13.10.2025

Current market commentary

The stock markets initially continued their upward trend despite political turmoil. The S&P 500 and Euro Stoxx 50 reached new all-time highs. Meanwhile, the US shutdown is entering its third week. In France, the fiscal crisis has further intensified. Following his resignation, Lecornu is now to make another attempt to negotiate a budget for 2026. Japan, meanwhile, is getting its first female prime minister in history. Sanae Takaichi is considered a nationalist and stimulus-friendly. Japanese stocks rose and the yen depreciated. It was not until Friday that Trump's new tariff threats against China disrupted the calm on the markets. Volatility jumped significantly and stock indices fell. Highly positioned systematic strategies are likely to continue selling equities in the short term. However, discretionary investors who are significantly less exposed to equities and are not caught up in the euphoria are likely to use the setbacks to buy. This should limit the potential for further declines. Recently, however, the action has been mainly in precious metals. Gold broke through USD 4,000 per ounce and silver rose above USD 50 per ounce for the first time. We remain structurally bullish on precious metals, but have taken our first profits after the strong rally.

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

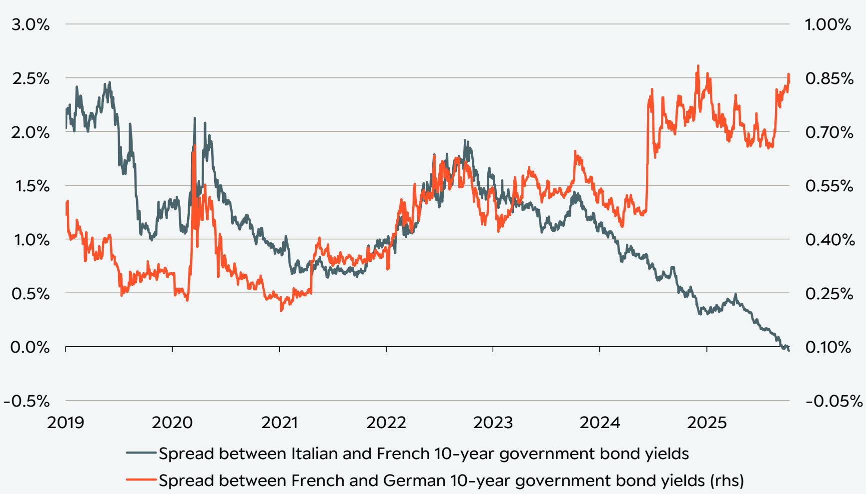
US shutdown and start of the earnings season in investor view.

The US government shutdown that came into effect on 1 October and the associated closure of non-essential institutions meant that important economic data was not published – most notably the monthly US labour market report. According to the Bureau of Labour Statistics, the publication of consumer prices will initially be postponed until 24 October. Investors are now likely to turn their attention increasingly to the start of the reporting season.

Purchasing managers' indices, consumer prices and industrial production data in the focus of the markets.

On Tuesday, the ZEW economic expectations for Germany (Oct) are expected first. On Wednesday, consumer prices from France (Sep) and the US (Sep) will follow, as well as data on industrial production in the eurozone (Aug). On Thursday, retail sales (Sep) and producer prices from the US (Sep) are scheduled to be released. At the end of the week, the Eurozone consumer price index (Sep) and US industrial production data (Sep) will follow. In the following week, inflation data from the UK (Sep) and the purchasing managers' indices of some G8 countries (Oct) are expected.

Political chaos: French government bonds 'riskier' than Italian ones



- The resignation of French Prime Minister Lecornu triggered another sell-off of French government bonds. This is because there is one thing that the right and left wings of the deeply divided parliament agree on: spending less money is out of the question. This means that the urgently needed fiscal discipline is unlikely to materialise.
- The yield premium over German federal bonds widened once again, and OAT yields are now even higher than those of Italian government bonds.

Source: Bloomberg, Time period: 01/01/2019 – 10/10/2025

Performance

Multi Asset

	4-week & YTD		12-month periods over that last 5 years				
	4W (12/09/25 - 10/10/25)	YTD (31/12/24 - 10/10/25)	10/10/24 10/10/25	10/10/23 10/10/24	10/10/22 10/10/23	10/10/21 10/10/22	09/10/20 10/10/21
Gold	11.4	36.4	43.8	37.1	2.0	13.2	-6.9
MSCI Emerging Markets	4.2	15.4	13.2	22.3	0.1	-13.6	16.8
Industrial Metals	4.0	-2.0	-3.3	12.6	-9.9	6.2	43.0
Global Convertibles	3.9	4.1	11.5	10.7	-4.4	-10.4	22.3
MSCI Frontier Markets	1.7	23.6	29.6	12.1	-1.7	-13.2	32.2
USDEUR	1.0	-10.9	-5.9	-3.0	-8.5	19.3	2.2
MSCI World	0.8	3.1	8.8	26.9	11.9	-4.6	28.9
EUR Coporates	0.5	3.1	4.2	9.3	4.3	-15.9	0.8
EUR Sovereign Debt	0.5	2.2	2.8	6.5	0.4	-11.5	-0.8
Euro overnight deposit	0.1	1.8	2.5	4.0	2.7	-0.4	-0.6
REITs	-2.0	-9.9	-11.3	21.7	-9.0	-10.3	22.2
Brent	-4.6	-16.2	-15.0	0.7	-5.8	74.3	104.3

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 rally, reaching the USD 4,000 per ounce mark. This means that the precious metal has also recorded the strongest increase in value of all asset classes over the last four weeks – despite a stronger dollar.
- In addition to precious and industrial metals, emerging market equities and global convertible bonds also benefited.
- Crude oil (Brent), on the other hand, lost significant ground, slipping below the USD 65 per barrel mark at the end of the week.

Total return for selected asset classes, in euros and in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 09/10/2020 – 10/10/2025

Equities

	4-week & YTD		12-month periods over that last 5 years				
	4W (12/09/25 - 10/10/25)	YTD (31/12/24 - 10/10/25)	10/10/24 10/10/25	10/10/23 10/10/24	10/10/22 10/10/23	10/10/21 10/10/22	09/10/20 10/10/21
MSCI EM Asia	4.4	15.1	12.8	25.9	1.3	-15.7	12.0
Stoxx Europe 50	3.0	11.8	8.4	15.9	20.7	-2.5	23.0
Stoxx Europe Defensives	2.8	8.6	2.4	13.2	16.6	-1.1	18.5
Euro Stoxx 50	2.7	15.4	14.0	21.1	28.4	-15.5	26.8
DAX	2.3	21.8	26.2	24.6	25.7	-19.3	16.5
Stoxx Europe Cyclicals	1.4	23.8	24.6	27.0	23.1	-18.7	33.9
MSCI Japan	1.1	7.5	10.5	16.9	11.3	-9.3	18.2
Stoxx Europe Small 200	1.0	12.0	9.6	17.2	14.7	-29.2	30.0
MSCI UK	0.9	12.7	13.6	15.7	15.2	1.1	31.7
S&P 500	0.6	0.4	7.9	31.0	12.0	-0.3	31.0
MSCI USA Small Caps	-0.8	-5.0	2.1	21.6	-0.4	-5.2	42.1
MSCI EM Latin America	-1.1	21.1	9.4	0.8	-0.7	28.2	23.5

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.

- Over the past four weeks, emerging market equities from Asia have continued their rally, making them one of the best-performing equity regions in euro terms since the beginning of the year.
- European equities regained momentum recently after a prolonged period of consolidation. Defensive stocks are outperforming cyclical equities.
- US equities, on the other hand, have only trended slightly positive over the past four weeks. Small caps declined slightly.

