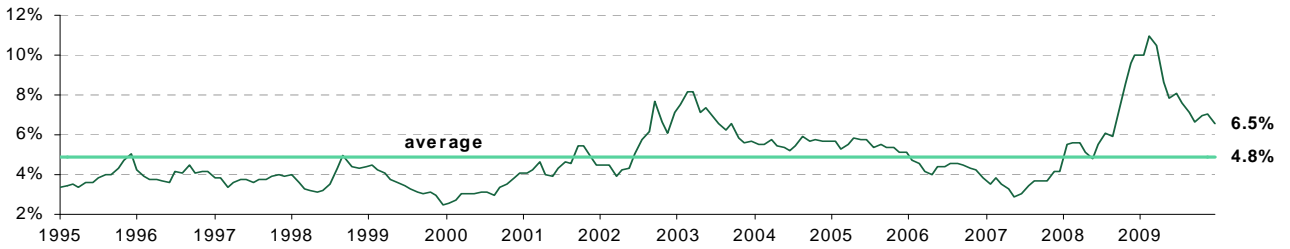


# Risk aversion

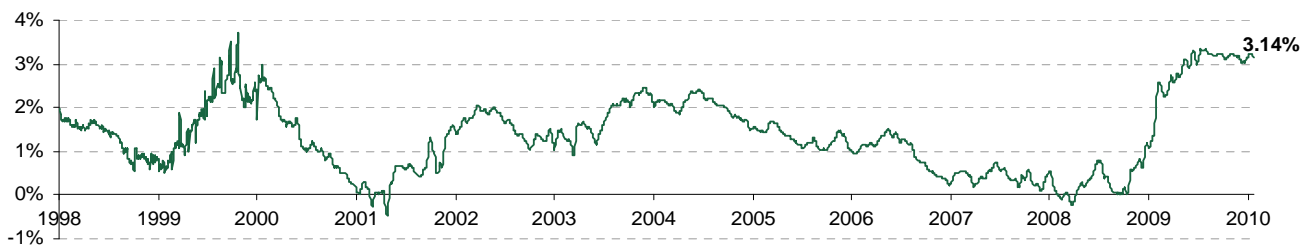
## European equity risk premium



Source: Associés en Finance

After having reached a level never seen before (10.9% in February 2009), the equity risk premium is continuously decreasing but remain high.

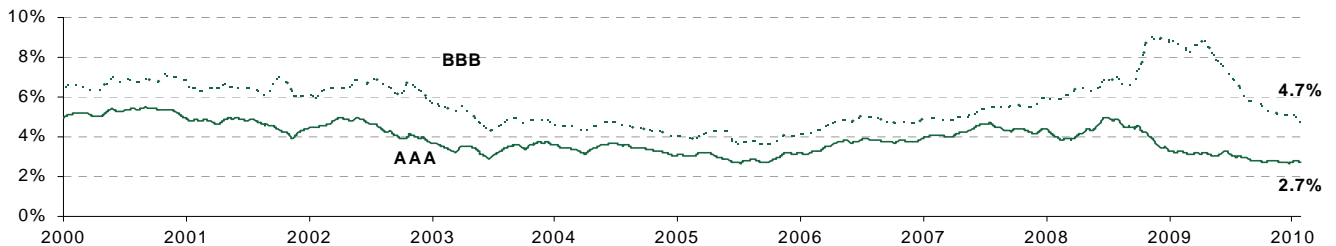
## Difference 10Y Bund rate - Eonia rate



Source: Thomson Datastream

The strong decrease in short term interest rates, prompted by governments to help banks to lend and to lower the cost of debt, has resulted in a curve with a steep and normal slope.

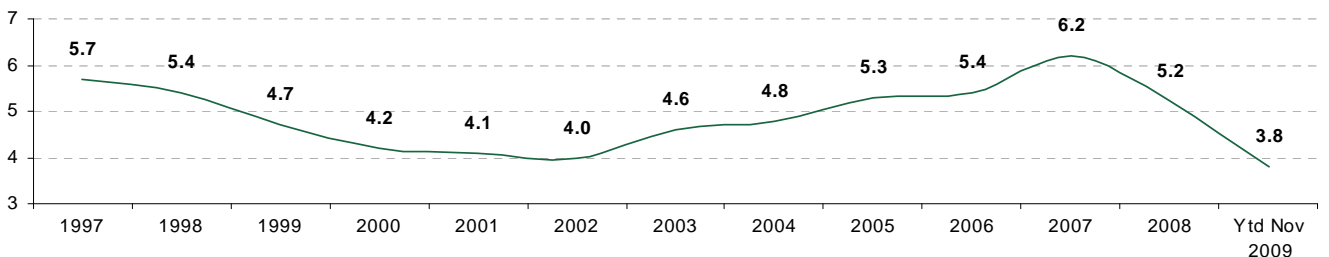
## Difference between the rentability of European AAA and BBB bonds



Source: Thomson Datastream – AAA bonds (all issuers) / BBB bonds (firms)

The risk aversion is also found in the gap between the cost of money for AAA and BBB borrowers which is decreasing but remains sizeable.

