

### Current market commentary

Concerns about the enormous US government debt and more stubborn inflation caused 10-year US interest rates to rise by more than 15 basis points at their peak last week, before disappointing results from Salesforce and fears of a slowdown in US growth caused bond yields to fall again. There was profit-taking in equities and commodities. Following the strong performance of many risk asset classes, we consider the consolidation to be healthy. We continue to expect a volatile sideways movement in equities until the US elections. On the one hand, there have recently been positive earnings revisions and favourable macro surprises in Europe and China. The Atlanta Fed's real GDP growth estimate for Q2 is 2.7%. On the other hand, valuations have risen recently and many investors have already overweighted equities. In addition, the conviction of Donald Trump in the hush money trial shows that the political risks should not be underestimated.

### Short-term outlook

The next two weeks are all about elections. The European elections take place from 6 to 9 June. Elections in Ireland take place on 7 June, parliamentary elections in Bulgaria on 9 June and Belgian elections on 10 June. The G7 summit in Apulia will take place from 13 to 15 June and will focus on the defence of Ukraine, the conflict between Israel and Hamas, economic and energy security and migration policy. On the monetary policy front, the ECB and Fed rate decisions on 6th and 12th June will be interesting.

Today we have PMIs (May) in the US and the Eurozone and tomorrow US industrial orders (Apr.) and the change in unemployment (May) in Germany. This will be followed on Wednesday by changes in ADP non-farm payrolls (May). Thursday sees the US trade balance (Apr.) and Friday the important US labour market figures (May). Inflation data (May) for the US and the eurozone (May) will follow next week.

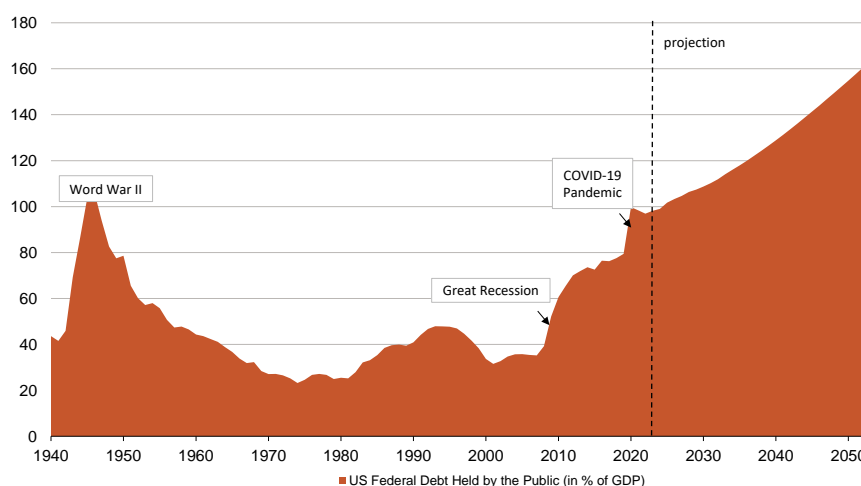
The bi-weekly **Monitor** gives you a structured overview of the current capital market environment and highlights important developments:

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

*Elections and interest rate decisions in the spotlight.*

*Investor focus on PMIs and inflation data.*

### Rising US government debt should put pressure on interest rates

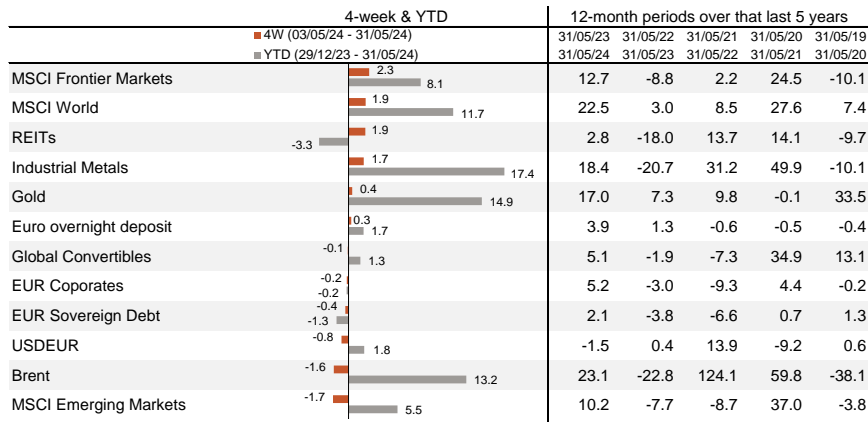


- The US national debt held by the public currently stands at 100% of GDP. The Congressional Budget Office estimates that this debt will rise to over 160% in the next 30 years due to higher interest costs and the undisciplined US fiscal policy.
- It therefore seems unlikely that interest rates on long-term US government bonds will fall in the medium term. The Treasury's high issuing activity to finance the large budget deficit is already exerting pressure on interest rates.

Source: CBO, Time period: 01/01/1940 - 31/12/2054



## Multi Asset



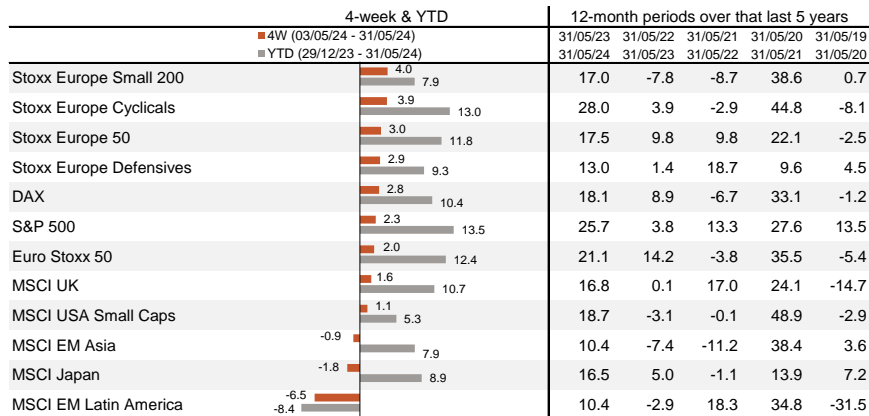
MSCI World: MSCI World Net Return; MSCI Emerging Markets: MSCI EM Net Return; MSCI Frontier Markets: MSCI Frontier Markets Net Return;  
 REITs: MSCI World REITs Index; EUR Sovereign Debt: IBOXX Eurozone Sovereign 1-10Y TR; EUR Corporates: IBOXX Euro Corporates Overall TR;  
 Global Convertibles: SPDR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

- Over the last four weeks, industrial metals have once again performed strongly, making them the best performing asset class on an annualized basis.
- Another positive earnings surprise from US chip manufacturer NVIDIA confirmed the global AI and tech trend and supported developed market equities.
- Brent crude oil suffered from renewed concerns about the Chinese economy following disappointing official PMI data.

Total return for selected asset classes, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 31/05/2019 - 31/05/2024

## Equities



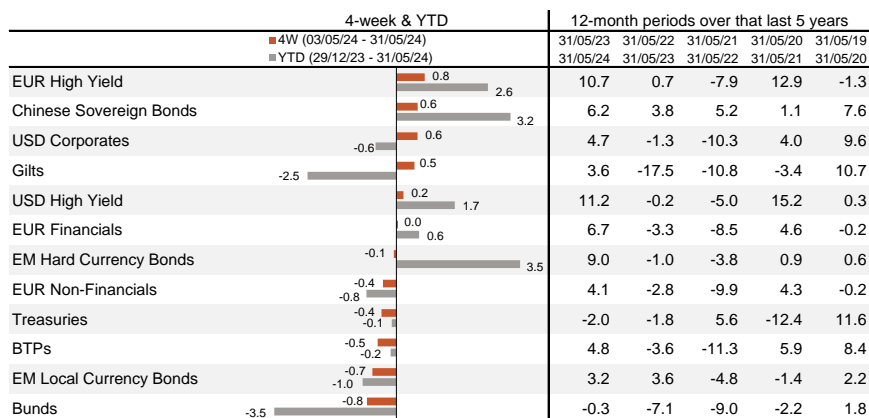
S&P 500: S&P 500 TR (US-Equity); Stoxx Europe 50: Stoxx Europe 50 TR; Euro Stoxx 50: Euro Stoxx 50 TR; MSCI Japan: MSCI Japan TR;  
 Stoxx Europe Small 200: Stoxx Europe Small 200 TR; MSCI USA Small Caps: MSCI USA Small Caps TR; Stoxx Europe Cyclical: Stoxx Europe Cyclical TR;  
 Stoxx Europe Defensives: 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.

