



Investors await US earnings and economic data

After the rally in many stock market indices at the beginning of the year had been slowed down by rising US yields in the middle of the week, investors are now awaiting the kick off to the corporate earnings season, as well as new economic evidence in form of US retail sales and inflation data. The European Central Bank (ECB) intends to discuss a change in its outlook and forward guidance in the near future in light of improved inflationary prospects and a continued economic growth trend, as the minutes of the last monetary policy meeting of December 14 showed. The ECB will focus more on key interest rates and less on already reduced bond purchases. The central bank will slowly adjust its communication to avoid sudden and unjustified changes in the financial environment. Growth data from Germany proved the strength of the European economy. In 2017, German GDP rose +2.2% – the fastest growth in six years.

Equities – US bank earnings results in focus

JPMorgan and **Wells Fargo** will open the results season for major US banks today. Investors will focus on the future impact of the new tax regime and what this means for the ability to pay dividends. Swiss bakery group **Aryzta** has appointed Dave Johnson as its new North American CEO and John Hefferman as Chief Strategy Officer. Johnson recently worked for **Barry Callebaut** as US CEO. British pharmaceutical company **AstraZeneca** received EU approval for its asthma drug "Fasenra" yesterday afternoon. The drug is intended for the use in patients who do not respond sufficiently to certain other treatments. The drug has already been approved in the USA. The British-Australian mining group **Rio Tinto** decided not to proceed with an offer for a stake in Soc. Quimica & Minera de Chile, one of the world's top lithium producers, as it pursues other ways to capitalize on the electric-car boom.

Fixed Income – US debt-limit countdown

Previous battles over the federal debt limit have seen distortions emerge in the short end of the yield curve around so-called drop-dead dates, when the Treasury Department looked set to run out of accounting options and exhaust its borrowing capacity. Without congressional action, the government will once again butt up against the limit of its extraordinary measures, probably as early as March. A Congressional Budget Office analysis released on November 30 projected that the US Treasury could continue borrowing without having to lift the debt ceiling until late March or early April. But with uncertainties ranging from the impact of new tax laws to refunding plans, the estimated timespan could be shorter. The coming weeks and months will provide clues as to when the final deadline might be, however, it is still a moving target.

Equity Indices	Current	YTD (%)
MSCI World	2'171.78	3.25
Dow Jones	25'574.73	3.46
S&P 500	2'767.56	3.51
Nasdaq 100	6'708.49	4.88
Nikkei 225	23'653.82	3.90
SMI	9'503.85	1.30
SLI	1'551.96	2.24
Euro Stoxx 50	3'595.24	2.61
Euro Stoxx 600	397.25	2.07
DAX	13'202.90	2.21
MSCI UK	2'250.14	0.99

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'197.01	3.33
MSCI EM Asia	606.92	3.42
MSCI EM Eastern Europe	176.32	6.48
MSCI EM Latin America	2'961.95	4.73
Brazil IBOVESPA	79'365.44	3.88
Russian Depository Index	1'409.38	9.76
NIFTY Index	10'659.05	1.22
Hang Seng Index	31'334.10	4.73
HFRI Global HF Index	1'292.35	1.31
LPX50 Listed PE TR (EUR)	2'258.78	3.26
BBG NA REITS	274.49	-4.30

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.55	0.14
German Bund 10Y (EUR)	0.58	0.15
Swiss Government 10Y (CHF)	0.01	0.16
United Kingdom 10Y (GBP)	1.31	0.12
Japan 10Y (JPY)	0.08	0.03
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	3.13	-0.20
EM Hard Currency Gov. Spread	2.08	-0.07

Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
12.01.	US	JPMORGAN CHASE & CO	Q4	1.69
16.01.	US	CITIGROUP INC	Q4	1.19
17.01.	US	ALCOA CORP	Q4	1.25
17.01.	NL	ASML HOLDING NV	Y	1.10
17.01.	US	BANK OF AMERICA CORP	Q4	0.44
17.01.	US	GOLDMAN SACHS GROUP INC	Q4	4.90
18.01.	US	AMERICAN EXPRESS CO	Q4	1.54
18.01.	US	INTL BUSINESS MACHINES CORP	Q4	5.16
19.01.	US	SCHLUMBERGER LTD	Q4	0.45
22.01.	CH	UBS GROUP AG-REG	Y	0.30
23.01.	US	JOHNSON & JOHNSON	Q4	1.72

Forex

	Current	YTD (%)
EUR/USD	1.2048	0.36
EUR/CHF	1.1761	0.49
USD/CHF	0.9762	0.20
GBP/CHF	1.3219	0.38
GBP/USD	1.3541	0.21
USD/JPY	111.31	-1.22
USD/HKD	7.8229	0.11
USD/SGD	1.3284	-0.57
USD/CNY	6.4759	-0.47
EUR/NOK	9.6517	-1.95
EUR/SEK	9.7893	-0.46

Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
12.01.	04:03	CN	Exports (y/y)	Dec	-	10.90
12.01.	04:03	CN	Imports (y/y)	Dec	-	4.50
12.01.	08:45	FR	EU Harmonised Consumer Prices (y/y)	Dec F	-	1.30
12.01.	09:00	ES	EU-harm. Consumer Prices (y/y)	Dec F	-	1.30
12.01.	10:00	IT	Industrial Production (y/y)	Nov	-	3.10
12.01.	14:30	US	Consumer Prices (m/m)	Dec	-	0.40
12.01.	14:30	US	Core Consumer Prices (y/y)	Dec	-	1.70
12.01.	14:30	US	Consumer Prices (y/y)	Dec	-	2.20
12.01.	14:30	US	Core Consumer Prices (m/m)	Dec	-	0.10
12.01.	14:30	US	Retail Sales (m/m)	Dec	-	0.80
15.01.	11:00	EU	Trade Balance (s.a.)	Nov	-	19'037

Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	63.41	4.95
Oil Future Brent (USD)	69.11	3.35
Gold-ounce (USD)	1'328.89	2.00
Silver-ounce (USD)	17.13	1.12
Platinum (USD)	990.83	6.74
Palladium (USD)	1'091.45	2.63
JOC Industrial Metals Index	125.97	3.14
S&P GSCI Index Spot Indx	451.22	1.99
Rogers Int. Commodity Index	2'455.30	1.63
BBG Commodity Index	88.50	0.37
Rogers Agriculture TR Index	809.42	0.44

Topics LGT looks at

Topics	Description	Publication Type	Published
Outlook 2018: Late vintage	For 2018, we expect a late vintage in capital markets. The positive macro-economic environment remains intact, while investors' risk appetite is increasing.	Investment Idea	10.01.2018
Asset Allocation PBE January	In our monthly publication we are presenting our asset allocation for the current month.	Asset Allocation Private Banking Europe	12.12.2017
LGT Dividend Selection Europe	The LGT Dividend Selection offers attractive dividend investments in a continued low-interest environment. Our selection contains ten European names (excl. Switzerland) which we regard as long-term attractive dividend stories.	Investment Idea	13.12.2017
Commodities offer an attractive diversifying opportunity	In this investment idea our fixed income analysts highlight the aspects of commodities as an attractive diversifying opportunity.	Investment Idea	30.11.2017
LGT Dividend Selection Switzerland	The LGT Dividend Selection offers attractive dividend investments in a continued low-interest environment. Our selection contains ten Swiss names which we regard as long-term attractive dividend stories.	Investment Idea:	29.11.2017

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