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HORIZON *handout*

The Berenberg Capital Markets Outlook • Wealth and Asset Management

May | 2022

Horizon Handout – Capital Market Outlook
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Please refer to the online glossary at www.berenberg.de/glossar for definitions of the technical terms used in this document.

Date: 29 April 2022.

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An online glossary with definitions of technical terms is available at www.berenberg.de/en/glossary

01 Overview of capital markets outlook and asset allocation

Overview of capital markets
Performance review

Performance of selected asset classes

Total return of asset classes in the last 4 weeks, year-to-date and over 5 years (%, EUR)

	4-week & YTD		12-month periods over that last 5 years				
	4W (30/03/22 - 27/04/22)	YTD (31/12/21 - 27/04/22)	27/04/21 27/04/22	27/04/20 27/04/21	27/04/19 27/04/20	27/04/18 27/04/19	27/04/17 27/04/18
REITs	3.5	-0.2	25.2	13.3	-9.2	22.1	-12.2
Gold	3.4	11.3	21.8	-7.2	37.2	5.7	-6.2
USDEUR	3.3	5.3	11.9	-10.4	3.0	8.8	-10.4
MSCI Frontier Markets	2.5	-3.7	14.1	27.6	-13.3	-4.3	9.4
Industrial Metals	1.5	28.2	52.2	45.6	-15.7	-1.5	8.7
Brent	1.2	56.8	111.2	135.0	-64.4	9.1	30.5
Euro overnight deposit	0.0	-0.2	-0.6	-0.5	-0.4	-0.4	-0.4
EUR Sovereign Debt	-1.4	-5.3	-5.9	1.8	0.9	1.5	1.0
EUR Coporates	-1.8	-7.5	-8.0	5.7	-1.2	3.0	1.2
MSCI Emerging Markets	-3.0	-7.3	-9.6	39.2	-12.0	3.6	8.3
Global Convertibles	-3.0	-7.3	-4.6	51.1	5.5	18.8	-1.1
MSCI World	-3.6	-5.3	10.9	32.8	-2.2	14.7	2.0

MSCI World: MSCI World Net Return; MSCI Emerging Markets: MSCI EM Net Return; MSCI Frontier Markets: MSCI Frontier Markets Net Return; REITs: MSCI World REITs Index; EUR Sovereign Debt: IBOXX Eurozone Sovereign 1-10Y TR; EUR Corporates: IBOXX Euro Corporates Overall TR; Global Convertibles: SPDR Convertible Securities ETF; Gold: Gold US Dollar Spot; Brent Crude: Bloomberg Brent Crude Subindex TR; Industrial Metals: Bloomberg Industrial Metals Subindex TR; Euro overnight deposit: ICE BofA Euro Overnight Deposit Rate Index; USDEUR: Price of 1 USD in EUR.

Sources: Bloomberg, Berenberg. Time period: 27/04/2017 – 27/04/2022.

Note: The historical performance presented here is not a reliable indicator of future performance.

Overview of capital markets
Outlook by asset class

Economics
- Russia invasion delays recovery. Uncertainty and higher prices weigh on the economy.
- Price increases continue. Energy and food prices are drivers. Several months of stagflation loom.
- Central banks are forced to reverse course. Monetary policy is tightened - in Europe, however, only moderately so far.

Equities
- Markets were again burdened by recession concerns due to rising interest rates and China risk as well as the Putin war.
- Companies can surprise positively in the current Q1 reporting season. However, the outlook is becoming more difficult.
- A challenging global situation let us remain cautious. However, the lows in sentiment and positioning should be supportive.

Bonds
- Government bonds burdened by restrictive interest rate policy of central banks. Renewed steepening of the US yield curve.
- Risk premiums on corporate bonds have recently risen again. Spread narrowing in emerging market bonds.
- We underweight bonds and remain cautiously positioned on credit risk. Duration: short.

Alternative investments / commodities
- Oil embargo is imminent. However, supply is already tight. Prices and volatility are likely to remain elevated.
- Gold benefits from all kinds of uncertainties. Rising real yields slow it down, but are less dangerous with a restrictive Fed.
- Industrial metals temporarily weaker due to China lockdowns. Long-term supply shortage remains unaffected.

Currencies
- The ECB remains hesitant. The euro will therefore probably remain under pressure until the ECB changes its key interest rate.
- The USD/EUR exchange rate has fallen to 1.05. The Dollar is benefiting from the prospect of rapidly rising rates.
- After initial gains at the beginning of the war, the yen has dropped significantly. The BoJ is stuck in a low interest rate trap.

Overview of Berenberg's asset allocation

Current positioning within asset classes

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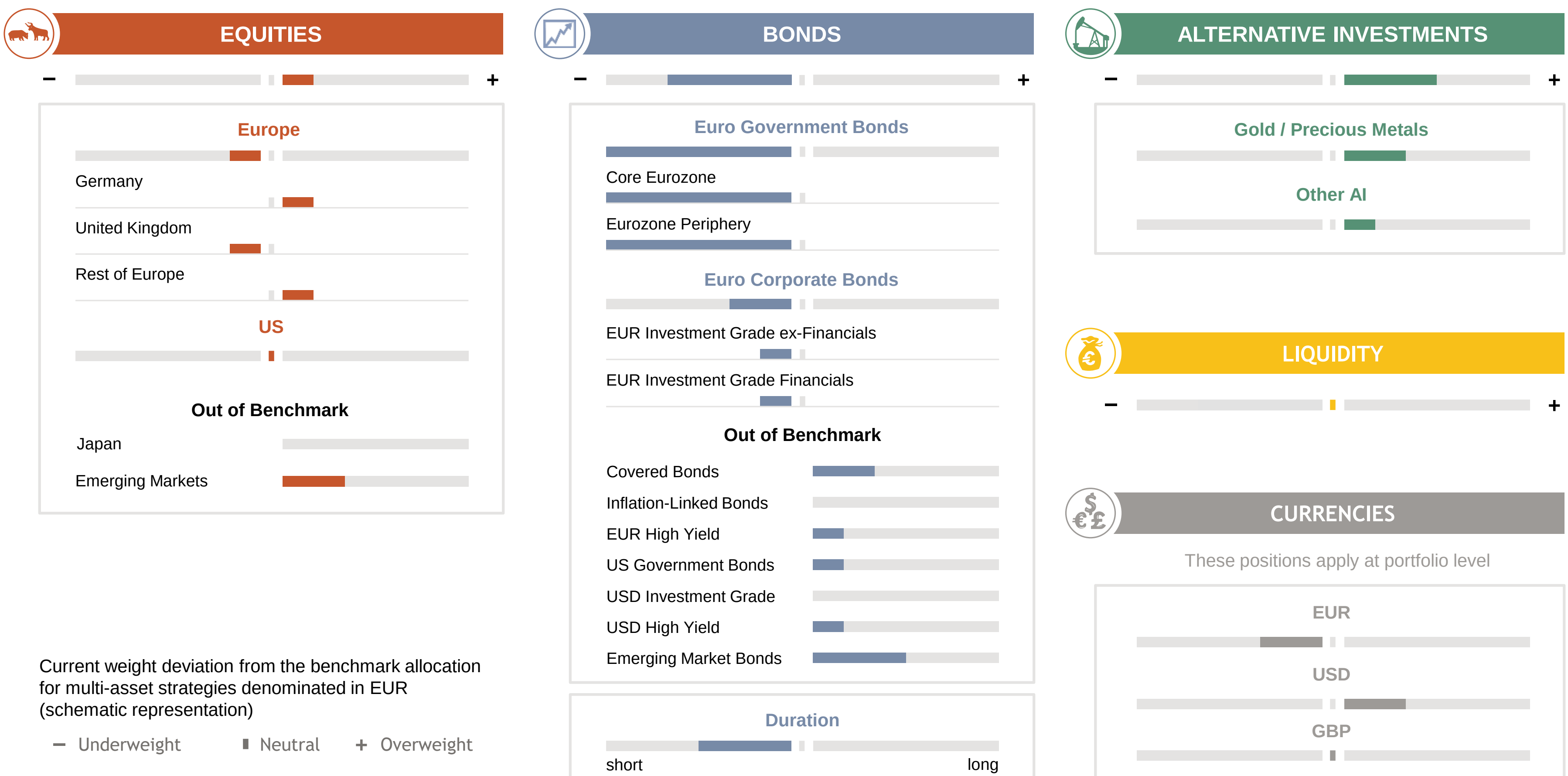
Portfolio positioning of a balanced mandate at a glance



Current weight deviation from the benchmark allocation for multi-asset strategies denominated in EUR (schematic representation)

– Underweight ▮ Neutral + Overweight

Source: Berenberg

As of 27/04/2022.

