

Focus

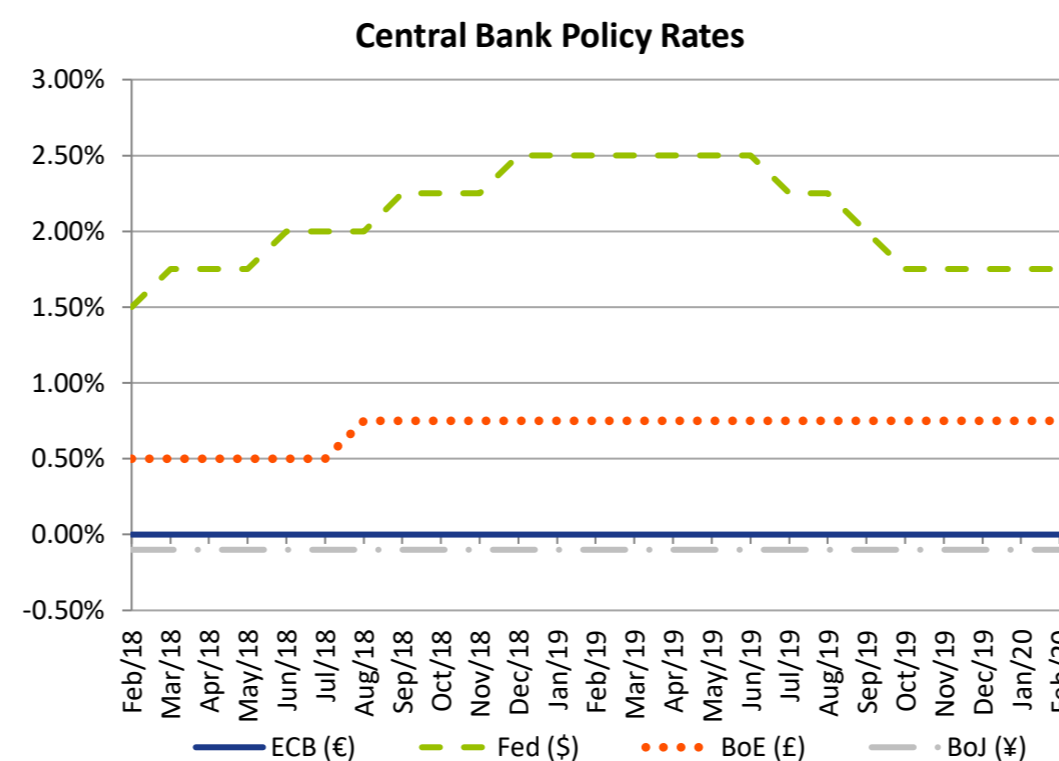
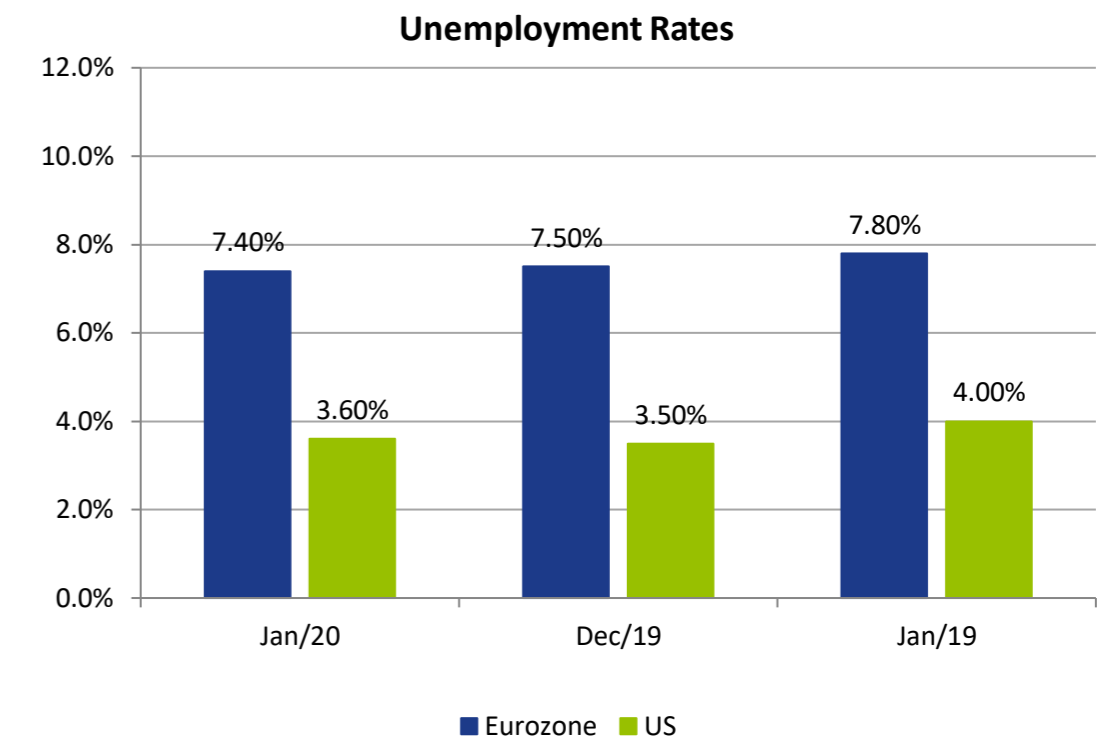
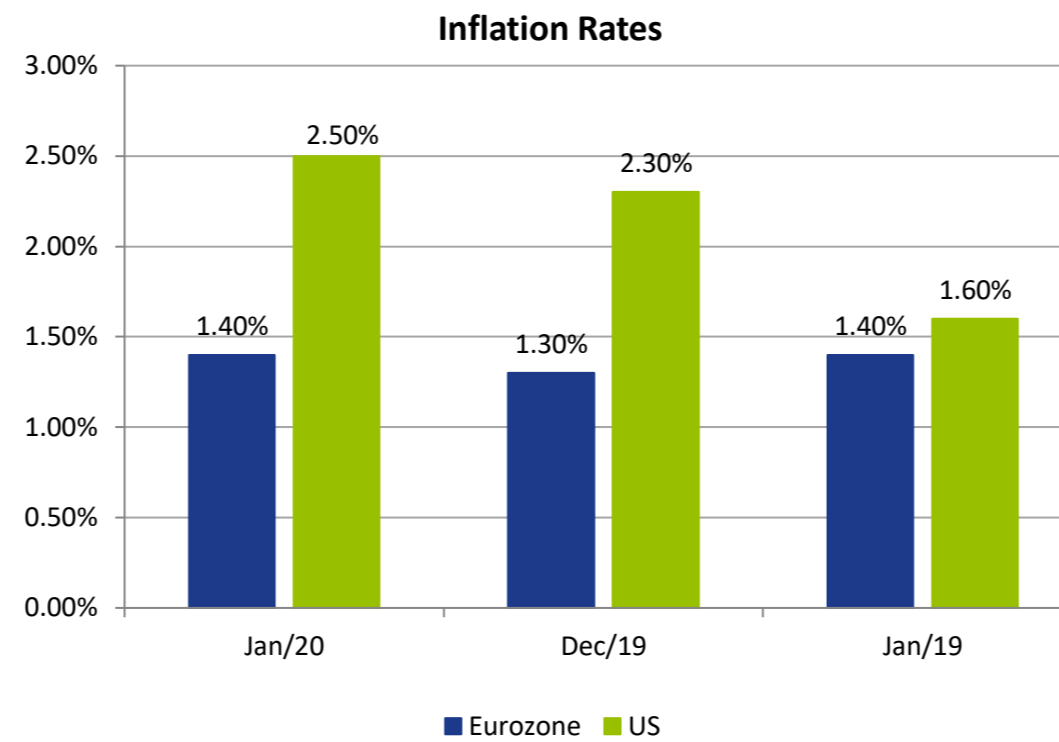
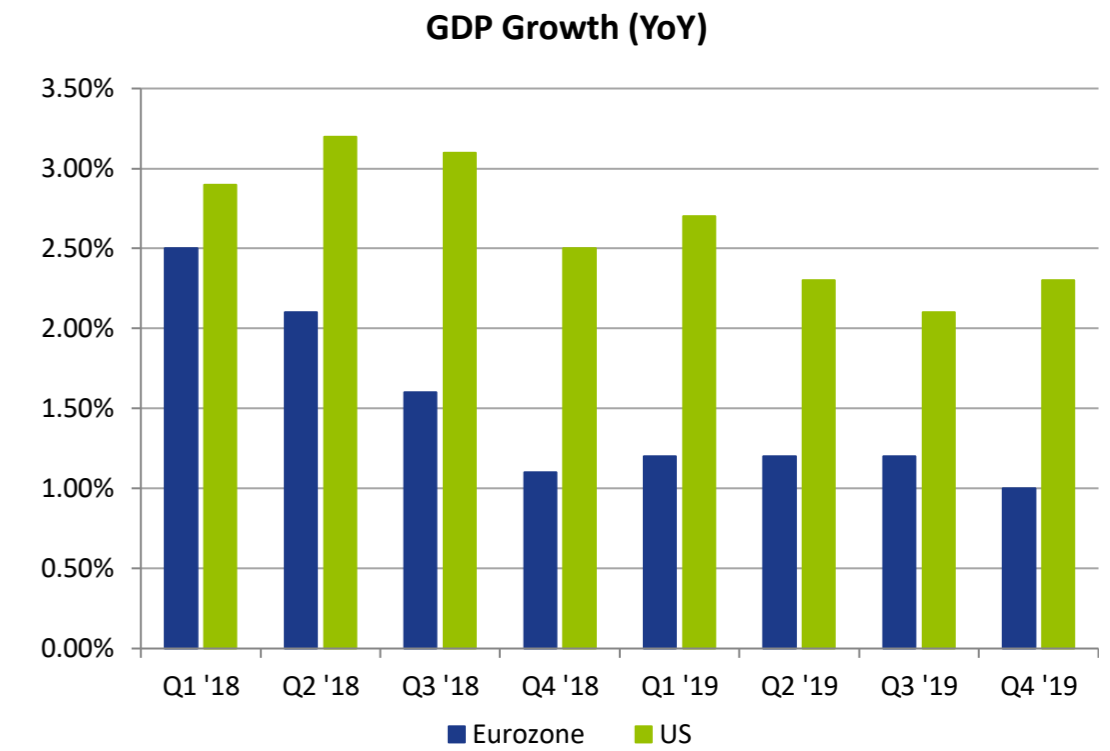
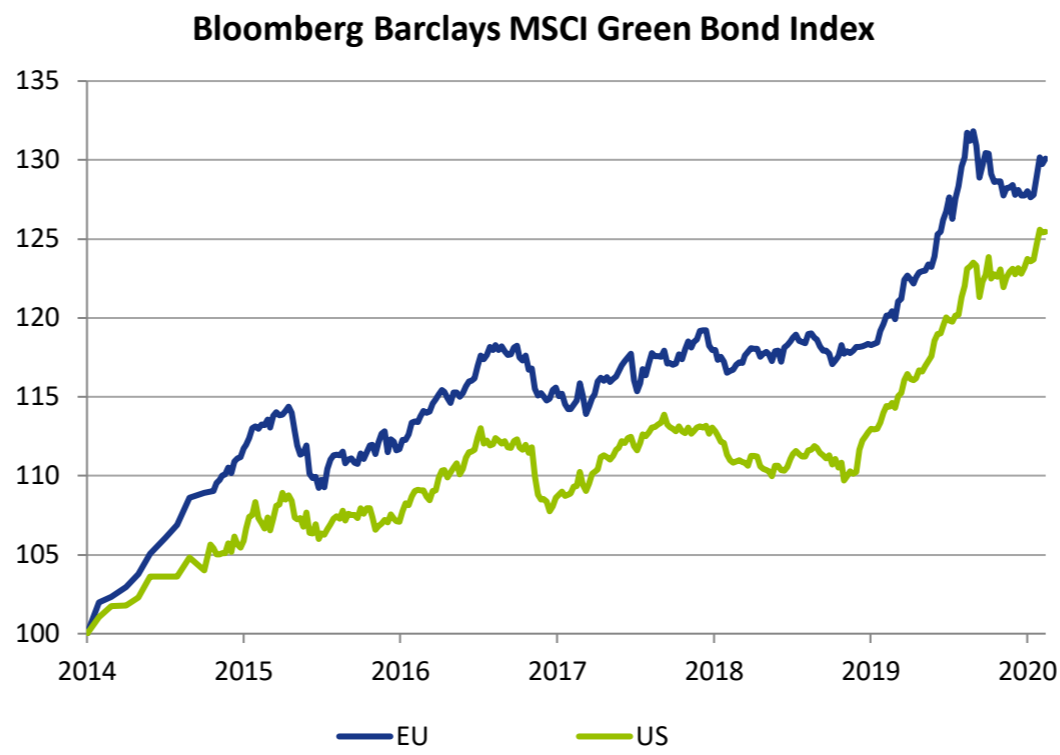
The green bond market is growing rapidly. In just a few years, the "green" market has changed from a modest amount of issues by a handful of development banks and large financial institutions into a new diverse asset class. The value of the largest green bond index (Bloomberg Barclays MSCI Green Bond Index) has also grown since its creation in 2014 to a value of 131.2 until the end of February 2020. But what exactly are green investments and what considerations should you take into account?

