Global Strategy 3Q 2024

The latest economic and inflation data support a normalisation of monetary policy. The ECB started by cutting interest rates for the first time in June, while the US Fed is still waiting. Uncertainty about the future interest rate path is considerable in view of geopolitical uncertainties. We also expect increased volatility on the bond markets in the 3rd quarter. For corporate bonds, we recommend the BBB rating class and IG-rated subordinated bonds (corporate hybrids). We expect a positive price trend on the global equity markets in the 3rd quarter.

Investment Strategy 3Q 2024:

Govt. bond yields	Sept. 2024
Germany (10Y)	2.40
USA (10J)	4.10

Currencies	Sept. 2024
EURUSD	1.11
EURCHF	0.98

Equity Performances		Sept. 2024
Global	↗	0%/ +5%
Europa	↗	0%/ +5%
USA	↗	0%/ +5%

Source: Erste Group Research

Prices as of
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Note:
Our estimates are in absolute and not in relative terms. Bond yields and equity market returns in local currencies. Past performance is not a reliable indicator of future performance.

Economy

The US economy weakened significantly in the 1st quarter. However, domestic demand, the backbone of the economy, still held up well. Recent consumer data has already been weaker, but more data is needed to confirm an economic downturn. A weaker economy should ease price pressures. The May inflation data already reflected significantly weaker price pressures in services. The Eurozone economy surprised in 1Q with GDP growth of +0.3% Q/Q. Germany also managed to return to growth after a recession in H2 2023. The recovery should continue in 2H 2024, although the smouldering trade conflict with China and the growing influence of populist parties in Europe represent risk factors for the growth outlook. Inflation should continue to fall, with the focus remaining on services inflation in particular.

Bonds

In contrast to the ECB, the data situation was not yet sufficient for the US Fed to cut interest rates for the first time. The decisive committee, the FOMC, would like to gain further confidence that the inflation rate is moving sustainably towards the inflation target. We expect the economy to cool down and price pressure to ease, leading to the first rate cut of 25 bp in September. The economic data published since May has led to a noticeable fall in yields on US government bonds. At the beginning of June, the ECB Governing Council felt that the time had come for an initial interest rate cut of 25 bp. The development of core inflation in the coming months will be decisive for the future path of monetary policy. The economy remains relatively weak for the time being, energy prices have calmed down and this is also to be expected for labour costs. We expect the next interest rate cut of 25 bp in September. German government bonds with medium and longer maturities should continue to move sideways in a volatile manner.

Currencies

The forecast for EURUSD based on fundamental data favours a slight weakening of the USD. However, the risks in Europe, particularly in France, have increased, meaning that the euro should fluctuate more widely than recently. The gold price should benefit from falling interest rates and strong demand from global central banks.

Equities

The rise in the global equity market index this year will be supported by solid earnings growth, which will accelerate further in 2025. We expect the global equity market index to rise in a range of 0% to +5% in the third quarter. The favoured sectors are technology, healthcare and non-cyclical consumption.

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Investment Strategy 3Q 2024

Yields		current	3Q24 (Estimates)	4Q24	1Q25	2Q25
10y. Govt. bonds	**Germany**	2.58	**2.40**	2.50	2.60	2.60
	Austria	3.12	**2.90**	2.95	3.00	3.00
	US	4.41	**4.10**	3.80	3.70	3.70
	CEE					
	Czech Republic	4.13	**4.02**	3.87	3.70	3.56
	Hungary	6.80	**6.42**	6.37	6.05	5.95
	Poland	5.65	**5.50**	5.40	5.40	5.20
	Romania	6.86	**6.90**	6.80	6.70	6.50

Source: Erste Group Research estimates

Currencies		current	3Q24 (Estimates)	4Q24	1Q25	2Q25
Global	**EURUSD**	1.08	**1.11**	1.13	1.14	1.14
	EURCHF	0.97	**0.98**	0.98	0.99	0.99
	Gold (USD)	2,327	**2,450**	2,500	2,550	2,580
CEE	**CZK**	25.01	**24.73**	24.60	24.50	24.39
	HUF	394.86	**390.00**	390.00	390.00	390.00
	PLN	4.31	**4.25**	4.20	4.25	4.30
	RON	4.97	**4.99**	5.00	5.02	5.05

Source: Erste Group Research estimates

Equities		Estimate 3Q 2024	min	max	FX
Global		↗	**0%**	**+5%**	USD
Regions	**Europe**	↗	**0%**	**+5%**	EUR
	USA	↗	**0%**	**+5%**	USD
	CEE	↗	**0%**	**+5%**	EUR
	Emerging Markets				
	Brazil	↗	0%	+5%	BRL
	India	↗	0%	+5%	INR
	China	↘	-5%	0%	USD
Sectors	Technology	↗	0%	+5%	USD
	Health Care	↗	0%	+5%	USD
	Financials	↗	0%	+5%	USD
	Telecom	↗	0%	+5%	USD
	Energy	↗	0%	+5%	USD
	Industrials	↗	0%	+5%	USD
	Consumer Staples	↗	0%	+5%	USD
	Basic Materials	↘	-5%	0%	USD
	Utilities	↘	-5%	0%	USD
	Consumer Discretionary	↘	-5%	0%	USD

Source: Erste Group Research estimates

Eurozone Economic Outlook

Growth surprises positively in 1Q 2024

In 1Q24, the Eurozone surprised positively with GDP growth of 0.3% q/q. Encouragingly, Germany also managed to return to growth after a recession in 2H23. Spain once again delivered an above-average growth rate. At the component level, foreign trade in particular, having benefited from dynamic growth in exports, made a significant contribution to growth in the first quarter. In contrast, the burden on growth from destocking continued. Private consumption made a small contribution to growth, while investments declined.

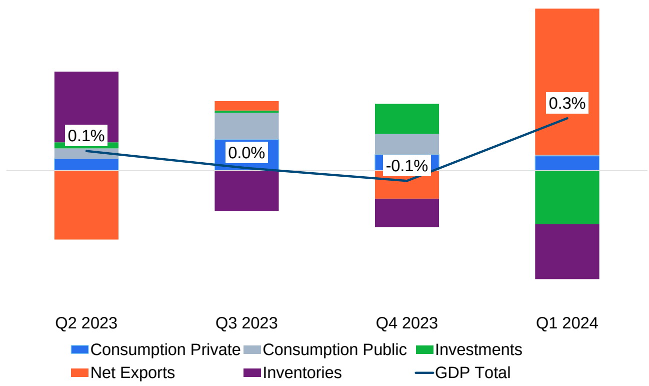
0.7% GDP growth expected in 2024

We expect the recovery to continue in the second half of the year. However, due to the current lack of impetus from global trade, we expect the recovery to be muted. Due to the strong focus on exports, we believe that this will have a particularly dampening effect on growth in Germany. In Germany, the lack of momentum in foreign trade is also impacting consumption and investment activity. Hourly wage growth, which was significantly higher than inflation in the Eurozone in 1Q24, should provide a further boost to private consumption. The interest rate cuts we expect to see from the ECB in the coming quarters should also gradually stimulate investment activity. The smouldering trade conflict with China and the growing influence of populist parties in Europe represent risk factors for our growth outlook. For 2024, we forecast a slight acceleration in growth to 0.7%. The recovery should firm up in the second half of the year, allowing for a further slight acceleration in growth to 1.1% in 2025.

Inflation should decline further in 2024

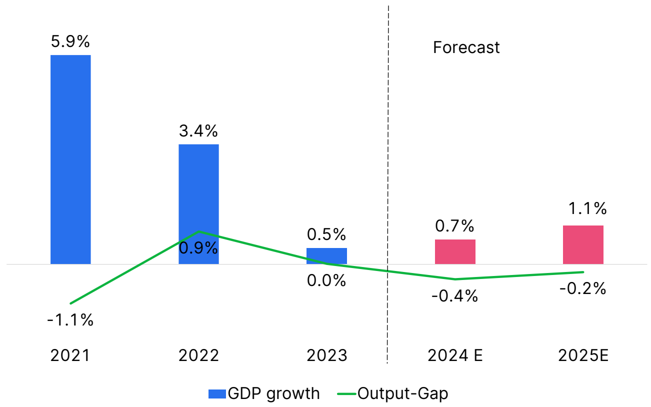
Inflation should fall from 5.5% to 2.4% in 2024. Service provider inflation, which was still at 4.1% in May, will remain the focus of the financial markets in the coming months.

Recovery in 1Q 2024
EZ GDP growth by component



Source: Eurostat, Erste Group Research

Slow recovery expected in 2024
EZ GDP growth 2021 – 2025E



Source: Eurostat, Erste Group Research

US Economic Outlook

Weaker US growth should remain

Low savings rate leads us to expect weaker consumption

The US economy slowed significantly in the first quarter. The question is whether this was the start of a downturn or a temporary weakness. Uncertainty is also high because domestic demand, the backbone of the economy, has still held up well. However, we do expect a sustained slowdown in the US economy, but do not expect a recession. The most important argument for this is that the growth in consumer spending over the last few quarters has been accompanied by a decline in the savings rate. This shows that an increasingly higher share of income was necessary to maintain this momentum in consumer spending over the last few quarters. The savings rate is very low compared to the pre-pandemic period, which makes it all the more likely that it will not fall further, perhaps even rise. Recent consumption data has already been relatively weak. However, more data will be needed to confirm the downturn. Households, on the other hand, continue to receive support from a firm labor market. The unemployment rate is low at 4%, wage increases are still higher than before the outbreak of the pandemic, as is the number of job vacancies. However, all of the indicators mentioned have been showing a slowdown or normalization after the pandemic-related upheavals for some time. This trend is likely to continue, meaning that there will be less support for consumption from this side.

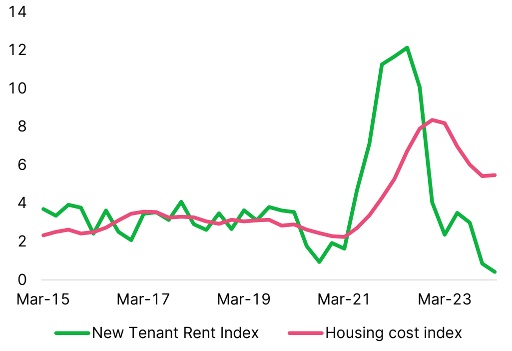
Inflation rate should continue to fall

The inflation data for the year to date has shown an unsteady picture. Price pressure increased during the first three months of the year. The situation eased slightly in April and price pressure fell noticeably in May. The data was also received very positively by the market as, for the first time in a long time, there was significantly less pressure on prices for services. However, housing costs, which are part of services, continued to show excessively high inflation rates. However, there are good indications of a slowdown in inflation in this area in particular. Due to the nature of the survey, housing costs (rents) only follow the current rent trend in the inflation calculation with a considerable delay. The latter shows continuously decreasing price pressure, so that a decreasing contribution of housing costs to inflation can also be expected. The price development of other services is more difficult to assess. However, a weaker economy should also alleviate price pressure here.

US savings rate is already very low
in % of disposable income

Source: Bureau of Economic Analysis, Erste Group Research

Housing cost inflation should continue to fall
Rents and housing costs, y/y in %



Source: Bureau of Labor Statistics, Erste Group Research

CEE Economic Outlook

The 1Q24 GDP growth proved to be solid in the region, driven mostly by private consumption. As households regain purchasing power, private consumption is likely to be the key driver of the growth in 2024. Increased willingness to save may, however, moderate households' overall spending. We expect GDP growth to be around 1.3% in Czechia and above 3% in Croatia and Serbia. Further, investment activity has slowed or declined, due to the EU funds downturn at the beginning of the new budgeting period.

Economic sentiment has so far been stronger than in 2023. In recent months, however, confidence indicators in industry and retail sectors have been moving sideways. PMIs in manufacturing are above the threshold of 50 only in Romania, but recovering German exports allow for optimism regarding growth of industry in the region.

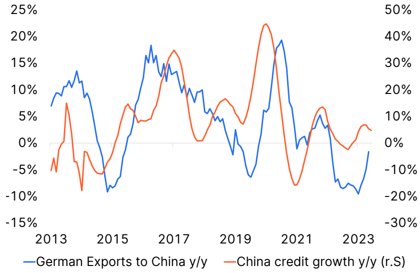
Inflation has fallen toward the central bank's targets or within the tolerance band in most of the regions in the first half of 2024. In the second half of the year, headline inflation is likely to increase in several CEE countries. External factors provide a mixed bag. A period of fast disinflation comes to an end and space for rate cuts has been narrowing in the region. We currently see upside risks to our year-end forecast of the key interest rate in Czechia (currently at 4%). Monetary easing is coming to an end in Hungary. Romania and Serbia are expected to lower key interest rates in the months to come, but the more the central banks wait, the less space they may have. The ECB cut key interest rates by 25 basis points in June. This should be the last missing piece for Romania and Serbia, as inflation has been easing lately.

