

Current market commentary

The divergence between Europe and the US has increased further. The S&P 500, for example, has risen by more than 30% since the beginning of the year, while the Euro Stoxx 50 has gained 5%. Against the US dollar, the euro lost 7% at its peak, in line with the widening interest rate differential between the US and Europe. But there are also strong divergences within the eurozone. While the DAX was able to gain more than 15% thanks to its heavyweights in the insurance and technology sectors, the French leading index CAC 40 has been in the red since the beginning of the year (due, among other things, to the luxury goods companies). Ironically, France has one of the few carmakers in Europe that has performed positively this year: Renault. Political instability and the budget disputes have also led to a massive widening of the spread between French and German government bonds. The yields on 10-year French government bonds are now at the same level as Greek government bonds for the first time.

Short-term outlook

This week, the Ministerial Monitoring Committee (JMMC) of OPEC+, which has been postponed to December 5, will take place. Next week will be dominated by global central banks. The ECB, the Bank of Canada and the Reserve Bank of Australia will hold their monthly meetings.

At the beginning of the week, the focus is on the purchasing managers' indices for the manufacturing and services sectors (Nov.) and the ADP employment figures (Nov.) from the US. On Thursday, retail sales (Oct.) from Europe will follow. On Friday, GDP (Q3) for Europe, average hourly earnings (Nov.), non-farm payrolls (Nov.) and the preliminary Michigan Consumer Sentiment Index (Dec.) from the US are on the agenda. Next week, the focus will be on the consumer price indices (Nov.) for Germany and the US.

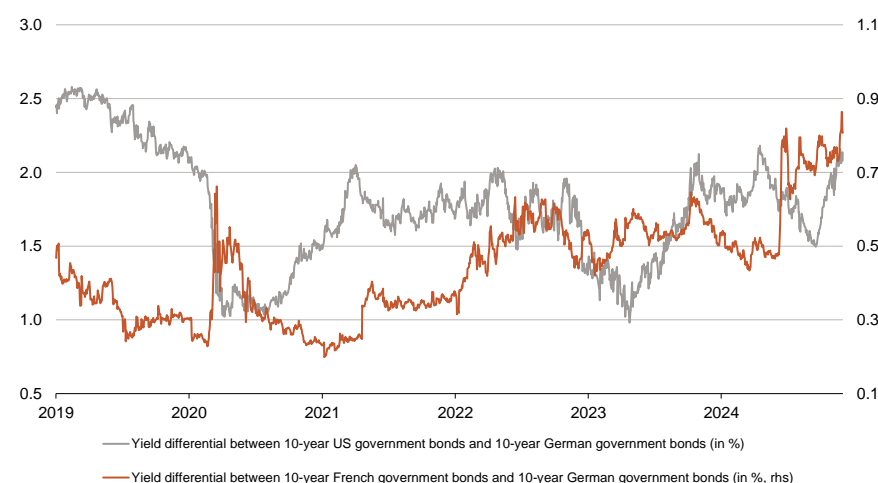
The bi-weekly **Monitor** gives you a structured overview of the current capital market environment and highlights important developments:

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

Central banks in the markets' focus.

Investors eye purchasing managers' indices and US economic data.

Investors increasingly skeptical about French government bonds



- Fears of a government collapse in France due to the opposition's resistance to the minority government's austerity budget are reflected in the financial markets.
- The yield spread of 10-year French government bonds over German Bunds widened further.
- The yield spread between US Treasuries and German Bunds also widened recently, causing the euro to depreciate against the US dollar. This reflects Europe's economic weakness.

Source: Bloomberg, Time period: 01/01/2019 - 29/11/2024



Multi Asset

	4-week & YTD		12-month periods over that last 5 years					
	4W (01/11/24 - 29/11/24)	YTD (29/12/23 - 29/11/24)	29/11/23	29/11/22	29/11/21	29/11/20	29/11/19	29/11/18
USD Corporates	4.9	8.7	12.5	-1.4	-10.0	4.7	2.3	
EM Hard Currency Bonds	4.2	13.0	17.5	0.8	-9.8	4.4	-2.6	
Treasuries	4.0	6.8	9.3	-4.6	-4.9	3.5	-0.7	
USD High Yield	3.7	13.5	16.7	2.2	-0.4	10.6	-3.4	
Gilts	3.1	2.8	7.7	-6.5	-24.1	4.1	0.3	
BTPs	2.6	6.4	9.5	1.1	-14.1	-1.4	7.2	
Bunds	2.5	2.0	5.3	-2.3	-15.1	-1.4	1.8	
EM Local Currency Bonds	2.4	4.1	5.8	6.4	-4.1	-2.2	-4.4	
EUR Non-Financials	1.6	4.3	7.3	2.6	-12.7	-1.3	2.9	
EUR Financials	1.4	5.9	8.6	4.2	-12.1	-0.5	2.1	
Chinese Sovereign Bonds	0.9	6.9	8.2	4.2	3.6	6.5	2.2	
EUR High Yield	0.5	7.9	11.3	7.8	-10.1	3.4	2.9	

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

- The continued robust US economy, another term in office for Donald Trump and thus a possible pause in the Fed's rate-cutting cycle have recently boosted the US dollar.
- The stronger US dollar and positive equity momentum continued to support global convertible bonds.
- Gold, the investment with the best performance since the beginning of the year, has suffered in the last four weeks from the stronger US dollar and the decreasing geopolitical uncertainty in the Israeli-Palestinian conflict.

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

Source: Bloomberg, Time period: 29/11/2019 - 29/11/2024

Equities

	4-week & YTD		12-month periods over that last 5 years					
	4W (01/11/24 - 29/11/24)	YTD (29/12/23 - 29/11/24)	29/11/23	29/11/22	29/11/21	29/11/20	29/11/19	29/11/18
MSCI USA Small Caps	12.6	26.7	40.4	-4.1	-6.0	32.7	5.5	
S&P 500	8.1	34.1	39.6	10.1	-5.9	37.7	8.7	
MSCI Japan	5.9	13.7	18.1	7.6	-7.7	9.3	5.5	
MSCI UK	2.5	15.7	20.3	2.4	10.2	23.0	-16.3	
DAX	1.9	17.2	21.4	12.6	-6.1	14.6	0.8	
Stoxx Europe Cyclical	0.9	14.6	21.6	11.7	-7.3	23.4	0.1	
Stoxx Europe Small 200	0.1	5.1	11.9	3.4	-20.4	24.9	3.5	
Stoxx Europe 50	-0.5	8.6	12.6	7.8	6.6	20.4	-5.2	
Stoxx Europe Defensives	-0.7	8.9	11.0	4.9	7.3	16.3	-5.0	
Euro Stoxx 50	-1.4	8.9	12.7	13.9	-1.8	18.8	-2.8	
MSCI EM Asia	-1.6	16.9	20.4	-1.0	-14.5	4.8	21.0	
MSCI EM Latin America	-1.7	17.9	-11.4	12.8	27.7	1.5	-20.2	

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

- The positive momentum of US small caps continued in the last four weeks.
- Increasingly negative economic surprises in Europe and political uncertainties in France weighed on European stock indices.
- Threats by Donald Trump to impose tariffs on Mexican goods after taking office, as well as fiscal uncertainties in Brazil weighed on Latin American equities in the last four weeks.

