Insights
Currency & Cash

April 2023

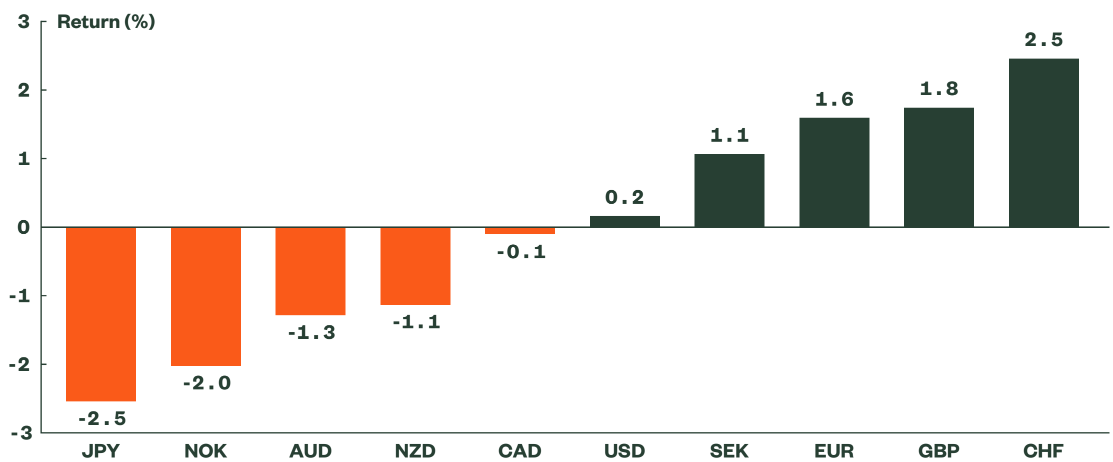
Currency Market Commentary

Aaron R Hurd, FRM
Senior Portfolio Manager

Summary of Views

European currencies dominated the more cyclical and commodity-sensitive currencies in April, with the US dollar and the Canadian dollar stuck in the middle. Growth in the European Union (EU) and the UK has been weak this year but much better than expected on the back of strong services demand and labor markets. In response to the resilient growth and high inflation, markets expect the Bank of England (BoE) and the European Central Bank (ECB) to continue tightening policy.

Figure 1
April 2023 Currency Return vs. G10 Average



Source: Bloomberg and State Street Global Advisors, as of April 30, 2023. **Past performance is not a reliable indicator of future performance.**

Figure 2
April 2023 Directional Outlook

	Tactical Outlook	Strategic Outlook
USD	↑	↓
CAD	↓	—
EUR	↑	—
GBP	—	—
JPY	—	↑
CHF	↓	↓
NOK	↓	↑
SEK	—	↑
AUD	↓	—
NZD	↓	—

Note: All individual currency views in the table above are relative to the G-10 average.
Source: State Street Global Advisors, as of April 30, 2023.

In contrast, most other central banks have paused or are expected to pause their tightening cycles as inflation rolls over and growth decelerates.

Commodity prices were soft despite the Organization of the Petroleum Exporting Countries' additional 1.16 million barrels a day production cut on fear of broadly decelerating growth and a lack of apparent commodity demand from China. As a result, the commodity-sensitive Australian dollar, Norwegian krone, and New Zealand dollar moved lower, a move amplified by a more dovish monetary policy outlook in those countries compared to Europe. Outside the long Europe vs. short commodity currency theme, the Japanese yen was the worst performer as global yields and equity markets picked up from their March lows on reduced worry of a broader banking crisis and a dovish Bank of Japan (BoJ) policy statement just before month-end.

We expect a broad slowdown in global real gross domestic product (GDP) growth to levels far below potential, alongside falling inflation over the course of the year and into 2024. This implies a significant fall in nominal GDP, which is important for corporate earnings and may result in periods of stress.

