

### Current market commentary

While US equities are close to their all-time highs, European equities have recently declined slightly. In addition to a weaker reporting season than in the US, this was also due to political distractions such as discussions about new bank taxes and the budget dispute in France. US equities, on the other hand, have not lost more than 2.7% since the beginning of May. Every minor correction has been used as a buying opportunity. Accordingly, the VIX fear gauge has also fallen significantly and recently traded below 15, close to its low for the year. One reason for this is that the market now firmly expects the Fed to cut interest rates in September, as Jerome Powell indicated during the Jackson Hole meeting. Of course, this carries the risk that a robust US labour market report or significantly higher-than-expected inflation could lead to a repricing of interest rate cut expectations. This could then weigh on risky assets, at least in the short term. However, we remain constructive and therefore overweight equities. Many investors missed the rally and are therefore likely to use a countermovement to increase their holdings. This should limit the downside potential in the short term.

### Short-term outlook

Following the Jackson Hole meeting and Fed Chairman Powell's speech last Friday, the markets are eagerly awaiting the central bank meetings in September. The ECB will meet on 11 September, followed by the US Fed and the Bank of England on 17 and 18 September. The Fed's decision will be particularly exciting. President Trump has been putting increasing pressure on the Fed to cut interest rates in recent weeks.

In addition to the purchasing managers' indices (August) for the eurozone manufacturing sector published today, data for the US is expected tomorrow. The preliminary consumer price index (August) for the eurozone will also be published on Tuesday. This will be followed on Friday by the US labour market report (August). The following week, the Chinese consumer price index (August) and the US producer price index (August) will be announced on Wednesday. The US consumer price index (August) will follow on Thursday. The Michigan Consumer Sentiment Index (September) is expected on 12 September.

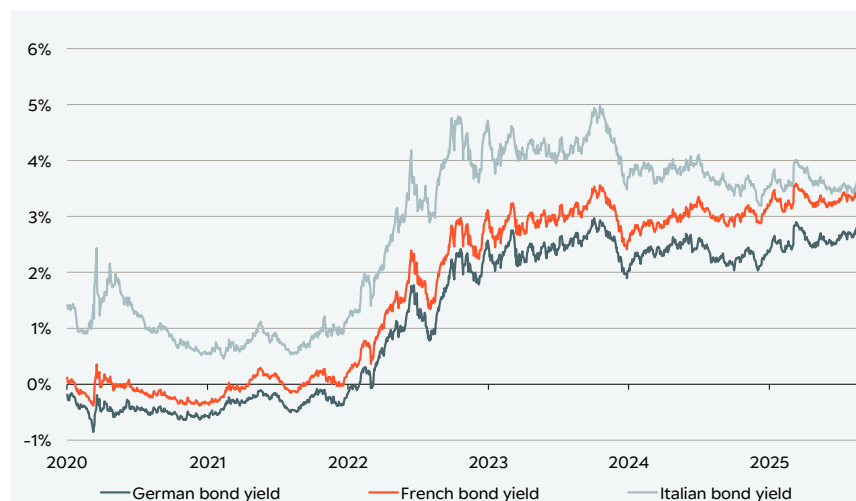
The bi-weekly Monitor gives you a structured overview of the current capital market environment and highlights important developments:

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

*Central banks interest rate decisions from an investor perspective.*

*Purchasing managers' indices, inflation and labour market data in the focus of the markets.*

### Political concerns weigh on French government bonds again



- With public debt at 114% of GDP, French Prime Minister Bayrou is planning savings of EUR 44 billion in the 2026 budget. To push this through, he will put the question of confidence to Parliament on 8 September.
- The markets fear that he will lose confidence. 10-year French yields rose.
- With a yield of 3.5%, they are now trading just below Italian government bonds. The spread to German government bonds rose to up to 77 basis points.

Source: Bloomberg, Time period: 01/01/2020 – 29/08/2025



# Performance

## Multi Asset

	4-week & YTD		12-month periods over that last 5 years				
	4W (01/08/25 - 29/08/25)	YTD (31/12/24 - 29/08/25)	29/08/24	29/08/23	29/08/22	29/08/21	28/08/20
MSCI Frontier Markets	4.8	20.4	28.2	8.8	-8.0	-2.2	34.1
MSCI World	2.5	0.6	10.4	21.5	4.5	1.9	30.3
Gold	1.7	16.4	29.6	27.8	2.5	12.8	-6.7
Global Convertibles	-2.0	1.5	10.4	4.7	-6.8	-7.5	25.5
MSCI Emerging Markets	1.3	5.3	11.1	11.5	-5.7	-5.5	16.5
Industrial Metals	-7.6	1.1	-2.7	5.1	-13.0	17.4	35.8
REITs	-8.1	1.0	-8.1	12.9	-19.5	4.3	27.4
Euro overnight deposit	0.1	1.6	2.7	4.0	2.3	-0.5	-0.6
EUR Coporates	0.1	2.4	4.5	7.7	0.0	-12.7	2.7
EUR Sovereign Debt	0.0	1.7	2.9	5.0	-2.4	-9.1	0.7
USDEUR	-11.4	-0.8	-5.2	-1.8	-8.1	18.0	0.9
Brent	-11.3	-2.9	-6.9	3.4	-13.6	111.8	59.6

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, frontier market equities, which have performed best in euro terms since the beginning of the year, once again posted the strongest gains.
- Gold benefited from potential interest rate cuts and Trump's attack on the Fed, while equities in industrialised nations rose slightly.
- Apart from the US dollar, Brent crude oil suffered the most significant losses.

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

Source: Bloomberg, Time period: 28/08/2020 – 29/08/2025

## Equities

	4-week & YTD		12-month periods over that last 5 years				
	4W (01/08/25 - 29/08/25)	YTD (31/12/24 - 29/08/25)	29/08/24	29/08/23	29/08/22	29/08/21	28/08/20
MSCI EM Latin America	7.0	18.8	7.2	-4.6	7.2	15.9	30.2
MSCI USA Small Caps	-5.3	5.6	4.2	14.5	-3.4	1.7	48.3
Stoxx Europe 50	4.3	8.2	2.8	17.3	14.2	1.6	24.9
MSCI Japan	3.9	4.2	7.5	18.5	5.5	-3.7	19.2
Euro Stoxx 50	3.6	11.6	10.4	17.6	24.3	-12.6	28.7
MSCI UK	2.8	10.3	10.0	19.9	2.9	11.4	29.4
Stoxx Europe Cyclical	2.7	19.8	22.0	24.1	15.6	-15.4	37.8
Stoxx Europe Defensive	2.7	6.4	-2.4	16.9	7.9	5.0	20.4
S&P 500	-2.0	2.2	10.9	23.7	4.6	6.9	31.5
Stoxx Europe Small 200	2.2	10.8	7.6	13.5	5.1	-23.8	38.9
DAX	2.0	20.1	26.4	18.7	23.6	-18.7	21.6
MSCI EM Asia	1.0	4.0	11.4	13.6	-6.5	-6.5	12.8

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 Defensive: Stoxx Europe Defensive 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.

- Latin American equities continued their positive performance since the beginning of the year over the last four weeks. In addition to European and Japanese equities, US small caps also posted some of the strongest gains.
- The broad S&P 500 and the German DAX have trended slightly higher over the last four weeks, as have Asian emerging market equities.

