Berenberg Markets

Monitor

10.06.2025

Current market commentary

The "pain trade" on the stock markets has recently continued. The S&P 500 has recovered by 20% from its lows in April, forcing more and more underinvested investors to enter the market. The decline in realized volatility has meant that systematic strategies in particular have recently had to build up equity exposure again - and will probably continue to do so in the coming weeks if there is no new external shock. Accordingly, it is highly likely that the equity markets will continue to creep upwards, supported by underinvested discretionary investors who use every correction as a buying opportunity. The market is only likely to fall more sharply if either interest rates rise quickly and sharply or the US labor market weakens significantly and the risk of recession increases. If this does not happen, the "pain" is likely to continue. However, it should not be forgotten that gold has been by far the best asset class since the beginning of the year. It has also risen recently due to increasing concerns about rising US government debt. It would therefore have been even more painful not to be invested in gold or to be under-invested.

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

Short-term outlook

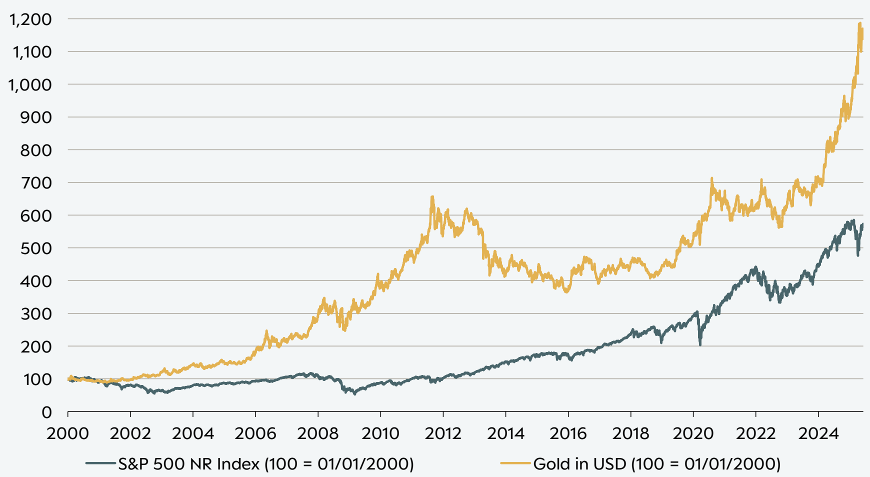
With the end of the reporting season for the first quarter, the market is likely to turn its attention back to economic developments and (monetary) policy. The focus will be on the G7 summit in Canada from 15 to 17 June and the interest rate decisions by the US Fed and the Bank of England on 18 and 19 June.

G7 summit and interest rate decisions at the centre of market attention.

On Wednesday, the market will focus on US consumer price inflation (May) and on Thursday on US producer price inflation (May). This will be followed on Friday by industrial production data for the eurozone (Apr.) and preliminary consumer confidence from the University of Michigan (Jun.). The following week will see the publication of US industrial production data (May), US retail sales (May) and European consumer price indices (May).

Inflation figures, industrial production and consumer confidence in investor focus.

Since 2000 Gold shines al lot more than the S&P 500



- Even after the rally of recent months, which was driven not only by the strong buying propensity of some central banks and global uncertainty but also by a weaker dollar, the price of gold remains robust.
- Since 2000, the precious metal has even significantly outperformed the S&P 500 index.
- Investors who had no or only below-average investments in gold were left behind.

Source: Bloomberg, Time period: 01.01.2000 – 09.06.2025

Performance

Multi Asset

	4-week & YTD		12-month periods over that last 5 years				
	4W (09/05/25 - 06/06/25)	YTD (31/12/24 - 06/06/25)	06/06/24 06/06/25	06/06/23 06/06/24	06/06/22 06/06/23	06/06/21 06/06/22	05/06/20 06/06/21
MSCI Frontier Markets	6.7	5.6	13.5	13.1	-8.8	0.8	27.0
MSCI World	4.5	-3.3	8.7	20.9	5.1	7.4	24.6
Brent	3.4	-14.5	-9.9	15.5	-22.6	122.5	53.5
MSCI Emerging Markets	3.0	1.1	8.0	9.5	-5.0	-9.8	30.5
Global Convertibles	1.6	-5.3	7.9	3.3	-0.8	-6.9	31.5
Industrial Metals	0.7	-5.2	-9.4	15.7	-21.6	36.2	44.0
EUR Coporates	0.5	1.5	5.9	6.1	-2.6	-10.2	3.5
Euro overnight deposit	0.2	1.1	3.1	3.9	1.4	-0.6	-0.5
EUR Sovereign Debt	0.1	1.5	4.9	2.8	-3.2	-7.6	1.0
REITs	-0.5	-5.8	2.8	1.5	-15.9	9.3	11.4
USDEUR	-1.3	-9.2	-4.4	-1.8	0.0	13.7	-7.2
Gold	-1.7	14.7	33.4	18.7	6.7	10.7	4.2

MSCI World: MSCI World Net Return; MSCI Emerging Markets: MSCI EM Net Return; MSCI Frontier Markets: MSCI Frontier Markets Net Return; REITs: MSCI World REITs Index; EUR Sovereign Debt: ICE BofA 1-10 Year Euro Government Index; EUR Corporates: ICE BofA Euro Corporate Index; Global Convertibles: SPDR Convertible Securities ETF; Gold: Gold US Dollar Spot; Brent Crude: Bloomberg Brent Crude Subindex TR; Industrial Metals: Bloomberg Industrial Metals Subindex TR; Euro overnight deposit: ICE BofA Euro Overnight Deposit Rate Index; USDEUR: Price of 1 USD in EUR.

- Over the past four weeks, global risk assets have largely performed well. Equities from industrialized nations have gained more than four percent in euro terms. Only shares in frontier markets performed even better.
- Crude oil trended positively despite another planned increase in production by OPEC in July.
- The dollar continued its downward trend since the beginning of the year and lost slightly.

Total return for selected asset classes, in euros and in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 05/06/2020 – 06/06/2025

Equities

	4-week & YTD		12-month periods over that last 5 years				
	4W (09/05/25 - 06/06/25)	YTD (31/12/24 - 06/06/25)	06/06/24 06/06/25	06/06/23 06/06/24	06/06/22 06/06/23	06/06/21 06/06/22	05/06/20 06/06/21
S&P 500	5.0	-6.7	8.6	24.6	5.9	12.3	24.9
Stoxx Europe Cyclicals	4.7	18.4	19.6	25.2	6.2	-3.3	32.2
MSCI UK	4.2	8.1	11.5	14.5	2.8	15.5	16.3
MSCI USA Small Caps	3.7	-11.4	1.8	11.4	0.5	0.4	40.3
MSCI EM Asia	3.6	-0.2	7.9	11.1	-5.5	-11.5	32.0
Stoxx Europe Defensives	3.5	6.7	2.8	12.0	3.4	17.0	6.5
DAX	3.4	22.1	30.3	16.6	9.1	-6.6	22.1
Stoxx Europe Small 200	3.4	9.5	5.6	13.9	-5.0	-9.8	33.1
Stoxx Europe 50	3.3	8.6	3.1	17.6	11.6	8.4	16.1
Euro Stoxx 50	2.8	13.0	9.7	20.9	14.8	-3.7	23.6
MSCI EM Latin America	0.4	13.2	-1.5	1.2	6.4	11.2	24.0
MSCI Japan	0.1	-1.9	3.8	11.3	11.2	-4.0	16.7

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 Cyclicals: Stoxx Europe Cyclicals TR; Stoxx Europe Defensives: Stoxx Europe Defensives TR; DAX: DAX TR; MSCI United Kindom: MSCI UK TR; MSCI EM Asia: MSCI EM Asia TR; MSCI EM Eastern Europe: MSCI EM Eastern Europe TR.

- The global stock markets have continued to perform well over the past four weeks. In addition to US shares and cyclical shares from Europe, British shares also led the performance rankings.
- In addition to the S&P 500, small-capitalization stocks from the USA also performed positively - in euro terms, both were the biggest losers since the start of the year.
- Shares from Latin America and Japan underperformed recently.

