Vontobel

Investors' Outlook

Time to pause

July 2023

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Bank Vontobel AG
Gotthardstrasse 43
8022 Zurich

Editors
Corinne Gretler,
Senior Investment Writer,
Vontobel
Investment Content Team,
Vontobel

Authors*
Grant Bughman,
Client Portfolio Manager,
Quality Growth Boutique,
Vontobel
Stefan Eppenberger,
Head Multi Asset Strategy,
Vontobel
Frank Häusler,
Chief Investment Strategist,
Vontobel
Michaela Huber,
Cross-Asset Strategist,
Vontobel
Christopher Koslowski,
Senior Fixed Income & FX Strategist,
Vontobel
Mario Montagnani,
Senior Investment Strategist,
Vontobel
Dan Scott,
Head of Vontobel Multi Asset,
Vontobel

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Time to pause

—
Dan Scott
Head of Vontobel Multi Asset,
Vontobel

Dear readers,

We're halfway through 2023, which is a good time to pause and reflect. That's exactly what the US Federal Reserve decided to do last month when it pushed the pause button on interest-rate hikes for the first time in 15 months and 10 consecutive raises.

The moment many waited for finally arrived. But while the Fed has hit the brakes for now, Chair Jerome Powell has signaled the hiking journey is not quite over yet, putting forward the prospect of two more rate increases this year.

To believe or not to believe—that is the question some investors are asking themselves, wondering whether the Fed is bluffing and questioning why the Fed opted for a pause if it's already clear that the inflation fight will require further rate increases. Powell has explained it as a chance to evaluate the lagged impact of its monetary tightening on the economy so far and has emphasized that the Fed has a long way to go to get inflation to its target of 2 percent.

We expect one more hike at most, with cuts following in early 2024, with the suspicion that the Fed doesn't necessarily have a strong desire to hike but wants to avoid markets pricing in aggressive cuts. Either way, the fact that the US labor market has provided the economy with robust support and the recession has yet to come knocking allows taming inflation to be the Fed's focal point. This will likely result in a later-than-expected easing of monetary policy. Even if the Fed hikes again, we expect that to occur at a much more moderate pace.

There's also an ongoing debate on whether there will be a soft landing, or none at all. It seems obvious to us that a recession is on the way—and yet, equity valuations have pushed higher, indicating investors don't see big looming risks. In fact, stocks are trading as if we already were in a recovery phase. We believe this might be a tad optimistic, given how tight lending standards have become.

In this month's Investors' Outlook, you can find our expectations for the second half of the year and why we hold on to our conviction that a recession is around the corner. We also discuss the headwinds gold faces and why we expect more attractive entry opportunities in credit markets over the coming 12 months. In this edition, our colleagues in the Quality Growth Boutique also take a closer look at the fallout of the US banking crisis—a consequence of the aggressive monetary tightening cycle.

After the Fed's pause, this publication is about to make a pit stop of its own over the summer break and will return with the September edition. In the meantime, your Multi Asset team continues to monitor the market environment for you and is ready to step on the gas if warranted.

Enjoy your vacation and take a breather.

⟶ Webcast
To view our webcast on recent market developments, click **here.**

—
Frank Häusler
Chief Investment Strategist,
Vontobel

Pit stop: Review and outlook

The period through the end of June has unfolded according to the standard playbook of a late economic cycle: credit standards and financial conditions have tightened. The US housing market started to reveal first cracks, followed by jitters in the banking system. Default rates are likely to rise next. After an eventful first half of the year, we are focused on what the next six months might have in store.

Central banks continue to set the tone. The most important recent event was the Fed's decision to pause rate hikes, and investors will continue to keep a close eye on central banks' actions in the coming months. There is a lot to consider. While the Fed has started to become somewhat less hawkish, its European counterpart is lagging behind. The European Central Bank (ECB) already mentioned that another hike for July is likely. Here, we believe a policy mistake is a real possibility, i.e., the ECB hiking one time too many and into a recession. Some central banks in emerging markets, on the other hand, have already started to open stimulus tabs. The People's Bank of China has cut its main benchmark lending rates, and further stimulus seems likely.

Another major topic on investors' minds is a recession. We believe it is no longer a question of if, but when it arrives. The strong US labor market and accumulated pandemic savings have propped up consumers, delaying a recession. We expect it to unfold at the end of the year, which is a bit later than initially anticipated. This also leads us to think the Fed will pivot to cutting rates in the first quarter of 2024, compared with a previous forecast for the third quarter of 2023.

We expect inflation levels to fall further for the time being, but flag that a small, temporary increase in the second half of the year is possible due to base effects. We do not see inflation picking up significantly, though.

Against this backdrop, we maintain our current portfolio positioning. Find the details of our asset allocation on page 5.

