Investment barometer

Macroeconomic backdrop

"A person who dwells on the past loses one eye.
A person who forgets the past loses both eyes."
Ukrainian proverb

As the war in Ukraine entered its fifth week, millions of refugees continued to flee into Europe and the death toll climbed into the thousands. But the talks held in Turkey offered a glimmer of hope, sending the stock markets bouncing back in March.

Summary table

Abstract

APRIL 2022

MACROECONOMIC INDICATORS

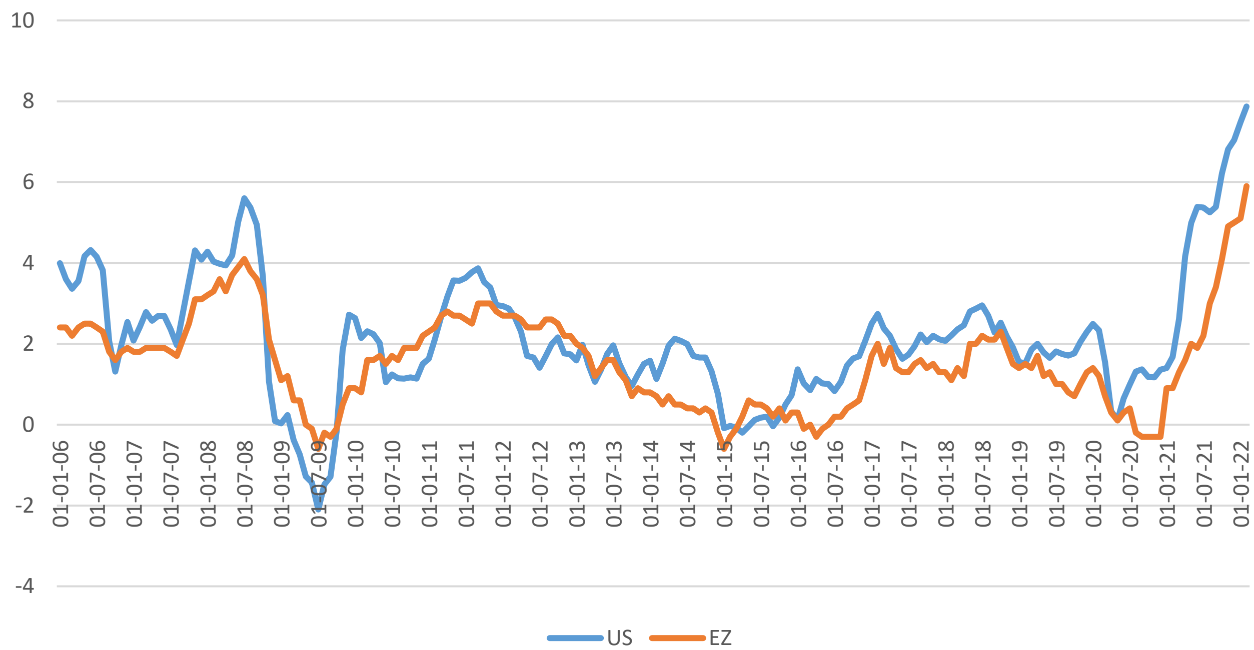
	BOND MARKETS	ECONOMIC GROWTH	EQUITY MARKETS
EUROZONE	**Bund 10Y: 0.55% - OLO 10Y: 1.03%**	**2.3%**	Eurostoxx50: -0.55%
	The eurozone annual inflation rate surged to 5.8% in March. This inflation was again driven in large part by rising energy prices.	In March, the central bank opted to play it safe, downgrading its 2022 growth forecast for the bloc to 2.3%.	Despite taking a direct hit from the unfolding crisis in Ukraine, the MSCI EMU index sustained a modest 0.70% loss.
USA	**UST 10Y: 2.35%**	**4.0%**	**S&P 500: 3.58%**
	Jerome Powell raised the Fed's target interest rate by 25 basis points and confirmed that the Fed would remain agile as the economic situation evolved.	Investors took heart from the Federal Reserve's firm stance after US inflation still shows no sign of fading.	The markets responded positively. The MSCI World index returned to positive territory, gaining 3.72% over the month.
EMERGING MARKETS	**ML EM Broad Sov External (hedg.): 2.39%**	**5.9%**	MSCI Emerging Markets: **-1.33%**
	Beijing continued to pursue its own monetary policy agenda, cutting banks' statutory reserve ratio and slashing lending rates in an effort to stimulate economic growth.	Chinese authorities also put part of Shanghai back under a strict lockdown following a fresh wave of COVID-19 cases.	The easing measures saw the Chinese technology sector bounce back in spectacular fashion in mid-March.

