

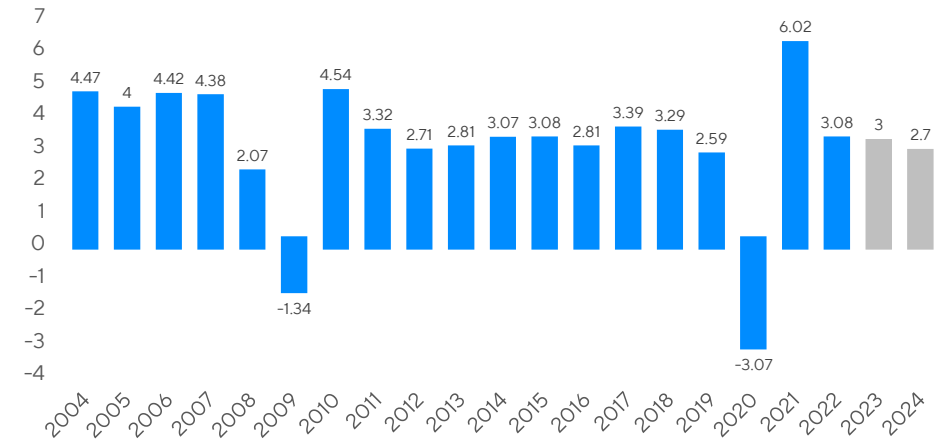


Financial Markets Review

OECD warns that high interest rates will slow down global economic growth

The Organization for Economic Co-operation and Development (OECD) has cut its global economic growth forecast for next year from 2.9% to 2.7%, which, apart from COVID-hit 2020, would be the lowest growth rate of the global economy since the global financial crisis. According to the OECD's September forecast, total global GDP growth this year will be better than previously expected, amounting to 3% (vs 2.7% June forecast). The OECD cites rising interest rates and the disappointing recovery of the Chinese economy following the lifting of pandemic restrictions as the main economic stressors. The uncertainty related to its prediction is tilted to the downside, as more resilient than expected inflation may force central banks to continue raising rates, thereby further worsening the economic situation. The OECD, however, stresses that higher interest rates are necessary to reduce inflation and calls on national governments to refrain from increasing budget spending to stimulate the economy, as this will reduce the impact of central banks' monetary tightening programs in the fight against high inflation. Yet OECD considers China's economic problems as the main risk to the future global economic growth. The rebound of China's economy is not as good as expected after pandemic restrictions were lifted. China's weak domestic consumption and structural problems in the real estate sector are in no way contributing to the economic recovery. According to the OECD, China's economic stimulus programs are unlikely to replicate the success of similar programs in the past.

World GDP Growth rate YoY, % (WB data - blue, OECD forecast - grey)



Source: Bloomberg.

“Stubborn inflation means higher interest rates for longer”

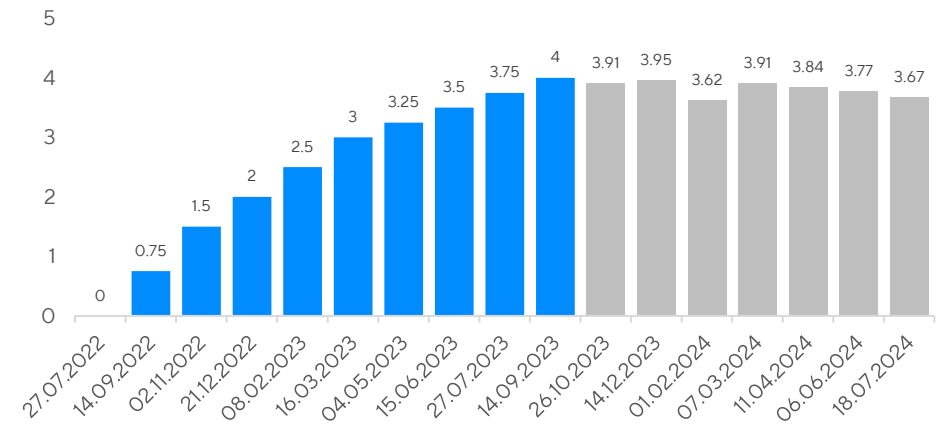
European Central Bank raises rates by another 25 basis points