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

Source: Bloomberg, Time period: 28/08/2020 – 29/08/2025

## Fixed Income

	4-week & YTD		12-month periods over that last 5 years				
	4W (01/08/25 - 29/08/25)	YTD (31/12/24 - 29/08/25)	29/08/24	29/08/23	29/08/22	29/08/21	28/08/20
EM Local Currency Bonds	-0.8	1.2	9.0	5.5	6.0	-14.6	3.5
USD High Yield	-5.8	0.6	7.2	13.1	3.6	-19.4	4.0
EM Hard Currency Bonds	-4.4	0.6	7.0	11.9	5.2	-11.4	8.7
EUR High Yield	0.2	4.1	4.9	8.0	0.5	-10.8	2.3
EUR Financials	0.1	2.8	4.2	7.5	-0.4	-13.8	2.9
EUR Non-Financials	0.1	2.2	2.7	10.4	-2.8	6.9	9.2
BTPs	-0.1	2.0	-0.5	4.2	-6.1	-12.8	0.1
Bunds	-0.1	1.0	4.3	7.2	-0.2	-15.5	4.0
USD Corporates	-6.3	-0.2	3.9	6.4	3.9	5.1	5.2
Gilts	-3.2	-0.2	-3.4	4.1	-10.1	5.6	-0.9
Treasuries	-7.3	-0.6	-2.4	8.0	-8.1	-1.2	3.9
Chinese Sovereign Bonds	-9.0	-0.9	-2.3	7.3	-12.9	-19.3	-1.2

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 Gov; 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 Index

- In addition to local and hard currency bonds from emerging markets, USD and EUR high-yield bonds as well as EUR financial and non-financial bonds have trended slightly higher in euro terms over the past four weeks.
- Government bonds, particularly those from the UK, the US and China, have lost slightly in euro terms over the past month.

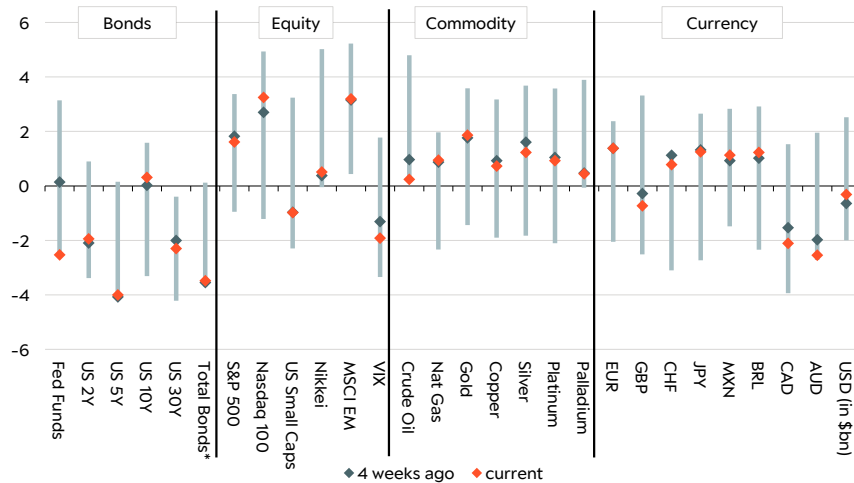
Total return (including reinvested coupons) for selected bond indices, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 28/08/2020 – 29/08/2025



# Positioning

## Non-commercial Positioning



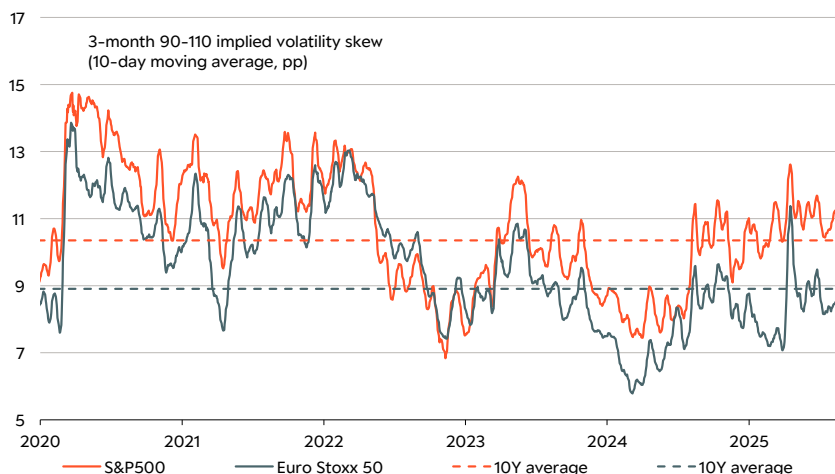
- While investors recently reduced their long positions in the S&P 500 marginally, positions in the Nasdaq 100 were built up further.
- Despite a rising silver price, investors have slightly reduced their positions over the last four weeks.

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: 29/08/2015 – 29/08/2025

## Put-Call-Skew

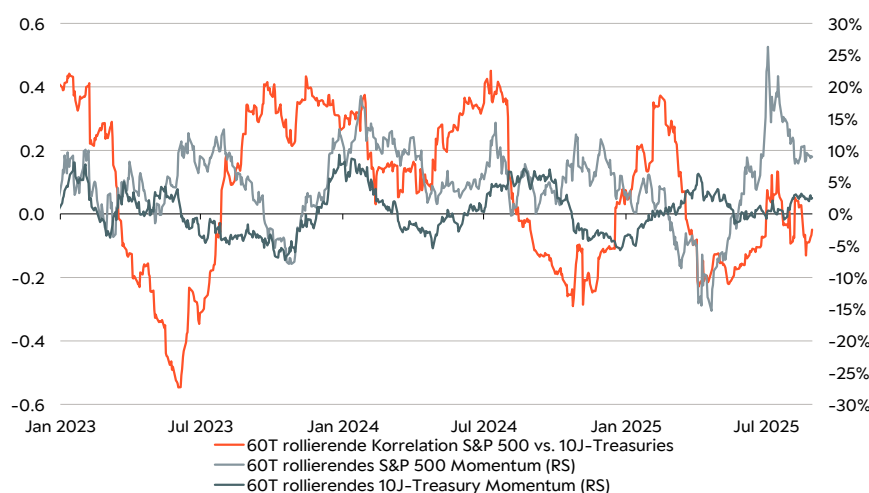


- The put-call skew has flattened somewhat in recent weeks.
- The above-average skew in the US indicates that investors still demand protection, even though implied volatility is very low.

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: 29/08/2015 – 29/08/2025

## 60-Day Momentum and Correlation



- Both US equities and US Treasuries have posted positive returns over the last 60 days, yet they are still slightly negatively correlated.
- Given the low volatility and positive performance, the equity quotas of momentum strategies are likely to remain close to their upper limits.

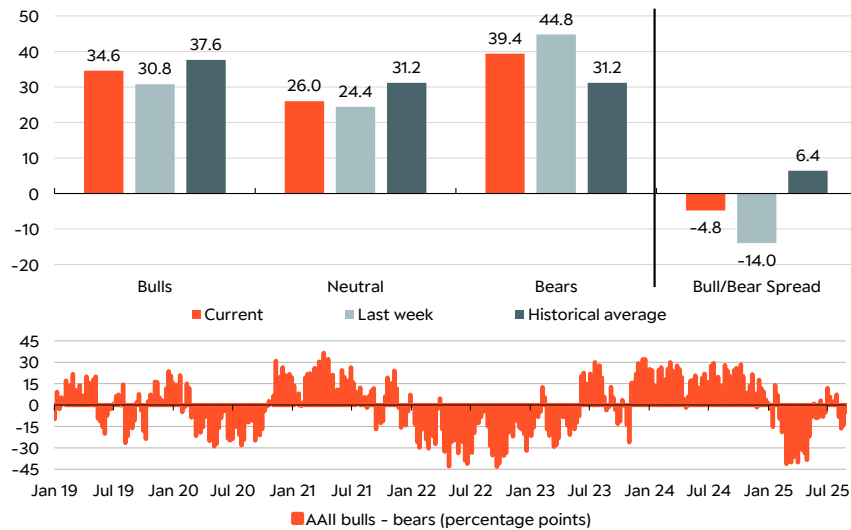
The 60-day momentum indicates the rolling return of the last 60 days. The more the momentum rises (falls), the more systematic momentum strategies build up (reduce) their positions in the corresponding asset class. Changes in the sign of the return mark important turning points. The 60-day correlation 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 – 29/08/2025



