

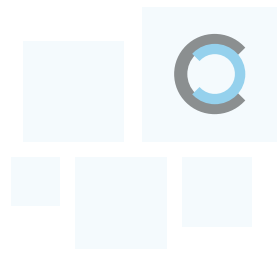
House View

Q4 2023

Fed targeting soft landing

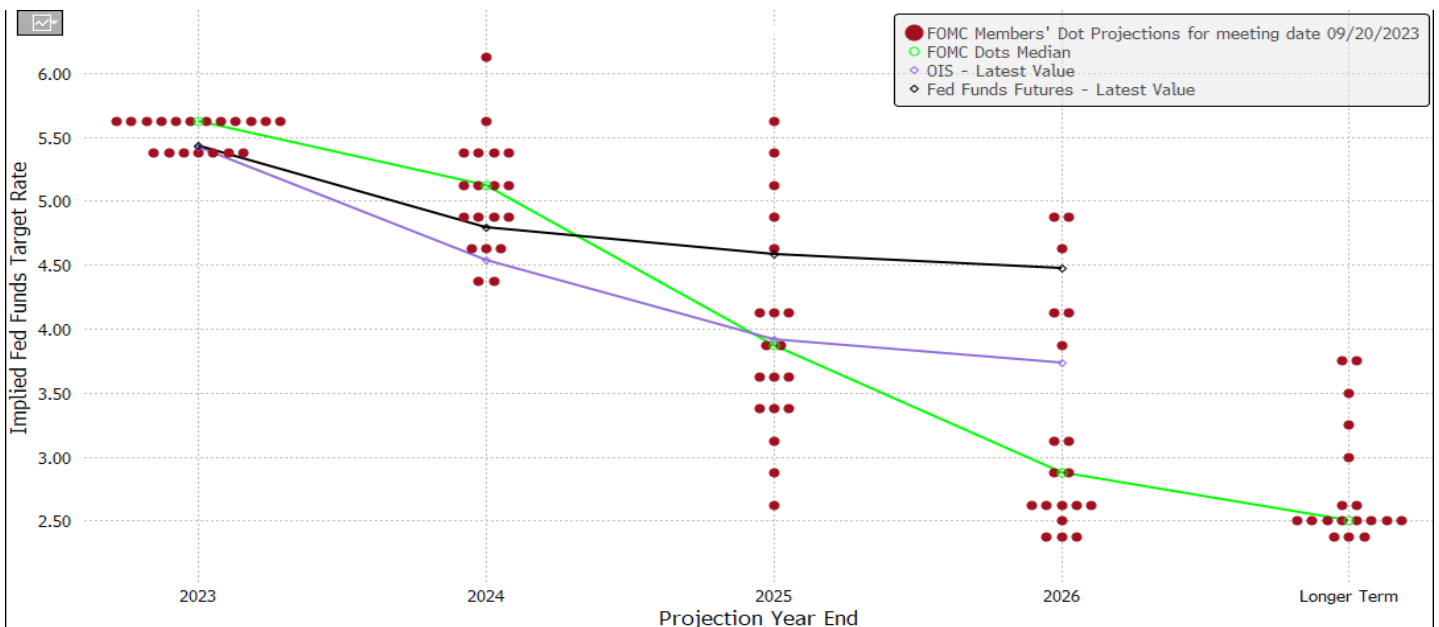


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Key Highlights

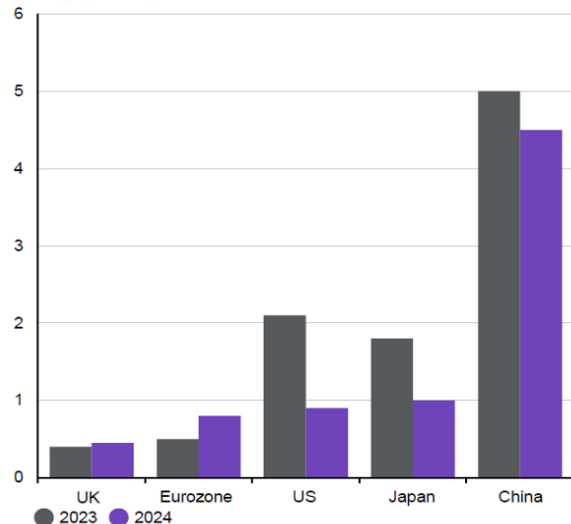
- Global economic growth in the fourth quarter will be soft but not disastrous, thanks largely to the resilience of the US economy.
- The most announced recession in history is once again postponed. Recession risks shifted forward to 2024.
- Central Banks on hold. Interest rates (outside of Japan) are close to a peak.
- Disinflation process continues, Central Banks' targets not achieved before the end of 2024
- New mantra from almost all policymakers is "higher for longer" interest rate



Source: Bloomberg

Consensus forecasts for real GDP growth

% change year on year



Source: JP Morgan

Macroeconomic View



World

INFLATION

RATES

-
- The soft-landing scenario remains the most likely for the final months of 2023, made possible by the peak in yields and stable corporate earnings.
 - Inflation and economic growth uncertainty remain high.

USA

INFLATION

RATES

-
- The Fed is done raising rates.
 - First cut in interest rate expected in spring 2024.
 - Core inflation continues to slow even as the unemployment rate remains low.
 - Covid's Excess savings are running out, U.S. consumption growth is likely to slow.

