Berenberg Markets Monitor

29.09.2025

Current market commentary

Since April, the S&P 500 has been on an almost continuous upward trajectory. It has gained around 34% from its low point to its current high, without experiencing any significant setbacks of more than 3% since the end of April. The market is currently navigating what is usually the weakest seasonal period of the year, but so far has shown only moderate fluctuations and remains close to new record highs. Precious metals have even outperformed this trend: gold and silver have risen by more than 40% since the beginning of the year, driven by growing concerns about rising global government debt. Copper and oil have also risen recently. This exacerbates inflation risks, presenting the US Federal Reserve with additional challenges when it comes to further interest rate cuts. Fed Chairman Powell therefore does not consider further easing to be a foregone conclusion. Although the Fed cut its key interest rate by 0.25 percentage points in September and has signalled two further cuts before the end of the year, Powell remains cautious and emphasises that future decisions will depend on the data and that a series of automatic interest rate cuts is therefore not to be expected.

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

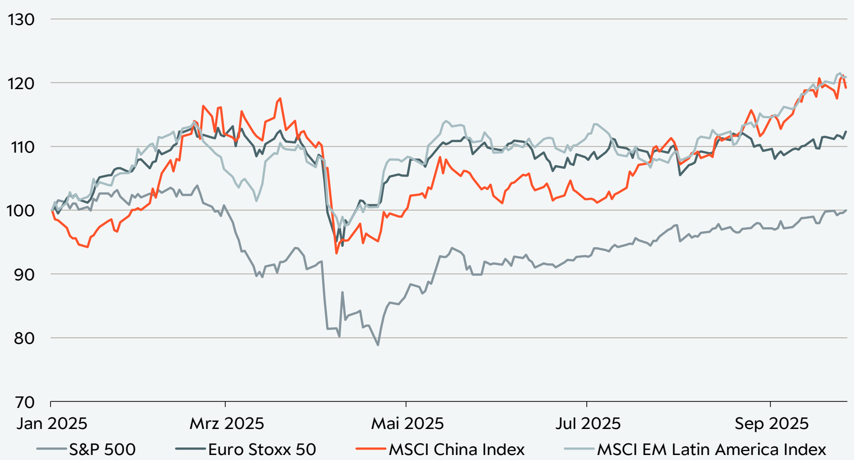
After the US Federal Reserve cut interest rates on 17 September for the first time in nine months, investors are now focusing more closely on hard economic data. Developments on the US labour market and inflation remain the key issues. In addition, the reporting season beginning in mid-October is likely to provide new insights into the resilience of companies to US tariffs.

Hard economic data and upcoming reporting season in investor focus.

Tomorrow, in addition to the purchasing managers' indices for manufacturing and services from China (September), consumer prices from Germany (September) and consumer confidence from the US (September) will also be published. On Wednesday, the purchasing managers' indices for the eurozone (September) and the ISM index for manufacturing in the US (September) will follow. On Friday, the important monthly labour market data and the ISM index for services (Sep) will be released in the US. Next week, the FOMC minutes and the preliminary Michigan Consumer Index (Oct) will follow.

Purchasing managers' indices, consumer prices and US labour market data in the focus of the markets.

International equities outperform US equities in a single currency



The indices shown trade in a single currency (EUR). 01/01/2025 = 100

- US equities are trading close to their highs in dollar terms. However, due to the depreciation of the dollar, euro investors are only breaking even for the year.
- Instead, euro investors benefited more from international equities, most recently from emerging markets such as China and Latin America.
- The latter were supported primarily by the weaker dollar, stimulus packages, low positioning and interest rate cuts.

Source: Bloomberg, Time period: 01/01/2025 – 26/09/2025

Performance

Multi Asset

	4-week & YTD		12-month periods over that last 5 years				
	4W (29/08/25 - 26/09/25)	YTD (31/12/24 - 26/09/25)	26/09/24 26/09/25	26/09/23 26/09/24	26/09/22 26/09/23	26/09/21 26/09/22	25/09/20 26/09/21
Gold	8.9	26.8	34.4	33.0	6.5	13.0	-6.7
MSCI Emerging Markets	5.6	11.1	11.1	19.2	-0.3	-12.0	20.9
Global Convertibles	3.9	1.8	12.2	6.7	-3.2	-11.9	28.6
Brent	3.1	-8.5	6.1	-16.6	14.8	63.9	87.3
MSCI World	2.5	3.1	11.3	25.6	9.3	-4.0	34.2
Industrial Metals	2.3	-5.4	-5.9	9.7	-6.0	5.3	44.3
MSCI Frontier Markets	1.0	21.6	29.9	10.0	-6.3	-6.8	29.4
EUR Coporates	0.3	2.6	3.7	9.4	3.1	-15.2	1.8
Euro overnight deposit	0.1	1.7	2.6	4.0	2.5	-0.5	-0.6
EUR Sovereign Debt	0.0	1.7	1.9	7.2	-0.2	-11.5	-0.3
USDEUR	-0.2	-11.5	-4.5	-5.4	-9.1	22.0	-0.8
REITs	-0.5	-8.5	-10.8	22.3	-15.0	-5.1	29.0

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.

- Gold continued its strong performance over the past four weeks and remains the best-performing asset class since the beginning of the year.
- Emerging market equities, global convertible bonds and crude oil also ranked among the winners over the past four weeks in euro terms.
- By contrast, the US dollar and REITs lost slightly during the period under review.

Total return for selected asset classes, in euros and in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 25/09/2020 – 26/09/2025

Equities

	4-week & YTD		12-month periods over that last 5 years				
	4W (29/08/25 - 26/09/25)	YTD (31/12/24 - 26/09/25)	26/09/24 26/09/25	26/09/23 26/09/24	26/09/22 26/09/23	26/09/21 26/09/22	25/09/20 26/09/21
MSCI EM Asia	5.8	10.0	10.7	22.0	-0.9	-13.3	17.1
MSCI EM Latin America	5.6	25.4	12.3	-0.4	8.2	17.9	28.4
S&P 500	3.0	0.9	11.9	29.1	8.3	1.4	36.0
Euro Stoxx 50	2.8	14.7	11.9	24.9	26.7	-17.5	34.9
Stoxx Europe Cyclicals	2.8	23.2	22.1	31.3	21.5	-20.3	44.2
MSCI Japan	2.0	6.3	9.5	14.5	15.1	-15.7	25.1
MSCI USA Small Caps	1.7	-3.7	5.4	20.0	0.9	-6.1	53.4
Stoxx Europe 50	1.2	9.4	5.4	18.1	20.6	-3.9	26.4
MSCI UK	0.3	10.6	10.7	17.5	15.6	2.0	33.7
DAX	-0.7	19.2	23.4	26.1	24.8	-21.3	24.6
Stoxx Europe Small 200	-0.8	9.9	5.3	20.0	13.0	-30.7	42.5
Stoxx Europe Defensives	-1.9	4.4	-1.2	12.4	19.0	-2.1	20.6

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.

- Asian emerging market equities and Latin American equities recorded the strongest gains over the past four weeks. The latter have even topped the performance rankings since the beginning of the year in euro terms.
- In addition to equities from Germany and European small caps, defensive stocks from Europe also lagged behind recently, losing ground slightly.

