

Economy

The statistics published in the United States were mixed. The ISM manufacturing index fell in April, but less than expected, from 49 to 48.7 (vs. 47.9 est.). Household confidence, on the other hand, disappointed, falling from 93.9 to 86 in the same month. The employment report was close to expectations: 177,000 jobs were created in April and the unemployment rate was unchanged at 4.2%. The contraction in GDP in Q1 (-0.3% q/q annualized) was due to heavy imports in anticipation of tariffs, and does not reflect weakness in domestic demand. In the eurozone, Q1 GDP growth (+0.4% q/q; +1.2% y/y) exceeded expectations. Headline inflation was unchanged in April (+2.2% y/y), but core inflation rose from +2.4% to +2.7% y/y. In China, the manufacturing PMI fell more than expected (from 50.5 to 49 vs. 49.7 est.) and the services PMI from 51.2 to 50.4 (vs. 50.6 est.).

Planetary Boundaries

The latest update of the International Energy Agency's CCUS (Carbon Capture, Utilization & Storage) project database shows limited progress over the past year. To date, just over 50 Mt of annual carbon capture and storage capacity is in operation. Capture capacity is expected to reach 430 Mt p.a by 2030, or 1.1% of the c.38 Mt p.a of energy-related emissions.

Bonds

In the US, the UST 10y gained 7bp over the week following mixed macro figures, with the JOLTS and Q1 GDP coming in below expectations, while the PCE, ISM and NFP surprised on the upside. In Europe, the Bund and the 10y OAT also gained 6bp in a shortened week, with CPI higher than expected and an upward revision of manufacturing PMIs. This week's Fed meeting will be decisive in guiding the market.

Sentiment of traders

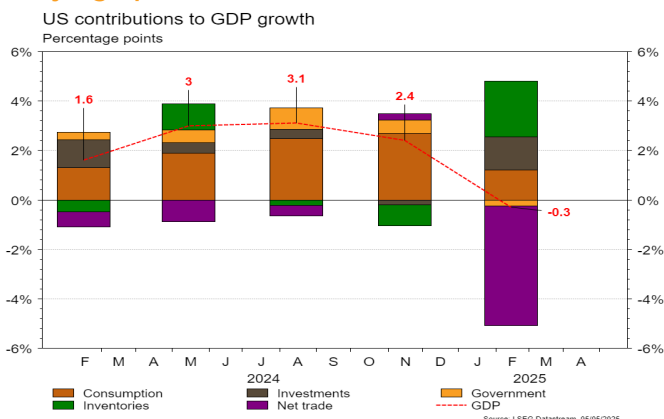
Stock markets

This week, the focus will be on the FOMC meeting, which is unlikely to see a rate cut, and J. Powell's comments on the occasion. Otherwise, on the macro front, there will be the ISM services index and the US trade balance, as well as PPI and retail sales in the eurozone. On the quarterly front, we have AMD, Disney, Novo Nordisk and Zurich Insurance.

Currencies

Following Friday's US figures, the dollar weakened and is trading this morning at: €//\$ 1.1327 and \$/CHF 0.8265. The short-term uptrend in the €//\$ seems to persist, the sup. 1.1275 is crucial and a test of the res. 1.1420 is possible. Forex traders will be focused on the FED meeting, expecting a status quo, and on possible tariffs agreements. The pound is up at £/\$1.3285, sup. 1.3245 res. 1.3440. The €/CHF is stable at 0.9362, sup. 0.9310 res. 0.9420. Gold is at \$3261/oz, sup. 3220 res. 3310.

Today's graph



Markets

China's willingness to open negotiations in its trade war with the US has boosted risk appetite. As a result, equities rose strongly (US: +2.9%; Europe: +3.1%; emerging markets: +3.3%), 10-year sovereign yields recovered (USD: +7bp; EUR: +6bp) except in Switzerland (-15bp) and gold fell slightly (-0.3%). However, the 8.4% fall in oil prices indicates that the outlook for growth is uncertain at best. Coming up this week: ISM services, trade balance and Fed meeting in the United States; producer price indices, Sentix confidence index and retail sales in the eurozone; foreign exchange reserves, trade balance and inflation in China.

Swiss Market

Coming up this week: inflation April (FSO), employment indicator Q2 (KOF), unemployment April (Seco), economic survey (KOF), foreign exchange reserves at the end of April (SNB) and consumer sentiment, April survey (Seco).

The following companies are due to release figures: Oerlikon, Geberit, Adecco, Zurich Insurance, Montana Aerospace, Valiant, Swisscom, Lonza and Sonova.

Equities

We are removing **AMAZON** from our Core Holdings list. The expected tariff shock on Chinese imports is likely to weigh significantly on margins and growth momentum. The consensus has slightly lowered the 2025e EBIT margin to 11.2% (from 11.7% in January), a level that seems inconsistent with the scale of the forthcoming tariff hikes; a more realistic "mixed" scenario puts this margin at around 9.7%.

We are temporarily removing **BASF** from the Satellite list, due to the lack of visibility on business in the short term. The reasons why we bought the stock in the first place remain intact (strategic change, cost-cutting program, upside potential linked to the stimulus program in Germany and in the event of a ceasefire between Ukraine and Russia), but are outweighed in the short term by the risk of a US recession.

COLOPLAST removed from the Core Holdings list: the company issued a rare profit warning last week. The business was hit by weakness in China and in the Urology division. 2025 looks set to be another year of transition. We will have to wait until 2026 for an acceleration in business growth to materialize.

Energy sector: OPEC+ has announced a new production increase of 411 kbl/d from June. This move should be seen as a price war, following the loss of c. 4 Mbl/d of market share vs 2018. The effects will be bearish on prices and headline inflation. We reiterate our negative view on the sector.

Performances

	Since		
	As at 02.05.2025	25.04.2025	31.12.2024
SMI	12 253.79	2.61%	5.63%
Stoxx Europe 600	536.43	3.07%	5.67%
MSCI USA	5 425.57	2.91%	-3.41%
MSCI Emerging	1 133.27	3.30%	5.37%
Nikkei 225	36 830.69	3.15%	-7.68%
As at 02.05.2025			
CHF vs. USD	0.8234	0.78%	10.07%
EUR vs. USD	1.1369	0.00%	9.79%
10-year yield CHF (level)	0.28%	0.43%	0.23%
10-year yield EUR (level)	2.52%	2.44%	2.36%
10-year yield USD (level)	4.31%	4.26%	4.57%
Gold (USD/per ounce)	3 263.31	-0.28%	24.30%
Brent (USD/bl)	61.36	-8.35%	-17.90%

Source: LSEG Datastream

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