

### Current market commentary

While European equities recently moved sideways in a volatile manner, US equities fell and approached the 200-day line. Continued robust economic data and a strong US labour market data led to a significant rise in interest rates. US 10-year government bond yields are back around 3.9%, the highest level since November 2022, and the market is now pricing in three more rate hikes this year for the Fed and five for the ECB. With equities outperforming commodities and bonds since the beginning of the year, we have leveraged this into a rebalancing, reducing highly valued US equities in favour of short-dated EUR bonds – also against the backdrop that the major equity indices are no longer far from our year-end forecasts. We are thus slightly underweight equities again for the first time since September 2022. We expect more volatility in the course of the year, thanks to even tighter central banks, declining liquidity and geopolitical risks.

### Short-term outlook

From 5 March, the 14th National People's Congress will convene in China. On 7 March, Fed President Jerome Powell addresses the US House and Senate. Coming central bank meetings are taking place from mid-March on.

Today, US Durable Goods Orders (Jan) and Eurozone Economic Confidence (Feb) will be released. Preliminary inflation figures (Feb) for France will follow on Tuesday and for Germany on Wednesday. US Consumer Confidence (Feb) and the Chicago Purchasing Managers' Index (PMI, Feb) will also be released on Tuesday. The industrial PMIs (Feb) for China (including services), the US and the eurozone as well as German retail sales (Jan) will be published on Wednesday. The services PMIs (Feb) for the eurozone and US, German exports (Jan) and French industrial production data (Jan) will be published on Friday. The US labour market data (Feb), on the other hand, will not be published until the following Friday.

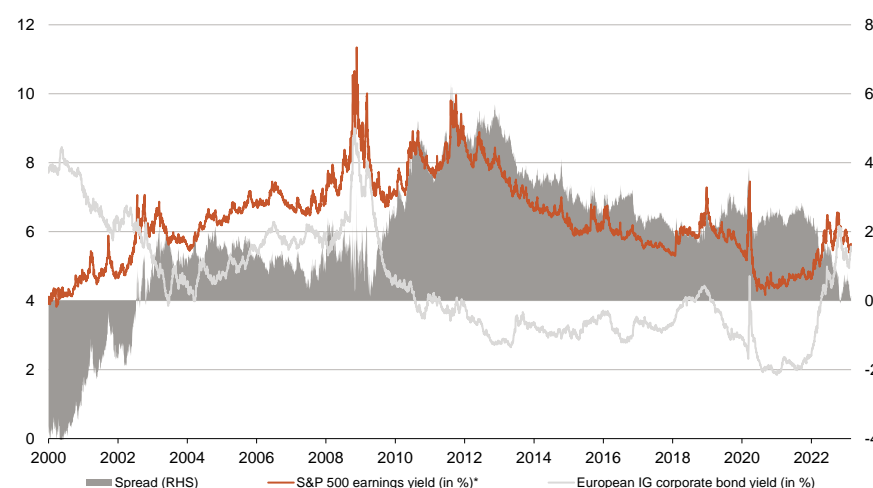
The bi-weekly **Monitor** gives you a structured overview of the current capital market environment and highlights important developments:

- Performance
- Positioning
- Sentiment
- Surprise Indicators
- Economics
- Foreign Exchange
- Equities
- Sovereign Bonds & Central Banks
- Corporate Bonds
- Commodities

*Central banks continue to set the tone.*

*Inflation data, labour market data and purchasing managers' indices play a decisive role.*

### US equities no longer offer a yield advantage over EUR bonds



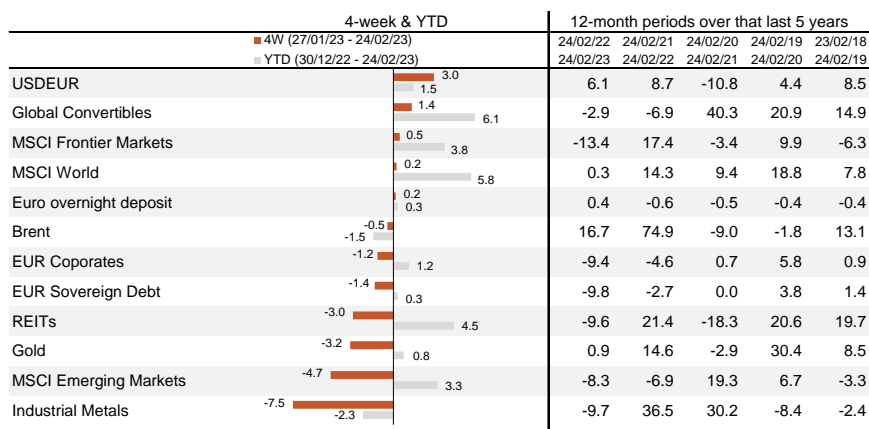
- With falling earnings estimates and simultaneously rising share prices, the earnings yields of American companies have fallen in recent months. Yields on European corporate bonds with good credit ratings, on the other hand, remain high.
- Thus, unlike in the last 20 years, US equities no longer offer a yield advantage despite higher volatility. In addition, they carry currency risks. With the stronger US dollar, European corporate bonds currently seem more attractive to us.

\*Earnings yield = (1/12m-forward PE)

Source: FactSet, Time period: 01/01/2000 - 24/02/2022



## Multi-asset

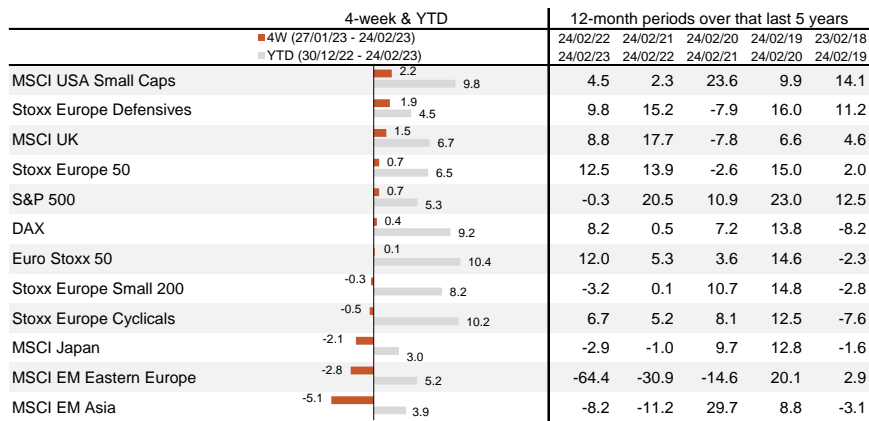


MSCI World: MSCI World Net Return; MSCI Emerging Markets: MSCI EM Net Return; MSCI Frontier Markets: MSCI Frontier Markets Net Return;  
REITs: MSCI World REITs Index; EUR Sovereign Debt: IBOXX Eurozone Sovereign 1-10Y TR; EUR Corporates: IBOXX Euro Corporates Overall TR;  
Global Convertibles: SPDR 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.

- The rally at the beginning of the year stalled with bond yields rising again. This is because the robust economic data gave the market new evidence that the Fed still has work to do: it is likely to keep interest rates “higher for longer”. Accordingly, the US dollar rose.
- Commodities and emerging market equities were the laggards. The sluggish China recovery and the strong US dollar weighed on performance.

Total return for selected asset classes, in euros and in per cent, sorted by four-week performance.  
Source: Bloomberg, Time period: 23/02/2018 - 24/02/2023

## Equities

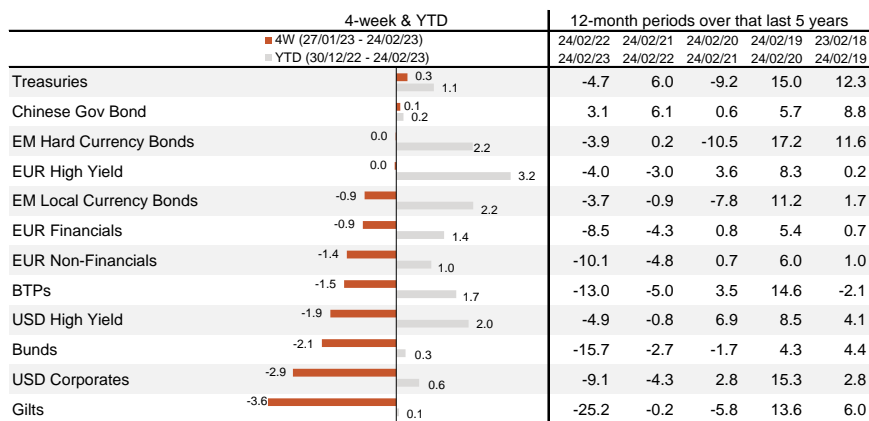


S&P 500: S&P 500 TR (US-Equity); Stoxx Europe 50: Stoxx Europe 50 TR; Euro Stoxx 50: Euro Stoxx 50 TR; MSCI Japan: MSCI Japan TR;  
Stoxx Europe Small 200: Stoxx Europe Small 200 TR; MSCI USA Small Caps: MSCI USA Small Caps TR; Stoxx Europe Cyclical: Stoxx Europe Cyclical TR;  
Stoxx Europe Defensives: Stoxx Europe Defensives TR; DAX: DAX TR; MSCI United Kingdom: MSCI UK TR; MSCI EM Asia: MSCI EM Asia TR;  
MSCI EM Eastern Europe: MSCI EM Eastern Europe TR.