The US led the post-COVID-19 growth recovery and monetary tightening cycle, and is likely to lead this slowdown weighing on the US dollar. However, despite these negative forces on the US dollar, it is still too soon for a significant, broad-based dollar depreciation because we see risks of a near-term rebound in short-term US interest rates and continued bouts of US dollar safe-haven demand due to these elevated macro risks in H2 2023, which might extend into 2024.

Looking beyond the US dollar, we favor the more defensive euro and Japanese yen over the risk- and commodity-sensitive Australian dollar, Norwegian krone, and New Zealand dollar. However, the yen may struggle to appreciate materially until the rate cycle turns lower, and the Australian dollar and the Norwegian krone appear oversold, opening the door to a temporary countertrend rally.

Review and Outlook by Currency

US Dollar (USD)

The US dollar gained 0.20% vs. the G10 average in April in choppy, sideways trading. Early in the month, falling US yields, reduced job openings, and a weaker-than-expected ISM manufacturing survey pushed the US dollar lower before a strong employment report on 7 April triggered a retracement of those losses. A few days later, signs of softer rent inflation in the Consumer Price Index (CPI) report, weak retail sales, and a big downside surprise in the Producer Price Index (PPI) inflation — 0.1% MoM vs. 0.3% expected — sent the US dollar back to its lows. In keeping with the theme of choppy, sideways trading, the US dollar once again recovered to finish the month almost flat, following better-than-expected consumer sentiment, housing starts, and manufacturing and services Purchasing Managers' Index (PMI) data for April.

We have long held the view that the US dollar is likely to fall at least 10%–15% over the coming years, but is currently in a noisy transition from a bull to a bear market. The US appears set to lead world growth and inflation lower, which should result in the Fed leading a 2024 rate cutting cycle as it led the rate hiking cycle over the past year. However, despite these negative forces on the US dollar, it is still too soon for a significant, broad-based dollar depreciation because we see risks of a near-term rebound in short-term US interest rates and continued bouts of US dollar safe-haven demand due to elevated global recession risk in late 2023, extending into 2024.

Once we get through to, or are at least well into, the global slowdown and see lower US monetary policy rates begin to fall, investors are likely to look forward to a recovery and a more sustainable US dollar weakness, helped by a steadier, more sustainable rotation of capital into cheaper, higher-yielding non-US assets, driving a deeper dollar depreciation.

Euro (EUR)

The euro enjoyed a steady uptrend in April and finished with a 1.6% gain vs. the G10 average. To the benefit of the euro, April brought better-than-expected growth data led by the services sector, along with stubbornly high core inflation, which underpins expectations for another 50–75 basis points of European Central Bank (ECB) rate hikes by the summer. This positive marginal impulse in the EU stands in contrast to signs of slowing US growth, weak commodity prices weighing on commodity-sensitive currencies, and prospects of the US Fed pausing after a final 25 bp rate hike in May.

We are positive on the euro in the near term on an improving (but still weak) economic outlook, powered by lower-than-expected energy prices and decent fiscal spending. Meanwhile, stubbornly high core inflation is likely to keep the ECB on a tightening path, while the Fed and a number of other G10 central banks have stopped, or will soon stop, tightening policy. The euro is also likely to benefit from its relatively low correlation to global equity volatility and risk sentiment, which makes it less sensitive to the ongoing fear that global monetary tightening will trigger a recession.

This is simply a cut-and-paste copy of last month's euro outlook. Little has changed over the short term, but we think it is increasingly important to express medium-term caution. While EU growth has surprised higher, it is important to keep in mind that Q1 growth was only 0.1% QoQ. Retail sales have been similarly weak, and both consumer sentiment and manufacturing PMIs point to a contraction. We fully expect the ECB to keep hiking even after the Fed has paused, which is temporarily euro-positive — that is, until later this year, when we expect tighter credit conditions to weigh more heavily on growth and limit the extent of the euro rally.