European Central Bank at its meeting on September 14 raised the interest rates by another 25 basis points, with the deposit rate reaching 4% - the highest deposit rate in the history of euro. This was already the tenth-rate hike since the ECB started hiking in July 2022, which could also be the last raise in this restrictive monetary policy cycle. The ECB believes the interest rates have reached a level which, if maintained for a sufficient period of time, will have a significant impact on reducing the inflation rate. The ECB forecasts that the inflation rate will stand at 5.6% in 2023, fall to 3.2% next year and drop to 2.1% in 2025. This forecast reflects ECB's belief that inflation would stay elevated in the coming years, resulting in higher interest rates that would also stay elevated for a considerable amount of time. At the same time, the ECB reduced its forecasts for economic growth rates, stating that euro area GDP growth in 2023 would amount to only 0.7%, 1% in 2024, and 2.1% in 2025. Financial markets believe that the ECB could start cutting rates in June next year, while the ECB warns it is too early to conclude that the hiking cycle peak has been reached, leaving room for further rate increases. The next ECB meeting is scheduled for October 26, during which the ECB is likely to keep the rate at its current level.

Bank of England keeps interest rate unchanged

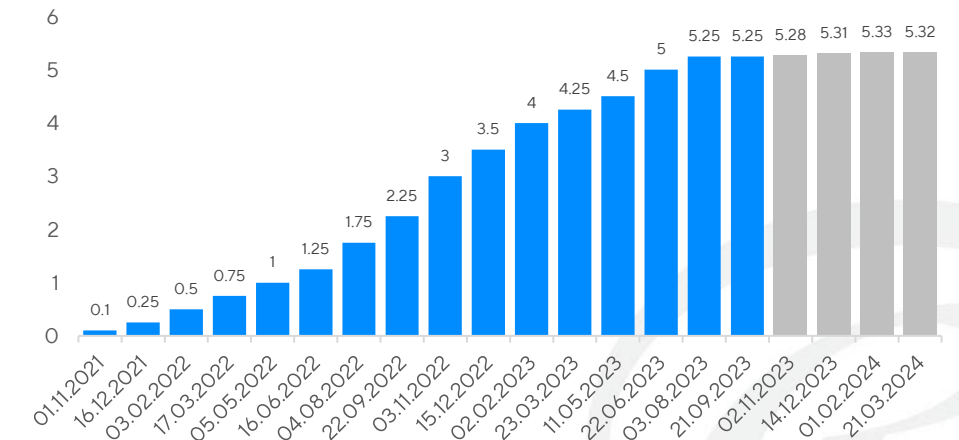
With inflation unexpectedly falling in August, the BoE at its meeting on September 21 decided to keep the base rate unchanged at 5.25% after 14 consecutive increases. The BoE sees the results of its restrictive monetary policy, both in the labour market and in the economy as a whole. The regulator will continue to monitor inflation data and economic stability, as well as the situation in the labour market, in order to make decisions on the next steps regarding monetary policy. Market participants expect that by the end of the year the BoE might raise interest rates by another 25 basis points to 5.5%.

ECB Deposit Facility Rate (blue), forward rate (grey)



Source: Bloomberg

Bank of England Official Bank Rate (blue), forward rate (grey)