Total return (including reinvested dividends) for selected stock indices, in euros and in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 25/09/2020 – 26/09/2025

Fixed Income

	4-week & YTD		12-month periods over that last 5 years				
	4W (29/08/25 - 26/09/25)	YTD (31/12/24 - 26/09/25)	26/09/24 26/09/25	26/09/23 26/09/24	26/09/22 26/09/23	26/09/21 26/09/22	25/09/20 26/09/21
EM Hard Currency Bonds	1.8	-2.7	-1.5	8.9	-5.8	-4.1	2.1
USD Corporates	1.3	-5.4	7.1	17.6	7.3	-23.0	4.2
Treasuries	0.9	-6.7	-2.7	4.0	-9.4	5.1	-3.9
EM Local Currency Bonds	0.9	-0.1	2.7	9.4	-0.4	4.8	10.1
USD High Yield	0.8	-5.1	6.4	11.9	7.9	-17.6	4.8
EUR High Yield	0.6	4.6	6.5	12.5	9.7	-14.8	10.0
EUR Financials	0.2	3.0	-2.2	7.2	2.0	-28.8	-6.1
EUR Non-Financials	0.2	2.3	4.1	9.4	3.8	-13.4	1.9
BTPs	0.1	1.9	2.7	12.3	1.2	-18.3	1.8
Chinese Sovereign Bonds	-0.1	-9.3	3.3	9.3	2.7	-16.2	1.7
Bunds	-0.2	-1.3	-1.5	7.2	-4.1	-15.0	-2.4
Gilts	-0.6	-4.0	2.3	8.2	3.1	5.0	5.5

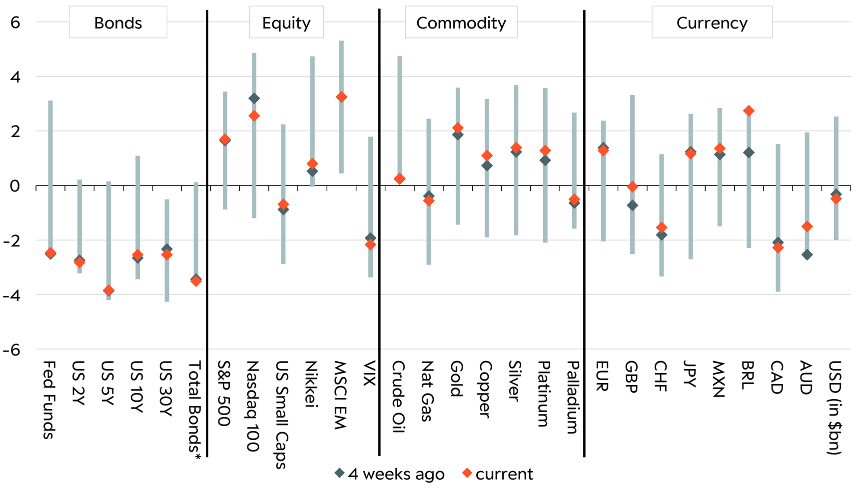
Bunds: ICE BofA German Government Index; BTPs: ICE BofA Italy Government Index; Treasuries: ICE BofA US Treasury TR; Gilts: ICE BofA UK Gilt Index; Chinese Gov Bonds: ICE BofA China Govt; EUR Financials.: ICE BofA Euro Financial Index; EUR Non-Financials: ICE BofA Euro Non-Financial Index; EUR High Yield: 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 Inde

- Over the past four weeks, in addition to hard currency and local currency bonds from emerging markets, USD corporate and high-yield bonds as well as US government bonds denominated in euros also rose slightly.
- Government bonds, particularly those from China, Germany and the United Kingdom, on the other hand, lagged behind and lost slightly in value.

Total return (including reinvested coupons) for selected bond indices, in euros and in per cent, sorted by 4-week performance.
Source: Bloomberg, Time period: 25/09/2020 – 26/09/2025

Positioning

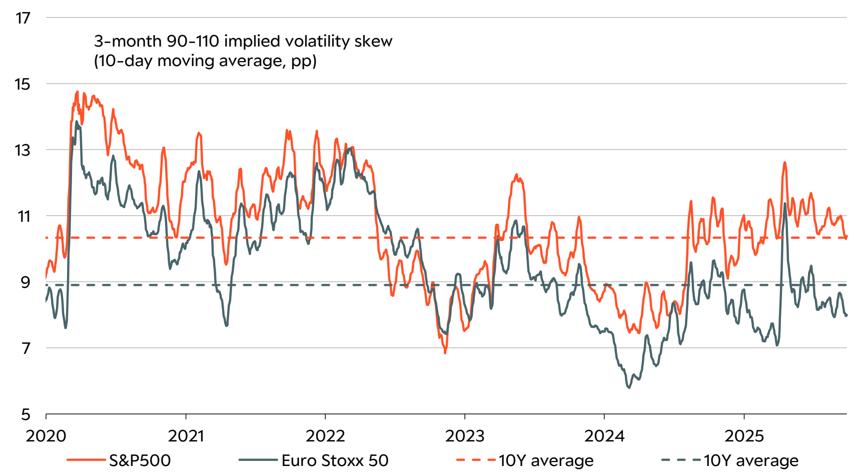
Non-commercial Positioning



- Hedge funds have slightly reduced their long positions in US technology stocks over the past month.
- Speculative positioning in the Brazilian real has recently risen to a 10-year high.

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: 23/09/2015 – 23/09/2025

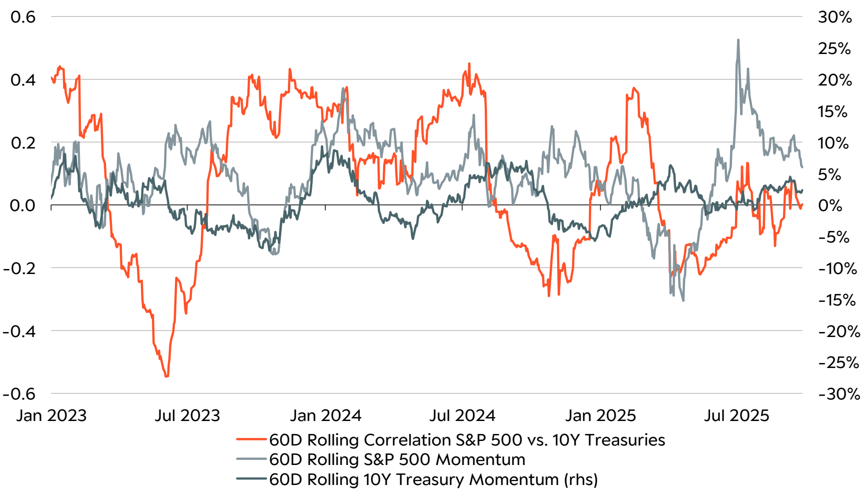
Put-Call-Skew



- The put-call skew has flattened in recent weeks for both the S&P 500 and the Euro Stoxx 50.
- For the S&P 500, the skew is now close to its long-term average. The 1-month skew is even below that. The skew over one year, on the other hand, is still significantly steeper.

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: 26/09/2015 – 26/09/2025

60-Day Momentum and Correlation

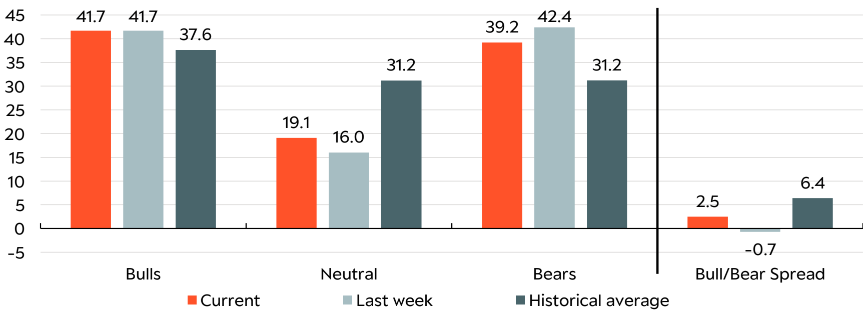


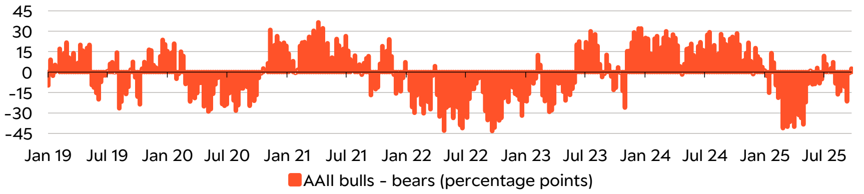
- The 3m momentum for US equities has weakened somewhat over the past few weeks, but remains positive.
- With the market stagnating, the 1m momentum would already turn in the next two weeks. Therefore, we do not expect much tailwind from already highly positioned CTAs in the short term.