# Sentiment

## AAIL Markt Sentiment Survey (Bull vs Bears)

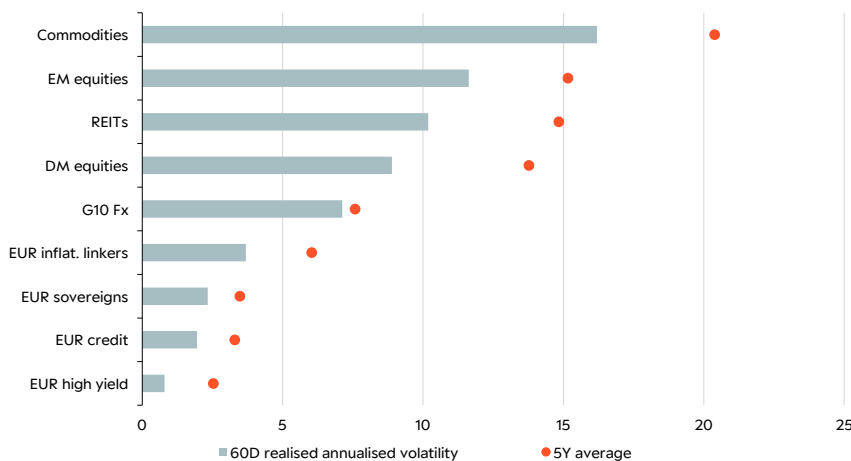


- Although the number of bears among US private investors has fallen recently, they remain in the simple majority.
- The bull/bear spread is now negative for the fourth week in a row.

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

Source: Bloomberg, AAIL, Time period: 23/07/87 – 28/08/2025

## Realised Volatilities

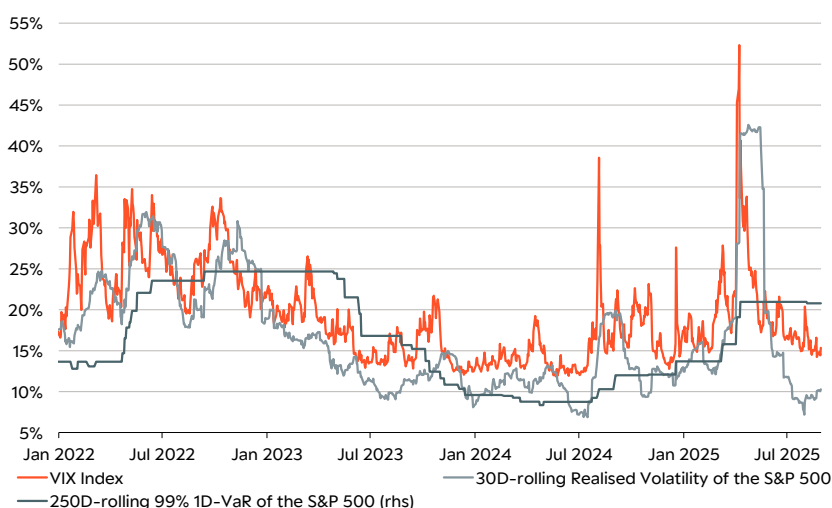


- Realised volatility remains very low across all asset classes.
- Within bonds, segments with higher credit risk have the lowest volatility. On the one hand, this is due to the negative correlation between spread and duration. On the other hand, high-yield bonds generally have a lower duration and are therefore less susceptible to volatility in rates markets.

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: 29/08/2020 – 29/08/2025

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



- Now that Powell has finally opened the door for interest rate cuts, the VIX appears to be stabilising at the 15 mark.
- Realised volatility is currently fluctuating around 10%, meaning that the volatility premium remains above average.

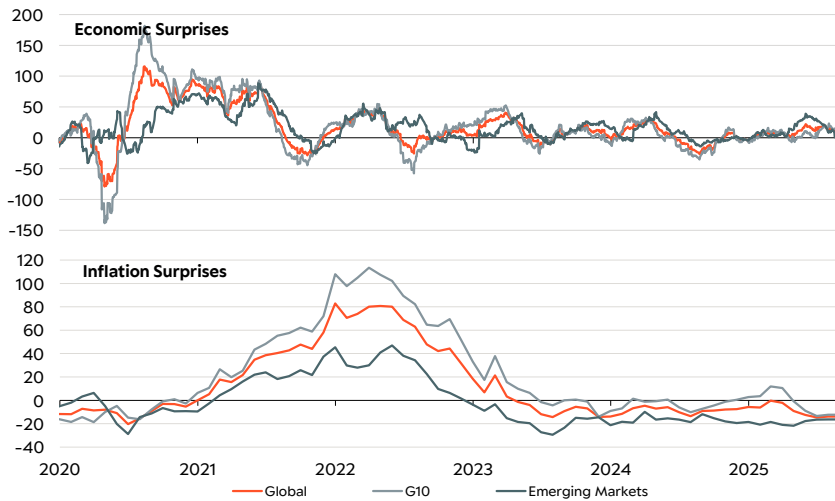
The VIX index is a measure of the implied volatility of the S&P 500 priced in options over approximately the next 30 days. Realised volatility indicates the range of variation in daily returns. The historical 99% value-at-risk indicates the minimum loss of the days that belong to the worst 1% of the 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 – 29/08/2025



# Surprise Indicators

## Global

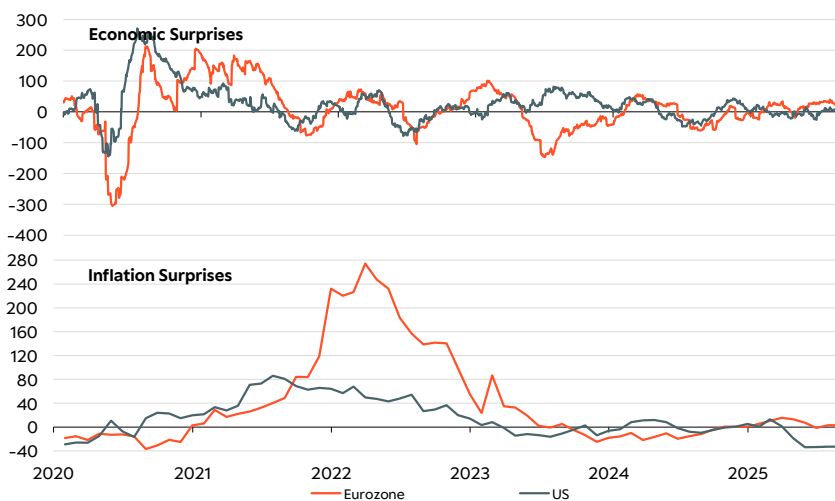


- Over the past two weeks, economic surprises in industrialised countries have remained positive, while those in emerging markets have recently turned positive again.
- In Canada, retail sales in June and consumer price inflation in July were in line with expectations.
- In Mexico, GDP growth in the second quarter exceeded expectations. In India, industrial production surprised on the upside in July.

See explanations below.