Source: Bloomberg

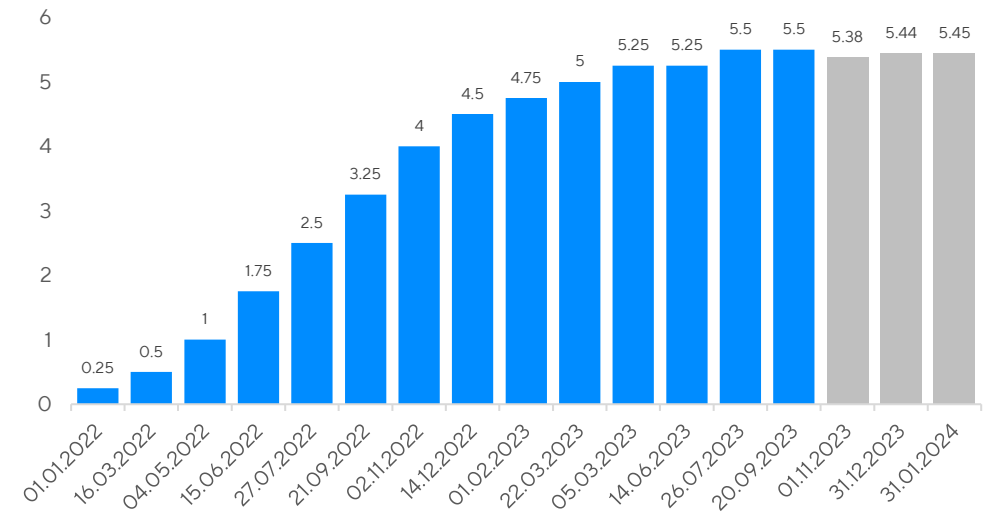
Fed keeps the interest rate unchanged

At their latest meeting on September 20, the FOMC made the decision not to increase the interest rate, keeping it at the 5.25%-5.5% level, while signaling another rate hike this year. The Fed believes interest rates need to remain higher for an extended period of time to see results in the battle against heightened inflation. It is evident in the Fed's dot plot for the next year that the Fed sees two rate cuts, instead of the previously expected four. In 2025, the Fed now forecasts an interest rate of 3.9%, instead of 3.4%. The Fed has become more optimistic about the state of the economy, forecasting 2.1% GDP growth this year and 1.5% next year. The unemployment rate is also projected to reach only 3.8%, instead of 4.1%. The Fed believes it is on the right track and sees that it will be possible to tame inflation rates without triggering a recession, achieving the so-called "soft landing". The Fed's next meeting is scheduled for November 1.

Bank of Japan keeps interest rate unchanged

The Bank of Japan once again did not change the interest rate and maintained its stance on the bond yield policy control. The yield curve control remains set at -0.1% for short-term interest rates and about 0% for 10-year bond yields, allowing bond yields to move up to 100 basis points in both directions from the 0% target. The BoJ bases its accommodative monetary policy stance on the fact that there is a lot of uncertainty in the economy and financial markets, both in Japan and worldwide. The central bank will continue its accommodative monetary policy and respond to changes in the economy, inflation rates and financial conditions. The accommodative monetary policy of the Japan's central bank has affected the exchange rate of the Japanese yen, which has approached the 150 yen per dollar mark - the lowest value of the yen against the dollar since the early 90s of the previous century.

US Federal Funds Rate (blue), forward rate (grey)



Source: Bloomberg

“Fed believes it can tame inflation without triggering a recession”

Inflation falls, but unemployment remains low

The inflation rate in euro area fell 0.1 percentage point in August compared to the month of July, amounting to 5.2% in annual terms. The core inflation rate fell by 0.2 percentage points reaching 5.3%. By contrast, the US inflation rate rose 0.5 percentage points in August compared to July, amounting to 3.7% in annual terms. Core inflation rate in the US fell 0.4 percent to 4.3 percent in annual terms. In the UK, the inflation rate unexpectedly decreased by 0.1 percentage point to 6.7% in August, falling below the market consensus of 7%. Core inflation rate in the UK declined to 6.2% in August. In Japan, the inflation rate fell 0.1 percentage point in August to 3.2% in annual terms.

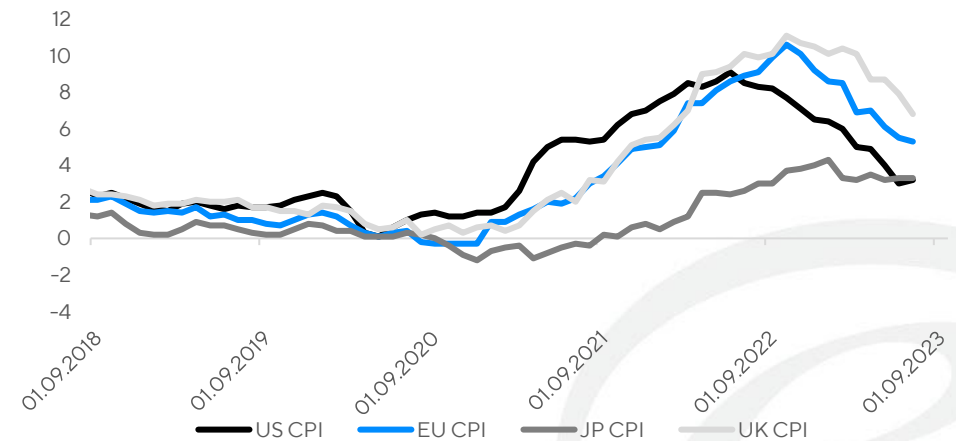
The US unemployment rate rose 0.3 percentage points in August to 3.8 percent, the highest since February 2022. The number of non-farm payrolls increased by 187 thousand, compared to the downwardly revised 157,000 in July and more than market expectations of 170,000. The euro area unemployment rate remained at 6.4% in July - the lowest level since data was first compiled in 1995. In Britain, the unemployment rate rose 0.1 percentage point in July, amounting to 4.3%. The overall unemployment rate in China in August amounted to 5.2%. China stopped publishing youth unemployment rate data after it reached an all-time high of 21.3% in June.

