HORIZON *handout*

The Berenberg Capital Markets Outlook • Wealth and Asset Management

December | 2023

Horizon Handout – Capital Market Outlook

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Date 29/11/2023.

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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

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 (31/10/23 - 28/11/23)	YTD (30/12/22 - 28/11/23)	28/11/22 28/11/23	28/11/21 28/11/22	28/11/20 28/11/21	28/11/19 28/11/20	28/11/18 28/11/19
REITs	6.3	-4.9	-9.2	-14.2	32.6	-16.3	19.1
MSCI World	4.9	14.6	8.3	-5.6	29.1	5.7	19.2
MSCI Emerging Markets	3.8	2.9	2.6	-14.6	7.3	10.3	12.0
MSCI Frontier Markets	3.2	5.7	3.0	-20.2	32.5	-6.6	13.5
EUR Coporates	1.9	4.8	3.2	-12.9	-1.0	2.5	6.6
EUR Sovereign Debt	1.6	3.2	0.8	-10.4	-0.8	1.7	4.4
Global Convertibles	0.7	2.8	-2.6	-16.0	14.9	31.9	10.3
Euro overnight deposit	0.2	2.8	2.9	-0.2	-0.6	-0.5	-0.4
Gold	-1.0	9.0	10.2	6.0	6.3	12.1	24.1
Industrial Metals	-2.7	-14.2	-11.4	6.1	30.5	7.8	4.4
USDEUR	-3.8	-2.6	-5.9	9.5	5.7	-8.0	3.2
Brent	-7.1	1.4	1.0	64.0	71.9	-37.7	19.8

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. Time period: 28/11/2018 – 28/11/2023.
Note: The historical performance presented here is not a reliable indicator of future performance.

Overview of capital markets

Outlook by asset class

Economics

- Germany is in troubled waters. In addition to the weak economy, the government is in crisis.
- The U.S. economy is cooling down, but the landing should be fairly soft. The labour market is still quite stable.
- The disinflationary process is continuing. The pressure on central banks to act is decreasing significantly.

Equities

- Global equity markets rally across the board. Technicals and Goldilocks hopes supported the rally. Valuations have risen recently.
- Earnings estimates for 2024 remain very optimistic. Strong consensus harbours risks.
- Share buyback programmes and systematic strategies offer opportunities for the rally to continue until the end of the year.

Bonds

- Expectations of interest rate cuts prevail. Rating surprises from Moody's support peripheral bonds.
- Spreads in the IG segment remain attractive. Despite good performance, HY inflows almost unchanged over the year.
- Declining interest rate volatility in US government bonds and falling commodity prices support emerging market bonds.

Alternative investments / commodities

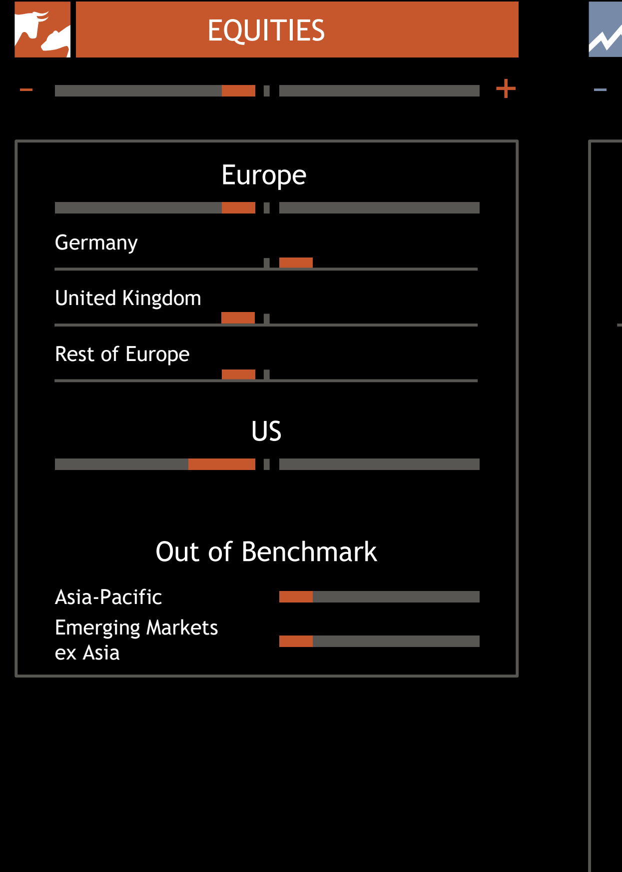
- Oil trapped in the supply-demand structure. OPEC meeting should provide a positive catalyst.
- Gold price close to all-time high. Further price potential limited without Fed turnaround after strong rally.
- Industrial metals with high heterogeneity. Green demand is (already) providing long-term support.

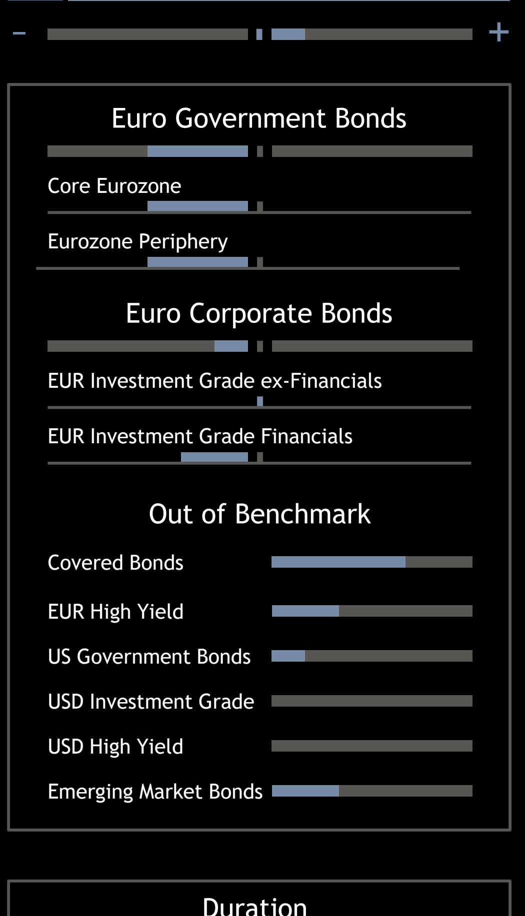
Currencies

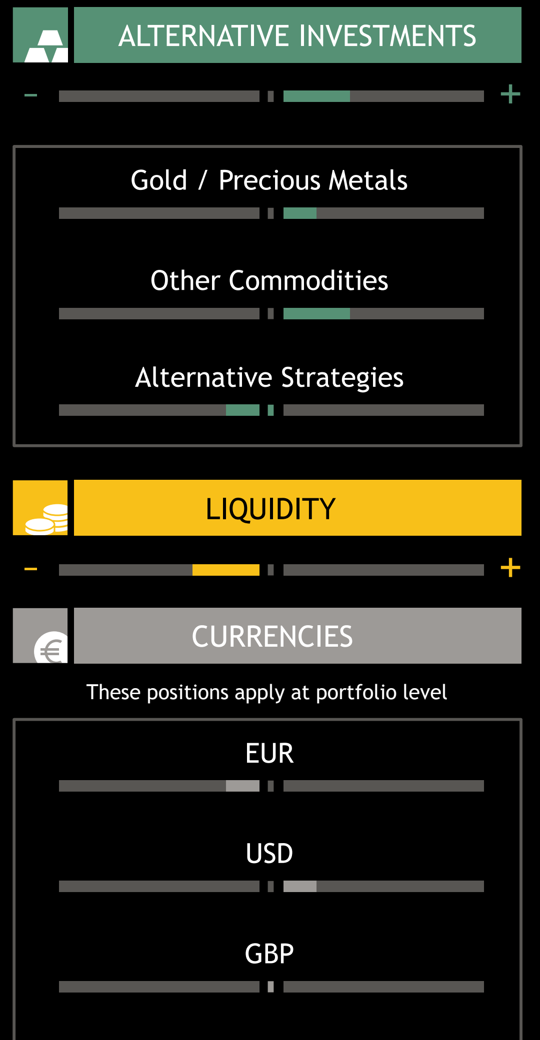
- In general, the weak economy continues to weigh on the euro exchange rate. Nevertheless, the euro has recently recovered.
- The US dollar remains in demand as a safe haven, but has weakened somewhat following favourable inflation data.
- The Swiss franc remains in demand in the tense geopolitical environment. EUR/CHF remains below parity.

