For inquiries related to this article, please contact:
Christofer.Langner@bankfab.com

THE FED HAS NOW AIMED ALL ITS GUNS AT INFLATION

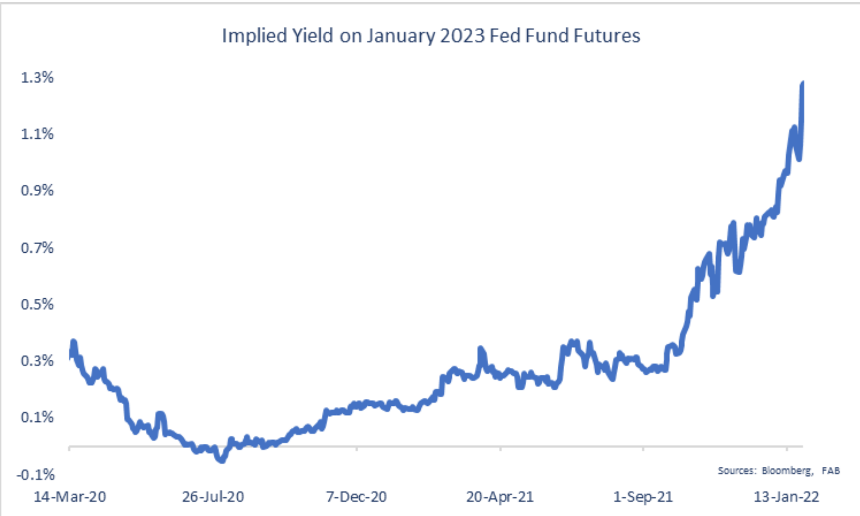
January 31st 2022

- The VIX touched 38.94 early in the week but closed lower, at 27.66
- The two-year US Treasury yield rose 16 basis points, its biggest jump since October 2019
- The US dollar index increased 1.7% to 97.27, its biggest spike since September 2020
- Brent crude closed above US$90/barrel for the first time since October 2014

Jerome Powell had a clear message in the latest Fed meeting: he is serious about fighting inflation. The Chairman indicated that the first rate hike may happen in March and he allowed the possibility of more than four rises this year. He also did not rule out successive moves. Finally, he suggested that within the next three meetings the Fed could start reducing its balance sheet.

The labour market is strong, Powell said, and financial conditions remain loose. So, he suggested, the recent market volatility is not a concern. Investors, though, seem worried about who will buy the US$4.7 trillion in assets the Fed added to its balance sheet since the pandemic began. It may take some weeks before the markets have priced in such a big liquidity drawdown.

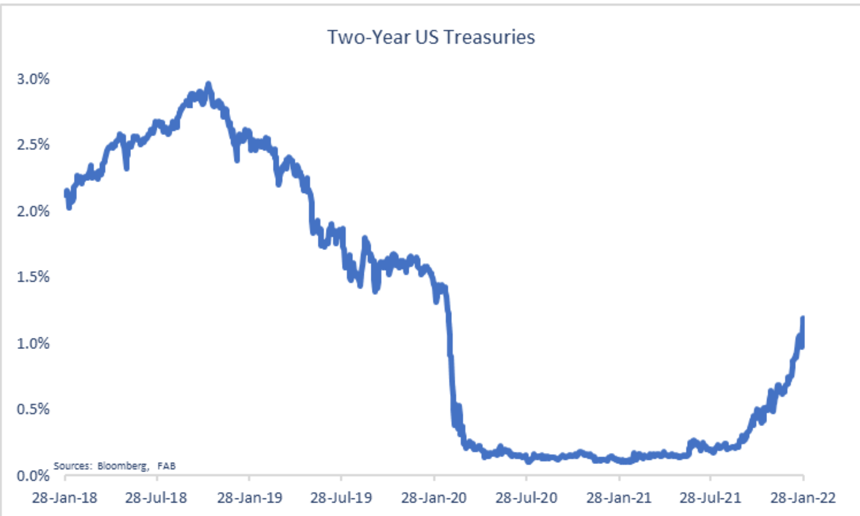
THE MARKET HAS NOW PRICED IN FIVE FED RATE HIKES BEFORE JANUARY 2023



- Fed fund futures maturing in January 2023 are yielding 1.29%, suggesting the market sees five rate hikes as a done deal this year.
- Fed fund futures, however, are used to hedge rate hikes and usually are an inaccurate forecaster.
- Jerome Powell, however, did leave the door open for more than four hikes this year.
- Any rise in the Fed funds rate would have an impact on Libor and loan funding costs, which track the US benchmark rate closely.

