



Macro, markets & investment strategy

April 2024

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Chief Economist, Citadele Banka

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Head of Investment product sales, CBL Asset Management



Financial market performance

Stock driven returns

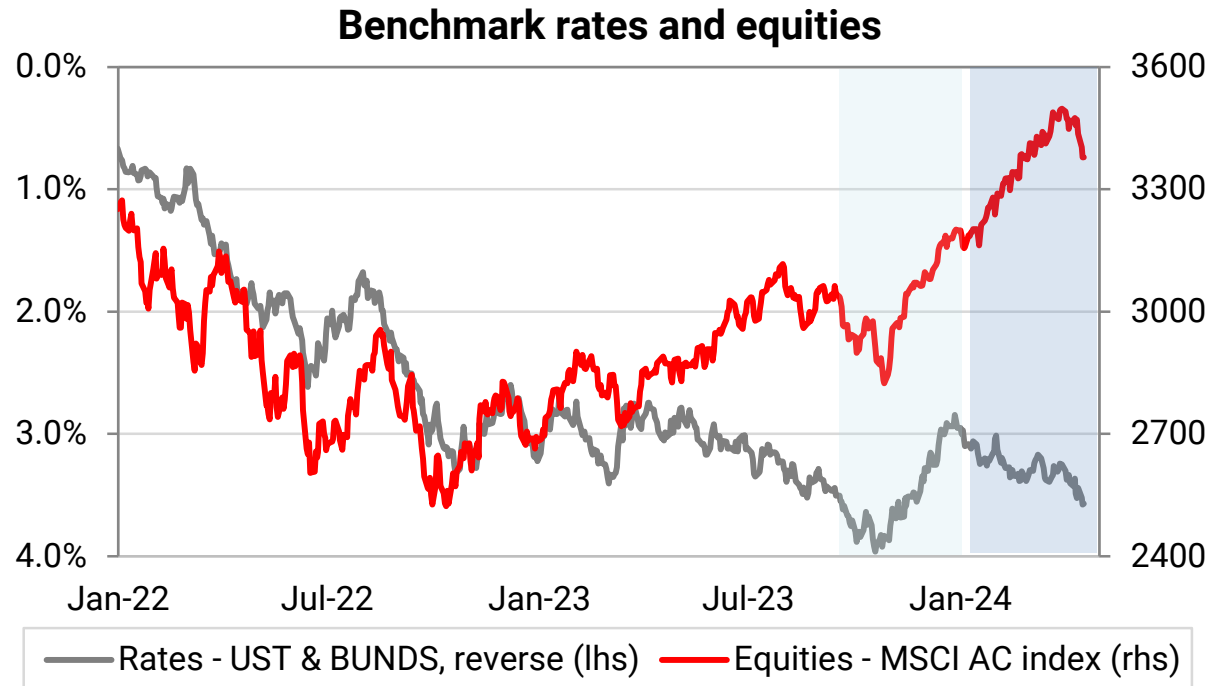
Financial market performance
All in EUR, hedged where necessary



Source: CBL AM, Bloomberg

Financial market performance

Back to normal? (stocks up = rates up)

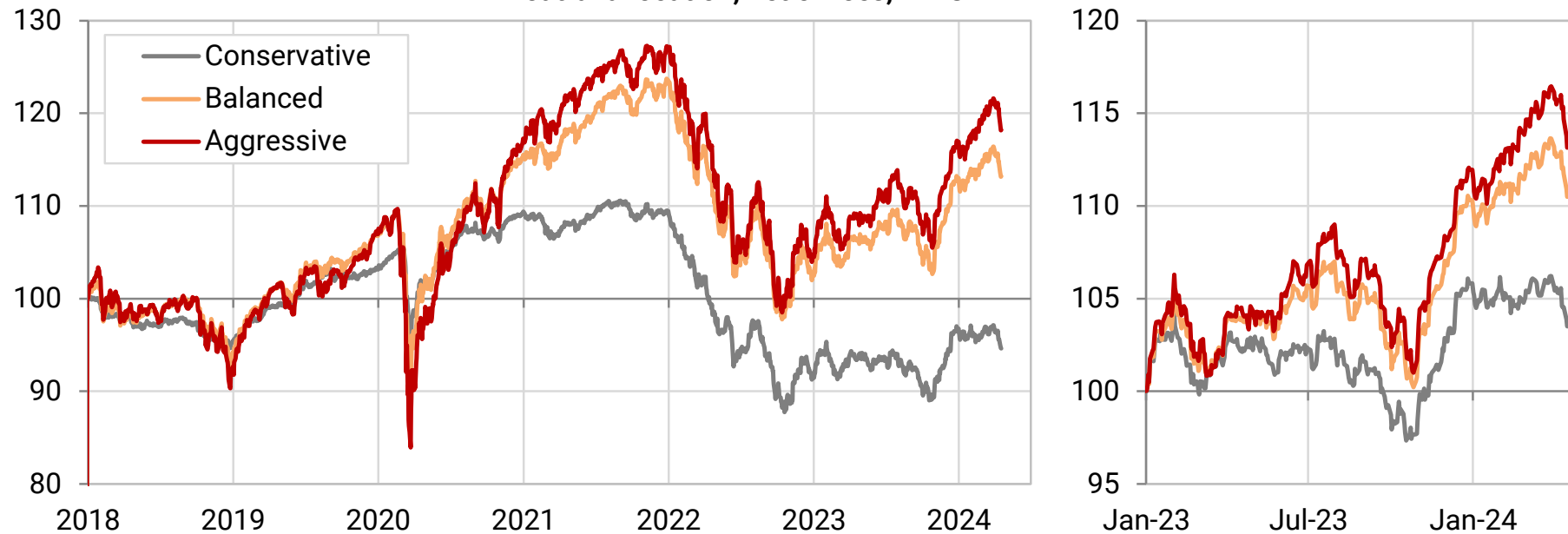


Source: CBL AM, Bloomberg

Financial market performance

It is better to be brave than prudent

CBL strategies indicative performance
Neutral allocation, net of fees, in EUR

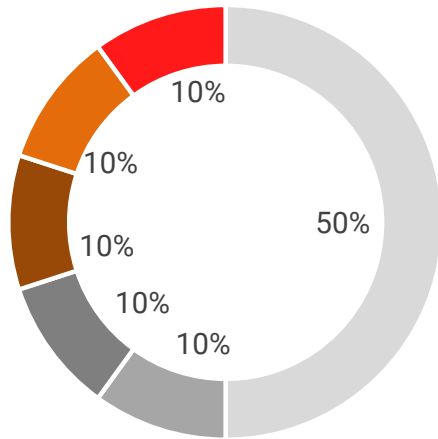


Source: CBL AM, Bloomberg

Portfolio allocations

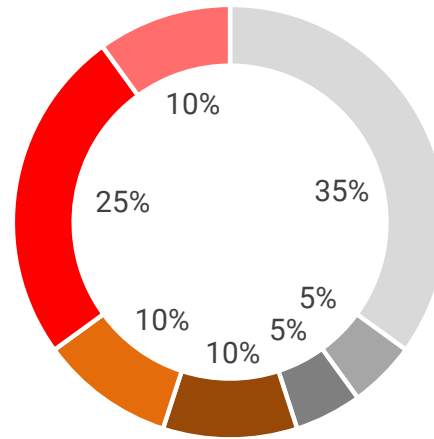
Neutral stance with a slight tilt to quality

