No. 400
20 March
2017

BONHÔTE
BANQUIERS DEPUIS 1815

FLASH BOURSIER

THOSE ALL-IMPORTANT DETAILS

Highlights:

G20 under threat from protectionism

EU ministers meeting on Greece

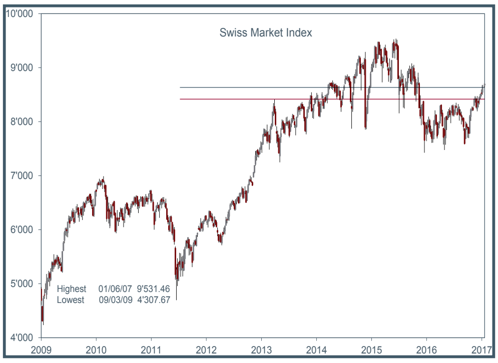
Overview

Last week, financial markets danced to the tune of three factors: normalisation of US rates policy, the re-election of the centre-right government in the Netherlands and the threat from protectionism in evidence at the G20 summit in Germany.

Thanks to a US economy in fine form, the Fed as widely expected opted to raise its key interest rate. The attainment of full employment (with the unemployment rate clocking in at a mere 4.7%), on-target inflation and the recent strong showing from equity markets gave the central bank grounds for tightening monetary conditions by one quarter-point. The Fed Funds range is now 0.75% to 1% following the rate hike – the third since December 2015. However, it hinted that the rate of tightening was not going to accelerate, contrary to market expectations. This sent long-term yields and the dollar sliding.

In Europe, Dutch voters handed another term to the centre-right party led by Mark Rutte, who led an ambiguous campaign in which he sought to win over hard-right voters as well. Today, European finance ministers will be meeting in Brussels in search of an agreement on Greece's debt repayments. Negotiations have been taking place frantically in recent weeks in an attempt to ensure that the IMF is on board – failing which the Greek debt crisis could flare up again.

Ultimately G20 finance ministers hit a dead end with the US on the subject of free trade. Despite many attempts to bring treasury secretary Steven Mnuchin into line, they had to resign themselves to the fact that the US does not want to budge on the matter of global trade. They say that the devil is in the detail: the closing statement for once did not reiterate the usual commitment to fighting all forms of protectionism. This confirms that Trump is putting paid to multilateral dealings. Through its recently released budget, for example, the administration is advocating sharp cuts in foreign aid, environmental protection and federal agency spending. Such serious changes will doubtless have a marked influence of the global economy.



Index drifted last week. Support line is still at 8400 points.

Key data

	USD/CHF	EUR/CHF	SMI	EURO STOXX 50	DAX 30	CAC 40	FTSE 100	S&P 500	NASDAQ	NIKKEI	MSCI EMERGING MARKETS
Latest	1.00	1.07	8'698.53	3'448.41	12'095.24	5'029.24	7'424.96	2'378.25	5'901.00	19'521.59	965.57
Trend	➡	➡	➡	⬆	⬆	⬆	⬆	➡	➡	➡	⬆
%YTD	-2.14%	0.05%	5.82%	4.80%	5.35%	3.43%	3.95%	6.23%	9.62%	2.13%	11.98%

(values from the Friday preceding publication)

No. 400
20 March
2017

BONHÔTE
BANQUIERS DEPUIS 1815

FLASH BOURSIER

SPOTLIGHT ON STOCKS

DUFRY

ORACLE

Dufry AG
(ISIN: CH0023405456, price: CHF 146.80)

Full-year financial results were in line with market estimates.

Net profit was close to zero but this was because of integration costs relating to recent acquisitions, namely Nuance in 2016 and World Duty Free in 2015.

And while organic growth over the whole year was a mere 1%, the rate picked up sharply in the final quarter.

Synergies are starting to be felt, and the related annual figure has been revised up from CHF 105m to CHF 125m. Although the group does not issue current-year guidance, initial information would suggest that first-quarter results will be in line with the fourth quarter of 2016, which is when the recovery started.

From a technical standpoint, the share needs to correct marginally. We will only switch to a Buy rating from CHF 130.

Oracle
(ISIN: US68389X1054, price: USD 45.66)

The US enterprise software giant reported higher-than-expected quarterly results, driven by take-up of its cloud solutions. In July 2016, Oracle sped up this transition by announcing the acquisition of NetSuite, a provider of cloud services, for USD 9.3bn.

Net profit amounted to USD 2.2bn on a 3% rise in revenue period to USD 9.27bn. Cloud-related sales (which are subscription based) shot up by 62% during the quarter. These sales include SaaS (software as a service), PaaS (platforms as a service) and remote IT infrastructure (e.g. servers and storage).

The upturn in cloud revenues is starting to compensate for the decline in software licence sales. Several analysts have raised their target price on the stock in the wake of these better-than-expected results.

Hold with a target of USD 50.

Authors:

Jean-Paul Jeckelmann,
CIO, CFA
Françoise Mensi,
Ph.D in Economics.
Pierre-François Donzé,
M. Sc. in Economics
Julien Stähli,
MBF Boston University
Valentin Girard,
CFA
Nathaniel E. Burkhalter,
M. Sc. in Economics

Contact:

Banque Bonhôte & Cie SA
2, quai Ostervald
2001 Neuchâtel / Switzerland
Tel. +41 32 722 10 00
info@bonhote.ch
www.bonhote.ch

facebook.com/
banquebonhote
linkedin.com/company/
banque-bonh-te-&-cie-sa
twitter.com/
alexnvincent