Emerging Markets Economic Outlook

China

Following a recovery in GDP growth to 5.2% in 2023, the IMF is forecasting a slight slowdown in growth momentum to 4.6% for China in 2024.
Following a temporary recovery, leading indicators for industry and service providers unfortunately weakened noticeably again in April and May. China's domestic economy has no intention of gaining sustainable momentum. The deliberate restriction of the real estate sector is clearly continuing to dampen China's growth momentum.

China credit growth vs. DE exports to China (Y/Y 6-month average)

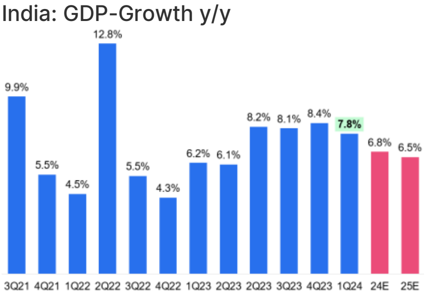


Source: PBoC, Statistik Deutschland, Erste Group Research

German exports to China have bottomed out over the last six months. As a result, the previously strongly negative momentum has already weakened considerably. However, credit growth in China weakened noticeably again in April and May. In conjunction with the recent significant weakening of sentiment indicators, we believe that the short-term growth outlook for China remains subdued. We believe that China's central bank is heavily dependent on the US Fed for further monetary easing measures to support the economy. If the Chinese central bank were to act alone, this would put pressure on the renminbi exchange rate. However, since we expect the US Fed to cut interest rates three times by the end of 2024, the Chinese central bank should have more room for maneuver. This should also brighten the growth prospects for China and thus also for German exports to China.

India

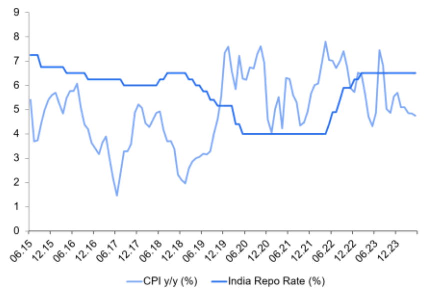
India: GDP-Growth y/y



Source: Central Statistical Org. India, IWF Prognosen

India's economy is growing very strongly. In 1Q24, GDP growth reached +7.8% y/y, after +8.4% y/y in the previous quarter. The long-term economic outlook is clearly positive. The IMF forecasts continued strong growth for India of +6.8% in 2024 and +6.5% in 2025, with high growth reflecting the continued strength of domestic demand and the rising share of the working-age population. Politically, India is relying on proven stability. Prime Minister Narendra Modi secured a third term in office in the parliamentary elections held until the beginning of June - despite higher than expected losses. One focus of his first term in office since 2014 was the liberalization of the economy and the privatization of state-owned companies. In addition, access to the Indian market was made easier for foreign investment.

India: Inflation & Central Bank Target Rate

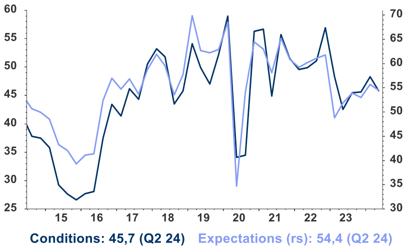


Source: Central Statistical Org. India, RBI

Short-term economic indicators point to continued strong growth in 2Q24. The preliminary Industrial Purchasing Managers' Index (PMI) stood at 62.1 points in June (May: 61.1 points). Incoming orders in particular rose significantly, reflecting strong demand. Strong growth is also continuing in the services sector. Following the already high values in recent months, the PMI reached 60.4 points in June. The Reserve Bank of India (RBI) left the key interest rate unchanged at 6.5% in June. As part of the publication, the GDP forecast for the fiscal year 24/25 was raised from +7.0% to +7.2%. The inflation forecast for 24/25 remained unchanged at 4.5%. In May, inflation continued its slight downward trend at +4.8% y/y. The RBI's target remains an inflation rate of 4% (+/- 2%). On the currency market, the Indian rupee remains very stable against the USD and the 10Y yield reached 7.0%.

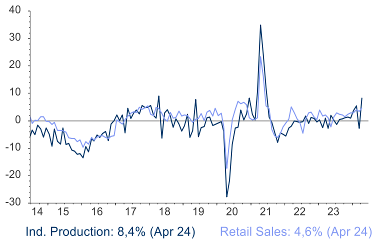
Brazil

Brazil: Sentiment-Indices Industry



Sources: Datastream, Erste Group Research

Brazil: Industrial-Production and Retail-Sales y/y



Sources: Datastream, Erste Group Research

GDP growth should slow from +2.9% in the previous year to +2.1% this year. GDP growth of +2.0% is then expected for the coming year. This means that Latin America's largest economy will continue to grow at a much lower rate than other emerging markets.

Industrial production should grow by +1.8% this year. A slight decline in the growth rate of industrial production to +1.6% is expected for 2025. Purchasing managers' assessment of the current situation is currently negative. However, the expectations component of this indicator points to a future improvement in the manufacturing sector. One important reason for this is the higher order intake in industry. This improved order situation means that investments are currently required for capacity expansions and investments should therefore increase by +2.8% year-on-year in 2024. Companies have also created many new jobs and the unemployment rate has fallen. It should be 7.7% this year. This situation is positive for private consumption. The growth rate expected for 2025 is +2.5%. The inflation rate should fall from 4.6% in the previous year to 4.0% this year.

The key interest rate was cut again in May and now stands at 10.5%. After seven rate cuts in a row, the pace of interest rate cuts is expected to slow down. According to the consensus estimate, the key interest rate should fall to 10.25% by the end of the year and to 9.1% by the end of 2025. The Brazilian real weakened by -7% against the USD in Q2. However, the consensus estimate for the third quarter is that the real will strengthen against the USD by the end of 2024.

Eurozone

ECB Deposit Facility	3.50%
German Bond	2.4% (10Y)

Yield Forecast 3Q 2024

Price pressure must ease further

Inflation data remain in focus

Applying the three criteria: Inflation outlook, the dynamics of underlying inflation and the strength of the transmission of monetary policy, the ECB Governing Council felt that the time had come for an initial interest rate cut of 25 basis points (bp) at the beginning of June. The inflation outlook is likely to have played the biggest role here. Although the ECB economists' corresponding forecasts were raised slightly, the expected achievement of the inflation target of 2% in the second half of 2025 remained unchanged. The dynamics of the underlying inflation on the other hand were not convincing. Overall, the latest monthly data did not yet show any sustained easing of core inflation. Although core inflation is only one of several indicators, it must ultimately fall further in order to actually achieve the ECB’s inflation target. This depends on the prices of services, which are stubbornly showing high rates of increase. Although the path of core inflation currently assumed by the ECB is still realistic, price pressure would have to ease soon for this to remain the case. Each monthly data set will therefore be of great importance for monetary policy. The uncertainty regarding the future interest rate path is therefore considerable. For us, the environment favors a weakening of price pressure. The economy remains weak overall, energy prices have calmed down and the same can be expected for wage costs. We expect the next interest rate cut of 25 basis points in September, which should be followed by two further interest rate cuts of the same magnitude by the end of the year.

Mainly sideways movement in government bonds, political risks exist

For German Bunds, we expect the volatile sideways movement to continue for medium and longer maturities. The guidelines from the USA could create temporary downward pressure on yields. On the other hand, yields for short maturities should fall sustainably, as future interest rate cuts by the ECB should increasingly be priced in. A significant uncertainty factor is the impact of the new elections in France and how a future (right-wing populist) government will deal with the national budget. If the new government embarks on a confrontational course with the EU in the course of the excessive deficit procedure, German government bonds could benefit from this. For other government bonds, however, it would mean a further increase in yield premiums.

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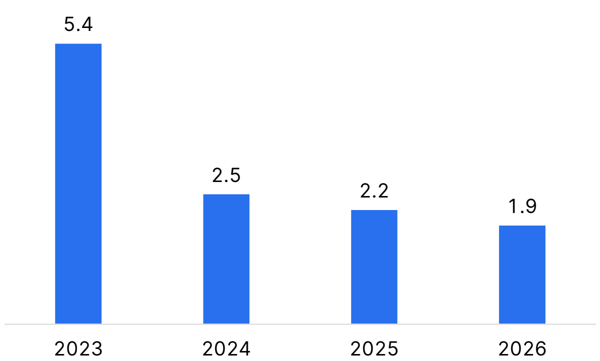
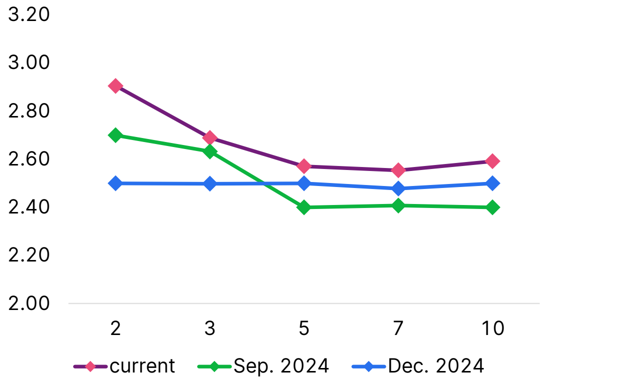
ECB expects inflation target to be reached in 2025
ECB inflation forecast, in %



Source: ECB, Erste Group Research

Yields to move mostly sideways
Yields on German government bonds by maturity, in %



Source: Market data provider, Erste Group Research

USA

Federal Funds Rate
US Treasuries

	Yield Forecast 3Q 2024
Federal Funds Rate	5.00 – 5.25%
US Treasuries	4.1% (10y)

US Fed is still waiting

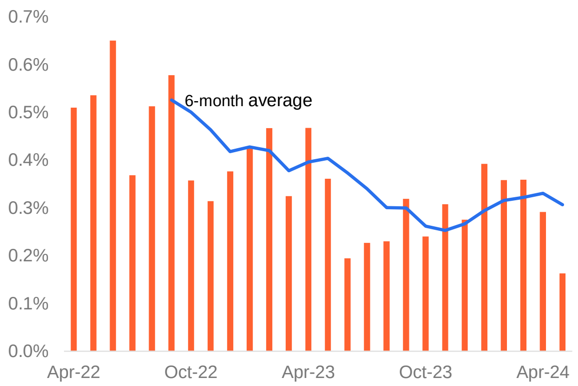
Interest rate cut in September

In contrast to the ECB, the data situation was not yet sufficient for the US Fed to cut interest rates for the first time. The decisive committee, the FOMC, wants to gain further confidence that the inflation rate is moving sustainably towards the inflation target. Only the latest inflation figures for May have made a contribution to this. However, this was preceded by a number of monthly data that clearly showed excessive price pressure. Together with still solid domestic demand and a robust labor market, the central bank's wait-and-see attitude is therefore understandable. The most important prerequisite for a rate cut remains further confirmation that price pressure is easing. The focus here will be on the prices of services, where inflation has been persistent to date. Here, however, the price development of rents for newly concluded contracts, which are a leading indicator, suggests that the contribution of housing costs to inflation will decline. The assessment of other services is more difficult. However, the latest data showed the weakest price increase for a year. For us, the indications for a decrease in price pressure predominate overall. Together with a cooling of the economy, this leads us to expect an initial interest rate cut of 25 basis points (bp) in September, which should be followed by two further interest rate cuts of the same magnitude before the end of the year.

Bond yields should fall

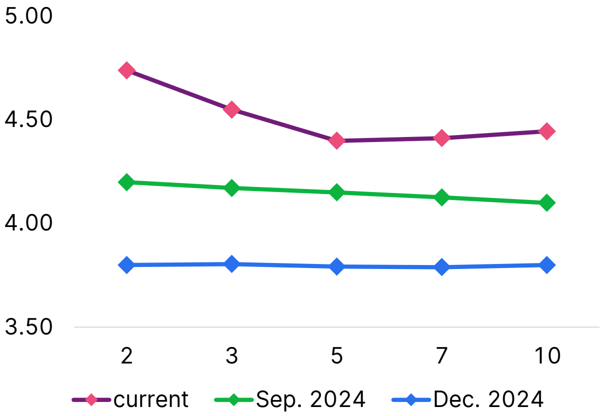
The economic data since around May has led to a noticeable decline in yields on US government bonds. Both the aforementioned inflation data and weaker economic data overall led to this change in the market's valuation of Treasuries. We assume that future economic indicators will follow suit. We expect the US economy to continue to slow, mainly because consumer spending will lose momentum. Together with an expected fall in the inflation rate, this should cause yields to fall. The US elections at the beginning of November have not yet had any noticeable impact on the markets. This could well remain the case over the coming months as long as the outcome of the elections cannot be predicted. Future political decisions will depend not only on the next president but also on the majorities in the US Congress.

