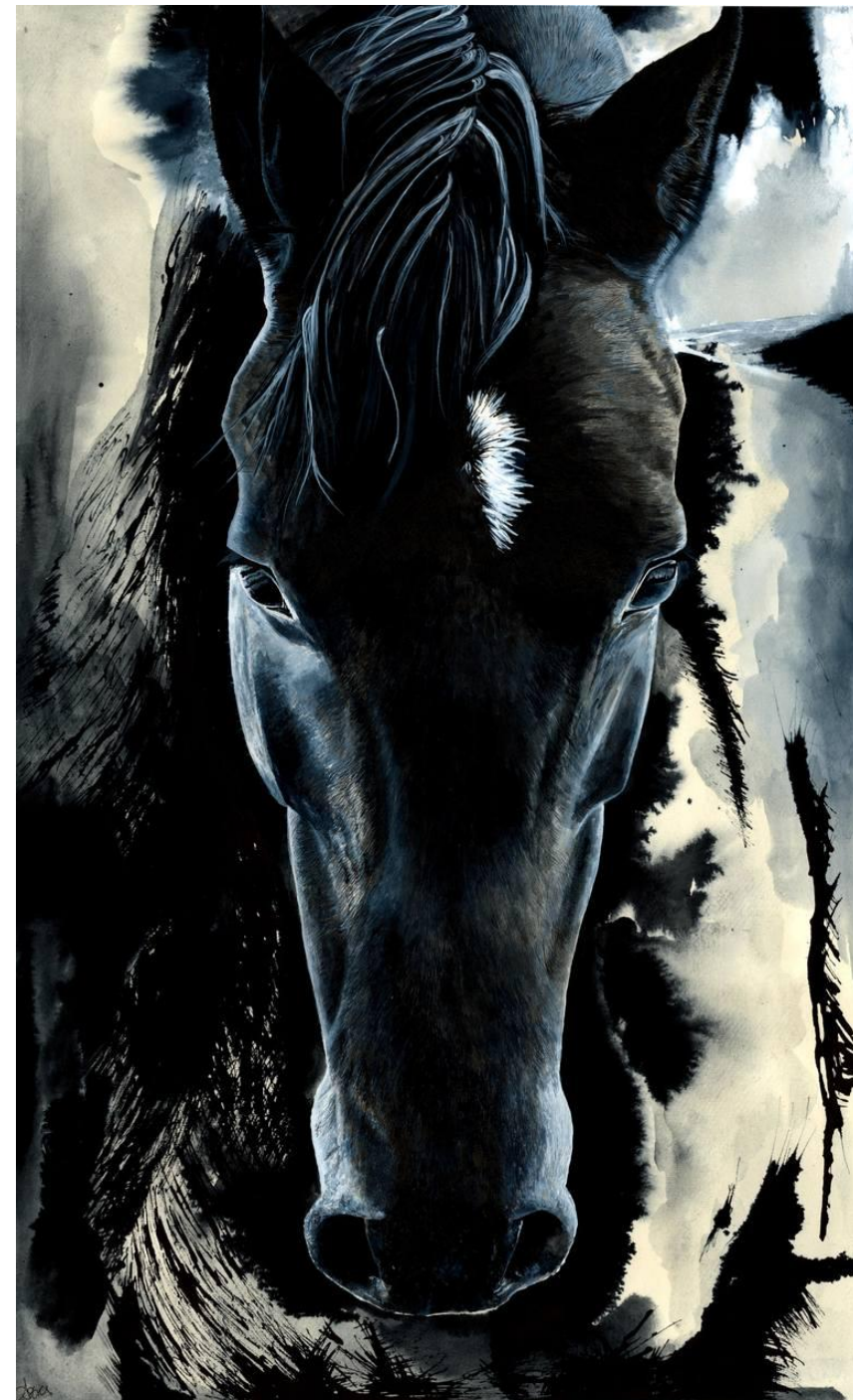
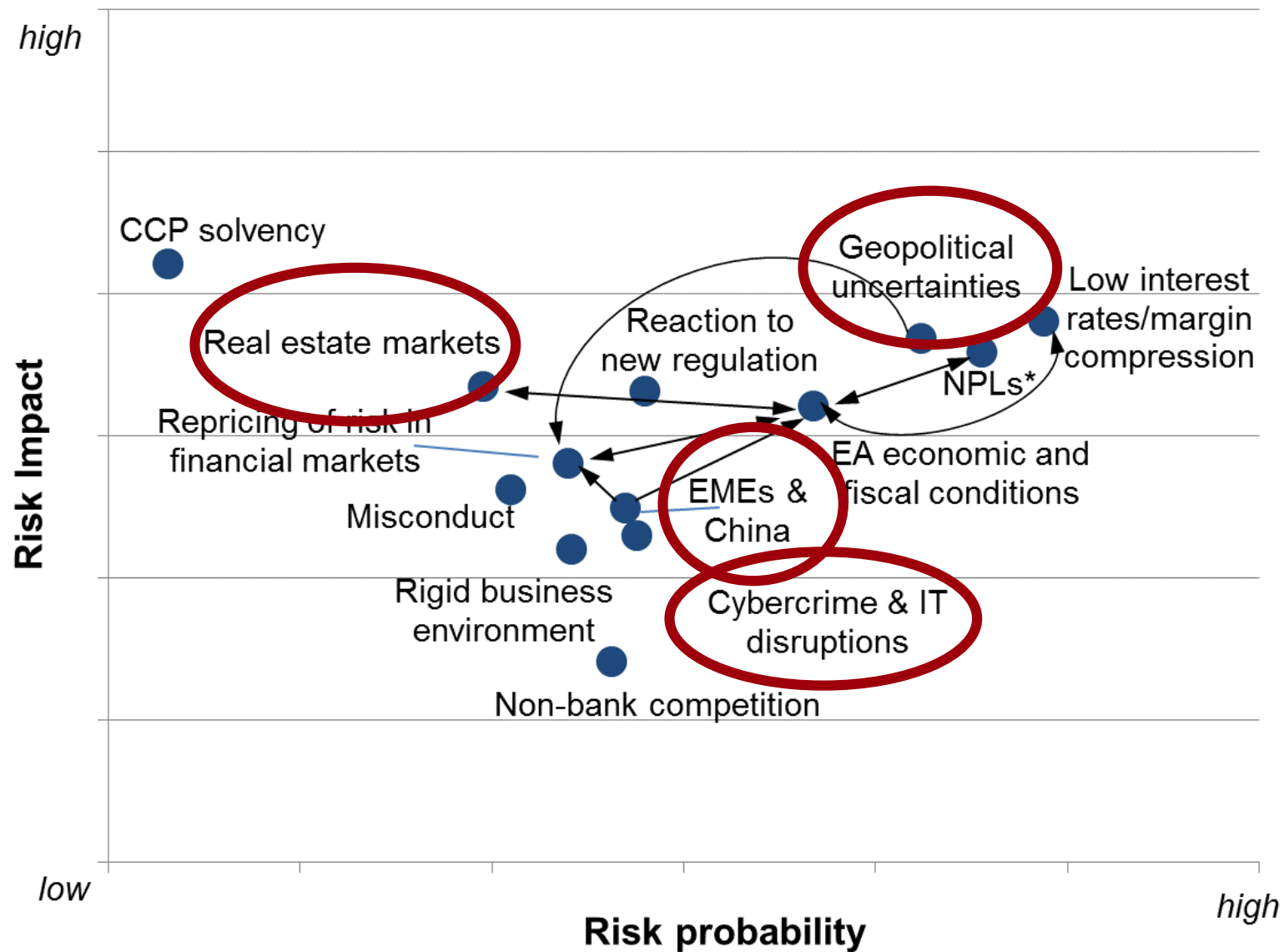


