

# Week in Focus

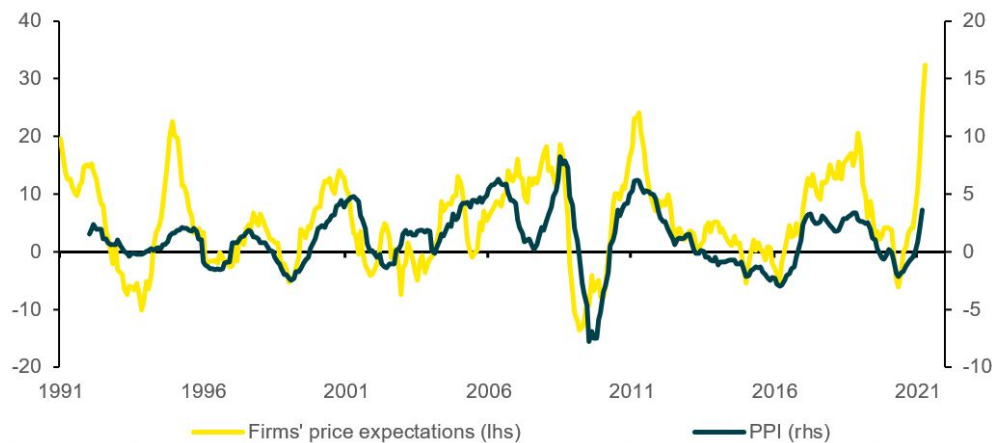
7 May 2021

## Are higher timber and metal prices pushing up inflation?

The strong recovery of the global economy has made a number of intermediate products noticeably more expensive. We analyze whether this is triggering the inflation feared by many. **Page 2**

### Germany: Producer price inflation accelerating – and the firms expect even more

Expectations of manufacturing companies regarding their sales prices, result of the Ifo survey, diffusion index; producer prices, change on year in percent



Sources: destatis, Ifo, Commerzbank Research

**Forecast meeting – stronger growth:** At our monthly forecast meeting, we raised our growth forecasts for the euro area, the USA and China. We have also raised our inflation forecasts somewhat, mainly due to a higher oil price forecast. **Page 5**

### Outlook on the week of 10 to 14 May 2021

**Economic Data Preview:** Bottlenecks in many areas of the economy and base effects are expected to drive up the U.S. inflation rate significantly in April. **Page 8**

**Bond Market Preview:** Despite the short-term recovery Bund yields should have scope to rise further. **Page 10**

**FX Market Preview:** As long as the Fed and the ECB stick to their monetary policy, there is no reason for a revaluation of EUR-USD. Consequently, the exchange rate is likely to move sideways. **Page 11**

**Equity Market Preview:** In the short-term, strong quarterly earnings support the DAX, whereas rising inflation expectations are a key mid-term risk factor. **Page 12**

**Commodities Market Preview:** The energy agencies are unlikely to dampen the good sentiment on the oil market with their monthly update of forecasts. **Page 13**

Editor:

**Dr. Marco Wagner**

+49 69 136 84335

marco.wagner@commerzbank.com

Chief Economist:

**Dr. Jörg Krämer**

+49 69 136 23650

joerg.kraemer@commerzbank.com

## Are higher timber and metal prices pushing up inflation?

Dr Ralph Solveen

Tel: +49 69 136 22322

The strong upturn in the global economy has caused many intermediate products to become scarce and their prices to rise significantly. This upward trend in producer prices is likely to continue for some time. However, this will only have a small impact on consumer prices. This is because the respective goods have only a relatively small weight in the CPI basket, and the correlation between producer prices and the sales prices of these products has recently been rather loose. Consumer prices are likely to rise more strongly on a sustained basis only if wages increase more strongly, but this is not expected for several years.

### Strong push in producer prices ...

Is inflation about to pick up in Germany? Many investors are at least seeing the first signs of this. In March, producer prices for industrial products in Germany were 3.7% higher than a year earlier (title chart).

