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Horizon Handout

The Berenberg Capital Markets Outlook Wealth and Asset Management

September 2025

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Date 29.08.2025

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 Zur Erklärung verwendeter Fachbegriffe steht Ihnen auf www.berenberg.de/glossar ein Online-Glossar zur Verfügung.

01 Overview of capital markets outlook and asset allocation

Overview of capital markets

	4-week & YTD		12-month periods over that last 5 years				
	4W (31/07/25 - 28/08/25)	YTD (31/12/24 - 28/08/25)	28/08/24 28/08/25	28/08/23 28/08/24	28/08/22 28/08/23	28/08/21 28/08/22	28/08/20 28/08/21
MSCI Frontier Markets	3.6	20.3	28.6	8.0	-8.9	-0.9	34.1
Gold	1.5	15.4	29.8	26.9	1.8	13.1	-6.7
MSCI World	0.8	1.3	11.5	22.1	2.3	3.2	30.3
EUR Sovereign Debt	0.1	1.7	3.0	5.3	-3.1	-8.6	0.7
EUR Coporates	0.1	2.4	4.5	7.9	-0.8	-12.2	2.7
Euro overnight deposit	0.1	1.5	2.7	4.0	2.3	-0.5	-0.6
Industrial Metals	-0.1	-8.3	-3.7	5.9	-14.4	18.6	35.8
Global Convertibles	-0.6	-1.8	11.2	4.5	-7.9	-6.7	25.5
REITs	-0.7	-8.5	-8.6	13.8	-21.0	5.7	27.4
MSCI Emerging Markets	-0.8	5.6	11.6	11.9	-7.9	-3.7	16.5
USDEUR	-2.3	-11.4	-4.8	-2.7	-7.9	18.4	0.9
Brent	-5.9	-10.5	-4.3	2.2	-11.1	104.4	59.6

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: ICE BofA 1-10 Year Euro Government Index; EUR Corporates: ICE BofA Euro Corporate Index; 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.

Period: 28/08/2020 – 28/08/2025

Performance of selected asset classes

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

Sources: Bloomberg, Berenberg.
Note: The historical performance presented here is not a reliable indicator of future performance.

Overview of capital markets

Economics

The trade agreement between the EU and the US ends uncertainty and could help the eurozone recover.

The British economy is being supported by increased government spending, real wage growth and a relaxed monetary policy.

Trump continues to cause chaos, and this policy will not be without consequences for the US economy.

Equities

US equities reach new all-time highs due to a strong reporting season, further purchases by systematic investors and hopes of interest rate cuts.

The US reporting season exceeds (low) expectations. In Europe, banks are the main drivers of earnings growth.

Weaker seasonality, a possible liquidity withdrawal and increased positioning are likely to limit upside potential in the short term.

Bonds

In addition to political pressure, the Fed is facing increased inflation risks and a weakening labour market.

The risk of valuation adjustments has risen recently in both the high-yield and investment-grade segments.

US President Donald Trump's trade and tariff policy remains the key issue in emerging markets.

Alternative investments / commodities

With weak demand growth and rising production, the supply surplus in crude oil is here to stay.

Gold in a sideways trend. Silver is attractively valued, with high demand and on the verge of a technical breakout.

The absence of US tariffs on copper leads to a crash on COMEX. Frontloaded demand limits the upside potential.

Currencies

The weakening economic momentum and further interest rate cuts by the Fed will weigh on the dollar.

Added to this are Trump's attacks on the Fed and the continuing rise in debt. At present, there is little to recommend the US dollar.

In Japan, pressure is mounting on the central bank to raise key interest rates further. This could strengthen the Japanese yen in the medium term.

Current positioning with asset classes

Overview of Berenberg's asset allocation

Portfolio positioning of a balanced mandate at a glance

Equities

– +

Europe

Europe ex United Kingdom

United Kingdom

US

EM

Out of Benchmark

Asia-Pacific

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

– Underweight ∎ Neutral + Overweight

Bonds

– +

Euro Government Bonds

Core Eurozone

Eurozone Periphery

Euro Corporate Bonds

EUR Investment Grade ex-Financials

EUR Investment Grade Financials

Out of Benchmark

Covered Bonds

EUR High Yield

US Government Bonds

USD Investment Grade

USD High Yield

Emerging Market Bonds

short **Duration** long

Alternative Investments

– +

Gold / Precious Metals

Other Commodities

Alternative Strategies

Liquidity

– +

Currencies

These positions apply at portfolio level

EUR

USD

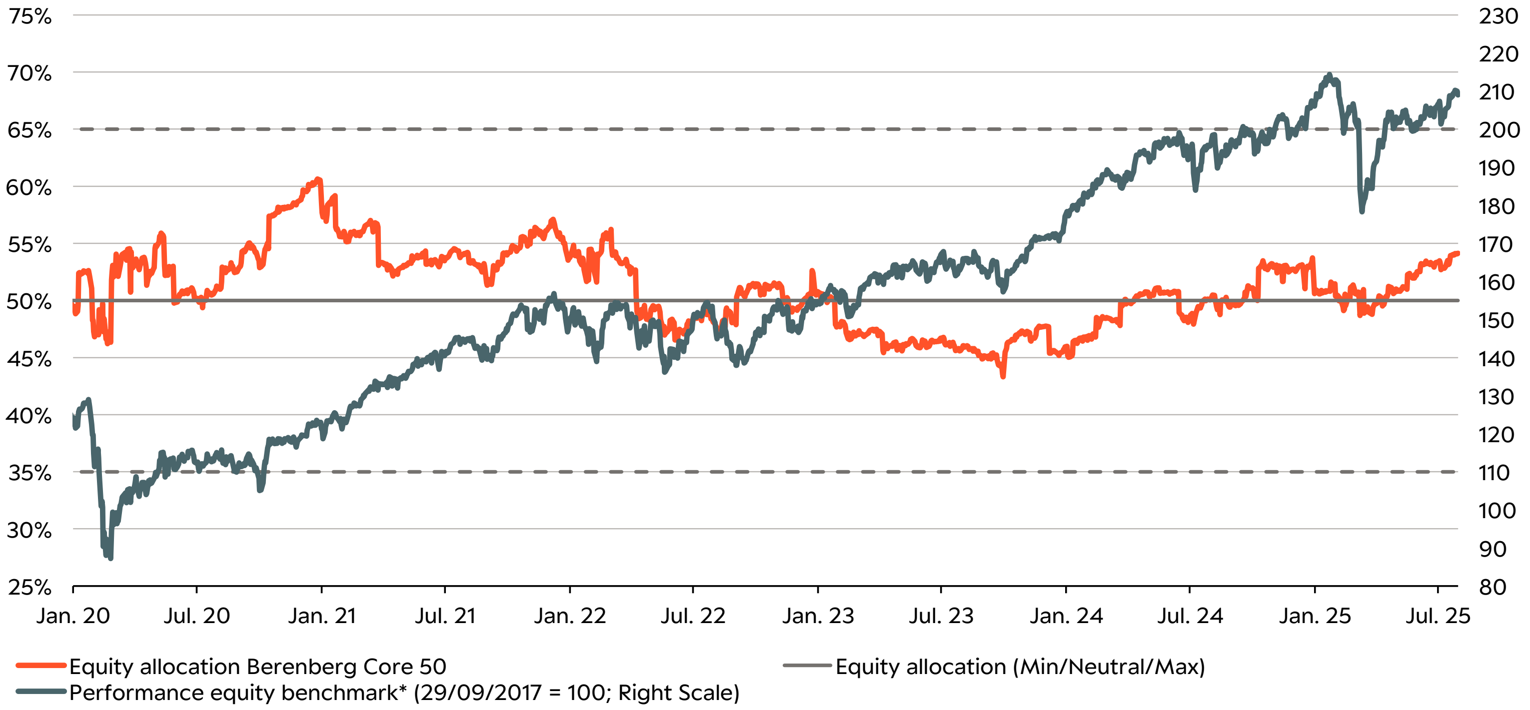
GBP

As of: 26.08.2025
Source: Berenberg

Overview of Berenberg's asset allocation

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

	26/08/20 - 26/08/21	26/08/21 - 26/08/22	26/08/22 - 26/08/23	26/08/23 - 26/08/24	26/08/24 - 26/08/25
Performance equity benchmark	25.20%	4.40%	8.60%	19.70%	6.54%



- We remain overweight in equities, albeit only moderately, as the risk of a setback has increased recently. The positioning of rule-based strategies has risen significantly in recent months due to low volatility. At the same time, US liquidity is likely to decline in September. In addition, late summer has historically been a vulnerable period, especially as share buyback programmes tend to be lower during this time. However, the likely easing of US monetary policy despite persistently high inflation argues in favour of real assets, including equities.
- Within commodities, we have recently reduced industrial metals and built up silver. In addition to positive market fundamentals, silver is favoured by its relatively favourable valuation compared to gold. Furthermore, the first central banks are now also buying silver. We do not expect industrial metals to have much upside potential in the short term due to the tariff issue, although we remain optimistic in the long term.

Time period: 26/08/2020 – 26/08/2025

Sources: SimCorp, Bloomberg, Berenberg *'Equity benchmark' comprised 70% STOXX Europe NR Index and 30% S&P 500 NR Index until 30 September 2024. From 1 October 2024, the equity benchmark consists of 60% STOXX Europe NR Index, 34% S&P 500 NR Index and 6% MSCI EM NR Index.
Note: The historical performance presented here is not a reliable indicator of future performance.