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

Source: Bloomberg, Time period: 29/11/2019 - 29/11/2024

Fixed Income

	4-week & YTD		12-month periods over that last 5 years					
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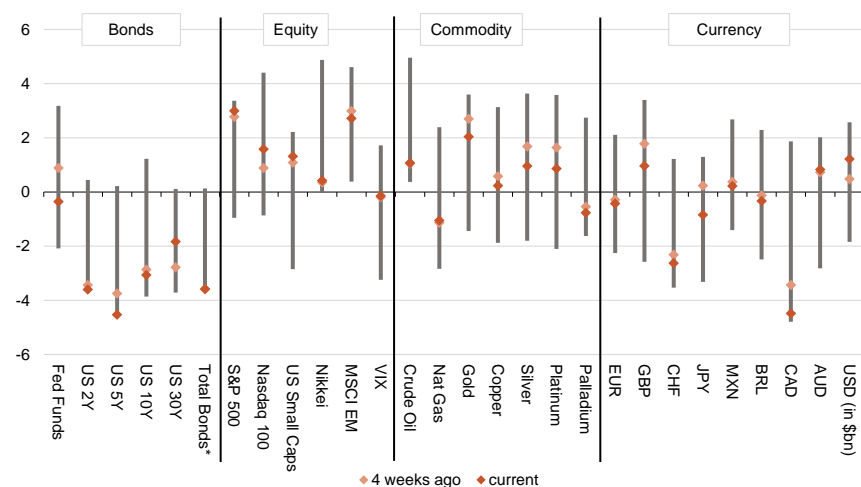
- Global bond markets have posted gains across the board in the last four weeks.
- The stronger US dollar has helped the EUR-denominated performance of USD high-yield bonds, US Treasuries and emerging market bonds in hard currency in the last four weeks.
- German government bonds have posted the weakest performance in the bond market since the beginning of the year.

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

Source: Bloomberg, Time period: 29/11/2019 - 29/11/2024



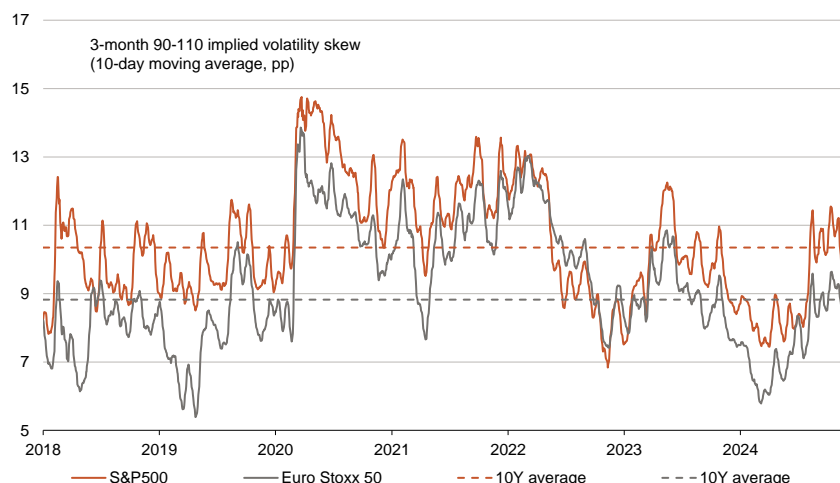
Non-Commercial Positioning



- Speculative investors have increased their holdings of US equities over the past month following Trump's election, including both the broad market and technology stocks and small caps.
- By contrast, Fed funds futures were increasingly shorted. Hedge funds therefore appear to be speculating on fewer interest rate cuts.

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: 26/11/2014 - 26/11/2024

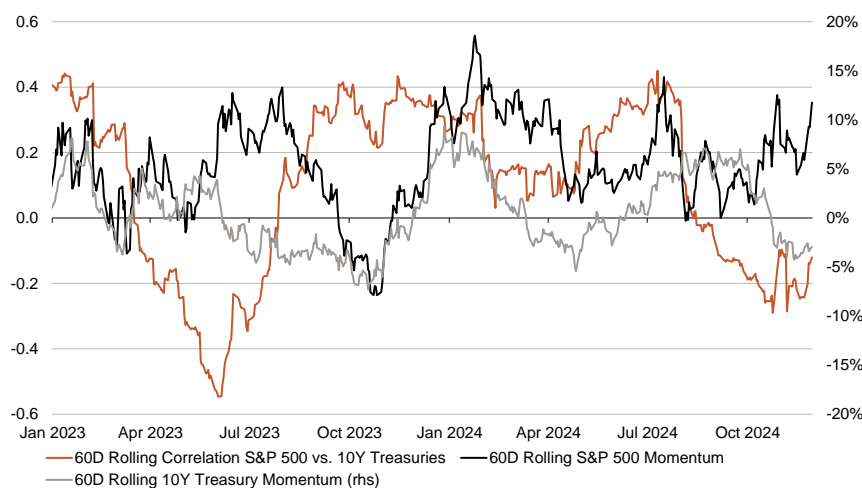
Put-Call-Skew



- The put-call skew has stabilised at a slightly below-average level in recent weeks.
- The flattening at the beginning of the month was driven primarily by the call side. Investors apparently also wanted to participate in the upward movement via increased demand for call options in the wake of the US elections.

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: 29/11/2014 - 29/11/2024

60-Day Momentum and Correlation

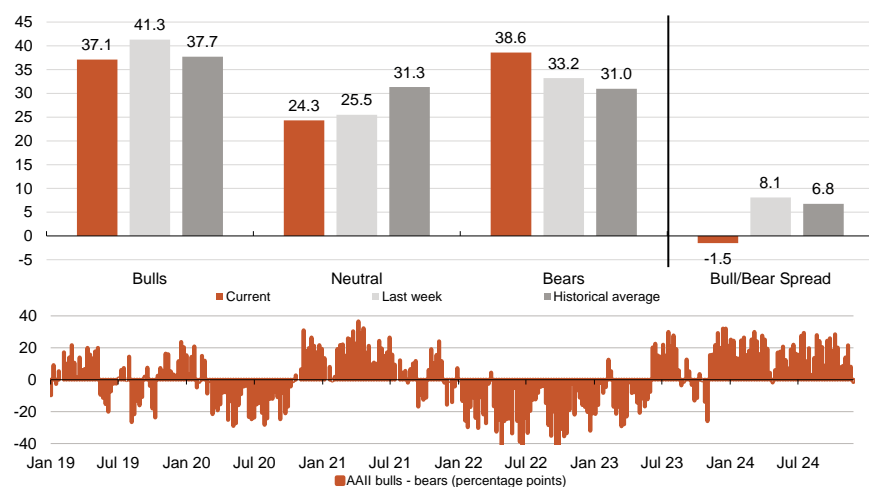


- The S&P 500 has gained almost 10% in the last 60 trading days. By contrast, US government bonds have lost more than 3%. Equities do not appear to be particularly sensitive to interest rates currently. This is also shown by the correlation to government bonds, which is currently close to 0.