Overview of Berenberg's asset allocation

Review of Core Strategy 3

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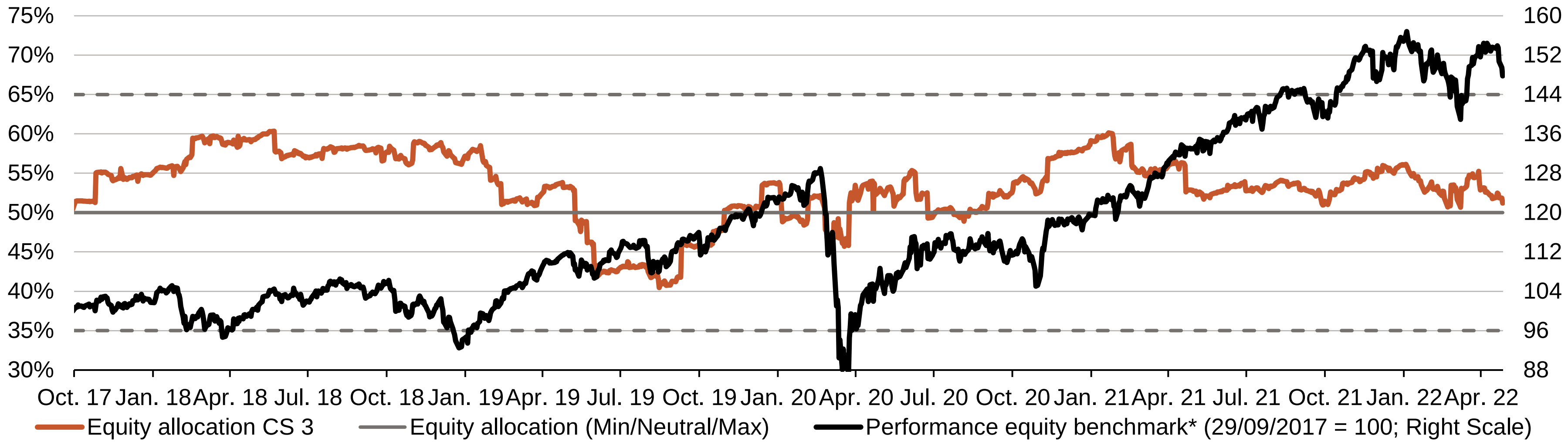
Management of the equity allocation of a balanced multi-asset mandate since inception

Performance equity benchmark	26/04/17 - 26/04/18	26/04/18 - 26/04/19	26/04/19 - 26/04/20	26/04/20 - 26/04/21	26/04/21 - 26/04/22
	-0.14%	11.63%	-6.34%	27.33%	11.07%



Sources: SimCorp, Bloomberg, Berenberg. *The "equity benchmark" is 70% STOXX Europe Net Return Index and 30% S&P 500 Net Return Index. Time period: 26/04/2017 – 26/04/2022.
Note: The historical performance presented here is not a reliable indicator of future performance.

- We had taken advantage of the sharp sell-off in equity markets following Russia's invasion and the accompanying negative investor sentiment to gradually increase our equity exposure. Within our multi-asset portfolios, we invested in commodity-rich equity regions such as the UK and Latin America. These positions balance our "quality growth" style of European equities well, resulting in lower portfolio volatility.
- We took advantage of the strong rally in March to take profits, including reducing Latin America slightly after the strong YTD performance. We are only moderately overweight equities at the moment.

02 Economics

Eurozone
GDP and inflation

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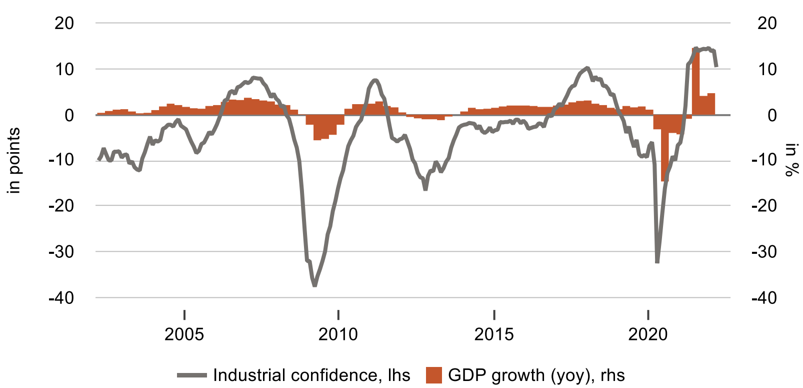
Macron wins the election

- French President Emmanuel Macron has won the run-off election against Marine Le Pen with more than 58% of the vote. This means he can run for a second term.
- With Macron, the Western alliance against Russia is likely to remain largely united. EU countries are likely not only to increase arms supplies to Ukraine, but also to soon expand sanctions against Russia and impose an embargo on oil imports from Russia, probably until the end of this year, to avoid a potential oil shortage.

Inflation remains at a high level

- Inflation in the euro zone settled at 7.5% in April, as expected. The core rate, which excludes volatile energy and food prices, rose from 2.9% in March to 3.5% (which is above the expected 3.1%). Thus, the upward pressure on prices is increasingly taking place across the board.
- The ECB remains very hesitant. Nevertheless, there are more and more voices within the ECB calling for a rate hike soon. We now expect the first interest rate step in September and another in the fourth quarter.

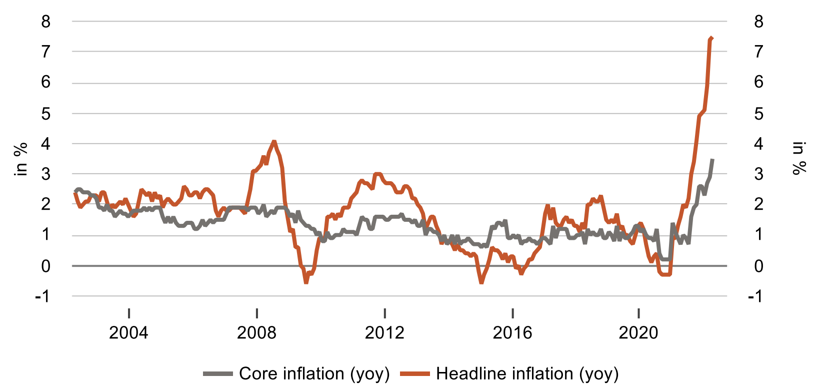
Eurozone GDP growth and industrial confidence