02 Economics

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Eurozone

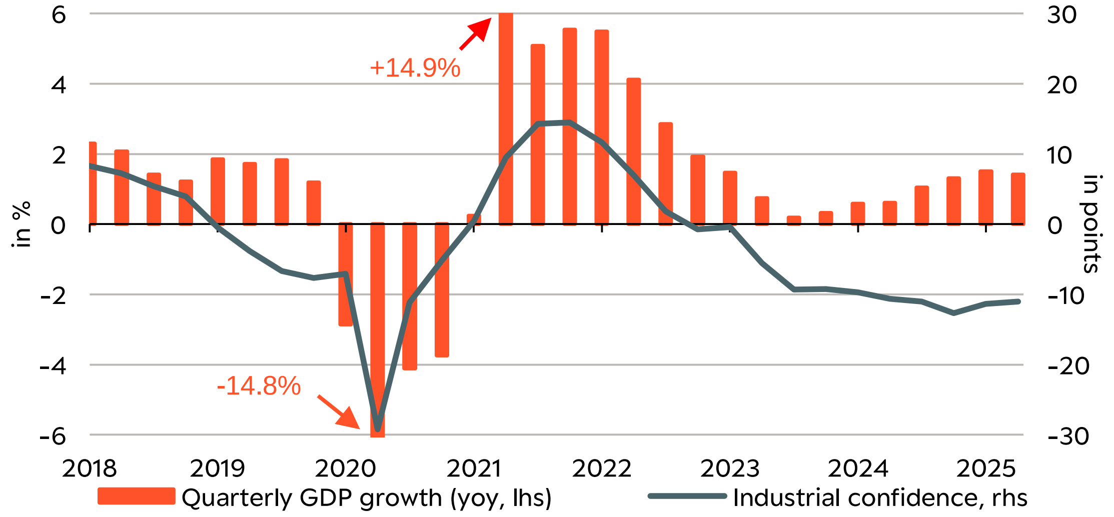
New upswing after the end of trade disputes

- After the eurozone's GDP rose by an above-average 0.6% in the first quarter compared to the previous quarter, the economy grew by a further 0.1% in the second quarter. The stronger growth in the first three months of the year is attributable to the rise in exports, which was intended to pre-empt the threat of US tariffs. In contrast, exports were weaker in the second quarter.
- The slight increase in eurozone GDP in the second quarter indicates a certain positive momentum. The trade agreement with the US ends the uncertainty and could serve as a catalyst for an upturn. The ECB's monetary easing and the continuing stability of the labour market are also providing support. For 2025 as a whole, we expect solid GDP growth of 1.2%.

The ECB is continuing on its current course

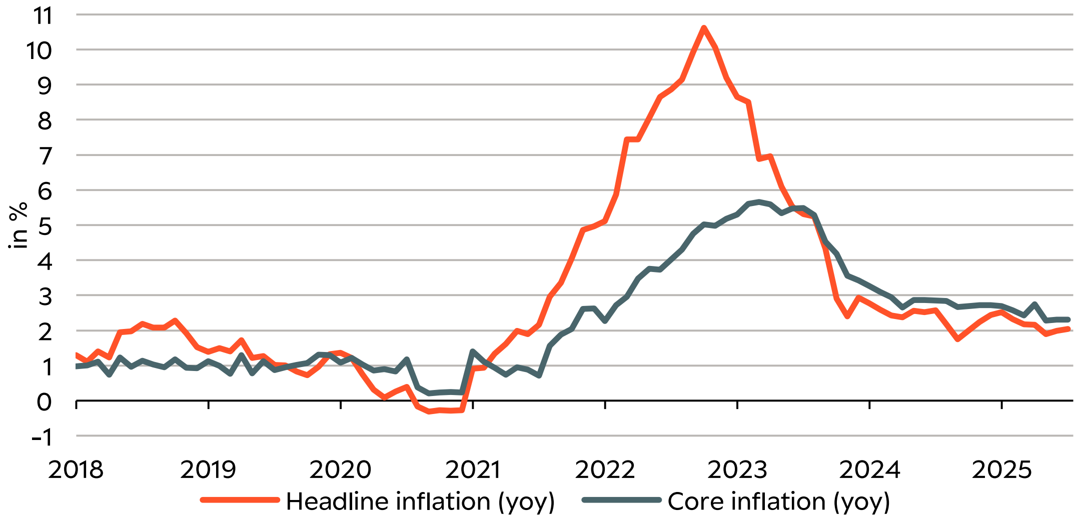
- At its meeting on 24 July, the ECB left the deposit rate unchanged at 2.0% while keeping all options open for further action. The ECB will wait to see how the trade agreement with the US plays out in the real economy. If the eurozone economy recovers as we expect after the tariff disputes subside in late autumn, it will not lower its key interest rate further.
- The monetary authorities in Frankfurt will also be monitoring the euro closely. Since the beginning of the year, the single currency has appreciated by more than 10% against the US dollar. A strong euro makes imports cheaper, which has a disinflationary effect and increases the likelihood of a further interest rate cut.

Nothing should stand in the way of an upturn by the end of the year



Period: 01/2018 – 06/2025

Inflation largely under control



Period: 01/2018 – 07/2025

 Source: Haver

United Kingdom

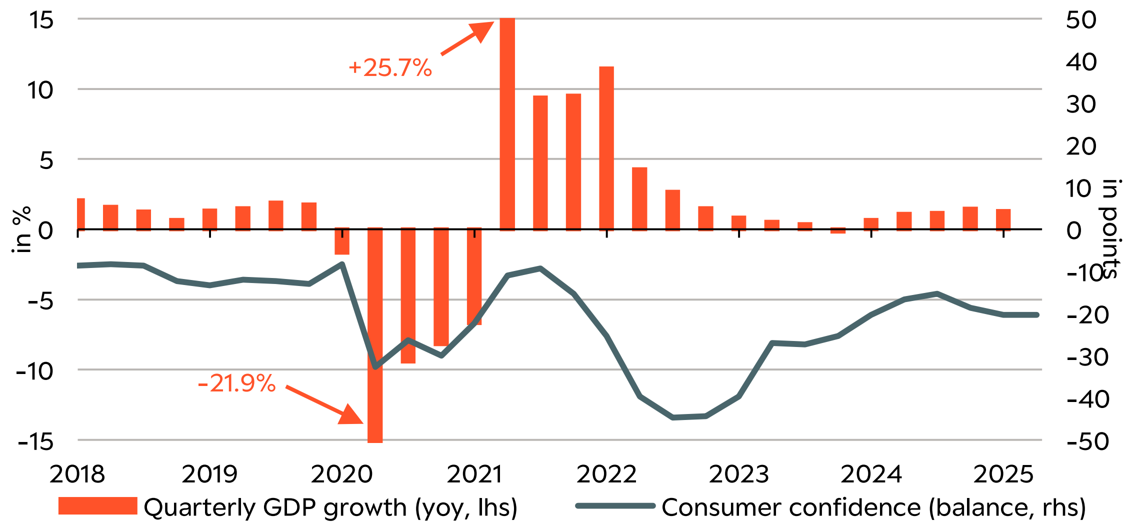
Solid growth in the second quarter

- The British economy has coped surprisingly well with US tariffs and domestic tax increases. GDP growth in Q2 was significantly higher than expected by the Bloomberg consensus, rising by 0.3% compared to the previous quarter. Once again, the growth engine was the service sector, which grew by 0.4% compared to the previous quarter. Fiscal spending also had a supportive effect, while foreign trade no longer weighed on growth.
- In the second half of the year, increased government spending, real wage growth for consumers and falling key interest rates will have a positive impact. We expect GDP growth of 1.3% for 2025 as a whole.

BoE must be patient

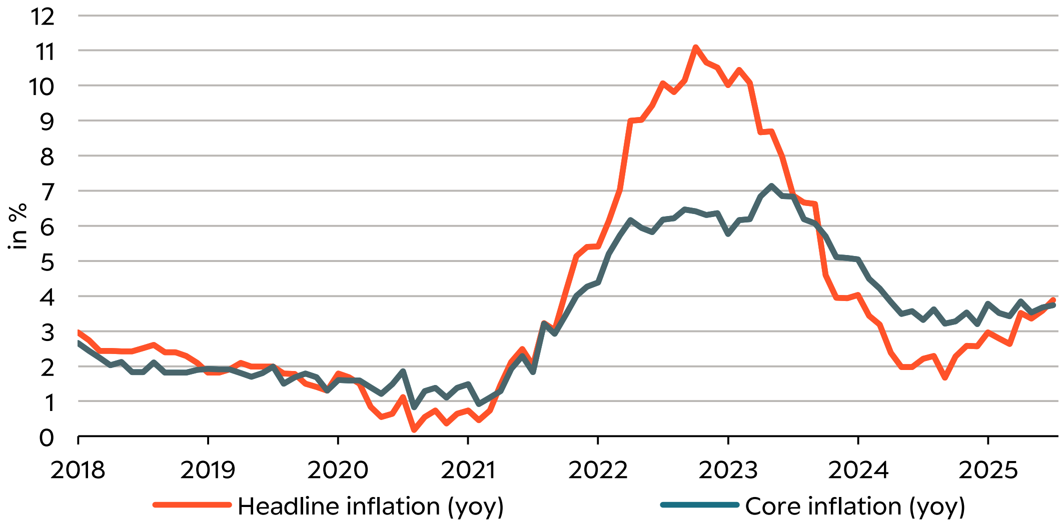
- Price pressure in the service sector in particular caused the overall inflation rate in the United Kingdom to rise by 3.8% year-on-year in July. However, the rise in prices in the service sector is largely attributable to the sharp fluctuations in airfares and hotel prices. We expect the inflation rate to rise slightly further in the coming months before price pressure eases somewhat towards the end of the year.
- The Bank of England (BoE) also expects inflation to peak at 4.0% in September and fall to 2.5% by the end of 2026. However, the inflation rate is still significantly too high for the BoE at present. It is therefore unlikely to lower the key interest rate further this year and will only make two final cuts of 25 basis points each to 3.5% in the first half of 2026.

