Marketing Material

MONTHLY HOUSE VIEW

July 2025

Looking ahead to Jackson Hole

Architects of Wealth

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LOOKING AHEAD TO JACKSON HOLE

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As summer approaches, tensions in the Middle East are once again flaring up. Yet, despite heightened geopolitical uncertainty, financial markets appear surprisingly unfazed. This relative market stability can likely be attributed to the cautious positioning of several key players (including long-term investors) making markets less reactive to negative headlines.

The price of a barrel of crude oil, which often spikes during such geopolitical events, is now lower than it was before the hostilities began. While the risk of a sharp rise in prices cannot be dismissed, particularly if the Strait of Hormuz were to be blocked, our base case remains that further escalation will be avoided.

SURPRISES POSSIBLE

Of course, surprises may still emerge as the summer unfolds, but overall, we remain confident in the outlook for equities. For the second half of 2025, we expect the favourable conditions that have prevailed since the start of the year to continue: corporate earnings are still growing—albeit less robustly than in 2024—and central banks remain inclined to cut interest rates.

One element that could produce a surprise and warrants close monitoring is the ongoing negotiation of trade agreements. As **Bénédicte Kukla** highlights in her article in this edition, more than 200 bilateral deals are currently being negotiated between the United States and its partners.

RISKS

A proliferation of such agreements could significantly reshape global supply chains. As The Economist noted in its 14 June edition, this development carries risks: countries may resort to protecting their domestic industries and competing for jobs that no longer exist—ultimately at the expense of wages, productivity, and innovation.

Meanwhile, China continues to dominate the global industrial landscape in the absence of serious competition. On the other hand, these shifts create fertile ground for the formation of cooperative blocs among like-minded, complementary, and resilient nations where free trade could flourish within those alliances.

BUDGET DEFICIT

Another point of focus is the ongoing budget negotiations in the United States. As we noted in the lead article of our previous Monthly House View, the US government does not appear to be addressing the root causes of its fiscal challenges. As a result, the upcoming budget will likely be expansionary.

However, as **Sam Vereecke** explains in his article, the current 4.3% yield on US Treasury bonds continues to attract investor interest. This sustained demand helps to contain the risk of a debt trap, at least for now, despite the lack of fiscal discipline.

POSITIONING

In light of these factors, we remain confident in our strategic positioning, which we summarise as follows:

- Equities: we maintain a significant equity exposure. Following partial profit-taking during the late-April to early-May market rebound (to manage portfolio volatility), we stand ready to increase our positions again if a significant correction occurs—depending on market conditions.
- Relative valuation: valuations remain attractive for European equities (trading at a 30% discount to the US) and for emerging markets (at a 40% discount), which should continue to appeal.

- Bonds: we favour quality bonds, particularly among top-tier issuers within the euro high-yield segment.
- Currencies and commodities: our short-term view on the US dollar remains cautious, although we recognise its continued role as a safe haven. Gold remains a valuable diversifier and still has upside potential.
- Investment themes: we reiterate the five key themes that will shape markets in 2025:
  1. The acceleration of digitalisation and AI as a driver of earnings growth.
  2. The exceptional resilience of the US stock market.
  3. Asia's growing presence in global portfolios.
  4. The potential of small caps, especially amid reindustrialisation.
  5. The rapid electrification of the economy, supporting energy diversification and the integration of renewables.

Finally, central banks continue to play their stabilising role effectively, even in this uncertain environment. In recent years, they have managed to contain inflation without tipping economies into recession.

JACKSON HOLE

Attention is now turning more sharply towards employment. The Jackson Hole symposium, taking place in Wyoming at the end of summer, is expected to provide valuable insights in this regard. The themes and tone of the discussions will offer investors a window into the thinking of the world's leading economists.

Wishing you an enjoyable read—and a great summer. See you soon.

KEY CONVICTIONS – TACTICAL VIEW

● June 2025

	-	-/=	=	+/=	+
EQUITIES		●			
Europe				●	
USA		●			
Japan		●			
Emerging Markets				●	
BONDS		●			
Government bonds (EUR)		●			
Corporate IG bonds (EUR)				●	
High Yield (EUR)				●	
Government bonds (USD)		●			
Corporate IG bonds (USD)			●		
High Yield (USD)		●			
Emerging Market bonds (Local Currency)			●		
USD VS. EUR		●			
GOLD					

Source: Degroof Petercam.

