

Economy

In the United States, most of the statistics published were disappointing. The services PMI, up from 52.6 to 53.7 in April, was the real positive surprise. The manufacturing PMI also rose from 49.2 to 50.4. However, the Philly Fed collapsed from -23.2 to -31.3 in the same month. Real estate developers' confidence stabilizes at a low level (45). The -0.8% m/m decline in housing starts is smaller than expected, but the fall in building permits is more pronounced (-8.8% m/m). In the euro zone, the manufacturing PMI fell in April (from 47.3 to 45.5) while the services PMI surprised positively (from 55 to 56.6). Finally, in China, Q1 GDP growth was stronger than expected (+4.5% y/y). In March, retail sales surprised on the upside (+10.6% y/y), while investments (+5.1% y/y) and industrial production (+3.9% y/y) disappointed.

Planetary Limits

According to Bloomberg NEF, investment in the Transition was \$1.1 tr in 2022, i.e. +31% y/y. This remains well below the level required to put the economy on a net-zero trajectory in 2050, i.e. \$4 tr in 2025, then a rate of \$6-8 tr p.a., i.e. 6-8% of current world GDP... excluding the investments needed to preserve existing infrastructures from the effects of global warming.

Bonds

In the US, rates moved up along the curve (2Y +8bp/10Y +6bp) and the market expects a final 25bp rate hike at the next FED meeting in May. In Europe, rates also ended higher (Bund 10Y +4bp/BTP 10Y +6bp) and terminal rate expectations are now at 3.75% (+6bp). On the credit side, spreads tightened in Europe (IG -8bp/HY -3bp) and are mixed in the US (IG -2bp/HY +8bp).

Sentiment of traders

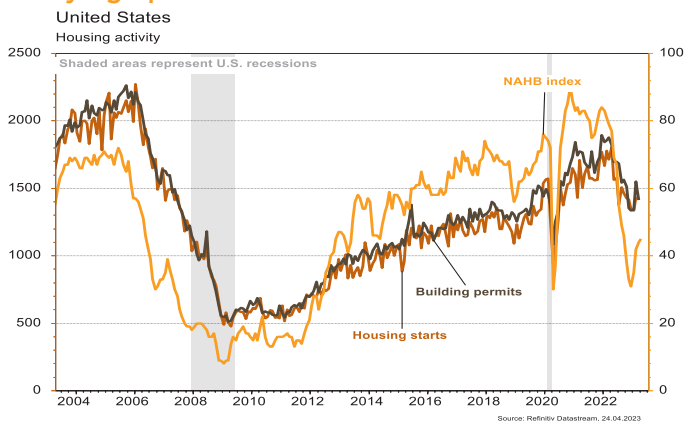
Stock markets

After a week without relief, the players are waiting for the quarterly results of the GAFAMs which should give some solid indications on the health of the US economy. On the macro side, durable goods orders, GDP and especially PCE will complete the picture. In the Eurozone, confidence indices and GDP will be published. We expect a more volatile week.

Currencies

In a foreign exchange market with no trend and high volatility last week, the major currencies are moving in narrow ranges. The €//\$ failed to break the 1.1076 res, the 1.0788 sup remains valid. CHF is up: €/CHF 0.9786, \$/CHF 0.8916. We expect the following ranges: €/CHF 0.9706-0.9890, \$/CHF 0.8758-0.9003. The uptrend in the £ is fading £/\$ 1.2420, sup 1.2178 and res 1.2525. Gold oz is at 1978 \$/oz, sup. 1944 and res. 2032.

Today's graph



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Markets

Rather quiet week on the markets. Equities ended the week in a mixed bag (US: -0.1%; Europe: +0.4%; emerging markets: -2%). Sovereign 10-year rates rise slightly in the US and the eurozone (+4bp) and fall by 3bp in Switzerland. The dollar appreciates slightly (dollar index: +0.3%), penalizing gold (-1%). Oil (-5.4%) and copper (-2.8%) prices suffer from disappointments in the manufacturing sector. Coming up this week: Chicago, Dallas, Kansas City and Richmond Fed confidence, house prices, durable goods orders, household confidence, Q1 GDP and PCE price index in the US; EC confidence indices (industry, economy, services) and Q1 GDP in the eurozone; industrial profits in China.

Swiss Market

Coming up this week: wage index 2022 (FSO), foreign trade/exports in watches in March and Q1 (FSO), Q1 results of the SNB, retail sales in March (FSO) and economic barometer in April (KOF).

The following companies are due to release sales figures or results: Credit Suisse, Gurit, Swiss Steel, ABB, Kühne+Nagel, UBS, GAM, Idorsia, Novartis, Nestlé, Temenos, Inficon, Roche, Bucher and Ems-Chemie.

Equities

Automotive sector: **TESLA** (NR) blew the lid off the sector last week, announcing further price cuts on its Model S and Model X and offering three years of supercharging for cars delivered between 20 April and 30 June 2023.

Technology sector: **MICROSOFT**, **ALPHABET** and **AMAZON** (Core Holdings) report this week. We expect clearer direction on cloud infrastructure spending and the impact on Azure, AWS and GCP. Lately, customers continue to want to reduce and/or optimize their cloud spend over time (via CIO/Customer Survey from Mizohu and UBS).

FREEMPORT-MCMORAN (Satellite) reported better than expected Q1 results. EBITDA fell by 4% q/q but was 11% above expectations, benefiting from higher production and pricing. The stock, like its peers, was nevertheless under pressure on Friday due to fears that the economic recovery in China is less buoyant than expected for the sector and a return to M&A activity.

TSMC (Satellite) expects a -13% y/y decline in sales for Q2-2023. Management expects growth to resume in Q3-2023, which should be driven by the PC, Smartphone (Apple in particular) and data centre markets. The Automotive segment is expected to slow down in the second half of 2023. In addition, the CEO points to high inventory levels (global, in USD).

Performances

| | Since | | |
|---------------------------|------------------|------------|------------|
| | As at 21.04.2023 | 14.04.2023 | 30.12.2022 |
| SMI | 11 460.58 | 1.04% | 6.81% |
| Stoxx Europe 600 | 469.00 | 0.45% | 10.38% |
| MSCI USA | 3 921.65 | -0.12% | 7.73% |
| MSCI Emerging | 980.74 | -1.97% | 2.55% |
| Nikkei 225 | 28 564.37 | 0.25% | 9.47% |
| As at 21.04.2023 | | | |
| CHF vs. USD | 0.8937 | 0.02% | 3.53% |
| EUR vs. USD | 1.0974 | -0.31% | 2.82% |
| 10-year yield CHF (level) | 1.16% | 1.19% | 1.62% |
| 10-year yield EUR (level) | 2.49% | 2.43% | 2.56% |
| 10-year yield USD (level) | 3.57% | 3.52% | 3.83% |
| Gold (USD/per ounce) | 1 978.07 | -1.03% | 8.95% |
| Brent (USD/bl) | 81.70 | -5.43% | -3.79% |

Source: Datastream