Breaking new ground

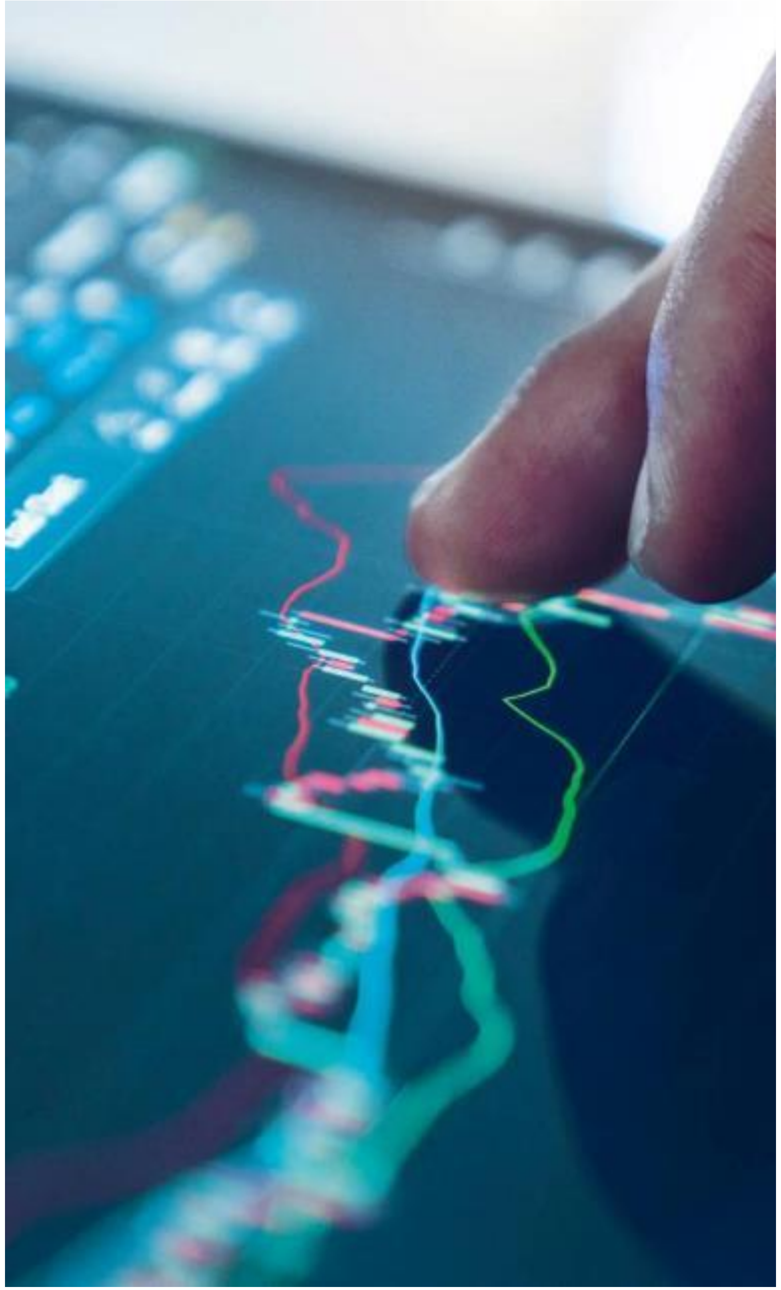
Capital Markets Compass August

The United Kingdom Under Close Scrutiny

4 Aug 2026

Macro | Rates | Credits | Equities

Contents



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Foreword and Introduction

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"We've made a start."

There we go! Germany is overcoming its inertia. In the previous Capital Markets Compasses we briefly discussed the reforms that have been implemented. Meanwhile, the latest economic data has been encouraging. Manufacturing orders show an upward trend; production will follow suit. Despite all the doom and gloom (and the drums of war), the first half of the year brought two positive quarters. Naturally, a disclaimer regarding upcoming tasks and risks must be included here. Still, who would have thought Germany could surprise us positively? Even soccer fans are finding new hope following the coaching change at the DFB. Downing Street saw a change as well. Therefore, we take a closer look at the United Kingdom in this issue.

Key Dates in August

CW31		CW32							CW33							CW34							CW35							CW36
Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31

7.8.	US Payrolls July
12.8.	US Inflation July
14.8.	Rating Review Austria (Moody's®)
21.8.	Rating Review Ireland (Moody's®)
21.8.	ECB to publish Negotiated Wages Indicator for Q2 2026
21.-22.8.	Fed Symposium in Jackson Hole
25.8.	ifo Business Climate August
28.8.	Rating Review France (Fitch)
28.8.	New Football Bundesliga Season starts
31.8.	Inflation Germany August

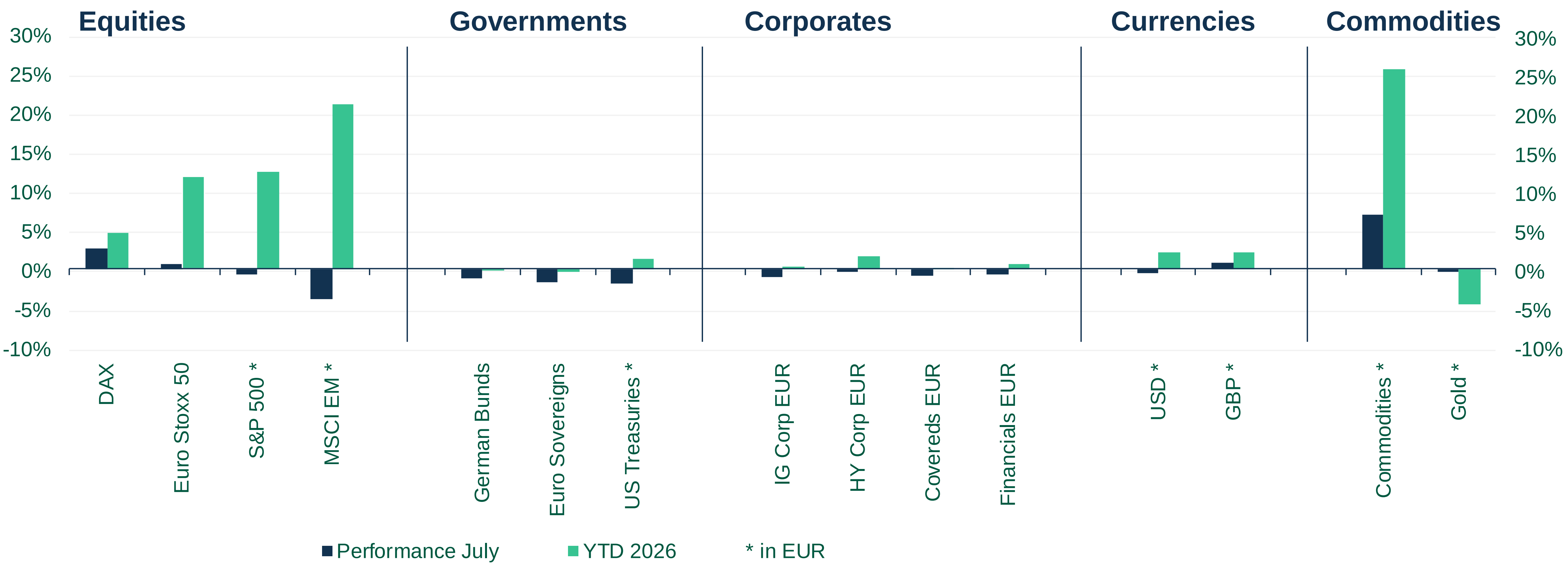
- Fed: The annual international central bankers' meeting in Jackson Hole is the highlight of the monetary policy calendar in midsummer. Given Fed Chair Warsh's "no-guidance" approach, will he avoid giving specific indications about monetary policy?

- The ECB's wage indicator for Q2 provides an initial indication of the extent to which the war in Iran is affecting wage trends.
- The new Bundesliga season kicks off with the top matchup between Bayern Munich and VfB Stuttgart.

Sources: Bloomberg, LBBW Research

Commodity Prices Continue to Rise

Selected Assets
Total Return in Percent



Source: LSEG, LBBW Research

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02

Special Topic: The United Kingdom Under Close Scrutiny

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A new resident at 10 Downing Street, London

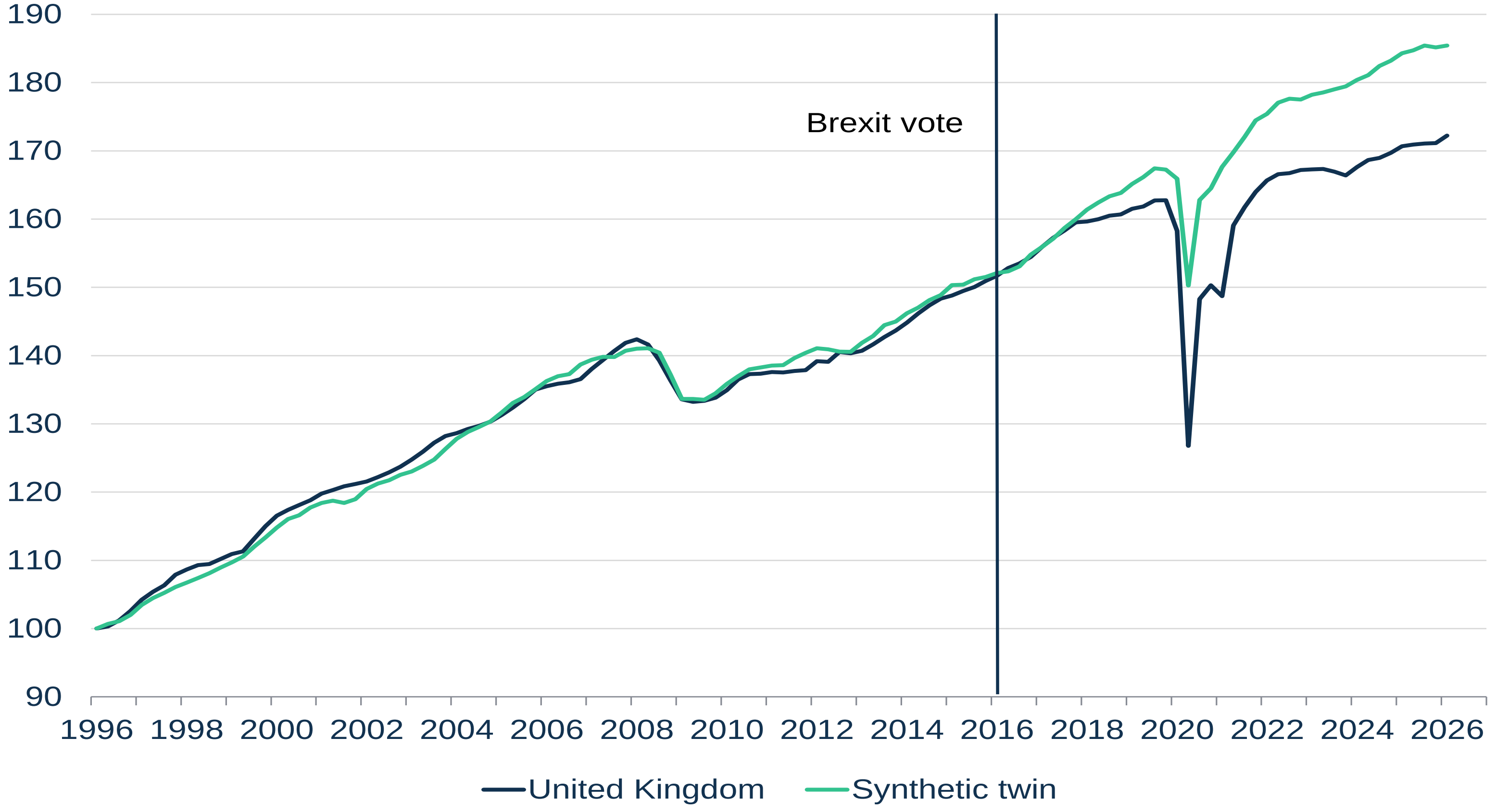
- The former mayor of Greater Manchester has been Prime Minister of the United Kingdom and leader of the Labour Party since July 2026.
- Andy Burnham has previously criticized the fact that British politics is too heavily influenced by the bond markets (“too in hock to the bond markets”)
- Andy Burnham has now expressed his support for the current fiscal rules and the plan to gradually reduce the national debt.
- In addition, John Healey's appointment as Chancellor of the Exchequer was seen as a sign of fiscal discipline. John Healey is considered a pragmatic and reliable politician.

Photo: House of Commons, https://members.parliament.uk/member/1427/portrait CC BY 3.0

Since Brexit, the UK has been growing at a slower pace than its synthetic counterpart

Gross Domestic Product

Seasonally adjusted quarterly figures, as of 1. Q. indexed in 1996



- We have constructed a synthetic "twin" of the United Kingdom based on a weighted combination of comparable economies.
- Until Brexit, its economic development followed a nearly identical trajectory to that of the United Kingdom.
- However, following Brexit, a significant gap has opened up. U.K. GDP is growing at a slower rate than that of its synthetic benchmark country.
- The difference provides an estimate of the economic costs of Brexit.

Source: LSEG, LBBW Research

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The UK's growth lead over the eurozone has disappeared

Time period	United Kingdom as a percentage per year	Eurozone as a percentage per year	Difference in percentage points
Before the Brexit vote	2.1	1.2	0.9
Interval	-0.4	0.6	-1.0
After leaving the single market	2.6	2.2	0.4

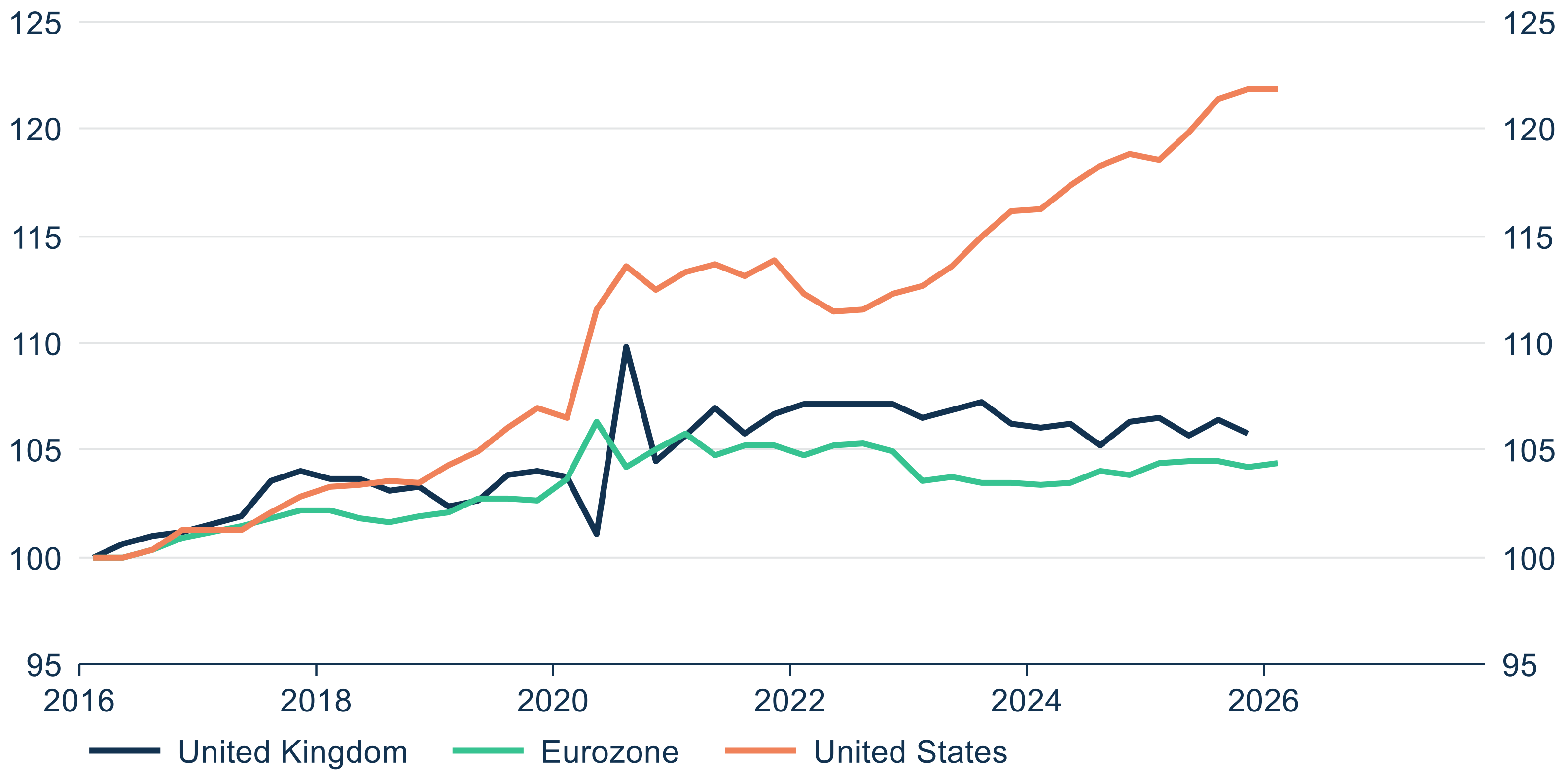
- The United Kingdom recorded a growth lead of about 0.9 percentage points per year relative to the euro area during the period 1. Quarter 2010 through the 2nd In the second quarter of 2016.
- This advantage was reduced to 0.4 percentage points following the country's exit from the EU single market and the customs union in early January 2021.
- Since the period following the UK's exit from the EU single market has been marked by extraordinary events such as the pandemic and the war in Ukraine, it is likely still too early to make a final assessment.

Source: LSEG, LBBW Research

Low productivity on both sides of the English Channel

Labor Productivity (Value Added per Hour Worked)

Seasonally adjusted quarterly figures, as of 1. Q1 2016 = 100 (indexed)



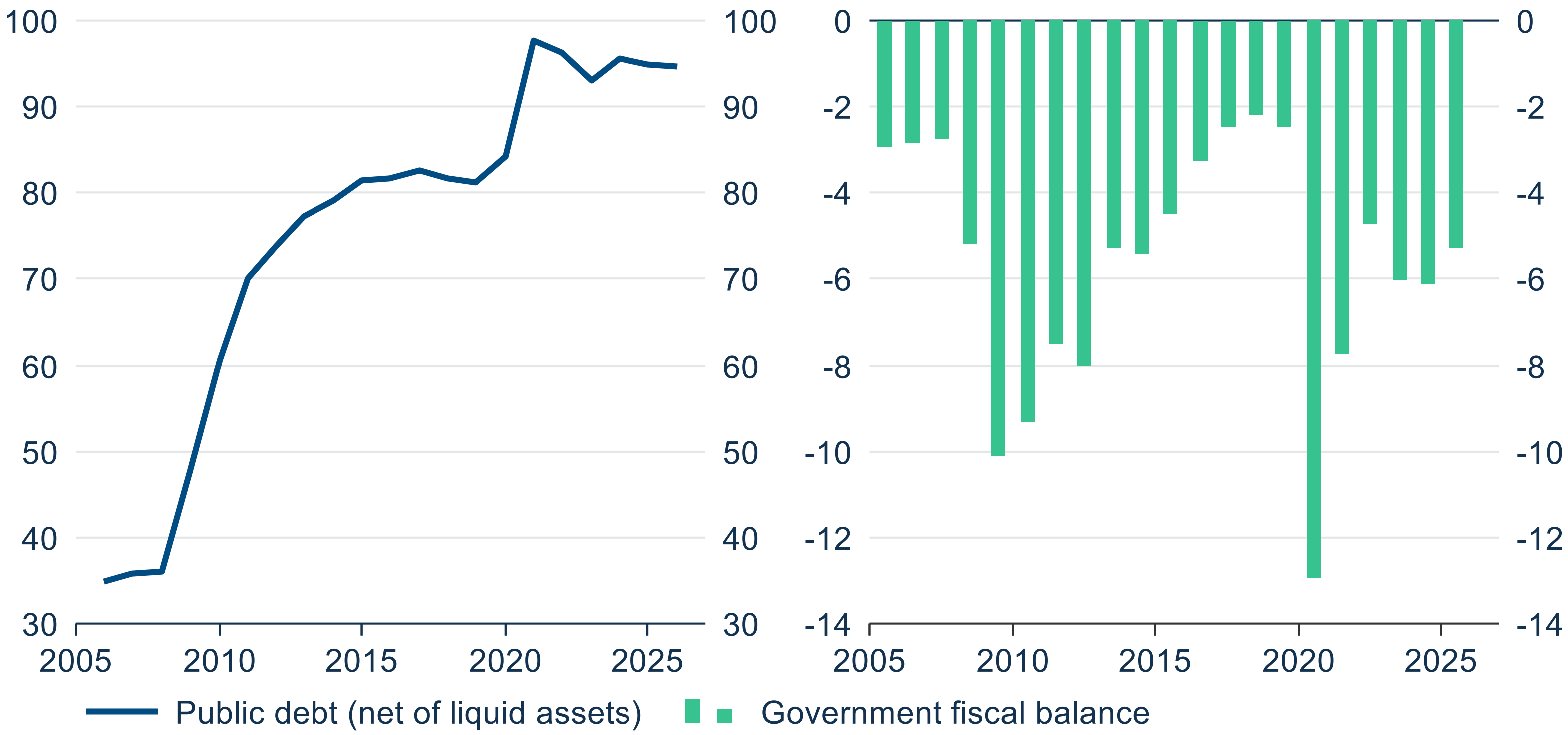
- Both the United Kingdom and the eurozone have not seen any productivity gains since 2021, in stark contrast to the United States.

Source: LSEG, LBBW Research

UK: High National Debt & High Deficit

Government Debt and the Government Budget Balance

Annual figures, as a percentage of GDP



Source: LSEG, LBBW Research

- The financial crisis and the pandemic have driven up the United Kingdom's national debt.
- Since the end of the pandemic, there has been no significant decline in government debt.
- The government's budget deficit remains high.

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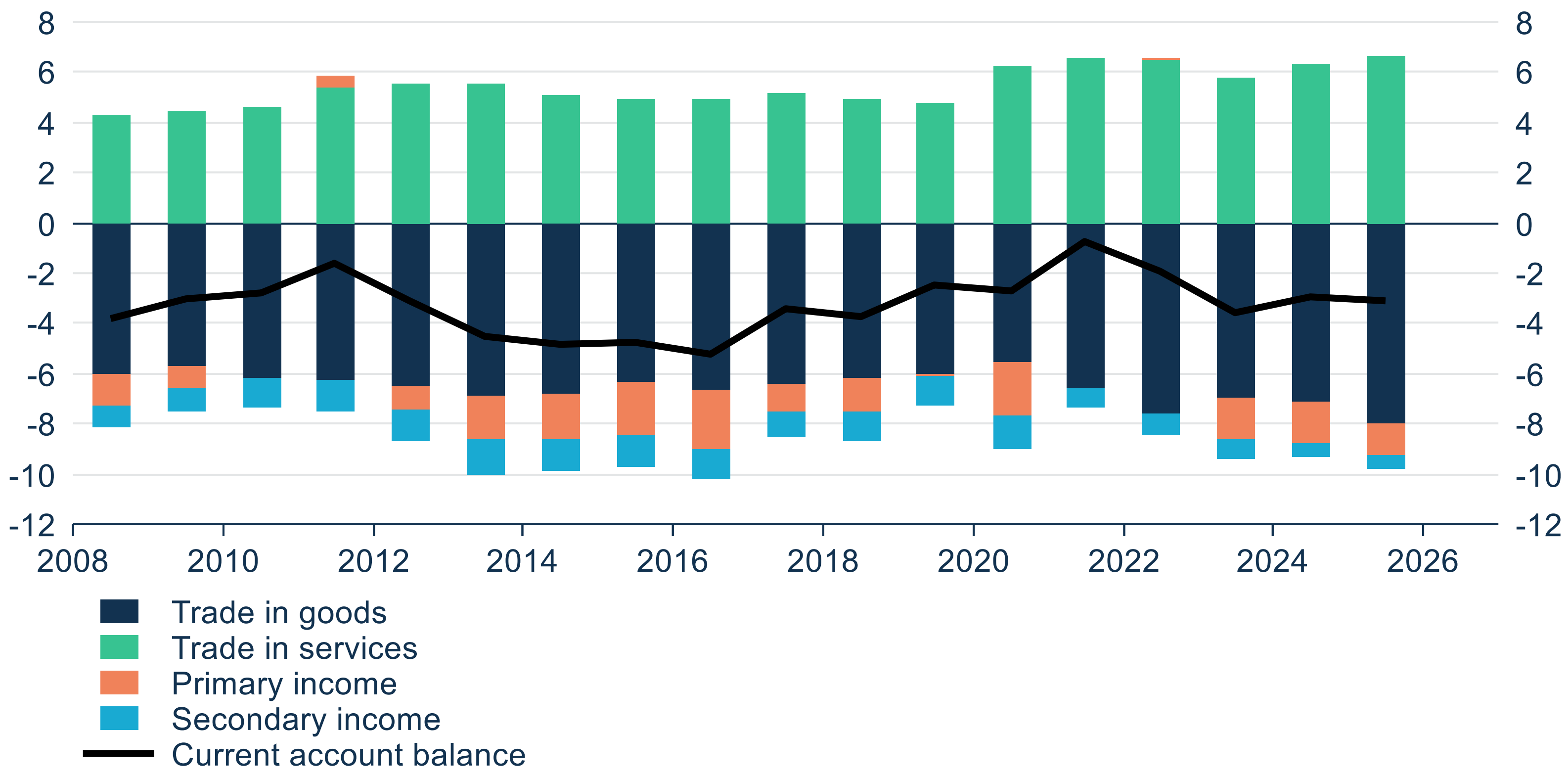
The UK has chronic current account deficits

Current account balance, including sub-balances

Annual figures, as a percentage of GDP



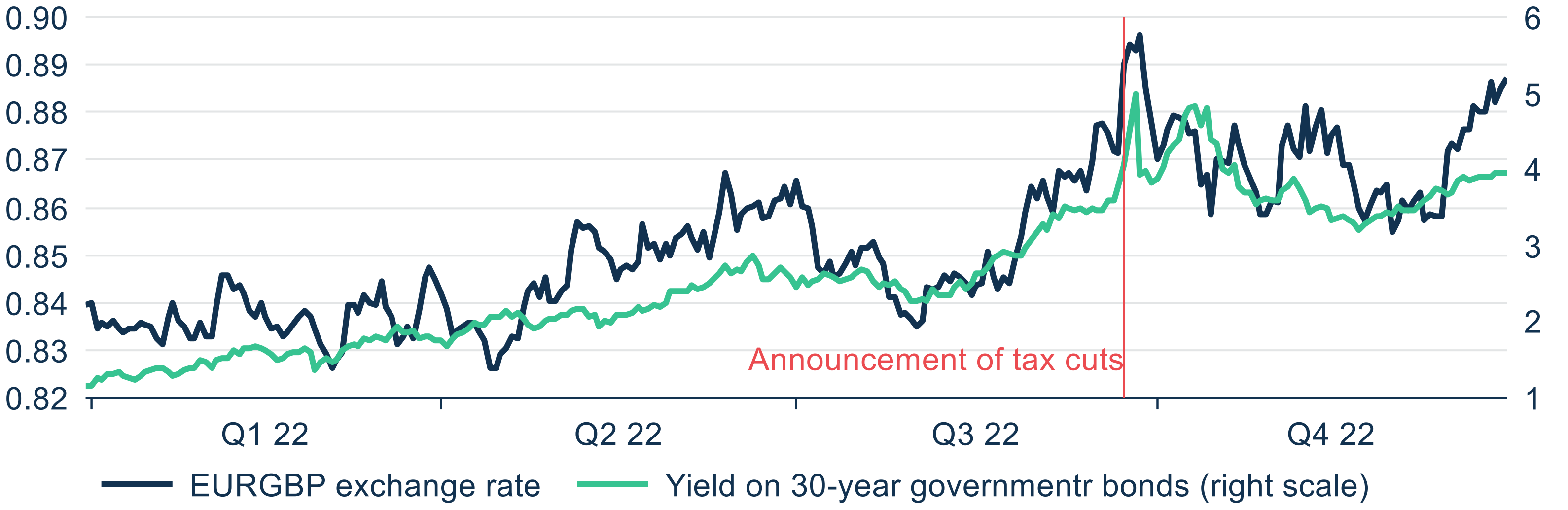
- The government's large fiscal deficit is all the more serious given that the United Kingdom has been running current account deficits for many years and is therefore dependent on the inflow of foreign capital.
- Without the surpluses the United Kingdom generates in its balance of services, the current account deficit would be even larger.
- The surplus in the balance of services is largely attributable to the surplus in banking services.
- This surplus is likely to be significantly smaller if the EU follows through on its threat to bring euro clearing back into the euro area.

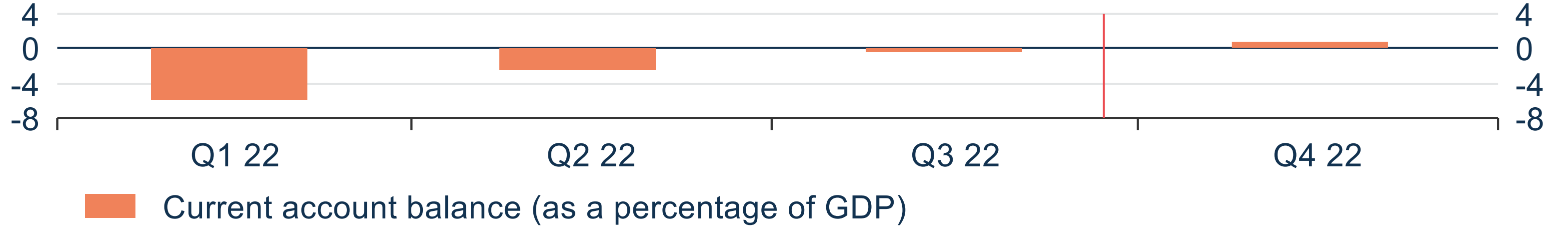
Source: LSEG, LBBW Research

In 2022, announcements of tax cuts led to market disruptions (Liz Truss moment)

Euro to Pound Sterling, Yields, and Current Account

Daily or quarterly figures





- After Kwasi Kwarteng, then UK Chancellor of the Exchequer, announced tax cuts of an unprecedented scale in September 2022, yields on long-term British government bonds skyrocketed. The pound sterling lost a significant amount of value against the euro.
- The initial release of the current account balance for the second quarter of 2022 was released on June 30, 2022. At the time, a current account balance of -8.3% of GDP was reported (today, after several revisions: -5.9%). Because of this large current account deficit, the bond market was particularly vulnerable to the fiscal shock
- This episode on the capital markets went down in history as the "**Liz Truss moment**."

Source: LSEG, LBBW Research

Is the United Kingdom facing a second “Liz Truss moment”?

Market-liberal concepts involving extensive, credit-financed tax cuts appear to have lost favor among market participants.

Nigel Farage's Reform UK party
is far ahead in the polls.
Among other things, its platform
calls for sweeping tax cuts,
which are to be financed by spending cuts elsewhere.

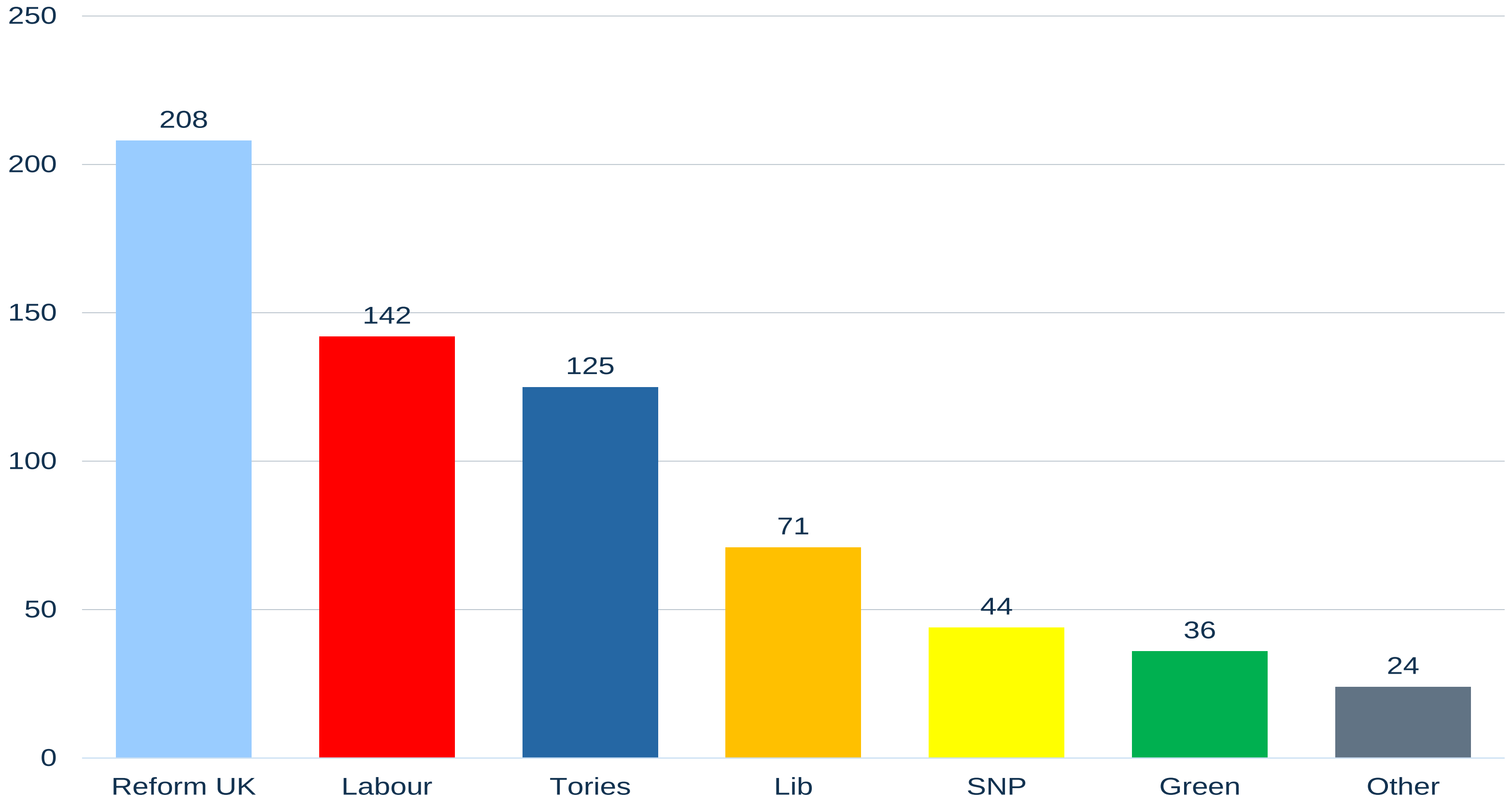
It remains to be seen whether this offsetting financing would convince the markets.

Photo: Laurie Noble, https://members.parliament.uk/member/5091/portrait, https://creativecommons.org/licenses/by/3.0

Reform UK is leading in the polls, and in the projected seat distribution

Probable distribution of seats based on the latest polls

As of June 27, 2026



Source: ElectoralCalculus, LBBW Research

- According to an estimate by the "Electoral Calculus" website, based on the latest polls, the "Reform UK" party would win 208 seats in the 650-seat House of Commons.
- A Reform UK government supported by the Conservatives is a conceivable scenario.

Bond market participants remain cautious regarding British long-term bonds

Term premium for 10-year Gilts

Daily figures, in percentage points, according to the ACM model

- According to standard market estimates of the term premium, the long-term term premium on British government bonds currently stands at around 1 percentage point.

Term Premium by Country (10-Year)

in percentage points, based on an ACM-like model

United Kingdom	0.9 to 1.3
Italy	0.5 to 0.9
United States	0.4 to 0.7
France	0.2 to 0.5
Germany	0.1 to 0.3
Japan	0.0 to 0.2

- This means the British market is among the bond markets with higher term premiums, significantly higher than in countries such as Japan and Germany.