THE STATE OF GLOBAL "DEALISM"

Bénédicte KUKLA
Senior Investment Strategist

Following the United States tariff trade war, the Trump Administration has been focused on the 200-plus trade deals. Yet, US trade accounts for only about 10% of global trade. So, what about the rest of the world? As the US retreats into bilateral negotiations, the global economy adapts — through new bloc alliances, alternative supply chains and a patchwork of compensatory policies.

US TRADE
accounts for only about
10%
OF GLOBAL TRADE

THE COST OF A US "MANUFACTURING RENAISSANCE"

Tariffs, as the World Trade Organisation (WTO) notes, are more than revenue tools — they carry broad, often unintended consequences. The US push for a manufacturing revival through tariffs has thus far led to slower economic growth and higher input costs, with the additional risk of shifting labour to lower-productivity sectors. While US exporters may benefit from a weaker dollar, progress on trade deals has been sluggish, with over 200 pending and only the largely symbolic deal with the United Kingdom (UK) finalised. China is leveraging its dominance in rare earths (70% of global output) in US negotiations. Per Trump, China's US tariffs will drop from 145% to 55%. India, increasingly opening up to the world, has made progress with a mutual push for early wins and the hope an interim deal in July. Europe, meanwhile, lags at the "very end" of US trade priorities (probably not far behind Japan), stuck with a 10% temporary tariff for now, committed to a comprehensive deal and not a partial one. Finally, the US-Mexico-Canada Agreement (USMCA) renewal is set for July 2026, but Mexico seeks an earlier review by September 2025.

MAKE EUROPE GREAT AGAIN

Europe faces punitive US tariffs, especially on autos and steel, and the effects of US decoupling from China. Nevertheless, the continent is managing. European Union (EU) policymakers use fiscal stimulus and domestic demand to cushion impacts, while strengthening the Single Market and pursuing new trade deals (Chart 1, page 6). As underlined in Mario Draghi's EU competitiveness report, the EU must focus first on intra-EU trade: internal nontariff barriers (notably red tape and regulatory compliance hurdles) within the Single Market impose the equivalent of a 45% tariff on manufactured goods and a staggering 110% on services, surpassing the levels of Trump's recent US tariffs.

In 2025, the EU struck new global deals, starting with the UK Reset in May. Key points include joint defence projects, single-market access for electricity and sanitary standards, and "full reciprocal access to waters" post-Brexit (a big political fish!). Additional EU deals include a Free Trade Agreement (FTA) with India aimed to be finalised by end 2025 after the latter completed its FTA with the UK in May 2025. The EU-Mercosur deal (with Brazil, Argentina, Uruguay, Paraguay and Bolivia) reached an agreement at the end of 2024, though internal opposition has delayed ratification. The landmark agreement would create one of the world's largest FTA areas (approximately 20% of global gross domestic product), eliminate more than 90% of tariffs in the EU and counterbalance protectionist trends. All in all, the UK Reset deal is the economically most valuable, the India FTA offers possible strategic gains (digital services), while Mercosur carries climate-related tensions.