Source: Macrobond

Period: 03/2002 - 03/2022

Eurozone Inflation



Source: Macrobond

Period: 04/2002 - 04/2022

UK
GDP and inflation

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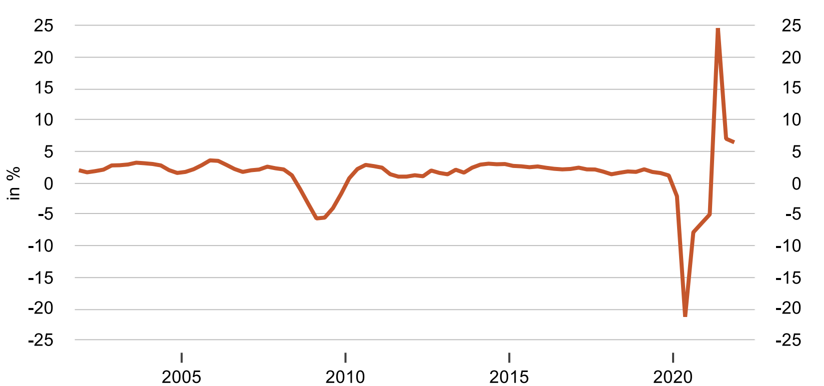
Consumer confidence: the first sign of trouble

- New consumer confidence data signal that real consumption is probably declining. High inflation and global supply problems, exacerbated by the war and lockdowns in China, are weighing.
- The key question is whether the shock will last long enough to trigger a recession. Given the unusually uncertain short-term outlook, this is not an easy question to answer. At the very least, the data suggest that investors should be prepared for negative surprises.

Inflation rate rises to 30-year high

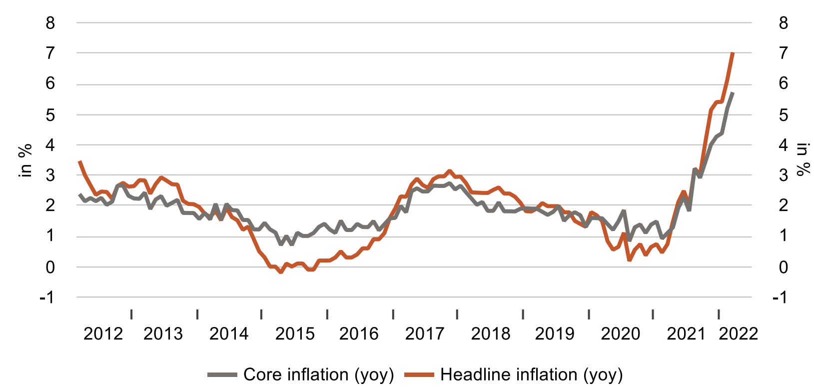
- Inflation marked a 30-year high of 7.0% in March (yoy). The rise was mainly due to a combination of pandemic-related disruptions in the global supply chain and recent commodity market dislocations related to Russia's invasion of Ukraine.
- Core inflation, which strips out volatile energy and food components, rose to 5.7% year-on-year (from 5.2% in February).
- The corridor on which the Bank of England can make a soft landing is narrowing.

UK GDP growth (yoy)



Source: Macrobond
Period: 12/2001 - 12/2021

United Kingdom Inflation



Source: Macrobond
Period: 03/2012 - 03/2022

US
GDP and inflation

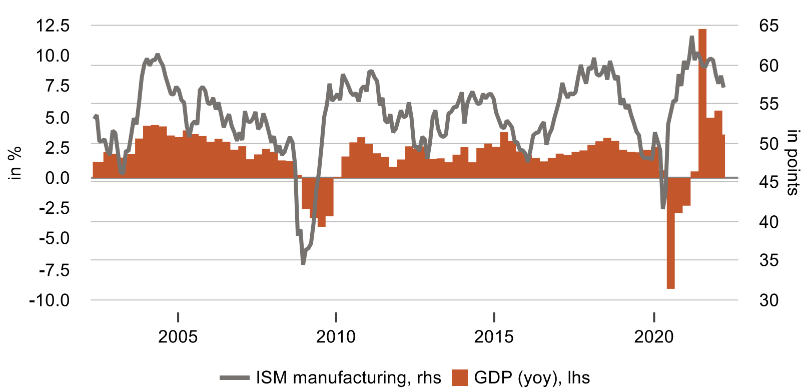
Slight setback for economic growth

- The sharp rise in inflation has weakened real purchasing power in the USA. Combined with further supply disruptions related to the lockdowns in China and Russia's invasion of Ukraine, economic activity will be burdened in the short term.
- US growth cooled noticeably in the first quarter. Compared with the previous quarter, it fell by 1.4%. Year on year, this is still an increase of 3.6%. We expect GDP growth of 3.2% in 2022 and 2.5% in 2023..

Even tighter monetary policy expected

- Market expectations for a 50 basis point rate hike at the May meeting have risen in recent weeks as inflationary pressures remain high. Fed President Jerome Powell has meanwhile prepared the markets for such a move.
- Earlier, St. Louis Fed President James Bullard had even talked of rate hikes of 75 basis points and a rise in the key interest rate to 3.5% by the end of the year. That would be significantly more than the markets currently expect (around 2.5%). However, we think such a tightening is unlikely.

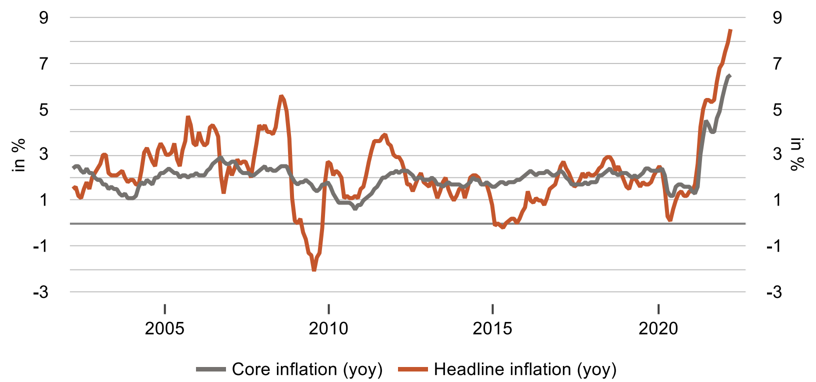
US GDP growth and Purchasing Managers Index



Source: Macrobond

Period: 04/2001 - 04/2022

USA Inflation



Source: Macrobond

Period: 03/2002 - 03/2022

Economic forecasts

Important estimates at a glance

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	GDP growth (in %)						Inflation (in %)					
	2022		2023		2024		2022		2023		2024	
		Ø**		Ø**		Ø**		Ø**		Ø**		Ø**
USA	3.2	3.2	2.5	2.1	2.3	2.0	7.4	6.9	3.8	3.0	3.0	2.3
Eurozone	2.8	2.8	3.3	2.4	2.4	1.8	6.5	6.5	2.5	2.4	2.5	1.8
Germany	2.2	2.2	3.6	2.8	2.4	1.9	6.6	6.1	2.5	2.6	2.4	1.9
France	3.4	3.2	3.1	2.1	2.4	1.7	4.6	4.4	2.2	2.2	2.2	1.8
Italy	2.7	2.8	2.6	2.0	1.6	1.6	6.2	6.3	2.3	2.0	2.1	1.4
Spain	5.0	4.8	4.3	3.4	2.3	2.5	8.2	6.9	2.8	2.1	2.4	1.6
United Kingdom	4.1	3.8	2.4	1.6	2.4	1.7	7.4	7.1	3.3	3.3	2.4	2.0
Japan	2.7	2.1	2.4	1.8	1.5	1.1	1.6	1.5	0.8	0.9	0.7	0.8
China	4.6	4.9	4.5	5.2	4.3	5.2	1.8	2.2	2.3	2.3	2.3	2.3
World*	3.5	-	3.2	-	2.9	-	-	5.9	-	3.6	-	3.4

Source: Bloomberg. Berenberg as of 27/04/2022.
* At actual exchange rates. not purchasing power parity; PPP would give more weight to the fast-growing emerging-market countries.
** Average of estimates of other experts (Bloomberg); consensus.

