



Lurking risks and mixed US economic signals

An impending further escalation of the trade conflict, geopolitical tensions in the Gulf region and interspersed US economic data caused stock investors to hold back. Meanwhile, US retail sales disappointed in April with an unexpected drop of -0.2% from the previous month (consensus +0.2%). Americans, for example, spent less money on cars, electronics and building materials. The third consecutive decline in US industrial production also had a negative impact, with automobile and machinery manufacturers in particular slowing down. The industry sector accounts for around 12% of US GDP. At the same time, however, the New York Fed's Empire State Index signaled a stronger than expected improvement in sentiment in the New York state's industrial sector. The indicator rose by 7.7 points to 17.8, while analysts had expected a decline to 8.0 points. In March, the index reached its lowest level in two years.

Equities – Nestle starts sales talks for skin care division

Nestle has entered exclusive talks to sell its skincare business to a consortium, led by EQT Partners and the Abu Dhabi Investment Authority, for CHF 10.2bn. The unit had revenue of CHF 2.8bn in 2018 and attracted interest from at least a dozen potential bidders during the auction. **Generali** beats market expectation with a net income of EUR 744m for Q1 2019, up +28% YoY due to an improved operating result, lower tax impact and a one-off gain from the disposal of the its Belgium business. **Alcon** essentially met the market's sales estimates in Q1. Core operating income was approximately +4% above expectations. For the current year, the company expects sales growth of 3-5% at constant exchange rates. **Cisco** reported Q3 2019 revenue (USD 12.96bn) and adj. EPS (USD 0.78) that were slightly above analysts' estimates (USD 12.87bn and USD 0.77 respectively), and a Q4 2019 outlook that was in line with expectations.

Fixed Income – German economy rebounds

Germany's economy expanded 0.4% in the first quarter of 2019 after contracting in the third and stalling in the fourth quarter of 2018. The trade tensions between the US and China loom over the future growth of Germany's economy. German manufacturing could come under pressure if tariffs on German automobiles were imposed by the US. President Donald Trump delayed the decision to impose auto tariffs later this week by up to six months as the US ramp up the trade war with China. German Bunds rose and 10-year yields hit -0.11%, the lowest levels since 2016. In the south of the euro area, Italian bonds and stocks slid a day after deputy PM Matteo Salvini declared Italy was prepared to break EU fiscal rules to boost employment. Fears over Italy's deficit let the Italy-Germany yield gap reach up to 288 bps, having widened by 38 bps this year.

Equity Indices	Current	YTD (%)
MSCI World	2'110.40	12.02
Dow Jones	25'648.02	9.95
S&P 500	2'850.96	13.73
Nasdaq 100	7'503.25	18.54
Nikkei 225	21'062.98	5.24
SMI	9'480.76	12.47
SLI	1'471.46	13.54
Euro Stoxx 50	3'385.78	12.81
Euro Stoxx 600	378.06	11.97
DAX	12'099.57	14.59
MSCI UK	2'101.32	7.94

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'015.97	5.20
MSCI EM Asia	514.23	5.94
MSCI EM Eastern Europe	164.92	8.41
MSCI EM Latin America	2'587.50	0.84
Brazil IBOVESPA	91'623.44	4.25
Russian Depository Index	1'542.09	18.98
NIFTY Index	11'172.15	2.85
Hang Seng Index	28'309.66	9.53
HFRX Global HF Index	1'218.01	2.37
LPX50 Listed PE TR (EUR)	2'426.59	22.91
BBG NA REITS	305.57	16.67

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.36	-0.33
German Bund 10Y (EUR)	-0.11	-0.35
Swiss Government 10Y (CHF)	-0.39	-0.14
United Kingdom 10Y (GBP)	1.07	-0.21
Japan 10Y (JPY)	-0.06	-0.07
Fed Funds Rate	2.25	0.00
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	1.22	-0.33
Global HY Corporate Spread	4.15	-1.17
EM Hard Currency Gov. Spread	2.90	-0.39

Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
16.05.	GB	BURBERRY GROUP PLC	Y	-
16.05.	US	WALMART INC	Q1	1.02
17.05.	CH	CIE FINANCIERE RICHEMONT-REG	Y	1.49
17.05.	US	DEERE & CO	Q2	3.62
20.05.	IT	TELECOM ITALIA SPA	Q1	0.01
21.05.	US	HOME DEPOT INC	Q1	2.19
21.05.	CH	SONOVA HOLDING AG-REG	Y	-
23.05.	IE	MEDTRONIC PLC	Q4	1.47
18.06.	US	ORACLE CORP	Q4	1.08
20.06.	US	KROGER CO	Q1	0.72
27.06.	US	NIKE INC -CL B	Q4	0.66

Forex

	Current	YTD (%)
EUR/USD	1.1206	-2.28
EUR/CHF	1.1297	0.37
USD/CHF	1.0081	2.65
GBP/CHF	1.2944	3.36
GBP/USD	1.2840	0.67
USD/JPY	109.46	-0.21
USD/HKD	7.8493	0.22
USD/SGD	1.3691	0.45
USD/CNY	6.8779	-0.01
EUR/NOK	9.7730	-1.32
EUR/SEK	10.7654	6.04

Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
-	-	US	ISM New York PMI	-	-	77.30
-	-	CH	SNB 3-Month Libor Target	-	-	-0.75
16.05.	10:00	IT	EU harm. Consumer Prices (y/y)	Apr F	-	1.20
16.05.	11:00	EU	Trade Balance (s.a.)	Mar	-	19'495
16.05.	14:30	US	Building Permits (m/m)	Apr	0.49	-0.20
16.05.	14:30	US	Housing Starts (y/y)	Apr	7.90	-0.30
16.05.	14:30	US	Building Permits	Apr	1'294.3	1'288.
16.05.	14:30	US	Housing Starts	Apr	1'228.9	1'139.
16.05.	14:30	US	Philly Fed survey	May	-	8.50
16.05.	14:30	US	Initial Jobless Claims (thousands)	05.	202.	228.00
17.05.	08:00	-	EU 27 Car Registrations	Apr	-	-3.90

Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	62.42	33.01
Oil Future Brent (USD)	72.22	31.88
Gold-ounce (USD)	1'296.81	1.12
Silver-ounce (USD)	14.80	-4.51
Platinum (USD)	845.65	6.28
Palladium (USD)	1'338.69	6.10
JOC Industrial Metals Index	-	-
S&P GSCI Index Spot Indx	439.63	17.44
Rogers Int. Commodity Index	2'375.83	8.28
BBG Commodity Index	79.89	4.13
Rogers Agriculture TR Index	708.91	-6.44

Topics LGT looks at

Topics	Description	Publication Type	Published
Markets frustrated with trade conflict	In this market news we are highlighting the latest developments in the ongoing trade war.	Market News	14.05.2019
Short-term escalation in trade conflict	US President Trump increased pressure on China and threatens to impose further tariffs on Chinese goods. Chinese equity markets and cyclical, China-trade-related European stocks under pressure.	Market News	06.05.2019
USD Top 30 Bonds	Our selection comprises 30 high quality USD bonds with a minimum rating of A-/A3.	Investment Idea	03.05.2019
Asset Allocation PBE	In our monthly publication, we are presenting our asset allocation for the current month.	Asset Allocation Private Banking Europe	02.05.2019
LGT Dividend Selection Europe and Switzerland	We present our approach and the current selection of attractive European and Swiss dividend stocks.	Investment Idea	10.04.2019

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