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 – 26/09/2025

Sentiment

AAII Markt Sentiment Survey (Bull vs Bears)

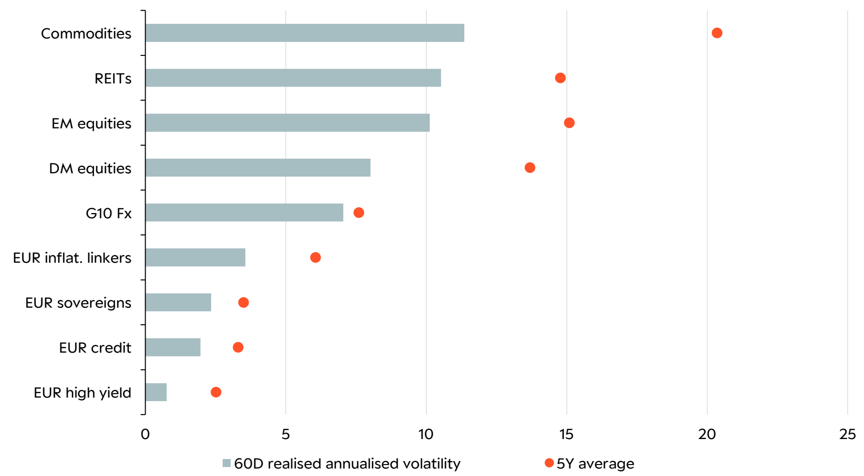




- After two months of pessimism, US private investors have recently regained a sense of cautious optimism.
- Other sentiment indicators, such as the University of Michigan's consumer confidence index, however, still point to very poor sentiment.

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 – 25/09/2025

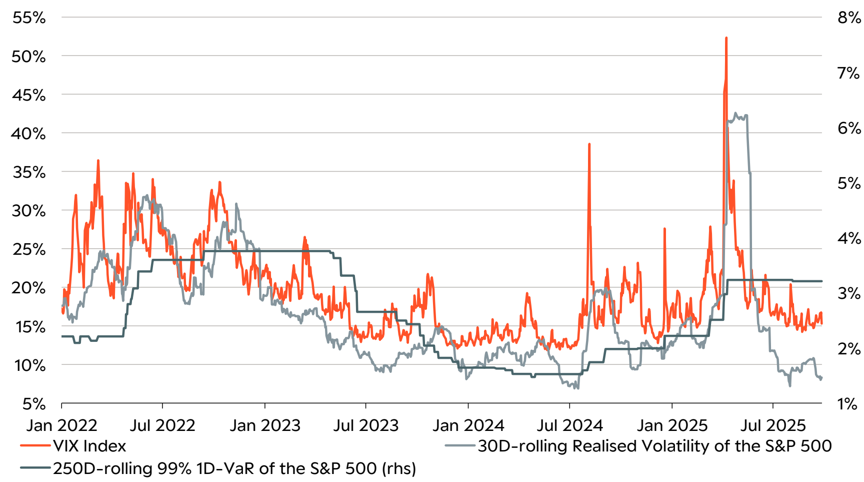
Realised Volatilities



- Realised volatility remains exceptionally low across all asset classes.
- At just 11%, volatility in commodities is not only almost half the five-year average, but also at its lowest level in five years.

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: 26/09/2020 - 26/09/2025

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

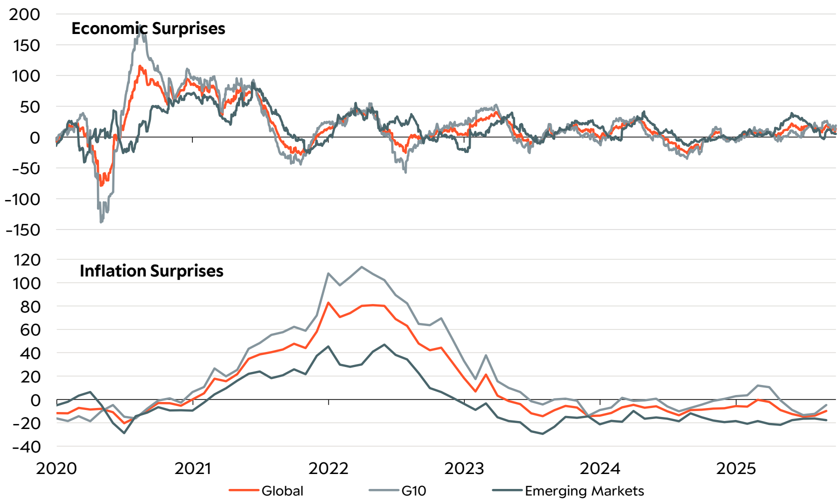


- The realised volatility of the last 30 days is extremely low at 8%. The VIX, on the other hand, has not managed to fall below the 15% mark on a sustained basis.
- At 7 percentage points, the volatility premium therefore remains exceptionally high.

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 – 26/09/2025

Surprise Indicators

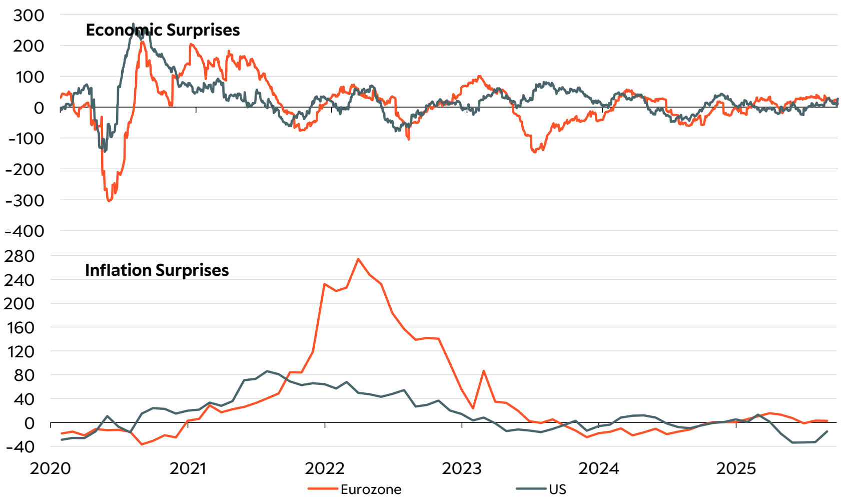
Global



- Over the past two weeks, economic surprises have continued to be positive in both industrialised and emerging markets.
- In Canada, factory sales exceeded expectations in July, while the number of housing starts in August came in below expectations. In Australia, the unemployment rate in August was lower than expected.
- In Mexico, retail sales in July surprised on the downside, while in China they disappointed in August.

