



Richelieu Obligation Court Terme



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As anticipated by the markets, the Central Banks raised their key rates again at the very beginning of February (50bp for the ECB and 25bp for the FED).

In the euro zone, a new increase is planned for March. Until now the markets tended to think that the ECB would pause to measure the effects of its policy on the economy before going further.

Now nothing is less sure. Further hikes could occur, with the pause only occurring in September. The ECB could also accelerate the reduction in the size of its balance sheet. Inflation is the cause of all evil. It is not decelerating as quickly as hoped. Tensions in the labour market could lead to an inflation-wage spiral, especially as the economy seems to be trying to escape recession despite the current slowdown.

The end of China's zero COVID policy, the gradual end of component shortages and more generally of bottlenecks in the production process, are fuelling both inflationary fears and growth hopes.

Government and corporate investment grade yields therefore rose (+37 bp for the 10 year Bund) while equities rose as well (+2.60% for the CAC 40).

High-yield corporates bonds were caught in opposing currents: the rise in rates, linked to inflation, penalized them, while the fall in risk premiums, linked to hopes for growth, favoured them.

the 2 effects have neutralized each other.

Richelieu Obligation Court Terme fell by around 0.15% in February but less than its index, which fell by just under 0.30% over the period.

This resistance can be explained by its duration, which we have kept low, and by the part invested in floater bonds and the part invested in high yield, which held up very well this month.

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