



Consolidation ahead of central banker meeting

Equity markets continued their short-term negative trend at the start of the week. Investors' focus will turn to the European Central Bank's conference where besides ECB head Draghi also Fed Chair Yellen, Bank of Japan Governor Kuroda, and Bank of England Governor Carney will appear. From an economic point of view, the positive news continues to predominate. According to the Ifo Economic Research Institute, the global economy is in excellent shape. The global business climate barometer climbed by 3.9 to 17.1 points in the fourth quarter and reached its highest level for six and a half years. More than 1,100 experts from 120 countries took part in the quarterly survey conducted by the Munich Institute. In addition, a majority of the economists surveyed expect prices to rise faster. At the same time, the International Monetary Fund (IMF) was optimistic about Europe. The upswing in Europe has not only broadened, but also become stronger.

Equity – General Electric cuts dividend

General Electric's new CEO John Flannery held its long awaited first assessment of the conglomerates strategy. While he is planning to focus on GE's three biggest business divisions Aviation, Power and Healthcare, he announced a dividend cut of 50%. Markets reacted negatively as doubts emerged that restructuring measures are not far-reaching enough. **Credit Suisse** will pay USD 135m and hire an outside monitor to resolve allegations by New York's banking regulator that it used and shared information about its customers' foreign-exchange orders to pad its own profits. **Henkel** raised its EPS forecast as Q3 2017 results misses estimates. EPS are now expected to advance by +9% this year, the top end of Henkel's previously announced range. **Novartis** has presented new positive data for its bio-similars "Rituximab" and "Adalimumab" and for its breast cancer drug "Kisqali" at another meeting.

Fixed Income – Default declared on Venezuela and PDVSA

Venezuela's grand gathering with creditors on Monday lasted only 30 minutes and didn't produce anything of substance. To make matters worse, S&P Global Ratings declared the country in default, while Fitch Ratings cited missed payments by the state oil company. The actions from the ratings companies came after an odd spectacle in Caracas, where bond investors, who made the trek to hear the country's restructuring proposal, found a red-carpet welcome, an honour guard salute and gift bags stuffed with state-produced chocolate and coffee. Over the weekend, the 30-day grace period on USD 280mn in bond payments expired, and late Monday Fitch Ratings declared PDVSA in default and S&P did the same to the sovereign after each were late getting cash to bondholders. Today, the International Swaps & Derivatives Association will reconvene to consider whether PDVSA's delayed debt payments will trigger default-insurance contracts.

| Equity Indices | Current | YTD (%) |
|----------------|-----------|---------|
| MSCI World | 2'035.72 | 16.25 |
| Dow Jones | 23'439.70 | 18.61 |
| S&P 500 | 2'584.84 | 15.45 |
| Nasdaq 100 | 6'316.18 | 29.87 |
| Nikkei 225 | 22'380.01 | 17.08 |
| SMI | 9'162.74 | 11.47 |
| SLI | 1'481.90 | 14.20 |
| Euro Stoxx 50 | 3'574.52 | 8.63 |
| Euro Stoxx 600 | 386.13 | 6.84 |
| DAX | 13'074.42 | 13.88 |
| MSCI UK | 2'148.20 | 3.41 |

| EM and Alternative Indices | Current | YTD (%) |
|----------------------------|-----------|---------|
| MSCI Emerging Markets | 1'123.26 | 30.27 |
| MSCI EM Asia | 577.30 | 37.79 |
| MSCI EM Eastern Europe | 161.51 | 10.07 |
| MSCI EM Latin America | 2'738.66 | 17.00 |
| Brazil IBOVESPA | 72'475.16 | 20.34 |
| Russian Depository Index | 1'310.68 | -9.15 |
| NIFTY Index | 10'194.95 | 24.54 |
| Hang Seng Index | 29'186.90 | 32.66 |
| HFRI Global HF Index | 1'261.72 | 4.84 |
| LPX50 Listed PE TR (EUR) | 2'145.01 | 7.99 |
| BBG NA REITS | 292.14 | 6.34 |

| Fixed Income | Current | YTD (Δ) |
|------------------------------|---------|---------|
| US Treasury Bonds 10Y (USD) | 2.40 | -0.04 |
| German Bund 10Y (EUR) | 0.42 | 0.21 |
| Swiss Government 10Y (CHF) | -0.08 | 0.11 |
| United Kingdom 10Y (GBP) | 1.33 | 0.09 |
| Japan 10Y (JPY) | 0.05 | 0.01 |
| Fed Funds Rate | 1.00 | 0.50 |
| ECB Main Refinancing Rate | 0.00 | 0.00 |
| 3 month LIBOR (CHF) | -0.75 | 0.00 |
| Global IG Corporate Spread | 0.99 | -0.26 |
| Global HY Corporate Spread | 3.43 | -0.65 |
| EM Hard Currency Gov. Spread | 2.40 | -0.48 |