Total return (including reinvested dividends) for selected stock indices, in euros and in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 09/10/2020 – 10/10/2025

Fixed Income

	4-week & YTD		12-month periods over that last 5 years				
	4W (12/09/25 - 10/10/25)	YTD (31/12/24 - 10/10/25)	10/10/24 10/10/25	10/10/23 10/10/24	10/10/22 10/10/23	10/10/21 10/10/22	09/10/20 10/10/21
EM Hard Currency Bonds	2.1	-1.5	-1.5	5.0	-8.2	3.1	-1.2
EM Local Currency Bonds	1.6	1.1	-1.1	11.7	-6.2	-4.6	2.8
Chinese Sovereign Bonds	1.5	-8.4	4.0	11.8	2.0	-18.5	-0.2
USD High Yield	1.4	-4.4	-0.2	6.3	-1.9	-16.1	-3.0
Treasuries	1.4	-5.5	3.9	9.1	4.1	-17.0	0.8
USD Corporates	1.3	-4.2	8.7	18.7	6.3	-22.7	1.1
EUR Non-Financials	0.4	2.7	0.8	12.3	-1.8	5.0	10.3
EUR Financials	0.4	3.4	4.6	9.5	4.7	-14.0	1.0
BTPs	0.3	2.6	0.1	6.5	4.0	-28.6	-7.6
Bunds	0.2	-0.9	3.4	7.1	3.4	4.7	5.7
EUR High Yield	0.0	4.2	9.4	10.5	7.1	-16.8	1.0
Gilts	-0.8	-3.4	5.8	13.3	10.3	-15.2	7.7

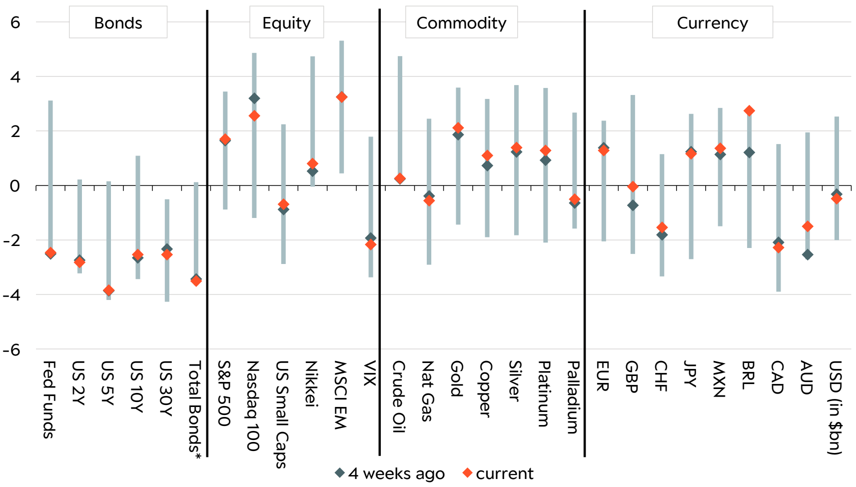
Bunds: ICE BofA German Government Index; BTPs: ICE BofA Italy Government Index; Treasuries: ICE BofA US Treasury TR; Gilts: ICE BofA UK Gilt Index; Chinese Gov Bonds: ICE BofA China Govt; EUR Financials.: ICE BofA Euro Financial Index; EUR Non-Financials: ICE BofA Euro Non-Financial Index; EUR High Yield: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

- Hard currency and local currency bonds from emerging markets and Chinese government bonds recently recorded the highest gains in euro terms.
- In addition to high-yield and corporate bonds denominated in US dollars, US government bonds also performed well.
- By contrast, the further rise in yields in the United Kingdom led to slight losses for British government 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: 09/10/2020 – 10/10/2025

Positioning

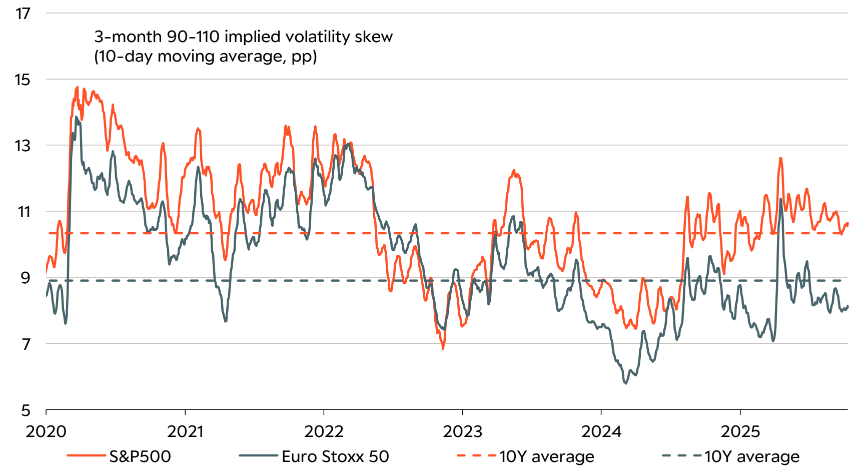
Non-commercial Positioning



- Due to the US government shutdown, CFTC positioning data is still only available up to 23 September.
- Despite the Fed cut in mid-September, hedge funds continue to hold large short positions in Fed funds futures.

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: 23/05/2015 - 23/09/2025

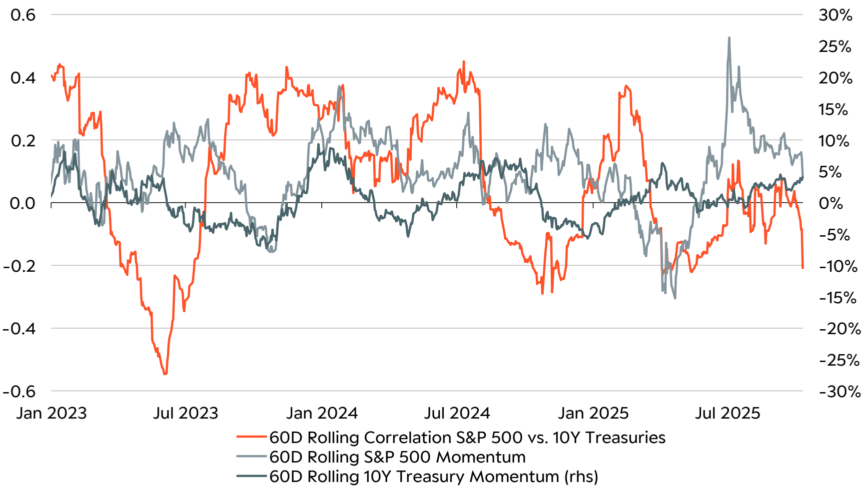
Put-Call-Skew



- Over the past two weeks, the skew on the S&P500 has increased slightly but remains close to its 10-year average.
- Despite political turmoil in France and new tariff threats between the US and China, the options skew on the Euro Stoxx 50 remains comfortably below its 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: 23/05/2015 – 10/10/2025

60-Day Momentum and Correlation

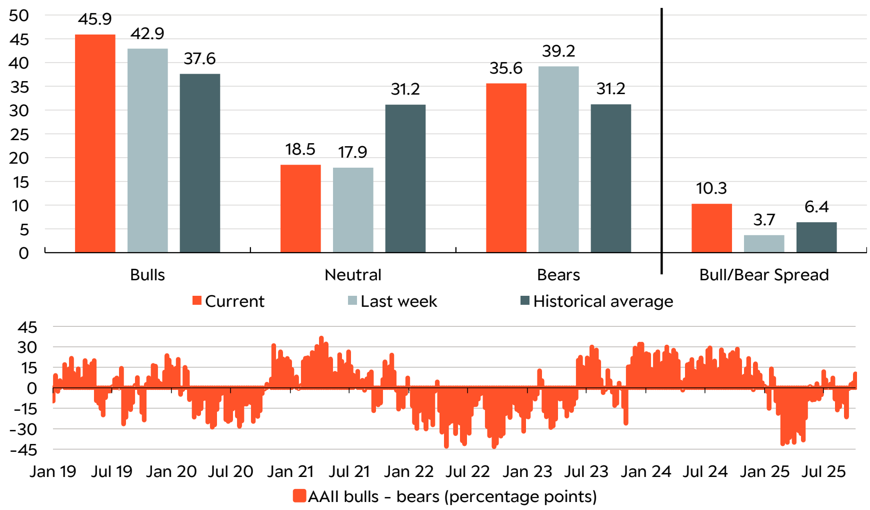


- Momentum in US Treasuries and equities remains positive despite Friday's stock market selloff.
- This, combined with the return to negative equity-bond correlation and low realised volatility, suggests that systematic investors continue to hold sizeable US equity longs.