Price pressure eased in May
Core inflation, m/m in %



Source: Bureau of Labor Statistics, Erste Group Research

US Yields should decline
Yields of US Treasuries by maturity, in %



Source: Market data provider, Erste Group Research

CEE Government Bonds

	Yield Forecast 3Q 2024
Czech Republic	4.02% (10J)
Hungary	6.42% (10J)
Poland	5.50% (10J)
Romania	6.90% (10J)

Space for rate cuts has been narrowing in the region. We currently see upside risks to our year-end forecast of the key interest rate in Czechia (currently at 4%). Monetary easing is coming to an end in Hungary. We see it at 6.5% at the end of the year. Poland is most likely to keep the interest rate unchanged in 2024. Serbia just cut the key policy rate by 25 basis points to 6.25% and we expect the central bank to cut by an additional 100bps by year-end, which would set the key rate to 5.25%. Romania is expected to lower key interest rates in the months to come. The more the central banks wait, however, the less space they may have, as the period of fast disinflation is over.
Change in expectations regarding the timing of monetary easing in the US impacted the bond market in the region, as we have seen yields rising as adjustment toward later rate cuts has been taking place. The ECB cut key interest rates by 25 basis points in June. Future decisions on the interest rate level would continue to be made on the basis of three criteria: the inflation outlook, underlying inflation and the strength of the transmission of monetary policy.

Since the beginning of the year, the Hungarian forint has depreciated against the euro, while the Polish zloty, on the contrary, has strengthened. Global factors, especially the change in expectations regarding monetary easing in the US, have impacted the FX market to a great extent. As monetary easing is getting closer to an end in Czechia and Hungary, global development is likely to remain the key driver on the FX market.

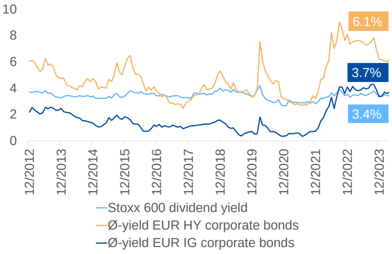
Croatia stands out as the most prudent country in the region. Slovenia is the only CEE nation that managed to reduce its deficit compared to 2022. Slovakia pleasantly surprised with a lower than anticipated shortfall. Poland and Slovakia are projected to face wider deficits this year. The weakest performers were Romania and Hungary. Romania reported a budget balance of -6.6% and is currently under the excessive deficit procedure (EDP). Hungary is an interesting case: despite a largely reduced primary balance, its deficit widened due to the massive increase in interest payments, from 2.8% to 4.7% of GDP.

When we look at YTD developments on the bond market in the region, the upward correction is quite visible, with long-term yields rising everywhere, most notably in Hungary and Romania. This comes as no surprise as monetary easing on core and local markets has been priced out.

EUR-Corporate Bonds
Investment Grade
High Yield

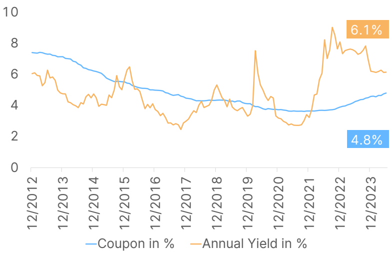
France's new elections dampen risk appetite

Ø-IG corporate bond yield remains higher than Ø-dividend yield*
Corporate bond- vs. dividend yields



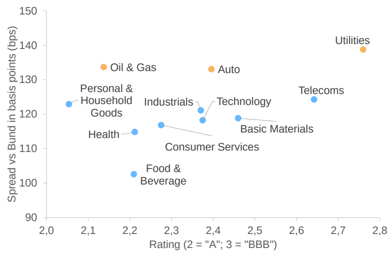
Source: Markit, Erste Group Research
As of 25 June, 2024
* Ø dividend yield of the STOXX 600 index in %
Ø residual term to maturity (IG): ca. 5 years
Ø residual term to maturity (HY): ca. 4 years

Ø HY refinancing costs increase
Ø HY yield* and coupon** in %



Source: Markit, Erste Group Research
As of 25 June, 2024
*Ø residual term to maturity (HY): ca. 4 years
** Ø coupon of bonds already outstanding

IG: Auto, Oil & Gas and Utility bonds have a good risk/return profile
Spread to Bund (bps) vs. Ø-Rating



Source: Markit, Erste Group Research
As of 25 June, 2024

HY bonds and IG subordinated bonds (corporate hybrids) generated higher total returns in 2Q (approx. +1.2% and +1.0% respectively) than senior IG corporate bonds (approx. -0.1%). The slight improvement in leading economic indicators up to May and the ECB's key interest rate cut in June contributed to this. German government bonds had a weaker performance (-0.4%).

The surprising announcement of parliamentary elections in France (30 June and 7 July) by President Macron immediately after the EU elections on 9 June dampened risk appetite significantly. Investors are concerned about the unclear consequences of a possible election victory for the right-wing nationalist party RN. Credit spreads rose significantly in all sectors and especially in the HY segment. French bonds, which play the largest role on the HY corporate bond market with a weighting of 21% ahead of Italian issues (15%), were slightly more affected. The risk of a trade conflict between the EU and China also increased in mid-June. The EU Commission announced new tariffs on imports of electric vehicles manufactured in China. The start of EU-China consultations in this regard calmed the markets somewhat. IG corporate bonds performed better in June (+1.0%) than HY corporate bonds (+0.4%).

Despite the recent widening of spreads, HY bonds remain relatively expensive compared to IG corporate bonds. The excess yield of HY over IG bonds remains low in a 5-year comparison. Financing costs are likely to continue to rise, especially for HY issuers rated lower than BB - even if the ECB cuts key interest rates three more times this year. The coupons of newly issued HY bonds remain significantly higher than the coupons of outstanding HY bonds. The refinancing requirements of HY issuers will increase until 2026. Higher interest rates and yields are increasingly reflected in falling interest coverage ratios (= ratio of operating earnings to interest expenses).

Important leading economic indicators disappointed in June. Contrary to consensus expectations, both the EZ Purchasing Managers' Index and the German ifo Business Climate Index fell compared to May. The market generally reacts to this by widening credit spreads.

The risk premiums of HY bonds still appear to reflect a great deal of optimism regarding the development of the economy, key interest rates and the credit quality of issuers. Political developments in France and the US presidential election in 4Q could at least temporarily or indirectly cause uncertainty and increased volatility.

We continue to recommend BBB-rated corporate bonds and IG-rated subordinated bonds. The yield on IG corporate bonds remains slightly higher on average (3.7%) than the dividend yield of the STOXX 600 equity market index (3.4%). Bonds from the automotive and oil & gas sectors continue to have the best risk/return profile in the IG segment. Since the beginning of the year (+0.5% each) and in the second quarter (+0.3% each), they have achieved the strongest performance in a sector comparison. We now also consider bonds from the utilities sector to be attractively valued (see chart).

Currencies

US-Dollar

Forecast 3Q 2024
1.11

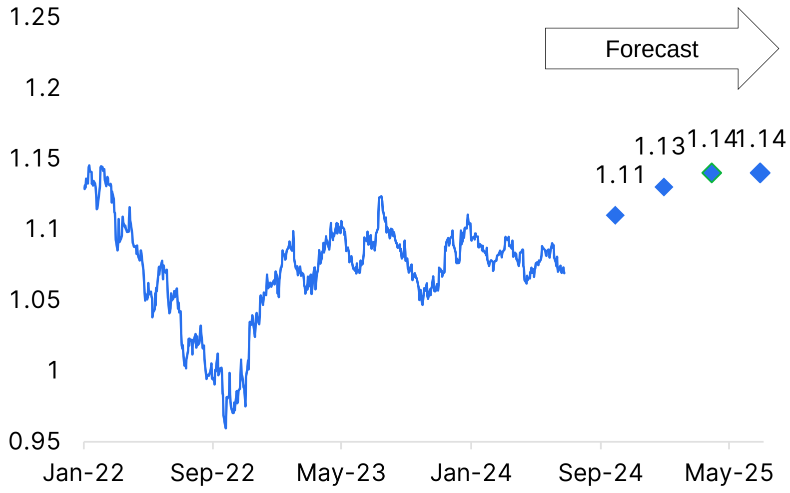
Weaker US economy should weigh on the dollar

In the quarter just ended, the markets once again did not favor sustainably either the dollar or the euro. The data situation was similar, so there were hardly any shifts in interest rate expectations on either side of the Atlantic in recent months. The ECB's first interest rate cut, while the US Fed was still hesitant, had little impact on the currency pair. This is because the market assumes that the interest rate paths will only diverge temporarily. An expectation that we share. We are forecasting that key interest rates will be cut by 75 basis points (bp) in both economic areas this year, while the market is assuming around 50 bp in each case. However, the exchange rate will also be determined by interest rate expectations beyond this year. While we expect inflation to ease in both currency areas, a weakening only of the US economy should dampen long-term interest rate expectations more in the USA than in the eurozone. This argues for a moderate weakening of the dollar.

New elections in France pose a considerable political risk

As always, the risks lie in the actual development of inflation and the economy in both currency areas. In addition, the new elections in France pose a downside risk for the euro. The Rassemblement National had announced its intention to further increase government spending. However, due to the already tense situation of France's public finances, the European Commission recently initiated an excessive deficit procedure, which will require austerity measures. Tensions are therefore inevitable. Depending on the level of escalation, this could further unsettle the markets. The consequence would be a further weakening of the euro, following the initial reaction to the announcement of snap elections. However, this is not our base scenario.

Weaker dollar expected
EURUSD



Source: Market data provider, Erste Group Research

Swiss Franc

Forecast 3Q 2024
0.98

SNB lowers key interest rate to 1.25%

In June, the SNB lowered the key interest rate by a further 0.25 percentage points to 1.25%. The underlying inflationary pressure has fallen again compared to the previous quarter. By lowering the key interest rate, the SNB is able to maintain appropriate monetary conditions. The SNB will continue to monitor inflation developments closely and adjust its monetary policy if necessary to ensure that inflation remains within the price stability range in the medium term. The SNB will also continue to be prepared to be active on the foreign exchange market.

Taking into account the latest interest rate cut, the conditional inflation forecast is within the price stability range over the entire forecast period. The SNB is lowering its conditional inflation forecast for 2024 to 1.3% (previously 1.4%) and leaving it unchanged at 1.1% for 2025. The inflation forecast for Switzerland thus remains significantly lower than the forecasts for the Eurozone.

Swiss franc firms

In recent weeks, the franc has strengthened noticeably against the euro, initially due to statements by SNB Chairman Jordan that the weaker franc is the biggest risk factor for sustained high inflation rates in Switzerland. Subsequently, political and geopolitical uncertainty increased, due to the success of populist parties in the European elections and the escalating trade conflict between the EU and China. The lowering of the SNB key interest rates led to a slight weakening of the Swiss franc against the euro to an exchange rate level for the EURCHF at around 0.95. In the short term, the financial markets are concerned about the unstable political situation in France. In this environment, we expect the EURCHF exchange rate to move sideways at best in the coming weeks. If the political situation in France comes to a head after the elections at the beginning of July, the franc could strengthen further against the euro. In our view, a slight weakening of the franc is only possible once the current political and geopolitical uncertainty has calmed down somewhat.

SNB Chairman Jordan has recently repeatedly pointed out the influence of the exchange rate on monetary conditions in Switzerland. In our view, the likelihood of a further interest rate cut in the second half of the year will therefore also depend on the development of the Swiss franc exchange rate. At present, we would still expect a cut of 25 basis points by the end of the year. In the event of additional geopolitical risks flaring up, the franc could continue to strengthen strongly against the euro at any time.

