

Economy

In the United States, the statistics published were mixed. The small business confidence index (NFIB) hits a new low point in this cycle, falling from 90.1 to 89 in April. Similarly, household confidence (Univ. of Michigan) fell from 63.5 to 57.7, much more than expected. Price growth in April was in line with expectations (+0.4% m/m; +4.9% y/y), but remains above the Fed's target. In the eurozone, Sentix investor confidence deteriorated in May, from -8.7 to -13.1, whereas an improvement was expected. Finally, in China, credit growth disappointed in April (CNY 718.8bn vs CNY 1400bn expected) while inflation surprised on the downside (+0.1% y/y). Exports grew by 8.5% y/y and imports contracted by 7.9% y/y, confirming a more domestic growth phase.

Planetary Limits

The US Environmental Protection Agency (EPA) has unveiled new standards (yet to be approved) to reduce CO2 emissions from fossil-fired power plants, including a requirement that coal-fired power plants be equipped with CO2 capture and sequestration devices. The Agency estimates that these standards will reduce emissions by 617 mt/year between 2028 and 2042. This is equivalent to the emissions from 137 million cars.

Bonds

In the US, April inflation came out in line with expectations (0.4% m/m) and the market is already incorporating a favourable scenario of a return to the target as early as 2024 (1Y breakeven @1.73%). Investors also have their eyes on a possible resolution of the debt ceiling. In this context, rates ended the week slightly higher (2Y +7bp/10Y +3bp). On the credit side, HY spreads widened moderately in the US (+3bp) and in Europe (+9bp). We are still buying TEVA, with a preference for the €2029 (7% yield) and \$2029 (7.1% yield) strains.

Sentiment of traders

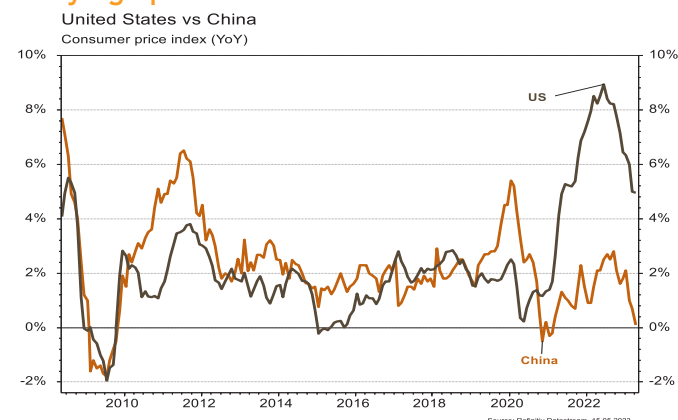
Stock markets

The week starts as it ended, indecisive and without trend. Discussions on raising the US debt ceiling should take centre stage. In terms of macro figures, we will have retail sales, industrial production and real estate statistics in the US, while in the euro zone the ZEW will be published. We remain in a state of expectation.

Currencies

The dollar has been trending higher since the end of last week: €/ \$ 1.0869, \$/CHF 0.8966, \$/JPY 135.94. We expect the following ranges: €/ \$ 1.0787-1.1075 and \$/CHF 0.8820-0.9120. CHF is strengthening against the € at €/CHF 0.9745, sup. 0.9706 and res. 0.9880. The £ is undergoing strong profit taking at £/\$ 1.2475, sup. 1.2274 and res. 1.2680. Gold oz is at 2018\$/oz, sup. 1969 and res. 2100.

Today's graph



Markets

Rather quiet week on the markets. Equities declined very slightly (US: -0.2%; Europe: 0% and emerging markets: -0.9%). Sovereign 10-year rates rise by a few basis points in the US and fall by a few basis points in the eurozone. The US dollar appreciates quite strongly (dollar index: +1.4%), penalizing some commodities (copper: -3.9%; silver: -6.7% and oil: -1.6%), but not gold (-0.1%). Coming up this week: US retail sales, industrial production, NAHB confidence, housing starts and building permits; new Q1 GDP estimate, industrial production and trade balance in the euro area; Chinese industrial production, retail sales, investments and new house prices.

Swiss Market

Coming up this week, shortened by the Ascension weekend: April PPI (FSO), April accommodation statistics (FSO), Q1 house price index (FSO) and Q1 labour market (FSO).

The following companies are due to release figures: Sonova, On Holding, Orascom DH, Zurich Insurance, Lastminute and SoftwareONE

Equities

AXA (Satellite) released positive Q1 indicators this morning. Q1 turnover is in line, but it is the solvency news that is reassuring with a solvency II ratio of 217% against 208% expected.

COLOPLAST (Core Holdings): while the Q2 results were mixed, with margin pressure, organic sales growth surprised positively. Several positive points should be highlighted, such as 1/ the gain in market share in ostomy care in the USA, 2/ the gradual resolution of raw material shortages and 3/ the recovery of activity in China. These factors will provide support in the second half of the year. Coloplast has a defensive profile, with solid fundamentals. We are buying at around DKK 900.

DISNEY (Core Holdings) is not gaining new subscribers and is still facing a complicated situation (losses in streaming, weak advertising activities). However, we remain positive on the stock as we expect a strong recovery in advertising, cost reductions in streaming (a profitable segment in 2024) and a unified strategy on its platforms.

Performances

	Since		
	As at 12.05.2023	05.05.2023	30.12.2022
SMI	11 564.73	0.09%	7.79%
Stoxx Europe 600	465.49	0.04%	9.56%
MSCI USA	3 911.63	-0.23%	7.46%
MSCI Emerging	973.00	-0.88%	1.74%
Nikkei 225	29 388.30	0.79%	12.62%
As at 12.05.2023			
CHF vs. USD	0.8970	-0.48%	3.15%
EUR vs. USD	1.0863	-1.31%	1.78%
10-year yield CHF (level)	0.98%	1.12%	1.62%
10-year yield EUR (level)	2.27%	2.29%	2.56%
10-year yield USD (level)	3.47%	3.44%	3.83%
Gold (USD/per ounce)	2 010.30	-0.07%	10.72%
Brent (USD/bl)	74.18	-1.55%	-12.65%

Source: Datastream

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