



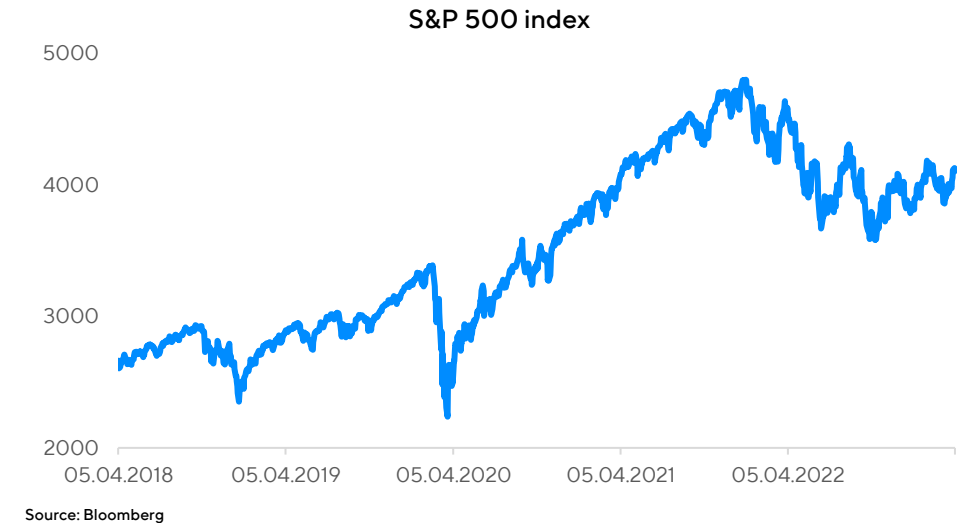
## Financial Markets Review

## US earnings season

With more than half of S&P 500 companies having reported Q1 2023 results, the earnings picture seems less bleak than previously anticipated. On March 31, FactSet forecasted a 6.7% contraction in Q1 earnings; however, after a series of positive surprises S&P 500 earnings are on track to decline only 3.7%. Nevertheless, it would still mark an S&P 500 earnings recession, as it would be the second consecutive quarter with declining earnings. On a year-over-year basis, largest Q1 earnings growth is expected from Consumer Discretionary (47.8%), Industrials (18.5%), and Energy (11.9%), while the weakest result is anticipated from the Materials sector with a decline in earnings of 30.3%.

On a company level, notable earnings surprises were posted by Microsoft, reporting \$2.45 EPS for Q1 compared to the \$2.24 estimate, Amazon (\$0.31 vs \$0.21), Alphabet (\$1.17 vs \$1.08), NIKE (\$0.79 vs \$0.56), General Motors (\$2.21 vs \$1.72), General Electric (\$0.27 vs \$0.14). Within the troubled banking sector, the largest US banks beat expectations - on April 14, JPMorgan Chase reported EPS of \$4.10 versus the expected \$3.41, propelling the stock 7.55% higher compared to the previous close; Citigroup recorded EPS of \$2.19 against the expected \$1.65, and Bank of America posted \$0.94 versus the \$0.81 expectation.

Looking forward, analysts are forecasting a further decline in earnings of 5% in Q2 2023 before returning to growth with 1.7% in Q3 and 8.8% in Q4, resulting in an overall 1.2% growth for FY 2023, according to FactSet.



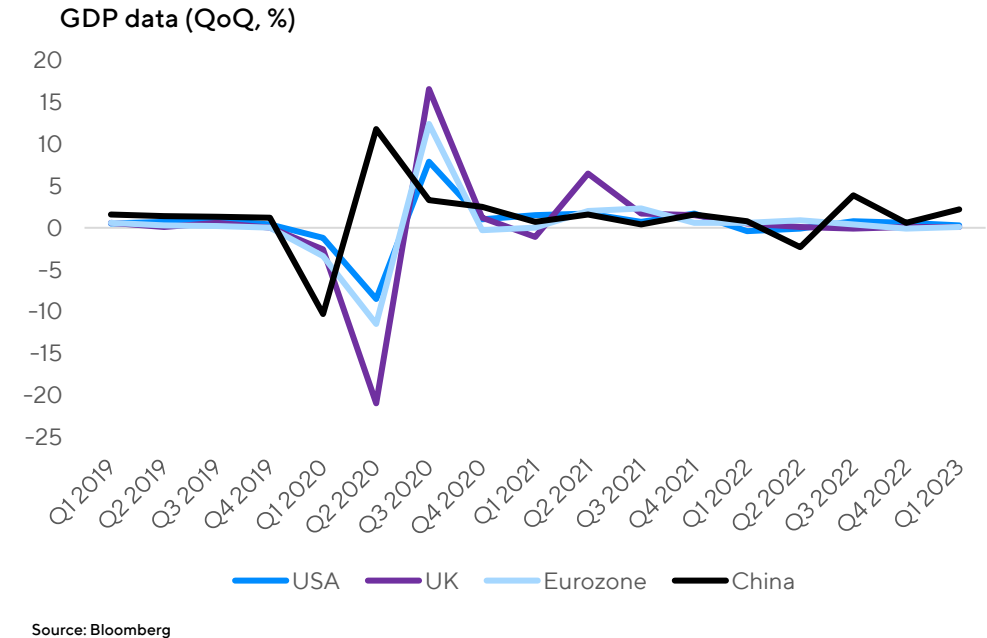
*“Company earnings fall, yet not as much as expected”*