British economy gains some momentum



Period: 01/2018 – 06/2025

Inflation rate moving in the wrong direction



Period: 01/2018 – 07/2025

 Source: Haver

USA

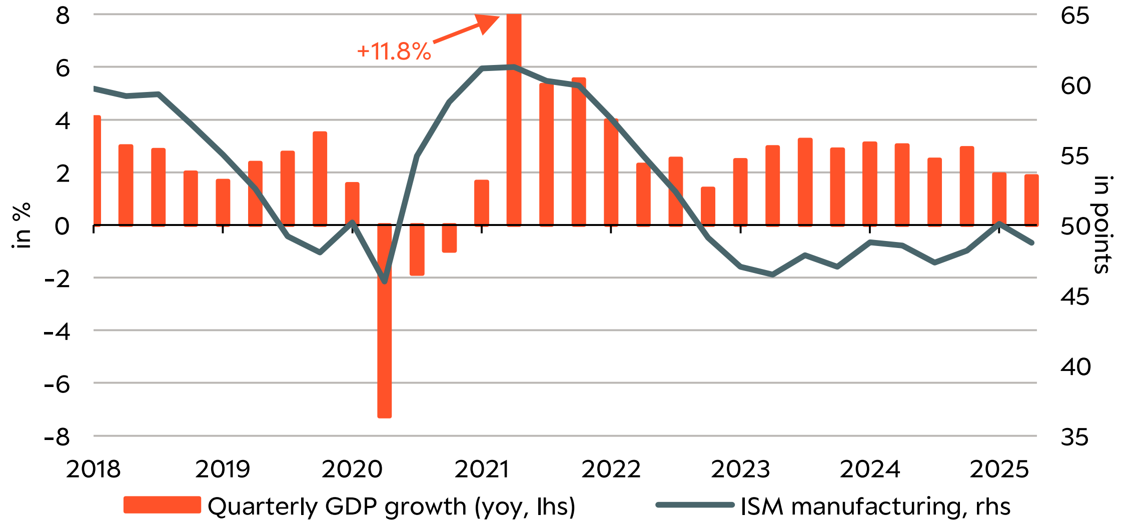
Tariffs will remain Trump's weapon of choice in the future

- The US has recently concluded several trade agreements. In addition, the White House has agreed with China to extend the tariff pause until 10 November; an agreement is likely to follow. However, Trump will continue to use tariffs on the global stage, not only in trade matters, to get his way. Overall, import duties will remain at a significantly higher level than before the start of his second term in office. This will drive inflation and put pressure on US consumers.
- Momentum in the US labour market is slowing. Few new people are being hired, but at the same time few are being laid off. Restrictive immigration policy is reducing the labour supply, so that despite only 73,000 new jobs being created in July, the unemployment rate rose only from 4.1% to 4.2%.

Fed Chair Powell signals possible further interest rate cuts

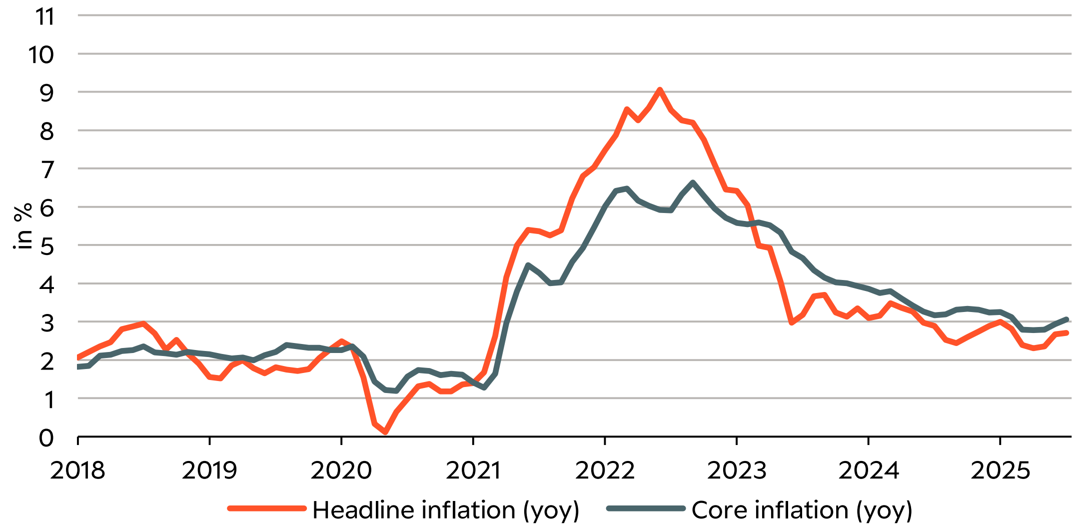
- At its meeting on 30 July, the Fed left its key interest rate range unchanged at 4.25 to 4.5%. The Fed is currently in a difficult position: on the one hand, the labour market is cooling down, while on the other hand, the increased tariffs are slowly becoming noticeable in prices. The increased import duties are expected to cause inflation to rise further in the coming months.
- However, Fed Chairman Jerome Powell hinted in his speech at the central bank meeting in Jackson Hole that concerns about the labour market currently seem to outweigh the risk of inflation. We therefore expect interest rate cuts of 25 basis points in September and October, bringing the key interest rate range to between 3.75% and 4.00%.

Trump's policies will not be without consequences



Period: 01/2018 – 06/2025

Tariffs cause inflation rate to rise again



Period: 01/2018 – 07/2025

 Source: Haver

Economics forecast

	GDP growth (in %)						Inflation (in %)					
	2025		2026		2027		2025		2026		2027	
		Ø**		Ø**		Ø**		Ø**		Ø**		Ø**
USA	1.8	1.6	1.8	1.7	1.5	2.0	2.9	2.8	2.9	2.7	2.6	2.3
Eurozone	1.2	1.1	1.2	1.1	1.5	1.5	2.1	2.1	1.9	1.9	2.2	2.0
Germany	0.3	0.3	1.1	1.0	1.4	1.6	2.1	2.1	1.7	2.0	2.2	2.0
France	0.5	0.6	0.9	0.9	1.2	1.2	1.2	1.1	1.9	1.7	2.1	1.8
Italy	0.6	0.5	1.0	0.8	0.9	0.9	1.9	1.8	1.8	1.6	2.2	1.8
Spain	2.6	2.5	2.2	2.0	2.4	1.8	2.6	2.4	2.5	2.0	2.8	2.0
United Kingdom	1.3	1.2	1.2	1.1	1.5	1.5	3.4	3.3	2.6	2.5	2.2	2.0
Japan	1.2	1.0	1.0	0.8	1.0	0.8	3.1	3.0	1.9	1.8	1.7	2.0
China	4.8	4.8	4.1	4.2	3.9	4.0	0.2	0.1	1.3	1.0	1.9	1.4
World*	2.5	-	2.4	-	2.3	-	-	-	-	-	-	-

* 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.
Source: Bloomberg, Berenberg per 28.08.2025

