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HORIZON *handout*

The Berenberg Capital Markets Outlook • Wealth and Asset Management

September | 2024

Horizon Handout – Capital Market Outlook
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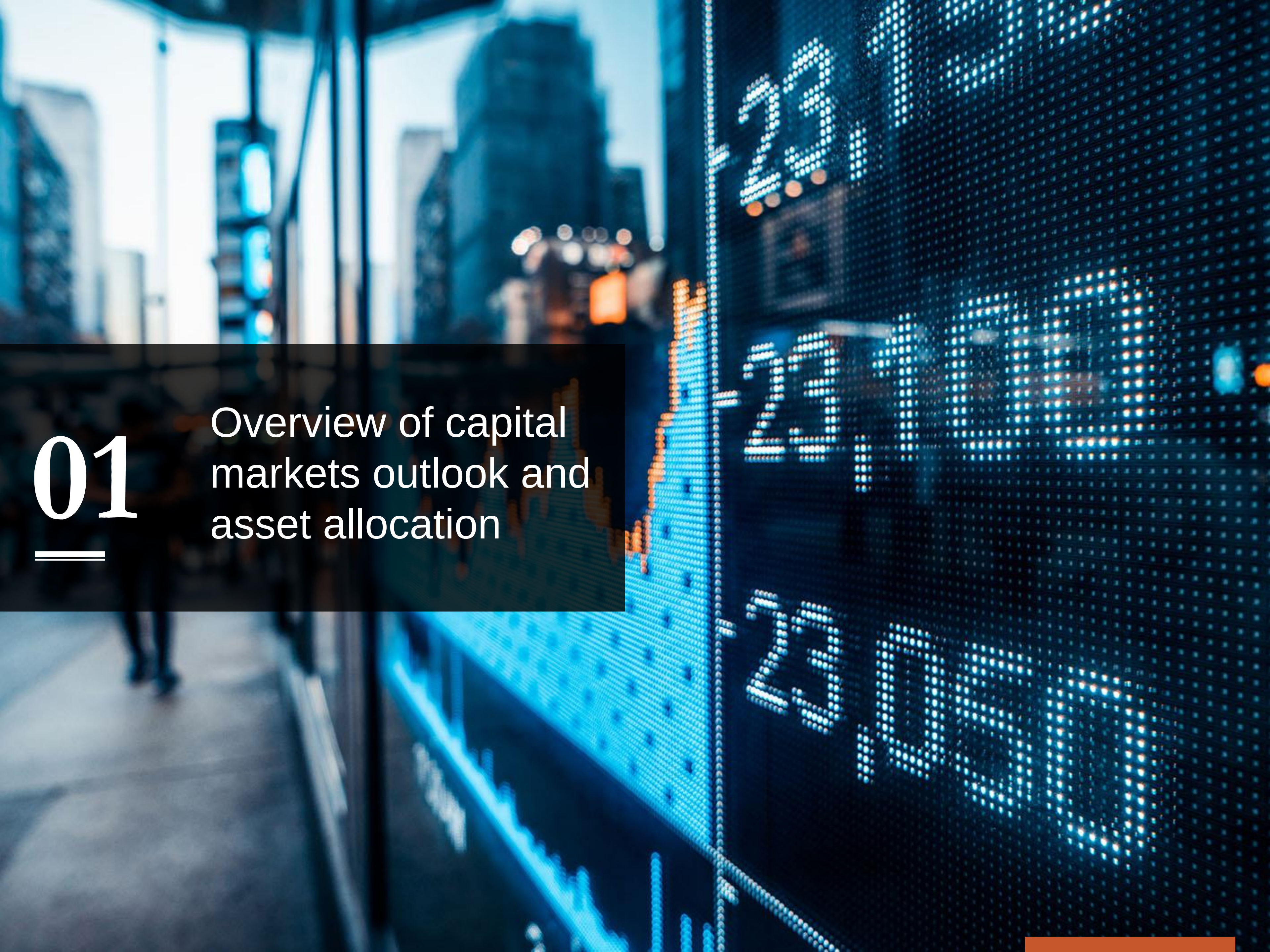
Date 29/08/2024.

Table of contents

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 (30/07/24 - 27/08/24)	YTD (29/12/23 - 27/08/24)	27/08/23 27/08/24	27/08/22 27/08/23	27/08/21 27/08/22	27/08/20 27/08/21	27/08/19 27/08/20
Industrial Metals	5.5	6.9	7.5	-14.4	18.6	36.2	-0.5
REITs	2.1	6.2	14.2	-21.5	5.7	27.3	-15.5
Gold	1.2	20.8	27.2	1.8	13.1	-5.6	17.3
MSCI World	0.6	15.2	22.9	1.6	3.2	30.1	11.0
EUR Sovereign Debt	0.6	1.1	5.1	-2.9	-8.6	0.8	-0.6
EUR Coporates	0.4	2.4	7.7	-0.7	-12.4	2.7	-0.8
Euro overnight deposit	0.3	2.6	4.0	2.2	-0.5	-0.6	-0.5
MSCI Emerging Markets	-0.4	8.5	12.3	-8.4	-3.7	16.1	11.5
MSCI Frontier Markets	-0.6	9.4	8.6	-9.4	-0.9	33.4	-12.0
Brent	-1.4	10.4	3.0	-11.0	104.4	59.1	-30.1
Global Convertibles	-1.5	1.8	4.6	-8.0	-6.7	25.0	25.4
USDEUR	-3.3	-1.3	-3.5	-7.7	18.4	0.2	-6.2

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: 27/08/2019 – 27/08/2024.
Note: The historical performance presented here is not a reliable indicator of future performance.

Overview of capital markets

Outlook by asset class

Economics

- Mixed economic picture in the eurozone.
- UK economy on the upswing.
- US economy is set for a landing.

Equities

- Recession worries, negative summer seasonality and the unwinding of carry trades led to a sell-off at the beginning of August.
- Positive economic and central bank signals, share buyback programmes and low volatility then led to a V-recovery.
- Although the blackout period, seasonality and the US presidential election harbour setback risks, the improved economy and central bank turnaround also harbour upside potential. Balanced positioning is required..

Bonds

- Powell gives green light for interest rate cut in September. Demand for Chinese government bonds remains high.
- European corporate bonds remain fundamentally well supported.
- Weak dollar as tailwind for emerging market bonds.

Alternative investments / commodities

- Geopolitics dominates oil prices in the short term, but OPEC+ determines the fundamental equilibrium.
- Gold is at all-time high thanks to lower real interest rates and a weaker dollar. ETF flows have reversed.
- Industrial metals recover despite weak manufacturing. More potential as industrial activity picks up.

Currencies

- Dollar falls after Powell greenlights September easing.
- Market expectations of Fed rate cuts somewhat exaggerated.
- Swiss National Bank and ECB in step.

