

# Anlage- und Produktmeeting

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16. Mai 2023



Reuss Private

# US CPI Report for April

## Key takeaways from the April US CPI report

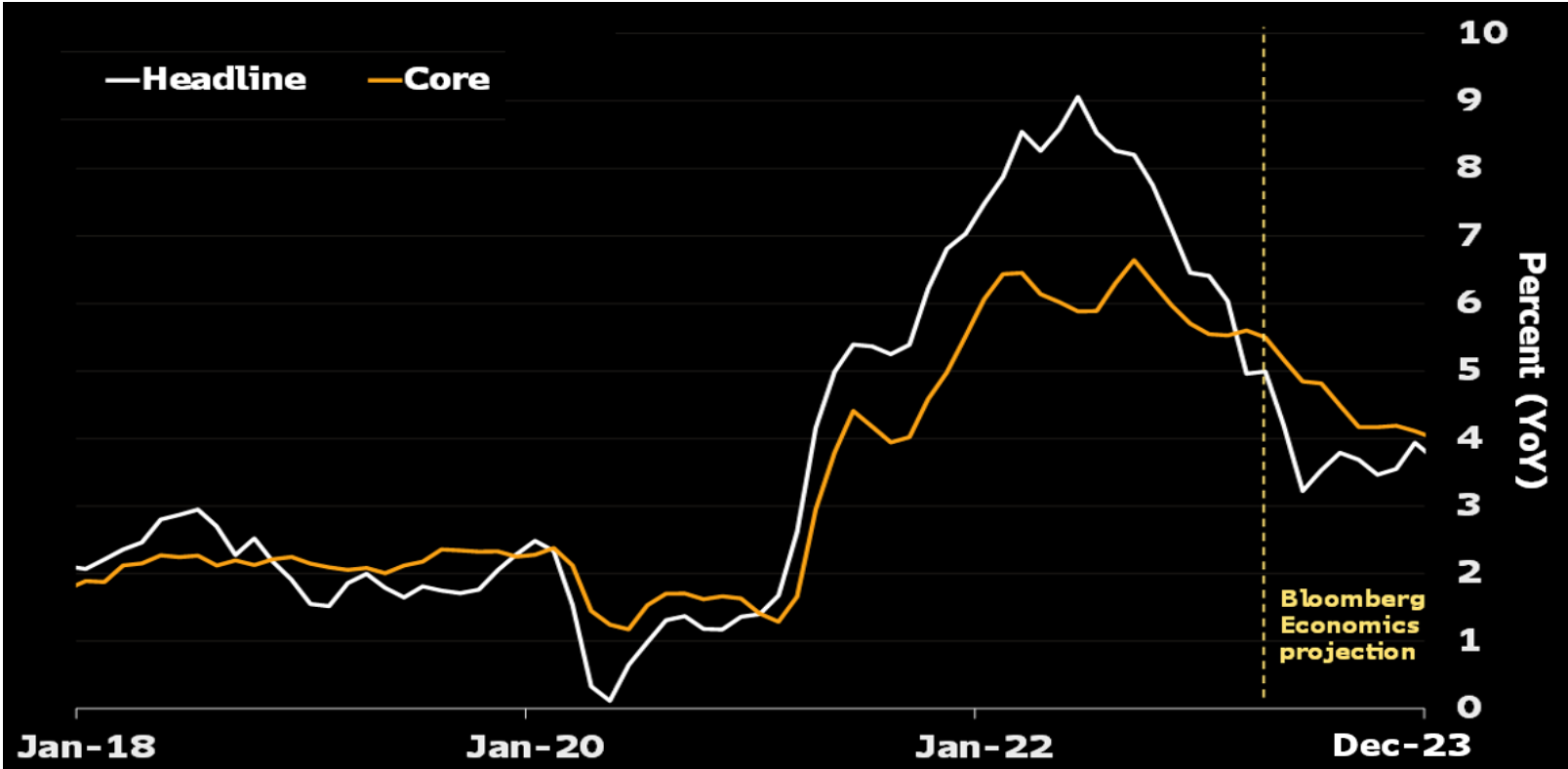
Date	Time	A	M	R	Event	Period	Surv(M)	Actual	Prior
23)	05/10 14:30	🔊	🔔	📊	CPI MoM	Apr	0.4%	0.4%	0.1%
24)	05/10 14:30		🔔	📊	CPI Ex Food and Energy MoM	Apr	0.4%	0.4%	0.4%
25)	05/10 14:30	🔊	🔔	📊	CPI YoY	Apr	5.0%	4.9%	5.0%
26)	05/10 14:30	🔊	🔔	📊	CPI Ex Food and Energy YoY	Apr	5.5%	5.5%	5.6%

- US inflation ran **slightly cooler than expected** in April, good news that reinforces the markets' view that the Federal Reserve will pause its rate hikes in June.
- Both **overall and core CPI rose 0.4% for the month**. While that's **too hot for the Fed**, which is aiming for a 2% inflation rate, it is a moderation from the overheated rates of last year.
- **Shelter costs**, which are the biggest services component and make up about one-third of the overall CPI index, **rose 0.4%** last month, the smallest in over a year. Prices for **airfares, hotel stays and new cars declined**.
- Powell has been focused on so-called **supercore CPI** – core prices excluding housing – because he sees this segment of the **services industry affected by a tight labor market**. There was good news there, with those prices rising just 0.1%.