Source: Bloomberg. LBBW Research

Quod licet Jovi, non licet bovi

S&P 500 and 10-Year Treasury Note Yield

Daily Values

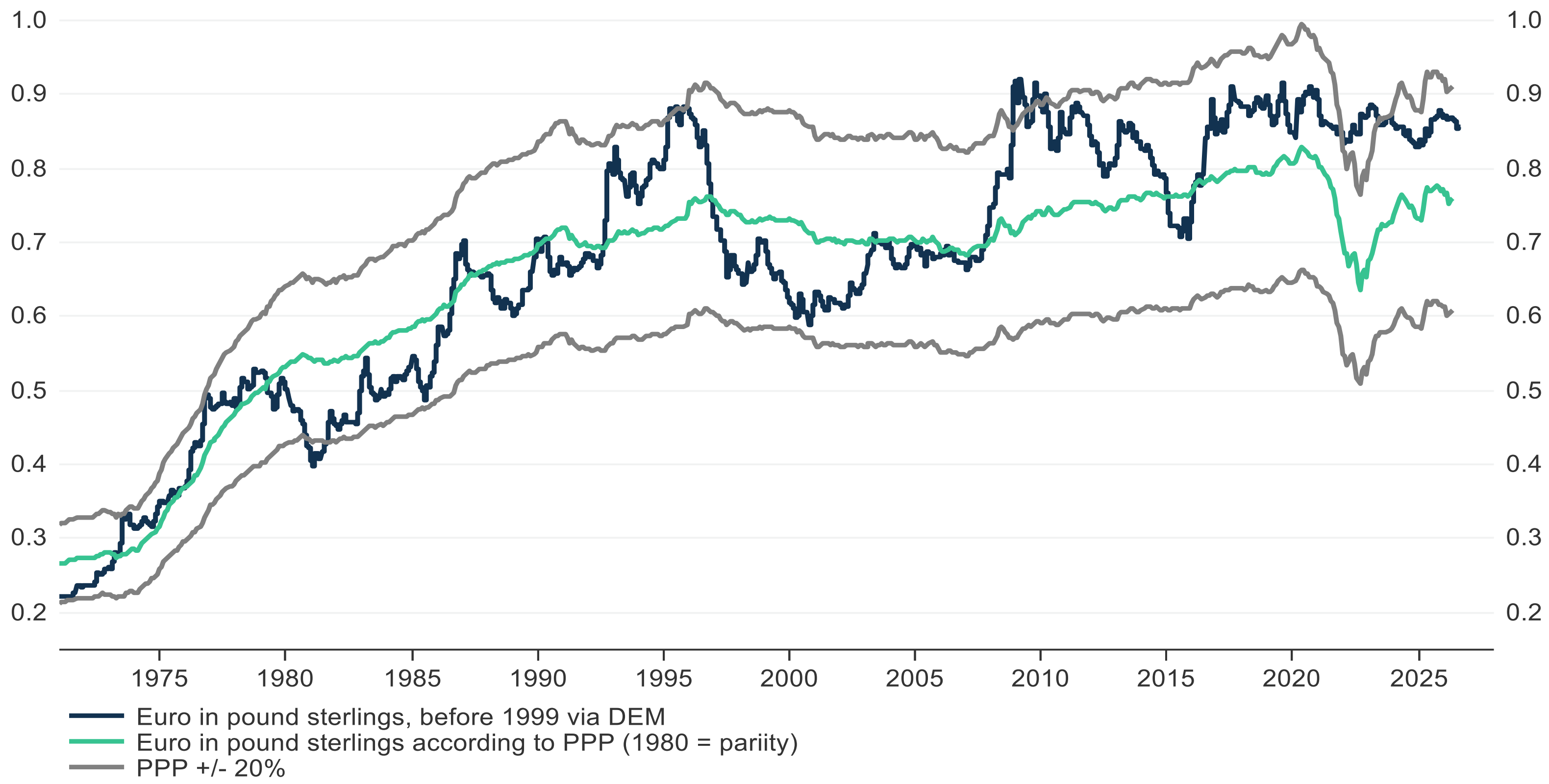
- **What Washington is allowed to do, is by no means permitted in London.**
- In the United States, the "Tax Cut and Jobs Act (2017)," which included extensive tax cuts, did not lead to market distortions.
- U.S. stocks continued to rise, and Treasury yields rose only moderately.
- The Trump tax reform was expected: No surprise shock for the markets.
- Market participants expected growth to result from higher profits and increased investment.
- **Special U.S. Status: The U.S. dollar as the world's reserve currency and a deep capital market allow for greater fiscal flexibility.**

Source: LSEG, LBBW Research

The pound is significantly undervalued based on PPP

Euros in Pounds Sterling and Exchange Rate Based on PPP

Monthly figures



- According to our purchasing power parity (PPP) calculations, the pound sterling is currently significantly undervalued against the euro.
- The persistent undervaluation is likely also a reflection of an increased fiscal risk premium. The foreign exchange markets thus continue to price in uncertainty regarding the United Kingdom's fiscal outlook.
- Assuming a gradual normalization of this risk premium, we expect the pound sterling to appreciate against the euro over the longer term.
  In the short to medium term, however, we expect the pound to trade sideways against the euro.

Source: LSEG, LBBW Research

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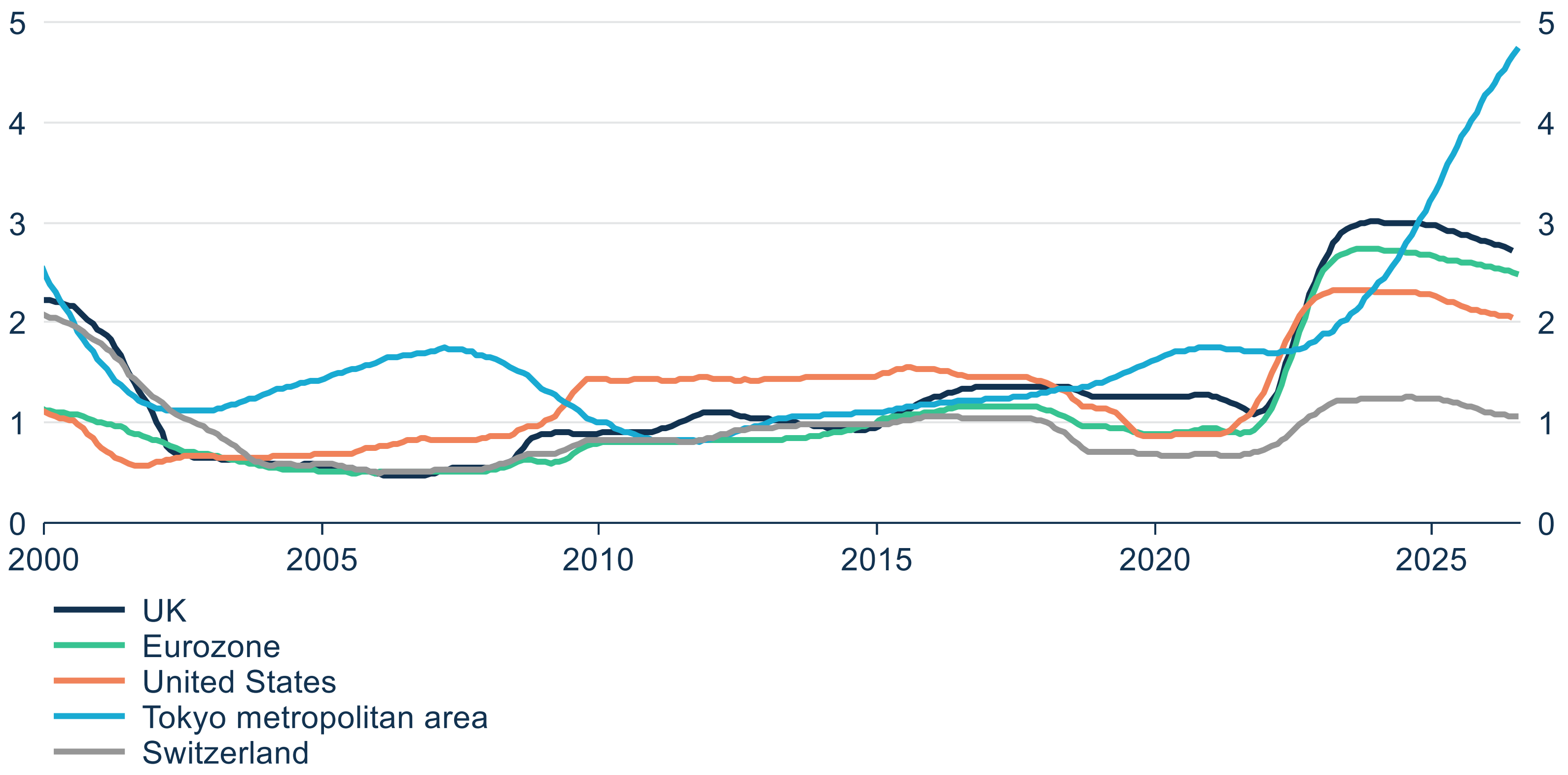
In recent years, the UK inflation rate has fluctuated more widely than that of other countries

Standard Deviation of Inflation Rates

Over ten years, in %



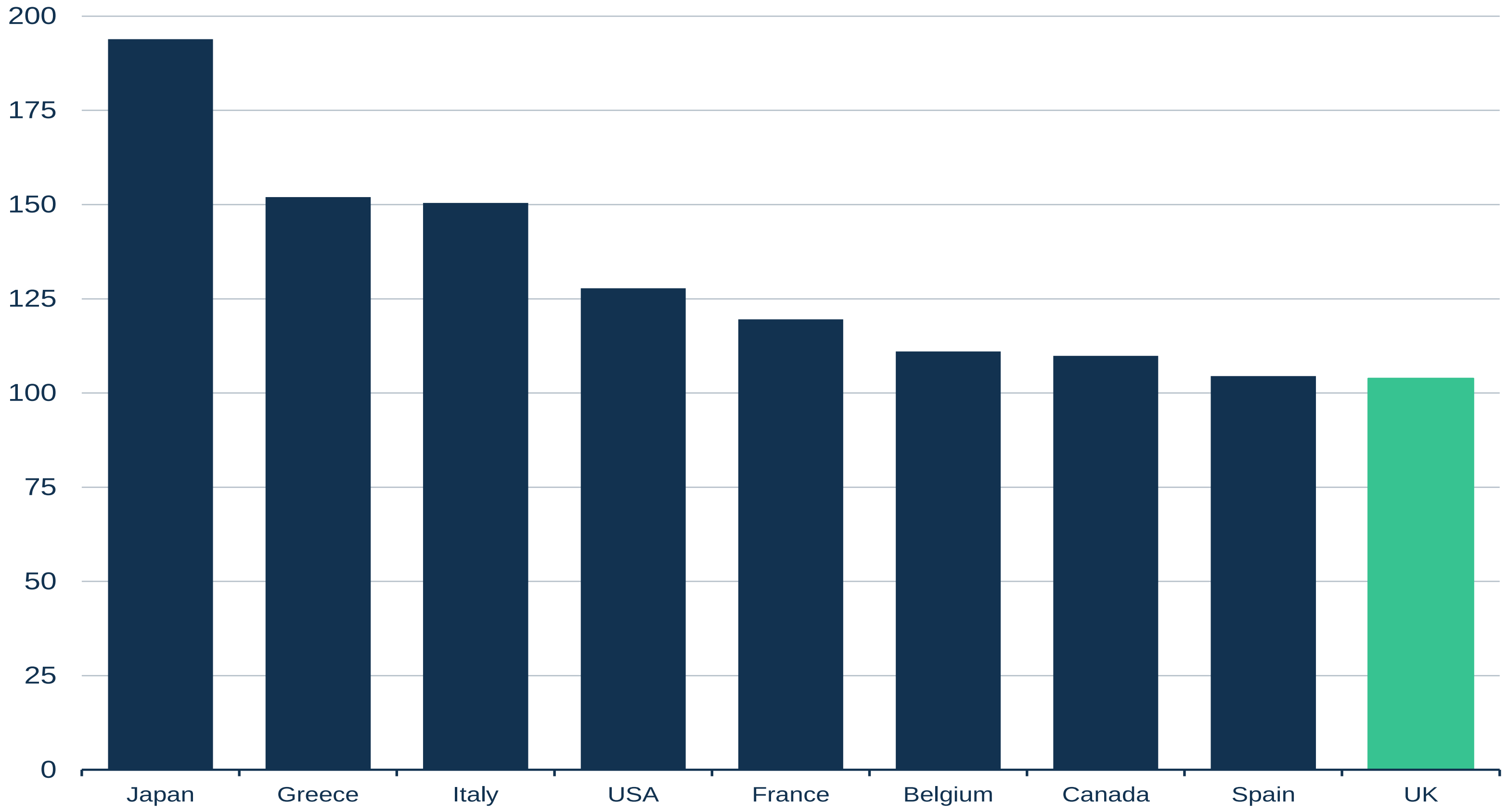
- In recent years, the British inflation rate has fluctuated more than the inflation rates in the eurozone, the United States, and Switzerland.
- The volatility of the British inflation rate is cited as one reason for the higher term premium on British government bonds.

Source: LSEG, LBBW Research

But: Things aren't much better elsewhere!

National Debt

Annual figures, as a percentage of GDP; OECD forecasts for 2026



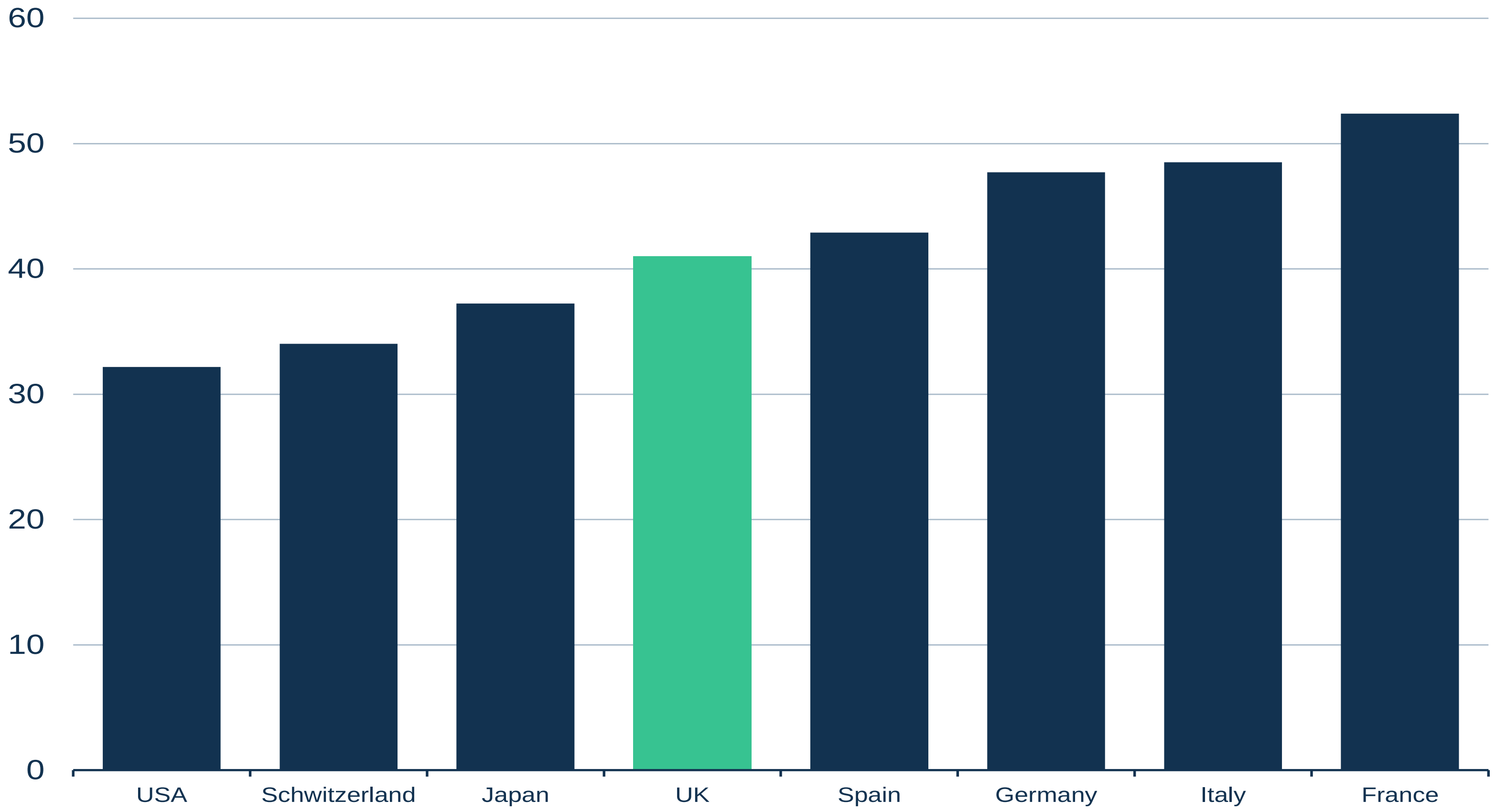
Source: OECD, LBBW Research

- For nine of the 32 OECD member countries, OECD experts project that the public debt-to-GDP ratio will exceed 100% in 2026.

There is still room for improvement in government revenue

Government Revenue

Annual figures, as a percentage of GDP; OECD forecasts for 2026



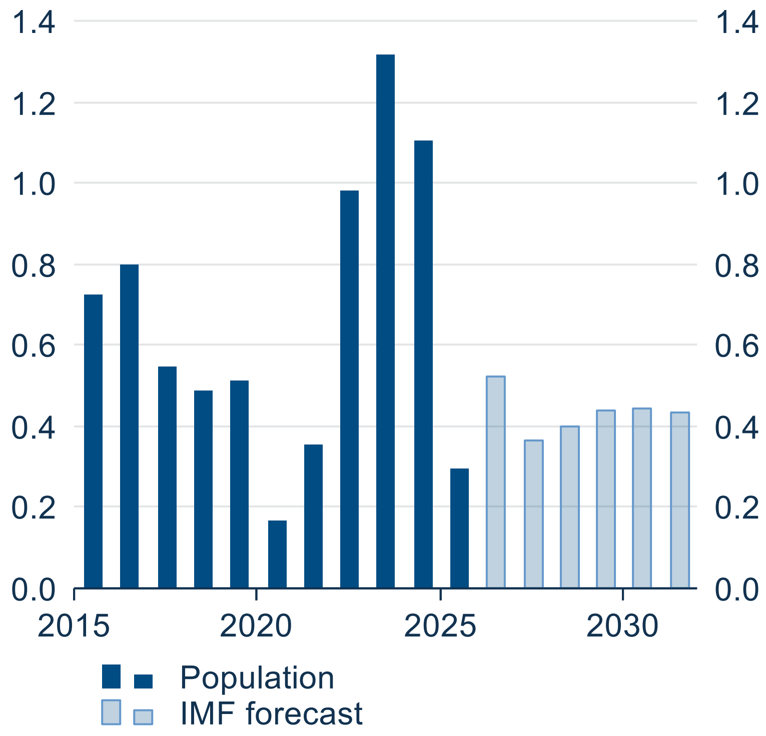
Source: OECD, LBBW Research

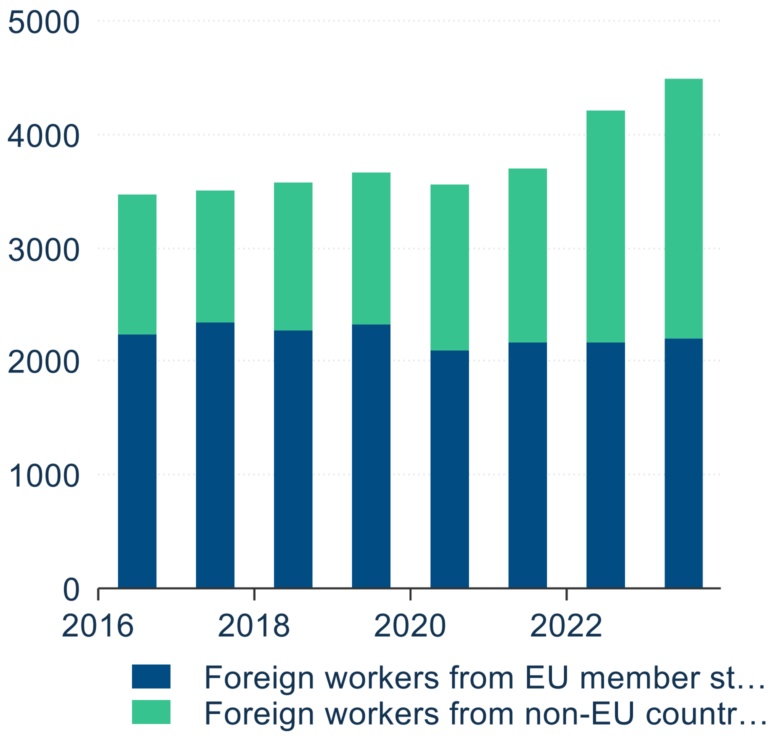
- While there is still some room for growth in government revenue, the Labor Party ruled out increases in income tax, value-added tax, corporate tax, and social security contributions during the House of Commons election campaign.

The UK is attractive to immigrants

Population and Foreign Workers

Change from the previous year, in % or in thousands of employees





- The United Kingdom is an attractive destination for immigrants. Net immigration is clearly positive. This is reflected in population growth.
- The majority of immigration from non-EU countries involves people pursuing higher education. This is followed by migrant workers and refugees.
- Brexit has not left any lasting scars. A decline in the number of workers from EU countries was more than offset by an increase in the number of workers from non-EU countries.

Source: LSEG, LBBW Research

"Soft Powers" strengthen the United Kingdom

- The United Kingdom has one of the oldest parliamentary traditions in the world.
- The energy supply is secure thanks to the country's own oil and gas reserves.
- London remains one of the three most important global financial centers. The independence of the Bank of England is widely accepted.
- English as a global language gives the United Kingdom a lasting competitive advantage. British contract and corporate law is held in high regard internationally.
- World-class universities attract talent from all over the world.
- The United Kingdom is a permanent member of the UN Security Council. The British Secret Service (MI6) is highly regarded. It is part of the "Five Eyes."
- In times of crisis, the royal family serves as an emotional anchor and is a flagship for the country on the international stage.

Source: LBBW Research

Conclusion

Despite low productivity, high public debt, and a chronic current-account deficit, the United Kingdom has exceptionally strong institutions, a world-leading financial center, excellent universities, and considerable influence in foreign and security policy.

In our view, the structural advantages of the UK as an investment location argue against a sustained increase in the risk premium or term premium on British government bonds.

03

Macro: The outlook is brightening

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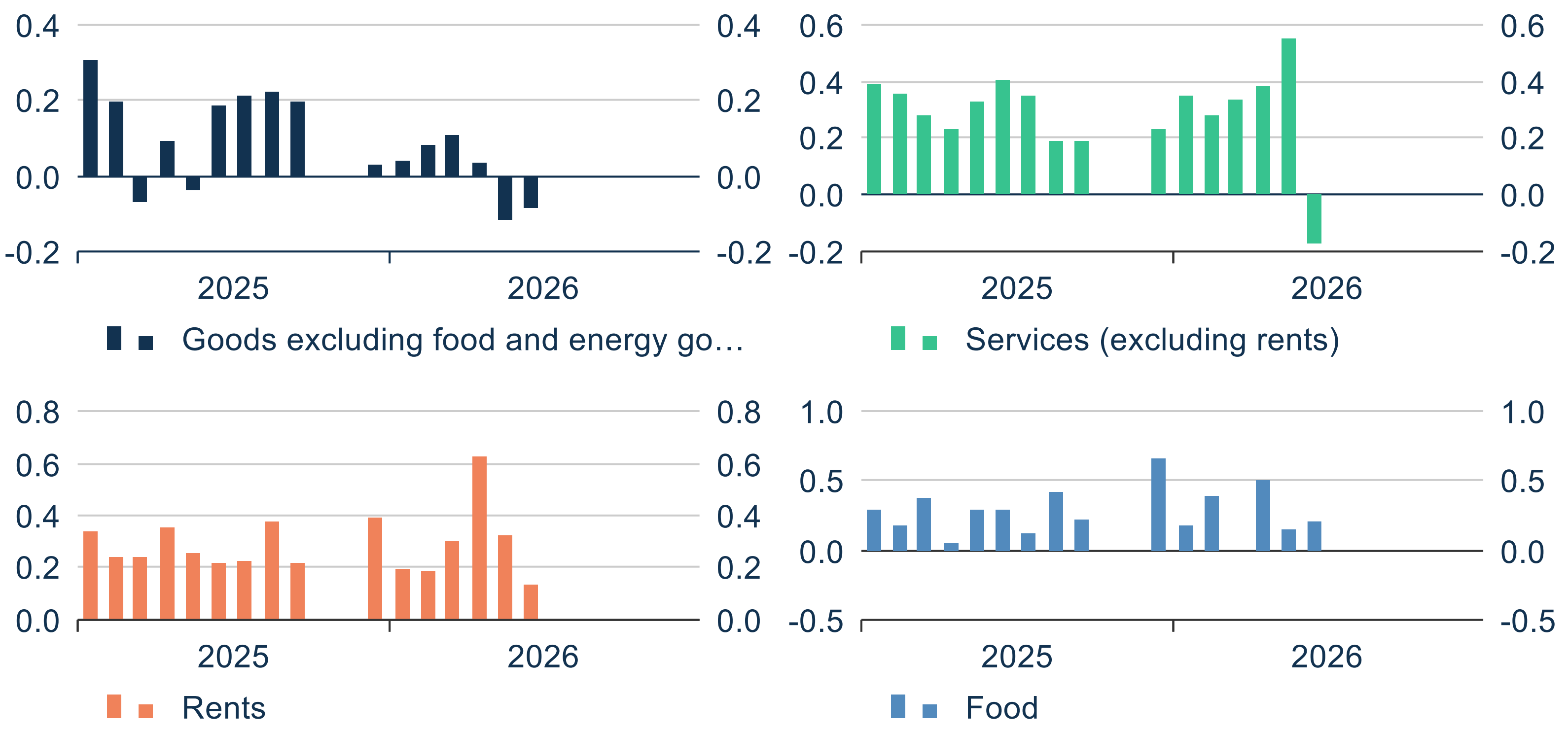
U.S. Inflation Surprisingly Low Across the Board in June

Consumer Price Groups

Seasonally adjusted monthly figures, change from the previous month, in %



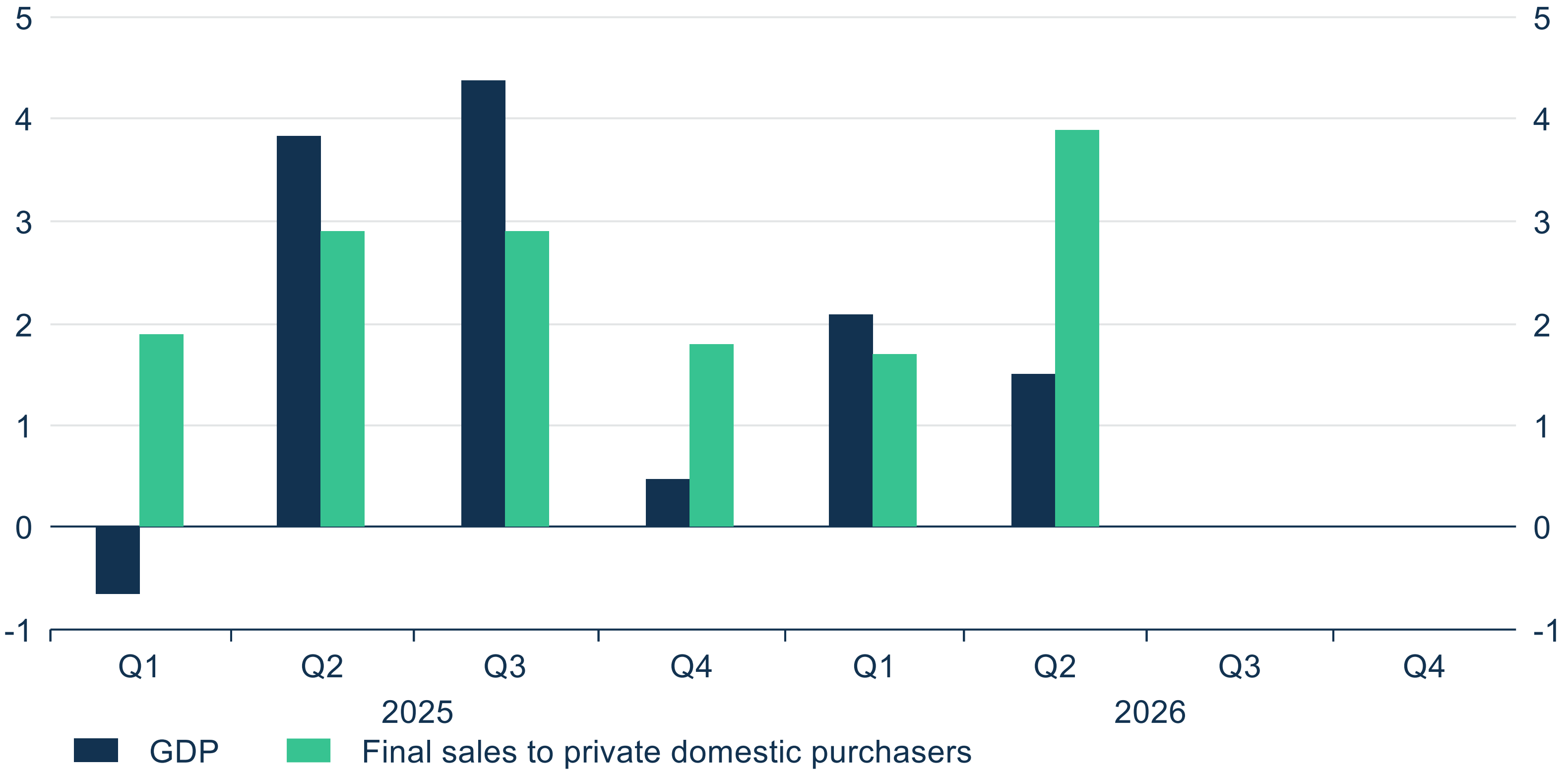
- The U.S. Consumer Price Index fell by 0.4% in June compared with the previous month. This was primarily due to developments in energy prices.
  Prices for industrial goods fell by 9.5% compared to the previous month.
- The rates of change in other price groups have also turned out to be surprisingly low (see graph).
- Despite this surprisingly low inflation rate for June, we are leaving our U.S. inflation forecast for 2026 as a whole at 3.6%, as crude oil prices could start to rise again following a resurgence of fighting in the Persian Gulf.

Source: LSEG, LBBW Research

U.S. GDP Is Disappointing Only at First Glance

U.S. GDP and Private Domestic Demand (excl. inventories)

Seasonally adjusted quarterly figures, annual rate, in %



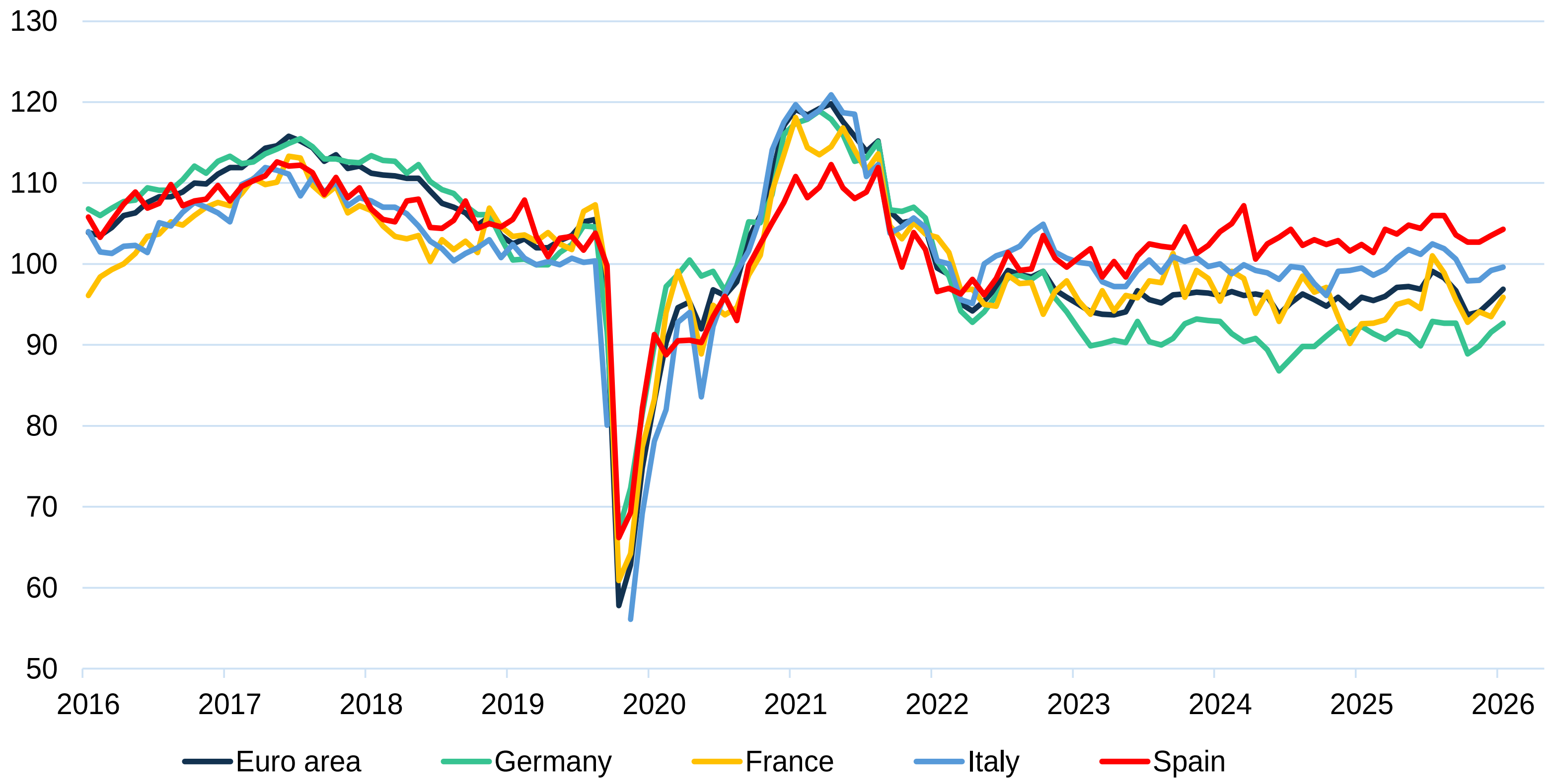
- Although the U.S. economy grew at an annual rate of 1.5% in the second quarter of 2026, this growth fell short of both general expectations and the growth recorded in the first quarter. However, this does not mean that the U.S. economy is cooling off.
- Domestic private demand excluding inventories—a kind of core GDP—grew at an annual rate of just under 4% in the second quarter.
  This shows that the underlying economic momentum is robust.
- The Atlanta Fed's GDPNow model forecasts GDP growth of 5.0% for the third quarter!