Economic Calendar

DATE	COUNTRY	REPORT	FORECAST
29 / 09 / 23	Euro Area	Inflation Rate YoY (SEP)	4.7%
01 / 10 / 23	Euro Area	Unemployment rate (AUG)	6.5%
05 / 10 / 23	US	Non-Farm Payrolls / Unemployment Rate (AUG)	3.8%/150K
12 / 10 / 23	US	Inflation Rate YoY (SEP)	3.5%
17 / 10 / 23	GB	Unemployment rate (AUG)	4.3%
18 / 10 / 23	GB	Inflation Rate YoY (SEP)	6.5%
20 / 10 / 23	JP	Inflation Rate YoY (SEP)	3.1
26 / 10 / 23	Euro Area	ECB Interest rate decision	4.5%
26 / 10 / 23	US	GDP Q3 2023 (QoQ Annualized)	5.9%

Source: Trading Economics

Inflation rate (%)



Source: Bloomberg

EUR Bonds List

German Bunds

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
Federal Republic of Germany	EUR	3.49	15.08.2024	NR	97.83	1	DE0001102366	0.01
Federal Republic of Germany	EUR	3.21	15.08.2025	NR	96.01	1	DE0001102382	0.01
Federal Republic of Germany	EUR	2.94	15.08.2026	NR	91.98	0	DE0001102408	0.01
Federal Republic of Germany	EUR	2.79	15.08.2027	NR	91.65	0.5	DE0001102424	0.01
Federal Republic of Germany	EUR	2.73	15.08.2028	NR	88.81	0.25	DE0001102457	0.01
Federal Republic of Germany	EUR	2.69	15.08.2029	NR	85.51	0	DE0001102473	0.01
Federal Republic of Germany	EUR	2.74	15.08.2032	NR	91.85	1.7	DE0001102606	0.01
Federal Republic of Germany	EUR	2.92	15.08.2052	NR	43.44	0	DE0001102572	0.01

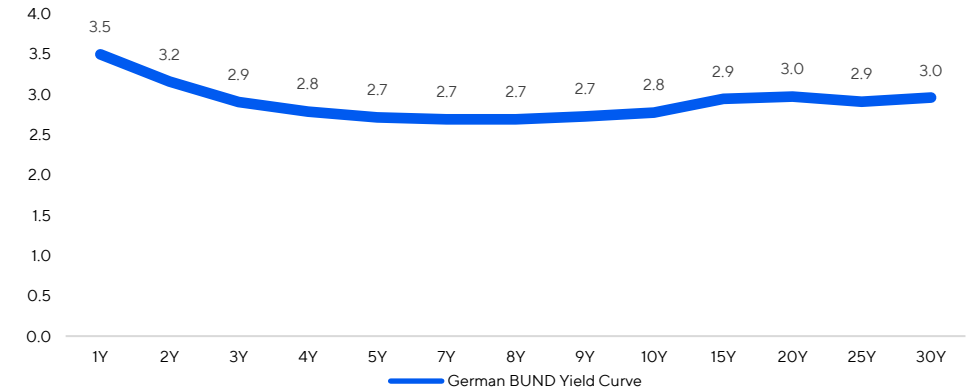
Source: Bloomberg

Investment Grade

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
Portuguese Republic	EUR	3.53	15.02.2024	NR	100.68	5.65	PTOTEQOE0015	0.01
Republic of Latvia	EUR	3.24	30.04.2024	A-	99.51	2.875	XS1063399536	100 000
French Republic	EUR	3.52	25.11.2024	NR	97.99	1.75	FR0011962398	1
Republic of Poland	EUR	3.55	20.01.2025	A-	101.81	5.25	XS0479333311	1000
Republic of Lithuania	EUR	4.09	06.05.2025	A	93.78	0.25	XS2168038417	1000
Portuguese Republic	EUR	3.15	15.10.2025	NR	99.38	2.875	PTOTEKOE0011	0.01
French Republic	EUR	3.27	25.11.2025	NR	95.32	1	FR0012938116	1
Romania	EUR	4.70	27.09.2026	BBB-	100.48	5	XS2538440780	1000
Republic of Latvia	EUR	3.63	07.10.2026	A-	90.39	0.375	XS1501554874	100 000
Kingdom of Spain	EUR	3.44	31.10.2026	BBB+	93.78	1.3	ES00000128H5	1000
Republic of Latvia	EUR	3.44	25.03.2027	A-	101.04	3.875	XS2549862758	100 000
Republic of Poland	EUR	3.47	22.10.2027	A-	91.74	1.375	XS1584894650	1000
French Republic	EUR	3.13	25.02.2028	NR	90.32	0.75	FR001400AIN5	1
Republic of Lithuania	EUR	3.95	25.04.2028	A	100.23	4.125	XS2547270756	1000
Republic of Latvia	EUR	4.01	24.01.2029	A-	80.64	0	XS2361416915	100 000
Republic of Lithuania	EUR	3.99	01.06.2032	A	85.95	2.125	XS2487342649	1000
Republic of Estonia	EUR	3.83	12.10.2032	NR	100.71	4	XS2532370231	1000
French Republic	EUR	3.30	25.11.2032	NR	89.84	2	FR001400BKZ3	1

