

Current market commentary

After the setback in mid-October, the S&P 500 and Euro Stoxx 50 rose to new all-time highs towards the end of the month. This was due to the one-year truce in the trade war between the US and China, the strong US reporting season, positive economic data and the Fed's interest rate cut. However, Fed Chairman Powell then threw a spanner in the works with his statement that a further interest rate cut in December was by no means a foregone conclusion. After all, many of the positive drivers had already been priced in by the markets. In addition, the risks are increasing with the longest US shutdown ever. As a result, the stock markets recently fell again from their all-time highs. Bond yields rose, the US dollar appreciated slightly and gold therefore remained flat. However, if the US economy weakens, further interest rate cuts are not off the table. Otherwise, earnings growth is likely to remain strong. This is not a bad starting position for equities, especially as investor sentiment is subdued, share buybacks are set to resume after the reporting season, the typically positive seasonality lies ahead and an end to the shutdown seems close, which should have a positive effect.

Short-term outlook

Macroeconomic data in the US remains sparse due to what is now the longest shutdown in American history. Investors are therefore increasingly turning their attention to alternative data sources in order to gain a better picture of the labour market and the economy. Following the most important central bank meetings and the peak of the Q3 reporting season, economic developments are now likely to come even more sharply into focus for investors.

Tomorrow, the ZEW economic expectations (Nov.) for Germany and the euro-zone are expected first. The final consumer prices (Oct.) for Germany will follow in the middle of the week. On Thursday, in addition to preliminary gross domestic product (Q3) and industrial production data (Sep.) from the UK, consumer prices (Oct.) from the US are also expected. On Friday, producer prices (Oct.) and retail sales (Oct.) from the US are on the agenda. Next week, the focus will then shift to the preliminary purchasing managers' indices (Nov.).

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

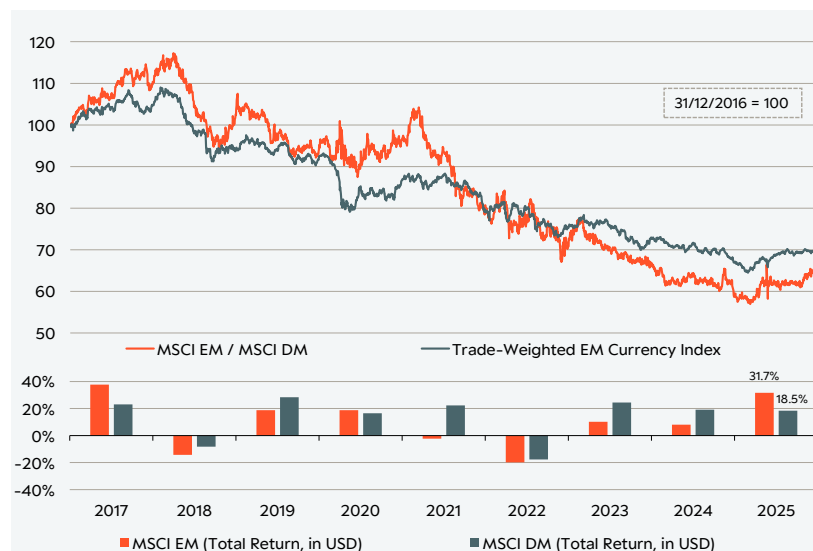


NEW: Insights on Emerging Markets

US shutdown and alternative data sources at a glance.

ZEW economic data, consumer prices and GDP in the focus of the markets.

EM equities significantly outperform for the first time since 2017



- EM equities are significantly outperforming DM equities for the first time since 2017, buoyed by all EM regions.
- At the start of the year, the weakness of the US dollar fuelled the positive performance. More recently, rising earnings growth expectations and the agreement between the US and China have contributed to this trend.
- Investor positioning remains cautious, valuations are more attractive and the US dollar is likely to weaken in the medium term, all of which point to further potential for EM equities.

Source: Bloomberg, Time period: 31/12/2016 – 07/11/2025



Performance

Multi Asset

	4-week & YTD		12-month periods over that last 5 years					
	4W (10/10/25 - 07/11/25)	YTD (31/12/24 - 07/11/25)	07/11/24	07/11/23	07/11/22	07/11/21	06/11/20	07/11/21
Brent	-14.0	2.7	-10.2	3.5	-11.5	73.2	128.4	
MSCI World		2.3	8.0	31.5	8.7	-8.2	36.4	
Industrial Metals		2.1	-2.4	12.5	-8.8	9.7	34.6	
Global Convertibles		1.9	9.8	17.3	-3.4	-16.8	24.6	
REITs	-8.2	1.8	-9.7	21.5	-11.0	-14.3	35.3	
MSCI Emerging Markets		1.5	15.5	20.2	3.2	-15.8	12.7	
USDEUR	-10.5	0.5	-6.6	-1.0	-6.4	15.5	2.6	
EUR Sovereign Debt		0.2	3.3	5.2	1.1	-11.6	-0.9	
Euro overnight deposit		0.2	2.4	3.9	2.9	-0.3	-0.6	
Gold		0.0	38.0	36.2	10.1	6.3	-4.3	
EUR Corporates		3.1	3.9	8.4	4.8	-15.9	0.6	
MSCI Frontier Markets	-1.2	22.2	26.2	17.0	3.2	-21.4	37.1	

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.

- Stocks from industrialised countries and emerging markets rose slightly over the last four weeks.
- The equity markets recovered from the setbacks in October, reaching all-time highs towards the end of the month, but have since fallen back again.
- Oil and industrial metals also rose, while bonds, gold and the US dollar remained flat.

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

Source: Bloomberg, Time period: 06/11/2020 – 07/11/2025

Equities

	4-week & YTD		12-month periods over that last 5 years					
	4W (10/10/25 - 07/11/25)	YTD (31/12/24 - 07/11/25)	07/11/24	07/11/23	07/11/22	07/11/21	06/11/20	07/11/21
MSCI EM Latin America		9.3	19.6	-4.1	2.5	34.2	15.3	
MSCI Japan		3.2	14.6	17.2	12.2	-13.7	18.9	
S&P 500		3.0	6.5	36.8	9.8	-5.1	39.6	
MSCI USA Small Caps	-2.8	2.4	-3.8	35.7	-6.0	-9.5	52.8	
MSCI UK		2.1	16.6	19.0	5.7	4.3	36.4	
MSCI EM Asia		1.1	15.2	23.7	5.3	-19.0	7.9	
Euro Stoxx 50		0.7	17.5	19.7	14.8	-12.9	38.8	
Stoxx Europe 50		0.3	12.0	14.7	10.6	-1.8	33.0	
Stoxx Europe Cyclical		0.2	24.7	29.9	10.7	-16.1	42.5	
Stoxx Europe Defensive	-0.4	8.2	6.4	11.5	6.8	1.2	25.5	
Stoxx Europe Small 200	-1.5	10.4	8.8	18.8	2.6	-27.2	41.3	
DAX	-2.8	18.4	21.7	27.8	12.0	-15.7	28.6	

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 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 America has led the stock regions both over the last four weeks and since the beginning of the year. Recently, in addition to good corporate and economic figures, President Milei's surprisingly strong election victory in Argentina also provided support.
- Over the last few weeks, US stocks have performed slightly better than European stocks. The DAX and European small caps even lost ground.

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

Source: Bloomberg, Time period: 06/11/2020 – 07/11/2025

Fixed Income

	4-week & YTD		12-month periods over that last 5 years					
	4W (10/10/25 - 07/11/25)	YTD (31/12/24 - 07/11/25)	07/11/24	07/11/23	07/11/22	07/11/21	06/11/20	07/11/21
EM Hard Currency Bonds	-0.2	1.8	4.0	2.7	-3.3	-26.0	-2.2	
EM Local Currency Bonds		1.2	10.8	15.6	8.0	-23.3	1.8	
Chinese Sovereign Bonds	-7.8	1.1	0.1	13.1	1.8	1.4	10.4	
Gilts	-1.8	1.1	11.4	6.3	10.4	-17.0	-0.9	
USD High Yield	-4.3	1.0	3.3	7.6	3.1	5.2	5.7	
Treasuries	-5.0	0.5	5.5	12.8	9.4	-13.8	7.2	
EUR High Yield		0.5	5.1	9.2	2.6	-18.1	-0.3	
BTPs		0.4	-1.5	5.0	-4.4	-2.3	0.7	
USD Corporates	-4.0	0.3	4.3	8.7	5.2	-13.8	0.8	
EUR Financials		0.1	0.5	4.6	-1.0	-17.4	-2.1	
Bunds	0.0	-0.5	3.7	8.2	4.6	-17.0	0.6	
EUR Non-Financials	0.0	2.8	-1.3	10.9	-0.6	-11.4	4.5	

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 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

- Fed Chair Powell's statement that a further interest rate cut in December is not a foregone conclusion caused bond yields to rise slightly.
- Adjusted for the appreciation of the US dollar, US bonds recently remained just as stagnant as euro bonds.
- Only EM bonds and British government bonds have gained ground in the last four weeks. European corporate bonds have been leading the way since the beginning of the year.