- After a strong January, economic data that was more solid than expected by the market and higher bond yields abruptly ended the upward momentum in equities. Accordingly, the S&P lost almost 5% in local currency from its high at the beginning of February.
- Asian equities brought up the rear as optimism about China receded.
- European equities held up relatively well.

Total return (including reinvested dividends) for selected stock indices, in euros and in per cent, sorted by four-week performance.  
Source: Bloomberg, Time period: 23/02/2018 - 24/02/2023

## Fixed income



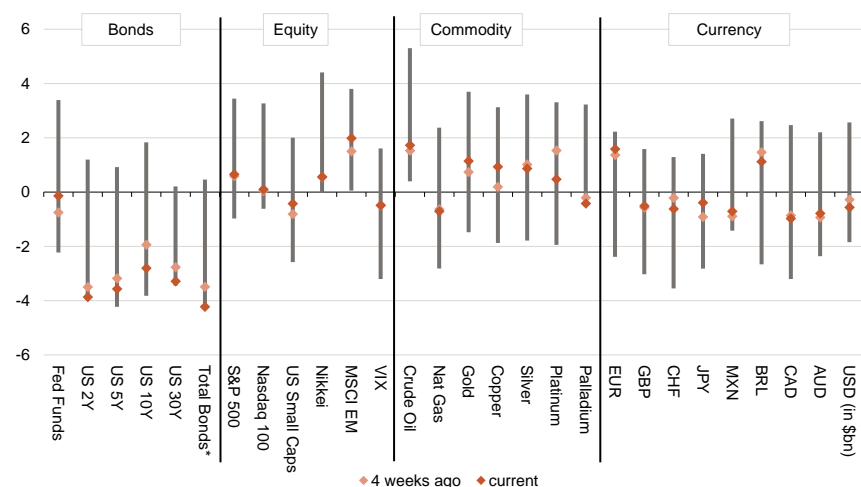
Bunds: IBOXX Euro Germany Sov TR; BTPs: IBOXX Euro Italy Sov TR; Treasuries: ICE BofA US Treasury TR;  
Gilts: IBOXX Sterling Gilts Overall TR; Chinese Gov Bonds: ICE BofA China Govt; EUR Financials: IBOXX Euro Fin. Overall TR;  
EUR Non-Financials: IBOXX Euro Non-Fin. Overall TR; EUR High Yield: ICE BofA EUR Liquid HY TR; USD Corporates: ICE BofA USD Corp TR;  
USD High Yield: ICE BofA USD Liquid HY TR; EM Hard Currency: JPM EMBI Glo Div Unh. EUR TR; EM Local Currency: JPM GBI-EM Glo Div Comp Unh. EUR TR

- Bonds were also not spared from the renewed slide. As a result of the rosy economic data, yields climbed across the curve. 10-year US and German government bonds each quoted again at over 3.9% and 2.5% respectively.
- EUR High Yield benefited from its high carry.

Total return (including reinvested coupons) for selected bond indices, in euros and in per cent, sorted by four-week performance.  
Source: Bloomberg, Time period: 23/02/2018 - 24/02/2023



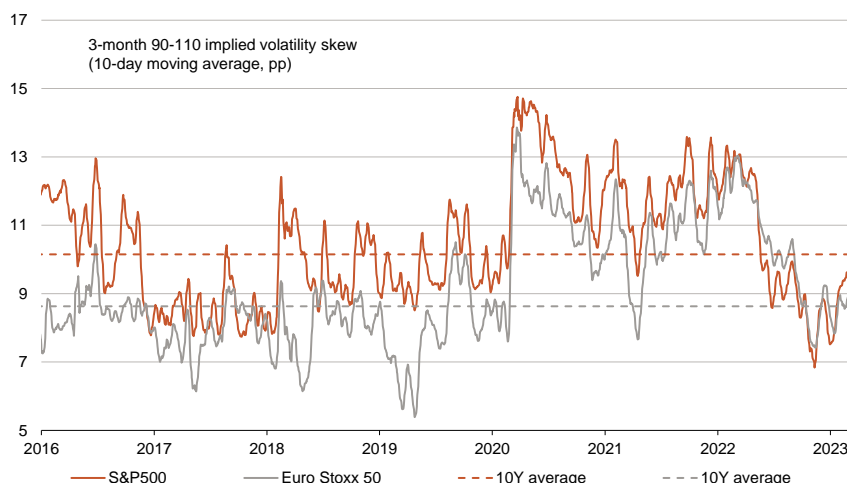
## Non-commercial positioning



- The data shown here is out of date due to technical problems at the CFTC.

The Commodity Futures Trading Commission (CFTC) publishes the Commitments of Traders report every Friday. The chart shows the historical, normalised distribution in standard deviations and focuses on the net futures position (long positions minus short positions) of “non-commercial traders” (bonds, currencies), “asset managers/institutional” and “leveraged funds” (equities) and “managed money” (commodities) and shows how speculative investors are positioned. \*Weighted with the respective duration  
Source: Bloomberg, CFTC, Time period: 31/01/2013 - 31/01/2023

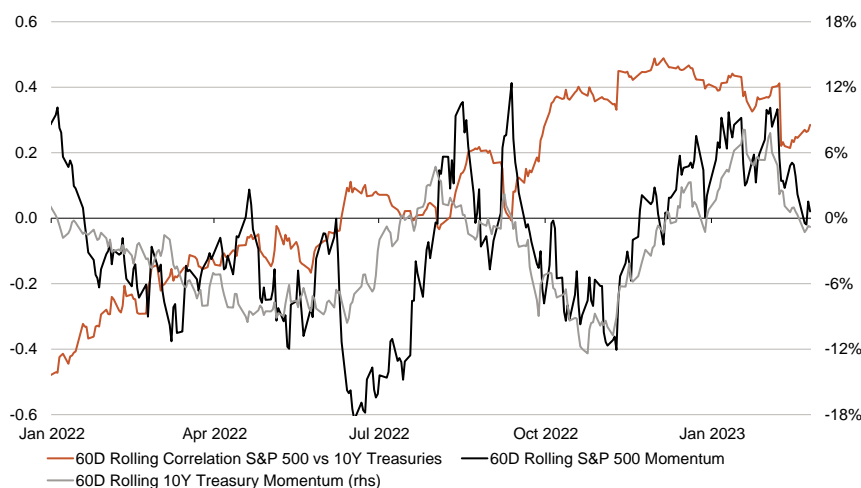
## Put-call skew



- The put-call skew has recently steepened again somewhat. For the S&P 500 it is still slightly below the historical average, for the Euro Stoxx 50 slightly above.
- The increase was driven primarily by the lower willingness of investors to pay for upside participation. The overall higher level of implied volatility also contributed to the steepening.

The put-call skew (90-110) indicates the difference in implied volatility of puts versus calls whose strike is 10% away from the current underlying in each case. It is a measure of how much more investors are willing to pay for hedging (puts) versus upside participation (calls). The higher (lower) the skew, the more cautious (optimistic) market participants are. Moreover, the skew typically increases with the level of implied volatility.  
Source: Bloomberg, period: 24/02/2013 - 24/02/2023

## 60-day momentum and correlation

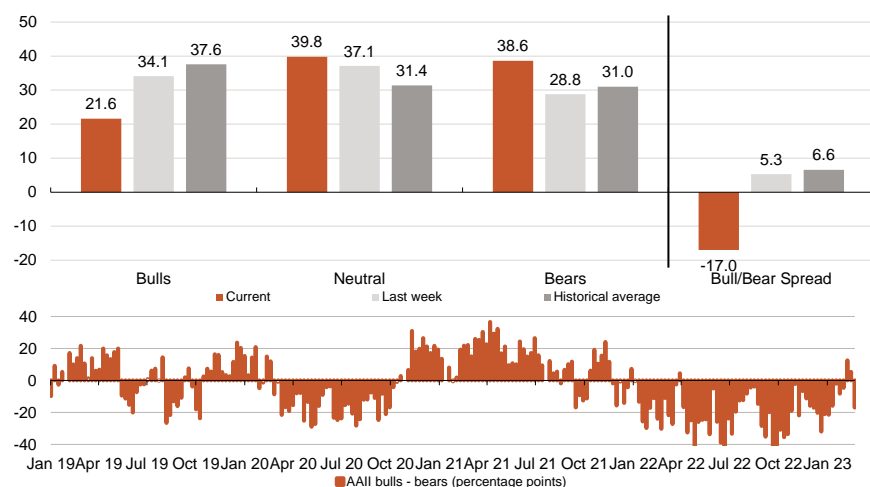


- Momentum over the last 60 days has recently traded around the important zero line for both equities and bonds. After increasing their exposure to equities over the last few months, trend-following strategies are likely to start reducing their exposure again if markets continue to fall, thus amplifying sell-offs.

