



## Relaxed reaction to US midterm results

The capital markets were all relaxed about the thoroughly trend-setting results of the US parliamentary elections, and most stock exchanges recorded some significant gains thanks to the uncertainty that has now been removed. While the Democrats conquered the majority in the House of Representatives for the first time since 2010, the Republicans succeeded in gaining a majority in the Senate. Although US President Donald Trump's position of power has thus been weakened, this should not immediately mean a real change of direction in previous policy, especially with regard to the trade conflict, which is important for the financial markets. Meanwhile, China's government underlined the importance of the planned meeting between China's President Xi Jinping and US President Trump. Today, investors will focus on the Fed's interest rate decision at 20:00 today. However, a further rate hike is not expected until December 19.

## Equities – AstraZeneca beats estimates and confirms outlook

**AstraZeneca** exceeded the consensus by six cents with a Q3 EPS of 71 cents, benefitting from solid sales of cancer drugs, and confirmed the full-year outlook. Zurich Insurance quarterly report for the first nine months showed growth of +2% in property insurance, slightly below expectations. The equity ratio remained stable. **UBS** anticipates a pending US lawsuit in connection with the sale of bundled mortgage securities. UBS currently has CHF 2.31bn in provisions for litigation. **Adidas** shares closed -3.55% lower after the revenue outlook was revised downward, while the profitability outlook was raised slightly. **Michael Kors** slumped as much as -17%. Although earnings beat estimates by +15%, the quarterly outlook remained -17% below consensus. **Deutsche Telekom** Q3 earnings beat estimates and the full-year forecast was raised for the third time this year on strong growth at US wireless unit T-Mobile US.

## Fixed Income – Insurers' bond sale may fail to reach riskiest debt

A second insurer bond offering, after a three-week hiatus, may signal renewed investor appetite for the industry's paper, without quite being enough to revive sales of the riskiest notes. Legal & General Group drew more than GBP 1.6bn of orders on Wednesday as it offered GBP 400m of subordinated notes. The offering comes a day after Aviva sold EUR 750m of nine-year senior bonds in a deal that was 2.4 times subscribed. Still, demand for insurer notes may not yet be strong enough to tempt Dutch-based Aegon NV to go ahead with an offering of the most-junior insurance debt, which was road showed last month. If the pickup in sentiment over the past couple of weeks does not go further, then the RT1 sale will probably be postponed to next year.

Equity Indices	Current	YTD (%)
MSCI World	2'084.45	-0.90
Dow Jones	26'180.30	5.91
S&P 500	2'813.89	5.25
Nasdaq 100	7'203.13	12.61
Nikkei 225	22'486.92	-1.22
SMI	9'050.53	-3.53
SLI	1'425.81	-6.07
Euro Stoxx 50	3'246.16	-7.36
Euro Stoxx 600	366.39	-5.86
DAX	11'579.10	-10.36
MSCI UK	2'059.73	-7.55

EM and Alternative Indices	Current	YTD (%)
MSCI Emerging Markets	997.92	-13.86
MSCI EM Asia	497.73	-15.18
MSCI EM Eastern Europe	161.30	-2.59
MSCI EM Latin America	2'719.61	-3.84
Brazil IBOVESPA	87'714.35	14.81
Russian Depository Index	1'409.16	9.74
NIFTY Index	10'598.40	0.64
Hang Seng Index	26'279.11	-12.17
HFRI Global HF Index	1'225.05	-3.96
LPX50 Listed PE TR (EUR)	2'282.62	4.35
BBG NA REITS	281.53	-1.85

Fixed Income	Current	YTD (Δ)
US Treasury Bonds 10Y (USD)	3.22	0.82
German Bund 10Y (EUR)	0.45	0.02
Swiss Government 10Y (CHF)	0.02	0.17
United Kingdom 10Y (GBP)	1.53	0.34
Japan 10Y (JPY)	0.13	0.08
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	1.20	0.26
Global HY Corporate Spread	3.77	0.44
EM Hard Currency Gov. Spread	2.78	0.63

