MyStratWeekly

Market views and strategy

Ostrum ASSET MANAGEMENT

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N° 039 // **October 4, 2021**

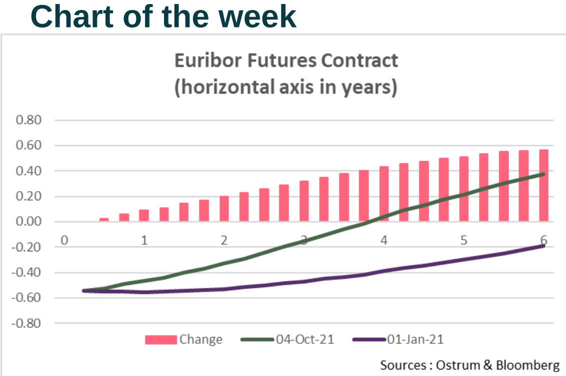
Topic of the week: Policies to fight against global warming: carbon price and green investments

- **Efforts made so far in the fight against global warming are very insufficient;**
- **Beyond the need for more ambitious greenhouse gas reduction targets, the urgency is for massive, comprehensive and coordinated concrete action;**
- **Setting a carbon price is a quick and easy tool, but not sufficient;**
- **This pricing must be accompanied by a clean energy investment policy;**
- **Governments have a critical role to play in attracting private investment and ensuring a just transition.**

Market review: Autumn clouds

- **The S&P 500 lost 5% in September;**
- **The rise in long yields hits growth stocks;**
- **The energy crisis is worsening in Europe and Asia;**
- **Resilient IG spreads despite equity volatility.**

Chart of the week



Fed funds expectations have increased significantly, especially after the last FOMC. Less commented, the evolution of the short part of the European curve is also interesting.

At the beginning of the year, future contracts did not anticipate a positive rate (on the Euribor 3 months) even over a 6-year horizon. At present, these same contracts have positive expectations for a four-year horizon.

More surprisingly, the March-2024 futures contract is 25 bps higher than the spot. It therefore seems that the market anticipates an increase in rates over a horizon of only 2 and a half years.

Figure of the week

6.9

Source : Ostrum AM

6.9%: this is the performance gap between the best (financial + 2.3%) and the worst (industrial - 4.6%) of the 11 S&P sectors in Q3 2021. This is the smallest gap since the launch of sector indices in 1989. The previous record was 8.1% in Q3 1989.

Stéphane Déo
Head of markets strategy

Axel Botte
Global strategist

Zouhoure Bousbih
Emerging countries strategist

Aline Goupil- Raguénès
Developed countries strategist

● **Topic of the week**

Policies to fight against global warming

The efforts made so far in the fight against global warming are proving to be woefully insufficient according to the international energy agency. COP 26, which takes place in Glasgow in November, will be a key moment in raising targets for reducing greenhouse gas emissions and setting ambitious interim targets. Beyond these long-term promises, the urgency is to act concretely, massively and in a coordinated manner to limit the rise in temperatures to less than 2 degrees compared to the pre-industrial era by the end of the century. An essential and effective tool to achieve this is carbon pricing. To this must be added public policies to achieve a just transition and to invest massively in the energy transition.

What is climate change mitigation?

Climate change mitigation involves taking measures to limit global warming and thus its economic, social and environmental consequences.

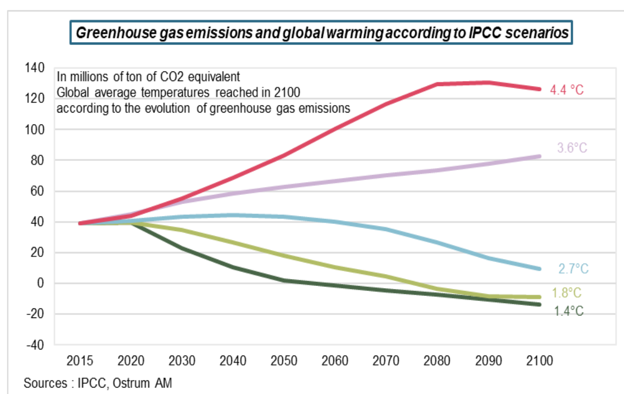
To this end, measures must be taken to reduce and prevent greenhouse gas emissions into the atmosphere responsible for global warming. This can be done in two ways: either by reducing the source of these gases, such as the combustion of fossil fuels, and by developing clean energies (solar, wind, hydrogen, etc.), or by improving the capacity of sinks to store these gases. There are natural carbon sinks such as developing forests, soils and oceans whose capacity to store gases must be improved (planting trees, limiting deforestation, etc.). New techniques are also currently developed to artificially capture carbon and "trap" it in the rock, which requires significant investment (example of Canada) and additional research and innovation.