Source: Bloomberg

# US Core CPI Surpassing Headline

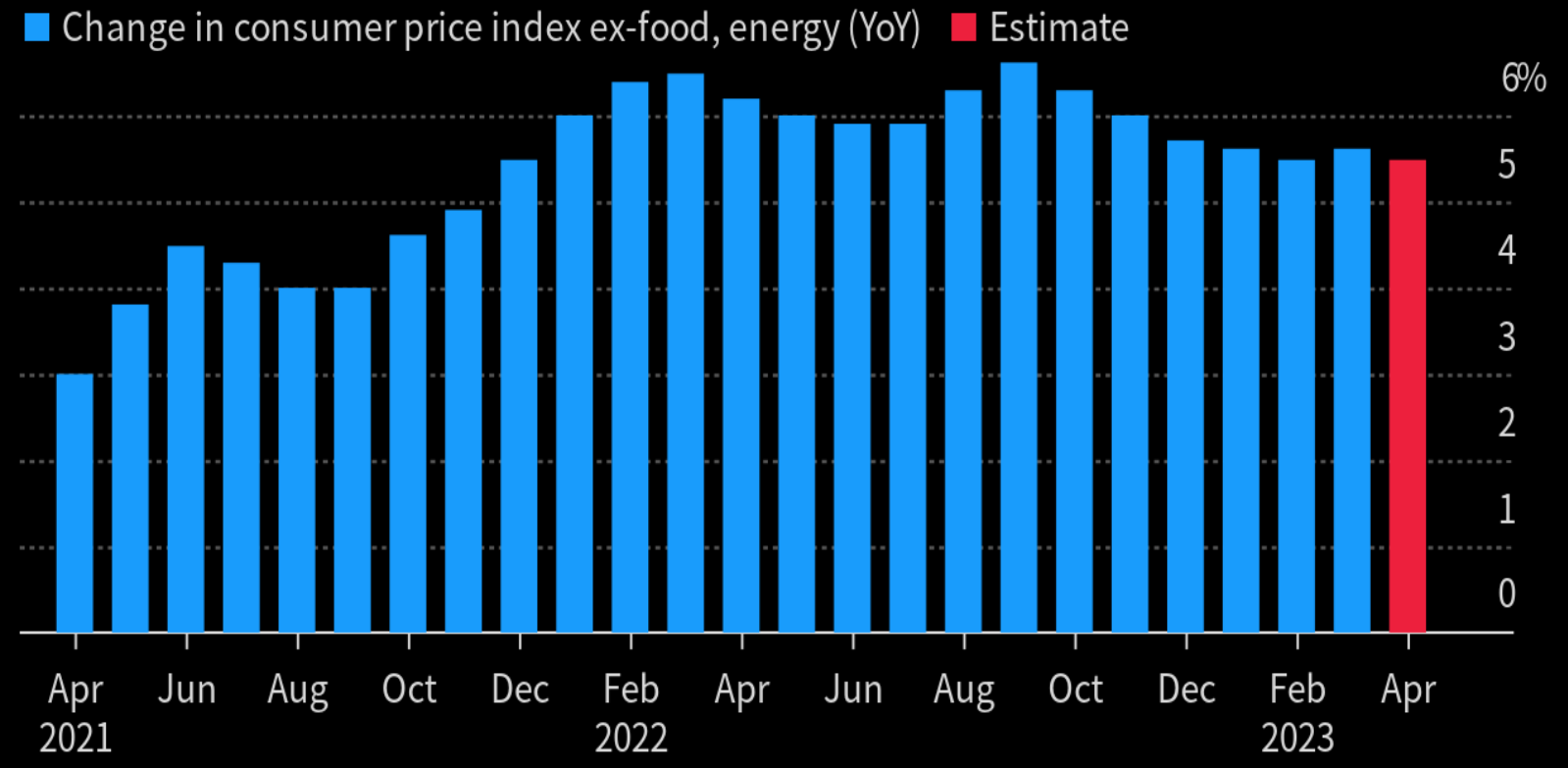
That's not an outlook that warrants a Fed rate cut.