Forecast 3Q 2024
USD 2,450

Gold

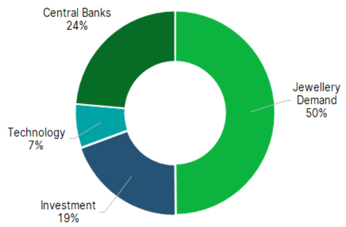
Gold in USD

Source: Datastream, Erste Group Research

Gold in EUR

Source: Datastream, Erste Group Research

Demand Segments Global (%)

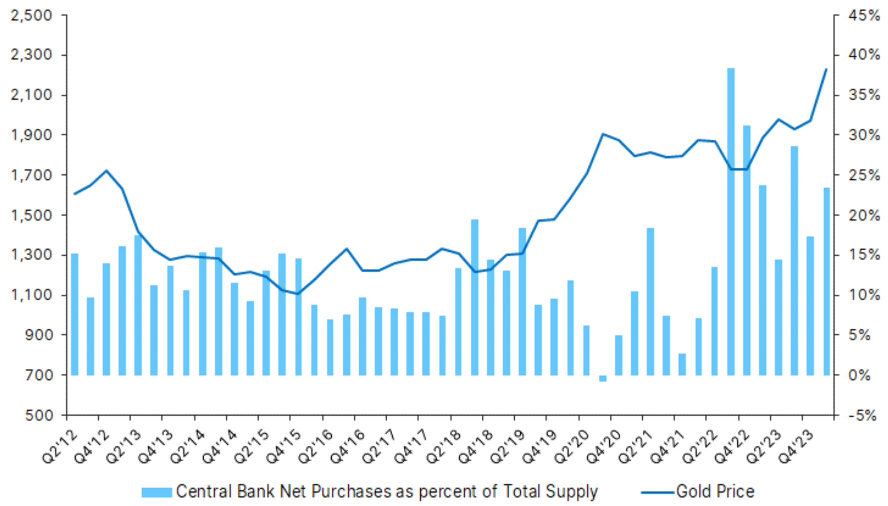


Source: World Gould Council, Erste Group Research

The gold price rose by +5.0% in USD terms in the second quarter. The performance in EUR amounted to +5.9%. New all-time highs were reached in both USD and EUR over the course of the second quarter.

Global central banks again made above-average net purchases of gold in 1Q 2024. They increased their holdings by 289.7t in 1Q. Global central banks have now been uninterrupted net buyers of gold for around 14 years. This trend will continue. In a recently published survey by the World Gold Council, a large majority of central banks stated that they expect a higher proportion of gold in their currency reserves over the next five years.

Net purchases of gold by central banks as a percentage of total supply



Source: World Gould Council, Erste Group Research

Investment demand for gold via ETFs has risen recently. In May, global gold ETFs saw moderate inflows of USD 529 million for the first time in a year. Overall, the assets of gold ETFs rose by +2% to a total of USD 234 bn in May due to the rise in the gold price and the inflow of funds.

The real yields on US government bonds remain positive. This currently reduces the relative attractiveness of gold compared to fixed-income investments. As the Fed is expected to start cutting interest rates in September, the real yield on bonds should also fall. This means that the positive real interest rate should only have a slightly dampening effect on the upward momentum of the gold price for a short time. The continued high profit growth of global companies leads to a positive outlook for the global equity market. Equities are currently an attractive asset class and therefore the potential for a significant increase in investment demand for gold appears limited.

Outlook: The steady demand for gold from global central banks is currently the most important factor positively influencing the gold price. The geopolitical uncertainties also continue. Investment demand should therefore remain stable. We expect the gold price to move upwards to around USD 2,450 in Q3 2024.

Equities

Global

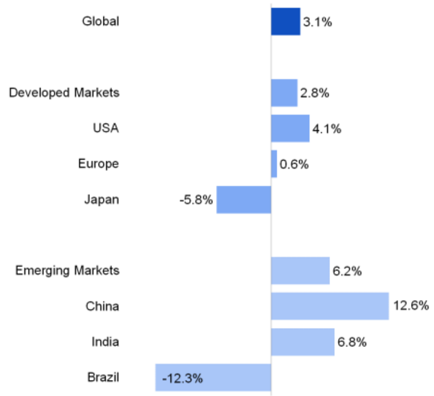
Forecast 3Q 2024
0% to +5%

Sales and net profit growth (y/y, %)

USD	Sales 24e	Sales 25e	Net Profit 24e	Net Profit 25e
North America	5.1%	6.0%	8.0%	13.3%
Europe	2.1%	2.7%	0.7%	7.0%
Asia	-1.3%	1.7%	12.2%	8.4%
EM Asia	4.6%	5.7%	7.0%	8.1%
EM LatAm	7.8%	0.3%	9.5%	1.9%
World	**3.6%**	**4.5%**	**6.7%**	**10.6%**

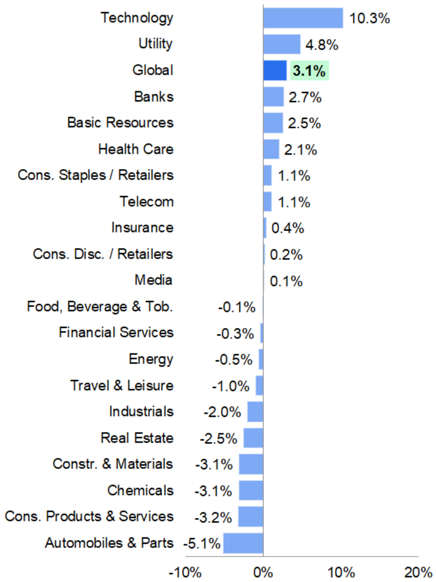
Source: Erste Group Research Index, FactSet.

Global Regions Perf. 2Q 2024
Erste Global 1000 Index, EUR



Source: Erste Group Research Index, FactSet

Global Sector Perf. 2Q 2024
Erste Global 1000 Index, EUR



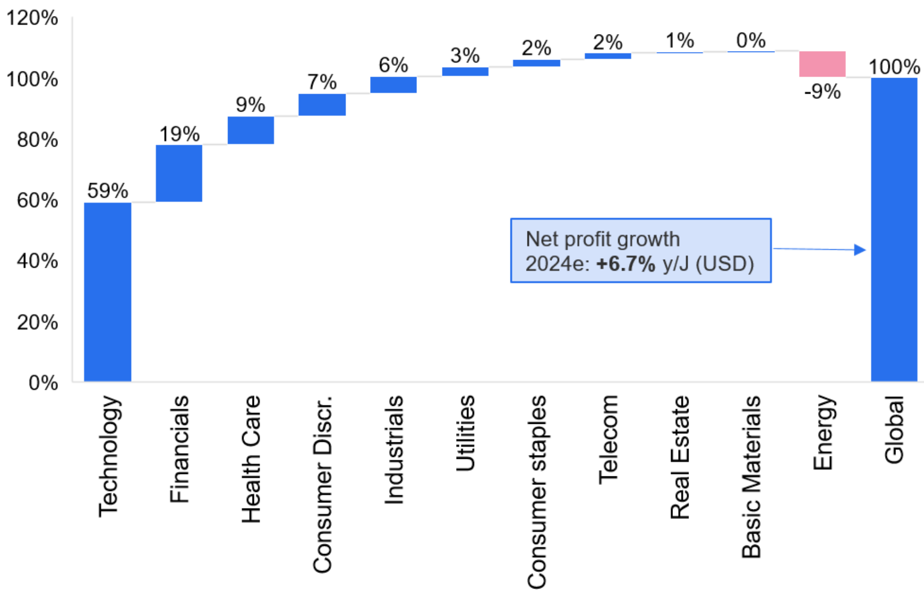
Source: Erste Group Research Index, FactSet

The global equity market index rose by +3.1% in EUR terms in the second quarter. The performance since the beginning of the year is +13.5% in EUR. The US stock market outperformed with an increase of +4.1% in EUR terms. The leading European index was only just in positive territory at +0.6%. The Japanese stock market index fell by -5.8% in EUR terms. The global emerging market index strengthened by +6.2% in the second quarter.

The positive performance of the global equity market was driven by the strong upward trend in US equities. The majority of US companies reported higher-than-expected earnings in the course of reporting for the first quarter. The proportion of positive earnings surprises amounted to 79%. Technology companies in particular reported mostly outstanding increases in sales and profits. The proportion of positive earnings surprises in this sector, the largest globally by market capitalization, was 89%. At 60%, the proportion of positive earnings surprises for European equities was lower than in the USA. However, it was above the historical average of 54%. The European reporting season for Q2 starts on July 17 with ASML's results.

Globally, sales growth of +3.6% and earnings growth of +6.7% are forecast for the equities market this year. The technology sector will make the largest contribution to global earnings growth in 2024, followed by the financial, healthcare, consumer discretionary and industrial sectors. The energy sector is the only sector with a negative contribution to expected earnings growth this year.

Global Sectors: Contributions to net profit growth 2024
Erste Group Research Global 1000 Index (USD)

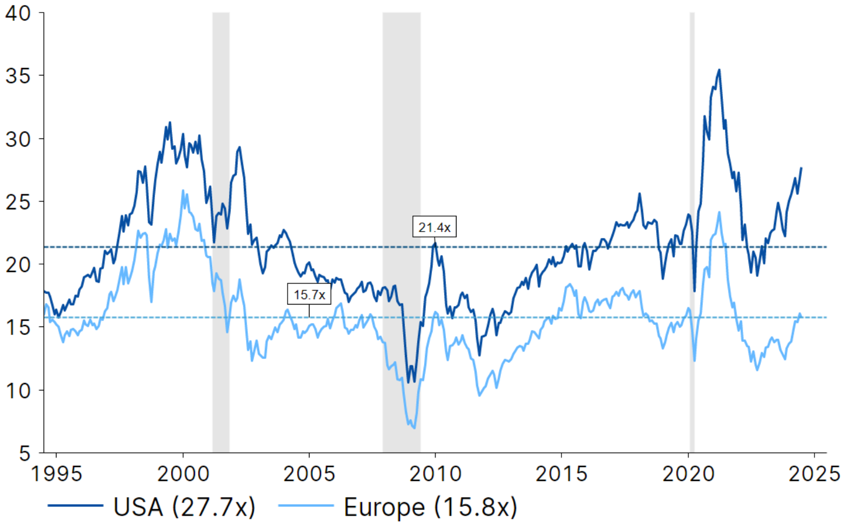


Source: FactSet, Erste Group Research

The sales of global companies will grow more strongly in 2025 than this year. An increase in revenues of +4.5% is forecast for 2025. Profit growth will also accelerate. The consensus estimate for earnings growth in 2025 is an increase of +10.6%. The valuation of the global equity market index according to the P/E ratio 2024e is currently 19.0x. This is slightly above the long-term average of 18.2x. The good prospects for high earnings growth next year are an important reason for the slightly above-average valuation based on the P/E ratio. The expected dividend yield for 2024 is 1.9%.

US companies have a 63% weighting in the global equity market index. They generally have higher sales and earnings growth than European companies and are also significantly more profitable. The expected net profit margin of US companies is 13% and for European companies it is 11%. In terms of expected return on equity (ROE) in 2024e, US companies with 21% significantly outperform European companies, which achieve 14% ROE. The higher profitability of US companies is a long-term fact. This will not change in the future. For these reasons, the valuation of US companies based on the P/E ratio is always higher than that of European companies. The expected P/E ratio of the US equity market for 2024 is 23.8x. The expected P/E ratio of European companies in 2024e is 15.3x. This is roughly in line with the long-term average.

Historical P/E Ratios: USA und Europe
US Recessions in grey, Averages as a reference



Source: Refinitiv, Erste Group Research

Investor sentiment is cautiously positive according to the AAII sentiment indicator. This also reflects the fact that global economic data is currently delivering a slight surplus of negative surprises over positive surprises.

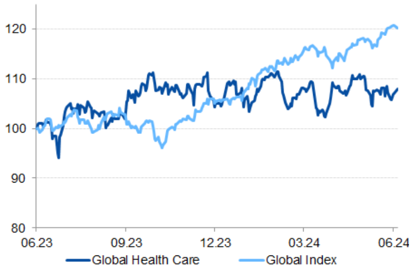
Outlook: The global equity market index is in a well-defined upward trend. The outlook for companies with regard to further sales and earnings growth is positive, particularly in the USA. The US equity market therefore offers the best prospects for further price rises in Q3. We expect the global equity market index to rise by between 0% and +5%. Our preferred sectors are technology, health care and consumer staples.

Global Sectors - Positive Outlook

Health Care

Estimate 3Q	0% to +5%
World Index Weight	10.5%
2024 Perf. EUR	+11.6%
P/E 24e	22.3x
Net Profit y/y 24e	+7.3%
Top 3 Companies (Market Cap.)	
Eli Lilly	
Novo Nordisk	
UnitedHealth Group	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

The healthcare sector index rose by +2.1% in EUR terms in the second quarter. The pharmaceutical and biotechnology stocks segment posted above-average gains of +5% in EUR. The sector indices for medical technology manufacturers (in EUR: -2.6%) and healthcare providers (in EUR: -1.4%) posted negative performances.

Pharmaceutical and biotech companies have the strongest earnings growth of all segments in this sector in 2024. The consensus estimate is a +8.2% increase in earnings this year and a further acceleration in earnings growth to +19.7% in 2025. The profit growth expected for pharmaceutical companies this year is above that for global equities of +6.7%, although massive profit declines at Bristol-Myers Squibb and Gilead Sciences will reduce profits for the sector as a whole by more than USD 18 bn this year. Merck, Eli Lilly, Novo Nordisk and Pfizer will achieve the highest profit growth rates this year. The sales success of diabetes drugs and weight loss products continues. Global production capacities for the manufacture of weight loss syringes by Novo Nordisk and Eli Lilly are being continuously expanded in order to meet the strong long-term increase in demand.