In the head of a concerned banker...

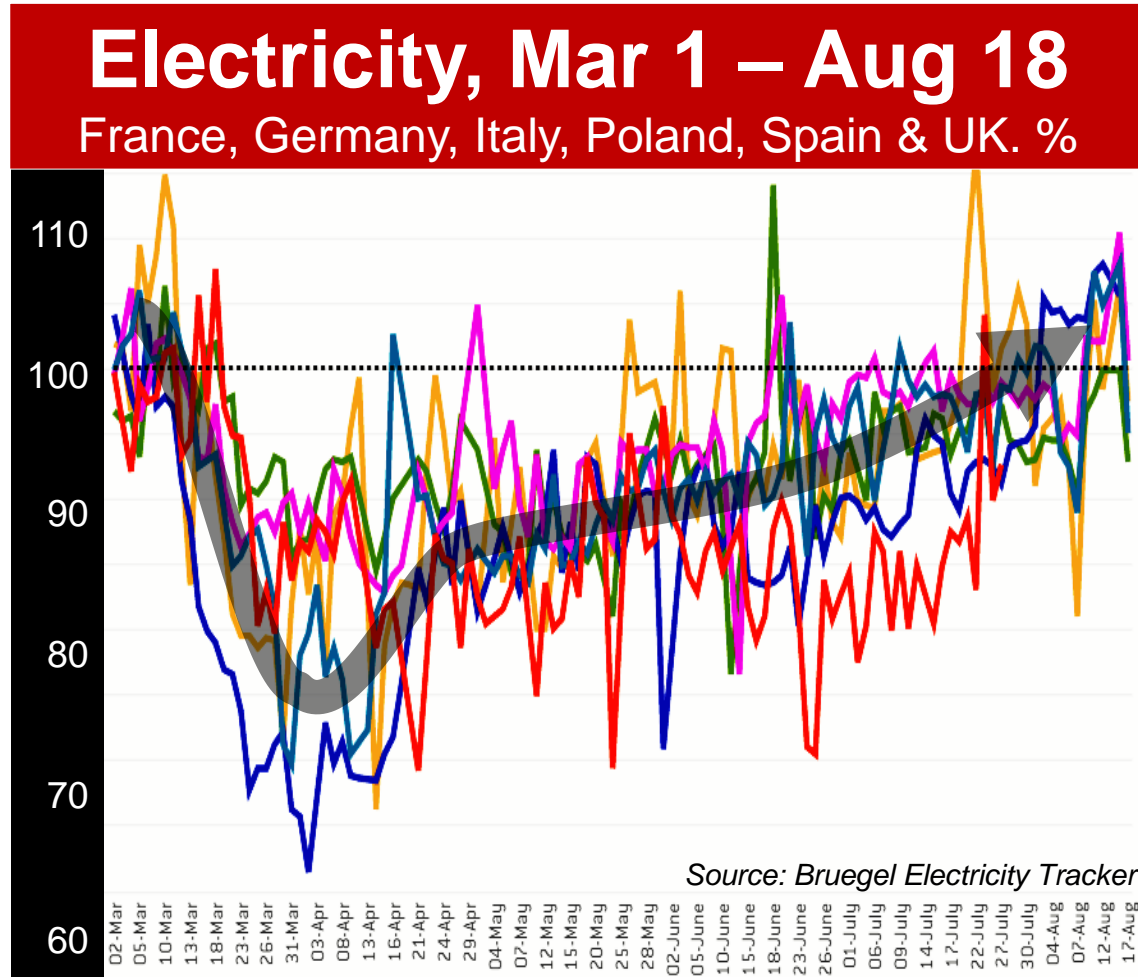
How will the world change short and long term?



