



Horizon Handout

The Berenberg Capital Markets Outlook Wealth and Asset Management

November 2025

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Date 31.10.2025

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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 (01/10/25 - 29/10/25)		29/10/24	29/10/23	29/10/22	29/10/21	29/10/20
	■ YTD (31/12/24 - 29/10/25)		29/10/25	29/10/24	29/10/23	29/10/22	29/10/21
Industrial Metals	6.6	2.5	1.3	11.7	-5.7	2.1	40.5
MSCI Emerging Markets	5.4	19.3	18.2	24.0	4.9	-20.2	16.4
MSCI World	3.1	7.3	11.9	35.3	1.8	-4.9	40.3
MSCI Frontier Markets	3.0	24.7	29.5	17.4	-0.6	-19.8	38.1
Gold	2.8	33.6	32.1	35.0	15.1	7.0	-3.6
Global Convertibles	2.5	6.1	11.3	17.0	-6.7	-13.8	27.1
USDEUR	-10.8	1.1	-6.7	-2.3	-5.7	16.0	1.0
EUR Corporates	0.7	3.5	4.3	9.6	3.5	-14.8	0.0
EUR Sovereign Debt	0.6	2.6	3.0	6.5	-0.7	-9.7	-1.9
Euro overnight deposit	0.1	1.9	2.5	3.9	2.8	-0.4	-0.6
Brent	-13.6	-0.1	-3.4	-12.2	1.0	64.8	134.2
REITs	-9.8	-1.7	-12.8	29.7	-17.1	-11.7	37.9

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: 29/10/2020 – 29/10/2025

Performance of selected asset classes

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

Overview of capital markets



Economics

The economy in the eurozone surprised on the upside in the third quarter and could even gain more momentum next year.

In order to lower the inflation rate, the Bank of England must slow down the economy. But improvement is in sight for 2026.

The US economy is benefiting from an AI boom. But Trump's policies will weaken the trend growth in the medium term.

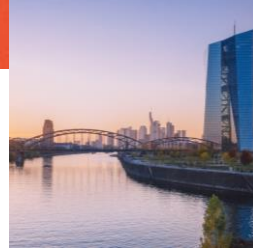


Equities

Global stock markets reached new all-time highs in October – despite numerous political flares and renewed volatility.

One reason for the rally is the Q3 reporting season, which got off to a good start in the US and Europe.

The backdrop for stocks remains bullish. Falling interest rates, solid economic data, and not overly high positioning should all ensure a solid end to the year for equities.

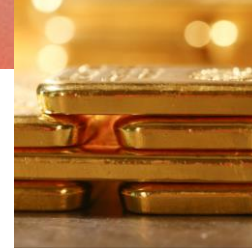


Bonds

While the US government shutdown is making it difficult for the Fed to set its course, the political situation in Europe remains tense.

The risk of valuation corrections remains high in both the high-yield and IG segments.

US President Donald Trump's trade and tariff policy continues to be the central issue in emerging markets.



Alternative investments / commodities

US sanctions against Russia are leading to a short-term supply shortage of oil. However, the market remains oversupplied in the medium term.

Gold is experiencing its sharpest decline since 2013. The structural drivers of the bull market remain intact.

Copper is benefiting from a supply shortage due to production losses. In addition, concerns about tariffs are driving up the price further.



Currencies

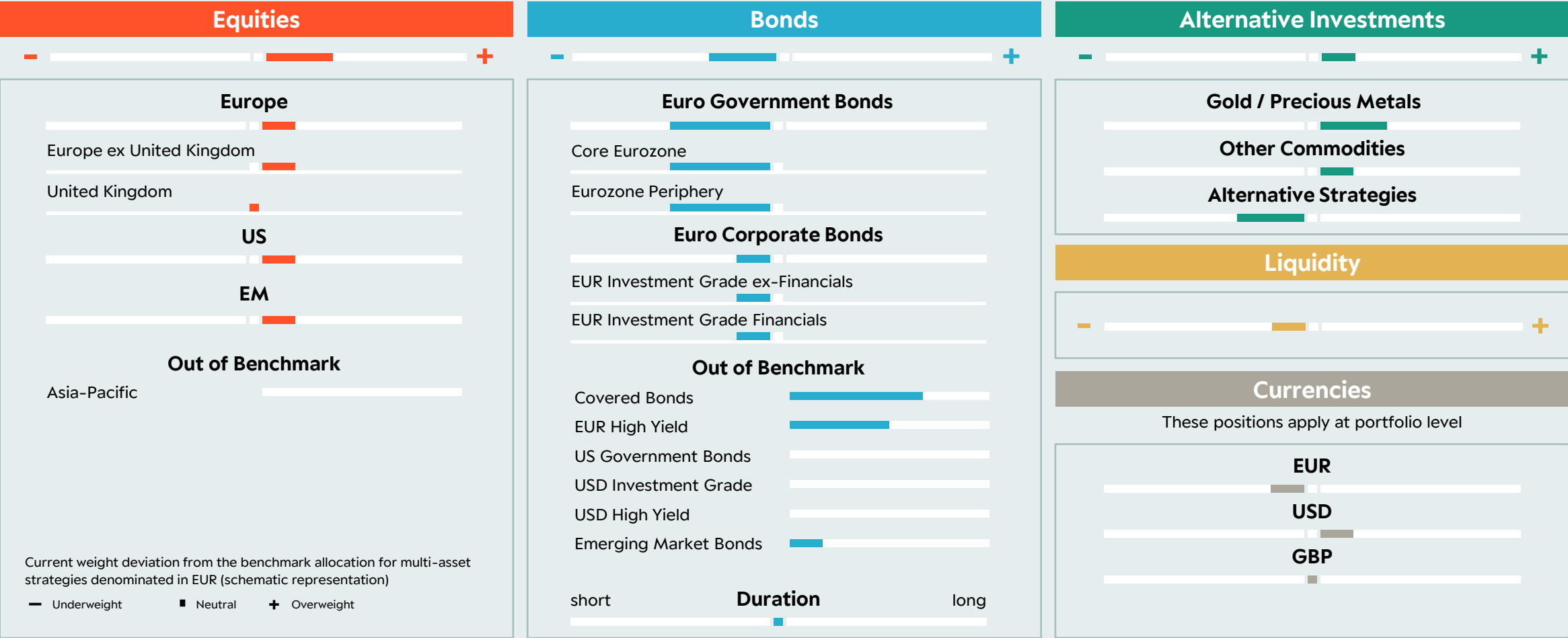
Trump's criticism of the Fed, mounting debt and slowing economic growth are having a negative impact on the dollar.

The Achilles heel of the euro, however, remains the political situation in France.

Unlike most other central banks, the Bank of Japan is set to continue raising its key interest rate. This will help the yen to recover.

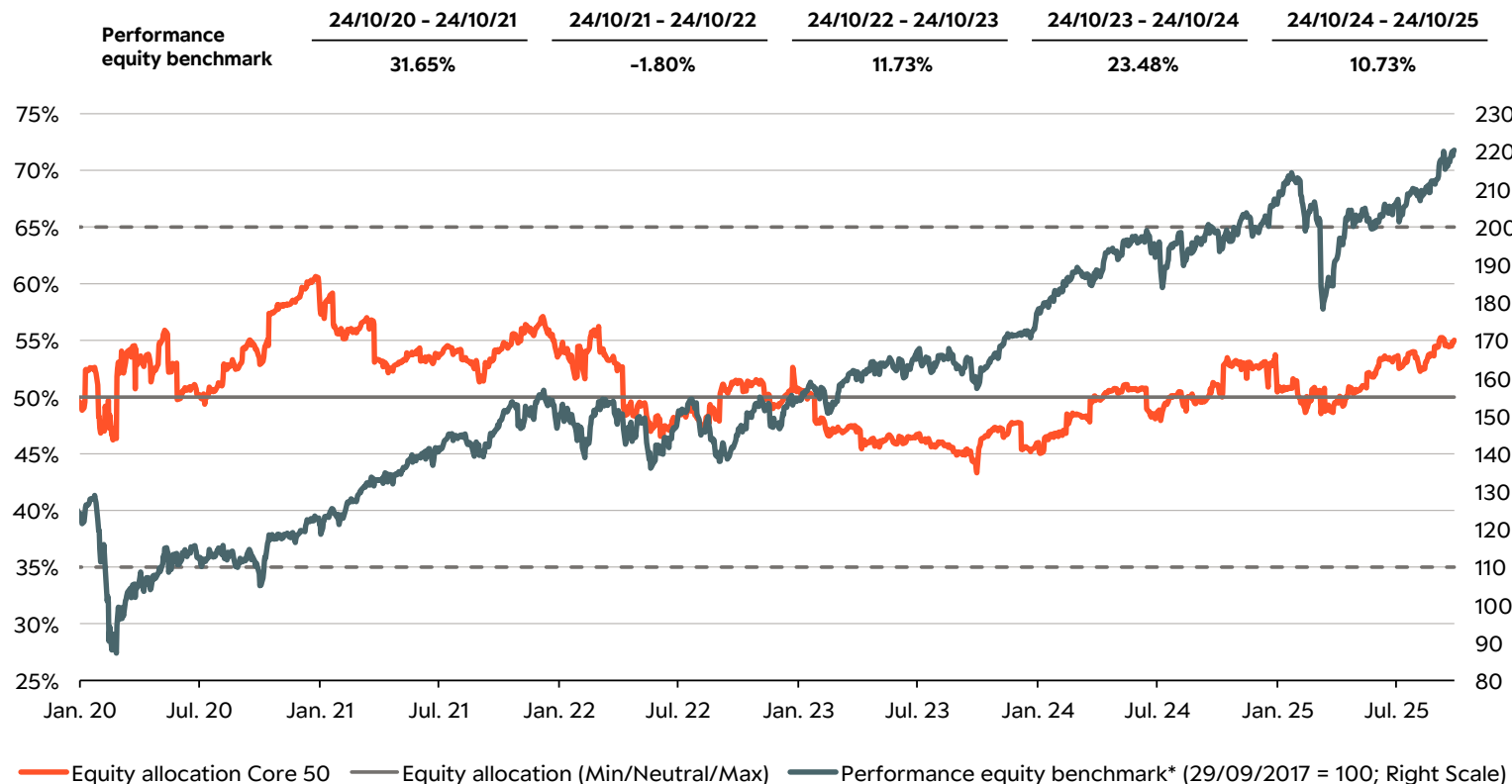
Overview of Berenberg's asset allocation

