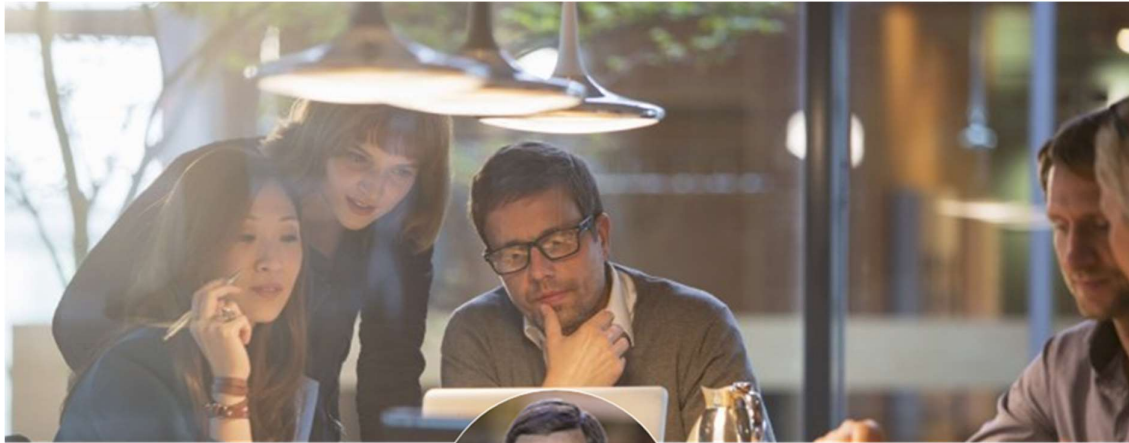


## SECTOR FOCUS

16 June 2020



**Alain GERARD**  
Senior Investment Advisor  
Equities

### AT A GLANCE:

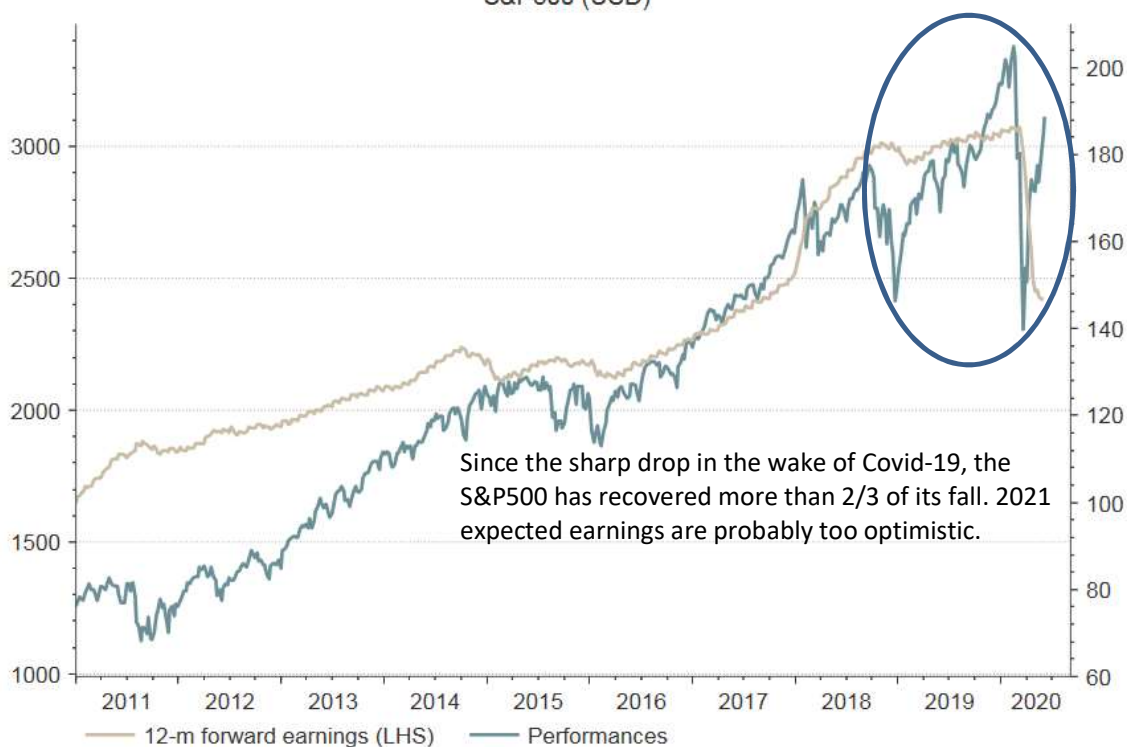
- **Newsflow on both the pandemic and the economy recovery has improved. Leading indicators are clearly on the rise and some normalisation is taking place in China. The same could happen quite soon in Europe. Eased lockdowns and renewed confidence among many economic players have continued to fuel the market rise, thus favouring a repositioning towards more cyclicity and towards laggard/'Value' style sectors.**
- **In our sector allocation, we recommend returning to cyclical/Value stocks by taking some profits on relatively expensive defensive growth stocks: we upgrade the materials sector from = to + and industrials from - to =. We still like insurers overall (+) because they are very cheap, as well as energy (European in particular) and certain technology segments (5G, AI, Europe).**
- **On the other hand we have downgraded the pharmaceutical sector from + to = (health care, however, remains positive) and we have also downgraded consumer staples from = to - following the recent rebound.**
- **Visibility is relatively low on some cyclical sectors showing high volatility. This prompts us to maintain a degree of caution, for example on banks and industrials (both on which we have neutral opinions; selectivity is still important here).**



**BNP PARIBAS**  
WEALTH MANAGEMENT

	SECTOR (MSCI level 1)	INDUSTRY (MSCI level 2)		
		+	=	-
+	Materials	Materials		
	Health Care	Biotech Health Care Equip't & Services	Pharmaceuticals	
	Energy	EU Energy	US Energy	
=	Technology	EU Tech Hardware EU Software & Services EU Semiconductors & Equip	US Tech Hardware US Software & Services US Semiconductors & Equip	
	Financials	Insurance	Banks & Divers. Fin.	
	Industrials		Commercial Services & Supplies Infrastructure Capital Goods Transportation	
	Consumer Discretionary		Consumer Durables & Apparel (Luxury goods) Consumer Services Retail Automobile & Components	
	Communication Services		Telecom Media	
	Utilities		Utilities	
	Real Estate		Real Estate	
	Consumer Staples			HPC Food & Beverage Food Retail