Total return (including reinvested dividends) for selected stock indices, in euros and in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 05/06/2020 – 06/06/2025

Fixed Income

	4-week & YTD		12-month periods over that last 5 years				
	4W (09/05/25 - 06/06/25)	YTD (31/12/24 - 06/06/25)	06/06/24 06/06/25	06/06/23 06/06/24	06/06/22 06/06/23	06/06/21 06/06/22	05/06/20 06/06/21
EUR High Yield	1.2	2.6	10.5	1.7	2.0	-13.4	5.8
BTPs	0.8	1.9	7.5	9.2	-0.3	-15.5	7.1
EUR Financials	0.5	1.8	8.1	10.7	1.3	-8.2	10.0
EUR Non-Financials	0.4	1.3	6.8	5.5	-1.9	-13.2	5.7
EM Local Currency Bonds	0.3	-1.5	6.2	6.8	-2.4	-8.3	3.0
Gilts	0.3	-0.4	5.7	5.6	-2.7	-11.2	3.8
USD High Yield	0.2	-6.4	4.5	8.5	1.4	6.8	1.3
Bunds	0.1	-0.5	2.8	1.2	-6.5	-10.5	-0.5
EM Hard Currency Bonds	0.0	-6.1	0.2	4.1	-15.8	-12.7	-5.4
Chinese Sovereign Bonds	-0.7	-7.3	6.3	6.1	4.1	5.2	2.1
USD Corporates	-0.7	-7.2	-0.9	3.5	-0.8	-0.9	-4.5
Treasuries	-1.7	-7.4	-1.4	-0.5	-1.3	3.8	-9.0

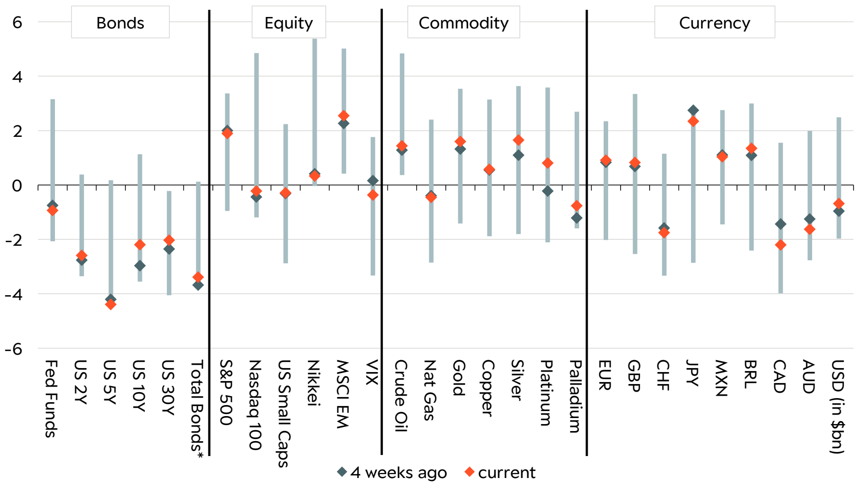
Bunds: ICE BofA German Government Index; BTPs: ICE BofA Italy Government Index; Treasuries: ICE BofA US Treasury TR; Gilts: ICE BofA UK Gilt Index; Chinese Gov Bonds: ICE BofA China Govt; EUR Financials.: ICE BofA Euro Financial Index; EUR Non-Financials: ICE BofA Euro Non-Financial Index; EUR High Yield: 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: ICE BofA US Emer. Mark. External Sov.Index; EM Local Currency: ICE BofA Local Debt Markets Plus In

- The performance of individual bond segments over the last four weeks reflects the trend since the beginning of the year. Euro high-yield bonds and Italian government bonds are trending upwards, followed by euro financial and non-financial bonds.
- In addition to Chinese bonds, almost all USD bond segments have fallen recently, driven by the weakness of the USD. High-yield bonds also performed best within USD bonds.

Total return (including reinvested coupons) for selected bond indices, in euros and in per cent, sorted by 4-week performance.
Source: Bloomberg, Time period: 05/06/2020 – 06/06/2025

Positioning

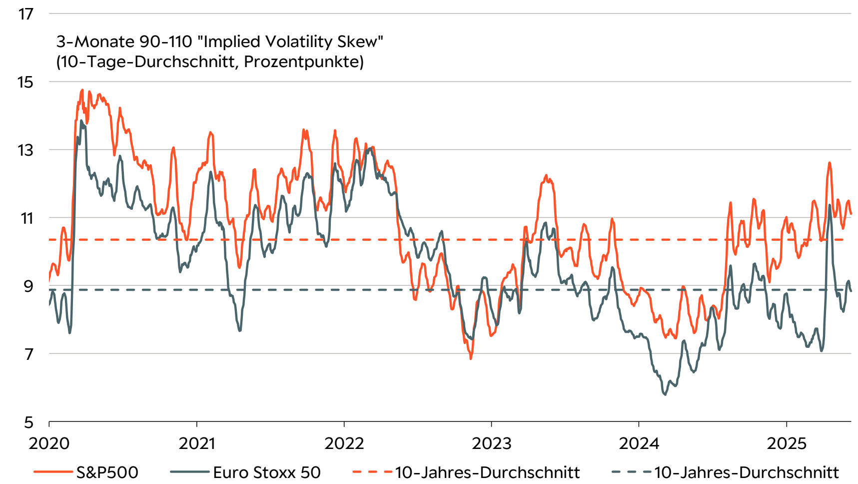
Non-commercial Positioning



- The biggest change in speculative investor positioning last month was in platinum. With new forecasts predicting a significant supply deficit of 966 thousand ounces this year, futures positioning has shifted from net short to net long.

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: 06/06/2015 – 06/06/2025

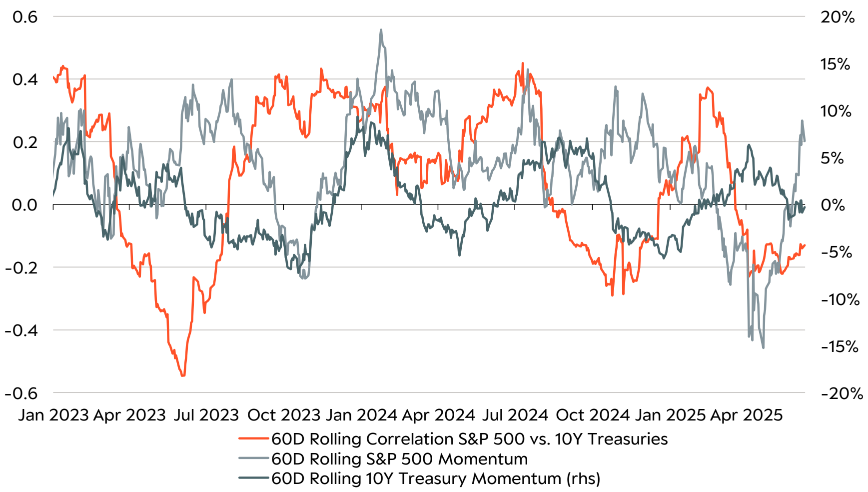
Put-Call-Skew



- After a brief upward spike, the put-call skew in Europe has fallen back below the 10-year average. In view of the seasonally weaker summer, investors currently appear to be caught between risk-on and risk-off. In the US, however, the skew remains above the long-term 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, Time period: 01/01/2020 – 09/06/2025

60-Day Momentum and Correlation

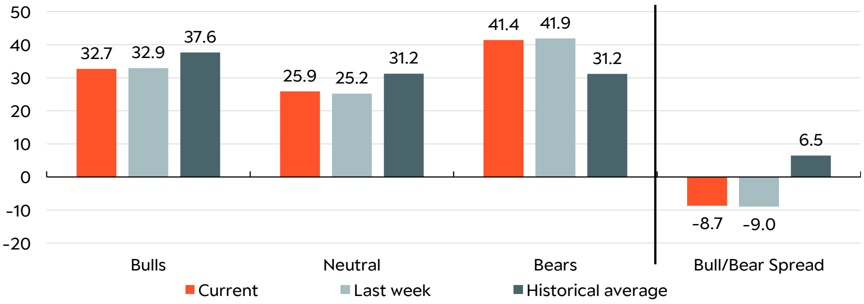


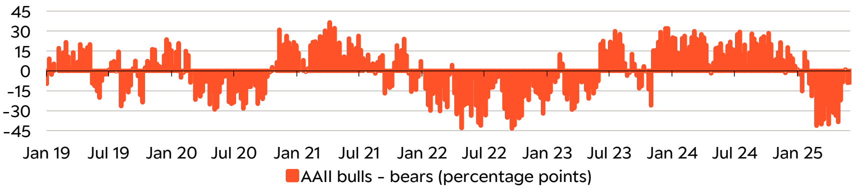
- The 60-day momentum of the S&P 500 has recently risen significantly, although a counter-movement has since occurred. Accordingly, systematic momentum strategies should continue to increase equity holdings and thus provide the markets with a sustained tailwind in the absence of a shock.

