

Weekly Newsletter



MARKET OVERVIEW

EUROZONE

Germany's IFO Business Climate index for March recovered slightly to 99.6 (vs 98.5 expected) from 98.7 in February, while expectations bounced from 94.0 to 95.6.

UNITED KINGDOM

According to Nationwide, UK house prices edged up 0.2% MoM in March, after no change in February, and ahead of market expectations.

UNITED STATES

US Q4 GDP was revised down again to 2.2% QoQ, from 2.6% previously, reflecting markdowns to consumer and business spending.

ASIA & EMERGING COUNTRIES

China's industrial profits dropped -14% YoY in February from +10.3% in the prior month – the worst slump since late 2011.

THEME OF THE WEEK

The final furlong

The final furlong?

SUMMARY

INVESTMENT & MARKETS OVERVIEW

- Introduction / p. 2
- Market news and performance p. 3
- Overview of commodities and currencies p. 4
- Structured products OTP banka p. 5
- Structured products secondary p. 6

GLOSSARY

p. 7

Observation date in next two weeks		
ISIN	TICKER	DATE
XS1456533634	5Y USD PHOENIX PLUS SECURITY 50% HUI 1,68% P.Q. 19102021	04/04/2019
XS1574509565	3Y EUR PH+ SECURITY WORST OF 70% CA FP MEO GY BN FP 1.50% PQ 22042020	04/04/2019
XS1574623341	3Y CHF PHOENIX PLUS 60% 70% LHN VX 3% P.S. 22042020	05/04/2019
XS1816572785	18M EUR PHOENIX PLUS 80% VK FTI	08/04/2019
XS1816572199	18M USD PHOENIX PLUS 80% VK MT	08/04/2019
XS1816573247	5Y EUR PH+ WO 75% SX7E SXPP SXDP 0,39% P.M.	08/04/2019
XS1574472384	3Y EURQ PHOENIX PLUS WORST OF 50% HUI SX5E 1.10% P.Q. 21042020	11/04/2019
XS1417403265	3Y USD FLOORED CAPPED FLOATER 100%KG [3.00%;(USDLIB3M;1.00%)] 12102019	12/04/2019
XS1778423894	5 Y USD PHOENIX PLUS SX7E 60% 1,415% p.q.	15/04/2019



The final furlong?

Today marked Brexit Day, the date by which the UK was scheduled to leave the European Union after almost 46 years. Of course, Parliament's two successive failed attempts to approve the Withdrawal Agreement (WA) meant that the timetable had slipped. Instead, Westminster used today to hold a third and final vote on the WA.

The result of the vote proved no surprise – 286 members of parliament (MPs) voted in favour and 344 against. While the margin of defeat is narrower than before – 58 votes as opposed to 230, then 149 – this means that the WA as negotiated with the European Union (EU) is very unlikely to be approved in time.

The result of today's vote means that the UK is now expected to indicate a new way forward to the EU or risk a disruptive "no-deal" exit on April 12, the deadline that was fixed at last week's European Council meeting.

Attention will now focus on next week's debates in the House of Commons. This week saw MPs given control of Wednesday's parliamentary agenda to debate a number of alternatives to the WA. All eight proposals were rejected, but some were defeated by a narrower margin than today's vote, suggesting that they might represent a possible basis for agreement among MPs.

On Monday April 1, MPs will again control the parliamentary agenda and are likely to focus on a smaller number of proposals.

These may include:

- A second referendum to approve a deal (defeated by 27 votes on Wednesday);
- Joining a permanent customs union (defeated by only 8 votes); and
- The Labour party's plan for alignment with the EU, also including customs union (defeated by 70 votes).

It is impossible to predict which path might prove the most attractive to MPs at this stage, but it seems clear that the majority against a "no-deal" outcome (240 votes last Wednesday) is sufficiently strong to suggest it should be avoided.