Measures to reduce greenhouse gas emissions and to develop or improve the capacity of carbon sinks to the remaining emissions will achieve climate neutrality (net zero CO_2 emissions). In order to respect the Paris Agreement, these measures must ensure that the rise in average temperatures by the end of the century remains well below 2 degrees compared to the pre-industrial era and is limited to 1.5 degrees. The efforts made so far are woefully insufficient according to the latest report from the Intergovernmental Panel on Climate Change (IPCC) published in August.

Very insufficient objectives

In order to limit global warming, 113 countries, among the 196 signatories to the Paris Agreement, have announced new greenhouse gas reduction targets or have strengthened them. These remain insufficient, as a recent United Nations report reveals. Greenhouse gas emissions for these countries would only decrease by 12% in 2030, compared to 2010, while according to the IPCC a reduction of 45% would be necessary in order to limit global warming to 1.5 degrees by 2100, or a 25% drop to limit it to 2 degrees. Of these countries, 70 have committed to achieving climate neutrality by mid-century, which would further reduce these emissions (-26% by 2030).

What is much more worrying is that by taking into account these new and revised targets, and those available for other countries, the greenhouse gas emissions of the 196 countries that have signed the Paris Agreement would increase by 16% by 2030, compared to 2010, which would correspond to an increase in average temperatures of 2.7 degrees, compared to the pre-industrial era, according to the IPCC scenarios (the blue curve on the graph). We are far from the 1.5 degrees targeted by the Paris agreement.



One of the challenges of COP 26, which is being held in Glasgow from November 1 to 12, will be for countries to set much more ambitious greenhouse gas reduction targets and intermediate targets to comply with the Paris agreement with a view to achieving climate neutrality by 2050.

It is essential that developed countries help emerging countries to make their energy transition. These developing countries are very dependent on the combustion of fossil fuels and do not have sufficient means to make their energy transition. Within this framework, developed countries made a commitment 10 years ago to provide aid to developing countries of $ 100 billion per year from 2020, which has not been honored. This is proving to be a crucial element in achieving the peak in global emissions by 2030.

In addition, very few countries have enshrined these objectives in law, which makes them non-binding. In this context, the European Union is a pioneer among the major economies[1]. Since 2015, it has set itself ambitious greenhouse gas reduction targets that it even exceeded in 2020 and strengthened for 2030 by bringing them to -55% compared to 1990 (compared to -40% previously set). This reinforced intermediate objective and the achievement of climate neutrality by 2050 are enshrined in European climate law. This is part of the 'Green deal' presented in December 2019 as a growth strategy aimed at transforming the European economy with the aim of achieving climate neutrality by 2050.

The announcement of ambitious greenhouse gas emission reduction targets by governments is a necessary step. The urgency is to adopt concrete, massive and coordinated actions to accelerate the energy transition and thus reduce global warming to less than 2 degrees by the end of the century.

Setting a carbon price

An essential, simple and effective tool

The easiest and fastest tool to encourage countries to reduce their greenhouse gas emissions and get them to develop clean energy is to put a price on carbon. Carbon pricing makes it possible to make carbon-intensive products more expensive compared to those with lower carbon intensity and thus increase energy efficiency. Revenues from carbon tax and allowance trading systems can be used to finance part of green investments or offset the loss of purchasing power of households most affected by the introduction of these additional tariffs. In 2020, revenues from carbon pricing amounted to $ 53 billion according to the World Bank.

Functioning

This can be done in two ways: either by a carbon tax on the carbon content of products or the CO_2 emissions that result from their production, or by setting up an emission trading system. In this case, companies must obtain permits for each ton of CO_2 emitted. These authorizations are limited by governments and companies can exchange them by buying or selling them on a market which determines the price of carbon.

What is the situation today?

More than 60 initiatives such as the carbon tax and emissions trading systems currently exist. They were spread in 2020 in 121 countries, 24 regions and 708 cities. This number has tripled in the space of 10 years and two new initiatives have emerged in 2021 with the establishment of a carbon tax in Germany and a national emissions trading system in China. Although growing significantly, these initiatives only cover 21.4% of greenhouse gas emissions, according to the World Bank, which is insufficient to achieve climate neutrality by 2050.