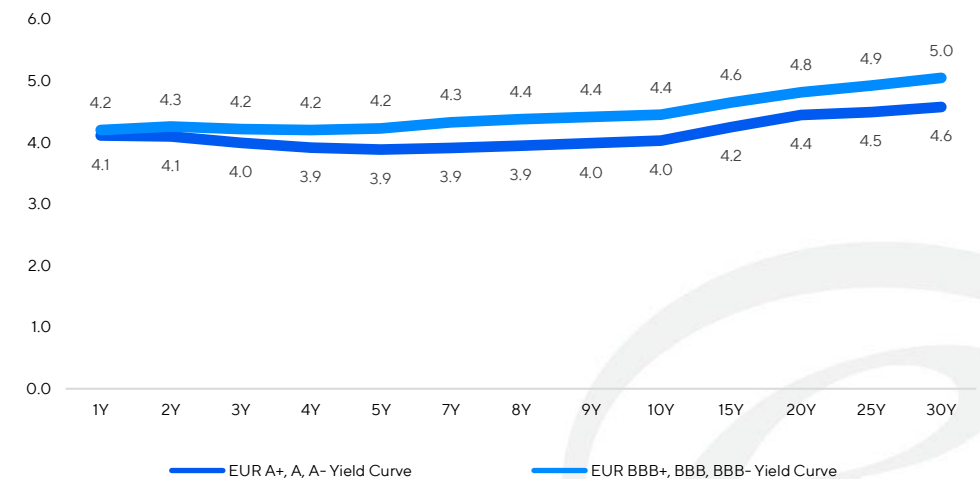
Source: Bloomberg

German Bund Yield Curve



Source: Bloomberg

Investment Grade Bonds Yield Curve



Source: Bloomberg

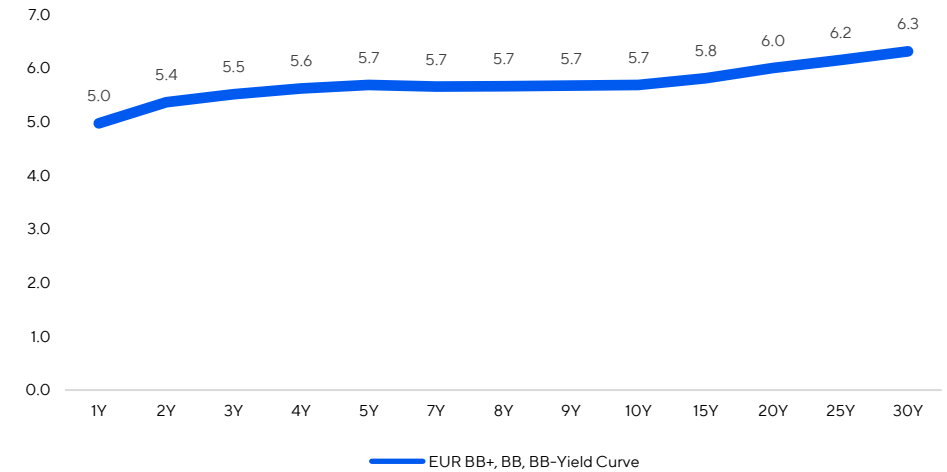
EUR Bonds List

High Yield

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
SoftBank Group Corp	EUR	5.21	06.07.2024	NR	97.29	2.125	XS2361253862	100 000
Republic of Montenegro	EUR	5.09	21.04.2025	B	96.96	3.375	XS1807201899	100 000
Nokia Oyj	EUR	4.12	15.05.2025	BB+	97.05	2.375	XS2171759256	100 000
Republic of Turkey	EUR	4.83	14.06.2025	B-	97.10	3.25	XS1629918415	100 000
Renault SA	EUR	3.74	28.11.2025	BB+	93.89	1	FR0013299435	1 000
Cemex SAB de CV	EUR	4.27	19.03.2026	BB+	96.91	3.125	XS1964617879	100 000
Republic of Colombia	EUR	5.16	22.03.2026	BB+	96.77	3.875	XS1385239006	100 000
KOC Holding AS	EUR	5.63	27.05.2026	BB-	93.19	3	XS2346972263	100 000
Akropolis Group Uab	EUR	8.16	02.06.2026	BB+	87.18	2.875	XS2346869097	100 000
Republic of North Macedonia	EUR	5.68	03.06.2026	BB	94.70	3.675	XS2181690665	100 000
Republic of South Africa	EUR	4.93	24.07.2026	BB-	96.54	3.75	XS1090107159	100 000
Deutsche Lufthansa AG	EUR	5.31	16.05.2027	BB+	91.74	2.875	XS2408458730	100 000
Maxima Grupe UAB	EUR	6.29	12.07.2027	NR	98.99	6.25	XS2485155464	100 000
Republic of Montenegro	EUR	6.45	16.12.2027	B	86.68	2.875	XS2270576700	100 000
Petroleos Mexicanos	EUR	10.47	21.02.2028	BB	80.65	4.875	XS1568888777	100 000
Republic of North Macedonia	EUR	6.13	10.03.2028	BB	82.44	1.625	XS2310118893	100 000
Goodyear Tire & Rubber Co/The	EUR	6.51	15.08.2028	BB-	83.94	2.75	XS2390510142	100 000
Deutsche Lufthansa AG	EUR	5.49	14.07.2029	BB+	89.90	3.5	XS2363235107	100 000
Petroleos Mexicanos	EUR	10.62	26.02.2029	BB	76.29	4.75	XS1824424706	100 000

Source: Bloomberg

High Yield Bonds Yield Curve



Source: Bloomberg

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USD Bonds List

US Treasuries

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
United States of America	USD	5.42	31.10.2024	NR	98.90	4.375	US91282CFQ96	100
United States of America	USD	5.06	15.11.2025	NR	98.88	4.5	US91282CFW64	100
United States of America	USD	4.82	15.11.2026	NR	91.89	2	US912828U246	100
United States of America	USD	4.72	31.10.2027	NR	97.81	4.125	US91282CFU09	100
United States of America	USD	4.65	15.11.2028	NR	93.10	3.125	US9128285M81	100
United States of America	USD	4.64	31.10.2029	NR	96.61	4	US91282CFT36	100
United States of America	USD	4.56	15.11.2032	NR	96.77	4.125	US91282CFV81	100
United States of America	USD	4.67	15.11.2052	NR	89.38	4	US912810TL26	100

