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HORIZON *handout*

The Berenberg Capital Markets Outlook • Wealth and Asset Management

February | 2023

Horizon Handout – Capital Market Outlook
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Date 26/01/2023.

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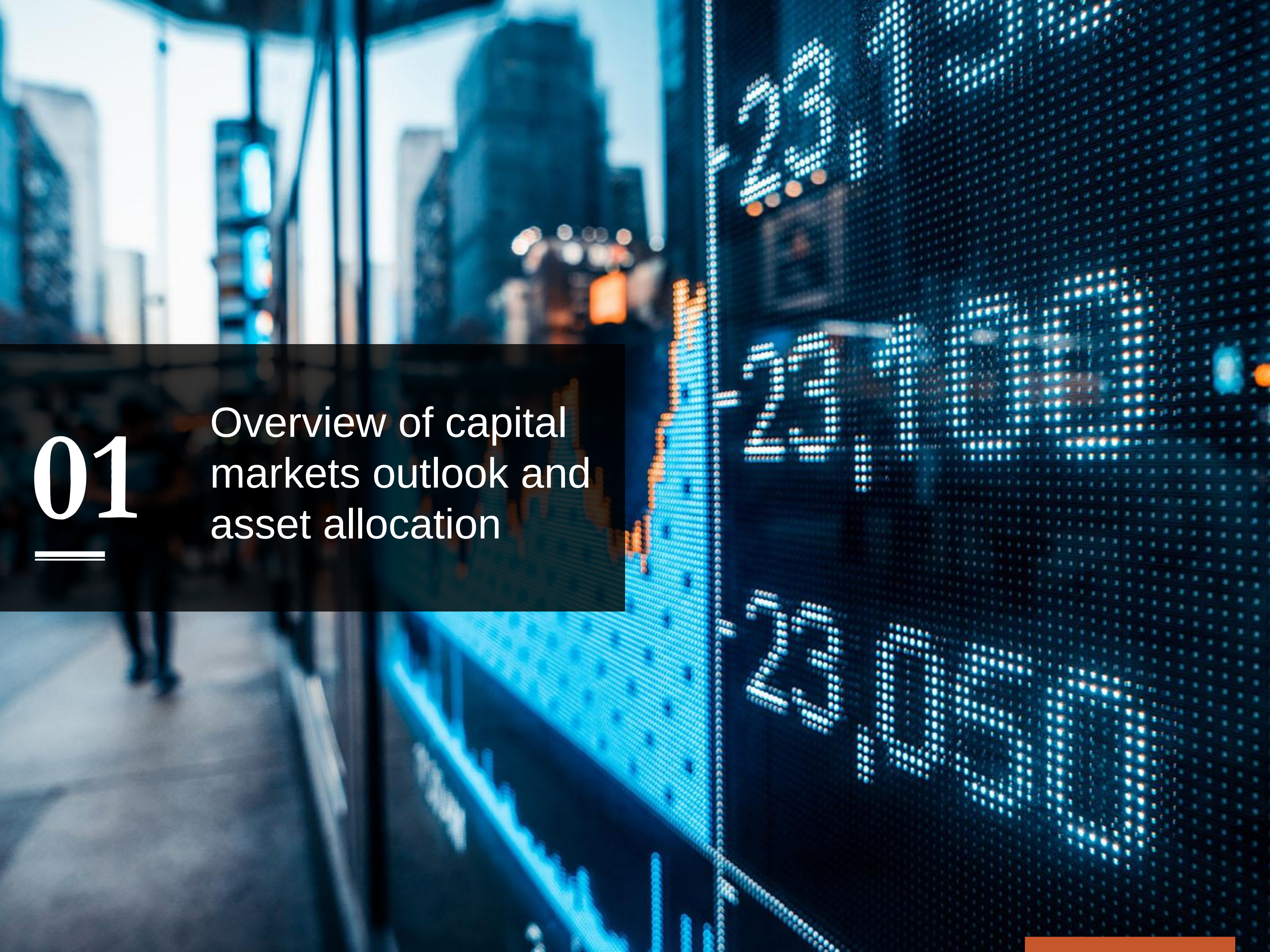
An online glossary with definitions of technical terms is available at www.berenberg.de/en/glossary



01 Overview of capital markets outlook and asset allocation

Overview of capital markets
Performance review

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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 (27/12/22 - 24/01/23)	YTD (30/12/22 - 24/01/23)	24/01/22 24/01/23	24/01/21 24/01/22	24/01/20 24/01/21	24/01/19 24/01/20	24/01/18 24/01/19
MSCI Emerging Markets	6.1	7.0	-8.9	-3.7	15.1	15.4	-9.0
Industrial Metals	5.3	5.9	5.4	41.5	11.3	2.5	-8.6
Gold	4.4	4.5	9.4	6.7	7.0	25.7	3.5
REITs	4.4	5.5	-11.6	30.5	-18.9	22.9	8.4
MSCI World	3.7	4.3	-3.0	18.8	5.9	26.2	-0.7
Global Convertibles	3.2	3.7	-7.1	-6.8	37.7	19.8	1.6
EUR Coporates	2.4	2.5	-11.6	-1.6	1.9	6.5	-0.8
MSCI Frontier Markets	2.4	3.3	-15.4	19.2	-7.4	18.5	-10.7
EUR Sovereign Debt	2.0	2.1	-9.7	-1.5	1.2	3.1	1.0
Euro overnight deposit	0.1	0.1	0.1	-0.6	-0.5	-0.4	-0.4
Brent	-0.3	-1.1	34.2	84.0	-27.7	12.3	0.3
USDEUR	-2.3	-1.7	4.0	7.5	-9.4	2.5	9.8

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

Time period: 24/01/2018 – 24/01/2023.

Overview of capital markets
Outlook by asset class

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Economics

- The worst-case scenarios seem to have been averted. Financial markets are already looking towards recovery.
- Inflation rates seem to have peaked. Nevertheless, inflation remains far above central bank targets.
- The European Central Bank and the US Federal Reserve are tightening monetary policy further, but with smaller steps.

Equities

- Strong start to the year thanks to increasing economic optimism and significantly falling inflation. China opening helped.
- With the decline in inflation, markets are likely to focus more on economic and especially earnings developments.
- We are neutrally positioned with a focus on profitable companies. Commodity price profiteers also allocated.

Bonds

- Recovery rally in safe government bonds. US and German inverted yield curve points to recession.
- Corporate bonds as a real alternative to equities due to attractive yields. Local currency bonds preferred in EM.
- We are maintaining the reduced underweight in bonds but are increasingly considering a further reduction.

Alternative investments / commodities

- Oil has a volatile start to the year. Catch-up effects in China offer opportunities. SPR purchases and OPEC limit downside risks.
- Positive momentum drives gold price. With real yields unchanged, the air is slowly getting thin from a fundamental perspective.
- Industrial metals with strong start to the year. Supply remains tight in the short and medium term. Rally temporarily overheated.

Currencies

- The euro continues to benefit from the improved market sentiment and economic outlook.
- The higher risk appetite is weighing on the US dollar. Nevertheless, the US currency remains highly valued.
- Against the Swiss franc, the euro has reached parity again. Further upward potential is limited.