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: 31/12/2022 - 29/11/2024



AAll Sentiment Survey (Bulls vs Bears)

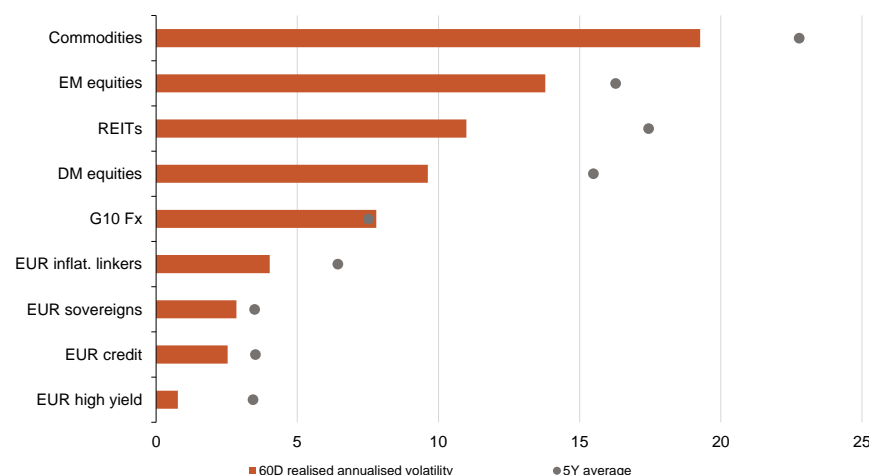


- The bull/bear spread has recently turned negative, but there has not been any particularly bad news for US private investors recently.
- The spread has only been negative twice this year, the last time being at the end of April. At that time, however, equities were suffering from more persistent inflation and hawkish Fed comments.

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, AAll, Time period: 23/07/87 - 28/11/2024

Realised Volatilities

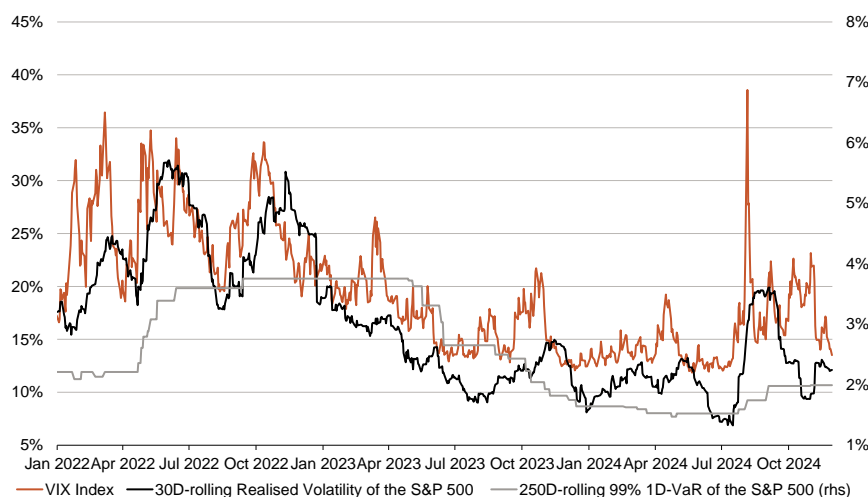


- The realised volatility has changed little in the asset classes shown here over the last two weeks.
- For developed market equities, it has recently fallen back below the 10% mark.
- High-yield bonds remain by far the asset class with the lowest volatility. For commodities, the most volatile asset class, volatility has been more than 20 times higher over the last 60 days.

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: 29/11/2019 - 29/11/2024

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



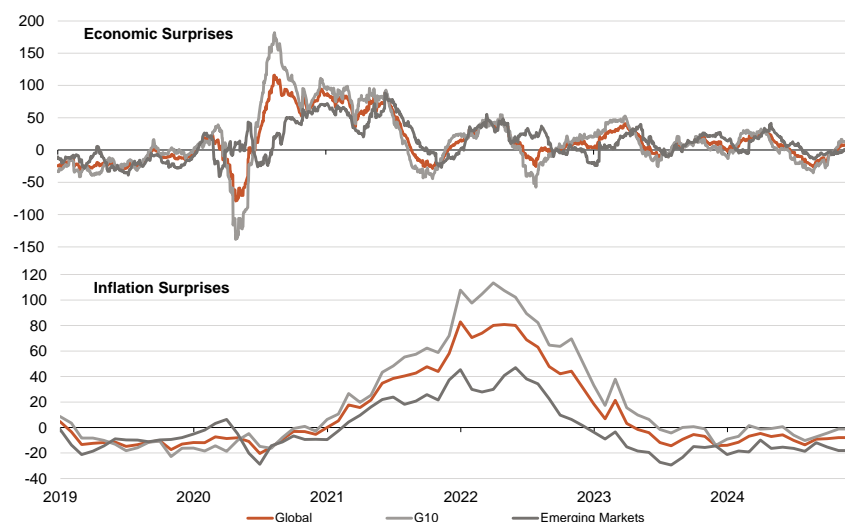
- The VIX and realised volatility are currently trading close to each other at 14% and 12% respectively.
- Investors are therefore expecting similar fluctuations to those seen last month and thus they do not expect any further stumbling blocks between now and the end of the year.

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 - 29/11/2024



Global

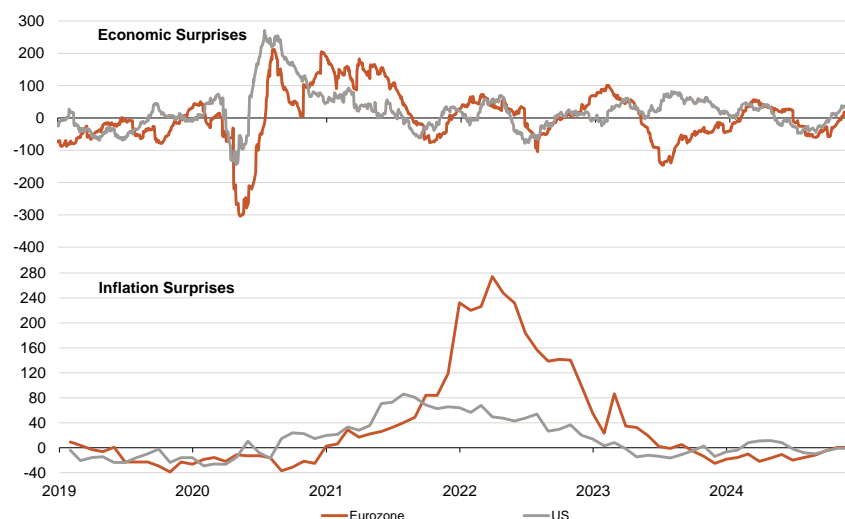


- In the last two weeks, positive economic surprises in the developed economies have fallen sharply and have recently turned negative, while economic surprises in the emerging markets have recently turned positive.
- In Canada, October inflation was above expectations, while September retail sales were in line with expectations.
- In Mexico, Singapore and Thailand, third-quarter GDP growth was above expectations.

See explanations below.

Source: Bloomberg, Time period: 01/01/2019 - 29/11/2024

Eurozone and US

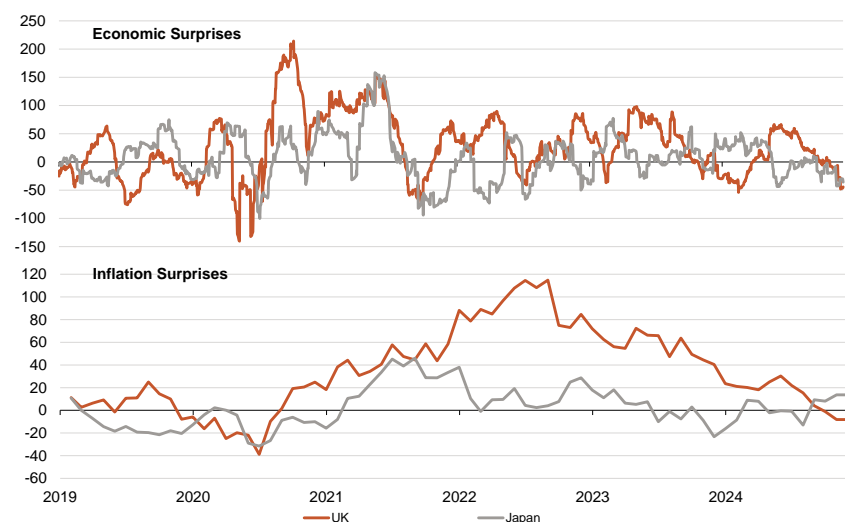


- While economic surprises in the US remain well in positive territory, economic surprises in the eurozone have recently turned negative again.
- In the US, third-quarter GDP growth was in line with expectations, while the latest initial jobless claims were below expectations.
- In the eurozone, consumer confidence in November fell short of expectations, and the ifo business climate index in Germany was also disappointing.