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

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 29/11/2023.

Overview of Berenberg's asset allocation

Review of Core Strategy 3

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

Performance equity benchmark	27/11/18 - 27/11/19	27/11/19 - 27/11/20	27/11/20 - 27/11/21	27/11/21 - 27/11/22	27/11/22 - 27/11/23
	20.01%	-1.72%	24.19%	4.00%	8.32%

75% 70% 65% 60% 55% 50% 45% 40% 35% 30% 25%

168 160 152 144 136 128 120 112 104 96 88

Oct. 17 Apr. 18 Oct. 18 Apr. 19 Oct. 19 Apr. 20 Oct. 20 Apr. 21 Oct. 21 Apr. 22 Oct. 22 Apr. 23 Oct. 23

Equity allocation CS 3 — Equity allocation (Min/Neutral/Max) — Performance equity benchmark* (29/09/2017 = 100; Right Scale)

Sources: SimCorp, Bloomberg, Berenberg. *The "equity benchmark" is 70% STOXX Europe Net Return Index and 30% S&P 500 Net Return Index. Time period: 27/11/2018 – 27/11/2023.
Note: The historical performance presented here is not a reliable indicator of future performance.

- We started the fourth quarter with a defensive positioning. When the equity markets corrected by more than 10% since the end of July at the end of October, we reduced our equity underweighting from moderate to only small and at the same time, in view of the high bond yields, further expanded our bond position and its interest rate duration.
- We are sticking to a broad positioning, with overweights in bonds and alternative investments such as gold, industrial metals and a position that would benefit from a steeper US yield structure. In the case of corporate bonds, we are focusing on short maturities, as risk premiums are likely to widen again in the event of economic weakness. For safer bonds, we are focusing on longer maturities. Emerging market bonds in local currency also remain attractive. Our focus on quality and growth stocks should benefit in a weaker economy and without a further rise in interest rates.

02 Economics

Eurozone
GDP and inflation

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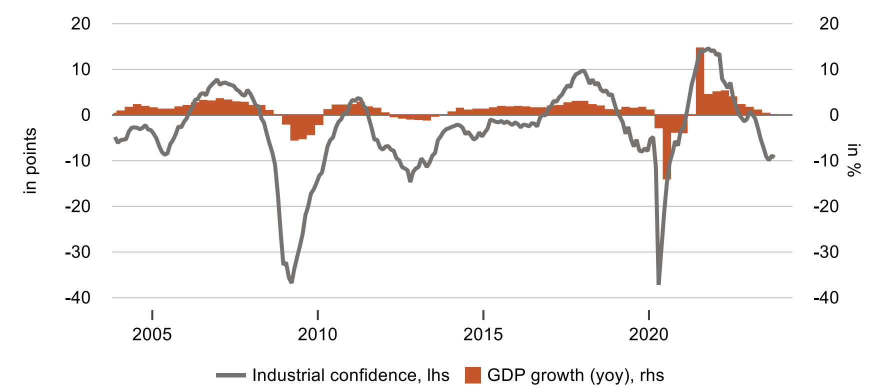
The worst could soon be over…

- After a grey autumn with a probable decline in eurozone GDP in the fourth quarter, the economy should bottom out before the turn of the year, stabilise at the beginning of 2024 and experience an upturn from the spring.
- The slight rise in the purchasing managers' index from 46.5 in October to 47.1 in November supports our assumption that the downturn will end soon. Together with the rise in German ifo business expectations and the two increases in ZEW expectations for the eurozone, the data suggest that the situation is likely to improve rather than deteriorate in the coming months.

...and inflation is falling

- Inflation has weakened further. It fell to 2.9% in October compared to 4.3% in September and was thus below the 3.1% that both the Reuters consensus and we had expected. Although core inflation fell more slowly than the overall inflation rate, it fell for the third month in a row and stood at 4.2% year-on-year in October, down from 4.5% in September.
- The strong downward trend in inflation and the weak economy should be reason enough for the European Central Bank to keep interest rates constant in December.

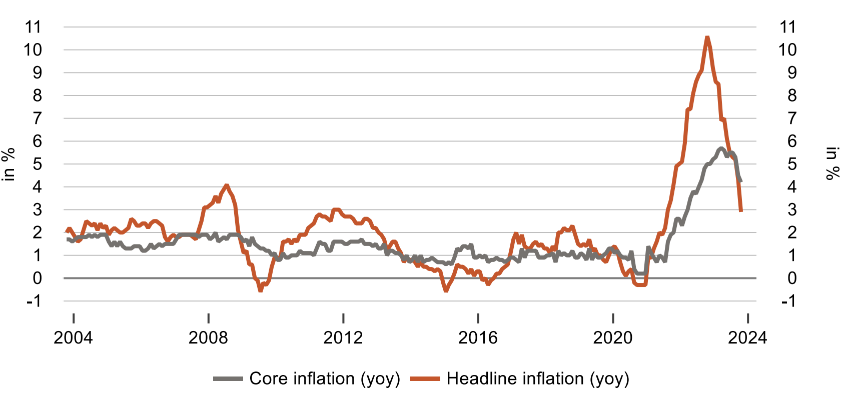
Eurozone GDP growth and industrial confidence



Source: Macrobond

Period: 11/2003 - 11/2023

Eurozone Inflation



Source: Macrobond

Period: 10/2003 - 10/2023

United Kingdom
GDP and inflation

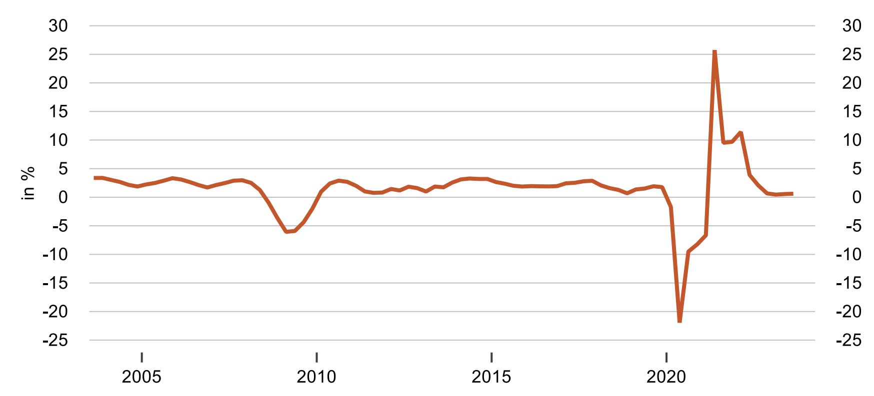
Purchasing managers' indices give hope

- While the eurozone economy is likely to contract slightly in the fourth quarter, the UK economy may already be stabilising.
- The Purchasing Managers' Index (PMI) rose from 48.7 in October to a four-month high of 50.1 in November, just above the growth/contraction line of 50. While service activity rose from 49.5 to 50.5, the downturn in manufacturing eased significantly with the production index rising from 44.3 to a four-month high of 47.9.