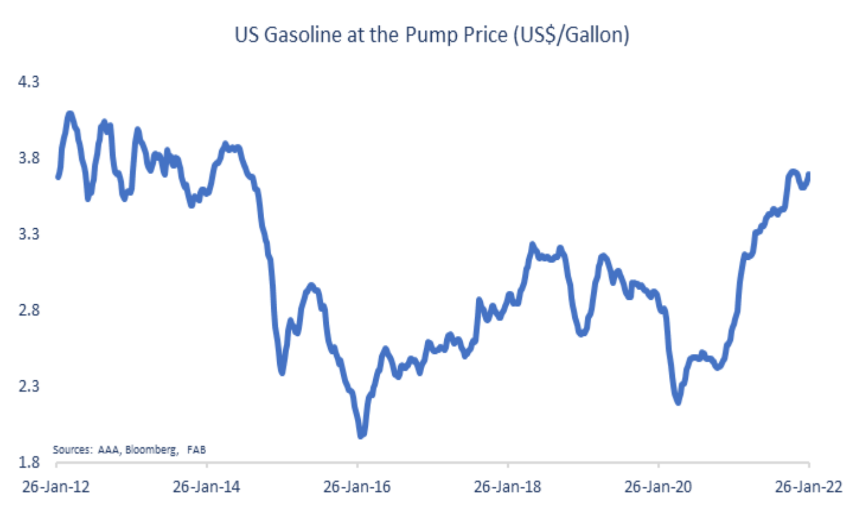
THE YIELD ON TWO-YEAR US TREASURIES ROSE TO 1.19% BEFORE SETTLING AT 1.16%

- Shorter maturity bonds moved by the most in a week since October, 2019, as the Treasury market began to price an impending rate hike.
- The long-end of the Treasury curve, however, saw yields rise by a single basis point, as markets reflected fears of excessive tightening by the Fed.
- The spread between two– and 10-year Treasuries, a gauge of future growth expectations, dropped by 15 basis points.
- In the last hiking cycle, however, two-year Treasury yields hit nearly 3%.

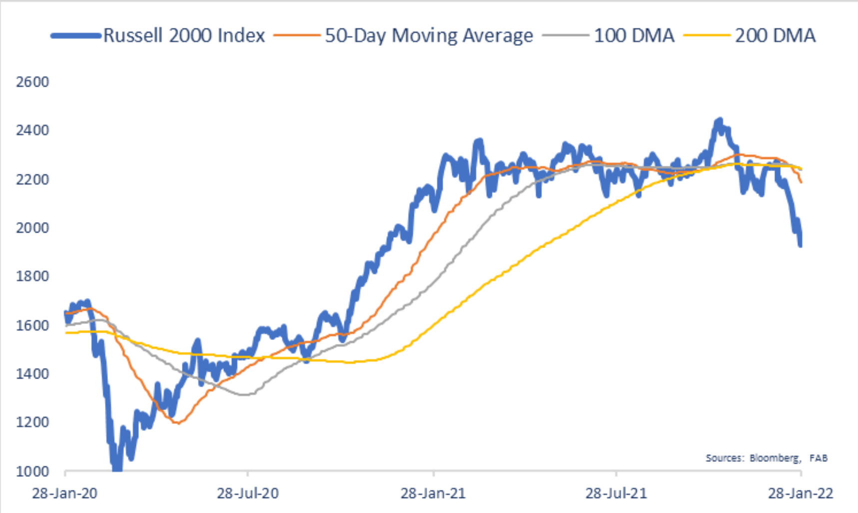


HIGHER ENERGY PRICES COULD KEEP INFLATION STICKIER, AND THE FED HAWKISH

- Brent crude prices were trading at US$91.23/barrel this morning, the highest level since October, 2014.
- Oil prices are up 32.47% since the first day of December as it became clear that the Omicron variant would have a smaller impact than expected on global energy demand.
- The rise is feeding into fuel prices in the US, with gasoline prices hitting US$3.69/gallon last week.
- Aside from keeping inflation higher, the issue is sensitive for the Joe Biden government in an election year.