British Pound (GBP)

The British pound gained 1.8% relative to the G10 average in April though its gains were not as consistent as the euro's. For most of the month, the pound traded sideways, supported by recent better-than-expected growth and competitive interest rates, but was held back by the Bank of England's (BoE's) recent preference for caution and worries over the sustainability of that growth. The range was broken late in April in favor of a stronger pound, after higher-than-expected inflation and stronger employment data, both of which bolstered expectations for the BoE to raise interest rates more than the market had expected.

We are slightly positive on the British pound. For now, the positive divergence of UK growth, inflation, and monetary policy expectations is likely to continue to support the currency, though that support looks increasingly tenuous. We believe upside is limited and will be hard to sustain given the low absolute growth levels in the UK, given further negative credit impulses from additional monetary tightening, negative real wage growth, damage to long-term potential growth from Brexit, a chronic current account deficit, and the pound's historically higher sensitivity to global growth and equity market shocks.

To be fair, a reasonable portion of these risks has already been priced into the pound, which is about 12% below our long-term fair value estimates relative to an MSCI World currency basket and 15% cheap vs. the US dollar. Because of this attractive valuation and the positive near-term momentum, we are not calling for a serious move lower in the pound, but are just pointing to the limited scope for durable gains from here.

Japanese Yen (JPY)

The Japanese yen was the worst-performing G10 currency in April, down 2.5% against the G10 average after a near 1.7% loss on the final trading day. The yen traded lower for most of the month as fears of a broader banking contagion following the US bank failures waned and global yields ex-Japan rose from their March lows. In the days before the 28 April Bank of Japan meeting, the yen recovered most of its month-to-date losses, presumably due to investors positioning for the potential that the BoJ might allow higher yields on 10-year Japanese government bonds under the BoJ's Yield Curve Control (YCC) program. Instead, the BoJ took a patient approach with no change to policy, but announced a policy review in 12–18 months. Governor Kazuo Ueda was explicit in stating that policy changes are possible during the review period, but investors appear to have focused on the underlying message of patience and drove the yen sharply lower.

We have turned tactically positive on the yen, making it the only currency with a positive model forecast for both the tactical and strategic horizon. Strong labor markets and better-than-expected wage increases keep the prospect of further monetary tightening by the Bank of Japan (BoJ) on the table for later this year. This is in contrast to expectations for policy easing across most of the G10 by end-2023. Lower global yields in response to rising recession risk directly benefit the yen via narrowing interest rate differentials, which encourage the repatriation of capital back to Japan. Recession risk also indirectly benefits the yen as it suggests additional downside risks to equity and credit markets, leading to safe-haven demand for the yen. Over a long-term horizon, the yen remains significantly below our estimates of long-run fair value, suggesting 10%–20% upside over the next 1–3 years even after the strong rally from last year's lows.

Canadian Dollar (CAD)

The Canadian dollar lost 0.1% in April relative to the G10 average. That near-flat result masks a meaningful uptrend during the first half of the month, followed by a steady downtrend in the second half. The Canadian dollar moved higher following a better-than-expected employment report on 6 April (+34.7k new jobs compared to +7.5k expected, and a tick lower in the unemployment rate to 5.0%). The currency did not react to the news of an additional 1.16 million barrel production cut on 2 April, but the move higher in oil prices through mid-month likely provided support.

The Bank of Canada met on 12 April and, while acknowledging resilience in growth and inflation, the board reiterated its stance to maintain policy while it assesses the impact of tightening over the last year. Later in the month, the Canadian dollar turned lower following the March inflation report, which came in as expected but showed a meaningful deceleration from 5.2% YoY to 4.3% YoY. A steady move lower in oil prices and weaker-than-expected core retail sales likely amplified the Canadian dollar's second-half downtrend.

