

**Economy**

In the United States, the statistics published were mixed. The leading indicator for the NYC area, the Empire Manufacturing, collapsed from 10.8 to -31.8 in May. Retail sales also disappointed in April, rising only 0.4% m/m (+0.8% m/m expected) after the previous month's contraction (-0.7% m/m). Industrial production rebounded more than expected in April (+0.5% m/m) as did NAHB (homebuilders) confidence in May (from 45 to 50). In the Eurozone, the contraction in industrial production (-4.1% m/m; -1.4% y/y) was stronger than expected in March and ZEW economic confidence fell in May (from 6.4 to -9.4). In China, industrial production (+5.6% y/y), retail sales (+18.4% y/y) and investments (+4.7% y/y) disappointed in April.

**Planetary Boundaries**

The French Minister of Ecological Transition is launching a public consultation on the country's adaptation to a scenario of 4°C warming in 2100 compared to the pre-industrial era. The previous plan, dating from 2011 and revised in 2018, considered a +2°C scenario. The +4°C scenario in France is now considered as central and would induce c. 90 tropical nights p.a, the disappearance of glaciers and water shortages putting agriculture under stress, in particular.

**Bonds**

In the US, initial jobless claims were below consensus (242k vs 251k expected) and the debt ceiling talks seemed to be moving in the right direction. In this context, rates have recovered (2Y +28bp / 10Y +25bp) and the market expects less rate cuts for 2023 (50bps vs 70bps). In Europe, rates had a similar evolution (Bund 10Y +15bp / BTP 10Y +8bp), and several governors made hawkish speeches. On the credit side, spreads were mixed in Europe (IG +2bp/HY -15bp) and the US (IG -2bp/HY +8bp). We are buying new EDF issues, issued at an attractive premium (\$5Y @5.5%, \$10Y @6.2%, \$30Y @6.9%).

**Sentiment of traders**

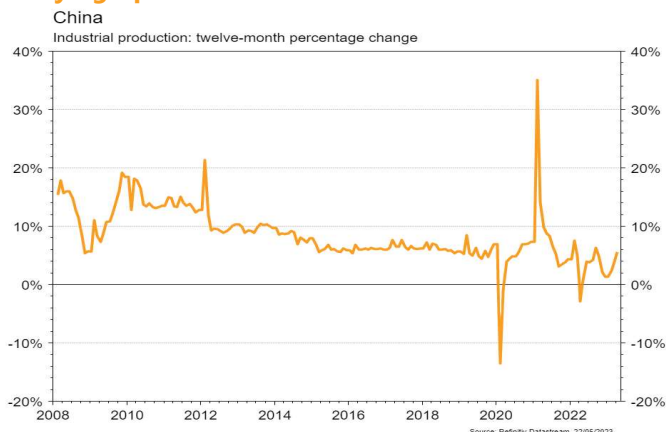
**Stock markets**

Discussions on raising the US debt ceiling, which have already been in the news in recent weeks, will be followed closely as the risks of a default come dangerously close. This should overshadow the expected macro figures (housing sales, FOMC minutes, GDP...) and bring some volatility to the markets as news releases are issued. Caution is the order of the day.

**Currencies**

The impasse on the US debt ceiling negotiations will be the main concern for traders this week. This could slow the rebound of the \$: €/€/\$ 1.0810 \$/chf 0.8983, we anticipate the following ranges: €//\$ 1.0713 - 1.0935 \$/CHF 0.8820 - 0.9120. Our CHF strengthens €/CHF 0.9712 a test of support €/CHF 0.9643 is possible, res. 0.9880. The £ consolidates at £/\$ 1.2415 sup. 1.2274 res 1.2680. Gold oz is down at 1974 \$/oz sup 1944 res 2048.

**Today's graph**



**Markets**

The positive tone of the ongoing negotiations on raising the US debt ceiling pushed equities higher (US: +1.6%; Europe: +0.7%; emerging markets: +0.5%). The rather hawkish statements of Fed officials pushed 10-year sovereign rates up sharply (USD: +25bp; EUR: +15bp; CHF: +6bp). The US dollar is appreciating (dollar index: +0.5%), penalizing gold (-2.1%). The price of oil rebounds by 2%. Coming up this week: Manufacturing and services PMI, Fed minutes, leading economic indicators (Richmond Fed, Chicago Fed, Kansas City Fed), durable goods orders and PCE deflator in the US; household confidence, manufacturing and services PMI in the euro zone; 1 and 5 year borrowing rates in China.

**Swiss Market**

Coming up this week: industrial production in Q1 (FSO), consumer spending Q1 (FSO) and employment barometer in Q1 (FSO).

Otherwise, the following companies will publish figures: Julius Bär, Epic, Varia US, Ypsomed and Lem.

**Equities**

**APPLE** (Core Holdings) has restricted the use of ChatGPT and other external artificial intelligence tools for its employees, fearing data leaks. In addition, the WSJ reports that Apple is reportedly looking to develop similar technology in-house.

**EURONEXT** has been removed from our Satellites list. The group seems to be in a growth slump, with a gloomy outlook as of Q2. The (ultimately aborted) acquisition of Allfunds - the strategic nature of which eluded us - makes us fear a flutter in the strategy. The stock has gained 33% since the recommendation in February 2018 and outperformed its sector by 15%.

**RYANAIR** (Satellite) reported a 74% increase in annual traffic for the 2022-23 fiscal year ended March 31 and is back in the black, at EUR 0.56 bn compared to a loss of EUR 1.45 bn in 2021-22.

In the ingredients sector, cf **DSM-Firmenich** (Satellite), **GIVAUDAN** (Swiss Conviction), **SYMRISE** (Core Holding): Givaudan, Croda and IFF reported at investor meetings that volumes and visibility remained weak in Q2, still impacted by de-stocking. An improvement is expected in 2H-23, which will be helped by a more favorable comparison basis, in particular.

**Performances**

|                           | As at 19.05.2023 | 12.05.2023 | 30.12.2022 |
|---------------------------|------------------|------------|------------|
| SMI                       | 11'571.16        | 0.06%      | 7.85%      |
| Stoxx Europe 600          | 468.85           | 0.72%      | 10.35%     |
| MSCI USA                  | 3'976.56         | 1.66%      | 9.24%      |
| MSCI Emerging             | 977.24           | 0.44%      | 2.18%      |
| Nikkei 225                | 30'808.35        | 4.83%      | 18.06%     |
| <b>As at 19.05.2023</b>   |                  |            |            |
| <b>CHF vs. USD</b>        | 0.9022           | -0.58%     | 2.56%      |
| <b>EUR vs. USD</b>        | 1.0787           | -0.70%     | 1.07%      |
| 10-year yield CHF (level) | 1.05%            | 0.98%      | 1.62%      |
| 10-year yield EUR (level) | 2.43%            | 2.27%      | 2.56%      |
| 10-year yield USD (level) | 3.71%            | 3.47%      | 3.83%      |
| Gold (USD/per ounce)      | 1'967.25         | -2.14%     | 8.35%      |
| Brent (USD/bi)            | 75.64            | 1.97%      | -10.93%    |

Source: Datastream

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