## The economy remains strong despite higher interest rates

In Q1 2023 Euro area GDP grew by 0.1% relative to Q4 2022, and 1.3% compared to Q1 2022. Among the largest Euro area countries, the economy grew in France, Spain and Italy, but Germany's Q1 GDP remained unchanged. In Q1 2023 Britain's GDP grew 0.1% compared to the previous quarter, and 0.2% YoY. The US annualized GDP growth in the first quarter was 1.1%, down from 2.6% in the previous quarter and below the 2% expectation. China's economy, on the other hand, surprised to the upside by reporting 4.5% YoY growth in Q1, surpassing the forecasted 4%.

Inflation rate in the Euro area rose 0.1 percentage point in April compared to March, reaching 7% YoY. At the same time core inflation rate decreased by 0.1 percentage point to 5.6%. Inflation rate in the United States fell in April, shrinking by a 0.1 percentage point to 4.9%. The core inflation rate also fell 0.1 percentage point and amounted to 5.5%. In the UK, inflation rate eased 0.3 percentage points to 10.1% in March, which was 0.3 percentage points higher than expected, making it the seventh consecutive month when inflation remains above 10%. In Japan, the inflation rate remained relatively low at 3.2% in March, decreasing 0.1 percentage point from the preceding month. China's inflation rate in March fell to 0.7% YoY. The inflation data raises suspicions about the strong growth in Chinese economy.

The US unemployment rate unexpectedly reduced by 0.1 percentage point to 3.4% in April, returning to the lowest rate witnessed in more than 50 years. Also, the number of Non-farm payrolls unexpectedly increased by 253 thousand, compared to the expected 180 thousand. The Euro area unemployment rate fell 0.1 percentage point in March to 6.5%, the lowest reading since the beginning of data collection in 1995. In the UK, the unemployment rose 0.1 percentage point in February to 3.8%. Japan's unemployment rate surprisingly increased by 0.2 percentage points in March, amounting to 2.8%.



*“Inflation rate falls,  
but GDP does not yet  
follow”*

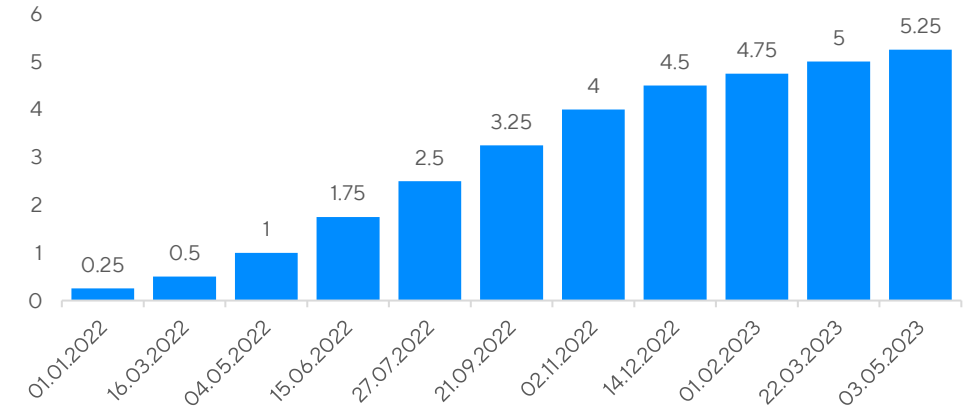
## Fed hikes interest rate by another 25 basis points

