WEEKLY UPDATE

War in Ukraine: Europe's economic policy response will be key

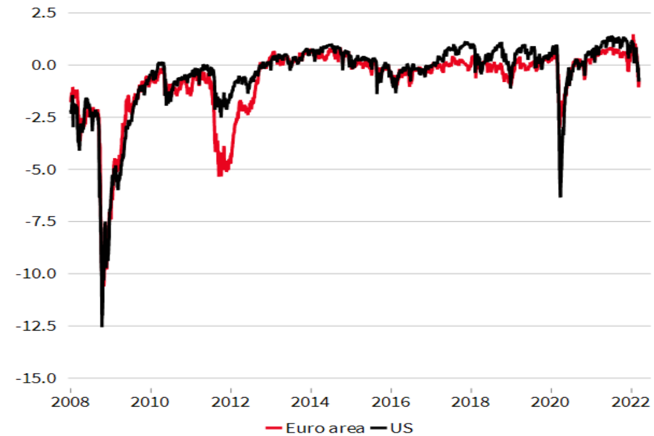
The war in Ukraine is shaking up financial markets and the global economic outlook. Some transmission channels of the conflict to the economy are already identifiable: (i) a certain tightening of financial conditions (Chart 1), which accompanies the strong turbulence observed on the markets (ii) a sharp increase of various commodities prices (Chart 2) and (iii) an increase in uncertainties that will alter the decisions of economic actors. All in all, economic growth is likely to be lower than expected before the conflict and inflation significantly higher, particularly in the Euro area due to its geographical and commercial proximity. At this stage, however, a stagflation scenario, with zero or negative growth, does not seem to us to be the most likely scenario. Indeed, activity should continue to benefit from the easing of sanitary conditions, while households and companies still have healthy balance sheets that will allow them to absorb part of the shock. However, the response of economic policies will be decisive, both in terms of the real support they provide and their ability to maintain the confidence of economic actors.

On the monetary policy side, the context of higher inflation and moderating economic activity complicates the task of central banks. The European Central Bank seems inclined to continue the normalization of its policy already announced. The new wave of inflation to come in the Euro area will nevertheless remain mainly caused by a negative supply shock and will be more penalizing for economic activity.

On the fiscal policy side, the management of the COVID crisis has already led to a sharp increase in government debt and seems to leave less room for maneuver. However, various recent announcements point to a potentially significant and common support to all Euro area countries. On March 8, the European Commission announced a plan to counteract rising energy prices. This plan contains a short-term component in which the Commission authorizes member states to subsidize energy prices for households and businesses, while it will set up community funds to finance these subsidies. The second part consists of an investment plan in the energy sector that aims to reduce energy dependence on Russia by 60% by the end of the year. In addition, significant military spending has been announced by the states. By increasing aggregate demand, this new spending should further support the Euro area economies.

Tightening financial conditions

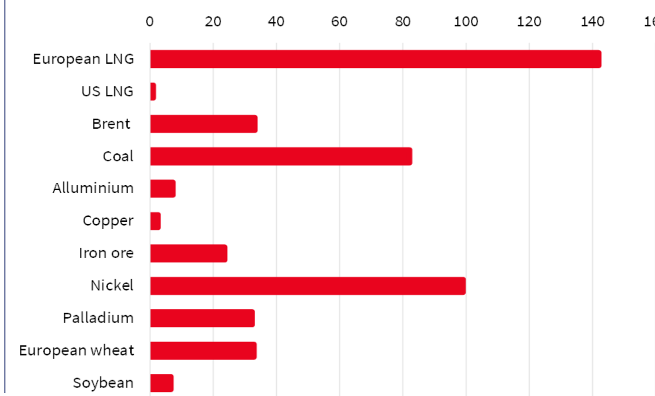
Euro area & United States: financial conditions index



Sources: SGPB, Macrobond, 09/03/2022

Explosion of commodity prices since the beginning of the conflict in Ukraine

Change in commodity prices, since February 20, 2022



Sources: Bloomberg, SGPB

SOCIETE GENERALE
Private Banking

OUR MACRO COMMENTS

Events of the week

The United States announced on Tuesday the implementation of an embargo on Russian hydrocarbons. Major US equity indices ended in the red on the day of the announcement, fearing a rebound in energy prices. It should be noted, however, that the United States is only 3% dependent on Russian oil and is independent of its gas supply.

