

**Economy**

Reassuringly, US statistics were in line with expectations overall. The Chicago Fed's leading economic indicator bounced back strongly in July, up from 0.09 to 0.53, while the Kansas City Fed's held steady in August, at 29. Personal income growth surprised to the upside (at 1.1% MoM), durable goods orders declined less sharply than expected (down 0.1% MoM) and new home sales increased more than expected (up 1% MoM). The manufacturing PMI posted a moderate decline, down from 63.4 to 61.2, while its services counterpart fell more sharply, down from 59.9 to 55.2. In the eurozone, the manufacturing PMI fell slightly in August, down from 62.8 to 61.5, while its services counterpart held steady at 59.7. Meanwhile, consumer confidence undershot expectations in August, falling from -4.4 to -5.3.

**Climate**

According to a report by the Grantham Research Institute on Climate Change and the Environment (London School of Economics and Political Science), the number of climate-related litigation cases filed worldwide has more than doubled since 2015. The report notes that financial institutions are increasingly coming under attack, particularly over the question of whether they are failing to meet their fiduciary duty and properly recognise the corresponding risk.

**Bonds**

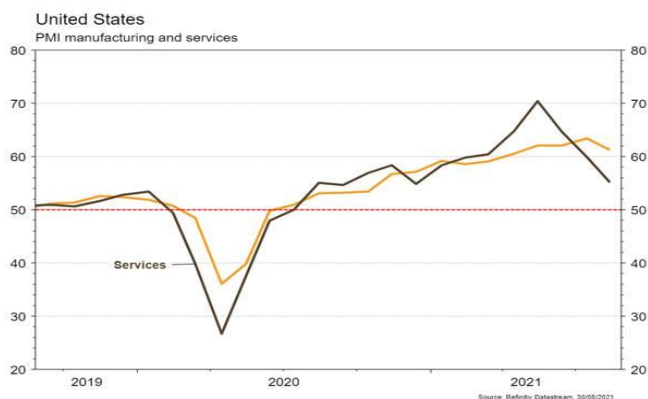
At the Jackson Hole symposium, Jay Powell confirmed that tapering could begin by the end of the year while attempting to uncouple this reduction in asset purchases from future interest rate hikes. This could mean the yield curve steepens over the next few months. US long yields fell after Powell's speech but nevertheless ended the week higher (with 10-year yields up 5 bps). In credit, it was a risk-friendly week, with high-yield spreads narrowing sharply in the US and Europe (down 19 bps and 6 bps respectively).

**Sentiment of traders****Stock market**

After Wall Street posted new highs, markets opened in the black this morning, albeit with the UK market closed and despite risks posed by the tapering heralded by Powell. This week brings a raft of economic figures (confidence indicators, CPI, unemployment and retail sales in the eurozone), notably including US job numbers on Friday. In the meantime, indices are holding firm.

**Currencies**

After Powell's speech, uncertainty over the timing of US rate hikes weighed on USD; it has lost ground against all major currencies: USD/CHF 0.9124; EUR/USD 1.18; GBP/USD 1.3756. We remain positive on USD in the medium term. CHF has firmed slightly to EUR/CHF 1.0770, continuing to trade in the range EUR/CHF 1.0860-1.0680. Gold is trading at \$1,813/oz. Our ranges – EUR/USD: 1.1665-1.19; USD/CHF: 0.9050-0.9245; GBP/USD: 1.36-1.3850.

**Today's graph****Markets**

Fed Chair Jay Powell gave a reassuring speech at Jackson Hole, confirming the Fed's view of inflation as a temporary phenomenon while setting the faster than expected uplift in growth against uncertainty over the course of the pandemic. The bottom line is that QE tapering is set to begin before the year is out but there are no interest rate hikes on the horizon. Accordingly, equities gained 1.8% (with emerging equities up 4.3%!), oil 11.4% and copper 4.2%. Gold (up 1.4%) benefited from dollar depreciation (down 0.9%) and was not penalised by rising 10-year yields (up 5 bps). To be monitored this week: ISM Manufacturing and Non-Manufacturing indices, consumer confidence and jobs report in the US; EC confidence indicators, CPI, unemployment rate and retail sales in the eurozone; and manufacturing and services PMIs (official and Caixin) in China.

**Swiss Market**

To be monitored this week: KOF August economic barometer, FOH reference interest rate for mortgages, August PMI, FSO July retail sales, FSO August inflation, SECO Q2 GDP and FSO July overnight hotel stays.

The following companies are due to report results: Ems-Chemie, Jungfraubahn, Peach Property, Pierer Mobility, Dormakaba, Investis, Vaudoise and Piazza.

**Equities**

**DORMAKABA** (Core Holdings) is due to report its annual results on Wednesday: the first fiscal year of its kind for new CEO Sabrina Soussan marking the dawn of a new era after the repeated disappointments of the past few years. This kind of configuration is often synonymous with provisions and restructuring.

**ROCHE** (Core Holdings) last week announced that it had pulled its application for accelerated FDA approval for Tecentriq as a first-line treatment for triple negative breast cancer. Continued approval for this indication, for which the drug is currently marketed, was conditional on confirmation of its efficacy in the IMpassion 131 study, the results of which were negative. The impact on EPS is limited to 1%.

**SALESFORCE** (US Satellites) has reported strong results for Q2 of its FY 2022, with sales up 23% YoY at \$6.34bn. The company indicated that the acquisition of Slack and the shift to hybrid working from home will maintain demand for its cloud software over the coming quarters.

**TSMC** (Asia Satellites) is likely to put up prices sometime in the next few months. Some components are set to go up by 10%, or even 20% for those most in demand. The company is looking to protect its 50% gross margin and will be able to fund its substantial capex programme (\$100bn).

**Performances**

|                           | Since            |            |            |
|---------------------------|------------------|------------|------------|
|                           | As at 27.08.2021 | 20.08.2021 | 31.12.2020 |
| SMI                       | 12 439.00        | 0.19%      | 16.21%     |
| Stoxx Europe 600          | 472.34           | 0.76%      | 18.37%     |
| MSCI USA                  | 4 387.75         | 1.64%      | 19.63%     |
| MSCI Emerging             | 1 272.67         | 4.25%      | -1.44%     |
| Nikkei 225                | 27 641.14        | 2.32%      | 0.72%      |
| As at 27.08.2021          |                  |            |            |
| <b>CHF vs. USD</b>        | 0.9135           | 0.50%      | -3.23%     |
| <b>EUR vs. USD</b>        | 1.1786           | 0.91%      | -3.67%     |
| 10-year yield CHF (level) | -0.34%           | -0.40%     | -0.55%     |
| 10-year yield EUR (level) | -0.46%           | -0.54%     | -0.58%     |
| 10-year yield USD (level) | 1.29%            | 1.24%      | 0.91%      |
| Gold (USD/per ounce)      | 1 807.61         | 1.40%      | -4.75%     |
| Brent (USD/bl)            | 72.73            | 11.45%     | 40.16%     |

Source: Datastream

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