The 60-day momentum indicates the rolling return of the last 60 days. The more the momentum rises (falls), the more systematic momentum strategies build up (reduce) their positions in the corresponding asset class. Changes in the sign of the return mark important turning points. The 60-day correlation indicates how equitably stocks and bonds move. The higher (lower) the correlation, the fewer (more) equities demand risk-based investment strategies.  
Source: Bloomberg, Time period: 31/12/2021 - 24/02/2023



### AAII sentiment survey (bulls versus bears)

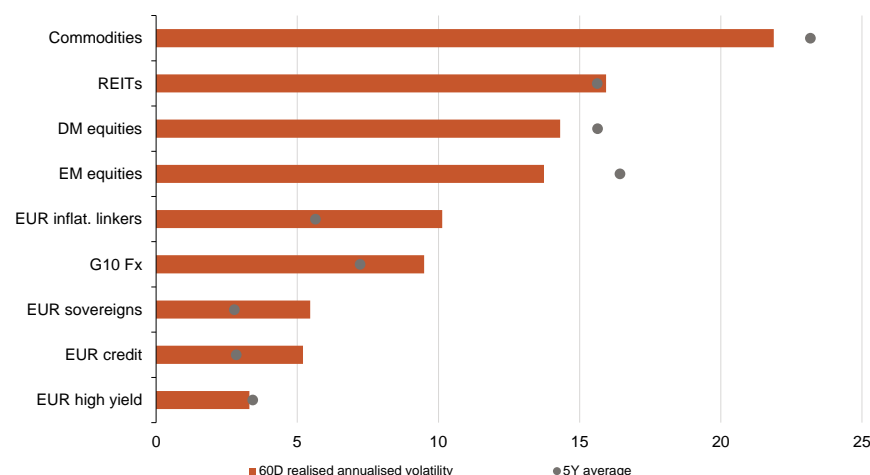


- The optimism of US private investors lasted just two weeks. With the market setback, the bears now outweigh the bulls again by a full 17ppt.
- Some investors' hopes for a positive economic development with declining inflation seem to be on shaky ground.

The Sentiment Survey, conducted by the American Association of Individual Investors, determines the percentage of individual investors who are optimistic, pessimistic or neutral about the US stock market over a six-month period. It has been conducted since 1987. The survey is conducted from Thursday to Wednesday and the results are published every Thursday. For the stock market, it tends to be supportive when there is a high proportion of bulls and a low proportion of bears. On the other hand, it tends to be negative when there are significantly more optimists than pessimists.

Source: Bloomberg, AAII, Time period: 23/07/87 - 24/02/2023

### Realised volatilities

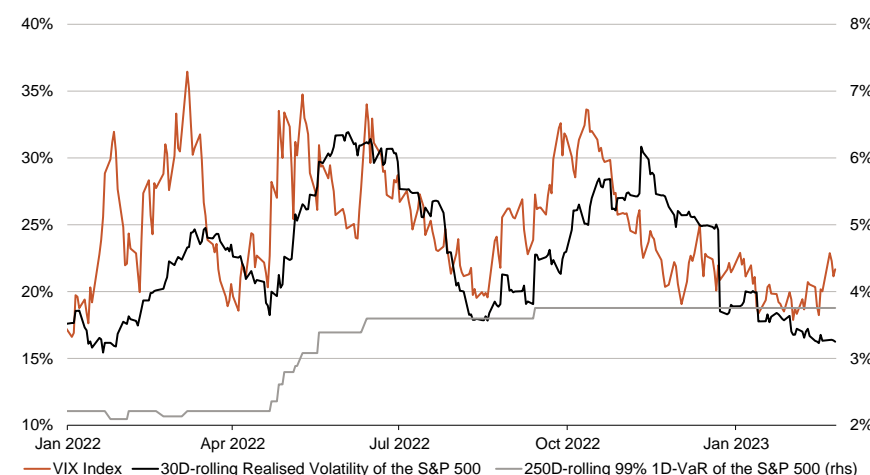


- Realised volatilities have changed little over the last two weeks. Only emerging market equities have seen a noticeable decline. Compared to their own five-year average, they have by far the lowest volatility.
- While government bonds and corporate bonds with high credit ratings have recently fluctuated almost twice as much as in the last five years, high-yield bonds have even shown lower volatility.

The realised volatility (in per cent) measures the fluctuation range of a time series and is defined here as the standard deviation of the daily return over the last 60 trading days. Volatility is often used as a measure of risk.

Source: Bloomberg, period: 31/12/2018 - 24/02/2023

### Volatility and value at risk of the S&P 500



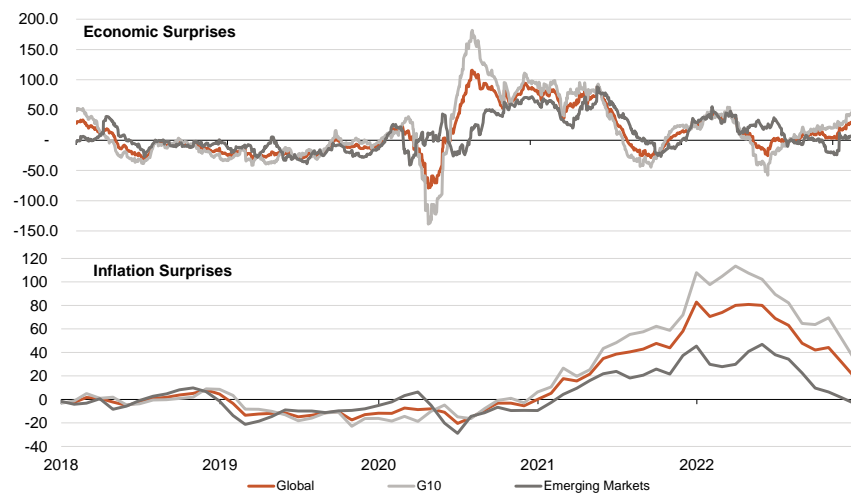
- A gap recently opened up between the implied and realised volatility of the S&P 500.
- While realised volatility remained at around 16%, the VIX rose well above the 20 mark. Investors are therefore expecting greater fluctuations than recently over the next month.

The VIX index is a measure of the implied volatility of the S&P 500 priced in options over approximately the next 30 days. Realised volatility indicates the range of variation in daily returns. The historical 99% value-at-risk indicates the minimum loss of the days that belong to the worst 1% of the observation period. The higher (lower) the VIX, realised volatility and value-at-risk, the fewer (more) stocks demand risk-based investment strategies.

Source: Bloomberg, period: 31/12/2021 - 24/02/2023



## Global

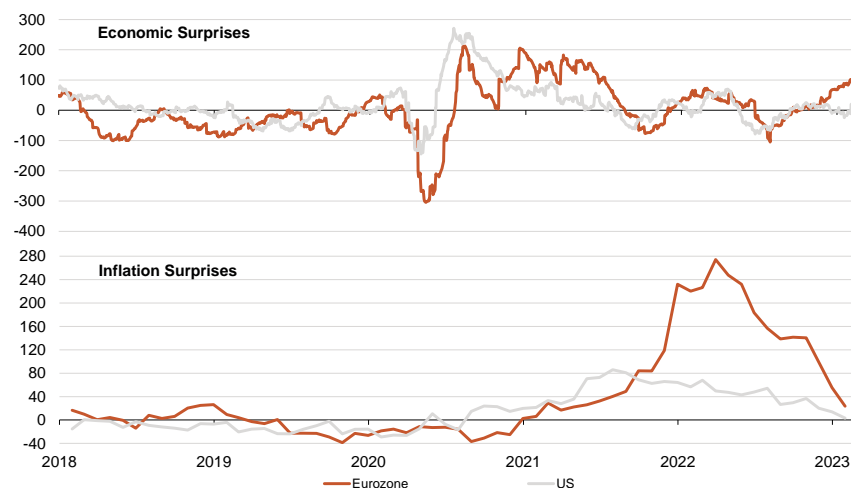


- Positive economic surprises are steadily increasing both at the global level and in the G10 countries. Both indices are back at levels seen in spring 2022, with the US and Japan providing particular support.
- In the emerging markets, positive and negative economic surprises recently balanced each other out.
- It is also worth noting that inflation data recently surprised positively to a much lesser extent.

See explanations below.

