



U.S. economic data brightens market sentiment

Thanks to some positive U.S. economic data, major stock indices could recover from Mid-week losses triggered by political insecurities in Washington and Brazil. However, political trench warfare will probably continue after a special counsel was appointed to investigate possible entanglements with Russia. Financial markets are particularly concerned that the Trump administration is losing its ability to act on the anticipated tax and investment impulses to stimulate the economy. Some reassurance provided better-than-expected U.S. economic data. The Philly Fed index signaled an improving business climate in the region. In Europe, the European Central Bank's monetary policy council seems ready to discuss to end its ultra-expansive monetary policy, according to the minutes of the last meeting. Should the economic recovery get more sustainable, the ECB could consider an adjustment of its monetary policy guidance.

Equity – Julius Baer to expand in Argentina?

Swiss private bank **Julius Baer** is in advanced negotiations to buy a minority stake in Argentine financial services provider TPCG Group, Reuters reported. **Vifor Pharma**, formerly Galenica, has received a positive recommendation for the potassium binding agent Veltassa, from a European expert commission. A decision on EU approval is expected in Q3. **Shire** shares temporarily rose more than +6% yesterday, after the company presented positive late-clinical data for a new drug treating rare hereditary disease, hereditary angioedema. **Facebook** was fined EUR 110m by the European Union for misleading regulators during a 2014 review of the WhatsApp takeover. However, the EU Commission will not overturn its approval for the USD 22bn acquisition as the incorrect or misleading information did not have an impact on the outcome of the clearance decision.

Walmart exceeded profit expectations with its Q1 results by about 4%.

Fixed Income – U.K. consumer defies Brexit worries – for now

Yesterday's publication of U.K. retail sales growth delivered a strong boost to the exchange rate of the British pound (GBP), as data topped market expectations significantly. In April 2017, retail trade volume grew +4.0% year-over-year and +2.3% compared to March, easily outpacing analysts' estimates. This data point demonstrates the remarkable resilience of the U.K. consumer against the feared impact of Brexit on the British economy. It is quite surprising given that outpaced nominal wage growth has lagged consumer price inflation recently, leading to falling real incomes. Currently, the growth of consumption seems to be financed by dissaving, with the household savings ratio halving from pre-Brexit levels above 6%, which makes current consumption growth momentum seem less sustainable. Regardless of these considerations, investors celebrated U.K. data robustness, and pushed GBP up 0.5% to 1.305 vs. the USD.

Equity Indices	Current	YTD (%)
MSCI World	1'880.96	7.41
Dow Jones	20'663.02	4.56
S&P 500	2'365.72	5.67
Nasdaq 100	5'626.31	15.68
Nikkei 225	19'626.69	2.68
SMI	8'938.37	8.74
SLI	1'405.43	8.30
Euro Stoxx 50	3'562.22	8.26
Euro Stoxx 600	389.19	7.68
DAX	12'590.06	9.66
MSCI UK	2'164.74	4.20

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	988.38	14.62
MSCI EM Asia	495.99	18.39
MSCI EM Eastern Europe	147.20	0.32
MSCI EM Latin America	2'460.96	5.14
Brazil IBOVESPA	61'597.05	2.27
Russian Depository Index	1'236.09	-14.32
NIFTY Index	9'455.45	15.51
Hang Seng Index	25'189.47	14.49
HFRX Global HF Index	1'227.88	2.03
LPX50 Listed PE TR (EUR)	2'115.71	6.51
BBG NA REITS	277.09	0.86

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.24	-0.21
German Bund 10Y (EUR)	0.36	0.15
Swiss Government 10Y (CHF)	-0.11	0.08
United Kingdom 10Y (GBP)	1.06	-0.18
Japan 10Y (JPY)	0.04	-0.01
Fed Funds Rate	0.75	0.25
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	1.14	-0.11
Global HY Corporate Spread	3.68	-0.41
EM Hard Currency Gov. Spread	2.57	-0.31

Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
19.05.	US	DEERE & CO	Q2	1.68
25.05.	IE	MEDTRONIC PLC	Q4	1.31
26.05.	CH	SWISS PRIME SITE-REG	Q1	0.99
15.06.	US	KROGER CO	Q1	0.58
15.06.	US	ORACLE CORP	Q4	0.78
27.06.	US	NIKE INC -CL B	Q4	0.50
28.06.	US	MONSANTO CO	Q3	1.81
11.07.	US	ALCOA CORP	Q2	0.68
14.07.	US	CITIGROUP INC	Q2	1.27
14.07.	US	JPMORGAN CHASE & CO	Q2	1.65
17.07.	CH	SGS SA-REG	S1	-

Forex

	Current	YTD (%)
EUR/USD	1.1112	5.66
EUR/CHF	1.0894	1.61
USD/CHF	0.9803	-3.80
GBP/CHF	1.2692	0.87
GBP/USD	1.2946	4.91
USD/JPY	111.33	-4.81
USD/HKD	7.7830	0.35
USD/SGD	1.3916	-3.82
USD/CNY	6.8921	-0.76
EUR/NOK	9.4035	3.48
EUR/SEK	9.7749	2.09

Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
19.05.	08:00	DE	Producer Prices (y/y)	Apr	3.20	3.40
19.05.	16:00	EU	Consumer Confidence index	May A	-3.20	-3.60
22.05.	14:30	US	Chicago Fed National Activity	Apr	-	0.08
23.05.	08:00	DE	Exports (q/q)	1Q	-	1.80
23.05.	08:00	DE	Imports (q/q)	1Q	-	3.10
23.05.	08:00	CH	Exports (m/m)	Apr	-	2.50
23.05.	08:00	CH	Imports (m/m)	Apr	-	-1.40
23.05.	08:00	DE	GDP (q/q)	1Q F	0.60	0.60
23.05.	08:45	FR	Business Confidence	May	-	104.00
23.05.	09:00	FR	Markit Composite PMI	May P	-	56.60
23.05.	09:30	DE	Markit Composite PMI	May P	56.80	56.70

Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	49.81	-11.83
Oil Future Brent (USD)	52.92	-9.85
Gold-ounce (USD)	1'249.97	8.93
Silver-ounce (USD)	16.67	4.64
Platinum (USD)	931.30	3.12
Palladium (USD)	764.87	12.32
JOC Industrial Metals Index	105.66	3.78
S&P GSCI Index Spot Indx	384.11	-3.54
Rogers Int. Commodity Index	2'204.90	-4.28
BBG Commodity Index	83.66	-4.41
Rogers Agriculture TR Index	832.82	-0.97

Topics LGT looks at

Topics	Description	Publication Type	Published
Monthly Asset Allocation Private Banking Europe	Macro-economic environment and abating political risks support positive sentiment on capital markets. A strong corporate earnings season and positive company outlooks continue to spur equity markets. The U.S. dollar's appreciation potential seems exhausted given priced-in Fed interest rate hikes.	Monthly Asset Allocation	17.05.2017
Macron elected French President	Emmanuel Macron is elected French President in landmark decision for Europe's future. Our base scenario was confirmed and the focus for France shifts to the legislative elections in June 2017.	Market News	08.05.2017
Foreign Exchange Investment Idea: Swedish Krona	The Swedish economy has profited strongly from the Riksbank's expansionary monetary policy since early 2013. Additionally, low rates and central bank QE have depressed the Swedish krona (SEK) to levels of unprecedented undervaluation.	Investment Idea	04.05.2017
Selection of attractive EM commodity names	In this investment idea we discuss emerging market commodity names as the recovery in oil but also metal prices have been benefitting balance sheets of EM commodity linked companies.	Investment Idea	28.04.2017
Update LGT Dividend Selection Europe	In this investment idea we focus on dividend investments, which are an attractive investment in the current low-interest environment. Our selection contains ten European names (ex-Switzerland) which we regard as long-term attractive dividend stories.	Investment Idea	25.04.2016

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