In addition, the territorial coverage of sectors and tariffs are very heterogeneous from one country to another such that the global average carbon price is only $ 3 per ton according to the IMF. This tariff clearly does not encourage companies to change their production process to disengage from fossil fuels and invest in green energies. This is a far cry from the $ 75 per ton of CO_2 by 2030 to limit the rise in temperatures to 2 degrees according to the IMF. Carbon pricing must therefore be improved. In particular, it is necessary to take measures aimed at reassuring companies in carbon-intensive sectors as to the possible losses of competitiveness that would be suffered for the benefit of countries with lower carbon prices due in particular to lower environmental standards. Two avenues are currently being considered. The European Union is calling for a border carbon pricing system and the IMF for a global floor price.

The EU emission quota trading system

Created in 2005, the European Union's emissions trading system is the first and largest carbon market. It is therefore often taken as a benchmark for carbon pricing. This system sets a ceiling on greenhouse gas emissions for certain industries each year, which gradually decreases. Companies receive or buy these allowances and can trade them according to their needs. Each year, companies must surrender as many allowances as the emissions observed

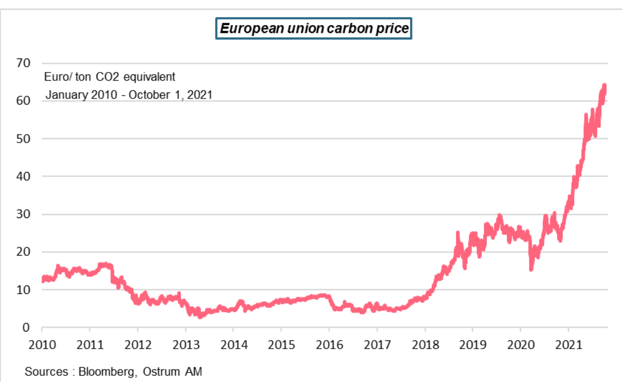
[1] https://www.ostrum.com/en/publication/mystratweekly-29th-march-2021

the previous year. Those who have used more allowances than what was allocated to them can buy the surplus allowances from less polluting companies. This market thus determines the price of carbon (1 quota being equal to 1 ton of CO_2). Since its introduction in 2005, it has resulted in a 43% reduction in greenhouse gas emissions in the sectors covered. It currently covers 41% of the EU's greenhouse gas emissions.

Sharp rise in the price of carbon in the EU

Until 2018, the price of carbon remained at low levels due in particular to an excess of allocated allowances. The European Union has improved its functioning since then and prices started to increase in 2018 to reach 30 euros per ton in 2019, against 5 euros on average between 2016 and mid-2017.

After a plunge from March to May 2020, linked to the virtual cessation of activity following the containment measures put in place to deal with the Covid-19 epidemic, the price of carbon has risen sharply to settle on October 1st 2021 at $ 62 per ton of CO_2, against $ 32.6 at the end of 2020. This results from the resumption of activity linked to the gradual lifting of health restriction measures but also and above all to measures announced by the European Union to accelerate the energy transition with, in particular, a more ambitious intermediate objective of reducing greenhouse gas emissions by 2030 (-55% compared to 1990, against -40% previously set), which suggests a reduction of emission allowances.



Another factor has also played a role recently: the sharp rise in the price of natural gas in Europe following an insufficient supply to meet the sharp increase in demand. This is happening in early fall and the high price of natural gas is raising fears of increased demand for coal this winter from households and businesses for heating and electricity. This will likely generate greater demand for CO_2 emission allowances from certain companies, which will weigh on carbon prices.

Need for improvement of the EU carbon market

This system currently covers only 41% of greenhouse gas emissions. It concerns the production of electricity and heat, energy-intensive industrial sectors and aviation in Europe. In addition, according to the European Court of Auditors, 40% of allowances are distributed free of charge to companies, especially those in the aviation industry. This aims in particular to avoid "carbon leaks" whereby companies relocate their production to avoid this additional cost.

The European Commission made a proposal last July aimed in particular at gradually eliminating the free allowances distributed to the aviation sector for full auctioning in 2027. It also aims to integrate other sectors such as maritime transport and to create another allowance trading system (which would be operational from 2026) covering emissions from the construction sector and from fuel suppliers for road transport. To compensate for any repercussions on consumers, the EC has also proposed the creation of a social climate fund for the most vulnerable households.