Source: LSEG, LBBW Research

EMU: Sentiment is improving

EMU and E-4: Economic Sentiment

Monthly figures



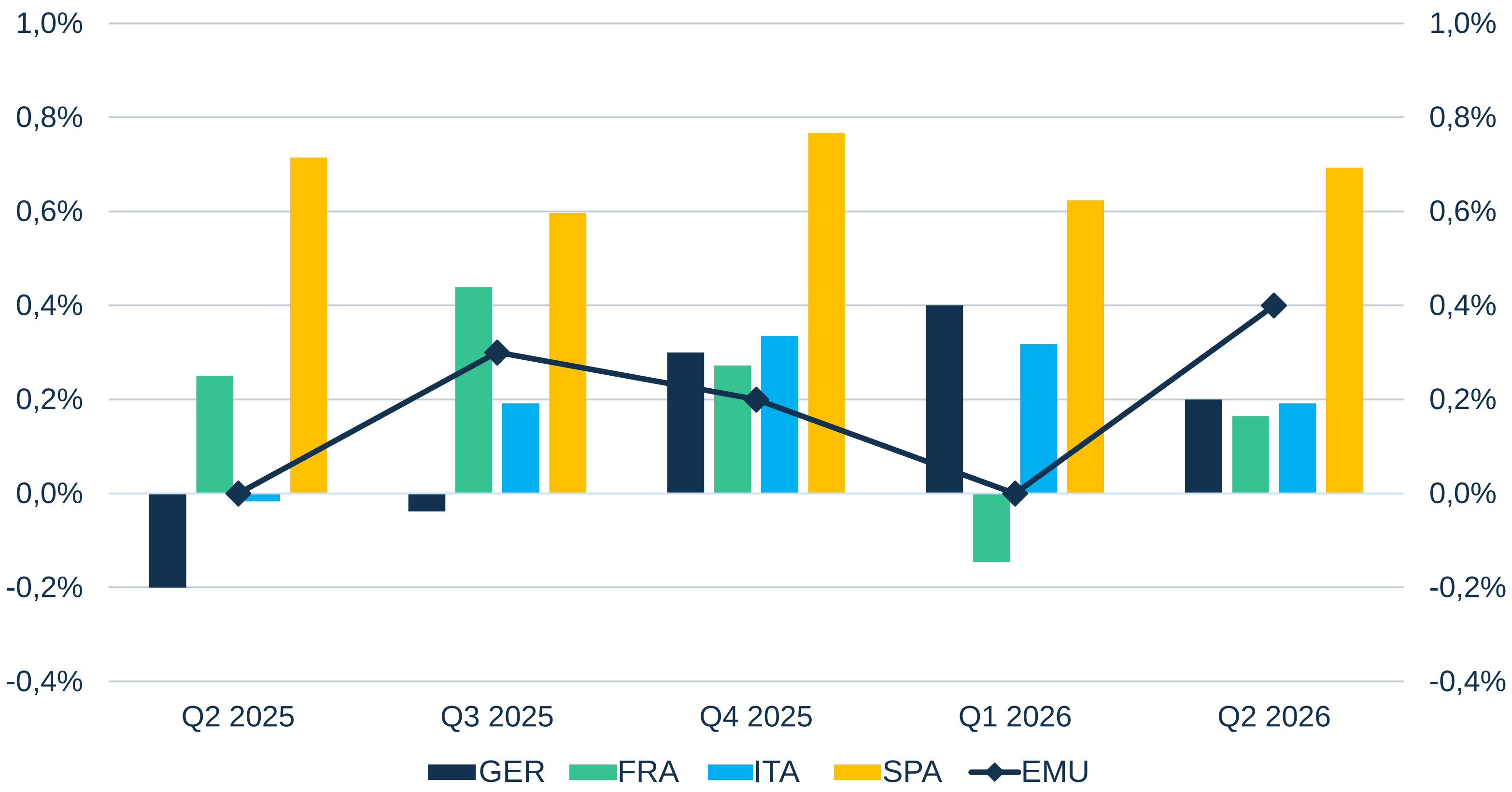
Source: LSEG, LBBW Research

- The Economic Sentiment Index showed signs of recovery during the reporting month of July.
  For the eurozone as a whole, the index rose from 95.4 points to 96.9 points. The index rose in all major countries. In France, the upturn was strongest
  (95.9 index points, up from 93.5 points).
- That said, it has not yet made up for the shock following the start of the war with Iran. But sentiment has been back within the range since around mid-2023.

EMU GDP: Q2: Surprisingly Good

EMU and E-4: GDP QoQ

Quarterly Results



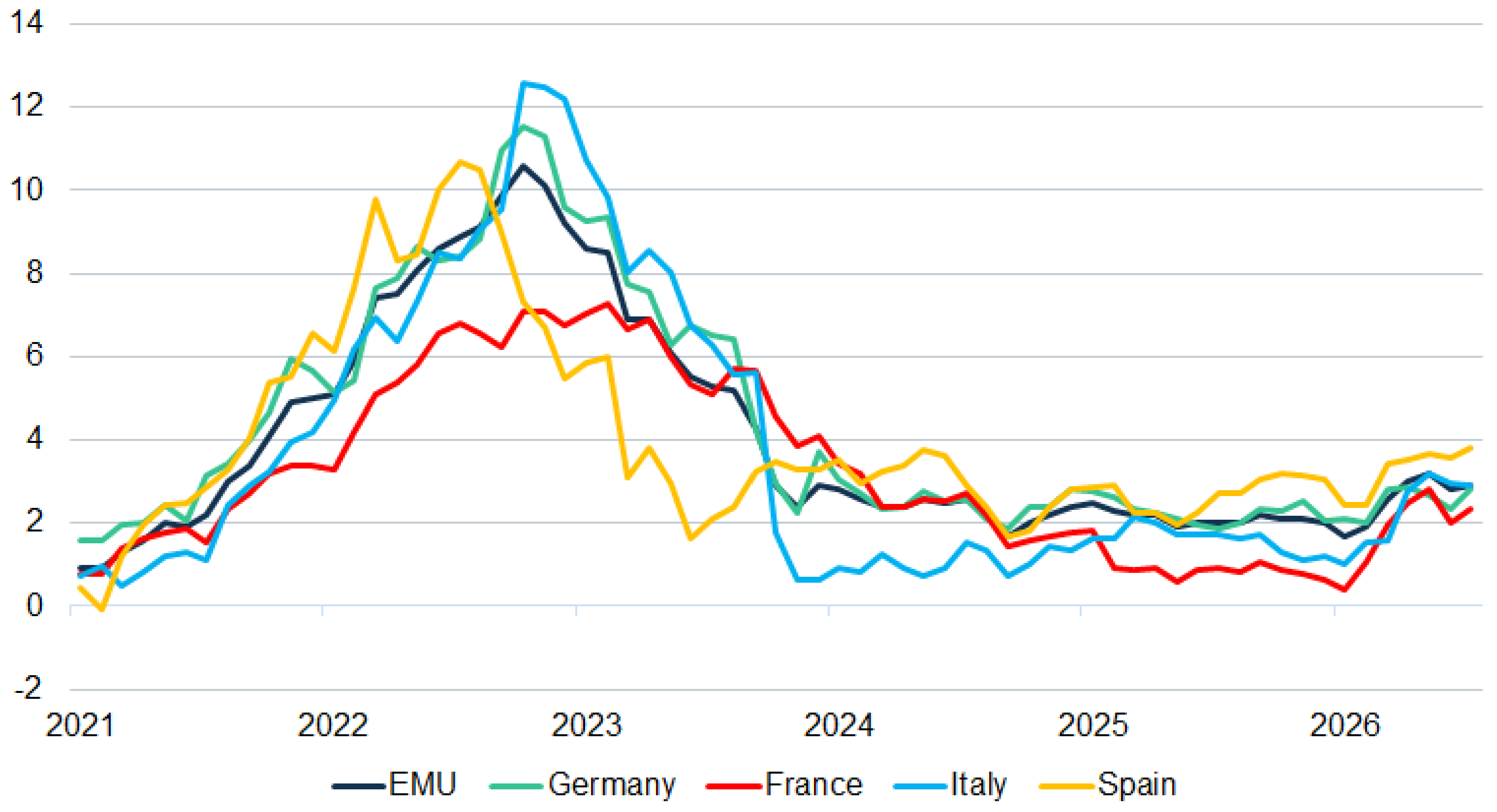
- According to a preliminary estimate by Eurostat, in the second quarter GDP performed better than expected. Growth rose to 0.4%. Spain is slightly ahead; in other major countries, the increase was 0.2%.
- According to the latest estimates, GDP stagnated in the first quarter. The special case of Ireland was revised in Q1 from -12.1% to -7.0%. For Germany, the figure is 0.4% (instead of 0.3%).

Source: LSEG, LBBW Research

EMU Inflation Rose to 2.9% in July

EMU and E-4: HICP Y/Y

Monthly figures



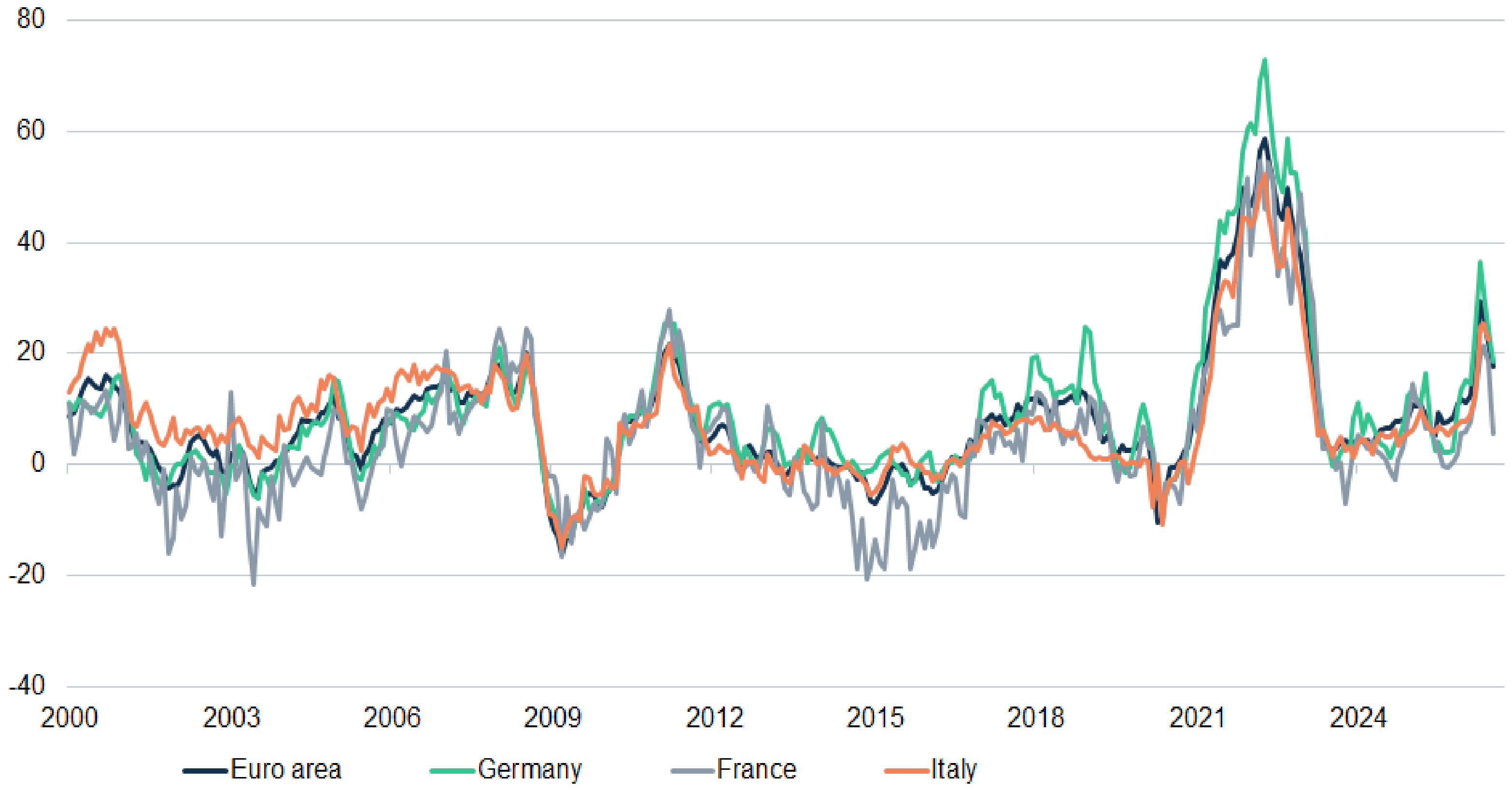
Source: LSEG, LBBW Research

- Inflation in the eurozone rose slightly from 2.8% to 2.9% in July.
- One factor contributing to this was the expiration of the two-month reduction in the energy tax in Germany. There, inflation (HICP) rose from 2.4% in July to 2.8%.
- The German inflation rate, calculated based on the national CPI, stood at 2.3% in June. It then rose to 2.8% as well.

EMU: Price pressure is easing somewhat

EMU and E-4: Selling Price Expectations

Monthly figures



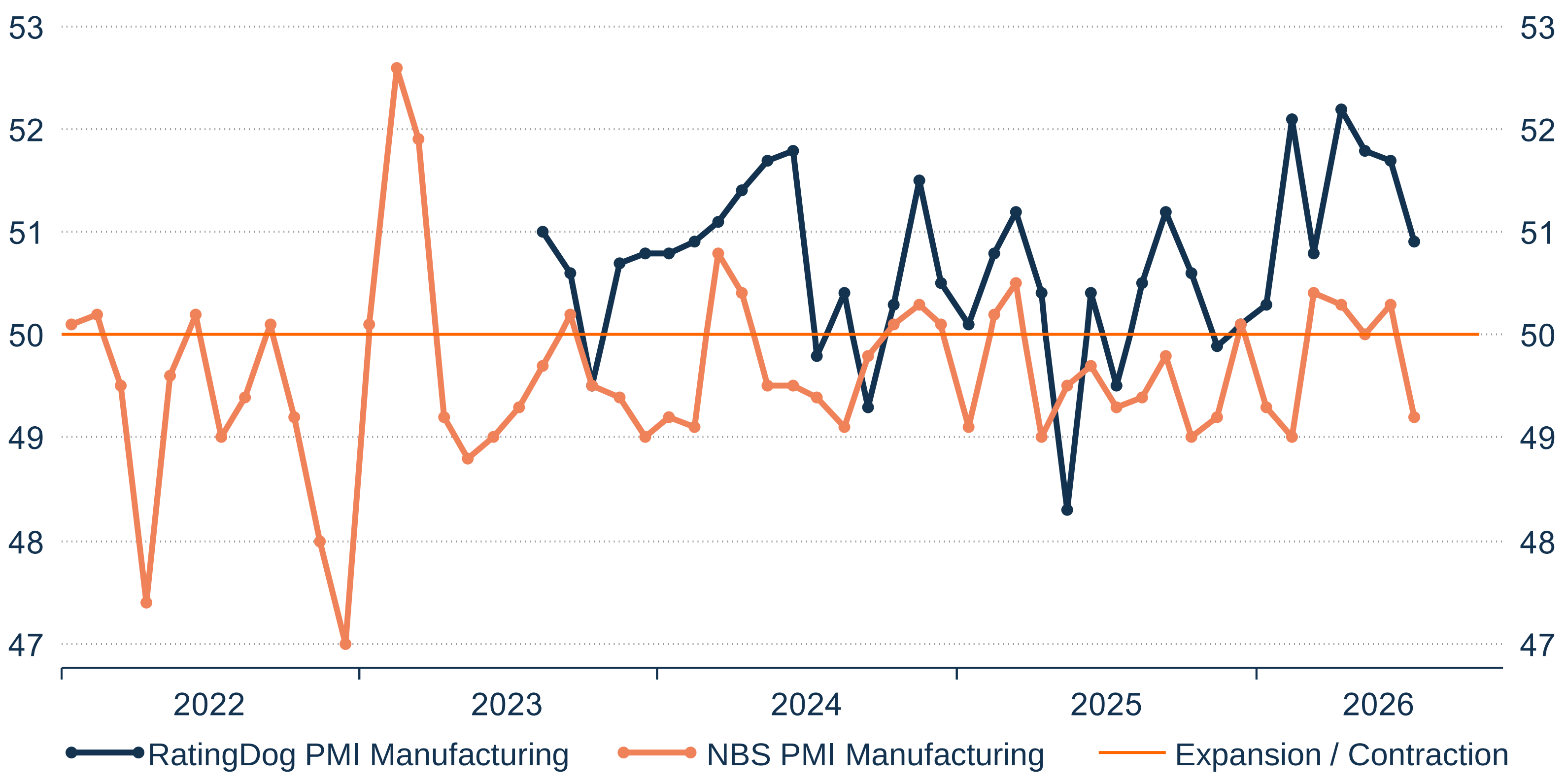
- Selling Price Expectations for July indicate slightly less price pressure; these expectations have fallen from 22.1 index points to 17.7 points.
- The decline was most pronounced here for France (from 18.5 points to 5.7 points). No figures are available yet for Italy for July.

Source: LSEG, LBBW Research

China's Industrial Production Unexpectedly Slows in July

Manufacturing Purchasing Managers' Indices

50 = Expansion Threshold



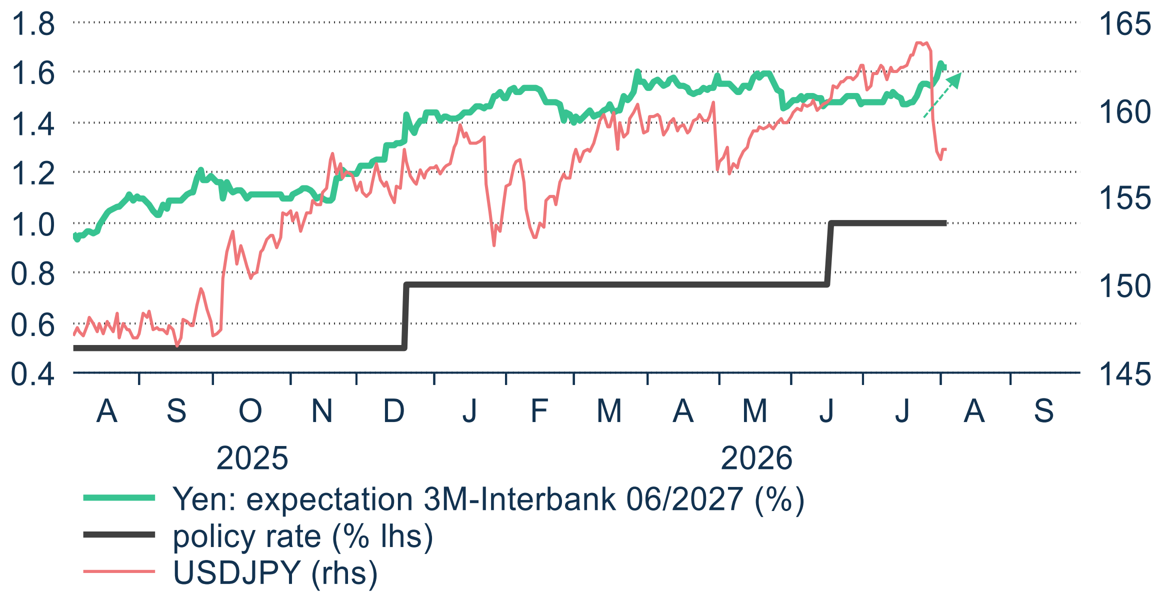
Source: LSEG, LBBW Research

- China's manufacturing sector lost significant momentum in July. The government-compiled PMI for the manufacturing sector, , came in at 49.2 points—well below the 50-point growth threshold (June: 50.3).
- The sharp decline is likely also related to weather disturbances in numerous provinces.
- The RatingDog PMI, which focuses more on export-oriented companies, also declined but remained in expansionary territory at 50.9 (June: 51.7).
- The Politburo meeting at the end of July yielded no new information. The rhetoric suggests that, for the time being, only moderate support measures are planned. The growth momentum from the world's second-largest economy is likely to remain limited for the time being.

Japan: The BoJ and the Fed are working together to prop up the yen

Key Interest Rate and 3M-Interbank Rate Forecast as of June 2027 vs. USDJPY

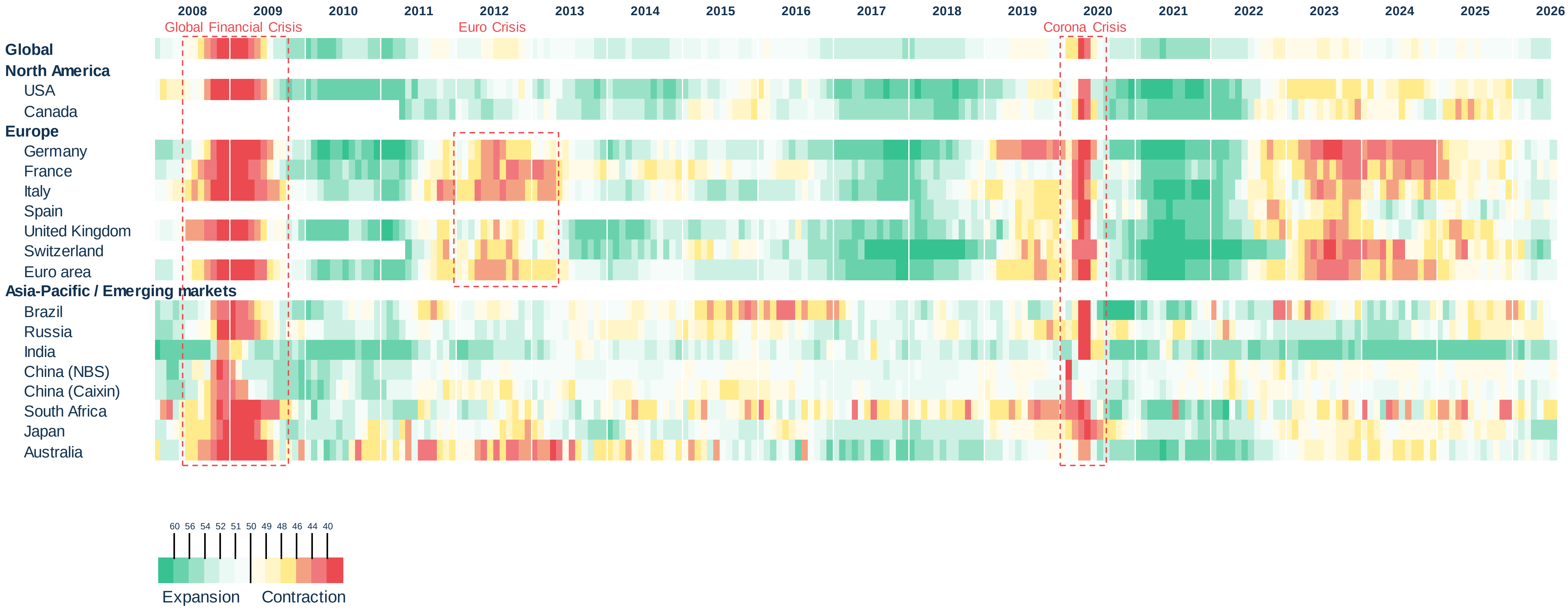
in %



- The BoJ, together with the U.S. Federal Reserve, intervened in the foreign exchange market to prop up the yen. Apparently, with the backing of the U.S. Federal Reserve, more market participants have now jumped on the bandwagon than during the BoJ's previous isolated interventions, thereby amplifying the movement.
- The effects of the interventions are likely to wear off soon and then be reversed if no further measures are taken. Even support from the U.S. Federal Reserve does not alter the underlying factors that led to the yen's weakness.
- We still expect an interest rate hike in Japan this fall. The U.S. Federal Reserve's willingness to help prop up the yen now is also increasing pressure on the BoJ to do more to support the yen. This makes another interest rate hike in 2027 all the more likely.
- Interest rate expectations as of June 2027 rose significantly following the coordinated interventions.

Source: LSEG, LBBW Research

Manufacturing, global: Purchasing Managers' Indices



Sources: Bloomberg, LSEG, LBBW Research

04

Rates: Is Warsh's honeymoon already over?

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Fed: Warsh Irks People with His Sparse Communication

Market expectations for rate change per Fed meeting (in bps) and cumulative Probability of a 25-basis-point interest rate hike

Sources: Bloomberg, LBBW Research

- The hawks are speaking up:
  Three regional central bank presidents vote for a 25-basis-point interest rate hike.
- Fed Chairman Warsh is sticking to a sparse communication strategy, which appears to be causing uncertainty in the market.
- No explanation provided for the wait-and-see approach. Warsh refuses to comment on how the Fed intends to achieve the return to price stability he has promised. The market is wary of the introduction of new measures of inflation.
- => The short-term outlook for key interest rates depends primarily on the Iran war. If tensions do not ease, the FOMC majority for a wait-and-see approach will be in jeopardy.
- Will Warsh use the Jackson Hole Symposium to explain his strategy?

U.S. Bond Market: Premature praise for Warsh is being retracted

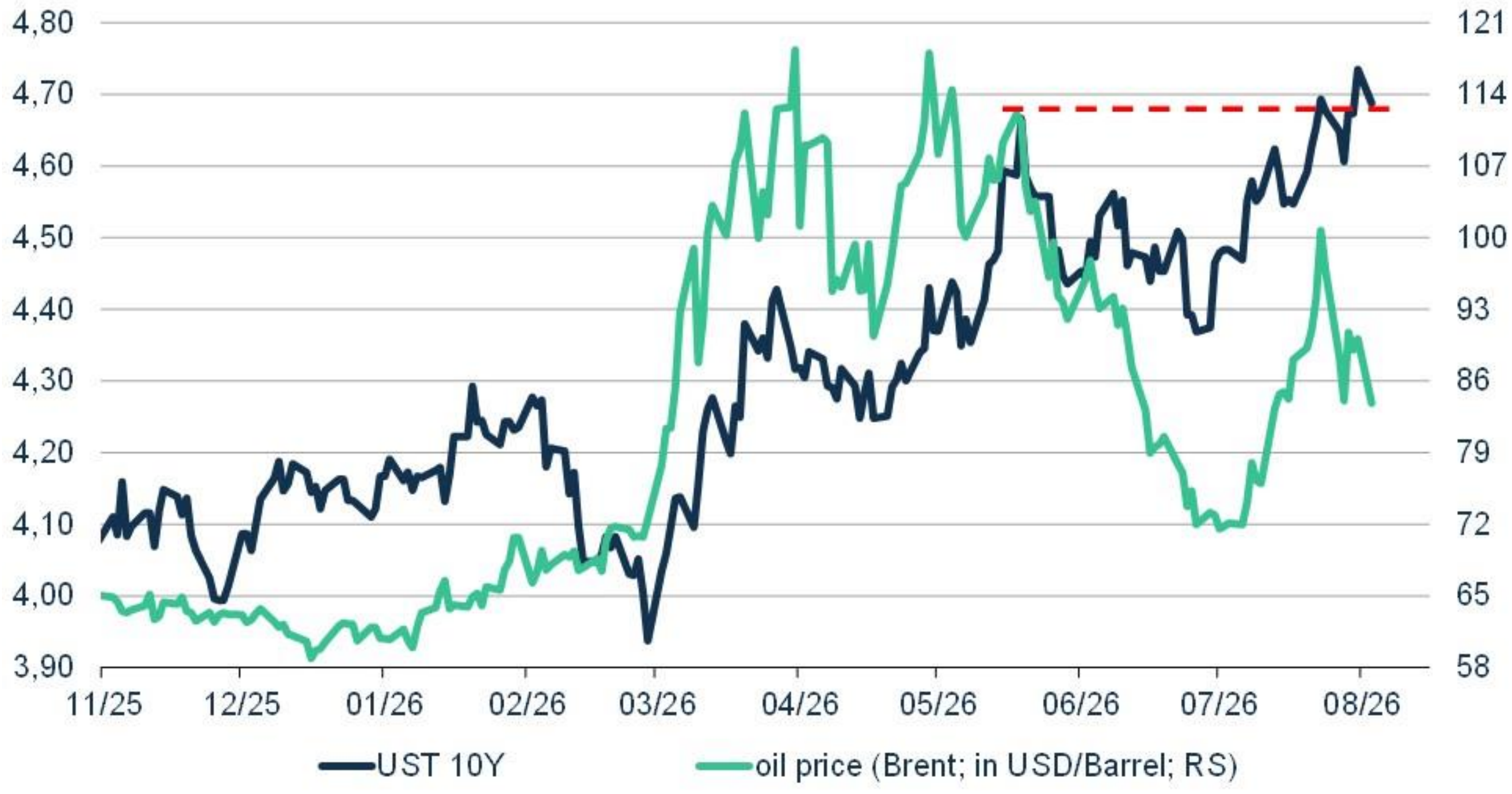
10-Year to 2-Year yield spread on the U.S. Treasury yield curve and the Bund yield curve

Sources: Bloomberg, LBBW Research

- Investors in the U.S. bond market appear to be once again casting increasing doubt on Kevin Warsh's promises regarding credibility, stability, and independence.
- In our view, Warsh wants to “wean” the markets off the “tight lead” caused by the Fed’s forward guidance.
- His communication style threatens to reignite concerns about behind-the-scenes political influence.
- The steepening of the U.S. dollar yield curve following the most recent Fed meeting is, in part, due to a slight dampening of speculation about interest rate hikes.
- On the other hand, we see the steepening as a sign of a renewed rise in term premiums (= uncertainty premiums) for long-term U.S. Treasuries.

U.S. Bond Market: Dependence on the course of the war in Iran remains high

Yield on 10-Year U.S. Treasuries and Brent oil price (in USD/barrel)

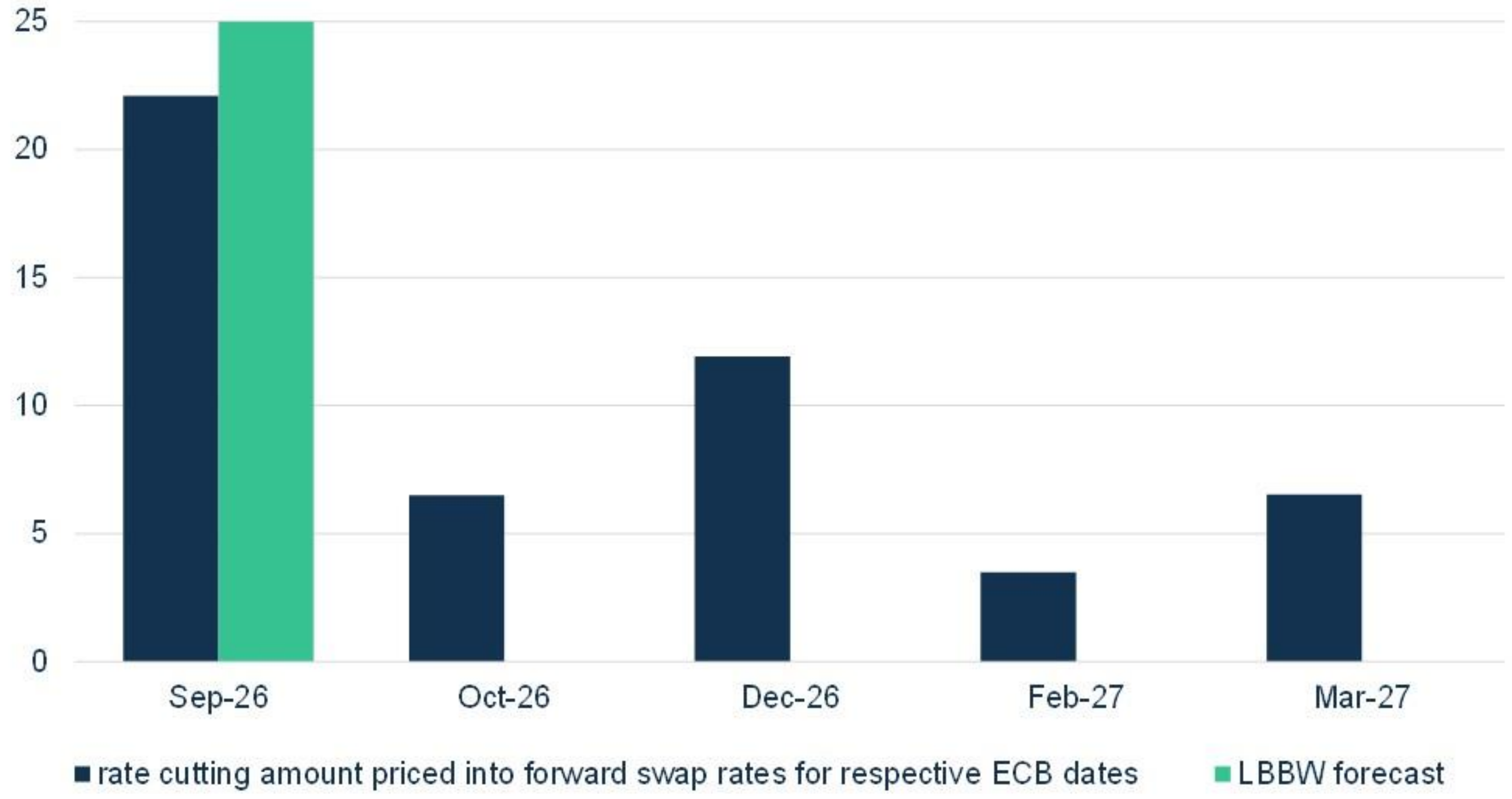


Sources: Bloomberg, LBBW Research

- Since the Iran war flared up again in early July, the bond bears have generally been gaining ground.
- The 10-year Treasury yield hit a new annual high of just over 4.70%.
- A bond-negative chartist impulse could escalate into a sell-off in the event of a renewed escalation in the Middle East.
- In our base-case scenario, we assume a sustainable easing of tensions in Iran by the end of the summer. A return to normalcy in the Strait of Hormuz should pave the way for a meaningful rebound in the bond market.
- In a worst-case scenario involving sharply rising inflation concerns, however, the benchmark yield is likely to approach the 5% mark soon.

ECB:
Interest rate hike in September all but certain, …

Market expectations for key interest rate changes per ECB meeting (in bps), including LBBW's forecast



Sources: Bloomberg, LBBW Research

- Rate pause unanimously approved on July 23.
- ECB President Lagarde largely avoids providing guidance on further steps.
- According to Lagarde, inflation risks remain “on the upside.” They had set aside the more balanced assessment from the Sintra Symposium due to July‘s escalation in the Middle East.
- The inflation assessment is likely to be a hint that interest rates will be raised in September, unless the situation in the Middle East eases quickly and significantly.
- Following a 25-basis-point interest rate hike in September, we expect the deposit rate to remain at 2.50% for some time to come.

… Meanwhile, medium-term market expectations are off the mark

Yields on 10-Year Bunds and market expectations for the ECB's key interest rate peak in the current cycle

Sources: Bloomberg, LBBW Research

- The market consensus expects at least one, and possibly even two, additional ECB moves after September.
- The (implied) expectation of a key interest rate peak at 3% seems excessive to us, since such a scenario would require massive second-round effects as well as signs of a price-wage spiral.
- To date, there isn‘t any credible evidence for either of these claims.
- In our view, excessive rate hiking expectations have been driven by investors’ increased desire to hedge against a 2022 scenario.
- If tensions in the Middle East ease (by the end of summer), the market is likely to pull back, which would open up room for a recovery in bond prices.

EUR Bond Market: Positioning in the options market offers hope that the market is bottoming out

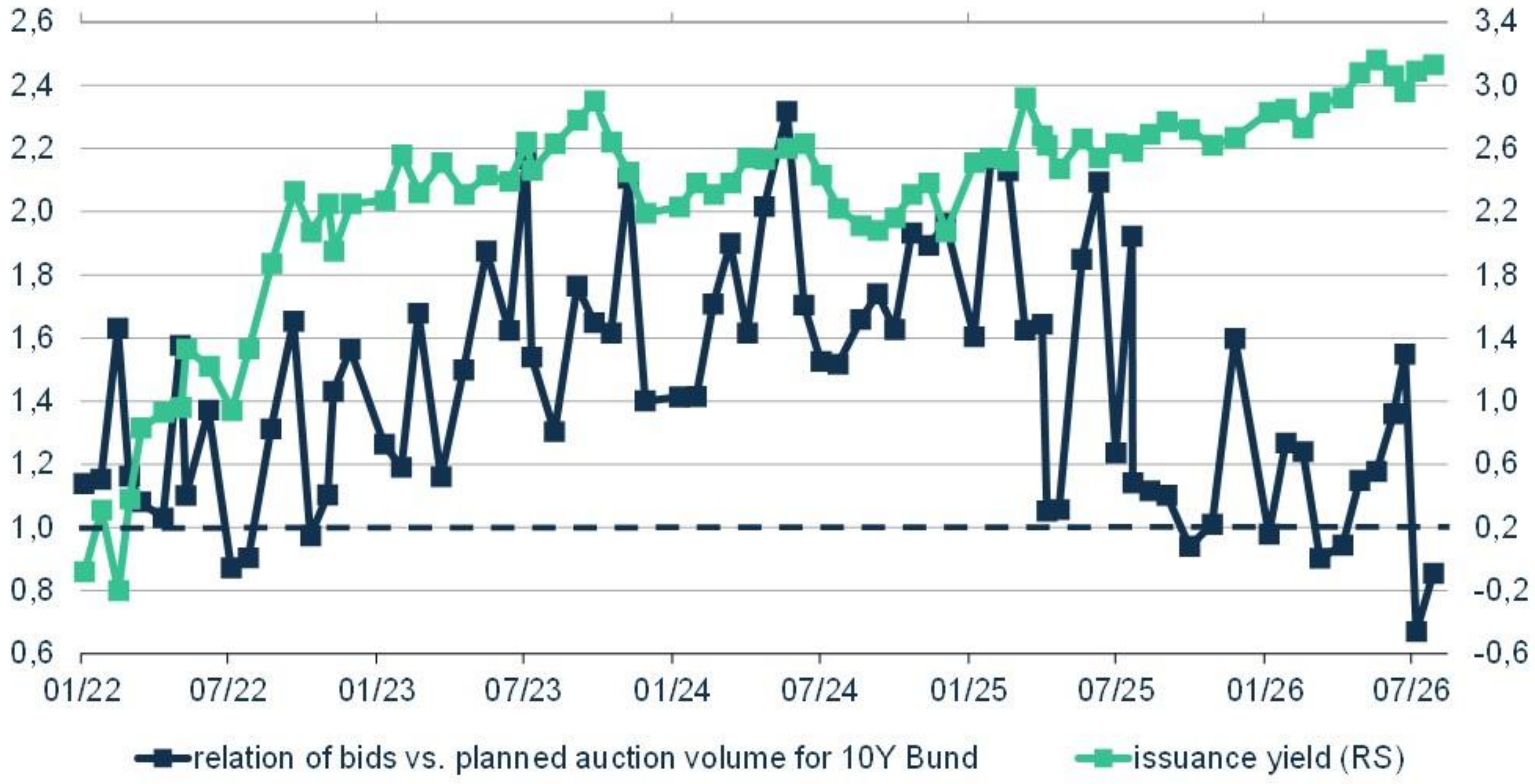
Bund Future and the ratio of call options to put options (open interest)

- Looking at the market for Bund futures options, the balance between bulls and bears appears to be more even than it has been for the vast majority of the past year and a half.
- Since early July, the balance has even shifted slightly in favor of the bulls.
- The pronounced downward trend in the Bund future since the beginning of 2025 has been largely associated with a clear dominance of bearish positions.
- Admittedly, the most recent shift in positioning, on its own, does not yet appear to be strong enough to signal a broader trend reversal. In our view, however, hopes that the market is bottoming out are growing.

