



Risk-off mode of face-to-face geopolitical risks

International capital markets continued to focus on the escalation of the North Korean conflict and caused investors to act cautiously and restraint. The fragile situation could last for a while given a lack of new impetus. At the same time, the investment environment remains relatively good due to a confident outlook for the global economy, said the Munich-based economic research institute Ifo yesterday. Even if the optimistic expectations for the coming months have been reduced, the institute is assuming a continued positive economic environment, and expects the recovery in the global economy to continue in the second half of this year, but at a somewhat slower pace. While the outlook for the euro zone has improved, Brexit fears have led to a significant deterioration in the UK. The Ifo Institute surveyed 1,123 experts from 121 countries in July.

Equity – Prudential exceeds market expectations

Prudential has grown its operating profit for H1 by +15% to GBP 2'359m, exceeding market expectations. The company benefitted from strong operating performance in all regions (Asia, US, UK) and a weakening of the British pound. Management increased the interim dividend by 15% to GBP 0.145 and confirmed the exploring of options for a partial sale of its UK annuity book. **Ascom** has started a partnership with Dräger, a manufacturer of medical and safety technology. The joint solution is to provide position-independent alarms. **Rio Tinto** said it made „breakthrough steps“ in processing technology for lithium, for which the company is seeking patent protection. This processes could help to develop the European battery market for electric vehicles. With the Jadar Lithium project in Serbia, Rio could own one of the top three lithium sources of the future. The final investment decision on Jadar's construction and exploration is expected for 2020.

Commodities – Seasonal adjustments cause rising steel prices

March announcement of Chinese authorities' announcement, stating that steel capacity will be cut by 50m metric tons this year in efforts to fight pollution and bring back market into balance, finally appears to have investors' attention. Market participants appear to have started taking the changed market dynamics into consideration. Steel prices have been on the rise recently and with it the price of the raw material. Iron ore prices rebounded from mid-June lows to today's USD mid-70 levels per ton. The volatility in the iron ore and steel prices certainly puts China in a challenging position as the government is trying to regain economic strength and at the same time bring market into balance, focus on environmental issues and market stability.

| Equity Indices | Current | YTD (%) |
|----------------|-----------|---------|
| MSCI World | 1'940.28 | 10.80 |
| Dow Jones | 21'844.01 | 10.53 |
| S&P 500 | 2'438.21 | 8.91 |
| Nasdaq 100 | 5'788.19 | 19.01 |
| Nikkei 225 | 19'729.74 | 3.22 |
| SMI | 8'949.86 | 8.88 |
| SLI | 1'426.20 | 9.90 |
| Euro Stoxx 50 | 3'433.54 | 4.35 |
| Euro Stoxx 600 | 376.05 | 4.05 |
| DAX | 12'014.30 | 4.64 |
| MSCI UK | 2'149.36 | 3.46 |

| EM and Alternative Indices | Current | YTD (%) |
|----------------------------|-----------|---------|
| MSCI Emerging Markets | 1'056.21 | 22.49 |
| MSCI EM Asia | 530.39 | 26.60 |
| MSCI EM Eastern Europe | 147.67 | 0.64 |
| MSCI EM Latin America | 2'754.92 | 17.70 |
| Brazil IBOVESPA | 66'992.09 | 11.23 |
| Russian Depository Index | 1'152.63 | -20.10 |
| NIFTY Index | 9'746.65 | 19.07 |
| Hang Seng Index | 26'963.33 | 22.56 |
| HFRI Global HF Index | 1'241.22 | 3.14 |
| LPX50 Listed PE TR (EUR) | 2'131.06 | 7.29 |
| BBG NA REITS | 281.46 | 2.45 |