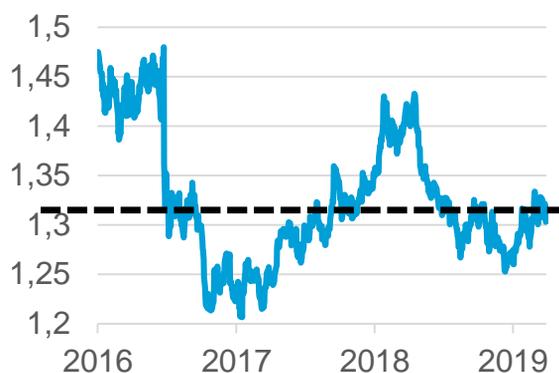
As we have argued in recent weeks, it is increasingly clear that the UK and the EU will need more time to find a way out of the current impasse.

For that to be possible, Parliament will need to find sufficient common ground in coming days to sketch the outlines of a new way forward. Time is of the essence as European Council President Donald Tusk has called an emergency council summit on April 10.

It remains to be seen whether the government would be willing to apply for an extension to negotiations on a basis proposed by MPs, but Theresa May appears to have few alternatives at this juncture.

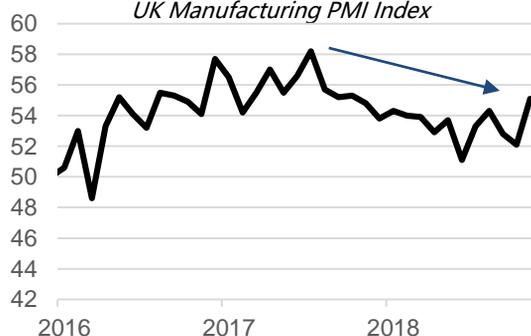
An extension would of course mean that the UK would be expected to hold European Parliament elections in May.

Sterling is back to its post-Brexit referendum level
GBP/USD spot rate



Sources: SGPB, Macrobond, data as of 28/03/2019

Manufacturing confidence remains on a
downtrend
UK Manufacturing PMI Index



Source: Macrobond, IHS Markit, data as of 01/03/2019



EUROZONE

- M3 money supply growth increased to 4.3% in February YoY from 3.8% in January, beating expectations of 3.9%. This eased fears that banks were stopping the credit flow to corporations amid a context of slower growth.
- Germany's IFO Business Climate index for March recovered slightly to 99.6 (vs 98.5 expected) from 98.7 in February, while expectations bounced from 94.0 to 95.6.
- In France, the final GDP reading for Q4 was confirmed at 0.3% QoQ, in line with market expectations, despite a series of violent anti-government protests that has weighed on business and consumer confidence.

UNITED STATES

- The trade deficit narrowed further than expected in January to \$51.1bn from December's \$59.9bn. The improvement was driven by imports (down \$6.8bn) while exports increased \$1.9bn.
- Conference Board consumer confidence dropped unexpectedly in March by 7.3 points to 124.1 after fears of a global economic downturn emerged early this year.
- US Q4 GDP was revised down again to 2.2% QoQ, from 2.6% previously, reflecting markdowns to consumer and business spending.

UNITED KINGDOM

- Contrary to market expectations, confidence declined in both Banks approved slightly fewer mortgages in February - possibly on Brexit concerns. New mortgage volumes slipped from 39,910 in January to 39,083 in February.
- While markets were expecting a reading of 5 in March, CBI's retail sales balance actually fell to -18 (vs. 0 a month earlier), the most in 17 months.
- According to Nationwide, UK house prices edged up 0.2% MoM in March, after no change in February, and ahead of market expectations.

ASIA & EMERGING MARKETS

- China's industrial profits dropped -14% YoY in February from +10.3% in the prior month - the worst slump since late 2011.
- In Brazil, the general consumer price index was up 4.6% YoY in March an acceleration from 4.1% previously, mainly due to higher food and transport prices. March consumer confidence hit a 4-month low at 91, down from 96.1.
- According to preliminary data, Tokyo CPI rose 0.9% YoY in March (vs. 0.6% in February), continuing the increase since the turn of the year.

