INVESTMENT STRATEGY

Equity Focus

China´s "whatever it takes" moment

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BNP PARIBAS
WEALTH MANAGEMENT

The bank for a changing world

Welcome to your rate cut experience

A big step for the Fed and the market

- **It´s the economy, stupid –** The Fed finally joined the global rate cut bandwagon with a bang and opted for a 50 bp cut, a rare move outside of recessionary scenarios. As we still forecast a soft landing, this move is good news for investors. Historically, falling rates have been a tailwind for stocks in a non-recessionary environment.
- **How about the rest? –** The impact of the rates cycle in the US has global implications as higher liquidity and a softer dollar is often a positive backdrop for equities. EM equities tend to generally perform well in a non-recessionary Fed cutting cycle – as do EU equities. The latter enjoy another tailwind as the ECB is cutting rates as well which historically propelled European equities higher.
- **A rotation towards normalcy? –** While the last 12 months have been dominated by a handful of US mega cap stocks, a more balanced approach has historically produced more favorable results. We think that a combination of low starting valuations and a solid economic growth environment should be a fertile soil to re-establish this long-term trend.
- **In the sweet spot?–** Mid-cap stocks have typically outperformed both large-caps and small-caps during the 12 months following the first Fed rate cut in an easing cycle

Main recommendations

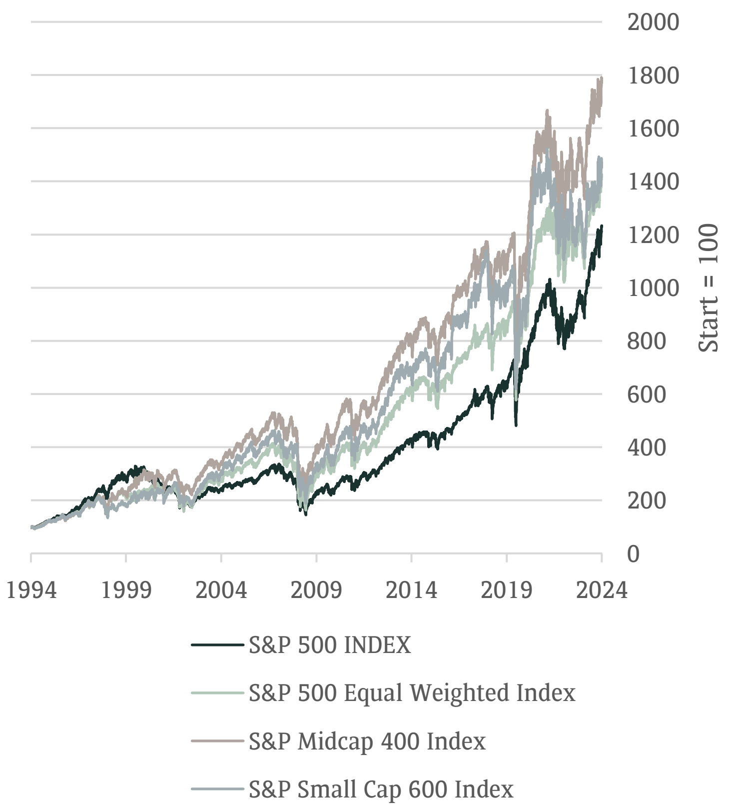
Look for alpha in Japanese small caps as the stars align for further upside. Increasing real wage growth should lend solid support to small caps in general while a decreasing analyst coverage presents significant opportunity to add alpha in small cap selection.

Buy British – we reiterate our positive view on UK equities. We like the FTSE 100 for its diversifying characteristics and an attractive shareholder yield (c. 6%) while the FTSE 250 offers interesting exposure to improved UK economic momentum, pent-up demand from high household savings levels and falling interest rates.

Car crash – staying cautious on Automotives. We take the recent series of profit warnings as confirmation for our cautious view on the sector. The driving headwinds of rising inventories, unfavorable prix / volume mix and affordability issues should persist for the time being.

The key risks are that the market starts to reprice growth fears with central banks being perceived as "behind the curve". Increasing policy uncertainty around tariffs could weight on sentiment, too.

SMIDS - THE BETTER LONG-TERM OPTION



Source: BNP Paribas, Bloomberg

Around the globe – our key convictions at a glance

WE STICK TO OUR GENERAL PREFERENCE FOR VALUE AND SMIDS

<table>
<tr><th colspan="2"></th><th>USA</th><th>Europe</th><th>Japan</th><th>Emerging Markets</th></tr>
<tr><td colspan="2">overall view</td><td>neutral</td><td>positive</td><td>positive</td><td>positive</td></tr>
<tr><td colspan="2">What we (especially) like</td><td>Value
SMIDs
Health Care
Energy Infrastructure</td><td>Value
UK
SMIDs
Real Estate
Financials</td><td>SMIDs
domestically oriented exposure
Financials</td><td>Asia
Brazil</td></tr>
<tr><td colspan="2">What we don´t (really) like</td><td>Growth
mega caps, particularly within consumer discretionaries</td><td>German SMIDs
Autos</td><td></td><td></td></tr>
<tr><td rowspan="2">preferred themes & trades</td><td>Regional basis</td><td>Buybacks & Quality Dividend growth
Equal weighted over capital weighted S&P</td><td>Semiconductors & Equipment (particularly on dips)
Repower Europe (incl Renewable Energies)
FTSE 250</td><td>Governance Reform achievers</td><td>APAC Tech, particularly semi materials/equipment sectors
Hang Seng Technology</td></tr>
<tr><td>Global Basis</td><td colspan="4">Precious and energy transition metal miners
Healthcare</td></tr>
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Focus on

Is the VIX broken?

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Asian Equity View

Sector Views

2024 Election – key thoughts

Sometimes, you just have to go with the waves.

A BLUE WAVE WOULD HAVE STRONGER IMPACTS THAN A RED WAVE

With roughly one month left until the election, the implications of the potential outcomes are top of mind for investors. The race is still tight with polls and betting markets providing little evidence as to who might win. We thus think that markets will – as they did in 2016 – only start to fully price the implications of the outcome after the election. Instead of trying to predict the election outcome, we prefer to provide some guidelines which areas of the market are most likely impacted by a given outcome.

Lawmakers' tax and spending choices after the November election will matter for US growth prospects over the near-term. Longer-term, they will influence dynamics that will drive the trajectory of debt relative to GDP. The extension of the 2017 tax cuts – now scheduled to expire after 2025 – and corporate taxes are the more consequential items on the legislative agenda. We find the Red Wave scenario to be the most growth-positive over a three-year span, boosting GDP growth by about 0.2pp annually. The Blue Wave scenario has the largest single-year bump to GDP growth at 0.2-0.3pp in year 1, but this turns about flat in year 2 and becomes a small drag in year 3 as higher corporate taxes start to bite. On the inflation side, we find a Red Wave would see 0.2pp higher inflation than baseline by year 3, whereas the impact on inflation in a Blue Wave would peak in year 2 at just over 0.1pp. Our fiscal expectations imply little growth or inflation impact from either divided government scenario.

Whilst 2016 provides a template for how fiscal policy could impact markets, for 2024 we see some significant differences in the balance of risks. In the case of a Republican sweep, markets might price similar policy outcomes to 2016, such as rolling of TCJA individual tax cuts and a more business-friendly regulatory environment for energy, banks, domestic businesses and capex. Headline-rate corporate tax cuts would again be on the agenda, but notably the magnitude of which would likely be much smaller. In 2017, corporate tax cuts saw the headline rate move from 35% to 21%. Post this election, we could see a much smaller magnitude being discussed, ranging up to 6%, but more likely to be as little as 1%.

In the case of a second Trump presidency but with a divided Congress, the probability of passing significant fiscal policy would be greatly reduced. Corporate tax cuts would likely be entirely off the agenda.

In the case of a Harris victory, the balance of risks is also potentially more negative than in either 2020 or 2016. The most impactful outcome would be if Harris were elected as part of a unified government. The potential to reverse the 2017 corporate tax cuts could trigger a significant downgrade cycle and risk-off move for equities.

We would see a second Trump turn as bullish for cyclicals: A Trump administration is likely to be perceived as taking a lighter regulatory touch for sectors such as Banks and Energy. A Republican sweep could further fuel that trade with expectations for corporate and individual tax cuts. Energy is also a sector we see as well placed to benefit from a Trump victory in 2024, even in a divided government. Trump has suggested "We will DRILL, BABY, DRILL and we will become energy independent, and even dominant again" and stated a goal to "establish the US as the manufacturing superpower of the world". A Harris administration in contrast could be much more challenging. She has historically been an outspoken critic of fossil fuels and fracking. The Energy sector as a result could be more reactive than many other sectors to the presidential race.

