



Trade conflict weighs on economic expectations

The ongoing and escalating trade dispute between the USA and China is not only creating a tense mood on the stock markets, but is also leading to a gloomy assessment of economic expectations. The analysts and institutional investors surveyed monthly by the Mannheim-based economic research institute ZEW, showed their expectations for the coming half year in May to be 5.2 points down to minus 2.1 points. The barometer thus remains well below its long-term average of plus 22.1 points. The recent escalation of the trade conflict between the United States and China again increases the uncertainty regarding German exports and thus a central factor for the growth of the gross domestic product, commented the ZEW. Meanwhile, the OECD also warned that signals of a slowdown in the global economy have intensified. The monthly Composite Leading Indicator (CLI) fell to its lowest level since 2009.

Equities – LafargeHolcim confirms 2019 targets

LafargeHolcim beat market expectations with its Q1 results. Sales rose to CHF5.96bn, beating the CHF5.87bn estimate. Recurring EBITDA rose by +21% on a like-for-like basis to CHF 809m (consensus CHF 754m). In addition, the company confirmed its targets for 2019 sales and profit growth as well as debt. **UniCredit** and **ING** are examining a possible takeover of **Commerzbank** after talks with **Deutsche Bank** were terminated. **TUI** intends to elect the outgoing **Daimler** CEO Dieter Zetsche to head its Supervisory Board as early as next week after his planned retirement. Zetsche, who has been an ordinary member of the Supervisory Board since last year, is to succeed Klaus Mangold, who had headed the Board since 2011.

Engie Q1 results came in largely in line with estimates. However, weather and low nuclear volumes were negative impacts. The French utility group said that most of the Q1 headwinds should reverse by the end of the year.

Economics – British unemployment falls to a 45-year low

The UK labor market remained strong in the first quarter resulting in an unemployment rate falling to 3.8%, its lowest since 1974. The participation rate set a record high of 76.1%. The continued increase in the number of vacancies indicates further tightening of the labor market. This gives British workers bargaining power as shortages of personnel leave employers struggling to fill jobs. The basic wages grew 3.3%, the fastest pace since 2008 that could leave the Bank of England hiking rates to control inflation. Despite political uncertainty, the BoE has raised interest rates twice since 2016 compared to no hike for the Eurozone. As the newly formed Brexit party gains support ahead of the European elections, cross-party Brexit talks are close to collapse. Furthermore, US-China trade tensions rattle the financial markets pushing the Pound down to its lowest level since April.

Equity Indices	Current	YTD (%)
MSCI World	2'098.76	11.40
Dow Jones	25'532.05	9.45
S&P 500	2'834.41	13.07
Nasdaq 100	7'401.88	16.93
Nikkei 225	21'163.46	5.74
SMI	9'404.08	11.56
SLI	1'461.10	12.74
Euro Stoxx 50	3'364.38	12.09
Euro Stoxx 600	376.34	11.46
DAX	11'991.62	13.57
MSCI UK	2'085.68	7.14

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'014.48	5.04
MSCI EM Asia	512.38	5.56
MSCI EM Eastern Europe	164.60	8.20
MSCI EM Latin America	2'606.37	1.58
Brazil IBOVESPA	92'092.44	4.78
Russian Depository Index	1'534.08	18.37
NIFTY Index	11'274.35	3.79
Hang Seng Index	28'345.87	9.67
HSFX Global HF Index	1'218.68	2.42
LPX50 Listed PE TR (EUR)	2'422.12	22.68
BBG NA REITS	303.81	16.00

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.41	-0.27
German Bund 10Y (EUR)	-0.07	-0.31
Swiss Government 10Y (CHF)	-0.36	-0.11
United Kingdom 10Y (GBP)	1.11	-0.17
Japan 10Y (JPY)	-0.05	-0.05
Fed Funds Rate	2.25	0.00
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	1.22	-0.33
Global HY Corporate Spread	4.11	-1.20
EM Hard Currency Gov. Spread	2.89	-0.41

Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
15.05.	GB	COMPASS GROUP PLC	S1	-
15.05.	US	CISCO SYSTEMS INC	Q3	0.77
16.05.	GB	BURBERRY GROUP PLC	Y	-
16.05.	US	WALMART INC	Q1	1.02
17.05.	CH	CIE FINANCIERE RICHEMONT-REG	Y	1.49
17.05.	US	DEERE & CO	Q2	3.62
20.05.	IT	TELECOM ITALIA SPA	Q1	0.01
21.05.	US	HOME DEPOT INC	Q1	2.18
21.05.	CH	SONOVA HOLDING AG-REG	Y	-
23.05.	IE	MEDTRONIC PLC	Q4	1.47
18.06.	US	ORACLE CORP	Q4	1.08

Forex

	Current	YTD (%)
EUR/USD	1.1212	-2.22
EUR/CHF	1.1309	0.48
USD/CHF	1.0087	2.71
GBP/CHF	1.3026	4.02
GBP/USD	1.2914	1.25
USD/JPY	109.67	-0.02
USD/HKD	7.8495	0.22
USD/SGD	1.3683	0.40
USD/CNY	6.8752	-0.05
EUR/NOK	9.7996	-1.05
EUR/SEK	10.7658	6.04

Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
15.05.	04:00	CN	Retail Sales (y/y)	Apr	8.60	7.20
15.05.	08:00	DE	GDP (q/q)	1Q P	0.37	0.00
15.05.	08:45	FR	EU Harmonised Consumer Prices (y/y)	Apr F	1.40	1.40
15.05.	10:00	IT	Industrial Orders (y/y)	Mar	-	-2.90
15.05.	11:00	EU	GDP (q/q)	1Q P	0.40	0.40
15.05.	14:30	US	NY Fed Empire State Manufacturing	May	8.22	10.10
15.05.	14:30	US	Retail Sales (m/m)	Apr	0.21	1.60
15.05.	15:15	US	Industrial Production (m/m)	Apr	-	-0.10
15.05.	16:00	US	NAHB Housing Market Index	May	63.88	63.00
15.05.	22:00	US	Treasury Total Net TIC Flows	Mar	-	-21.64
16.05.	10:00	IT	EU harm. Consumer Prices (y/y)	Apr F	1.21	1.20

Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	61.45	30.94
Oil Future Brent (USD)	71.06	29.77
Gold-ounce (USD)	1'295.83	1.04
Silver-ounce (USD)	14.81	-4.43
Platinum (USD)	856.73	7.68
Palladium (USD)	1'339.10	6.13
JOC Industrial Metals Index	-	-
S&P GSCI Index Spot Indx	436.89	16.71
Rogers Int. Commodity Index	2'369.61	7.99
BBG Commodity Index	79.40	3.50
Rogers Agriculture TR Index	708.76	-6.46

Topics LGT looks at

Topics	Description	Publication Type	Published
Markets frustrated with trade conflict	In this Market News we are highlighting the latest developments in the ongoing trade war.	Market News	14.05.2019
Short-term escalation in trade conflict	US President Trump increased pressure on China and threatens to impose further tariffs on Chinese goods. Chinese equity markets and cyclical, Chi-na-trade-related European stocks under pressure.	Market News	06.05.2019
USD Top 30 Bonds	Our selection comprises 30 high quality USD bonds with a minimum rating of A-/A3.	Investment Idea	03.05.2019
Asset Allocation PBE	In our monthly publication, we are presenting our asset allocation for the current month.	Asset Allocation Private Banking Europe	02.05.2019
LGT Dividend Selection Europe and Switzerland	We present our approach and the current selection of attractive European and Swiss dividend stocks.	Investment Idea	10.04.2019

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Published by: LGT Bank (Switzerland) Ltd., Glärnischstrasse 36, CH-8027 Zuerich

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Sources: Bloomberg, LGT Bank (Switzerland) Ltd.