



INVESTMENT STRATEGY

---

# Equity Focus: Upgrading Energy to positive

May 2022

Edmund Shing, PhD  
Global CIO  
BNP Paribas Wealth Management



Alain Gérard, MSc, MBA  
Senior Investment Adviser  
BNP Paribas Wealth Management



**BNP PARIBAS**  
**WEALTH MANAGEMENT**

The bank  
for a changing  
world



# Equities at a glance

## Summary

- Neutral overall:** we remain neutral overall on Equities as an asset class (including in Europe, Emerging Markets), as we await further potential reduction in uncertainties (inflation, rising bond yields, monetary policies, war in Ukraine, energy crisis, new wave of COVID in China).
- In April to early May, recession fears, rising bond yields & a new COVID-19 wave in China ('zero tolerance policy') have provoked a **new correction in global equity markets**.
- Equity markets now show extreme pessimism**, almost pricing in a stagflation whereas we believe that global growth will prevail, with inflation peaking out soon.
- Corporate earnings to the rescue?** Rapid monetary tightening is negative for equities. However, Western economies, corporate cash flows and earnings all continue to demonstrate strong resilience. In the US, Q1 2022 corporate profits have beaten expectations in 80% of the cases.

## Key recommendations

- + **Buy on weakness commodity-exposed equity markets**, showing fast EPS growth, combined with lower valuations, higher dividend yield: UK, Latin America, Canada and Australia.
- + **Favour inflation hedges, pricing power and high dividend strategies:** so far, major blue chips seem capable to pass through higher input costs to end clients and even to increase their profit margins in some cases. Beware, however, those companies not capable of doing so!
- + **Energy sector is upgraded to positive** as oil prices shall remain elevated, especially now that Europe is phasing out its oil imports from Russia.
- + **Circular Economy theme in focus:** very high energy and raw materials prices underline the need to optimise our use of natural resources - the focus of the circular economy model.
- Key Risk:** US Federal Reserve tightening too hard in an already-slowing economy? 3% Fed fund rate is now priced in for 2023. We have our doubts. We think the Fed is likely to soften their discourse in the coming months. If not, recession in 12-18 months?

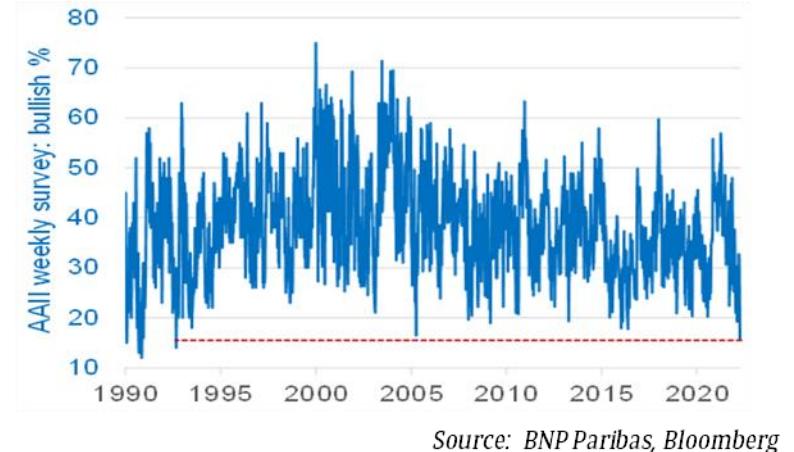


Our position for this month



Evolution of our position from last month

## US AAII investor survey: bullish sentiment falls to a 28-year low → normally a support signal



Source: BNP Paribas, Bloomberg

## Relative performance of BNP Paribas Exane Pricing Power Basket



Source: BNP Paribas Exane



# Contents

1

## Global Equities Overview

2

## Focus: Macro headwinds to stocks

3

## Energy sector upgraded to Positive

4

## Q1 2022 results and consensus forecasts

5

## Asian Equities Overview

6

## Sector Allocation

7

## Sector Preferences

## Appendices

## IBES Forecasts for Europe and US

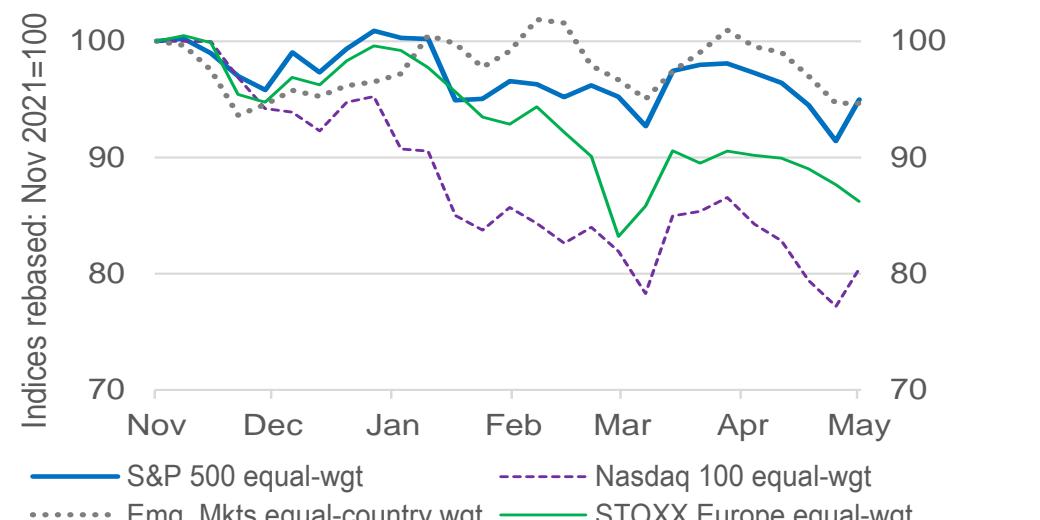
# 1. Global Equities Overview

## The average S&P 500, emerging market stock has held up

If rather than looking at headline stock market indices, we were to look at equal-weight versions of these indices, we would have a rather different picture. The average S&P 500 and emerging market stock has lost around 6% since November 2021.

Even the equal-weight Nasdaq 100 index shows potential signs of stabilisation.