To achieve these more ambitious energy transition objectives, the EC has also announced a new emission reduction target for the sectors covered by the emissions trading system: -61% by 2030, compared to the level of 2005, against -43% previously. This will translate into lower emission allowances and an acceleration in the rate of annual emissions contraction to 4.2%, from the current 2.2%, according to the EC.

Border carbon adjustment mechanism

The European Union also proposed on July 14 the establishment of a carbon border adjustment mechanism compatible with WTO rules. As the European Union strengthens its regulation in order to achieve climate neutrality, the risk is that some EU companies will outsource their carbon-intensive production to third countries with lower environmental standards or that certain products manufactured by the EU are replaced by more carbon intensive imports. This would ultimately result in an increase in greenhouse gas emissions in third countries offsetting the reduction made in the European Union, which is contrary to the initial objective. This would also operate to the detriment of the competitiveness of European producers subject to higher carbon prices than third countries.

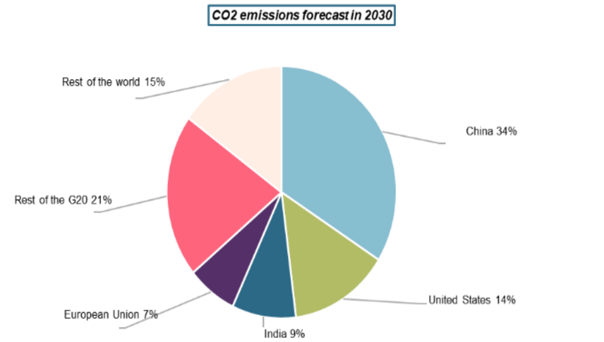
This border carbon adjustment mechanism will initially apply to cement, iron, steel, aluminum, fertilizers and electricity. Companies based in third countries supplying high carbon intensity products to the EU will have to purchase carbon certificates based on the carbon price they would have had to pay if the products had been produced under EU rules. If these producers are able to prove that they have already paid a carbon price, it will be deducted.

A carbon border adjustment mechanism is already in place in some regions, such as California for certain electricity imports, and is under study in Canada and Japan in particular. Russia and China are among the countries that have been very critical of this new mechanism, with Russia considering that it is one of the most affected by its implementation (to the tune of $ 7.6 billion), it being the largest supplier of carbon-intensive products to the EU. The additional costs would also be significant for Turkey.

IMF calls for international carbon price floor mechanism

To avoid losses of competitiveness for countries adopting high levels of carbon prices and reduce their uncertainty regarding the behavior of other countries, the IMF proposes the establishment of a floor price for carbon at the international level. It would initially only concern the largest emitters and the level of pricing would be adapted according to the level of development of the countries and their emissions. Emissions from China, the United States, India and the European Union will represent more than 60% of global emissions in 2030 according to the IMF.

CO2 emissions forecast in 2030



Predicted emissions in the absence of new mitigation measures or hardening of existing measures
Sources : IMF, Ostrum AM

The IMF takes as an example the participation of 6 countries: Canada, China, the United States, India, the United Kingdom and the European Union with a floor price of $ 75 per ton by 2030 for developed countries, $ 50 for emerging high income countries and $ 25 for emerging low income countries. According to the IMF, the participation of these 6 countries in this carbon pricing, as well as the respect by the G20 countries of the Paris agreement, would make it possible to reduce greenhouse gas emissions by 23% by 2030 and to limit global warming to less than 2 degrees compared to the pre-industrial era.

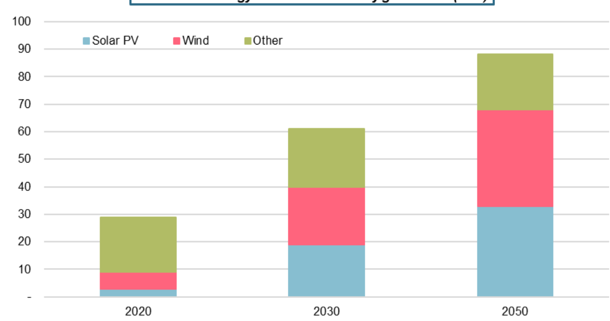
According to the IMF, this system is more effective than a border carbon adjustment mechanism since the carbon embodied in trade flows generally represents less than 10% of countries' total emissions.