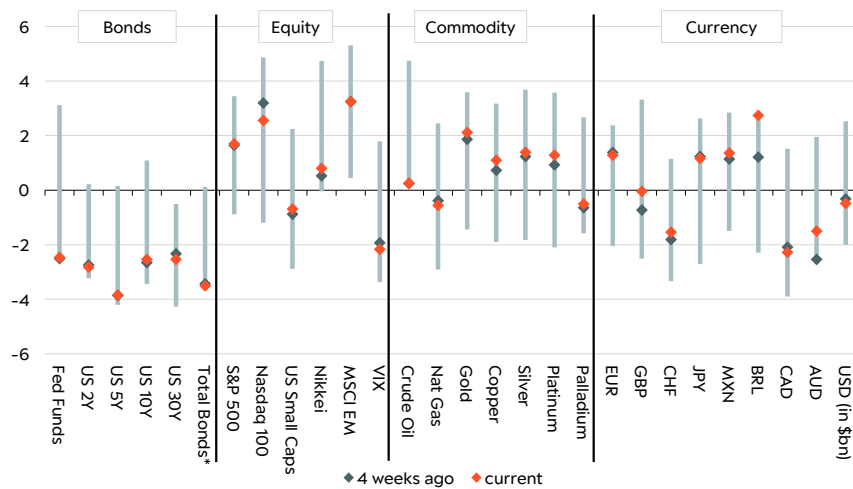
Total return (including reinvested coupons) for selected bond indices, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 06/11/2020 – 07/11/2025



Positioning

Non-commercial Positioning

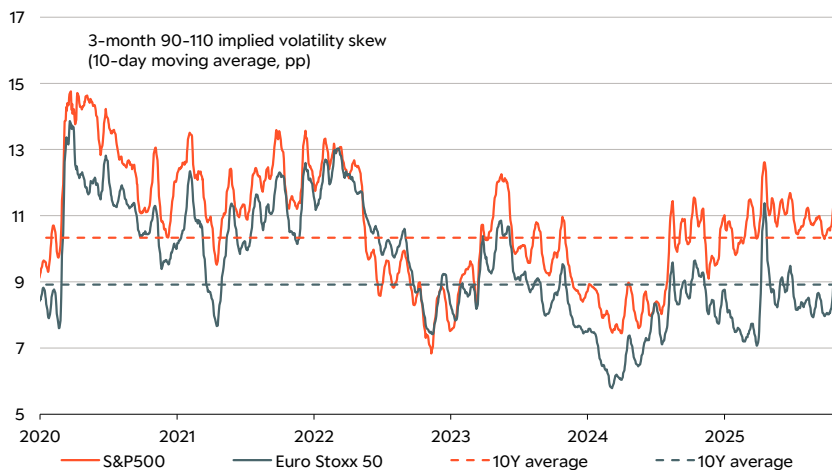


- Due to the US government shutdown, CFTC positioning data is still only available up to September 23.

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: 07/11/2015 – 07/11/2025

Put-Call-Skew

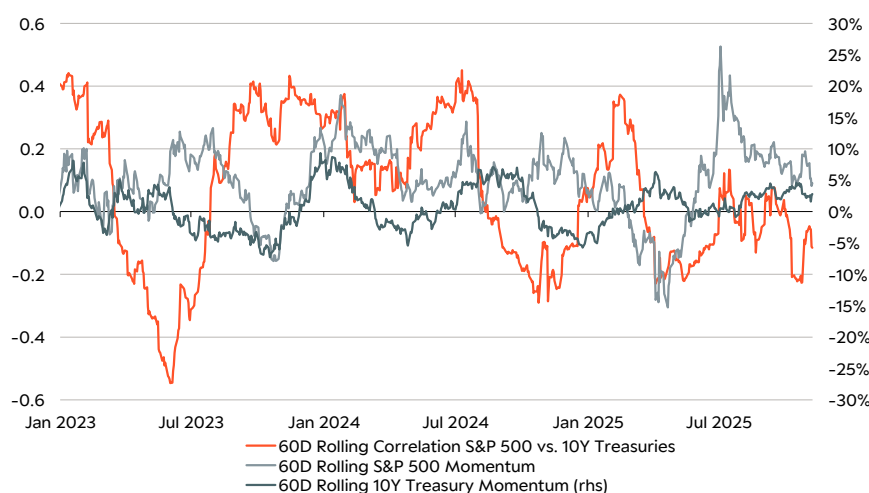


- Calls on US and EU benchmarks have become slightly more expensive compared to puts over the past week. This has caused skew in the US and Europe to fall toward its long-term average.
- It appears that markets are taking advantage of the stock market pullbacks to secure call options (i.e., upside participation).

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: 07/11/2015 – 07/11/2025

60-Day Momentum and Correlation



- The positive momentum in US equities has cooled somewhat over the past week.
- Nevertheless, CTAs and other trend-following investors are likely still holding decent longs in both US equities and US Treasuries.

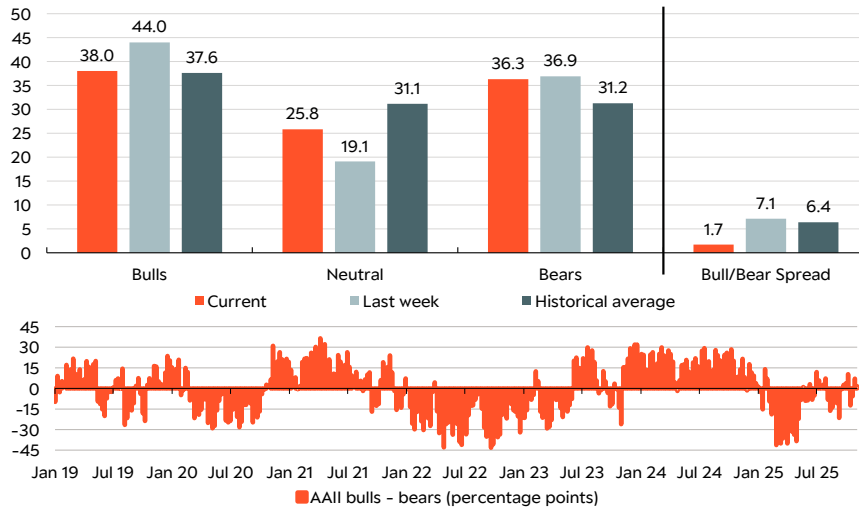
The 60-day momentum indicates the rolling return of the last 60 days. The more the momentum rises (falls), the more systematic momentum strategies build up (reduce) their positions in the corresponding asset class. Changes in the sign of the return mark important turning points. The 60-day correlation 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 – 07/11/2025



Sentiment

AAll Markt Sentiment Survey (Bull vs Bears)

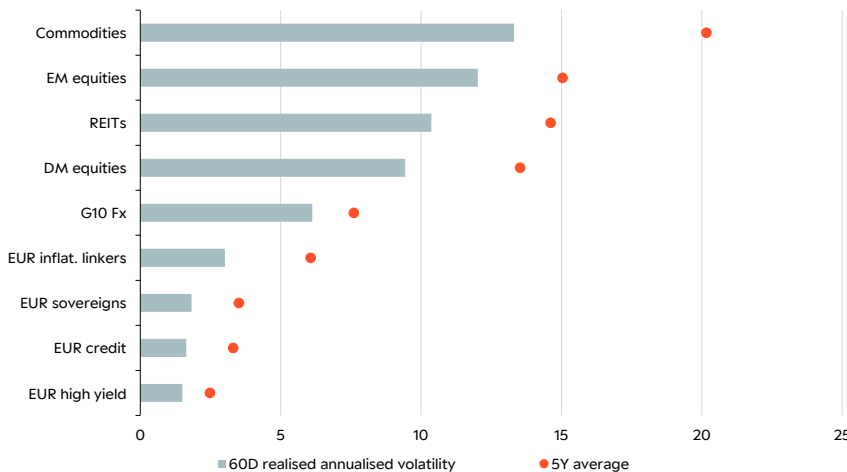


- The mood among US retail investors is characterized more by skepticism than euphoria.
- Although the S&P 500 continues to trade close to its all-time highs, the proportion of bears remains above its historical average.

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, AAll, Time period: 23/07/87 – 05/11/2025

Realised Volatilities

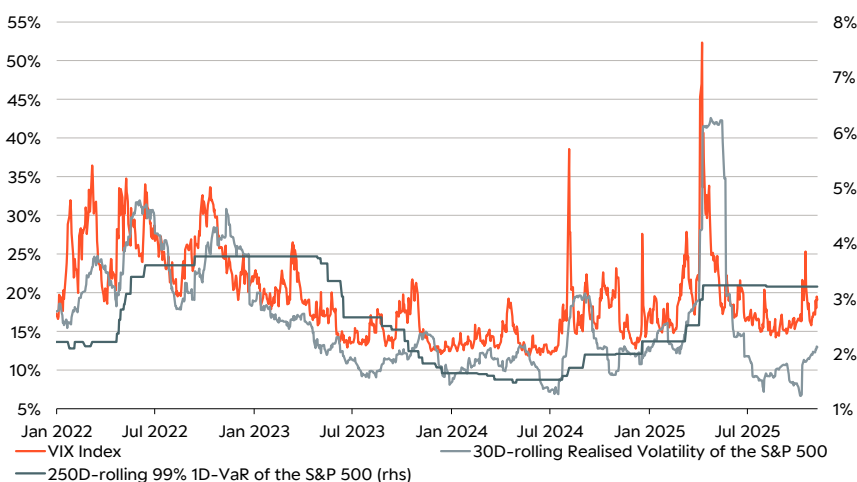


- Compared to their long-term average, realized volatility remains relatively low across all asset classes.
- The volatility of EUR government bonds recently fell to its lowest level since 2022. The ECB, which does not intend to change key interest rates in this country for the time being, is likely to have contributed to this.