### Equal-weight stock indices do not look as bad as the headline indices



Source: BNP Paribas, Bloomberg

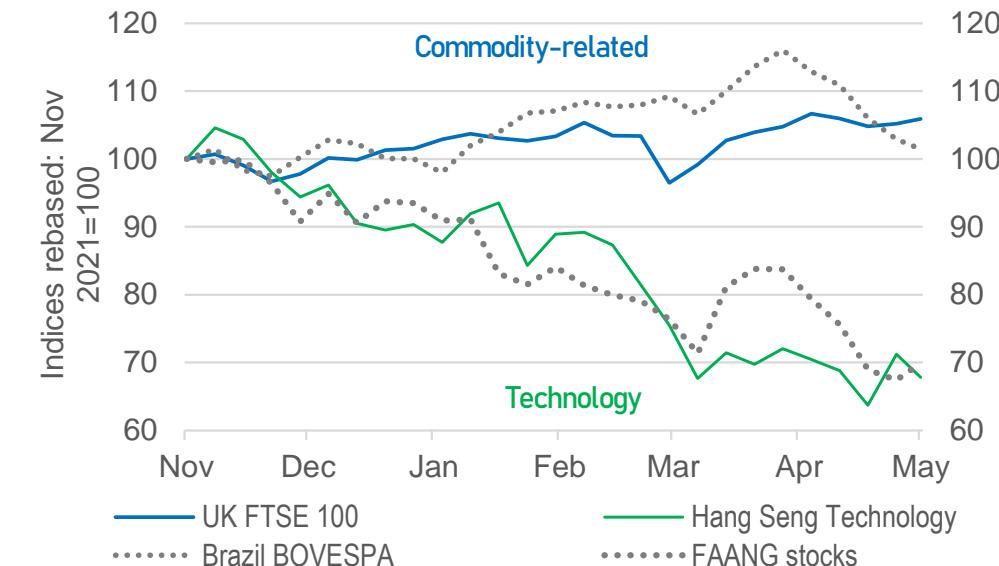
Commodity producers remain our favoured stocks

## The start of a great rotation out of Tech back into Commodities?

Leading US and Chinese tech names have continued to lead stock markets lower, while more commodity-heavy/dividend-heavy markets like the UK, Brazil and Canada have held up well over the last few months.

After the huge outperformance of technology since 2011, we may well be witnessing the early signs of a reversion back towards commodity producers.

### Commodity-heavy UK and Brazilian indices hold up, tech indices suffer



Source: BNP Paribas, Bloomberg

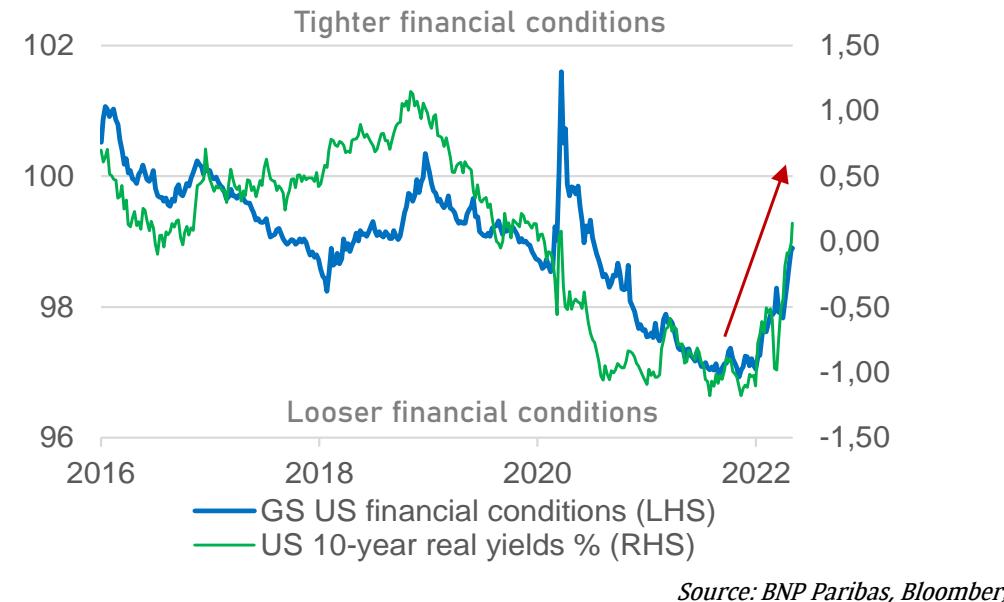
## 2. Focus: Macro headwinds to stocks

Higher real yields + slowing growth weigh

### Higher real yields push stock valuations lower

Of the two long-term drivers of stock prices, valuations have been the big mover, in this case lower, as real long-term interest rates have continued to rise. As long as the financial markets remain unconvinced by the US Federal Reserve's interest rate policy, financial conditions will continue to tighten, driving both stock valuations and prices lower.

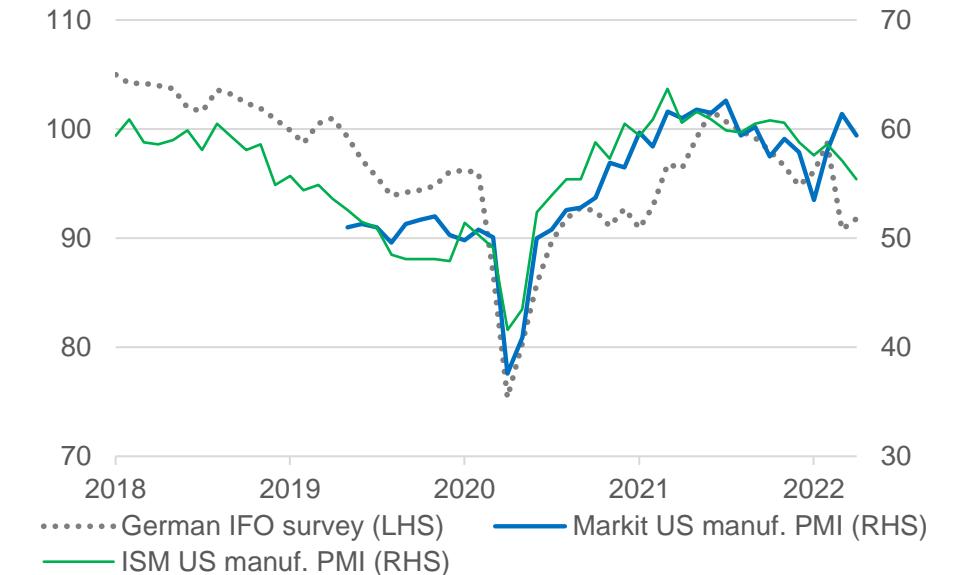
#### Higher real yields, tighter financial conditions continue to hurt stocks



### Earnings slowdown signalled by PMI surveys

The second motor for stocks is profit growth. While Q1 earnings results remain strong, both US and Eurozone manufacturing PMI surveys (and consumer confidence surveys too) point to a harder road ahead for corporate profitability. The key problems are rising input costs and wages which will inevitably weigh on profit margins, while faltering consumer demand suggests lower sales ahead.