Green investments

Massive investments needed

This is an essential element in accelerating the energy transition and making it possible to replace a large part of fossil fuels with clean energies. This implies a major transformation of the means of production and energy systems which are at the origin of ¾th of greenhouse gas emissions. To achieve carbon neutrality by 2050, nearly 90% of electricity must in particular come from renewable energies according to the IEA, with wind turbines and solar panels expected to represent nearly 70%. In 2020, the share of renewable energies in electricity is only 29%. Electric cars would represent 86% of car stocks in 2050, against 20% in 2030 and 1% in 2020. Fossil energy would drop from 4/5th of the total energy supply today to only 1/5th in 2050.

Renewable energy shares in electricity generation (in %)



Sources : IEA, Ostrum AM

Beyond infrastructure spending, significant research and development spending is also required. Indeed, while the technologies necessary to meet the emissions reduction targets by 2030 are available, this is far from the case for the targets by 2050, according to the IEA. Half of the necessary technologies are not yet available. They are in the development or prototype phase, which requires significant investment in research and development for them to be brought to market on time. According to the IEA, global investment in clean energy must more than triple by 2030 to reach $ 4 trillion. 30% of these investments must come from the public sector and 70% from the private sector

Major role of governments

Governments have a major role to play in financing these green investments and helping to attract private investments. The large-scale measures taken by governments to deal with the Covid-19 crisis constitute a real opportunity to increase green investments in a context of low interest rates. In the United States, barely come to power, Joe Biden announced a massive infrastructure plan ($ 2,300 billion) and a plan for families ($ 1,800 billion) intended in particular to improve existing infrastructure and to fight against global warming. Faced with the reluctance of the Republicans, these measures have been modified and have not yet been voted[2].

In Europe, governments have also taken measures to revive their economy, part of which is in the form of investments for the energy transition. They will be partly financed by the European Union through the Next Generation EU recovery plan amounting to 800 billion euros (in current price)[3]. For the first time, it can borrow heavily on the markets on behalf of all the countries of the European Union and pay a significant portion of the funding in the form of grants (339 billion euros), therefore non-refundable, and another in the form of loans, at favorable rates. To benefit from these payments, countries have presented recovery and resilience plans that must meet certain criteria: at least 37% of investments must be devoted to the energy transition and at least 20% to the digitization of the economy. In addition, countries have also pledged to adopt structural reforms with the aim of putting their economies on a sustained higher growth path. The first payments from the EU were made in July and represent a pre-financing of 13% of the amounts requested.

According to a recent IEA report, clean energy investments announced by governments represent only 2% of stimulus plans to deal with the Covid 19 crisis ($ 380 billion in Q2 2021). These amounts and the new measures announced should translate into an increase of $ 350 billion per year in investments in clean energy between 2021 and 2023. Although up 30% compared to previous years, this is very insufficient in view of the amount of $ 1 trillion estimated by the IMF and IEA in order to be consistent with the Paris agreement.

Countries will therefore have to significantly increase their investments in clean energy. This comes as a large number of economies have regained, or are on the verge of regaining, pre-crisis GDP levels and will be preparing to gradually reduce their budget support.

Reform of the stability pact in the euro zone and green investments

As activity resumes, it is essential that governments do not consolidate fiscal policy too quickly. Measures must be more targeted towards sectors and people weakened by the health crisis and investments must not be sharply reduced. This is what happened in the Eurozone after the 2008/2009 global economic and financial crisis and was a major factor in its entry into recession in 2012.

In Europe, the rules relating to the Stability and Growth Pact (limiting the public debt to 60% of GDP and the budget deficit to 3% of GDP) were temporarily suspended in 2020 to allow governments to massively boost their economies and limit the impact of the deepest recession since World War II. This resulted in a sharp increase in public deficits: -8% of GDP in 2021 for the Eurozone according to the EC's spring forecasts, against -0.6% in 2019, as well as in public debt: 102.4% forecast in 2021 against 85.8% in 2019.

The reinstatement of the Stability Pact in 2023 should not result in a rapid and marked adjustment in public finances. Discussions have started to reform this pact, the rules of which have often been broken, without being followed by penalties[4]. This is all the more important given that Europe must invest massively to finance the energy transition and achieve carbon neutrality in 2050. One way to proceed gradually with budgetary consolidation without affecting green investments lies in the fact of reserving them a special treatment by not including them in the public deficit. Discussions promise to be intense because of the reluctance of so-called "frugal" countries attached to respect for fiscal rules by all.

