

## Economy

US statistics were thin on the ground last week. The NFIB's Small Business Optimism Index continued to decline, down from 92.1 to 91.3 in October, while consumer confidence (Univ. of Michigan) fell from 59.9 to 54.7 in November. Reassuringly, October inflation came in lower than expected (with year-on-year headline inflation slowing from 8.2% to 7.7%). In the eurozone, the Sentix indicator of investor confidence, although still weak, improved in November (up from -38.3 to -30.9), while retail sales were up 0.4% MoM (down 0.6% YoY). In China, inflation slowed to a lower than expected 2.1% YoY. The government announced a 20-point plan to combat Covid and a 16-point plan to protect the real estate sector, both of which were well received.

## Planetary Limits

Sean Kidney, CEO of the Climate Bonds Initiative (of which Bordier & Cie is a partner), announced at COP27 that \$2trn-worth of green bonds had been issued as at end September 2022. The target is now to reach issues of \$5trn a year by 2025.

## Bonds

One of last week's highlights was the US inflation report for October (with core inflation coming in at 0.3% MoM, vs. 0.5% expected). The most aggressive shift in expectations came not for the peak rate (down 18 bps to 4.97%), but with regard to a Fed pivot, with the market now pricing in three rate cuts in 2023. This prompted US yields to fall sharply all along the curve (2Y: -33 bps; 10Y: -35 bps), with European yields tracking the trend (10Y Bund: -11 bps). Credit indices all posted gains in the US (HY: +1.2%; IG: +2.6%) and Europe (HY: +2.3%; IG: +1.4%).

## Sentiment of traders

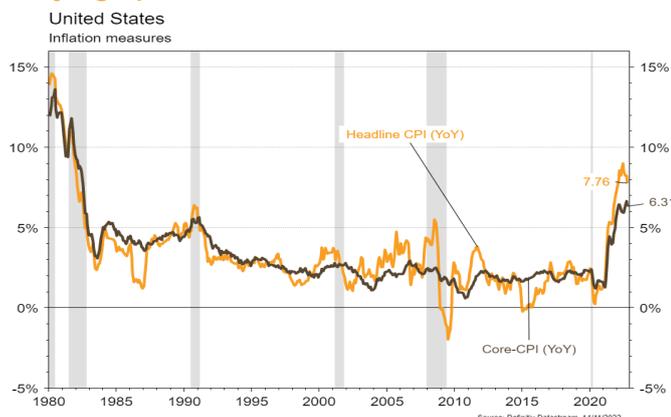
### Stock market

Lower than expected US inflation triggered a powerful market rally last week, with the trend continuing as markets reopened this morning. This week, we are expecting PPI, industrial production and various housing numbers in the US and the ZEW indicator, unemployment, GDP and CPI in the eurozone. It looks set to be a turbulent week.

### Currencies

USD corrected sharply on the back of US CPI numbers: EUR/USD 1.0337; GBP/USD 1.1790; USD/JPY 139.50. Renewed risk appetite is supporting EUR; breaking through resistance at EUR/USD 1.0379 would pave the way towards 1.0788; support at 0.99. CHF rose sharply on Friday (EUR/CHF: 0.9769; USD/CHF: 0.9445) after comments from the SNB referred to future rate hikes and the possibility of selling currency reserves. We anticipate the following ranges – USD/CHF: supp. 0.9370, res. 0.9690; EUR/CHF: supp. 0.9643, res. 0.9957. Gold is trading at \$1,765/oz; supp. \$1,702; res. \$1,807.

## Today's graph



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## Markets

The Chinese plans and, above all, US inflation figures triggered a powerful rally in risk assets and a fall in yields. Equities posted their biggest weekly gains so far this year (up 6.1% in the US, 3.7% in Europe and 5.7% in emerging markets) and 10-year yields fell significantly (USD: 35 bps; EUR and CHF: -11 bps). Gold gained 5.3%, helped by the falling dollar (with the dollar index down 4.1%). To be monitored this week: leading economic indicators (Empire Manufacturing and Philadelphia and Kansas City Feds), retail sales, industrial production, confidence among homebuilders (NAHB), housing starts and building permits in the US; industrial production, new vehicle registrations and ZEW confidence indicator in the eurozone; and industrial production, retail sales and investment in China.

## Swiss Market

To be monitored this week: FSO October producer and import prices, FSO Q3 property price index, FSO October overnight hotel stays, FOCBS October foreign trade/watch exports and FSO Q3 industrial production.

The following companies are due to release figures: Accelleron, Sonova, Alcon, Orascom DH, Ypsomed, Baloise and Klingelberg. Lastly, Comet, Zurich and SGS are all holding investor days.

## Equities

**COLOPLAST** (added to Core Holdings): as a leader in chronic care (c. 80% of sales), Coloplast has the advantage of operating in a particularly resilient market with strong fundamentals. It also has an excellent track record of delivering on its strategy, with organic growth averaging 7% a year over the past 17 years. Organic growth is set to remain buoyant, expected to come in at 7-9% in 2025.

European regulators are stepping up the pressure on **MICROSOFT** (Core Holdings), notably by reviewing the Activision deal and anti-competitive practices at Azure.

**ROCHE** (Core Holdings): gantenerumab has failed as a potential treatment for Alzheimer's disease. Consensus estimates had been sharply downgraded ahead of reporting from the trials, which had been viewed as a risky bet. The market is likely to gradually revive its interest in the share as a long-term investment. Roche still has a well-stocked pipeline and expectations are now particularly low: an opportunity to buy.

**THERMO FISHER** (added to Satellites) specialises in analytical instruments for research, medical analysis and the environment. Its diversified end markets should make it more resilient at a time of recession. While the tail-off of Covid testing has hurt the company's 2022-23 earnings, things are expected to pick up strongly from 2024. Management's medium-term guidance implies organic growth of 7-9% and EPS growth of 15-16% a year over the period 2024-25.

## Performances

	Since		
	As at 11.11.2022	04.11.2022	31.12.2021
SMI	11 127.15	3.15%	-13.58%
Stoxx Europe 600	432.26	3.66%	-11.39%
MSCI USA	3 796.41	6.06%	-17.35%
MSCI Emerging	935.73	5.74%	-24.05%
Nikkei 225	28 263.57	3.91%	-1.83%
<b>As at 11.11.2022</b>			
<b>CHF vs. USD</b>	0.9459	5.53%	-3.67%
<b>EUR vs. USD</b>	1.0327	4.36%	-9.19%
10-year yield CHF (level)	1.12%	1.23%	-0.14%
10-year yield EUR (level)	2.16%	2.29%	-0.18%
10-year yield USD (level)	3.86%	4.16%	1.50%
Gold (USD/per ounce)	1 762.55	5.33%	-3.28%
Brent (USD/bl)	96.22	-2.59%	22.73%

Source: Datastream