



## Between interest rates and geopolitics

New tensions in the Korean conflict weighed on Asian stock markets after North Korean leader Kim Jong Un threatened to cancel the summit with US President Donald Trump scheduled for June 12 in Singapore. Meanwhile, 10-year Treasuries yield stabilized above 3%. In the euro zone, economic growth lost significant momentum at the beginning of the year. GDP increased by +0.4% between January and March, compared with an expansion rate of +0.7% in the three previous quarters. At +0.3%, growth in Germany was the weakest in a year and a half, and France and Italy also recorded growth of only +0.3%. Spain maintained its relatively high growth rate of +0.7%. The ZEW survey results remained more or less unchanged, which means that economic expectations for Germany and the euro zone have stabilized at a significantly lower level than at the beginning of the year.

## Equities – Novartis Investor Day in focus

**Novartis** will highlight its pipeline and strategy on today's Investor Day. The focus on key markets and the development of a proprietary, unique platform are in the focus. The long-weakening eye care division Alcon is again in a position of strength, as the company emphasizes. **Sanofi** reported a clinical success with its skin drug "Dupixent" in a Phase III study with adolescents. The submission for US approval is planned for Q3. **Burberry's** full-year earnings exceeded the market's profit forecasts by approximately +3% on an adjusted basis. At the same time, the company announced a new share buyback of GBP 150m. **Vodafone** presented its Q4 and full-year results (as of March 31). Q4 revenue growth of +1.4% and full-year EBITDA of EUR 14.7bn were moderately above consensus, while the outlook for 2019 was in-line with expectations. The announcement that CEO Vittorio Colao will be replaced by former CFO Nick Read disappointed.

## Fixed Income – US 10-year yield at highest level since 2011

The 10-year US Treasury yield rose to its highest level since summer 2011, raising renewed questions about how high the nation's borrowing costs will move. The current 10-year note surpassed 3.052%, the peak on the first trading day of 2014, and was supported further by increasing retail sales in April. Fixed income market participants are discounting a hawkish Federal Reserve, bringing the market-implied probability of three more rate hikes this year above 50%, which is more than central bankers themselves have projected. A flood of new bond issuance further weighs on demand as the nation's budget deficit is projected to widen materially. On top of that, also inflation expectations are in an uptrend, leading to investors demanding higher nominal yields to stabilize expected inflation-adjusted (real) returns.

Equity Indices	Current	YTD (%)
MSCI World	2'119.98	0.79
Dow Jones	24'706.41	-0.05
S&P 500	2'711.45	1.42
Nasdaq 100	6'888.54	7.69
Nikkei 225	22'733.75	-0.14
SMI	8'994.22	-4.13
SLI	1'488.51	-1.94
Euro Stoxx 50	3'564.29	1.72
Euro Stoxx 600	392.37	0.82
DAX	12'970.04	0.41
MSCI UK	2'232.88	0.22

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'150.27	-0.71
MSCI EM Asia	590.22	0.58
MSCI EM Eastern Europe	164.08	-0.91
MSCI EM Latin America	2'801.10	-0.96
Brazil IBOVESPA	85'130.42	11.42
Russian Depository Index	1'351.61	5.26
NIFTY Index	10'741.20	2.00
Hang Seng Index	31'171.90	4.19
HFRI Global HF Index	1'272.66	-0.23
LPX50 Listed PE TR (EUR)	2'228.72	1.89
BBG NA REITS	266.26	-7.17

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	3.07	0.66
German Bund 10Y (EUR)	0.64	0.21
Swiss Government 10Y (CHF)	0.12	0.27
United Kingdom 10Y (GBP)	1.52	0.33
Japan 10Y (JPY)	0.06	0.01
Fed Funds Rate	1.50	0.25
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	1.07	0.13
Global HY Corporate Spread	3.35	0.01
EM Hard Currency Gov. Spread	2.52	0.36

## Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
16.05.	US	CISCO SYSTEMS INC	Q3	0.65
16.05.	IT	TELECOM ITALIA SPA	Q1	-
17.05.	US	WALMART INC	Q1	1.12
18.05.	CH	CIE FINANCIERE RICHEMONT-REG	Y	1.41
18.05.	US	DEERE & CO	Q2	3.31
22.05.	CH	SONOVA HOLDING AG-REG	Y	-
24.05.	IE	MEDTRONIC PLC	Q4	1.38
14.06.	US	KROGER CO	Q1	0.64
20.06.	US	ORACLE CORP	Q4	0.94
28.06.	US	NIKE INC -CL B	Q4	0.64
05.07.	US	MONSANTO CO	Q3	2.12

## Forex

	Current	YTD (%)
EUR/USD	1.1836	-1.41
EUR/CHF	1.1837	1.14
USD/CHF	1.0001	2.65
GBP/CHF	1.3513	2.62
GBP/USD	1.3512	-0.01
USD/JPY	110.26	-2.16
USD/HKD	7.8499	0.46
USD/SGD	1.3433	0.55
USD/CNY	6.3681	-2.13
EUR/NOK	9.6060	-2.41
EUR/SEK	10.2827	4.56

## Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
16.05.	08:00	DE	EU harmonized Consumer Prices (y/y)	Apr F	1.41	1.40
16.05.	10:00	IT	Industrial Orders (y/y)	Mar	-	3.40
16.05.	11:00	EU	Core Consumer Prices (y/y)	Apr F	0.71	0.70
16.05.	11:00	EU	Consumer Prices (Final, y/y)	Apr F	1.21	1.20
16.05.	11:00	IT	EU harm. Consumer Prices (y/y)	Apr F	0.61	0.60
16.05.	14:30	US	Building Permits (m/m)	Apr	-2.67	4.40
16.05.	14:30	US	Housing Starts (y/y)	Apr	-0.62	1.90
16.05.	15:15	US	Industrial Production (m/m)	Apr	0.58	0.51
17.05.	08:00	-	EU 27 Car Registrations	Apr	-	-5.30
17.05.	14:30	US	Philly Fed survey	May	21.09	23.20
17.05.	14:30	US	Initial Jobless Claims (thousands)	05.	215.	211.00

## Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	71.17	18.50
Oil Future Brent (USD)	78.25	19.50
Gold-ounce (USD)	1'294.43	-0.64
Silver-ounce (USD)	16.30	-3.74
Platinum (USD)	900.07	-3.04
Palladium (USD)	984.04	-7.47
JOC Industrial Metals Index	126.63	3.68
S&P GSCI Index Spot Indx	487.51	10.19
Rogers Int. Commodity Index	2'588.06	7.13
BBG Commodity Index	90.10	2.19
Rogers Agriculture TR Index	837.58	3.94

## Topics LGT looks at

Topics	Description	Publication Type	Published
Swiss Pharma	An assessment of the new figures of Roche and Novartis.	Market News	26.04.2018
The best of both worlds	We are convinced that sustainability analysis is an important expansion of equity valuation.	Investment Idea	25.04.2018
FX Strategy	In this publication, our foreign-exchange strategist presents his view on current developments in currency markets and introduces his trading recommendations.	Investment Idea	24.04.2018
EUR/CHF approaches 1.20	EUR/CHF nearly back to the 1.20 level, where the SNB had lifted the exchange rate floor over three years ago. The Swiss franc has been giving back its gains in a quite constant fashion, owing to a combination of dragging factors.	Market News	19.04.2018
LGT Equity Top Picks – Quarterly Update	In our quarterly update our equity analysts deliver a performance review the stock picks and present the new selection of the LGT Equity Top Picks.	Investment Idea	18.04.2018

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#### Impressum

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