- Most global share indices have recorded gains over the past four weeks. European equity indices in particular rose across the board, as economic surprises remained largely positive and the corporate reporting season went well.
- By contrast, the predominantly negative economic surprises in the emerging markets weighed on Asian and Latin American emerging market equity indices.

Total return (including reinvested dividends) for selected stock indices, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 31/05/2019 - 31/05/2024

## 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

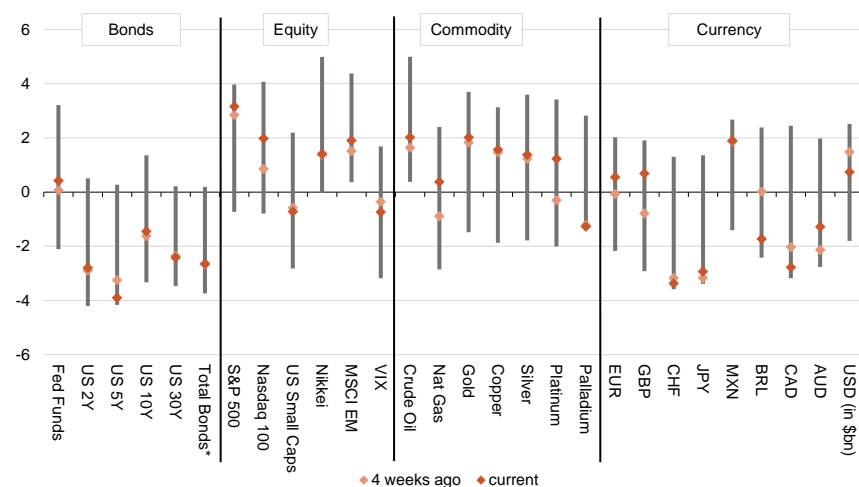
- Global bond markets have shown a mixed performance over the last four weeks. Eurozone government bonds, especially German government bonds, suffered from rising yields due to higher than expected inflation figures for May.
- The short duration and high demand for new issues helped European high-yield bonds to the top of the performance rankings.

Total return (including reinvested coupons) for selected bond indices, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 31/05/2019 - 31/05/2024



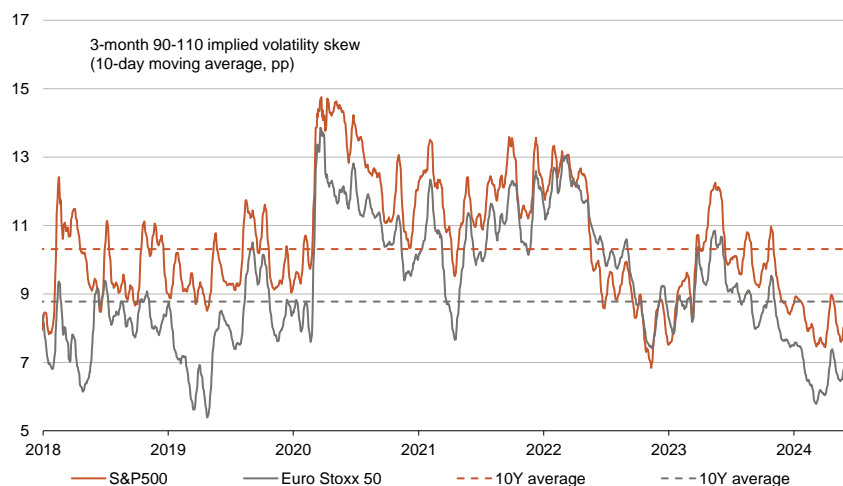
## Non-Commercial Positioning



- Speculative investors are now only short palladium within commodities. The futures position in natural gas and platinum has recently turned long.
- In the currency space, hedge funds have recently built up substantial short positions in the Brazilian real due to concerns about Lula's fiscal policy.

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" & "leveraged funds" (equities) and "managed money" (commodities) and shows how speculative investors are positioned. \*Weighted with the respective duration  
Source: Bloomberg, CFTC, Time period: 28/03/2014 - 28/03/2024

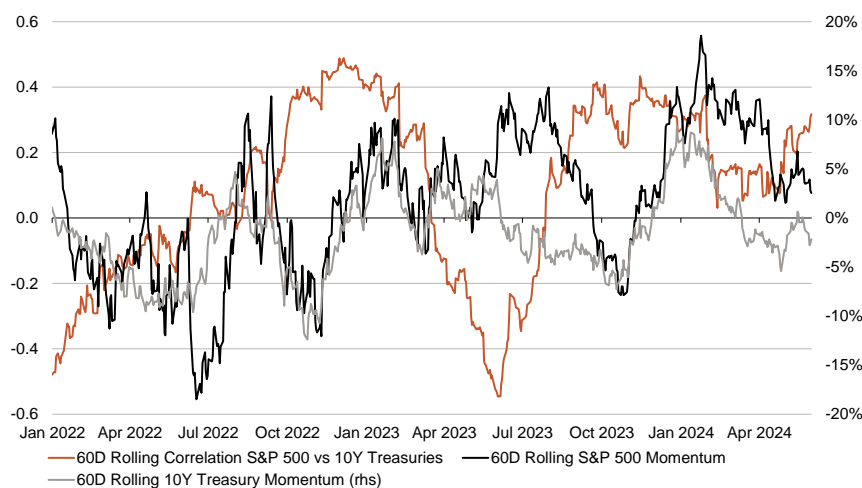
## Put-Call-Skew



- The put-call skew has steepened again somewhat with the recent rise in volatility, but remains relatively flat in a historical context.
- The fact that convexity remains very cheap can also be seen in the VVIX, which measures the expected volatility of the VIX. At around 80 points, it is around 20 points below its historical average.

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: 31/05/2014 - 31/05/2024

## 60-Day Momentum and Correlation

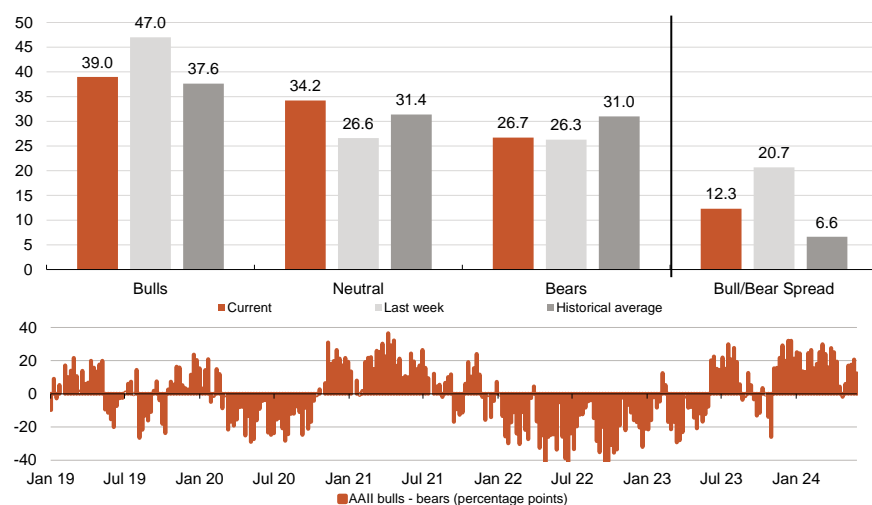


- The correlation between the S&P 500 and US Treasuries has risen significantly again with the end of the reporting season and the renewed focus on macro data.
- The 3m-momentum in US equities has been consistently positive since November last year.

