

# A snapshot of the world economy July 2022

**We're officially in a bear market...**  
...which history tells us usually heralds a recession

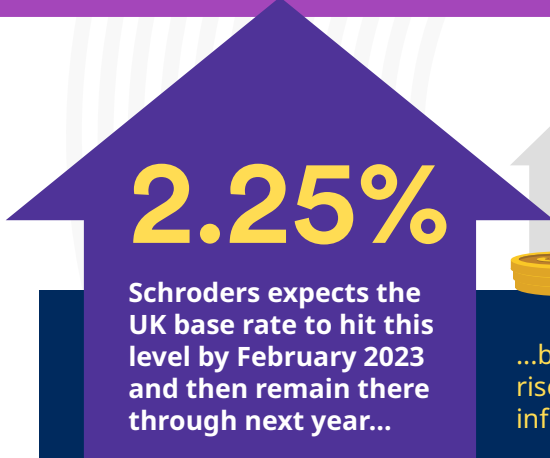


**Investors are increasingly worried about recession risks due to higher interest rates**

Higher rates have triggered economic downturns in the past

Note: A bear market is a 20% or more continuous fall in the S&P 500 index from peak levels. Source: Schroders Economics Group, Refinitiv, Yahoo, Robert Shiller, 16 June 2022.

## Can Bank of England head off wage-price spiral?



**They were a feature of the 1970s** when inflation remained high and growth was sluggish, resulting in 'stagflation', a particularly challenging economic backdrop

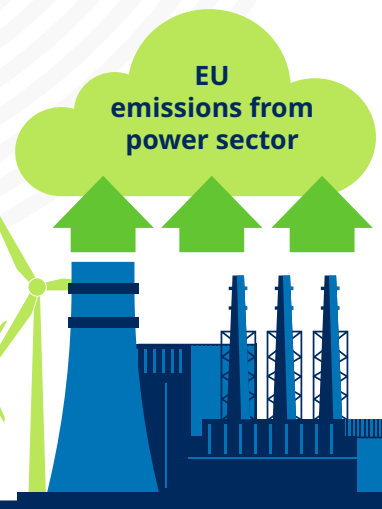
...but rates may need to rise even higher to bring inflation back under control

## Russia's invasion of Ukraine is testing climate pledges



**Energy transition accelerated to cut dependency on Russian fossil fuels...**

**EU's power sector emissions have climbed sharply since the start of the invasion amid a move back to coal**



...but in the short term EU falling back on coal-fired power stations

Source: Schroders as at July 2022.

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