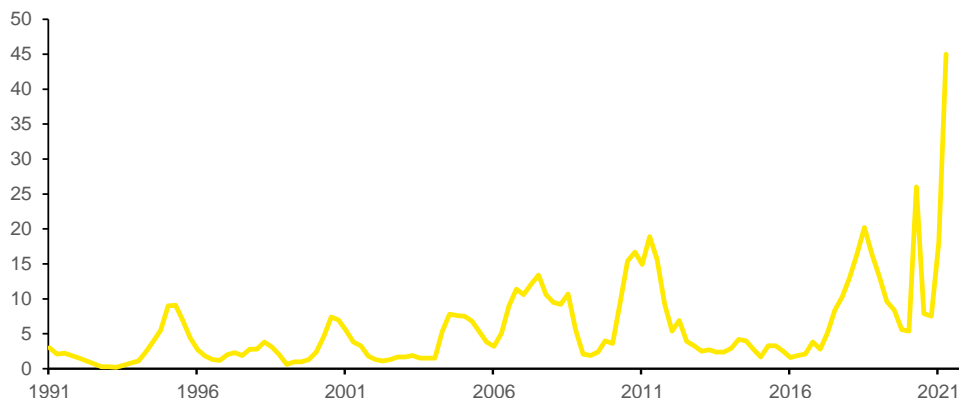
Companies expect this strong price increase to continue for the time being. The share of manufacturing companies that expected rising sales prices in the Ifo survey has reached a record high for the past 30 years. These price expectations have so far been a good leading indicator for the development of producer prices in the following months.

### ... because of more expensive intermediate goods, ...

Producer prices are rising significantly, mainly because the global economy has recovered surprisingly strongly. This, together with some special factors, has made many intermediate goods scarce. In the last Ifo survey, for example, 45% of German manufacturing companies said that a shortage of intermediate products was holding back their production; this is by far the highest figure in the past 30 years (Chart 1). Some short-term factors such as the temporary closure of the Suez Canal or extreme weather events may have contributed to this. For many products, however, there is a risk that this shortage will continue for much of this year.

### Chart 1 - Almost half of manufacturing companies reporting supply chain problems

Share of manufacturing companies reporting that lack of intermediate goods is holding back production, result of the Ifo survey, in percent



Source: Ifo, Commerzbank Research

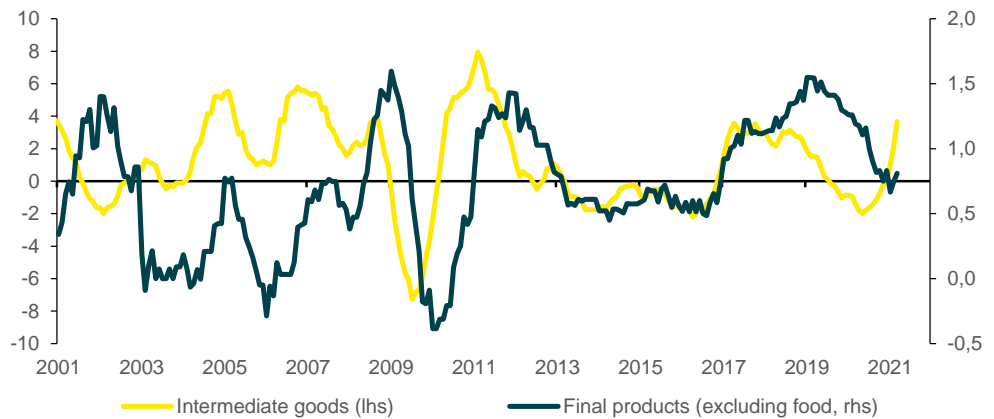
A closer look at the PPI data confirms that, in addition to energy, it is primarily intermediate products that have recently become more expensive (Chart 2). However, at least so far there has not been a broad price increase, but it is concentrated on some basic materials such as timber and other building materials, metals and chemical products. If this shortage persists – as we suspect they will – these prices are likely to rise further.

