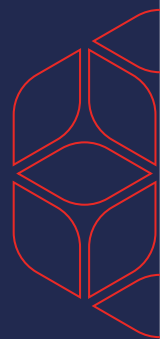


Quick recap

- It's the week of the World Economic Forum week, but as geopolitical challenges and a cloudy economic outlook dominate the stage, participants in Davos probably remember previous gatherings with nostalgia.
- Nevertheless, sentiment on risk assets turned this week as markets bid up U.S. and European stocks while volatility and credit spread retraced. Remarkably, despite the many post-Brexit challenges faced by the U.K. at the moment, helped by a weak GBP, its stock market is close to an all-time high.
- Interest rates seem to have reached a top for the time being as ten-year yields are stabilising at around 3% in the U.S. and 1% in Germany.
- China remains the problem child of the world economy as stimulative policies are hardly effective in the face of lockdowns. Investors are preparing for this to continue until the decision on Xi's third term.



Overview

Equities

- Equities Broad Market
- Equities Sectors
- Equities Styles
- Implied Volatility

p. 2-5
p. 2
p. 3
p. 3
p. 5

Fixed Income

- Government Yields
- Government Curve
- Credit Spreads

p. 5-6
p. 5
p. 6
p. 6

Commodities

- Precious Metals
- Oil
- Cryptocurrencies

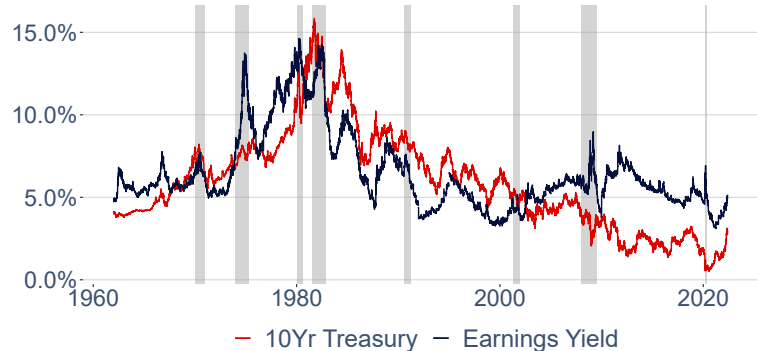
p. 7-8
p. 7
p. 7
p. 8

Economic Calendar

p. 9-10

FED Model

Relative valuation US Equity vs Govt Bonds



Source: Amadeus Capital 2022-05-23

As interest rates stayed stubbornly low, the [Fed Model](#) lost a bit of its relevance over the past decade. It takes long-term time series to understand why the [Fed's Humphrey-Hawkins Report published in 1997](#) found that the equity market's earnings yield tends to follow the 10-year Treasury yield. While this relationship is generally loose and theoretically debatable, it still gives investors some idea of what kind of medium-term interest rate level markets may be pricing-in.