Overview of Berenberg's asset allocation
Current positioning within asset classes

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Portfolio positioning of a balanced mandate at a glance

Overview of Berenberg's asset allocation

Review of Core Strategy 3

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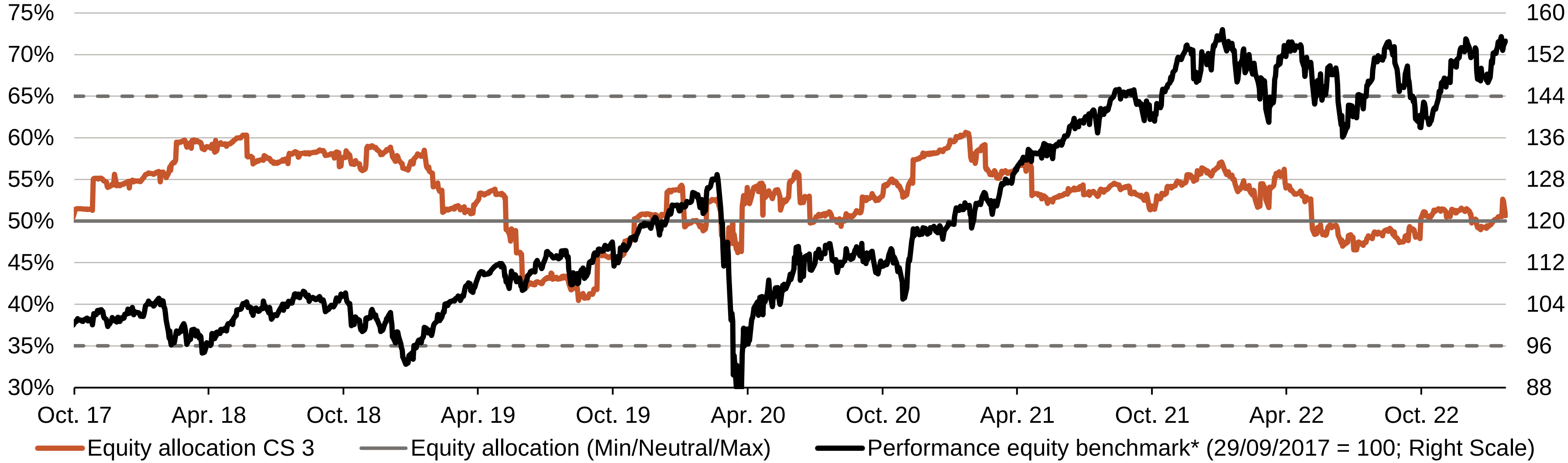
Management of the equity allocation of a balanced multi-asset mandate since inception

Performance equity benchmark	23/01/18 - 23/01/19	23/01/19 - 23/01/20	23/01/20 - 23/01/21	23/01/21 - 23/01/22	23/01/22 - 23/01/23
	-6.34%	26.51%	-1.43%	22.47%	2.79%



Sources: SimCorp, Bloomberg, Berenberg. *The "equity benchmark" is 70% STOXX Europe Net Return Index and 30% S&P 500 Net Return Index. Time period: 29/09/2017 – 23/01/2023.
Note: The historical performance presented here is not a reliable indicator of future performance.

- We leveraged October and November to increase bond quotas (corporate bonds) after the significant rise in interest rates. In addition, we have slightly reduced gold and further increased industrial metals. Within US equities, we have now partially currency hedged our exposure and also rotated large caps into mid caps, which are more favourably valued.
- After the strong rally in equities ahead of the central bank meetings in December, we have reduced our equity weight back to neutral on a countercyclical basis, including reducing our weight in Chinese equities after the strong rally.
- In January, we made minor adjustments to the portfolio. First, we built a US Steepener ETF (long 2-year US Treasuries, short 10-year US Treasuries) after the US yield curve inverted significantly. We also launched a collateralised certificate on commodity stocks, which takes into account our ESG house view. In turn, we have reduced Latin American, UK and US equities. Accordingly, we remain neutrally positioned on equities.

02 Economics

Eurozone
GDP and inflation

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Brighter economic outlook

- The German GDP figures for Q4 and 2022 are a good sign for the Eurozone. As Germany is more exposed to the risks of the gas crisis than the eurozone as a whole, the eurozone economy should come off even more lightly than Germany. We have raised our growth forecast for 2023: instead of a slight decline of 0.2 %, we now expect the eurozone to grow slightly by 0.3 %.
- Stronger growth, however, also means that the upward pressure on prices will not be as strongly curbed by the economic downturn. This puts greater pressure on the ECB. It will probably tighten monetary policy a little more.

Inflation slightly lower

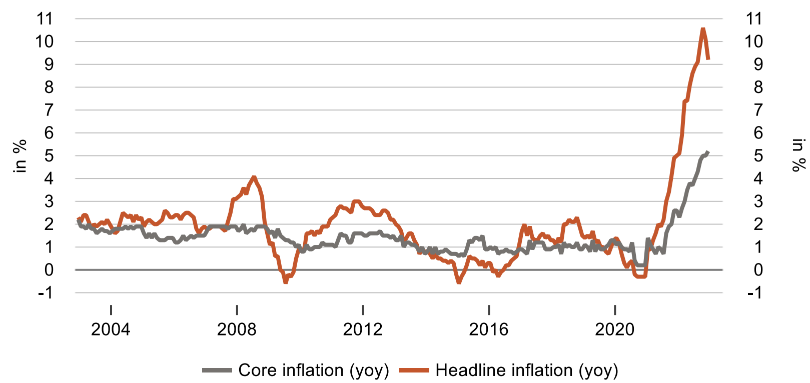
- Inflation in the Eurozone fell for the second month in a row in December to 9.2 %. Inflation was again below the Reuters consensus expectation of 9.7 %. The range of inflation rates in the individual member states remains wide. In December, they ranged from 5.6 % in Spain to 20.7 % in Latvia (both year-on-year). Italy (+12.3 %) has announced that regulated gas and electricity prices will fall significantly in January.
- Base effects are expected to become more pronounced in the coming months. Price levels remain very high, but growth rates are falling.

Eurozone GDP growth and industrial confidence

Source: Macrobond

Period: 12/2002 - 12/2022

Eurozone Inflation



Source: Macrobond

Period: 12/2002 - 12/2022

United Kingdom
GDP and inflation

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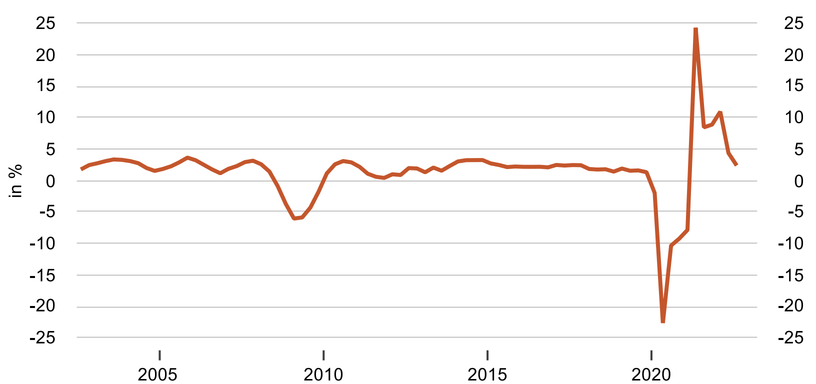
In the recession

- The UK is probably already in recession – real GDP is likely to fall until the second quarter of 2023. With high household savings, a strong labour market and solid corporate balance sheets supporting the economy, the recession could be relatively mild.
- Due to inflation, real retail sales (excluding fuel) declined by 1.1 % in December compared to the previous month. Consumer confidence also fell to -45 in January from -42 in December, well below the -40 expected by Bloomberg.

Inflation: Peak exceeded?