European Central Bank – risk map

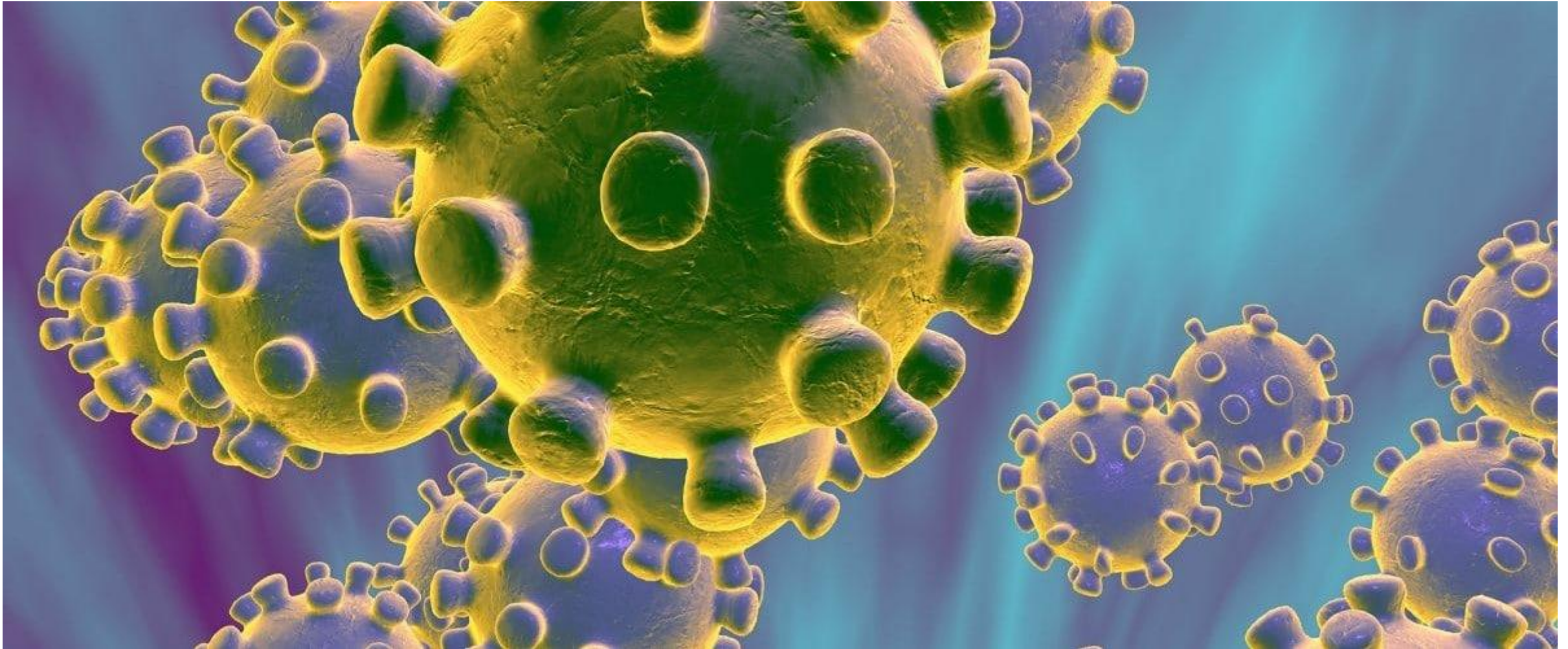


Globally: Electricity consumption vs normal

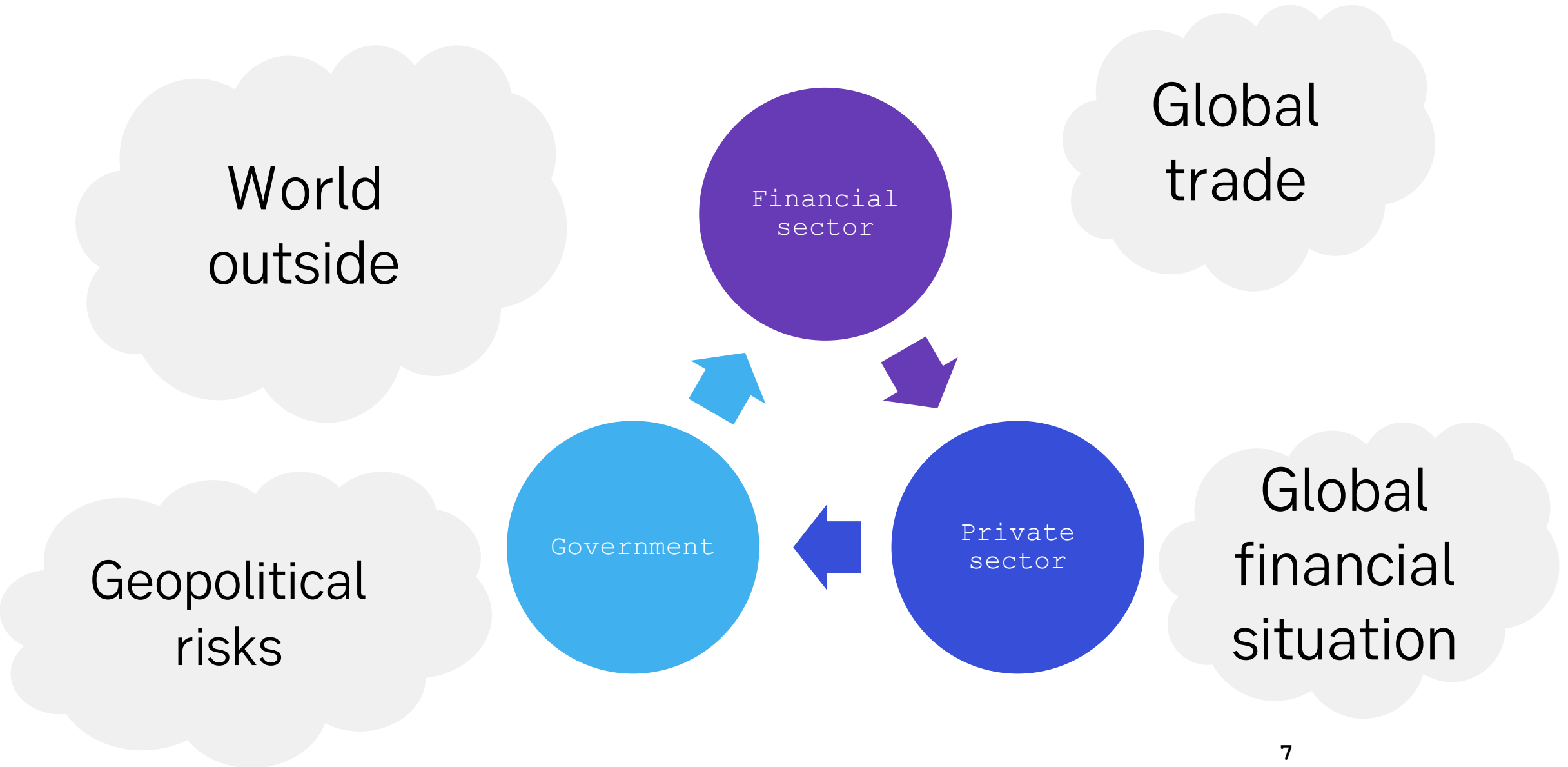


- **March-April:** Simultaneous collapse in demand, production and retail sales
- **Recovery now in its 4th month**
- **Navigating in unknown and treacherous waters**

A.C.



