



## Fed delivers cautious tone

Minutes of the last FOMC meeting last month revealed a strong degree of caution over the timing of future Fed interest-rate hikes. Several Fed policy makers want to see stronger evidence for inflation. While stocks on Wall Street continued their record chase, the US dollar pared losses. At the same time, the euro was able to hold on to recent gains as an immediate threat of a Catalonian break-up from Spain receded for the time being. Stock investors are now eagerly awaiting the first quarterly results of American blue chip companies. The two major New York banks, JPMorgan Chase and Citigroup, are starting today with their report on business development in Q3. Meanwhile, Germany's government is optimistic and expects the economic outlook to improve significantly in line with the autumn forecasts published yesterday. The German government expects GDP growth of 2% (previously 1.5%) in the current year and 1.9% (1.6%) in the coming year.

## Equity – Novartis content with Roche stake

**Novartis** Chairman of the Board, Joerg Reinhart, said in a newspaper interview that neither major acquisitions nor a sale of the **Roche** stake are planned: "We are very content with the Roche participation", Reinhart said. French pharmaceutical group **Sanofi** has announced a EUR 170m investment in a vaccine plant in France. **Lufthansa** will take over 3,000 employees of Air Berlin and invest EUR 1.5bn into the insolvent airline. According to the airline's Chairman of the Board, Carsten Spohr, the integration will take up to one year. **BMW** is currently working on an outsourcing deal to bring the Mini brand to China. **Starbucks** CEO Kevin Johnson sees China expansion as its biggest growth opportunity for the next decade. The company agreed in July to buy out the partner in its East China joint venture for USD 1.3bn.

## Fixed Income – Wal-Mart is selling bonds to refinance debt

The world's largest retailer is selling unsecured bonds in as many as seven parts. The longest portion of the offering, a 30-year security, may yield around 95 basis points above US Treasuries. Some of the world's biggest companies have done similar transactions in anticipation of possible tax-law changes. By buying back bonds now that trade at prices above their maturity values, companies are essentially pre-paying interest, which they can deduct from their income while tax rates are still high. That will prove wise if tax rates end up falling, reducing the value of the deduction, or if the deduction ends altogether, both of which have been proposed by Republican lawmakers.

Equity Indices	Current	YTD (%)
MSCI World	2'024.54	15.61
Dow Jones	22'872.89	15.74
S&P 500	2'555.24	14.13
Nasdaq 100	6'081.25	25.04
Nikkei 225	20'957.52	9.64
SMI	9'265.34	12.72
SLI	1'490.40	14.85
Euro Stoxx 50	3'607.39	9.63
Euro Stoxx 600	390.15	7.95
DAX	12'970.68	12.97
MSCI UK	2'187.30	5.29

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'117.33	29.58
MSCI EM Asia	563.44	34.48
MSCI EM Eastern Europe	162.26	10.59
MSCI EM Latin America	2'956.03	26.29
Brazil IBOVESPA	76'659.80	27.28
Russian Depository Index	1'280.08	-11.27
NIFTY Index	10'022.10	22.43
Hang Seng Index	28'497.89	29.53
HFRI Global HF Index	1'261.25	4.80
LPX50 Listed PE TR (EUR)	2'208.28	11.17
BBG NA REITS	286.84	4.41

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.33	-0.11
German Bund 10Y (EUR)	0.46	0.26
Swiss Government 10Y (CHF)	-0.02	0.17
United Kingdom 10Y (GBP)	1.38	0.14
Japan 10Y (JPY)	0.07	0.02
Fed Funds Rate	1.00	0.50
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	0.99	-0.26
Global HY Corporate Spread	3.26	-0.83
EM Hard Currency Gov. Spread	2.31	-0.57

## Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
12.10.	US	CITIGROUP INC	Q3	1.32
12.10.	US	JPMORGAN CHASE & CO	Q3	1.65
13.10.	US	BANK OF AMERICA CORP	Q3	0.46
16.10.	CH	KUEHNE + NAGEL INTL AG-REG	Q3	1.65
17.10.	US	GOLDMAN SACHS GROUP INC	Q3	4.25
17.10.	US	INTL BUSINESS MACHINES CORP	Q3	3.28
17.10.	US	JOHNSON & JOHNSON	Q3	1.80
18.10.	US	ALCOA CORP	Q3	0.79
18.10.	NL	ASML HOLDING NV	Q3	1.17
18.10.	US	AMERICAN EXPRESS CO	Q3	1.48
18.10.	CH	TEMENOS GROUP AG-REG	Q3	0.64

Forex	Current	YTD (%)
EUR/USD	1.1878	12.94
EUR/CHF	1.1539	7.63
USD/CHF	0.9715	-4.66
GBP/CHF	1.2883	2.39
GBP/USD	1.3261	7.46
USD/JPY	112.27	-4.01
USD/HKD	7.8054	0.64
USD/SGD	1.3534	-6.46
USD/CNY	6.5885	-5.13
EUR/NOK	9.3871	3.30
EUR/SEK	9.5389	-0.38

## Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
12.10.	08:45	FR	EU Harmonised Consumer Prices (y/y)	Sep F	1.10	1.10
12.10.	11:00	EU	Industrial Production (y/y)	Aug	2.73	3.20
12.10.	11:00	EU	Industrial Production (m/m)	Aug	0.74	0.10
12.10.	14:30	US	Producer Prices (m/m)	Sep	0.40	0.20
12.10.	14:30	US	Core Producer Prices (m/m)	Sep	0.19	0.10
12.10.	14:30	US	Producer Prices (y/y)	Sep	2.55	2.40
12.10.	14:30	US	Core Producer Prices (y/y)	Sep	2.00	2.00
12.10.	14:30	US	Initial Jobless Claims (thousands)	10. Jul	254.	260.00
13.10.	08:00	DE	EU harmonized Consumer Prices (y/y)	Sep F	1.80	1.80
13.10.	10:00	IT	EU harm. Consumer Prices (y/y)	Sep F	1.30	1.30
13.10.	14:30	US	Consumer Prices (m/m)	Sep	0.56	0.40

Commodities	Current	YTD (%)
Oil Future Nymex WTI (USD)	50.95	-10.69
Oil Future Brent (USD)	56.59	-3.64
Gold-ounce (USD)	1'296.49	12.98
Silver-ounce (USD)	17.24	8.21
Platinum (USD)	935.18	3.55
Palladium (USD)	958.09	40.70
JOC Industrial Metals Index	117.72	15.63
S&P GSCI Index Spot Indx	399.64	0.36
Rogers Int. Commodity Index	2'276.30	-1.18
BBG Commodity Index	84.88	-3.01
Rogers Agriculture TR Index	808.76	-3.83

## Topics LGT looks at

Topics	Description	Publication Type	Published
Asset Allocation Private Banking Europe October 2017	In our monthly publication we are presenting our asset allocation for the current month.	Asset Allocation Private Banking Europe	11.10.2017
LGT Equity Top Picks - Quarterly Update	The quarterly update to LGT's Top Picks shares includes a review of the performance of our stock selection as well as an outlook and the current composition of the ten selected stocks.	Investment Idea	04.10.2017
Investment Idea - Update	Update on the investment idea "Equities: Adding exposure to European energy sector", initially published in October 2016.	Investment Idea	19.09.2017

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#### Impressum

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