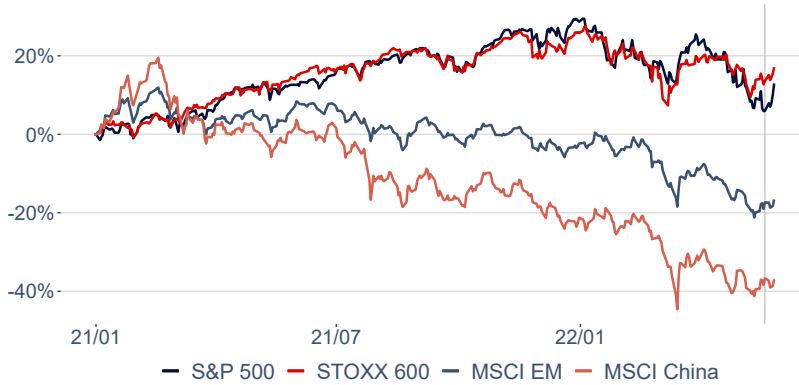
Markets at a glance



Major Equity Markets

Broad Markets

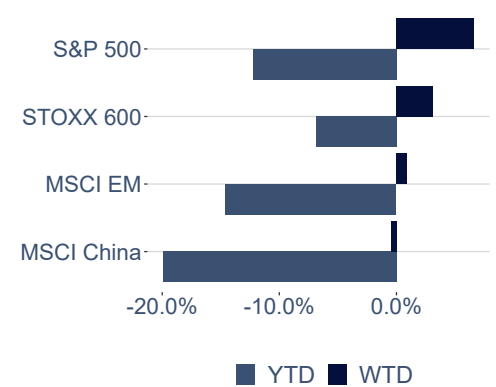
Total return %



Source: Amadeus Capital SA 2022-05-28

Broad Markets

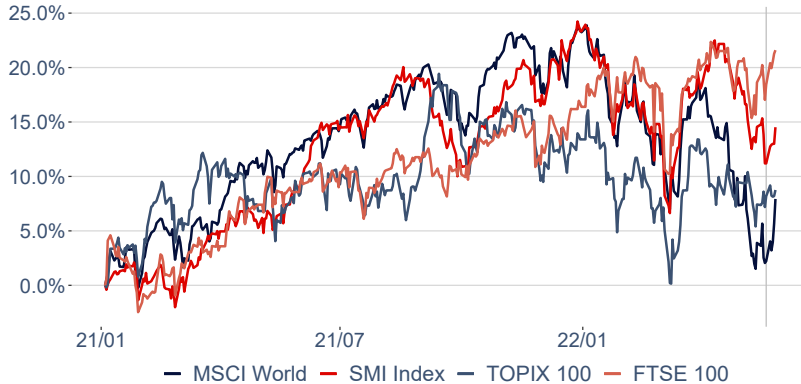
Total return %



Major Equity Markets

Broad Markets

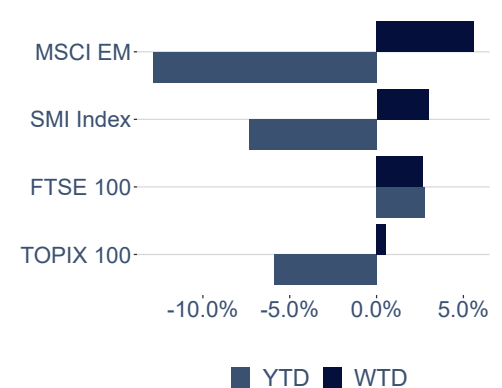
Total return %



Source: Amadeus Capital SA 2022-05-28

Broad Markets

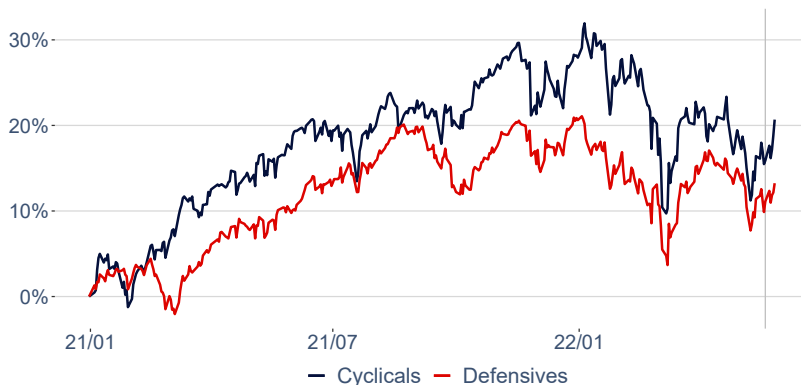
Total return %



Equity Sectors

Cyclicals vs Defensives Europe

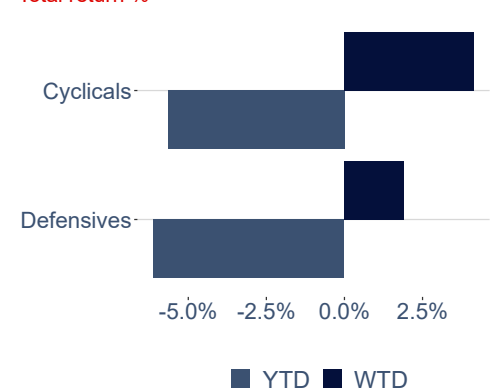
Total return %



Source: Bloomberg, Amadeus 2022-05-28

Cyclicals vs Defensives Europe

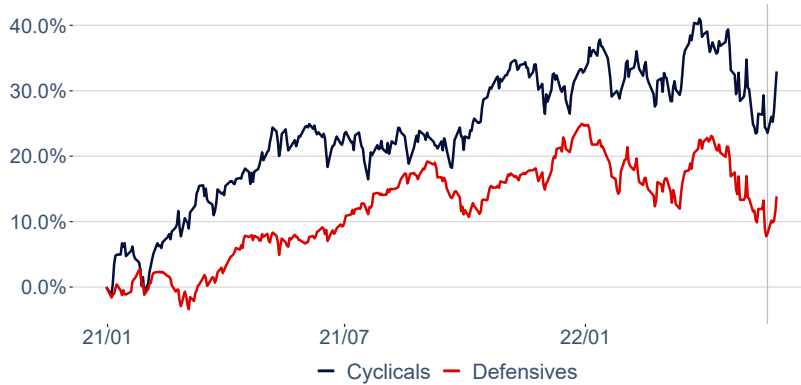
Total return %



Equity Sectors

Sectors U.S.

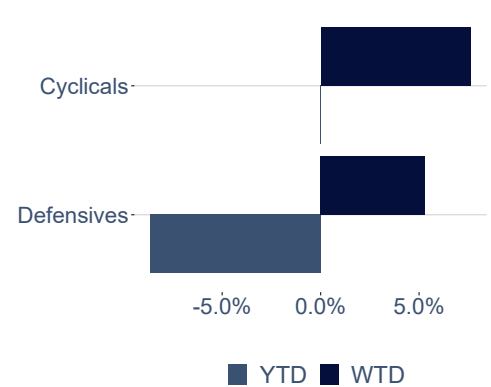
Total return %



Source: Bloomberg, Amadeus 2022-05-28

Cyclicals vs Defensives U.S.