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: 07/11/2020 – 07/11/2025

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



- The trade dispute with China, the reporting season, Fed Chair Powell, the US government shutdown, and, most recently, concerns about the US economy have caused the realized volatility of US equities to rise in recent weeks.
- The VIX, which shows the volatility expected by the market, has also risen recently.

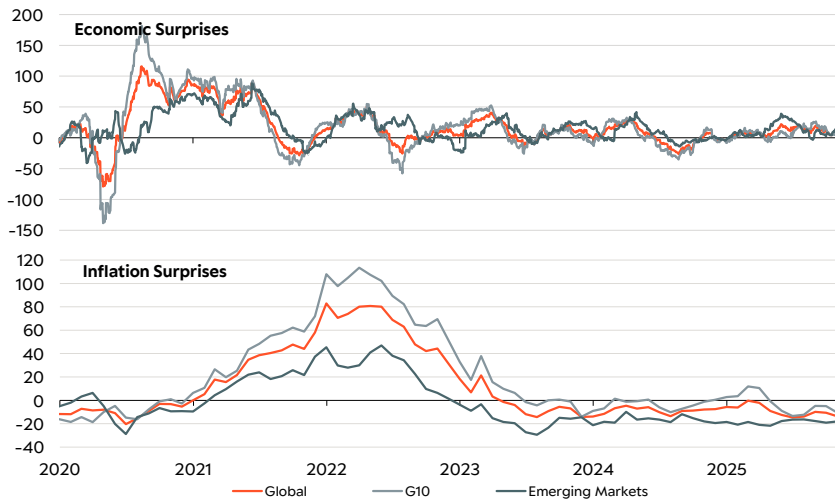
The VIX index is a measure of the implied volatility of the S&P 500 priced in options over approximately the next 30 days. Realised volatility indicates the range of variation in daily returns. The historical 99% value-at-risk indicates the minimum loss of the days that belong to the worst 1% of the 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 – 07/11/2025



Surprise Indicators

Global

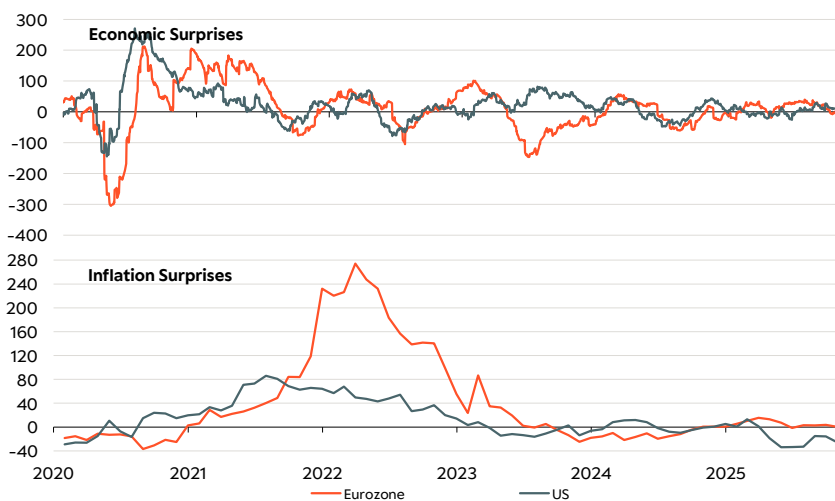


- Over the past two weeks, economic surprises have been increasingly positive in both industrialised and emerging economies.
- In Mexico, GDP growth in the third quarter exceeded expectations, while in Canada it disappointed in August.
- In Switzerland, the unemployment rate in October was in line with expectations, while consumer price inflation surprised on the downside.

See explanations below.

Source: Bloomberg, Time period: 01/01/2020 – 07/11/2025

Eurozone and US

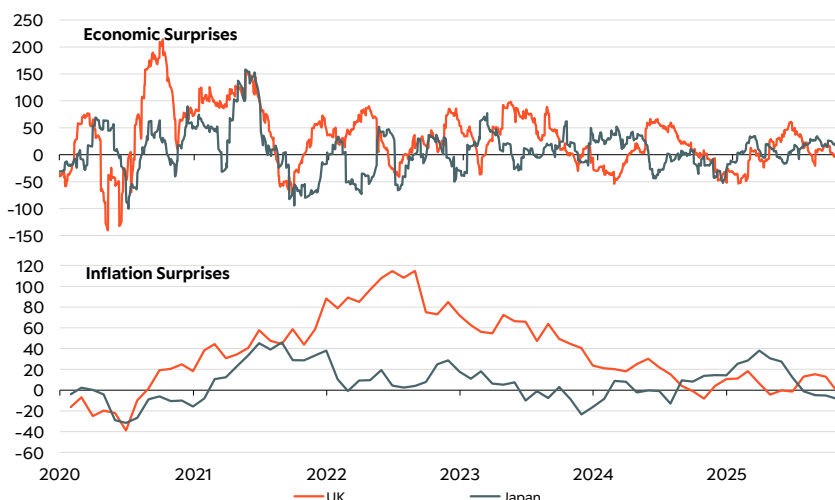


- Economic surprises in the US have continued to be positive over the past two weeks, while those in the eurozone have also recently taken a clear turn for the better.
- In the US, private sector job creation figures for October surprised on the upside, while pending home sales in September disappointed.
- In Germany, GDP growth in the third quarter and the unemployment rate in October were in line with expectations.

See explanations below.

Source: Bloomberg, Time period: 01/01/2020 – 07/11/2025

UK and Japan



- In the United Kingdom, the national house price index surprised on the upside in October.
- In Japan, retail sales in September were below expectations, while industrial production in September surprised on the upside.

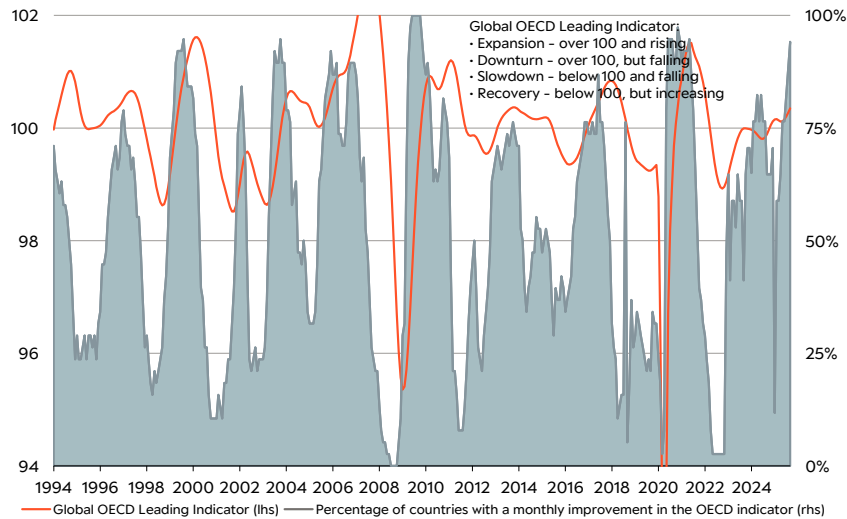
The Citigroup Economic Surprise Indices are defined as weighted historical normalised data surprises (actual releases vs. Bloomberg survey median) over the past three months. A positive value of the index indicates that, on balance, economic data have outperformed consensus. The indices are calculated daily in a rolling three-month window. The indices use a time decay function to replicate the markets' limited memory, i.e. the weight of a data surprise decreases over time.

Source: Bloomberg, Time period: 01/01/2020 – 07/11/2025



Economics

OECD Leading Indicator

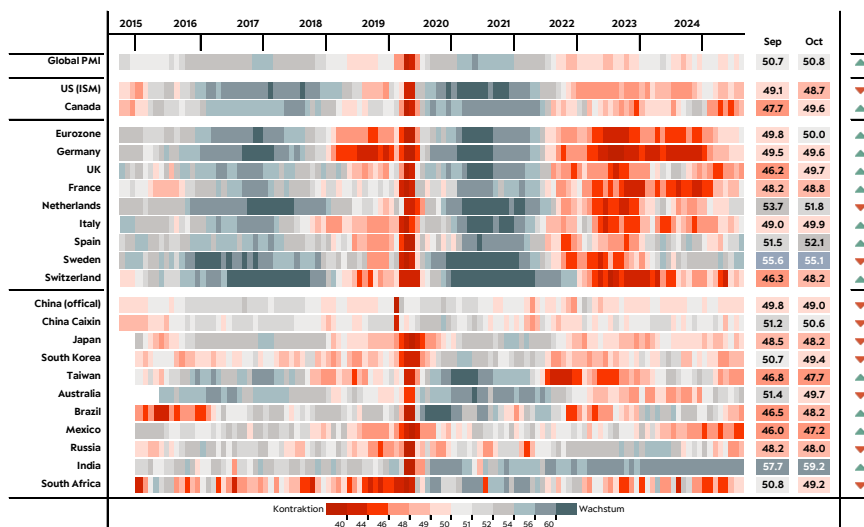


- Global economic expansion continues. At 100.3 in September, the revised OECD leading indicator was above the 100 mark for the twelfth consecutive month.
- According to the revised leading indicator, the economic situation improved in September in 97% of the countries covered compared with the previous 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 – 07/11/2025