The London Metal Exchange (LME) saw the price of nickel increase by 250% in two days earlier this week. As a result, on Tuesday, the LME decided on an exceptional measure: to suspend trade in nickel, the metal price exceeding the symbolic threshold of $100,000 per ton.

Figures of the week

	Current		Consensus	Previous
• Interest rates	0%	➡	0%	0%
• Deposit facility rate	-0.5%	➡	-0.5%	-0.5%
• GDP (in year on year variation, Q4)	4.6%	➡	4.6%	4.6%
• Inflation (in year on year variation, February)	7.9%	⬆	7.9%	7.5%
• Core inflation (in year on year variation, February)	6.4%	⬆	6.4%	6.4%
• Industrial production (in year on year variation)	2.3%	⬆	1.9%	0.4%
• GDP (in quarter on quarter variation, Q4)	1.1%	⬇	1.4%	1.3%
• Inflation (in year on year variation, February)	0.9%	➡	0.8%	0.9%

Sources : Bloomberg, on January 14th, 2022.

The week ahead

Tuesday

- Retail sales (February)
- Unemployment (January)
- ZEW Survey on Economic Sentiment (March)

Wednesday

- Retail sales (February)
- Interest rates

Thursday

- Inflation (February)
- Interest rates
- Inflation (February)

Friday

- Interest rates

MARKETS PERFORMANCE

Interbank rate	Last.	-1W	-3M	YTD	-12M
€STER O/N	-0,58	-0,58	-0,58	-0,59	-0,56
USD SOFR O/N	0,30	0,05	0,05	0,05	0,02
JPY TONAR O/N	-0,01	-0,01	-0,02	-0,02	-0,01
GBP SONIA O/N	0,44	0,45	0,05	0,19	0,05
CHF O/N	-0,78	-0,78	-0,78	-0,78	-0,80

Long term sov. rates	Last.	-1W	-3M	YTD	-12M
10Y OAT	0,65	0,47	0,04	0,20	-0,06
10Y Bund	0,17	-0,04	-0,38	-0,21	-0,30
10Y BTP	1,68	1,55	1,03	1,17	0,68
10Y JGB	0,16	0,13	0,05	0,07	0,12
10Y Bonos	1,14	0,99	0,41	0,56	0,35
10Y Swiss	0,25	0,08	-0,29	-0,13	-0,26
10Y Gilt	1,56	1,27	0,76	1,02	0,72
10Y USTnote	1,94	1,86	1,52	1,52	1,53

Credit & EM	Last.	-1W	-3M	YTD	-12M
EUR Corporate Aaa	1,00	0,81	0,27	0,33	0,12
EUR Corporate Baa	1,60	1,35	0,58	0,66	0,51
GBP Corporate Baa	2,43	2,07	1,24	1,52	1,10
USD Corporate Aaa	2,91	2,80	2,18	2,13	2,19
USD Corporate Baa	3,67	3,46	2,64	2,60	2,53
USD EM aggreate	5,64	5,81	4,52	4,33	3,98

Commodities	Last.	-1W	-3M	YTD	-12M
Brent, USD/BL	111,99	-2,3%	47,4%	41,7%	64,3%
Or, USD/oz	1 991	3,3%	11,7%	8,9%	15,4%
Copper, USD/metric ton	10 065	-1,5%	5,3%	4,0%	12,9%
Platinium, USD/onz	1 115	4,8%	15,8%	15,3%	-4,5%
Palladium, USD/onz	3 018	13,8%	63,7%	52,6%	31,2%
Silver, USD/onz	26,18	4,4%	16,7%	13,4%	2,1%