Sources: Bloomberg, LBBW Research

EUR Bond Market: Investors keep showing restraint at auctions of 10-year Bunds

Nominal bid-to-cover ratio and issuance yield (in %) for auctions of 10-Year Bunds

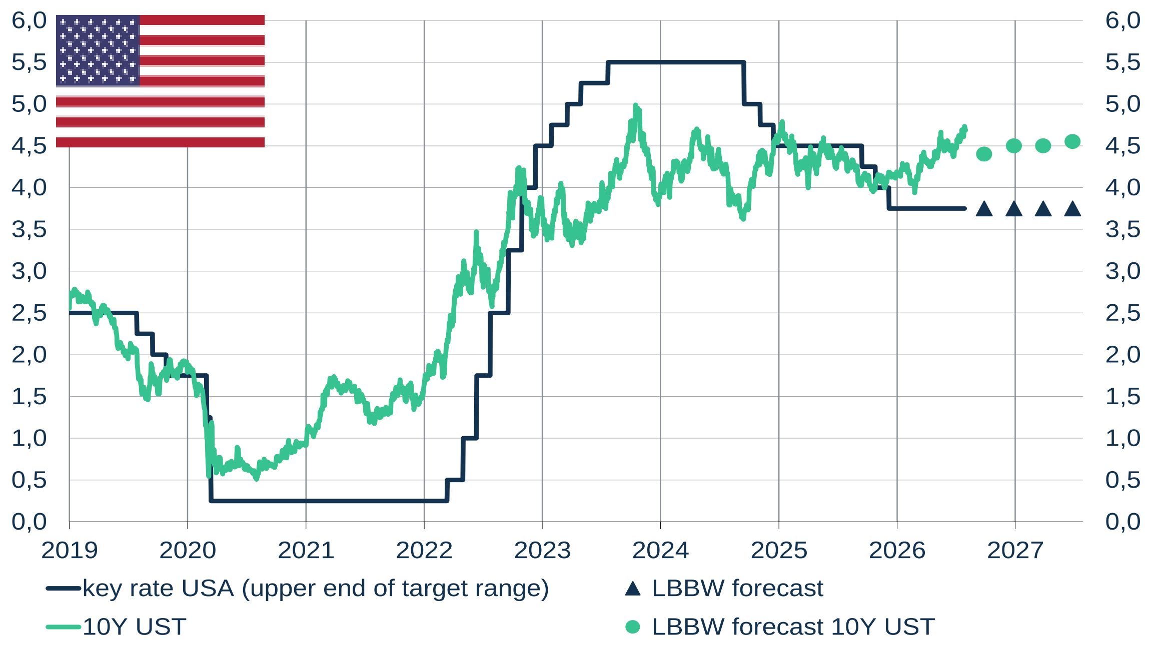


Sources: Bloomberg, LBBW Research

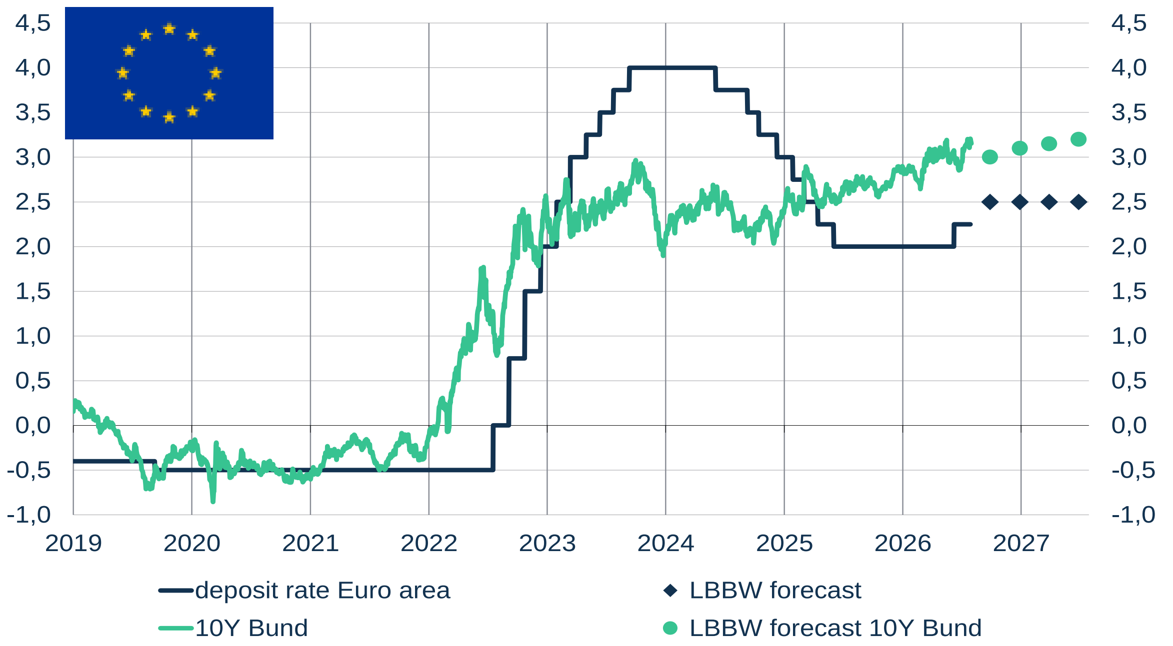
- In recent months, the primary market has repeatedly sent negative signals regarding investor appetite for long-term German government bonds.
- The most recent auction of 10-year Bunds did not generate enough demand to cover the planned issuance volume.
- It was already the fifth nominal shortfall this year.
- For the federal government, this is not a disaster, because it places the unsold volume on the secondary market (a practice known as “market care”).
- However, the frequency of shortfalls is cause for concern. Given the continuing rise in government borrowing needs, investors may demand higher premiums for long-term bonds.

Fed remains in wait-and-see mode, ECB raises deposit rate to 2.5%

U.S. Interest Rates and Forecast
in %



EUR Interest Rates and Forecast
in %



- Fed: Inflation once again in the spotlight: Wait-and-see approach wobbles unless Iran war shows a significant easing soon.
- Long-term U.S. Treasuries are under pressure due to concerns about their status as a safe haven and the surge in debt.

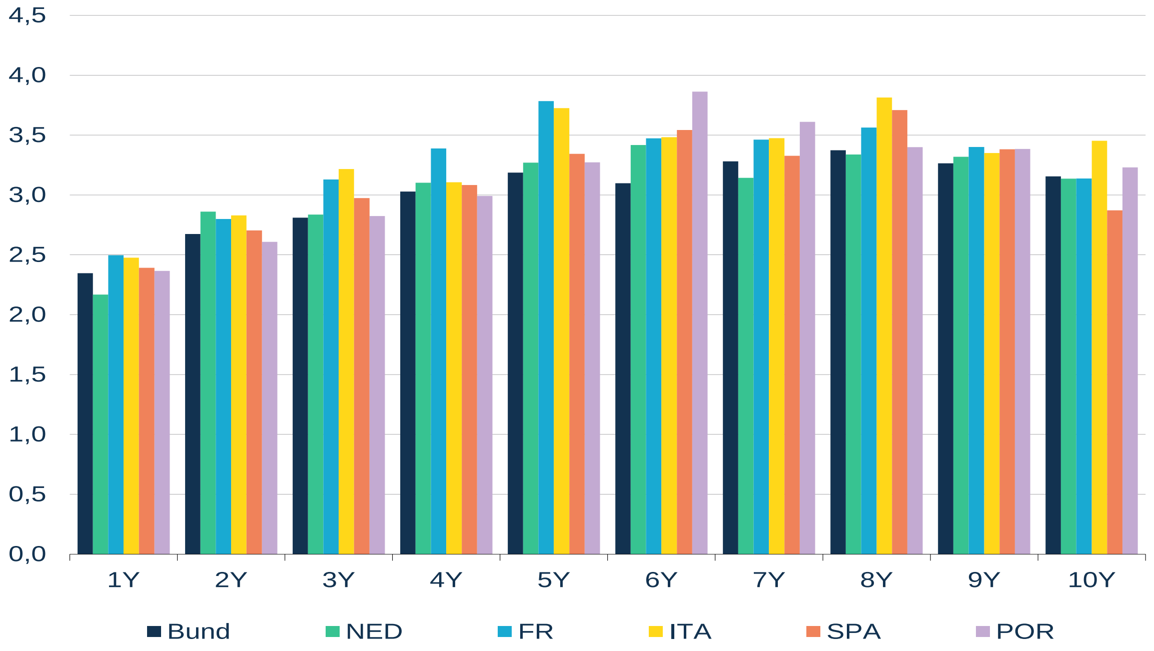
- ECB: Countering second-round effects is at the top of the agenda. At least one more interest rate hike by the end of 2026.
- Long-term interest rates: Persistent inflation risks and rising term premiums suggest the potential for further increases.

Sources: Bloomberg, LBBW Research

Expected Performances of Eurozone Government Bonds / U.S. Treasuries

EUR- Gov. Bonds Over a 12-Month Horizon

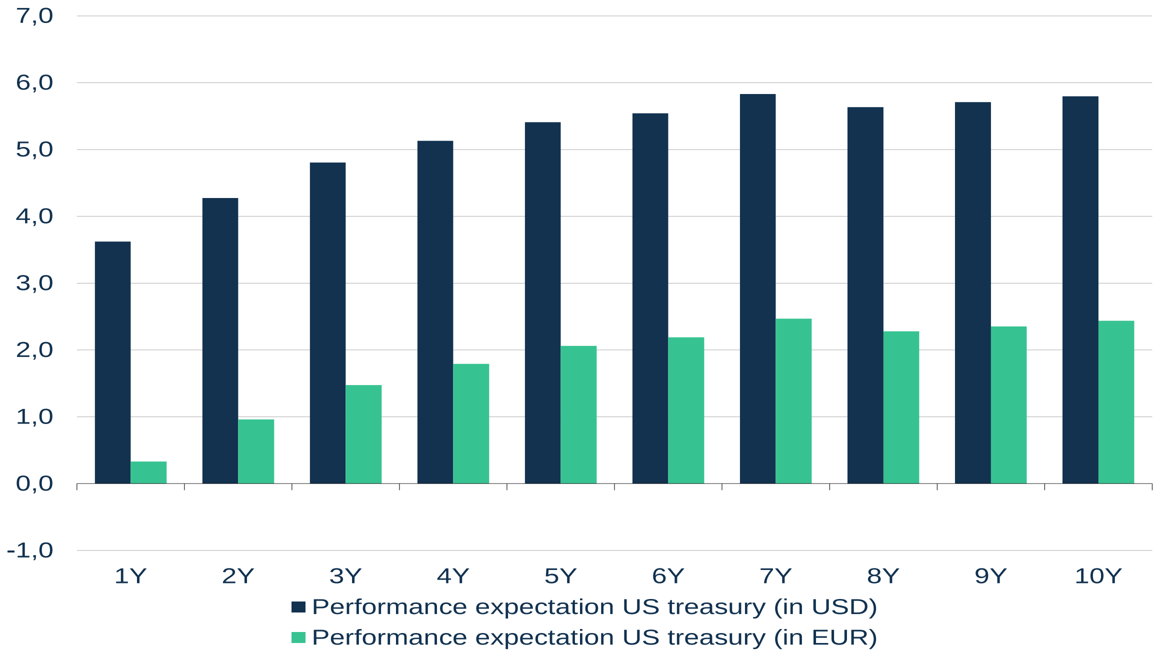
(in %; Assumption: moderate spread widening of 20%)



- The priced in tightening of monetary policy is a bit exaggerated; Long-term bonds, however, remain burdened by debt risks.
- Periphery spreads: Rating upgrades for now seem to have come to an end; in the medium term, risks of widening predominate.

U.S. Treasuries: 12-Month Outlook

(in %; in USD and EUR)



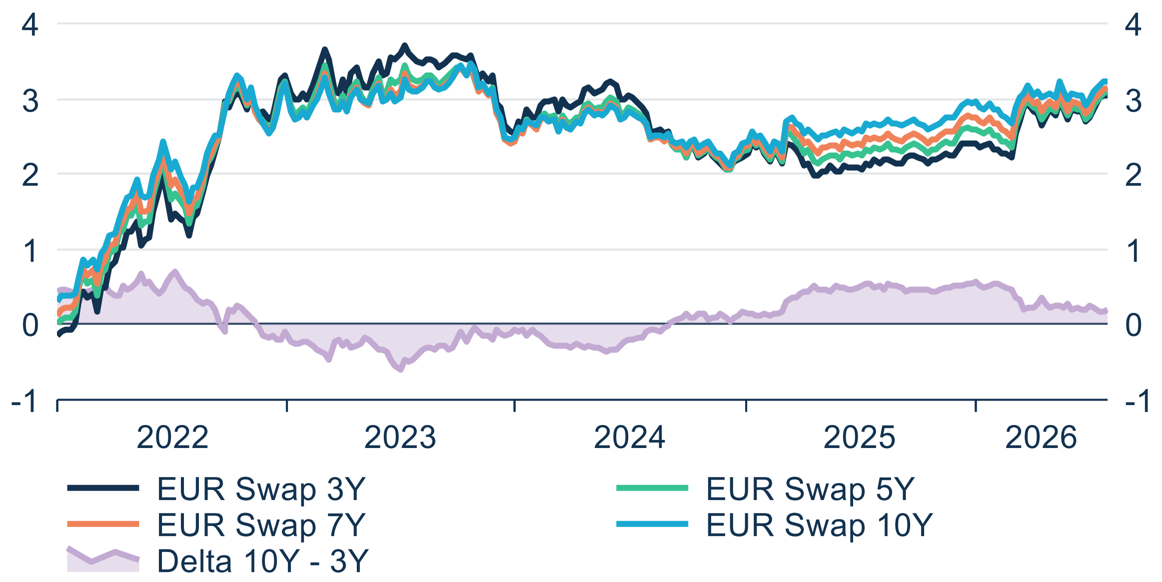
- U.S. dollar: Doubts about its reserve status are growing.In the medium term, the risk of a return to the downward trend prevails.
- The risk of a continued decline in prices for long-term U.S. Treasuries argues for underweighting duration.

Sources: Bloomberg, LBBW Research

Swap Yields

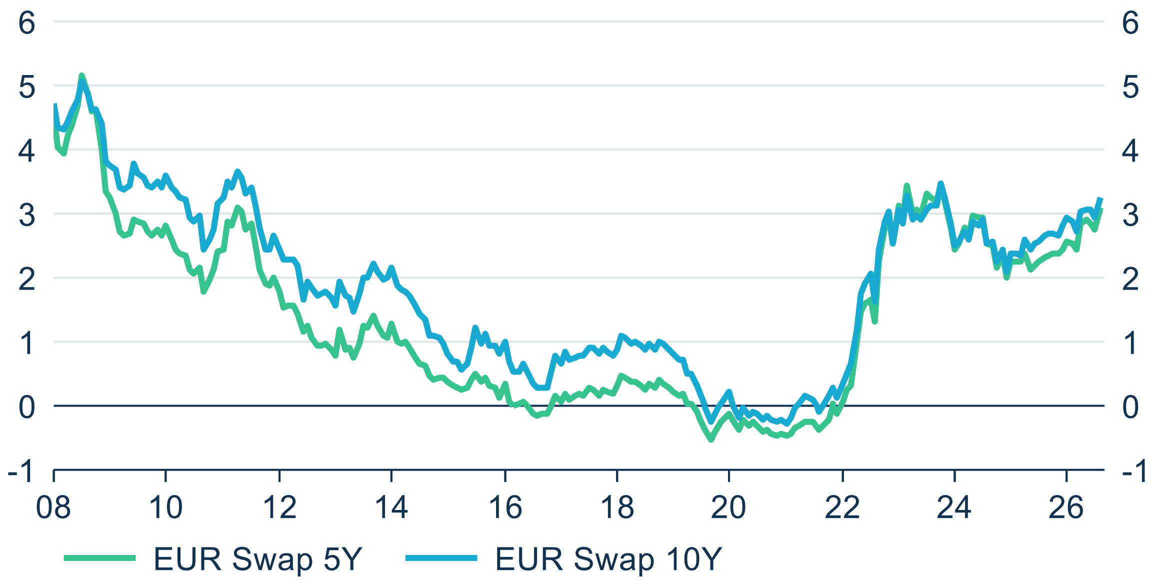
EUR Swap Yields in %

Terms ranging from three to ten years, since 2022



EUR Swap Yields in %

Five- and ten-year terms, since 2008



Source: LSEG, LBBW Research

Interest Rate Forecasts in Detail

		Spot	30-Sep-26	Forecast 31-Dec-26	30-Jun-27
Euro area					
ECB Main Refinancing Rate		2.40	2.65	2.65	2.65
ECB Deposit Rate		2.25	2.50	2.50	2.50
Overnight Rate (€STR)		2.18	2.45	2.45	2.45
3M Euribor		2.48	2.55	2.55	2.55
Swap 2Y		3.03	2.80	2.85	2.75
Swap 5Y		3.08	2.85	2.90	2.85
Swap 10Y		3.24	3.05	3.10	3.15
Bund 2Y		2.81	2.60	2.70	2.65
Bund 5Y		2.92	2.70	2.80	2.80
Bund 10Y		3.18	3.00	3.10	3.20
USA					
Fed Funds Target Rate		3.75	3.75	3.75	3.75
Overnight Rate (SOFR)		3.65	3.65	3.65	3.65
3M Money Market		4.85	3.75	3.75	3.65
Swap 2Y (SOFR-OIS)		4.13	3.95	3.90	3.65
Swap 5Y (SOFR-OIS)		4.14	3.85	3.85	3.75
Swap 10Y (SOFR-OIS)		4.30	3.95	4.00	4.00
Treasury 2Y		4.27	4.10	4.10	3.85
Treasury 5Y		4.43	4.15	4.20	4.10
Treasury 10Y		4.71	4.40	4.50	4.55
Other industrialized countries					
Japan	Overnight Rate (TONAR)	0.98	1.00	1.25	1.30
Japan	10Y Government Bond	2.75	2.75	2.80	2.90
UK	Overnight Rate (SONIA	3.73	3.70	3.95	3.95
UK	10Y Government Bond	5.13	4.80	4.90	4.90
Switzerland	Overnight Rate (SARON)	-0.04	-0.05	-0.05	-0.05
Switzerland	10Y Government Bond	0.41	0.35	0.40	0.45

Sources: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

05

Credits: Tech Sector Takes Off on the Bond Market

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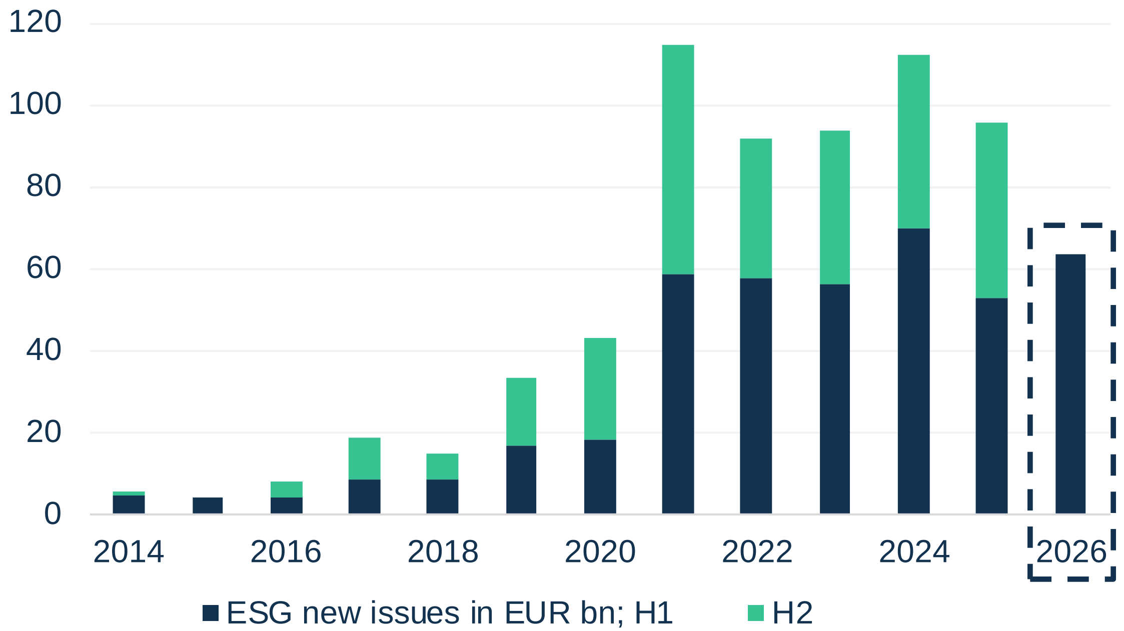
Companies Are Issuing More ESG Bonds Again

New ESG Issuances by Half-Year Periods

EUR Corporate Bonds, Volume in billions of EUR

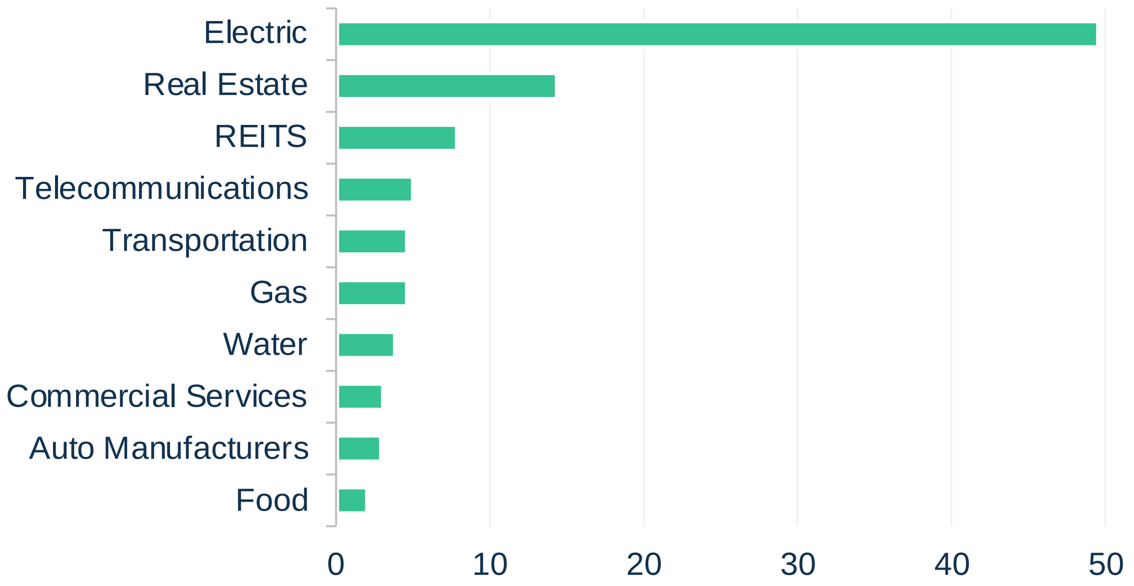


- H1/2026 was the second-best half-year on record for ESG bonds: The companies raised 63.6 billion EUR (+21% year-over-year).
- Green bonds (86%) clearly dominated new ESG issuances. The other categories (Social, Sust., SLB) each accounted for about 5%.

Source: Bloomberg, LBBW Research (LTM = last twelve months)

Top 10 Sectors for ESG New Issuances (LTM)

EUR Corporate Bonds, Volume in billions of EUR



- By far the largest volume of ESG bonds continues to be issued by utilities (electricity, gas, and water), followed by real estate companies (real estate, REITs).
- The share of ESG bonds in the volume of new corporate euro-denominated bond issuances rose slightly to 20% in 2026; excluding U.S. corporations, it rose to as much as 25%.

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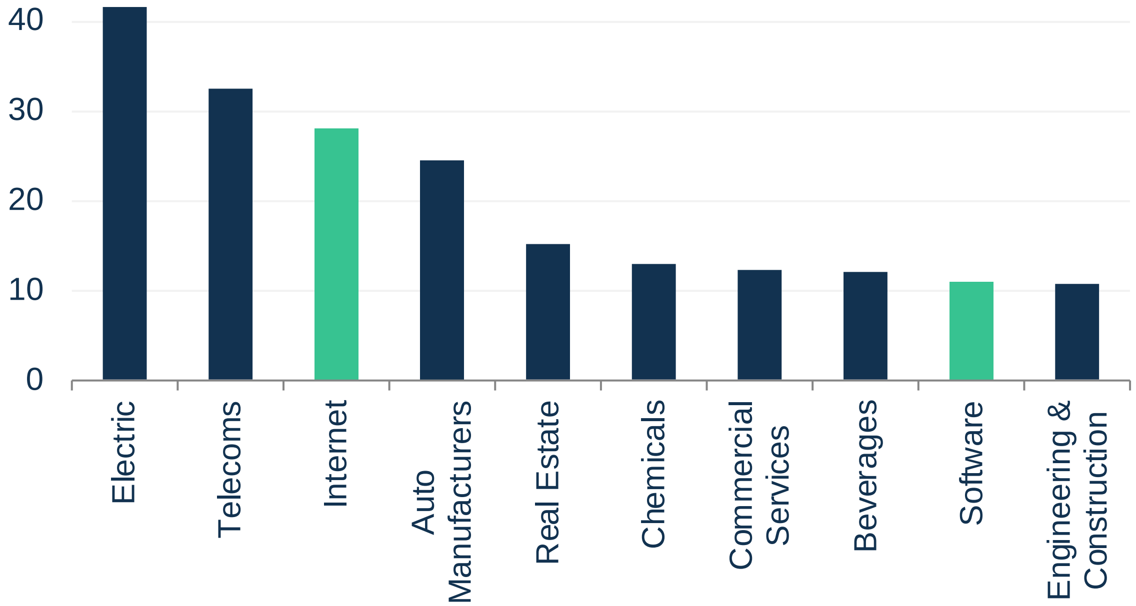
U.S. Corporations Active in the Euro Bond Market

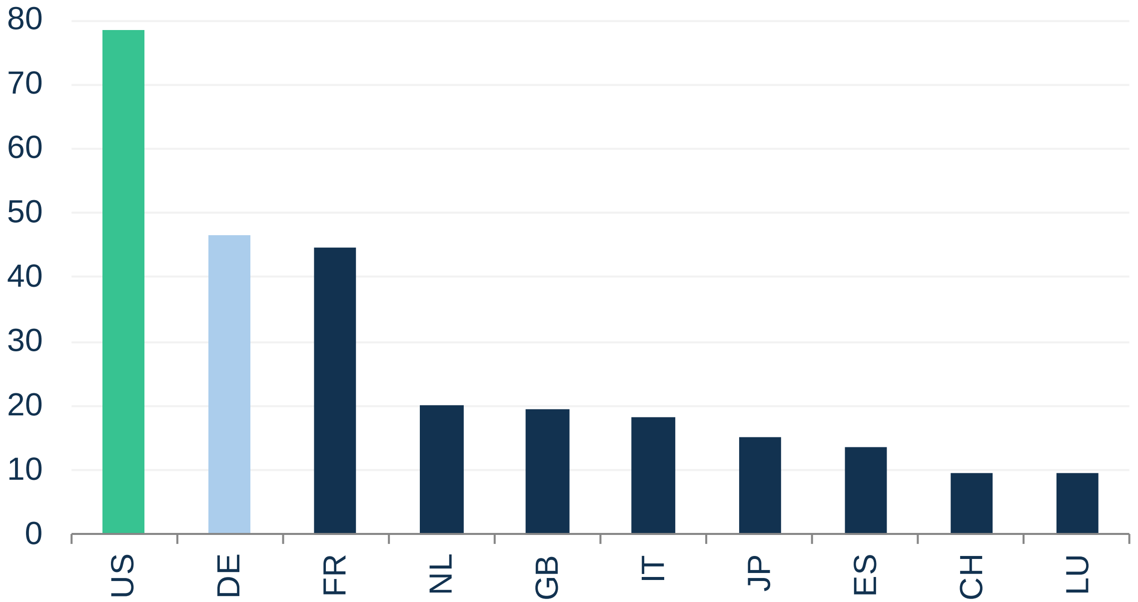
Top Sectors for New EUR-Issuances
Volume in billions of euros in H1/2026



- Utilities and telecommunications companies remain among the largest issuers of euro-denominated corporate bonds.
- In H1/2026, the tech sector (Internet, software, computers) accounted for 14% of the new issuances ranking among the top for the first time.

Source: Bloomberg, LBBW Research

Top Countries by Corporate HQ (H1/2026)
New Issuances of EUR Corporate Bonds, Volume in Billions of EUR

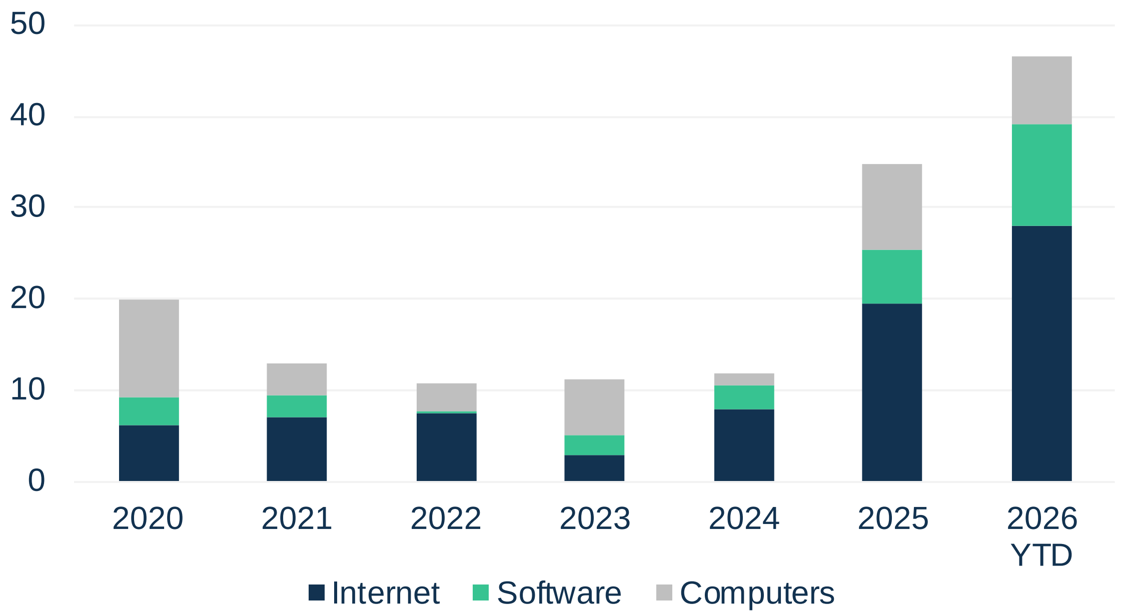


- U.S. corporations are taking advantage of lower interest rates in the eurozone to diversify their financing (including, investments in AI).
- In 2025, they increased their volume of new EUR-issues by nearly 80%, thereby outperforming corporations from Germany and France.
- This trend continued in 2026. It is likely to continue.

Increasing AI Funding Through EUR Bonds

New EUR Issues in the Tech Sectors

Annual Volume in billions of EUR

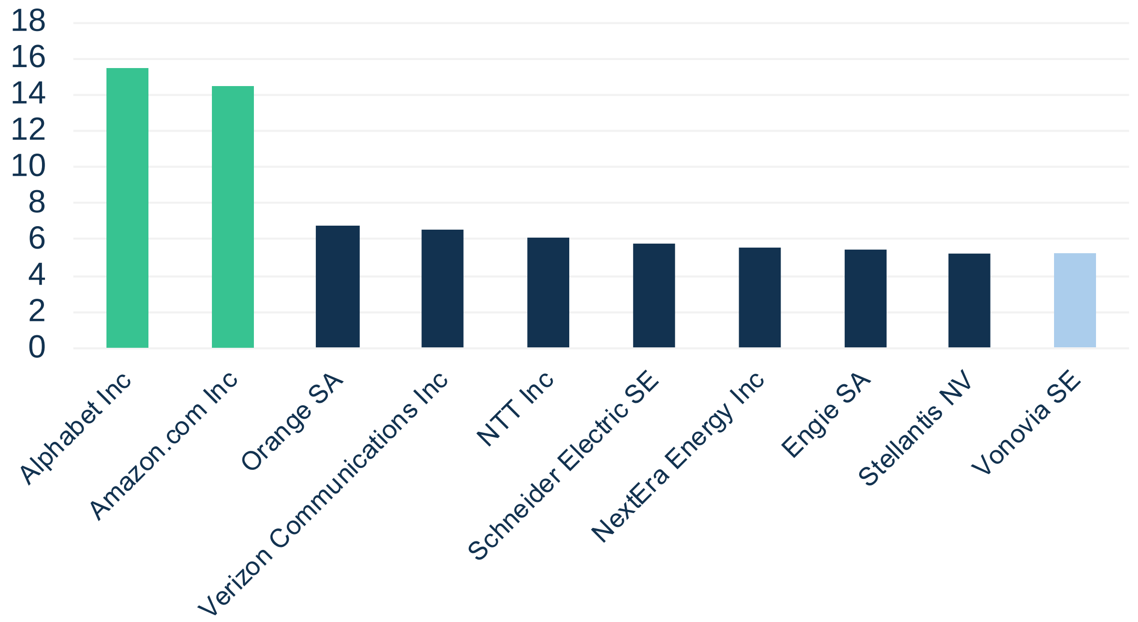


- The volume of new issuances in the tech sector (Internet, software, and computer industries) has skyrocketed since 2025.
- The main reason is companies' heavy investment in AI, which they are financing in part through the euro bond market.