03 Equities

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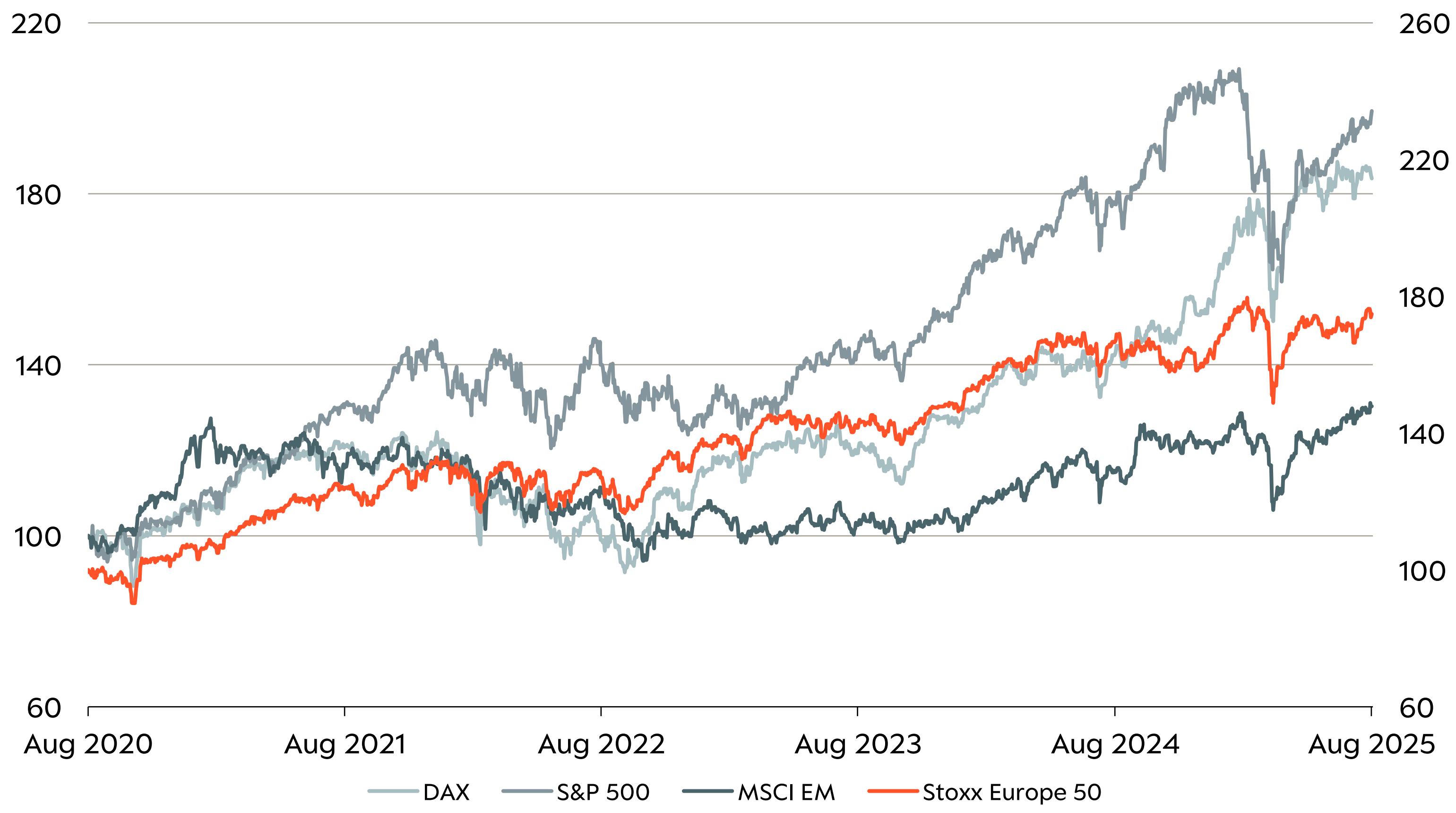
Stock markets continued their upward trend

Performance of selected equity indices



Zeitraum: 28/08/2020 – 28/08/2025

US shares at all-time highs. However, risks are increasing in the short term.

Most global stock markets continued their upward trend in August. The S&P 500 reached a new all-time high in dollar terms and has been trending almost uniformly in positive territory in euro terms since the beginning of the year.

A better-than-expected Q2 reporting season in the US quickly dispelled concerns about an economic slowdown triggered by Donald Trump's erratic tariff policy. Accordingly, sentiment and investor positioning also became more optimistic in August. Furthermore, at the last Jackson Hole meeting, Jerome Powell paved the way for an interest rate cut in September and emphasised the risks associated with a weaker labour market. However, upside risks for US inflation, Trump's attempt to dismiss Fed Governor Cook and jeopardise the independence of the central bank, as well as domestic political discussions in France and the UK, have so far left the markets largely unfazed.

In view of a usually weak September seasonality, a possible liquidity withdrawal due to the replenishment of the Treasury General Account, and more optimistic systematic positioning, further upside potential is likely to remain limited, at least in the short term.

 Source: Bloomberg; performance in EUR scaled to 100

US reporting season exceeds cautious expectations

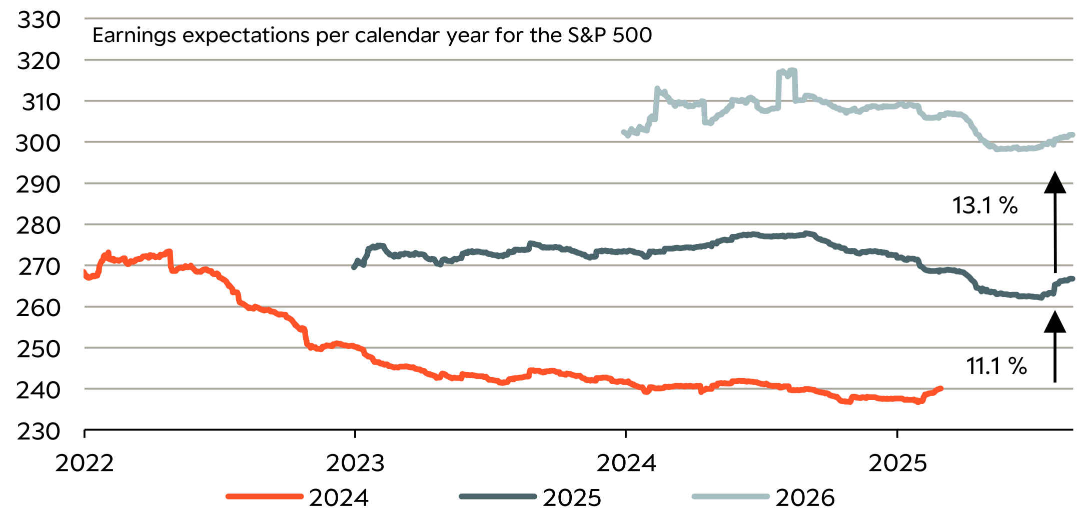
Concerns of negative US tariff effects have not (yet) materialised

- At the end of the month, the stragglers in the S&P 500 also disclosed their second-quarter results. Overall, the conclusion is positive: nearly three-quarters of companies exceeded either earnings or revenue estimates. Financials, industrial companies and technology stocks were the strongest performers in terms of earnings. Around half of the companies also raised their profit forecasts for the year as a whole. Technology stocks once again surprised with strong investments in AI and data centres.
- Due to the better-than-expected reporting season, the previously reduced profit growth expectations for 2025 as a whole were recently raised again to 11.1%.

European reporting season selectively positive

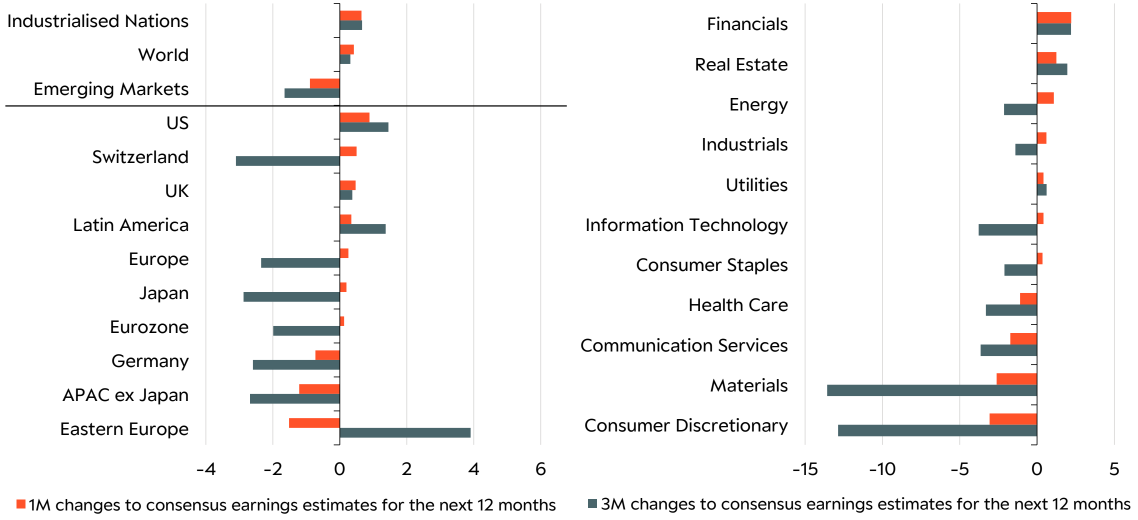
- Although the reporting season in Europe has been less positive than in the US, aggregate earnings estimates have been exceeded. However, the positive impact of solid bank results, which account for more than half of earnings growth at index level, must be taken into account. Negative results for energy and automotive stocks, on the other hand, had the strongest negative impact on earnings growth.
- Earnings revisions, which tend to be among the weakest of the major economies in Europe, appear to be stabilising in the wake of a better-than-expected reporting season. The strong euro is likely to be a decisive factor in Europe's relative development compared to the USA.

