



Trump threatens China with further escalation

The intensification of the trade conflict between the US and China and the dispute in the German government over refugee policy caused uncertainty among investors and increased profit taking on stock markets at the beginning of the week. Tensions will continue to keep the capital markets in check, as US President Trump is again accepting an escalation of the trade dispute with China and has already threatened further punitive tariffs worth USD 200bn, should the government in Beijing actually implement its planned retaliatory tariffs on US products. According to the Bundesbank, the German economy picked up somewhat in the second quarter after the restrained growth at the beginning of the year. The upswing is continuing, but is slowing down. Headwind is to be expected from the trade conflict. The Bundesbank forecasts GDP growth of +2.0% for 2018, +1.9% for 2019 and +1.6% for 2020.

Equities – Turbulences at Audi burden Volkswagen

The **Volkswagen** Supervisory Board has not yet been able to agree on a new Audi boss after Audi CEO Rupert Stadler was arrested in connection with the diesel affair. VW shares lost nearly -3%. **Roche** intends to acquire the US company Foundation Medicine, in which it already holds a majority stake. Roche is offering remaining shareholders USD137 per share, a 29% premium over yesterday's closing price. **Peugeot** gets a new CFO as Jean-Baptiste de Chatillon is leaving the company for personal reasons. His successor will be Philippe de Rovira, currently CFO at Opel/Vauxhall. **Sanofi** acquired Belgian biotech company Ablynx. **Lufthansa** might have an interest in ailing low-cost airline Norwegian. **Exxon, Chevron** and **Royal Dutch Shell** may have to invest a total of USD 30bn by 2020 to meet their growth plans in the Permian, one of the most productive shale oil basins in West Texas and New Mexico.

Fixed Income – Treasuries rally on escalating trade tensions

US ten-year Treasury futures advanced to session highs yesterday as further wave of risk-off buying ripples across the market after the Chinese commerce ministry reiterated it would impose "strong" counter measures if the US issues again new tariffs. Before, Trump warned: "If China increases its tariffs yet again, we will meet that action by pursuing additional tariffs on another USD 200bn of goods", and continued, "the trade relationship between the United States and China must be much more equitable". US government bond yields moved lower by -4-5 basis points across the yield curve with the ten-year yield down to 2.87%. In a concurrent risk-off move, the USD/JPY exchange rate fell back below 110, dropping -0.9% to 109.57.

Equity Indices	Current	YTD (%)
MSCI World	2'125.79	1.06
Dow Jones	24'987.47	1.09
S&P 500	2'773.75	3.75
Nasdaq 100	7'251.41	13.37
Nikkei 225	22'355.84	-1.80
SMI	8'519.57	-9.19
SLI	1'426.68	-6.01
Euro Stoxx 50	3'466.65	-1.06
Euro Stoxx 600	385.91	-0.84
DAX	12'834.11	-0.65
MSCI UK	2'202.23	-1.16

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'105.98	-4.53
MSCI EM Asia	581.25	-0.95
MSCI EM Eastern Europe	151.26	-8.65
MSCI EM Latin America	2'414.75	-14.62
Brazil IBOVESPA	69'814.73	-8.62
Russian Depository Index	1'276.60	-0.58
NIFTY Index	10'740.65	1.99
Hang Seng Index	29'575.17	-1.15
HFRI Global HF Index	1'271.05	-0.36
LPX50 Listed PE TR (EUR)	2'303.97	5.33
BBG NA REITS	275.89	-3.81

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.87	0.47
German Bund 10Y (EUR)	0.40	-0.03
Swiss Government 10Y (CHF)	-0.03	0.12
United Kingdom 10Y (GBP)	1.32	0.13
Japan 10Y (JPY)	0.04	-0.01
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	1.17	0.23
Global HY Corporate Spread	3.51	0.18
EM Hard Currency Gov. Spread	2.82	0.67

Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
19.06.	US	ORACLE CORP	Q4	0.94
21.06.	US	KROGER CO	Q1	0.63
28.06.	US	NIKE INC -CL B	Q4	0.64
13.07.	US	CITIGROUP INC	Q2	1.58
13.07.	US	JPMORGAN CHASE & CO	Q2	2.22
16.07.	US	BANK OF AMERICA CORP	Q2	0.63
17.07.	US	GOLDMAN SACHS GROUP INC	Q2	4.57
17.07.	US	JOHNSON & JOHNSON	Q2	2.07
18.07.	US	ALCOA CORP	Q2	1.48
18.07.	NL	ASML HOLDING NV	Q2	1.22
18.07.	US	AMERICAN EXPRESS CO	Q2	1.82

Forex

	Current	YTD (%)
EUR/USD	1.1624	-3.17
EUR/CHF	1.1532	-1.46
USD/CHF	0.9921	1.83
GBP/CHF	1.3152	-0.12
GBP/USD	1.3256	-1.90
USD/JPY	109.64	-2.71
USD/HKD	7.8492	0.45
USD/SGD	1.3530	1.27
USD/CNY	6.4511	-0.86
EUR/NOK	9.4762	-3.73
EUR/SEK	10.2873	4.61

Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
19.06.	14:30	US	Building Permits (m/m)	May	-0.82	-0.90
19.06.	14:30	US	Housing Starts (y/y)	May	2.13	-3.70
20.06.	08:00	DE	Producer Prices (y/y)	May	2.55	2.00
20.06.	16:00	US	Existing Homes Sales (y/y)	May	5.52	5.46
21.06.	08:00	CH	Exports (m/m)	May	-	0.00
21.06.	08:00	CH	Imports (m/m)	May	-	-0.40
21.06.	08:45	FR	Business Confidence	Jun	105.67	106.00
21.06.	13:00	GB	Bank of England Bank Rate	21.	0.50	0.50
21.06.	14:30	US	Philly Fed survey	Jun	28.24	34.40
21.06.	14:30	US	Initial Jobless Claims (thousands)	16.	221.00	218.00
21.06.	15:00	US	FHFA US House Price Index	Apr	0.48	0.10

Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	65.41	9.45
Oil Future Brent (USD)	74.86	14.96
Gold-ounce (USD)	1'282.81	-1.53
Silver-ounce (USD)	16.47	-2.74
Platinum (USD)	880.83	-5.11
Palladium (USD)	986.50	-7.24
JOC Industrial Metals Index	127.49	4.38
S&P GSCI Index Spot Indx	467.39	5.64
Rogers Int. Commodity Index	2'509.40	3.87
BBG Commodity Index	87.14	-1.16
Rogers Agriculture TR Index	808.94	0.38

Topics LGT looks at

Topics	Description	Publication Type	Published
Renault: Initiation of coverage	We have added Renault to our equity universe.	Investment Idea	14.06.2018
E-Mobility	On the occasion of the Formula E race in Zurich, we are focusing on e-mobility equities.	Investment Idea	06.06.2018
Technology equities	We take a look at global tech and highlight our favorite tech stocks.	Investment Idea	30.05.2018
FX Strategy	In this publication, our foreign-exchange strategist presents his view on current developments in currency markets and introduces his trading recommendations.	Investment Idea	28.05.2018
Swiss Pharma	An assessment of the new figures of Roche and Novartis.	Market News	26.04.2018

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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

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