Manufacturing Purchasing Managers Index (Manufacturing PMI)

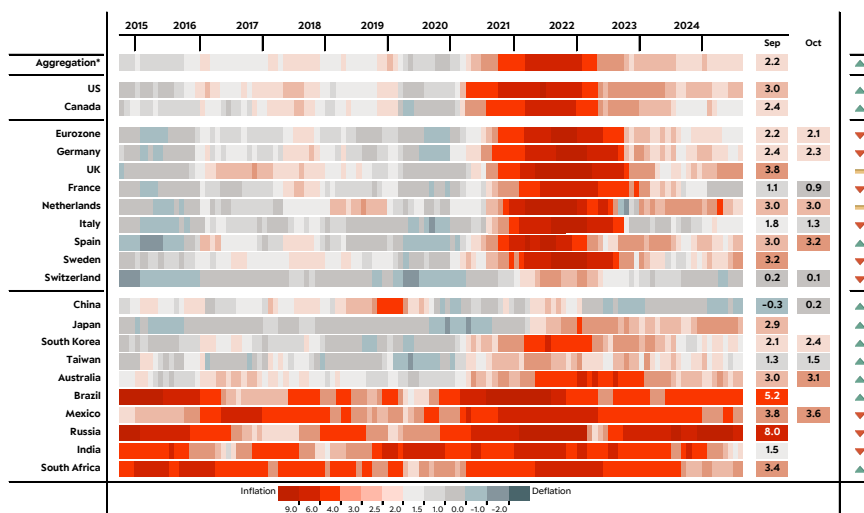


- PMI data for October points to improved activity in the manufacturing sector in the eurozone. PMIs in the UK, Canada, Switzerland and the US were also above the previous month's figures in October.

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 – 07/11/2025

Headline Inflation



- The first consumer price data for October pointed to a further slowdown in inflation. In France and Switzerland, for example, the annual harmonised inflation rate fell compared with the previous month. In Germany, falling energy prices contributed significantly to the slowdown in the annual harmonised inflation rate compared with the previous month.

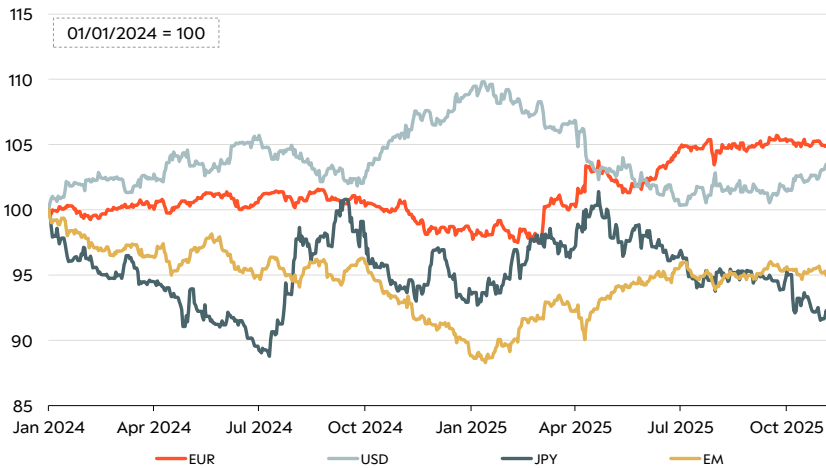
Inflation (in %, compared to the previous year) is measured using a consumer price index, also called a basket of goods. This basket contains all goods and services that a household purchases on average per year. * = Weighting according to gross domestic product.

Source: Bloomberg, Time period: 01/01/2015 – 07/11/2025



Foreign Exchange

Trade-Weighted Currency Development

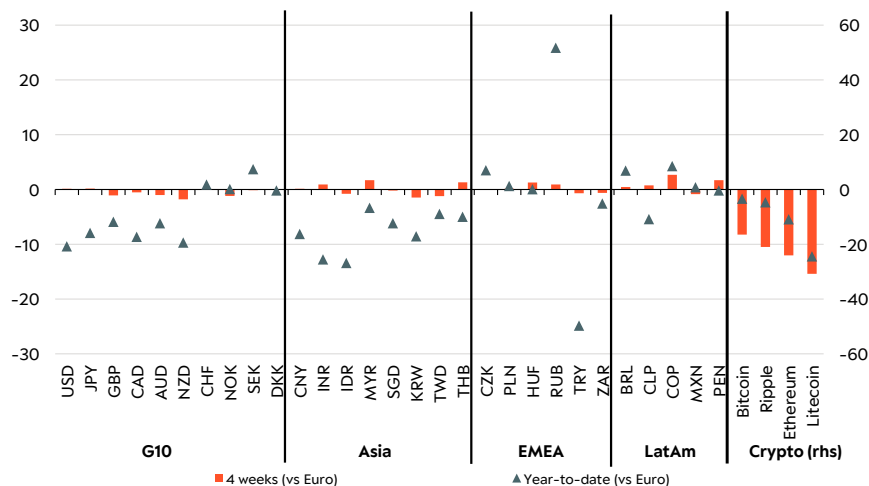


- After the ECB left interest rates unchanged again at its last central bank meeting, the trade-weighted euro continues to trend sideways. The dollar, on the other hand, has recently shown some strength.
- While the Japanese yen continues its downward trend since April 2025, the trade-weighted EM currency index remains in a sideways movement.

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 – 07/11/2025

Currency Moves vs Euro

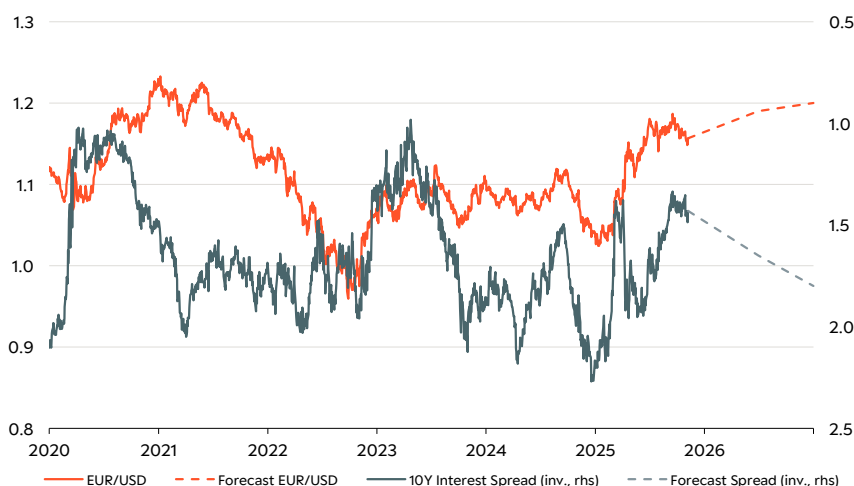


- Despite the more hawkish statements by Fed Chairman Powell, the dollar has hardly appreciated against the euro over the past four weeks.
- In contrast, the British pound lost slightly against the euro after the BoE meeting, after the central bank signalled a rate cut in December.
- Cryptocurrencies have recorded more significant losses against the euro over the past four weeks.

Performance of selected currencies against the euro, in percent.

Source: Bloomberg, Time period: 01/01/2025 – 07/11/2025

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



- The interest rate differential between 10-year US government bonds and German government bonds has widened slightly over the last four weeks after Jerome Powell emphasised that he does not consider an interest rate cut in December to be a foregone conclusion.
- The euro subsequently depreciated only briefly against the US dollar, but now remains at 1.15.

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

	4-week & YTD		12-month periods over that last 5 years				
	4W (10/10/25 - 07/11/25)	YTD (31/12/24 - 07/11/25)	07/11/24	07/11/23	07/11/22	07/11/21	06/11/20
Energy	6.4	12.7	9.6	-2.4	4.2	42.0	76.6
Utilities	4.6	30.2	29.2	10.5	9.3	-8.6	11.4
Consumer Staples	2.5	6.9	6.6	-0.9	1.2	-5.5	19.3
Consumer Discretionary	-1.4	2.2	0.7	8.7	12.6	-21.2	40.6
Value	1.9	22.9	22.7	20.0	9.2	-1.6	37.2
Information Technology	1.6	8.1	15.5	19.4	20.0	-32.0	58.2
Finance	1.0	33.3	36.5	35.0	14.9	-8.2	54.1
Materials	0.8	4.7	-1.5	15.7	2.4	-4.6	30.7
Growth	-1.5	5.4	5.0	15.5	8.6	-18.0	32.3
Industrials	-2.0	21.0	19.4	35.6	11.1	-15.9	35.0
Health Care	-3.0	-0.1	-3.7	12.1	6.1	-4.0	20.8
Telecommunications	-5.8	6.4	5.5	21.3	6.2	-7.9	21.4

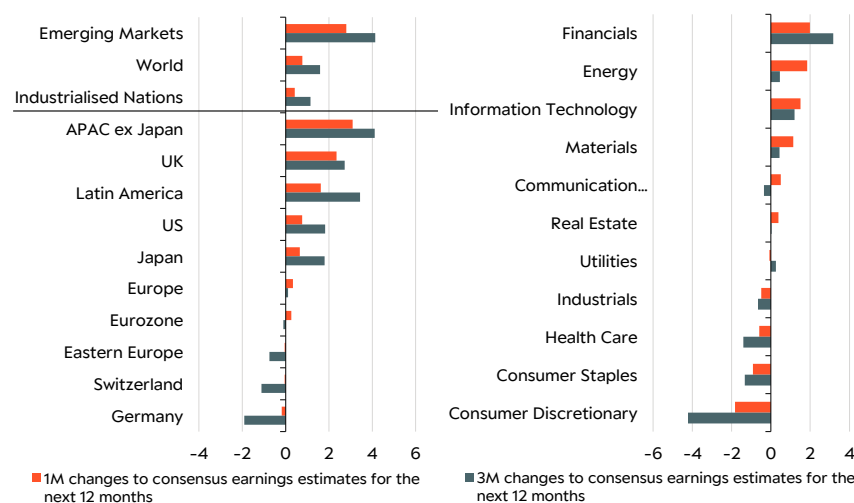
Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Staples: MSCI Europe Cons. Staples NR; Energy: MSCI Europe Energy NR; Finance: MSCI Europe Financials NR; Health Care: MSCI Europe Health Care NR; Industrials: MSCI Europe Industrials NR; Information Tech.: MSCI Europe Inform. Tech.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

- The gold rush surrounding AI infrastructure continues to boost utility companies. After the energy sector, this traditionally defensive sector performed best and continues to catch up with financials in the annual ranking.
- Telecommunications stocks have recorded the biggest losses among European sectors over the last four weeks.

