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Emerging Trends in Financial Market for 2022

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Abstract: 2022 will be both a challenging and an exciting year for financial institutions. Innovative new technologies are redefining the sector, shaping the services that financial organisations offer, the ways in which they interact with consumers, and the ways in which they apply new sources of data across departments.

The evolution of financial services is set to continue. Let's examine the 5 top trends for financial organisations in 2022:

1. Buy now, pay later (BNPL) will continue to grow
2. Open banking will dominate the future
3. Cloud-native systems will replace legacy alternatives
4. Artificial intelligence (AI) and machine learning (ML) will increase in importance
5. Cybersecurity continues as a top priority.

Key words: trends, financial, market, 2022, emerging, organizations, cyber security, data, and consumers.

Introduction

A **financial market** is a market in which people trade financial securities and derivatives at low transaction costs. Some of the securities include stocks and bonds, raw materials and precious metals, which are known in the financial markets as commodities.

The term "market" is sometimes used for what are more strictly exchanges, organizations that facilitate the trade in financial securities, e.g., a stock exchange or commodity exchange. This may be a physical location (such as the New York Stock Exchange (NYSE), London Stock Exchange (LSE), JSE Limited (JSE), Bombay Stock Exchange (BSE) or an electronic system such as NASDAQ. Much trading of stocks takes place on an exchange; still, corporate actions (merger, spinoff) are outside an exchange, while any two companies or people, for whatever reason, may agree to sell the stock from the one to the other without using an exchange.[1,2]

Trading of currencies and bonds is largely on a bilateral basis, although some bonds trade on a stock exchange, and people are building electronic systems for these as well, to stock exchanges. There are also global initiatives such as the United Nations Sustainable Development Goal 10 which has a target to improve regulation and monitoring of global financial markets.

Within the financial sector, the term "financial markets" is often used to refer just to the markets that are used to raise finances. For long term finance, they are usually called the capital markets; for short term finance, they are usually called money markets. The money market deals in short-term loans, generally for a period of a year or less. Another common use of the term is as a catchall for all the markets in the financial sector, as per examples in the breakdown below.

- Capital markets which consist of:
- ✓ Stock markets, which provide financing through the issuance of shares or common stock, and enable the subsequent trading thereof.
- ✓ Bond markets, which provide financing through the issuance of bonds, and enable the subsequent trading thereof.
- Commodity markets, The commodity market is a market that trades in the primary economic sector rather than manufactured products, Soft commodities is a term generally referred as to commodities that are grown, rather than mined such as crops (corn, wheat, soybean, fruit and vegetable), livestock, cocoa, coffee and sugar and Hard commodities is a term generally referred as to commodities that are mined such as gold, gemstones and other metals and generally drilled such as oil and gas.[3,4]
- Money markets, which provide short term debt financing and investment.
- Derivatives markets, which provide instruments for the management of financial risk.[2]
- Futures markets, which provide standardized forward contracts for trading products at some future date; see also forward market.
- Foreign exchange markets, which facilitate the trading of foreign exchange.
- Cryptocurrency market which facilitate the trading of digital assets and financial technologies.
- Spot market
- Interbank lending market

The capital markets may also be divided into primary markets and secondary markets. Newly formed (issued) securities are bought or sold in primary markets, such as during initial public offerings. Secondary markets allow investors to buy and sell existing securities. The transactions in primary markets exist between issuers and investors, while secondary market transactions exist among investors.[5,6]

Liquidity is a crucial aspect of securities that are traded in secondary markets. Liquidity refers to the ease with which a security can be sold without a loss of value. Securities with an active secondary market mean that there are many buyers and sellers at a given point in time. Investors benefit from liquid securities because they can sell their assets whenever they want; an illiquid security may force the seller to get rid of their asset at a large discount.

This year, the world has been facing uncertainties that require careful navigation by market participants, governments, and central banks. Our capital markets team considers key areas for 2022.

The conflict in Ukraine has created severe geopolitical fragility on a scale not seen in Europe for decades. It heightens risks and also adds further pressure on energy prices, supply chains and inflation across Europe and beyond.[7,8]

Global capital markets had successfully transitioned into the post-LIBOR era, while continuing to manage impacts of the pandemic on the economy, manifesting in price volatility and significant inflationary pressures on firms and central banks, which have made multiple interest rate hikes inevitable across jurisdictions.