### ... but soon also stronger inflation for final products

The rise in input prices has not yet had an impact on the producer prices of final products (excluding food); their year-on-year rate is still much lower than before the Corona crisis. However, this is likely to change soon. In the past, more expensive intermediate products were almost always the harbingers of rising prices of final products. We assume that these will also increase noticeably in the coming months and thus strengthen the rise in overall producer prices.

**Chart 2 - Prices increasing stronger only for intermediate goods so far**

Subcomponents of PPI, change on year in percent



Source: destatis, Eurostat, Commerzbank Research

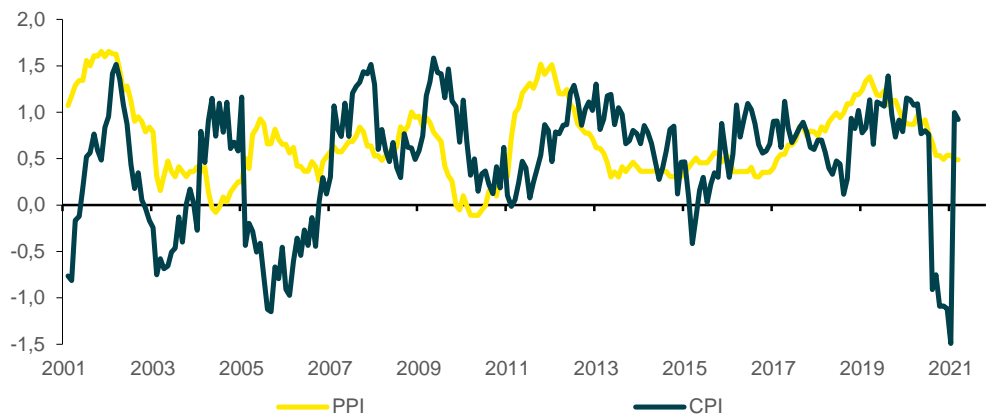
**Only limited effect on consumer prices, ...**

However, this is not necessarily a harbinger of a noticeably stronger increase in consumer prices. In the last 20 years, there has been no stable correlation between the producer prices of final products and the prices of the goods included in the CPI, even if the prices of capital goods – which are not relevant for the CPI – are excluded and only the prices of goods and consumer goods (including motor vehicles) are considered (Chart 3). Rather, phases of quite close correlation, as in the period around the financial crisis, alternate with phases in which, as between 2015 and 2019, at best a very loose correlation between the two series can be discerned.

One reason for this is probably that the weights of the individual goods in the PPI differ significantly from those in the CPI, even if only the subgroups for consumer goods (including motor vehicles) are considered in both indices. For example motor vehicles have a share of about half in this subgroup at the producer level, while they account for less than 15% in the respective subgroup of the CPI. However, it is probably even more important that many consumer goods are imported to a considerable extent and therefore domestic producer prices play only a subordinate role for their sales prices.

**Chart 3 - Only weak correlation between goods' prices on the producer and the consumer level**

Prices of consumer goods (incl. motor vehicles, but excluding energy and food on the PPI and the CPI level, change on year in percent