Overview of Berenberg's asset allocation

Current positioning within asset classes

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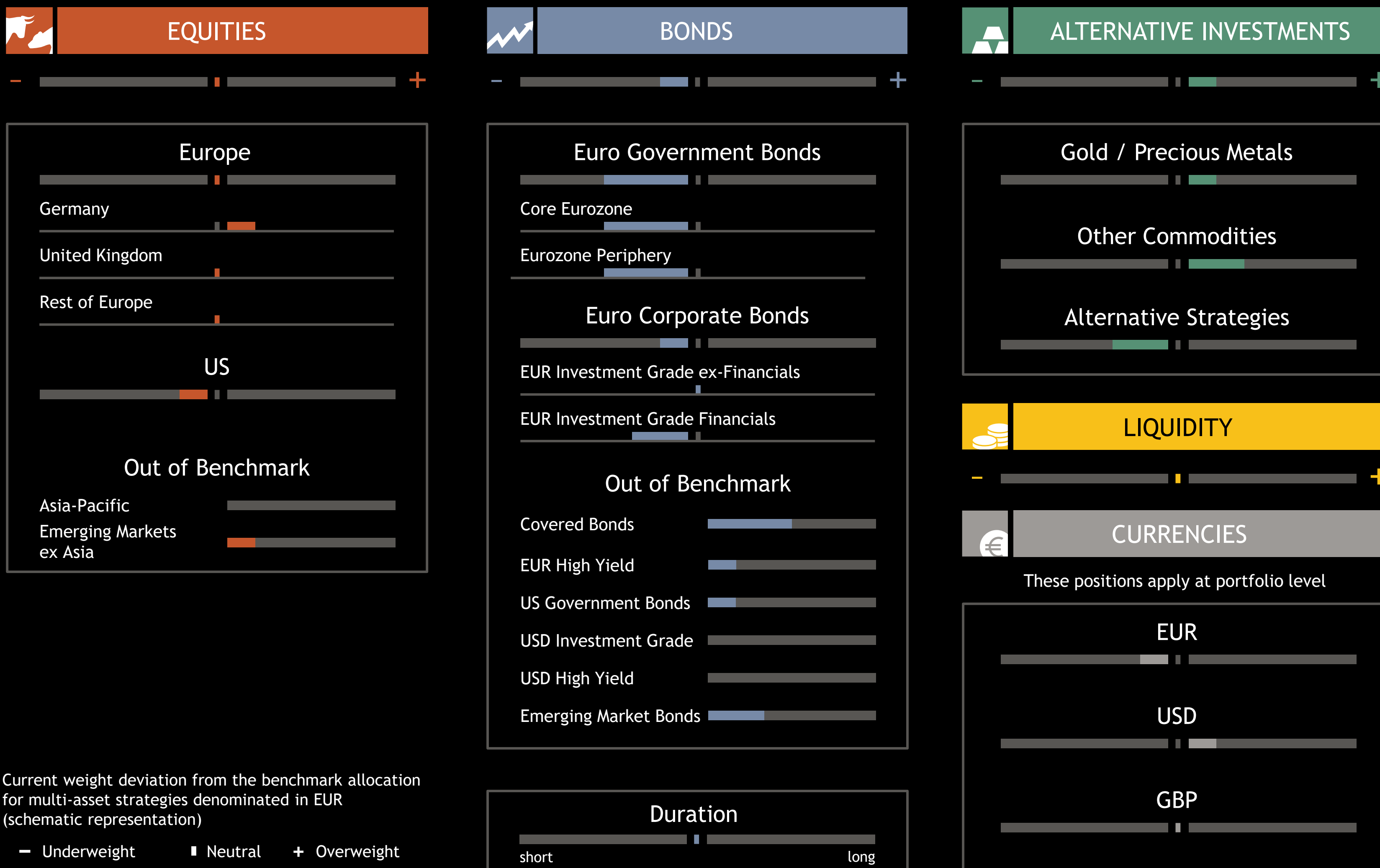
Portfolio positioning of a balanced mandate at a glance



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

– Underweight ▮ Neutral + Overweight

Source: Berenberg

As of 27/08/2024.

Overview of Berenberg's asset allocation

Review of Core Strategy 3

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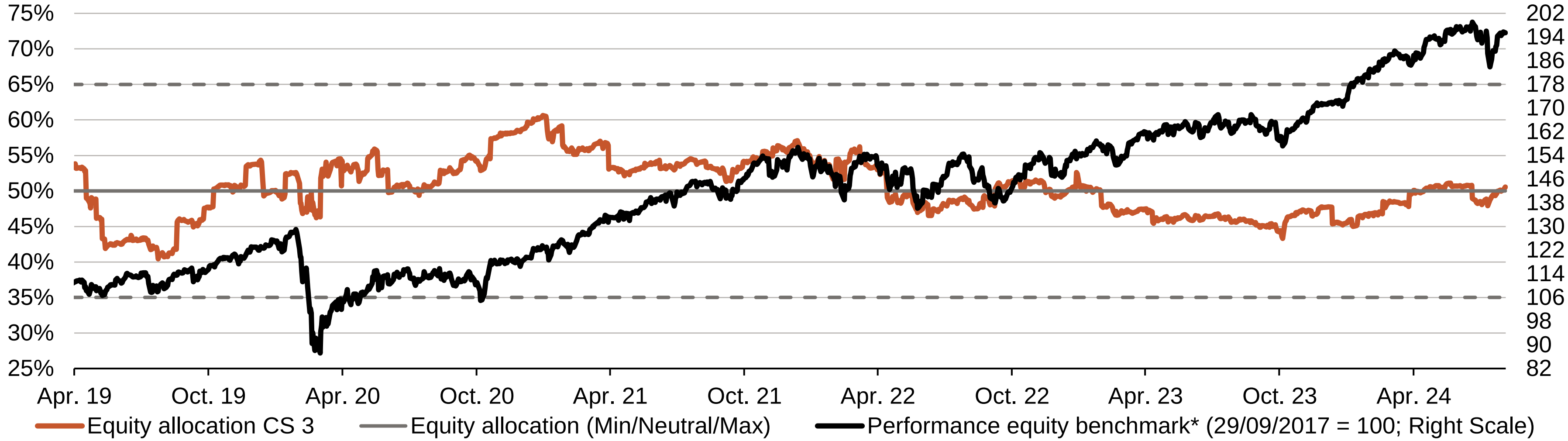
Management of the equity allocation of a balanced multi-asset mandate since inception

Performance equity benchmark	26/08/19 - 26/08/20	26/08/20 - 26/08/21	26/08/21 - 26/08/22	26/08/22 - 26/08/23	26/08/23 - 26/08/24
	5.09%	25.21%	4.40%	8.60%	19.70%



Sources: SimCorp, Bloomberg, Berenberg. *The "equity benchmark" is 70% STOXX Europe Net Return Index and 30% S&P 500 Net Return Index. Time period: 26/08/2019 – 26/08/2024.
Note: The historical performance presented here is not a reliable indicator of future performance.

- After the strong first half of July in equities and in view of the ambitious valuations and increased pro-risk positioning of market participants, we took profits anti-cyclically and reduced our equity allocation by a net 2 pp to below 50%. We had reduced cyclical exposure in particular. For example, we completely closed our remaining position in Latin American equities, which had served us very well in 2022 and 2023. In return, we increased defensive stocks and cash.
- We took advantage of the rapid and sharp equity market sell-off at the beginning of August to increase our equity allocation back to neutral by adding to US equities. Over the course of the month, we also reduced our credit exposure and invested the freed-up funds in a money market product in order to position ourselves less aggressively in view of the various risks (economic situation, geopolitics, seasonality) and the very good performance of risky bonds since the beginning of the year.

02 Economics

Eurozone
GDP and Inflation

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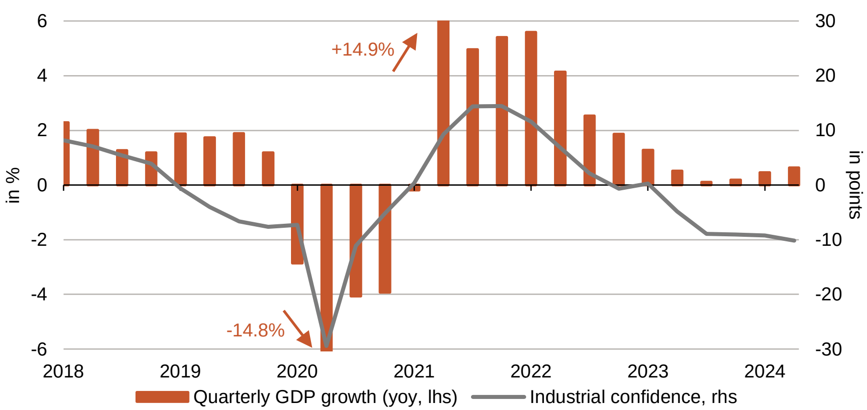
Mixed economic picture in the eurozone

- The eurozone economy surprised on the upside in the first half of the year. This was mainly due to the southern member states, where a mix of reforms, EU funds, a slightly expansive fiscal policy and strong tourism boosted the economy. The German economy, on the other hand, has been treading water for around two years.
- In view of the weak growth in Germany and some disappointing early indicators, we do not expect growth to gain any further momentum in the second half of the year. GDP growth could accelerate again in 2025 due to falling interest rates and rising real wages.