Our models are negative on the Canadian dollar on weaker commodity price trends, poor relative local equity market performance, and expectations of a deeper economic slowdown as the economy decelerates alongside the US growth slowdown. That said, like the US, the Canadian labor market is tight, and the consumer is holding up better than one might expect given the high levels of household debt and rapid rise in interest rates over the past year. Its high correlation to the US dollar also makes it more attractive than other more cyclical currencies such as the Norwegian krone and the Australian dollar in a global hard landing scenario.

In the longer term, the Canadian dollar looks cheap to our estimates of fair value relative to the euro, the Swiss franc, and the US dollar, and its long-term potential growth is poised to improve on an aggressive increase in immigration targets and substantial plans to invest in the green energy sector.

Swiss Franc (CHF)

The franc was up 2.5% vs. the G10 average for the month, though it is difficult to explain its recent strength. Inflation undershot expectations, with core dropping to 2.2% YoY vs. consensus estimates of 2.4%. The The Manufacturing PMI dropped further into contractionary territory, to 47.0. The March retail sales continued to weaken (–0.1% MoM compared to +0.5% in February). And, while markets expect the Swiss National Bank (SNB) to deliver another 0.5% in rate hikes by end-summer, the Swiss 2- and 10-year yields shifted lower by 0.2% on the month, while yields across most G10 countries were flat to higher.

Steady positive momentum in the franc may have helped create a self-fulfilling rally; or, more likely, the strength was due to additional SNB intervention to buy the franc. SNB foreign reserves have been trending steadily lower as the SNB supports the franc. We will be better able to judge the impact of the intervention after the release of April reserves data on 5 May.

We are negative on the franc over both tactical and strategic horizons. The franc is the most expensive G10 currency as per our estimates of long-run fair value. Growth data continues to soften, and, aside from the yen, the franc has the lowest yields in the G10. Despite those three negative forces, the franc may be slow to fall for now. Because the sale of Credit Suisse to UBS will likely take several quarters to close, the SNB should be incentivized to engineer a strong franc via intervention rather than rely on interest rate increases to contain inflation, though we do expect some additional rate hikes.

Norwegian Krone (NOK)

The krone fell 2.0% vs. the G10 average in April, adding to its 5.6% Q1 loss — by far the worst in year-to-date (YTD) performance in the G10. Unlike the relentless rally in the franc, it is easier to understand the krone's weakness. Manufacturing PMI, industrial production, and retail sales have steadily disappointed. The early month surge in oil prices helped provide some support, but the reversal of the prices late in the month pulled the rug from under the krone. The Norges Bank is on a tightening path and is likely to raise interest rates again in May, but the European Central Bank should soon match its policy rate and it is lower than that of the US, Australia, the UK, and Canada. Finally, the Norges Bank has been steadily selling the krone to transfer strong oil tax revenues to the offshore wealth fund, though, to be fair, it has been doing so since April of last year and the krone held up reasonably well until early December.

Our models remain negative on the krone over the near term on weak/volatile oil prices, weaker economic growth, and poor local equity market performance. Outside of the models, our concern regarding a steeper-than-desired global economic slowdown and further equity market volatility during H2 keeps us even more cautious on the krone.

The krone has had the highest downside correlation with equity markets in the G10 in recent years. Contrary to our concerns regarding the krone, it has sold off dramatically over the past six months and looks increasingly oversold. We see a high risk of a bounce in the next 1–2 months, and maybe as soon as next week if the Norges Bank manages to deliver a hawkish surprise at its 4 May meeting.

In the long term, the story is more positive. The krone is historically cheap relative to our estimates of fair value and is supported by steady potential growth. Thus, in addition to a very short-term bounce from an oversold condition, we expect strong long-run gains but reiterate that the krone faces a tough medium-term environment.

Swedish Krona (SEK)

The krona appreciated 1.1% vs. the G10 average in April. Labor markets remain historically strong, but the steady stream of weak retail data, and manufacturing PMI, services PMI, and other growth indicators point toward recession. However, the Q1 gross domestic product (GDP) growth surprised to the upside at +0.2% QoQ relative to 0% expected and the Riksbank revised its 2023 growth forecast from −1.1% to −0.7%, though it lowered 2024 to a mere 0.2%. The outlook is weak.