### Earnings vs. performances S&P500 (USD)

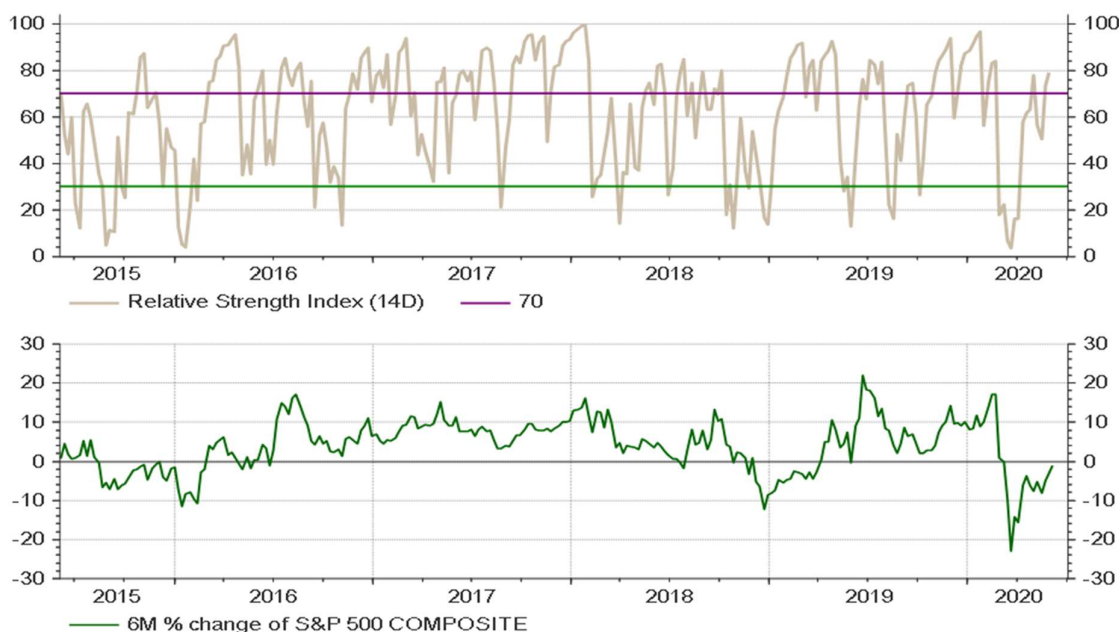


Source: Refinitiv Datastream, 28/05/2020



**BNP PARIBAS**  
WEALTH MANAGEMENT

S&P500: from overbought (January) to oversold (March), before breaking resistances & overbought again



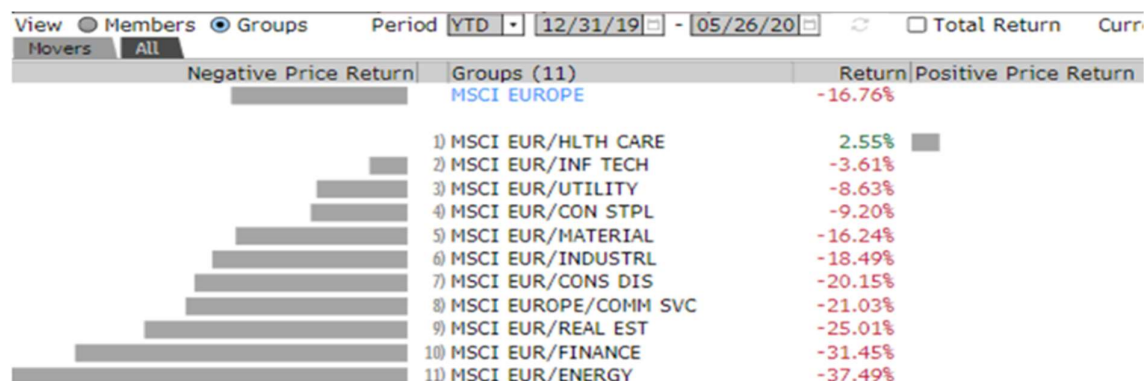
Source: Refinitiv Datastream, 28-05-20

**The improving economy is encouraging us to return to cyclical and 'Value' stocks. But we recommend sticking with the strongest companies as they are more likely to withstand the crisis. This month (June):**

- **We upgrade**
  - **Materials** from neutral to positive
  - **Industrials** from negative to neutral
- **On the other hand, we downgrade**
  - **Pharmaceuticals** from positive to neutral
  - **Consumer Staples** from neutral to negative

### **Explanations:**

These recommendation changes are part of the sector rotation we advocate at the moment: we favour quality Value and Cyclical by reducing, if necessary, and/or taking some profits on defensive and growth stocks. Cyclical/Value sectors are real laggards this year. Here, for example, is the case of Europe:



**BNP PARIBAS**  
WEALTH MANAGEMENT

1. **Materials upgraded from Neutral to Positive:** we believe that this sector is ideal to play our repositioning towards quality cyclical stocks. There is indeed a great deal of discipline in the management of balance sheets and investments in recent years. These are strong and, compared with other cyclical sectors, cash flows and dividends generally look relatively better covered. The sector has already recovered nicely along with the rest of the equity markets, and we believe there is still some potential. Economic indicators are likely to continue to improve, and this sector is highly correlated to these, as to China, which is a major importer of raw materials and other basic materials. The economic recovery in China is very apparent and arguably, the prelude to what is going to happen in Europe and North America. Gigantic government stimulus plans should also directly, and indirectly, support materials (used in construction, housing, glass and steel for automobiles, etc.). Finally, with the return of risk appetite on the financial markets and the US dollar having begun a downward trend (it seems less necessary to favour this 'safe-haven' currency), raw materials should continue to rise, as should the materials sector.
2. **Industrials upgraded from negative to neutral:** the health crisis seems fairly under control in the Western world, even though at the moment some doubts have resurfaced about lockdown easing measures having been taken a little too hastily in some American states. However, leading trend indicators are clearly improving and industrials are obviously correlated to these. We believe that this strong recovery should support the sector. China's experience has shown that most industries can resume operations quite quickly, and we expect the same thing to happen in Europe and the US. However, we recommend selectivity within this sector as visibility remains low and the risk is high for many segments, particularly aerospace. It is also better to stay with the most solid companies because restructuring, recapitalisations and even bankruptcies are expected. This is why our recommendation upgrade does not exceed neutral. Among the broad industrial sectors, we consider that the **automobile sector** is too heavily discounted at present (note that, strictly speaking, this industry is included in the MSCI consumer discretionary indices). There are good opportunities to buy on dips, but be aware of the very high volatility presently.
3. **Pharmaceuticals downgraded from positive to neutral:** a tactical call. Our short-term preference is for cyclicals, which should outperform in our scenario of an accelerated economic improvement. Some pharmaceuticals hit new highs in April/May, given their good fundamentals and the need to support the sector in order to stem the health crisis and to be able to respond more quickly when new diseases emerge. But a pause for breath is needed for pharmaceuticals even though we consider that they still have medium- to long-term potential and are not very expensive (price to earnings ratio 2021: around 16x for Europe and 14x for the US). Hence our still positive view on the health care sector in general. In addition, potential seems even greater for a range of biotechs, medtechs (with their business normalising following easing lockdowns) and other 'health care technology innovators.'
4. **The consumer staples sector has been downgraded from neutral to negative:** it had also fallen during the general dislocation of the equity market in March, while some segments (especially food stores, but also HPC, 'healthy' food, snacks, etc. - see our 'Stay at home' theme) were expected to perform very well during the health crisis. There were fewer reasons to remain negative. Now, following its rebound with the rest of the market and following the end of lockdowns, the sector is once again fairly valued (price to earnings ratios around 18x) and is likely to underperform during the current economic recovery.