Next interest rate cut expected in September

- The ECB left the deposit rate unchanged at 3.75% at its July meeting. President Lagarde gave no indication as to whether the next rate cut is due in September and again referred to a data-dependent approach. The ECB wants to keep all options open.
- We anticipate a further interest rate cut of 25 basis points in September, followed by one such cut per quarter until the deposit rate reaches 2.75% in summer 2025.

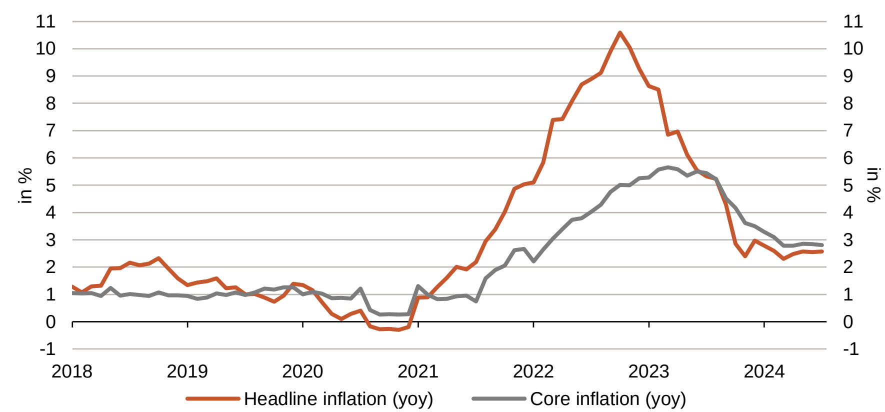
Growth in the Eurozone picks up slowly



Source: Haver

Period: 01/2018 – 06/2024

Eurozone inflation rate recently moving sideways



Source: Haver

Period: 01/2018 - 07/2024

United Kingdom
GDP and Inflation

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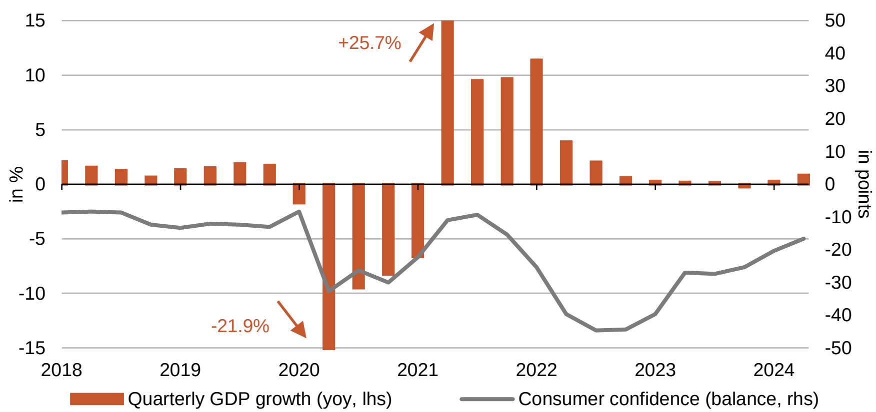
Economy on the upswing

- After two years of stagnation, the British economy made an impressive comeback in the first half of the year. In Q1 and Q2, GDP rose by 0.7% and 0.6% respectively compared to the previous quarter.
- The economy is unlikely to be able to maintain this high rate of expansion in the second half of the year. However, we expect the UK to enjoy a solid upturn for some time to come - as long as policymakers do not make any major mistakes. For 2024 as a whole, we forecast GDP growth of 1.1%, followed by 1.6% in 2025.

The BoE also begins the interest rate turnaround

- After the inflation rate stood at 2.0% in May and June, it rose again slightly in July, as expected. It is also likely to remain above the central bank's target for the rest of the year. However, this should not impress the BoE too much, as base effects from energy prices are contributing significantly to this.
- The BoE faces a difficult decision. However, we expect it to initiate the turnaround in interest rates at its next meeting on 1 August with a rate cut of 25 bp. After that, we expect six further interest rate cuts of 25 bp each, so that the key interest rate will be 3.5% by mid-2025.

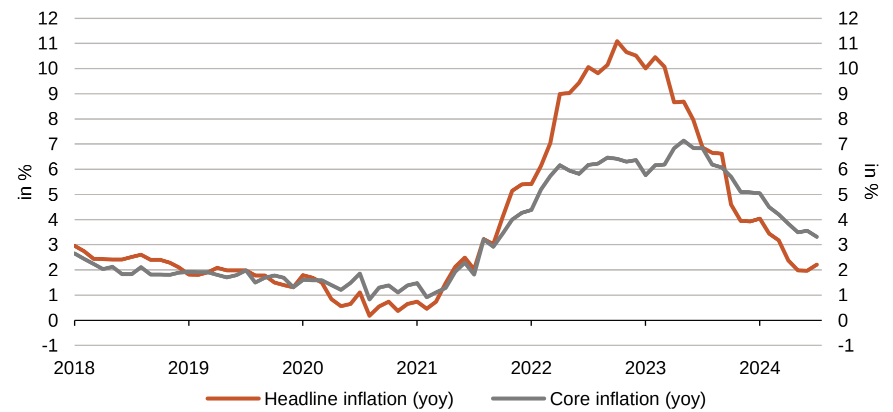
Consumer sentiment slowly brightens



Source: Haver

Period: 01/2018 - 06/2024

Inflation on target for the second month in a row



Source: Haver

Period: 01/2018 - 07/2024

USA
GDP and Inflation

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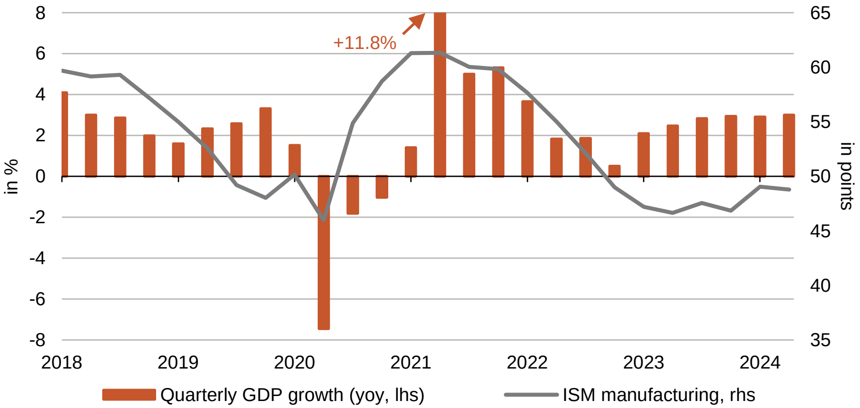
US economy is set for a landing

- After another period of very solid growth in the first half of 2024, the US economy now appears to be cooling off somewhat. The labour market in particular has recently lost significant strength. However, an economic slump is not in sight and a soft landing still seems possible.
- The expansive fiscal policy and stable private consumption continue to have a supporting effect. On the other hand, the ongoing restrictive monetary policy is having a negative impact, although the first key interest rate cut appears to be within reach. We expect a slight slowdown in the second half of the year, resulting in a GDP growth forecast of 2.5% for 2024 as a whole.

Interest rate turnaround just around the corner

- Fed Chairman Jerome Powell signalled at the central bank meeting in Jackson Hole that the US monetary authorities will soon lower key interest rates in order to prevent a further weakening of the US labour market. This means that the direction of monetary policy is now clear - but the amount and sequence of further interest rate cuts are still open, according to Powell.
- We expect an initial interest rate cut of 25 basis points in September. Thereafter, we expect four further rate cuts of 25 basis points each, so that the key interest rate range should be 4.0% to 4.25% in summer 2025.

