

# House View

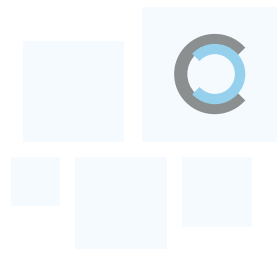
**Q2 2023**

UBS & Credit Suisse

Banking Crisis

Interest Rates

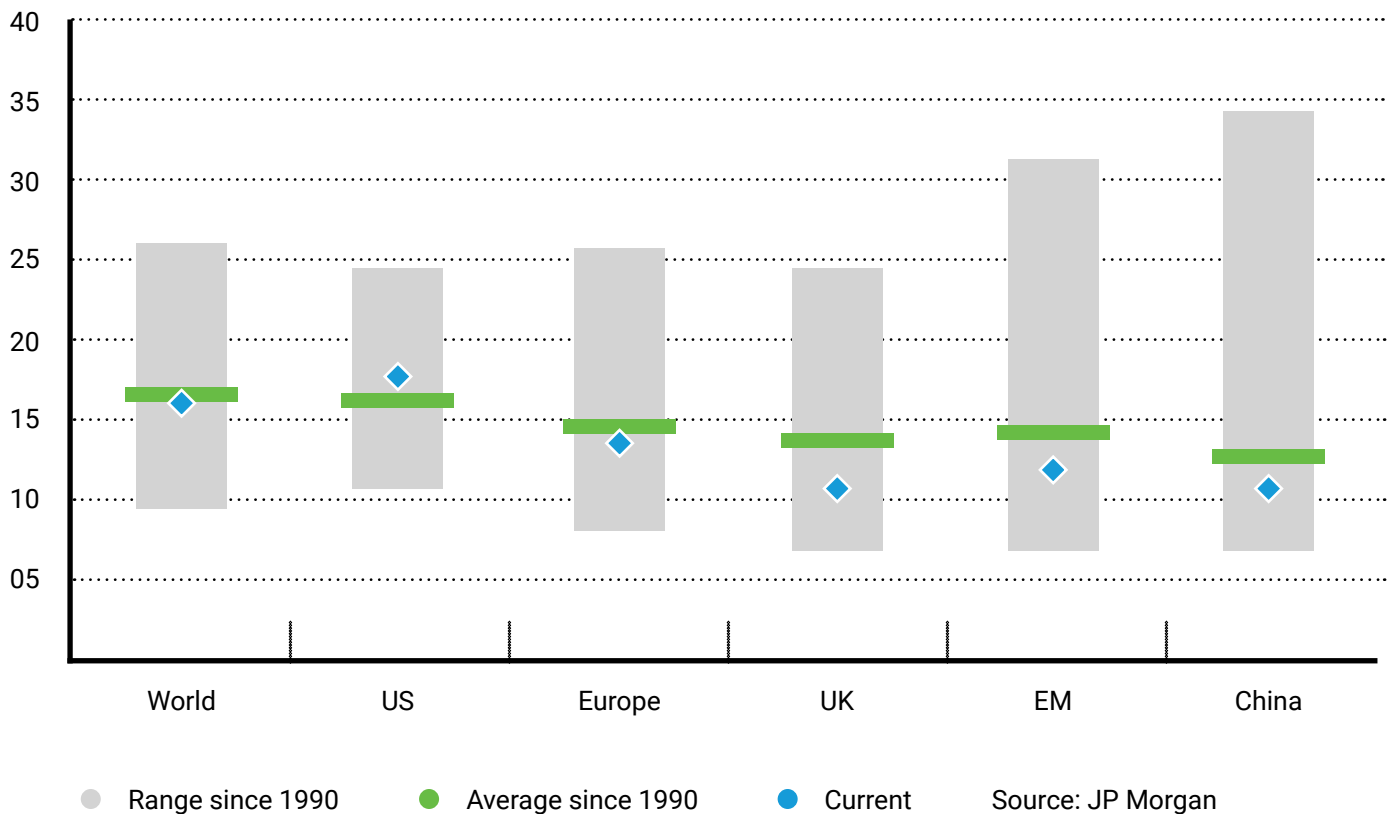
Debt Ceiling



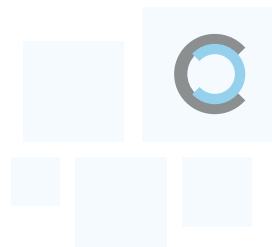
# Key Highlights

- The credit squeeze after the banking crisis will weigh on the economic growth in the quarters ahead and will probably lead to a recession in 2024.
- Inflation peak has been reached, but central bank's goals will only be reached in 2024.
- High volatility in interest rates
- Inverted yield curves in US and Europe point to high probability of recession in next quarters  
FED on hold but ECB still hawkish
- US stocks not cheap versus bonds and other developed indexes.
- Geopolitical risks increasing but hard to predict (Ukraine, Iran, Taiwan, Korea).
- Debt ceiling issue approaching.

## Global Forward P/E Ratios



# Macroeconomic View



## World

BANKING

CHINA

RATES

- The credit squeeze after the banking crisis will weigh on the economic growth in the quarters ahead and will probably lead to a recession in 2024.
- China will grow 5% this year after a +3% in 2022: this will have inflation implications for other regions.
- Global monetary policy tightening close to the peak, but rates are expected to remain higher for longer.