### Current recommendations:

#### Sectors on which we are positive:

- **Materials (from = to +):** see above
- **Health care, especially med tech, biotechs and other health care technologies, favouring promising small- and medium-sized companies:** see above, notably the recommendation downgrade from + to = for pharma.
- **The energy sector, in particular European oil majors (+), remains cheap despite the recent rise, especially as we expect oil prices to continue to rise by the end of 2020 to a range of USD 45 - 55.** Few measures have been taken to support the US oil and gas industry following the double black swan at the beginning of the year (Covid-19 & political tensions between Russia and Saudi Arabia leading to a collapse in oil prices). As a result, many derricks and platforms have interrupted production, thereby reducing supply in an accelerated manner. The shale oil and gas industry is particularly suffering now with for instance the American company Chesapeake likely to go bankrupt. Conversely, demand is recovering rapidly with lockdown measures easing and economic activities restarting. As a result, oil quickly rose above USD 40 in early June before consolidating somewhat. Even if challenges persist (especially the ecological transition), we believe that the restructurings under way will support the sector. Of course, we need to be more selective now following the recent rally of many stocks, and our preference remains for the strongest players in the sector in view of the context. **The European Majors (+) have little exposure to shale oil & gas and display stronger balance sheets.**

#### Sectors on which we are neutral:

- **Financials:** In early March, we became more cautious in general on financials (=) due to the looming economic crisis. While, as previously explained, US banks will face bankruptcies in the energy sector (e.g. Chesapeake, which is expected to file for bankruptcy in the US) and other sectors, many consumers will be unable to repay their loans or credit card bills. Generally-speaking, interest rates remain very low. Before turning more positive on banks, we need to see a more sustainable economic recovery leading to a pick-up in inflation and higher yields and interest rates, which would provide a much more favourable backdrop for the banking sector. European banks (=) are also suffering from the ECB's decision to prohibit the payment of dividends in the spring (see our Strategy Flash on our general expectations for dividend payments). And there are now ongoing discussions in the ECB's risk committee to refuse all payments in 2020! Although this is probably temporary, European banks have just lost one of their main attractions. Visibility on dividends has deteriorated and some banks may indeed be tempted to 'reset' their dividends structurally at a lower level. Finally, events in Hong Kong and the Brexit saga are making the UK banks less attractive. Therefore, we still recommend selectivity by favouring the strongest banks in the US and in the eurozone core countries.

**Among financials, we prefer the insurance sector (+)** which, at the market trough this year, was 40% lower (way too much, in our view) before many companies and analysts confirmed the strength of the sector. Solvency has in some cases doubled (from around 100% to 200%) over the past 12 years! P/E 2021 ratios in Europe are now around 8x for insurance against 15x for the market, and in the US: 10x against 19x. In Europe, insurers' dividend yields look relatively safe at around 6% (although many dividends are likely to be paid only at the end of the year).





There are indeed some doubts about potential compensation of businesses hurt by the crisis. But we believe these claims are unlikely to significantly hit insurers' profits, and certainly not their strong balance sheets. In addition, these disputes could take years before they are settled. On the other hand, given the new risks involved, there are new opportunities to raise prices or even to develop new 'Covid' or 'pandemic' insurance.

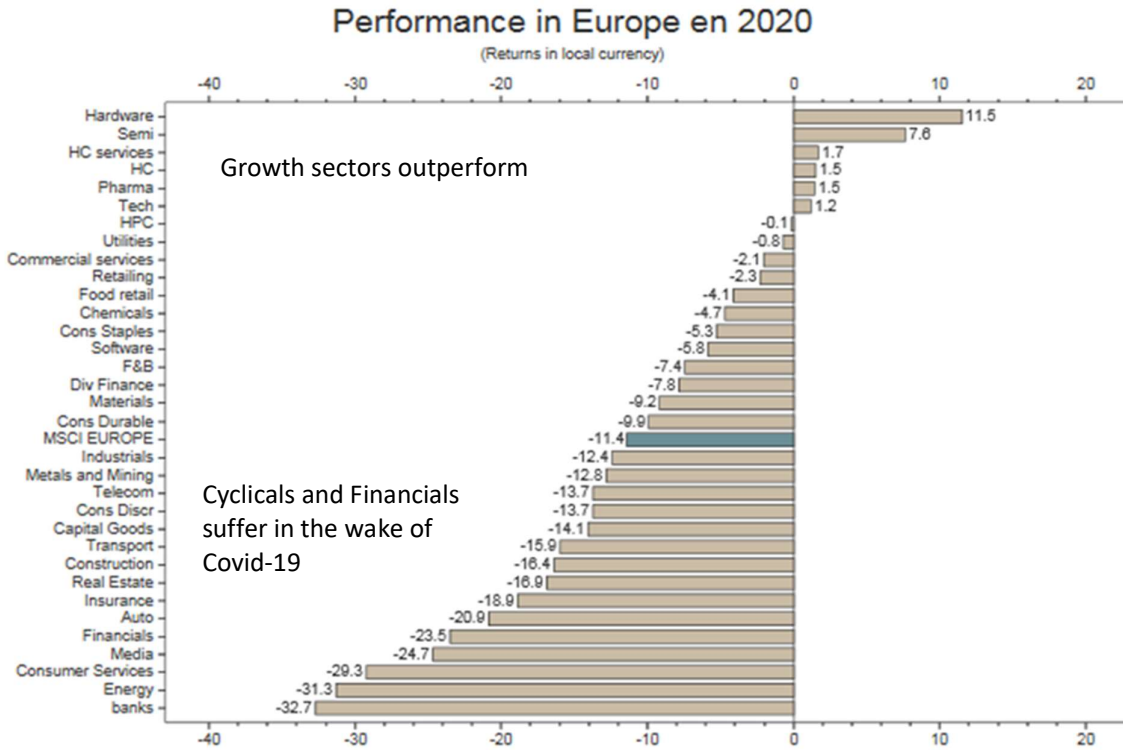
- **Industrials (from - to =): see above**
- **Technology: we continue to favour Europe (+) and the 5G and Artificial Intelligence (AI) themes:** European technology is still abnormally discounted relative to the US. This is particularly true given that some debates and disputes are regularly reappearing in the United States about the power and unsocial attitude of some Tech Giants. More control and regulation could emerge in the coming years to counter abuse and allow healthier competition.  
Moreover, lockdowns have shown some benefits of teleworking and have led to an accelerated boom in online leisure and shopping. But all this requires better connections to the internet and many other IT developments. In addition, in the treatment of new diseases, medical and pharmaceutical research requires much more powerful and faster data exchange and treatment capabilities. This is another supporting factor for these technologies.
- **The consumer discretionary sector (neutral opinion) is also suffering, but the impact of the current crises on final consumption remains difficult to estimate. As mentioned several times, this is a very heterogeneous sector.** It also offers several 'big winners' of the new consumer trends. In the short term, we continue to recommend caution on traditional leisure-related stocks (restaurants, cinemas, theme parks, etc.). and on travel in general.  
**Now we prefer the automobile sub-sector, which is very heavily discounted,** while the e-commerce sector is likely to consolidate somewhat after the recent good performances. **In general, it is important to be selective and we favour a more thematic approach to this sector.**
- **Similarly, for communication services, utilities and real estate (neutral opinions), we recommend selectivity and/or a thematic approach.**

