

Economy

The statistics published in the United States were generally satisfactory. The real estate sector in particular was reassuring: home builders' confidence rose from 48 to 51 in March, whereas stagnation was expected. Housing starts (+10.7% m/m) and building permits (+1.9% m/m) also surprised on the upside in February. The manufacturing PMI for February rose from 52.2 to 52.5, although a fall had been expected. Its services counterpart disappointed, falling more than expected (from 52.3 to 51.7). In the eurozone, the manufacturing PMI comes as a negative surprise, falling from 46.5 to 45.7 (a rise had been expected), but the services PMI rises more than expected, from 50.2 to 51.1. Finally, in China, investment (+4.2% y/y) and industrial production (+7% y/y) come as a pleasant surprise, while retail sales (+5.5%) are in line with expectations.

Planetary Limits

According to a study by World Weather Attribution, the wet heatwave of February 2024 (vs. March or April usually) in West Africa resulted in a climate change-related anomaly of c. 4°C. Heat index averages reached 50°C locally: the 'danger' level in terms of depletion. Scientists estimate that the probability of such a wave occurring was one per century in the absence of climate change but is now one per decade.

Bonds

On the central bank side, the Fed kept its key rate unchanged at 5.25%-5.50%. Although the 2024 projections have been revised upwards for growth (2.1% vs. 1.4% previously) and core inflation (+20bp to 2.6%), the DOTS are still pointing to 3 rate cuts this year. Over the week, we saw a rally in US rates (2Y -14bp/10Y -11bp). The surprise came from the SNB, which decided to cut its key rate by 25bp to 1.5%, arguing that inflation was under control. This led to a sharp fall in the Swiss yield curve (2Y -20bp/10Y -15bp).

Sentiment of traders

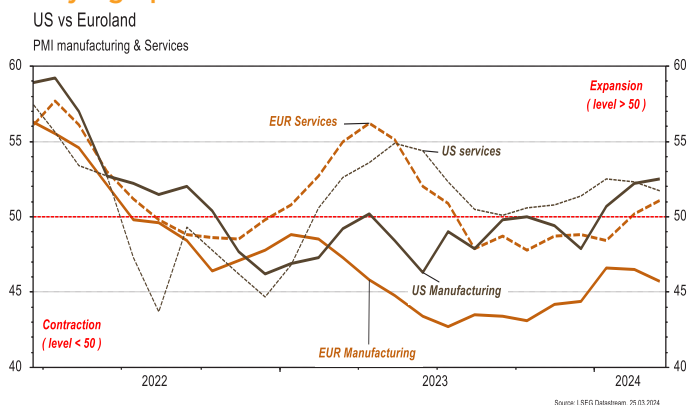
Stock markets

After last week's central bank frenzy, this shortened week is likely to be a dull one. The highlight of the week will be the publication of February's PCE inflation figures, but these will be released on Friday, when most western markets will be closed. We will therefore confine ourselves to a few real estate figures, consumer confidence and GDP. All in all, it should be a quiet and without much relief week.

Currencies

The dollar remains on an uptrend: €/ \$ 1.0823, \$/CHF 0.8975. We expect the following ranges: €/ \$ 1.0695-1.0943, \$/CHF 0.8819-0.9112. Forex traders will be paying close attention to the PCE this week. Following the SNB rate cut, the CHF weakened to €/CHF 0.9718 sup. 0.9620 res. 0.9788. The pound fell to £/\$ 1.2614, sup. 1.2500 res. 1.2824. Gold consolidates at \$2166/oz, sup. \$2123 and res. \$2250.

Today's graph



Markets

While the SNB surprised many by being the first central bank to cut its key rates, the Fed's tone was also more accommodative and the BoJ, by raising its rates for the first time since 2007, did not show itself to be restrictive. As a result, 10-year sovereign yields fell (US/EUR: -11bp; CHF: -15bp). Equities benefited above all in the US (+2.3%), but also in Europe (+1%) and in the emerging markets (+0.4%), while they fell in Switzerland (-0.2%). Gold rose by 0.2% despite the dollar's appreciation (dollar index: +0.6%). Coming up this week: Chicago Fed leading index, new home sales, durable goods orders, house prices, household confidence and the PCE deflator in the United States; EC confidence indices (industry, services and economy) in the eurozone; industrial profits in China.

Swiss Market

Coming up this week, shortened by Good Friday: KOF Consensus Forecast, KOF Spring Economic Forecast and March Economic Barometer.

The following companies are due to release results: Epic, Orascom DH, Baloise, Skan, Accelleron, GAM, Investis, Pierer Mobility, Schlatter, Aegis and Aluflexpack.

Equities

The US Secretary of Commerce could put pressure on ASML (Satellite) to cancel service and parts contracts for existing immersion scanners in China (note that sales of these machines are currently restricted). The Dutch prime minister and the Chinese president are due to hold talks this week on the maintenance of ASML's equipment in China.

SONOVA (Core Holdings): following contact with the company, analysts are adjusting their estimates ahead of the publication of results on 14 May. As a result of more modest activity than expected in the second half, figures are expected to be at the lower end of the target range (sales up by 3-7% and EBITA up by 4-8% at constant exchange rates). For 2024/25, the first half of the year will be impacted by expenditure to prepare for the launch of the new platform scheduled for October, but this will be buoyant for the second half of the year. The consensus is for a downward revision of 2024/25 EBITA guidance of around 5%.

UNILEVER (Core Holdings) has announced its intention to spin off its Ice Cream division (representing 13% of sales and 9% of profits in 2023). This strategic portfolio management is an important step in strengthening Unilever's position in growing segments such as personal care, home care and functional nutrition. We are positive on the stock and target £49.

Performances

	Since		
	As at 22.03.2024	15.03.2024	31.12.2023
SMI	11 651.99	-0.21%	4.62%
Stoxx Europe 600	509.64	0.96%	6.39%
MSCI USA	4 989.14	2.31%	9.60%
MSCI Emerging	1 039.32	0.44%	1.52%
Nikkei 225	40 888.43	5.63%	22.19%
As at 22.03.2024			
CHF vs. USD	0.8983	-1.63%	-6.30%
EUR vs. USD	1.0816	-0.66%	-2.09%
10-year yield CHF (level)	0.64%	0.80%	0.70%
10-year yield EUR (level)	2.30%	2.42%	2.00%
10-year yield USD (level)	4.21%	4.32%	3.87%
Gold (USD/per ounce)	2 166.41	0.20%	4.89%
Brent (USD/bl)	85.58	0.16%	10.16%

Source: Datastream

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