Investments in green funds are used to participate in projects for environmental protection, such as renewable energy and housing, circular economy and organic agriculture. The direct return on these investments is in most cases lower than on a regular savings account, but due to tax advantages they are perceived as interesting. In addition to tax exemption, there is also the right to extra tax credits among others in the Netherlands and the US. These tax advantages make green investments attractive.

Green investments also have disadvantages. Just like 'ordinary' investments, green investments are not without risks. Your investment could lose value. In addition, green investments in the Netherlands do not qualify for the deposit guarantee scheme. Under this scheme your savings are not paid out if a bank goes bankrupt, with a maximum coverage of €100,000. Green funds are also not always open to new investors. This is often the case when too much capital is raised, but not enough green projects are approved to invest in. In addition, green investments open the door to greenwashing: companies that sell themselves as green in order to obtain cheap financing. Regulator AFM explicitly even warned about greenwashing in October 2019.

Because of relatively new status of green investments, transparency is an important element for investors to understand green investments. The Netherlands Authority for the Financial Markets (AFM) and the French AMF support European proposals to ensure transparency. Benchmark indices such as the Bloomberg Barclays MSCI Green Bond Index also provide investors with relevant information about past performances of green investments and possible risks.

Green investments could be an interesting alternative to traditional investments. The question remains how the market for green investments will develop in the coming years.



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

Review

The coronavirus has hit the activity in the Chinese industry hard. The Purchasing Mangers Index from both Caixin and Markit recorded a level of 40.3 against 51.5 in the previous month. The index from the Chinese government recorded a level of 35,7 against 50 in January, the lowest value ever recorded.

New figures from Statistics Netherlands show that unemployment in the Netherlands fell to 3.0% in January, compared to 3.2% in December. 3.0% is the lowest unemployment rate since Statistics Netherlands started reporting the current set of unemployment rates in 2003. A total of 64,000 new jobs were created in December and January, bringing the number of unemployed below 300,000 for the first time since the start of the current series in 2003.

Outlook

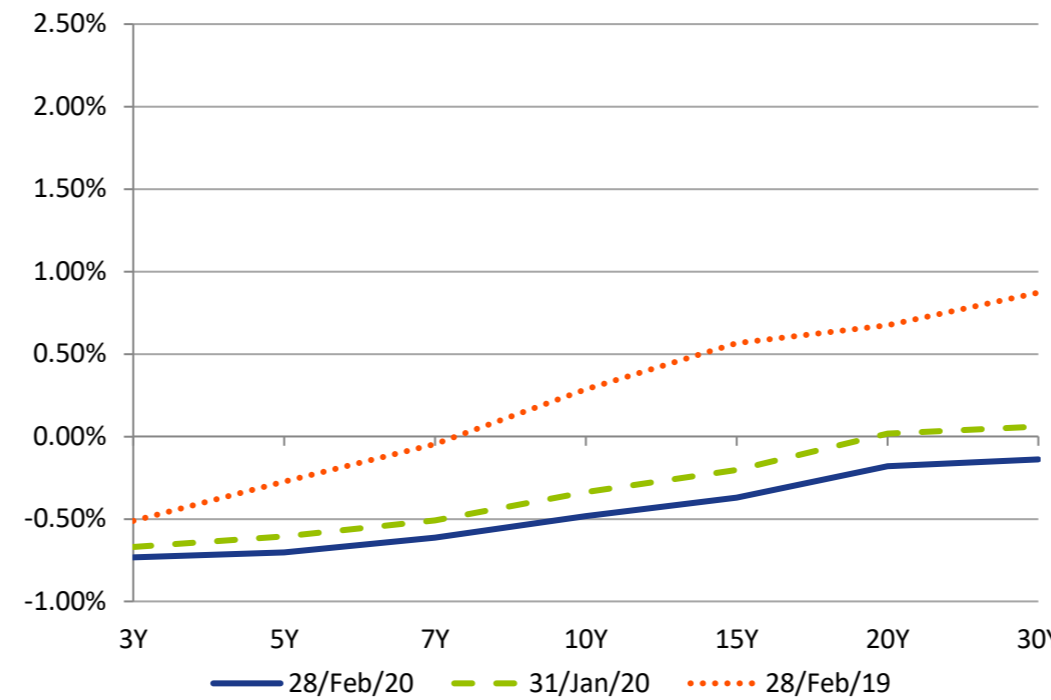
The president of the Federal Reserve in the US, Jerome Powell, announced in an unscheduled statement that the Federal Reserve is ready to respond “appropriately” to the economic impact of the corona virus. According to Powell, the foundations of the American economy are strong, but the virus outbreak is an increasing risk.