Source: destatis, Eurostat, Commerzbank Research

**... especially since only a small part of the basket of goods is affected**

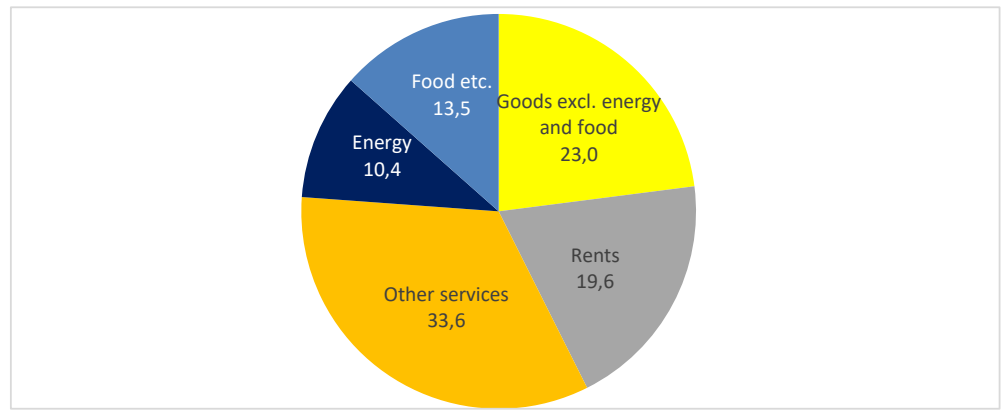
But even if the rising producer prices were to have a noticeable impact on the prices of consumer goods in the coming months, the effect on the overall CPI would probably be limited. After all, the share of goods (excluding energy and food) in the consumer price index basket is less than 1/4 (Chart 4). Rather, the CPI is dominated by services, which, including rents, account for well over half of the basket of goods. This applies all the more to the core index excluding

energy and food, which is usually the focus of attention, where the share of services is just under 70%.

Admittedly, some services such as taxi rides could also become more expensive due to the recent higher energy prices, and other services such as package tours could also see a sharp rise in prices due to strong demand after the end of the pandemic. However, there should only be a sustained increase in inflation if wages rise noticeably. So far, however, this is not the case. On the contrary, wage growth has weakened noticeably under the impact of the pandemic; the recently agreed, moderate wage agreements argue against a rapid change in the trend.

#### Chart 4 - Share of goods in CPI basket at less than 1/4

Weights in the German CPI, in percent



Source: destatis, Commerzbank-Research

#### Inflation fears on the markets are not confirmed for the time being, ...

A similar development as in Germany is also expected for the euro area. Here, too, the increase in PPI, which is largely limited to intermediate products, is likely to become broader, but will also only have a limited impact on consumer prices. This is why the stronger rise in producer prices is unlikely to trigger a reaction from the ECB. Rather, the ECB will continue its asset purchase programmes and resolutely counter any speculation of a change in policy. For this reason, the emerging somewhat higher inflation rates at the producer level are unlikely to prevent Bund yields from falling again somewhat in the second half of the year.

#### ... but stronger inflation in the longer term

Even though we do not yet see a real inflation problem for this year and next, despite higher producer prices, there are considerable inflation risks in the longer term (in perhaps four or five years). This is because after the pandemic subsides, the economy will recover strongly and the labour market situation will gradually improve. If the labour market is very tight again in a few years, wages should also rise faster with a certain delay, especially as labour tends to become scarcer in the coming years due to demographic developments both in Germany and worldwide. Since monetary and fiscal policy should continue to boost the economy for some time, companies will probably also be able to pass on these higher costs to their customers, especially since the inflation-dampening effect of globalisation will diminish in the face of increasing protectionism. Together with the costs of the fight against climate change, these factors will noticeably increase the upward pressure on prices in the longer term.

## Forecast meeting – stronger growth

Dr Jörg Krämer

Tel: +49 69 136 23650

**At our monthly forecast meeting, we raised our growth forecasts for the euro area, the USA and China. We have also raised our inflation forecasts somewhat, mainly due to a higher oil price forecast. We still do not expect any real inflation problem in 2021 beyond special and base effects. The Fed is likely to start tapering its bond purchases in the first quarter of 2022 - one quarter earlier than previously assumed.**