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 – 10/10/2025

Sentiment

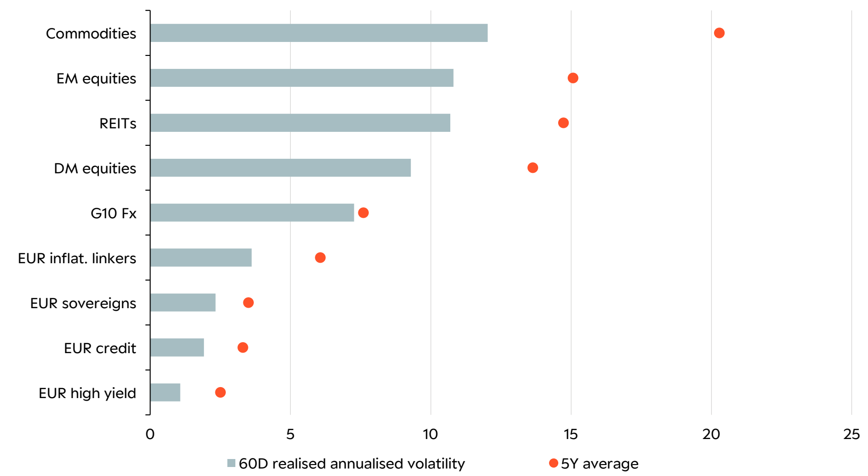
AAII Markt Sentiment Survey (Bull vs Bears)



- The US government shutdown (and the possibility of delayed pay checks) did not dampen the mood among investors.
- Net sentiment among US retail investors rose to a three-month high over 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 – 09/10/2025

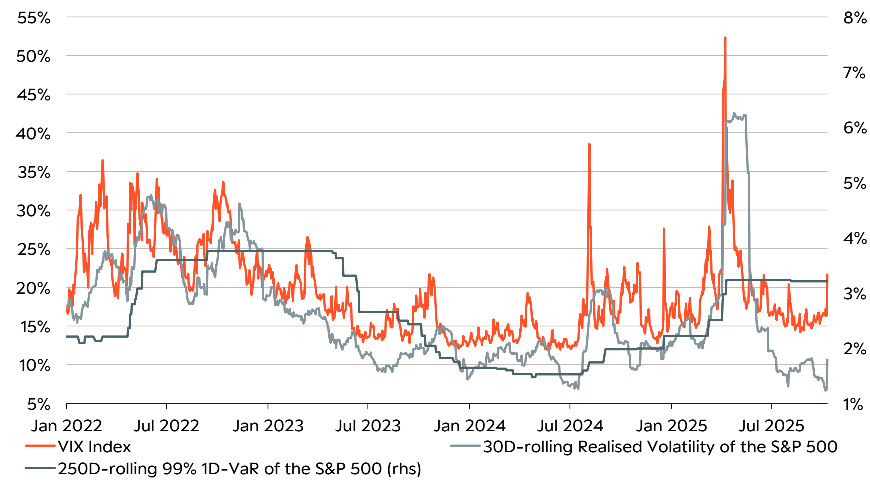
Realised Volatilities



- Compared with their historical averages, all asset classes continue to show very low realised volatility levels.
- Due to a sharp depreciation of the yen following the LDP leadership elections, DM currency markets have become somewhat more volatile over the last two weeks.

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: 23/05/2020 – 10/10/2025

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

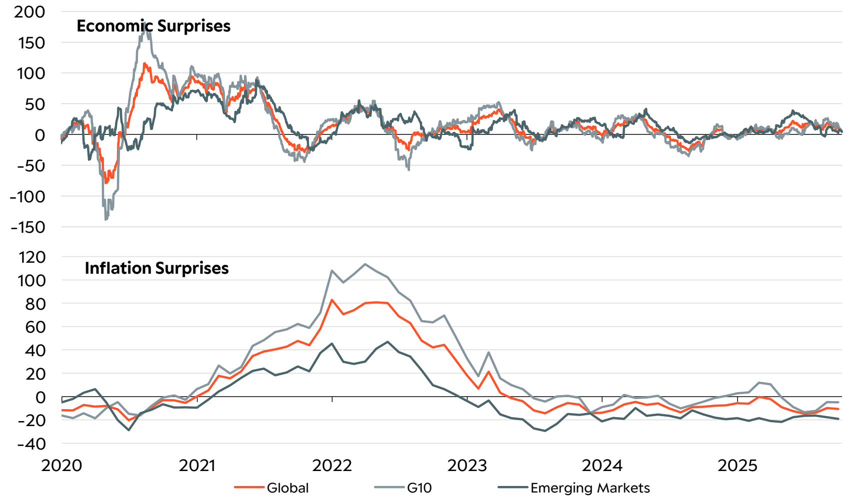


- The realised volatility of the S&P500 has picked up again following Trump's new tariff threats, but still remains at relatively low levels compared to its history.
- Options and hedges are very popular with investors. The VIX rose to 20 points on Friday – its highest level since June.

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 – 10/10/2025

Surprise Indicators

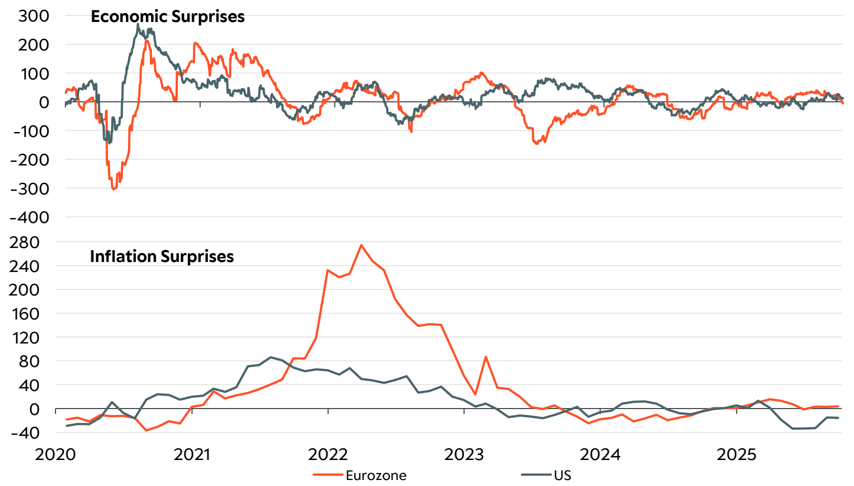
Global



- Economic and inflation surprises remained positive on average for both industrialised and emerging economies.
- Jobs data out of Canada came in well above market expectations.
- Before China went into its Golden Week holidays, manufacturing PMIs surprised to the upside.
- South Korea's export figures for September also significantly exceeded consensus expectations.

