Macroeconomic Charts

Update December 2023

Data as of 21.12.2023

santroinvest ag

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Economic Forecast

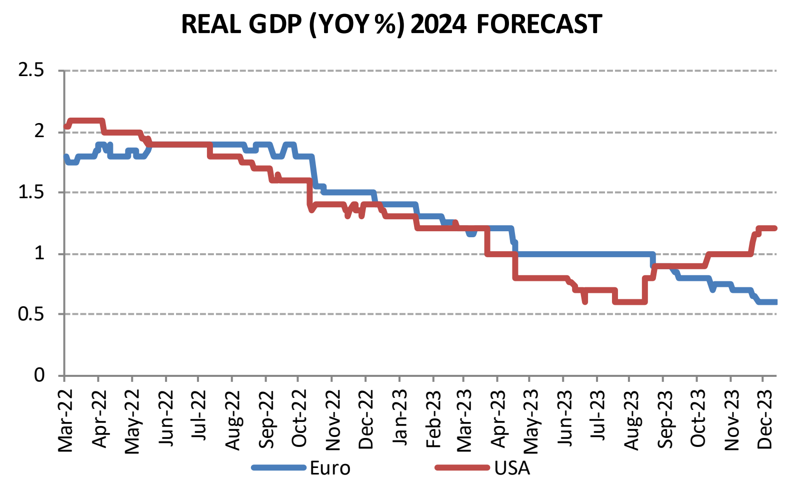
Normalisation of GDP growth and inflation. Nominal GDP growth still very attractive. Rates expected to go up

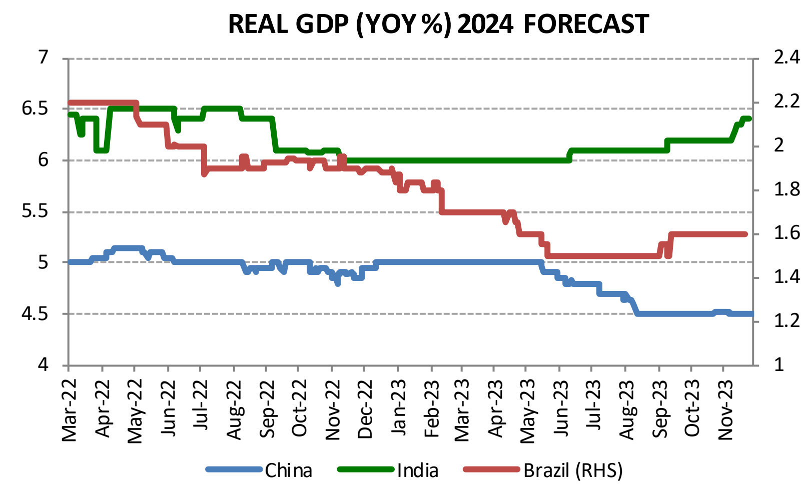
See Last Actuals	GDP weight	Real GD	Real GDP (%) E				Actual CPI			CPI (yoy %) E			Policy Rat PR E				Unemployment E			10-Year Note (%)		
	(PPP)	22	Q4 23	23	24	25	Q3 23	22	Q4 23	23	24	25	22	23	22	Q3 24	23	24	25	22	23	24
LatAm	8.0%	3.9	1.6	1.7	1.5	2.4	5.6	18.3	30.6	23.4	28.6	13.3		33.9	9.0	8.4	8.2	8.6	8.4	11.5	11.7	10.8
Argentina		5.0	-1.88	-2.1	-1.6	2.5	-	70.7	160	127.3	177.3	75.0	-	147.8	7.1	7.92	7.5	8.5	8.0			
Brazil	2.7%	3.0	2.9	3.0	1.6	2.0	4.6	9.3	4.7	4.6	4.0	3.6	11.8	11.8	9.3	8.4	8.0	8.5	8.5	10.6	11.7	10.5
Mexico	2.0%	3.1	2.8	3.4	2.1	2.1	4.6	7.9	4.5	5.6	4.3	3.6	11.3	11.3	3.4	3.3	3.0	3.2	3.4	9.2	9.7	9.0
E. Europe & Africa	13.1%	1.2	2.5	2.2	2.4	2.8	16.7	21.3	18.6	17.6	16.0	9.2		16.4	7.7	7.6	7.4	7.4	7.7	13.3	14.8	14.1
Poland	1.0%	5.1	1.9	0.4	2.8	3.4	9.7	14.3	6.7	11.6	5.7	4.0	5.8	5.7	5.4	5.0	5.2	5.1	5.0	5.1	5.6	5.2
Russia	3.5%	-2.1	3.0	2.5	1.4	1.1	5.2	13.8	7.2	5.9	6.1	4.4	8.3	15.5	4.0	3.1	3.3	3.3	3.4	19.0	12.6	10.8
Turkey	2.0%	5.3	3.4	4.1	2.9	3.3	56.1	72.0	64.2	53.9	54.8	27.5	40.0	40.3	10.6	10.4	9.8	10.4	10.5	8.0	29.4	27.1
Middle East	4.9%			1.6	3.1	3.0	18.6			8.4	5.9	3.9			5.8					4.3		
Asia	44.2%	4.0	4.8	4.6	4.6	4.5	1.4	3.1	1.5	1.2	2.3	2.4		4.6	5.2	4.6	4.7	4.6	4.6	3.5	3.6	3.6
China	18.4%	3.0	5.	5.2	4.5	4.4	-0.1	2.0	0.3	0.4	1.5	1.9	4.4	4.3	5.6	5.0	5.2	5.0	5.0	2.6	2.6	2.7
India	9.4%	9.1	5.8	7.0	6.4	6.3	6.4		5.4	6.6	5.4	4.7	3.4	6.5						7.3	7.3	6.9
Indonesia	2.9%	5.3	5.0	5.0	5.0	5.1	2.9	4.2	2.7	3.7	3.0	3.0	-	6.1	5.8	5.4	5.4	5.4	5.2	6.7	6.9	6.5
South Korea	1.8%	1.1	2.1	1.3	2.1	2.3	3.1	3.7	3.5	3.6	2.4	2.0	3.5	3.5	2.9	2.9	2.7	3.0	3.0	3.3	3.9	3.1
G-10		2.6	0.7	1.6	0.9	1.6	4.2	7.5	3.2	4.7	2.6	2.2		4.7	4.6	5.0	4.5	4.9	4.9	3.7	3.6	3.1
USA	14.2%	1.9	1.1	2.4	1.2	1.7	3.5	8.0	3.2	4.1	2.7	2.3	5.5	5.5	3.6	4.4	3.7	4.3	4.3	3.9	4.5	3.9
Japan	3.6%	1.0	0.8	1.9	0.8	1.5	3.2	2.5	2.9	3.2	2.2	1.7	0.1	0.0	2.6	2.5	2.6	2.5	2.4	0.7	0.8	1.0
Euro	13.0%	3.4	0.1	0.5	0.6	1.4	4.9	8.4	2.9	5.5	2.5	2.1	4.5	4.5	6.7	6.8	6.5	6.7	6.7	2.0		
Europe	14.4%	3.4	0.1	0.5	0.6	1.4	4.9	8.4	2.9	5.5	2.5	2.1		4.5	6.7	6.8	6.5	6.7	6.7	3.5	3.4	3.0
France	2.1%	2.5	0.6	0.8	0.8	1.3	5.5	5.9	4.4	5.7	2.7	2.0	4.5	4.5	7.3	7.4	7.3	7.4	7.3	2.6	3.2	2.7
Germany	3.1%	1.8	-0.2	-0.2	0.3	1.2	5.7	8.6	3.2	6.1	2.7	2.1	4.5	4.5	5.3	5.8	5.7	5.8	5.6	2.0	2.6	2.2
Greece	0.2%	5.7	1.8	2.3	1.5	2.1	3.1	9.3	3.3	4.1	2.5	1.9	4.5	4.5	12.6	10.6	11.1	10.3	10.0	3.3		
Italy	1.9%	3.7	0.2	0.7	0.4	1.1	5.8	8.7	1.3	6.1	2.2	1.9	4.5	4.5	8.2	7.9	7.7	7.7	7.6	3.7	4.5	4.2
Netherlands	0.7%	4.4	-0.4	0.3	0.7	1.5	2.6	10.0	1.3	4.3	2.5	2.3	4.5	4.5	3.6		3.6	3.9	4.0	1.0	2.9	2.6
Portugal	0.3%	6.9	1.5	2.2	1.2	2.1	4.8	8.1	2.8	5.3	2.6	2.1	4.5	4.5	6.0	6.5	6.6	6.5	6.3	2.7	3.5	3.5
Spain	1.4%	5.8	1.5	2.4	1.3	1.8	2.6	8.3	3.5	3.5	2.9	2.1	4.5	4.5	12.8	11.8	12.1	11.8	11.6	3.0	3.8	3.4
Switzerland	0.4%	2.7	0.6	0.8	1.1	1.5	1.6	2.8	1.8	2.2	1.5	1.4	-0.8	1.0	2.2	2.3	2.0	2.2	2.3	0.6	1.0	1.0
United Kingdom	2.0%	4.5	0.5	0.5	0.4	1.2	6.7	9.1	4.5	7.4	3.1	2.0	5.3	5.3	3.7	4.7	4.2	4.7	4.6	3.7	4.3	3.8
World		**3.5**		2.8	2.6	3.0	-	**8.7**		6.1	4.4	3.4	**5.3**									
Nominal Growth		12.2		8.9	7.0	6.4				+0.6	+0.5											

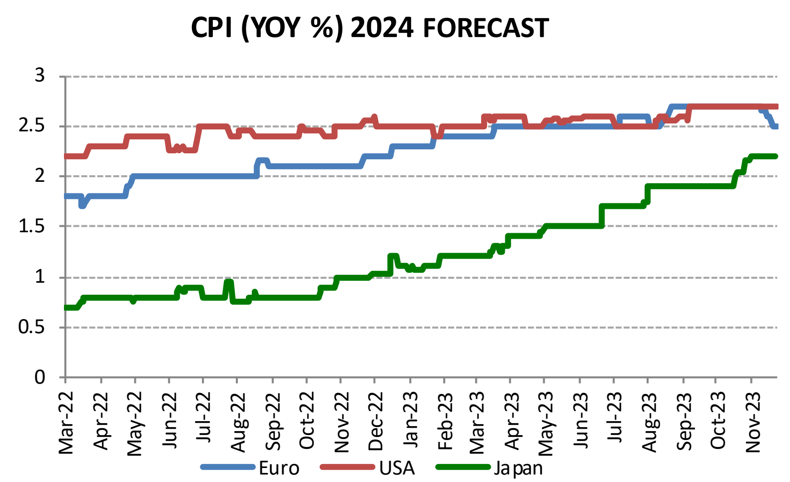
Source: Bloomberg 14.12.2023

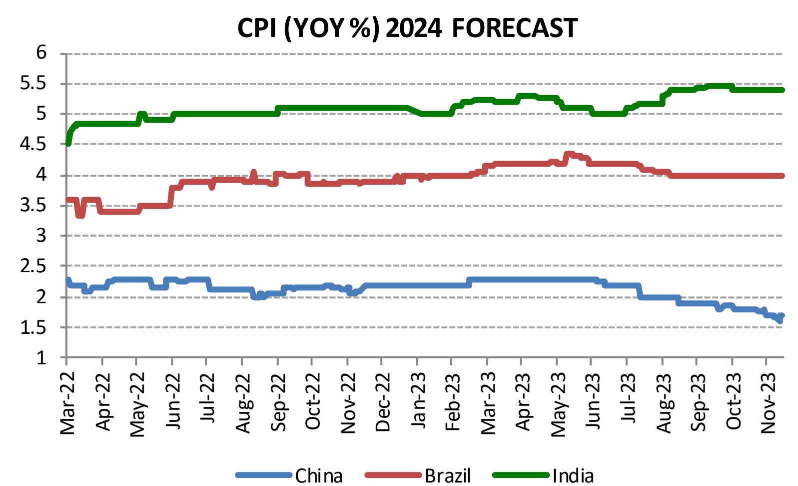
GDP - Estimates

GDP estimates revisions 2024 up for the US, down for EU! No recesion expected. Inflation estimates rising, except for Europe. **China expected to grow <5%,** India below +7%, Brazil recovering to 4%. EM inflation staying steady, except for China.



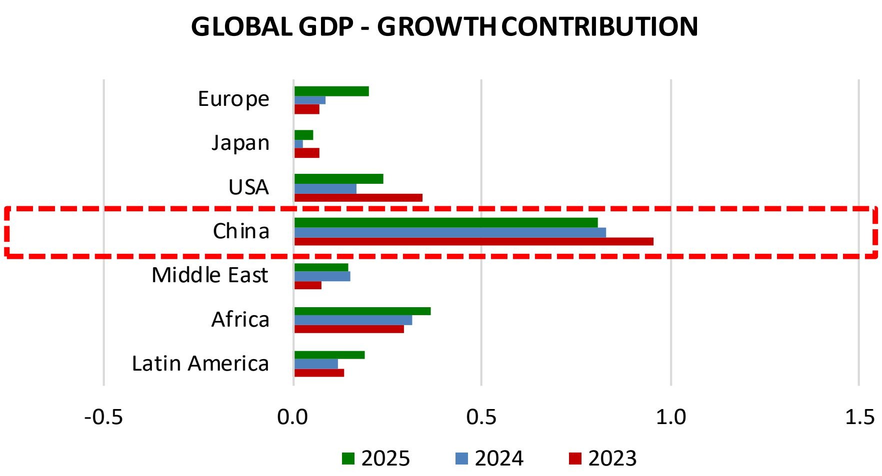


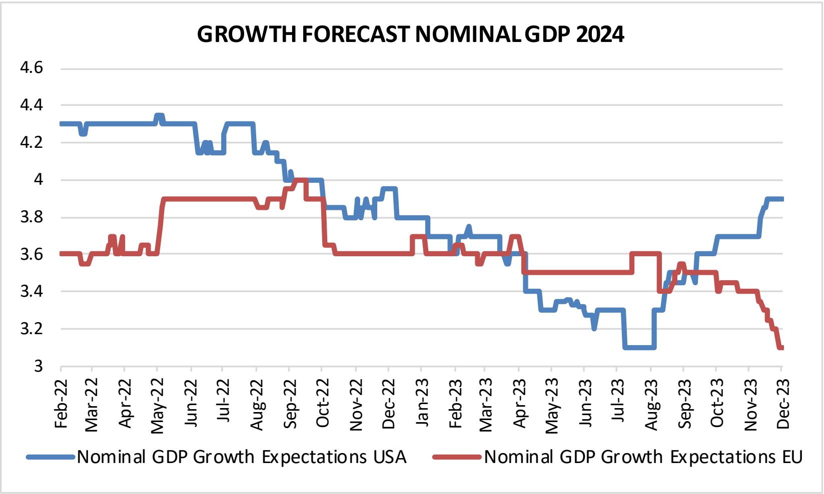




GDP - Estimates

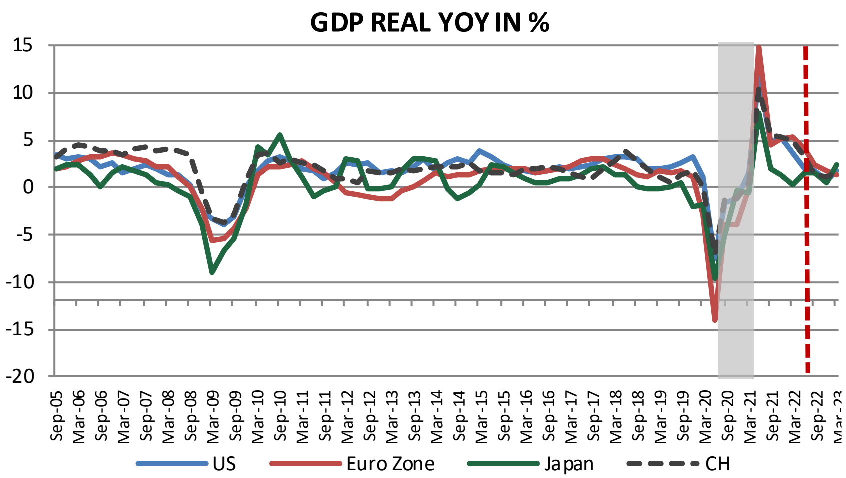
China still the most important contributor to global growth within the next 2 years. Importance diminishing in 2024/25! Nominal growth expectations were ***lowered*** in the EU, but ***increased*** in the US.

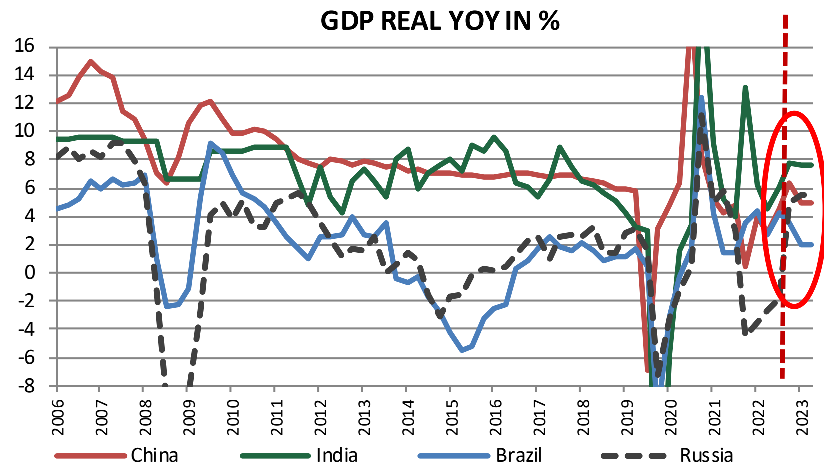


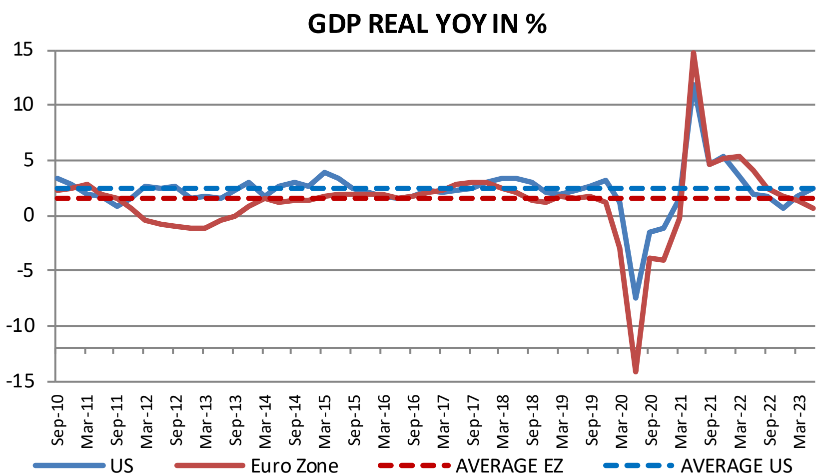


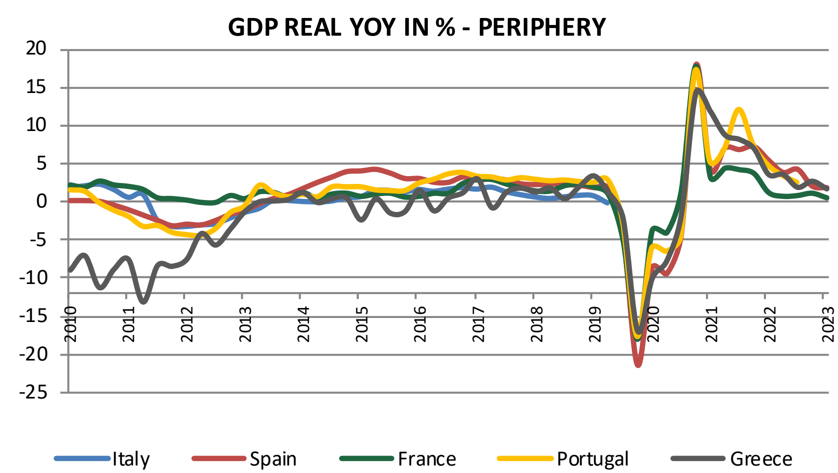
GDP – Real growth

No global recession expected - US and EU +/- slightly below long-term growth rates.



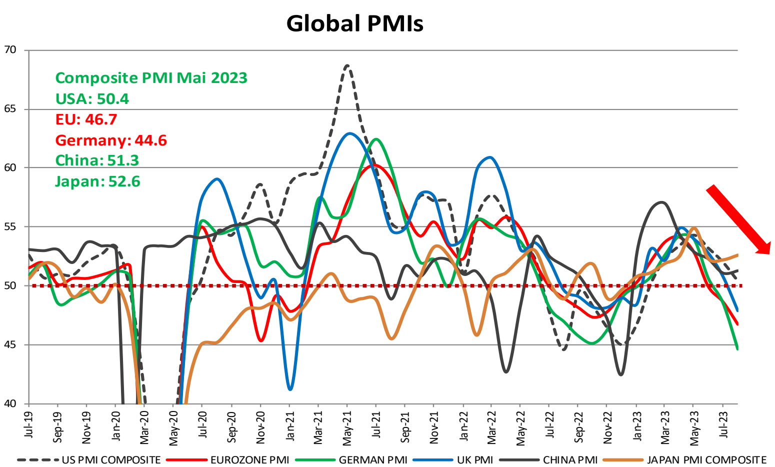


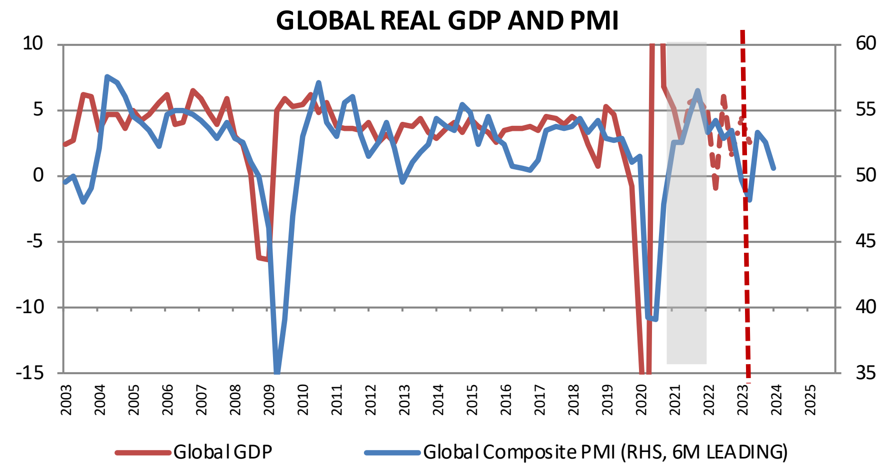


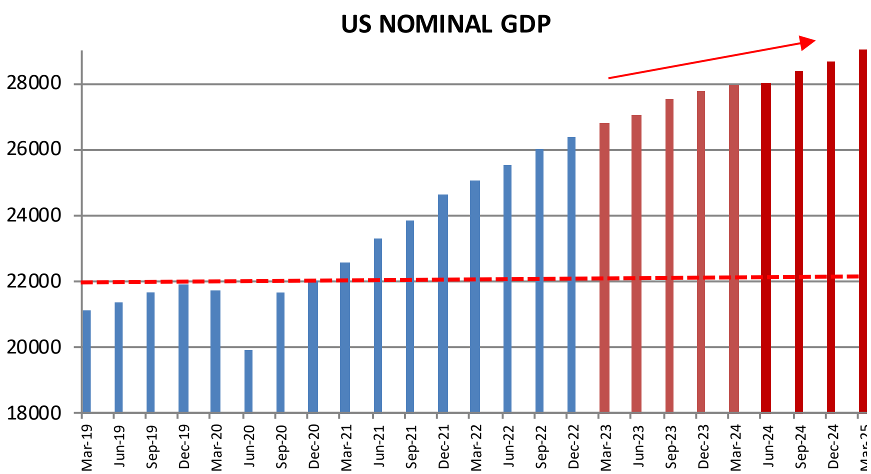


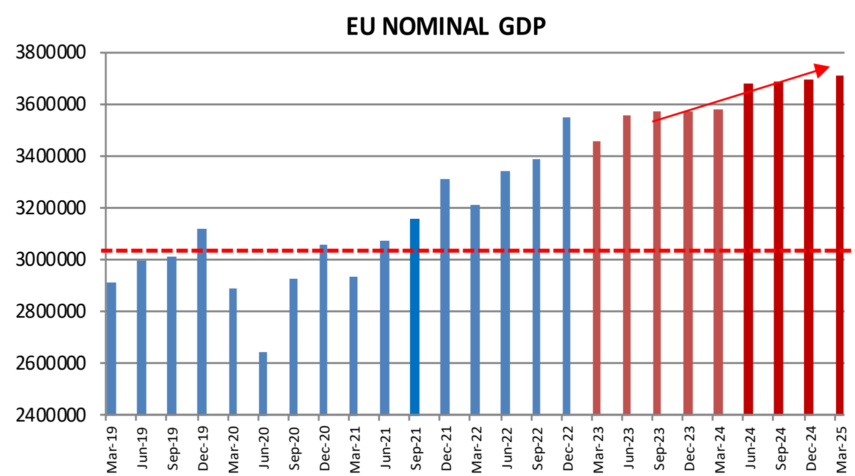
GDP – PMIs hinting to growth slowdown

Leading indicators pointing to deccelerating growth ahead. Nominal GDPs continue to grow at decent pace, but 2024 lower.



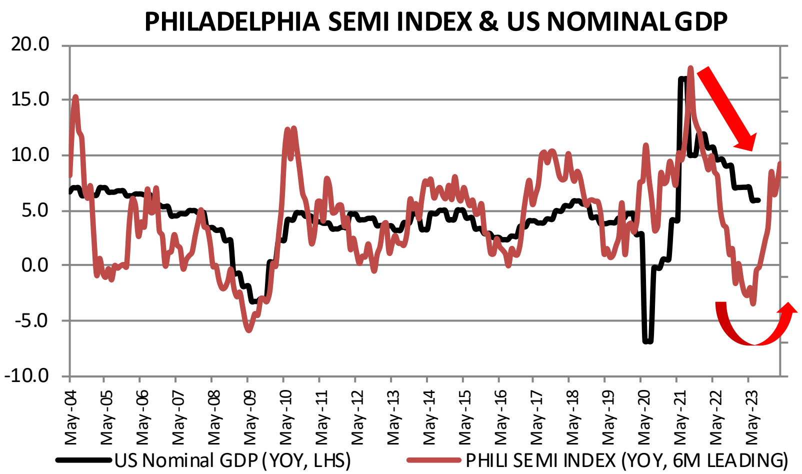


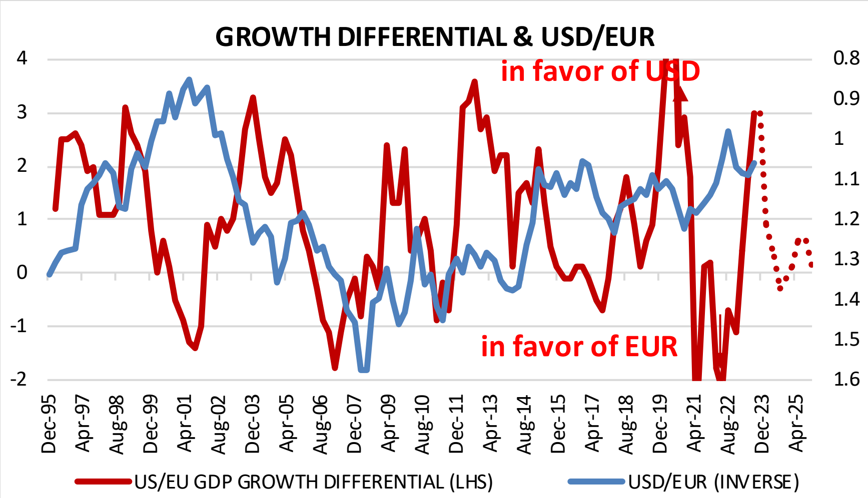




GDP – Real growth

Semiconductor marktes anticipating a sharp recovery. Growth differentials *in favor* of USD, but about to change going into H2-2023/FY 2023. Stock markets outside US anticipating EPS recession!

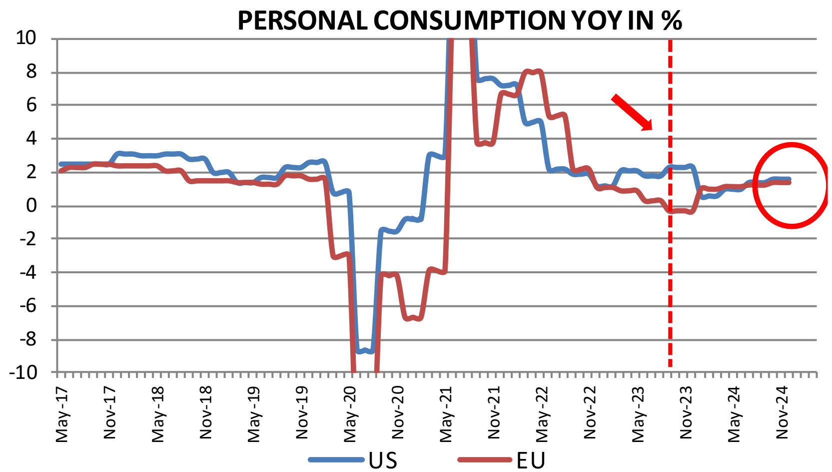


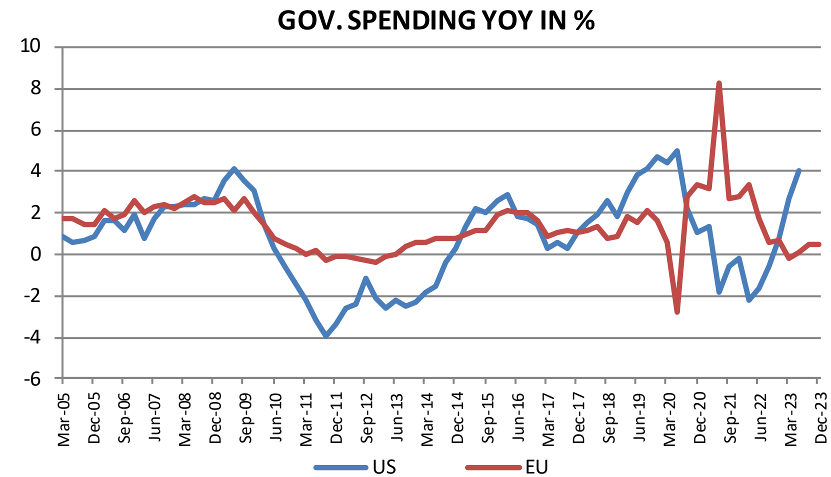


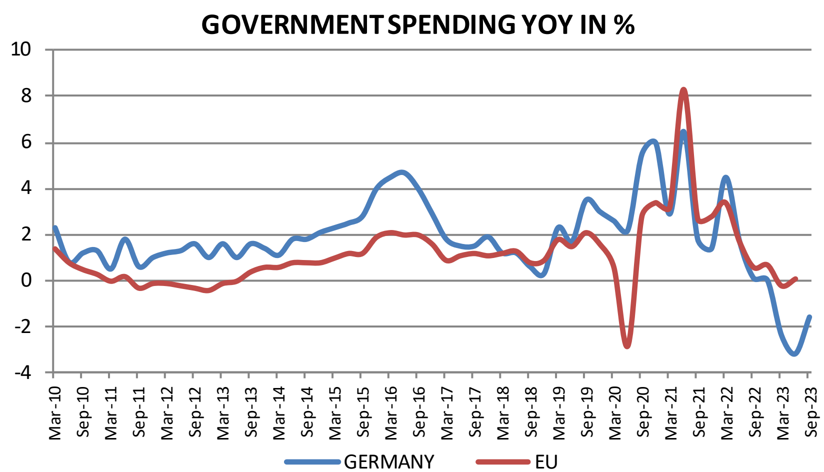
	Index	Current EPS	P/E historic	Implied EPS	Implied Growth	Growth 2023E	Surprise Potential	P/E current
MSCI WORLD	715	38.95	16.2	44.1	13.2%	0.3%	-12.8%	18.5
MSCI WORLD EM	997	80.431	12.6	79.0	-1.7%	-9.9%	-8.2%	12.4
S&P 500	4698	203.424	18.3	256.9	26.3%	5.9%	-20.4%	23.1
INDU	37082	1628.98	16.7	2217.9	36.2%	4.5%	-31.6%	22.8
NASDAQ	14778	497.015	22.5	658.1	32.4%	-19.9%	-52.3%	29.7
STOXX 600	477	37.3166	15.2	31.3	-16.0%	-5.9%	10.1%	12.8
DAX	16694	1329.54	14.6	1142.0	-14.1%	1.6%	15.7%	12.6
SPI	14518	882.76	18.9	767.3	-13.1%	18.0%	31.1%	16.5
NIKKEI	33140	1642.06	18.7	1771.1	7.9%	-16.9%	-24.8%	20.5

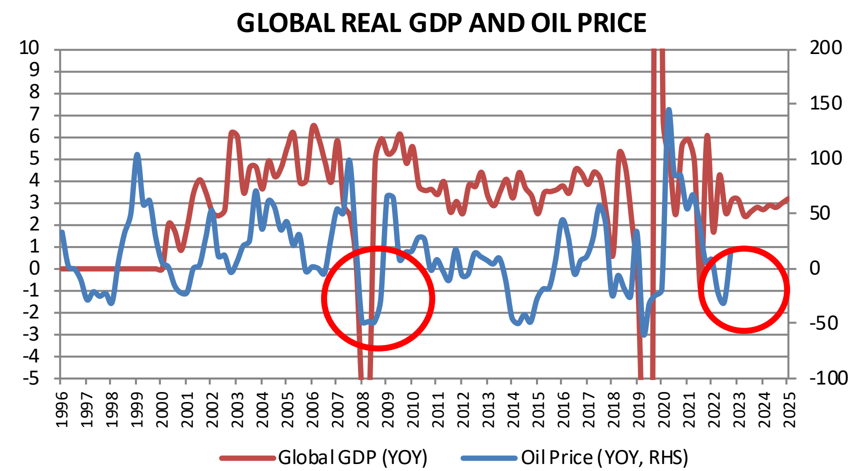
GDP – Consumption and Government Spending

Inflation taking its toll on consumption growth… Government spending weakening in EU, picking up in the US. Low oil price indicating more growth pain ahead



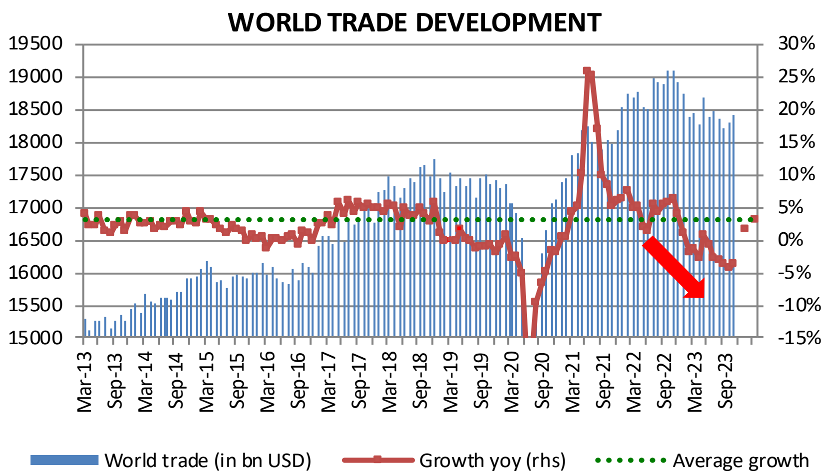


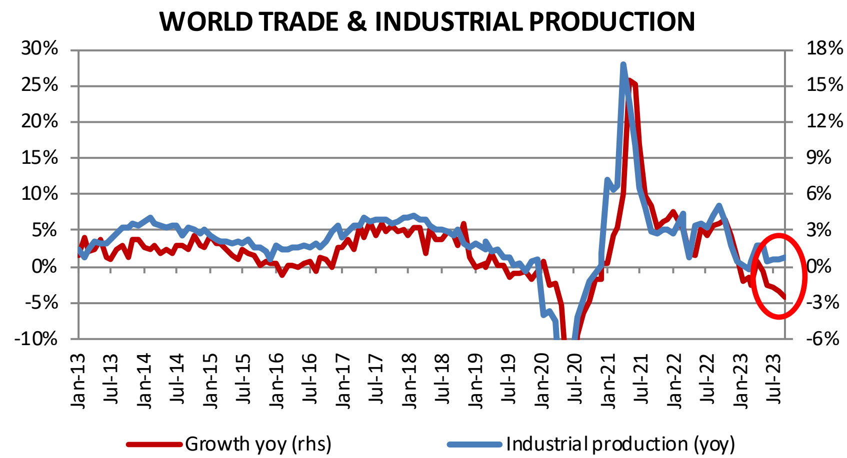


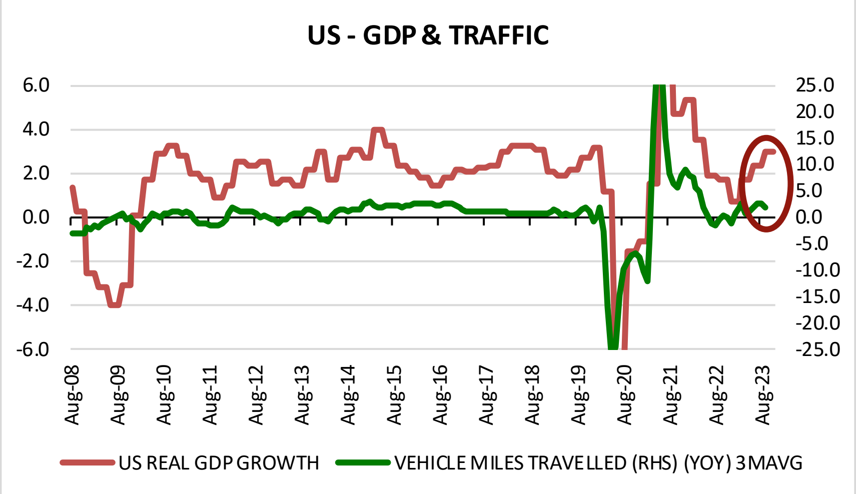


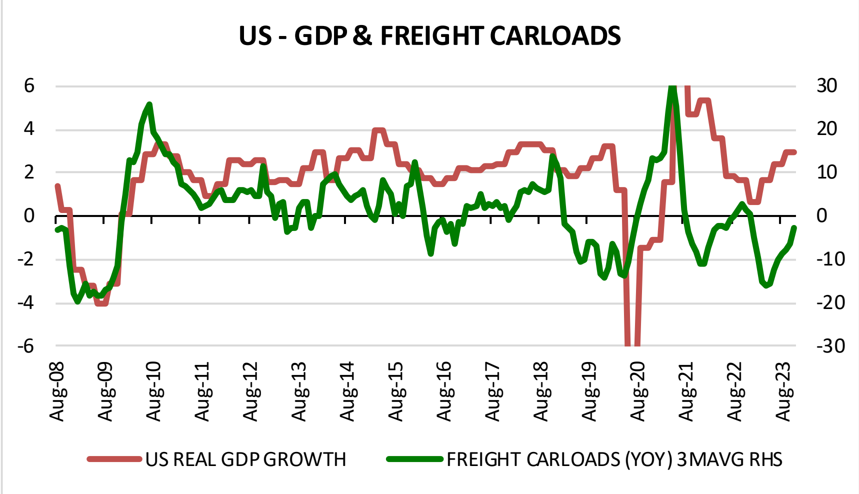
GDP – World Trade

World trade falling with lower industrial production, but decline likely to bottom. US cargo data showing economic weakness, while individual traffic still solid.



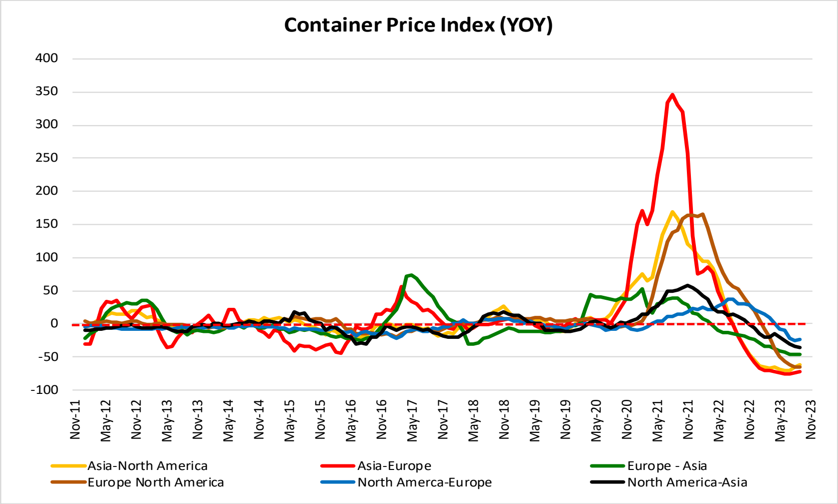


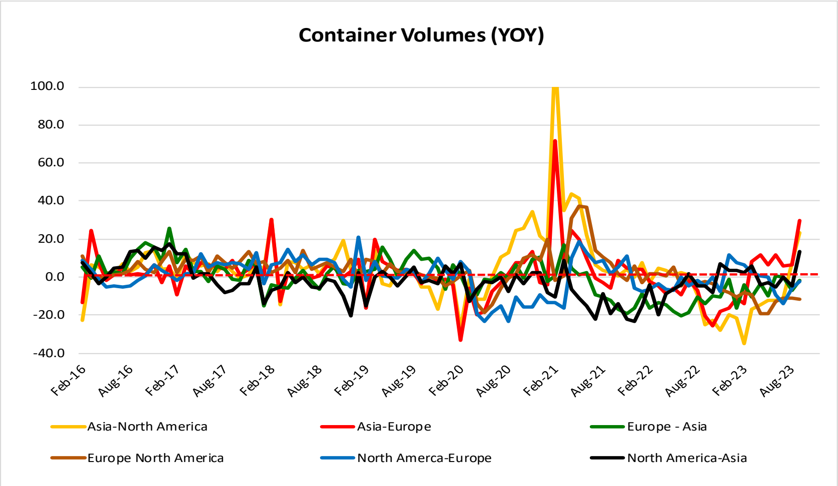


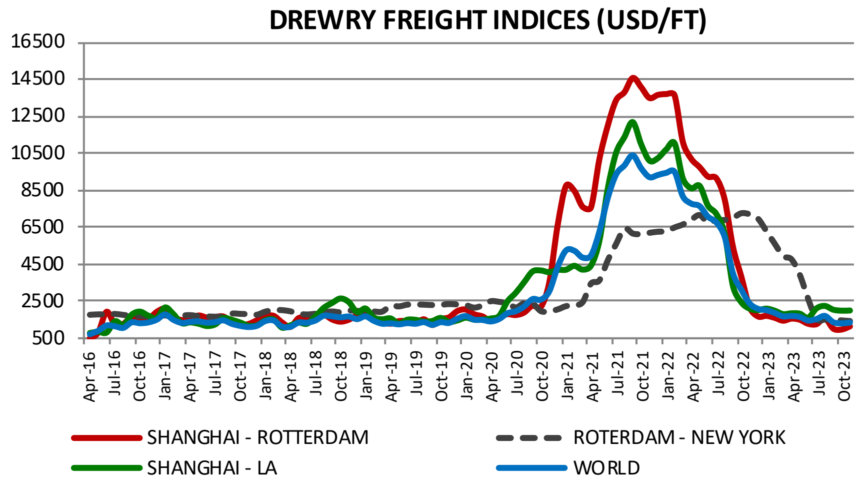


GDP – World Trade

Freight rates under pressure as volumes decline - global logistics about to normalise, helped by economic slowdown. Container volumes from and to Asia up again.

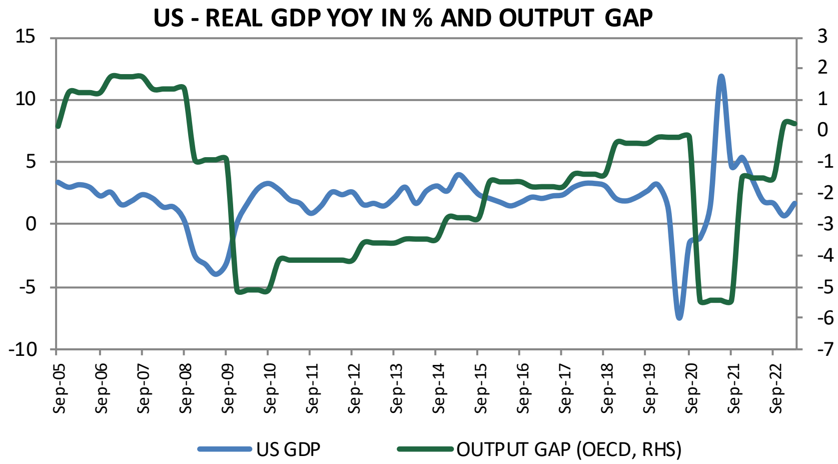


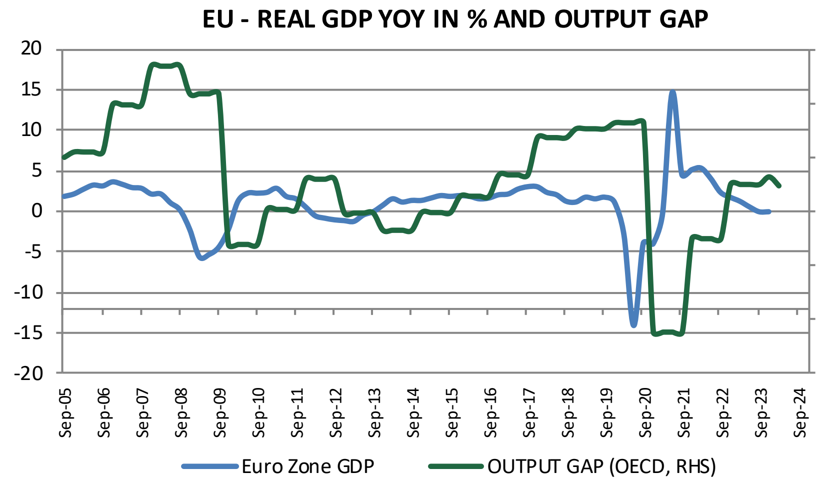


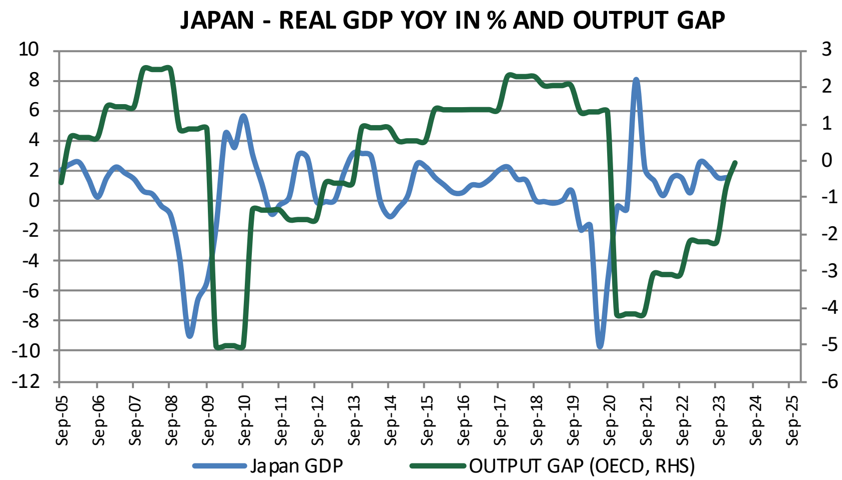


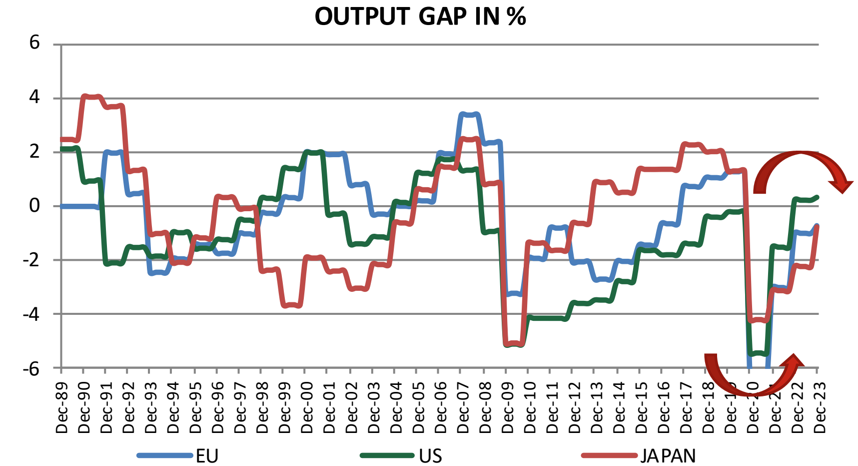
GDP - Investments

Output gaps still closing, helped by strong order backlogs in the industry, bur about to top. No urgent need to do investments.



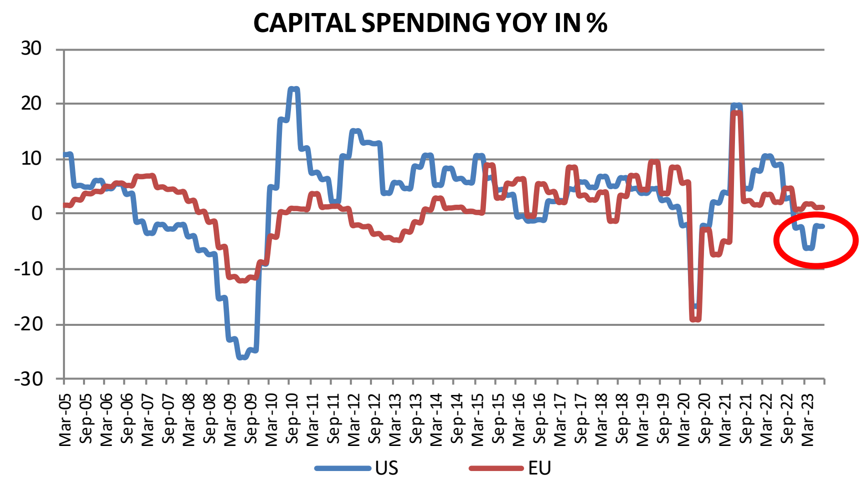


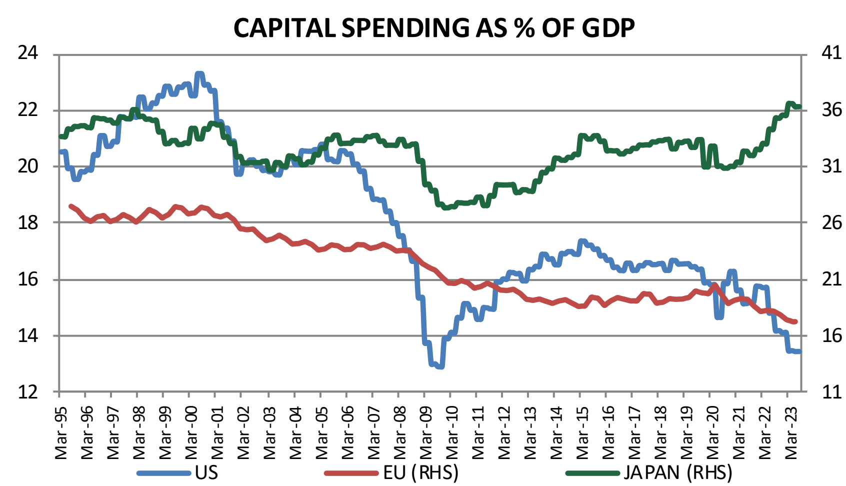


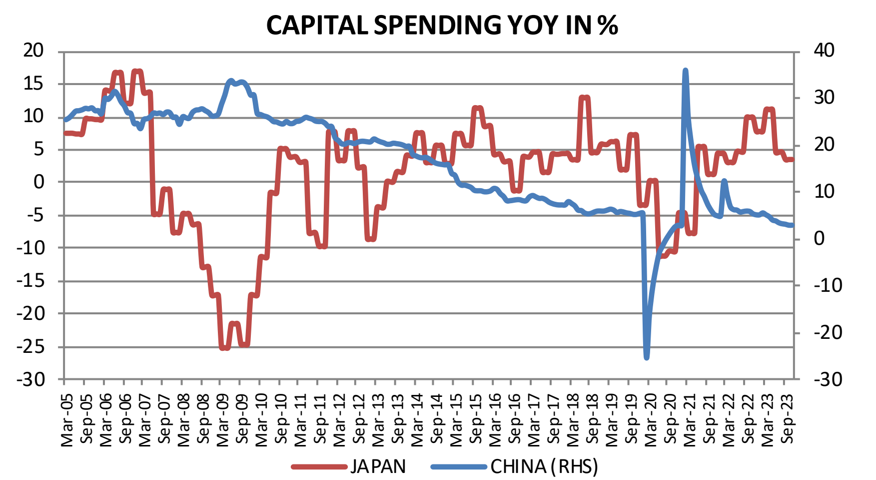


GDP - Investments

Capex declining in the US, flattish in the EU. China capex suffering from problems in the real estate and debt markets. Investments in Japan strong (a lot of pent-up demand)!

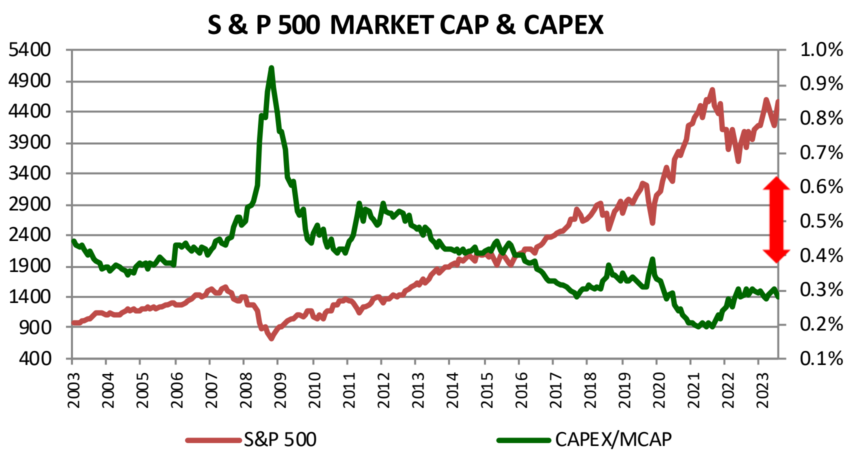


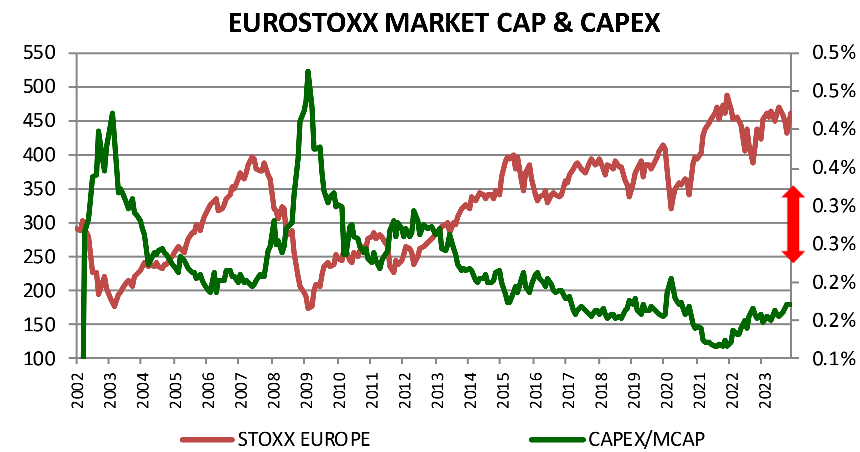


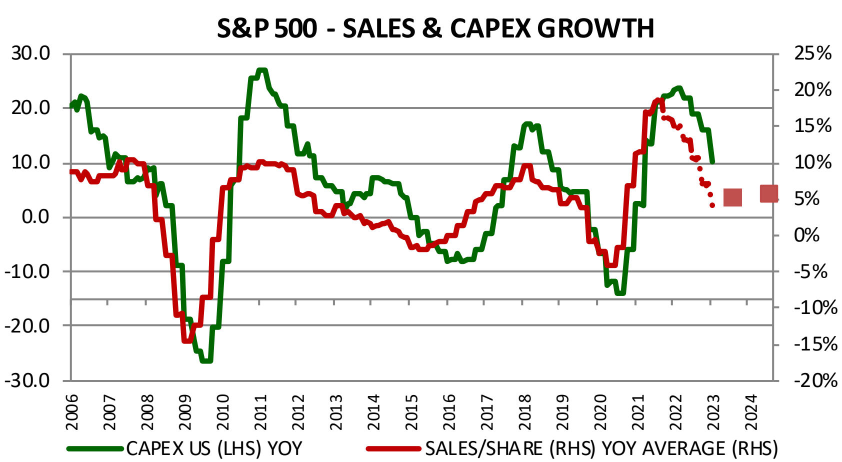


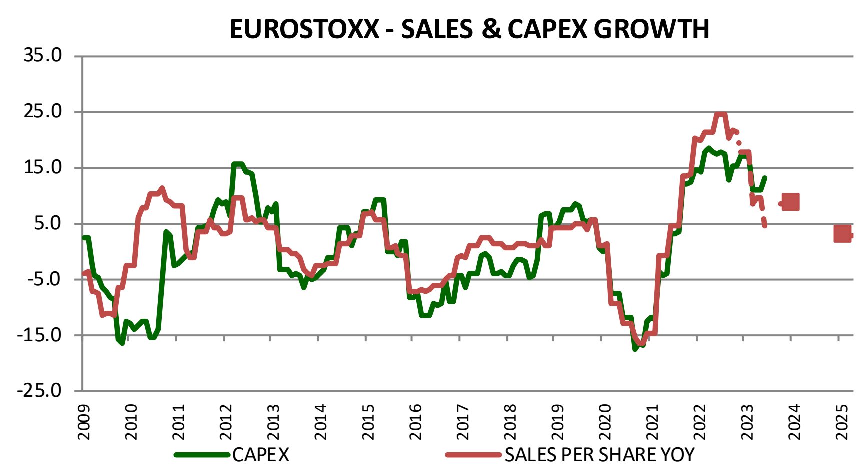
GDP - Investments

Capex might slow further, given weaker economic outlook. Capacities enough to satisfy demand (i.e. support sales growth). But what about digitalisation, automation, energy transition, new mobility….?



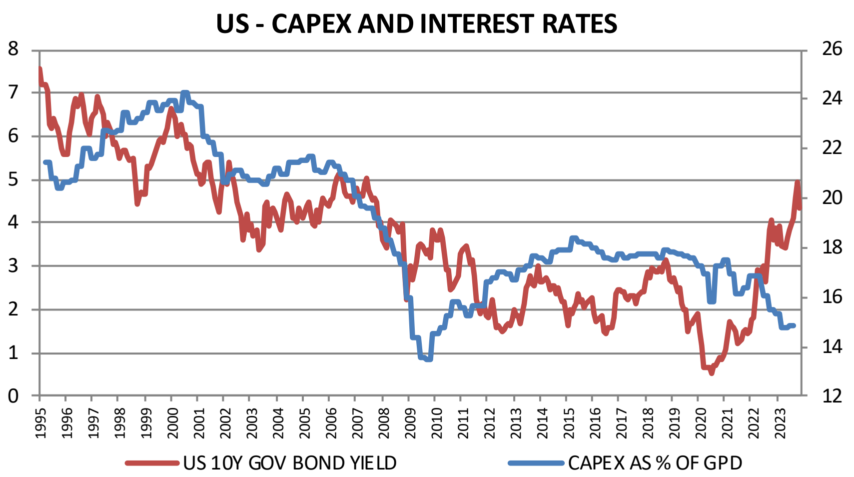


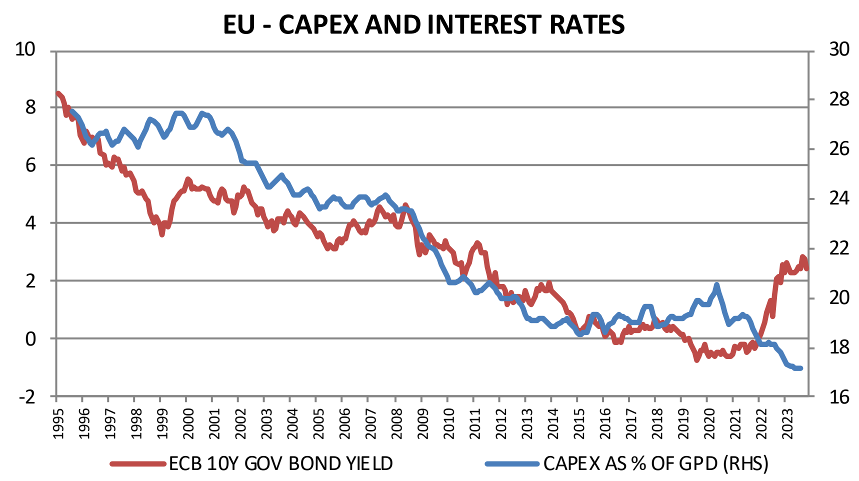




GDP - Investments

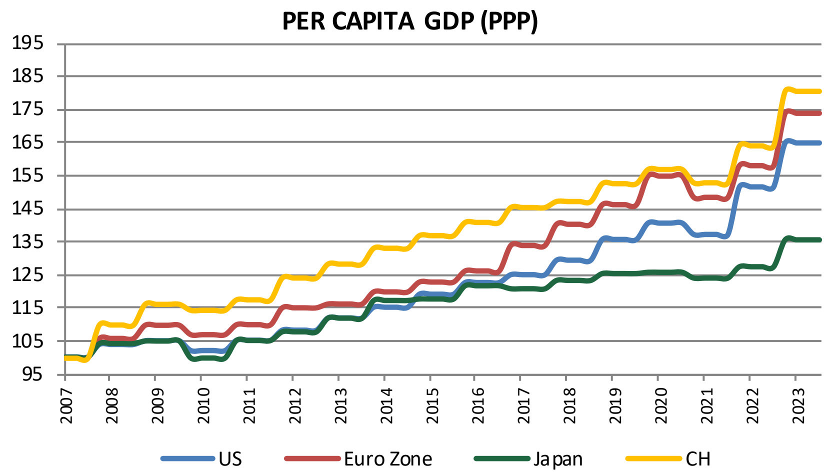
Higher interest rates boosting investments as yields become attractive.

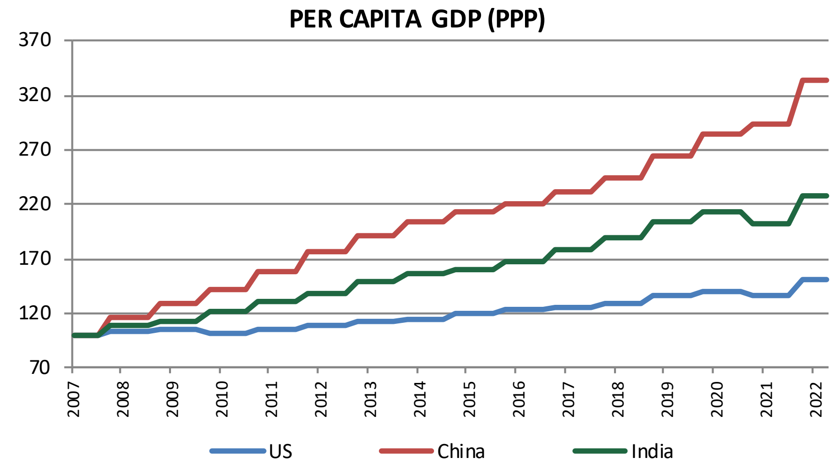


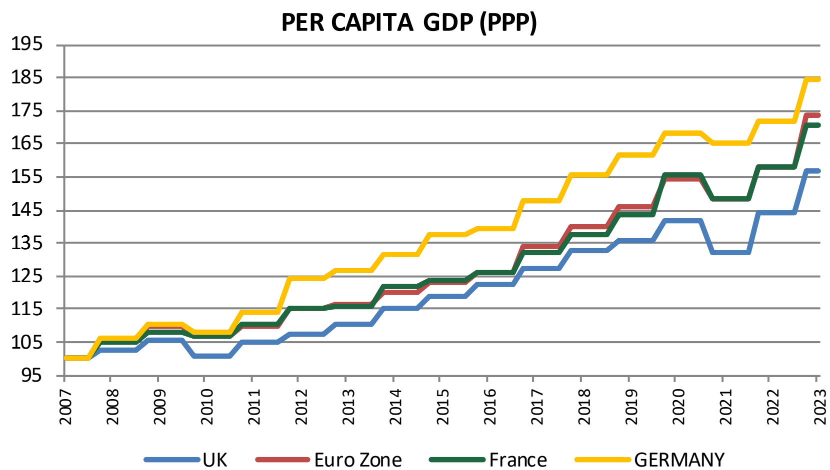


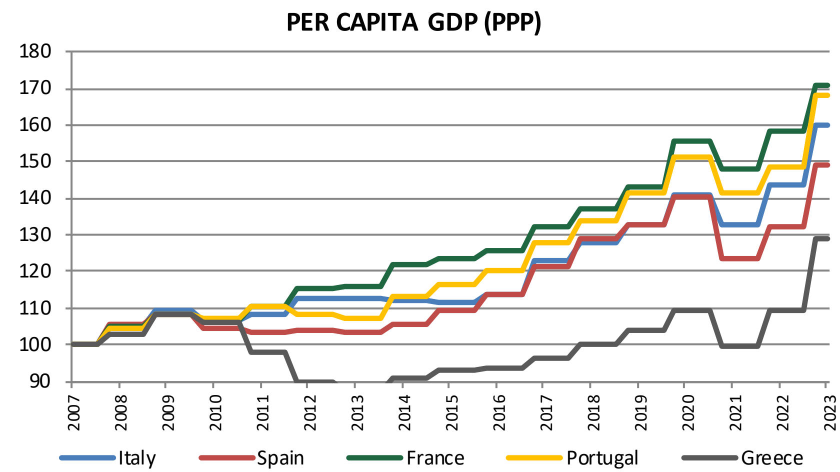
GDP – Per Capita

Per capita GDP higher in EU than in US! **China taking the lead**



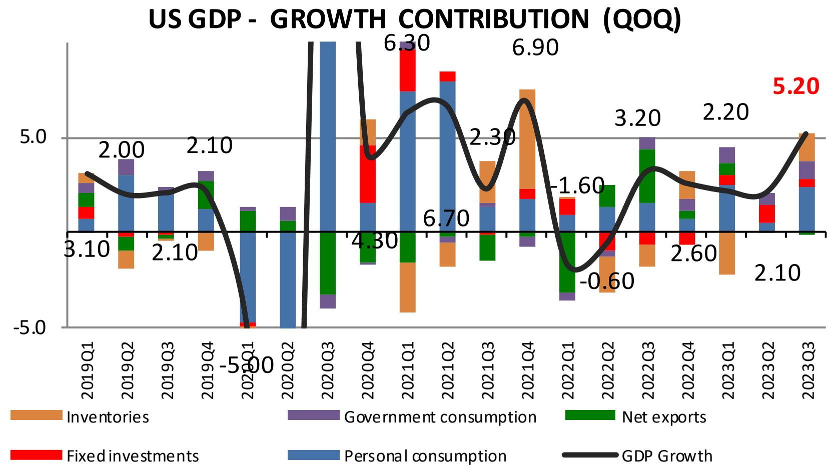


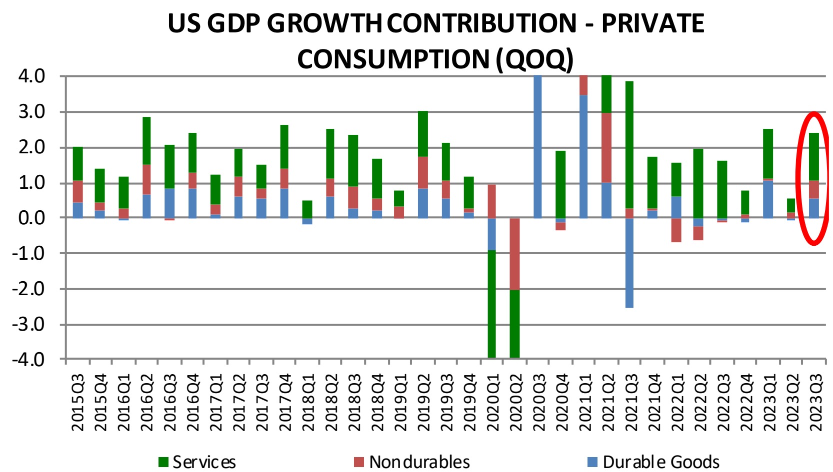


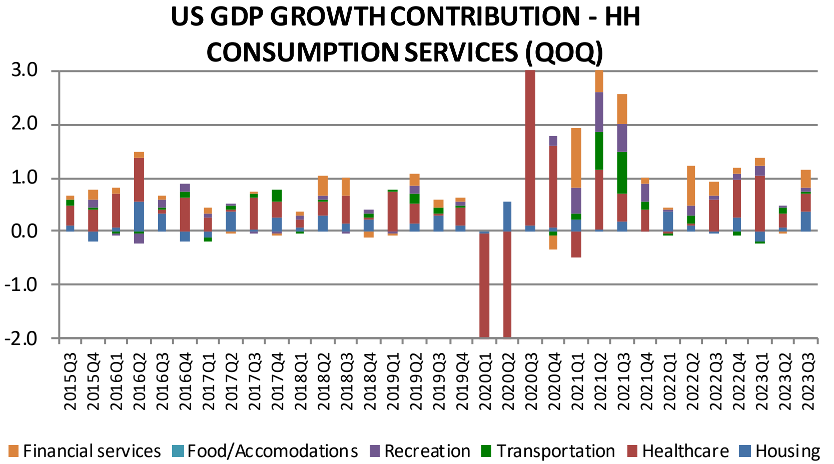


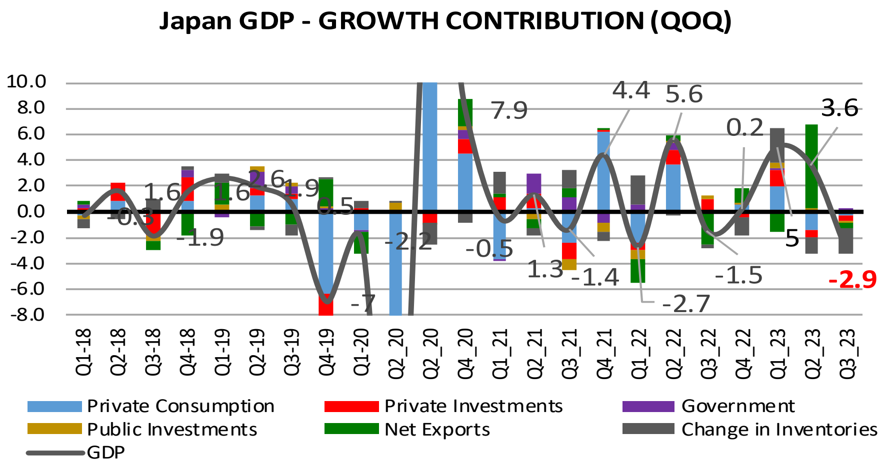
GDP – Growth Contributions US & Japan

All components contributing to US GDP growth. Services the main driver. After two strong quarters, Japanese GDP fell into contraction



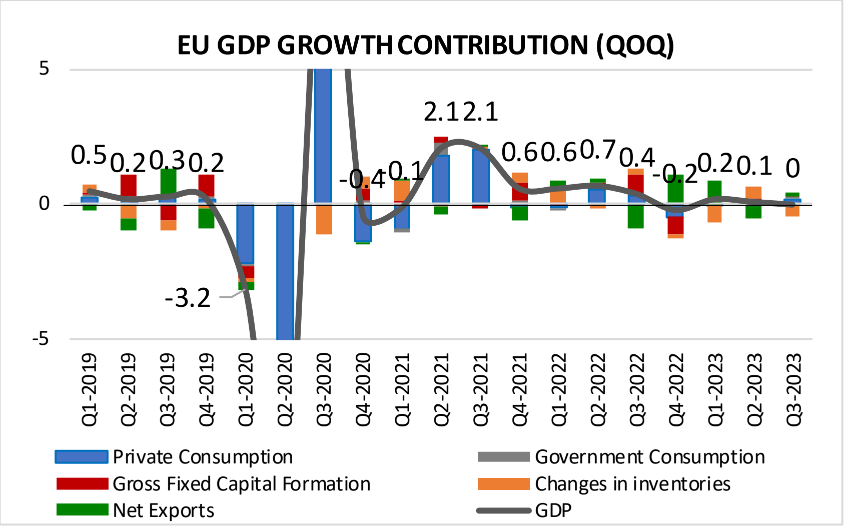






GDP – Growth Contributions Europe

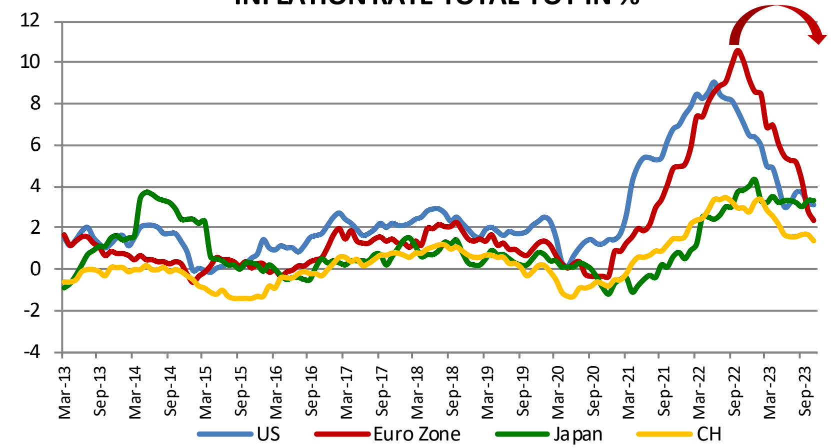
EU with basically no growth. Weakness broad based, changes in inventories deciding over growth or no-growth



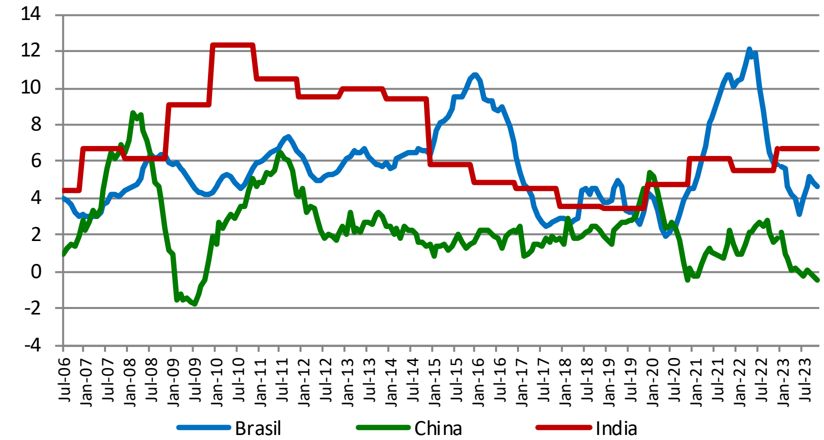
Prices – Inflation declining

Fall in inflation rate to continue, but coming to an end soon. Core inflation more resilient than headline (higher impact from wages). Inflation expectations pointing to approx. 2.5% long-term inflation in US and EU, 1% in Japan

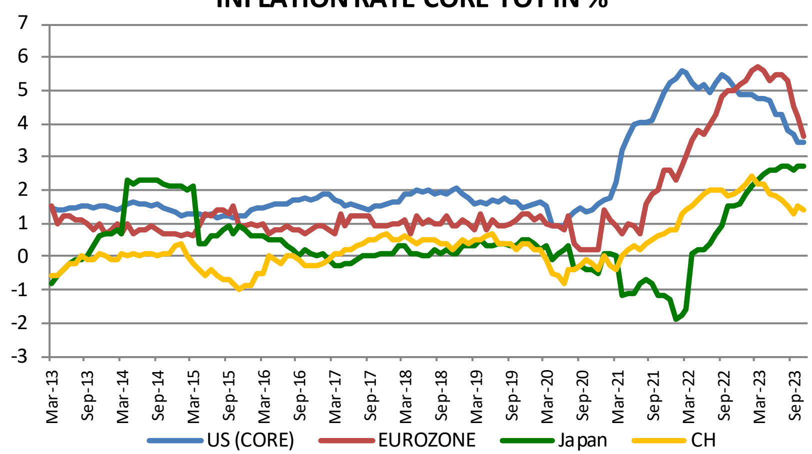
INFLATION RATE TOTAL YOY IN %



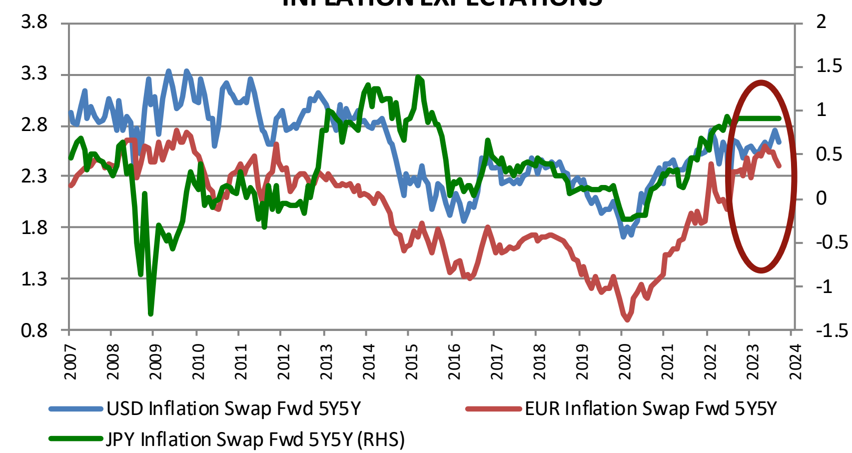
INFLATION RATE TOTAL YOY IN %



INFLATION RATE CORE YOY IN %



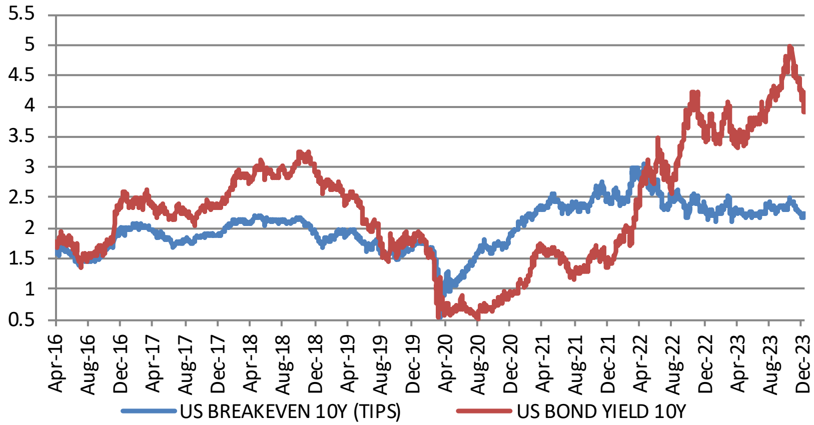
INFLATION EXPECTATIONS



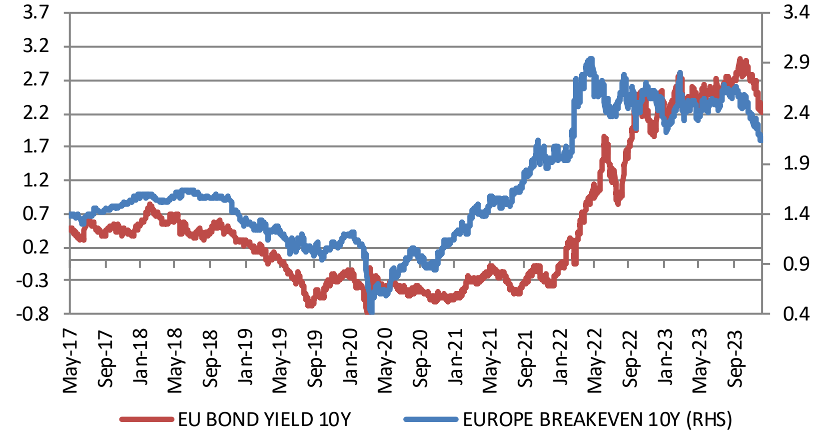
Prices

Interest rates correcting with inflation dropping; downside higher in the US vs. EU. Inflation likely to drop further up to Q1 2024

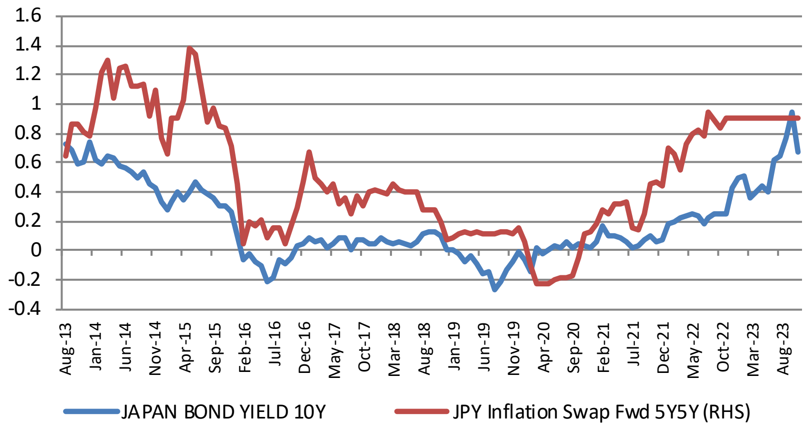
US BOND YIELD & INFLATION EXPECTATIONS



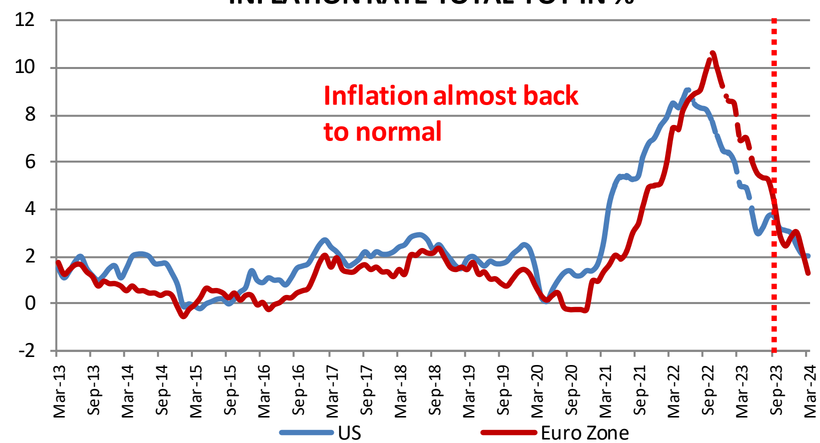
EU BOND YIELD & INFLATION EXPECTATIONS



JAPANESE BOND YIELD & INFLATION EXPECTATIONS

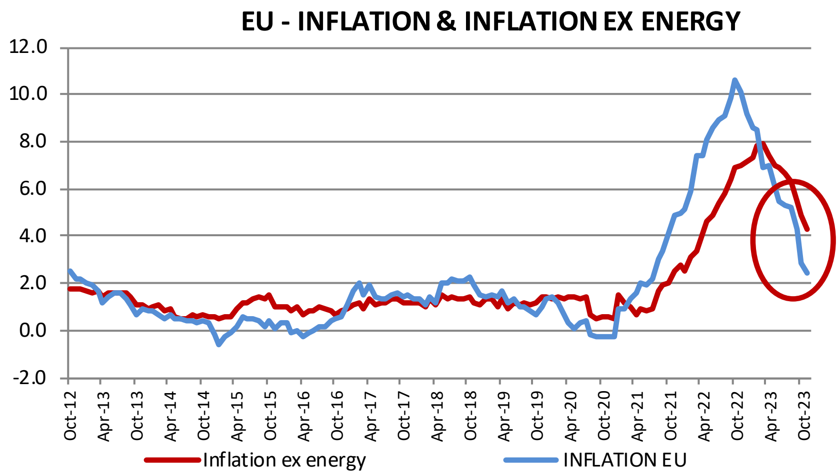


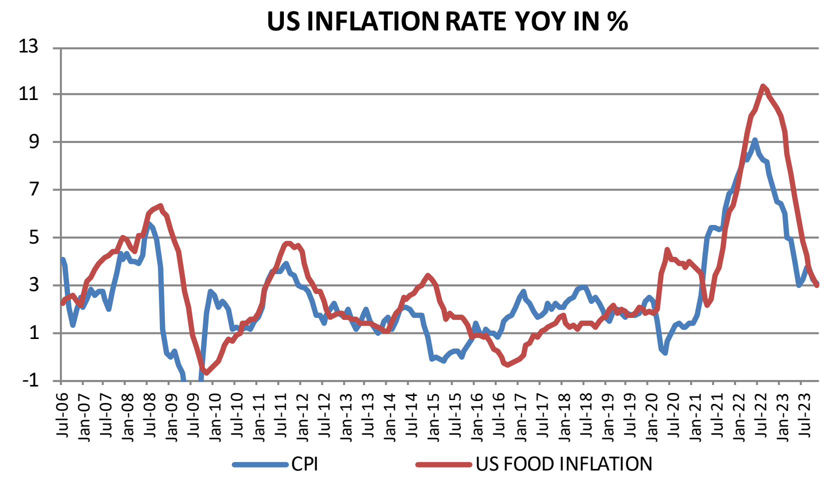
INFLATION RATE TOTAL YOY IN %

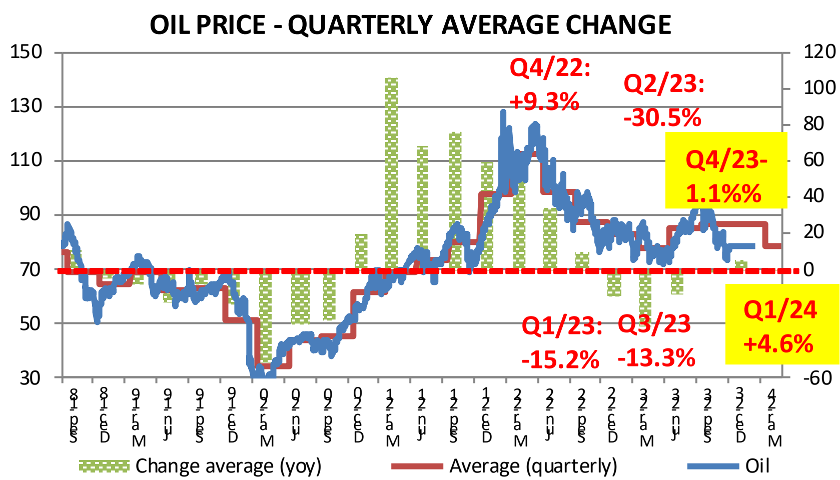


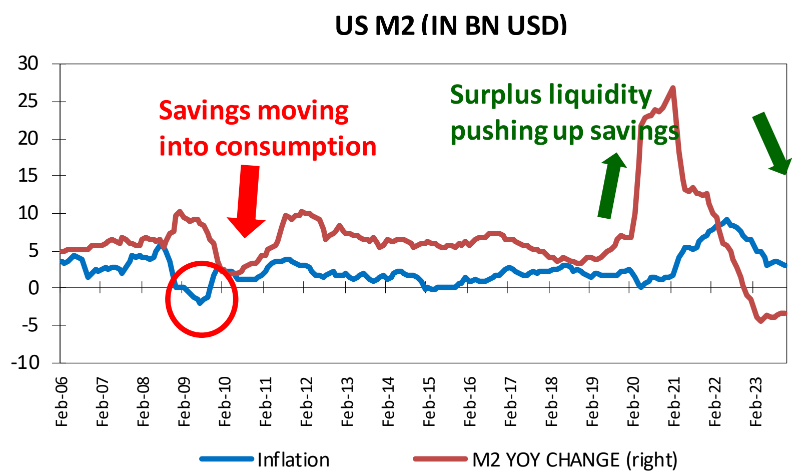
Prices

Inflation was strongly driven by energy and food. Impact from higher oil price significantly dropping – disinflationary forces in place, but weakening (from energy). Less liquidity will lead to lower inflation.



