



**For Immediate Release
Citigroup Inc. (NYSE: C)
June 28, 2022**

**Citi Global Wealth Investments Issues Mid-Year Outlook 2022
Investing in the Afterglow of a Boom**
*After a tough start to 2022, Citi explores what may lie ahead for investors,
highlighting quality and resilience in portfolios*

Singapore - Citi Global Wealth Investments today released its Mid-Year Outlook 2022 report: **Investing in the afterglow of a boom**. This biannual report sets out Citi's outlook on rapid developments in the global economy, markets and geopolitics, including the rise of Asia.

The first half of 2022 has been especially challenging for investors, leading to increased uncertainty and concern. The global economy has endured a series of shocks over the last few years as COVID shutdowns, unprecedented stimulus, supply chain seize-ups and Russia's invasion of Ukraine have all created significant challenges. The most obvious result of these shocks is inflation, even as the economy slows and reduced stimulus hits consumer spending. **Citi believes the worst of U.S. consumer price inflation has already passed, with a decline to around 3.5% likely in 2023.**

"Across developed economies, consumer prices have been rising faster than they have in decades. In response, policymakers are withdrawing the fiscal and monetary boost they provided when COVID struck," said David Bailin, Chief Investment Officer and Global Head of Investments for Citi Global Wealth. "The U.S. Federal Reserve is leading the way, signalling some of the biggest annual interest rate rises in its history. We think that the Fed's actions will determine if there is going to be a recession or sustained growth. The economy can stand higher rates, but not an abrupt withdrawal of liquidity."

"Inaction on the part of investors is like market timing. It rarely works. We believe that a fully invested portfolio has the potential to improve outcomes across difficult macro environments, like the one facing investors now," continued Bailin.

"We've adapted for a world of scarcity, allocating capital to produce more of the commodities of greatest need. We've made important adjustments in our tactical asset allocation in 2022 to position for the risks and potential opportunities that we see ahead, believing the global economy can weather the storm," said Steven Wieting, Chief Investment Strategist and Chief Economist at Citi Global Wealth Investments.

He added: "Mid-way through 2022, many investors are frozen in a state of indecision. Ultimately, being fully invested in a globally diversified allocation remains the best course of action, as keeping portfolios static, positioned for conditions in previous years remains a top risk for investors. Our view is that this is a time for taking positive action, while avoiding certain costly mistakes."

Beat the "cash thief"; bonds are back

For holders of cash, the repercussions of inflation are painful. Negative real interest rates are akin to a "cash thief," who silently steals purchasing power year after year. Therefore, Citi Global Wealth warns that investors sitting on excess cash will likely be left poorer over time.

The recent rise in interest rates is good news for investors with too much cash. U.S. Treasury yields have doubled across all maturities in the past year. With this, fixed income has become a relevant asset class for many types of investor objectives.

Citi Global Wealth believes that bonds at today's interest rate levels have the potential to add both

income and diversification to portfolios. Municipal bonds, U.S. investment grade bonds, U.S. preferred securities and select emerging market U.S. dollar denominated bonds are all attractive at these levels.

Unstoppable Trends

Citi Global Wealth's "Unstoppable Trends" – powerful multi-year forces that produce lasting change in multiple spheres – remain a core pillar of 2022's Mid-Year Outlook. These trends include the rise of Asia, which addresses the ongoing shift in economic power from West to East, and digitalization.

The rise of Asia: G2 polarization accelerated

Citi seeks exposure to the ongoing rise of Asia, including regional players that stand to benefit from U.S.-China rivalry. The U.S.-China differences over Russia are merely the latest development in a momentous struggle between the world's two economic superpowers - "G2 polarization" - and it is playing out in many different spheres, including in trade, financial markets, technology, military capabilities and diplomatic influence. While highly distracted by domestic COVID challenges, China wants to become the dominant power in its home region and beyond.

Ken Peng, Head of Asia Investment Strategy at Citi Global Wealth Investments, said: "It won't be a smooth ride but China is turning around. Meanwhile, we believe US-China polarization will benefit Southeast Asia economies, as they stand to win more business from many developed nations diversifying their supply chains away from China. At the same time, we see the region doing more business with China."

Peng added: "Given Chinese equities' distressed valuations, we see rebound potential this year. Among the areas we find most attractive are those linked to economic reopening, green energy and technology more broadly. Across Southeast Asia, we favour investments linked to tourism, natural resources and industrial diversification away from China."

The digital revolution has far to go

While many growth-oriented investments have struggled in 2022, Citi also sees a compelling long-term case for the digital disruptors that are reshaping the world. Just as businesses need to embrace this disruptive process if they are to survive and thrive, investors should seek it in their portfolios.

Amid the weakness in digital disruptors' equities in 2022, Citi sees potential to add portfolio holdings through selective exposure to cyber security, including cloud, identity and data security, as well as to leaders in the payments sub-sector. Payments remain a key focus within fintech, where profitability and higher dividend yields are more typical. For suitable investors, Citi favours digitalization-related strategies from venture capital, growth equity and hedge fund managers.

Citi Global Wealth's full Mid-Year Outlook 2022 report, a summary version, short videos and other materials can be accessed [here](#).

###

About Citi Global Wealth:

Citi Global Wealth is an integrated wealth management platform that delivers a total wealth solution to clients across the wealth continuum, with integrated advice and execution across both their assets and liabilities. Citi Global Wealth serves ultra-high-net-worth individuals and family offices through Citi Private Bank, operates in the affluent and high-net worth segments through Citigold® and Citigold Private Client and captures wealth management in the workplace through Global Wealth at Work. Citi Global Wealth provides clients with a leading investment strategies platform, which delivers traditional and alternative investments, managed account strategies, best-in-class research and investment guidance for all clients.

Media Contact

Alvin Foo
Linette Lin

alvin.foo@citi.com
linette.lin@citi.com

+65 6657 5571 / +65 9680 6265
+65 6657 5289 / +65 9277 2738