See explanations below.

Source: Bloomberg, Time period: 01/01/2019 - 29/11/2024

UK and Japan



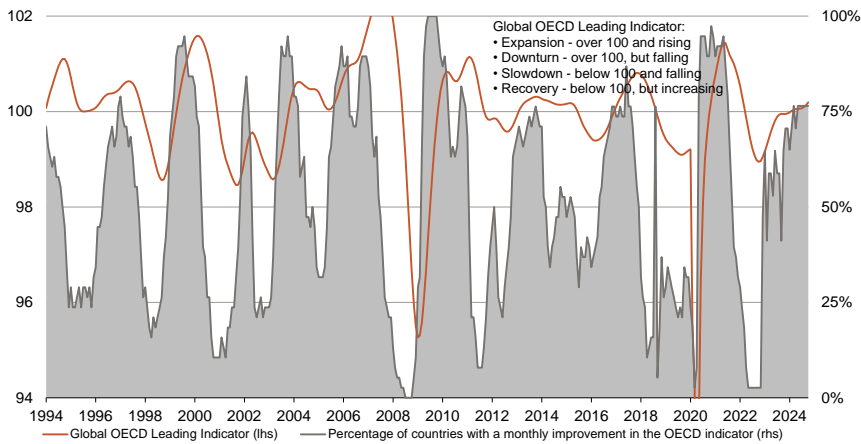
- In the UK, October inflation exceeded expectations, while retail sales disappointed.
- In Japan, core machinery orders unexpectedly declined in September, while October inflation surprised on the upside.

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 - 29/11/2024



OECD Leading Indicator

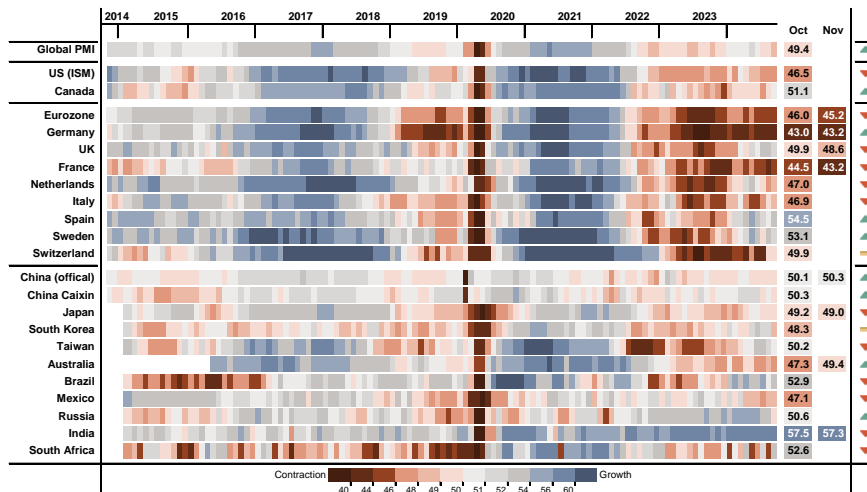


- The global economy continues to expand. In October, the OECD's revised leading indicator stood at 100.2, above the 100 mark for the ninth month in a row.
- According to the revised leading indicator, the economic situation in October improved in 76% of the countries covered compared with the previous month, with Canada again recording the strongest increase and the UK the strongest decrease.

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 - 29/11/2024

Manufacturing Purchasing Managers Index (Manufacturing PMI)

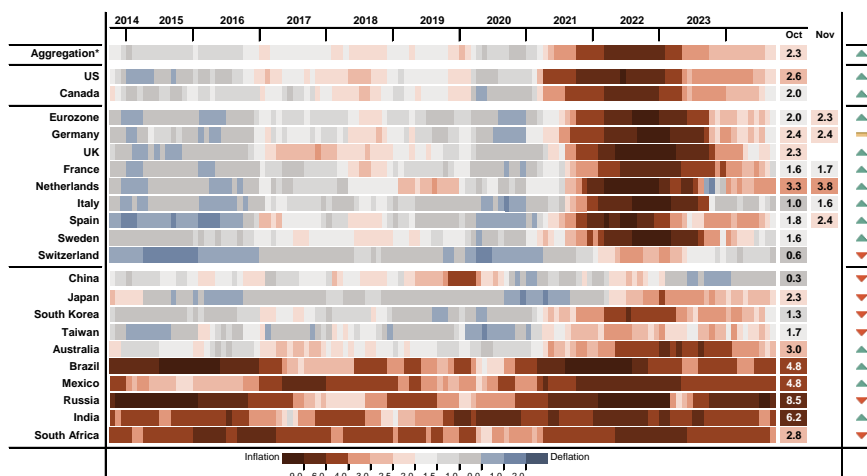


- The first PMI data for November point to a further weakening of industrial activity in the eurozone. In France, both the services and manufacturing PMIs were disappointing. In Germany, the PMI was above expectations, but still well below the 50-point mark.

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 - 29/11/2024

Headline Inflation



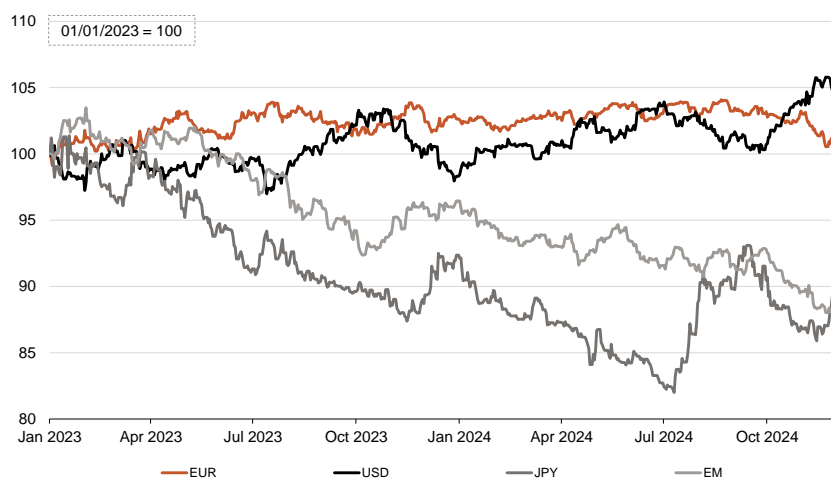
- As in October, the first inflation data for November show that the battle against inflation is not yet over. In Germany, the annual inflation rate remained unchanged compared to the previous month, while it rose month-on-month in Spain, France, Italy and the Netherlands.