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: 06/11/2020 – 07/11/2025

Changes in Consensus Earnings Estimates

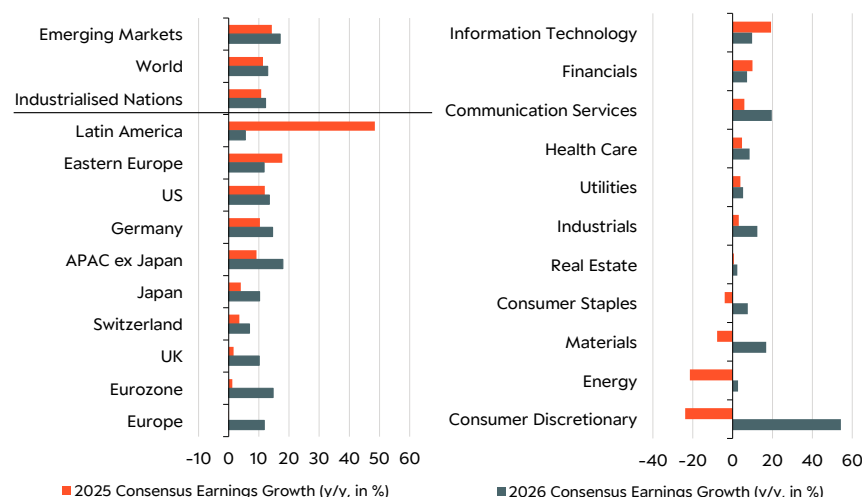


- Over the past four weeks, analysts have revised their earnings forecasts upward, particularly for emerging markets. Asian markets led the way, but earnings revisions were also positive for Latin American stocks.
- Earnings forecasts for industrialized nations were raised less than those for emerging markets. The earnings outlook for companies from Germany and Switzerland was reduced the most.

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 07/11/2025

Earnings Growth



- On average, the markets expect almost no profit growth from European companies this year.
- Earnings expectations are slightly better for German stocks. The market expects corporate profits to rise by around 10% this year.
- At the sector level, the market forecasts the highest profits for tech stocks.

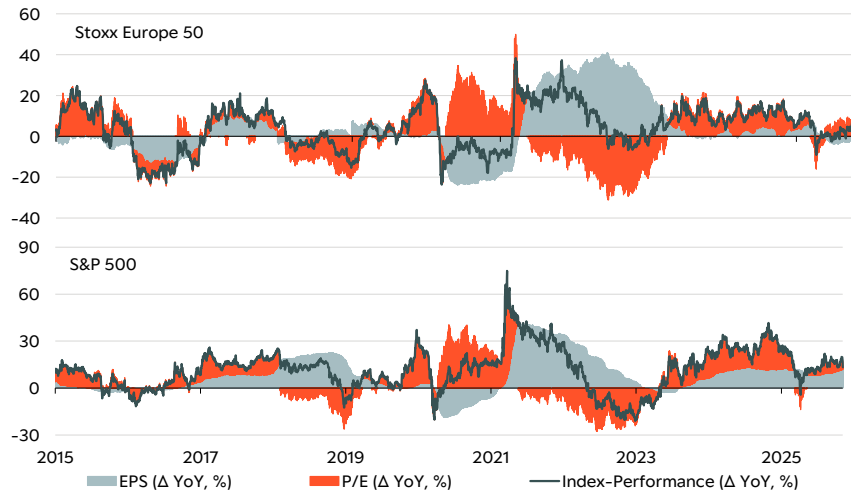
Consensus expected calendar year earnings growth for selected equity regions, year-on-year and in percent. The earnings estimates of the individual companies are aggregated upwards using the index weights ("bottom-up"). Regional and Europe Sector MSCI Indices. APAC ex Japan = Asia Pacific excluding Japan

Source: FactSet, as of 07/11/2025



Equities — Valuation

Contribution Analysis

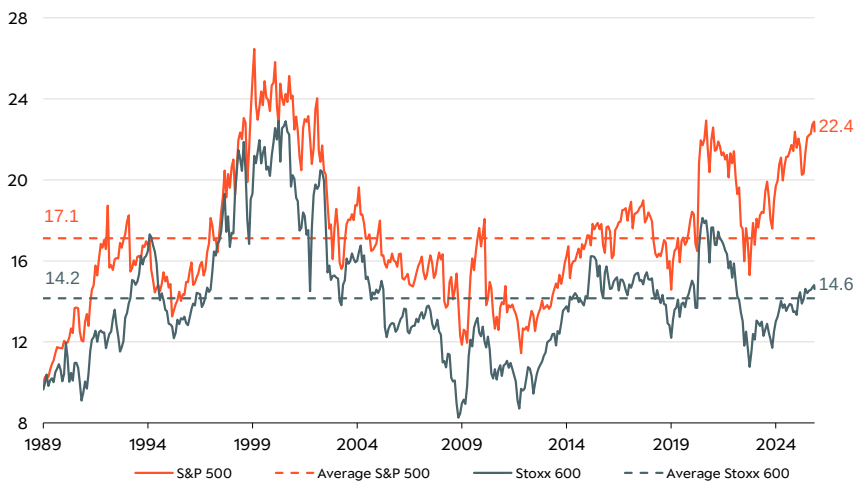


- The performance of US equities continues to be driven by very solid corporate earnings rather than by valuations.
- In Europe, the opposite is true. Here, market expectations, i.e., valuations, have been the main driver of the Euro Stoxx 50's performance over the last 12 months.

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 – 07/11/2025

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

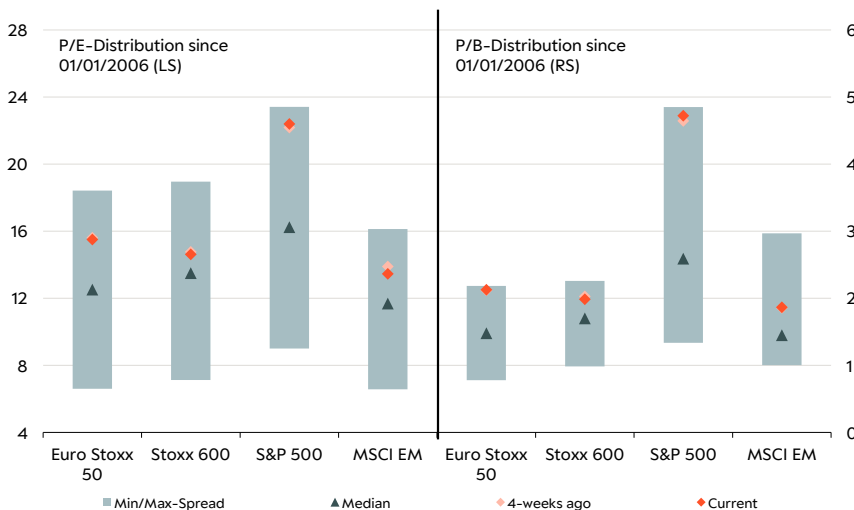


- After US benchmarks fell slightly last week, US stock valuations also became somewhat cheaper. The P/E ratio of the S&P 500 dropped from 22.9 to 22.4.
- The P/E ratio of European stocks, on the other hand, remained largely unchanged.

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 – 07/11/2025

Historical Distribution: Price/Earnings and Price/Book Ratio



- Compared to DM markets, EM equity valuations are significantly more attractive. Both the P/E ratio and the P/B ratio remain lower for emerging markets.
- The P/B ratio for EU equities remains close to its all-time high.