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 – 09/06/2025

Sentiment

AAII Markt Sentiment Survey (Bull vs Bears)

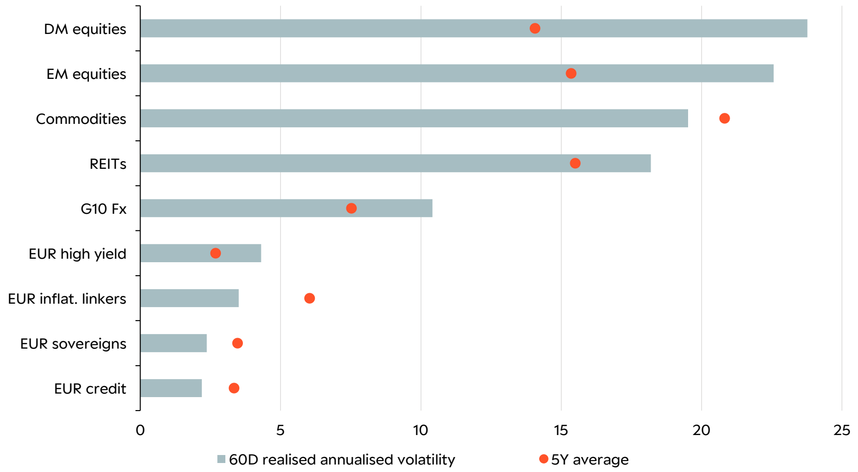




- Despite the continued recovery of the equity markets, the mood of US private investors has not improved recently.
- The bull/bear spread has slipped back into negative territory in the last two weeks.

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, AAII, Time period: 23/07/87 – 05/06/2025

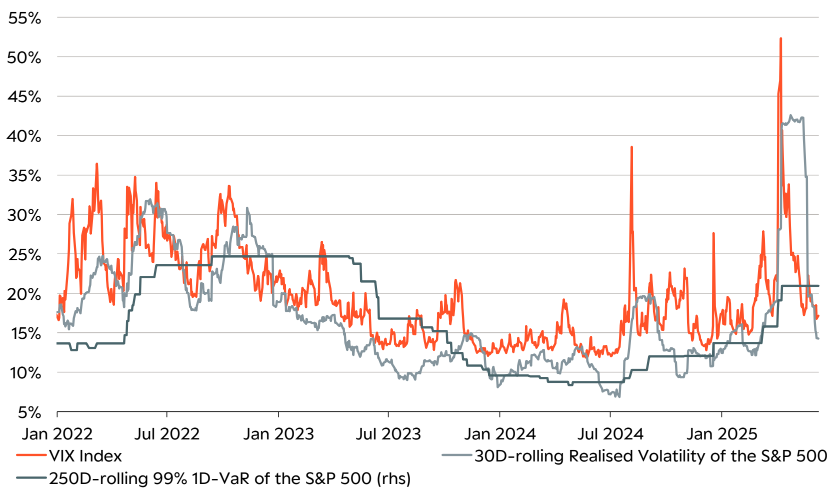
Realised Volatilities



- Realised volatility is currently above the medium-term average for all risk assets with the exception of commodities and corporate bonds.
- The realised 60-day volatility of euro government and corporate bonds has recently fallen the most in both absolute and relative terms.

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, Time period: 06/06/2020 - 09/06/2025

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

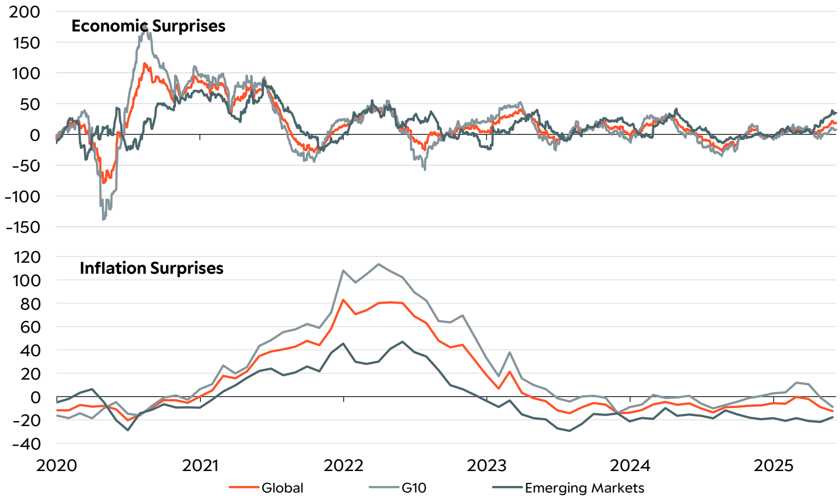


- The VIX has fallen further recently and fluctuated below the 20 mark last week.
- As the strong fluctuations in April are gradually falling outside the calculation window, the realised 30 day volatility has recently fallen significantly further.

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, Time period: 31/12/2021 – 09/06/2025

Surprise Indicators

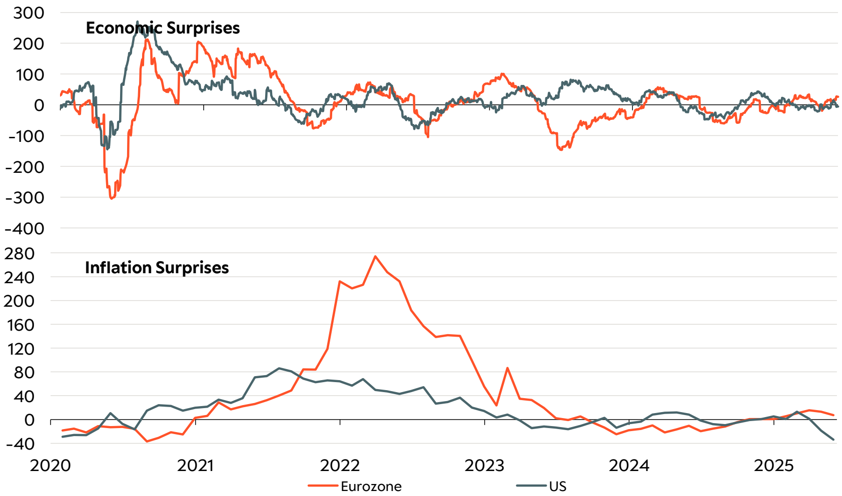
Global



- In the last two weeks, the economic surprises in both industrialised and emerging economies have been increasingly positive.
- In Canada and India, the GDP growth rate in the first quarter exceeded expectations. In Australia and Brazil, however, it was disappointing.
- In Turkey, consumer price inflation was below expectations in May, while industrial production in India surprised to the upside in the first quarter.