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 - 29/11/2024



Trade-Weighted Currency Development

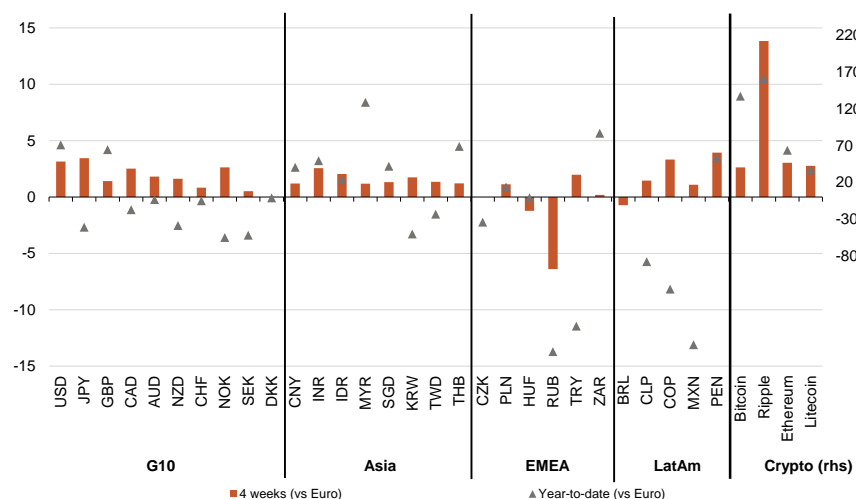


- Political and fiscal uncertainties, as well as negative economic surprises in the eurozone, recently weighed on the euro, while the trade-weighted dollar index remained near its two-year high.
- The imminent inauguration of Donald Trump and the associated risks of the introduction of tariffs, trade restrictions and a general review of relations with emerging markets recently weighed on emerging market currencies.

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 - 29/11/2024

Currency Moves vs Euro



- Despite the Hungarian central bank's decision at its regular meeting to leave interest rates unchanged, and despite some more hawkish comments, the Hungarian forint continued to depreciate recently.
- Lower-than-expected GDP growth in the UK for the third quarter and the prospect of further interest rate cuts by the BoE weighed on the British pound recently.
- The Bitcoin continued its winning streak and recently traded above the USD 90,000 mark.

Performance of selected currencies against the euro, in percent.

Source: Bloomberg, Time period: 31/12/2023 - 29/11/2024

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



- The strength of the US economy and the robustness of the labour market, as well as the risk of inflation due to the upcoming term of office of Donald Trump, could prompt the Fed to hold off on raising interest rates in December, while the political uncertainty in Europe, together with the negative economic momentum, is likely to prompt the ECB to cut interest rates further.

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 - 30/06/2025



European Sector & Style Performance

	4-week & YTD		12-month periods over that last 5 years					
	4W (01/11/24 - 29/11/24)	YTD (30/12/23 - 29/11/24)	29/11/23	29/11/22	29/11/21	29/11/20	29/11/19	29/11/20
Information Technology	3.2	8.1	12.9	18.3	-20.7	40.0	10.9	
Telecommunications	2.2	19.1	20.5	8.6	-6.9	11.2	-14.7	
Industrials	1.6	16.2	25.2	14.6	-8.8	22.4	3.8	
Finance	1.2	23.2	29.2	14.4	3.3	21.8	-12.4	
Growth	0.2	6.9	11.7	7.3	-11.6	26.7	4.8	
Energy	-0.2	-3.5	-3.8	4.9	48.5	26.2	-30.7	
Value	-0.2	11.4	16.0	8.5	6.7	15.7	-10.8	
Utilities	-0.4	4.6	7.5	9.2	-2.6	4.4	14.8	
Consumer Staples	-1.3	-1.6	0.0	-3.0	-1.4	16.2	-3.0	
Consumer Discretionary	-1.9	-0.7	3.2	8.8	-12.6	24.4	4.7	
Health Care	-2.3	9.1	13.4	2.6	2.2	19.0	0.4	
Materials	-2.7	0.0	7.0	1.4	-0.2	23.3	7.7	

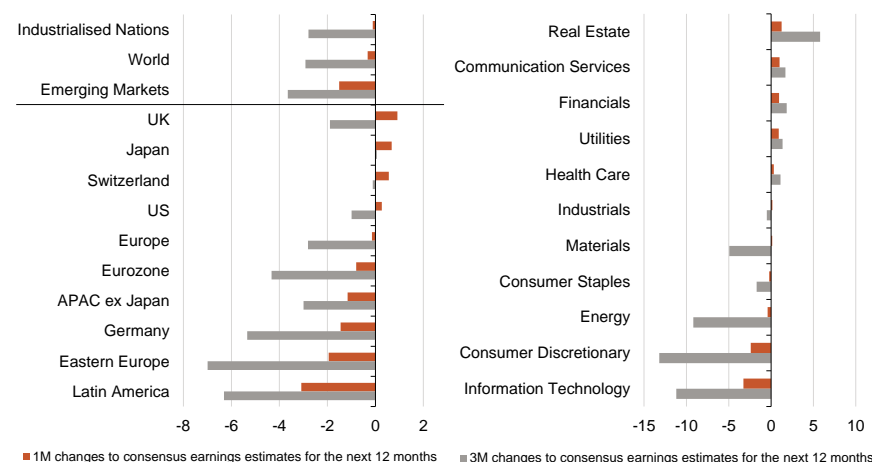
Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Staples: MSCI Europe Cons. Staples NR; Energy: MSCI Europe Energy NR; Finance: MSCI Europe Financials NR; Health Care: MSCI Europe Health Care NR; Industrials: MSCI Europe Industrials NR; Information Tech.: MSCI Europe Inform. Tech.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

- In the past four weeks, positive developments among winners since the beginning of the year have continued, while the previously weaker sectors have continued to suffer losses. Healthcare and materials stocks posted the strongest losses, while cyclical and consumer staples also lost ground slightly. By contrast, information technology, telecommunications, industrials and financials posted slightly positive performances.

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: 29/11/2019 - 29/11/2024

Changes in Consensus Earnings Estimates

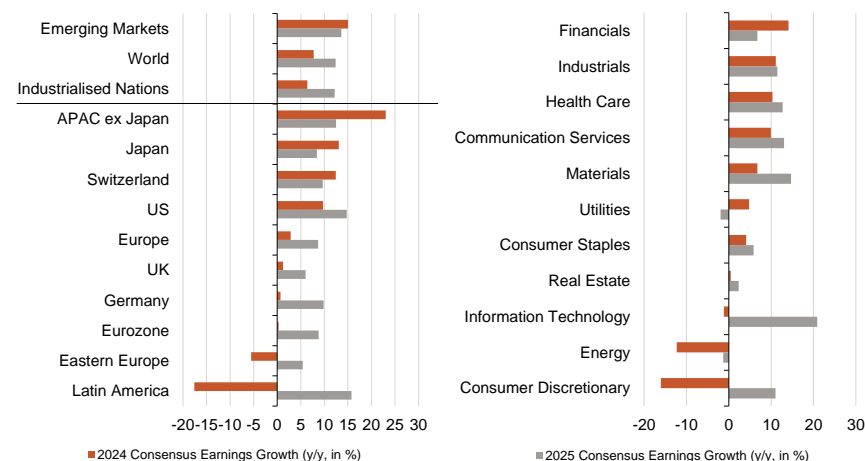


- Overall, earnings estimates for the coming 12 months were further adjusted downwards last month. The exceptions were the UK, Japan and Switzerland, where forecasts were raised slightly. It is worth noting that Japan is the only region to show a positive change in earnings estimates over a three-month horizon. At sector level, positive adjustments were recently seen in particular in the real estate, finance and telecommunications sectors.

