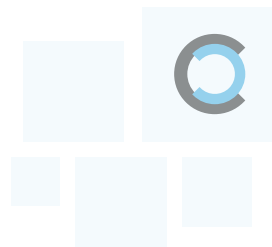


House View

Q1 2023

US Stagflation
Peaking Inflation
Central Banks Policy
Market Volatility
Geopolitical Risks

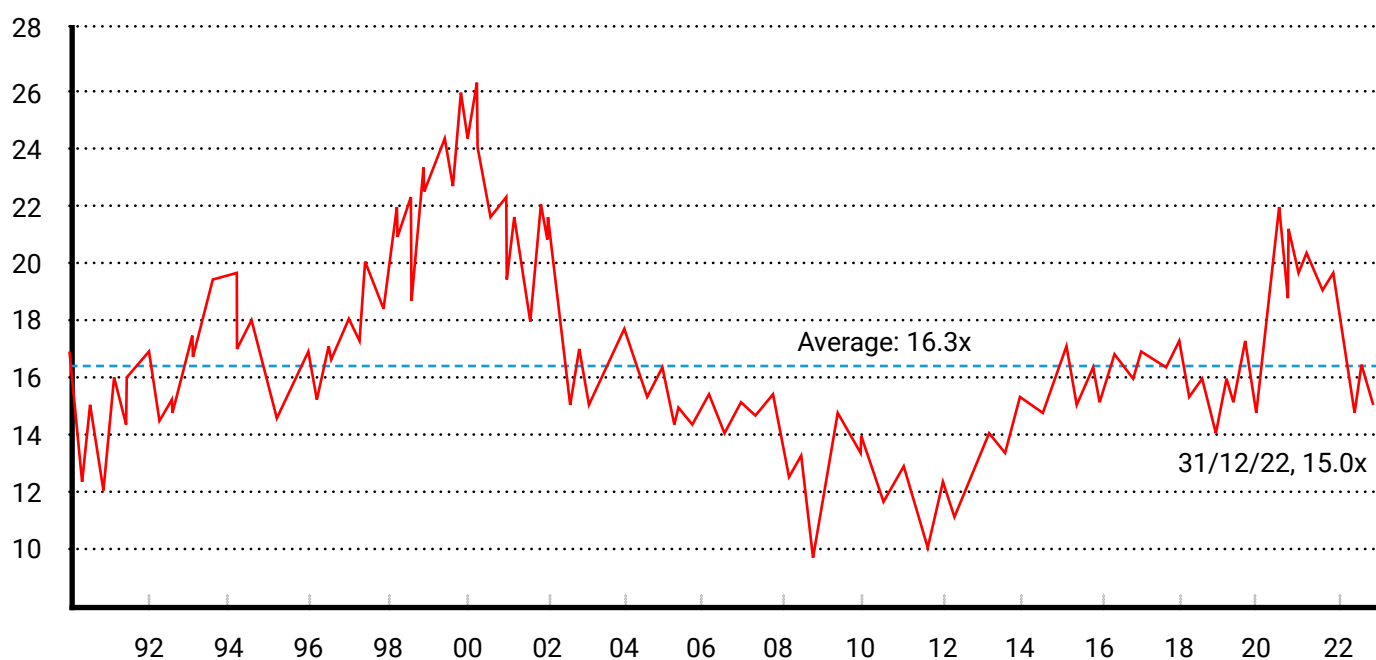
STAG
INFLATION



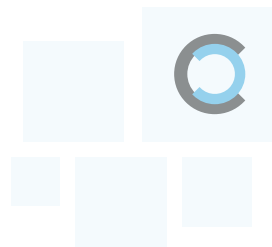
Key Highlights

- The US economy is experiencing a period of stagflation, the Eurozone most likely a mild recession (a mild winter would help), and China has to solve its COVID issues implementing new policies and regulatory measures.
- Inflation has peaked and should come down in the main advanced economies. Tighter monetary policy and decelerating growth will help to moderate inflation.
- Higher wages and housing costs are still the biggest concern revolving inflation.
- Geopolitical issues remain a major cause of concern. The conflict in Ukraine, tensions between China and Taiwan, and the presidential transition in Brazil represent the greatest risks.

MSCI World Forward P/E Ratio



Macroeconomic View



World

INFLATION

RATES

RECESSION

- In the past, aggressive tightening always led to deflation and recessions. Will this time be different?
- Tighter monetary policy, higher interest rates, high energy prices, weak real household income growth, and declining confidence are expected to weigh negatively on the global economic growth.
- The major Asian emerging market economies are expected to account for three quarters of global economic growth.
- Major central banks risk tightening monetary policy excessively into 2023, creating downside risks to the consensus soft-landing scenario.

USA

INFLATION

RECESSION

RATES

- The US economy is resilient, but signs of a slowdown have emerged. Too early to predict a recession.
- US labour market is still solid, but corporations are starting to reduce workforce to preserve margins.
- Consumer's confidence is deteriorating, and savings are falling.
- The FED signalled a slower pace of rate hikes, the terminal rate should be around 5%.
- Housing market activity is likely to stay low with high mortgage rates.

Europe

INFLATION

RECESSION

- The war in Ukraine, high energy and raw material prices continue to weigh on the EU economy.
- A short, mild recession through the winter seems unavoidable.
- ECB will hike rates, with market expectations at 3%.

