Monthly Outlook

February 2023

UniCredit

Index

Summary

Looking beyond

MARKET UPDATE

2023 has got off to a flying start, with gains for both the European and the North American stock indices.

Leading indicators have been pointing to a visible weakening of economic activity in the US for several months, both for the manufacturing and services sectors, while the US labour market recently surprised with significantly stronger employment growth in January. In the medium term, the employment trend is declining, which suggests that the Federal Reserve's monetary tightening is having a braking effect on the economy. Wage development – despite the significant employment gains – did not accelerate noticeably in January.

According to the preliminary figures on the development of gross domestic product (GDP) in the euro area, the economy slowed down in the fourth quarter, but managed to avert a contraction. For the first quarter of this year, we expect economic development in the euro area to weaken further, as the downstream effects of the energy crisis are likely to continue to weigh for a while. However, due to the recent improvement in leading indicators (e.g. PMIs), we expect a clear recovery from the second quarter onwards. The unexpectedly swift lifting of the zero-Covid policy and the emerging early recovery in China should support the economic momentum in the euro area in 2023.

INFLATION AND MONETARY POLICY

At its latest meeting at the beginning of February, the Fed raised its key interest rate by 25 basis points to a target range of 4.50% to 4.75%, thus reducing the pace of interest rate hikes compared to December. This smaller rate step signals an approach to an end of the hike cycle in the near future. After the recent much more robust labour market data, our view has strengthened that the Fed will implement two more 25 bps hikes – once in March and then in May.

The European Central Bank (ECB) also raised its key interest rates by a further 50 bps at the beginning of February and held out the prospect of a further increase of a similar magnitude in March. With the latest hike, the deposit rate is now at 2.50%. ECB Chair Christine Lagarde expressed herself less aggressively than in December, especially since inflation risks have become more balanced due to the drastic decline in energy prices.

FINANCIAL MARKETS

In January, both the European and the North American stock indices (as measured by the corresponding MSCI indices in EUR and USD) rose by around 6.5% each. Bond markets have also risen – in January 10-year yields on German government bonds fell to 2.29% (-28bp) and those on US government bonds to 3.51% (-37pb), giving bond investors smaller price gains in addition to the higher current yields from last year.

The development of the monetary policy parameters of the major Western central banks represents an important risk factor for global markets this year. For example, bond markets in the US are already pricing in a first rate cut by the Fed this summer, and a central bank rate of 4.5% for January 2024. The market is therefore betting that the interest rate increases of the first half of 2023 will already be reversed in the second half of the year.

In Europe, in particular, the economic environment is proving much more robust than feared just a few months ago. In combination with a relatively favourable valuation, the investment environment appears quite attractive over a medium-term time horizon. Incidentally, the profits of European companies have risen by almost 20% in the past year, whereas share prices have fallen by more than 10%, which has significantly reduced the price-earnings ratio.

CIO’s Letter

Looking beyond

2023 has got off to a flying start. In January, both the European and the North American stock indices (as measured by the corresponding MSCI indices in euro and US dollars) rose by around 6.5% each. Bond markets have also risen – in January 10-year yields on German government bonds fell by 28 basis points (bps) to 2.29%, and those on US government bonds by as much as 37 bps to 3.51%, giving bond investors smaller price gains in addition to the higher current yields from last year. This pleasing performance for investors was triggered by both the news suggesting an easing of the global economic situation, and also by inflation data pointing to a cooling of the pace of price increases.

In particular, data shows that the gas storage facilities in Europe are still pleasantly well-filled, suggesting that the risk of a gas shortage in the winter of 2023/24 seems to have decreased significantly. This supports the confidence of companies and investors in Europe that corresponding discounts for the risk of a gas shortage will now be priced out. In addition, the end of China’s zero-Covid policy should fuel economic momentum in China and thus also strengthen demand for export goods from Europe. And, most recently, monthly inflation rates point to a slowdown in the pace of price increases – which on the one hand is a result of the easing on the energy markets, but on the other hand is also a consequence of the significantly tighter monetary policy. Finally, the US labour market is proving to be surprisingly robust despite the massive interest rate hikes. While this is a good sign, because the US economy is still on very solid footing, the Federal Reserve (Fed) is likely to take this as an opportunity not to prematurely end its tight monetary policy.

The latter is also an expression of the fact that the development of the monetary policy parameters of the major Western central banks represent an important risk factor for global markets this year. For example, bond markets in the US are already pricing in a first rate cut by the Fed this summer, and a central bank rate of 4.5% for January 2024, the same rate as at the beginning of this year. The market is therefore betting that the interest rate increases of the first half of 2023 will already be reversed in the second half of the year.

This gives rise to a few risk scenarios. If inflationary pressures prove to be more persistent than expected, the Fed could either raise interest rates more than previously expected (the current expectation is for a peak of the rate hike cycle of about 5.25%), or leave them at their peak for longer than currently expected. Both developments could put pressure on US dollar bond markets and subsequently on US equity markets. But an opposite development, i.e. a significant cooling of economic momentum in the US, which would cause the Fed to quickly lower interest rates again, could also weigh on equity markets. The currently priced-in path of a solid economic development with a simultaneous cooling of the inflation dynamic in the US seems quite plausible against the backdrop of the current data situation, but there are also risks of a less favourable development. A recession in the US (conceivable in a risk scenario) is likely to be rather limited in time and depth.

In Europe, the European Central Bank (ECB) is likely to complete its current cycle of interest rate hikes in the course of the first half of the year. However, the size and number of interest rate hikes still to come is likely to exceed that of the Fed somewhat. Implicit market expectations see the peak of rate hikes for the ECB’s key interest rate at 3.5% (deposit rate), based on a current interest rate level of 2.5 %. But here, too, the development is likely to depend to a large extent on inflation and economic data.