- The inflation rate declined in December from 10.7 % in November to 10.5 % year-on-year (yoy). However, month-on-month price pressures remain high. Inflation in the services sector rose to 6.8 % (yoy) in December. Goods price growth, on the other hand, slowed to 13.4 % (yoy) in December from 14.0 % in November.
- On February 2, the Bank of England (BoE) will decide on further monetary policy. Due to the weakening economy, we expect a rate hike of only 25 basis points to 3.75 %.

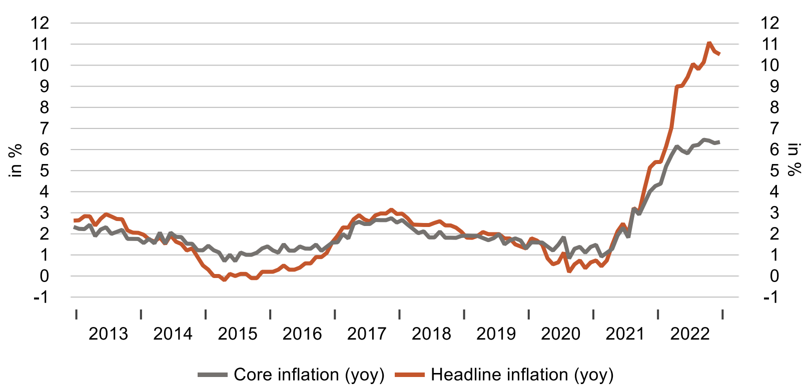
United Kingdom GDP growth (yoy)



Source: Macrobond

Period: 09/2002 - 09/2022

United Kingdom Inflation



Source: Macrobond

Period: 12/2012 - 12/2022

USA
GDP and inflation

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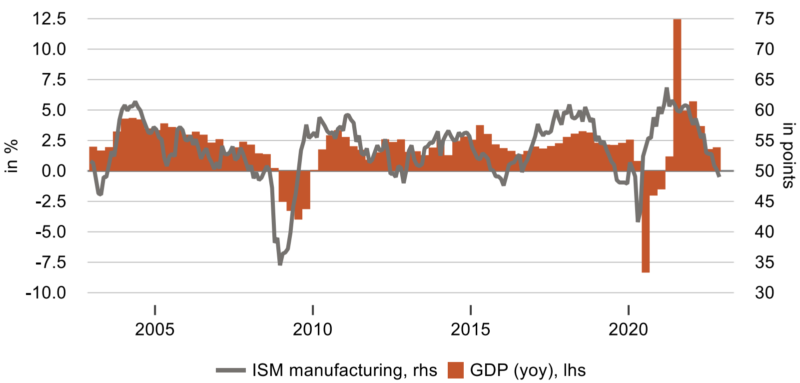
Solid data, strong labour market overall

- Labour market data for December were solid. Non-farm job growth was slightly higher than expected at around 220,000. The unemployment rate fell back to its pre-COVID level of 3.5 %. The last time the unemployment rate was lower was in 1969 (at 3.4 %). Wage growth is cooling. In December, wages were 4.6 % higher than a year earlier (after 4.8 % in November).
- Overall, the picture is one of gradually cooling labour demand and increased but moderate wage growth.

Further decline in inflation

- Alongside the consumer price index, the producer price index (PPI) for final demand also fell in December – by 0.5 % month-on-month (mom). The core PPI (excluding food, energy and trade services) rose by only 0.1 % (mom) in December, the smallest monthly increase since November 2021. The development of the PPI points to a further reduction in the pace of inflation.
- We expect the Fed to raise the policy rate by only 0.25 basis points at its meeting on 01/02/2023. At its peak, the US key interest rate is likely to rise to 5.00 – 5.25 % by the middle of the year.

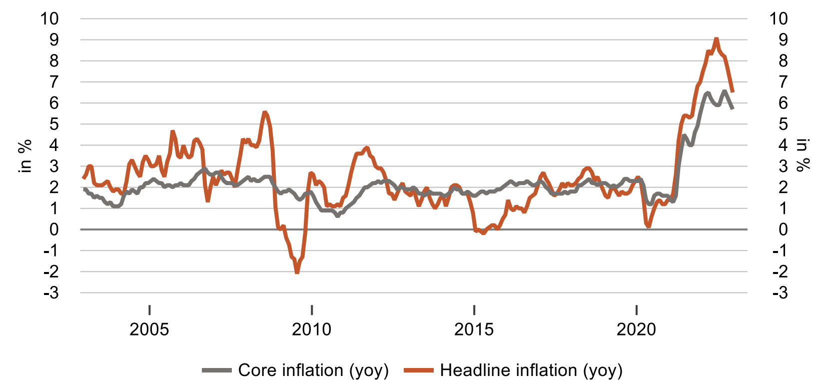
US GDP growth and Purchasing Managers Index



Source: Macrobond

Period: 12/2001 - 12/2022

US Inflation



Source: Macrobond

Period: 12/2002 - 12/2022

Economic forecasts

Key estimates at a glance

	GDP growth (in %)						Inflation (in %)					
	2022		2023		2024		2022		2023		2024	
		Ø**		Ø**		Ø**		Ø**		Ø**		Ø**
USA	2.1	2.0	0.4	0.5	0.9	1.2	8.0	8.0	3.8	3.8	2.6	2.5
Eurozone	3.4	3.3	0.3	0.0	1.5	1.3	8.4	8.4	6.5	5.9	2.4	2.3
Germany	1.9	1.8	0.0	-0.5	1.5	1.3	8.7	8.7	6.5	6.7	2.4	2.9
France	2.6	2.5	0.3	0.2	1.6	1.1	5.9	5.9	5.4	5.1	2.2	2.3
Italy	3.8	3.8	0.0	0.0	1.1	1.0	8.7	8.7	7.4	6.5	2.3	2.0
Spain	5.3	4.6	0.9	1.0	1.6	1.8	8.3	8.5	3.8	4.3	2.4	2.5
United Kingdom	4.1	4.2	-0.8	-0.9	1.6	0.9	9.1	9.1	6.4	7.1	1.9	2.5
Japan	1.2	1.3	1.5	1.3	1.2	1.1	2.5	2.5	2.5	1.9	1.2	1.1
China	3.0	2.8	4.2	5.1	4.1	5.0	2.0	2.0	2.5	2.3	2.3	2.2
World*	3.0	-	1.6	-	2.3	-	-	-	-	-	-	-

Source: Bloomberg. Berenberg as of 24/01/2023.
* 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
Optimism on the rise

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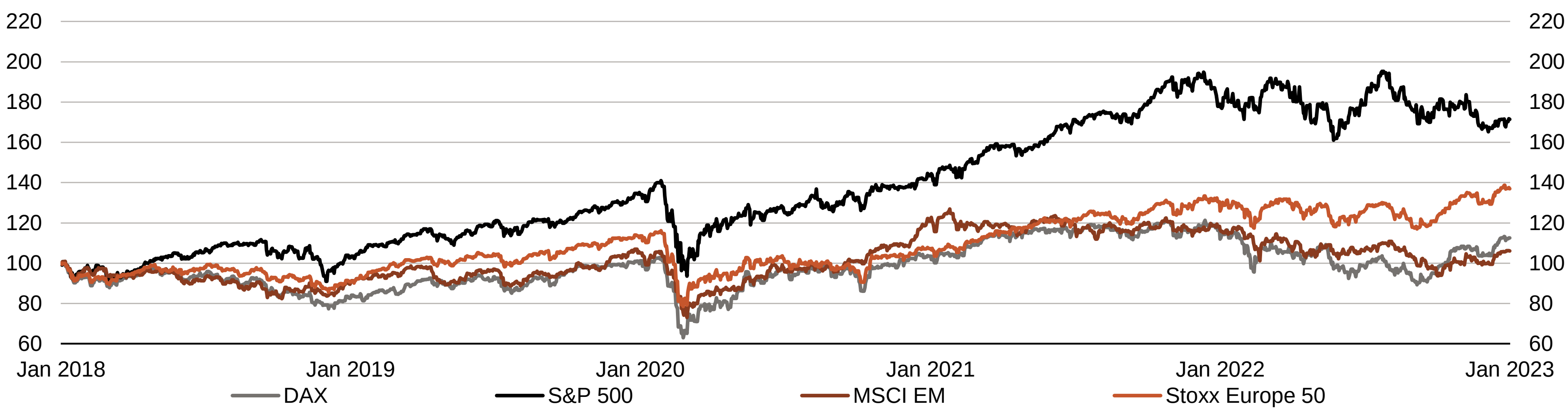
Commodity and profit-rich companies with advantages