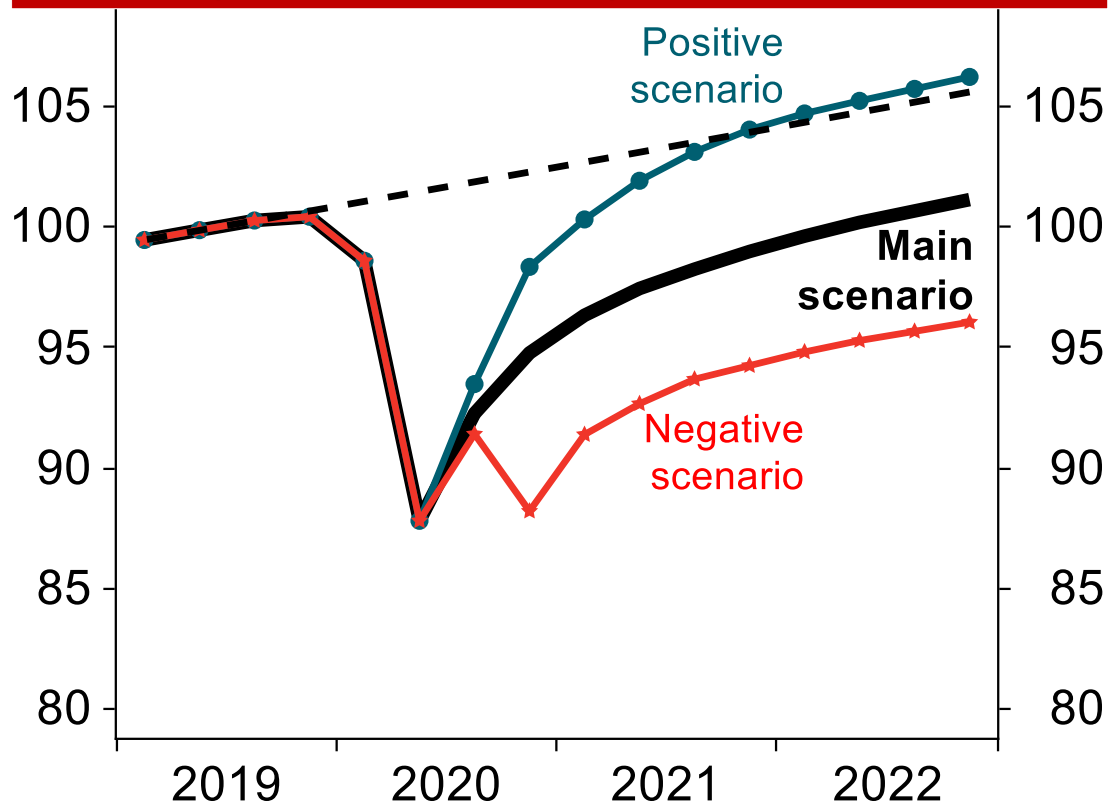
Circular reference



Globally: SEB's scenarios and GDP forecasts

SEB's scenarios

GDP, OECD countries, index 2019 = 100



Main scenario	2019	2020	2021	2022
GDP growth. Per cent.				
World	2.9	-4.3	5.3	4.0
United States	2.2	-5.5	4.0	3.5
Japan	0.7	-5.8	2.4	0.7
Germany	0.6	-6.1	5.0	2.5
China	6.1	2.0	8.0	5.6
United Kingdom	1.5	-11.6	8.0	1.0
Euro area	1.3	-8.8	6.6	3.4
OECD	1.6	-6.6	4.8	2.8
Emerging markets	3.9	-2.5	5.6	4.8
Nordics	1.4	-3.5	4.0	2.8
Baltics	3.6	-2.9	3.7	3.4

Global financial stability: 2008 vs 2020

Hoping for the best, preparing for the worst

Core of the financial system: Global banks more resilient

Greater transparency, greater capital and liquidity cushions

Credit gap at no alarming levels (except China)

Lower bond yields create fiscal space for government

Increasing risks outside the traditional banking system

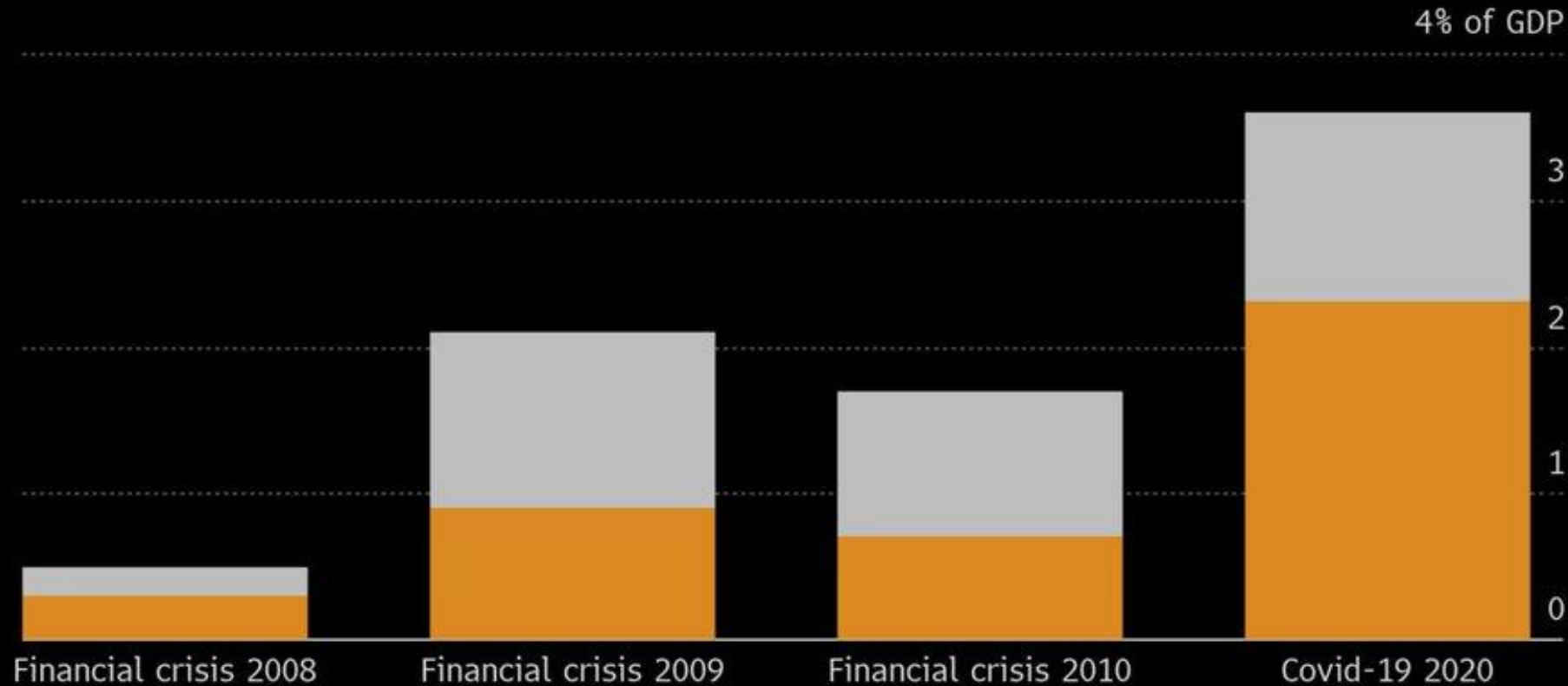
Banks accounts for ~75% of Europe's credit supply, only ~15% in the US