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In Europe, in particular, the economic environment – as exemplified above by energy supply risks – is proving much more robust than feared just a few months ago. In combination with a relatively favourable valuation, the investment environment appears quite attractive over a medium-term time horizon. Incidentally, the profits of European companies have risen by almost 20% in the past year, whereas share prices have fallen by more than 10%, which has significantly reduced the price-earnings ratio (P/E ratio). At times, P/E ratios in Europe have been at levels typically seen in recessions. However, these relatively cheap P/E valuations do not exclude short-term volatility risks.

The polycrisis of the past year (with the pandemic, the Russia-Ukraine war, and the energy crisis) has clearly shown us that Europe is facing considerable transformation tasks. For example, the pandemic has revealed weaknesses in our health care system and in the supply of critical medicines, which are no longer produced in Europe in sufficient quantities. The war makes us pay special attention to the security situation and the defence industry in Europe. And the energy crisis highlights once again the importance of renewable energy production, not only in terms of climate change, but also to ensure a certain degree of energy autonomy. Finally, the tensions between the US and China remind us of the trade dependencies that our domestic economy also has on China.

All these issues point to transformation pressures that are weighing on the European economy, in particular. Some business models that have enabled good entrepreneurial results in the past decades may not work as well in the decades to come. But we should not be intimidated by the complex and comprehensive tasks ahead, because entrepreneurship has always been about finding solutions to challenges. And the success of European companies in global trade underlines their competitiveness on the international stage. In view of these challenges, attractive investment opportunities can also be found for investors with clever investment strategies.

In Focus

China’s zero-Covid departure: a hopeful sign for the economy and financial markets

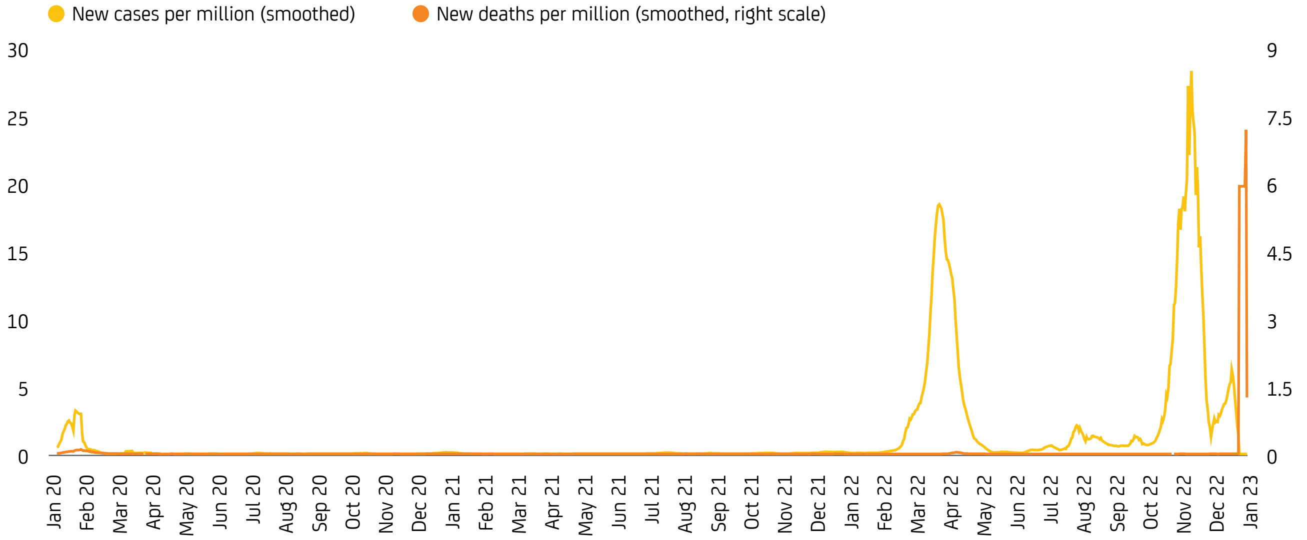
In December, the Chinese government, under the leadership of Xi Jinping, made an astonishing about-face: Xi’s rigorous zero-Covid strategy of mass testing, quarantine regulations, large-scale closures, and meticulous contact tracing was largely dropped. After almost three years of closure, China has also reopened its borders to international travel. The abrupt departure from zero-Covid has led to a massive **increase in infections in China**[1] (see chart 1), and could result in over a million deaths over the winter, according to unofficial estimates by experts, even though the official **number of deaths**[2] has remained almost unchanged since the zero-Covid exit. According to official Chinese figures, infection numbers peaked at the end of December, the number of new infections is declining, and the Chinese New Year holiday period in January did not cause a second wave of outbreaks. However, the World Health Organisation (WHO) accused China of concealing the full **extent of the outbreak**[3].

[1] After more than three years, the National Health Commission of China stopped publishing the daily Covid figures on 25 December without explanation. Since then, the Centre for Disease Control and Prevention has been responsible for the case numbers. This is apparently linked to a clear restriction of statistical publications on the course of the infection. Media reported an estimate by an authority head that almost 250 million people may have been infected in three weeks in December, while the official statistics for this period record only 62,000 infections nationwide.

[2] Beijing has also changed the definition of what counts as a death related to Covid-19.

[3] Satellite imagery supported observations that crematoria and funeral homes in some major cities were operating at increased capacity in January, according to US media.