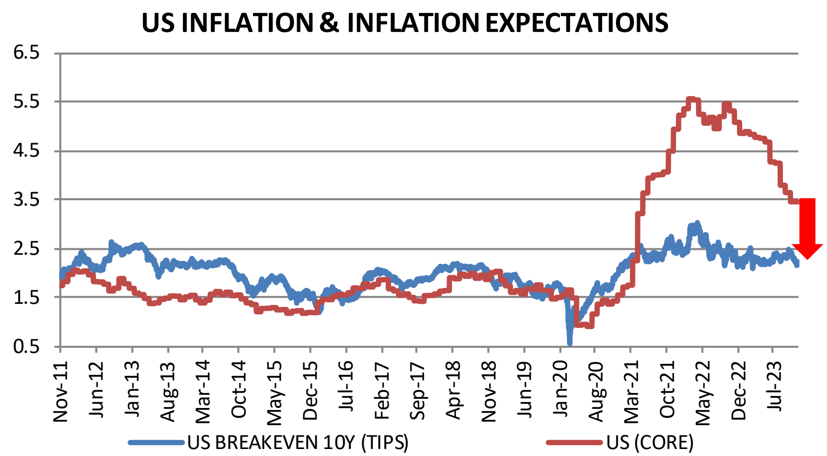


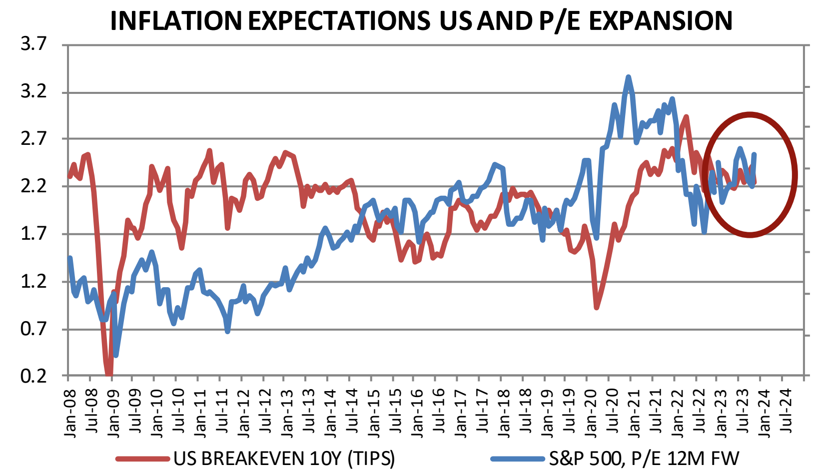


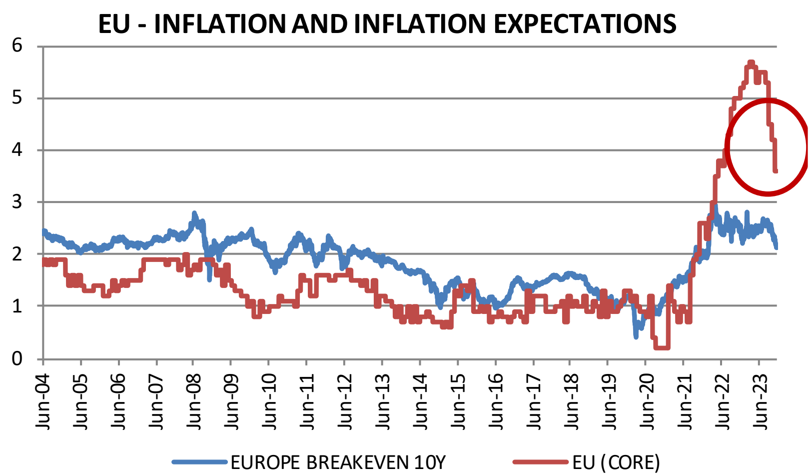


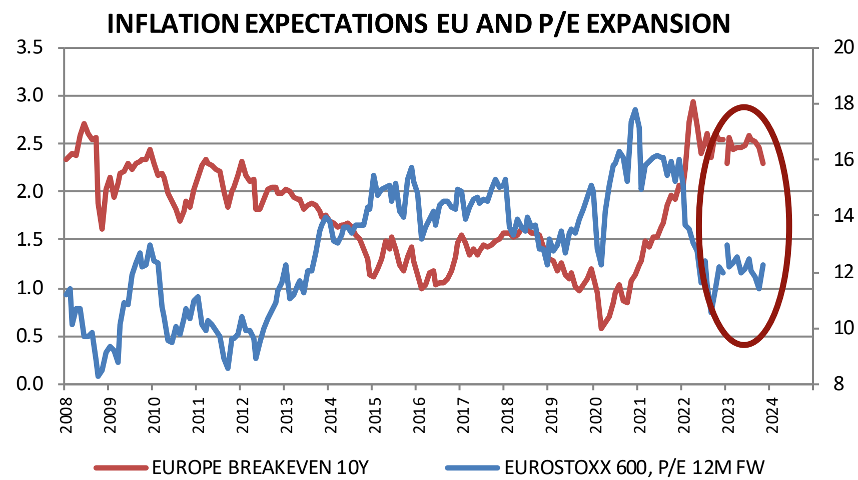
Prices – ILBs vs. Core CPI

Breakeven bonds pointing to significantly lower core inflation. Euro STOXX valuation is too low vs. inflation expectations.



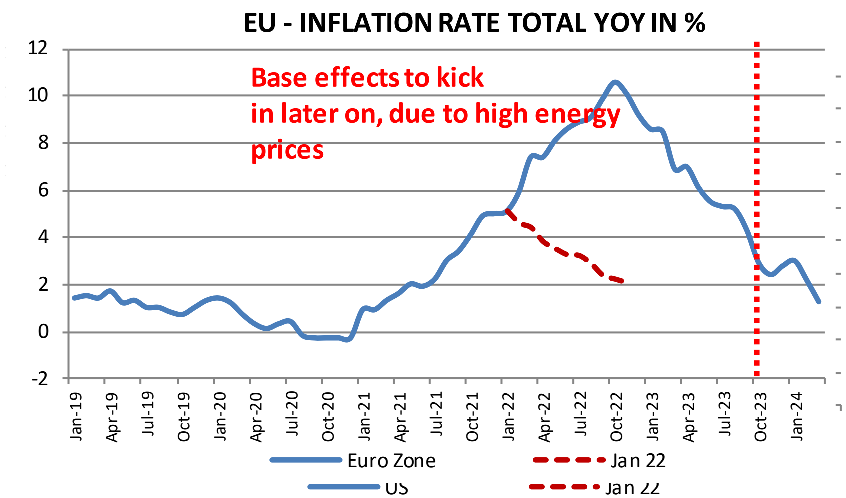


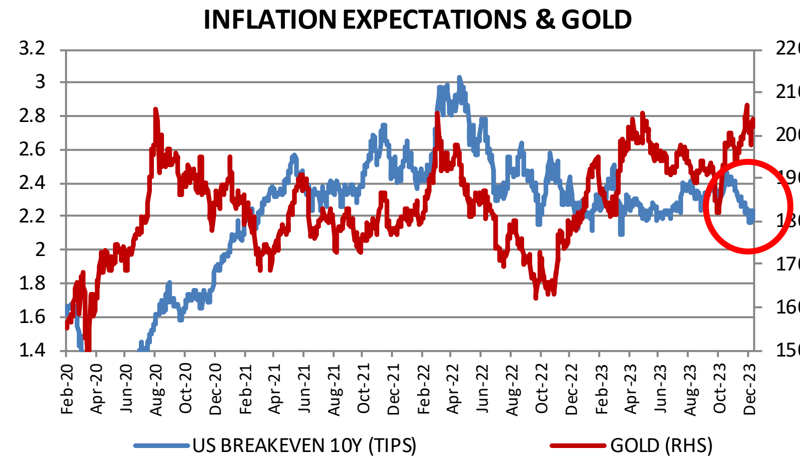


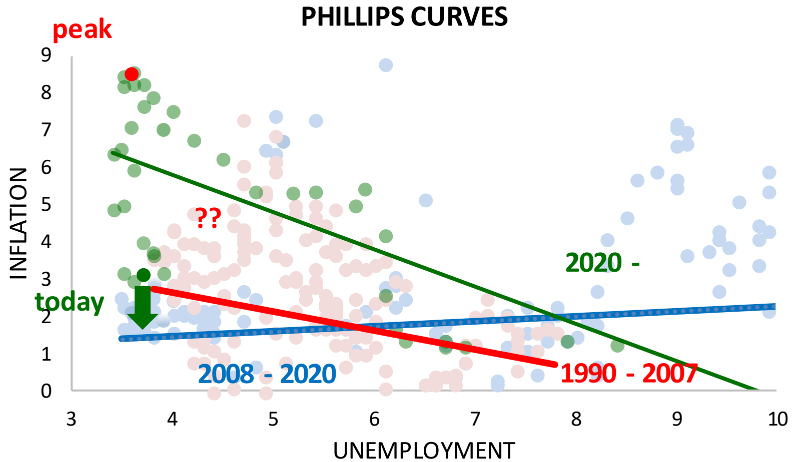


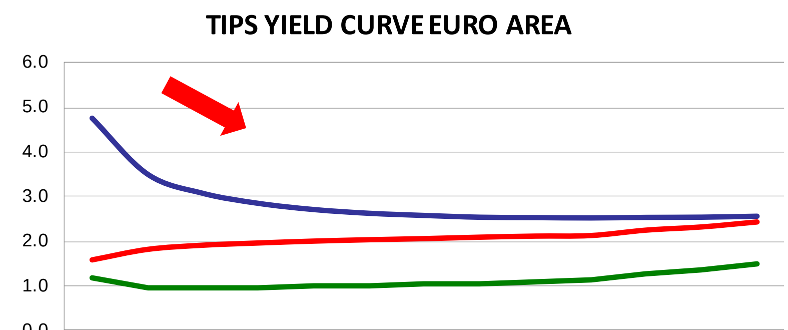
Prices – TIPS curves indicating lower inflation

Philipps Curve «works» again. **Slowing growth likely to negatively affect employment, bringing some relief to inflation.** Gold should be lower given falling inflation expectations. TIPS curve flattish at around 2%.





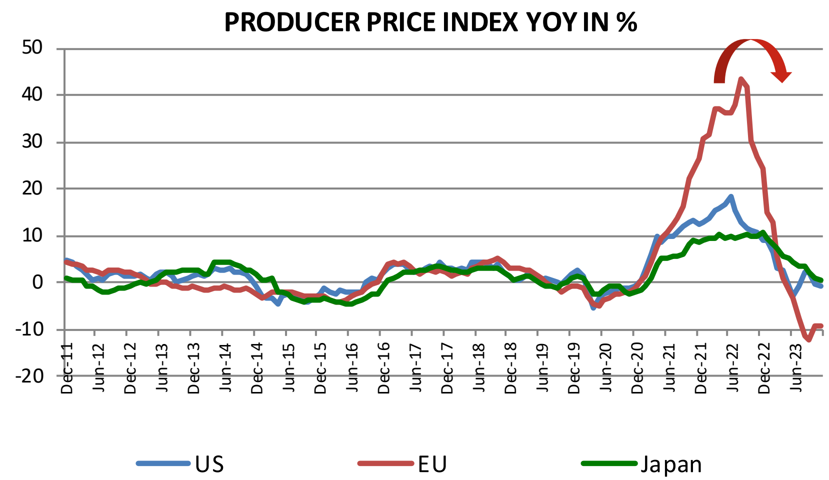


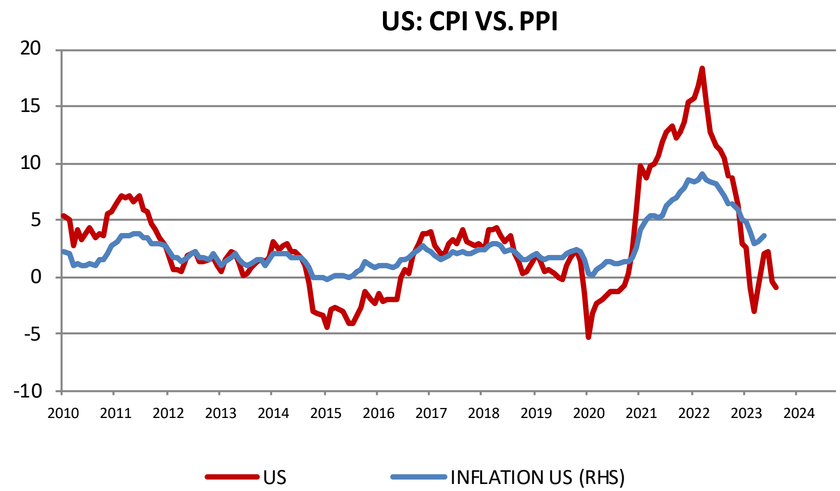


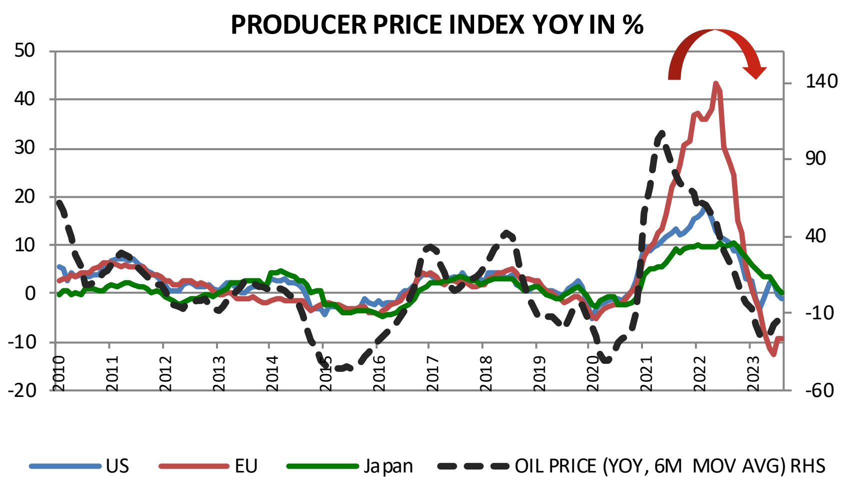
	1 Y	2 Y	3 Y	4 Y	5 Y	6 Y	7 Y	8 Y	9 Y	10 Y	15 Y	20Y	30Y
today	1.58	1.82	1.91	1.96	2.00	2.03	2.06	2.09	2.12	2.13	2.25	2.32	2.43
-12 m	4.77	3.50	3.07	2.84	2.70	2.62	2.57	2.53	2.52	2.51	2.53	2.53	2.55
-36 m	1.16	0.98	0.94	0.95	0.99	1.02	1.04	1.06	1.10	1.12	1.27	1.37	1.49

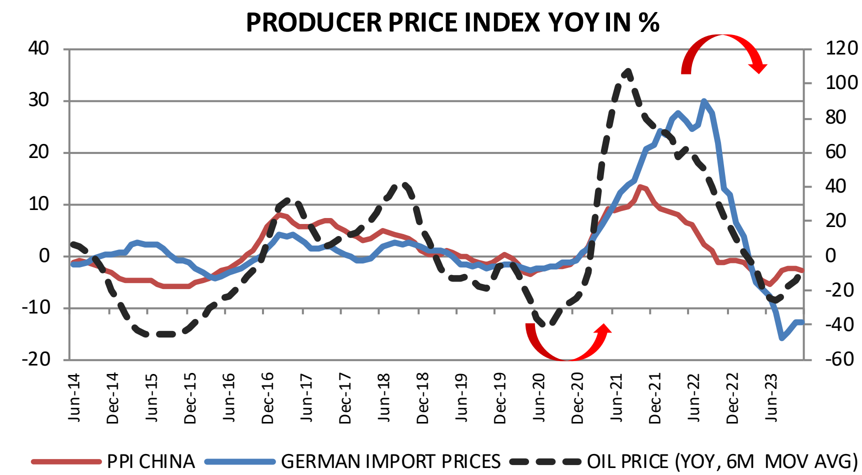
Prices

Producer price inflation falling further – this will translate sooner or later into lower CPI. Weaker PPI could also be a sign that companies will lose pricing power.





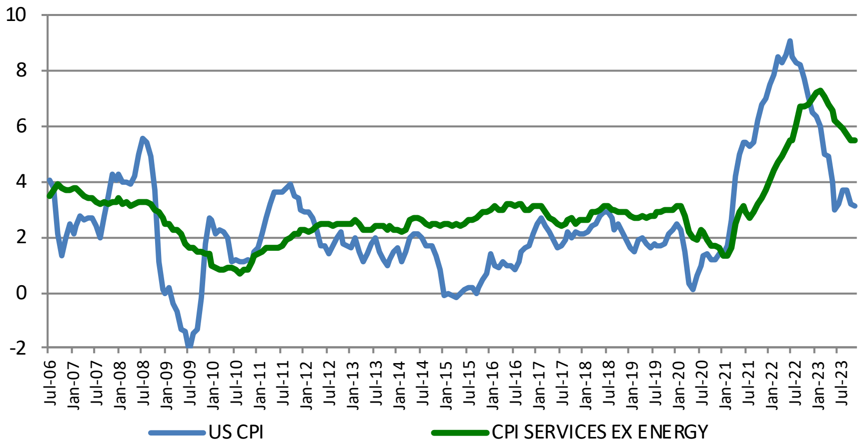




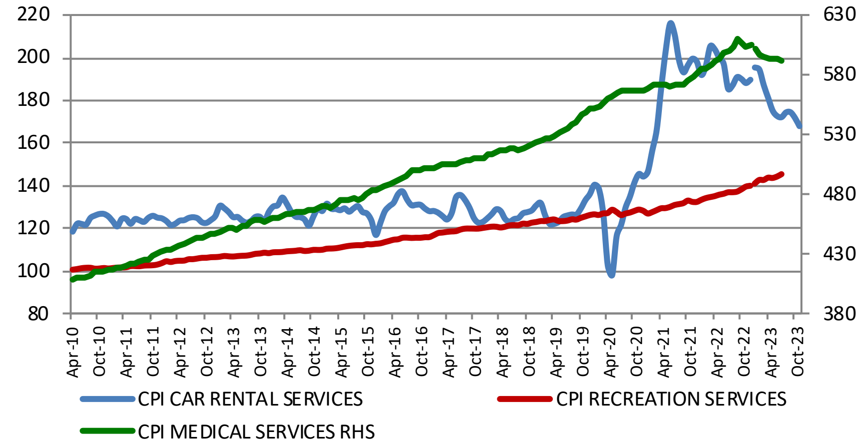
Prices

Services inflation in the US (services = 70% of personal consumption!) declining as well. Rent of shelter impact with resilient impact. Lower energy prices a big relief to overall inflation.

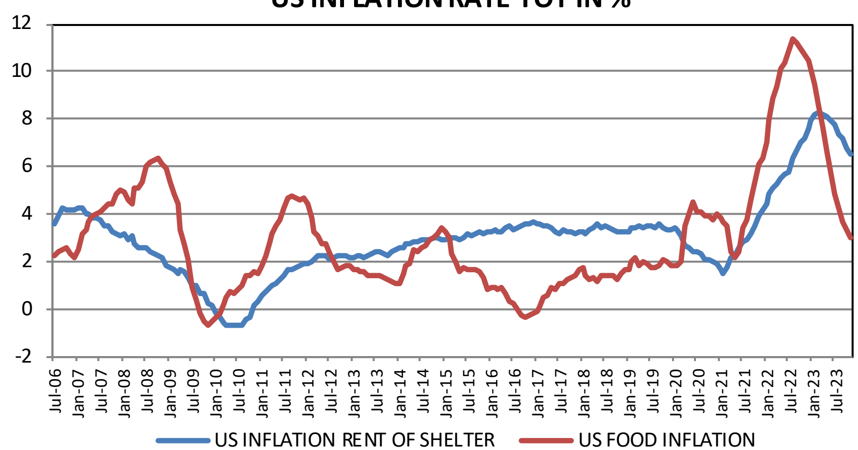
US - CPI SERVICES YOY IN %



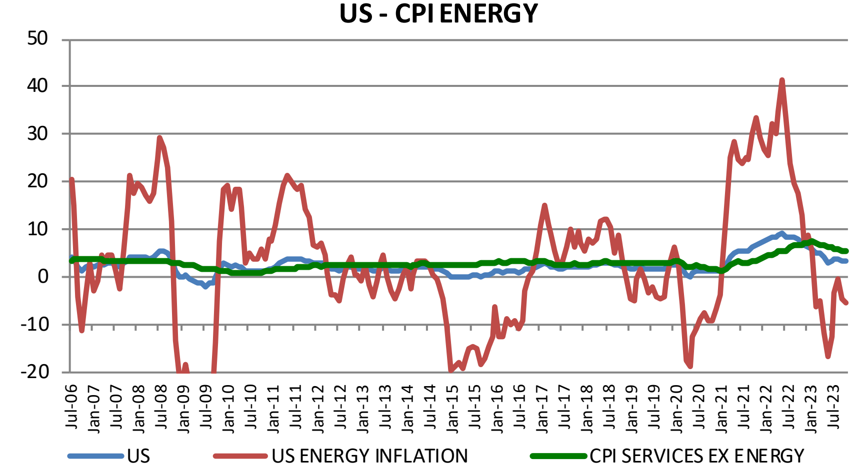
US - SELECTED CPI SERVICES COMPONENTS



US INFLATION RATE YOY IN %

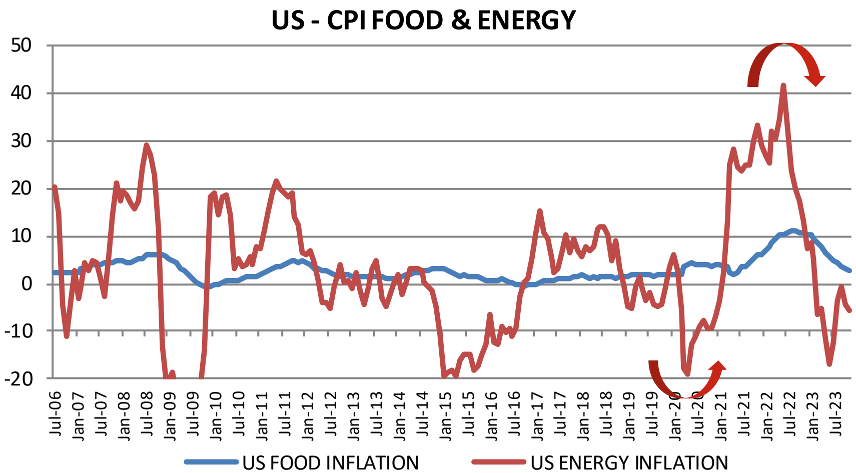


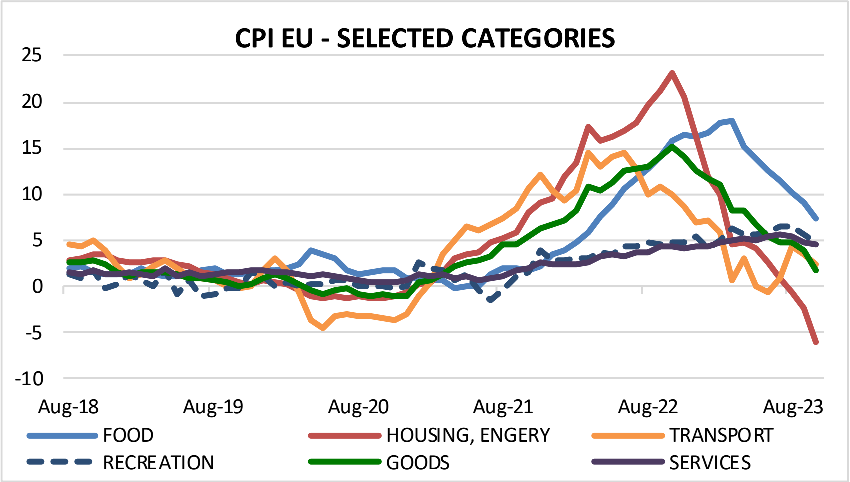
US - CPI ENERGY

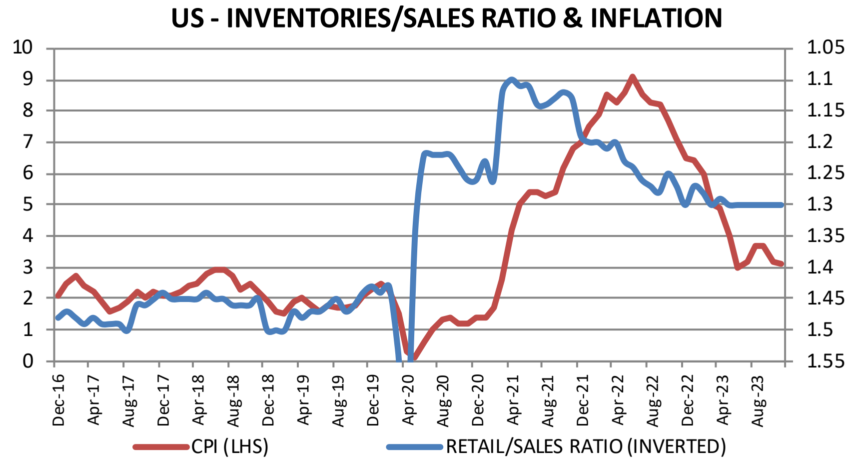


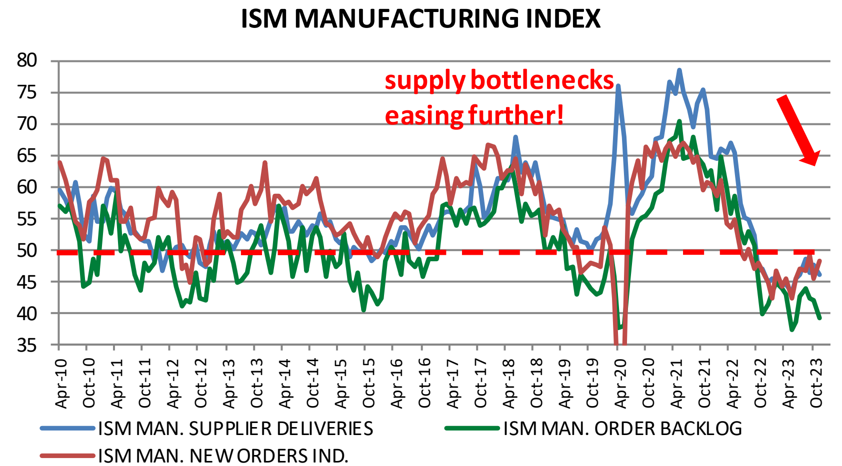
Prices

Easing energy inflation will also lower food inflation. Energy and related prices were only a short-term problem in the EU – Housing/Energy in devlation. Inventories reduction and debottlenecking in logistics supported falling inflation trend.



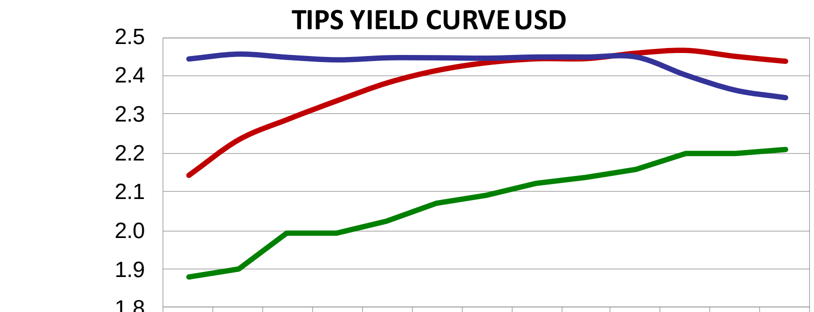




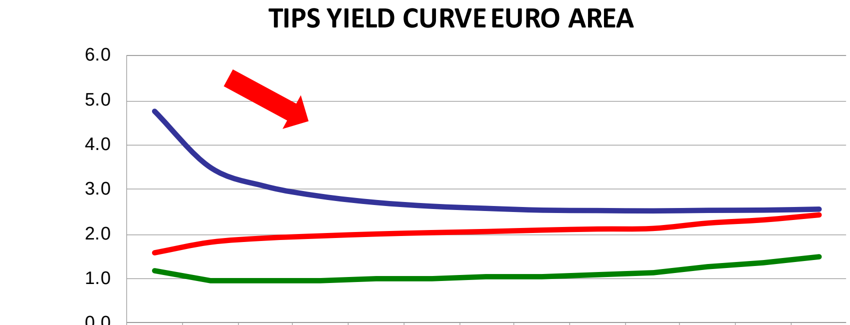


Prices – TIPS indicating inflation here to stay

TIPS yiel curves indicating inflation will be around 2.5% both in US and EU. Inventories correcting since almost 1 year, fuelling the workdown of order backlog. Will inventories too small soon, as orders are about to pick up? Logistics costs in decline.



	1 Y	2 Y	3 Y	4 Y	5 Y	6 Y	7 Y	8 Y	9 Y	10 Y	15 Y	20 Y	30 Y
today	2.14	2.23	2.29	2.34	2.38	2.41	2.43	2.44	2.44	2.46	2.46	2.45	2.44
-12 m (rhs)	2.45	2.46	2.45	2.44	2.45	2.45	2.45	2.45	2.45	2.45	2.40	2.36	2.35
-36 m	1.88	1.90	1.99	1.99	2.03	2.07	2.09	2.12	2.14	2.16	2.20	2.20	2.21



	1 Y	2 Y	3 Y	4 Y	5 Y	6 Y	7 Y	8 Y	9 Y	10 Y	15 Y	20Y	30Y
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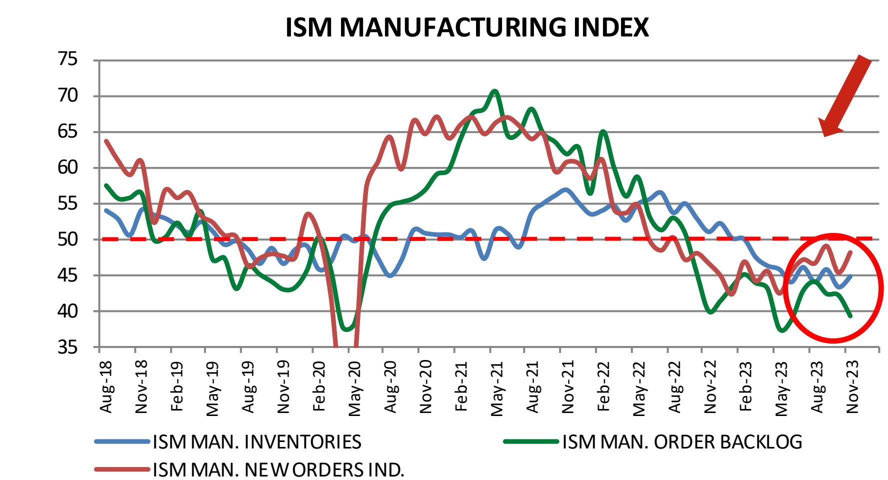
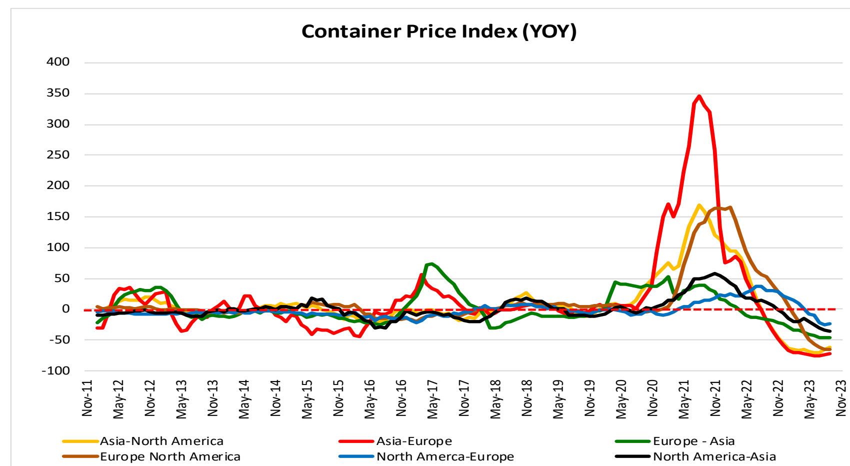
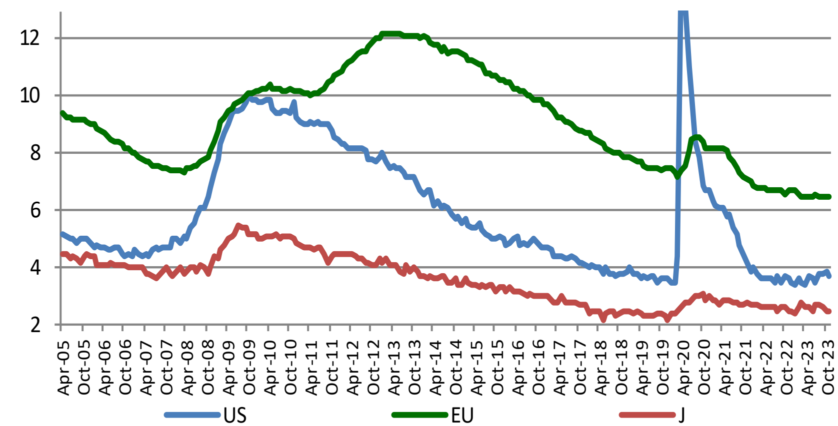


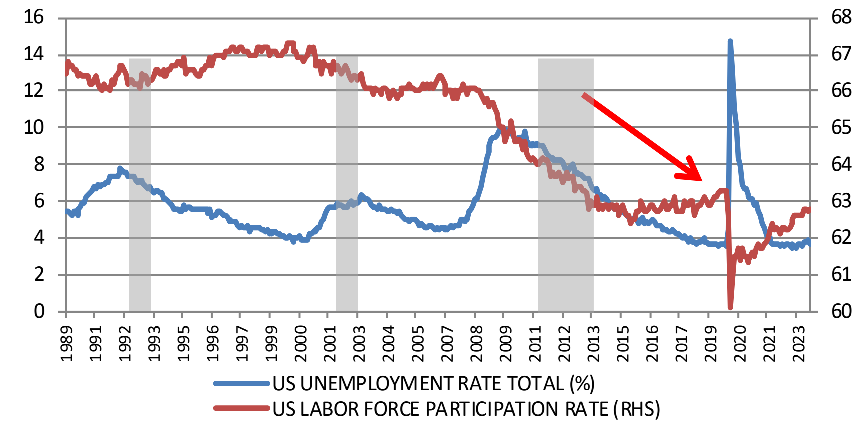


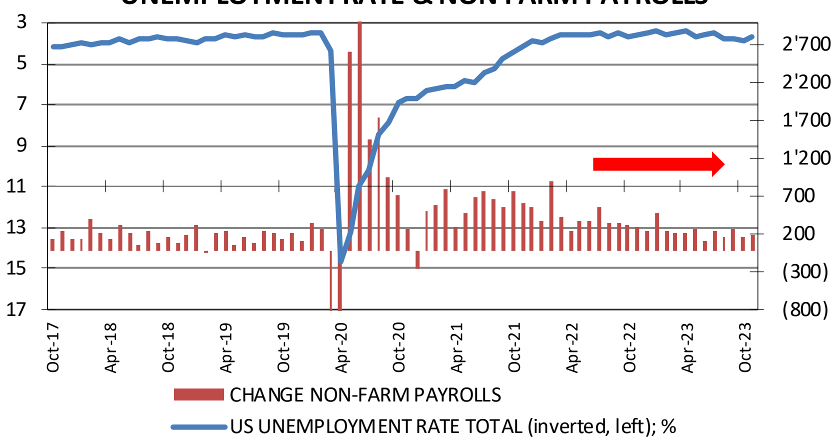
Quelle: Bloomberg, Santro Invest AG

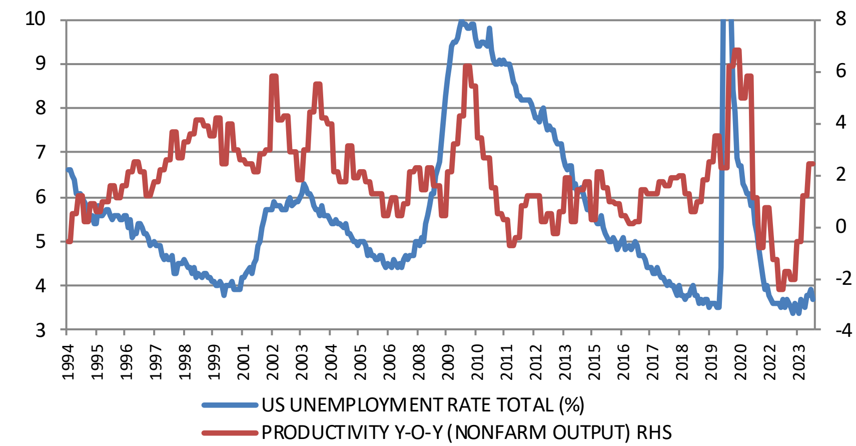
Labor Market - Unemployment

US unemployment on low levels at much lower participation rate than in the past. Job creation still solid. Productivity rising again, but not at the expense of higher unemployment (healthy labor market).



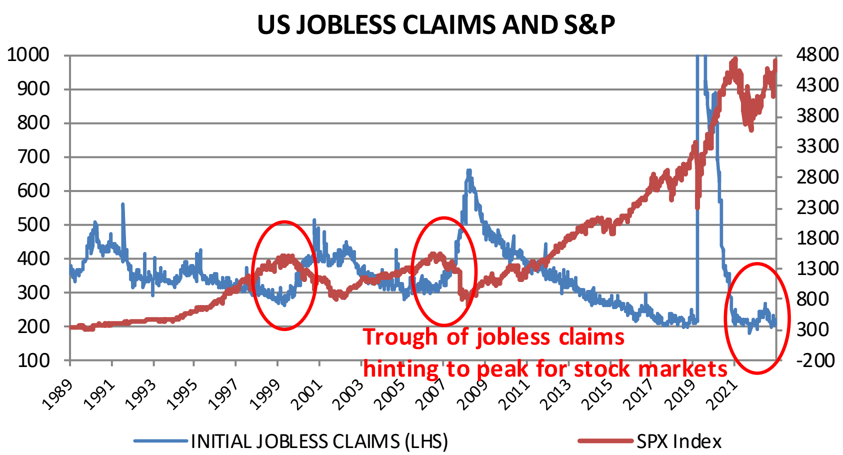


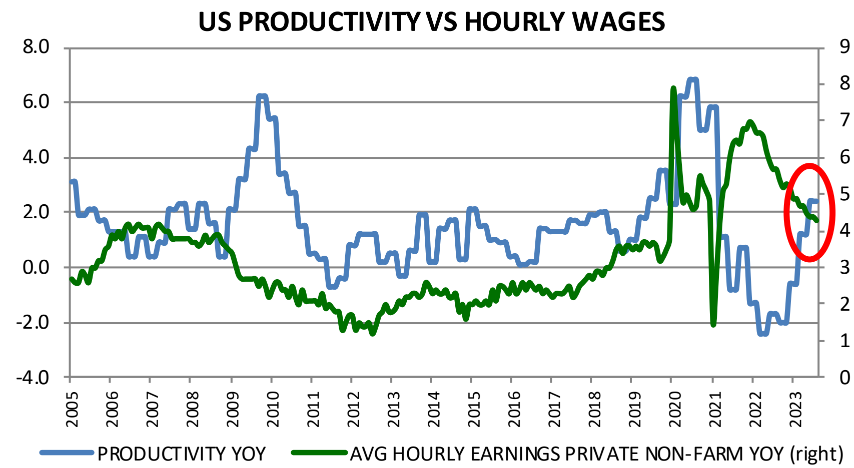


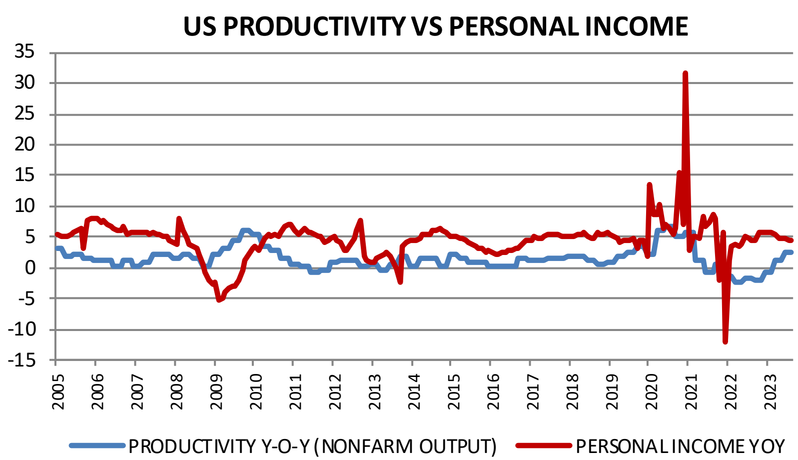


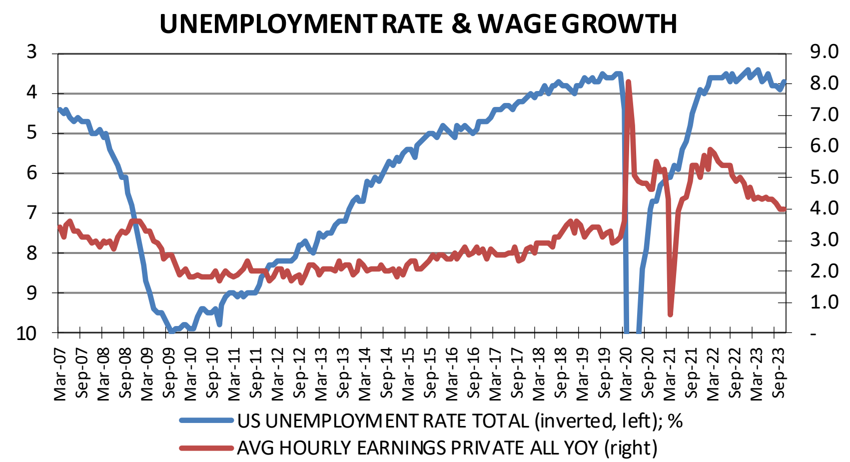
Labor Market - Unemployment, Productivity, Wages

Jobless claims remaining low, but likely to pick up with economy slowing. US economy being more productive again – wage growth is slowing. Personal income still rising, but at lower rates,



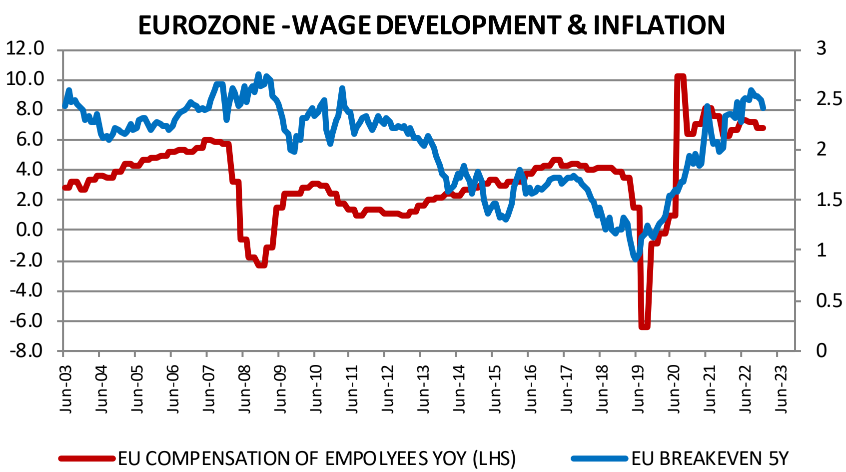


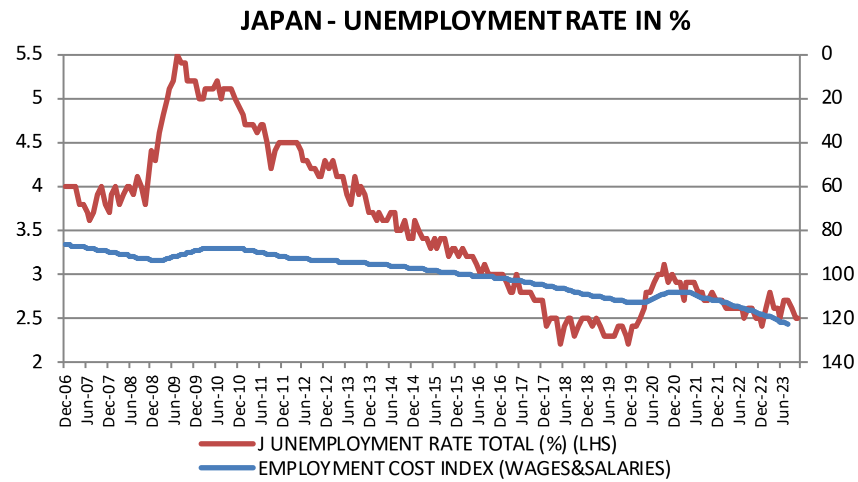


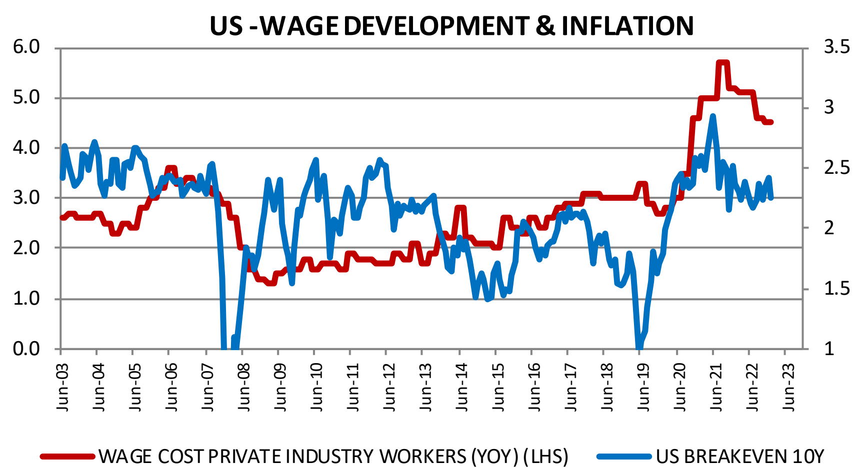


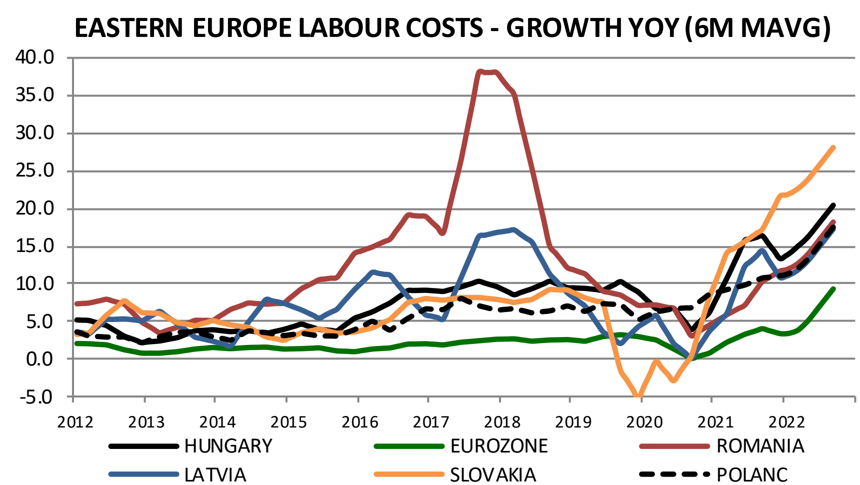
Labor Market - Wages, Labor Costs

Wages on the rise in the US and EU. Growth above inflation expectations in the US, not so in EU. Employment cost in Japan staying low, despite low unemployment rate. Labor costs in Eastern Europe rising due to wage inflation



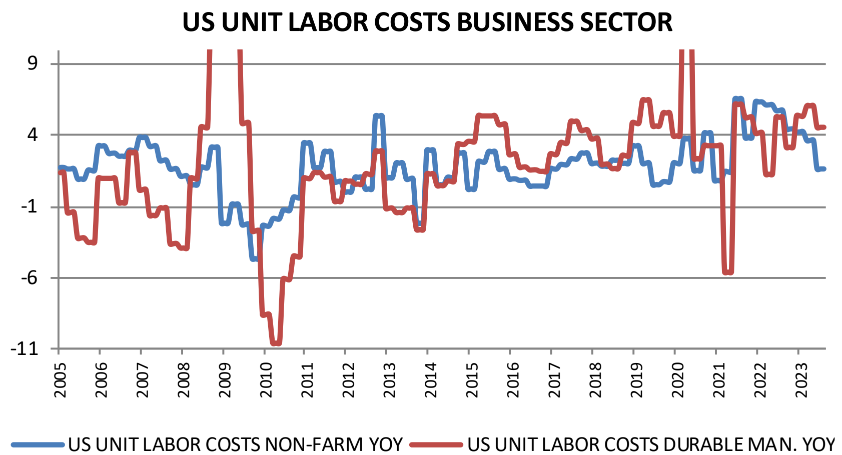


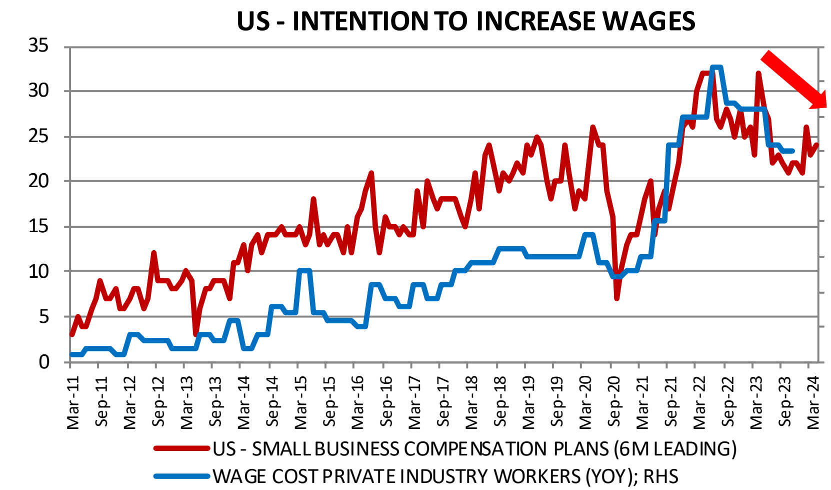


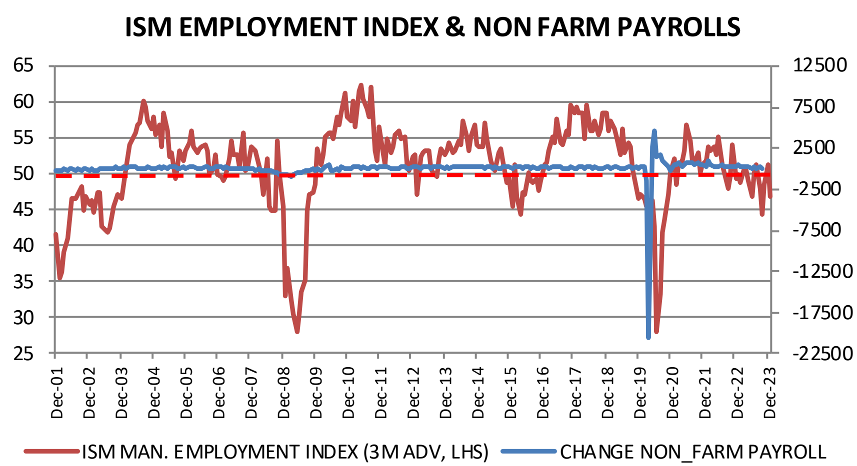


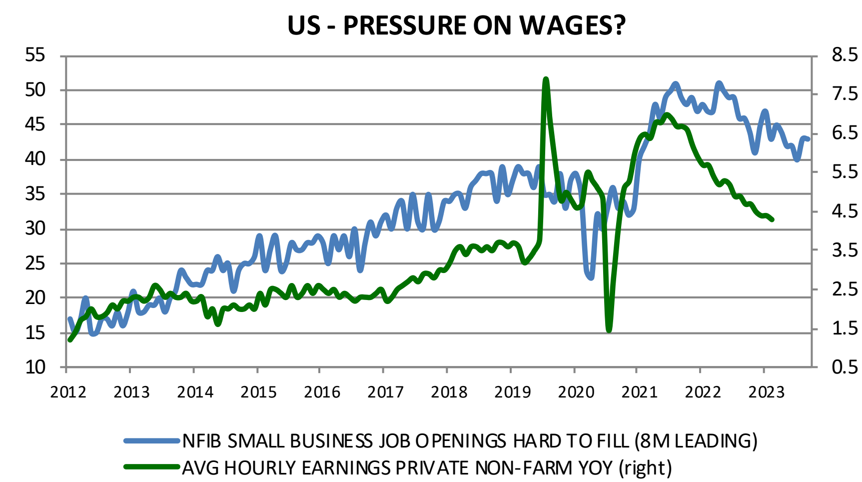
Labor Market - Wage Expectations

Unit labor cost rising driven by wages. SMEs scaling back on higher compensation plans due to eco slowdown. Wage growth to remain high in the short-term. Labor market cooling (ISM).



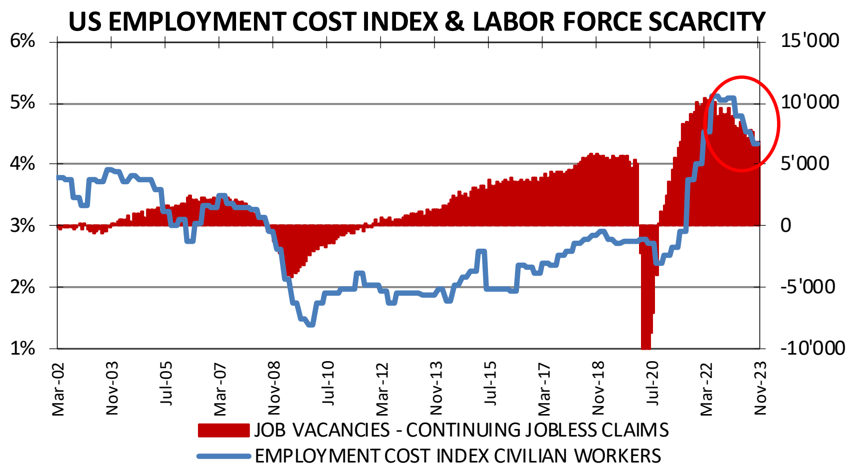


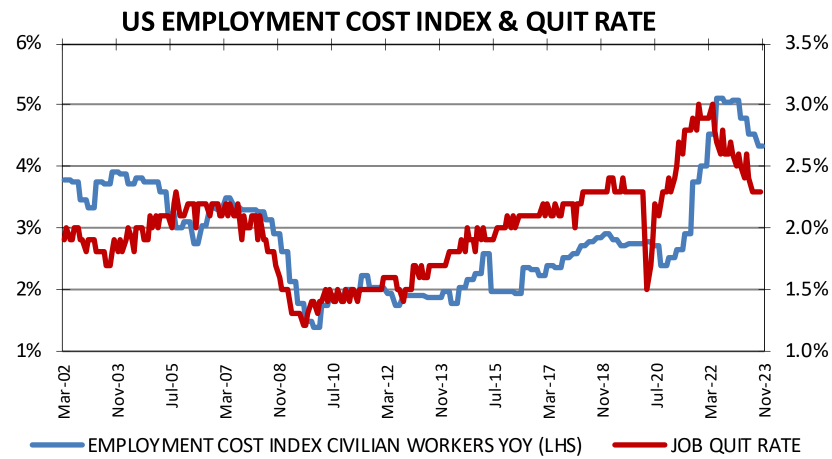


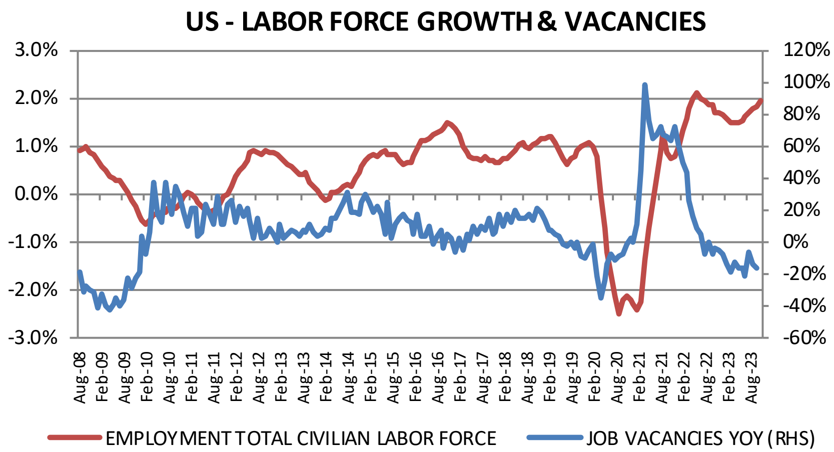


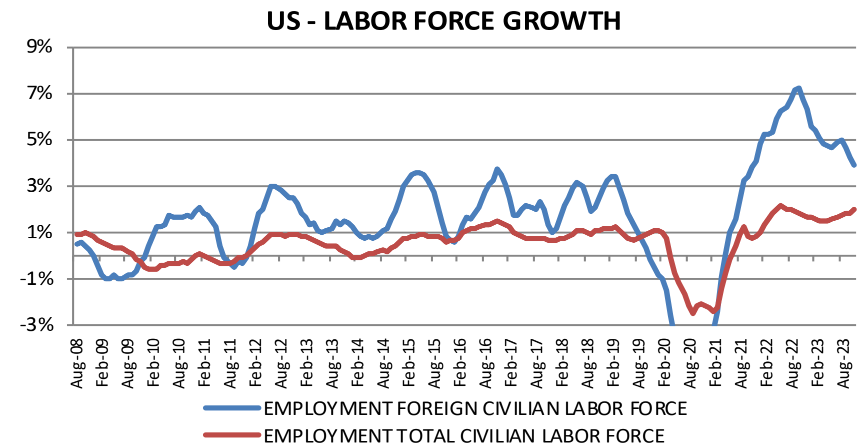
Labor Market – Labor shortage about to end

Job vacancies falling with labor force and participation rate growing… and economy weakening (quit rate down)





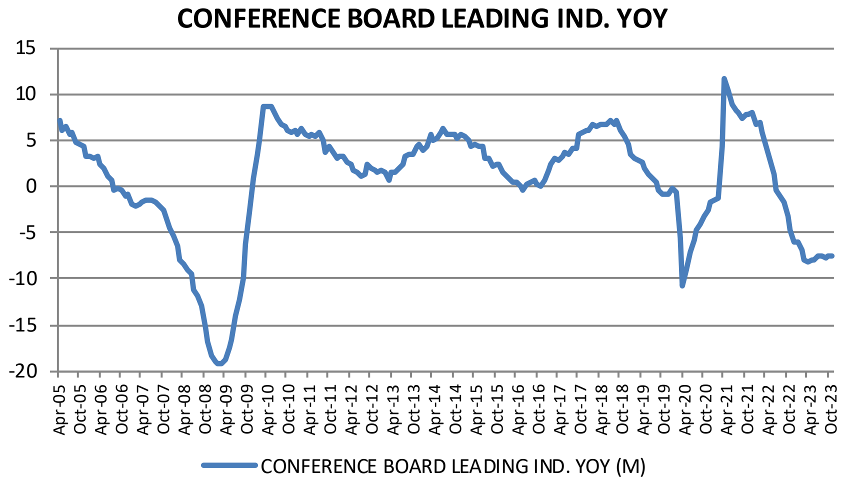


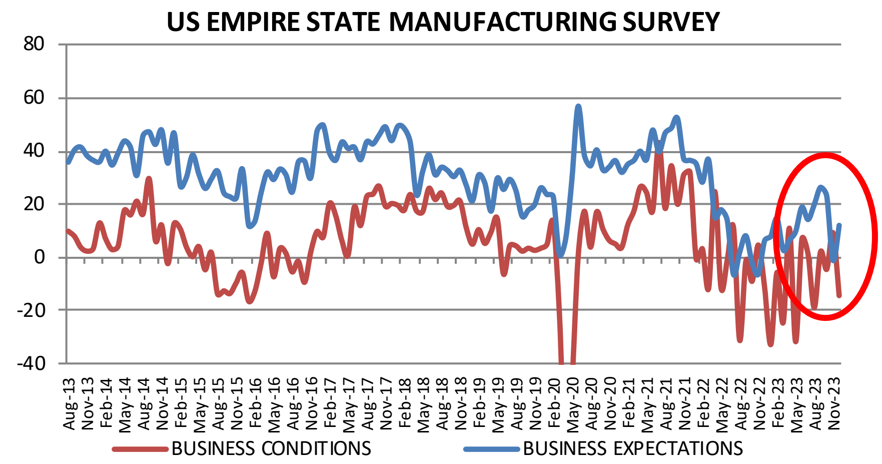


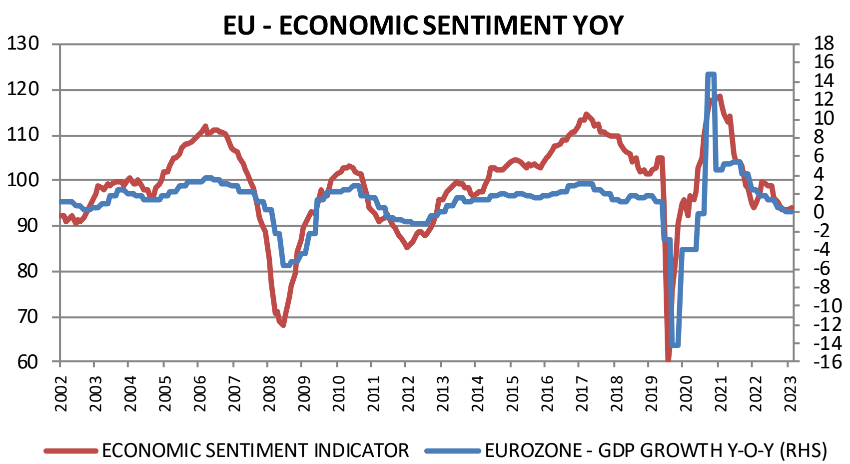
Quelle: Bloomberg, Santro Invest AG

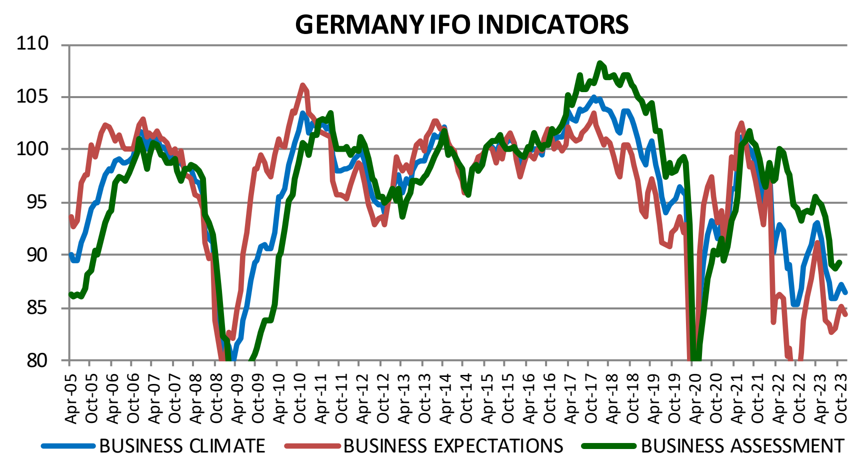
Leading Indicators – Expectations & Sentiment

Leading indicators bottoming in the US. Business conditions and expectations improving from a low level in the US. Sentiment still under pressure in the EU, in particular in Germany.



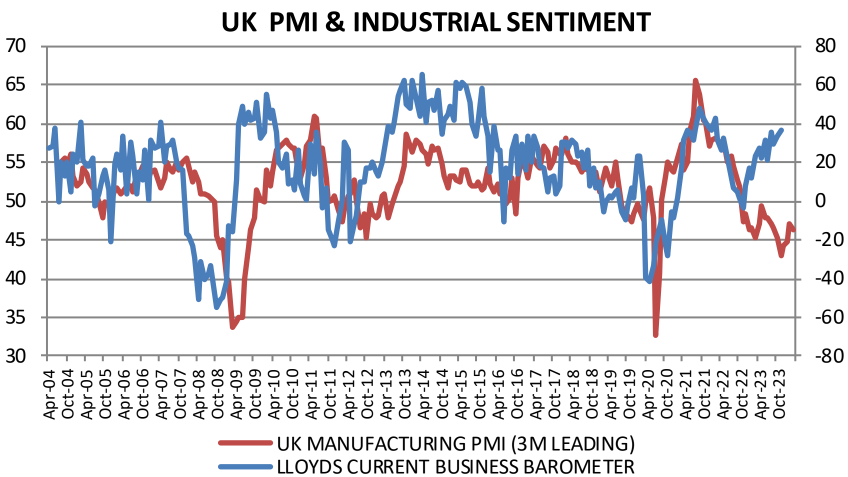


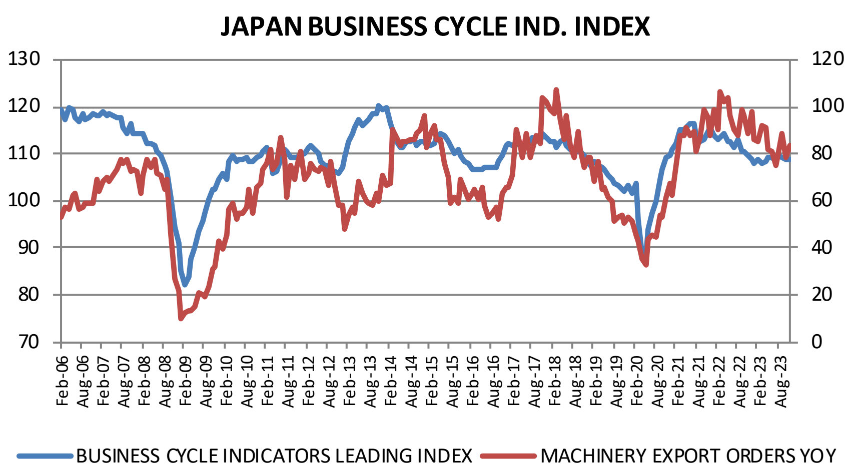


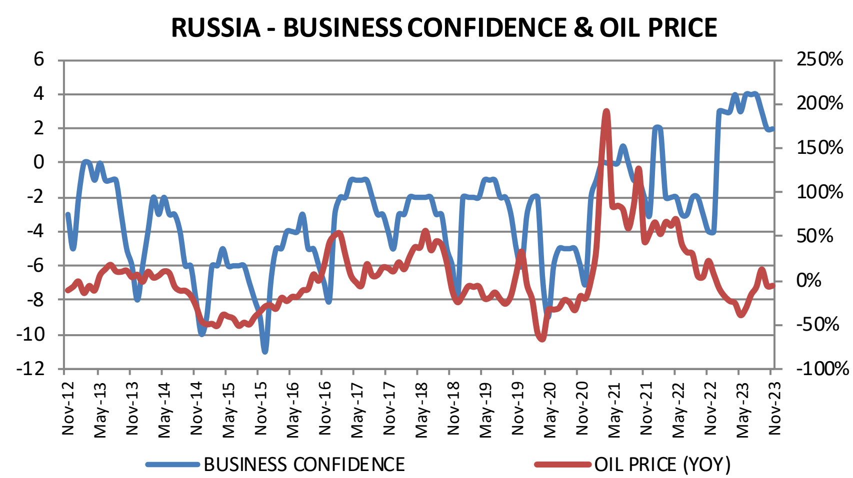


Leading Indicators – Expectations & Sentiment

UK business mood in manufacturing deteriorating again, further improving in services. Conditions in Japan weakening as well. Momentum gaining in China. Russia surprisingly positive (propaganda?).

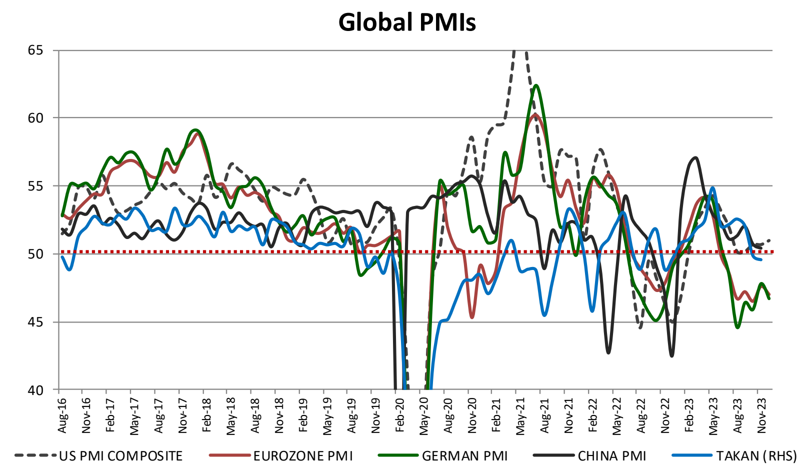


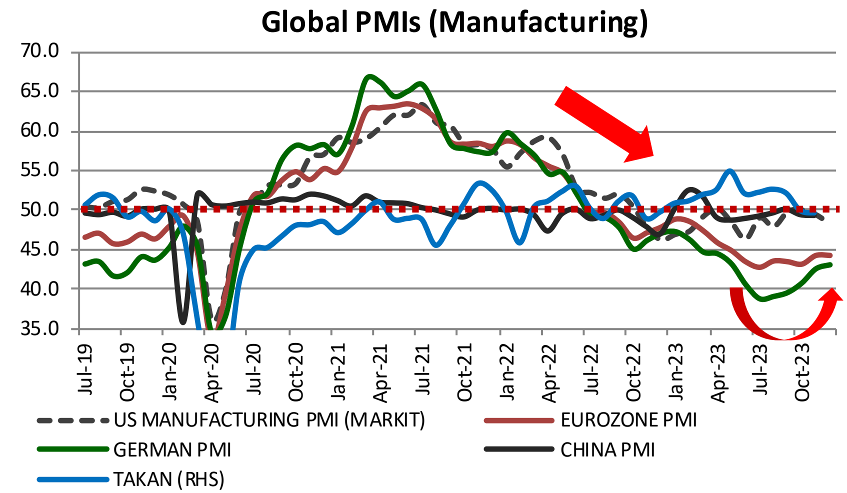


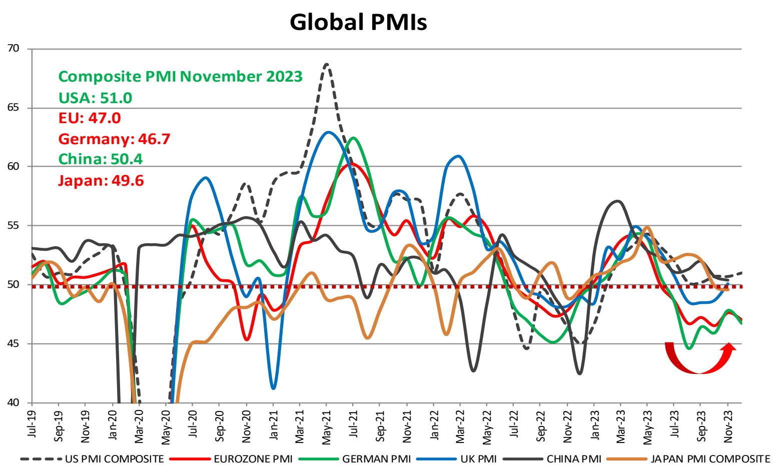


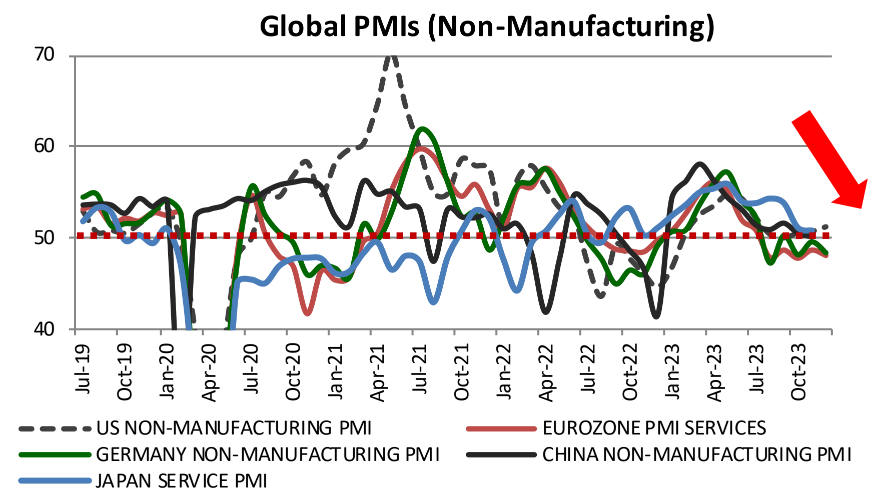
Business Conditions - Global PMIs

Global PMIs <50 -> growth likely to deteriorate. Manufacturing space still in a decline, Services weakening



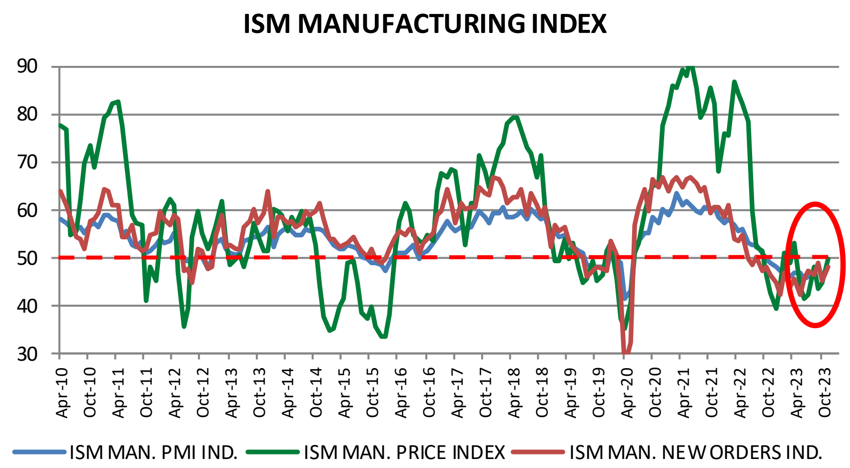


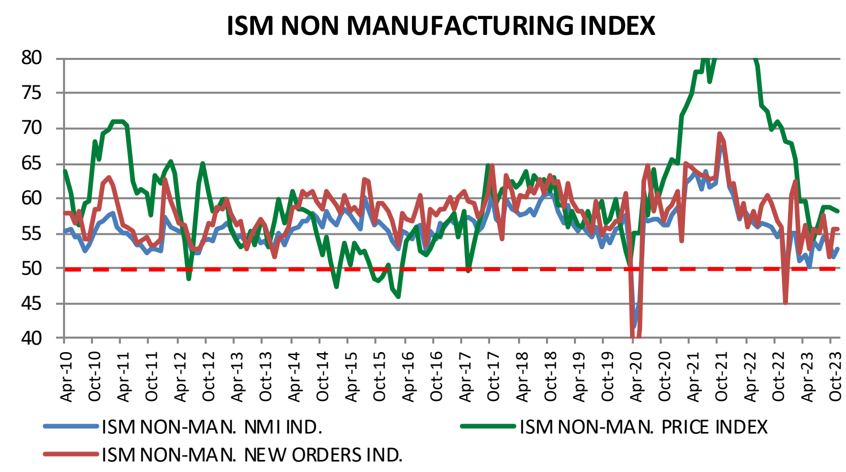


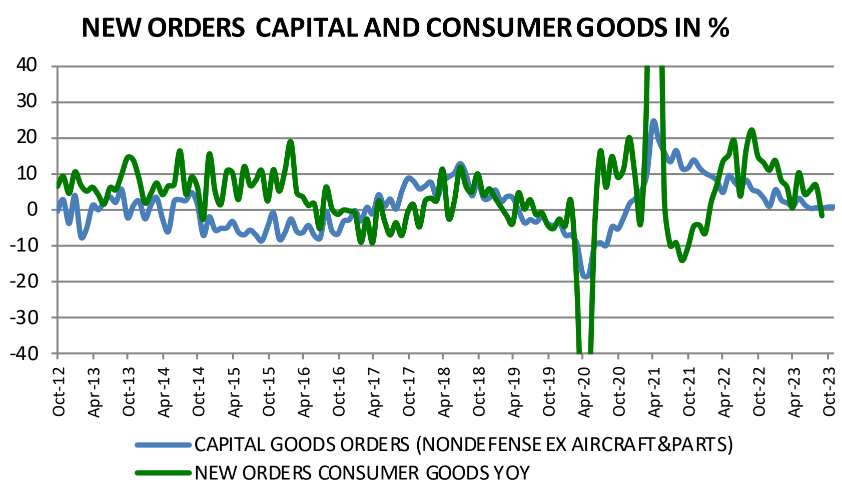


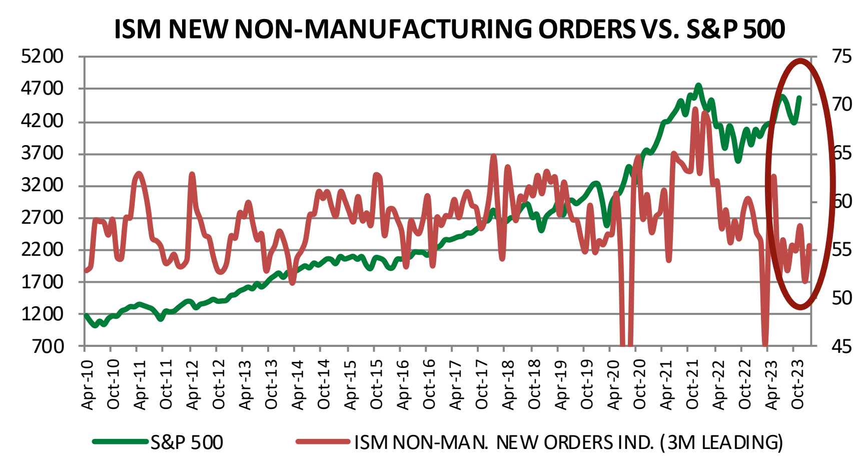
Business Conditions – ISM

Manufacturing expected to decline with new orders down – orders about to recover? **Services sector expected to show growth.**



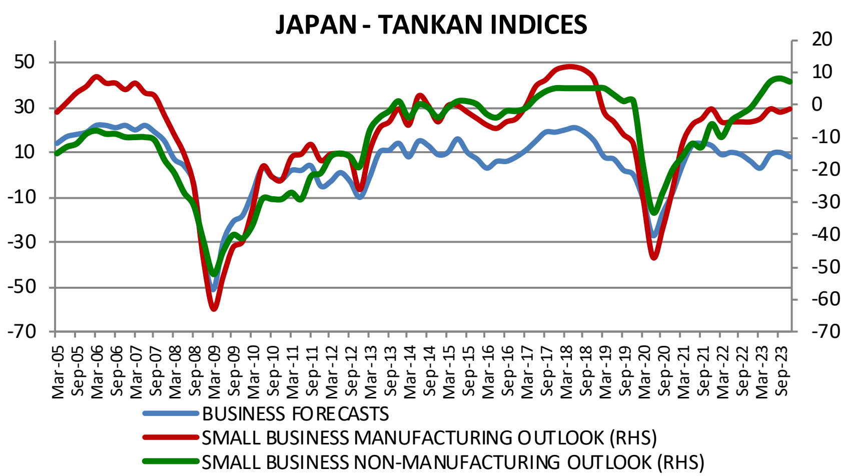


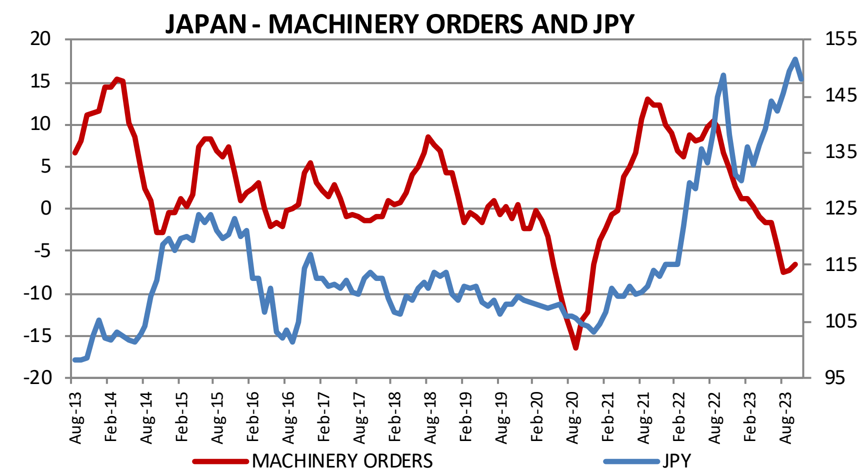


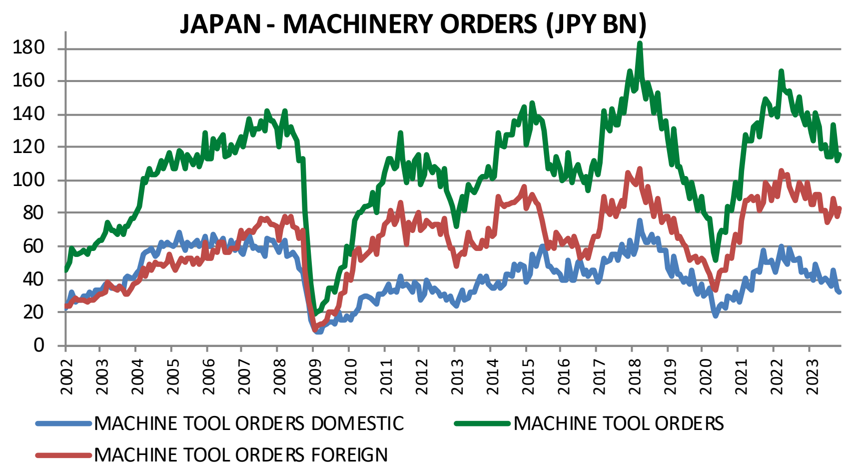


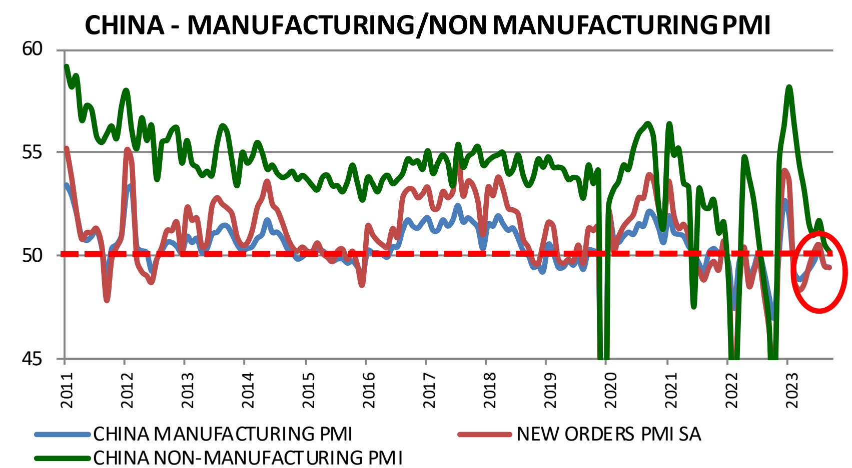
Business Conditions – Takan & China

Leading indicators in Japan improving, except for short-term business forecast. Machinery orders slowing, but bottoming. Chinese leading indicators still weak; all components below or at zero line.





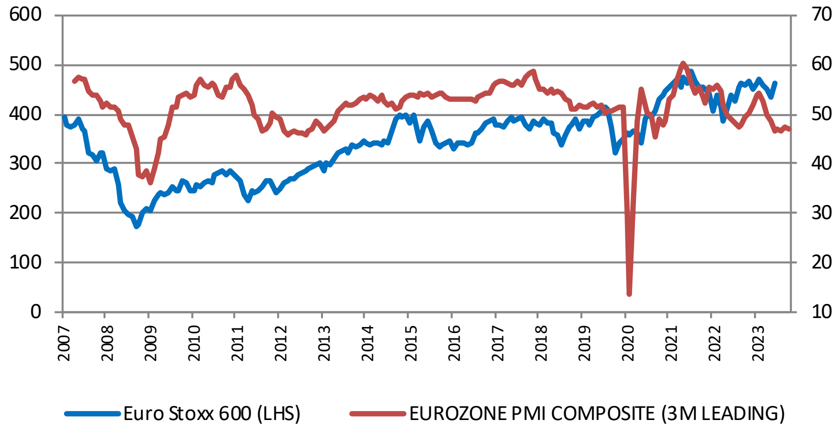




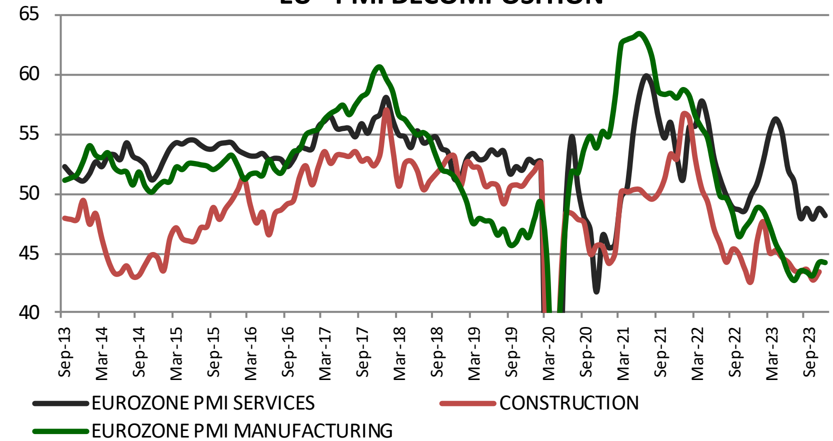
Business Conditions – Europe

Leading indicators <50 level, even services under pressure. Construction particularly weak. Periphery in a downturn. Germany heading down further…

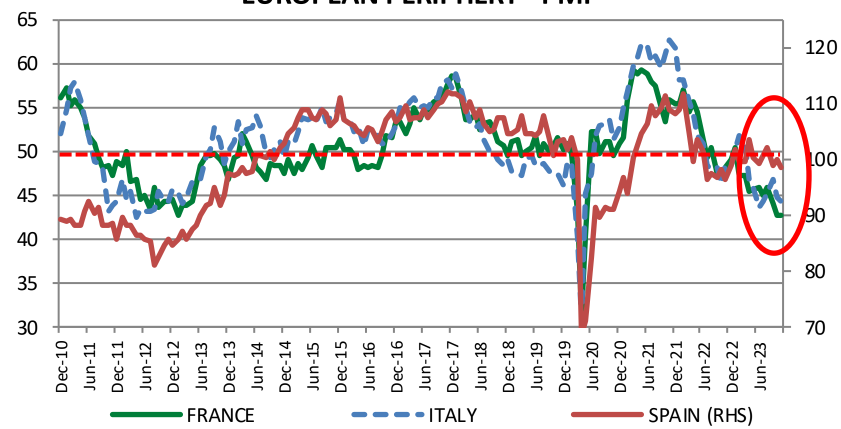
EU LEADING INDICATORS/EURO STOXX



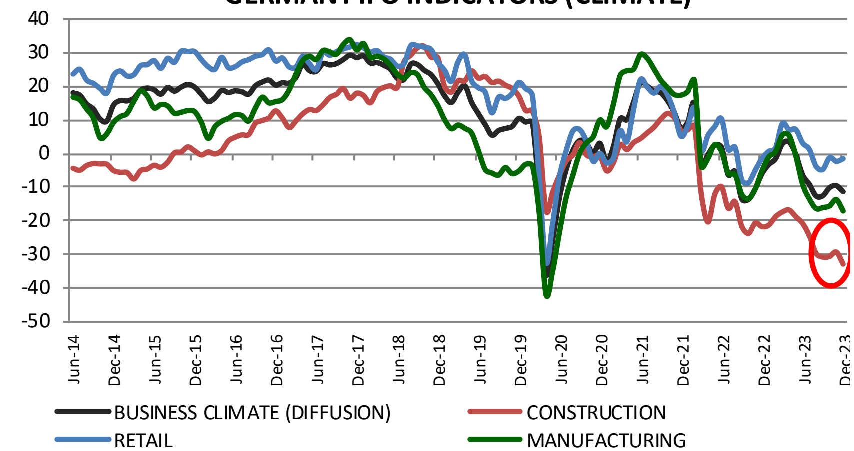
EU - PMI DECOMPOSITION



EUROPEAN PERIPHERY - PMI

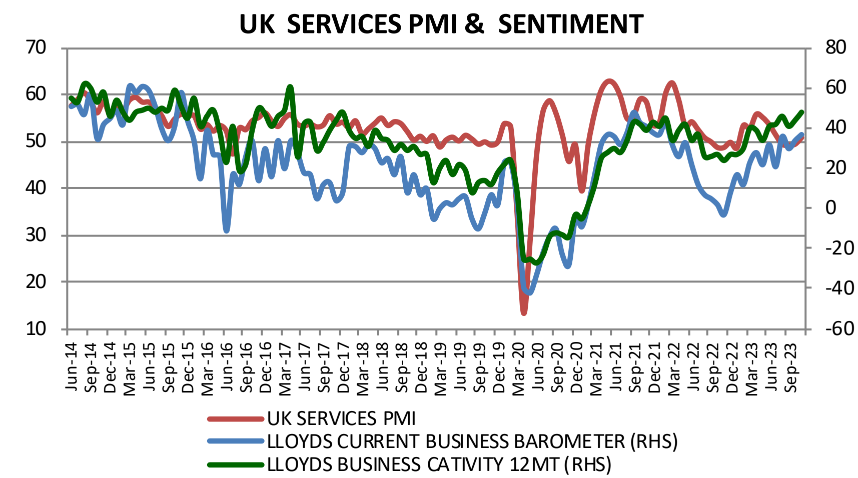


GERMANY IFO INDICATORS (CLIMATE)



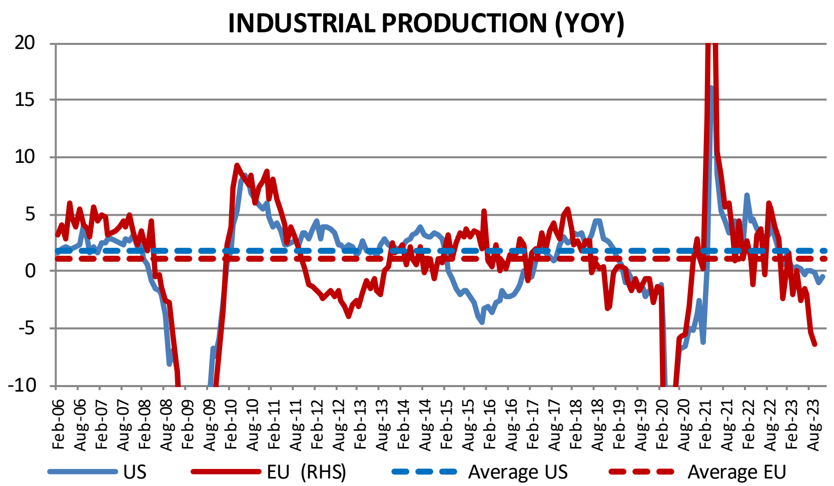
Business Conditions – Germany & UK

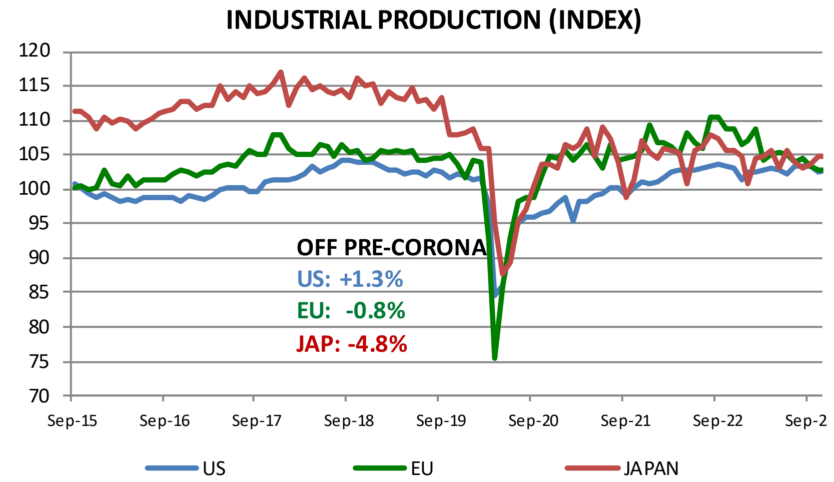
Declining orders pointing to tough times for the German manufacturing industry going forward. Sentiment in UK rolling over again in services!