Source: Bloomberg, Time period: 01/01/2020 – 29/08/2025

## Eurozone and US

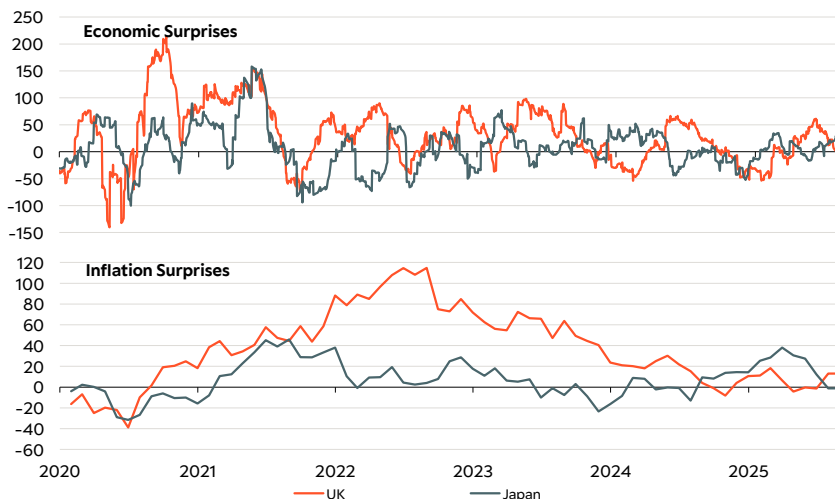


- Over the past two weeks, economic surprises in the US and the eurozone have been positive.
- In the US, durable goods orders in July and GDP growth in the second quarter surprised on the upside, while the latest initial jobless claims surprised slightly on the downside.
- In the eurozone, industrial confidence in August surprised on the downside.

See explanations below.

Source: Bloomberg, Time period: 01/01/2020 – 29/08/2025

## UK and Japan



- In Japan, economic surprises remained positive, while in the UK they recently turned positive.
- In Japan, industrial orders exceeded expectations in June.

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.

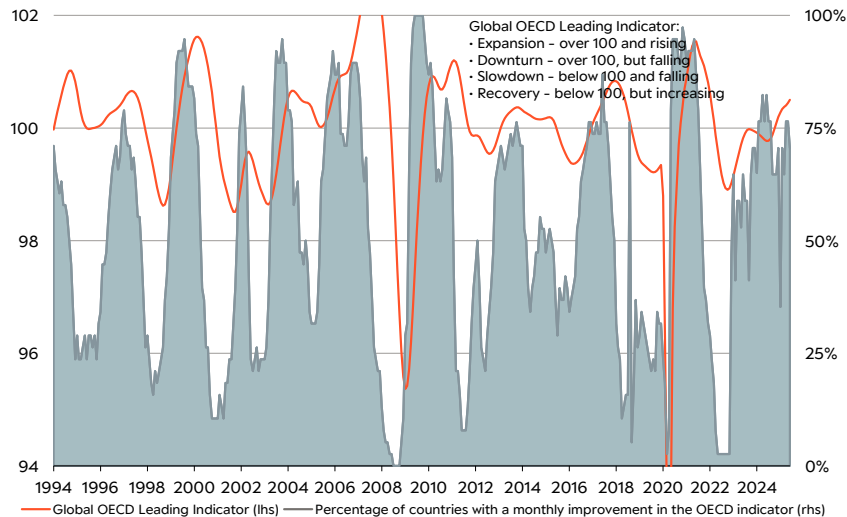
Source: Bloomberg, Time period: 01/01/2020 – 29/08/2025





# Economics

## OECD Leading Indicator

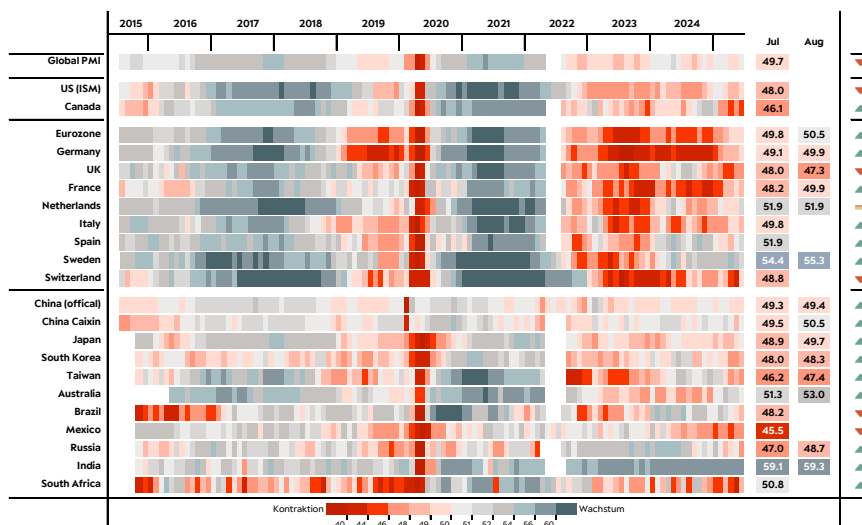


- Global economic expansion continues. At 100.5 in June, the revised OECD leading indicator was above the 100 mark for the eighth consecutive month.
- According to the revised leading indicator, the economic situation improved in June in 71% of the countries surveyed compared with the previous month.

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 – 29/08/2025

## Manufacturing Purchasing Managers Index (Manufacturing PMI)

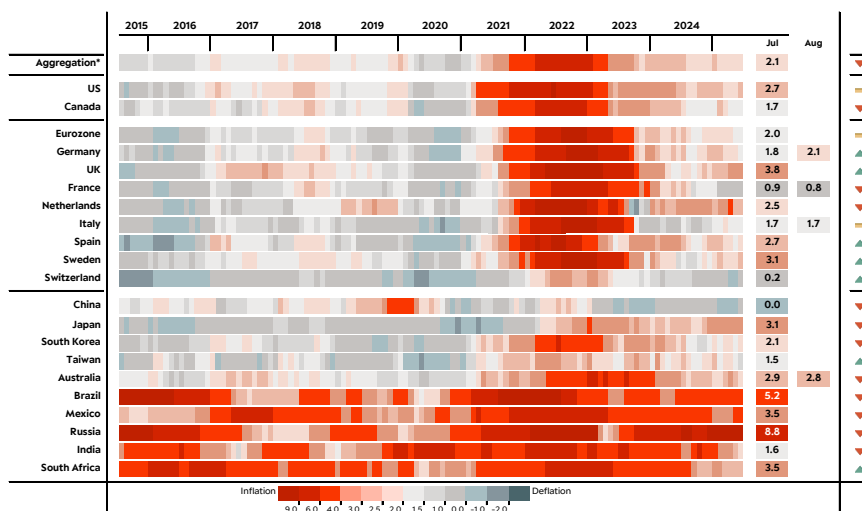


- Initial PMI data for August points to rising manufacturing activity in Europe. In the UK, however, the purchasing managers' index fell below the previous month's figure.

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 – 29/08/2025

## Headline Inflation



- The first consumer price indices for August pointed to a further slowdown in global inflation. In France and Australia, for example, the annual harmonised inflation rate declined compared with the previous month. In Germany, rising food prices contributed significantly to an unexpected increase in the annual harmonised inflation rate compared with the previous month.

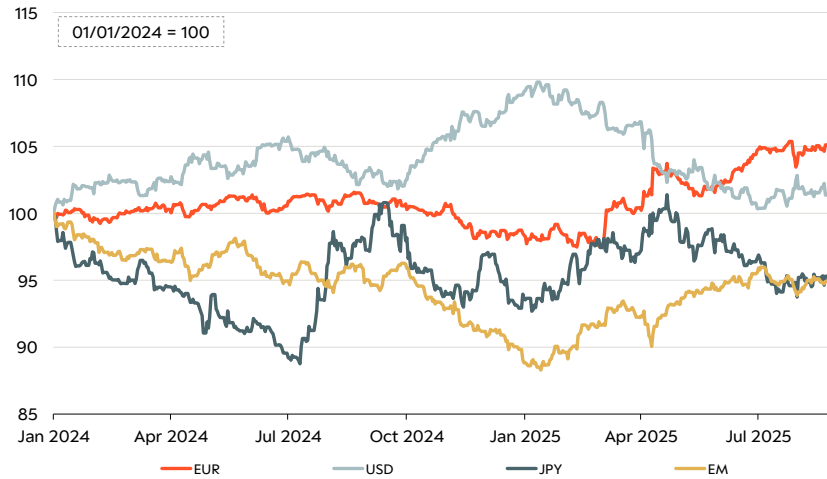
Inflation (in %, compared to the previous year) is measured using a consumer price index, also called a basket of goods. This basket contains all goods and services that a household purchases on average per year. \* = Weighting according to gross domestic product.