#### Weaker PMI surveys suggest slower Europe, US earnings momentum ahead



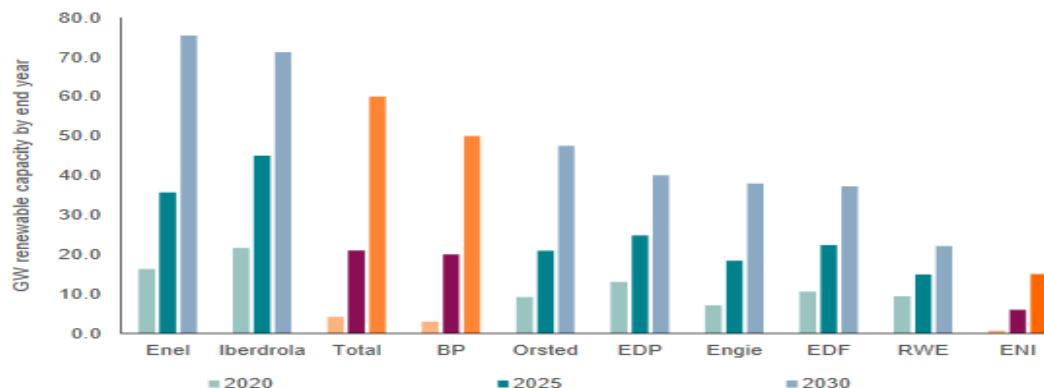
### 3. Energy sector upgraded to Positive

#### Europe will stop all oil imports from Russia

The European Union is planning to ban all oil imports from Russia by the end of this year (although a few smaller EU countries will probably not have to stick to this deadline as they remain over-reliant on Russian oil). This shall support oil prices on international markets, as well as encourage new projects. It will also accelerate the transition towards renewable energies. European oil majors are already making good progress in building such new capabilities, whereas US oil companies will benefit from their exposure to shale oil and gas. New projects will also benefit oil service-providers in general. **On top of that, the whole sector now enjoys extremely elevated refinery margins, now at unprecedented levels.**

#### Accelerating momentum in green businesses

##### Estimated power build to 2030 (net GW)

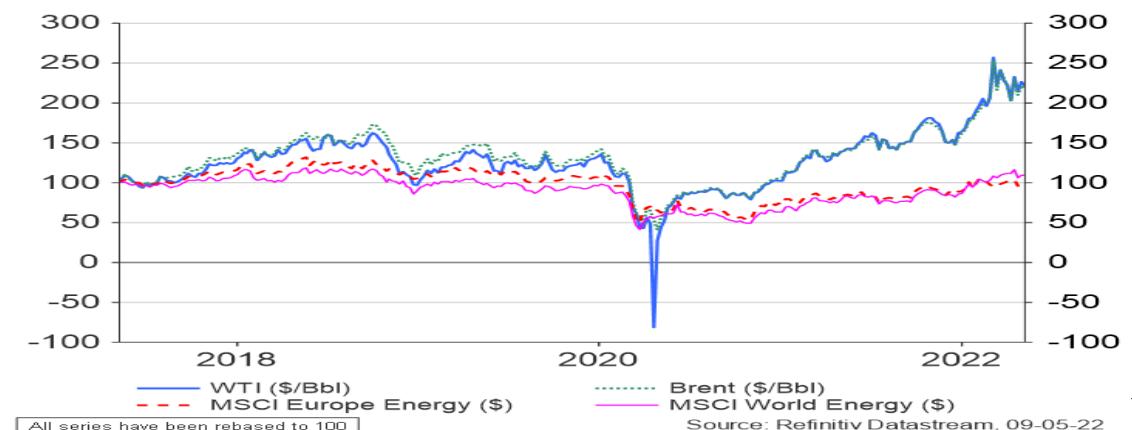


A necessary hedge against inflation + Ukraine conflict

#### The Energy sector is particularly cheap, especially in Europe

Overall oil companies disclosed great Q1 2022 results & forecasts. They now generate huge cash flows (BNPP Exane estimates that oil majors trade at a **FCF yield of 17% on average. This is very high!** And P/E ratios are only at around 6). Oil majors have deleveraged and shown discipline in their new investments. They will return big amounts of cash to shareholders by increasing dividends and share buybacks. But still, this sector - whereas in much better health than it has been for a long time - is trading lower than its recent 2018 peaks, when crude oil prices were much lower (around \$70 in 2018) versus more than \$100 now. **Momentum is very strong and we upgrade the whole sector to Positive.**

Despite new opportunities and large margins, the energy sector is completely lagging the recent surge in oil prices (5-year chart - all series rebased to 100).

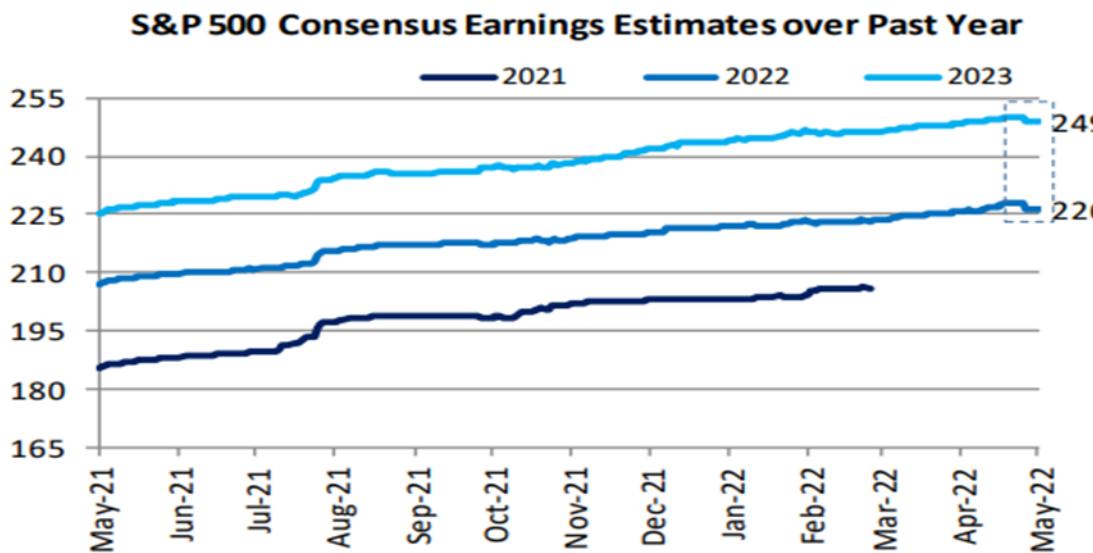


# 4. Q1 2022 results and consensus forecasts

## GOOD SO FAR

Q1 2022 results have been relatively strong compared with expectations: in the US, companies have announced on average 4.5% better-than-expected profits. Regarding financials, profits are lower than last year due to exceptional factors such as very strong trading revenues and huge drops in provisions for bad loans in 2021. All sectors show positive earnings surprises, except Consumer Discretionary (Amazon). In Europe, results are also quite supportive.