Source: Bloomberg

# Underlying US Inflation Seen as Persistent in April

Core CPI seen rising 5.5%, underscoring lingering cost pressures



Source: Bloomberg

# US April Producer Prices

Producer price rose at the slowest pace since early 2021



Source: Bloomberg

# US Jobless Claims Jump to Highest Since October 2021

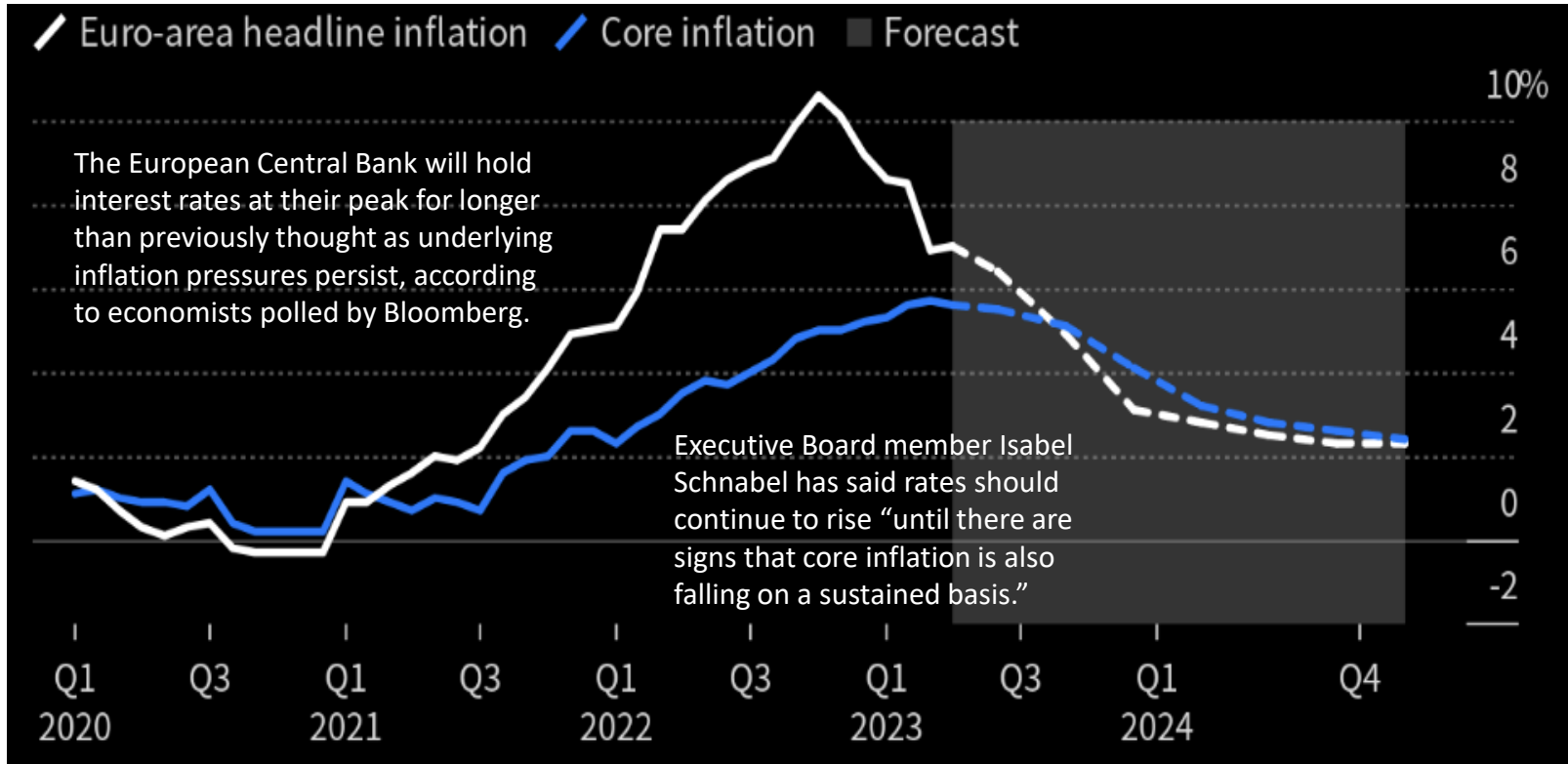
Four-week moving average also rose to late-2021 levels



Source: Bloomberg

# Underlying Inflation to Take More Time to Slow

Economists now expect a rate cut in second quarter of 2024



Source: Bloomberg

# ZEW expectations index declined to -10.7 in May; est. -5

German recession fears resurface as investor outlook weakens



“The financial market experts anticipate a worsening of the already unfavorable economic situation in the next six months,” ZEW President Achim Wambach said in a statement. “As a result, the German economy could slip into a recession, albeit a mild one.”

Source: Bloomberg



# Germany May ZEW Sentiment Survey by Industry

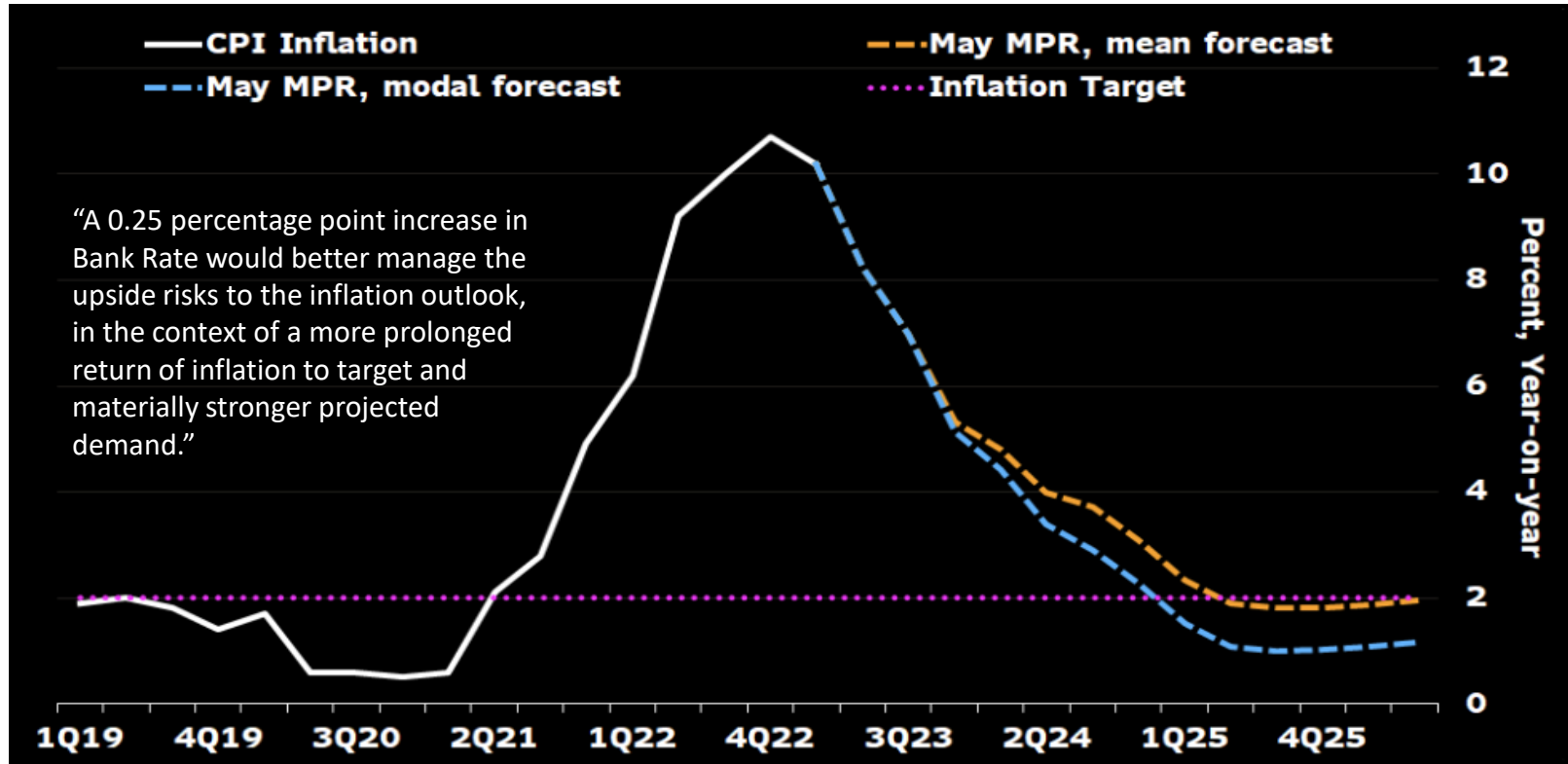
May economic outlook for the next six months by industry

