



Climate Impacts on Growth & Inflation

How to incorporate climate change into macro forecasts

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Five climate scenarios for growth and inflation

We assess how long-run forecasts for growth and inflation are likely to be impacted by climate change, and examine those forecasts under five climate scenarios

Growth lower; Inflation higher

Relative to climate unaware projections, we think investors should be incorporating weaker growth and higher inflation forecasts under all climate scenarios. An orderly transition with significant green investment delivers the best macro outcome

A Delayed Transition with upside inflation risk most likely

Delayed Transition currently seems the most likely scenario, where energy intensity and carbon intensity only fall after climate change impacts bite (chart). More persistent and volatile inflation are underappreciated risks of the green transition

RELATED RESEARCH:

[Putin & the EU Energy Trilemma](#), 16th March 2022

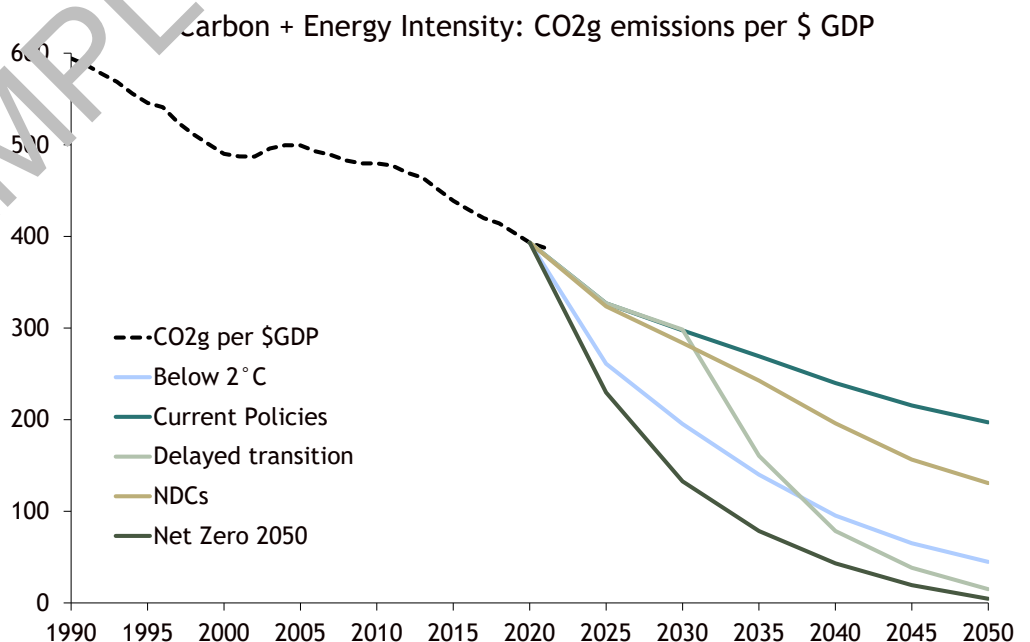
[A Social and Governance Framework](#), 9th March 2022

[Mineral Supply Risks for Renewables](#), 2nd March 2022

[Kaya - A Climate Accounting Tool](#), 23rd Feb 2022

[Corporate Climate Commitment Issues](#), 16th Feb 2022

Key chart: Reaching Net Zero requires a rapid improvement in energy and carbon intensity



Source: ASR Ltd., Refinitiv Datastream