| Fixed Income | Current | YTD (Δ) |
|------------------------------|---------|---------|
| US Treasury Bonds 10Y (USD) | 2.20 | -0.24 |
| German Bund 10Y (EUR) | 0.41 | 0.20 |
| Swiss Government 10Y (CHF) | -0.14 | 0.05 |
| United Kingdom 10Y (GBP) | 1.08 | -0.16 |
| Japan 10Y (JPY) | 0.06 | 0.02 |
| Fed Funds Rate | 1.00 | 0.50 |
| ECB Main Refinancing Rate | 0.00 | 0.00 |
| 3 month LIBOR (CHF) | -0.75 | 0.00 |
| Global IG Corporate Spread | 1.07 | -0.18 |
| Global HY Corporate Spread | 3.57 | -0.52 |
| EM Hard Currency Gov. Spread | 2.54 | -0.34 |

Earnings calendar

| Date | Ctry | Company | Period | Cons quarterly EPS |
|--------|------|-----------------------------|--------|--------------------|
| 14.08. | CH | ACTELION LTD-REG | S1 | - |
| 15.08. | US | HOME DEPOT INC | Q2 | 2.21 |
| 15.08. | CH | SCHINDLER HOLDING-PART CERT | S1 | 2.10 |
| 16.08. | US | CISCO SYSTEMS INC | Q4 | 0.61 |
| 16.08. | CH | SWISS LIFE HOLDING AG-REG | S1 | - |
| 17.08. | CH | GEBERIT AG-REG | S1 | 4.11 |
| 17.08. | CH | SWISSCOM AG-REG | Q2 | 7.20 |
| 17.08. | US | WAL-MART STORES INC | Q2 | 1.07 |
| 18.08. | US | DEERE & CO | Q3 | 1.91 |
| 22.08. | AU | BHP BILLITON PLC | Y | 0.53 |
| 22.08. | IE | MEDTRONIC PLC | Q1 | 1.08 |

Forex

| | Current | YTD (%) |
|---------|---------|---------|
| EUR/USD | 1.1765 | 11.87 |
| EUR/CHF | 1.1318 | 5.57 |
| USD/CHF | 0.9621 | -5.58 |
| GBP/CHF | 1.2490 | -0.73 |
| GBP/USD | 1.2983 | 5.21 |
| USD/JPY | 109.19 | -6.64 |
| USD/HKD | 7.8177 | 0.80 |
| USD/SGD | 1.3634 | -5.76 |
| USD/CNY | 6.6706 | -3.95 |
| EUR/NOK | 9.3677 | 3.08 |
| EUR/SEK | 9.5797 | 0.05 |

Economic data calendar

| Date | CET | Ctry | Indicator | Period | Cons | Prev. |
|--------|-------|------|-------------------------------------|--------|-------|-------|
| 11.08. | 08:00 | DE | EU harmonized Consumer Prices (y/y) | Jul F | 1.49 | 1.50 |
| 11.08. | 08:45 | FR | EU Harmonised Consumer Prices (y/y) | Jul F | 0.80 | 0.80 |
| 11.08. | 09:00 | ES | EU-harm. Consumer Prices (y/y) | Jul F | 1.70 | 1.70 |
| 11.08. | 10:00 | IT | EU harm. Consumer Prices (y/y) | Jul F | 1.20 | 1.20 |
| 11.08. | 14:30 | US | Consumer Prices (m/m) | Jul | 0.16 | 0.00 |
| 11.08. | 14:30 | US | Core Consumer Prices (y/y) | Jul | 1.74 | 1.70 |
| 11.08. | 14:30 | US | Consumer Prices (y/y) | Jul | 1.78 | 1.60 |
| 11.08. | 14:30 | US | Core Consumer Prices (m/m) | Jul | 0.17 | 0.10 |
| 14.08. | 04:00 | CN | Retail Sales (y/y) | Jul | 10.81 | 11.00 |
| 14.08. | 11:00 | EU | Industrial Production (y/y) | Jun | 2.89 | 4.00 |
| 15.08. | 08:00 | DE | GDP (q/q) | 2Q P | 0.70 | 0.60 |

