

Current market commentary

The disappointing communication of the US Federal Reserve from a market perspective, the intensification of the trade conflict between China and the USA and moderate economic data have led to a strong setback in equities. Asian emerging markets were hit particularly hard. Oil also fell sharply, while gold performed very well and 10-year Bund yields fell to a new record low. The equity markets recovered somewhat from the lows, partly because the powerful share buyback programs which US companies resumed after the Q2 reporting season. We continue to expect a volatile sideways movement in the coming weeks. On the one hand, the loose central bank policy and the relative unattractiveness of bonds are supporting the equity markets. However, there are no signs of an imminent economic recovery, a resolution in the US-China trade dispute or an agreement on Brexit. Therefore, caution is necessary.

Short-term outlook

The better than expected US and European Q2 reporting season will end on 15th August. As a result, there will be few catalysts from the corporate side for the time being and a new meeting between China and the USA is not planned until September. The exciting question, however, is whether Donald Trump will follow up on his threats with action and impose further duties on Chinese goods from 1st September onwards. Imposing more tariffs would only add to the burden on US consumers. The G7 countries will meet in France on 24th-26th August to discuss issues such as the economy, foreign policy and environmental protection.

The ZEW Indicator of Economic Sentiment will be released this Tuesday and the Eurozone and German Q2 growth figures will be released on Wednesday. On Thursday, US retail sales, industrial production data and economic conditions (Empire State Index) will be released, and on Friday, US consumer confidence (University of Michigan) will be published.

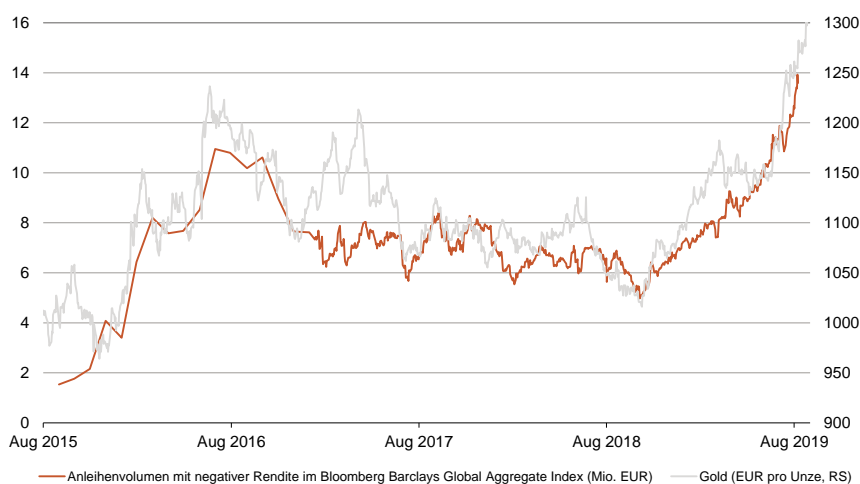
The bi-weekly *Monitor* gives you a structured overview of the current capital market environment and highlights important developments:

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

The end of the Q2 reporting season is approaching.

The G7 summit in France and the trade conflict should lead to increased volatility on the equity markets.

Attractiveness of gold rises with increasingly negative yielding debt

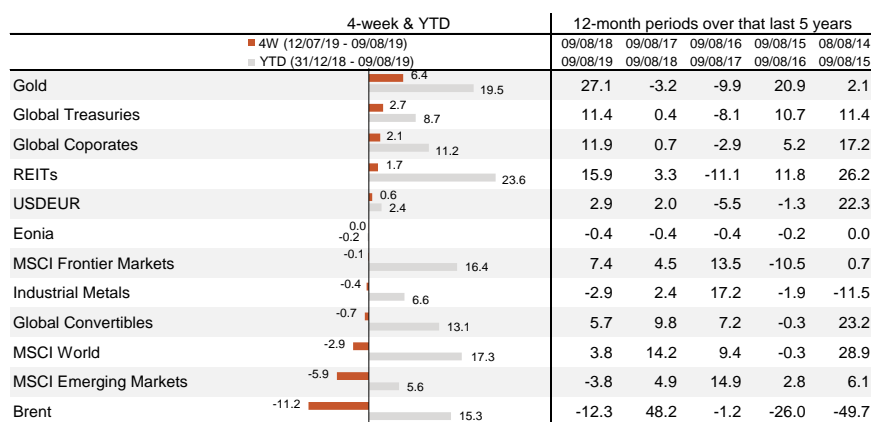


- While interest rates continue to fall and the volume of bonds with negative yields rises, the gold price gains in value.
- In the meantime, even government bonds with a 30-year maturity in Germany are negative yielding. Opportunity costs are falling accordingly.
- Gold is also benefiting from increased political uncertainty and higher demand from central banks seeking to diversify their holdings away from the US dollar.

Source: Bloomberg, Time period: 31/08/2014 - 09/08/2019



Multi Asset

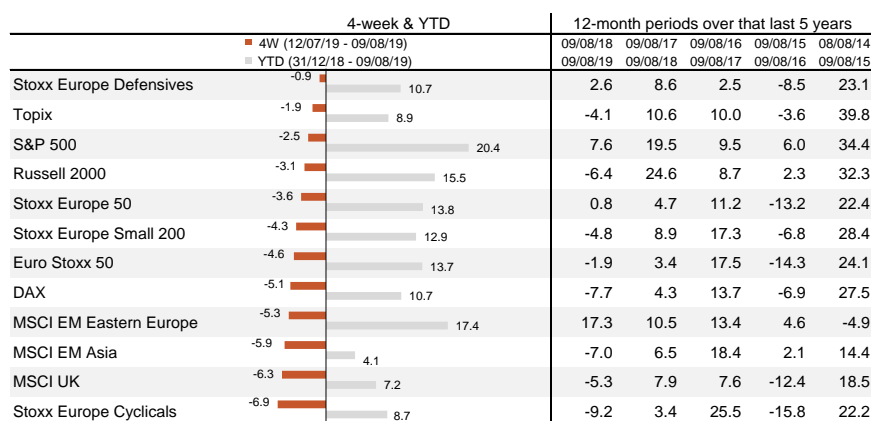


MSCI World: MSCI World Net Return; MSCI Emerging Markets: MSCI EM Net Return; MSCI Frontier Markets: MSCI Frontier Markets Net Return;
 REITs: MSCI World REITs Index; Global Treasuries: Bloomberg Barclays Global Agg Treasuries TR; Global Corporates: Bloomberg Barclays Global Aggregate Credit TR
 Global Convertibles: Bloomberg Barclays Global Convertibles Composite TR; Gold: Gold US Dollar Spot; Brent Crude: Bloomberg Brent Crude Subindex TR;
 Industrial Metals: Bloomberg Industrial Metals Subindex TR; Eonia: Eonia Capitalization Index; USDEUR: Price of 1 USD in EUR.

- Falling bond yields and increased uncertainty were the perfect support for gold, which crossed the 1,500 USD mark for the first time since 2013. Since the beginning of the year, gold has now gained 20% in euro terms - only global REITs have performed better.
- Frontier markets have recently performed significantly better than emerging markets. Since the beginning of the year, the "emerging markets of tomorrow" have beaten the emerging markets by 10pp.

Total return of selected asset classes, in euros and in percent, sorted by 4-week performance.
 Source: Bloomberg, Time period: 08/08/2014 - 09/08/2019

Equities

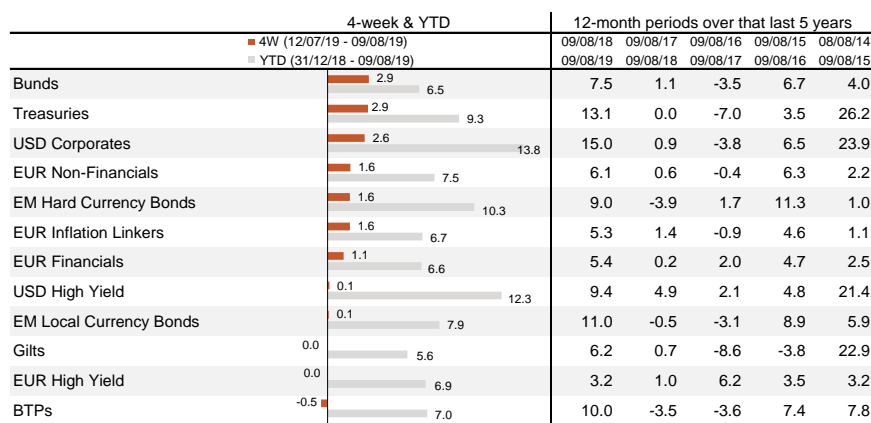


S&P 500: S&P 500 TR (US-Equity); Stoxx Europe 50: Stoxx Europe 50 TR; Euro Stoxx 50: Euro Stoxx 50 TR; Topix: Topix TR (Japanese Equity);
 Stoxx Europe Small 200: Stoxx Europe Small 200 TR; Russell 2000: Russell 2000 TR (US Small Caps); Stoxx Europe Cyclical: Stoxx Europe Cyclical TR;
 Stoxx Europe Defensives: Stoxx Europe Defensives 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.