## USA

LABOUR

EARNINGS

DEBT

- Mixed economic indicators.
- Labour market still solid, but first signs of fatigue emerging.
- FED close to peak rates, but unlikely to cut rates in 2023 as expected by the market.
- Earning recession unfolding.
- Debt ceiling talks approaching.

## Europe

INFLATION

RECESSION

- Eurozone probably will avoid a recession in 2023 thanks to lower energy prices and the recovery of the Chinese economy.
- ECB still hawkish given the high inflation rates.

## Emerging Markets

CHINA

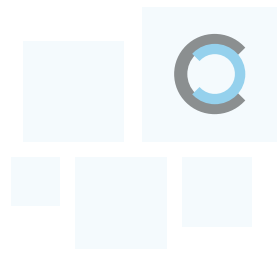
- China grew 3% in 2022 and is expected to grow 5% in 2023, which will contribute to 1/3 of global growth.
- Post-lockdown recovery will have consequences for inflation.

## Upside on Base Scenario

- US economy more resilient and slower earnings revision.
- De-escalation of Ukraine - Russia conflict.
- Inflation falls back quickly and central banks cut rates in second half 2023.

## Downside on Base Scenario

- Inflation more persistent than expected.
- Central banks hiking rates again.
- Geopolitical event.
- Financial accident.



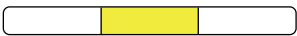
# Market View

## Liquidity

Tactical 3 Months

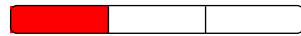
Strategic 12 Months

Liquidity



- Use tactically as dry powder.

Liquidity



## Equities

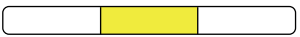
Tactical 3 Months

Strategic 12 Months

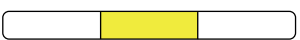
USA



Europe



Switzerland

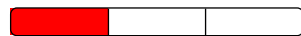


Emerging Markets

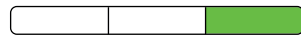


- Further EPS cuts are likely.
- 2023 EPS expectations look too high.

USA



Europe



Switzerland



Emerging Markets



## Gold

Tactical 3 Months

Strategic 12 Months

Gold



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

Gold

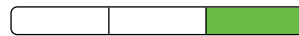


## Fixed Income

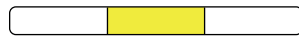
Tactical 3 Months

Strategic 12 Months

Investment Grade

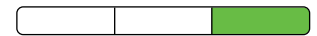


High Yield



- 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.

Investment Grade



High Yield

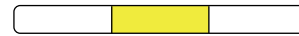


## FX

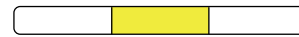
Tactical 3 Months

Strategic 12 Months

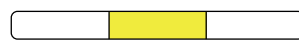
EUR/USD



EUR/CHF

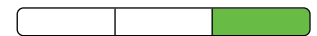


USD/CHF

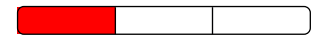


- USD overvalued Vs. EUR from PPP point of view.

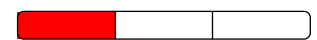
EUR/USD

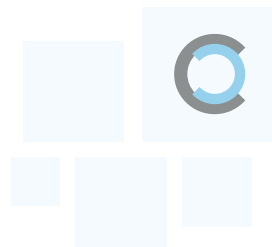


EUR/CHF



USD/CHF





# Insights & Calendar

## World Indices

As of 31/03/23

	3 Month	YTD
DJIA	● 0.4%	● 0.4%
S&P 500	● 7.0%	● 7.0%
NASDAQ	● 16.8%	● 16.8%
Nikkei 225	● 7.5%	● 7.5%
Euro Stoxx 50	● 13.7%	● 13.7%
SMI	● 3.5%	● 3.5%

## Commodities

As of 31/03/23

	3 Month	YTD
Crude Oil WTI	● 5.7%	● 5.7%
Natural Gas	● 43.6%	● 43.6%
Gold	● 8.0%	● 8.0%
Silver	● 0.6%	● 0.6%
Copper	● 7.4%	● 7.4%

## Rates 10 Years

As of 31/03/23  
Perf. Perf.

	Actual	3M BPS	YTD BPS
USA	3.45%	● 42	● 42
Germany	2.30%	● 26	● 26
Italy	4.14%	● 56	● 56
Spain	3.32%	● 33	● 33
UK	3.49%	● 18	● 18
Japan	0.40%	● 10	● 10


## Currency / Crypto

As of 31/03/23

	3 Month	YTD
CHF vs USD	● 1.0%	● 1.0%
USD vs EUR	● 1.2%	● 1.2%
CHF vs EUR	● 0.2%	● 0.2%
GBP vs EUR	● 0.7%	● 0.7%
BTC vs USD	● 71.0%	● 71.0%
ETH vs USD	● 51.0%	● 51.0%

## April

### April 21 - 23, 2023


FMI & World Bank Meeting 

## May


### May 2 - 3, 2023

FOMC FED Meeting 

### May 4, 2023


BCE Meeting 

### May 11, 2023


BOE Meeting 

## June


### June 11, 2023

BOE Meeting 


### June 14 - 15, 2023

FOMC FED Meeting 

### June 15, 2023

BCE Meeting 

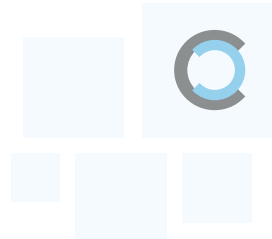
### June 18, 2023

Turkey Presidential Elections 

### June 19 - 21, 2023

G7 Meeting at Hiroshima

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