This week's key events

		Per.	Prev.	Cons.
EUROZONE				
01 Apr.	HICP YoY	Mar(P)	1.5%	1.5%
02 Apr.	Unemployment rate	Feb.	7.8%	7.8%
03 Apr.	Retail sales YoY	Feb.	2.2%	--
USA				
01 Apr.	Manufacturing PMI	Mar.	54.2	--
02 Apr.	Durable goods	Feb.	0.3%	-1.2%
04 Apr.	Initial jobless claims	25 Mar, w/e	211k	--
UNITED KINGDOM				
01 Apr.	Manufacturing PMI	Mar.	52	51.2
03 Apr.	Reserve assets changes (USD)	Mar.	73M	--
05 Apr.	House prices MoM	Mar.	5.9%	--
ASIA & EMERGING MARKETS				
01 Apr.	China: Manufacturing PMI	Mar.	49.2	49.6
01 Apr.	Japan: Manufacturing PMI	Mar.	48.9	--
05 Apr.	Japan: Household spending YoY	Feb.	2.0%	2.2%

Sources: DataStream, Bloomberg, 29 March 2019,
 Note: YoY = year-on-year; QoQ = quarter-on-quarter; MoM = month-on-month P = preliminary figure A = advanced figure F = final figure seasonally adjusted ECB = European Central Bank



Market performance

Interest rates	Last	1wk	3mth	YTD	12mth
EONIA (EUR)	-37 bp	1 bp →	-1 bp	-1 bp	0 bp
3mth Euribor (EUR)	-31 bp	0 bp →	0 bp	0 bp	2 bp
3mth Libor (USD)	259 bp	-1 bp →	-21 bp	-22 bp	28 bp
3mth Libor (GBP)	83 bp	-1 bp →	-7 bp	-8 bp	14 bp
10-year US Treasury bond	239 bp	-15 bp ↓	-35 bp	-30 bp	-39 bp
10-year German bond	-7 bp	-11 bp ↓	-31 bp	-32 bp	-57 bp
10-year French bond	31 bp	-9 bp ↓	-40 bp	-40 bp	-42 bp
10-year UK bond	100 bp	-6 bp ↓	-27 bp	-27 bp	-37 bp

Credit	1wk	3mth	YTD	12mth
BAML EURO Corp. IG	0,4% ↑	3,1 %	3,1 %	2,3 %
BAML EURO Corp HY	0,1% ↑	5,1 %	5,1 %	1,8 %
BAML GBP Corp IG	0,1% →	4,9 %	4,9 %	3,9 %
BAML US IG	1,1% ↑	5,1 %	5,1 %	5,1 %
BAML US HY	0,0% →	7,1 %	7,1 %	5,7 %
BAML Global EM Sov. External Plus	-0,6% ↓	5,4 %	5,4 %	1,2 %

Exchange rates	Last	1wk	3mth	YTD	12mth
EUR/USD	1,12	-1,3 % ↓	-1,9 %	-2,2 %	-8,8%
EUR/CHF	1,12	-0,9 % ↓	-0,7 %	-0,7 %	-5,0%
GBP/USD	1,30	-0,5 % ↓	2,7 %	2,2 %	-7,3%
USD/JPY	111	-0,2 % ↓	0,3 %	1,0 %	3,5%
USD/BRL	3,90	2,8 % ↑	0,5 %	0,5 %	17,5%
USD/CNY	6,74	0,6 % ↑	-2,0 %	-2,0 %	7,0%
USD/RUB	65,0	1,7 % ↑	-6,5 %	-6,8 %	12,5%

Government bonds*	1wk	3mth	YTD	12mth
United States (3-7yr)	0,7 % ↑	2,0 %	2,0 %	4,4 %
United Kingdom (3-7yr)	0,1 % ↑	1,0 %	1,0 %	2,7 %
Germany (3-7yr)	0,3 % ↑	0,7 %	0,7 %	1,7 %
Japan (3-7yr)	0,1 % ↑	0,2 %	0,2 %	0,4 %