Defensive



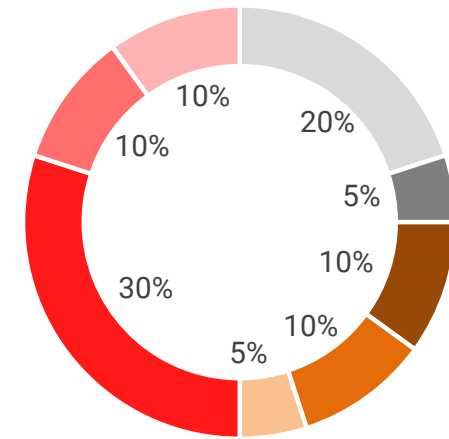
- US Aggregate ■ US Corp IG ■ EZ Corp IG
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Balanced



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Aggressive



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Macro



Global macro

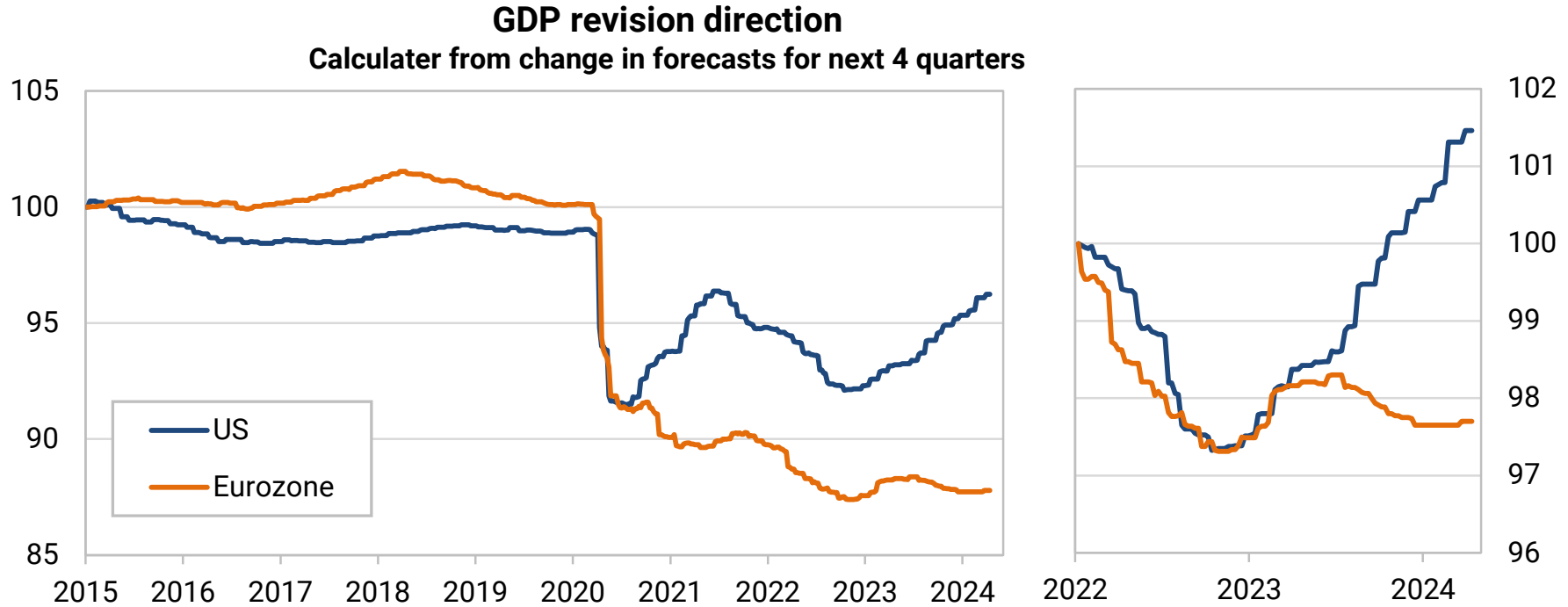
The overall mood is positive

	United States			Eurozone		
	Latest	vs. previous	vs. 6M avg	Latest	vs. previous	vs. 6M avg
Business activity						
Manufacturing PMI	50.3	●	●	46.1	●	●
Services PMI	51.4	●	●	51.5	●	●
Industrial production	0.0	●	○	-6.4	○	●
Consumer demand						
Consumer confidence	104.7	○	○	-14.9	●	●
Nominal retail sales	4.3	●	●	1.1	○	●
Unemployment rate	3.8	●	●	6.5	○	○
Inflation						
CPI	3.5	●	●	2.4	●	●
Core CPI	3.8	○	●	2.9	●	●
PPI	2.1	●	●	-8.3	○	●

Source: Bloomberg, Eurostat * index value or % annual change

Global macro

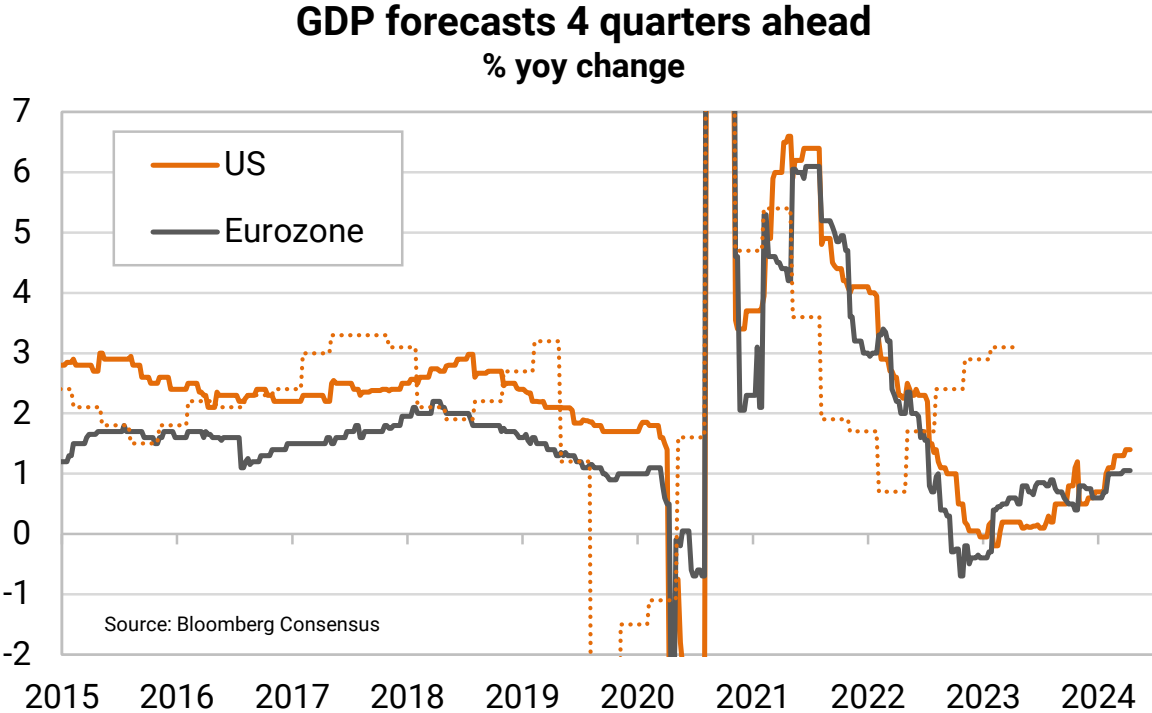
Economists turn constructive also on Eurozone