- The "soft landing" narrative has prevailed on the markets since the beginning of the year. While inflation and recession fears were still driving the markets down in 2022, the market is currently pricing in a scenario in which inflation comes back significantly and the economy does not fall into a hard recession. Both bond and equity markets have risen significantly since the beginning of the year. Growth stocks, which we favour over the long term, also recovered. However, in our view, the broad market is now priced somewhat too optimistically in the short term.
- Although we do not expect a hard recession, the China reopening and the stable global economy should give commodity prices a tailwind again in the course of the year. A massive disinflation, as priced by the market, thus seems unlikely. In addition, the pricing power of companies is likely to have diminished, which speaks for margin pressure and weak earnings growth. We are therefore positioned with a neutral equity allocation. Our focus on high-growth, quality companies and allocation to commodity-heavy assets should help.

Performance of selected equity indices



Source: Bloomberg; performance in EUR scaled to 100.

Time period: 24/01/2018 – 24/01/2023.

Corporate earnings

Profit growth is rare

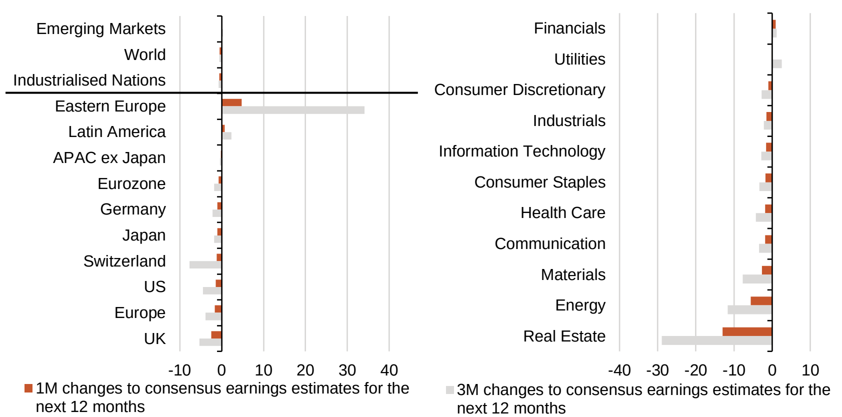
Negative profit revisions dominate

- In line with the prospect of a mild global recession, analysts have only slightly reduced global earnings expectations.
- The negative earnings revisions were more pronounced for industrialised nations than for emerging markets. Among industrialised nations, the profit outlook was most recently reduced for companies in Switzerland and the UK.
- Positive earnings revisions, on the other hand, were observed in emerging market regions such as Latin America or Eastern Europe.

2023 earnings growth scrapes close to zero

- Earnings growth in 2023 is expected to be below 3% following recent negative earnings revisions in developed markets, according to the consensus. Emerging markets should even see negative growth despite China opening.
- However, the Q4 reporting season is going better than expected so far. However, the bulk of the S&P 500 and STOXX 600 companies have yet to report. The outlook of the companies is likely to be decisive here.
- In terms of sectors, energy and basic materials companies in particular are likely to see declining profits this year after the special stimulus in 2022.

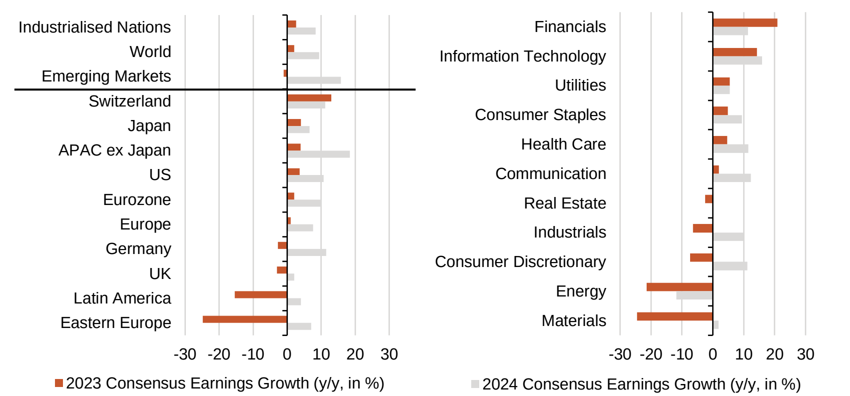
Slightly negative profit revisions



Source: Bloomberg, MSCI Europe Sectors

As of 24/01/2023.

Hardly any profit growth in 2023 according to consensus



Source: Bloomberg, MSCI European sectors.

As of 24/01/2023.

Valuation & Positioning

Valuations rise thanks to better sentiment

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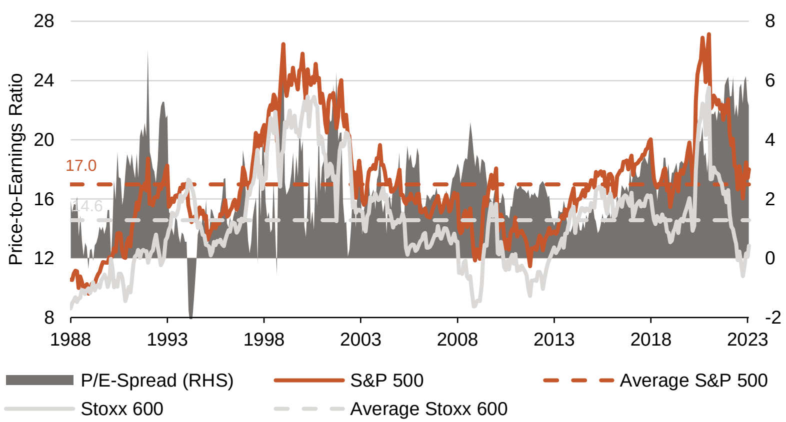
Rally led to rising valuations

- The rally since the beginning of the year has pushed up the valuation of US and European equities. Hopes of only a mild recession with simultaneously falling inflation and thus less restrictive monetary policy were the main drivers.
- This was accompanied by short covering, also due to the absence of an energy crisis, which gave European equities in particular a tailwind. The valuation premium for US equities has thus recently narrowed somewhat, even if it remains high.