## Ratio Debt/EBITDA in LBOs

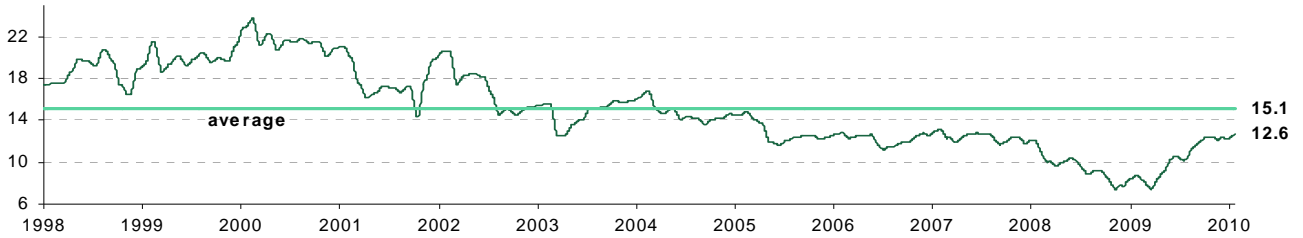


Source: Standard & Poor's

There are only a few LBOs done as high risk debt financing is scarce. The few ones that are concluded are based on a much reduced debt/EBITDA ratio.

# Valuation

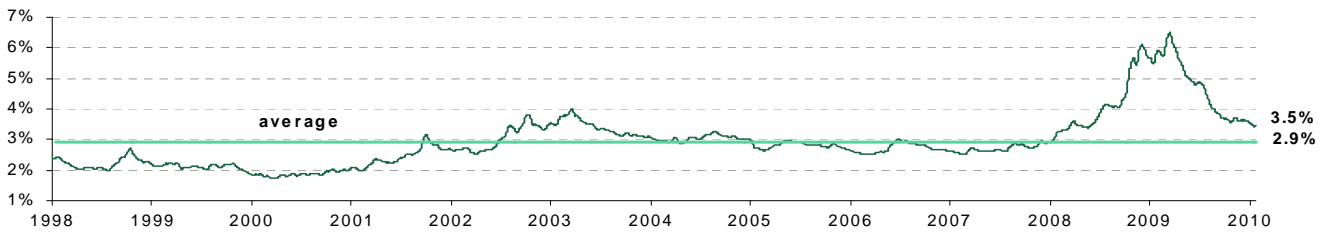
## Average forecasted PER (year n+1) in Europe



Source: Thomson Datastream

Up again but at 12.6 its level is not insane.

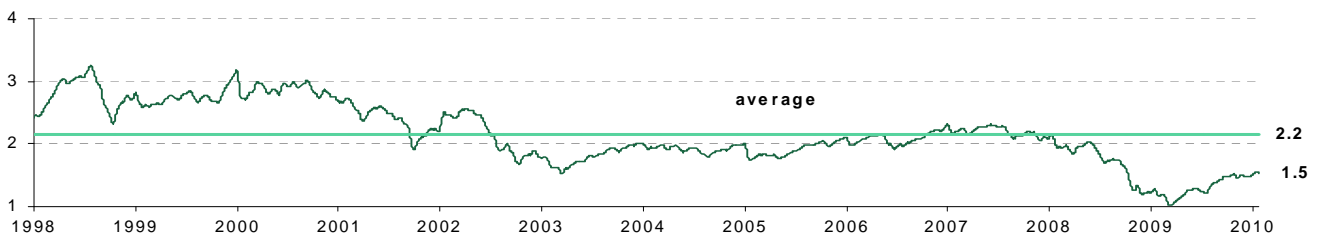
## Average yield in Europe



Source: Thomson Datastream

A swift move back to its historical average.

