

Economy

The statistics published in the United States were somewhat mixed. House prices (FHFA) contracted by 0.1% m/m in March, whereas a stabilisation was expected, and houses for sale fell by 6.3% m/m (-3.5% y/y), a sign of tension in the market. Household confidence rebounded, to everyone's surprise, in May (from 85.7 to 98 vs. 87.1 est.). Initial weekly jobless claims rose more than expected (from 226,000 to 240,000) and should be followed. PCE inflation was in line with or even slightly lower than expected in April (+0.1% m/m; +2.1% y/y). In the eurozone, the EC confidence indices rose more than expected in May: from 93.8 to 94.8 in the economy (vs. 94.1 est.), from -11 to -10.3 in industry (vs. -10.5 est.), except in services from 1.6 to 1.5 (vs. 1 est.).

Planetary Boundaries

According to a study published in Science, in which EPFZ participated and which used eight glacier models, glaciers on a global scale will lose 15 to 55% of their 2020 mass, i.e. an average of 39%, even if temperatures stabilise at their current level. The study concludes that the loss of mass for a rise of 1.5°C (in line with the Paris Agreement) would be twice as great as that resulting from a rise of 2.7°C by 2100, i.e. the rise estimated using current climate policies.

Bonds

In the US, the 10y lost 11bp over the week, helped by a slightly lower than expected PCE and higher than expected jobless claims. In Europe, the 10y Bund lost 7bp and the 10y OAT 10bp, the former helped by contracting retail sales and higher-than-expected jobless claims, the latter by negative monthly inflation (CPI and PPI). This week, the ECB is expected to cut its key rate by 25bp, and there will be a large number of publications on US employment.

Sentiment of traders

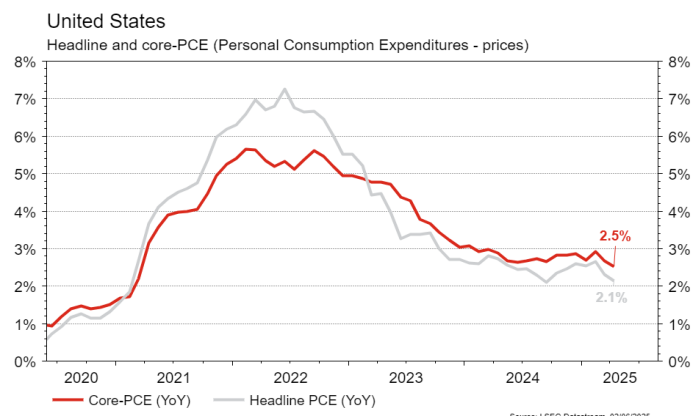
Stock markets

The markets started June in the red on the back of worsening trade tensions between China and the USA and new steel taxes. The week will be a busy one for macro figures, with ISM, trade balance, industrial orders and employment statistics in the US, and CPI, unemployment and retail sales in the eurozone.

Currencies

The new wave of Sino-American tensions, launched by Trump on Friday, is putting the dollar and the markets under pressure this Monday: €/ \$ 1.1415, \$/JPY 143.07. The ECB meets this week, and the market is anticipating a 0.25% fall. The € remains positive, and a break of the €/ \$ res. 1.1440 would allow a test of res. 1.1580, while the sup. 1.125 remains valid. The CHF appreciates to \$/CHF 0.8190, sup. 0.8100 res. 0.8325. The £ is appreciating at £/\$ 1.3545, sup. 1.3435 res. 1.3595. Gold is at \$3353/oz, sup. 3301 res. 3410.

Today's graph



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Markets

The still somewhat erratic flow of news on the trade war remains a determining factor in asset prices, and the week was rather RISK ON. Equities rose (US: +1.9%, Europe: +0.7%) except in emerging markets (-1.2%). Sovereign 10-year yields fell (USD: -11bp; EUR&CHF: -6/-8bp). The dollar is appreciating moderately (dollar index: +0.2%) and gold prices, after rebounding strongly the previous week, are down 2.1%. Coming up this week: ISM manufacturing and services, trade balance and employment report in the United States; producer and consumer price indices, ECB meeting and retail sales in the eurozone; manufacturing and services PMI in China.

Swiss Market

Coming up this week: reference mortgage rate (OFL), retail sales April (FSO), services sales March (FSO), GDP in Q1 2025 (Seco), PMI indices May, inflation May (FSO), unemployment May (Seco) and foreign exchange reserves at the end of May (SNB).

The following companies are due to release results: Addex and Burckhardt.

Equities

ASTRAZENECA (Core Holdings) continues to deliver clinically. At ASCO, the company presented positive phase III data for two of its compounds: Imfinzi in gastric cancer and camizestrant in combination with CDK4/6 in hormone receptor-positive breast cancer.

BOOKINGS HOLDINGS has been removed from our Core Holdings list: after rising 110% over two years, the stock is now more than 10% above our 2025 fundamental value. We remain positive on the quality-growth profile of the stock and will buy back on correction.

LVMH (Core Holdings): Jonathan Anderson, who has been head of Dior Homme since mid-April, is also to become artistic director of Dior Femme. His arrival at Dior, which has been in decline for several quarters, was hoped for by the market in view of his track record at Loewe. Dior accounts for c. 20% of sales in the Fashion & Leather Goods division.

ENERGY SECTOR: OPEC+ has announced a further increase in production of more than 400,000 barrels per day. This decision was widely expected, but should not have a further impact on crude prices. Our scenario is for the price to remain below \$70/bl for the foreseeable future.

Performances

	As at 30.05.2025	Since 23.05.2025	Since 31.12.2024
SMI	12 227.08	0.23%	5.40%
Stoxx Europe 600	548.68	0.65%	8.09%
MSCI USA	5 650.08	1.90%	0.59%
MSCI Emerging	1 157.34	-1.17%	7.61%
Nikkei 225	37 965.10	2.17%	-4.84%
CHF vs. USD	0.8216	-0.04%	10.31%
EUR vs. USD	1.1353	0.07%	9.63%
Gold (USD/per ounce)	3 285.34	-2.15%	25.14%
Brent (USD/bl)	63.92	-1.37%	-14.48%
		As at 23.05.2025	As at 31.12.2024
10-year yield CHF (level)	0.32%	0.38%	0.23%
10-year yield EUR (level)	2.51%	2.58%	2.36%
10-year yield USD (level)	4.38%	4.50%	4.57%

Source: LSEG Datastream