See explanations below.
Source: Bloomberg, Time period: 01/01/2020 – 09/06/2025

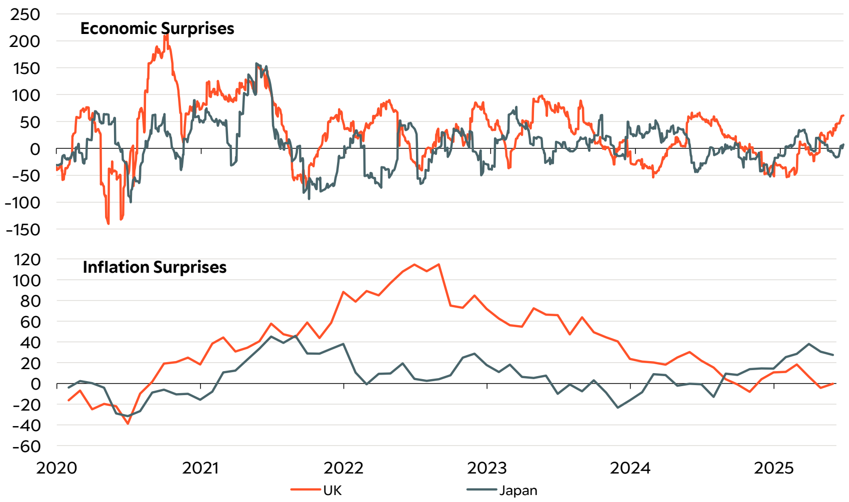
Eurozone and US



- In the US, economic surprises have recently turned negative, while the trend in the eurozone has remained positive.
- In the US, new industrial orders in April were below expectations, while the number of new jobs created in May surprised to the downside.
- In the eurozone, the unemployment rate in April was as expected, while consumer price inflation surprised to the upside in May.

See explanations below.
Source: Bloomberg, Time period: 01/01/2020 – 09/06/2025

UK and Japan

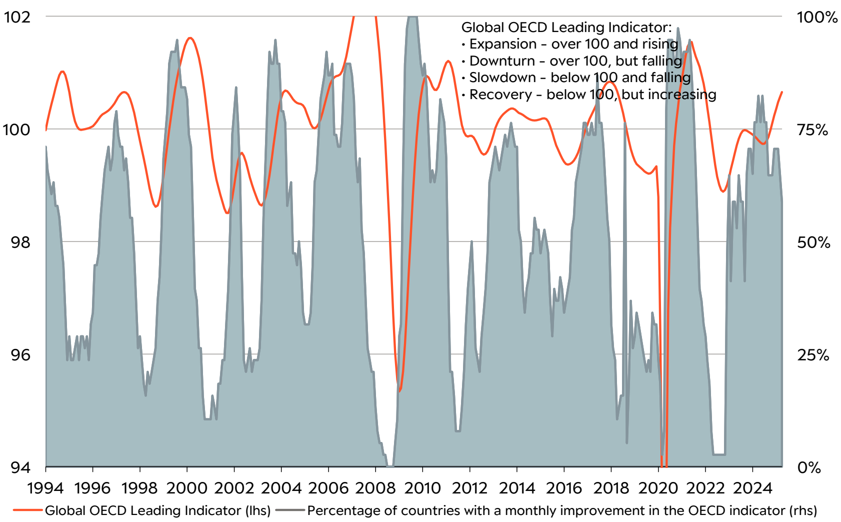


- In the UK, the economic surprises were increasingly positive, as in recent weeks, while in Japan they have only just turned positive.
- In Japan, retail sales and industrial production exceeded expectations in April.

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: 01/01/2020 – 09/06/2025

Economics

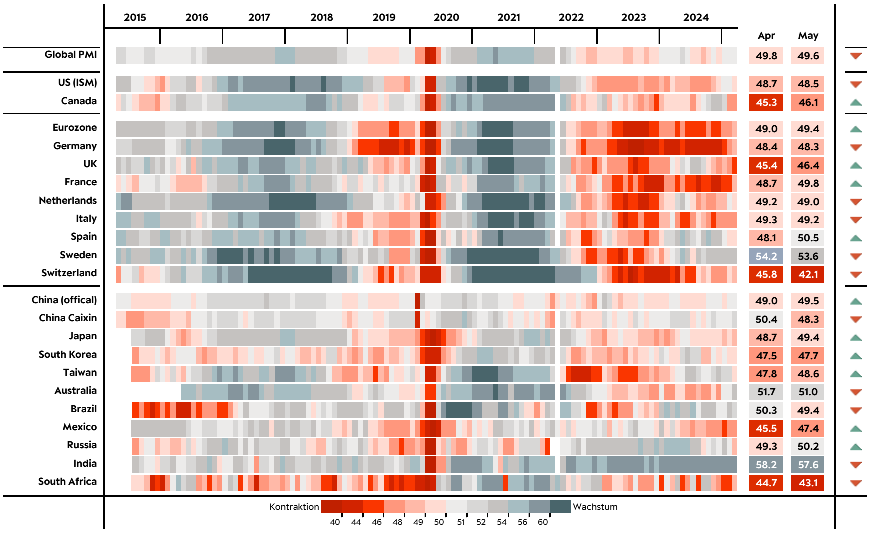
OECD Leading Indicator



- The global economy continues to expand. At 100.7, the revised OECD leading indicator was above the 100 mark for the sixth time in a row in April.
- According to the revised leading indicator, the economic situation improved in 59% of the countries surveyed in April compared to the previous month.

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 – 09/06/2025

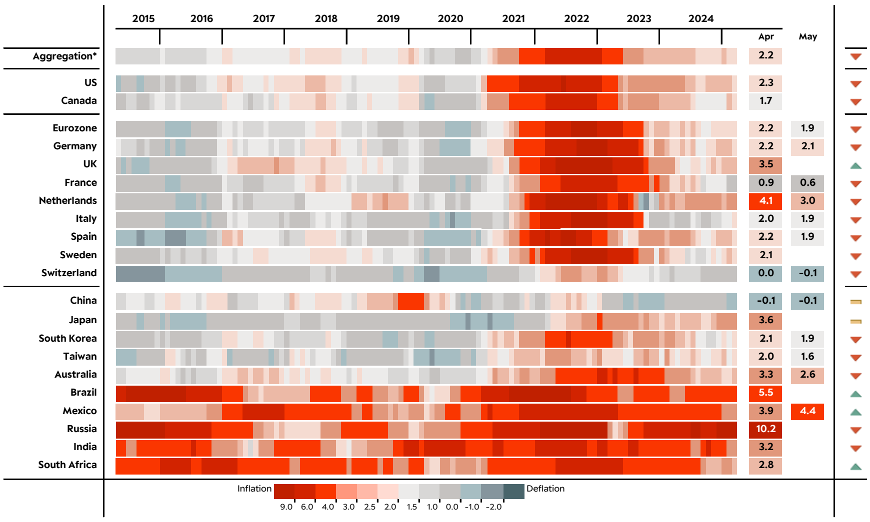
Manufacturing Purchasing Managers Index (Manufacturing PMI)



- The PMI data for May indicate regional differences in the development of industrial activity. PMI values in the eurozone remained below the 50 mark, while industrial activity in India increased.

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: 01/01/2015 – 09/06/2025

Headline Inflation

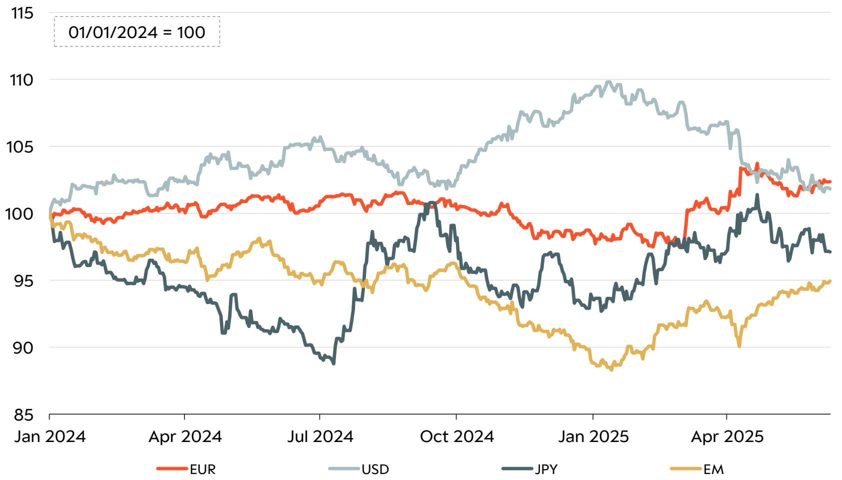


- The first inflation data for May indicate a slowdown in the annual inflation trend compared to the previous month. Last month, the inflation rate in the eurozone was below the 2% mark for the first time since September 2024. Significantly lower energy costs were one of the reasons for the lower inflation rate in Germany.