	UNDERWEIGHT significantly	UNDERWEIGHT slightly	NEUTRAL	OVERWEIGHT slightly	OVERWEIGHT significantly	
1 Liquidity		→				We remain tactically underweight in cash.
2 Bonds			→			We stay neutral on fixed income. The coming months should see Fed rate cuts as well as lower two- and ten-year rates down the road. We therefore continue to feel comfortable with our current fixed-income positioning. This means that we continue to favor government bonds with an overweight stance. This comes at the expense of the credit segment. We think that the current credit spreads, especially when it comes to high-yield, do not properly reflect and compensate for the looming economic risks. This translates into a negative view on high-yield and a neutral view on investment-grade. Finally, we remain overweight on emerging-market debt in hard currency.
3 Equities				→		For our Investment Committee's nine-month horizon, we believe that central bank policy is the most important driver for financial markets. This very last factor should dictate the direction of stock markets mid-term. In our base case, we expect the Fed to cut rates in the first quarter of 2024, which is why we deem a constructive view on equities still warranted. We therefore stick to our overweight stance on equities overall. Within the asset class, we continue to favor emerging markets over developed markets with an overweight stance. Emerging markets are set to benefit from better economic dynamics, an eventual weakening of the US dollar, cheaper valuations, a superior equity risk premium differential compared with developed ones, and the fact that some central banks in emerging markets are already starting to cut interest rates again, China in particular. Within developed markets, we remain neutral on Swiss, European, US, and Japanese stocks.
4 Gold				→		We continue to favor gold with a slight overweight view. The precious metal's year-to-date performance remains impressive but has softened in recent weeks. This was not only due to some investors' profit-taking but also due to fears over a more hawkish Fed, which led to a strengthening of the US dollar (gold and the dollar share an inverse relationship). Another factor was the recent lifting of the US debt ceiling, which has averted a government default and thereby reduced gold's safe-haven appeal to some extent. The longer-term case for gold, however, remains unchanged: a recession is on the horizon, geopolitical risks remain elevated, and the dollar and US real rates (the two most important drivers for gold) should eventually trend lower.
5 Commodities			→			We stay neutral on commodities, where the prospect of a recession is somewhat offset by various supply-side risks and the fact that China, an avid commodity consumer, has now opened its stimulus tabs.
6 Alternative strategies		→				We reiterate our negative view on alternative strategies as well as our neutral view on real estate, i.e., a modest underweight in hedge funds and a neutral stance on real estate.

Changes month-on-month: same → higher ↗ lower ↘

Time to take stock

At the end of 2022, we presented our economic baseline scenario for 2023. Back then, we held out the prospect of a US recession, falling inflation, and supportive central banks towards year-end. At present, some of this has already occurred and some has not yet.

—
Stefan Eppenberger
Head Multi Asset Strategy,
Vontobel

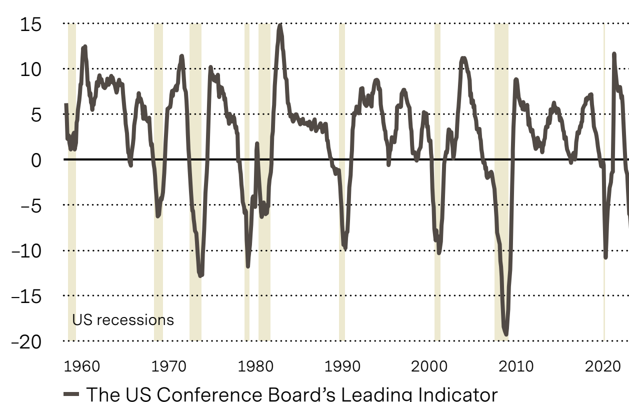
—
Michaela Huber
Cross-Asset Strategist,
Vontobel

Many of our growth assumptions have come true. As expected, higher interest rates are weighing on interest-sensitive sectors such as real estate and manufacturing; banks have tightened their lending conditions significantly; and the Chinese growth engine has started to stutter after a strong start to the year. Despite all of these developments, the US recession has not (yet) materialized. That is mainly due to a strong consumer providing support to the economy, as well as a robust labor market and pandemic-era savings that remain elevated.

However, postponed is not abandoned. First, the negative effects of higher interest rates have not yet fully hit the real economy. Second, tighter lending conditions in a credit-driven economy are gradually leading to growing cracks. This can be observed, for example, in the risk premiums for commercial real estate, which have skyrocketed. Third, support from outside the US also seems unlikely. The European economy has lost much of its initial momentum, while the Chinese economic recovery has been sluggish. Fourth, almost all major leading indicators continue to point to an imminent recession (see chart 1).