Source: Bloomberg, LBBW Research

Top 10 Companies by New EUR-Issuances

Volume in billions of euros (over the past 12 months)

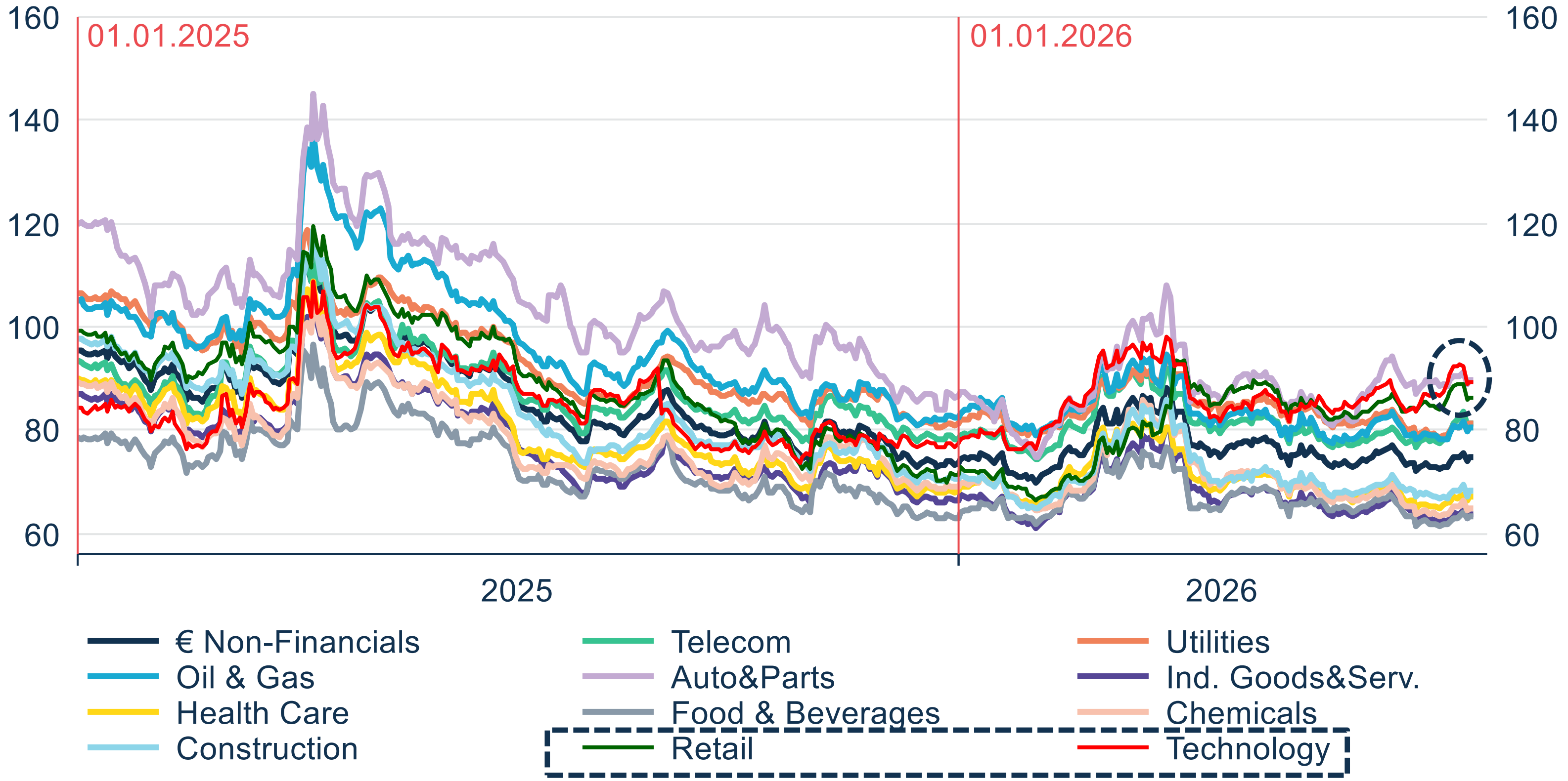


- At its debut in March 2026, Amazon placed a record number of eight bonds (2 to 38 years) totaling a record volume of 14.5 billion EUR.
- Alphabet (Google's parent company) followed in May 2026 with the fourth-largest transaction, totaling 9 billion EUR — following 6.75 billion EUR in April and 6.5 billion EUR in November 2025.

Wider Spreads in the Tech Sector

Spreads by Industry Sector

Investment-grade bonds, ASW spreads in basis points



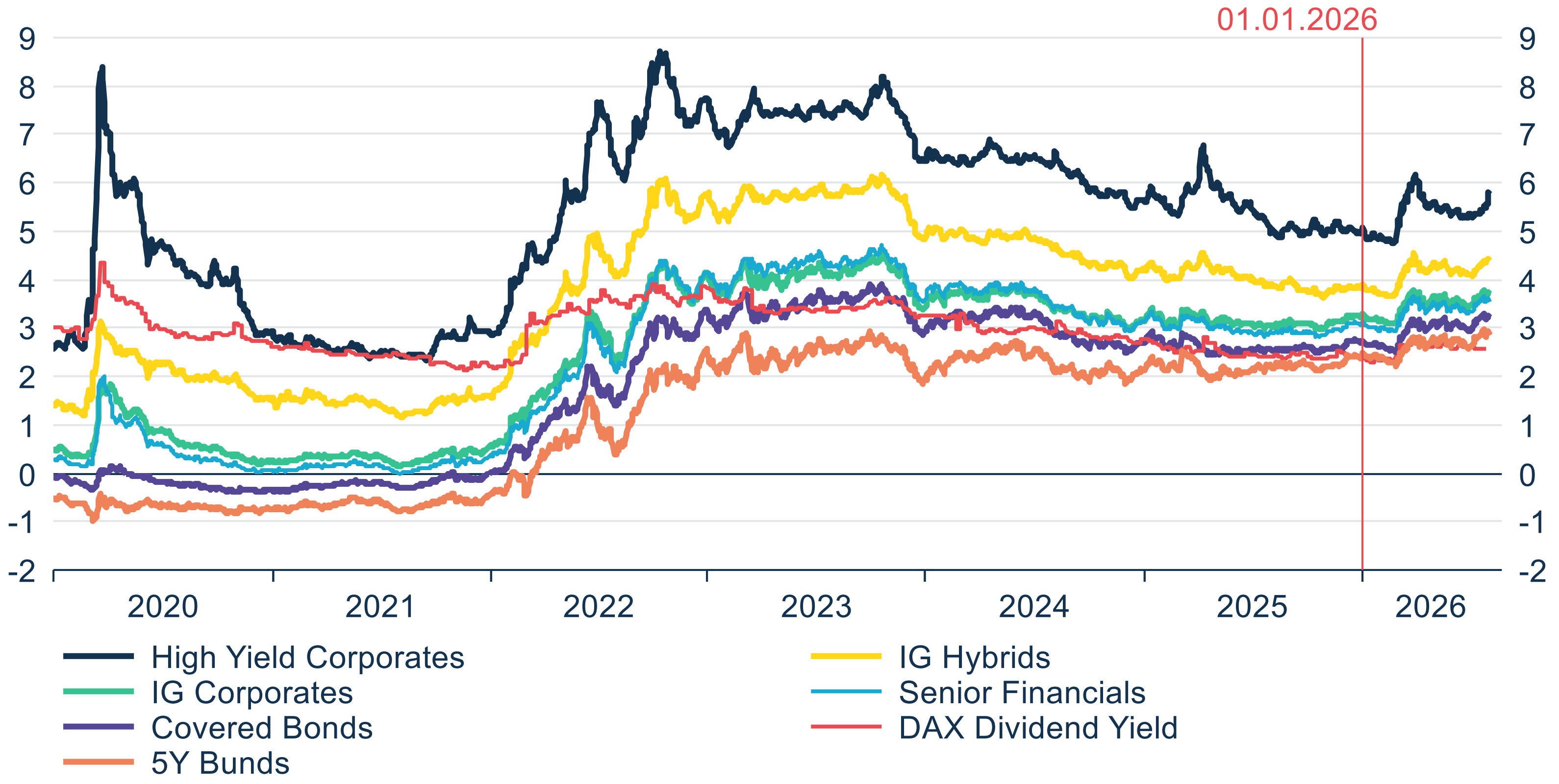
Source: LSEG, LBBW Research

- The current spread level in the investment-grade index is equivalent to that at the beginning of 2026.
- Risk spreads are significantly higher in two sectors compared to the beginning of 2026.
- The retail sector saw the largest increase in spreads. With its first major transaction, Amazon immediately achieved a sector weighting of approximately 33%.
- The technology sector also saw wider spreads due to AI-related financing: Alphabet, Google's parent company, increased its sector share to just under 25% through several major transactions.
- The main reason for the higher average spread levels of some tech companies is the longer maturities of their bonds (some exceeding 30 years).

Bond Yields vs. Dividend Yields

Comparison of Returns

Indices for corporate bonds and other asset classes (yields in % p.a. to maturity)



- In the wake of the Iran War and the resulting rise in energy prices, yields on German government bonds climbed to new multi-year highs.
- This also led to increases in corporate bond yields.
- Currently, bond yields are higher than the DAX dividend yield and are therefore at a comparatively attractive level.
- We continue to see an attractive risk-reward profile for investors in corporate bonds, particularly those with investment-grade ratings.

Source: LSEG, LBBW Research

06

Equities: Profit Bubble Looms – Europe's Sweet Spot

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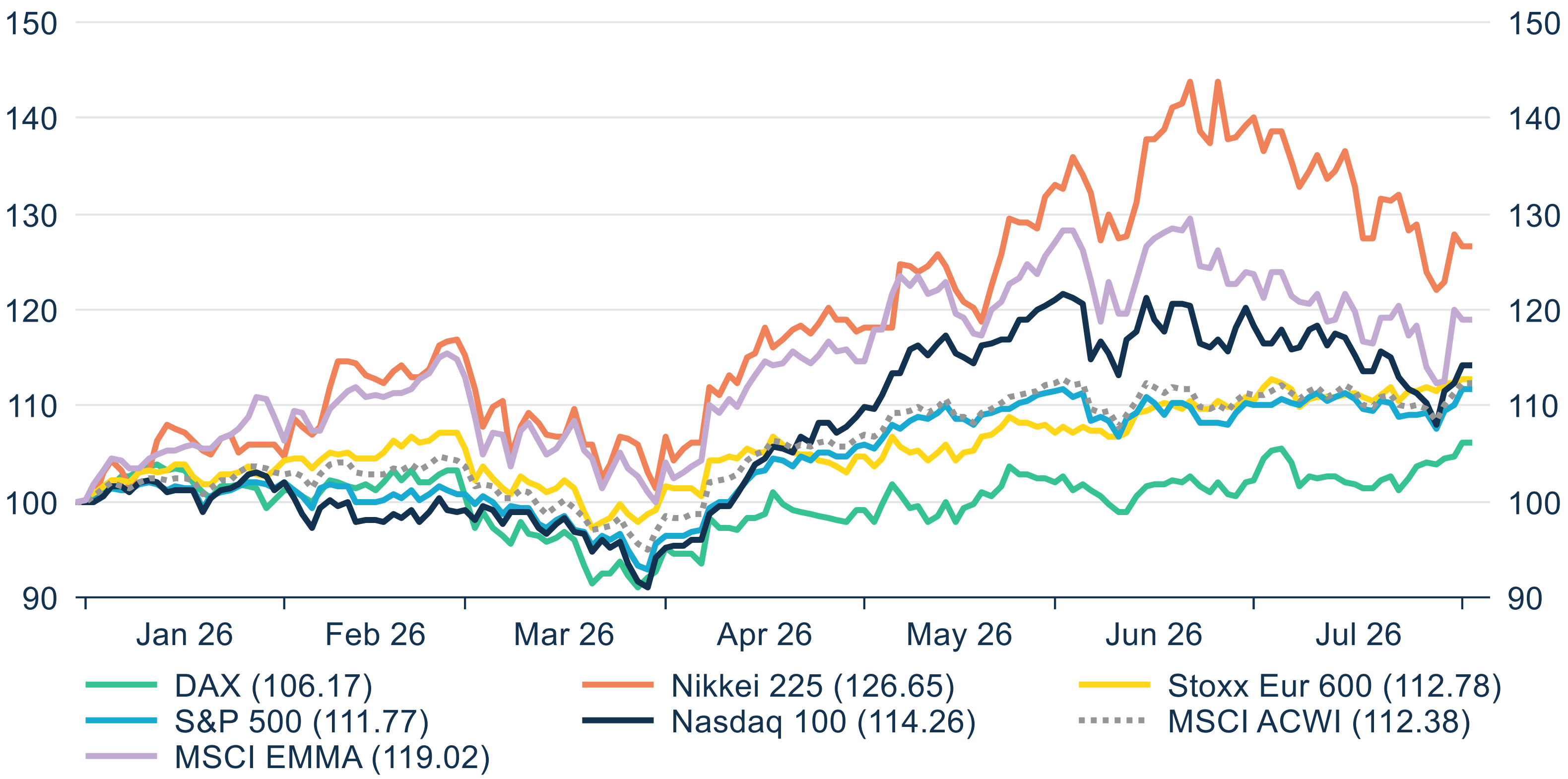
International Stock Markets: Tech Stocks in Reverse

International Stock Markets

Indexed to January 1, 2026 = 100, in local currency; MSCI = USD



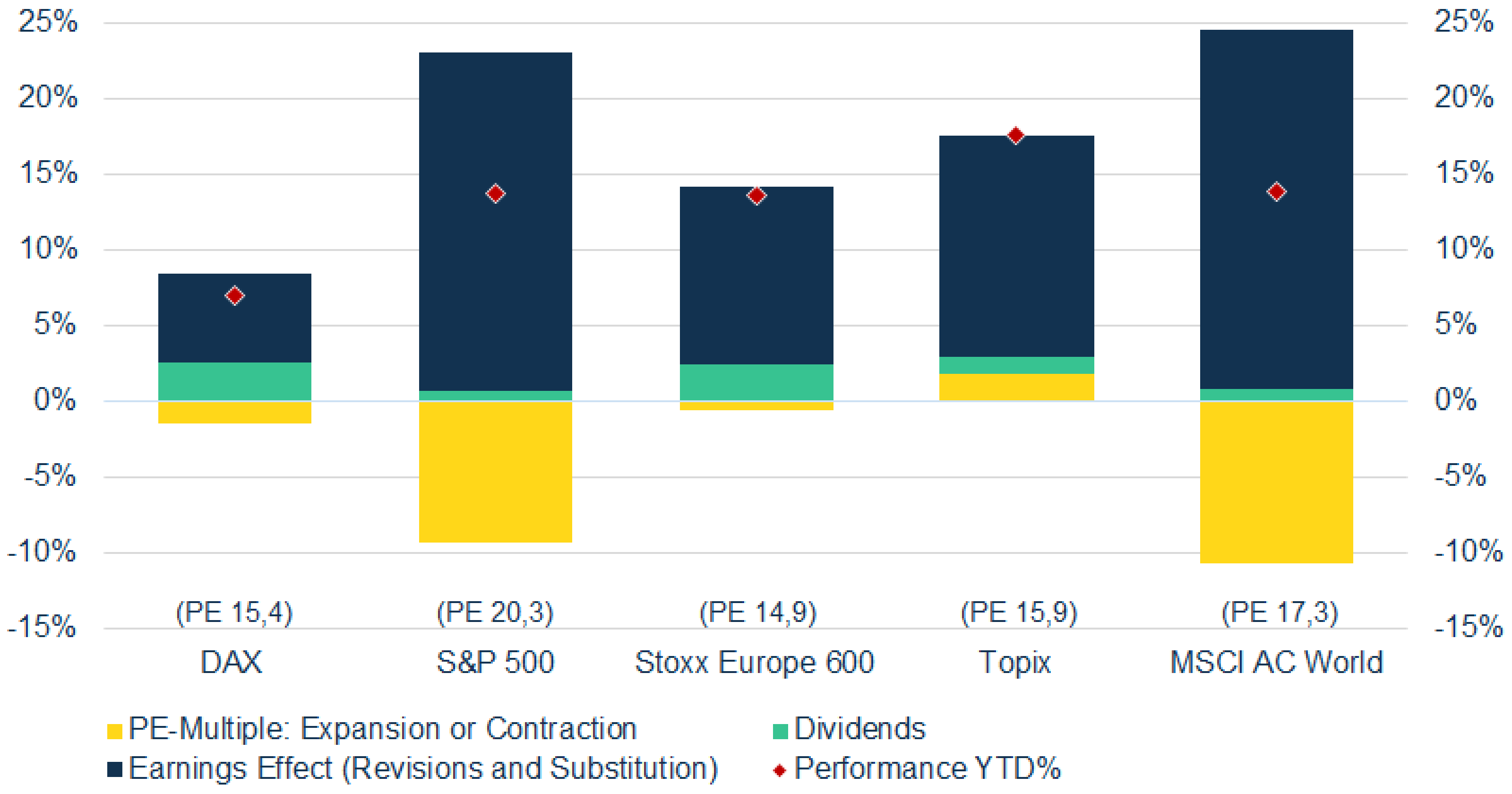
- Global stock markets have gained more than 12% since the start of the year, as measured by the dollar performance of the MSCI All Country World Index.
- Since June 2, the wind has shifted slightly: On that day, the U.S. technology stock exchange Nasdaq reached an intraday high.
- This was particularly noticeable in technology-heavy markets: Both the Nikkei 225 and the MSCI EMMA have lost ground since then.
- The SpaceX IPO, which was promoted in early June and began trading on June 12, likely marked the peak of the euphoria so far.
- European stocks remained stable. The DAX has regained some ground.

Source: LSEG, LBBW Research

Earnings Growth vs. More Attractive Valuation – Are such massive earnings increases sustainable?

Performance by Region

Year-to-Date Performance (%)



Source: LSEG, I/B/E/S, LBBW Research

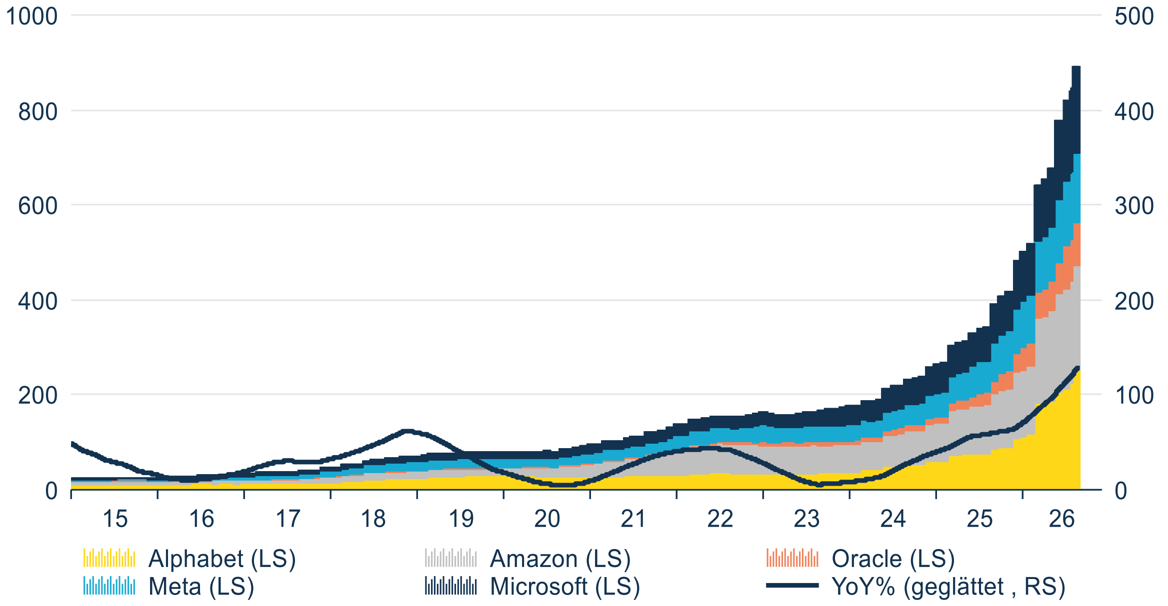
- All regions have had a positive impact on performance year-to-date.
- The profit effect (midnight blue bars) reflects the cumulative effect of revisions and substitution—that is, a further look into the future. The 12-month forward earnings figure now includes more than half of the (significantly higher) 2027 earnings estimates.
- The U.S. market, in particular, is experiencing a pronounced contraction in price-to-earnings multiples; the S&P 500 is now trading at a P/E ratio of 19.8. However, this remains at a historically high level and calls for caution.
- Such high increases in profits should not simply be extrapolated into the future: Is there a profit bubble looming here?

LBBW

Growing Investment Plans are Fueling the Bull Market—not just Among “Shovel Manufacturers”

Hyperscaler Investment Plans

in billions of USD, 12-month forward

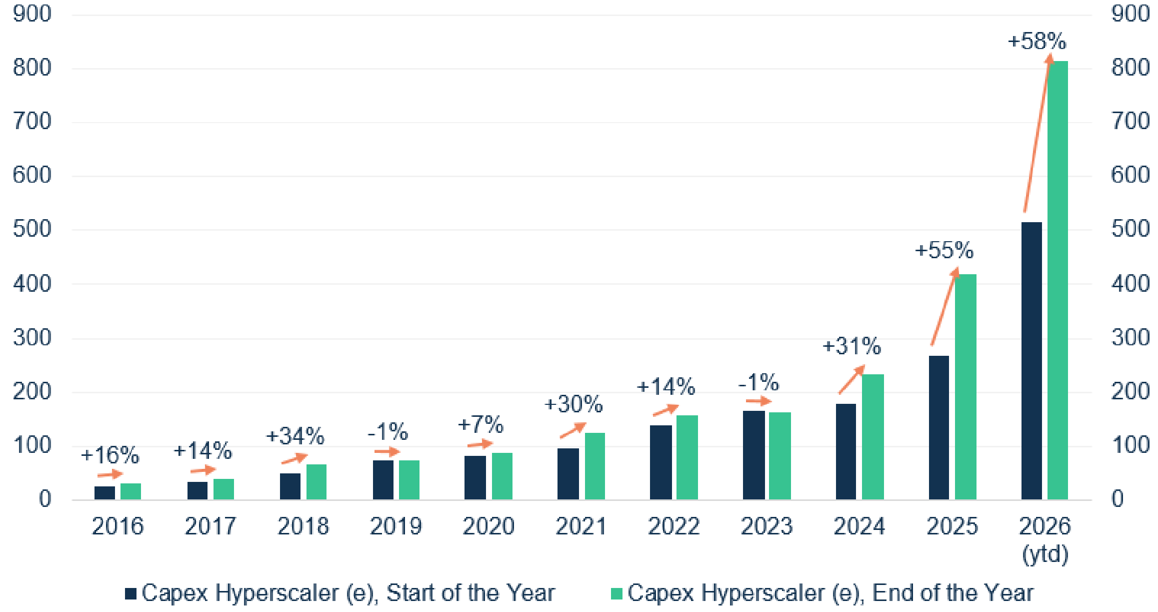


- As long as the “investment bonanza” in data centers continues, there are many who stand to profit. The bull market is fueled by transactions from which the so-called “shovel manufacturers” (including semiconductor companies) benefit the most and are raking in profits.

Source: LSEG, LBBW Research

Hyperscaler Investment Plans

in billions of USD, annually, % = surprise

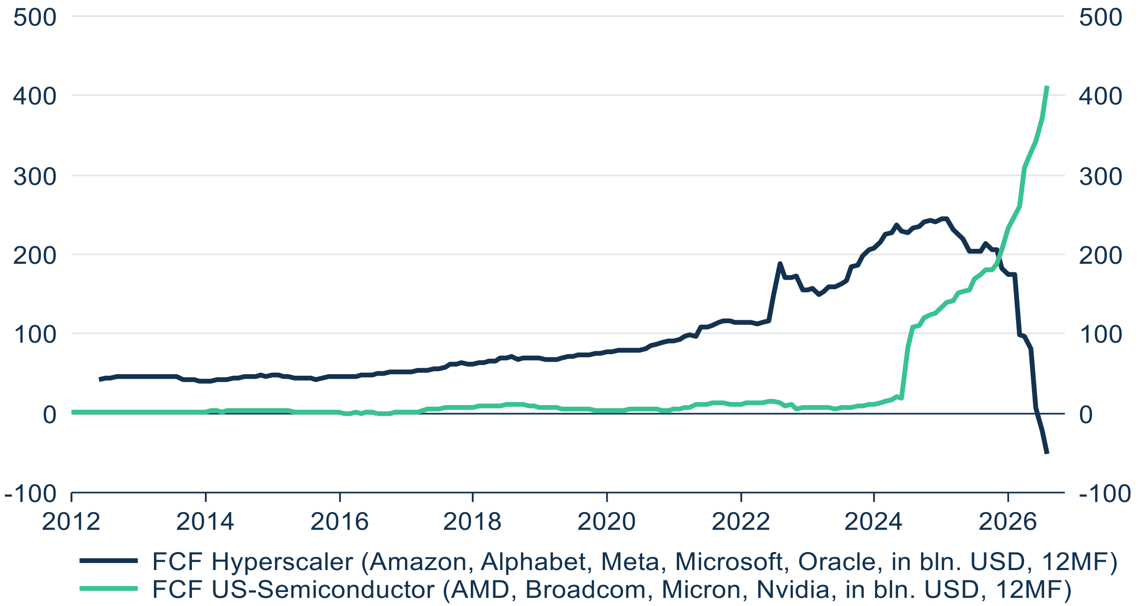


- In our view, the AI stock sector faces the risk of widespread underperformance if the investment boom stalls. Since 2024, investment plans have been revised upward at an increasingly rapid pace.
- Doubts about the profitability of AI business models (i.e., the use of expensive infrastructure) would call investment plans into question and would be detrimental to the entire sector.

Cash Flowing to the “Shovel Manufacturers” – How Sustainable Are the “Hyperscalers’” Profits?

Free Cash Flow: Hyperscalers & Chips

in billions of USD. 12-month forward

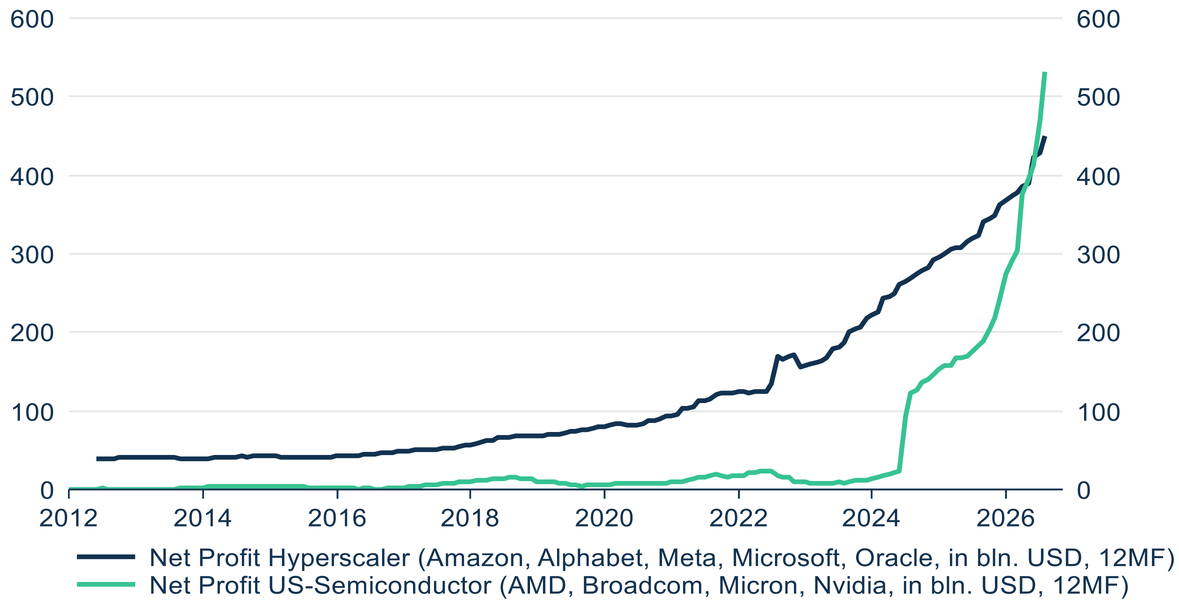


- The aggregate free cash flow of the “hyperscalers” for the next twelve months is even likely to turn negative.
- The free cash flows of the “shovel manufacturers” are rising at roughly the same rate that those of the “hyperscalers” have fallen.

Source: LSEG, LBBW Research

Earnings: Hyperscalers & Chips

in billions of USD, 12-month forward



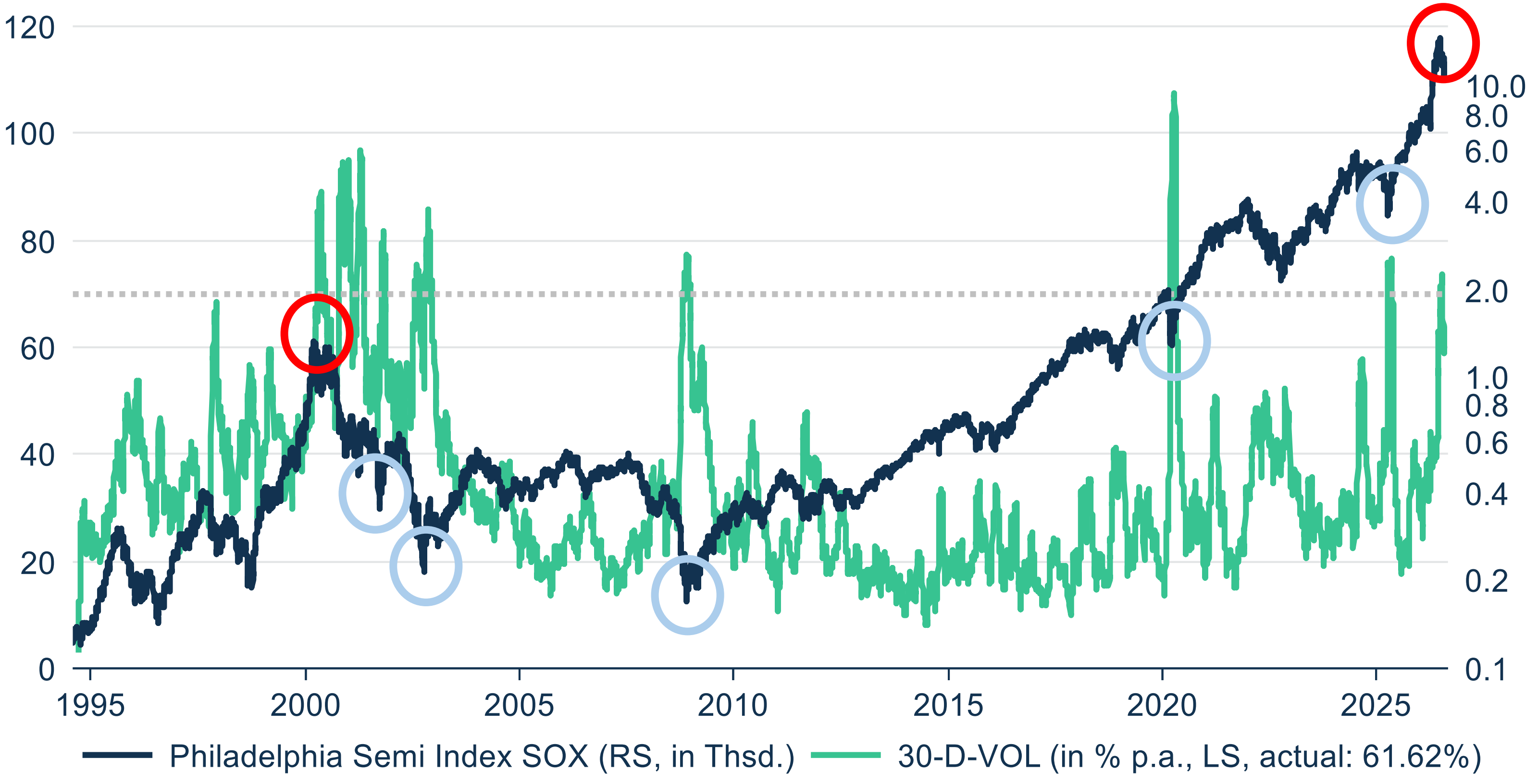
- Profits are rising for both groups. However, the question arises as to how sustainable both trends are. The earnings potential is largely based on the investment boom described above.
- Furthermore, a large portion of the hyperscalers’ profits in the cloud business comes from their customers OpenAI and Anthropic, which, for their part, still need to develop sustainable business models.

LBBW

High-Volatility Tech Stocks During a Top Formation: That was last the case in 2000

SOX Semiconductor Index and Volatility

as a percentage or in points



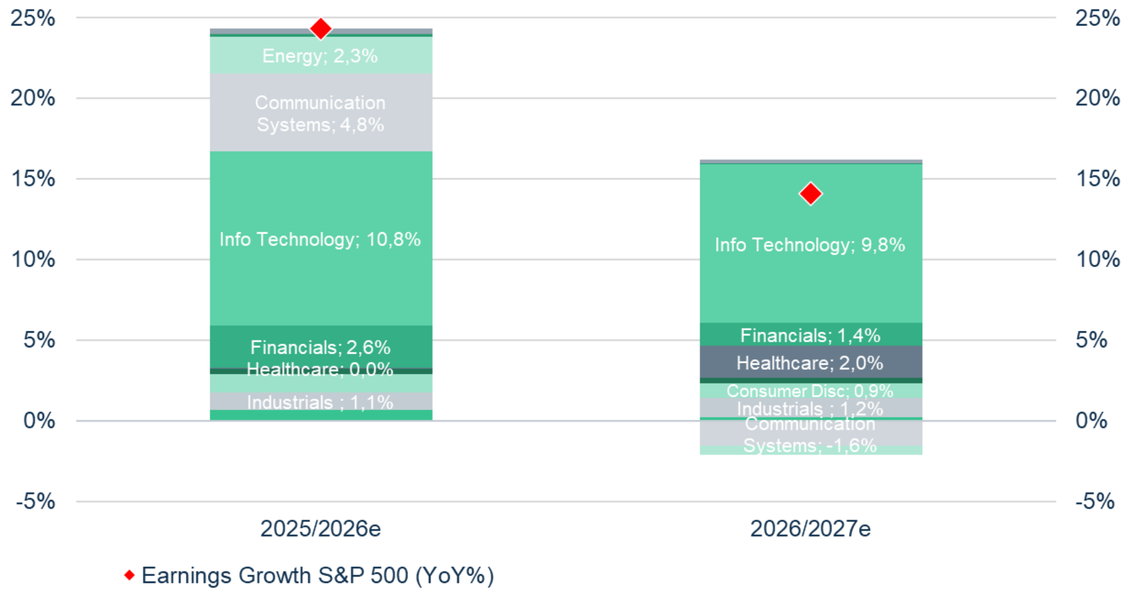
- Typically, stock index volatility is particularly pronounced during bottoming phases (30-day volatility exceeding 70% per year) when uncertainty is high. This was also the case in the history of the SOX semiconductor index (blue).
- There has been only one instance since the index was established in which the 30-day volatility exceeded 70% following a prolonged bull market, namely in early 2000.
- This raises concerns that the SOX is also in a peak formation phase. Meanwhile, it has already entered bear market territory.
- When the SOX hit its Vola high at the turn of the millennium, the Vola was still relatively low in the broader market. It took a few more months before it spread to the broader market.

Source: LSEG, LBBW Research

AI is driving U.S. earnings growth—
Europe with weaker growth but more diversified base

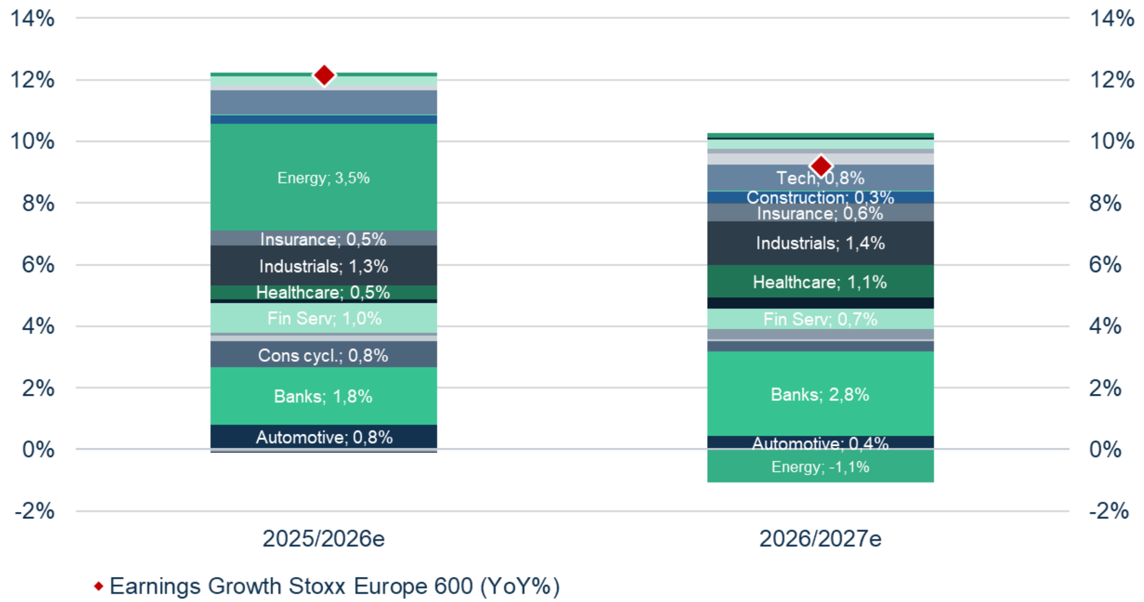
Figures on Profit Growth in the U.S.

