



## Focus on US Federal Reserve meeting today

At their historic summit yesterday, US President Donald Trump and North Korean leader Kim Jong Un agreed on complete nuclear disarmament. Consequently, US stock indexes finished higher amid below-average volume, yields on 10-year Treasuries climbed, while the US dollar gained and the euro fell. Safe-haven assets including the yen and gold edged lower. On today's US Federal Reserve (Fed) meeting one of the key question could be about whether the labor market is running too hot. Moreover, a rate increase is expected, considering also yesterday's US inflation figures (in line with estimates) which may reignite the four-hikes-in-2018 debate. US consumer prices rose by +0.2% compared to the previous month, resulting in an annual inflation increase of +2.8% (previous month: +2.5%). The Fed is aiming for an inflation rate of around 2%. The European Central Bank will convene tomorrow, the Bank of Japan on Friday.

## Equities – AT&T wins the antitrust ruling

**AT&T** can see through its takeover of Time Warner for USD 85bn after winning the antitrust ruling with no conditions. The company views this as an important step for its evolution towards a media powerhouse serving around 119 million mobile, internet and video customers. **Coca-Cola** reaffirmed its previously announced FY 2018 guidance including organic revenue growth of +4% and comparable EPS from continuing operations growth of +8% to +10%. It updated its currency outlook and now sees both Q2 2018 and FY 2018 currency headwinds to revenues between 0% and 1%. **McDonald's** has adjusted its structures in the USA and expects costs of up to USD 90m to be booked in Q2. The adjustments are part of the cost-saving program, which is expected to save USD 500m in 2019.

## Fixed Income – Stronger inflation an issue for Indian banks

The Indian central bank could further tighten the monetary policy, thereby adversely affecting bond investors as inflation picked up for a second month in a row. In May, the reading was the highest since January at 4.87%, close to the estimated levels. Main driver behind the high reading were rising food prices as well as fuel prices. Impact from higher oil prices on inflation is expected to be in the range of 30 bp with oil prices hovering around USD 78 per barrel according to the RBI. With a headline inflation target of 4% in the medium term, pressure on the central bank is rising. Returns for bond investors have been poor so far and recent data is certainly not assuring. Still, with yields now above 8% for the country's benchmark 10-year bonds, larger investors have not yet returned to the market. At the same time, the bond portfolios of Indian banks are sensitive to rising interest rates according to Moody's Investors Service.

Equity Indices	Current	YTD (%)
MSCI World	2'145.36	1.99
Dow Jones	25'320.73	2.43
S&P 500	2'786.85	4.24
Nasdaq 100	7'209.18	12.71
Nikkei 225	22'969.28	0.90
SMI	8'640.80	-7.90
SLI	1'448.54	-4.57
Euro Stoxx 50	3'475.58	-0.81
Euro Stoxx 600	387.53	-0.42
DAX	12'842.30	-0.58
MSCI UK	2'224.04	-0.18

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'140.64	-1.54
MSCI EM Asia	597.38	1.80
MSCI EM Eastern Europe	158.19	-4.47
MSCI EM Latin America	2'503.20	-11.49
Brazil IBOVESPA	72'754.13	-4.77
Russian Depository Index	1'311.48	2.14
NIFTY Index	10'868.40	3.21
Hang Seng Index	30'907.60	3.30
HFRI Global HF Index	1'273.39	-0.17
LPX50 Listed PE TR (EUR)	2'271.12	3.83
BBG NA REITS	279.06	-2.71

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.97	0.56
German Bund 10Y (EUR)	0.49	0.06
Swiss Government 10Y (CHF)	0.05	0.20
United Kingdom 10Y (GBP)	1.40	0.21
Japan 10Y (JPY)	0.05	0.00
Fed Funds Rate	1.50	0.25
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	1.17	0.23
Global HY Corporate Spread	3.52	0.19
EM Hard Currency Gov. Spread	2.73	0.57

## Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
19.06.	US	ORACLE CORP	Q4	0.94
21.06.	US	KROGER CO	Q1	0.63
28.06.	US	NIKE INC -CL B	Q4	0.64
13.07.	US	CITIGROUP INC	Q2	1.58
13.07.	US	JPMORGAN CHASE & CO	Q2	2.23
16.07.	US	BANK OF AMERICA CORP	Q2	0.63
17.07.	US	GOLDMAN SACHS GROUP INC	Q2	4.58
17.07.	US	JOHNSON & JOHNSON	Q2	2.07
18.07.	US	ALCOA CORP	Q2	1.48
18.07.	NL	ASML HOLDING NV	Q2	1.23
18.07.	US	AMERICAN EXPRESS CO	Q2	1.81

## Forex

	Current	YTD (%)
EUR/USD	1.1750	-2.12
EUR/CHF	1.1601	-0.87
USD/CHF	0.9873	1.33
GBP/CHF	1.3199	0.24
GBP/USD	1.3368	-1.07
USD/JPY	110.59	-1.86
USD/HKD	7.8482	0.44
USD/SGD	1.3367	0.05
USD/CNY	6.4042	-1.58
EUR/NOK	9.4500	-4.00
EUR/SEK	10.1483	3.19

## Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
13.06.	09:00	ES	EU harm. Consumer Prices (m/m)	May F	0.91	0.90
13.06.	09:00	ES	EU-harm. Consumer Prices (y/y)	May F	2.10	2.10
13.06.	10:30	GB	Core Consumer Prices (y/y)	May	2.10	2.10
13.06.	10:30	GB	PPI Input Prices (m/m)	May	1.70	0.40
13.06.	10:30	GB	PPI Input (y/y)	May	7.40	5.30
13.06.	10:30	GB	PPI Output (m/m)	May	0.53	0.30
13.06.	10:30	GB	PPI Output (y/y)	May	2.85	2.70
13.06.	10:30	GB	EU-harm. Consumer Prices (m/m)	May	0.40	0.40
13.06.	10:30	GB	EU-harm. Consumer Prices (y/y)	May	2.50	2.40
13.06.	11:00	EU	Industrial Production (y/y)	Apr	2.60	3.00
13.06.	11:00	EU	Industrial Production (m/m)	Apr	-0.55	0.50

## Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	66.00	10.44
Oil Future Brent (USD)	75.63	16.14
Gold-ounce (USD)	1'295.55	-0.56
Silver-ounce (USD)	16.83	-0.61
Platinum (USD)	896.82	-3.39
Palladium (USD)	1'022.35	-3.87
JOC Industrial Metals Index	129.90	6.35
S&P GSCI Index Spot Indx	476.47	7.69
Rogers Int. Commodity Index	2'570.52	6.40
BBG Commodity Index	89.63	1.66
Rogers Agriculture TR Index	842.83	4.59

## Topics LGT looks at

Topics	Description	Publication Type	Published
E-Mobility	On the occasion of the Formula E race in Zurich, we are focusing on e-mobility equities.	Investment Idea	06.06.2018
Technology equities	We take a look at global tech and highlight our favorite tech stocks.	Investment Idea	30.05.2018
FX Strategy	In this publication, our foreign-exchange strategist presents his view on current developments in currency markets and introduces his trading recommendations.	Investment Idea	28.05.2018
Swiss Pharma	An assessment of the new figures of Roche and Novartis.	Market News	26.04.2018
The best of both worlds	We are convinced that sustainability analysis is an important expansion of equity valuation.	Investment Idea	25.04.2018

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#### Impressum

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