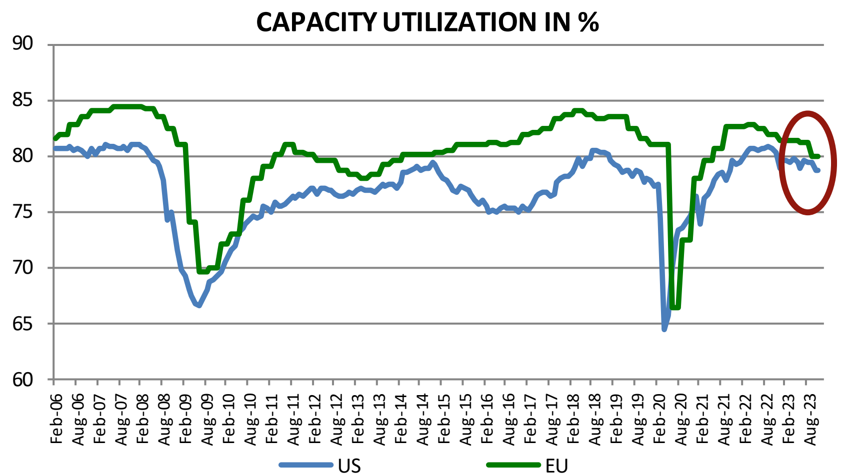


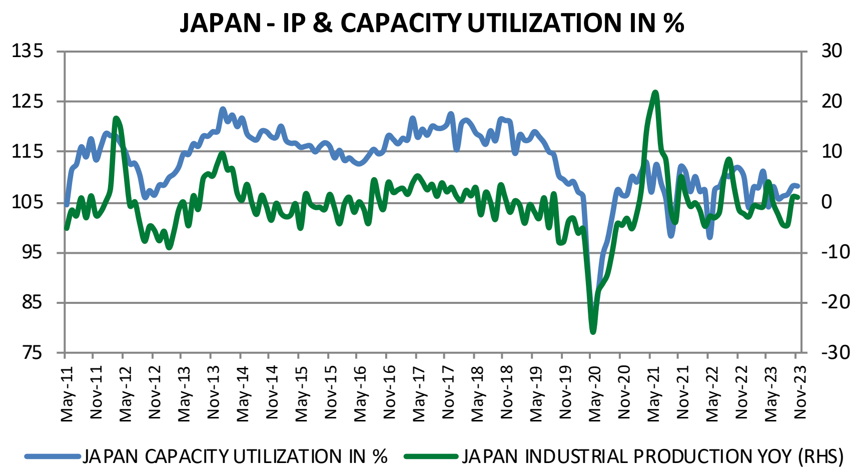
Economic Activity – Industrial Production & Capacity Utilisation

Global manufacturing contracting. Capacity utilisation (still) at a decent level in the US and the EU thanks to high order backlogs. Utilisation high in Japan despite soft growth in industrial production.



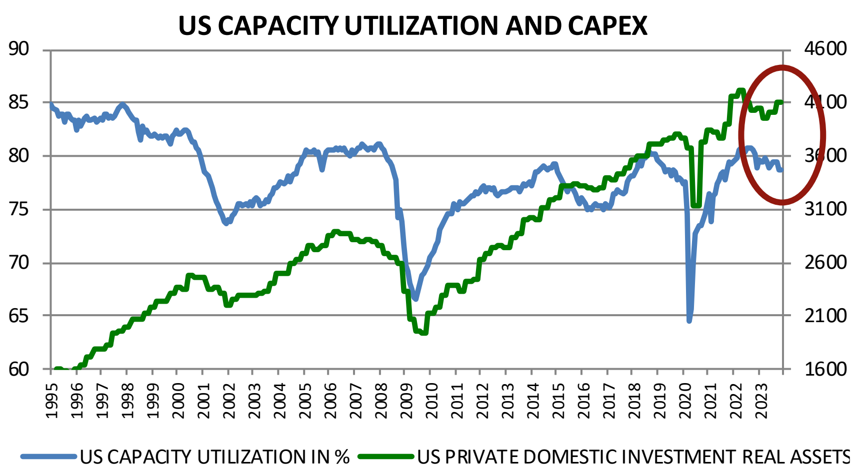


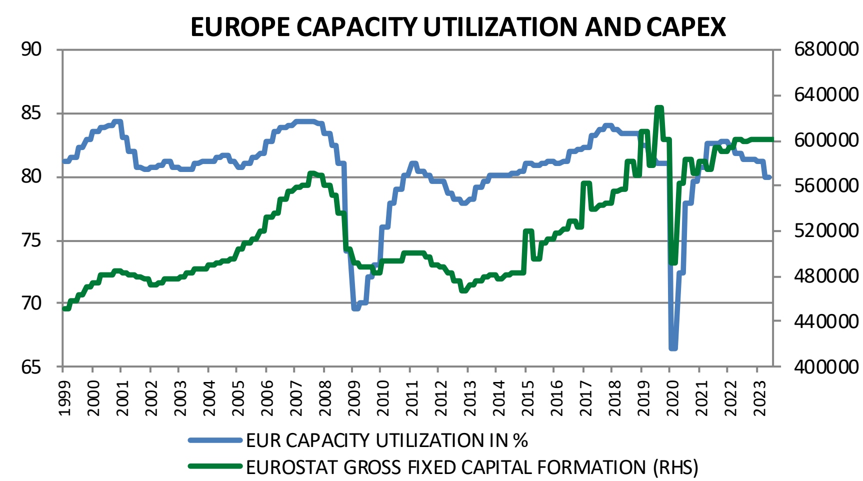


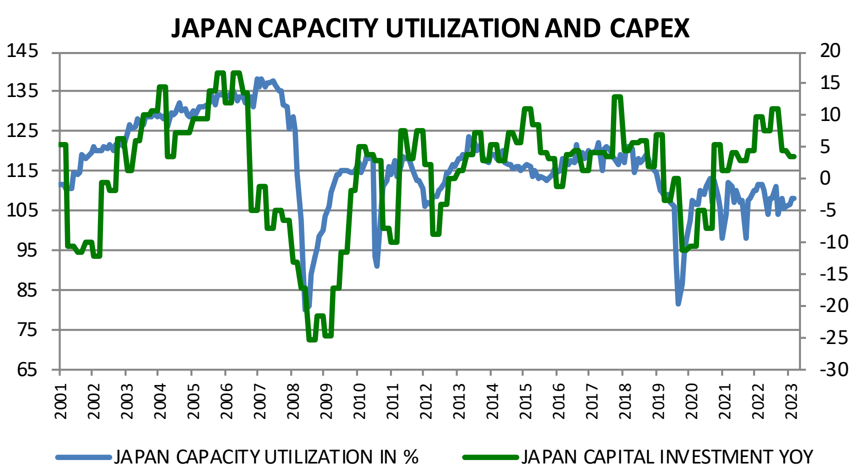


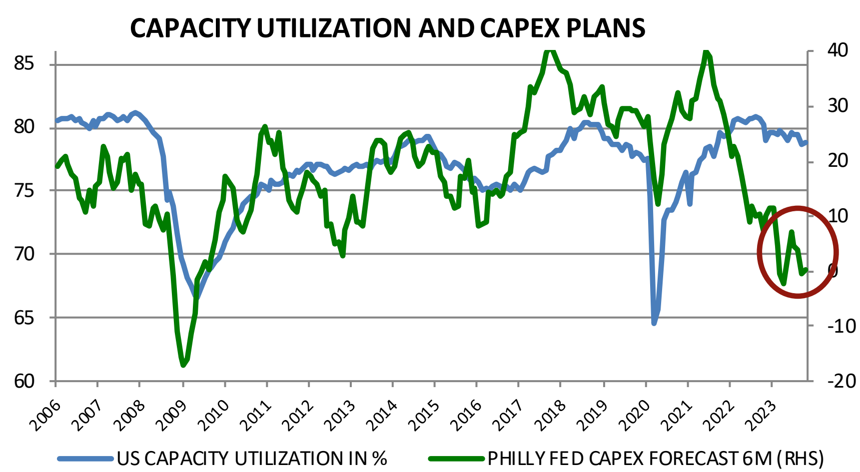
Economic Activity – Capacity Utilisation & Capex

Capacity utilisation decent, but capex plans deteriorating further. Utilisation will suffer in H1-2024



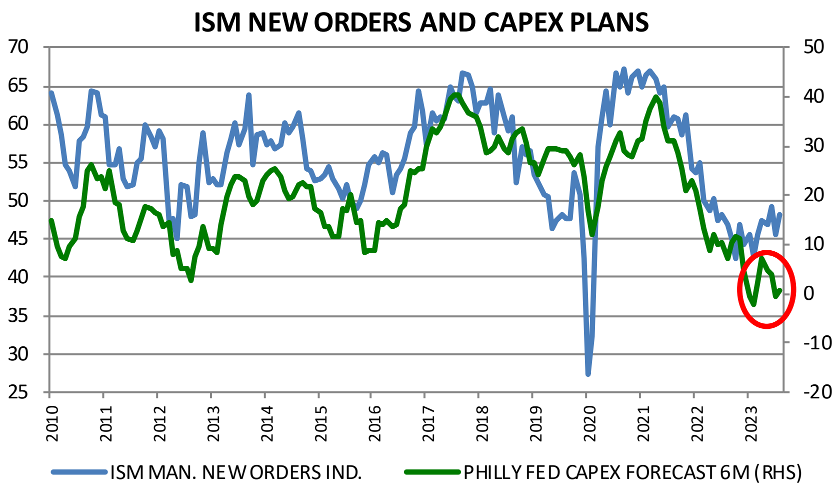


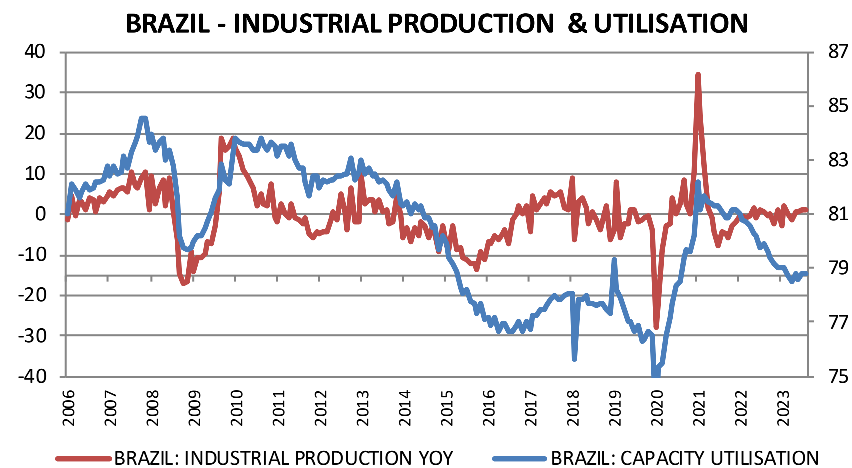


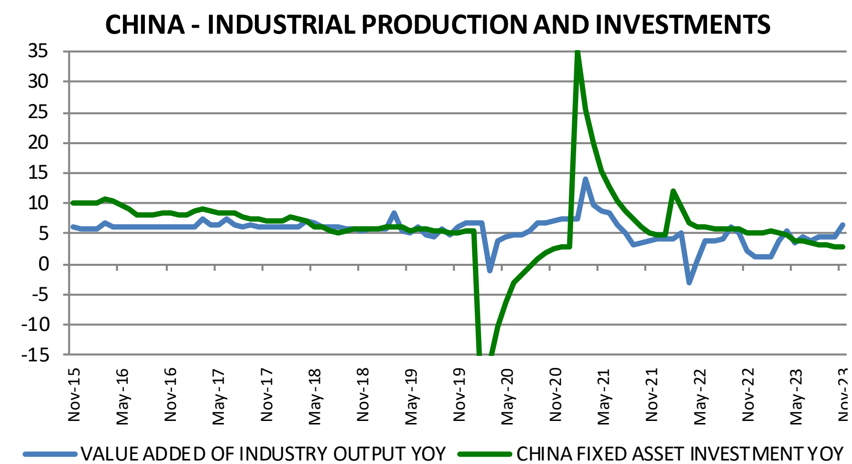


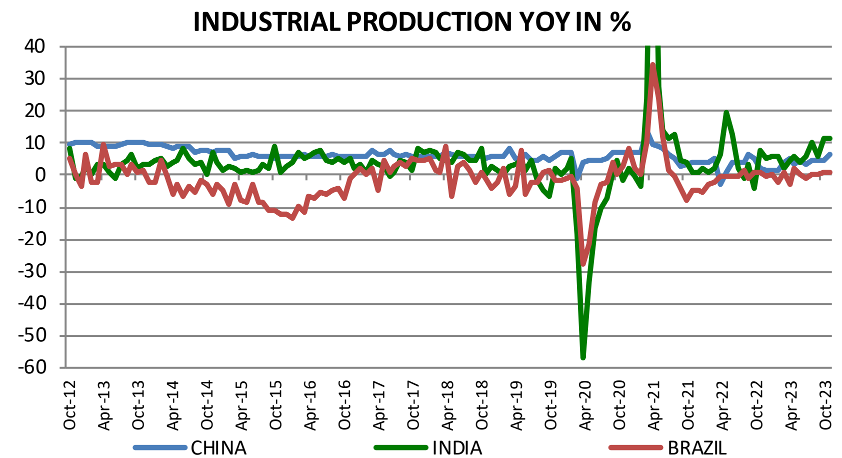
Economic Activity – Capacity Utilisation & Capex

Stabilising new orders pushing companies to review their capex plans. China's IP growing but at a very weak rate, capex will follow! IP in India is growing, while the industrial sector in Brazil is stalling.



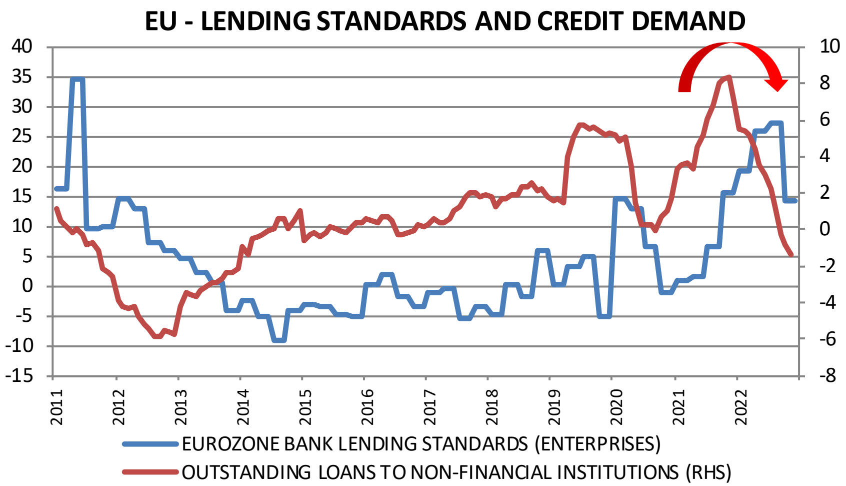


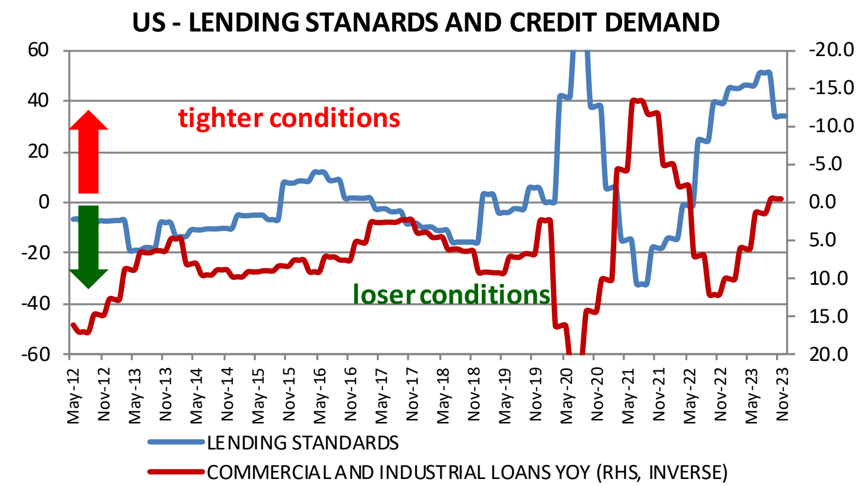


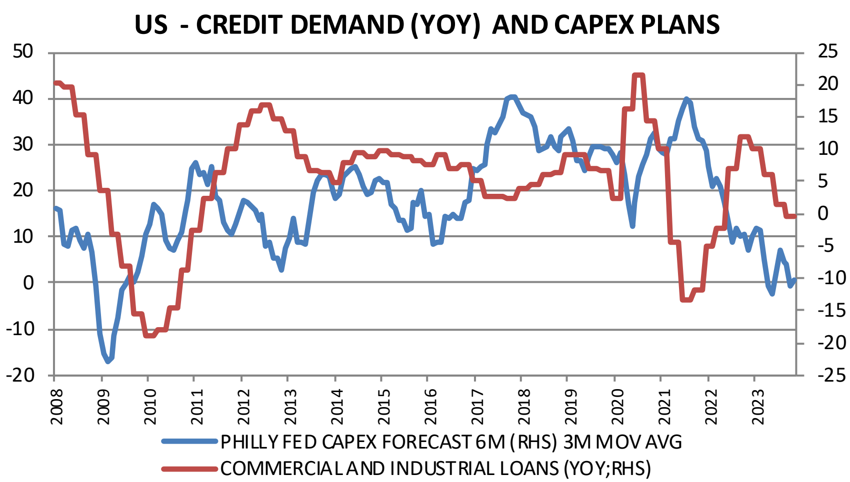


Economic Activity – Credit Demand

Tigher credit conditions impacting credit supply in the US and EU. Lending standards already being somewhat relaxed. US capex financed through balance sheets rather than credits.

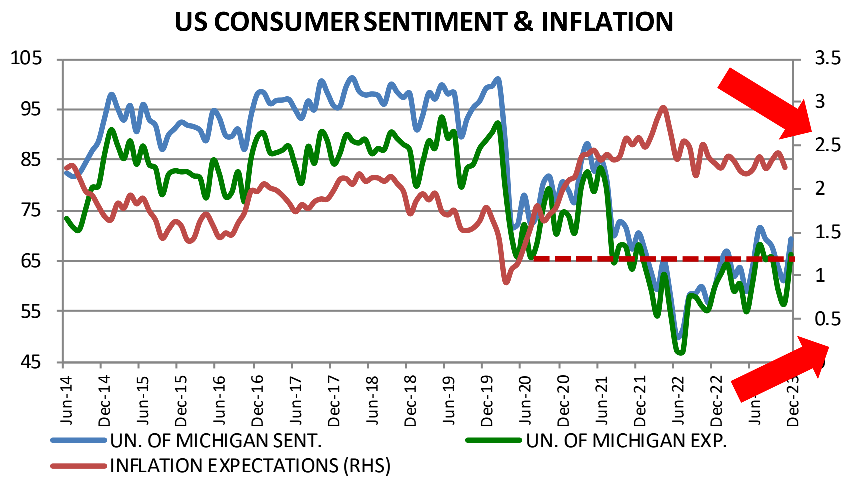


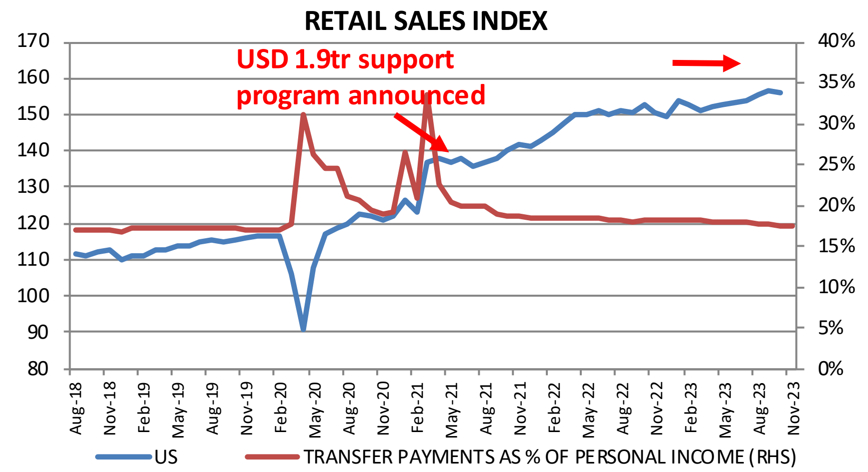


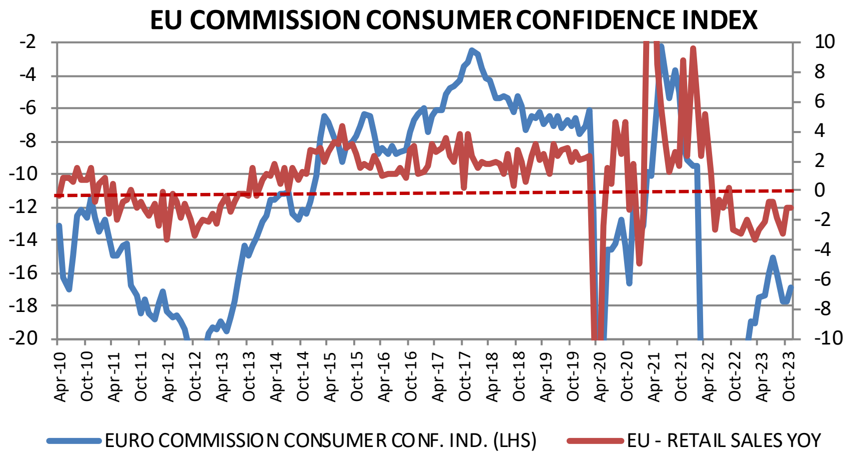


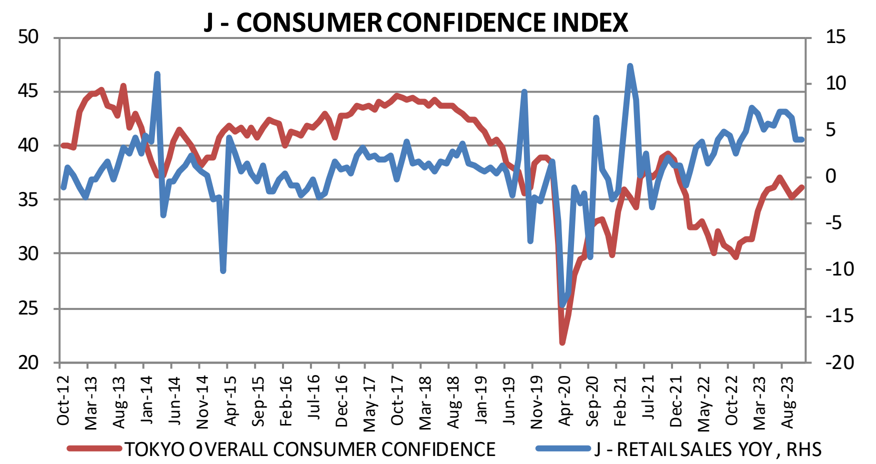
Consumer - Confidence

US consumer confidence still on a very low level. Sentiment about to recover with lower inflation expectations. In the EU and Japan, consumers are gaining confidence again, but the improvement is fragile



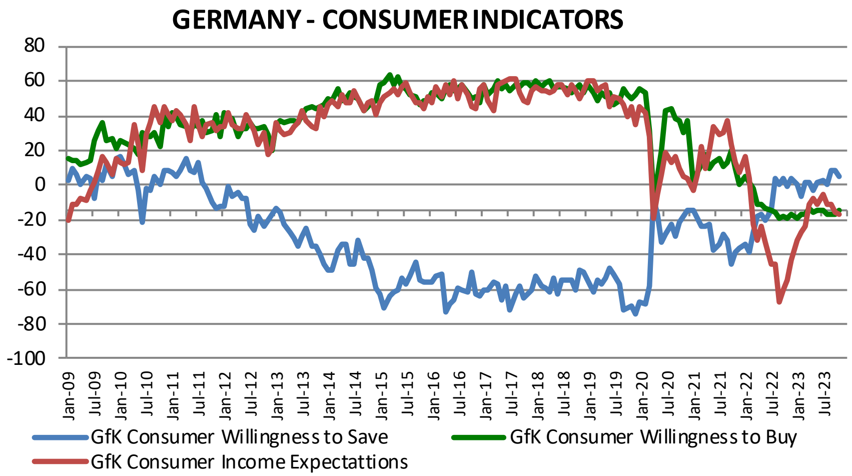


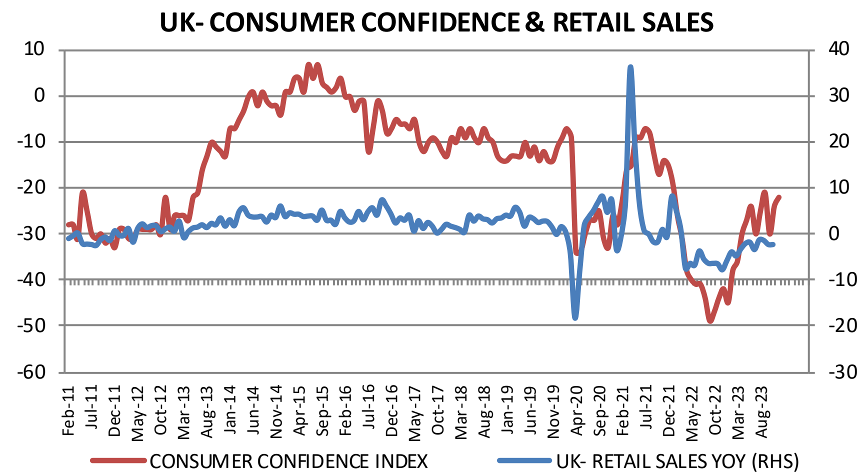


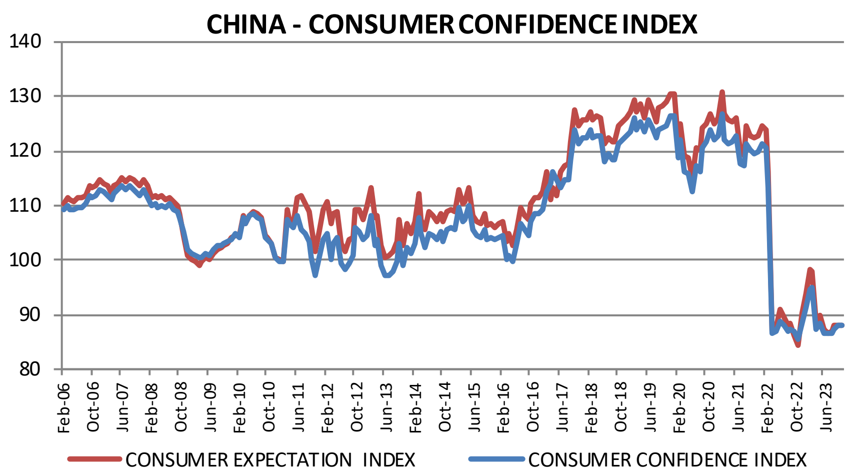


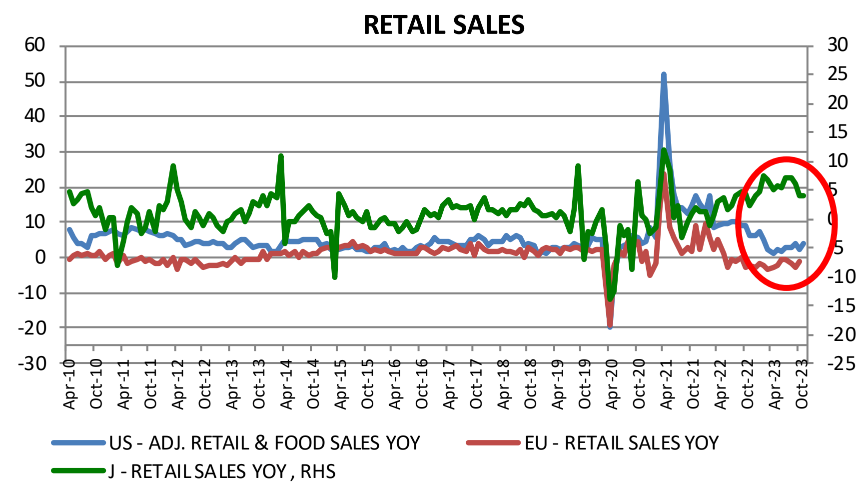
Consumer – Confidence & Retail Sales

Income expectations in Germany deteriorating. Willingness to save improving, reflecting uncertainty ahead. UK consumer regaining confidence. Dull mood in China! Retail sales around «no growth» in US and EU.



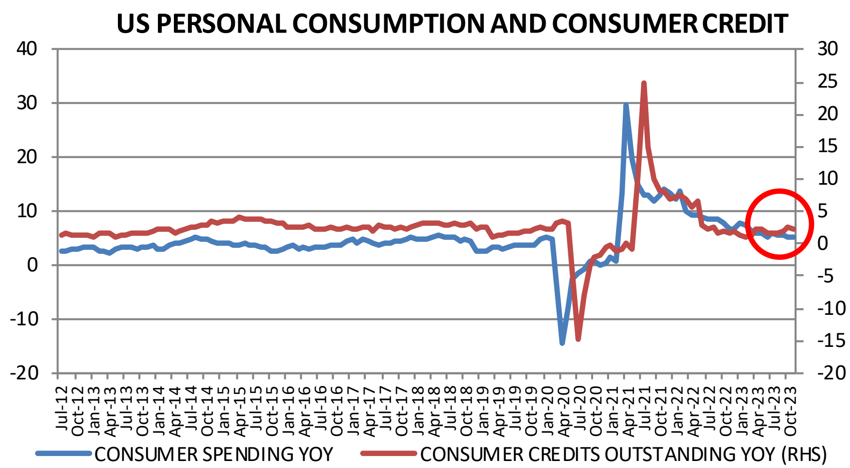


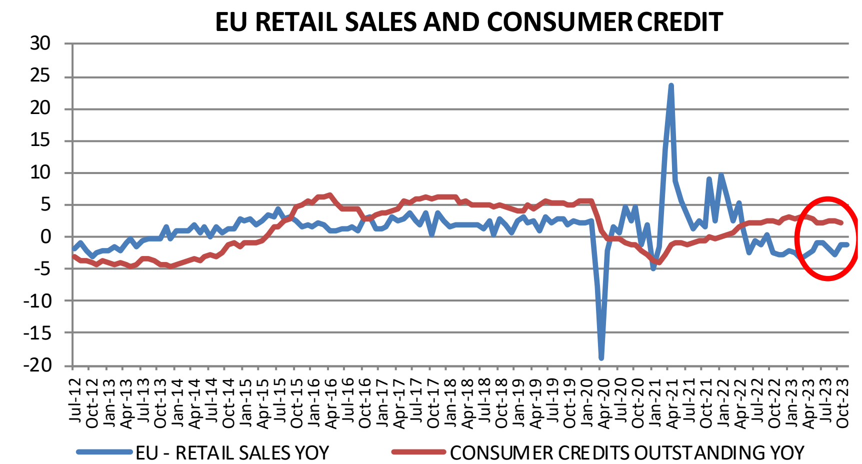


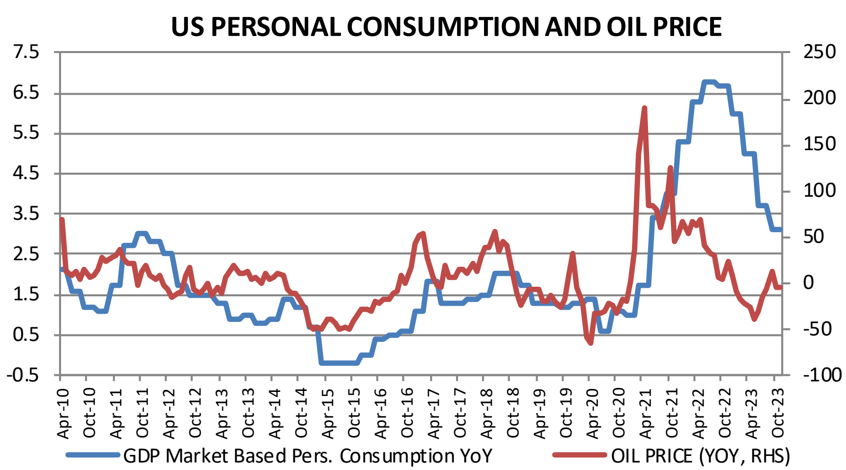


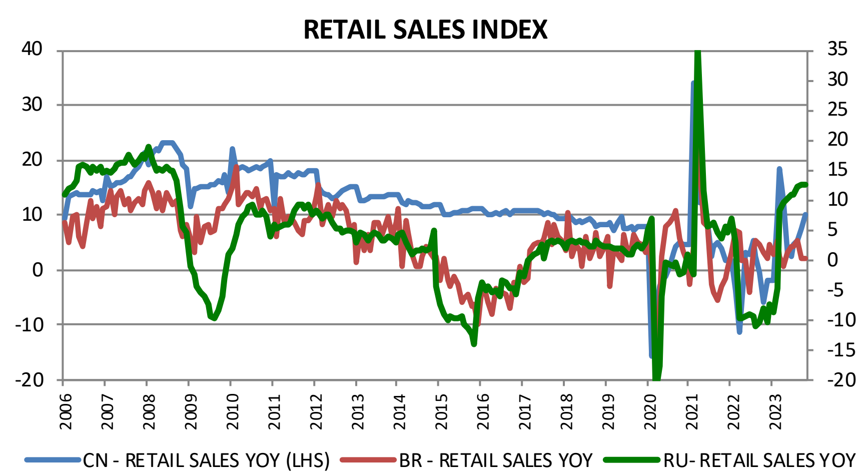
Consumer – Retail Sales

A lot of US and EU consumption still financed through credits. Lower oil price helping private consumption going forward? EM retail sales picking up again, except for Brazil.



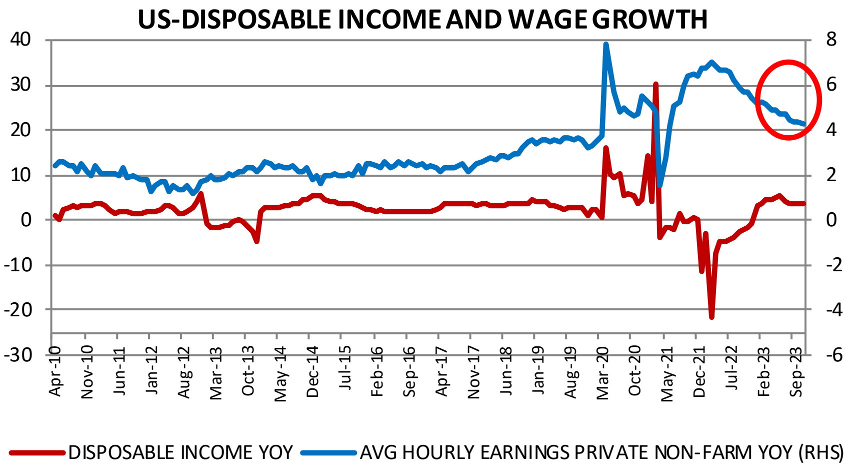


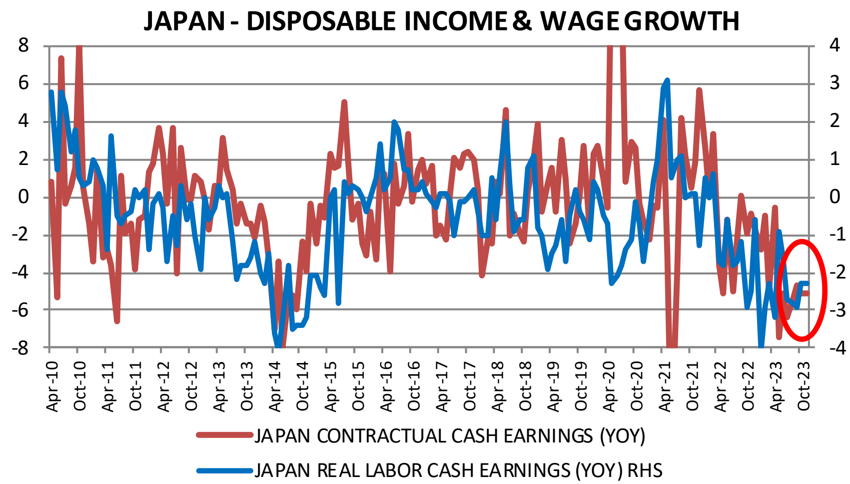


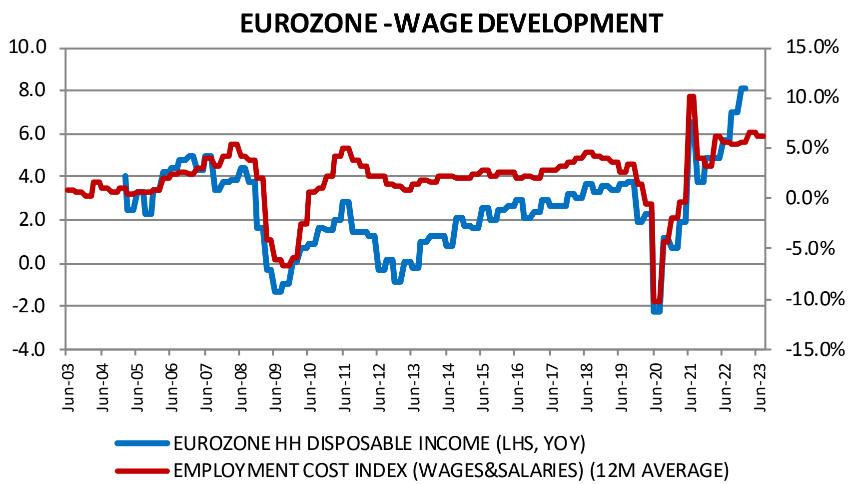


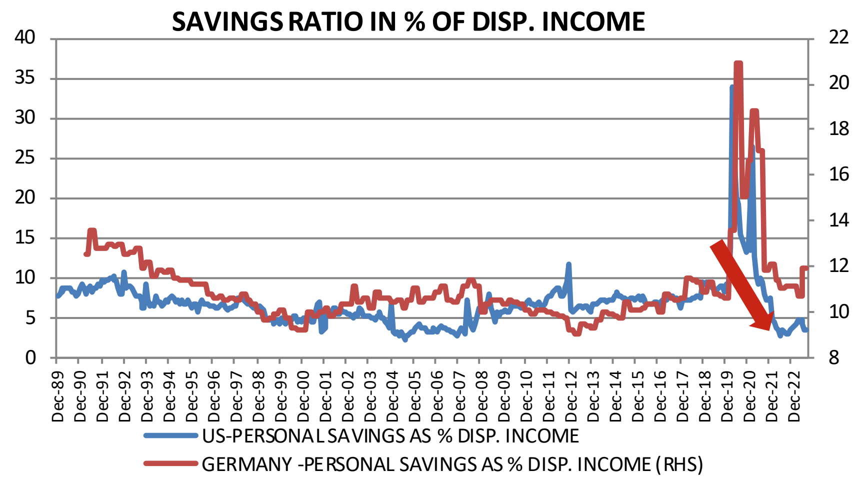
Consumer – Disposable Income

US disposable **income rising at a weak rate!** Savings low in the US, picking up in the EU. Income in EU rising, supported by wage growth. **Japanese incomes suffering again**



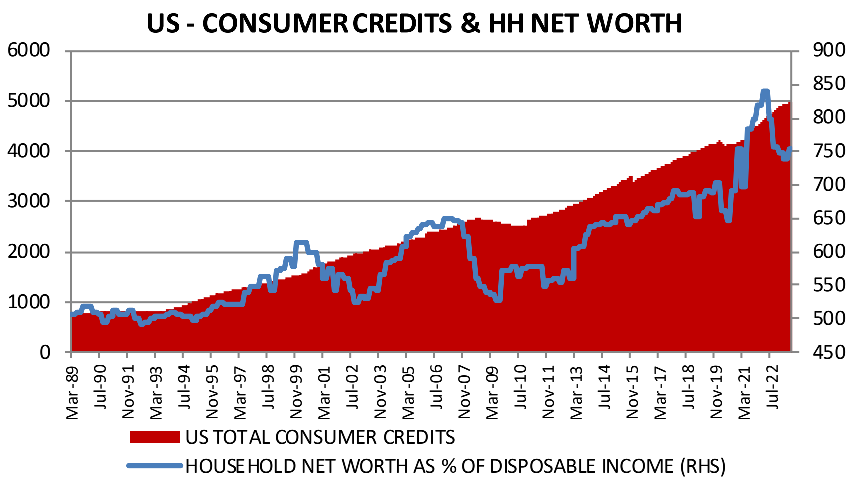


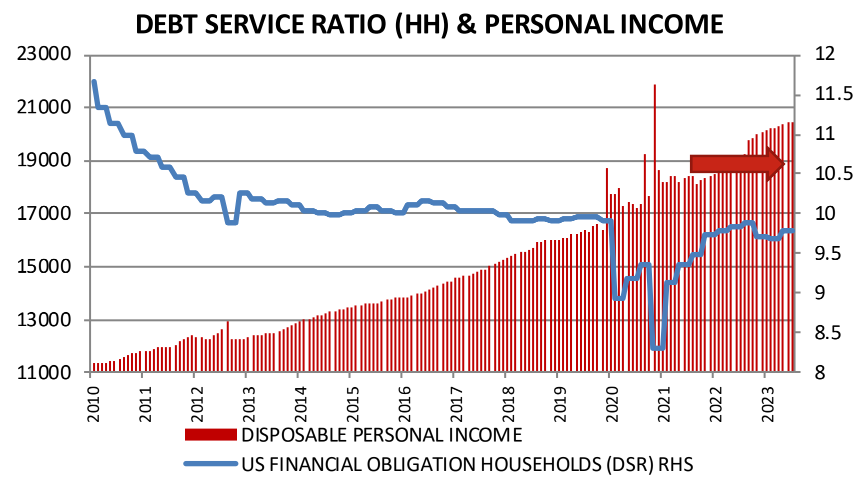


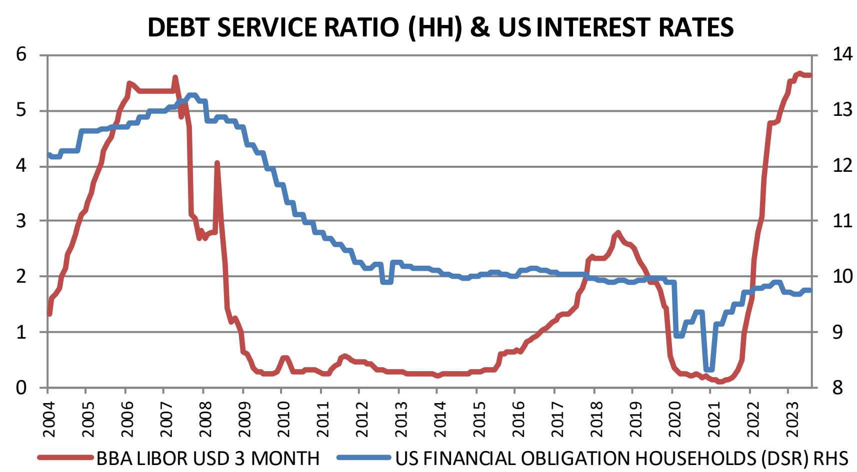


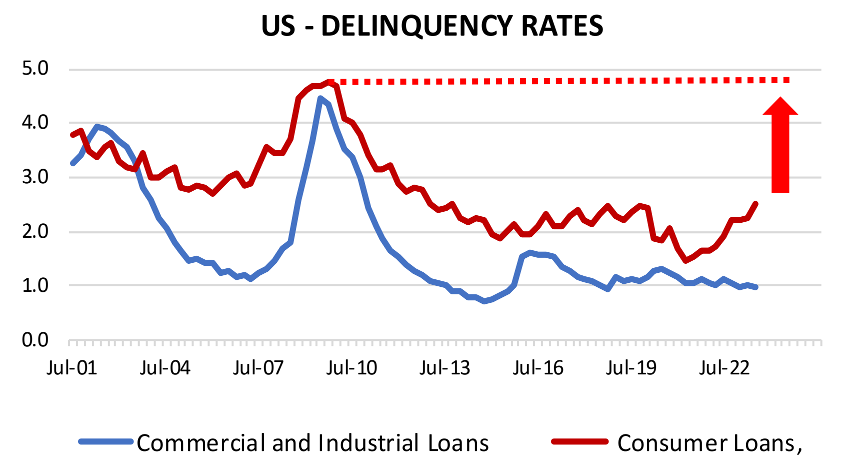
Consumer – Debt & Debt Service

Rising US **debt well covered by higher net worth (savings, houses, other)**, but debt servicing higher with rising interest rates. Delinquencies with consumer loans still low, but picking up and likely to rise, given the economic slowdown.



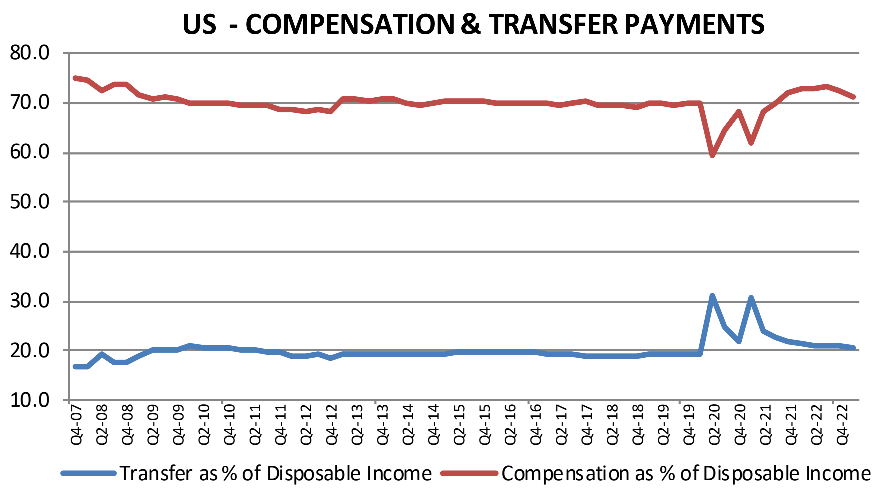


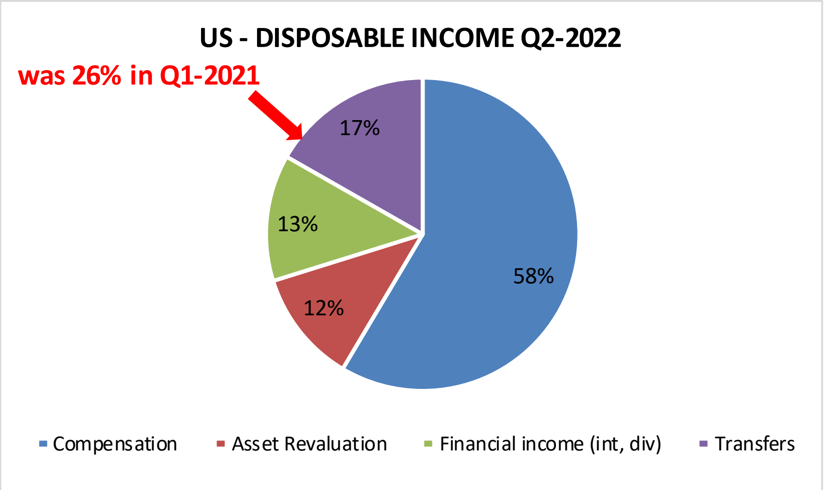


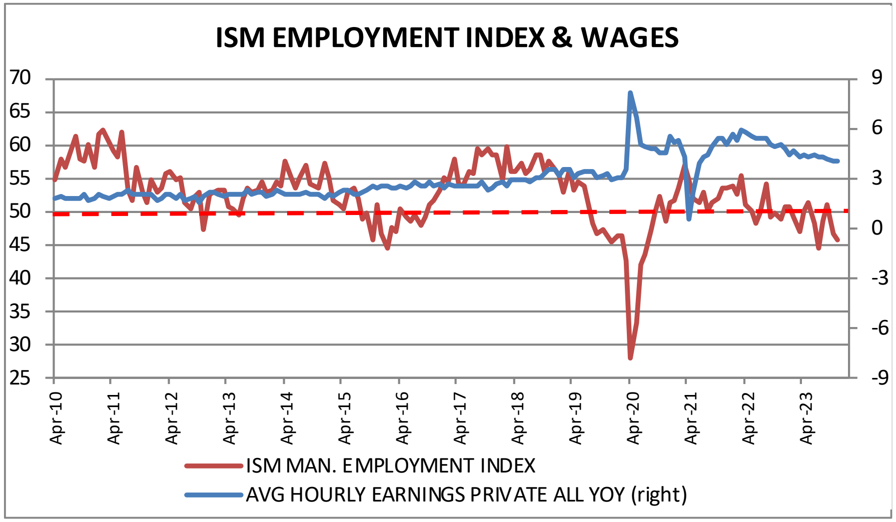


Consumer – Wage growth becoming more important

Consumers‘ dependency on transfers falling with Covid government support schemes running out. But transfer payments repre-senting still an imporant part of households‘ disposable income! Some weakness in labor markets coming up. Will salaries suffer?



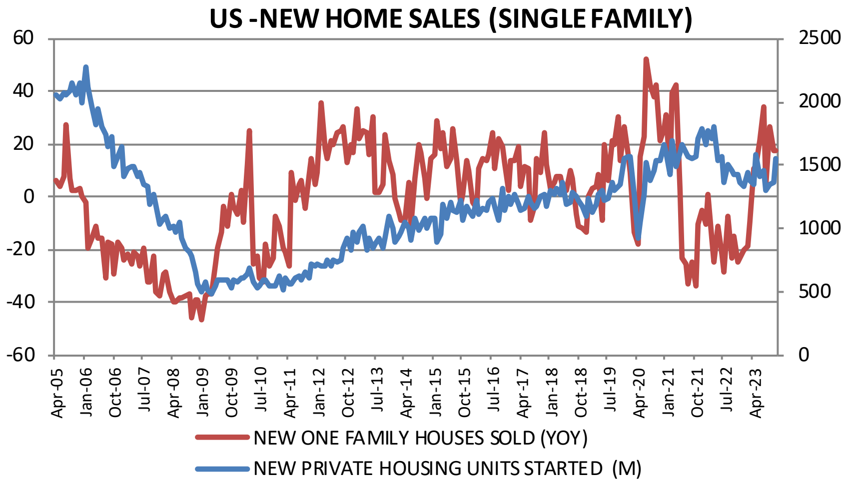


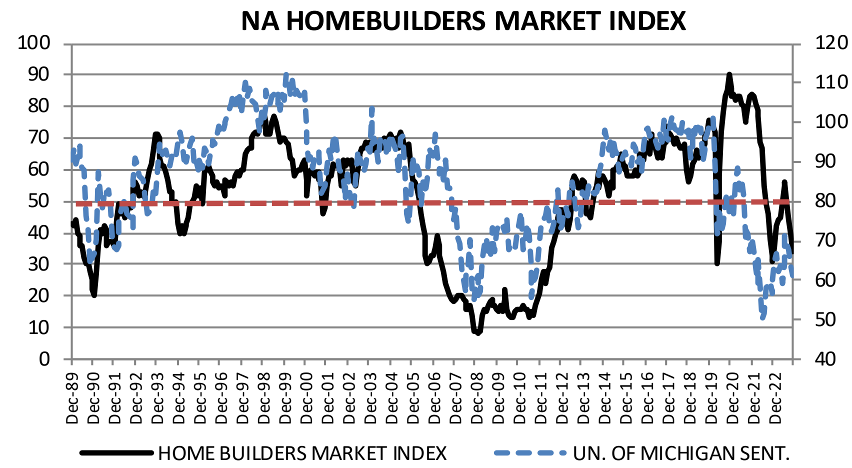


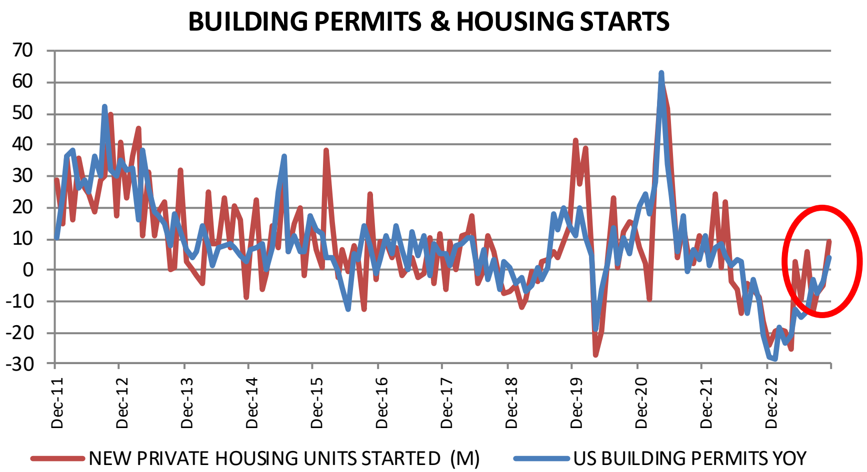
Quelle: Bloomberg, Credit Suisse, Santro Invest AG

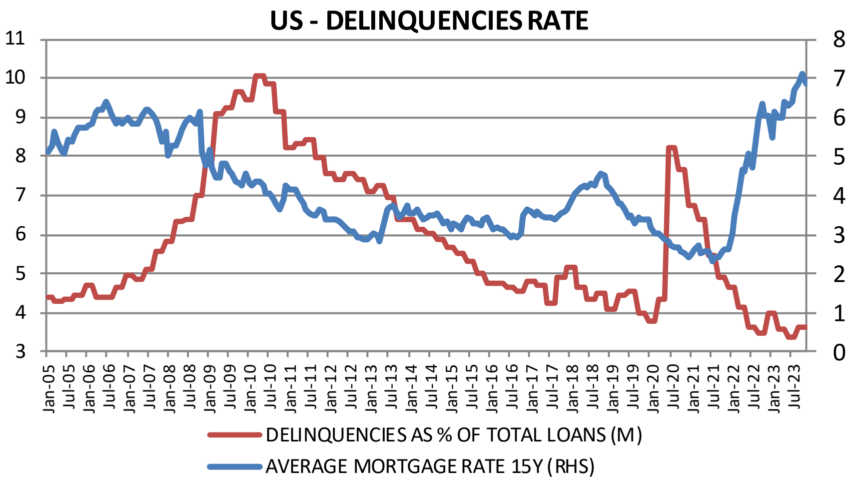
Housing Market

Housing market coming to an end, despite higher mortgage rates. But activity remains slow with new permits. Housing starts recovering. Delinquencies likely to pick up on the back of significantly higher rates.



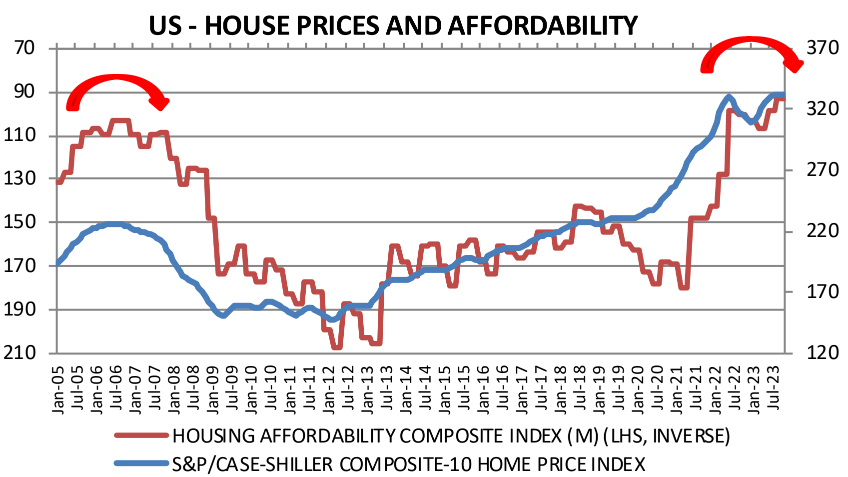


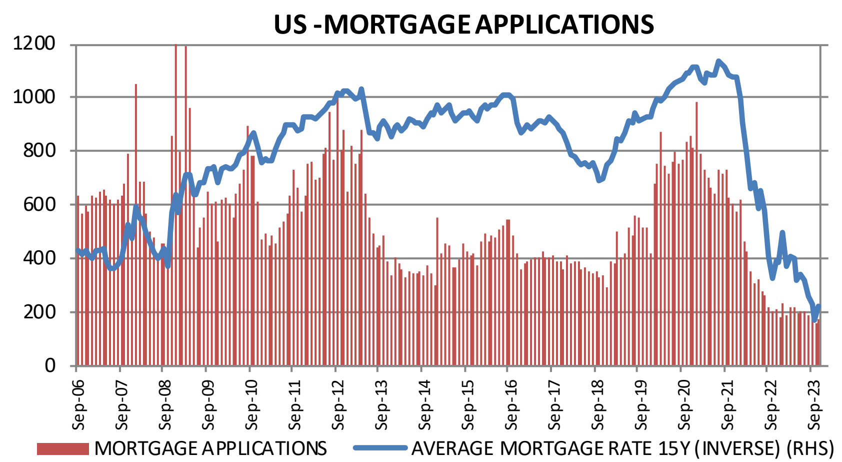


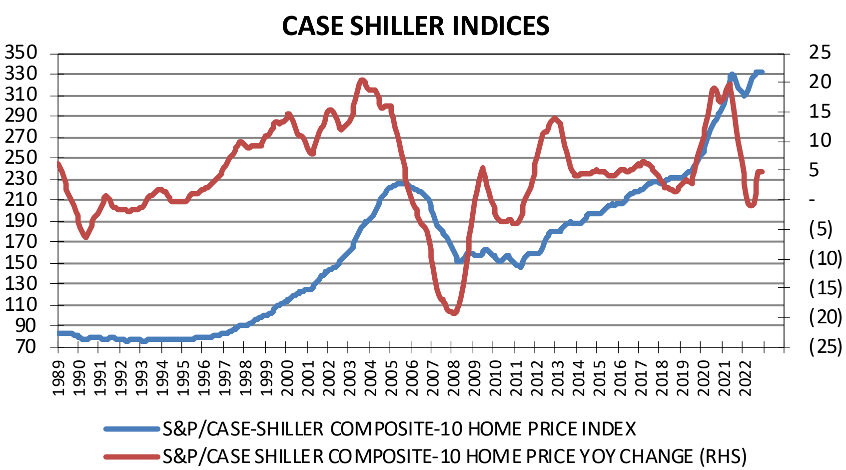


Housing Market

Affordability remaining low as house prices did not really correct so far on average. Mortgage application staying at depressed levels

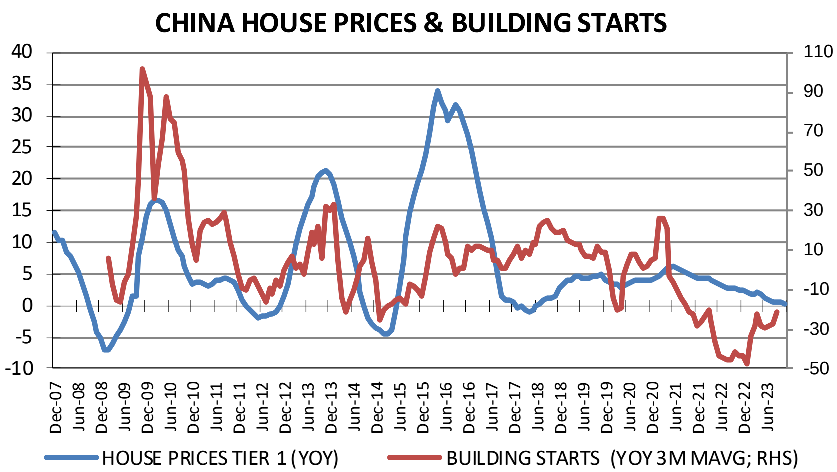


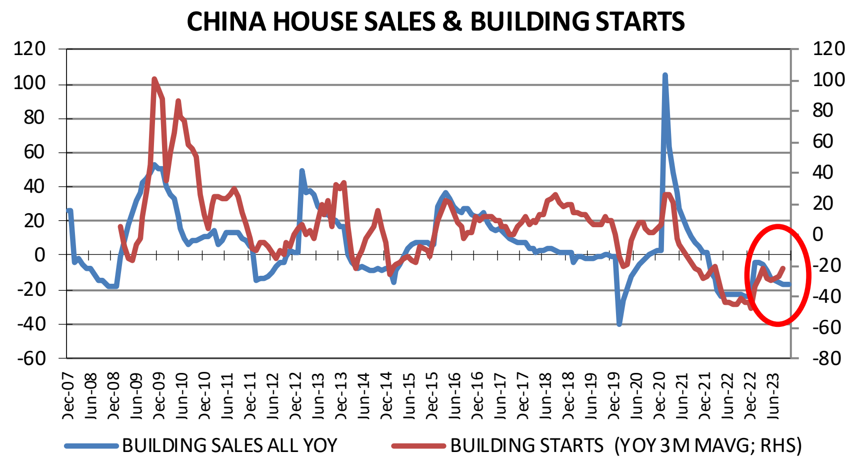


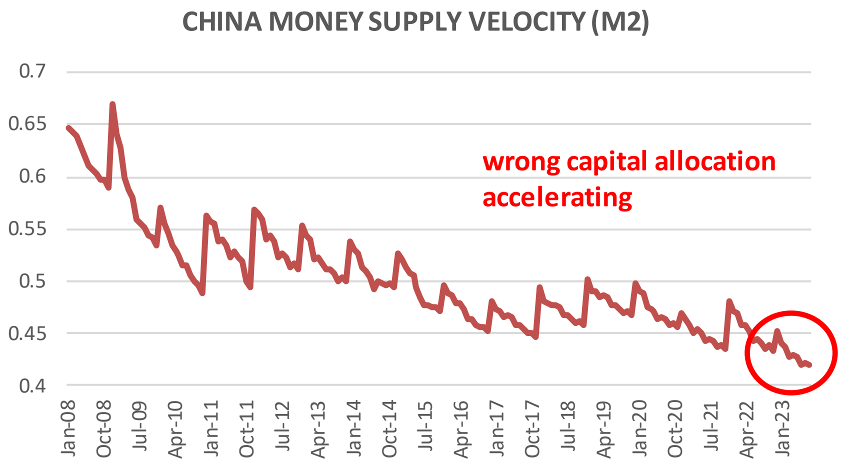


Housing Market - China

As bad as it is, but the worst seems to be over. House prices going flat, new investments and house sales continuing to decline. Wrong capital allocation extended with support measures taken by government for badly hit real estate developers.

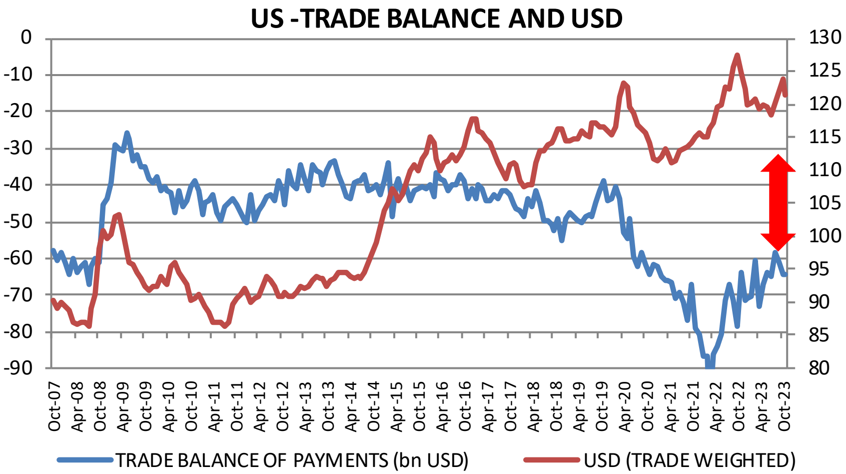


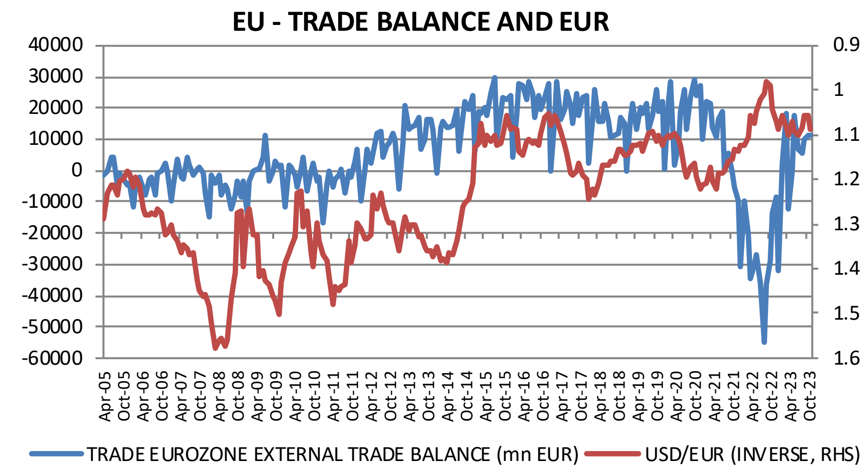


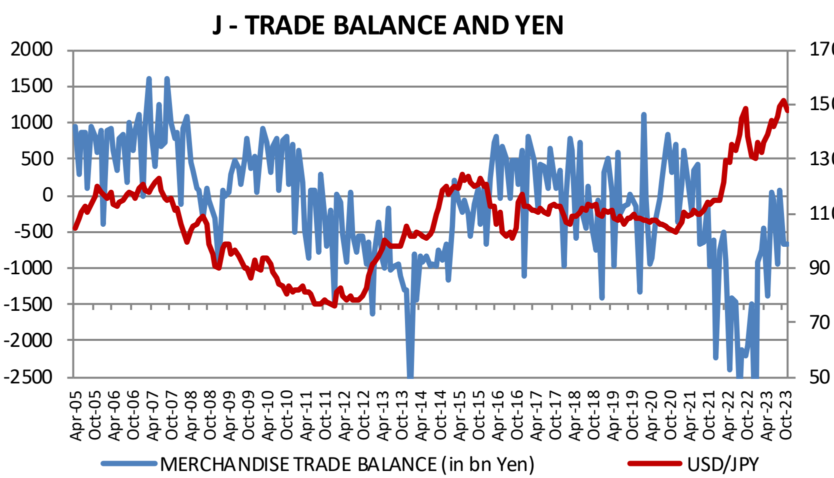


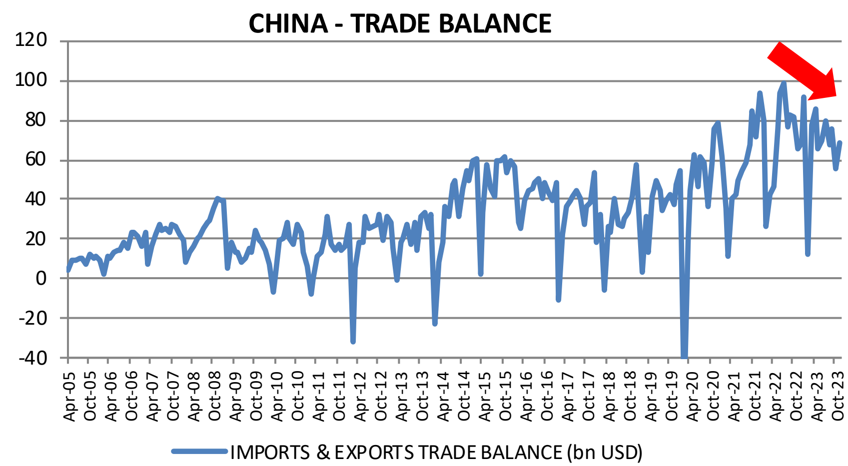
External Trade

US trade balance deteriorating again despite stronger USD. EU trade balance falling into deficit (global eco slowdown)! Europe remaining an export champion. China's trade surplus deteriorating, due to weak export markets; Japan benefiting from weak JPY



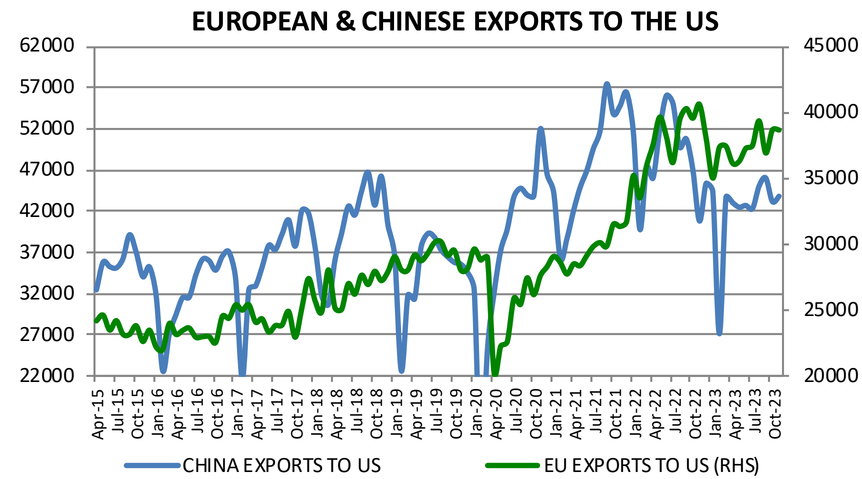


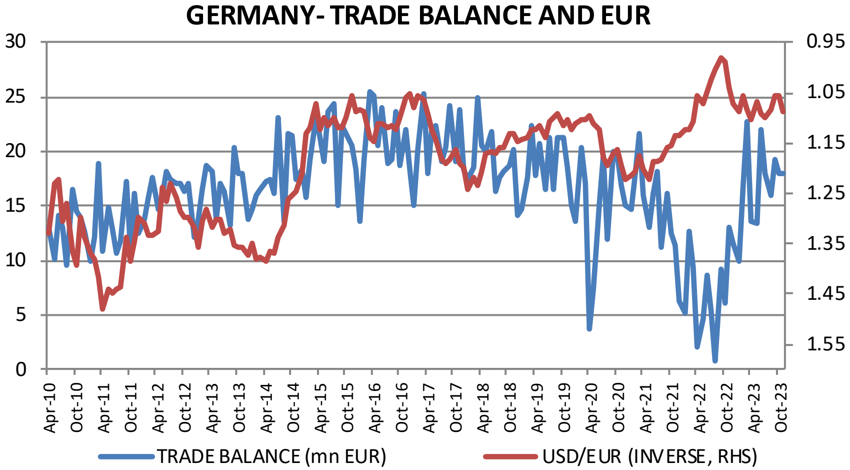


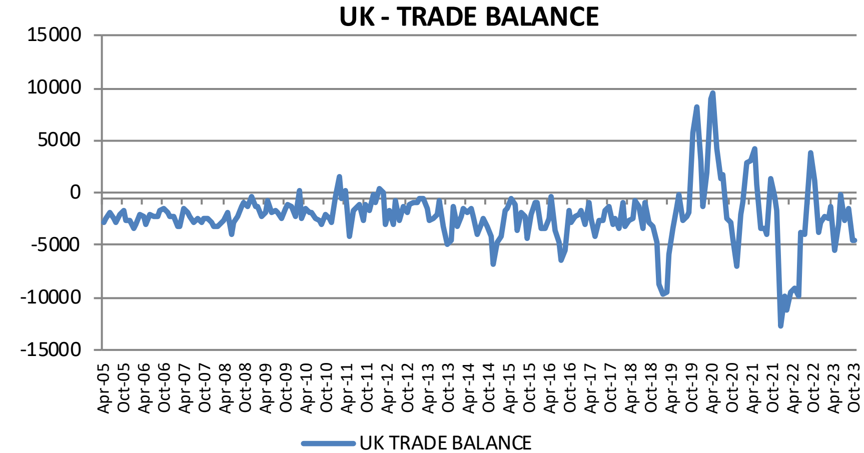


External Trade

China exports to the US still decent, US exports to China picking up (surprisingly)! Germany still with strong surplus, despite weak export markets. Brexit did not change anything for UK trade, in contratry!

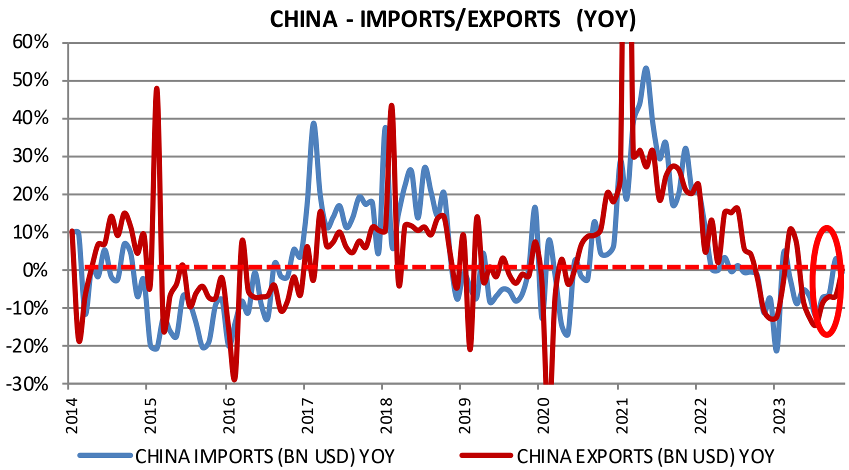


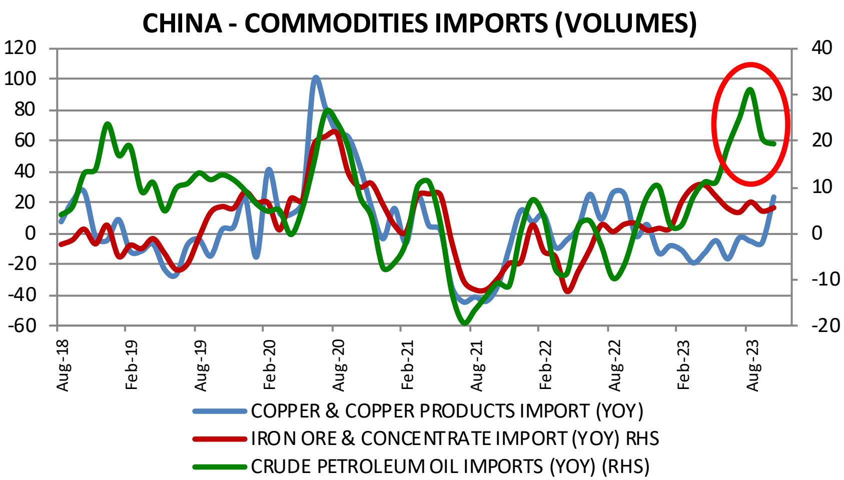




External Trade - China

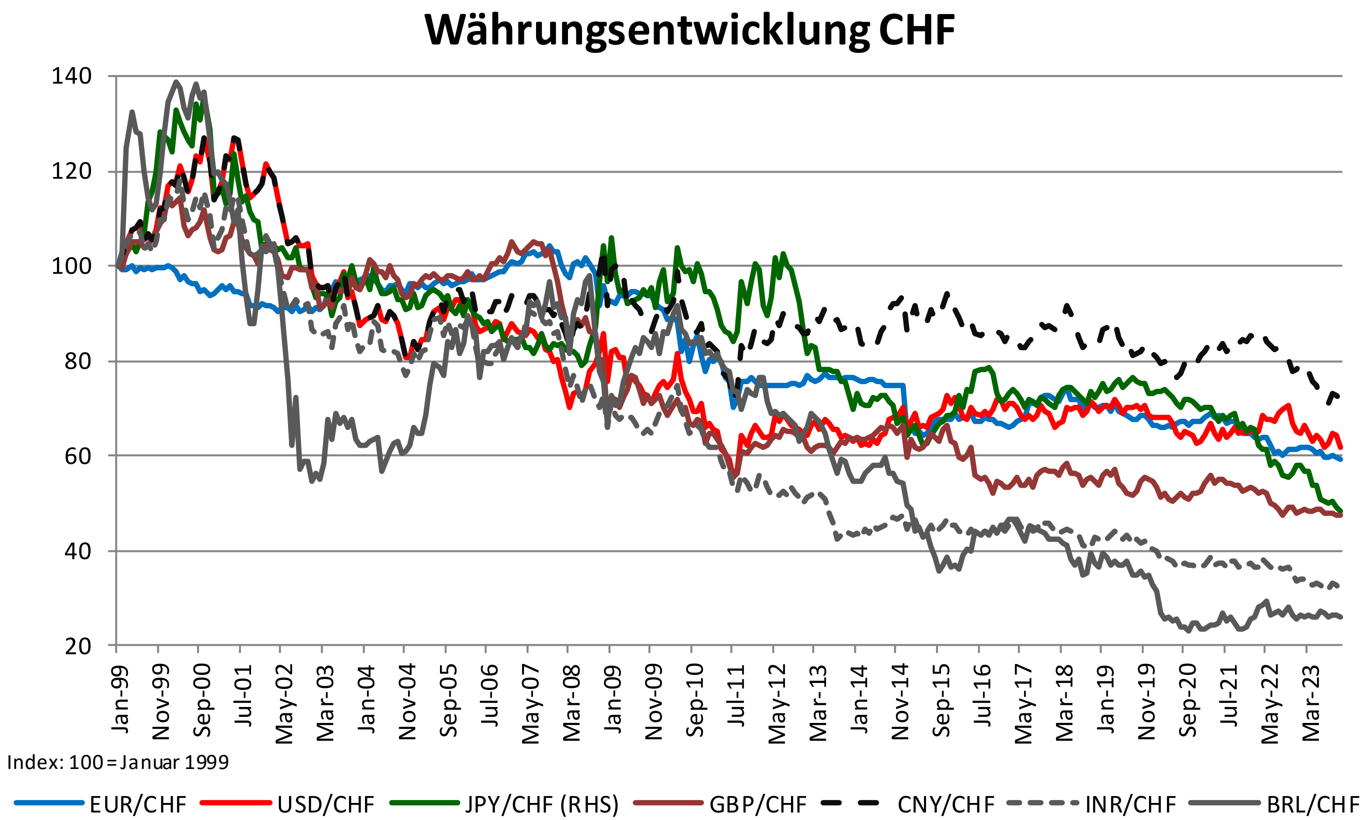
Chinese imports & exports weakening, as a result of eco slowdown. Japan's exports stable, but declining slightly! Higher commodity imports (oil, iron ore) again – indicating the Chinese economy about to recover, or stockpiling of oil? Copper also coming back.





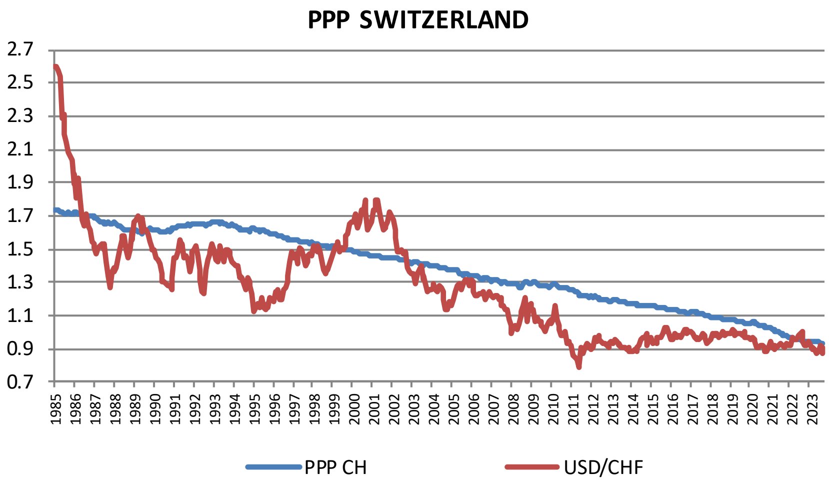
Exchange Rates

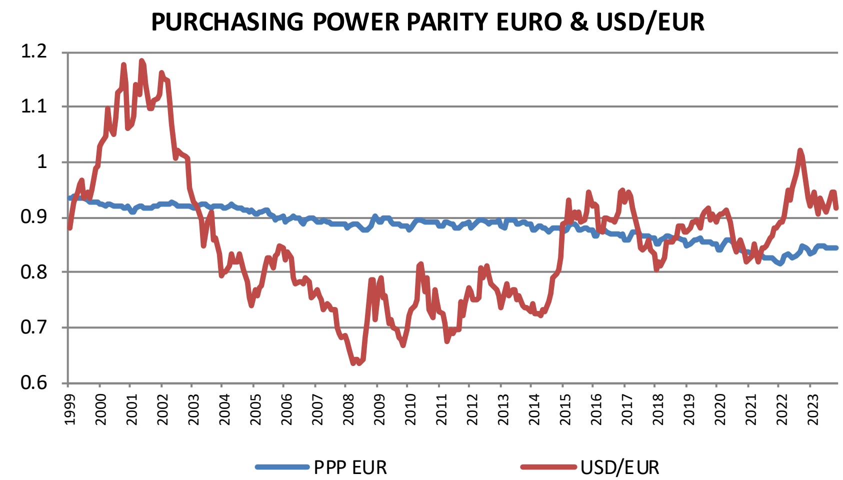
Long-term CHF appreciation going on. Strong depreciation of JPY and CNY

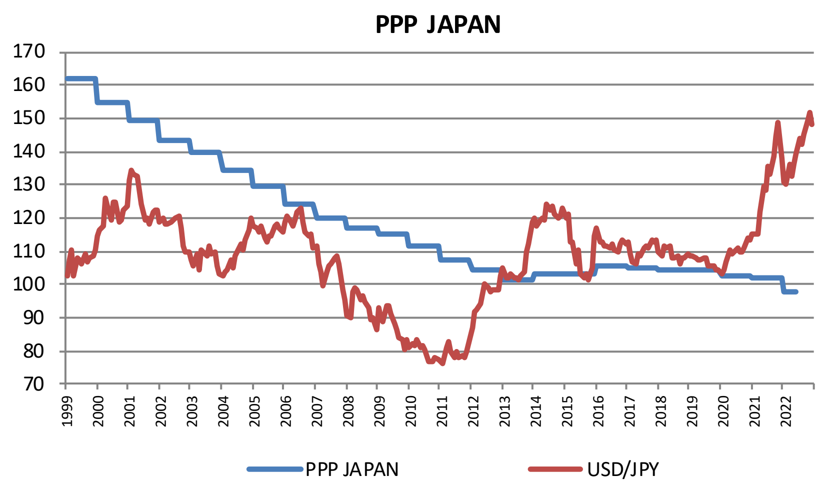


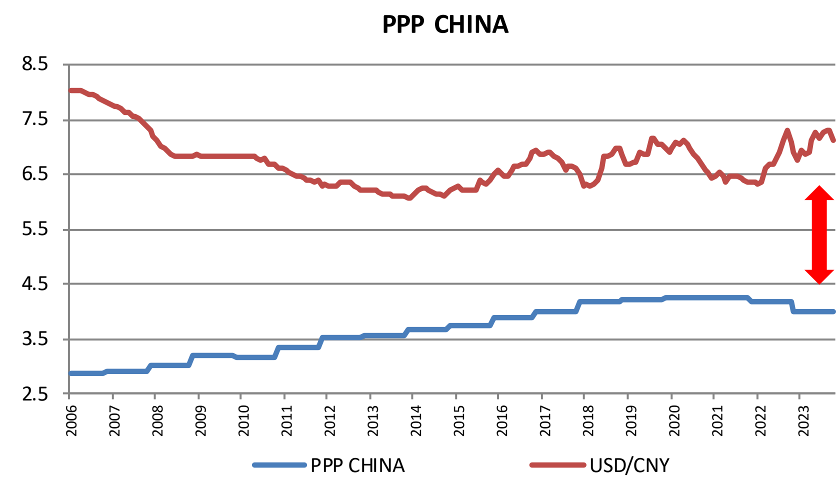
Exchange Rates - PPPs

CHF about right, all other currencies too cheap (vs. USD)!