03 Equities

Market developments
Equities in a difficult environment

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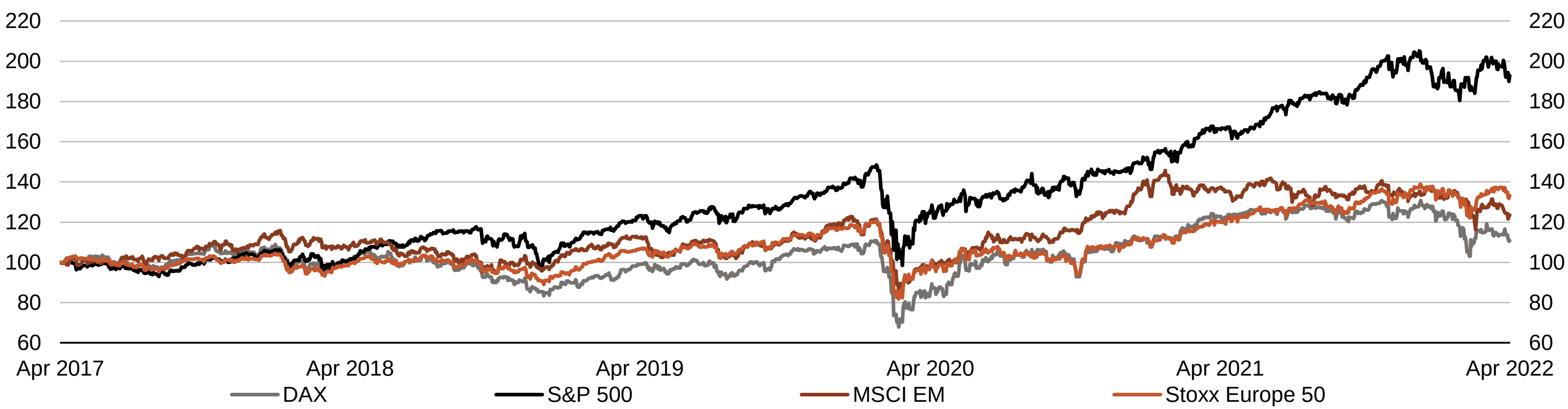
Stock markets under pressure amid difficult gobal situation

- Major stock markets have fallen again significantly after concerns about Russia (and thus the energy supply) as well as the massive lockdowns in China have fuelled recession worries. Although the corporate reporting season is going well, the outlook is becoming gloomier as cost pressures are increasing. Analysts are now beginning to react to this, and have recently lowered their earnings forecasts.
- The combination of high inflation, declining economic momentum and quantitative easing limit the upside potential for equities - we are unlikely to see any valuation expansion in particular. Meanwhile, recession fears are on the rise. However, an economic slowdown should not be a big surprise for the market. Economic institutes/brokers have already reduced their estimates, in some cases significantly, while positioning and investor sentiment are already very negative. In addition, the share of non-fundamental investors - such as regular ETF savings plans - continues to grow. . This should have a stabilising effect.

Performance of selected equity indices



Source: Bloomberg; performance in EUR scaled to 100.

Time period: 27/04/2017 – 27/04/2022.

Corporate earnings
Profits still pleasing

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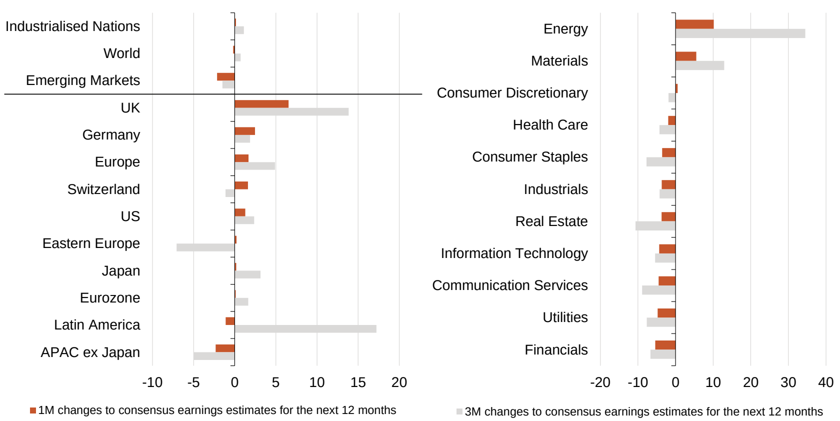
Q1 reporting season going well - outlook difficult

- The Q1 reporting season is going well so far, with companies on average beating both analysts' revenue and earnings expectations. The outlook is gloomier, however, as the impact of the war and the resulting increased input costs and a possible recession are difficult to gauge.
- Analysts have already reacted to this. The 1M earnings revisions at the global level have turned slightly negative. However, there are exceptions such as the UK (thanks to the sector structure) and the energy and basic materials sectors, which are receiving tailwinds from increased commodity prices.

Emerging markets with negative earnings growth

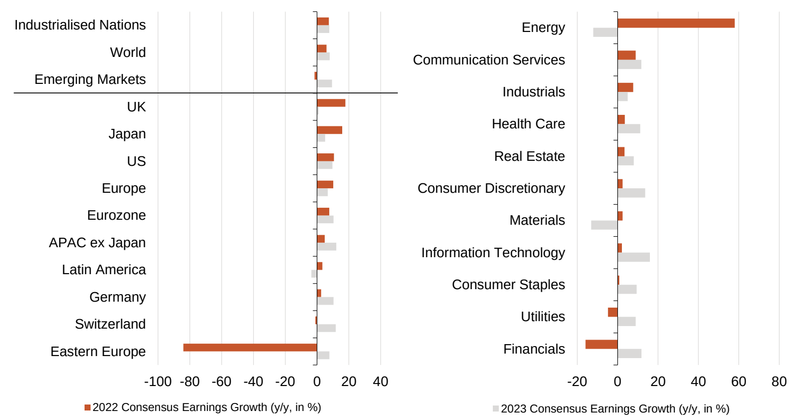
- Burdened by Eastern Europe (Putin war) and also China (zero-covid strategy and its economic consequences), analysts now see negative earnings growth in emerging markets in 2022.
- The industrialised nations on the other hand, are likely to achieve better growth rates with the UK and Japan in the lead.
- The energy sector in Europe should see earnings growth of more than 50% in 2022 thanks to high energy prices, according to analysts.

Negative profit revisions on the rise



Source: FactSet; MSCI regions and European sectors. As of 27/04/2022.

Emerging markets earnings growth negative



Source: FactSe; MSCI regions and European sectors. As of 27/04/2022.

Valuation & Volatility
Higher valued stocks continue to have a hard time

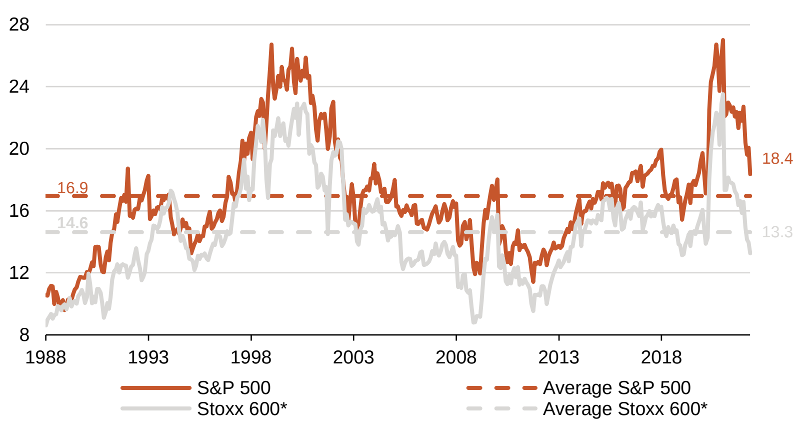
Valuation adjustment has continued

- With the Q1 reporting season surprising on the upside so far and equity markets falling while interest rates are rising, valuation levels have declined noticeably.
- The S&P 500 is now trading at a P/E ratio of 18.4x and the Stoxx 600 at a P/E ratio of 13.3x. The Stoxx 600 is thus attractively priced compared to its history. The S&P 500 is also approaching its historical average of 16.9x. In an environment of rising interest rates, highly valued stocks remain vulnerable, but we should have seen a good part of the valuation adjustment already.