### **Stronger growth in the euro area...**

At our monthly forecast meeting, we raised our growth forecasts slightly across the board. For Germany, we expect 4.0% instead of 3.5% this year. The Federal Statistical Office had revised the past quarters slightly upward; in addition, at 1.7%, GDP in the first quarter had not fallen quite as sharply as originally feared. We continue to expect a strong economic recovery, because as the peak of infection is passed, more and more counties are showing a 7-day index of below 100 and corona restrictions can be relaxed there. This is also supported by the rapidly progressing vaccinations (30% of Germans have been vaccinated at least once). All these arguments apply more or less to the remaining countries of the euro zone, for which we now expect growth of 4.5% (previously: 4.0%). Nevertheless, we have not had to raise our forecasts for core inflation in the euro area, mainly because the rise in labor costs has slowed further. The sharp rise in prices for individual intermediate products at the producer price index level is unlikely to have a noticeable impact on the consumer price index. We have raised the 2021 headline inflation forecast slightly by 0.2 percentage points to 1.9% because we now see oil prices at \$70 at year-end (previously: 60).

### **... but nevertheless an €250bn increase in the PEPP volume**

We have not changed our ECB forecast. According to this forecast, the ECB is likely to reaffirm its expectation in the fall that it will phase out its purchases under the PEPP program "by spring". As a tribute to the many doves in the Governing Council, it is likely to announce at the same time that it will increase the total PEPP volume once again (by 250 billion, half of the last increase). It would then have enough ammunition to reactivate PEPP purchases in the event of unexpected setbacks throughout 2022. This would be a hedge against the risk scenario of undesirable developments, especially in the government bond markets.

### **USA: Higher growth, tapering not quite so late**

For the USA, we have further raised our 2021 growth forecast from 6.5% to 6.8%. Rapidly rising government spending and rapid progress on vaccines argue for somewhat higher growth. We have discussed at length the outlook for U.S. inflation. Unlike in the euro area, labor cost growth has accelerated somewhat, even after factoring out the unusually high bonuses in the financial sector. We have raised our forecast for core inflation based on the personal consumption expenditure (PCE) deflator for this year slightly by 0.1 percentage points to 1.9%. This takes into account the fact that inflation will temporarily pick up significantly in the second quarter due to special and base effects.

The US Federal Reserve is expected to start reducing its bond purchases ("tapering") in the first quarter of 2022 - one quarter earlier than previously assumed. We continue to expect this step to take place later than most economists. The idea behind this is that the Fed is subject to greater political pressure than in the past. In any case, it wants higher employment not only in general, but also for individual segments of the population. In effect, it is also pursuing social policy. It is unlikely to raise its key interest rates before 2024.

### **Market forecasts largely unchanged**

We have made few changes to our market forecasts. For example, we have slightly increased our forecasts for US government bond yields. In the short run, we also expect a somewhat stronger dollar than previously but continue to forecast a longer-term rise in EUR-USD – mainly because the overvalued dollar is vulnerable.