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 29/11/2024

Earnings Growth



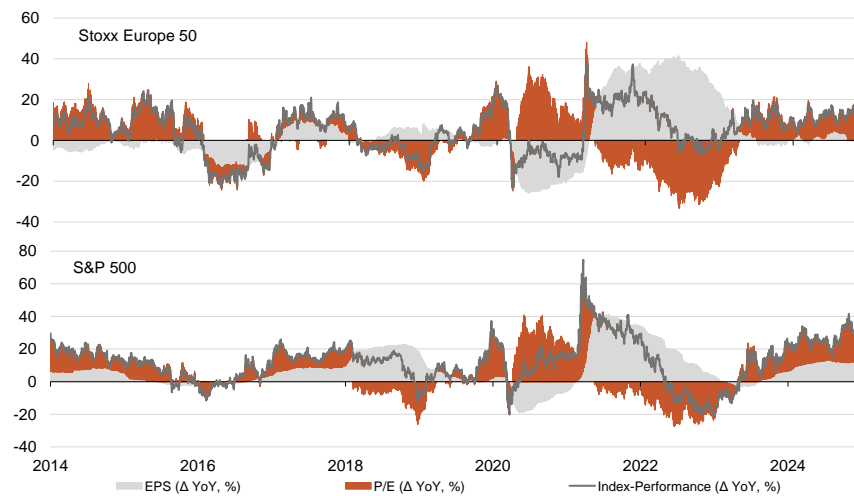
- Analysts' estimates for earnings growth in 2025 are more than 10% for both developed and emerging markets. At the sector level, the consensus for the coming year also almost exclusively expects rising earnings growth. Only utilities and energy companies are expected to see a slight decline in earnings.

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 29/11/2024



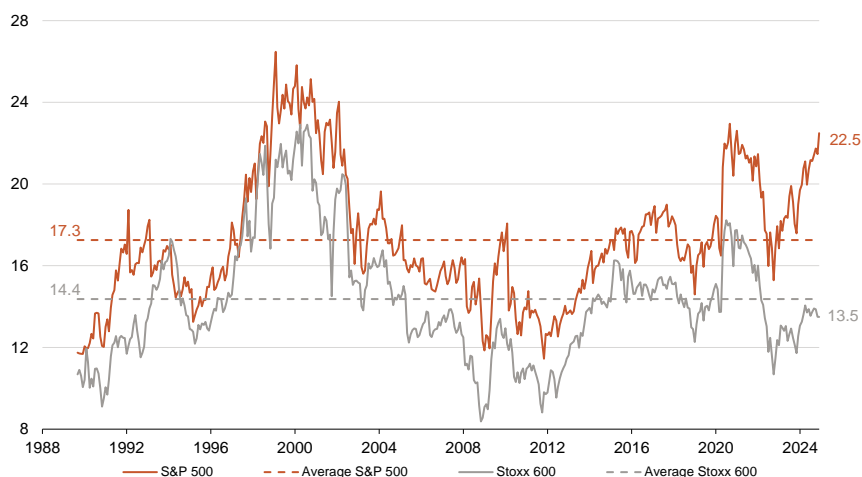
Contribution Analysis



- The performance of the indices in both Europe and the US continues to be significantly influenced by changes in valuations. While the positive index performance in the US since the beginning of the year has also been supported by an increase in corporate earnings, Europe has seen only moderate earnings progress over the same period. This difference in momentum is also clearly reflected in the performance of the European index.

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 - 29/11/2024

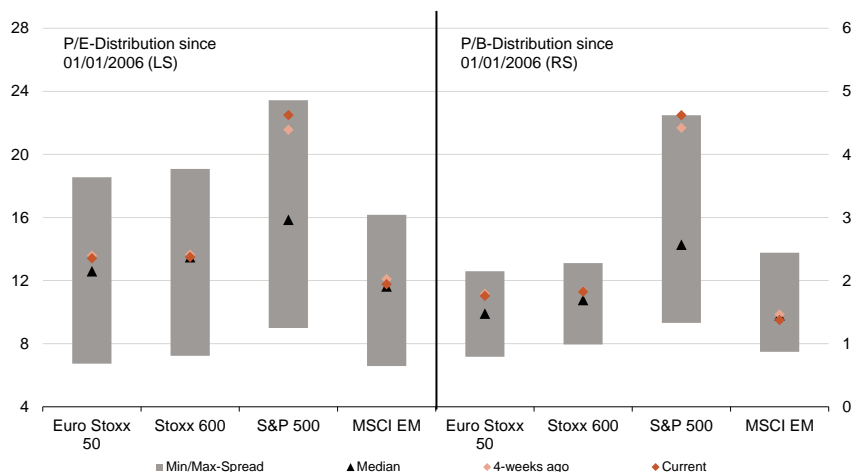
Price-Earnings Ratio (P/E Ratio) of European and US Equities



- The price-earnings ratio in the US continues to rise rapidly and is approaching the highs of 2020. Looking forward, the US stock market has only limited room for error in the future.
- By contrast, valuations in Europe continue to trend below their long-term average. The valuation gap between US and European equities is thus widening considerably once again.

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 - 29/11/2024

Historical Distribution: Price/Earnings and Price/Book Ratio

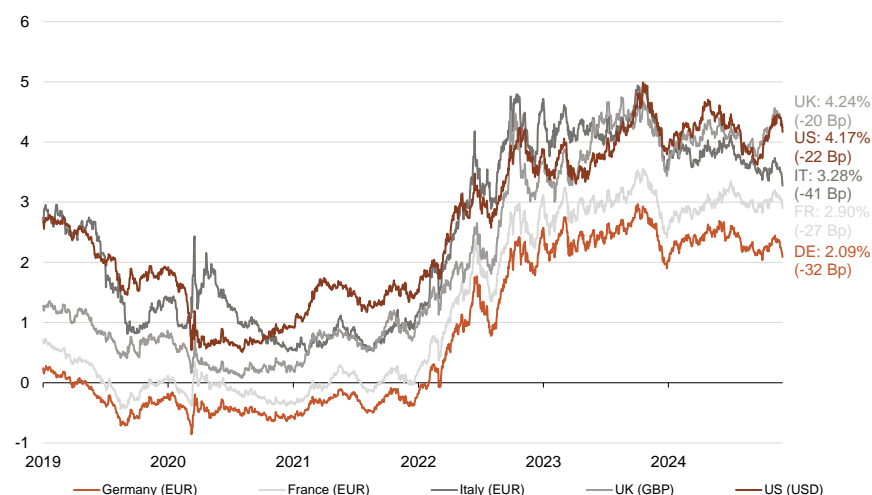


- In addition to a further increase in the price-earnings ratio, the price-to-book ratio in the US also continued to rise, reaching 4.6, a new high since 2006.
- However, the latest widening of valuations is only visible in the US. In the last four weeks, the P/E and P/B ratios in Europe and emerging markets have hardly changed.