Portfolio positioning of a balanced mandate at a glance



Overview of Berenberg's asset allocation

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



Time period: 24/10/2020 – 24/10/2025

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.

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

- Since June, we have maintained a moderate overweight in equities without any strong regional preference. There was no significant setback in the traditionally more volatile months of September and October, so no increase in holdings was made. However, as we maintained our overweight position and did not rebalance to the benchmark after the positive performance at the end of the month, our overweight position increased slightly.
- Thanks to a stable economy, falling interest rates, positive earnings growth, abundant liquidity, a lack of euphoria and low positioning by discretionary investors, the still high but reduced positioning of systematic investors and the now positive seasonality, we are maintaining our overweight position in equities. Regionally, emerging markets are becoming increasingly attractive.
- In precious metals, we have realised some gains in two steps after the strong performance of recent months, but remain significantly overweight. The structural drivers for a secular bull market remain. In addition, investors are not highly positioned, the Fed is cutting rates tends to weaken further.

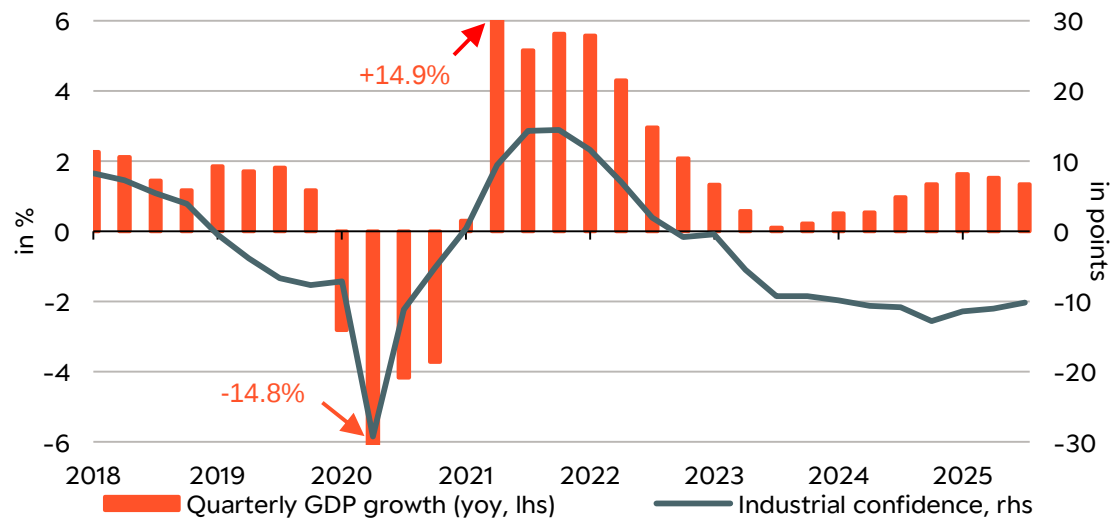


Eurozone

The next year will see greater momentum

- The eurozone's GDP grew by 0.2% in the third quarter compared to the previous quarter. The economy has thus delivered a positive surprise and could even gain more momentum next year.
- Supportive factors include the fact that the labour market in the eurozone remains stable despite subdued growth, uncertainty in the trade dispute with the US has eased, and the ECB's interest rate cuts are increasingly having an impact on the real economy. In the coming year, additional tailwinds are also expected from rising fiscal spending, particularly in Germany. Meanwhile, the greatest threat to the eurozone comes from political instability and high debt levels in France.

Growth in the third quarter surprises positively

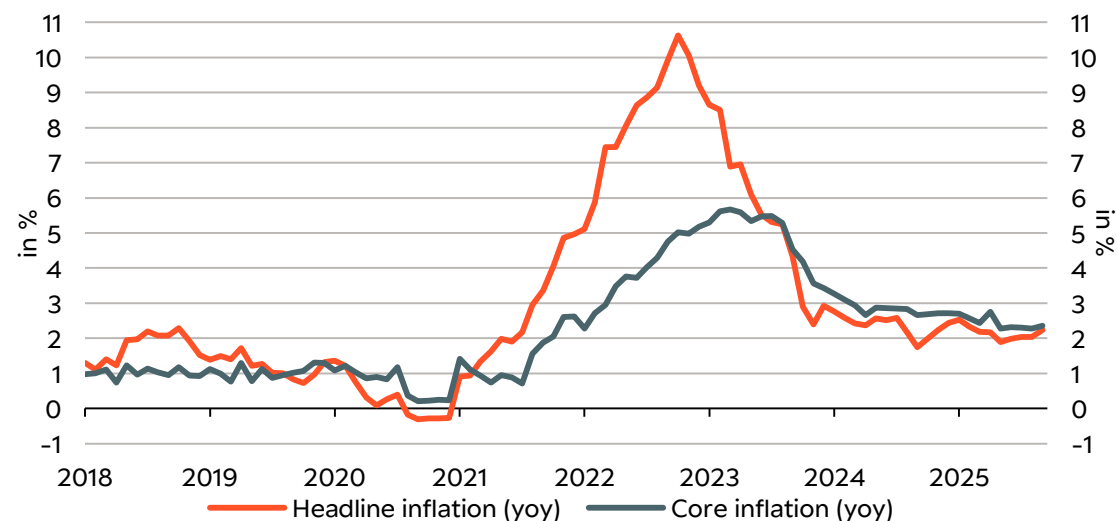


Period: 01/2018 – 09/2025

There is currently no reason for the ECB to take action

- The ECB is not concerned by the rise in eurozone inflation from 2.0% in August to 2.2% in September. Price increases are expected to reach the ECB's target of 2% by the end of the year.
- The ECB remains in a fairly comfortable position. Inflation has been hovering around the 2% target for some time, and the economy is expected to pick up speed in 2026. At its meeting on 30 November, the ECB therefore left the deposit rate unchanged at 2.0%. The next interest rate move is likely to be an increase. However, rising inflation is not expected to prompt the ECB to slowly move the key interest rate back towards 3% until mid-2027.

Inflation rate no longer a concern for the ECB



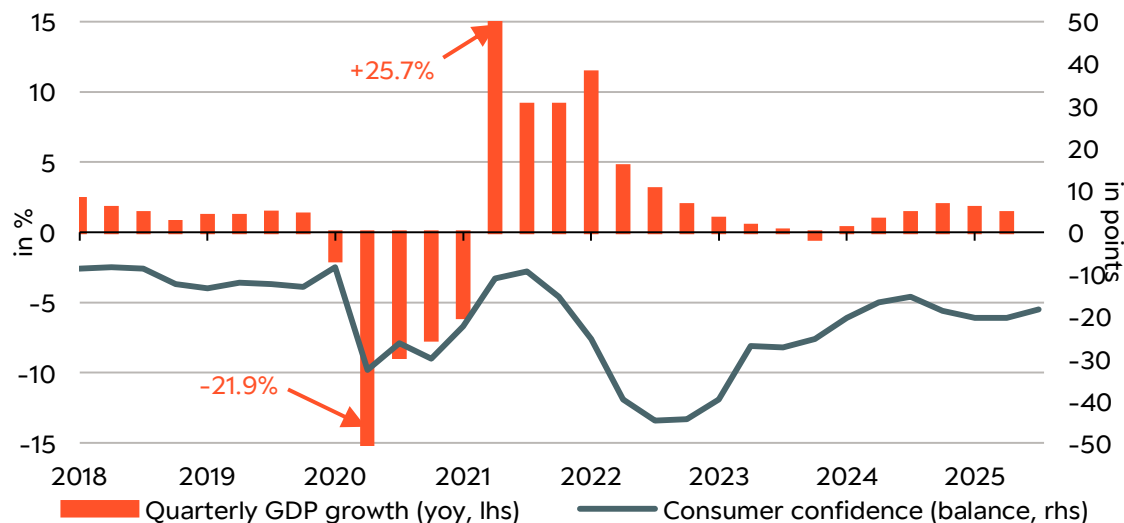
Period: 01/2018 – 09/2025

United Kingdom

British economy treading water

- The British economy grew by 0.1% in August compared to July. However, the July figure was revised downwards from 0.0% to -0.1%. Following solid GDP growth in the first half of the year, the British economy has recently plateaued. While the manufacturing sector has stagnated for two years due to high energy costs, the service sector has supported the economy in recent quarters.
- We expect growth to remain subdued until the end of the year. The slight slowdown in aggregate demand should help inflation to gradually move back towards the Bank's 2% target. This will enable the Bank of England to continue cutting interest rates next year, providing some tailwinds for the economy.

