

Economy

The statistics published in the United States were disappointing. The ISM services index fell more than expected in February, from 53.4 to 52.6. Factory orders contracted by 3.6% m/m in January. Finally, although the economy created 275,000 jobs in February, more than the 200,000 estimated, the previous months recorded larger negative revisions (-167,000) and the unemployment rate rose from 3.7% to 3.9%. In Europe, retail sales rose by 0.1% m/m (-1% y/y) in January, more than expected. The fall in producer prices was greater than expected (-0.9% m/m; -8.6% y/y). Finally, in China, the services PMI (Caixin) was relatively stable at 52.5, whereas a rise had been expected. International trade came as a pleasant surprise, with exports (7.1% y/y) and imports (+3.5% y/y) better than expected.

Planetary Limits

In a few weeks' time, the Belgian company Elia will begin construction of the world's first energy island, "Princess Elisabeth", off the coast and not far from a Natura 2000 area. Covering an area of 6 hectares, the island will produce electricity from 3.5 GW of off-shore wind power, transform it in a dedicated substation and feed it into the grid, which will itself be interconnected with Belgium, the United Kingdom, Denmark and Norway.

Bonds

In the US, employment showed signs of weakness, with the unemployment rate higher than expected (3.9% vs. consensus 3.7%). US yields fell along the curve (2Y -6bp/10Y -11bp). The US CPI figures published on Tuesday should set the trend until the FED meeting on 20 March. In Europe, the ECB has revised downwards its growth and inflation estimates for 2024 and 2025, and C.Lagarde has hinted that the first cut will come in June. We have seen a rally in EU rates, particularly on the periphery (10Y Bund -15bp/BTP -31bp), and the market now includes 4 rate cuts for 2024.

Sentiment of traders

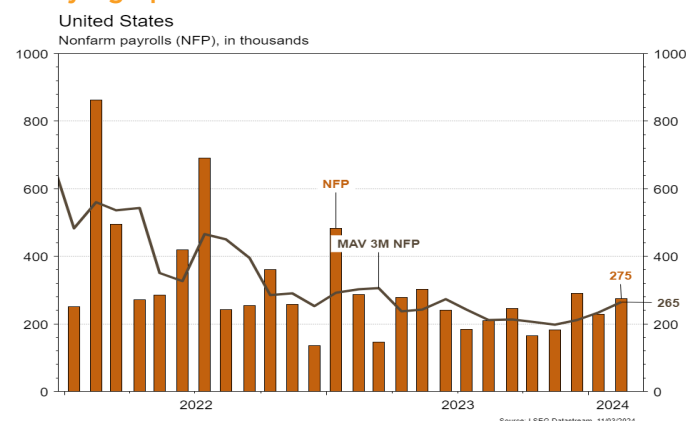
Stock markets

The US tech sector shook the markets and prevented Wall Street from finishing higher last week, unlike the European indices. In the US, CPI, PPI and retail sales will be published, as will industrial production in the eurozone and the US. Volatility is likely to stay higher.

Currencies

The dollar suffered on the back of revised employment figures: €/ \$ 1.0942 /CHF 0.8757. We expect the following ranges: €/ \$ 1.0880-1.1075, \$/CHF 0.8645-0.8886. Forex traders will be focused on the CPI. The JPY is rising rapidly to \$/JPY 146.77, with the market anticipating a change in BOJ policy, \$/JPY sup. 144.36 res. 150.89. The €/CHF is moving between 0.9560 and 0.9630. The £ is soaring to £/\$ 1.2840, sup. 1.2660 and res. 1.3000. Gold oz is still up sharply at \$2180/oz, sup. \$2079 and res. \$2200.

Today's graph



Markets

Despite keeping its key rates unchanged, the ECB delivered a rather accommodating message, pushing 10-year sovereign yields down (All: -15bp; Italy: -31bp) and equities up (+1.1%) in the eurozone. Economic disappointments pushed down 10-year yields (-11bp) and equities (-0.3%) in the US. The dollar depreciated (-1.1%), causing gold to rebound (+4.8%). Finally, the price of oil barrel falls by 2.4%. Coming up this week: NFIB SME confidence index, consumer price index, retail sales, industrial production and household confidence (Univ. of Michigan) in the United States; industrial production in the euro zone; monetary aggregates, consumer price index and house prices in China.

Swiss Market

Coming up this week: consumer sentiment in February (Seco), statistics in February (Flughafen Zürich), production-import prices in February (FSO) and accommodation statistics in February (FSO).

The following companies are due to release results: Metall Zug, Tecan, Galenica, BKW, Komax, Sensirion, Orior, Rieter, Autoneum, Geberit, Medacta, Sandoz, Stadler Rail, SIX, TX Group, Meyer Burger, Swiss Life, Swissquote, Interroll and StarragTornos.

Equities

SFS (Swiss Convictions) published last week robust results for 2023, albeit a little light, with organic growth of 2.1% (+12.6% with the integration of Hoffmann in May 2023). For 2024, the management did not provide any quantified targets (due to limited visibility), but did mention a stable EBIT margin, which is marginally below expectations. The valuation remains reasonable (discount of 20-25%) compared with Swiss industrial companies, and the relatively cautious guidance for 2024 comes as no surprise.

SYMRISE (Core Holdings): the outlook for 2024 is solid, with organic growth of 5-7% and an EBITDA margin expected to be around 20%. During the annual results conference call, management emphasized that business was buoyant at the start of the year and that the 20% margin target was a "floor" and would be achieved thanks to the efficiency program put in place, which will generate EUR 50m in cost savings.

THERMO FISHER and **LONZA** (Satellite): the US Senate committee has approved the Biosecure Act. The bill will now be put to a vote in the Senate and then in the House of Representatives. Its aim is to restrict the use of medical equipment and services from Chinese companies (including BGI, MGI, Complete Genomics and Wuxi AppTec). The proposed legislation has created uncertainty and as such will have a positive impact on investment decisions in scientific equipment, favoring American and European players.

Performances

	Since		
	As at 08.03.2024	01.03.2024	31.12.2023
SMI	11 647.14	1.33%	4.57%
Stoxx Europe 600	503.26	1.14%	5.06%
MSCI USA	4 886.03	-0.25%	7.34%
MSCI Emerging	1 037.10	1.21%	1.30%
Nikkei 225	39 688.94	-0.56%	18.60%
As at 08.03.2024			
CHF vs. USD	0.8755	1.10%	-3.86%
EUR vs. USD	1.0960	1.15%	-0.78%
10-year yield CHF (level)	0.72%	0.81%	0.70%
10-year yield EUR (level)	2.25%	2.40%	2.00%
10-year yield USD (level)	4.09%	4.19%	3.87%
Gold (USD/per ounce)	2 173.25	4.81%	5.22%
Brent (USD/bl)	82.18	-2.39%	5.78%

Source: Datastream

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