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: 01/01/2015 – 09/06/2025

Foreign Exchange

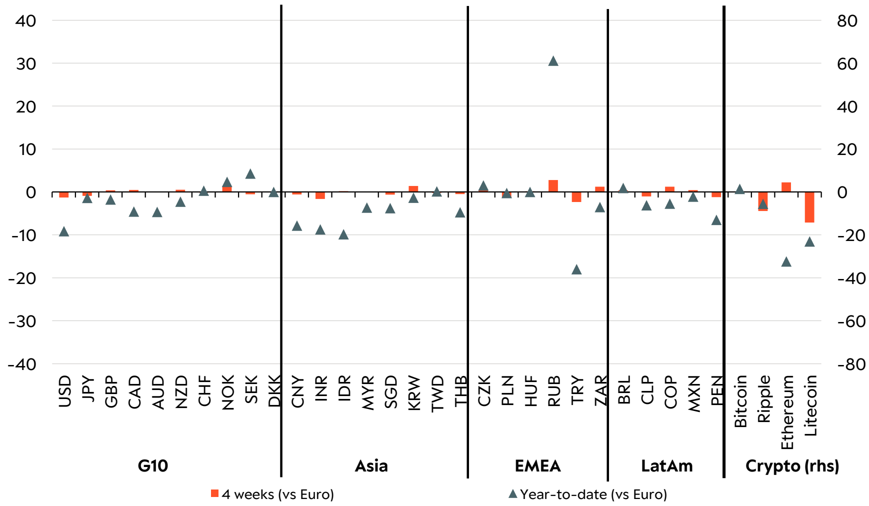
Trade-Weighted Currency Development



- As expected by investors, the ECB continued its interest rate cycle after its scheduled meeting last week and lowered its key interest rate by 25 basis points. In her press conference, ECB chief Christine Lagarde indicated that the ECB is coming to the end of the interest rate cycle and is satisfied with the current interest rate level, which casts doubt on the prospect of further rate cuts.

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: 01/01/2024 – 09/06/2025

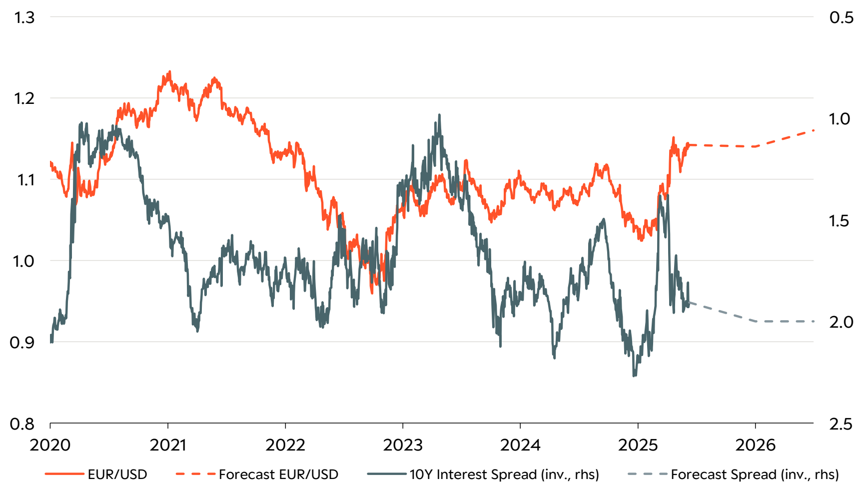
Currency Moves vs Euro



- In the last four weeks, the euro has shown no consistent development against the currencies shown here.
- Despite the weaker labour market and an annual inflation rate of less than 2% in Canada in April, the BoC refrained from cutting interest rates at its scheduled meeting last week and left the key interest rate unchanged.
- The Turkish lira has continued its downward trend since the beginning of the year over the past four weeks.

Performance of selected currencies against the euro, in percent.
Source: Bloomberg, Time period: 01/01/2025 – 09/06/2025

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



- Yields on US government bonds have been volatile over the last four weeks. The interest rate differential between US government bonds and German government bonds recently rose to over 190 basis points.
- The EUR/USD exchange rate has risen to 1.142 in the past two weeks.
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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: 01/01/2020 – 30/06/2026

Equities – Performance & Earnings

European Sector & Style Performance

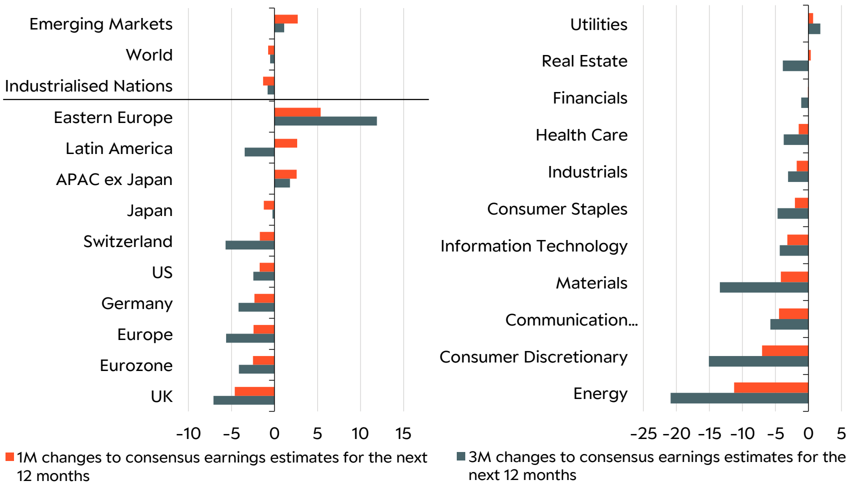
	4-week & YTD		12-month periods over that last 5 years				
	4W (12/05/25 - 09/06/25)	YTD (31/12/24 - 09/06/25)	09/06/24 09/06/25	09/06/23 09/06/24	09/06/22 09/06/23	09/06/21 09/06/22	09/06/20 09/06/21
Telecommunications	5.3	19.1	25.9	15.0	-6.6	0.8	15.1
Utilities	4.6	18.3	20.3	1.7	5.3	4.2	13.2
Health Care	3.6	0.2	-9.8	15.5	7.0	10.2	5.5
Industrials	3.1	17.1	18.5	23.9	17.0	-8.8	38.0
Finance	2.3	25.3	34.9	29.3	13.7	0.5	29.1
Information Technology	2.3	5.6	-3.7	32.1	19.6	-13.7	33.5
Value	2.1	15.8	17.8	17.4	5.2	6.1	23.5
Growth	2.0	6.2	-1.1	16.6	13.3	-8.1	26.8
Consumer Staples	1.2	9.5	3.8	0.6	4.9	-1.6	13.9
Materials	0.8	4.9	-3.1	17.0	-6.6	5.1	40.2
Energy	0.3	0.0	-9.7	16.1	-1.4	55.3	11.1
Consumer Discretionary	-3.2	-4.3	-9.1	5.6	23.5	-19.1	50.4

Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Stables: 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.

- The stock markets have continued to gain momentum over the last four weeks. This was driven by technical factors such as momentum and a decline in realised volatility, as well as Trump's concessions on customs policy with China, the United Kingdom and Europe. In Europe, the best-performing stocks over the last four weeks were in the utilities and telecommunications sectors.