Source: Bloomberg, Time period: 01/01/2018 - 24/02/2023

## Eurozone and US

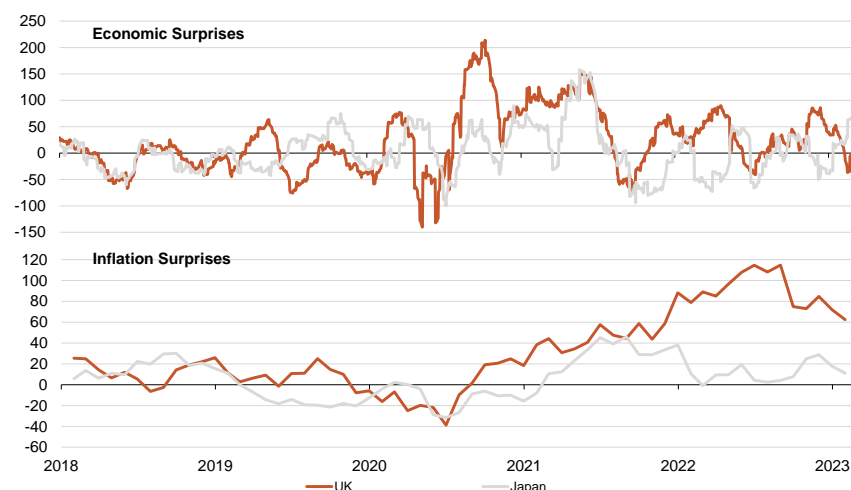


- US economic surprises turned positive after 27 days in negative territory. Retail sales, the University of Michigan sentiment indicator and new home sales came in above expectations. Quarterly GDP was much lower and year-on-year inflation was higher than expected.
- In contrast, the economic surprises in the Eurozone were almost mirrored. The upward trend since July last year was ended by lower purchasing managers' and industrial production data.

See explanations below.

Source: Bloomberg, Time period: 01/01/2018 - 24/02/2023

## UK and Japan



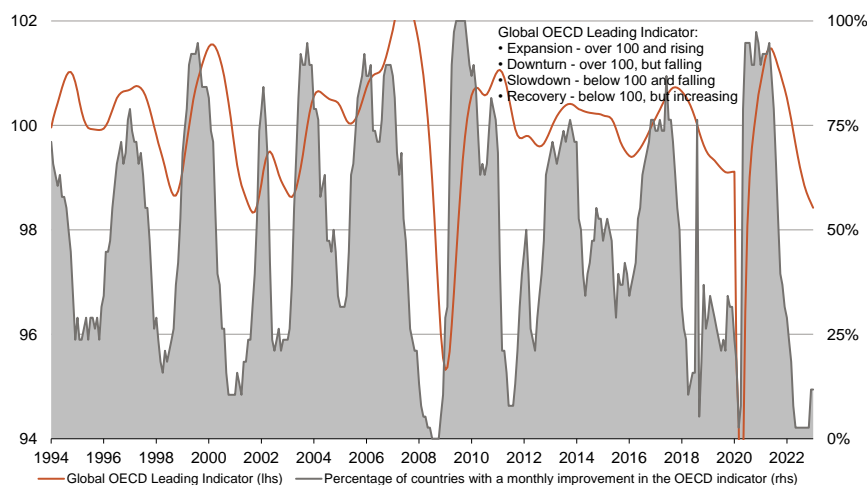
- In the UK, inflation was cooler and purchasing managers' data was higher than expected.
- In Japan, GDP data and main machinery orders were below expectations.

The Citigroup Economic Surprise Indices are defined as weighted historical normalised data surprises (actual releases versus Bloomberg survey median) over the past three months. A positive value of the index indicates that, on balance, economic data have outperformed consensus. The indices are calculated daily in a rolling three-month window. The indices use a time decay function to replicate the markets' limited memory, ie the weight of a data surprise decreases over time.

Source: Bloomberg, Time period: 01/01/2018 - 24/02/2023



## OECD leading indicator

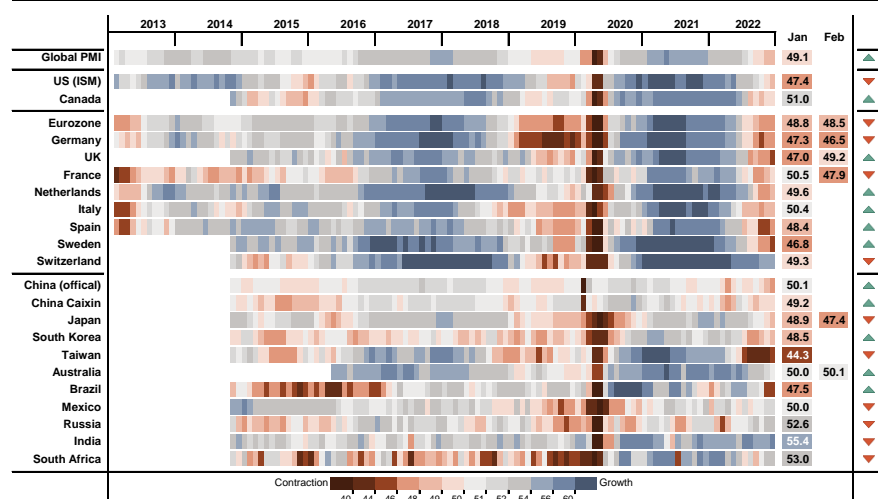


- Despite the recent much more robust economic data, the end of the economic weakness at the global level does not seem to have been reached yet. The OECD leading indicator of the G26 countries continues to point to a slow-down.
- At the country level, too, the picture – despite a slight improvement – remains as bleak as it was last during the pandemic.

The OECD leading indicator is composed of a set of selected economic indicators whose composition provides a robust signal of future turning points. A turning point usually signals a turning point in the business cycle in six to nine months. However, lead times are sometimes outside this range and turning points are not always correctly identified.

Source: Bloomberg, Time period: 31/01/1994 - 31/01/2023

## Manufacturing Purchasing Managers Index (Manufacturing PMI)

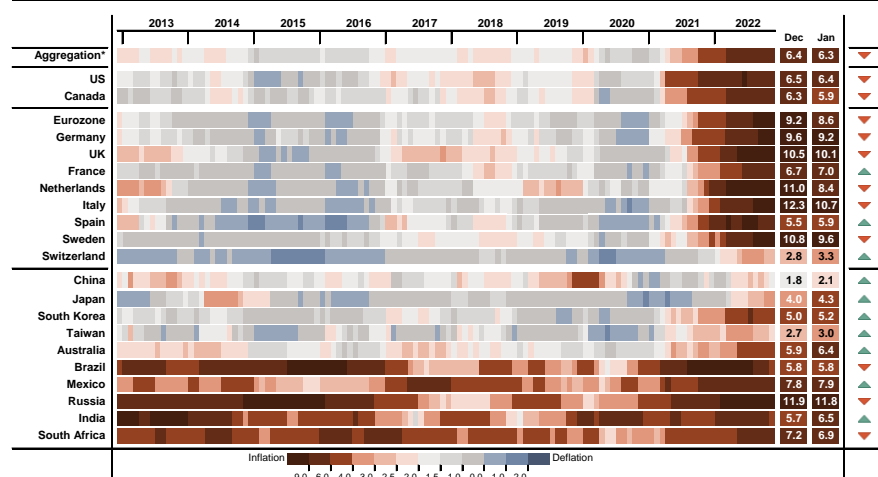


- The Eurozone PMI remains below 50 and thus below the expansion threshold.
- At the country level, the index points to declining industrial activity in Germany, France, the UK and Japan.

The PMI is an overall index that provides a general overview of the economic situation in industry. The PMI is derived from a total of 11 sub-indices, which reflect the respective change from the previous month. A value of 50 is regarded as neutral, a value of over 50 points as an indicator of rising and a value of under 50 points as an indicator of declining activity in industry compared to the previous month. On average, the index has a lead time before actual industrial production of three to six months. The PMI is based on a survey of a relevant selection of purchasing managers on the development of key indicators such as new orders.

Source: Bloomberg, Time period: 24/02/2013 - 24/02/2023

## Headline Inflation



- In the industrialised nations, inflation is trending downwards, while in the emerging countries it increased in the aggregate.
- For January, inflation was 6.4% in the US and 8.6% in the eurozone, compared to 6.5% and 9.2% respectively in December. The reason for the lower increase was the fall in energy prices.

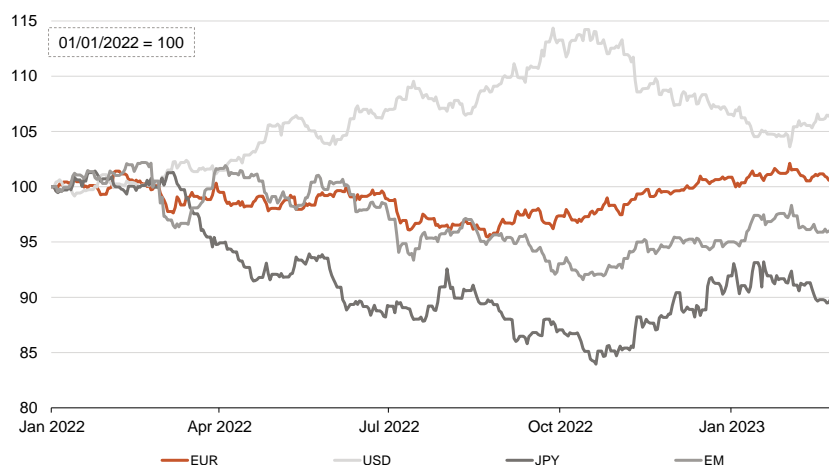
Inflation (in %, compared to the previous year) is measured using a consumer price index, also called a basket of goods. This basket contains all goods and services that a household purchases on average per year. \* = Weighting according to gross domestic product.