Private investor sentiment extremely poor

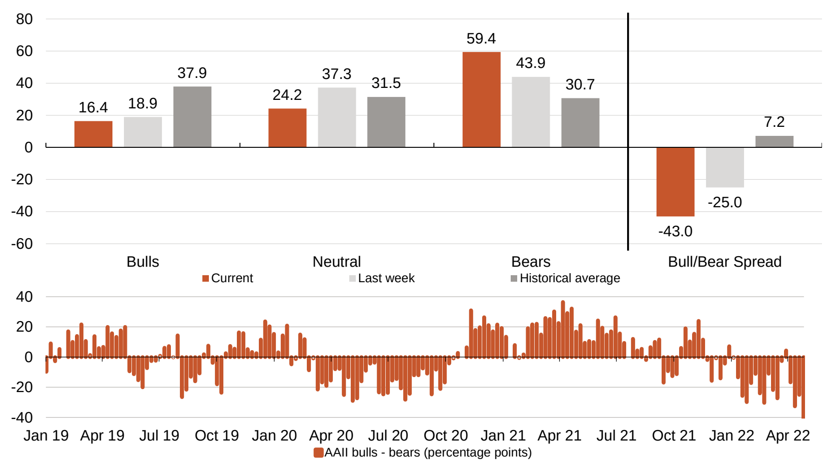
- US private investor sentiment remains extremely negative. The number of bears is extremely high, while the number of bulls is extremely low. This leads to a bull/bear spread of around 50 percentage points below its historical value.
- With such negative sentiment, markets should be less susceptible to bad newsflow in the coming weeks. Positive news can therefore drive the market upwards again, at least in the short term.

Valuation now less problematic



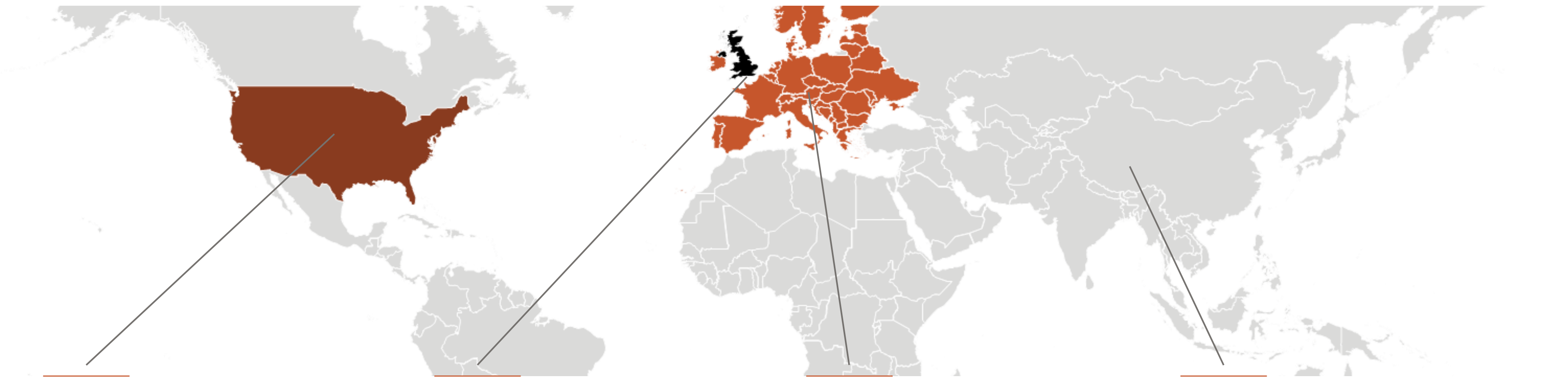
Source: Factset, own calculations. Time period: 01/01/1988 – 27/04/2022.

Investor sentiment at new low since the financial crise



Source: Bloomberg, own calculations. Time period: 23/07/1987– 28/04/2022.

Equity allocation
Emerging markets attractive addition



US
Neutral
- Rising bond yields are likely to weigh on highly valued US equities, while structural growth strength provides security against emerging growth concerns.
- Within equity regions, we have a neutral weighting in US equities.

United Kingdom
Underweight
- UK equities are cheap compared to many other regions. At an index level, UK equities have a rather defensive as well as commodity-intensive profile, which should pay off in an environment of rising interest rates and geopolitical risks.
- We reduced the underweight in Q1 by buying a FTSE 100 ETF.

Europe ex. UK
Neutral
- The weaker euro, agreed fiscal packages and comparatively favourable valuations should support European equities.
- However, the Russia-Ukraine war and the associated rise in inflation as well as China concerns are likely to weigh on European companies in particular. We have a neutral weighting on Europe ex UK.

Emerging markets
Overweight
- Emerging market equities outside of Eastern Europe should be one of the main beneficiaries of a global economic recovery and should also be less affected by the fallout from the Russia-Ukraine war.
- The chances of a market recovery in China have increased due to the increasing stimulus programs to combat the economic damage caused by the still restrictive Covid policy.

Equity market forecasts

Estimates for selected indices

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Index forecasts	Current 27/04/2022	31/12/2022	30/06/2023	Ø* in 12 months
S&P 500	4,184	4,650	4,850	5,191
Dax	13,794	15,500	16,500	18,805
Euro Stoxx 50	3,735	4,150	4,400	4,874
MSCI UK	2,134	2,200	2,350	2,512

Index potential (in %)				
S&P 500	-	11.1	15.9	24.1
Dax	-	12.4	19.6	36.3
Euro Stoxx 50	-	11.1	17.8	30.5
MSCI UK	-	3.1	10.1	17.7

Source: Bloomberg. Berenberg. as of 27/04/2022.
*Average based on bottom-up estimates.


6m
1y
2y
3y
4y
5y
6y
7y
8y
9y
10y
15y
20y
0.04
0.02
0
U.S. Treasuries
3-Month
6-Month
12-Month
2-Year
3-Year
5-Year
7-Year
10-Year
Coupon
0.000
0.000
0.000
1.000
1.375
2.375
3.125
3.375
4.375
Maturity Date
11/18/2010
10/31/2011
11/15/2012
10/31/2014
10/31/2016
11/15/2019
11/15/2039
Current Price Yield
0 / .01
0.13 / .13
0.26 / .26
11-16+ / .72
11/20

04 Bonds

Government bonds
Bond yields at annual highs

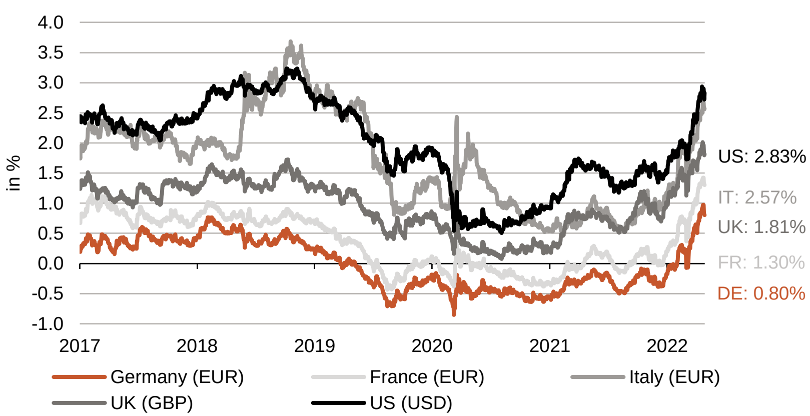
Hawkish rate policy weighs on safe government bonds

- The restrictive interest rate policy of the central banks and rising yields continue to put government bonds under pressure. For the Fed, markets are already pricing in more than nine rate hikes of 25 basis points each by the end of the year. For the ECB, markets are expecting more than eight rate hikes of 10 basis points each. Over the course of this, the yields on 10-year German government bonds reached new highs for the year at 0.80% and suffered the biggest price loss in history. Yields on 10-year US government bonds reached 2.94%, the same level as at the end of 2018.