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 - 29/11/2024



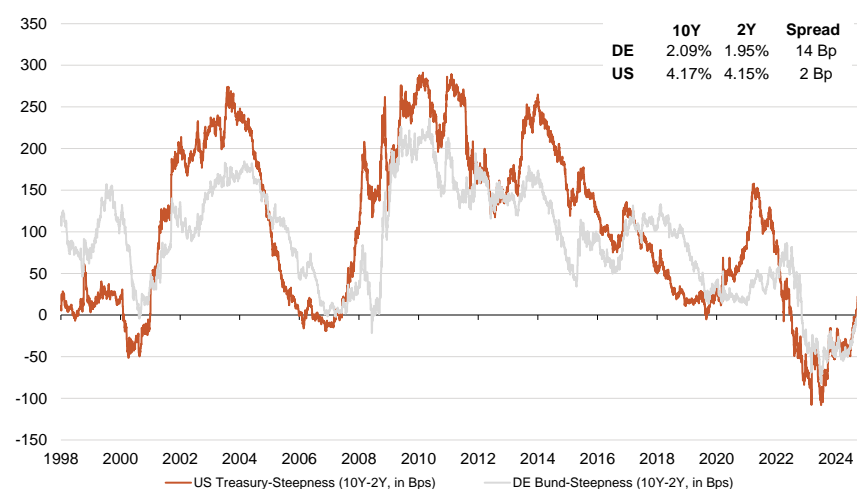
10-Year Government Bond Yields



- After bond yields rose significantly since the Fed's first interest rate cut, especially in the US, yields fell more sharply again recently, particularly in Europe.
- Yields on 10-year German government bonds fell by 32 bp in the last four weeks. At the same time, yields on French government bonds with the same maturity fell by 27 bp. The widening of the OAT-Bund spread shows that political uncertainty continues to weigh on French government bonds.

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 - 29/11/2024

Yield Curve Steepness (10Y - 2Y)

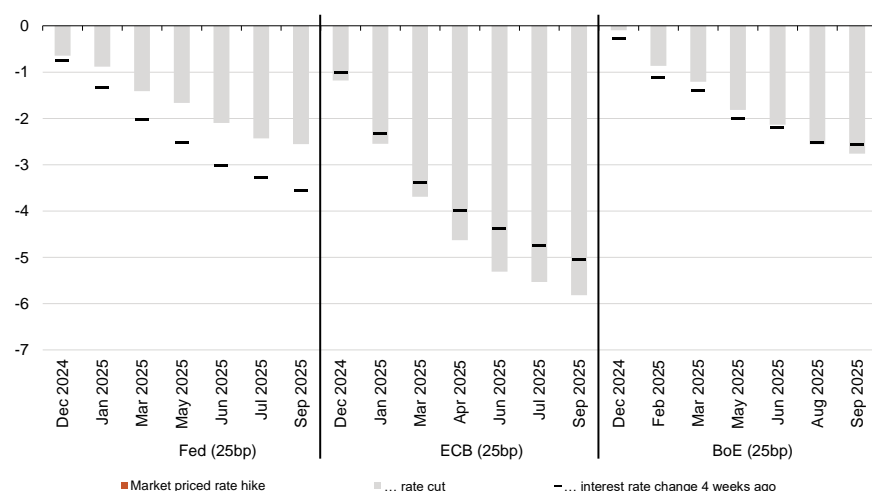


- In the past two weeks, the yield curve has flattened by around 10 basis points in both the US and Germany.
- The movement was driven primarily by the long end of the yield curve, where yields fell by more than 20 basis points.

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 - 29/11/2024

Implicit Changes in Key Interest Rates



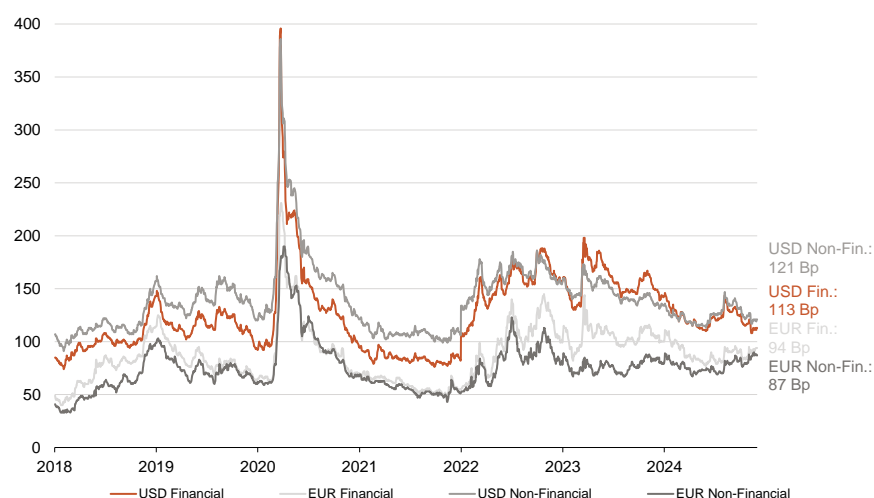
- While solid economic data in the US, expectations of higher inflation under Trump and a looser fiscal policy are dampening expectations of sharper interest rate cuts, the implied changes in key rates are significantly higher on the ECB side.
- The reasons for this include leading indicators of slowing growth momentum and increasing political uncertainties in Europe.

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: 22/02/2024 - 29/11/2024



Credit Spreads Financial and Non-Financial Bonds

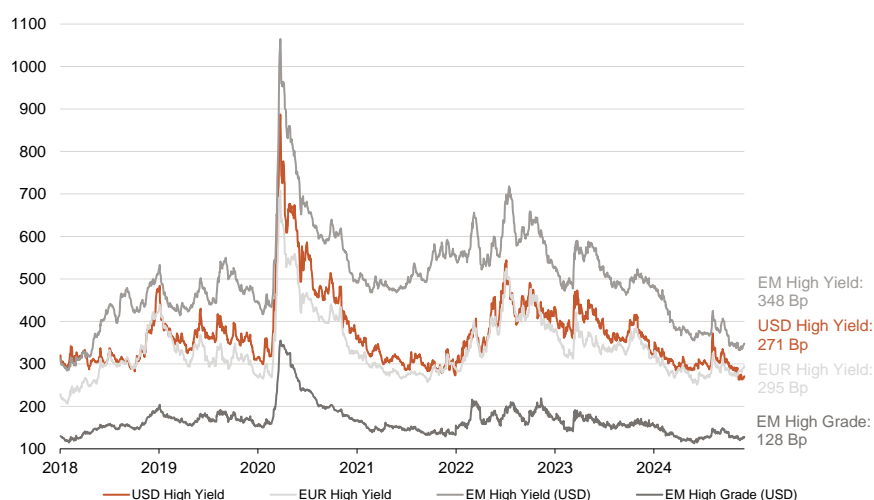


- Spreads on USD and EUR corporate bonds have recently seen only minimal movement. The markets' sustained risk-on mode and attractive yields are currently dampening the risk of a significant increase in spreads between now and the end of the year.
- USD corporate bonds are currently trading at spreads of around 120 basis points, close to their level at the beginning of 2022.

Explanations: see middle and lower figure.

Source: FactSet, Time period: 01/01/2019 - 29/11/2024

Credit Spreads High Yield and Emerging Markets Bonds



- Spreads on USD high-yield bonds narrowed further in the past two weeks and, at 271 basis points, are trading close to their lows since 2007.
- By contrast, high-yield bonds from the eurozone and emerging markets saw a moderate widening of spreads over the same period.