British economy loses some momentum

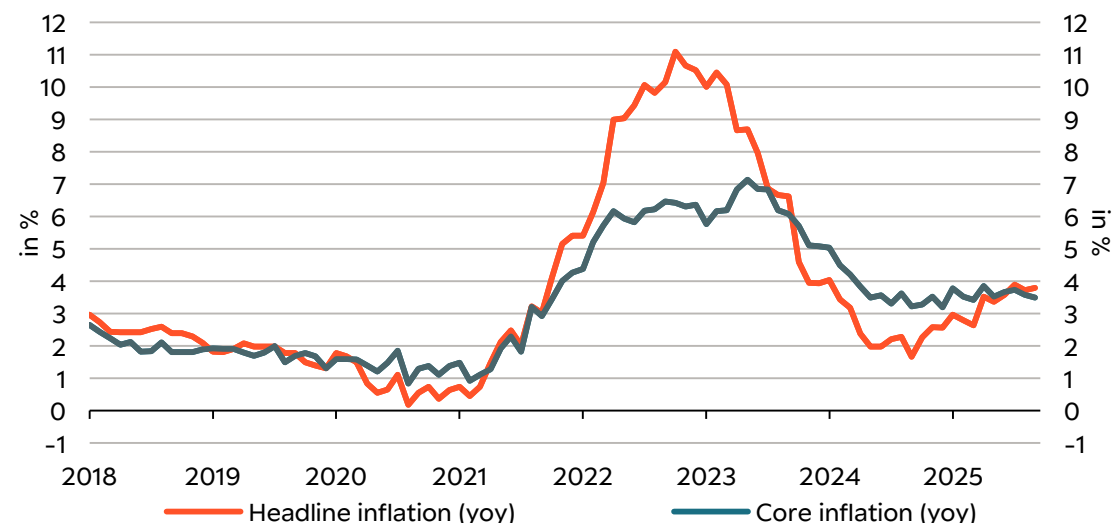


Period: 01/2018 – 09/2025

Inflationary pressure is slowly easing

- In September, the inflation rate remained unchanged from August at 3.8%, compared to the same month last year. Meanwhile, core inflation fell from 3.6% to 3.5%. While the inflation rate remains well above the Bank of England's (BoE) 2% target, it seems that the inflationary pressure triggered by the higher minimum wage and taxes is easing.
- The BoE will wait for a clear trend reversal in inflation before further easing monetary policy. We therefore anticipate two additional interest rate reductions of 25 basis points each during the first half of 2026, concluding with a key interest rate of 3.5% in the summer of 2026.

Inflation peak likely reached



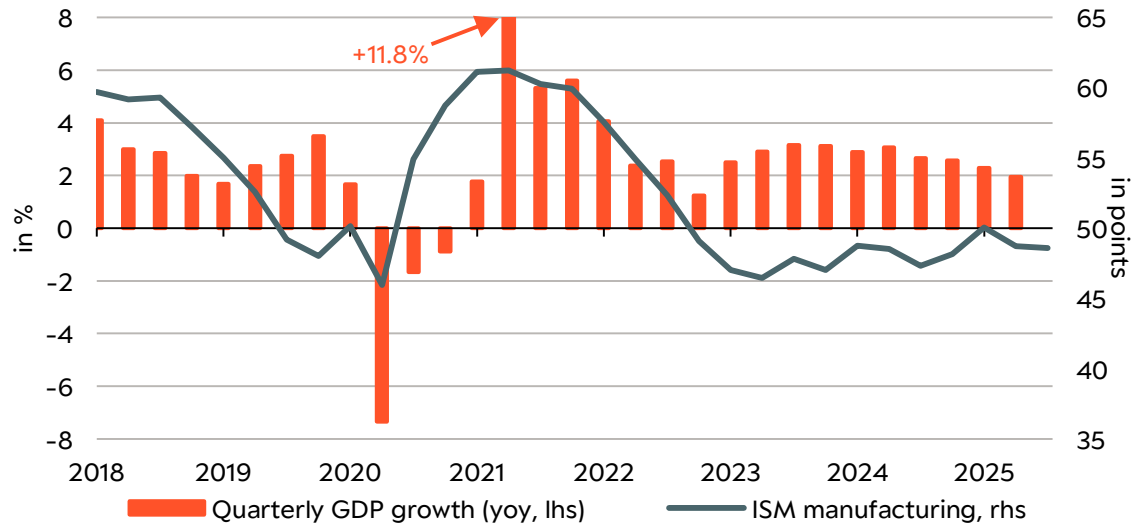
Period: 01/2018 – 09/2025

USA

AI boom comes at the right time for Trump

- As President Trump continues to restructure the country with determination, the impact of his policies on the economy is becoming increasingly apparent. Customs and migration policies are causing inflation to rise again and slowing the labour supply. While few employees are being laid off, few new people are being hired.
- However, supported by the AI boom, the US economy has remained robust so far. High stock valuations are also supporting consumers and thus the economy. In the medium term, however, Trump's policies are likely to have a greater impact. The erosion of institutions by the US government is also likely to undermine the country's attractiveness as a business location over time. We expect trend growth to fall to 1.5%.

Trend growth will suffer under Trump's policies

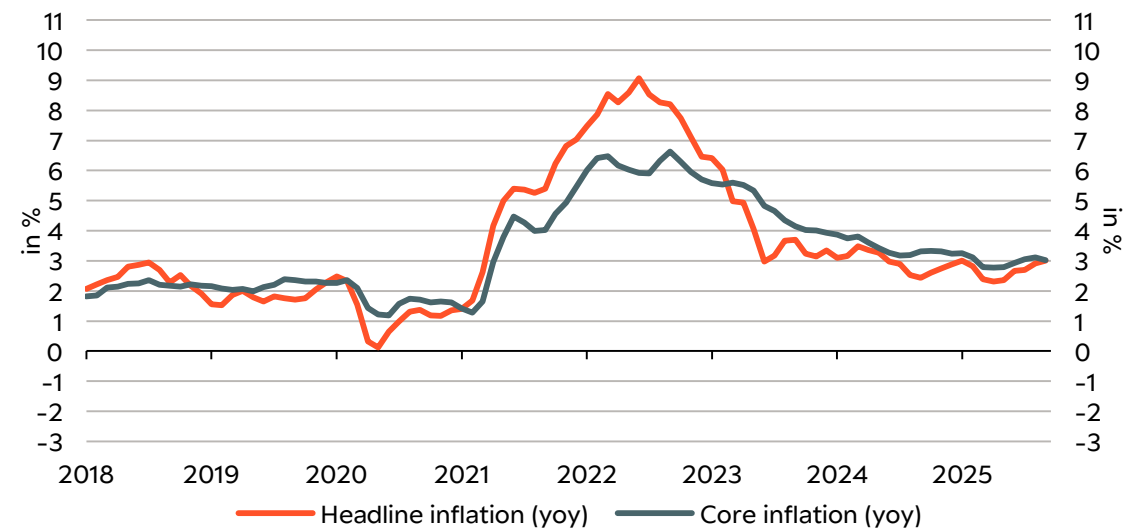


Period: 01/2018 – 09/2025

The Fed is in a tricky situation

- US tariffs and Trump's restrictive migration policy are causing inflation to rise, which would typically prompt a tightening of monetary policy. However, the US labour market is currently cooling down, calling for interest rate cuts to support the economy instead. In order to fine-tune its monetary policy, the Fed currently needs an accurate picture of the situation. It is therefore unfortunate that hardly any economic data is being published due to the current shutdown in the US, leaving the US central bank flying blind at present.
- As expected, at its meeting on 29 October, the Fed played it safe and lowered its key interest rate by another 25 basis points. However, mounting inflationary pressure is likely to bring an end to further monetary easing, meaning that the key interest rate range will remain at 3.75–4.00%.

