

# Weekly commentary

January 18, 2022

**BlackRock**

## Rate hikes: Sum total is key, not timing

- Markets have been pricing in faster Fed rate rises, resulting in a rocky start this year. We believe the historically low sum total of rate hikes is key, not the timing.
- The stream of fourth-quarter corporate results picks up pace this week, with a key question whether companies can keep passing on input price increases.
- The U.S. CPI hit a 40-year high of 7% with little market reaction. The report gives more evidence that unusual supply factors are shaping the macro backdrop.

The year is off to a rocky start, with a jump in 10-year Treasury yields and a swoon in tech shares pulling down stocks. The culprit? Markets believe the Fed will raise rates sooner and more aggressively than expected. That's not the story, in our view. The sum total of expected rate hikes remains low, thanks to a historically muted Fed response to inflation. Instead, the yield spike tells us that investors are less willing to pay a safety premium for bonds – and isn't bad news for stocks per se.



**Jean Boivin**  
Head – BlackRock Investment Institute



**Wei Li**  
Global Chief Investment Strategist – BlackRock Investment Institute



**Alex Brazier**  
Deputy Head – BlackRock Investment Institute



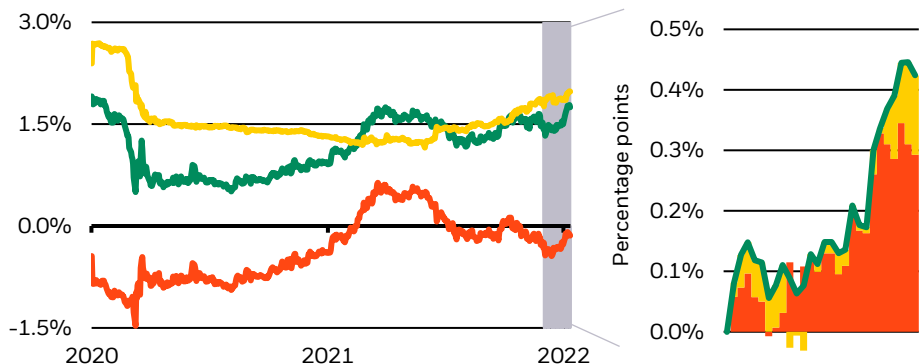
**Elga Bartsch**  
Head of Macro Research – BlackRock Investment Institute



**Scott Thiel**  
Chief Fixed Income Strategist – BlackRock Investment Institute

## What's driving the yield spike

U.S. 10-year Treasury yield drivers, 2020-21



Past performance is not a reliable indicator of current or future results. Indexes are unmanaged and not subject to fees. It is not possible to invest directly in an index. Sources: BlackRock Investment Institute, with data from Refinitiv Datastream, January 2022. Notes: The left chart shows the U.S. 10-year Treasury yield along with New York Federal Reserve estimates of two components of that yield, expected interest rates and the term premium (the premium investors typically demand to hold riskier long-term government bonds). The right chart shows the cumulative breakdown of the change in the 10-year yield since its low point on Dec. 3, 2021.

The plunge in global government bond prices at the start of this year underscores the new market regime highlighted in our [2022 Global Outlook](#). The trigger was the Fed indicating a faster-than-expected policy normalization, including speeding up the timeline for letting its bond portfolio shrink. Markets quickly priced in faster and more rate hikes this year against a backdrop of 40-year high inflation and a tight labor market. Equities have come under pressure as growth stocks lost some of their luster with the apparent prospect of higher interest rates making future earnings less attractive. Is all of this bad for equities? We don't think so. What really matters for stocks, in our view, is that the Fed has kept signaling a low sum total of rate hikes. That hasn't changed. Indeed, expectations for the future fed funds rate (the yellow line in the chart) have risen only modestly in the last six weeks, whereas 10-year Treasury yields have shot up (the green line). The driver instead is an increase in the term premium (the red line), the extra compensation investors demand for the risk of holding government bonds at historically low yield levels.

Visit [BlackRock Investment Institute](#) for insights on global economy, markets and geopolitics.

