

**Economy**

The statistics published in the United States were disappointing. The ISM manufacturing index fell from 48.5 to 46.8 in July, whereas a slight rise had been expected. New job creation confirmed this negative trend, slowing to 114,000 (175,000 expected), and the unemployment rate rose from 4.1% to 4.3% in July. In the eurozone, the EC confidence indices disappointed slightly, falling from 6.2 to 4.8 (services), from -10.2 to -10.5 (industry) and from 95.9 to 95.8 (economy) in July, tempering the positive surprise on GDP growth in Q2 (+0.3% q/q; +0.6% y/y). Inflation also came in slightly above expectations in July (+2.6% y/y). In China, the manufacturing PMI (from 49.5 to 49.4) and services PMI (from 50.5 to 50.2) are close to expectations and point to a stabilisation in activity.

**Planetary Limits**

According to readings from the National Snow and Ice Data Center at the University of Colorado, the frozen surface of the Arctic Ocean (i.e. at least 15% ice) at the beginning of August 2024 is 6.24 million km<sup>2</sup>, 23% below the median observed over the period 1981-2010 of 8.14 million km<sup>2</sup> at that time and on the trajectory of 2012, a record year for seasonal melting which marked a low point of less than 3.39 million km<sup>2</sup> in September.

**Bonds**

In the United States, in response to particularly disappointing economic figures - with ISM in contraction territory, NFP well below expectations and the unemployment rate 20 basis points higher than expected - the market revised upwards its rate cut expectations for the year, with five cuts expected between now and December 2024, compared with 2.6 at the start of last week. The US 10-year also performed very strongly, losing more than 40 basis points over the week.

**Sentiment of traders**

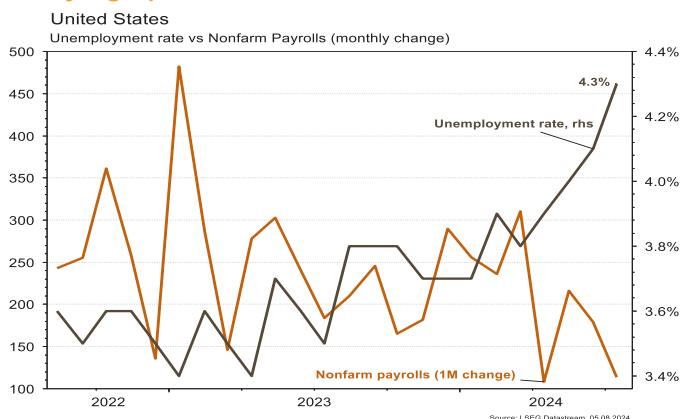
**Stock exchange**

After a turbulent end of the week dominated by worse-than-expected US employment figures, the markets began this morning in the bright red, with fears of recession looming ever larger. On the macro front, we have the US trade balance and services ISM, and PPI and retail sales in the eurozone. Sell the rebounds.

**Currencies**

Risk aversion is dominating the market, with the CHF and JPY rising sharply: \$/CHF 0.8480, €/CHF 0.9275, \$/JPY 143.29. The poor US employment figures have accelerated the phenomenon. We expect the following ranges: €/CHF 0.90-0.9540/0.9615, \$/CHF 0.84-0.88, \$/JPY 137.25-150. The €/£ is benefiting from the dollar's weakness, and a test of the 1.10 level is possible, while the 1.0760 level remains valid. The pound is stagnating at £/\$ 1.278, above 1.27, res. 1.30. Gold is up at \$2443/oz sup. 2395, res. 2500.

**Today's graph**



This document has been issued for information purposes only. The views and opinions contained in it are those of Bordier & Cie SCmA. Its contents may not be reproduced or redistributed by unauthorized persons. The user will be held liable for any unauthorized reproduction or circulation of this document, which may give rise to legal proceedings. All the information contained in it is provided for information only and should in no way be taken as investment, legal or tax advice provided to third parties. Furthermore, it is emphasized that the provisions of our legal information page are fully applicable to this document and namely provisions concerning the restrictions arising from different national laws and regulations. Consequently, Bordier Bank does not provide any investment services or advice to "US persons" as defined by the Securities and Exchange Commission rules. Furthermore, the information on our website - including the present document - is by no mean directed to such persons or entities.

**Markets**

RISK OFF week! While the Fed has kept rates unchanged, the increasing number of economic disappointments is leading us to fear a monetary policy mistake. Sovereign 10-year yields fell by 40bp in the US, 24bp in EUR and 11bp in CHF. Equities fell by 2.9% in Europe (-3% in Switzerland), 2.1% in the US and 1% in emerging markets. The strong rebound of the JPY against the USD (~+4%) is causing equities to collapse (-4.7%, and -12% overnight). Gold is playing its part, rising by 1.3%. Coming up this week: ISM services, consumer credit and new weekly jobless claims in the United States; Sentix confidence index, producer price index and retail sales in the eurozone; consumer and producer price indices and trade balance in China.

**Swiss Market**

Coming up this week: July Economic Barometer (KOF), unemployment rate, retail sales, SNB reserves and business climate (SECO).

The following companies will publish H1/Q2 results: Adecco, Ascom, Galenica, Oerlikon, U-block, Glencore, Zurich Insurance, BCGE, GAM, Kuros and Sandoz.

**Equities**

**ASSA ABLOY** (Core Holding) is to acquire Skidata, currently part of the Swiss group Kudelski, for €340 million. The entity has sales of c. €305m in 2023, or c. 2.5% of acquired sales, with a "single-digit" operating margin, which will initially dilute Assa's margin by 40bp.

**BYD** (Satellite) has entered into a partnership with Uber to supply 100,000 electric vehicles on favourable terms to Uber drivers in South America, Europe, Australia, New Zealand and Canada: another variation on the Chinese group's global strategy.

We are removing **DIAGEO** from our list of Core Holdings recommendations. The industry has gone through massive price hikes and now finds itself with excess capacity in a context of lower prices. For its part, Diageo is facing a lack of visibility on its organic growth, pressure on its free cash flow and very high leverage (net debt/EBITDA > 3x).

**TSMC** (Satellite) is having to shut down its AP3 factory to enable conversion to a production process known as "CoWoS-L", which is leading to supply constraints on Nvidia's Blackwell system in particular. What's more, according to The Information, the new Blackwell chip could face delays due to design flaws.

**Performances**

	Since		
	As at 02.08.2024	26.07.2024	31.12.2023
SMI	11 875.52	-2.99%	6.62%
Stoxx Europe 600	497.85	-2.92%	3.93%
MSCI USA	5 081.51	-2.16%	11.63%
MSCI Emerging	1 061.23	-1.03%	3.66%
Nikkei 225	35 909.70	-4.67%	7.31%
As at 02.08.2024			
<b>CHF vs. USD</b>	0.8592	2.78%	-2.04%
<b>EUR vs. USD</b>	1.0923	0.61%	-1.12%
10-year yield CHF (level)	0.40%	0.51%	0.70%
10-year yield EUR (level)	2.11%	2.35%	2.00%
10-year yield USD (level)	3.80%	4.20%	3.87%
Gold (USD/per ounce)	2 413.88	1.31%	16.87%
Brent (USD/bl)	76.92	-4.40%	-0.99%

Source: LSEG Datastream