Rising inflation could prevent further interest rate cuts



Period: 01/2018 – 09/2025

Key estimates at a glance

Economics forecast

	GDP growth (in %)						Inflation (in %)					
	2025		2026		2027		2025		2026		2027	
		Ø**		Ø**		Ø**		Ø**		Ø**		Ø**
USA	1.9	1.9	1.8	1.8	1.5	2.0	2.9	2.9	2.8	2.9	2.6	2.4
Eurozone	1.4	1.3	1.2	1.1	1.5	1.5	2.1	2.0	1.8	1.9	2.3	2.0
Germany	0.3	0.2	0.8	1.1	1.3	1.5	2.1	2.2	1.6	2.0	2.2	2.1
France	0.8	0.6	0.8	0.9	1.1	1.2	1.0	1.0	1.8	1.5	2.1	1.8
Italy	0.5	0.5	0.6	0.8	0.9	1.0	1.8	1.8	1.8	1.6	2.2	1.8
Spain	2.8	2.7	2.2	2.0	2.4	1.8	2.4	2.3	2.3	1.9	2.7	2.0
United Kingdom	1.4	1.4	1.0	1.2	1.5	1.5	3.3	3.2	2.4	2.4	2.2	2.0
Japan	1.2	1.1	0.8	0.7	1.0	0.8	3.1	2.9	1.9	1.8	1.7	2.0
China	4.9	4.8	4.2	4.3	3.9	4.1	0.2	0.2	1.3	1.0	1.9	1.5
World*	2.6	-	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.



03

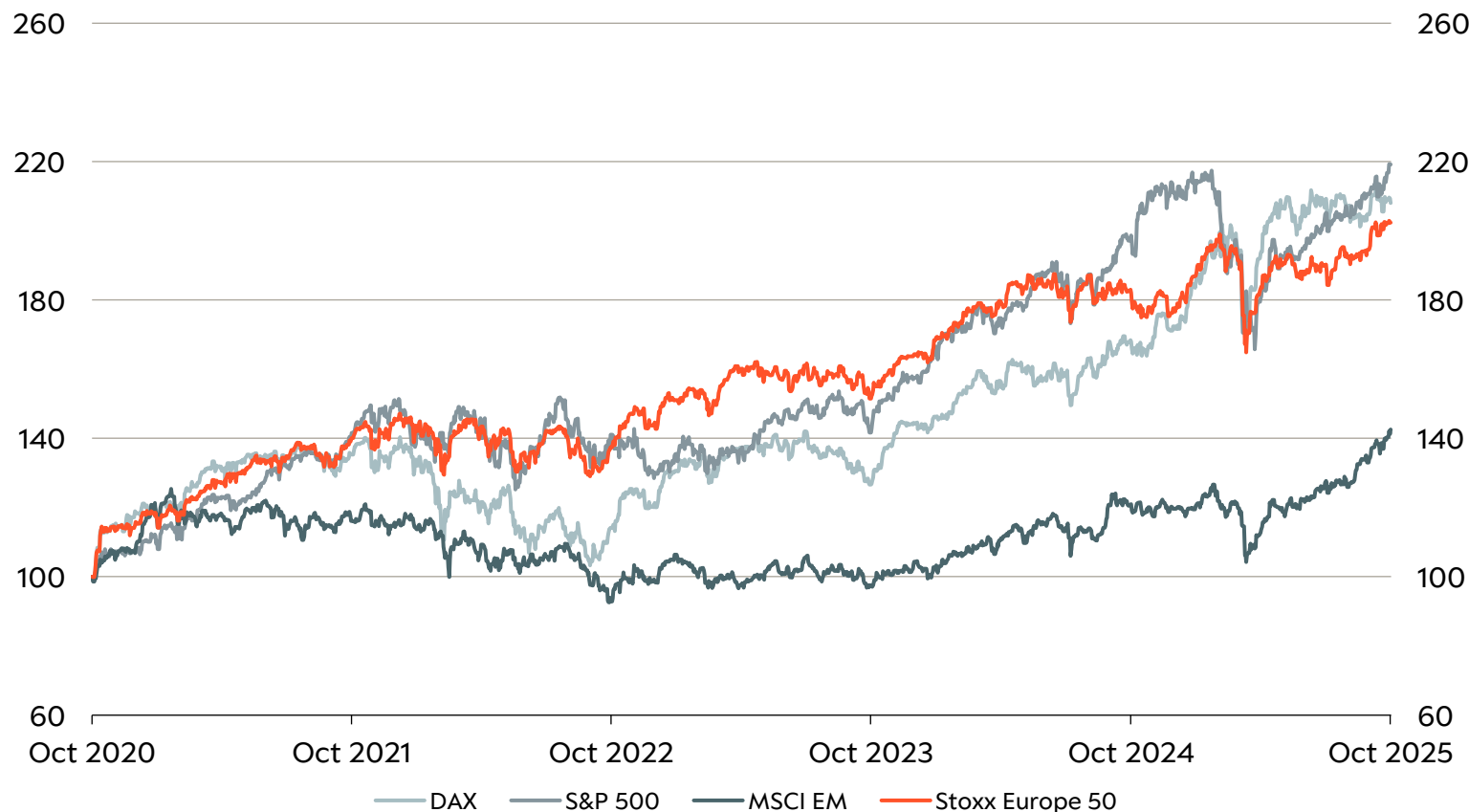
Equities



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Stocks hit new highs, defying political flares

Performance of selected equity indices



Time Period: 30/10/2020 – 30/10/2025

Stocks defy geopolitical risks and continue to perform well in October

Historically, October is known for one thing above all else: volatility. This year was no exception. Starting with the resignation of the French prime minister, the back-and-forth in the tariff dispute between the US and China, the struggling US regional banks, and the US government shutdown all contributed to an increase in stock volatility in October.

However, the markets defied the numerous disruptions and continued to perform well in October. Numerous market indices, including the S&P 500 and the Stoxx Europe 50, broke their previous all-time highs in their respective local currencies.

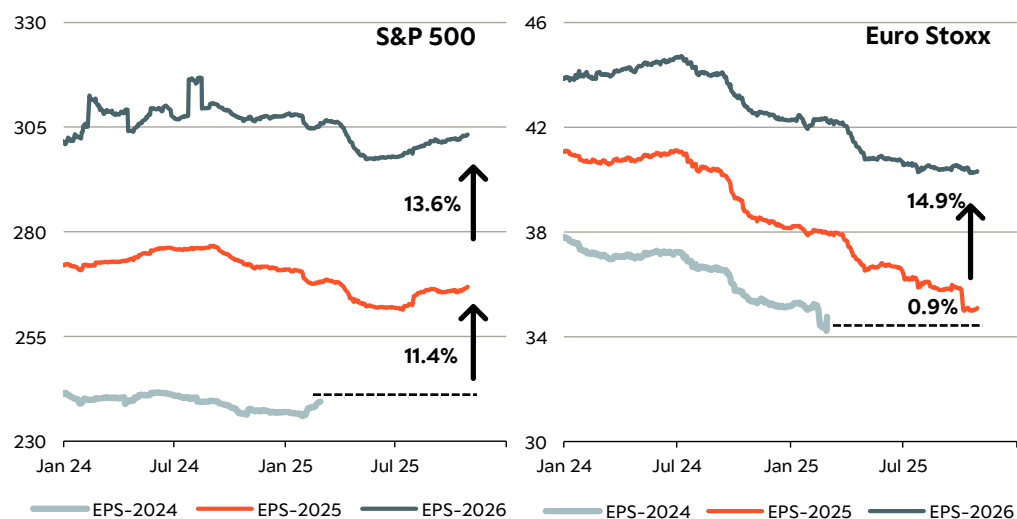
The market backdrop for stocks remains very favorable. The combination of the Fed's previous and expected interest rate cuts, solid US economic data and corporate earnings, market positioning that's not overly bullish, and seasonal tailwinds should all ensure a good end to the year for global equity markets.

Q3 results exceed market expectations

US companies exceed market expectations once again

- So far, the Q3 reporting season has painted a positive picture of the US stock market. The majority of US companies have exceeded ' earnings expectations.
- The companies' guidance is also positive on average. US earnings forecasts for next year have risen significantly. Market analysts now expect US corporate earnings to grow by more than 13% in 2026, following growth of just under 11% this year.
- Such earnings growth rates are particularly striking when compared to the eurozone. For the bloc's equity market, earnings growth of only 0.9% is forecast for 2025. In the eurozone, the weak dollar is weighing on earnings, while in the US it is boosting them.