Bank of England likely to ease monetary policy in 2024

- With a dreaded recession avoided over the winter and the major political uncertainty over, consumers could become confident again if inflation falls below 3% in the second quarter of 2024 and moves towards 2% by the second half of the year.
- In this case, the Bank of England would likely start to loosen monetary policy to support demand once inflation risks are fully removed. Based on a current base rate of 5.25%, we expect interest rates to be cut by 125 basis points from June 2024.

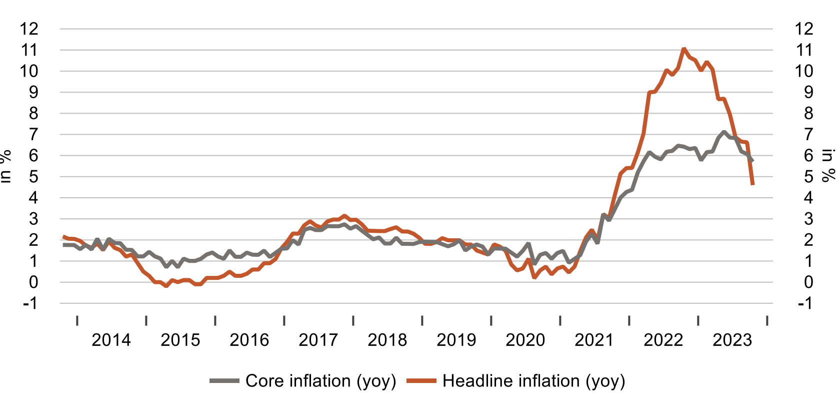
United Kingdom GDP growth (yoy)



Source: Macrobond

Period: 09/2003 - 09/2023

United Kingdom Inflation



Source: Macrobond

Period: 10/2013 - 10/2023

USA
GDP and inflation

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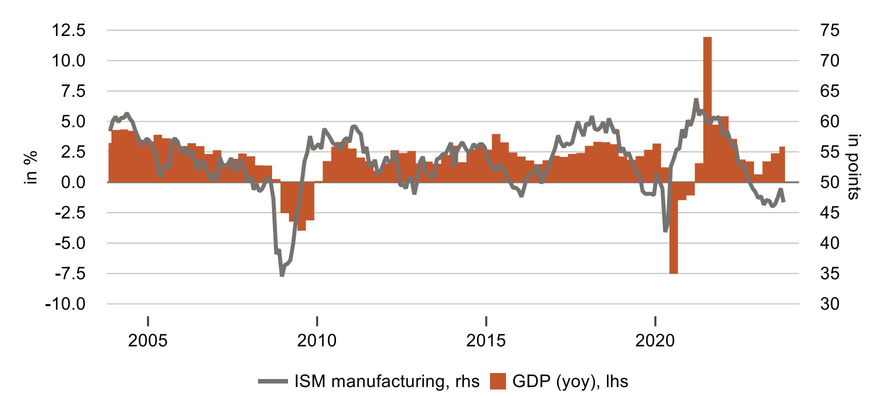
Economy cools down

- Even though the US economy is surprisingly robust in view of the significantly tighter monetary policy, a certain cooling of the economy is nevertheless evident. The unemployment rate has risen moderately. It stood at 3.9 % in October. Nevertheless, this is still a very good number by historical standards.
- Overall, the labour market data was weaker than expected in October. At 150,000 new jobs, employment growth was below the 168,000 expected by the consensus. In addition, the two previous months were revised downwards by a good 100,000 jobs in total.

Signs of relaxation

- Inflation is coming down. Following the publication of the data for October (overall inflation: 3.2%, core rate: 4.0%), market players and observers reacted with relief. Since then, a further tightening of monetary policy has been considered extremely unlikely. As a result, the dollar has lost some of its overvaluation.
- Interest rates at the long end (10-year government bonds) have normalised in recent weeks. They have fallen from a peak of just under 5.0% to just under 4.5%. We see only moderately higher interest rates for the coming year (year-end 2024: 4.6%).

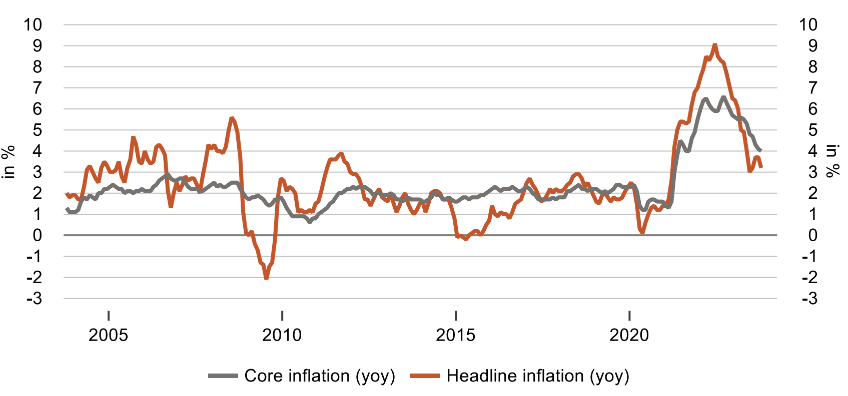
US GDP growth and Purchasing Managers Index



Source: Macrobond

Period: 10/2003 - 10/2023

USA Inflation



Source: Macrobond

Period: 10/2003 - 10/2023

Economic forecasts
Key estimates at a glance

	GDP growth (in %)						Inflation (in %)					
	2023		2024		2025		2023		2024		2025	
		Ø**		Ø**		Ø**		Ø**		Ø**		Ø**
USA	2.4	2.4	1.5	1.2	1.7	1.7	4.2	4.1	2.8	2.7	2.3	2.3
Eurozone	0.4	0.5	0.7	0.6	1.7	1.5	5.5	5.5	2.8	2.7	2.3	2.1
Germany	-0.2	-0.2	0.6	0.4	1.6	1.4	6.1	6.1	2.6	2.8	2.2	2.1
France	0.9	0.9	1.1	0.9	1.7	1.4	5.7	5.7	3.2	2.7	2.5	2.1
Italy	0.7	0.7	0.6	0.5	1.2	1.2	6.1	6.2	2.1	2.4	2.2	1.9
Spain	2.3	2.3	1.5	1.4	2.1	1.9	3.5	3.6	2.9	2.9	2.3	2.1
United Kingdom	0.5	0.5	0.7	0.4	1.7	1.2	7.4	7.4	2.6	3.1	2.0	2.0
Japan	1.7	1.7	0.9	1.0	1.1	1.0	3.3	3.2	2.5	2.2	1.5	1.6
China	5.0	5.2	4.0	4.5	3.6	4.5	0.4	0.4	1.9	1.7	2.1	1.9
World*	2.4	-	2.3	-	2.5	-	-	-	-	-	-	-

Source: Bloomberg. Berenberg as of 28/11/2023.
* 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.