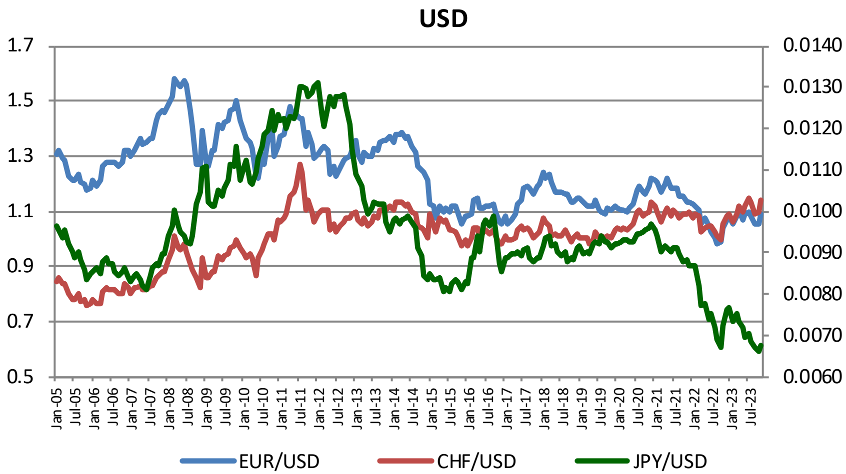


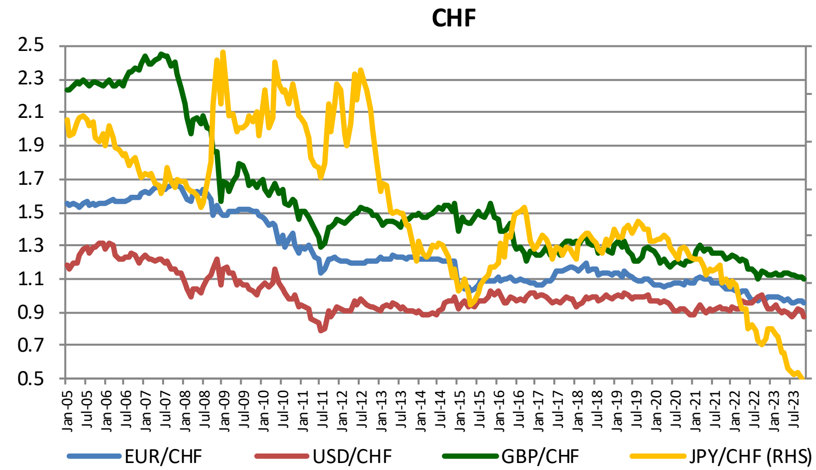


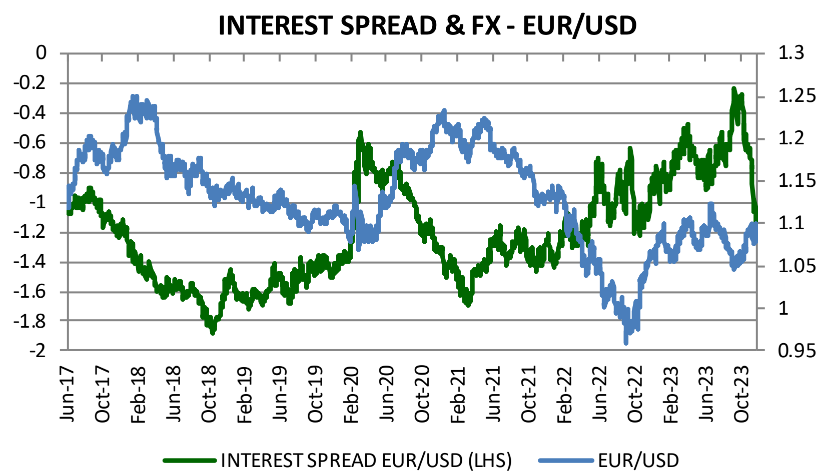


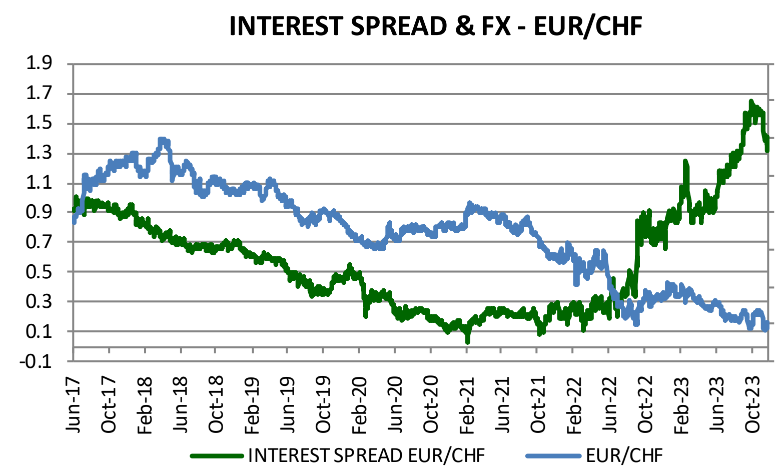
Exchange Rates

Strong depreciation of JPY surpassed even weakness of the EUR. Based on interest rates differentials, EUR should be stronger vs. both USD and CHF in particular



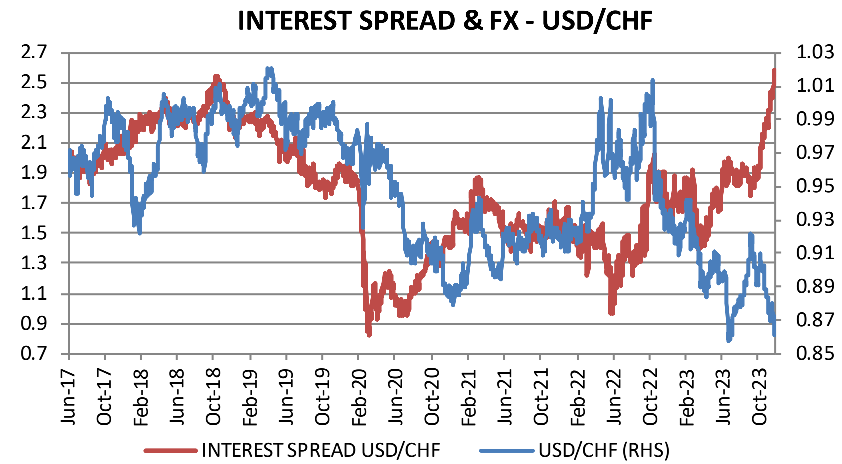


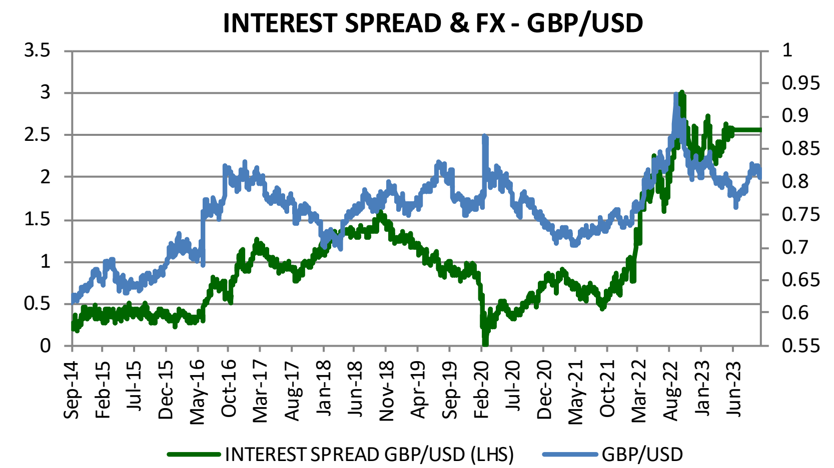


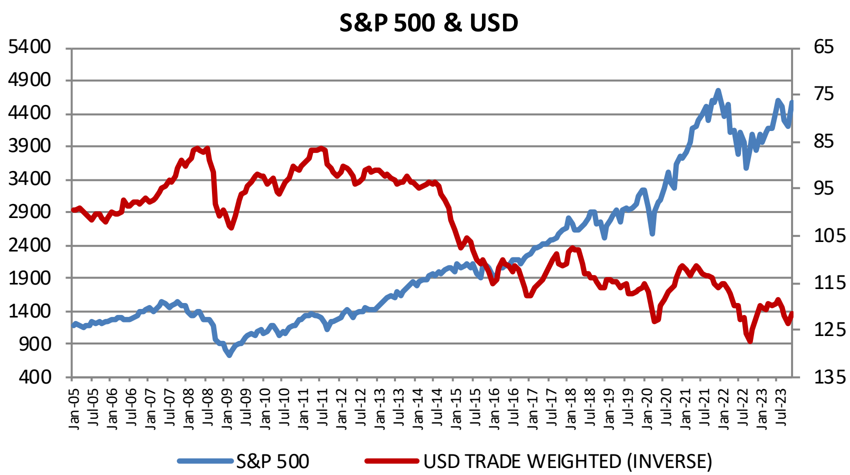


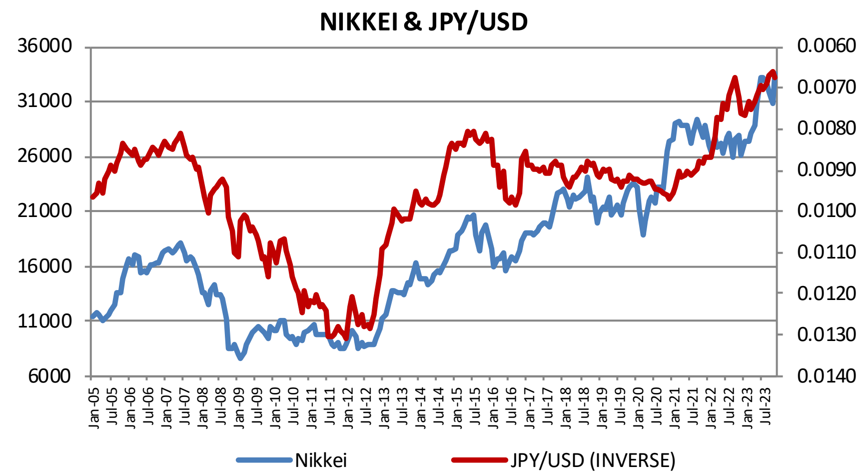
Exchange Rates

USD too cheap vs. CHF and GBP! Stronger USD should weight more on the stock market, weak JPY benefits the NIKKEI



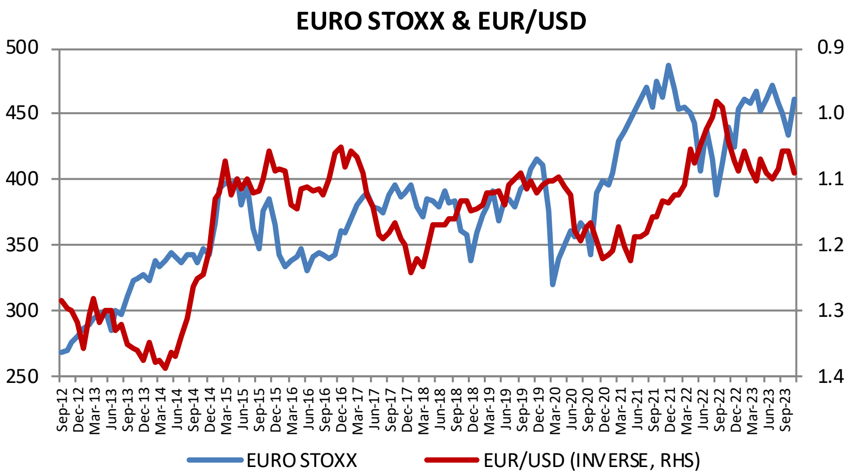


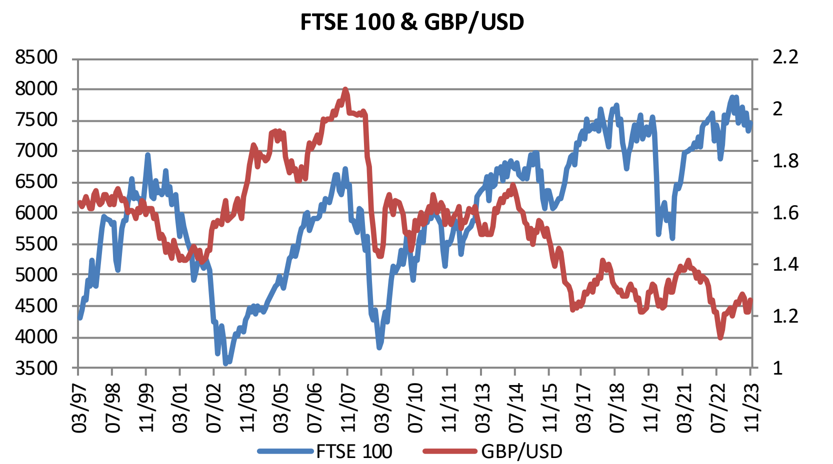


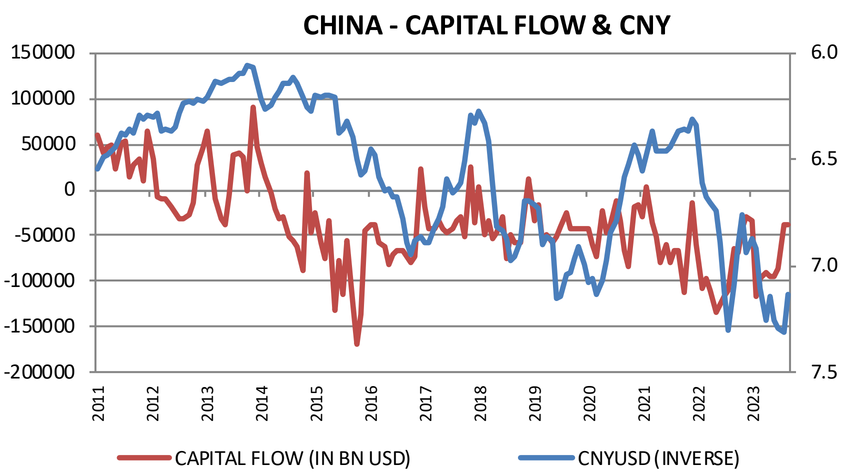


Exchange Rates

EURO STOXX up thanks to weaker EUR. Capital outflows in China putting CNY under pressure

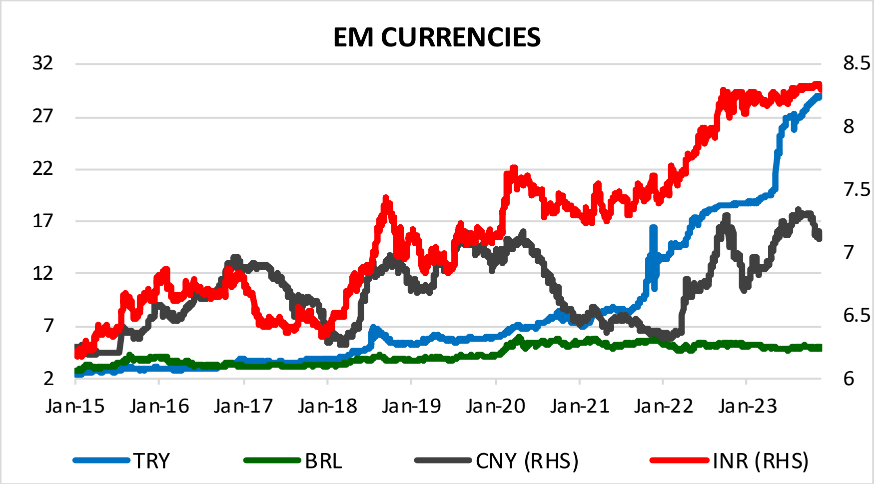


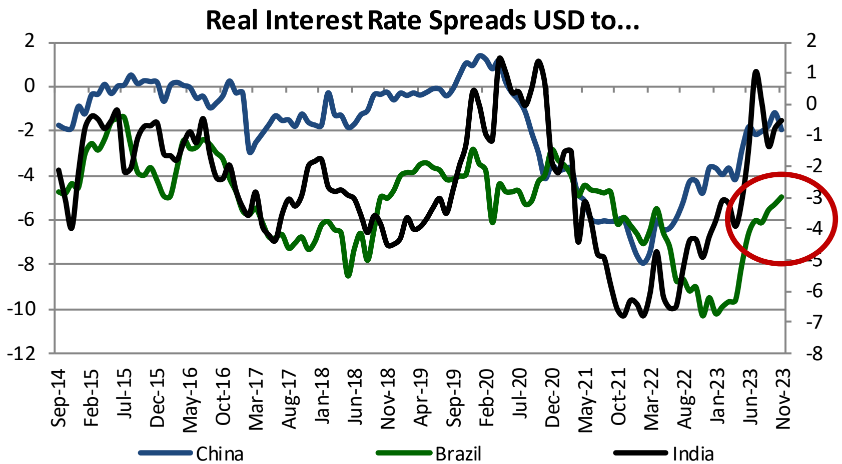


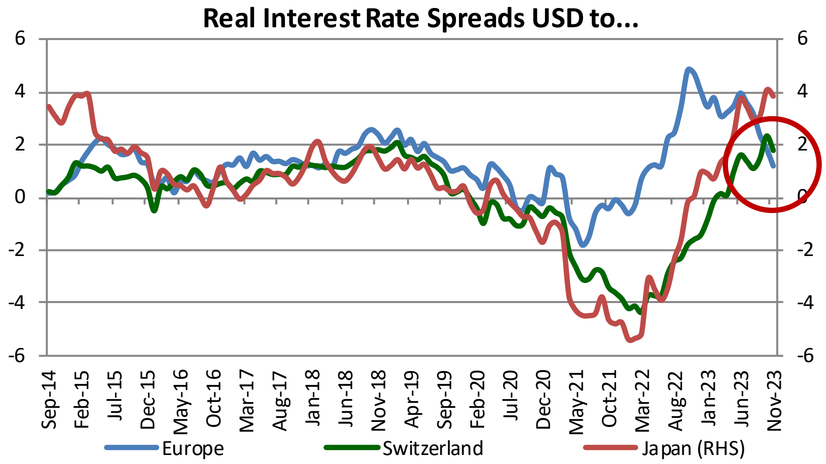


Exchange Rates

EM currencies depreciated all, apart from BRL. Based on real rates, USD strength coming to an end with interest rate increase cycle ending. EUR appreciating as a result

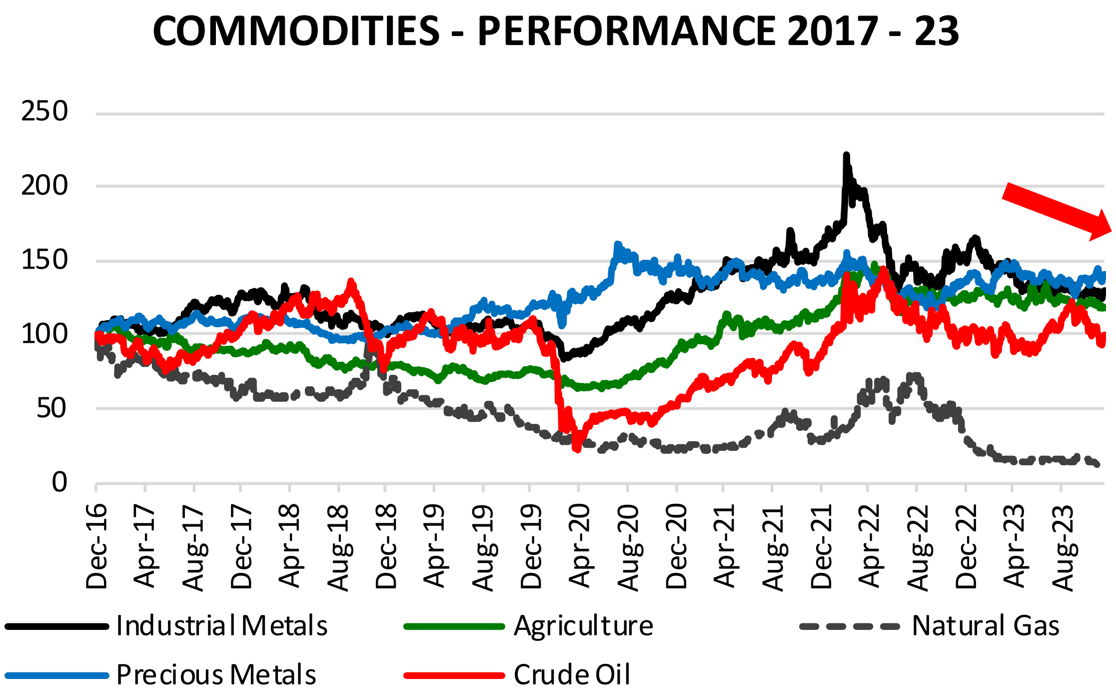






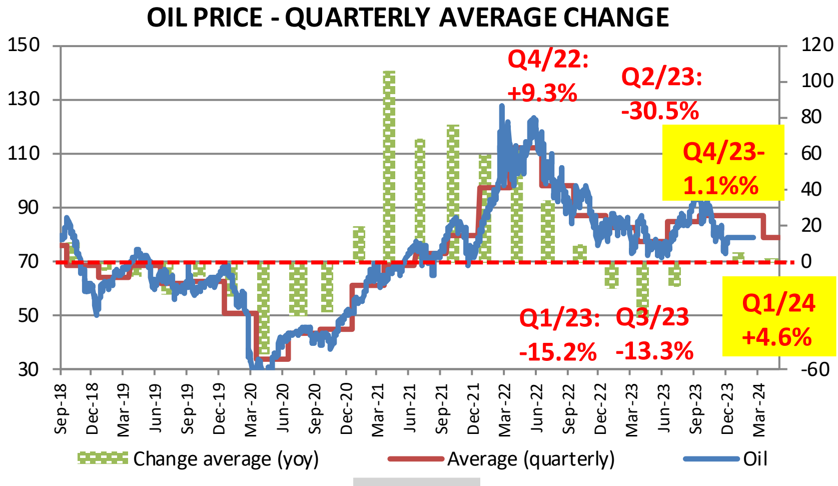
Commodities

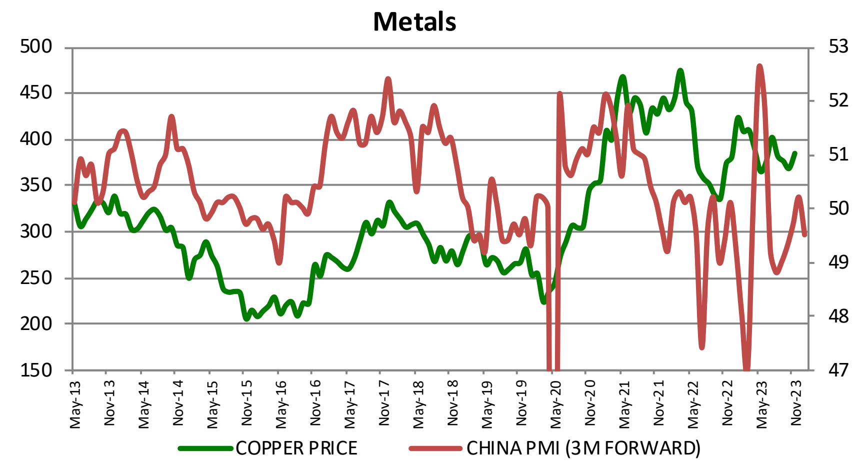
Natural Gas has corrected the most while ag commodities and precious metals were relative resilient. Oil declining again.

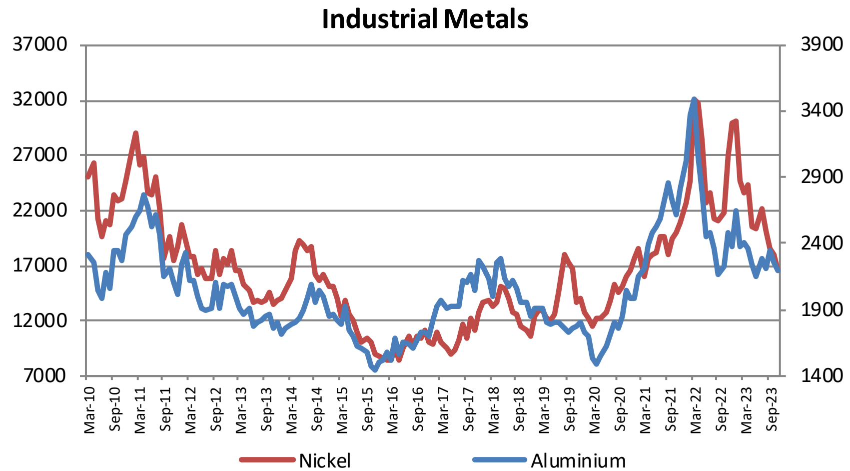


Commodities

Oil price declining on the back of higher US production, weaker demand, higher intentories. OPEC+ extension of production cuts with little impact (price cap on Russian oil as well!). Recovery in industrial metals needs support from China – no signs of pick up yet.

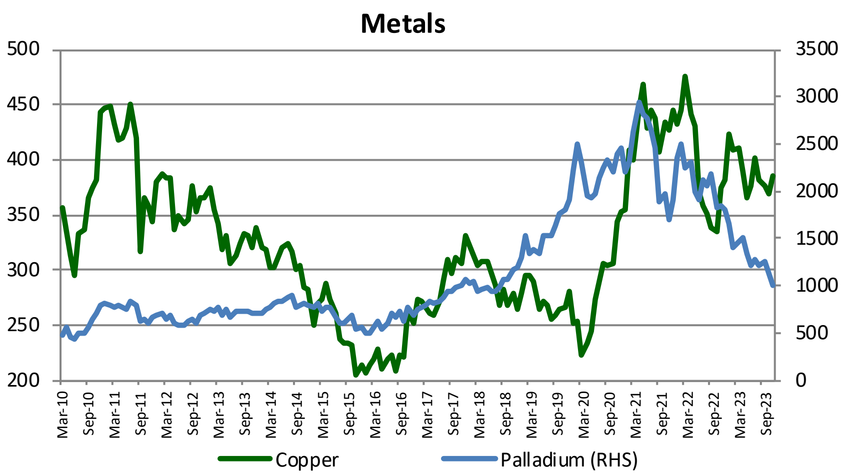


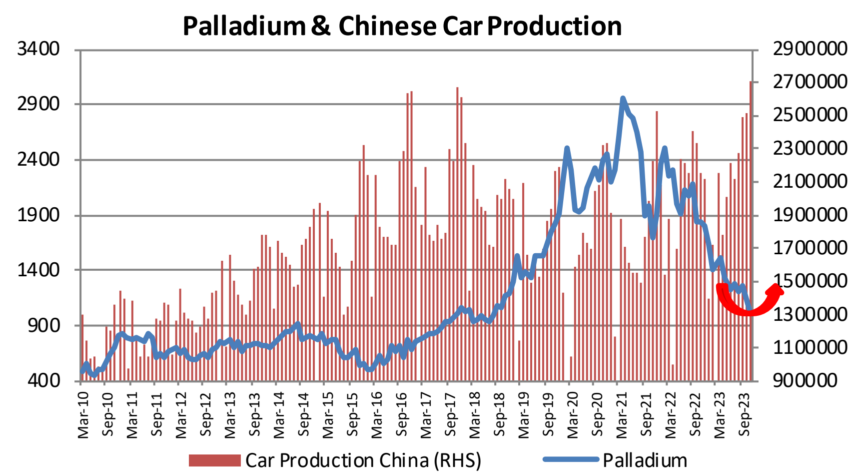


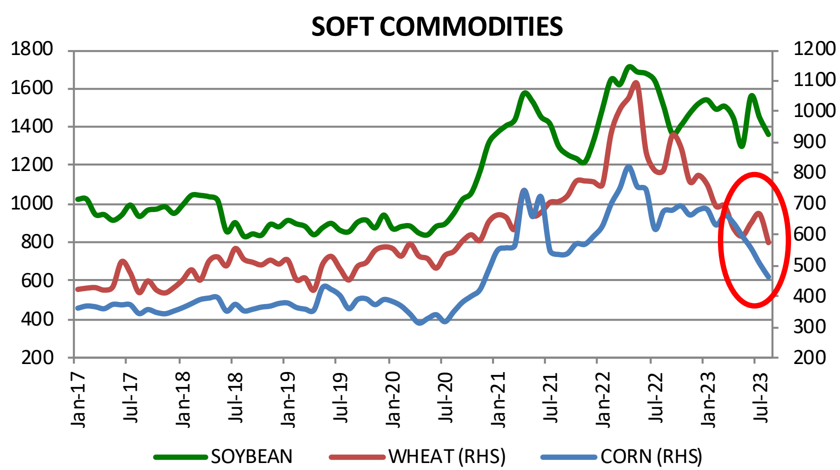


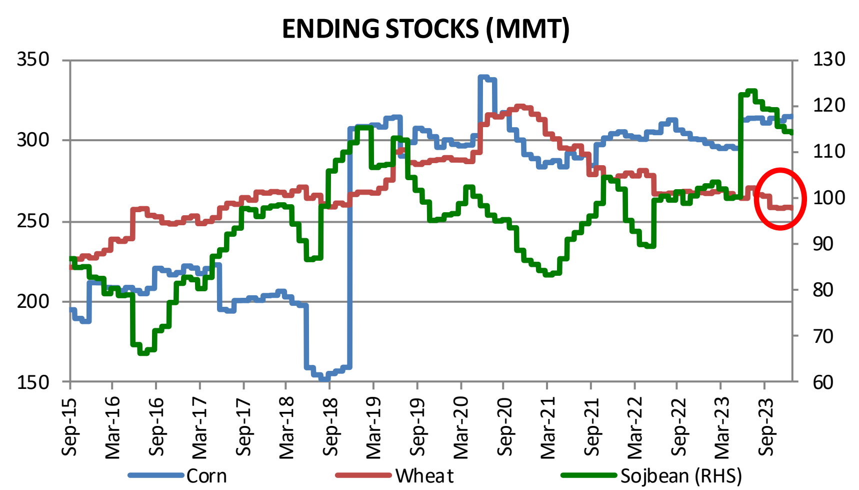
Commodities

Copper price likely has found a bottom. Stronger car production in China will push up Palladium prices at some point! Agro commodities under pressure from postive crop outlook and better availability of products from Ukraine. Stocks high in general.



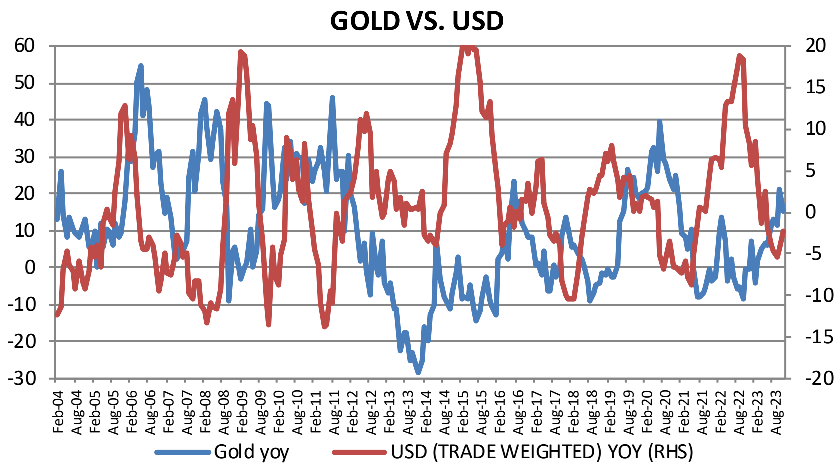


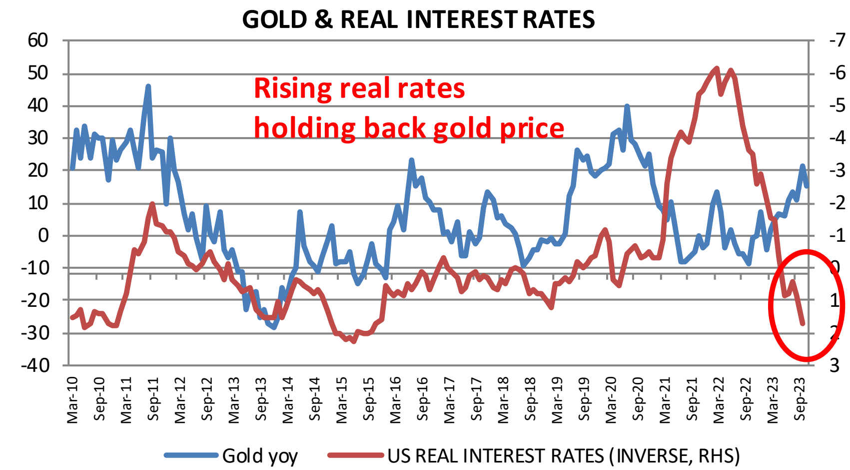


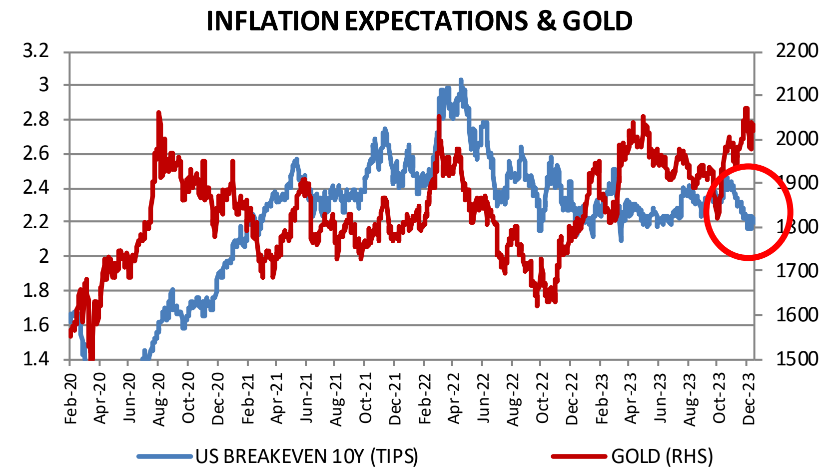


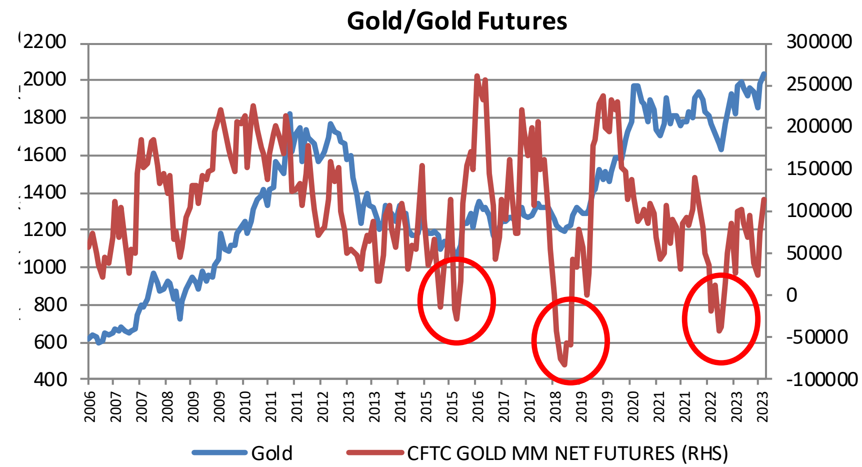
Commodities - Gold

Gold benefitting from lower USD, but suffering from lower inflation expectations an/or rising real interes rates. Leveraged investors positionned for higher gold price.



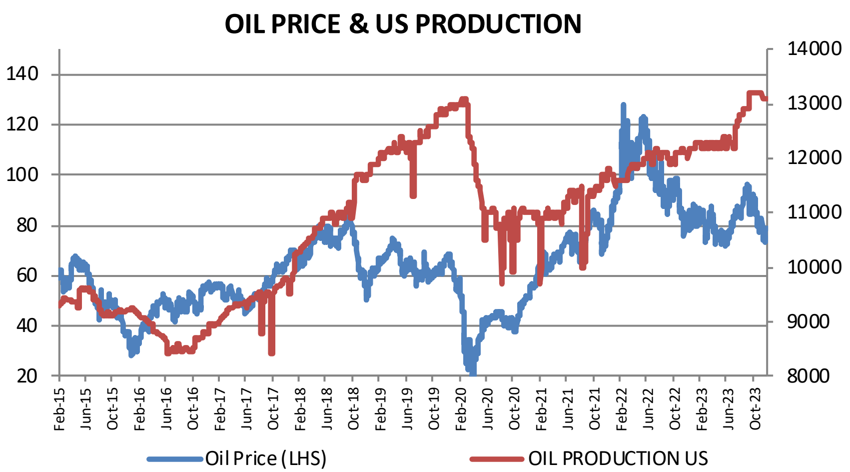


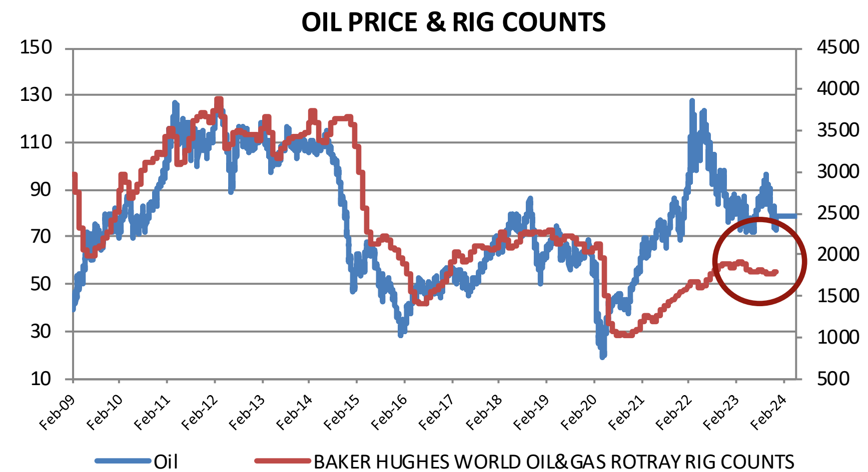


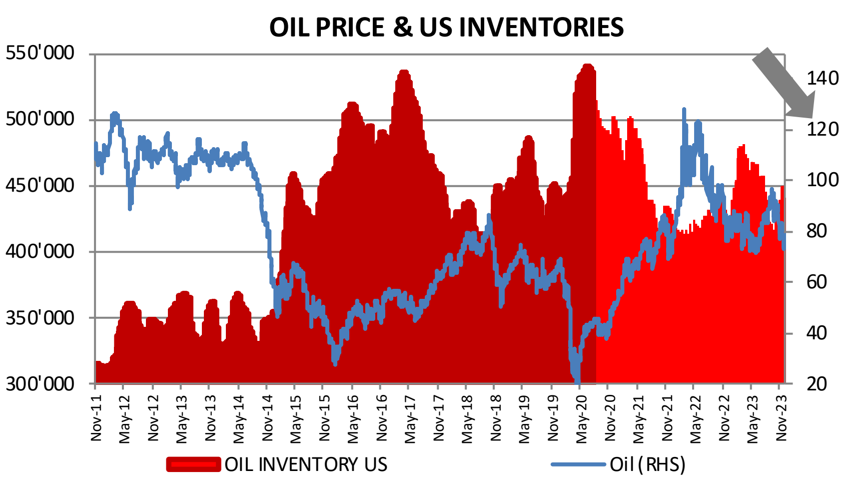


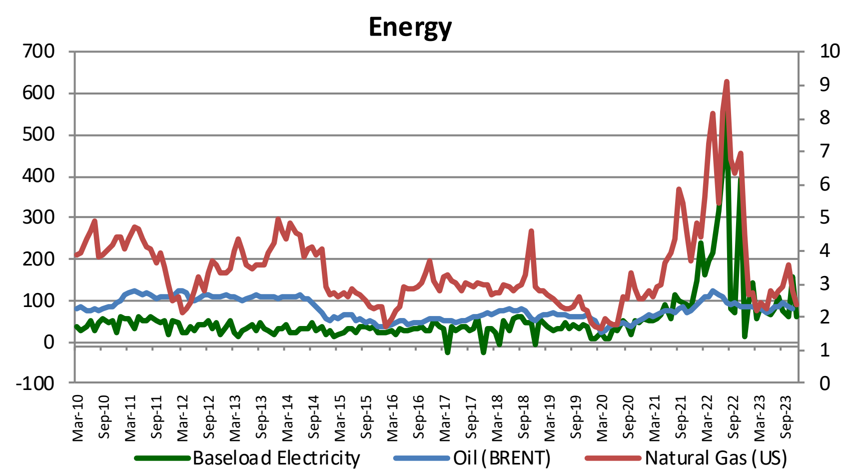
Commodities - Oil

US oil production continuing to grow despite lower oil price but due to global supply chain disruptions (Russia). Rig counts in operations did not increase. Inventories on the rise again. Gas price explosion in Europe came to an end, power prices will decrease.



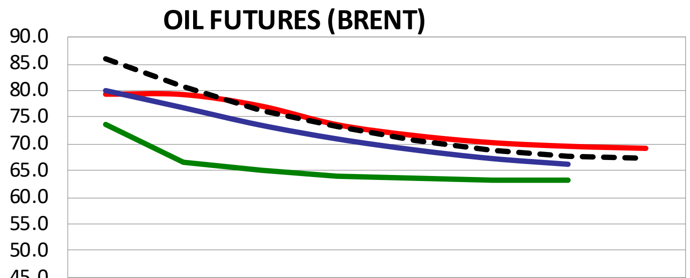




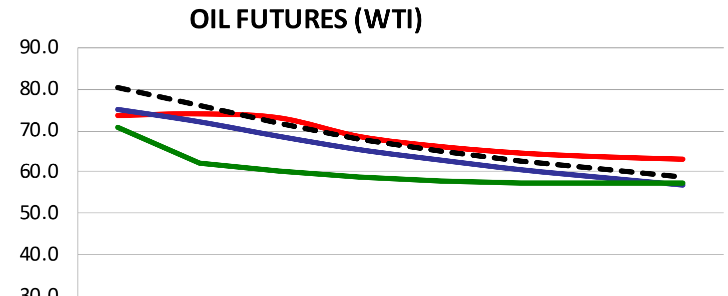


Commodities – Oil

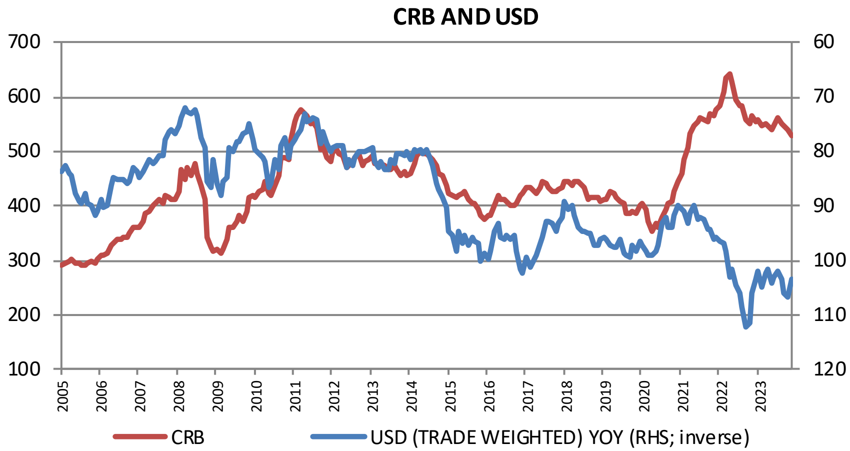
Oil markets well in balance. Strong USD with only limited impact on commodity prices. Low commodity prices with negative impact on EM stock markets.

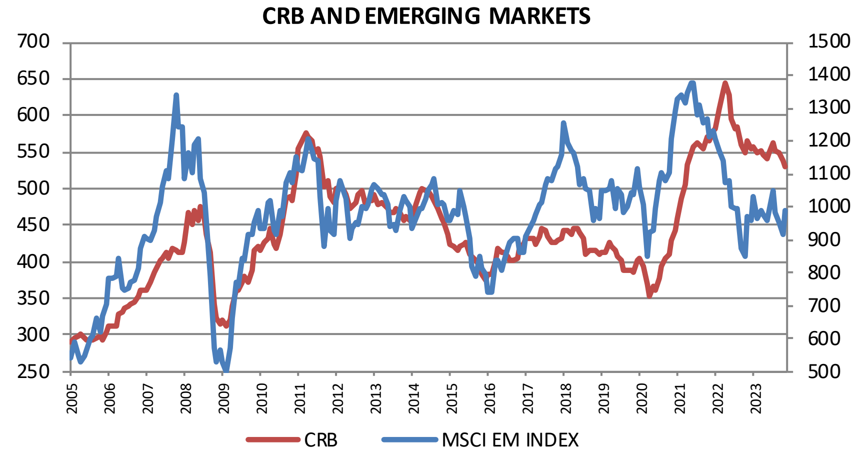


	Spot	Feb 24	Feb 25	Feb 26	Feb 27	Feb 28	Feb 29	Feb 30
today	79.29	79.22	77.13	73.64	71.64	70.33	69.65	69.27
-12 m	79.80	76.62	73.38	70.78	68.74	67.12	66.04	
-24 m	73.52	66.72	65.03	63.99	63.44	63.16	63.33	
End 2022	85.91	80.72	76.29	73.12	70.59	68.79	67.52	67.14



	Spot	Feb 24	Feb 25	Feb 26	Feb 27	Feb 28	Feb 29	Feb 30
today	73.55	73.94	72.98	68.51	66.13	64.57	63.70	63.13
-12 m	75.19	72.26	68.72	65.51	63.02	60.69	58.83	57.03
-24 m	70.86	62.32	60.17	58.63	57.70	57.37	57.39	57.27
End 2022	80.26	76.30	71.55	68.02	65.09	62.57	60.56	58.63

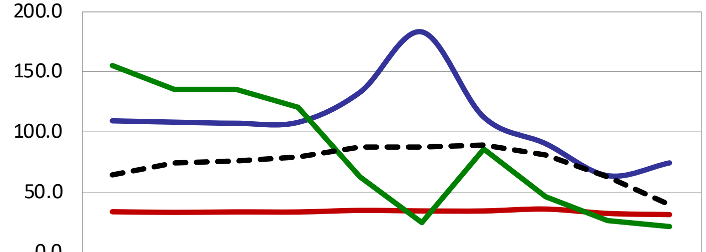




Commodities – Oil

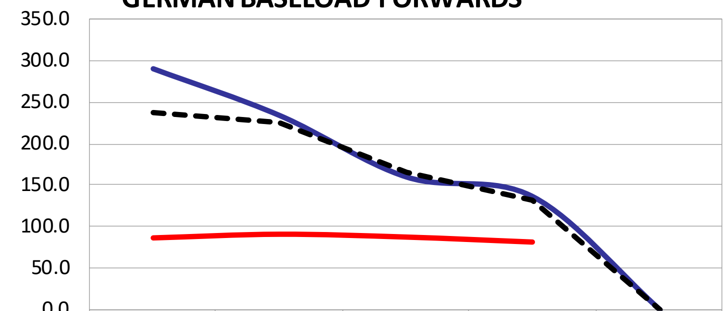
Short-term no problem with gas supply in Europe. Refuelling for winter 2023/24 well under way; Futures in US Nat Gas pointing to shortage on the gas market. Lower gas price will have positive impact on electricity prices in EU. German forwards stable

EUROPEAN NAT GAS FUTURES



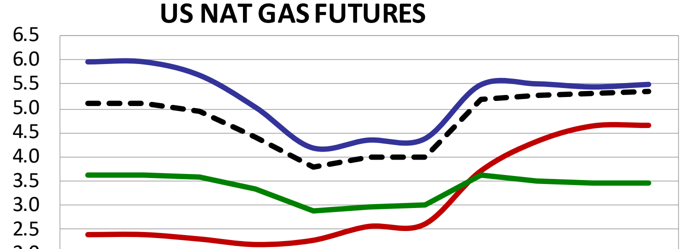
	Spot	1M	2M	3M	6M	9M	1Y	2Y	3Y	4Y
today	33.50	32.95	33.35	33.30	34.85	34.30	34.29	36.15	31.88	30.70
-12 m	110.01	108.90	108.00	108.75	133.75	184.00	113.08	91.00	64.40	75.00
-24 m	155.00	134.90	135.70	121.25	62.94	25.35	85.70	45.35	26.70	20.95
End 2022	65.00	74.00	76.47	78.75	87.5	87	88.63	80.298	63.225	39.5

GERMAN BASELOAD FORWARDS

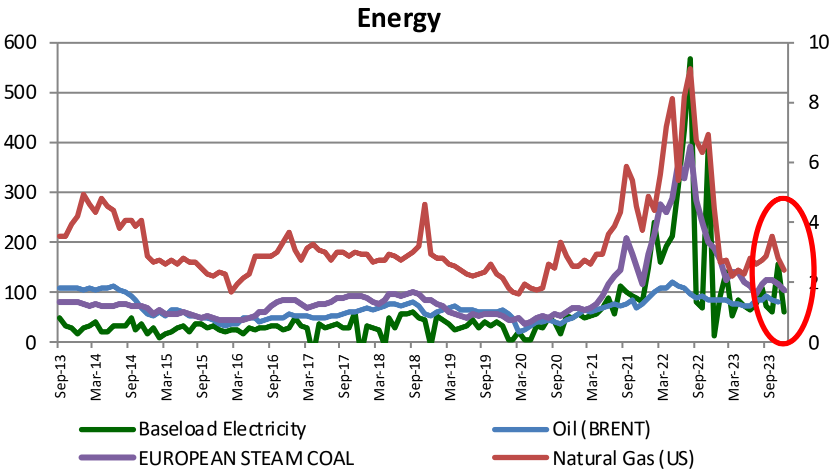


	Spot	1Y FW	2Y FW	3Y FW	4Y FW
today	87.20	91.80	88.25	82.00	
-12 m	290.50	234.00	160.00	136.00	0.00
End 2018	238.25	224.50	165	133	0

US NAT GAS FUTURES

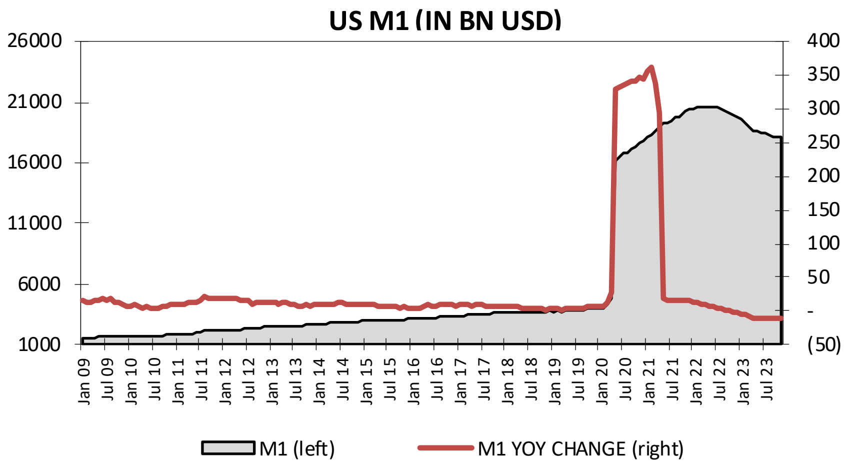


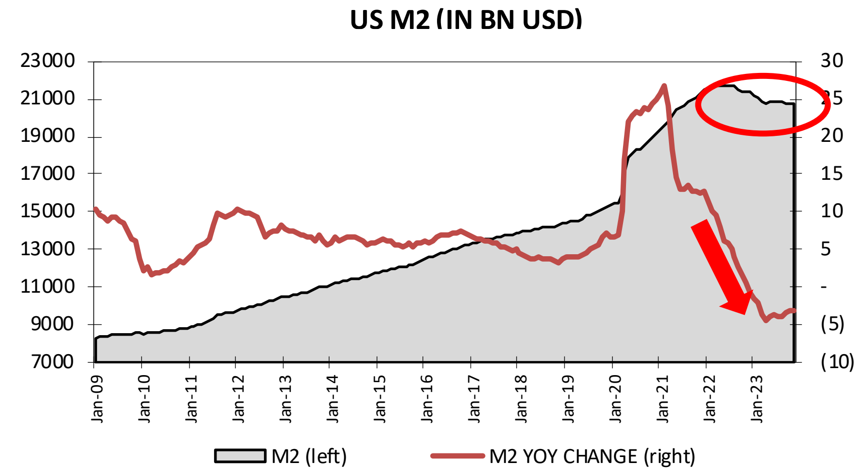
	Spot	Dec-22	1M	2M	3M	6M	9M	1Y	2Y	3Y	4Y
today	2.41	2.41	2.32	2.21	2.29	2.58	2.63	3.72	4.34	4.66	4.67
-12 m	5.95	5.95	5.67	5.01	4.19	4.34	4.37	5.48	5.50	5.44	5.49
-24 m	3.64	3.64	3.57	3.33	2.89	2.98	3.01	3.61	3.49	3.47	3.46
End 2022	5.11	5.11	4.94	4.40	3.799	3.984	4.01	5.173	5.287	5.3	5.342

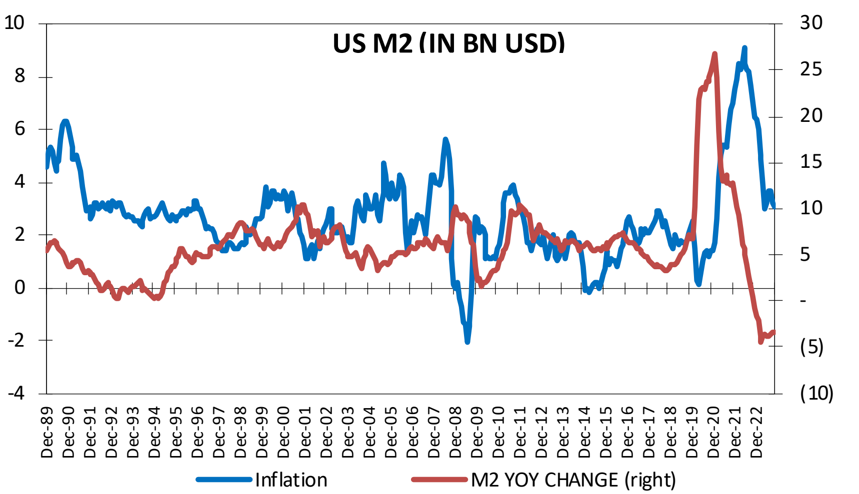


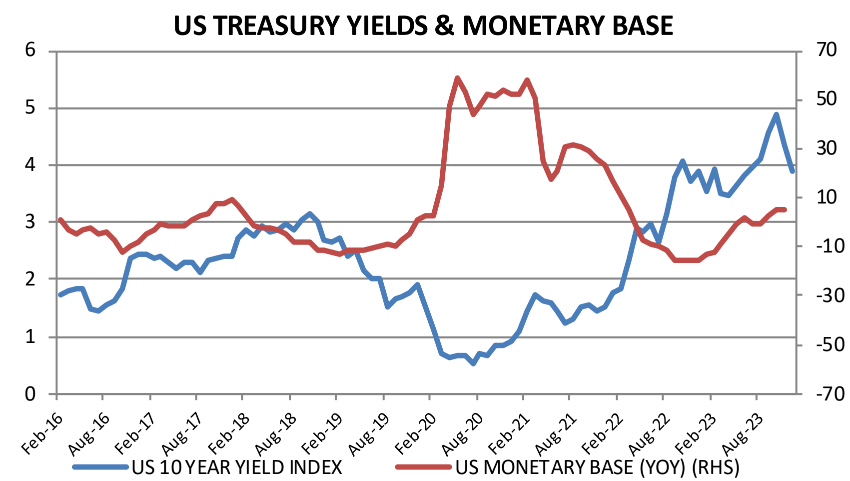
Financial Conditions - US

US monetary base declining, but likely to go flattish going forward. Less additional liquidity will stop inflation. Monetary base continues its descent, putting pressure on rates sooner or later.



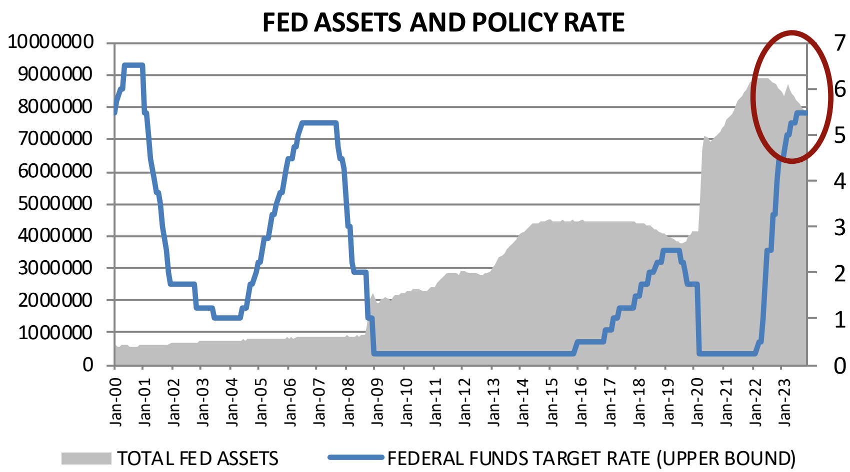


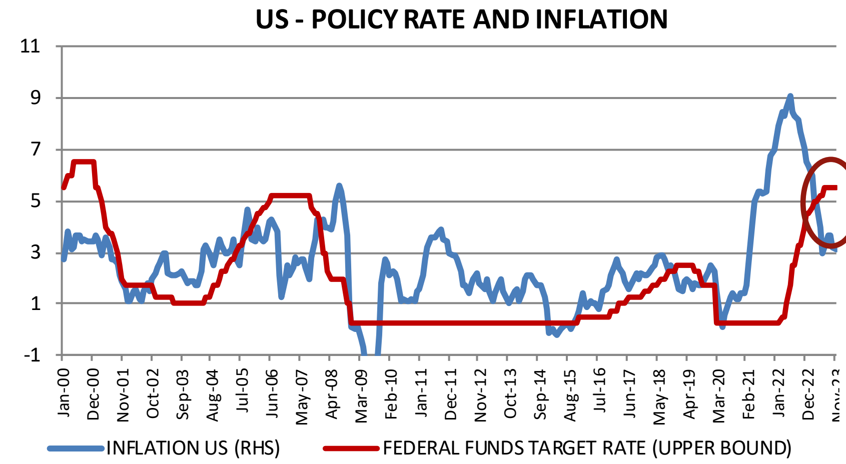


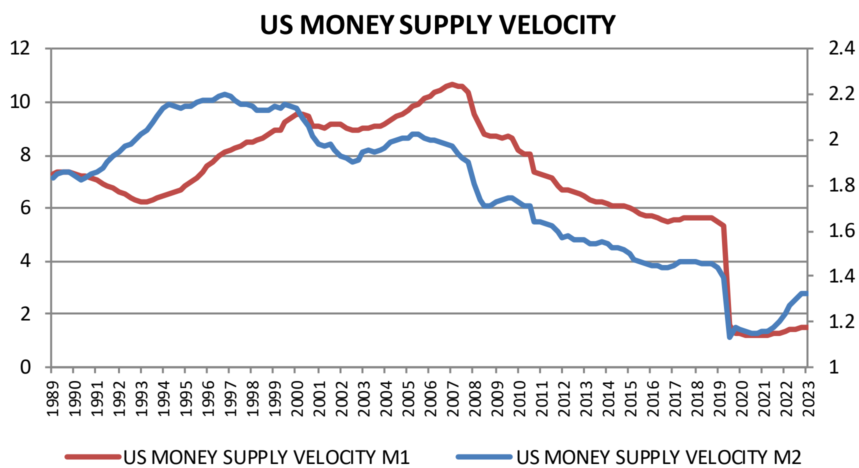


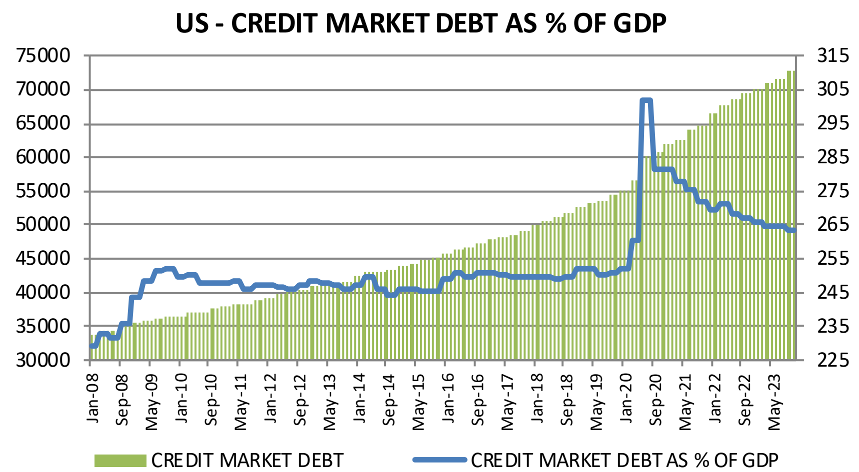
Financial Conditions - US

With respect to the exploding inflation, FED is behind the curve, or the instrument is inefficient. Money supply velocity showing sign of life, but not worrying! High credit market debt levels.



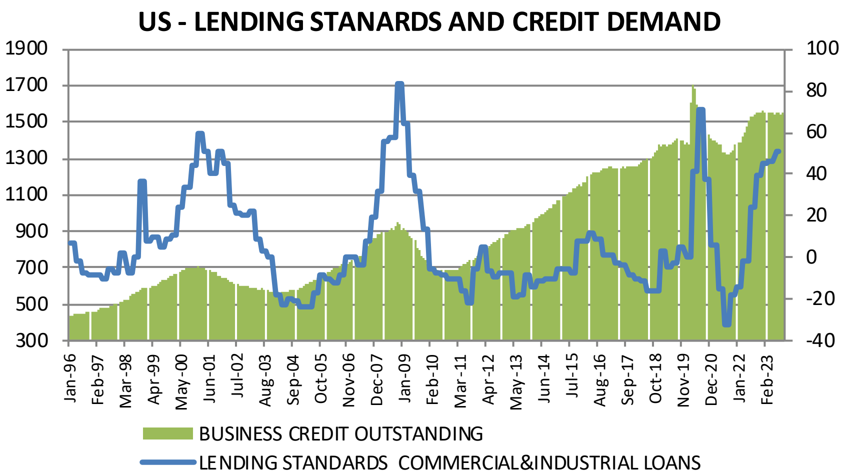


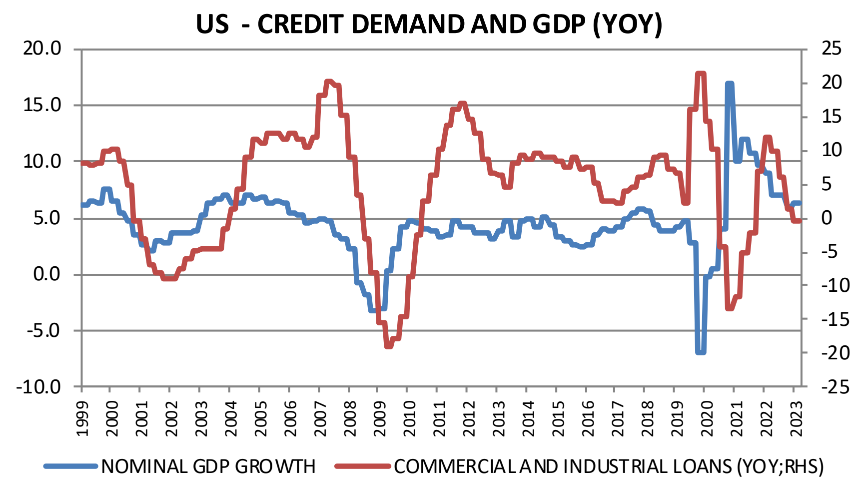


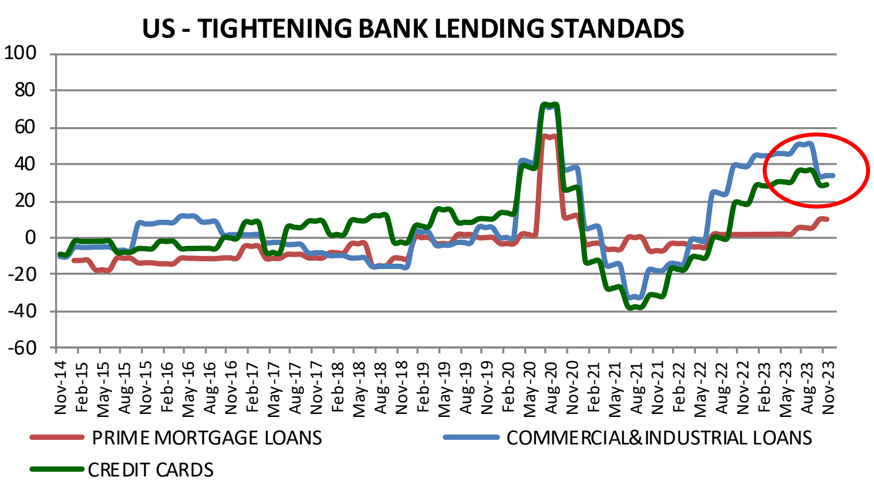


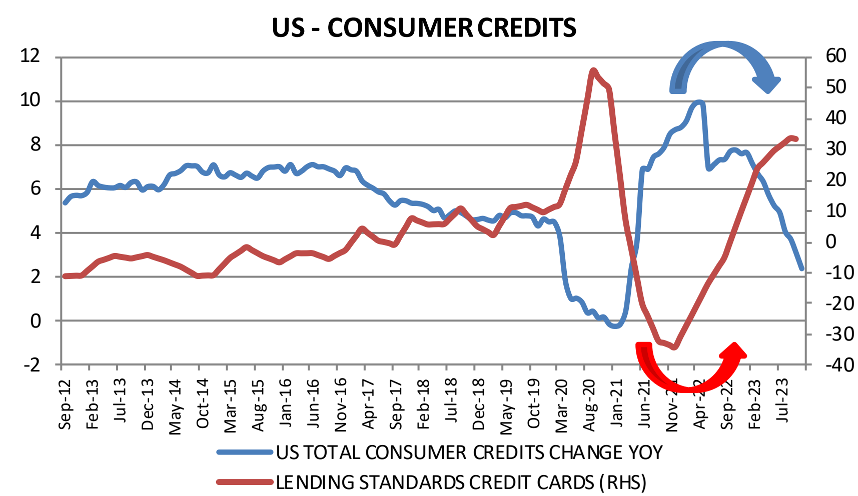
Financial Conditions - US

US banks start relaxing lending standards due to weakening credit demand. Remaining stricter on mortage loans.



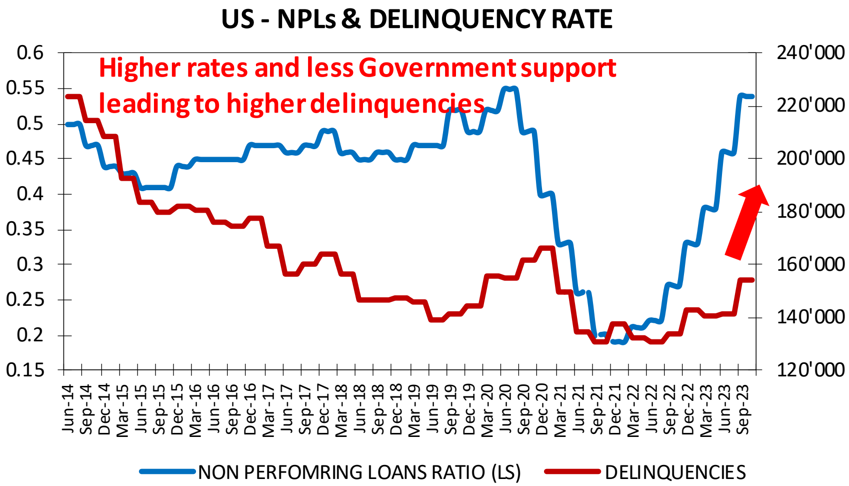


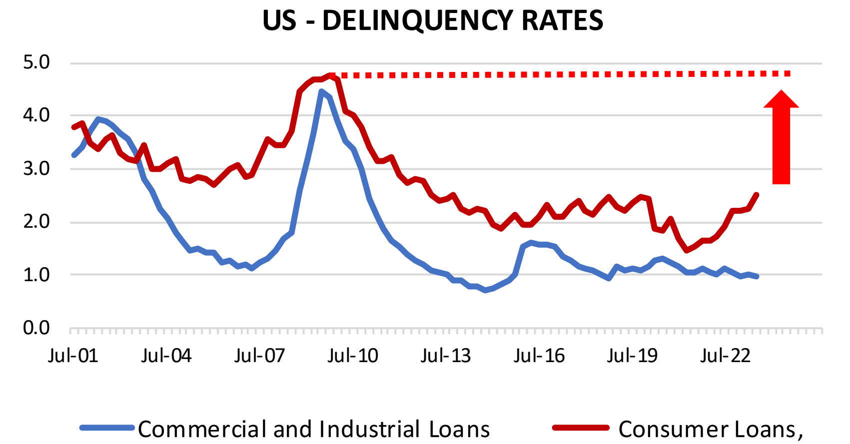


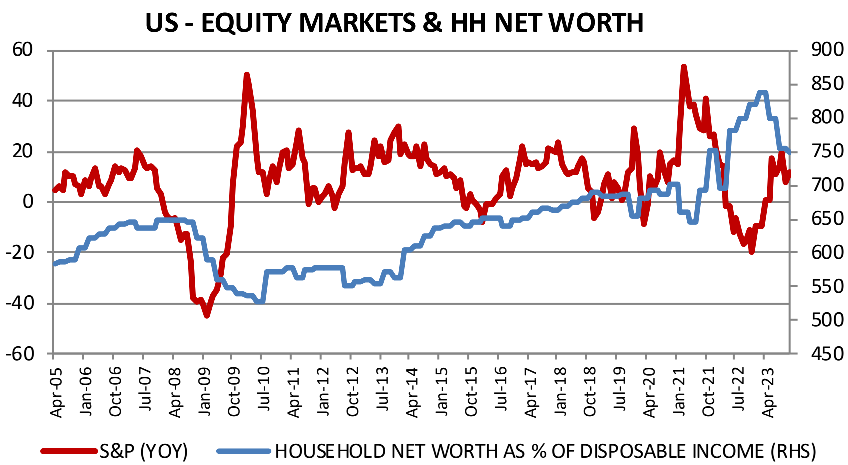


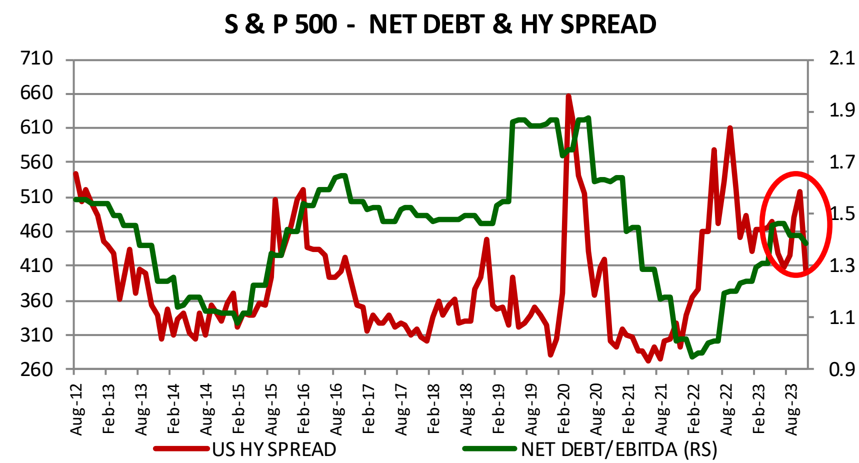
Financial Conditions - US

Still low delinquencies, but non performing loan ratios soaring. We don't expect the credit market to derail! Stock market decline did not really affect net worth of households. Credit spreads well aligned with (low) level of indebtness.



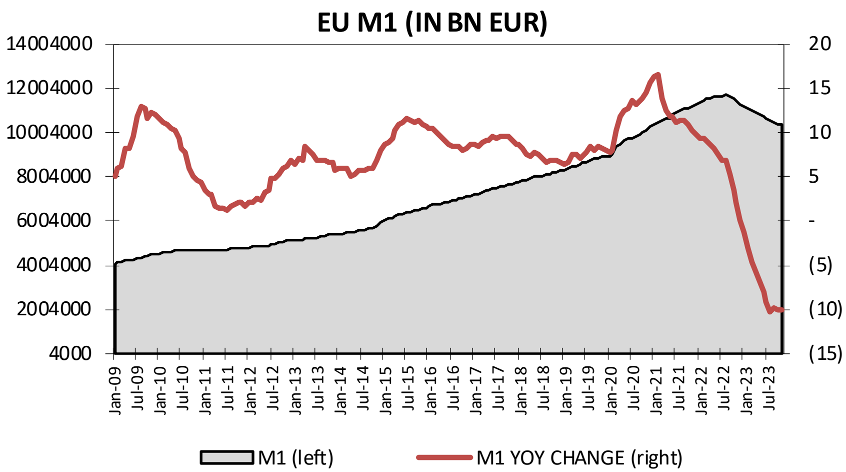


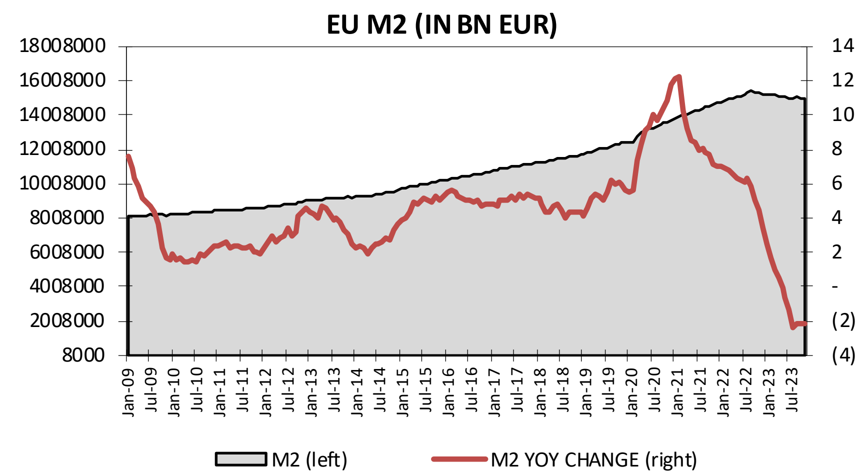


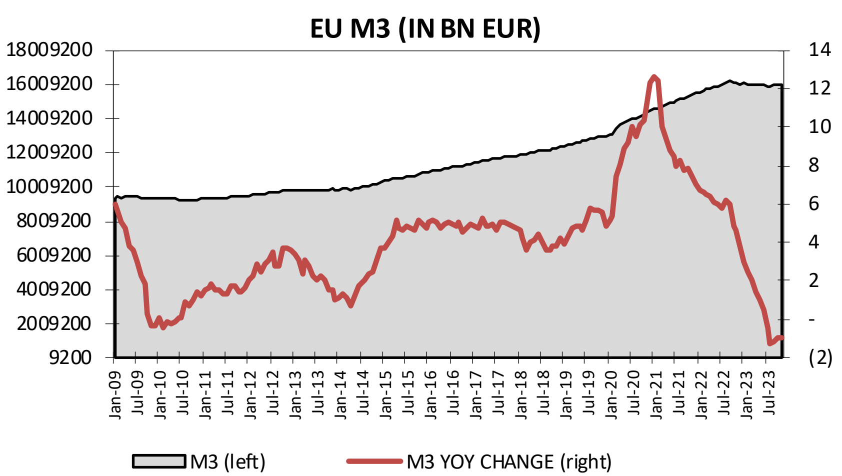


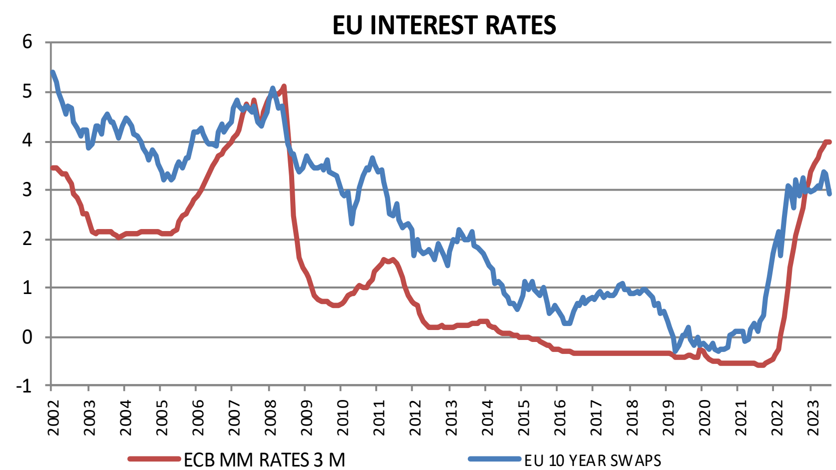
Financial Conditions - EU

Money declining in the EU as a whole. Interest rates rising



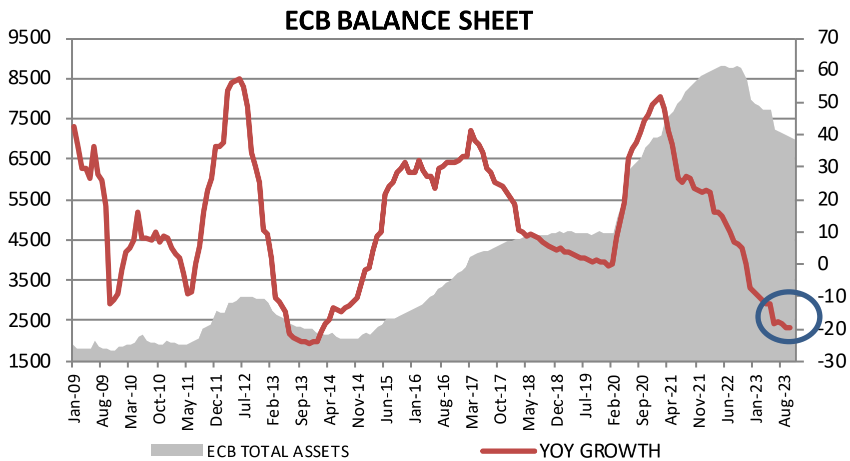


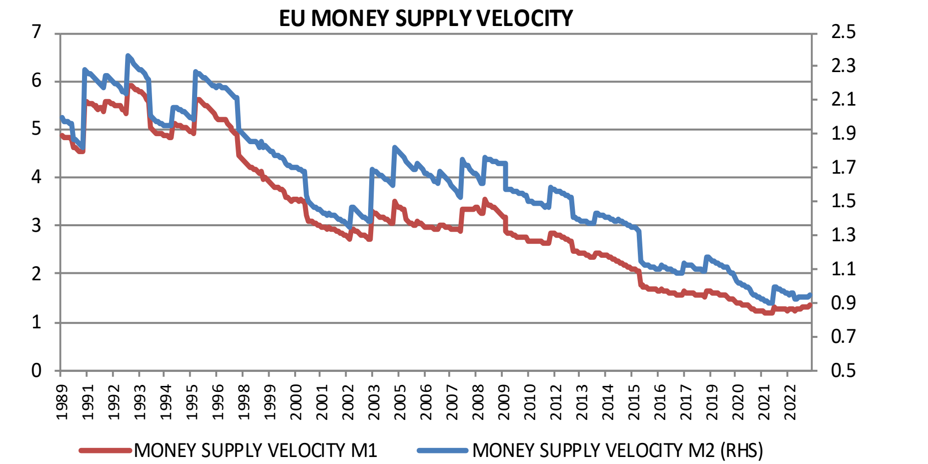


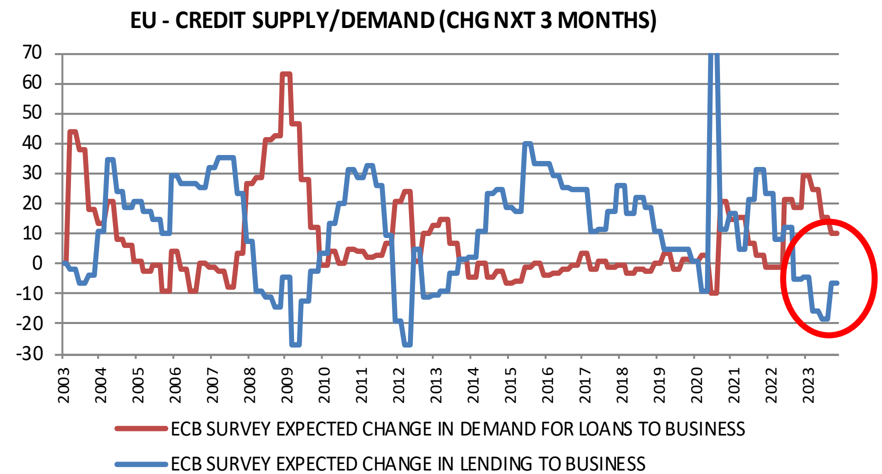


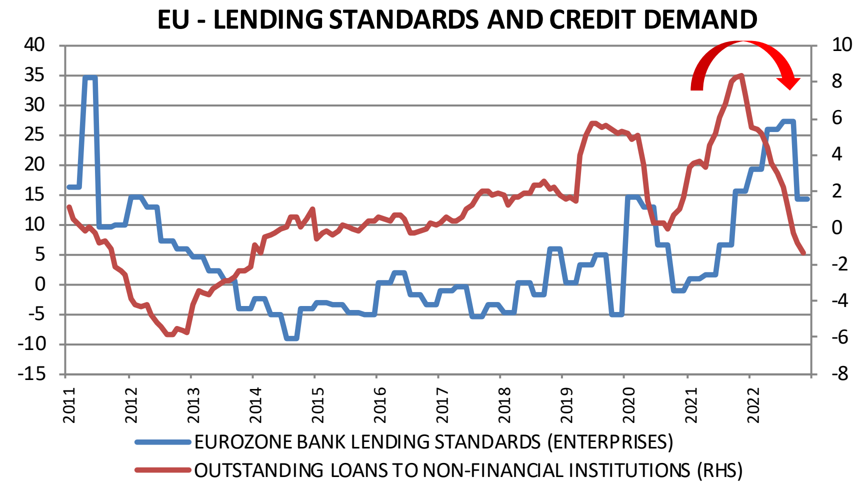
Financial Conditions - EU

ECB balance sheet declining. Special programs from GFC and Covid about to be worn down. Money supply velocity showing signs of stabilisation. **Expected credit demand declining vs. rising willingness to supply. Lending standards are being relaxed again.**



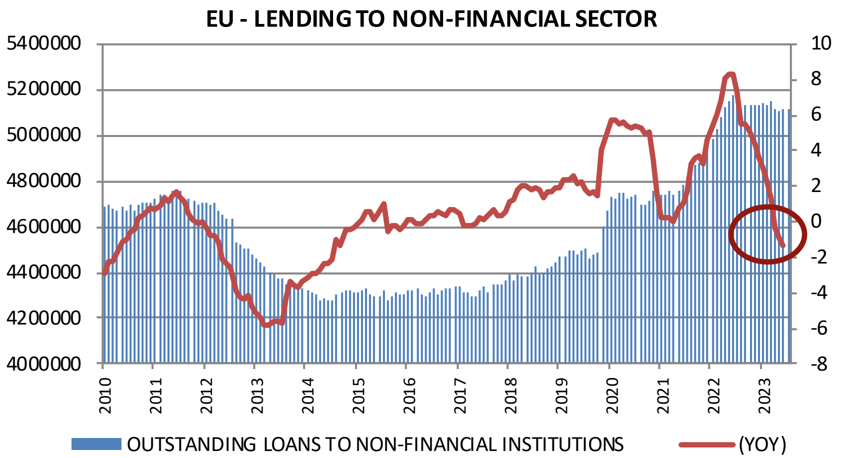


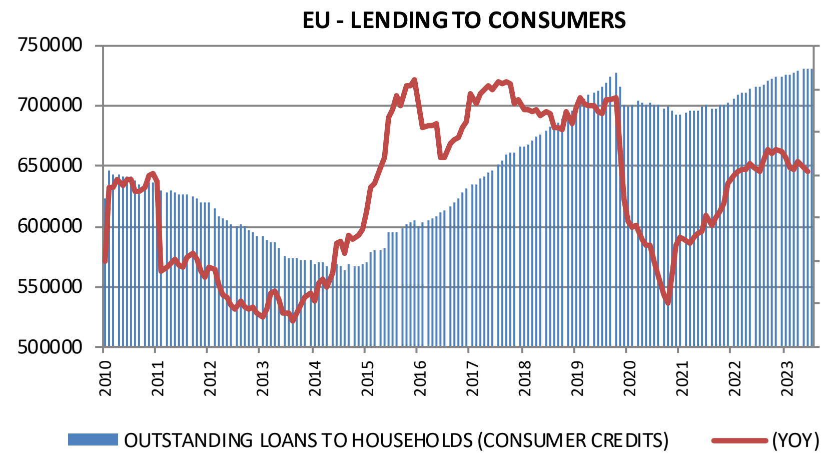


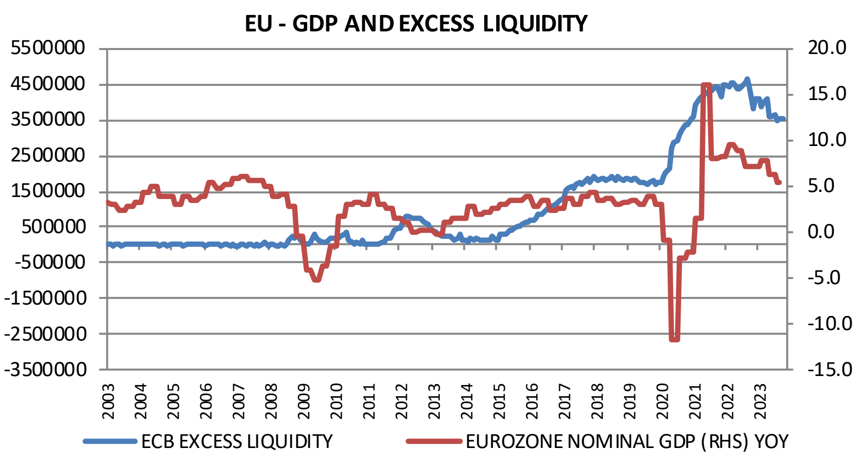


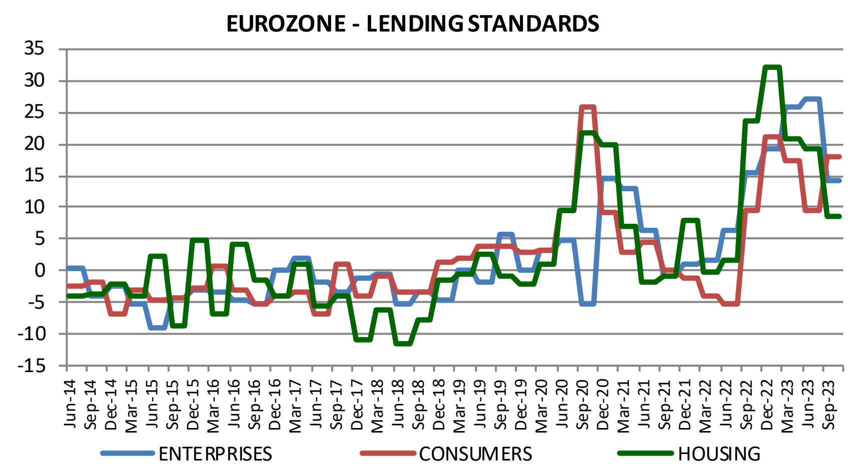
Financial Conditions - EU

Demand for bank loans slightly declining while credit demand of consumers growing. Excess liquidity declining in line with lower GDP growth. Banks relaxing lending conditions again, except for consumers.



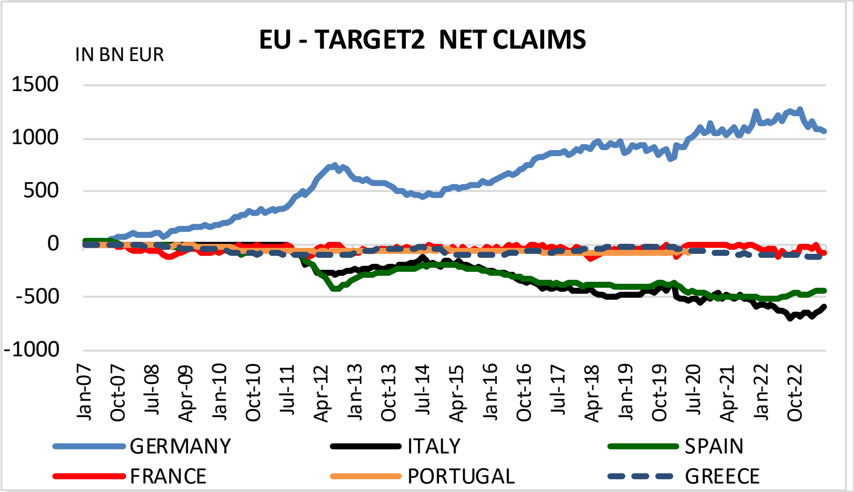






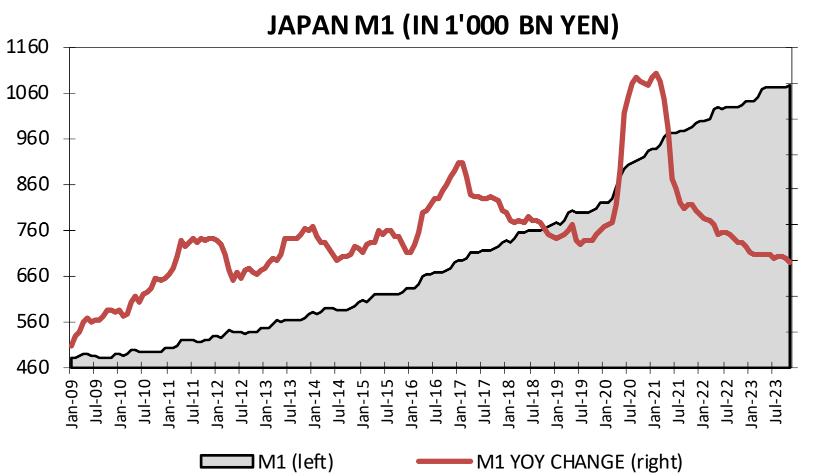
Financial Conditions - EU

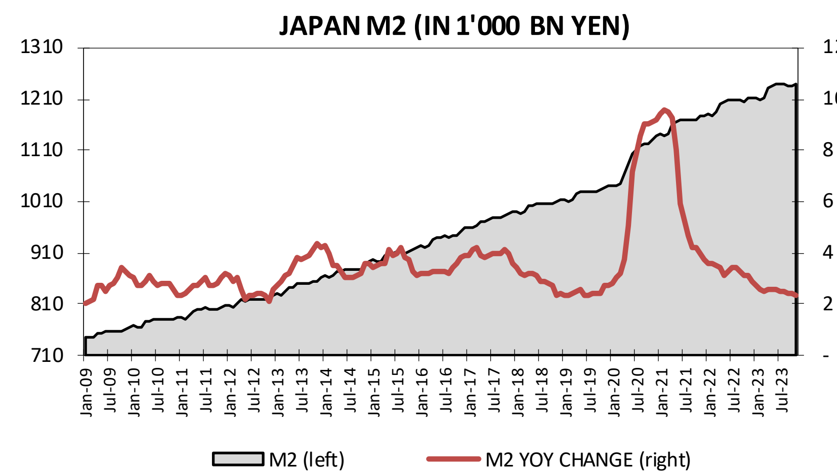
Ever increasing financial disparity within the EU!

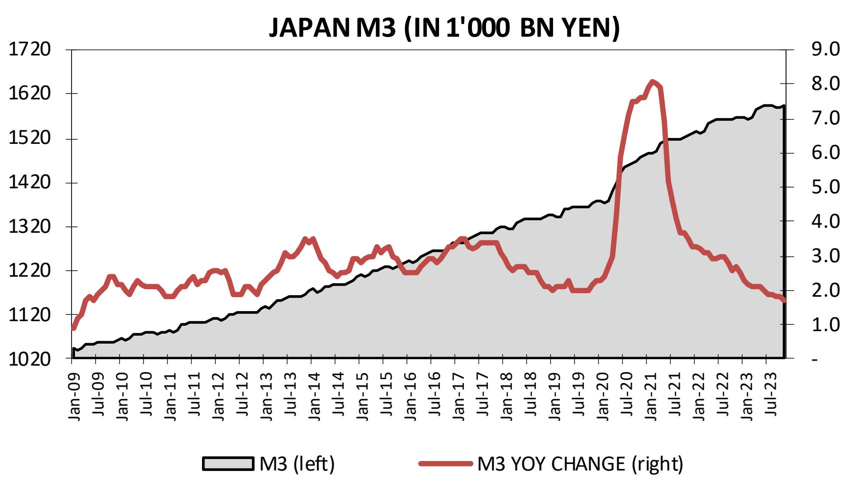


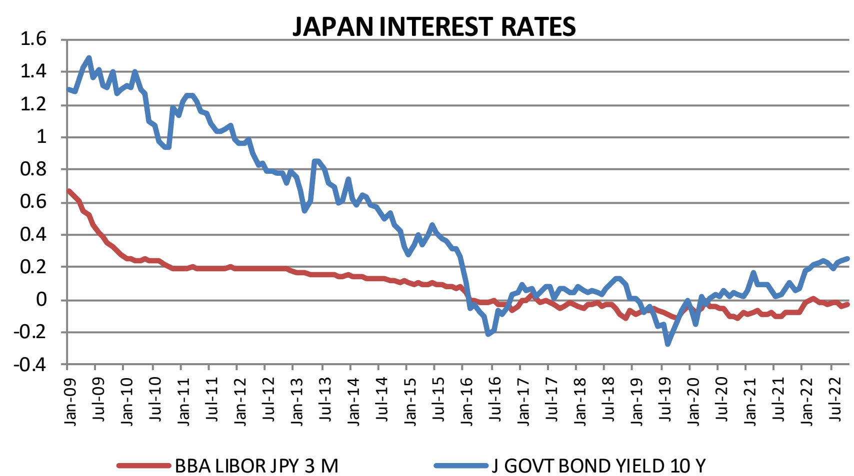
Financial Conditions - Japan

Monetary base still rising but at slower pace . Rates remaining low. Japan is still in easing mode!