On May 3, the Fed raised the interest rate by another 25 basis points for the third consecutive meeting, resulting in the 5%-5.25% range. This was already the tenth hike since March 2022, bringing the interest rate to its highest level since 2007. The Fed signaled that it may pause rate hikes to assess how the US banking crisis unfolds. It will also closely follow the talks concerning the US debt ceiling and monitor the future course of inflation. Despite the possible pause, the Fed believes that further tightening may be necessary to bring inflation back to 2%. Powell said that the central bank still sees inflation as too high and is concerned by the high price pressures. Therefore, Powell believes it is too soon to claim that the rate-hike cycle is over. He stressed that the Fed will make decisions on interest rates on "meeting-by-meeting" basis, but believes interest rates are close to where they should stay. Powell also stressed that he doesn't see an opportunity for interest rate cut in the near term because the inflation rate remains high and won't return to the Fed's 2% target level so soon.

## European Central Bank raises rates by 25 basis points

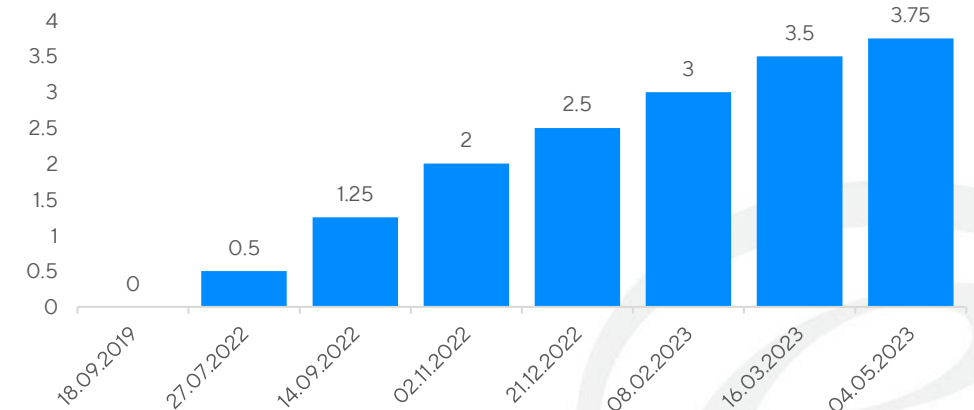
On May 4, the ECB reduced its interest rate hiking step to 25 basis points, increasing the main refinancing rate to 3.75%. This was the seventh hike since the ECB started raising rates in July 2022. Despite removing the promise to further raise rates from its written statement, the ECB does not intend to pause its cycle of raising interest rates. In the ECB's statement, the inflation outlook continues to be too high for too long. Therefore, in Lagarde's view, the ECB's work is not yet over.

US Federal Funds Rate



Source: Bloomberg

ECB Main Refinancing Rate



Source: Bloomberg

## The Bank of Japan's new governor keeps the interest rate unchanged

At the first meeting in charge of the BoJ Kazuo Ueda did not change neither the interest rate nor the yield curve control policy. The BoJ maintains its yield curve control targets set at -0.1% for short-term interest rates and about 0% for 10-year bond yields. The 10-year bond yields are still allowed to move 50 basis points in both directions from the 0% target. There has been a subtle, yet important adjustment, though - the BoJ no longer guarantees that rates will remain at the same or lower levels. Ueda said that the central bank would abandon the yield curve control and decrease the balance sheet once sustainable and stable inflation around their 2% target is in sight. Additionally, the BoJ plans to conduct a monetary policy audit, results of which would be published after 12-18 months. The reason for the audit is the problem of achieving price stability over the past 25 years.

## Bank of England also hikes by 25 basis points

With Q1 GDP rising and inflation remaining above 10% in March, the BoE had no other choice but to increase the base rate by another 25 basis points to 4.5%. This was already 12th successive rate hike, continuing its most aggressive rate-hiking cycle since the 1980s. The BoE now estimates that the inflation rate will remain above 5% at the end of the year. For comparison, in February, the BoE predicted that by the end of the year inflation would fall below 4%. When it comes to GDP, the Bank of England no longer believes that the British economy would face a recession this year.

