

Economy

In the United States, the Manufacturing PMI at 47.0 (-2 pts) and the Services PMI at 51.0 (-1.7 pt) were down and disappointing in August, as were July's durable goods orders at -5.2% y/y, August's University of Michigan confidence index at 69.5 vs 71.2 in July, and house sales at 4.07 million annualized vs 4.15 million expected. Building permits were stable at 1.44 million in July. In the eurozone, the August manufacturing PMI rose from 42.7 to 43.7, but remains depressed; the services PMI fell from 50.3 to 48.3, pointing to a recession for the economy as a whole, and the consumer confidence index slipped back to a disappointing -16.0 (-0.9 pt) in July. Finally, in China, foreign direct investment fell by 4% y/y in July.

Planetary Limits

According to the International Energy Agency (IEA), worldwide sales of electric vehicles will increase by 35% in 2023 to 14 million units, representing a penetration rate of 18% of new vehicle sales. The IEA's 2023 report targets a 35% penetration rate by 2030, compared with 25% in its previous report.

Bonds

During his speech at Jackson Hole, J.Powell indicated that he felt that rates were in restrictive territory but that the job market remained too tight and, as a result, the Fed could continue to act if necessary. With this in mind, employment data will be closely watched, starting with Friday's employment report. Over the week, the US rate curve flattened (2Y +14bp/10Y -2bp) and the probability of a rate hike in November rose from 36% to 65%. On the credit front, spreads are not narrowing, particularly on HY (EU -2bp/US -11bp).

Sentiment of traders

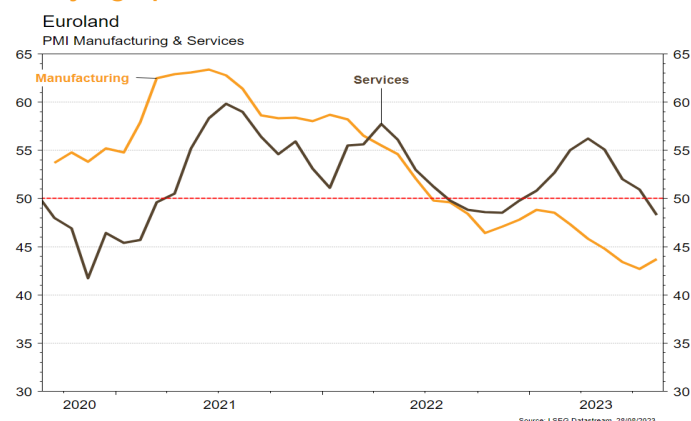
Stock markets

After J.Powell's unsurprising speech on Friday, the markets will have to find some other fuel to keep them going. Fortunately, this week we will be treated to a host of US macro figures: consumer confidence, ADP, GDP, Core PCE prices and, last but not least, NFP. When these data are published, we may see the light at the end of the tunnel, but for the time being we're sailing blindly.

Currencies

The Jackson Hole meeting brought nothing new: J.Powell remains concerned about inflation and is ready for further rate hikes (as is C.Lagarde on the ECB side). In an undecided market, the €/£ is trading in a narrow range: €/£ 1.0765-1.0910. The \$/CHF is trending upwards, and a break of the 0.8870 level would accelerate this trend, above 0.8700. The CHF is strengthening to €/CHF 0.9544, up 0.9475, down 0.9650. The £ is falling to £/\$ 1.2584, up 1.2487, down 1.2733. Gold oz is at \$/oz 1915, above 1885 and res. 1946.

Today's graph



Markets

In Jackson Hole, J.Powell confirmed that monetary policy will remain dependent on the data published and that the Fed is ready to continue tightening if necessary. Against this backdrop, the dollar gained 0.7%, as did gold, developed sovereign bonds (0.2-0.8%) and equities: 0.8% for the S&P500, whose tech sector benefited from the fall in 10-year sovereign rates, and 0.6-0.7% for Europe and Japan. We should also notice the 1.3% rise in copper and the 2% rise in iron ore, potentially indicating a low point in the manufacturing cycle. Statistics will be key this week. Top of the list are the August employment report and the August ISM manufacturing index in the US. In Europe, we will be watching the consumer price index and August sentiment indices. China will publish its August PMI indices.

Swiss Market

Coming up this week: economic barometer August (KOF), electricity tariffs 2024 (Groupe E), retail sales July (FSO), assessment of nominal wage trends (FSO), services sales June (FSO), inflation August (FSO) and August PMI indices.

The following companies are due to release their H1 results: Hiag, Flughafen Zürich, Investis, Pierer Mobility, Von Roll, Allreal, Stadler Rail, Dormakaba, Jungfraubahn, UBS, Romande Energie, BC de Zurich, Pictet and Plaza.

Equities

MEDTRONIC (Satellite): the FDA advisory committee has issued a negative opinion on the Symplicity Spyral renal denervation device, on the grounds of insufficient benefit. The news comes as little surprise, given the clinical results presented at the end of 2022, which had already led to the device being removed from the consensus models. The impact on the stock price is therefore limited. The vote was nevertheless close (7 against /6 for /1 abstention). The FDA will issue its decision shortly, but historically it has followed the committee's advice.

UBS (Satellite) will release its Q2 results on Thursday. The figures themselves are likely to be less important than the indications of how the integration of Credit Suisse is progressing. The market will be looking for confirmation of the growing rumours of the absorption of CS's Swiss subsidiary, which is synonymous with major economies of scale.

VESTAS (Core Holdings) has received orders for three projects in the US involving 72 turbines of 2.2 MW, for a total of 158 MW, and an associated 10-year services contract.

Performances

	As at 25.08.2023	Since 18.08.2023	Since 30.12.2022
SMI	10 956.90	1.09%	2.12%
Stoxx Europe 600	451.39	0.66%	6.24%
MSCI USA	4 186.42	0.82%	15.01%
MSCI Emerging	971.04	0.69%	1.53%
Nikkei 225	31 624.28	0.55%	21.19%
As at 25.08.2023			
CHF vs. USD	0.8871	-0.65%	4.30%
EUR vs. USD	1.0771	-0.95%	0.92%
10-year yield CHF (level)	1.03%	1.03%	1.62%
10-year yield EUR (level)	2.53%	2.60%	2.56%
10-year yield USD (level)	4.25%	4.26%	3.83%
Gold (USD/per ounce)	1 905.05	0.67%	4.92%
Brent (USD/bl)	84.56	-0.33%	-0.42%

Source: Datastream

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