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 - 31/05/2024



### AII Sentiment Survey (Bulls vs Bears)

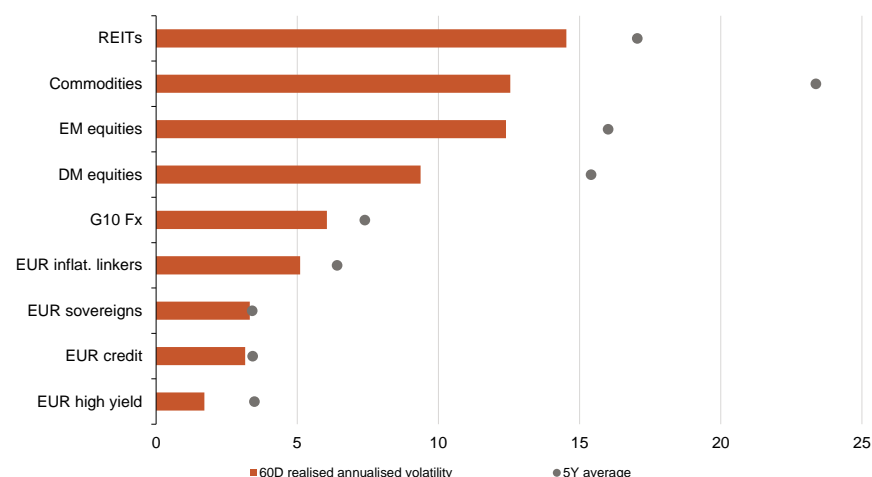


- The sentiment of US private investors remains positive, albeit to a somewhat lesser extent than in previous weeks.
- At the current level, the AII survey is therefore not particularly meaningful with regard to the vulnerability of the markets.

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 bears and a low proportion of bulls. On the other hand, it tends to be negative when there are significantly more optimists than pessimists.

Source: Bloomberg, AII, Time period: 23/07/87 - 30/05/2024

### Realised Volatilities

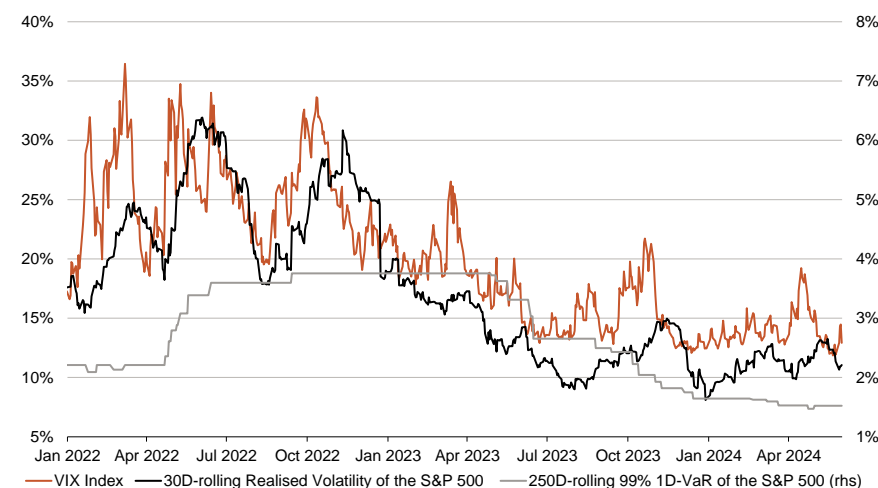


- The volatility of commodities is now just at the level of emerging market equities. At 12%, it is only around half the average of the last 5 years. One reason for the low volatility is the currently low correlation between industrial metals and energy commodities.
- REITs remain the most volatile asset class due to their interest rate sensitivity.

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: 31/05/2019 - 31/05/2024

### Volatility and Value-at-Risk of the S&P 500



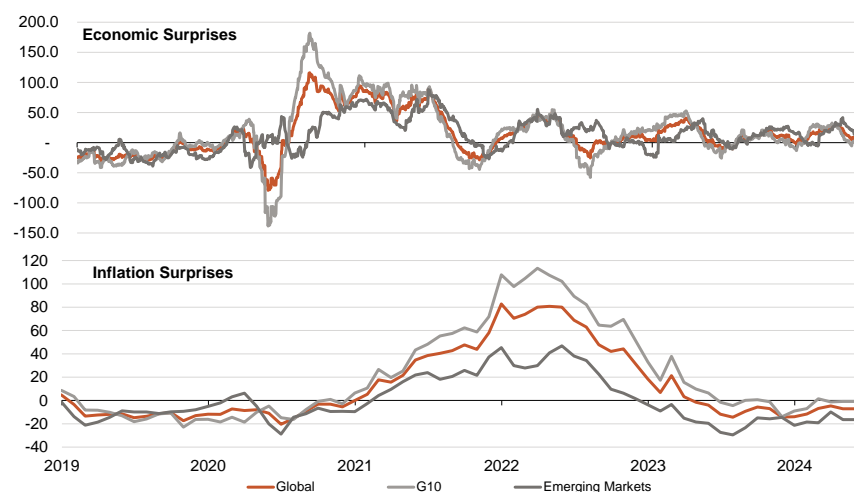
- The jump in the VIX to almost 15 was short-lived. It is now trading very low again at under 13 points.
- Nevertheless, the fear index is now back at a premium to the realised 30d-volatility.

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 - 31/05/2024



## Global

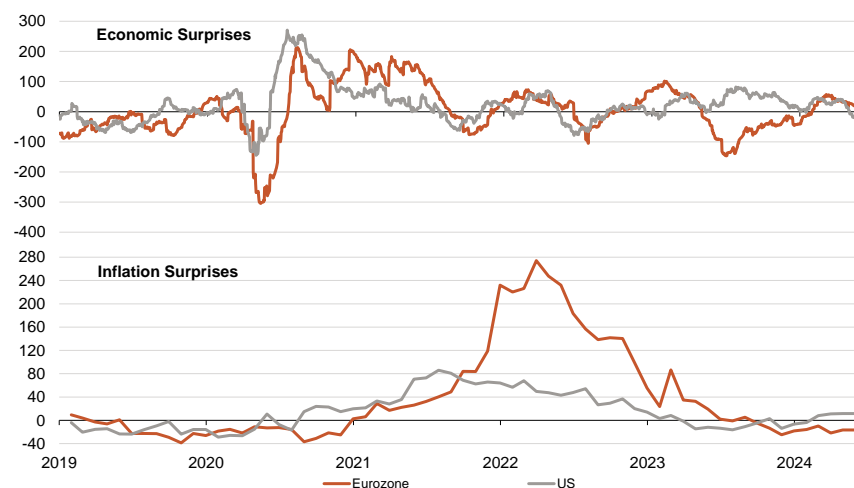


- The positive economic surprises have diminished over the last two weeks in both the industrialized and emerging markets.
- In Canada, retail sales in March were below expectations. In Switzerland, the KOF leading indicator was below expectations in May.
- In Turkey, the GDP growth rate in the first quarter surprised to the downside. In Mexico, GDP growth in the first quarter was in line with expectations.

See explanations below.