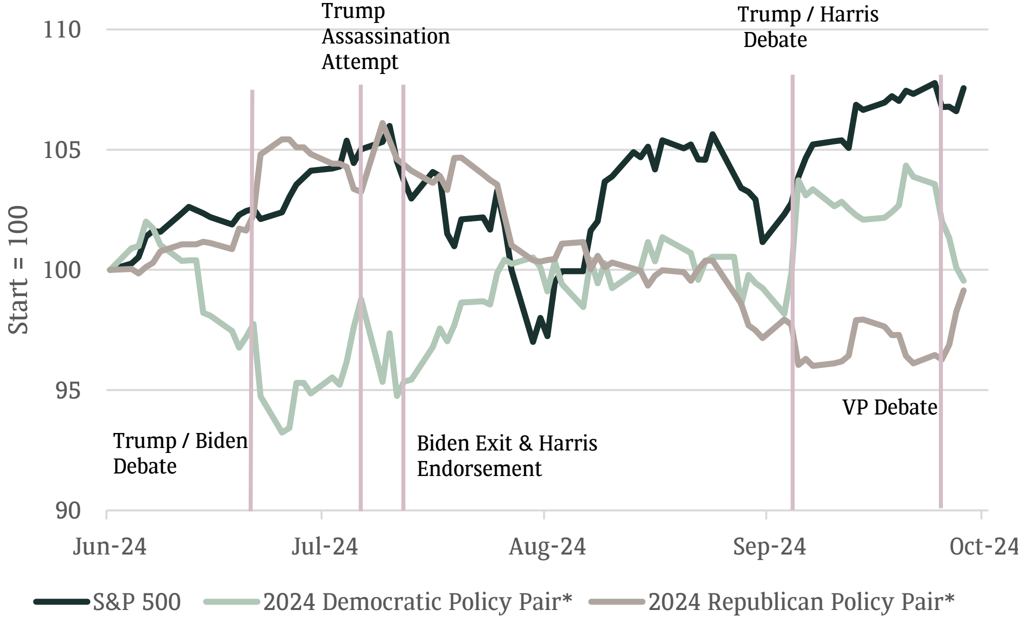
The Consumer sector faces multiple potential headwinds from the US elections. From a fiscal perspective, the most bullish outcome for consumption is a Red Wave. In a divided government, the risk to the US consumer comes from the rolling off of TCJA provisions. In a Harris administration, Staples and Retail could also be seen as at risk given her comments about price gouging and price controls.

As a Harris victory would likely be a continuation of the policies implemented by Biden, we don´t think there´s much need to investigate the impact for non-US equities. European equities' exposure to US election-related policy risk is far more idiosyncratic than broad-based. While MSCI Europe's free float market cap weighted US revenue exposure is 25%, the majority of this is local to local goods (11.5%) and services (7.5%). Only 6.4% of MSCI Europe's weighted revenues relate to goods exported to the US, i.e. potentially subject to incremental US tariffs.

Trading a head to head election – lessons from 2016

ELECTION RISK SEEMS TO BE MORE IDEOSYNCRATIC THAN SYSTEMIC WITH LIMITED HALF LIFE

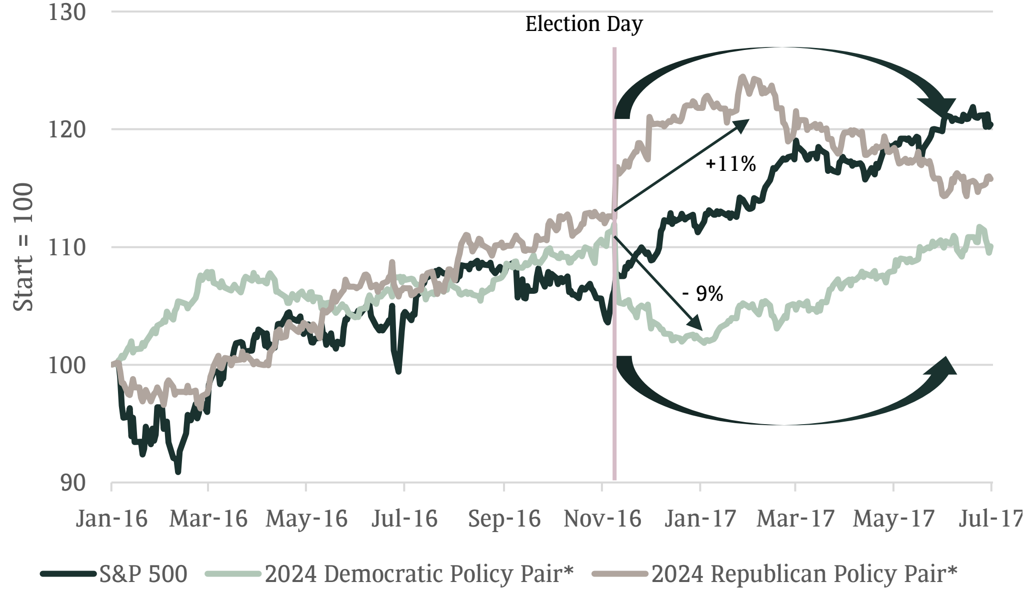
SPECIFIC EQUITIES CAN BE VERY SENSITIVE TO THE ELECTION WHILE THE BROADER MARKET SEEMS TO BE MUCH LESS AFFECTED



Source: BNP Paribas, Bloomberg

** Long / Short Basket of companies which should benefit / suffer from the respective parties proposed policies; constructed by Goldman Sachs*

IN 2016 ELECTION SENSITIVE STOCKS PRICED THE OUTCOME UNTIL YEAR-END BUT THE EFFECT FADED THEREAFTER



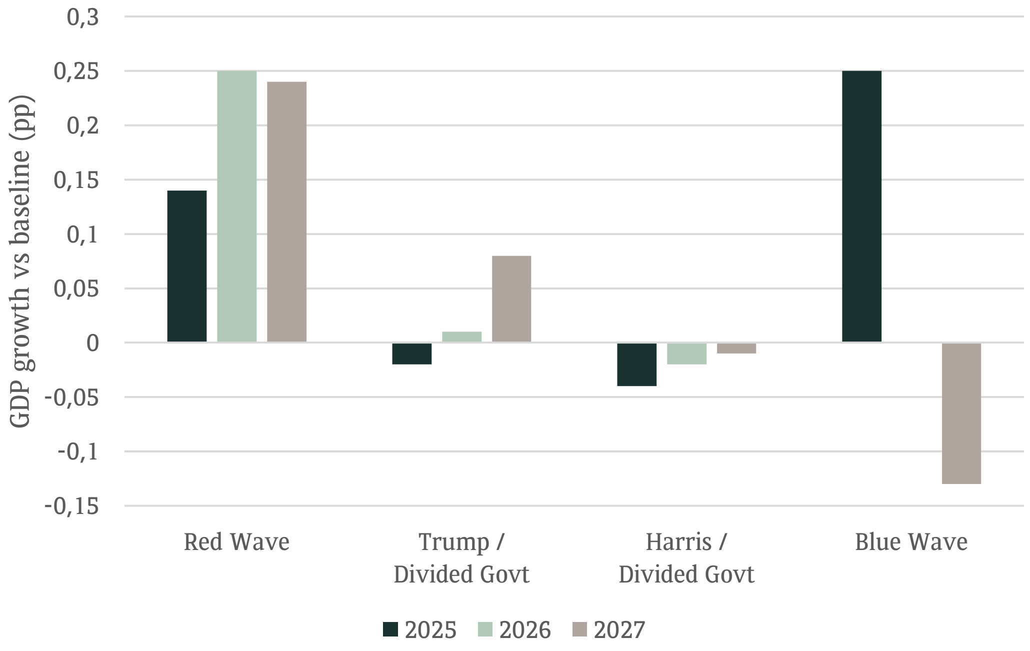
Source: BNP Paribas, Bloomberg

** Long / Short Basket of companies which should benefit / suffer from the respective parties proposed policies; constructed by Goldman Sachs*

Impact on the US economy

A RED WAVE (REPUBLICAN CLEAN SWEEP) COULD CHALLANGE THE CURRENT FED EASING PATH

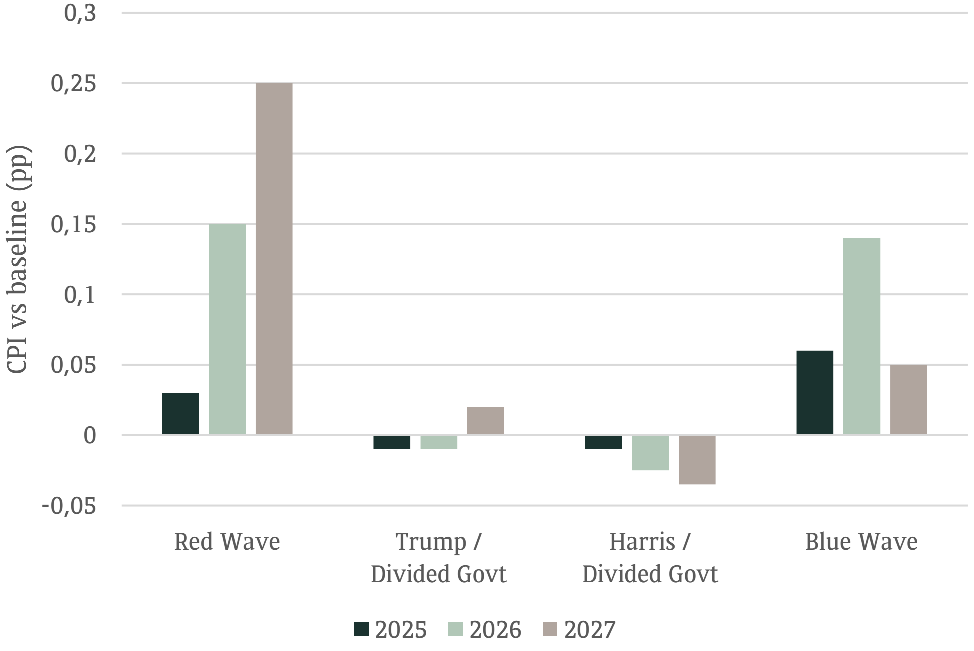
A RED WAVE WOULD HAVE THE BIGGEST POSITIVE IMPACT ON GDP GROWTH ....