See explanations below.
Source: Bloomberg, Time period: 01/01/2020 – 26/09/2025

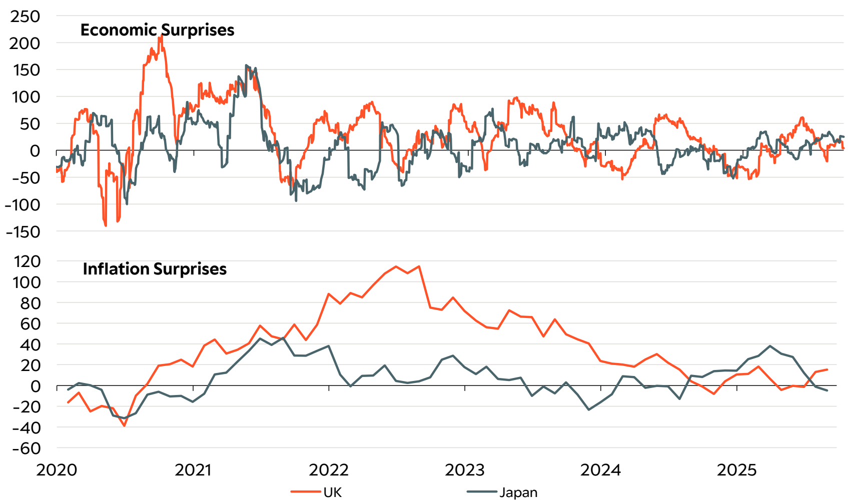
Eurozone and US



- Over the past two weeks, economic surprises in the US and the eurozone have been positive, although momentum in both regions has recently been negative.
- In the US, the latest initial jobless claims surprised on the downside, while new home sales in August surprised strongly on the upside.
- In the eurozone, industrial production in July surprised slightly on the downside.

See explanations below.
Source: Bloomberg, Time period: 01/01/2020 – 26/09/2025

UK and Japan

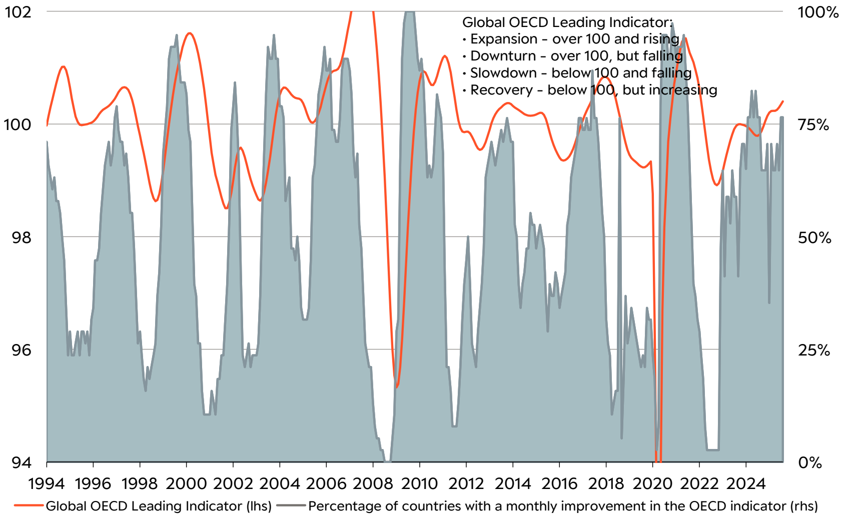


- In the United Kingdom, the unemployment rate in the second quarter was in line with expectations.
- In Japan, industrial orders in July were below expectations.

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 – 26/09/2025

Economics

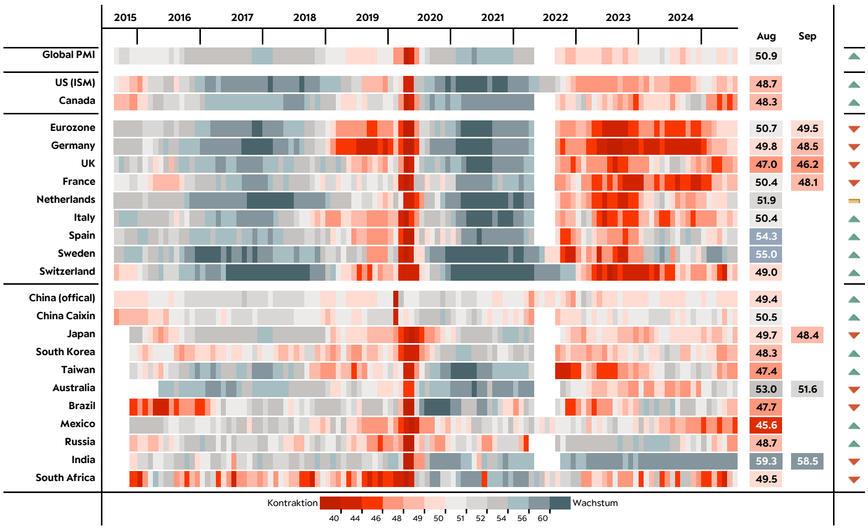
OECD Leading Indicator



- Global economic expansion continues. At 100.4 in August, the revised OECD leading indicator was above the 100 mark for the tenth consecutive month.
- According to the revised leading indicator, the economic situation improved in August in 76% of the countries considered 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 – 26/09/2025

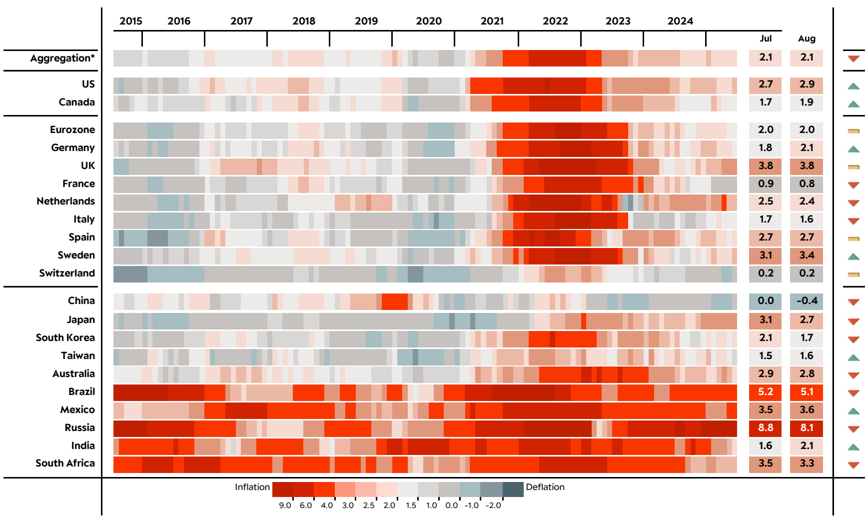
Manufacturing Purchasing Managers Index (Manufacturing PMI)



- The first PMI data for September again point to a decline in manufacturing activity in the eurozone. In the United Kingdom, too, the PMI in September was 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 points 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 – 26/09/2025

Headline Inflation

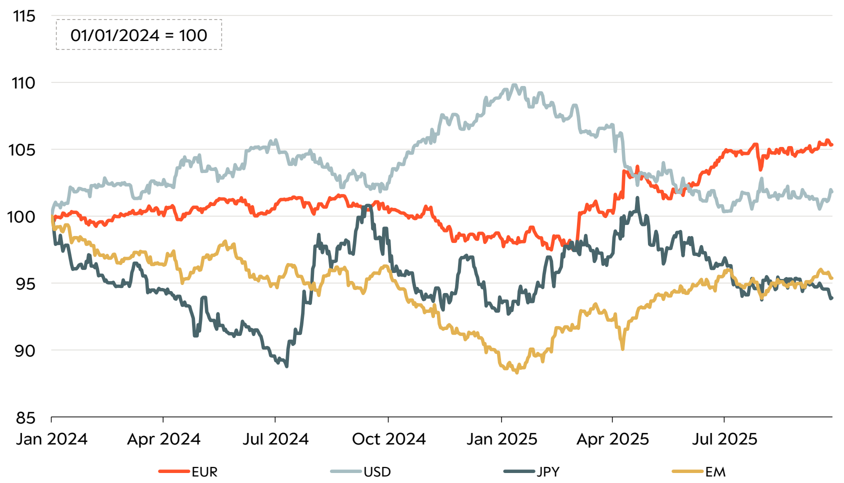


- Consumer price indices for August pointed to a further slowdown in global inflation. In France and Australia, for example, the annual harmonised inflation rate declined compared with the previous month. In Germany, rising food prices contributed significantly to an unexpected increase in the annual 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 – 26/09/2025