Source: Bloomberg, Time period: 24/02/2013 - 24/02/2023





## Trade-weighted currency development

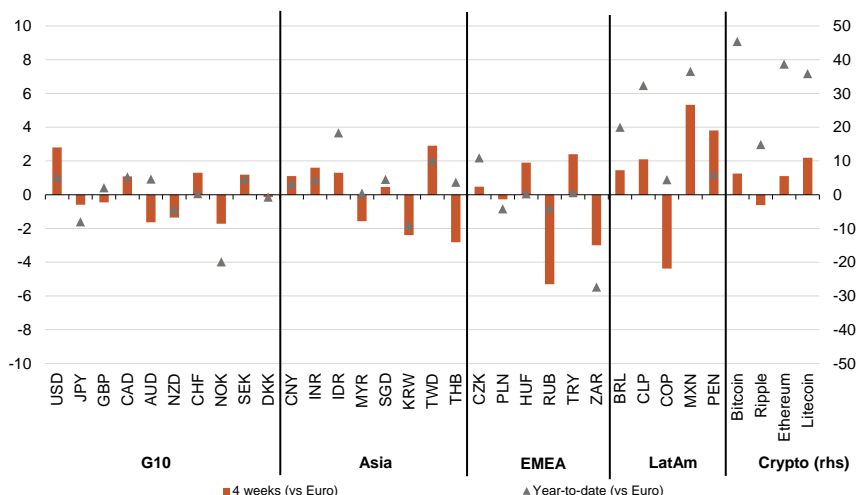


- The trend reversal on the currency markets since the beginning of February seems to be holding. The US dollar continued to appreciate, while the other currencies – especially the Japanese yen – lost value. The new head of the Bank of Japan, Kazuo Ueda, who will take office in April, is considered a moderate to a dove, so a quick end to the ultra-expansive central bank policy has become less likely.

A trade-weighted index is used to measure the effective value of an exchange rate against a basket of currencies. The importance of other currencies depends on the share of trade with the country or currency zone.

Source: Bloomberg, Time period: 01/01/2022 - 24/02/2023

## Currency moves versus euro

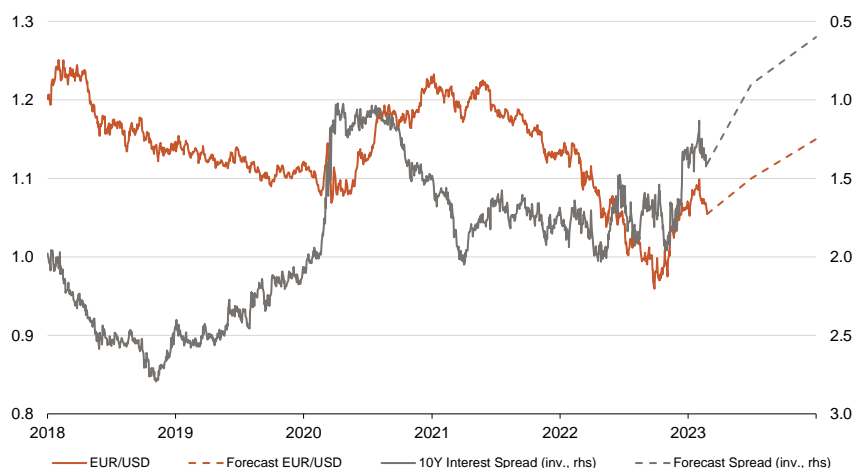


- Currency developments against the euro were very mixed within the individual regions over the last month.
- The Mexican peso gained strongly after Banxico's central bank raised its key interest rate more than expected. The Colombian peso, on the other hand, depreciated significantly, as Colombia, unlike its neighbours, is still struggling to get inflation under control.

Performance of selected currencies against the euro, in per cent.

Source: Bloomberg, Time period: 31/12/2022 - 24/02/2023

## EUR/USD exchange rate and interest rate differential of 10-year bonds



- The US dollar appreciated further in the last two weeks. Currently, the EUR/USD exchange rate is even below the 1.06 mark.
- The Fed minutes recently reaffirmed that the central bankers will not lower key interest rates so quickly. The dollar thus remains attractive against the euro.

EUR/USD exchange rate and interest rate differential (in percentage points) of 10-year US government bonds and 10-year Bunds. The forecasts were prepared by Berenberg Economics.

Source: Bloomberg, Time period: 01/01/2018 - 31/12/2023



## European sector and style performance

	4-week & YTD		12-month periods over that last 5 years					
	4W (27/01/23 - 24/02/23)	YTD (30/12/22 - 24/02/23)	24/02/22	24/02/21	24/02/20	24/02/19	23/02/18	24/02/17
Telecommunications	4.8	13.8	2.7	6.8	-10.9	3.6	-3.6	
Communication Services	3.3	5.3	28.0	31.8	-13.1	-13.6	14.0	
Consumer Staples	2.8	3.5	3.0	15.6	-7.7	13.9	7.5	
Industrials	1.9	11.1	9.0	4.4	10.4	17.2	-0.8	
Health Care	1.2	1.7	6.6	15.2	-6.1	26.0	13.1	
Finance	1.1	12.1	14.7	11.1	-5.8	11.4	-14.2	
Value	1.1	8.1	9.8	12.1	-4.4	5.9	-2.5	
Growth	0.3	7.7	4.7	6.8	6.2	20.4	3.5	
Utilities	0.3	3.8	2.3	6.6	-6.7	35.3	18.0	
Consumer Discretionary	-1.2	13.8	9.2	1.9	19.1	10.6	-3.5	
Information Technology	-2.1	12.5	0.4	2.5	18.7	23.8	5.7	
Materials	-5.0	3.3	-1.1	8.4	27.1	4.2	-1.8	

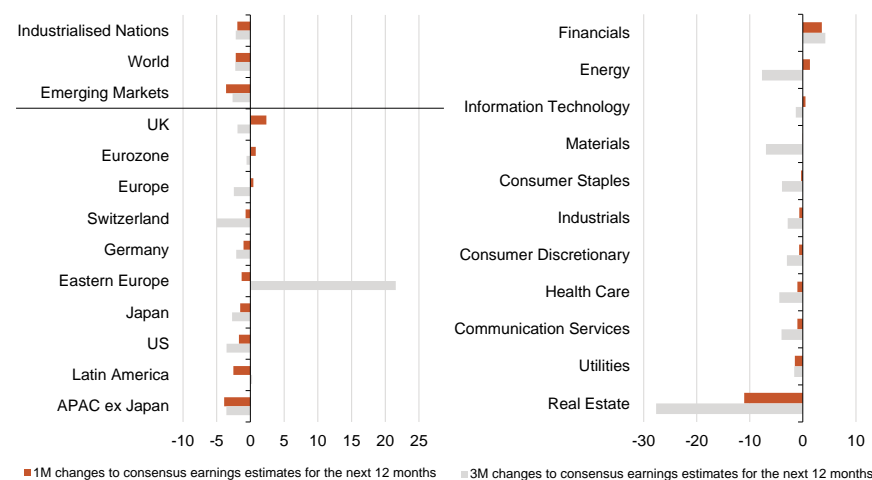
Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Staples: MSCI Europe Cons. Staples NR; Energy: MSCI Europe Energy NR; Finance: MSCI Europe Financials NR; Health Care: MSCI Europe Health Care NR; Industrials: MSCI Europe Industrials NR; Information Tech.: MSCI Europe Inform. Tech. NR; Materials: MSCI Europe Materials NR; Communication Services: MSCI Europe Communication Services NR; Utilities: MSCI Europe Utilities NR; Value: MSCI Europe Value NR; Growth: MSCI Europe Growth NR.

- Telecommunications stocks have again performed well in the last four weeks and are now among the top three sectors since the start of the year.
- After the poor start to the year, energy shares were also able to make significant gains recently. By contrast, materials companies, which are also driven by commodity prices, recorded the biggest losses.

Total return of European equity sectors and European style indices, in euros and in per cent, sorted by four-week performance. The difference between Value and Growth lies in the valuation. A growth stock is highly valued because the company is expected to grow strongly. Value stocks usually have less growth potential and are valued lower.