Source: Bloomberg, Time period: 01/01/2019 - 31/05/2024

## Eurozone and US

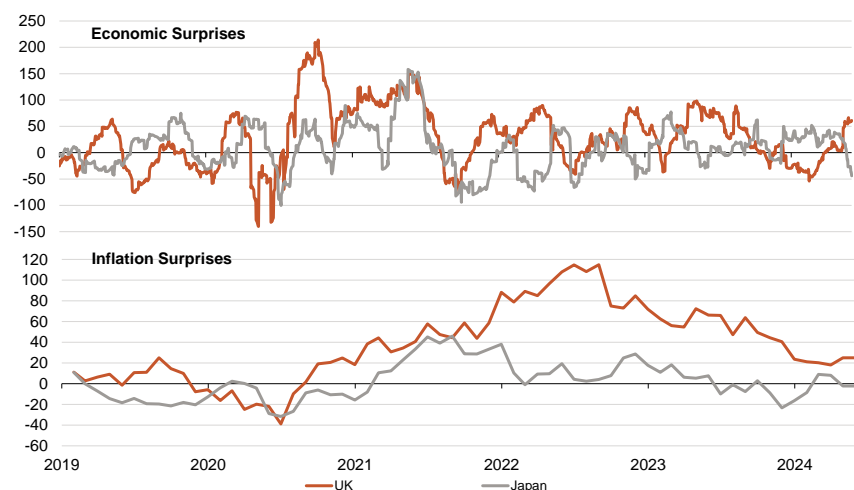


- In the US, the revised GDP growth rate for the first quarter came in as expected. The latest initial jobless claims, new orders for durable goods in April and consumer confidence in May surprised to the upside. In contrast, the Dallas Fed manufacturing index for May was below expectations.
- In the eurozone, both consumer and industrial confidence surprised to the downside in May. The unemployment rate in April was below expectations.

See explanations below.

Source: Bloomberg, Time period: 01/01/2019 - 31/05/2024

## UK and Japan



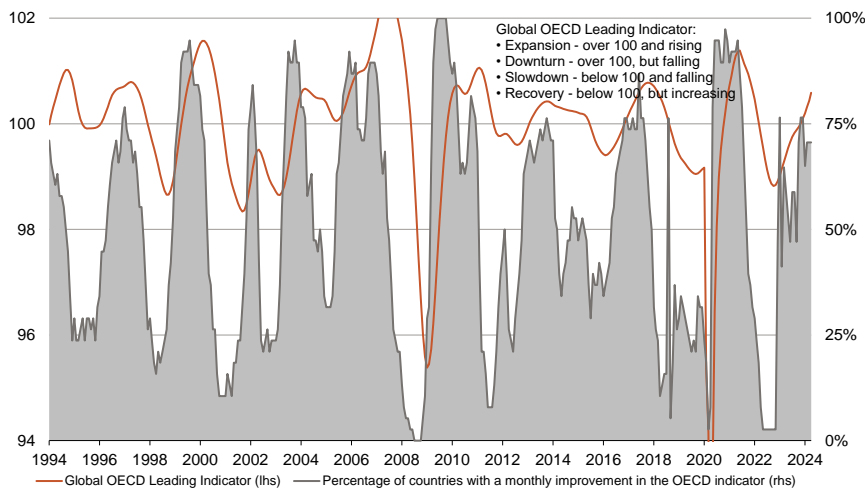
- In the UK, inflation surprised to the upside in April. The services PMI came in below expectations in May and the manufacturing PMI came in above expectations.
- In Japan, industrial production exceeded expectations in April.

The Citigroup Economic Surprise Indices are defined as weighted historical normalised data surprises (actual releases vs. 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, i.e. the weight of a data surprise decreases over time.

Source: Bloomberg, Time period: 01/01/2019 - 31/05/2024



## OECD Leading Indicator

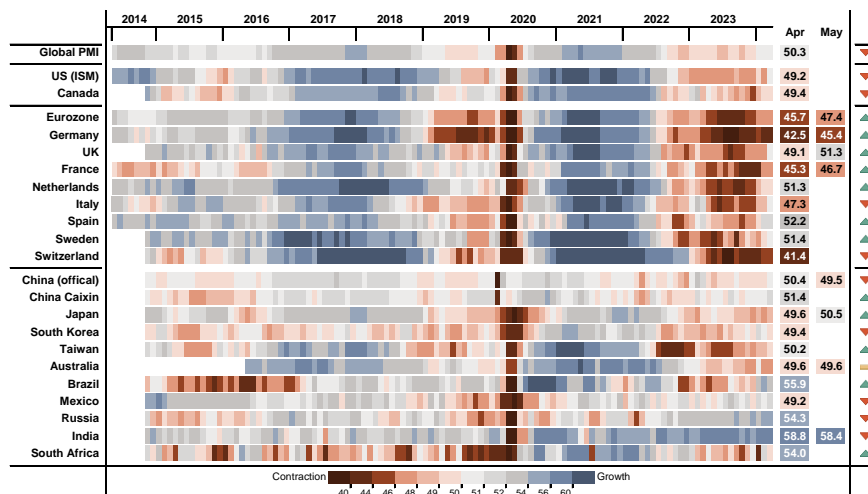


- The global economic expansion continues – in April, the revised OECD leading indicator remained above the 100 mark for the sixth consecutive month with a value of 100.6.
- According to the leading indicator, 71% of the countries surveyed saw an improvement in the economic situation in April compared to the previous month, with France showing the strongest increase and Indonesia the strongest decline.

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 6-9 months. However, lead times are sometimes outside this range and turning points are not always correctly identified.

Source: Bloomberg, Time period: 31/01/1994 - 31/05/2024

## Manufacturing Purchasing Managers Index (Manufacturing PMI)

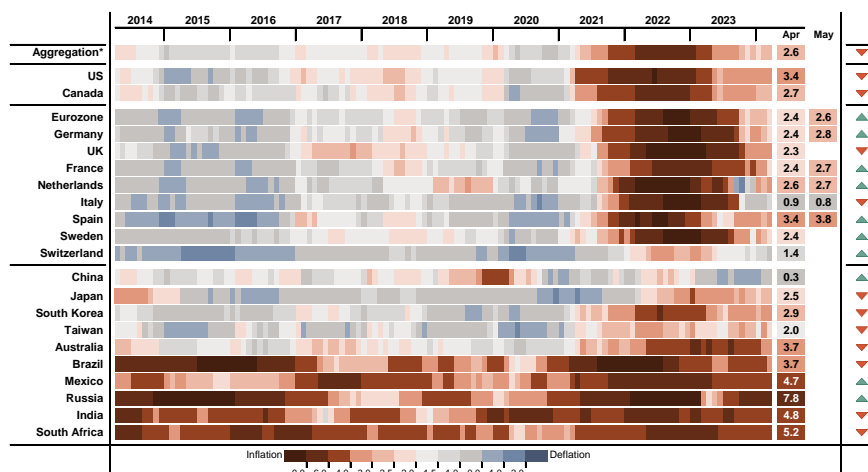


- The purchasing managers' indices in Europe, the UK and Japan improved in May compared to the previous month, while the official PMI data in China fell compared to the previous month, dropping back below the neutral mark of 50.

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 eleven 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: 01/01/2014 - 31/05/2024

## Headline Inflation



- Initial data indicate a slight increase in annual inflation rates in Europe in May compared to the previous month. While the positive surprise in the inflation rate in Germany is mainly due to base effects, higher energy prices in France caused an upward inflation surprise.

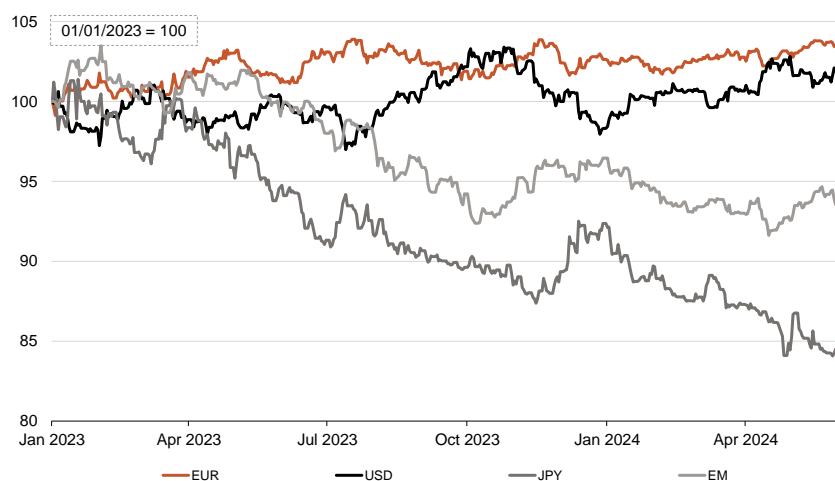
Inflation (in %, compared to the previous year) is measured using a consumer price index, also called a basket of goods. This basket contains all goods and services that a household purchases on average per year. \* = Weighting according to gross domestic product.