- Over the past four weeks, all major equity markets have retreated. European defensive stocks suffered the least, while Asian emerging markets (trade war, economic worries) and British equities (Brexit) underperformed.
- Since the beginning of the year, US equities have performed best, while Asian emerging markets have performed worst.

Total return of selected equity indices, in euros and in percent, sorted by 4-week performance.
 Source: Bloomberg, Time period: 08/08/2014 - 09/08/2019

Fixed Income



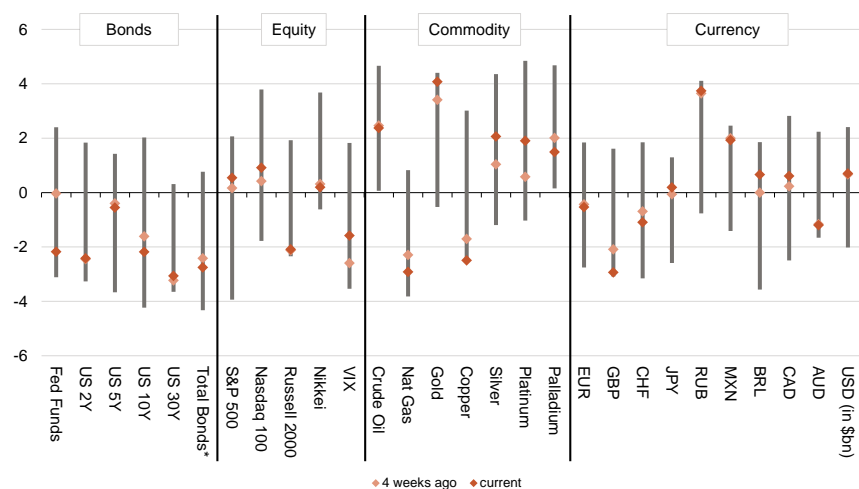
Bunds: Barclays Germany Govt All Bonds TR; BTPs: Barclays Italy Govt All Bonds TR; Treasuries: Barclays US Treasury TR;
 Gilts: Barcl. UK Govt All Bonds TR; EUR Inflation Linkers: Barcl. Euro Govt Inflation-Linked Bond All Maturities TR; EUR Financials: IBOXX Euro Fin. Overall TR;
 EUR Non-Financials: IBOXX Euro Non-Fin. Overall TR; EUR High Yield: Markt Iboxx EUR Liquid HY TR; USD Corporates: Iboxx USD Corporates TR;
 USD High Yield: IBOXX USD Liquid HY TR; EM Hard Currency: Barcl. EM Hard Currency Agg Govt Related TR; EM Local Currency: Barcl. EM Local Currency Govt TR.

- The positive performance of many bonds has continued over the last four weeks. US Treasuries and German Bunds alone were able to gain about 3 percent, driven by a demand for safe havens.
- The riskier segments such as local EM government bonds and EUR high-yield bonds, on the other hand, remained nearly unchanged.

Total return of selected fixed income indices, in euros and in percent, sorted by 4-week performance.
 Source: Bloomberg, Time period: 08/08/2014 - 09/08/2019



Non-Commercial Positioning

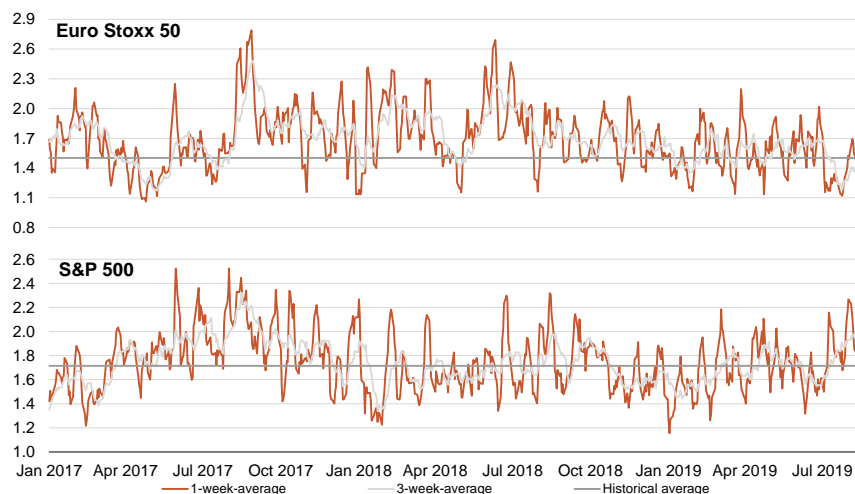


- In recent weeks, speculative investors have further increased their positions in precious metals, buying silver and platinum in particular.
- Short positions in GBP have continued to expand after the likelihood of a hard Brexit has increased..

The Commodity Futures Trading Commission (CFTC) publishes the Commitments of Traders Reports every Friday. A distinction is made between "non-commercial" and "commercial traders" positions. Non-commercial traders enter into purely speculative positions. Commercial traders hedge underlying transactions with futures or options. The chart shows the historical, normalized distribution in standard deviations and focuses on the net future position (long positions minus short positions) of non-commercial traders, thus indicating how speculative investors have positioned themselves.

*Duration weighted average bond position.
Source: Bloomberg, CFTC, Time period: 06/08/2009 - 06/08/2019

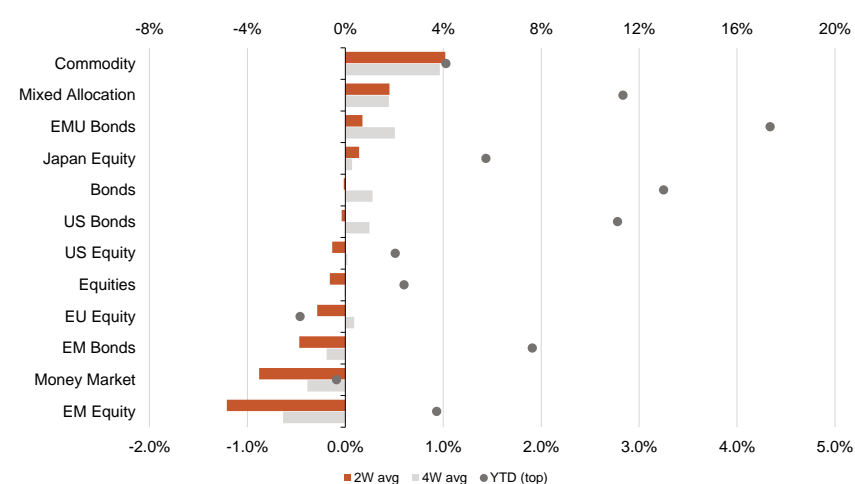
Put-Call Ratio



- The hedges have increased in recent days in Europe and the USA. The put-call ratio is above its historical average for the Euro Stoxx 50, while it is below its historical average for the S&P 500.
- Consequently, the downside potential for US equities after the strong setback is likely to be limited because a rising number of investors are already cautiously positioned.

The put-call ratio is the ratio of traded put options (speculation on falling prices) to call options (speculation on rising prices) across all maturities. The higher (lower) the ratio, the more cautious (optimistic) are the market participants. The data have been available for the S&P 500 since 20 December 1993 and for the Euro Stoxx 50 since 24 February 2006.
Source: Bloomberg, Time period: 20/12/1993 - 09/08/2019

ETF Flows

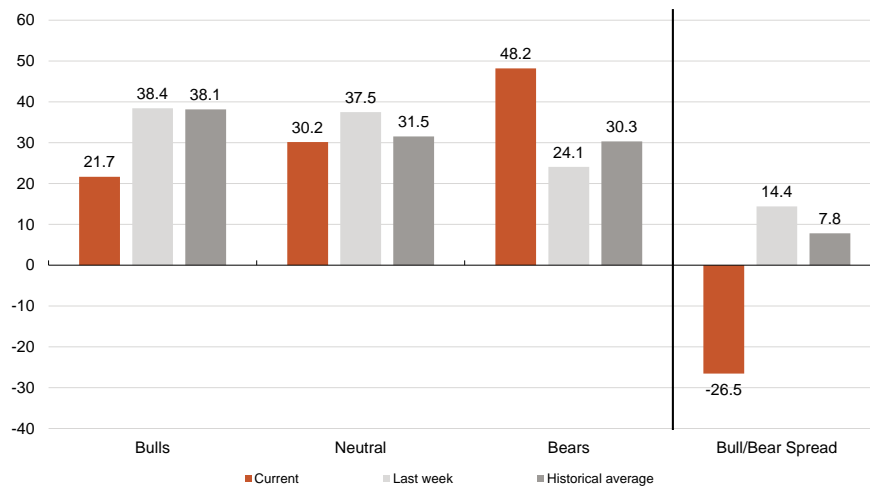


- Most recently, investors have been asking for commodity ETFs. In particular, gold benefited from increased political uncertainty. But multi-asset ETFs also saw inflows.
- Eurozone bond ETFs have experienced the largest inflows relative to assets under management since the beginning of the year.
- The intensification of the trade conflict, on the other hand, has led to a decline in interest in emerging market assets.

