

**Economy**

Last week's US statistics were something of a mixed bag. Among the positive surprises, SME confidence (NFIB index) rose slightly in August, up from 89.9 to 91.8. Conversely, industrial production declined more sharply than expected in August, down 0.2%. Retail sales were up 0.3% MoM in August but the July number was revised down (from zero to -0.4% MoM) and the August figure excluding vehicle sales fell further than expected, down 0.3% MoM. The main worry was inflation, which came in higher than expected (at 0.1% MoM and 8.3% YoY). In the eurozone, the ZEW confidence indicator plummeted from -54.9 to -60.7 in September, while industrial production was disappointing in July (down 2.3% MoM and 2.4% YoY). Lastly, Chinese data surprised to the upside, with industrial production up 4.2% YoY, retail sales up 5.4% YoY and investment up 5.8% YoY.

**Planetary Limits**

Final publication of the EU Taxonomy (the list of activities compatible with the European Green Deal) has been beset by delays and disagreement. Five environmental NGOs have withdrawn from the sustainable finance platform, alleging that the Commission has placed too much importance on business at the expense of the science. Investors will have to wait to see what is included in the final four sections of the Taxonomy, originally due to be published in July.

**Bonds**

US core inflation was much higher than expected in August (at 0.6%, vs. 0.3% expected) and the market is now expecting the federal funds rate to peak at 4.5% (previously 4%). Against this backdrop, US yields rose and the curve flattened (10Y: +14 bps; 2Y: +31 bps). The trend was similar in Europe (2Y Bund: +25 bps; 10Y Bund: +8 bps). In credit, despite a high volume of new issues, IG spreads ended the week unchanged in both the US and Europe. In HY, US spreads (+35 bps) came under pressure from rising real yields.

**Sentiment of traders**

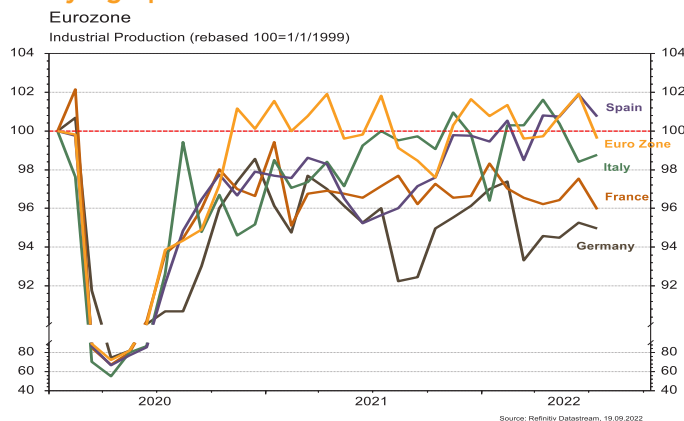
**Stock market**

Markets opened this week as they had ended last week: in the red. Support levels did not hold and the bearish trend continued after US CPI came in higher than expected. Given this, the key event of the week will be Wednesday's FOMC meeting (at which a 75 bps rate hike is expected). Note that the SNB is also expected to raise rates by 75 bps on Thursday. Caution is the watchword.

**Currencies**

The dollar has risen on the back of US inflation figures. This morning, EUR/USD was trading at 0.9970 and USD/CHF at 0.9680. Forex dealers will be keeping a close eye on rate decisions by the Fed (Wednesday) and the SNB (Thursday). Sterling remains under pressure and is hovering around 1.1390 against USD. Gold has lost \$60 in a week and is trading at \$1,662/oz.

**Today's graph**



**Markets**

Disappointing US inflation numbers pushed up 10-year sovereign yields (USD: +14 bps; EUR: +8 bps; CHF: +10 bps). Equities duly suffered, falling sharply (US: -4.8%; Europe: -2.9%; emerging markets: -2.7%). Credit spreads widened, particularly in the high-yield segment. In this risk-off environment, the dollar appreciated (with the dollar index up 0.7%), penalising gold (down 2.3%), also adversely affected by rising interest rates. To be monitored this week: confidence among homebuilders (NAHB), building permits, housing starts, manufacturing and services PMIs and Fed meeting in the US; consumer confidence and manufacturing and services PMIs in the eurozone; and one- and five-year loan prime rates in China.

**Swiss Market**

To be monitored this week, which will get off to a quiet start due to the "Jeûne fédéral" public holiday in some parts of Switzerland: FOCBS August foreign trade/watch exports, SECO autumn economic forecasts and SNB monetary policy assessment and Q2 balance of payments.

Spice Private Equity and SHL are due to report their H1 results, while Bachem and Huber+Suhner will hold investor days.

**Equities**

**ACCOR** (Satellites): French RevPAR rose 39% in August (20% above the August 2019 figure), beating 2019 levels for the fourth month running. Readacross from the ongoing rally in the hotel trade (thanks to both tourism and business) over the summer is positive, with exhibitions and fairs looking promising for September/October.

**ADOBE** (Core Holdings) has announced that it is to acquire Figma for \$20bn. The high price tag indicates that this is a defensive acquisition of a disruptive competitor; the market has downgraded the FY 2023 EPS trajectory given the integration risks. We think Figma constitutes a rare opportunity for Adobe to strengthen its positioning in a fast-growing market (Creative Cloud).

As part of its digitalisation drive, **EPIROC** (Core Holdings) has acquired a 53% stake in Australian firm Radlink. The company, which specialises in wireless infrastructure and connectivity systems for mines, has 330 employees and generates sales of c. SEK 1bn, equating to c. 2.5% of group sales.

**HERMES** (Core Holdings): management said at a roadshow that it was happy with sales momentum across all regions over the summer on the back of strong performance in H1. Price effects are positive but modest (potential for 2023) while forex effects, already positive for revenue in 2022, will be even more so for the margin in 2023, all of which reassures us.

**Performances**

	Since		
	As at 16.09.2022	09.09.2022	31.12.2021
SMI	10 610.65	-2.66%	-17.59%
Stoxx Europe 600	408.24	-2.89%	-16.31%
MSCI USA	3 690.53	-4.82%	-19.66%
MSCI Emerging	944.12	-2.70%	-23.37%
Nikkei 225	27 567.65	-2.29%	-4.25%
<b>As at 16.09.2022</b>			
<b>CHF vs. USD</b>	0.9622	-0.07%	-5.31%
<b>EUR vs. USD</b>	1.0031	-0.12%	-11.80%
10-year yield CHF (level)	1.13%	1.03%	-0.14%
10-year yield EUR (level)	1.76%	1.70%	-0.18%
10-year yield USD (level)	3.45%	3.32%	1.50%
Gold (USD/per ounce)	1 675.20	-2.29%	-8.08%
Brent (USD/bl)	91.38	-1.67%	16.56%

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