S&P 500, in %



Contributions to Profit Growth in Europe

Stoxx Europe 600, in %



- The high share of future (and current) earnings growth —based on aggregated analyst estimates—demonstrates just how heavily the U.S. stock market depends on technology.
- The tech industry accounts for more than ten percentage points; plus four percentage points from telecommunications and media.

Source: LSEG, LBBW Research

- Although European stock markets show lower earnings growth, they are significantly more diversified in terms of the composition of that growth.
- Here, the energy sector is making the largest contribution to profit growth due to a temporary economic upswing. Below are the banks for which expectations are highest for the coming year.

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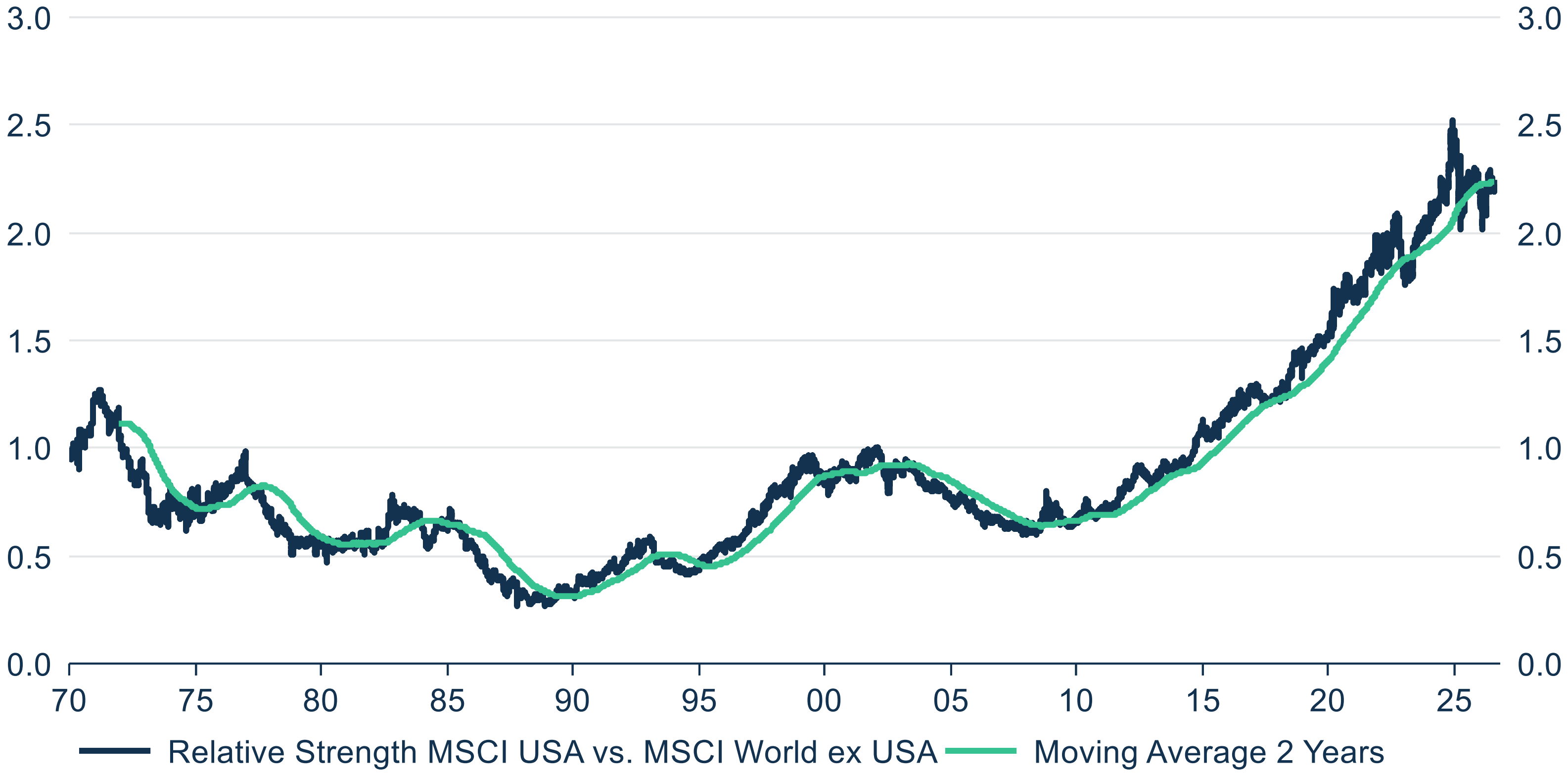
The relative strength trend for U.S. stocks appears to have run its course

Relative Strength: U.S. vs. World (excluding the U.S.)

in U.S. dollars, MSCI USA vs. MSCI World ex-U.S.

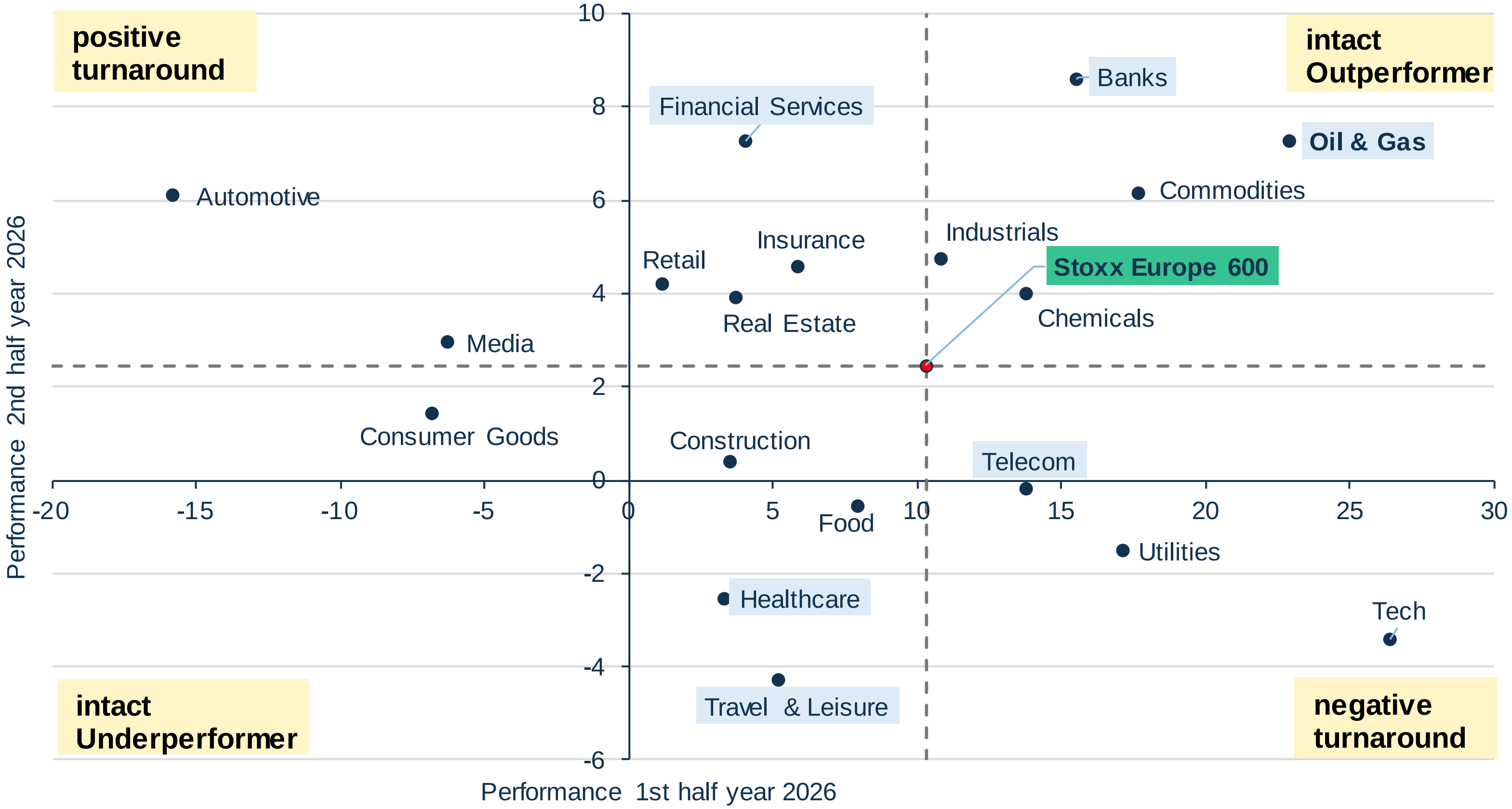


Source: LSEG, MSCI, I/B/E/S, LBBW Research

- Since the end of the financial crisis, U.S. stocks have been on a long-term trend of relative strength compared to the rest of the world. This trend was last interrupted in 2022, when growth stocks with significant weight in the U.S. market came under pressure.
- In the 1970s and 1980s, U.S. stocks performed relatively poorly. In the 1980s, Japanese stocks were in particularly high demand and were weighted accordingly.
- In the 1990s, U.S. stocks soared, driven once again by growth stocks.
- The bursting of the dot-com bubble was followed by a downward trend that lasted several years.
- With the end of the year 2024, a long-term turning point is likely to have been reached.

Stoxx European Sectors: Technology Sector More Cautious, Banks Remain Attractive

Stoxx Sector Performance
as a % YTD



- The best-performing sectors in the first half of the year were technology, energy, and commodities.
- In our June sector update, we revised our "overweight" recommendation for European tech stocks.
- Our recommendations for swapping: Travel & Leisure and Financial Services…
- …for real estate, technology, and industry.
- We continue to view the banking, telecommunications, and healthcare sectors as attractive within the Stoxx universe.

Source: LSEG, LBBW Research; highlighted in light blue = currently favored sectors

06

Forecasts and Asset Allocation

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Our Big Picture at a Glance

Economy

- Germany: GDP grew in the first half of the year. Government spending and exports stimulate demand. The order backlog is growing. Private investment remains subdued.
- Inflation and economic risks stemming from the rise in oil prices in the wake of the war in the Persian Gulf. The trade conflict with the U.S. continues to weigh on the market.

Stock Markets

- Stock markets are taking an increasingly critical view of the AI investment boom. Excessive speculation is causing volatility in semiconductor stocks.
- The ongoing conflict with Iran remains a latent source of stress for the stock markets.

Interest Rate Environment

Money Market / Central Banks

- Fed:
  Central bankers are keeping the key interest rate unchanged for the foreseeable future. An increase is more likely than another decrease.
- ECB:
  A shift toward monetary tightening has begun. Another interest rate hike is expected by the end of 2026; the deposit rate is expected to remain at 2.50% for an extended period thereafter.

Returns

- Long-term EUR interest rates:
  Upside risks dominate amid existing inflation concerns and rising debt.

Foreign Currency

- The yield advantage of short-term U.S. Treasury bonds over German government bonds is likely to narrow moderately.
- The U.S. president's erratic behavior is undermining confidence in the U.S. dollar.
- The flight to the "safe haven" of the U.S. dollar is unlikely to last.

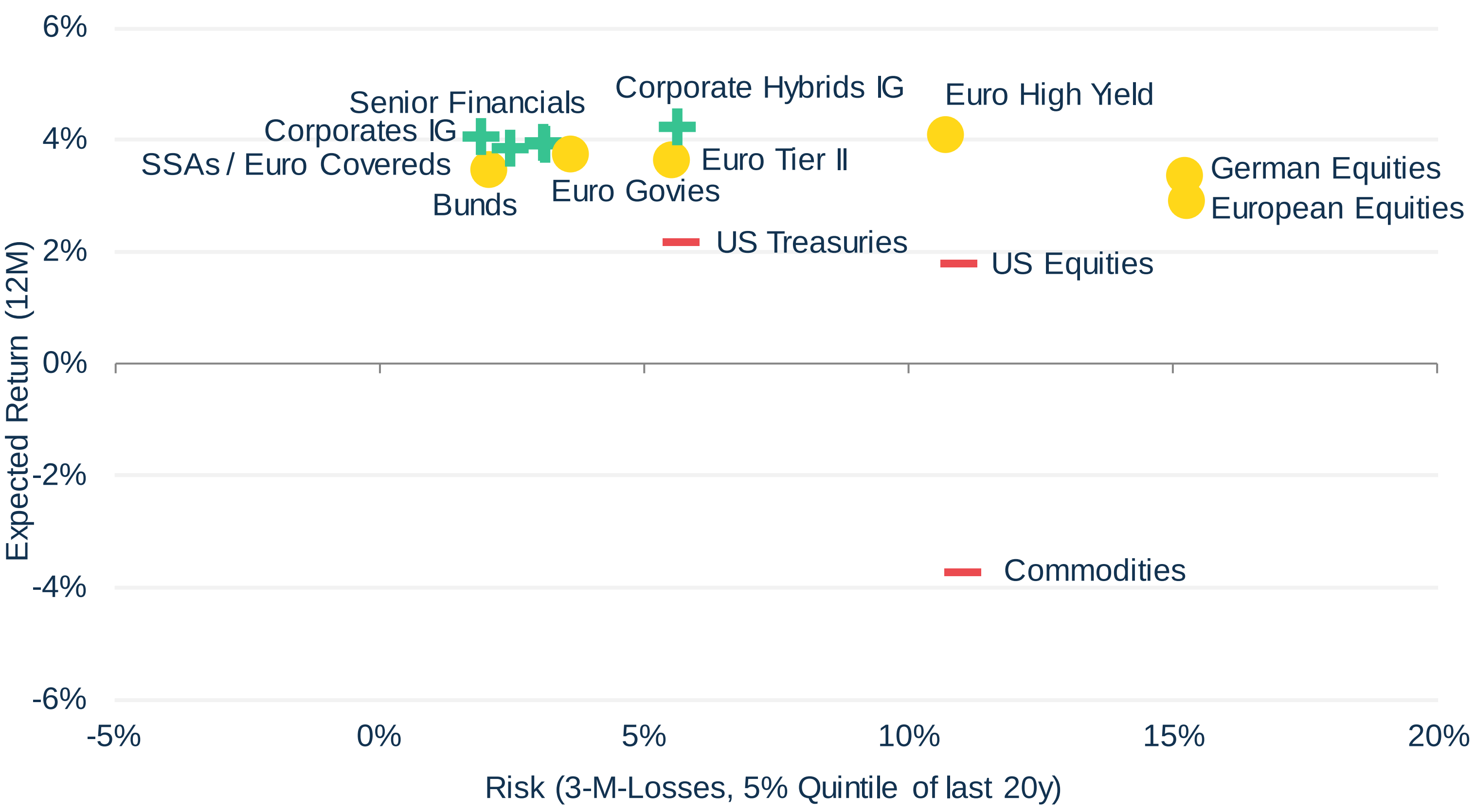
Raw Materials

- The Bloomberg Commodity Index is likely to consolidate again after its recovery.
- Higher energy prices and renewed inflation concerns have put the brakes on the recovery in the price of gold.
- The ongoing conflict between the U.S. and Iran is keeping oil prices high. If the Strait of Hormuz reopens, oil prices are likely to drop significantly again.

Asset Allocation Over a 12-Month Period: Risk & Forecasts at a Glance

Performance Expectations vs. Risk (LBBW Estimates)

as a percentage



Source: LSEG, LBBW Research

- There are still risks that the conflict between the United States and Iran will drag on even longer and disrupt energy supplies. Therefore, the risk-reward ratio for stocks at their current record high appears unfavorable.
- Even if longer-term yields rise slightly, bonds could still generate positive returns.
- Assets denominated in USD are being impacted by the weakening of the USD that we forecast:
  U.S. stocks, Treasuries, and commodities are subject to a negative currency effect of approximately 3%.

Asset Allocation for the Next 6–12 Months: Key Insights at a Glance

Exposure	Recommendation		Segments		Regions	Strategies
Rates	0/+	0	0-3 years	0/+	Euro periphery	Multi-Callables
		0/+	4-7 years	0	German Bunds	Inflation-linked bonds
		0	8-10 years	0/-	USD-Bonds	
Credit	0/+	0/+	Corporate Inv. Grade	0/-	Emerging Markets Debt	
		0	Corporate High Yield			
		0/+	Corporate Hybrids (IG)			
		0/+	Senior Financials			
		0/+	Covered Bonds/SSAs			
		0	Tier 2 Inv. Grade/ Sen. Non-Pref.			
Equity	0/-	+	Banks	0/-	USA	Value
			Energy	0/-	Japan	Dividend Strategies
			Healthcare	0/+	Europe ex Germany	Mid Caps
			Financial Services	0/+	Germany	
			Travel & Leisure	0	China	
			Telecoms	0/+	EMMA ex China	
Currencies	0/+		vs. Euro	+	GBP	Selective
				0	USD, CNY	
				-	CHF, JPY	
Commodities	0	0/+	Precious metals	+	Gold	Selective
		0/+	Base metals	+	Copper	
		-	Energy	-	Brent	
Real Estate	0/-	0/+	Residential, Local Supplier, Logistics	0	Germany	
		0	"High Street" Retail			
		0/-	Office			

Source: LBBW Research

LBBW Forecasts

(No changes since the July Capital Markets Compass update)

Economy

		2024	2025	2026e	2027e
Germany	GDP	-0.5	0.4	0.5	0.8
	Inflation	2.3	2.2	2.7	2.3
Euro Area	GDP	0.9	1.5	0.8	1.0
	Inflation	2.4	2.1	2.9	2.4
USA	GDP	2.8	2.1	2.2	1.6
	Inflation	3.0	2.7	3.6	2.2
China	GDP	5.0	3.7	3.5	3.2
	Inflation	0.2	0.0	1.2	1.5
World	GDP	3.2	3.3	2.7	2.8
	Inflation	3.5	3.4	3.8	3.0

Equity Markets

	Spot	09/30/26	12/31/26	06/30/27
DAX	25 818	25 000	25 500	26 500
Euro Stoxx 50	6 398	6 200	6 300	6 400
S&P 500	7 537	7 300	7 500	7 800
Nikkei	69 738	65 000	66 000	67 000

Interest Rates and Spreads

	Spot	09/30/26	12/31/26	06/30/27
ECB Deposit Rate	2.25	2.50	2.50	2.50
Bund 10 Years	2.95	3.00	3.10	3.20
Fed Funds	3.75	3.75	3.75	3.75
Treasury 10 Years	4.47	4.40	4.50	4.55
BBB Bundspread (bps)	90	100	110	120

Currencies and Commodities

	Spot	09/30/26	12/31/26	06/30/27
US-Dollar per Euro	1.14	1.17	1.18	1.19
Swiss Franc per Euro	0.92	0.92	0.93	0.94
Pound per Euro	0.86	0.85	0.85	0.85
Gold (USD/Troy Ounce)	4 140	4 200	4 400	4 600
Oil (Brent - USD/Barrel)	72	80	75	70

+ Raised
– Lowered

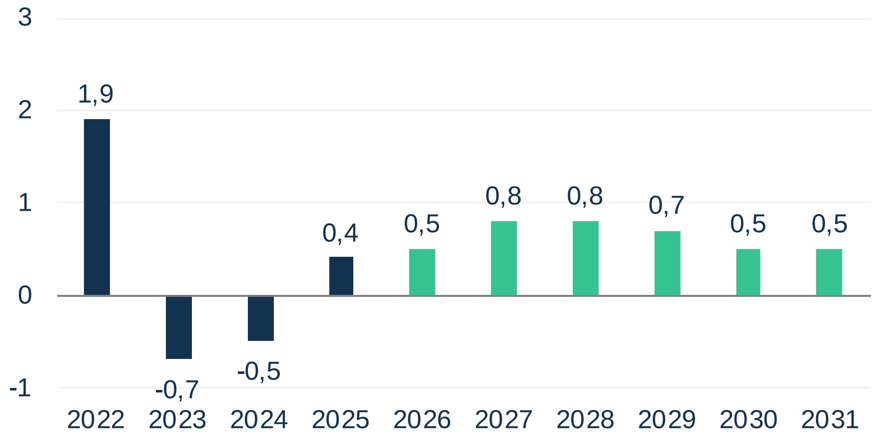
LBBW

LBBW Scenarios

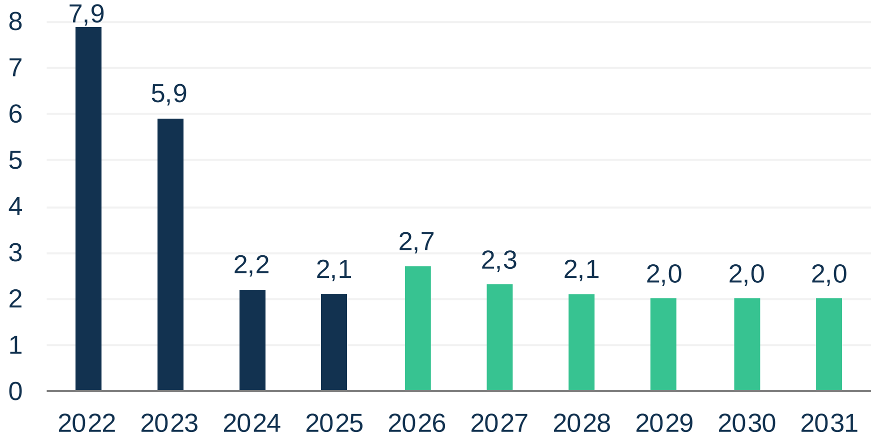
55% (previously 60%), main scenario	1) War with Iran: Ship traffic in the Strait of Hormuz is returning to normal over the course of the summer, while inflation is rising due to second-round effects from the surge in energy prices. The U.S. economy will slow slightly in 2027 as the AI investment boom loses momentum. Growth in China continues to slow. EU/Germany: Only modest growth, with government debt continuing to rise in industrialized nations. 2) Efforts to combat inflation prompt the ECB to raise key interest rates twice in total; the resulting impact on growth is accepted. No further Fed rate cuts until mid-2027; yields will rise slightly further from their already elevated levels. 3) Stock Markets: Consolidation over the summer, with investors torn between hopes for AI, fears of rising interest rates, concerns about the war, and fears that the AI bubble will burst; credit spreads are widening amid setbacks in the stock market.
25% (previously 20%) Negative Scenario I ***"Energy Price Shock"***	1) The war in Iran is escalating. A prolonged, severe disruption to shipping traffic in the Strait of Hormuz will require the restructuring of energy supplies and supply chains; inflation will rise sharply due to second-round effects from the surge in energy prices, as well as high government spending and increasing protectionism. Some countries are reporting surprisingly high deficits and providing corresponding outlooks for the coming years. 2) Central banks are adopting a significantly restrictive stance to combat inflation. Yields are rising across the board. 3) "Risk-off": A downturn in the stock markets. Credit spreads are rising sharply. A sharp drop in prices in the real estate market.
10% Negative Scenario II ***"AI Bubble" /***	1) The Bursting of the AI Bubble: Massive Write-downs on AI Investments, Crisis in the Private Debt Market 2) The Fed and the ECB cut key interest rates. Government bond yields are falling due to economic concerns and monetary easing by central banks. 3) "Risk-off": Stock markets are experiencing a sharp correction, and credit spreads are rising significantly. 4) Tensions between China and Taiwan are escalating. Increased hybrid attacks by Russia on EU member states.
10% Positive Scenario ***"Relaxation"***	1) Stabilization in the Gulf region. Ceasefire in the war in Ukraine; geopolitical tensions between the U.S. and China ease. 2) The U.S. is shifting to a more moderate trade policy. The U.S. economy is growing at a faster pace again, and the AI boom continues. 3) Productivity Gains Through AI. Inflation rates remain stable as energy prices fall rapidly. The economy is picking up speed. 4) "Risk-on": Stock markets continue to rise amid the ongoing AI rally. Credit spreads are falling, and real estate prices are

Base-case scenario (55%)

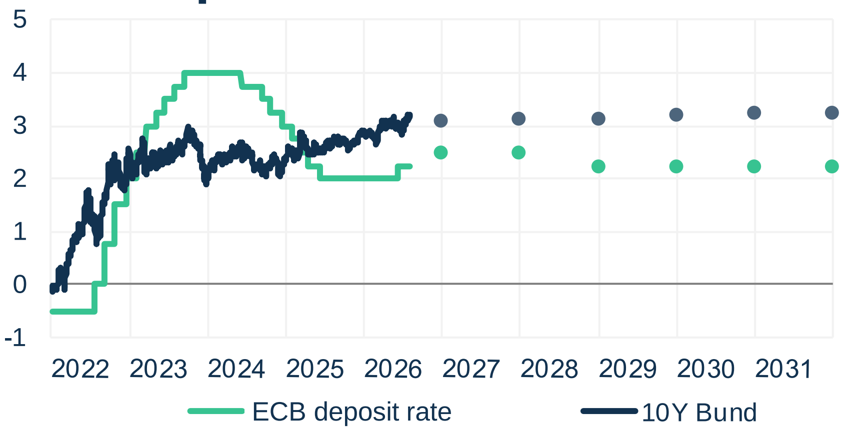
Germany GDP Growth (YoY)*



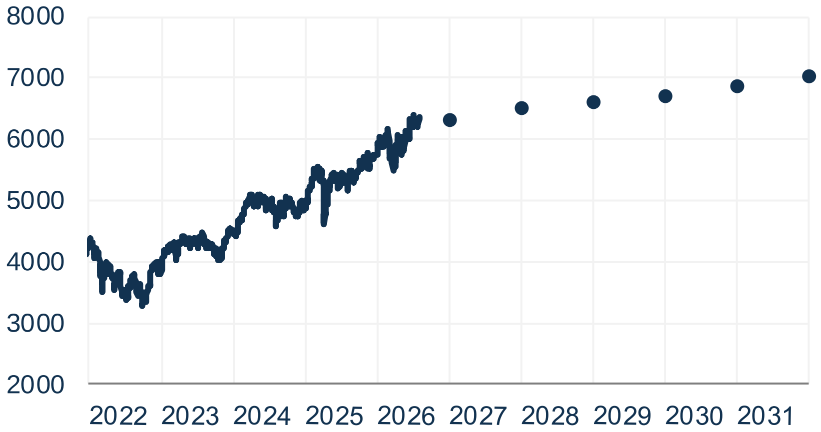
Germany Inflation (Y/Y)*



ECB Deposit Rate & 10Y Bund Yield*



Euro Stoxx 50*

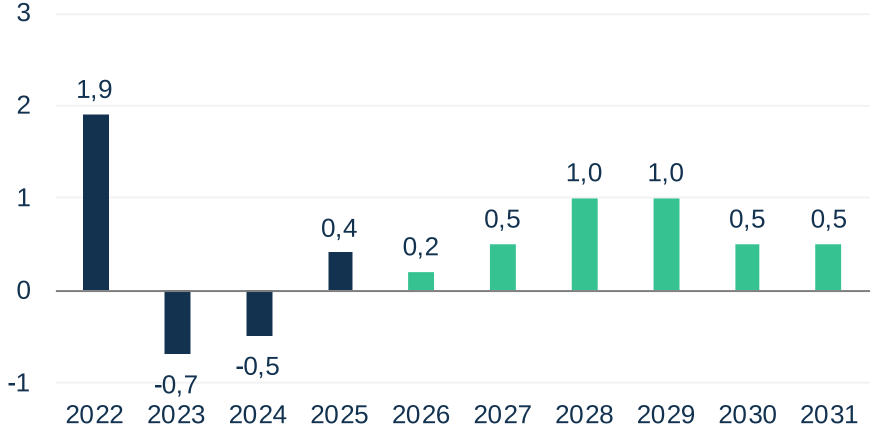


Sources: Bloomberg, LBBW Research

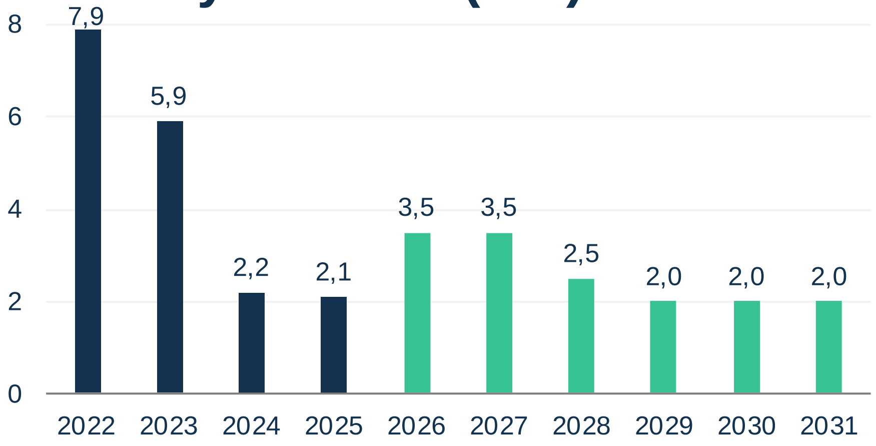
*GDP and inflation are annual averages; interest rates and the Euro Stoxx 50 are year-end figures in the forecasts

Negative Scenario 1)
“Energy Price Shock” (25%)

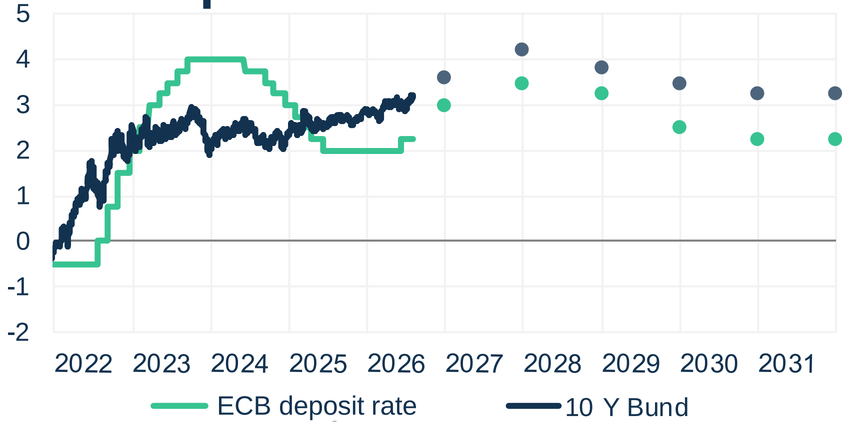
Germany GDP Growth (YoY)*



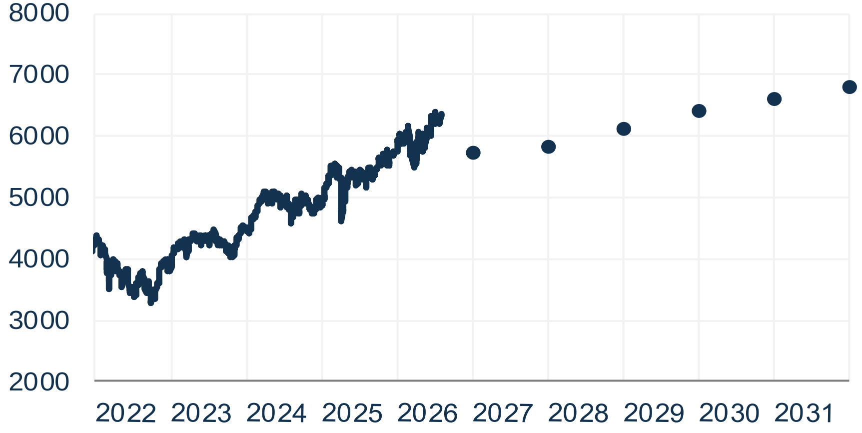
Germany Inflation (Y/Y)*



ECB Deposit Rate & 10Y Bund Yield*



Euro Stoxx 50*

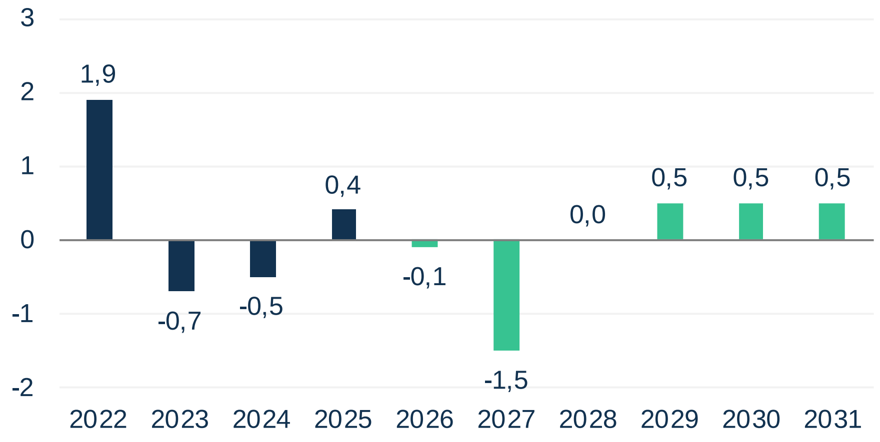


Sources: Bloomberg, LBBW Research

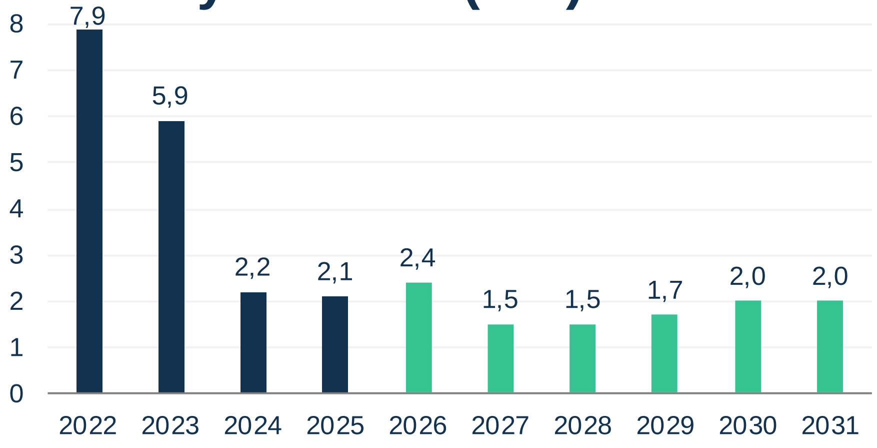
*GDP and inflation are annual averages; interest rates and the Euro Stoxx 50 are year-end figures in the forecasts

Negative Scenario 2)
“AI Bubble” (10%)