FX rates	Last.	-1W	-3M	YTD	-12M
EUR/USD	1,10	-1,0%	-2,7%	-2,9%	-7,6%
EUR/CHF	1,02	0,2%	-2,1%	-1,2%	-7,6%
USD/GBP	0,76	1,2%	0,4%	2,9%	5,7%
USD/JPY	115,81	0,2%	1,7%	0,6%	6,6%
USD/BRL	4,99	-3,3%	-10,0%	-10,4%	-13,4%
USD/CNY	6,32	-0,1%	-0,4%	-0,5%	-2,9%
USD/RUB	119,89	14,8%	62,7%	59,9%	62,6%

Equity indices	Last.	-1W	-3M	YTD	-12M
MSCI AC World (USD)	1 101	-2,2%	-2,8%	-5,2%	3,6%
Eurostoxx 50	3 766	-1,4%	-11,0%	-12,4%	-1,4%
Dax 40	13 848	-1,1%	-11,7%	-12,8%	-4,8%
CAC 40	6 388	-1,7%	-8,9%	-10,7%	6,6%
FTSE 100	7 191	-3,2%	-2,0%	-2,6%	6,9%
SMI	11 493	-3,2%	-8,8%	-10,7%	5,3%
SP500	4 278	-2,5%	-9,0%	-10,2%	9,7%
TOPIX	1 759	-5,4%	-12,2%	-11,7%	-8,4%
iBovespa	113 900	-1,1%	5,4%	8,7%	1,0%
Hang Seng	20 628	-7,7%	-14,0%	-11,8%	-28,6%
Sensex 30	54 647	-1,5%	-6,8%	-6,2%	6,6%
MOEX	-	-	-	-	-
CSI 300	4 226	-7,7%	-15,4%	-14,5%	-15,5%

Source: Macrobond, on March 11th, 2022.

1wk = 1-week change, 3mth = 3-month change, 12mth = 12-month change, YTD = year-to-date change, YoY = year-on-year change, BAML = Bank of America Merrill Lynch, JPM = JP Morgan, IG = Investment Grade, EM = emerging markets. * Price return for MICEX equity index. Equities; total return in local currency. Government bonds = 3-7-year returns. Figures are rounded.

IMPORTANT INFORMATION – PLEASE READ

Societe Generale Private Banking is a division of the Societe Generale Group operating through its head office within Societe Generale S.A. and its network (subsidiaries, branches or departments of Societe Generale S.A.) located in the countries mentioned hereafter which use the “Societe Generale Private Banking” and “Kleinwort Hambros” brands, and which distribute this document.

Subject of the document

This document has been prepared by experts of the Societe Generale Group, and more particularly of Societe Generale Private Banking division, to provide you with information relating to certain financial and economic data. The names and functions of the people who prepared this document are indicated on the first pages of the document.

This document is a marketing communication that has not been prepared in accordance with legal requirements designed to promote the independence of investment research and the investment service provider is not subject to any prohibition on dealing ahead of the dissemination of investment research.

In order to read and understand the financial and economic information included in this document, you will need to have knowledge and experience of financial markets. If this is not the case, please contact your advisor so that you no longer receive the document. Unless you do this, we shall consider that you have the necessary skills to understand this document.

Please note that this document only aims to provide simple information to help you in your investment or disinvestment decisions, and that it does not constitute a personalised recommendation. You remain responsible for any liabilities that arise. You remain responsible for the management of your assets, and you take your investment decisions freely. Moreover, the document may mention asset classes that are not authorised/marketed in certain countries, and/or which might be reserved for certain categories of investors. Therefore, should you wish to make an investment, as the case may be and according to the applicable laws, your advisor within the Societe Generale Private Banking entity of which you are a client will check your eligibility for this investment and whether it corresponds to your investment profile.

Should you not wish to receive this document, please inform your private banker in writing, and he/she will take the appropriate measures.

Conflicts of interest

This document contains the views of Societe Generale Private Banking’s experts. Societe Generale Private Banking trading desks may trade, or have traded, as principal on the basis of the expert(s) views and reports. In addition, Societe Generale Private Banking’s experts receive compensation based, in part, on the quality and accuracy of their analysis, client feedback, revenues of their entity of the Societe Generale Group and competitive factors.

