

Newsletter



February 2022

Is Inflation Here To Stay?



Prices: Will things get more expensive in 2022?

The advent of Covid-19 brought havoc to the global economy and governments grappled to keep their countries afloat. Some managed and many struggled. Most countries chose to serve stimulus packages to citizens and businesses affected by the widespread restrictions, which turned into one of the triggers of the currently high inflation rates.

Living costs in Germany surged in 2021, driven by **energy crises**, **supply chain disruptions**, gains in **commodity prices** and the **termination of reduced VAT rates**. The rise in energy prices was considered to be the fundamental driver of increased in prices and economists expect it to continue through 2022.

As for inflation rates, in 2020 the average rate in Germany was relatively low at 0.5%, but the following year saw the brunt of disruptions and inflation shot up and **December 2021** the increase in prices stood at a staggering **5.3%**. This was recorded to be the **highest inflation rate in the last 30 years** since 1993.

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As of **January 2022**, the **year-on-year change in consumer price index (CPI) stood at 4.9%**; a slight improvement compared to previous months but still much beyond the desired rate of 2% by the European Central Bank. “The inflation rate slightly decreased in January, after it had reached its **highest level in almost 30 years** last December. However, it remains at a high level”, said Dr. Georg Thiel, President of the Federal Statistical Office.

Economists say that this upside in inflation could last longer in Germany and in Europe than was previously expected and there should be a repositioning of the markets to capture an early move on rates.



The **sharp rise in gas prices** has started to catch up to European consumers since the past few months which will be the likely reason for a continuing inflation.

The geopolitical situation between **Russia and Ukraine** is also expected to have an effect on the economies of the Eurozone. According to an article by the New York Times, there could be “**dizzying spikes**” in **energy and food prices, increased inflation fears and caution on the part of investors**. However, the immediate impact is not expected to be severe as Russia is not a significant contributor towards the global economy.

The supply of gas from Russia remains a question as nearly 40% of Europe’s natural gas comes from the region. **Germany gets half of its gas supply from Russia which would increase had the Nord Stream project not been halted earlier this week**. Countries are taking steps to blunt this impact on Europe, and economy minister Robert Habeck has said that Germany’s gas supply was secure even without Nord Stream 2, but that **prices were still likely to rise further in the short term**.

In conclusion, global growth and rising prices remain a concern for retail buyers and businesses alike. While inflation rates could continue to rise, markets would adopt a more bearish stance in the coming months. People across the globe are now watching closely for both major and minor disruptions in market liquidity and favouring a **cautious stance**, waiting for the events to unfold further.

26 Private Placements in 2021



In 2021, CM-Equity AG completed 26 successful private placement for companies from various industrial sectors

Through our Private Placements, a total sum of **€10.8M** was raised in the year 2021. Investor participation remained high and approximately **250 professional and semi-professional investors** were a part of the placement process. Further, investors were spread across the **DACH region and Europe** which signaled a good outreach for the participating companies.

Different industrial sectors we represented by the participating companies such as Healthcare, Mining, Exploration, Battery Technology, Property Technology, Smart Technology and Green Technology.

CM-Equity helps companies rise above the startup noise and reach their target investors that in turn results in a rapid scaling of customer acquisition and production. We also help our investors in **decentralizing**. We have placed companies within and outside the European Union, like USA, Canada and Asia. This helps our investors to diversify their portfolios and gain access to the overseas companies.



Jens Brunke
Member of the Executive Board



Jorgen L Thorsted
Member of the Supervisory Board

New Members to Executive and Supervisory Board

Jens Brunke and Jorgen L Thorsted became the members of the Executive Board and the Supervisory Board respectively. This decision was followed by the big leap in number of employees at the company and re-setting the fundamental company structure for smooth administration in the future. With an increasing business avenue and high number of clients, the talent pool in the company is also undergoing a change with the new additions.

Jens Brunke has been a part of CM-Equity for more than 10 years and was the Head of Asset Management before joining the Executive Board. He said, *“As Member of the Executive Board I feel very privileged and thankful to work on the side of Michael Kott to help to create one of the next disruptive future trends, the “Capital Market 4.0.”*

Jorgen L Thorsted has an experience of more than 40 years in the financial markets and his expertise lies in international sales and business development. He now joins the company as a member of the Supervisory Board. On being asked for a comment, he said, *“I’m very honoured to have become a member of the board at CME. CME is a group that have a very interesting and bright future while still having the old virtues of the stockbroker’s integrity. I hope that I can outperform in my role.”*

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