Source: Bloomberg, Time period: 01/01/2014 - 31/05/2024





### Trade-Weighted Currency Development

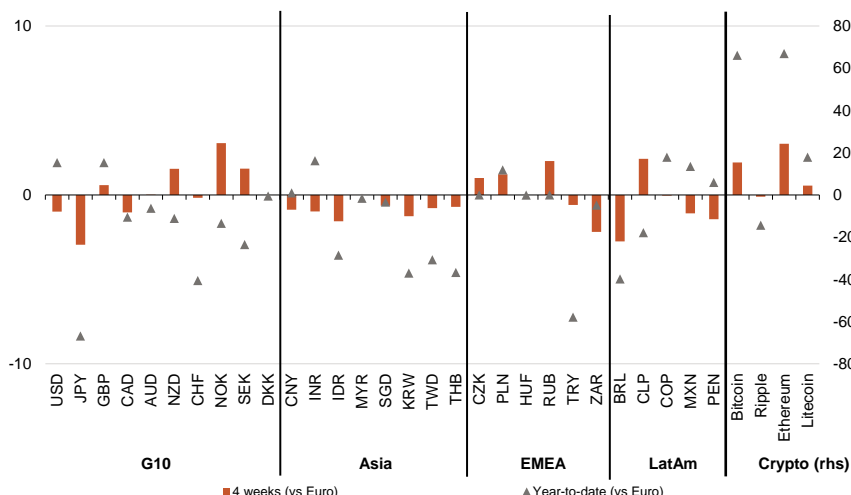


- The trade-weighted US dollar index trended sideways last month, due to the mixed economic and inflation data in the US as well as the ongoing and sometimes divergent statements by Fed Council members regarding the prospects of interest rate cuts this year.
- The Japanese yen reached a new low for the year in May despite foreign exchange market interventions by the Japanese central bank amounting to nine trillion yen.

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: 01/01/2023 - 31/05/2024

### Currency Moves vs Euro

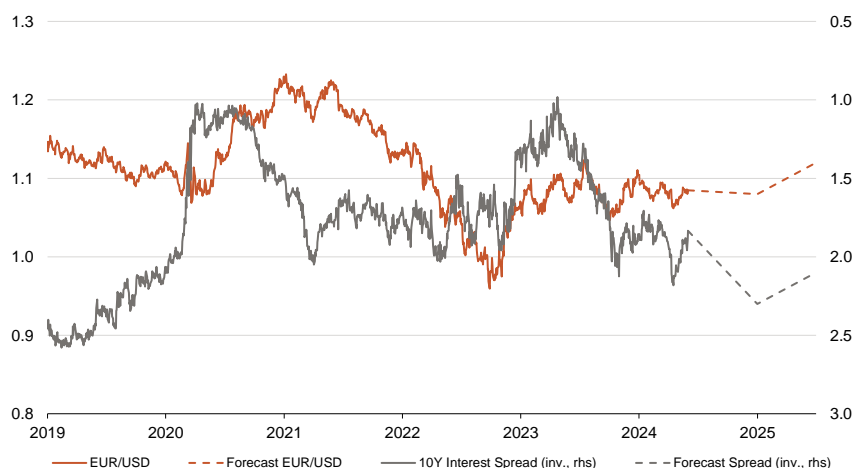


- A surprising rise in inflation in Australia in May and renewed speculation about a possible interest rate hike supported the Australian dollar against the euro last month. Unexpectedly high inflation rates in Norway and Chile in May also supported the Norwegian krone and the Chilean peso.
- A surprisingly high GDP growth rate for the first quarter in Sweden jeopardized a possible interest rate cut by the Riksbank in the near future and supported the Swedish krona.

Performance of selected currencies against the euro, in percent.

Source: Bloomberg, Time period: 31/12/2023 - 31/05/2024

### EUR/USD Exchange Rate and Interest Rate Differential of 10Y Bonds



- Ongoing inflationary pressures in the US continue to fuel the debate over the extent and duration of the tightening cycle, with some members of the Fed Council considering a rate hike if inflation remains stubbornly high. In contrast, ECB President Lagard believes a first rate cut in the eurozone in June is "very likely".

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: 01/01/2019 - 31/06/2025



## European Sector & Style Performance

	4-week & YTD		12-month periods over that last 5 years					
	4W (03/05/24 - 31/05/24)	YTD (30/12/23 - 31/05/24)	31/05/23	31/05/22	31/05/21	31/05/20	31/05/19	31/05/20
Finance	5.5	16.5	33.3	7.3	2.9	45.6	-21.6	
Industrials	4.4	13.5	27.0	12.1	-5.7	45.6	-3.0	
Health Care	4.2	12.2	12.4	4.4	17.1	0.8	24.5	
Value	3.3	9.5	21.0	0.7	9.3	32.4	-15.8	
Telecommunications	3.3	8.0	12.1	-7.1	5.3	19.6	-14.7	
Information Technology	3.0	14.9	23.7	16.1	-9.7	36.8	12.7	
Growth	2.8	10.8	14.3	9.9	-3.8	26.8	7.2	
Utilities	2.4	-1.0	3.2	1.6	5.7	18.8	11.2	
Consumer Staples	2.3	1.1	-1.5	1.4	4.3	12.7	-0.8	
Materials	1.3	6.6	21.4	-10.4	7.3	47.6	-1.3	
Energy	0.0	8.7	25.5	-4.9	60.7	20.0	-36.7	
Consumer Discretionary	-0.8	7.2	6.2	20.4	-16.9	57.2	-4.4	

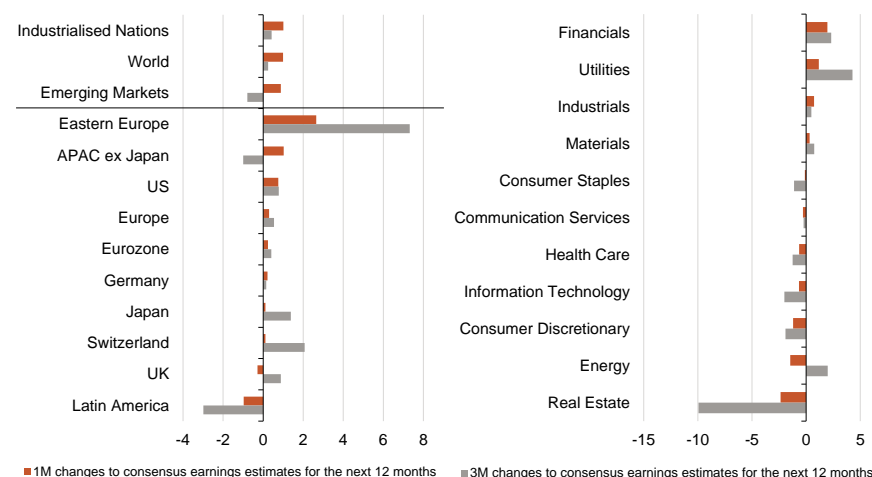
Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Staples: MSCI Europe Cons. Staples NR; Energy: MSCI Europe Energy NR;  
 Finance: MSCI Europe Financials NR; Health Care: MSCI Europe Health Care NR; Industrials: MSCI Europe Industrials NR; Information Tech.: MSCI Europe Inform. 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.

- Over the past four weeks, equity markets have been broadly positive at the sector level. In particular, financials and industrials have posted gains.
- After a strong performance in March and April, energy stocks were flat over the last four weeks. Consumer discretionary stocks have been the laggards.