The recent krona resilience suggests that value is beginning to matter. The krona even managed to rebound quickly after the dovish Riksbank meeting on 26 April, at which there were two dissenting votes for a 25 bp rate increase rather than the 50 bp that was delivered. After falling nearly 15% vs. the euro since late 2021, the krona is back near its panic lows reached on 20 March 2020, the peak of the COVID-19 market shock. It is reasonable to surmise that much of the bad news has been priced in for now. In light of this, we have a neutral view on the krona.

In the long term, the outlook is much more positive. The krona remains among the cheapest currencies in the G10 according to our fair value estimates. Eventually Swedish and global inflation will be under control and the Swedish and regional economies will begin a more durable recovery. Once that happens, the krona has substantial room to appreciate on a sustained basis.

Australian Dollar (AUD)

The Australian dollar lost 1.3% in April relative to the G10 average. It sold off after the Reserve Bank of Australia (RBA) paused tightening at its 4 April meeting. The accompanying statement noted the potential need for further rate hikes in the future, but struck a dovish tone by acknowledging a substantial slowdown in household spending and noting that the full effect of monetary tightening to date has yet to impact the economy.

Better-than-expected employment data, a strong bounce in March household spending, and rising commodity prices helped the Australian dollar recover mid-month, but that recovery proved short-lived as commodity prices turned sharply lower after 18 April. The Australian dollar's fall accelerated after Q1 core (trimmed mean) inflation on 25 April showed a deceleration from 1.7% QoQ in Q4 2022 to 1.2% in Q1 2023, reinforcing expectations for the RBA to remain on hold for a prolonged period.

Weak/choppy commodity prices, slowing consumer activity, negative real wage growth, rising equity market risk, and a more cautious RBA present meaningful headwinds for the Australian dollar over the near term. As better Chinese growth begins to show up in the data, we think the Australian dollar downside may be limited, though stronger Chinese growth will probably not be enough to warrant outright Australian dollar strength, because it is likely to be concentrated in domestic services rather than the more resource-intensive sectors that favor Australian exports. In the longer term, the Australian dollar outlook is mixed. It is cheap vs. the US dollar and the Swiss franc, and has room to appreciate, but is expensive against the British pound, the Japanese yen, and the Scandinavian currencies.

New Zealand Dollar (NZD)

The New Zealand dollar was down 1.1% vs. the G10 average for the month. It managed a small gain following a surprise 0.5% rate increase from the Reserve Bank of New Zealand (RBNZ) on 5 April, bringing the policy rate to a G10 high of 5.25%. The market expected +0.25%. The resulting bounce in the New Zealand dollar barely lasted a day as investors looked ahead to the increased recession risk resulting from such high rates.

In March, we learned that the Q4 GDP fell 0.8% QoQ. The current account deficit fell to a dangerously, record low level of –8.9%, and home prices are more than 15% off their 2021 peak. The Manufacturing PMI picked up in January and February before moving back into contractionary territory in March, while consumer confidence remains stuck at recessionary levels. Weaker commodity prices, especially milk prices at 2-year lows, add even more negative pressure. The New Zealand dollar was understandably weak throughout the month.

We are pessimistic about the New Zealand dollar in the near term. Rising recession risk and the weak external balance more than offset any benefit of high yields. In the longer term, our New Zealand dollar outlook is mixed. Our estimates of long-run fair value suggest that it is cheap vs. the US dollar and the Swiss franc and has room to appreciate, but fairly valued vs. the Canadian dollar and the euro, and expensive against the Australian dollar, the British pound, the Japanese yen, and the Scandinavian currencies.