See explanations below.
Source: Bloomberg, Time period: 01/01/2020 – 10/10/2025

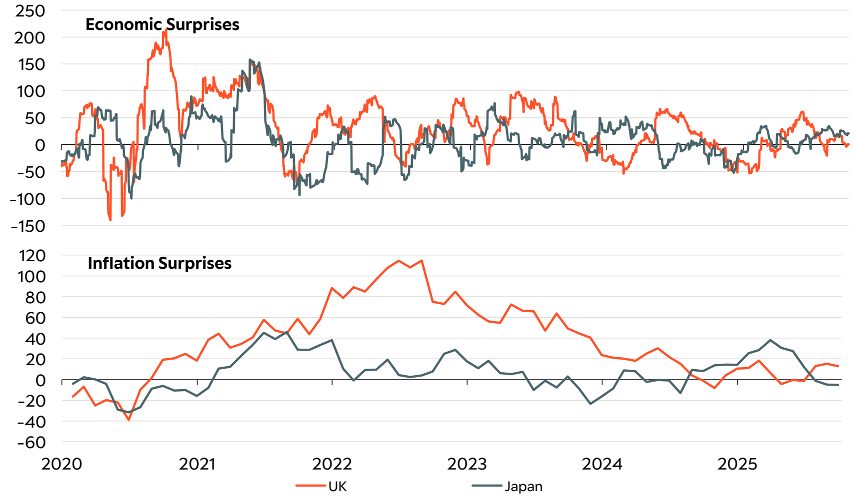
Eurozone and US



- The shutdown delayed the publication of numerous US macroeconomic data points. As a result, US surprise indicators remained largely unchanged.
- Economic surprises from the Eurozone have declined over the past two weeks and even slipped into negative territory.
- In particular, industrial production figures out of Germany fell well short of market expectations.

See explanations below.
Source: Bloomberg, Time period: 01/01/2020 – 10/10/2025

UK and Japan

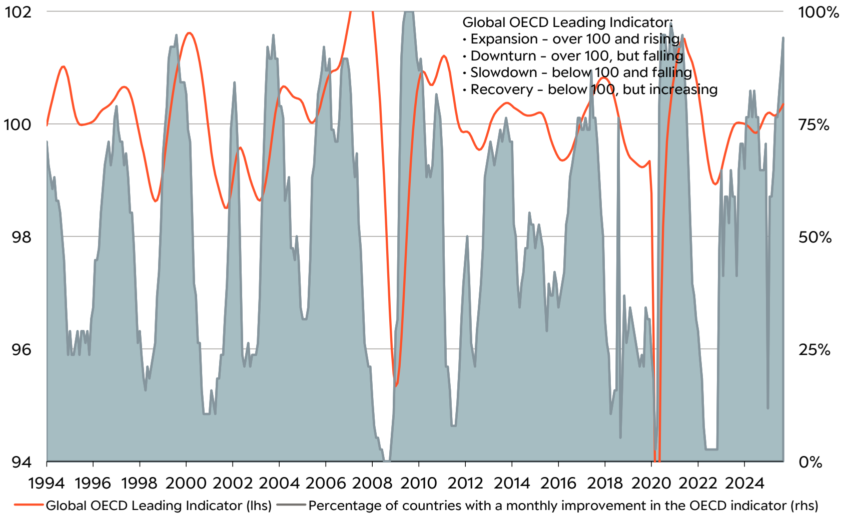


- Economic surprises from Japan and the UK have declined slightly over the past two weeks.
- In Japan, this was due to the labour market. The unemployment rate for August rose more than expected.

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 – 10/10/2025

Economics

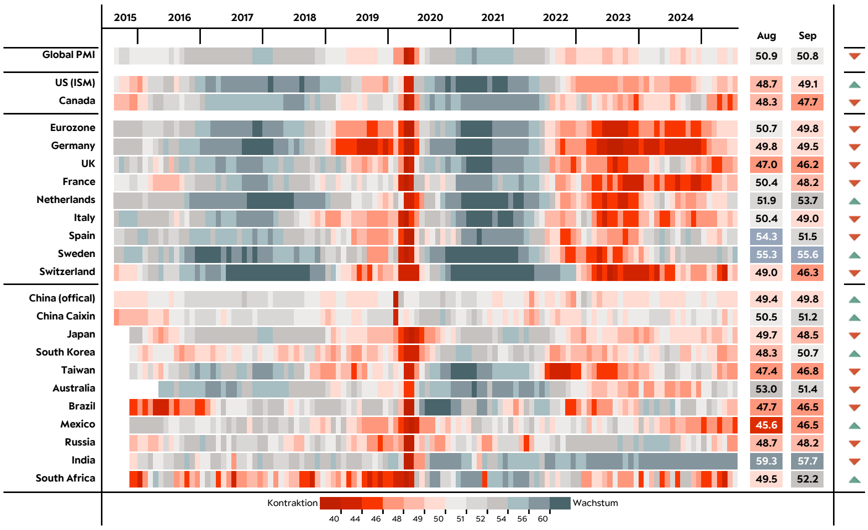
OECD Leading Indicator



- Global economic expansion continues. At 100.3 in September, the revised OECD leading indicator was above the 100 mark for the twelfth consecutive month.
- According to the revised leading indicator, the economic situation improved in September in 97% 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 – 10/10/2025

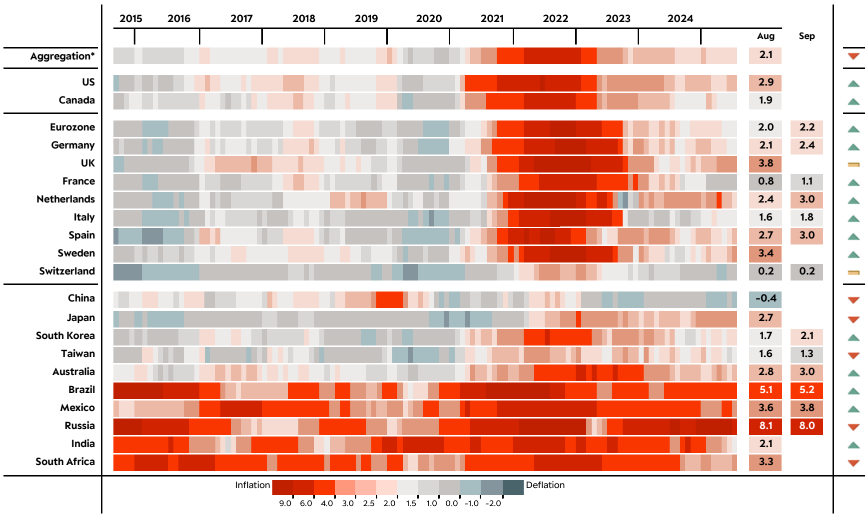
Manufacturing Purchasing Managers Index (Manufacturing PMI)



- The PMI data for September again points to a decline in manufacturing activity in the eurozone. In the UK, 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 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 – 10/10/2025

Headline Inflation

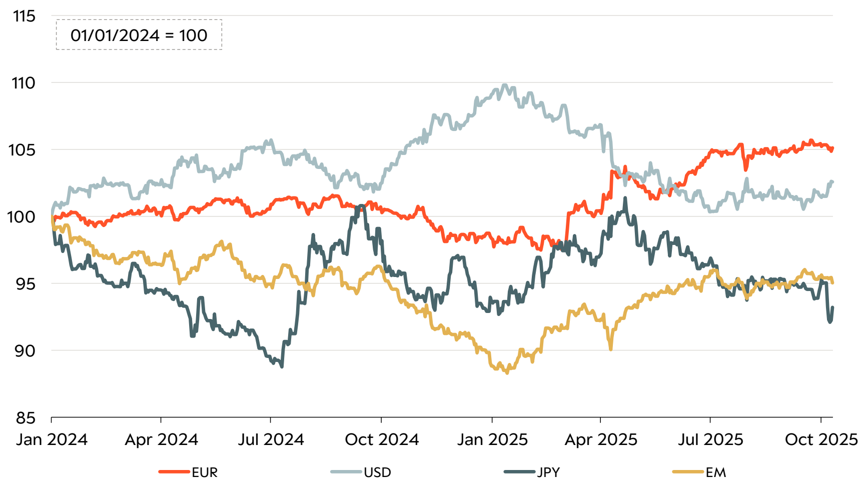


- The first consumer price indices for September pointed to an acceleration in global inflation. In France and Australia, for example, the annual harmonised inflation rate rose compared with the previous month. In Germany, rising service prices contributed significantly to an unexpected increase in the 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 – 10/10/2025