Total return of European equity sectors and European style indices, in euros and in percent, sorted by 4-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: 31/05/2019 - 31/05/2024

## Changes in Consensus Earnings Estimates

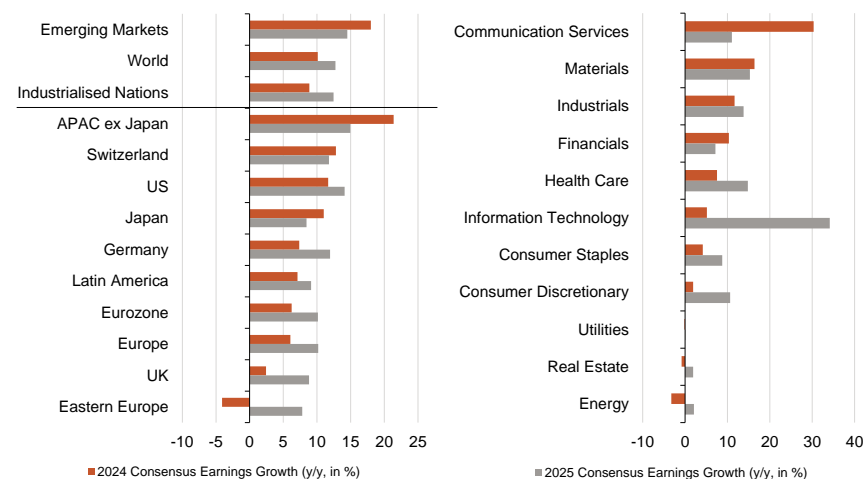


- Analysts have become more optimistic over the past four weeks. Analysts have raised their earnings estimates for the next 12 months, particularly for Eastern Europe and Asia. In contrast, analysts have become increasingly pessimistic about Latin American equities over the past three months.
- At the sector level, analysts have recently become more optimistic for financials and utilities.

1-month and 3-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 31/05/2024

## Earnings Growth



- For the current year, analysts expect global earnings growth of just under 10% year-on-year. According to the analysts, growth will be driven regionally by the emerging markets, with earnings growth of more than 20% year-on-year, and sectorally by the telecommunications industry.

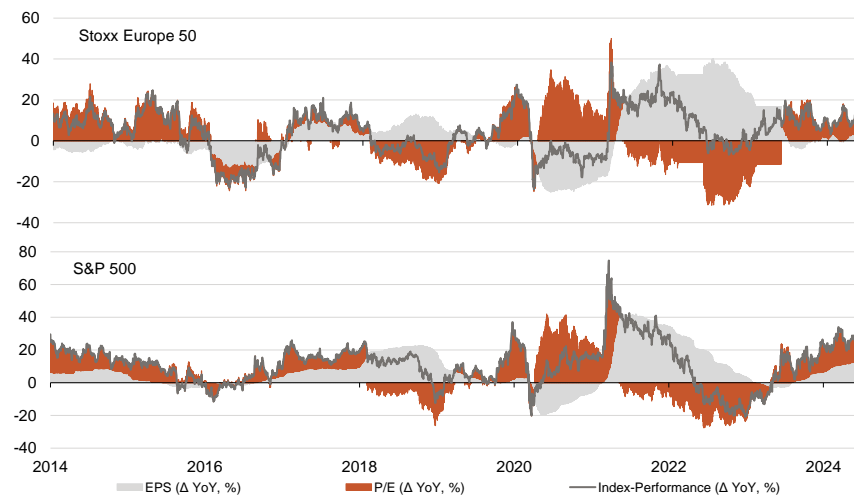
Consensus expected calendar year earnings growth for selected equity regions, year-on-year and in percent. The earnings estimates of the individual companies are aggregated upwards using the index weights ("bottom-up"). Regional and Europe Sector MSCI Indices. APAC ex Japan = Asia Pacific excluding Japan

Source: FactSet, as of 31/05/2024





### Contribution Analysis

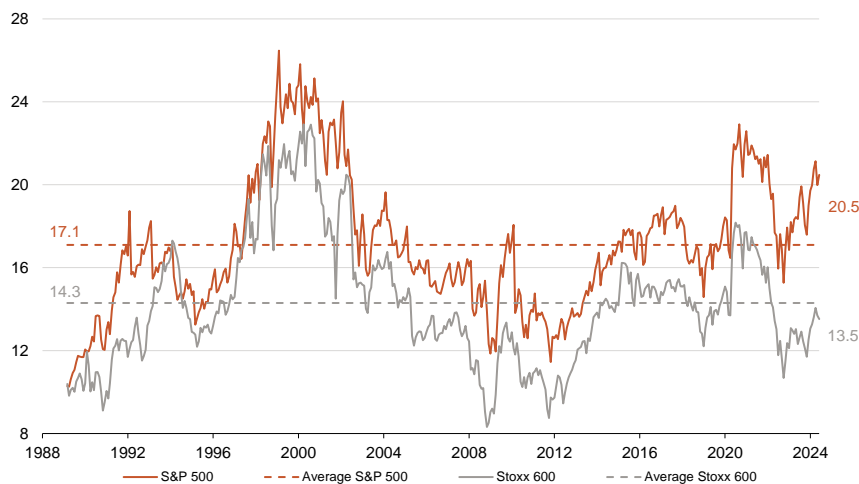


- The rolling 1-year trend is positive for both the Stoxx Europe 50 and the S&P 500. The main driver has been a rise in valuations, especially for the Stoxx Europe 50.
- Year-on-year earnings growth is currently only a dominant positive driver for the S&P 500.

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: 01/01/2014 - 31/05/2024

### Price-Earnings Ratio (P/E Ratio) of European and US Equities

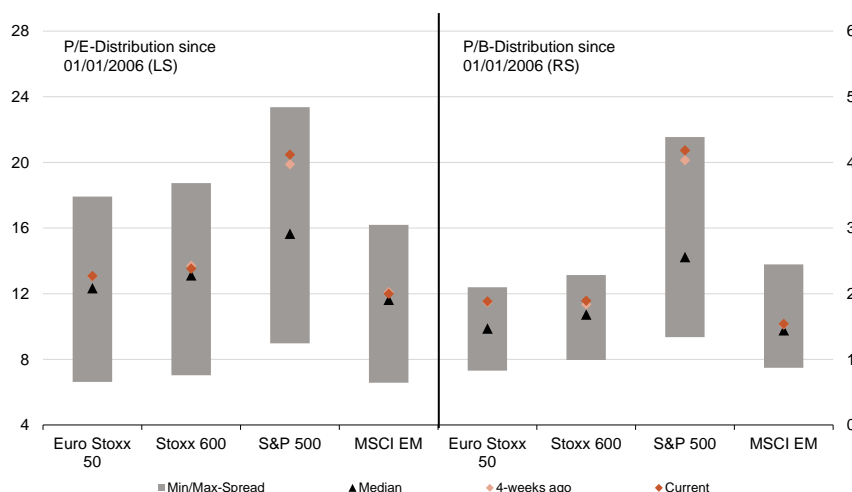


- Following the tightening of valuations in April, the P/E ratio of the S&P 500 has widened again over the last four weeks.
- The story is different for European equities. The P/E ratio of the Stoxx 600 continued to fall last month. At 13.5 times, the Stoxx 600 is now as cheap as it was in January of this year.

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 - 31/05/2024

### Historical Distribution: Price/Earnings and Price/Book Ratio



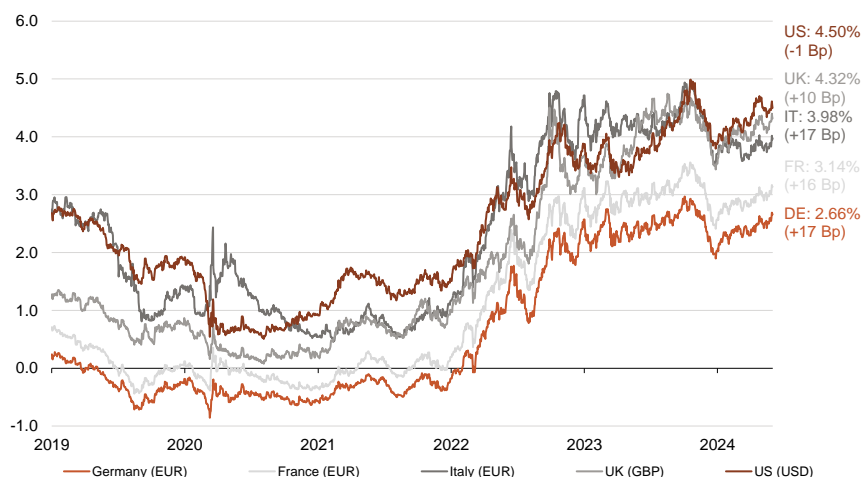
- Over the past four weeks, particularly for US equities, valuation levels on a P/E and P/B basis have continued to widen. The S&P 500, for example, is now trading close to its historical highs since 2006 on a price-to-earnings basis.
- In contrast, European and emerging market equities have seen a slight tightening in valuations on a price-to-earnings basis.