Chart 1: Many prominent leading indicators suggest that a US recession is around the corner

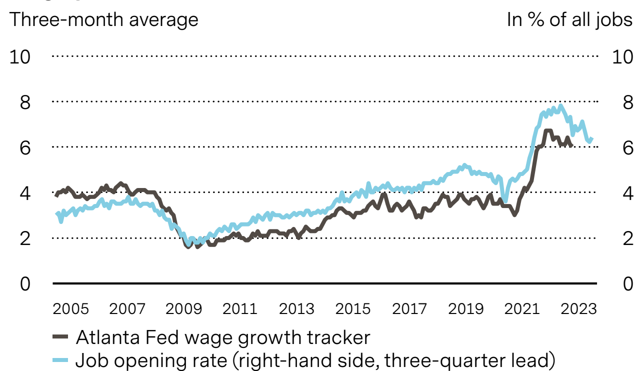
Year-on-year percentage change



Source: Refinitiv Datastream, Vontobel

Disinflation is already in full swing
As we expected, the combination of base effects (technical effects that can impact comparisons of price levels in a given month against price levels in the same month a year earlier), tight monetary policy, continued normalization of global supply chains, and lower energy prices, has led to a significant decline in US inflation. Chart 2 shows that lower wage pressure does not necessarily require higher unemployment; fewer job openings suffice to achieve that. While inflation is still above the Fed's target, it has now more than halved from its peak. In May, for example, it stood at "just" 4 percent year-on-year. Encouragingly, service inflation, which initially proved more stubborn than anticipated, is now also falling. Inflation levels have also declined significantly in the eurozone (to +6.1 percent year-on-year in May) and Switzerland (to +2.2 percent year-on-year in May).

Chart 2: Fewer job openings are enough to bring down wage pressure



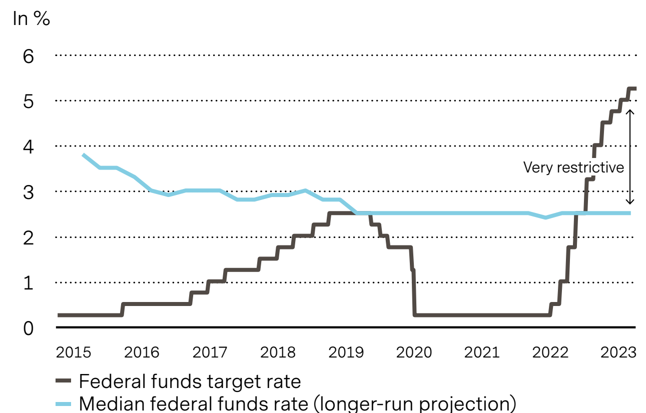
Source: Refinitiv Datastream, Vontobel

Even as last year's base effects will soon drop out of the year-on-year comparison, we do not expect a substantial pick-up in inflation in the second half of the year. Among other things, this is due to economic growth that is still weak, the lack of strong fiscal stimulus, and restrictive monetary policy. China, the world's second-largest economy, could even cause imported deflation in the coming months (Chinese consumer prices remain close to zero percent, while producer prices are already in deflationary territory).

A delayed recession results in delayed interest-rate cuts
The robust labor market and the absence of a recession (for the time being) allow central banks to focus entirely on fighting inflation. As a result, they are likely to ease off the monetary policy gas pedal somewhat later than expected. We now see the Fed changing course in the first quarter of 2024 (compared with our previous expectation for the third quarter of 2023).

In our view, there is no question that central banks will become more supportive again. Why do we think so? First, the Fed is already very restrictive, even by its own standards (see chart 3). Second, the Fed has provided guidance for interest-rate cuts for 2024 and 2025 due to falling inflation. If inflation levels decline faster, as we expect them to, interest-rate cuts are likely to become an issue more quickly. Third, a US recession (our baseline scenario) has historically been followed by lower interest rates.

Chart 3: The Fed is restrictive, even by its own measures



Source: Refinitiv Datastream, Vontobel

Looking for respite in quality businesses

The failure of a few US regional banks and the teetering of some others in recent months were unintended consequences of one of the most aggressive monetary tightening cycles in recent memory. The implications include the likelihood of further tightening of financial conditions and an increased chance of a hard landing. In the challenging times ahead, quality businesses whose profitability is less dependent on macroeconomic factors can offer resilience to investors.

—
Grant Bughman
Client Portfolio Manager,
Quality Growth Boutique,
Vontobel

The interwoven issues facing banks today stem from the dramatic rise of interest rates over the past year as the Fed continued to fight persistently high inflation. Firstly, the duration mismatch between banks' assets and liabilities that caused runs on more exposed lenders is a confidence problem. In a world where deposits can move at the touch of a screen, the trust that underpins the fractional reserve banking system can break more quickly than in the past. We believe that this trust, while not fully restored, has been healed with measures regulators have taken that implicitly back deposits above the 250,000 US dollar Federal Deposit Insurance Corporation cap, while also providing liquidity to the banks that were facing deposit outflows. If confidence continues to waver, the government could institute a more aggressive policy, such as guaranteeing all deposits in the banking system. While this is a last resort that is not without moral hazard issues, it could effectively control any panic.