Foreign Exchange

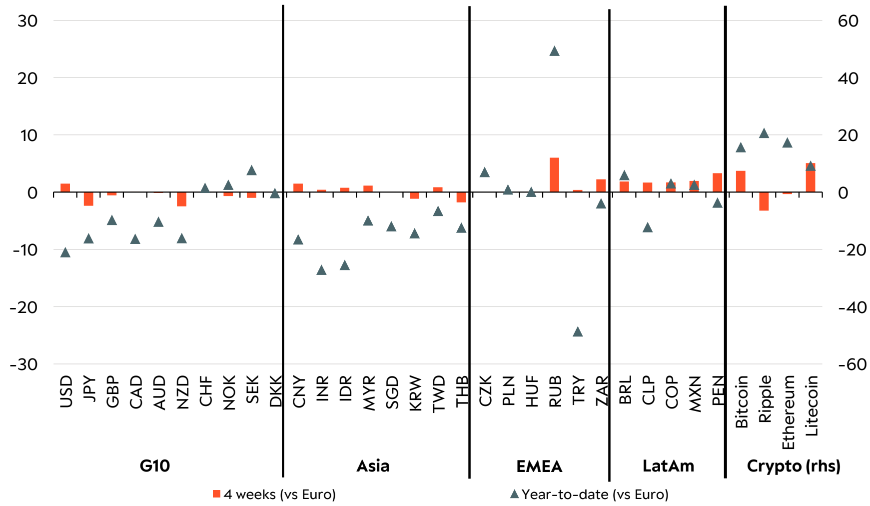
Trade-Weighted Currency Development



- Increased political uncertainty in Europe and Japan caused investors to flee to the traditional 'safe haven' of the US dollar. This gave the trade-weighted US dollar index a boost over the last two weeks.
- Sanae Takaichi's election victory as chair of Japan's Liberal Democratic Party, with a plan for ultra-expansionary monetary and fiscal policy, has recently weighed on the Japanese yen.

A trade-weighted index is used to measure the effective value of an exchange rate against a basket of currencies. The importance of other currencies depends on the share of trade with the country or currency zone.
Source: Bloomberg, Time period: 01/01/2024 – 10/10/2025

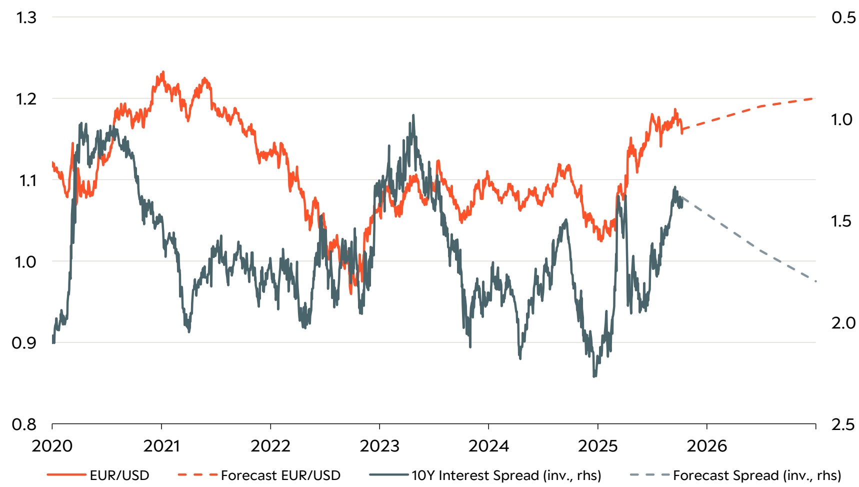
Currency Moves vs Euro



- Over the past four weeks, the euro has shown mixed performance against the currencies shown here.
- Following its scheduled meeting last week, the Polish central bank unexpectedly cut its key interest rate by 25 basis points. During the press conference, Governor Glapinski pointed to the reduced inflation risks and hinted at the possibility of a further rate cut at the next regular interest rate meeting in November.

Performance of selected currencies against the euro, in percent.
Source: Bloomberg, Time period: 01/01/2025 – 10/10/2025

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



- Due to a similar decline in yields over the past two weeks, the interest rate differential between German and US government bonds remained at around 140 basis points.
- The political crisis in France weighed on the euro over the past two weeks. The euro/dollar exchange rate was last trading at around 1.16.

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 – 31/12/2026

Equities – Performance & Earnings

European Sector & Style Performance

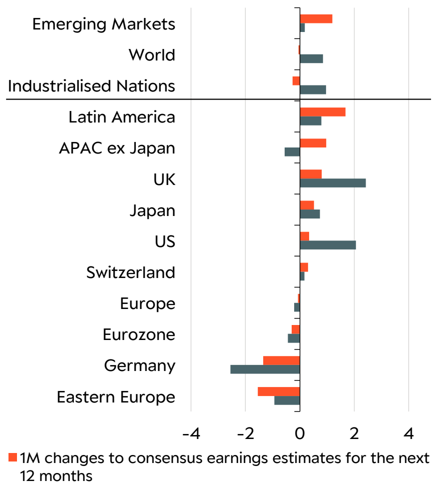
	4W (12/09/25 - 10/10/25)	YTD (31/12/24 - 10/10/25)	10/10/24 10/10/25	10/10/23 10/10/24	10/10/22 10/10/23	10/10/21 10/10/22	09/10/20 10/10/21
	4-week & YTD		**12-month periods over that last 5 years**				
Information Technology	10.2	6.4	7.0	30.2	23.9	-28.1	31.8
Utilities	5.6	24.5	18.8	17.8	15.1	-10.4	5.4
Health Care	5.3	3.1	-6.1	13.4	16.1	-2.7	12.7
Growth	2.7	7.0	3.5	17.5	16.0	-16.0	22.2
Consumer Discretionary	1.9	-3.5	-3.2	7.3	26.2	-21.6	32.4
Industrials	1.5	23.4	24.4	28.4	26.1	-18.8	29.0
Value	1.1	20.6	19.4	17.3	22.4	-6.7	30.6
Finance	-0.1	32.0	37.1	28.9	30.1	-12.7	48.3
Energy	-0.2	6.0	-0.2	-2.6	19.0	27.5	70.2
Consumer Staples	-0.7	4.3	-0.5	3.2	3.7	-1.5	9.4
Materials	-0.7	3.9	-4.3	16.9	10.0	-8.4	26.0
Telecommunications	-2.3	12.9	11.2	21.1	13.0	-12.5	18.1

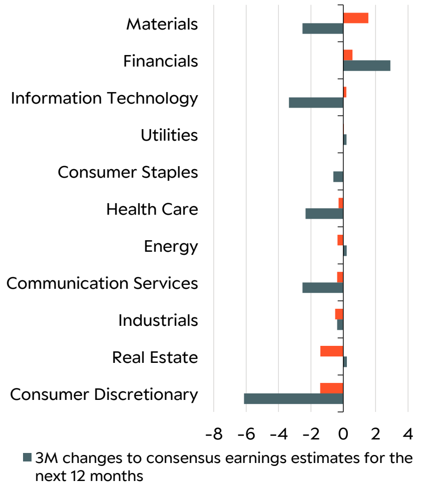
Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Stables: MSCI Europe Cons. Staples NR; Energy: MSCI Europe Energy NR; Finance: MSCI Europe Financials NR; Health Care: MSCI Europe Health Care NR; Industrials: MSCI Europe Industrials NR; Information Tech.: MSCI Europe Inform. Tech. 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 shown mixed performance over the past four weeks. Shares in the consumer staples, materials and telecommunications sectors have posted losses over the past month.
- The financial sector remains the best-performing sector since the start of the year, with a return of 32 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: 10/10/2020 – 10/10/2025