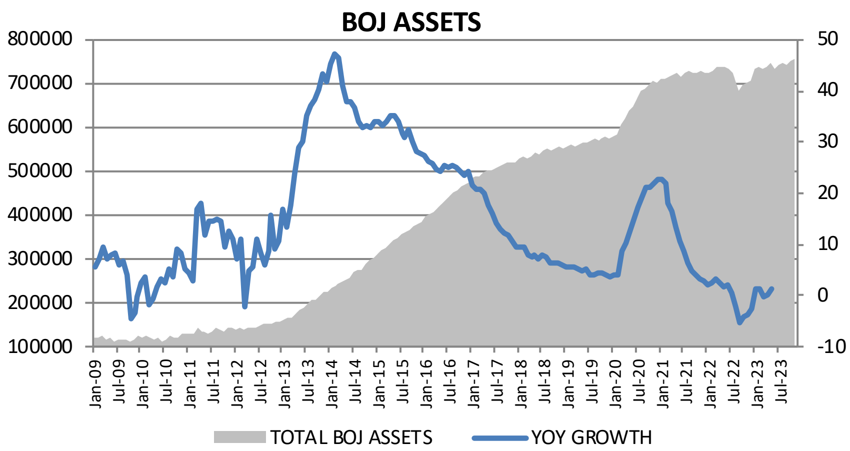


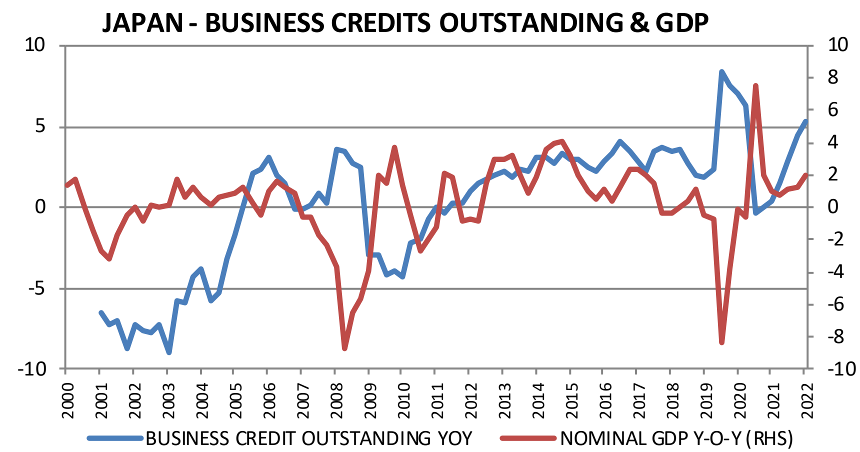


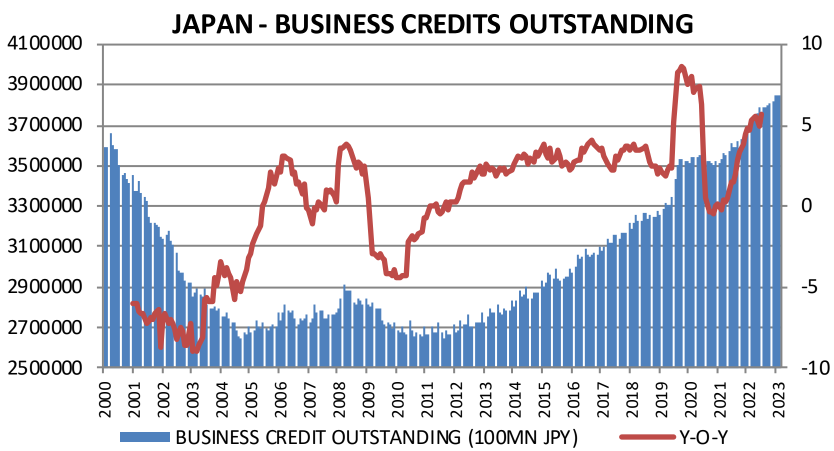


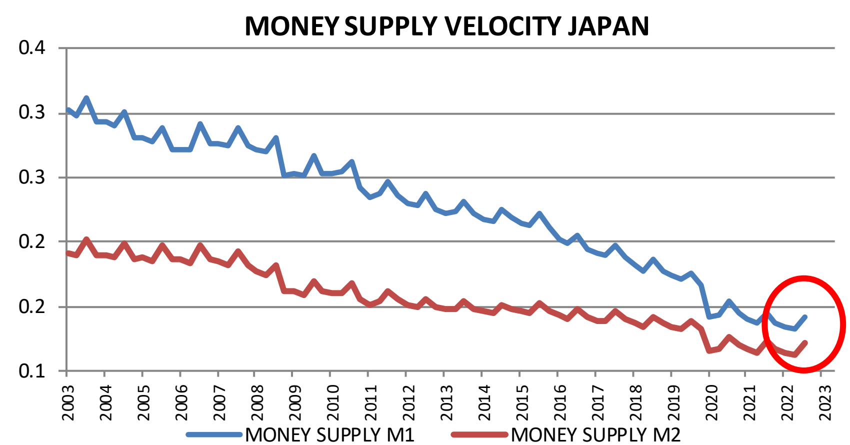
Financial Conditions - Japan

Credit growth accelerating; BOJ providing (enough) capital and support. Balance sheet of BoJ higher again, despite devaluation of assets (investments, weak JPY). Money supply velocity remaining at all time low, but showing signs of life!



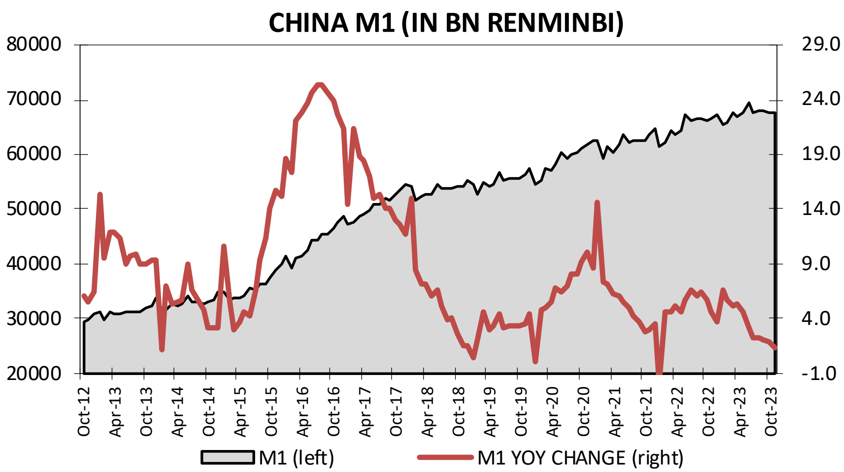


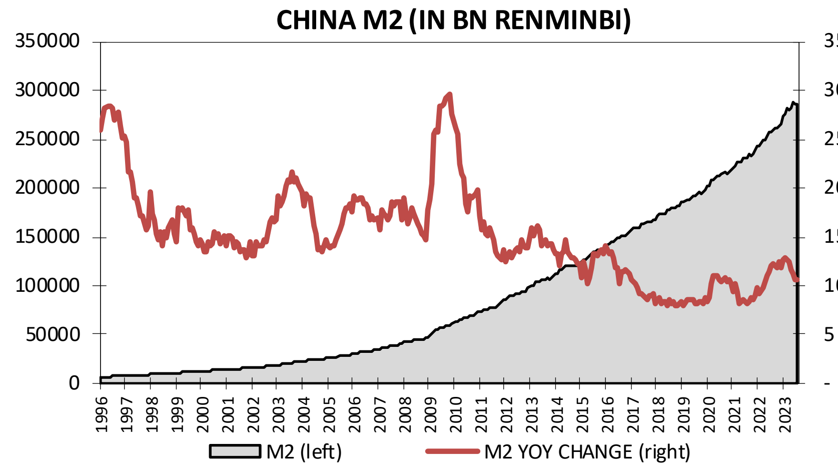


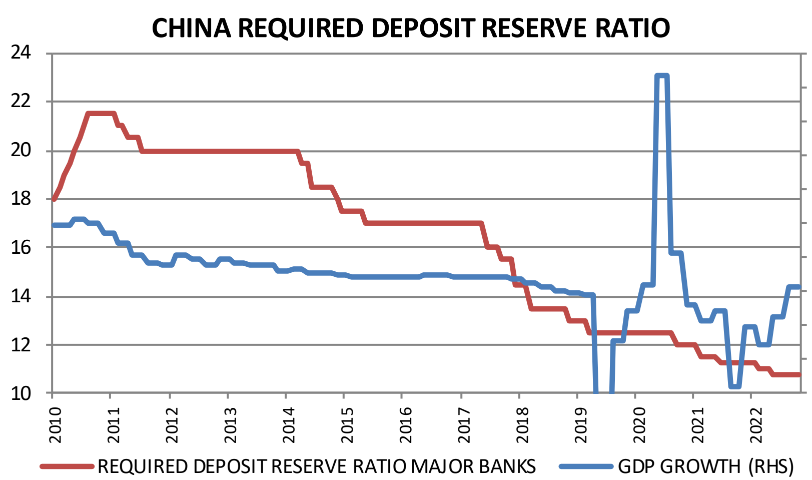


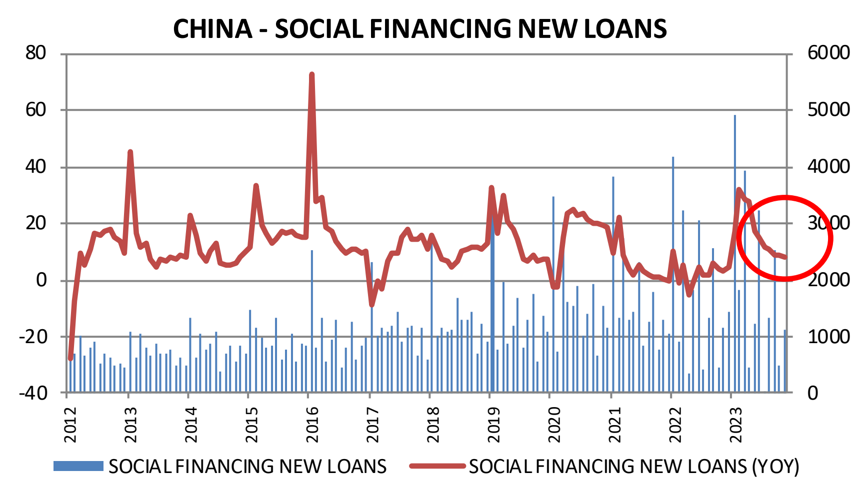
Financial Conditions - China

BOC supporting economic growth with more liquidity. Rates close to the bottom. Credit demand moderating again, despite motivation from central government.



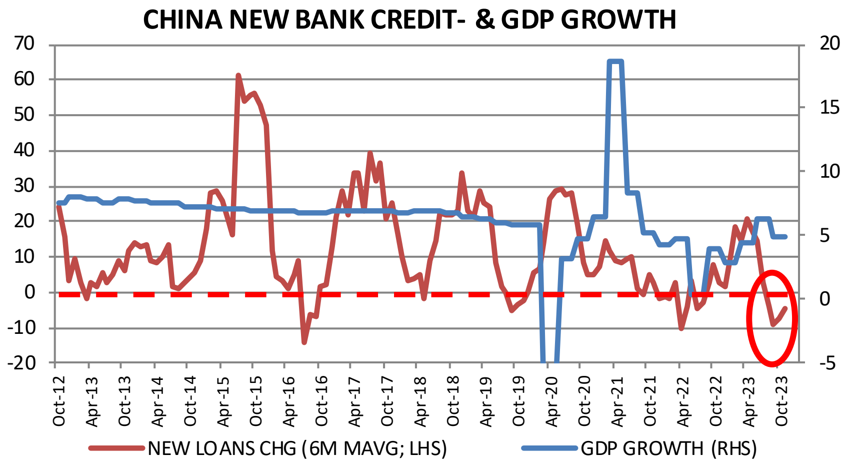


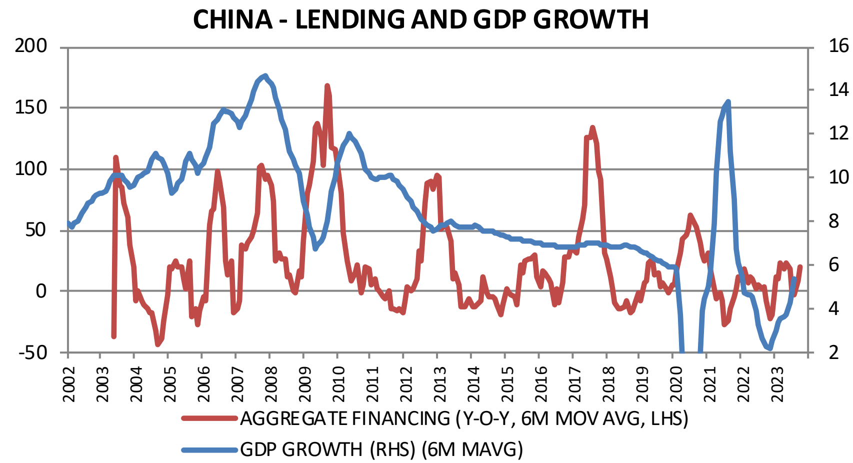


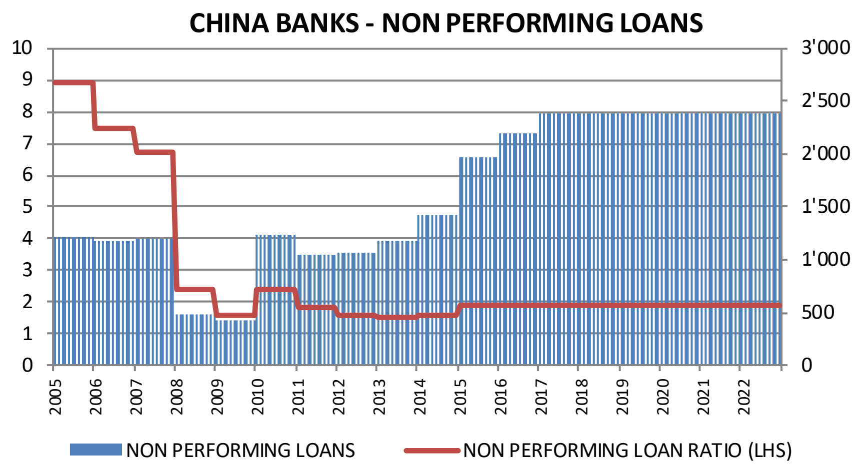


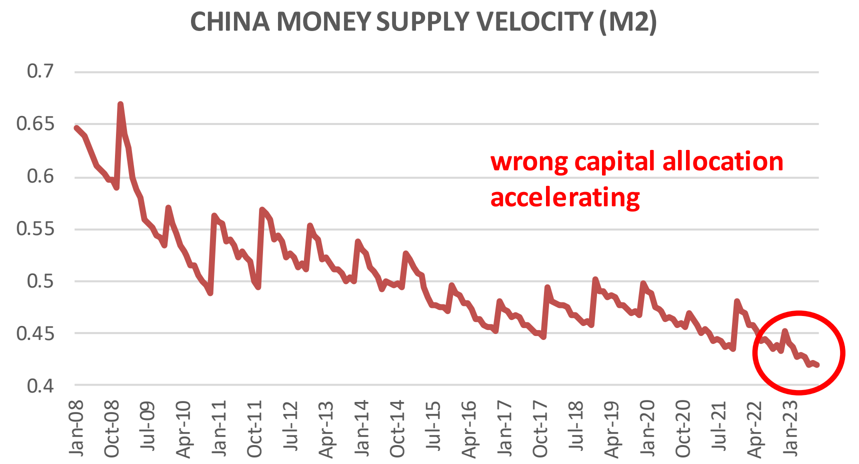
Financial Conditions - China

Declining credit demand from private enterprises does not bode well for GDP growth. Lending overall (incl. SOEs) growing in-line with GDP. **Declining money supply velocity hinting to heavy capital mis-allocation!**



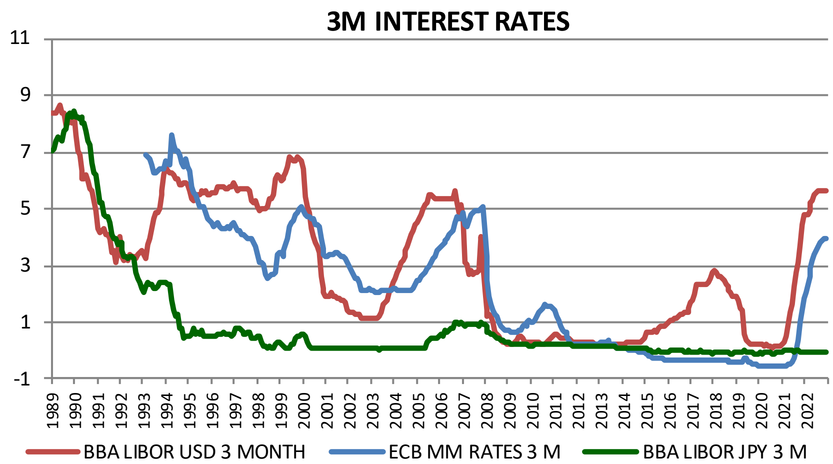


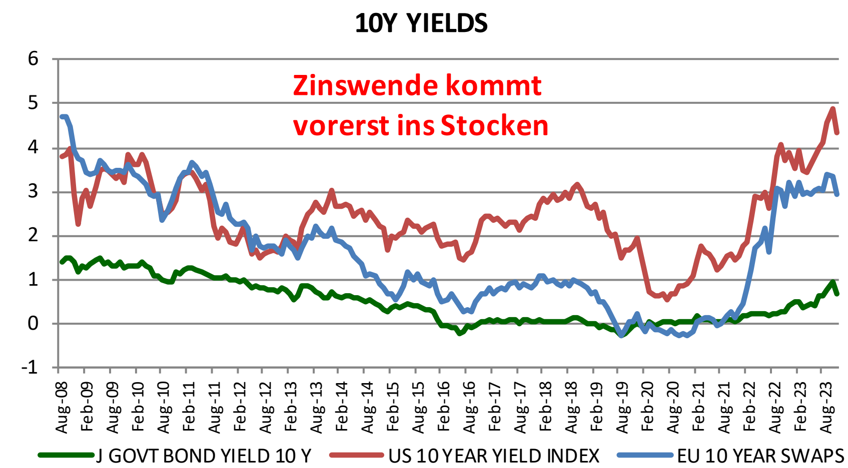


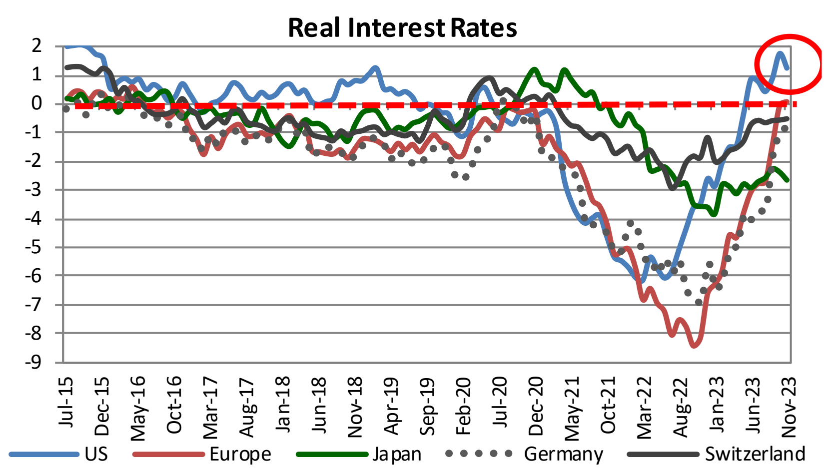


Interest Rates

Nominal rates have peaked. Real rates positive in the US, elsewhere still negative or close to zero.

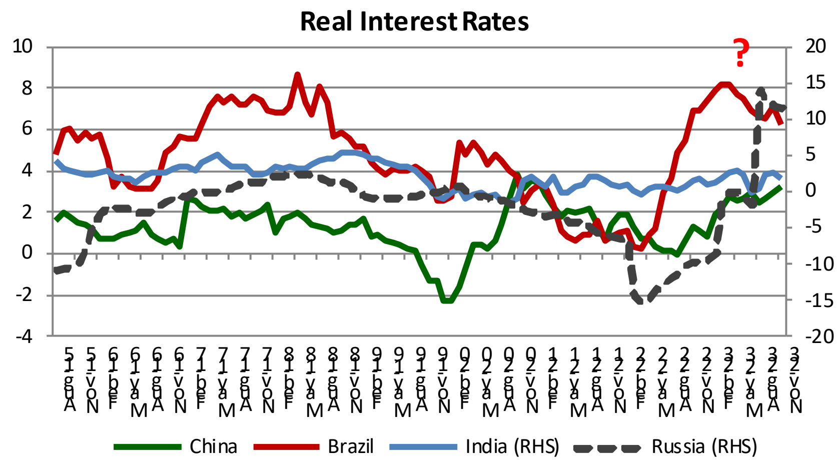


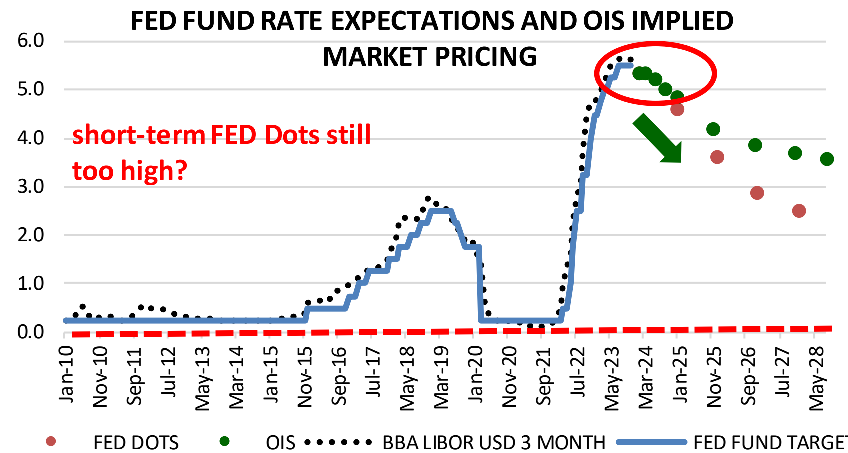


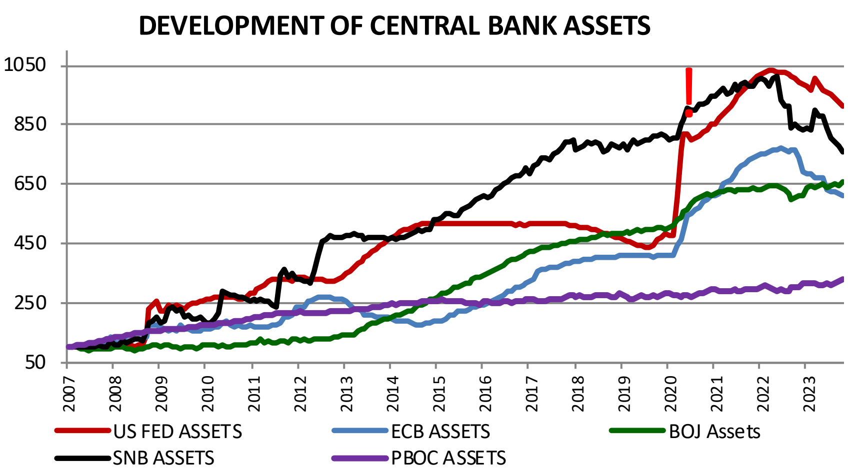


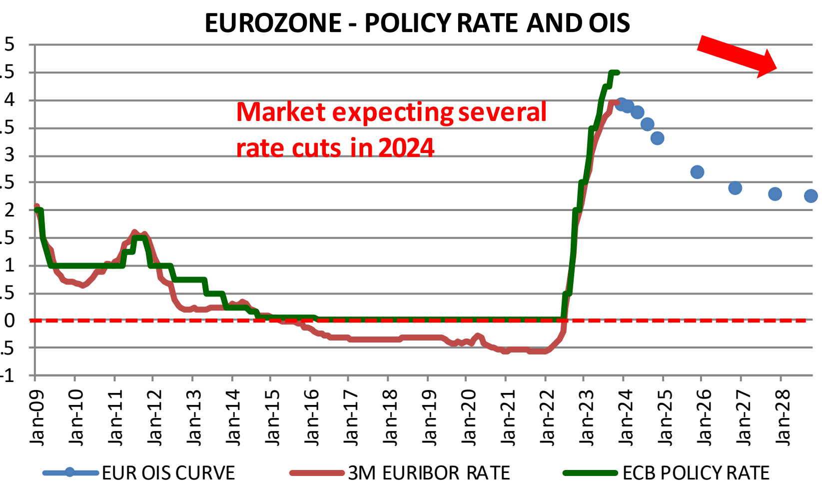
Interest Rates

EM real rates higher than in DM due to low inflation and in positive territory. Inflation of central banks' balance sheets stopped, assets declining. **FED dots and OIS indicating declining rates in 2024ff.**



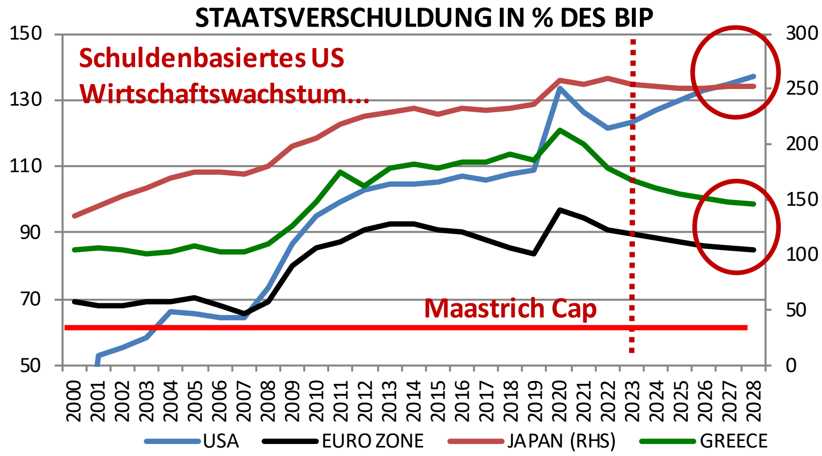


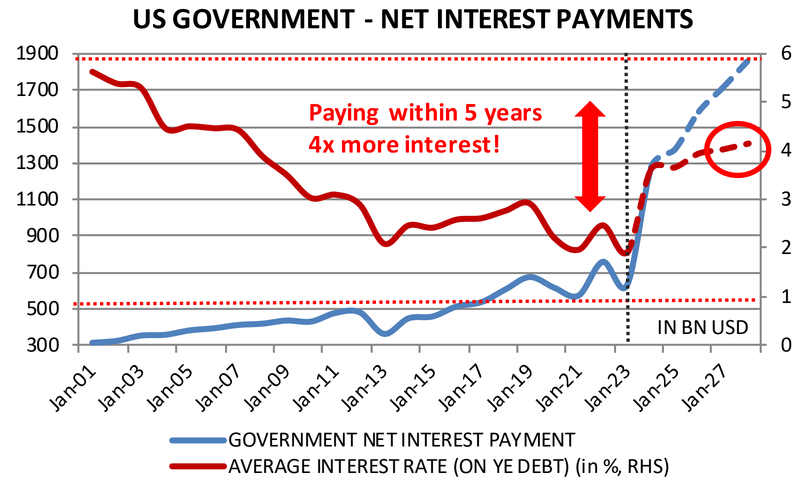




Interest Rates – Debt service significantly up going forward

Government debt high and ever rising due to expansive fiscal policies and rising interest rates! Debt servicing will significantly increase in the coming years.

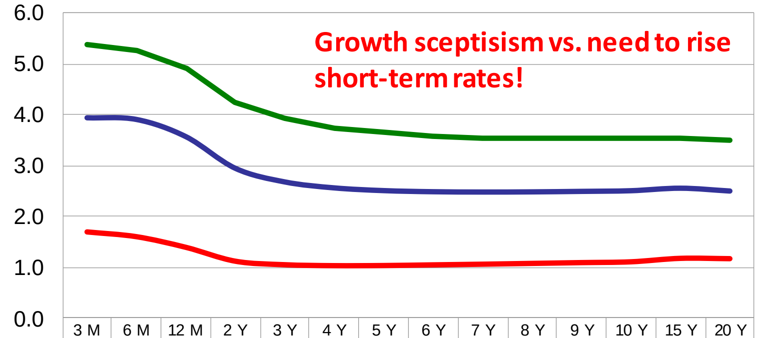




Interest Rates – Yield Curves

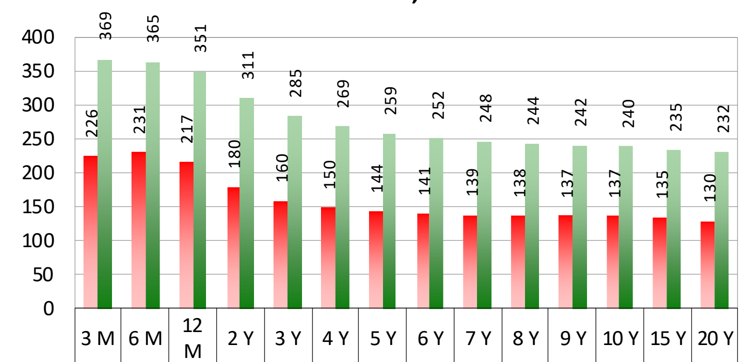
CHF has become inverse recently due to restrictive monetary policy

Present Yield Curves



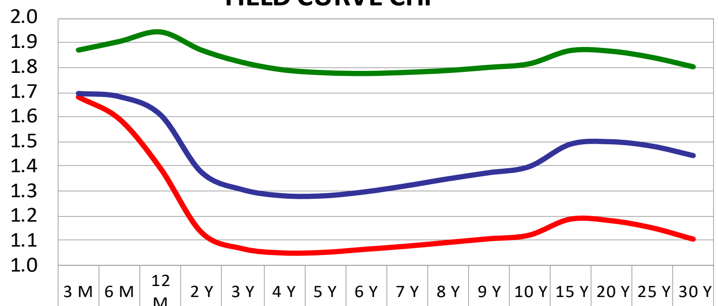
	3 M	6 M	12 M	2 Y	3 Y	4 Y	5 Y	6 Y	7 Y	8 Y	9 Y	10 Y	15 Y	20 Y
CHF	1.68	1.59	1.39	1.13	1.07	1.05	1.05	1.06	1.08	1.09	1.11	1.12	1.19	1.18
EURO	3.94	3.90	3.56	2.93	2.66	2.55	2.49	2.47	2.46	2.47	2.48	2.49	2.54	2.48
US$	5.37	5.24	4.90	4.24	3.91	3.74	3.64	3.59	3.55	3.53	3.52	3.52	3.53	3.50

YIELD GAP EUR-CHF; USD-CHF



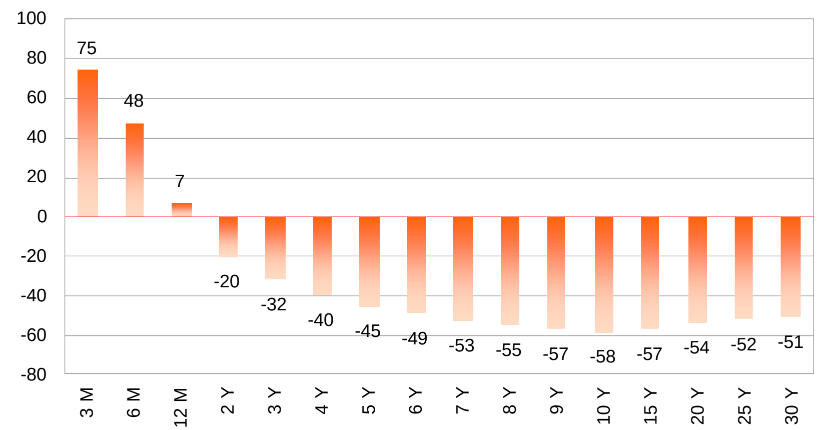
	3 M	6 M	12 M	2 Y	3 Y	4 Y	5 Y	6 Y	7 Y	8 Y	9 Y	10 Y	15 Y	20 Y
EURO ./. CHF	226	231	217	180	160	150	144	141	139	138	137	137	135	130
US$ ./. CHF	369	365	351	311	285	269	259	252	248	244	242	240	235	232

YIELD CURVE CHF



	3 M	6 M	12 M	2 Y	3 Y	4 Y	5 Y	6 Y	7 Y	8 Y	9 Y	10 Y	15 Y	20 Y	25 Y	30 Y
today	1.68	1.59	1.39	1.13	1.07	1.05	1.05	1.06	1.08	1.09	1.11	1.12	1.19	1.18	1.15	1.11
-1 m	1.69	1.68	1.61	1.37	1.3	1.28	1.28	1.29	1.32	1.35	1.37	1.4	1.49	1.5	1.48	1.44
-3 m	1.87	1.91	1.94	1.87	1.82	1.79	1.78	1.78	1.78	1.79	1.8	1.82	1.87	1.87	1.84	1.81

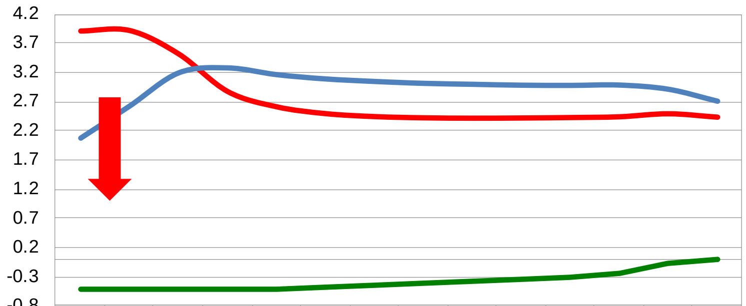
SWITZERLAND; CHANGE IN BP OVER THE LAST 12 MONTHS



Interest Rates – Yield Curves

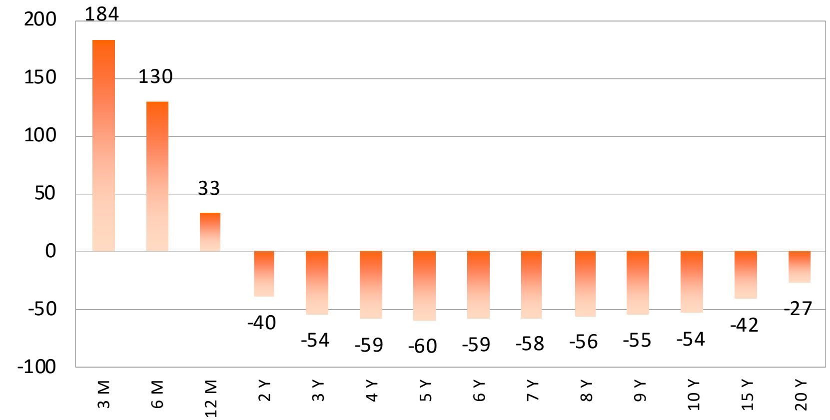
EUR and USD yield curves inverse, reflecting tighter monetary policies in Europe and USA (rate hikes). Short-term rates likely to be too high.

YIELD CURVE EURO AREA

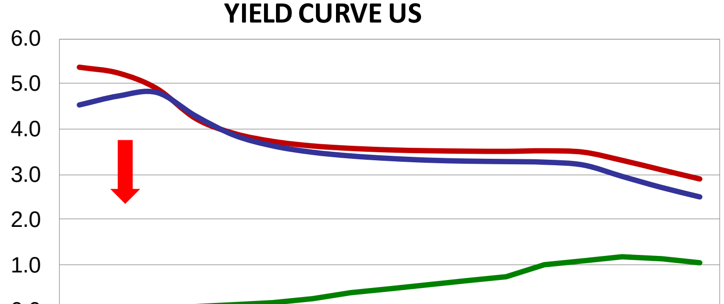


	3 M	6 M	12 M	2 Y	3 Y	4 Y	5 Y	6 Y	7 Y	8 Y	9 Y	10 Y	15 Y	20 Y
today	3.92	3.92	3.52	2.88	2.61	2.49	2.44	2.42	2.42	2.42	2.43	2.44	2.49	2.43
-12 m	2.08	2.63	3.19	3.27	3.16	3.08	3.04	3.01	2.99	2.98	2.97	2.98	2.91	2.71
-36 m	-0.54	-0.52	-0.52	-0.52	-0.51	-0.49	-0.46	-0.43	-0.39	-0.35	-0.31	-0.26	-0.08	0.00

EURO AREA; CHANGE IN BP OVER THE LAST 12 MONTH

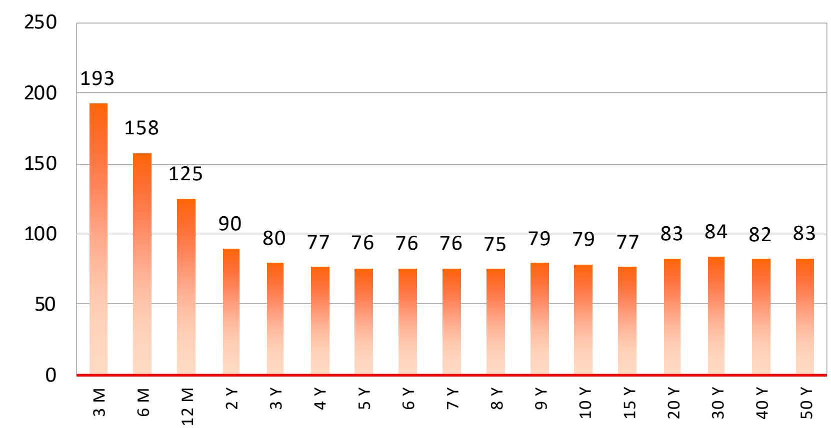


YIELD CURVE US



	3 M	6 M	12 M	2 Y	3 Y	4 Y	5 Y	6 Y	7 Y	8 Y	9 Y	10 Y	15 Y	20 Y	30 Y	40 Y	50 Y
today	5.3	5.2	4.9	4.2	3.9	3.7	3.6	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.3	3.1	2.9
-12 m	4.5	4.7	4.8	4.2	3.8	3.6	3.4	3.4	3.3	3.3	3.2	3.2	3.2	3.2	2.9	2.7	2.4
-36 m	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.9	1.1	1.1	1.1	1.0

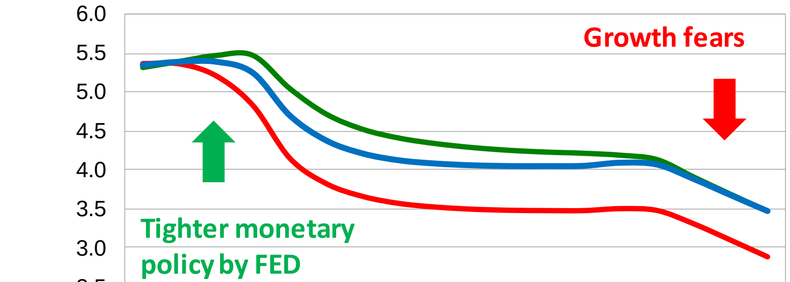
CHANGE IN TREASURY YIELDS (BPS) OVER THE LAST 12 MONTHS



Interest Rates – Yield Curves and Credit Spreads

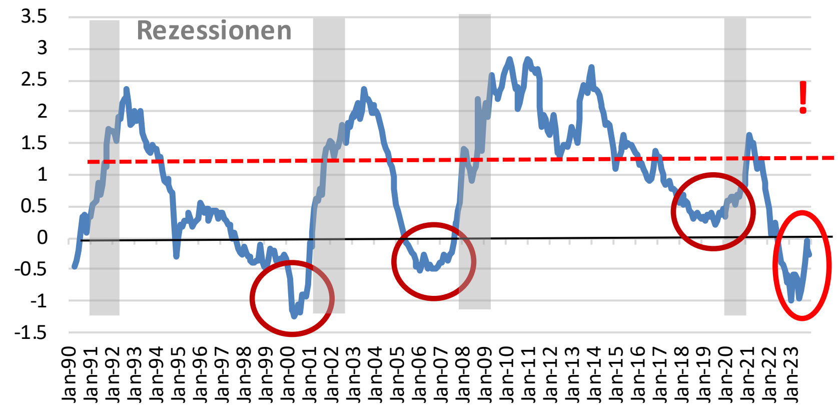
Shape of USD yield curve extremely worrying. **FED shifting to «on hold» with rate hikes. Credit risks again too little reflected in spreads. Spreads have tightened again – anticipating end of interest rate hike cycle?**

YIELD CURVE US

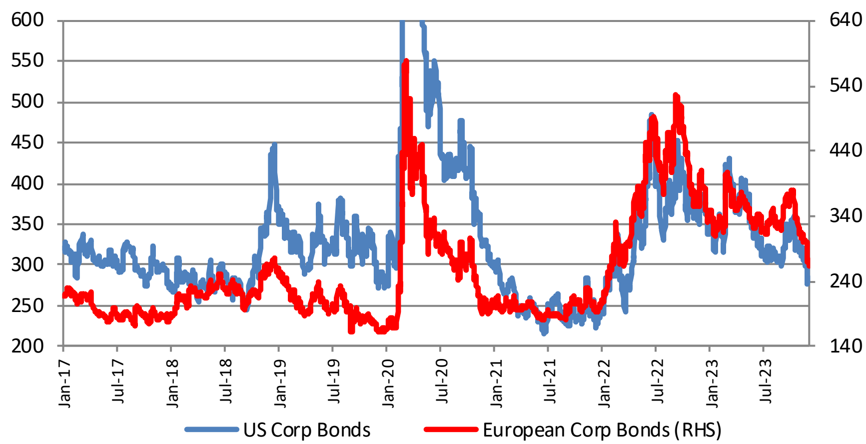


	1M	3 M	6 M	12 M	2 Y	3 Y	4 Y	5 Y	6 Y	7 Y	8 Y	9 Y	10 Y	15 Y	20 Y	30 Y	40 Y	50 Y
today	5.3	5.3	5.2	4.8	4.1	3.8	3.6	3.5	3.5	3.4	3.4	3.4	3.4	3.5	3.4	3.3	3.1	2.8
-3m	5.3	5.4	5.5	5.5	5	4.7	4.5	4.4	4.3	4.3	4.2	4.2	4.2	4.2	4.1	3.9	3.7	3.5
-1m	5.3	5.4	5.4	5.2	4.7	4.4	4.2	4.1	4.1	4.1	4	4	4	4.1	4.1	3.9	3.7	3.5

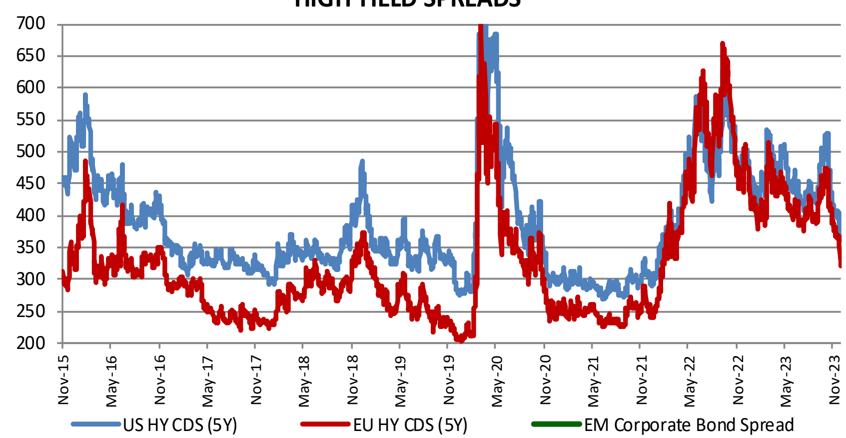
US YIELD SPREAD US 2Y/10Y



HIGH YIELD VS. INVESTMENT GRADE SPREADS

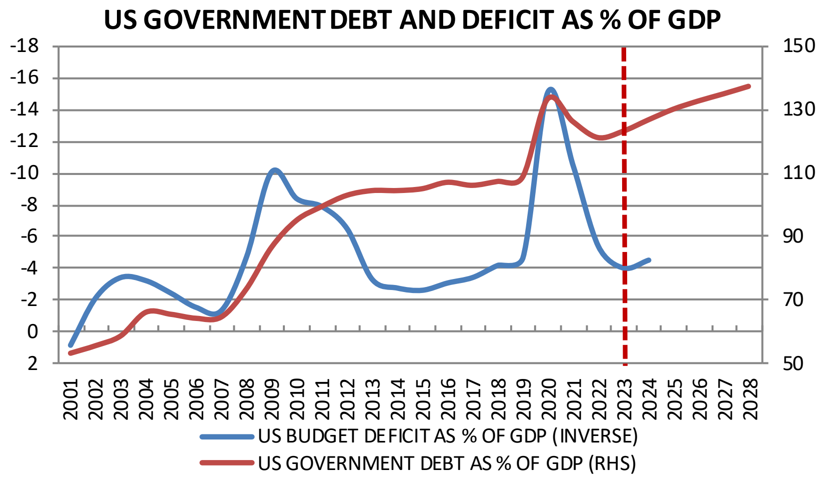


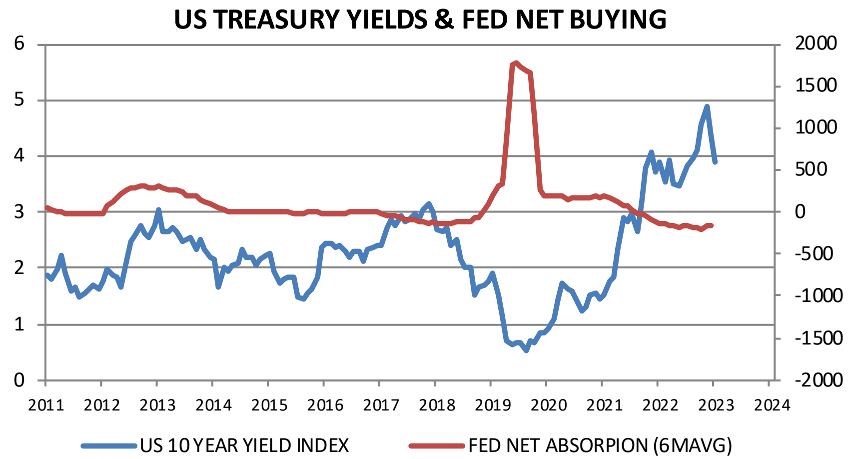
HIGH YIELD SPREADS



Interest Rates – High Need for Debt Financing by UST

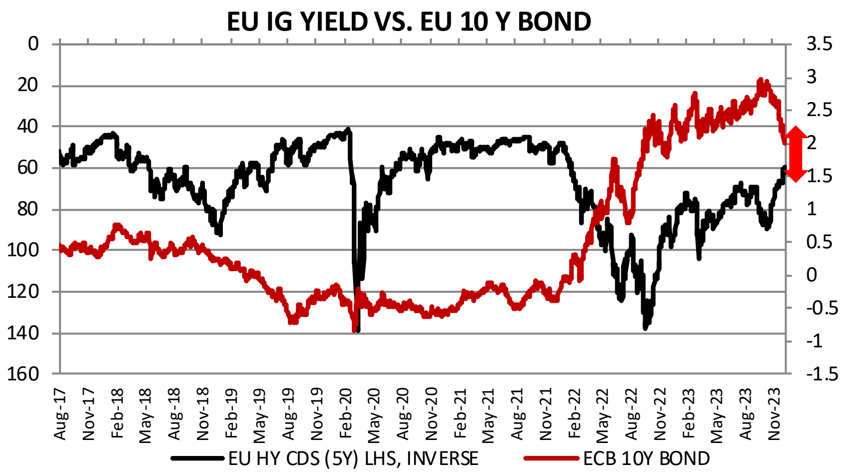
US budget deficit at a turning point? Might be, but yearly deficit still high, fuelling long-term US debt… and pushing up USD interest rates.

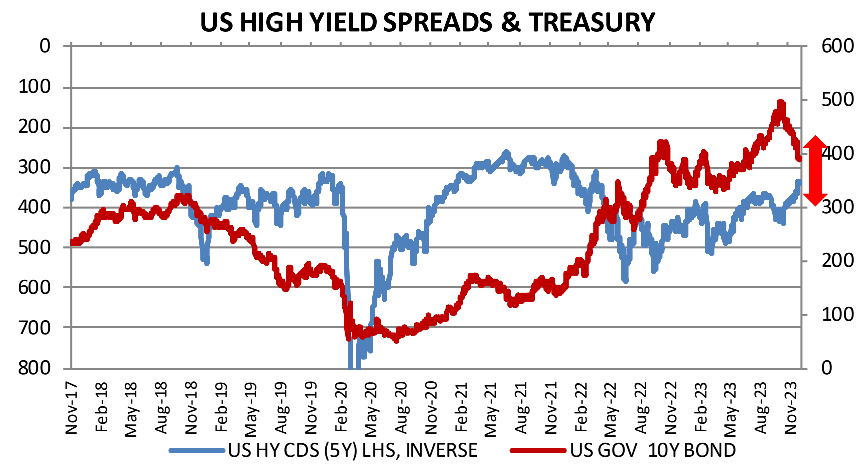


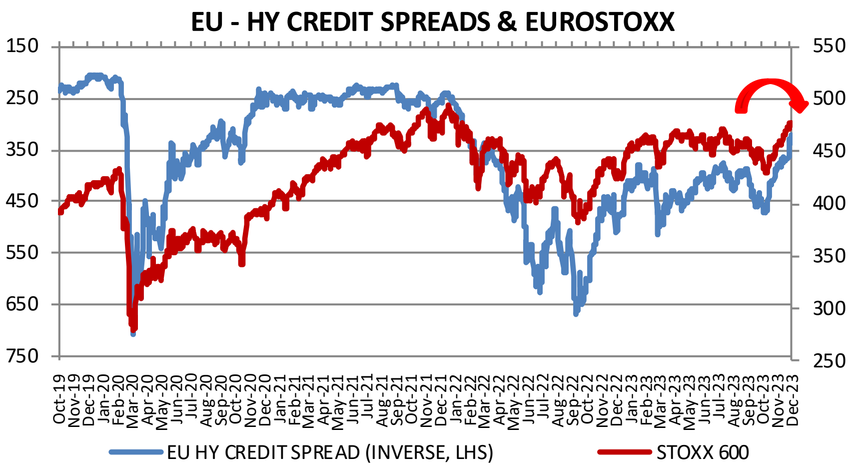


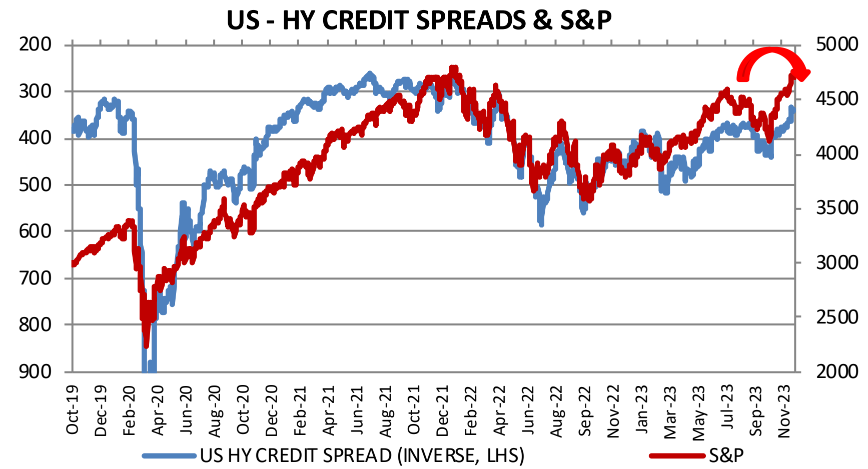
Interest Rates – Credit Spreads

Gap between bond yields and credit spreads narrowing. Tightening HY spreads (declining interest rates) boosting stock markets. But for how long?



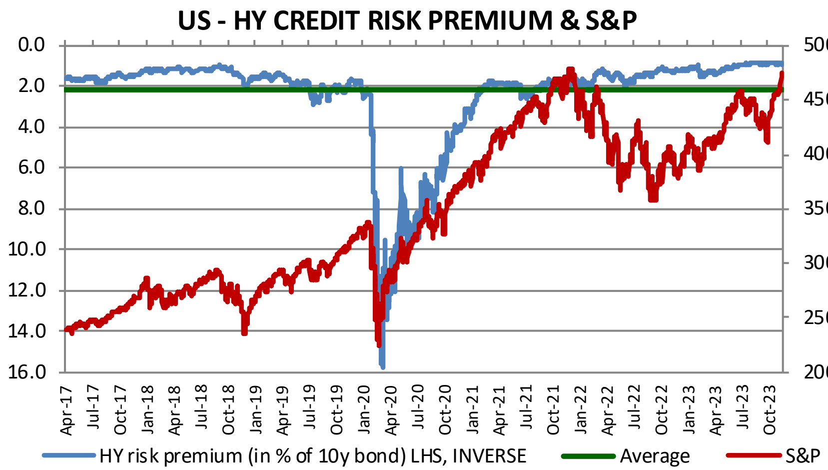


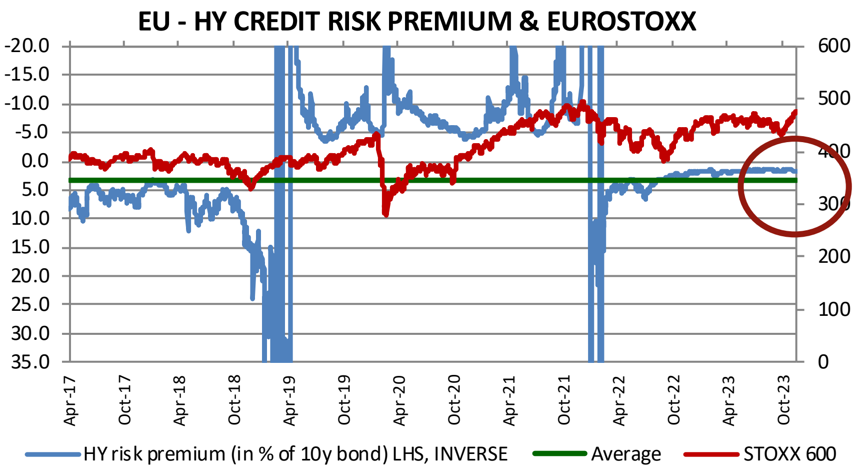




Interest Rates – Credit Spreads

HY credit spreads too low in the US compared to stock markets, in Europe ok.

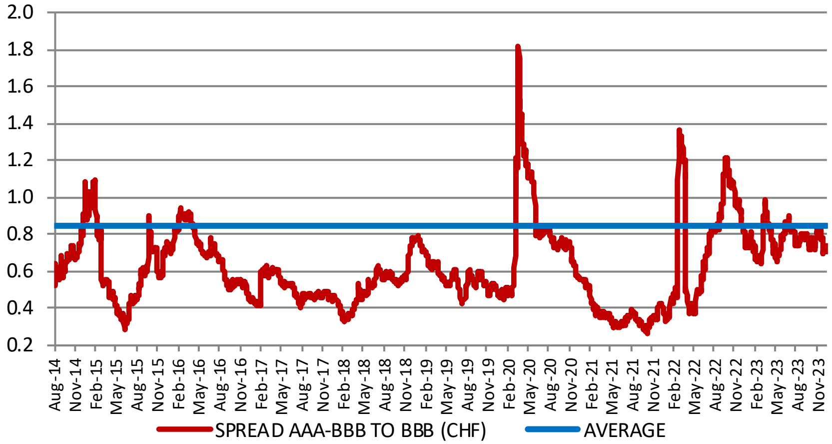




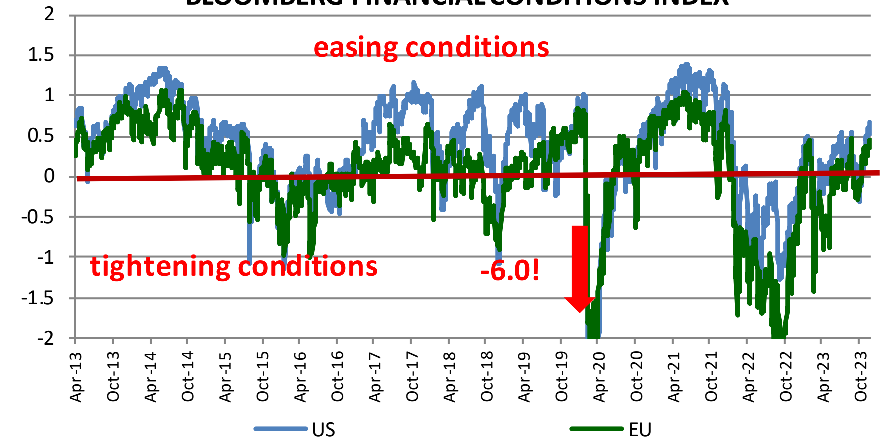
Interest Rates – Credit Spreads

Credit spreads in CHF lower than long-term average. Easier financial conditions again, both in EU and US, despite banking turmoil. Compared to macro uncertainty risks, HY spreads are too high in the US, but too low in Europe.

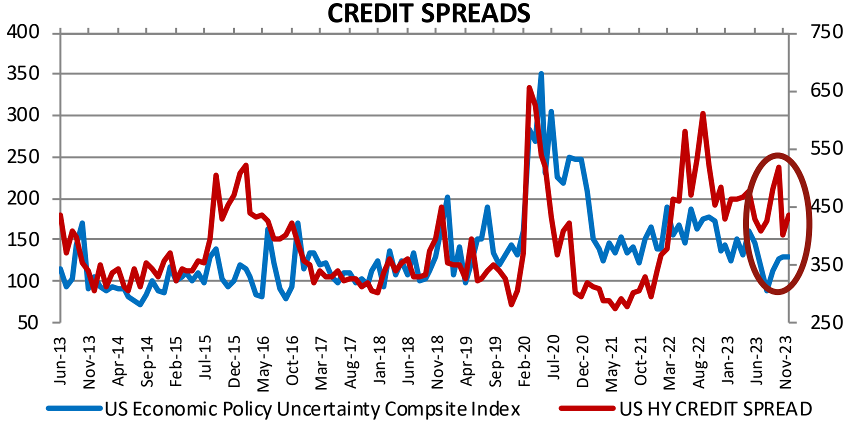
YIELD SPREAD CHF - (AAA-BBB) VS. BBB



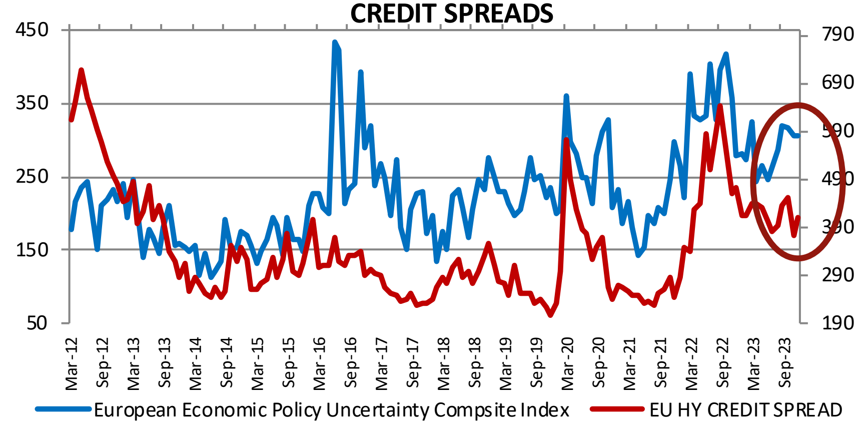
BLOOMBERG FINANCIAL CONDITIONS INDEX



US ECONOMIC POLICY UNCERTAINTY INDEX & HY CREDIT SPREADS

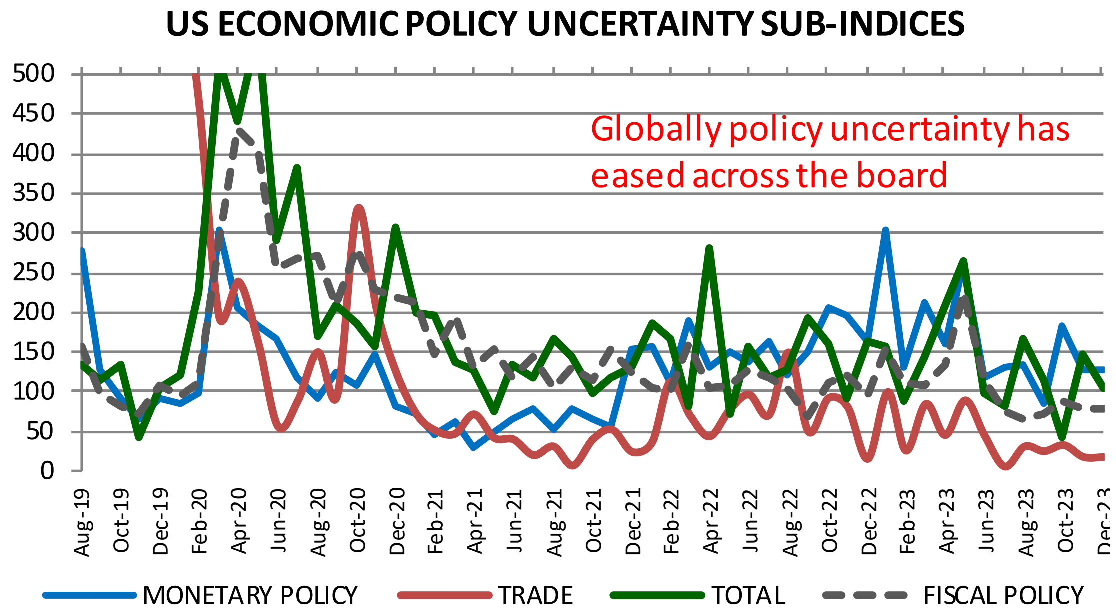


EU ECONOMIC POLICY UNCERTAINTY INDEX & HY CREDIT SPREADS



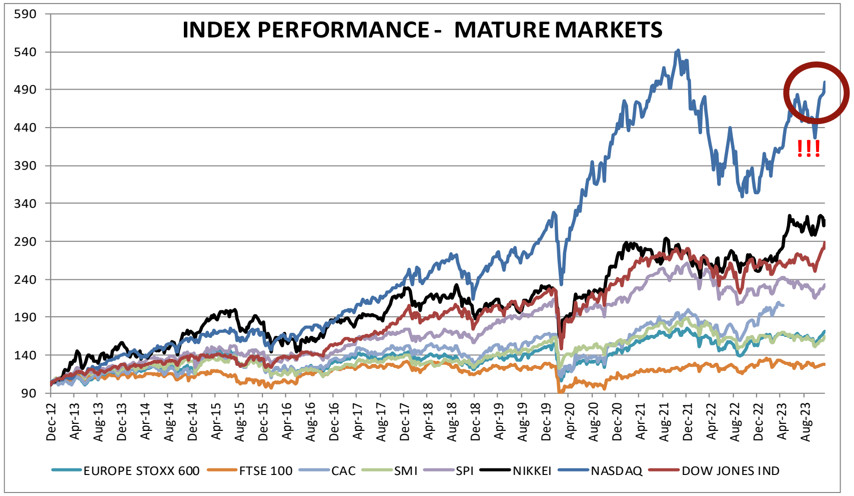
Interest Rates – Credit Spreads

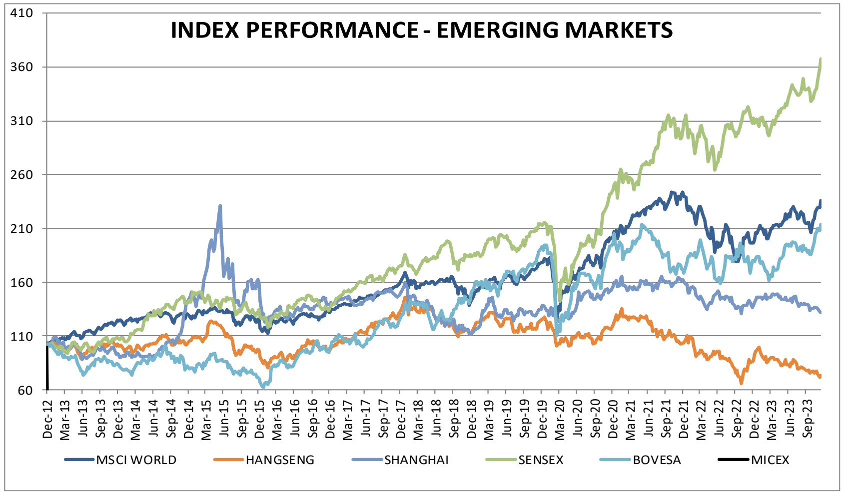
Uncertainty linked to monetary policy have come down significanlty.

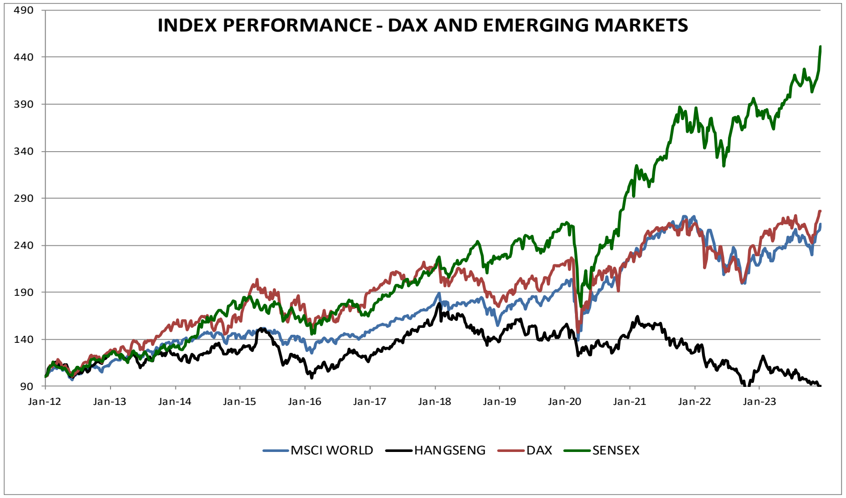


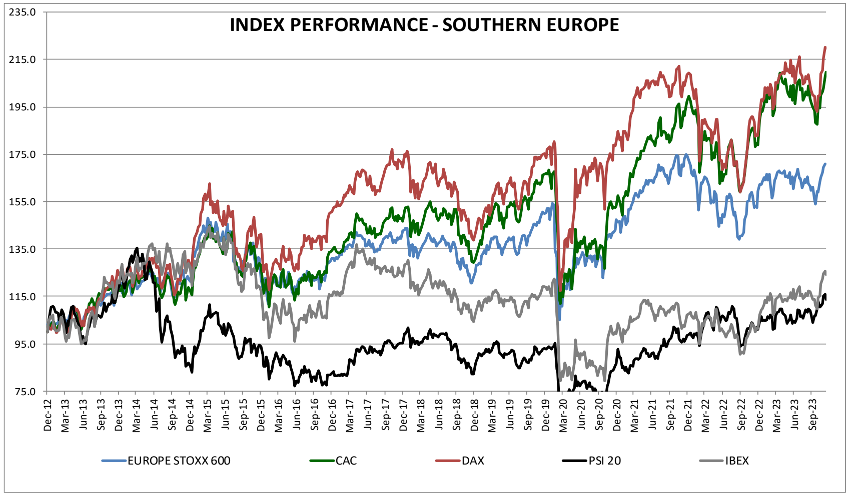
Equity Markets - Performance

The stunning performance of Nasdaq, Dax, Sensex and Nikkei! EPS development supports good performance



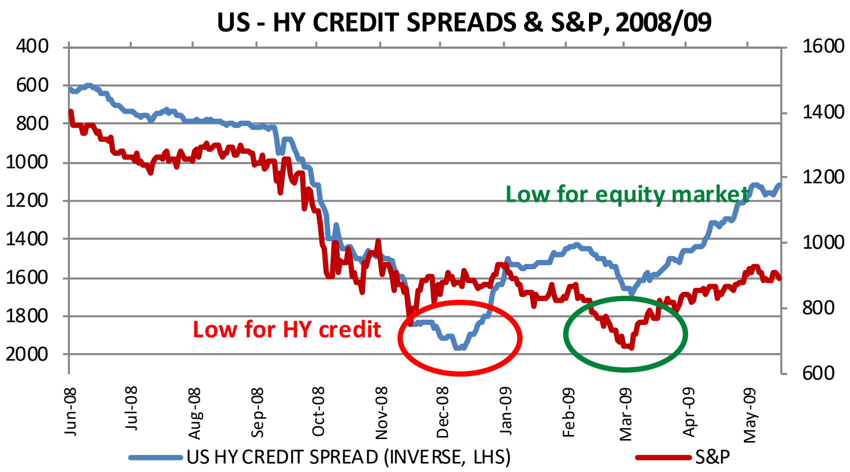


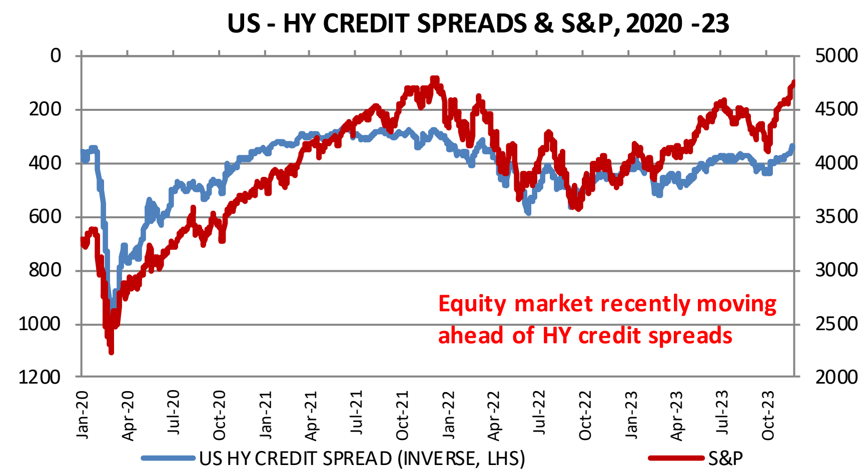




Equity Markets – Performance Indices

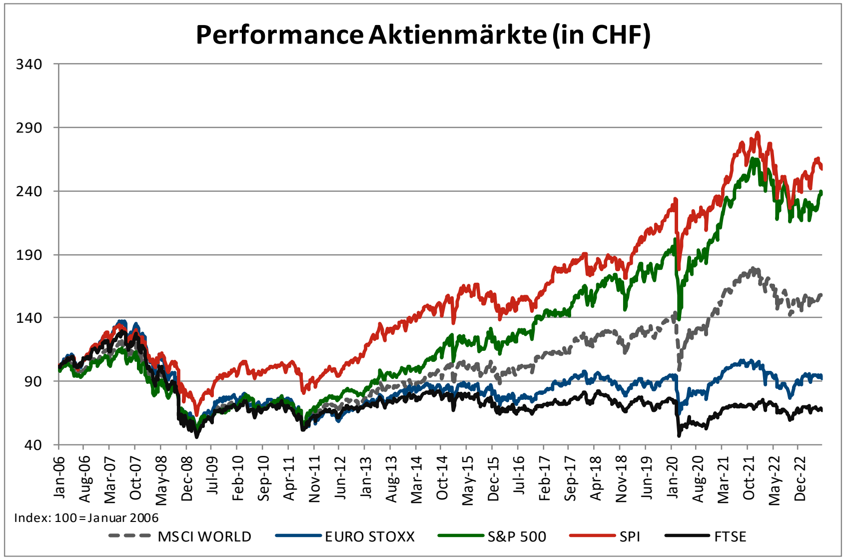
Credit spreads important for development of stock markets. **Currently, HY spreads should be lower!**

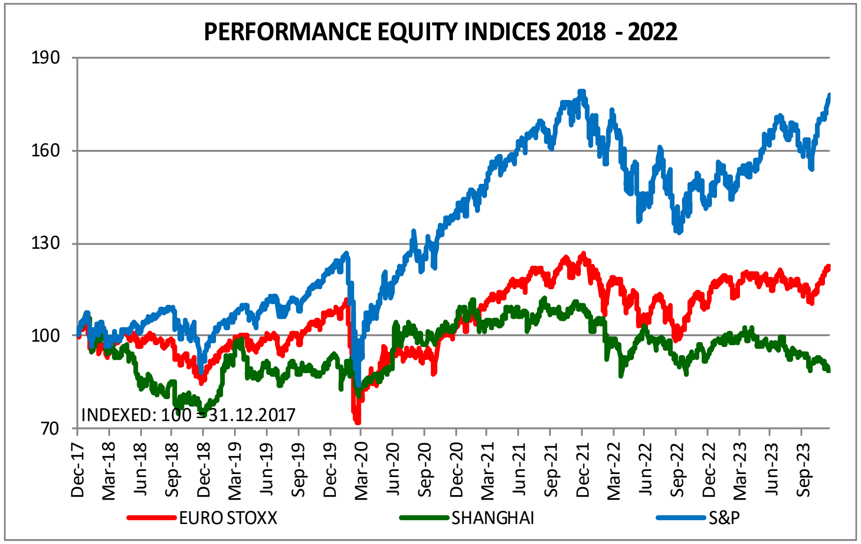




Equity Markets – Performance Indices

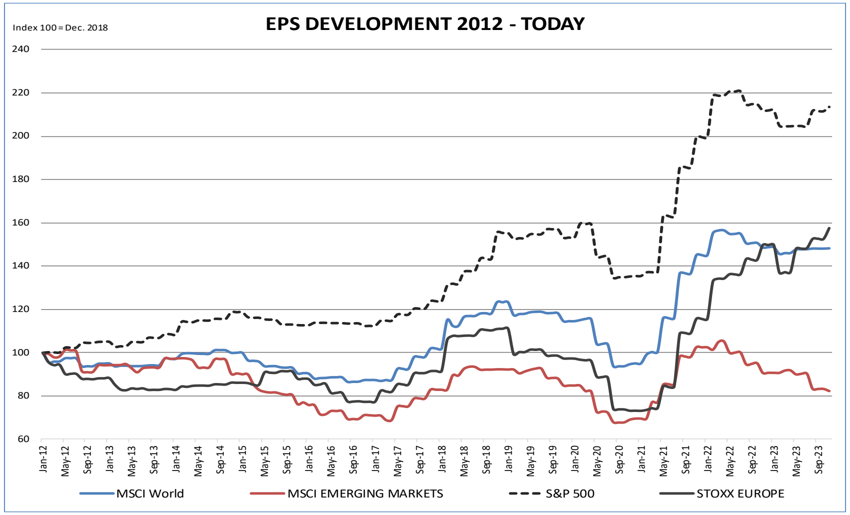
SPI continues to be the star performer in CHF.

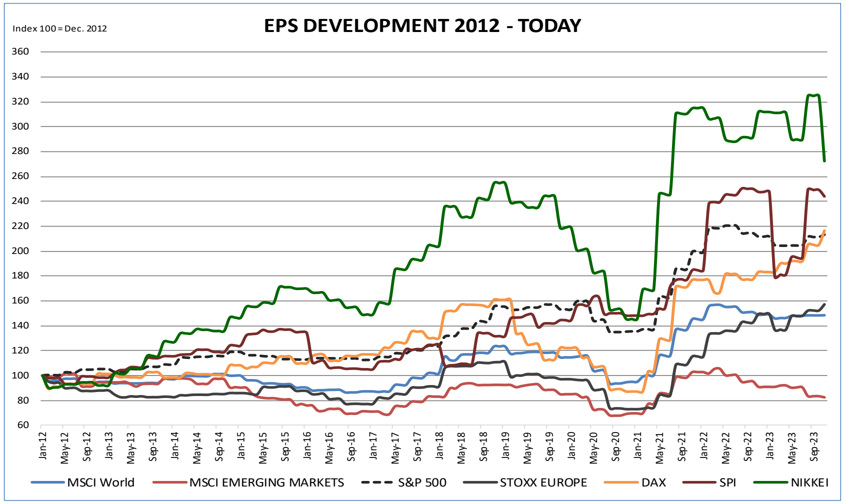


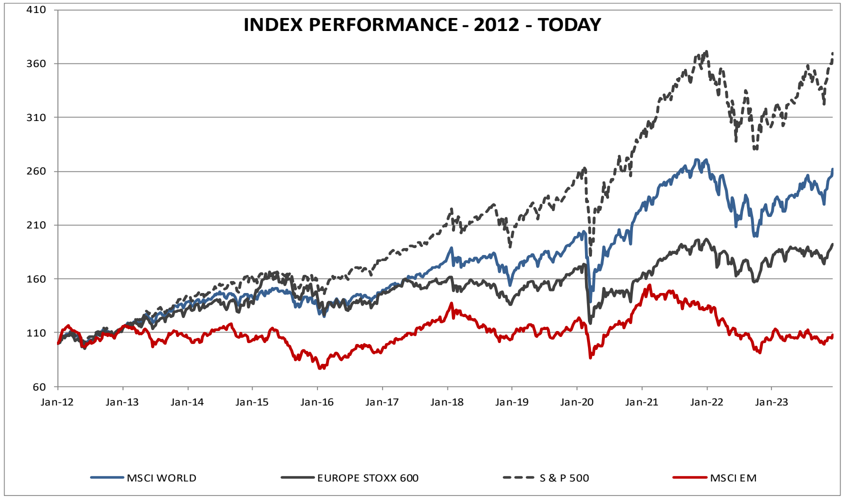


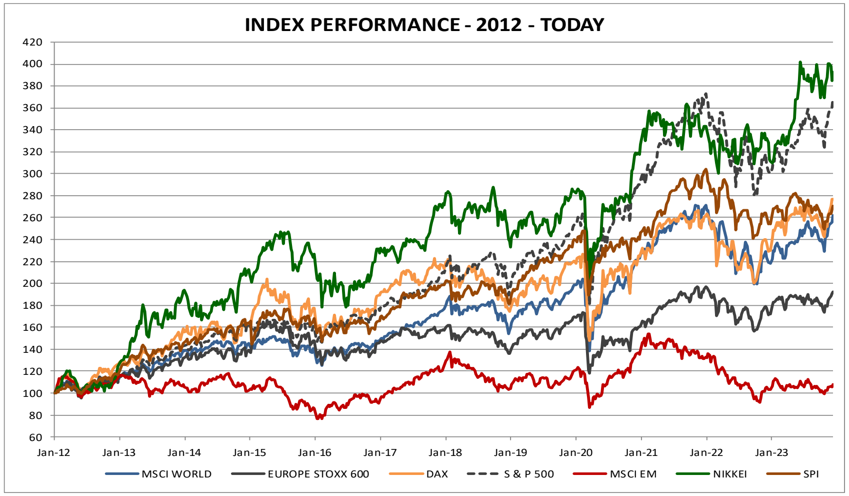
Equity Markets – Performance & EPS Growth

Equity market performance still aligned with EPS development



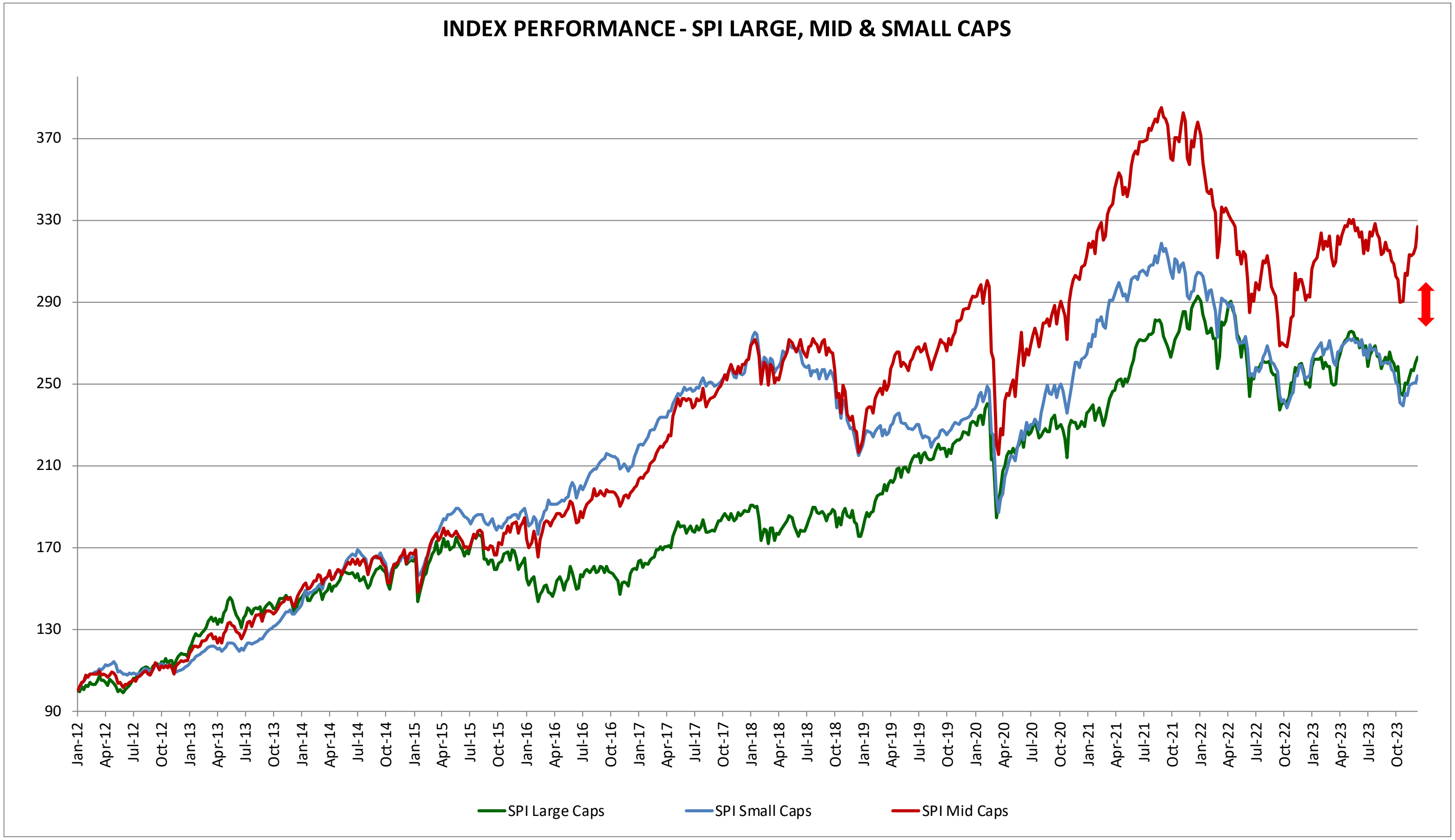






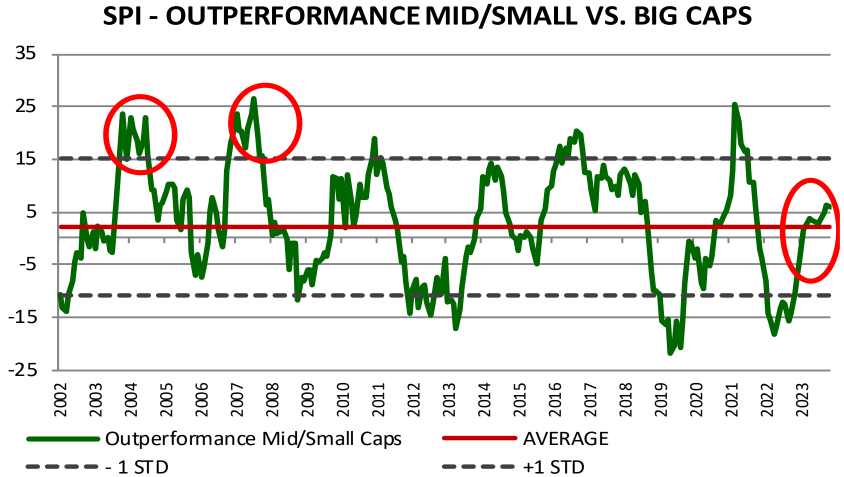
Equity Markets – Performance Mid/Small Caps

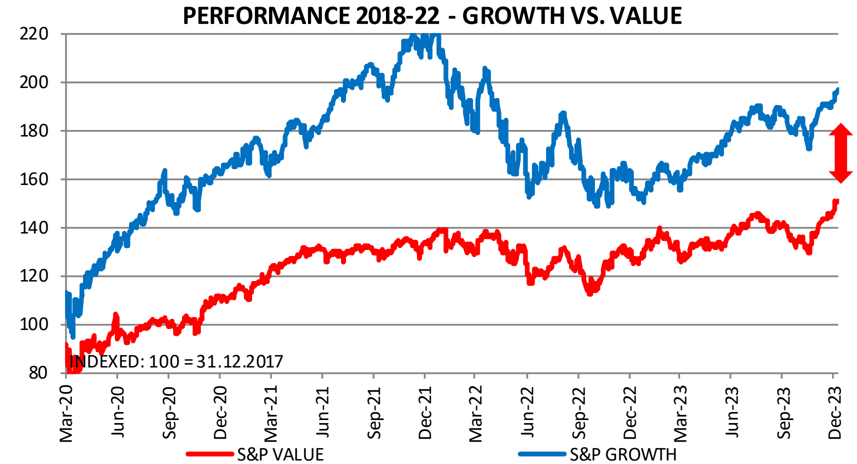
Mid caps continue to be the star performer – small caps recently even lagging blue chips!

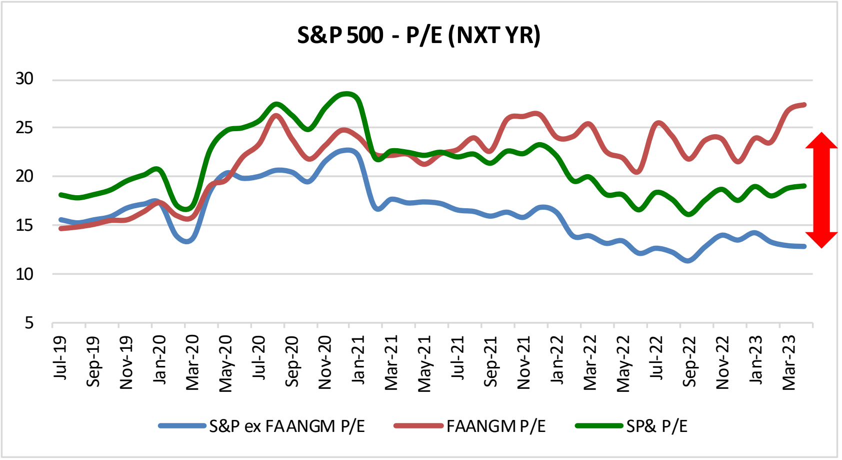


Equity Markets – Performance Mid/Small Caps & Value/Growth

Outperformance of SMEs likely to continue - 2024 will be another year for mid & small caps! Gap between Growth and Value widening again. **S&P valuation low ex FAANGM.**

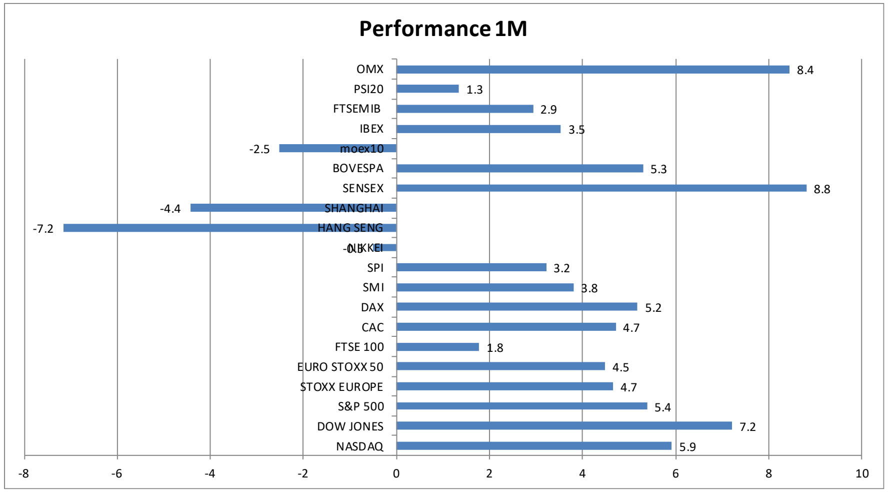


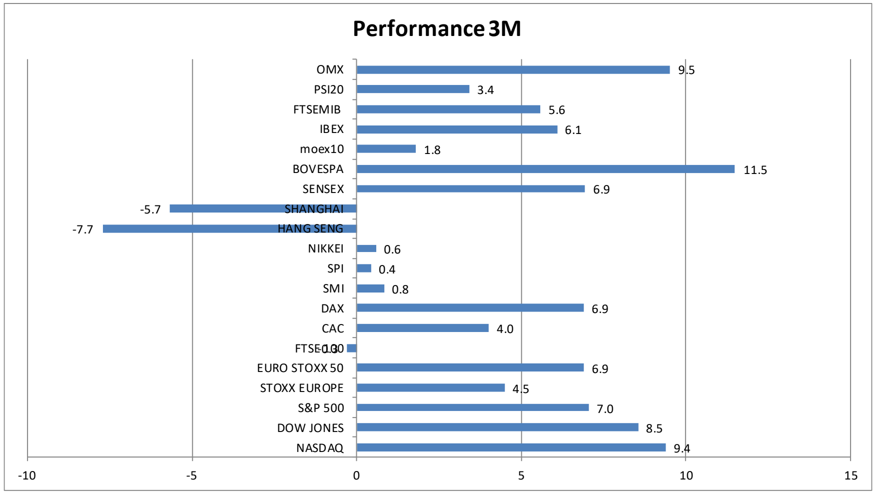


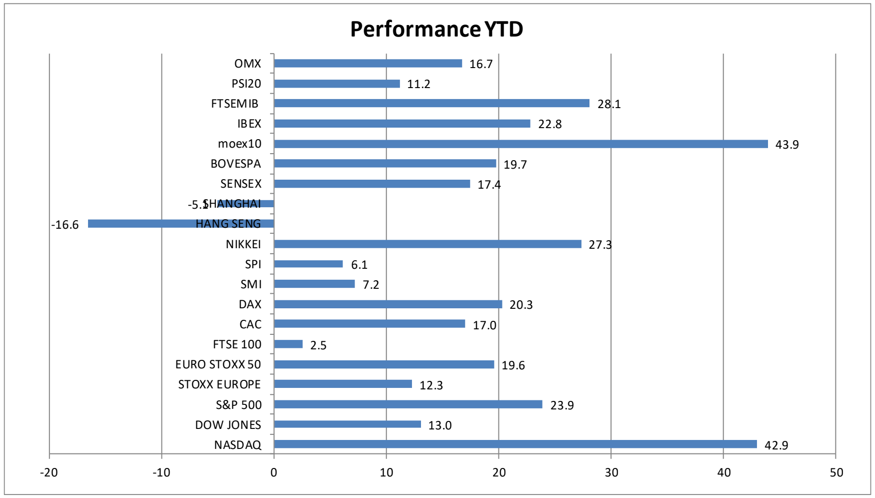


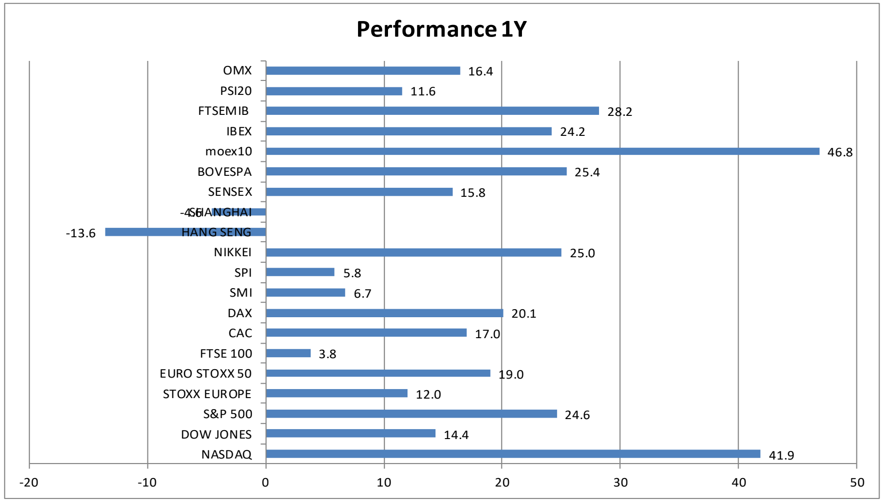
Equity Markets – Performance Indices

All markets with positive performance ytd (2023), except for China.