ASIA: UNITED WE STAND

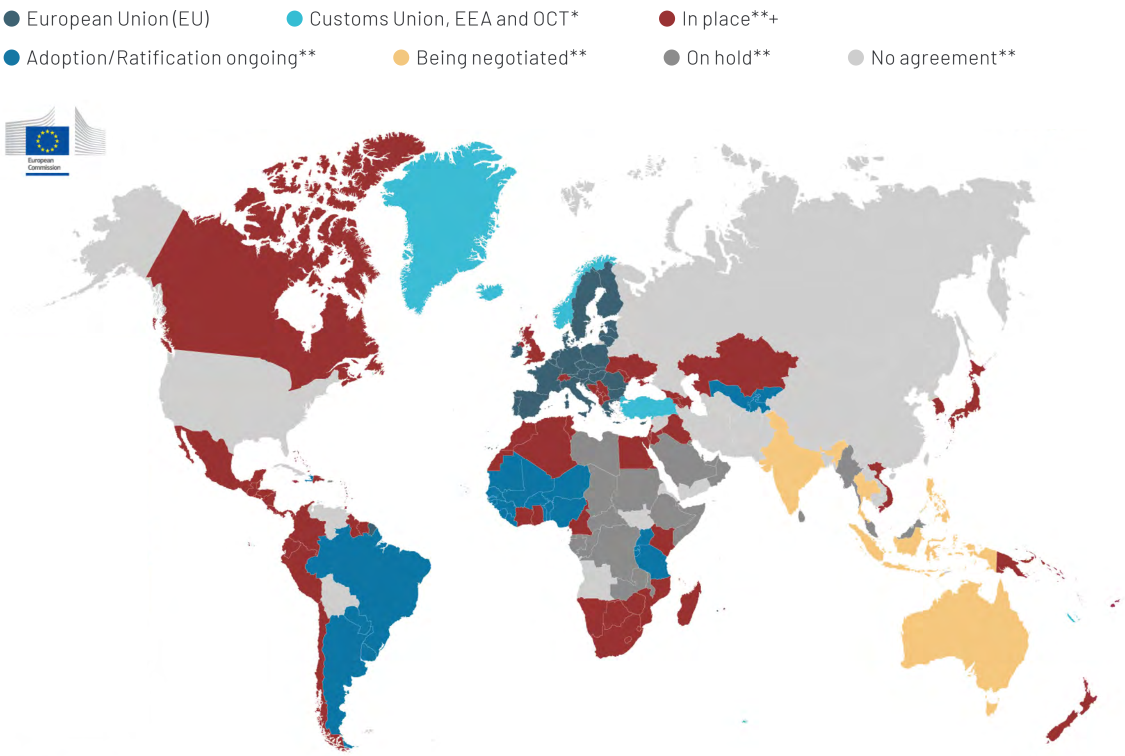
The Association of Southeast Asian Nations (ASEAN) region's response to US tariffs underscores its unity. Though US tariffs vary (Cambodia faces 49%, Singapore just 10%), member states called for direct engagement with Trump at their recent Kuala Lumpur summit. The 2020 Regional Comprehensive Economic Partnership (RCEP) (intra-Asian trade, not including India) and 2018 CP Trans-Pacific Pact (Asia-Americas, not including the US) represent the backbone of Asian trade resilience and in someways shield the region from US tariffs.

China, meanwhile, has deepened its presence in Asia and beyond. It is now the leading trade partner for much of Latin America — and a key lender. Trade with Latin America has increased by approximately 10% since 2021, now making up 8% of China's global goods trade. This economic outreach expands China's soft power and creates a credible alternative to US-centric trade. This is also the case for Africa, where, in June, China said it would remove all tariffs on 53 African state exports in order to boost trade.

LATAM: DIVERSIFICATION IS KEY

Latin America sits between competing global forces. Unlike the US or China, it has opted for strategic non-alignment, seeking growth without entanglement. Brazil exemplifies this: while China is its top trade partner and more reliable since US protectionism began, President Lula's government also engages actively with the US and EU. This mirrors India's strategy: to participate but never fully align (notably by opting out of the RCEP in 2019). By diversifying partnerships and avoiding dependency, Latin America maintains flexibility. This, however, will not avoid causalities from US tariffs, with the Mexican economy expected to fall into recession in 2025 (the International Monetary Fund (IMF) revised Mexican 2025 growth to -0.3% down from +1.4% previously).

CHART 1: EU TRADE AGREEMENTS 2025



* European Economic Area (EEA) / Overseas Countries and Territories (OCT).
** Free Trade Agreement (FTA), Deep and Comprehensive Free Trade Agreement (DCFTA), Enhanced Partnership and Cooperation Agreement (EPCA), Partnership and Co-operation Agreement with preferential element (PCA)
\+ The updated agreements with Tunisia and Eastern and Southern Africa are currently being updated; the updated agreement with Chile is under ratification. The DCFTA with Georgia does not apply in South Ossetia and Abkhazia.

Source: European Commission, Indosuez Wealth Management.

RESILIENCE

Bénédicte KUKLA
Senior Investment Strategist

Our above consensus growth forecasts reflect our belief that tariffs are not everything, with Western economies navigating trade turbulence from relatively solid starting positions. However, slower growth prospects loom by year-end.