## Research contacts (E-Mail: [firstname.surname@commerzbank.com](mailto:firstname.surname@commerzbank.com))

### Chief Economist

Dr Jörg Krämer  
+49 69 136 23650

#### Economic Research

Dr Jörg Krämer (Head)  
+49 69 136 23650

Dr Ralph Solveen (Deputy Head; Germany)  
+49 69 136 22322

Dr Christoph Balz (USA, Fed)  
+49 69 136 24889

Dr Michael Schubert (ECB)  
+49 69 136 23700

Eckart Tuchtfield (German economic policy)  
+49 69 136 23888

Dr Marco Wagner (Germany, Italy)  
+49 69 136 84335

Bernd Weidensteiner (USA, Fed)  
+49 69 136 24527

Christoph Weil (Euro area, France, Switzerland)  
+49 69 136 24041

Hao Zhou (EM)  
+65 6311 0166

#### Interest Rate & Credit Research

Christoph Rieger (Head)  
+49 69 136 87664

Michael Leister (Head Rates)  
+49 69 136 21264

Rainer Guntermann  
+49 69 136 87506

Cem Keltek  
+49 69 136 87685

Ted Packmohr  
(Head Covered Bonds and Financials)  
+49 69 136 87571

Marco Stoeckle  
(Head Corporate Credit)  
+49 69 136 82114

#### FX & EM Research

Ulrich Leuchtmann (Head)  
+49 69 136 23393

Thu-Lan Nguyen (G10)  
+49 69 136 82878

Antje Praefcke (G10)  
+49 69 136 43834

Esther Reichelt (G10)  
+49 69 136 41505

Lutz Karpowitz (EM)  
+49 69 136 42152

Elisabeth Andreae (EM)  
+49 69 136 24052

Alexandra Bechtel (EM)  
+49 69 136 41250

Tatha Ghose (EM)  
+44 20 7475 8399

Charlie Lay (EM)  
+65 63 110111

You-Na Park (EM)  
+49 69 136 42155

Melanie Fischinger (EM)  
+496913623245

#### Commodity Research

Eugen Weinberg (Head)  
+49 69 136 43417

Daniel Briesemann  
+49 69 136 29158

Carsten Fritsch  
+49 69 136 21006

Dr Michaela Kuhl  
+49 69 136 29363

Barbara Lambrecht  
+49 69 136 22295

#### Cross Asset Strategy

Alexander Krämer  
+49 69 136 22982

Andreas Hürkamp (Equity Strategy)  
+49 69 136 45925

Markus Wallner (Equity Strategy)  
+49 69 136 21747

### Other publications (examples)

<b>Economic Research:</b>	Economic Briefing (up-to-date comment on main indicators and events) Economic Insight (detailed analysis of selected topics) Economic and Market Monitor (chart book presenting our monthly global view)
<b>Commodity Research:</b>	Commodity Daily (up-to-date comment on commodities markets) Commodity Spotlight (weekly analysis of commodities markets and forecasts)
<b>Interest Rate &amp; Credit Research:</b>	Ahead of the Curve (flagship publication with analysis and trading strategy for global bond markets) European Sunrise (daily comment and trading strategy for euro area bond markets) Rates Radar (ad-hoc topics and trading ideas for bond markets) Covered Bonds Weekly (weekly analysis of the covered bonds markets) Credit Note (trading recommendations for institutional investors)
<b>FX Strategy:</b>	Daily Currency Briefing (daily comment and forecasts for FX markets) FX Hot Spots (ad hoc analysis of FX market topics)
<b>Equity Markets Strategy:</b>	Share[d] Reviews (monthly and quarterly equity market review of market catalysts, performance trends and economic indicators) Digging in Deutschland (thematic research focusing on the German equity market)
<b>Cross Asset:</b>	Cross Asset Monitor (weekly market overview, incl. sentiment and risk indicators) Cross Asset Outlook (monthly analysis of global financial markets and tactical asset allocation) Cross Asset Feature (special reports on cross-asset themes)

To receive these publications, please ask your Commerzbank contact.

In accordance with ESMA MAR requirements this report was completed 7/5/2021 09:56 CEST and disseminated 7/5/2021 09:56 CEST.

This document has been created and published by the Group Research department (GM-R) within the Group Management division of Commerzbank AG, Frankfurt/Main or Commerzbank's branch offices mentioned in the document. Commerzbank AG is a provisionally registered swap dealer with the CFTC.

**If this report includes an analysis of one or more equity securities, please note that the author(s) certify that (a) the views expressed in this report accurately reflect their personal views; and (b) no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. The research analyst(s) named on this report are not registered / qualified as research analysts with FINRA. Such research analyst(s) may not be associated persons of Commerz Markets LLC and therefore may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.**

It has not been determined in advance whether and in what intervals this document will be updated. Unless otherwise stated current prices refer to the most recent trading day's closing price or spread which may fluctuate.

#### Conflicts of interest

Disclosures of potential conflicts of interest relating to Commerzbank AG, its affiliates, subsidiaries (together "Commerzbank") and its relevant employees with respect to the issuers, financial instruments and/or securities forming the subject of this document valid as of the end of the month prior to publication of this document\*:

Please refer to the following link for disclosures on companies included in compendium reports or disclosures on any company covered by Commerzbank analysts: <https://commerzbank.bluematrix.com/sellside/Disclosures.action>\*

\*Updating this information may take up to ten days after month end.