**BlackRock Investment Institute**

Understanding the drivers behind both the Fed’s muted response and the yield spike are key to navigating this environment. The Fed has adopted new policies that let inflation run a little hot to make up for below-target inflation in the past – and has now met its target. We believe the Fed and other central banks will want to keep living with inflation. Why? Today’s inflation is triggered by pandemic-induced supply constraints, a sea change from decades of demand-driven price pressures. Our upcoming *Macro and market perspectives* will explain why this matters: Tightening would only serve to hurt growth and employment at a time when the economy has not yet reached full capacity. Central banks are merely lifting their foot from the gas pedal by starting to remove emergency stimulus released when the pandemic hit in 2020, in our view. This muted response should only modestly increase historically low real, or inflation-adjusted, yields and underpin equity valuations.

The recent yield spike ostensibly has echoes of 2013’s “taper tantrum” when the Fed then flagged a reduction of bond purchases. Yet we see key differences: It’s not driven by fears of a sharp increase in the policy rate; growth is strong; and the Fed has honed its signaling. The Fed’s planned reduction of its balance could result in investors demanding a higher term premium for holding long-term bonds – but this need not be negative for equities in contrast to the taper tantrum, in our view. So far the Fed’s pivot on policy matters less for medium-term investors focused on the cumulative policy response.

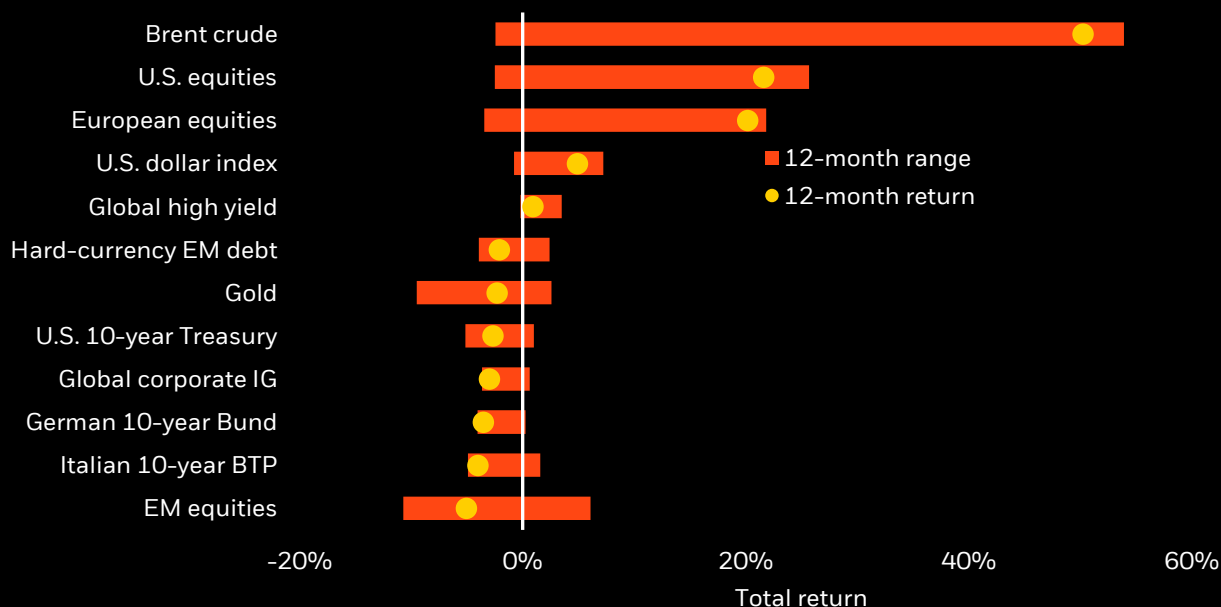
We see three main risks. First and foremost: Central banks actually hit the brakes or markets think they might – a bad outcome for both stocks and bonds and one of the alternative scenarios to our base case laid out in our [2022 Global Outlook](#). We also considered the possibility of a sharper rise in the term premium relative to our base case for a more gradual increase depending on how the Fed handles the shrinking of its balance sheet. Second, we believe the Omicron strain presents downside risks to China’s growth outlook, especially given the influx of visitors for the Winter Olympics. We expect the country to maintain its zero-COVID policy – at least optically – in this politically important year. This heralds more restrictions on activity, even as Beijing appears bent on achieving its growth target this year by loosening policy. Third, we see potential conflict risks surrounding Iran’s nuclear ambitions, Russia’s massing of troops near Ukraine and, to a much lesser extent, Taiwan. These could rattle investors at a time the market’s attention to geopolitics is low. See our [geopolitical risk dashboard](#). Our bottom line: We prefer equities in the inflationary backdrop of the strong restart of economic activity. We favor developed market stocks as we dial down risk slightly and are underweight government bonds.