Total return of European equity sectors and European style indies, 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: 09/06/2020 – 09/06/2025

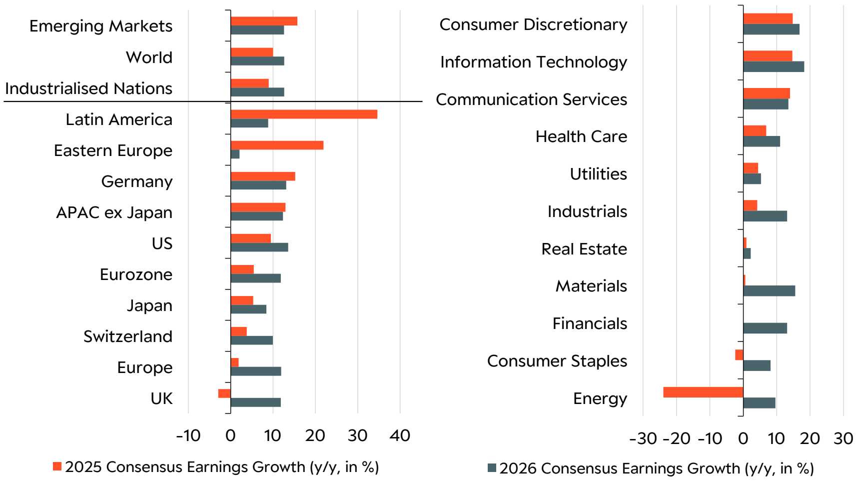
Changes in Consensus Earnings Estimates



- The negative earnings revisions continued at a global and industrialised national level over the last four weeks.
- In a four-week comparison, analysts reduced expected earnings growth by 1.7% in the US and by 2.3% in Germany.

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 09/06/2025

Earnings Growth

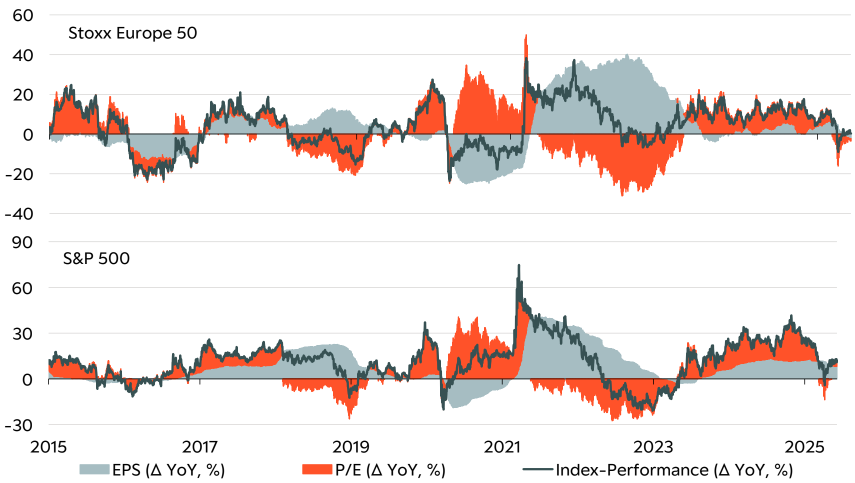


- For the current year, analysts expect global earnings growth of just under 10% compared to the previous year.
- In regional terms, growth will be driven primarily by emerging markets, with earnings growth of over 15%. In sectoral terms, growth will be driven primarily by the cyclical consumer goods industry and the information technology sector.

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 09/06/2025

Equities — Valuation

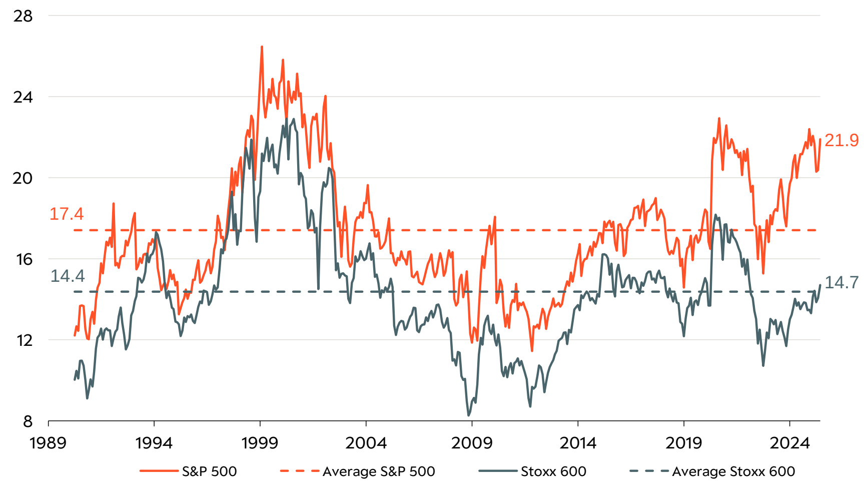
Contribution Analysis



- In the US, earnings growth has been the driving force behind stock market performance over the last 12 months, despite recent negative earnings revisions.
- In Europe, however, the index performance over the last 12 months was flat, as the negative impact of the valuation contraction was balanced by the support provided by the earnings expansion.

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: 01/01/2015 – 09/06/2025

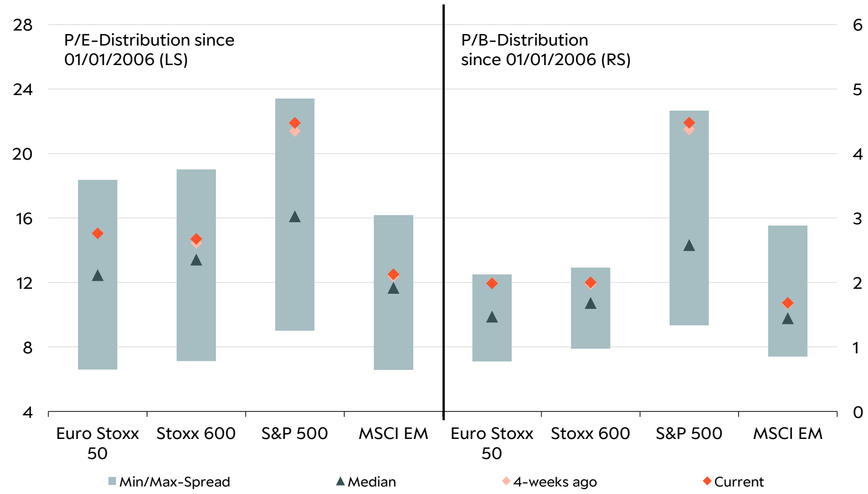
Price-Earnings Ratio (P/E Ratio) of European and US Equities



- With the recovery of the stock markets, valuations of European and US equities have increased significantly recently.
- With a price-to-earnings (P/E) ratio of 14.7x, European equities are once again expensive compared to their historical average of 14.4x since 1989.

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 – 09/06/2025

Historical Distribution: Price/Earnings and Price/Book Ratio

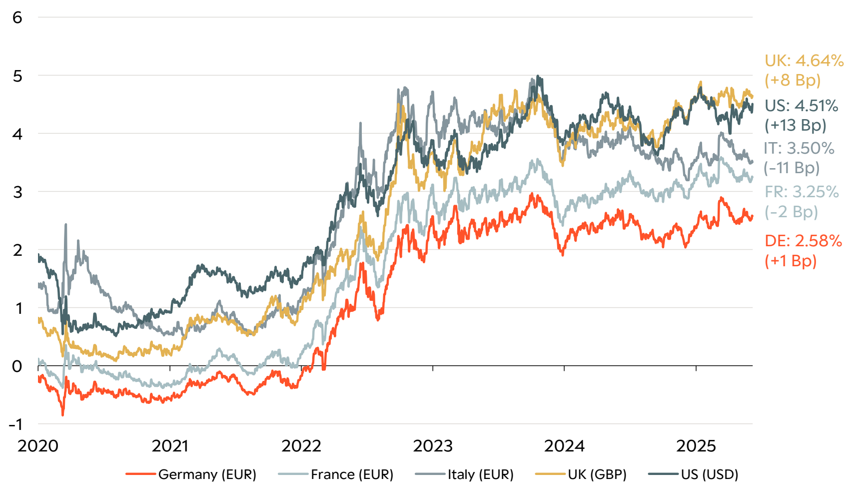


- With the exception of the S&P 500, all of the equity indices shown here have remained unchanged in terms of valuation over the last four weeks, both on a price-to-earnings (P/E) and price-to-book (P/B) basis.
- Following valuation expansion over the last four weeks, the S&P 500 is trading close to its 2006 highs on a price-to-book 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 blue bar) and minimum (lower limit of the blue bar) are shown.
Source: Bloomberg, Time period: 01/01/2006 – 09/06/2025