About State Street Global Advisors

Our clients are the world's governments, institutions and financial advisors. To help them achieve their financial goals we live our guiding principles each and every day:

- Start with rigor
- Build from breadth
- Invest as stewards
- Invent the future

For four decades, these principles have helped us be the quiet power in a tumultuous investing world. Helping millions of people secure their financial futures. This takes each of our employees in 29 offices around the world, and a firm-wide conviction that we can always do it better. As a result, we are the world's fourth-largest asset manager* with US $3.62 trillion† under our care.

* Pensions & Investments Research Center, as of December 31, 2021.
† This figure is presented as of March 31, 2023 and includes approximately $65.03 billion USD of assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated. Please note all AUM is unaudited.

ssga.com

Marketing communication

State Street Global Advisors Worldwide Entities

Abu Dhabi: State Street Global Advisors Limited, ADGM branch is regulated by the Financial Services Regulatory Authority (FSRA). This document is intended for Professional Clients or Market Counterparties only as defined by the FSRA and no other person should act upon it. State Street Global Advisors Limited, ADGM Branch, Al Khatem Tower, Suite 42801, Level 28, ADGM Square, Al Maryah Island, P.O Box 76404, Abu Dhabi, United Arab Emirates. Regulated by the ADGM Financial Services Regulatory Authority. T: +971 2 245 9000. **Australia:** State Street Global Advisors, Australia, Limited (ABN 42 003 914 225) is the holder of an Australian Financial Services License (AFSL Number 238276). Registered office: Level 14, 420 George Street, Sydney, NSW 2000, Australia. T: +612 9240-7600. F: +612 9240-7611. **Belgium:** State Street Global Advisors Belgium, Chaussée de La Hulpe 185, 1170 Brussels, Belgium. T: +32 2 663 2036. State Street Global Advisors Belgium is a branch office of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. **Canada:** State Street Global Advisors, Ltd., 1981 McGill College Avenue, Suite 500, Montreal, Qc, H3A 3A8, T: +514 282 2400 and 30 Adelaide Street East Suite 800, Toronto, Ontario M5C 3G6. T: +647 775 5900. **France:** State Street Global Advisors Europe Limited, France Branch ("State Street Global Advisors France") is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors France is registered in France with company number RCS Nanterre 899 183 289, and its office is located at Coeur Défense – Tour A – La Défense 4, 33e étage, 100, Esplanade du Général de Gaulle, 92 931 Paris La Défense Cedex, France. T: +33 1 44 45 40 00. F: +33 1 44 45 41 92. **Germany:** State Street Global Advisors Europe Limited, Branch in Germany, Brienner Strasse 59, D-80333 Munich, Germany ("State Street Global Advisors Germany"). T: +49 (0)89 55878 400. State Street Global Advisors Germany is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. **Hong Kong:** State Street Global Advisors Asia Limited, 68/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong. T: +852 2103-0288. F: +852 2103-0200. **Ireland:** State Street Global Advisors Europe Limited is regulated by the Central Bank of Ireland. Registered office address 78 Sir John Rogerson's Quay, Dublin 2. Registered Number: 49934. T: +353 (0)1 776 3000. F: +353 (0)1 776 3300. **Italy:** State Street Global Advisors Europe Limited, Italy Branch ("State Street Global Advisors Italy") is a branch of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. State Street Global Advisors Italy is registered in Italy with company number 11871450968 – REA: 2628603 and VAT number 11871450968, and its office is located at Via Ferrante Aporti, 10 - 20125 Milan, Italy. T: +39 02 32066 100. F: +39 02 32066 155. **Japan:** State Street Global Advisors (Japan) Co., Ltd., Toranomon Hills Mori Tower 25F 1-23-1 Toranomon, Minato-ku, Tokyo 105-6325 Japan. T: +81-3-4530-7380. Financial Instruments Business Operator, Kanto Local Financial Bureau (Kinsho #345), Membership: Japan Investment Advisers Association, The Investment Trust Association, Japan, Japan Securities Dealers' Association. **Netherlands:** State Street Global Advisors Netherlands, Apollo Building 7th floor, Herikerbergweg 29, 1101 CN Amsterdam, Netherlands. T: +31 20 7181 000. State Street Global Advisors Netherlands is a branch office of State Street Global Advisors Europe Limited, registered in Ireland with company number 49934, authorised and regulated by the Central Bank of Ireland, and whose registered office is at 78 Sir John Rogerson's Quay, Dublin 2. **Singapore:** State Street Global Advisors Singapore Limited, 168, Robinson Road, #33-01 Capital Tower, Singapore 068912 (Company Reg. No: 200002719D, regulated by the Monetary Authority of Singapore). T: +65 6826-7555. F: +65 6826-7501. **Switzerland:** State Street Global Advisors AG, Beethovenstr. 19, CH-8027 Zurich. Registered with the Register of Commerce Zurich CHE-105.078.458. T: +41 (0)44 245 70 00. F: +41 (0)44 245 70 16. **United Kingdom:** State Street Global Advisors Limited. Authorised and regulated by the Financial Conduct Authority. Registered in England. Registered No. 2509928. VAT No. 5776591 81. Registered office: 20 Churchill Place, Canary Wharf, London, E14 5HJ. T: 020 3395 6000. F: 020 3395 6350. **United States:** State Street Global Advisors, 1 Iron Street, Boston, MA 02210-1641. T: +1 617 786 3000.