Foreign Exchange

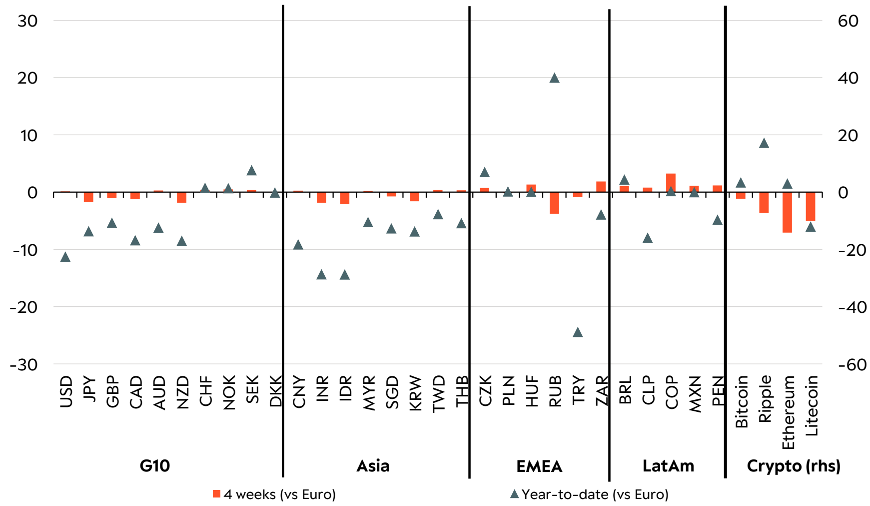
Trade-Weighted Currency Development



- The trade-weighted US dollar index recently received a boost when the GDP growth rate for the second quarter in the US was revised upwards. At the same time, the latest initial jobless claims surprised on the downside and durable goods orders in August were well above expectations.
- The trade-weighted euro index recently reached its highest level in over 10 years.

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 – 26/09/2025

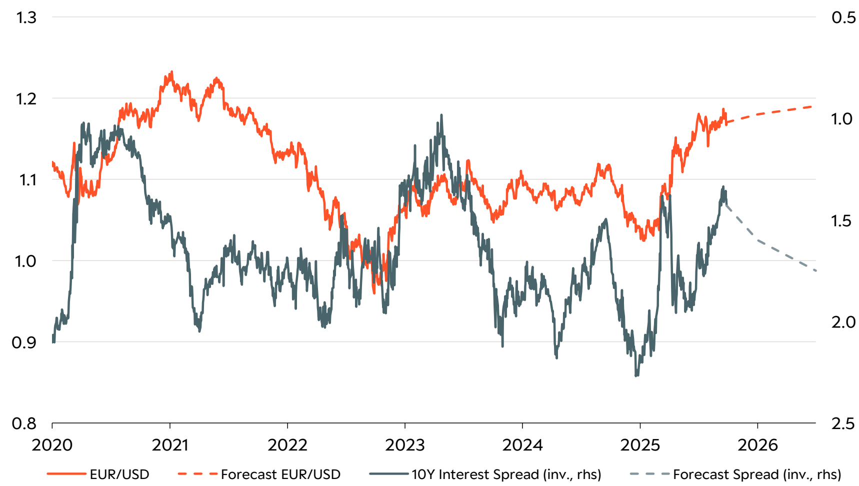
Currency Moves vs Euro



- Over the past four weeks, the euro has gained value against most of the currencies listed here.
- Following its scheduled meeting, the Swiss National Bank left its key interest rate unchanged, as expected. The key interest rate therefore remains at 0.0%.
- Following its scheduled meeting, the Swedish National Bank unexpectedly cut its key interest rate by 25 basis points, but signalled that no further interest rate cuts are to be expected in the near future.

Performance of selected currencies against the euro, in percent.
Source: Bloomberg, Time period: 01/01/2025 – 26/09/2025

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 140 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

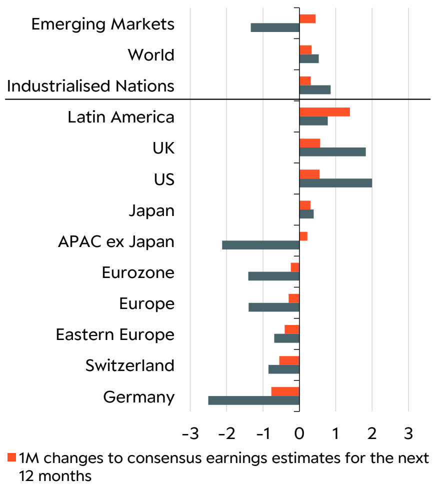
	4-week & YTD: 4W (29/08/25 - 26/09/25)	4-week & YTD: YTD (31/12/24 - 26/09/25)	12-month periods over that last 5 years: 26/09/24 – 26/09/25	26/09/23 – 26/09/24	26/09/22 – 26/09/23	26/09/21 – 26/09/22	25/09/20 – 26/09/21
Information Technology	9.4	4.6	4.7	36.7	18.9	-34.6	52.2
Industrials	3.1	21.6	20.1	34.3	25.8	-23.7	41.8
Consumer Discretionary	2.5	-4.0	-5.7	12.2	21.5	-21.5	41.4
Finance	2.0	32.7	36.4	31.4	25.9	-6.9	52.3
Utilities	1.6	19.6	10.9	17.9	11.5	-5.9	12.5
Growth	1.5	4.4	-0.5	21.5	14.5	-19.2	30.6
Energy	1.4	10.2	10.2	-7.2	27.8	29.0	58.5
Value	0.4	19.2	17.2	18.6	22.4	-5.3	34.6
Materials	-0.1	3.4	-6.7	21.1	13.8	-13.6	32.5
Telecommunications	-2.1	12.9	10.8	22.0	10.6	-12.8	27.0
Health Care	-3.4	-5.3	-14.6	14.8	19.1	-5.7	13.8
Consumer Staples	-4.7	1.6	-4.3	4.1	2.0	-0.4	12.8

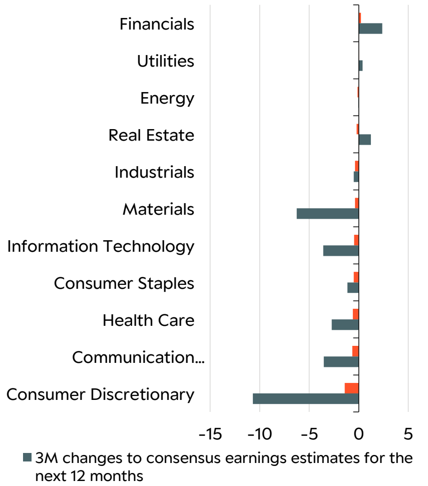
Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Stables: MSCI Europe Cons. Staples NR; Energy: MSCI Europe Energy NR; Finance: MSCI Europe Financials NR; Health Care: MSCI Europe Health Care NR; Industrials: MSCI Europe Industrials NR; Information Tech.: MSCI Europe Inform. Tech.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

- European equity sectors have performed unevenly over the past four weeks. Shares in the information technology and industrial sectors have gained the most ground.
- The financial sector remains the best-performing sector since the beginning of the year, with a return of 32.7 per cent.

