

# FLASH BOURSIER

## NO BREAKTHROUGH IN CHINA-US TRADE TALKS

### Highlights:

**Pedestrian growth in Q4 for Europe**

**OECD sees slack global growth in 2019 and 2020**

### Overview

A 'phase-one' deal between the US and China is no longer the almost-certain prospect it was not so long ago, leaving investors fearing that the tariff increases planned for 15 December will now go ahead.

No one is really listening these days to the remarks from US and Chinese leaders, who are trying to talk unity but with a fair dose of woolliness as well. Apparently, Xi Jinping has let it be known that he is not scared of a trade war, and the People's Republic wants a deal based on mutual respect and equal treatment. Meanwhile Donald Trump thinks that a deal is just around the corner, and Xi wants it more badly than he does. In another development, the Trump administration is considering launching a trade inquiry into its dealings with the EU, investigating whether it would be justified to slap customs duties on car imports into the US.

Purchasing manager indicators (PMIs) reported in the Eurozone this month have again been weak. The manufacturing PMI stands at 46.6 while the composite PMI has edged down to 50.3. The slowdown in manufacturing is spreading to the services industry, suggesting a near standstill in economic growth during the fourth quarter. In Germany, however, the worst of the manufacturing slump may

be over, as reflected by a small increase in the November PMI to 43.8. In Japan, the slow-down has continued, with the manufacturing PMI contracting this month and exports in the red. Elsewhere, the US consumer confidence index rose to 96.8. The latest OECD forecast is for global GDP growth of 2.9% in 2019 and 2020, which would be the slowest rate since 2008. For this year, it forecasts GDP growth of 2.3% in the US, 1.2% in the Eurozone and 6.2% in China.

We think equities are now overbought, so caution is advised. Depending on how the US election campaign pans out and which candidates emerge as the frontrunners, more volatility can be expected in share prices during the months ahead. Specifically, investors will be watching the debates and listening to proposals about the healthcare system, tech giants and corporate taxation.



The SMI has at last managed to turn upwards (10400 points). Next Friday's close should provide an indication about the chances of a continued uptrend.

### Key data

	USD/CHF	EUR/CHF	SMI	EURO STOXX 50	DAX 30	CAC 40	FTSE 100	S&P 500	NASDAQ	NIKKEI	MSCI EMERGING MARKETS
<b>Latest</b>	1.00	1.10	10'369.44	3'687.32	13'163.88	5'893.13	7'326.81	3'110.29	8'519.89	23'112.88	1'048.55
<b>Trend</b>	➔	➔	➔	➔	➔	➔	➔	➔	➔	➔	➔
<b>%YTD</b>	1.63%	-2.49%	23.02%	22.85%	24.67%	24.57%	8.90%	24.07%	28.40%	15.48%	8.57%

# FLASH BOURSIER

## SPOTLIGHT ON STOCKS

**La Française des Jeux (ISIN: FR0013451333, price: EUR 22.70)**

### First two days of trading



Investors able to secure Française des Jeux shares in connection with its flotation undoubtedly thought they had struck gold. The IPO was the biggest this year on the French stock exchange and was many, many times oversubscribed. Among those winning the draw were 500,000 French retail investors and institutions who think long term, such as life insurers.

On paper, Française des Jeux ticks two boxes: the company generates 95% of its gross revenue through a monopoly (and this source of revenue is expected to grow by 3-4% yearly) and the share is offering a 3.5% yield.

The counter-cyclical nature of the business is also a plus point. The number of gamblers and the size of the outlays hardly move across the economic cycle, which gives the share bond-like credentials.

Française des Jeux runs EuroMillions, a Europe-wide lottery spanning nine countries (including Switzerland). The jackpot is capped at EUR 190 million and the probability of winning it are 1 to 140,000,000.

The share offers investors better odds of recouping their initial outlay than the actual competition.

#### Authors:

**Jean-Paul Jeckelmann,**  
CIO, CFA

**Julien Stähli,**  
MBF Boston University

**Françoise Mensi,**  
Ph.D in Economics.

**Pierre-François Donzé,**  
M. Sc. in Economics

**Valentin Girard,**  
CFA, MScF Université de  
Neuchâtel

**Karine Patron,**  
MScF Université de  
Neuchâtel

#### Contact:

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

 facebook.com/  
banquebonhote

 linkedin.com/company/  
banque-bonh-te-&-cie-sa

 twitter.com/  
alexnvincnt

This document is provided for your information only. It has been compiled from information collected from sources believed to be reliable and up to date, with no warranty as to its accuracy or completeness. By their very nature, markets and financial products are subject to the risk of substantial losses which may be incompatible with your risk tolerance. Any past performance that may be reflected in this document is not a reliable indicator of future results. Nothing contained in this document should be construed as professional or investment advice. This document is not an offer to you to sell or a solicitation of an offer to buy any securities or any other financial product of any nature, and the Bank assumes no liability whatsoever in respect of this document. The Bank reserves the right, where necessary, to depart from the opinions expressed in this document, particularly in connection with the management of its clients' mandates and the management of certain collective investments. The Bank is a Swiss bank subject to regulation and supervision by the Swiss Financial Market Supervisory Authority (FINMA). It is not authorised or supervised by any foreign regulator. Consequently, the publication of this document outside Switzerland, and the sale of certain products to investors resident or domiciled outside Switzerland may be subject to restrictions or prohibitions under foreign law. It is your responsibility to seek information regarding your status in this respect and to comply with all applicable laws and regulations. We strongly advise you to seek independent legal and financial advice from qualified professional advisers before taking any decision based on the contents of this publication.