



Fed maintains course for December rate hike

As expected, the US Federal Reserve (Fed) left its key interest rate unchanged, but at the same time signaled its continued willingness to raise interest rates again, probably at the last FOMC meeting this year on 19 December. Meanwhile, the stock markets are showing no clear direction. On the one hand, the US interim elections as a factor of uncertainty have ceased to exist and the positive blue chip quarterly results supported sentiment, new impulses seem to be lacking. At the same time, the EU Commission is less optimistic about the further economic development in the euro area and has slightly revised its forecasts for GDP growth in the euro area downwards (2018: from +2.3% to +2.1% and 2019 from +2.0% to +1.9%) due to increasing trade barriers and weakening emerging markets. ECB President Draghi, on the other hand, said that the upturn in the euro-area economy continued and was broadly based overall.

Equities – Richemont first-half operating profit disappoints

Richemont clearly missed expectations in terms of operating profit in H1. However, net profit rose mainly due to a valuation gain on the Yoox shares. **Allianz** exceeded estimates with an operating profit of EUR 2.99bn, mostly due to a lower than expected loss ratio of 93.1% and strong inflows at asset management. The insurer confirmed its 2018 profit outlook. **Telecom Italia** reported Q3 revenue in line with estimates. The company abandoned its debt target amid fierce competition, an unfavorable regulatory environment and the weakening Brazilian Real. **Disney** reported 4Q revenues of USD 14.31bn and adj. EPS of USD 1.48, beating the highest estimates. **Procter & Gamble** will simplify its corporate structure, a move likely to please activist investor and board member Nelson Peltz. **Unilever, Colgate-Palmolive** and Church & Dwight are considering bidding for Chinese consumer-product company Weimeizi.

Fixed Income – Budget standoff keeps Italian bonds under pressure

The fight between Rome and Brussels over the Italian budget plans continues to intensify. According to the European Commission's latest projections the Italian deficit-to-GDP ratio will exceed the critical Maastricht criteria red line of 3.0% by 2020 on due to outsized spending and only sluggish GDP gains. These projections are at odds with the calculations presented by the Italian government, which expects the ratio to top out around 2.5% in 2019 and then fall below 2.0% until 2021. Italy was quick to rebuff the EU's latest criticism of its budget, accusing it of sloppy and outdated GDP projections. Italian finance minister Giovanni Tria considered the numbers to result from an "inadequate and partial analysis", and accused the EU of ignoring clarifications provided by Italy. Little surprisingly, Italian ten-year government bonds sold off as yields rallied close to ten basis points, while German Bunds were barely unchanged yesterday, lifting the German-Italian yield spread close to 2.95%.

Equity Indices	Current	YTD (%)
MSCI World	2'082.47	-1.00
Dow Jones	26'191.22	5.95
S&P 500	2'806.83	4.98
Nasdaq 100	7'158.59	11.92
Nikkei 225	22'250.25	-2.26
SMI	9'094.90	-3.06
SLI	1'428.55	-5.89
Euro Stoxx 50	3'237.60	-7.60
Euro Stoxx 600	367.08	-5.68
DAX	11'527.32	-10.76
MSCI UK	2'067.32	-7.21

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	993.53	-14.24
MSCI EM Asia	498.40	-15.07
MSCI EM Eastern Europe	160.42	-3.12
MSCI EM Latin America	2'642.91	-6.55
Brazil IBOVESPA	85'620.13	12.07
Russian Depository Index	1'407.55	9.62
NIFTY Index	10'606.15	0.72
Hang Seng Index	25'614.73	-14.39
HFRI Global HF Index	1'227.79	-3.75
LPX50 Listed PE TR (EUR)	2'289.83	4.68
BBG NA REITS	281.79	-1.76

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	3.22	0.82
German Bund 10Y (EUR)	0.46	0.03
Swiss Government 10Y (CHF)	0.03	0.18
United Kingdom 10Y (GBP)	1.57	0.38
Japan 10Y (JPY)	0.12	0.07
Fed Funds Rate	2.00	0.75
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	1.20	0.26
Global HY Corporate Spread	3.73	0.40
EM Hard Currency Gov. Spread	2.78	0.63

Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
13.11.	DE	BAYER AG-REG	Q3	0.98
13.11.	US	HOME DEPOT INC	Q3	2.27
13.11.	DE	STROEER SE & CO KGAA	Q3	-
13.11.	GB	VODAFONE GROUP PLC	S1	-
14.11.	US	CISCO SYSTEMS INC	Q1	0.72
14.11.	DE	E.ON SE	Q3	0.03
14.11.	GB	LINDE PLC	Q3	1.79
14.11.	DE	MERCK KGAA	Q3	1.26
15.11.	DE	HENKEL AG & CO KGAA VORZUG	Q3	1.58
15.11.	US	WALMART INC	Q3	1.01
20.11.	GB	COMPASS GROUP PLC	Y	-

Forex	Current	YTD (%)
EUR/USD	1.1345	-5.50
EUR/CHF	1.1435	-2.29
USD/CHF	1.0079	3.45
GBP/CHF	1.3136	-0.24
GBP/USD	1.3033	-3.55
USD/JPY	113.93	1.10
USD/HKD	7.8277	0.18
USD/SGD	1.3775	3.11
USD/CNY	6.9460	6.75
EUR/NOK	9.5251	-3.23
EUR/SEK	10.2524	4.25

Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
09.11.	02:30	CN	Producer Prices (y/y)	Oct	3.35	3.30
09.11.	02:30	CN	Consumer Prices (y/y)	Oct	2.46	2.50
09.11.	08:45	FR	Industrial Production (y/y)	Sep	0.93	1.60
09.11.	10:30	GB	Industrial Production (y/y)	Sep	0.39	1.30
09.11.	14:30	US	Producer Prices (m/m)	Oct	0.25	0.20
09.11.	14:30	US	Core Producer Prices (m/m)	Oct	0.22	0.20
09.11.	14:30	US	Producer Prices (y/y)	Oct	2.56	2.60
09.11.	14:30	US	Core Producer Prices (y/y)	Oct	2.34	2.50
09.11.	16:00	US	Uni Michigan Consumer Confidence	Nov P	97.93	98.60
12.11.	08:30	FR	BdF Business Sentiment	Oct	-	104.59
12.11.	10:00	IT	Industrial Production (y/y)	Sep	-	-0.80

Commodities	Current	YTD (%)
Oil Future Nymex WTI (USD)	60.63	4.41
Oil Future Brent (USD)	70.77	11.77
Gold-ounce (USD)	1'219.43	-6.40
Silver-ounce (USD)	14.39	-15.06
Platinum (USD)	858.34	-7.53
Palladium (USD)	1'126.33	5.91
JOC Industrial Metals Index	111.30	-8.88
S&P GSCI Index Spot Indx	443.35	0.21
Rogers Int. Commodity Index	2'421.61	0.24
BBG Commodity Index	83.17	-5.66
Rogers Agriculture TR Index	779.49	-3.27

Topics LGT looks at

Topics	Description	Publication Type	Published
Technology Stocks Update	This Market News highlights our favorites in the equity tech sector.	Market News	07.11.2018
Relative shift of power in Washington	Democrats take control of the House of Representatives while Republicans assert majority in Senate. Our baseline scenario has realized. In view of the largely forecast result, initial reactions on the markets remain subdued to positive.	Market News	07.11.2018
Pharma - when patience pays off	In this investment idea, we present our stocks favorites in the pharma sector.	Investment Idea	07.11.2018
Brazil Elections	Polls as well as the market sentiment indicate that Jair Bolsonaro will be winning the runoff elections on October 28.	Market News	25.10.2018
Stocks in autumn depression	Reduced divergence between US equities and the rest of the world as well as increasing economic concerns, interest rate fears and political uncertainties led to a renewed slump in equities, led by Wall Street.	Market News	25.10.2018

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, 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

Sources: Bloomberg, LGT Bank (Switzerland) Ltd.