### Economic Calendar

DATE	COUNTRY	REPORT	FORECAST
10/05/23	US	Inflation Rate YoY (APR)	5.0%
11/05/23	GB	BoE Interest Rate Decision	4.5%
12/05/23	GB	GDP Q1 2023	0.2%
16/05/23	GB	Unemployment rate (MAR)	3.8%
17/05/23	JP	GDP Q1 2023	1.2%
19/05/23	JP	Inflation Rate YoY (APR)	-
24/05/23	GB	Inflation Rate YoY (APR)	8.5%
24/05/23	US	FOMC Minutes	-
26/05/23	US	Durable goods orders (APR)	-1.6%

Source: Trading Economics

*“Bank of Japan will conduct a monetary policy audit”*

# EUR Bonds List

## German Bunds

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
Federal Republic of Germany	EUR	2.69	15.08.2023	NR	99.79	2	DE0001102325	0.01
Federal Republic of Germany	EUR	2.79	15.08.2024	NR	97.80	1	DE0001102366	0.01
Federal Republic of Germany	EUR	2.53	15.08.2025	NR	96.68	1	DE0001102382	0.01
Federal Republic of Germany	EUR	2.34	15.08.2026	NR	92.76	0	DE0001102408	0.01
Federal Republic of Germany	EUR	2.24	15.08.2027	NR	93.01	0.5	DE0001102424	0.01
Federal Republic of Germany	EUR	2.21	15.08.2029	NR	87.22	0	DE0001102473	0.01
Federal Republic of Germany	EUR	2.26	15.08.2032	NR	95.33	1.7	DE0001102606	0.01
Federal Republic of Germany	EUR	2.41	15.08.2052	NR	49.69	0	DE0001102572	0.01

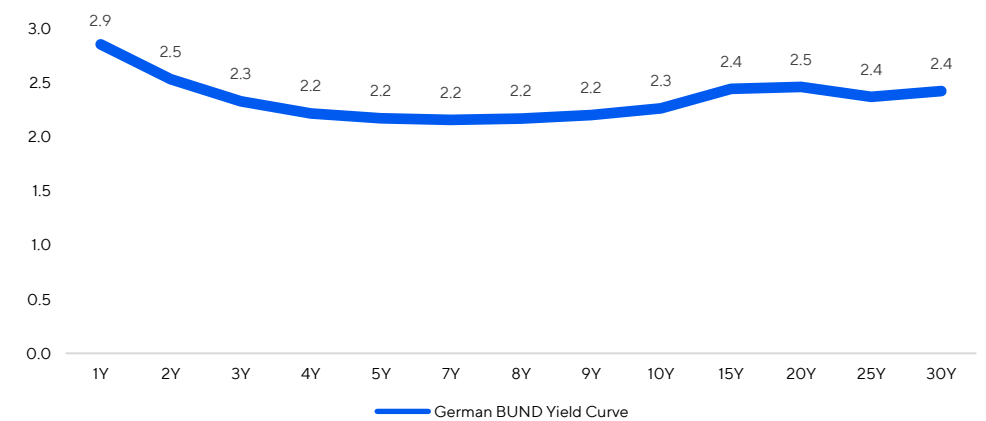
Source: Bloomberg

## Investment Grade

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
Portuguese Republic	EUR	2.96	15.02.2024	NR	101.90	5.65	PTOTEQOE0015	0.01
Republic of Latvia	EUR	3.00	30.04.2024	A-	99.54	2.875	XS1063399536	100 000
French Republic	EUR	2.82	25.11.2024	NR	98.38	1.75	FR0011962398	1
Republic of Poland	EUR	3.25	20.01.2025	A-	102.83	5.25	XS0479333311	1000
Republic of Lithuania	EUR	3.67	06.05.2025	A	93.26	0.25	XS2168038417	1000
Portuguese Republic	EUR	2.69	15.10.2025	NR	100.37	2.875	PTOTEKOE0011	0.01
French Republic	EUR	2.64	25.11.2025	NR	96.01	1	FR0012938116	1
Romania	EUR	4.57	27.09.2026	BBB-	100.95	5	XS2538440780	1000
Republic of Latvia	EUR	3.46	07.10.2026	A-	89.89	0.375	XS1501554874	100 000
Kingdom of Spain	EUR	2.85	31.10.2026	BBB+	94.91	1.3	ES00000128H5	1000
Republic of Latvia	EUR	3.33	25.03.2027	A-	101.57	3.875	XS2549862758	100 000
Republic of Poland	EUR	3.46	22.10.2027	A-	91.18	1.375	XS1584894650	1000
French Republic	EUR	2.62	25.02.2028	NR	91.70	0.75	FR001400AIN5	1
Republic of Lithuania	EUR	3.54	25.04.2028	A	102.08	4.125	XS2547270756	1000
Republic of Latvia	EUR	3.57	24.01.2029	A-	81.32	0	XS2361416915	100 000
Republic of Lithuania	EUR	3.62	01.06.2032	A	88.08	2.125	XS2487342649	1000
Republic of Estonia	EUR	3.52	12.10.2032	NR	103.22	4	XS2532370231	1000
French Republic	EUR	2.82	25.11.2032	NR	93.21	2	FR001400BKZ3	1