	May	April	March	Feb.	Jan.	Dec.	Nov.	Oct.	Sept.	Aug.
	2023	2023	2023	2023	2023	2022	2022	2022	2022	2022
	<b>Sectors</b>									
Banks	33.3	32.8	11.6	68.0	58.4	41.2	28.8	5.9	14.3	20.5
Insurance companies	41.4	36.7	25.8	60.1	51.2	48.7	31.6	7.9	19.2	25.9
Automobile	-31.7	-16.6	-24.1	-20.1	-34.7	-41.5	-52.1	-63.2	-59.2	-44.1
Chemical/pharma	-10.0	-3.9	-7.3	-0.7	-15.8	-24.2	-32.4	-56.7	-53.9	-42.2
Steel	-27.2	-22.2	-30.9	-28.1	-38.0	-52.3	-64.6	-75.3	-69.1	-61.9
Electronics	8.5	9.4	11.8	9.8	0.0	-1.9	-18.0	-34.8	-31.0	-16.2
Mechanical engineering	-9.9	-8.1	-8.0	-2.9	-29.5	-39.8	-50.0	-60.7	-61.2	-42.2
Retail/cons. goods	-29.1	-29.5	-26.5	-27.1	-41.8	-52.8	-61.0	-74.7	-70.0	-67.7
Construction	-80.7	-80.3	-82.0	-79.8	-81.0	-82.4	-82.8	-82.8	-74.9	-65.1
Utilities	16.7	13.2	20.8	12.6	14.7	7.4	7.5	2.6	3.5	1.2
Services	20.4	14.0	18.5	18.2	11.2	6.8	-11.1	-22.5	-11.5	-6.5
Telecommunications	22.8	20.1	25.5	23.6	20.1	18.3	15.7	5.5	12.8	13.0
Inform. technology	45.0	43.3	42.7	42.7	35.7	38.0	26.8	14.8	24.4	26.9