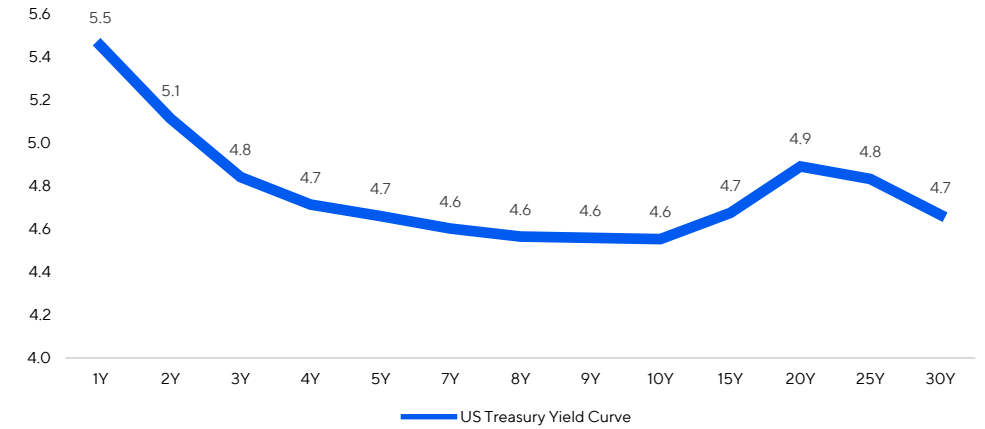
Source: Bloomberg

Investment Grade

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
Apple Inc	USD	5.38	11.09.2024	AA+	96.68	1.8	US037833DM97	2 000
Bharat Petroleum Corp Ltd	USD	6.11	08.05.2025	BBB-	96.76	4	XS1227064430	200 000
Toyota Motor Corp	USD	5.54	30.06.2025	A+	97.34	3.95	US89236TKC89	2 000
Republic of Peru	USD	5.43	21.07.2025	BBB	102.97	7.35	US715638AS19	100 000
Boeing Co/The	USD	5.92	04.02.2026	BBB-	91.86	2.196	US097023DG73	2 000
Republic of the Philippines	USD	5.10	30.03.2026	BBB	100.67	5.5	US718286BN61	200 000
Asian Development Bank	USD	4.88	20.01.2027	AAA	89.75	1.5	US045167FH18	1 000
Coca-Cola Co/The	USD	4.97	25.03.2027	A+	94.86	3.375	US191216CR95	2 000
Starbucks Corp	USD	5.30	15.11.2028	BBB+	94.15	4	US855244AR02	2 000
Republic of Indonesia	USD	5.51	14.02.2030	BBB	85.56	2.85	US455780CQ75	200 000
Oracle Corp	USD	5.79	25.03.2031	BBB	82.43	2.875	US68389XCE31	2 000
Merck & Co Inc	USD	5.21	10.12.2031	A+	79.71	2.15	US58933YBE41	2 000
Advanced Micro Devices Inc	USD	5.29	01.06.2032	A-	90.39	3.924	US007903BF39	2 000
United Mexican States	USD	6.39	27.09.2034	BBB-	102.35	6.75	US91086QAS75	1 000
Vale SA	USD	6.64	21.11.2036	BBB-	101.76	6.875	US91911TAH68	2 000
Vale SA	USD	6.33	11.09.2042	BBB-	91.99	5.625	US91912EAA38	2 000
Republic of Chile	USD	5.96	30.10.2042	A-	73.26	3.625	US168863BP27	150 000