Pessimism has decreased

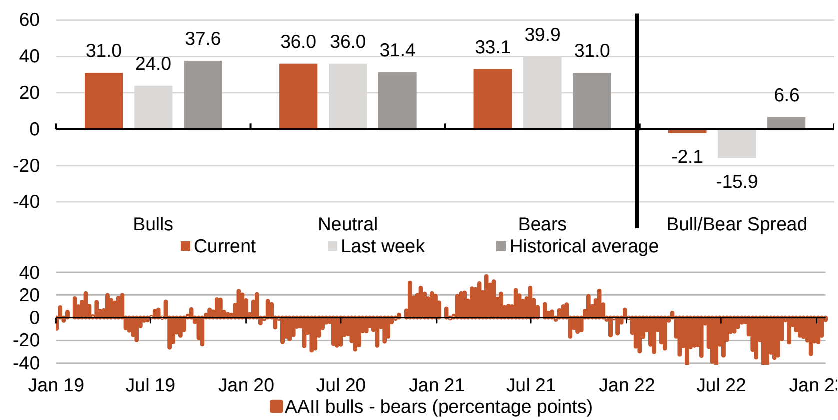
- US private investors remain pessimistic, but much less so than at the end of 2022. The opening up of China and hopes of a less restrictive Fed have eased the worries that plagued investors in 2022.
- The majority of investors are not fully invested. Thus, rising markets also represent a risk for many investors, as they participate disproportionately. Hedging against rising markets is expensive, but in demand. The upward pressure could thus continue in the short term.

Valuation premium of US equities declined



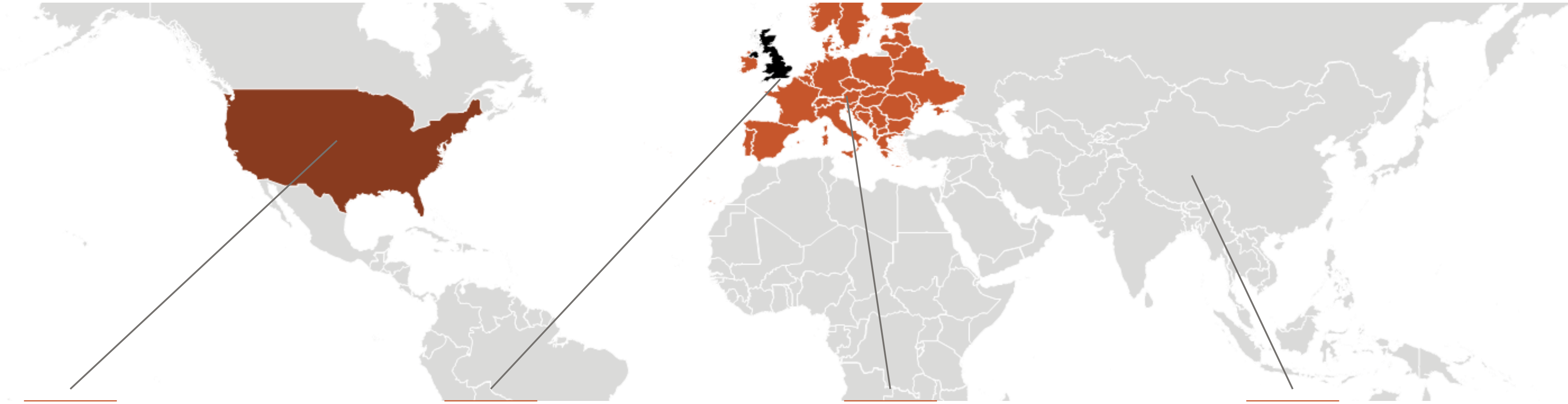
Source: Bloomberg, own calculations. Time period: 01/01/1988 – 24/01/2023

Sentiment no longer as negative as at the end of 2022



Source: Bloomberg, own calculations. Time period: 23/07/1987 – 19/01/2023.

Equity allocation
Overweight in EM and Europe ex. UK



US
Underweight
- Rising earnings pressure and the continued high valuation of US equities make the region less attractive compared to more favourable regions such as Europe or emerging markets. Moreover, US equities are likely to benefit less from the China reopening.
- Within equity regions, we are underweight US equities.

United Kingdom
Underweight
- UK equities are cheap compared to many other regions. At the index level, UK equities have a rather defensive as well as commodity-rich profile, which should pay off in an environment of high inflation and geopolitical risks.
- However, we remain slightly underweight as we see greater opportunities in other regions.

Europe ex. UK
Overweight
- Poor financing conditions and continued high energy costs are likely to continue to weigh on European companies. However, the pressure has eased considerably recently and much of the negative factors has already been priced in.
- European equities are favourably valued relative to their own history and relative to the US. We are slightly overweight Europe ex UK.

Emerging markets
Overweight
- Latin American equities should continue to benefit from higher commodity prices and represent a value-heavy addition to the portfolio.
- The positive momentum in Chinese equities due to the China reopening and thanks to low positioning should continue. In addition, local investors should still have significant investment potential. We remain actively positioned.

Equity market forecasts
Estimates for selected indices

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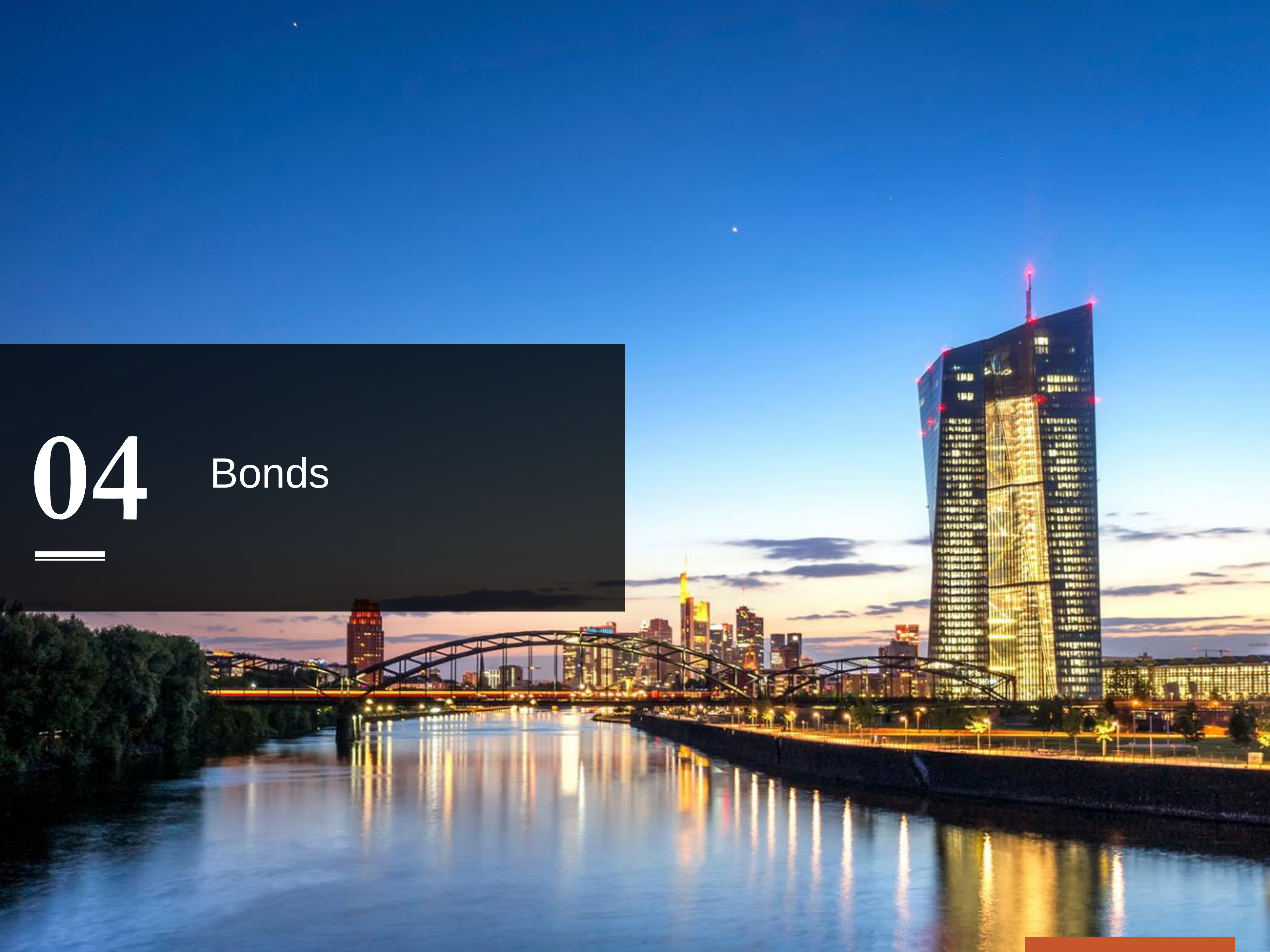
Index forecasts	Current 24/01/2023	30/06/2023	31/12/2023	Ø* in 12 Monaten
S&P 500	4,017	4,150	4,300	4,521
Dax	15,093	15,000	15,700	17,784
Euro Stoxx 50	4,153	4,100	4,250	4,709
MSCI UK	2,224	2,250	2,350	2,546