Source: Bloomberg

# BOE Eyeing 4.75% Peak Rate?

Latest decision May 11: 25 bps hike to 4.50%

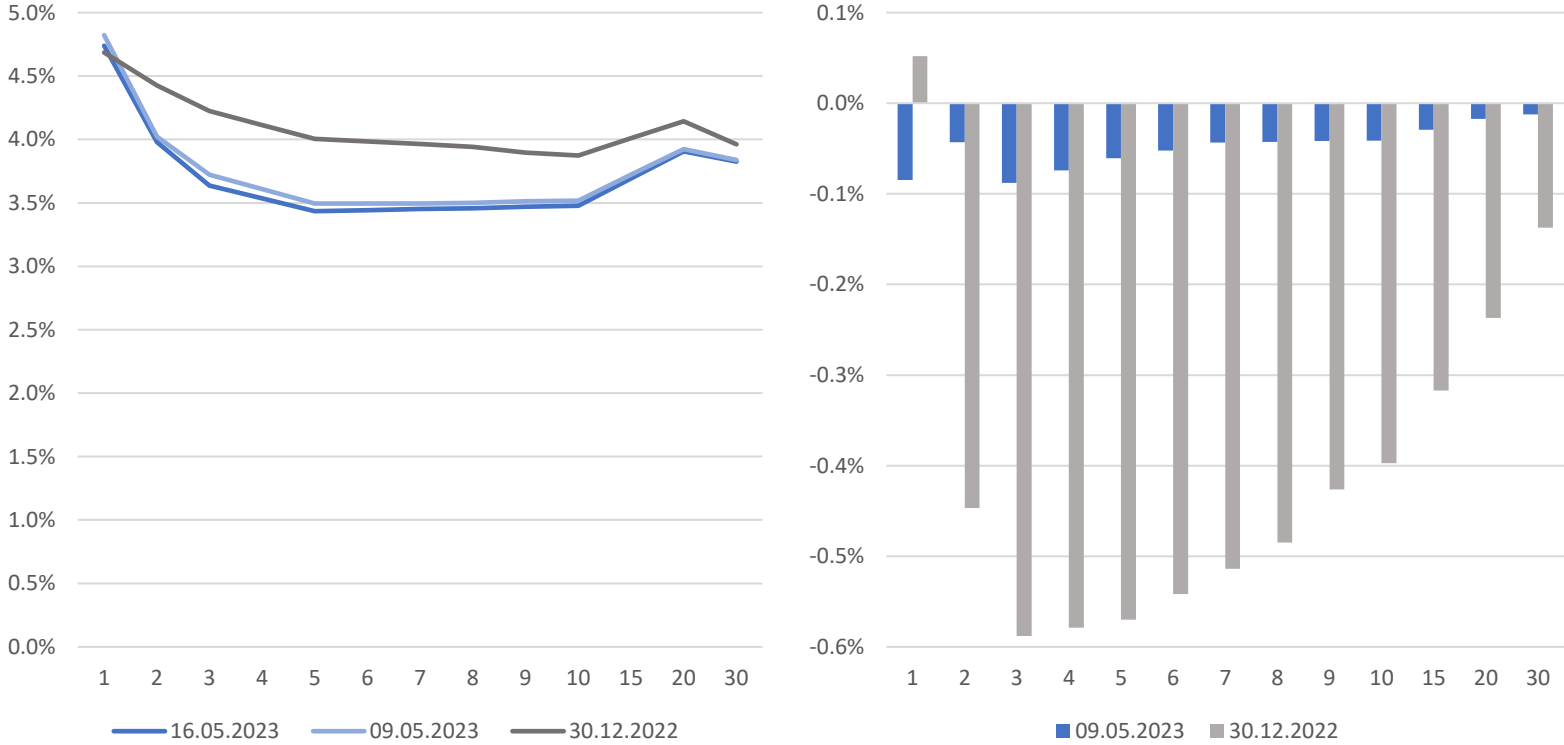


“A 0.25 percentage point increase in Bank Rate would better manage the upside risks to the inflation outlook, in the context of a more prolonged return of inflation to target and materially stronger projected demand.”