Changes in Consensus Earnings Estimates

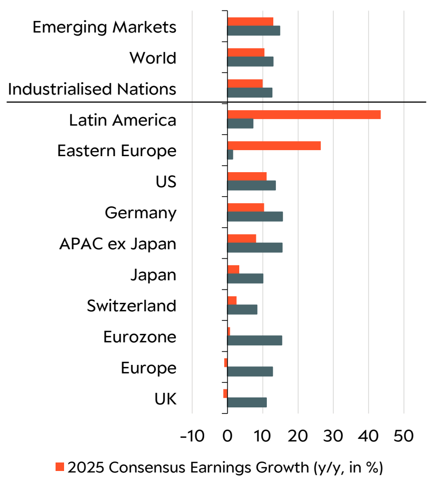


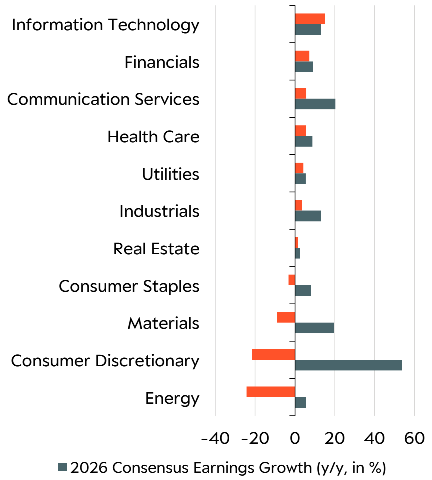


- Global earnings expectations have been revised slightly downwards over the past four weeks.
- Analysts' earnings revisions for European sectors paint a mixed picture. While higher earnings than four weeks ago are expected in the financials, materials and information technology sectors, the real estate, industrial goods and consumer staples sectors have seen the most negative earnings revisions.

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 10/10/2025

Earnings Growth



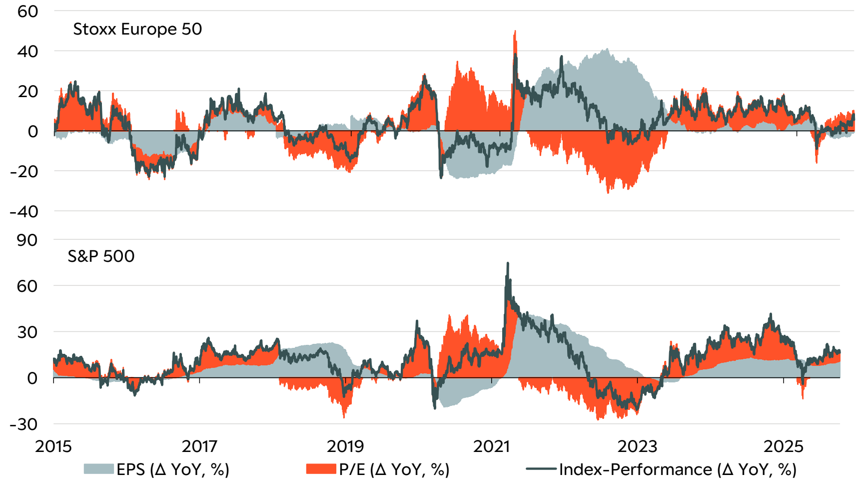


- Overall, profit expectations for 2025 are positive. Global profit growth of over 10% is expected. Only for the United Kingdom and Europe do analysts expect negative profit growth.
- A decline in profits is expected this year in the European consumer goods, basic materials and energy sectors.

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 10/10/2025

Equities – Valuation

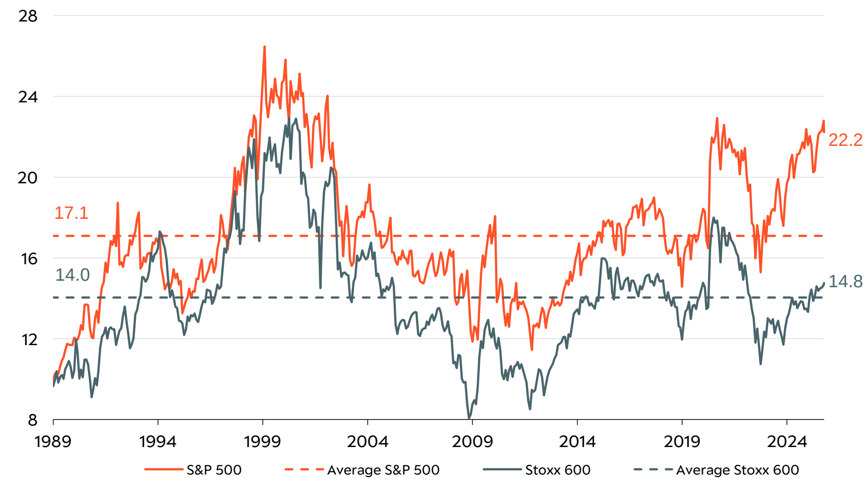
Contribution Analysis



- The recent positive performance of European stock markets was mainly driven by an increase in valuations compared with the previous year. After recently posting negative year-on-year gains, profits have now stabilised close to zero.
- In contrast, the performance of US equities is being driven not only by an increase in valuations but also by positive earnings growth.

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 – 10/10/2025

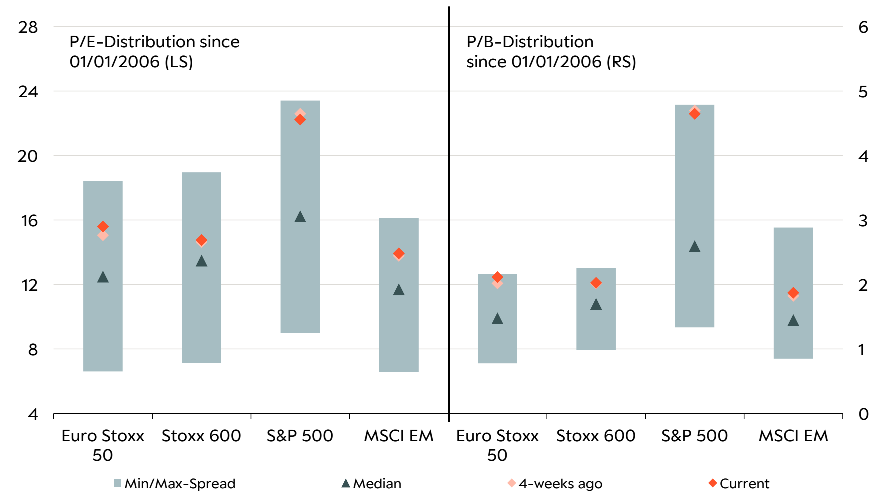
Price-Earnings Ratio (P/E Ratio) of European and US Equities



- With the setback on the stock markets, the P/E ratio of US equities also fell slightly at the end of the week, but at 22.2 it is still close to the valuation levels of mid-2020.
- The recent positive performance of European equities over the past few weeks has led to an expansion in valuations. At 14.7, the P/E ratio is slightly above the long-term average of 14.0.

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 – 10/10/2025

Historical Distribution: Price/Earnings and Price/Book Ratio

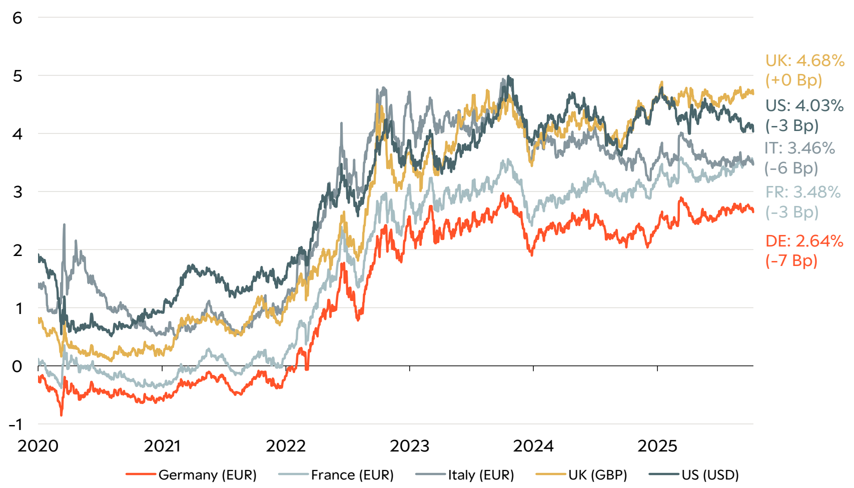


- Over the past four weeks, valuations of US equities have declined slightly on both a P/E and P/B basis. However, they are still well above the median.
- In Europe, on the other hand, valuations have recently expanded. In particular, the P/B ratio of the Euro Stoxx 50, at 2.2, is at the upper end of its historical distribution.