1. MASSIVE INCREASE IN COVID-RELATED DEATHS IN CHINA AROUND THE TURN OF THE YEAR



Source: Our World in Data, UniCredit Group Investment Strategy
Observation period: 22.01.2020-22.01.2023

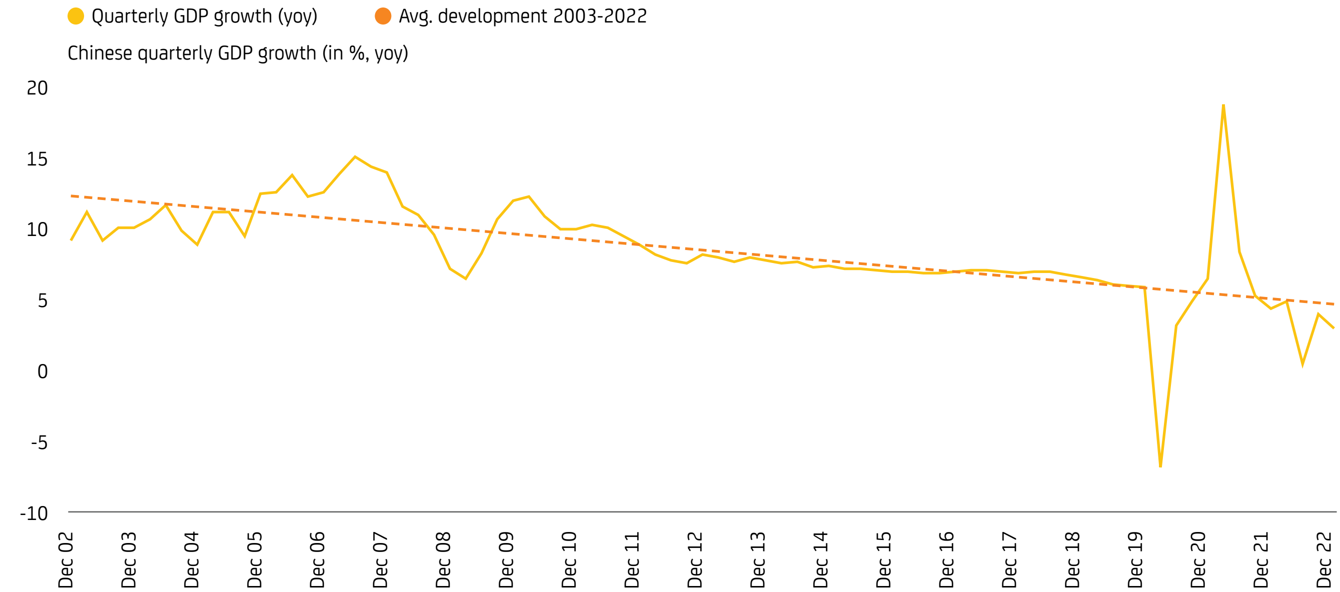
STRICT ZERO-COVID STRATEGY WITH SIGNIFICANT CONSEQUENCES FOR CHINA'S ECONOMY

The move away from zero Covid may have been prompted not only by the spontaneous protests that erupted across China in December, but also by the massive impact of the strategy on the country's economy. After officially reporting a gain in economic growth of more than 8% in 2021 as China benefited from the global economic recovery, China's gross domestic product (GDP) growth of 3% last year was the slowest pace since the 1970s (except for the Covid-related year of 2020). However, GDP growth for the fourth quarter came in better than consensus (Bloomberg: 2.7%) expectations at 2.9% year-on-year – down from 3.9% in the third quarter and 0.4% in the second quarter. The economic impact of the latest Covid wave (with a 90% vaccinated population) thus appears to be much smaller than that of the blanket shutdown before. Nevertheless, the Chinese government's growth target of 5.5% for 2022 was clearly missed.

China's economic growth has been declining for more than a decade (see chart 2) but it is expected to reach 5% in 2023. However, double-digit growth rates, as in the past, are unlikely to be feasible in China in the medium to long term due to demographic developments. For instance, last year, the population declined for the first time since 1961. At the end of 2022, according to the National Bureau of Statistics, the number of people living in the (still) **most populous country in the world will be around 1.4 billion, or 850,000 less than a year earlier**[4]. The United Nations expects this trend to continue and forecasts that the population will fall below 800 million people by the end of the century.

[4]China could soon lose this status to India. Although it had relaxed its birth restriction policy in recent years and ended the "one-child policy", a birth boom failed to materialise.

2. CHINESE ECONOMIC GROWTH IN DECLINE FOR A DECADE



Source: Bloomberg, UniCredit Group Investment Strategy
Observation period: 31.12.2002-31.12.2022

In addition to population development, the transformation from an export-oriented to a service- and technology-oriented economy also plays a decisive role with regard to Chinese economic growth. In the past, China's economic growth was essentially based on a strong increase in exports of consumer goods and high investments in industry, infrastructure and real estate. China also relied on making more productive use of the surplus of young (mostly low-skilled) workers from rural areas in factories (the "demographic dividend"). It is true that many Chinese companies are still integrated as subordinate parts in the transnational value chains of large Western companies. However, the service sector is becoming increasingly important – according to the World Bank, it contributed more than 50% to China's GDP for the first time in 2015.