Source: BNP Paribas

impact without monetary policy response

.....BUT IT WOULD ALSO PRODUCE THE MOST INFLATIONARY ENVIRONMENT WHICH COULD FORCE THE FED TO SLOW RATE CUTS



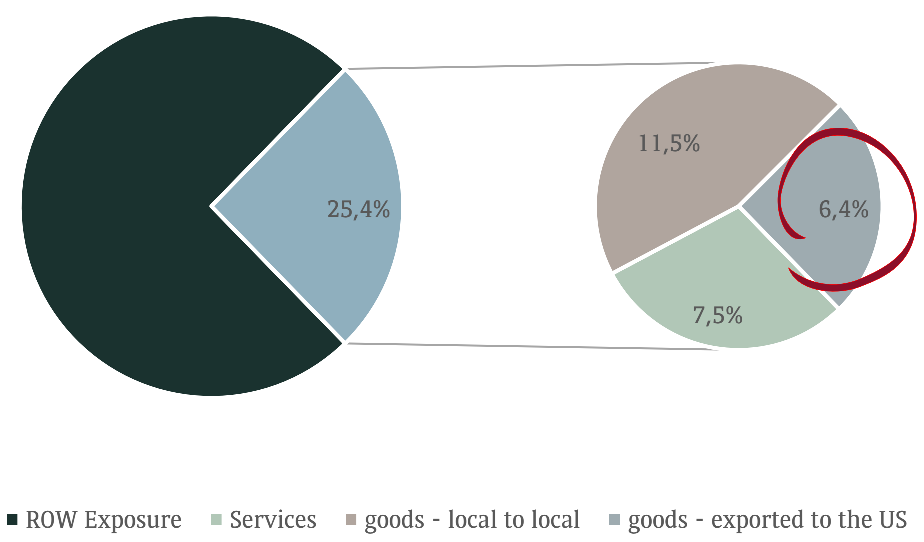
Source: BNP Paribas

impact without monetary policy response

Who´s afraid of the tariff man? (i)

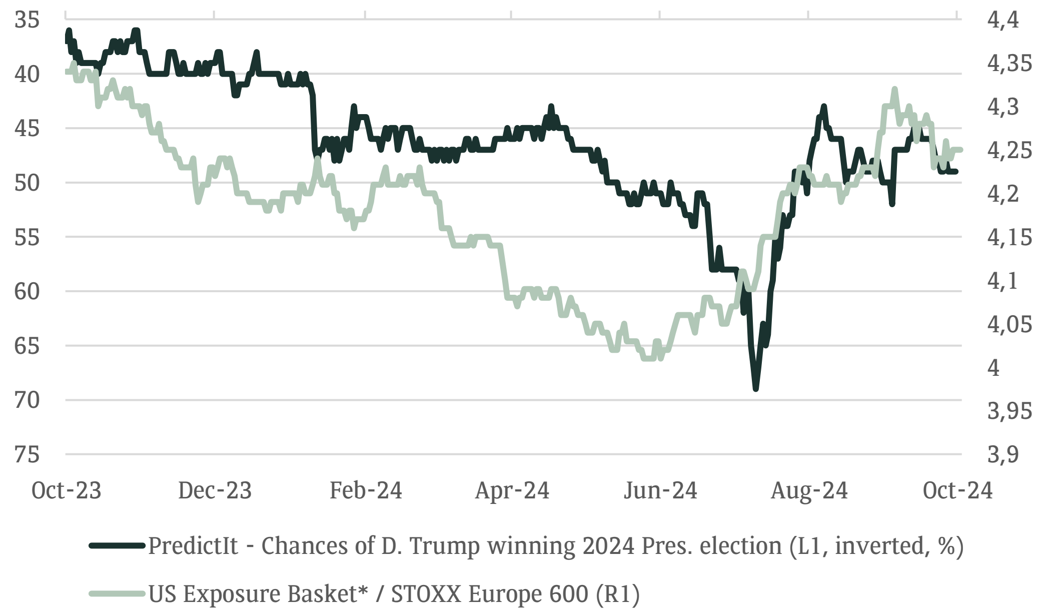
POTENTIAL TRUMP ADMINISTRATION POLICY RISKS ARE MORE IDIOSYNCRATIC THAN BROAD - BASED

MSCI EUROPE´S US EXPOSURE LOOKS HIGH AT A FIRST GLANCE. ONLY 6,4% OF REVENUES WOULD BE SUBJECT TO TARIFFS THOUGH



Source: BNP Paribas, Bloomberg

COMPANIES WITH HIGH US REVENUES ARE ALREADY TRACKING THE RISKS OF HIGHER TARIFFS



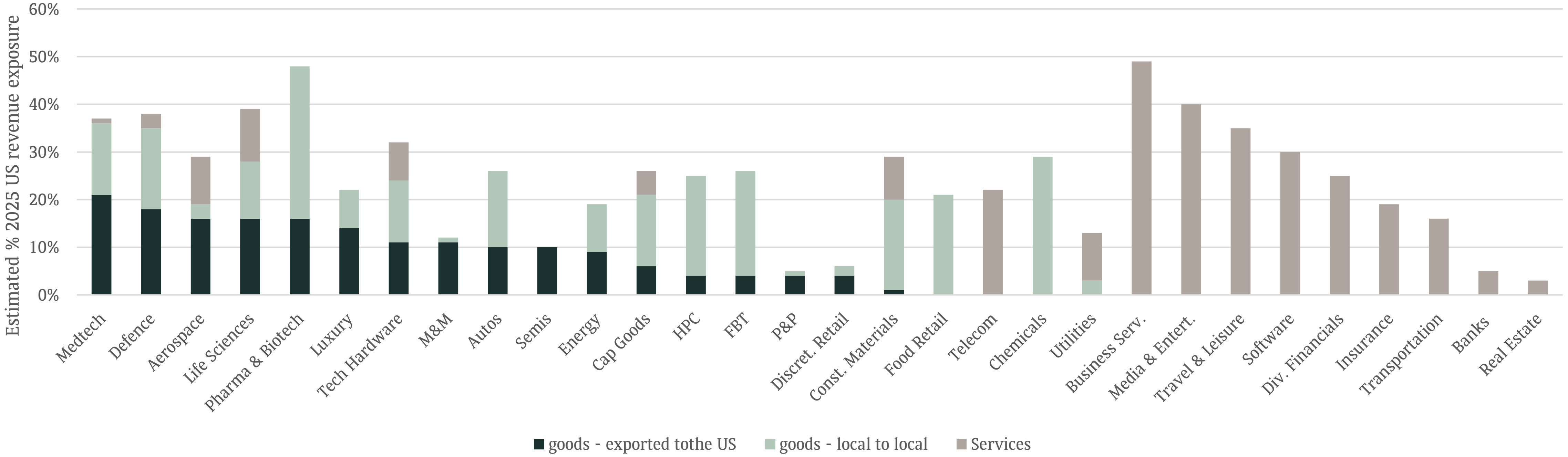
Source: BNP Paribas, Bloomberg

** Basket of EU companies with above average US revenue exposure. Median Stock has 55% vs 24% for the aggregate market. Constructed by Goldman Sachs*

Who´s afraid of the tariff man? (ii)

WHICH SECTORS HAVE THE HIGHEST REVENUES SUBJECT TO POTENTIAL TARIFFS?

THE EUROPEAN SECTORS WITH THE HIGHEST EXPOSURE TO GOODS EXPORTED TO THE US ARE MEDTECH, AEROSPACE, LIFE SCIENCES AND PHARMA & BIOTECH

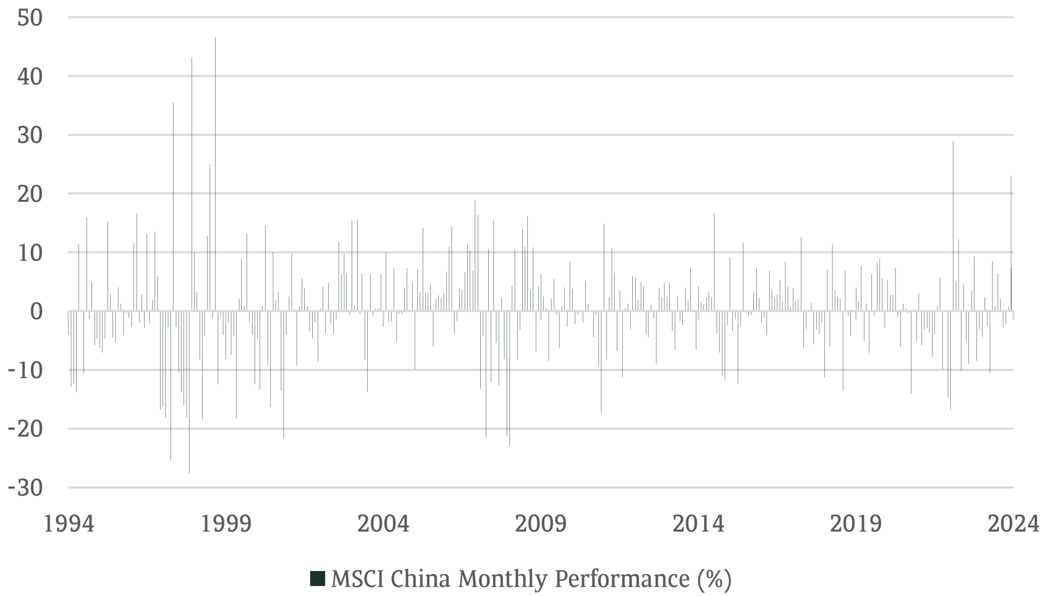


Source: BNP Paribas, Bloomberg, Company Data, Morgan Stanley

When the Dragon bites the Bear

IS THIS CHINA´S „WHATEVER IT TAKES MOMENT“?