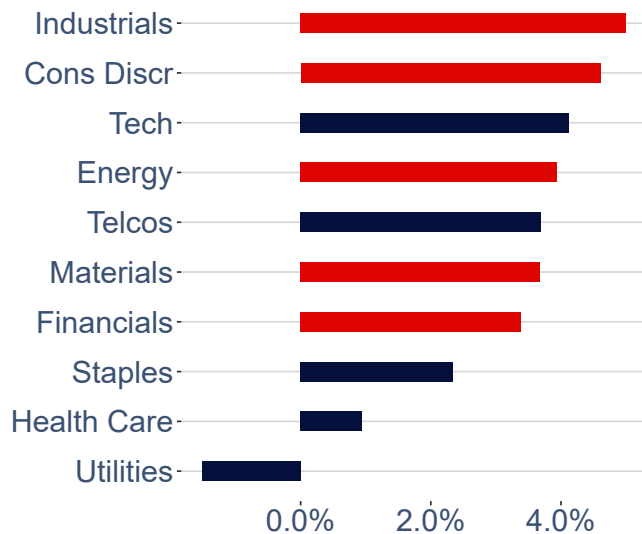
Total return %



Equity Sectors

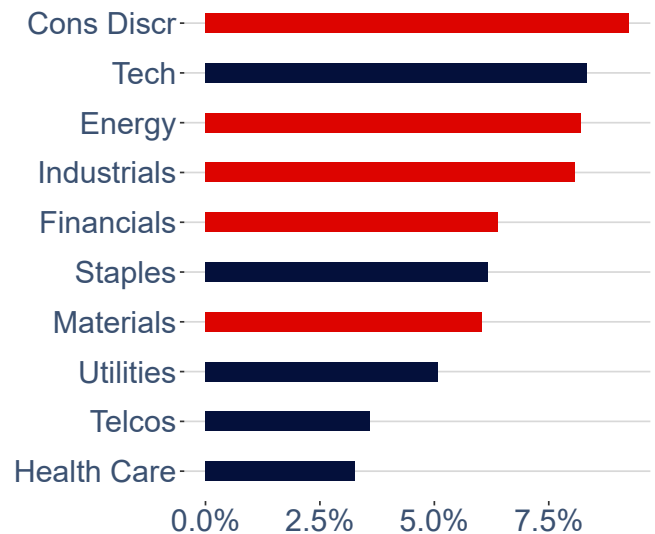
Sectors Europe

Last week's performance % (Cyc = red, def = blue)



Sectors U.S.

Last week's performance %



Equity Styles

Styles Europe

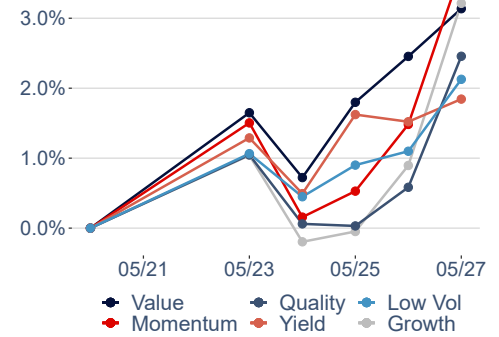
Total return %



Source: Bloomberg, Amadeus 2022-05-28

Styles Europe

Total return %



Source: Amadeus Capital SA 2022-05-28

Equity Styles

Styles U.S.

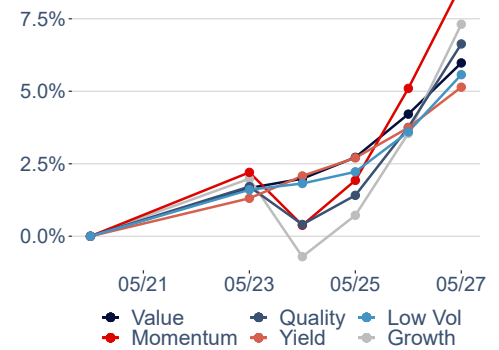
Total return %



Source: Bloomberg, Amadeus 2022-05-28

Styles U.S.

Total return %

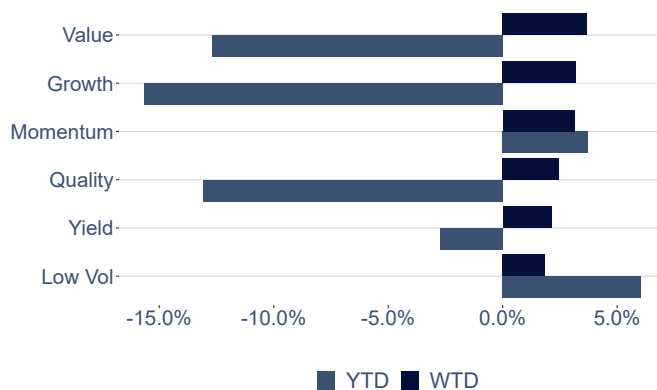


Source: Amadeus Capital SA 2022-05-28

Equity Styles

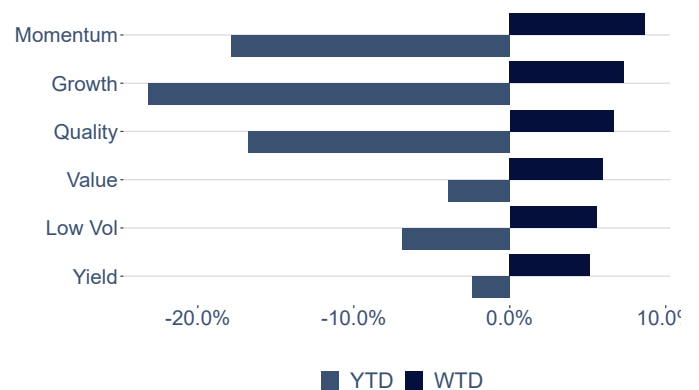
Styles Europe

Total return %



Styles U.S.