Source: CBL AM concept and calculations, data from Bloomberg Consensus

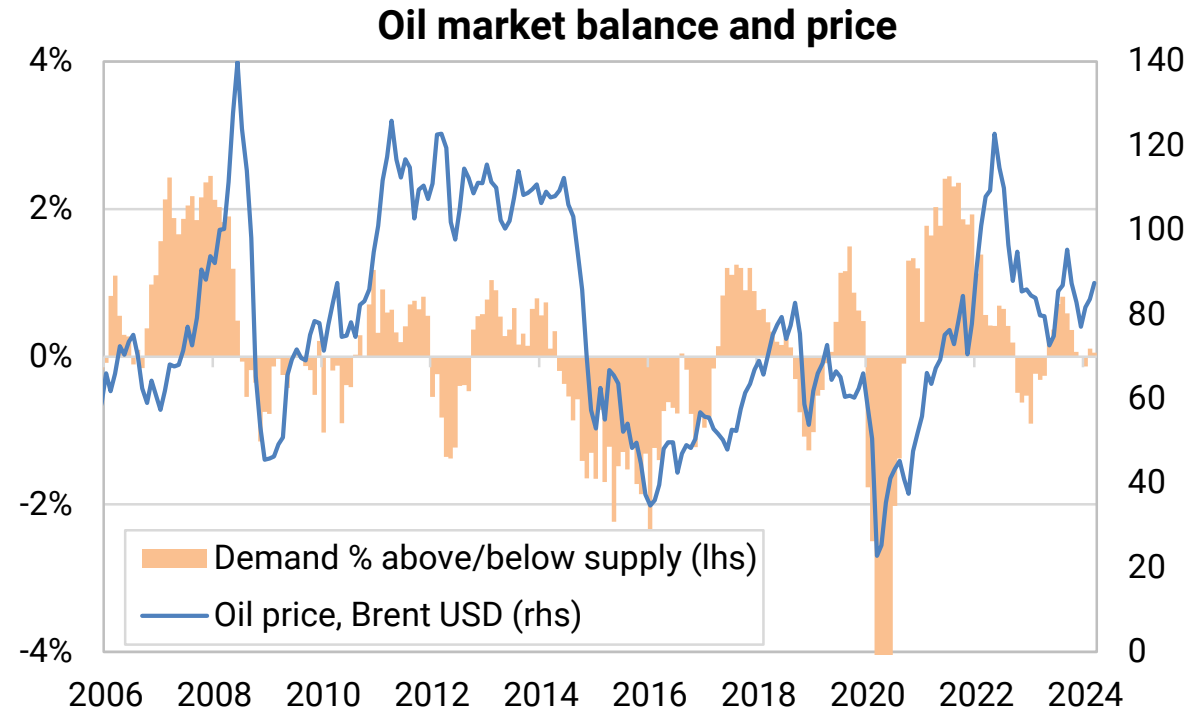
Global macro

No excesses in the forecasts



Global macro

Oil markets calm, geopolitics on the back seat

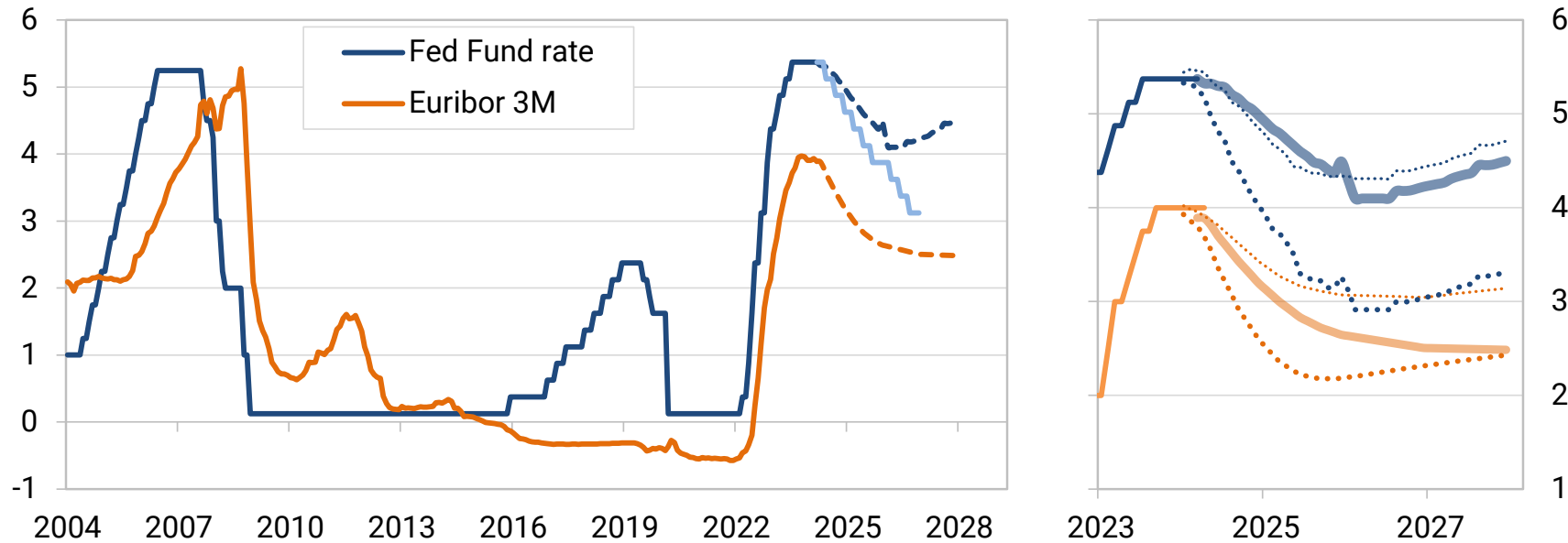


Source: CBL AM, Bloomberg

Global macro

End of high rates? Not so fast!