Source: Bloomberg

# US Treasury Yield Curve

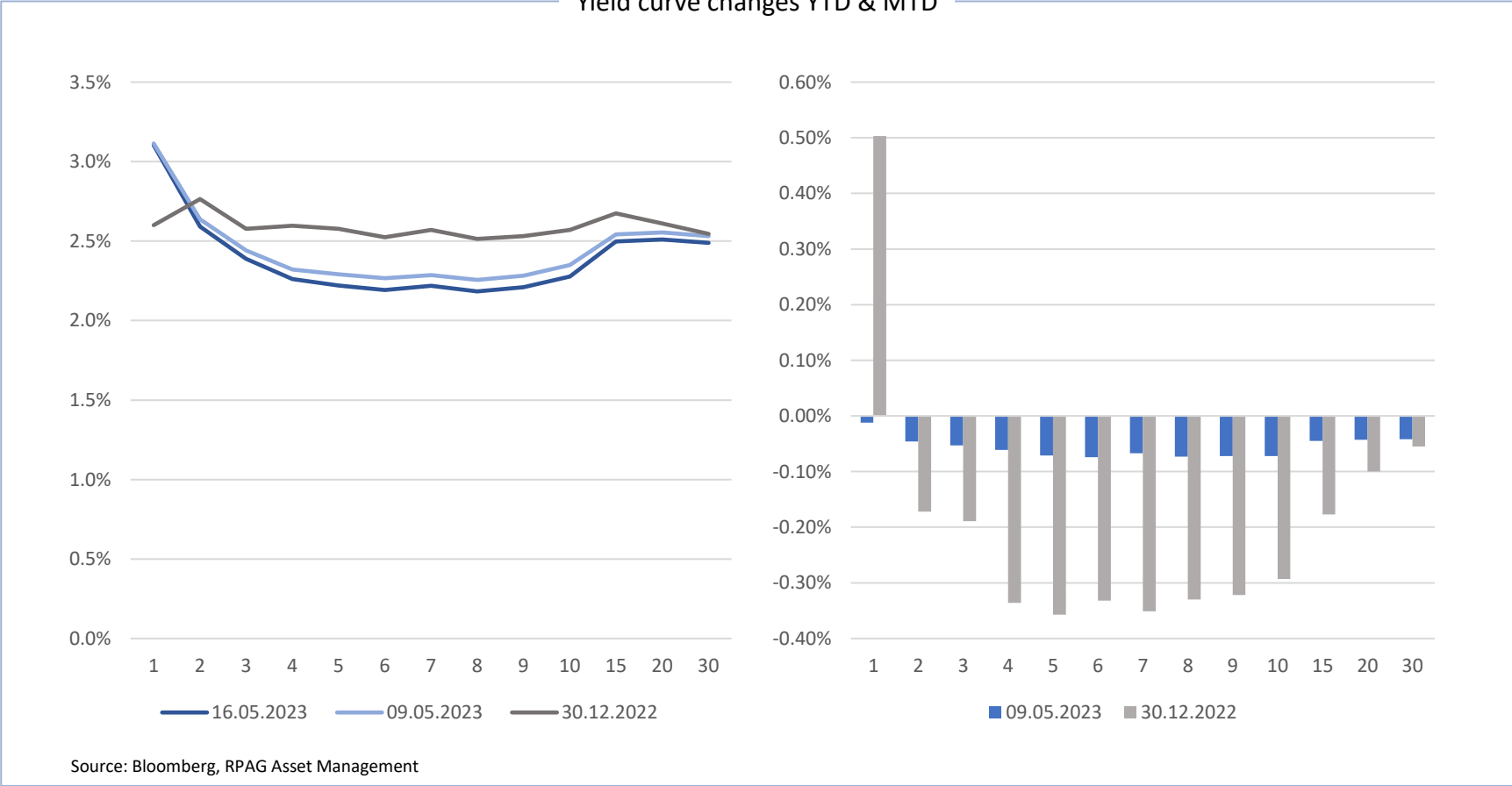
Yield curve changes YTD & MTD



Source: Bloomberg, RPAG Asset Management

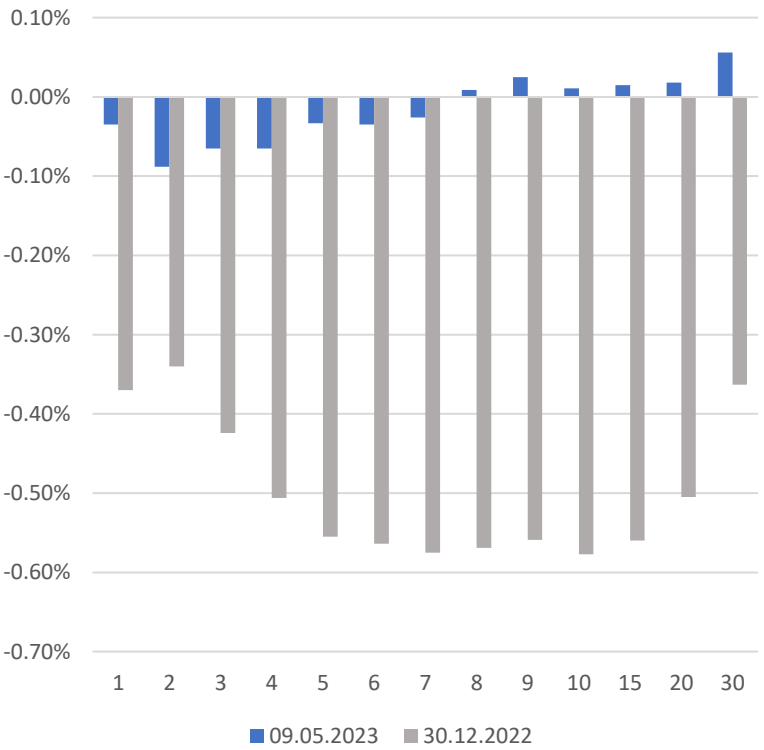
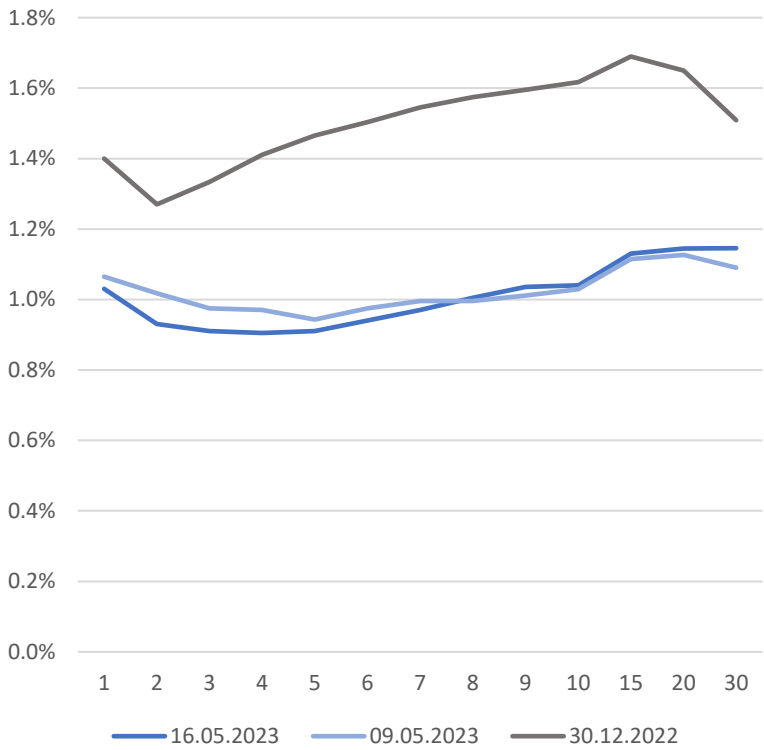
# German Sovereign Yield Curve