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: 25/09/2020 – 26/09/2025

Changes in Consensus Earnings Estimates

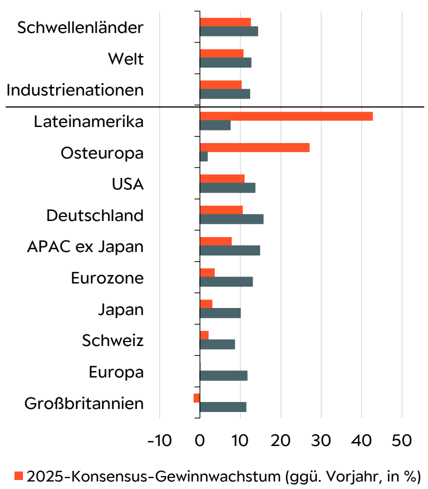


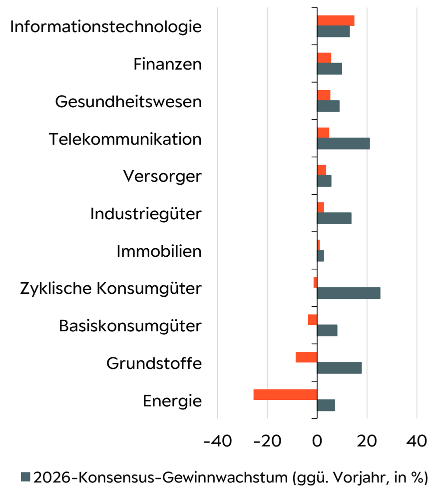


- Global earnings expectations have been revised upwards again in the last four weeks.
- Analysts' earnings revisions for European sectors paint a negative picture. While most European sectors have seen negative earnings revisions in the last four weeks, earnings expectations in the financial sector have been revised upwards further in the same period.

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 26/09/2025

Earnings Growth



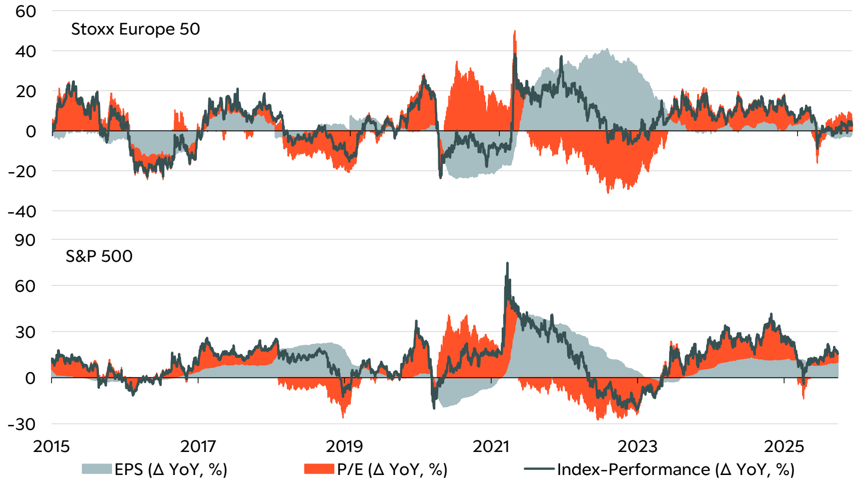


- Overall, earnings expectations for 2025 are positive. Global earnings growth of over 10% is expected. Only for the United Kingdom do analysts expect negative earnings growth.
- A decline in earnings is expected this year in the European consumer goods, basic materials and energy sectors.

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 26/09/2025

Equities – Valuation

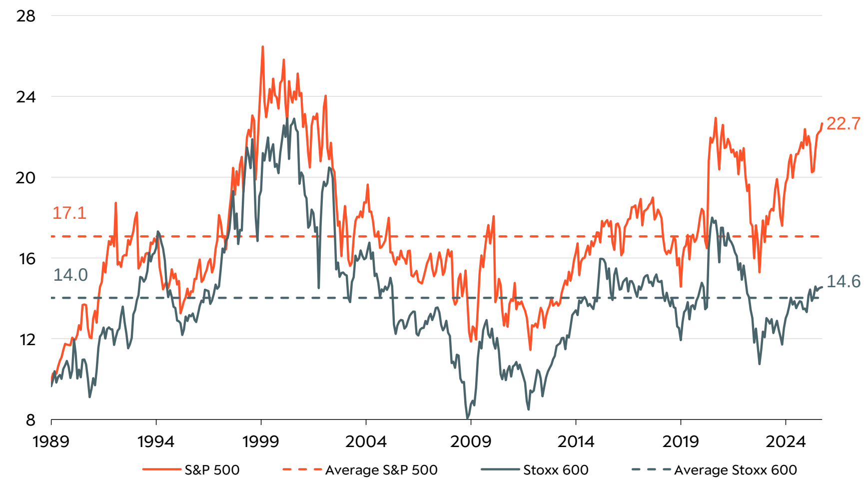
Contribution Analysis



- The performance of European equities has so far been driven by an expansion in valuations. However, negative earnings estimates seem to have stabilised somewhat recently.
- In the US, on the other hand, the performance of equities is largely driven by further increases in earnings estimates. The expansion in valuations is providing additional support.

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 – 26/09/2025

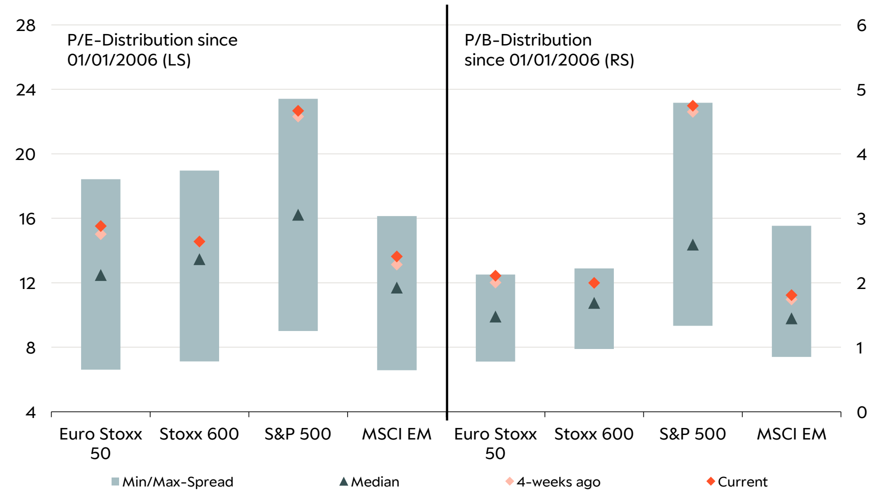
Price-Earnings Ratio (P/E Ratio) of European and US Equities



- US equities are currently trading at an unchanged high P/E ratio of 22.7 – similar to the levels seen in 2020. The long-term average is around 17. This means that US equities still appear to be expensive.
- Although the P/E ratio of European equities has expanded slightly recently, at 14.6 it is only marginally above the long-term average.

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 – 26/09/2025

Historical Distribution: Price/Earnings and Price/Book Ratio

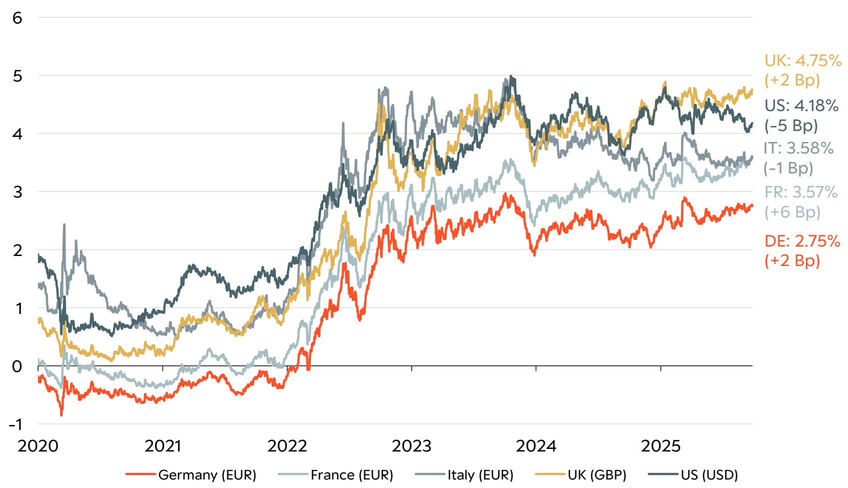


- The positive development of Asian stock markets in recent weeks is also reflected in an expansion of the P/E and P/B ratios. These are now not far from the level of European stock markets.
- In historical comparison, however, the P/B ratio of European equities, similar to that of US equities, can now be considered expensive.