## Market backdrop

U.S. CPI hit a 40-year high of 7% with little market reaction. We see the report as more evidence that supply factors are shaping the macro backdrop. The fundamental culprits are the sputtering restart of supply and reallocation of resources spurred by the pandemic. The problem: policymakers can’t stabilize inflation without destroying activity. It’s a key reason why central banks have flagged a muted response to inflation. We see inflation settling at a level higher than pre-COVID.

## Assets in review

Selected asset performance, 12-month return and range



**Past performance is not a reliable indicator of current or future results. Indexes are unmanaged and do not account for fees. It is not possible to invest directly in an index.**

Sources: BlackRock Investment Institute, with data from Refinitiv Datastream as of January 14, 2022. Notes: The two ends of the bars show the lowest and highest returns at any point over the last 12-months and the dots represent current 12-month returns. Emerging market (EM), high yield and global corporate investment grade (IG) returns are denominated in U.S. dollars, and the rest in local currencies. Indexes or prices used are, in descending order: spot Brent crude, MSCI USA Index, MSCI Europe Index, ICE U.S. Dollar Index (DXY), MSCI Emerging Markets Index, Bank of America Merrill Lynch Global High Yield Index, J.P. Morgan EMBI Index, spot gold, Refinitiv Datastream Italy 10-year benchmark government bond index, Bank of America Merrill Lynch Global Broad Corporate Index, Refinitiv Datastream Germany 10-year benchmark government bond index and Refinitiv Datastream U.S. 10-year benchmark government bond index.

## Macro insights

Prices in the U.S. are rising at their fastest rate in about four decades. Last week's consumer price index (CPI) report showed prices had run up to a 7% annual rate in December.

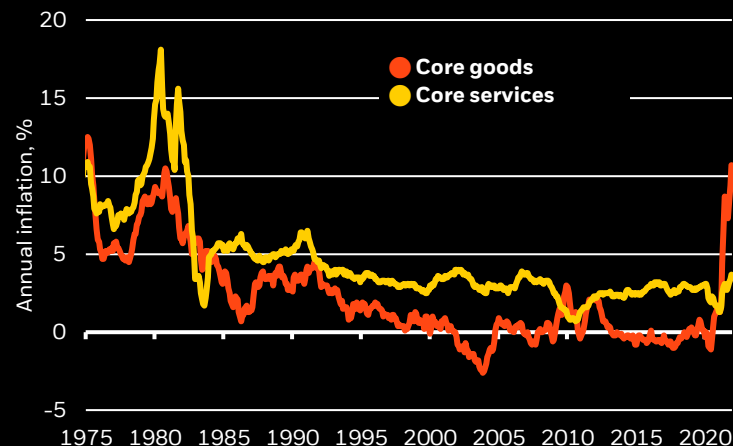
The jump is partly due to major changes in consumer spending. There's been a striking shift in spending toward goods and away from contact-intensive services during the Covid-related shutdowns and the economic restart that followed.

The high demand for goods, combined with the inability of supply to keep up, is responsible for much of the spike in inflation. The annual inflation rate for core goods (which excludes food and energy) is now at 10.7%, compared with 3.7% for core services. See the chart.

We have yet to see this shift reverse even as governments have lifted restrictions on activity. In fact, the split is widening. Prices of core goods rose 1.2% in December on the previous month while core services prices climbed a much smaller 0.3%. But we expect some normalization over 2022 as the restart progresses. See our [macro insights](#) hub.

## Major spending shift

U.S. goods vs. services inflation, 1975-2022



Sources: BlackRock Investment Institute, U.S. Bureau of Labor Statistics, with data from Haver Analytics, January 2022. Notes: The orange and yellow lines show core goods and core services CPI inflation respectively, measured by the year-on-year percent change in prices.

