

Economy

In the United States, the statistics published were rather disappointing. The ISM manufacturing index rose from 46 to 46.4 in July, less than expected (46.9), while its services counterpart disappointed by falling more than expected (from 53.9 to 52.7 vs. consensus of 53.1). Job creation (187,000) was also below expectations (200,000) in July. Hourly wages rose more than expected (+4.4% y/y vs +4.2% expected). In the eurozone, Q2 GDP growth (+0.3% q/q) turned out to be stronger than expected (+0.2% q/q). General inflation decelerated in line with consensus (from +5.5% to +5.3% y/y), while underlying inflation was stable at 5.5%, above expectations of 5.4% y/y. In China, the manufacturing PMI (Caixin) disappoints, falling from 53.2 to 49.2, but the services PMI surprises pleasantly (from 53.9 to 54.1) in July.

Planetary Limits

According to a study published in Nature Communications, on which there is still no consensus within the IPCC, the circulation of the AMOC (Atlantic Meridional Overturning Circulation), a system of major ocean flows of which the Gulf Stream is a part and which stretches across the Atlantic, has a 95% probability of slowing down sharply or even collapsing between 2025 and 2095. The collapse of this system, which has been in place for 12,000 years, would be irreversible and would lead to major changes in the climate balance.

Bonds

In the US, interest rates experienced a very volatile week in a context marked by the announcement of the Treasury's issuance programme and the downgrading of the country's credit rating from AAA to AA+ by Fitch. We saw a rare 'bear steepening' movement at this point in the cycle, with long rates rising sharply (10Y +8bp / 30Y +19bp) while short rates fell (2Y -11bp). Given the volatility of interest rates, movements in credit spreads remained very moderate on IG (EU 0bp/US +5bp) and on HY (EUR -1bp/US +21bp).

Sentiment of traders

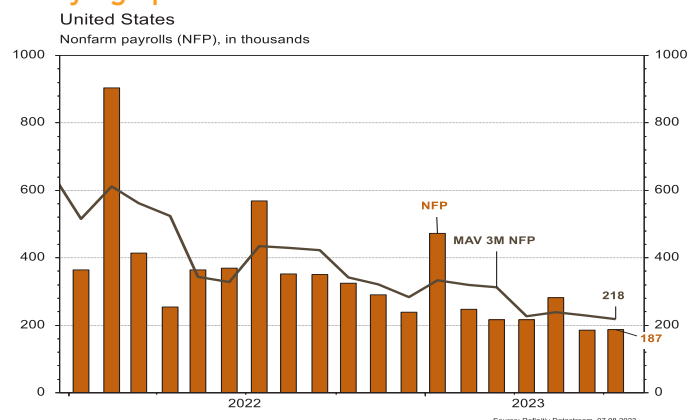
Stock exchange

After a week of consolidation (poor Apple figures and outlook, tense labour market), the indices opened slightly in the red. There are still a few more quarterly releases to come (Palantir, KKR, Eli Lilly, Barrick Gold, Sony, etc.) and on the macro front, US CPI and PPI will be closely watched. We expect further volatility in markets that are difficult to read.

Currencies

Following Friday's US employment figures, the dollar's uptrend has been curbed. The €/€ at 1.0983 remains under pressure, with a test of 1.0834 above possible, while the 1.11 res. is intact. The \$/CHF consolidates at \$/CHF 0.8750 sup. 0.8553, res. 0.8870. The CHF remains in the €/CHF 0.9515-0.9650 range. The £ remains down after the BOE rate hike at £/\$ 1.2732 sup. 1.2487, res. 1.2887. Gold falls to \$/oz 1937, sup 1893, res 2000.

Today's graph



Markets

The continued rise in oil prices (+1.4%) pushed up 10-year sovereign yields (USD/EUR: ~+9bp; CHF: +2bp), pushing down equities (US: -2.3%; Europe and emerging markets: -2.4%), which were also penalised by fears about growth. The dollar benefited (dollar index: +0.4%). Gold (-1.1%) is suffering from the appreciation of the dollar and rising interest rates. Coming up this week: NFIB index, trade balance, consumer price index and household confidence (Univ. of Michigan) in the United States; Sentix investors confidence index in the eurozone; foreign exchange reserves, trade balance, consumer price index and monetary aggregates in China.

Swiss Market

Coming up this week: unemployment in July (Seco), Q2 house price index (FSO), August economic barometer (KOF) and currency reserves at the end of July (SNB).

The following companies will publish Q1/Q1 figures: Ascom, Galenica, BCGE, Swissquote, Bell, Metall Zug, Swiss Steel and Zurich Insurance.

Equities

AMAZON (Core Holding) was particularly upbeat about its retail and cloud activities at the time of its quarterly publication. Once again, management is looking for the right balance in its retail segment (Fresh shops, third-party online brand sales, cost management), and this seems to be bearing fruit. In the cloud segment, growth could resume with new customers spendings, particularly on computing power linked to AI. We remain neutral after the rally since the start of the year.

DISNEY (Core Holding) is releasing its Q3 results on Wednesday and we are maintaining our positive view on the stock. Since his arrival, Bob Iger has focused on cost control and the pricing of streaming services and park tickets. In addition, the CEO has the ambitious goal of redirecting the group's TV activities, which are currently in decline (via spin-offs, sales or even partnerships).

EATON (Satellite), recommended since April 2020, has once again published record results for the 2nd quarter and is proving to be a must-have stock on the themes of Transition and Reshoring (US industrial relocation). Buy on correction.

SIKA (Core Holding): the publication of the quarterly results provided an opportunity to confirm the integration of MBCC in the accounts with effect from 01.05.2023. This is the Group's biggest acquisition to date, and will add c. CHF 2.1 bn in full-year sales, or 20% of the Group's 2022 sales.

Performances

	Since		
	As at 04.08.2023	28.07.2023	30.12.2022
SMI	11 098.48	-1.94%	3.44%
Stoxx Europe 600	459.28	-2.44%	8.09%
MSCI USA	4 261.50	-2.29%	17.07%
MSCI Emerging	1 018.02	-2.41%	6.45%
Nikkei 225	32 192.75	-1.73%	23.37%
As at 04.08.2023			
CHF vs. USD	0.8721	-0.50%	6.09%
EUR vs. USD	1.1023	-0.11%	3.28%
10-year yield CHF (level)	1.03%	1.01%	1.62%
10-year yield EUR (level)	2.54%	2.46%	2.56%
10-year yield USD (level)	4.05%	3.96%	3.83%
Gold (USD/per ounce)	1 939.75	-1.07%	6.84%
Brent (USD/bl)	86.21	1.40%	1.52%

Source: Datastream

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