Strong quarterly results boost US earnings forecasts

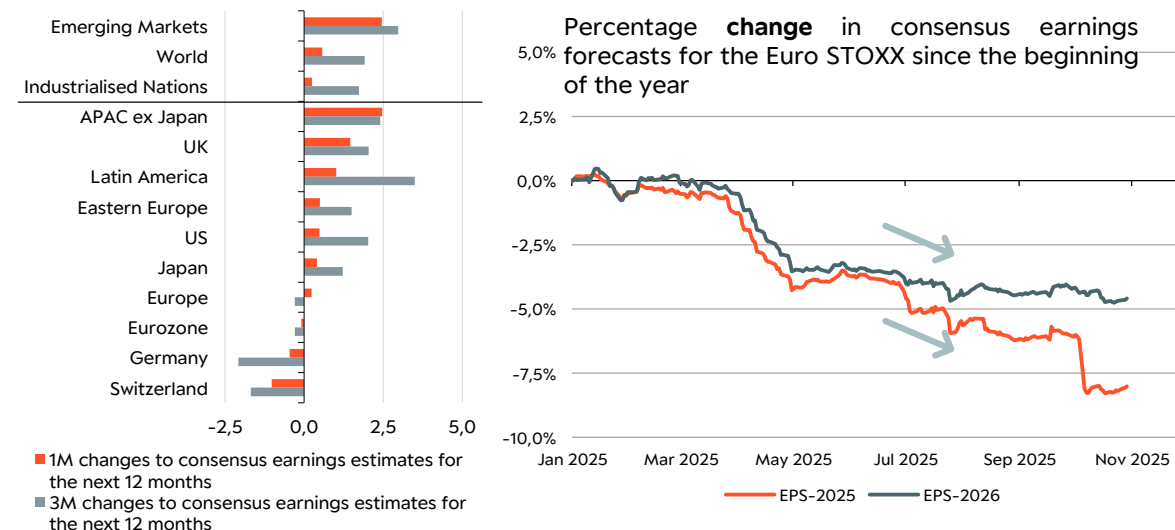


As of: 01/01/2025 - 30/10/2025

Market sentiment for EU equities appears more subdued

- The reporting season is also going relatively well on this side of the Atlantic. So far, 44% of companies have presented their quarterly results and have exceeded profit and revenue expectations.
- Nevertheless, analysts remain pessimistic and have lowered their earnings forecasts for German and EU stocks, while those for other industrialized countries (e.g., the UK) have been revised upward.
- On average, analysts have lowered their 2025 and 2026 earnings forecasts for EUR stocks by 8.0% and 4.5%, respectively, since the beginning of the year. The strong euro, political turmoil, and weak economic data are all reasons for this.

Earning revisions were negative for the eurozone and Germany



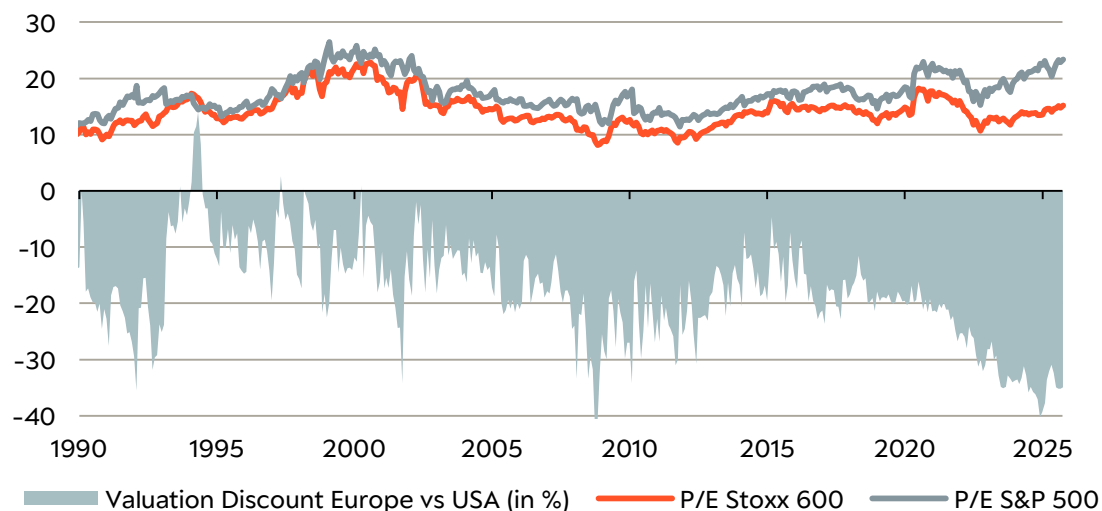
As of: 30/10/2025

Nothing should stand in the way of market rally into the year-end

Valuations rise on both sides of the Atlantic

- In October, valuations of US and European equities continued to rise. The valuation difference between the two markets based on the price-earnings ratio (P/E ratio) remained high at 36%.
- With a P/E ratio of 15.5 based on earnings estimates for the next 12 months, European equities therefore remain attractively priced, at least compared to US markets, which are trading at a P/E ratio of 24.
- However, the P/E ratio for emerging markets is also only 15 on average. This, combined with structural growth drivers and a US dollar that remains overvalued, makes EM equities increasingly attractive in our view.

Significant valuation gap between the US and Europe persists

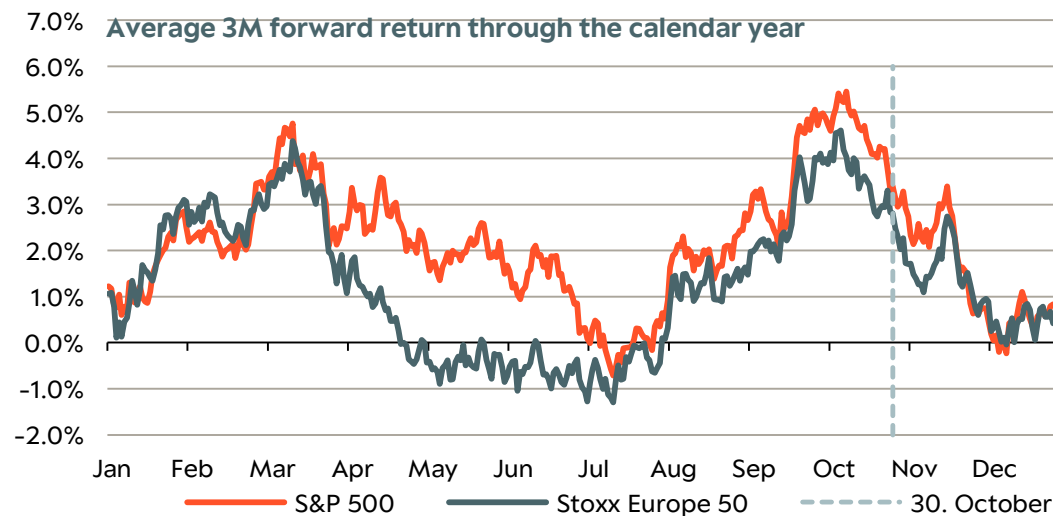


Time period: 01/01/1988 – 30/10/2025

The setup for equities remains very favorable

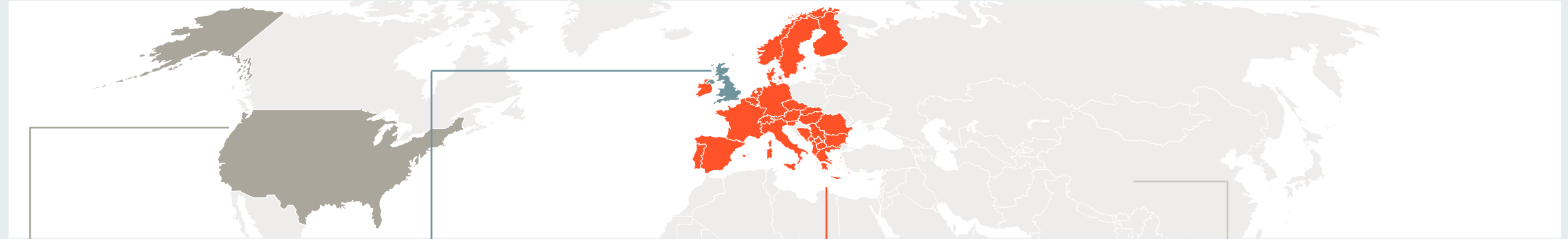
- Top-down or bottom-up: the market backdrop for stocks continues to look very positive. The combination of Fed cuts, solid economic data, and corporate results that are surprising on the upside should give equities a relatively good year-end performance.
- Seasonal tailwinds should not be overlooked either. Historically, returns on EU and US equities over the following three months are particularly positive in October and November.
- Market positioning, which is not too high (especially among discretionary investors, less so among systematic investors), also makes us optimistic about equities.

Seasonal tailwinds help EU and US stocks into year-end



Time period: 01/01/1999 – 30/10/2025

Overweight in Europe and the US, EM Equities interesting



US

overweight

Continuously high valuation of US equities makes the region less attractive compared to cheaper alternatives such as Europe or emerging markets. The high weighting in potential AI winners, robust economic data, falling interest rates, the weaker US dollar, and the solid reporting season so far all have a positive effect.

United Kingdom

neutral

At the index level, UK equities offer a mix of relatively defensive and commodity-rich stocks, which should pay off in an environment of high inflation and geopolitical risks. The lack of momentum in the UK economy argues against a potential overweight.

Europe ex. UK

overweight

Despite their strong performance since the beginning of the year, European companies are not highly valued. If the economy recovers significantly, as our economists expect, there is further potential for them to catch up.

Emerging Markets

overweight

Strong structural growth drivers combined with attractive relative valuations and the continued overvaluation of the US dollar make emerging markets increasingly interesting as a regional overweight.