Estimated ETF flows in percent of assets under management, sorted by 2-week average.
Source: Bloomberg, Time period: 31/12/2018 - 09/08/2019



AAII Sentiment Survey (Bulls vs Bears)

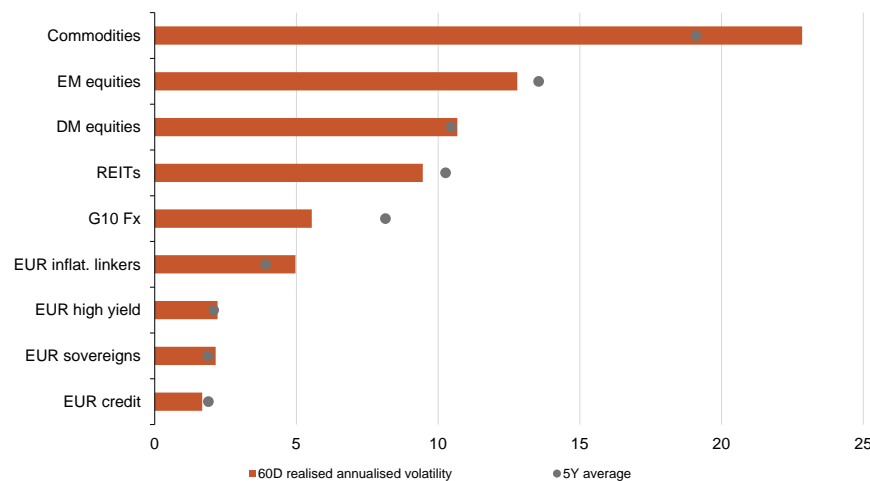


- Sentiment among US private investors has seen its most dramatic change since April 2013.
- While the picture was still balanced two weeks ago, the bears now outweigh the bulls by 26.5%. Scepticism about an early settlement in the trade war with China is now omnipresent.

The sentiment survey conducted by the American Association of Individual Investors determines the percentage of private investors who are optimistic, pessimistic or neutral regarding the US equity market outlook for the upcoming six months. It has been carried out 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. However, it is a negative indicator when there are significantly more optimists than pessimists.

Source: Bloomberg, AAII, Time period: 23/07/87 - 08/08/19

Realised Volatilities

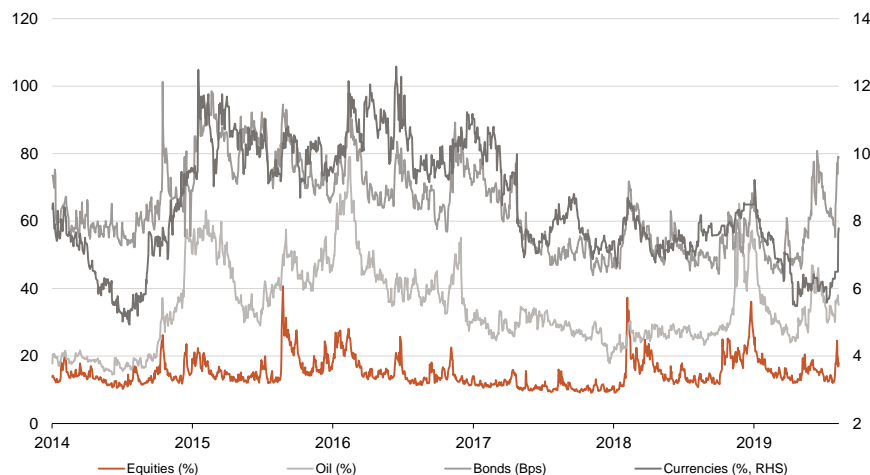


- The 60-day realised volatilities have risen in almost all asset classes over the last two weeks.
- Commodities were particularly affected and are now exhibiting volatility well above the 5-year average.
- The volatility on the stock markets is near its average.
- The depreciation of the yuan and currency manipulation accusations on the part of the USA led to increased volatility in the G-10 currencies.

Realised volatility (in percent) measures the historical range of variation of a time series and is defined here as the standard deviation of the daily returns over the last 60 trading days. Volatility is often used as a measure of risk.

Source: Bloomberg, Time period: 09/08/2014 - 09/08/2019

Implied Volatilities



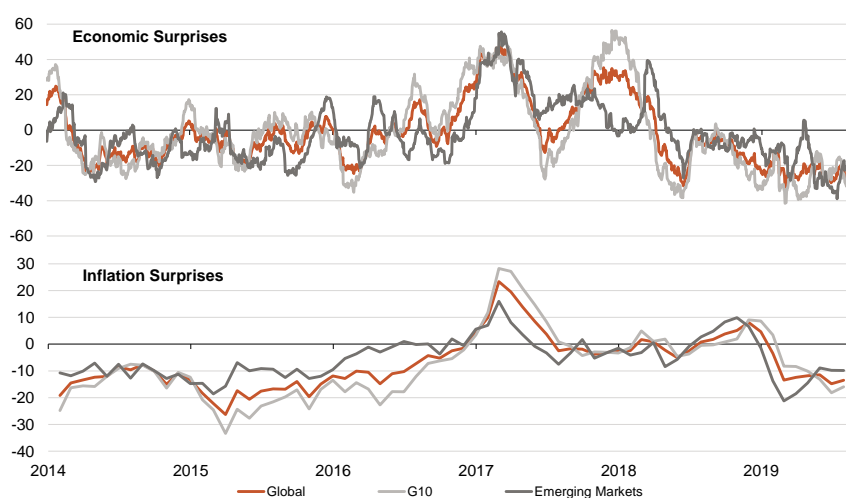
- Turbulence in the political arena is evident in all asset classes. Implicit volatilities have risen dramatically in some asset classes. Volatility in government bonds has returned to the levels seen in June.
- The stock markets saw major sell-offs. The VIX has risen by over 40% in the last two weeks.

The price of options depends on the volatility of the underlying instrument. Implied volatility can therefore be interpreted as a measure of the currently expected fluctuation range of the underlying compared to the market over the remaining term of the option. It is a measure of prevailing uncertainty in the financial markets.

Stocks = VIX Index, Oil = OVX Index, Government Bonds = MOVE Index, Currencies = CVIX Index
Source: Bloomberg, Time period: 01/01/2014 - 09/08/2019



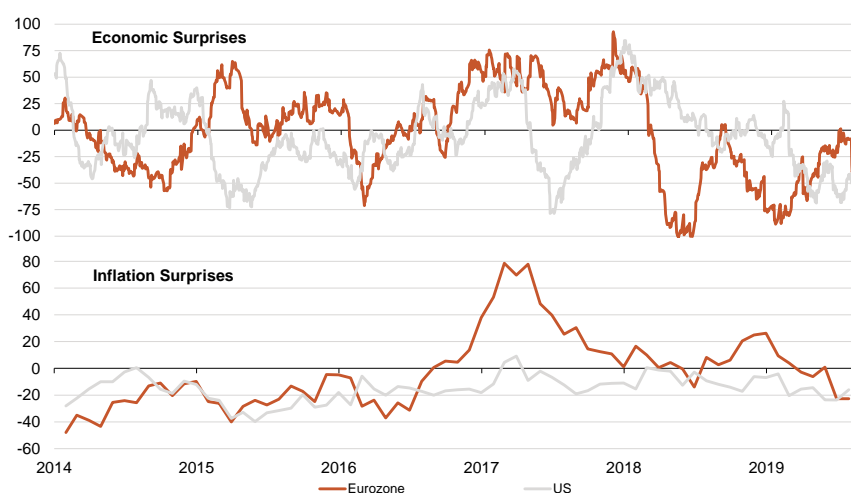
Global



- The global economy is increasingly struggling with negative economic surprises. Both the developed countries and the emerging markets disappointed on average. China, however, positively surprised the market with a marginally improved industrial sentiment (PMI) and higher exports in July (+3.3% YoY).
- In July, inflation in all major markets surprised to the downside, leaving central banks further leeway for interest rate cuts.

