



Continued recovery

On most stock markets, the recovery that had already begun last Friday in New York continued at the beginning of the week. Following last week's sharp drop in share prices, market sentiment appears to be somewhat more optimistic again. On Wall Street, the materials and IT sectors were in particularly strong demand. A source of confidence for investors is also the expectation of new impetus from the USD 1.5 trillion infrastructure program in the USA planned by the Trump government. In Asian trading hours the dollar index tended to weaken, while the 10-year US Treasuries yield fell slightly after a four-year high on Monday. Inflation data from the USA are also eagerly awaited for publication tomorrow, Wednesday. If the recently rising inflationary expectations should manifest themselves in consumer price data, the fear of rising interest rates on the part of the stock markets could quickly worsen again.

Equity – Kering tops market estimate

The French luxury goods group **Kering** has exceeded analysts' expectations thanks to a strong final quarter in terms of annual sales and profit from continuing operations. In addition, Kering plans to significantly reduce its stake in Puma. The travel group **TUI** reported Q1 results which essentially met market estimates and confirmed the outlook for the financial year 2018. The mining company **BHP Billiton** expects an exceptional impact of USD 1.8bn from the US tax reform, as deferred tax assets need to be written off. Longer term, however, lower corporate taxes in the USA are expected to have a positive impact. **Walgreens** is in early-stage talks to buy the medical distributor AmerisourceBergen of which it already owns 26%. AmerisourceBergen shares were up +19% in the after-market trading. With a market cap of USD 19.6bn AmerisourceBergen would be one of the largest acquisition ever for Walgreens.

Fixed Income – Impact of rising rates finally feeds through EM yields

Lower quality and bonds with longer duration of emerging markets issuers started to feel the pain of higher US rates as US dollar bonds, which yields above 7% p.a. have doubled in 2018. The par amount of the respective bonds sums to USD 141bn with lower quality sovereign bonds comprising 60% of the total amount. Amongst other EM sovereign debt, which is yielding at least 7%, are US dollar denominated bonds from Argentina and Ecuador, thereby comprising USD 32.1bn and USD 13.9bn, respectively. The two other segments, which show higher yields than their EM corporate peers, are Brazilian protein producers and Chinese property developers. The recent spike in US treasury yields particularly impacted lower quality credit or issuer with longer dated bonds such as JBS and Mafrig – two companies where investors believe that company specific issues are present. Weakening sector fundamentals appear to impact Chinese property developers according to Bloomberg.

Equity Indices	Current	YTD (%)
MSCI World	2'075.91	-1.31
Dow Jones	24'601.27	-0.48
S&P 500	2'656.00	-0.66
Nasdaq 100	6'523.85	1.99
Nikkei 225	21'244.68	-6.68
SMI	8'822.18	-5.97
SLI	1'445.26	-4.79
Euro Stoxx 50	3'368.25	-3.87
Euro Stoxx 600	372.93	-4.18
DAX	12'282.77	-4.91
MSCI UK	2'080.92	-6.60

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'153.37	-0.44
MSCI EM Asia	579.02	-1.33
MSCI EM Eastern Europe	172.22	4.01
MSCI EM Latin America	2'961.06	4.70
Brazil IBOVESPA	80'898.70	5.89
Russian Depository Index	1'326.49	3.31
NIFTY Index	10'539.75	0.09
Hang Seng Index	29'885.32	-0.11
HFRX Global HF Index	1'274.20	-0.11
LPX50 Listed PE TR (EUR)	2'134.87	-2.40
BBG NA REITS	259.38	-9.57

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.85	0.44
German Bund 10Y (EUR)	0.76	0.33
Swiss Government 10Y (CHF)	0.20	0.35
United Kingdom 10Y (GBP)	1.60	0.41
Japan 10Y (JPY)	0.07	0.02
Fed Funds Rate	1.25	0.00
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	0.90	-0.04
Global HY Corporate Spread	3.44	0.10
EM Hard Currency Gov. Spread	2.15	0.00

Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
13.02.	CH	TEMENOS GROUP AG-REG	Y	1.01
14.02.	CA	BARRICK GOLD CORP	Q4	0.21
14.02.	CH	CLARIANT AG-REG	Y	0.29
14.02.	US	CISCO SYSTEMS INC	Q2	0.59
14.02.	CH	CREDIT SUISSE GROUP AG-REG	Y	0.08
14.02.	US	MARRIOTT INTERNATIONAL -CL A	Q4	1.00
15.02.	FR	AIR LIQUIDE SA	Y	2.47
15.02.	CH	NESTLE SA-REG	Y	2.69
15.02.	GB	RELX PLC	Y	-
15.02.	FR	SCHNEIDER ELECTRIC SE	Y	-
15.02.	CH	SYNGENTA AG-REG	Y	-

Forex

	Current	YTD (%)
EUR/USD	1.2315	2.58
EUR/CHF	1.1537	-1.42
USD/CHF	0.9368	-3.85
GBP/CHF	1.2981	-1.42
GBP/USD	1.3858	2.55
USD/JPY	108.16	-4.02
USD/HKD	7.8218	0.10
USD/SGD	1.3231	-0.97
USD/CNY	6.3316	-2.69
EUR/NOK	9.7323	-1.13
EUR/SEK	9.9220	0.89

Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
13.02.	10:30	GB	Core Consumer Prices (y/y)	Jan	-	2.50
13.02.	10:30	GB	EU-harm. Consumer Prices (y/y)	Jan	-	3.00
14.02.	08:00	DE	GDP (q/q)	4Q P	0.80	0.80
14.02.	08:00	DE	EU harmonized Consumer Prices (y/y)	Jan F	-	1.40
14.02.	10:00	IT	GDP (q/q)	4Q P	-	0.36
14.02.	11:00	EU	GDP (q/q)	4Q P	-	0.60
14.02.	11:00	EU	Industrial Production (y/y)	Dec	-	3.20
14.02.	14:30	US	Consumer Prices (m/m)	Jan	-	0.20
14.02.	14:30	US	Core Consumer Prices (y/y)	Jan	-	1.80
14.02.	14:30	US	Consumer Prices (y/y)	Jan	-	2.10
14.02.	14:30	US	Retail Sales (m/m)	Jan	-	0.40

Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	59.65	-1.31
Oil Future Brent (USD)	62.99	-5.19
Gold-ounce (USD)	1'325.03	1.71
Silver-ounce (USD)	16.61	-1.91
Platinum (USD)	972.45	4.76
Palladium (USD)	983.97	-7.48
JOC Industrial Metals Index	125.55	2.79
S&P GSCI Index Spot Indx	430.50	-2.70
Rogers Int. Commodity Index	2'389.55	-1.09
BBG Commodity Index	86.67	-1.70
Rogers Agriculture TR Index	828.07	2.76

Topics LGT looks at

Topics	Description	Publication Type	Published
European chemical companies in focus	In this investment idea, our equity specialists are focusing on the European chemicals sector.	Investment Idea	07.02.2018
Initiation of Coverage TUI	TUI, a fully integrated heavyweight in the touristic market which covers the entire value chain has been added to our equity universe.	Investment Idea	07.02.2018
Correction in global stock markets	- Recent stock market correction brings about a sharp increase in volatility - Triggers are rising bond market yields and rising US wage inflation - Global economic outlook and corporate data remain solid	Market News	06.02.2018
Emerging Markets Fixed Income - Top three themes 2018	In this investment idea our fixed income analysts highlight their top themes in emerging market bonds in 2018.	Investment Idea	25.01.2018
LGT Equity Top Picks	The final quarter of 2017 was another very successful quarter for the LGT Equity Top Picks as our European and Swiss selection showed a significantly positive absolute performance and clearly outperformed its benchmarks.	Investment Idea	19.01.2018

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