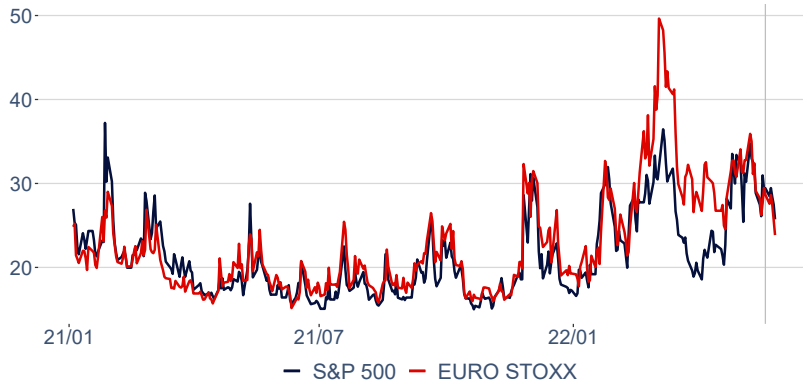
Total return %



Volatility

Volatility

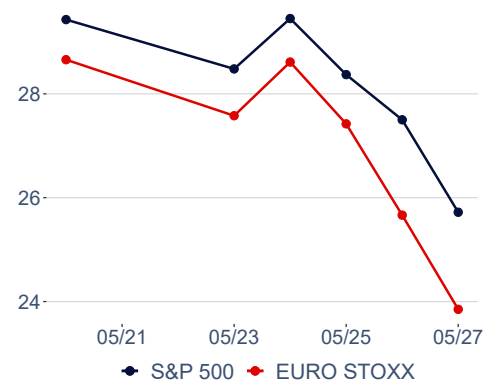
Implied volatility in %



Source: Amadeus Capital SA 2022-05-28

Volatility

Implied volatility in %

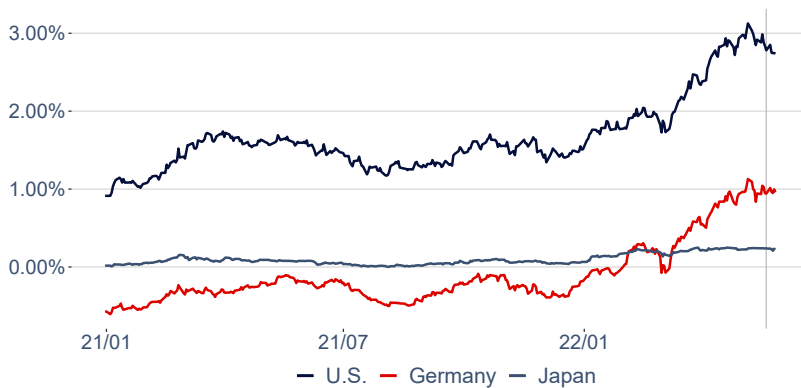


Source: Amadeus Capital SA 2022-05-28

Government Bond Yields

10Yr Govt Yields

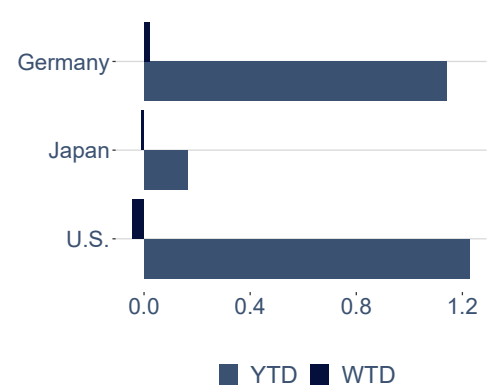
%



Source: Bloomberg, Amadeus 2022-05-28

10Yr Govt Yields

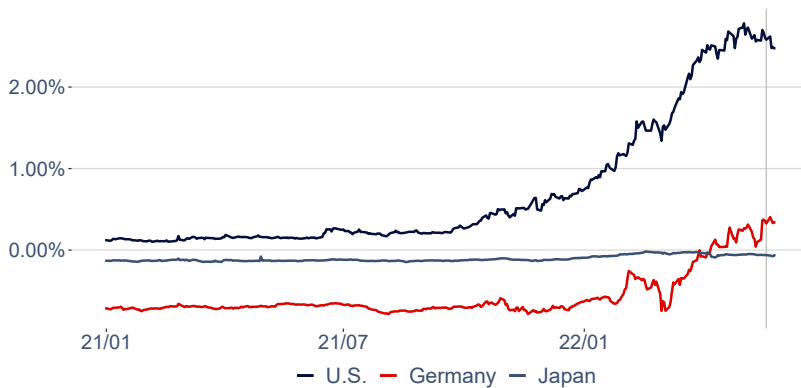
Delta in %



Government Bond Yields

2Yr Govt Yields

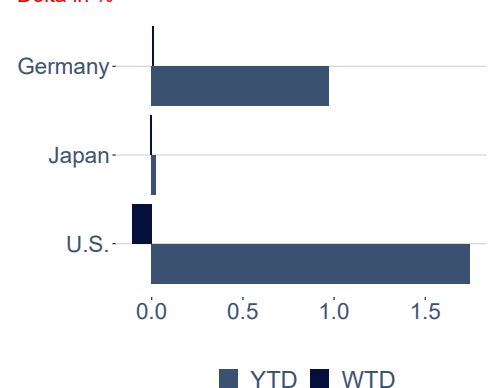
%



Source: Bloomberg, Amadeus 2022-05-28

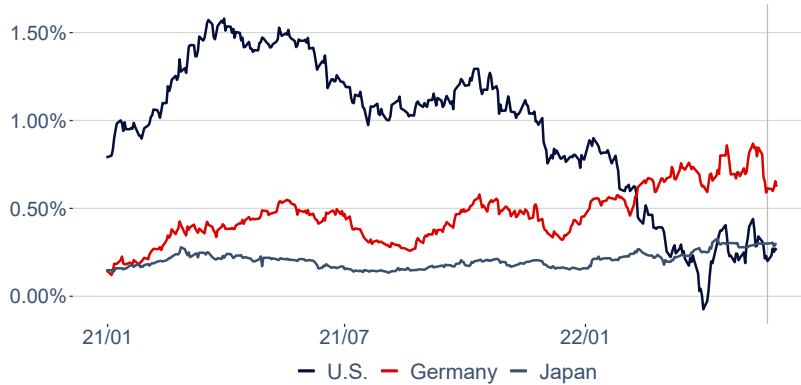
2Yr Govt Yields

Delta in %



