

## Economy

US statistics were once again mixed. Among the positive surprises, the Empire Manufacturing index bounced back from -9.1 to +4.5 in November. Similarly, retail sales exceeded expectations in October (up 1.3% MoM), while housing starts (down 4.2% MoM) and building permits (down 2.4% MoM) both fell less sharply than expected that same month. Conversely, the Philadelphia Fed index fell short of expectations, continuing to drop off in November (down from -8.7 to -19.4), while the NAHB index of confidence among homebuilders fell from 36 to 33 and industrial production declined 0.1% MoM in October. In the eurozone, September industrial production surprised to the upside (up 0.9% MoM; up 4.9% YoY). In China, industrial production (up 5% YoY), retail sales (down 0.5% YoY) and investment (up 5.8% YoY) came in lower than expected in October.

## Planetary Limits

Electric vehicles accounted for 22% of cars sold in China in October, with rechargeable hybrids accounting for a further 9%. Strong growth in its domestic market has boosted China's share of the global electric vehicle market, which rose from 26% in 2015 to 48% in 2021, reached 56% in H1 2022 and, according to Bloomberg NEF, should soon top 60%.

## Bonds

In the US, hawkish rhetoric from several Fed members caused expectations for peak interest rates to rise (up 18 bps to 5.07%) and the yield curve to flatten significantly (2Y: +20 bps; 10Y: +2 bps). The 10Y-2Y spread ended the week at -70 bps, its most inverted since 1981. In Europe, sovereign yields fell sharply (10Y Bund: -16 bps; 10Y BTP: -31 bps), partly because of tensions between Russia and Ukraine. In credit, all categories posted gains in both the US (IG: +1.2%; HY: +0.7%) and Europe (IG: +1.1%; HY: +0.1%).

## Sentiment of traders

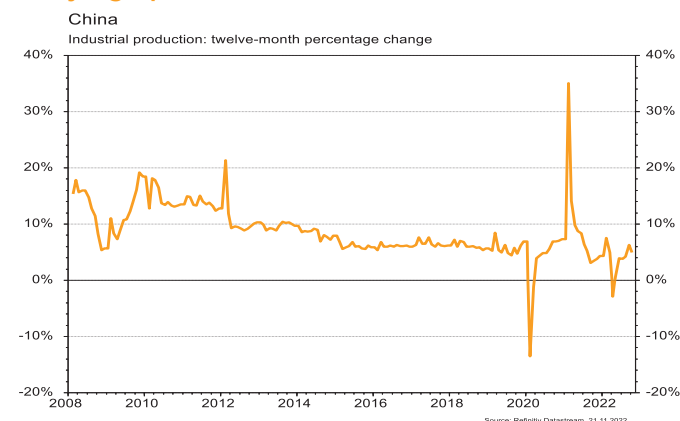
### Stock market

European markets opened in the red this morning, dragged down by Chinese indices caught up by Covid. Although this week will be skewed in the US by Thanksgiving, we will still see durable goods orders and the FOMC minutes. Markets are likely to continue to see-saw.

### Currencies

With risk aversion back on the menu following attacks on the Zaporizhzhia nuclear power station, EUR quickly fell victim to profit-taking: EUR/USD 1.0260. The pair could test support at 1.0095; resistance at 1.0480 remains valid. USD has consolidated, limiting its falls to USD/CHF 0.9570, USD/JPY 141.1 and GBP/USD 1.1815. We anticipate the following ranges – USD/CHF: 0.9350-0.9900; GBP/USD: 1.1334-1.2027. CHF has strengthened to EUR/CHF 0.9805; supp. 0.9643; res. 0.9957. Gold is trading at \$1,741/oz; supp. \$1,702; res. \$1,878.

## Today's graph



## Markets

Recession expectations reflected in the US yield curve and quickening pace of 2023 earnings downgrades (with the S&P 500 down 9% since end September) prompted declines in commodities (index: -3.2%; oil: -8.9%; copper: -5.4%) and developed equities (-0.5%; US: -0.8%; Nasdaq: -1.6%), benefiting bonds, particularly sovereign bonds (US 10Y: +0.3%; European 10Y: +1.3%). However, emerging equities gained ground (up 0.8%), particularly in China (up 0.5-2.6% depending on the index). To be monitored this week: leading economic indicators (Chicago and Richmond Feds), manufacturing and services PMIs, durable goods orders and Fed minutes 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: OECD economic outlook including data on Switzerland, FSO Q3 supplementary accommodation statistics and FSO Q3 employment barometer.

The following companies are due to release figures: Julius Baer, SoftwareONE and Carlo Gavazzi. Lastly, u blox and Orell Füssli are due to hold investor days.

## Equities

**GENERAL MOTORS** (Satellites) held an investor day at which it nudged up its 2022 EBIT and EPS targets and upgraded its free cash flow guidance. Over the period 2023-25, the group will step up its investment in electric vehicles from \$9bn to \$11-13bn a year and aims to generate over \$50bn in revenue while benefiting from the Inflation Reduction Act in the form of tax credits that will put the margin on EVs at a similar level to that on combustion engine vehicles.

**HERMES** (Core Holdings): a month after most luxury players reported excellent Q3 results, Richemont has confirmed the industry's health with stronger than expected results and appears confident on the year-end outlook in both jewellery and luxury watches.

**ROPER TECHNOLOGIES** (Satellites) has announced a succession plan for its CFO Rob Crisci, who will step down in February 2023 after ten years at Roper during which the company invested c. \$20bn, doubled its revenue and quadrupled its market capitalisation. As expected, he will be replaced by current Vice President and Chief Accounting Officer Jason Conley.

## Performances

	Since		
	As at 18.11.2022	11.11.2022	31.12.2021
SMI	11 045.49	-0.73%	-14.21%
Stoxx Europe 600	433.33	0.25%	-11.17%
MSCI USA	3 764.73	-0.84%	-18.04%
MSCI Emerging	943.01	0.78%	-23.46%
Nikkei 225	27 899.77	-1.29%	-3.10%
As at 18.11.2022			
CHF vs. USD	0.9509	-0.53%	-4.18%
EUR vs. USD	1.0362	0.34%	-8.89%
10-year yield CHF (level)	1.05%	1.12%	-0.14%
10-year yield EUR (level)	2.02%	2.16%	-0.18%
10-year yield USD (level)	3.83%	3.86%	1.50%
Gold (USD/per ounce)	1 754.26	-0.47%	-3.74%
Brent (USD/bl)	87.66	-8.90%	11.81%

Source: Datastream

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