Europe

INFLATION

RECESSION

-
- Higher sensitivity to rates and China economy continues to weight on growth.
 - The weak economic growth and the ongoing disinflation have put the ECB on hold.
 - Despite the weak economic growth, the labor market remains strong. Wage negotiations for 2024 could trigger a second wave of inflation.

Emerging Markets

CHINA

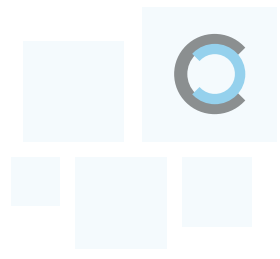
-
- GDP in 2023 will likely grow less than expected.
 - More policy measures are needed to stabilize the property market, boost consumption, and revive confidence in the economy

Upside on Base Scenario

-
- A faster decline in inflation support consumer demand enhancing spending power
 - De-escalation of Ukraine / Russia conflict and energy prices retreat.
 - Economic growth in Asia accelerates boosting demand for Eurozone exports

Downside on Base Scenario

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



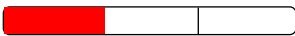
Market View

Liquidity

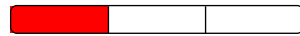
Tactical 3 Months

Strategic 12 Months

Liquidity



Liquidity



- Invest in short term bonds instead, which offer interesting yields in USD and Euro.

Equities

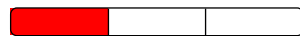
Tactical 3 Months

Strategic 12 Months

USA



USA



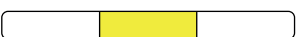
Europe



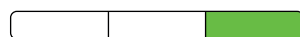
Europe



Switzerland



Switzerland



Emerging Markets



Emerging Markets



- Focus on quality stocks with strong balance sheet and earnings predictability.

Gold

Tactical 3 Months

Strategic 12 Months

Gold



Gold



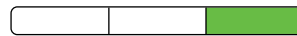
- Nice to have as a partial hedge to equity exposure.
- Opportunity costs weigh on prices.

Fixed Income

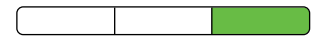
Tactical 3 Months

Strategic 12 Months

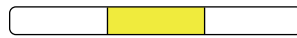
Investment Grade



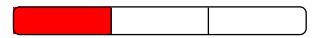
Investment Grade



High Yield



High Yield



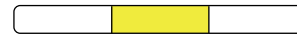
- Lock in yields of good quality bonds in 3 to 5 years maturity
- Crossover segment offers risk reward ratio (watch out for duration). Avoid single B to BB- segments.
- Default rates will probably rise.

FX

Tactical 3 Months

Strategic 12 Months

EUR/USD



EUR/USD



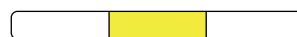
EUR/CHF



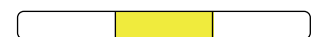
EUR/CHF



USD/CHF



USD/CHF



- USD overvalued Vs. EUR from PPP point of view.
- EURCHF close to fair value.

Oil

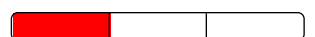
Tactical 3 Months

Strategic 12 Months

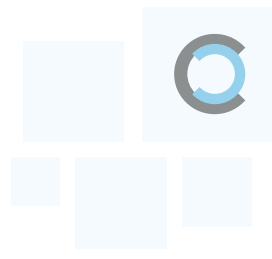
Oil



Oil



- Geopolitics and Supply concerns will support prices, but recession fears could weigh.



Insights & Calendar

World Indices

As of 30/09/23

	3 Month	YTD
DJIA	● 2.6%	● 1.1%
S&P 500	● 3.6%	● 11.7%
NASDAQ	● 4.1%	● 26.3%
Nikkei 225	● 4.0%	● 22.1%
Euro Stoxx 50	● 5.1%	● 10.0%
SMI	● 2.8%	● 2.2%

Commodities

As of 30/09/23

	3 Month	YTD
Crude Oil WTI	● 28.5%	● 13.1%
Natural Gas	● 12.8%	● 45.2%
Gold	● 3.7%	● 1.3%
Silver	● 2.6%	● 7.4%
Copper	● 0.1%	● 2.0%

Rates 10 Years

As of 30/09/23
Perf. Perf.

	Actual	3M BPS	YTD BPS
USA	4.57%	● 73	● 70
Germany	2.84%	● 45	● 28
Italy	4.78%	● 71	● 7
Spain	3.93%	● 55	● 28
UK	4.44%	● 5	● 76
Japan	0.76%	● 36	● 34


Currency / Crypto


As of 30/09/23

	3 Month	YTD
CHF vs USD	● 2.1%	● 1.0%
USD vs EUR	● 3.2%	● 1.3%
CHF vs EUR	● 1.0%	● 2.4%
GBP vs EUR	● 0.9%	● 2.2%
BTC vs USD	● 10.9%	● 63.7%
ETH vs USD	● 12.8%	● 40.2%


October

Oct 13-15, 2023
Meeting FMI and
Worldbank, Morocco

Oct 26, 2023 
BCE Meeting


Oct 31-1, 2023 
FOMC FED Meeting


November


Nov 2, 2023 
BOE Meeting

Nov 30- Dec 12 2023
COP28, Dubai

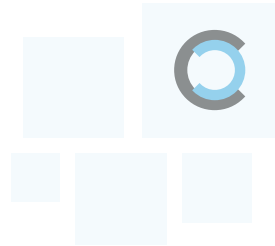
December

Dec 12-13 2023 
FOMC FED Meeting

Dec 14, 2023 
BCE Meeting

Dec 14, 2023 
BOE Meeting

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