Macroeconomic backdrop

EUROZONE

The eurozone annual inflation rate surged to 5.8% in March – its highest level since 1997 – again driven in large part by rising energy prices. ECB president Christine Lagarde was faced with a choice between two evils: raise benchmark interest rates and risk curtailing growth already weakened by the crisis in Ukraine, or protect growth at all costs and allow inflation to keep spiraling. In March, the central bank opted to play it safe, scaling back its bond-buying programme and downgrading its 2022 growth forecast for the bloc to 2.3%. Despite taking a direct hit from the unfolding crisis in Ukraine, the MSCI EMU index sustained a modest 0.70% loss.

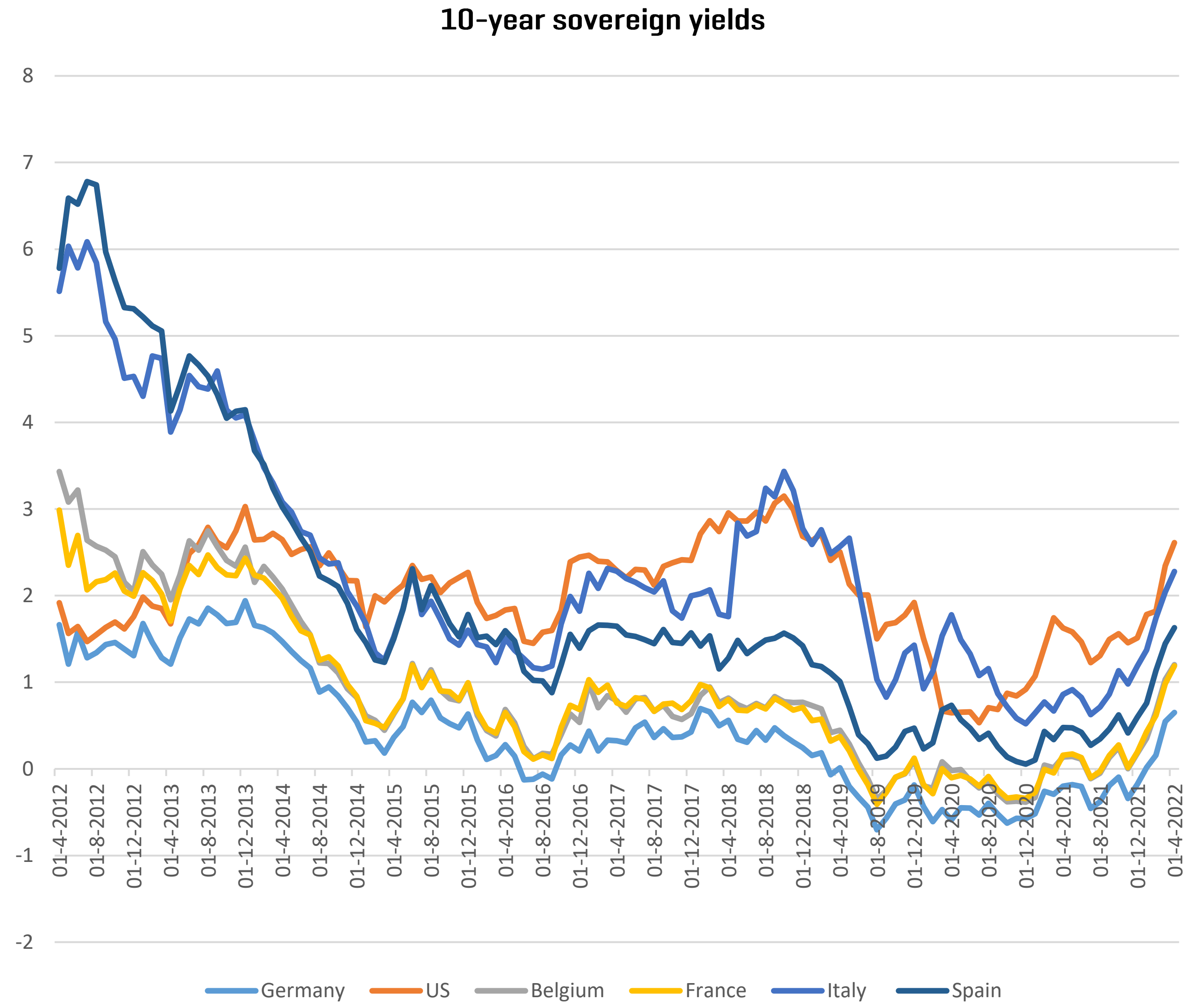
Inflation: eurozone and the United States