US real yields briefly reached zero boundary

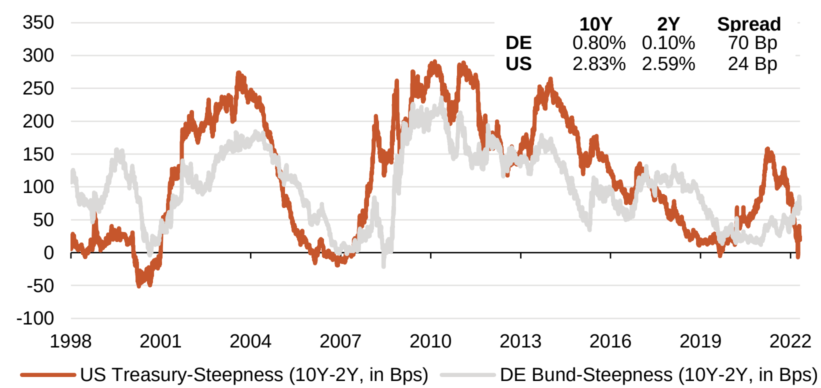
- After the US yield curve (10Y-2Y) had temporarily inverted, it recently returned to positive territory. Despite clear fears of recession, positive economic surprises have recently dominated. As a result, there was a clear steepening of the curve. Most recently, the US curve stabilised at around 24 bps. The German yield curve also steepened despite recession concerns.
- Moreover, the US real yield even reached the zero limit in the meantime.

Yields on safe government bonds at annual highs



Source: Bloomberg Time period: 01/01/2017 – 27/04/2022

Steepening of the US yield curve



Source: Bloomberg Time period: 01/01/1998 – 27/04/2022.

Corporate & EM bonds

Risk premiums have risen again recently

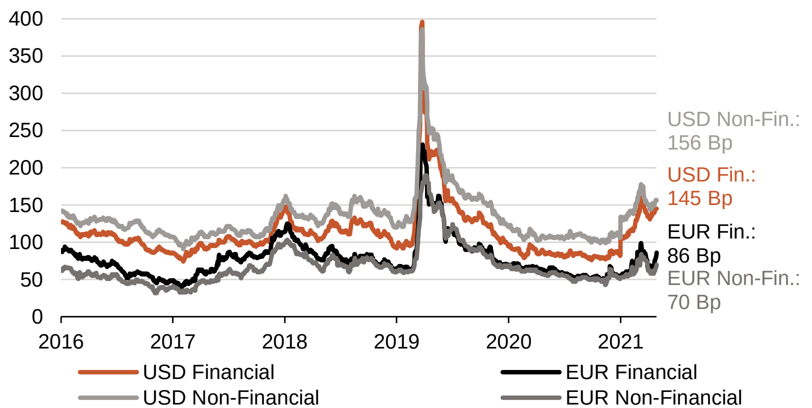
Spread widening only briefly interrupted

- While risk premiums were still facing a significant decline at the beginning of April, there has recently been a countermovement to catch up.
- In USD investment grade bonds, for example, risk premiums on USD financial bonds have risen by more than 10 bps over the last four weeks and on USD non-financial bonds by almost 5 bps. For EUR investment grade bonds, EUR financial bonds saw spreads widen by over 20bps, while for EUR non-financial bonds it was only 3bps.

Emerging markets: light spread narrowing

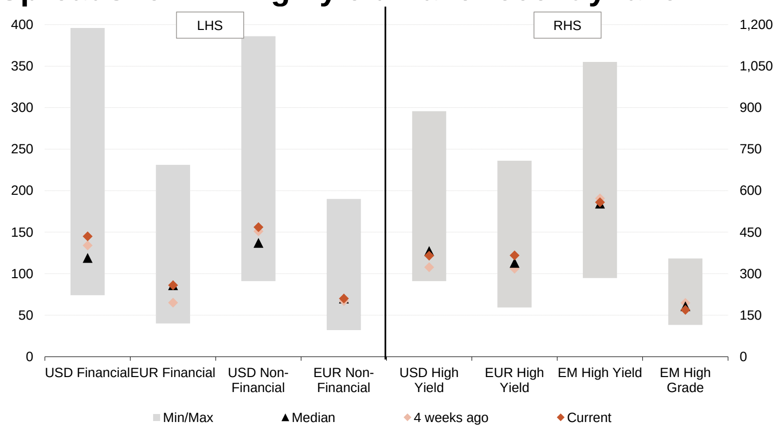
- In high-yield bonds, both EUR and USD high-yield bonds, which are notably affected by rising input costs due to the Russia-Ukraine war and rising refinancing costs, saw a significant widening of spreads. The spreads for USD and EUR high-yield bonds were thus able to increase 42 and 48 bps respectively over the last four weeks.
- The risk premiums on EM high-yield bonds have recently fallen slightly. EM high-grade and EM high-yield bonds each saw spreads narrow by 25 and 14 bps.

Risk premiums recover after brief low



Source: Factset Time period: 01/01/2016 – 27/04/2022

Spreads for EM high yield have recently fallen



Source: Factset, 10Y spread distribution Time period: 27/04/2012 – 27/04/2022

Capital market strategy
Bonds

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Core segments

Government bonds
Underweight

- In the case of high credit ratings, safe government bonds remain fundamentally in demand in risk-off phases.
- We expect yields to continue to rise, although the market has already priced in a lot. Duration should be kept short - interest rate risks are not sufficiently remunerated.

Corporate bonds
Overweight

- Corporate bonds have already started to gain in relative attractiveness compared to government bonds due to the widening of spreads.
- Within the corporate bond segment, we prefer securities with short maturities.

Other segments

Emerging market bonds
Overweight

- Attractive yield levels and a shortage of supply speak in favour of emerging market securities. In general, however, high inflation and rising interest rates, especially in the US, pose increased risks for emerging market investments, especially in hard currency bonds.
- We see the Asian region as having an advantage over others; the local currency component in particular seems opportune to us here as well as in Latin America.

High yield bonds
Neutral

- For the time being, we are holding on to the addition of high-yield bonds, but are becoming more cautious, as the historically not very high-risk premiums with rising economic risks are making the risk-return ratio less attractive.
- In European high-yield bonds, we are positioning ourselves away from the usual papers.

Forecasts
Estimates for selected bond markets

	27/04/2022	31/12/2022		30/06/2023	
Base interest rates and government bond yields (in %)	Current		Ø*		Ø*
US					
Base interest rate	0.00-0.50	2.25-2.50	2.30	3.00-3.25	2.75
10Y US yield	2.83	3.20	2.76	3.50	2.89
Eurozone					
Base interest rate	0.00	0.50	0.15	1.00	0.50
10Y Bund yield	0.80	1.20	0.67	1.40	0.81
United Kingdom					
Base interest rate	0.75	1.25	1.30	1.50	1.55
10Y Gilt yield	1.81	2.40	1.78	2.60	1.95

Source: Bloomberg. Berenberg as of 27/04/2022.
*Average of estimates by other experts (Bloomberg) consensus.

