

Economy

In the US, the statistics published were disappointing overall. The regional leading economic indicators all declined in April: the Dallas Fed from -15.7 to -23.4, the Richmond Fed from -5 to -10 and the Kansas City Fed from 0 to -10. Household confidence is also down (from 104 to 101.3). Q1 GDP grew less than expected (+1.1% q/q annualised) and core PCE was stable (+0.3% m/m; +4.6% y/y) in March, still well above the Fed's target. In the Eurozone, the EC indices show a decline in industrial confidence (from -0.5 to -2.6) and an improvement in services (from 9.6 to 10.5). Q1 GDP rose by 0.1% q/q, close to expectations. Finally, in China, the manufacturing PMI fell from 51.9 to 49.2 and the services PMI from 58.2 to 56.5.

Planetary Limits

According to the Spanish meteorological agency (Aemet), the Spanish mainland has seen its record temperature for a month of April broken, with 38.8°C in Cordoba. The previous record was set in 2011 in Elche, with 38.6°C. According to the Polytechnic University of Catalonia, the number of days with summer temperatures in Spain will increase from 90 in 1971 to 145 in 2022. The UN also estimates that 75% of Spanish territory is at risk of desertification.

Bonds

In the US, rates ended lower along the curve (2Y/10Y -9bp) although the economic data released highlighted persistent inflation. Similarly, in Europe, rates are down (Bund 10Y -17bp/BTP 10Y -18bp). All eyes are now on the FED and ECB meetings this week, with the market expecting 25bp hikes. On the credit side, spreads have widened slightly on IG (US +3bp/EU flat) and HY (US +4bp/EU +13bp). *Enact Holdings* has become a "Rising Star" and we are buying the \$ 2025 bond (@7% yield).

Sentiment of traders

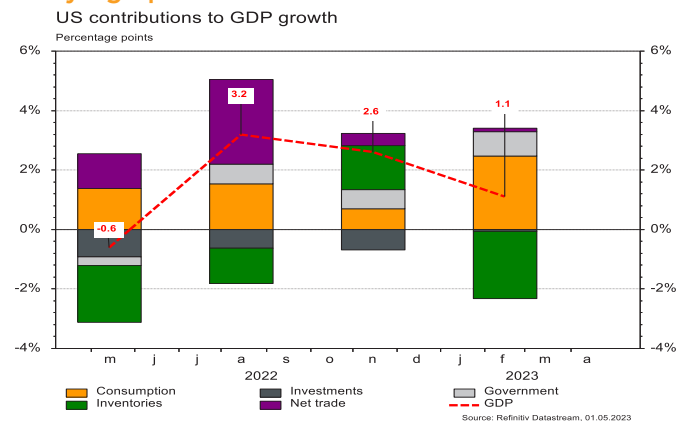
Stock markets

The earnings season is in full swing and brings rather good news, allowing the US markets to rise, on the other hand Europe fell slightly over the week. The FOMC and ECB will meet on May 3rd and 4th respectively (+0.25% expected). This 1st of May the stock markets are closed in Europe, only North America will be present. We expect more volatility this week.

Currencies

After the BOJ meeting, the JPY weakened sharply: \$/JPY 136.85, sup. 133.37 res. 138.00. Forex traders will focus on the central bank meetings (Fed May 3, ECB May 4), a break of one of the €/€/\$ 1.0910 and €/€/\$ 1.1096 pivots would lead to a strong move. CHF is stable: €/CHF 0.9824 sup. 0.9706 res. 0.9930 and \$/CHF 0.8930, sup. 0.8758 res. 0.9120. The £ is up at £/\$ 1.254, sup. 1.2345 res. 1.2668. Gold oz is at 1980 \$/oz, sup 1944 \$/oz and res 2032 \$/oz.

Today's graph



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Markets

Pending Fed and ECB decisions, equities ended the week mixed (US: +0.7%; Europe: -0.5%; emerging markets: -0.4%), influenced by Q1 corporate earnings releases. The 10-year sovereign yields fell significantly in the US (-9bp) and in the euro zone (~-17bp) and by 7bp in Switzerland. Fitch downgraded France from AA to AA-. The dollar depreciates slightly (dollar index: -0.2%), favouring gold (+0.6%). Oil (-2.7%) and copper (-2.3%) prices suffer from disappointments in the manufacturing sector. Coming up this week: ISM manufacturing and services, new car registrations, Fed meeting and employment report in the US; unemployment rate, retail sales and ECB meeting in the Eurozone; Caixin manufacturing and services PMI in China.

Swiss Market

Coming up this week: consumer sentiment, April survey (Seco), PMI purchasing managers' indices April, Q2 employment indicator (KOF), unemployment April (Seco), inflation April (FSO) and foreign exchange reserves end of April (SNB).

The following companies are due to release results: Logitech, AMS Osram, Geberit, Landis+Gyr, Oerlikon, Straumann, Swiss Schaffner, Adecco, GAM, SIG Group, Swiss Re, Valiant, Swisscom, Aluflexpack, Datacolor, Clariant and PSP Swiss Property.

Equities

APPLE (Core Holdings) will finally report its quarterly earnings on Thursday, May 4th, after the close of business. The consensus is for \$92.9bn in sales and \$1.43 in EPS (-6% y/y). The CFO had already announced at the beginning of April that iPhone sales had stabilized but that iMac and iPad sales had fallen considerably.

GENERAL MOTORS (Satellite) has been removed from our US selection after its Q1-2023 results to increase its defensive stance. The US outlook, the bank credit crunch and Tesla's repeated price offensives pose a risk to automakers.

JP MORGAN (Satellite) has been selected by US banking regulators to take over the remnants of First Republic Bank, which was seized by the FDIC following its collapse. JPM will take over \$92bn of deposits and about \$200bn of assets and expects to recognise a profit of \$2.6bn on the deal. Subsequently, restructuring costs are estimated at \$2bn and potential losses will be shared with the FDIC, which has already recognised a \$13bn loss.

MEDTRONIC (Satellite) received last week from the FDA 1/ the approval of its MiniMed 780G insulin pump system operating with the Guardian 4 sensor (continuous glucose measurement) and 2/ the lifting of the warning letter issued at the end of 2021 for the head office (production site) of its Diabetes division (8% of sales). These two announcements should enable a gradual improvement in the Diabetes business over the coming quarters and fuel the stock market turnaround.

Performances

	Since		
	As at 28.04.2023	21.04.2023	30.12.2022
SMI	11 437.14	-0.20%	6.60%
Stoxx Europe 600	466.64	-0.50%	9.83%
MSCI USA	3 950.68	0.74%	8.53%
MSCI Emerging	977.05	-0.38%	2.16%
Nikkei 225	28 856.44	1.02%	10.58%
As at 28.04.2023			
CHF vs. USD	0.8901	0.40%	3.95%
EUR vs. USD	1.1040	0.61%	3.44%
10-year yield CHF (level)	1.09%	1.16%	1.62%
10-year yield EUR (level)	2.32%	2.49%	2.56%
10-year yield USD (level)	3.43%	3.57%	3.83%
Gold (USD/per ounce)	1 990.40	0.62%	9.63%
Brent (USD/bl)	79.52	-2.68%	-6.36%

Source: Datastream