Keep an eye on asset managers, exchange-traded & hedge funds

Virus Response

Group of 20 countries are providing sizable fiscal support

■ G-7 above-the-line measures ■ Other G-20

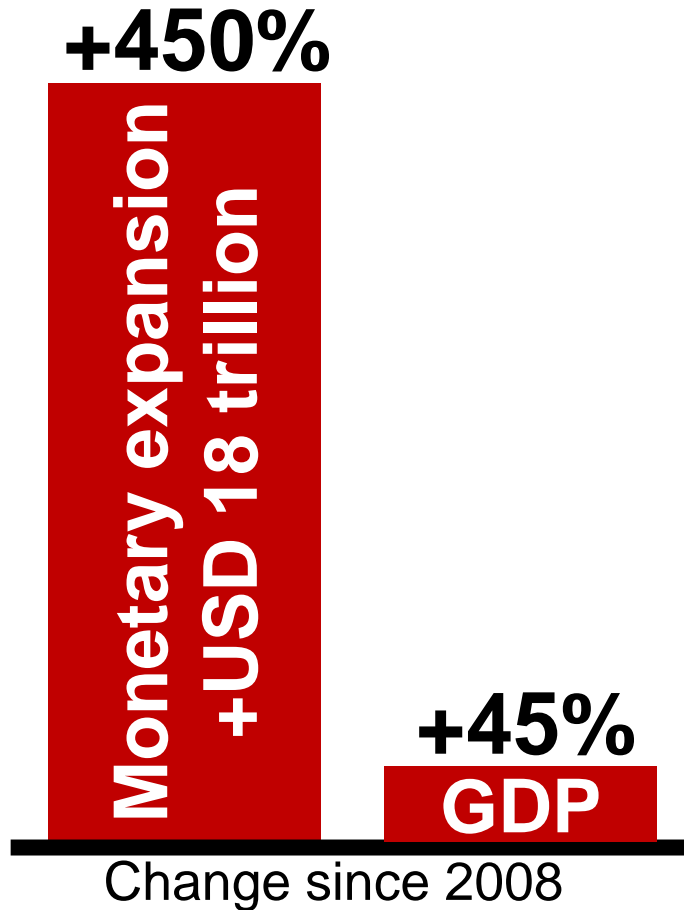


Source: International Monetary Fund

Bloomberg

Enormous
fiscal
stimulus
globally

Globally: Warning signals about crisis responses



- **Side effects = asset price inflation**
Greater economic inequality, decreased pressure for change, increased risk-taking
- **Inflation risks?**
If increased wealth leads to faster credit growth + increased demand + increased credit growth + higher inflation expectations + confidence in one's own currency

CB keep money printing presses rumbling



Globally: Crisis responses boost asset prices

USD 20.5 tr = 24% of GDP
2/3 fiscal policy, 1/3 monetary policy

Under-utilised stimulus aid

Time? ★ Complexity? ★ Needs?

Zombification of corporate sector?

