

The Great Transition: Pandemic Headwinds to Vaccine Tailwinds

Nathan Sheets, PhD

Chief Economist and Head of Global Macroeconomic Research

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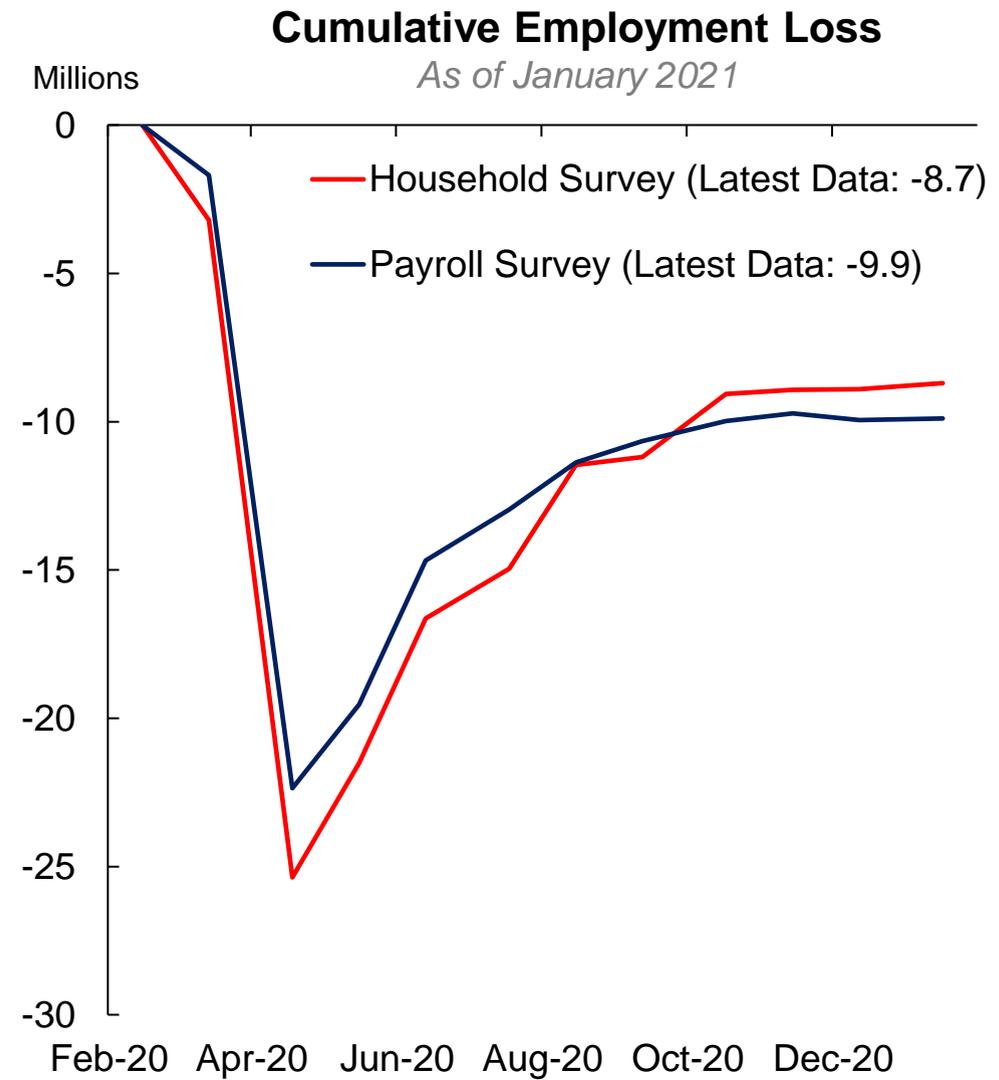


A Snapshot of the Global Economic Outlook

- The global economy continues to feel downdrafts from the resurgent virus and resulting public health restrictions.
- As the year progresses, the vaccine will increasingly be in distribution—allowing a strong global recovery to take hold.
 - This will benefit hard-hit services sectors.
- All told, *China* and *Emerging Asia* are leading the recovery, followed by the *United States* and *Australia*, then *Europe*, and finally *Latin America*.
- Markets have looked through the near-term uncertainty—and are focused on the likely recovery.



The U.S. Economy Should See a Strong Recovery



Source: PGIM Fixed Income, and Haver Analytics



Key Administration Posts: "Personnel Is Policy"

Treasury Secretary



Fed Chair



Secretary of State



NEC Director



SEC Chair



Image Source: Federal Reserve, White House, State Department
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What Are the Prospects for Global Reflation?