Source: Factset, Time period: 24/02/2017 - 24/02/2022

## Changes in consensus earnings estimates

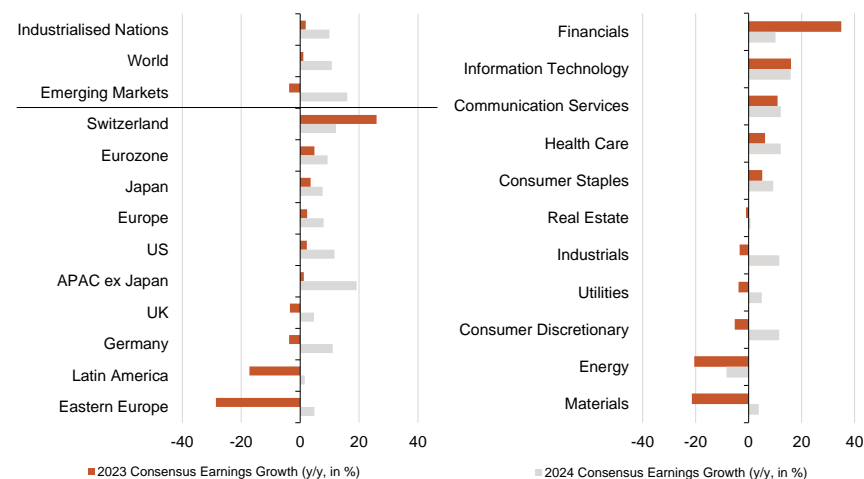


- The cost pressure on companies, which was strongly discussed in the Q4 reporting season, is increasingly limiting companies' earnings prospects. Analysts reacted by reducing their earnings estimates for the next 12 months.
- Regionally, negative earnings revisions were most pronounced for the US, Latin America and Asia ex-Japan. Positive earnings revisions, on the other hand, were seen in the UK and the Eurozone.
- In Europe, the financial sector in particular stands out positively.

One-month and three-month changes in consensus earnings estimates for the next 12 months of the regional and Europe sector MSCI indices, in per cent.

Source: FactSet, as of 23/02/2022

## Earnings growth



- Global earnings growth in 2023 is expected to be only around 1%, according to consensus, following the renewed negative earnings revisions.
- Emerging markets are even likely to see negative growth. While Asia ex-Japan should achieve slightly positive earnings growth in 2023 according to analysts, the earnings growth outlook for Latin America and eastern Europe is clearly negative.

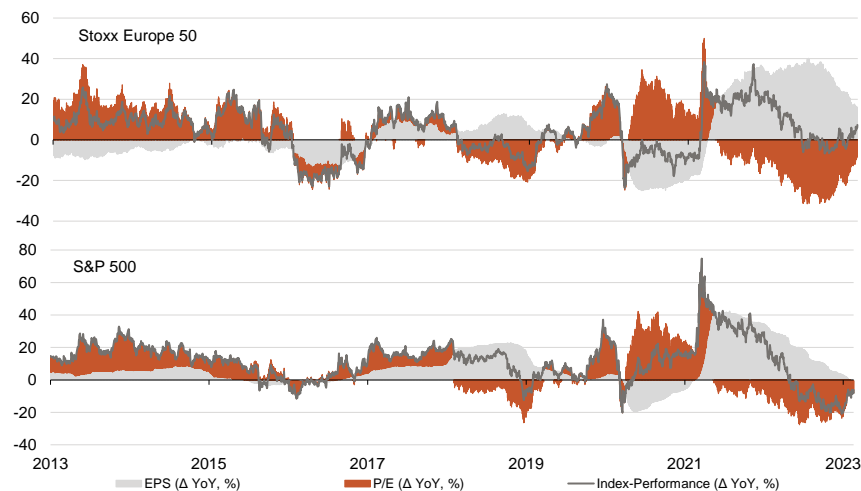
Consensus expected calendar year earnings growth for selected equity regions, year-on-year and in per cent. The earnings estimates of the individual companies are aggregated upwards using the index weights ("bottom-up"). Regional and Europe Sector MSCI Indices. APAC ex-Japan = Asia Pacific excluding Japan

Source: FactSet, as of 23/02/2022





### Contribution analysis

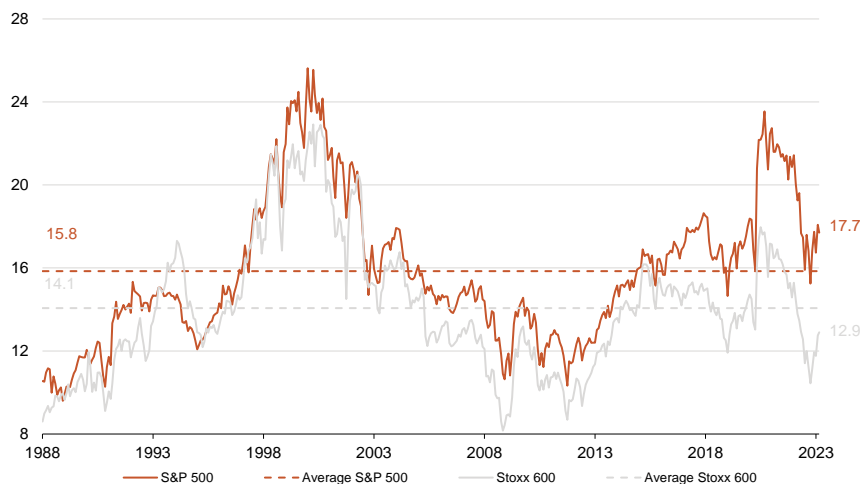


- The Stoxx Europe 50 is now showing a clearly positive year-on-year development. Corporate profits have risen more than valuations have fallen over the past year.
- The S&P 500, on the other hand, has performed negatively over the past twelve months, driven by stagnant earnings and a valuation squeeze.

Analysis of the drivers of stock market development over the last 12 months. The change in earnings estimates and the change in valuation (price-earnings ratio) are taken into account. EPS = earnings per share

Source: Bloomberg, Time period: 01/01/2012 - 23/02/2022

### Price/earnings ratio (P/E Ratio) of European and US equities

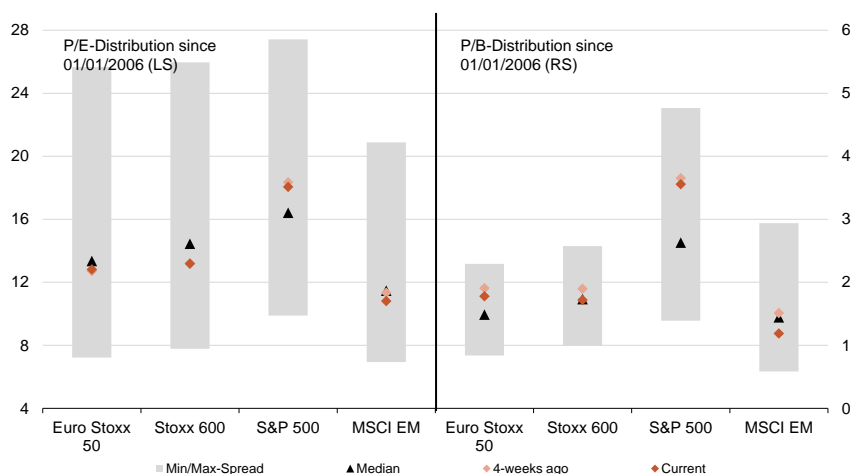


- Good US labour market data and rising global yields weighed on US equities in particular. The P/E ratio of the S&P 500 has not risen further recently.
- While the S&P 500 remains expensively valued compared to its own history, the Stoxx 600 is favourably valued in a historical context.

P/E valuation based on earnings estimates for the next twelve months of European and US equities as well as the respective P/E average since 1988. \*For the Stoxx 600, the history before 2000 was taken from MSCI Europe.

Source: Bloomberg, Factset, Time period: 31/12/1987 - 23/02/2022

### Historical distribution: price/earnings and price/book ratio



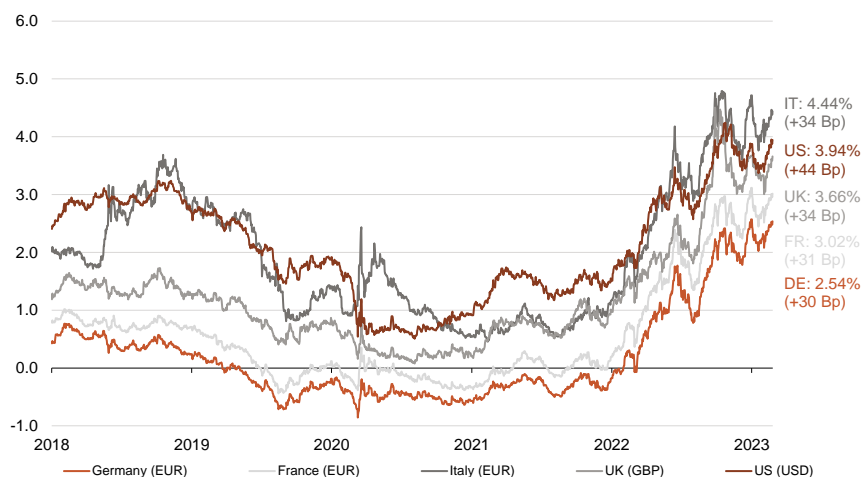
- After the recent weakness of equities, the valuations of all equity markets presented here have declined.
- The P/E ratio of the Euro Stoxx 50 is slightly below the historical median and the P/E ratio of the Stoxx 600 - which includes Swiss and British companies - is also below the median. The P/E ratio of the S&P 500 is still significantly higher.