Sector on which we are negative:

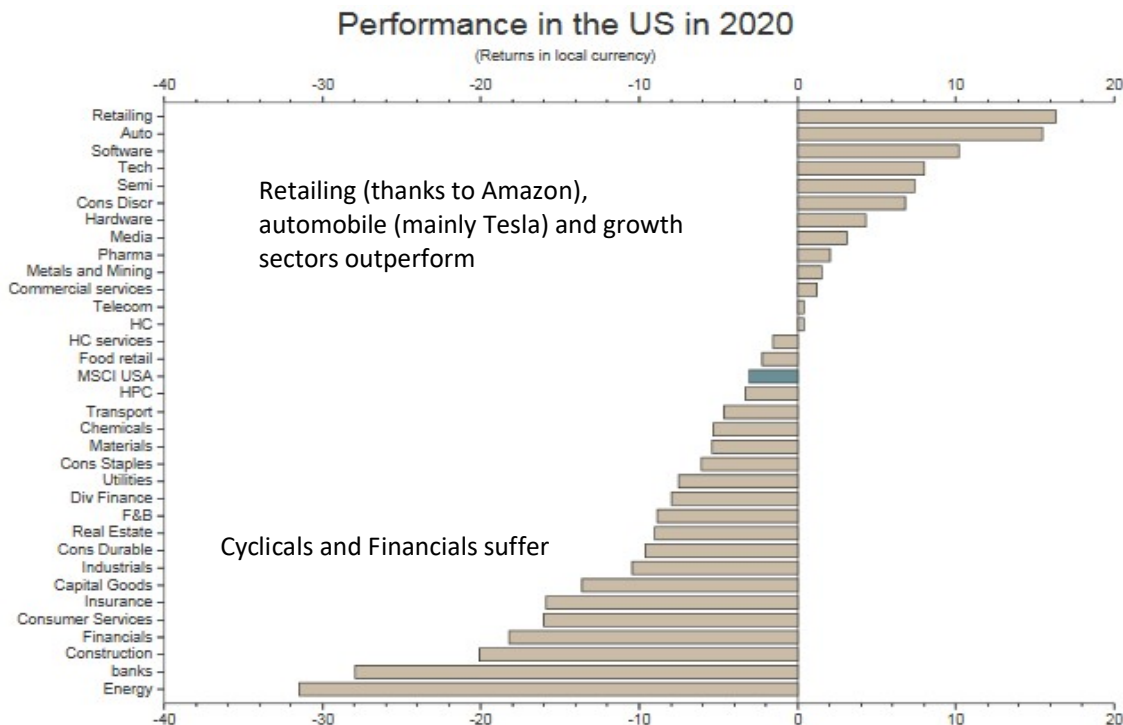
**Consumer Staples (from = to -): see above.**



## What sectors are doing well so far in 2020? (performance as at 4 June 2020)



Source: Refinitiv Datastream, 04/06/2020



Source: Refinitiv Datastream, 04/06/2020












**BNP PARIBAS**  
WEALTH MANAGEMENT

## Sector performance in the US and Europe

	26/05/2020		MSCI USA (in \$)		MSCI EUROPE (in LC)	
			-3M	YTD	-3M	YTD
<b>MSCI Zone</b>			-3,7	-6,8	-14,2	-16,8
<b>Energy</b>			-17,2	-34,8	-26,5	-37,5
<b>Materials</b>			-2,9	-11,7	-9,7	-16,2
<b>Industrials</b>			-12,7	-16,8	-15,6	-18,5
<b>Consumer Discretionary</b>			3,9	3,3	-13,4	-20,2
<b>Consumer Staples</b>			-6,8	-8,8	-7,8	-9,2
<b>Health Care</b>			3,3	-1,6	0,7	2,6
<b>Financials</b>			-19,4	-25,4	-28,5	-31,5
<b>Information Technology</b>			4,5	5,3	-4,6	-3,6
<b>Communication Services</b>			1,2	-0,8	-19,1	-21,0
<b>Utilities</b>			-15,6	-12,7	-18,5	-8,6