## Investment themes

### 1 Living with inflation

- We expect inflation to be persistent and settle above pre-COVID levels. We expect central banks to kick off rate hikes but remain more tolerant of price pressures, keeping real interest rates historically low and supportive of risk assets.
- Inflation is being driven by the unusual restart dynamics of extraordinary demand bumping up against supply bottlenecks. We expect many COVID-related supply-demand imbalances to resolve over the year.
- The policy response to rising inflation isn't uniform. The Fed and the ECB are more tolerant of inflation, even as the Fed has started to warn of inflation risks.
- Other developed market (DM) central banks have signaled policy rate paths with steeper initial increases, and many of their emerging market (EM) counterparts have already lifted off.
- The Fed has achieved its new inflation goal to make up for past misses and sees full employment being reached this year. This is the justification for the three rate hikes it has suggested for 2022. This is more than we expected, but we believe the total sum of hikes is unchanged and historically muted – and more important to markets.
- The Fed has sped up its tapering of bond purchases and has indicated it may start to trim its bond portfolio earlier than expected by letting bonds run off when they mature.
- **Investment implication:** We prefer equities over fixed income and remain overweight inflation-linked bonds.

### 2 Cutting through confusion

- A unique mix of events – the restart of economic activity, virus strains, supply-driven inflation and new central bank frameworks – could cause markets and policymakers to misread the current surge in inflation.
- We keep the big picture in mind: We see the restart rolling on, inflation meeting a muted central bank response, and real rates remaining historically low.
- We do see increasing risks around this base case: Central banks could revert to their old policy response, and growth could surprise on the upside or disappoint.
- There's also a risk markets misread China's policy. The country has emphasized social objectives and quality growth over quantity in regulatory crackdowns that have spooked some investors. Yet policymakers can no longer ignore the growth slowdown, and we expect incremental loosening across three pillars – monetary, fiscal and regulatory.
- **Investment implication:** We have trimmed risk-taking amid an unusually wide range of outcomes.

### 3 Navigating net zero

- Climate risk is investment risk, and the narrowing window for governments to reach net-zero goals means that investors need to start adapting their portfolios today. The net-zero journey is not just a 2050 story, it's a now story.
- Sustainability cuts across multiple dimensions: the outlook for inflation, geopolitics and policy. The green transition comes with costs and higher inflation, yet the economic outlook is unambiguously brighter than a scenario of no climate action or a disorderly transition. Both would generate lower growth and higher inflation, in our view.
- Risks around a disorderly transition are high – particularly if execution fails to match governments' ambitions to cut emissions.
- We favor sectors with clear transition plans. Over a strategic horizon, we like sectors that stand to benefit more from the transition, such as tech and healthcare because of their relatively low carbon emissions.
- **Investment implication:** We favor DM equities over EM as we see them as better positioned in the green transition.

# Week ahead

**Jan. 17** China urban investment, industrial output, retail sales and Q4 GDP

**Jan. 19** UK CPI



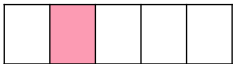

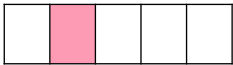



**Jan. 18** UK unemployment data  
Bank of Japan policy decision

**Jan. 20** U.S. Philly Fed Business Index

The stream of fourth-quarter corporate results picks up pace this week, with a key question whether companies can keep up their profit margins by passing on input price increases. Investors may also get an early read on the impact of Omicron on future results. Some 8% of S&P 500 companies are set to report this week, dominated by financials, healthcare and real estate. UK inflation and employment could guide the Bank of England in the timing and magnitude of further rate rises.

## Directional views

Strategic (long-term) and tactical (6-12 month) views on broad asset classes, January 2022

