CPIC

Management Report
2nd Quarter 2021

The financial markets improved as the second quarter progressed. The advancing vaccination program in European countries and the resilience of the corporate sector played their part as well, bringing risky asset classes such as equities, particularly in industrialized countries, into focus.

The Fed never considered abandoning its generous measures to boost the economy, despite the encouraging performance of the US labor market. In turn, the European Central Bank (ECB) opted to stay in tune with the US Fed. Any decision by ECB President Christine Lagarde to tighten the reins would have been a huge surprise, with the economy in the euro zone being slower to pick up.

Inflation was a widely discussed topic. In June in particular, the Fed was slightly swayed by rising US consumer prices. Yet it managed to calm the financial world by stating that the increase in inflation was probably a temporary phenomenon.

The global equity markets (MSCI World All Countries +6.6% in the second quarter) benefited from the performance in industrialized countries (+7.1%), while emerging markets (+3.2%) lagged behind. The strength in industrialized countries is attributable to ongoing stimulus measures, whereas several emerging economies are already tightening their monetary policy.

US government bonds posted a total return of 1.9%, while European sovereign bonds actually declined slightly (Germany -0.4%). By contrast, in the emerging markets, local currency bonds (+3.5%) and hard currency bonds (+4.1%) continued to recover from the shock of the first quarter (both in US dollars).

The corporate bonds segment performed well in the second quarter, especially in countries with stronger economic data.

Commodity prices rose sharply, propelled by rising consumer demand and supply-side bottlenecks. For oil in particular, sharp declines in stocks and much higher refinery capacity utilization were apparent in the second quarter, which explains the boom in WTI crude oil (+24%) and gas (+44%).

The clear increase in investment in green technologies suggests a sharp rise in demand for copper. However, economic growth in China is a key factor in the price of this important industrial metal, and growth rates are tending to weaken again there. Therefore, copper currently lacks support from the Asian giant.

Since the beginning of 2021:

the value of the A share increased by 7,50% from EUR 255,58 to EUR 274,76

the value of the B share increased by 0,42% from EUR 159,26 to EUR 159,93

the value of the C share increased by 4,58% from CHF 126,94 to CHF 132,75.

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