See explanations below.
Source: Bloomberg, Time period: 01/01/2014 - 09/08/2019

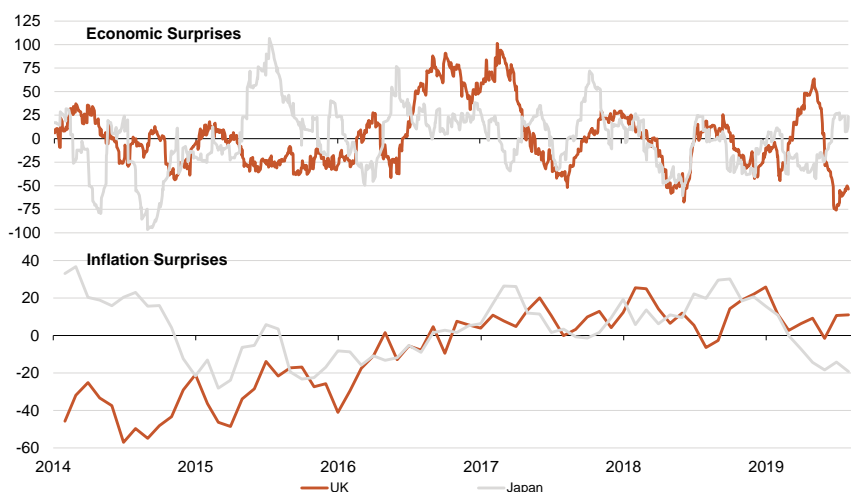
Eurozone and US



- The US economy recently held up better than the eurozone. Labour market figures were robust and consumer sentiment was better than expected in July. On the other hand, industrial orders were disappointing.
- Economic data in the eurozone was disappointing. The industrial PMI and Q2 economic growth in France surprised downwards. Economic confidence in the eurozone fell to 2016 levels and the preliminary Q2 growth was only 0.2% compared to the previous quarter.

See explanations below.
Source: Bloomberg, Time period: 01/01/2014 - 09/08/2019

UK and Japan

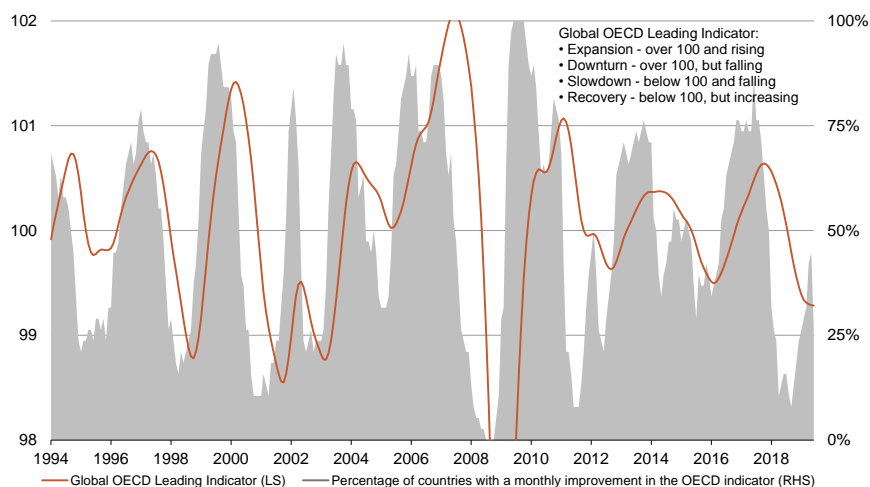


- Industrial production in the UK fell by 0.2% in June compared to May the economy contracted in Q2 (QoQ) for the first time since 2012.
- In Japan, industrial production fell by 3.6% MoM in June. The unemployment rate fell to 2.3% and Q2 GDP rose by 0.4% (QoQ).

Citigroup Economic Surprise Indices are defined as weighted historical, normalized data surprises (actual releases vs. Bloomberg survey median) over the last three months. A positive value of the index indicates that the economic data have exceeded the consensus on balance. The indices are calculated daily based on a rolling three-month period. 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: 01/01/2014 - 09/08/2019



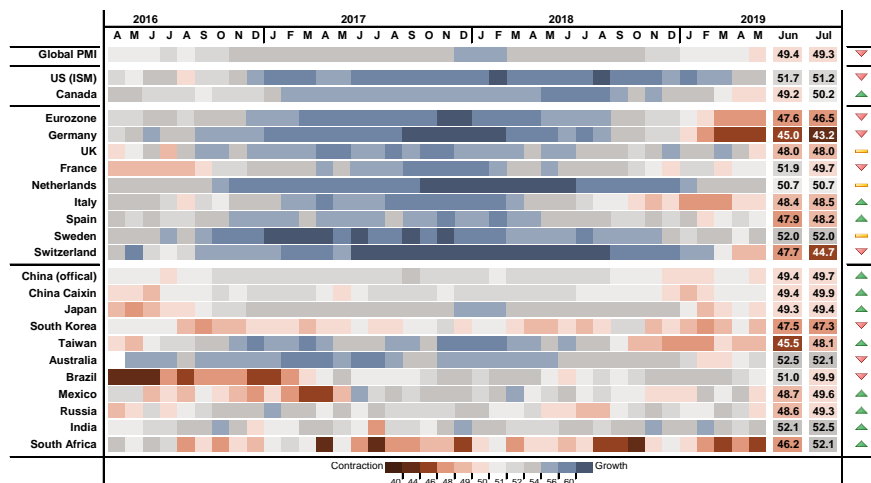
OECD Leading Indicator



- Our economists have recently postponed the economic recovery to spring 2020. And the leading economic indicators currently do not point to a recovery in the second half of 2019 either. Only around 25% of the countries surveyed recorded an improvement in the leading indicator in June compared with the previous month.

The OECD Leading Indicator is composed of a series of selected economic indicators whose composition provides a robust signal for future turning points. A turning point in the indicator usually signals a turning point in the economic cycle in 6-9 months. However, lead times are sometimes outside this range and turning points are not always correctly detected. Source: Bloomberg, Time period: 31/01/1994 - 30/06/2019

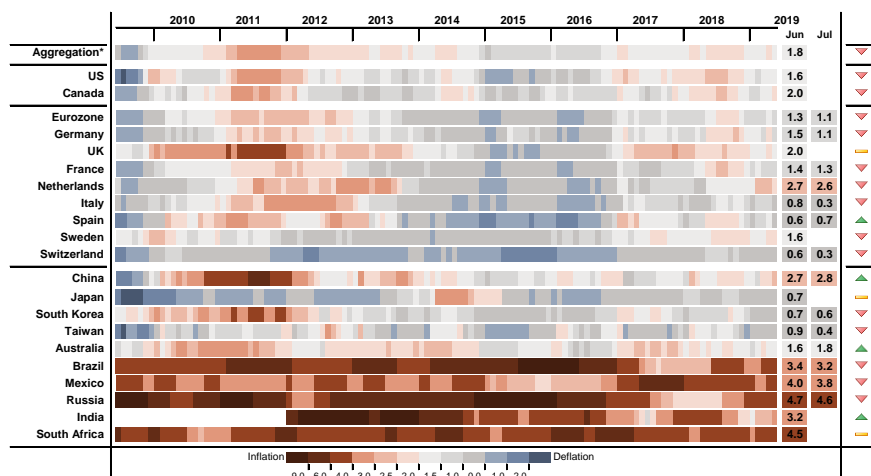
Manufacturing Purchasing Managers Index (Manufacturing PMI)



- The global PMI fell to 49.3 in July, and hopes of an economic recovery are dwindling. Alongside the USA, the PMI also fell in Germany, France, Switzerland, South Korea, Australia and Brazil in July. It improved slightly in China.

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 change from the previous month. A value of 50 is regarded as neutral, a value of over 50 points as an indicator of rising activity in industry and a value of less than 50 points for falling activity in industry compared with the previous month. The index has an average 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 regarding the development of parameters such as incoming orders. Source: Bloomberg, Time period: 30/04/2016 - 31/07/2019

Headline Inflation

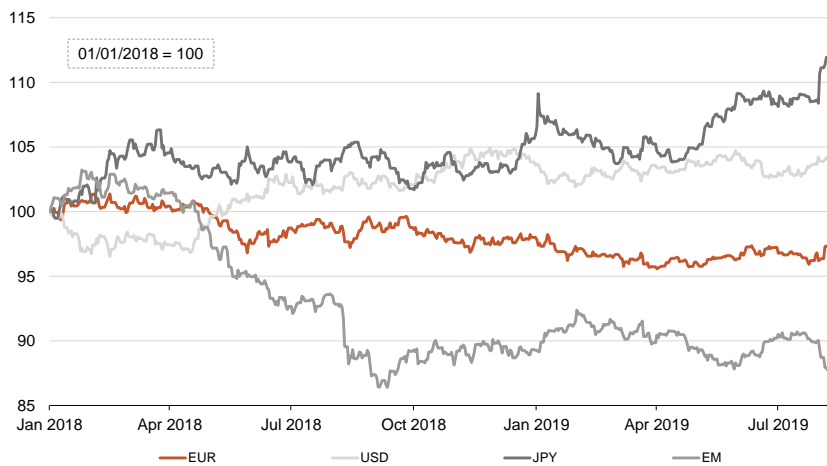


- The trend of falling inflation continued in July. In Germany and the eurozone, inflation fell significantly to 1.1%. In France, inflation has fallen to 1.3%.
- Only China, Spain and Australia saw a rising inflation rate.