Source: Bloomberg, Time period: 01/01/2015 – 29/08/2025



# Foreign Exchange

## Trade-Weighted Currency Development

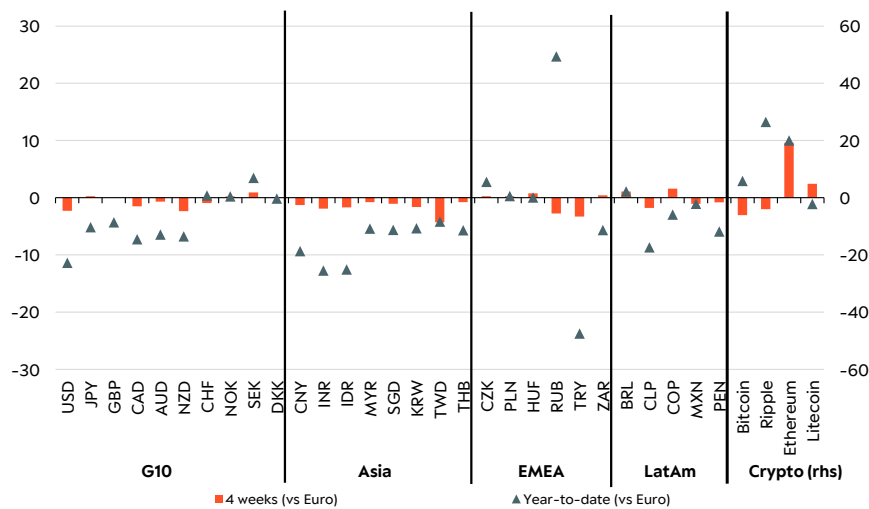


- The euro has recently remained robust despite growing concerns about France: Prime Minister Bayrou has unexpectedly called for a vote of confidence in order to secure support for his budget. Comments from opposition parties so far suggest that Bayrou's minority government is likely to lose the vote. The vote will take place on 8 September.

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 – 29/08/2025

## Currency Moves vs Euro

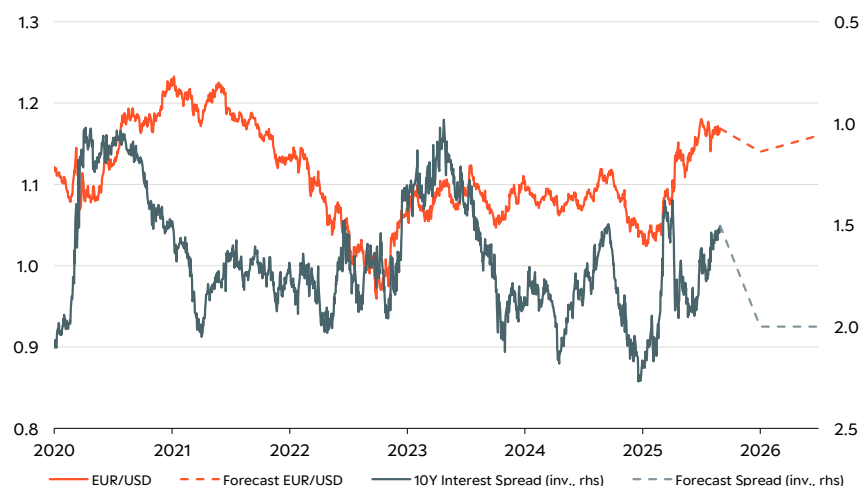


- Over the past four weeks, the euro has gained in value against most of the currencies presented here.
- Following their scheduled meetings in August, the Hungarian and Swedish central banks left their key interest rates unchanged. However, the Swedish Riksbank pointed to the possibility of interest rate cuts by the end of the year.
- The Turkish lira continued its downward trend since the beginning of the year over the last four weeks.

Performance of selected currencies against the euro, in percent.

Source: Bloomberg, Time period: 01/01/2025 – 29/08/2025

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



- Due to a similar decline in yields, the interest rate differential between German and US government bonds recently remained at around 150 basis points.
- The euro has moved sideways against the US dollar over the past two weeks and is currently trading at around 1.17.

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 (01/08/25 - 29/08/25)	YTD (31/12/24 - 29/08/25)	29/08/24	29/08/23	29/08/22	29/08/21	28/08/20	
Health Care	-2.0	5.1	-16.6	19.8	10.9	-0.9	19.8	
Energy	-4.4	8.7	-0.8	8.7	4.9	56.1	31.4	
Finance	4.2	30.1	37.6	28.4	21.9	-5.9	36.2	
Value	3.9	18.7	17.9	18.1	13.4	-1.0	29.8	
Consumer Discretionary	-6.3	3.9	-6.8	2.3	20.9	-14.6	41.2	
Consumer Staples	3.8	6.5	0.2	0.3	-0.1	3.8	14.7	
Materials	3.6	3.4	-2.6	14.3	4.3	-10.5	40.6	
Growth	2.2	2.3	-2.8	15.8	10.5	-12.5	30.9	
Telecommunications	2.1	15.3	16.9	20.7	-2.4	-8.0	25.9	
Industrials	1.3	18.0	20.0	25.2	18.8	-16.8	38.6	
Information Technology	-4.4	0.7	-7.0	29.0	18.2	-27.3	43.6	
Utilities	-1.3	17.7	13.9	8.5	5.8	-1.6	15.3	

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.

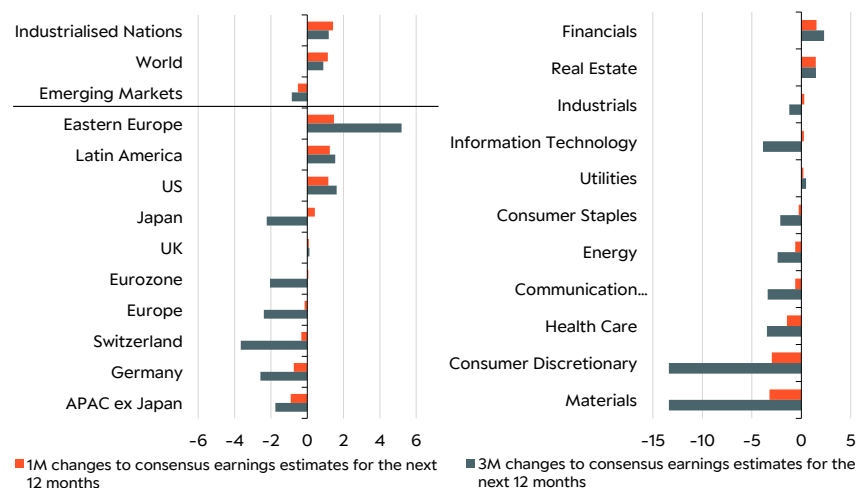
- Almost all European equity sectors recorded positive performance over the past four weeks. Shares in the healthcare, energy and finance sectors posted significant gains.

- By contrast, utility company shares performed poorly.