EURO AREA
Q1 fixed investment
ROSE
1.8%
QOQ

HURDLES AHEAD, BUT THE US ECONOMY KEEPS RUNNING

Following a challenging first quarter (Q1), where net trade served as a drag on growth, the second quarter (Q2) is shaping up to be significantly stronger. Gross domestic product (GDP) growth has been revised upward to an annualised 3% (after -0.2% in Q1), while our annual growth projections have been adjusted upward to 1.7%, above market consensus estimates. This revision reflects a more balanced outlook for growth, fostered by key developments such as a US-China trade truce, legal challenges to Trump's tariff policies and a possibly more front-loaded fiscal stimulus.

While the labour market is showing early signs of slowing, it remains robust overall. May's unemployment rate held steady at 4.2%. Wage growth also remained solid at 3.9%, providing a cushion for consumer spending. Retail sales as a whole dropped by 0.9% month-on-month (MoM) in May but excluding auto sales (impacted by tariff-induced front-loading) and petrol, so-called core retail sales show some strength (rising to an overall 0.4% MoM versus -0.1% in April).

Tariffs remain a key variable in our economic projections. While their impact on official inflation figures has been limited thus far (with the May consumer price index at 2.4% year-on-year), a recent New York Fed survey highlights that many companies are responding by raising prices, even on goods unaffected by tariffs. Nevertheless, inventory front-loading and corporate margin compression have delayed the full inflationary impact, which is not expected to materialise until July 2025, pushing us to revise down our inflation forecasts. Consumer inflation expectations in the next 12 months have risen sharply but remain so far anchored thereafter. In this context, the Fed is expected to decrease rates to 4% by year-end and 3.5% in 2026.

Importantly, a legal hurdle for the Trump administration's tariff strategy has emerged, with the US Court of International Trade deeming certain measures illegal. While tariffs remain in place pending litigation, these legal back-and-forth underscores the limits of presidential authority and introduces uncertainty to (without blocking) Trump's trade policy. The trade war is expected to wear down; we expect the average tariff on US imports to hover around 15%.

EUROPE: CAUTIOUS OPTIMISM

The Euro Area economy expanded by 0.6% quarter-on-quarter (QoQ) in Q1 2025, doubling initial estimates. Ireland led the surge with a 9.7% jump, while Spain and Germany outperformed with 0.6% and 0.4% growth, respectively. Fixed investment rose 1.8%, thanks to accelerated equipment purchases in anticipation of tariffs, but also ECB easing and a pickup in housing investment. While services cooled, business confidence improved in manufacturing, with higher capacity utilisation and better credit access. Tariff uncertainties loom, however, slowing investment and production. GDP resilience is likely to fade from Q2, but we no longer project a downturn in the second half of the year.

Inflation pressures should continue to ease, supported by a stronger euro, modest producer prices and reduced tariff retaliation risks. The ECB wage tracker showed wage growth falling to 1.7% by the fourth quarter (Q4) 2025 from 5.4% a year earlier. These deflationary trends prompted the ECB to cut rates in June to 2%, with markets anticipating further reductions to 1.75% by year-end. We agree.

France saw muted growth, supported by robust household consumption as disposable income rose from delayed pension inflation indexation and strong financial income. Meanwhile, Germany's new fiscal measures announced this month, include an "investment booster" functioning through an accelerated depreciation for equipment investments (75% for electric vehicles as of 30 June. They also aim to reduce value added tax (VAT) on restaurant food and lower electricity taxes in order to grow the economy by 2026. These changes will provide EUR 12 billion (0.26% of GDP) in net relief to households and businesses, according to the German Economic Institute.

EMERGING MARKETS: PRICE PRESSURES

China's economic growth slowed to 1.2% QoQ in Q1 2025 (1.6% in Q4 2024). As the government ramped up measures to boost domestic demand, retail sales provided a bright spot in May, jumping 6.4% year-on-year (YoY) (versus expectations of 5%), while industrial production rose 5.8% (5.9% expected). Disinflationary trends persisted, with consumer prices falling 0.1% YoY in May and producer prices plummeting 3.3%.

Meanwhile, India stood out as the star performer in emerging markets, registering an impressive 7.4% YoY GDP growth in Q1 2025, sharply above consensus. The country is on track to surpass Japan as the world's fourth largest economy.