Since the height of the crisis in March, a clear pattern of flows has not emerged in the weekly deposit data. In the throes of the Silicon Valley Bank failure, there was a shift in deposits from smaller banks to larger banks. That has somewhat subsided, and the flows have been inconsistent since that period, potentially highlighting a return to calmer waters.

At the core of this most recent banking crisis in the US was the duration mismatch between the institutions' assets and liabilities. The banks that failed had a significant proportion of their assets in fixed-rate bonds and loans, which declined in value when interest rates rose. For accounting purposes, the recognition of those losses varies depending on the category in which they are placed. Accounting recognition aside, the marked-to-market impact on the value of fixed-rate assets has been significant, effectively wiping out the equity of many financial institutions. But as long as banks are not forced to sell, those unrealized losses due to higher interest rates would eventually reverse. Provided banks can hold onto their deposits, the losses on the asset side will not be realized. In addition, the value of banks' deposits has grown as rates have moved higher. Given that not all deposits will move to higher yielding accounts as many of the balances are transactional, such as checking accounts that businesses use for cash flow purposes, banks in theory could earn enough spread to offset the paper losses over time.

Tightening lending standards

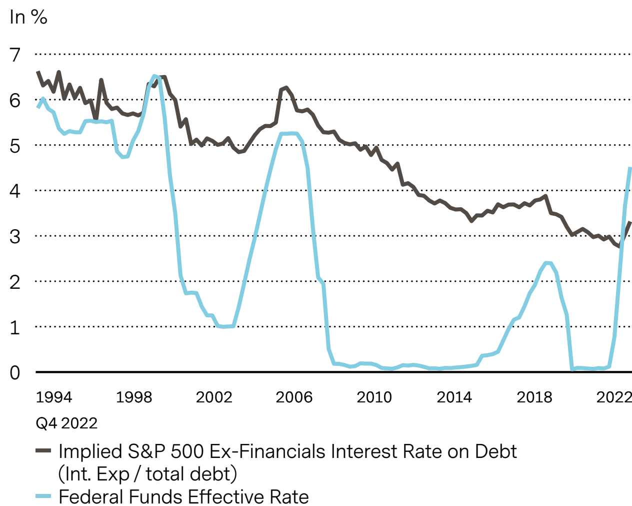
In addition to a confidence issue, banks also face credit concerns. Potential defaults or markdowns of loans to commercial real estate or retail properties cannot be rectified with the benefit of time. Instead, losses on these loans could impair bank earnings for a few quarters and further exacerbate the tightening of financial conditions as banks pull back from risk-taking. While the problem would impact earnings of some banks, it is unlikely the losses would be large enough to represent a systemic issue, but there's no way to be completely certain. The implications for the wider economy are also relevant, as it could increase the chances of a recession as lending standards increase.

The growth in private credit over the past decade has in part taken much of the riskiest lending activity off the table for the banking system and placed it on investors in these strategies, such as pension plans, who have increased their exposure to these alternative assets. Much of these loans issued in recent years were at variable rates, which are now beginning to be reset higher. The companies taking on the debt are typically of lower quality, which calls into question their ability to repay in a higher-rate environment when the economy contracts. Any potential losses would notably not fall on the banks, as the pools of assets are owned outside of the traditional banking system. However, banks do lend to smaller businesses, typically at variable rates, so higher interest rates would put more pressure on those businesses. Lastly, the spread that lenders charge for the riskiest debt could also widen, further exacerbating the lending squeeze.

Rises in interest rates do not have the same impact on large cap publicly traded companies in the S&P 500 as they do on smaller or lower-quality borrowers (see chart 1). That is since most of the lending takes place in the bond market, where yields are generally fixed at the time of issuance (see chart 2). For companies that have taken on leverage to buy back shares or fund acquisitions, the cost of debt does not increase dramatically over the course of a year given the longer maturity period and fixed interest rates. However, companies that have been overly reliant on low rates to fund growth over the past decade will be in a tougher spot going forward, with the cost of capital being materially higher than what they have become accustomed to.

Chart 1: S&P 500 ex-financials interest rate on debt vs federal funds effective rate

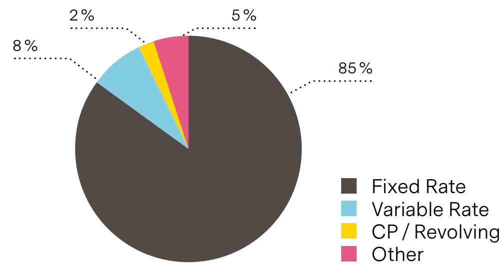
In %



Source: FactSet, UBS, Board of Governors of the Federal Reserve System (US): H. 15 Selected Interest Rates Release, as of December 31, 2022

Chart 2: The vast majority of large US companies' debt is fixed rate

Debt structure of S&P 500 ex-financial companies



Source: HOLT, FactSet, as of April 2023

Weighing the context for fixed income

—
Christopher Koslowski
Senior Fixed Income & FX Strategist, Vontobel

We continue to prefer the higher-quality end of the fixed-income market, favoring government bonds, though we also see opportunity in emerging-market bonds. We maintain a defensive stance towards overall credit allocation versus government bonds, with a neutral position in investment-grade bonds and an underweight in high-yield.