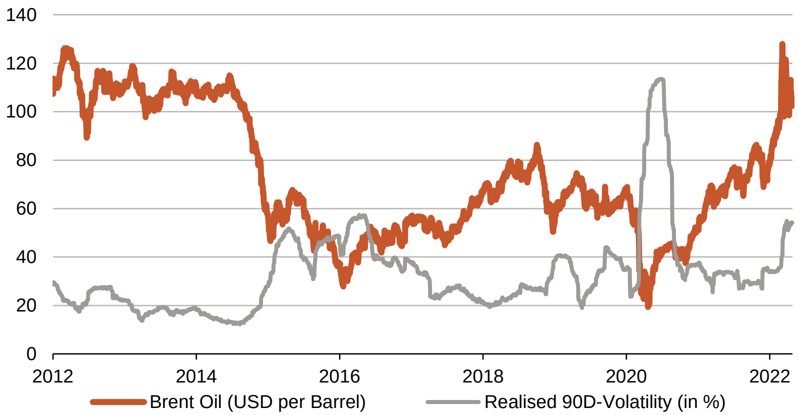
05 Commodities

Crude oil
Oil remains scarce, volatility and prices high

Russian oil is still flowing to the West, but supply is already tight

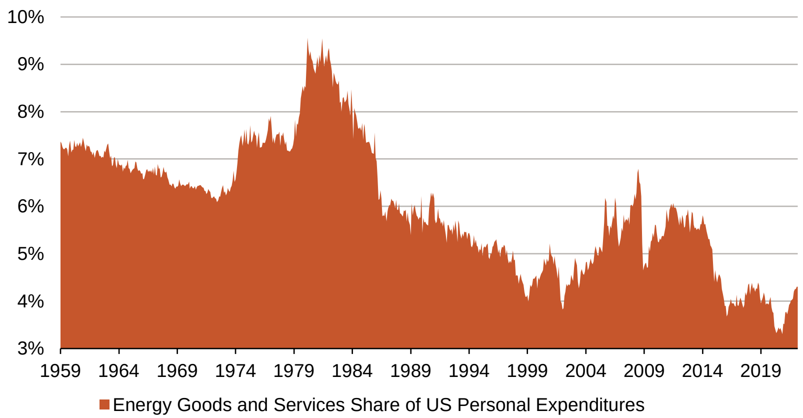
- Crude oil experienced another month of extreme volatility. First, the announcement by the IEA to release 120 million barrels of strategic reserves brought relief and oil fell below USD 100 per barrel. This did not last long, however, because shortly afterwards it became public that the EU was working on an embargo of Russian oil. As a result, oil rose again to almost USD 115 per barrel. Recently, however, concerns about a collapse in demand in China due to the hard lockdowns dominated the market, so oil again suffered rapid losses.
- Depending on how quickly the EU oil embargo arrives, there may be difficulties in redistributing Russian oil to other markets. At the same time, there is no sign yet that OPEC+ will make more supply available. Supply increases from the US shale oil industry have also been limited so far. The number of active wells is still 20% below pre-crisis levels. So supply remains tight.
- With gasoline prices at all-time highs, demand will inevitably come under pressure. However, oil prices are not yet high enough to be a massive problem for the economy. Although the share of energy goods and services in US consumer spending has risen sharply recently, it is still relatively low by historical standards at 4.3%. Without a recession the oil price is likely to remain high and volatile.

Crude oil at multi-year high amid increased volatility



Source: Bloomberg. Time period: 01/01/2012 – 27/04/2022.

High oil price still bearable for consumers so far



Source: Bloomberg, own calculations. Time period: 01/01/1959 – 31/03/2022.

Precious and industrial metals

Gold decoupled from real interest rates

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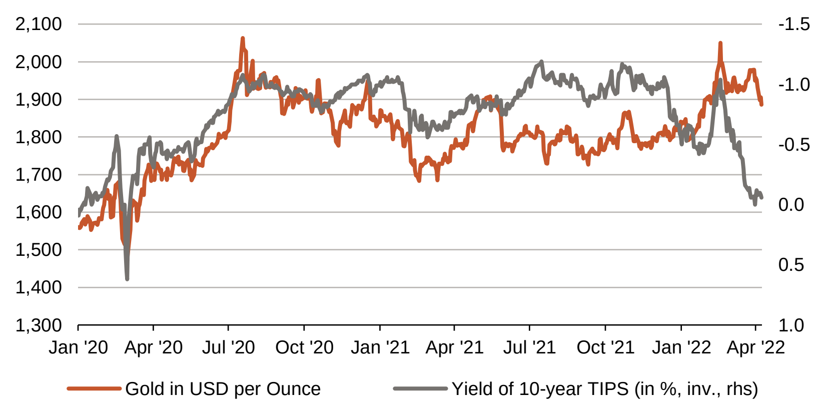
Gold benefits from potential mistakes by the Fed

- Gold fluctuated by almost USD 100 per ounce last month. Until mid-April, gold was very popular with investors thanks to continuous upward surprises in inflation data. Later, however, the strength of the US dollar dominated the gold price. Gold lost 2.7% in USD terms in April, but rose 2.0% in EUR terms.
- In light of the rise in real interest rates to near 0%, gold is holding surprisingly steady. If the Fed makes a mistake, gold should benefit. If it plunges the economy into recession, gold will benefit. If it does too little to fight inflation, gold will also benefit.

Metal shortage should defy short-term concerns

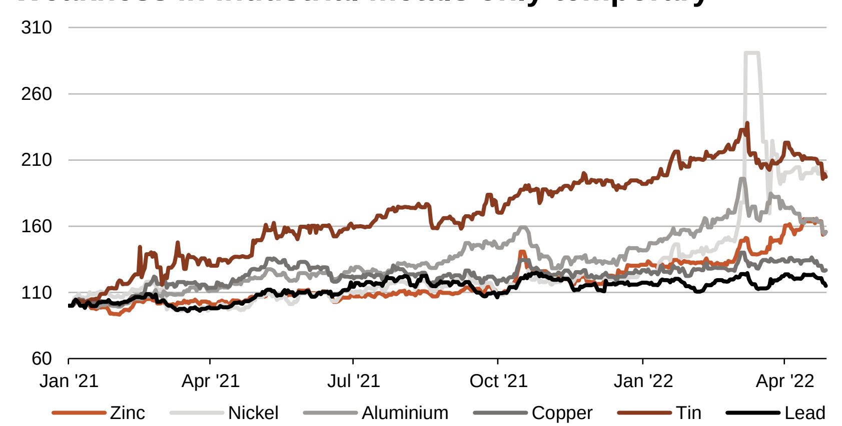
- Industrial metals initially moved sideways in April. However, with the increasingly severe lockdowns in China, a plunge followed towards the end of April. After all, China is the world's largest consumer of many metals. Taking a look at the West shows, however, that while lockdowns can temporarily slow down demand, it quickly returns later and prices then rise sharply in the face of inelastic supply. The Russia-Ukraine war and the restrictive Fed are also fuelling fears of a recession and slumps in demand. But this would also be temporary. In contrast, metal shortages are likely to be of a long-term nature due to low investment by mine operators in the past decade.

Gold surprisingly stable in light of the rise in real rates



Source: Bloomberg, own calculations. Time period: 01/01/2020 – 27/04/2022.

Weakness in industrial metals only temporary



Source: Bloomberg, own calculations. Time period: 01/01/2021 – 27/04/2022.