The consensus forecast for 2024 for the entire sector is sales growth of +7% and earnings growth of +7.3%. The valuation of the sector according to the P/E ratio 2024e is 22.3x. The above-market valuation is due to the sector's higher profitability and high earnings growth (2025e: +16.7%). We expect a performance of between 0% and +5% for the 3Q.

Technology

Estimate 3Q	0% to +5%
World Index Weight	32.1%
2024 Perf. EUR	+27.6%
P/E 24e	29.7x
Net Profit y/y 24e	+21.4%
Top 3 Companies (Market Cap.)	
Microsoft	
Apple	
NVIDIA	

EGR Global Sector
EUR, rebased since 1 year

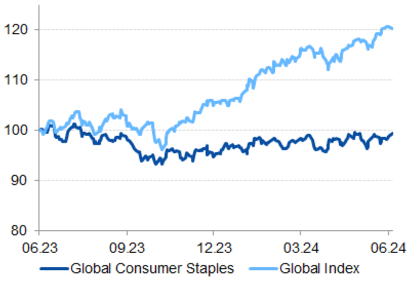
Source: Erste Research Index, FactSet.

The global technology index once again achieved the largest increase of all sectors in Q2. It gained +10.3% in EUR terms. The relative strength of the hardware index (+17%) compared to the software index (+5%) continued. The strong rise in technology stocks was supported by the very good company results in the first quarter, but also by the prospect of continued strong growth this year. continued strong growth this year. The outlook for the 2Q in terms of sales and earnings growth is very positive for the "Magnificent 7" stocks (Amazon.com, Apple, Alphabet, Broadcom, Microsoft, Meta Platforms, NVIDIA). All companies are expected to post significant earnings growth of +5.4% Y/Y (Apple) to +136% Y/Y (NVIDIA) in the second quarter.

The expected sales growth of the technology sector this year is +10% and the expected profit growth is +21%. Profit growth in the hardware sector (2024e: +30%) is significantly higher than in the software sector (2024e: +16%). The global technology sector as a whole will make the largest contribution to global earnings growth this year. With a weighting of one third in the world equity index, it will generate 59% of total earnings growth this year. At 30x, the P/E ratio 2024e is higher than that of the global equity market. However, we believe it is appropriate due to the strong growth and very high profitability of the companies. We expect a performance in the range of 0% to +5% for Q3.

Estimate 3Q	0% to +5%
World Index Weight	5.5%
2024 Perf. EUR	+3.4%
P/E 24e	18.5x
Net Profit y/y 24e	+2.7%
Top 3 Companies (Market Cap.)	
Walmart	
Nestle	
Coca Cola	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

Consumer Staples

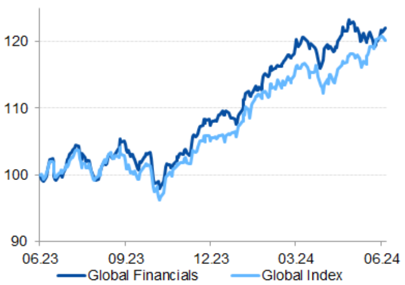
The sector index rose by +0.3% in EUR terms in the second quarter. The relative weakness compared to the global equity market index continued. The performance of the individual segments of the index varied greatly. The best performing indices were those of tobacco manufacturers (+7.7% in EUR) and food retailers (+1.1% in EUR). By contrast, the indices for beverage manufacturers and food producers fell (in EUR -1.7% and -0.3% respectively). The best performers in the last quarter were the shares of Walmart (buy), Philip Morris Int. and Unilever (buy).

Sales should rise by +4.5% this year and profits by +2.7%. The forecasts for sales and earnings growth in 2024 are lower than for the global equity market index. The largest profit increases this year are expected at Walmart, JBS and PepsiCo. Earnings growth will accelerate to +7.4% next year, but will still be lower than for the global equity market.

The sector's P/E ratio 2024e is 18.5x. The expected dividend yield 2024e is 3%. This is well above the global average of 1.9%. We expect the sector index to rise at the lower end of the 0% to +5% range in the third quarter.

Estimate 3Q	0% to +5%
World Index Weight	16.5%
2024 Perf. EUR	+12.1%
P/E 24e	11.8x
Net Profit y/y 24e	+4.8%
Top 3 Companies (Market Cap.)	
Berkshire Hathaway	
JP Morgan	
Visa	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

Financials

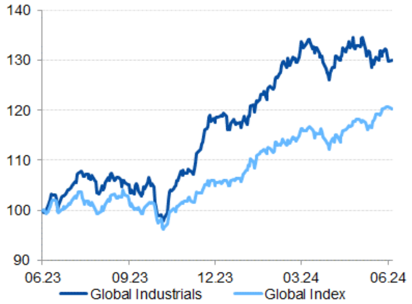
The financials index rose by +1.2% in EUR terms in the second quarter. The index of global banks rose by +2.7% in EUR, while the index of insurance companies rose by +0.4% in EUR. With an increase of +4.2% in EUR, the life insurance segment performed significantly better than the casualty and property insurance segment (-0.9% in EUR).

Earnings estimates for the global banking sector have improved slightly over the last few months. Accordingly, a slight increase in profits of +0.2% is expected for this year. The profit forecast for European banks for 2024 assumes a slight decline in profits of -0.3%. However, this forecast has improved significantly over the course of the quarter. At the end of March, a decline in profits of -4% (y/y) was still forecast. US banks, on the other hand, are expected to see their profits fall by -4.9% this year. Profit growth in the global insurance sector is forecast to be significantly higher than for banks in 2024. The expected increase in profits is +16.8%.

Profit growth for the global financials sector as a whole is +4.8% this year and +5.6% next year. The increase in profits is therefore lower than for the global equity market index. The low P/E ratio of 11.8x reflects this subdued growth momentum. The expected dividend yield for 2024 is comparatively high at 3.3%. Due to the slightly positive growth outlook and the low valuation, we expect the sector index to rise by between 0% and +5% in the third quarter.

Estimate 3Q	0% to +5%
World Index Weight	10.0%
2024 Perf. EUR	+7.5%
P/E 24e	21.2x
Net Profit y/y 24e	+4.1%
Top 3 Companies (Market Cap.)	
General Electric	
Caterpillar	
Raytheon Technologies	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

Industrials

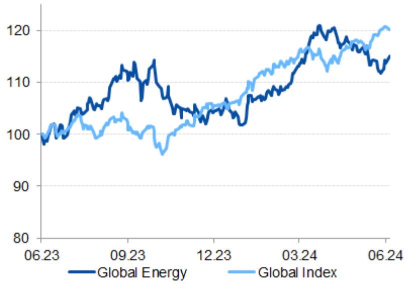
The industrials sector index fell by -2.2% in EUR terms in the second quarter. There were very large differences in performance within the sector. Only the aerospace & defence segment and the electronic and electrical equipment segment achieved positive performances (both in EUR: +1.6%). In this segment, the shares of ABB (Buy) and Schneider Electric (Buy) achieved the strongest gains. Shares in companies from the transport sector (in EUR: -6.0%) and the mechanical engineering index (in EUR: -4.1%) were the worst performers.

The industrials sector is benefiting from the expectation of falling interest rates and yields as well as the return to stable energy prices. The expected sales growth for 2024 is +1.1% and the forecast profit growth is +4.1%. The expected growth rates are below those of the global equity market. European companies' profits will be little changed this year (2024e: +0.3%) and US companies' profits will rise by +6.9%. Only next year will profits in the global industrial sector grow more strongly again at +10.7% (Y/Y). European companies will then also achieve higher profit growth again (2025e: +9%). The global EMI index for May recently rose to 53.7 points, indicating an improvement in the situation in the sector.

The valuation of the sector according to the P/E ratio 2024e is 21.2x. This seems appropriate in view of the stronger growth next year. We forecast an increase in the sector index of between 0% and +5% for Q3.

Estimate 3Q	0% to +5%
World Index Weight	5.0%
2024 Perf. EUR	+10.6%
P/E 24e	10.5x
Net Profit y/y 24e	-5.8%
Top 3 Companies (Market Cap.)	
Exxon Mobil	
Chevron	
Shell	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

Energy

The energy sector index fell by -0.5% in EUR terms in the second quarter. Fossil energy, by far the largest segment within the energy sector, fell by -0.8% in EUR terms. By contrast, companies in the alternative energies segment performed significantly better, rising by +12% in the second quarter. However, the market capitalisation of this segment is only around 2% of the energy sector or 0.1% of the entire global equity market.

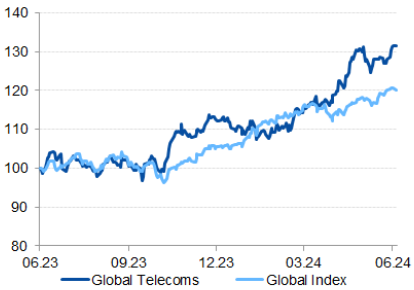
As US oil production is close to a record high of 13.1 million barrels/day and the economies in China and Europe are comparatively slow, the supply of oil on the global market is high. To prevent prices from coming under pressure, the 12 OPEC+ countries agreed to reduce production by 5.86 million barrels/day in 2Q24. Brent crude oil futures are currently signalling a slight decline in the oil price in the coming quarters. However, the price should not fall below USD 80 on a sustained basis, as major buyers regularly make massive purchases at this level.

Revenues in the energy sector should increase by +1.5% in 2024. Profits are expected to decline by -5.8%. This sector is the only one to make a negative contribution to global earnings growth this year. Profits will rise by +4.9% in 2025. The profits of Chevron, ExxonMobil and ConocoPhillips will then increase particularly strongly. The valuation of the sector is 10.5x according to the P/E ratio 2024. This is below the long-term average. The dividend yield is high at 4.3%. As the outlook for earnings development in 2025 is slightly positive, we expect a performance in the range of 0% to +5% in 3Q24.

Telecoms

Estimate 3Q		0% to +5%
World Index Weight		2.6%
2024 Perf. EUR		+4.6%
P/E 24e		16.2x
Net Profit y/y 24e		+4.6%
Top 3 Companies (Market Cap.)		
T-Mobile US		
Comcast		
Verizon		

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Research Index, FactSet.

The sector index rose by +1.1% in EUR terms in 2Q24. The small segment of telecoms equipment suppliers (Ericsson, Nokia, Xiaomi Corp., Motorola Solutions etc.) rose by +12.5%. By contrast, the index of traditional telecoms service providers trended sideways (in EUR +/- 0%).

According to the consensus estimate, sales in the telecoms sector will rise by +1.1% this year. Profit growth is forecast at +4.6% this year. Sales will also grow only slowly next year (2025e: +1.8%). Profit growth, on the other hand, will increase somewhat more strongly next year. It should then amount to +7.1%. The companies SoftBank Group, T-Mobile US, Telenor and Bharti Airtel should achieve the largest profit increases.

The expected growth rates in sales and profits for the sector as a whole are lower than for the global equity market both this year and next. However, the sector's operating margin will rise from 18.9% this year to 19.9% next year. This should be seen as positive. The expected interest rate cuts by the central banks should also lead to a slight fall in yields. As a result, the interest expenses of telecoms service providers, which tend to be heavily indebted, should also fall slightly.

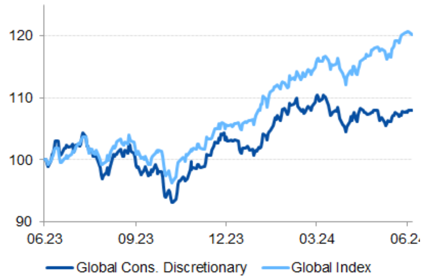
The valuation of the sector according to the P/E ratio 2024 is 16.2x. The P/E ratio is lower than that of the global equity market (P/E ratio Global 2024e: 19.0x). It is also below the long-term sector average. The expected dividend yield for this year is 3.1%. We expect a slightly positive performance of between 0% and +5% in the third quarter.

Global Sectors - Negative Outlook

Consumer Discretionary

Estimate 3Q	-5% to 0%
World Index Weight	11.4%
2024 Perf. EUR	+4.5%
P/E 24e	20.4x
Net Profit y/y 24e	+4.6%
Top 3 Companies (Market Cap.)	
Tesla	
Procter & Gamble	
LVMH	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Group Research, FactSet

The sector index for fell by -2.2% in EUR terms in the second quarter. Since the beginning of the year, the performance of this sector in EUR terms has been below that of the world equity index with an increase of +4.5%.

