



Too much risk triggers stock market correction

Investors' risk aversion heightened by rising interest rates and ongoing concerns over the trade conflict and its potentially negative impact on global economic growth has led to a sharp correction on Wall Street and Asian stock markets yesterday. In Tokyo, the 225 value Nikkei index plummeted by more than four percent – the sharpest drop since March. In China, the CSI300 also lost more than four percent. The devaluation of the Chinese yuan in particular also caused uncertainty. The increased risk aversion boosted investments such as yen and treasuries, which are regarded as safe havens. Earlier, the International Monetary Fund (IMF) warned of risks to financial stability. As a result, Europe's stock markets will also come under severe pressure today. In addition, skepticism about Italian financial policy and the government's confrontation with the European Union in Rome continue to cause uncertainty in Europe.

Equities – European luxury goods sector under pressure

European luxury goods stocks came under increased selling pressure in a negative market environment after China tightened customs controls. Overall, the sector lost more than -6%, compared to a -1.6% drop in the DJ Stoxx 600. **Novartis** has published new late clinical data for its multiple sclerosis drug "Gilenya". The data compared Gilenya with the competitor drug "Copaxone" from **Teva**. Patients with a certain form of multiple sclerosis showed significantly fewer relapses when treated with the Novartis medicine. **Sika** is expanding its presence in Kazakhstan and strengthening its position in two of the country's growth regions. **Barrick Gold** reported that last quarter production will be at the lower end of its forecast. However, the company confirmed its 2018 forecast of 4.5-5m ounces. **Chevron** received approval from the Norwegian authorities to sell its only remaining license in the North Sea to DNO ASA.

Fixed Income – Seemingly uncrushable German "Schuldscheine"

Growing investor pushback in high-yield bond sales may prompt borrowers to turn their attention to the seemingly uncrushable German "Schuldscheine". Five euro bonds have been pulled in the last couple of weeks, including two high-yield corporate notes, as concerns about Italy and Brexit dent investor appetite. "Schuldscheine" have been less affected, with more than 20 deals launching since the start of last month. Two of the potential issuers, Italian shipbuilder Fincantieri and Berlin-based ADO Properties, are making their market debuts after looking at bonds earlier in the year. Sales of "Schuldscheine" are more resilient to financial volatility than bonds partly because the German-centered market is dominated by buy-and-hold investors who are less concerned by short-term fluctuations.

Equity Indices	Current	YTD (%)
MSCI World	2'089.10	-0.68
Dow Jones	25'598.74	3.56
S&P 500	2'785.68	4.19
Nasdaq 100	7'044.50	10.13
Nikkei 225	22'474.54	-1.28
SMI	8'892.88	-5.21
SLI	1'416.66	-6.67
Euro Stoxx 50	3'266.90	-6.77
Euro Stoxx 600	366.93	-5.72
DAX	11'712.50	-9.33
MSCI UK	2'072.10	-7.00

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	985.67	-14.91
MSCI EM Asia	497.03	-15.30
MSCI EM Eastern Europe	156.88	-5.26
MSCI EM Latin America	2'691.97	-4.82
Brazil IBOVESPA	83'679.11	9.52
Russian Depository Index	1'360.58	5.96
NIFTY Index	10'190.70	-3.23
Hang Seng Index	25'192.65	-15.80
HFRI Global HF Index	1'245.53	-2.36
LPX50 Listed PE TR (EUR)	2'278.67	4.17
BBG NA REITS	274.15	-4.42

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	3.16	0.75
German Bund 10Y (EUR)	0.55	0.13
Swiss Government 10Y (CHF)	0.10	0.25
United Kingdom 10Y (GBP)	1.73	0.54
Japan 10Y (JPY)	0.14	0.10
Fed Funds Rate	2.00	0.75
ECB Main Refinancing Rate	0.00	0.00
3 month LIBOR (CHF)	-0.75	0.00
Global IG Corporate Spread	1.13	0.19
Global HY Corporate Spread	3.60	0.26
EM Hard Currency Gov. Spread	2.71	0.56

Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
12.10.	US	CITIGROUP INC	Q3	1.68
12.10.	US	JPMORGAN CHASE & CO	Q3	2.26
15.10.	US	BANK OF AMERICA CORP	Q3	0.62
16.10.	US	GOLDMAN SACHS GROUP INC	Q3	5.39
16.10.	US	INTL BUSINESS MACHINES CORP	Q3	3.40
16.10.	US	JOHNSON & JOHNSON	Q3	2.03
17.10.	US	ALCOA CORP	Q3	0.51
17.10.	NL	ASML HOLDING NV	Q3	1.58
17.10.	CH	TEMENOS AG - REG	Q3	0.76
18.10.	US	AMERICAN EXPRESS CO	Q3	1.76
18.10.	CH	KUEHNE + NAGEL INTL AG-REG	Q3	1.64

Forex

	Current	YTD (%)
EUR/USD	1.1561	-3.70
EUR/CHF	1.1409	-2.52
USD/CHF	0.9868	1.28
GBP/CHF	1.3050	-0.90
GBP/USD	1.3225	-2.13
USD/JPY	112.12	-0.51
USD/HKD	7.8370	0.29
USD/SGD	1.3824	3.47
USD/CNY	6.9297	6.50
EUR/NOK	9.4941	-3.55
EUR/SEK	10.5280	7.06

Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
11.10.	08:45	FR	EU Harmonised Consumer Prices (y/y)	Sep F	2.50	2.50
11.10.	09:00	ES	EU-harm. Consumer Prices (y/y)	Sep F	2.20	2.20
11.10.	14:30	US	Consumer Prices (m/m)	Sep	0.19	0.20
11.10.	14:30	US	Core Consumer Prices (y/y)	Sep	2.27	2.20
11.10.	14:30	US	Consumer Prices (y/y)	Sep	2.41	2.70
11.10.	14:30	US	Core Consumer Prices (m/m)	Sep	0.20	0.10
11.10.	14:30	US	Initial Jobless Claims (thousands)	10.	207.	207.00
12.10.	08:00	DE	EU harmonized Consumer Prices (y/y)	Sep F	2.20	2.20
12.10.	11:00	EU	Industrial Production (y/y)	Aug	-0.11	-0.10
12.10.	14:30	US	Import Price Index (y/y)	Sep	3.15	3.70
12.10.	16:00	US	Uni Michigan Consumer Confidence	Oct P	100.28	100.10

Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	72.07	23.45
Oil Future Brent (USD)	81.77	28.49
Gold-ounce (USD)	1'193.42	-8.40
Silver-ounce (USD)	14.28	-15.67
Platinum (USD)	818.01	-11.88
Palladium (USD)	1'068.64	0.48
JOC Industrial Metals Index	112.37	-8.00
S&P GSCI Index Spot Indx	488.35	10.38
Rogers Int. Commodity Index	2'548.57	5.49
BBG Commodity Index	85.81	-2.68
Rogers Agriculture TR Index	781.76	-2.99

Topics LGT looks at

Topics	Description	Publication Type	Published
Brazil Elections	We analyze the Brazilian elections as strong results for far-right candidate Bolsonaro support asset prices.	Market News	09.10.2018
LGT Equity Top Picks	In this publication, we take a look on the market developments and the performance of our equity top picks in Q3 and present our current selection.	Investment Idea	03.10.2018
US Midterm Elections 2018	We outline our baseline scenario and weigh three possible outcomes of the upcoming US Midterm Elections in November.	Market News	27.09.2018
Barrick Gold merges with Randgold Resources	Barrick Gold and Randgold Resources intend to merge, creating the world's largest gold producer.	Market News	25.09.2018
Index reclassification to reflect the new reality	We assess the implications of the biggest change in the history of the GICS (Global Industry Classification Standard – an industry classification developed by MSCI and Standard & Poor's).	Investment Idea	21.09.2018

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