

**Economy**

US statistics were once again something of a mixed bag. The good news is that the ISM Non-Manufacturing Index rose from 61.7 to 61.9, whereas it had been expected to decline. Disappointing new job numbers in September (194,000 vs. 500,000) need to be put into perspective: the previous two months' figures were revised upwards (by 169,000), jobs are only being destroyed in the public sector and hourly wages continue to rise at a sustained pace (up 0.6% MoM and 4.6% YoY). In the eurozone, investor confidence fell short of expectations in October (down from 19.6 to 16.9), as did retail sales in August (up 0.3% MoM; up 0% YoY). Lastly, in China, the services PMI rallied strongly in September (up from 46.7 to 53.4).

**Climate**

The President of the World Bank and the IEA's Executive Director have issued a clarion call, in a jointly-signed blog post, reminding us all that there are currently c. 8,500 coal power plants worldwide generating more than a third of the world's electricity. Since these plants account for over 20% of global CO2 emissions, it will be impossible to achieve climate goals without shutting them down. Yet more than 300 new coal plants are set to come on stream in the next five years...

**Bonds**

Rising inflation expectations caused yields to rise sharply last week. US 10-year yields rose 15 bps to 1.61%, with breakeven inflation up 13 bps at 2.51%. Despite new job numbers coming in lower than expected (194k, vs. 500k expected), job creation should be robust enough for the Fed to confirm the start of tapering at its next meeting. In credit, spreads widened in European and US high-yield (up 14 bps and 4 bps respectively). HY nevertheless outperformed IG in the US (-0.27% vs. -0.95%) and matched it in Europe (-0.43% vs. -0.40%).

**Sentiment of traders**

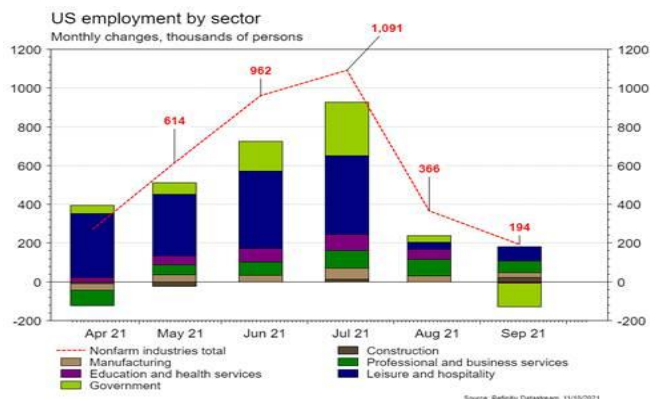
**Stock market**

Indices bounced back from technical support levels and ended the week rather all over the place. Quarterly results are due to start appearing on Wednesday, with US banks leading the way; on the macro front, we expect the FOMC minutes, CPI and PPI in the US and the ZEW and industrial production in the eurozone. With oil above \$80 a barrel, inflation could spoil the party.

**Currencies**

USD continues to be supported by rising US 10-year yields: EUR/USD 1.1578; USD/CHF 0.9270. We anticipate the following ranges: EUR/USD 1.15-1.1700; USD/CHF 0.9230-0.94. Forex dealers expect a rate hike in December for GBP, which is trending upwards: GBP/USD 1.3660; EUR/GBP 0.8475; GBP/CHF 1.2660. CHF has strengthened to EUR/CHF 1.0730.

**Today's graph**



**Markets**

The deal on raising the US debt ceiling put some pep back into markets, which continued to be affected by rising inflationary risk (with oil up 4% and copper up 2.8%). Equities gained 0.7% (MSCI World) and sovereign yields rose significantly (up 15 bps in the US and 6-7 bps in Europe). Despite the dollar's stability, gold gained 0.2%. To be monitored this week: SME confidence (NFIB index), consumer price index, retail sales, Fed minutes, industrial production and consumer confidence (Univ. of Michigan) in the US; industrial production and trade balance in the eurozone; and consumer, import and export price indices, Q3 GDP, retail sales, industrial production and investment in China.

**Swiss Market**

To be monitored this week: Flughafen Zürich September traffic statistics and FSO September producer and import prices.

The following companies are due to report sales or results: Givaudan, Bossard, Temenos, Bystronic, VAT and Gurit.

**Equities**

**APPLE** (US Core Holdings) secured a favourable outcome in its legal battle with Epic Games, with the only concession relating to payments. Apple is set to appeal the court's decision, according to which alternative payment methods should be allowed. Apple will thus be seeking to delay implementation.

**DIAGEO** (Core Holdings): Nielsen has reported that European sales of spirits in Q3 were up 12% on the same quarter in 2019; the group's sales surged 26% in the quarter, confirming management's recent comments about a strong second half of 2021.

**ROCHE** (Core Holdings): the FDA has granted breakthrough therapy designation to gantenerumab (Alzheimer's disease) based on data showing significantly reduced brain amyloid plaque. The designation will speed up the submission process once Phase III results are out (expected H2 2022).

**TSMC** (Asia Satellites) is to report results for Q3 of its FY 2021 on 14 October. The group's quarterly numbers will provide some clues as to the status of the semiconductor shortage.

**ZALANDO** (Satellites): Asos this morning reported 2021 results in line with expectations but announced that its CEO is stepping down and issued a 2022 profit warning, adding to factors weighing on the e-commerce retail sector to which Zalando belongs.

**Performances**

	Since		
	As at 08.10.2021	01.10.2021	31.12.2020
SMI	11 764.99	1.64%	9.92%
Stoxx Europe 600	457.29	0.97%	14.60%
MSCI USA	4 265.02	0.75%	16.28%
MSCI Emerging	1 257.04	0.84%	-2.65%
Nikkei 225	28 048.94	-2.51%	2.20%
<b>As at 08.10.2021</b>			
<b>CHF vs. USD</b>	0.9267	0.35%	-4.61%
<b>EUR vs. USD</b>	1.1574	-0.19%	-5.41%
10-year yield CHF (level)	-0.09%	-0.18%	-0.55%
10-year yield EUR (level)	-0.15%	-0.22%	-0.58%
10-year yield USD (level)	1.60%	1.47%	0.91%
Gold (USD/per ounce)	1 759.45	0.19%	-7.29%
Brent (USD/bl)	82.52	4.03%	59.03%

Source: Datastream

This document has been issued for information purposes and is exclusively supplied by Bordier & Cie SCmA in the framework of an existing contractual relationship with the recipient of this document. The views and opinions contained in it are those of Bordier & Cie SCmA. Its contents may not be reproduced or redistributed by unauthorized persons. The user will be held liable for any unauthorized reproduction or circulation of this document, which may give rise to legal proceedings. All the information contained in it is provided for information only and should in no way be taken as investment, legal or tax advice provided to third parties. Furthermore, it is emphasized that the provisions of our legal information page are fully applicable to this document and namely provisions concerning the restrictions arising from different national laws and regulations. Consequently, Bordier Bank does not provide any investment services or advice to "US persons" as defined by the Securities and Exchange Commission rules. Furthermore, the information on our website - including the present document - is by no means directed to such persons or entities.