0%
key
rates

Bond
buying

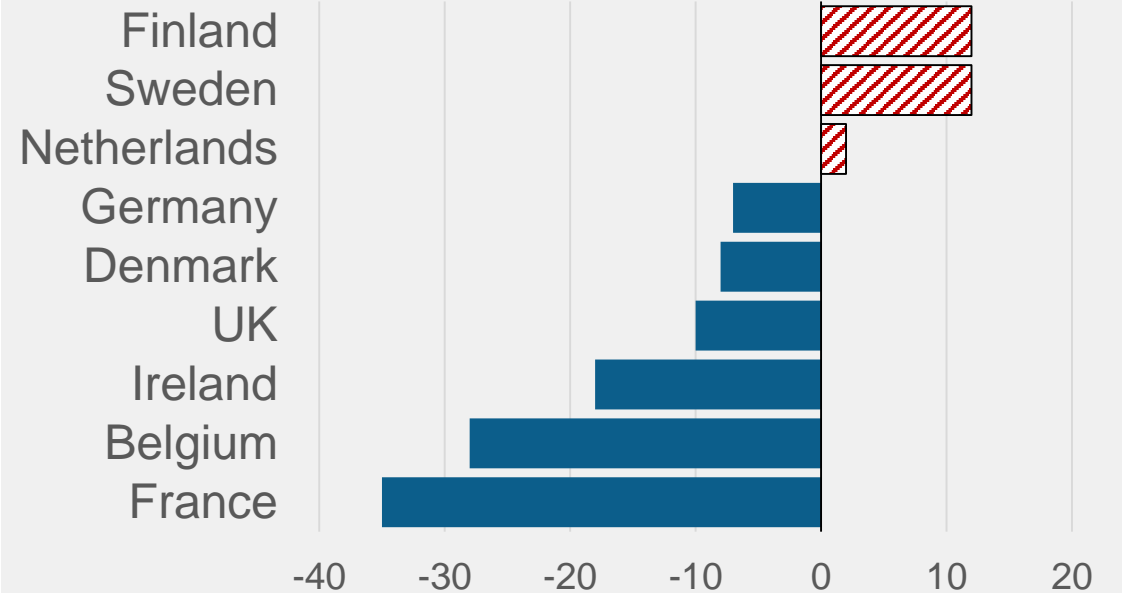
Grants

Loans,
capital,
liquidity

Guarantees
& bankruptcy
laws

Number of bankruptcies, 2020

Jan-Aug. Source: Financial Times, August 20, 2020



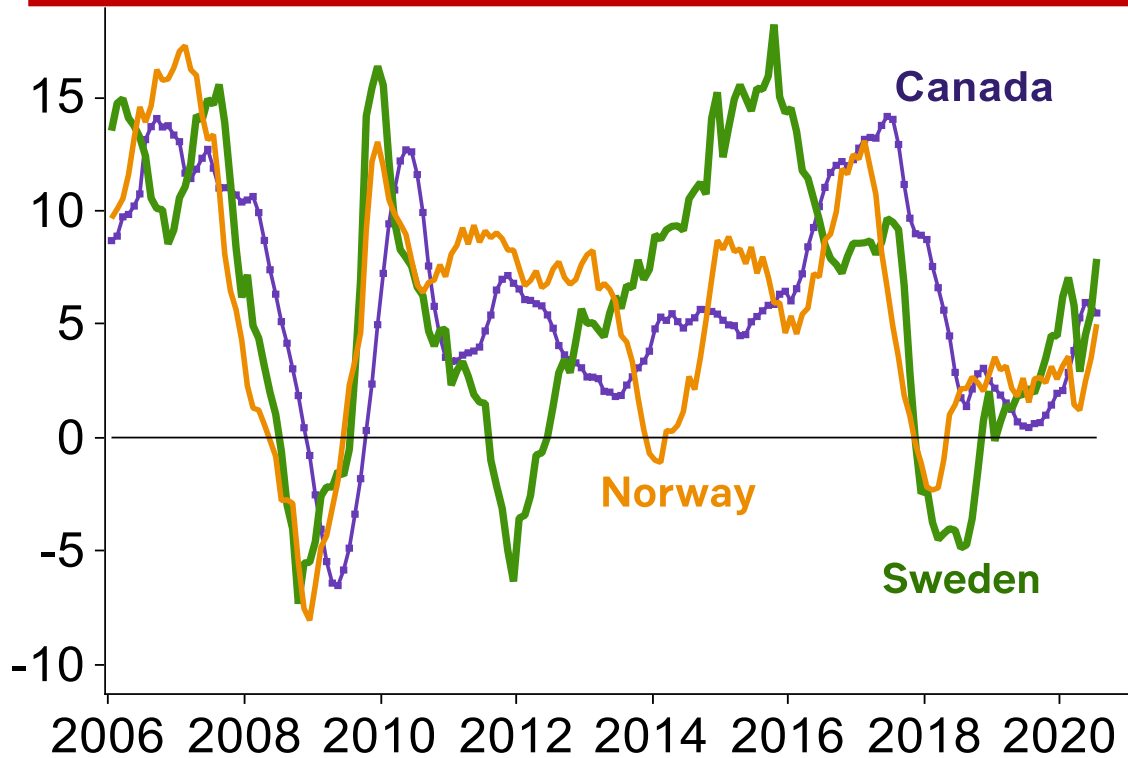
Shiller PE Ratio



Home prices: Climbing despite weak labour market

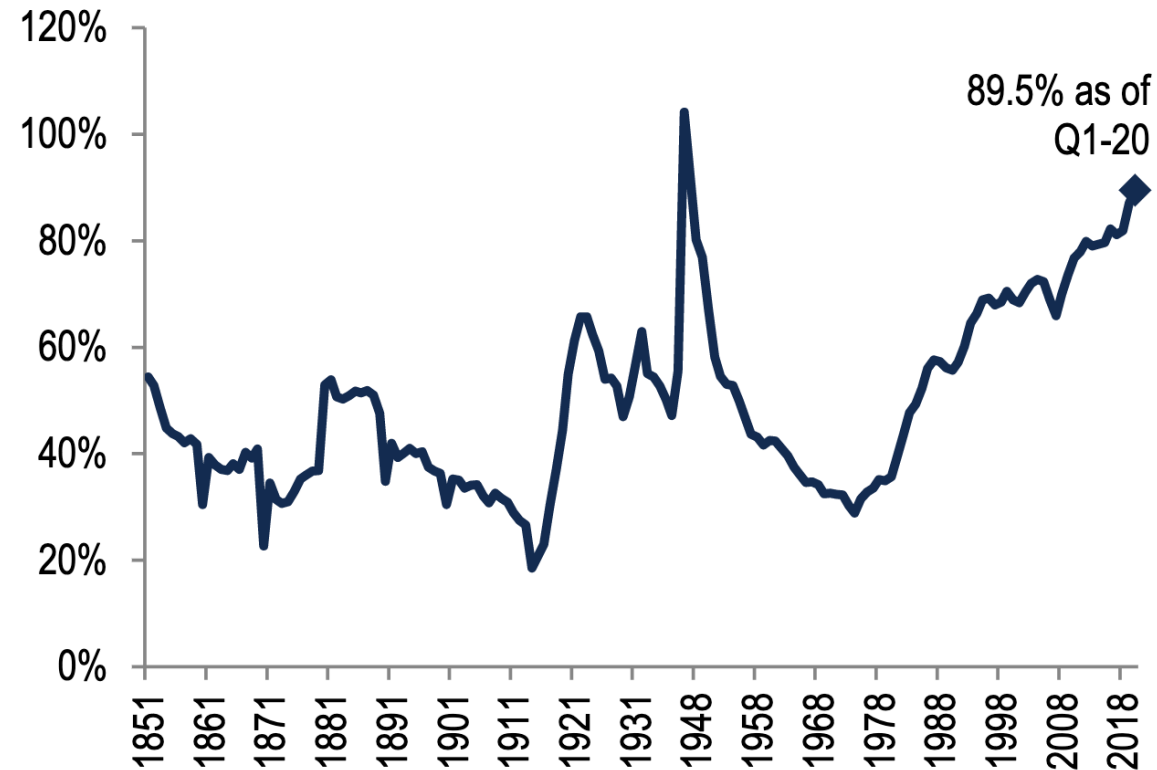
Home prices

Sweden, Norway & Canada. Y-o-y % change



- No decline despite uncertainties about GDP and jobs
- Crisis responses benefit home owners
- High debt but low interest rates and loosened repayment rules
- Long-term: Structural shortage
- Forecast: 5-10% decline

