



LBBW

To the point!

Cross-Asset- and Strategy-Research

Talk is silver, action is golden



Moritz Kraemer -- Chief Economist

LBBWResearch@LBBW.de

May 27, 2022

UN climate status report shows how little we have achieved

Last week, the World Meteorological Organization, a specialized agency of the UN, published its Climate Status Report. Reading it may frighten even hardened climate pessimists. Although 2021 was "only" the seventh hottest year ever recorded, at 1.1°C above pre-industrial levels (the six hottest years were all between 2015 and 2020), other sad records were broken.

- The CO₂ content in the atmosphere climbed to a new high.
- The oceans, which have an important temperature balancing function, reached maximum temperatures down to 2000 meters in 2021.
- The constant uptake of excess CO₂ acidifies the oceans. This poses significant risks to marine ecosystems and food sources. The pH value of the oceans was lower than ever in 2021.
- Sea levels are rising faster and faster. In 2013-2021, the sea rose twice as fast as it did between 1993 and 2002. The dangers for residents near the coast are obvious.

It is high time

The global community must act collectively to address the "greatest market failure in human history" (Sir Nicholas Stern). Climate change will not wait for us to work through challenges like the pandemic and the Ukraine war.

At the presentation of the report, UN Secretary-General Guterres called for the expansion of renewable energies to no longer be held back by cumbersome approval procedures. Subsidies for fossil fuels, which amount to €11 million every minute, must be

2021 was again full of sad climate records

Cumulative CO₂ emissions from fossil fuel combustion worldwide 1750-2020, % of total amount



Source: Statista, Carbonbrief.org, LBBW Research

urgently eliminated. Developing and emerging countries must be supported on their way away from fossil fuels.

If we do not meet the challenge, we will have to prepare for millions of climate refugees. Two billion people are already suffering from water shortages today.

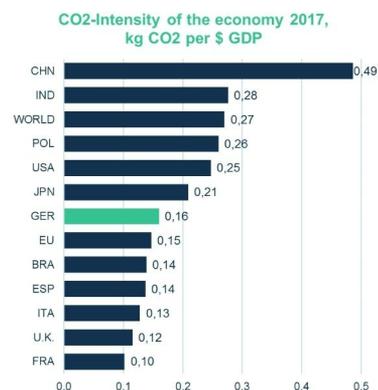
Do not underestimate Germany's role

It is often pointed out that Germany is only responsible for about 2% of annual greenhouse gas emissions and that it has already made more progress than other countries.

Both statements need to be put into perspective. Since CO₂ remains in the atmosphere over the long term and contributes permanently to global warming, all past emissions must be taken into account, not just those of a single year. And then, after all, Germany takes 4th place worldwide (see figure on page 1).

And we do not play a leading role in the fight against climate change. Not only do we have a more CO₂ intensive economy than many other industrialized countries (see second figure), we are also one of the countries within the EU that have made rather little progress in decarbonization.

The time for excuses and procrastination is over. All that matters now is what we do as a society - and no longer do!



Source: World Bank, LBBW Research

Germany is not a model student in climate policy

Disclaimer:

This publication is addressed exclusively at recipients in the EU, Switzerland and Liechtenstein.

This publication is not being distributed by LBBW to any person in the United States and LBBW does not intend to solicit any person in the United States.

LBBW is under the supervision of the European Central Bank (ECB), Sonnemannstraße 22, 60314 Frankfurt/Main (Germany) and the German Federal Financial Supervisory Authority (BaFin), Graurheindorfer Str. 108, 53117 Bonn (Germany) / Marie-Curie-Str. 24-28, 60439 Frankfurt/Main (Germany).

This publication is based on generally available sources which we are not able to verify but which we believe to be reliable. Nevertheless, we assume no liability for the accuracy and completeness of this publication. It conveys our non-binding opinion of the market and the products at the time of the editorial deadline, irrespective of any own holdings in these products. This publication does not replace individual advice. It serves only for informational purposes and should not be seen as an offer or request for a purchase or sale. For additional, more timely information on concrete investment options and for individual investment advice, please contact your investment advisor.

We retain the right to change the opinions expressed herein at any time and without prior notice. Moreover, we retain the right not to update this information or to stop such updates entirely without prior notice.

Past performance, simulations and forecasts shown or described in this publication do not constitute a reliable indicator of future performance.

The acceptance of provided research services by a securities services company can qualify as a benefit in supervisory law terms. In these cases LBBW assumes that the benefit is intended to improve the quality of the relevant service for the customer of the benefit recipient.