Conclusion

The latest IPCC report made an alarming finding on global warming at work and the urgency to intervene quickly, massively and in a coordinated manner to reduce greenhouse gas emissions and achieve climate neutrality by 2050, in order to respect the Paris Agreement. To achieve this, setting a carbon price is quick and easy, but not sufficient. The various emissions trading and carbon tax systems that exist around the world must be improved to encourage companies to reduce their greenhouse gas emissions. This carbon pricing must be accompanied by massive investments in green energy, with governments having a key role to play in attracting private sector funding and ensuring a just transition. The fiscal consolidation that will take place once the effects of the Covid-19 crisis have passed should therefore not be too rapid and significant at the risk of weakening the recovery and compromising efforts to achieve climate neutrality. In this context, green investments could be the subject of special treatment given the climate challenges.

Aline Goupil-Raguénès

[2] https://www.ostrum.com/en/publication/mystratweekly-july-5th-2021
[3] https://www.ostrum.com/en/publication/mystratweekly-may-10th-2021
[4] https://www.ostrum.com/en/publication/mystratweekly-march-15th-2021

• **Market review**

Autumn clouds

Difficult end of quarter on equity markets amid an energy crisis and declining Chinese growth

September is seldom favorable to equity markets. The nearly 5% drop in the US S&P 500 index last month may be a warning at the start of a fourth quarter likely to be undermined by fiscal uncertainties and the energy crisis.

In the United States, a government shutdown was avoided thanks to the passage of a continuing resolution allowing the financing of federal spending, on the basis of the last approved budget, until December 3rd, 2021. Conversely, discussions on the two infrastructure plans have stalled. Progressives in the Democratic Party clash with centrist senators over funding and the size of the stimulus given the debt ceiling constraint and the potential political cost of rising prices ahead of next year's midterm elections. The issue of the debt ceiling remains unresolved as the date of the technical default, estimated around October 18th, 2021, approaches.

In China, economic growth has slowed due to restrictions imposed by local governments concerned with meeting their CO_2 emission commitments. Prices for thermal coal in Zhengzhou, China have since exploded to more than CNY 1,330 per tonne from an average of 730 between January and August. The Golden week in China (October 1-7) may be an opportunity to announce fiscal or monetary support measures, including a reduction in the reserve requirement ratio. Lately, the Chinese government ordered large companies to secure their energy supplies and coal production has resumed.

At the same time, higher energy prices put considerable pressure on producers. The rise in gas has already resulted in a dozen bankruptcies of companies in the energy sector in the United Kingdom. High prices in Asia are starting to index US gas prices, which are now trending towards the $ 6 per MMBtu threshold, double the prices at the start of the year. Price shocks followed one another, and inflation continue to rise in the Eurozone (3.4% flash in September), in the United States (4.3% in August according to the PCE index) or in the United Kingdom (RPI at 4.8% in August). Inflation will inevitably force central banks to adapt their rhetoric and ultimately their monetary policies.

Jerome Powell, whose reappointment appears to be on hold after the forced resignations of two FOMC members due to their personal trading activities, now recognizes that the persistence of inflation reflects the supply-chain bottlenecks, on which the Fed has no control. The current signs of stagflation would call for a radically different monetary policy, but the removal of the Fed's put remains hypothetical.

As for the financial markets, the rise in bond yields is causing reallocations across equity styles. Growth stocks, which value take account of high-expected long-term growth, logically underperformed in this environment. The upturn in bond yields comes as the dispersion of sector performances within the S&P 500 stood at its 30-year low in the third quarter. Maximum performance came from US financials (+ 2.3%) while industrial stocks underperformed posting a loss of 4.6%. Homogenous returns may reflect stakeholder concerns about the ability of most companies to maintain high margins in an inflationary environment. It also highlights the importance of excess liquidity in inflating broad-market valuation multiples. Equity markets may experience a more volatile final quarter, as signs of weakening business surveys begin to weigh on EPS projections. The buy-on-dip mentality that proved successful so far this year will be called into question. Financial risks out of China and the energy crisis indeed call for caution. In turn, European indices are down almost 3% with a marked underperformance of the technology sector (-8.95%). Only banks and energy manage to post positive returns.