As UK financial services adjust to operate post-Brexit, the new regulatory framework looks to promote market infrastructure, product, and technology innovation, aiming to attract investment and support competitiveness of the sector, as well as the government's net-zero transition target and wider societal ESG objectives.[9,10]

1. The macroeconomic environment

Governments and central banks of major economies responded with unprecedented relief packages to support businesses and consumers during pandemic lockdown periods, and successfully averted a lasting global recession.

Financial resilience and faster recovery in many sectors enabled growth in asset prices, but lockdown of the real economy caused significant disruption to supply chains and energy reserves, especially gas, as demand normalised. Manifesting in price volatility and increased inflation, both were initially considered transitory, driven by supply shocks. Deglobalisation and radical sanctions imposed on Russia, as well as labour market and housing market factors are however expected to contribute to longer-term inflationary pressures.[11,12]

With soaring inflation levels not seen in decades, the relative contribution from demand and supply factors is still uncertain. Central banks are challenged to balance monetary policy intervention to curb inflation and risk of damaging fragile economies, with heightened uncertainties due to the Ukraine crisis, as well as the course of the pandemic. The Federal Reserve (FED) pivoted to winding down its asset purchase programme and signalled interest rate rises in the first quarter alongside its balance sheet reduction, while the European Central Bank (ECB) continued to take a more dovish approach, even with highest inflation since the Eurozone inception. The Bank of England (BoE) announced its second base rate increase, warning of entrenched inflation. Firms should expect to operate in a rising interest rate environment and factor this into their funding and commercial models.

2. The post-LIBOR era

The global LIBOR reform reached its pivotal LIBOR cessation milestone at the end of 2021, when panel bank submissions have ceased for all currency settings, except five remaining USD tenors.

During 2022, for three tenors of Sterling and Yen respectively, synthetic LIBOR will be published, based on term SONIA and term TONA rates, to facilitate transition of remaining legacy contracts. While firms have operationalised back-book transition, the large-scale global USD legacy transition also remains to be completed by mid-2023, with US authorities driving milestones for this year.[13,14]

Crucially, new LIBOR contracts are already prohibited in any currency, with only few exemptions for risk management purposes. We particularly note the pivot away from USD LIBOR to SOFR products, with USD 360 billion SOFR notional outstanding at the beginning of the year. Regulators continue to caution against use of credit-sensitive benchmarks, some of which are not compliant with UK and EU benchmark regulations. Innovative approaches to determine credit spreads over SOFR and other risk-free reference rates and associated term rates are proliferating, which may better reflect banks' funding costs. Liquidity funds transfer pricing will increasingly come into focus, particularly in the rising interest environment.

3. The ESG agenda

ESG has moved from commitment and conception to execution, after reporting obligations informed by the Task Force on Climate-Related Financial Disclosures (TFCD) have become effective this year. Shifting from a backward-looking perspective to understand forward-looking climate exposures with far out projection horizons and modelling scenarios aligned to net zero target dates and the Paris agreement remain challenges. Managing the financial, physical, and transition risks from climate change has significant data and model requirements. Climate change may be most progressed, but increasingly other environmental factors come into focus, particularly biodiversity and natural capital, addressed by the Taskforce on Nature-related Financial Disclosures (TNFD) and supported by the UK Environment Act 2021. Financial Institutions are instrumental for the ESG ambition, continuing to develop indices, derivatives, and structured products. Identifying new opportunities, pricing capital and products appropriately, and optimised decision making are at the core of an effective ESG business strategy.[15,16]

Product development to hedge demand-driven buy-side products is particularly important for sell-side firms. Demand for green bonds is growing further, but greenwashing conduct risk has become a consideration. Methods to account for outcomes against broader ESG objectives aligned to the UN Sustainable Development Goals (SDGs) for a more equitable world are evolving too. Impact is becoming a factor that increasingly challenges conventional Risk-Return paradigms of asset pricing.

4. Financial and operational resilience

The pandemic has proven financial resilience in the financial system across jurisdictions, and that post-financial crisis prudential reforms have been effective in withstanding this major shock.

Implementation of remaining Basel III rules was deferred due to COVID-19, but key components analogous to those introduced last year in the EU have since become effective in the UK. Programmes delivering final Basel III rules should reignite after the EU published its Banking Package 2021, albeit announcing a 2025 timeline given the scale of the task.

US authorities acknowledged overdue rulemaking proposals and the need for international cooperation, and we expect progress alongside UK consultations and policies throughout 2022. In response to market disruption through the Archegos incident, UK and US regulators have made concerted efforts to review firms' risk management practices, especially in equity finance and prime brokerage. Consistency across jurisdiction is crucial for Basel III and impacts of increased capital on firms' ability to support the real economy and ESG objectives should be considered. EU authorities already remediated adverse risk weights for carbon credits, which is instrumental to incentivise the net-zero transition.