Source: Eikon/AG Insurance

USA

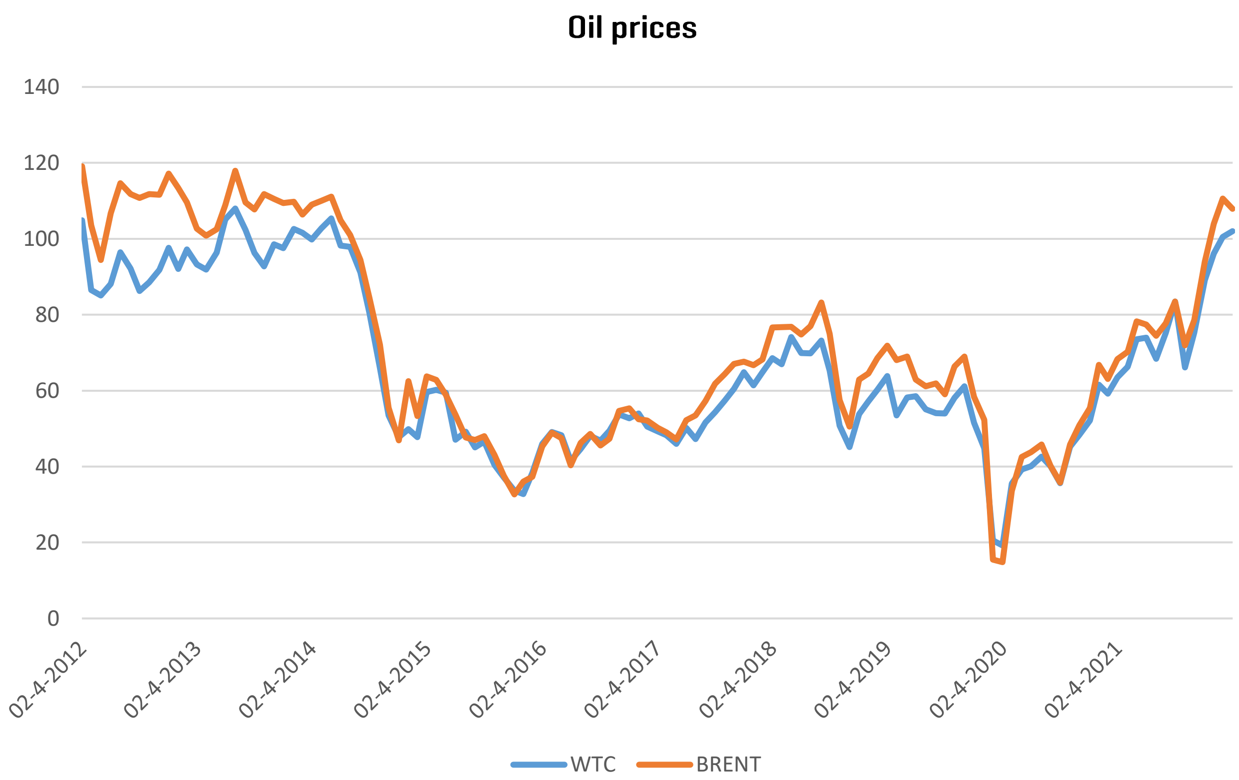
Investors took heart from the Federal Reserve's firm stance after US inflation jumped to 7.9% in February – its highest level since 1982 – with no end in sight. While skyrocketing energy prices were the main driving force behind eurozone inflation, the same cannot be said for the United States, where soaring prices were also seen in housing (up 4.7%) and food (up 7.9%). The markets responded positively when Jerome Powell raised the Fed's target interest rate by 25 basis points – the first such hike since 2018 – and confirmed that the Fed would remain "agile" as the economic situation evolved. The MSCI World index returned to positive territory, gaining 3.72% over the month.



