

**Economy**

Statistics published in the United States were mixed. Among the pleasant surprises: retail sales in July (+1% m/m vs +0.3% expected) and the recovery in household confidence (Univ. of Michigan) from 66.4 to 67.8. Price growth was in line with expectations in July (+0.2% m/m; +2.9% y/y). Disappointments mounted in the real estate sector: homebuilder's confidence fell from 41 to 39 in August, as did housing starts (-6.8% m/m) and building permits (-4% m/m). Industrial production disappointed in July (-0.6% m/m vs -0.3% m/m expected). Industrial production also declined in the Eurozone in June (-0.1% m/m; -3.9% y/y). In China, retail sales beat expectations in July (+2.7% y/y vs. +2.6% y/y expected), but not industrial production (+5.1% y/y vs. +5.2% y/y expected) or investments (+3.6% y/y vs. +3.9% y/y).

**Planetary Limits**

A study by the Anbi Observatory of Water Resources confirms the conclusions of the CNR - Italy's National Research Council: Sicily is drying up and has lost 16 million m3 of water resources in the space of a year. The institute estimates that, if water collection and storage infrastructures are not improved, over 70% of the island is at risk of desertification, already palpable in the south.

**Bonds**

Volatility in US rates continued last week on the back of subdued macroeconomic figures, with PPI on a downward trajectory and CPI in line with consensus, while retail sales and jobless claims surprised positively. This reinforced the risk-on movement begun the previous week and the tightening of credit spreads, with IG down 8bps and high yield down 22bps, while the US 10-year sovereign was down 5bps on the week.

**Sentiment of traders**

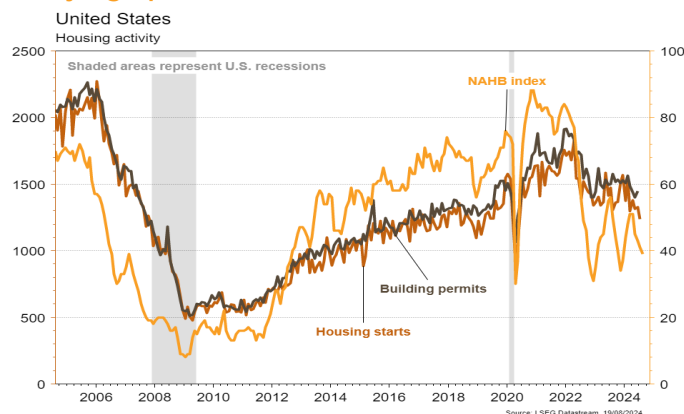
**Stock markets**

The indices are back at about the same level as before the correction, thanks to good quarterly results, and the question of a "bear trap" may arise. All eyes will be on the Jackson Hole meeting in the hope of learning more about a possible rate cut in September. Caution remains the watchword.

**Currencies**

The \$ is being dragged down against the major currencies this morning by expectation of a September rate cut, and by a sharp rise in the JPY overnight (\$/JPY 148-145.22). We anticipate a wait-and-see market this week, focused on the Jackson Hole meeting. The €/ \$ is up to €/ \$ 1.1043, a test of the 1.1139 res. is possible, the 1.0943 sup. remains valid. \$/CHF corrects to 0.8640, sup. 0.8500 res. 0.8876. CHF strengthens to €/CHF 0.9543, sup. 0.9414 res. 0.9692. The £ rebounds to £/ \$ 1.2960 sup. 1.2779 res. 1.3000. Gold reaches all-time high at \$2509/oz, sup. 2432.

**Today's graph**



**Markets**

Equity markets are attempting a rebound, rising strongly (US: +4.0%; Europe: +2.5%; emerging markets: +2.8% and Japan: +8.7%! and are already approaching their July highs. Sovereign 10-year yields have regained a degree of stability (USD: -5bp; EUR & CHF: +2/+3bp), while investors are on the lookout for news from the central bankers meeting in Jackson Hole this week. The dollar index depreciates by 0.7% and pushes gold (+2.5%) to a new all-time high. Coming up this week: manufacturing and services PMIs, Fed "minutes", new and existing home sales in the U.S.; manufacturing and services PMIs and household confidence in the eurozone; 1- and 5-year loan rates in China.

**Swiss Market**

Coming up this week: foreign trade/exports in watches in July (OFDF) and Q2 labor market (OFS).

The following companies are due to release H1 results: Gurit, Metall Zug, Medartis, PSP Swiss Property, Huber+Suhner, DocMorris, Alcon (T2), Orior, Sensirion, Feintool, Implenia, Aluflexpack, BKW, SoftwareONE, Alcon, BCV, Siegfried, Zug Estates, Kudelski, SPS, Swiss Re, Alpiq and Valartis.

**Equities**

**VESTAS** has been removed from our Core Holdings list. The group has issued a warning on its 2024 results due to a major provision linked to cost inflation on its services order book. Management's credibility has been damaged, and we expect the stock price to remain capped in the short term.

**Automotive sector:** in its new forecast for August 2024, S&P Global Mobility projects world production at 88.8 million vehicles, a decline of 1.9% y/y, including a 5% y/y drop in the 3rd quarter. S&P has also revised downwards its projections for 2025 and 2026. A return to pre-Covid levels is not yet in sight.

**Pharmaceutical sector:** CMS (Centers for Medicare & Medicaid Services) has announced the list of negotiated price reductions for the first ten drugs selected under the new IRA legislation for Medicare price negotiation. Reductions range from 38% to 79% vs gross price, but appear more moderate when net prices are taken into account (post-discounts already in place, which average 50%). The announcement is in line with expectations and reassuring for our Core Holdings stocks concerned: AstraZeneca (for Farxiga - heart failure/type II diabetes), Novo Nordisk (NovoLog - insulin) and Merck & Co (Januvia - type II diabetes).

**Performances**

	Since		
	As at 16.08.2024	09.08.2024	31.12.2023
SMI	12 188.73	2.72%	9.44%
Stoxx Europe 600	511.45	2.46%	6.77%
MSCI USA	5 283.28	3.96%	16.07%
MSCI Emerging	1 093.65	2.84%	6.83%
Nikkei 225	38 062.67	8.67%	13.74%
As at 16.08.2024			
CHF vs. USD	0.8684	-0.40%	-3.07%
EUR vs. USD	1.0991	0.62%	-0.50%
10-year yield CHF (level)	0.46%	0.43%	0.70%
10-year yield EUR (level)	2.20%	2.16%	2.00%
10-year yield USD (level)	3.89%	3.94%	3.87%
Gold (USD/per ounce)	2 490.00	2.54%	20.55%
Brent (USD/bl)	79.86	0.47%	2.79%

Source: LSEG Datastream

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