What the global financial crisis was to financial resilience, the pandemic has been to operational resilience. New ways of working brought operational risks into sharp focus, and regulatory initiatives continue to focus on operational resilience assessments, extended operational risk and new operational resilience principles, as well as heightened conduct risk and robust market surveillance requirements. In light of the developments, identifying and managing exposure to Russian assets and addressing supply chain dependencies will be an operational focus, while cyber security threats will remain high on the operational risk agenda. Many organisations will address operational and resilience risks through accelerated digital innovation initiatives.[17,18]

5. Reassessing the operating model

Throughout the previous year, numerous financial institutions have been refining the requirements on their respective operating models. Agility and resilience remain key to adapting to the changing business environment and being able to continue service delivery, especially where new COVID-19-variants risk impacting operational resilience and continuity of service.

With some specific exceptions, hybrid working has become the norm for many employees. Making the hybrid model work effectively will be the ongoing challenge throughout 2022. While the technology enablement is there, establishing norms across multi-location teams will place greater onus on leaders to find the sweet spot of workforce flexibility and productivity.

In the medium term, workforce flexibility will drive revised office space configurations to better match work and lifestyle requirements. Successful financial institutions will continue to experiment to find the most effective work environments.[19,20]

6. Refocusing for growth

Despite the emergence of new COVID-19 variants slowing the transition to more normal times, many financial institutions are refocusing their business strategies for growth. In part, this is where cost reduction strategies have achieved most of the easier saves, but also where revised business strategies are repointing resources and energies on new markets, products and opportunities.

The refocusing on growth is supported, in part, by the release of conservative provisions made earlier in the pandemic to mitigate expected loan defaults, which are now not expected to crystallise in their originally expected severity. This is releasing more capital to finance new ventures and drive resurgence in the world economy.

Refocusing for growth is also being driven by greater prioritisation on preparing and meeting consumer demand for ESG investments and financial products. In order to support key commitments, including those made at COP 26, financial institutions will need to design, develop and trade financial products that enable a low carbon economy and more sustainable real-economy production capability and supply chains.

7. Wholesale Markets Reform

The government's intended wholesale markets reform will progress with further FCA consultations to be converted into policies that enhance the effectiveness of the current regulatory framework. This is in line with the Chancellor's vision for financial services, to deliver a framework that is fair, outcomes-based and supporting openness and competitiveness, reducing costs and burdens for firms, while maintaining the highest standards of regulation and market efficiency.

The regulatory perimeter will be redefined to ensure the market can operate in confidence, and to remove requirements that limit firms' ability to access the most liquid pools of capital that yields the best outcomes for investors.[21,22]

The transparency regime for fixed income and derivatives markets will be recalibrated to make it proportionate to characteristics of these markets, while reforms to the UK commodities regime and to the market data regime aim to avoid unnecessary restrictions to market activity and to enable participants to identify best available prices. These amendments will complement policy changes to UK MiFID conduct and organisational requirements published last year.

Provisions also address support in reaching the net-zero emission target by 2050, as the sector is instrumental for the transition to a low carbon economy and for wholesale markets to be sustainable and ethical into the future.

Measures further aim to encourage innovation and technology development to increase efficiencies and to reduce costs for firms.

8. Innovation

The rapidly changing landscape is creating significant opportunities for innovation driven by three primary forces: technology, the ESG agenda, and potential regulatory optimisation. Each of these is creating opportunities for banks to develop new products and services and generate new revenue streams.

In the technology space:

Cloud enabled big data allows for more sophisticated models and tailoring of products and is of value to the complex climate models. It has also been interesting seeing how the models from Banks of COVID-19 have been used to challenge those with origins in the medical community.

Distributed Ledger technology is coming of age with many of the major market infrastructure providers now actively participating in experiments and many banks are developing pilot solutions with both conventional and new asset classes while central banks continue to look at Central Bank Digital Currencies (CBDCs)[23,24]

The EU Commission's Digital Finance Strategy brings opportunities for market infrastructure innovation based on distributed ledger technology (DLT), whilst their EU's more conservative stance on cryptoassets could create competitive advantage for the UK.