#### Disclaimer

This document is for information purposes only and does not take into account specific circumstances of any recipient. The information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the financial instruments and/or securities mentioned in this document and will not form the basis or a part of any contract or commitment whatsoever. Investors should seek independent professional advice and draw their own conclusions regarding suitability of any transaction including the economic benefits, risks, legal, regulatory, credit, accounting and tax implications.

The information in this document is based on public data obtained from sources believed by Commerzbank to be reliable and in good faith, but no representations, guarantees or warranties are made by Commerzbank with regard to accuracy, completeness or suitability of the data. Commerzbank has not performed any independent review or due diligence of publicly available information regarding an unaffiliated reference asset or index. The opinions and estimates contained herein reflect the current judgement of the author(s) on the date of this document and are subject to change without notice. The opinions do not necessarily correspond to the opinions of Commerzbank. Commerzbank does not have an obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

This communication may contain trading ideas where Commerzbank may trade in such financial instruments with customers or other counterparties. Any prices provided herein (other than those that are identified as being historical) are indicative only, and do not represent firm quotes as to either size or price. The past performance of financial instruments is not indicative of future results. No assurance can be given that any financial instrument or issuer described herein would yield favourable investment results. Any forecasts or price targets shown for companies and/or securities discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by Commerzbank or by other sources relied upon in the document were inapposite.

Commerzbank and or its affiliates may act as a market maker in the instrument(s) and or its derivative that has been mentioned in our research reports. Employees of Commerzbank and or its affiliates may provide written or oral commentary, including trading strategies, to our clients and business units that may be contrary to the opinions conveyed in this research report. Commerzbank may perform or seek to perform investment banking services for issuers mentioned in research reports.

Neither Commerzbank nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document.

Commerzbank may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Commerzbank endorses, recommends or approves any material on the linked page or accessible from it. Commerzbank does not accept responsibility whatsoever for any such material, nor for any consequences of its use.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of Commerzbank. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

#### Additional notes to readers in the following countries:

**Germany:** Commerzbank AG is registered in the Commercial Register at Amtsgericht Frankfurt under the number HRB 32000. Commerzbank AG is supervised by both the German regulator, Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Strasse 108, 53117 Bonn, Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main and the European Central Bank, Sonnemannstrasse 20, 60314 Frankfurt am Main, Germany.

**United Kingdom:** This document has been issued or approved for issue in the United Kingdom by Commerzbank AG London Branch. Commerzbank AG, London Branch is authorised and regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and the European Central Bank. Authorised by the Prudential Regulation Authority and with deemed variation of permission. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website. This document is directed exclusively to eligible counterparties and professional clients. It is not directed to retail clients. No persons other than an eligible counterparty or a professional client should read or rely on any information in this document. Commerzbank AG, London Branch does not deal for or advise or otherwise offer any investment services to retail clients.

**United States:** This document has been approved for distribution in the US under applicable US law by Commerz Markets LLC ("CMLLC"), a wholly owned subsidiary of Commerzbank AG and a US registered broker-dealer. Any securities transaction by US persons must be effected with CMLLC. Under applicable US law; information regarding clients of CMLLC may be distributed to other companies within the Commerzbank group. This research report is intended for distribution in the United States solely to "institutional investors" and "major US institutional investors," as defined in Rule 15a-6 under the Securities Exchange Act of 1934. CMLLC is a member of FINRA and SIPC. Banking services in the US, will be provided by Commerzbank AG, New York Branch. Securities activities in the US are conducted through CMLLC and swap transactions with Commerzbank AG. Commerzbank AG is not a member of SIPC and is a provisionally registered swap dealer with the CFTC. Any derivatives transaction with US persons must be effected in accordance with the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Some products or services may be unavailable in the United States.