ECONOMICALLY SENSITIVE STOCKS ARE FLAGGING WORRIES ABOUT FUTURE GROWTH

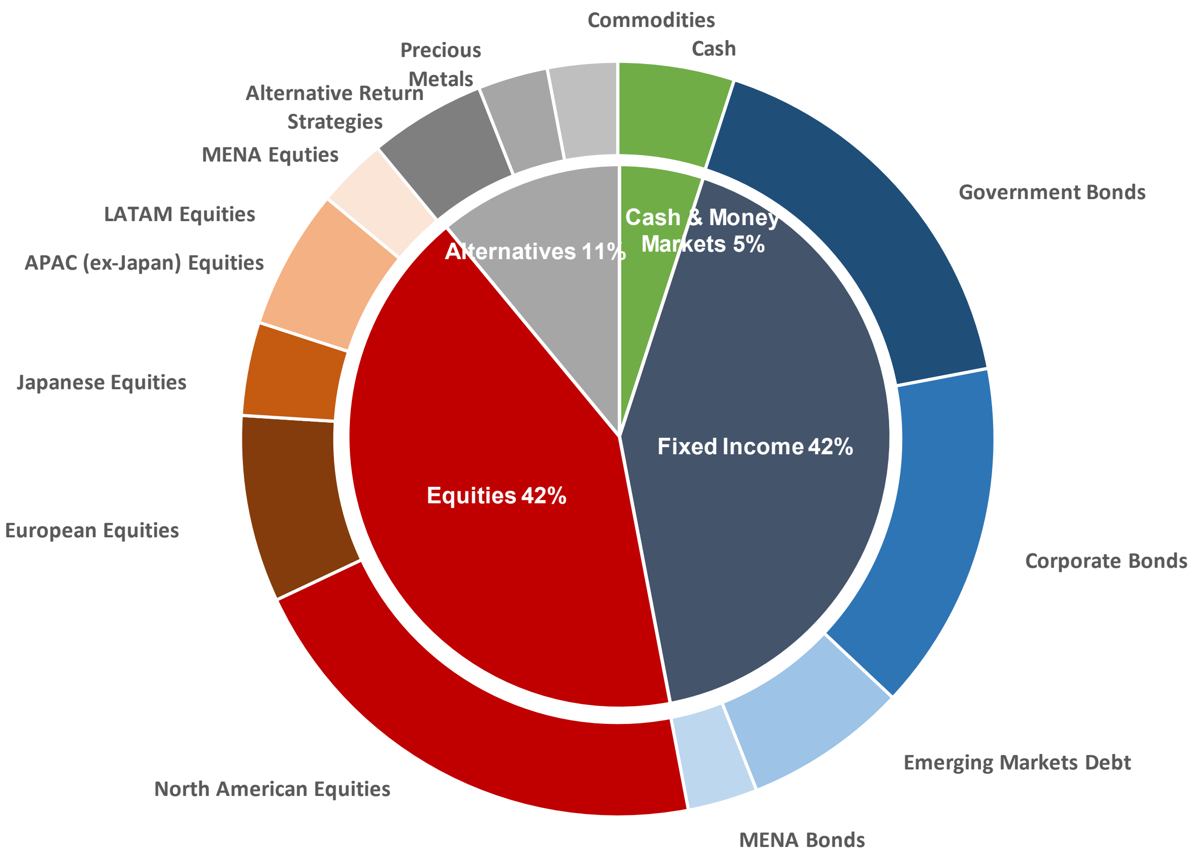


- The Russell 2000 US stock index of small and mid-cap companies is down 19.4% from its peak in November.
- These stocks are often seen as a proxy for future US economic growth.
- Growth has underperformed value so far this year even among smaller companies: the Russell Growth index is down 11.28% year-to-date, while the Value index has fallen 3.57%.
- The price of the index compared to the average expected earnings of its components has dropped to 21 times, near the lowest in a decade.

CHINESE GROWTH CONTINUES TO SLOW, SUGGESTING EVEN MORE STIMULUS AHEAD

- The latest purchasing manager surveys have shown a further deceleration in the growth of the world's second largest economy.
- The PBOC, has already cut interest rates twice this year and analysts now expect more to come.
- China may have to stimulate its economy further as the developed countries remove stimulus.
- Private property developers continue to struggle with funding, too, which could add pressure on economic growth and employment this year.

Asset Class	Positioning	Detail
Cash	Underweight	Putting cash to work in risk assets.
Fixed Income	Overweight	Keeping a slight overweight focused on EM dollar debt.
Equities	Overweight	Slightly overweight in Asia ex-Japan and US markets.
Alternatives	Underweight	However, reducing the underweight in hedge funds.



بنـــك أبـوظبـــي الأول
FAB
First Abu Dhabi Bank

Disclaimer: This report has been prepared and issued by Products & Services - Elite & Private Banking ("P&S EPB") of First Abu Dhabi Bank PJSC ("FAB") outlining particular services provided by P&S EPB. This report is for general informational purposes and does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for, any shares in FAB or otherwise or a recommendation for a particular person to enter into any transaction or to adopt any strategy nor shall it or any part of it form the basis of orbe relied on in connection with any contract therefore. Anyone proposing to rely on or use the information contained in this publication should independently verifyand check the accuracy, completeness, reliabil-ity and suitability of the information and should obtain independent and specific advice from appropriateprofessionals or experts.

This report is provided on a confidential basis for informational purposes only andis proprietary to P&S EPB. This report may not be disclosed to any third party or used for any other purpose without the prior written consent of P&S EPB. The manner of circulation and distribution may be restricted by law or regulation in certain countries, hence any unathorised use or disclosure of this document is prohibited.

