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Economy

The statistics published in the United States were disappointing. The ISM manufacturing index fell more than expected in April, from 50.3 to 49.2. Even more disappointing, its services counterpart joined it below the 50 threshold, falling from 51.4 to 49.4, whereas an improvement was expected. Similarly, the US economy created fewer jobs than expected in April (175,000 vs. 240,000 expected). In the eurozone, Q1 GDP growth came as a pleasant surprise (+0.3% q/q vs +0.1% q/q expected), and general inflation was in line with expectations in April (+2.4% y/y), even though core inflation (excluding energy and food) slowed (from +2.9% to +2.7% y/y) slightly less quickly than expected (+2.6% y/y). In China, the PMI manufacturing held up slightly better than expected in April (down from 50.8 to 50.4 vs. 50.3 expected), but not the PMI services (down from 53 to 51.2 vs. 52.3 expected).

Markets

A less restrictive Fed than the market had feared and disappointments on the economic front pushed 10-year sovereign yields down (USD: -16bp; EUR: -8bp). Equities were mixed (US: +0.6%; Europe: -0.5%; emerging markets: +1.9%). The dollar (dollar index: -0.9%) is suffering from the further fall in US interest rates. Gold is not benefiting (-1.7%), penalized by hopes of a truce in the Middle East, which are also causing oil prices to fall (-6.8%). Coming up this week: household confidence (University of Michigan) in the United States; Sentix investor confidence index, producer price index and retail sales in the eurozone; foreign exchange reserves, trade balance and new credits in China.

Planetary Limits

According to an article by Stanford University professor Mark Jacobson for Scientific American, California (equivalent to the world's 5th largest economy) had 39 days over the 47 days to 23 April when more than 100% of electricity demand was met by renewable sources: hydro, solar, wind and associated storage systems.

Swiss Market

Coming up this week: accommodation statistics for March (FSO), economic survey (KOF), unemployment in April (Seco) and currency reserves at the end of April (SNB).

The following companies are due to release figures: Oerlikon, PSP Swiss Property, Adecco, UBS, Geberit, Sandoz, Landis+Gyr and Montana Aerospace.

Bonds

In the US, the Fed paused for the 9th consecutive month, keeping rates at 5.25%-5.50%. During his speech, J. Powell indicated that further rate hikes were unlikely, partly invalidating market expectations. This announcement and a number of disappointing economic data releases, notably on employment, led to a sharp fall in US rates (2Y -18bp/10Y -16bp) and this downward trend is set to continue until the next inflation figure (15 May). On the credit side, HY spreads continued to narrow (EU -18bp/US -13bp).

Sentiment of traders

Stock markets

Wall Street ends the week on a high note, thanks in particular to J. Powell, employment and Apple. On the macro side, we will have the BOE meeting (no change expected), sentiment from the University of Michigan in the US, the PPI and retail sales in the eurozone. On the corporate side, the flow of results is drying up, but we still have Disney, BP and UBS. The markets are once again "risk on".

Currencies

The dollar is under heavy pressure: between the Fed ruling out a rate hike this year, the BOJ's interventions and the disappointing US employment figures, the greenback has weakened against the CHF from $/CHF 0.9220 to 0.9053 and against the € from €/$ 1.0650 to 1.0768. We expect the following ranges: €/$ 1.0650-1.0885, $/CHF 0.8990-0.9224. The CHF strengthens to €/CHF 0.9750, sup. 0.9676 res. 0.9880. The pound is consolidating at £/$ 1.2568, sup. 1.2466 res. 1.2709. Gold is trading at $2315/oz, sup. 2265 and res. 2417.

Equities

ANGLO AMERICAN PLC (Satellite): according to Reuters, Glencore is considering a bid for Anglo American. It should be noted that Glencore and Rio Tinto are identified by the market as potential buyers for a counter-offer, with a strong strategic rationale.

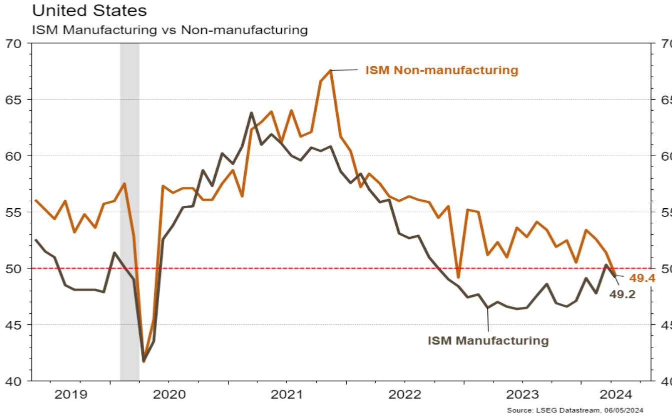
APPLE (Core Holdings) announces a $110 billion share buyback on the back of a disappointing sales quarter. The group could create a new cycle of iPhone sales in 2025 with the integration of new AI functionalities (first information expected at the WWDC in June 2024).

BYD (Satellite): the Chinese company, world leader in NEVs (New Energy Vehicles), sold 313 245 vehicles in April (+50% y/y) and is continuing its international expansion with the launch of the brand in Colombia and Chile.

DISNEY (Core Holdings) will publish its Q2-FY2024 results on 7 May, before the market opens. We continue to expect a positive trend in the Group's margins (the "Direct to consumer" segment should achieve operating profitability in Q4-FY2024).

EPIROC (Core Holdings) has completed the acquisition of Weco Proprietary Limited, a South African manufacturer of drilling equipment, employing c.80 people and generating sales of around SEK 90 million.

Today's graph



Performances

	As at 03.05.2024	Since 26.04.2024	Since 31.12.2023
SMI	11 272.95	-0.63%	1.21%
Stoxx Europe 600	505.54	-0.48%	5.53%
MSCI USA	4 887.16	0.57%	7.36%
MSCI Emerging	1 061.45	1.91%	3.68%
Nikkei 225	38 236.07	0.79%	14.26%
	As at 03.05.2024		
CHF vs. USD	0.9048	1.08%	-6.97%
EUR vs. USD	1.0768	0.82%	-2.53%
10-year yield CHF (level)	0.75%	0.75%	0.70%
10-year yield EUR (level)	2.49%	2.55%	2.00%
10-year yield USD (level)	4.50%	4.67%	3.87%
Gold (USD/per once)	2 293.68	-1.70%	11.05%
Brent (USD/bl)	83.51	-6.78%	7.48%

Source: Datastream