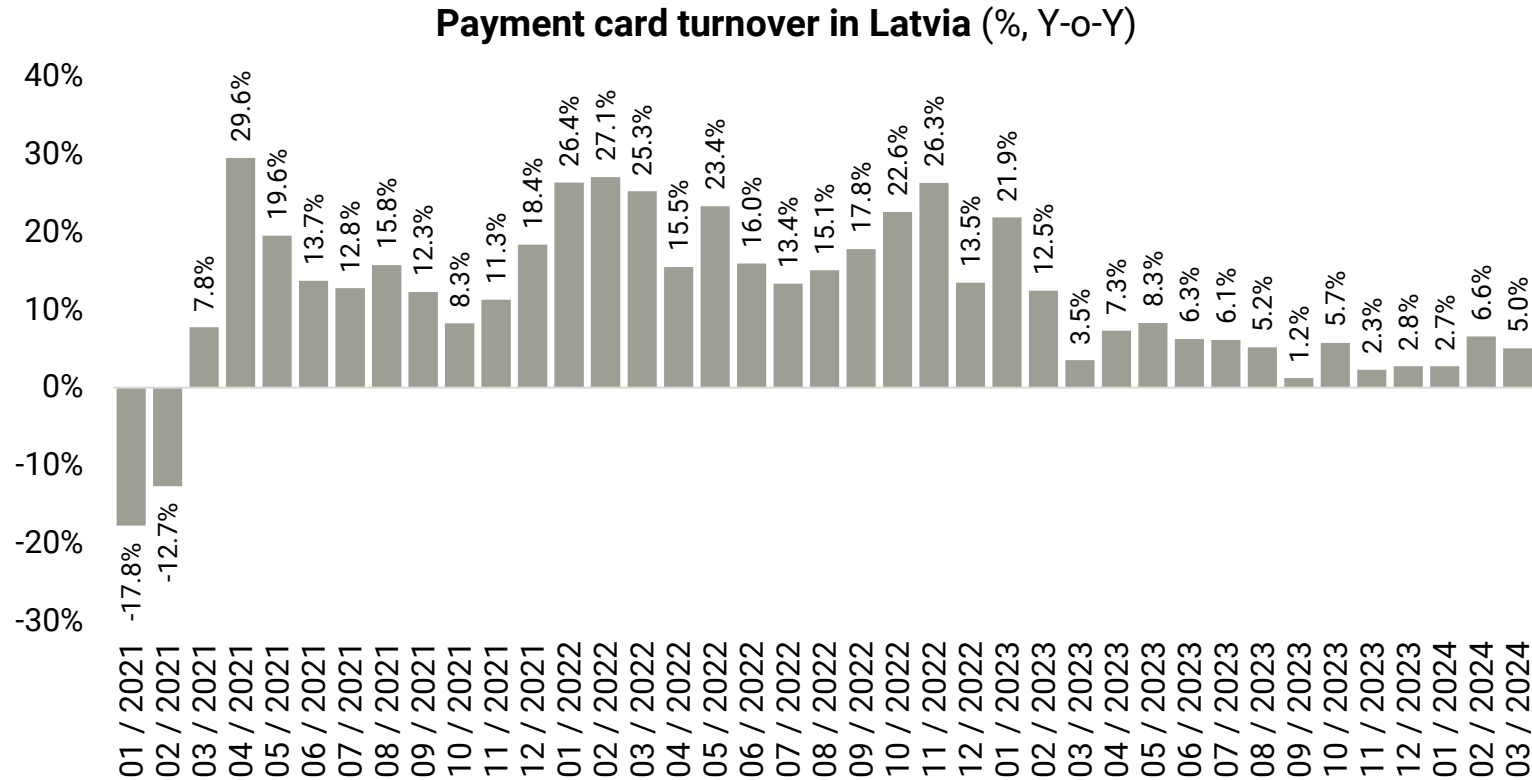
USD and Euro rate trajectories



Source: Bloomberg, CBL AM calculations as 17/04/2024

Baltic macro

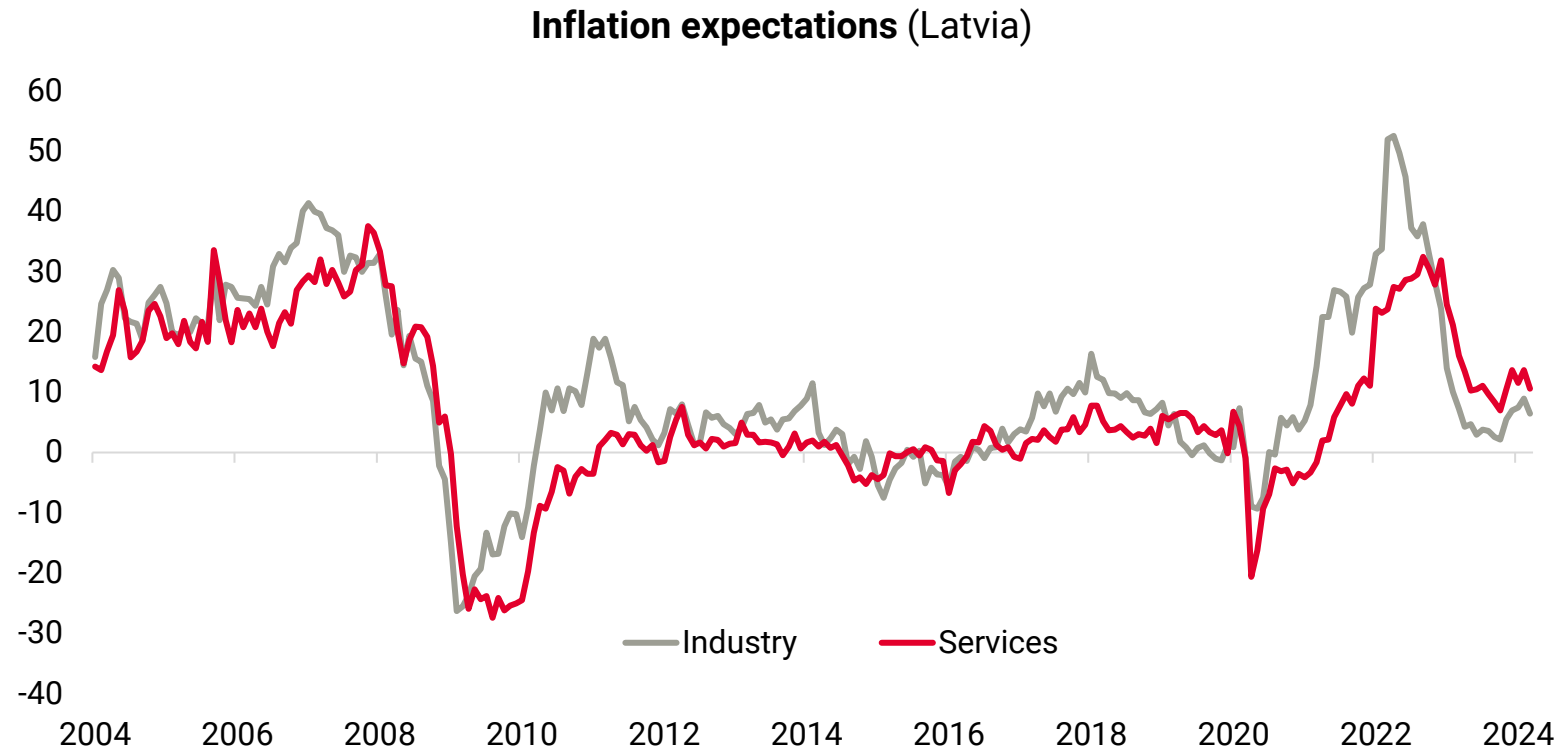
Signs of rebound in consumption



Source: DG ECFIN

Baltic macro