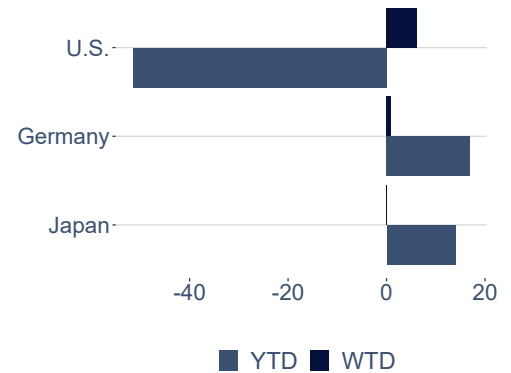
Government Bond Yields

Steepness of the curve
10Yr - 2Yr Govt Yields %



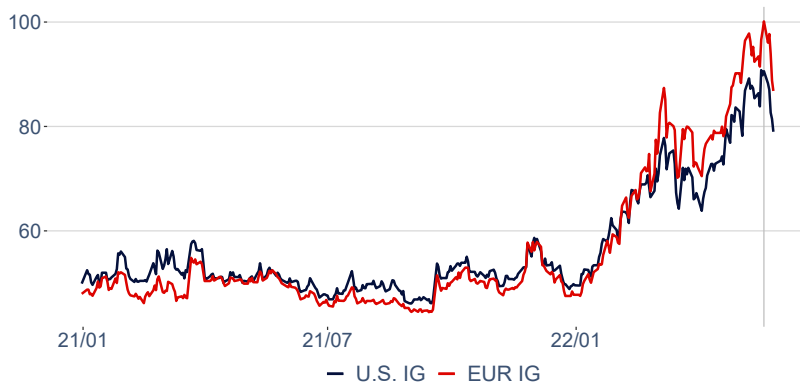
Source: Amadeus Capital SA 2022-05-28

10Yr-2Yr Govt Yields
Delta in bp



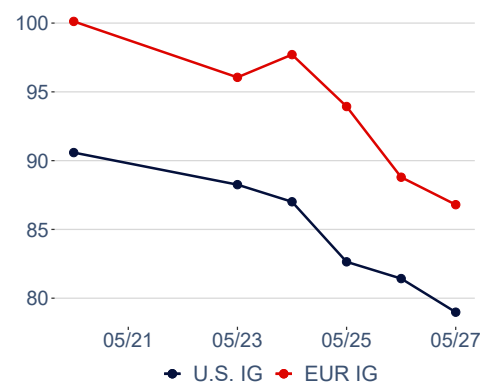
Credit Spreads

Investment grade credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-05-28

Investment grade credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-05-28

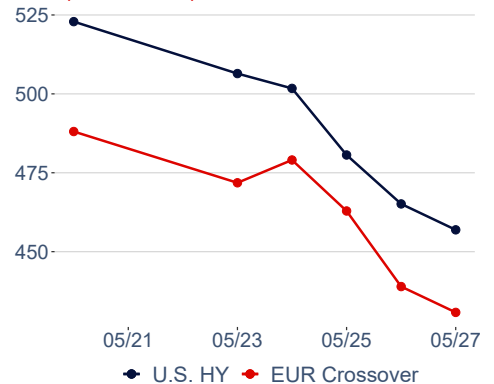
Credit Spreads

High yield credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-05-28

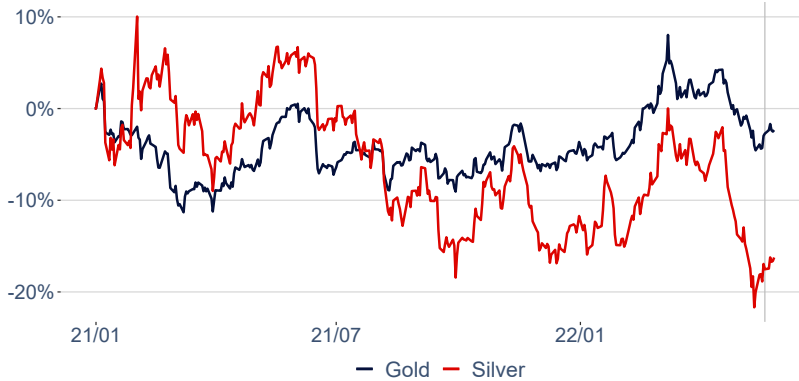
High yield credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-05-28