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 – 26/09/2025

Sovereign Bonds & Central Banks

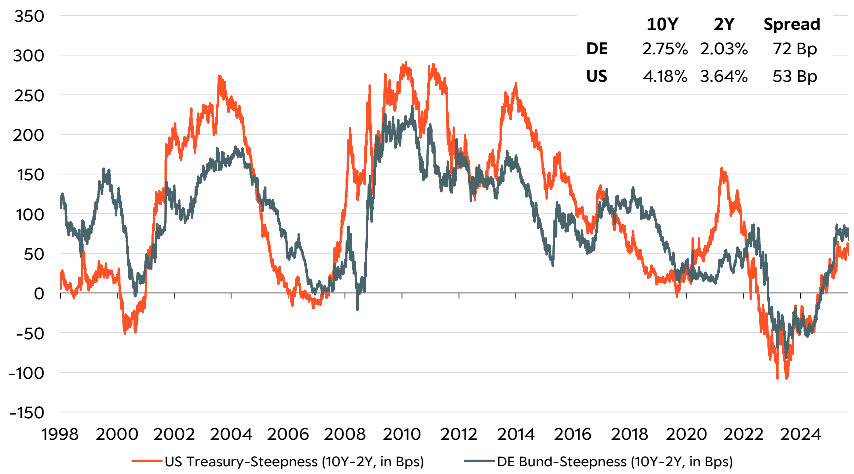
10-Year Government Bond Yields



- Over the past four weeks, yields on 10-year US government bonds have fallen slightly again. This was mainly supported by expectations of an interest rate cut and concerns about a cooling labour market. However, slightly stronger economic data recently gave yields a slight upward boost.
- Government bond yields in Europe and the UK, on the other hand, have largely continued their upward trend.

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 – 26/09/2025

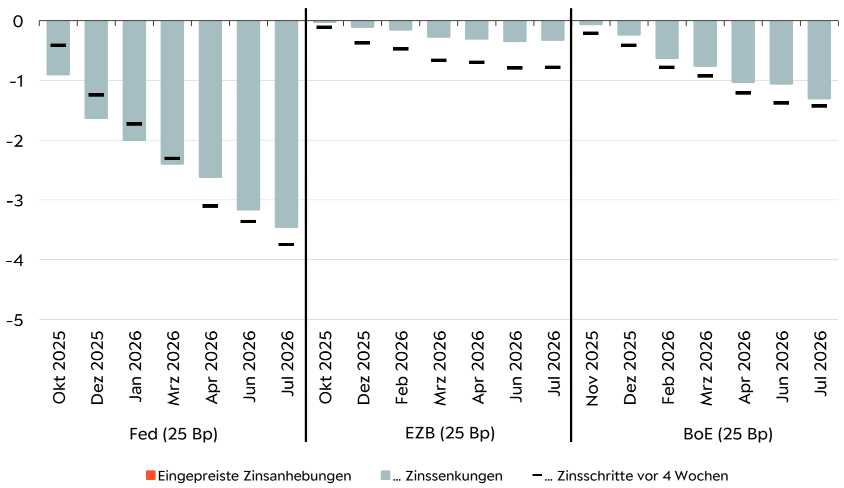
Yield Curve Steepness (10Y - 2Y)



- Yield curves in both the US and Germany have changed little over the past two weeks.
- While yields in Germany have risen only marginally at both the short and long ends, the yield curve in the US has shifted significantly upwards in parallel.

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 – 26/09/2025

Implicit Changes in Key Interest Rates

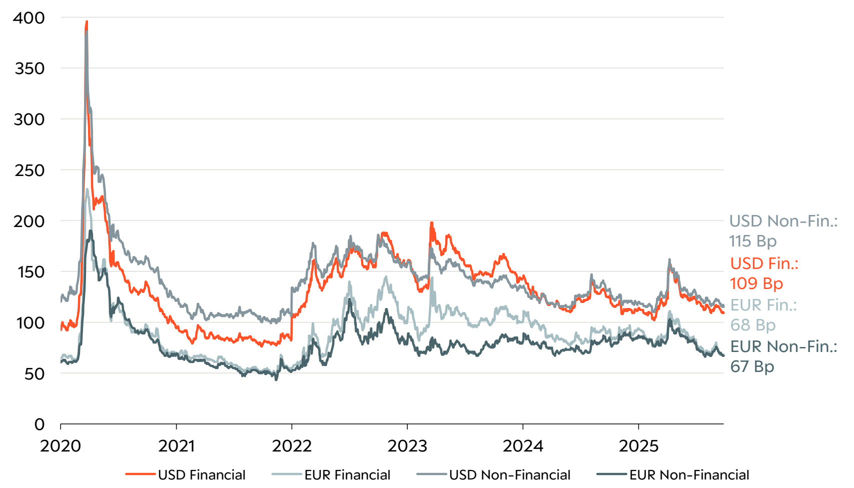


- Over the past four weeks, expectations of early interest rate cuts in the US have strengthened. One or two further interest rate cuts are expected by the end of the year. By mid-2026, a cumulative total of three further interest rate cuts will have been priced in.
- The Bank of England is likely to leave its key interest rates unchanged this year due to persistently high inflation. The market expects a cut by the middle of next 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: 29/08/2025 – 26/09/2025

Corporate Bonds

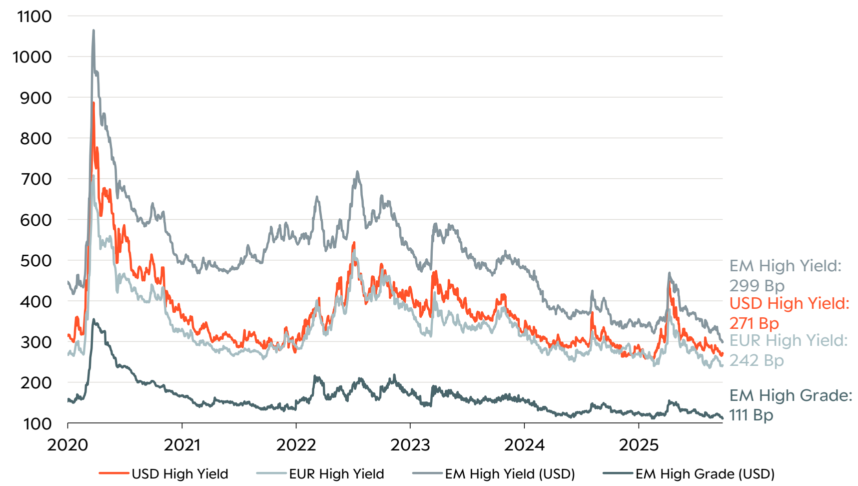
Credit Spreads Financial and Non-Financial Bonds



- Spreads on EUR financial bonds hit a new low for the year last week and, for the first time since February, even traded below the risk premiums on non-financial bonds.
- Risk premiums on USD corporate bonds have also fallen slightly in recent weeks.

