



Economic Situation and Strategy

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Read financial news efficiently

Not so long ago, detailed financial analyses were only available to the public to a limited extent. Firstly, print analyses were primarily reserved for professional investors, and secondly, public interest in the capital markets was comparatively low. However, in recent years, the picture has changed: With the increased interest in private wealth creation, for example through savings plans, the demand for financial news has also increased. At the same time, digitalization and the rise of social networks have significantly simplified access to financial information.

This development is certainly a positive development, as it improves financial education among the population. However, simplified access to financial analyses also brings with it challenges. On the one hand, we are confronted with a flood of information that is difficult to process. On the other hand, the challenge lies in distinguishing relevant from irrelevant information and deriving sound investment decisions from it. To help you use your time as efficiently as possible and successfully identify meaningless financial news, we have compiled five advice for you:

1) Distortions due to own interests

Use your common sense and recognize the author's potential self-interest. For example, a "crash prophet" will list numerous reasons why the world will end this year and a bear market will begin. This may be due to geopolitical crises, a recession, or political mismanagement. Based on the doomsday scenarios presented, recommendations such as a complete portfolio sale are often made. In return, a complete shift into hedging asset classes such as precious metals or the author's own products would be

an option. Of course, there have been market phases in the past in which it would have paid off to hold no equities and instead exclusively hedging instruments in the portfolio. However, such an extreme investment strategy would not have borne fruit most of the time. Furthermore, the warnings of the "crash prophets" become particularly implausible when they are repeated every year. The added value of such analyses for you is therefore limited.

Advice: Be critical, identify possible self-interests and do not allow yourself to be unsettled.

2) Simplify, then exaggerate

This journalistic style is independent of the subject matter: "simplify, then exaggerate." Complex relationships are simplified and presented in the most sensational way possible. The author's goal is to stand out in the flood of news, attract attention, and ultimately achieve the widest possible reach. Articles sell better when a dose of fear is added – sober facts, on the other hand, only help an article "go viral" to a limited extent. However, since the connections and interactions in the financial markets are extremely complex and (unfortunately) rarely clear, important information is lost in this type of journalism.

The following fictitious example illustrates the problem: You simply read the headline "Corporate profits collapse – is a bear market looming?" and begin to reconsider your stock positioning. What is missing from the news, however, is that corporate profits are only declining in the energy sector, for example, and the profit decline of three percent is moderate – especially since significant profit increases were recorded in previous quarters. The information that this is, in fact, a normalization of profit trends creates a completely different starting point, and the headline admittedly seems less sensational. It becomes

dangerous when such simplistic and sensationalist headlines are blindly copied and repeated until they are taken at face value. In the context of political propaganda, the approach of "repeating the dogma until it becomes truth" is particularly popular.

Advice: Check whether the headline is truly sensational or whether important facts are missing.

3) It is all about looking ahead

Financial analyses often only look in the rearview mirror and recapitulate historical events. Of course, parallels or differences to the current situation can be derived from the past, allowing interesting conclusions to be drawn. However, it is important that reliable predictions for the future are also made. After all, what use is information about a company's profit or gross domestic product two years ago? Good financial news that aims to help you make investment decisions looks ahead and supports its forecasts with assumptions. Whether these assumptions align with your beliefs or not is initially secondary. However, if there is no forward-looking perspective, save yourself the time.

Advice: Check whether the article exclusively examines past events or also makes forecasts based on transparent assumptions.

4) Our own pride makes us blind

Fight against the so-called "confirmation bias." This describes the phenomenon that we prefer information that confirms our own opinions while tending to ignore opposing viewpoints. Imagine you own stocks of Smith & Wesson Inc. Would you rather read positive news about this company, which supports your investment decision, or negative headlines that force you to rethink? Even though "confirmation bias" is a deeply human behavior, it can lead to disastrous investment decisions. A very costly example is the Wirecard case. Despite increasingly critical voices and sharp price drops, many investors

stuck to their positive vote and downplayed allegations of manipulation. In other words: Our own pride blinds us.

Advice: Always question your own point of view and compare it with opposing viewpoints.

5) Correlation does not imply causality

In financial research, considerable effort is put into finding variables that reliably predict the future performance of the stock market. In times when data is abundant, however, there is a risk of so-called "overfitting." This means that with creativity and subtlety, factors can be found that have been very closely correlated with developments in the capital markets up to now. However, a causal relationship is often missing. This becomes particularly clear when looking ahead ("out-of-sample"), when the accuracy rate of the supposedly explanatory variable collapses. A very good example is the Super Bowl indicator. The idea behind the indicator is trivial: Depending on the outcome of the annual National Football League (NFL) championship game, the American stock market performs positively or negatively. Of course, the Super Bowl indicator has no economically reliable predictive power for the American stock market. In other words: correlation does not imply causality! Read more about this in our report of February 15, 2024, titled "What the Super Bowl Has (Not) to Do with the Stock Market." While the Super Bowl indicator and other spurious correlations may offer some entertainment value, you should not base your investment decisions on them.