The Organisation for Economic Cooperation and Development (OECD) expects the outbreak of the coronavirus to have a negative effect on the world economy of 0.5 percent. In this scenario, the OECD expects the outbreak to peak in the first quarter of 2020 and to stay contained in other countries. In the first quarter of 2020, there is a chance that the world economy will shrink. In November 2019, the OECD forecast a growth of 2.9% for the world economy, labelled weak at the time. The current forecast expects a growth rate of 2.4%. Growth in China for 2019 is expected to be 5%, with 6% expected for 2021. In addition, the growth figures for all G20 countries have been adjusted downward.

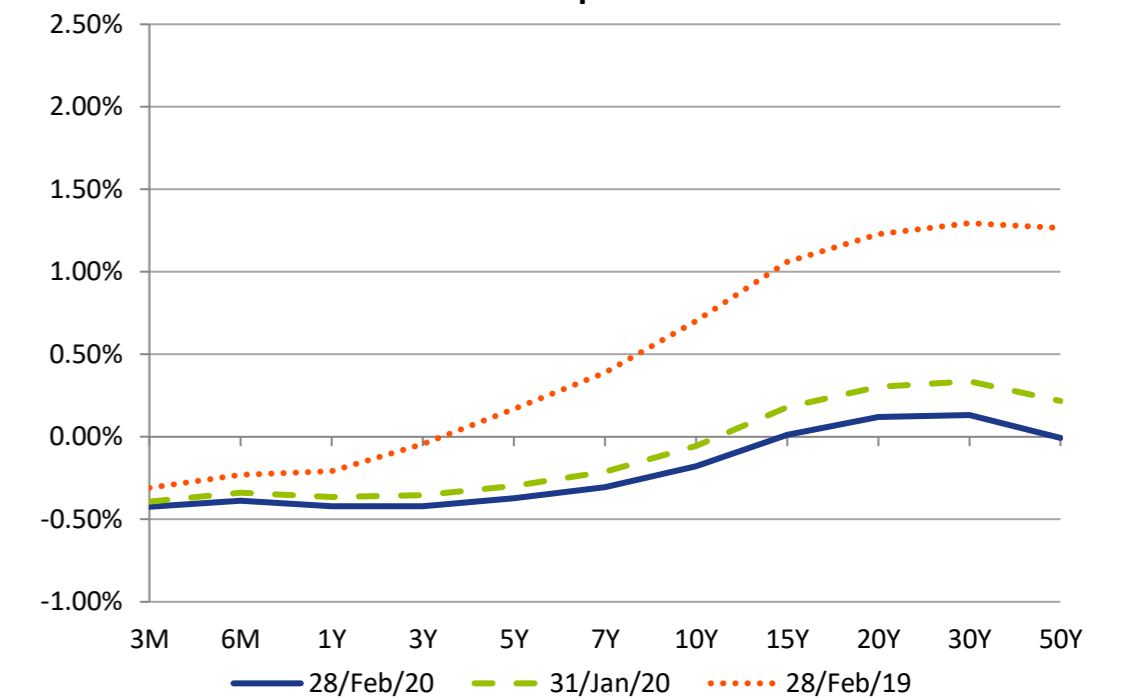
Upcoming publications of macroeconomic indicators

- 3 March Inflation eurozone
- 10 March Inflation China
- 10 March GDP growth eurozone
- 11 March Core inflation US
- 12 March Interest rate decision EC
- 20 March Interest rate decision PBoC
- 25 March Inflation UK
- 26 March Interest rate decision BoE
- 26 March GDP growth US
- 31 March Inflation eurozone

Dutch Government Bond Curve



Euro Swap Curve



Bank Ratings	S&P	Moody's	Fitch
Rabobank	A+	Aa3	AA-
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+	A1	A-

Currencies	28/Feb/20	31/Jan/20	28/Feb/19
EUR/USD	1.103	1.109	1.137
EUR/GBP	0.860	0.840	0.857
EUR/CHF	1.065	1.069	1.135
EUR/JPY	118.985	120.165	126.670
EUR/DKK	7.472	7.473	7.461
EUR/SEK	10.584	10.674	10.506
EUR/CAD	1.477	1.468	1.498
EUR/AUD	1.692	1.658	1.603
EUR/CNY	7.710	7.666	7.611

Yields 10Y Government Bonds