Historical distribution of valuation ratios for selected equity regions since 2006. In addition to the current value, the observation four weeks ago and the historical median, the maximum (upper limit of the grey bar) and minimum (lower limit of the grey bar) are shown.

Source: Bloomberg, Time period: 01/01/2006 - 24/02/2022



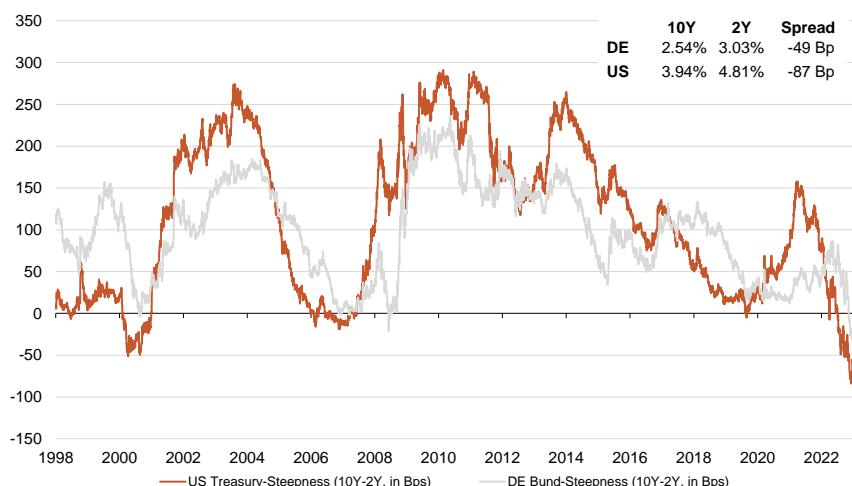
### 10-year government bond yields



- After the rally in bond markets at the start of the year, yields have recently come under upward pressure again. The robust economic data increase the likelihood that central banks will have to do more rather than less to combat high inflation.
- Accordingly, yields climbed across the curve. Yields on 10-year US and German government bonds, for example, moved towards the 2022 highs.

Effective yield on 10-year government bonds and change over the last four weeks in basis points (in brackets).  
Source: Bloomberg, Time period: 01/01/2017 - 24/02/2022

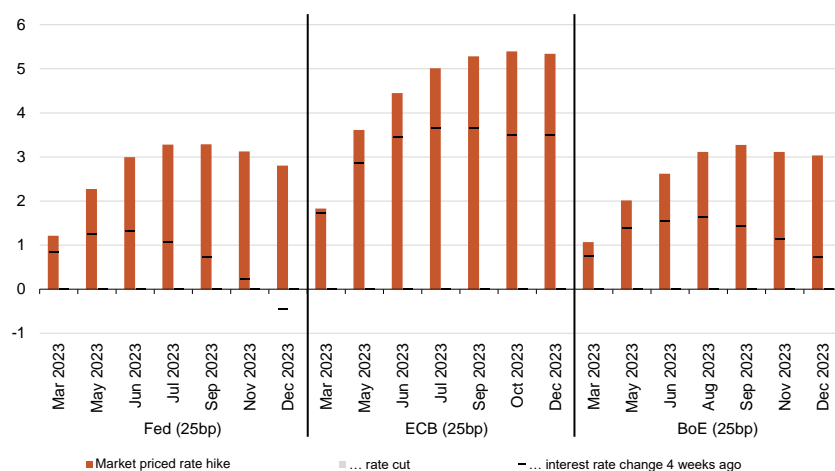
### Yield curve steepness (10Y - 2Y)



- In the last two weeks, the yield curves have got even more inverted. At -87bp, the US curve remains significantly more inverted than the German curve. The inversion of both curves is extreme in historical comparison.

The yield curve distinguishes between the so-called short end and the long end. The reason for this is the way in which factors influence yields. Central banks control the short end of the curve through their monetary policy and key interest rates. In contrast, the long end is influenced less by central banks and more by inflation expectations, supply, demand and risk premiums.  
Source: Bloomberg, Time period: 01/01/1998 - 24/02/2022

### Implicit changes in key interest rates

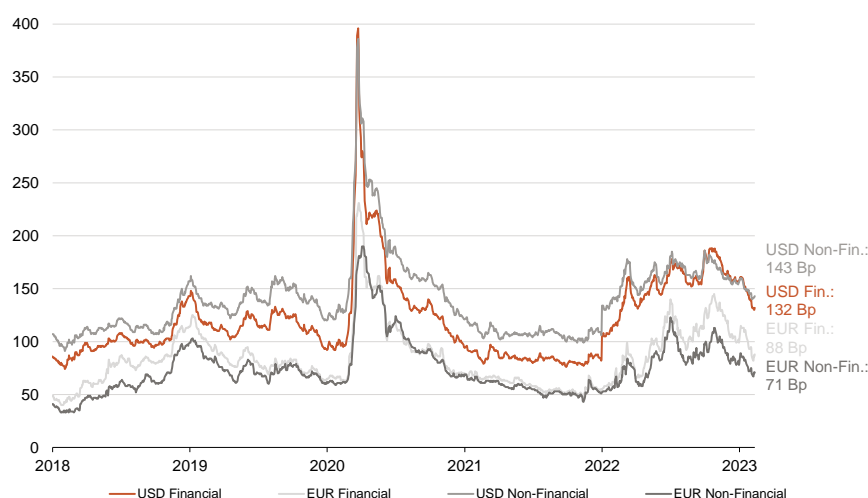


- The hope of a turnaround in US monetary policy in 2023 seems to have evaporated. Just four weeks ago, there was talk of an interest rate cut in the second half of the year. There is now no sign of that. Moreover, the market is now pricing in not just one but up to three further rate hikes of 25bp each.
- The ECB and the BoE are also likely to remain restrictive for the time being, according to the market

Derivatives on money market interest rates - such as the fed funds futures - can be used to determine the change (number of steps) in the key interest rate priced by the market.  
Source: Bloomberg, Time period: 27/01/2021 - 24/02/2022



### Credit spreads financial and non-financial bonds

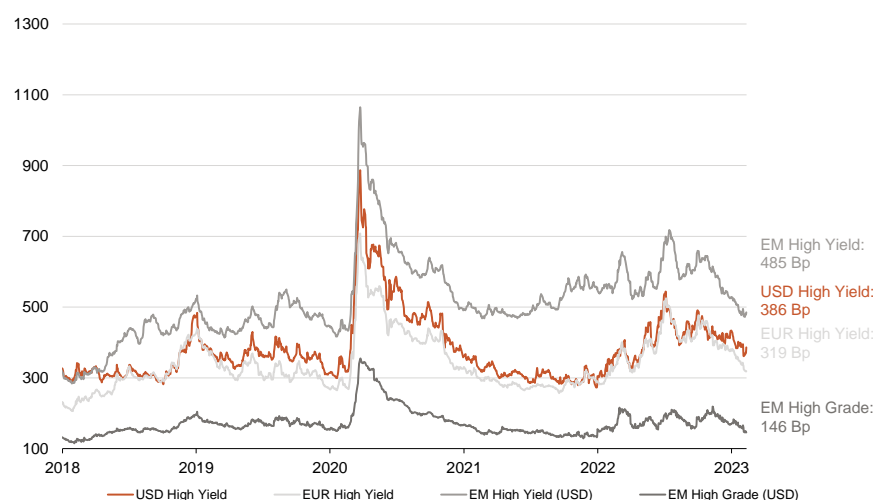


- After the continuous decline in spreads since the beginning of the year, there has been a counter-movement in recent weeks. Spreads on USD non-financial bonds is moving back towards 150bp.
- EUR investment-grade corporate bonds saw the most significant spread widening in the last two weeks. Spreads increased by 6bp.

Explanations see middle and lower figure.

Source: FactSet, Time period: 01/01/2017 - 24/02/2022

### Credit spreads high-yield and emerging markets bonds



- Spreads on the more risk-sensitive high-yield bonds have also risen in the last two weeks.
- USD and EUR high-yield bonds recorded a spread widening of more than 10bp.
- Spreads on emerging market high-yield bonds have risen even more significantly, by more than 15bp.

How high the risk associated with the corporate bond is shown by its asset swap spread (in bp). This indicates the yield that the issuer must pay in addition to the swap rate for the respective term as compensation for its credit risk. See further explanation below.