Inflation expectations remain elevated

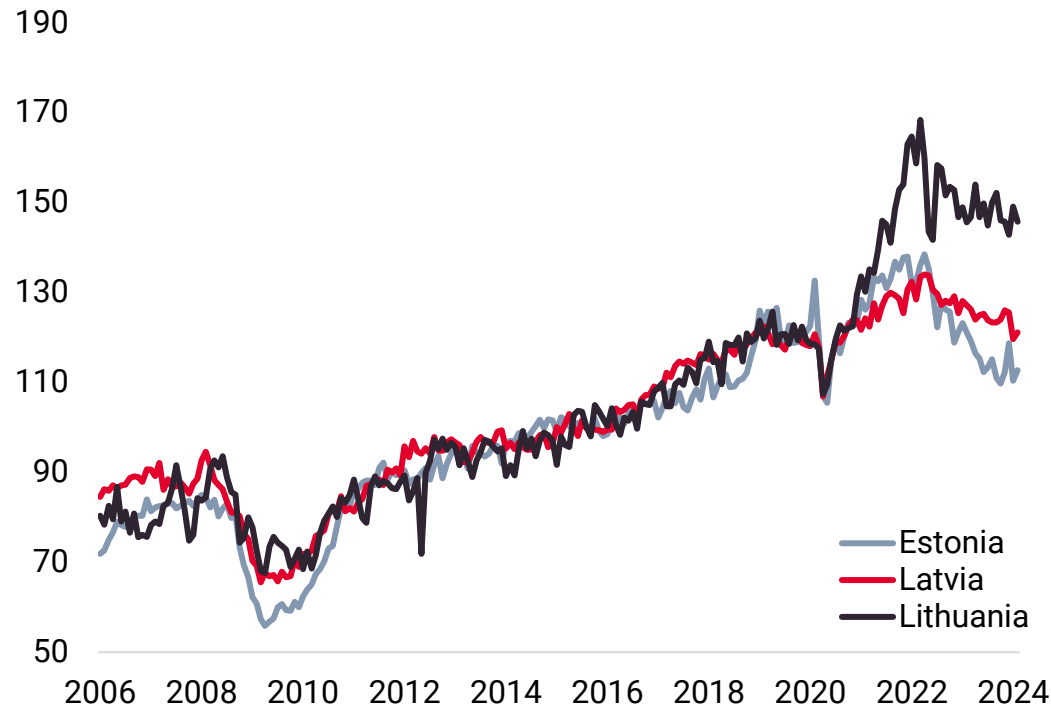


Source: DG ECFIN

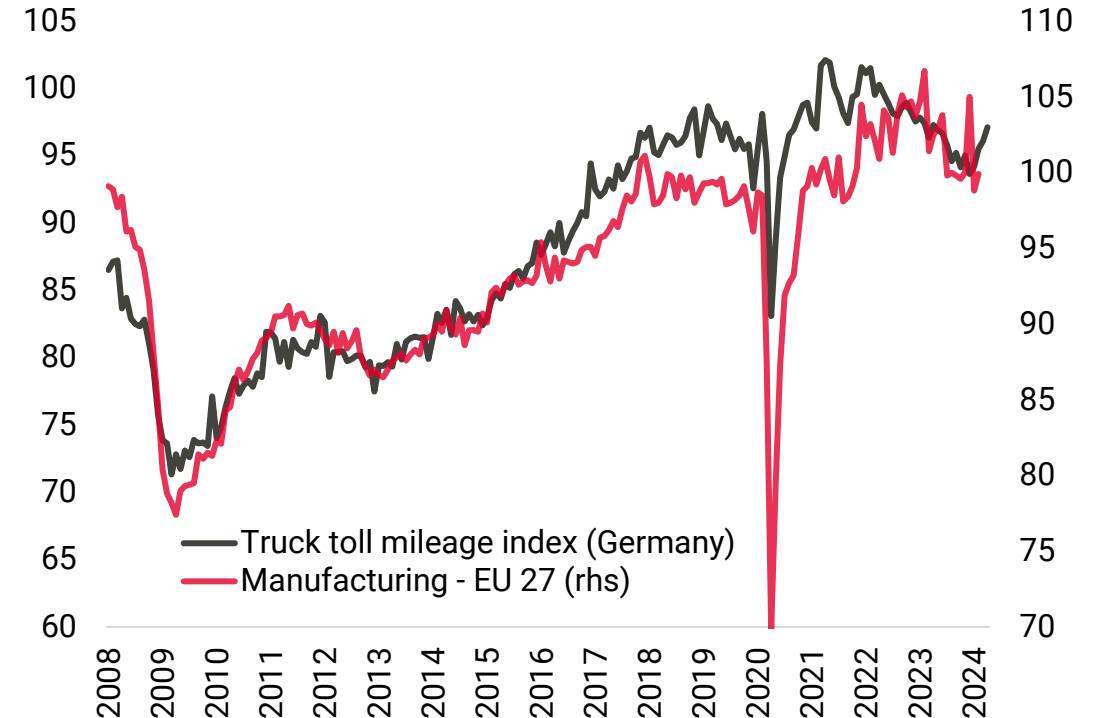
Baltic macro

Manufacturing close to bottom and cycle is beginning to turn

Manufacturing (2015=100)



Manufacturing and logistics (2021=100)