Inflation is measured (in percent, year-on-year comparison) using a consumer price index, also known as a shopping basket of goods. This shopping basket contains all goods and services that a household purchases on average per year. Source: Bloomberg, Time period: 31/07/2009 - 31/07/2019



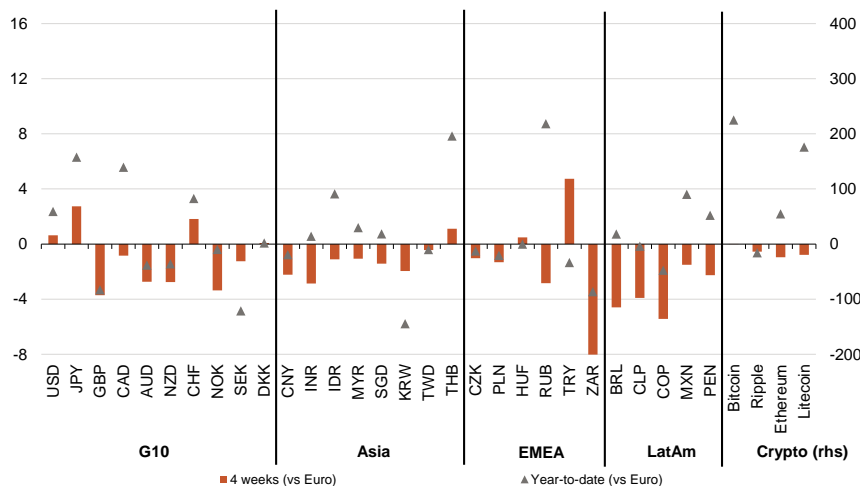
Trade-Weighted Currency Development



- Emerging market currencies have lost considerable ground in recent weeks. For the first time since 2008, China fixed the renminbi above the important 7 yuan per US dollar mark.
- The Japanese yen, on the other hand, was in the investors' favour and was able to make gains.
- The euro and the US dollar were also stable.

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: 01/01/2018 - 09/08/2019

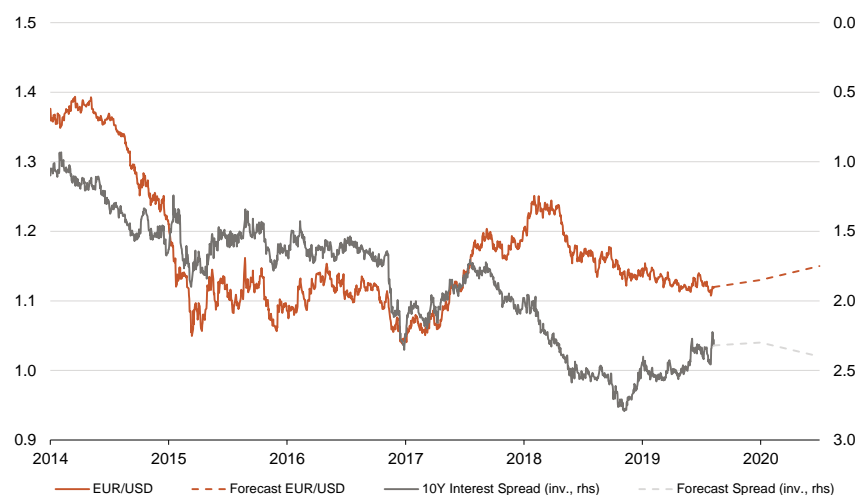
Currency Moves vs Euro



- In the last month, the euro was able to appreciate against almost all currencies. Only the Japanese yen and the Swiss franc were more in demand as safe havens in the last two weeks.
- The interest rate cuts in New Zealand, India and Thailand offered prospects of a more expansive monetary policy in neighbouring countries, with the result that Asia as a whole lost strength in the last two weeks.

Performance of selected currencies against the euro, in percent.
Source: Bloomberg, Time period: 31/12/2018 - 09/08/2019

EUR/USD exchange rate and interest rate differential



- The Fed's hawkish rate cut initially pushed the euro to a new two-year low. Later, however, it was able to recover and now stands at 1.12 dollars per euro, somewhat higher than two weeks ago.
- The interest rate differential between 10-year Treasuries and German government bonds has fallen slightly thanks to the rate cut and is currently at around 2.3%.

EUR/USD exchange rate and interest rate differential (in percentage points) of 10-year US Treasuries and 10-year Bunds.
Source: Bloomberg, Time period: 01/01/2014 - 30/06/2020



European Sector & Style Performance

	4-week & YTD		12-month periods over that last 5 years				
	4W (12/07/19 - 09/08/19)	YTD (31/12/18 - 09/08/19)	09/08/18	09/08/17	09/08/16	09/08/15	08/08/14
			09/08/19	09/08/18	09/08/17	09/08/16	09/08/15
Health Care	3.7	17.8	9.2	7.3	-2.6	-10.7	36.1
Consumer Staples	0.0	21.6	8.9	2.6	3.4	3.0	30.6
Growth	-1.5	20.0	4.2	8.0	8.4	-6.4	30.9
Utilities	-1.6	15.4	14.4	1.6	4.2	-5.2	12.3
Telecommunications	-2.6	-0.7	-3.5	-10.0	2.1	-18.3	38.6
Industrials	-3.2	16.7	-1.7	8.2	16.3	-2.8	24.1
Information Technology	-3.9	21.5	1.1	17.3	16.7	7.3	23.7
Consumer Discretionary	-4.5	17.4	-1.9	7.4	12.6	-14.4	37.1
Value	-6.5	4.6	-8.0	3.0	18.4	-15.5	17.5
Materials	-7.4	7.7	-8.3	13.1	20.3	-6.9	7.3
Finance	-8.8	4.1	-11.9	-5.0	36.2	-26.5	26.8
Energy	-11.1	0.2	-11.7	27.4	11.3	-4.5	-7.8

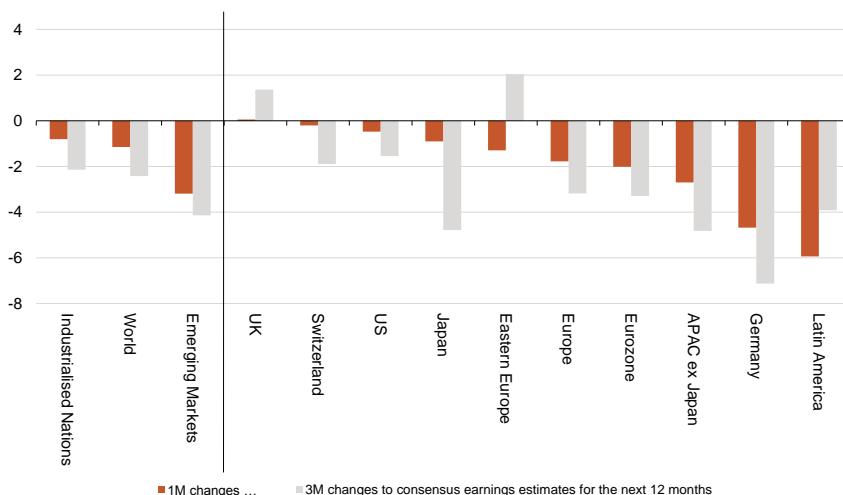
Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Staples: MSCI Europe Cons. Staples NR; Energy: MSCI Europe Energy NR; Finance: MSCI Europe Financials NR; Health Care: MSCI Europe Health Care NR; Industrials: MSCI Europe Industrials NR; Information Tech.: MSCI Europe Inform. Tech. NR; Materials: MSCI Europe Materials NR; Telecommunications: MSCI Europe Telecommunication Services NR; Utilities: MSCI Europe Utilities NR; Value: MSCI Europe Value NR; Growth: MSCI Europe Growth NR.

- Over the past four weeks, defensive sectors and growth stocks have performed significantly better than cyclical sectors and value stocks. The European healthcare and consumer staples sectors outperformed.
- Finance (falling interest rates) and energy (falling oil prices), on the other hand, lost more than 8 percent in 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 generally have less growth potential and are valued lower.