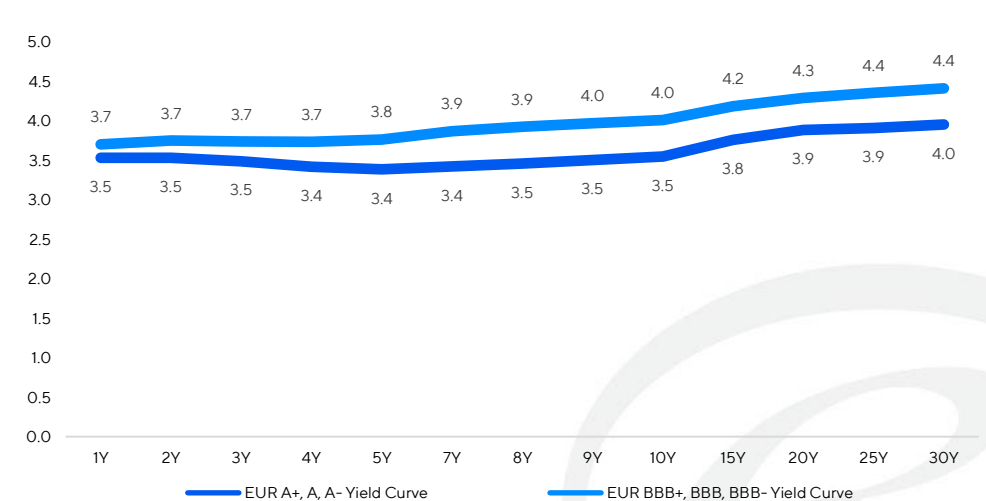
Source: Bloomberg

## German Bund Yield Curve



Source: Bloomberg

## Investment Grade Bonds Yield Curve



Source: Bloomberg

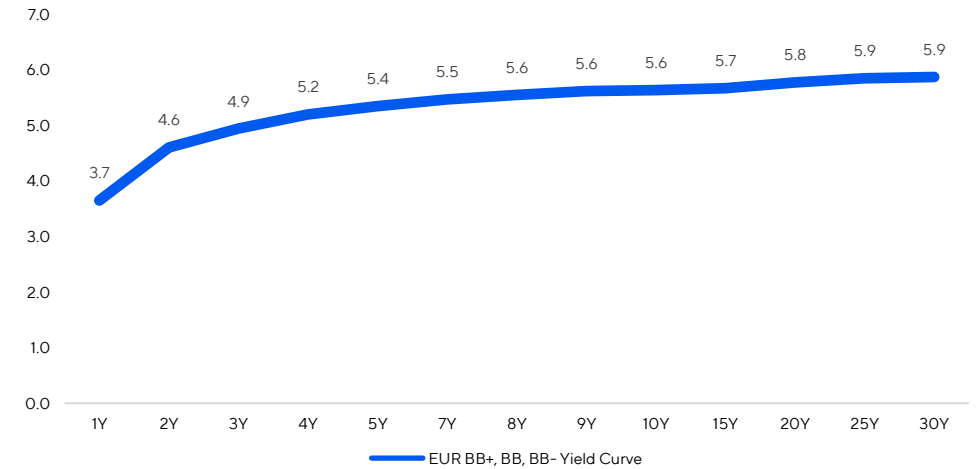
# EUR Bonds List

## High Yield

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
Air Baltic Corp AS	EUR	16.52	30.07.2024	NR	86.99	6.75	XS1843432821	100 000
Republic of Montenegro	EUR	6.50	21.04.2025	B	93.96	3.375	XS1807201899	100 000
Nokia Oyj	EUR	3.44	15.05.2025	BB+	97.71	2.375	XS2171759256	100 000
Republic of Turkey	EUR	7.25	14.06.2025	B-	92.08	3.25	XS1629918415	100 000
Renault SA	EUR	3.54	28.11.2025	BB	93.36	1	FR0013299435	1 000
Cemex SAB de CV	EUR	4.14	19.03.2026	BB+	96.85	3.125	XS1964617879	100 000
Republic of Colombia	EUR	5.45	22.03.2026	BB+	95.62	3.875	XS1385239006	100 000
KOC Holding AS	EUR	6.67	27.05.2026	BB-	89.72	3	XS2346972263	100 000
Akropolis Group Uab	EUR	9.13	02.06.2026	BB+	83.43	2.875	XS2346869097	100 000
Republic of North Macedonia	EUR	5.83	03.06.2026	BB	93.69	3.675	XS2181690665	100 000
Republic of South Africa	EUR	5.65	24.07.2026	BB-	94.14	3.75	XS1090107159	100 000
Deutsche Lufthansa AG	EUR	4.99	16.05.2027	BB	92.08	2.875	XS2408458730	100 000
Maxima Grupe UAB	EUR	6.43	12.07.2027	NR	98.42	6.25	XS2485155464	100 000
Republic of Montenegro	EUR	7.50	16.12.2027	B	82.03	2.875	XS2270576700	100 000
Petroleos Mexicanos	EUR	9.48	21.02.2028	BB	82.60	4.875	XS1568888777	100 000
Republic of North Macedonia	EUR	6.20	10.03.2028	BB	80.93	1.625	XS2310118893	100 000
Goodyear Tire & Rubber Co/The	EUR	6.04	15.08.2028	BB-	84.70	2.75	XS2390510142	100 000
Deutsche Lufthansa AG	EUR	5.15	14.07.2029	BB	90.94	3.5	XS2363235107	100 000
Petroleos Mexicanos	EUR	9.90	26.02.2029	BB	77.70	4.75	XS1824424706	100 000

Source: Bloomberg

## High Yield Bonds Yield Curve



Source: Bloomberg

*“Contact your Broker for more information”*

# USD Bonds List

## US Treasuries

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
United States of America	USD	4.97	30.11.2023	NR	97.64	0.5	US91282CDM01	100
United States of America	USD	4.33	31.10.2024	NR	100.05	4.375	US91282CFQ96	100
United States of America	USD	3.82	15.11.2025	NR	101.61	4.5	US91282CFW64	100
United States of America	USD	3.61	15.11.2026	NR	94.76	2	US912828U246	100
United States of America	USD	3.52	31.10.2027	NR	102.47	4.125	US91282CFU09	100
United States of America	USD	3.50	31.10.2029	NR	102.87	4	US91282CFT36	100
United States of America	USD	3.49	15.11.2032	NR	105.09	4.125	US91282CFV81	100
United States of America	USD	3.79	15.11.2052	NR	103.66	4	US912810TL26	100