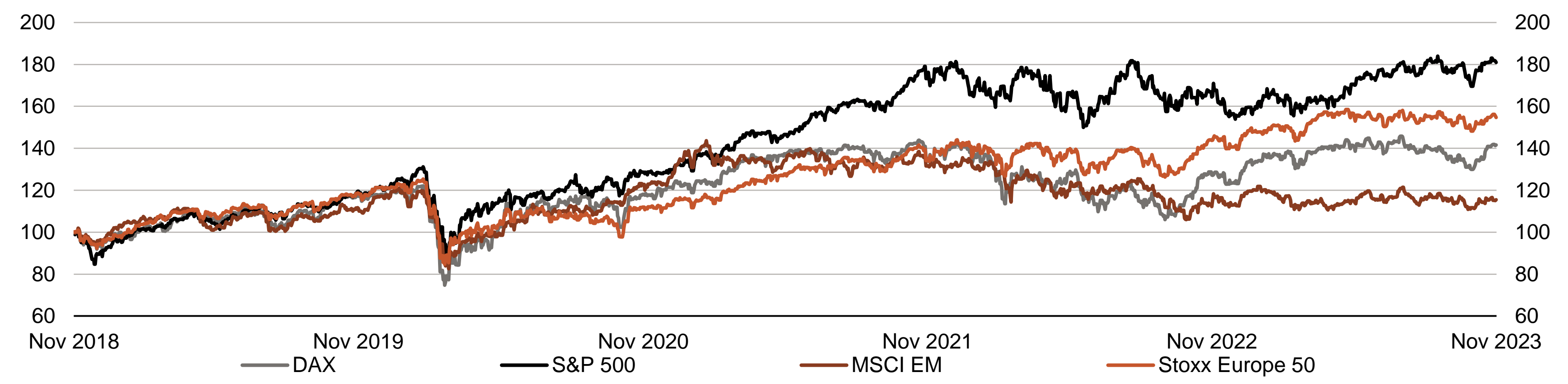
03
Equities

Market developments
Goldilocks hopes support equity markets

Technical year-end rally likely to continue, but risks remain

- Whilst in October equity and bond markets fell simultaneously, weighed down by the rise in (real) yields, the end of October brought a turnaround with a technical countermovement on the oversold markets. Weaker US economic data and cooler inflation data led to falling interest rates (the yield on 10-year US government bonds fell from its high in mid-October to 4.27%, while the real yield on 10-year inflation-indexed US government bonds even fell to 2.06%) and put an end to the "higher for longer" interest rate narrative for the time being. Instead, new "Goldilocks" hopes ruled the markets. As a result, equities rose significantly over November, also favoured by a weaker US dollar and lower oil prices. The decline in equity volatility (the VIX volatility index stood at just under 12.5 last week, its lowest level since January 2020) has forced systematic strategies back into the market and provided technical support for the recovery. The scenario of a soft landing now seems to be the broad consensus: the market does not expect a single further rate hike this year. Instead, the market expects two and a half rate cuts for the ECB and the Fed (25 bp each) by July 2023. While the technical recovery could continue in the short term, also supported by the share buyback programmes and systematic strategies that are not yet fully invested again, such a strong consensus harbours the risk of negative surprises for the markets.

Performance of selected equity indices



Source: Bloomberg; performance in EUR scaled to 100.

Time period: 28/11/2018 – 28/11/2023.

Corporate earnings
Fulminant recovery in 2024

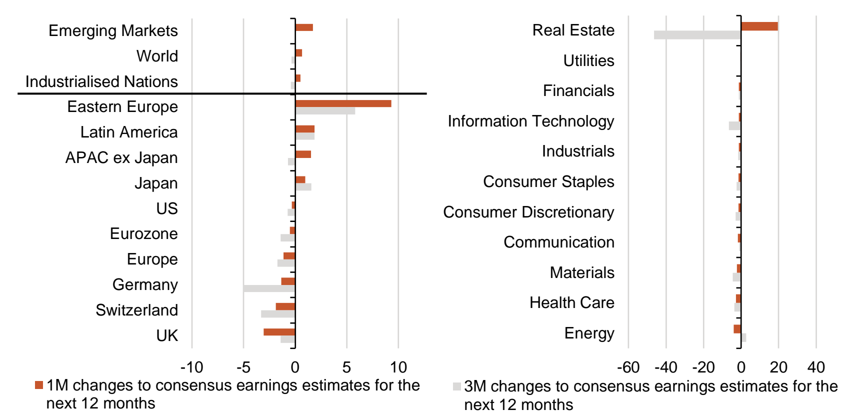
Optimism for the property sector

- Shortly before the end of the year and with a view to 2024, the property sector in particular experienced stronger positive earnings revisions at sector level. Over the last three months, the rate-sensitive sector still suffered from expectations of higher rates for longer. However, with the recent fall in rates and the expectation that the rate peak has already been reached, analysts are more optimistic. Accordingly, they have revised their earnings estimates for the property sector upwards by almost 20% over the last month.
- In regional terms, the strongest positive revisions over the last month were for Latin America and Asia in addition to Eastern Europe.

Recovery for industrial nations & emerging markets in 2024

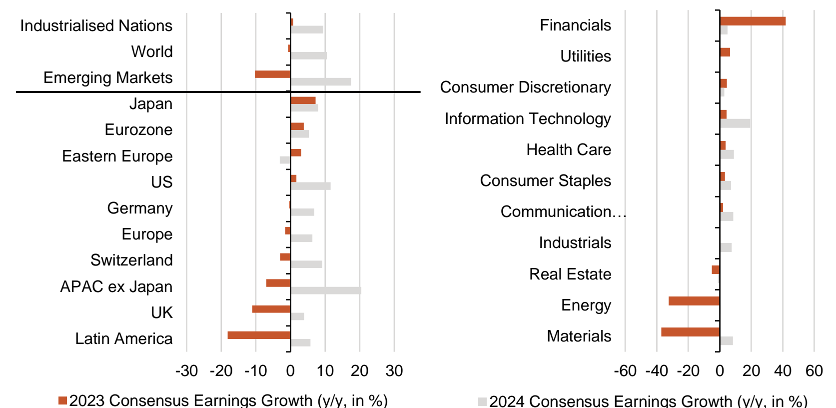
- In 2023, earnings growth for global equities is likely to be slightly negative according to the analysts. The decline in earnings in the emerging markets of just under 10% is the dominant negative factor here.
- For 2024, the consensus then expects a brilliant recovery of just under 10% at global level. According to the analysts, the main drivers of this development are also likely to be the emerging markets.

Emerging markets with potential



Source: FactSet, MSCI Europe Sectors. As of 28/11/2023.

Strong recovery expected for emerging markets in 2024



Source: FactSet, MSCI European sectors. As of 28/11/2023.

Performance & Valuation
US equities more expensive again

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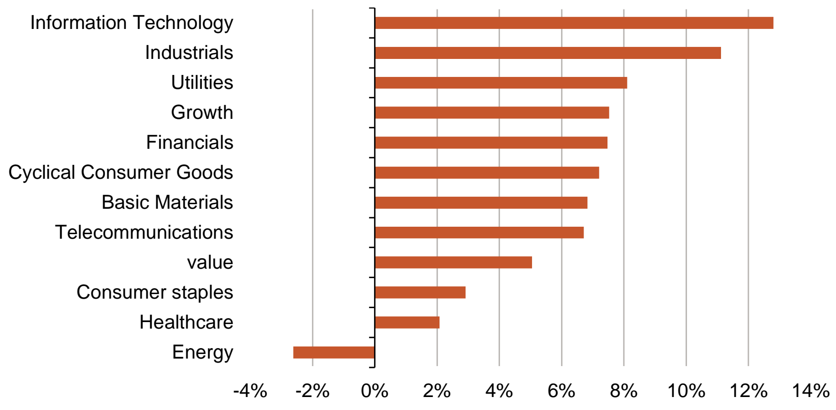
Broad-based recovery

- Over the last four weeks, the majority of equity sectors in Europe have seen a recovery following the sharp sell-offs over the autumn.
- Only energy stocks suffered, also burdened by the lower oil price. Information technology stocks – the winners since the beginning of the year – have extended their gains over the last four weeks. Growth stocks outperformed value stocks over the last four few weeks.