Source: Eikon/AG Insurance

EMERGING MARKETS

Beijing continued to pursue its own monetary policy agenda, cutting banks' statutory reserve ratio and slashing lending rates in an effort to stimulate economic growth. China's Vice Premier also announced an easing of rules for tech firms and the opening of wide-ranging talks between Chinese and US regulators. These measures saw the Chinese technology sector bounce back in spectacular fashion in mid-March. Last month, the authorities also put part of Shanghai back under a strict lockdown following a fresh wave of COVID-19 cases.



Source: Eikon/ AG Insurance

Equity markets

Energy firms topped the pile yet again in March, continuing to vastly outperform other sectors in terms of returns. Tech stocks also bounced back last month amid hopes that Chinese regulators would ease the measures introduced several months earlier.

MSCI Indexes	Mar-22	YTD
Emu	-0.70%	-9.17%
Emu Value	-1.38%	-5.26%
Emu Growth	0.07%	-13.26%
Emerging Europe	-49.85%	-71.03%
Emu excl. tobacco, weapons	-0.63%	-9.52%
World	3.72%	-3.06%
World Value	3.26%	1.54%
World Growth	4.22%	-7.65%
Emerging Markets	-1.33%	-4.92%
World excl. tobacco, weapons	3.83%	-3.31%

Performance of our operators

Equities World	Mar-22	Excess
Fiera	-4.29%	*-1.57%*
T. Rowe	-3.35%	*-0.63%*
BNPP AM P	-2.72%	*0.00%*
Polaris	-1.11%	*1.61%*
Alliance Bernstein	-5.57%	*-2.85%*
Mercer SC Passive	1.02%	*1.00%*
BNPP Small Caps	0.02%	*0.00%*
WCM	-3.62%	*-0.90%*
MAJ	-5.93%	*-3.21%*

Equities EMU	Mar-22	Excess
Lazard	-0.26%	*0.44%*
Alliance Bernstein value	-1.00%	*-0.30%*
Acadian multi-factor	0.63%	*1.33%*
BNPP AM Best Selection	1.42%	*2.12%*
Comgest	4.78%	*5.48%*
UBS Value	-1.24%	*-0.54%*
BNPP AM Small Caps	-1.31%	*-1.76%*

Our eurozone equities portfolio put in solid showing last month, due in large part to the performance of our defensive funds. In a risk-averse market, Comgest made up some lost ground in March, while our value funds, which focus on more cyclical stocks, came to a standstill. An underweight position in energy stocks dragged on the performance of our world equities portfolio.

Bond markets

The Barclays Global and Euro Aggregate bond indexes ended March close to 3% down month on month under the effect of climbing interest and sovereign rates, although corporate bonds offered higher returns than their sovereign counterparts.

Barclays indexes	Mar-22	YTD
Euro Aggregate	-2.18%	-5.42%
Global Aggregate hedged	-2.29%	-5.21%
Euro Aggregate Treas.	-2.36%	-5.33%
Global Aggregate Treas.	-2.27%	-4.92%
Euro Aggregate Corp.	-1.39%	-5.26%
Global Aggregate Corp.	-2.39%	-7.12%
Euro High Yield	-0.12%	-4.83%
Global High Yield in Euro	-1.24%	-5.77%
Euro EMD	-2.16%	-5.43%
Global EMD	-2.39%	-5.56%

Performance of our operators

Bonds World	Mar-22	Excess
Pimco	-1.82%	0.47%
Morgan Stanley	-1.28%	1.01%
PGim	-2.10%	0.19%
Colchester	-1.89%	0.36%
Robecco	-1.83%	0.42%

Bonds EMU	Mar-22	Excess
Insight	-1.81%	0.37%
BlueBay	-1.41%	0.77%
BlackRock	-1.81%	0.37%
Morgan Stanley Corp	-0.70%	0.49%

Our world and eurozone bond funds ended the month above their benchmark indexes, boosted by their overweight position in corporate debt securities.

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