Emerging Markets

CHINA

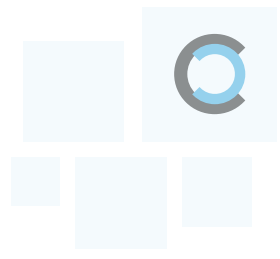
- The Chinese growth model is still in transition and structurally declining.
- The abandonment of the zero-COVID policy should stimulate consumption and economic growth.
- Fiscal policy support and political willingness to sustain the economy will push GDP growth to 5%.

Upside on Base Scenario

- US economy more resilient and disinflation without earnings revision.
- De-escalation of the Ukraine - Russia conflict.
- China macro improving.
- Warm winter.

Downside on Base Scenario

- Nuclear accident.
- Deep recession with social - political consequences.
- Geopolitics risks.
- Oil price spike.



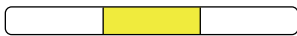
Market View

Liquidity

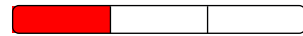
Tactical 3 Months

Strategic 12 Months

Liquidity



Liquidity



- Use tactically as dry powder.

Equities

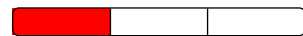
Tactical 3 Months

Strategic 12 Months

USA



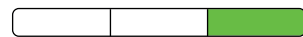
USA



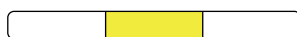
Europe



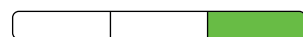
Europe



Switzerland



Switzerland



Emerging Markets



Emerging Markets



- EPS cuts are likely if activity continues to weaken.
- 2023 EPS expectations look too high.
- Energy, Healthcare and Staples should outperform.

Gold

Tactical 3 Months

Strategic 12 Months

Gold



Gold



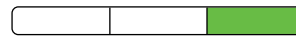
- Nice to have as a partial hedge to equity exposure.
- Negative real rates and geopolitics supportive in the medium term.

Fixed Income

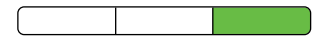
Tactical 3 Months

Strategic 12 Months

Investment Grade



Investment Grade



High Yield



High Yield



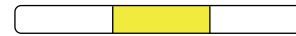
- Crossover segment offers risk reward ratio (watch out for duration). Avoid single B to BB- segments.
- Yield spike to be seen as opportunity for short duration IG.

FX

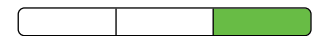
Tactical 3 Months

Strategic 12 Months

EUR/USD



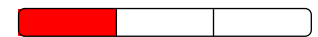
EUR/USD



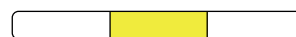
EUR/CHF



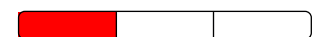
EUR/CHF



USD/CHF



USD/CHF



- USD peaking in the next quarters.

Oil

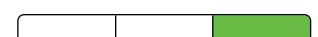
Tactical 3 Months

Strategic 12 Months

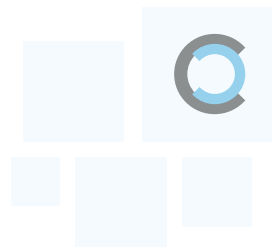
Oil



Oil



- Geopolitics and Supply concerns will support prices



Insights & Calendar

World Indices

As of 31/12/22

	3 Month	YTD
DJIA	● 15.4%	● 8.8%
S&P 500	● 7.1%	● 19.4%
NASDAQ	● 0.3%	● 32.9%
Nikkei 225	● 0.6%	● 9.3%
Euro Stoxx 50	● 14.3%	● 11.7%
SMI	● 4.5%	● 16.7%

Commodities

As of 31/12/22

	3 Month	YTD
Crude Oil WTI	● 0.97%	● 6.7%
Natural Gas	● 61.3%	● 17.1%
Gold	● 9.8%	● 0.3%
Silver	● 25.9%	● 2.8%
Copper	● 10.7%	● 13.9%

Rates 10 Years

As of 31/12/22
Perf. Perf.

	Actual	3M BPS	YTD BPS
USA	3.87%	● 4	● 235
Germany	2.56%	● 46	● 274
Italy	4.70%	● 20	● 353
Spain	3.65%	● 37	● 253
UK	3.67%	● 40	● 271
Japan	0.41%	● 18	● 33

Currency / Crypto

As of 31/12/22

	3 Month	YTD
CHF vs USD	● 6.8%	● 1.3%
USD vs EUR	● 8.4%	● 6.2%
CHF vs EUR	● 2.3%	● 4.8%
GBP vs EUR	● 0.8%	● 5.1%
BTC vs USD	● 14.9%	● 64.3%
ETH vs USD	● 10.0%	● 67.5%

January


January 19, 2023

ECB Lagarde Speaks 

February

February 1, 2023

CPI (YoY) 

FED Interest Rate 


February 2, 2023

BoE Interest Rate 

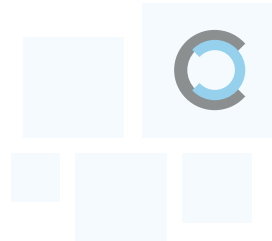
ECB Interest Rate 

March

March 15, 2023

FED Interest Rate 

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