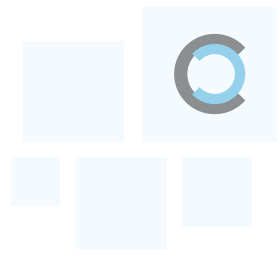


# House View

**Q4 2022**

Global Growth  
Inflation  
Central Banks  
Geopolitical Risks



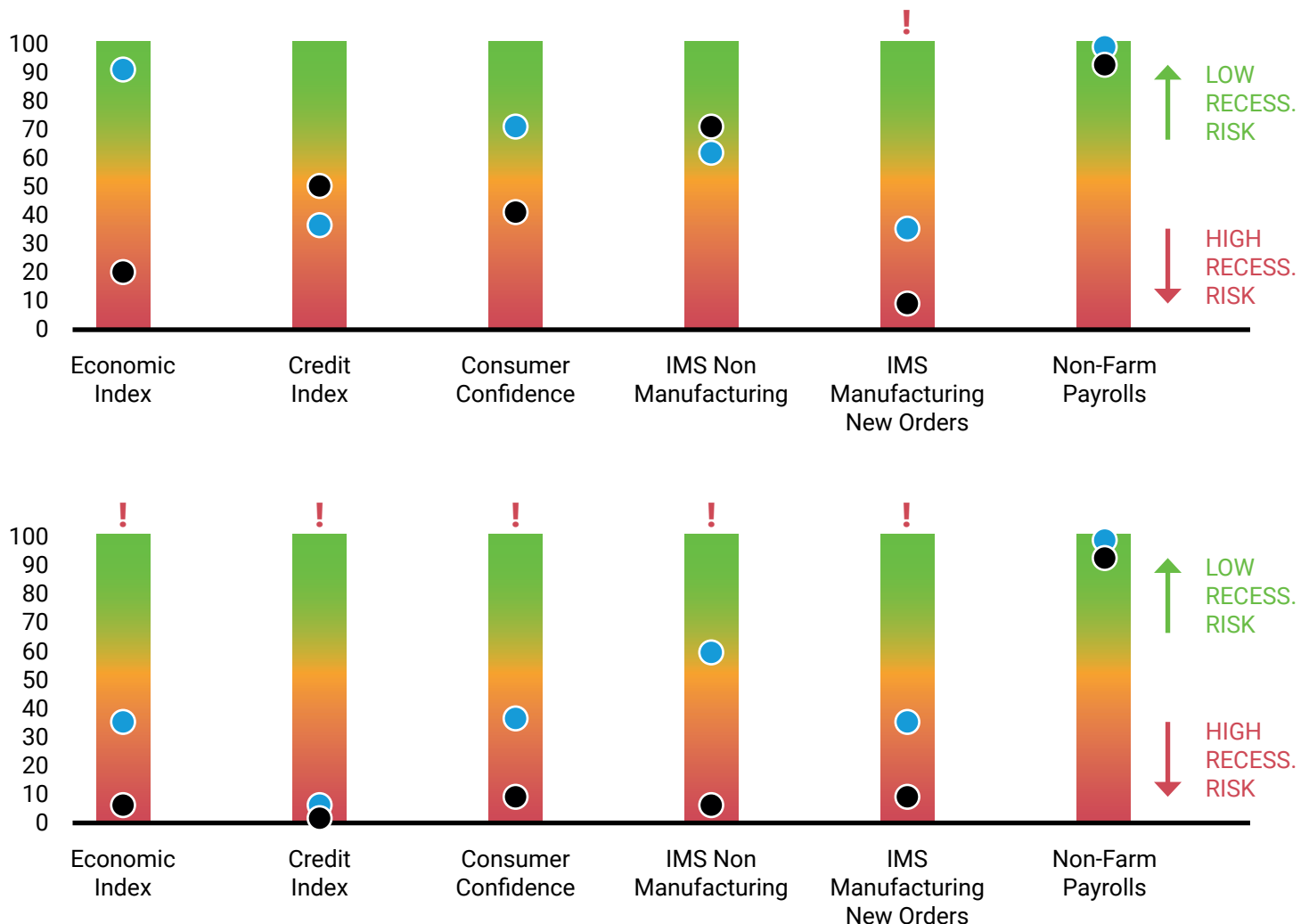


# Key Highlights

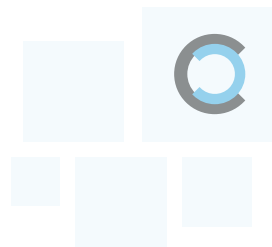
- The outlook for the global economy is deteriorating. Global growth is decelerating, recession probability is rising.
- Global supply chain pressures are easing. Inflation peaking, but core inflation still sticky (labour costs, rents).
- Central banks still hawkish, markets seeking for a pivot. Markets will remain volatile until the FED halts raising interest rates in the effort to curb inflation.
- Geopolitics tail risk are increasing: Ukraine - Russia, North Korea, Iran, UK, Italy, Brazil, Taiwan.