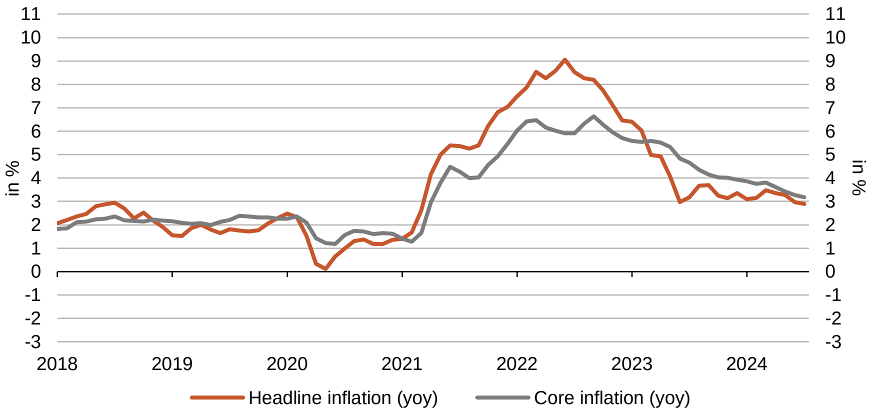
US growth remains robust



Source: Haver

Period: 01/2018 - 06/2024

Inflation rate continues to move towards 2% target



Source: Haver

Period: 01/2018 - 07/2024

Economic forecasts
Key estimates at a glance

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	GDP growth (in %)						Inflation (in %)					
	2024		2025		2026		2024		2025		2026	
		Ø**		Ø**		Ø**		Ø**		Ø**		Ø**
USA	2.5	2.5	1.5	1.7	2.0	2.0	2.9	2.9	2.3	2.3	2.4	2.3
Eurozone	0.8	0.7	1.4	1.4	1.5	1.3	2.4	2.4	2.3	2.1	2.4	2.0
Germany	0.0	0.1	0.9	1.0	1.2	1.3	2.3	2.4	2.5	2.2	2.4	2.0
France	1.2	1.2	1.3	1.2	1.4	1.4	2.6	2.5	2.2	1.9	2.4	2.0
Italy	0.9	0.8	1.2	1.0	1.2	1.1	1.1	1.2	2.0	1.8	2.3	1.8
Spain	2.8	2.6	2.2	2.0	2.1	1.7	3.1	3.1	2.6	2.3	2.6	2.1
United Kingdom	1.1	1.1	1.6	1.3	1.7	1.5	2.6	2.6	2.5	2.2	2.5	2.0
Japan	-0.1	0.1	1.2	1.2	1.1	0.9	2.5	2.4	1.9	1.9	1.7	1.7
China	4.7	4.8	4.2	4.5	4.2	4.3	0.5	0.5	1.8	1.5	2.0	1.9
World*	2.5	-	2.5	-	2.6	-	-	-	-	-	-	-

Source: Bloomberg. Berenberg as of 28/08/2024.
* 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
Equity markets in August with V-shaped recovery

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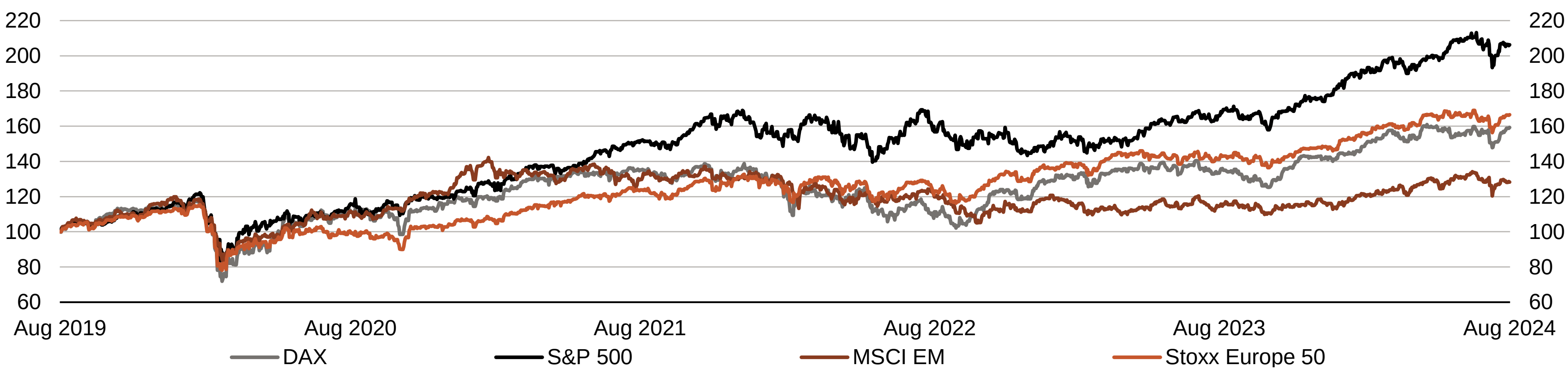
Risks and upside catalysts speak in favour of a balanced positioning

- The typical negative summer seasonality in equities hit as expected: fears of a US recession, a stronger yen and unwinding of carry trades led to increased volatility and a broad sell-off in risky assets. The VIX reached almost 66 and the Nikkei 225 recorded its biggest daily loss since 1987 at -12.4%.
- The subsequent recovery in equity markets was almost as rapid as the sell-off. Reassuring central bank statements, positive economic data, share buybacks and low volatility fuelled the recovery rally. This trend could continue in the short term, as systematic strategies will have to buy more equities again. From mid-September, however, the risk of a pullback increases due to the blackout period ahead of the Q3 reporting season and the US presidential election, which could weigh on markets. In addition, the last two weeks of September were historically the weakest two-week period in the calendar year.
- Downside risks remain from geopolitical tensions, but better economic data, reassuring central banks and low volatility could also lead to rising markets. We believe a balanced positioning is appropriate.

Performance of selected equity indices



Source: Bloomberg; performance in EUR scaled to 100.

Time period: 27/08/2019 – 27/08/2024.

Corporate earnings

Q2 reporting season is coming to an end

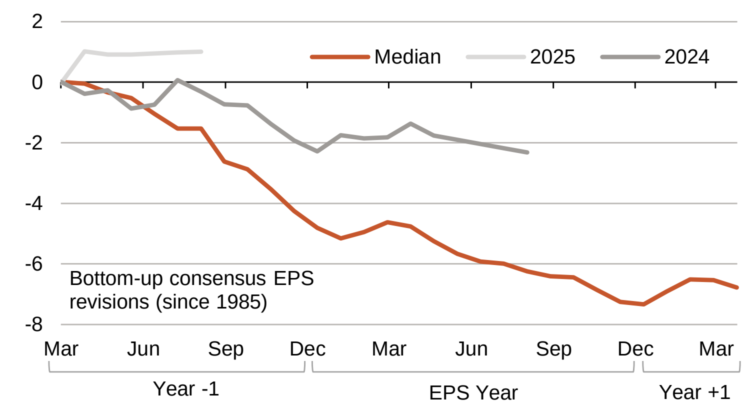
US reporting season continues trend of last four quarters

- 487 companies in the S&P 500 Index have reported their second quarter results. Of these companies, 79.5% beat analysts' expectations and 15.7% missed. In a typical quarter (since 1994), 76% of companies beat estimates and 20% missed. Over the last four quarters, 79% of companies have beaten estimates and 16% have missed.
- Overall, US companies are reporting earnings that are 4.6%, compared to a long-term average (since 1994) of 4.2% and an average surprise factor of 7.3% over the last four quarters.

Q2 results in Europe also continue to reflect history

- 329 STOXX 600 companies have so far reported their second quarter sales figures. Of these, 59.0% have reported sales above analysts' estimates. In a typical quarter, 58% beat analysts' sales estimates.
- In terms of analysts' earnings revisions, US earnings expectations for 2024 have been revised downward less since the previous year than at any time since 1985. However, expectations for 2025 seem overly ambitious. In Europe, negative earnings revisions have prevailed week-on-week since July 2024.