Although we find the absolute return potential in the fixed-income market attractive, we recognize that not all areas of the market are equal. We prefer the more defensive and higher-quality segments of the market, such as Treasuries, because they currently offer compelling valuations, income, and liquidity characteristics. The slowing economy is poised to create disruptions, and we believe that the liquidity aspect is an additional advantage because it enables a quick and efficient shift to riskier areas of the market once securities accurately reflect the impact of tighter monetary policy.

Appealing Treasury yields

We consider Treasury valuation appealing. By examining the 10-Year Treasury yield and dividing it into its real and inflation compensation components, we see that it hit its highest point in October 2022, coinciding with a real 10-Year yield of 1.66 percent and a breakeven inflation rate of 2.59 percent. Today, the real 10-Year yield is just a few basis points lower than its peak, while the inflation compensation element of bond yields has dropped considerably. Consequently, unless inflation rises persistently —which is not our assumption—bond yields' inflation compensation component is unlikely to rise significantly. We believe that nominal Treasury yields have limited scope to increase further given the already high real Treasury rates (see chart 1).

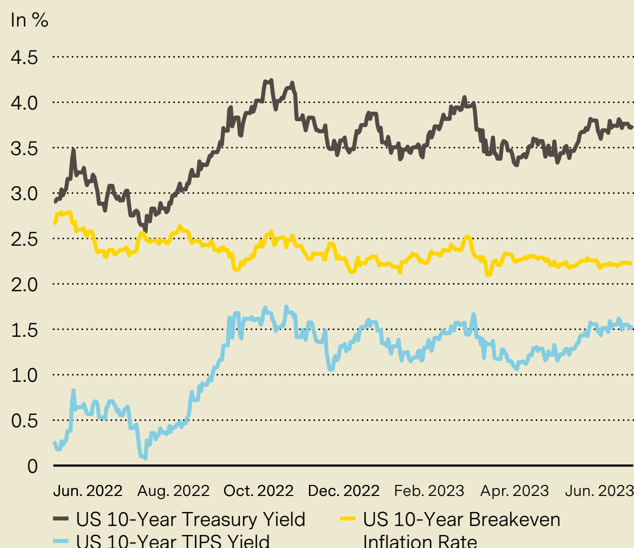
Underweight on high-yield

Due to the lack of compelling valuation, increased cyclical risks to corporate profitability, and associated risks of corporate downgrades and defaults, we maintain our underweight on high-yield.

Credit markets don't appear to be any more concerned about an imminent recession than they were in the second half of 2022. The argument for a recession is straightforward—the inverted yield curve indicates that the Fed has tightened monetary policy too much, while a drop in oil prices and tighter lending standards suggest a weakening economy. Historically, a decline in loan demand and a tightening of lending standards occur only a few months before or during a recession. Even so, corporate bonds are proving surprisingly robust, and credit spreads remain stable (see chart 2). We therefore expect credit spreads to rise and better entry opportunities to present themselves over the coming 12 months.

Chart 1: Risks to nominal yields are skewed to the downside

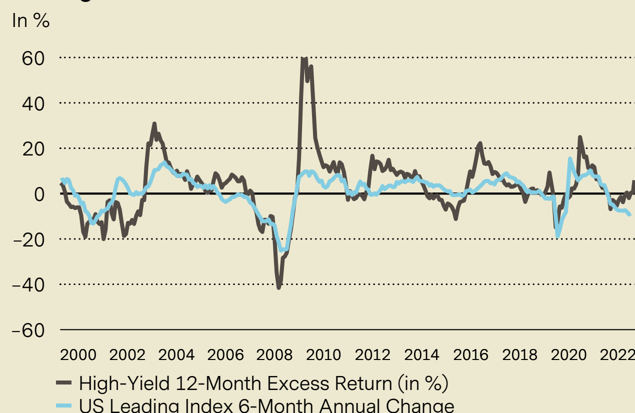
In %



Source: Bloomberg, Vontobel

Chart 2: Corporate bond excess returns deviating from leading economic indicators

In %



Source: Bloomberg (truncated for excess return > 40 %), Vontobel

How sustainable is equities' venture into bull market territory?

—
Mario Montagnani
Senior Investment Strategist,
Vontobel

Global equity markets seem to have climbed the proverbial "wall of worry" in the first six months of the year. At the time of writing, the MSCI ACWI Index, MSCI's flagship global equity index, is up more than 10 percent year-to-date and, being up nearly 25 percent since its trough in October, is clearly in bull market territory.