Asset	Change in view	
	Previous	New
	<div style="display: flex; justify-content: space-between; width: 100px;"> <div style="background-color: #f08080; padding: 2px;">Underweight</div> <div style="background-color: #808080; padding: 2px;">Neutral</div> <div style="background-color: #f0e68c; padding: 2px;">Overweight</div> </div>	
<b>Equities</b>	 <p style="text-align: center;">+1</p>	 <p style="text-align: center;">+1</p> <p>We keep our overweight on equities on a strategic horizon. We see the combination of low real rates, strong growth and reasonable valuations as favourable for the asset class. Incorporating climate change in our expected returns brightens the appeal of developed market equities given the large weights of sectors such as tech and healthcare in benchmark indices. Tactically, we are overweight equities amid solid economic fundamentals and historically low real rates.</p>
<b>Credit</b>	 <p style="text-align: center;">-1</p>	 <p style="text-align: center;">Neutral</p> <p>We stay underweight credit on a strategic basis as valuations are rich, and we prefer to take risk in equities instead. On a tactical horizon, we are neutral credit given low spreads across sectors and prefer EM local markets to high yield.</p>
<b>Govt bonds</b>	 <p style="text-align: center;">-1</p>	 <p style="text-align: center;">-1</p> <p>We are strategically underweight nominal government bonds given their diminished ability to act as portfolio ballasts with yields near lower bounds. Within the underweight on nominal DM government bonds, we prefer shorter-dated over long-dated maturities. Rising debt levels may eventually pose risks to the low rate regime. We prefer inflation-linked bonds. Tactically, we keep our significant U.S. Treasuries underweight on expectations of rising yields into the Fed's taper and rate kick-off. We prefer inflation-linked bonds for interest rate exposure and as a portfolio diversifier.</p>
<b>Private markets</b>	 <p style="text-align: center;">Neutral</p>	 <p style="text-align: center;">Neutral</p> <p>We believe non-traditional return streams, including private credit, have the potential to add value and diversification. Our neutral view is based on a starting allocation that is much larger than what most qualified investors hold. Many institutional investors remain underinvested in private markets as they overestimate liquidity risks, in our view. Private markets are a complex asset class and not suitable for all investors.</p>

Note: Views are from a U.S. dollar perspective, January 2022. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast of future events or a guarantee of future results. This information should not be relied upon by the reader as research or investment advice regarding any particular funds, strategy or security.

# Granular views

Six to 12-month tactical views on selected assets vs. broad global asset classes by level of conviction, January 2022

		Underweight	Neutral	Overweight	Change in view	
					Previous	New
Asset	Underweight	Overweight				
Equities	<b>Developed markets</b>				We are overweight developed market equities. We see still solid growth and low real yields supporting valuations. We prefer to diversify our exposure.	
	United States				We are overweight U.S. equities on still strong earnings momentum. We do not see gradual policy normalization posing significant headwinds.	
	Europe				We stay modestly overweight European equities given attractive valuations. We believe the rise in Covid infections may stall but not derail the restart	
	UK				We are neutral UK equities. We see the market as fairly valued and prefer European equities.	
	Japan				We have a small overweight in Japanese equities. We see a global cyclical rebound boosting earnings growth following underperformance in 2021.	
	<b>China</b>				We stay moderately positive on Chinese equities as we see a shift to a slightly easier policy. We expect the regulatory clampdown to last but not intensify.	
	<b>Emerging markets</b>				We are neutral EM equities and prefer DM equities, given more challenged restart dynamics and tighter policies in EM.	
	Asia ex-Japan				We are neutral Asia ex-Japan equities. We prefer more targeted exposure to China relative to the broad region.	
	U.S. Treasuries				We are underweight U.S. Treasuries primarily on economic fundamentals and valuations. We see risks tilted toward higher yields into the Fed taper and subsequent lift-off.	
Treasury Inflation-Protected Securities				We stay overweight U.S. TIPS as we expect inflation to be persistent and settle at a higher level than pre-Covid. We prefer TIPS for interest rate exposure and diversifiers.		
European government bonds				We keep our underweight European government bonds. We see yields heading higher. Current market pricing points to no substantive change in monetary policy for several years.		
UK gilts				We are neutral UK Gilts. We see UK policy rates rising before DM peers, yet believe market expectations of the subsequent pace are overdone amid constrained supply.		
China government bonds				We are overweight Chinese government bonds. Potentially easier monetary policy alongside the relative stability of interest rates and potential income brighten their appeal.		
Global investment grade				We stay underweight investment grade credit. We see little room for further yield spread compression and remain concerned about interest rate risk.		
Global high yield				We are neutral high yield. We do not see compression in high yield spreads yet still find the carry attractive. We prefer to take risk in equities.		
Emerging market – hard currency				We are neutral hard-currency EM debt. We expect it to gain support from the vaccine-led global restart and more predictable U.S. trade policies.		
Emerging market – local currency				We are modestly overweight local-currency EM debt on attractive valuations and potential income. Higher yields already reflect EM monetary policy tightening, in our view.		
Asia fixed income				We stay overweight Asia fixed income. We find valuations in China compelling relative to risks. Outside China, we like Asian sovereigns and credit for income and carry.		

