

Focus

Under the Biden administration, the United States has re-joined the Paris climate agreement and the US president hosted a "Leaders Summit on Climate". Recently, Biden also announced his plan to invest USD 2.3 trillion to reengineer the American infrastructure. A major chunk of this investment, approximately USD 583 billion, is earmarked to combat climate change and to stimulate a more sustainable, circular economy. It would be the country's largest-ever climate investment and it signals that the Biden administration is willing to go above and beyond to reaffirm their commitment to the global battle against climate change. Next to that, it shows that his administration believes large investments are the way forward towards a more sustainable future. This also raises the question whether that sentiment is shared by private and institutional investors.

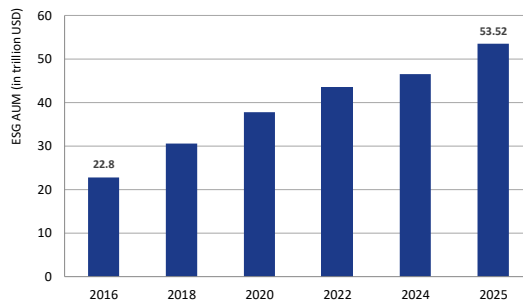
First, we should define what is considered to be 'sustainable investing'. Most experts agree that sustainable investing is synonymous to environmental, social and governance (ESG) investing and its criteria are most popularly defined as "a subset of non-financial performance indicators which include sustainable, ethical and corporate governance issues". Although this narrows it down, it is still a broad definition and it could envelop numerous criteria. Also note, it should not be confused with SRI-investing, which refers to screening methods that for instance exclude guns or tobacco as investments.

Keeping this definition in mind, Bloomberg reported that the global ESG assets under management (AUM), which consists of investments from both institutional and retail investors, has nearly doubled in the last four years. The US even saw a 50% increase of ESG investments by individual investors in 2020 compared to 2018. The most popular assets to invest in are exchange traded funds (ETFs), sustainable mutual funds and green bonds. Bloomberg predicts that by 2025, more than one-third of all global AUM (USD 53.5 trillion vs. USD 140.5 trillion) would be considered ESG (refer to graph). It is safe to say that, henceforth, ESG investing is no longer a small niche. However, according to some, it is all a giant hoax.

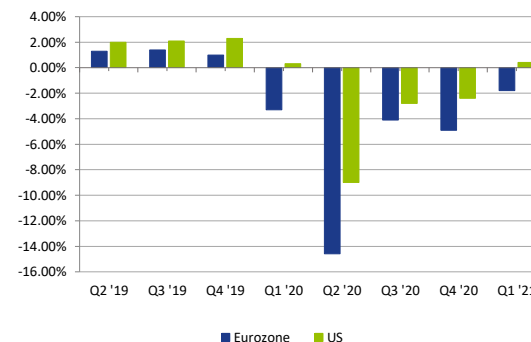
Recently the former chief investment officer for sustainable investing at Blackrock, the largest asset manager on the planet, accused Wall Street of greenwashing the financial sector, stating that: "ESG investing is nothing more than a marketing trick". According to the former CIO, a lot of funds are rebranded as "green", simply because claiming to be environmentally or socially responsible is profitable. One of the problems is that there is virtually no authority that thoroughly checks whether assets actually deserve an ESG distinction. This concern is echoed by the founder of Sustainable Research and Analysis LLC, who claims that approximately 85% of the growth in ESG assets is attributable to fund rebrandings and is not "new money".

Their concerns were noted by the American Securities and Exchange Commission (SEC) who created a "Climate and ESG Task Force". Amongst other things, this taskforce will analyze ESG related disclosure and compliance of funds and it will "proactively identify ESG-related misconduct". Time will tell whether the record-breaking climate investment of the American government will be considered 'green washing' as well.

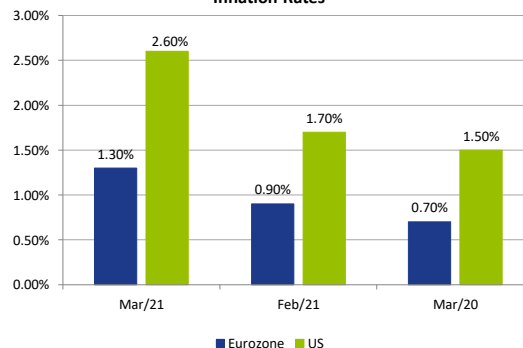
Global ESG "Assets Under Management"



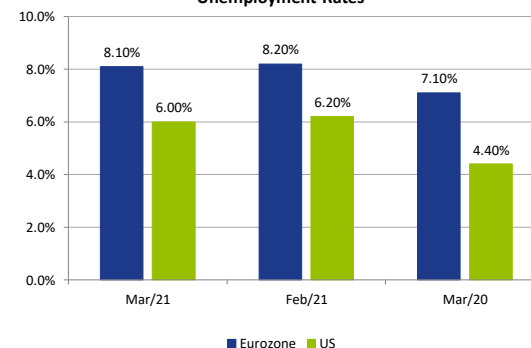
GDP Growth (YoY)