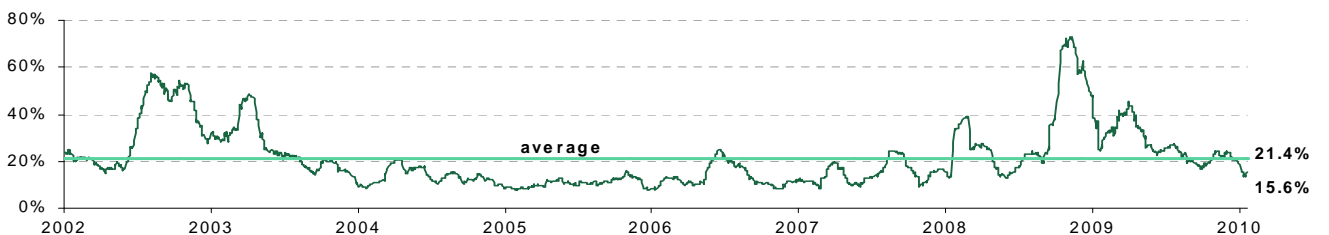
## Price to book ratio (PBR)



Source: Thomson Datastream

A PBR of 1.5 means that investors start to believe again that the best companies, i.e. those listed, can create value in the future.

## Eurostoxx 50 volatility index



Source: Thomson Datastream

Back to the average for the share volatility. Daily moves above 5% have completely disappeared.

## Eurostoxx 50



Source: Thomson Datastream

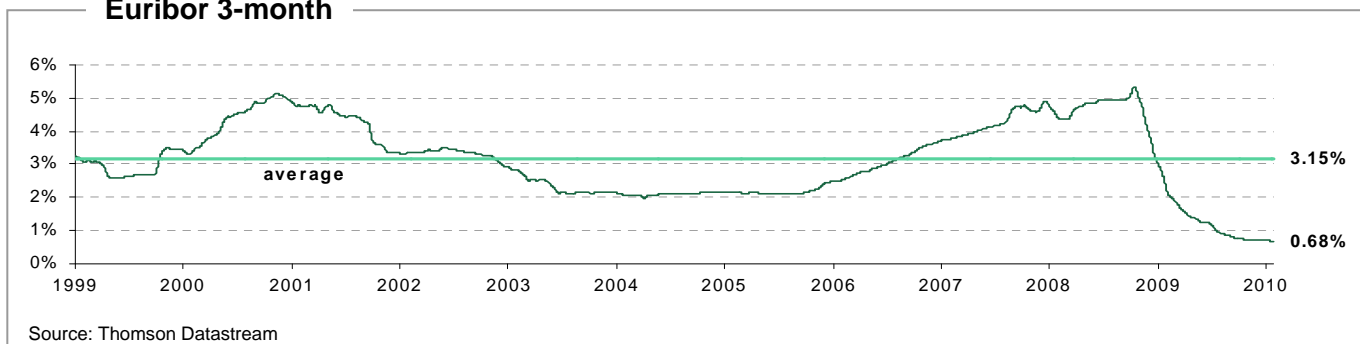
11 years of gains nearly wiped out. That's life (and risk).

# Exchange and interest rates

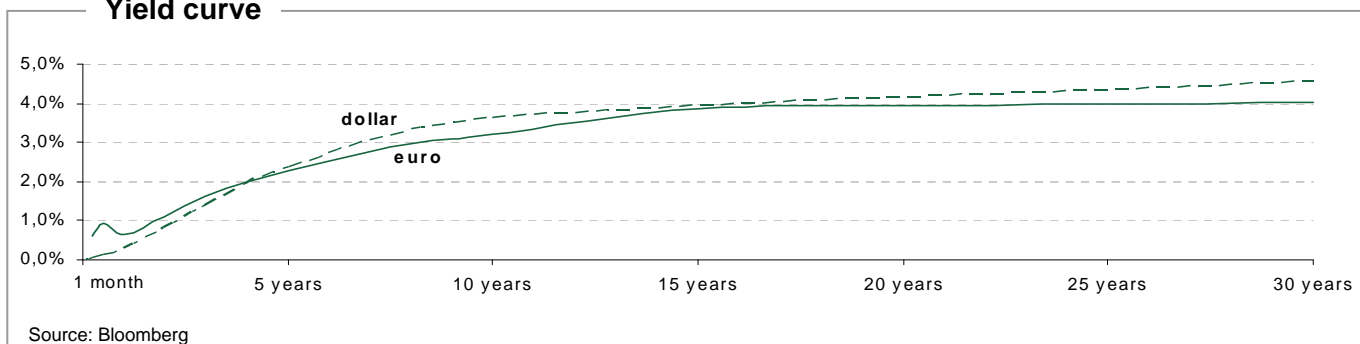
## €\$ Parity



## Euribor 3-month



## Yield curve



Back to normality with a positive slope: investors are expecting a rise of short term interest rates in the future. This is not a scoop as they are so low!

## Implicit inflation (Eurozone)



Inflation fears are not back. One problem at a time!