Despite global issues, corporate earnings still trending higher



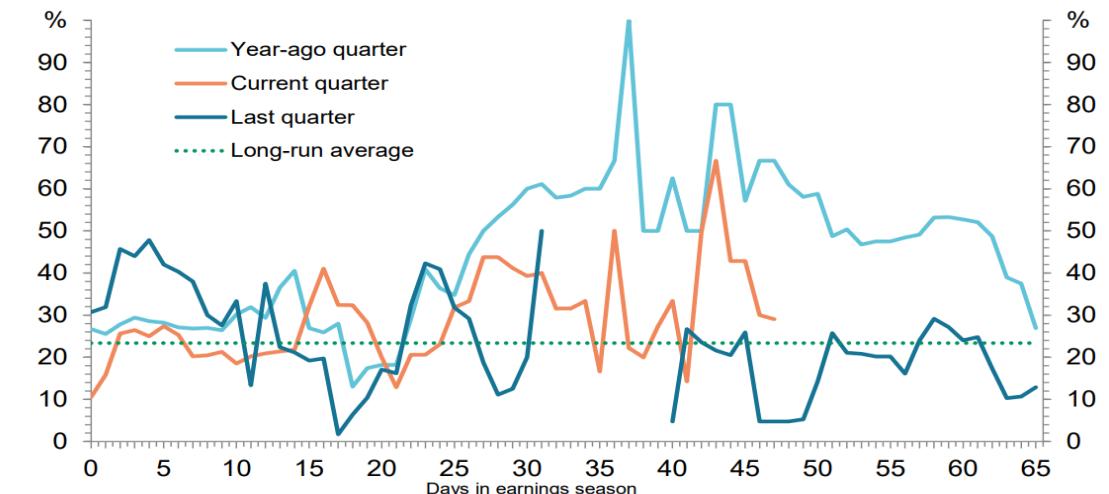
Earnings season supportive

## FORECASTS LOOK OK & MARGINS ARE HOLDING UP WELL

Guidance provided by companies is also rather positive so far. Profit margins are holding up well on both sides of the Atlantic. Of course, there have been disappointments that the market sanctioned heavily (e.g. Amazon, Netflix or General Electric). It is mainly the commodity related equities that now look very solid. We thus favour relatively cheap and solid companies with a good market positioning/pricing power and not much disturbance from supply chain issues.

Earnings guidance so far in line with previous quarters

Positive earnings guidance as % of total US equities



Data as at 24 April 2022. Sources: Bloomberg, BNP Paribas Asset Management.

The bank  
for a changing  
world

# 5. Asian Equities Overview

CHINA: WE AWAIT MORE STIMULUS MEASURES

ASIA COUNTRY PREFERENCE		
+	=	-
COUNTRIES		
China A-shares Singapore South Korea Indonesia	India, Taiwan, Thailand Malaysia Philippines	-

- While Shanghai is still largely in a prolonged lockdown, the expanding mass testing in Beijing ignited fears of another Shanghai-style lockdown in China's capital and weighed heavily on China assets in April.
- Efforts to suppress the spread of Omicron in China have fuelled concern over the negative impacts on economic growth and supply chains. Investor confidence has also been shaken by the government's seemingly conflicting objectives of pursuing a zero-COVID policy, maintaining economic growth at 5.5% while not resorting to large-scale stimulus.
- The Chinese market should remain volatile until more convincing signs of a peak in Omicron infections, more decisive stimulus measures and evidence of a follow-through of previous policy pledges.
- Southeast Asian markets, such as Singapore and Indonesia, have outperformed the region YTD, thanks to the re-opening of economies. Singapore is also a good dividend play at times of heightened uncertainty over Ukraine/Russia conflicts, Fed tightening and China lockdowns.

Southeast Asian markets have outperformed YTD

A HAWKISH FED & STRONGER USD COULD BE NEAR-TERM HEADWINDS FOR ASIAN EQUITIES

	1-month (%)	YTD (%)	2021 (%)	Forward	Trailing PB (x)	Dividend Yield (%)	EPS Growth (%) 2022f	EPS Growth (%) 2023f	ROE (%) 2022f	
				PE (x)						
North Asia	Asia Ex-Japan	-8.5	-16.0	-6.4	12.2	1.6	2.6	11.3	12.0	11.6
	China	-10.2	-22.7	-22.7	10.3	1.3	3.1	15.6	15.2	11.2
	China A-shares	-7.1	-7.6	-5.2	14.1	2.4	1.9	17.5	13.8	11.4
	Hong Kong	-5.9	-7.7	-5.9	14.3	1.2	3.3	14.2	14.2	8.7
	South Korea	-5.5	-13.2	-1.6	9.1	1.1	2.3	2.4	10.9	14.1
	Taiwan	-9.2	-12.3	21.6	12.7	2.5	2.7	6.3	2.4	20.6
	India	-1.0	-1.2	27.3	21.3	3.7	1.2	20.1	14.1	15.1
	Indonesia	3.8	13.1	1.5	15.6	2.7	3.1	18.7	8.6	15.9
	Malaysia	-0.3	1.0	-7.3	14.8	1.6	3.9	-5.7	13.0	10.2
	Philippines	-5.2	-2.4	0.9	16.6	1.9	1.5	18.1	21.6	8.2
South Asia	Singapore	-7.9	-9.2	4.4	17.5	1.5	3.8	20.8	21.6	8.9
	Thailand	-2.5	0.3	7.1	17.6	2.1	2.7	15.4	12.0	9.4

Source: Datastream, BNP Paribas (WM) as of 28 April 2022

# 6. Sector Allocation

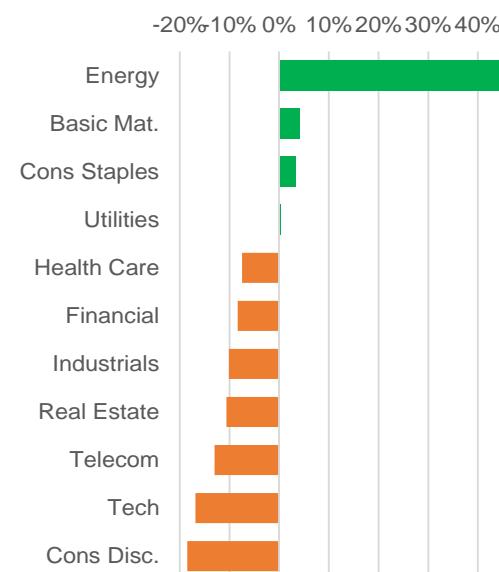
A Barbell approach is still adequate and we upgrade Energy sector from = to +

## IN THESE UNCERTAIN TIMES, WE FAVOUR DEFENSIVE SECTORS BUT STAY HEDGED AGAINST HIGH INFLATION. ENERGY SECTOR IS UPGRADED TO POSITIVE AFTER THE RECENT CONSOLIDATION.

Due to persisting uncertainties, we recommend staying relatively prudent and well diversified. Inflation figures remain very high, bond yields are rising and it is unclear if and when central banks will stop tightening. However, risks seem much better priced in now compared with the beginning of this year.