CHINESE EQUITIES ENJOYED THE 6TH BEST MONTH IN 30 YEARS ON THE BACK OF A FRESH ROUND OF STIMULI



Source: BNP Paribas, Bloomberg

THE MOVE WAS AMPLIFIED BY VERY LOW POSITIONING AMONG INVESTORS

Source: Goldman Sachs

Please check our Strategy Flash to learn more about the Stimulus Package and our take on it

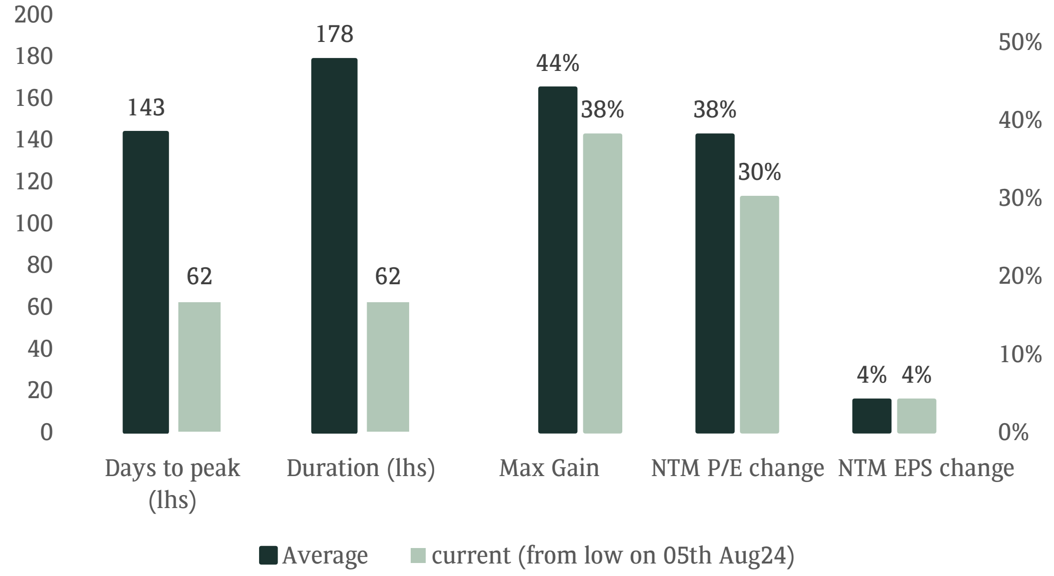
20 years of Chinese equity rallies

BIGGER MOVES ARE OFTEN INTERRUPTED BY CORRECTIONS

CHINESE STIMULUS FUELD RALLIES CAN BE IMPRESSIVE

Source: BNP Paribas, Bloomberg

THE CURRENT MOVE IS CLOSE TO THE AVERAGE”* CHINA RALLY IN TERMS OF PERFORMANCE BUT WAS SUBSTANTIALLY FASTER



Source: BNP Paribas, Bloomberg, Data as of 6th Oct 2024

* MSCI China, rally defined as 20+% gain from trough in last 180 calender days; a 10% drawdown marks the end of the rally

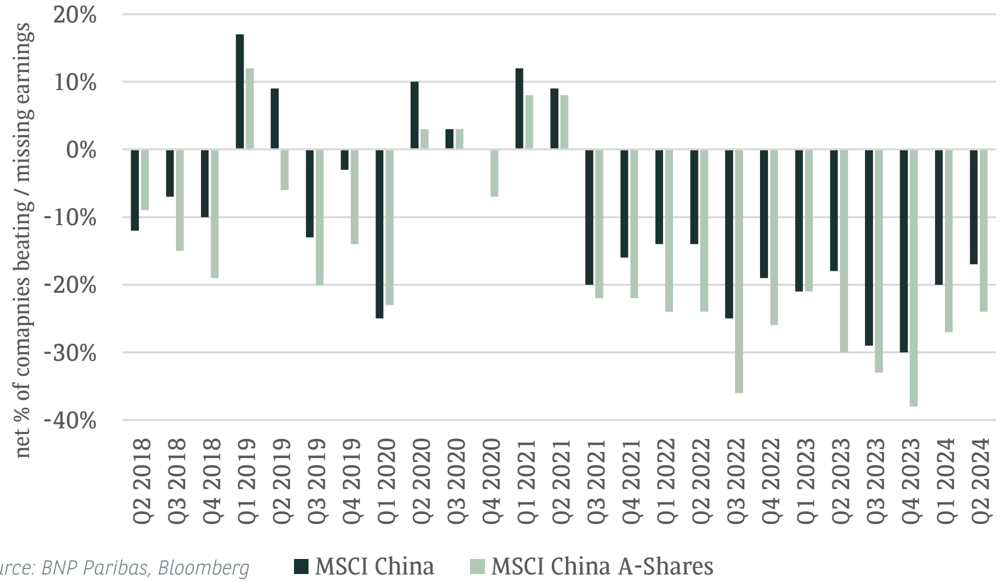
A new hope or just another Chinese bull trap?

IMPLEMENTATION IS KEY AS WE NEED A POSITIVE IMPACT ON EARNINGS FOR A SUSTAINABLE BULL MARKET

DESPITE THE RECENT RALLY, VALUATIONS ONLY RETURNED TOWARDS THEIR LONG-TERM AVERAGE

Source: BNP Paribas, Bloomberg

CHINA WOULD NEED TO BREAK THE LONG STREAK OF POOR EARNINGS SEASONS TO SUSTAINABLY SHIFT INVESTORS SENTIMENT



Source: BNP Paribas, Bloomberg

Consider taking partial profits after the recent rally. We see the risk of profit-taking as we approach the US election (tail risk of large tariff). We would re-engage on any material weakness

Nothing Else Matters

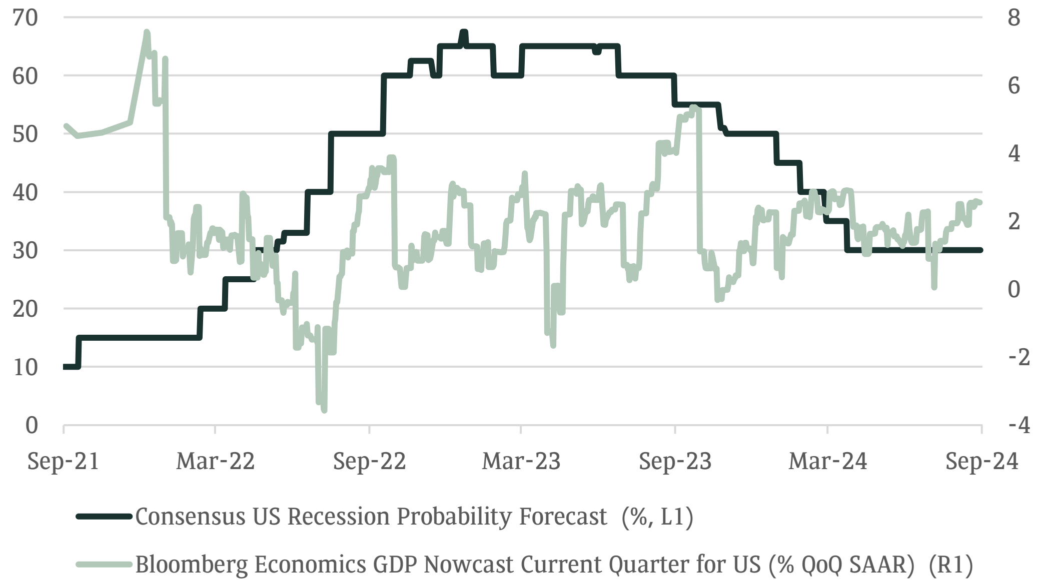
AFTER THE FIRST CUT, GROWTH IS WHAT MATTERS MOST FOR THE FATE OF THE MARKET

THE MARKET SHOWED OVERWHELMINGLY POSITIVE RETURNS FOLLOWING THE FIRST RATE CUT IN NON-RECESSIONARY SCENARIOS

First Cut	size of 1st cut (bp)	Recession in 12m after 1st cut	S&P 500 Return AFTER the 1st cut		
			3M	6M	12M
Sep 84	50	N	1%	9%	14%
Nov 87	50	N	2%	6%	14%
Jun 89	25	N	9%	9%	17%
Jul 95	25	N	6%	13%	22%
Sep 98	25	N	20%	27%	23%
Jan 01	100	Y	-18%	-8%	-12%
Sep 07	50	Y	-3%	-11%	-18%
Jul 19	25	Y	2%	9%	12%