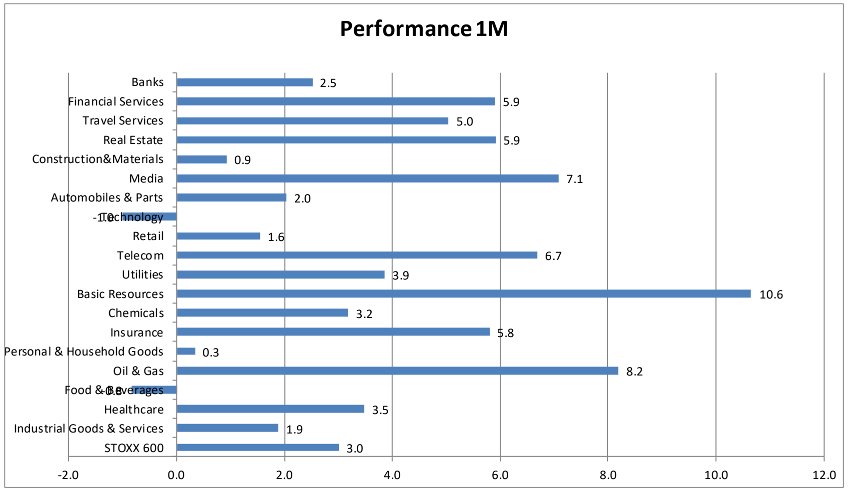


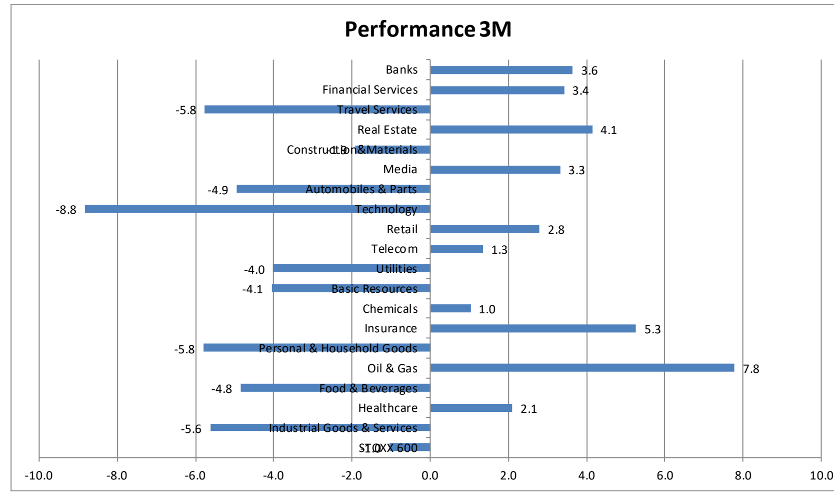


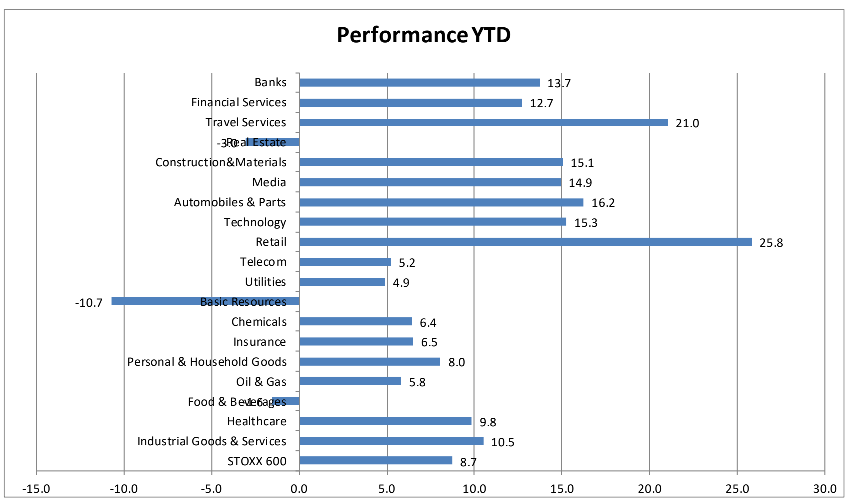


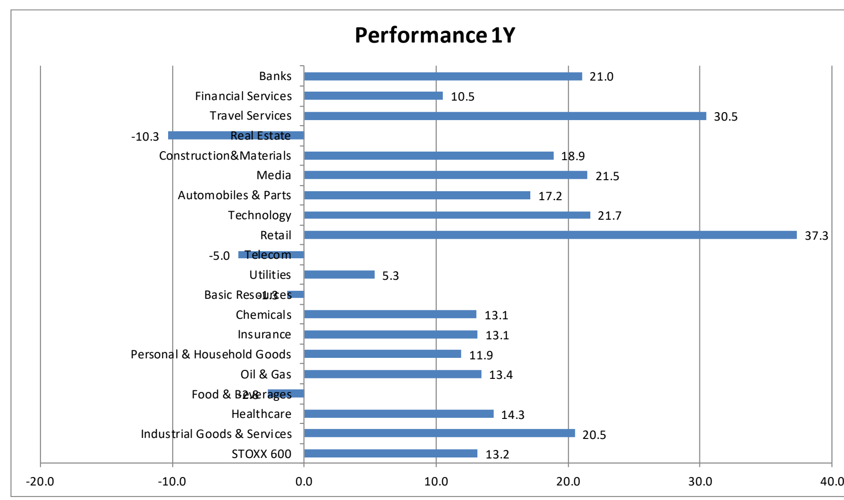
Equity Markets – Performance EURO STOXX

Revovery!

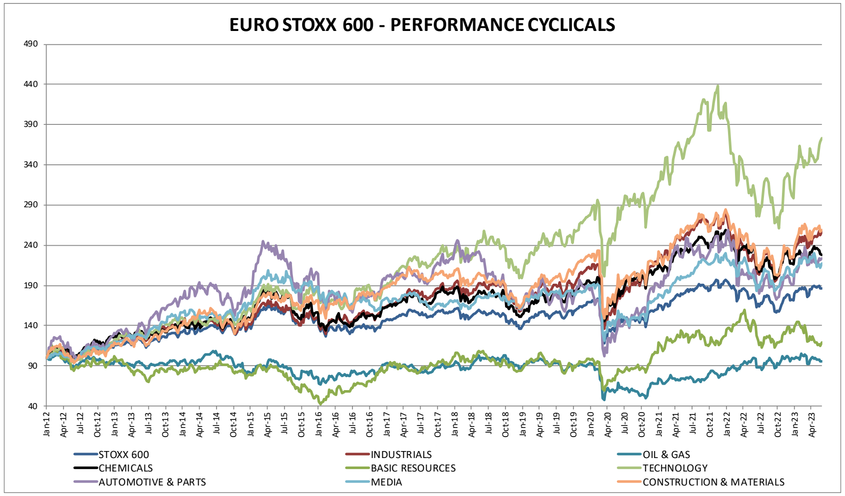


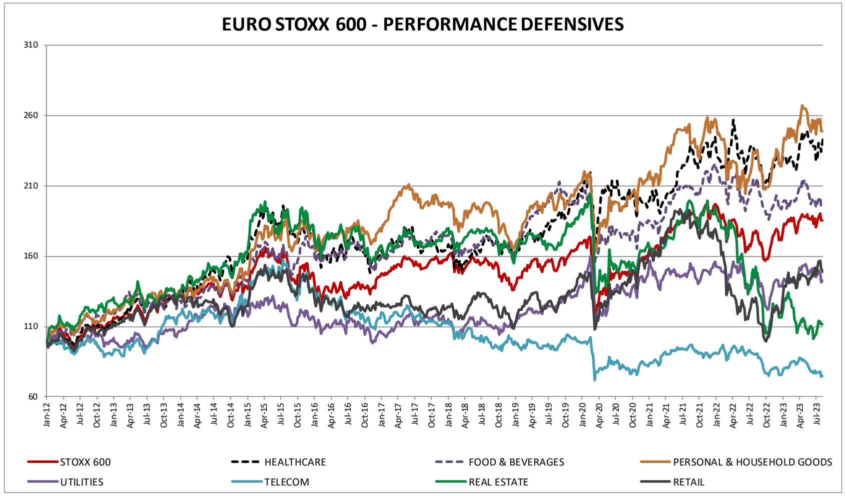


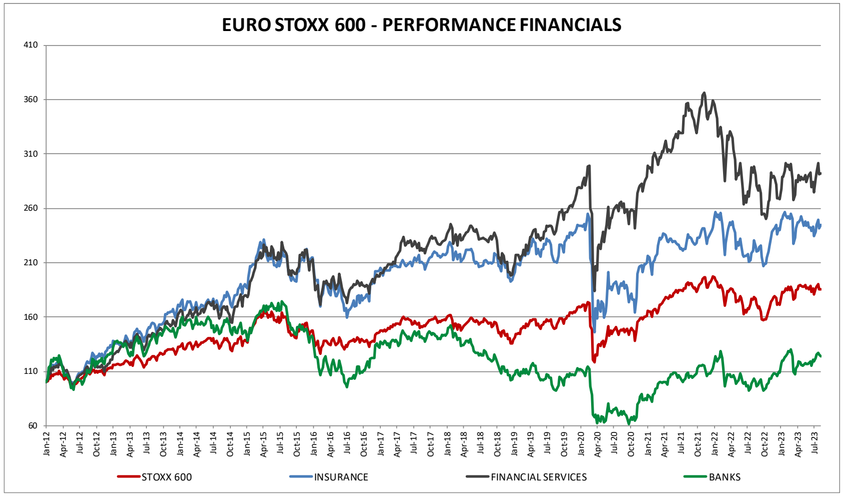




Equity Markets – Performance EURO STOXX

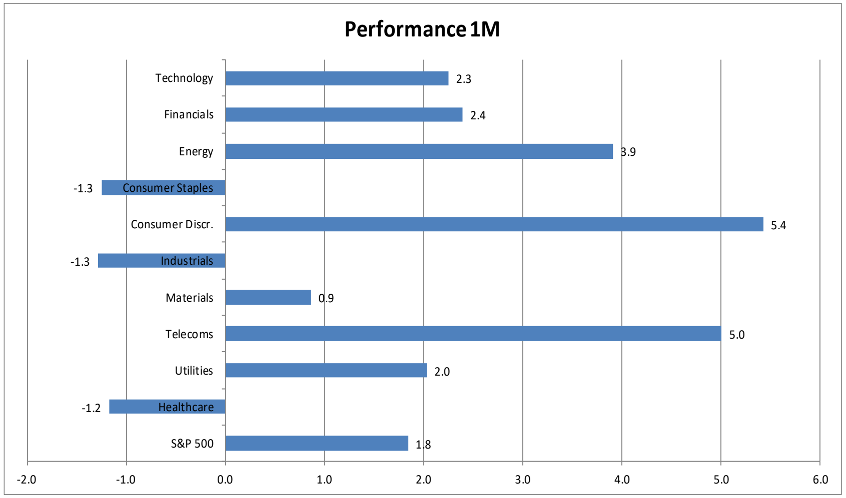


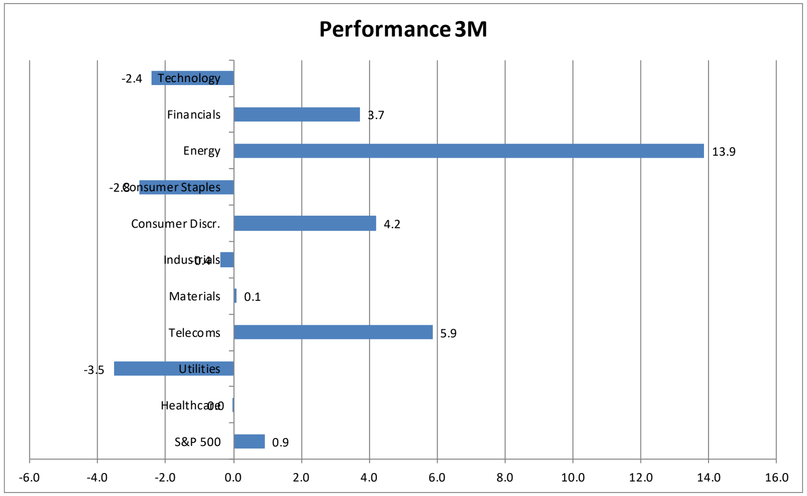


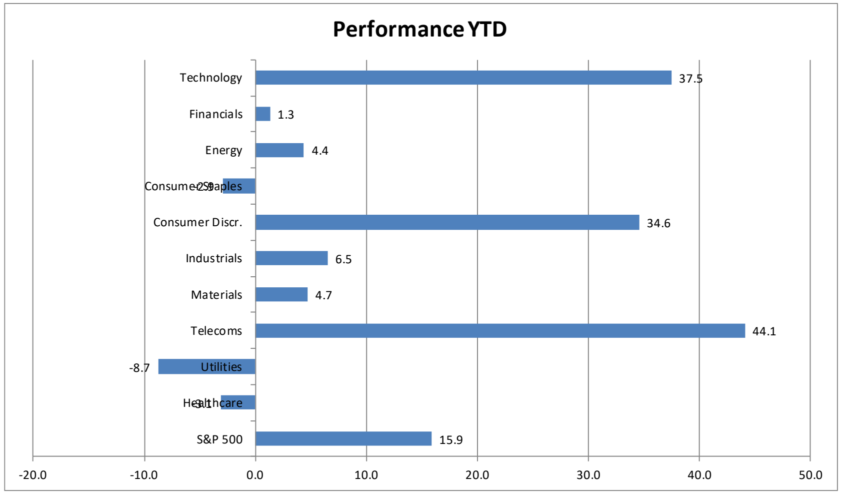


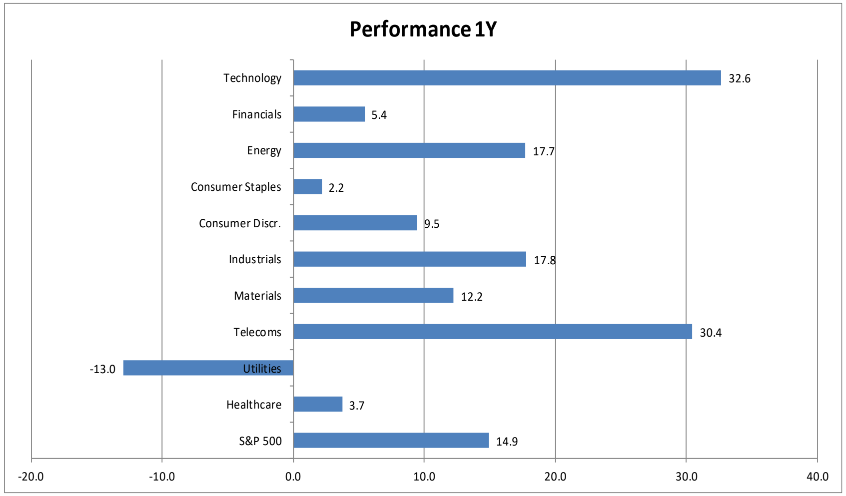
Equity Markets – Performance S&P 500

A very mixed pictures with Technology surprisingly up YOY, YDT and 1M/3M. Telcos and Consumer Discretionary doing fine as well.



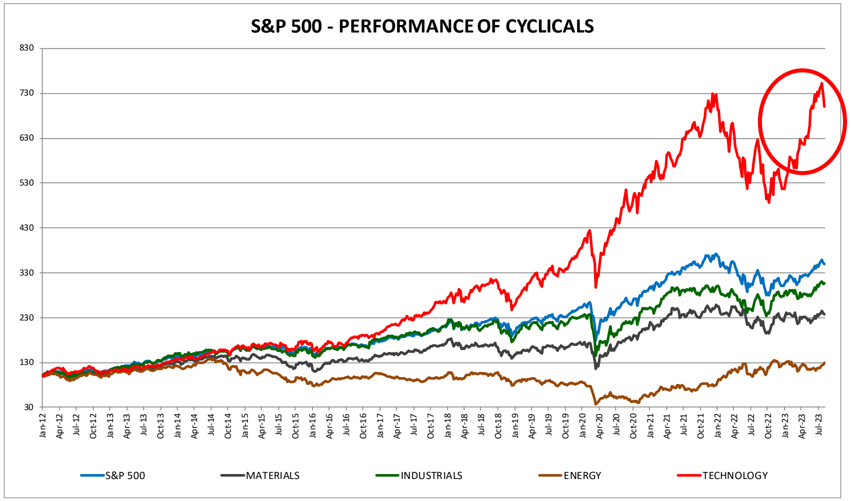


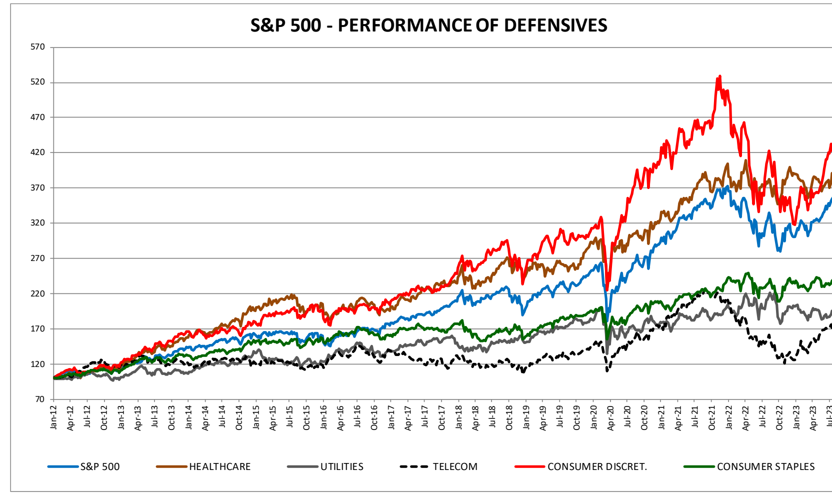


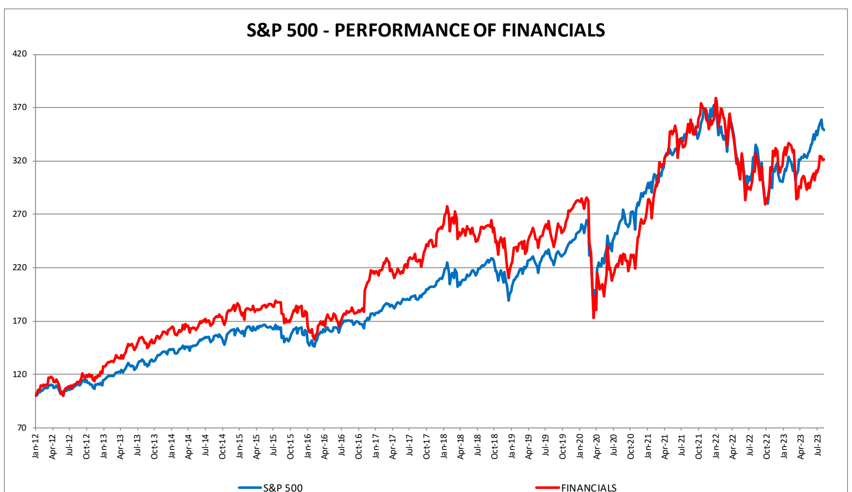


Equity Markets – Performance S&P 500

The comeback of Tech! Poor performance of financials, due to bank crisis

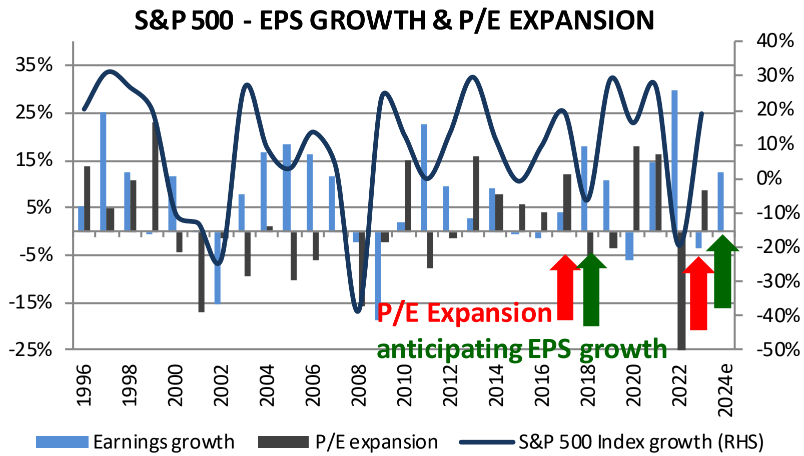






Equity Markets – Multiple-Contraction 2022 -> EPS declines 2023

Mutliple contraction 2022 was indicating EPS recession in 2023 - > will be followed by EPS recovery in 2024. The market is implying 2024 EPS growth in the US, but earnings drops in most other markets.

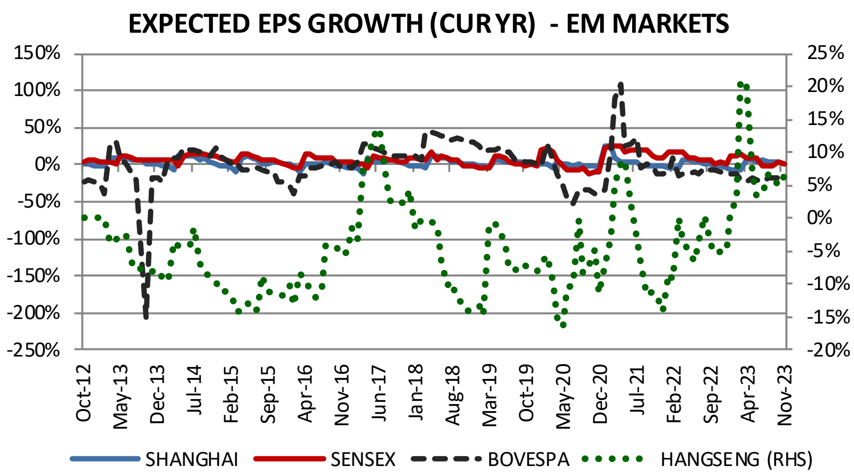


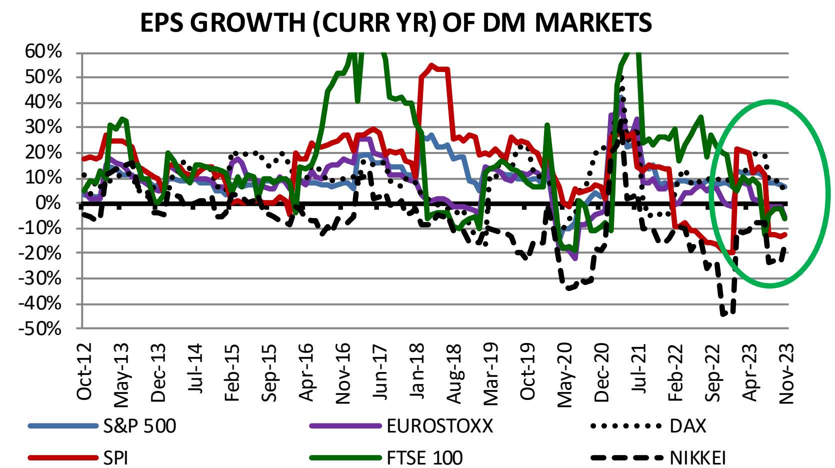
	Index	Current EPS	P/E historic	Implied EPS	Implied Growth	Growth 2023E	Surprise Potential	P/E current
MSCI WORLD	715	38.95	16.2	44.1	**13.2%**	0.3%	-12.8%	**18.5**
MSCI WORLD EM	997	80.431	12.6	79.0	**-1.7%**	-9.9%	-8.2%	**12.4**
S&P 500	4698	203.424	18.3	256.9	**26.3%**	5.9%	-20.4%	**23.1**
INDU	37082	1628.98	16.7	2217.9	**36.2%**	4.5%	-31.6%	**22.8**
NASDAQ	14778	497.015	22.5	658.1	**32.4%**	-19.9%	-52.3%	**29.7**
STOXX 600	477	37.3166	15.2	31.3	**-16.0%**	-5.9%	10.1%	**12.8**
DAX	16694	1329.54	14.6	1142.0	**-14.1%**	1.6%	15.7%	**12.6**
SPI	14518	882.76	18.9	767.3	**-13.1%**	18.0%	31.1%	**16.5**
NIKKEI	33140	1642.06	18.7	1771.1	**7.9%**	-16.9%	-24.8%	**20.5**

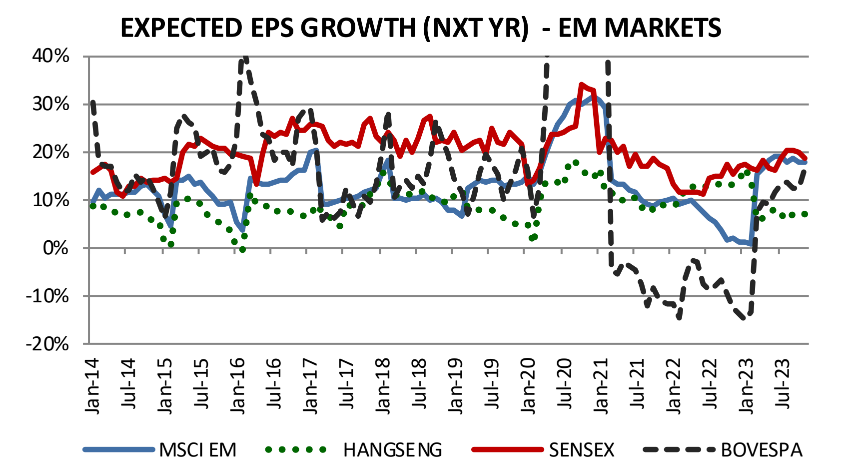
Quelle: Bloomberg, Credit Suisse, Santro Invest AG

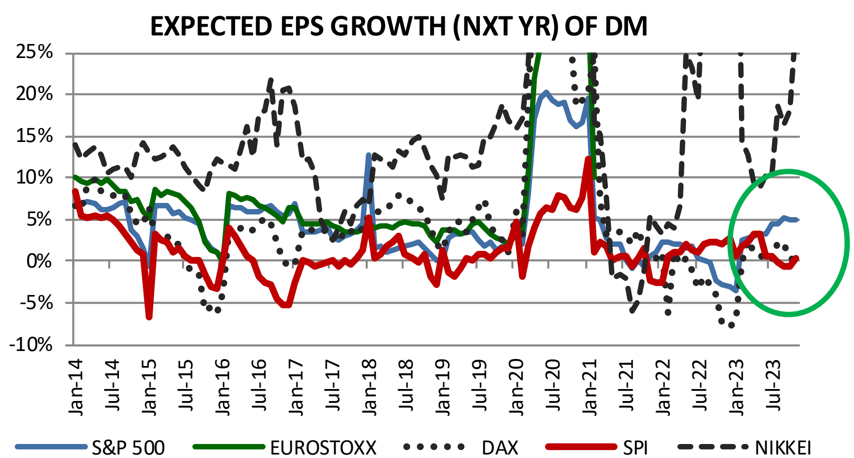
Equity Markets – EPS Growth

Will 2024 growth of >10% for EMs and 0-5% for DMs be too optimistic?



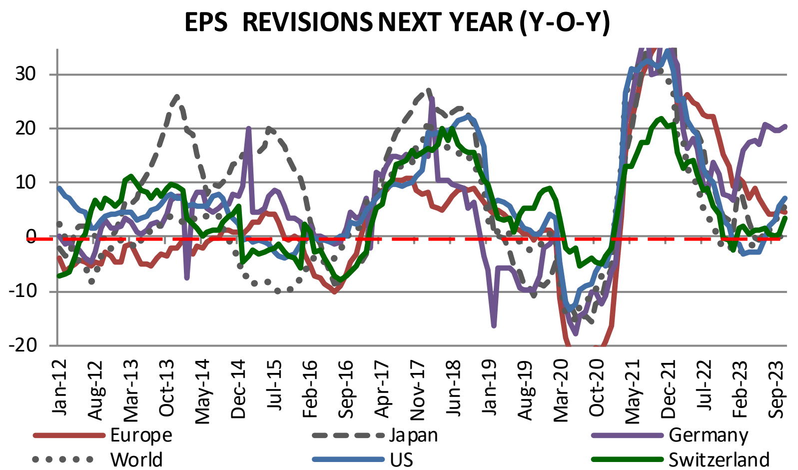


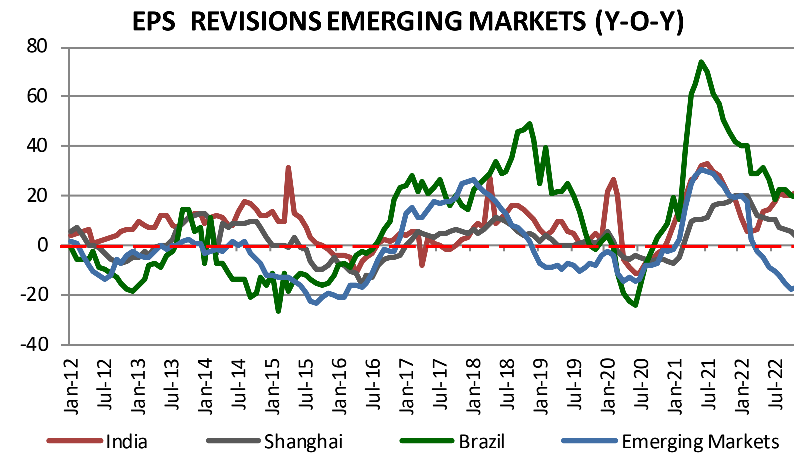


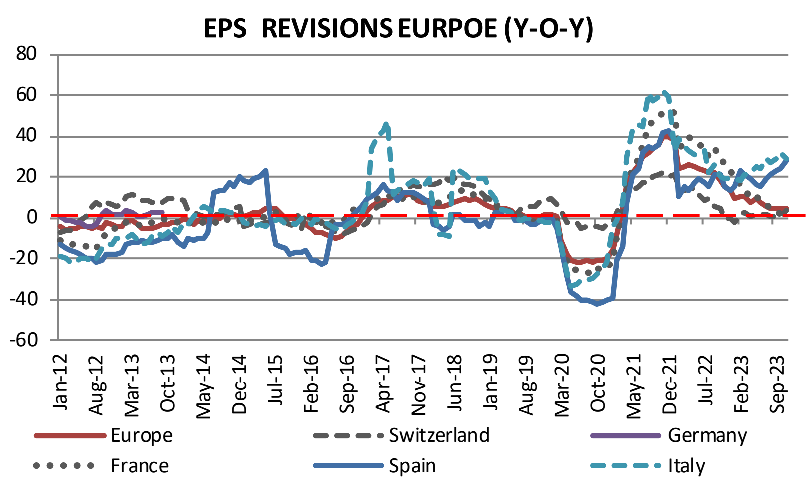


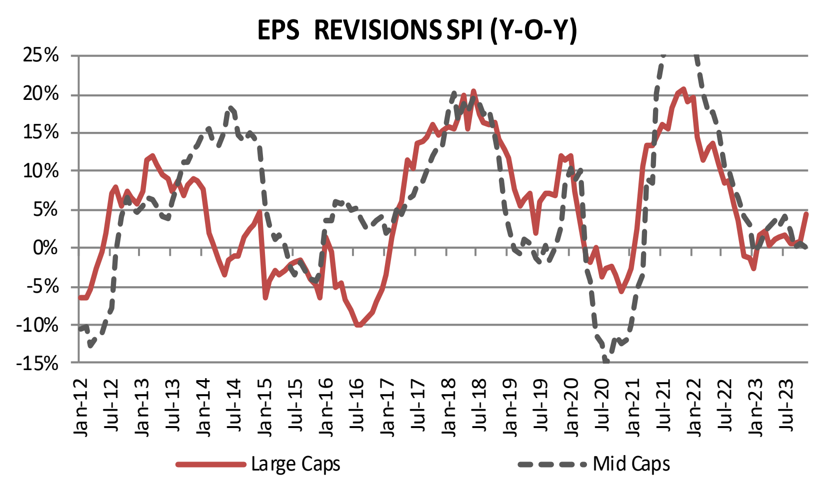
Equity Markets – EPS Revisions

Revisions positive in general… or about to turn.



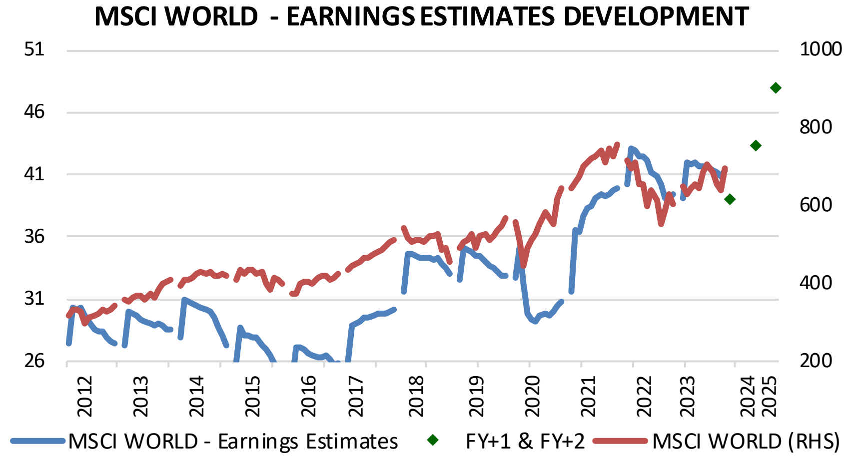


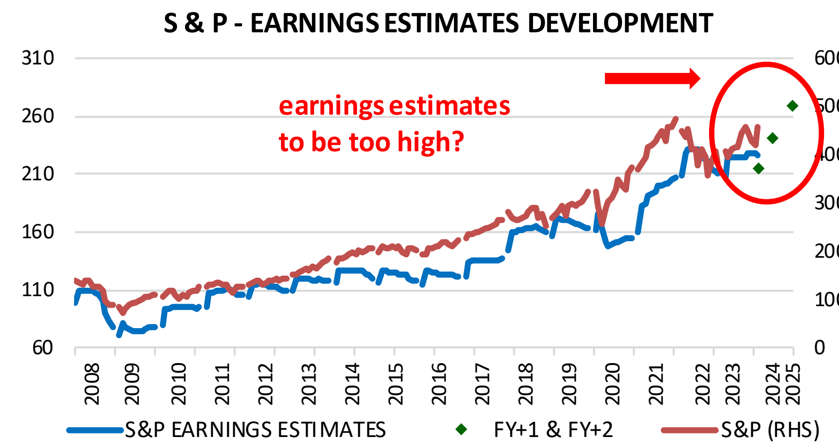


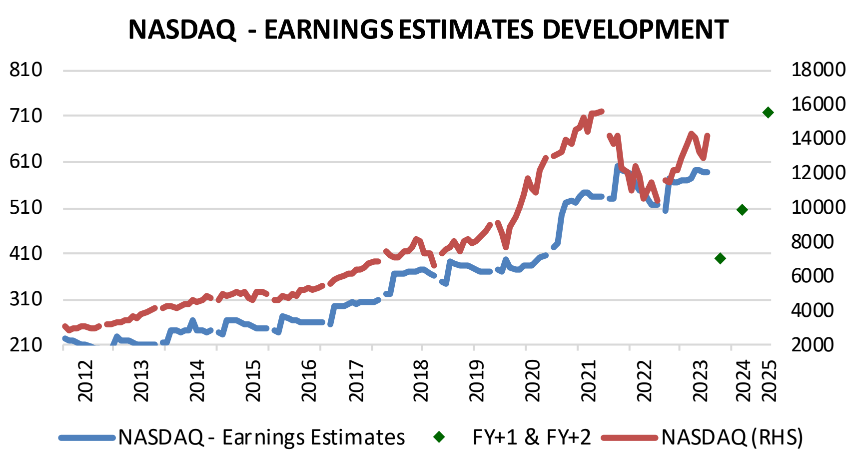


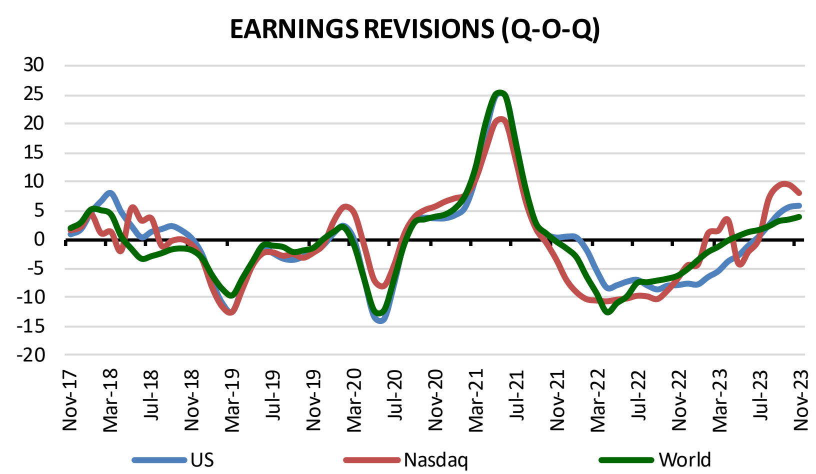
Equity Markets: Performance & Development of EE

Markets are looking into FY 2024 as earnings estimates indicate return to growth. **Q-o-q revisions positive, but rolling over soon?** Nasdaq attractive with view to FY 2025 only – unless estimates 2024 will prove to be too conservative..



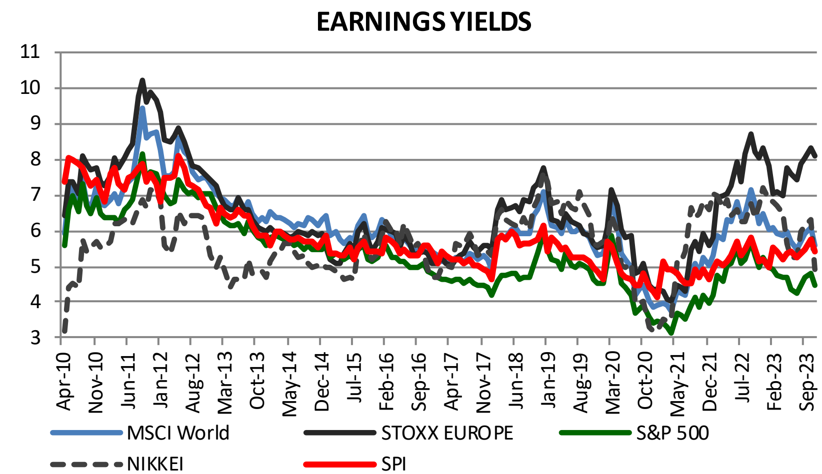


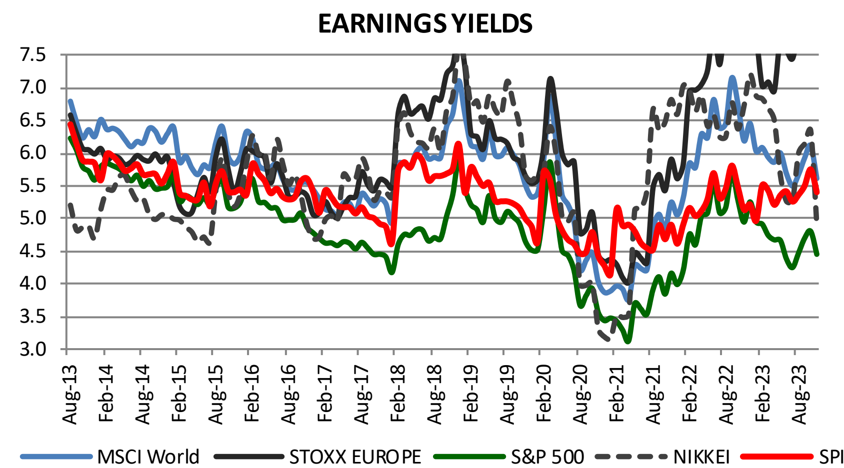


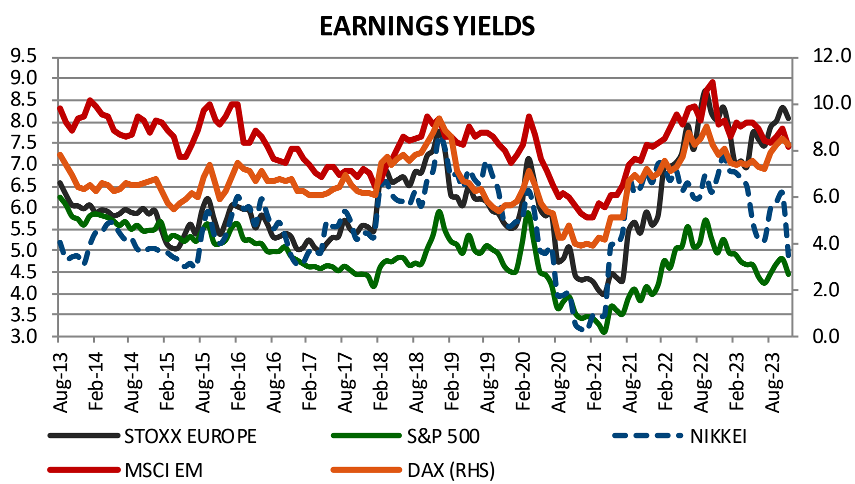


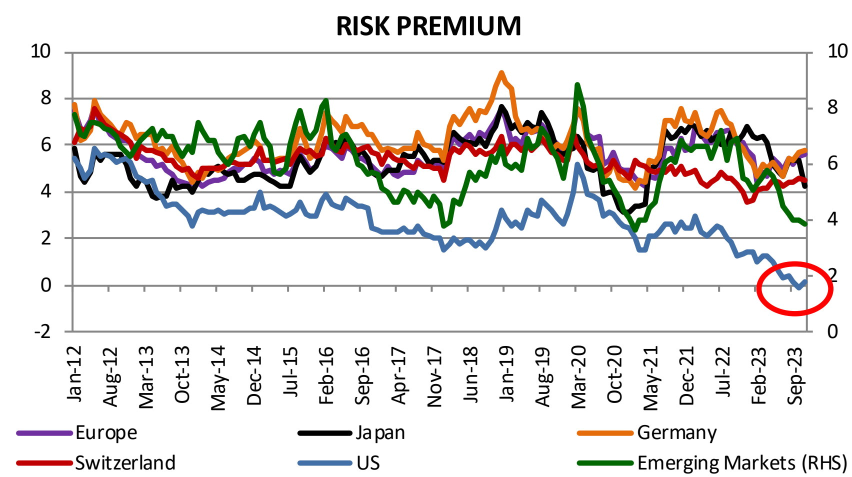
Equity Markets – Earnings Yields, Risk Premium

Earnings yields falling with recovering stock markets (except for Europe). Lower higher free rates pushing risk premium down. RP very low and unattractive in the US.



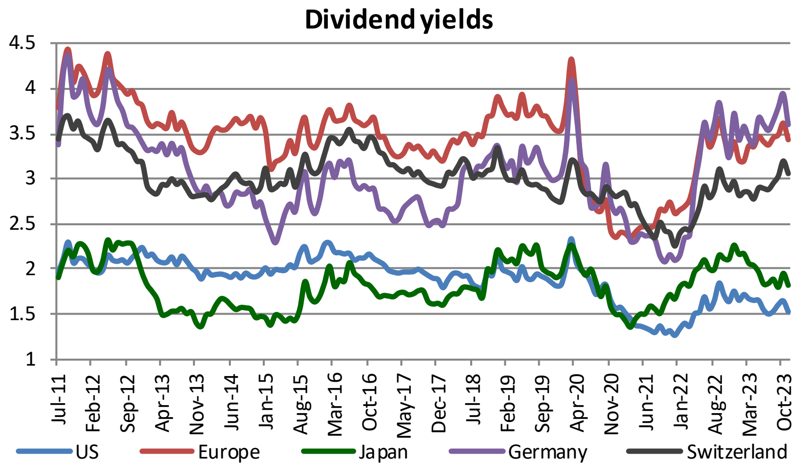


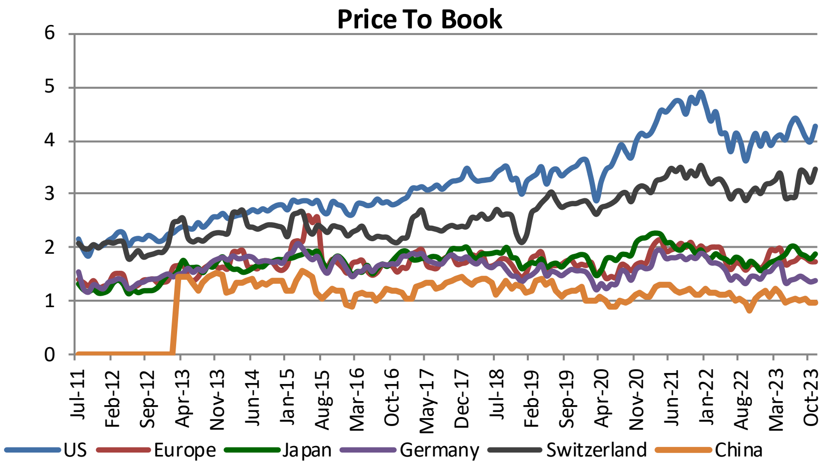


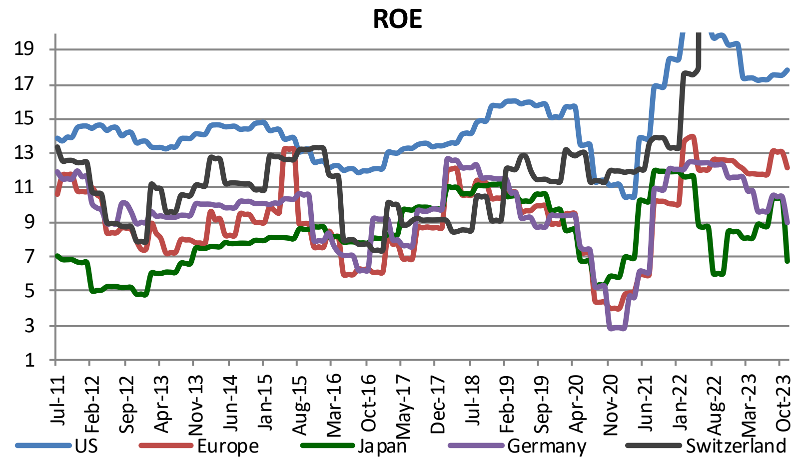


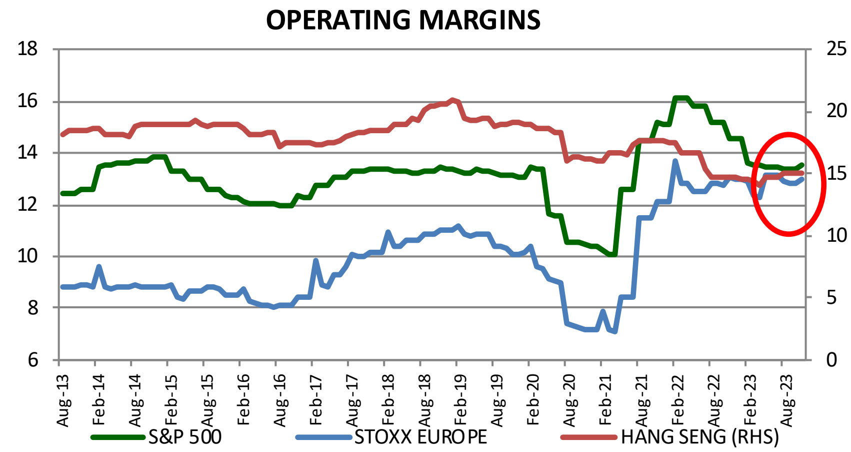
Equity Markets – Yields, Books and Margins

Dividend yields remaining on an attractive level, except for the US. P/B rising slighty. ROE slightly under pressure due to weaker profitability. Margin expectations more reasonable than in the past – margins reversing to the mean.



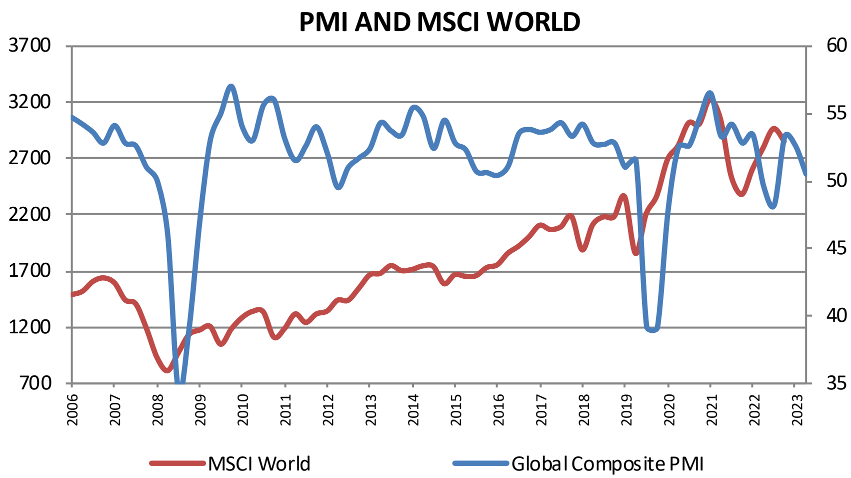


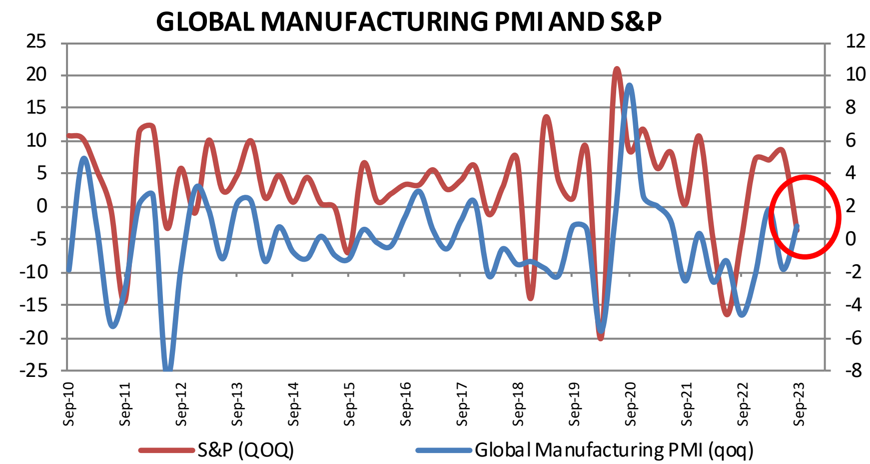


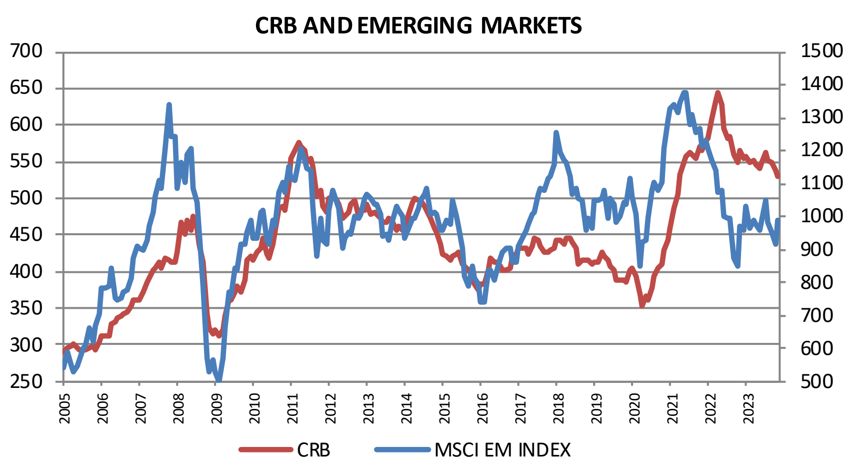


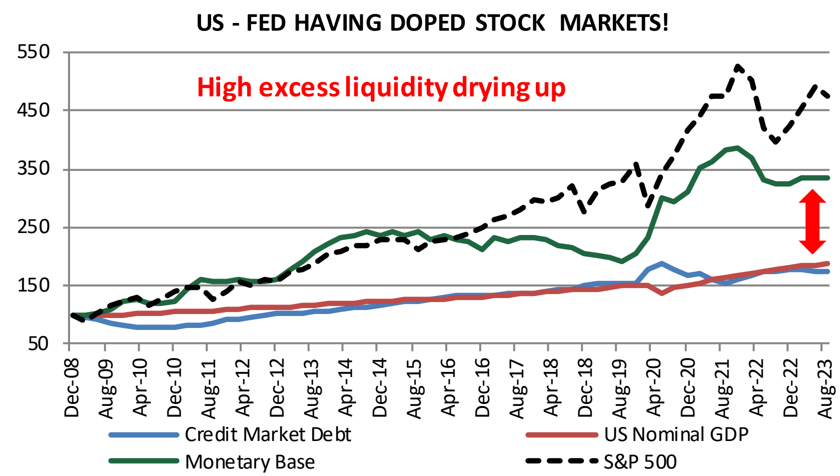
Equity Markets – PMI & Monetary Policy

Difficult stock market ahead with weaker PMIs? Performance of EM equities and commodities alined. Liquidity in US economy about to decline, but remaining high. Stock market came under pressure but is bottoming/recovering



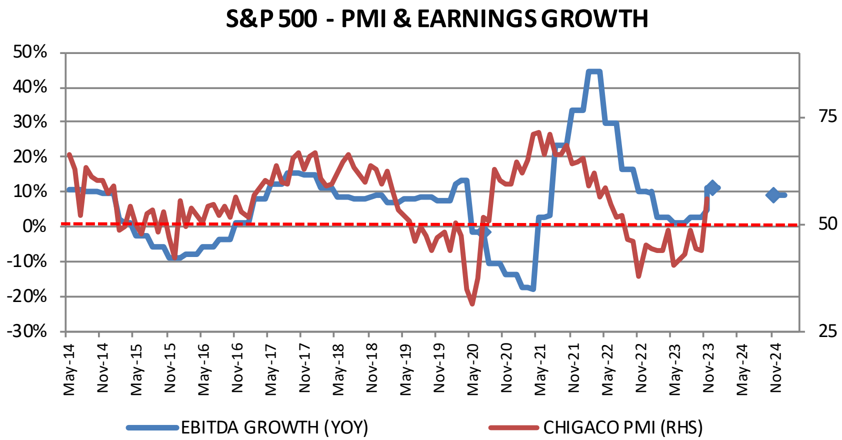


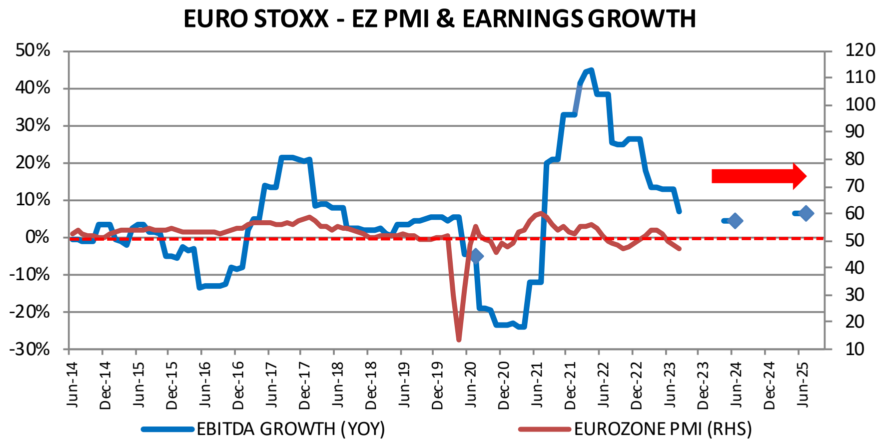




Equity Markets – PMI & Earnings growth

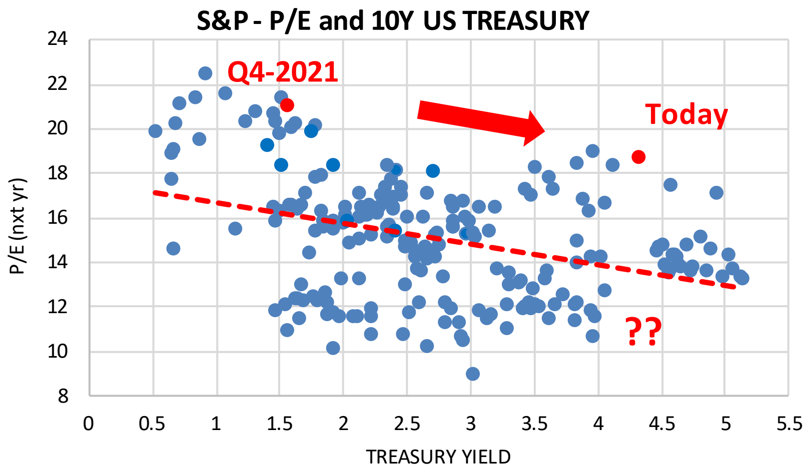
Operating earnings growth in line with recovering US PMI for 2024. In the EU, there is still a gap.

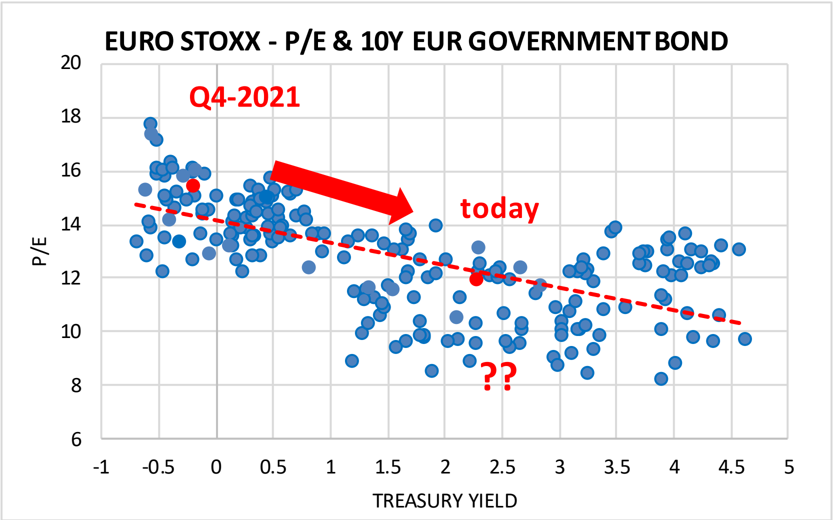




Equity Markets – What if interest rates rise?

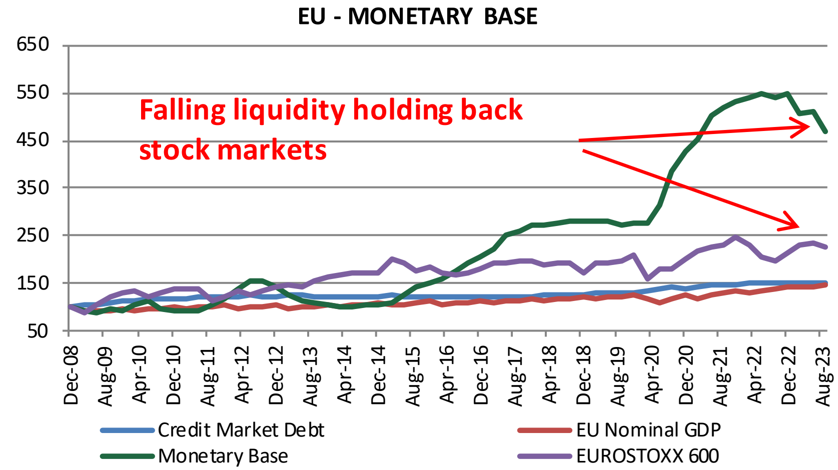
Higher interest rates leading to lower valuation multiples. US valuation too high compared to interest rates. EU valuation more reasonable.

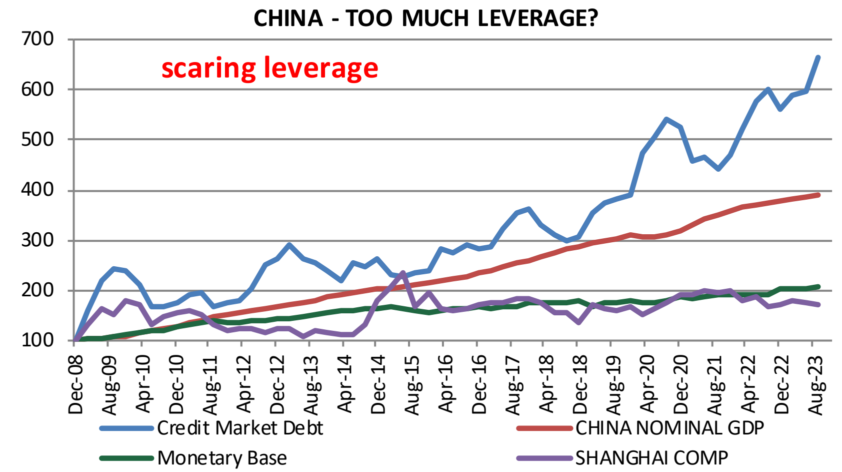


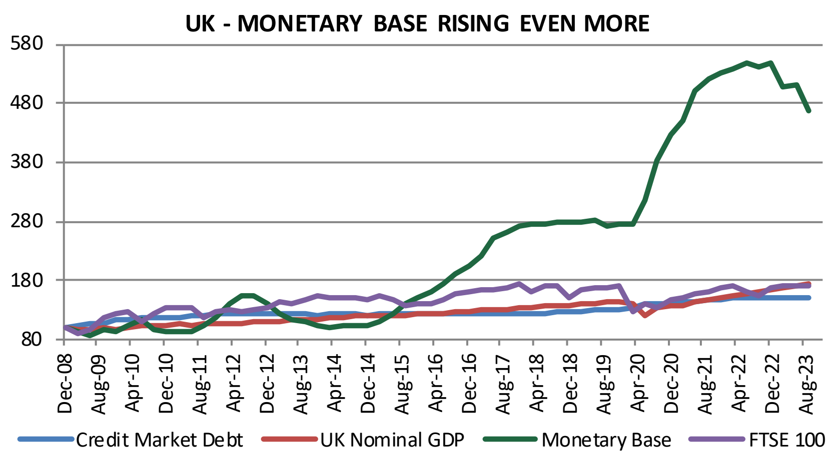


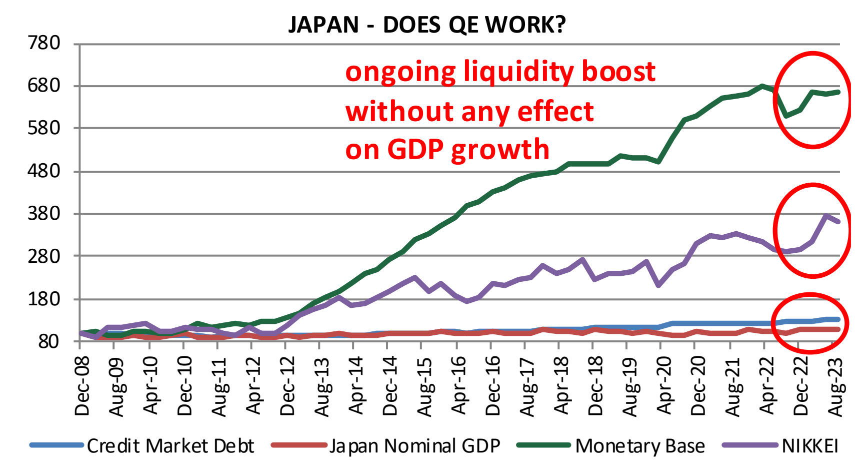
Equity Markets – Monetary Policy

Monetary base staying high in many countries, except for China – but there is excessive leverage instead!



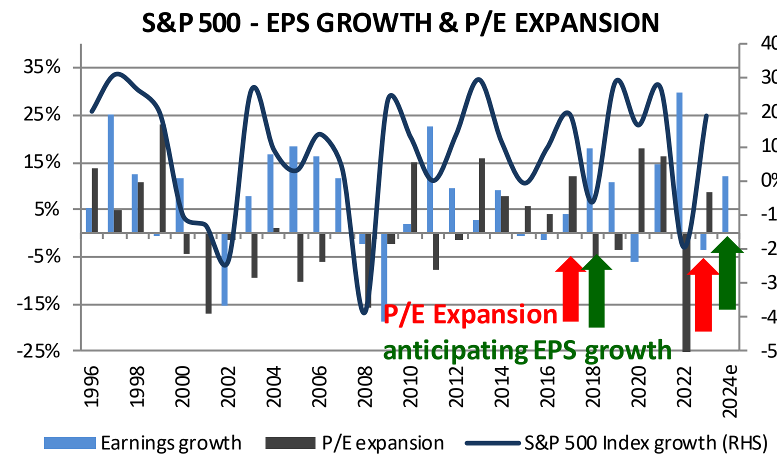


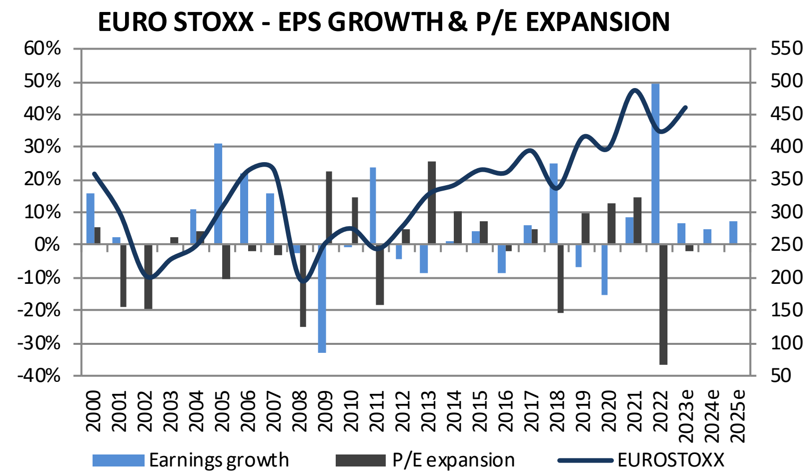


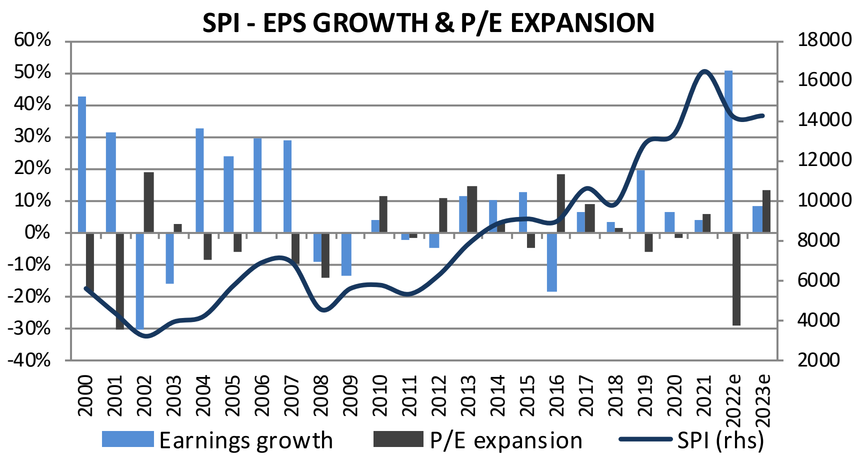


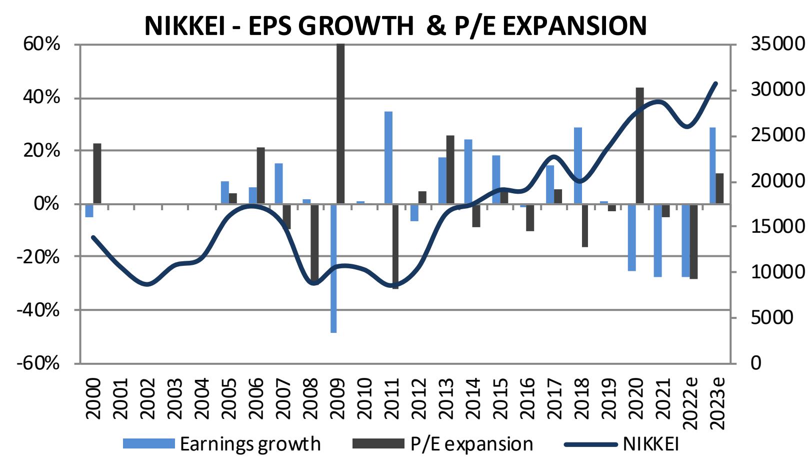
Equity Markets – EPS growth & Multiple Expansion

Valuation correction (2022) rightly indicated earnings recession (2023). P/E expansion 2023 pointing to EPS recovery 2024.



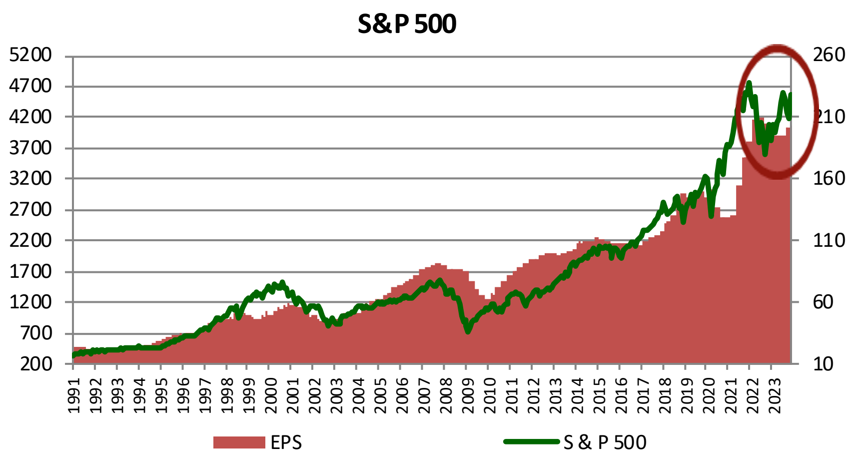


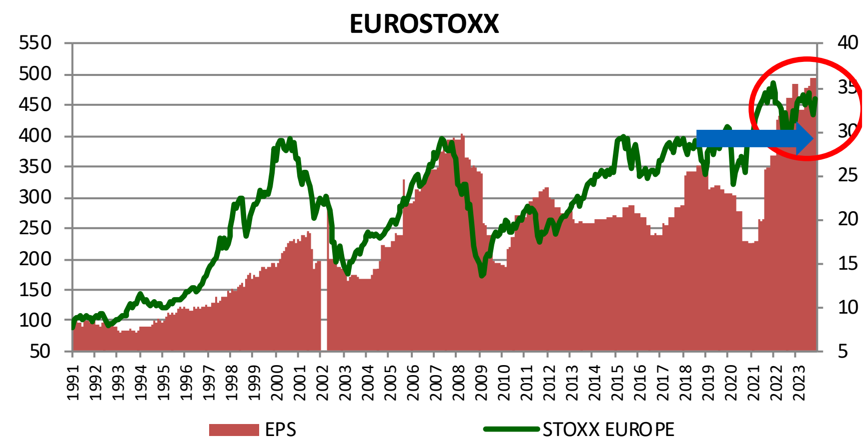


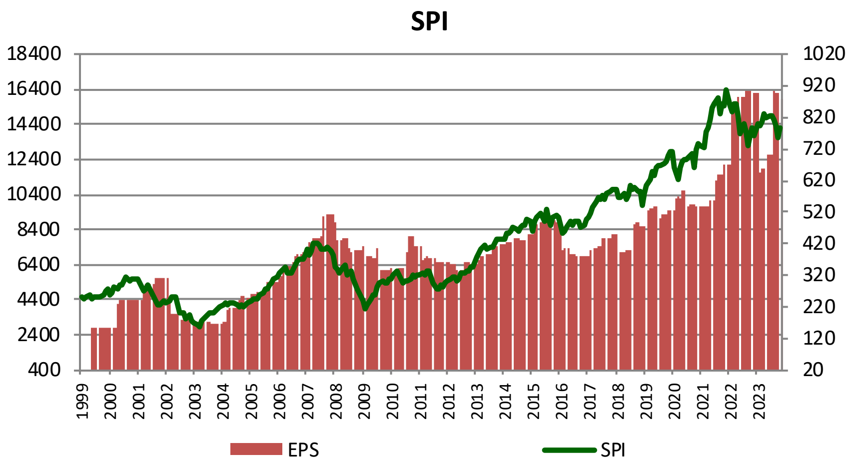


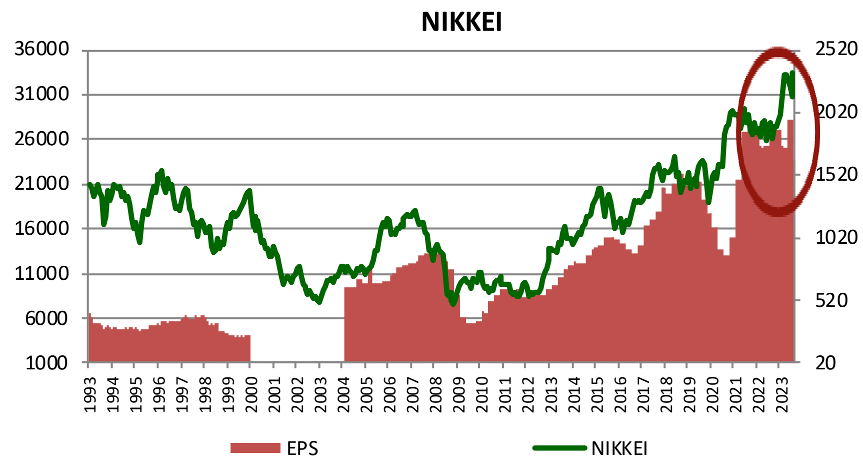
Equity Markets - Performance & EPS

US and Japanese stock markets running ahead of EPS, Europe lagging. Switzerland with upside potential.



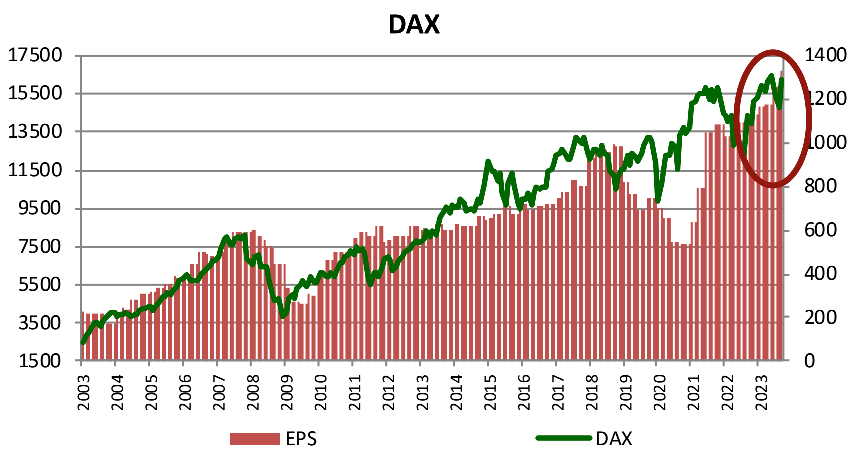


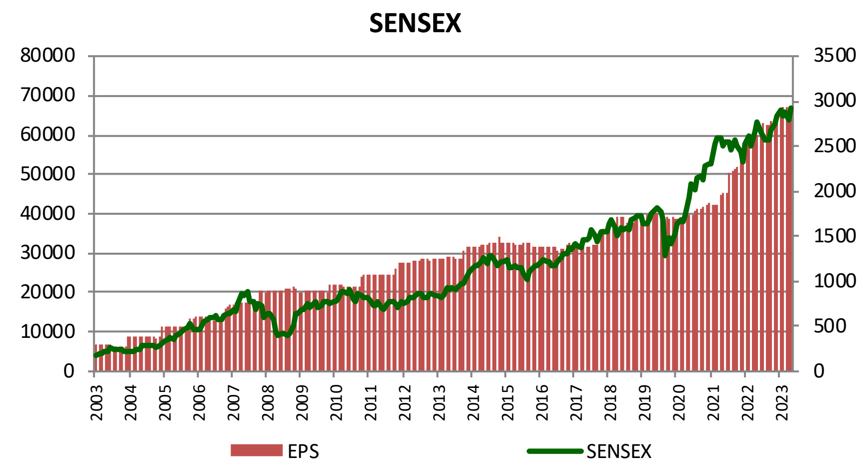


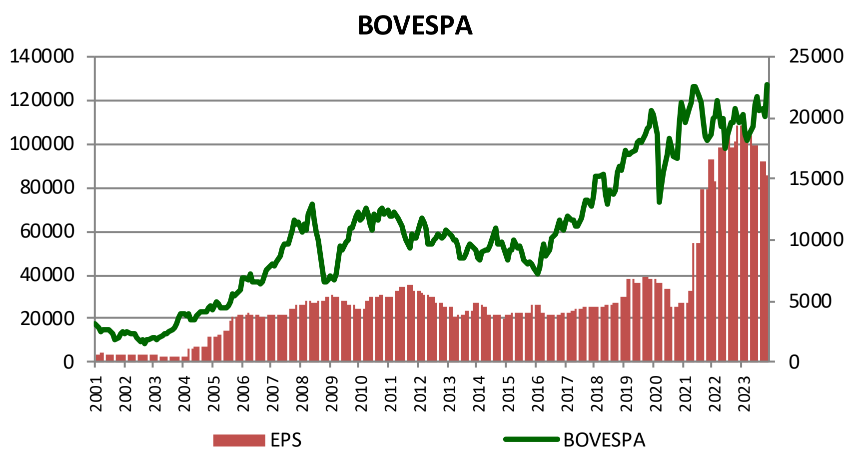


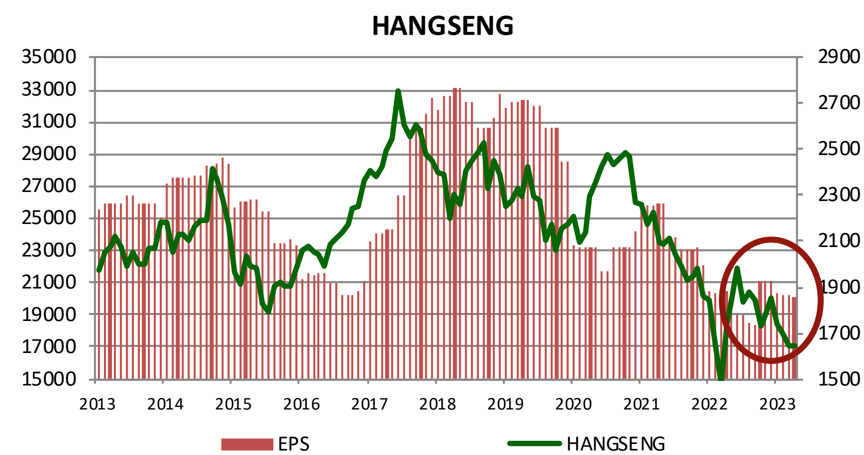
Equity Markets - Performance & EPS

DAX ahead of EPS development, BOVESPA as well. There is a reason for the poor performance of the Chinese stock market!



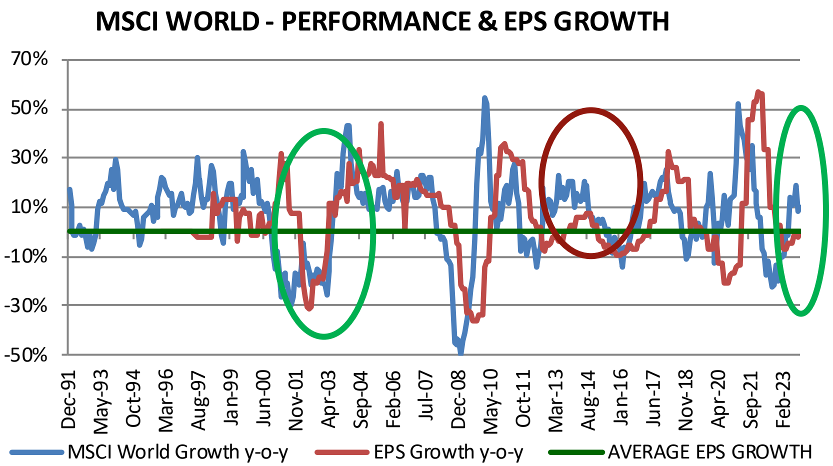


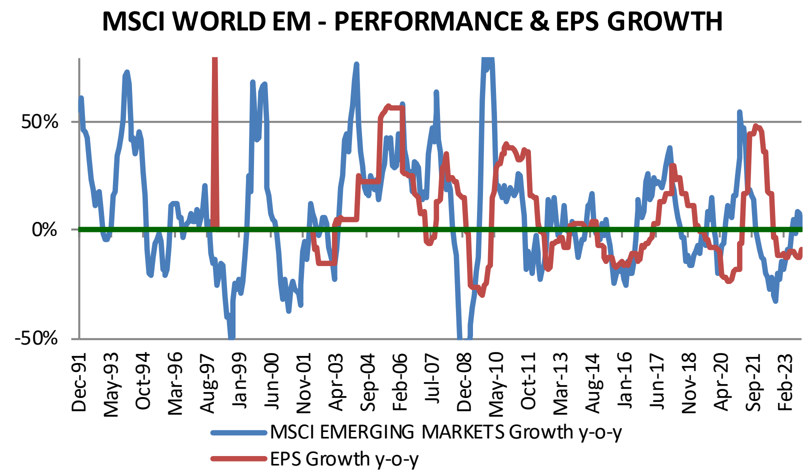


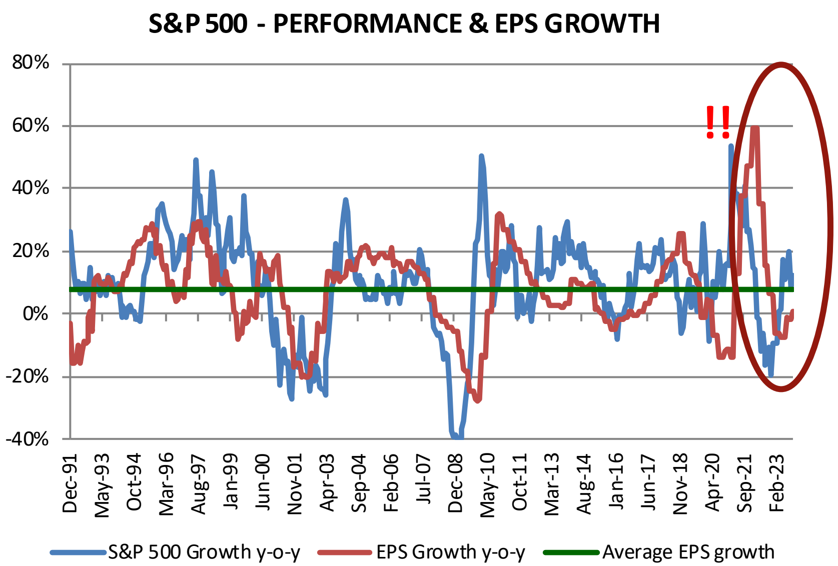


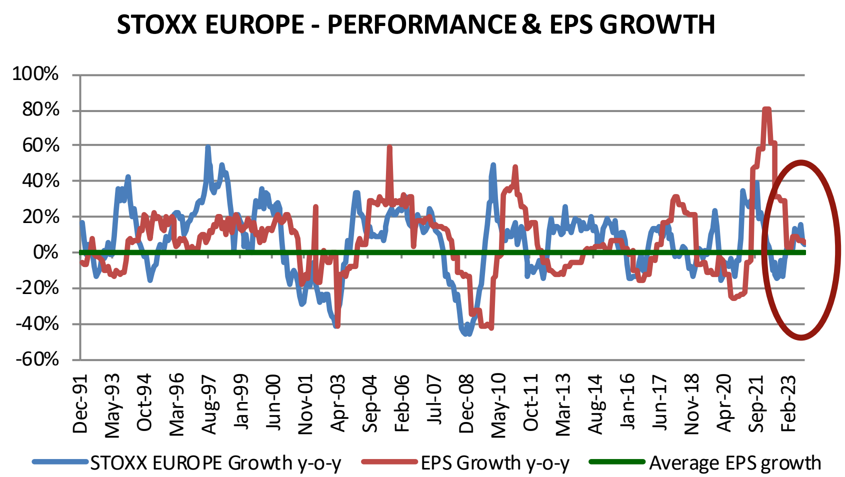
Equity Markets - Index Growth & EPS Growth

Equity markets anticipating EPS growth picking up…



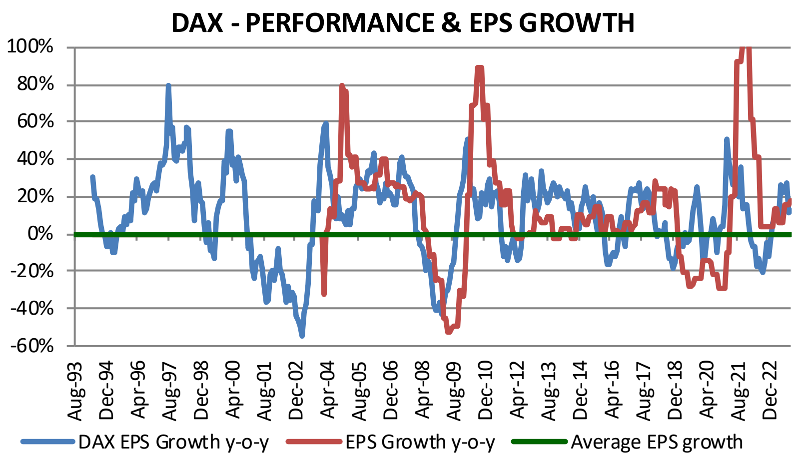


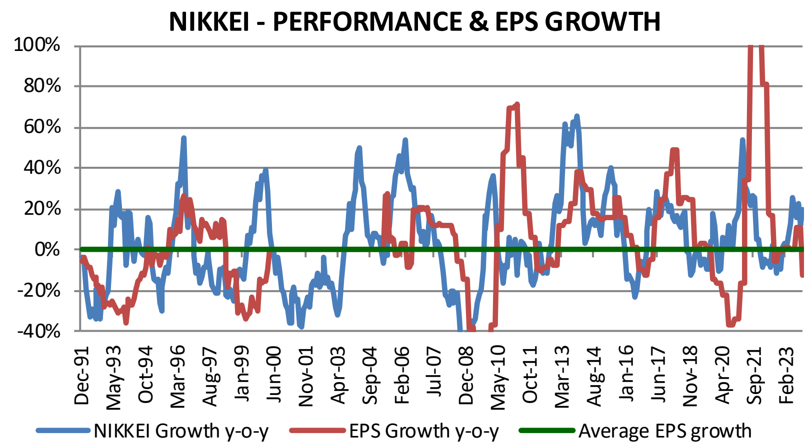


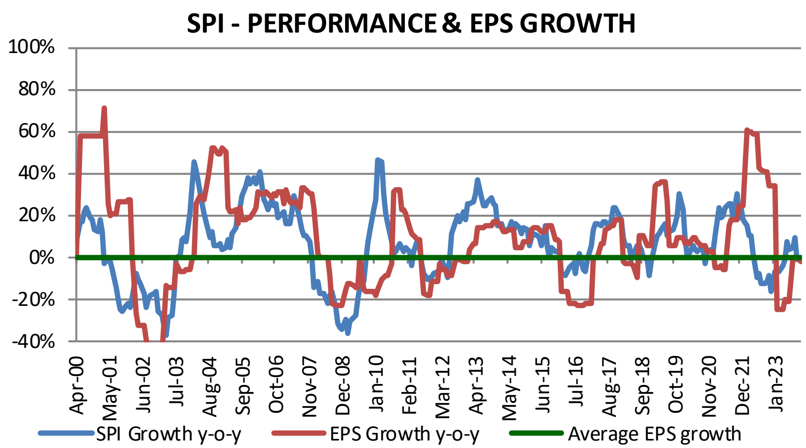


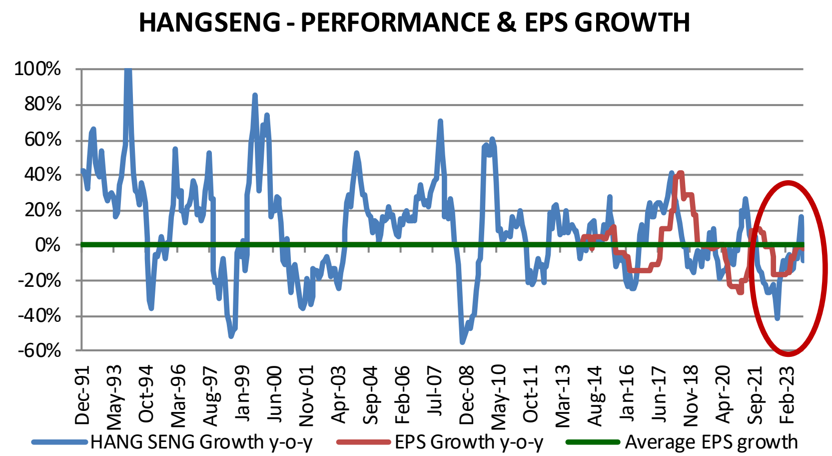
Equity Markets - Index Growth & EPS Growth

EPS growth has already turned to positive in Switzerland, Germany and China, while in Japan, EPS growth is declining again.