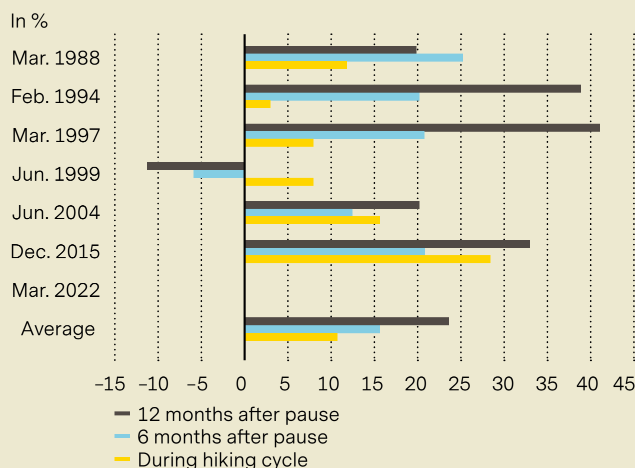
Markets continued their advance in the first half of June, again driven by growth, quality, and large-caps stocks. Performance was further buoyed by investors' belief that earnings lows are now behind us.

June was a busy month on the macroeconomic front, especially with the change of course by the Fed, which paused the rate-hike cycle after 15 months. Historically, this resulted in positive returns in the six to 12 months that followed (see chart 1). In addition, the agreement reached on raising the US debt ceiling helped lift investor sentiment considerably (see chart 2). The second half of June saw moderate volatility in stock markets. This came amid the Fed's ambiguous message about potential further rate hikes after the June pause and a lack of short-term catalysts. Discouraging global macroeconomic data, which—combined with persistently inverted yield curves—suggests that a recession is slowly but surely nearing, also weighed on sentiment.

What is our take? Historically, it has not been unusual to see market rallies of close to 30 percent occur during periods of yield-curve inversions. Most of them preceded recessions. Meanwhile, we think structurally and from a bottom-up perspective, these rallies today are hardly comparable to situations seen in the past. Considering the lack of breadth behind markets, i.e., only a small number of quality, growth, and large-cap equities have outperformed this year—valuation multiples need to be put into perspective, too. Also, we think it is hard to find credible proof that "narrow markets" consistently represent a bad omen for stocks. Add to this the fact that stock markets have become increasingly efficient, structurally stronger, while companies have become more cash-generative and less leveraged by any historical comparison. Predictable and sustainable earnings have become paramount since last October for investors, which is not surprising in periods of economic weakness or upcoming recessions. As we move into the second half of the year, this trend is likely to continue in light of the growing macroeconomic risks.

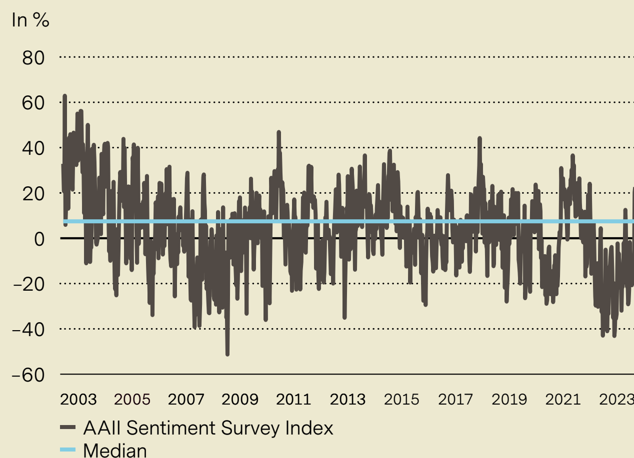
Considering our nine-month investment horizon and the prospects of a Fed pivot as early as the first quarter of 2024, we deem a favorable view on equities still warranted.

Chart 1: S&P 500 returns during and after hike cycles since 1988



Source: Refinitiv Datastream, Vontobel

Chart 2: Bulls outnumber bears by more than 20 percent



Source: Refinitiv Datastream, Vontobel

Headwinds for gold

—
Michaela Huber
Cross-Asset Strategist,
Vontobel

Gold still boasts a remarkable year-to-date performance. Recently, however, the yellow metal has lost a bit of its luster.

There are several reasons for this. First, a US default seems to have been averted after the debt ceiling was raised in early June. Second, the meeting between China's President Xi Jinping and US Secretary of State Antony Blinken raised hopes for a rapprochement between the two superpowers. Both developments are likely to have somewhat diminished the appetite for the safe-haven asset (see chart 1).