## USA (top) & EU (bottom) Economic Indicators - Recession Risk Indicator Percentile Rank Relative to Historic Data Since 1990

● Latest Reading ● 6 Months Prior ! Elevated Recession Risk



# Macroeconomic View



## World

INFLATION

RATES

RECESSION

- The macroeconomic outlook is challenged by a combination of factors such as persistent inflation, energy price shock, rising recession fears and geopolitical conflicts.
- All central banks, including the FED, are increasing their restrictive measures and rhetoric in the face of persistent inflationary pressures leading to rising rates around the world.
- Global growth forecasts have clearly become gloomier. Europe, is losing momentum due to the war in Ukraine. We expect a global slowdown but no recession in Q4.

## USA

INFLATION

RECESSION

RATES

- Too early to predict a recession in the US but the probability is rising.
- The solid US labor market and inflation are forcing the FED to maintain a restrictive monetary policy.
- FED is unlikely to pivot to a less hawkish stance before early in 2023.
- Investors remain worried about high inflation, slowing growth and a potential recession induced by the FED.
- The market volatility is likely to rise in the coming weeks as the earnings season is kicking off.

## Europe

ECONOMY

INFLATION

- Europe has a challenging winter ahead. High energy cost depresses consumer spending and industrial production. High inflation forces ECB to continue to tighten its monetary policy.
- Economic growth is slowing down and some leading indicators are forecasting a recession early next year. (PMI data under 50).

## Emerging Markets

CHINA

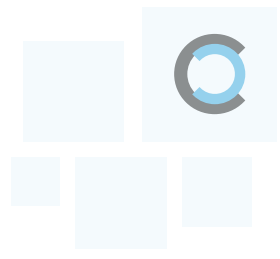
- Chinese economy growth slowdown has hit levels policymakers can no longer ignore.
- The government's "zero-COVID" policy should continue to weigh on consumption.
- Faster and larger fiscal and monetary stimulus needed to support economic growth

## Upside on Base Scenario

- US soft landing 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.



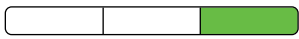
# Market View

## Liquidity

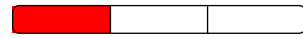
Tactical 3 Months

Strategic 12 Months

Liquidity



Liquidity



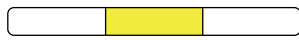
- Use tactically as dry powder.

## Equities

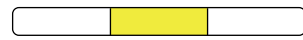
Tactical 3 Months

Strategic 12 Months

USA



USA



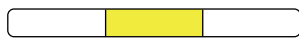
Europe



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



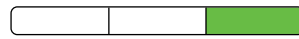
- Nice to have as a partial hedge to equity exposure.
- Negative real rates and geopolitics supportive in the medium term.

## Fixed Income

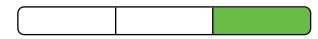
Tactical 3 Months

Strategic 12 Months

Investment Grade



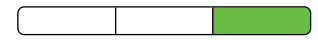
Investment Grade



High Yield



High Yield



- USD, EUR, CHF offer opportunities.
- Opportunities in short duration IG bonds.

## 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.
- CHF stronger vs EUR SNB less determined to control CHF appreciation.

## Oil

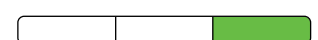
Tactical 3 Months

Strategic 12 Months

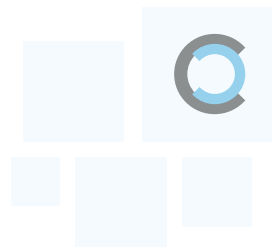
Oil



Oil



- Geopolitics and Supply concerns will support prices



# Insights & Calendar

## World Indices

As of 01/10/22

	1 Month	YTD
DJIA	● 8.8%	● 20.9%
S&P 500	● 9.3%	● 24.8%
NASDAQ	● 10.5%	● 32.4%
Nikkei 225	● 7.7%	● 9.9%
Euro Stoxx 50	● 5.7%	● 22.8%
SMI	● 5.4%	● 20.3%

## Commodities

As of 01/10/22

	1 Month	YTD
Crude Oil WTI	● 11.2%	● 5.6%
Natural Gas	● 25.9%	● 81.4%
Gold	● 2.9%	● 9.2%
Silver	● 5.7%	● 18.4%
Copper	● 3.1%	● 22.2%

## Rates 10 Years

As of 01/10/22  
Perf. Perf.

	Actual	1M BPS	YTD BPS
USA	3.83%	● 63	● 231
Germany	2.10%	● 57	● 228
Italy	4.50%	● 47	● 333
Spain	3.27%	● 55	● 216
UK	4.07%	● 91	● 311
Japan	0.23%	● 2	● 15

## Currency / Crypto

As of 01/10/22

	1 Month	YTD
CHF vs USD	● 1.0%	● 7.6%
USD vs EUR	● 2.5%	● 16.0%
CHF vs EUR	● 1.6%	● 7.2%
GBP vs EUR	● 1.5%	● 4.2%
BTC vs USD	● 3.8%	● 58.0%
ETH vs USD	● 15.2%	● 63.9%

## October

### October 05, 2022

OPEC+ Meeting

### October 07, 2022

US Payrolls



### October 13, 2022

US CPI



### October 16, 2022

China Party Congress



### October 27, 2022

ECB Meeting



## November

### November 02, 2022

FOMC Meeting



### November 08, 2022

US Midterms



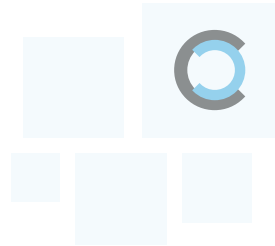
## December

### December 14, 2022

FOMC Meeting



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