## Relative sector performance for the US and Europe (as at 4 June 2020)

	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	4/06/2020
 TOP	Materials	Com. Services	Utilities	Financials	Health Care	IT	Energy	Utilities	Com. Services	Health Care	Energy	IT	Financials
	4.9%	2.0%	6.9%	2.9%	2.9%	1.8%	3.0%	6.2%	1.8%	8.8%	17.0%	2.5%	6.1%
	Energy	IT	Cons. Staples	Utilities	IT	Health Care	IT	IT	Health Care	Cons. Staples	Cons. Discr.	Materials	Energy
	2.2%	1.9%	3.5%	2.5%	1.7%	1.6%	1.3%	3.8%	1.7%	7.2%	8.5%	1.9%	5.0%
	IT	Financials	Health Care	Energy	Com. Services	Financials	Health Care	Cons. Discr.	Cons. Discr.	IT	Materials	Com. Services	Industrials
	1.9%	1.2%	1.2%	2.0%	0.9%	1.4%	0.5%	1.5%	0.9%	3.6%	2.0%	0.9%	3.6%
	Cons. Discr.	Cons. Staples	Cons. Discr.	Materials	Financials	Industrials	Utilities	Com. Services	IT	Utilities	Com. Services	Industrials	Materials
	0.8%	0.9%	0.3%	1.5%	0.0%	0.7%	0.4%	0.7%	0.8%	2.5%	1.0%	0.7%	3.0%
	Industrials	Cons. Discr.	Com. Services	Industrials	Industrials	Com. Services	Cons. Discr.	Cons. Staples	Cons. Staples	Com. Services	IT	Cons. Discr.	Cons. Discr.
	0.7%	-0.5%	0.2%	1.0%	-1.2%	-0.1%	0.2%	0.1%	0.0%	0.3%	0.8%	0.7%	0.2%
 WORST	Health Care	Industrials	IT	Cons. Staples	Cons. Discr.	Materials	Materials	Industrials	Materials	Cons. Discr.	Health Care	Utilities	Utilities
	-0.3%	-0.9%	-0.3%	0.0%	-1.5%	-0.6%	0.1%	-0.3%	-0.3%	-1.0%	-0.2%	-0.8%	-1.0%
	Financials	Utilities	Industrials	IT	Materials	Cons. Discr.	Financials	Financials	Industrials	Materials	Financials	Health Care	IT
	-0.4%	-1.9%	-0.8%	-0.3%	-2.0%	-2.1%	-0.3%	-2.6%	-0.7%	-1.6%	-3.3%	-1.4%	-1.2%
	Cons. Staples	Materials	Materials	Cons. Discr.	Cons. Staples	Energy	Cons. Staples	Health Care	Utilities	Industrials	Industrials	Financials	Com. Services
	-1.8%	-1.9%	-1.3%	-1.0%	-2.3%	-2.1%	-0.5%	-2.8%	-1.9%	-6.3%	-3.9%	-2.2%	-1.4%
	Com. Services	Health Care	Financials	Com. Services	Utilities	Cons. Staples	Com. Services	Materials	Financials	Financials	Cons. Staples	Energy	Cons. Staples
	-2.8%	-3.1%	-3.2%	-1.6%	-3.0%	-2.5%	FALSE	-6.4%	-3.2%	-9.3%	-6.3%	-3.3%	-1.7%
	Utilities	Energy	Energy	Health Care	Energy	Utilities	Industrials	Energy	Energy	Energy	Utilities	Cons. Staples	Health Care
	-3.8%	-3.4%	-6.3%	-2.2%	-4.5%	-5.7%	-3.1%	-11.1%	-6.4%	-22.4%	-9.7%	-3.7%	-3.7%
MSCI USA	7.0%	1.5%	-1.7%	1.8%	2.2%	3.8%	2.9%	0.2%	-8.2%	-12.7%	13.2%	5.2%	2.2%
	Jun 19	Jul 19	Aug 19	Sep 19	Oct 19	Nov 19	Dec 19	Jan 20	Feb 20	Mar 20	Apr 20	May 20	4/06/2020
 TOP PERFORMERS	Materials	Cons. Staples	Utilities	Financials	Cons. Discr.	IT	Utilities	Utilities	Utilities	Health Care	IT	Materials	Financials
	3.4%	2.5%	4.9%	4.6%	2.7%	3.1%	2.0%	10.1%	5.7%	12.1%	3.8%	3.3%	5.1%
	Cons. Discr.	Cons. Discr.	Cons. Staples	Energy	Industrials	Industrials	Financials	Health Care	IT	Cons. Staples	Health Care	Industrials	Energy
	3.2%	0.9%	4.6%	2.3%	2.6%	1.4%	1.4%	2.7%	2.8%	9.4%	3.2%	3.3%	3.6%
	Industrials	Utilities	Health Care	Utilities	IT	Health Care	Materials	Cons. Staples	Health Care	Materials	Cons. Discr.	IT	Industrials
	2.0%	0.9%	4.1%	0.7%	1.1%	1.1%	1.2%	1.9%	1.6%	2.4%	3.0%	2.7%	2.0%
	IT	Health Care	Com. Services	Materials	Financials	Materials	Cons. Discr.	IT	Com. Services	IT	Materials	Utilities	Cons. Discr.
	1.8%	0.9%	2.1%	0.6%	1.0%	0.9%	0.2%	1.4%	0.4%	1.7%	1.8%	2.5%	1.1%
	Health Care	Com. Services	Industrials	IT	Health Care	Cons. Discr.	IT	Industrials	Financials	Energy	Industrials	Cons. Discr.	Materials
	1.0%	0.6%	0.3%	0.2%	0.8%	0.1%	-0.1%	1.1%	-0.4%	0.0%	0.5%	1.7%	0.8%
 WORST	Utilities	IT	Cons. Discr.	Com. Services	Materials	Financials	Health Care	Com. Services	Cons. Staples	Com. Services	Cons. Staples	Com. Services	Com. Services
	-0.4%	0.4%	-1.7%	-0.3%	0.7%	-0.2%	-0.2%	-0.1%	-0.4%	-1.7%	0.1%	0.2%	0.2%
	Energy	Industrials	Materials	Industrials	Utilities	Cons. Staples	Energy	Financials	Cons. Discr.	Utilities	Com. Services	Health Care	IT
	-0.6%	-0.4%	-2.4%	-0.4%	-1.0%	-1.1%	-0.4%	-1.8%	-0.6%	-2.5%	-1.9%	-1.1%	-0.1%
	Financials	Energy	IT	Cons. Discr.	Com. Services	Energy	Industrials	Cons. Discr.	Industrials	Cons. Discr.	Financials	Cons. Staples	Utilities
	-1.4%	-1.2%	-2.6%	-0.4%	-1.0%	-2.1%	-0.5%	-3.0%	-0.9%	-4.7%	-2.5%	-2.1%	-0.3%
	Com. Services	Financials	Financials	Health Care	Energy	Com. Services	Cons. Staples	Materials	Materials	Industrials	Utilities	Financials	Cons. Staples
	-2.6%	-1.7%	-3.9%	-2.1%	-4.3%	-2.6%	-1.1%	-4.1%	-1.0%	-6.0%	-4.0%	-2.7%	-3.3%
	Cons. Staples	Materials	Energy	Cons. Staples	Cons. Staples	Utilities	Com. Services	Energy	Energy	Financials	Energy	Energy	Health Care
	-3.0%	-3.0%	-5.8%	-4.2%	-4.5%	-2.8%	-3.7%	-6.1%	-5.3%	-9.8%	-10.3%	-4.5%	-5.3%
MSCI Europe	4.6%	0.7%	-1.7%	3.1%	0.5%	2.3%	1.7%	-1.6%	-8.0%	-13.5%	5.6%	4.0%	4.7%