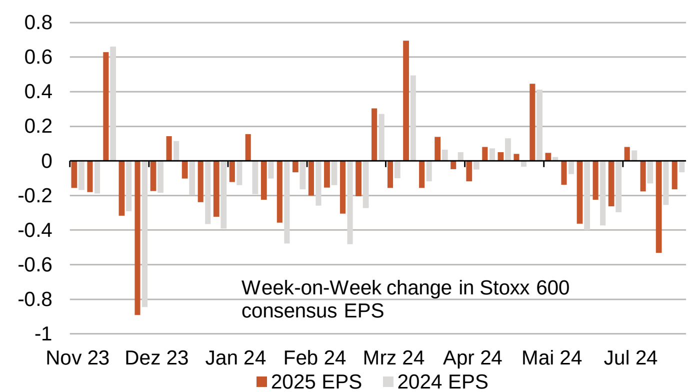
2024 EPS revisions less negative than usual



Source: Goldman Sachs, IBES

As of: 01/01/1985-15/08/2024

Negative earnings revisions dominate in Europe



Source: BofA Global Research

Time period: 01/11/2023-25/08/2024

Performance & Valuation

US equities remain historically expensive

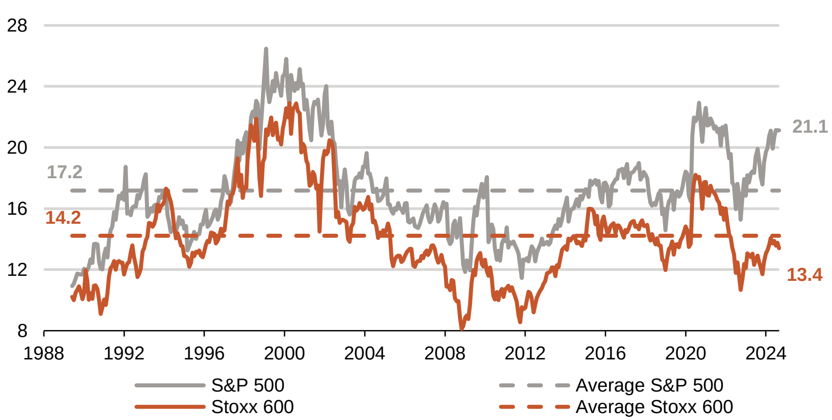
US equities highly valued despite brief correction

- In the US, valuations have widened again following the correction in early August. Half of the positive performance of the US equity market over the last 12 months has been driven by an increase in valuations and the other half by higher expected earnings.
- P/E valuations based on earnings estimates for the next 12 months have therefore diverged further between European and US equities over the past two weeks. Following the correction at the beginning of August, the S&P 500 is now trading at 21.1x, its highest level since 2021. European equities, on the other hand, have become cheaper by historical standards.

Heterogeneous picture on European equity markets

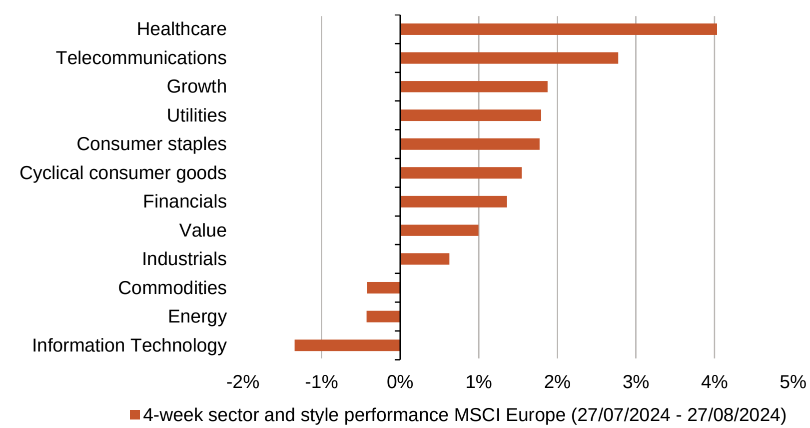
- At sector and style level, the picture in Europe was mixed over the past four weeks. Although defensive sectors (Healthcare, Utilities, etc.) led the way across the board, consumer discretionary was also among the winners.
- Investors' main focus this week was on Nvidia Corp's quarterly results, the most eagerly awaited part of the IT reporting season. The company met analysts' estimates on almost all fronts. But Nvidia investors have become accustomed to stellar quarters, and the latest figures cast doubt on growth. The disappointing outlook threatens to put the brakes on the AI hype.

Valuation narrowing for European equities



Source: Bloomberg, own calculations. Time period: 01/01/1988 – 27/08/2024.

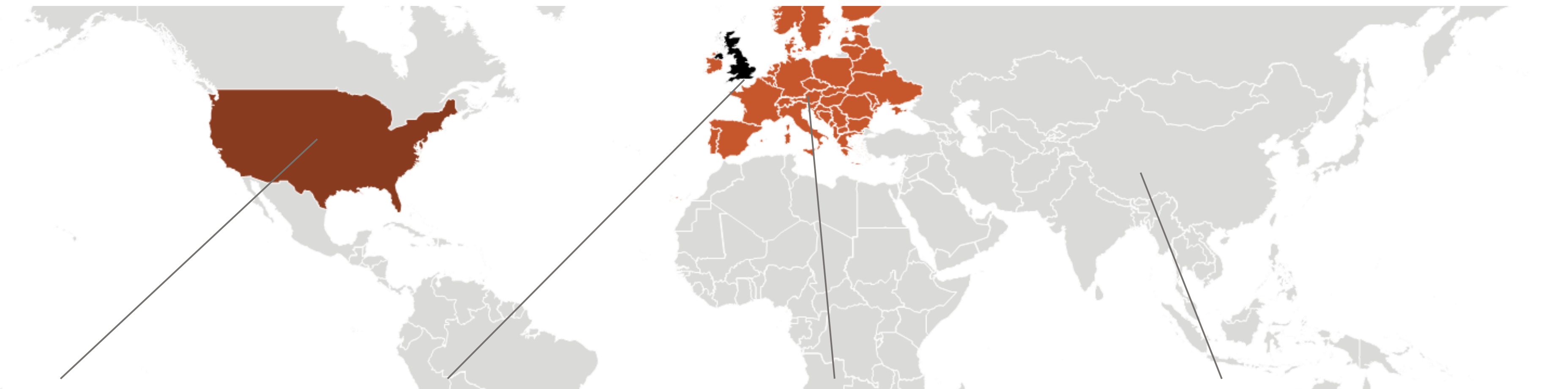
Defensive sectors in Europe ahead across the board



Source: Bloomberg, own calculations. Time period: 27/07/2024 – 27/08/2024

Equity allocation

Preference for US weighting into US elections close to neutral



US

Slight underweight

- The high weighting of US mega caps and the continued higher valuation of US equities make the region less attractive than more favourable regions such as Europe or emerging markets. On the other hand, the US economy remains surprisingly robust.
- Heading into the US elections, we favour a US weighting close to neutral.

United Kingdom

Slight underweight

- The FTSE 100 ETF has long served as a balancing position in the portfolio. At index level, UK equities have a more defensive and commodity-heavy profile, which should pay off in an environment of high inflation and geopolitical risk.

Europe ex. UK

Slightly overweight

- Despite the positive development since the beginning of the year, European companies do not have a high valuation. The current difficult economic situation therefore appears to be largely reflected in prices. If the economy recovers, there is significant catch-up potential.
- We are slightly overweight Europe ex UK. We see opportunities in European small caps in particular.

Emerging markets

Neutral

- We have completely closed our remaining position in Latin American equities, which served us very well in 2022 and 2023. With the US elections and signs of a weaker global economy, we see a more challenging environment for the region.

