



## ECB communicates faster end to bond purchases

As expected, the European Central Bank (ECB) left its key interest rates unchanged. However, central bank president Mario Draghi announced that the ECB will reduce the pace of its multi-billion bond purchases to EUR 15bn (instead of EUR 30bn) per month as early as October. The end of the purchasing program is still planned for December 2018 and a turn towards higher interest rates is not expected until autumn 2019 at the earliest. At the same time, the Turkish central bank is stemming the collapse of the lira and President Erdogan, who put again massive pressure on the central bank shortly prior to its decision of a drastic rate hike (more in today's currency commentary). The Bank of England kept its key interest rate unchanged at +0.75%, but was somewhat more optimistic in its economic outlook. In the US, inflationary pressure remained subdued in August and the annual inflation rate fell from +2.9% in the previous month to +2.7%.

## Equities – JPMorgan expects lower trading revenue

**JPMorgan** said Q3 trading revenue will decline about mid-single digits from the same period a year earlier. Prospects for several of the bank's other businesses look brighter. Net interest income, loan growth and fees from investment banking will be better than the company previously expected, according to CFO Marianne Lake. **Kroger** Q2 results met estimates. Sales were USD 27.87bn (consensus USD 28.06bn), while adjusted EPS reached USD 0.41 (USD 0.38). Identical-store sales growth excluding fuel was +1.6% in Q2 (+1.8%). The retailer confirmed its full-year profit targets. **Roche** received an indication extension for its arthritis medicine "Actemra". The drug is now also approved for rare forms of arthritis in children and adolescents. **Deutsche Telekom** faces objections from the EU regulator to a planned tie-up with Tele2 Dutch mobile-phone business. The EU is concerned that the deal will ultimately lead to higher prices.

## Currencies – Turkish lira on a wild ride

Investors in Turkish lira (TRY) had to brace yesterday as the currency was tossed back and forth violently by a succession of political and monetary policy headlines. First, President Erdogan commented that he considers Turkish interest rates too high, and that he suspects elevated rates to be a reason for the country's huge inflation of nearly 20% – again defying any traditional economic rationale and intuition. The TRY slumped some -3% as investors were worried that this view would find its way into the Central Bank of Turkey's rate decision that was due just hours later. Consequently, investors proved to be very relieved when the central bank proved to have some form of independence still, and lifted Turkish interest rates by a hefty 625 basis points to 24% some two hours later. This move sent TRY soaring as much as +8.25% from its previous low. Nevertheless, 2018 is still a disaster for TRY investors, however, as the currency lost more than -60% of its value versus the US dollar.

Equity Indices	Current	YTD (%)
MSCI World	2'162.68	2.82
Dow Jones	26'145.99	5.77
S&P 500	2'904.18	8.62
Nasdaq 100	7'561.69	18.22
Nikkei 225	23'048.00	1.24
SMI	8'960.08	-4.50
SLI	1'463.32	-3.60
Euro Stoxx 50	3'333.68	-4.86
Euro Stoxx 600	376.52	-3.25
DAX	12'055.55	-6.67
MSCI UK	2'104.32	-5.55

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'017.64	-12.16
MSCI EM Asia	525.00	-10.54
MSCI EM Eastern Europe	152.63	-7.83
MSCI EM Latin America	2'427.84	-14.15
Brazil IBOVESPA	74'686.67	-2.25
Russian Depository Index	1'267.79	-1.27
NIFTY Index	11'465.80	8.88
Hang Seng Index	27'284.43	-8.81
HFRI Global HF Index	1'258.60	-1.33
LPX50 Listed PE TR (EUR)	2'371.50	8.42
BBG NA REITS	289.68	0.99

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.97	0.56
German Bund 10Y (EUR)	0.42	0.00
Swiss Government 10Y (CHF)	-0.03	0.12
United Kingdom 10Y (GBP)	1.50	0.31
Japan 10Y (JPY)	0.11	0.06
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	1.15	0.21
Global HY Corporate Spread	3.54	0.21
EM Hard Currency Gov. Spread	2.96	0.80

## Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
17.09.	US	ORACLE CORP	Q1	0.68
25.09.	US	NIKE INC -CL B	Q1	0.62
01.10.	CH	ARYZTA AG	Y	-
12.10.	US	CITIGROUP INC	Q3	1.66
12.10.	US	JPMORGAN CHASE & CO	Q3	2.30
15.10.	US	BANK OF AMERICA CORP	Q3	0.63
15.10.	FR	TOTAL SA	Q3	1.53
16.10.	US	GOLDMAN SACHS GROUP INC	Q3	5.57
16.10.	US	INTL BUSINESS MACHINES CORP	Q3	3.41
16.10.	US	JOHNSON & JOHNSON	Q3	2.03
17.10.	US	ALCOA CORP	Q3	0.80

## Forex

	Current	YTD (%)
EUR/USD	1.1691	-2.62
EUR/CHF	1.1285	-3.57
USD/CHF	0.9653	-0.92
GBP/CHF	1.2655	-3.90
GBP/USD	1.3111	-2.97
USD/JPY	111.88	-0.72
USD/HKD	7.8486	0.44
USD/SGD	1.3699	2.54
USD/CNY	6.8545	5.34
EUR/NOK	9.6078	-2.39
EUR/SEK	10.4728	6.49

## Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
14.09.	04:00	CN	Retail Sales (y/y)	Aug	8.83	9.00
14.09.	10:00	IT	EU harm. Consumer Prices (y/y)	Aug F	1.70	1.70
14.09.	11:00	EU	Trade Balance (s.a.)	Jul	16.16	16'717
14.09.	14:30	US	Import Price Index (m/m)	Aug	-0.15	0.00
14.09.	14:30	US	Import Price Index (y/y)	Aug	4.17	4.80
14.09.	14:30	US	Retail Sales (m/m)	Aug	0.39	0.50
14.09.	15:15	US	Capacity Utilization	Aug	78.21	78.05
14.09.	15:15	US	Industrial Production (m/m)	Aug	0.29	0.11
14.09.	16:00	US	Uni Michigan Consumer Confidence	Sep P	96.84	96.20
17.09.	11:00	EU	Core Consumer Prices (y/y)	Aug F	1.00	1.00
17.09.	11:00	EU	Consumer Prices (Final, y/y)	Aug F	2.01	2.00

## Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	68.80	17.17
Oil Future Brent (USD)	78.28	22.27
Gold-ounce (USD)	1'204.81	-7.52
Silver-ounce (USD)	14.24	-15.90
Platinum (USD)	808.35	-12.92
Palladium (USD)	984.38	-7.44
JOC Industrial Metals Index	108.29	-11.34
S&P GSCI Index Spot Indx	464.27	4.94
Rogers Int. Commodity Index	2'445.67	1.23
BBG Commodity Index	82.84	-6.04
Rogers Agriculture TR Index	768.77	-4.60

## Topics LGT looks at

Topics	Description	Publication Type	Published
Asset Allocation PBE	In our monthly publication, we are presenting our asset allocation for the current month.	Asset Allocation Private Banking Europe	12.09.2018
Consumer Staples	This publication presents the sector's six industries and our corresponding single equity favorites.	Investment Idea	05.09.2018
LGT Dividend Selection Switzerland	Our dividend selection comprises ten long-term attractive Swiss dividend stories.	Investment Idea	30.08.2018
LGT Equity Top Picks	In this publication, we are presenting our current Equity Top Picks selection and analyse the recent performance.	Investment Idea	29.08.2018
Forex-Update	Our FX analyst presents his view on the current developments in foreign-exchange markets.	Market News	29.08.2018

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#### Impressum

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