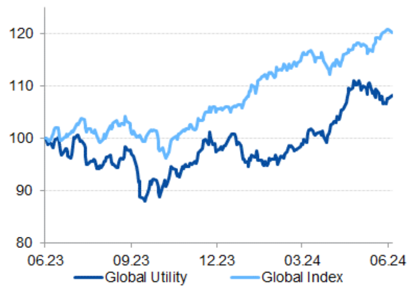
The consensus estimate for earnings growth in 2024 for the sector has fallen from +10% to +4.6% since the beginning of the year. The expected earnings growth is therefore lower than for the global equity market, for which earnings growth of +6.7% is expected this year. The earnings forecasts for the automotive and cyclical retail segments have been revised downwards the most. For the automotive sector, the forecast for profit development in 2024 is a decline of -0.8% (Y/Y). Below-average earnings growth of just +5% is also expected for 2025. One of the negative factors affecting this sector is the current high level of yields, as the rise in interest rates for debt financing is causing loan and leasing rates for cars to increase significantly. Within this sector, the personal consumer goods and consumer services segments have better prospects for profit growth than the sector as a whole.

The valuation of this sector according to the P/E ratio is 20.4x. The P/E ratio is slightly higher than that of the global equity market. The expected dividend yield for 2024 is 1.6%. Due to the below-average earnings growth rates for this year and 2025, we expect the sector index to decline slightly in the range of -5% to 0% in Q3.

Utilities

Estimate 3Q	-5% to 0%
World Index Weight	2.1%
2024 Perf. EUR	+7.0%
P/E 24e	14.8x
Net Profit y/y 24e	+8.2%
Top 3 Companies (Market Cap.)	
NextEra Energy	
Southern Co	
Iberdrola	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Group Research, FactSet

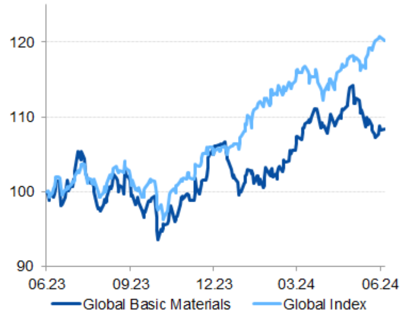
The sector index rose by +4.8% in EUR terms in the 2nd quarter. The index for electricity producers rose by +6.6% in EUR, while the index for gas and water suppliers fell by -1.1% in EUR.

The revenue forecast for companies in this sector has improved slightly in recent months. According to the consensus estimate, revenue growth is currently expected to be +0.4% for 2024 and +1.3% for 2025. By contrast, European companies are expected to see a slight decline in revenue in 2024 and 2025. Profit growth in the global utilities sector is expected to be +8.2% this year. Profit growth of +6.7% is forecast for next year. For the US utilities (NextEra Energy, Southern Co, Duke Energy, Constellation Energy, etc.), the expected profit growth rates for 2024 and 2025 are above the global average. By contrast, the forecast earnings growth rates for European companies in this sector are significantly lower than for the global sector. Shares in US utility companies are therefore more attractive than shares in European utility companies.

The expected sector P/E ratio for 2024e is 14.8x. The expected dividend yield for 2024 is 3.8%. Due to the below-average growth prospects, we expect this sector to achieve a negative performance in a range between -5% and 0% in 3Q.

Estimate 3Q	-5% to 0%
World Index Weight	2.9%
2024 Perf. EUR	+2.0%
P/E 24e	16.7x
Net Profit y/y 24e	+0.2%
Top 3 Companies (Market Cap.)	
Linde	
BHP Group	
Rio Tinto	

EGR Global Sector
EUR, rebased since 1 year



Source: Erste Group Research, FactSet

Basic Materials

The basic materials sector index trended sideways in EUR terms in the second quarter (-0.1%). The performance since the beginning of the year is below average at +2% in EUR. The performance of the shares in the sector varied widely. The sector indices for industrial metal companies and precious metal mines both rose by +10.2% in EUR terms. However, these have the lowest weightings in the index. The highly weighted chemicals sector index fell by -3.2% in EUR terms.

The outlook for sales and earnings growth in the sector is well below average in a global comparison. The consensus estimate for 2024 is a slight decline in sales of -0.3% and a forecast increase in profits of just +0.2%, which means that the profit situation will de facto stagnate. An improvement in the economic situation of companies is not expected until 2025. Turnover should then increase by +2.6%. However, this sales growth would still be lower than the growth of the global equity market. The expected earnings growth rate for 2025 is then +12.2%. This earnings growth rate seems unrealistically high because the IMF's forecast for GDP growth in China is expected to fall from +4.6% this year to +4.1% next year. This is relevant because China is by far the world's largest consumer of raw materials. High interest rates are also weighing on the construction sector in the developed markets.

The sector's P/E ratio 2024e is currently 16.7x. The expected dividend yield 2024e is 2.9%. Due to the below-average growth prospects, we expect the sector index to decline in a range between -5% and 0% in the third quarter.

Forecast 3Q 2024
0% to +5%

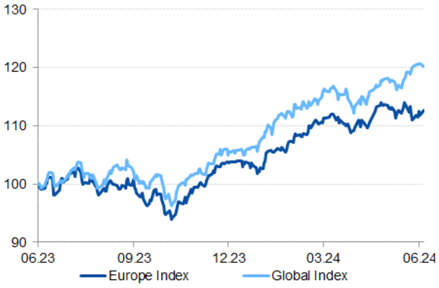
Europe

Revenue and net profit growth
EUR, y/y

EUR	Sales 24e	Sales 25e	Net Profit 24e	Net Profit 25e
France	0.1%	4.0%	-0.7%	7.9%
Germany	0.9%	3.7%	-2.9%	8.7%
Switzerland	4.8%	4.3%	7.9%	12.3%
UK	4.3%	2.5%	0.1%	6.1%
Netherlands	2.2%	4.5%	4.4%	16.6%
Europe	**2.0%**	**3.4%**	**0.6%**	**7.8%**

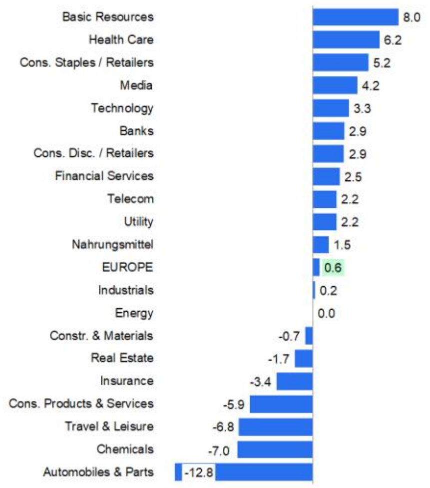
Source: Erste Group Research Index, FactSet.

Europe 250 Index vs. Global Index
Rebased to 100, EUR



Source: Erste Group Research Index, FactSet.

Europe Sector Perf. 2Q24
Erste Europa 250 Index, EUR

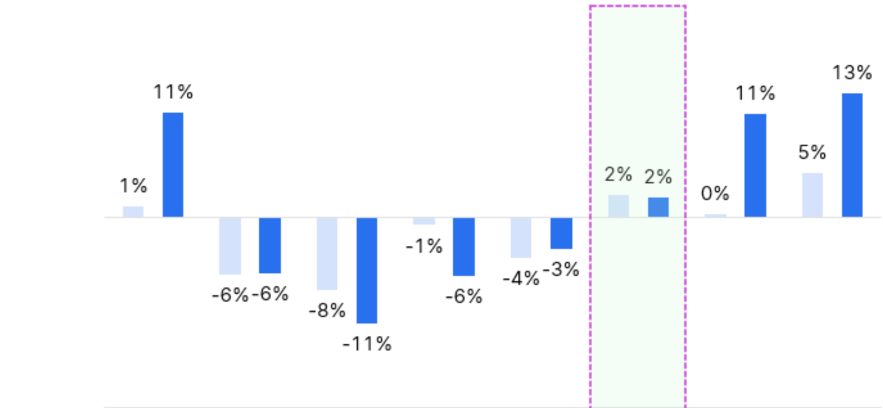


Source: Erste Group Research Index, FactSet.

The European equity index rose by +0.6% in EUR terms in the second quarter. The best performing sector indices were commodities (+8%), healthcare (+6%) and consumer staples (+5%). By contrast, the cyclical sectors of automobiles (-13%) and chemicals (-7%) showed a clearly negative trend.

The reporting season for 1Q24 was better than expected. Earnings fell by -3% year-on-year. At the beginning of the quarter, however, forecasts were still for a decline of -11%. The divergence in earnings development in the sectors was again high. Earnings in the utilities (+18%) and financials (+14%) sectors rose significantly. By contrast, the real estate (-34%), commodities (-24%) and industrial sectors (-23%) recorded significant declines in profits. At +2%, the first profit increase in a year is currently expected for 2Q24. Sales should increase slightly by +1.7%. The profit expectation for 2024 as a whole is now only +0.6%. The low growth is due in particular to the decline in profits in the energy and automotive sectors. The median earnings growth of the 250 companies in the Europe Index is +6% for 2024.

Europe: Sales and earnings forecasts 1Q23 to 4Q24e
EUR, Y/Y, %



	1Q23	2Q23e	3Q23e	4Q23e	1Q24e	2Q24e	3Q24e	4Q24e
Revenue	1%	-6%	-8%	-1%	-4%	2%	0%	5%
Earnings	11%	-6%	-11%	-6%	-3%	2%	11%	13%

Source: FactSet, Erste Group Research.

The P/E 2024e valuation of the Erste Europe Index is now 15x. This value is slightly below the long-term average of 15.8x. The expected dividend yield for 2024 is 3.2%. This is well above the global yield of 1.9%. The comparatively low valuation of European equities in a global context is primarily due to the sector structure with a lower weighting of highly profitable sectors such as technology and industry, whose valuation is also correspondingly higher.

Outlook: The profits of European companies should rise from Q2 and also gain positive momentum in the following quarters. The stock market currently also has a slightly below-average valuation. We therefore expect the leading European index to rise slightly in Q3. The gain should be in the range of 0% to +5%.

USA

Forecast 3Q 2024
0% to +5%

USA Index

USD	2024e	2025e
Sales	+5.1%	+6.1%
EBIT	+9.3%	+11.9%
Net Profit adj.	+8.5%	+13.6%
PE	23.1x	20.3x
Div. Yield	1.3%	1.4%

Source: Erste Group Research Index, FactSet.

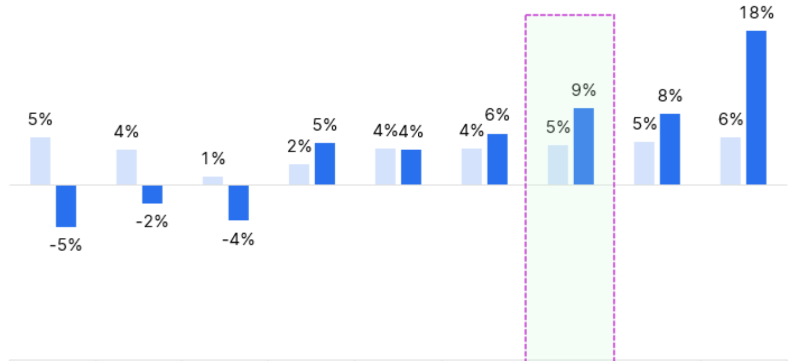
USA 500 Index vs. Global Index
Rebasiert auf 100, EUR

Source: Erste Group Research Index, FactSet.

The Erste US Equity Index rose by +4.1% in EUR terms in 2Q24. As in the previous quarters, the positive performance was due in particular to the very good economic development of the so-called Magnificent 7 companies (Mag7). The shares of Microsoft, Apple, NVIDIA, Amazon.com, Alphabet, Meta Platforms and Broadcom rose at an above-average rate. The shares of these companies are very relevant for market performance because they already account for 32% of the USA 500 Index in terms of market capitalization. The earnings forecasts for Mag7 shares rose in the last quarter, but so did the valuation. Based on the P/E ratio, it currently stands at 33.9x.

The ISM index for US industry stood at 48.7 points in May. The index therefore signals a contraction in the industrial sector. The slowdown intensified slightly over the course of the second quarter. By contrast, the ISM index for the services sector, at 53.8 points, signals an expansion in this most important segment for the US economy.