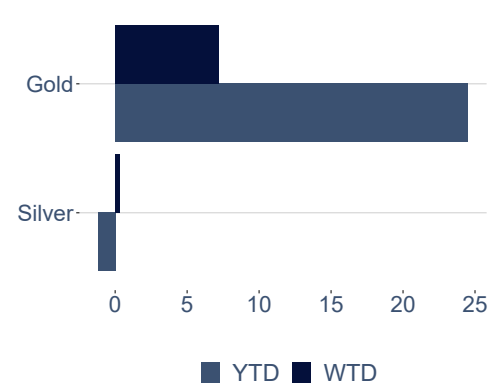
Precious Metals

Precious metals
Price change %



Source: Amadeus Capital SA 2022-05-28

Precious metals
Price change in USD



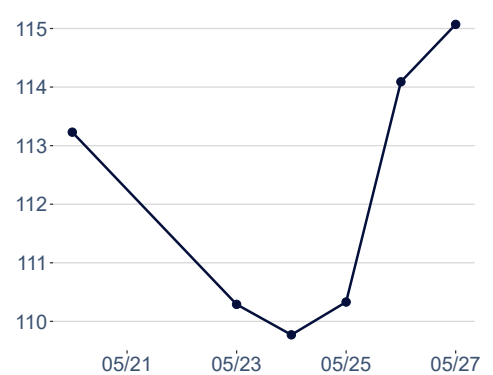
Commodities

Crude oil
Price in USD



Source: Amadeus Capital SA 2022-05-28

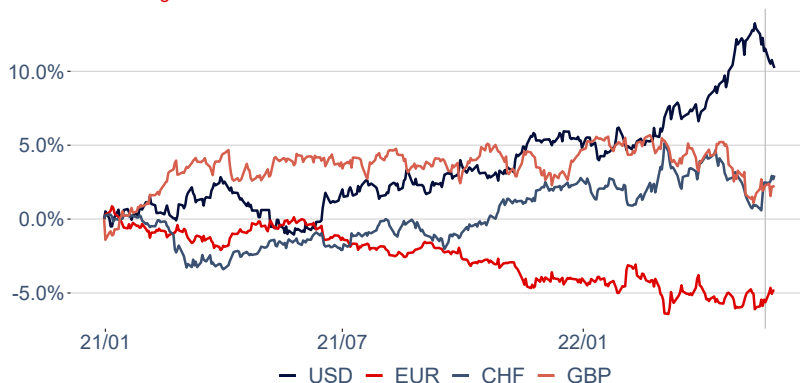
Crude oil
Price in USD



Source: Amadeus Capital SA 2022-05-28

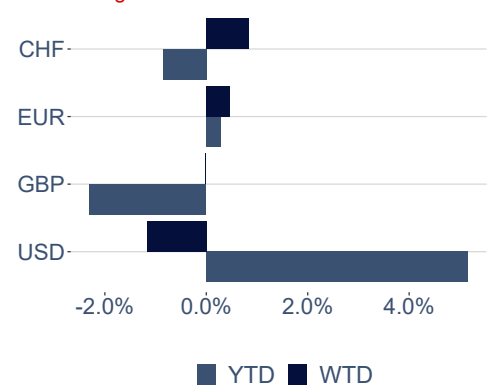
Currencies

Trade weighted currencies
Price change %



Source: Amadeus Capital SA 2022-05-28

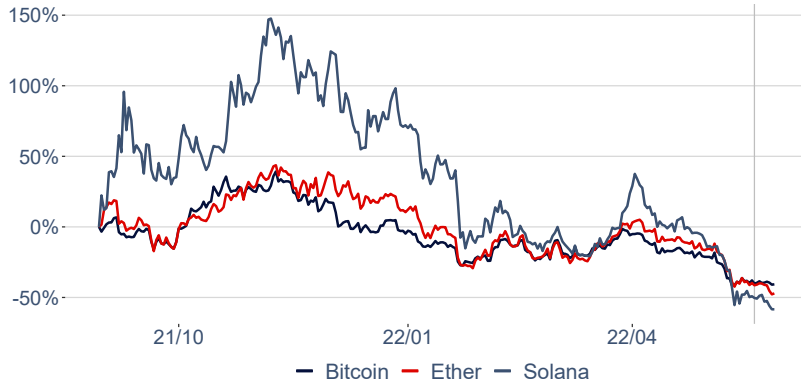
Trade weighted currencies
Price change %



Cryptocurrencies

Major cryptocurrencies in USD

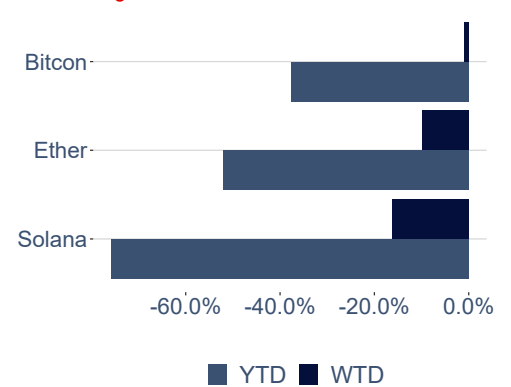
Price change %



Source: Amadeus Capital SA 2022-05-28

Major cryptocurrencies in USD

Price change %



Major Events Last Week

The FOMC reemphasized its commitment to taming inflation this week, indicating in its minutes that the Fed could opt for a “restrictive” monetary policy if necessary, a step up from its earlier neutral stance. Despite this hawkish tone, U.S. benchmark rates decreased towards the end of the week, and equity markets rallied, helped by some strong bounces in some beaten-down stocks. Commentators point to depressed sentiment and the narrative of [peak inflation and peak hawkishness as reasons for the rebound](#). Economic data in the U.S. was broadly disappointing, with a lower than expected GDP print and more robust than forecasted cooling off in the housing market. Meanwhile, China is getting hit increasingly hard by its [Covid policy as profits and growth are in free fall](#).