Solid reporting season further increases profit growth expectations



As of: 01/01/2025 - 25/08/2025

Profit expectations rose most sharply in the USA recently



As of: 27/08/2025

 Source: Factset, Bloomberg, own calculation

Market vulnerability increased, at least in the short term

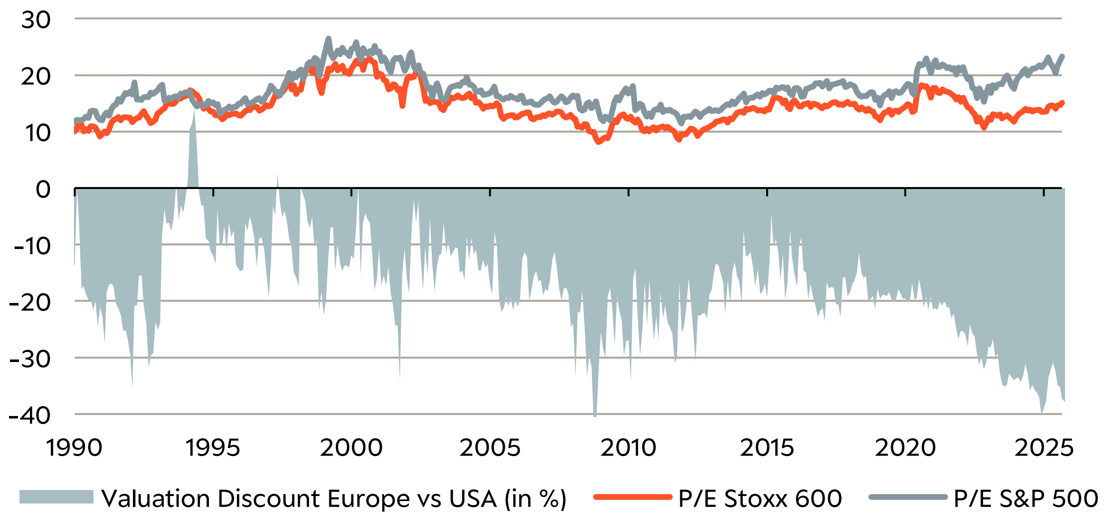
European equities still not expensive

- While earnings estimates for European equities have fallen over the past 12 months, valuations have risen slightly recently, partly due to looser fiscal policy in Europe.
- After the valuation gap between the US and Europe narrowed slightly in April this year, mainly due to the decline in the valuation of American equities, the valuation discount is now trading close to its highs again at around 37%. With a P/E ratio of around 15, European equities still do not appear to be expensive.

Tailwind for US equities likely to weaken temporarily

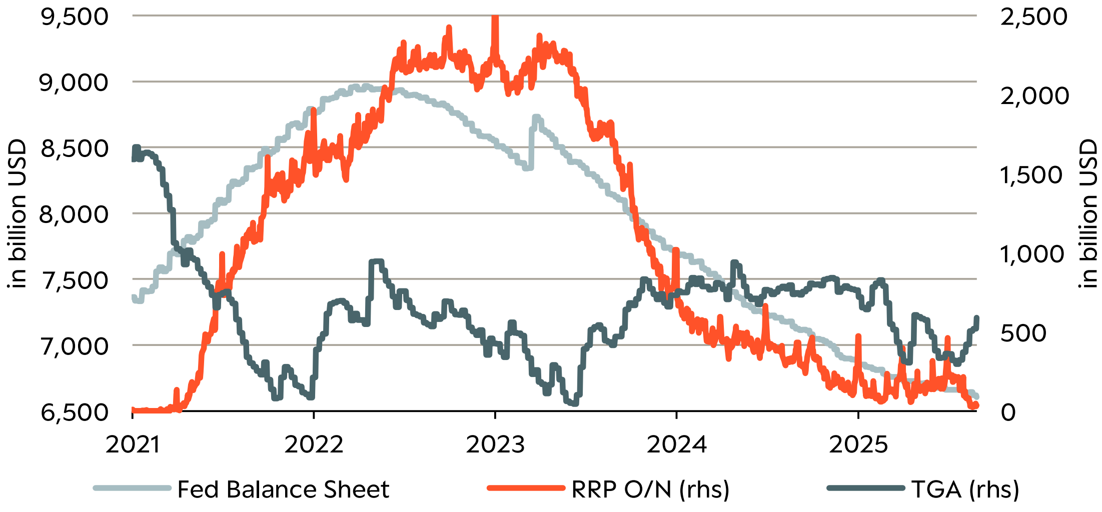
- US equities continued their upward trend in August, reaching new all-time highs on a dollar basis. In addition to a better-than-expected reporting season, performance was also driven by expectations of an interest rate cut by the Fed in September after Jerome Powell weighed the risks to the labour market more heavily than those to inflation. Investor sentiment and positioning therefore also improved slightly in August.
- In view of weak seasonal factors in September, a possible liquidity withdrawal due to the expected replenishment of the Treasury General Account to USD 850 billion, and seasonally lower share buybacks, further upside potential is likely to remain limited, at least in the short term.

Valuation gap between the US and Europe near their highs



Time period: 01/01/1988 - 28/08/2025

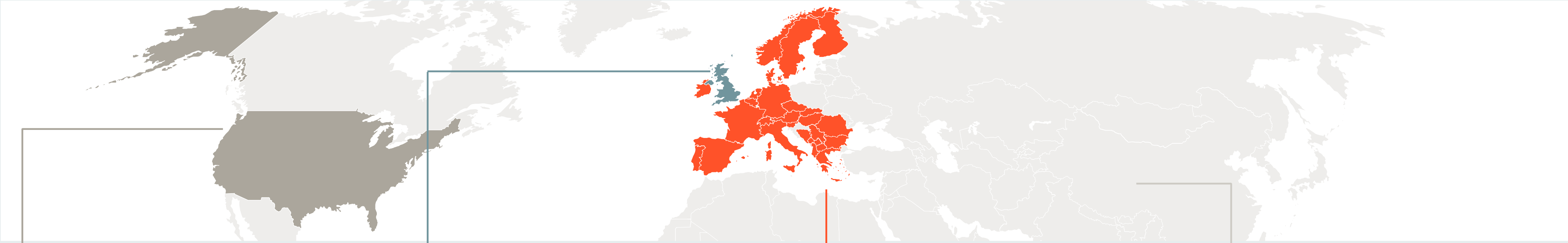
In the short term, liquidity is likely to be withdrawn from the market.



Time period: 01/01/2021 - 27/08/2025

 Source: Bloomberg, own calculation

Overweight in Europe and the US



US

overweight

The continued high valuation of US equities makes the region less attractive compared to cheaper regions such as Europe or emerging markets. On the other hand, robust economic data, upcoming fiscal stimulus in the form of the OBBBA, a weaker US dollar and a solid reporting season are having a positive effect.

United Kingdom

neutral

At index level, British equities offer a mix of more defensive and commodity-rich stocks, which should pay off in an environment of high inflation and geopolitical risks. However, the debate surrounding the budget to be passed also harbours risks in the short term.

Europe ex. UK

overweight

Despite their strong performance since the beginning of the year, European companies are not highly valued. Should the economy recover noticeably, there is further potential for them to catch up. However, Trump's policies remain a risk, even though a trade deal has been reached between the EU and the US.

Emerging Markets

neutral

If the trade conflict continues to de-escalate and the US dollar remains weak, emerging markets should continue to be supported. Accordingly, we neutralised our underweight position back in February of this year.

Estimates for selected indices

Equity market forecasts

Index forecasts	28/08/2025	31/12/2025	30/06/2026	In 12 months
	Current			Ø*
S&P 500	6,502	6,400	6,600	7,122
DAX	24,040	24,000	25,500	27,321
Euro Stoxx 50	5,397	5,700	6,000	5,998
MSCI UK	2,627	2,600	2,750	2,911

Index potential (in %)

S&P 500	-	-1.6	1.5	9.5
DAX	-	-0.2	6.1	13.7
Euro Stoxx 50	-	5.6	11.2	11.1
MSCI UK	-	-1.0	4.7	10.8

Source: Bloomberg, Berenberg per 28/08/2025
*Average based on bottom-up estimates.

04 Bonds

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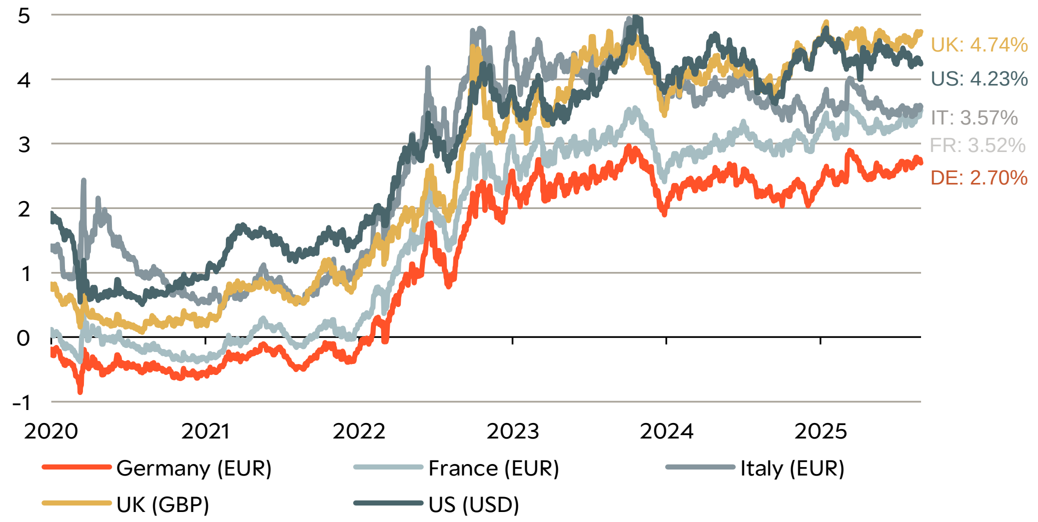
The embattled Federal Reserve is in a quandary

The Fed: between a weak labour market and inflation risks

- Donald Trump's attacks on the Fed continue unabated. Following the publication of US inflation figures for July, there were further attacks against Fed Chairman Jerome Powell. In addition to his now regular calls for interest rates to be lowered, Trump announced that he would consider bringing charges against Powell. Most recently, Trump fired Governor Lisa Cook for allegedly providing false information when taking out real estate loans. Her fate will now be decided by a US court.
- In addition to political pressure from Trump to cut interest rates, the Fed is facing increased inflation risks due to the tariffs he has introduced and a weakening labour market. Jerome Powell's rather dovish speech at the Jackson Hole symposium surprised market participants and further fuelled fears about the Fed's independence.