Equity market forecasts

Estimates for selected indices

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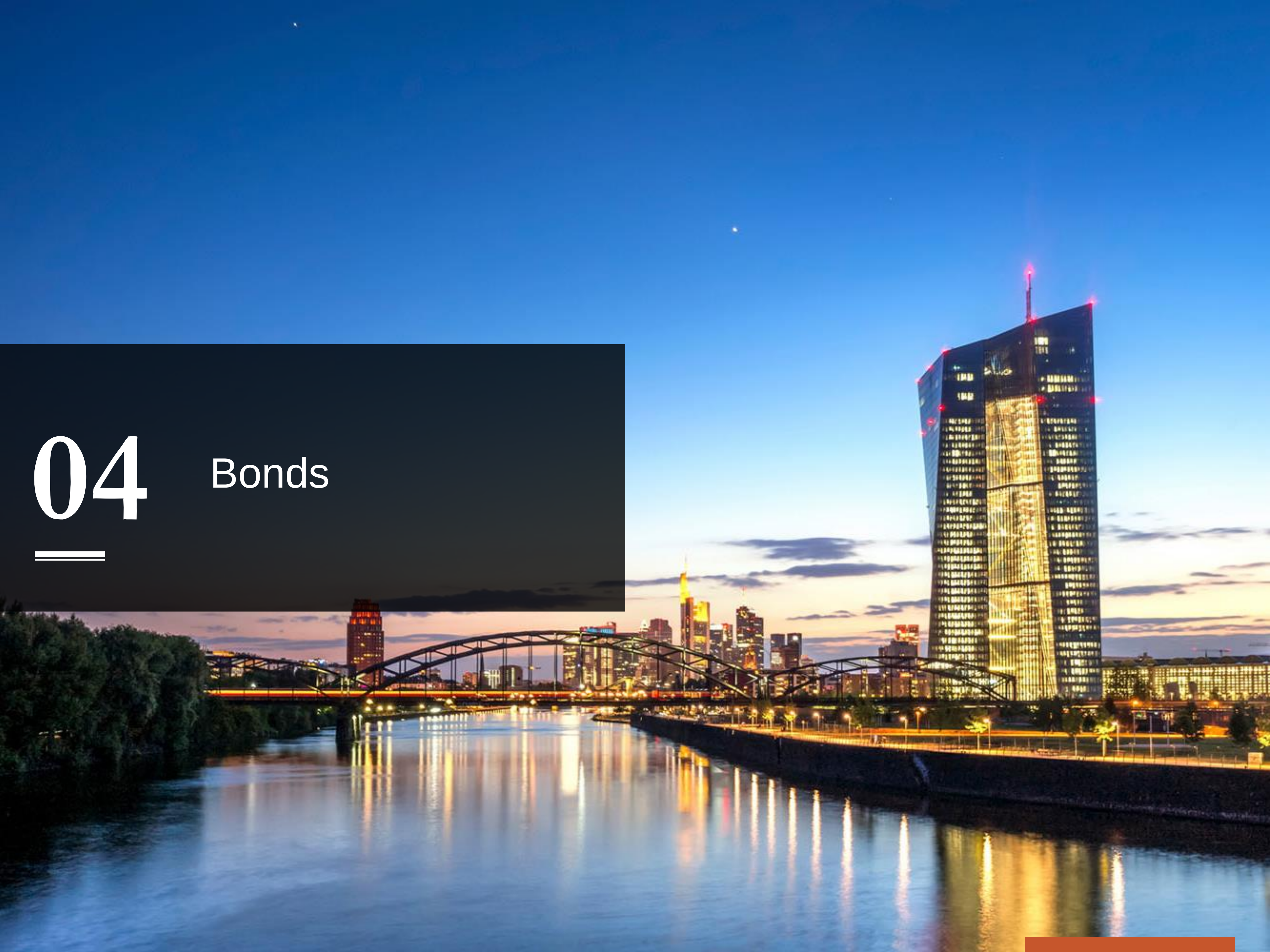
Index forecasts	Current 27/08/2024	31/12/2024	30/06/2025	Ø* in 12 months
S&P 500	5,626	5,500	5,700	6,202
DAX	18,682	19,500	20,500	21,748
Euro Stoxx 50	4,899	5,200	5,400	5,662
MSCI UK	2,387	2,450	2,580	2,712

Index potential (in %)				
S&P 500	-	-2.2	1.3	10.2
DAX	-	4.4	9.7	16.4
Euro Stoxx 50	-	6.1	10.2	15.6
MSCI UK	-	2.6	8.1	13.6

Source: Bloomberg, Berenberg as of 27/08/2024.
*Average based on bottom-up estimates.

04 Bonds



Government bonds
The time has come

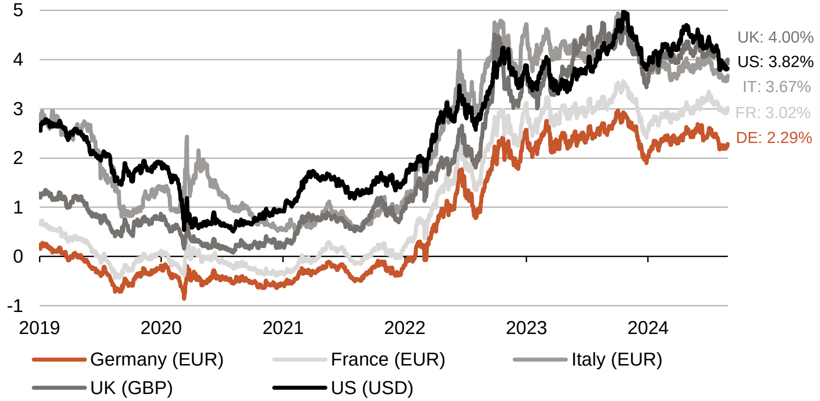
Powell gives green light for rate cut in September

- Weaker labour market data and concerns about a possible recession in the USA led to turbulent developments on the markets in August. The expectation of early and rapid interest rate cuts by the Fed caused the yield on 10-year US government bonds to fall from 4.2 % at the end of July to 3.8 % at the end of August.
- In his eagerly awaited speech in Jackson Hole, Fed Chairman Jerome Powell signalled that the time had come for a turnaround in interest rates in the US, as the upside risks to inflation had diminished and the downside risks to the labour market had increased. The next Fed meeting will take place in mid-September, just six weeks before the US presidential elections.

Demand for Chinese government bonds remains high

- Chinese government bonds continued their positive performance since the beginning of the year in August. Weaker consumer demand and economic concerns led to increased demand for Chinese government bonds, particularly from domestic banks, which pushed 10-year Chinese bond yields to new lows.
- Faced with record low yields and low inflation, the People's Bank of China agreed to intervene in the government bond market for the first time in decades to prevent a sharp fall in long-term yields.

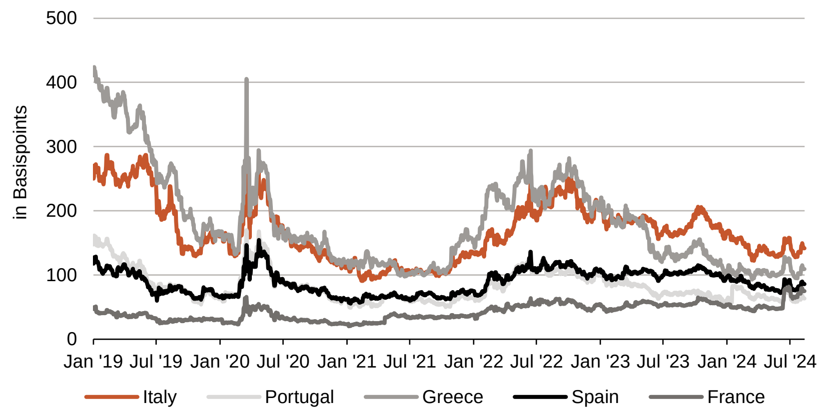
10-year yields (%) recently falling



Source: Bloomberg

Time period: 01/01/2019 – 27/08/2024

Periphery risk premiums recently at a higher level



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

Time period: 01/01/2019 – 27/08/2024

Corporate & EM bonds
Upcoming interest rate cuts support

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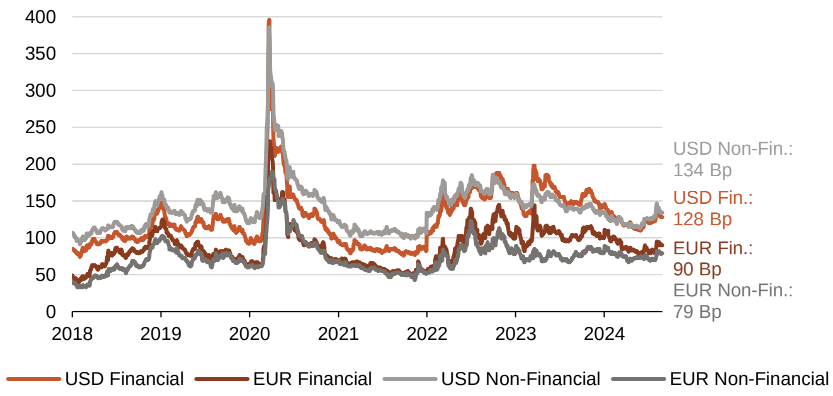
Corporate bonds: Back from the summer break

- The end of the summer break will be characterised by increased new issue activity in September, whereby the oversupply of new issues could lead to widening spreads in the short term.
- However, European corporate bonds remain fundamentally well supported. The ECB's outlook for interest rate cuts in the autumn should provide additional tailwind for the IG and high-yield bond segments. However, IG corporate bonds continue to offer historically more attractive valuations on a spread basis compared to the high-yield segment. Both the high-yield and IG segments continue to be supported by positive cash inflows.