## Earnings calendar

Date	Ctry	Company	Period	Cons quarterly EPS
08.11.	GB	BURBERRY GROUP PLC	S1	0.30
08.11.	DE	CONTINENTAL AG	Q3	2.71
08.11.	US	WALT DISNEY CO/THE	Q4	1.35
08.11.	IT	TELECOM ITALIA SPA	Q3	-
09.11.	DE	ALLIANZ SE-REG	Q3	4.42
09.11.	CH	CIE FINANCIERE RICHEMONT-REG	S1	-
13.11.	DE	BAYER AG-REG	Q3	0.97
13.11.	US	HOME DEPOT INC	Q3	2.27
13.11.	DE	STROEER SE & CO KGAA	Q3	-
13.11.	GB	VODAFONE GROUP PLC	S1	-
14.11.	US	CISCO SYSTEMS INC	Q1	0.72

## Forex

	Current	YTD (%)
EUR/USD	1.1435	-4.75
EUR/CHF	1.1454	-2.13
USD/CHF	1.0017	2.81
GBP/CHF	1.3151	-0.13
GBP/USD	1.3129	-2.84
USD/JPY	113.62	0.83
USD/HKD	7.8303	0.21
USD/SGD	1.3703	2.57
USD/CNY	6.9284	6.48
EUR/NOK	9.5373	-3.11
EUR/SEK	10.3028	4.77

## Economic data calendar

Date	CET	Ctry	Indicator	Period	Cons	Prev.
08.11.	04:01	CN	Exports (y/y)	Oct	11.92	15.60
08.11.	04:01	CN	Imports (y/y)	Oct	14.56	21.40
08.11.	08:00	DE	Exports (m/m)	Sep	0.21	0.10
08.11.	08:00	DE	Imports (m/m)	Sep	0.75	-2.40
08.11.	09:00	ES	Industrial Production (y/y)	Sep	-	1.20
08.11.	14:30	US	Initial Jobless Claims (thousands)	11.	212.00	214.00
08.11.	20:00	US	Federal Funds Target Rate	11.	2.25	2.25
09.11.	02:30	CN	Producer Prices (y/y)	Oct	3.35	3.60
09.11.	02:30	CN	Consumer Prices (y/y)	Oct	2.46	2.50
09.11.	08:45	FR	Industrial Production (y/y)	Sep	0.93	1.60
09.11.	10:30	GB	Industrial Production (y/y)	Sep	0.39	1.30

## Commodities

	Current	YTD (%)
Oil Future Nymex WTI (USD)	61.82	6.46
Oil Future Brent (USD)	72.20	14.02
Gold-ounce (USD)	1'225.16	-5.96
Silver-ounce (USD)	14.57	-14.00
Platinum (USD)	872.73	-5.98
Palladium (USD)	1'133.63	6.59
JOC Industrial Metals Index	111.50	-8.71
S&P GSCI Index Spot Indx	447.23	1.08
Rogers Int. Commodity Index	2'435.05	0.79
BBG Commodity Index	83.64	-5.13
Rogers Agriculture TR Index	782.01	-2.96

## Topics LGT looks at

Topics	Description	Publication Type	Published
Technology Stocks Update	This Market News highlights our favorites in the equity tech sector.	Market News	07.11.2018
Relative shift of power in Washington	Democrats take control of the House of Representatives while Republicans assert majority in Senate. Our baseline scenario has realized. In view of the largely forecast result, initial reactions on the markets remain subdued to positive.	Market News	07.11.2018
Pharma - when patience pays off	In this publication we present our stocks favorites in the pharma sector.	Investment Idea	07.11.2018
Brazil Elections	Polls as well as the market sentiment indicate that Jair Bolsonaro will be winning the runoff elections on October 28.	Market News	25.10.2018
Stocks in autumn depression	Reduced divergence between US equities and the rest of the world as well as increasing economic concerns, interest rate fears and political uncertainties led to a renewed slump in equities, led by Wall Street.	Market News	25.10.2018

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#### Impressum

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