**Canada:** The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant

province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. In Canada, the information contained herein is intended solely for distribution to Permitted Clients (as such term is defined in National Instrument 31-103) with whom Commerz Markets LLC deals pursuant to the international dealer exemption. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities may not be conducted through Commerz Markets LLC. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

**European Economic Area:** Where this document has been produced by a legal entity outside of the EEA, the document has been re-issued by Commerzbank AG, London Branch for distribution into the EEA. Commerzbank AG, London Branch is authorised and regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and the European Central Bank. Authorised by the Prudential Regulation Authority and with deemed variation of permission. Subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

**Switzerland:** This is an advertisement in the meaning of FIDLEG. The financial instruments mentioned in this publication do not constitute a participation in a collective investment scheme in the sense of the Swiss Collective Investment Schemes Act (CISA). This publication, the information contained herein as well as any other publication in connection with the financial instruments mentioned herein may be distributed exclusively to qualified investors as defined in the CISA and may only be made available to such qualified investors.

**Singapore:** This document is furnished in Singapore by Commerzbank AG, Singapore branch. It may only be received in Singapore by an institutional investor or an accredited investor as respectively defined in section 4A of the Securities and Futures Act, Chapter 289 of Singapore ("SFA") pursuant to section 274 or section 275 (as applicable) of the SFA. Nothing in this document constitutes accounting, legal, regulatory, tax, financial or other advice and/or recommendations to the recipient of this communication. Further, the communication/information provided herein does not constitute a "financial advisory service" within the meaning of the Financial Advisers Act, Chapter 110 of Singapore ("FAA") and therefore, the regulatory requirements and duties that may be owed to a client pursuant to or in connection with the FAA are not applicable to the recipient in connection with this communication. Recipients are advised to seek independent advice from their own professional advisers about the information contained herein.

**Hong Kong:** This document, may only be made available in Hong Kong by Commerzbank AG, Hong Kong Branch to 'professional investors' within the meaning of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under, and persons whose ordinary business is to buy or sell shares or debentures.

**Japan:** This information and its distribution do not constitute and should not be construed as a "solicitation" under the Financial Instrument Exchange Act (FIEA). This information may be distributed from Commerzbank international branches outside Japan solely to "professional investors" as defined in Section 2(31) of the FIEA and Section 23 of the Cabinet Ordinance Regarding Definition of Section 2 of the FIEA. Please note that Commerzbank AG, Tokyo Branch has not participated in its preparation. The instruments recommended in this report cannot be introduced by the Branch. You should contact the Corporate Clients division of Commerzbank AG for inquiries on availability of such instruments.

**Australia:** Commerzbank AG does not hold an Australian financial services licence. This document is being distributed in Australia to wholesale customers pursuant to an Australian financial services licence exemption for Commerzbank AG under Class Order 04/1313. Commerzbank AG is regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) under the laws of Germany which differ from Australian laws.

**People's Republic of China (PRC):** This document is furnished by Commerzbank AG and is only intended for institutions that are eligible for financial transactions. No-one else may rely on any information contained within this document. Any derivative transactions by PRC persons may only be entered into by PRC financial institutions which are permitted to conduct derivatives business in the PRC and have obtained all necessary regulatory approvals in the PRC.

© Commerzbank AG 2021. All rights reserved. Version 21.01

Commerzbank Group  
Management

Frankfurt	London	New York	Singapore	Hong Kong
Commerzbank AG	Commerzbank AG	Commerz Markets LLC	Commerzbank AG	Commerzbank AG
DLZ - Gebäude 2, Händlerhaus	PO BOX 52715	225 Liberty Street, 32nd floor,	71, Robinson Road, #12-01	15th Floor, Lee Garden One
Mainzer Landstraße 153	30 Gresham Street	New York,	Singapore 068895	33 Hysan Avenue,
60327 Frankfurt	London, EC2P 2XY	NY 10281-1050		Causeway Bay
				Hong Kong
Tel: + 49 69 136 21200	Tel: + 44 207 623 8000	Tel: + 1 212 703 4000	Tel: +65 631 10000	Tel: +852 3988 0988