Advice: Check whether there is a causal relationship or whether it is just a spurious correlation.

Simon Landt

Market data

	As of 23.05.2025 07:57	16.05.2025 -1 week	22.04.2025 -1 month	Change versus 21.02.2025 -3 months	22.05.2024 -1 year	31.12.2024 YTD
Stock markets						
Dow Jones	41859	-1,9%	6,8%	-3,6%	5,5%	-1,6%
S&P 500	5856	-1,7%	10,8%	-2,6%	10,3%	-0,4%
Nasdaq	18926	-1,5%	16,1%	-3,1%	12,6%	-2,0%
DAX	23999	1,0%	12,7%	7,7%	28,5%	20,5%
MDAX	30054	0,6%	10,2%	9,3%	10,7%	17,4%
TecDAX	3847	0,1%	12,4%	-0,3%	11,4%	12,6%
EuroStoxx 50	5424	-0,1%	9,3%	-0,9%	7,9%	10,8%
Stoxx 50	4555	0,2%	7,6%	-3,8%	1,2%	5,7%
SMI (Swiss Market Index)	12270	-0,5%	5,4%	-5,2%	2,6%	5,8%
Nikkei 225	36986	-2,0%	8,1%	-4,6%	-4,2%	-7,3%
Brasilien BOVESPA	137273	-1,4%	5,2%	8,0%	9,2%	14,1%
Indien BSE 30	81867	-0,6%	2,9%	8,7%	10,3%	4,8%
China CSI 300	3915	0,7%	3,5%	-1,6%	6,3%	-0,5%
MSCI Welt	3819	-1,1%	9,5%	-0,6%	10,2%	3,0%
MSCI Emerging Markets	1165	-0,6%	8,5%	1,6%	6,4%	8,4%
Bond markets						
Bund-Future	129,85	-57	-210	-253	-70	-359
Bobl-Future	118,68	-4	-105	128	213	82
Schatz-Future	107,30	4	-37	50	219	31
3 Monats Euribor	2,05	-6	-15	-48	-177	-67
3M Euribor Future, Dec 2025	1,76	-2	16	-23	-99	-13
3 Monats \$ Libor	4,37	0	4	5	-108	0
Fed Funds Future, Dec 2025	3,88	5	38	0	-39	-3
10 year US Treasuries	4,54	10	14	11	11	-3
10 year Bunds	2,64	5	24	20	13	28
10 year JGB	1,55	10	26	14	56	47
10 year Swiss Government	0,48	18	6	-10	-31	21
US Treas 10Y Performance	604,00	-0,7%	-0,7%	0,3%	3,5%	2,1%
Bund 10Y Performance	557,35	-0,4%	-1,5%	-1,0%	1,7%	-1,3%
REX Performance Index	456,92	-0,1%	-0,6%	0,9%	3,8%	0,9%
IBOXX AA, €	3,12	5	14	15	-34	8
IBOXX BBB, €	3,55	3	6	18	-47	9
ML US High Yield	7,82	12	-43	41	-22	17
Commodities						
MG Base Metal Index	414,34	-0,7%	1,8%	-3,4%	-11,4%	2,2%
Crude oil Brent	64,05	-2,1%	-5,1%	-14,0%	-22,1%	-14,3%
Gold	3324,87	4,6%	-3,0%	13,4%	39,0%	26,6%
Silver	32,54	0,0%	-1,3%	-0,4%	3,8%	9,6%
Aluminium	2448,18	-1,6%	4,3%	-9,1%	-5,1%	-3,1%
Copper	9516,38	0,4%	1,8%	0,0%	-7,6%	10,0%
Iron ore	99,89	-0,2%	0,0%	-6,8%	-15,1%	-3,6%
Freight rates Baltic Dry Index	1341	-3,4%	6,3%	36,7%	-25,7%	34,5%
Currencies						
EUR/ USD	1,1324	1,2%	-1,3%	8,2%	4,6%	9,0%
EUR/ GBP	0,8411	0,0%	-2,0%	1,7%	-1,2%	1,7%
EUR/ JPY	162,41	-0,4%	0,8%	3,1%	-4,2%	-0,4%
EUR/ CHF	0,9352	-0,3%	0,4%	-0,7%	-5,6%	-0,6%
USD/ CNY	7,2001	-0,2%	-1,6%	-0,7%	-0,6%	-1,5%
USD/ JPY	144,02	-1,1%	1,7%	-3,5%	-8,1%	-8,4%
USD/ GBP	0,74	-1,4%	-0,6%	-6,1%	-5,4%	-6,9%

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