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 - 31/05/2024



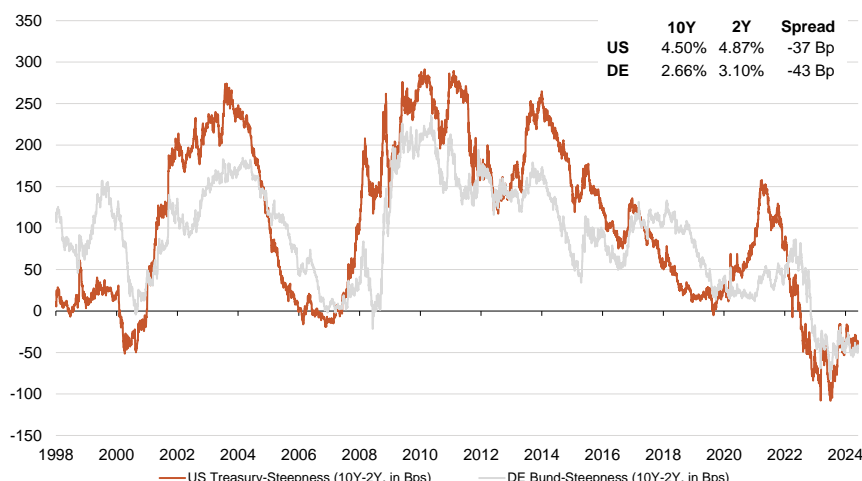
### 10-Year Government Bond Yields



- The last four weeks have seen a sharp turnaround in US yields: By mid-month, a series of weaker economic and cooler inflation data pointed to a gradual slow-down in the US economy and inflation. Dovish comments from central banks put further pressure on yields.
- More recently, however, concerns about US government debt caused yields to rise again. In total, the 10-year Treasury yield moved by only one basis point.

Effective yield on 10-year government bonds and change over the last four weeks in basis points (in brackets).  
Source: Bloomberg, Time period: 01/01/2019 - 31/05/2024

### Yield Curve Steepness (10Y - 2Y)

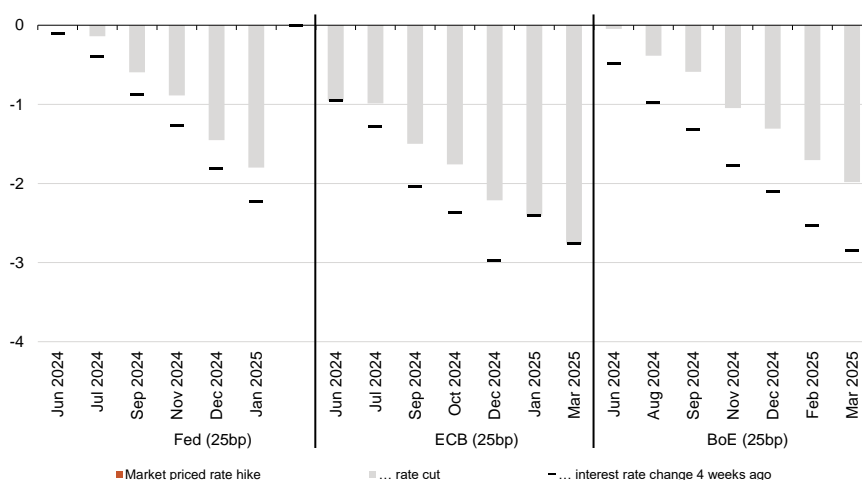


- In the last four weeks, US yields at the long end have risen more sharply than at the short end.
- The interest rate differential between two-year and ten-year government bonds fell from -40 to -37 basis points.

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 - 31/05/2024

### Implicit Changes in Key Interest Rates



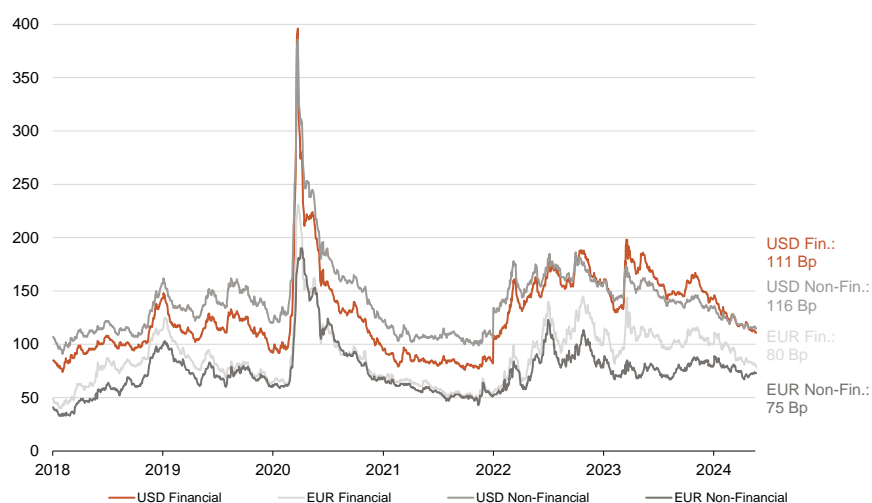
- On a four-week basis, the market has again slightly reduced its expectations for rate cuts.
- The market now expects the first full US rate cut in the current interest rate cycle to take place in December. Four weeks ago, the market was pricing in the first full cut in November.

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: 30/04/2024 - 31/05/2024



### Credit Spreads Financial and Non-Financial Bonds

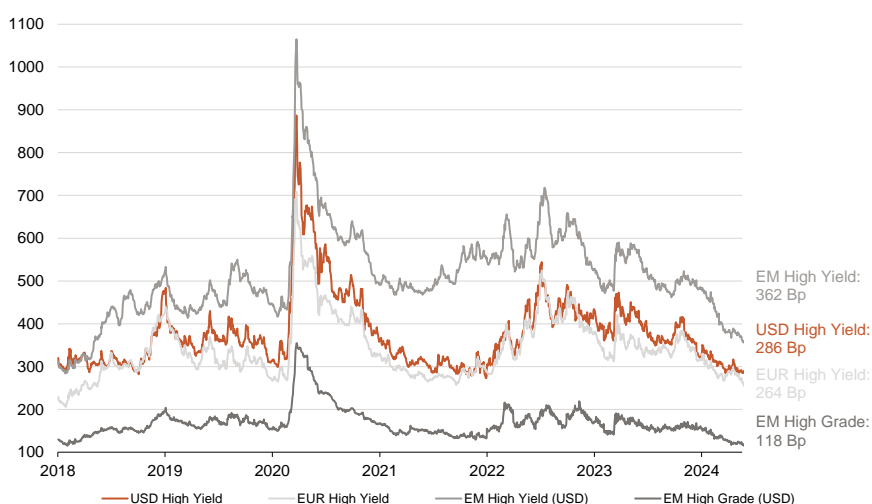


- EUR and USD corporate bond spreads have continued to narrow over the past two weeks.
- EUR financials saw the sharpest decline in spreads over the last two weeks, falling by 5 basis points. Spreads on USD financial and non-financial bonds both declined by 3 basis points.

Explanations: see middle and lower figure.

Source: FactSet, Time period: 01/01/2019 - 31/05/2024

### Credit Spreads High Yield and Emerging Markets Bonds



- EUR and EM high yield spreads have also narrowed over the past two weeks.
- Emerging market high yield spreads have now fallen by more than 120 basis points since the beginning of the year.