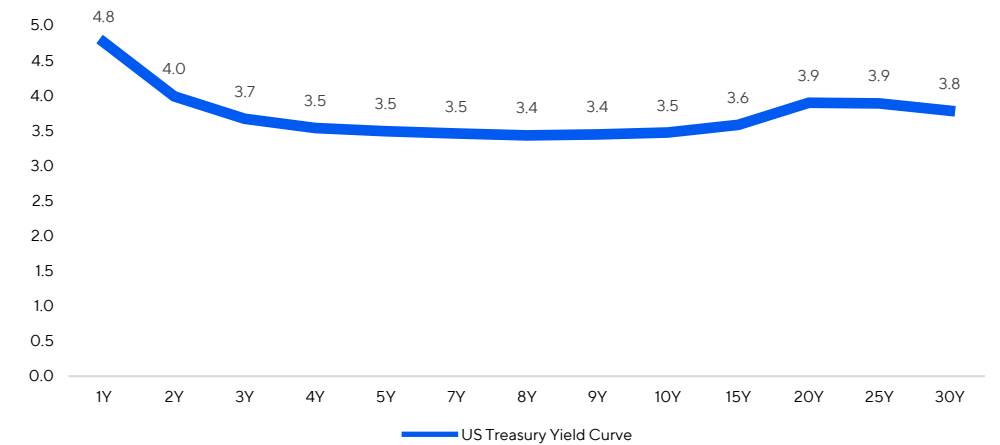
Source: Bloomberg

## Investment Grade

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
Apple Inc	USD	4.22	11.09.2024	AA+	96.88	1.8	US037833DM97	2 000
Bharat Petroleum Corp Ltd	USD	5.14	08.05.2025	BBB-	97.83	4	XS1227064430	200 000
Toyota Motor Corp	USD	4.36	30.06.2025	A+	99.13	3.95	US89236TKC89	2 000
Republic of Peru	USD	4.49	21.07.2025	BBB	105.61	7.35	US715638AS19	100 000
Boeing Co/The	USD	4.97	04.02.2026	BBB-	92.99	2.196	US097023DG73	2 000
Republic of the Philippines	USD	4.15	30.03.2026	BBB	103.24	5.5	US718286BN61	200 000
Asian Development Bank	USD	3.71	20.01.2027	AAA	92.45	1.5	US045167FH18	1 000
Coca-Cola Co/The	USD	3.84	25.03.2027	A+	98.29	3.375	US191216CR95	2 000
Starbucks Corp	USD	4.31	15.11.2028	BBB+	98.39	4	US855244AR02	2 000
Republic of Indonesia	USD	4.21	14.02.2030	BBB	91.72	2.85	US455780CQ75	200 000
Oracle Corp	USD	5.10	25.03.2031	BBB	85.65	2.875	US68389XCE31	2 000
Merck & Co Inc	USD	4.31	10.12.2031	A+	84.53	2.15	US58933YBE41	2 000
Advanced Micro Devices Inc	USD	4.44	01.06.2032	A-	96.00	3.924	US007903BF39	2 000
United Mexican States	USD	5.43	27.09.2034	BBB-	110.57	6.75	US91086QAS75	1 000
Vale SA	USD	6.28	21.11.2036	BBB-	105.13	6.875	US91911TAH68	2 000
Vale SA	USD	5.93	11.09.2042	BBB-	96.22	5.625	US91912EAA38	2 000
Republic of Chile	USD	5.09	30.10.2042	A-	81.62	3.625	US168863BP27	150 000