Source: BNP Paribas, Bloomberg

EXPECTATIONS FOR A RECESSION CAME DOWN NOTICEABLY AS GROWTH IN THE US CONTINUES TO REMAIN SOLID

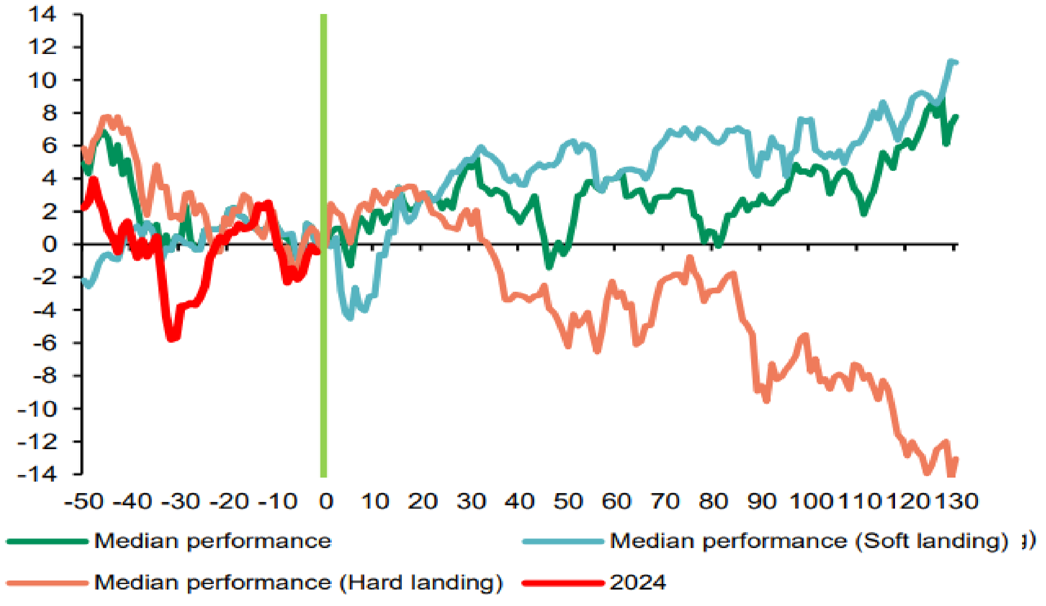


Source: BNP Paribas, Bloomberg

The Two Towers

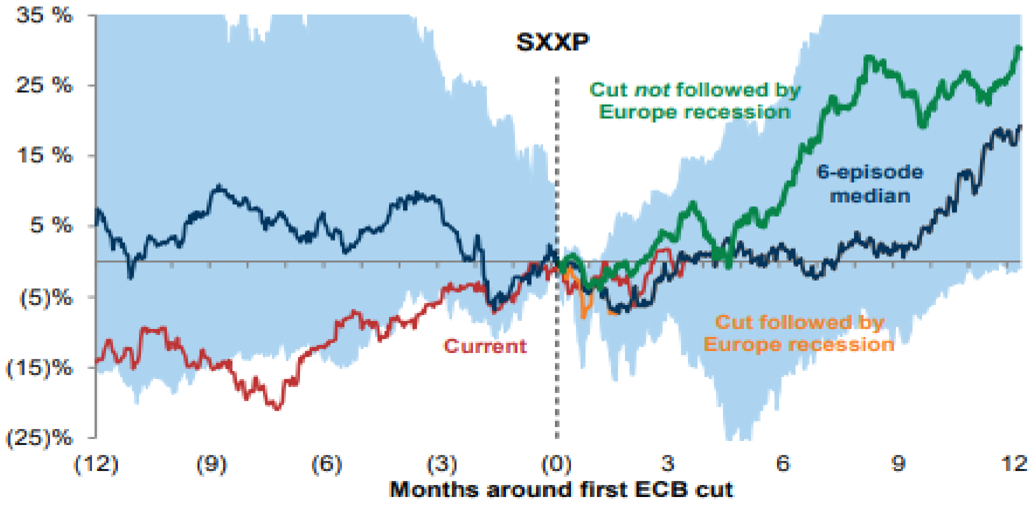
EUROPEAN EQUITIES BENEFIT FROM THE JOINT CUTTING TAILWINDS IGNITED BY THE ECB AND THE FED

EUROPEAN EQUITES HISTORICALLY SHOWED A SOLID PERFORMANCE POST THE 1ST FED CUT DURING A SOFT LANDING



*Sources: Bloomberg, BNP Paribas Past performance is not indicative of future performance * Industry organic growth is obtained by market cap weighting.*
Soft Landing = 1987, 1989, 1995, 1998 & 2019
Hard Landing = 2001 & 2007