	Cyclical stocks
	Defensive stocks
	Financial stocks



**BNP PARIBAS**  
WEALTH MANAGEMENT



## Sector overview

Price index - in €	1/06/2020																					
	PE				EPS Growth - %				1m / 3m % Δ in EPS				Sales growth - %			1m / 3m % Δ in Sales		Divid end yield (%)				
	2020	2021	2022	12m fwd	2020	2021	2022	12m fwd	2020	2021	2022	12m fwd	2020	2021	2022	2020						
MSCI EUROPE (€) (*)	18.3	13.9	12.0	16.2	-27.2	31.4	15.9	-6.7	-9.6	-33.0	-25.6	-18.9	-2.5	-13.4	-18.1	-26.8	-8.5	7.1	4.73	-2.2	-10.82	3.5
(*) EU15 + Switzerland + Norway																						
MSCI UK (€)	16,5	12,5	10,6	14,6	-34,5	32,1	17,5	-12,8	-10,1	-37,2	-5,1	-22,5	-2,6	-15,5	-7,8	-30,9	-13,9	8,9	7,1	-2,3	-15,1	5,0
MSCI Switzerland (CHF)	20,0	17,2	15,7	18,8	-8,4	16,4	9,7	1,1	-3,7	-15,7	-1,5	-9,6	-1,3	-7,8	-2,8	-13,1	-8,9	5,8	3,8	-0,6	-6,4	2,9
MSCI Germany	18,4	12,7	10,7	15,3	-24,7	45,3	18,1	2,0	-12,1	-35,2	-4,2	-16,4	-1,8	-9,9	-8,0	-26,4	-3,9	6,5	3,7	-3,1	-8,6	3,4
MSCI France	18,4	13,3	11,4	15,8	-30,6	37,9	16,4	-7,4	-10,5	-38,1	-4,5	-21,7	-2,3	-15,5	-7,6	-30,9	-9,9	7,5	4,0	-1,6	-12,2	2,6
MSCI Spain	14,3	11,3	9,8	12,9	-33,0	26,3	15,2	-13,8	-16,4	-41,6	-10,2	-28,9	-3,9	-21,7	-13,6	-36,3	-8,5	4,9	2,4	-2,1	-10,6	5,2
MSCI The Netherlands	20,2	16,9	14,6	18,8	-10,4	19,3	16,3	1,0	-3,6	-18,6	-3,1	-13,2	-2,0	-10,3	-3,4	-16,2	1,1	4,6	3,5	0,7	-4,1	2,2
MSCI Belgium	17,2	14,0	12,3	15,7	-33,7	22,8	12,4	-15,6	-12,3	-33,6	-7,0	-23,2	-5,3	-20,9	-9,9	-29,1	-12,3	4,3	-7,0	-2,5	-9,0	3,1
MSCI EUROPE ENERGY	32,2	12,1	8,1	19,0	-74,4	166,2	49,4	-37,2	-19,2	-78,0	-5,7	-46,8	-2,4	-26,9	-10,8	-64,3	-29,0	18,7	10,1	-2,5	-29,4	9,2
MSCI EUROPE MATERIALS	18,8	14,7	13,5	16,9	-26,6	27,9	9,0	-7,2	-8,2	-30,8	-4,8	-18,5	-2,7	-17,5	-6,5	-25,7	-10,5	6,9	4,0	-2,2	-11,6	3,7
MSCI EUROPE INDUSTRIALS	22,5	15,9	13,7	19,1	-35,2	41,9	15,7	-9,9	-13,5	-39,2	-6,2	-22,1	-4,1	-18,3	-10,1	-31,6	-12,3	7,6	4,1	-4,8	-14,5	2,4
MSCI EUROPE CAP GDS	20,1	15,2	13,0	17,6	-31,7	32,4	16,5	-9,8	-10,3	-35,2	-5,4	-22,9	-4,0	-19,2	-8,2	-29,8	-13,1	6,6	4,2	-4,8	-14,5	2,5
MSCI EUROPE COMLSVS/SUP	24,0	19,7	18,1	22,1	-16,5	21,4	9,0	-2,9	-7,8	-22,3	-4,4	-11,9	-2,3	-11,6	-6,3	-17,9	-9,4	7,2	4,1	-2,5	-11,4	1,9
MSCI EUROPE TRANSP	92,4	15,9	13,3	30,1	-84,2	480,6	19,4	-23,5	-66,1	-86,2	-13,5	-27,6	-7,4	-20,1	-33,1	-59,4	-10,5	12,9	3,5	-6,5	-16,8	2,3
MSCI EUROPE CONS DISCR	30,0	14,7	11,7	20,9	-54,1	103,4	25,7	-13,3	-29,5	-60,5	-8,8	-27,3	-3,8	-15,7	-18,2	-45,6	-14,4	12,0	6,4	-4,3	-16,3	2,1
MSCI EUROPE AUTO & COMPO	18,5	7,3	5,4	11,3	-65,0	154,7	33,6	-21,0	-39,0	-70,2	-9,9	-29,7	-3,2	-12,1	-22,9	-52,5	-14,6	10,4	5,3	-3,5	-15,0	3,1
MSCI EUROPE CONS DUR/APP	29,7	20,4	17,9	25,2	-32,4	45,5	14,2	-7,4	-13,8	-41,4	-6,4	-23,3	-5,9	-19,7	-10,2	-33,9	-11,7	13,4	6,6	-4,1	-17,2	1,6