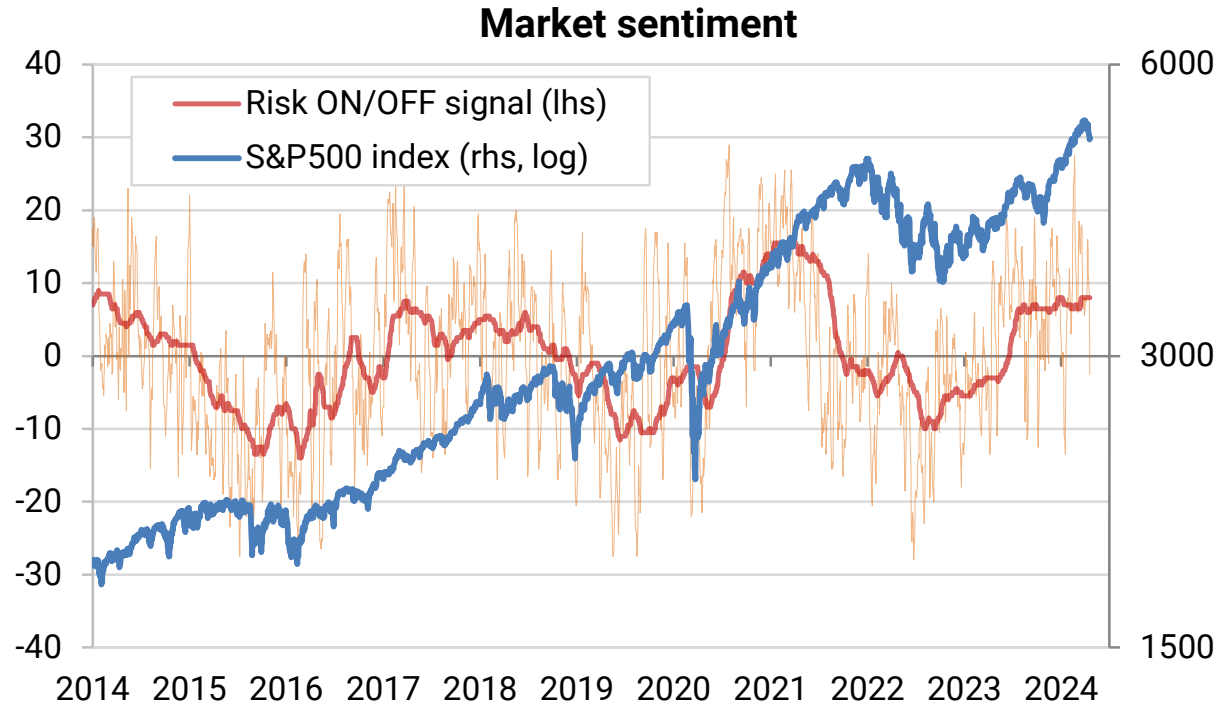
Source: Eurostat, Statistisches Bundesamt

Markets



Markets

Supported by general RISK-ON sentiments

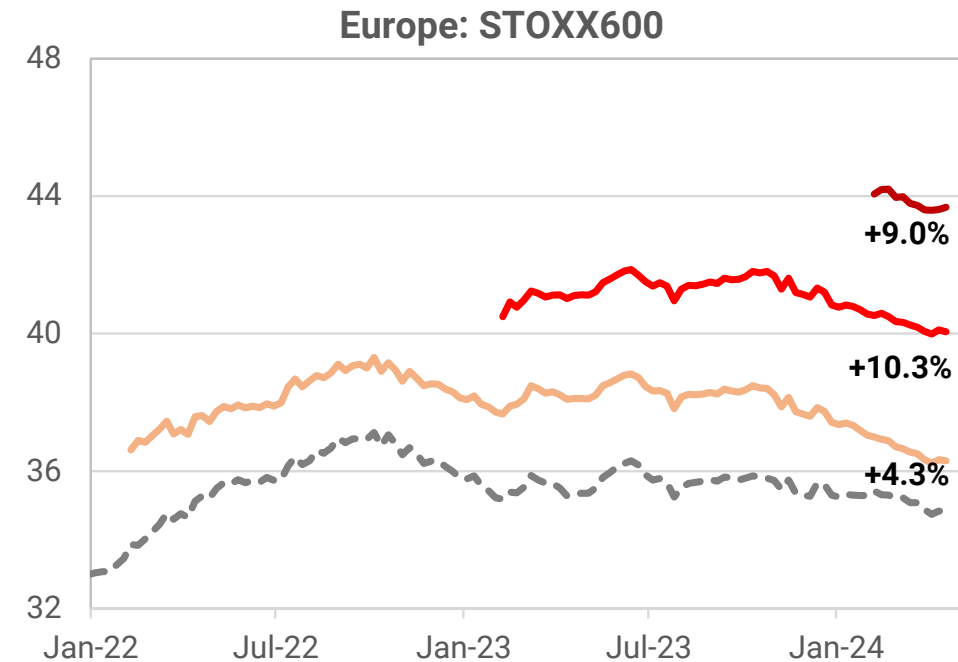
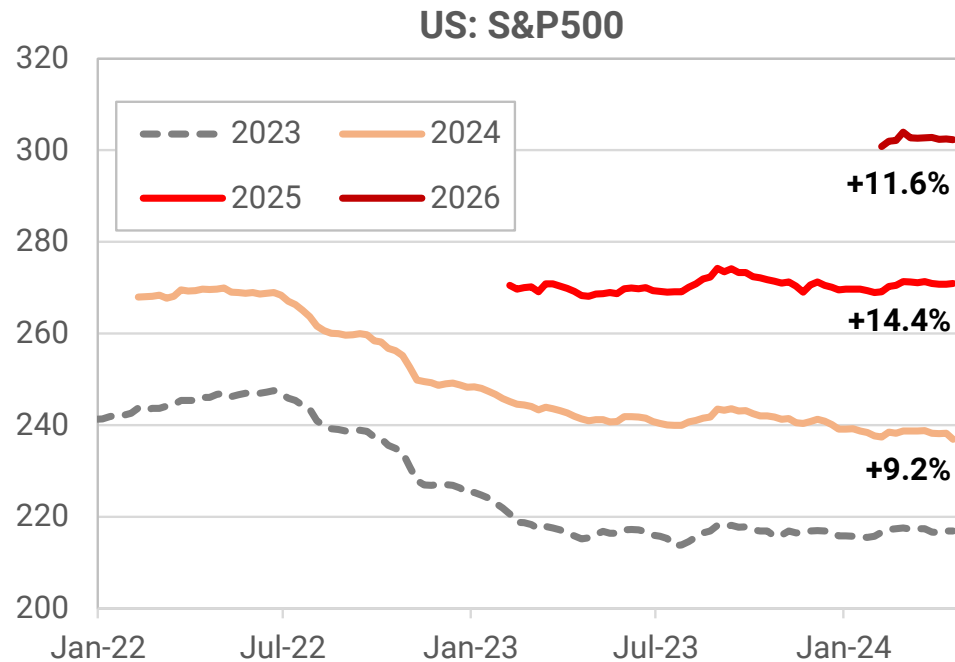