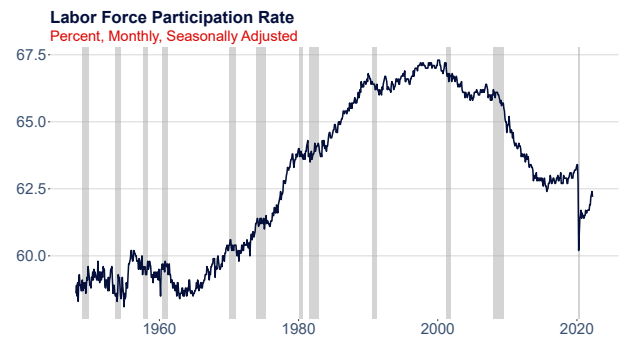
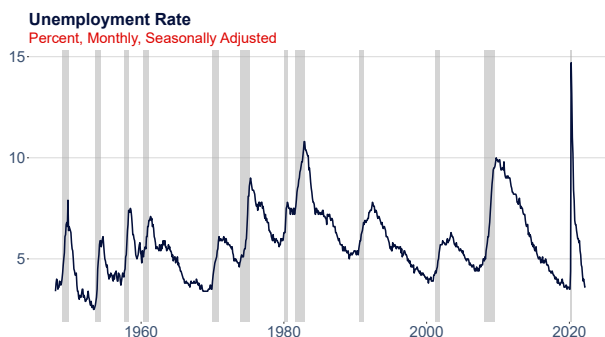
Date	Zone	Event	Previous	Forecast	Actual
23/05/2022	Germany	German Ifo Business Climate Index (May)	91.9	91.4	93.0
23/05/2022	Israel	Interest Rate Decision (May)	0.35%	0.60%	0.75%
23/05/2022	United Kingdom	BoE Gov Bailey Speaks	-	-	-
24/05/2022	Germany	German Manufacturing PMI (May)	54.6	54.0	54.7
24/05/2022	United Kingdom	Composite PMI	58.2	56.5	51.8
24/05/2022	United Kingdom	Manufacturing PMI	55.8	54.9	54.6
24/05/2022	United Kingdom	Services PMI	58.9	56.9	51.8
24/05/2022	United States	New Home Sales (Apr)	709K	750K	591K
24/05/2022	United States	Fed Chair Powell Speaks	-	-	-
24/05/2022	Euro Zone	ECB President Lagarde Speaks	-	-	-
25/05/2022	New Zealand	RBNZ Interest Rate Decision	1.50%	2.00%	2.00%
25/05/2022	New Zealand	RBNZ Rate Statement	-	-	-
25/05/2022	New Zealand	RBNZ Press Conference	-	-	-
25/05/2022	Germany	German GDP (QoQ) (Q1)	-0.3%	0.2%	0.2%
25/05/2022	Euro Zone	ECB President Lagarde Speaks	-	-	-
25/05/2022	United States	Core Durable Goods Orders (MoM) (Apr)	1.1%	0.6%	0.3%
25/05/2022	United States	Crude Oil Inventories	-3.394M	-0.737M	-1.019M
25/05/2022	United States	FOMC Meeting Minutes	-	-	-
26/05/2022	New Zealand	RBNZ Gov Orr Speaks	-	-	-
26/05/2022	Russia	Interest Rate Decision (Apr)	17.00%	20.00%	11.00%
26/05/2022	Turkey	One-Week Repo Rate (May)	14.00%	14.00%	14.00%
26/05/2022	Turkey	Overnight Borrowing Rate (May)	12.50%	-	12.50%
26/05/2022	United States	GDP (QoQ) (Q1)	-1.4%	-1.3%	-1.5%
26/05/2022	United States	Initial Jobless Claims	218K	215K	210K
26/05/2022	Canada	Core Retail Sales (MoM) (Mar)	1.8%	2.0%	2.4%
26/05/2022	United States	Pending Home Sales (MoM) (Apr)	-1.6%	-2.0%	-3.9%
27/05/2022	Australia	Retail Sales (MoM) (Apr)	1.6%	0.9%	0.9%

The Week Ahead

Eurozone inflation is expected to increase again while investors see the ECB's dovish monetary policy increasingly critical. In the U.S., investors are set to focus on the continuous development of labour market data. An increase in Nonfarm Payrolls is forecasted to cool off a bit to a still impressive number of 350k. Unemployment is expected to decrease further to 3.5%, a record low last reached in February 2020. In this environment, the slow recovery in labour force participation rates remains the critical bottleneck, exacerbating scarcity and putting pressure on wages and inflation.