- The global economy is cooling down and many investors are increasingly nervous given the flattening/inversion of the yield curve. And now China is also cooling down. We do not foresee a recession in 2022, but we believe in staying somewhat more defensive in the short term. **Our favourite defensive sector, Health Care, has been the best sector in Europe since Russia invaded Ukraine: +10% (24/02 until 25/04) against +1.4% for Stoxx Europe.**
- Other defensive areas in the market, such as high dividend strategies, have also outperformed.
- The worst-performing sectors since 24/2 are retail, autos, banks, travel & leisure, etc.

**US sectors: year-to-date performance.  
Energy still at the top**

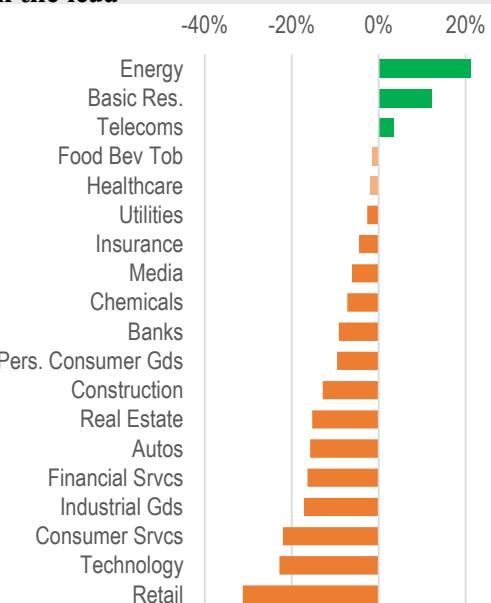


Source: FTSE Russell. Note: performance to 5 May 2022

**Energy security has become a major issue in Europe**, often criticised for 'financing the war in Ukraine'. Europe is looking for alternatives to Russian oil & gas. This is another supporting factor for Western oil & gas companies. The sector is very cheap, it has published great results, and generates huge cash flows, allowing for new investments, fat dividends and share buybacks. **We upgrade Energy to Positive.**

- This year, we have been strongly advocating portfolio hedges against inflation**, with the following as the main beneficiaries: **commodities, European real estate, but also some select US real estate and some financials** (our preference is now for insurers and diversified financials).
- Earnings revisions also support these sectors.**
- Companies with pricing power** have also posted a much better performance and should take a larger place in any portfolio.
- In the short term, we would be cautious of sectors exposed to China (industrials, materials, some cons. discretionary) due to the economic slowdown there and supply chain issues.

**Europe: Basic Resources and Energy still in the lead**



Source: STOXX. Note: performance to 5 May 2022

The bank  
for a changing  
world

# 7. Sector Preferences

Reco	Sector	Industry (Level 2)		
	(Level 1)	+	=	-
+	<b>Health care</b>	Pharmaceuticals + Biotech Health Care equip. + services		
	<b>Financials</b>	Diversified Fin. Insurance	Banks	
	<b>Energy</b>	Energy		
=	<b>Materials</b>	Metals & Mining	(other) Materials	
	<b>Real estate</b>	EU real estate	US real estate	
	<b>Consumer Staples</b>		Food & Beverages Food Retail Household & Personal Care Products	
	<b>Communication Services</b>		Telecoms Media	
	<b>Utilities</b>		Utilities	
	<b>Industrials</b>		Commercial Services Infrastructure Capital Goods Transportation	
	<b>Technology</b>		Technology (preference for 'Metaverse', Semis & Cybersecurity)	
	<b>Consumer Discretionary</b>		Luxury Goods Consumer Services Retail Automobiles Travel & Leisure	