USA 500 Index: Expected revenues and net profits
Consensus forecasts per quarter



	4Q22	1Q23	2Q23e	3Q23e	4Q23e	1Q24e	2Q24e	3Q24e	4Q24e
Revenue	5%	4%	1%	2%	4%	4%	5%	5%	6%
Earnings	-5%	-2%	-4%	5%	4%	6%	9%	8%	18%

Source: FactSet, Erste Group Research

The US companies were once again able to significantly increase sales and profits in 1Q24. Sales growth was +4% (Y/Y) and profit growth was +6%. The proportion of positive earnings surprises was 79%. At +9%, the growth momentum in sales and profits should be stronger in 2Q than in 1Q. The expected sales growth for 2024 for the entire US market is +5.1%. According to the consensus estimate, profits will rise by +8.5% in 2024 and by +13.6% next year. With a P/E ratio of 23.8x for 2024e, the valuation of the equity market is above the long-term average. The higher valuation reflects the above-average expected earnings momentum. The dividend yield forecast for this year is 1.3%.

Outlook: The outlook for a positive development of US companies is good for the next quarters and for 2025. We therefore expect the leading US index to rise by between 0% and +5% in Q3.

CEE

Forecast 3Q 2024
0% to +5%

CEE coverage index

EUR	2024e	2025e
Sales	15.8%	3.8%
EBIT	-5.3%	0.2%
Net Profit adj.	-8.8%	3.7%
PE	9.7x	9.3x
Div. Yield	4.5%	4.7%

Source: Erste Group Research Estimates.

CEE coverage index vs. global index
Indexed at 100, EUR

Sources: Erste Group Research indices, FactSet

The outlook for interest rate cuts remains a key driver for the markets, although the risk of a potential disappointment based on possibly still exaggerated expectations should have increased. The CEE region is already a little further ahead in this respect, as the interest rate cycle began much earlier and should now also come to an end sooner in the short to medium term. However, this will probably be of little help to the region, as market sentiment here is also more oriented towards global trends.

Although key sentiment indicators such as PMI or ESI are also developing rather cautiously in the region, the positive sentiment on the global equity markets has lasted long enough to have had a lasting effect in the region. This is particularly evident in liquidity, where the inflow of funds has recently increased significantly.

After the CEE region had been struggling with a negative growth outlook for corporate profits on a 12-month view (consensus) since the end of 2022, positive momentum in the fundamental data has led to this growth outlook now being positive again. With a growth rate of just over one percent (over the next 12 months), continued positive momentum is of course a must.

Valuations remain supportive. Risk premiums for equities in the region have also fallen, but still show potential. In addition, regional markets are still trading at visible discounts to historical average valuations, which does not indicate any exaggerated expectations, but in fact the opposite. This should still not be an argument in itself, but has a supportive effect on the overall picture, as shown also by the increase in liquidity.

With regard to sectors, exposure to cyclical stocks has proved to be rather premature, at least measured in terms of expected earnings growth as the consensus sees it. Not only has there been no significant improvement in expectations here, but recently these expectations have tended to fall, at least relative to defensive and financial stocks. However, if overall growth momentum remains positive, cyclicals should become increasingly interesting.

Banks remain the strongest sector in relative terms in terms of expected corporate results, even if we are now seeing weaker trends here. Relative to valuation in particular, the sector is becoming less attractive overall - at the cost of a strong performance to date, of course. However, the opportunities for selective investments remain here too.

Forecast 3Q 2024

Real Estate Europe

0% to +5%

The Stoxx 600 Real Estate fell by slightly below 3% in the second quarter of 2024. Some Scandinavian stocks came again under pressure. The shares of Castellum, Fastighets Balder, Kojamo and Fabege recorded double-digit losses. Overall, the quarterly results were interpreted in a mixed manner. While revenues and rental income of the companies in the Stoxx 600 Real Estate were slightly below expectations, earnings came in as a slightly positive surprise. Liquidity and financing remain the main issues for many companies. Falling interest rates are of great importance, as on the one hand they open up access to the capital market and more favorable (re-)financing for many companies, and on the other hand they enable liquidity-enhancing transactions. In addition, the pressure on asset valuations, which has already eased somewhat recently, should further decrease.

Most European real estate investment markets remain cautious with weak transaction volumes. In Germany, for example, only the logistics asset class recorded stable to slightly rising transaction volumes. The price expectations of potential buyers and sellers continue to diverge, even though yields and prices have recently stabilized again to some extent. We anticipate a slight improvement in sentiment and a positive performance for the sector in a range of 0-5% in Q3 2024.

China

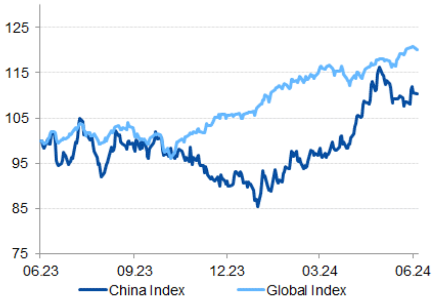
Forecast 3Q 2024
-5% to 0%

EGR China Index

USD	2024e	2025e
Sales	+4.6%	+5.3%
EBIT	+4.5%	+6.9%
Net Profit adj.	+6.4%	+6.8%
PE	8.4x	7.9x
Div. Yield	4.0%	4.2%

Source: Erste Group Research Indices, FactSet

China Index vs Global Index
Rebased to 100, EUR



Source: Erste Group Research Indices, FactSet

The Erste China Index rose by +12.6% in EUR terms in the volatile 2Q24. The best performing stocks were from the technology (Tencent) and financial sectors (ICBC, CCB). Among other things, the new rules introduced by the China Securities Regulatory Commission (CSRC) in 1Q24 against short selling have already had an effect. In addition, leading indicators such as the purchasing managers' index for industry improved in March and April. However, the index stagnated in May and the sub-component of new orders from abroad showed a decline in activity. Overall, the Economic Surprise Index only reached a neutral level at the end of June.

The forecasts for corporate profits in 2024 and 2025 did not improve in Q2 and remain well below the long-term averages. The sales growth expected for Chinese companies this year is +4.6%. The profit growth rate expected for 2024 is +6.4%. The highest profit growth is expected for Tencent (+12%), Ping An Insurance (+30%), China Life Insurance and car manufacturer BYD (+17%).

The low P/E ratio of 8.4x by global standards primarily reflects the increased political risks in China. The 2024e dividend yield is 4.0%. Due to the weakening of the earnings growth rate forecast for 2Q24 in China, we expect a slightly negative performance in the range of -5% to 0% in the third quarter.

India

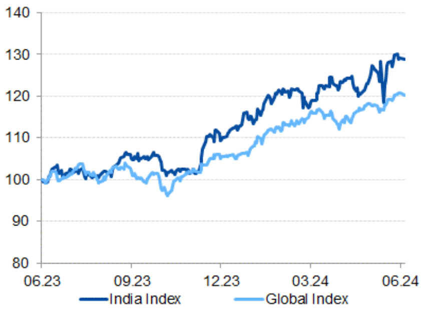
Forecast 3Q 2024
0% to +5%

EGR India Index

USD	2024e	2025e
Sales	+5.4%	+7.6%
EBIT	+12.1%	+13.5%
Net Profit adj.	+11.0%	+13.2%
PE	23.0x	20.3x
Div. Yield	1.4%	1.5%

Source: Erste Group Research Indices, FactSet.

India Index vs. Global Index
Rebased to 100, EUR



Source: Erste Group Research Indices, FactSet

The Indian stock market gained +8% in EUR terms in the second quarter. The market's upswing is being driven by a large number of stocks and sectors. 85% of the 58 stocks in the index are above their 200-day moving average. The best performers were the shares of automobile manufacturer Mahindra & Mahindra and industrial group Hindustan Aeronautics, both of which now have a market capitalization of around EUR 40 bn.

The expected sales growth for 2024 is +5.4% in USD. Profits should rise by +11% this year. This is significantly higher growth than the global equity market. The largest percentage increases in profits are expected for JSW Steel, Adani Enterprises and Bharti Airtel. Only four companies are expected to see a decline in profits.

The valuation of the stock market according to the P/E ratio has risen to 23x due to the upward movement of the index. The P/E ratio is slightly above the long-term average. The high profitability of the companies and the above-average profit growth justify the valuation level, which is above the global equity market. We expect Indian equities to rise between 0% and +5% in 3Q24.

Forecast 3Q 2024

Brazil

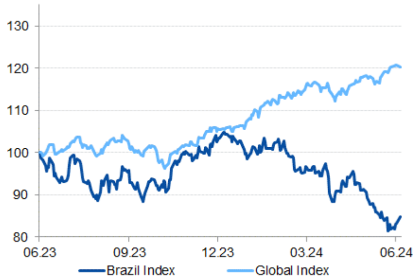
0% to +5%

EGR Brazil Index

USD	2024e	2025e
Sales	+4.4%	-1.7%
EBIT	+6.9%	-2.4%
Net Profit adj.	+7.5%	-0.9%
PE	6.6x	6.6x
Div. Yield	8.2%	7.0%

Source: FactSet, Erste Group Research

Brazil Index vs. Global Index
Rebased to 100, EUR



Source: Erste Group Research Indices, FactSet

The Brazilian benchmark index fell by -12.3% in EUR terms in the second quarter. All shares in the Brazil Index, with the exception of the stock of the world's largest meat producer JBS fell. The sharpest falls were seen in the banking sector, as well as in telecoms and utilities stocks and shares in the cyclical consumer sector.

This year, revenues should increase by +4.4% (y/y) and earnings by +7.5% (y/y). A slight decline in revenues of -1.7% (y/y) is expected for 2025. According to the consensus estimate, earnings will stagnate in 2025, contrary to the expected positive earnings trend for global equities (2025e: -0.9%).

Accordingly, the valuation of the equity market is very low at 6.7x according to the P/E ratio 2024e. The dividend yield expected for this year is 8.2%. This is significantly higher than that of the global equity market, which currently stands at 1.9%. We expect the Brazilian benchmark index to rise in Q3 due to the prospect of earnings growth this year and the already very low valuation. Our expected performance is at the lower end of the 0% to +5% range.

Tables & Appendix

Economic indicators

		GDP (%yoy)		Inflation (%yoy)		Un-employ. (%)		CA Balance (%GDP)		Fiscal Balance (%GDP)		Gross Debt (%GDP)	
		24e	25e	24e	25e	24e	25e	24e	25e	24e	25e	24e	25e
Europe	**Eurozone**	0.7	**1.1**	2.4	2.1	6.6	6.4	2.3	2.3	-2.9	-2.6	88.7	88.3
	Germany	0.2	**0.8**	2.4	2.0	3.3	3.1	7.0	6.9	-1.5	-1.3	63.7	62.3
	France	1.2	**1.2**	2.4	1.8	7.4	7.0	-0.6	-0.6	-4.9	-4.9	111.6	112.8
	Spain	1.9	**2.1**	2.7	2.4	11.6	11.3	2.5	2.4	-3.1	-3.0	106.3	104.9
	Italy	0.7	**1.5**	1.7	2.0	7.8	8.0	0.8	1.3	-4.6	-3.2	139.2	140.4
	Austria	0.2	**1.5**	3.4	2.5	5.2	5.1	2.8	2.9	-2.9	-2.8	77.5	77.4
	UK	0.5	**1.5**	2.5	2.0	4.2	4.1	-2.6	-2.8	-4.6	-3.7	104.3	106.4
	Switzerland	1.3	**1.4**	1.5	1.2	2.3	0.0	8.2	7.6	0.5	0.2	36.7	35.6
Eastern Europe	**Poland**	2.8	**3.5**	3.5	3.8	5.1	5.0	0.0	-1.0	-5.5	-4.0	53.0	55.0
	Turkey	3.1	**3.2**	59.5	38.4	9.6	9.6	-2.8	-2.2	-5.4	-3.7	30.9	31.0
	Czechia	1.3	**3.1**	2.8	2.6	3.1	3.6	0.5	0.9	-2.7	-2.3	44.9	45.1
	Romania	2.6	**3.4**	5.2	3.7	5.3	5.2	-6.9	-6.8	-6.5	-5.0	49.6	49.6
	Hungary	2.0	**3.5**	4.2	4.0	4.5	3.9	0.4	0.7	-5.2	-4.1	73.6	72.5
	Slovakia	2.0	**2.7**	3.0	3.0	5.7	5.7	-1.2	-0.4	-6.0	-5.0	58.2	59.6
Americas	**USA**	2.2	**1.4**	2.8	2.2	4.0	4.2	-2.5	-2.5	-6.5	-7.1	123.3	126.6
	Canada	1.2	**2.3**	2.6	1.9	6.3	6.3	0.3	0.4	-1.1	-0.9	104.7	102.1
	Brazil	2.2	**2.1**	4.1	3.0	8.0	7.9	-1.4	-1.5	-6.3	-5.5	86.7	89.3
	Chile	2.0	**2.5**	3.2	3.0	8.7	8.1	-3.9	-3.7	-1.9	-1.2	40.5	40.8
	Mexico	2.4	**1.4**	4.0	3.3	2.8	3.2	-0.8	-0.8	-5.9	-3.0	55.6	55.4
	Colombia	1.1	**2.5**	6.4	3.6	9.9	9.6	-3.0	-3.3	-3.3	-3.1	54.4	55.6
Asia	**China**	4.6	**4.1**	1.0	2.0	5.1	5.1	1.3	1.4	-7.4	-7.6	88.6	93.0
	Japan	0.9	**1.0**	2.2	2.1	2.5	2.5	3.5	3.5	-6.5	-3.2	254.6	252.6
	India	6.8	**6.5**	4.6	4.2	na	na	-1.4	-1.6	-7.8	-7.6	82.5	81.8
	Indonesia	5.0	**5.1**	2.6	2.6	5.2	5.1	-0.9	-1.3	-2.2	-2.7	39.3	39.3
	South Korea	2.3	**2.3**	2.5	2.0	3.0	3.1	2.9	3.4	-0.6	0.1	56.6	57.3
	Thailand	2.7	**2.9**	0.7	1.2	1.1	1.0	1.7	2.0	-3.7	-3.4	64.5	65.5
	Australia	1.5	**2.0**	3.5	3.0	4.2	4.5	0.5	-0.2	-1.3	-1.4	49.6	49.3
	South Africa	0.9	**1.2**	4.9	4.5	33.5	33.9	-1.8	-1.9	-6.1	-6.3	75.4	77.9
	World	3.2	**3.2**										