10-year yields (%) remain volatil

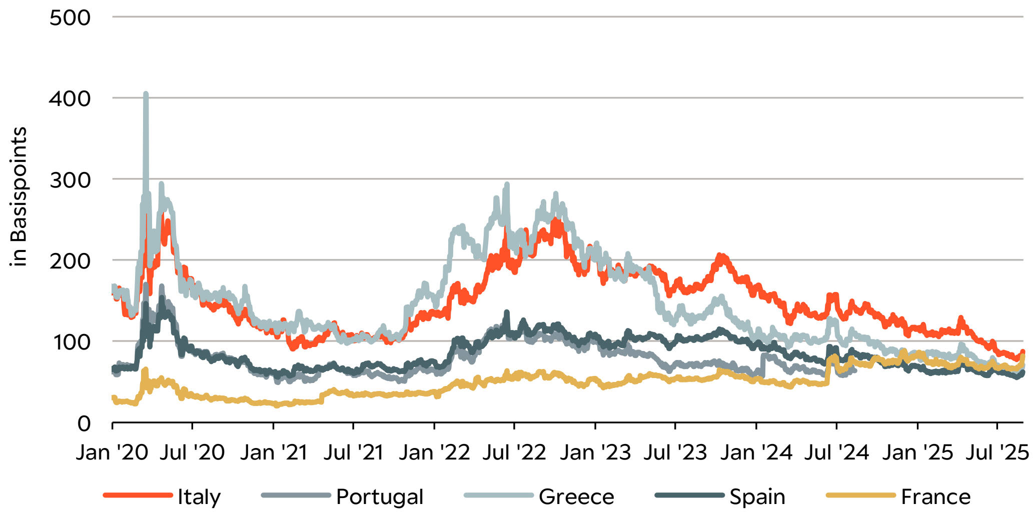


Period: 01/01/2020–27/08/2025

France: Political uncertainty continues to escalate

- The political mood in France remains gloomy: Prime Minister Bayrou has unexpectedly called for a vote of confidence in order to secure support for his budget plan. The vote will take place on 8 September. Comments from opposition parties so far suggest that Bayrou's minority government is likely to lose the vote.
- Even if the budget is successfully implemented, rising interest payments will continue to weigh on public debt and thus also on the debt ratio. Bayrou's plan is to reduce the deficit to three per cent by 2029 – an ambitious goal given the political uncertainties and economic pressures.

French risk premium recently increased



Period: 01/01/2020 - 27/08/2025

US trade tariffs for Europe better than feared; EM countries still in suspense

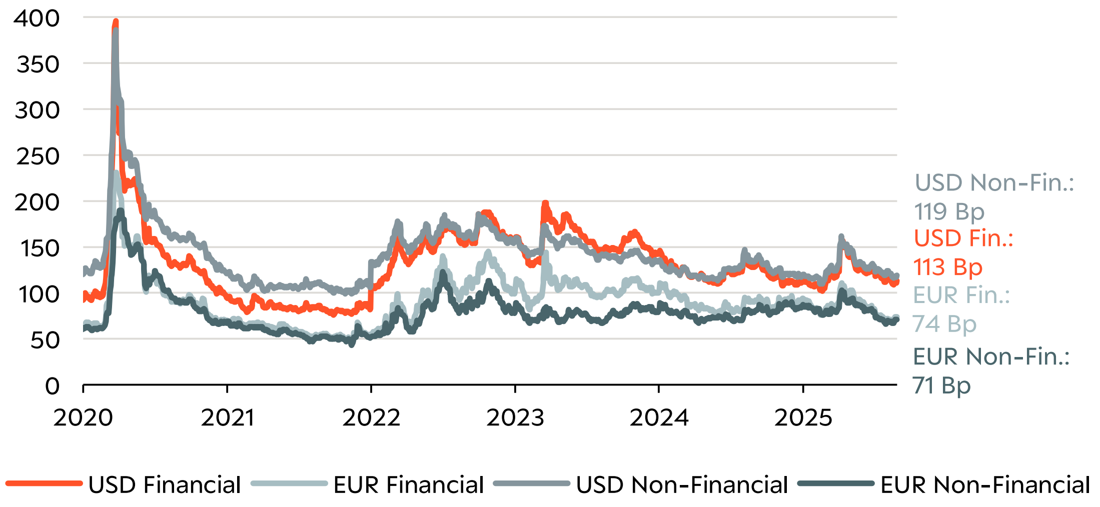
Corporate bonds: historically low spreads call for caution

- Risk premiums on IG and high-yield corporate bonds remained stable in August. Although there are numerous signs of a slowdown in the US economy, and it will probably take some time before the German investment programmes have a positive impact on growth, the risk of a US recession has decreased since the spring and US tariffs for Europe are well below the feared extreme levels.
- Both the high-yield and IG segments are supported by solid balance sheets and cash inflows, while new issues are being well received by the market. The yield level of corporate bonds remains attractive. However, due to historically low spreads, the risk of valuation corrections has increased recently.

Emerging market bonds: Trade dispute with Trump remains in focus

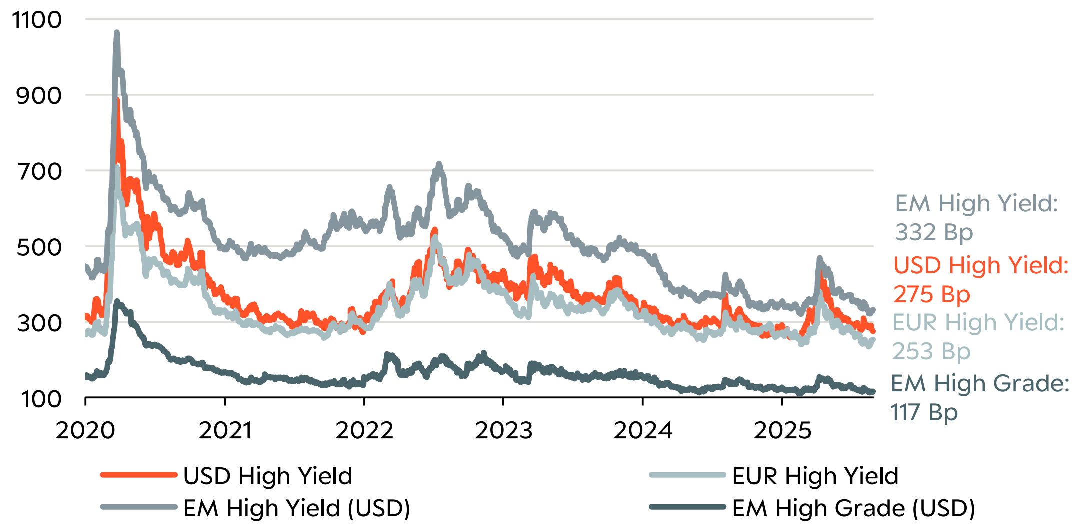
- US President Donald Trump's trade and customs policy continues to cause tension in emerging markets. Trade negotiations with India recently escalated when Trump imposed punitive tariffs on Indian oil imports from Russia, raising the cumulative punitive tariffs on India to 50 percent. Negotiations with China remain tough. The final terms of the agreements and Trump's willingness to abide by them pose risks for emerging markets.
- However, the continued strength of the US economy and monetary and fiscal policy measures in China are creating a positive macroeconomic environment for EM bonds. Robust fundamentals and manageable debt ratios should counteract a possible tariff-induced upward trend in EM risk premiums.

Corporate bonds: Spreads stable recently



Period: 01/01/2020–26/08/2025

Emerging markets: Risk premiums stabilise



Period: 01/01/2020–26/08/2025

 Source: FactSet, own calculations.

Capital market strategy

Core segments

Government bonds

underweight

- As macroeconomic data continues to fluctuate widely, interest rate volatility is also likely to remain high for safe government bonds. Although the yield curve is no longer inverted, it is still flatter compared to the historical average. Even if central banks cut interest rates further, yields on longer maturities are unlikely to fall significantly.
- Secured covered bonds have a similar credit risk profile but offer higher yields. We consider this risk/return profile to be more attractive than that of government bonds, although the relative attractiveness has declined due to narrower swap spreads.

Corporate bonds

neutral

- Due to low risk premiums, the risk of valuation adjustments has risen again recently in both the high-yield and investment-grade segments. However, in our baseline scenario, spreads should hardly widen, meaning that high-quality corporate bonds remain more attractive than government bonds. In terms of sector selection, we are focusing on defensive industries and avoiding cyclical ones. We currently see selective opportunities in the high-yield bond segment.