Middle East tensions pushed oil prices above 70 dollars per barrel. Oil prices nearing 90-100 dollars per barrel could exert pressure on US inflation; Europe's threshold is closer to 100 dollars due to higher fuel taxes buffering retail prices. This is unlikely as anticipated OPEC+ production increases should ease prices.

TABLE 1: MACROECONOMIC FORECAST 2024 - 2026, %

● Downward forecasts since last month ● Upward forecasts since last month

	GDP			INFLATION		
	2024	2025	2026	2024	2025	2026
United States	2.8%	1.7%	1.6%	3.0%	3.1%	2.9%
Euro Area	0.8%	1.8%	1.4%	2.4%	2.0%	2.0%
China	5.0%	4.5%	4.5%	0.2%	1.4%	1.5%
World	3.2%	2.8%	2.9%	-	-	-

Source: Indosuez Wealth Management.

IS US GOVERNMENT DEBT SUSTAINABLE?

Sam VEREECKE
CIO Fixed Income, DPAM

The United States government, like in many other countries, has a significant amount of outstanding debt, mostly financed through the issuance of Treasury securities, which include Treasury bills (short-term), Treasury notes (medium-term) and Treasury bonds (long-term). Investors include individuals, corporations, pension funds, the Federal Reserve (Fed) and other governments. This is generally referred to as public debt.

The US PUBLIC DEBT is 98.1% OF GDP

The current total amount of public debt is about 28.9 trillion dollars or 98.1% of the United States GDP (one trillion is one thousand billion).

However, the US government has also other intragovernmental obligations linked to Social Security and Medicare. These represent about 7.3 trillion dollars, or 24.6% of GDP. As investors, we are more concerned about public debt, as these securities needs to be constantly refinanced.

Total debt, including both the public debt and intragovernmental debt, is therefore 36.2 trillion dollars or 122.7% of GDP. As a comparison, Germany's debt is 63%, France is 113% and Japan is about 250%.

Economically, moderate public debt allows for a "countercyclical" fiscal policy — when the economy weakens, the government can borrow to support activity. Investors often buy these bonds willingly, viewing them as safe, especially during downturns.

Persistently high levels of public debt (high debt-to-GDP ratios) raises concerns about sustainability, as such bonds are seen as less safe. This can make borrowing harder or lead to higher interest costs, as investors grow more hesitant. It may trigger a debt spiral, where rising interest payments require more debt, prompting even higher rates. Eventually, this could force the government's hand and limit policy flexibility, as seen during the Euro Area crisis.

Does the US government have high levels of public debt? The debate was put in the spotlight again by President Trump's One Big Beautiful Bill Act, passed by the House of Representatives on 22 May 2025. The act would add 3 trillion dollars to US deficits over the next decade, according to estimates by the Congressional Budget Office (CBO). Independent analysts suggest an even higher increase.

Public debt is currently 98.1% of GDP and was already projected to rise to 117.1% over the next decade based on existing policies. Following the new act, using the deficit projections above, the CBO now estimates it will reach 123.8% by 2034. Assuming intragovernmental debt has not substantially increased by then, we could be talking of a total debt of more than 150% in 2034.

The key question is whether the US is entering a debt spiral. This is not happening now — quite the opposite. Interest rates have not been trending higher. Chart 2 (page 10) shows that 10-year Treasury yields have fluctuated over the past two years but show no clear upward trend. In fact, they are lower now than at the start of 2025. These movements in interest rates rather reflect shifts in growth and inflation expectations, not worsening debt sustainability.

An investor today (on 18 June 2025) will earn a 4.4% return on arguably one of the safest and most liquid investments available. In 2020, these rates were below 1%, making today's bonds far more attractive. Current interest rate levels clearly draw in more investors. This creates a natural dampening effect, as more buyers would enter the market at higher yields, lowering the risk of a debt spiral.

Also, given its sheer size, as one of the largest asset classes in the world, US debt remains the de-facto go-to asset for many institutional investors, including foreign central banks. But recent US policy uncertainty has further eroded this "reserve asset" status.