Estimates for selected indices

Equity market forecasts

Index forecasts

	29/10/2025	30/06/2026	31/12/2026	In 12 months
	Current			Ø*
S&P 500	6,891	7,000	7,200	7,534
DAX	24,124	25,500	26,500	27,874
Euro Stoxx 50	5,706	5,800	6,000	6,238
MSCI UK	2,779	2,800	2,900	3,015

Index potential (in %)

S&P 500	-	1.6	4.5	9.3
DAX	-	5.7	9.8	15.5
Euro Stoxx 50	-	1.7	5.2	9.3
MSCI UK	-	0.7	4.3	8.5



04

Bonds

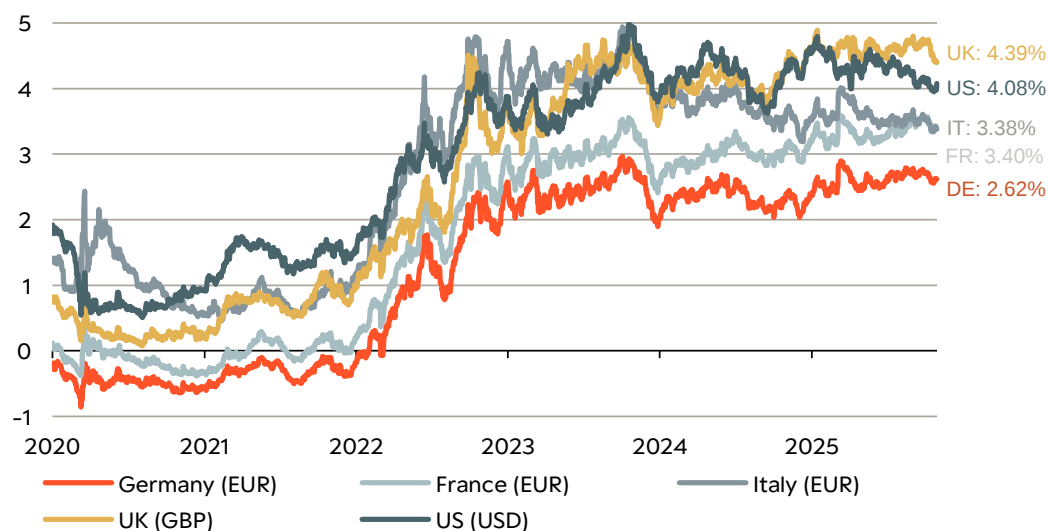


Lack of US economic data makes it difficult for the Fed to set its course

Fed interest rate cut in December “far from certain”

- As expected by market participants, the Fed implemented a “risk management” interest rate cut of 25 basis points following its regular meeting in October. However, statements by Fed Chairman Jerome Powell, who questioned whether there would be another interest rate cut in December, were more hawkish than anticipated. In addition, the opinions of the other FOMC members regarding the future path of interest rates varied widely.
- In addition to political pressure from Trump to cut interest rates, the Fed continues to face increased inflation risks from the tariffs he has introduced and a weakening labor market. The lack of macroeconomic data and ongoing uncertainty in trade negotiations are making it even more difficult for the Fed to set its monetary policy course.

10-year yields (%) remain volatile

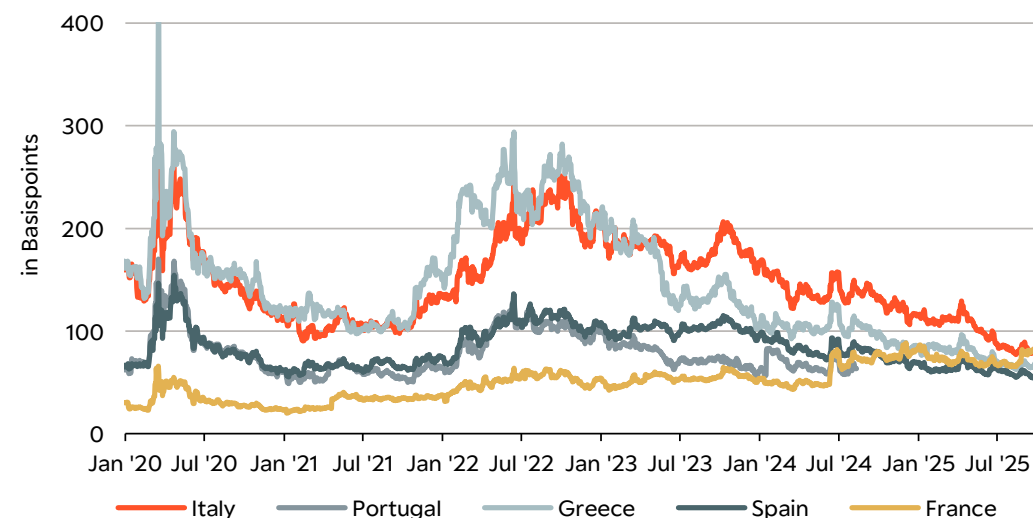


Period: 01/01/2020–29/10/2025

France: No fiscal discipline in sight

- The political mood in France remains gloomy: although Sébastien Lecornu has won two votes of no confidence, the trade dispute in the French parliament continues. At the request of the Socialists, the reappointed prime minister has completely suspended the planned pension reform until after the presidential elections in order to win their votes.
- Even if the budget is successfully implemented, rising interest payments will continue to weigh on government debt and thus also on the debt ratio. Lecornu's new budget still aims to reduce the deficit to three percent by 2029 – an ambitious goal given the political uncertainties and economic pressures.

French risk premium remains at elevated level



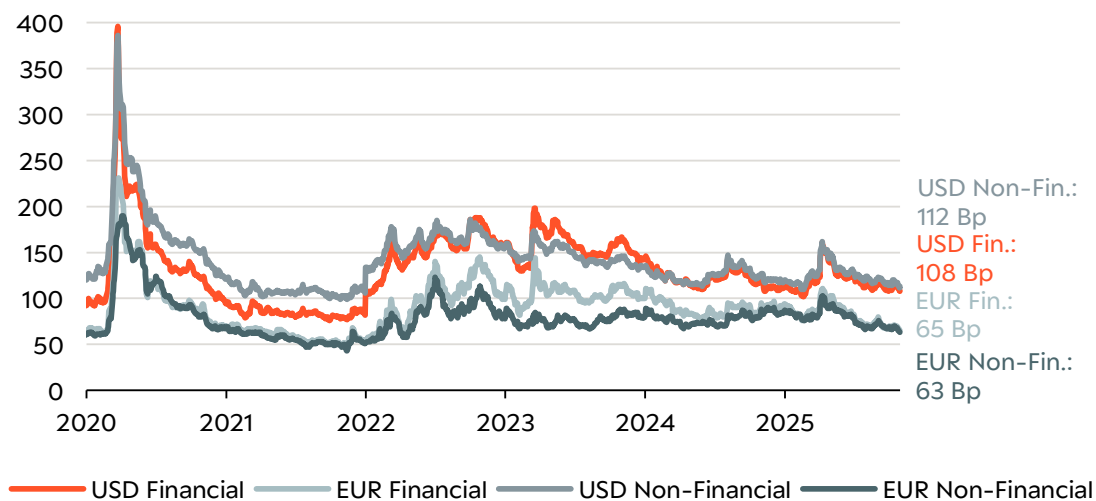
Period: 01/01/2020 - 29/10/2025

Hopes for an upturn in Europe; US-China negotiations in the focus of the EM

Corporate bonds: historically low spreads call for caution

- Risk premiums on IG and high-yield corporate bonds remained stable in October. There are numerous signs of a slowdown in the US economy, and it will be some time before hopes for German investment programs translate into real growth. However, the risk of a US recession has decreased since the spring, and US tariffs on Europe are 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.

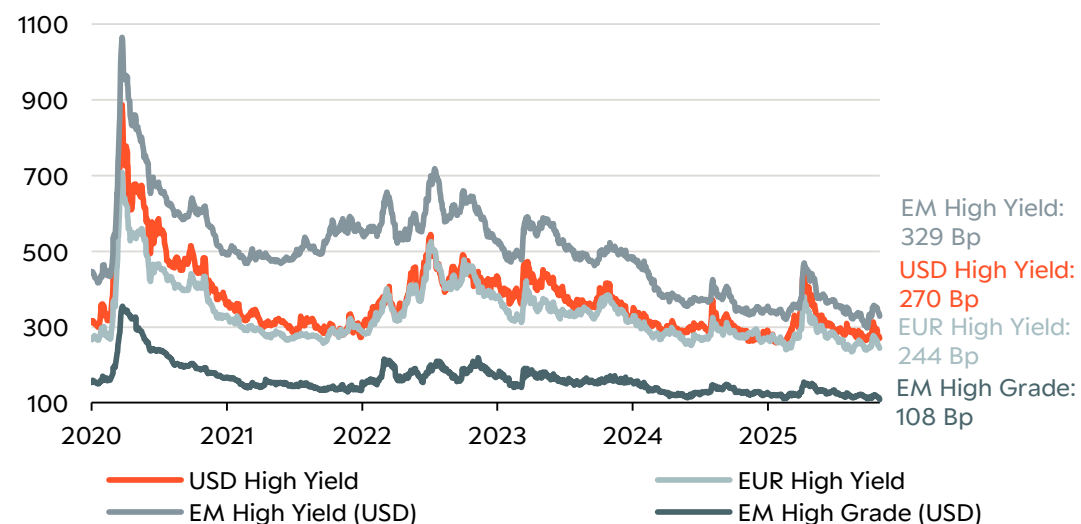
Corporate bonds: Spreads remain at low levels



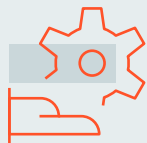
Emerging market bonds: Negotiations with Trump remain in focus

- US President Donald Trump's trade and tariff policies continue to cause tension in emerging markets. Recently, however, there has been a thaw in negotiations between the US and China, with the eagerly awaited meeting between Donald Trump and Xi Jinping taking place on October 30. However, the final terms of the agreements and Trump's willingness to abide by them continue to pose risks for emerging markets.
- Nevertheless, 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 are likely to counteract a possible upward trend in EM risk premiums due to tariffs.