# A. IBES forecasts: Europe

03-05-22	Price index - in €												Sales growth - %												Divid end yield (%)		
	PE				EPS Growth - %				1m / 3m % Δ in EPS						Sales growth - %			1m / 3m % Δ in Sales									
	2022	2023	2024	12m fwd	2022	2023	2024	12m fwd	2022	2023	2024	12m fwd	2022	2023	2024	2022	2023	2024	2022	2023	2024	2022	2023	2024			
<b>MSCI EUROPE (€) (*)</b>	<b>13,1</b>	<b>12,5</b>	<b>11,7</b>	<b>12,8</b>	<b>11,3</b>	<b>4,9</b>	<b>6,1</b>	<b>8,8</b>	<b>1,4</b>	<b>5,6</b>	<b>1,3</b>	<b>4,0</b>	<b>0,8</b>	<b>3,0</b>	<b>1,3</b>	<b>5,0</b>	<b>11,4</b>	<b>1,0</b>	<b>2,30</b>	<b>1,6</b>	<b>5,30</b>	<b>3,2</b>					
<i>(*) EU15 + Switzerland + Norway</i>																											
MSCI UK (£)	10,6	10,4	10,2	10,5	13,6	1,5	2,2	8,9	3,1	12,2	3,3	9,5	1,3	6,1	3,2	11,2	24,5	-3,0	-0,7	3,2	7,0	3,8					
MSCI Switzerland (CHF)	18,7	17,0	15,7	18,1	11,3	9,8	8,7	10,8	-0,3	-2,0	-0,5	-1,6	-0,6	-1,8	-0,3	-1,8	1,5	4,2	1,7	0,1	0,6	2,6					
MSCI Germany	11,3	10,4	9,5	10,9	6,1	8,6	9,0	6,8	0,4	0,8	-0,2	0,3	0,6	3,8	0,2	0,6	3,0	4,0	3,6	1,2	3,1	3,6					
MSCI France	13,1	12,5	11,7	12,9	13,0	4,6	6,5	9,8	0,8	7,4	1,5	6,2	1,6	4,7	1,0	7,0	14,1	1,9	3,3	0,8	6,2	2,8					
MSCI Spain	11,7	10,7	9,9	11,3	15,1	8,8	8,0	13,0	2,5	6,2	2,4	4,1	1,7	5,0	2,5	5,5	9,6	1,2	2,3	2,8	7,0	3,8					
MSCI The Netherlands	19,8	16,7	15,0	18,8	10,8	18,5	11,5	13,2	-1,1	-4,8	0,0	-2,7	1,2	-0,8	-0,7	-4,0	7,6	4,4	4,0	0,8	3,0	2,2					
MSCI Belgium	19,2	17,3	15,0	18,5	-3,5	11,3	15,0	1,3	-0,9	-2,0	-0,6	-3,1	0,8	-3,2	-0,8	-2,4	2,0	-0,2	8,7	-5,5	-3,9	2,8					
MSCI EUROPE ENERGY	5,7	6,3	7,0	5,9	60,8	-9,3	-11,0	29,5	9,1	39,0	9,0	31,6	4,7	16,8	9,1	36,6	48,0	-11,0	-4,0	5,2	18,8	4,2					
MSCI EUROPE MATERIALS	9,4	11,1	11,6	9,9	5,6	-14,8	-4,5	-1,4	4,7	20,8	4,2	14,0	2,2	3,3	4,5	18,7	11,4	-3,3	-0,9	2,7	9,4	4,2					
MSCI EUROPE INDUSTRIALS	16,0	15,3	14,1	15,7	17,8	4,6	8,9	13,0	-0,2	1,7	-0,6	0,2	-0,6	-2,6	-0,3	1,2	9,2	4,5	4,6	0,4	2,3	2,6					
MSCI EUROPE CAP GDS	17,4	15,1	13,6	16,5	13,0	15,1	11,5	13,7	-1,0	-1,3	-0,7	-0,6	-0,3	0,0	-0,9	-1,0	8,2	6,1	5,1	0,1	1,2	2,4					
MSCI EUROPE COML SVS/SUP	22,0	20,2	18,6	21,4	13,2	9,2	8,3	11,8	0,5	1,4	-0,2	0,6	-0,9	-1,1	0,3	1,1	9,6	5,0	5,0	0,8	2,4	2,2					
MSCI EUROPE TRANSPRT	8,5	12,2	12,7	9,5	39,5	-30,4	-3,7	10,8	2,0	12,5	-0,2	4,1	-2,2	-16,3	1,5	10,2	13,7	-3,2	1,9	1,5	7,6	4,0					
MSCI EUROPE CONS DISCR	12,3	11,0	10,2	11,9	11,6	11,8	8,4	11,5	0,6	1,2	-0,1	-0,6	1,1	2,5	0,4	0,6	11,2	7,5	6,0	0,5	1,6	2,9					
MSCI EUROPE AUTO & COMPO	5,5	5,2	4,8	5,4	4,2	6,6	7,3	5,0	1,1	2,3	-0,4	-0,6	1,0	7,6	0,6	1,3	9,5	6,7	5,3	0,6	1,6	5,6					
MSCI EUROPE CONS DUR/APP	19,2	17,4	15,8	18,6	14,8	10,4	9,7	13,3	0,9	5,3	1,0	4,7	1,2	4,5	0,9	5,1	12,7	7,4	6,3	1,0	3,7	2,1					
MSCI EUROPE CONSV SVS	25,8	18,9	16,6	22,5	95,1	36,6	13,7	61,3	-0,2	-2,6	-0,5	-2,8	1,1	-3,3	-0,3	-2,4	22,5	11,6	7,8	-0,4	1,0	0,6					
MSCI EUROPE RETAILING	18,3	13,8	13,1	17,2	16,0	33,1	5,4	20,5	-2,5	-15,5	-1,9	-14,2	1,2	-20,6	-2,5	-15,0	11,1	10,7	8,9	-0,8	-2,1	3,5					
MSCI EUROPE CONS STAPLES	20,5	18,7	17,2	19,8	6,3	9,4	8,9	6,9	0,1	-1,5	0,0	-0,8	0,4	0,0	0,0	-1,3	6,6	4,3	4,4	1,3	2,4	2,8					
MSCI EUROPE FD/STAPLES RTL	15,1	13,7	12,7	14,7	-0,9	9,9	8,5	2,2	-0,9	-0,9	-0,6	0,6	0,6	4,7	-0,8	-0,4	5,0	3,7	3,8	1,5	2,5	3,6					
MSCI EUROPE FD/BEV/TOB	21,0	19,3	17,6	20,3	9,6	9,2	8,8	0,2	-0,5	0,0	-0,5	0,3	-0,1	0,2	-0,5	7,9	5,0	5,0	1,0	2,1	2,8						
MSCI EUROPE H/H PERS PRD	21,2	19,3	17,9	20,6	-0,1	9,8	7,9	3,2	0,0	-4,9	0,0	-2,7	0,7	-1,9	0,0	-4,2	7,7	4,1	4,2	1,4	3,1	2,8					
MSCI EUROPE HEALTH CARE	18,2	16,5	14,9	17,6	7,5	10,5	10,8	8,6	0,4	-0,1	0,1	-0,7	0,2	-1,1	0,3	-0,4	6,9	5,1	6,0	0,3	1,3	2,4					
MSCI EUROPE H/C EQ/SVS	21,6	19,0	16,6	20,6	7,2	14,1	14,3	9,8	0,5	-2,7	-0,9	-3,5	-0,3	-1,7	0,0	-3,0	7,5	6,2	6,4	0,2	0,5	1,5					
MSCI EUROPE PHARM/BIOTEC	17,8	16,1	14,6	17,2	7,5	10,0	10,3	8,4	0,4	0,2	0,3	-0,3	0,3	-1,0	0,3	0,0	6,7	4,8	5,9	0,3	1,5	2,6					
MSCI EUROPE FINANCIALS	9,3	8,2	7,5	8,9	-2,7	13,0	10,1	2,0	-1,6	-2,9	0,2	0,9	0,1	5,1	-1,0	-1,6	1,9	3,3	0,4	-0,6	-0,3	4,7					
MSCI EUROPE BANKS	8,1	7,1	6,3	7,7	-11,9	13,7	11,7	-4,1	-2,2	-3,6	0,5	0,7	0,5	6,2	-1,2	-2,1	2,1	4,1	3,7	0,3	0,8	5,4					
MSCI EUROPE DIV FIN	11,0	9,7	8,9	10,6	7,9	13,3	10,6	7,2	0,7	0,5	-0,3	1,9	-0,2	2,9	0,4	0,8	14,8	2,0	9,5	-3,9	-2,1	2,7					
MSCI EUROPE INSURANCE	10,5	9,4	8,8	10,1	10,5	11,7	7,1	10,9	-1,9	-3,5	-0,1	0,8	-0,3	4,2	-1,2	-2,0	-0,6	3,0	-3,4	-0,4	-0,5	5,0					
MSCI EUROPE REAL ESTATE	16,6	15,5	14,5	16,2	11,3	7,2	6,6	9,8	-0,2	0,4	0,5	1,6	2,8	5,2	0,0	0,8	9,6	1,1	5,4	1,3	2,2	3,0					
MSCI EUROPE IT	22,7	19,8	17,3	21,6	7,9	15,0	13,3	9,8	-1,0	0,8	0,0	1,5	0,2	2,0	-0,7	1,0	13,3	7,9	7,6	0,6	1,3	1,3					
MSCI EUROPE S/W & SVS	24,4	20,9	18,3	23,1	-4,3	17,1	14,2	2,6	-1,8	-2,9	-1,3	-2,1	-1,8	-2,1	-1,6	-2,6	14,8	9,3	9,0	0,4	0,6	1,5					
MSCI EUROPE TCH H/W/EQ.	15,3	13,8	11,8	14,9	5,1	10,9	9,6	7,1	-0,4	3,5	0,8	4,5	0,3	1,8	0,1	3,9	7,0	3,6	3,6	1,0	1,7	1,7					
MSCI EUROPE COMM. SERVICES	16,3	14,8	13,1	15,8	8,7	10,2	12,6	9,4	-0,3	-0,6	-1,2	-1,9	-1,2	2,0	-0,4	-0,9	2,0	1,9	2,4	0,6	1,4	4,0					
MSCI EUROPE TELECOM	15,2	14,0	12,4	14,9	7,4	8,7	12,9	8,2	-0,1	-0,3	-1,5	-2,5	-0,9	0,3	-0,4	-0,8	1,1	1,3	1,8	0,5	1,1	4,4					
MSCI EUROPE MEDIA & ENTER.	19,8	17,1	15,3	18,9	13,5	15,3	11,8	13,8	-0,8	-1,4	0,1	0,2	-2,0	8,2	-0,6	-1,1	6,0	4,6	5,2	0,9	3,1	2,6					
MSCI EUROPE UTILITIES	15,0	14,7	13,8	14,9	7,0	2,0	6,1	5,4	1,0	3,9	0,5	1,3	1,2	1,7	0,7	2,7	-4,8	-0,5	4,1	5,2	12,3	4,3					