Earnings calendar

| Date | Ctry | Company | Period | Cons quarterly EPS |
|--------|------|----------------------------|--------|--------------------|
| 14.11. | US | HOME DEPOT INC | Q3 | 1.82 |
| 14.11. | DE | HENKEL AG & CO KGAA VORZUG | Q3 | 1.31 |
| 14.11. | GB | VODAFONE GROUP PLC | S1 | - |
| 15.11. | US | CISCO SYSTEMS INC | Q1 | 0.60 |
| 16.11. | US | WAL-MART STORES INC | Q3 | 0.98 |
| 21.11. | GB | COMPASS GROUP PLC | Y | - |
| 21.11. | IE | MEDTRONIC PLC | Q2 | 0.98 |
| 22.11. | US | DEERE & CO | Q4 | 1.45 |
| 30.11. | US | KROGER CO | Q3 | 0.40 |
| 13.12. | US | ORACLE CORP | Q2 | 0.68 |
| 21.12. | US | NIKE INC -CL B | Q2 | 0.40 |

Forex

| | Current | YTD (%) |
|---------|---------|---------|
| EUR/USD | 1.1668 | 10.94 |
| EUR/CHF | 1.1633 | 8.50 |
| USD/CHF | 0.9970 | -2.16 |
| GBP/CHF | 1.3063 | 3.82 |
| GBP/USD | 1.3102 | 6.18 |
| USD/JPY | 113.66 | -2.82 |
| USD/HKD | 7.8025 | 0.60 |
| USD/SGD | 1.3615 | -5.90 |
| USD/CNY | 6.6420 | -4.36 |
| EUR/NOK | 9.5271 | 4.84 |
| EUR/SEK | 9.7842 | 2.18 |

Economic data calendar

| Date | CET | Ctry | Indicator | Period | Cons | Prev. |
|--------|-------|------|-------------------------------------|--------|-------|-------|
| 14.11. | 08:00 | DE | GDP (q/q) | 3Q P | 0.60 | 0.60 |
| 14.11. | 08:00 | DE | EU harmonized Consumer Prices (y/y) | Oct F | 1.50 | 1.50 |
| 14.11. | 09:00 | ES | EU-harm. Consumer Prices (y/y) | Oct F | 1.70 | 1.70 |
| 14.11. | 10:00 | IT | GDP (q/q) | 3Q P | 0.45 | 0.34 |
| 14.11. | 10:30 | GB | Core Consumer Prices (y/y) | Oct | 2.83 | 2.70 |
| 14.11. | 10:30 | GB | EU-harm. Consumer Prices (y/y) | Oct | 3.11 | 3.00 |
| 14.11. | 11:00 | EU | GDP (q/q) | 3Q P | 0.60 | 0.60 |
| 14.11. | 11:00 | DE | ZEW Current Situation | Nov | 88.57 | 87.00 |
| 14.11. | 11:00 | EU | ZEW Expectation | Nov | - | 26.70 |
| 14.11. | 11:00 | DE | ZEW Expectation | Nov | 20.12 | 17.60 |
| 14.11. | 11:00 | EU | Industrial Production (y/y) | Sep | 3.20 | 3.80 |

Commodities

| | Current | YTD (%) |
|-----------------------------|----------|---------|
| Oil Future Nymex WTI (USD) | 56.60 | -0.81 |
| Oil Future Brent (USD) | 62.93 | 7.26 |
| Gold-ounce (USD) | 1'276.50 | 11.24 |
| Silver-ounce (USD) | 17.01 | 6.77 |
| Platinum (USD) | 930.87 | 3.08 |
| Palladium (USD) | 996.81 | 46.38 |
| JOC Industrial Metals Index | 116.80 | 14.72 |
| S&P GSCI Index Spot Indx | 428.53 | 7.61 |
| Rogers Int. Commodity Index | 2'369.12 | 2.85 |
| BBG Commodity Index | 86.98 | -0.61 |
| Rogers Agriculture TR Index | 813.07 | -3.32 |

Topics LGT looks at

| Topics | Description | Publication Type | Published |
|--|--|--|------------|
| Biopharma Champions 2018 | In this investment idea our equity specialist present their view on the healthcare sector with a focus on biopharma stocks. | Investment Idea | 25.10.2017 |
| Asset Allocation Private Banking Europe October 2017 | In our monthly publication we are presenting our asset allocation for the current month. | Asset Allocation Private Banking Europe | 11.10.2017 |
| LGT Equity Top Picks - Quarterly Update | The quarterly update to LGT's Top Picks shares includes a review of the performance of our stock selection as well as an outlook and the current composition of the ten selected stocks. | Investment Idea | 04.10.2017 |
| Investment Idea - Update | Update on the investment idea "Equities: Adding exposure to European energy sector", initially published in October 2016. | Investment Idea | 19.09.2017 |

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