Other segments

Emerging markets

overweight

- Local currency bonds remain attractive due to high real yields, solid fundamentals combined with a sustained disinflationary trend in emerging markets and the weakness of the US dollar and offer a good risk/return profile.
- Among hard currency bonds from emerging markets, we prefer government bonds over investment grade corporate bonds due to higher yields, longer durations and higher inflows.

High yield bonds

overweight

- The high-yield bond segment remains attractive to many investors due to the positive economic outlook resulting from the ECB's interest rate cuts and high carries. Although risk premiums are historically low, the average quality of companies in the segment is also better than in the past.
- We continue to view catastrophe bonds and high-yield bond funds with a more defensive profile as attractive.

Forecasts

Base interest rates and government bond yields (in %)	28/08/2025	31/12/2025		30/06/2026	
	Current		Ø*		Ø*
US					
Base interest rate	4.25-4.50	3,75-4,00	4.05	3,75-4,00	3.68
10Y US yield	4.21	4.70	4.29	4.85	4.22
Eurozone					
Base interest rate**	2.00	2.00	1.97	2.00	1.96
10Y Bund yield	2.69	2.70	2.68	2.80	2.81
United Kingdom					
Base interest rate	4.00	4.00	3.79	3.50	3.40
10Y Gilt yield	4.70	4.70	4.33	4.70	4.24

Source: Bloomberg. Berenberg. as of 28/08/2025
*Average of estimates by other experts (Bloomberg) consensus.
**Deposit rate

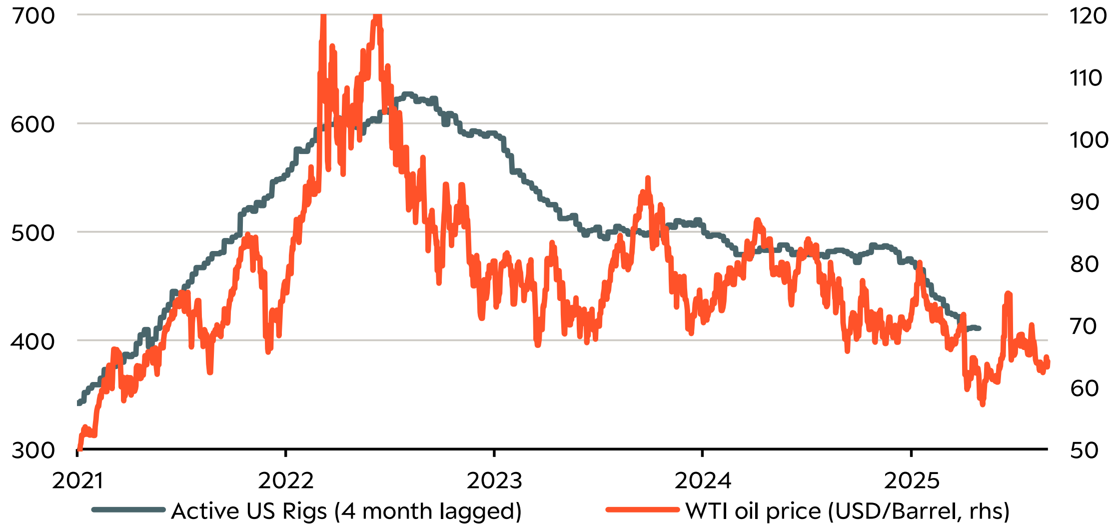
05 Commodities

Supply surplus: here to stay

Drill, baby, drill (just not in the US shale oil industry)

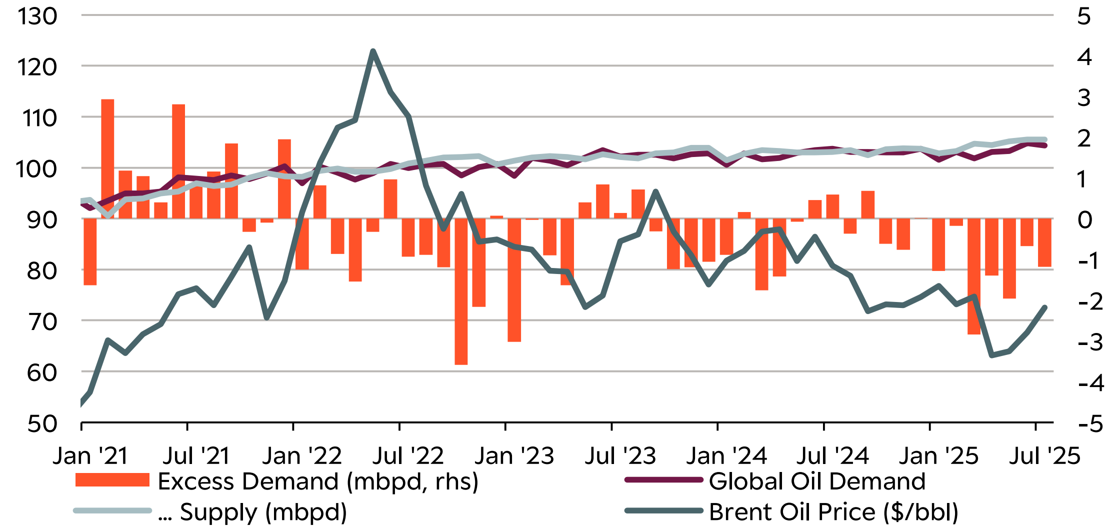
- The price of oil (Brent) stabilised below the USD 70 per barrel mark in August, which is around 20% lower in EUR terms than at the beginning of the year.
- Meanwhile, OPEC+ has continued its policy of expanding production. After 140 kbpd in April and 411 kbpd in May, June and July, the cartel stepped up the pace again in August, increasing production by 548 kbpd. Supply is set to increase by the same amount in September. This means that OPEC+ will have increased production by almost 2.5 mbpd in just six months.
- But it is not only OPEC+ that is continuing its expansionary course; non-OPEC countries are doing so too. According to estimates by various agencies, production growth here is likely to be between 1 and 2 mbpd for this year.
- Geopolitical risks in the Middle East and secondary sanctions offer (temporary) upside opportunities. However, both issues have cooled down recently.
- Beyond that, the fundamental outlook is bleak. With weak demand growth and large increases in supply, the IEA expects inventories to build up significantly in 2026, possibly even exceeding the levels seen following the outbreak of covid-19 in 2020. It is therefore hardly surprising that the first analysts are announcing price targets of USD 50 per barrel – much to the delight of Donald Trump, but less so for the US shale oil industry, which is already experiencing its lowest drilling activity in four years.
- Nevertheless, a short position should be carefully considered. Due to the steep backwardation, the roll yield in the first futures contract is currently almost 10% p.a.

US shale oil industry suffers from low oil prices



Period: 01/01/2021 – 27/08/2025.

Oil market has been in surplus for months



Period: 01/01/2021 – 31/07/2025.

 Source: Bloomberg, EIA, Baker Hughes, own calculations.

Silver on the verge of breaking out, copper arbitrage is over

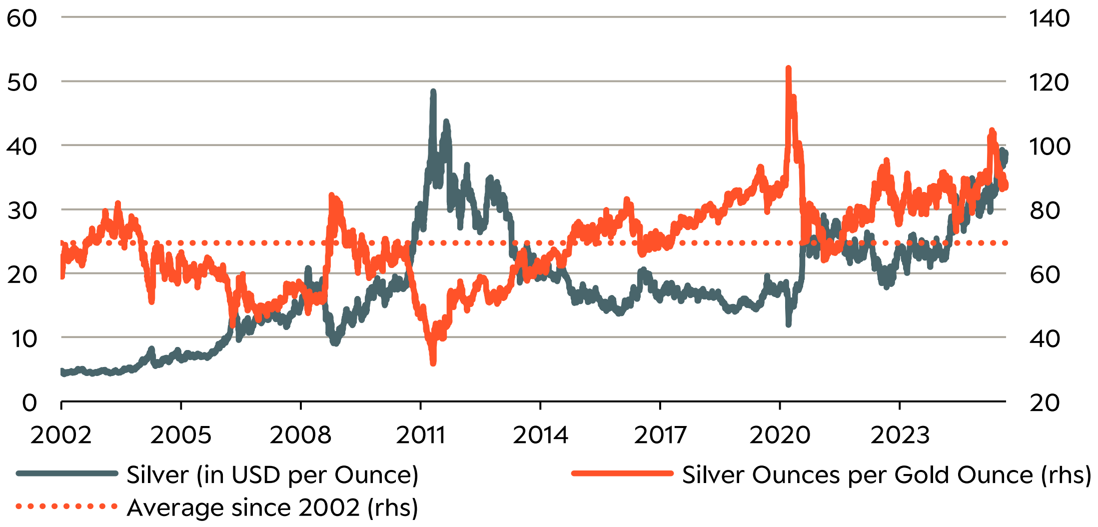
Gold expensive, silver potentially on the verge of a breakout

- The gold price continues to move sideways just below the USD 3,400 per ounce mark. Following Fed Chair Powell's speech at the Jackson Hole Symposium on 22 August, the gold price jumped by USD 50. The market interpreted the speech as a signal that the US Federal Reserve could cut interest rates as early as September, which would likely provide additional support for the gold price.
- Silver remains relatively cheap compared to gold and could be on the verge of a technical breakout. There are also some positive impulses on the demand side: central banks in the Middle East have started buying silver. In addition, around half of the demand comes from manufacturing applications, so an economic recovery should provide additional support for the price. At the same time, supply remains tight: the market is already in deficit for the fifth year running..