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 – 10/10/2025

Sovereign Bonds & Central Banks

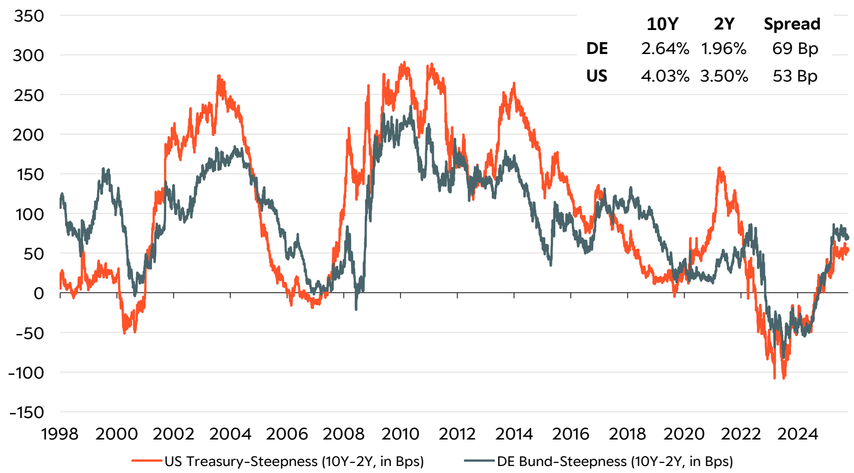
10-Year Government Bond Yields



- Government bond yields have fallen slightly in both the US and the Eurozone over the past four weeks.
- In France and the UK, discussions about the budget deficit and rising government debt had recently caused upward pressure on yields. Despite a slight decline in yields, the yield spread between French OATs and Italian government bonds is positive again for the first time.

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 – 10/10/2025

Yield Curve Steepness (10Y - 2Y)

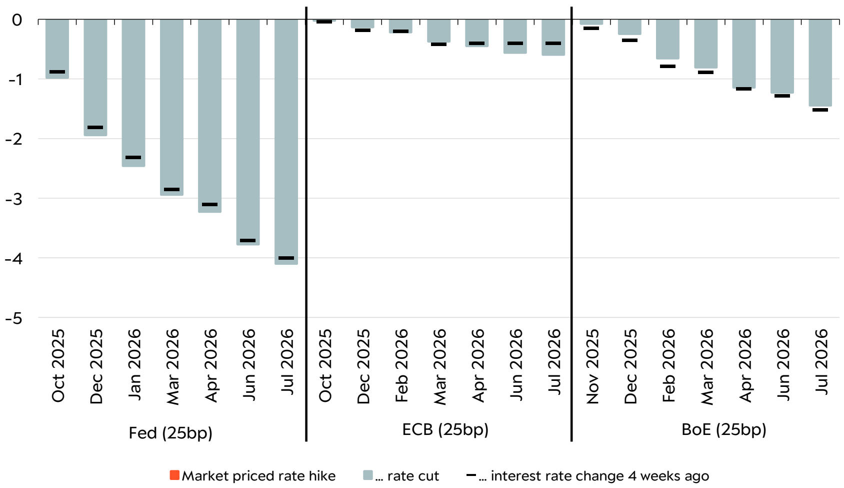


	10Y	2Y	Spread
DE	2.64%	1.96%	69 Bp
US	4.03%	3.50%	53 Bp

- Over the past two weeks, the yield curve in the US and Germany has remained virtually unchanged or flattened slightly.
- Specifically, this development is equally attributable to the decline in yields at the short and long ends of the yield curve.

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 – 10/10/2025

Implicit Changes in Key Interest Rates

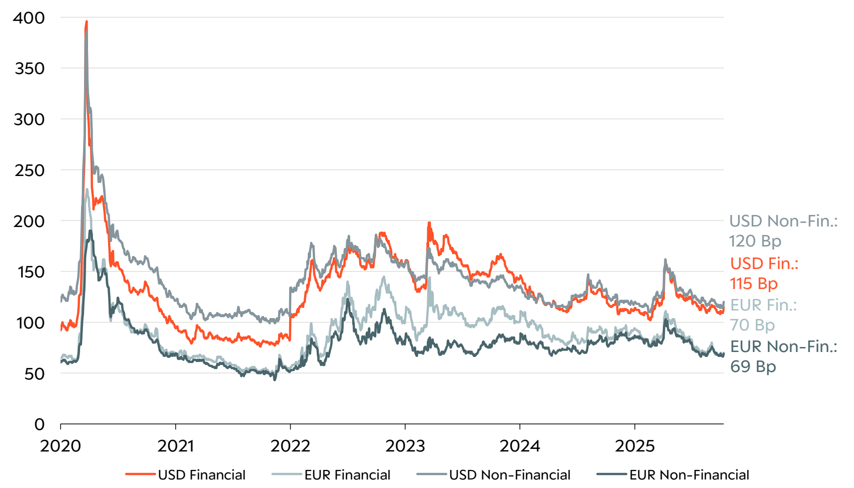


- Implicit changes in key interest rates currently point to a further interest rate cut by the US Federal Reserve at the end of October. Another cut in December is now also almost fully priced in.
- While no further interest rate cuts are expected from the ECB until the middle of next year, the markets are pricing in a cut by the Bank of England in Q2 2026 due to expectations of falling inflation rates in the UK.

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: 12/09/2025 – 10/10/2025

Corporate Bonds

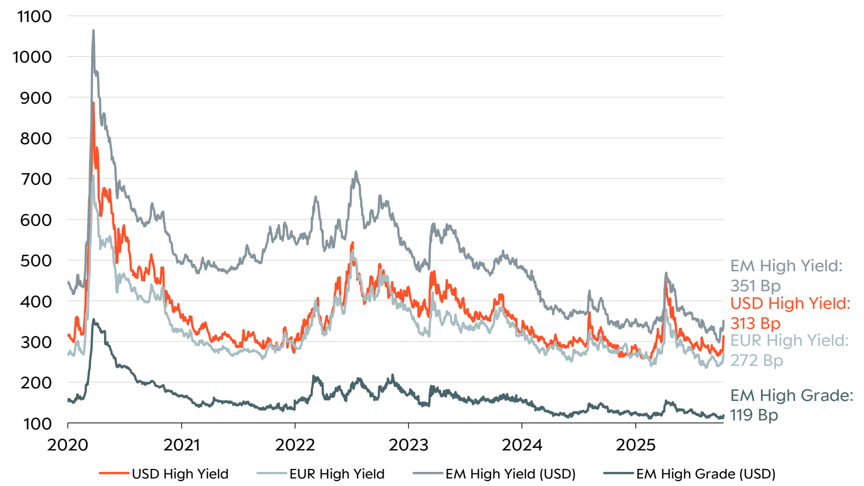
Credit Spreads Financial and Non-Financial Bonds



- Over the past two weeks, risk premiums for EUR corporate bonds have remained at a relatively low level.
- Before the reporting season for US banks begins this week, spreads on USD financial bonds have widened slightly.

Explanations: see middle and lower figure.
Source: FactSet, Time period: 01/01/2018 – 10/10/2025

Credit Spreads High Yield and Emerging Markets Bonds



- Spreads on high-yield bonds have risen over the past two weeks. Investors have been selling off EM and US high-yield bonds in particular.
- Markets are valuing EM IG corporate bonds with a relatively similar risk premium to their USD IG counterparts.