Equities**	Last	1wk	3mth	YTD	12mth
MSCI AC World	505	-1,5 % ↓	12,3 %	11,6 %	3,4 %
Eurostoxx 50	3 320	-1,4 % ↓	11,7 %	11,1 %	3,4 %
DAX	11 428	-1,1 % ↓	8,2 %	8,2 %	-4,3 %
CAC 40	5 297	-1,5 % ↓	13,5 %	12,3 %	6,7 %
S&P 500	2 815	-1,4 % ↓	13,9 %	12,9 %	10,3 %
FTSE 100	7 234	-1,6 % ↓	8,7 %	8,8 %	7,3 %
SMI	9 406	-0,5 % ↓	12,9 %	12,9 %	10,9 %
Topix	1 583	-0,9 % ↓	7,2 %	7,2 %	-4,6 %
IBOV Brazil	94 389	-2,4 % ↓	7,4 %	7,4 %	12,5 %
MICEX Russia ***	2 492	-0,6 % ↓	5,7 %	5,7 %	10,8 %
MSCI EM	1 045	-2,2 % ↓	9,0 %	8,6 %	-7,5 %
SENSEX 30 India	38 546	0,4 % ↑	7,1 %	7,1 %	18,4 %
Hang Seng (H-K)	28 775	-1,0 % ↓	13,3 %	11,8 %	-0,7 %
Shanghai Composite	2 995	-3,4 % ↓	20,1 %	20,1 %	-4,1 %

Commodities	Last	1wk	3mth	YTD	12mth
Brent	\$67,2	-1,4 % ↓	26,4 %	26,4 %	-4,0 %
Gold	\$1 290	-1,5 % ↓	1,0 %	0,7 %	-3,0 %
Silver	\$15,1	-2,7 % ↓	-1,7 %	-2,8 %	-7,5 %

Thursday close

EUR/USD	1.12
GBP/USD	1.30
EUR/CHF	1.12
USD/JPY	111
Brent(barrel)	\$67.2
Gold (ounce)	\$1290

Performance should not be seen as a guarantee of future returns. Source: Datastream 28/03/2019. *Government bonds = 3-7 year returns. **Equities; total return in local currency. ***Price return for MICEX equity index. 1wk = 1-week change, 3mth = 3-month change, 12mth = 12-month change, YTD = year-to-date change, YoY = year-on-year change, BAML = Bank of America Merrill Lynch, JPM = JP Morgan, IG = Investment Grade, EM = emerging markets.

OTP banka structured products (pricing as of 1.4.2019.)