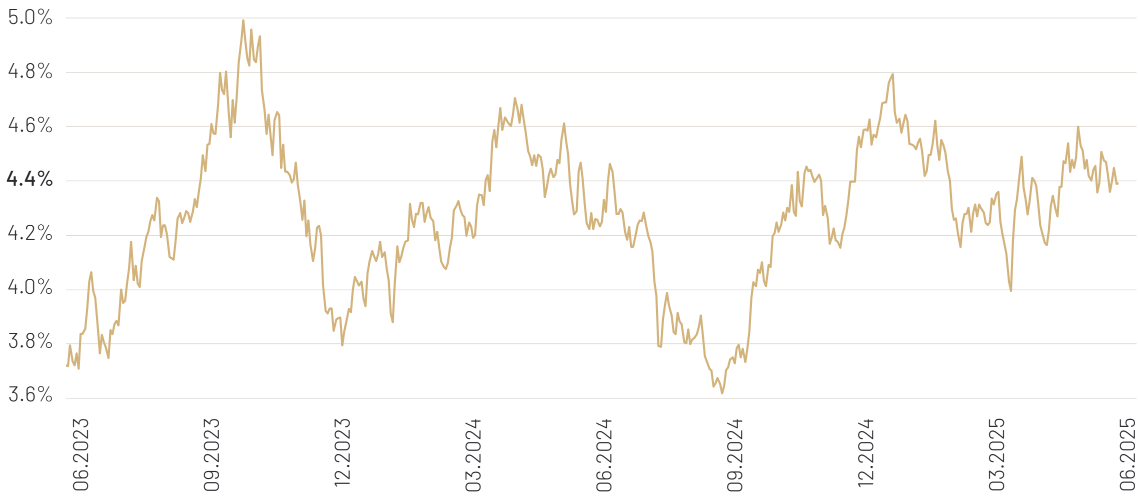
There are more points to consider. Recently, US debt sustainability has been widely covered in the media, and many investors remain under-invested. Such structural underinvestment often sparks rallies when investors return after a period of absence. Moreover, the US Treasury could also issue less long-term Treasury bonds, which are more difficult to place in the market. But shorter-term debt needs to be refinanced more frequently.

Over the medium term, other dynamics could emerge. If fiscal deterioration continues, bond "vigilantes" may pressure the government by pushing Treasury yields higher, forcing Washington to rein in deficits. This would be a more painful path to restoring debt sustainability.

Other tools exist, though we would prefer not to see them used. The Fed could resume buying government bonds, as during the previous decade. Alternatively, the government could compel entities like banks, insurers or pension funds to buy more bonds. These are undesirable options, as they amount to financial repression and lead to misallocation of capital.

In conclusion, debt sustainability is a major concern and deserves serious debate — in the US and elsewhere. The most prudent path is fiscal discipline. Current yields make bonds appealing, though many investors remain cautious. If needed, less desirable tools exist to stabilise markets, but for now, we are far from that point. The key question for many investors remains: what's the target yield to buy more?

CHART 2: YIELD ON A 10-YEAR TREASURY BOND, %



Source: Bloomberg, Indosuez Wealth Management.

05 • Market Monitor (local currencies)

OVERVIEW OF SELECTED MARKETS

DATA AS OF 18.06.2025

GOVERNMENT BONDS	YIELD	4 WEEKS CHANGE (BPS)	YTD CHANGE (BPS)
US Treasury 10-year	4.39%	-20.76	-17.81
France 10-year	3.21%	-9.80	1.80
Germany 10-year	2.50%	-14.80	13.20
Spain 10-year	3.13%	-13.50	6.90
Switzerland 10-year	0.29%	-12.40	-3.50
Japan 10-year	1.45%	-6.60	36.50

BONDS	LAST	4 WEEKS CHANGE	YTD CHANGE
Government Bonds Emerging Markets	39.57	1.36%	9.65%
Euro Government Bonds	212.67	0.53%	1.65%
Corporate EUR high yield	236.78	0.67%	2.41%
Corporate USD high yield	374.63	1.19%	3.61%
US Government Bonds	325.44	0.87%	3.15%
Corporate Emerging Markets	44.91	0.81%	1.19%

CURRENCIES	LAST SPOT	4 WEEKS CHANGE	YTD CHANGE
EUR/CHF	0.9400	0.52%	-0.01%
GBP/USD	1.3422	0.01%	7.24%
USD/CHF	0.8187	-0.82%	-9.78%
EUR/USD	1.1480	1.31%	10.88%
USD/JPY	145.13	1.01%	-7.68%