Source: FactSet, Time period: 01/01/2017 - 24/02/2022

### Bond segments overview

	Key figures			Asset Swap Spread			Total Return (% local)							
	Yield (in %)	Δ-1M	Modified Duration	Spread (Bps)	Δ-1M	10Y-Per-centile	1M	YTD	24/02/22 24/02/23	24/02/21 24/02/22	24/02/20 24/02/21	24/02/19 24/02/20	24/02/18 24/02/19	
EUR Government	3.01	0.05	7.2	-	-	-	0.0	1.7	-13.6	-6.2	1.7	8.6	2.1	
Germany	2.46	0.09	7.2	-	-	-	-0.3	1.1	-14.0	-4.5	0.1	3.5	5.1	
EUR Corporate	3.96	-0.14	4.6	78	-18	53	1.2	2.1	-9.2	-4.2	1.5	5.7	1.0	
Financial	4.13	-0.18	3.9	88	-25	51	1.3	1.9	-7.4	-3.5	1.3	5.3	0.6	
Non-Financial	3.86	-0.12	5.0	71	-15	50	1.0	2.2	-10.1	-4.5	1.5	6.0	1.2	
EUR High Yield	6.85	-0.49	3.2	319	-46	40	2.7	4.2	-5.0	-1.0	3.4	9.5	-0.9	
US Treasury	4.15	0.18	6.4	-	-	-	-0.4	1.1	-8.6	-4.6	4.1	8.9	3.5	
USD Corporate	5.32	0.04	6.9	139	-18	58	0.4	2.3	-9.0	-4.8	5.8	14.3	2.4	
Financial	5.43	-0.05	5.1	132	-27	62	1.0	2.4	-6.8	-4.3	6.2	12.2	2.8	
Non-Financial	5.27	0.08	7.8	143	-13	60	0.0	2.2	-10.0	-5.0	5.6	15.2	2.3	
USD High Yield	8.45	0.08	4.2	386	-11	52	0.2	3.1	-5.2	0.4	6.9	9.8	3.8	
EM High Grade	5.52	-0.07	5.3	146	-27	12	0.9	1.9	-9.6	-3.2	3.7	11.6	2.7	
EM High Yield	9.86	-0.14	3.9	485	-30	31	0.9	3.0	-9.8	-7.1	7.1	11.1	2.5	

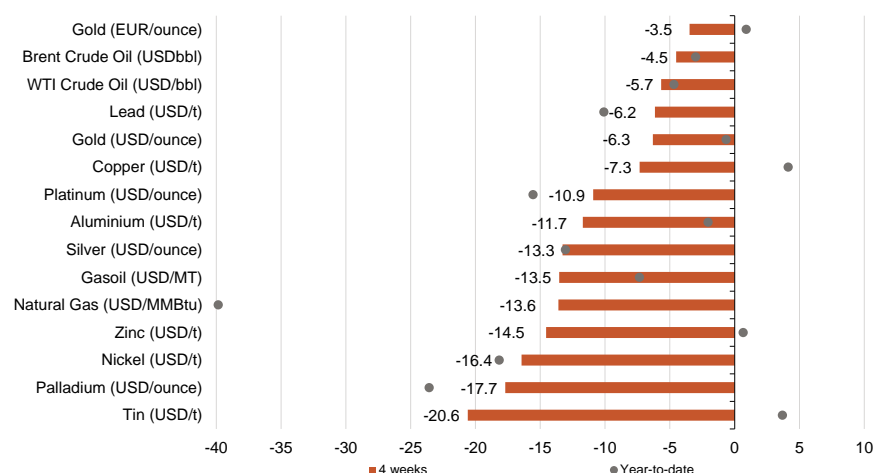
- The recent global rise in yields weighed on EUR, USD and emerging market bonds.
- In the last four weeks, all listed bond segments except for EUR high-yield bonds recorded a negative development. Corporate bonds, especially EUR high-yield bonds, are benefiting from falling spreads compared to government bonds.

ICE BofA indices in the following sequence: Euro Government; German Government; Euro Corporate; Euro Financial; Euro Non-Financial; Euro High Yield; US Treasury; US Corporate; US Financial; US Non-Financial; US High Yield; High Grade Emerging Markets Corporate Plus; High Yield Emerging Markets Corporate Plus. EM indices are hard currency bonds.

Source: FactSet, Time Period : 24/02/2017 - 24/02/2022



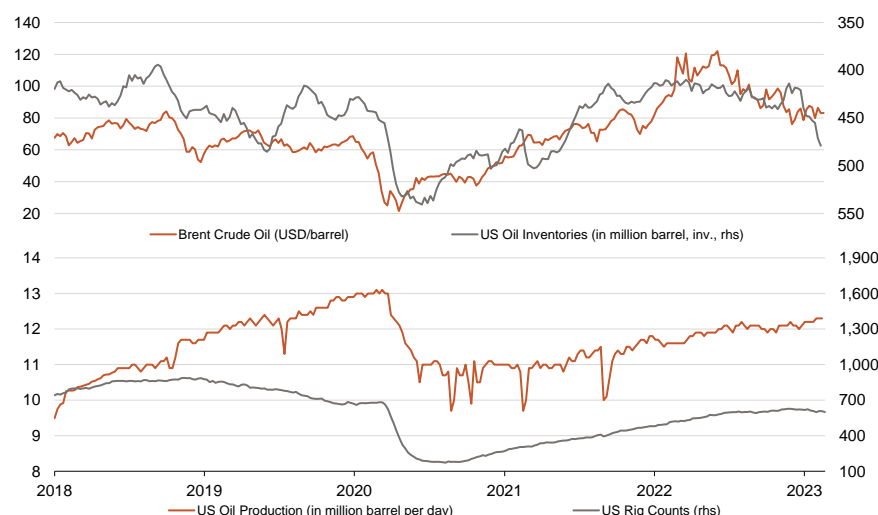
## Commodities performance



- Commodities have had a tough time over the last four weeks.
- Precious metals, energy commodities and industrial metals fell across the board following restrictive signals from the US Federal Reserve and signs of weak short-term demand in China.
- After futile hopes for stronger economic data in China, markets are still waiting for more concrete signs of a recovery in domestic demand.

Total return of selected commodity indices, in per cent, sorted by four-week performance.  
Source: Bloomberg, Time period: 31/12/2022 - 24/02/2023

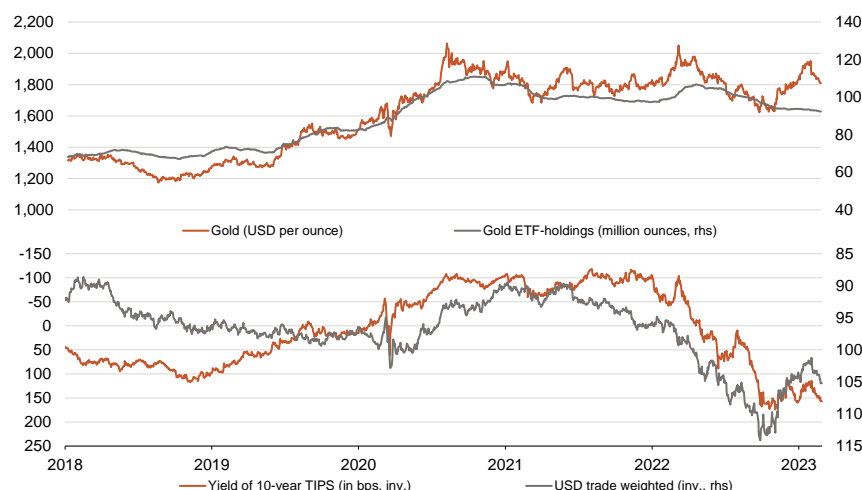
## Crude oil



- Oil maintained its volatile sideways movement since the beginning of the year. The slower than hoped for recovery in demand in China, the milder winter in the West and thus unneeded inventories and the further release of strategic reserves by the US all put pressure on the price.
- On the other hand, producers continue to be restrictive: Russia's planned 0.5 million barrel per day cut from March adds up to OPEC cuts by the end of the year.

Higher oil production and higher inventories tend to weigh on oil prices and vice versa. An increase in active oil wells indicates higher oil production in the future.  
Source: Bloomberg, Time period: 01/01/2018 - 24/02/2023

## Gold



- Gold gave back all its gains since the beginning of the year after the strong US labour market data.
- Renewed US dollar strength and higher real interest rates created headwinds and pushed the gold price down from a high of USD 1,950 to just above USD 1,810 per ounce.

The US dollar and the real, ie inflation-adjusted, interest rate are among the fundamental price factors of the gold price. Rising real interest rates tend to weigh on the gold price, while falling real interest rates have a supportive effect. The same applies to the US dollar. The development of gold ETF holdings reflects financial investors' demand for gold.  
Source: Bloomberg, Time period: 01/01/2018 - 24/02/2023

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