As a general matter, entities within the Societe Generale Group may make a market or act as a principal trader in securities referred to in this report and can provide banking services to the companies mentioned in that document, and to their subsidiary. Entities within the Societe Generale Group may from time to time deal in, profit from trading on, hold on a principal basis, or act advisers or brokers or bankers in relation to securities, or derivatives thereof, or asset class(es) mentioned in this document.

Entities within the Societe Generale Group may be represented on the supervisory board or on the executive board of such persons, firms or entities.

Employees of the Societe Generale Group, or persons/entities connected to them, may from time to time have positions in or hold any of the investment products/ asset class(es) mentioned in this document.

Entities within the Societe Generale Group may acquire orliquidate from time to time positions in the securities and/or underlying assets (including derivatives thereof) referred to herein, if any, or in any other asset, and therefore any return to prospective investor(s) may directly or indirectly be affected.

Entities within the Societe Generale Group are under no obligation to disclose or take into account this document when advising or dealing with or on behalf of customers.

In addition, Societe Generale Private Banking may issue other reports that are inconsistent with and reach different conclusions from the information presented in this report and are under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

IMPORTANT INFORMATION – PLEASE READ

Societe Generale Group maintains and operates effective organisational and administrative arrangements taking all reasonable steps to identify, monitor and manage conflicts of interest. To help the Societe Generale Private Banking Entities to do this, they have put in place a management of conflicts of interest policy designed to prevent conflicts of interest giving rise to a material risk of damage to the interests of Societe Generale Private Banking's clients. For further information, Societe Generale Private Banking's clients can refer to the management of conflicts of interests policy, which was provided to them by the Societe Generale Private Banking entity of which they are clients.

General Warning

This document, which is subject to modifications, is provided for information purposes only and has no legal value.

This material has been prepared for information purposes only and is not intended to provide investment advice nor any other investment service. The document does not constitute and under no circumstances should it be considered in whole or in part as an offer, a personal recommendation or advice from any of the Societe Generale Private Banking entities, regarding investment in the asset classes mentioned therein.

Some products and services might not be available in all Société Générale Private Banking entities. Their availability in your jurisdiction may be restricted depending on local laws and tax regulations. In addition, they have to comply with Societe Generale Group Tax Code of Conduct. You should be aware that the investment to which this material relates may involve numerous risks. The amount of risk may vary but can expose you to a significant risk of losing all of your capital, including a potential unlimited loss. Accordingly these products or services may be reserved only for a certain category of eligible investors such as those who are sophisticated and familiar with these types of investment and who understand the risks involved. Furthermore, accessing some of these products, services and solutions might be subject to other conditions, amongst which is eligibility. Your private banker is available to discuss these products, services and solutions with you and to check if they can respond to your needs and are suitable for your investor profile. Accordingly, before making an investment decision, a potential investor, as the case may be and according to the applicable laws, will be questioned by his or her advisor within the Societe Generale Private Banking entity, of which the investor is a client, regarding his eligibility for the envisaged investment, and the compatibility of this investment with his investment profile and objectives.

Before any investment, the potential investor should also consult his own independent financial, legal and tax advisers in order to obtain all the financial, legal and tax information which will allow him to appraise the characteristics and the risks of the envisaged investment and the pertinence of the strategies discussed in this document, as well as the tax treatment of the investment, in the light of his own circumstances.

Prior to any investment, a potential investor must be aware of, understand and sign the related contractual and informative information, including documentation relating to risks. The potential investor has to remember that he should not base any investment decision and/or instructions solely on the basis of this document. Any financial services and investments may have tax consequences and it is important to bear in mind that the Societe Generale Private Banking entities, do not provide tax advice. The level of taxation depends on individual circumstances and such levels and bases of taxation can change. In addition, this document is not intended to provide, and should not be relied on for, accounting, tax or legal purposes and independent advice should be sought where appropriate.