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: 28/08/2020 – 29/08/2025

## Changes in Consensus Earnings Estimates



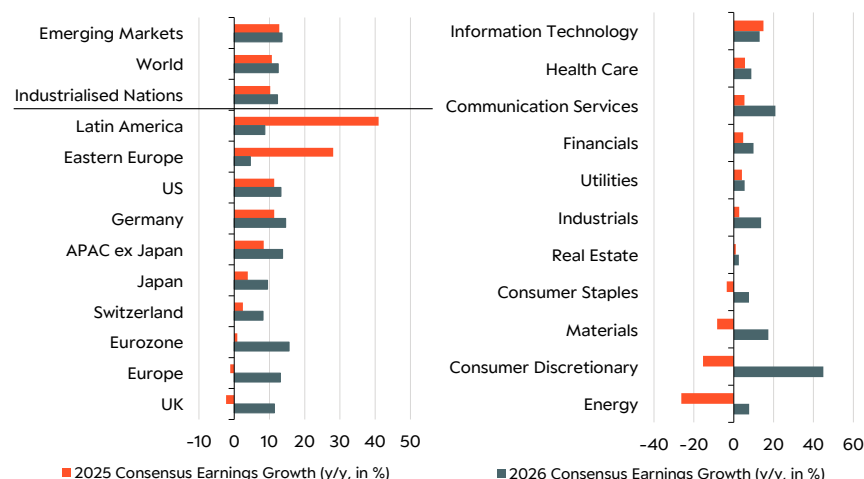
- Analysts have revised their profit estimates downwards in most European sectors. The exceptions are the financial and real estate sectors, where profits are expected to be higher than four weeks ago.

- Profit expectations by region have not changed significantly in the last four weeks. The exception is Eastern Europe, where profit estimates have been revised upwards.

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 29/08/2025

## Earnings Growth



- Overall, profit expectations for 2025 are positive. Global profit growth of around 10% is expected. Only for Europe and the United Kingdom do analysts expect negative profit growth.

- A decline in profits is expected this year in the European consumer goods, basic materials and energy sectors.

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

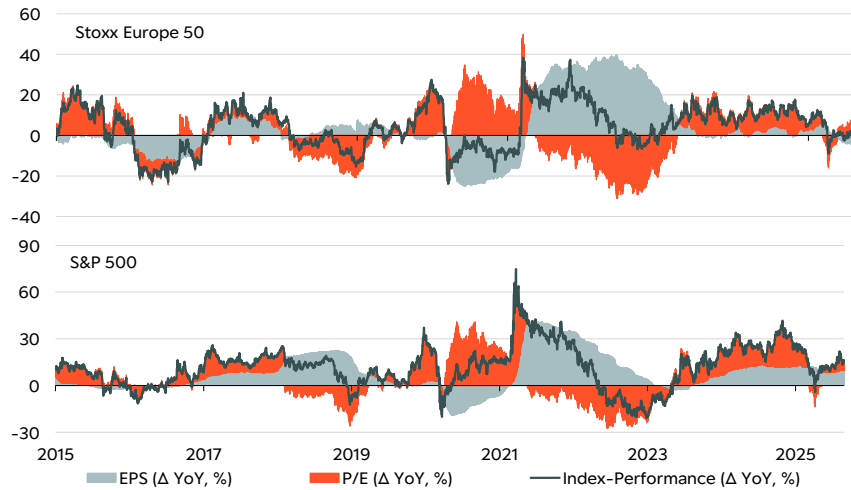
Source: FactSet, as of 29/08/2025





# Equities – Valuation

## Contribution Analysis

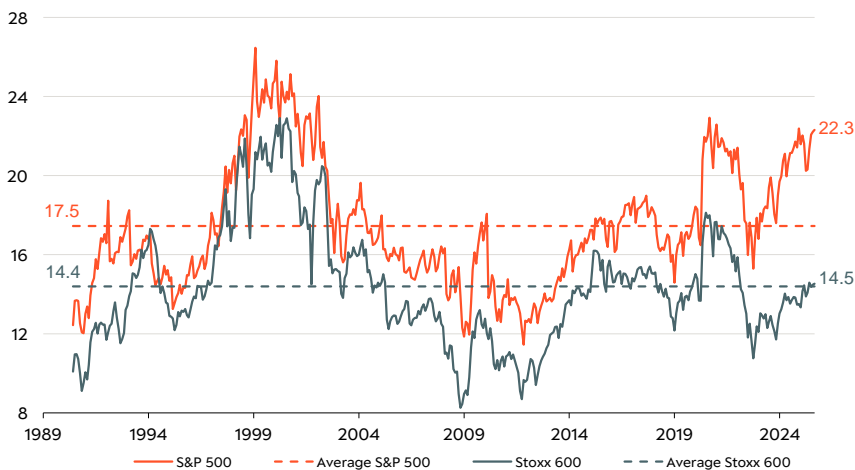


- Although the profits of European companies have recently been less negative than in the previous year, the development of the stock market continues to be driven primarily by an expansion of the P/E ratio.
- In the US, on the other hand, around 65% of the index's performance compared to the previous year is driven by profit increases, while around one third can be explained by an expansion of the P/E ratio.

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 – 29/08/2025

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

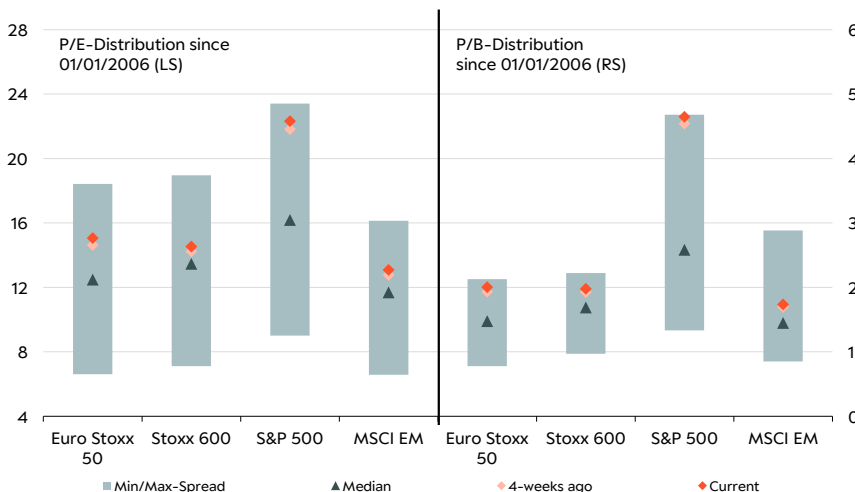


- As US stock markets continued to rise, the P/E ratio based on earnings estimates for the next twelve months also increased slightly recently. US equities remain expensive.
- The P/E ratio of European equities, which have largely moved sideways over the past four months, remains largely unchanged.

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 – 29/08/2025

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



- Compared to four weeks ago, both P/E ratios and P/B ratios in the major economic regions have expanded only marginally.
- On a P/E basis, the P/E ratio for US equities and the Euro Stoxx 50 expanded most significantly. On a P/B basis, the American stock market reached almost the highest level in the data history.

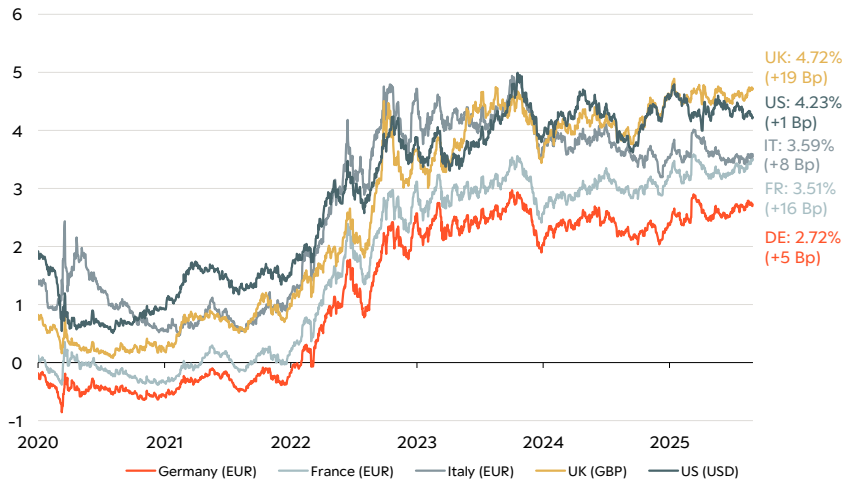
Historical distribution of valuation ratios for selected equity regions since 2006. In addition to the current value, the observation four weeks ago and the historical median, the maximum (upper limit of the blue bar) and minimum (lower limit of the blue bar) are shown.