Valuation expansion in the US and Europe

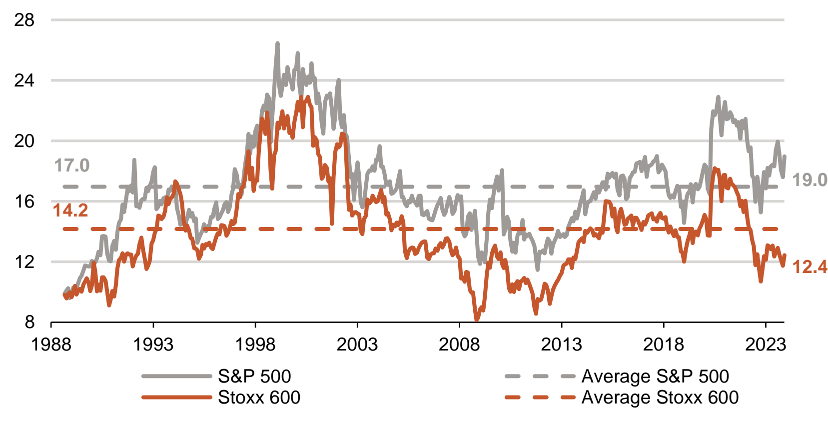
- The valuation ratios rose again in November. With a current P/E ratio of 19x, the gap to the historical average over 35 years of 17x is widening again. Despite higher earnings estimates for the next 12 months than in the previous year, the valuation expansion of the S&P 500 remains the dominant driver of index performance compared to the previous year.
- The Stoxx 600, on the other hand, is trading at a historically favourable level with a P/E ratio of 12.4.

Information technology stocks are ahead



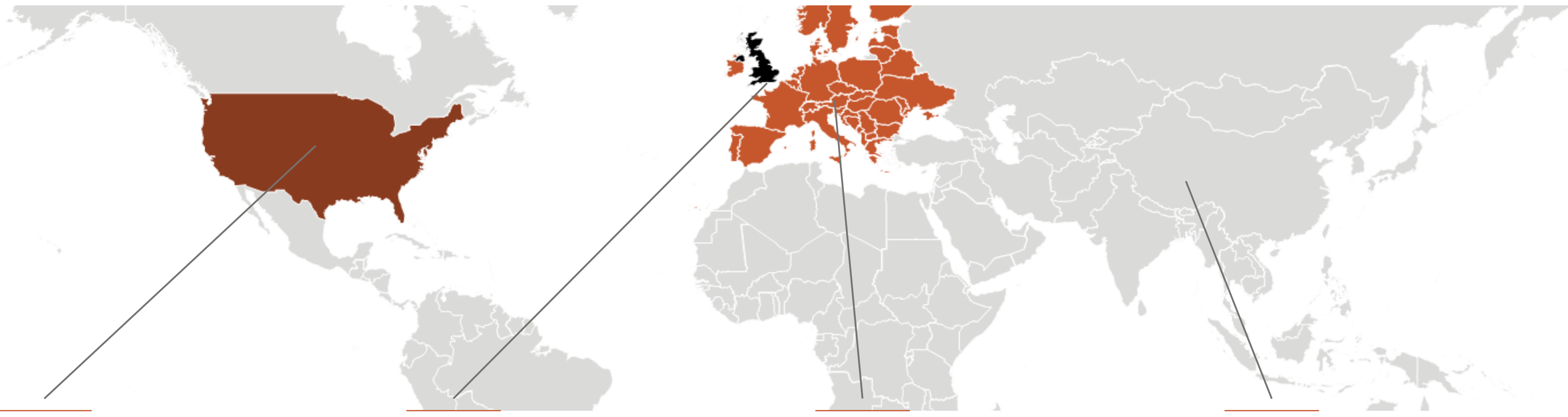
Source: Bloomberg, own calculations. Time period: 28/10/2023 – 28/11/2023.

Valuations have recently risen again



Source: Bloomberg, own calculations. Time period: 31/12/1987 – 28/11/2023.

Equity allocation
Overweight in EM and Europe ex. UK



US

Underweight

- The high positioning in US mega caps and the continued higher relative valuation of US equities make it less attractive compared to more favourably valued regions such as Europe or emerging markets.
- Within equity regions, we are underweight in 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 in UK equities as we see greater opportunities in other regions.

Europe ex. UK

Overweight

- Despite their good performance since the beginning of the year, European companies do not have a high valuation. The difficult economic outlook thus appears at least partly reflected in prices. If the economy performs better than expected, there is potential for recovery.
- We are slightly overweight on Europe ex UK.

Emerging markets

Overweight

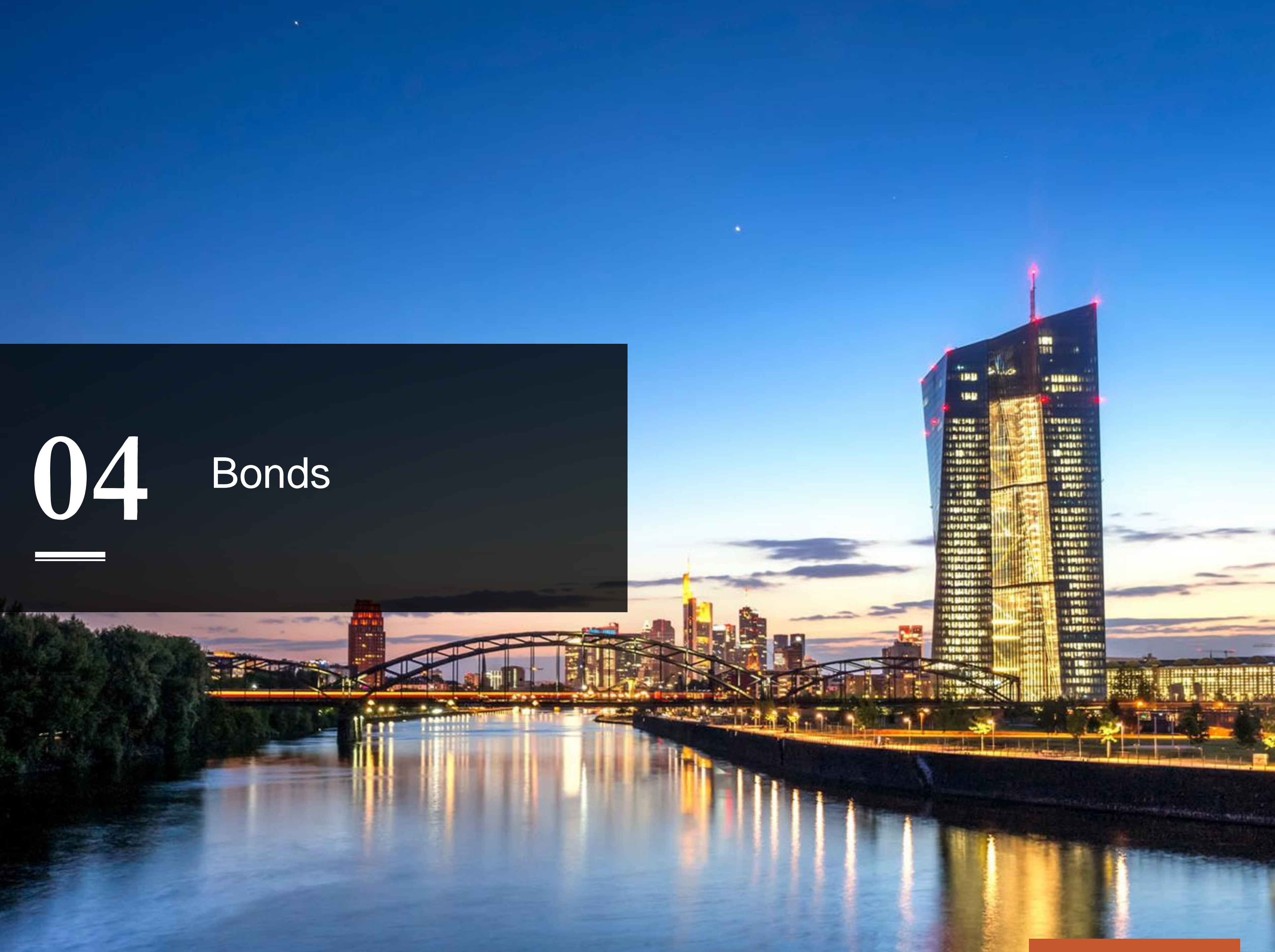
- Latin American equities should benefit from the positive commodity price outlook and offer a value-heavy portfolio addition.