Chart 9: Global sovereign debt/GDP likely to breach WW2 levels this quarter

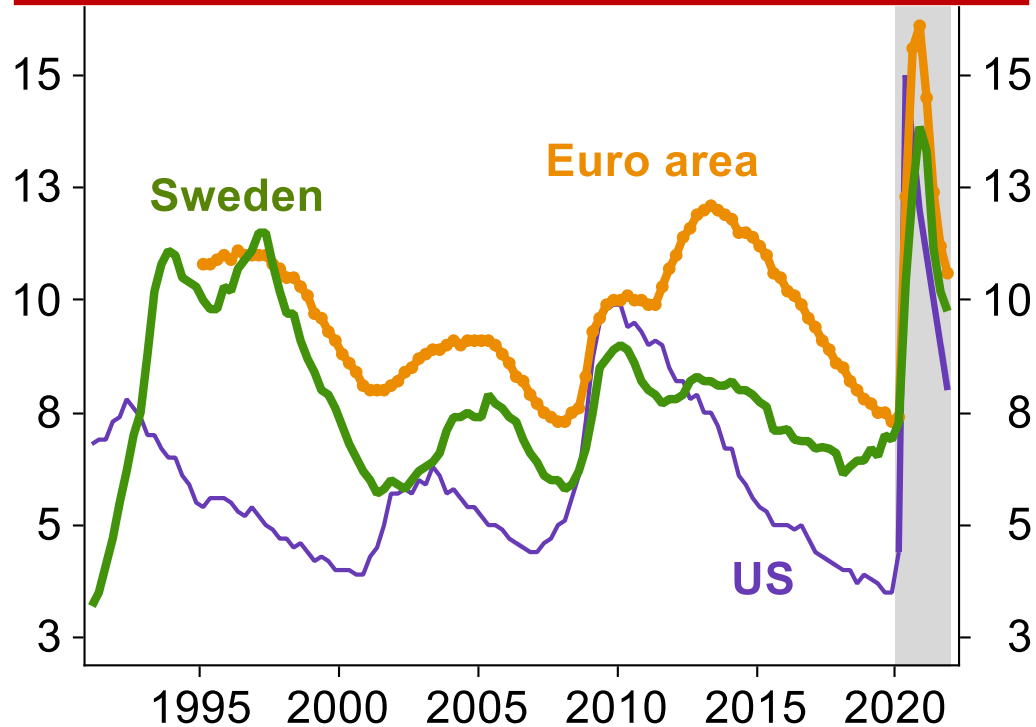


Source: BofA Global Research, IIF, IMF, Maddisson database. Paolo Mauro, Rafael Romeu, Ariel Binder and Asad Zaman, 2013, "A Modern History of Fiscal Prudence and Profligacy," IMF Working Paper No. 13/5, Bolt, Jutta, Robert Inklaar, Herman de Jong and Jan Luiten van Zanden (2018).

Globally: Key secondary effects this autumn

Unemployment

US, euro area & Sweden. Per cent



- **Challenges, EM sphere ex China**
Economic, political, social...
- **Capital spending will decline**
Due to low capacity utilisation, worries
- **High unemployment: 10-15%**
Consumption/home prices pushed down
- **Strains in banking systems**
- **Recovery policies**
Size & effectiveness
Political gridlock as time horizon changes

800 million people – 11% of the world's population is currently vulnerable to climate change

- The past five years have been the five warmest since record-keeping began in the late 1800s. The Earth has experienced 42 straight years (since 1977) with an above-average global temperature.
- The global average temperature for the first 10 months of 2018 was about 1.8 degrees above what it was in the late 1800s.
- Seventeen of the 18 warmest years have occurred since 2000.
- **11%** of all global greenhouse gas emissions are caused by deforestation comparable to the emissions from all of the cars and trucks on the planet.