Past performance is not a reliable indicator of current or future results. It is not possible to invest directly in an index. Note: views are from a U.S. dollar perspective. This material represents an assessment of the market environment at a specific time and is not intended to be a forecast or guarantee of future results. This information should not be relied upon as investment advice regarding any particular fund, strategy or security.

# BlackRock Investment Institute

The BlackRock Investment Institute (BII) leverages the firm's expertise and generates proprietary research to provide insights on the global economy, markets, geopolitics and long-term asset allocation – all to help our clients and portfolio managers navigate financial markets. BII offers strategic and tactical market views, publications and digital tools that are underpinned by proprietary research.

**General disclosure:** This material is intended for information purposes only, and does not constitute investment advice, a recommendation or an offer or solicitation to purchase or sell any securities to any person in any jurisdiction in which an offer, solicitation, purchase or sale would be unlawful under the securities laws of such jurisdiction. The opinions expressed are as of Jan. 18, 2022 and are subject to change without notice. Reliance upon information in this material is at the sole discretion of the reader. Investing involves risks.

In the **U.S. and Canada**, this material is intended for public distribution. **In EMEA** Until 31 December 2020, issued by BlackRock Investment Management (UK) Limited, authorized and regulated by the Financial Conduct Authority. Registered office: 12 Throgmorton Avenue, London, EC2N 2DL. Tel: + 44 (0)20 7743 3000. Registered in England and Wales No. 2020394, has issued this document for access by Professional Clients only and no other person should rely upon the information contained within it. For your protection telephone calls are usually recorded. Please refer to the Financial Conduct Authority website for a list of authorized activities conducted by BlackRock. From 1 January 2021, in the event the United Kingdom and the European Union do not enter into an arrangement which permits United Kingdom firms to offer and provide financial services into the European Union, the issuer of this material is:(i) BlackRock Investment Management (UK) Limited for all outside of the European Union; and(ii) BlackRock (Netherlands) B.V. for in the European Union, BlackRock (Netherlands) B.V. is authorized and regulated by the Netherlands Authority for the Financial Markets. Registered office Amstelplein 1, 1096 HA, Amsterdam, Tel: 020 – 549 5200, Tel: 31-20-549-5200. Trade Register No. 17068311 For your protection telephone calls are usually recorded. **In Switzerland**, for qualified investors in Switzerland: This document is marketing material. Until 31 December 2021, this document shall be exclusively made available to, and directed at, qualified investors as defined in the Swiss Collective Investment Schemes Act of 23 June 2006 ("CISA"), as amended. From 1 January 2022, this document shall be exclusively made available to, and directed at, qualified investors as defined in Article 10 (3) of the CISA of 23 June 2006, as amended, at the exclusion of qualified investors with an opting-out pursuant to Art. 5 (1) of the Swiss Federal Act on Financial Services ("FinSA"). For information on art. 8 / 9 Financial Services Act (FinSA) and on your client segmentation under art. 4 FinSA, please see the following website: [www.blackrock.com/finsa](http://www.blackrock.com/finsa). **For investors in Israel:** BlackRock Investment Management (UK) Limited is not licensed under Israel's Regulation of Investment Advice, Investment Marketing and Portfolio Management Law, 5755-1995 (the "Advice Law"), nor does it carry insurance thereunder. **In South Africa**, please be advised that BlackRock Investment Management (UK) Limited is an authorized financial services provider with the South African Financial Services Board, FSP No. 43288. **In the DIFC** this material can be distributed in and from the Dubai International Financial Centre (DIFC) by BlackRock Advisors (UK) Limited – Dubai Branch which is regulated by the Dubai Financial Services Authority (DFSA). This material is only directed at 'Professional Clients' and no other person should rely upon the information contained within it. BlackRock Advisors (UK) Limited – Dubai Branch is a DIFC Foreign Recognised Company registered with the DIFC Registrar of Companies (DIFC Registered Number 546), with its office at Unit 06/07, Level 1, Al Fattan Currency House, DIFC, PO Box 506661, Dubai, UAE, and is regulated by the DFSA to engage in the regulated activities of 'Advising on Financial Products' and 'Arranging Deals in Investments' in or from the DIFC, both of which are limited to units in a collective investment fund (DFSA Reference Number F000738). **In the Kingdom of Saudi Arabia**, issued in the Kingdom of Saudi Arabia (KSA) by BlackRock Saudi Arabia (BSA), authorized and regulated by the Capital Market Authority (CMA), License