Source: CBL AM concept, data from Bloomberg

Markets

Equities supported by robust EPS growth expectations

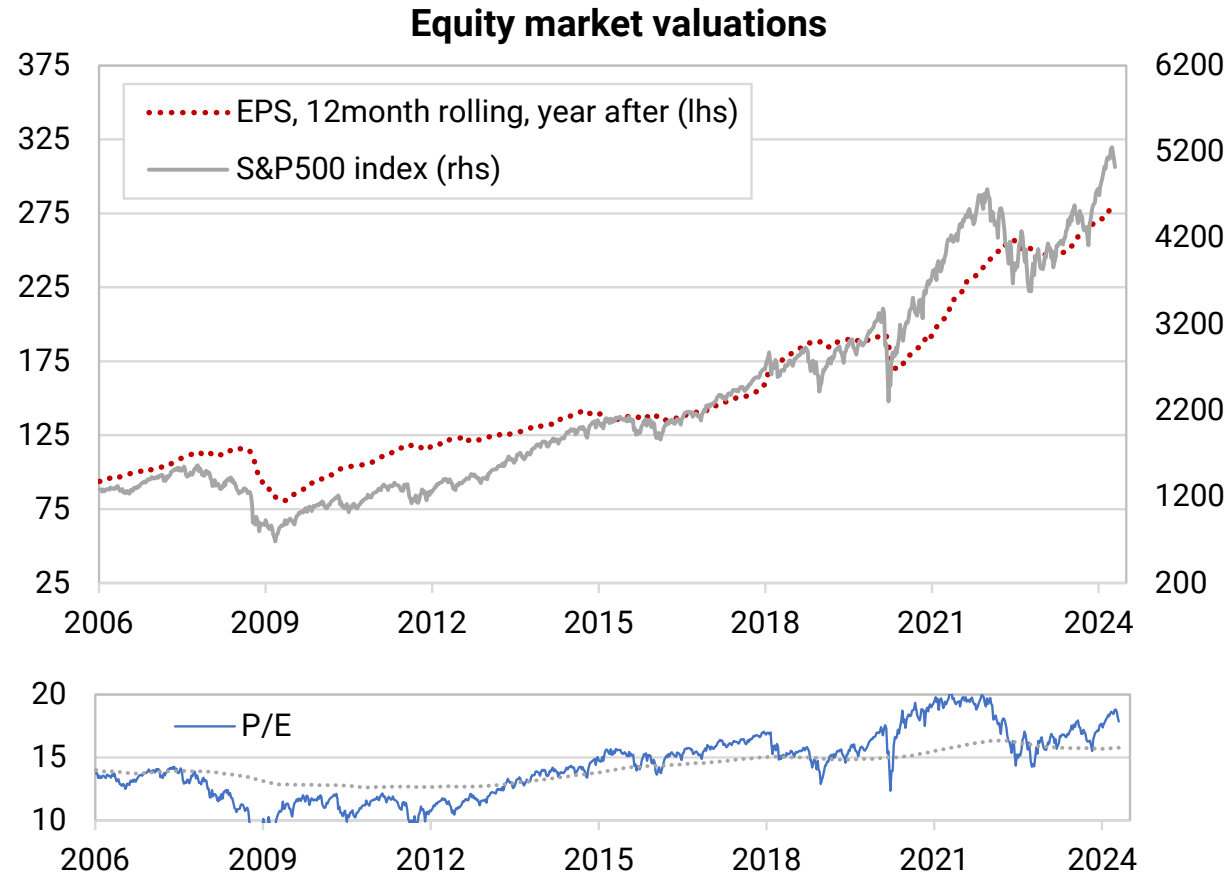
Company EPS forecast dynamics



Source: IBES / Reuters

Markets

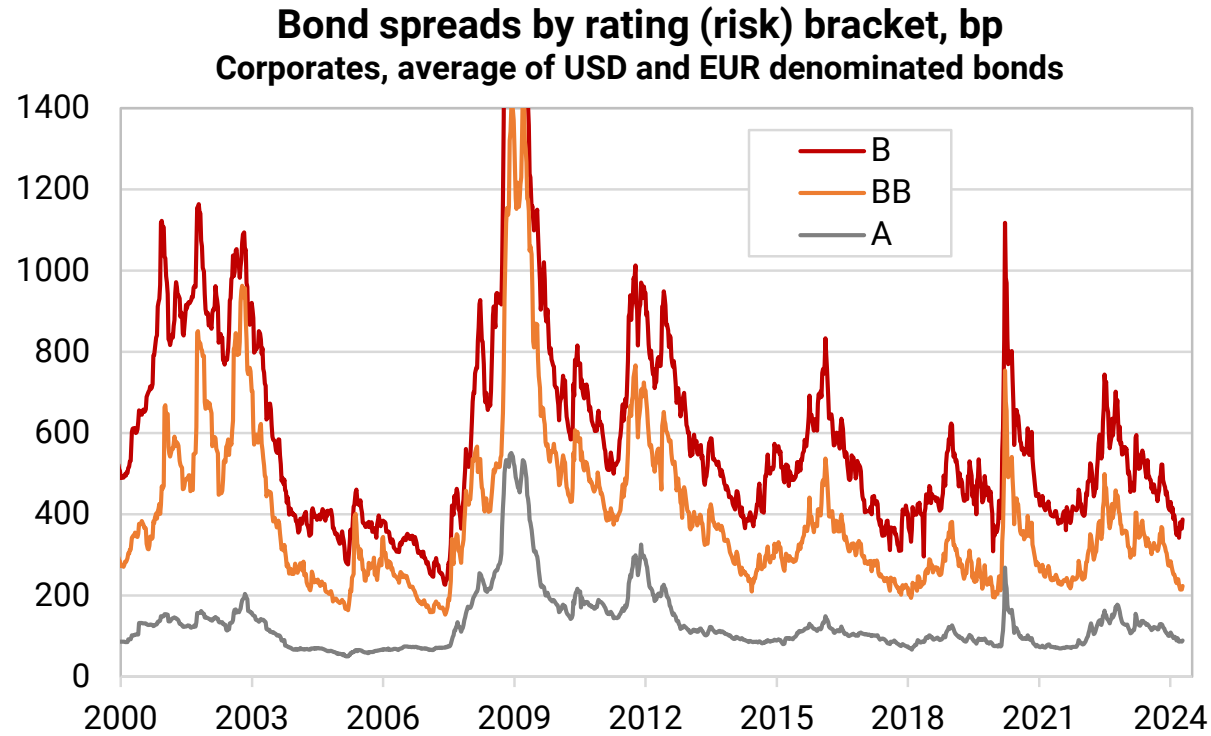
But have already run ahead of themselves