IF A RECESSION IS AVOIDED IN EUROPE (OUR BASE CASE), EU EQUITIES SHOULD GET AN ADDITIONAL BOOST FROM ECB RATE CUTS



Source: Datastream, Goldman Sachs Global Investment Research

Data since 1982, Bundesbank before 1999

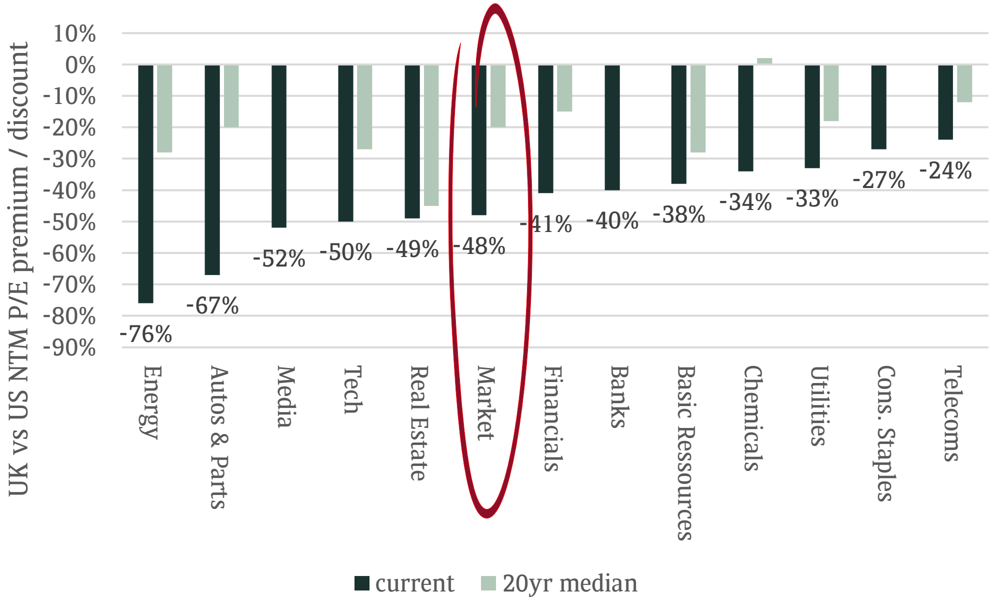
Buy British

DON´T GET DISTRACTED BY POLITICAL NOISE. EMBRACE A CHEAP DIVERSIFYING REGION WITH GOOD PAYOUTS

WHILE OFFERING A TOTAL PAYOUT OF 6%, THE FTSE 100 OFFERS GOOD DIVERSIFICATION AGAINST MORE CYCLICAL INDICES

Source: BNP Paribas, Bloomberg

THE UK IS TRADING AT RECORD DISCOUNTS VS THE US WHICH DOESN´T LOOK JUSTIFIED, EVEN IF ADJUSTED FOR GROWTH RATES

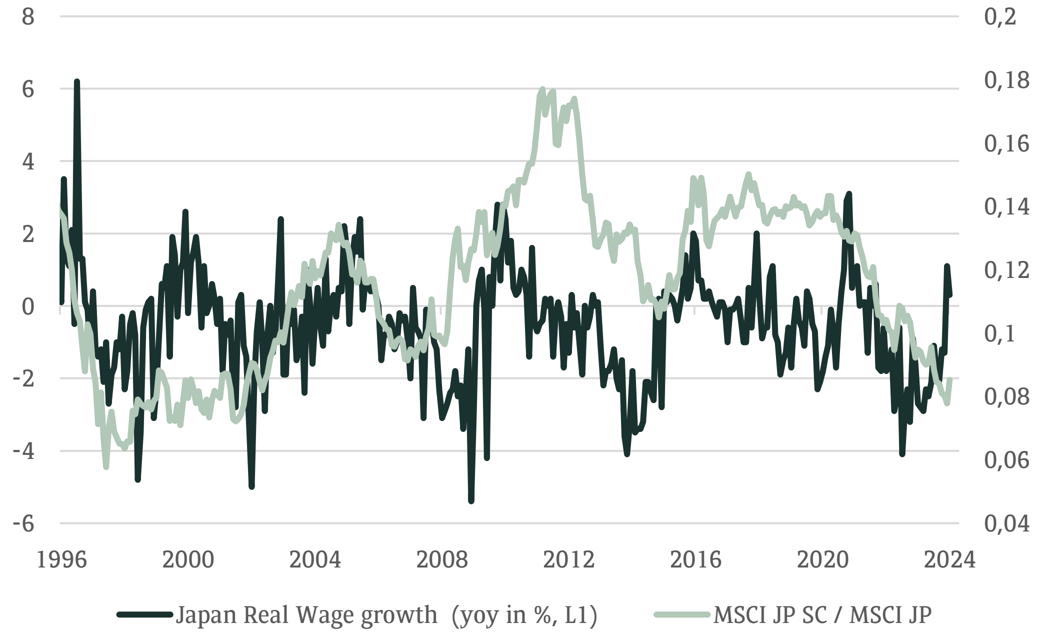


Source: BNP Paribas, Bloomberg

Small Wonders

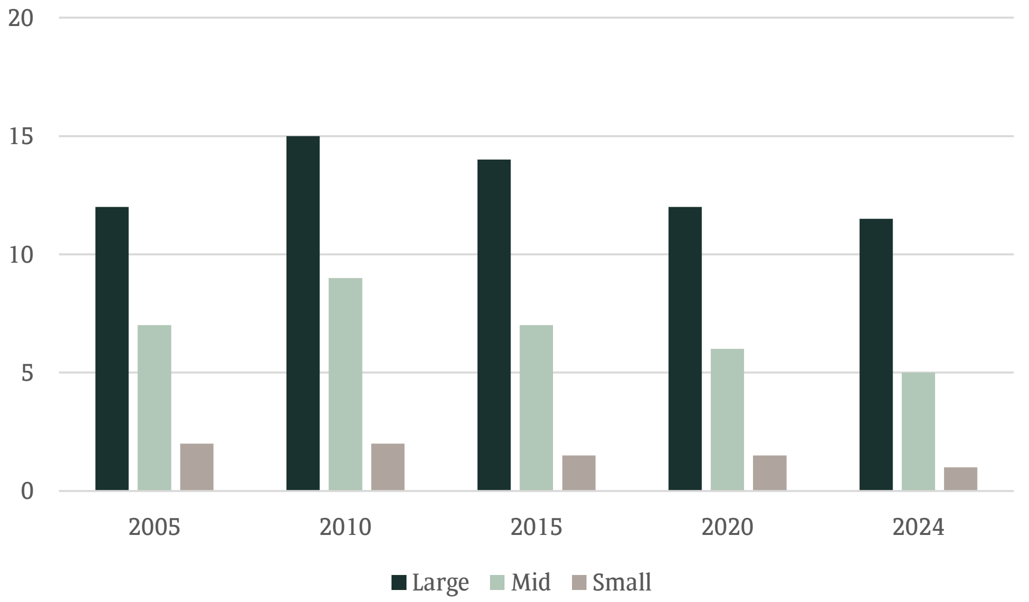
THE STARS ARE ALIGNING FOR A REBOUND IN JAPANESE SMALL CAPS

WAGE GROWTH CONTINUES TO PICK UP IN JAPAN. HISTORICALLY, SMALL CAPS OUTPERFORMED DURING PERIODS OF RISING WAGES



Source: BNP Paribas, Bloomberg

A FALLING ANALYST COVERAGE OFFERS INCREASED ALPHA OPPORTUNITIES FOR ACTIVE MANAGERS

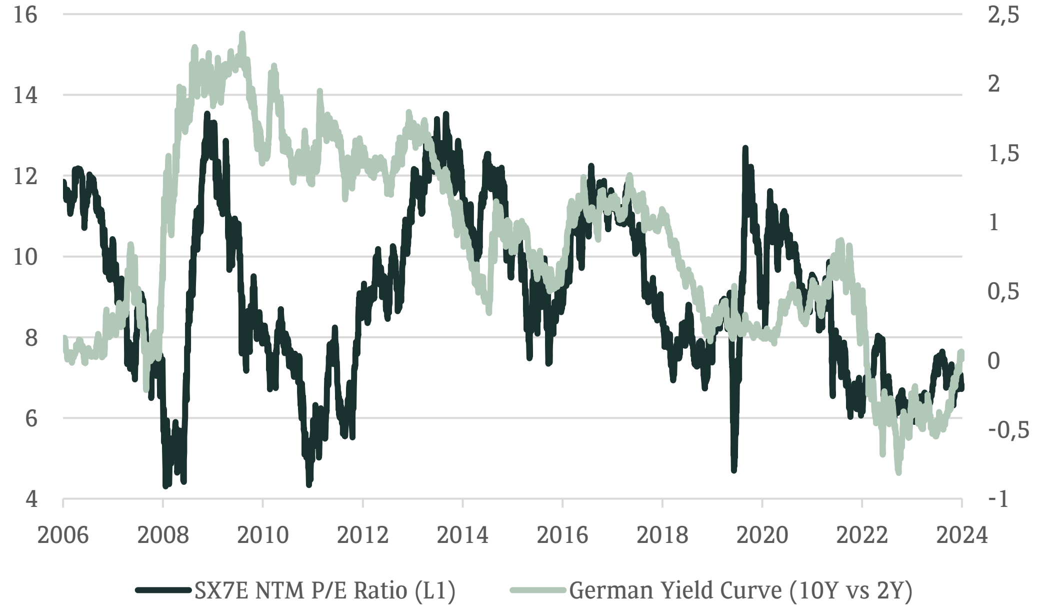


Source: BNP Paribas, Bloomberg

Key Sector charts – EU edition

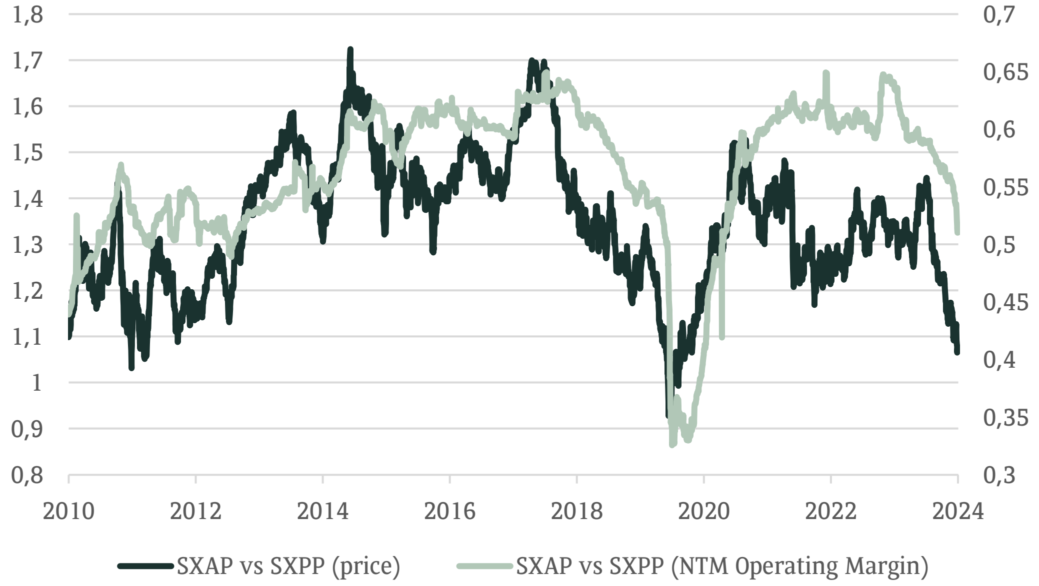
BANKS VALUATIONS MAY BENEFIT FROM A STEEPER YIELD CURVE WHILE CAR MARGINS FALTER