Sovereign Bonds & Central Banks

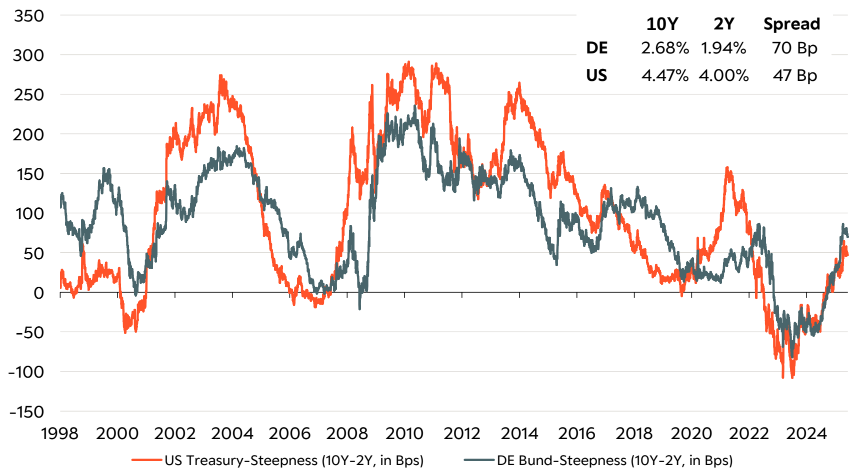
10-Year Government Bond Yields



- Over the past four weeks, government bond yields have shown a mixed trend. While yields in the US have recently continued to rise, mainly due to a recent labor market report that remains robust, Bund yields have remained largely unchanged.
- Yields on British government bonds rose in the wake of US yields, while peripheral bonds from Europe outperformed.

Effective yield on 10-year government bonds and change over the last four weeks in basis points (in brackets).
Source: Bloomberg, Time period: 01/01/2020 – 06/06/2025

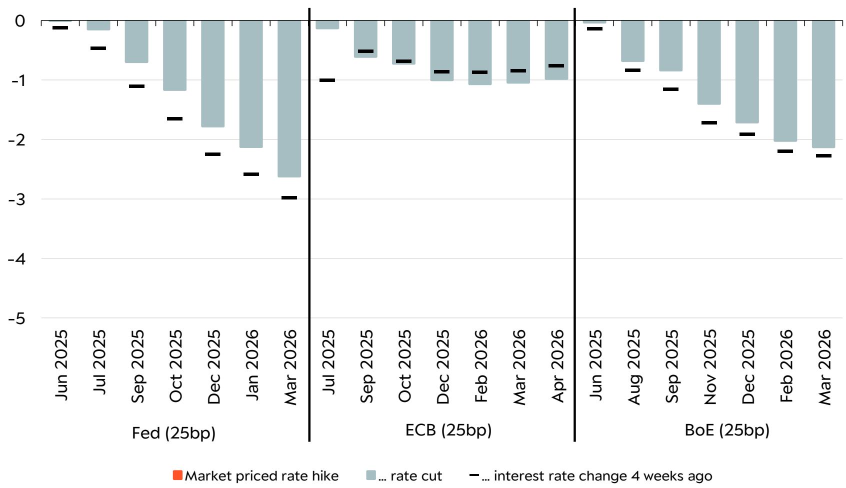
Yield Curve Steepness (10Y - 2Y)



- Over the past two weeks, the yield curves in both the USA and Germany have flattened slightly. While the movement in the USA was mainly due to the decline in long-dated government bond yields, the movement in Germany was mainly due to the rise in short-dated bond yields.

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 – 09/06/2025

Implicit Changes in Key Interest Rates

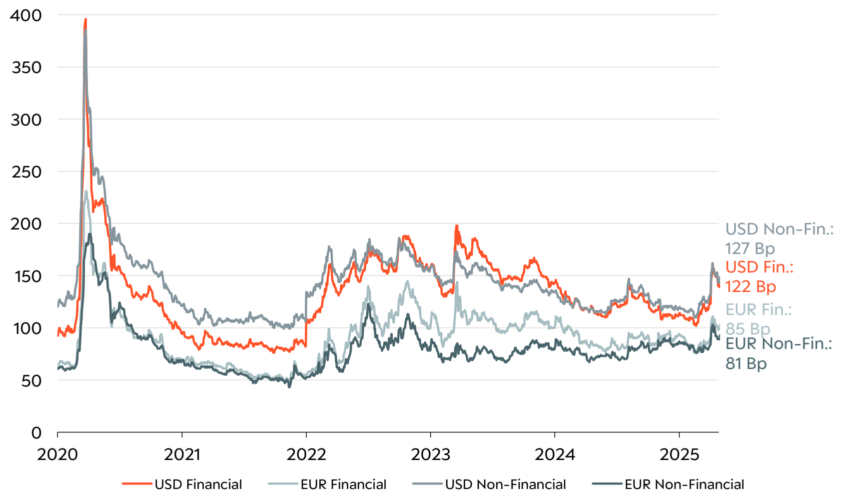


- At its regular June meeting last week, the European Central Bank cut its key interest rate by 25 basis points for the eighth time, as expected by market participants. However, the ECB also emphasized that it was close to the end of the monetary policy cycle. As a result, market participants now expect only one more rate cut before the end of the year.
- The Fed is expected to make around two more rate cuts by the end of the year.

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: 09/05/2025 – 09/06/2025

Corporate Bonds

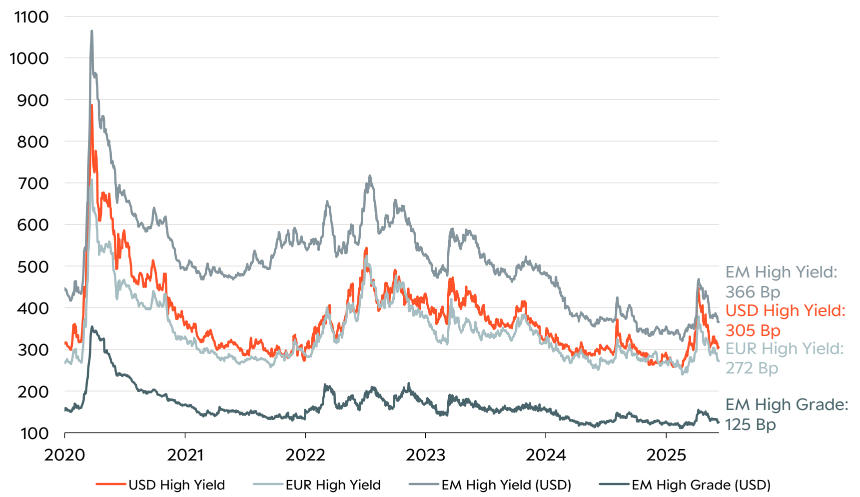
Credit Spreads Financial and Non-Financial Bonds



- In the last four weeks, the risk premiums on EUR and USD corporate bonds have fallen further. It seems that the bond markets are pricing out at least some of the economic risks.
- USD financial bonds saw the sharpest decline in asset swap spreads, at 14 basis points. Spreads on EUR financial and non-financial bonds narrowed by 13 and 10 basis points, respectively.

Explanations: see middle and lower figure.
Source: FactSet, Time period: 01/01/2020 – 09/06/2025

Credit Spreads High Yield and Emerging Markets Bonds



- The high-yield bond market also experienced significant spread narrowing. The asset swap spreads of USD and EUR high-yield bonds narrowed by around 40 basis points over the last four weeks.
- The risk premiums of high-yield bonds from emerging markets fell by a further 45 basis points.