VOLATILITY INDEX	LAST	4 WEEKS CHANGE (POINTS)	YTD CHANGE (POINTS)
VIX	20.14	-0.73	2.79

EQUITY INDICES	LAST PRICE	4 WEEKS CHANGE	YTD CHANGE
S&P 500 (United States)	5'980.87	2.33%	1.69%
FTSE 100 (United Kingdom)	8'843.47	0.65%	8.20%
STOXX 600	540.33	-2.44%	6.44%
Topix	2'808.35	2.76%	0.84%
MSCI World	3'899.46	1.82%	5.17%
Shanghai SE Composite	3'874.97	-1.06%	-1.52%
MSCI Emerging Markets	1'193.45	1.61%	10.97%
MSCI Latam (Latin America)	2'291.51	1.56%	23.69%
MSCI EMEA (Europe. Middle East. Africa)	219.85	-2.29%	7.68%
MSCI Asia Ex Japan	780.56	2.15%	10.86%
CAC 40 (France)	7'656.12	-3.22%	3.73%
DAX (Germany)	2'3317.81	-3.34%	17.12%
MIB (Italy)	3'9418.61	-2.79%	15.31%
IBEX (Spain)	13'923.20	-2.69%	20.08%
SMI (Switzerland)	11'959.47	-3.40%	3.09%

COMMODITIES	LAST PRICE	4 WEEKS CHANGE	YTD CHANGE
Steel Rebar (CNY/Tonne)	3'022.00	-1.05%	-8.37%
Gold (USD/Oz)	3'369.38	1.64%	28.38%
Crude Oil WTI (USD/Bbl)	75.14	22.04%	4.77%
Silver (USD/Oz)	36.91	10.31%	26.23%
Copper (USD/Tonne)	9'655.50	1.28%	10.12%
Natural Gas (USD/MMBtu)	3.99	18.44%	9.80%

Source: Bloomberg, Indosuez Wealth Management.
Past performance does not guarantee future performance.

MONTHLY INVESTMENT RETURNS, PRICE INDEX

FTSE 100 · Topix · MSCI World · MSCI EMEA · MSCI Emerging Markets
STOXX 600 · S&P 500 · Shanghai SE Composite · MSCI Latam · MSCI Asia Ex Japan

BEST PERFORMING

MARCH 2025	APRIL 2025	MAY 2025	4 WEEKS CHANGE	YTD (18.06.2025)
4.27%	6.26%	6.15%	2.76%	23.69%
2.12%	1.04%	5.69%	2.33%	10.97%
0.38%	0.86%	5.03%	2.15%	10.86%
-0.07%	0.74%	5.00%	1.82%	8.20%
-0.16%	0.53%	4.02%	1.61%	7.68%
-0.87%	0.32%	4.00%	1.56%	6.44%
-2.58%	-0.76%	3.27%	0.65%	5.17%
-4.18%	-1.02%	1.85%	-1.06%	1.69%
-4.64%	-1.21%	0.91%	-2.29%	0.84%
-5.75%	-3.00%	0.80%	-2.44%	-1.52%

WORST PERFORMING

Source: Bloomberg, Indosuez Wealth Management.
Past performance does not guarantee future performance.

06 • Glossary

Basis point (bps): 1 basis point = 0.01%.

Blockchain: A technology for storing and transmitting information. It takes the form of a database which has the particularity of being shared simultaneously with all its users and generally does not depend on any central body.

BLS: Bureau of Labor Statistics.

BNEF: Bloomberg New Energy Finance.

Brent: A type of sweet crude oil, often used as a benchmark for the price of crude oil in Europe.

CPI (Consumer Price Index): The CPI estimates the general price level faced by a typical household based on an average consumption basket of goods and services. The CPI tends to be the most commonly used measure of price inflation.

Cyclicals: Cyclicals refers to companies that are dependent on the changes in the overall economy. These stocks represent the companies whose profit is higher when the economy is prospering.

Defensives: Defensives refers to companies that are more or less immune to the changes in the economic conditions.

Deflation: Deflation is the opposite of inflation. Contrary to inflation, it is characterised by a sustained decrease in general price levels over an extended period.