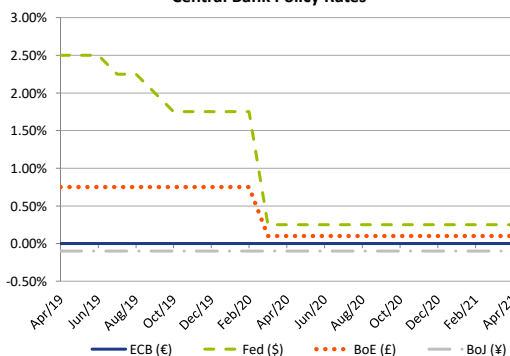
Inflation Rates



Unemployment Rates



Central Bank Policy Rates



Country Ratings	S&P	Moody's	Fitch
Netherlands	AAA	Aaa	AAA
Germany	AAA	Aaa	AAA
France	AA	Aa2	AA
United Kingdom	AA	Aa3	AA-
Russia	BBB-	Baa3	BBB
United States	AA+	Aaa	AAA
Japan	A+	A1	A
China	A+	A1	A+
Australia	AAA	Aaa	AAA

Review & preview

At the end of April, the European Central Bank (ECB) decided to leave policy rates unchanged and to maintain its Quantitative Easing programmes. According to Christine Lagarde, the president of the ECB, the phasing-out of the buy-back program is not yet scheduled because of the large uncertainties in the economy as a result of the corona crisis. In June, the ECB is expected to focus on a possible exit strategy of the support programs. If the outlook remains positive, the Pandemic Emergency Purchase Program (PEPP) could be phased out. Currently, PEPP is scheduled to run until March 2022. Klaas Knot, president of DNB, previously reported to Reuters that the program can be gradually phased out starting in the third quarter of this year, but that opinions are divided on this. There is a division among the Governing Council of the ECB, about how to achieve the inflation target, in combination with PEPP.

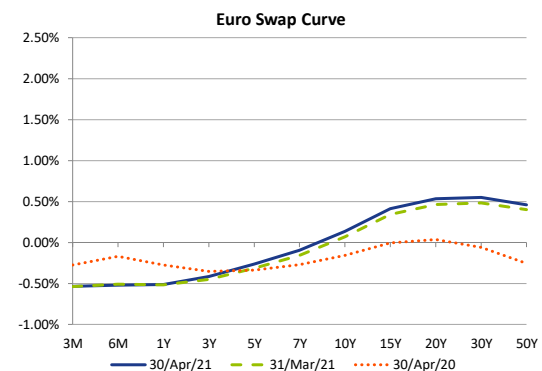
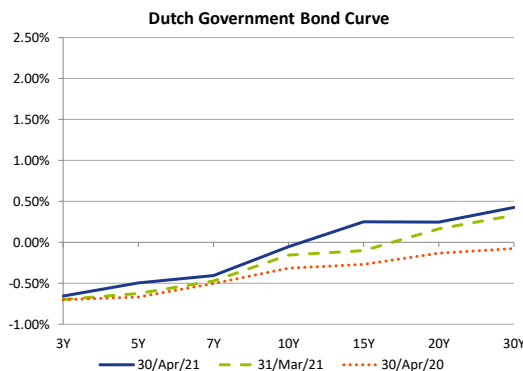
The US economy has grown by 6.4% in the first quarter of 2021 compared to the fourth quarter of 2020. This follows from figures published by the US Department of Commerce on Thursday. Economists had expected a growth of 6.5%. In the fourth quarter of 2020, the US economy grew by 4.3% on a quarterly basis. Besides, the German economy contracted by 1.7% in the first quarter of 2021, compared to the previous quarter. On an annual basis, the economy contracted by 3.0%. This is evident figures from the German Federal Statistical Office Destatis.

Figures from the Dutch Association of Realtors (NVM) show that the Dutch housing market tightened again in the first quarter of 2021. According to the NVM, this is primarily caused by the shortage of housing in the Netherlands. Prices of existing houses increased by an average of 14.7% in the first quarter of 2021 compared to the first quarter of 2020. This brings the average price of an existing home to EUR 385,000, compared to EUR 327,000 a year earlier.

The shortage in the Dutch housing market also shows in figures from the Dutch Mortgages Data Network (HDN). In the first quarter of 2021, 6.7% fewer mortgages were taken out in the Netherlands compared to the first quarter of 2020. According to HDN, the decline is due to a decline in the housing supply.

Agenda

- 6 May Interest rate decision BoE
- 7 May Unemployment United States
- 12 May Inflation United States
- 18 May GDP euro area
- 19 May Inflation euro area
- 20 May Unemployment Netherlands



Bank Ratings	S&P	Moody's	Fitch
Rabobank	A+	Aa3	A+
ING Bank	A+	Aa3	AA-
ABN AMRO	A	A1	A
BNG Bank	AAA	Aaa	AAA
NWB Bank	AAA	Aaa	n.a.
Deutsche Bank	BBB+	A3	BBB
BNP Paribas	A+	Aa3	AA-
Barclays Bank	A	A1	A+
Credit Suisse Int.	A+	Aa3	A

Currencies	30/Apr/21	31/Mar/21	30/Apr/20
EUR/USD	1.202	1.173	1.096
EUR/GBP	0.870	0.851	0.870
EUR/CHF	1.098	1.107	1.058
EUR/JPY	131.405	129.860	117.425
EUR/DKK	7.436	7.438	7.462
EUR/SEK	10.173	10.241	10.690
EUR/CAD	1.477	1.474	1.528
EUR/AUD	1.557	1.544	1.682
EUR/CNY	7.783	7.687	7.735