Equity market forecasts
Estimates for selected indices

Index forecasts	Current 28/11/2023	30/06/2024	31/12/2024	Ø* in 12 months
S&P 500	4,555	4,600	4,750	5,038
DAX	15,993	17,300	18,000	19,090
Euro Stoxx 50	4,348	4,700	4,800	4,992
MSCI UK	2,137	2,350	2,400	2,572

Index potential (in %)				
S&P 500	-	1.0	4.3	10.6
DAX	-	8.2	12.6	19.4
Euro Stoxx 50	-	8.1	10.4	14.8
MSCI UK	-	10.0	12.3	20.3

Source: Bloomberg. Berenberg. as of 28/11/2023.
*Average based on bottom-up estimates.


04
Bonds

Government bonds
Markets price in expectations of interest rate cuts

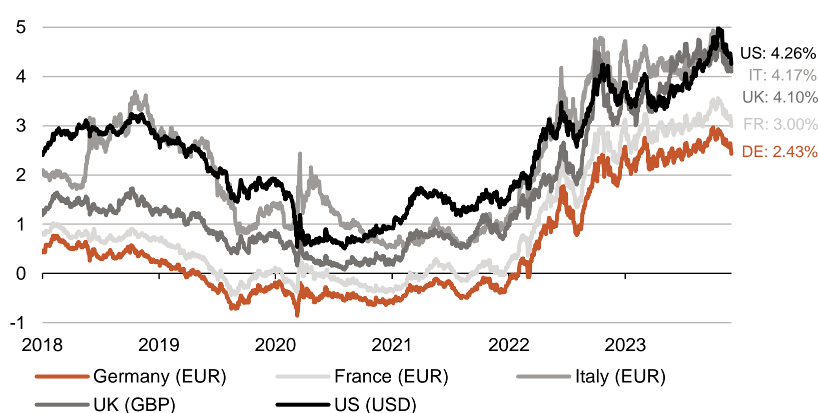
Expectations of interest rate cuts prevail

- The signs of a slowdown in the US economy and the stabilization of the inflation rate in Europe reinforced the expectation that an interest rate peak had already been reached on both sides of the Atlantic. Despite warnings from central bank officials in the US and Europe about the market's overly optimistic expectations of interest rate cuts next year, bond yields fell sharply last month.
- The yield curves flattened due to the significantly sharper decline in interest rates at the medium and long end than at the short end. US government bonds received an additional tailwind from a better than expected uptake of new issues by the market.

Rating surprises support peripheral bonds

- Moody's rating surprises for Italy and Portugal provided a tailwind for the peripheral bond segment. Improved debt dynamics, a stabilizing economy and a healthy banking sector in Italy led the rating agency to raise its outlook for Italy to "stable". In addition to the positive outlook, Portugal was upgraded to an A3 rating.
- Despite the ruling by the Federal Court of Justice and the suspension of the debt brake in Germany, the government will not take on any additional debt this year according to Finance Minister Lindner. However, the better than expected PMI data for Germany weighed on domestic government bonds.

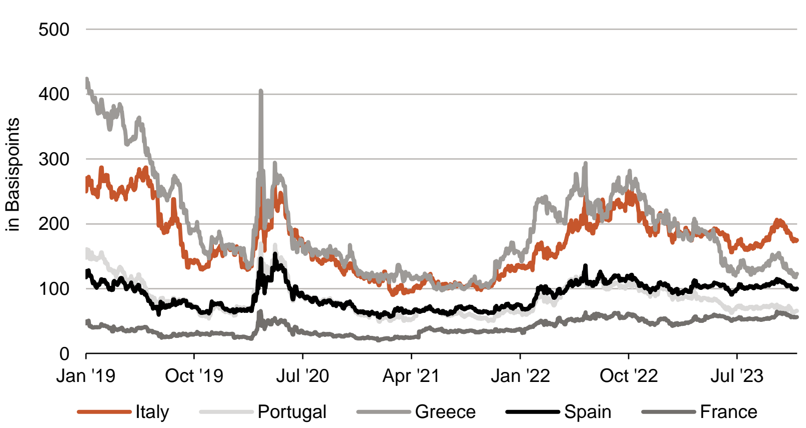
Falling yields boost bonds across the board



Source: Bloomberg

Time period: 01/01/2018 – 29/11/2023

Risk premiums of peripheral countries recently falling



Source: Bloomberg, own calculations, (Spread 10-year government bonds vs. Bunds)

Time period: 01/01/2019 – 28/11/2023

Corporate & EM bonds

Interest rate peak reached - is it all over?

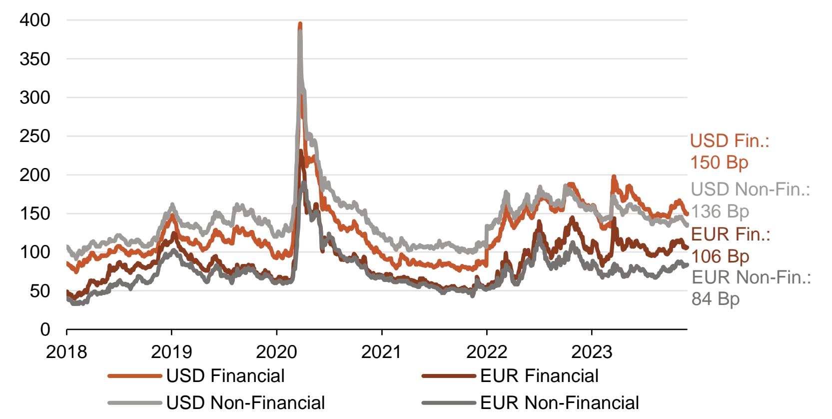
Corporate bonds: IG and HY spreads declining

- In November, risk premiums for high-yield bonds fell back to the level seen at the end of September this year in light of better-than-expected economic data, increasing expectations of interest rate cuts by the ECB and falling commodity prices.
- Spreads in the IG segment are currently still attractive relative to the HY segment compared to their own history. The IG segment is also being supported by technical factors, above all cash inflows. Despite good performance since the beginning of the year, HY inflows remain almost unchanged over the year.