World will emerge stronger

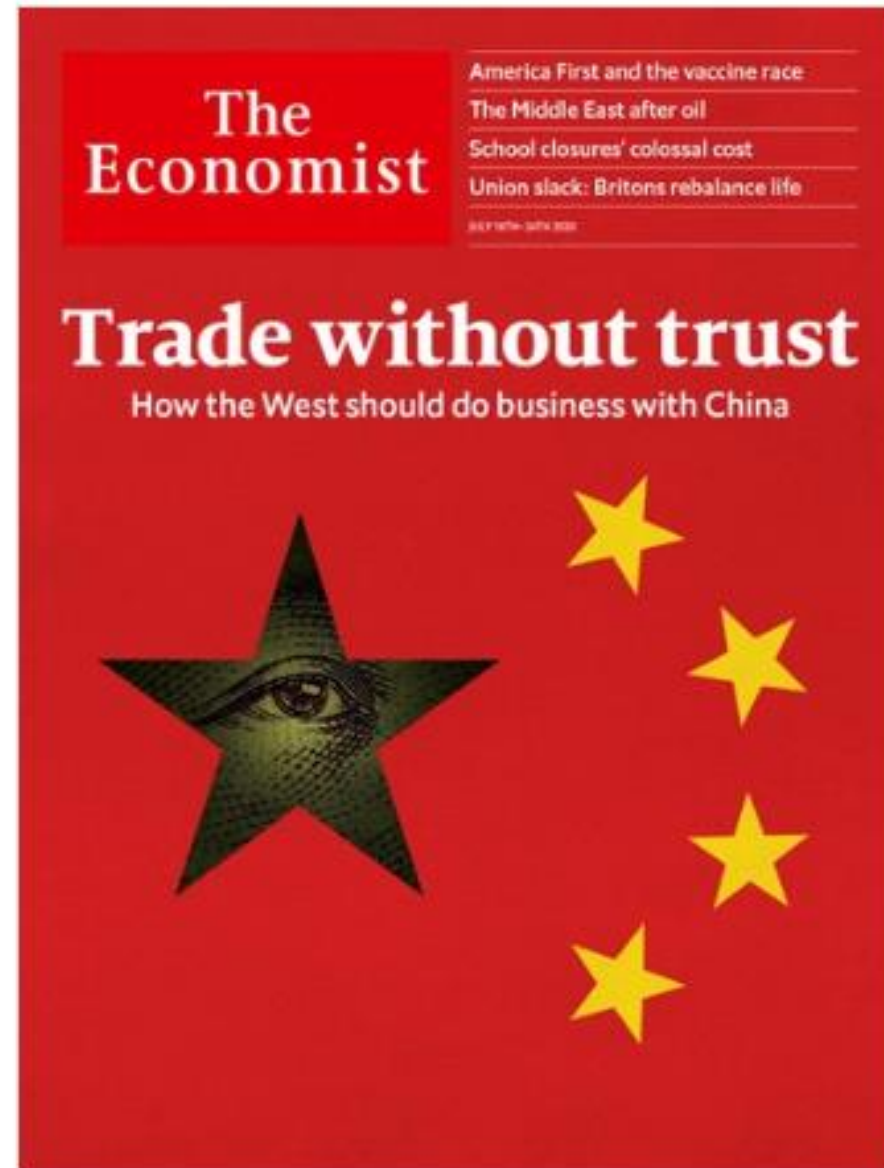
Who led the digital transformation of your company?

A) CEO

B) CTO

C) COVID-19

Main challenges going forward

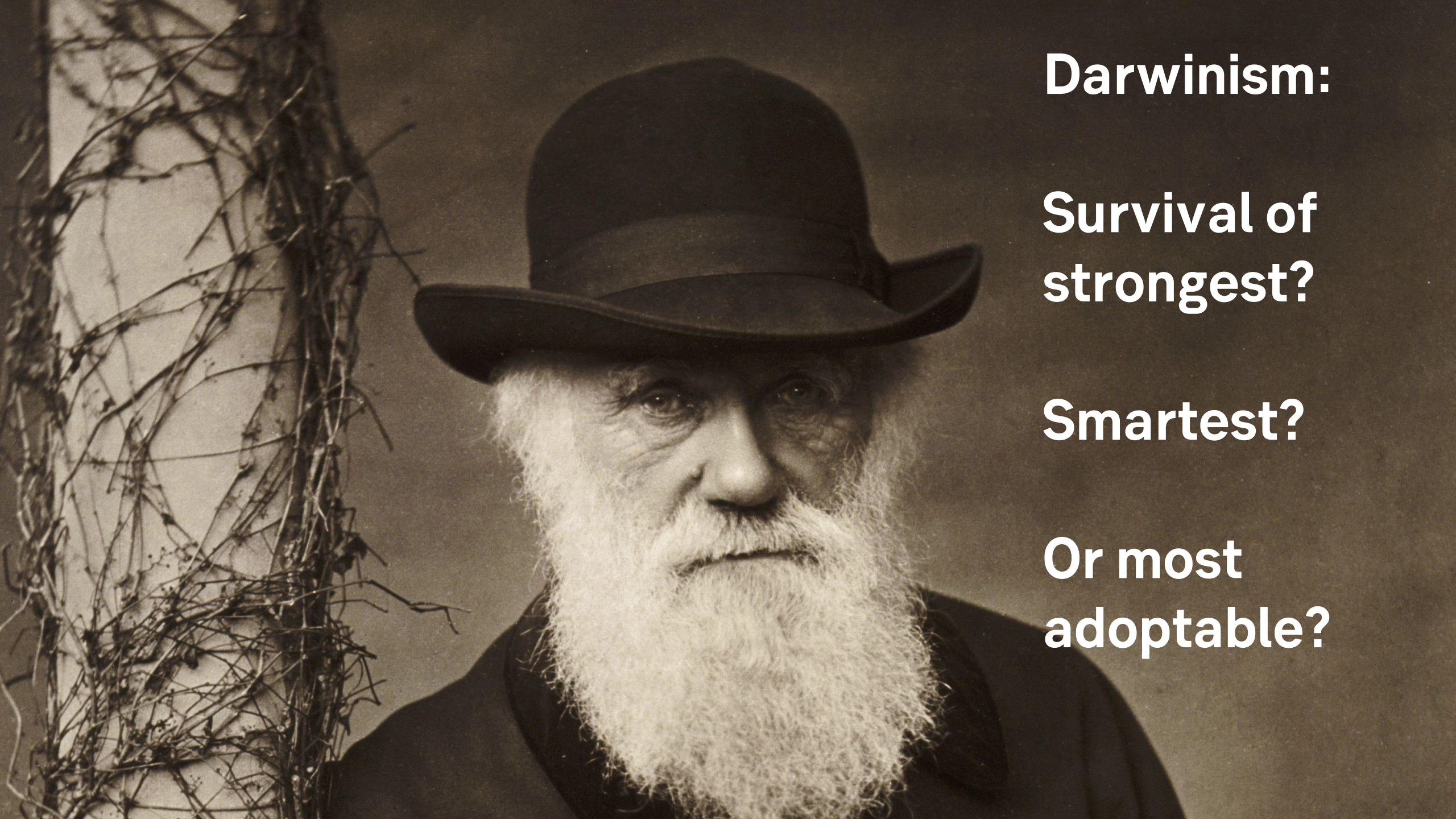


Main challenges going forward



Main challenges going forward





Darwinism:

**Survival of
strongest?**

Smartest?

**Or most
adoptable?**

**Life will revert back to
new normal that will be a
better normal**

**New ways of working
(no more 08:00-17:00)**



If you're going through hell,

keep going.

— Winston Churchill

It is coldest just before the sunrise...