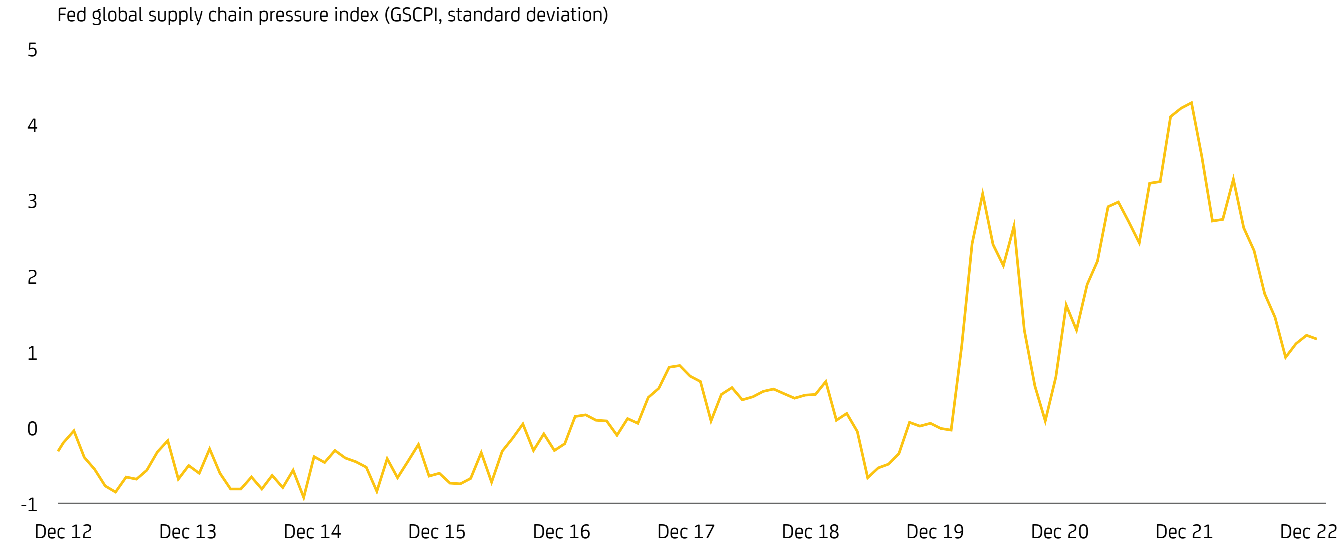
EU SHOULD BENEFIT FROM THE UPCOMING CYCLICAL UPSWING OF THE CHINESE ECONOMY

While the wave of infection that hit China in late 2022 may be less of a burden on the world's second-largest economy than initially feared, it appears that it is already ebbing (although it is difficult to gauge exactly how it will unfold). The recent recovery in China's purchasing managers' indices, especially in the services sector (**which jumped 14.6 points to 54.0 in January**[5], back

[5]A value above the reference line of 50 signals growth.

into expansion territory), suggests that the wave of infection may indeed have peaked. After the openings, there is much to suggest that disruptions in international transport logistics will continue to ease (see chart 3), (business) travel to mainland China could pick up significantly and retail sales could recover as the Chinese population starts to liquidate its surplus savings, which, according to Bloomberg, amount to over USD836 billion. With government support, this should also benefit the real estate market, as the rural to urban migration in China basically continues. Moreover, to support the economy and especially domestic demand, the Chinese central bank will continue to keep interest rates low or possibly even cut them in the face of subdued inflation figures (in China), while its counterparts in Europe and the US continue to tighten monetary policy. It is unclear to what extent this monetary stimulus is having the desired effect, as the credit impulse, which measures the demand for new loans, has recently weakened.

3. EASING IN GLOBAL SUPPLY CHAINS LIKELY TO CONTINUE FOLLOWING CHINA'S OPENINGS



Note: The GSCPI is normalised such that a zero indicates that the index is at its average value, with positive values indicating how many standard deviations the index is above this average value (and negative values indicating the opposite).
Source: Bloomberg, UniCredit Group Investment Strategy
Observation period: 31.12.2012-31.12.2022

For the EU economy, the opening steps in China, or their implications, are ambivalent – but on balance, they are positive. After falling energy prices led to **positive surprises in a number of (leading) indicators[6]**, China's economic recovery does carry the risk that energy prices, especially for **natural gas and oil[7]**, could rise again. Over the course of the year, however, the EU should benefit from an upturn in Chinese economic activity and the easing of supply chains should help disinflationary trends in goods. Better-than-expected GDP data for the fourth quarter (0.1% quarter-over-quarter growth) confirm recent indications of diminishing downside risks to the euro area economic outlook. For instance, Goldman Sachs Research analysis suggests that the Covid turnaround in China (in a baseline scenario assuming average effects on commodity prices and supply chains) could boost euro area growth by 0.2 percentage points in 2023, with a limited impact on inflation of 5 basis points (bps).

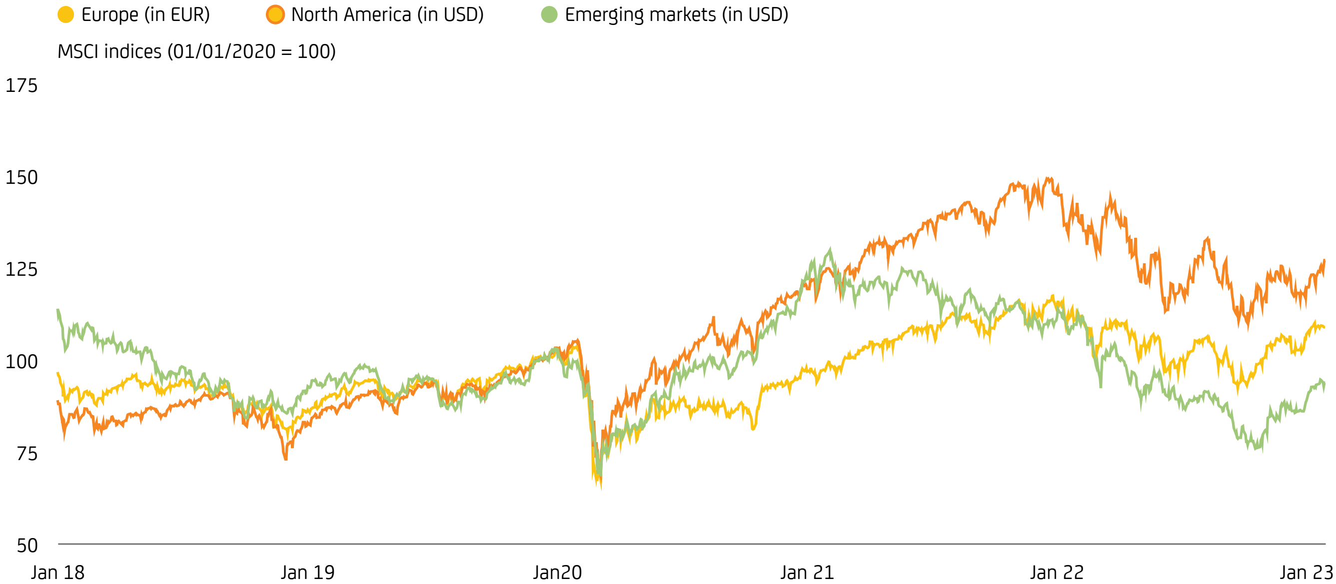
[6]Sentiment indicators such as the IFO, ZEW and Sentix are rising – albeit from extremely low levels.