Emerging markets: Risk premiums stabilise



Capital market strategy



Core segments

Government bonds

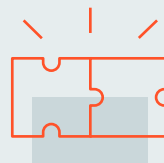
underweight

- 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 structural 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 better and the duration lower 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 %)	29/10/2025	30/06/2026		31/12/2026	
	Current		Ø*		Ø*
US					
Base interest rate	3,75–4,00	3,75–4,00	3.42	3,75–4,00	3.26
10Y US yield	4.08	4.50	4.08	4.80	4.07
Eurozone					
Base interest rate**	2.00	2.00	1.93	2.00	1.95
10Y Bund yield	2.62	2.85	2.91	3.00	2.97
United Kingdom					
Base interest rate	4.00	3.75	3.53	3.50	3.31
10Y Gilt yield	4.39	4.75	4.35	4.90	4.27

Source: Bloomberg. Berenberg. as of 29/10/2025
*Average of estimates by other experts (Bloomberg) consensus.
**Deposit rate



05

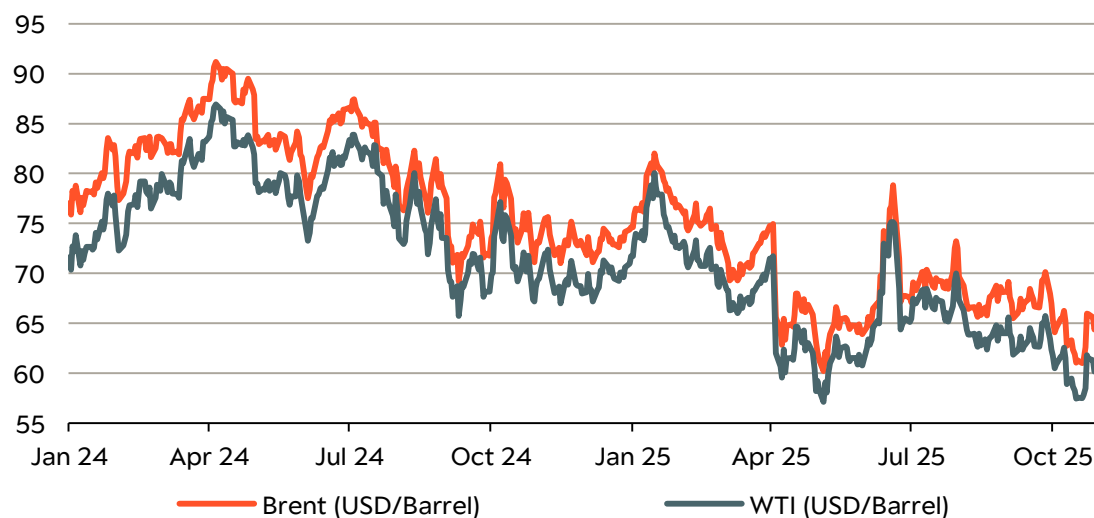
Commodities

Crude oil between oversupply and short-term shortage

Renewed US sanctions against Russia as a short-term price driver

- The price of crude oil (Brent) initially continued to fall during the month due to the continuing abundant oversupply, testing the USD 60 per barrel mark. However, by the end of the month, most of the losses had been recouped within two days after the US tightened sanctions against Russia. Specifically, two of the most important oil giants, which together account for around 45% of Russian oil exports, were added to the sanctions list.
- In addition, India is also on the verge of a trade agreement with the US, under which India will gradually reduce its substantial purchases of Russian oil. Otherwise, President Trump is threatening to impose secondary tariffs on Indian imports. The resulting shortage of oil supplies helped Brent to make a significant price jump to USD 65 per barrel.

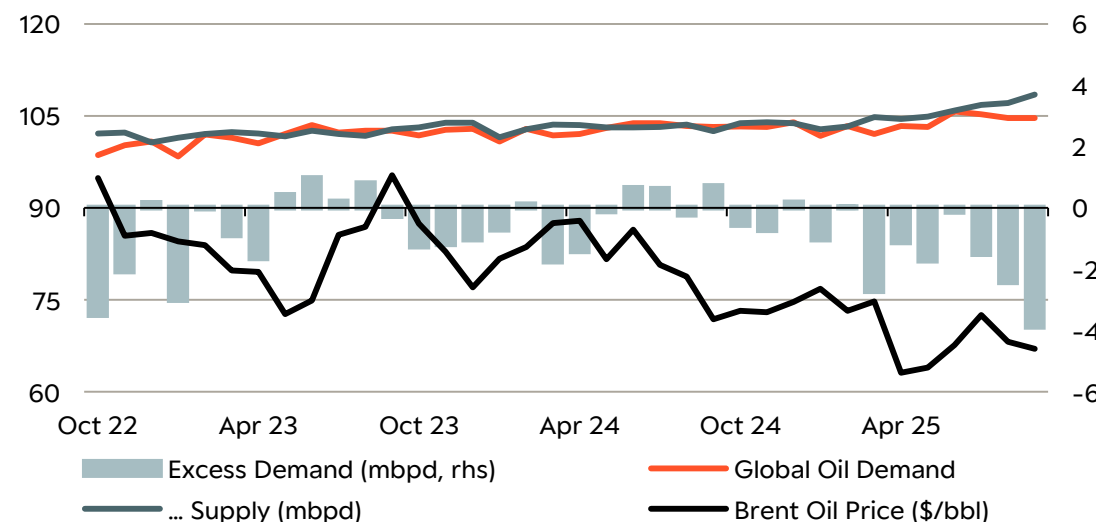
Crude oil prices jump after US sanctions tightened



Period: 01/01/2024 – 29/10/2025.

- In the medium term, however, the oil market is likely to remain oversupplied. In particular, the further reduction in production cuts by OPEC+ is increasing supply and leading to a continuing oversupply in the market. Unsurprisingly, the IEA is forecasting a massive oversupply of 4 million barrels per day for the coming year. OPEC itself, on the other hand, assesses the global supply and demand structure as significantly more robust and implicitly expects a supply deficit, particularly due to a pronounced demand forecast. As is so often the case, the truth is likely to lie somewhere in between.
- However, it is also clear that the cartel is likely to continue striving to gain further market share. Supply is therefore likely to increase as a result of further production increases, limiting the upside potential for crude oil (Brent).

Global oil supply has recently exceeded demand significantly



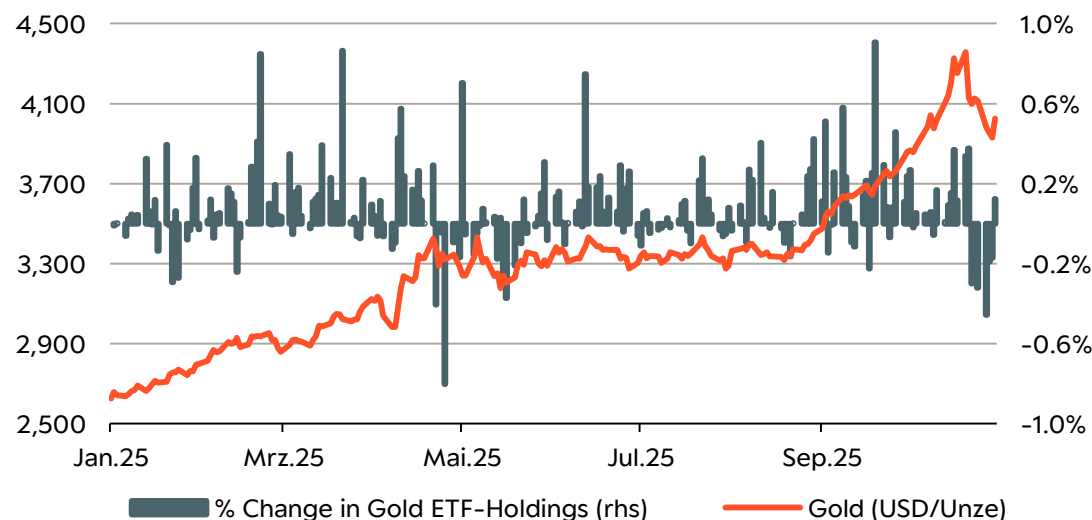
Period: 31/10/2022 – 30/09/2025.