9. Adoption of digital

COVID-19 has forced a rapid reassessment of ways of working and created challenges for banks with the need to monitor the distributed workforce. Coupled with more of a cloud first mindset, this is driving a rapid rearchitecting of the core desktop estate. Those firms with extensive virtual infrastructure were able to adapt rapidly.

Cloud technologies are now much more readily accepted, albeit with concerns around vendor lock-in and jurisdiction, but it's hard to see anyone adopting on premise first unless there are concerns around latency. The need to address technical debt and tackle legacy remains key to allowing technology functions to create the capacity to innovate. A failure to do this increasingly leaves a risk of being left behind. This is coupled with a need to have a very clear view on where bespoke build can add value vs vendor packages or component solutions.

10. Cyber security

Awareness of cyber events is more critical than ever before, but their material risk to an organisation may be less intrinsically understood due to modern digital complexities.

Effective management of access to systems, services, and data will continue to be a primary concern as cyber criminals look to capitalise on these uncertain times, compounded by the need to rapidly expand digital offerings to remain competitive.[25,26]

Balancing the cyber threats to vulnerable legacy IT systems that historically have remained closed off in private corporate networks versus the desire to adopt a more agile cloud approach will require continued investment in cyber security management.

Looking outward from core business functions, cyber threats affect supply chains, with increasing risks and threats to their security and integrity.

Heightened risks highlight the need for internationally shared, adjustable, and scalable solutions to manage the global cyber threats through cooperative efforts of governments, industry, and the wider technology community.

Discussion

Almost two years since the start of the COVID-19 pandemic and the deep but short-lived recession it triggered, we seem to be in a state of excesses and extremes—market liquidity resulting from public stimulus, large household savings, high inflation and tight labor markets—not to mention the many new market highs and very low inflation-adjusted, or real, interest rates. By most counts, 2022 will be a critical year in which the imbalances wrought by the pandemic will likely begin to resolve and the business cycle normalizes.

Many investors may think "normalization" means a return to "more of the same," as in, the secular stagnation of the prior cycle. That post-Global Financial Crisis environment—characterized by low real economic growth, disinflation, poor capital spending and weak productivity growth—supported spectacular asset appreciation, with passive indices delivering outsized returns.

Given today's near-record price/earnings multiples on double-digit profit forecasts on the S&P 500 Index, investors might be forgiven for thinking they could simply return to the successful portfolio strategies of the past, anchored to U.S. mega-capitalization growth companies that dominate passive indices. But we think that approach is overly complacent. Here's our take: The economic and market environment in 2022 will be decidedly reflationary, with higher economic growth and higher inflation, and eventually higher real interest rates—in short, a hotter and shorter business cycle. [27,28]

We see four trends that could further drive higher-than-expected growth and inflation, with greater capital spending and improving productivity:

- **Innovation:** During pandemic-related shutdowns, service businesses were forced to innovate digitally. This has spurred not only investment but an explosion in start-ups, as well as historic levels of public and private market activity—from fintech and cryptocurrencies to autonomous vehicles and artificial intelligence.
- **Deglobalization:** Businesses were already contemplating supply-chain localization amid U.S.-China trade tensions before the pandemic. Today's inflation-driving supply imbalances and inventory shortages—not to mention increasing sensitivity around cybersecurity, public health, geopolitics and shifting regulatory frameworks in China—have all added momentum to this trend toward domestic sourcing.
- **Decarbonization:** The pandemic and related business closures led to reduced fossil fuel consumption and carbon emissions and intensified pressure against investment in such energy sources. This is a reality that's adding to cost pressures and could continue to support inflation levels.
- **Transformation of the U.S. labor market:** A labor crunch driven by workplace safety concerns and accelerated retirements, coupled with employees' seeking new leverage to change jobs or demand higher wages, could continue to drive higher labor costs for companies. This, in turn, could weigh on profit margins. [29]

These trends suggest that investors need to be positioned not for a dearth of economic growth but an abundance of it. Higher growth and inflation will likely translate to higher nominal and real interest rates and a steepening of Treasury yield curves, with price/earnings multiples compressing in the more rate-sensitive sectors.

Thus, when it comes to retooling investment portfolios for 2022, the focus should be on the many "technology takers"—companies likely to drive increased tech adoption—not the few technology makers.

And as the Fed exits the type of accommodation that lifts all boats, expect the passive S&P 500 Index to be rangebound and volatile. Focus instead on security selection to sift for potential winners. Key to all this will be more balanced allocations—securities based in the U.S. versus the rest of world, growth- versus value-style stocks, cyclicals versus defensives, mega-caps versus small- and mid-caps, and active management versus passive exposures. Last, investors may want to reduce traditional fixed-income allocations and increase exposure to real assets and absolute-return hedge funds.