Source: IMF, EU Commission, Erste Group Research estimates

Forecasts[1]

GDP	2022	2023	2024	2025
Eurozone	3.5	0.5	0.7	1.1
US	1.9	2.5	2.2	1.4

Inflation	2022	2023	2024	2025
Eurozone	8.4	5.5	2.4	2.1
US	8.0	4.1	2.8	2.2

Currency	current	Sep.24	Dec.24	Mar.25	Jun.25
EURUSD	1.08	1.11	1.13	1.14	1.14
EURCHF	0.97	0.98	0.98	0.99	0.99

Interest rates	current	Sep.24	Dec.24	Mar.25	Jun.25
ECB MRR	4.25	3.65	3.15	2.90	2.65
ECB Deposit Rate	3.75	3.50	3.00	2.75	2.50
3M Euribor	3.71	3.40	3.09	2.86	2.64
Germany Govt. 10Y	2.56	2.40	2.50	2.60	2.60
Swap 10Y	2.86	2.70	2.80	2.90	2.90

Interest rates	current	Sep.24	Dec.24	Mar.25	Jun.25
Fed Funds Target Rate*	5.33	5.13	4.63	4.13	3.63
3M Libor	5.59	5.30	4.71	4.30	3.88
US Govt. 10Y	4.40	4.10	3.80	3.70	3.70
EURUSD	1.08	1.11	1.13	1.14	1.14

*Mid of target range

Interest rates	current	Sep.24	Dec.24	Mar.25	Jun.25
Austria 10Y	3.10	2.90	2.95	3.00	3.00
Spread AT - DE	0.54	0.50	0.45	0.40	0.40

From 18 September 2024, the ECB will reduce the spread between the main refinancing rate and the deposit facility from 50 bp to 15 bp. As a result, the forecast interest rate steps can only be understood in terms of the deposit facility.

Source: Market data provider, Erste Group Research

[1] By regulations we are obliged to issue the following statement: Forecasts are no reliable indicators for future performance

Equities

Erste Global 1000 Index

					Weight	Performance (%)				Growth (%, y/y)							
			No. of	Mkt. Cap.	(%)	EUR				Sales		Net Profit Adj		P/E		DY
	Erste Global 1000 Index		Comp.	EUR bn	World	1M	3M	12M	YTD	24e	25e	24e	25e	24e	25e	24e
	World	**USD**	**1,151**	**74,563**	**100**	**2.3**	**3.7**	**21.1**	**13.5**	**3.6**	**4.5**	**6.7**	**10.6**	**18.6**	**16.8**	**1.9**
Developed Markets	**North America**	**USD**	**565**	**48,818**	**65.5**	**3.8**	**4.7**	**27.0**	**16.5**	**5.1**	**6.0**	**8.0**	**13.3**	**22.6**	**19.9**	**1.4**
	Canada	USD	48	1,805	2.4	-3.2	-3.0	7.1	1.1	4.0	4.3	1.5	8.6	14.4	13.2	3.3
	USA	USD	517	47,013	63.0	4.1	5.0	27.9	17.2	5.1	6.1	8.5	13.6	23.1	20.3	1.3
	Europe	**EUR**	**248**	**12,064**	**16.2**	**-0.4**	**1.2**	**13.6**	**8.3**	**2.0**	**3.4**	**0.6**	**7.8**	**15.1**	**14.0**	**3.2**
	Finland	EUR	6	110	0.1	-4.0	0.1	-8.8	-6.0	-3.3	5.2	-7.7	11.6	14.8	13.3	4.9
	Germany	EUR	35	1,639	2.2	-1.5	-2.1	10.3	5.3	0.9	3.7	-2.9	8.7	12.6	11.6	3.5
	Ireland	EUR	9	275	0.4	-1.0	2.4	38.4	19.2	8.0	8.1	10.8	13.5	22.1	19.4	0.8
	Netherlands	EUR	20	1,132	1.5	2.7	6.1	25.0	21.7	2.2	4.5	4.4	16.6	23.5	20.1	2.0
	Norway	EUR	5	152	0.2	-0.5	3.5	3.8	-6.9	-4.4	-0.1	1.3	-2.6	9.7	10.0	8.3
	Sweden	EUR	19	581	0.8	1.4	2.9	21.2	6.4	0.0	5.4	-13.2	3.5	15.5	15.0	3.8
	Switzerland	EUR	28	1,661	2.2	4.0	5.6	8.7	5.1	4.7	4.2	7.9	12.3	19.0	16.9	3.0
	United Kingdom	EUR	41	1,897	2.5	0.3	5.5	10.3	10.7	4.3	2.5	0.1	6.1	11.7	11.0	4.0
	Asia/Pacific	**USD**	**164**	**6,599**	**8.8**	**0.7**	**-2.5**	**8.1**	**7.1**	**-1.3**	**1.7**	**12.2**	**8.4**	**15.4**	**14.2**	**2.4**
	Japan	USD	97	3,229	4.3	-1.7	-10.5	-3.1	1.0	-5.6	-2.3	1.8	2.8	14.7	14.3	2.1
	Singapore	USD	6	199	0.3	1.7	3.5	10.6	6.2	4.1	2.3	-0.1	-0.1	9.5	9.5	5.9
	Australia	USD	23	1,052	1.4	0.5	2.9	14.2	0.7	1.4	2.6	-0.4	0.1	16.3	16.3	4.1
	South Korea	USD	21	883	1.2	0.1	-2.1	4.5	-0.8	7.1	7.2	92.2	27.4	12.5	9.8	1.6
	Taiwan	USD	17	1,236	1.7	7.9	18.6	49.9	47.0	10.4	15.4	20.2	19.7	22.8	19.1	2.0
Emerging Markets	**Emerging Asia/Pacific**	**USD**	**139**	**6,098**	**8.2**	**-1.5**	**9.9**	**13.2**	**14.0**	**4.6**	**5.7**	**7.0**	**8.1**	**11.7**	**10.8**	**2.9**
	China (incl. HK)	USD	61	3,275	4.4	-3.2	13.6	5.6	14.8	4.6	5.3	6.4	6.8	8.4	7.9	4.0
	India	USD	58	2,371	3.2	1.3	8.2	29.8	15.6	5.4	7.6	11.0	13.2	23.0	20.3	1.4
	Indonesia	USD	7	235	0.3	-2.5	-5.4	11.7	4.0	-0.4	2.1	-1.4	7.4	17.6	16.3	3.2
	Thailand	USD	7	126	0.2	-3.7	-3.3	-4.4	-1.0	2.1	0.7	5.4	7.3	15.3	14.3	3.7
	Emerging Europe	**USD**	**1**	**18**	**-**	**-0.5**	**7.9**	**4.5**	**3.7**	**59.5**	**-1.1**	**-56.8**	**8.1**	**7.7**	**7.1**	**6.4**
	Emerging Americas	**USD**	**27**	**802**	**1.1**	**-6.9**	**-9.8**	**-8.1**	**-14.2**	**7.8**	**0.3**	**9.5**	**1.9**	**9.5**	**9.3**	**5.4**
	Brazil	USD	15	407	0.5	-4.7	-11.6	-13.7	-18.9	4.4	-1.7	7.5	-0.9	6.6	6.6	8.2
	Mexico	USD	10	277	0.4	-11.7	-13.2	-10.6	-13.6	12.1	1.9	13.3	7.5	13.2	12.3	3.6
	Global Sectors															
Erste Sectors	**Basic Materials**	USD	64	2,148	2.9	-3.1	1.1	9.2	2.0	-0.3	2.6	0.2	12.2	16.5	14.7	2.8
	Consumer Discretionary	USD	155	8,462	11.4	1.5	-1.4	9.2	4.5	3.0	4.6	4.6	8.9	19.5	17.9	1.6
	Consumer Staples	USD	85	4,112	5.5	1.0	1.3	-0.7	3.4	4.5	3.9	2.7	7.4	18.2	16.9	2.9
	Energy	USD	64	3,759	5.0	-0.6	0.5	16.2	10.6	1.5	0.5	-5.8	4.9	10.6	10.1	4.3
	Financials	USD	206	12,276	16.5	0.4	2.3	23.4	12.0	2.4	3.2	4.8	5.6	11.8	11.2	3.3
	Health Care	USD	108	7,799	10.5	2.8	3.4	14.2	11.6	7.0	5.9	7.3	16.7	22.3	19.1	1.7
	Industrials	USD	183	7,468	10.0	-1.1	-2.1	13.7	7.5	1.1	4.4	4.1	10.7	20.9	18.9	1.7
	Real Estate	USD	46	1,104	1.5	1.3	-1.6	3.5	-2.4	5.6	5.4	3.0	8.4	23.0	21.2	3.6
	Technology	USD	147	23,937	32.1	5.9	10.0	42.5	27.6	10.1	11.7	21.4	19.2	28.3	23.7	0.6
	Telecom	USD	39	1,938	2.6	3.0	2.3	9.3	4.6	1.1	1.8	4.6	7.1	15.8	14.8	3.0
	Utility	USD	54	1,561	2.1	-1.2	6.5	3.7	7.0	0.4	1.3	8.2	6.7	15.0	14.1	3.8

Source: Erste Group Research, FactSet. Closing Prices as of: 24.6.2024.

Erste CEE Indices

				Weight	Performance (%)				Growth (%, y/y)						
		No. of	Mkt. Cap.	(%)	EUR				Sales		Net Profit Adj.		P/E		DY
Erste CEE Index		Comp.	EUR bn	World	1M	3M	12M	YTD	24e	25e	24e	25e	24e	25e	24e
CEE Coverage	**EUR**	**157**	**430**	**100**	**-2.2**	**4.5**	**16.9**	**5.9**	**15.8**	**3.8**	**-8.8**	**3.7**	**9.7**	**9.3**	**4.5**
CEE Austria	EUR	36	126	29.2	-3.5	3.6	12.8	1.6	6.8	4.1	-4.1	3.6	8.8	8.5	5.5
CEE Czech Republic	EUR	8	40	9.3	-0.9	5.9	-6.9	-1.0	-2.7	-4.5	-7.9	14.3	17.6	15.4	5.2
CEE Croatia	EUR	11	8	1.9	-0.9	-0.1	25.5	10.6	5.6	4.3	11.1	6.1	17.3	16.3	3.3
CEE Hungary	EUR	4	25	5.9	-4.0	3.7	20.5	7.2	-1.8	-2.8	-1.5	0.8	5.3	5.3	5.5
CEE Poland	EUR	78	184	42.9	-1.4	4.6	21.8	6.8	31.8	3.5	-11.3	3.0	11.0	10.6	3.3
CEE Romania	EUR	9	22	5.2	-8.4	-4.7	20.3	7.6	14.0	4.3	-6.6	-6.0	9.1	9.7	6.6
CEE Serbia	EUR	2	2	0.4	-2.5	-1.9	7.2	0.2	56.1	7.0	-3.9	-1.3	5.0	5.0	5.2
CEE Slovenia	EUR	2	7	1.6	6.9	7.1	30.2	30.8	4.6	3.9	-8.1	3.4	8.7	8.4	6.9
CEE Turkey	EUR	6	14	3.4	4.7	33.7	80.7	51.0	-7.1	14.8	-33.8	16.5	7.0	6.0	5.1

Source: Erste Group Research, FactSet. Closing Prices as of: 24.6.2024.

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