	ISIN	NAME	UNDERLYING	CURRENCY	BONUS	MATURITY	PRICE
1	XS1119148853	5Y EUR DEPOSIT LINKED NOTE	Košarica valuta	EUR	9% p.a.	10/12/2019	94,76%
2	XS1212271008	5Y EUR TWINWIN 65 SX5E100 CAP	Eurostoxx 50	EUR	sudjelujući	12/06/2020	104,79%
3	XS1265964210	5Y EUR DEPOSIT LINKED NOTE	WO Total, Repsol, Statoil	EUR	5,70% p.a.	16/10/2020	97,89%
4	XS1314889129	USD CAPPED & FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,70% p.a.	17/03/2021	96,90%
5	XS1334783617	AUD CAPPED & FLOORED FLOATER NOTE	AUD-BBR-BBSW	AUD	2,10% p.a.	29/04/2019	99,92%
6	XS1367217558	USD FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,50% p.a.	01/07/2021	98,92%
7	XS1416369285	3Y EUR PHOENIX PLUS WO	ENGIE, E.ON, Enel	EUR	3,0% p.s.	08/08/2019	101,27%
8	XS1417403265	3 Y USD CAPPED & FLOORED FLOATER NOTE	USD LIBOR 3M	USD	1,0% p.a.	12/10/2019	100,03%
9	XS1574509565	3Y EUR PH+ SECURITY WORST OF 70% CA FP MEO GY BN FP 1.50% PQ 22042020	WO Carrefour, Metro, Danone	EUR	1,50% p.q.	22/04/2020	84,03%
10	XS1574472384	3Y EURQ PH+ WO 50% HUI SX5E 1.10% PQ 21042020	WO Eurostoxx 50, HUI	EUR	1,10% p.q.	21/04/2020	100,27%
11	XS1706791214	3Y EUR PHOENIX PLUS 60% WO EDF BNP CO 1,91%	WO EDF BNP CO	EUR	1,91% p.q.	04/12/2020	84,76%
12	XS1759355412	3Y EUR PHOENIX PLUS 60% WO ISP UCG 1,95% p q	WO ISP UCG	EUR	1,95% p.q.	01/03/2021	73,11%
13	XS1778765930	4Y EUR PH+ WO SPX,SX5E, CAC 1,0% P.Q.	WO SPX,SX5E, CAC	EUR	1,0% p.q.	28/03/2022	96,43%
14	XS1778576535	5Y EUR PH+ WO 55% SX7E SXPP SXDP	WO SX7E SXPP SXDP	EUR	0,33% p.m	05/04/2023	84,45%
15	XS1778423894	5 Y USD PHOENIX PLUS SX7E 60% 1,415% p.q	Eurostoxx Banks	USD	1,415% p.q.	20/04/2023	76,12%
16	XS1778379898	5 Y USD PHOENIX PLUS SX7E 60% 1,30% p.q	Eurostoxx Banks	USD	1,30% p.q.	27/04/2023	73,26%
17	XS1797182869	18M EUR PHOENIX PLUS 80% VK	WO Vallorec, Arcelormittal	EUR	1,45% p.m	31/10/2019	38,74%
18	XS1816572785	18M EUR PHOENIX PLUS 80% VK FTI	WO Vallorec, Technip	EUR	1,75% p.m	16/12/2019	35,69%
19	XS1816572199	18M USD PHOENIX PLUS 80% VK MT.- SG CIB	WO Vallorec, Arcelormittal	USD	1,91% p.m	16/12/2019	34,53%
20	XS1816573247	5Y EUR PH+ WO 75% SX7E SXPP SXDP 0,33% P.M-SG CIB	WO SX7E SXPP SXDP	EUR	0,39% p.m	15/06/2023	87,50%
21	XS1842908557	4Y USD TWIN WIN CL1	CL1	USD	sudjelujući	08/08/2022	98,12%
22	XS1864698011	18M EUR PHOENIX PLUS 80% TUI BKNG TRIP CIB	WO TUI, BKNG, TRIP	EUR	0,95% p.m.	24/10/2020	63,12%
23	XS1864726242	4Y USD CAPPED AND FLOORED FLOATER	USD LIBOR 3M	USD	2,0% p.a.	26/10/2022	98,26%
24	XS1864647612	3 Y USD PHOENIX PLUS WO FP RDS PUT LEVERAGE 70% SG CIB	Total, RDS	USD	1,60% p.q.	01/11/2021	98,01%
25	XS1864640286	3 Y USD PHOENIX PLUS WO FP RDS PUT LEVERAGE 60% SGCIB	Total, RDS	USD	1,80% p.q.	01/11/2021	98,04%
26	XS1864598906	5 Y EUR PHOENIX PLUS ON SX7E SGCIB	Eurostoxx Banks	EUR	1,31% p.q.	13/11/2023	92,43%

Important: There is limited availability of structured products on secondary market so availability should be checked before every transaction.

Structured products bought on secondary market (pricing as of 1.4.2019.)