Emerging markets: easing US rates volatility helps

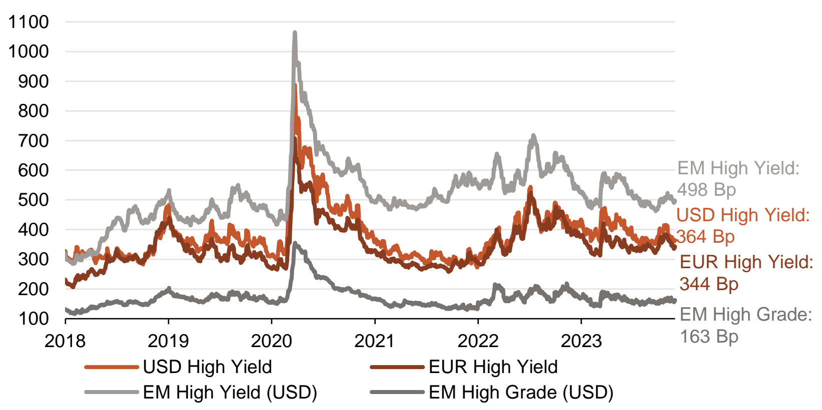
- The decline in volatility in US government bonds gave emerging market bonds an additional boost in November. In addition to the flattening of the US yield curve over the past month, the ceasefire in the Middle East conflict and falling commodity prices also contributed to the narrowing of spreads in EM corporate and government bonds.
- If the volatility of US yields and geopolitical uncertainty continue to ease, technical factors will also provide a tailwind for the year-end rally in emerging market bonds.

Spreads in the IG area have recently fallen again



Source: Factset, own calculations — Time period: 01/01/2018 – 28/11/2023

Expectations of interest rate cuts boost the HY segment



Source: Factset, own calculations — Time period: 01/01/2018 – 28/11/2023

Capital market strategy
Bonds

Core segments

Government bonds
Underweight

- Safe government bonds could continue to show increased interest rate volatility. As various data points underline partly contradictory trends in the major economies, the visibility of further interest rate developments remains manageable.
- Secured covered bonds have a similar credit risk profile but offer a higher yield. This risk-return profile seems more attractive to us compared to government bonds.

Corporate bonds
Overweight

- We continue to prefer the IG segment of corporate bonds. Here, the vast majority of issuers continue to impress with solid balance sheets and generous liquidity reserves. In terms of sector selection, we focus on defensive industries and avoid cyclical ones.
- Financial bonds continue to offer a higher yield than non-financial bonds and also have better corporate ratios. We therefore continue to favour them

Other segments

Emerging markets
Overweight

- Emerging market bonds have suffered recently due to increased volatility in developed country interest rates. Nevertheless, local currency bonds remain attractive as there have been more net rate cuts than rate hikes by EM central banks (e.g., Brazil and Chile) recently.
- In hard currency, government bonds currently appear less attractive than corporate bonds. On the one hand, government bonds are increasingly expensive, on the other hand, technical factors will provide a tailwind for the corporate bond segment in the future.

High yield bonds
Overweight

- We remain cautious in the face of a possible economic slowdown but see selective opportunities in the high yield segment.
- We continue to consider special themes such as financial subordinated debt from creditworthy banks and insurers as well as catastrophe bonds attractive.

Forecasts
Estimates for selected bond markets

	28/11/2023	30/06/2024		31/12/2024	
Base interest rates and government bond yields (in %)	**Current**		**Ø***		**Ø***
US					
Base interest rate	5.25-5.50	5.00-5.25	5.25	4.25-4.50	4.45
10Y US yield	4.32	4.60	4.23	4.60	3.94
Eurozone					
Base interest rate	4.50	4.50	4.25	4.00	3.65
10Y Bund yield	2.50	2.80	2.51	2.90	2.39
United Kingdom					
Base interest rate	5.25	5.00	5.10	4.00	4.50
10Y Gilt yield	4.17	4.30	4.14	4.20	3.86

Source: Bloomberg. Berenberg. as of 28/11/2023.
*Average of estimates by other experts (Bloomberg) consensus.

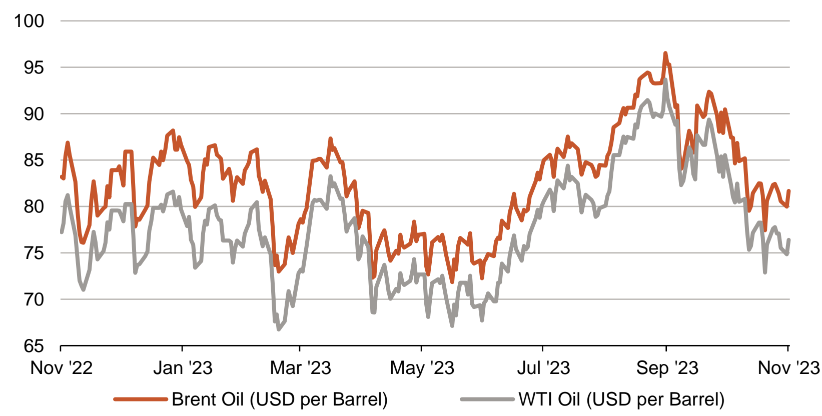
05
Commodities

Crude oil
Caught between supply and demand

Unless the conflict in the Middle East spreads, the upside potential remains limited in the short term

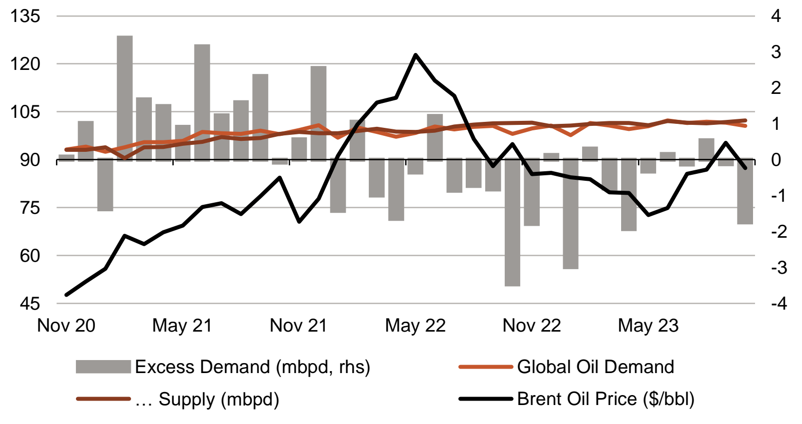
- Crude oil was caught between supply and demand concerns in November. At the beginning of the month, crude oil continued its downward trend from mid-October and thus fully priced out the risk premium resulting from the Israel-Hamas war. This is because the uncertainty about the effects of the war on the global crude oil supply levelled off over the last few weeks after the war became apparent as a mostly local conflict. Instead of supply concerns, demand concerns once again took centre stage on the markets with the recent weaker economic data and more sober demand estimates from the energy authorities for 2024. The long-awaited OPEC meeting in mid-November, which was supposed to create more transparency regarding the voluntary OPEC cuts and serve as a more sustainable price driver, merely led to sideways fluctuations in the oil price when it was postponed to the end of November. OPEC and its partners have to determine their production policy for 2024, but the alliance led by Saudi Arabia has so far been unable to reach an agreement with Angola and Nigeria, which are resisting lower quotas for 2024.
- If the war in Israel remains local, the oil price is likely to be largely data-driven in the short term with regard to global supply and demand trends. However, if the OPEC price situation is not resolved soon, the supply side will lack an important price driver that would otherwise serve as a positive catalyst for the oil price.

Oil rally of the last few months has recently stalled



Source: Bloomberg. Time period: 28/11/2022 – 28/11/2023.

Demand concerns have recently replaced supply risks



Source: Bloomberg, own calculations. Time period: 01/10/2020 – 30/10/2023.