THE P/E RATIO OF BANKS IS POSITIVELY CORRELATED WITH A STEEPER YIELD CURVE



Source: BNP Paribas, Bloomberg

CAR MARGINS ARE UNDER SEVERE PRESSURE FROM HIGH INVENTORIES, UNFAVORABLE PRICE / VOLUME MIXES AND CHINESE EVS

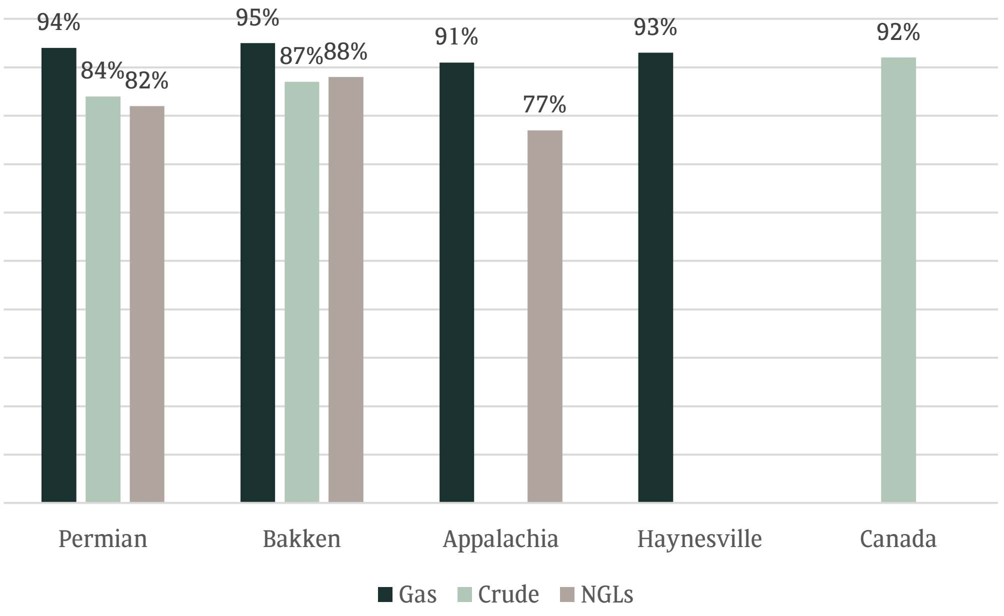


Source: BNP Paribas, Bloomberg

Key Sector charts – US edition

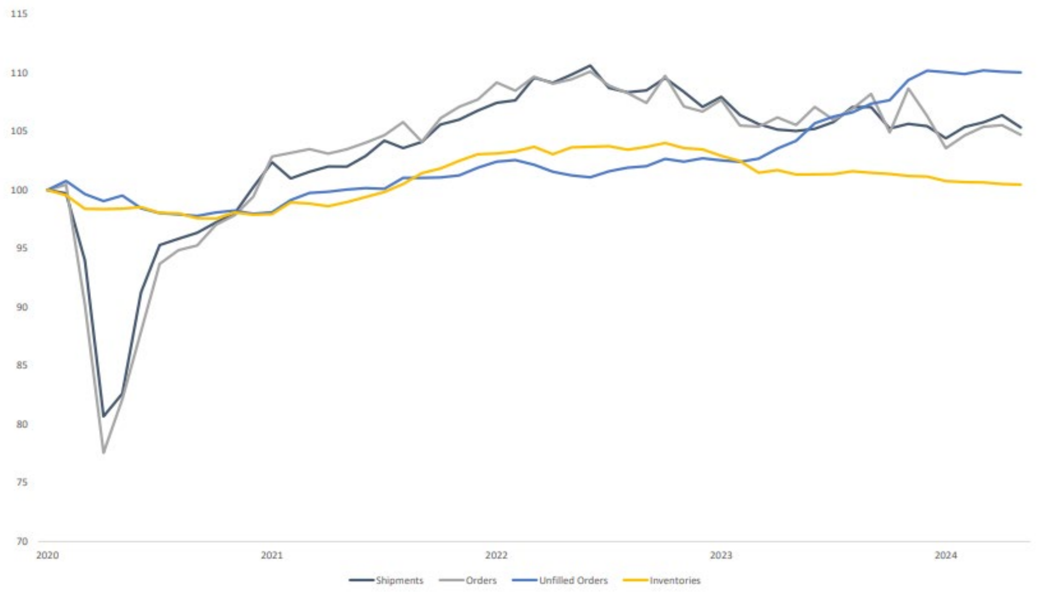
US PIPELINE INFRASTRUCTURE LOOKS WELL UTILIZED WHILE INDUSTRIALS SHULD SEE PROFITS GROWTH

THE AVERAGE PIPELINE UTILIZATION BY BASIN AND PRODUCT (2027-2030) INDICATES A HEALTHY MARGIN OUTLOOK FOR ENERGY INFRASTRUCTURE



Source: BNP Paribas, Goldman Sachs

WHILE INDUSTRIAL ORDERS AND PRODUCTION HAVE TRACKED LOWER AS INVENTORY NORMALIZED, BACKLOG CONTINUES TO GROW AT A HSD RATE



Source: US Census Bureau, Morgan Stanley Research.

European Sectors in a nutshell (i)

Sector	View			YTD TRR	TTR Spread vs SXXP (in ppts)	Our view at a glance
	Underweight	Neutral	Overweight			
STOXX Europe 600 Cons. Products and Services	X			0,16	-11,34	Luxury names have been among the main beneficiaries of the Chinese Stimulus plans. It´s not yet clear if the consumption sentiment in China will shift. **Margin pressure coupled with lower growth could depress earnings further**
STOXX Europe 600 Energy		X		2,45	-9,05	With a softer outlook for oil & gas markets, we see **downside risk to consensus estimates and suspect that share buybacks are maxed out** for now. valuation is in line with history, if not **marginally expensive.**
STOXX Europe 600 Food, Bev and Tobacco	X			1,70	-9,80	The sector still faces **headwinds from rising input costs while consumers are increasingly price sensitive**. Valuations are broadly in line with historic averages. We don´t see any upside catalysts
STOXX Europe 600 Personal Care	X			13,99	2,48	The sector still faces **headwinds from rising input costs while consumers are increasingly price sensitive**. While valuations are below historic averages, we don´t see any upside catalysts
STOXX Europe 600 Chemicals	X			4,36	-7,14	Supply pressures will now abate but demand is yet to tighten chains (China could help). At floor valuations, many names are trading at trough but we fear that **'25 guidances may come out below consensus**
STOXX Europe 600 Utilities		X		6,48	-5,03	We expect a **largely positive 3Q earnings season** across the sector, supported by lower bond yields, policy uncertainty abating, healthy power prices, **rising Power Demand** & improving value creation across RES & Networks.
STOXX Europe 600 Banks			X	26,86	15,36	The sector multiple is correlated with PMIs which should improve thanks to Chinese stimuli. W**ell anchored earnings expectations, a 47% P/E discount to the market and a robust asset quality** picture should drive future outperformance
STOXX Europe 600 Real Estate			X	7,52	-3,99	Demographics coupled with low building activity should support **book value re-ratings** among residentials. Logistics and data center should enjoy tailwinds from growing trends in e-commerce / AI. Stay selective among office and avoid retail
STOXX Europe 600 Technology			X	9,29	-2,22	There´s a decent **discount to its US peers** despite an **excellent position** to benefit from growing AI trends, e.g. via best-in-class semiconductors or software vendors ready to capitalise on the emerging generative AI market opportunity
STOXX Europe 600 Autom. & Parts	X			-6,58	-18,09	We take the recent series of profit warnings as confirmation for our cautious view on the sector. The driving headwinds of rising inventories, unfavorable prix / volume mix and affordability issues should persist for the time being. **FADE the rally**

TRR = total Return, Data source: Bloomberg

European Sectors in a nutshell (ii)

Sector	View			YTD TRR	TTR Spread vs SXXP (in ppts)	Our view at a glance
	Underweight	Neutral	Overweight			
STOXX Europe 600 Health Care			X	13,90	2,40	The sector benefits from **AI related efficiency gains in a structually growing market** (e.g. demographics, obesity etc). It is a defensive compounder less impacted by policy uncertainties. The valuation vs global peers is attractive
STOXX Europe 600 Financial Services			X	15,18	3,68	Declining rates, a US soft landing and improving capital markets activity offer support, especially to exchanges and private markets. **Stay selective among asset managers due to** challenges from the active to passive shift
STOXX Europe 600 Insurance			X	21,30	9,79	The sector still benefits from higher rates and improving economic growth. Thanks to the strenght of balance sheets we see further room to **increase shareholder returns**. Valuations are in line with history, offering further re-rating potential
STOXX Europe 600 Telecommunications		X		19,06	7,56	A **solid EBITDA picture** (the sector beat consensus expectations again in Q2 after a good Q1), the industry's **falling capital intensity** driven by the fibre cycle & the sector's **free M&A option** should support performance going forward
STOXX Europe 600 Media Price EUR		X		14,10	2,59	The sector still suffers from investors trying to make their mind how AI will impact business models. We think that a part of it is well positioned to benefit from AI as they own a lot of data. The sector is **not correlated to bond yields.**
STOXX Europe 600 Industrial Goods & Services			X	16,20	4,69	The sector should benefit from ongoing nearshoring as well as investments in data centers and renewable energy projects. **Accelerating growth in Europe, fueled by Chinese stimuli,** should help, too.
STOXX Europe 600 Construction & Materials			X	9,18	-2,32	**Investments in energy infrastructure / energy efficient buildings** should help drive earnings alongside a recovering economy in Europe. Valuations relative to the market de-rated toward historic averages
STOXX Europe 600 Basic Resources		X		2,22	-9,29	The sector has the highest correlation to China in Europe due to the high revenue exposure (~ 36%). **We still prefer names exposed to energy transition & precious metals**
STOXX Europe 600 Retail Price EUR		X		18,88	7,37	The sector has now found some capital discipline allowing for cash distributions. We do see **lack of growth drivers** though. Valuations are in line with historic averages
STOXX Europe 600 Travel & Leisure	X			4,90	-6,61	The YOLO-effect is fading as the services demand catch-up effect comes to an end due to rising costs of living. Earnings Estimates continue to face downgrades. Fade positions into strenght

TRR = total Return, Data source: Bloomberg

US Sectors in a nutshell

Sector	View: Underweight	View: Neutral	View: Overweight	YTD TRR (%)	TTR Spread vs SXXP (in ppts)	Our view at a glance
S&P 500 Consumer Discretionary Sector	X			12,81	1,31	**Rising living costs** combined with a **cooling job market** should keep discretionary spending muted. Growing levels of credit card debt (which currently charge recod rates) should provide further headwinds going forward
S&P 500 Consumer Staples Sector	X			16,79	5,28	The sector faces multiple **potential headwinds from the US elections** such as the rolling off of TCJA provisions. In a Harris administration, her comments about price gouging and price controls may depress sentiment
S&P 500 Energy Sector		X		15,01	3,50	The current rise in Oil prices may be temporary. We **prefer energy infrastructure names** as they should benefit from rising transportation and storage needs while paying attractive dividends. **Positive tail risk from a Red Wave**
S&P 500 Financials Sector		X		22,87	11,37	A recovery in M&A activity should support big banks earnings while a **solid economy will keep defaults in the credit books in check**. **Headwinds from falling rates** and a weakening consumer should be a bigger issue for regional banks
S&P 500 Health Care Sector			X	12,64	1,13	The sector benefits from **AI related efficiency gains** in a structually growing market (e.g. demographics, obesity etc). It is a defensive compounder less impacted by policy uncertainties and could benefit from **further deregulation** post elections
S&P 500 Industrials Sector			X	20,12	8,61	Given 20+ years of US Industrial underinvestment, the stage is set for Industrials to return to MSD growth and significant margin expansion over the long term. **Main drivers are Reshoring and Electrification**
S&P 500 Information Technology Sector		X		29,65	18,14	**Valuations trades on a heavy premium** vs the market. Profit growth expectations are slowing, making it harder to justify the valuation premium. Sentiment is also less optimistic on mega caps as worries of AI-related overinvestments rise
S&P 500 Materials Sector			X	12,60	1,09	While we remain cautios within subsectors in chemicals, **we do like stocks with exposure to precious metals / energy transition metals mining**. The sector should also benefit from a reacceleration of (global) growth
S&P 500 Real Estate Sector		X		11,35	-0,16	We still see sluggish activity in residential RE as many owners are handcuffed by existing, low rates mortgages. New construction activity is muted. **Commercial RE looks stressed**. Those headwinds are reflected in undemanding valuations
S&P 500 Communication Services Sector		X		30,65	19,14	The sector is **dominated by 2 mega tech companies which look expensive**. The remaining index looks more reasonable priced. We prefer software and telecommunications within the sector
S&P 500 Utilities Sector		X		31,53	20,03	**Valuations aren´t cheap** as the sector has come into vogue on the back of the 'Powering AI' theme (which we stil like on a structural basis) and **hedge fund positioning is elevated**. This may cap near-term upside