Index potential (in %)				
S&P 500	-	3.3	7.0	12.5
Dax	-	-0.6	4.0	17.8
Euro Stoxx 50	-	-1.3	2.3	13.4
MSCI UK	-	1.2	5.7	14.5

Source: Bloomberg. Berenberg. as of 24/01/2023.
*Average based on bottom-up estimates.



04 Bonds

Government bonds
Recovery rally at the start of the year

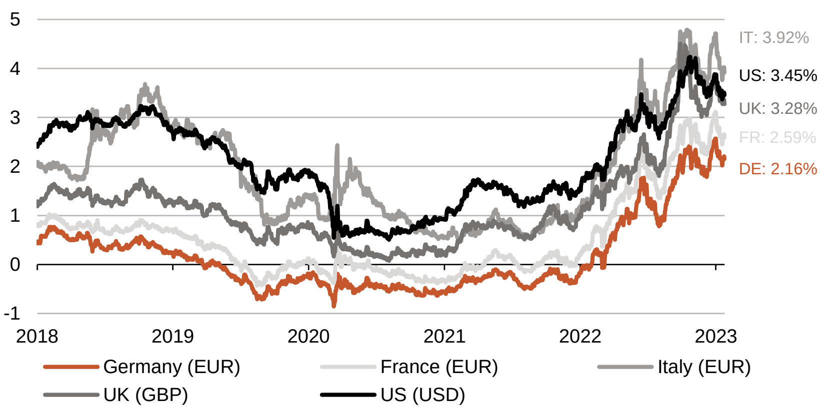
Government bonds recover after difficult 2022

- The start of the year for safe-haven government bonds turned into the first stronger recovery rally since late autumn 2022. Markets were buoyed by optimism that the fight against the recession was coming to an end, reducing the need for further interest rate hikes. Over the last few days, however, the downturn in yields stabilised. US inflation and purchasing managers' data, which were in line with market expectations, could offer little direction ahead of the central bank meetings next week. Accordingly, 10-year US and German government bonds are currently yielding 3.45% and 2.16% respectively.

Government bonds: Central bank meetings next week

- Before the central bank meetings of the Fed and ECB in the first week of February, the market is pricing in only one interest rate hike of 25 basis points for the Fed and two for the ECB. The market currently sees the rate hike summit for the Fed as early as May and for the ECB as soon as July of this year.
- A look at the US and German yield curves (2Y-10Y) reveals that they continue to be strongly inverted and thus point to a recession. The curve also steepened markedly after the release of labour market data, which pointed to a slowdown in wage and employment growth. Inversions have preceded every recession since the 1970s.

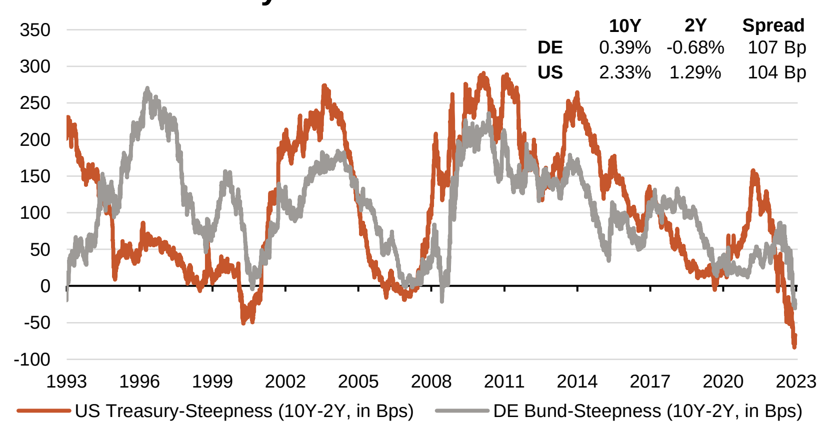
Yield levels stabilise after yield downturn



Source: Bloomberg

Time period: 01/01/2018 – 24/01/2023

US and German yield curves continue to invert



	10Y	2Y	Spread
DE	0.39%	-0.68%	107 Bp
US	2.33%	1.29%	104 Bp

Source: Bloomberg

Time period: 01/01/1993 – 24/01/2023

Corporate & EM bonds

Bonds as a real alternative to equities

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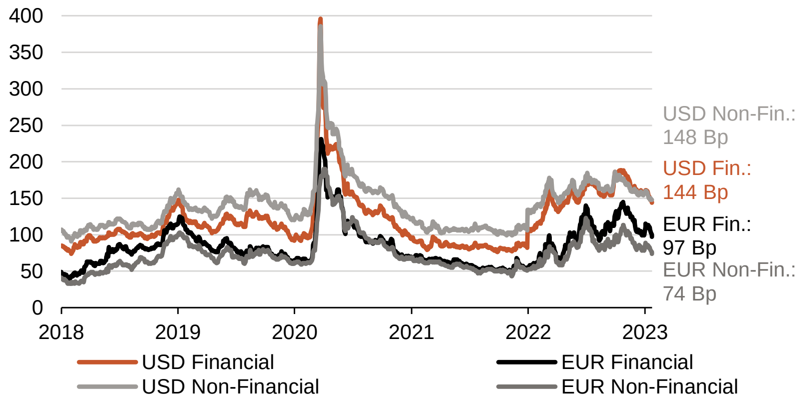
Corporate bonds attractive with high yields

- Analogous to government bonds, corporate bonds have also paved the way for a new recovery rally since the beginning of the year. The risk premiums of IG corporate bonds fell accordingly. Over the last four weeks, USD financial bonds saw a spread narrowing of 13 bp, non-financial bonds only a narrowing of 7 bp.
- After years of low yields, it is easy to sympathise with the optimism as yields return to attractive levels and companies remain financially healthy, despite the economic turmoil. The relative attractiveness of bonds versus equities has also risen significantly due to the rise in yields, attracting investors.

Emerging markets: local currencies still preferred

- The high-yield bond market also experienced a significant narrowing of risk premiums over the last four weeks. In addition to EUR high-yield bonds, the most significant narrowing was seen in high-yield bonds from emerging markets, which fell by almost 46 bp. Nevertheless, the risks of a stronger economic slowdown and tighter central bank policies remain, which should limit the likelihood of a stronger decline.
- EM bonds continued their recovery into the new year. From a EUR investor perspective, we prefer local currency bonds. After the currency component was the main performance driver in 2022, duration should help as a value driver, especially in H2.