Precious and industrial metals
Gold with tailwinds from all sides

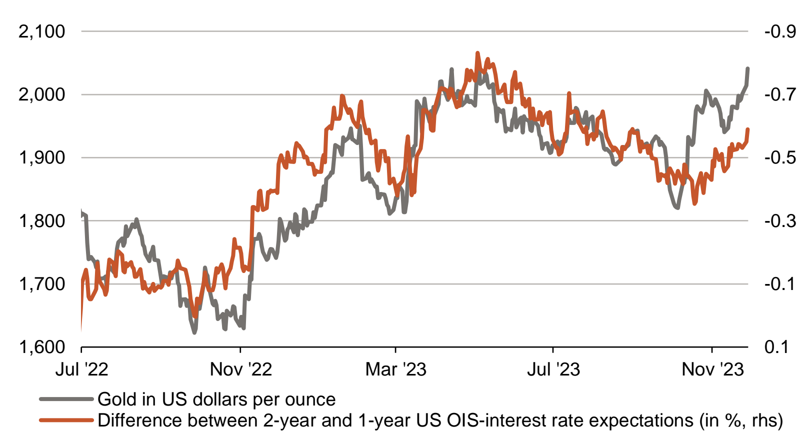
Gold price near all-time high

- Gold climbed well above the USD 2,000 mark in November, reaching a level last seen in May of this year. In the second half of November, gold received a boost from weaker US economic data in addition to demand for safe havens as a result of the war in Israel, which reinforced expectations of interest rate cuts in the near future. Strong buying activity in China, which is attributable to seasonal demand in the months leading up to the Chinese New Year, also provided support.
- Near the all-time high, further upward potential is now limited. Following a normalisation of price trends, the Fed's actual interest rate cut is likely to provide the next strong fundamental driver.

Industrial metals: strong heterogeneity

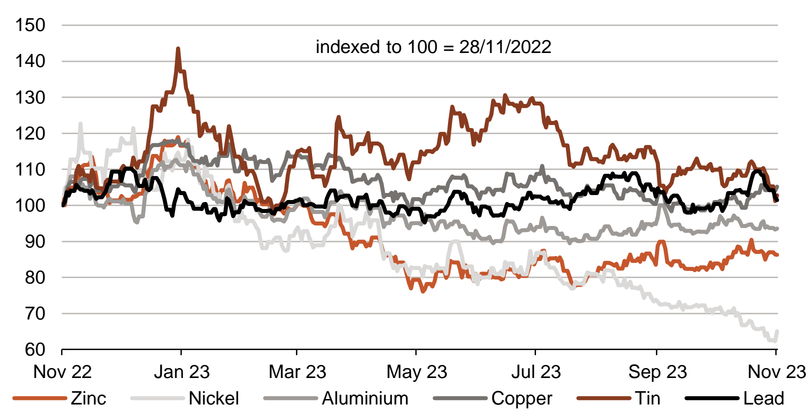
- The LME industrial metal index moved sideways in a volatile manner in November. However, there was a lot of movement beneath the surface. Over the last four weeks, copper gained almost 5 %, while nickel fell by 9 %. Idiosyncratic drivers were responsible for the high divergence: copper benefited from news from Panama (the closure of a large mine sparked supply concerns for the red metal in the wake of the energy transition), while nickel fell to its lowest level in more than two years as an increase in supply from Indonesia weighed on the price outlook. Although the current supply overhang for many metals is capping price potential in the short term, green demand is (already) providing long-term support.

Gold boosted by rate cut hopes



Source: Bloomberg, own calculations. Time period: 01/07/2022 – 28/11/2023.

Industrial metals with high divergence



Source: Bloomberg, own calculations. Time period: 28/11/2022 – 28/11/2023.

06 Currencies

Market Development
FX markets

BERENBERG
PARTNERSHIP SINCE 1590

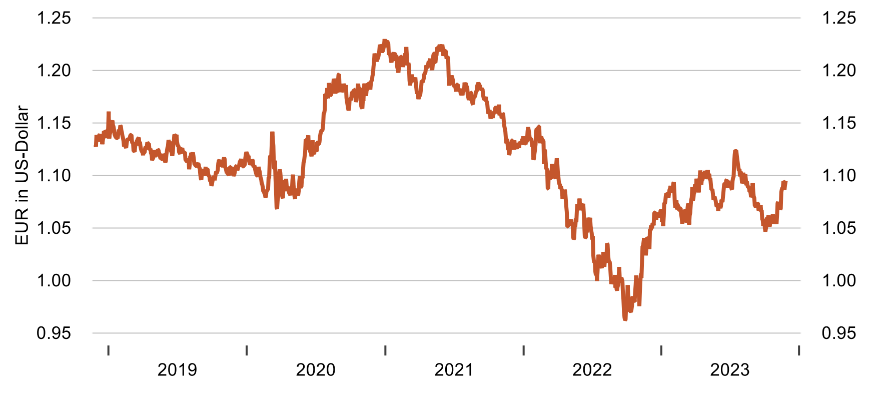
Euro with interim high

- After the US dollar had benefited greatly from the "flight to safety" and the EUR/USD had temporarily fallen below the 1.05 mark, things have recently improved for the euro. The main driver was the stronger decline in US inflation data, meaning that further interest rate hikes by the Fed were priced out on the market. The Fed itself struck a more moderate tone. At the long end, US interest rates fell more sharply than euro interest rates, causing the dollar to lose some of its appeal.
- As a result, the euro has gained against the US dollar in recent weeks. The exchange rate currently stands at 1.095.

Upside potential for the euro remains limited

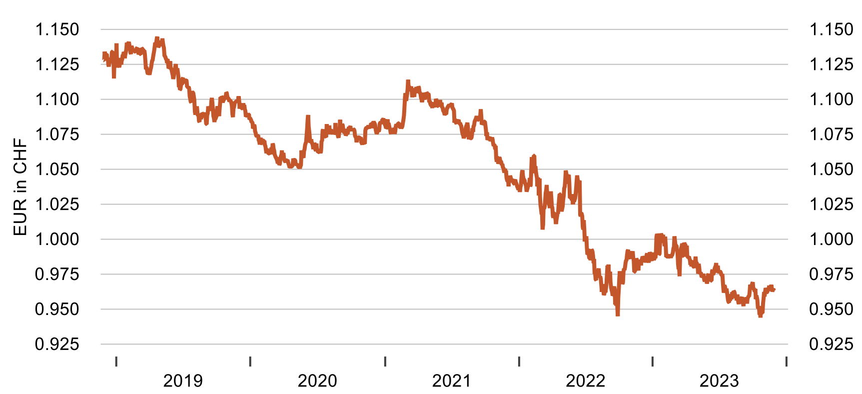
- However, the latest price movements do not indicate any original strength of the euro. The euro is mainly benefiting from the fact that the US dollar is no longer trading quite so hotly. The euro is having a harder time against the franc. Although the EUR/CHF has also risen, it has done much more moderately than the EUR/USD. At just over CHF 0.96 per euro, the exchange rate remains well below parity.
- We expect the euro to make slight gains in the coming year. However, there is no sign of the single currency really soaring.

Exchange rate: Euro/US-Dollar



Source: Macrobond
Period: 11/2013 - 11/2023

Exchange rate: EUR/CHF



Source: Macrobond
Period: 11/2018 - 11/2023

Forecasts
Estimates of key currencies

	28/11/2023	30/06/2024		31/12/2024	
Exchange rate forecasts	**Current**		**Ø***		**Ø***
EUR/USD	1.10	1.10	1.09	1.15	1.11
EUR/GBP	0.87	0.86	0.88	0.85	0.88
EUR/CHF	0.97	0.97	0.98	0.98	1.00
EUR/JPY	162	160	155	161	154

Change against the Euro (in %)					
USD	-	-0.1	0.9	-4.4	-1.0
GBP	-	0.7	-1.6	1.9	-1.6
CHF	-	-0.5	-1.5	-1.5	-3.5
JPY	-	1.3	4.6	0.7	5.6

Source: Bloomberg. Berenberg as of 28/11/2023.
*Average of estimates of other experts (Bloomberg); consensus.

Publishing information

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