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 - 29/11/2024

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	29/11/23 29/11/24	29/11/22 29/11/23	29/11/21 29/11/22	29/11/20 29/11/21	29/11/19 29/11/20	
EUR Government	2.53	-0.21	7.2	-	-	-	2.0	3.3	6.8	-1.3	-15.5	-2.2	4.0	
Germany	2.02	-0.23	7.4	-	-	-	2.1	2.1	5.4	-2.3	-15.2	-1.4	1.8	
EUR Corporate	3.14	-0.16	4.4	90	5	73	1.1	5.1	8.0	3.3	-12.5	-0.9	2.5	
Financial	3.27	-0.15	3.7	94	5	62	1.0	5.6	8.1	4.2	-10.9	-0.4	2.1	
Non-Financial	3.05	-0.17	4.9	87	4	80	1.2	4.8	7.9	2.8	-13.3	-1.1	2.7	
EUR High Yield	5.98	0.05	3.2	295	19	31	0.4	7.9	11.3	7.8	-10.1	3.4	2.9	
US Treasury	4.21	-0.03	6.1	-	-	-	0.8	2.2	5.3	0.9	-12.9	-2.6	7.8	
USD Corporate	5.11	-0.07	6.7	118	-4	25	1.1	4.6	8.5	4.8	-15.4	-0.7	9.4	
Financial	5.14	-0.05	5.0	113	-4	34	0.8	5.7	9.0	5.4	-12.9	-0.6	8.9	
Non-Financial	5.09	-0.08	7.5	121	-3	24	1.2	4.1	8.3	4.6	-16.5	-0.7	9.6	
USD High Yield	7.36	-0.04	3.8	271	-14	0	1.0	8.6	12.6	9.2	-9.4	5.6	6.3	
EM High Grade	5.09	-0.02	5.4	128	-1	5	0.6	5.3	8.6	5.0	-14.8	0.3	5.6	
EM High Yield	7.83	0.02	3.9	348	6	6	0.7	12.8	16.7	8.9	-16.8	-2.1	7.7	

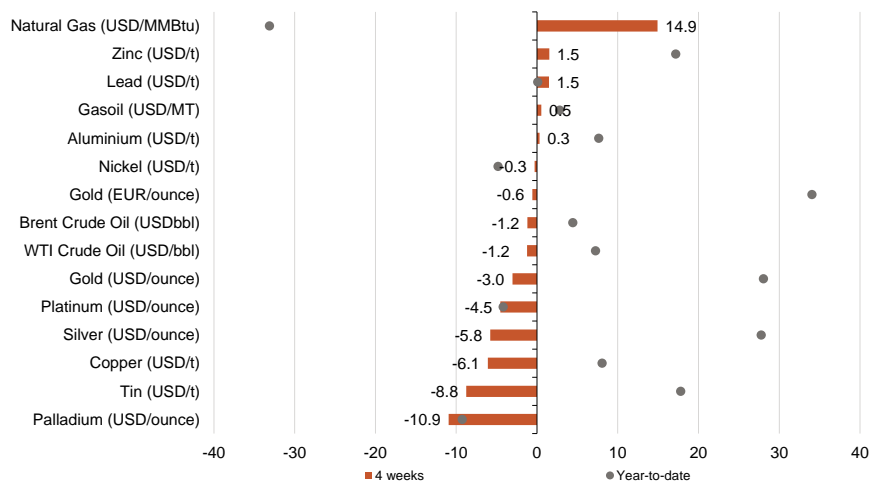
- The pronounced movements in USD high-yield bonds and emerging market corporate bonds are also reflected in the analysis of long-term percentiles.
- USD high yield bonds are characterized by a spread change of -17 basis points in the past month and reach a remarkable level with a 10-year percentile of 0, which underlines the strong performance.

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: 29/11/2014 - 29/11/2024



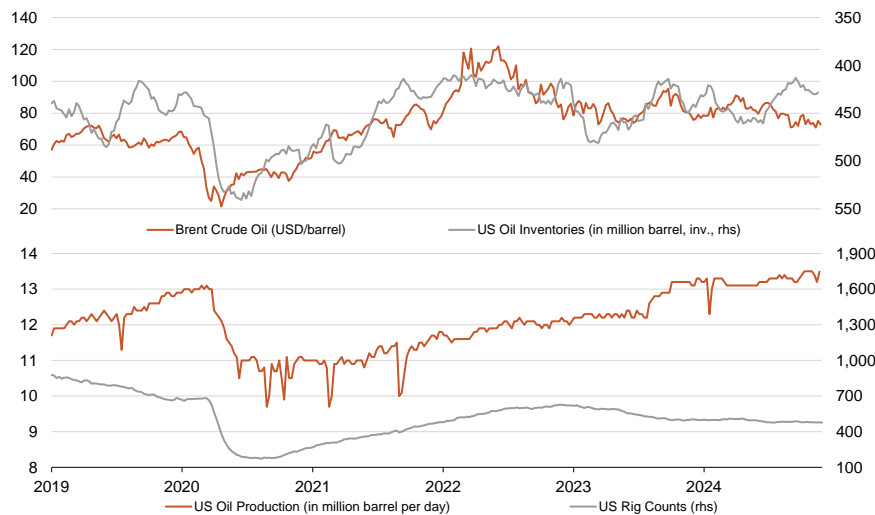
Commodities Performance



- The commodity markets have suffered losses for the most part over the last four weeks. However, prices seem to be stabilising again recently.
- Zinc even recorded a positive performance last month and has also been one of the winners since the beginning of the year. Producers reacted to the low price at the beginning of the year by significantly reducing production. This makes zinc one of the big surprises this year, as originally there were many indications of an oversupply.

Total return of selected commodity indices, in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 31/12/2023 - 29/11/2024

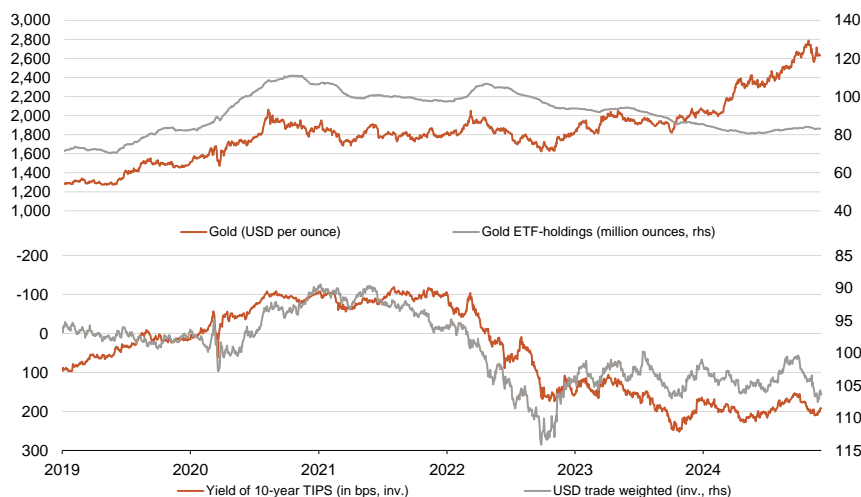
Crude Oil



- In recent weeks, the oil price has been driven by geopolitical developments. Initially, Russia's nuclear threats provided a tailwind, but later the negotiated ceasefire between Israel and Hezbollah weighed on the oil price.
- Meanwhile, discussions are already taking place again within OPEC+ as to whether the planned production increases should be postponed again. The official decision is expected to be taken at the next meeting on 5 December.

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 - 29/11/2024

Gold



- The price of gold has recently fallen by up to 8% from its all-time high at the end of October.
- The reasons for this were the risk-on sentiment and the strength of the US dollar following Trump's re-election.
- Recently, the easing of geopolitical tensions in the Middle East has also weighed on the precious metal.

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 - 29/11/2024

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