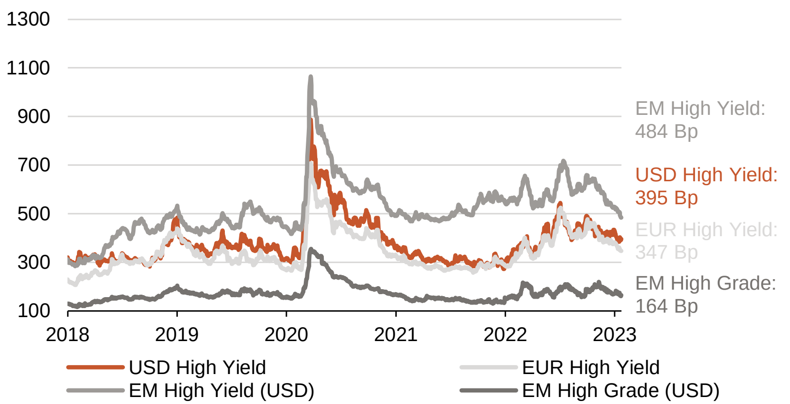
EUR and US risk premia noticeably lowered



Source: Factset

Time period: 01/01/2018 – 24/01/2023

Decrease in risk premiums for emerging market bonds



Source: Factset

Time period: 01/01/2018 – 24/01/2023

Capital market strategy
Bonds

Core segments

Government bonds
Underweight

- In the case of high credit ratings, safe government bonds remain fundamentally in demand during risk-off phases. We take a regionally differentiated view and see clear advantages for US over German government bonds in local currency. With the rise in yields and in view of the threat of recession, the segment is somewhat more attractive again, despite continued high inflation.
- In the case of rising interest rates, we do not rule out further purchases of long-dated bonds such as European government bonds to increase duration.

Corporate bonds
Overweight

- Despite spread tightening this year, corporate bonds remain relatively attractive compared to government bonds as well as equities.
- Within the corporate bond segment, we prefer securities with short maturities. Increasing the duration and EUR credit exposure is also becoming increasingly interesting.

Other segments

Emerging market bonds
Overweight

- Attractive yield levels and a shortage of supply speak in favour of emerging market securities. We continue to favour the local currency segment and find entry into selected high-yield countries interesting.
- Latin America in particular seems attractive to us in local currency terms.

High yield bonds
Overweight

- At now elevated yield levels, corporate bonds in the high-yield segment have become attractive again. In particular, we like the financial sector and subordinated issues from first-class borrowers.

Forecasts

Estimates for selected bond markets

Base interest rates and government bond yields (in %)	24/01/2023	30/06/2023		31/12/2023	
	Current		Ø*		Ø*
US					
Base interest rate	4.25-4.50	5.00-5.25	5.05	4.75-5.00	4.75
10Y US yield	3.46	3.60	3.65	3.60	3.40
Eurozone					
Base interest rate	2.50	3.75	3.60	3.75	3.55
10Y Bund yield	2.15	2.50	2.36	2.70	2.08
United Kingdom					
Base interest rate	3.50	4.00	4.20	3.50	4.15
10Y Gilt yield	3.27	3.50	3.50	3.20	3.24

Source: Bloomberg. Berenberg as of 24/01/2023.
*Average of estimates by other experts (Bloomberg) consensus.

05 Commodities

Crude oil
Positive asymmetry

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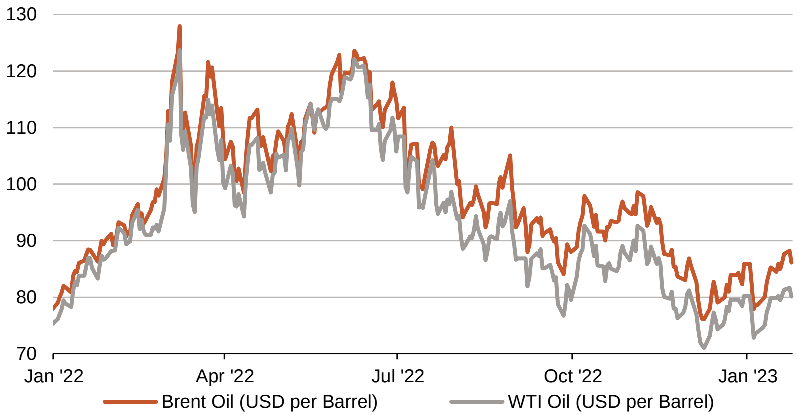
Demand growth stands and rises with China

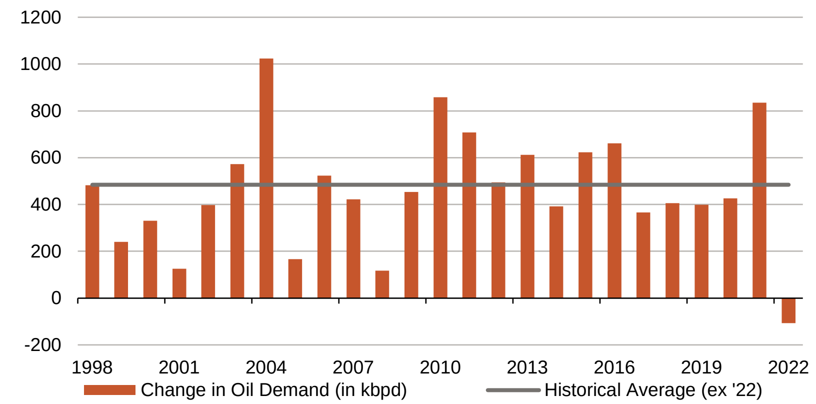
- Crude oil experienced a very volatile start to the new year. In the first two trading days, the oil price fell by almost 10%. Since then, however, it has risen strongly again, so that WTI is currently trading at just under USD 81 per barrel and therefore positive since the beginning of the year. In addition to the warm weather, China's u-turn in its 0-covid policy caused a lot of turbulence. At first, investors feared less demand with rising infection figures, but later hopes of rising mobility prevailed.
- Even if the oil market is likely to be slightly oversupplied in the short term, there is much to suggest that the supply-demand balance will tighten in the medium term. Although the US shale oil producers, Venezuela and Guyana are likely to expand their production in the course of the year, Russian production should decline at the same time. Global demand, on the other hand, stands and rises with China. In the past, crisis years were followed by up to 1mbpd growth in demand. With demand falling for the first time in over 20 years in `22, the chances of strong catch-up effects are good. This would put the oil market in deficit and push prices up further. The downside potential, however, is limited. On the one hand, the US government has announced its intention to replenish its strategic reserves at USD 70 per barrel of WTI. On the other hand, OPEC has recently emphasised again and again that it will cut production if necessary to bring the market into balance.

Volatile start to the new year



Source: Bloomberg. Time period: 01/01/2022 – 24/01/2023.

Chinese demand holds strong catch-up effects



Source: Bloomberg, DOE, own calculations. Time period: 01/01/1998 – 31/12/2022.