Investment in some of the asset classes described in this document may not be authorised in certain countries, or may be restricted to certain categories of investors. It is the responsibility of any person in possession of this document to be aware of and to observe all applicable laws and regulations of relevant jurisdictions. This document is not intended to be distributed to people or in jurisdictions where such distribution is restricted or illegal. It is not to be published or distributed in the United States of America and cannot be made available directly or indirectly in the United States of America or to any U.S. person.

The price and value of investments and the income derived from them can go down as well as up. Changes in inflation, interest rates and exchange rates may have adverse effects on the value, price and income of investments issued in a different currency from that of the client. The simulations and examples included in this document are provided for informational and illustration purposes alone. The present information may change with market fluctuations, and the information and views reflected in this document may change. The Societe Generale Private Banking entities disclaim any responsibility for the updating or revising of this document. The document's only aim is to offer information to investors, who will take their investment decisions without relying solely on this document. The Societe Generale Private Banking entities disclaim all responsibility for direct or indirect losses related to any use of this document or its content. The Societe Generale Private Banking entities do not offer no implicit or explicit guarantees as to the accuracy or exhaustivity of the information or as to the profitability or performance of the asset classes, countries and markets concerned.

The historical data, information and opinions provided herein have been obtained from, or are based upon, external sources that the Societe Generale Private Banking entities believe to be reliable, but which have not been independently verified. The Societe Generale Private Banking entities shall not be liable for the accuracy, relevance or exhaustiveness of this information. Information about past performance is not a guide to future performance and may not be repeated. Investment value is not guaranteed and the value of investments may fluctuate. Estimates of future performance are based on assumptions that may not be realised.

This document is confidential. It is intended exclusively for the person to whom it is given, and may not be communicated or notified to any third party (with the exception of external advisors, on the condition they themselves respect this confidentiality undertaking). It may not be copied in whole or in part without the prior written consent of the relevant Societe Generale Private Banking entity.

IMPORTANT INFORMATION – PLEASE READ

Specific warnings per jurisdiction

France: Unless otherwise expressly indicated, this document has been issued and distributed by Societe Generale, a French bank authorised and supervised by the Autorité de Contrôle Prudentiel et de Résolution, located at 4, Place de Budapest, CS 92459, 75436 Paris Cedex 09, under the prudential supervision of the European Central Bank ("ECB"), and under the control of the Autorité des Marchés Financiers ("AMF"). Societe Generale is also registered at ORIAS as an insurance intermediary under the number 07 022 493 orias.fr. Societe generale is a French Société Anonyme with its registered address at 29 boulevard Haussman, 75009 Paris, with a capital of EUR 1,066,714, 367.50 on 1st August 2019 and unique identification number 552 120 222 R.C.S. Paris. Further details are available on request or can be found at www. http://www.privatebanking.societegenerale.fr/.

Luxembourg: This document has been distributed in Luxembourg by Societe Generale Luxembourg ("SG Luxembourg"), a credit institution which is authorised and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") under the prudential supervision of the European Central Bank ("ECB"), and whose head office is located at 11 avenue Emile Reuter – L 2420 Luxembourg. Further details are available on request or can be found at www.societegenerale.lu. No investment decision whatsoever may result from solely reading this document.SG Luxembourg accepts no responsibility for the accuracy or otherwise of information contained in this document. SG Luxembourg accepts no liability or otherwise in respect of actions taken by recipients on the basis of this document only and SG Luxembourg does not hold itself out as providing any advice, particularly in relation to investment services. The opinions, views and forecasts expressed in this document (including any attachments thereto) reflect the personal views of the author(s) and do not reflect the views of any other person or SG Luxembourg unless otherwise mentioned. SG Luxembourg has neither verified nor independently analysed the information contained in this document. The CSSF has neither verified nor analysed the information contained in this document.