[7]China's increasing hunger for energy is hitting an already tight global (LNG) market, but experts see signs that China and the rest of Asia are increasingly substituting gas with coal and oil, which could limit this effect. In addition, new sanctions against the import of Russian oil products such as petrol and diesel to Europe come into force at the beginning of February.

FINANCIAL MARKETS PRICE IN RECOVERY POTENTIAL

Meanwhile, financial markets seem to be looking through the short-term strains brought about by the Chinese leadership's abrupt departure from the zero-Covid policy. European and emerging market equities, in particular, made a significant leap upwards in recent weeks (see corresponding MSCI indices in chart 4). Investors should therefore keep a very close eye on further developments. Although short-term setbacks cannot be ruled out, positive surprises in the fourth quarter reporting season, for example, could support the recent market recovery.

4. LIFTING OF COVID RESTRICTIONS IN CHINA FUELS HOPES FOR MARKET RECOVERY



Note: The indices cannot be purchased and therefore do not include costs. When investing in securities, costs are incurred which reduce the performance. Past performance, simulations and forecasts are not a reliable indicator of future performance. Returns may also rise or fall as a result of currency fluctuations.
Source: Bloomberg, UniCredit Group Investment Strategy
Observation period: 31.01.2018-31.01.2023

Macro & Markets

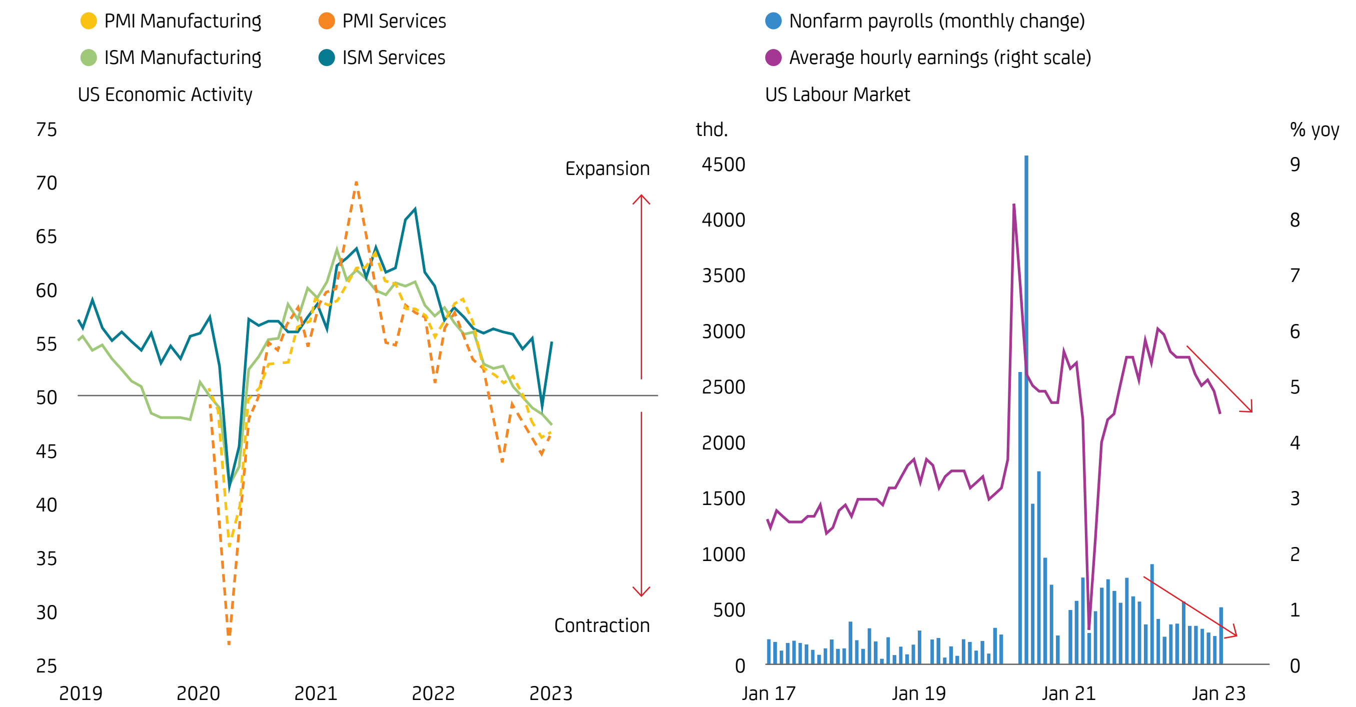
Growth continues to cool, but central banks remain in tightening mode

US ECONOMY WEAKENS FURTHER, FED SLOWS RATE HIKE PACE

Leading indicators have been pointing to a visible weakening of economic activity in the US for several months. In January, for example, the purchasing managers' indices (PMIs) for both the manufacturing and services sectors fell below the 50-index point mark, signalling the entry into a phase of economic contraction (see chart 5). The ISM PMIs also pointed to a continuing slowdown, although the sharp decline in the service sectors has recently been corrected upwards again. Nevertheless, the weakening trend continues here as well, although according to this survey, services are still holding up better than the industrial part of the economy.

The US labour market recently surprised with significantly stronger employment growth in January (+517,000 new jobs, compared to +188,000 expected), which was probably partly caused by statistical effects in the seasonal adjustment. But even without these factors, the US labour market is still quite tight. In the medium term, the employment trend is declining, which suggests that the Federal Reserve's (Fed) monetary tightening is having a braking effect on the economy. But there are no clear signs of an end to the upswing in sight. It is certainly positive that wage development – despite the significant employment gains – did not accelerate noticeably in January, but actually declined slightly year-on-year. Nevertheless, monthly wage growth of over 4 % compared to the previous year is still too high.