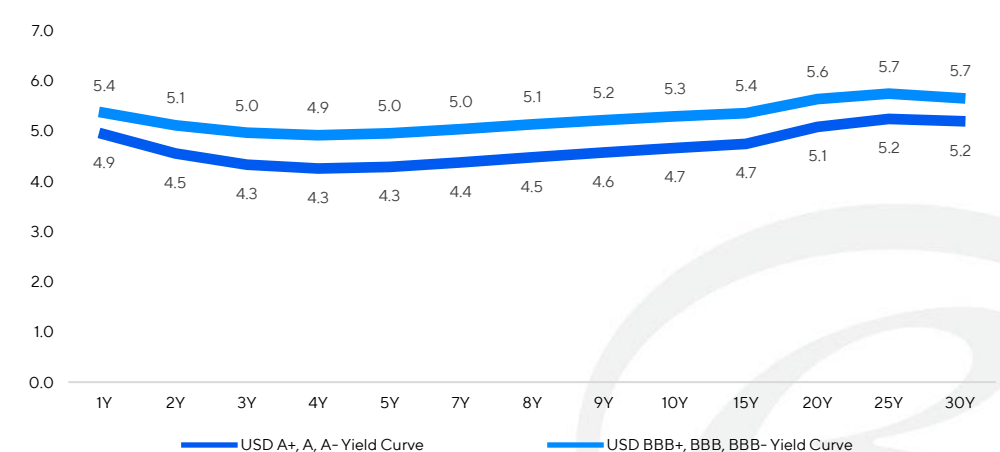
Source: Bloomberg

## US Treasury Yield Curve



Source: Bloomberg

## Investment Grade Bonds Yield Curve



Source: Bloomberg



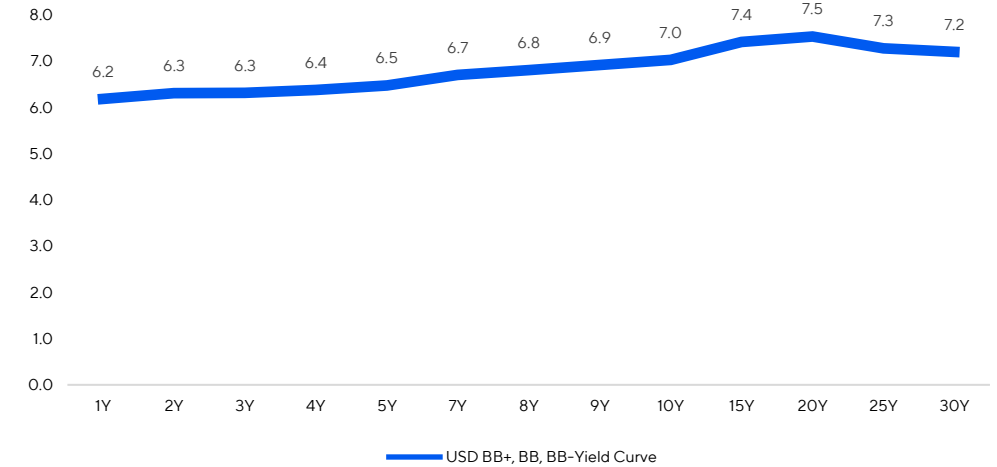
# USD Bonds List

## High Yield

ISSUER	CURRENCY	YIELD	MATURITY	RATING	PRICE	COUPON	ISIN	MIN PIECE
Stena AB	USD	7.17	01.02.2024	B+	99.79	7	USW8758PAK22	200 000
Republic of Uzbekistan	USD	5.77	20.02.2024	BB-	98.84	4.75	XS1953916290	200 000
Government of Mongolia	USD	7.40	09.03.2024	B	100.54	8.75	USY6142NAA64	200 000
Socialist Republic of Vietnam	USD	5.64	19.11.2024	BB	98.44	4.8	USY9384RAA87	200 000
Federative Republic of Brazil	USD	4.60	07.01.2025	BB-	99.10	4.25	US105756BV13	200 000
Republic of Armenia	USD	6.04	26.03.2025	B+	101.46	7.15	XS1207654853	200 000
Republic of Costa Rica	USD	5.10	30.04.2025	B+	98.29	4.375	USP3699PGE18	200 000
Istanbul Metropolitan Municipality	USD	11.21	09.12.2025	B-	88.79	6.375	XS2010029234	200 000
Volcan Cia Minera SAA	USD	19.36	11.02.2026	B	69.05	4.375	USP98047AC08	2 000
Marfrig Global Foods SA	USD	8.45	14.05.2026	BB+	95.97	7	USU63768AA01	200 000
Sibanye Stillwater Ltd	USD	8.25	16.11.2026	BB	87.18	4	USU85969AE07	200 000
Sultanate of Oman	USD	5.40	08.03.2027	BB-	99.58	5.375	XS1575967218	200 000
Republic of Turkey	USD	9.28	25.03.2027	B-	88.96	6	US900123CL22	200 000
