

**Economy**

In the US, core-inflation confirms its decline and is reassuring: consumer prices rose by 0.1% m/m and 3.0% y/y in June vs. 0.2% and 3.1% respectively expected. Producer prices, excluding volatile items, also decelerated, to +0.0% m/m and +3.1% y/y vs. +0.2% and +3.3% in May. The University of Michigan's consumer confidence index disappointed at 66 vs. 67.0 expected and 68.2 in May. In Europe, the Sentix investor confidence index fell to -7.3 in June (-7.6 pts m/m), more than expected. Finally, in China, prices remained sluggish in June: consumer prices rose by 0.2% y/y vs. +0.4% expected and +0.3% in May; imports fell sharply (-2.3% vs. +2.9% expected and +1.8% in May) but exports rose by 8.6% vs. 8.0% expected and +7.6% in May. GDP growth in Q2 (+0.7% q/q; +4.7% y/y) was below expectations.

**Planetary Limits**

According to the International Energy Agency's Special Report on Batteries and Securing the Transition, battery storage was the fastest-growing technology in 2023, with 42 GW of capacity installed compared with 18 GW in 2022. The IEA estimates that 1,500 GW of high-capacity batteries will need to be installed by the end of 2030 to enable the growth of renewables without compromising grid stability.

**Bonds**

In the US, inflation fears continue to dissipate, with the CPI surprisingly positive for the second month running (CPI @-0.1% m/m vs 0.1% expected), with the rent component in particular at its lowest since April 2021 (+0.28%), a very positive sign for the continuation of the downward trajectory. In response, the market is beginning to expect a 3rd rate cut in 2024, and we have seen a bull steepening in the US yield curve (2Y -15bp/10Y -9bp). In Europe, rates followed suit (10Y Bund -6bp/ OAT -6bp/ BTP -14bp).

**Sentiment of traders**

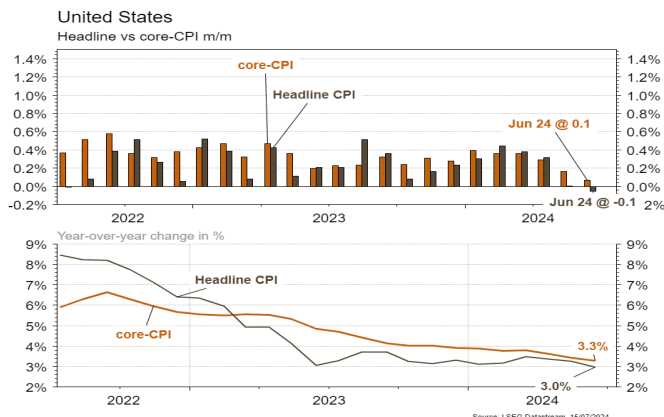
**Stock markets**

US indices continued to advance, despite a stronger-than-expected PPI. The first quarterly results are good, and there will be a large number of publications this week (GS, Swatch, BoA, etc.), while on the macro side, there will be retail sales, industrial production and leading indicators in the US, and the ZEW and CPI in the eurozone. Nothing seems to be holding back the markets at the moment.

**Currencies**

Following the US inflation figures, the market is anticipating the start of the rate-cutting cycle in September. The assassination attempt on Trump had little effect on the dollar: €/ \$ 1.0889 \$/CHF 0.8950. We expect the following ranges: €/ \$ 1.0780-1.1000, \$/CHF 0.8860-0.9060. After the BOJ intervention, the JPY stabilized at \$/JPY 157.90. The CHF remains stable against the € at 0.9745 pending the ECB meeting on Thursday, sup. 0.9620, res. 0.9800. The £ continues to rise at £/\$ 1.2976 sup. 1.2620 res. 1.3136. Gold is trading at \$2404/oz, sup. 2320 rés. 2485.

**Today's graph**



**Markets**

US inflation figures led to a fall in sovereign yields (10-year US: -9bp, Europe: -6bp) and a performance of +0.9% in US sovereign bonds and +0.5% in EUR; gold (+1.2%) also benefited from the depreciation of the US dollar (dollar index: -0.7%). US equity indices hit all-time highs, before profit-taking in major technology stocks. Over the week, equities gained 0.9% in the US, 1.4% in Europe and 1.7% in emerging markets. This week, in addition to the start of the corporate earnings season for 2Q-2024, we will be watching US retail sales, housing figures and industrial production; in Europe, May industrial production, June inflation and the ECB's interest rate decision; and in China, 1 and 5-year loan rate.

**Swiss Market**

Coming up this week: production-import price index June (FSO), accommodation statistics June (FSO) and foreign trade/exports in watches June and Q2 (FSO).

The following companies are due to release figures: DKSH, Richemont, Bossard, Medmix, Georg Fischer, Rieter, SFS, VAT Group, ABB, Novartis, Bystronic, Schindler, V-Zug and Mikron.

**Equities**

In partnership with MAN (heavy goods vehicle manufacturer), E.ON (Satellite) is to build a network of 400 electric charging points for lorries at 170 sites in Europe. The interim target is 80 sites by the end of 2025. By 2030, Europe is expected to need 50,000 charging points for heavy goods vehicles.

Last Friday, CITIGROUP (Satellite) published Q2 results that were better than expected, solid and without any real false notes. This is fundamentally reassuring coming from a group that is used to ups and downs, before CEO Jane Fraser visibly put the group back in order. Annual targets have been confirmed.

JP MORGAN (Satellite) published solid Q2 results last Friday, broadly in line with expectations, but a little light on recent momentum (+8% month-on-month) as the consensus is already set on management targets. Full-year targets have been raised by \$1bn for both revenues and expenses, hence neutral.

LUXURY sector: initial publications show a polarization of performances, with Brunello Cucinelli doing solid business, but Burberry (suffering from a positioning problem) and Swatch (exposed to the middle class in China) issuing warnings about their results. While these earnings warnings underline the difficulty of the Chinese market and the slowdown in activity in the face of high comparison bases, which is why we are cautious in the short term, the sector reading is not so straightforward because of the specific situation of these two companies. LVMH and Hermès (Core Holdings) will publish their results on 23 and 25 July.

**Performances**

	Since		
	As at 12.07.2024	05.07.2024	31.12.2023
SMI	12 365.18	2.99%	11.02%
Stoxx Europe 600	524.09	1.45%	9.41%
MSCI USA	5 341.37	0.91%	17.34%
MSCI Emerging	1 123.56	1.69%	9.75%
Nikkei 225	41 190.68	0.68%	23.09%
As at 12.07.2024			
CHF vs. USD	0.8943	0.41%	-5.88%
EUR vs. USD	1.0910	0.79%	-1.24%
10-year yield CHF (level)	0.64%	0.67%	0.70%
10-year yield EUR (level)	2.45%	2.51%	2.00%
10-year yield USD (level)	4.18%	4.28%	3.87%
Gold (USD/per ounce)	2 411.77	1.19%	16.77%
Brent (USD/bl)	85.90	-2.28%	10.57%

Source: LSEG Datastream

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