5. US ECONOMY CONTINUES TO SHOW SIGNS OF COOLING, LABOUR MARKET REMAINS ROBUST



Source: US Bureau of Labor Statistics, UniCredit Group Investment Strategy

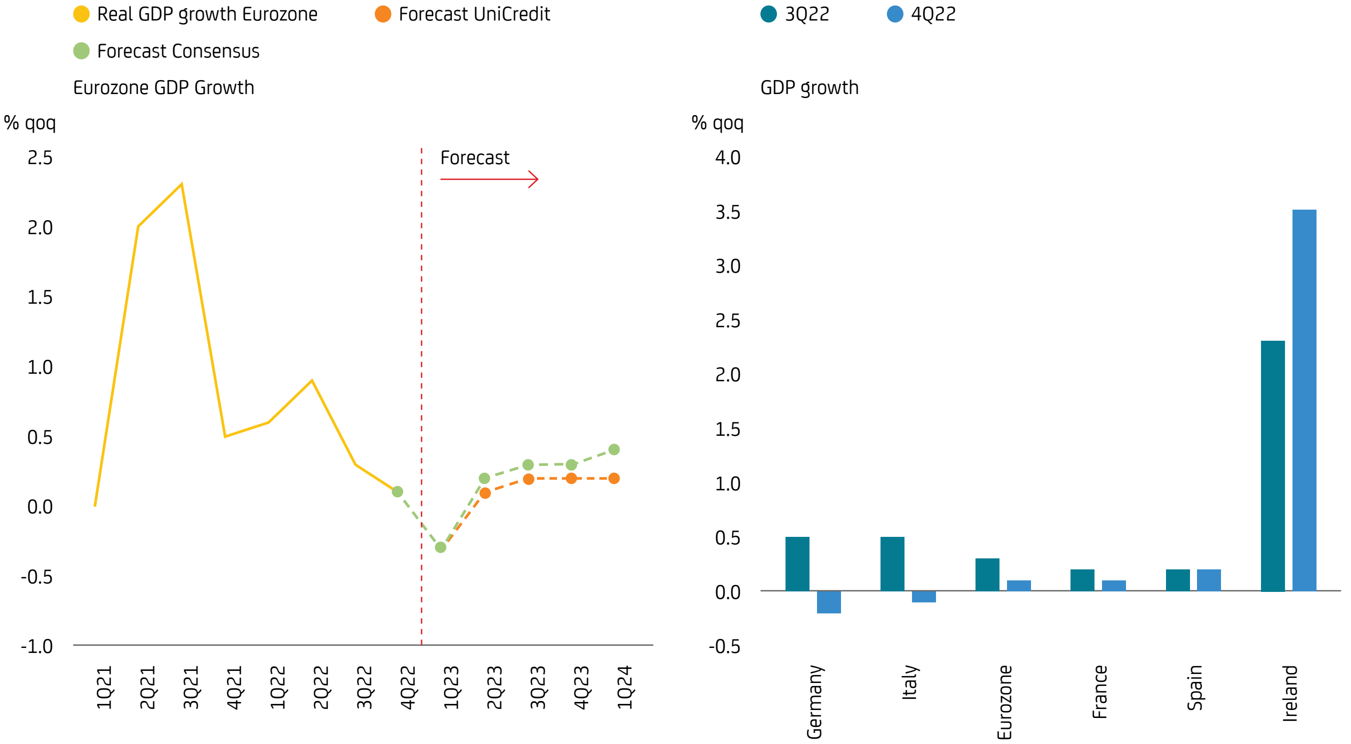
At its latest meeting at the beginning of February, the Fed raised its key interest rate by 25 basis points (bp) to a target range of 4.50% to 4.75%, thus reducing the pace of interest rate hikes compared to December (which saw a 50 bps hike). Although the hike represents a further tightening step into the restrictive range, the smaller rate step signals an approach to an end of the hike cycle in the near future. Moreover, Fed Chairman Jerome Powell's message sounded much less aggressive than in December. Accordingly, the Fed expects that there will probably be a few more hikes of 25 bps in the next few meetings. But there could also be fewer hikes if inflation rates fall much faster than previously forecast. The fact that Powell also refrained from firmly countering market expectations of early rate cuts later this year boosted financial markets significantly. After the recent much more robust labour market data, our view has strengthened that the Fed will implement two more 25 bps hikes – once in March and then in May.

NO RECESSION IN THE EUROZONE, WINTER SLUMP IN THE ECONOMY LIKELY TO BE SHORT-LIVED

According to the preliminary figures on the development of gross domestic product (GDP) in the euro area, the economy slowed down in the fourth quarter, but managed to avert a contraction. Revisions to the available national GDP figures are possible, but as things stand, there are many indications that there will probably not be a technical recession in the euro area. Specifically, euro area GDP grew by 0.1% quarter-on-quarter in the fourth quarter, following a 0.3% increase in the third quarter (see chart 6). In this context, the decline in output in Germany and Italy was offset by an increase in France, Spain and (again) **Ireland**[8]. The main reason for the weak fourth quarter was the decline in domestic demand, especially private consumption. The latter suffered noticeably from the consequences of the energy crisis (i.e. high inflation and negative purchasing power effects). For the first quarter of this year, we expect economic development in the euro area to weaken further, turning negative (-0.2% compared to the previous quarter), as the downstream effects of the energy crisis are likely to continue to weigh for a while. However, due to the recent improvement in leading indicators (e.g. PMIs), we expect a clear recovery from the second quarter onwards. The emerging early recovery in China should support the economic momentum in the euro area in 2023 (see also the In Focus section on China).

[8]Irish GDP is heavily influenced by foreign investment by multinationals, as companies seek to take advantage of the country's low-tax regime. This can lead to distortions in the calculation of economic growth in the euro area.

