Oriflex BP Regeling
Oriflex Liquiditeiten
Stichting Pensioenfonds Atos Origin
Vierde Kwartaal 2021

BLACKROCK

Investment Review

The Fund underperformed its benchmark over the quarter.

Market Overview

2021's powerful restart of economic activity resulted in severe price pressures and supply bottlenecks. In a stark departure from past practice of pre-emptive tightening, most developed market (DM) central banks did not respond when inflation and growth surged. Nominal bond yields rose, but not as much as inflation. This kept real yields deeply negative. Most central banks are poised to nudge up policy rates but this is taking the foot off the monetary accelerator, not hitting the brakes.

In developed economies, the European Central Bank (ECB) has kept its foot on the accelerator while others such as the Federal Reserve (Fed) prepare to pull back slightly. What matters next is whether DM central banks think their respective labor markets have returned to pre-Covid trends. Why? They may have an explicit employment mandate, like the Fed, or they use labor market conditions as a gauge for future inflationary pressures. This will play into the timing, pace and endpoint of policy hikes.

The Bank of England (BoE), which in December became the first major DM central bank to raise rates since the pandemic struck, has made the most noise about responding more aggressively to inflation, leading markets to expect repeated rate hikes. The BoE may serve as a test case of a DM central bank coming closer to hitting the brakes, prompting the market to price in a risk of a policy reversal on rates by 2024. Inflation expectations could become unanchored from policy targets in the post-Covid confusion, forcing central banks to react aggressively. This could lead to stagflation: higher inflation becoming sticky amid stagnating activity.

Inflation has jumped across major economies, largely driven by supply and demand mismatches as economies restart following pandemic-induced shutdowns. The Fed and the ECB both have an inflation target of 2% and both are ostensibly exceeding it by quite some way, at least for now. It's not today's inflation rate that matter to these central banks, however. For the Fed, it's what it sees as the average inflation rate. For the ECB, it's the inflation rate it projects over the medium term. By these metrics, only the Fed has met, and exceeded, its inflation goal. U.S. core Personal Consumption Expenditures (PCE) now averages 2.2% over the past five years, and this could rise further as the Fed is forecasting inflation to stay above 2% at least until 2024. The ECB is forecasting inflation to drop below its target within around a year and stay there. Therefore the Fed is set to start raising interest rates next year, whereas the ECB could keep rates on hold in 2022 and beyond and unlike other major central banks is still providing monetary support.

The European Central Bank (ECB) left its key rates unchanged; the refi rate remains at 0.00% with the deposit facility and marginal rates at respectively -0.50% and 0.25%.At its monetary policy meeting on Thursday, December 16, the ECB confirmed that asset purchases under the pandemic emergency purchase program (PEPP) launched in March 2020 would diminish gradually and cease completely at the end of March 2022.The Governing Council also decided to extend the time for reinvesting securities that reach maturity to at least the end of 2024.These reinvestments are expected to represent €15 billion a month compared with the €60 billion a month currently invested through the PEPP.

In terms of outlook, the ECB staff projections showed upward revisions in inflation across the 3-year horizon period and the first forecast for 2024 reaching 1.8%. The latest inflation print for November 2021, once again, came higher at 4.90% from 4.1%, the highest print on record since the inception of the euro. Nevertheless, the ECB is confident that price pressures will start to decline in January 2022 as the impact of the temporary German VAT cut will fall out of the series.

Europe was struck by the new wave of the omicron Covid-19 but its impact on the market was limited as it's seen so far as more transmissible but much less severe than the previous variants. In fact credit spreads tightened in December, reversing some of the widening seen in November where uncertainties were higher.

In November 2021, the euro area seasonally-adjusted unemployment rate was 7.2%, down from 7.3% in October 2021 and from 8.1% in November 2020. The EU unemployment rate was 6.5% in November 2021, down from 6.7% in October 2021 and from 7.4% in November 2020.

Omvang fonds

Waarde begin van de periode	€ 123,672,961
Waarde eind van de periode	€ 120,671,056

Rendement

%	Kwartaal	Jaar tot op heden	3-Jaars Ann.	5-Jaars Ann.	10-Jaars Ann.
Fonds	-0.18%	-0.71%	-0.62%	-0.58%	-0.31%
Benchmark	-0.17%	-0.67%	-0.55%	-0.51%	-0.13%

Outlook

The Eurozone Manufacturing Purchasing Managers' Index (PMI) was confirmed at 58 in December 2021, its lowest level since February. Consumer goods makers drove the slower improvement in manufacturing conditions, with intermediate and capital goods producers registering marginally quicker upturns. Manufacturing output growth was unchanged from November, which saw the second-weakest pace of expansion since July 2020, due to shortages at suppliers and subdued demand pressures.

Economic confidence deteriorated marginally in December, as shown in survey results from the European Commission. In particular, the economic sentiment indicator, (an aggregate gauge of business and consumer confidence decreased to 114.50 in December from 116.60 in November of 2021.