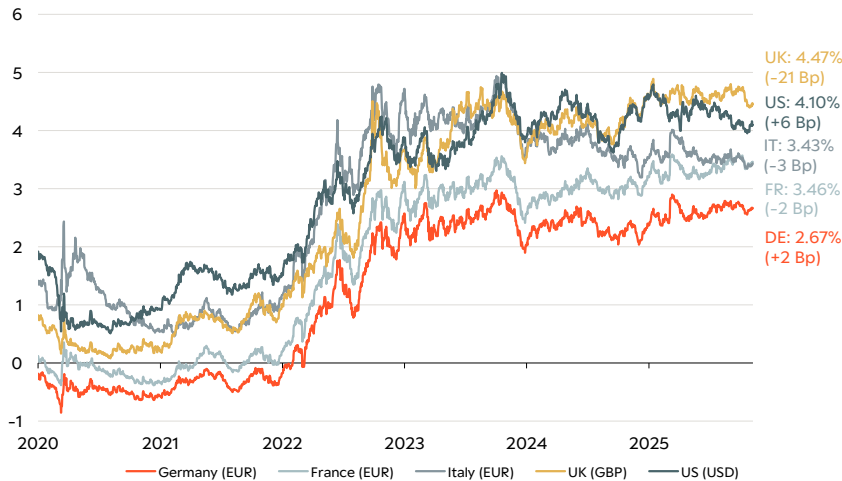
Historical distribution of valuation ratios for selected equity regions since 2006. In addition to the current value, the observation four weeks ago and the historical median, the maximum (upper limit of the blue bar) and minimum (lower limit of the blue bar) are shown.

Source: Bloomberg, Time period: 01/01/2006 – 07/11/2025



Sovereign Bonds & Central Banks

10-Year Government Bond Yields

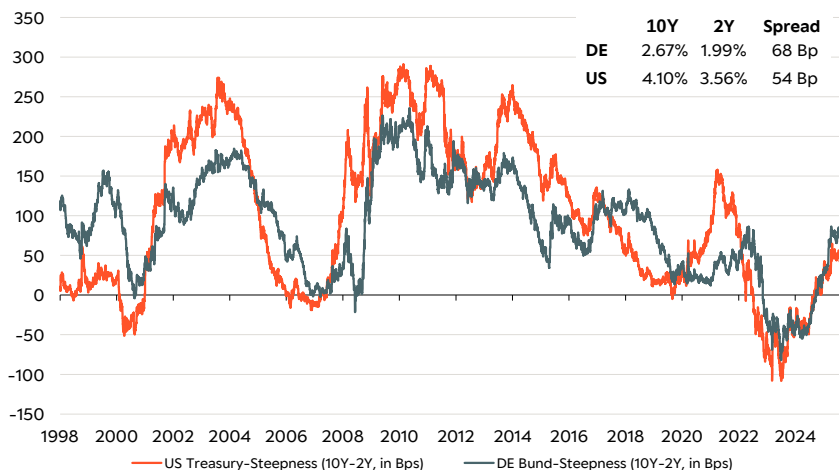


- Government bond yields in the euro-zone and the UK have fallen for the most part over the last four weeks. The trend was particularly pronounced for gilts, where yields fell by 21 basis points after inflation peaked and the BoE deemed an interest rate cut in December more likely.
- US government bond yields, on the other hand, have risen slightly to 4.10% over the past four weeks.

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 – 07/11/2025

Yield Curve Steepness (10Y - 2Y)

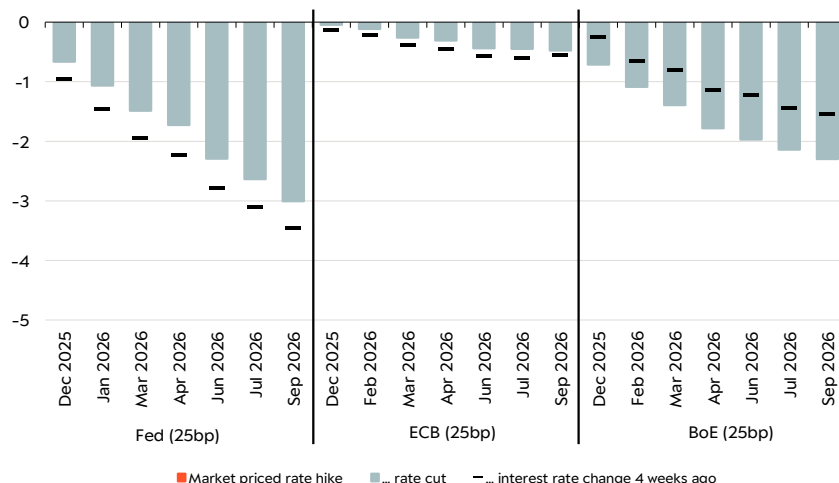


- Over the past two weeks, the yield curve has remained largely unchanged in both the US and Germany. This is the result of a slight increase in yields at both the short and long ends of the yield curve.

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 – 07/11/2025

Implicit Changes in Key Interest Rates



- Investors' expectations of interest rate cuts by the Fed before the end of the year have been slightly reduced following Powell's hawkish statements at the last central bank meeting. Currently, the market expects a 65% chance of a cut in December. Two further cuts are expected in 2026.
- In contrast, expectations for future interest rate cuts by the BoE have risen after it recently surprised on the dovish side.

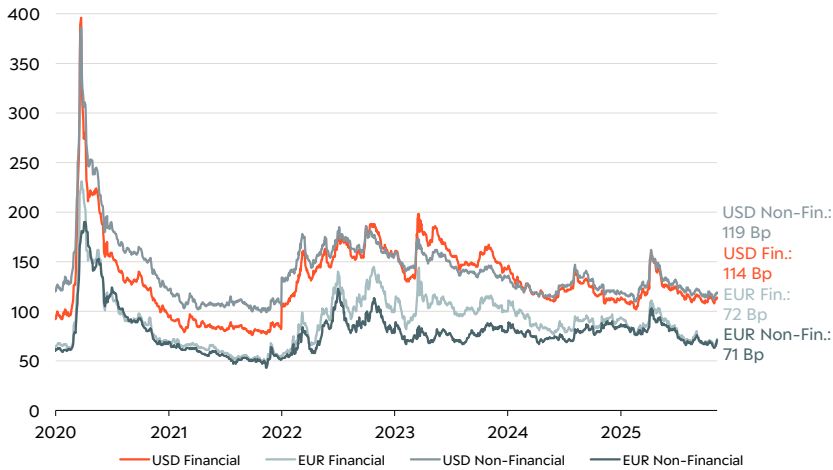
Derivatives on money market interest rates – such as the fed funds futures – can be used to determine the change (number of steps) in the key interest rate priced by the market.

Source: Bloomberg, Time period: 10/10/2025 – 07/11/2025



Corporate Bonds

Credit Spreads Financial and Non-Financial Bonds

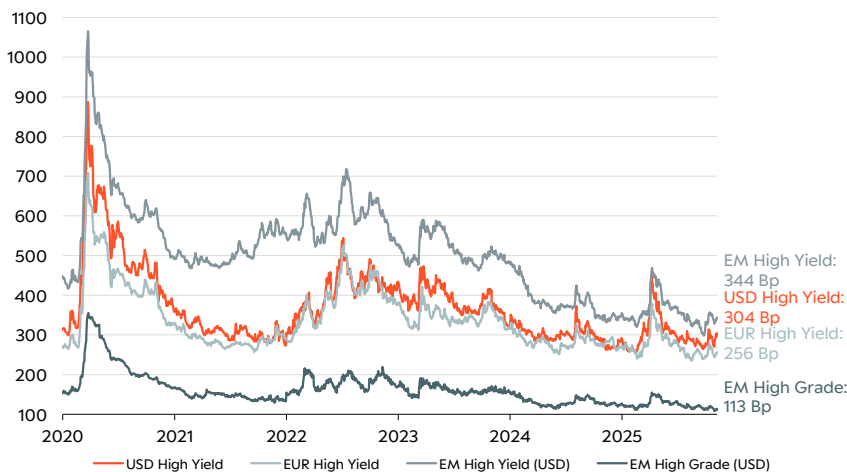


- Risk premiums on IG corporate bonds have trended sideways in recent weeks and are currently trading at around 70 basis points. This puts the current yield at just over 3%.
- In the US, risk premiums have been fluctuating sideways since August.

Explanations: see middle and lower figure.

Source: FactSet, Time period: 01/01/2018 – 07/11/2025

Credit Spreads High Yield and Emerging Markets Bonds



- Spreads on US high-yield bonds have risen by around 25 basis points since the end of October, returning to the level seen in mid-October when news of the bankruptcies of First Brands and Tri-color broke.
- By contrast, risk premiums on EUR high-yield bonds rose only slightly and are now just 20 basis points above this year's low.

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 – 07/11/2025

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	07/11/24	07/11/23	07/11/22	07/11/21	07/11/20
EUR Government	2.81	-0.06	6.9	-	-	-	0.8	1.1	2.2	6.3	0.0	-18.5	-1.9
Germany	2.42	-0.03	7.0	-	-	-	0.5	-0.5	0.5	4.6	-1.0	-17.4	-2.1
EUR Corporate	3.18	0.03	4.4	71	4	37	0.2	3.1	3.9	8.4	4.8	-15.9	0.6
Financial	3.20	0.02	3.8	72	5	28	0.2	3.6	4.3	8.7	5.2	-13.8	0.8
Non-Financial	3.17	0.03	4.9	71	5	47	0.2	2.8	3.7	8.2	4.6	-17.0	0.6
EUR High Yield	5.54	0.05	3.4	256	7	12	-0.1	4.5	5.5	12.8	9.4	-13.8	7.2
US Treasury	3.91	-0.03	6.0	33	-2	89	0.5	6.1	5.4	6.3	2.0	-15.9	-2.1
USD Corporate	4.89	0.05	6.6	118	6	29	0.0	7.3	6.3	11.3	6.3	-20.4	1.9
Financial	4.80	0.03	5.1	114	5	40	0.2	7.4	6.8	11.4	6.5	-16.9	1.3
Non-Financial	4.92	0.06	7.3	119	5	26	-0.1	7.2	6.0	11.3	6.2	-21.9	2.2
USD High Yield	7.29	0.25	3.8	304	26	18	-0.3	6.9	7.1	14.5	9.1	-12.7	9.1
EM High Grade	4.65	-0.01	5.5	113	0	0	0.4	7.7	7.4	10.4	7.0	-18.7	1.3
EM High Yield	7.35	0.12	4.3	344	16	9	0.4	8.6	8.6	19.2	13.1	-22.5	1.4

- Over the past month, yields on government bonds have fallen slightly. By contrast, yields on corporate bonds have risen due to spread widening. However, relative to the last 10 years, spreads remain very low, especially in the high-yield segment.