Duration: Reflects the sensitivity of a bond or bond fund to changes in interest rates. This value is expressed in years. The longer the duration of a bond, the more sensitive its price is to interest rate changes.

EBIT (Earnings Before Interest and Taxes): Refers to earnings generated before any financial interest and taxes are taken into account. It takes earnings and subtracts operating expenses and thus also corresponds to non-operating expenses.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation): EBITDA takes net income and adds interest, taxes, depreciation and amortisation expenses back to it. It is used to measure a company's operating profitability before non-operating expenses and non-cash charges.

ECB: The European Central Bank, which governs the euro and Euro Area member countries' monetary policy.

Economic Surprises Index: Measures the degree of variation in macro-economic data published versus forecasters' expectations.

Economies of scale: Decrease in a product's unit cost that a company obtains by increasing the quantity of its production.

EPS: Earnings per share.

ESG: Non-financial corporate rating system based on environmental, social and governance criteria. It is used to evaluate the sustainability and ethical impact of an investment in a company.

Fed: The US Federal Reserve, i.e. the central bank of the United States.

FOMC (Federal Open Market Committee): The US Federal Reserve's monetary policy body.

GDP (Gross Domestic Product): GDP measures a country's yearly production of goods and services by operators residing within the national territory.

Growth: Growth style refers to companies expected to grow sales and earnings at a faster rate than the market average. As such, growth stocks are generally characterised by a higher valuation than the market as a whole.

IEA: International Energy Agency.

IMF: The International Monetary Fund.

Inflation breakeven: Level of inflation where nominal bonds have the same return as inflation-linked bonds (of the same maturity and grade). In other words, it is the level of inflation at which it makes no difference if an investor owns a nominal bond or an inflation-linked bond. It therefore represents inflation expectations in a geographic region for a specific maturity.

Inflation swap rate 5-Year, 5-Year: A market measure of what 5-Year inflation expectations will be in five years' time. It provides a window into how inflation expectations may change in the future.

IPPC: The Intergovernmental Panel on Climate Change.

IRENA: International Renewable Energy Agency.

ISM: Institute for Supply Management.

Metaverse: A metaverse (portmanteau of meta and universe) is a fictional virtual world. The term is regularly used to describe a future version of the internet where virtual, persistent and shared spaces are accessible via 3D interaction.

OECD: Organisation for Economic Co-operation and Development.

OPEC: Organization of the Petroleum Exporting Countries; 14 members.

OPEC+: OPEC plus 10 additional countries, notably Russia, Mexico, and Kazakhstan.

PMI: Purchasing Managers' Index.

Policy mix: The economic strategy adopted by a state depending on the economic environment and its objectives, mainly consisting of a combination of monetary and fiscal policy.

Pricing power: Refers to the ability of a company or brand to increase its prices without affecting demand for its products.

Quality: Quality stocks refers to companies with higher and more reliable profits, low debt and other measures of stable earnings and strong governance. Common characteristics of Quality stocks are high return to equity, debt to equity and earnings variability.

Quantitative easing (QE): A monetary policy tool by which the central bank acquires assets such as bonds, in order to inject liquidity into the economy.

SEC (Securities and Exchange Commission): The SEC is an independent federal agency with responsibility for the orderly functioning of US securities markets.

Spread (or credit spread): A spread is the difference between two assets, typically between interest rates, such as those of corporate bonds over a government bond.

Secular stagnation: Refers to an extended period of little or no economic growth.

SRI: Sustainable and Responsible Investments.

Stagflation: Stagflation refers to an economy that is experiencing simultaneously an increase in inflation and stagnation of economic output.

TPI: An addition to the Eurosystem's toolkit that can be activated by the ECB to counter unwarranted, disorderly market developments if these pose a serious threat to the smooth transmission of monetary policy across the euro area. The ECB Governing Council approved the instrument on the 21 July 2022.

Trump Put: The perception among investors that President Trump's economic policies and statements could influence the stock markets in a way that limits their downside.

Value: Value style refers to companies that appear to trade at a lower price relative to its fundamentals. Common characteristics of value stocks include high dividend yield, low price-to-book ratio, and a low price-to-earnings ratio.

VIX: The index of implied volatility in the S&P 500 Index. It measures market operators' expectations of 30-day volatility, based on index options.

WTO: World Trade Organization.

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