The bond market stabilized with the fall in stocks. After peaking at 1.54%, the T-note ended the week below 1.50%. The steepening trend continues, with the 30-year-bond yield hitting 2.10% for the first time since last spring. The US 5s30s spread which flattened after the FOMC steepened sharply (+ 9bp over a week). The 30-year mortgage rate also crossed the 3% threshold. Euro bond markets no longer seem immune to US tensions despite Christine Lagarde's warning against an overreaction to inflation. The unease is palpable, but sovereign spreads did remain generally stable. The Italian 10-year bond spread widened slightly to 104bp. Net issuance of sovereign bonds will be sharply negative in October, mainly due to redemptions in France and Spain. This remains an important factor holding yields lower. Credit spreads are again proving insensitive to equity volatility, at least in the investment grade segment. There were some decompression (also seen in CDS index markets), likely linked to the improvement in buyer flows on IG credit funds. The rise in bond yields also spurred institutional interests for both the sovereign bonds and credit.

On the foreign exchange market, the dollar, driven by interest rate differentials and its safe haven status, rebounded strongly. The euro even plunged below $ 1.16, as cable adjusted lower (£ 1 = $ 1.34).

Axel Botte
Global strategist

Main market indicators

G4 Government Bonds	04-Oct-21	-1wk (bp)	-1m (bp)	YTD (bp)
EUR Bunds 2y	-0.7 %	-1	+0	0
EUR Bunds 10y	-0.21%	+1	+15	+36
EUR Bunds 2s10s	49 bp	+2	+14	+36
USD Treasuries 2y	0.28 %	+0	+7	+16
USD Treasuries 10y	1.47 %	-1	+15	+56
USD Treasuries 2s10s	119 bp	-2	+8	+40
GBP Gilt 10y	1.01 %	+6	+29	+81
JPY JGB 10y	0.05 %	-1	+1	+3
€ Sovereign Spreads (10y)	**04-Oct-21**	**-1wk (bp)**	**-1m (bp)**	**YTD (bp)**
France	35 bp	+1	+1	+12
Italy	104 bp	+3	-2	-7
Spain	65 bp	+2	-5	+4
Inflation Break-evens (10y)	**04-Oct-21**	**-1wk (bp)**	**-1m (bp)**	**YTD (bp)**
EUR OATi (9y)	161 bp	+2	+16	-
USD TIPS	239 bp	+1	+4	+40
GBP Gilt Index-Linked	388 bp	-3	+23	+88
EUR Credit Indices	**04-Oct-21**	**-1wk (bp)**	**-1m (bp)**	**YTD (bp)**
EUR Corporate Credit OAS	85 bp	+1	+0	-7
EUR Agencies OAS	43 bp	+1	+1	+2
EUR Securitized - Covered OAS	38 bp	+1	+2	+5
EUR Pan-European High Yield OAS	309 bp	+21	+15	-49
EUR/USD CDS Indices 5y	**04-Oct-21**	**-1wk (bp)**	**-1m (bp)**	**YTD (bp)**
iTraxx IG	51 bp	+2	+6	+3
iTraxx Crossover	259 bp	+16	+32	+17
CDX IG	53 bp	+2	+7	+3
CDX High Yield	302 bp	+9	+28	+9
Emerging Markets	**04-Oct-21**	**-1wk (bp)**	**-1m (bp)**	**YTD (bp)**
JPM EMBI Global Div. Spread	363 bp	+11	+20	+11
Currencies	**04-Oct-21**	**-1wk (%)**	**-1m (%)**	**YTD (%)**
EUR/USD	$1.162	-0.62	-2.08	-4.85
GBP/USD	$1.362	-0.61	-1.6	-0.4
USD/JPY	¥110.9	+0.09	-0.94	-6.9
Commodity Futures	**04-Oct-21**	**-1wk ($)**	**-1m ($)**	**YTD ($)**
Crude Brent	$81.5	$2.7	$9.5	$30.7
Gold	$1 768.9	$18.7	-$54.4	-$129.5
Equity Market Indices	**04-Oct-21**	**-1wk (%)**	**-1m (%)**	**YTD (%)**
S&P 500	4 297	-3.28	-5.25	14.41
EuroStoxx 50	3 996	-4.06	-4.89	12.49
CAC 40	6 478	-2.60	-3.17	16.68
Nikkei 225	28 445	-5.94	-2.35	3.65
Shanghai Composite	3 568	-2.03	0.03	2.74
VIX - Implied Volatility Index	23.43	24.89	42.78	2.99

Source: Bloomberg, Ostrum Asset Management

Additional notes

Ostrum Asset Management

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Natixis Investment Managers

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