The information in this report reflects prevailing conditions and our views as of thisdate, which are accordingly subject to change. In preparing this report, we have relied upon and assumed, without independent verification, the accuracy and completeness of all the information available from public sources or which was otherwise reviewed by us. FAB PJSC makes no representation or warranty, expressed or implied, as to the accuracy, timeliness or complete-ness of the information in this report. FAB PJSC shall have no liability to the Customer or to third parties for the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this report nor for any special, direct, indirect, incidental or conse-quential loss or damage which may be sustained because of the use of the information containedand/or referred to in this report or otherwise arising in connection with the information contained and/or referred to in this report, provided that this exclusionof liability shall not exclude or limit any liability under any law or regulation applicable to FAB PJSC that may not be excluded or restricted.
Past performance is not a guarantee of future performance and should not be seen as an indication of future performance due to a variety of economic, marketor other factors. The information contained in this report does not purport to contain all matters relevant to any particular investment or financial instrument and all statements as to future matters are not guaranteed to be accurate. Any projections of potential risk or return are illustrative and should not be construed as limitations of the maximum possible loss or gain. Data included in this report may not take into account all potentially significant factors, such as market risk, liquidity risk and credit risk. Undue reliance should not be placed on forward looking statements in making an invewstment decision.

In addition, our analysis are not and do not purport to be appraisals of the assets, stock or business of the recipient and has been prepared without taking into account the objectives, financial situation or needs of particular person. Even when this presentation contains a kind of appraisal, it should be considered preliminary, suitable only for the purpose described herein and not be disclosed orotherwise used without the prior written consent of P&S EPB. FAB clients may already hold positions in the assets subject to this report and may accordingly benefit from the buying or selling of such assets as referred to in this report.This document does not purport to set out any advice, recommendation orrepresentation on the suitability of any investment, transaction or product (as referred to in this document or otherwise), for potential purchasers. In receiving this report, the client is fully aware that there are risks associat-ed with investment activities. Potential purchasers should determine for themselves the relevance of the information contained in this document and the decision to purchase any investment contained herein should be based on such investigation and analysis as they themselves deem necessary. Before entering into any transaction potentialpurchasers should obtain the investment offering materials, which include a description of the riks, fees and expenses and ensure that they fully understand the potential risks and rewards of that transaction (including, without limitation, allfinancial, legal, regulatory, tax and accounting consequences of entering into thetransaction and an understanding as to how the transaction will perform under changing conditions) and that they independently determine that the transactionis appropriate for them given their objectives, experience, financial andoperational resources and other relevant circumstances. Potential purchasersshould consider consulting with such advisers and experts as they deem necessary to assist them in making these determinations.

FAB is acting solely in the capacity of a potential arm's-length contractual counterparty and not as a financial adviser or fiduciary in any transaction unless we have otherwise expressly agreed so to act in writing. FAB does not provide anyaccounting, tax, regulatory or legal advice. FAB is licensed by the Cen-tral Bank ofthe UAE.

London: FAB London Branch is Authorized by the Prudential Regulation Authority.Subject to regulation by the Financial Conduct Authority and limited regulation bythe Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from FAB London branch on request. Registered in England & Wales: Company No: FC009142: VAT No: GB2453301 91.

Paris: FAB Paris Branch is licensed by the French Prudential Control Authority as acredit institution. FAB Paris is registered in France under the company number: RCS Paris B 314 939 547.

Switzerland: This publication is for informational purposes only and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted ba-sis and/or maynot be eligible for sale to all investors. This report is for distribution only under suchcircumstances as may be permitted by applicable law. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or war -ranty, express or implied, ismade as to its accuracy or completeness. All information and opinions as well as any prices indicated are currently as of the date of this report, and are subject to change without notice. The analysis contained herein is based on numerousassumptions. Different assumptions could result in materially different results. At any time the First Abu Dhabi Bank PJSC and/or FAB Private Bank (Suisse) SA may have a long or short position, or deal as principal or agent, in relevant securities orprovide advisory or other services to the issuer of relevant securities or to a company connected with an issuer. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identi-fying the risk to which you are exposed may be di icult to quantify. Futures and options trading is considered risky. Past performance of an investment is no guarantee for its current or future performance. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. First Abu Dhabi Bank PJSC and/or FAB Private Bank (Suisse) SA expressly prohibit the distribution and transfer of this document to third parties for any reason. First Abu Dhabi Bank PJSC and/or FAB Private Bank (Suisse) SA will not be liable for any claims or lawsuits from any third parties arisingfrom the use or distribution of this document.

Singapore: First Abu Dhabi Bank P.J.S.C., Singapore Branch is regulated by the Monetary Authority of Singapore and holds a Wholesale Bank license.

For more details relating the investment products, please refer to the Prospectus and/or offering document on https://www.bankfab.ae/en/investPlease contact your relationship manager