

FLASH BOURSIER

NO BREAKTHROUGH IN CHINA-US TRADE TALKS

Overview

Pedestrian

growth in Q4

for Europe

Highlights:

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.

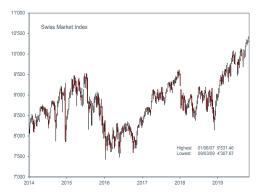
OECD sees slack global growth in 2019 and 2020

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

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 slowdown 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
Latest	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
Trend	•	•	•	•	•	•	•	•	•	•	•
%YTD	1.63%	-2.49%	23.02%	22.85%	24.67%	24.57%	8.90%	24.07%	28.40%	15.48%	8.57%

(Daten vom Freitag vor der Publikation)



SPOTLIGHT ON STOCKS

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



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 bondlike 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.

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