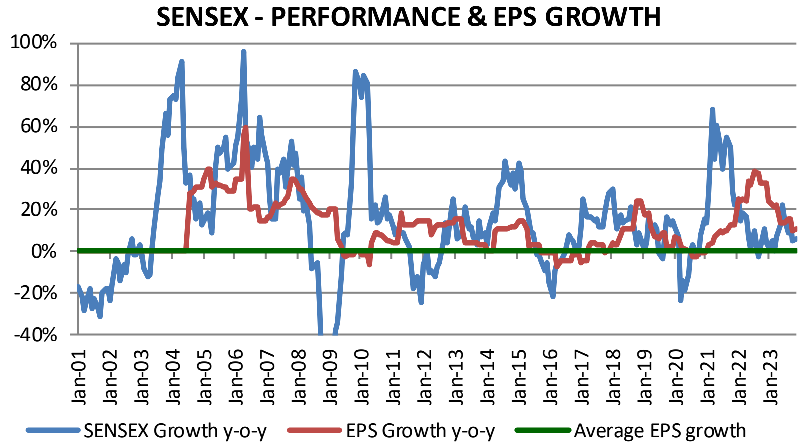


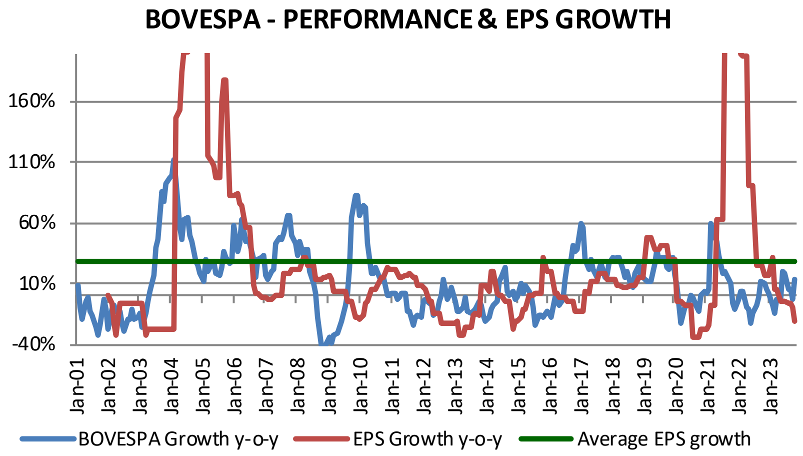




Equity Markets – Index Growth & EPS Growth

India EPS holding up well with strong economic growth. Correction of BOVESPA makes sense.

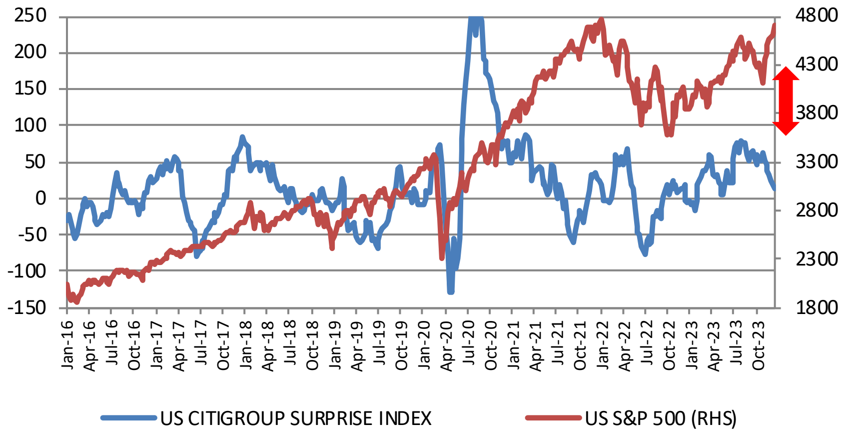




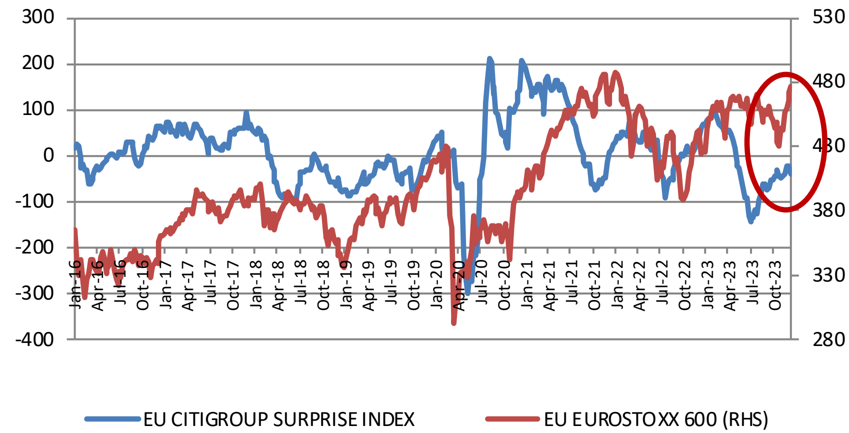
Equity Markets – Economic Surprises

US stock market flying without support from macro surprises. In Europe and Japan, macro figures are surprising positively however.

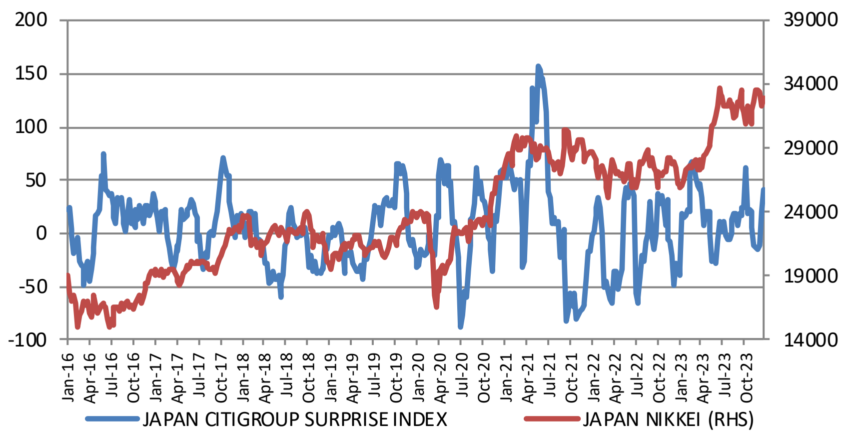
US - CITIGROUP SURPRISE INDEX



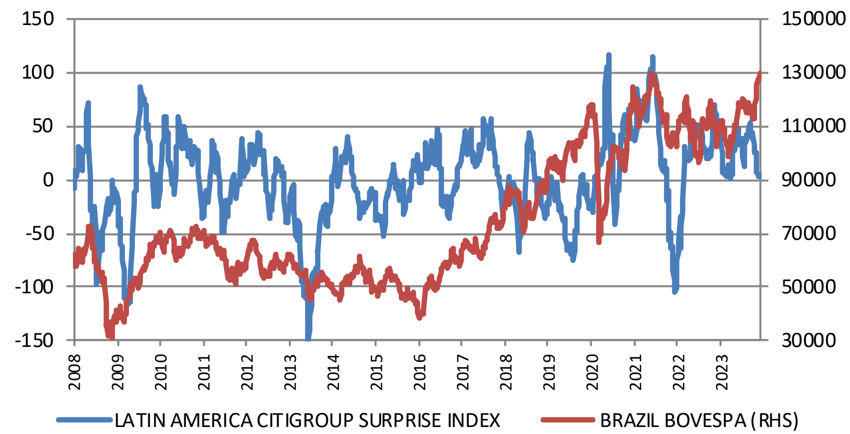
EU - CITIGROUP SURPRISE INDEX



JAPAN - CITIGROUP SURPRISE INDEX

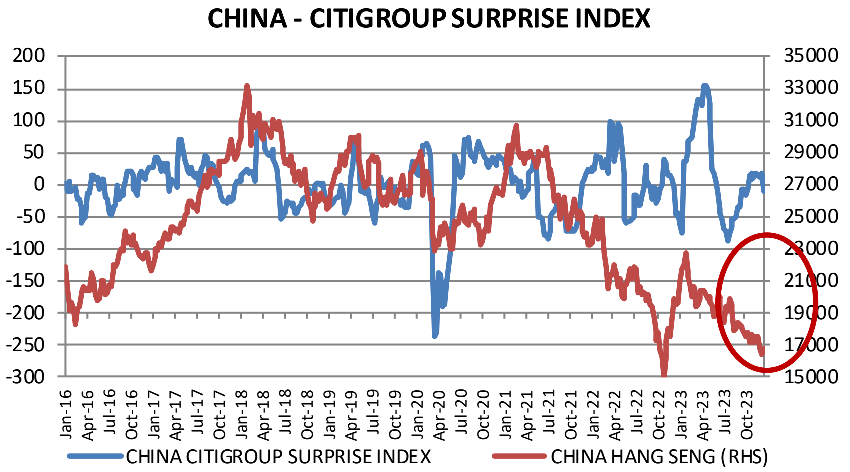


LATAM - CITIGROUP SURPRISE INDEX



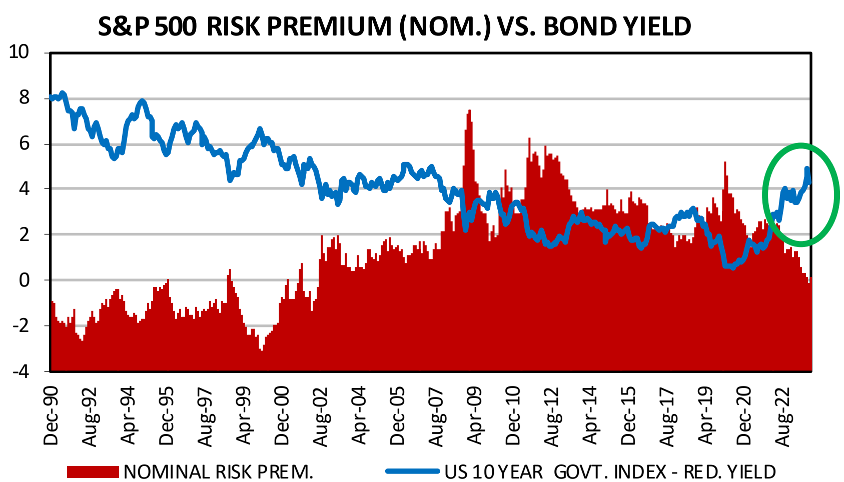
Equity Markets – Economic Surprises

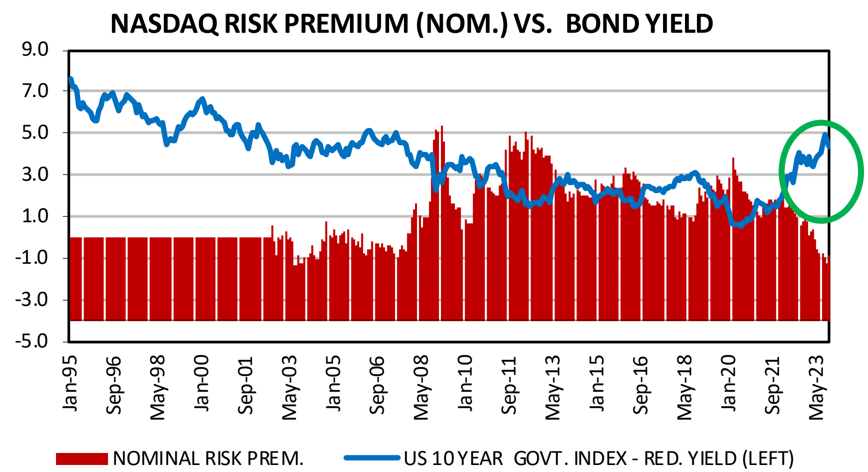
China suffering from disappointing macro numbers

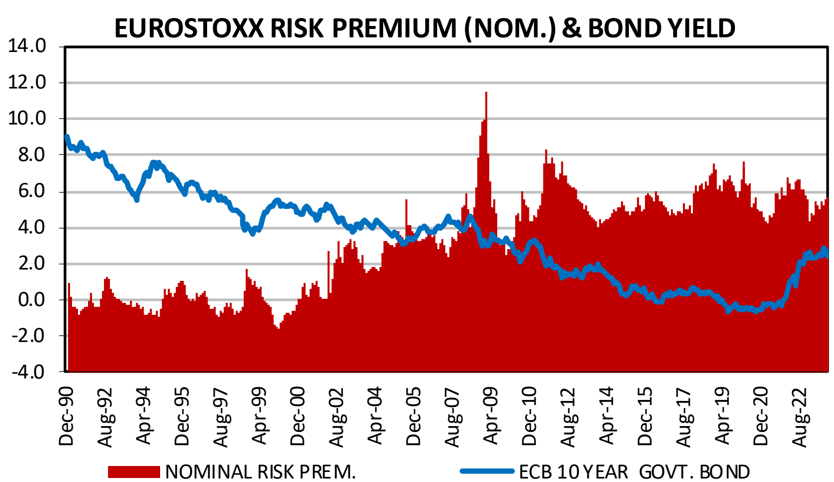


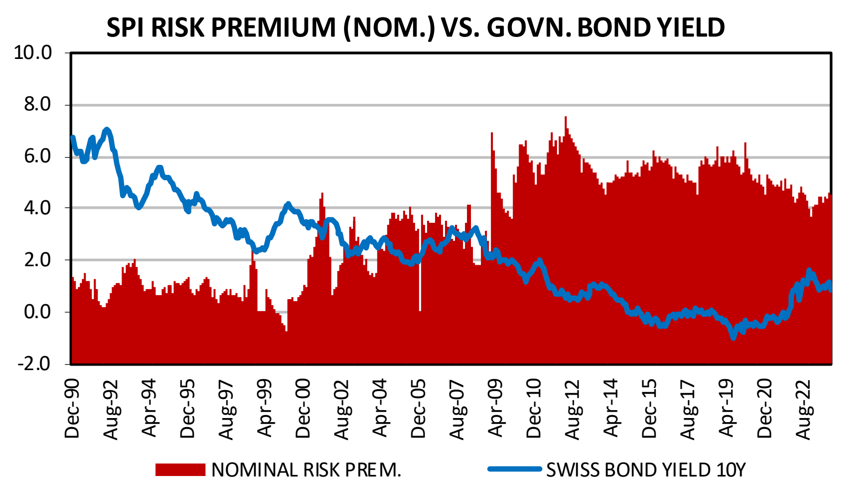
Equity Markets – Stocks vs. Bonds

US bonds are a real alternative to US stocks... In Europe (and Switzerland), equity risk premiums are still far higher than bond yields.





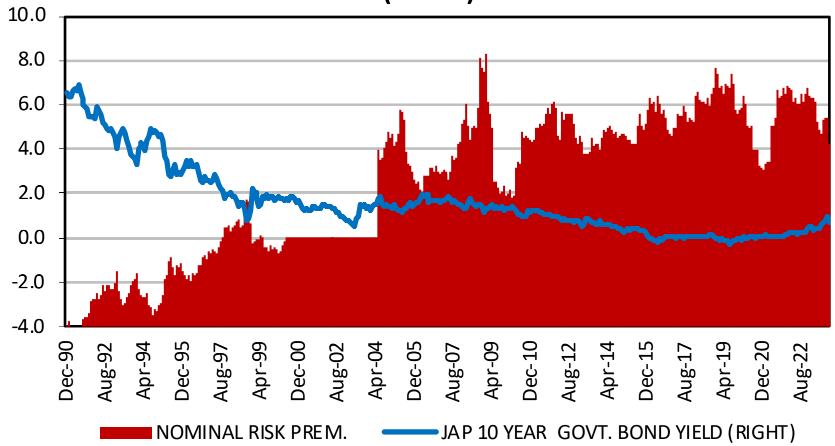




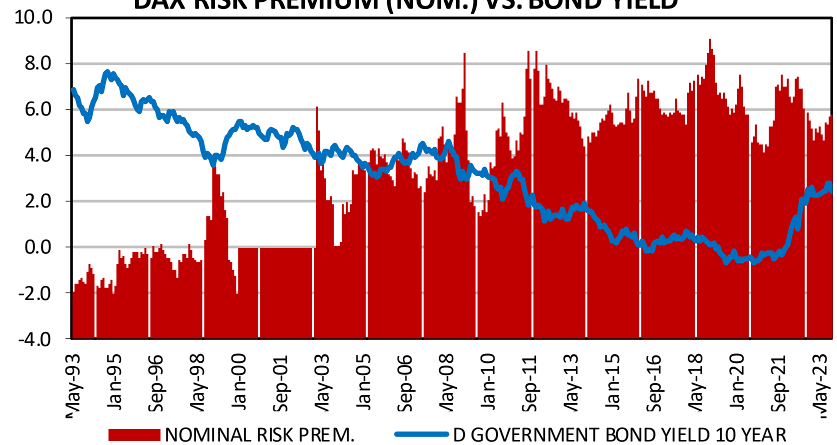
Equity Markets – Stocks vs. Bonds

Relativ attractiveness of NIKKEI and DAX vs. respective Bonds is obvious; Indian Bond market with high yields, China with high risk premium.

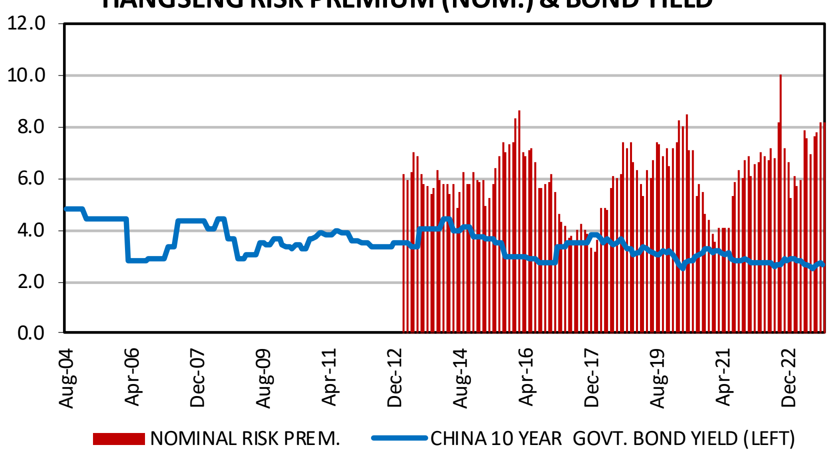
NIKKEI RISK PREMIUM (NOM.) & BOND YIELD



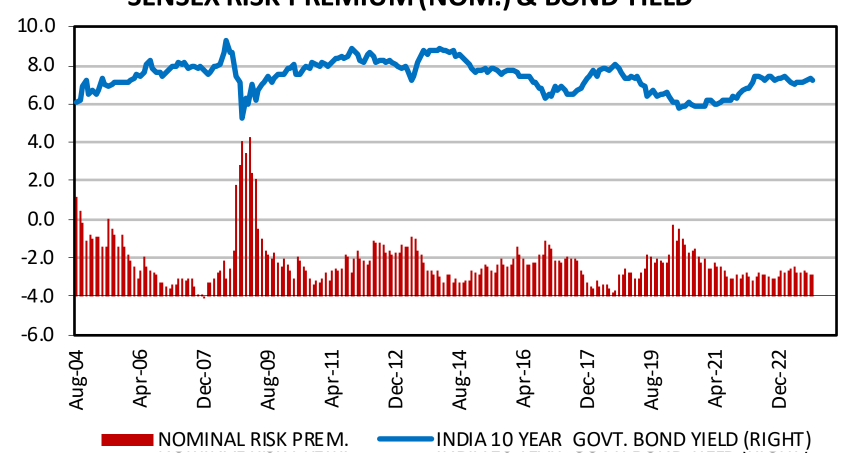
DAX RISK PREMIUM (NOM.) VS. BOND YIELD



HANGSENG RISK PREMIUM (NOM.) & BOND YIELD

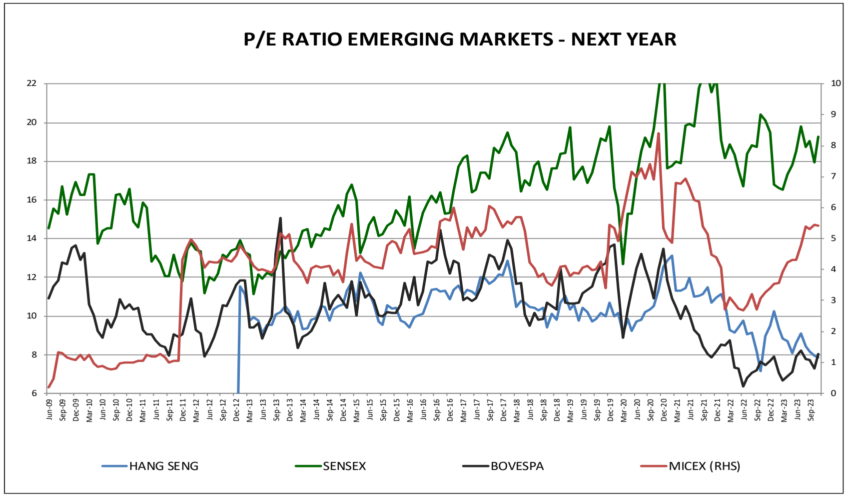


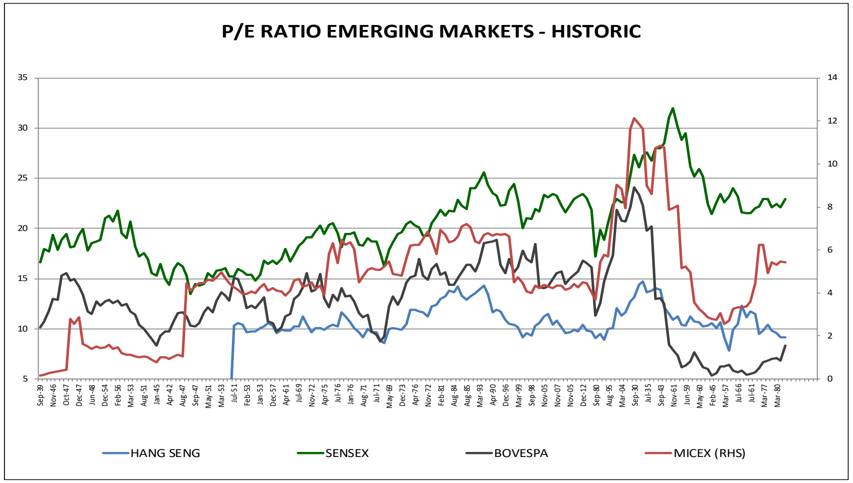
SENSEX RISK PREMIUM (NOM.) & BOND YIELD



Equity Markets – Valuation

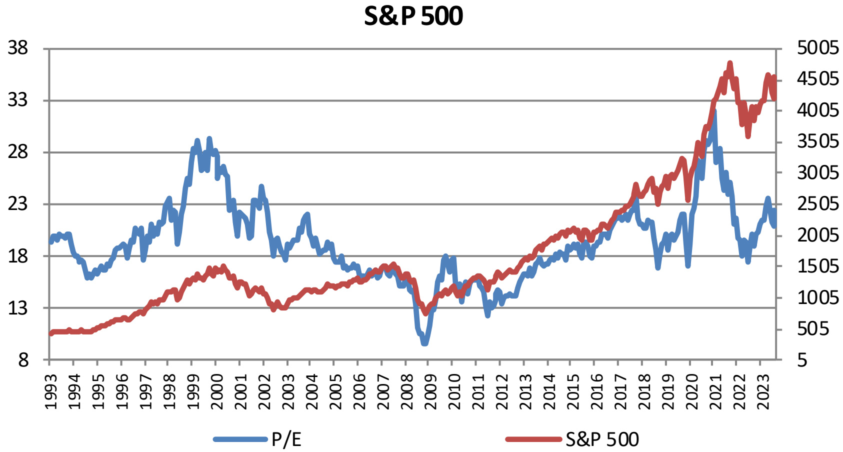
SENSEX still «expensive»

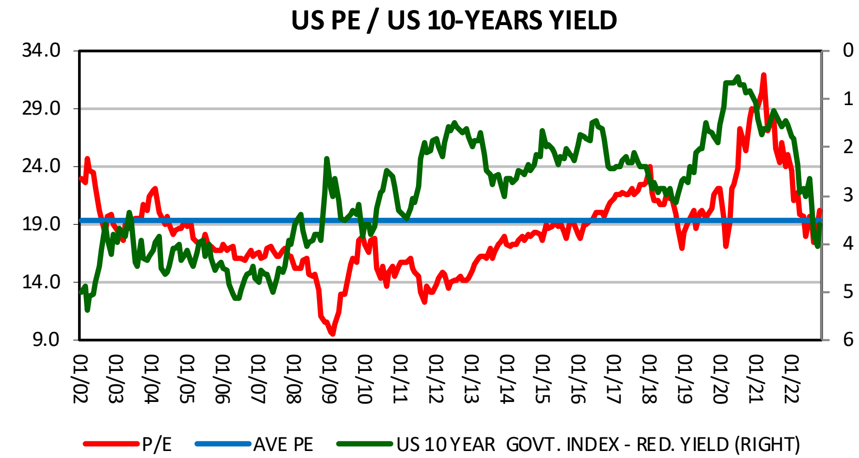


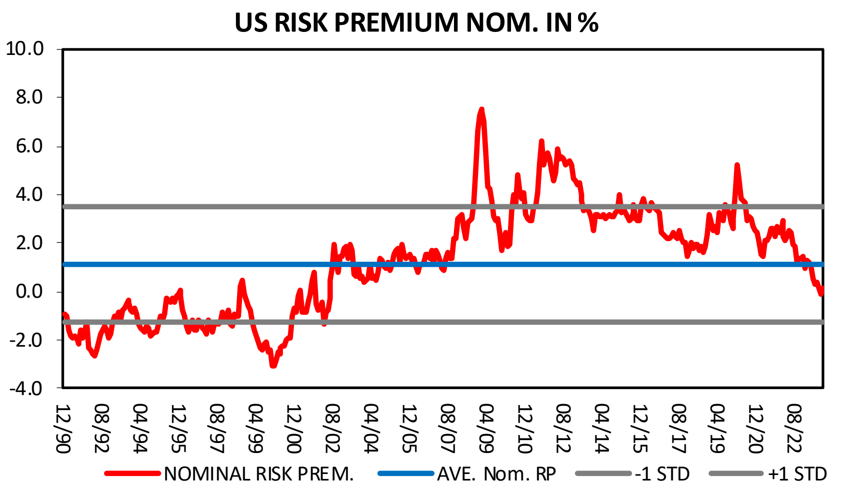


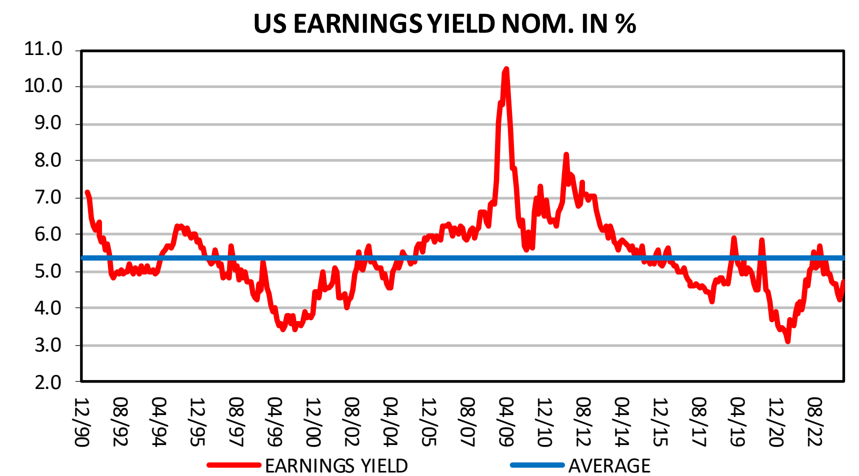
Equity Markets – Valuation S&P

Earnings yield & risk premium below average.



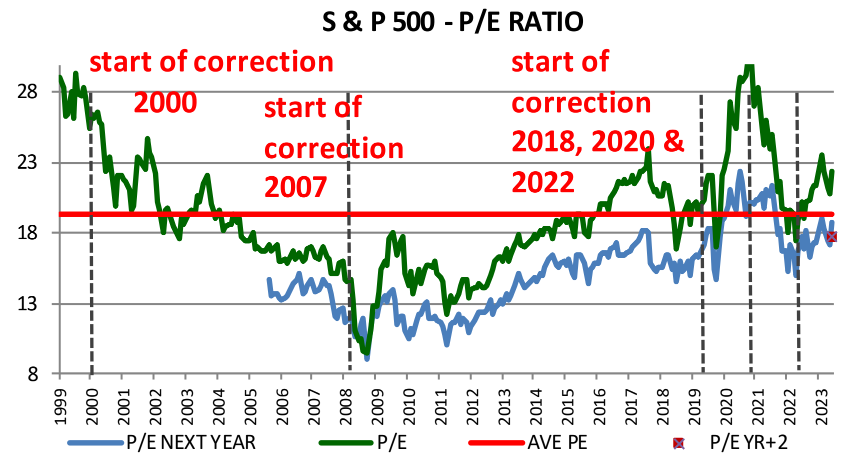


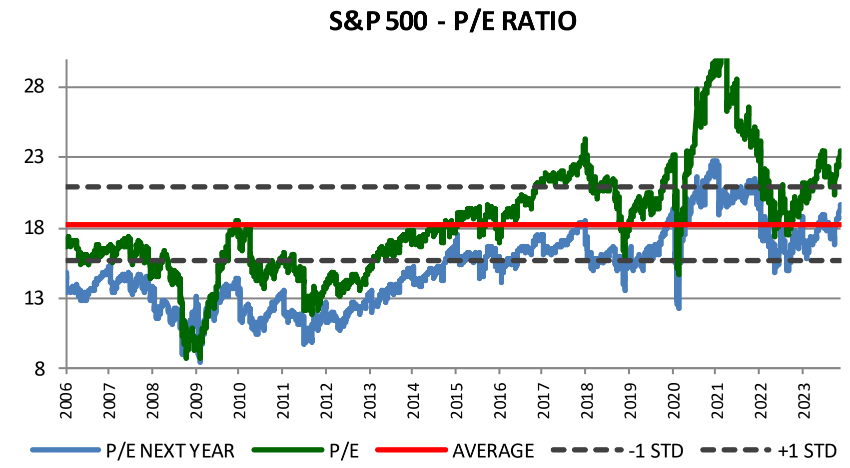


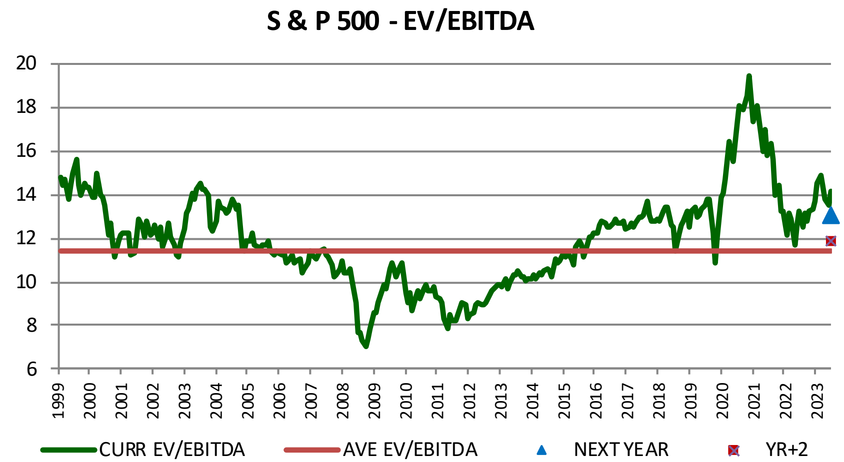


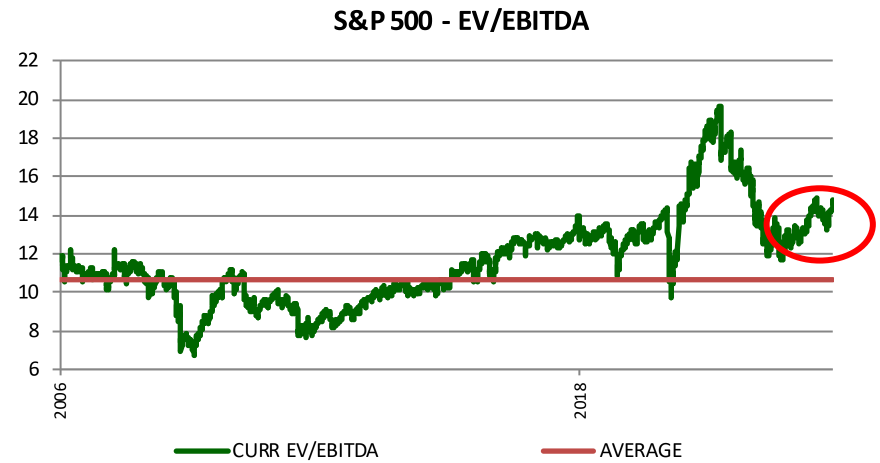
Equity Markets – Valuation S&P

Multiples rising again with strong stock markets. Valuation no longer compelling!



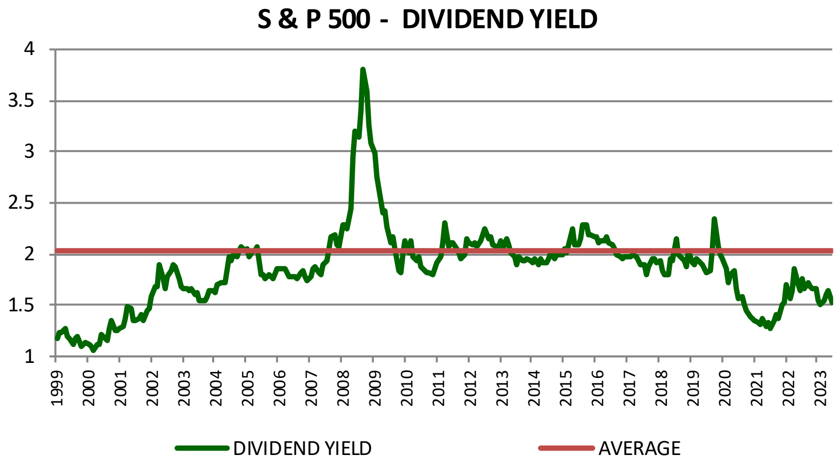


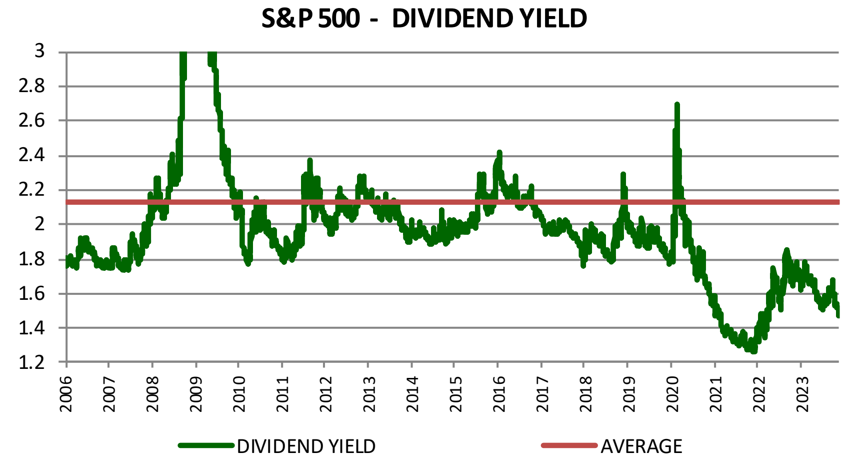


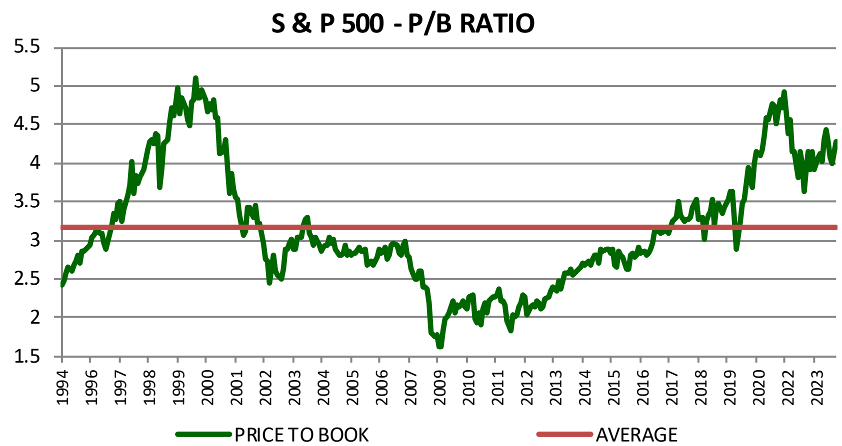


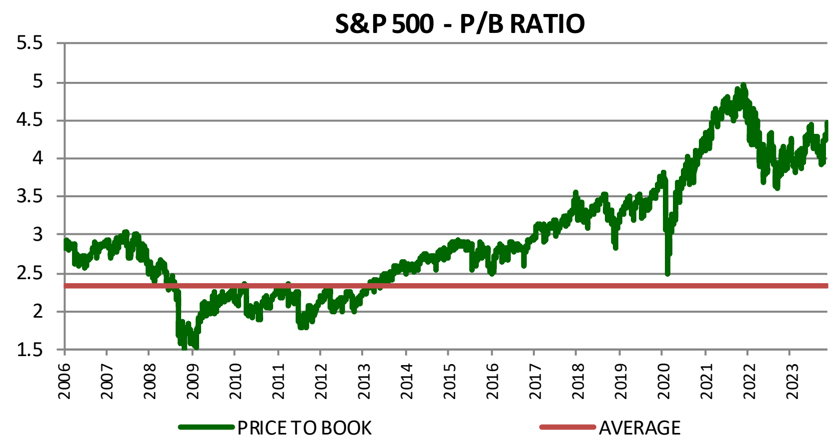
Equity Markets – Valuation S&P

No «value» left



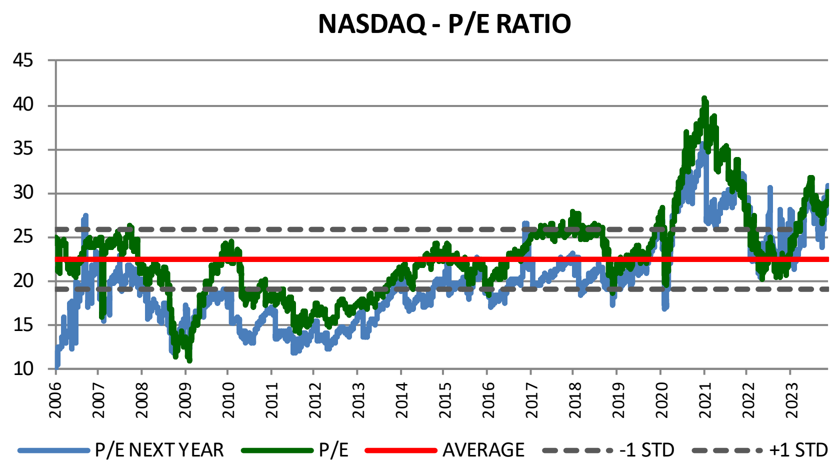


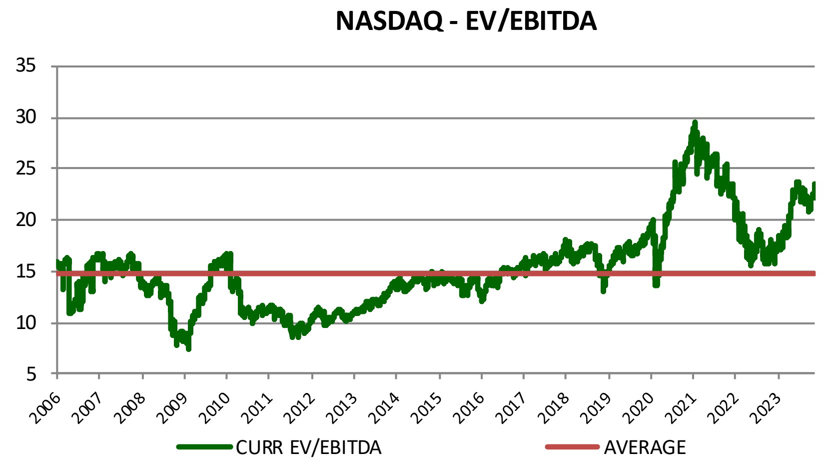


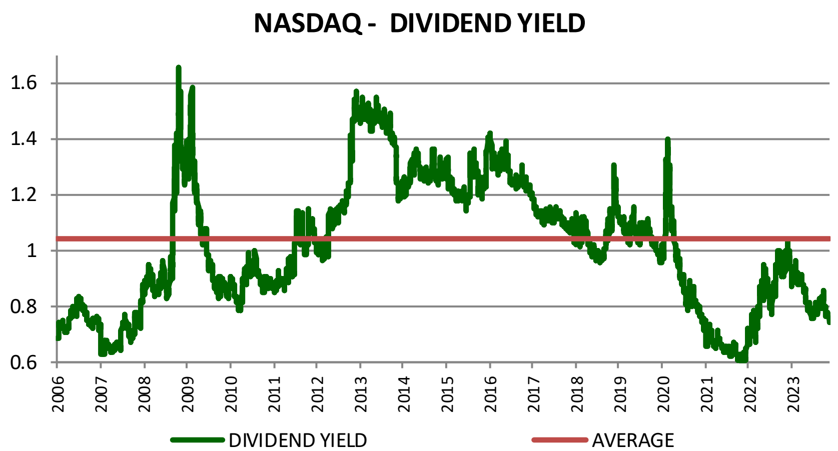


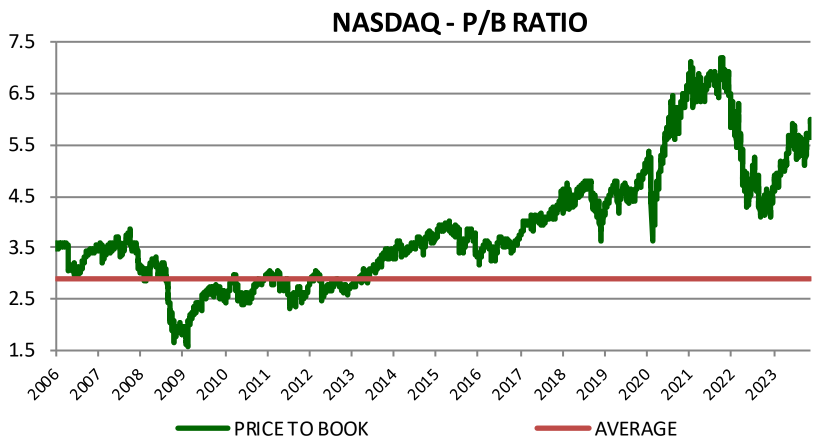
Equity Markets – Valuation Nasdaq

Nasdaq is expensive after recent rally, even with a view into next year.



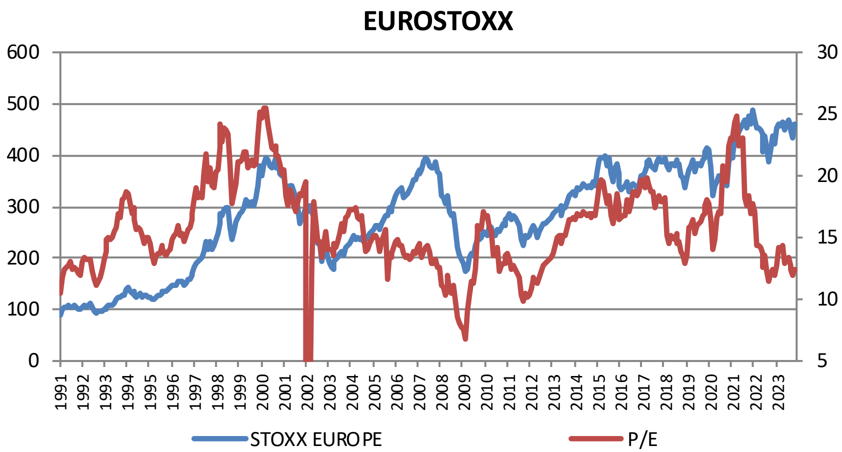


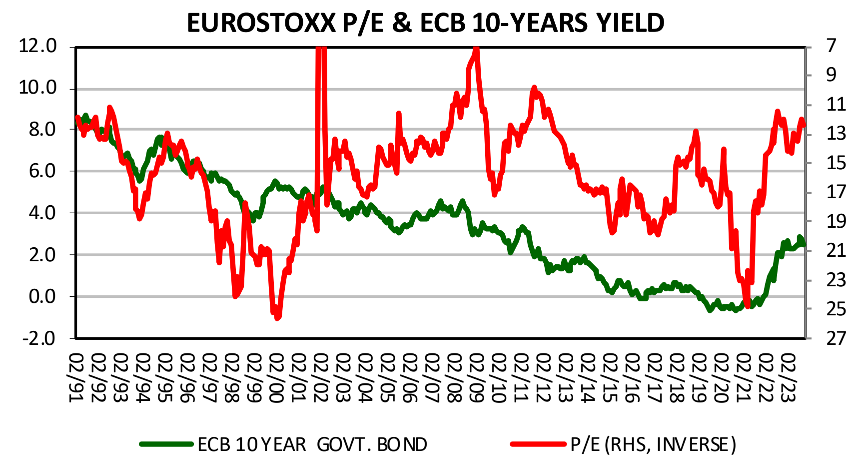


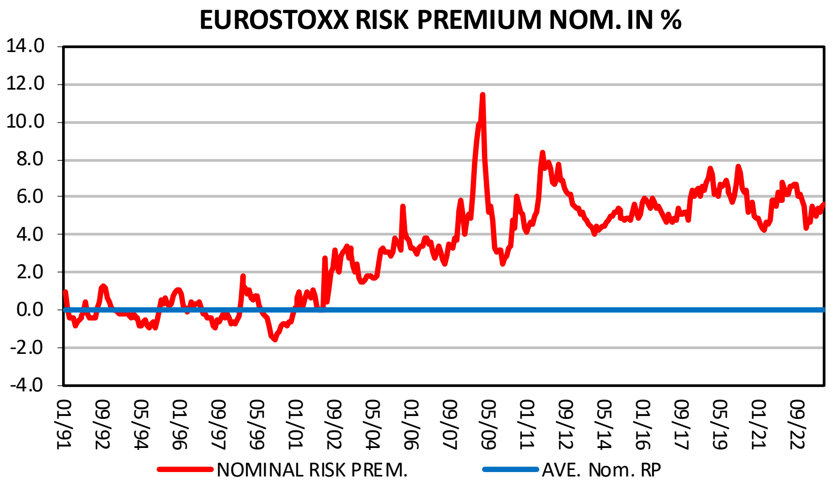


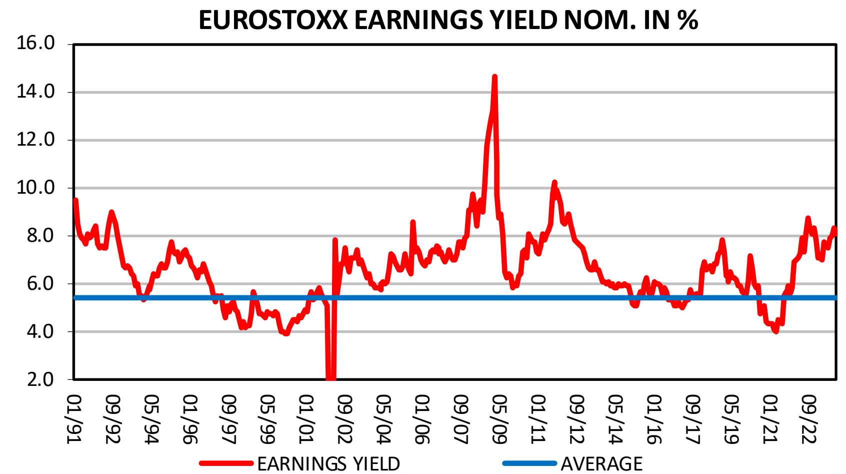
Equity Markets – Valuation Euro STOXX

Risk premium very attractive despite higher bond yields; compelling earnings yield!



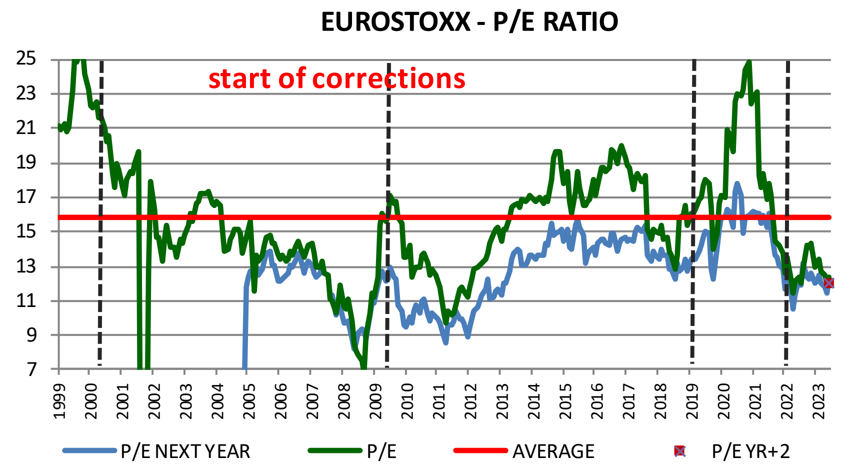


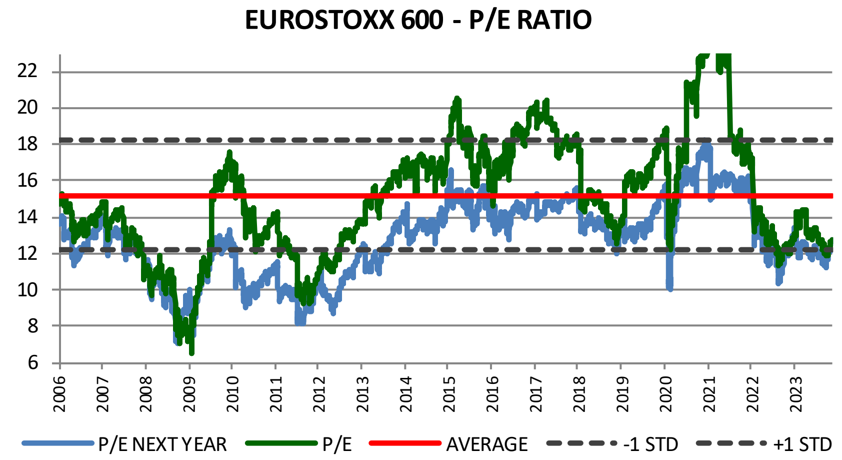


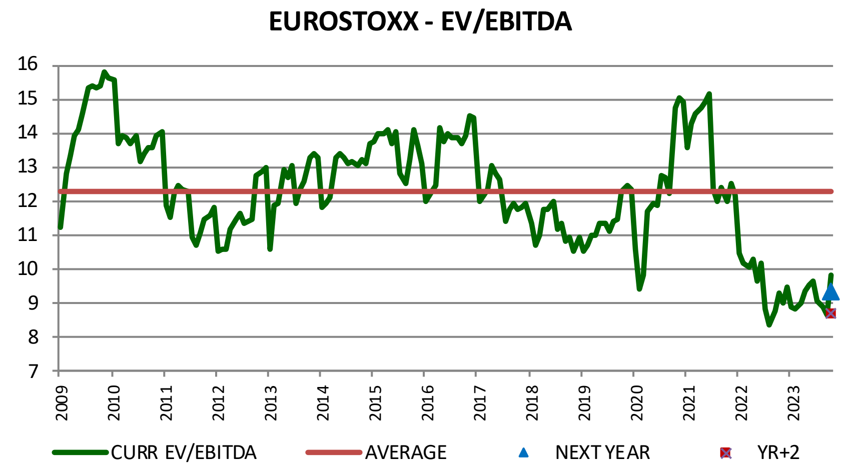


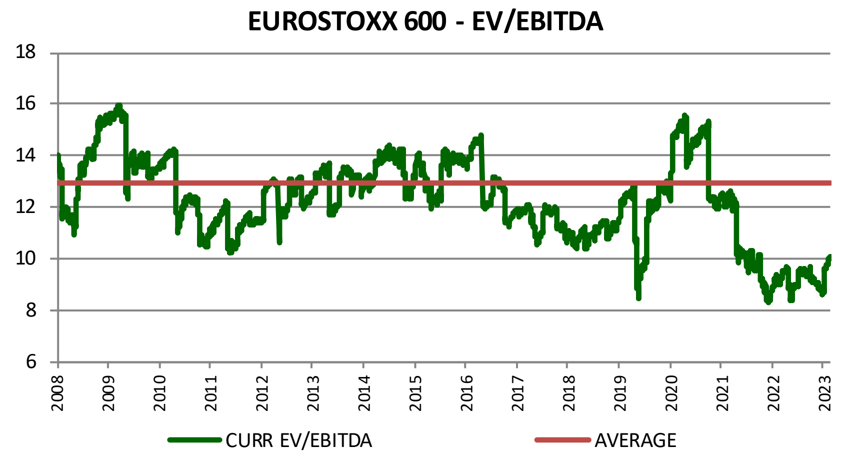
Equity Markets – Valuation Euro STOXX

Valuation very interesting... but there is a reason: no or only little growth in the next 1-2 years.



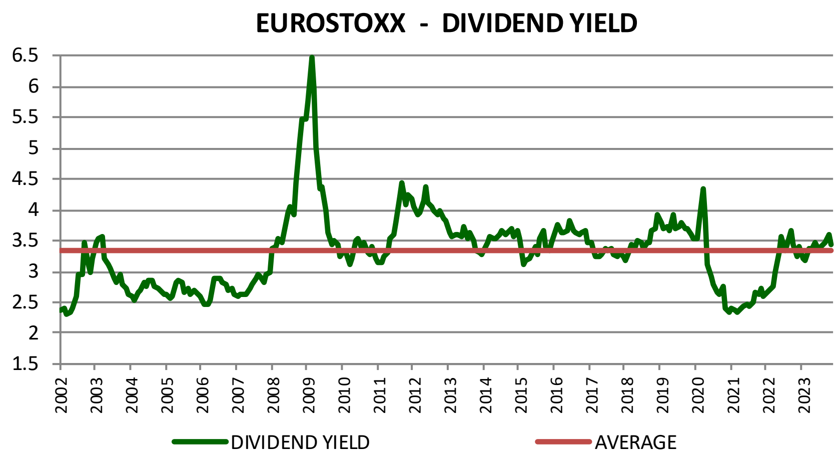


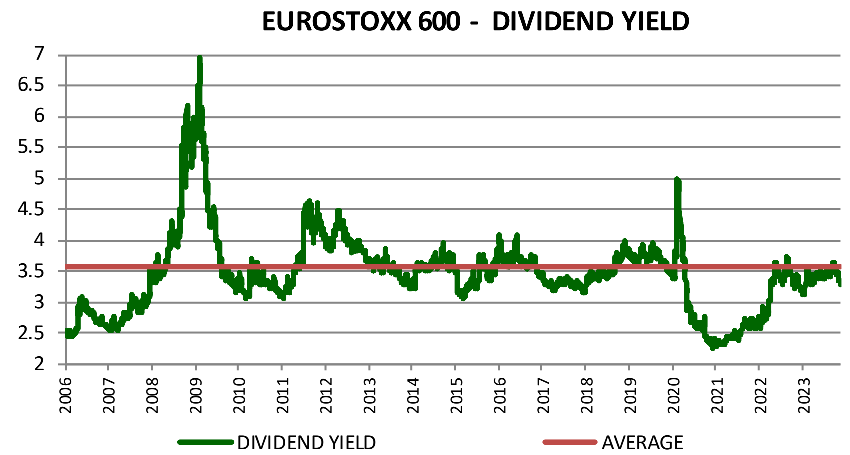


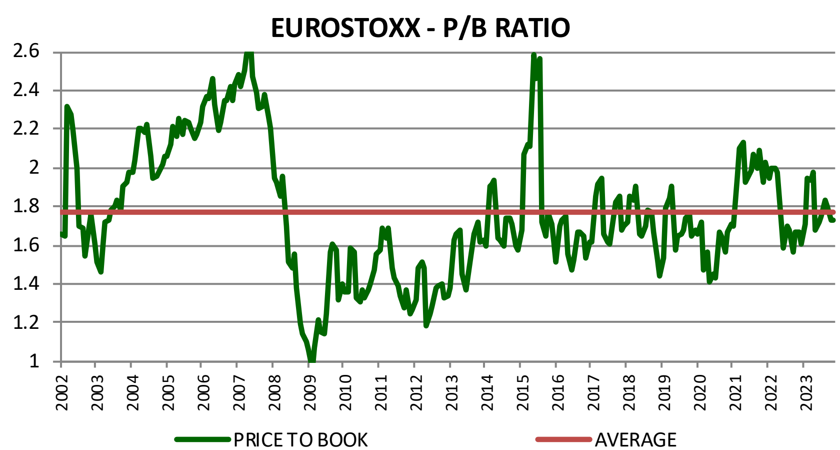


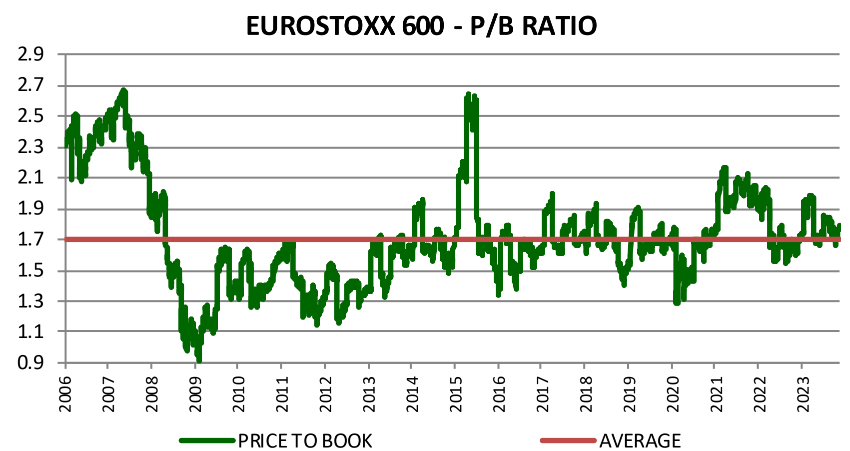
Equity Markets – Valuation Euro STOXX

Dividend yield on average, P/B below. Is Europe a value trap?



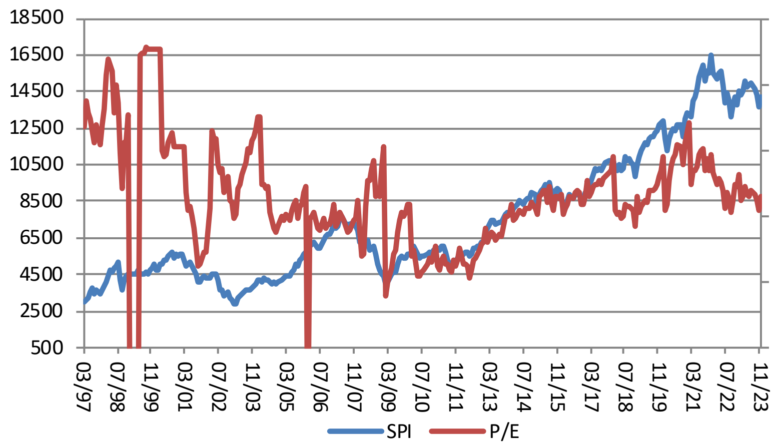


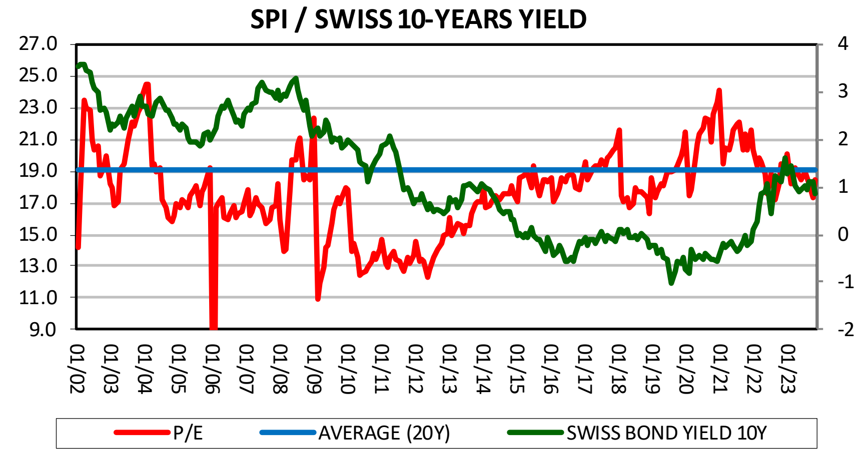


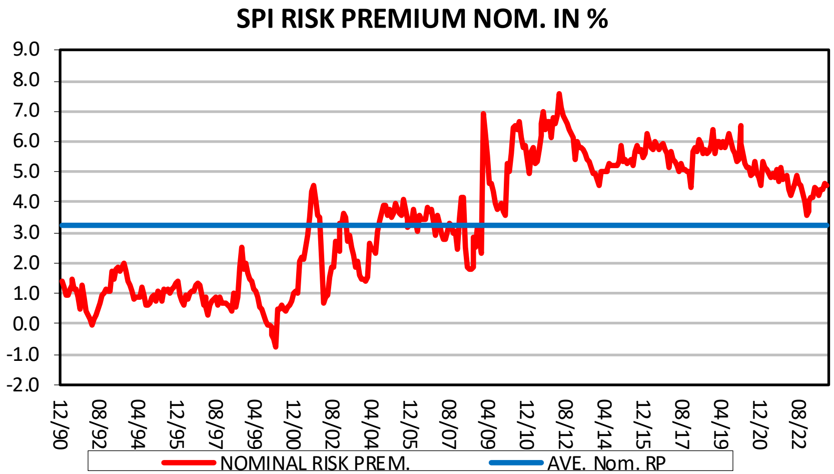


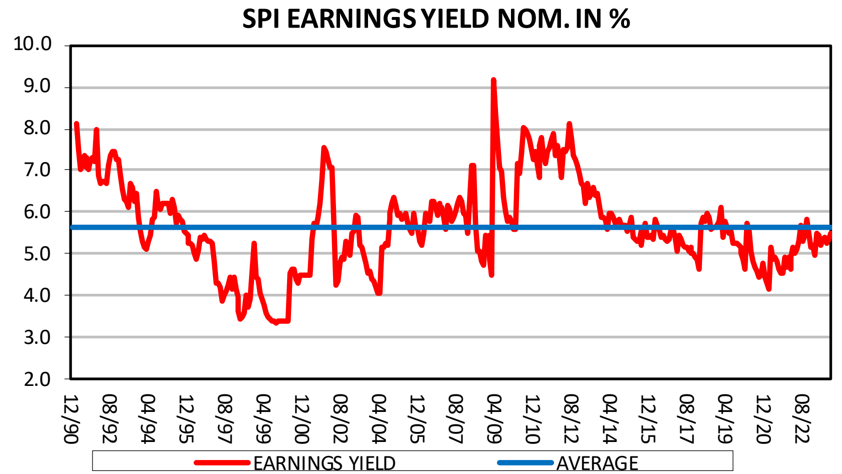
Equity Markets – Valuation SPI

Risk premium attractive thanks to lower rates. Earnings yield below average.



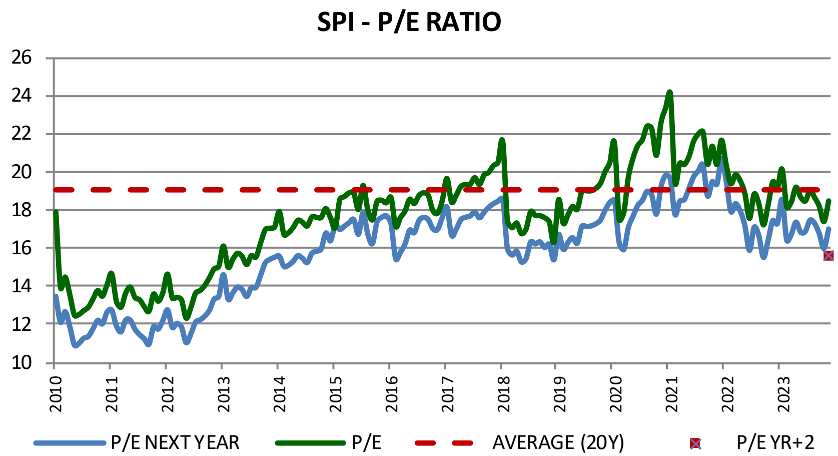


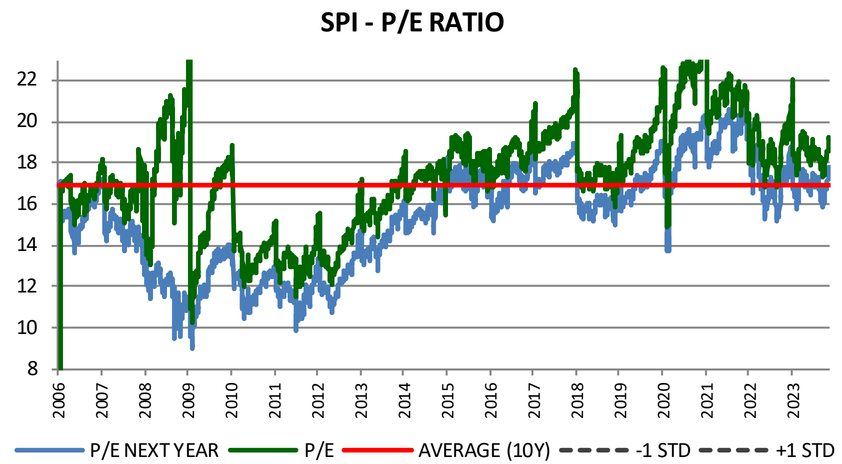


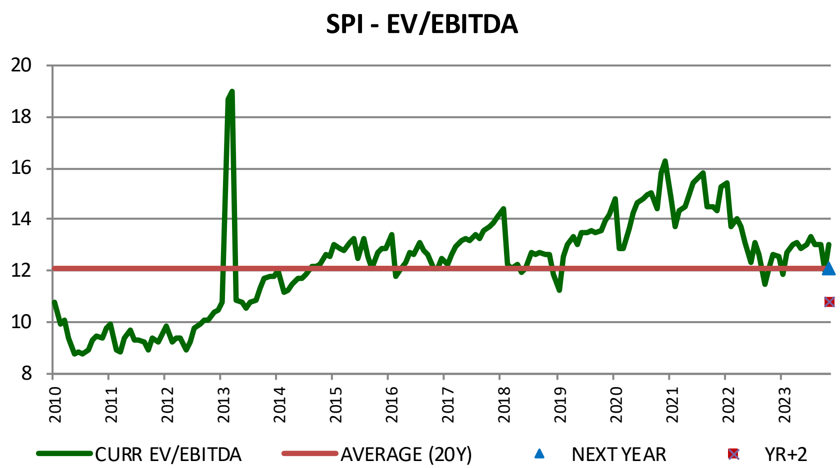


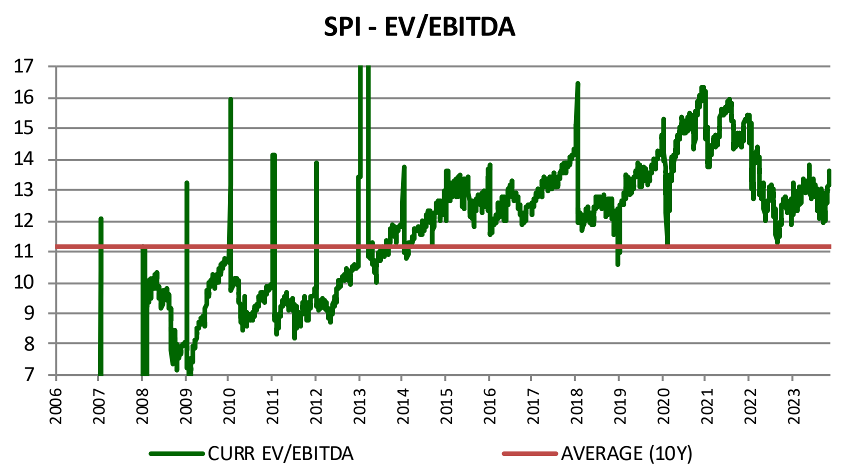
Equity Markets – Valuation SPI

Valuation multiples contracting thanks to sound growth going forward. Attractive valuation level in general.



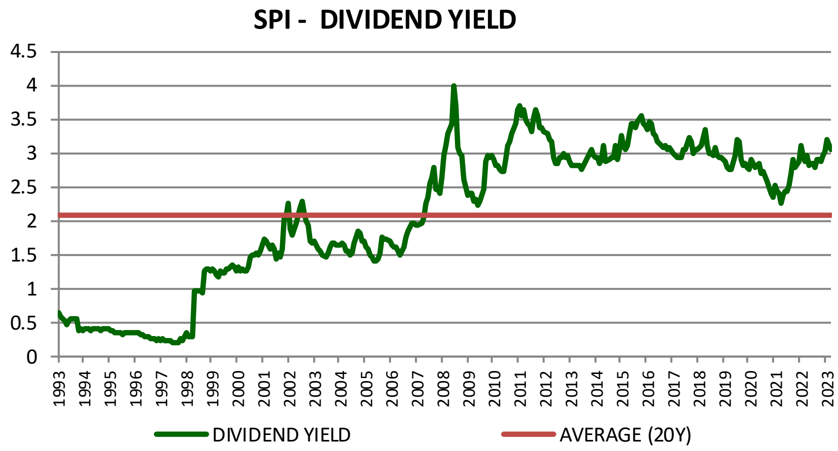


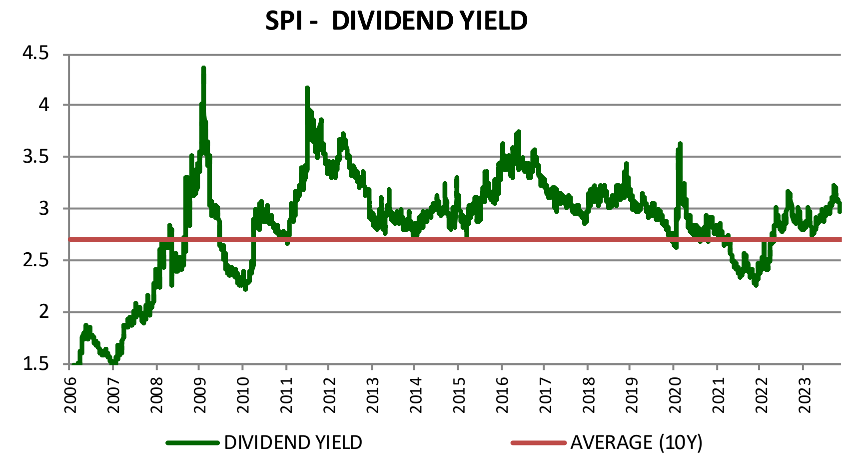


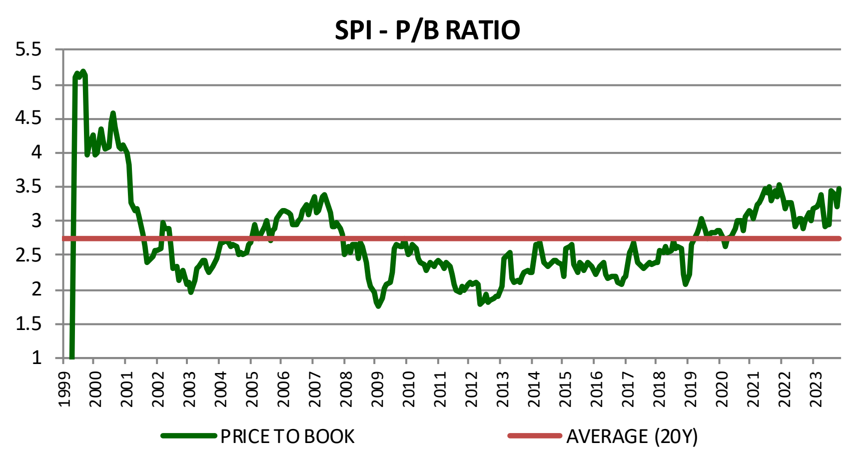


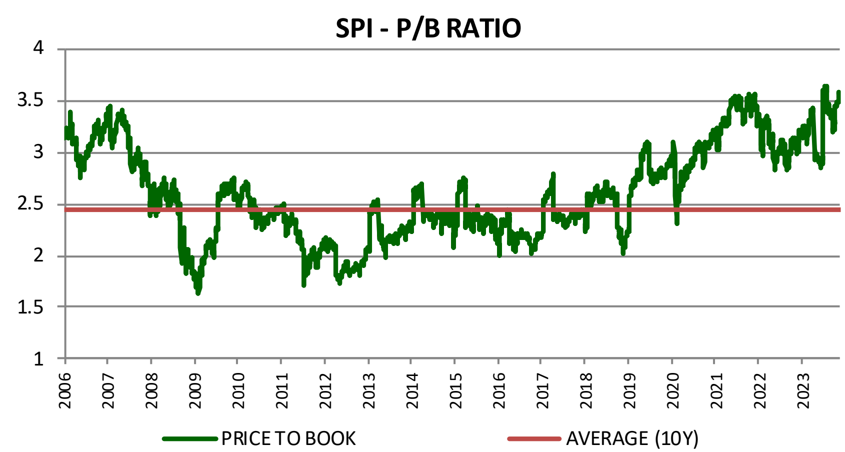
Equity Markets – Valuation SPI

THE market for dividend yield gathering equity investors – high dividends sustainable?



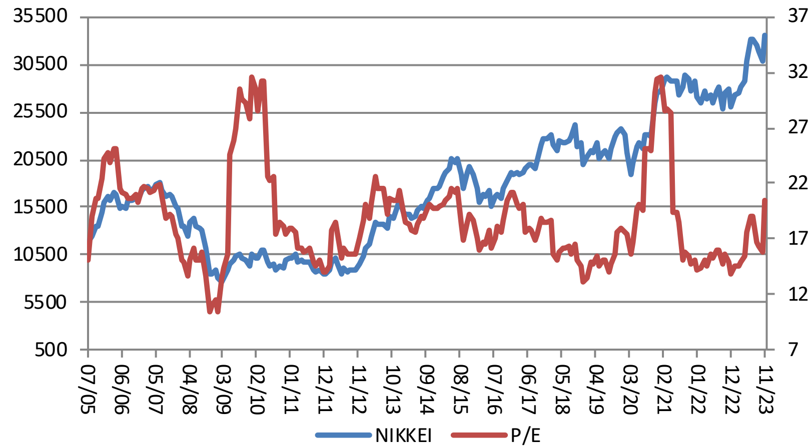


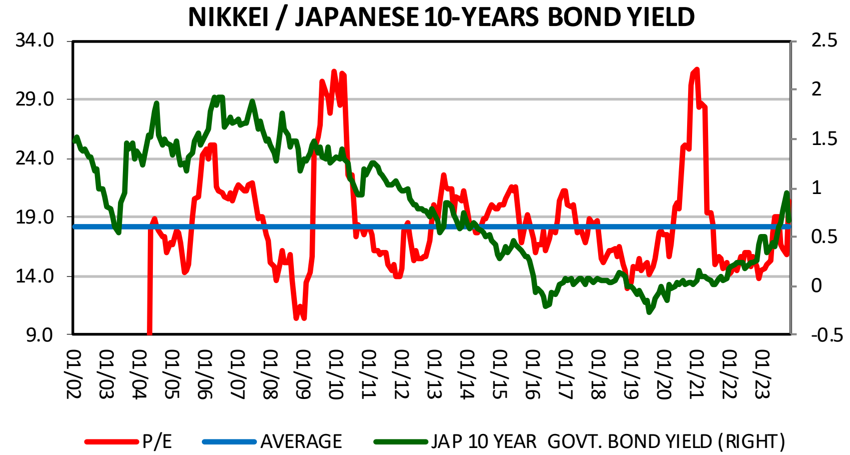


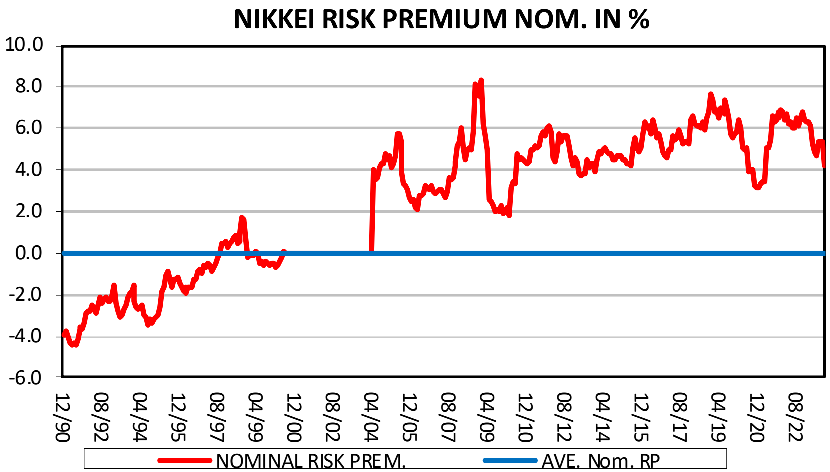


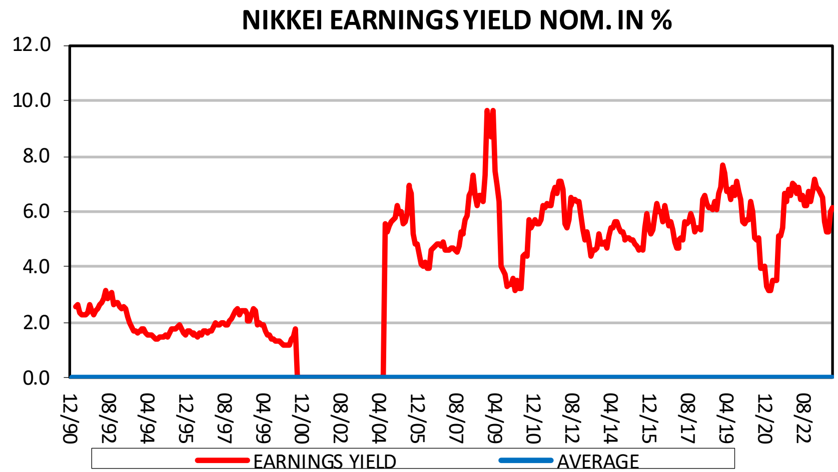
Equity Markets – Valuation NIKKEI

Japan remains attractive despite relative good performance. From value trap to a real value?



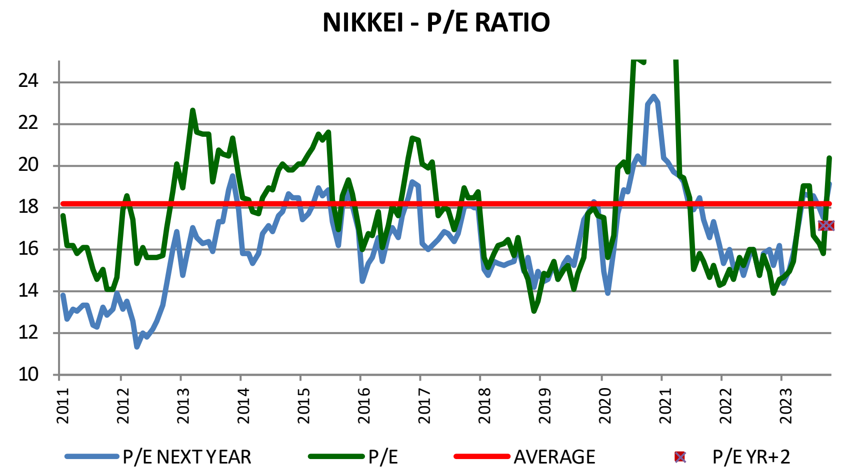


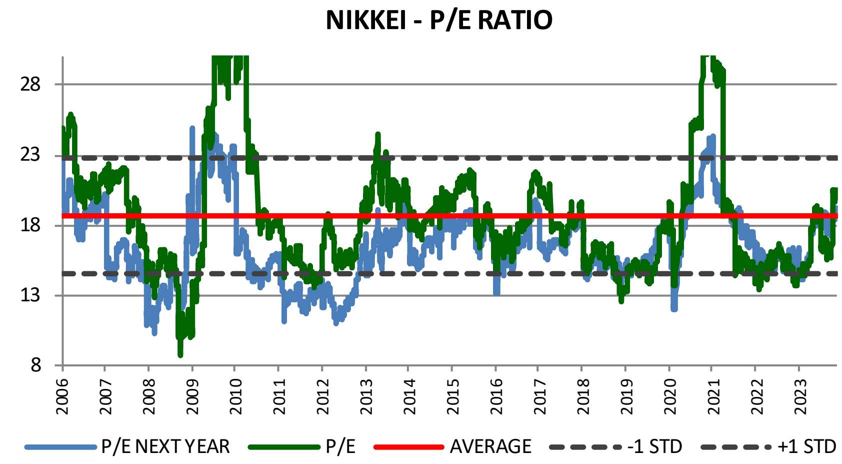


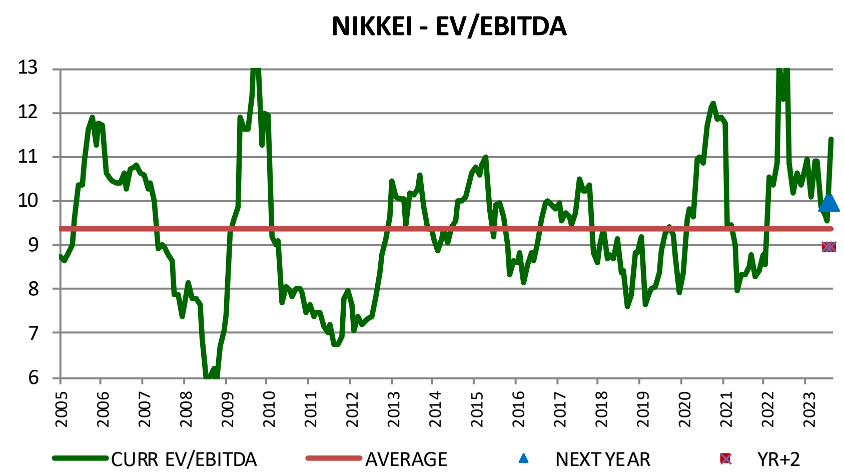


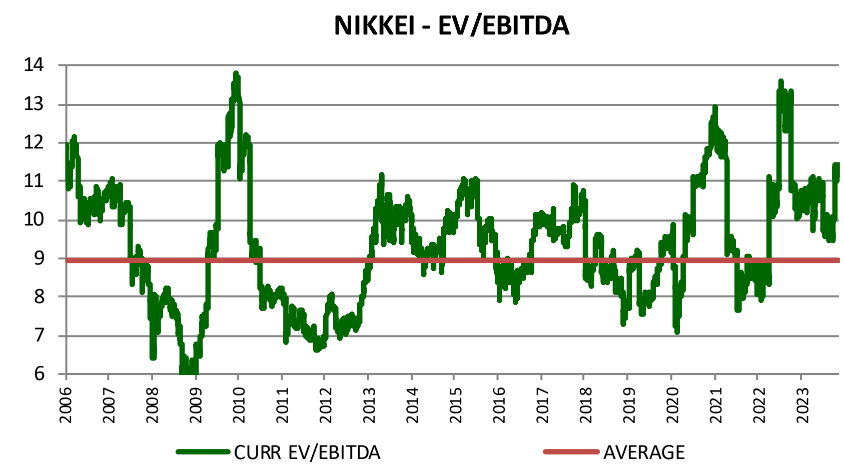
Equity Markets – Valuation NIKKEI

Cheap with interesting *operating* growth!



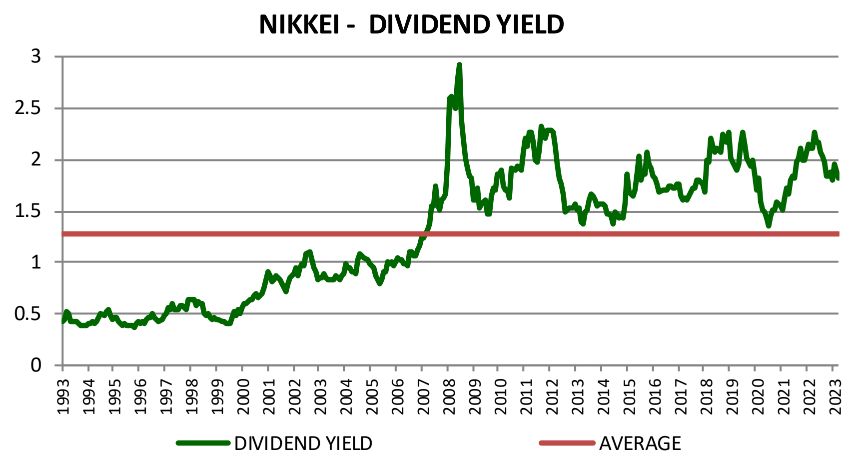


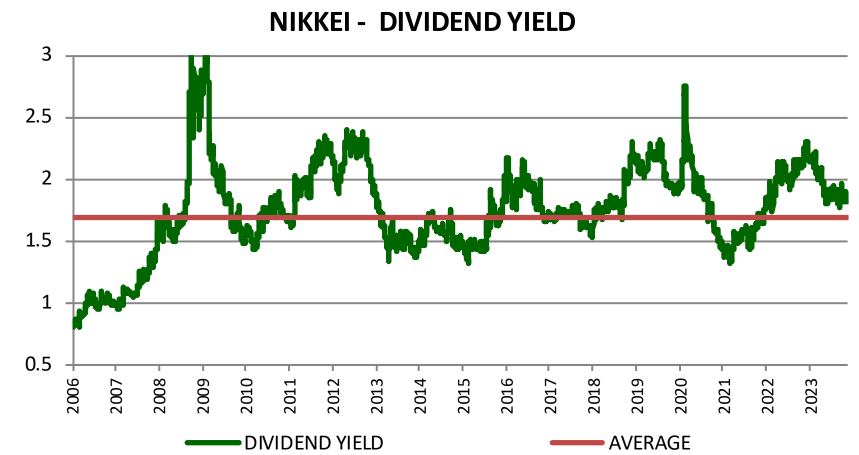


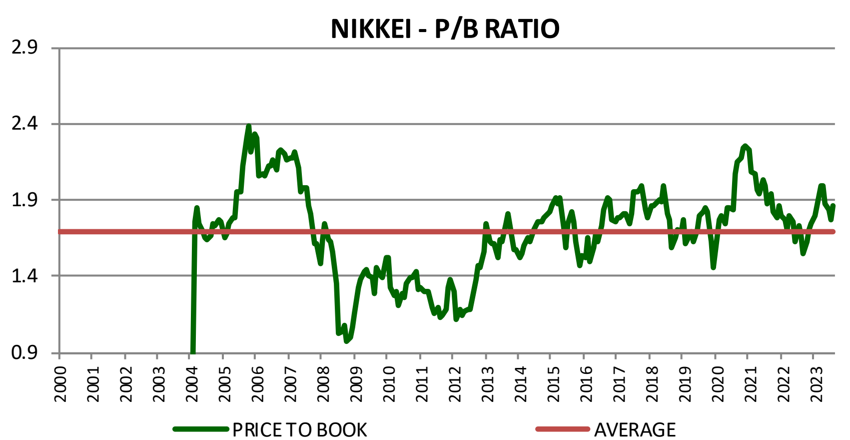


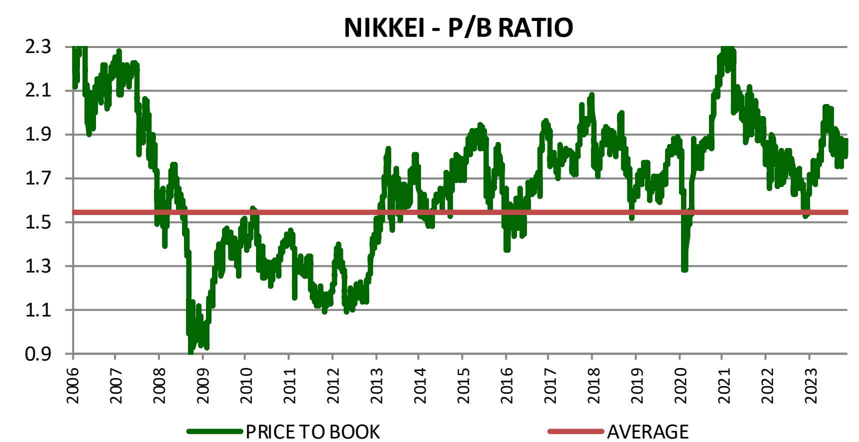
Equity Markets – Valuation NIKKEI

Dividend yield attractive relative to JPY Government Bond yield.