Source: Bloomberg, Time period: 08/08/2014 - 09/08/2019

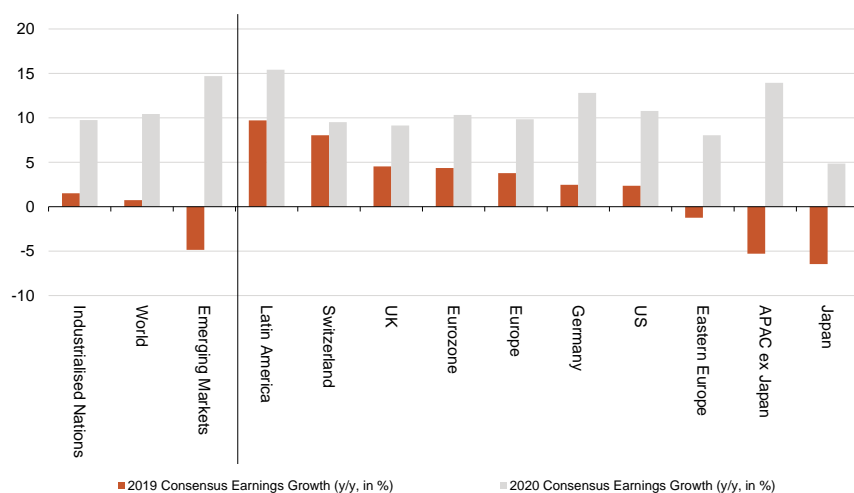
Changes in Consensus Earnings Estimates



- The earnings estimates currently know only one direction: down. While analysts have left their forecasts for British companies reasonably stable, there have been strong downward revisions for Latin America, Germany and Asia.
- Weak economic data, cautious corporate guidance and the intensification of the trade dispute continue to weigh on the outlook.

1-month and 3-month changes in consensus earnings estimates for the next 12 months, in percent. APAC ex Japan = Asia Pacific ex Japan. Source: FactSet, as of 09/08/2019

Earnings Growth

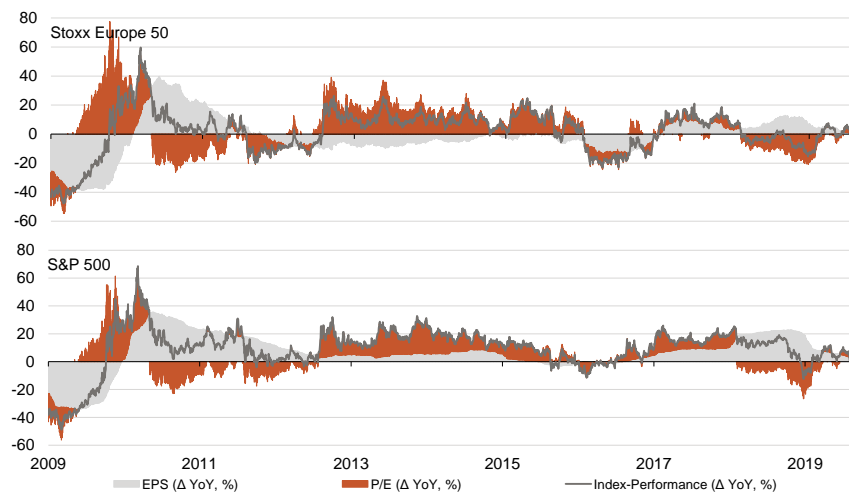


- It's almost impossible to talk about earnings growth anymore. For the developed world, the consensus now only expects 2019 earnings growth of 1.5%. However, for emerging markets, especially Asia, a profit recession is expected in 2019.
- Earnings expectations for 2020 are around 10%. However, these are also likely to be increasingly adjusted downwards.

Calendar year earnings growth expected to the consensus for selected equity regions, compared to the previous year and in percent. The earnings estimates of the individual companies are aggregated using the index weights (bottom-up). APAC ex Japan = Asia Pacific ex Japan. Source: FactSet, as of 09/08/2019



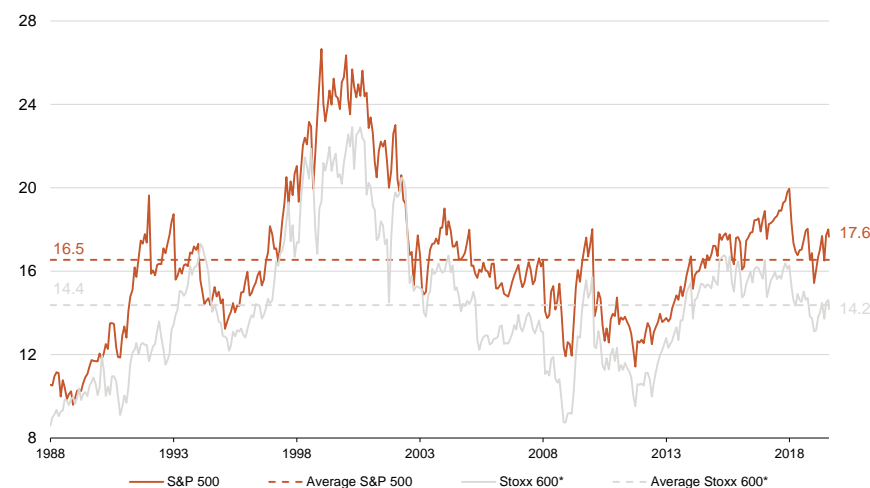
Contribution Analysis



- Compared to twelve months ago, European stocks have hardly moved. Neither profits nor valuations have changed significantly over the last year.
- The picture is different in the US. Although the P/E ratio is almost unchanged over the last twelve months, profits have risen over the same period. The S&P 500 was also able to increase accordingly.

Analysis of the stock market drivers over the last 12 months. This takes into account the change in earnings estimates and the change in valuation (price/earnings ratio). EPS = earnings per share
Source: Bloomberg, Time period: 01/01/2009 - 09/08/2019

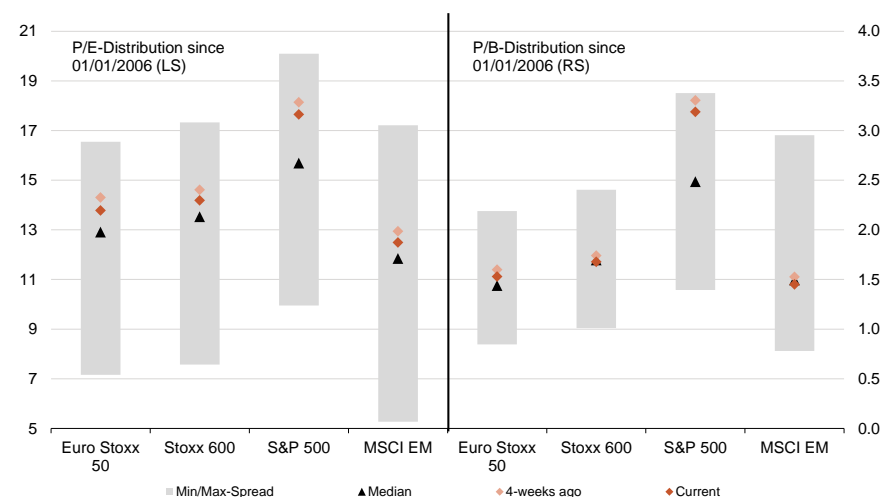
Price-Earnings Ratio (P/E Ratio) of European and US Equities



- Due to the strong negative earnings revisions, the P/E ratios have recently increased somewhat, despite falling markets.
- US equities are still slightly more expensive than the historical average, while European equities are valued at a slight discount.

P/E valuation based on earnings estimates for the next twelve months for European and US equities and the respective P/E average since 1988 * For the Stoxx 600, the history prior to 2000 is of MSCI Europe.
Source: Bloomberg, Time period: 31/12/1987 - 09/08/2019

Historical Distribution: Price/Earnings and Price/Book Ratio

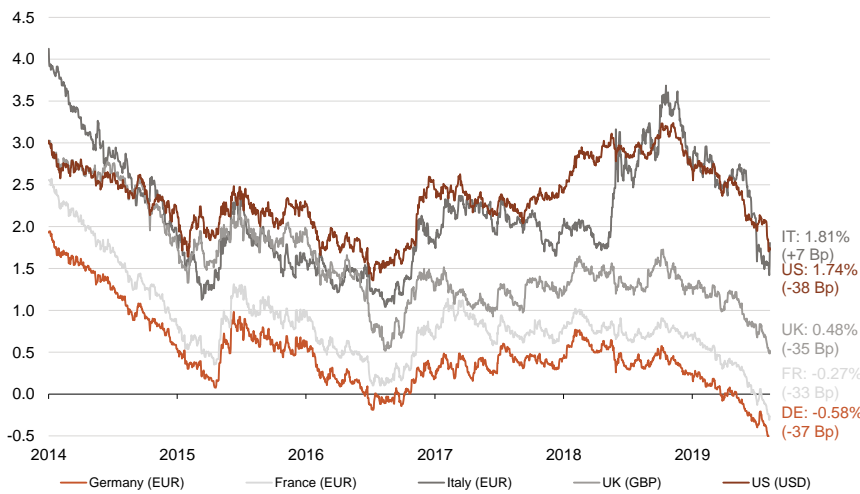


- Compared to four weeks ago, however, valuations fell in the wake of the sell-off on the stock markets.
- Across all regions, US equities are the most expensive, especially on a price/book basis.