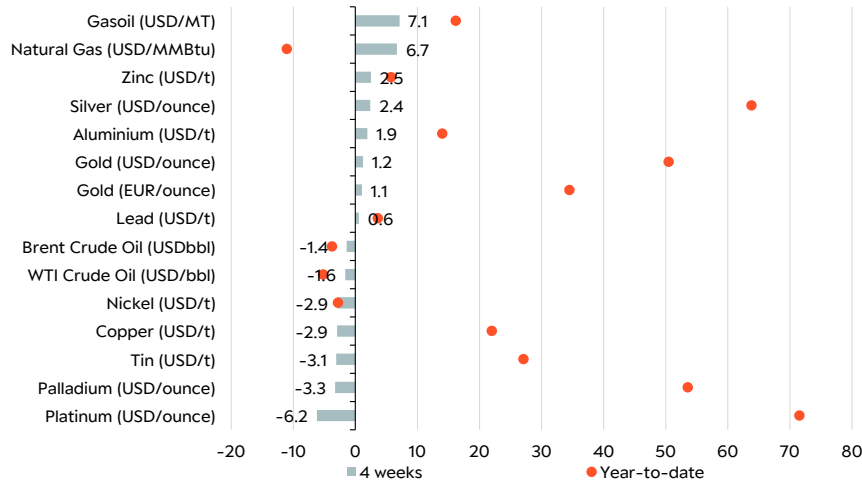
ICE BofA indices in the following sequence: Euro Government; German Government; Euro Corporate; Euro Financial; Euro Non-Financial; Euro High Yield; US Treasury; US Corporate; US Financial; US Non-Financial; US High Yield; High Grade Emerging Markets Corporate Plus; High Yield Emerging Markets Corporate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

Source: FactSet, Time period: 07/11/2015 – 07/11/2025



Commodities

Commodities Performance

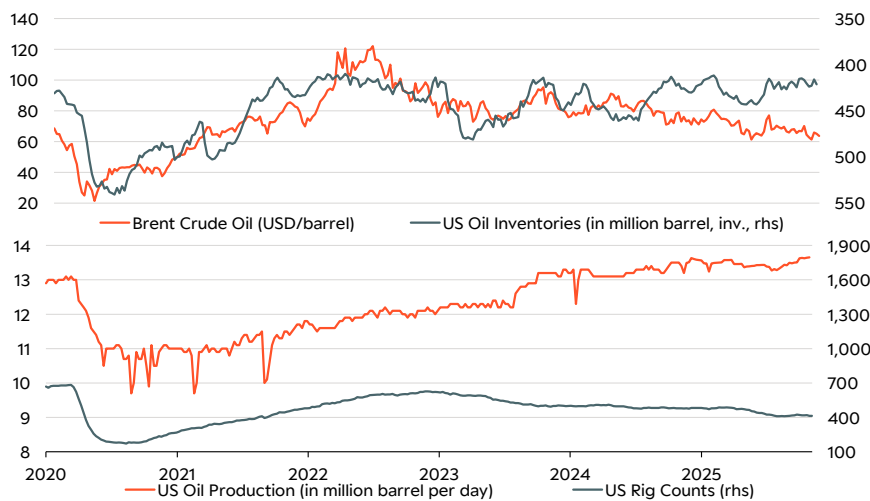


- Developments on the commodity markets over the last four weeks have been mixed: while individual precious metals such as palladium and gold have risen, platinum is trending weaker.
- Despite OPEC's announcement that it would not increase production further in the new year, the oil price continued to decline slightly due to concerns about the continuing oversupply.
- With the exception of aluminium, industrial metals also mostly declined slightly.

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

Source: Bloomberg, Time period: 31/12/2024 – 07/11/2025

Crude Oil

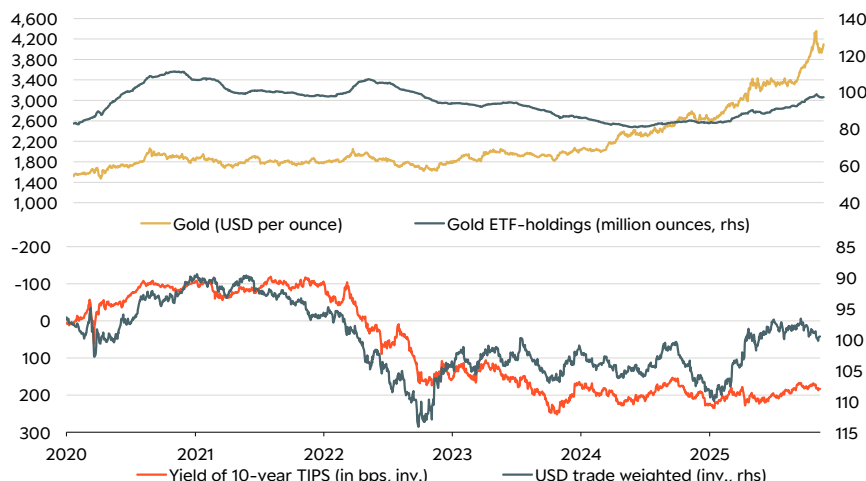


- After rising significantly in mid-October when the US extended sanctions against Russia and India spoke out against purchasing Russian oil, the oil price has recently lost some momentum again.
- Concerns about a significant oversupply in 2026 remain despite OPEC's announcement that it will halt the reduction in production cuts at the beginning of the new year for the time being.

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 – 07/11/2025

Gold



- Following the sharp decline of the last two weeks, the gold price has now stabilised at around USD 4,000 per ounce.
- Despite the recent slide, gold ETFs recorded further inflows of around 55 tonnes in October, according to the WGC, reaching a five-year high of almost 3,900 tonnes.

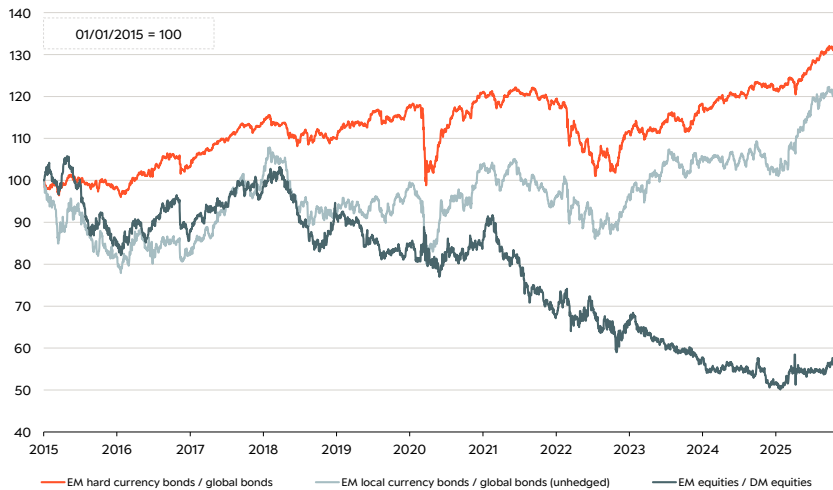
The US dollar and the real, i.e. inflation-adjusted, interest rate are among the fundamental price factors of the gold price. Rising real interest rates tend to weigh on the gold price, while falling real interest rates have a supportive effect. The same applies to the US dollar. The development of gold ETF holdings reflects financial investors' demand for gold.

Source: Bloomberg, Time period: 01/01/2020 – 07/11/2025



Emerging Markets

EM vs DM: Cross Asset Performance



- Emerging market equities continued to outperform developed market equities despite the recent stabilisation of the US dollar.
- Hard currency bonds from emerging markets also continued to outperform global bonds.
- Following their strong performance in recent months, EM local currency bonds have recently moved sideways relative to unhedged global bonds.

Relative development of total returns for selected indices, in euros. See indices on pages 2 and 13.