Results

With the markets and the economy seeing continued effects from the COVID-19 pandemic, many investors are likely turning their attention toward the next calendar year. The following trends and concerns could shape the investment landscape in 2022.

- ✓ Going into 2022, among the key market sectors to watch are oil, gold, autos, services, and housing.
- ✓ Other key areas of concern include tapering, interest rates, inflation, payment for order flow (PFOF), and antitrust.
- ✓ Expect ongoing political battles over federal spending and the debt ceiling, climate change, and student debt.
- ✓ The new head of the Consumer Financial Protection Bureau (CFPB) may reshape policy.
- ✓ President Biden has reappointed Jerome Powell as Federal Reserve Board (FRB) chair.
- ✓ However, three other seats on the seven-member FRB will be filled with Biden's picks.
- ✓ Labor market issues, including the impact of COVID-19 vaccine mandates, also should be at the forefront.
- ✓ The new global minimum corporate tax rate will start to take shape, with impacts on multinational corporations.[30]

The price of crude oil, as measured by West Texas Intermediate (WTI), surged by about 79% from start of 2021 to early November from roughly $47 per barrel to about $84. Since then, the price has declined to around $70 by Dec. 15, 2021, trimming the year-to-date rise to about 49%.1 The increase can be attributed partly to the economic recovery from the pandemic and partly to growing supply restrictions, as the Biden administration implements an anti-oil agenda that limits oil exploration and production in the U.S., a trend that is likely to continue into 2022.

Inflation has been rising, with the all items version of the Consumer Price Index for All Urban Consumers (CPI-U) recording a 6.8% increase during the 12 months through November 2021. This was the largest 12-month increase since the 12-month period ending in June 1982.2 Gold reached a recent peak of about $1,950 per troy ounce in January 2021 but has traded in a range roughly around $1,800 since mid-2021. Expectations of future inflation rates are likely to drive fluctuations in the price of gold in 2022.

Used cars have been a hot market, partly due to supply bottlenecks for semiconductor chips that have been limiting the production of new cars. Record high prices for both new and used cars, as well as for rental cars, are likely to persist into 2023.

The service sector—particularly travel, tourism, and hospitality—has had especially long-lasting negative impacts from COVID-19. It remains unclear whether a strong turnaround can be expected in 2022. [28,29]

New home sales have been surging, even as the median price hit a new record high of $407,700 in October 2021, up by 17.5% from the same month in 2020. According to a research note, "A combination of lower rates, easier lending standards and, perhaps, a renewed bout of COVID fear in cities, has driven the turnaround." How long these trends persist in the remainder of 2021 and into 2022 remains to be seen.

The U.S. Securities and Exchange Commission (SEC) has been considering a full ban on the payment for order flow (PFOF), as SEC Chairman Gary Gensler sees "an inherent conflict of interest." PFOF became a hot topic in 2021 mainly in relation to Robinhood Markets, Inc. (HOOD). If the SEC restricts the practice in 2022, this will upend the business models of brokerage firms such as Robinhood and perhaps dampen the recent surge in active trading and speculation by retail investors.

Federal Reserve Board (FRB) Chair Jerome Powell announced on Dec. 15, 2021 that the Federal Open Market Committee (FOMC) has decided to accelerate its tapering of net new purchases of bonds, in response to a strengthening economy and rising inflation. These purchases had been $120 billion per month, but are now being reduced to zero by March 2022.

Powell has insisted that, despite tapering, the Fed's stance will remain "accommodative," still seeking to keep interest rates near zero. Indeed, even after tapering, the Fed will continue to have a bond portfolio worth around $8.5 trillion, about twice its pre-pandemic value and nearly ten times its value in mid-2007. As a result, the reaction of the stock and bond markets has been muted so far.[27,28]

The Federal Reserve System has been exploring policy responses to the rise of crypto currencies and digital currencies. Federal Reserve Chair Jerome Powell has acknowledged publicly that the Fed is actively assessing whether it should create a central bank digital currency (CBDC). Before making that step, the Fed will seek the views of many key constituencies. "It is important to do it right, rather than fast," Fed Chair Powell has stated, emphasizing that such an initiative would only be undertaken with broad support from both the Congress and the Executive Branch of the federal government.