MSCI EUROPE CONS SVS	63,6	16,6	13,5	24,3	-79,0	283,9	22,8	2,0	-59,4	-80,7	-14,4	-34,1	-2,7	-26,4	-26,6	-52,7	-19,6	16,3	12,1	-9,1	-23,3	2,5
MSCI EUROPE RETAILING	58,2	27,1	20,6	41,7	-47,8	114,8	31,6	-9,8	-28,4	-57,1	-7,0	-22,5	-0,7	-7,4	-18,2	-43,2	-10,8	16,6	7,4	-5,4	-16,1	2,5
MSCI EUROPE CONS STAPLES	19,5	17,7	16,5	18,6	-6,4	10,2	7,6	1,4	-2,5	-10,7	-1,6	-8,2	-1,3	-8,1	-2,2	-9,5	-1,7	3,2	2,7	-0,9	-3,7	3,0
MSCI EUROPE FD/STAPLES RTL	13,5	12,5	11,7	13,1	-1,8	7,7	6,0	1,5	-3,3	-4,2	-1,3	-3,4	-0,3	-5,4	-2,8	-4,2	0,7	1,4	1,1	-0,7	-1,7	3,3
MSCI EUROPE FD/BEV/TOTL	19,8	17,8	16,4	18,8	-7,7	11,5	8,0	1,8	-2,7	-12,6	-1,8	-9,4	-1,4	-9,4	-2,3	-11,0	-5,0	4,9	3,9	-1,3	-6,6	3,2
MSCI EUROPE H/H PERS PRD	21,4	19,9	18,6	20,7	-4,6	7,3	6,9	0,2	-1,6	-7,4	-1,4	-6,5	-1,5	-5,4	-1,5	-7,0	-0,2	4,1	3,6	-0,6	-2,5	2,5
MSCI EUROPE HEALTH CARE	18,3	16,3	14,7	17,4	2,0	11,7	10,9	6,1	-0,1	-3,3	0,0	-2,3	0,1	-2,4	0,0	-2,9	4,3	5,5	5,1	0,1	-0,8	2,7
MSCI EUROPE H/C EQ/SVS	25,8	21,4	19,1	23,8	-8,5	20,9	11,9	2,8	-4,3	-14,2	-2,1	-7,7	-2,3	-8,0	-3,4	-11,4	3,0	7,0	5,6	-0,7	-2,9	1,4
MSCI EUROPE PHARM/BIOEC	17,4	15,7	14,2	16,7	3,4	10,7	10,8	6,5	0,4	-1,9	0,3	-1,5	0,5	-1,7	0,4	-1,7	4,7	5,1	5,0	0,3	-0,2	2,9
MSCI EUROPE FINANCIALS	11,4	8,6	7,3	10,0	-34,9	33,1	17,6	-13,3	-15,0	-38,7	-57,6	-23,0	-3,8	-15,1	-43,0	-31,9	-3,5	2,3	3,9	-1,1	-3,2	4,9
MSCI EUROPE BANKS	11,3	7,7	6,3	9,5	-51,9	47,9	22,4	-26,4	-23,6	-52,6	-74,3	-32,7	-4,4	-20,4	-62,0	-44,2	-6,4	1,6	1,7	-2,0	-6,4	5,2
MSCI EUROPE DIV FIN	18,8	14,0	11,0	16,6	-23,8	34,1	28,9	-3,3	-9,6	-34,5	-3,9	-23,2	-7,6	-20,2	-7,6	-29,3	-4,6	-2,1	8,1	-4,2	-7,2	2,5
MSCI EUROPE INSURANCE	9,0	7,6	7,1	8,4	-8,0	18,5	7,8	2,5	-6,8	-16,9	-1,9	-6,7	-1,4	-4,0	-4,6	-12,5	-1,5	3,9	4,4	0,2	-0,3	6,1
MSCI EUROPE REAL ESTATE	14,9	13,4	12,9	14,3	-6,5	10,6	3,9	-0,5	-3,2	-11,5	-0,3	-5,4	-0,2	-3,7	-2,1	-9,2	0,3	3,9	3,2	-2,5	-6,0	4,9
MSCI EUROPE IT	25,8	19,8	17,1	22,8	-11,2	30,0	15,9	6,0	-4,7	-20,8	-2,8	-11,3	-1,0	-8,9	-3,7	-16,2	0,0	9,1	6,3	-1,4	-5,9	1,1
MSCI EUROPE S/W & SVS	23,1	19,0	16,8	21,2	-12,5	21,3	13,1	0,7	-2,5	-18,2	-2,3	-11,4	-1,7	-10,4	-2,5	-15,2	0,5	9,4	7,0	-1,3	-5,7	1,4
MSCI EUROPE TCH H/W/EQ	19,9	16,0	14,1	18,1	0,9	24,4	13,0	10,5	-2,5	-11,3	-2,5	-6,1	0,0	-3,2	-2,5	-9,0	-0,1	4,3	2,9	-1,7	-3,7	0,7
MSCI EUROPE COMM. SERVICES	13,6	11,8	10,6	12,9	-8,5	15,2	11,2	0,7	-5,6	-17,7	-4,2	-12,6	-3,7	-12,7	-5,1	-15,8	-1,3	2,5	1,0	-0,2	-2,7	5,1
MSCI EUROPE TELECOM	13,0	11,8	10,8	12,6	-1,2	10,5	9,4	3,3	-3,9	-11,1	-4,0	-9,8	-3,9	-10,2	-4,0	-10,8	0,2	1,5	0,6	0,1	-1,1	5,3
MSCI EUROPE MEDIA & ENTER.	15,9	12,0	10,2	14,1	-28,3	32,5	16,9	-7,2	-11,3	-35,7	-5,0	-20,4	-3,1	-19,9	-8,4	-29,4	-6,4	6,0	2,7	-1,0	-8,3	4,2
MSCI EUROPE UTILITIES	14,8	13,6	12,9	14,2	6,1	8,8	5,6	7,2	-1,9	-7,9	-0,8	-5,5	-0,9	-5,2	-1,4	-6,9	15,0	4,4	1,8	-1,5	-1,4	4,6