Precious and industrial metals
Golden start to the year

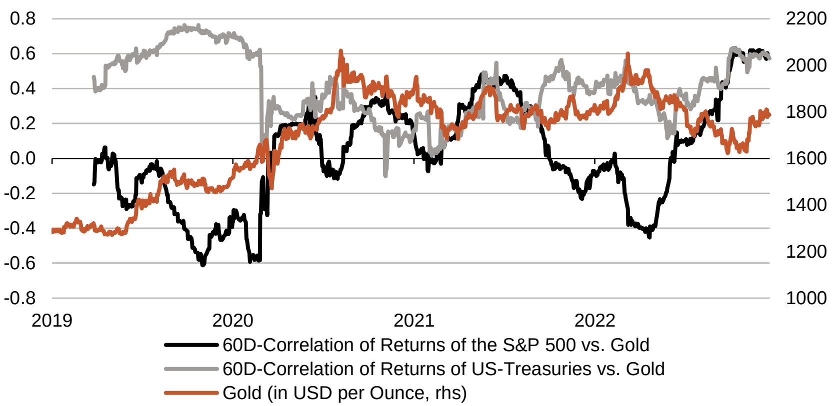
Positive momentum, fundamental headwinds

- Gold continued its upward trend from last year in January and is currently trading above the USD 1,900 per ounce mark.
- Technical factors are likely to have been decisive in driving prices up. The momentum over 1, 3, 6 and 12 months is now clearly positive. In addition, the 50-day line broke through the 200-day line in mid-January - a strong technical signal called a "golden cross".
- CTAs in particular have probably built up long positions. ETF investors, on the other hand, have not yet bought.
- Even if the rally can continue in the short term, the air is slowly getting thin for gold from a fundamental perspective if real interest rates remain unchanged.

Industrial metals remain scarce

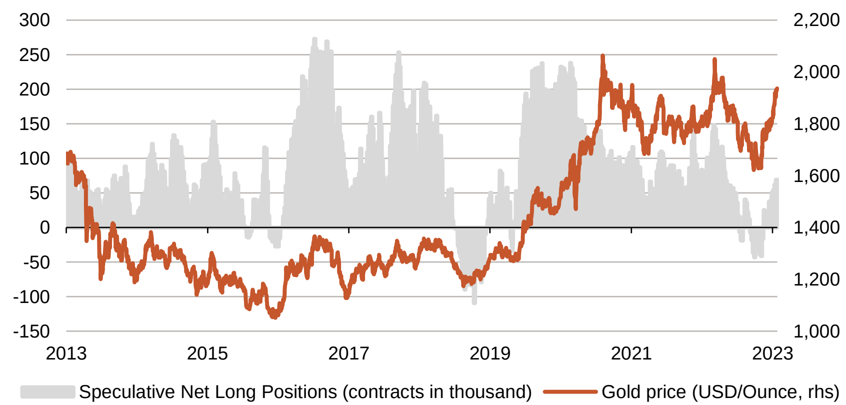
- Most industrial metals got off to a steep start in the new year. Copper, aluminium and zinc each gained over 10%. Only nickel posted losses.
- China's (economic) opening should boost demand strongly, whereas the supply side continues to struggle with disruptions. For example, the supply surplus originally expected by many analysts is becoming increasingly unlikely for copper this year.
- Despite the gloomy economic situation in the West, the very low and still falling inventories point to the continuing scarcity of many metals. With rising demand for green technologies, prices are likely to rise further. In the short term, the rally seems somewhat overheated.

Speculative investors drive gold price



Source: Bloomberg, CFTC. Time period: 01/01/2013 – 24/01/2023.

Tight industrial metal supply limits downside risks



Source: Bloomberg, own calculations. Time period: 01/01/2017 – 24/01/2023.
* comprising copper, aluminium, nickel & zinc

06 Currencies

Market Development
FX markets

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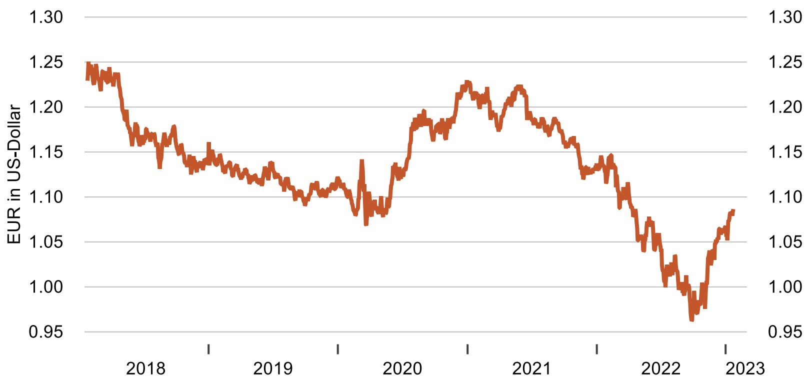
EUR/USD: Upwards – step by step

- In uncertain times, investors seek safe havens like the US dollar. If no new shocks drive investors into the US dollar in 2023, the prospect of a narrowing interest rate differential between the US Fed and the ECB could ensure that the euro recovers to around 1.15 to the US dollar by the end of 2023.
- After the common currency had temporarily fallen well below parity against the US dollar in the course of 2022, the exchange rate has since risen to 1.09 US dollars per euro. The rise reflects the improved economic outlook in the eurozone as well as the decreasing probability for the risk scenarios.

Exchange rate: EUR/USD



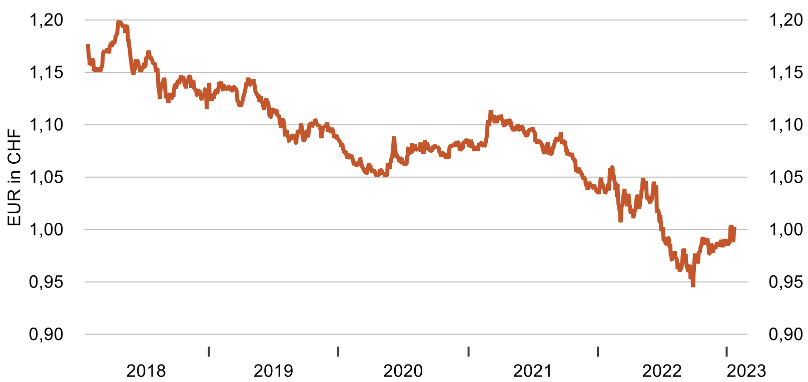
Source: Macrobond

Period: 01/2018 - 01/2023

EUR/CHF: Fight for parity

- For about half a year, the EUR/CHF exchange rate was below parity. Now, in the course of its general recovery against the franc, the euro has appreciated to parity or even slightly above it. Like the US dollar, the Swiss currency is in high demand in times of crisis. Since financial market's sentiment has improved for a few weeks, the franc is also losing some of its attractiveness.
- However, the Swiss National Bank is counting on a strong franc in its fight against inflation. The downward potential of the franc (or upward potential of the euro) is therefore probably limited.

Exchange rate: EUR/CHF



Source: Macrobond

Period: 01/2018 - 01/2023

Forecasts
Estimates of key currencies

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	24/01/2023	30/06/2023		31/12/2023	
Exchange rate forecasts	**Current**		**Ø***		**Ø***
EUR/USD	1.09	1.10	1.08	1.15	1.10
EUR/GBP	0.88	0.85	0.88	0.85	0.89
EUR/CHF	1.00	1.00	1.00	1.02	1.02
EUR/JPY	142	143	138	144	137

Change against the Euro (in %)					
USD	-	-1.0	0.8	-5.3	-1.0
GBP	-	3.8	0.3	3.8	-0.8
CHF	-	0.4	0.4	-1.5	-1.5
JPY	-	-0.9	2.7	-1.6	3.4

*Source: Bloomberg. Berenberg as of 24/01/2023.
*Average of estimates of other experts (Bloomberg); consensus.

Publishing information

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