	ISIN	NAME	UNDERLYING	CURRENCY	BONUS	MATURITY	PRICE
1	XS1456533634	5Y USD PHOENIX PLUS SECURITY 50% HUI 1.68% P.Q. 19102021	HUI	USD	1,68% p.q.	19/10/2021	103,10%
2	XS1471994811	3Y USDQ PHOENIX PLUS 70% DAI GY 2.40% P.Q. NC2Q.06012020	Daimler	USD	2,40% p.q.	06/01/2020	87,46%
3	XS1533380355	5Y EUR PHOENIX PLUS 50% CO FP 1,81% P.Q. NC2Q.12052022	Casino Guichard	EUR	1,81% p.q.	12/05/2022	82,36%
4	XS1574623341	3Y CHF PHOENIX PLUS 60% 70% LH	Lafarge Holcim	CHF	3,0% p.s.	22/04/2020	98,91%
5	XS1555608782	5Y USDQ PHOENIX PLUS STEP DOWN 50% CO FP 2,20% P.Q.	Casino Guichard	USD	2,20% p.q.	16/05/2022	79,37%
6	XS1511962331	3Y USD PHOENIX PLUS 80% HUI 7.60% P.S.	HUI	USD	7,60% p.s.	03/03/2020	87,29%
7	XS1622385232	5Y EUR PHOENIX PLUS 70% BNP FP 2.18% P.Q. NC2Q.06062022	BNP	EUR	2,18% p.q.	06/06/2022	70,88%
8	XS1583545865	5Y EUR PHOENIX PLUS 60% CO FP 2% P.Q.	Casino Guichard	EUR	2,0% p.q.	08/08/2022	79,09%
9	XS1622812326	2Y EUR PHOENIX PLUS WO 80% CS FP BNP FP INGA NA 7.62% P.S. 21082019	WO AXA, BNP, ING	EUR	7,62% p.s.	21/08/2019	58,26%
10	XS1620557394	5Y EURQ PH+ SECURITY WO 75% SX5E CAC SMI 1.02% P.Q. NC4Q.29092022	WO SX5E,CAC, SMI	EUR	1,02% p.q.	29/09/2022	97,69%
11	XS1513289469	2Y USDQ PH+ STEP DOWN WO 60% GG NEM ABX 2.40% P.Q. 17052019	WO Goldcorp, Newmont mining, Barrick gold	USD	2,40% p.q.	17/05/2019	101,50%
12	XS1669740976	3Y USDQ PH+ SD WO 70% 2914 JT DAI GY VOW3 GY 2.95% P.Q. 30102020	WO Volkswagen, Daimler, JT	USD	2,95% p.q.	31/10/2020	72,76%
13	XS1667712852	5Y EUR PH+ 60% ACA FP 1,75%	Credit Agricole	EUR	1,75% p.q.	22/12/2022	80,20%
14	XS1667711961	2Y EUR PH+ 70% RNO FP 2%	Renault	EUR	2,0% p.q.	08/01/2020	78,88%
15	XS1706665269	2Y EUR PHOENIX PLUS WO 80% CS FP RNO FP 16.35% P.A. 20122019	Renault, AXA	EUR	16,35% p.a.	20/12/2019	72,50%
16							
17							
18							
19							
20							
21							

GLOSSARY

Accommodative Monetary Policy: when a central bank attempts to expand the overall money supply to boost the economy when growth is slowing by lowering the interest rate or by purchasing Treasury bonds.

Basis Points: A unit that is equal to 1/ 100th of 1% and used to denote the change in a financial instrument.

Bear: an investor who believes, for any technical or fundamental reason, that a security or the broader market will decline significantly. A bear takes the appropriate steps to limit losses during the period that they believe that the security will decline.

Ibovespa Index: The Ibovespa Index is a gross total return index weighted by traded volume & is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange.

BoC: Central Bank of Canada

BoE: Central Bank of England

BoJ: Central Bank of Japan

CPI (Consumer Price Index): measures changes in the price level of a market basket of consumer goods and services purchased by households.

Credit risk: credit risk is the chance that a bond issuer will not make the coupon payments or principal repayment to its bondholders. In other words, it is the chance the issuer will default.

Deflation: a general decline in prices, often caused by a reduction in the supply of money or credit. Deflation can be caused also by a decrease in government, personal or investment spending.

EPS (Earnings Per Share): the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

ECB (European Central Bank): created in 1998, the European Central Bank determines the monetary policy to be adopted within the Eurozone. To do so, it has various means, in particular the key interest rates. The ECB is responsible for the single currency. Its main mission consists of maintaining price stability within the Euro zone.

EM/ EC (Emerging markets/ countries): markets/ countries in the process of rapid growth and industrialization.

Equity Risk Premium: The excess return that an individual stock or the overall stock market provides over a risk-free rate.

Eurostoxx50: A market capitalization-weighted stock index of 50 large, blue-chip European companies operating within eurozone nations.

Fed (Federal Reserve): central bank of the United States and controls the money supply.

FOMC (Federal Open Market Committee): The branch of the Federal Reserve Board that determines the direction of monetary policy.

Guaranteed capital: on maturity, a capital-guaranteed structured product repays a minimum 100% of the capital invested on expiry. However, the investor bears the risk associated with the issuer of a structured product. If the issuer defaults, there is a risk of loss of capital.

