



## Trump remains on confrontation course

In Asia, the stock markets reacted to the further escalation in the trade dispute between the USA and China with losses, whereas the European and American indices had previously mostly recorded slight gains. Meanwhile, US President Trump announced additional tariffs of 10% on additional Chinese goods worth USD 200bn in the trade dispute with China. The list of goods includes clothing, components for televisions and refrigerators. China will immediately take "retaliatory measures". The uncertainties caused by the trade conflict with the USA are also dampening the mood of German financial experts, as survey results of the ZEW Institute showed. Economic expectations reached their lowest level since August 2012 in July. In the UK, the question arises as to whether Prime Minister May's government will succeed in concluding the Brexit negotiations with the EU, while the pound continues to be the focus on currency markets.

## Equities – Bayer faces lawsuit against Monsanto

**Monsanto**, which **Bayer** recently acquired, faces a lawsuit in the US. In the class action, cancer patients accuse the company that the weed killer "Roundup" with the active ingredient glyphosate has caused their disease.

**Pfizer** postponed the planned price increases for some of its drugs after US President Trump spoke to Pfizer's CEO. **Royal Dutch Shell** has temporarily suspended oil production at a North Sea oil field due to a strike by Norwegian workers. **AT&T** intends to be ready to launch 5G mobile services in 12 US cities by year-end. However, such 5G-enabled smartphones are unlikely to be available before the first half of 2019. **Oerlikon** and Lufthansa Technik have entered into a partnership in the field of additive manufacturing. The aim of the cooperation is to develop stable and repeatable processes for maintenance, repair and overhaul (MRO) services for commercial aircraft, engines and components.

## Fixed Income – Global debt increased at rapid pace in Q1 2018

According to Bloomberg and the Institute of International Finance (IIF), global debt rose to a record USD 247 trillion (trl) in Q1 2018. Indebtedness in the financial sector also marked a record with USD 60.6trl as of end Q1 2018. Overall debt to GDP ratio for the first time since Q3 2016 increased and was recorded at 318% just shy of the record level reached in Q3 2016. While the absolute level of indebtedness in relation to the GDP is still below the historic record level, the pace of debt increase in Q1 2018 is concerning according to the IIF. Furthermore, quality of debt appears to have declined and this particularly in emerging economies. Debt in emerging markets increased by USD 2.5trl to a new record of USD 58.5trl, which according to the World Bank bares risks in a rising interest rate environment. The biggest debt wall in USD denominated EM bonds or syndicated loans for USD 900bn is due to mature in 2020.

Equity Indices	Current	YTD (%)
MSCI World	2'135.87	1.54
Dow Jones	24'919.66	0.81
S&P 500	2'793.84	4.50
Nasdaq 100	7'282.60	13.85
Nikkei 225	21'957.08	-3.55
SMI	8'768.91	-6.53
SLI	1'449.96	-4.48
Euro Stoxx 50	3'473.31	-0.87
Euro Stoxx 600	386.25	-0.75
DAX	12'609.85	-2.38
MSCI UK	2'222.05	-0.27

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	1'076.19	-7.10
MSCI EM Asia	550.39	-6.21
MSCI EM Eastern Europe	162.78	-1.69
MSCI EM Latin America	2'557.32	-9.58
Brazil IBOVESPA	74'862.38	-2.02
Russian Depository Index	1'399.84	9.02
NIFTY Index	10'941.85	3.90
Hang Seng Index	28'267.78	-5.52
HFRI Global HF Index	1'272.51	-0.24
LPX50 Listed PE TR (EUR)	2'343.74	7.15
BBG NA REITS	286.57	-0.09

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	2.83	0.43
German Bund 10Y (EUR)	0.37	-0.06
Swiss Government 10Y (CHF)	-0.06	0.09
United Kingdom 10Y (GBP)	1.30	0.11
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	1.21	0.27
Global HY Corporate Spread	3.73	0.39
EM Hard Currency Gov. Spread	2.78	0.62

## Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
13.07.	US	CITIGROUP INC	Q2	1.56
13.07.	US	JPMORGAN CHASE & CO	Q2	2.22
16.07.	US	BANK OF AMERICA CORP	Q2	0.57
17.07.	US	GOLDMAN SACHS GROUP INC	Q2	4.61
17.07.	US	JOHNSON & JOHNSON	Q2	2.06
18.07.	US	ALCOA CORP	Q2	1.32
18.07.	NL	ASML HOLDING NV	Q2	1.22
18.07.	US	AMERICAN EXPRESS CO	Q2	1.82
18.07.	CH	FISCHER (GEORG)-REG	S1	-
18.07.	US	INTL BUSINESS MACHINES CORP	Q2	3.04
18.07.	CH	NOVARTIS AG-REG	Q2	1.31

Forex	Current	YTD (%)
EUR/USD	1.1725	-2.33
EUR/CHF	1.1633	-0.60
USD/CHF	0.9921	1.83
GBP/CHF	1.3151	-0.13
GBP/USD	1.3255	-1.91
USD/JPY	111.07	-1.44
USD/HKD	7.8490	0.45
USD/SGD	1.3595	1.76
USD/CNY	6.6650	2.43
EUR/NOK	9.4292	-4.21
EUR/SEK	10.2826	4.56

## Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
11.07.	14:30	US	Producer Prices (y/y)	Jun	3.13	3.10
11.07.	14:30	US	Core Producer Prices (y/y)	Jun	2.60	2.40
12.07.	08:00	DE	EU harmonized Consumer Prices (y/y)	Jun F	2.10	2.10
12.07.	08:45	FR	EU Harmonised Consumer Prices (y/y)	Jun F	2.40	2.40
12.07.	11:00	EU	Industrial Production (y/y)	May	2.24	1.70
12.07.	14:30	US	Core Consumer Prices (y/y)	Jun	2.28	2.20
12.07.	14:30	US	Consumer Prices (y/y)	Jun	2.88	2.80
12.07.	14:30	US	Initial Jobless Claims (thousands)	07. Jul	225.00	231.00
13.07.	09:00	ES	EU-harm. Consumer Prices (y/y)	Jun F	2.30	2.30
13.07.	14:30	US	Import Price Index (y/y)	Jun	4.55	4.30
13.07.	16:00	US	Uni Michigan Consumer Confidence	Jul P	98.19	98.20

Commodities	Current	YTD (%)
Oil Future Nymex WTI (USD)	73.72	24.07
Oil Future Brent (USD)	78.32	20.94
Gold-ounce (USD)	1'250.89	-3.98
Silver-ounce (USD)	15.95	-5.86
Platinum (USD)	840.97	-9.40
Palladium (USD)	943.52	-11.28
JOC Industrial Metals Index	119.90	-1.83
S&P GSCI Index Spot Indx	480.64	8.63
Rogers Int. Commodity Index	2'526.33	4.57
BBG Commodity Index	84.90	-3.71
Rogers Agriculture TR Index	793.79	-1.50

## Topics LGT looks at

Topics	Description	Publication Type	Published
LGT Equity Top Picks	In our quarterly update we discuss the performance of our Top Picks equity selection and look at each stock individually.	Investment Idea	04.07.2018
Mid-year Outlook	How will the financial markets develop in the second half of 2018 and what are the consequences for private investors? The "Mid-Year Outlook 2018" answers the most important questions regarding financial markets and investments and presents selected investment instruments and specific investment recommendations.	Investment Idea	27.06.2018
General Electric presents strategic update	Our equity analyst assesses General Electric's latest strategic update.	Market News	27.06.2018
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

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