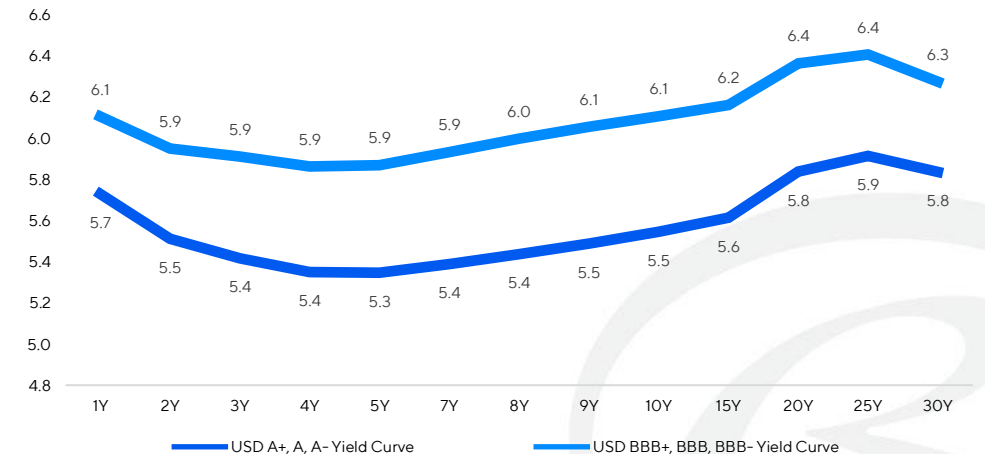
Source: Bloomberg

US Treasuries Yield Curve



Source: Bloomberg

Investment Grade Bonds Yield Curve



Source: Bloomberg

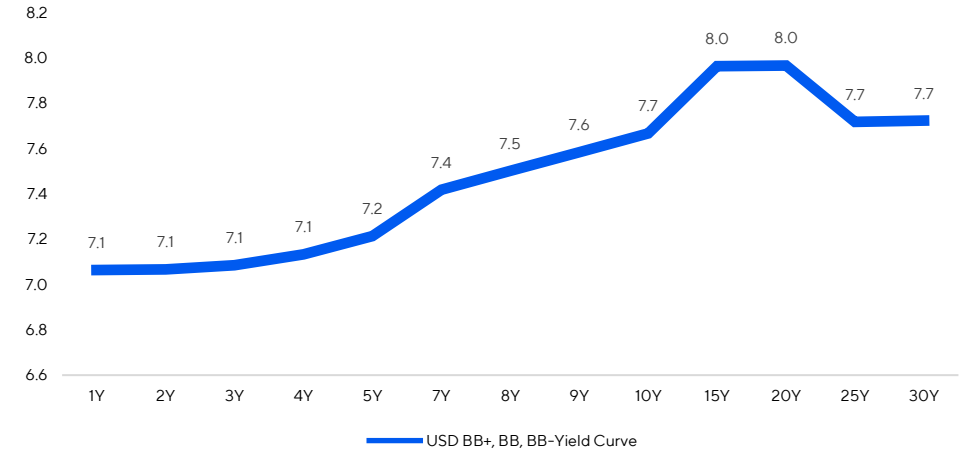
USD Bonds List

High Yield

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
Stena AB	USD	6.69	01.02.2024	BB-	100.00	7	USW8758PAK22	200 000
Republic of Uzbekistan	USD	6.99	20.02.2024	BB-	98.84	4.75	XS1953916290	200 000
Government of Mongolia	USD	6.20	09.03.2024	B	100.79	8.75	USY6142NAA64	200 000
Socialist Republic of Vietnam	USD	6.11	19.11.2024	BB	98.28	4.8	USY9384RAA87	200 000
Federative Republic of Brazil	USD	5.98	07.01.2025	BB-	97.60	4.25	US105756BV13	200 000
Republic of Armenia	USD	5.75	26.03.2025	BB-	101.50	7.15	XS1207654853	200 000
Republic of Costa Rica	USD	5.91	30.04.2025	B+	97.34	4.375	USP3699PGE18	200 000
Istanbul Metropolitan Municipa	USD	8.90	09.12.2025	B-	94.43	6.375	XS2010029234	200 000
Marfrig Global Foods SA	USD	7.29	14.05.2026	BB+	98.83	7	USU63768AA01	200 000
Ecopetrol SA	USD	6.77	26.06.2026	BB+	96.27	5.375	US279158AL39	1 000
Sibanye Stillwater Ltd	USD	8.60	16.11.2026	BB	87.47	4	USU85969AE07	200 000
Sultanate of Oman	USD	5.96	08.03.2027	BB	97.89	5.375	XS1575967218	200 000
Republic of Turkey	USD	7.91	25.03.2027	B-	93.84	6	US900123CL22	200 000
Republic of Colombia	USD	6.53	25.04.2027	BB+	91.31	3.875	US195325DL65	200 000