6. EURO AREA ECONOMY STAGNATES IN THE FOURTH QUARTER OF 2022 AND IS EXPECTED TO CONTRACT SLIGHTLY IN THE FIRST QUARTER OF 2023



Source: Eurostat, UniCredit Research, Bloomberg, UniCredit Group Investment Strategy

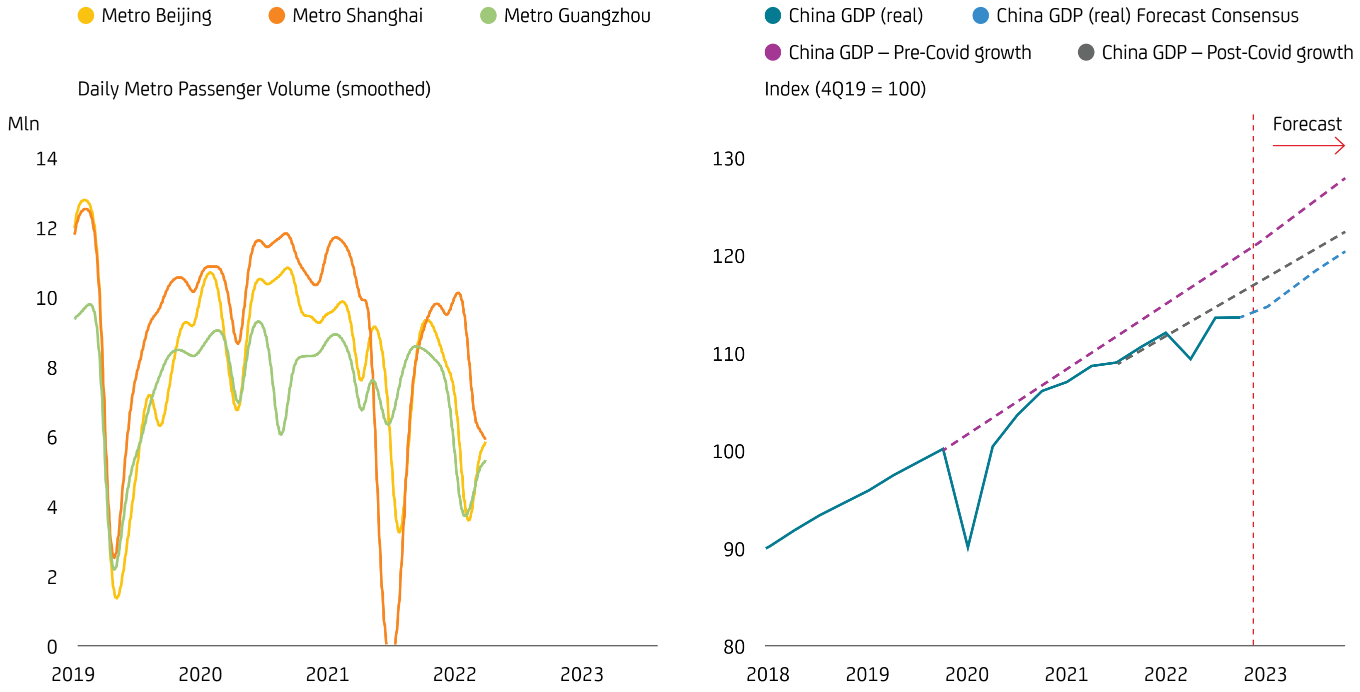
The European Central Bank (ECB) also raised its key interest rates by a further 50 bps at the beginning of February and held out the prospect of a further increase of a similar magnitude in March. With the latest hike, the deposit rate is now at 2.50%. At the ECB press conference, ECB Chair Christine Lagarde made it clear that interest rates still need to be raised significantly in order to bring inflation down sustainably, but also pointed out that after a March hike, the monetary policy course would have to be reassessed again – on the basis of the data available then. Therefore, we expect interest rate steps to be curbed to 25 bps in the second quarter. Lagarde expressed herself less aggressively than in December, especially since inflation risks have become more balanced due to the drastic decline in energy prices. By this means that sharper declines in energy prices have lowered the prospect of prolonged high inflation. This was positively received by the financial markets and, similar to the statements of the Fed, led to significant price gains on the stock and bond markets.

CHINA'S REOPENING WILL SUPPORT THE ECONOMY IN THE FIRST HALF OF 2023

The unexpectedly swift lifting of the zero-Covid policy and the accompanying comprehensive opening steps in China will noticeably support the economic recovery in the first half of 2023 (see also our comments in the "In Focus section"). Among other things, this is indicated by mobility indicators, which recovered somewhat in January (see chart 7). The recently observed slowdown in mobility is likely to be largely due to the Chinese **New Year**[9] (22 January to 7 February). We expect mobility to continue to recover over the coming months and help to further stimulate private consumption. From the fiscal side, there are likely to be further growth-enhancing stimulus measures, which should boost public investment and lead to an earlier stabilisation of residential investment. For the second half of the year, we expect GDP growth to move towards a new growth path, supported by significant surplus savings and a recovery in jobs and incomes. The latter, however, is expected to be below the pre-pandemic growth path. Overall, the consensus (according to Bloomberg) sees annual GDP growth in China of 5% in 2023 and 2024.

[9] The Chinese New Year marks the change of one lunar year into the next and always falls on the first day of the first month in the Chinese calendar. The exact date varies from year to year and falls between mid-January and mid-February. The holidays are usually accompanied by extraordinary travel activities, with Chinese traditionally returning to their hometowns. Mobility in large cities decreases as a result.

7. CHINA'S MOBILITY PICKS UP AGAIN, ECONOMY HEADS FOR NEW GROWTH PATH



Source: National Bureau of Statistics, Bloomberg, UniCredit Group Investment Strategy

