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To the point!

Cross-Asset- and Strategy-Research

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June 19, 2026

## Too hot to ignore

Climate change is accelerating.  
That is not a matter of opinion.

In June, a decision by the UN climate panel IPCC caused quite a stir: the climate scientists resolved that the extreme scenario RCP8.5 was no longer seen as a realistic outcome and removed it from their projections. This climate pathway would have led to a planetary warming of almost 5 °C, rendering human life impossible in many regions of the world. The [White House](#), as well as parts of the German press on the right of center, triumphantly declared that the climatologists' projections had been wrong.

Deniers of the climate crisis cite the episode as “proof” that the scientific underpinning of climate change is nothing more than an ideological propaganda mission. In doing so, they confuse projections with scenarios. RCP8.5 represented the worst conceivable scenario among several – the one that would have materialized if greenhouse-gas emissions had continued to rise unchecked, decade after decade. That this would happen was never the experts' central forecast.

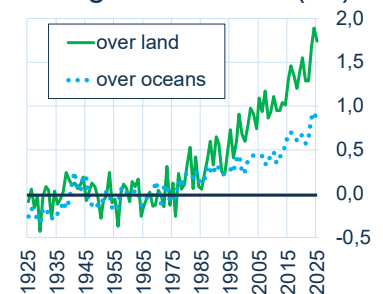
Because many countries – including Germany – have successfully reduced the emissions intensity of their economies, this scenario is no longer likely today. That is why experts have dropped the “doomsday scenario”. This is how science should work when facts change. Unfortunately, the positive scenario is now also unlikely, the scientists say – namely that humanity will manage to limit warming to below 1.5 °C.

### Earth is warming ever faster

So, has climate change been called off? Was it all just a wild idea by Greta Thunberg & Co? You wish! The data tell a completely different story. Fig. 1 shows the global trend. 2025 was the second-hottest year since records began, the year before the hottest. The past ten years have been the warmest ever recorded.

## Hardly a triumph for climate deniers

Fig. 1: Global temperature anomaly relative to average 1951-1980 (°C)



Source: [NASA](#), LBBW Research

This is no longer “weather”; these are persistent trends. Such trends are called climate – and that climate is changing ever more rapidly.

Europe, incidentally, is the continent heating up the fastest. Compared with the pre-industrial era, average temperatures have already risen by 2.4 °C, versus “only” 1.4 °C worldwide. Fig. 2 also shows that the rise in temperatures was barely noticeable before the 1980s, but has clearly accelerated since. This is no coincidence. Scientists know that man-made greenhouse gases are a key driver of global heating. According to data from the U.S. agency NOAA (yes, they are still allowed to collect such data!), the share of CO<sub>2</sub> in the atmosphere has risen significantly (see fig. 3).

Climate change has always occurred throughout Earth’s history. That is undisputed. But now it is humans who are – quite literally – fueling climate change. That has never happened before.

### Natural disasters are causing ever more damage

This is not only new – it is also getting ever more expensive. In nine of the past ten years, the damage caused by natural disasters (excluding earthquakes, which in general have little to do with climate change) averaged USD 186bn. The trend is upwards. In the 1980s, just over USD 10bn was the norm (see fig. 4). According to estimates by the German insurer [Allianz](#), climate change-induced growth losses in Germany could total more than EUR 110bn by 2030 – some 2.5% of GDP.

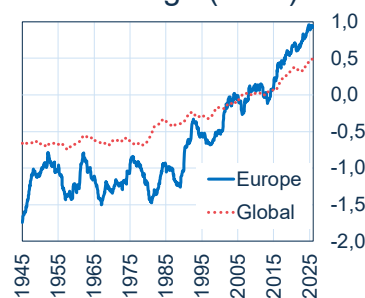
Climate change therefore is not only far from over – it is an ever greater threat to our prosperity. The human suffering, especially in poor countries, and the resulting migration flows are another matter. Let us not forget that droughts and the desertification of farmland were among the triggers of the exodus of [Syrian refugees](#). It is not as if Syrians had previously been unaware that Bashar al-Assad was a brutal dictator. But hunger and the ensuing rural exodus were the spark that led to a political explosion.

### Climate tech: a chance for German industry

The situation is serious. But for Germany’s battered industrial base it could also open up opportunities. Global demand for climate technology is set to rise. This could help German companies develop new world-class technologies. The expertise is there.

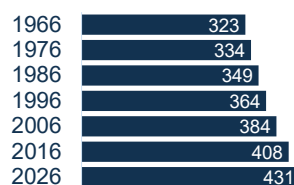
What must not be repeated – as in the market for heat pumps – is the bitter experience in photovoltaics. In that segment, Germany, some years ago the global market leader, has lost out completely to China. To win and retain a world-leading role, companies need clear political guidelines and long-term planning certainty. That certainty is increasingly lacking when climate policy changes direction every four years, in step with Germany’s federal election cycle.

Fig. 2: Temperature anomaly relative to 1991-2020 average (in °C)



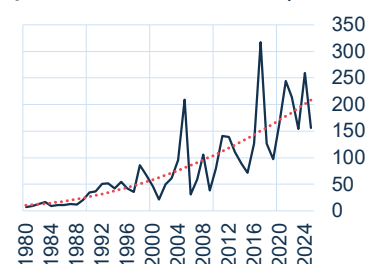
Source: [Copernicus.eu](#), LBBW Research

Fig. 3: Trend in atmospheric CO<sub>2</sub> (ppm, April)



Source: [NASA/NOAA](#), LBBW Research

Fig. 4: Global damage costs from natural disasters (exc. earthquakes, Billion USD)



Source: [Our World in Data](#), LBBW Research

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## Climate tech: a chance for industry

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