Emerging markets: Weak dollar as tailwind

- After a brief widening of spreads at the beginning of the month due to fears of recession in the USA, EM government and corporate bonds denominated in hard currency recorded a decline in risk premiums in August. The prospect of interest rate cuts by the US Federal Reserve in the near future should also give the central banks of the emerging markets more room for manoeuvre to cut interest rates.
- Continued solid fundamental data in the emerging markets, strong inflows of funds into government bonds in particular and a weaker US dollar should continue to provide a tailwind for emerging market bonds.

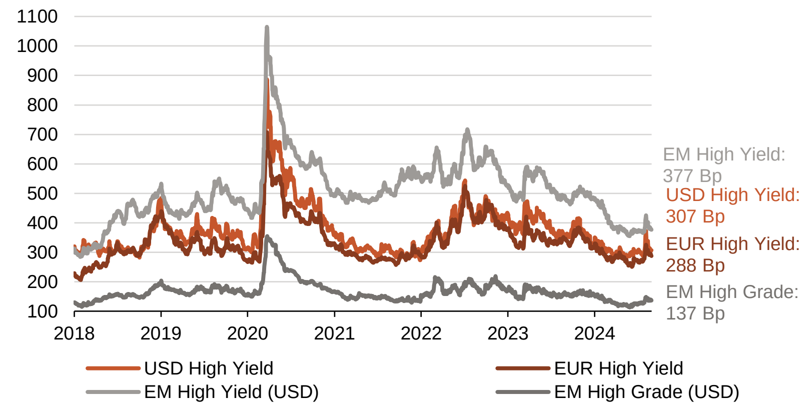
IG corporate bonds: Spreads stable recently



Source: Factset, own calculations

Time period: 01/01/2019 – 27/08/2024

EM risk premiums recently falling again



Source: Factset, own calculations

Time period: 01/01/2019 – 27/08/2024

Capital market strategy
Bonds

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Core segments

Government bonds
Underweight

- As the range of fluctuation in macro data remains elevated, interest rate volatility for safe government bonds is also likely to remain high.
- 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 favour the IG segment of corporate bonds but continue to focus on shorter maturities. 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 financial ratios. We therefore continue to favour them.

Other segments

Emerging markets
Overweight

- Local currency bonds remain attractive due to high real yields, solid fundamentals combined with a continuing disinflation trend in the emerging markets.
- In the case of hard currency bonds from emerging markets, we favour government bonds over IG corporate bonds due to higher yields and longer duration.

High yield bonds
Overweight

- The high-yield bond segment remains attractive to many investors due to the positive economic outlook and high carry, even though risk premiums are historically low.
- 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

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Base interest rates and government bond yields (in %)	27/08/2024 Current	31/12/2024		30/06/2025	
			Ø*		Ø*
US					
Base interest rate	5.25-5.50	4.50-4.75	4.80	4.00-4.25	4.05
10Y US yield	3.82	4.20	3.93	4.40	3.82
Eurozone					
Base interest rate	4.25	3.25	3.40	2.75	2.85
10Y Bund yield	2.29	2.30	2.26	2.50	2.27
United Kingdom					
Base interest rate	5.00	4.50	4.65	3.50	4.05
10Y Gilt yield	4.00	4.30	3.80	4.30	3.70

Source: Bloomberg. Berenberg. as of 27/08/2024.
*Average of estimates by other experts (Bloomberg) consensus.

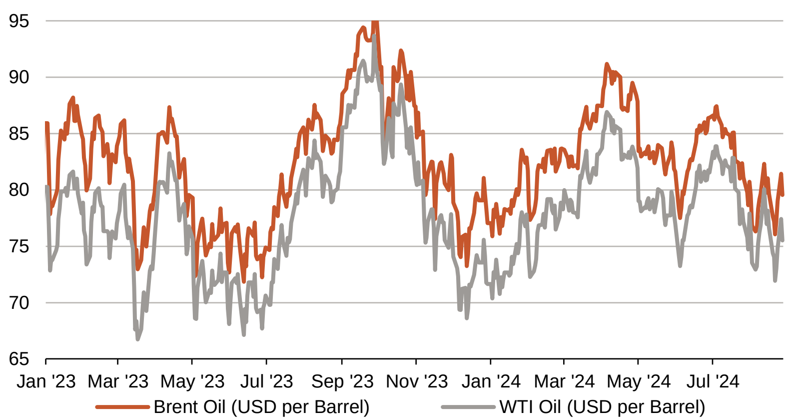
05 Commodities

Crude oil
Sideways for the time being

Geopolitics dominate the oil price in the short term, but determines OPEC+ the fundamental equilibrium

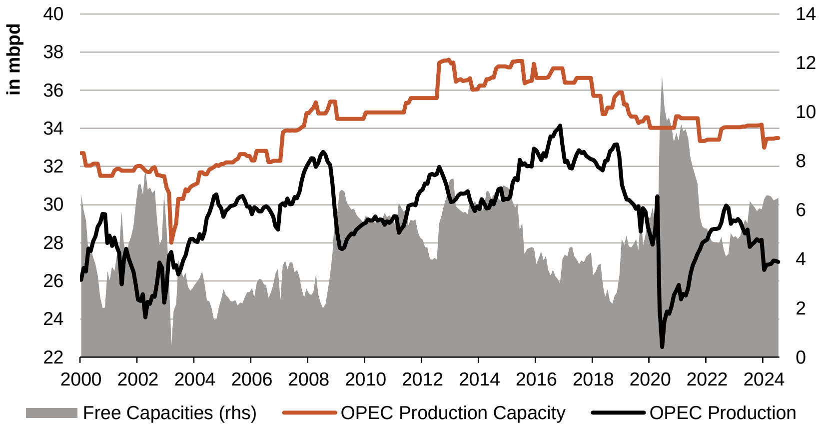
- After the correction in July, the oil price stabilised again in August and fluctuated between 75 and 85 USD per barrel for Brent crude during the month. The losses at the beginning of the month were initially followed by a recovery thanks to a decline in US inventories, production outages in Libya due to domestic political unrest and increased geopolitical risks as a result of Israel's alleged assassination on Iranian soil. However, the oil price fell again shortly after due to weaker global economic data and the progress made in the ceasefire negotiations between Israel and Hamas. But this weakness did not last long either. And once again, it was the news from the Middle East that influenced the oil price – this time positively due to the escalation between Israel and Hezbollah.
- In the short term, developments in the Middle East are likely to remain a price driver, but as long as there is no real escalation, the oil market should remain fundamentally unaffected by the unrest. The situation is different in Libya. In the past, there have been significant production losses here due to the civil war. Should geopolitics fail to provide new impulses, OPEC+ is likely to decide on the further development of the oil price. The cartel had originally decided to increase production by around 180kbpd each month from October on. However, with the current weak demand outlook, OPEC+ is likely to at least reconsider this plan.

Crude oil continues sideways trend



Source: Bloomberg. Time period: 01/01/2023 – 27/08/2024.

OPEC has high spare capacity



Source: Bloomberg, Berenberg calculations. Time period: 01/01/2000 – 31/07/2024.