No. 18-192-30. Registered under the laws of KSA. Registered office: 29th floor, Olaya Towers – Tower B, 3074 Prince Mohammed bin Abdulaziz St., Olaya District, Riyadh 12213 – 8022, KSA, Tel: +966 11 838 3600. The information contained within is intended strictly for Sophisticated Investors as defined in the CMA Implementing Regulations. Neither the CMA or any other authority or regulator located in KSA has approved this information. The information contained within, does not constitute and should not be construed as an offer of, invitation or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. Any distribution, by whatever means, of the information within and related material to persons other than those referred to above is strictly prohibited. **In the United Arab Emirates** this material is only intended for -natural Qualified Investor as defined by the Securities and Commodities Authority (SCA) Chairman Decision No. 3/R.M. of 2017 concerning Promoting and Introducing Regulations. Neither the DFSA or any other authority or regulator located in the GCC or MENA region has approved this information. **In the State of Kuwait**, those who meet the description of a Professional Client as defined under the Kuwait Capital Markets Law and its Executive Bylaws. **In the Sultanate of Oman**, to sophisticated institutions who have experience in investing in local and international securities, are financially solvent and have knowledge of the risks associated with investing in securities. **In Qatar**, for distribution with pre-selected institutional investors or high net worth investors. **In the Kingdom of Bahrain**, to Central Bank of Bahrain (CBB) Category 1 or Category 2 licensed investment firms, CBB licensed banks or those who would meet the description of an Expert Investor or Accredited Investors as defined in the CBB Rulebook. The information contained in this document, does not constitute and should not be construed as an offer of, invitation, inducement or proposal to make an offer for, recommendation to apply for or an opinion or guidance on a financial product, service and/or strategy. **In Singapore**, this is issued by BlackRock (Singapore) Limited (Co. registration no. 200010143N). This advertisement or publication has not been reviewed by the Monetary Authority of Singapore. **In Hong Kong**, this material is issued by BlackRock Asset Management North Asia Limited and has not been reviewed by the Securities and Futures Commission of Hong Kong. **In South Korea**, this material is for distribution to the Qualified Professional Investors (as defined in the Financial Investment Services and Capital Market Act and its sub-regulations). **In Taiwan**, independently operated by BlackRock Investment Management (Taiwan) Limited. Address: 28F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan. Tel: (02)23261600. **In Japan**, this is issued by BlackRock Japan, Co., Ltd. (Financial Instruments Business Operator: The Kanto Regional Financial Bureau. License No 375, Association Memberships: Japan Investment Advisers Association, the Investment Trusts Association, Japan, Japan Securities Dealers Association, Type II Financial Instruments Firms Association.) For Professional Investors only (Professional Investor is defined in Financial Instruments and Exchange Act). **In Australia**, issued by BlackRock Investment Management (Australia) Limited ABN 13 006 165 975 AFSL 230 523 (BIMAL). The material provides general information only and does not take into account your individual objectives, financial situation, needs or circumstances. **In China**, this material may not be distributed to individuals resident in the People's Republic of China ("PRC", for such purposes, excluding Hong Kong, Macau and Taiwan) or entities registered in the PRC unless such parties have received all the required PRC government approvals to participate in any investment or receive any investment advisory or investment management services. **For Other APAC Countries**, this material is issued for Institutional Investors only (or professional/sophisticated /qualified investors, as such term may apply in local jurisdictions). **In Latin America**, for institutional investors and financial intermediaries only (not for public distribution). This material is for educational purposes only it is your responsibility to inform yourself of, and to observe, all applicable laws and regulations of your relevant jurisdiction. The securities regulators of any country within Latin America have not confirmed the accuracy of any information contained herein. No information discussed herein can be provided to the general public in Latin America. **In Mexico**, these materials are being shared in the understanding that the addressee is an Institutional or Qualified investor as defined under Mexican Securities (Ley del Mercado de Valores).

©2022 BlackRock, Inc. All Rights Reserved. BLACKROCK is a trademark of BlackRock, Inc., or its subsidiaries in the United States and elsewhere. All other trademarks are those of their respective owners.

## BlackRock

Not FDIC Insured • May Lose Value • No Bank Guarantee