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 – 10/10/2025

Bond Segments Overview

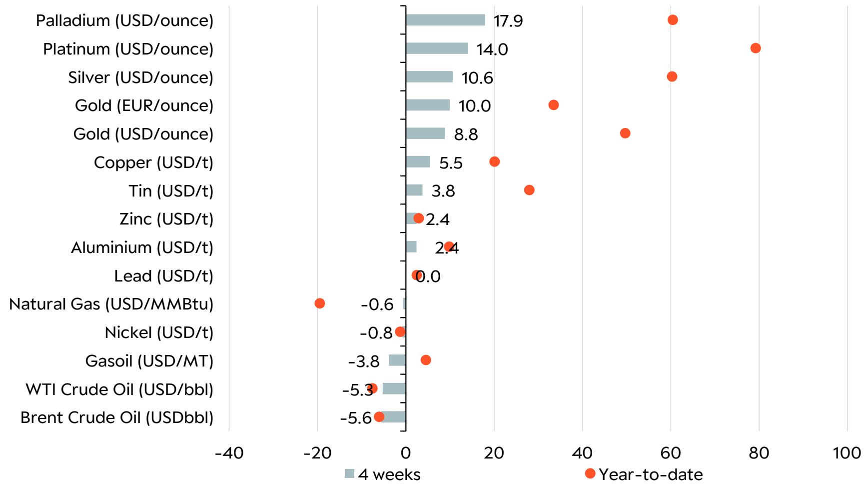
	Key figures			Asset Swap Spread			Total Return (%, local)						
	Yield (in %)	Δ-1M	Modified Duration	Spread (Bps)	Δ-1M	10Y-Percentile	1M	YTD	10/10/24 10/10/25	10/10/23 10/10/24	10/10/22 10/10/23	10/10/21 10/10/22	10/10/20 10/10/21
EUR Government	2.80	0.00	6.9	-	-	-	0.4	0.9	1.4	8.3	-0.8	-18.0	-2.5
Germany	2.39	0.00	7.0	-	-	-	0.4	-0.4	-0.2	6.3	-1.9	-16.1	-3.0
EUR Corporate	3.13	0.01	4.4	69	-2	32	0.3	3.1	4.2	9.3	4.3	-15.9	0.8
Financial	3.16	0.02	3.8	70	-1	23	0.3	3.5	4.6	9.5	4.7	-14.0	1.0
Non-Financial	3.11	0.00	4.9	69	-2	41	0.4	2.8	3.9	9.1	4.1	-17.0	0.8
EUR High Yield	5.63	0.12	3.4	272	14	19	-0.2	4.0	5.8	13.3	10.3	-15.2	7.7
US Treasury	3.88	0.00	6.0	36	-3	93	0.4	6.1	4.3	8.4	-0.9	-13.2	-3.4
USD Corporate	4.83	0.02	6.6	118	-1	29	0.3	7.4	5.6	13.2	3.3	-17.5	1.1
Financial	4.77	0.02	5.0	115	0	41	0.3	7.3	6.3	12.9	4.0	-14.9	1.1
Non-Financial	4.86	0.02	7.3	120	-1	26	0.3	7.4	5.3	13.4	3.0	-18.7	1.1
USD High Yield	7.26	0.21	3.8	313	31	26	-0.3	6.3	7.1	15.6	8.1	-12.5	9.6
EM High Grade	4.66	0.00	5.5	119	-3	2	0.4	7.3	6.3	11.9	3.6	-16.3	1.4
EM High Yield	7.38	0.29	4.3	351	25	11	-1.0	7.5	8.1	19.8	10.1	-22.3	3.5

- Investors bought US Treasuries and German Bunds as a hedge against a renewed escalation of the tariff dispute between the US and China.
- Demand for bonds remains very strong in other segments too: with the exception of US Treasuries, asset swap spreads on all bond segments are trading below their 10-year median.

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: 23/05/2015 – 10/10/2025

Commodities

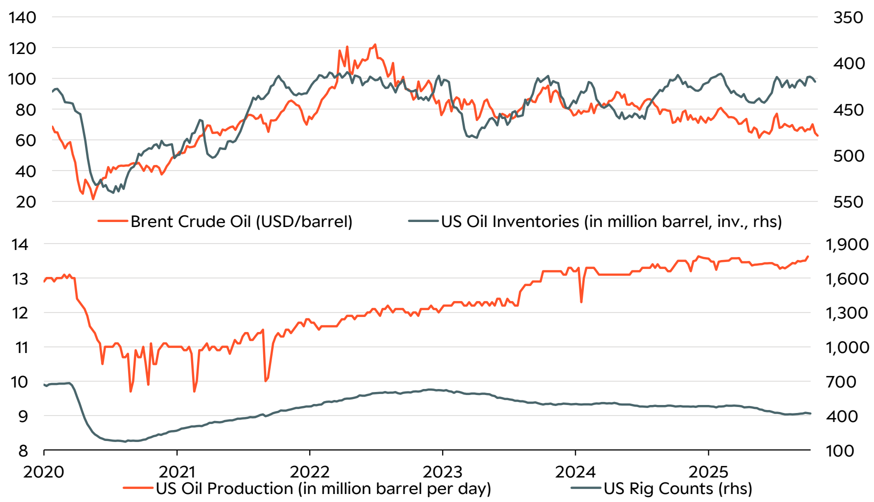
Commodities Performance



- The rally on the precious metals markets seems to be never-ending and now even appears to be spreading to palladium, 80% of whose demand is actually driven by the struggling automotive industry.
- Last week, silver broke through the USD 50 per ounce mark for the first time in history. The last all-time high was a whopping 45 years ago.
- However, with RSIs above 80, the exponential price increase appears increasingly fragile.

Total return of selected commodity indices, in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 31/12/2024 – 10/10/2025

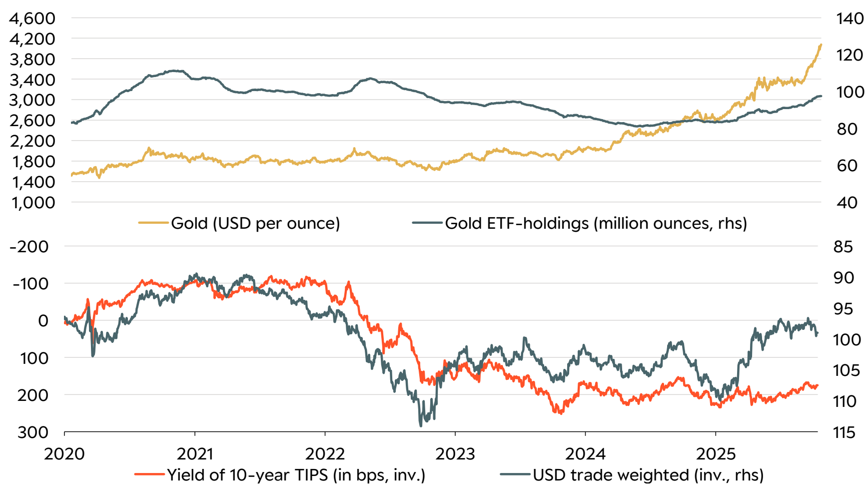
Crude Oil



- The oil price has been trading sideways over the past few weeks until the tariff dispute between the US and China.
- There were rumours that OPEC+ would once again accelerate its production increases. Ultimately, however, the cartel 'only' increased its quota by 137 kbpd at the beginning of the month, as it had done in the previous month. Overall, however, OPEC+ has increased its production quota by more than 2.7 mbpd since the beginning of the year.

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 – 10/10/2025

Gold



- Gold is chasing one all-time high after another. Just last week, the precious metal broke through the USD 4,000 per ounce mark. It broke through the 3,000 mark just six months ago.
- Gold ETFs have seen inflows of around 14 million ounces since the beginning of the year.

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 – 10/10/2025

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