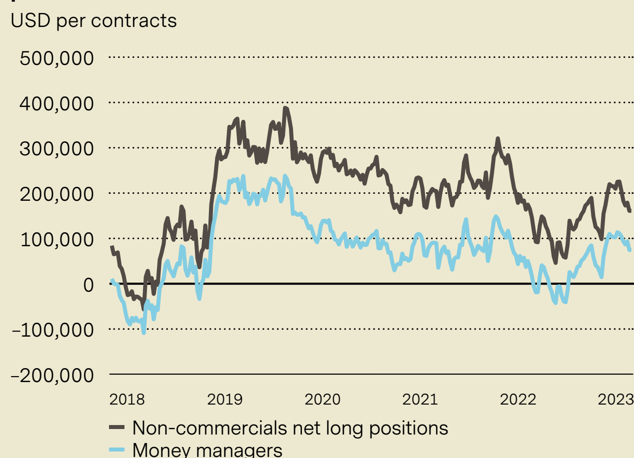
Another important reason can be found in the restrictive stance of major central banks. For example, Chair Powell said at the Fed's most recent meeting that none of the voting members expected interest rates to be lowered by the end of the year. Further monetary tightening would clearly be negative for gold, as higher (real) interest rates would increase the opportunity cost of holding the interest-free asset.

Powell also reiterated his message that inflation remained too high and further tightening may be required during his semi-annual testimony in front of US Congress a few days later. This is echoed by other central banks around the world. The Bank of England, for instance, surprised with a higher-than-expected rate hike of 50 basis points, while the Swiss National Bank slowed its rate-hike pace but held out the prospect of further steps. This hawkish central bank rhetoric gave a further boost to US bond yields and inflation expectations—and with them, the US dollar (gold and the US dollar have an inverse relationship).

On the physical side, demand also appears to be stalling. For example, Chinese consumers are reportedly exercising increasing restraint in the face of a weakening domestic economy. The country's gold and silver sales "only" rose 24 percent year-on-year in May, significantly less than in previous months.

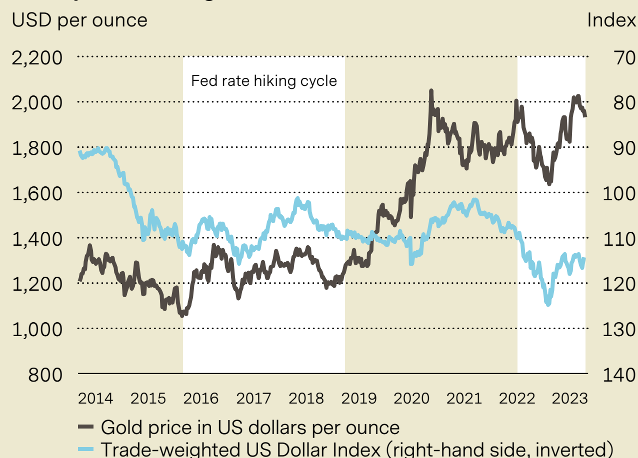
However, we believe that gold should shine again. First, the Fed's policy shift, which historically has been a positive catalyst for gold prices, is only postponed, not abandoned (see chart 2). If history is any guide, once a recession occurs in the US (a recession is part of our baseline scenario), the Fed always cuts rates. Second, heavyweight China is starting to stimulate the economy, which should provide some support as well. And last but not least, we live in a world where geopolitical risk is likely to remain high.

Chart 1: Speculators have partly flocked out of the precious metal



Source: Refinitiv Datastream, Vontobel

Chart 2: The end of a Fed hiking cycle has historically been positive for gold



Source: Refinitiv Datastream, Vontobel

The US dollar's cyclical downturn has further to go

—
Christopher Koslowski
Senior Fixed Income & FX Strategist, Vontobel

The US dollar, as measured by the US Dollar Index, has experienced a depreciation over the past month of roughly 1 percent (see chart 1) and has dropped by more than 10 percent from the highest level this year. That is despite the Fed's continued assertive stance, communicating a strategy for rates that will be "higher for longer" to financial markets.

The dollar is expected to depreciate as yield differentials narrow. We expect a slowdown in economic activity and a deceleration in inflation in the US. This should give markets certainty that there will be a maximum of one more interest-rate hike and trigger speculation on cuts in the US. The US's interest-rate advantage over The Group of Ten (G10) will narrow as the Fed halts and eventually reverses its tightening campaign (see chart 2).