Monaco: The present document has been distributed in Monaco by Société Générale Private Banking (Monaco) S.A.M., located 13, 11 Avenue de Grande Bretagne, 98000 Monaco, Principality of Monaco, governed by the Autorité de Contrôle Prudentiel et de Résolution and the Commission de Contrôle des Activités Financières. The Financial products marketed in Monaco can be reserved for qualified investors in accordance with Law No. 1339 of 07/09/2007 and Sovereign Ordinance No 1.285 of 10/09/2007. Further details are available upon request or on www.privatebanking.societegenerale.mc.

Switzerland: This document has been communicated in Switzerland by Société Générale Private Banking (Suisse) SA (« SGPBS »), whose head office is located at rue du Rhône 8,, CH-1204 Geneva. SGPBS is a bank authorized by the Swiss Financial Market Supervisory Authority ("FINMA"). Further details are available on request or can be found at www.privatebanking.societegenerale.ch.

This document (i) does not provide any opinion or recommendation about a company or a security, or (ii) has been prepared outside of Switzerland for the « Private banking ». Therefore, the Directives of the Swiss Bankers Association (SBA) on the Independence of Financial Research do not apply to this document.

This document has not been prepared by SGPBS. SGPBS has neither verified nor independently analyzed the information contained in this document. SGPBS accepts no responsibility for the accuracy or otherwise of information contained in this document. The opinions, views and forecasts expressed in this document reflect the personal views of the relevant author(s) and shall not engage SGPBS' liability.

This document is not a prospectus within the meaning of articles 652a and 1156 of the Swiss Code of Obligations.

This document is issued by the following companies in the Kleinwort Hambros Group under the brand name Kleinwort Hambros:

United Kingdom: SG Kleinwort Hambros Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The firm reference number is 119250. The company is incorporated in England and Wales company registration under number 964058 and its registered address is 5th Floor, 8 St James's Square, London, England, SW1Y 4JU.

Channel Islands: Kleinwort Hambros is the brand name of SG Kleinwort Hambros Bank (CI) Limited, which is regulated by the Jersey Financial Services Commission for banking, investment, money services and fund services business. The company is incorporated in Jersey under company registration number company registration 2693 and its registered address is PO Box 78, SG Hambros House, 18 Esplanade, St Helier, Jersey JE4 8PR.

SG Kleinwort Hambros Bank (CI) Limited – Guernsey Branch is regulated by the Guernsey Financial Services Commission for banking, investment and money services business. Its address is PO Box 6, Hambro House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3AE.

The company (including the branch) is also authorised and regulated by the UK Financial Conduct Authority in respect of UK regulated mortgage business and its firm reference number is 310344. The Company (including the branch) is not authorised or regulated by the UK Financial Conduct Authority for accepting UK bank deposits nor is it permitted to hold deposits in the UK.

IMPORTANT INFORMATION – PLEASE READ

Kleinwort Hambros is the brand name of SG Kleinwort Hambros Trust Company (CI) Limited, which is regulated by the Jersey Financial Services Commission in the conduct of trust company business and fund services business and by the Guernsey Financial Services Commission in the conduct of fiduciary services business. The company is incorporated in Jersey under company registration number 4345 and its registered address is SG Hambros House, PO BOX 197, 18 Esplanade, St Helier, Jersey, JE4 8RT. Its address in Guernsey is PO Box 86, Hambro House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3ED.

Gibraltar: SG Kleinwort Hambros Bank (Gibraltar) Limited is authorised and regulated by the Gibraltar Financial Services Commission for the conduct of banking, investment and insurance mediation business and its firm reference is 419436. The company is incorporated in Gibraltar under company registration number 01294 and its registered address is 32 Line Wall Road, Gibraltar.

Kleinwort Hambros is part of Societe Generale Private Banking, which is part of the wealth management arm of the Societe Generale Group. Societe Generale is a French Bank authorised in France by the Autorité de Contrôle Prudentiel et de Resolution, located at 4, Place de Budapest, CS 92459, 75436 Paris Cedex 09 and under the prudential supervision of the European Central Bank. It is also authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Further information on the Kleinwort Hambros Group including additional legal and regulatory details can be found at: www.kleinworthambros.com

http://www.privatebanking.societegenerale.com.