Historical distribution of valuation indicators for selected stock regions since 2006, showing the current value, the observation four weeks ago and the historical median, the maximum (upper limit of the grey bar) and the minimum (lower limit of the grey bar).
Source: Bloomberg, Time period: 01/01/2006 - 09/08/2019



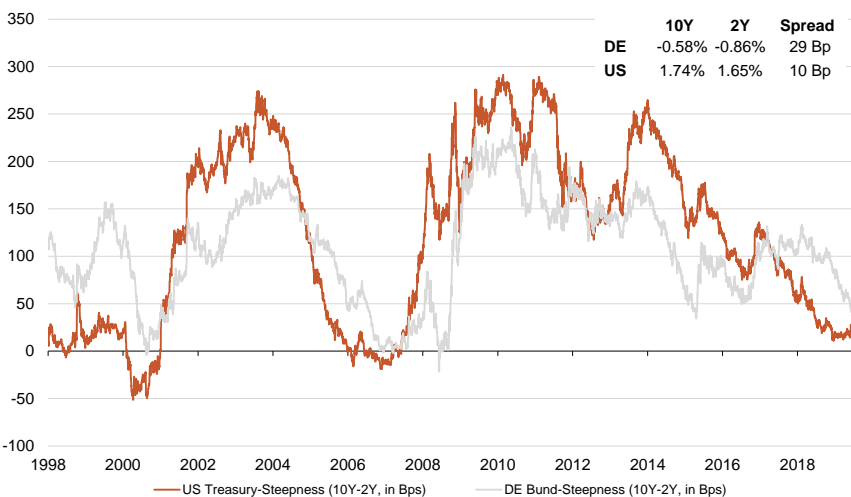
10-Year Government Bond Yields



- The recent escalation in the trade war has led to an increase in risk-off activity and a rally in safe government bonds. Yields have fallen by almost 30 bp. Except in Italy, where a new government crisis recently occurred.
- US government bonds are at their lowest level since 2016 with yields of less than 1.8% and German Bund yields have recently hit a record low of less than -0.61%.

Effective yield of 10-year government bonds and change in the last four weeks in basis points (in brackets).
Source: Bloomberg, Time period: 01/01/2014 - 09/08/2019

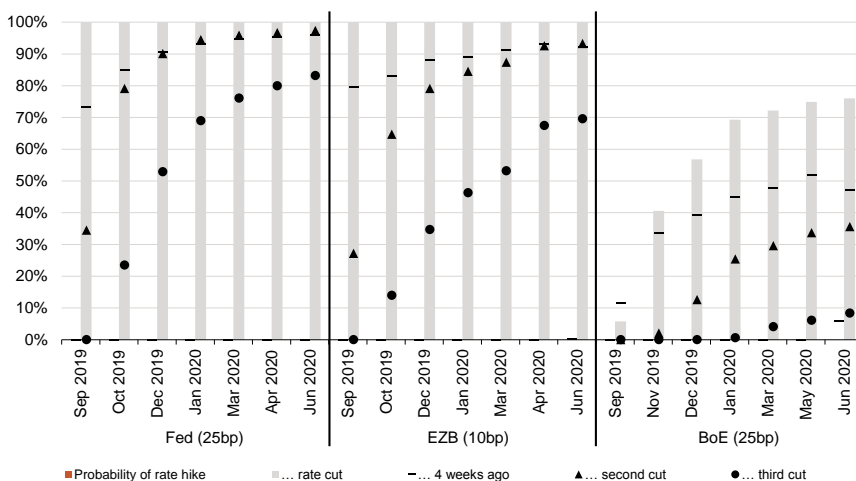
Yield curve steepness (10Y - 2Y)



- The steepness of the German and US yield curve has decreased significantly in the last two weeks. On the US curve, it is now close to 10 basis points. Should the steepness drift into negative territory, this could be a sign of a global recession.

The yield curve distinguishes between the so-called short and the long end. The reason for this lies in the way in which factors influence returns. Central banks control the short end of the curve through their monetary policy and key rates. By contrast, the long end is influenced less by central banks than by inflation expectations, supply, demand and risk premia.
Source: Bloomberg, Time period: 01/01/1998 - 09/08/2019

Implicit Probabilities for Changes in Key Interest Rates

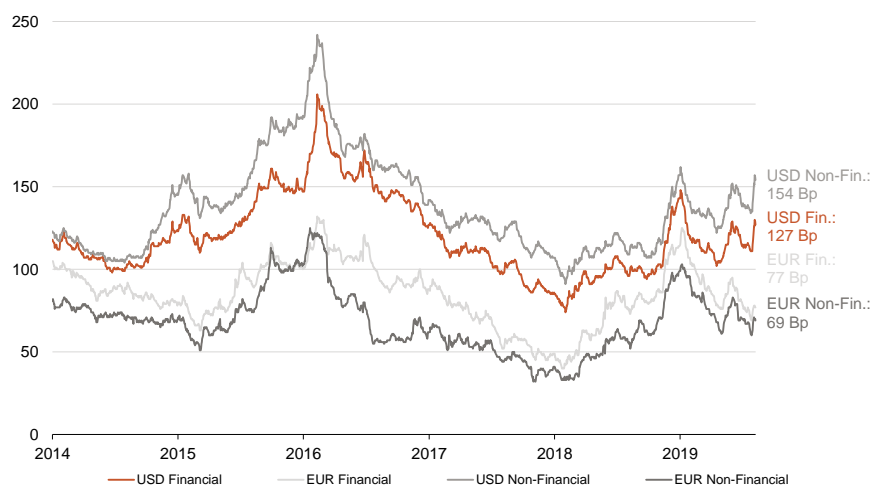


- After the Fed and some emerging market central banks recently lowered interest rates, the market now expects a 100% probability of an interest rate cut by the ECB and a further interest rate cut by the Fed in September.
- The probability of an interest rate cut by the Bank of England by the end of the year has risen to just under 60% in the wake of the Brexit uncertainty.

Derivatives on money market rates - such as the Fed funds futures - can be used to determine the probability of a change in the key interest rate priced by the market
Source: Bloomberg, Time period: 12/07/2019 - 09/08/2019



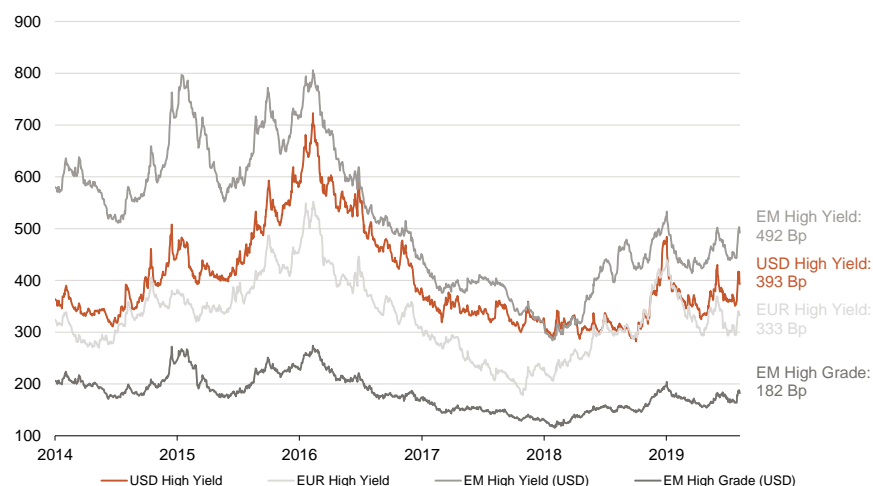
Credit Spreads Financial and Non-Financial Bonds



- In the current risk-off environment, investors have increasingly opted out of credit risk. As a result, risk premiums have risen significantly.
- In the last two weeks, USD financial debt saw an increase of 16 bp and non-financial debt of 10 bp. The telecommunications sector saw the largest widening of spreads.
- EUR debt was punished less severely with a spread widening of around 8 basis points. However, the insurance sector was affected above average as it suffers particularly from low interest rates.

