



## Trump sets the tone

The escalating trade dispute between the US and China and Trump's un-diplomatic appearance at the NATO summit in Brussels led to a return of risk aversion and falling prices on the European and American stock markets. In Asia, the weaker yen pushed the trade dispute into the background. With the US government's newly announced punitive tariffs of 10% on Chinese goods worth USD 20bn, half of all imports from China would now be subject to special duties. US tariffs could enter into force at the end of August. China's government announced necessary counter-measures in case of entry into force. In addition to these political news, the latest US inflation data are eagerly awaited today, after producer prices rose more sharply in June than they have since 2011. Meanwhile, US producer prices rose year-on-year by +3.4%. Producer prices partly flow into consumer prices at a later stage.

## Equities – Burberry shares under pressure despite strong sales

British luxury goods maker **Burberry** increased its Q1 sales by +3% on a comparable basis, thus meeting the consensus. Nevertheless, the stock slumped -4%, as some investors had speculated on a better result. Logistics specialist **Kuehne + Nagel** will start operating a logistics hub in Santiago de Chile specializing in the pharmaceutical and healthcare industries in August. **Roche** has filed for approval of its new blood cancer drug "Venclasta" in another indication. **BMW** has increased its share in the joint venture with Chinese car maker Brilliance to 75%. **Peugeot** increased vehicle sales in H1 by +38% thanks to strong business in Europe. Equator's highest court has upheld a USD 9.5bn judgement against **Chevron** for decades of rainforest damage. However, since Chevron no longer has operational assets in Ecuador, the enforcement may be difficult. **Barrick Gold** has reduced its outlook for copper mining by just under 10% in 2018.

## Fixed Income – China coal firm with bonds yielding over 300%

International investors have long fretted over the inflated credit scores Chinese domestic rating firms assign to local bonds. This latest example shows their worry may be well justified. Yields on coal producer Zhongrong Xinda's yuan bond maturing in August surged to 335% on Wednesday amid concern defaults by its shareholder and business partner Wintime Energy will hurt the company's operations. Yet United Ratings still has an AAA score on Zhongrong Xinda and many of its bonds including the one due next month. In China, bond buyers are already moving faster than ratings firms in reassessing some borrowers' credit quality. Some investment-grade bonds now trade as if they were junk bonds.

Equity Indices	Current	YTD (%)
MSCI World	2'117.30	0.66
Dow Jones	24'700.45	-0.08
S&P 500	2'774.02	3.76
Nasdaq 100	7'243.98	13.25
Nikkei 225	22'199.22	-2.49
SMI	8'682.93	-7.45
SLI	1'435.10	-5.46
Euro Stoxx 50	3'422.35	-2.33
Euro Stoxx 600	381.40	-2.00
DAX	12'417.13	-3.87
MSCI UK	2'193.41	-1.55

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'064.72	-8.09
MSCI EM Asia	544.54	-7.21
MSCI EM Eastern Europe	161.08	-2.72
MSCI EM Latin America	2'547.41	-9.93
Brazil IBOVESPA	74'398.55	-2.62
Russian Depository Index	1'387.65	8.07
NIFTY Index	11'047.20	4.90
Hang Seng Index	28'581.59	-4.47
HFRX Global HF Index	1'275.22	-0.03
LPX50 Listed PE TR (EUR)	2'332.22	6.62
BBG NA REITS	285.94	-0.31

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.86	0.45
German Bund 10Y (EUR)	0.37	-0.06
Swiss Government 10Y (CHF)	-0.05	0.10
United Kingdom 10Y (GBP)	1.29	0.10
Japan 10Y (JPY)	0.04	-0.01
Fed Funds Rate	1.75	0.50
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	1.21	0.27
Global HY Corporate Spread	3.77	0.43
EM Hard Currency Gov. Spread	2.81	0.66

## Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
13.07.	US	CITIGROUP INC	Q2	1.56
13.07.	US	JPMORGAN CHASE & CO	Q2	2.22
16.07.	US	BANK OF AMERICA CORP	Q2	0.57
17.07.	US	GOLDMAN SACHS GROUP INC	Q2	4.64
17.07.	US	JOHNSON & JOHNSON	Q2	2.06
18.07.	US	ALCOA CORP	Q2	1.33
18.07.	NL	ASML HOLDING NV	Q2	1.22
18.07.	US	AMERICAN EXPRESS CO	Q2	1.82
18.07.	CH	FISCHER (GEORG)-REG	S1	-
18.07.	US	INTL BUSINESS MACHINES CORP	Q2	3.04
18.07.	CH	NOVARTIS AG-REG	Q2	1.30

Forex	Current	YTD (%)
EUR/USD	1.1676	-2.74
EUR/CHF	1.1630	-0.62
USD/CHF	0.9960	2.23
GBP/CHF	1.3146	-0.17
GBP/USD	1.3198	-2.33
USD/JPY	112.30	-0.35
USD/HKD	7.8489	0.45
USD/SGD	1.3626	1.99
USD/CNY	6.6923	2.85
EUR/NOK	9.4590	-3.90
EUR/SEK	10.2846	4.58

## Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
12.07.	08:00	DE	EU harmonized Consumer Prices (y/y)	Jun F	2.10	2.10
12.07.	08:45	FR	EU Harmonised Consumer Prices (y/y)	Jun F	2.40	2.40
12.07.	11:00	EU	Industrial Production (y/y)	May	2.25	1.70
12.07.	14:30	US	Core Consumer Prices (y/y)	Jun	2.28	2.20
12.07.	14:30	US	Consumer Prices (y/y)	Jun	2.87	2.80
12.07.	14:30	US	Initial Jobless Claims (thousands)	07. Jul	225.	231.00
13.07.	09:00	ES	EU-harm. Consumer Prices (y/y)	Jun F	2.30	2.30
13.07.	14:30	US	Import Price Index (y/y)	Jun	4.55	4.30
13.07.	16:00	US	Uni Michigan Consumer Confidence	Jul P	98.21	98.20
13.07.	-	CN	Exports (y/y)	Jun	9.87	12.60
13.07.	-	CN	Imports (y/y)	Jun	20.37	26.00

Commodities	Current	YTD (%)
Oil Future Nymex WTI (USD)	70.85	19.24
Oil Future Brent (USD)	74.69	15.33
Gold-ounce (USD)	1'243.06	-4.59
Silver-ounce (USD)	15.82	-6.59
Platinum (USD)	831.68	-10.40
Palladium (USD)	940.91	-11.53
JOC Industrial Metals Index	119.90	-1.83
S&P GSCI Index Spot Indx	459.38	3.83
Rogers Int. Commodity Index	2'448.64	1.36
BBG Commodity Index	84.07	-4.65
Rogers Agriculture TR Index	777.49	-3.52

## Topics LGT looks at

Topics	Description	Publication Type	Published
LGT Equity Top Picks	In our quarterly update, we discuss the performance of our Top Picks equity selection and look at each stock individually.	Investment Idea	04.07.2018
Mid-year Outlook	How will the financial markets develop in the second half of 2018 and what are the consequences for private investors? The "Mid-Year Outlook 2018" answers the most important questions regarding financial markets and investments and presents selected investment instruments and specific investment recommendations.	Investment Idea	27.06.2018
General Electric presents strategic update	Our equity analyst assesses General Electric's latest strategic update.	Market News	27.06.2018
Renault: Initiation of coverage	We have added Renault to our equity universe.	Investment Idea	14.06.2018
E-Mobility	On the occasion of the Formula E race in Zurich, we are focusing on e-mobility equities.	Investment Idea	06.06.2018

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Editorial: Alessandro Fezzi, +41 44 250 78 59, E-Mail: lgt.navigators@lgt.com

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

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

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