



Europe

2.5 Stars - Neutral



Macro Outlook

- Economic growth momentum likely to slow in 4Q23 given weak growth abroad in China. However, growth outlook should remain resilient as surveys and hard data are showing signs of improvement.
- At the moment, policies remain supportive despite a planned (gradual) tightening by ECB later this year.

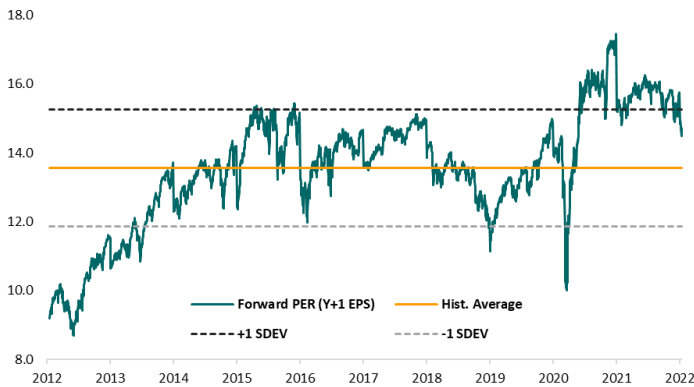
What we like about

- Second leg of cyclical EPS recovery driven by consumer, travel and auto sectors.
- Global cyclical and value rotation underway which greatly supports European equities
- Valuations decent on a historical basis and cheap on a relative basis, especially against US equities.

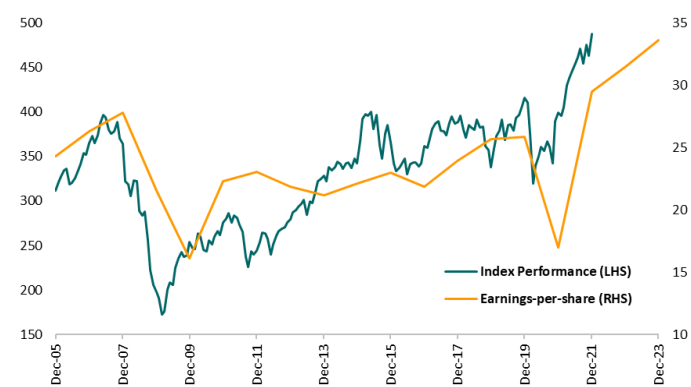
Investment Risk(s)

- Omicron growth risk and equity repricing risk from the extension of current restrictions.
- Political uncertainties from upcoming elections across multiple nations in the region.

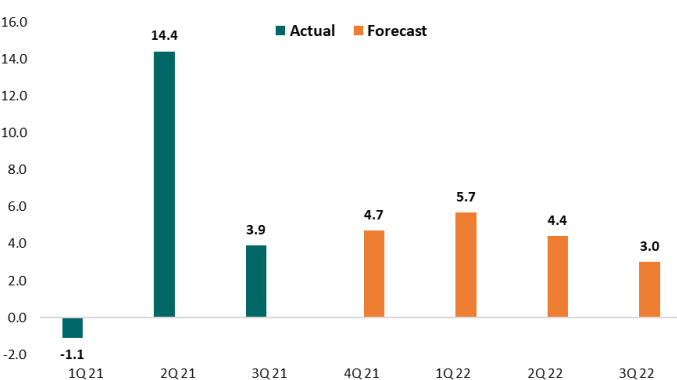
Stoxx 600 Index Forward PE Ratio (x)



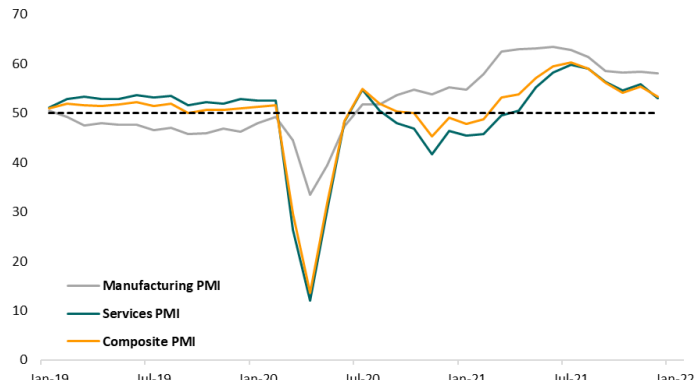
Europe Equity (SXXP Index) Price vs EPS



Real Quarterly GDP - Actual and Forecast (YoY %)



Europe Market PMI



Source : Bloomberg Finance L.P, iFAST compilations. Data as of Jan 2022.

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