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: 01/01/2020 – 09/06/2025

Bond Segments Overview

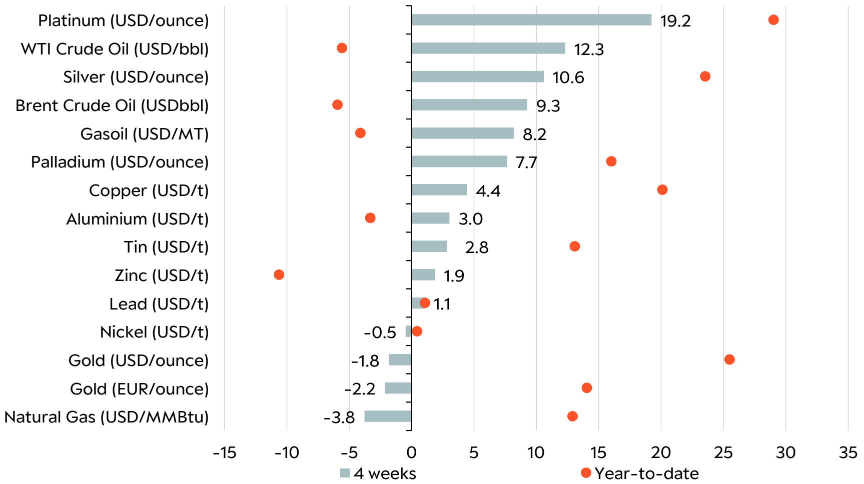
	Key figures			Asset Swap Spread			Total Return (%, local)						
	Yield (in %)	Δ-1M	Modified Duration	Spread (Bps)	Δ-1M	10Y-Percentile	1M	YTD	09/06/24 09/06/25	09/06/23 09/06/24	09/06/22 09/06/23	09/06/21 09/06/22	09/06/20 09/06/21
EUR Government	2.72	0.01	7.0	-	-	-	0.4	0.6	4.4	2.5	-4.2	-13.4	1.5
Germany	2.31	0.05	7.1	-	-	-	0.1	-0.5	3.2	0.6	-5.6	-11.5	-0.6
EUR Corporate	3.18	-0.04	4.5	83	-11	57	0.5	1.5	6.3	5.6	-1.7	-11.0	3.5
Financial	3.20	-0.07	3.8	85	-13	43	0.5	1.8	6.6	6.3	-1.4	-9.2	3.1
Non-Financial	3.17	-0.02	4.9	81	-10	66	0.4	1.3	6.1	5.1	-1.8	-12.1	3.8
EUR High Yield	5.78	-0.26	3.2	272	-39	17	1.2	2.6	8.2	10.3	2.3	-9.1	10.3
US Treasury	4.32	0.12	5.9	38	0	98	-0.5	1.9	4.0	0.6	-1.9	-9.0	-2.5
USD Corporate	5.32	-0.03	6.5	125	-14	37	0.6	2.1	5.4	5.4	-0.5	-11.9	3.7
Financial	5.27	-0.03	4.9	122	-14	47	0.6	2.6	6.4	6.6	-0.2	-10.2	3.8
Non-Financial	5.34	-0.03	7.2	127	-13	35	0.6	1.9	4.9	4.9	-0.7	-12.8	3.7
USD High Yield	7.70	-0.24	3.7	305	-39	16	1.5	3.0	9.2	10.4	2.7	-7.2	12.3
EM High Grade	5.12	-0.02	5.3	125	-14	6	0.6	2.7	6.0	5.4	0.4	-11.6	4.6
EM High Yield	8.06	-0.39	4.0	366	-45	12	1.5	3.0	9.9	13.7	0.7	-19.1	12.4

- In the last four weeks, the majority of the bond segments shown here have recorded price increases.
- Only US government bonds have suffered losses. However, over the year as a whole, German government bonds are lagging behind, while USD and emerging market high-yield bonds are leading the way.

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 Finan-cial; 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: 09/06/2015 – 09/06/2025

Commodities

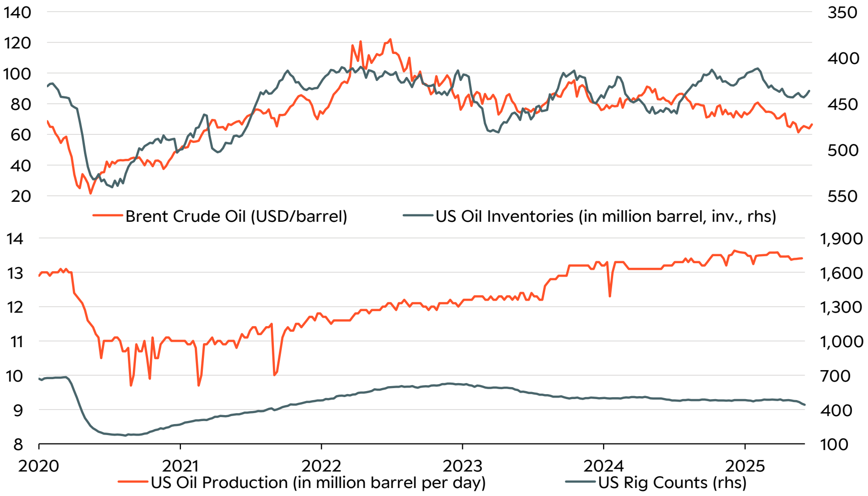
Commodities Performance



- The price of platinum continued its upward trend and recently reached its highest level in three years at USD 1,170 per ounce. Compared to gold, platinum recently appeared undervalued and therefore attractive for investors.
- Silver also followed the rise in the price of gold in the first week of June, reaching its highest value in 13 years at USD 36 per troy ounce. The Silver Institute also expects a supply deficit for silver this year.

Total return of selected commodity indices, in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 31/12/2024 – 06/06/2025

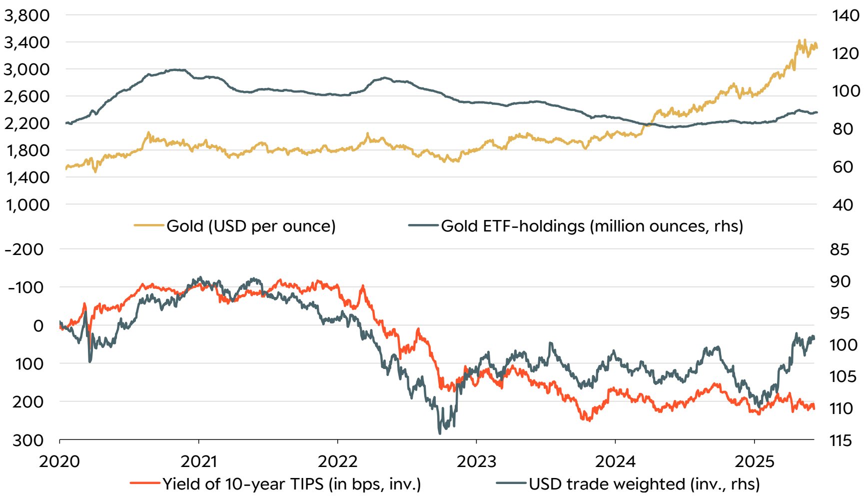
Crude Oil



- The oil price (Brent) has traded between USD 63 and 67 per barrel in recent weeks.
- The eight OPEC+ countries also plan to increase their oil production by 411 thousand barrels per day in July. As market participants expected an even greater increase, the oil price nevertheless rose slightly. The increased supply meets low inventories in the USA, which has a stabilizing effect on prices in the short term.

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: 01/01/2020 – 06/06/2025

Gold



- The gold price continues to show strength, but is still trading below its all-time high of around USD 3,370 per ounce from the beginning of May.
- Rising US government debt continues to cause concern, but the expectation of an escalation of the war in Ukraine is also providing additional support for the gold price.

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: 01/01/2020 – 06/06/2025

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