Yield curve changes YTD & MTD



# Swiss Sovereign Yield Curve

Yield curve changes YTD & MTD



Source: Bloomberg, RPAG Asset Management

# Central Banks Rate Analysis

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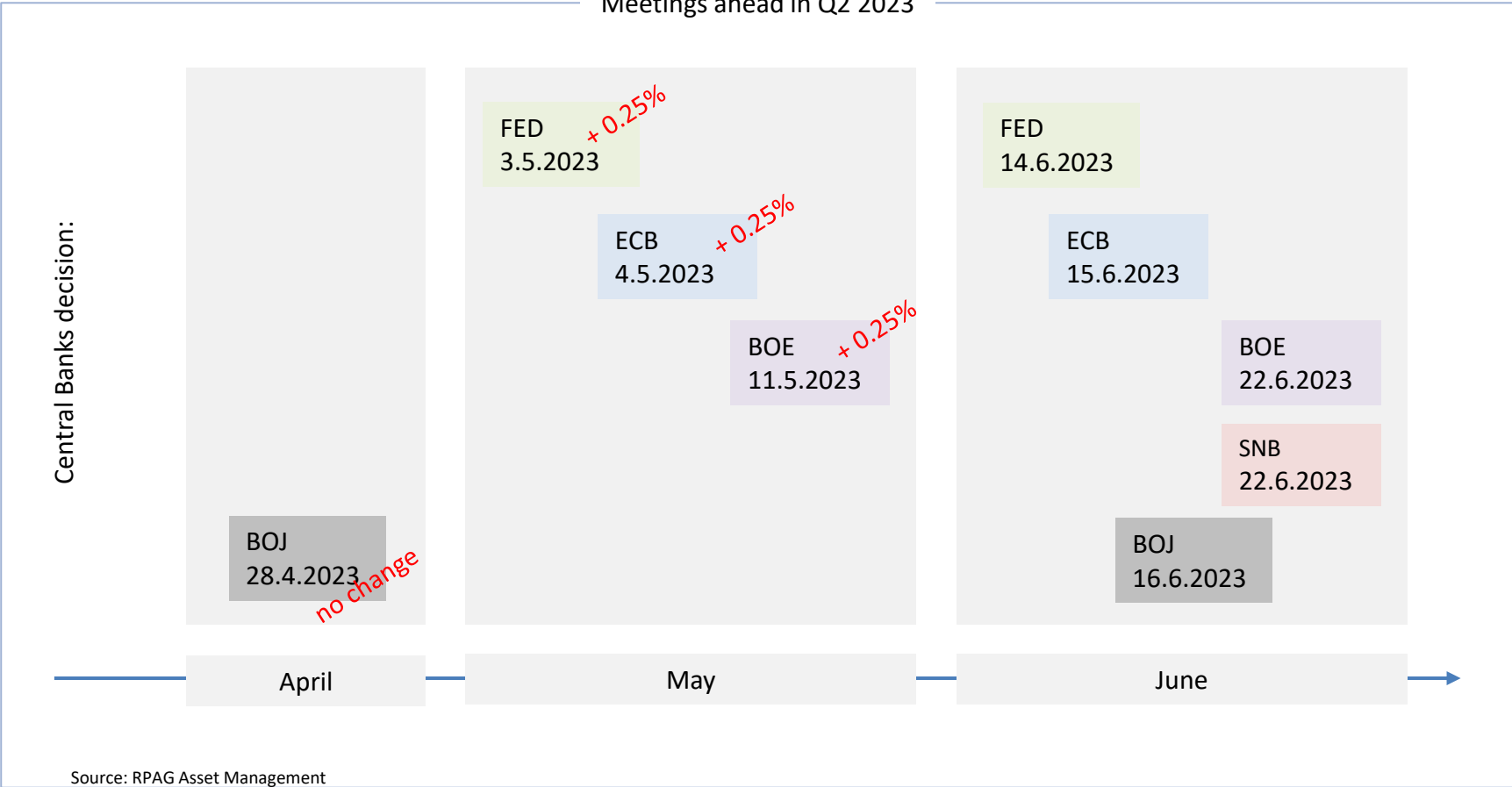
ECB / FED



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# Central banks meetings overview in Q2 2023