Date	Zone	Event	Previous	Forecast	Actual
31/05/2022	China	Manufacturing PMI (May)	47.4	48.0	-
31/05/2022	Germany	German Unemployment Change (May)	-13K	-18K	-
31/05/2022	Euro Zone	CPI (YoY) (May)	7.4%	7.6%	-
31/05/2022	Canada	GDP (MoM) (Mar)	1.1%	0.8%	-
31/05/2022	United States	CB Consumer Confidence (May)	107.3	104.0	-
01/06/2022	Australia	GDP (QoQ) (Q1)	3.4%	0.7%	-
01/06/2022	China	Caixin Manufacturing PMI (May)	46.0	-	-
01/06/2022	Germany	German Manufacturing PMI (May)	54.7	54.7	-
01/06/2022	United Kingdom	Manufacturing PMI (May)	54.6	55.3	-
01/06/2022	United States	ADP Nonfarm Employment Change (May)	247K	-	-
01/06/2022	United States	ISM Manufacturing PMI (May)	55.4	55.3	-
01/06/2022	United States	JOLTs Job Openings (Apr)	11.549M	11.000M	-
01/06/2022	Canada	BoC Interest Rate Decision	1.00%	1.50%	-
03/06/2022	United States	Nonfarm Payrolls (May)	428K	350K	-
03/06/2022	United States	Unemployment Rate (May)	3.6%	3.5%	-
03/06/2022	United States	ISM Non-Manufacturing PMI (May)	57.1	58.5	-

While unemployment is hitting new lows, U.S. labour force participation is slow to recover.



About Amadeus

We cater to wealthy families and institutions with a pronounced ownership approach, making sure that the interests of our clients and ourselves are aligned by investing alongside them.

We offer a special know-how in niche strategies and we provide access to exclusive investment opportunities through our network

Amadeus Capital finds itself in the centre of a full-service ecosystem controlled by the Brockmann family, which allows us to easily connect all aspects of private wealth management.

While we are proud of our heritage, we constantly seek to adapt to a rapidly changing financial industry and don't shy away from undertaking the necessary investments to stay ahead of the curve.

We actively foster and cultivate an entrepreneurial corporate culture, encourage continuous innovation and work closely together with our external network of specialists and consultants.

Amadeus Capital merged in 2019 with Nucleo Capital, a Geneva based multi-family office created in 2005 by Laurent Timonier; further to the merger Laurent Timonier and Marovita Holding are the sole shareholders of Amadeus Capital.

Amadeus Capital is a member of the Swiss Association of Asset Managers and is audited by Ernst & Young.

Where to find us

Address

Amadeus Capital SA
14, rue Rodolphe-Toepffer
1206 Geneva - Switzerland

Contact

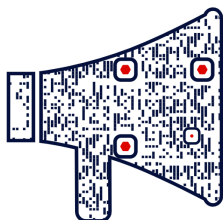
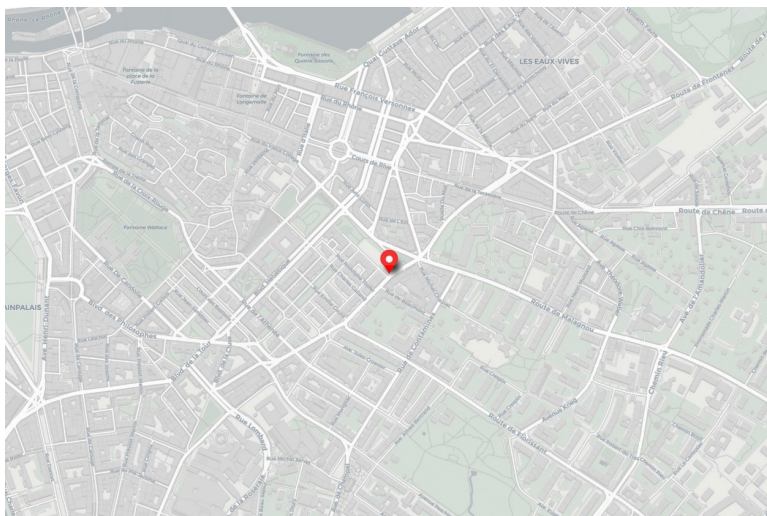
<https://investing.amadeus.ch/contact-us/>

Web

<https://amadeus.ch/>
<https://investing.amadeus.ch/>
<https://quantamental.amadeus.ch/>

Blog & Newsletter Subscription

<https://investing.amadeus.ch/blog/>



Disclaimer

This presentation is proprietary to Amadeus Capital SA ("Amadeus"). This presentation does not purport to be all-inclusive or to necessarily contain all relevant information and may be subject to updating, withdrawal, revision or amendment. No representation or warranty, express or implied, is or will be given by Amadeus, their advisers or any of their respective directors, shareholders, partners or employees as to the accuracy or completeness of this presentation or the information or opinions contained therein.

Please consult a competent legal, regulatory, compliance, tax, accounting or other applicable professional as Amadeus does not provide any such advice and makes no representations or warranties in this regard. For the avoidance of doubt, Amadeus makes no representation or warranty about the suitability and/or appropriateness of any product or service for end-clients in any jurisdiction.

The content of this presentation and any and all discussions, negotiations and communications between the addressee and Amadeus and their respective directors, shareholders, employees, advisers and/or representatives will remain subject to the conclusion of a final and binding contract and/or the delivery of a finalized signed-off specification document.

The addressee of this presentation must make their own independent assessment of the information provided by Amadeus and is recommended to seek independent advice on the contents hereof from a person specializing in advising on matters contained herein. Neither Amadeus nor any of their advisers, nor their respective directors, partners, representatives, agents, consultants or employees shall be liable for any direct, indirect or consequential loss or damage suffered by any person relying on statements or omissions from this presentation and to the maximum extent permitted by law, all conditions, warranties and other terms which might be implied by statute, common law or the law of equity and any such liability are expressly excluded.

© 2022 Amadeus Capital SA. All rights reserved.

No part of this presentation may be changed in any format, sold, or used in any way, online or offline, other than what is outlined within this site, under any circumstances without express permission of Amadeus.

Contact: digital@amadeus.com