Gold takes a breather after strong rally – drivers for bull market intact

Gold verzeichnet stärksten Tagesverlust seit 2013

- The gold price continued its strong rally since the beginning of the year at the start of the month, initially unbroken, reaching new all-time highs. The precious metal received support from several sides: in addition to strong demand from investors, physical demand from India, where the Diwali festival of lights led to increased willingness to buy, also provided support. Speculative investors also built up positions and increased momentum. In the short term, the precious metal appeared to be overbought, and the inevitable happened: the price of gold lost over 5% in a single day, recording its sharpest daily loss since 2013.
- A structurally weaker US dollar, fiscal dominance, increasing central bank purchases, ongoing (geo)political uncertainty and higher inflation in the medium term all point to a continuation of the bull market for gold and silver.

Gold ETF holdings in US dollars at all-time high

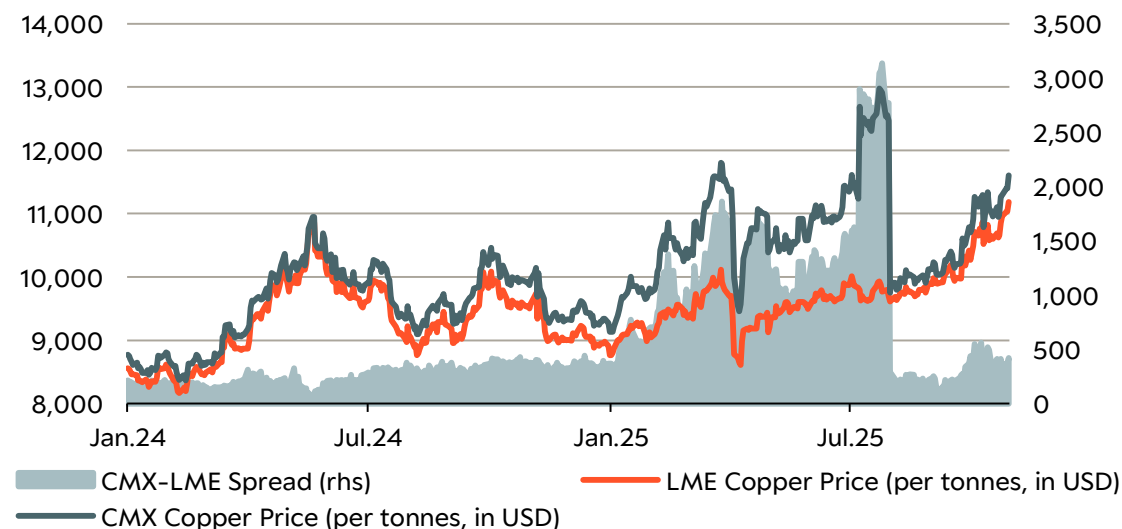


Period: 01/01/2025 – 30/10/2025.

Production losses on the copper market cause prices to rise

- The copper price continued its positive momentum amid increased volatility in October. A key driver for this was reports of production losses in Chile and the closure of the world's second-largest copper mine, the Grasberg mine in Indonesia, following landslides caused by a mudslide.
- In addition to the shortage of supply, renewed concerns about tariffs from 2027 onwards led to sustained purchases and a continuation of stockpiling in the US. This led to a shortage in the rest of the global markets, causing the spread between copper traded on the COMEX and the LME to widen slightly further. Last but not least, demand from China continues to support prices.

Scarcer supply and robust demand support copper



Period: 01/01/2025 – 29/10/2025.



06

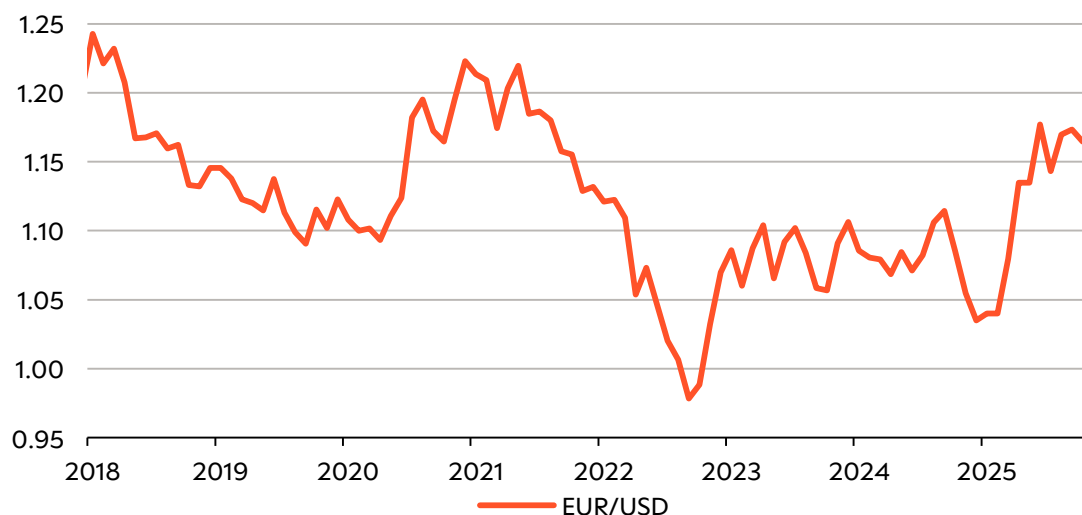
Currencies

Market development

Concerns about France pause the strength of the euro

- After reaching its highest level against the dollar for four years in mid-September, the euro has recently weakened. The main reasons for this are ongoing concerns about public finances and the political stalemate in France. In the medium term, however, the outlook for the dollar is not positive.
- Trump's attempts to extend his influence over the US Federal Reserve increase the risk of inflation. Added to this is the sharp rise in US government debt. These factors are causing concern among investors. We also expect economic momentum in the US to slow in the coming months, while the eurozone economy is likely to pick up slightly. Consequently, we anticipate an EUR/USD exchange rate of 1.20 by the end of 2026.

The euro-dollar exchange rate has been moving sideways as of late

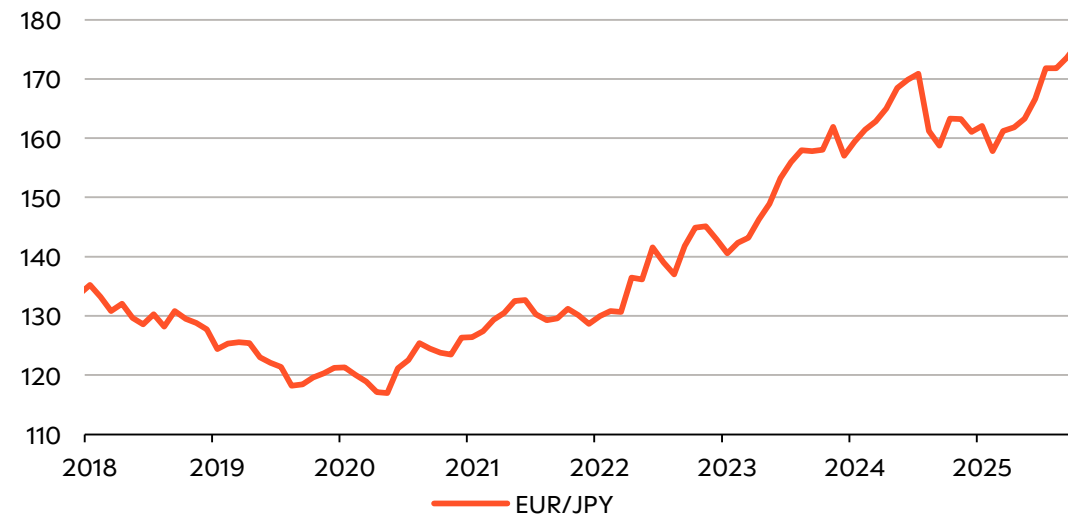


Period: 01/2018 – 10/2025

Japanese yen between geopolitics and monetary policy

- Initially, the election of Sanae Takaichi as Prime Minister led to a depreciation of the yen. Markets are concerned about increased government spending and the resulting pressure on the Bank of Japan (BoJ) to maintain low interest rates. However, as the new coalition does not have a parliamentary majority, no major reforms are anticipated. Conversely, the yen was recently boosted by the meeting between Takaichi and US President Trump, during which both parties emphasised the strategic importance of their partnership.
- Going forward, monetary policy will once again play a more significant role in determining the exchange rate. Although the BoJ left its key interest rate at 0.5% on 30 November, further hikes are expected. As the Fed, the ECB and the BoE are initially maintaining or lowering theirs, the yen will benefit.

Yen under pressure since the beginning of the year



Period: 01/2018 – 10/2025

Forecasts

Exchange rate forecasts	29/10/2025	30/06/2026		31/12/2026	
	Current	 Ø*	Ø*	 Ø*	Ø*
EUR/USD	1.16	1.19	1.20	1.20	1.20
EUR/GBP	0.88	0.87	0.88	0.88	0.88
EUR/CHF	0.93	0.95	0.95	0.95	0.95
EUR/JPY	177	170	171	168	170

Change against the Euro (in %)

USD	-	-2.5	-3.3	-3.3	-2.9
GBP	-	1.1	-0.1	-0.1	0.5
CHF	-	-2.3	-2.3	-2.3	-2.3
JPY	-	4.2	3.6	5.5	4.1

*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 29/10/2026



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Publishing information

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