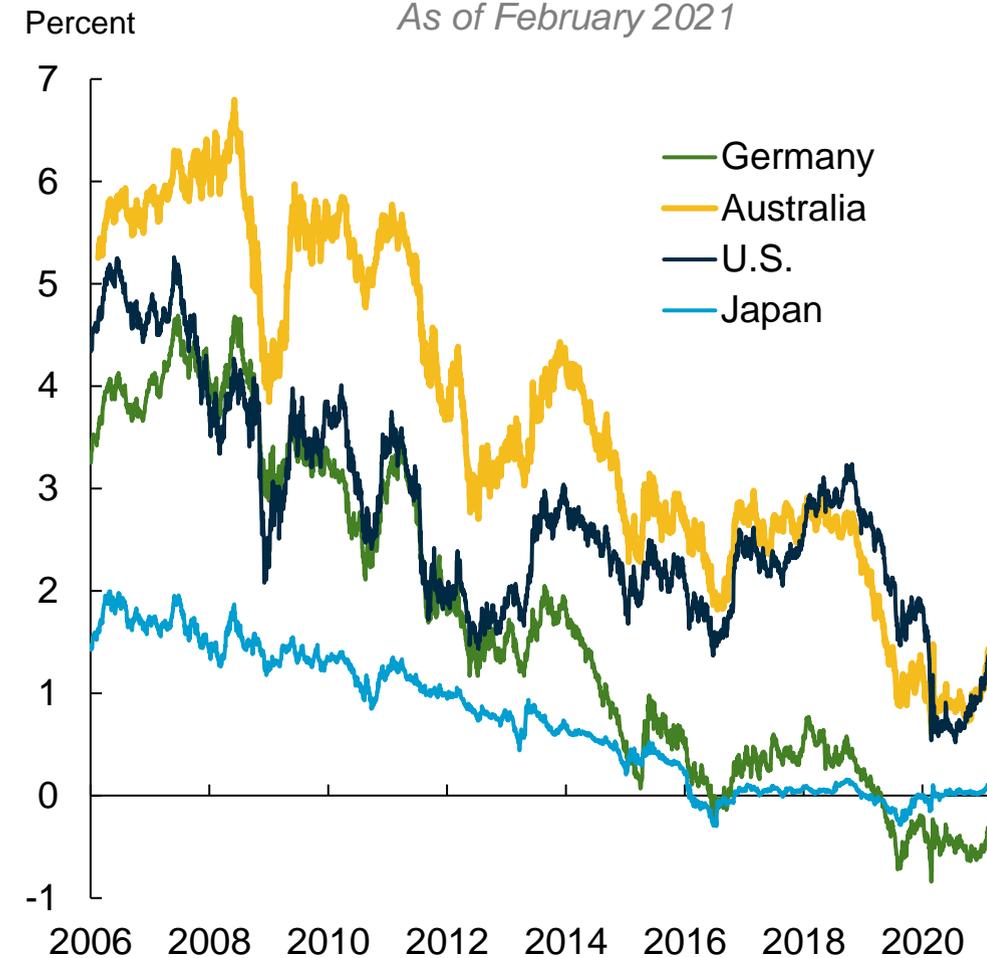
Features of the Post-Pandemic Economy

- Aging global demographics
- High debt levels—and deleveraging
- Labor-saving innovation/automation
- Low, entrenched inflation expectations

➔ *Likely to resemble the pre-pandemic:
Subdued growth, soft inflation, & low
policy rates*

Government Bond Yields (10-Year)

As of February 2021



Source: Financial Times, Reuters, Wall Street Journal, Stoxx Limited.

Reference



Nathan Sheets, PhD, is Chief Economist and Head of Global Macroeconomic Research at PGIM Fixed Income. Mr. Sheets is responsible for the oversight of the firm's Global Macroeconomic Research team, leading the formulation of the global macroeconomic outlook, supporting fundamental views on developed and emerging countries, and the analysis of global interest rate, currency, sovereign, and credit markets. He is a member of the senior investment team and provides thought leadership on global monetary and fiscal policy and macroeconomic trends. Prior to joining the Firm in 2017, Mr. Sheets was the undersecretary of the U.S. Treasury for international affairs, representing the U.S. government on international economic policy. Previously, he held positions with Citigroup, as global head of International Economics, and with the Federal Reserve Board, most recently as director of the Division of International Finance and FOMC Economist. In addition, Mr. Sheets was a senior advisor to the executive director of the International Monetary Fund and a visiting fellow at the Peterson Institute for International Economics. He earned a bachelor's degree in economics from Brigham Young University and a Ph.D. from the Massachusetts Institute of Technology.

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