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: 01/01/2019 - 31/05/2024

### 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	31/05/23 31/05/24	31/05/22 31/05/23	31/05/21 31/05/22	31/05/20 31/05/21	31/05/19 31/05/20	
EUR Government	3.24	0.05	7.1	-	-	-	-0.2	-2.2	1.9	-6.3	-10.6	0.4	4.1	
Germany	2.79	0.06	7.1	-	-	-	-0.3	-3.4	-0.3	-7.1	-9.0	-2.2	1.8	
EUR Corporate	4.01	0.01	4.5	77	0	52	0.2	-0.2	5.2	-3.0	-9.2	4.4	-0.2	
Financial	4.17	-0.02	3.8	80	-4	38	0.5	0.5	6.2	-2.8	-7.5	4.0	0.2	
Non-Financial	3.91	0.04	5.0	75	3	61	0.1	-0.7	4.6	-3.2	-10.2	4.7	-0.4	
EUR High Yield	6.66	-0.13	3.2	264	-14	10	1.0	2.6	10.7	0.7	-7.9	12.9	-1.3	
US Treasury	4.69	-0.19	6.2	-	-	-	1.5	-1.8	-0.4	-2.5	-7.4	-4.1	11.7	
USD Corporate	5.60	-0.21	6.7	114	-1	25	1.9	-0.6	4.7	-1.3	-10.3	4.0	9.6	
Financial	5.71	-0.22	5.0	111	-3	34	1.7	0.7	6.0	-0.9	-8.8	4.6	8.4	
Non-Financial	5.55	-0.20	7.5	116	1	22	1.9	-1.2	4.0	-1.4	-11.0	3.7	10.1	
USD High Yield	8.18	-0.14	3.9	298	3	5	1.1	1.6	11.2	-0.2	-5.0	15.2	0.3	
EM High Grade	5.63	-0.19	5.3	119	0	0	1.5	0.6	4.8	-0.1	-10.6	5.0	4.8	
EM High Yield	8.71	-0.33	3.9	364	-9	6	1.9	5.3	14.6	-1.0	-18.4	16.5	1.0	

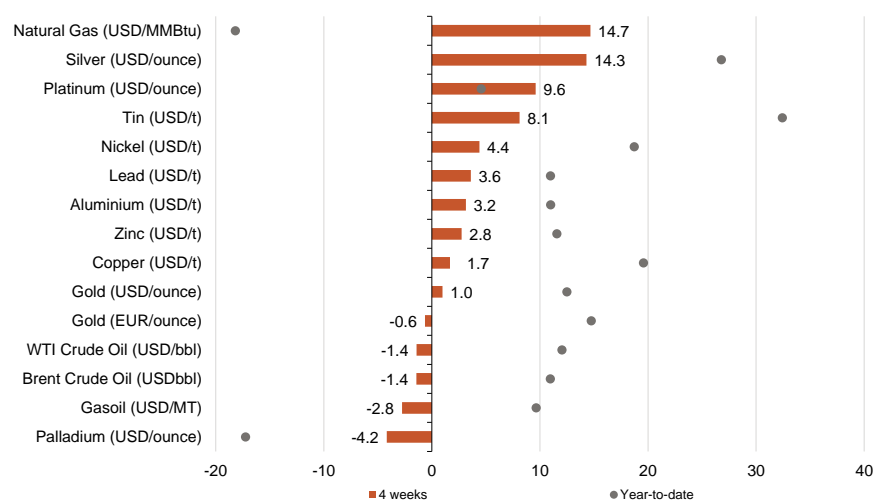
- Over the past four years, most of the bond segments shown here have posted gains. Only EUR government bonds have suffered losses. This means that this segment also lags behind on an annualised basis.
- Spreads on USD and EM high yield bonds and EM high yield bonds are now below the 10-year percentile and therefore historically unattractive.

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: 31/05/2014 - 31/05/2024



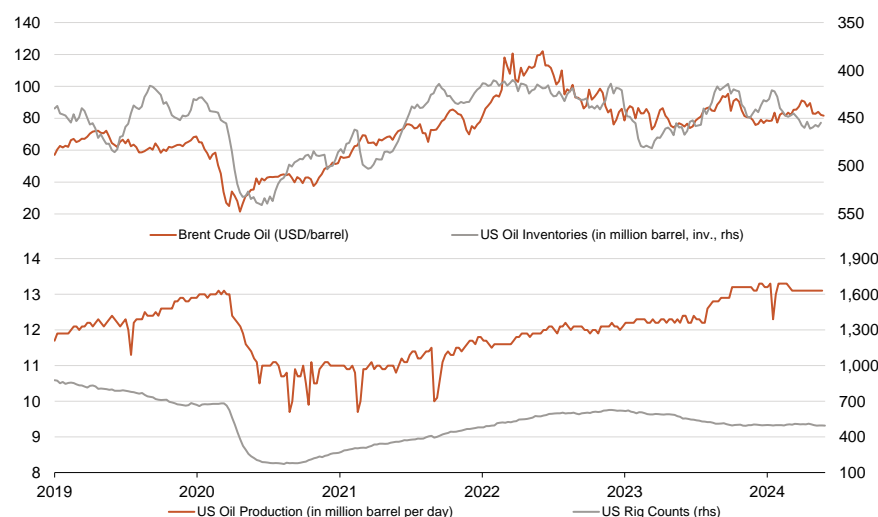
## Commodities Performance



- There is currently a strong divergence within the precious metals. While silver and platinum – both supported by supply deficits – have performed very strongly over four weeks, gold and palladium are lagging behind.
- Industrial metals recently consolidated after the (partly speculatively driven) rally up to mid-May. However, copper and nickel still show returns of almost 20% since the beginning of the year. Tin is even up more than 30%.

Total return of selected commodity indices, in percent, sorted by 4-week performance.  
Source: Bloomberg, Time period: 31/12/2022 - 31/05/2024

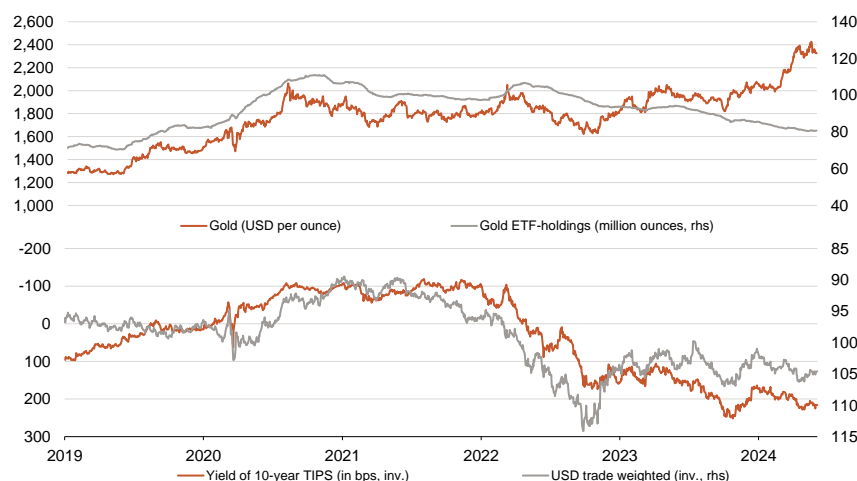
## Crude Oil



- In recent weeks, oil has fluctuated sideways between USD 81 and USD 85 per barrel with little volatility. Recently, weak data (refinery throughput and oil imports) from China weighed on the oil market.
- The OPEC meeting at the weekend failed to provide any new impetus for the oil price. The extension of the voluntary cuts of 2.2 mmpd had already been expected by many market participants.

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: 01/01/2019 - 31/05/2024

## Gold



- In recent weeks, the price of gold has consolidated at around USD 2,340 per ounce.
- Tailwinds and headwinds from a weaker dollar and higher interest rates have balanced each other out.
- The selling pressure from ETF investors has slowed considerably in the meantime, however, there have not been any sustained inflows yet.

The US dollar and the real, i.e. 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: 01/01/2019 - 31/05/2024

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