Source: IBES

## B. IBES forecasts: US

03-05-22	PE				EPS Growth - %				1m / 3m % Δ in EPS							Sales growth - %			1m / 3m % Δ in Sales		Divid end yield (%)	
	2022	2023	2024	12m fwd	2022	2023	2024	12m fwd	2022	2023	2024	12m fwd	2022	2023	2024	2022	2023	2024	2022	2023	2024	
<b>MSCI USA</b>	<b>19,0</b>	<b>17,3</b>	<b>15,8</b>	<b>18,3</b>	<b>9,8</b>	<b>9,9</b>	<b>9,6</b>	<b>9,6</b>	<b>0,1</b>	<b>1,6</b>	<b>0,3</b>	<b>1,231</b>	<b>-0,03</b>	<b>0,139</b>	<b>0,153</b>	<b>1,491</b>	<b>10,1</b>	<b>5,3</b>	<b>4,9</b>	<b>0,5</b>	<b>2,3</b>	<b>2,0</b>
MSCI USA ENERGY	9,9	11,0	12,0	10,3	94,2	-10,1	-8,0	42,8	11,6	42,5	13,2	33,8	6,5	21,0	12,1	39,7	27,8	-4,8	-6,4	3,6	19,1	3,5
MSCI USA MATERIALS	14,1	15,2	14,7	14,4	15,5	-7,2	3,2	7,1	5,0	10,9	3,1	8,0	3,2	7,5	4,4	10,0	11,9	-1,3	1,3	2,6	7,3	1,8
MSCI USA INDUSTRIALS	19,8	17,1	15,4	18,8	20,5	15,8	10,4	18,4	-0,2	-0,8	-0,2	-0,1	0,1	0,0	-0,2	-0,5	9,2	6,2	4,3	0,1	0,4	1,8
MSCI USA CAP GDS	19,4	16,6	15,0	18,3	21,7	17,1	10,4	19,6	-1,0	-2,0	-0,5	-0,4	-0,1	0,0	-0,8	-1,4	8,5	7,3	4,6	-0,5	-0,8	1,8
MSCI USA COML SVS/SUP	27,9	24,9	21,7	26,9	11,2	12,2	13,0	11,0	0,5	-1,3	0,2	-1,8	0,4	0,7	0,4	-1,6	9,2	6,2	6,2	0,6	0,5	1,1
MSCI USA TRANSP	18,0	15,9	14,5	17,4	20,6	13,0	9,8	17,8	1,9	3,3	0,7	1,6	0,7	-0,2	1,5	2,7	11,3	3,3	2,9	1,4	3,9	2,0
MSCI USA CONS DISCR	28,3	22,5	19,0	26,1	28,3	26,0	18,3	27,5	0,0	-3,0	-0,3	-0,9	-0,2	-0,4	-0,2	-2,1	13,7	11,2	8,5	-0,2	-0,2	2,0
MSCI USA AUTO & COMPO	32,5	27,0	24,4	30,4	50,6	20,1	10,7	37,5	3,7	2,8	3,1	3,2	4,3	-0,1	3,5	2,9	23,4	14,1	7,2	0,0	0,9	2,6
MSCI USA CONS DUR/APP	13,1	11,6	10,6	12,6	18,7	13,1	9,4	18,7	2,0	4,1	0,2	3,9	1,1	5,9	1,2	4,3	13,7	7,3	5,0	-0,2	0,6	1,7
MSCI USA CONS SVS	38,8	22,8	18,8	30,9	397,5	69,8	21,2	156,2	-1,9	-19,5	-1,4	-4,7	-1,1	-0,6	-1,7	-13,0	31,3	15,9	8,9	-0,5	-0,8	2,2
MSCI USA RETAILING	29,3	24,0	19,6	27,4	7,1	22,0	22,5	12,0	-1,5	-2,4	-1,2	-2,3	-1,6	-1,7	-1,4	-2,4	8,5	10,1	9,5	-0,2	-0,7	2,0
MSCI USA CONS STAPLES	22,6	21,0	19,5	21,9	4,4	7,3	7,6	5,5	-0,2	-0,5	-0,8	-1,1	-0,6	-0,5	-0,5	-0,8	6,2	3,6	3,6	0,8	2,0	2,4
MSCI USA FD/STAPLES RTL	24,8	22,9	21,1	23,8	10,8	8,3	8,8	8,2	0,2	0,9	-0,1	1,5	-0,2	1,2	0,0	1,4	6,8	4,6	4,1	0,3	1,2	1,3
MSCI USA FD/BEV/TOB	20,0	18,8	17,7	19,7	3,2	6,2	6,7	4,1	-0,1	-0,3	-0,7	-1,3	-0,4	-0,5	-0,3	-0,8	5,5	2,0	2,4	1,7	3,9	3,0
MSCI USA H/H PERS PRD	27,7	25,3	23,2	26,0	1,2	9,3	9,0	6,3	-1,0	-2,3	-1,7	-3,0	-1,4	-2,1	-1,6	-3,0	5,5	4,2	4,7	0,6	0,5	2,2
MSCI USA HEALTH CARE	16,6	16,3	15,1	16,5	7,4	1,8	7,5	5,4	-1,8	-1,5	-0,3	-1,8	0,1	-1,8	-1,3	-1,7	7,1	3,1	5,6	0,0	0,2	1,9
MSCI USA H/C EQ/SVS	21,0	18,5	16,4	20,2	-0,1	13,5	12,7	4,5	-3,3	-3,6	-1,0	-1,7	-0,9	-1,9	-2,5	-3,0	6,7	4,9	6,5	0,3	0,2	1,4
MSCI USA PHARM/BIOTEC	14,3	14,9	14,3	14,5	11,7	-4,3	4,4	5,9	-1,1	-0,4	0,1	-1,8	0,7	-1,8	-0,7	-0,9	8,6	-2,8	2,6	-0,8	0,1	2,3
MSCI USA FINANCIALS	13,0	11,4	10,2	12,5	-9,6	14,0	11,4	-2,2	0,5	-0,4	0,6	1,1	-0,1	-0,8	0,5	0,1	5,8	7,4	4,9	0,2	0,7	2,4
MSCI USA BANKS	10,6	9,1	8,2	10,0	-16,1	16,3	11,4	-6,5	1,9	1,0	1,8	2,1	-0,2	0,7	1,9	1,4	3,7	7,9	4,3	0,9	1,1	3,0
MSCI USA DIV FIN	15,0	13,5	12,1	14,5	-6,5	11,3	11,1	-0,8	-0,6	-2,2	-0,7	-0,6	-0,7	-2,9	-0,6	-1,6	5,4	8,7	5,4	-0,1	0,6	2,2
MSCI USA INSURANCE	14,2	12,3	10,8	13,5	0,4	14,9	12,0	5,2	-0,2	0,2	0,7	2,2	1,6	0,6	0,1	0,9	8,5	5,2	4,9	-0,1	0,6	1,8
MSCI USA REAL ESTATE	44,8	41,3	37,7	43,6	-12,2	8,4	9,6	-5,9	2,2	3,5	0,1	-1,5	0,2	-3,8	1,4	1,7	11,6	3,7	6,6	0,5	3,7	2,6
MSCI USA IT	23,7	21,1	19,1	22,2	12,9	12,4	10,2	11,8	-0,2	2,5	-0,2	2,4	-0,3	1,7	-0,2	2,5	12,1	8,7	7,6	0,0	2,0	1,1
MSCI USA S/W & SVS	30,0	25,8	22,0	27,5	13,5	16,5	16,8	14,3	-0,4	-1,2	-0,5	-0,8	-0,3	-0,6	-0,4	-0,9	15,2	12,9	12,9	-0,1	0,5	1,1
MSCI USA TCH H/W/EQ	21,9	20,4	19,5	21,0	10,8	7,3	4,8	8,5	-0,1	4,8	-0,2	3,9	-0,1	3,8	-0,2	4,3	7,1	4,5	3,8	0,0	1,8	0,9
MSCI USA COMM SERVICES	17,0	14,4	12,6	16,0	-4,2	17,4	14,5	2,6	-6,0	-8,7	-4,2	-7,3	-3,0	-7,2	-5,3	-8,2	8,0	8,1	8,3	0,3	-0,2	3,7
MSCI USA TELECOM	10,0	9,5	8,8	9,8	-15,7	5,2	7,5	-9,5	-6,7	-9,9	-7,4	-10,5	-5,4	-8,8	-6,9	-10,1	-11,2	-1,2	1,7	-5,5	-8,0	5,6
MSCI USA MEDIA & ENTER.	19,1	15,8	13,5	17,8	0,0	21,2	16,3	6,7	-5,8	-8,4	-3,3	-6,4	-2,4	-6,8	-4,9	-7,7	17,2	11,5	10,4	2,6	3,0	2,0
MSCI USA UTILITIES	20,7	19,1	17,7	20,1	6,2	8,4	7,8	7,1	0,3	-1,3	0,3	-1,2	0,3	-0,5	0,3	-1,2	-2,6	3,0	2,4	0,7	0,8	2,9