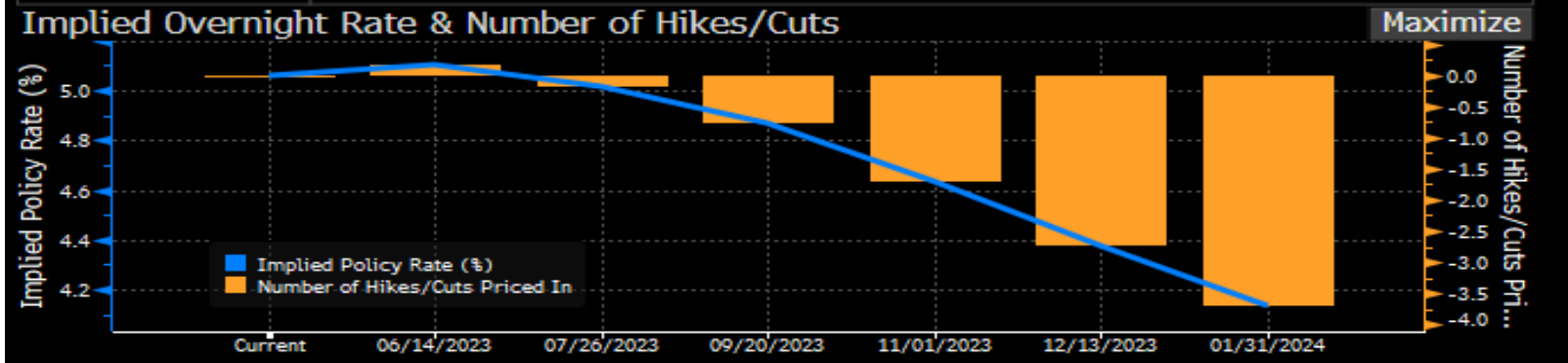
Meetings ahead in Q2 2023



# Fed Funds Target Rate Interest Rate Probability

Implied Overnight Rate & Number of Hikes/Cuts

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate	A.R.M.
06/14/2023	+0.166	+16.6%	+0.042	5.102	0.250
07/26/2023	-0.191	-35.8%	-0.048	5.012	0.250
09/20/2023	-0.786	-59.5%	-0.197	4.864	0.250
11/01/2023	-1.723	-93.6%	-0.431	4.630	0.250
12/13/2023	-2.734	-101.1%	-0.683	4.377	0.250
01/31/2024	-3.701	-96.7%	-0.925	4.135	0.250

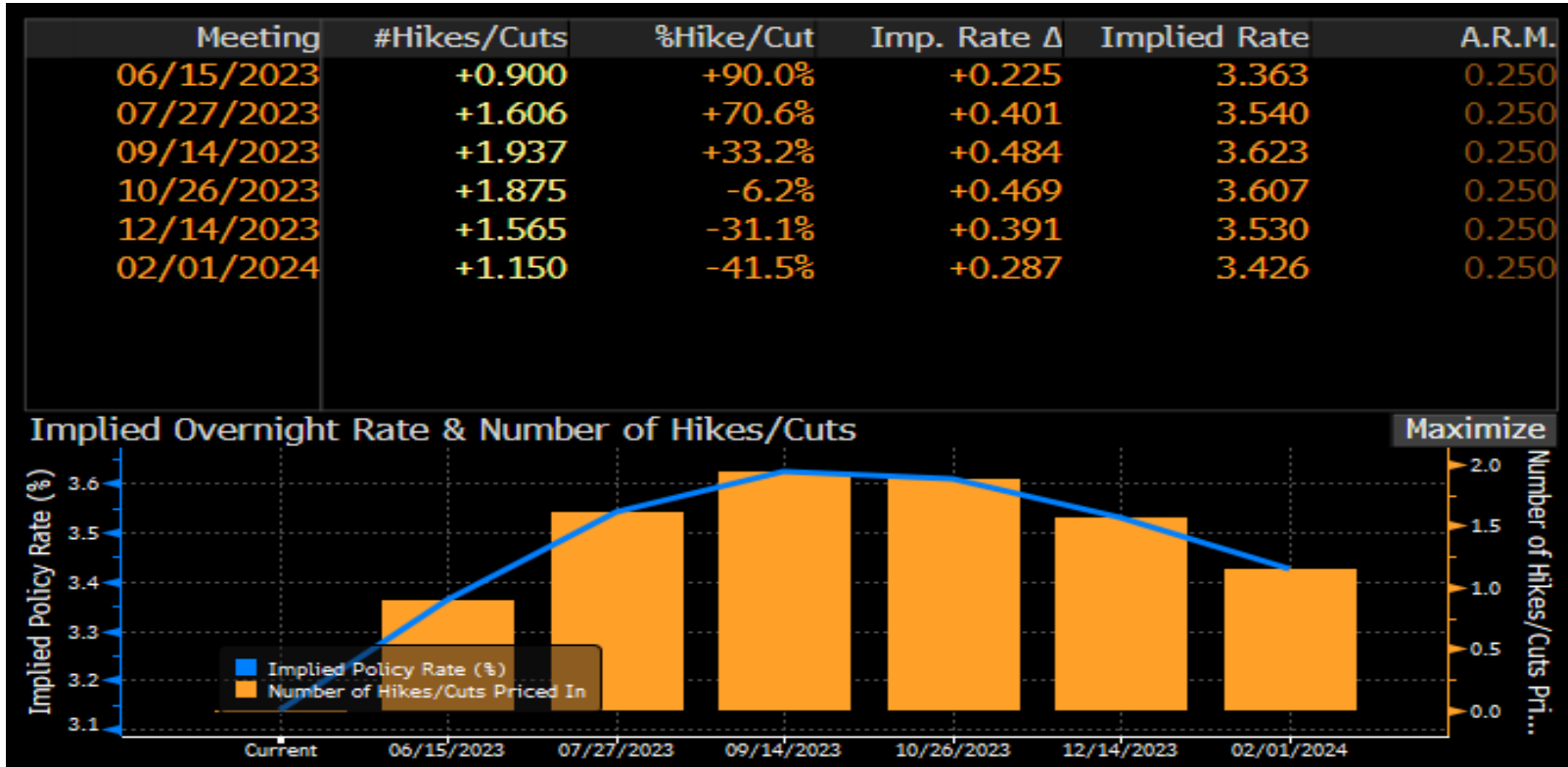


Source: Bloomberg



# ECB Target Rate Interest Rate Probability

Implied Overnight Rate & Number of Hikes/Cuts



Source: Bloomberg

# Credit Spreads

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iTraxx Crossover / CDX HY / CDX EM



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# Credit Spreads: iTraxx Europe Crossover

ITRX XOVER CDSI GEN 5Y



Source: Bloomberg

# Credit Spreads: CDX North America High Yield Index

CDX HY CDSI GEN 5Y SPRD



Source: Bloomberg

# Credit Spreads: CDX Emerging Markets Index

CDX EM CDSI GEN 5Y SPRD



Source: Bloomberg

# Haftungsausschluss

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