Source: Bloomberg, period: 01/01/2015 – 07/11/2025

Equities

		4-week & YTD		12-month periods over that last 5 years				
		4W (10/10/25 – 07/11/25)	YTD (31/12/24 – 07/11/25)	07/11/24	07/11/23	07/11/22	07/11/21	06/11/20
MSCI ACWI	100%	2.3	4.2	6.6	29.6	7.0	-9.6	34.5
MSCI EM	10%	1.5	17.1	15.5	20.2	3.2	-15.8	12.7
MSCI EM LATAM	13%	9.3	32.3	19.6	-4.1	2.5	34.2	15.3
MSCI EM ASIA	80%	1.1	16.4	15.2	23.7	5.3	-19.0	7.9
MSCI EM EMEA	7%	-0.7	13.3	15.1	15.0	-7.0	-20.9	44.0
Brazil	4%	11.2	30.1	13.7	-6.6	2.5	43.4	4.9
South Korea	12%	8.5	61.6	48.9	-4.8	9.0	-20.6	17.3
Mexico	2%	5.2	33.3	25.9	-6.8	7.3	23.7	43.5
India	15%	-9.1	1.4	-8.3	28.4	-2.2	7.4	51.8
Taiwan	20%	-0.4	19.4	21.9	54.1	22.2	-24.1	42.5
China	23%	-1.0	22.1	19.5	21.6	2.7	-29.6	-13.9
South Africa	3%	-1.2	39.2	27.5	31.1	-7.5	1.9	17.0
Saudi Arabia	3%	-2.7	-10.3	-7.1	8.9	-13.5	16.4	57.1

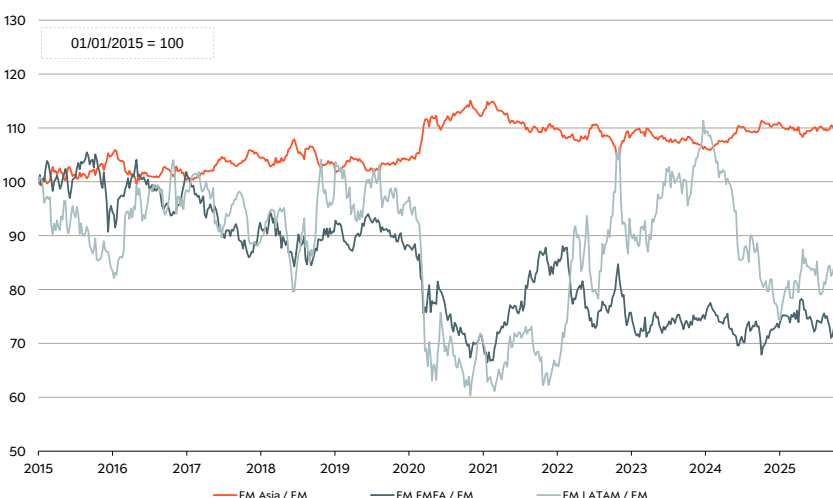
MSCI EM LATAM: MSCI EM Latin America; MSCI EM EMEA: MSCI EM Europe Middle East and Africa; MSCI EM Asia: MSCI EM Asia; China: MSCI China; Brazil: MSCI Brazil; South Africa: MSCI South Africa; Mexico: MSCI Mexico; South Korea: MSCI Korea; Saudi Arabia: MSCI Saudi Arabia; India: MSCI India; Taiwan: MSCI Taiwan; All indices are net total return indices. The weights of the indices are approximated using the weights of the iShares MSCI ACWI ETF and iShares MSCI Emerging Markets ETF as of 20/10/2025.

- Over the last four weeks, emerging market equities gained in absolute terms, but performed slightly weaker than developed markets.
- Performance was driven in particular by equities from Latin America, which gained a good 9% over the last four weeks. Brazil was the most important driver here.
- Equities from China, South Africa and Saudi Arabia, on the other hand, declined slightly.

Total return for selected equity indices, in euros and in per cent, sorted by performance in the last four weeks.

Source: Bloomberg, period: 06/11/2020 – 07/11/2025

Equities: relative performance of EM regions



- Latin American equities have continued their relative outperformance since the start of the year compared to the broad EM index. At almost 32%, the region has been the frontrunner in euro terms since the beginning of the year.
- While Asian emerging market equities have also continued to perform positively in absolute and relative terms, equities from the EMEA region have continued to underperform the broad emerging market index.

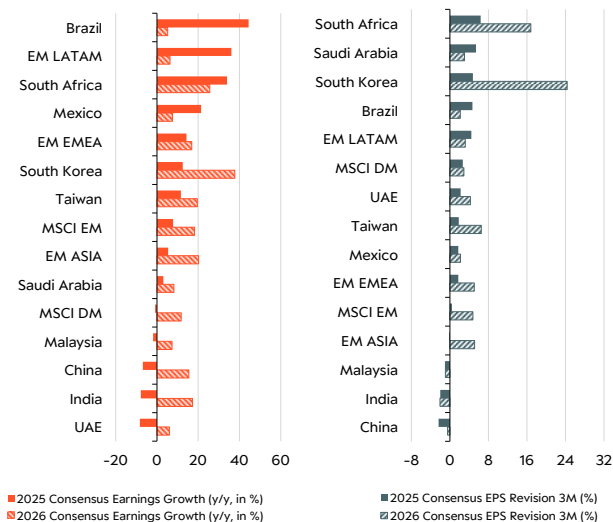
The comparison is based on net total return for the indices: EM Asia: MSCI EM Asia; EM EMEA: MSCI EM EMEA; EM LATAM: MSCI EM LATAM; EM: MSCI EM, in a single currency.

Source: Bloomberg, period: 01/01/2015 – 07/11/2025



Emerging Markets

Earnings growth and EPS revisions

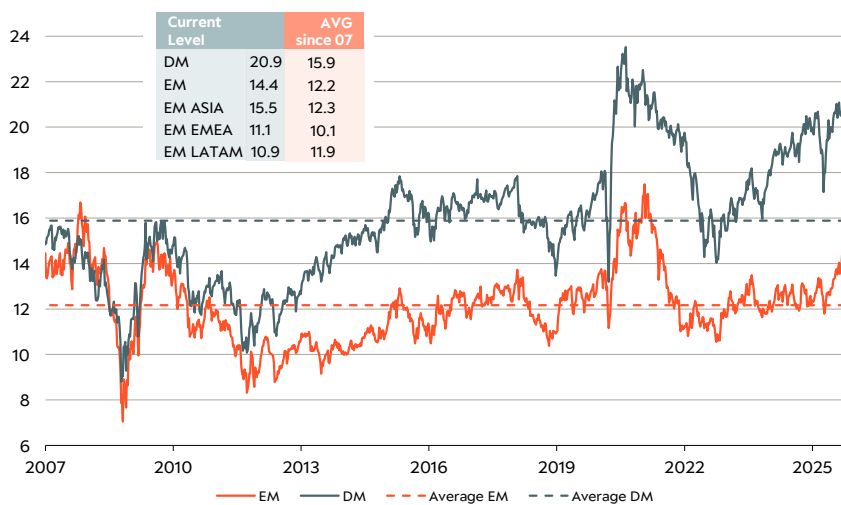


- The precious metals rally in October significantly raised market expectations for South African stocks and mining companies. South African stocks are among the top three in terms of earnings expectations and revisions.
- Despite the truce in the customs dispute with the US, analysts remain skeptical about Chinese equities. Earnings revisions have remained negative recently.

Expected consensus earnings growth and 3-month changes in consensus earnings estimates for 2025 and 2026 for the MSCI World (DM), MSCI EM and MSCI EM country Indices, in per cent.

Source: Bloomberg, date: 07/11/2025

P/E ratio of the markets

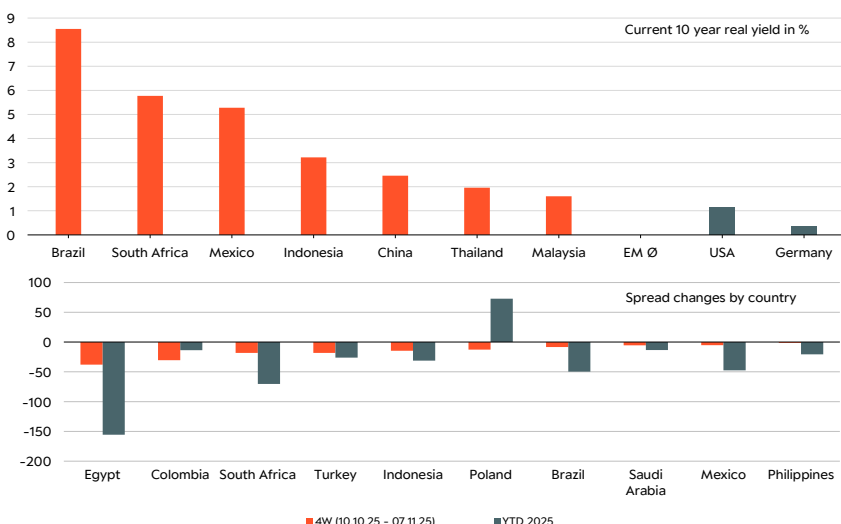


- Shares from EM markets continue to be significantly cheaper than their DM counterparts.
- Despite the very strong performance of Latin American stock markets over recent weeks, valuations there remain favorable. Latin American equities are the only market segment where the P/E ratio is below the long-term average rather than above it.

P/E ratio based on consensus earnings estimates for the next twelve months for the MSCI World (DM) and MSCI EM. See indices on page 13.

Source: Bloomberg, period: 01/01/2007 - 07/11/2025

Current 10-year real yield in % and spread changes by country



- Real yields in emerging markets remain well above those in the US or Germany. At just under 8.5%, Brazil has the highest real yield among emerging market countries.
- Spreads have narrowed further over the past four weeks and have been significantly lower for all countries except Poland since the beginning of the year.

10-year real yield calculated as 10-year nominal yield minus the annual change in the respective inflation rate. EM = Equilibrated average of 16 EM countries. Spread by country from ICE BofA indices.

Source: Bloomberg; date: 07/11/2025



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