Source: CBL AM, Bloomberg

Markets

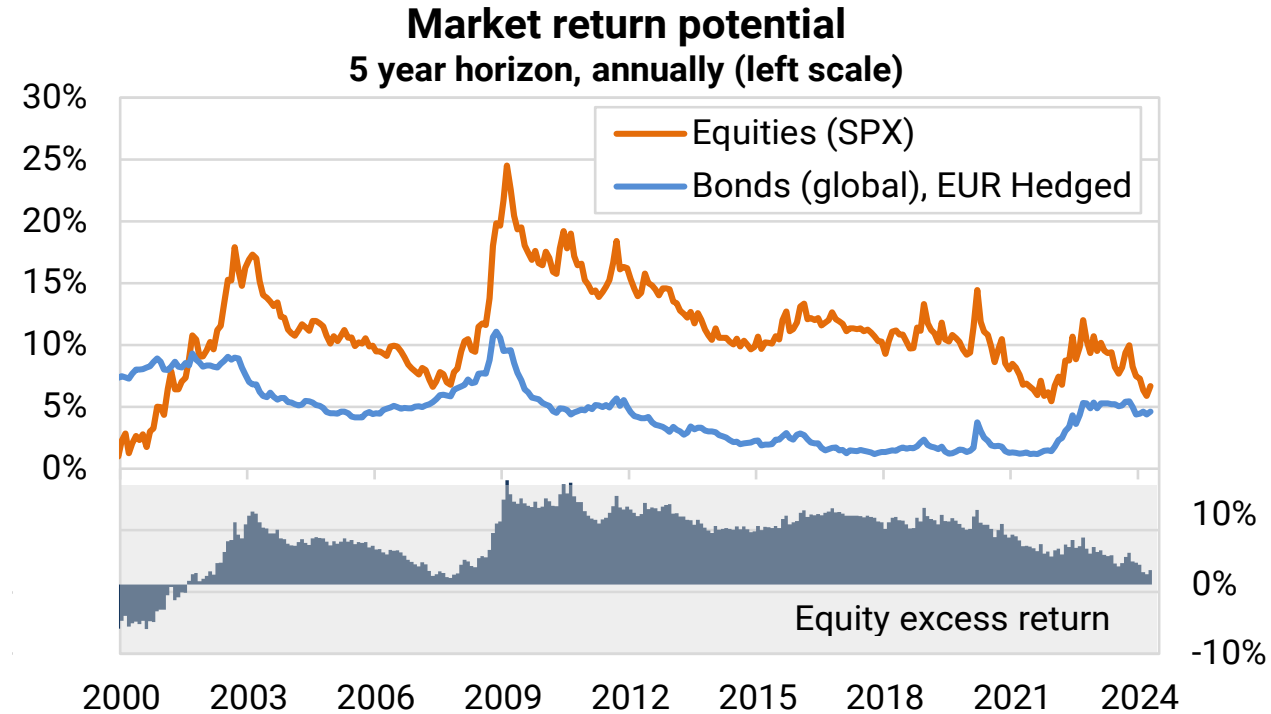
Bond spreads are getting lean



Source: Bloomberg

Portfolio return potential

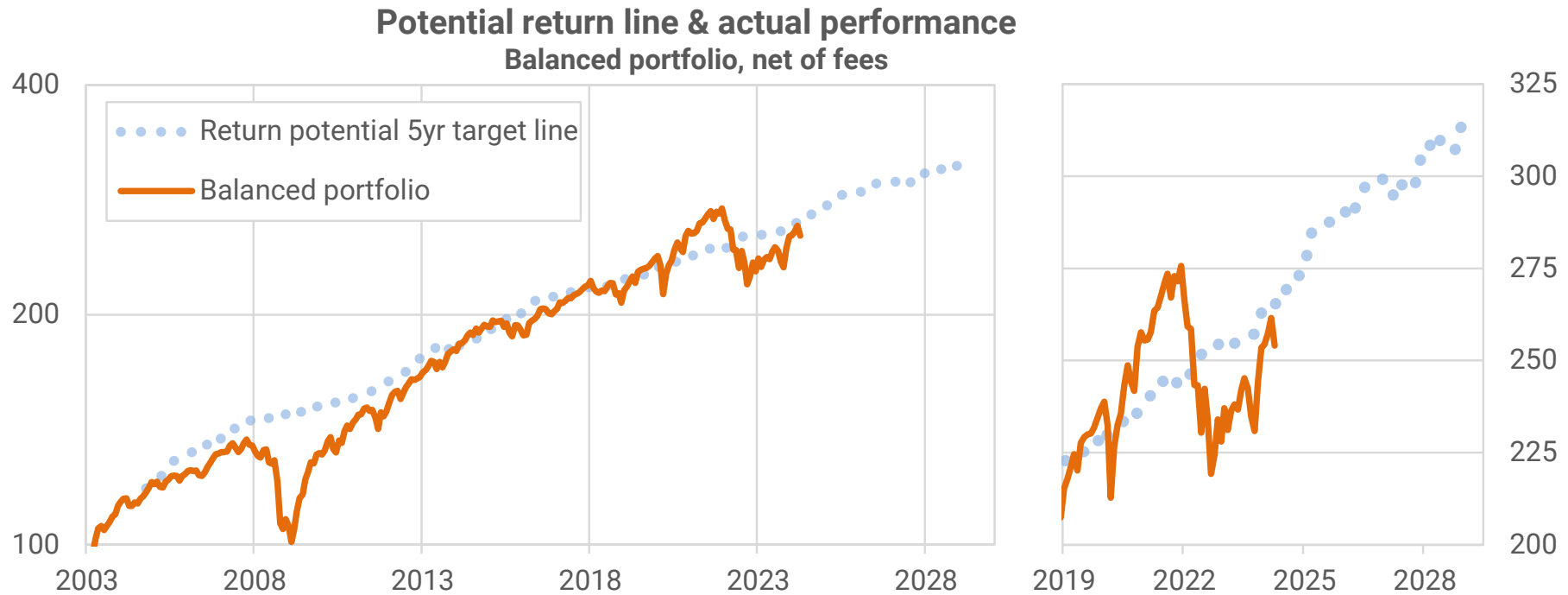
Equity excess return relatively low, but still there



Source: CBL AM concept, data from Bloomberg

Portfolio return potential

On a track to generate 4-5% annually

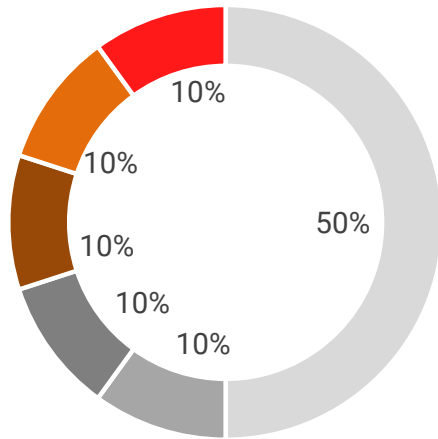


Source: CBL AM concept, data from Bloomberg

Portfolio allocations

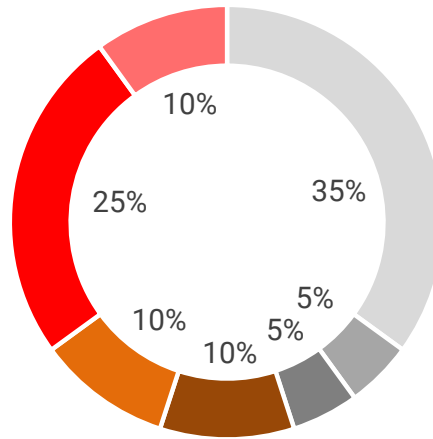
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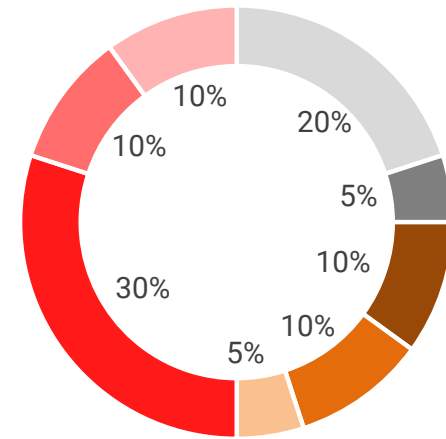
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- EU Equity ■ Global Equity

Thank you!

CBL Asset Management

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