TRR = total Return, Data source: Bloomberg

Valuations - Indices

			Forward													Composite	
Index	Level	1yr Range	EPS	5yr Z-Score	EPS change 4 weeks (%)	PE Ratio	5yr Z-Score	PB Ratio	5yr Z-Score	Div Yield	5yr Z-Score	ROE	5yr Z-Score	Earnings Yield	5yr Z-Score	vs. ACWI	5yr Z-Score
MSCI ACWI	847		45,44		-1,04	18,65		2,91		2,02		14,66		5,36		n.a.	n.a.
MSCI World	3698		188,44		-0,33	19,63		3,23		1,93		15,34		5,10		1,06	
MSCI Emerging Markets	1179		89,80		-5,00	13,13		1,59		2,75		11,79		7,61		0,68	
S&P 500	5727		255,54		0,01	22,51		4,60		1,39		19,00		4,46		1,26	
S&P 500 Equal Weighted	7241		393,51		0,30	18,40		2,94		1,95		14,77		5,43		0,99	
Russell 2000	2197		61,65		-1,22	35,89		0,00		2,36		0,00		2,81		1,66	
NASDAQ 100	19960		750,28		0,85	26,70		6,97		0,84		22,94		3,76		1,56	
MSCI USA Growth	24804		431,69		1,68	30,54		10,25		0,43		31,00		1,74		1,89	
MSCI USA Value	14569		221,70		-0,43	17,78		2,91		2,39		15,09		1,52		0,96	
STOXX Europe 600	519		37,36		-0,79	13,87		1,96		3,71		13,26		7,19		0,73	
STOXX Europe Mid 200	543		44,15		-0,02	12,29		1,52		4,15		11,90		8,14		0,64	
STOXX Europe Small 200	342		25,43		-3,19	13,41		1,52		3,92		11,01		7,44		0,69	
DAX	19104		1409,66		-2,11	13,52		1,58		3,79		10,99		7,38		0,70	
FTSE 100	8304		707,28		-0,49	11,74		1,82		3,88		13,51		8,52		0,63	
CAC 40	7576		540,49		-4,46	13,95		1,80		3,43		12,56		7,13		0,73	
FTSE MIB	33815		3522,90		-5,37	9,60		1,28		5,77		12,83		10,42		0,50	
Nikkei 225	39333		1930,47		0,45	20,37		2,00		1,85		9,63		4,91		1,04	
Hang Seng	23100		2242,17		1,08	10,30		1,21		3,33		10,57		9,71		0,53	

Source: BNP Paribas, Bloomberg, Data as of 7th October 2024

Z-Score: Defines the number of standard deviations a value is from the mean of a given distribution. Negative z-scores indicate the value lies below the mean. Positive z-scores indicate the value lies above the mean.

Valuations – EU Sectors

			Forward														Composite	
Index	Level	1yr Range	EPS	5yr Z-Score	EPS change 4 weeks (%)	PE Ratio	5yr Z-Score	PB Ratio	5yr Z-Score	Div Yield	5yr Z-Score	ROE	5yr Z-Score	Earnings Yield	5yr Z-Score	Upside to 12M Target Price*	vs. SXXP	5yr Z-Score
STOXX Europe	519		37,36		-0,79	13,87		1,96		3,71		13,26		7,19		13%	1,00	
STOXXE 600 Consumer P&S	407		16,55		-1,39	24,38		4,09		2,03		16,29		4,07		9%	1,80	
STOXXE 600 Energy	118		12,32		-2,57	9,55		1,25		5,36		13,00		10,46		18%	0,68	
STOXXE 600 Food, Bev and Tobacco	191		12,62		1,01	15,19		2,59		3,79		15,85		6,61		13%	1,12	
STOXXE 600 Personal Care	165		10,61		0,42	15,63		2,91		3,53		17,39		6,42		8%	1,17	
STOXXE 600 Chemicals	1319		65,33		-0,22	20,14		2,12		3,07		11,20		4,95		8%	1,41	
STOXXE 600 Utilities	399		32,18		0,76	12,39		1,53		5,20		12,21		8,07		14%	0,88	
STOXXE 600 Banks	203		30,38		0,55	6,66		0,80		7,36		11,18		14,95		17%	0,47	
STOXXE 600 Real Estate	138		8,23		-0,97	16,81		0,92		5,81		6,03		5,95		9%	1,12	
STOXXE 600 Technology	819		33,54		2,06	24,23		4,26		1,23		16,30		4,10		22%	1,80	
STOXXE 600 Autom. & Parts	559		85,57		-17,46	6,53		0,65		5,70		8,74		15,31		20%	0,45	
STOXXE 600 Health Care	1194		64,48		0,10	18,43		3,77		2,53		16,65		5,40		14%	1,40	
STOXXE 600 Financial Services	802		47,71		0,98	16,76		1,60		2,72		10,04		5,95		7%	1,16	
STOXXE 600 Insurance	398		36,01		-0,59	11,12		1,88		6,69		17,18		9,05		7%	0,82	
STOXXE 600 Telcos	227		16,26		-0,39	13,94		1,34		4,56		8,88		7,17		12%	0,97	
STOXXE 600 Media	454		25,69		1,33	17,66		3,44		2,57		16,16		5,66		14%	1,33	
STOXXE 600 Ind. Goods & Services	879		48,14		0,20	18,19		3,54		2,61		18,01		5,48		10%	1,37	
STOXXE 600 Constrn & Materials	710		46,75		-0,25	15,14		2,21		3,06		14,35		6,58		12%	1,10	
STOXXE 600 Basic Resources	579		47,12		-2,86	12,29		1,30		4,21		10,27		8,13		10%	0,86	
STOXXE 600 Retail	468		28,15		1,62	16,62		3,07		3,09		17,76		6,02		10%	1,24	
STOXXE 600 Travel & Leisure	247		19,93		28,90	12,35		2,71		3,07		21,27		8,07		20%	0,95	

* BBG Consensus, NOT an official target of BNP Paribas

Source: BNP Paribas, Bloomberg, Data as of 7th October 2024

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Valuations – US Sectors

			Forward														Composite	
Index	Level	1yr Range	EPS	5yr Z-Score	EPS change 4 weeks (%)	PE Ratio	5yr Z-Score	PB Ratio	5yr Z-Score	Div Yield	5yr Z-Score	ROE	5yr Z-Score	Earnings Yield	5yr Z-Score	Potential Upside to 12M Target Price*	vs. S&P 500	5yr Z-Score
S&P 500	5728		255,54		0,01	22,51		4,60		1,39		19,00		4,46		9%	1,00	
S&P 500 Consumer Discretionary	1565		64,06		-0,54	24,44		7,72		0,77		28,93		4,09		8%	1,19	
S&P 500 Consumer Staples	866		40,86		0,05	21,37		6,03		2,52		27,66		4,72		7%	1,01	
S&P 500 Energy	724		47,43		-4,88	15,14		2,10		3,20		14,08		6,56		9%	0,64	
S&P 500 Financials	752		44,57		-0,73	16,89		2,08		1,85		12,07		5,92		5%	0,70	
S&P 500 Health Care	1764		91,02		0,25	19,44		4,78		1,76		20,38		5,16		11%	0,89	
S&P 500 Industrials	1145		48,83		-0,09	23,47		6,00		1,50		24,76		4,27		4%	1,09	
S&P 500 Information Technology	4390		147,08		2,48	29,78		10,63		0,66		31,67		3,35		13%	1,49	
S&P 500 Materials	598		26,89		-0,55	22,21		2,96		1,82		12,79		4,50		7%	0,93	
S&P 500 Real Estate	271		6,90		-0,72	39,56		3,23		3,32		8,13		2,55		6%	1,58	
S&P 500 Communication Services	316		16,68		0,09	19,13		4,02		1,00		19,72		5,28		12%	0,85	
S&P 500 Utilities	406		21,07		0,14	19,29		2,26		2,93		11,67		5,18		3%	0,80	

* BBG Consensus, NOT an official target of BNP Paribas

Source: BNP Paribas, Bloomberg; Data as of 7th October 2024

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