Explanations: see middle and lower figure.
Source: FactSet, Time period: 01/01/2018 – 26/09/2025

Credit Spreads High Yield and Emerging Markets Bonds



- The risk premiums on high-yield EUR bonds are close to their lowest level in six years at 242 basis points.
- The spreads on IG emerging market bonds are at the same level as USD IG corporate bonds at 111 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: 01/01/2018 – 26/09/2025

Bond Segments Overview

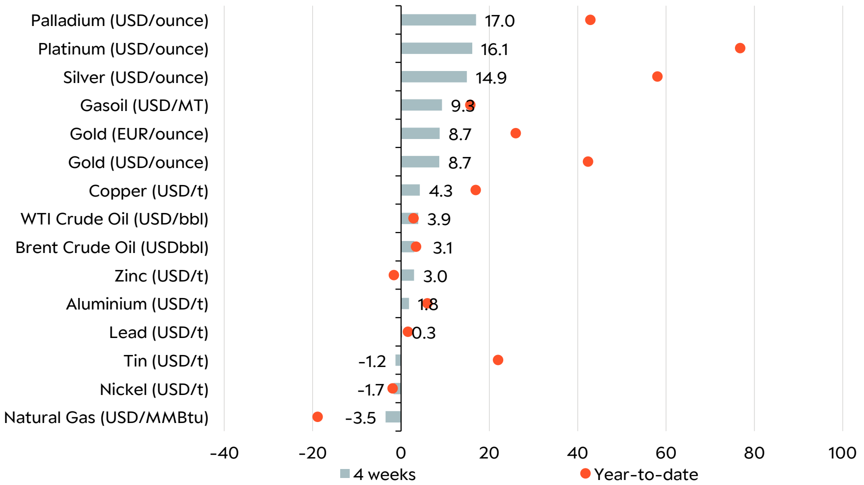
	Key figures			Asset Swap Spread			Total Return (%, local)						
	Yield (in %)	Δ-1M	Modified Duration	Spread (Bps)	Δ-1M	10Y-Percentile	1M	YTD	26/09/24 26/09/25	26/09/23 26/09/24	26/09/22 26/09/23	26/09/21 26/09/22	26/09/20 26/09/21
EUR Government	2.88	0.04	6.9	-	-	-	0.2	0.1	0.2	8.8	-2.5	-17.1	-1.4
Germany	2.47	0.07	6.9	-	-	-	0.0	-1.2	-1.5	7.2	-4.1	-15.0	-2.4
EUR Corporate	3.17	0.02	4.4	67	-5	27	0.2	2.6	3.7	9.4	3.1	-15.2	1.8
Financial	3.19	0.00	3.7	68	-6	21	0.3	3.1	4.1	9.4	3.8	-13.4	1.9
Non-Financial	3.16	0.02	4.8	67	-4	37	0.2	2.4	3.3	9.3	2.7	-16.2	1.7
EUR High Yield	5.47	0.02	3.3	242	-11	8	0.5	4.6	6.5	12.5	9.7	-14.8	10.0
US Treasury	4.00	-0.02	6.0	36	-2	93	0.8	5.2	1.7	9.9	-0.9	-13.8	-3.3
USD Corporate	4.88	-0.08	6.5	113	-4	20	1.1	6.7	3.7	13.7	3.6	-18.2	2.6
Financial	4.81	-0.08	5.0	109	-4	29	0.9	6.7	4.8	13.3	4.1	-15.3	2.5
Non-Financial	4.91	-0.08	7.2	115	-4	17	1.3	6.7	3.3	13.9	3.3	-19.5	2.7
USD High Yield	7.05	-0.02	3.7	271	-4	2	0.8	6.9	7.3	15.6	9.5	-13.9	12.7
EM High Grade	4.67	-0.09	5.4	111	-6	0	1.0	6.9	5.1	12.2	3.5	-16.4	2.8
EM High Yield	7.12	-0.14	4.1	299	-33	0	1.2	8.3	9.2	18.2	10.0	-23.4	7.7

- Yields on USD bonds have fallen across all credit ratings over the past month.
- Since the beginning of the year, only German government bonds have posted a negative return (in local currency).

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: 26/09/2015 – 26/09/2025

Commodities

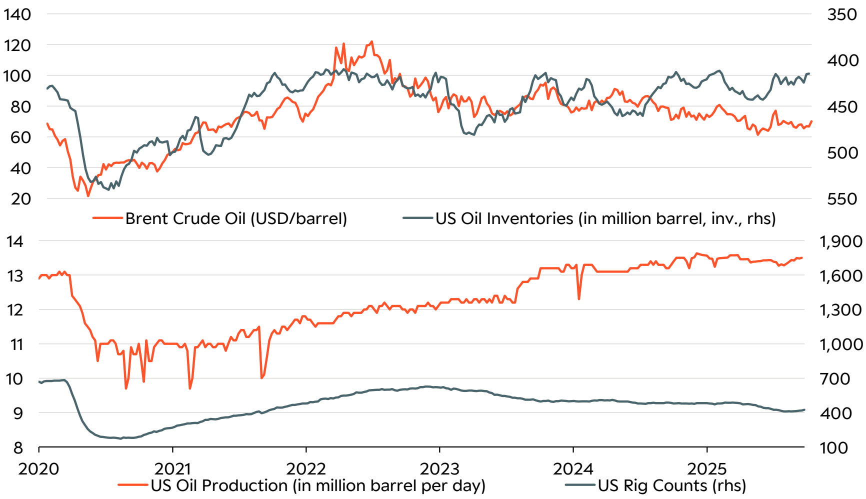
Commodities Performance



- Almost all commodities gained ground over the past month.
- Precious metals performed best. Silver has gained almost 60% since the beginning of the year and, at USD 46 per ounce, is now only USD 3 below its all-time high of 1980.
- Gold mining stocks have more than doubled since the beginning of the year.

Total return of selected commodity indices, in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 31/12/2024 – 26/09/2025

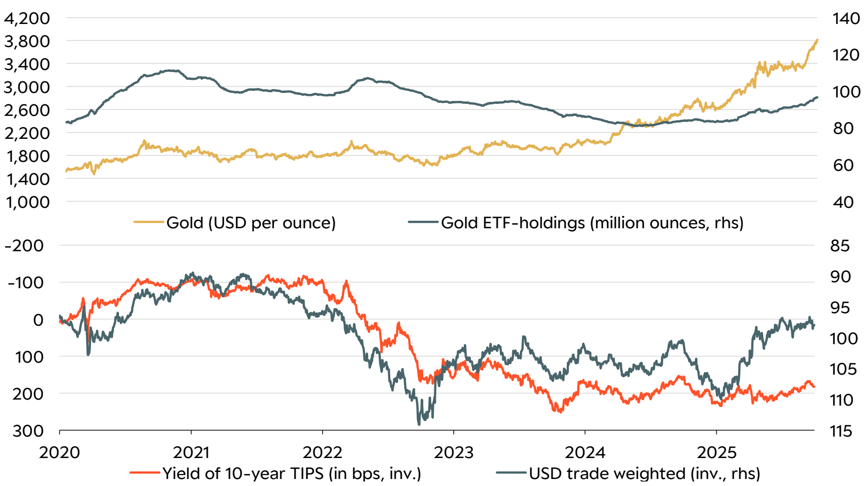
Crude Oil



- With a price range of around USD 4 per barrel, September has been the least volatile month for crude oil so far this year.
- So far, the market has coped well with the significant production increases by OPEC+. China in particular seems to be taking advantage of the moderate prices to build up its strategic reserves.
- OPEC+ is likely to decide on a further production increase on 5 October.

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 – 26/09/2025

Gold



- The price of gold has risen by more than 14% since the beginning of August. During the same period, ETF holdings have increased by almost 4.5 million ounces. Holdings are still around 15 million ounces away from their all-time high in 2020, but at that time the price of gold was 'only' almost USD 2,000 per ounce.

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 – 26/09/2025

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