Source: Bloomberg, Time period: 01/01/2006 – 29/08/2025



# Sovereign Bonds & Central Banks

## 10-Year Government Bond Yields

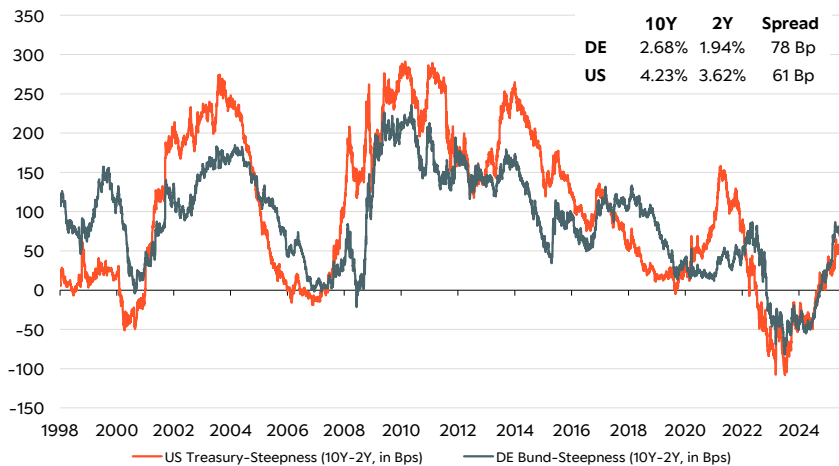


- 10-year government bond yields have shown significant movements in some cases over the last four weeks. French and British government bond yields have recently been trending close to their multi-year highs due to concerns about government debt levels. The movement is particularly pronounced in 30-year government bond yields.
- US government bond yields, on the other hand, have hardly risen at all over the same period.

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 – 29/08/2025

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

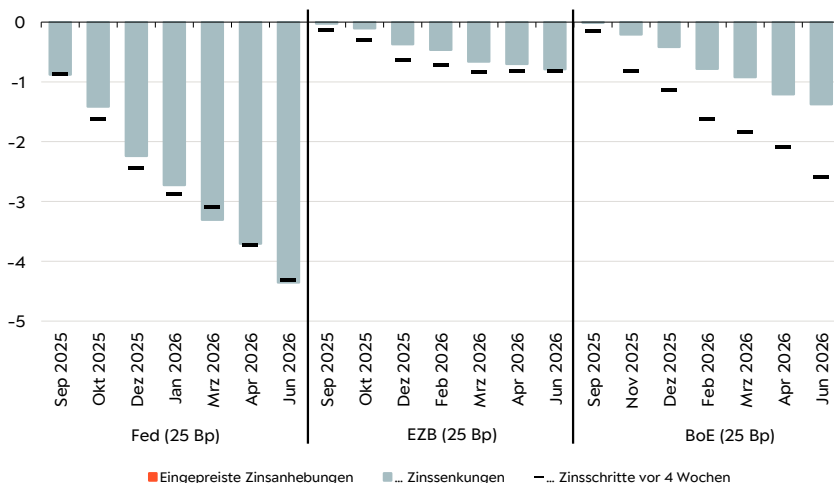


- Discussions about the independence of the US Federal Reserve, coupled with a possible interest rate cut in September, led to a steepening of the yield curve in the US to 61 basis points.
- By contrast, the marginal decline in long-term interest rates in Germany has caused the curve to flatten slightly in this country.

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 – 29/08/2025

## Implicit Changes in Key Interest Rates



- After Jerome Powell paved the way for an interest rate cut at the last Jackson Hole meeting, not least by highlighting the risks to the US labour market, investors increasingly priced in an interest rate cut in September and another one until the end of the year.
- However, even if inflation in the UK rises only in the short term, this offers the BoE little scope for interest rate cuts this year.

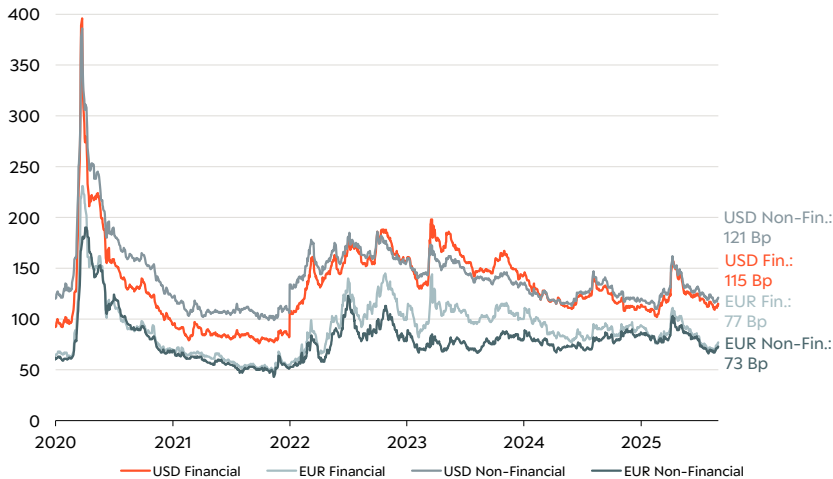
Derivatives on money market interest rates – such as the fed funds futures – can be used to determine the change (number of steps) in the key interest rate priced by the market.

Source: Bloomberg, Time period: 01/08/2025 – 29/08/2025



# Corporate Bonds

## Credit Spreads Financial and Non-Financial Bonds

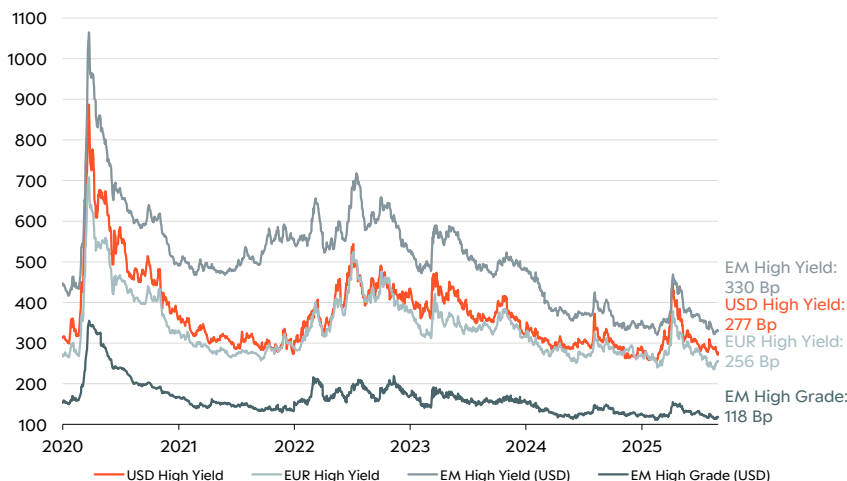


- Risk premiums on European corporate bonds have risen slightly again in recent weeks. After hitting a low of just 66 basis points, the spread on non-financial bonds is now back at around 73 basis points.
- In the US, risk premiums have trended sideways in recent weeks.

Explanations: see middle and lower figure.

Source: FactSet, Time period: 01/01/2020 – 29/08/2025

## Credit Spreads High Yield and Emerging Markets Bonds



- In Europe, risk premiums in the high-yield segment have risen alongside those in the investment-grade segment.
- In the US, however, they have fallen, bringing the spread between the two regions to 17 basis points, its lowest level since early July.