Hang Seng index (Hong-Kong Index): A market capitalization-weighted index of 40 of the largest companies that trade on the Hong Kong Exchange. The index aims to capture the leadership of the Hong Kong exchange, and covers approximately 65% of its total market capitalization.

Investment-grade bonds: a rating that indicates that a municipal or corporate bond has a relatively low risk of default.

ISM Manufacturing Index: monitors employment, production inventories, new orders and supplier deliveries.

Issuer: in the case of a structured product, an issuer is an entity that issues and distributes investment products. An issuer may be a bank or a company created specifically for this purpose. In the case of a bond, an issuer is an entity (government, company, government agency etc.) that issues bonds and borrows the amounts required for its financing.

Long/ Short Strategy: An investing strategy of taking long positions in stocks that are expected to appreciate and short positions in stocks that are expected to decline.

Maturity date: in finance, maturity or maturity date refers to the final payment date of a loan or other financial instrument, at which point the principal (and all remaining interest) is due to be paid. The term fixed maturity is applicable to any form of financial instrument under which the loan is due to be repaid on a fixed date.

MSCI World Index: index designed to provide a broad measure of equity-market performance throughout the world. The Index is maintained by Morgan Stanley Capital International, and is comprised of stocks from both developed and emerging markets.

Overweight: An analyst's opinion regarding the future performance of a security. Overweight will usually signify that the security is expected to outperform either its industry, sector or, even, the market altogether.

P/B Value (Price/ Book value): a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

P/E ratio (Price/Earning ratio): the ratio [Share price/earnings per share] reflects the trading price of a share in relation to the expected earnings. As such, the higher this ratio, the more expensive the stock, and vice versa. Note: the P/E ratio also depends on profit growth; companies with high profit growth tend to have a higher P/E.

PMI composite : composite of five of the survey indices. These are New orders, Output, Employment, Suppliers' delivery times (inverted) and Stocks of purchases

PMI (Purchasing Managers Index): Economic indicator of the manufacturing sector.

Protected capital: a product with protected capital does not guarantee the repayment of all the capital invested on maturity. The main risk associated with this type of product is a risk of capital loss, linked to fluctuations in the capital markets. There is a risk part or all of the capital may not be returned, depending on the type of protection.

QE (Quantative Easing): An unconventional monetary policy in which a central bank purchases government securities or other securities from the market in order to lower interest rates and increase the money supply.

Quarterly Earnings Report: A quarterly filing made by public companies to report their performance. Included in earnings reports are items such as net income, earnings per share, earnings from continuing operations and net sales. These reports follow the end of each quarter. Most companies file in January, April, July and October.

S&P500 (SPX Index): An index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

Structured product: structured products are investment solutions comprised of a number of financial instruments. They combine one or more financial assets such as equities, currencies, interest rates etc. with a more sophisticated options component.

Topix stock index: an index that measures stock prices on the Tokyo Stock Exchange (TSE).

Underweight: An analyst's opinion regarding the future performance of a security. Underweight will usually mean that the security is expected to underperform either its industry, sector, or even the market altogether.

US Dollar Index (DXY): A measure of the value of the U.S. dollar relative to majority of its most significant trading partners.

Valuation: the process of determining the current worth of an asset or company.

Valuation metric: assessment method to determine the valuation of an asset such as the P/E for equities.

Volatility: volatility is a measure for variation of price of a financial instrument over time.

EXPLANATION OF RISK LEVELS

For example, risk level R1 corresponds to a defensive risk profile. These indicators are based on the 1-year 95% Value at Risk (VaR). VaR is a measurement of the maximum amount a portfolio could lose under normal market conditions over a given period with a given probability. If the 1-year 95% VaR amounts to x%, this means that there is a 95% probability that the portfolio will not lose more than x% of its value in one year.

Risk classification	0 Lowest Risk	1 Low Risk	2 Medium Risk	3 High Risk	4 - Highest Risk
Loss	There is a 95% probability that the product will not depreciate in value in one year.	There is a 95% probability that the product will not lose more than 5% of its value in one year.	There is a 95% probability that the product will not lose more than 15% of its value in one year.	There is a 95% probability that the product will not lose more than 30% of its value in one year.	There is a minimum of 5% probability that the product will lose more than 30% of its value in one year.

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Risk level

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