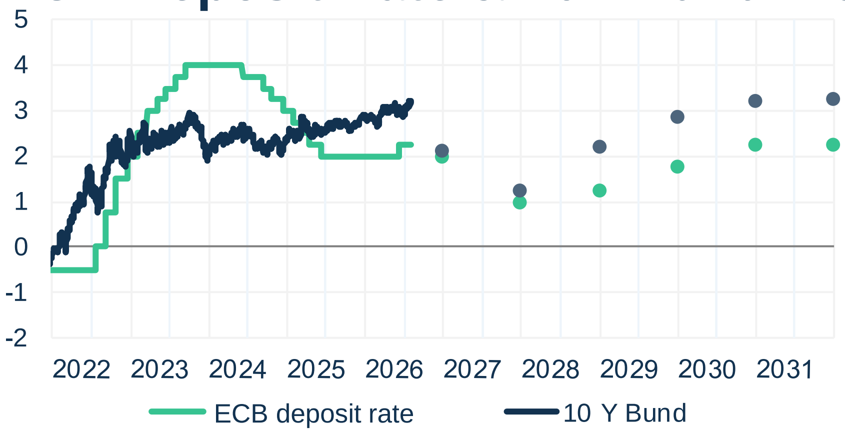
Germany GDP Growth (YoY)*



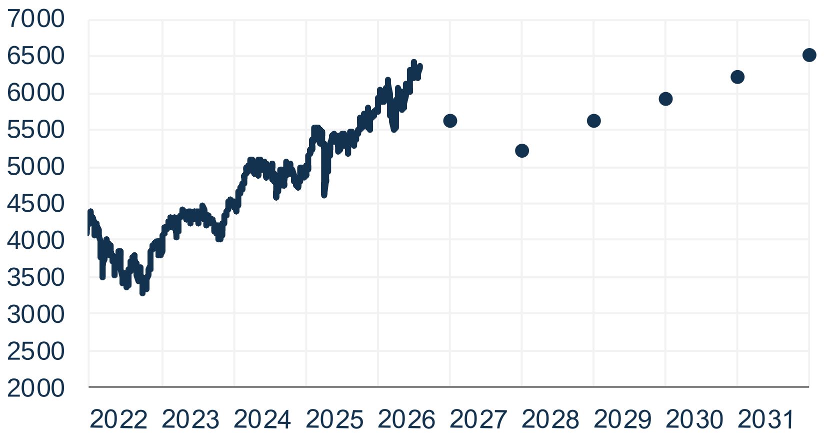
Germany Inflation (Y/Y)*



ECB Deposit Rate & 10Y Bund Yield*



Euro Stoxx 50*

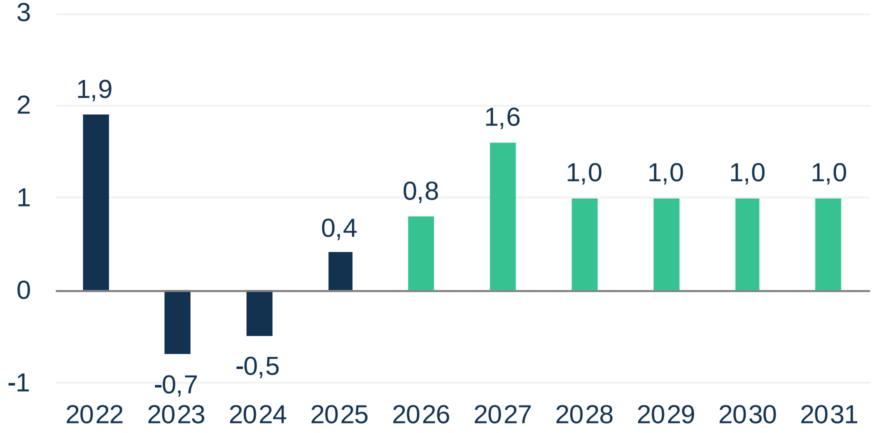


Sources: Bloomberg, LBBW Research

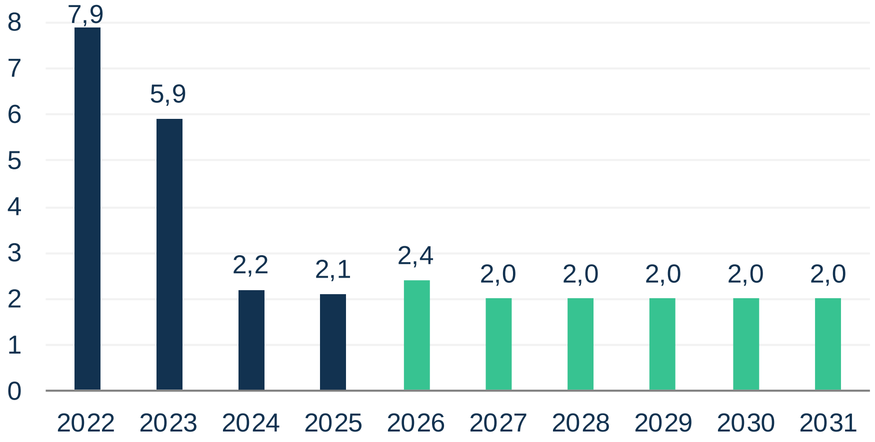
*GDP and inflation are annual averages; interest rates and the Euro Stoxx 50 are year-end figures in the forecasts

Positive scenario (10 %)

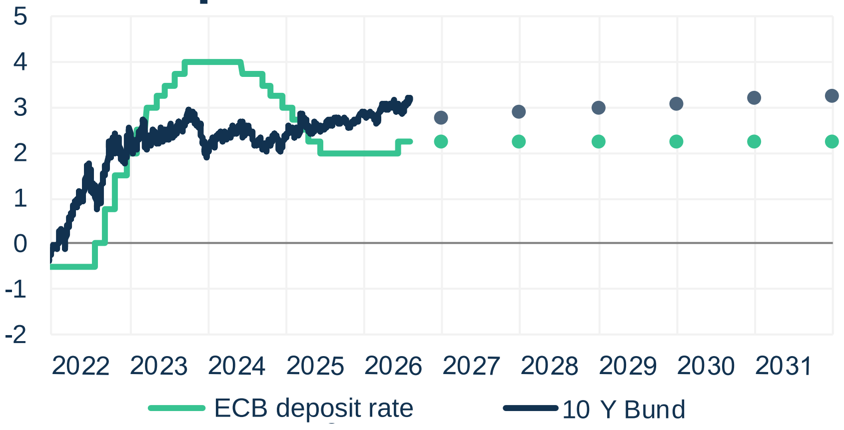
Germany GDP Growth (YoY)*



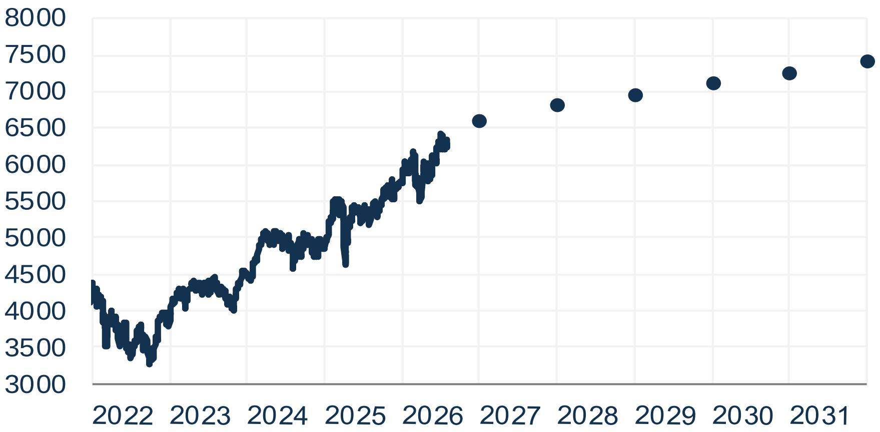
Germany Inflation (Y/Y)*



ECB Deposit Rate & 10Y Bund Yield*



Euro Stoxx 50*



Sources: Bloomberg, LBBW Research

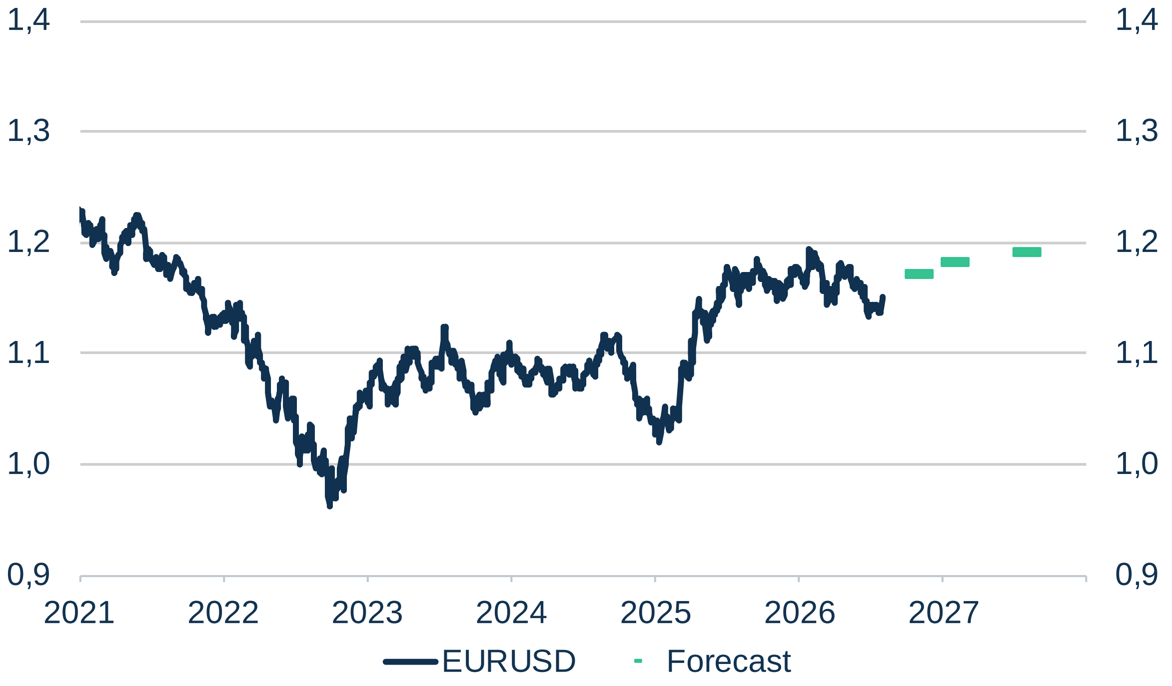
*GDP and inflation are annual averages; interest rates and the Euro Stoxx 50 are year-end figures in the forecasts

07

Appendix

EURUSD: ECB Rate Hike Expected to Boost the Euro

FX EUR/USD



		Historical Data			Forecast		
	Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURUSD	1.15	1.13	1.17	1.17	1.17	1.18	1.19

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

- Given the U.S. dollar's role as the world's reserve currency, the high level of U.S. national debt has not yet had a negative impact on the greenback's exchange rate. But at some point, unchecked debt threatens to go too far.
- Donald Trump has unsettled the foreign exchange markets with his remarks about the benefits of a weak dollar.
- The U.S. president's erratic actions on tariff issues, as well as his undermining of the Fed's independence, are causing uncertainty and spooking the foreign exchange markets.
- While we forecast that the ECB will raise its key interest rates once more later this year, the Fed is not expected to make any changes to its key interest rates.

Contra EUR

- In the run-up to the French presidential election in April 2027, political uncertainty could increase.
- High government debt in France threatens to limit the ECB's room to maneuver.

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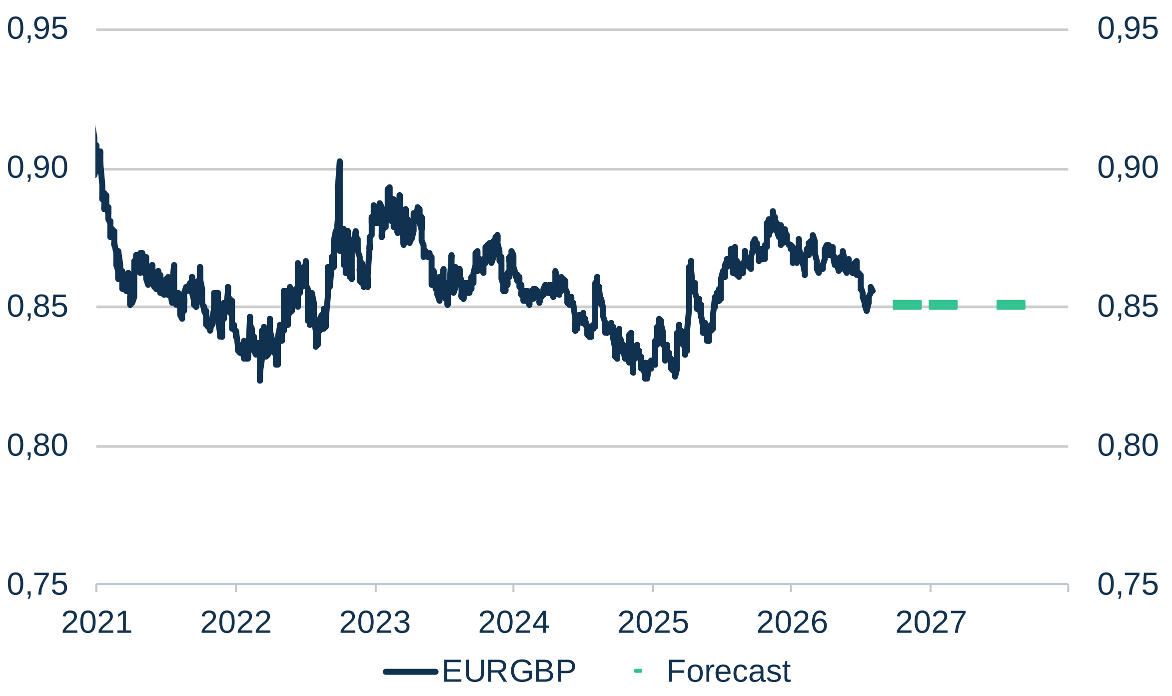
EURGBP: Based on purchasing power parity, the pound sterling is undervalued against the euro

FX EUR/GBP



	Spot	Historical Data			Forecast		
		Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURGBP	0.86	0.86	0.87	0.87	0.85	0.85	0.85

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

- The OBR forecasts that the government debt-to-GDP ratio will remain high, at just under 100%, through the end of the decade.
- Following the resignation of British Prime Minister Keir Starmer, there is uncertainty about the course his successor, Andy Burnham, will take.
- If Reform UK were to win the House of Commons elections, there is a risk of a second “Liz Truss moment.”

Contra EUR

- Based on purchasing power parity, the pound sterling is significantly undervalued against the euro.
- The high share of services in the UK’s value added is also likely to prove an advantage in the trade dispute—the UK is significantly less dependent on goods exports than key eurozone countries.
- The significant yield advantage of British government bonds over their eurozone counterparts is expected to persist.

EURCHF: The franc weakens slightly against the euro

FX EUR/CHF

	Historical Data			Forecast			
	Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURCHF	0.93	0.94	0.93	0.92	0.92	0.93	0.94

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro CHF

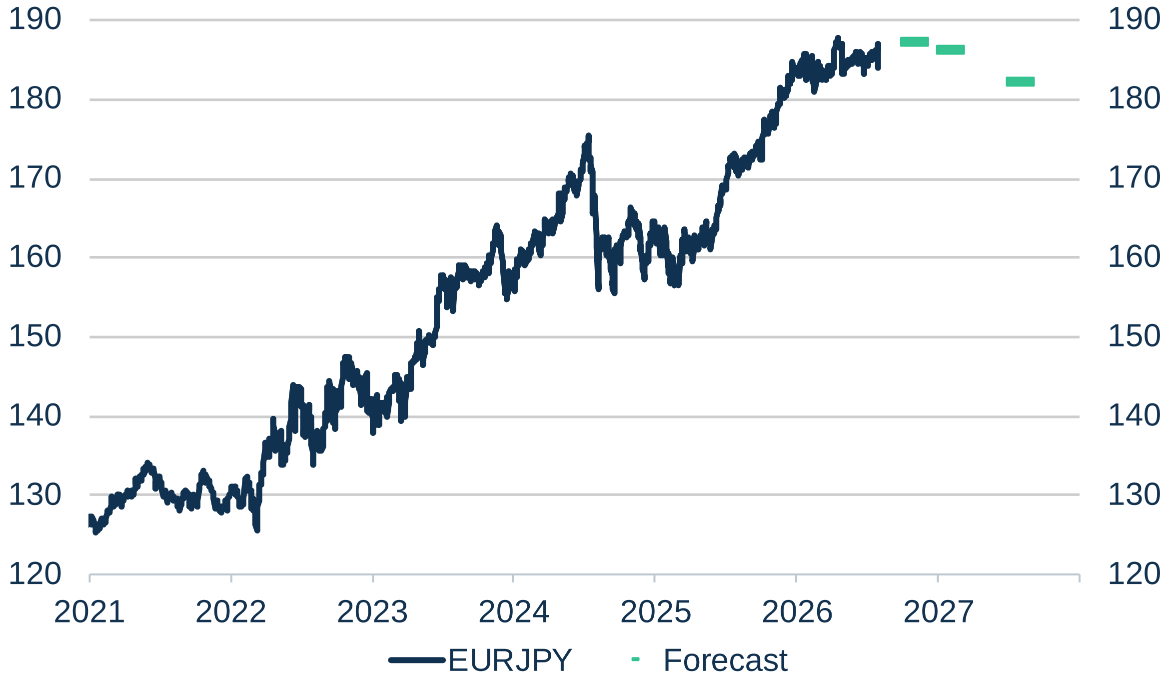
- According to our calculations based on purchasing power parity (PPP), the Swiss franc is slightly undervalued against the euro.
- Geopolitical conflicts and political risks are fueling the flight to the "safe haven" of the Swiss franc.

Contra CHF

- The SNB has kept its key interest rate steady at 0% since June 2025. If necessary, the SNB is prepared to intervene in the foreign exchange market to prevent the franc from appreciating too sharply. The Swiss franc's interest rate disadvantage relative to the euro is likely to continue to widen.
- The Swiss franc is trading at a historically strong level against the euro.
- U.S. customs policy is hitting Switzerland's export-oriented economy hard.

EURJPY: Pressure is mounting on the BoJ to raise interest rates further

FX EUR/JPY



	Historical Data			Forecast		
Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURJPY 184.03	169.08	184.09	184.44	187.00	186.00	182.00

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

- The ECB's interest rates are higher than those of the BoJ, and the war in Iran—with its inflation risks—increases the likelihood of further increases in euro interest rates in the near future.
- Japan's economy remains weak, and the war in Iran is now driving up the cost of Japan's energy supply as well.
- Prime Minister Takaichi advocates for higher government spending and promotes low interest rates.

Contra EUR

- The yen's weakness is increasing pressure on the BoJ to take further interest rate actions.
- Pressure from the U.S. to strengthen the yen against the U.S. dollar through interest rate hikes continues.
- The BoJ has recently intervened several times in the foreign exchange market to prop up the yen.

EURCNY: Continued Export Strength Supports the Yuan

FX EUR/CNY

		Historical Data			Forecast		
	Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURCNY	7.77	8.13	8.20	8.01	8.01	7.91	7.62
USDCNY	6.76	7.19	6.99	6.87	6.85	6.70	6.40

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

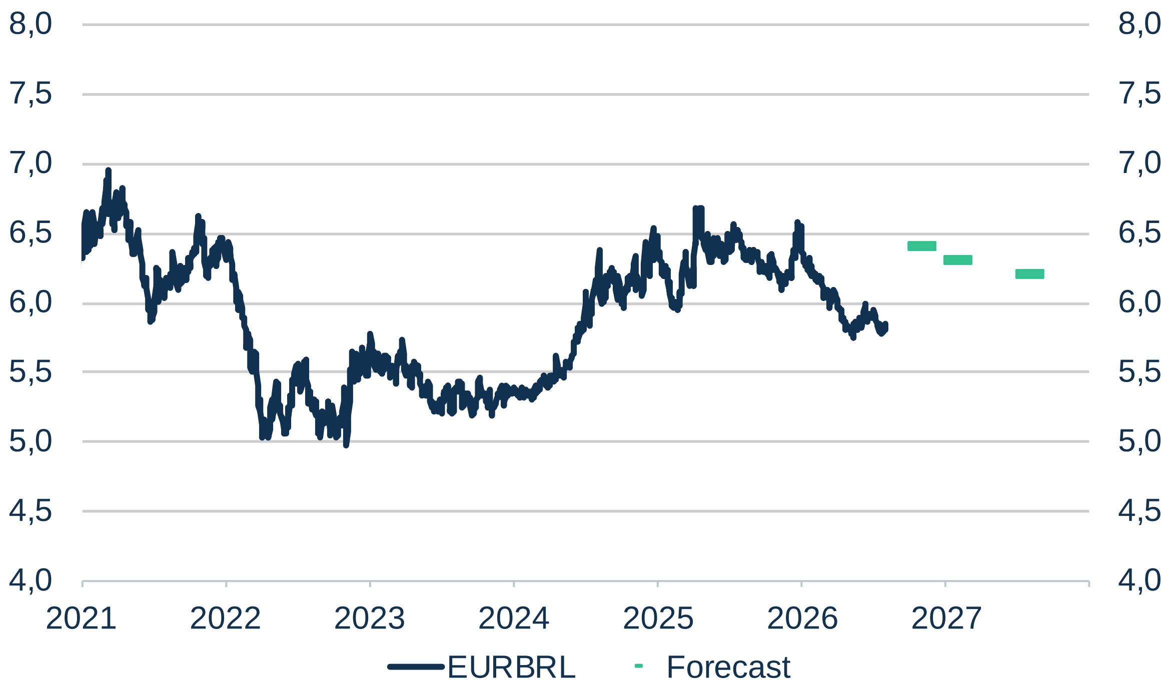
- The easing of tensions on international energy markets should provide a boost to the European economy.
- The European Central Bank continues to signal its readiness to raise interest rates in the near future.
- The fundamental weakness of the Chinese real estate market persists;. Liquidity concerns in the sector are causing unease

Contra EUR

- China's industrial and export strength is giving the yuan a boost .
- Given its low volatility, the Chinese bond market is seen as a safe haven.
- In light of global risks, the People's Bank of China (PBoC) currently favors a stronger exchange rate.

EURBRL: President Lula is leading in the polls for the presidential election in October

FX EUR/BRL



	Spot	Historical Data Ø 2025	Dec-25	Ø H1 26	Forecast Sep-26	Dec-26	Jun-27
EURBRL	5.81	6.31	6.44	6.01	6.40	6.30	6.20

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

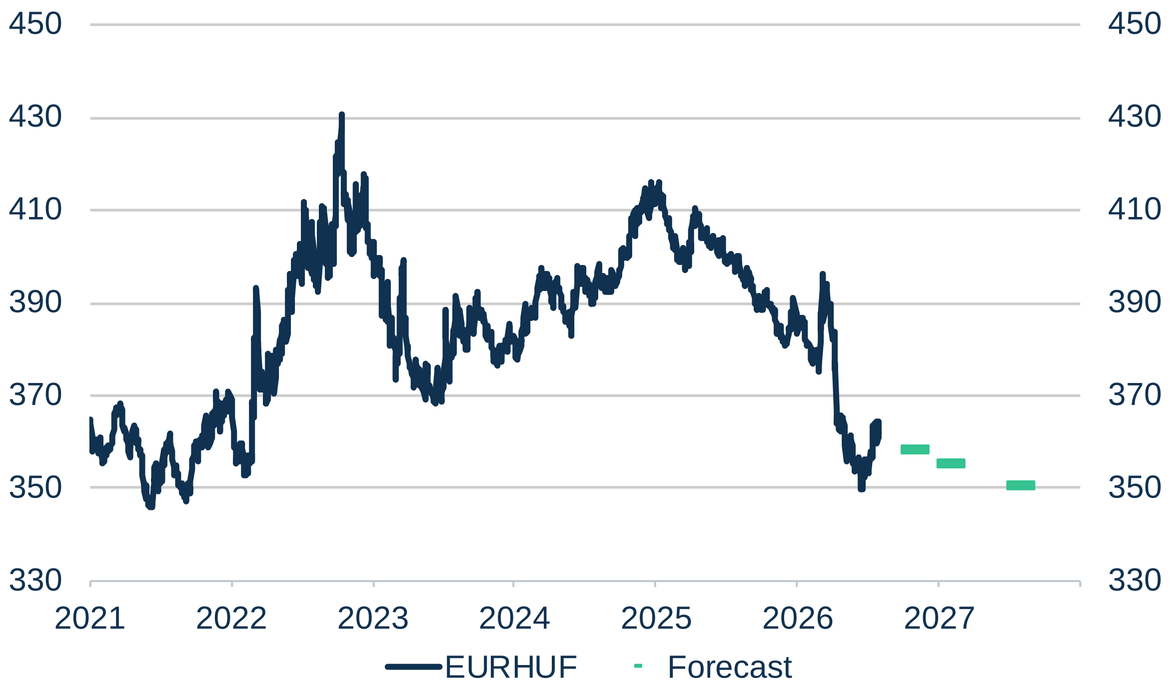
- High public debt is weighing on Brazil's public budget; fiscal consolidation is proceeding only slowly.
- The general elections scheduled for October are increasing political uncertainty.

Contra EUR

- With a benchmark interest rate of 14.25%, Real continues to offer a significant yield advantage.
- Brazil's economy is expected to grow by just under 2% in 2026, slightly faster than that of the eurozone.
- The trade surplus is expected to remain robust and increase compared with the previous year—driven by oil, soybeans, and iron ore.

EURHUF: Hungary's economy grew strongly by 1.7% in the second quarter

FX EUR/HUF



	Historical Data			Forecast		
Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURHUF 364.25	397.84	385.15	372.48	358.00	355.00	350.00

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

- Hungary's fiscal policy has led to high budget deficits so far. Fiscal consolidation under the new government will be implemented only gradually.
- The Hungarian central bank is lowering its key interest rate to 5.75%. Further easing measures will reduce the forint's interest rate advantage.

Contra EUR

- Hungary's government plans to adopt the euro in the medium term. This requires major reforms that will boost investor confidence.
- 's move toward the EU following the change in government is likely to lead to the release of additional frozen EU funds in the future. These will support the economy.
- The forint continues to offer an interest rate advantage.

EURMXN: Mexico's economy grew more than expected in the second quarter

FX EUR/MXN

	Historical Data			Forecast		
Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURMXN 19.95	21.67	21.12	20.39	22.40	22.30	22.10
USDMXN 17.34	19.17	17.98	17.48	19.15	18.90	18.57

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

- Mexico's economic growth is slowing and is expected to be below 1% this year.
- The peso's interest rate advantage is likely to narrow as the ECB raises its key interest rates over the course of the year.
- There is heightened uncertainty due to the upcoming renegotiation of the North American Free Trade Agreement, as well as institutional risks.
- Deteriorating Fiscal Situation Leads to Credit Rating Downgrade

Contra EUR

- The peso continues to offer an interest rate advantage over the euro.
- Nearshoring and close ties to the United States remain structural pillars for exports and investment.

EURPLN: The Polish central bank has recently taken a less restrictive stance than the ECB

FX EUR/PLN

	Historical Data			Forecast		
Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURPLN 4.31	4.24	4.22	4.24	4.32	4.36	4.36

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

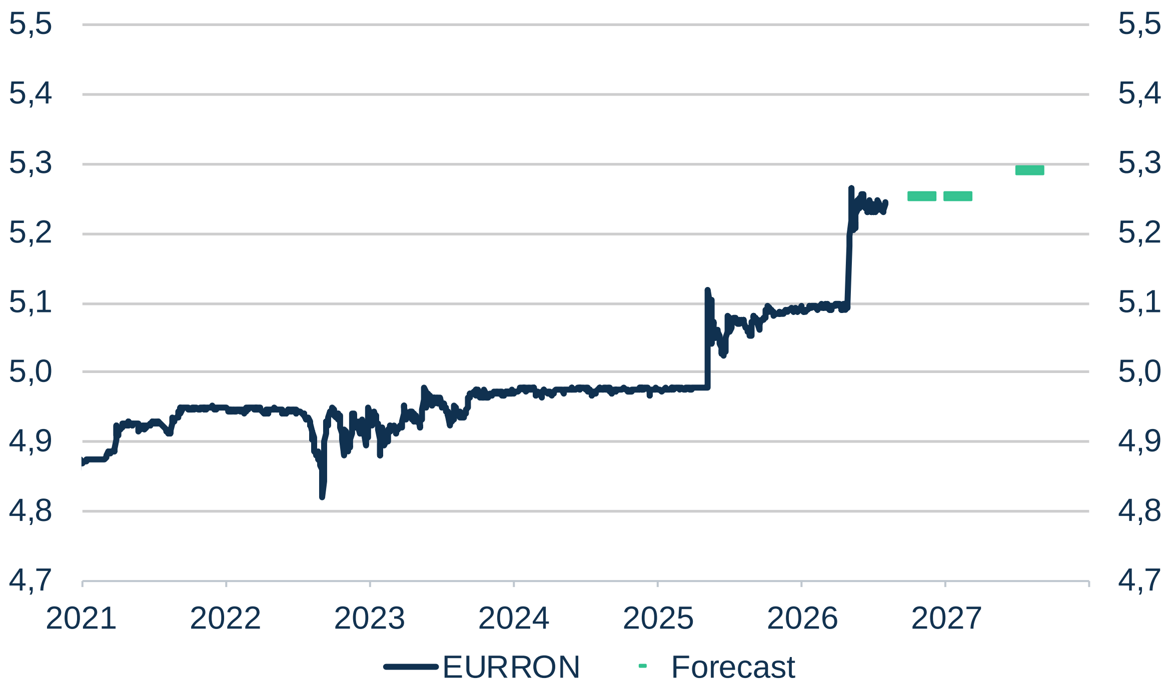
- Poland's fiscal policy remains a weak point. The budget deficit stood at about 6.9% in 2025, causing public debt to rise toward 60%.
- Political tensions between the government and the president are complicating the implementation of economic policy.
- Rising inflation is limiting the scope for interest rate cuts. This could slow growth.

Contra EUR

- As in previous years, Poland's economy is likely to continue growing at a faster rate than that of the eurozone.
- With a key interest rate of 3.75%, the zloty continues to offer an interest rate advantage over the euro.

EURRON: Parliament passes a reform package to secure 3 billion in EU funding

FX EUR/RON



	Historical Data			Forecast			
	Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURRON	5.25	5.04	5.10	5.14	5.25	5.25	5.29

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

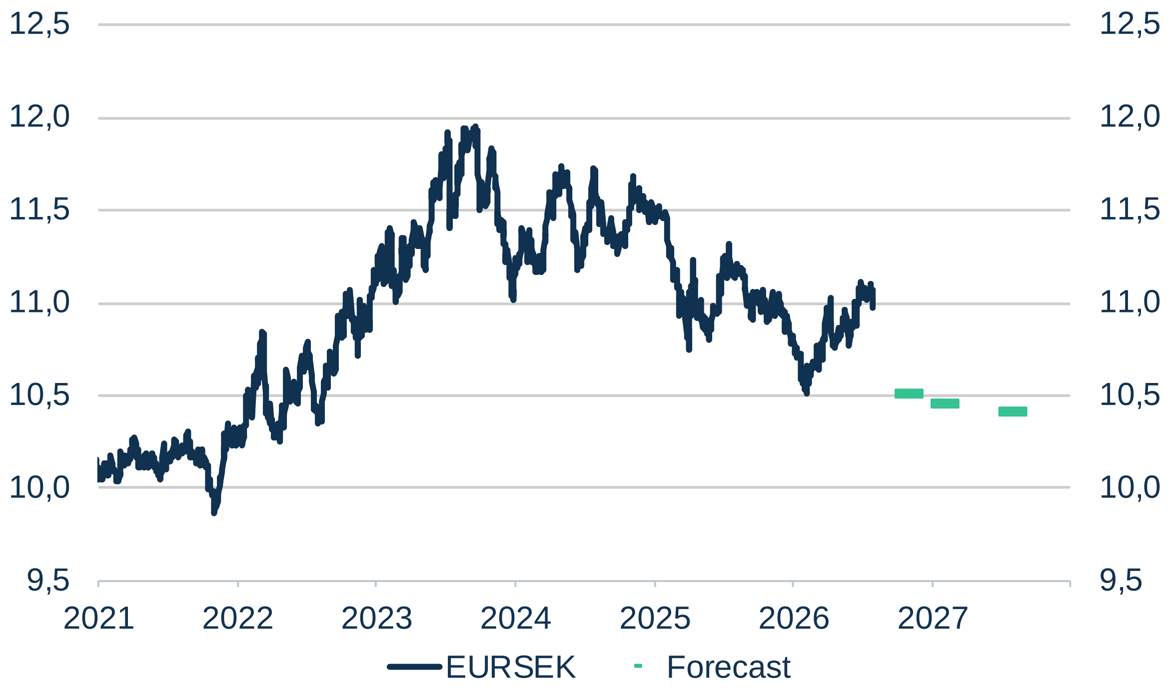
- Fiscal risks remain high. After standing at 7.7% last year, the budget deficit is expected to fall to around 6.2% in 2026—still the highest in the eurozone.
- The collapse of the governing coalition is increasing political uncertainty and putting pressure on the leu.
- The VAT increase has driven up inflation and is limiting the scope for interest rate cuts.
- The economy is expected to grow by just under 1% this year.

Contra EUR

- The large inflow of EU funds is likely to support growth.
- With a key interest rate of 6.5%, the Leu continues to offer an interest rate advantage over the euro.

EURSEK: Sweden's economy grew by 1.4% in Q2, a significantly stronger rate than before

FX EUR/SEK



	Historical Data			Forecast			
	Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURSEK	10.98	11.06	10.83	10.79	10.50	10.45	10.40

Pro EUR

- Following significant cuts in key interest rates, the Swedish krona is at a interest rate disadvantage relative to the euro.
- The Swedish economy is recovering but remains vulnerable to global uncertainty and higher energy prices.

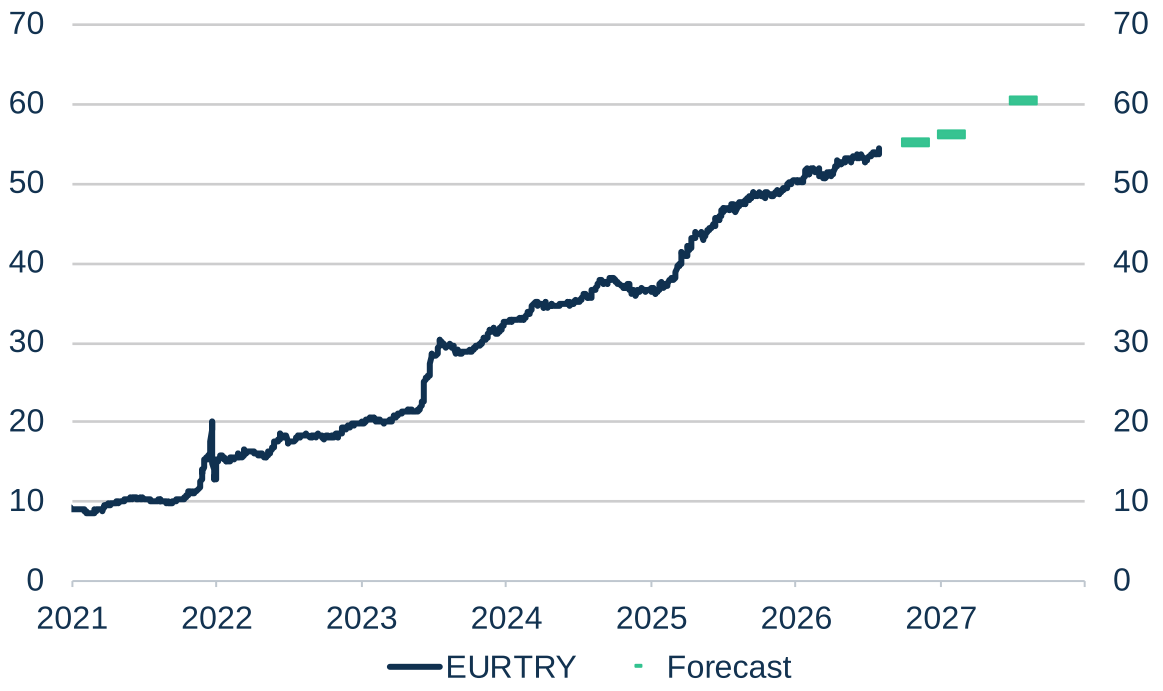
Contra EUR

- Sweden's economy is growing faster than that of the eurozone. Growth for 2026 is expected to be around 2.6%.
- Inflation has fallen. Real wages are rising. This supports private consumption.
- Ongoing shifts of investment capital from abroad into Swedish assets are strengthening the krona.

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

EURTRY: The inflation rate is falling only slowly – in June, it dropped to 32.11%

FX EUR/TRY



	Historical Data			Forecast		
Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURTRY 54.58	44.81	50.48	52.05	54.90	56.00	60.20

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

- Turkey remains a country with high inflation. Disinflation is proceeding more slowly than the central bank had announced.
- As an energy importer, Turkey is affected by energy prices. Higher prices are weighing on growth and driving inflation.
- Foreign exchange interventions to prop up the lira are putting a strain on the country's already low foreign exchange reserves.
- Tense domestic political conditions are undermining investor confidence.

Contra EUR

- The lira continues to offer a significant yield advantage over the euro.
- Political influence over the central bank has waned.