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 – 29/08/2025

## 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	29/08/24	29/08/23	29/08/22	29/08/21	29/08/20
EUR Government	2.85	0.07	6.9	-	-	-	-0.4	-0.1	1.1	5.5	-4.2	-14.8	1.0
Germany	2.39	0.02	6.9	-	-	-	-0.2	-1.1	-0.5	4.2	-6.1	-12.8	0.1
EUR Corporate	3.16	0.06	4.4	75	8	43	0.0	2.4	4.5	7.7	0.0	-12.7	2.7
Financial	3.20	0.06	3.7	77	8	31	0.0	2.8	4.9	8.0	0.5	-10.8	2.3
Non-Financial	3.14	0.05	4.8	73	7	50	0.0	2.1	4.2	7.5	-0.4	-13.8	2.9
EUR High Yield	5.46	-0.07	3.3	256	13	10	0.1	4.0	7.0	11.9	5.2	-11.4	8.7
US Treasury	3.98	-0.18	5.9	37	-1	95	0.8	4.4	1.9	6.5	-2.7	-10.8	-2.0
USD Corporate	4.95	-0.12	6.4	119	1	30	0.9	5.4	3.9	10.0	0.4	-14.1	3.0
Financial	4.87	-0.12	4.9	115	3	40	0.9	5.8	5.2	10.3	1.2	-11.8	2.5
Non-Financial	4.99	-0.12	7.2	121	1	27	0.8	5.3	3.3	9.8	0.0	-15.2	3.2
USD High Yield	7.04	-0.25	3.7	277	-6	2	1.1	6.2	8.1	12.9	5.5	-9.3	10.1
EM High Grade	4.74	-0.20	5.4	118	-1	1	1.2	6.0	5.2	10.0	0.9	-13.7	2.9
EM High Yield	7.21	-0.34	4.1	330	-8	4	1.4	7.4	10.0	16.5	5.7	-21.2	7.3

- Yields have continued to fall in almost all segments over the past month.
- With the exception of the special case of US government bonds, the asset swap spread is now below the 10-year median in all segments. High-yield bonds in particular are very expensive by historical standards.

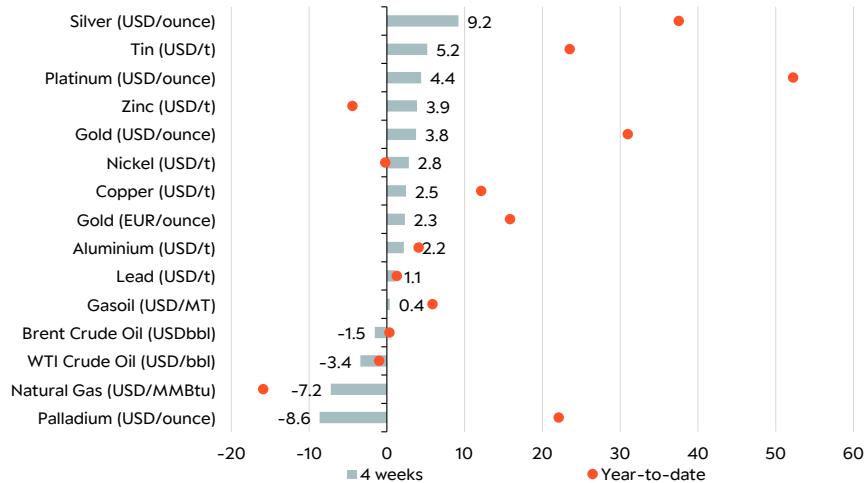
ICE BofA indices in the following sequence: Euro Government; German Government; Euro Corporate; Euro Financial; Euro Non-Financial; Euro High Yield; US Treasury; US Corporate; US Financial; US Non-Financial; US High Yield; High Grade Emerging Markets Corporate Plus; High Yield Emerging Markets Corporate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

Source: FactSet, Time period: 29/08/2015 – 29/08/2025



# Commodities

## Commodities Performance

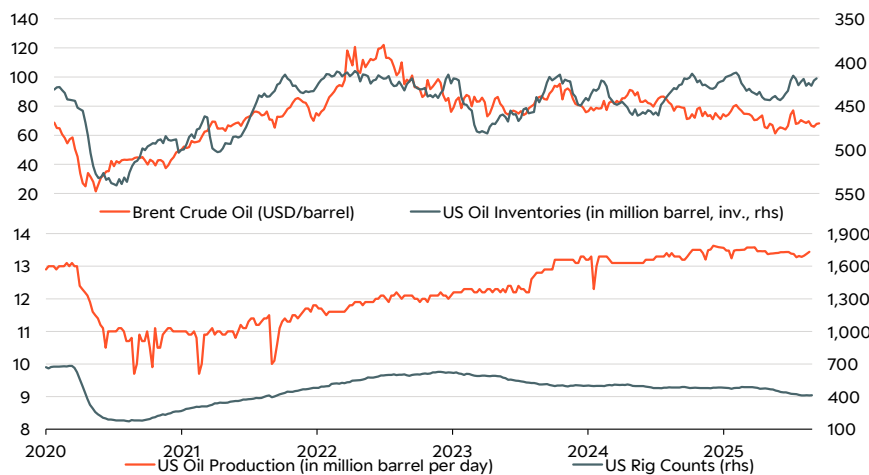


- Silver remains undervalued compared to gold. The gold-silver ratio currently stands at 87. This makes silver attractive to many investors who see no further upside potential for gold. Central bank purchases in the Middle East, rising industrial demand and continued very tight supply are also providing support.

Total return of selected commodity indices, in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 31/12/2024 – 29/08/2025

## Crude Oil

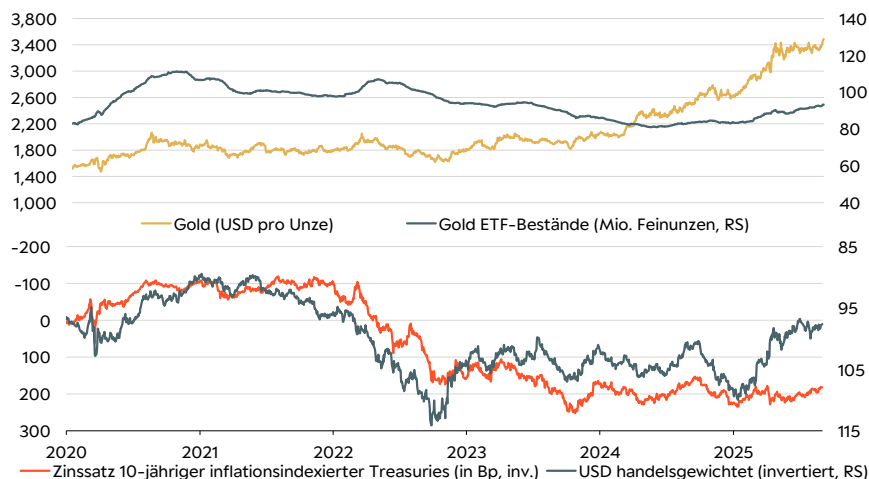


- Most recently, the price of oil (Brent) stabilised below the USD 70 per barrel mark. This means that it is trading around 20% lower in EUR terms than at the beginning of the year.
- In recent weeks, US crude oil inventories have fallen by 2.4 million barrels, driven by strong demand for petrol.
- Geopolitical risks in the Middle East and secondary sanctions continue to offer upside potential.

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 – 29/08/2025

## Gold



- In recent weeks, the conflict between President Trump and the Fed has escalated further with the dismissal of Fed Governor Lisa Cook. Against this backdrop and amid growing doubts about the Fed's independence, the price of gold rose to its highest level in five weeks, exceeding the USD 3,400 per ounce mark.

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 – 29/08/2025



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