Republic of Colombia	USD	6.53	25.04.2027	BB+	90.60	3.875	US195325DL65	200 000
Anadolu Efes Biracilik Ve Malt	USD	7.53	29.06.2028	BB+	81.37	3.375	XS2355105292	200 000
Eskom Holdings SOC Ltd	USD	8.31	10.08.2028	BB-	91.71	6.35	XS1864523300	200 000
Republic of South Africa	USD	6.79	12.10.2028	BB-	88.54	4.3	US836205AU87	200 000
Anadolu Efes Biracilik Ve Malt	USD	6.55	20.01.2029	BB+	90.17	4.5	XS2434515313	200 000
Republic of Uzbekistan	USD	6.87	20.02.2029	BB-	92.53	5.375	XS1953915136	200 000
Republic of Armenia	USD	7.25	26.09.2029	B+	82.90	3.95	XS2010043904	200 000
Republic of Turkey	USD	9.04	15.01.2030	B-	113.30	11.875	US900123AL40	1 000
State Oil Co of the Azerbaijan	USD	6.17	18.03.2030	BB	103.79	6.95	XS1196496688	200 000
Marfrig Global Foods SA	USD	8.87	29.01.2031	BB+	72.83	3.95	USG5825AAC65	200 000
Republic of Turkey	USD	9.27	17.03.2036	B-	81.66	6.875	US900123AY60	2 000
Federative Republic of Brazil	USD	6.32	20.01.2037	BB-	106.86	7.125	US105756BK57	1 000
Federative Republic of Brazil	USD	6.90	27.01.2045	BB-	78.31	5	US105756BW95	200 000
Sultanate of Oman	USD	7.02	08.03.2047	BB-	93.51	6.5	XS1575968026	200 000

Source: Bloomberg

## High Yield Bonds Yield Curve



Source: Bloomberg

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Report date: May 15, 2023

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