Precious and industrial metals

Gold at all-time high, industrial metals start to recover

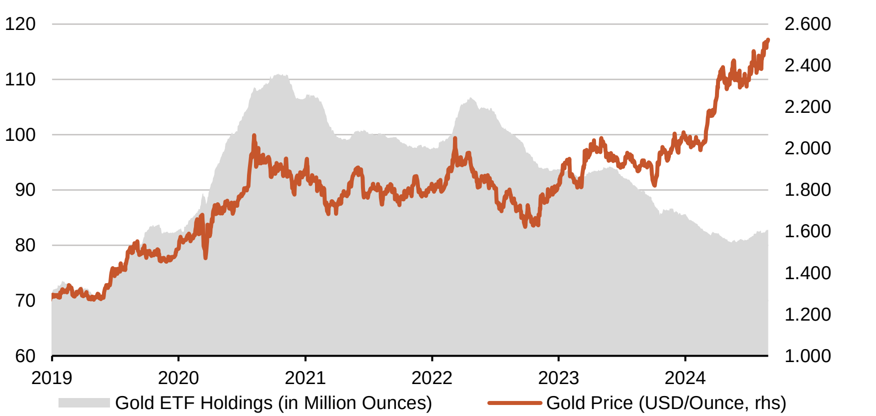
The rally in gold continues

- •The gold price reached new all-time highs in August, breaking through the USD 2,500 per oz mark for the first time in history. While central banks and Chinese private investors were the primary tailwinds in H1, more support has recently come from the traditional drivers: real interest rates have fallen by almost 40 bp since the beginning of July, the US dollar has weakened by almost 5% on a trade-weighted basis, and ETF investors have bought almost 2 million oz.
- Even though gold is certainly no longer cheap, the safe haven has upside potential in the short term as well as structurally in the face of falling key interest rates, the US election, ongoing geopolitical risks and rising government debt. Only the high CTFC positioning calls for caution.

Industrial metals at the beginning of their recovery

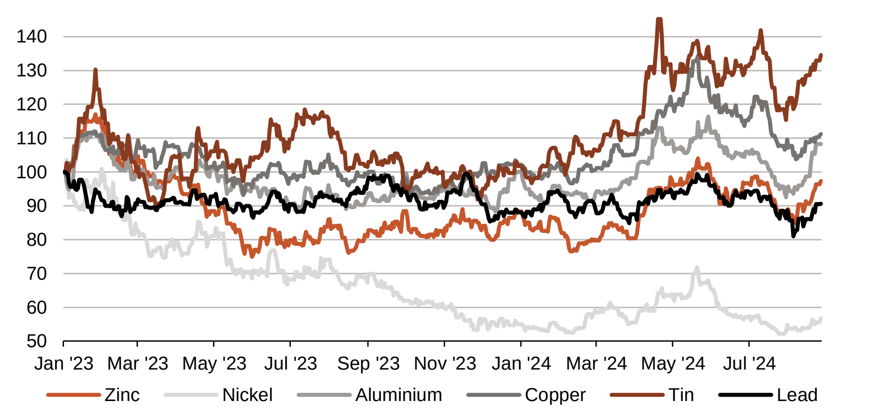
- Industrial metals made an impressive recovery in August. The LME industrial metals index rose almost 10% from its early-August low, although economic data, especially in China, continued to disappoint.
- Although demand looks weak in view of the PMIs in the manufacturing sector, there are a few signs of life below the surface. The elevated copper and aluminium inventories on the Shanghai Futures Exchange have begun to fall and local copper premia in China have risen significantly since mid-July. If industrial activity picks up again with falling central bank rates, industrial metals should have more upside potential.

ETF gold holdings have started to turn



Source: Bloomberg, own calculations. Time period: 01/01/2019-27/08/2024.

The decline in industrial metal prices has stopped



Source: Bloomberg, own calculations. Time period: 01/01/2023-27/08/2024.

06 Currencies

Market Development
FX markets

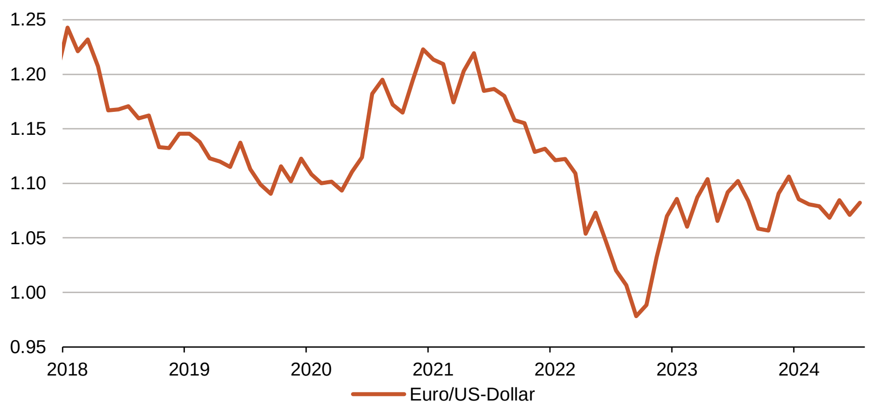
Dollar falls after Powell greenlights September easing

- The clear signals from Fed Chairman Jerome Powell that the interest rate turnaround in the US will most likely be initiated in September led to a significant depreciation of the US dollar against the euro at the end of August.
- However, market expectations appear somewhat exaggerated, with key interest rate cuts totalling 100 basis points priced in for the USA by the end of the year. This would mean a cut of 50 basis points for one of the three remaining Fed meetings. In contrast, we expect three cuts of 25 basis points each by the end of the year.

Swiss National Bank and ECB in step

- Global stock market stabilisation has led to a decline in demand for the Swiss franc as a safe haven. The euro was able to regain some ground against the franc in the second half of August.
- Like the ECB, the Swiss National Bank is also likely to cut interest rates again in September. The interest rate differential will therefore hardly change. A further escalation of the Middle East conflict and the US elections could cause short-term movement in the exchange rate. Overall, however, we expect a sideways movement until the end of the year and an exchange rate of CHF 0.96 per euro.

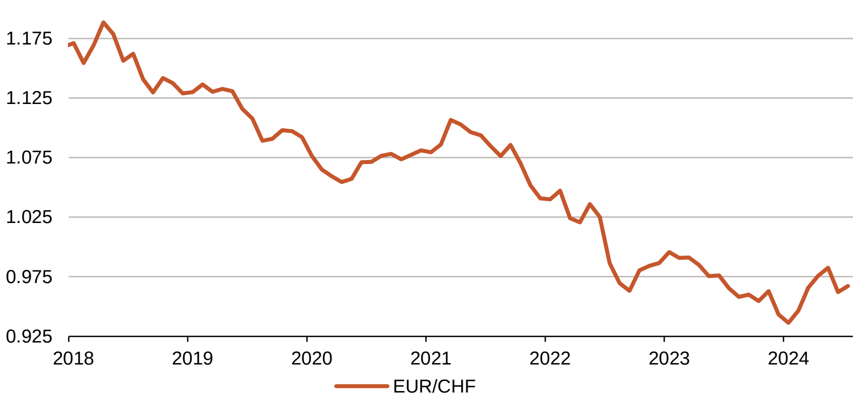
Sideways movement in the EUR/USD exchange rate



Source: Bloomberg

Period: 01/2018 – 07/2024

SNB prevents an overly strong franc



Source: Bloomberg

Period: 01/2018 – 07/2024

Forecasts

Estimates of key currencies

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	27/08/2024	31/12/2024		30/06/2025	
Exchange rate forecasts	**Current**		**Ø***		**Ø***
EUR/USD	1.12	1.09	1.10	1.10	1.12
EUR/GBP	0.84	0.85	0.85	0.85	0.85
EUR/CHF	0.94	0.96	0.96	0.97	0.98
EUR/JPY	161	161	160	162	158

Change against the Euro (in %)					
USD	-	2.6	1.7	1.7	-0.1
GBP	-	-0.8	-0.8	-0.8	-0.8
CHF	-	-1.9	-1.9	-3.0	-3.9
JPY	-	0.0	0.6	-0.6	1.9

Source: Bloomberg. Berenberg as of 27/08/2024.
*Average of estimates of other experts (Bloomberg); consensus.

Publishing information

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