Explanations see middle and bottom illustration.
Source: FactSet, Time period: 01/01/2014 - 09/08/2019

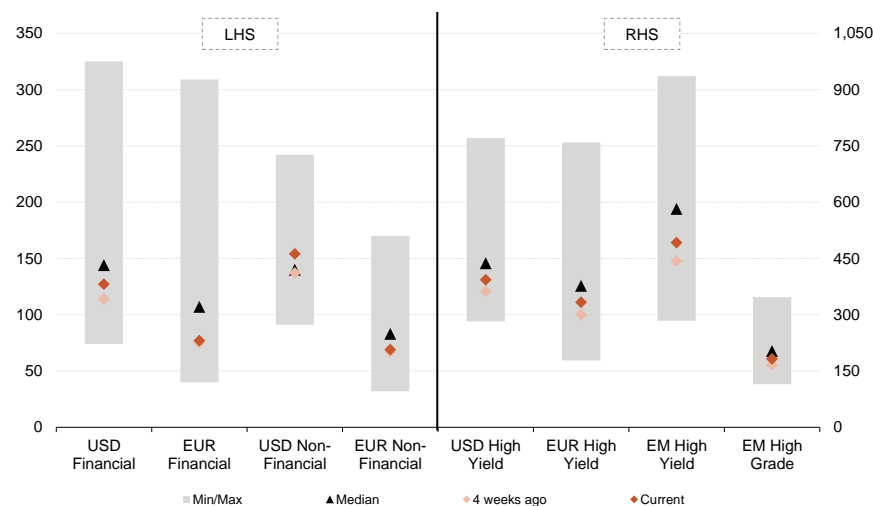
Credit Spreads High Yield and Emerging Markets Bonds



- High-yield bonds recently saw a significant widening of spreads in the wake of the risk-off and the sell-offs on the equity market. Risk premiums on USD and EM High Yield rose by more than 40 basis points and on EUR High Yield by more than 30 basis points.
- Within USD high yield bonds, the service and aviation sectors suffered the most.

The extent of the risk associated with a corporate bond is shown by its asset swap spread (in basis points). This indicates the yield that the issuer must pay in addition to the swap rate for the respective term to offset its credit risk. See further explanations below.
Source: FactSet, Time period: 01/01/2014 - 09/08/2019

Historical Distribution of Credit Spreads (in bp)

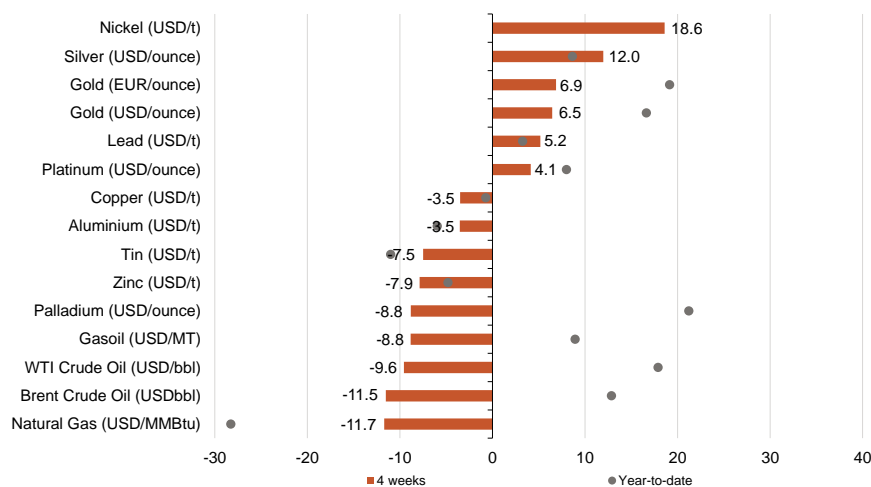


- After the recent surge in risk premiums, USD High Yield and EM High Grade are now valued fairly historically. USD Non-Financials appear slightly expensive but the rest of the segment is still cheap. If the risk-off environment were to continue, risk premiums would still have room to rise.

USD Financial = ICE BofAML US Financial; EUR Financial = ICE BofAML Euro Financial; USD Non-Financial = ICE BofAML US Non-Financial; EUR Non-Financial = ICE BofAML Euro Non-Financial; USD High Yield = ICE BofAML US High Yield; EM High Yield = ICE BofAML High Yield Emerging Markets Corporate Plus; EM High Grade = ICE BofAML High Grade Emerging Markets Corporate Plus. The EM indices shown here are hard currency bonds.
Source: FactSet, Time period: 09/08/2009 - 09/08/2019



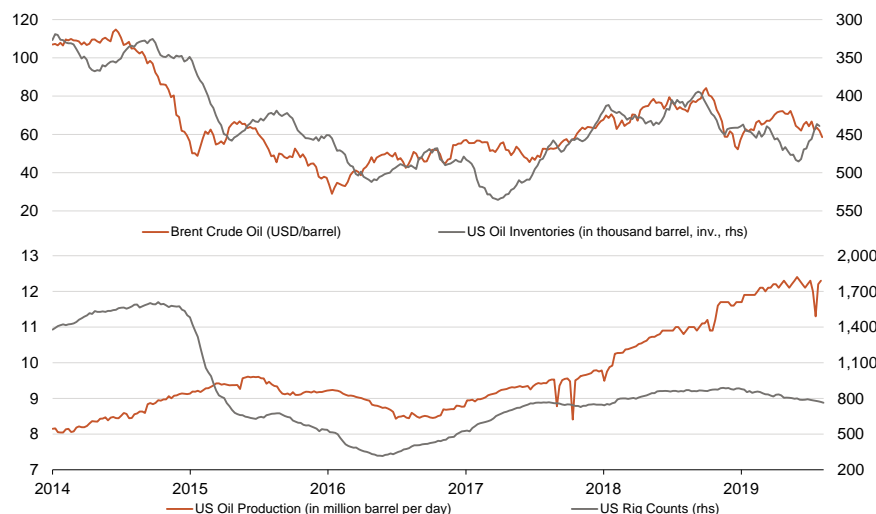
Commodities Performance



- The volatility on the commodity markets has once again increased considerably in recent weeks.
- As the trade war escalated and the economic outlook weakened, oil and gas lost the most. The big winners, on the other hand, were precious metals as safe havens.
- Fueled by rumours that Indonesia would impose an export ban, the price of nickel rose by almost 19% last month.

Total return of selected commodity prices, in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 01/01/2019 - 09/08/2019

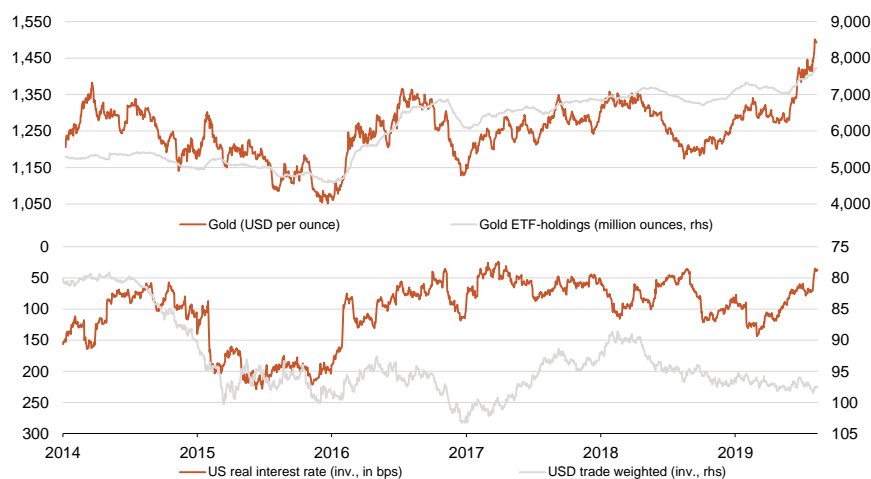
Crude Oil



- The oil price has fallen by almost 10% in the last two weeks and has now entered a bear market after its high for the year in April.
- Oil production in the USA was ramped up again after Hurricane Barry. Saudi Arabia, on the other hand, has announced that it will reduce its exports in order to stabilise prices.
- Further threats by Iran to block the Strait of Hormus could not offset the downward trend.

Higher oil production and higher inventories tend to depress oil prices and vice versa. An increase in active oil rigs indicates a future increase in oil production.
Source: Bloomberg, Time period: 01/01/2014 - 09/08/2019

Gold



- Gold temporarily exceeded the USD 1,500 mark for the first time since 2013. Demand remains strong; in addition to private investors, China and Russia have also increased their reserves.
- The loose monetary policy of the Fed and other central banks, and the trade war are currently making gold an attractive investment and thus boosting its price.

The US dollar and the real interest rate, i.e. adjusted for inflation, are among the fundamental price factors of the gold price. Rising real interest rates tend to depress the price of gold, while falling real interest rates have a supportive effect. The same applies to the US dollar. The development of gold ETF holdings reflects the demand for gold from financial investors.
Source: Bloomberg, Time period: 01/01/2014 - 09/08/2019

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Date: 12 August 2019

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