Important Risk Information

Investing involves risk including the risk of loss of principal. All material has been obtained from sources believed to be reliable.

There is no representation or warranty as to the accuracy of the information and State Street shall have no liability for decisions based on such information.

Currency Risk is a form of risk that arises from the change in price of one currency against another. Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

The views expressed in this material are the views of the Report Component Team through the period ended 30 April 2023 and are subject to change based on market and other conditions. This document contains certain statements that may be deemed forward-looking statements. Please note that any such statements are not guarantees of any future performance and actual results or developments may differ materially from those projected.

This document may contain certain statements deemed to be forward-looking statements. All statements, other than historical facts, contained within this document that address activities, events or developments that SSGA expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements are based on certain assumptions and analyses made by SSGA in light of its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate in the circumstances, many of which are detailed herein. Such statements are subject to a number of assumptions, risks, uncertainties, many of which are beyond SSGA's control. Please note that any such statements are not guarantees of any future performance and that actual results or developments may differ materially from those projected in the forward-looking statements.

The information provided does not constitute investment advice and it should not be relied on as such. It should not be considered a solicitation to buy or an offer to sell a security. It does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. You should consult your tax and financial advisor.

The information contained in this communication is not a research recommendation or 'investment research' and is classified as a 'Marketing Communication' in accordance with the Markets in Financial Instruments Directive (2014/65/EU) or applicable Swiss regulation. This means that this marketing communication (a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research (b) is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This communication is directed at professional clients (this includes eligible counterparties as defined by the "appropriate EU regulator") who are deemed both knowledgeable and experienced in matters relating to investments. The products and services to which this communication relates are only available to such persons and persons of any other description (including retail clients) should not rely on this communication.

All information is from SSGA unless otherwise noted and has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. There is no representation or warranty as to the current accuracy, reliability or completeness of, nor liability for, decisions based on such information and it should not be relied on as such.

The trademarks and service marks referenced herein are the property of their respective owners. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data and have no liability for damages of any kind relating to the use of such data.

Currency Risk is a form of risk that arises from the change in price of one currency against another.

Whenever investors or companies have assets or business operations across national borders, they face currency risk if their positions are not hedged.

Past performance is not a reliable indicator of future performance.

Assets may be considered "safe havens" based on investor perception that an asset's value will hold steady or climb even as the value of other investments drops during times of economic stress. Perceived safe-haven assets are not guaranteed to maintain value at any time.

ID1564713-4948703.10.1.GBL.RTL 0523
Exp. Date: 05/31/2024