



Recovery attempt after Wall Street sellout

Rising interest rates and fears of a global economic slowdown due to an escalation of the trade war shook stock markets worldwide. After the sell-off on Wall Street, European stock indices stabilized again yesterday, and Asian stock markets have also managed to contain their losses this morning. Nevertheless, the EuroStoxx 50 temporarily reached its lowest level since December 2016. Although it cannot be spoken of a panic mode at present, equity investors have been worried for some time that the Fed could raise interest rates faster and more strongly than previously expected. Meanwhile, however, price pressures in the US have eased. The annual inflation rate weakened to +2.3% in September from +2.7%. This should take out some wind of the sails of speculations about rapidly rising interest rates in the US for the time being. Later in the day, JPMorgan, Citigroup and Wells Fargo will ring in the US reporting season.

Equities – Novartis settles patent dispute with AbbVie

Sandoz, the generics subsidiary of **Novartis**, has settled its dispute with **AbbVie** over the use of the "Humira" patents for Sandoz biosimilar "Hyrimoz". Abbvie has granted Sandoz a non-exclusive license. **Bayer** shares rose +3.5% after a San Francisco court granted the company's request to renegotiate USD 250m in damages from a dispute over the glyphosate herbicide roundup. **BMW** will acquire control of the joint venture with Chinese **Brilliance** for EUR 3.6bn. This makes BMW the first foreign car manufacturer to take such a strategic step. While BMW shares fell slightly in a negative market, Brilliance slumped -27%. **Deutsche Telekom** plans to invest EUR 20bn in Germany's network until 2021. It plans to cover the country with 5G wireless services and increase high-speed Internet connections. **Royal Dutch Shell** is in discussions to sell its stake in the Venezuelan oil joint venture Petroregional del Lago to Maurel & Prom.

Currencies – Cryptos no safe-haven against equity market selloff

After the crypto-frenzy boiled over in late 2017, with market participants from laymen to professionals being pushed to out as a "believer" or "non-believer" in the fledgling asset phenomenon, 2018 turned out to be a totally different story. Since the bubble popping on 18.12.2017, the flagship crypto-"currency" Bitcoin has shed two thirds of its value. Other crypto-"currencies" like Ethereum or Ripple dropped an even larger amount since inception, demonstrating that this is not a Bitcoin-only phenomenon, and suggesting that the drop in "investor" attention has increased the devaluation pace. According to market rumor, the recent equity selloff has also added to selling pressure as leveraged equity traders had to satisfy margin calls, cashing in on their underperforming crypto holdings to do so. While the underlying Blockchain technology might bring major innovation to various industries, 2018 has shown that this does not translate into a bull case for crypto-"currency" prices.

Equity Indices	Current	YTD (%)
MSCI World	2'044.95	-2.78
Dow Jones	25'052.83	1.35
S&P 500	2'728.37	2.05
Nasdaq 100	6'964.03	8.87
Nikkei 225	22'701.43	-0.28
SMI	8'639.19	-7.92
SLI	1'381.59	-8.98
Euro Stoxx 50	3'209.19	-8.41
Euro Stoxx 600	359.65	-7.59
DAX	11'539.35	-10.67
MSCI UK	2'031.56	-8.82

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	954.66	-17.59
MSCI EM Asia	477.66	-18.60
MSCI EM Eastern Europe	154.11	-6.93
MSCI EM Latin America	2'666.38	-5.72
Brazil IBOVESPA	82'921.08	8.53
Russian Depository Index	1'333.39	3.84
NIFTY Index	10'438.80	-0.87
Hang Seng Index	25'659.40	-14.24
HFRI Global HF Index	1'237.82	-2.96
LPX50 Listed PE TR (EUR)	2'229.52	1.92
BBG NA REITS	266.27	-7.17

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	3.17	0.77
German Bund 10Y (EUR)	0.52	0.09
Swiss Government 10Y (CHF)	0.09	0.24
United Kingdom 10Y (GBP)	1.67	0.48
Japan 10Y (JPY)	0.15	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	1.14	0.20
Global HY Corporate Spread	3.70	0.36
EM Hard Currency Gov. Spread	2.77	0.61

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	0.38
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	1.1594	-3.42
EUR/CHF	1.1482	-1.89
USD/CHF	0.9903	1.64
GBP/CHF	1.3102	-0.50
GBP/USD	1.3230	-2.09
USD/JPY	112.38	-0.28
USD/HKD	7.8357	0.28
USD/SGD	1.3743	2.87
USD/CNY	6.9000	6.04
EUR/NOK	9.4956	-3.53
EUR/SEK	10.3972	5.72

Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
12.10.	04:53	CN	Exports (y/y)	Sep	8.23	14.50
12.10.	04:53	CN	Imports (y/y)	Sep	15.32	14.30
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	100.32	100.10
15.10.	14:30	US	NY Fed Empire State Manufacturing	Oct	21.11	19.00
15.10.	14:30	US	Retail Sales (m/m)	Sep	0.64	0.10
16.10.	03:30	CN	Producer Prices (y/y)	Sep	3.60	4.10
16.10.	03:30	CN	Consumer Prices (y/y)	Sep	2.48	2.30
16.10.	10:00	IT	Industrial Orders (y/y)	Aug	-	2.80

Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	71.68	22.78
Oil Future Brent (USD)	81.14	27.50
Gold-ounce (USD)	1'218.89	-6.44
Silver-ounce (USD)	14.56	-14.04
Platinum (USD)	839.74	-9.54
Palladium (USD)	1'082.14	1.75
JOC Industrial Metals Index	112.10	-8.22
S&P GSCI Index Spot Indx	478.67	8.19
Rogers Int. Commodity Index	2'526.90	4.59
BBG Commodity Index	86.43	-1.97
Rogers Agriculture TR Index	782.98	-2.84

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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Impressum

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