06 Currencies

Market Development
Interest rates and currencies

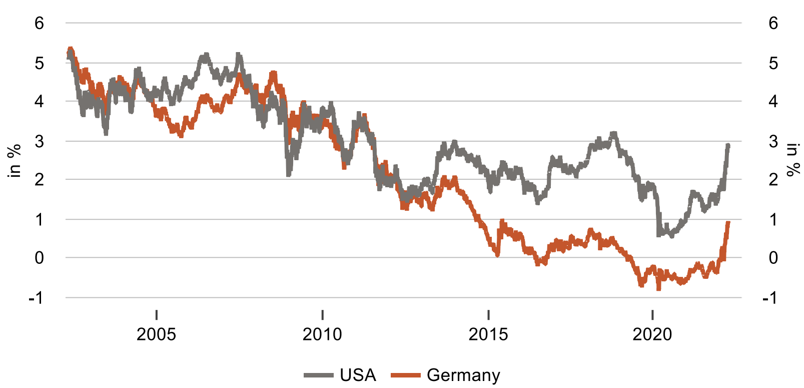
US Fed: stronger tightening expected

- Due to persistently high inflation in the US, we have raised our forecast for the key interest rate, as more aggressive rate steps to curb inflation seem appropriate. We now expect rate hikes of 50 basis points each in May and June, followed by 25 basis points at each subsequent meeting this year. This would put policy rates at 2.25% to 2.50% at the end of 2022.
- Five more 25 basis point rate hikes are likely to follow in 2023. Thus, the key interest rate would rise to 3.50 to 3.75 % at the end of 2023.

ECB under pressure to act

- While there is a discussion going on in the US that the Fed could/must tighten its monetary policy even more than generally expected, the ECB remains in rest mode. The ECB's action has not gone down well on the foreign exchange market. The euro exchange rate suffered significant losses. It fell to 1.05 US dollars per euro.
- But the pressure is mounting for the ECB. Even within the ECB, voices are growing louder in favour of earlier interest rate hikes. We now expect the first rate hike in September and another in Q4/2022.

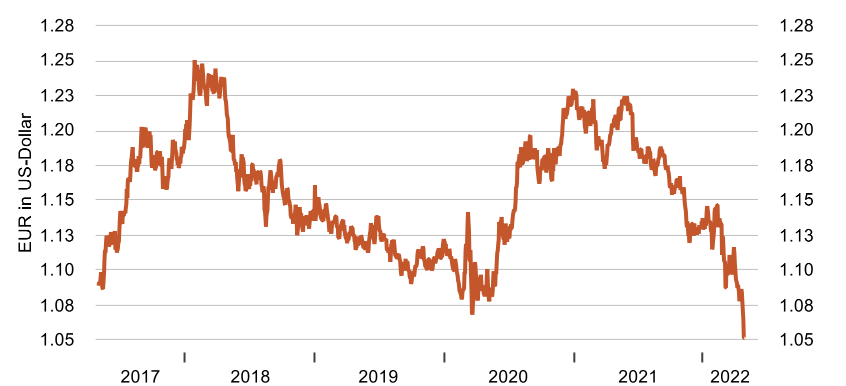
Yields: 10-year government bonds



Source: Macrobond

Period: 04/2002 - 04/2022

Exchange rate: Euro/US-Dollar



Source: Macrobond

Period: 04/2017 - 04/2022

Forecasts
Estimates of key currencies

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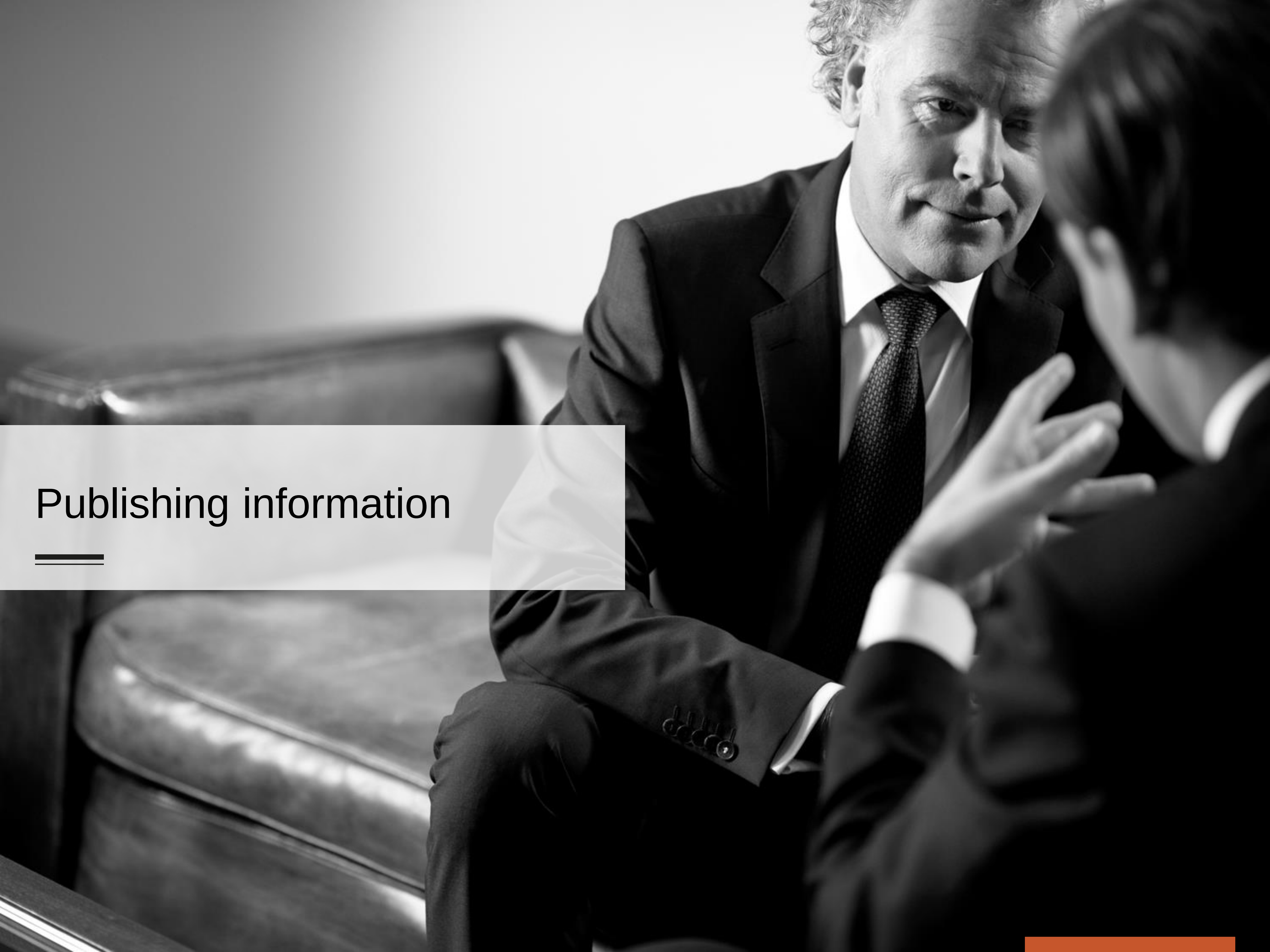
	27/04/2022	31/12/2022		30/06/2023	
Exchange rate forecasts	**Current**		**Ø***		**Ø***
EUR/USD	1.06	1.16	1.09	1.19	1.13
EUR/GBP	0.84	0.85	0.84	0.85	0.85
EUR/CHF	1.02	1.07	1.03	1.08	1.05
EUR/JPY	136	137	135	137	137

Change against the Euro (in %)					
USD	-	-9.0	-3.1	-11.3	-6.6
GBP	-	-1.0	0.2	-1.0	-1.0
CHF	-	-4.4	-0.7	-5.3	-2.6
JPY	-	-1.0	0.8	-1.0	-1.0

*Source: Bloomberg. Berenberg as of 27/04/2022.
*Average of estimates of other experts (Bloomberg); consensus.



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