1/06/2020	PE				EPS Growth - %				1m / 3m % Δ In EPS				Sales growth - %			1m / 3m % Δ In Sales	Divid end yield (%)					
	2020	2021	2022	12m fwd	2020	2021	2022	12m fwd	2020	2021	2022	12m fwd	2020	2021	2022	2020						
MSCI USA	24.2	18.9	16.2	21.5	-21.4	28.4	16.7	-2.6	-6.3	-27.3	-2.9	-16.5	-1.69	-12.2	-4.73	-22.4	-5.0	8.7	6.7	-2.1	-9.4	2.5
MSCI USA ENERGY	NA	40.3	16.6	159.5	-110.1	NA	142.4	-83.3	NA	-108.6	-6.7	-72.6	-2.4	-42.4	-30.3	-92.7	-28.7	14.2	14.9	-4.4	-31.2	5.5
MSCI USA MATERIALS	22.6	17.6	15.6	20.2	-20.9	28.4	13.0	-2.6	-7.9	-25.4	-5.3	-16.6	-4.3	-15.2	-6.6	-21.4	-8.2	6.5	4.3	-3.3	-10.1	2.4
MSCI USA INDUSTRIALS	24.6	17.6	14.9	21.1	-34.0	39.6	17.8	-8.4	-11.7	-39.2	-7.7	-26.7	-5.7	-22.3	-9.8	-33.7	-11.9	8.5	6.0	-2.9	-14.0	2.2
MSCI USA CAP GDS	22.2	16.7	14.1	19.5	-33.6	33.2	18.2	-9.3	-11.7	-37.6	-8.5	-28.9	-6.0	-24.3	-10.2	-33.6	-12.9	8.1	6.1	-3.7	-14.3	2.3
MSCI USA COML SVS/SUP	31.3	26.6	23.2	29.2	-13.8	17.6	14.4	-2.6	-4.6	-20.0	-3.0	-15.6	-2.4	-12.9	-3.9	-18.2	-7.6	6.7	5.2	-0.9	-11.2	1.3
MSCI USA TRANSP	31.5	17.2	14.7	23.7	-43.6	83.6	17.4	-7.7	-15.8	-52.3	-6.7	-23.1	-5.6	-18.1	-10.8	-39.5	-10.2	10.5	6.0	-0.9	-13.6	2.3
MSCI USA CONS DISCR	55.7	28.0	22.2	39.8	-51.9	99.2	26.3	-13.5	-30.1	-57.0	-8.9	-25.2	-3.8	-16.1	-19.2	-43.0	-6.0	14.3	8.3	-2.5	-11.8	1.7
MSCI USA AUTO & COMPO	NA	18.1	13.0	61.7	-116.1	NA	39.2	-56.2	-213.5	-114.0	-9.3	-40.3	-3.2	-23.0	-48.1	-81.3	-17.4	19.3	5.7	-4.0	-19.7	0.4
MSCI USA CONS DUR/APP	23.6	17.7	14.8	21.4	-26.4	33.5	19.4	-7.3	-14.7	-37.6	-8.1	-25.2	-4.9	-18.1	-12.3	-33.3	-7.8	9.3	6.6	-4.2	-13.8	1.9
MSCI USA CONS SVS	248.8	29.7	21.0	57.2	-92.3	738.2	41.6	-41.9	-80.5	-92.9	-24.4	-47.5	-13.9	-32.9	-44.3	-70.9	-28.0	29.0	11.4	-12.1	-31.2	1.8
MSCI USA RETAILING	48.8	32.1	26.3	40.7	-25.8	52.2	22.1	-1.3	-17.9	-32.9	-4.4	-12.5	-0.4	-7.3	-11.7	-24.3	3.4	11.7	9.0	0.0	-4.6	1.8
MSCI USA CONS STAPLES	20.2	18.6	17.2	19.4	-2.7	8.8	7.8	3.0	-3.1	-7.6	-1.8	-6.2	-2.0	-6.1	-2.4	-6.8	1.1	2.9	4.1	-0.7	-2.1	3.1
MSCI USA FD/STAPLES RTL	21.9	20.3	18.8	20.9	-3.2	8.1	7.9	5.4	-3.6	-6.3	-2.0	-4.4	-2.8	-3.3	-2.7	-5.0	2.9	2.6	4.5	-0.3	-0.7	1.8
MSCI USA FD/BEV/TOB	18.3	16.6	15.1	17.5	-5.5	10.3	8.2	0.9	-4.1	-9.9	-2.3	-7.9	-2.4	-8.2	-3.2	-9.0	-2.0	3.6	3.6	-1.6	-4.5	4.0
MSCI USA H/H PERS PRD	23.8	22.4	21.1	22.7	5.9	5.9	6.6	6.0	0.0	-2.3	-0.1	-3.1	-0.1	-3.2	0.0	-2.9	1.5	2.0	3.4	0.1	-2.2	2.5
MSCI USA HEALTH CARE	18.2	15.5	13.9	17.0	0.1	17.1	11.6	7.0	-1.3	-8.1	0.0	-3.1	0.3	-2.6	-0.8	-6.0	6.6	7.0	5.8	0.3	-1.5	2.2
MSCI USA H/C EQ/SVS	21.0	17.3	15.4	19.4	-4.0	21.2	12.5	5.8	-3.6	-13.1	-1.6	-5.8	-1.4	-4.8	-2.8	-10.2	6.6	6.7	5.9	0.0	-1.6	1.4
MSCI USA PHARM/BIOTECH	16.4	14.3	12.9	15.4	2.8	14.6	11.0	7.8	0.2	-4.6	1.1	-1.3	1.5	-1.1	0.6	-3.1	6.7	8.4	1.6	-1.5	2.9	
MSCI USA FINANCIALS	15.8	11.3	9.5	13.5	-37.5	40.3	18.2	-13.4	-7.7	-40.5	-2.7	-23.2	-1.4	-16.8	-5.3	-33.0	-11.5	8.7	4.8	-6.3	-10.8	3.4
MSCI USA BANKS	17.0	9.8	7.8	13.0	-55.8	73.3	25.7	-24.9	-2.0	-57.1	-2.1	-31.3	-0.2	-20.8	-2.1	-45.8	-4.4	1.6	2.9	-0.1	-5.8	4.6
MSCI USA DIV FIN	18.1	14.1	12.2	16.2	-27.2	28.4	16.3	-7.9	-10.9	-32.2	-3.2	-20.3	-2.1	-15.2	-7.1	-24.4	19.6	5.1	-14.5	-20.1	2.5	
MSCI USA INSURANCE	11.3	9.7	9.0	10.6	-10.6	17.3	7.6	0.3	-9.5	-16.0	-3.0	-9.4	-3.0	-9.1	-6.7	-13.1	-2.4	4.7	6.4	-2.9	-5.0	2.8
MSCI USA REAL ESTATE	41.7	36.9	36.1	39.5	-27.8	12.9	10.9	-13.9	-5.5	-17.6	-6.3	-15.1	-4.6	-11.8	-5.9	-16.5	-2.2	8.0	6.5	-2.3	-7.6	3.5
MSCI USA IT	25.9	22.2	19.6	23.7	-0.6	16.6	13.4	8.4	-1.2	-9.5	-1.4	-7.7	-1.1	-6.3	-1.5	-8.7	0.6	8.5	6.9	-0.4	-5.7	1.5
MSCI USA S/W & SVS	31.7	27.6	24.0	29.4	3.9	14.7	14.9	7.4	-1.5	-8.9	-1.8	-7.9	-1.5	-7.1	-1.8	-8.8	4.6	9.0	9.3	-0.8	-5.0	1.3
MSCI USA TCH H/W/EQ	21.9	18.6	16.8	19.7	-2.2	17.8	10.6	9.7	-0.8	-10.8	-1.3	-7.4	-1.7	-6.3	-1.3	-8.8	-3.3	7.6	4.0	-0.4	-6.8	1.4
MSCI USA COMM SERVICES	24.8	20.0	17.1	22.4	-14.6	24.1	17.2	2.1	-7.4	-22.1	-3.0	-14.4	-0.5	-12.2	-5.3	-18.4	-1.0	10.7	8.2	-2.3	-8.5	3.4
MSCI USA TELECOM	10.9	10.5	10.0	10.7	-7.6	3.9	5.0	-3.0	-2.2	-9.9	-1.3	-11.5	-2.7	-13.1	-1.8	-10.6	-2.7	3.2	0.5	-1.9	-3.9	5.9
MSCI USA MEDIA & ENTER.	33.8	24.7	20.0	29.1	-18.6	37.1	23.2	5.2	-10.5	-28.4	-3.8	-15.8	0.4	-11.8	-7.2	-22.3	0.0	14.9	12.0	-2.5	-10.9	1.3
MSCI USA UTILITIES	17.5	16.5	15.6	17.1	1.6	6.3	5.6	3.6	-1.0	-2.4	-0.5	-0.9	-0.5	-0.9	-0.8	-1.7	1.3	3.5	2.2	-0.8	-3.7	3.3



## THE INVESTMENT STRATEGY TEAM

### France

**Florent BRONES**  
Chief Investment Officer

### Asia

**Prashant BHAYANI**  
Chief Investment Officer, Asia  
**Grace TAM**  
Chief Investment Advisor, Asia

### Belgium

**Philippe GIJSELS**  
Chief Investment Advisor  
**Xavier TIMMERMANS**  
Senior Investment Strategy, PRB  
**Alain GERARD**  
Senior Investment Advisor,  
Equities  
**Pol TANSSENS**

### Luxembourg

**Guy ERTZ**  
Chief Investment Advisor  
**Edouard DESBONNETS**  
Investment Advisor, Fixed Income

### Switzerland

**Roger KELLER**  
Chief Investment Officer

## DISCLAIMER

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.

The information contained in this document has been drafted 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 (2020). All rights reserved



**BNP PARIBAS**  
WEALTH MANAGEMENT

10 | The bank  
for a changing  
world