DEVELOPMENT OF SELECTED FINANCIAL MARKET INDICES

From	**31.01.22**	31.01.18	31.01.19	31.01.20	31.01.21	31.01.22	31.01.18	**01.01.23**
To	**31.01.23**	31.01.19	31.01.20	31.01.21	31.01.22	31.01.23	31.01.23	**31.01.23**
Stock market indices (total return, in %)								
MSCI World (in USD)	**-7,0**	-6,0	18,4	14,6	17,0	-7,0	40,5	**7,1**
MSCI Emerging Markets (in USD)	**-11,7**	-13,9	4,2	27,1	-6,9	-11,7	-4,9	**7,9**
MSCI US (in USD)	**-9,0**	-2,3	21,9	17,9	20,9	-9,0	57,4	**6,6**
MSCI Europe (in EUR)	**0,5**	-5,9	18,0	-3,4	22,7	0,5	33,4	**6,8**
MSCI AC Asia Pacific (in USD)	**-6,3**	-12,5	8,9	26,0	-7,4	-6,3	4,0	**7,9**
STOXX Europe 600 (in EUR)	**-0,3**	-6,1	18,6	-2,1	21,6	-0,3	33,5	**6,8**
DAX 40 (Germany. in EUR)	**-2,2**	-15,3	16,2	2,1	15,2	-2,2	14,6	**8,7**
MSCI Italy (in EUR)	**3,8**	-12,3	20,1	-10,2	27,7	3,8	28,2	**11,3**
ATX (Austria, in EUR)	**-8,6**	-14,6	6,9	-4,8	37,6	-8,6	10,2	**8,2**
SMI (Switzerland, in CHF)	**-5,1**	-0,6	22,5	2,0	18,8	-5,1	40,1	**5,2**
S&P 500 (USA, in USD)	**-8,2**	-2,3	21,7	15,2	23,3	-8,2	57,8	**6,3**
Nikkei (Japan, in JPY)	**3,5**	-8,2	14,1	22,7	-0,8	3,5	29,6	**4,7**
CSI 300 (China, in Yuan)	**-6,8**	-23,5	27,9	36,5	-13,2	-6,8	8,6	**7,4**
Bond market indices (total return, in %)								
US Government Bonds 10Y (in USD)	**-12,2**	3,3	12,6	7,1	-3,2	-12,2	5,7	**3,3**
US Government Bonds (ICE BofA, in USD)	**-8,9**	2,7	9,2	4,5	-3,1	-8,9	3,4	**2,6**
US Corporate Bonds (ICE BofA A-BBB, in USD)	**-9,2**	0,6	14,8	6,1	-2,8	-9,2	8,1	**3,9**
German Bunds 10Y (in EUR)	**-17,1**	6,8	6,4	1,3	-4,4	-17,1	-9,3	**3,0**
EUR Government Bonds 1Y-10Y (iBOXX, in EUR)	**-15,6**	2,4	8,2	2,0	-3,9	-15,6	-8,4	**2,4**
EUR Corporate Bonds 1Y-10Y (iBOXX, in EUR)	**-11,1**	0,1	6,4	1,5	-2,3	-11,1	-6,3	**2,1**
Bond yields (change in basis points = 0.01 percentage points)								
US Government Bonds 10Y (in USD)	**175**	-8	-112	-46	69	175	80	**-30**
US Government Bonds (ICE BofA, in USD)	**228**	11	-107	-86	90	228	141	**-31**
US Corporate Bonds (ICE BofA A-BBB, in USD)	**226**	54	-136	-76	89	226	159	**-44**
German Bunds 10Y (in EUR)	**227**	-53	-58	-11	52	227	162	**-32**
EUR Government Bonds 1Y-10Y (iBOXX, in EUR)	**241**	-13	-80	-19	51	241	181	**-29**
EUR Corporate Bonds 1Y-10Y (iBOXX, in EUR)	**294**	32	-94	-13	61	294	284	**-38**
Spreads on government bonds (credit spreads, change in basis points)								
US Corporate Bonds (BofAML US Corporate Master)	**15**	47	-29	-4	8	15	34	**-13**
US Corporate Bonds (BofAML US High Yield)	**67**	108	-34	-16	-16	67	97	**-49**
Euro Corporate bonds (BofAML Euro Corporate AAA-A)	**34**	46	-32	0	15	34	62	**-8**
Euro Corporate Bonds (BofAML Euro High Yield)	**74**	193	-114	7	24	74	184	**-53**
Money market rates (change in basis points)								
Libor (USD, 3 months)	**450**	96	-99	-156	11	450	304	**5**
Euribor (EUR, 3 months)	**306**	2	-9	-15	0	306	284	**38**
Euro exchange rates (change in %)								
US Dollar (EUR-USD)	**-2,9**	-7,8	-3,8	10,0	-8,1	-2,9	-12,8	**1,6**
British Pound (EUR-GBP)	**5,9**	-0,4	-3,9	5,0	-5,9	5,9	0,2	**-0,7**
Swiss Franc (EUR-SFR)	**-3,6**	-1,9	-6,3	1,0	-3,6	-3,6	-13,4	**1,9**
Japanese Yen (EUR-JPY)	**9,7**	-8,0	-3,6	5,9	1,4	9,7	4,7	**0,4**
Commodities (change in %)								
Commodity Index (GSCI, in USD)	**7,3**	-2,1	19,0	13,3	-3,6	7,3	36,9	**6,0**
Industrial metals (GSCI, in USD)	**-4,1**	-14,8	-10,3	27,3	33,3	-4,1	25,6	**8,7**
Gold (in USD per fine ounce)	**7,3**	-1,4	20,0	17,4	-3,3	7,3	43,9	**6,2**
Crude oil (Brent, in USD per barrel)	**-6,9**	-9,3	-6,5	-4,8	63,3	-6,9	24,0	**0,2**

Please note: Past values and forecasts are not a reliable indicator of future performance. Indices cannot be purchased and therefore do not include costs. When investing in securities, costs are incurred which reduce the performance. The return on investments in foreign currencies may also rise or fall as a result of currency fluctuations. So-called synthetic bonds are calculated to reflect the performance of government bonds in a fixed maturity range. In each case, the most "suitable" real federal bond at the relevant time is used as a reference for the yield opportunity of the synthetic bond. The development of the expected yield to maturity is shown under the following conditions: servicing of interest payments and redemption in accordance with the terms and conditions and holding until maturity. In this respect, it is a yield opportunity. The yield opportunities reflect the different risk assessments of the investors for the respective products or countries (higher yield opportunity=higher risk assessment). The synthetic bonds cannot be purchased and therefore do not include any costs. In the case of currencies and commodities, acquisition and/or custody costs incurred are not included. Source: Refinitiv Datastream. Data as at 31.01.2023.

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