Copper arbitrage is over, zinc price vulnerable to corrections

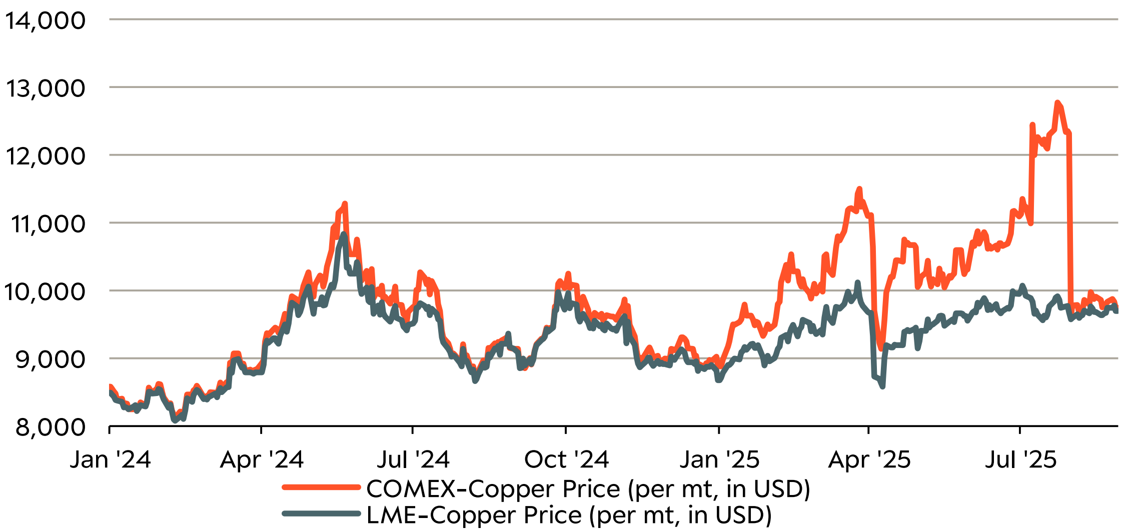
- In anticipation of US import tariffs, the difference between the COMEX and LME copper prices rose significantly at the end of July. At times, copper was trading at a 30% premium on the COMEX. The arbitrage between COMEX and LME copper ended abruptly after the US government announced that import tariffs would only be levied on semi-finished copper products. Prices on the LME and COMEX are currently back on par.
- Zinc stocks on the LME are at their lowest level since 2023. This has caused the price of zinc to rise significantly recently. Nevertheless, zinc has been the worst performer among industrial metals since the beginning of the year, falling by almost 9%. In addition, zinc appears to be vulnerable to corrections, as the market is currently oversupplied according to the International Lead and Zinc Study Group..

Silver attractively valued and likely to break out soon



Period: 01/01/2002 – 27/08/2025.

Historical arbitrage between COMEX and LME copper is over



Period: 01/01/2024 – 27/08/2025.

06 Currencies

Market development

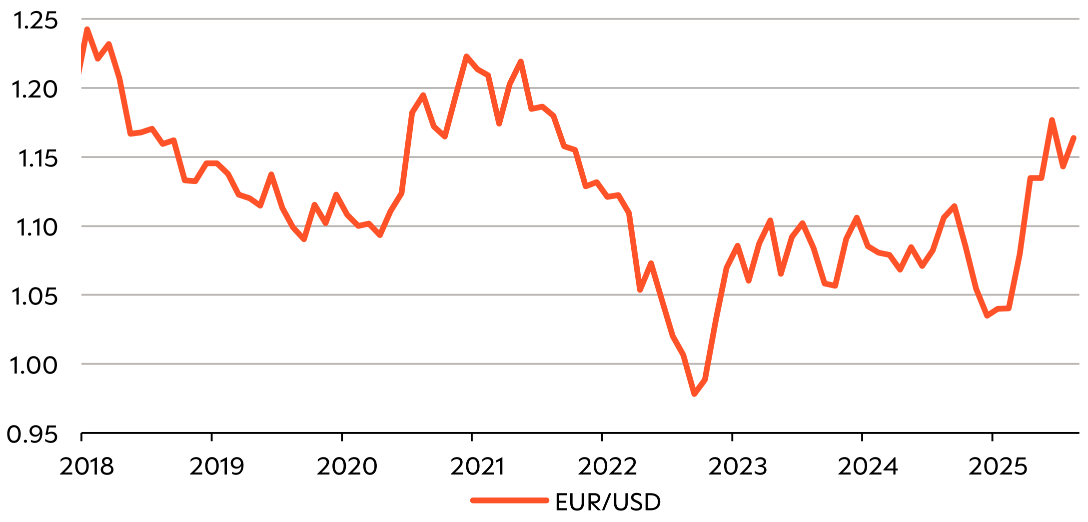
There are currently few reasons for a US dollar upturn

- Trump's immigration and customs policies are causing inflation to rise and weakening economic growth. Slower economic momentum will tend to weaken the greenback. In addition, the Fed is expected to continue lowering its key interest rate, while the ECB has already reached rock bottom. This will narrow the interest rate differential between the US and the eurozone, putting additional pressure on the dollar
- In addition, the increasing threat to the Fed's independence posed by the US government and the appointment of a Trump loyalist to the Bureau of Labour Statistics have further undermined confidence in the world's largest economy, while US national debt continues to rise unchecked. At present, therefore, there is very little to recommend the dollar.

Pressure on BoJ to raise key interest rate increases

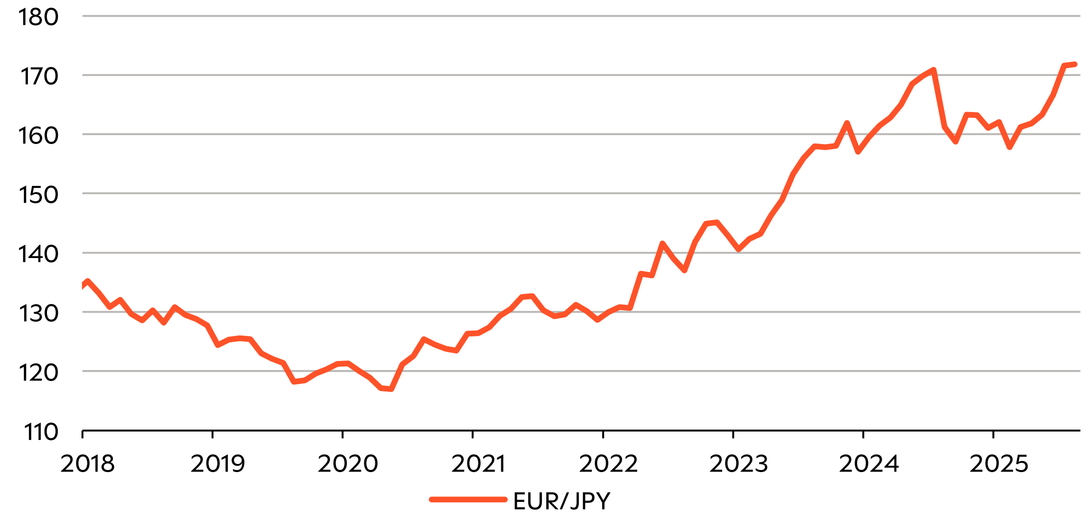
- Although core inflation fell from 3.3% to 3.1% in Japan in July, it remains well above the Bank of Japan's (BoJ) 2% target. The BoJ considers some price increases, such as higher rice prices, to be temporary and states that underlying inflation is still below 2%. However, the BoJ does not publicly disclose the components of this 'underlying inflation'.
- At the next central bank meeting on 19 September, the key interest rate is expected to remain unchanged at 0.5%. However, pressure is mounting on the BoJ to raise the key interest rate further in the medium term. This could give the yen a slight boost. However, as the BOJ will proceed very cautiously, the yen's strength will take some time to materialise.

Trump chaos continues to weigh on the US dollar



Period: 01/2018 – 08/2025

Yen strength will take some time to materialise



Period: 01/2018 – 08/2025

 Source: Bloomberg

Forecasts

Exchange rate forecasts	28/08/2025	31/12/2025		30/06/2026	
	Current		Ø*		Ø*
EUR/USD	1.17	1.17	1.18	1.19	1.20
EUR/GBP	0.86	0.86	0.87	0.86	0.87
EUR/CHF	0.94	0.95	0.94	0.95	0.95
EUR/JPY	172	171	168	169	166

Change against the Euro (in %)

USD	-	-0.1	-1.0	-1.8	-2.6
GBP	-	0.5	-0.6	0.5	0.0
CHF	-	-1.5	-0.4	-1.5	-1.5
JPY	-	0.4	2.2	1.6	3.7

*Average of estimates of other experts (Bloomberg); consensus
**Average of estimates of other experts (Bloomberg) for Q4 2025 and Q4 2026
Source: Bloomberg, Berenberg as of 28/08/2025

07 Publishing information

Publishing information

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