quantumrock

March 2023

Market Commentary

Market Commentary March 2023

The most recently published economic data varied in recent months, in some cases significantly. While labor market figures in the USA were very strong, production data in Europe remained weak. Meanwhile, a positive development is expected in China, where the lifting of the Corona restrictions will lead to a recovery in economic activity. In Europe, on the other hand, the loss of purchasing power and the effects of restrictive monetary policy will slow the economy and probably lead to a recession. In this context, it seems realistic that the expected economic data will continue to vary in the coming months.

It is likely that the ECB will consider further interest rate steps necessary in March and possibly also in May. The consensus currently assumes a further interest rate step of 50 bp in March. Contrary to past months, there does not yet seem to be any clear consensus in the ECB Council on the coming course of action. If one believes the reports, opinions in the Governing Council now seem to be diverging more strongly again.

Despite signs of a slowdown in economic activity, the Fed will probably continue to maintain the path of interest rate hikes for the time being, as the labor market continues to boom and inflation rates in the services sector remain stubbornly high. On the one hand, the unemployment rate in the U.S. fell to 3.4 percent and, on the other, the downward trend in inflation faltered. Nevertheless, it can be noted that the pace of interest rate hikes by the Fed has already been reduced.

The central banks' focus on data-based forecasts is likely to increase volatility on the financial markets. With the upcoming releases of economic data, especially in the U.S.A., investors will wonder whether this will lead to another interest rate hike and thus further weigh on the economy. In the coming months, it should therefore become clear that the previous interest rate hikes have led to a weakening of the economy and that no further interest rate steps are necessary. At the same time, hopes for a rapid reduction in interest rates will be put to the test. The inversion of the yield curves should therefore accompany us for some time to come.

In Focus

- Different recession effects in the USA and Europe.
- Inflation peak appears to have been passed.
- Interest rate peak in mid-2023 realistic.
- Inverse interest curves remain in place.

Risk Notice

General disclaimer

All product-related information in this document is intended solely for professional investors in the EEA within the meaning of Directive 2014/65/EU on financial instruments (MiFID II Directive) of the European Parliament, accredited investors in the U.S. as defined in Rule 501 of Regulation D promulgated under the Securities Act, or persons entitled to receive such information under other applicable laws.

The information and statements contained in this document are presented in summary form and have been prepared solely for marketing and informational purposes. Neither the information contained in this presentation nor any opinion expressed herein is binding upon or constitutes a solicitation, offer or recommendation to buy, sell or dispose of any investment, to engage in any other transaction or to provide any investment advice or service. Any such offer is made only by means of a final confidential memorandum for a private offering and only in jurisdictions where permitted by law.

This document is provided as promotional material and is not binding. The strategic information provided has been prepared for the general information of investors. It is not intended to replace the investor's own market research or other legal, tax or financial information or advice. They do not contain all the information required for important economic decisions and may differ from the information and assessments of other sources or market participants. We assume no liability for the accuracy, completeness or timeliness of this document. All statements are based on our assessment of the current legal and tax situation. All opinions reflect Quantumrock's current assessment and are subject to change without notice.

Investment Performance

The representations of performance contained herein do not constitute a representation that such performance will continue in the future or that any investment scenario or performance will be even approximately as described. Any investment described herein is an example only and is not a representation that the same or even similar investment scenarios will occur in the future or that the investments made will be profitable. No representation is made that any investment will or is likely to produce profits or losses similar to those presented. In fact, there are often wide discrepancies between past performance results and actual results achieved with a particular trading program.

The gross performance presented in this document takes into account all costs incurred at portfolio level (e.g. trading costs) and assumes reinvestment of any distributions. Costs incurred at client level, such as management and performance fees, are not included.

Because clients have different fee arrangements and depending upon the timing of a specific investment, net performance for an individual client may vary from the gross performance stated herein. Actual returns will vary among clients in accordance with the terms of the pertinent investment management agreements. Investment returns and the principal value of an investment will fluctuate and may be quite volatile and depend, among other things, on the tax treatment of the personal circumstances of each investor. In addition to exposure to adverse market conditions, investments may also be exposed to changes in regulations, change in providers of capital and other service providers. Investors risk loss of their entire investment. Past performance is no guarantee of future results.

Forward looking statements

Certain information contained in this material constitutes forward-looking statements, which are identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "project," "estimate," "intend," "continue" or "believe" or the negative thereof or other variations or comparable terminology. Such statements are not guarantees of future performance or activities. Due to various risks and uncertainties, actual events or results or the Company's actual performance may differ materially from those expressed or contemplated by such forward-looking statements.

For illustrative purposes only.

Examples of our processes and other ideas presented herein are for illustrative purposes only. There is no guarantee that Quantumrock will acquire any position mentioned in these examples or ideas or that any such position will be profitable.

Quantumrock GmbH

Luise-Ullrich-Str. 4
82031 Grünwald
Phone: +49 89 255 421 92 E-Mail: info@quantumrock.ai

Quantumrock GmbH is a contractually bound intermediary of Quantumrock Capital GmbH according to § 3 para. 2 WpIG. All strategies and investment opportunities presented are the responsibility of the liability umbrella Quantumrock Capital GmbH in its capacity as portfolio manage