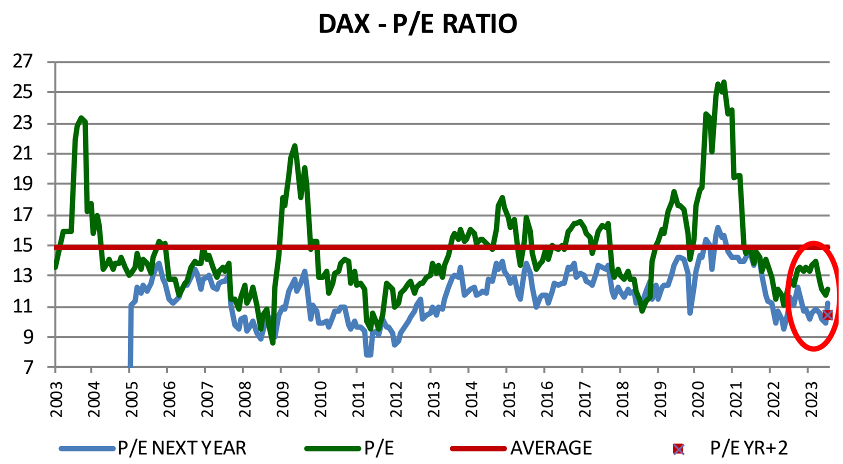


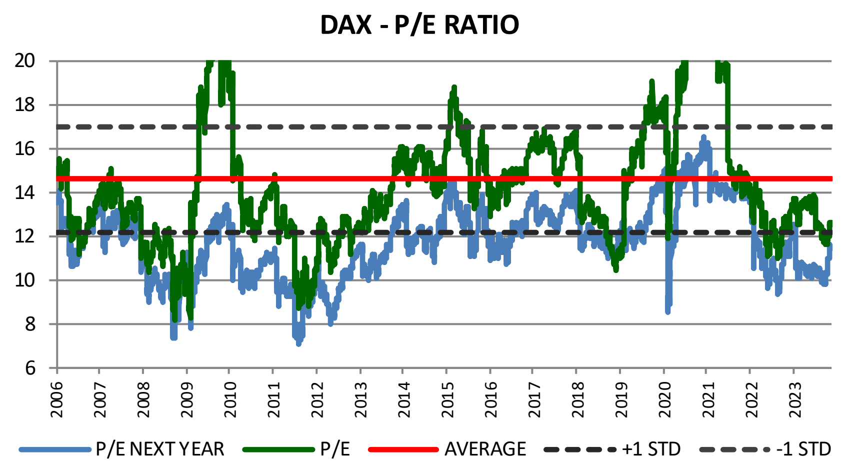


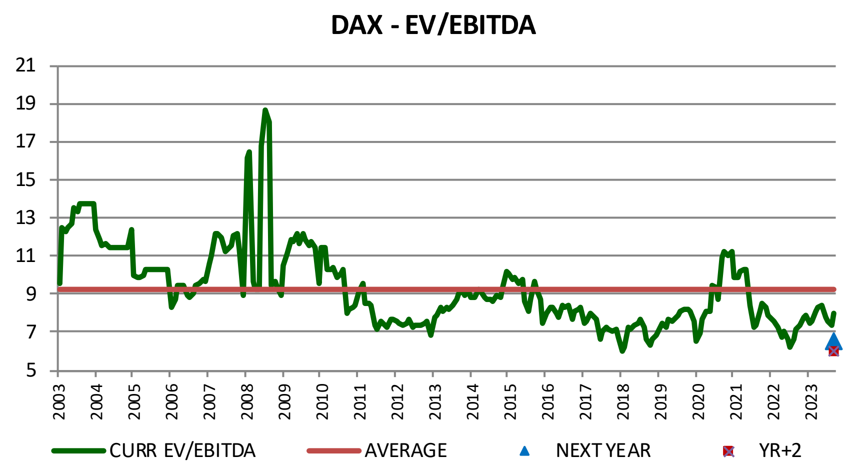


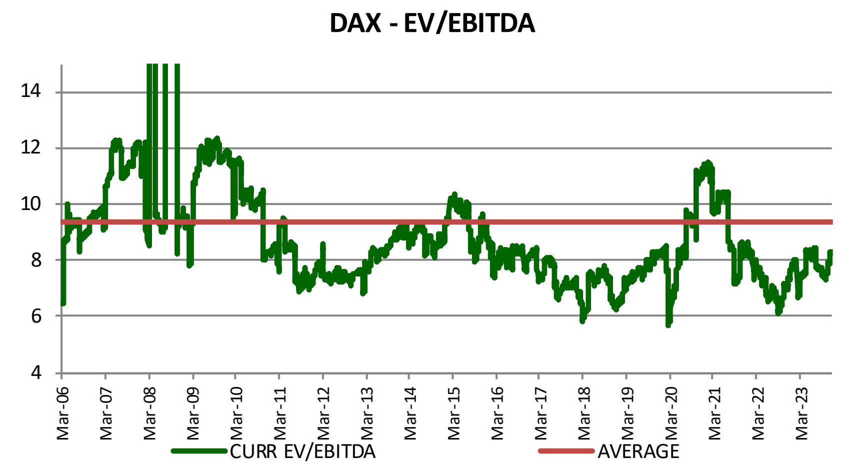
Equity Markets – Valuation DAX

Cheap market, despite recent strong performance. Will growth 24/25 be achieved?



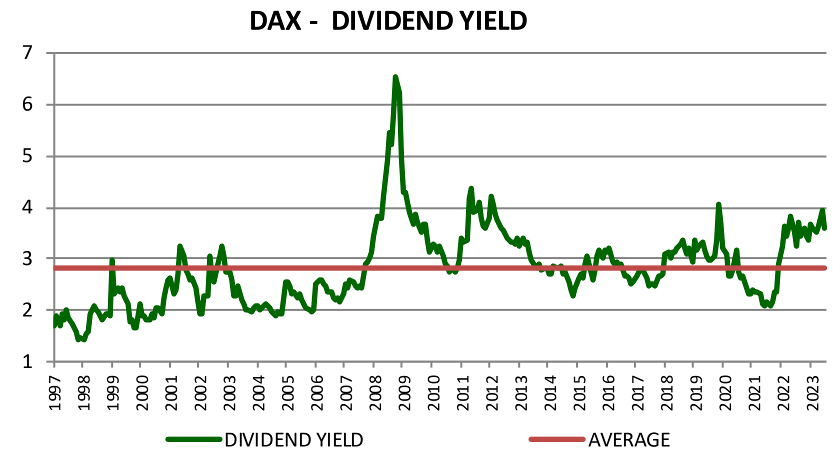


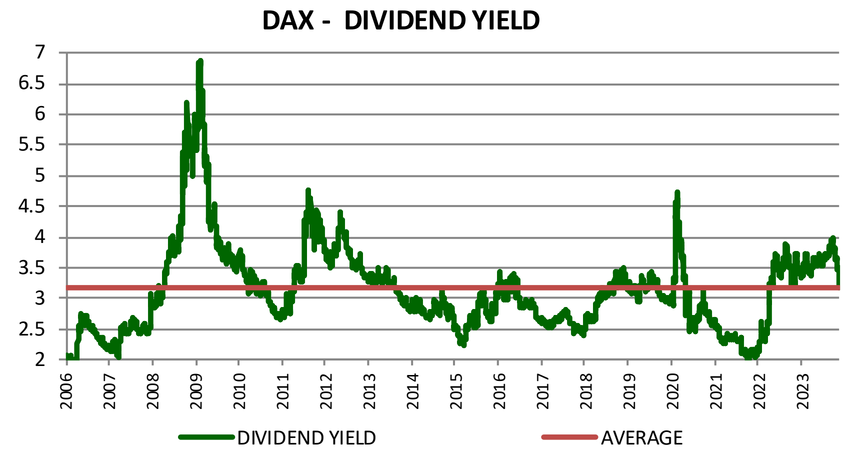


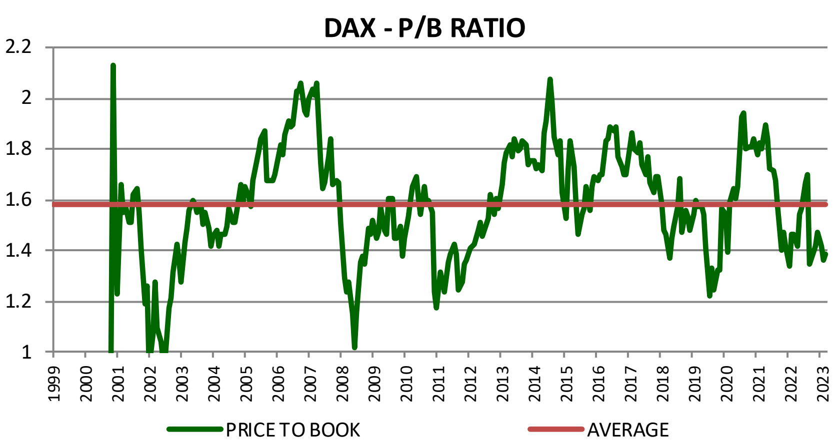


Equity Markets – Valuation DAX

Dividend yield remaining on high & attractive level. Are dividend expectations too high?

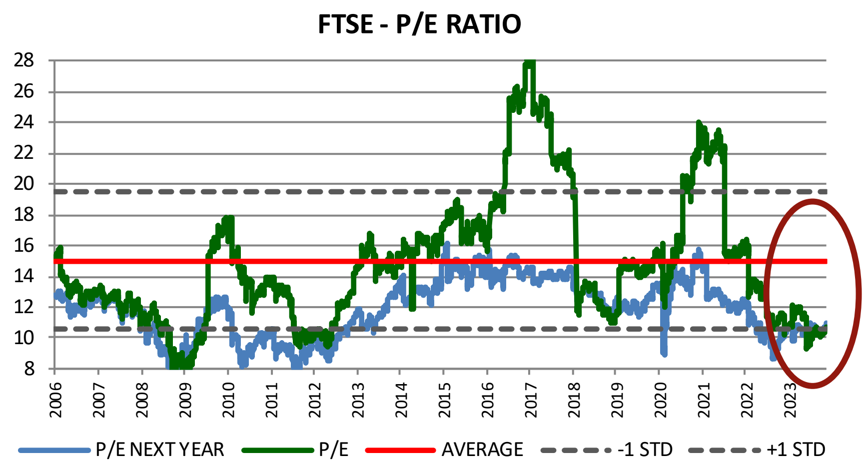


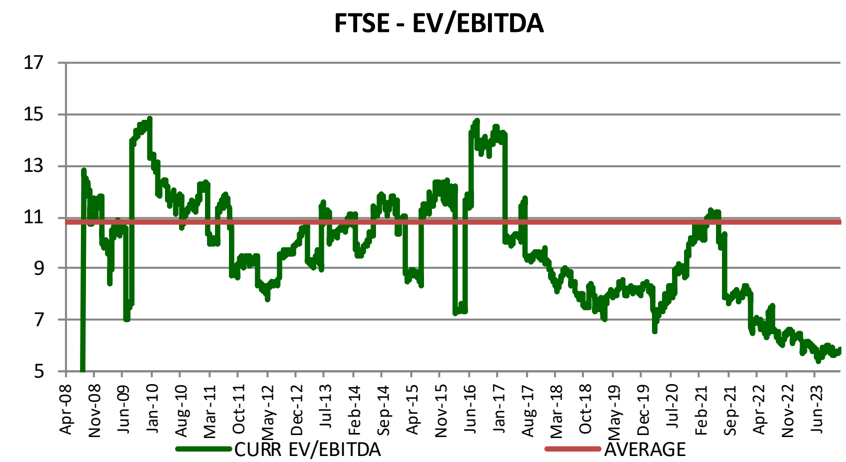


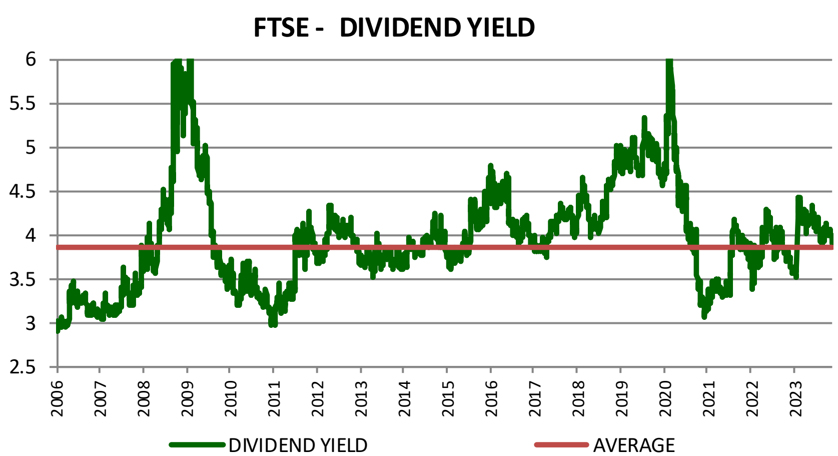


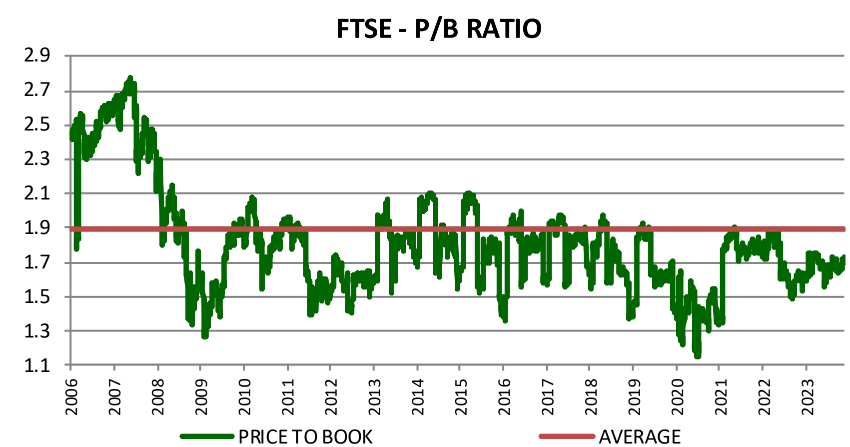
Equity Markets – Valuation FTSE

UK market looking very attractive, but **still having a growth issue (materials & banks)**!



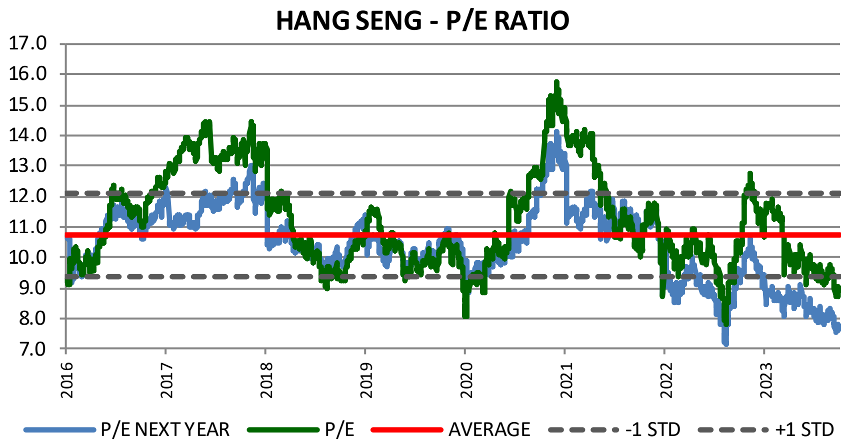


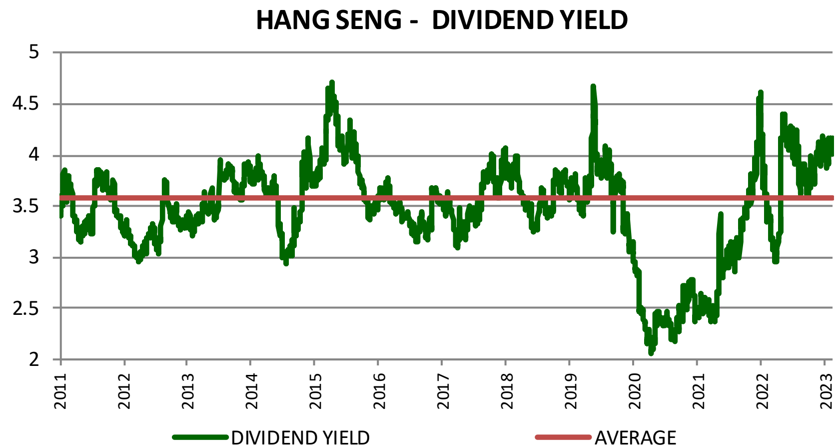




Equity Markets – Valuation Hangseng

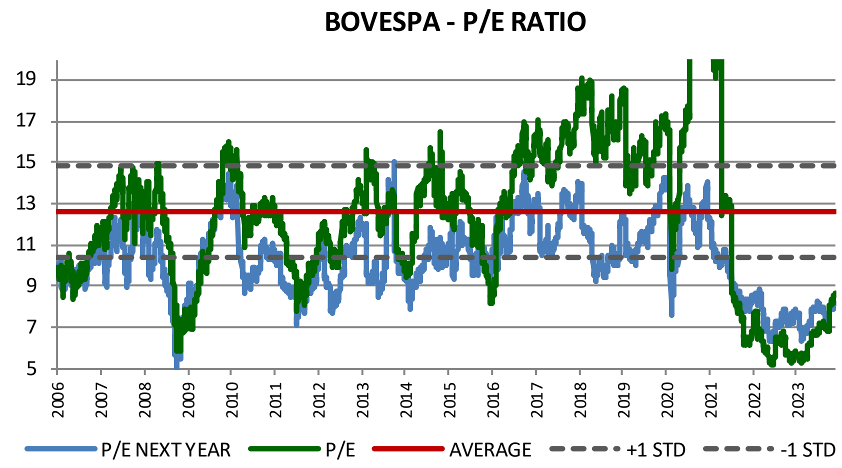
Looking extremely attractive. **P/B <1! Dividend yield attractive.**

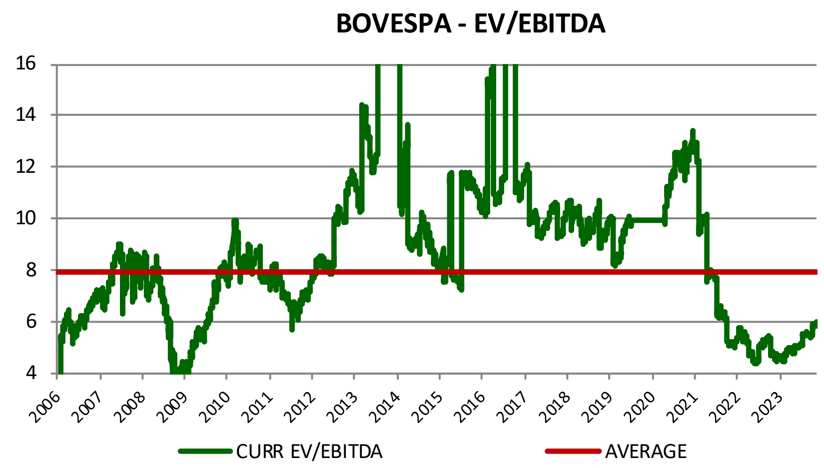


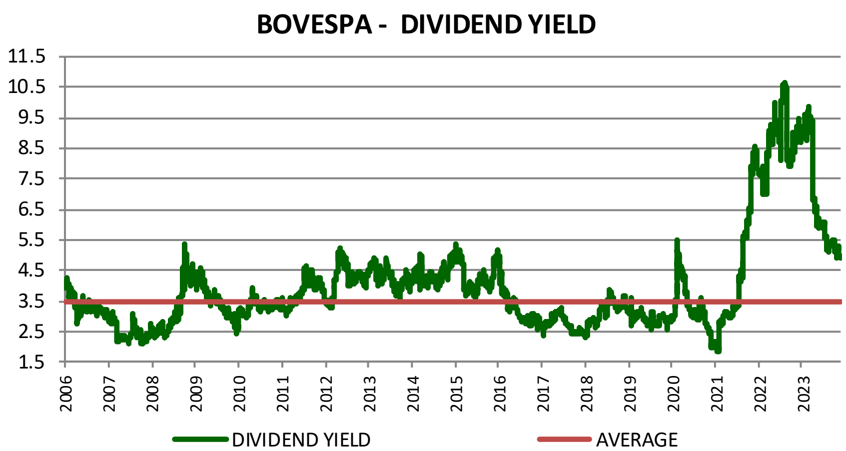


Equity Markets – Valuation Bovespa

How cheap can this market get? Attractive dividend yield >4%, but 10y government bond at 5.9%

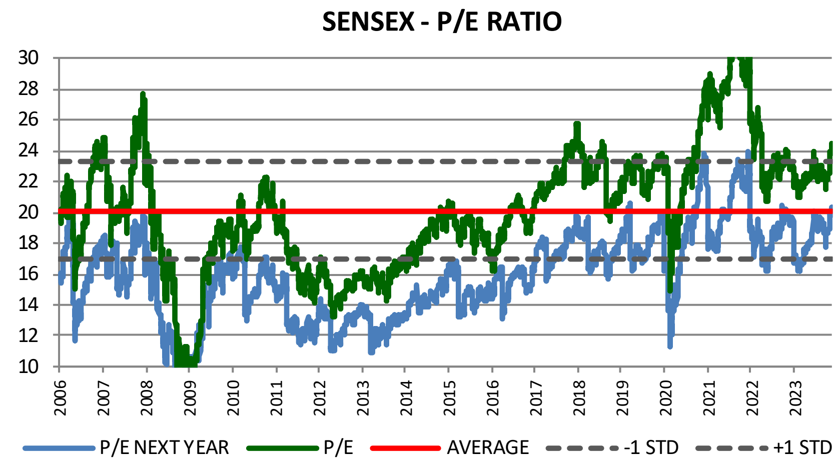


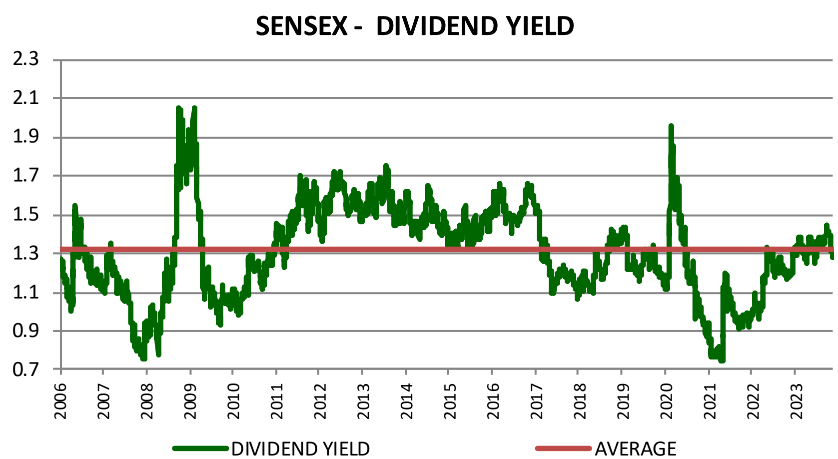


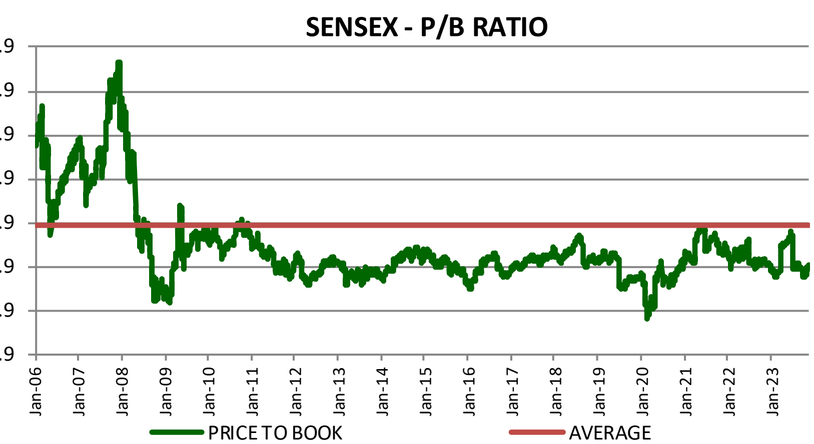


Equity Markets – Valuation Sensex

Market gaining confidence in strong growth. Growth well reflected in current valuation. Limited upside.



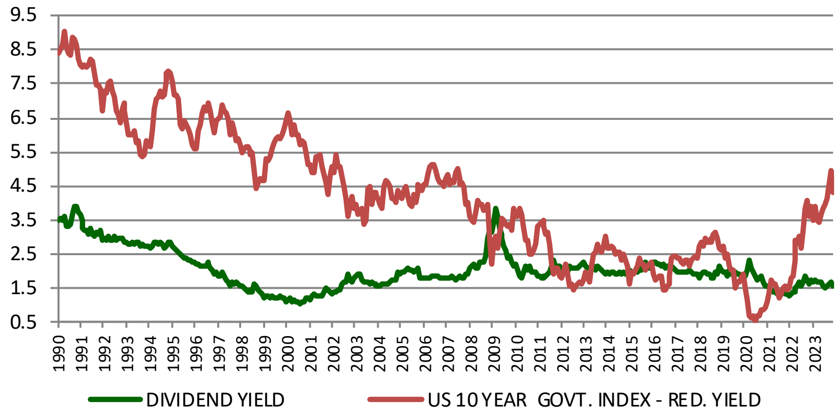




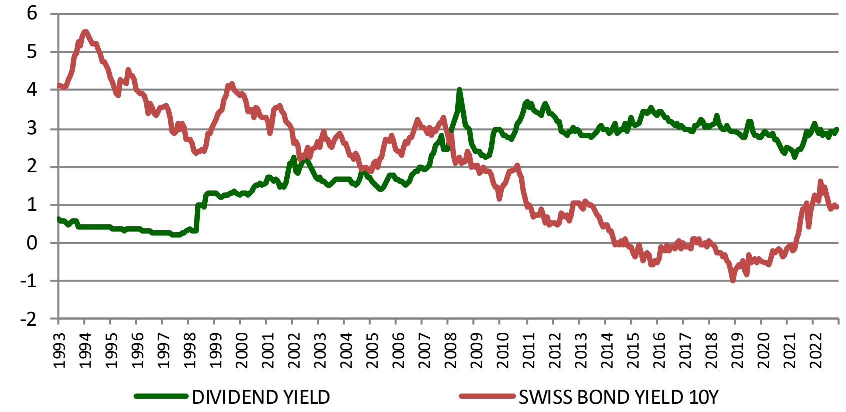
Equity Markets – Yield Differences

10y USD Treasury yield clearly higher than S&P dividend yield. Gap in Switzerland still significant & widening again due to falling interest rates.

S & P 500 - DIVIDEND YIELD AND BOND YIELD

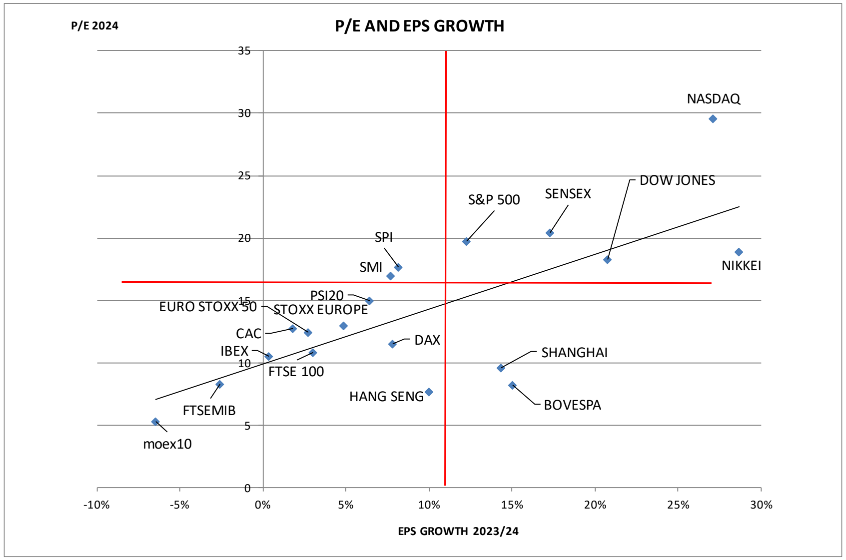


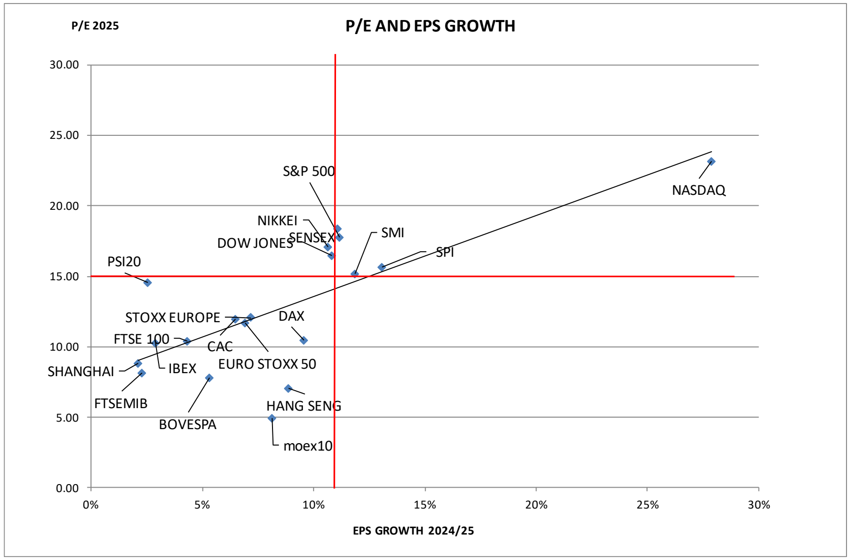
SPI - DIVIDEND YIELD AND BOND YIELD



Equity Markets – Valuation

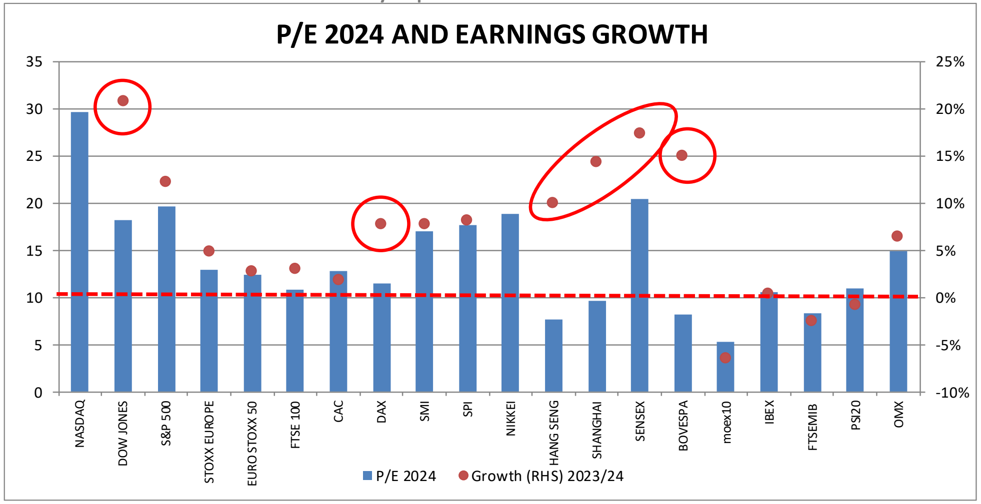
China looking particularly compelling in FY 2024. US market and SMI expensive.

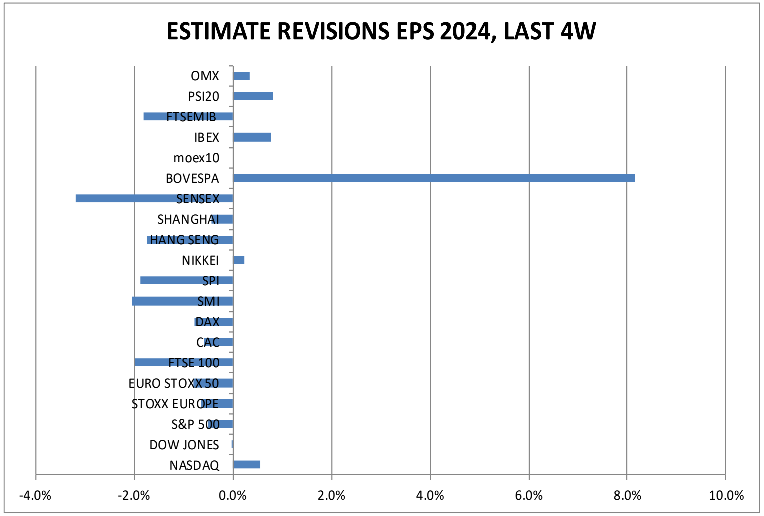


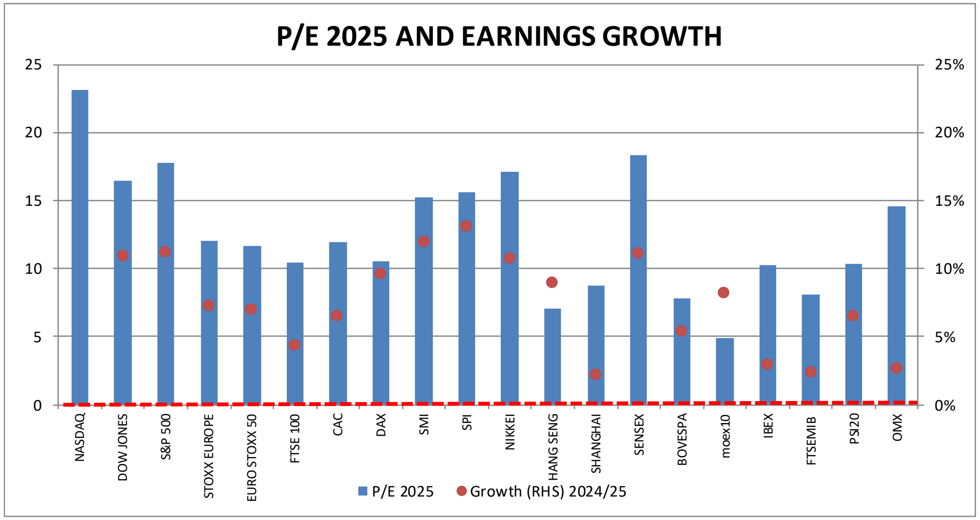


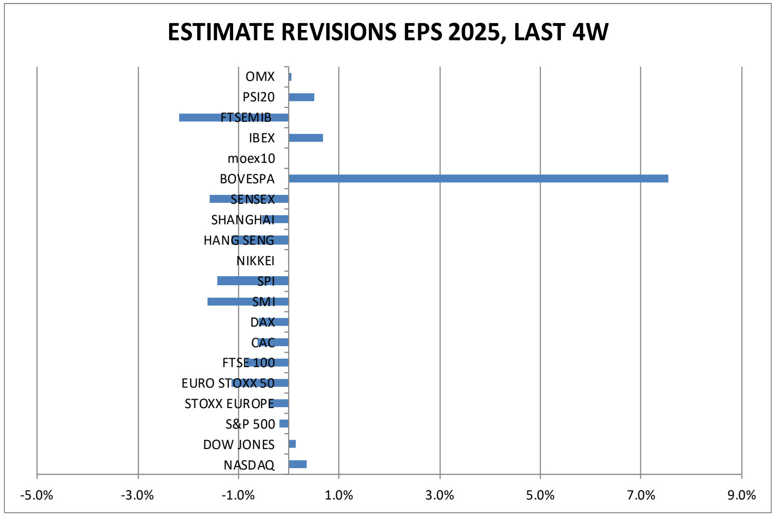
Equity Markets – Valuation

Dow Jones, DAX, China and India looking interesting 2024aluations only partially reflecting poor growth going forward; estimates revisions 2024 & 2025 mostly up



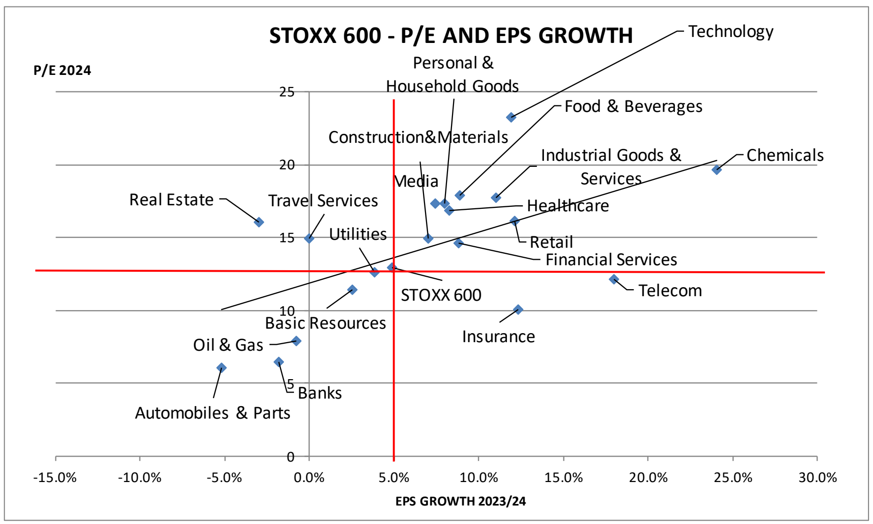


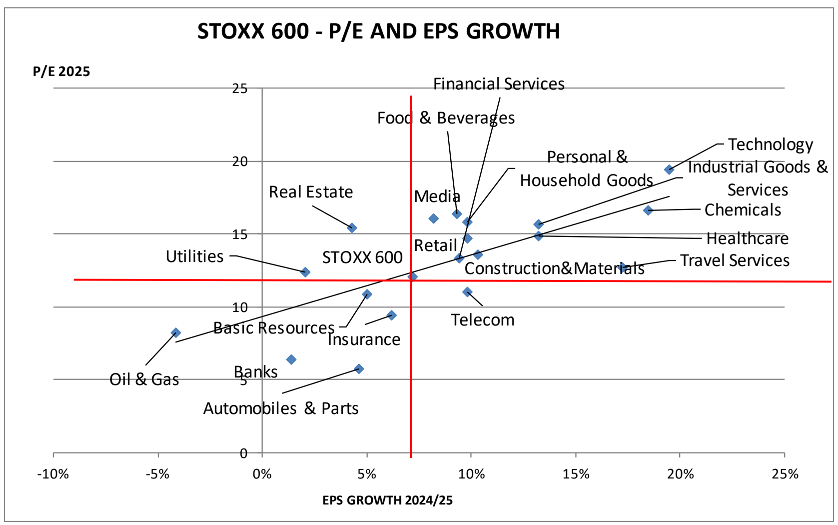




Equity Markets – Valuation Euro STOXX

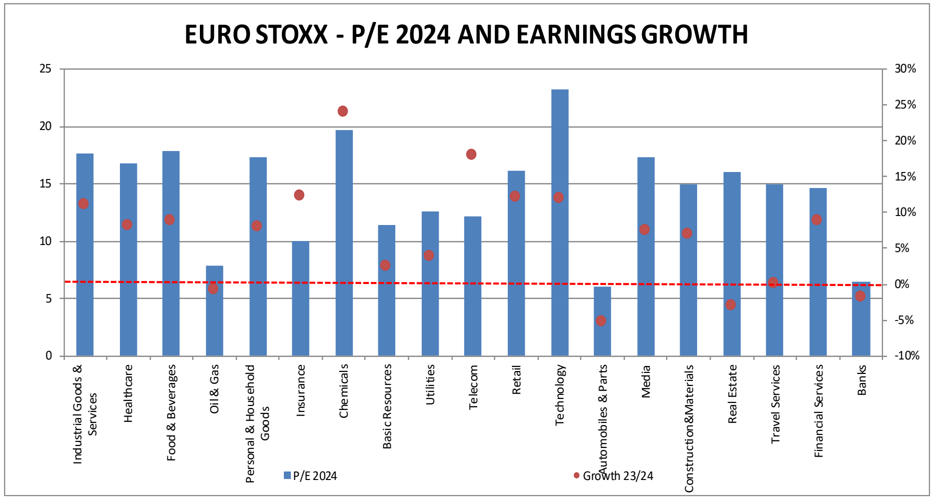
A lot of European sectors looking compelling! Banks, auto and materials a value trap?

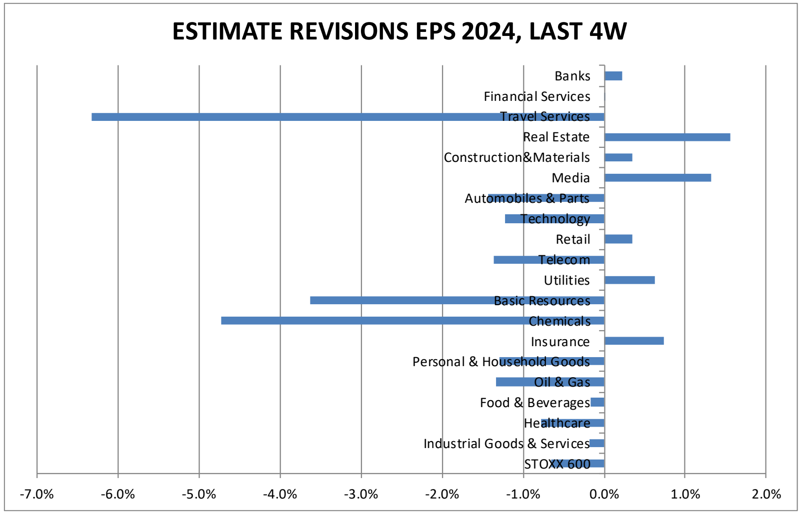


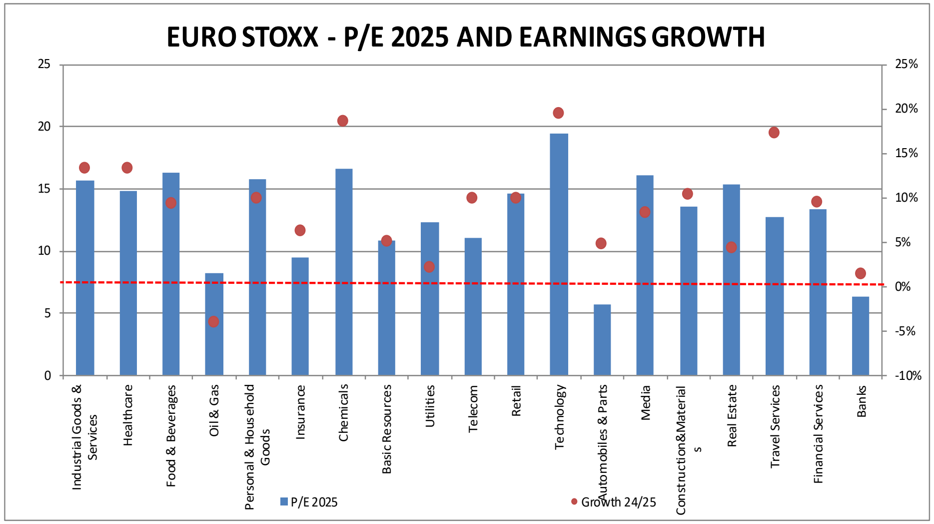


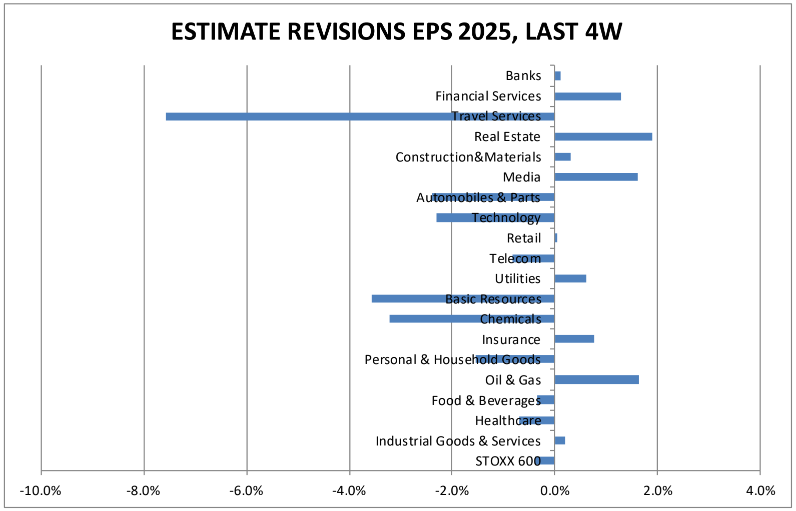
Equity Markets – Valuation Euro STOXX

Has time come for Chemicals? Many sectors with decent growth at attractive valuations in 2025!



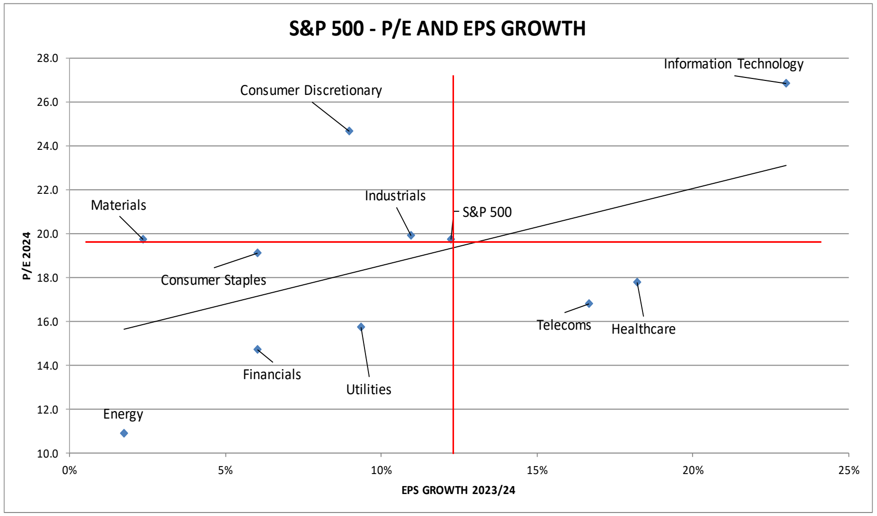


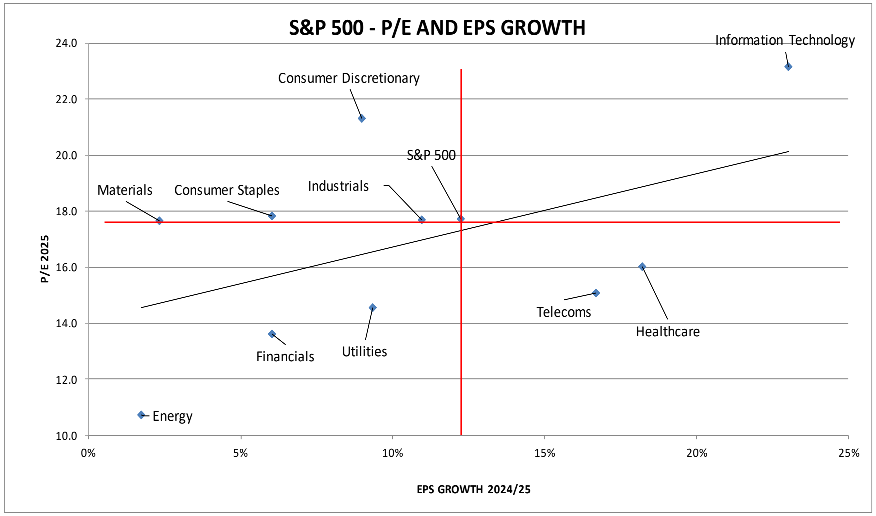




Equity Markets – Valuation S&P

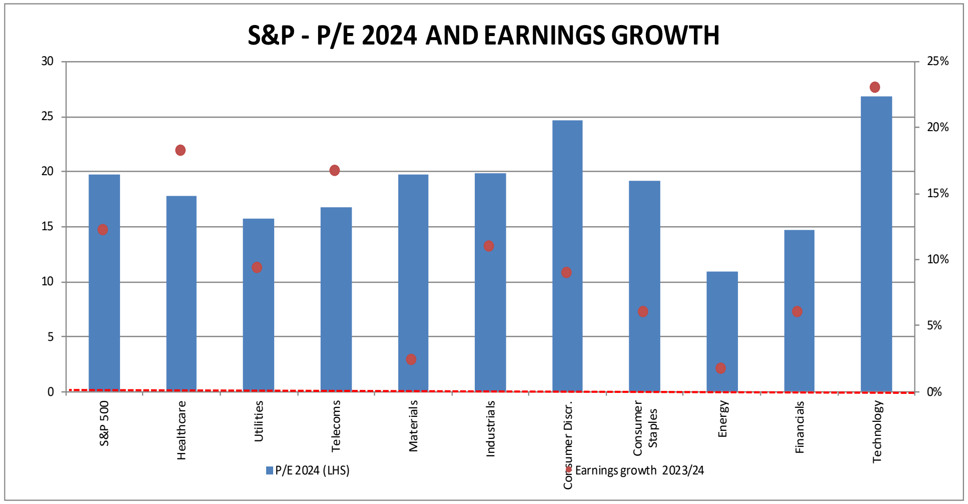
Telecoms and Healthcare looking attractively valued. Tech expensive

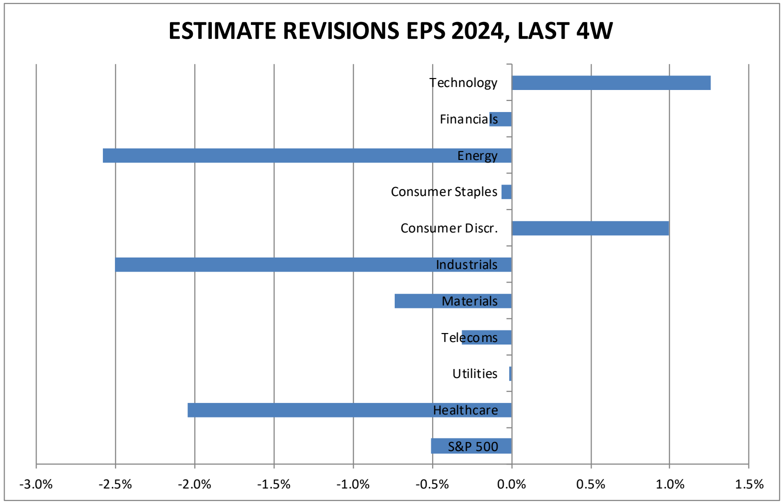


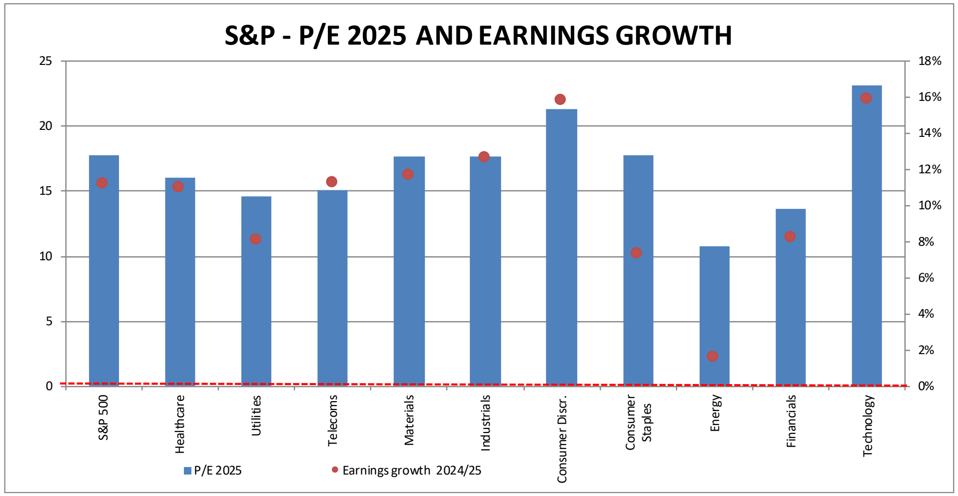


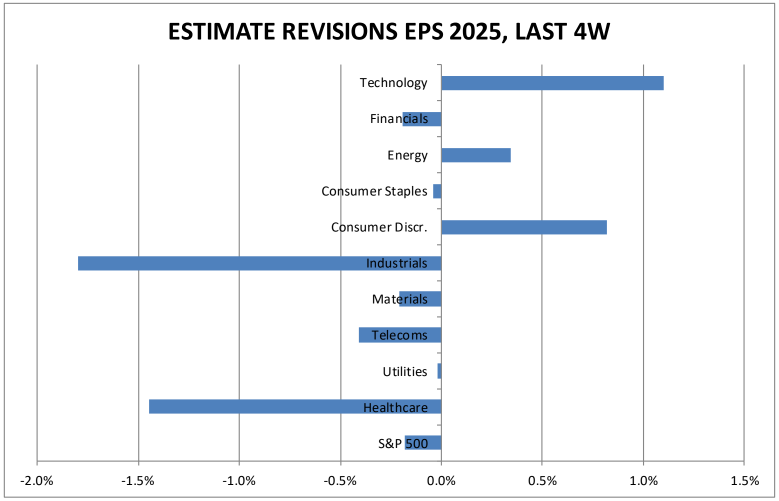
Equity Markets – Valuation S&P

Telco and Healthcare with compelling PEG.



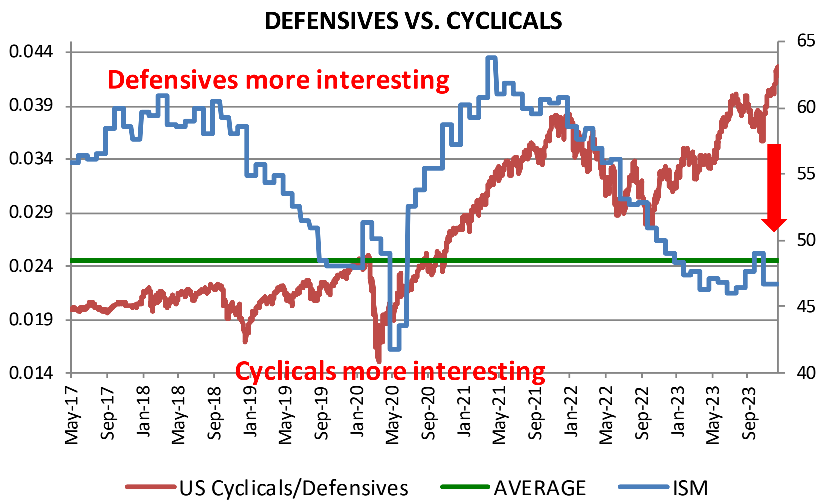


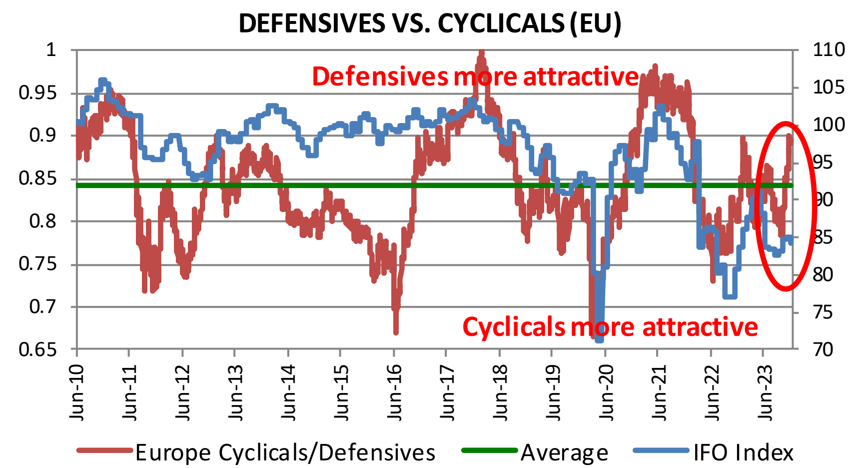




Equity Markets – Valuation

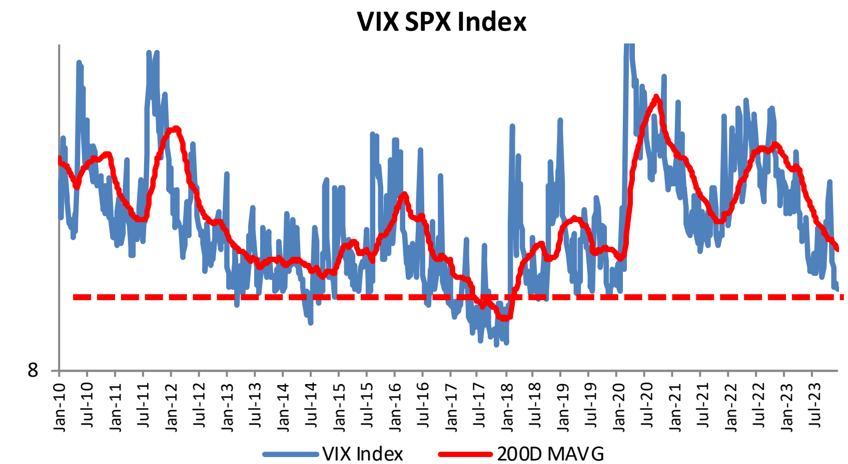
Cyclical companies moving ahead of improving PMIs, above all in US. Cyclicals already reflecting some recovery, in the US strongly driven by big tech.

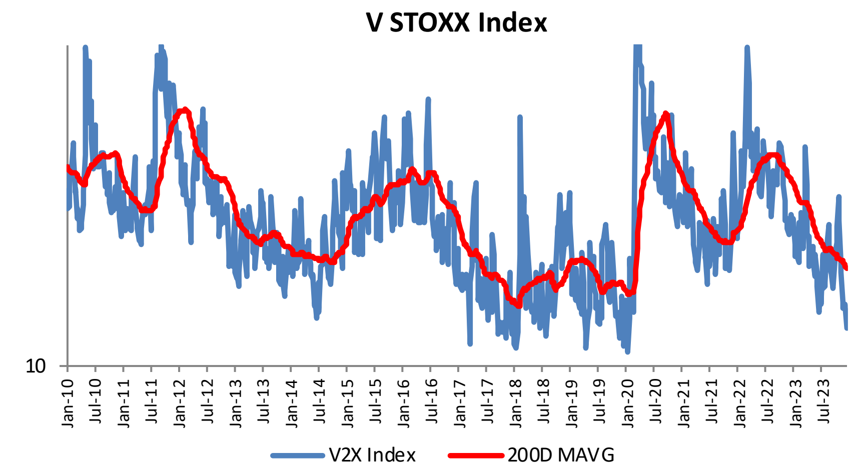


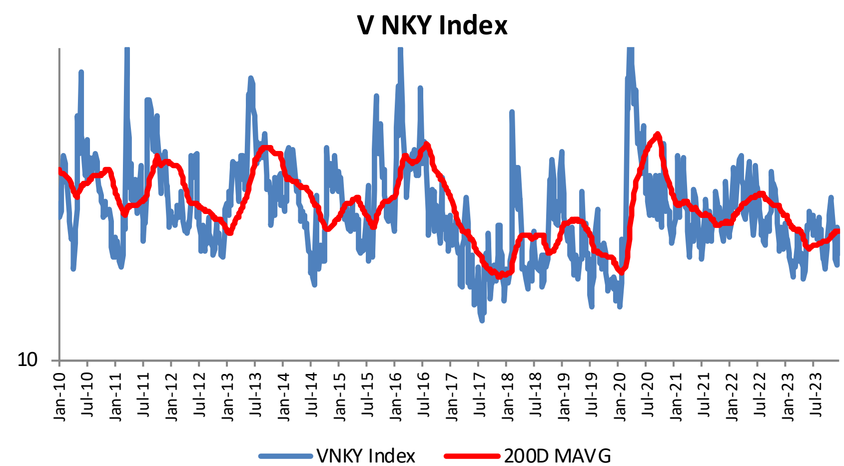


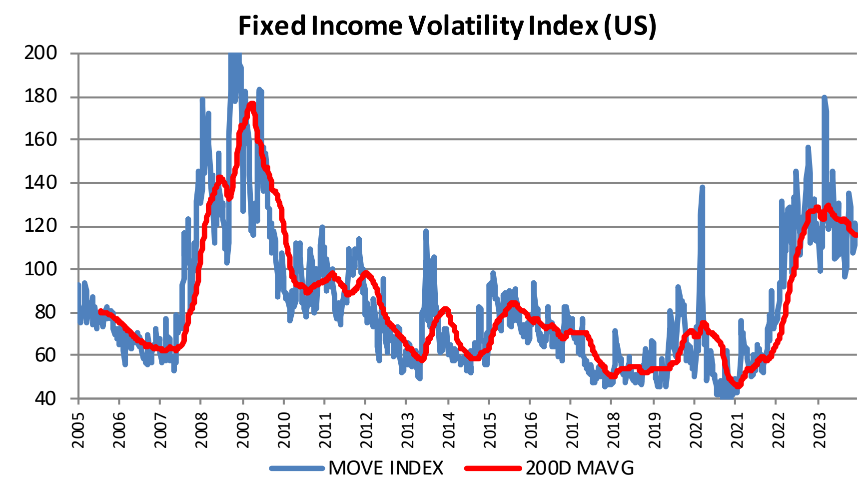
Equity Markets – Volatility

Volatility of stock markets once more lower. Sign of complacency? Vola in fixed income markets remaining high – upcoming stress in the financial system?



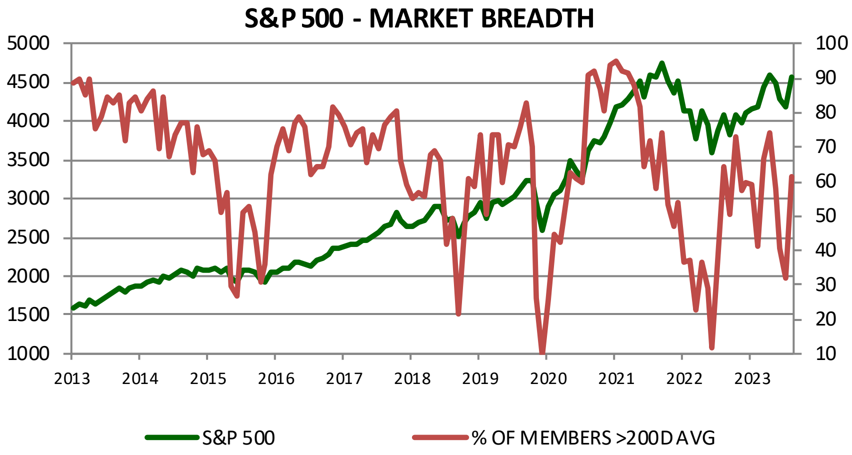


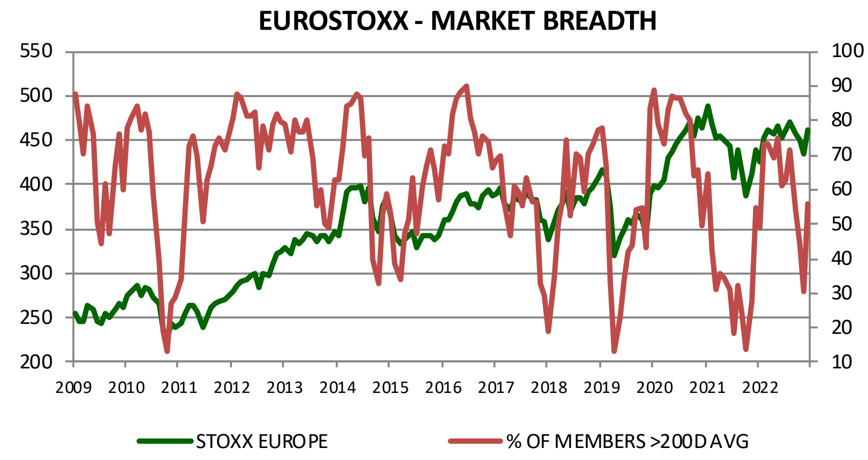


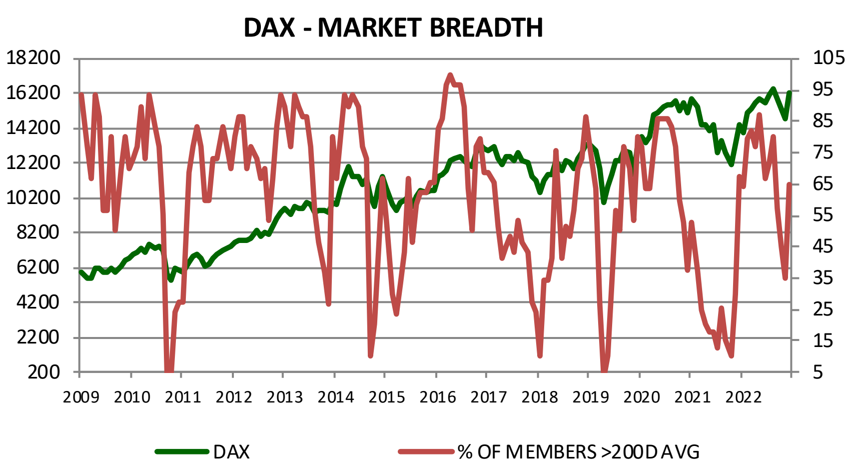


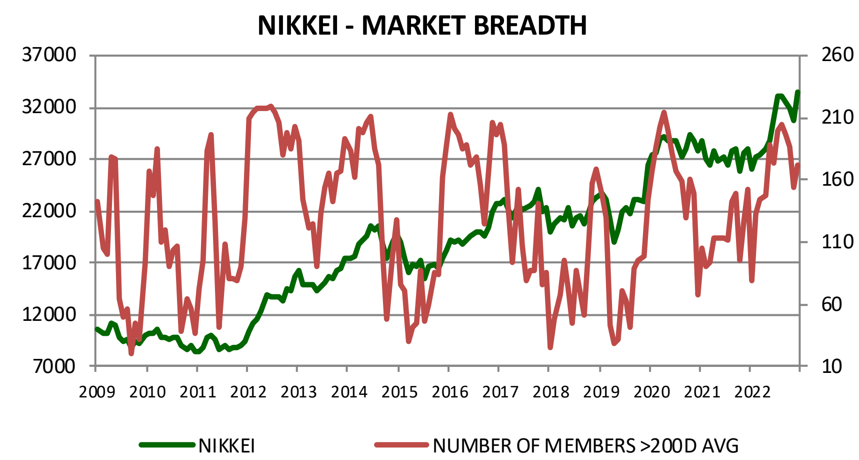
Equity Markets – Market Breadth

Market breadth has improved in all markets



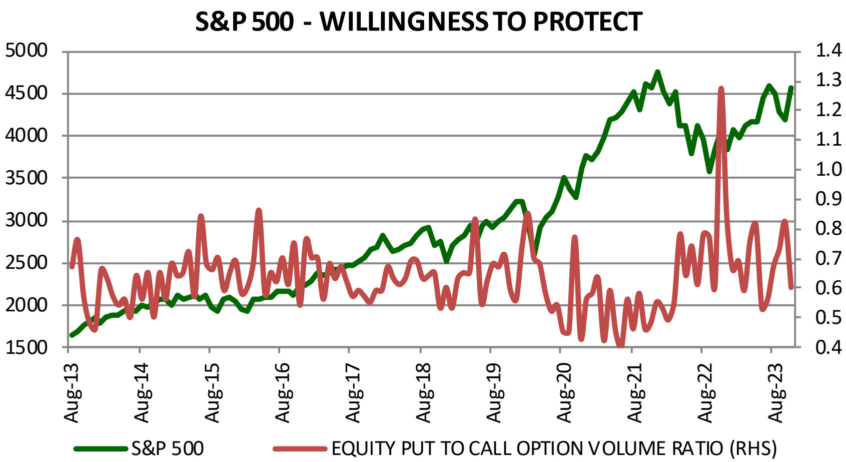


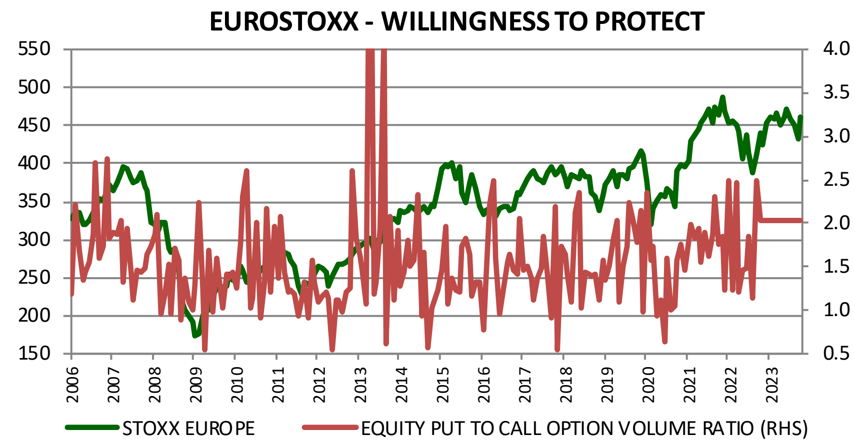




Equity Markets – Willingness to protect

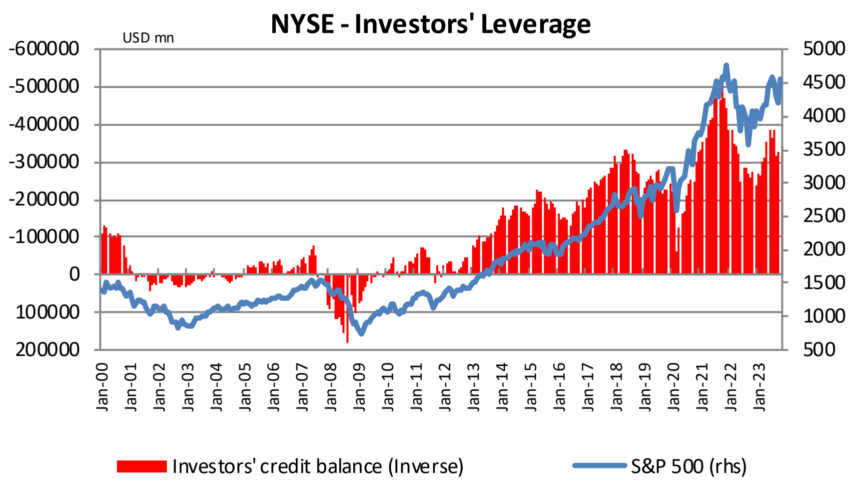
Low willingness to protect. The markets might recover…

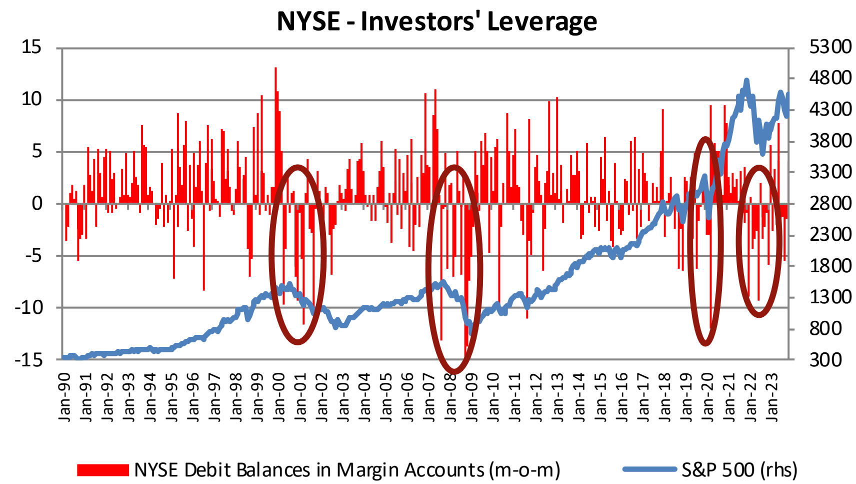


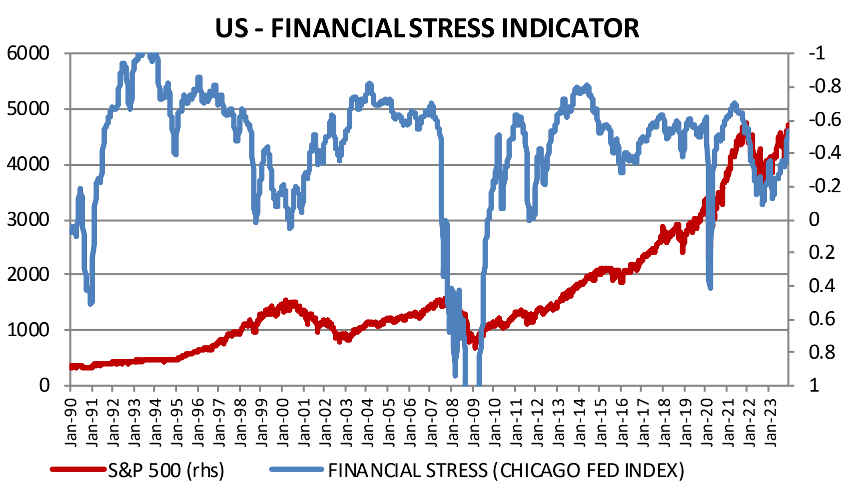


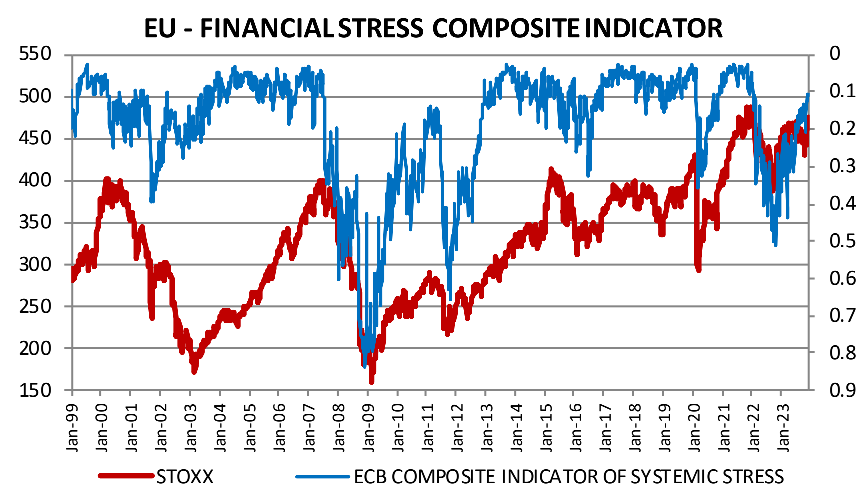
Equity Markets – Leverage, Sentiment

Re-leveraging happening cautiously only. Financial stress has decreased again although geopolitical risks did not fade (yet).



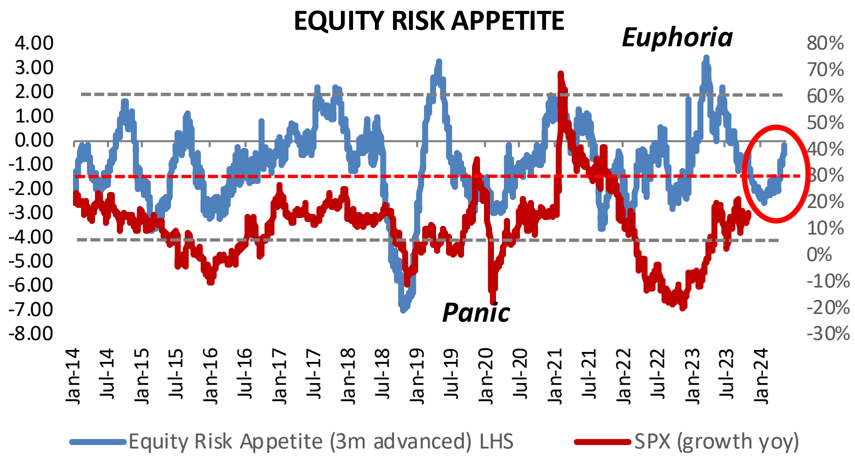


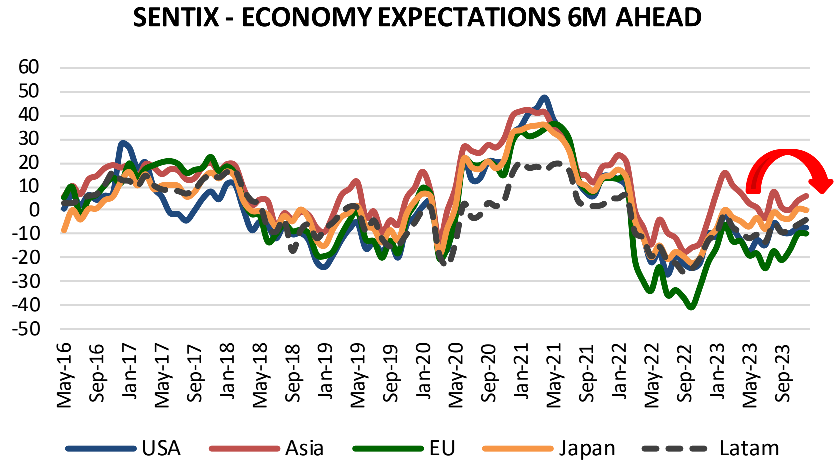


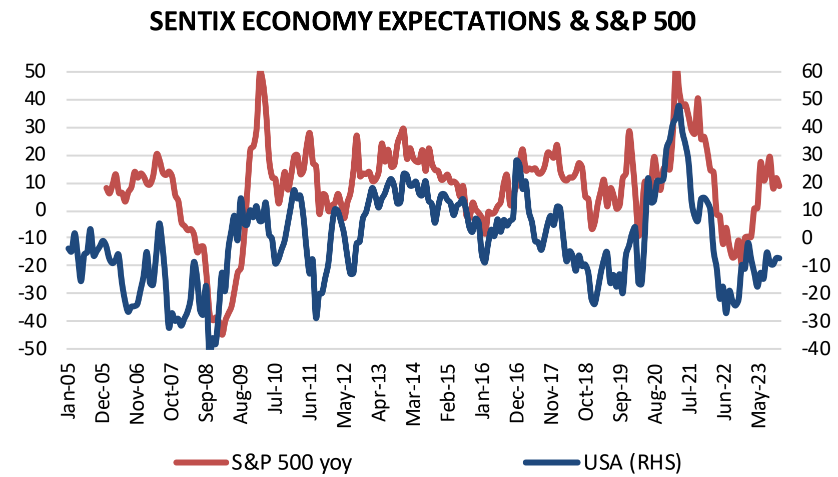


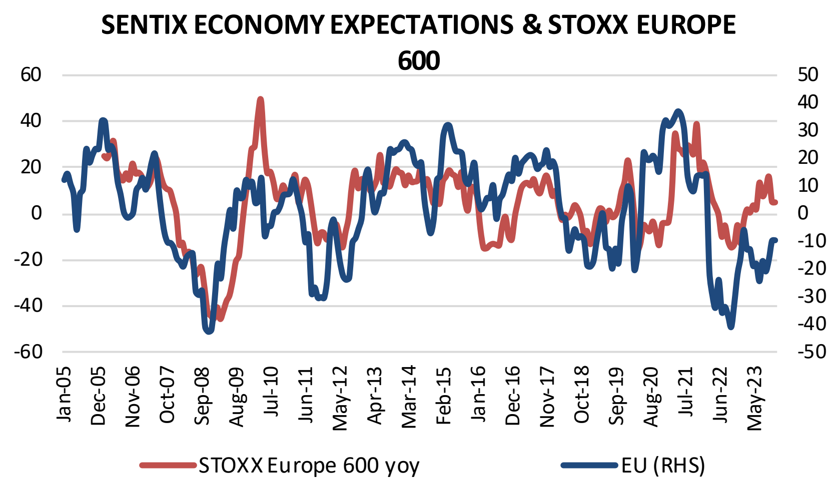
Equity Markets – Sentiment & Risk Appetite

Risk appetite has clearly improved, but optimism not excessive! Economic expectations on the rise again.



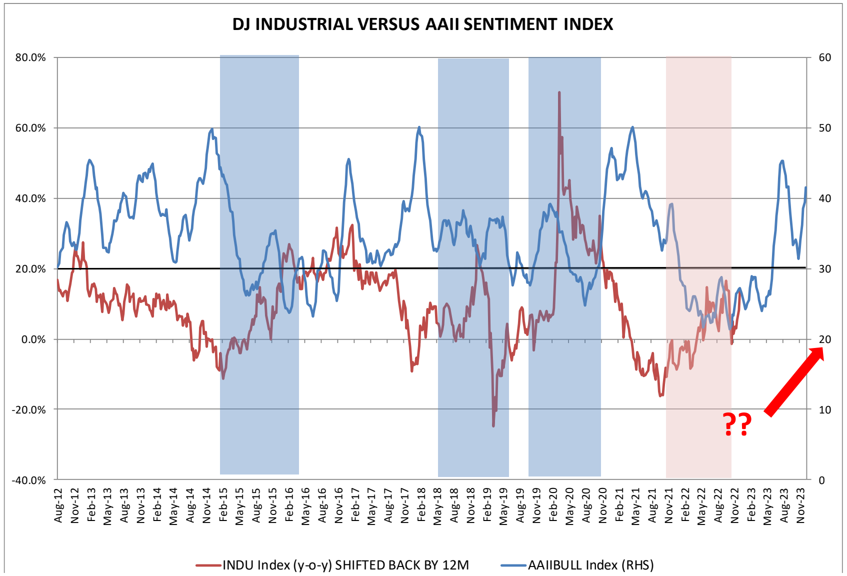


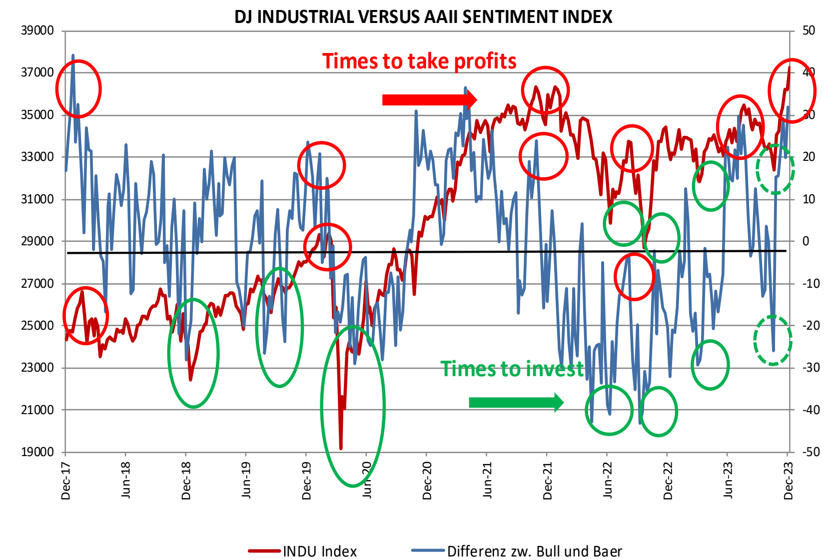


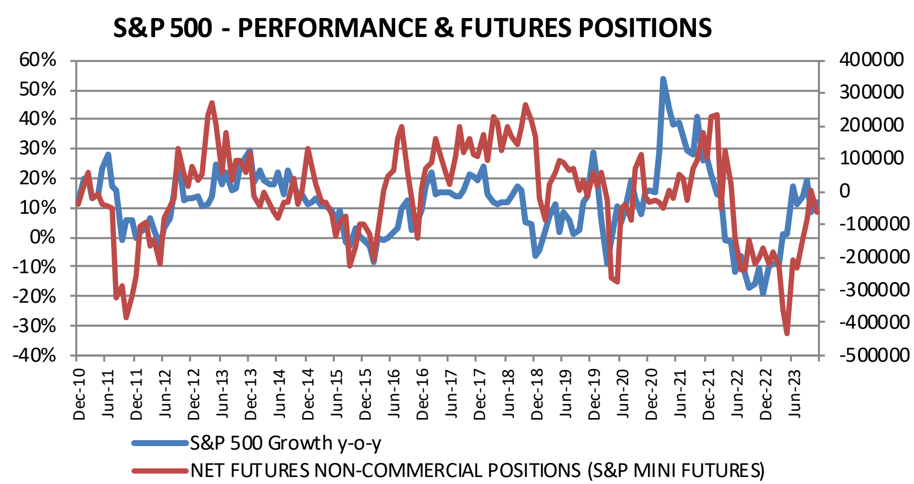


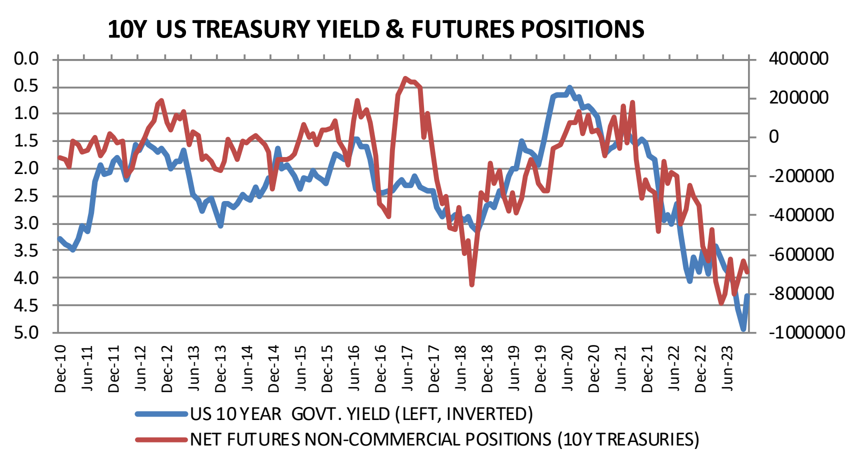
Equity Markets – Sentiment

AAII: comments are bullish again, as markets were rising (pro-cyclical behaviour). As a result, net short positions were reduced in equities, whereas in bonds, leveraged investors are still anticipating rising rates.







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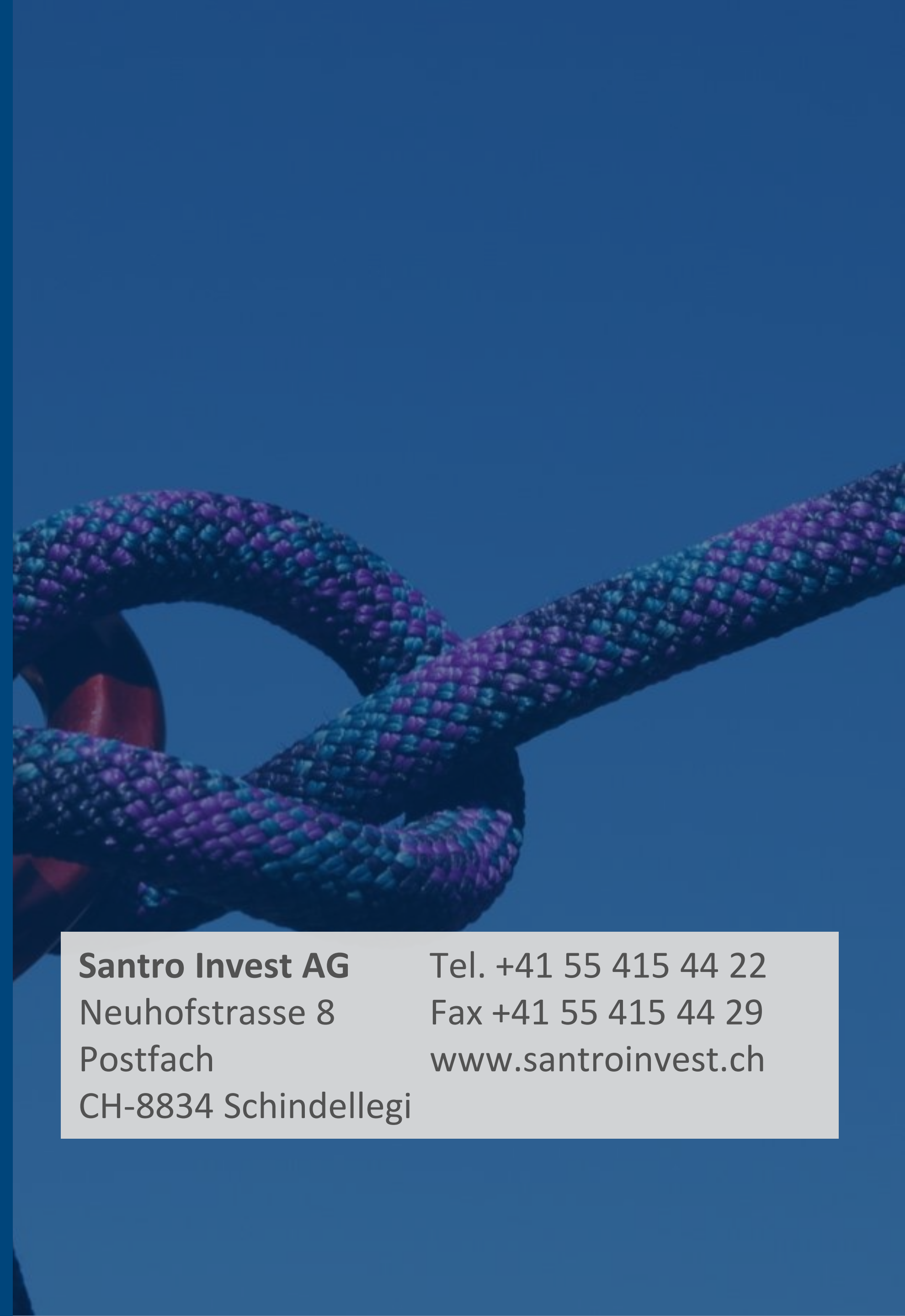

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