Commodities

| | Current | YTD (%) |
|-----------------------------|----------|---------|
| Oil Future Nymex WTI (USD) | 48.27 | -15.30 |
| Oil Future Brent (USD) | 51.58 | -12.29 |
| Gold-ounce (USD) | 1'285.11 | 11.99 |
| Silver-ounce (USD) | 17.05 | 7.04 |
| Platinum (USD) | 980.17 | 8.53 |
| Palladium (USD) | 900.38 | 32.22 |
| JOC Industrial Metals Index | 114.31 | 12.28 |
| S&P GSCI Index Spot Indx | 381.93 | -4.09 |
| Rogers Int. Commodity Index | 2'211.12 | -4.01 |
| BBG Commodity Index | 83.36 | -4.75 |
| Rogers Agriculture TR Index | 817.26 | -2.82 |

Topics LGT looks at

| Topics | Description | Publication Type | Published |
|---|---|---|------------|
| What is currently driving the EUR, USD and CHF? | In this Market News our foreign exchange analyst gives his assessment of current moves in the FX markets with a focus on Euro, US dollar, and the Swiss franc. | Market News | 03.08.2017 |
| Food & Beverage | The food and beverage industry's defensive characteristics make it the obvious choice for conservative investors. | Investment Idea | 26.07.2017 |
| Autosector under pressure | In this publication we are assessing the impact of allegations on possible illicit collusions of German automobile manufacturers and present our preference on a sector level. | Investment Idea | 24.07.2017 |
| LGT Equity Top Picks Update | In our quarterly update we are reviewing the previous quarter and present our new selection of the LGT Equity Top Picks for the third quarter 2017. | Investment Idea | 13.07.2017 |
| Monthly Asset Allocation Private Banking Europe | Major central banks change their rhetoric as hawks have gained momentum, indicating a more restrictive monetary bias. For the upcoming earnings season corporate outlook for the second half 2017 will be in the spotlight. | Asset Allocation Private Banking Europe | 12.07.2017 |

For further information, please contact your LGT relationship manager.

Risk Disclosure (Disclaimer)

This publication is for your information only and is not intended as an offer, solicitation of an offer, or public advertisement to buy or sell any investment or other specific product. Its content has been prepared by our staff and is based on sources of information we consider to be reliable. However, we cannot provide any confirmation or guarantee as to its being correct, complete and up to date. The circumstances and principles to which the information contained in this publication relates may change at any time. Information that has been published should therefore not be understood as implying that no change has taken place since its publication or that it is still up to date. The information in this publication does not constitute an aid for decision-making in relation to financial, legal, tax-related or other consulting matters, nor should any investment decisions or other decisions be made on the basis of this information alone. It is recommended that advice be obtained from a qualified expert. Investors should be aware that the value of investments can fall as well as rise. Positive performance in the past is therefore no guarantee of positive performance in the future. Investments in foreign currencies are also subject to fluctuations in exchange rates. We disclaim all liability for any loss or damage of any kind, whether direct, indirect or consequential, which may be incurred through the use of this publication. This publication is not intended for persons subject to legislation that prohibits its distribution or makes its distribution contingent upon an approval. Any person coming into possession of this publication shall therefore be obliged to find out about any restrictions that may apply and to comply with them. In line with internal guidelines, persons responsible for compiling this report are free to buy hold and sell the securities referred to in this report.

Impressum

Published by: LGT Bank (Switzerland) Ltd., Glärnischstrasse 36, CH-8027 Zuerich

Editorial: Alessandro Fezzi, +41 44 250 78 59, email: lgt.navigatore@lgt.com

Authors Equities: Georg Ruzicka, Dr. Tilman Dumrese, Simon Weiss, CFA, Chris Burger, CFA

Authors Fixed Income, Commodities & Currencies: Maurice Jiszda, Sandro Zwyssig, CFA, Dominik Garcia, Dr. Wolfgang von Hessling

Sources: Bloomberg, LGT Bank (Switzerland) Ltd.