EURZAR: Fitch Ratings Recognizes South Africa's Reform Process with a Credit Rating Upgrade

FX EUR/ZAR

		Historical Data			Forecast		
	Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURZAR	19.04	20.18	19.44	19.15	19.20	19.00	18.70

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

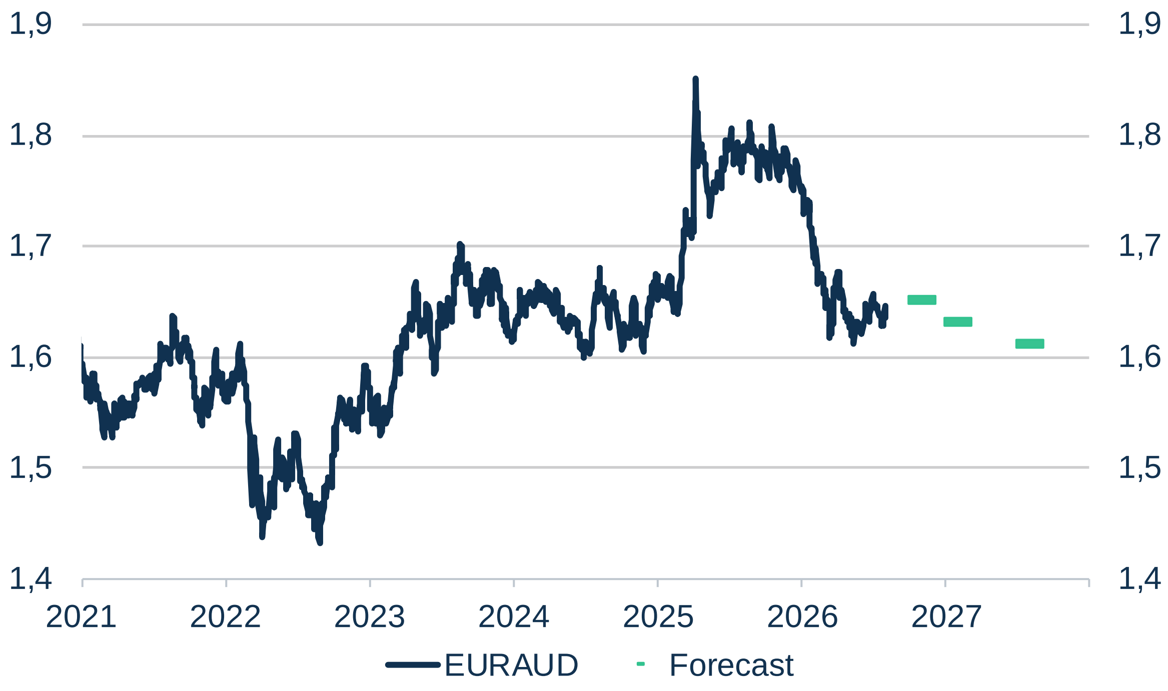
- South Africa's economic growth is sluggish and, despite positive signs, remains vulnerable to structural problems.
- The margin remains heavily dependent on investors' risk appetite.

Contra EUR

- With a benchmark interest rate of 7.00%, the Rand offers a significant yield advantage over the euro.
- The central bank's new inflation target supports a continued restrictive monetary policy.
- Urgently needed investments in transportation and energy infrastructure are improving growth prospects.
- Public debt is likely to decline sooner than expected.

EURAUD: Falling inflation points to a wait-and-see monetary policy

FX EUR/AUD



	Spot	Historical Data Ø 2025	Dec-25	Ø H1 26	Forecast Sep-26	Dec-26	Jun-27
EURAUD	1.64	1.75	1.75	1.66	1.65	1.63	1.61

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

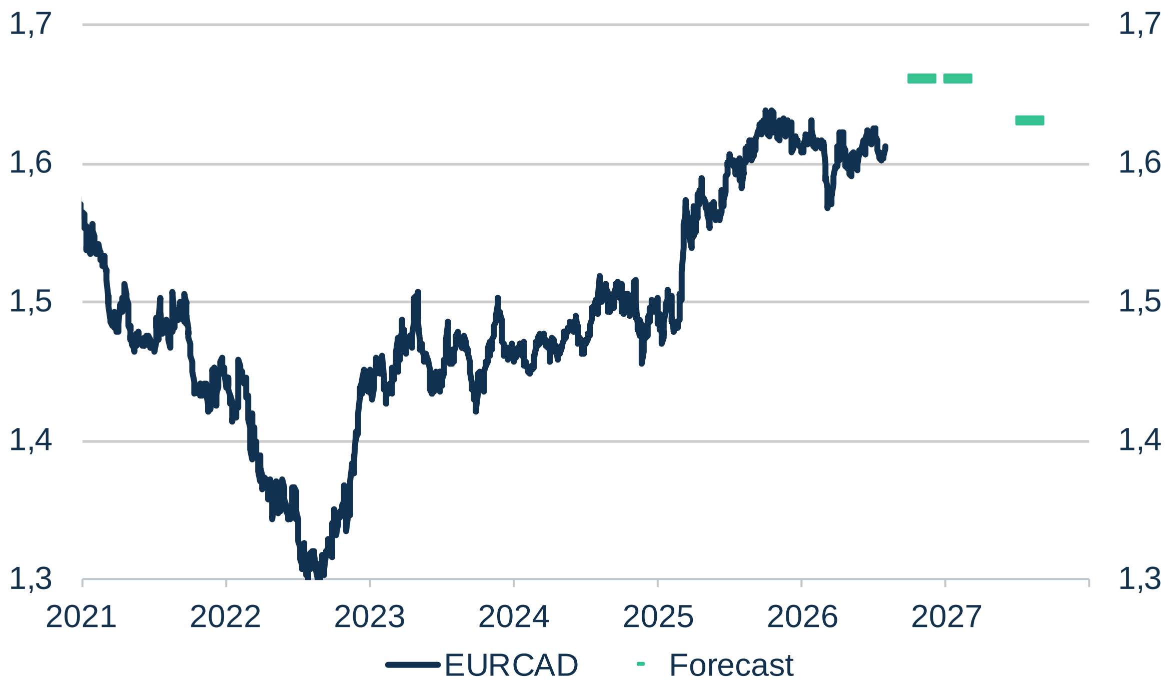
- Australia's economy is sensitive to economic cycles. It is heavily dependent on China's growth and commodity prices.
- The ECB's interest rate hikes are unlikely to cause the Australian dollar's interest rate advantage to widen further.
- Australia's growth advantages over the eurozone are diminishing.

Contra EUR

- The Australian dollar continues to offer a significant interest rate advantage over the euro.
- Australia's economy is expected to grow slightly faster than that of the eurozone in 2026.

EURCAD: Falling inflation is dimming the prospects for an interest rate hike

FX EUR/CAD



	Spot	Historical Data			Forecast		
		Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURCAD	1.61	1.58	1.61	1.61	1.66	1.66	1.63

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

- Canada's economy remains vulnerable to U.S. trade policy and tariffs. The upcoming renegotiation of the North American trade agreement is increasing uncertainty in the market.
- The Canadian dollar faces an interest rate disadvantage against the euro, which is weighing on the currency.
- A prompt end to the war in Iran is likely to weaken the oil price, which has recently been a key source of support.

Contra EUR

- Canada is a major oil exporter. High oil prices are bolstering the Canadian dollar through trade and government revenue.
- A prolonged blockade of the Strait of Hormuz would support the Canadian dollar through higher oil prices.

EURCZK: Economic growth is gaining momentum in the second quarter

FX EUR/CZK

		Historical Data			Forecast		
	Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
EURCZK	24.21	24.69	24.24	24.32	23.90	23.80	23.65

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

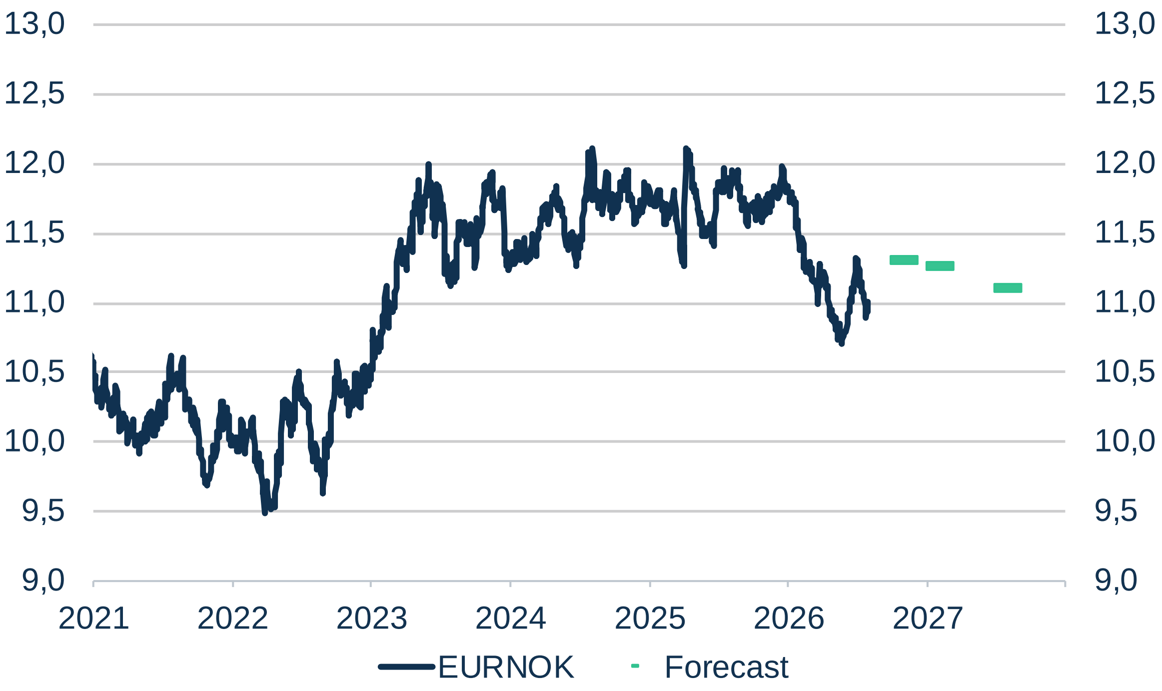
- The export-dependent economy remains vulnerable to international trade risks and geopolitical conflicts.
- The Czech koruna's interest rate advantage is likely to diminish as the inflation rate falls.

Contra EUR

- As in previous years, the Czech economy is expected to grow at a significantly faster rate than that of the eurozone. A more expansionary fiscal policy supports growth momentum.
- With a key interest rate of 3.75%, the Krone offers an interest rate advantage that is likely to persist amid a restrictive monetary policy.
- The Czech economy is likely to benefit disproportionately from a recovery in the European industrial sector.

EURNOK: A decline in inflation in June could slow further interest rate hikes

FX EUR/NOK



	Spot	Historical Data Ø 2025	Dec-25	Ø H1 26	Forecast Sep-26	Dec-26	Jun-27
EURNOK	10.94	11.72	11.84	11.17	11.30	11.25	11.10

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro EUR

- Norway's agriculture is growing more slowly than expected.
- The krone is sensitive to economic conditions. Slower growth in European industry is weighing on the krona.
- Falling oil prices following the reopening of the Strait of Hormuz could weigh on the Norwegian krone.

Contra EUR

- The Norwegian krone offers a significant interest rate advantage over the euro. The hawkish central bank considers a further increase in the key interest rate from its current level of 4.25% to be a possibility.
- Higher oil and gas prices are improving Norway's terms of trade and supporting the krone.
- Norway has a sound fiscal position, supported by its sovereign wealth fund and high energy revenues.

Market Data Overview: Currencies

Exchange rates to EUR	Date	-1M %	-3M %	-1J %	YTD %	Max 52W	Min 52W
AUD	1.64	0.74	-0.40	8.52	7.51	1.81	1.61
BRL	5.85	1.24	-0.02	9.62	10.10	6.55	5.75
GBP	0.85	0.75	0.97	1.16	2.13	0.88	0.85
CNY	7.76	-0.07	3.26	6.04	5.72	8.43	7.70
JPY	183.20	1.43	0.34	-5.98	0.49	187.56	170.28
CAD	1.61	0.50	-1.08	-1.96	-0.26	1.64	1.57
NZD	1.96	2.65	1.76	-0.98	4.31	2.06	1.95
NOK	10.91	3.68	0.00	7.97	8.56	11.99	10.72
PLN	4.31	-0.22	-1.15	-0.77	-1.96	4.34	4.20
RUB	91.47	-1.76	-3.91	0.23	1.56	99.54	82.46
SEK	10.98	0.81	-1.12	1.77	-1.36	11.21	10.51
CHF	0.93	-0.92	-1.44	-0.16	-0.04	0.94	0.90
ZAR	19.04	-1.60	2.87	8.68	2.19	20.89	18.55
CZK	24.20	0.29	0.70	1.62	-0.11	24.60	24.11
TRY	54.68	-2.45	-3.06	-15.03	-7.72	54.68	46.98
HUF	364.60	-2.38	-0.01	9.63	5.30	399.03	349.33
USD	1.15	-0.63	1.96	-0.52	2.08	1.20	1.13
Exchange rates to USD							
JPY	159.23	2.07	-1.58	-5.48	-1.56	163.94	146.35
CNY	6.75	0.51	1.14	6.65	3.59	7.21	6.75

Sources: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

FX: at-the-money volatility

Period	EUR/USD		EUR/CHF		EUR/JPY		EUR/GBP		EUR/HUF		EUR/PLN		EUR/CZK		EUR/CNY		USD/CNH	
	bid	ask	bid	ask	bid	ask	bid	ask	bid	ask	bid	ask	bid	ask	bid	ask	bid	ask
1 month	5.27	5.42	3.57	3.97	8.95	9.50	3.43	3.73	7.95	8.80	3.48	4.23	1.26	2.76	4.46	5.21	1.86	2.26
2 months	5.26	5.36	3.67	4.07	7.93	8.43	3.60	3.85	7.65	8.65	3.56	4.26	1.36	2.86	4.48	5.03	2.03	2.38
3 months	5.27	5.37	3.77	4.12	7.51	7.91	3.87	4.12	7.56	8.56	3.67	4.27	1.42	2.92	4.40	5.05	2.19	2.54
6 months	5.42	5.52	4.06	4.36	7.08	7.58	4.06	4.31	7.50	8.50	3.96	4.51	1.96	2.96	4.46	5.16	2.65	2.95
9 months	5.80	5.90	4.50	4.85	7.19	7.69	4.50	4.75	7.58	8.58	4.25	4.75	2.15	3.15	4.92	5.32	2.89	3.19
1 year	5.93	6.03	4.67	4.97	7.35	7.75	4.68	4.88	7.66	8.66	4.47	4.97	2.29	3.29	5.00	5.45	3.13	3.43
2 years	6.38	6.53	5.01	5.36	7.44	7.94	4.95	5.20	7.78	8.93	4.59	5.24	1.61	3.61	5.40	5.85	3.47	3.72
3 years	6.11	7.36	5.05	6.00	7.36	8.56	5.10	5.60							5.19	6.49	3.40	4.15
5 years	6.46	7.81	5.58	6.53	7.45	8.85	5.70	6.30									3.72	4.27

Data as of: 08/03/2026 11:22 AM

Sources: LSEG, LBBW Research

Brent: Oil Prices Remain Highly Volatile

Brent Oil Price & Forecast
in USD

		Historical Data			Forecast		
	Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
Brent (USD/Barrel)	89.01	68.32	60.85	87.55	80.00	75.00	70.00

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro

- Crude oil supply plummeted by about 9.5 mbpd from late February through late June.
- During the Iran War, production facilities, refineries, and oil infrastructure totaling 3–4 mbpd were destroyed.

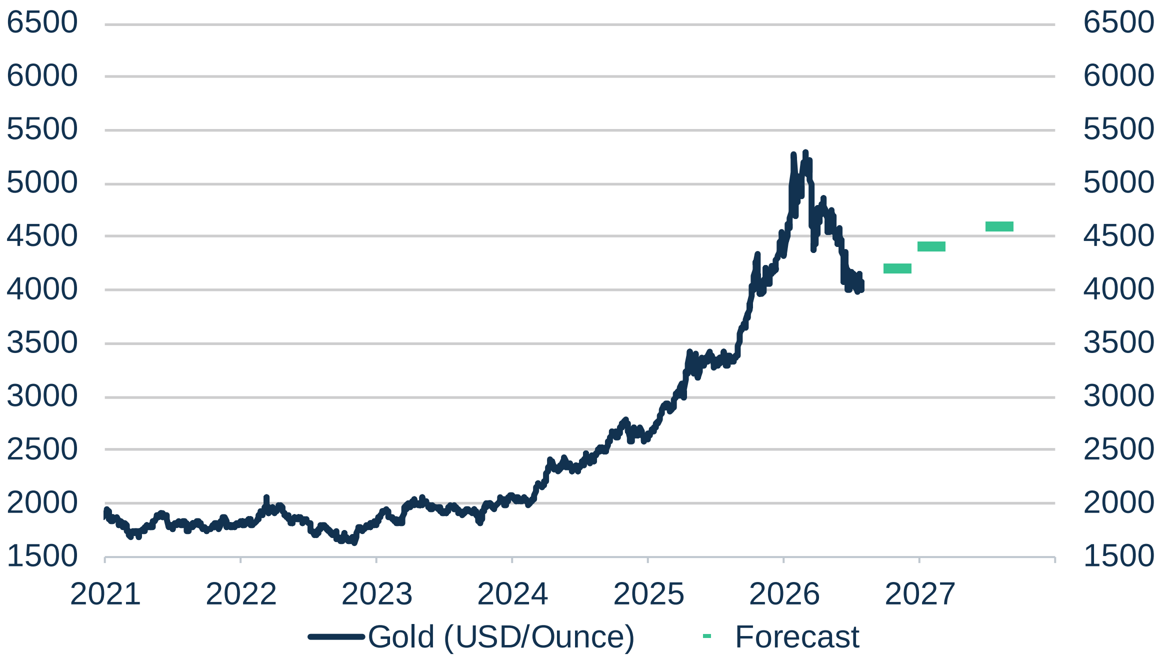
Cons

- The supply surplus in the oil market is expected to be around 0.5 mbpd in Q4/26. The trend continues to rise in the first quarter. First half of 2027.
- Gloomy economic outlook and the war in Iran are dampening demand. Consumption fell by 4.5 mbpd (YoY) in Q2/26.
- OPEC (+ UAE) spare capacity currently stands at around 12 mbpd.
- The U.S. rig count has risen by 11% since the end of February. U.S. output is on track to set a new record in 2026.
- Oil reserves in Gulf countries remain very high.

Gold: Central Banks Are Significantly Increasing Their Gold Purchases

Gold Price & Forecast

in USD



	Historical Data			Forecast		
	Spot	Ø 2025	Dec-25	Ø H1 26	Sep-26	Dec-26	Jun-27
Gold (USD/Ounce)	4 047	3 444	4 325	4 687	4 200	4 400	4 600

Source: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

Pro

- Gold mine production rose only very slowly in Q2/26, by 2% or 18 metric tons (year-over-year). Recycling of scrap gold fell by 6% or 20 metric tons.
- Central banks increased their gold purchases by 62%—or 111 metric tons—in Q2/26.
- Erratic U.S. trade policy and ongoing political... Tensions are keeping gold in demand as a safe haven.
- Cryptocurrencies are becoming a major driver of demand.
- The expected depreciation of the U.S. dollar should.
- Falling oil prices make interest rate hikes less likely.

Cons

- Demand for jewelry fell by 12% or 44 metric tons in Q2/26.
- ETCs are divesting their gold holdings and have sold approximately 80 metric tons so far in 2026.

Commodities Market Data Overview

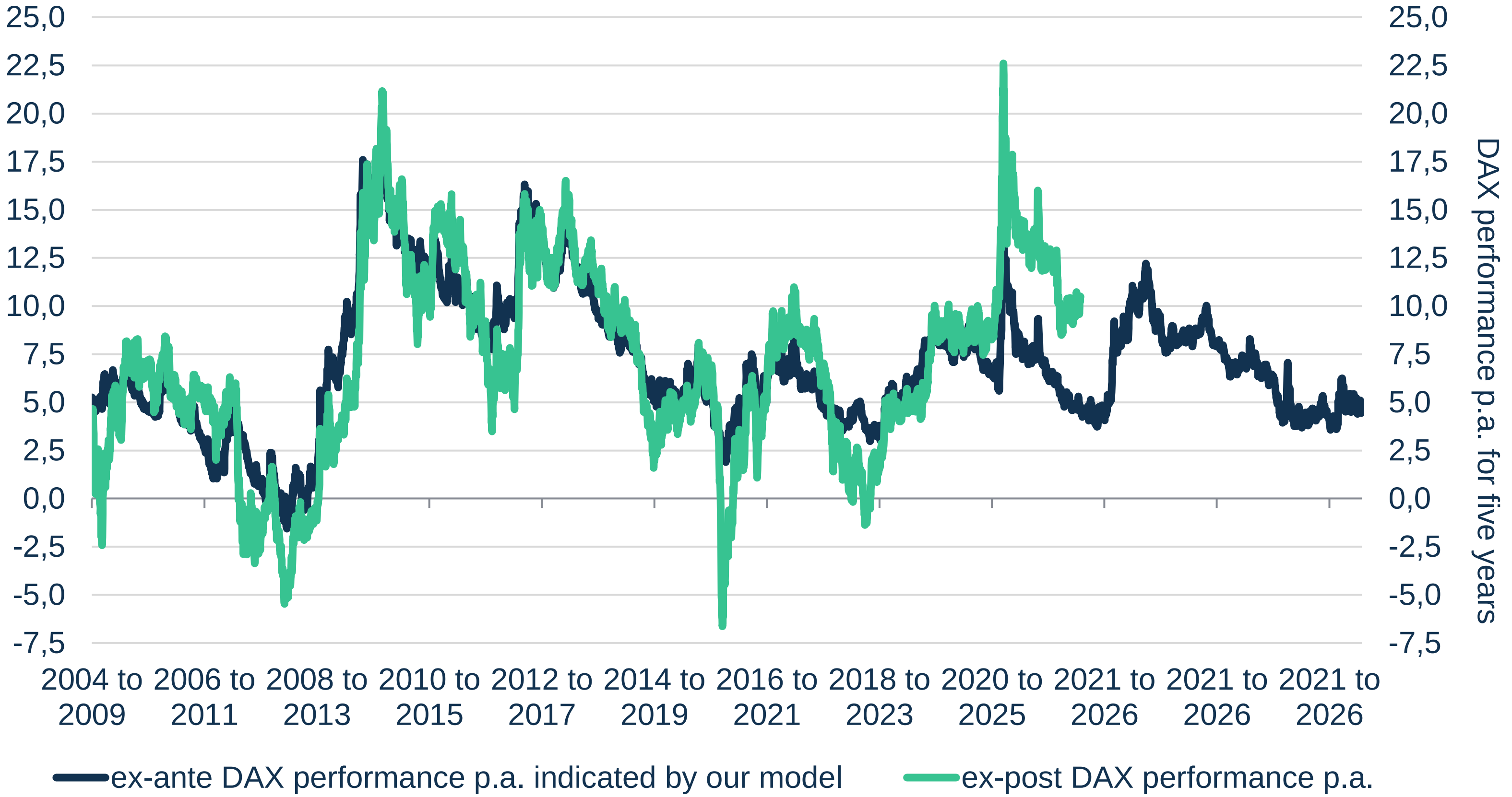
Energy (Spot)	Unit	Date	-1M %	-3M %	-1Y %	YTD %	Max 52W	Min 52W
Crude Oil Brent	USD/bbl	90.11	23.54	-21.06	24.15	48.09	118.34	58.98
Crude Oil WTI	USD/bbl	86.16	22.11	-20.69	22.46	50.47	114.58	55.44
Precious Metals (Spot)								
Gold	USD/oz	4 047	0.27	-12.40	22.78	-6.42	5 298	3 323
Silver	USD/oz	57.73	-1.82	-21.52	59.37	-19.82	118.45	36.49
Platinum	USD/oz	1 626	3.77	-17.00	24.50	-19.78	2 811	1 302
Palladium	USD/oz	1 277	4.63	-13.98	4.89	-18.54	2 106	1 090
Industrial Metals (3M Future)								
LME Aluminium	USD/MT	3 184	3.19	-8.35	24.13	6.29	3 753	2 553
LME Copper	USD/MT	13 791	3.11	6.19	43.49	11.01	14 153	9 631
LME Lead	USD/MT	1 878	0.13	-3.99	-4.72	-6.64	2 100	1 852
LME Zinc	USD/MT	3 643	2.58	8.39	31.97	16.86	3 643	2 727
LME Tin	USD/MT	55 268	7.17	12.30	68.96	36.28	57 960	33 206
LME Nickel	USD/MT	17 249	5.91	-11.40	15.49	3.62	19 642	14 263

Sources: LSEG, LBBW Research (Spot price data retrieved on July 31, 2026)

The DAX five-year model continues to indicate a performance well below average

LBBW DAX Five-Year Model

as a percentage per annum for each of the next five years



Two input factors

1. dividend yield
   (return component)
2. market cap in relation
   to money supply M3
3. (valuation component)

Forecast

5 years

Since more than 21 years very reliable prediction of geometric DAX-mean performance

4.5 % p.a. (inluding dividends)

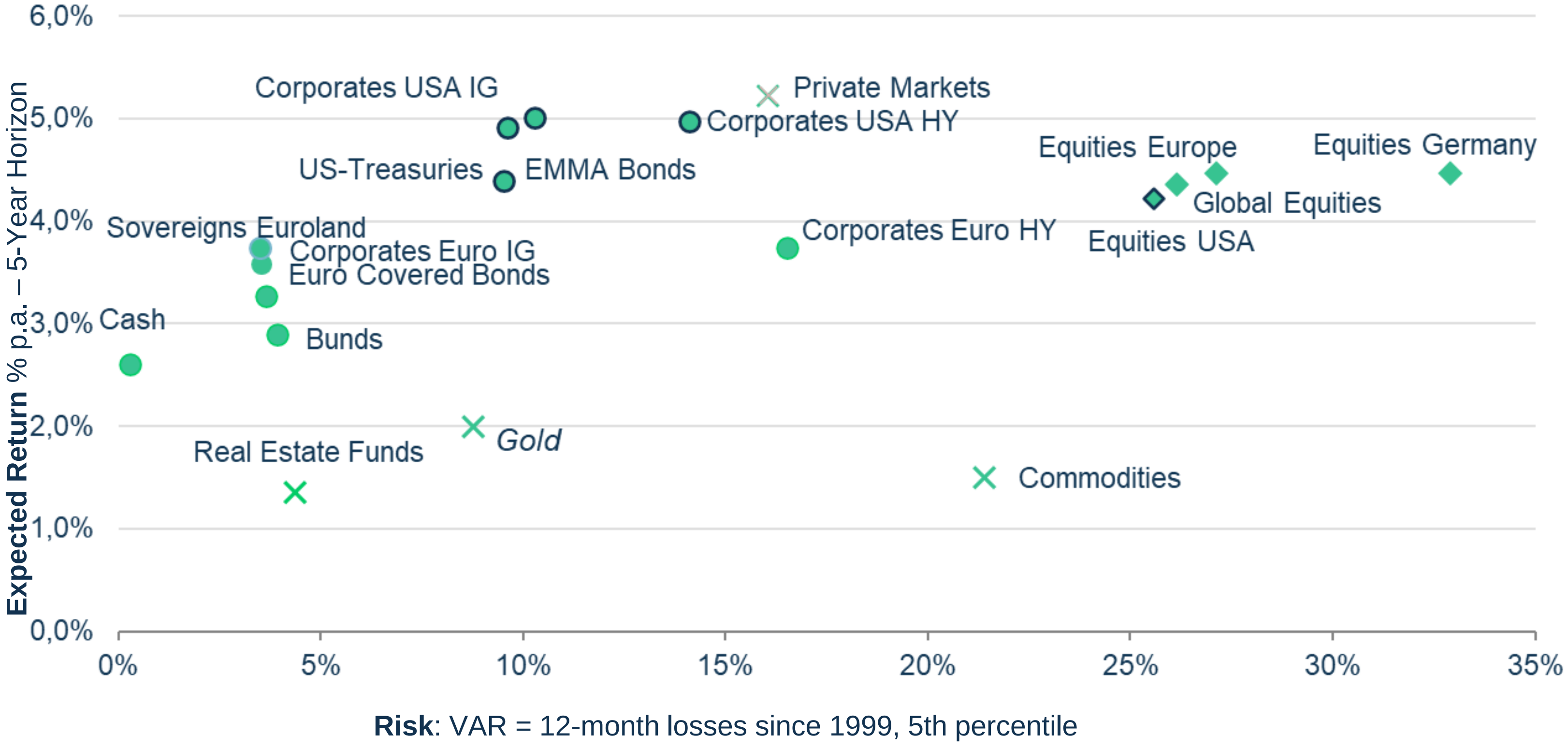
performance forecast

Source: LSEG, LBBW Research

Risk-Adjusted Returns of Asset Classes Over a 5-Year Horizon

Expected Returns Versus Risk: LBBW's Assessments

as a percentage



Sources: LSEG, LBBW Research – As of August 3, 2026. IG = Investment Grade; HY = High Yield. The bond indices have a duration ranging from three to seven years. Note on Risk/VAR: The loss that the respective total return index—used as a proxy for a portfolio in this asset class—has not exceeded with a 95% probability since 1999.

- Expected Bond Yields:
  Basis: Current yields of the respective bond indices. In the case of high-yield and emerging markets, these figures were adjusted based on historically plausible assumptions regarding defaults and recovery rates. Additional assumption: a constant yield curve.
- Expected Returns on Stocks:
  A combination of the five-year DAX model and long-term equity risk premiums.
- Currency Analysis:
  In the risk analysis, unhedged portfolios were evaluated from the perspective of a euro-denominated investor. The same applies to the return assumptions, which are based on the assumption of constant exchange rate relationships.

Yield Curves for EUR Sovereigns

Yields by Rating and Maturity

as a percentage

Average Yield EUR Sovereigns														
31.07.2026	Maturity in Years													
Country	1	2	3	4	5	6	7	8	9	10	15	20	25	30
Germany	2,63	2,72	2,76	2,80	2,85	2,91	2,98	3,04	3,12	3,19	3,51	3,65	3,70	3,75
France	2,77	2,91	3,01	3,14	3,28	3,43	3,57	3,71	3,84	3,96	4,38	4,59	4,76	4,96
Italy	2,78	2,94	3,09	3,23	3,37	3,51	3,65	3,78	3,90	4,01	4,46	4,69	4,87	4,99
Spain	2,70	2,80	2,88	2,97	3,07	3,18	3,30	3,42	3,53	3,63	4,02	4,22	4,36	4,37
Netherlands	2,57	2,71	2,81	2,88	2,95	3,01	3,08	3,15	3,21	3,28	3,54	3,71	3,78	3,78
Austria	2,68	2,81	2,91	3,00	3,08	3,16	3,23	3,31	3,38	3,45	3,72	3,91	4,01	4,05
Belgium	2,69	2,82	2,93	3,04	3,17	3,29	3,42	3,54	3,65	3,76	4,19	4,49	4,68	4,76
Ireland	2,63	2,73	2,80	2,87	2,94	3,02	3,10	3,19	3,27	3,36	3,64	3,75	-	-
Portugal	2,70	2,76	2,83	2,92	3,02	3,13	3,24	3,36	3,47	3,57	3,98	4,21	4,31	4,32
Finland	2,66	2,78	2,87	2,95	3,04	3,13	3,22	3,32	3,41	3,49	3,84	4,00	4,08	4,14
EUR Swap in %	2,88	2,96	2,98	3,00	3,02	3,04	3,07	3,11	3,14	3,18	3,31	3,35	3,33	3,28

Yield over 4.0%

Source: LSEG, LBBW Research

Yield Curves for EUR Non-Financials

Interpolated Yields by Rating and Maturity
as a percentage

Average Yield EUR Non-Financials										
31.07.2026	Maturity in Years (Call-Date)									
Rating	1	2	3	4	5	6	7	8	9	10
AA	2,52	2,89	3,12	3,27	3,39	3,49	3,57	3,65	3,71	3,78
AA-	2,58	2,94	3,16	3,31	3,42	3,52	3,60	3,67	3,73	3,79
A+	2,66	3,03	3,24	3,39	3,51	3,61	3,69	3,76	3,82	3,88
A	2,75	3,11	3,32	3,47	3,58	3,68	3,76	3,82	3,88	3,94
A-	2,76	3,11	3,34	3,50	3,63	3,73	3,82	3,89	3,96	4,02
BBB+	2,77	3,17	3,40	3,56	3,69	3,79	3,88	3,96	4,02	4,08
BBB	2,88	3,28	3,52	3,68	3,81	3,92	4,01	4,08	4,15	4,21
BBB-	2,98	3,43	3,69	3,88	4,02	4,14	4,24	4,32	4,40	4,47
BB+	3,36	3,83	4,10	4,29	4,44	4,57	4,67	4,76	4,84	4,91
BB	3,51	3,93	4,37	4,68	4,92	5,12	5,29	5,43	5,56	5,67
BB-	3,75	4,66	5,18	5,56	5,85	6,09	6,29	6,46	6,62	6,75
B+	4,19	5,17	5,75	6,15	6,47	6,73	6,95	7,14	7,30	7,45
B	4,43	5,42	6,22	6,78	7,22	7,58	7,88	8,14	8,38	8,58
B-	5,34	6,59	7,33	7,85	8,25	8,58	8,86	9,10	9,31	9,50
EUR Swap in %	2,88	2,96	2,98	3,00	3,02	3,04	3,07	3,11	3,14	3,18

Yield over 4.0%

Source: LSEG, LBBW Research

Yield Curves for EUR Senior Bank Preferred Securities

Interpolated Yields by Rating and Maturity

as a percentage

Average Yield EUR Banks Senior Preferred										
31.07.2026	Maturity in Years (Call-Date)									
Rating	1	2	3	4	5	6	7	8	9	10
AA	2,89	3,12	3,26	3,36	3,43	3,49	3,54	3,59	3,63	3,67
AA-	2,91	3,14	3,27	3,37	3,44	3,50	3,56	3,60	3,64	3,67
A+	2,92	3,17	3,35	3,47	3,57	3,65	3,72	3,78	3,83	3,88
A	2,93	3,19	3,35	3,46	3,55	3,62	3,68	3,73	3,77	3,81
A-	2,95	3,26	3,43	3,56	3,66	3,74	3,80	3,86	3,91	3,96
BBB+	3,17	3,37	3,49	3,61	3,73	3,80	3,86	3,92	3,96	4,01
BBB	3,21	3,40	3,58	3,71	3,81	3,89	3,95	4,01	4,06	4,11
BBB-	3,35	3,46	3,53	3,58	3,61	3,64	3,67	3,69	3,71	3,73
EUR Swap in %	2,88	2,96	2,98	3,00	3,02	3,04	3,07	3,11	3,14	3,18

Yield over 4.0%

Source: LSEG, LBBW Research

Yield Curves for EUR Covered Bonds

Yields by Rating and Maturity

as a percentage

Average Yield EUR Covered Bonds											
31.07.2026	Maturity (Call-Date)										
Country	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
AU	3,05	3,13	3,15	3,19	3,21	3,30	3,32	3,34			3,56
AT	2,97	3,06	3,12	3,21	3,25	3,33	3,41	3,36	3,55		3,57
BE	2,92	3,10	3,15	3,18	3,25	3,32		3,47			
CA	2,92	3,07	3,17	3,22	3,26	3,34	3,33				
DK	2,94	3,15	3,15	3,14	3,40	3,66					
FI	2,97	3,05	3,12	3,24	3,32	3,27	3,43		3,47		
FR	2,93	3,08	3,16	3,24	3,32	3,39	3,46	3,53	3,64	3,66	3,75
DE	2,91	3,04	3,10	3,16	3,20	3,26	3,30	3,33	3,41	3,48	3,59
GR											
IE											
IT	2,92	3,11	3,22	3,25	3,38	3,40	3,48	3,56		3,67	3,79
LU											
NL	2,98	3,06	3,12	3,21	3,25	3,33	3,32	3,48	3,55	3,45	3,61
NZ		3,02	3,17	3,16	3,26	3,26	3,33				
NO	2,94	3,08	3,14	3,20	3,28	3,25	3,37	3,36		3,64	3,60
PL				3,15			3,33				
PT	2,91	3,04		3,22	3,26	3,35	3,38		3,51		
SG		3,13	3,12	3,21	3,29	3,29					
ES	2,87	3,07	3,19	3,18	3,29	3,28	3,39	3,45		3,50	
SE	2,96	3,07	3,16	3,22	3,32	3,29	3,34		3,44		
CH	3,02		3,16	3,27	3,34		3,42				
UK	3,01	3,09	3,14	3,16	3,28	3,26		3,37	3,34	3,52	
JP	2,85	3,16	3,24		3,26	3,27				3,59	
KR		2,91	3,15	3,25	3,27	3,35					
SK	3,07	3,21	3,23	3,28	3,35	3,42					
EUR Swap in %	2,88	2,96	2,98	3,00	3,02	3,04	3,07	3,11	3,14	3,18	3,21

Yield over 4.0%

Source: LSEG, LBBW Research

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