Source: IBES



BNP PARIBAS WEALTH MANAGEMENT  
CHIEF INVESTMENT ADVISOR (CIA) NETWORK



**Edmund SHING**

Global Chief Investment Officer

ASIA

**Prashant BHAYANI**

Chief Investment Officer

**Grace TAM**

Chief Investment Advisor

LUXEMBOURG

**Guy ERTZ**

Chief Investment Advisor

**Edouard DESBONNETS**

Investment Advisor, Fixed Income

ITALY

**Luca IANDIMARINO**

Chief Investment Advisor

BELGIUM

**Philippe GIJSELS**

Chief Investment Advisor

**Alain GERARD**

Investment Advisor, Equities

**Xavier TIMMERMANS**

Strategist Senior Investment, PRB

FRANCE

**Jean-Roland DESSARD**

Chief Investment Advisor

**Isabelle ENOS**

Investment Advisor

GERMANY

**Stephan KEMPER**

Investment Strategist

**Stefan MALY**

This marketing document is provided by the Wealth Management business of BNP Paribas, a French public limited company with a capital of € 2,499,597,122, registered office 16 bd des Italiens 75009 Paris - France, registered at RCS Paris under number 662,042,449, authorised in France, under the number 662,042,449, approved in France by the Autorité des Marchés Financiers (AMF). As a marketing document, it has not been produced in accordance with regulatory constraints to ensure the independence of investment research and is not subject to the prior transaction ban. It has not been submitted to the AMF or other market authority. This document is confidential and intended solely for use by BNP Paribas SA, BNP Paribas Wealth Management SA and companies of their Group ('BNP Paribas') and the persons to whom this document is issued. It may not be distributed, published, reproduced or revealed by recipients to other persons or reference to another document without the prior consent of BNP Paribas.

This document is for informational purposes only and does not constitute an offer or solicitation in any State or jurisdiction in which such offer or solicitation is not authorised, or with persons in respect of whom such offer, solicitation or sale is unlawful. It is not, and should under no circumstances be considered as a prospectus. The information provided has been obtained from public or non-public sources that can be considered to be reliable, and although all reasonable precautions have been taken to prepare this document, and, in the event of any reasonable precautions, the accuracy or omission of the document shall not be recognised. BNP Paribas does not certify and guarantees any planned or expected success, profit, return, performance, effect, effect or profit (whether from a legal, regulatory, tax, financial, accounting or other point of view) or the product or investment. Investors should not give excessive confidence in theoretical historical information relating to theoretical historical performance. This document may refer to historical performance; Past performance is not a guide to future performance.

without taking into account your personal situation, including your financial situation, risk profile and investment objectives. Before investing in a product, the investor must fully understand the risks, including any market risk associated with the issuer, the financial merits and the suitability of such products and consult its own legal, tax, financial and accounting advisers before making an investment decision. Any investor must fully understand the characteristics of the transaction and, if not otherwise provided, be financially able to bear the loss of his investment and want to accept such risk. The investor should remember that the value of an investment as well as the income from them may fall as well as rise and that past performance is not a guide to future performance. Any investment in a product described is subject to prior reading and to an understanding of the product documentation, in particular that which describes in detail the rights and duties of the investors and the risks inherent in an investment in that product. In the absence of any written provision, BNP Paribas does not act as an investor's financial adviser for its transactions.

The information, opinions or estimates contained in this document reflect the author's judgement on the day of his drafting; they must not be considered as authority or be substituted by anyone in the exercise of his or her own judgement and subject to change without notice. Neither BNP Paribas nor any BNP Paribas Group entity will be liable for any consequences that may arise from the use of the information, opinions or estimates contained in this document.

As a distributor of the products presented in this document, BNP Paribas may receive distribution fees on which you can obtain further information on specific request. BNP Paribas, its employees or Directors may hold positions in or relationship with their issuers.

By receiving this document you agree to be bound by the above limitations.

© BNP Paribas (2022). All rights reserved.

Pictures from Getty Images.

## DISCLAIMER

The information contained in this document has been drafted