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If 2021 was the year the world turned the tide against the pandemic, 2022 will be dominated by the need to adjust to new realities. This is true both in areas reshaped by the crisis (the new world of work and the future of travel) and as deeper trends reassert themselves (the rise of China and accelerating climate change). Here are ten themes and trends to watch in the year ahead:



"Either cheer up or take off the hat."

1 Democracy v Autocracy

America's mid-term elections and China's Communist Party congress will vividly contrast their rival political systems. Which is better at delivering stability, growth and innovation? This rivalry will play out in everything from trade to tech regulation, vaccinations to space stations.

2 Pandemic to Endemic

New antiviral pills, improved antibody treatments and more vaccines are coming. For vaccinated people in the Developed World, the virus will no longer be life-threatening.

But it will still pose a deadly danger in the Developing World and unless vaccinations can be stepped up here, Covid-19 will become another of a series of endemic diseases that afflict the poor but not the rich.

3 Inflation Worries

Supply chain disruptions and a spike in energy demand have pushed up prices. Central bankers say it's temporary, but not everyone believes them. Stagflation (stagnant growth coupled with rising prices) is an almost-forgotten word that has been uttered more than once by economists, often in hushed tones and with understandable worry.

4 The Future of Work

There is a broad consensus that the future is "hybrid" and that more people will spend more days working from home. But there is much scope for disagreement on the details. How many days and which ones? And will it be fair? Surveys show that women are less keen to return to the office, so they may risk being passed over for promotions. Debates also loom over tax rules and monitoring of remote workers.

5 The New Techlash

Regulators in America and Europe have been trying to rein in the tech giants for years, but have yet to make a dent in their growth or profits. Now China has taken the lead, lashing its tech firms in a brutal crackdown. President Xi wants them to focus on "deep tech" that provides geostrategic advantage, not frivolities like games and shopping. In the West, governments are working to set boundaries which curtail big tech firms' ability to influence elections. But will a Techlash around the world boost innovation or stifle the industry's dynamism?

6 Crypto Grows Up

Like all disruptive technologies, crypto-currencies are being domesticated as regulators tighten rules. Central banks are also looking to launch their own, centralized, digital currencies. The result is a three-way fight for the future of finance -between the crypto-blockchain-DeFi crowd, more traditional technology firms and central banks -that will intensify in 2022.

7 Climate Crunch

Even as wildfires, heatwaves and floods increase in frequency, a striking lack of urgency prevails among policymakers when it comes to tackling climate change. Moreover, decarbonization requires the West and China to co-operate, just as their geopolitical rivalry is deepening. Keep an eye on the solar-geoengineering team at Harvard. In 2022, they want to test the use of a high-altitude balloon to release dust in the atmosphere to dim sunlight -a technique that may, at this rate, be needed to buy the world more time to decarbonize.

8 Travel Trouble

Activity is picking up as economies reopen. But countries that pursued a zero-Covid suppression strategy such as Australia and New Zealand, face the tricky task of managing the transition to a world in which the virus is endemic. Meanwhile, as much as half of business travel is likely gone for good. That is good for the planet, but bad for tourists whose trips are subsidized by high-spending business travellers.

9 Space Races

2022 will be the first year in which more people go to space as paying passengers than government employees, carried aloft by rival space-tourism firms. China will finish its new space station. Film makers are vying to make movies in zero-G and NASA will crash a space probe into an asteroid, in a real-life mission that sounds more like a Hollywood film.

10 Political Footballs

The Winter Olympics in Beijing and the Football World Cup in Qatar will be reminders of how sport can bring the world together -but also of how big sporting events often end up being political footballs. Expect protests directed at both host countries, through boycotts by national teams seem unlikely.

So there they are, all ten themes that are both newsworthy and worthy of consideration. As for the economy and capital markets, our view is that high consumer-led demand coupled with cheap money and the tectonic shift of Covid-19 from pandemic to endemic status, will combine to see strong economic growth globally and capital markets that continue to move higher. There are uncertainties and risks of course, but the balance of probabilities favours stocks as an asset class and the primary driver of portfolio returns.

As the year that was 2021 comes to a close, I want to thank you for continuing to read our Around-the-World blog and it is my sincere hope that it provides timely, insightful information that re-enforces our enduring commitment to you and your families. The world ahead awaits and on that note I wish all of you a Happy New Year!

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