Anadolu Efes Biracilik Ve Malt	USD	7.51	29.06.2028	BB+	82.52	3.375	XS2355105292	200 000
Eskom Holdings SOC Ltd	USD	8.16	10.08.2028	BB-	92.40	6.35	XS1864523300	200 000
Republic of South Africa	USD	7.38	12.10.2028	BB-	86.97	4.3	US836205AU87	200 000
Anadolu Efes Biracilik Ve Malt	USD	6.72	20.01.2029	BBB-	89.97	4.5	XS2434515313	200 000
Republic of Uzbekistan	USD	7.46	20.02.2029	BB-	90.46	5.375	XS1953915136	200 000
Republic of Armenia	USD	7.83	26.09.2029	BB-	81.19	3.95	XS2010043904	200 000
Republic of Turkey	USD	8.29	15.01.2030	B-	116.76	11.875	US900123AL40	1 000
State Oil Co of the Azerbaijan	USD	6.52	18.03.2030	BB	101.74	6.95	XS1196496688	200 000
Marfrig Global Foods SA	USD	8.52	29.01.2031	BB+	75.18	3.95	USG5825AAC65	200 000
Republic of Turkey	USD	8.71	17.03.2036	B-	85.83	6.875	US900123AY60	2 000
Federative Republic of Brazil	USD	6.91	20.01.2037	BB-	101.31	7.125	US105756BK57	1 000
Federative Republic of Brazil	USD	7.29	27.01.2045	BB-	74.84	5	US105756BW95	200 000
Sultanate of Oman	USD	7.28	08.03.2047	BB	90.85	6.5	XS1575968026	200 000

Source: Bloomberg

High Yield Bonds Yield Curve



Source: Bloomberg

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Disclaimer:

Report date: September 26, 2023

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Email:

invest@rietumu.lv

Web:

www.rietumu.lv

Open:

Mon – Fri 9:00 – 23:00
(Riga time)

Telephone:

+371 6700 55 25

+371 6700 55 72