The Biden administration reportedly has assembled the most aggressive antitrust team in decades, with likely targets ranging from the technology industry to pharmaceuticals, agriculture, health care, and finance, among others. Biden also has issued an executive order encompassing 72 initiatives intended to increase competition in a number of industries, raise the scrutiny of mergers, and limit the ability of employers to force employees to sign non-compete agreements. Even before Biden took office, the world's largest company by market capitalization, Apple Inc. (AAPL), indicated publicly that potential antitrust action has become a major business risk.

With federal spending and federal budget deficits still near all-time highs and the Biden administration pushing for the passage of costly infrastructure bills, the federal debt ceiling has become a renewed matter of contention In Congress. A possible federal government shutdown and default was averted temporarily in October 2021. Another temporary funding measure was passed on Dec. 2, 2021, staving off a shutdown that loomed on Dec. 3, but leaving open the possibility of a default on or about Dec. 15, should the debt ceiling not be raised.

On Dec. 16, 2021, President Biden signed a bill into law that increases the debt ceiling by $2.5 trillion, which is expected to postpone a possible default to early 2023. These issues are bound to be major topics of political contention in 2022, a year in which the entire House of Representatives and one-third of the Senate are up for election, creating ongoing uncertainties for the markets and the economy.

President Biden's "Roadmap to Build a Climate-Resilient Economy" is a sweeping executive order that includes a broad-based set of initiatives regarding climate change, involving many federal agencies and departments. Federal budgetary processes and procurement standards are affected, as well as disclosures by public companies, investment criteria, and lending standards. Issued on Oct. 14, 2021, its impacts are likely to be felt increasingly as 2022 progresses.

Student debt in the U.S., which now exceeds $1.7 trillion, has become a growing political issue. During his campaign, President Biden supported canceling up to $10,000 in student debt for all borrowers, and some proponents of student debt forgiveness argue that he has the legal authority to cancel all federally owned student debt. Meanwhile, opponents of a general cancelation argue that the main beneficiaries would be borrowers in high-paying professions. Additionally, cancelation would enable, rather than rein in, a continued upward spiral in the cost of higher education.[26,27]

On Feb. 5, 2022, the four-year term of Jerome H. Powell as chair of the Federal Reserve Board (FRB) will expire, though his term as a member of the FRB extends until Jan. 31, 2028. On Nov. 22, 2021, the White House announced that President Biden will renominate Powell for another four-year term as Fed chair, ending speculation that current FRB governor Lael Brainard might be his pick. Instead, Biden has chosen Brainard for the open seat of vice chair. Both nominations are subject to approval by the U.S. Senate.

Meanwhile, FRB member Randal K. Quarles has announced that, although his term extends until Jan. 31, 2032, he will resign before the end of 2021. As a result of renominating Powell, President Biden now may be able to fill as many as three seats on the seven-member FRB by the early part of 2022, giving him a key opportunity to change the direction of monetary policy and financial regulation.

Rohit Chopra enters 2022 as the new director of the Consumer Financial Protection Bureau (CFPB), narrowly confirmed by U.S. Senate on Sept. 30, 2021, in a 50-48 party-line vote (Democrats in favor, Republicans opposed) to a five-year term. Chopra indicates that his top priorities will include mitigating the financial impacts of the pandemic (including foreclosures and evictions), privacy issues, and the way banks use algorithms in lending decisions.

Conclusions

As the economy recovers from the pandemic, labor markets have been tight, with many open positions going unfilled, partly due to "the great resignation" of workers from the workforce. Additionally, both support for unions and strikes for better pay and working conditions have been on the rise. Whether these trends persist into 2022 will have critical impacts on labor costs, supply bottlenecks, and inflation.

COVID-19 vaccine mandates at the federal, state, and local levels are becoming not only a growing civil liberties issue, but also a significant factor leading to unfilled jobs in many sectors of the economy, especially in customer-facing positions in the service sector and in government. This is likely to remain a large issue well into 2022.[29]

The Organization for Economic Cooperation and Development (OECD) announced on Oct. 8, 2021, that—effective in 2023—its members have agreed to set a global corporate minimum tax rate of 15%. Key details have yet to be fleshed out, however. In 2022, announcements of these details should be forthcoming, and the impacts on the domicile choices of multinational corporations should start coming to light.

From crypto to NFTs and beyond, accessing a wealth of DeFi platforms is simpler than you might think. With OKX, a leading digital asset financial service provider, you can access world-class security as you trade and store assets. You can also connect existing wallets and win up to $10,000 when you complete a deposit of more than $50 through a crypto purchase or top-up within 30 days of registration.[30]

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