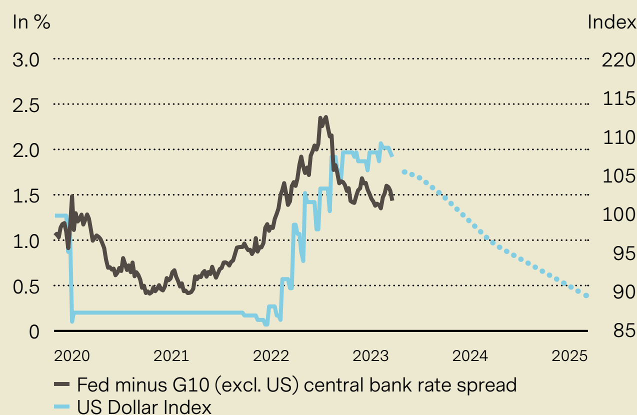
The bullish case for the euro
The euro has recovered against the dollar, thereby undoing much of the depreciation incurred during the sell-off in May. After hitting a low of 1.0635 at the end of May, the euro has climbed back up above 1.09, towards the top of the year-to-date range between 1.05 and 1.10. The run of higher highs (in January and April) followed by higher lows (in March and May) so far this year highlights that the bullish trend remains in place.

The ECB was slow out of the gate to tighten policy. Not surprisingly, inflation in the eurozone is outpacing that in the US, with the ECB lagging the Fed. Though US rates will most likely peak higher than those of the ECB, the ECB will most likely still be tightening as the Fed has peaked. This suggests the relative yield differentials should validate more euro upside.

Chart 1: The dollar retreats

Source: Bloomberg, Vontobel

Chart 2: Stretched US yield advantage will narrow



Source: Bloomberg, Vontobel

Economy and financial markets 2021 – 2024

The following list shows the actual values, exchange rates and prices from 2021 to 2022 and consensus forecasts for 2023 and 2024 for gross domestic product (GDP), inflation / inflationary expectations, key central bank interest rates, ten-year government bonds, exchange rates, and commodities.

GDP (IN %)	2021	2022	CURRENT[1]	2023 CONSENSUS	2024 CONSENSUS
Global (G20)	5.6	2.6	2.4	2.4	2.3
Eurozone	5.3	3.5	1.0	0.6	1.0
USA	5.9	2.1	1.6	1.3	0.8
Japan	2.3	1.1	1.9	1.2	1.1
UK	8.5	4.0	0.2	0.2	0.9
Switzerland	4.3	2.0	0.7	0.8	1.4
Australia	5.3	3.6	2.3	1.5	1.6
China	8.4	3.0	4.5	5.5	4.9

INFLATION	2021	2022	CURRENT[2]	2023 CONSENSUS	2024 CONSENSUS
Global (G20)	3.5	7.3	6.3	5.2	3.70
Eurozone	2.6	8.4	6.1	5.5	2.50
USA	4.7	8.0	4.0	4.1	2.60
Japan	–0.3	2.5	3.2	2.8	1.50
UK	2.6	9.1	8.7	7.1	2.90
Switzerland	0.6	2.9	2.2	2.4	1.50
Australia	2.9	6.6	7.0	5.6	3.20
China	0.9	2.0	0.2	1.5	2.25

KEY INTEREST RATES (IN %)	2021	2022	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS
EUR	–0.50	2.00	3.50	3.76	3.45
USD	0.25	4.50	5.25	5.35	4.25
JPY	–0.10	–0.10	–0.10	–0.09	–0.08
GBP	0.25	3.50	5.00	5.00	4.50
CHF	–0.75	1.00	1.75	1.81	1.62
AUD	0.10	3.10	4.10	4.50	3.90
CNY	3.80	3.65	4.35	4.30	4.25

GOVERNMENT BOND YIELDS, 10 YEARS (IN %)	2021	2022	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS END OF 2024
EUR (Germany)	–0.2	2.6	2.29	2.41	2.20
USD	1.5	3.9	3.68	3.53	3.38
JPY	0.1	0.4	0.36	0.59	0.64
GBP	1.0	3.7	4.28	3.98	3.54
CHF	–0.1	1.6	0.89	1.20	1.09
AUD	1.7	4.1	3.95	3.95	3.51

FOREIGN EXCHANGE RATES	2021	2022	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS END OF 2024
CHF per EUR	1.04	0.99	0.97	0.98	1.00
CHF per USD	0.91	0.94	0.90	0.90	0.91
CHF per 100 JPY	0.79	0.72	0.63	0.68	0.70
CHF per GBP	1.23	1.12	1.14	1.13	1.14
USD per EUR	1.14	1.06	1.09	1.10	1.12
JPY per USD	115.00	130.00	143.00	133.00	130.00
USD per AUD	0.73	0.67	0.67	0.68	0.70
GBP per EUR	0.84	0.88	0.85	0.87	0.88
CNY per USD	6.37	6.91	7.23	6.98	6.89

COMMODITIES	2021	2022	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS
Brent crude oil, USD per barrel	79	86	74	83	88
Gold, USD per troy ounce	1,829	1,824	1,932	1,950	1,997
Copper, USD per metric ton	9,720	8,372	8,391	8,500	8,983

[1] Latest available quarter
[2] Latest available month, G20 data only quarterly
Source: Vontobel, respective statistical offices and central banks; as of June 26, 2023

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Bank Vontobel AG
Gotthardstrasse 43
8022 Zurich
Switzerland

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