

Anlage- und Produktmeeting

19. September 2023



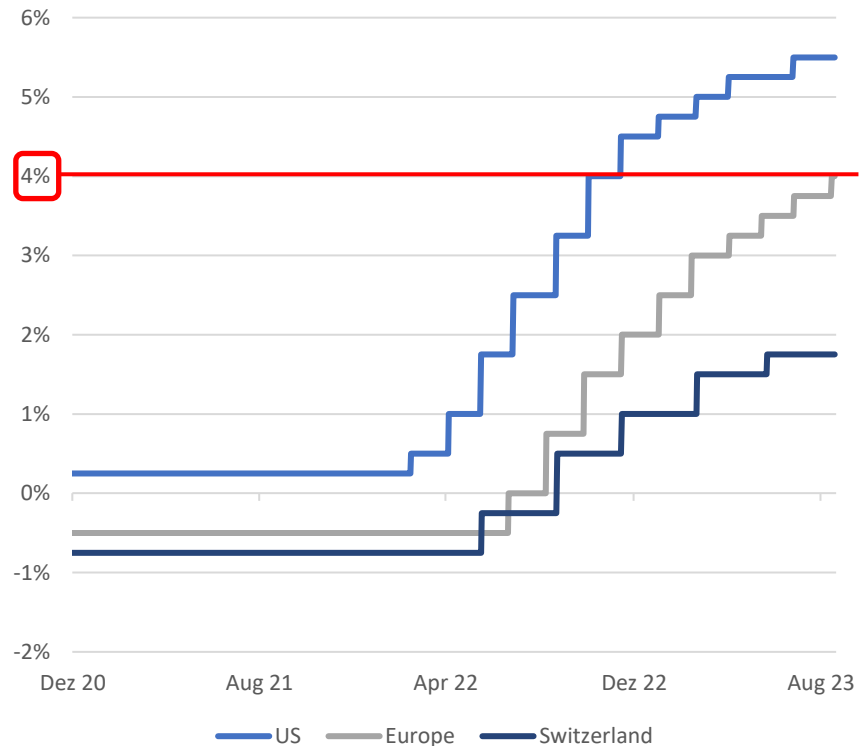
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ECB Delivers 10th Hike of 25 Basis Points

Deposit rate increased to 4% from 3.75%

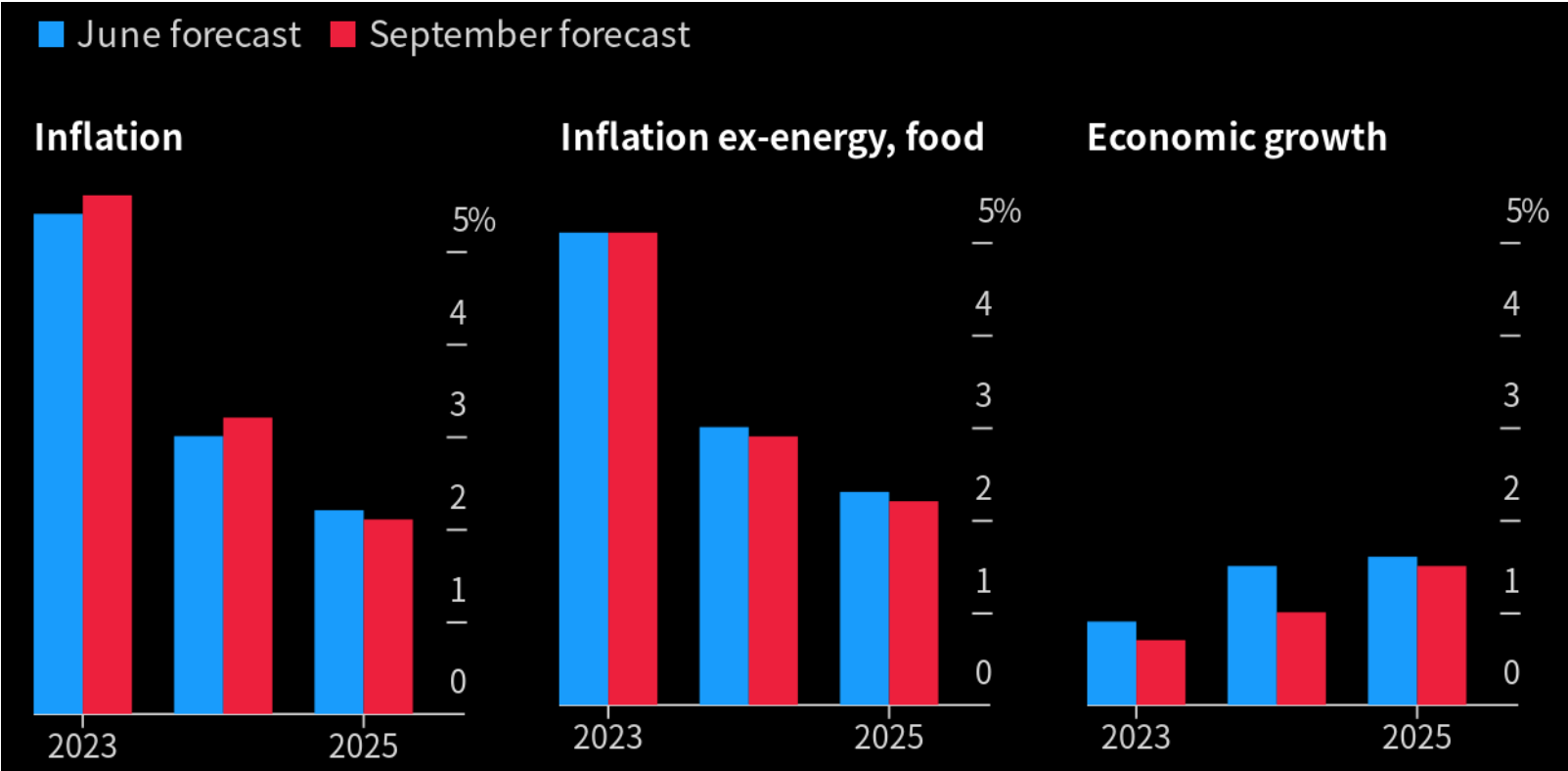


Source: Bloomberg, RPAG Asset Management



ECB's Revised Economic Outlook

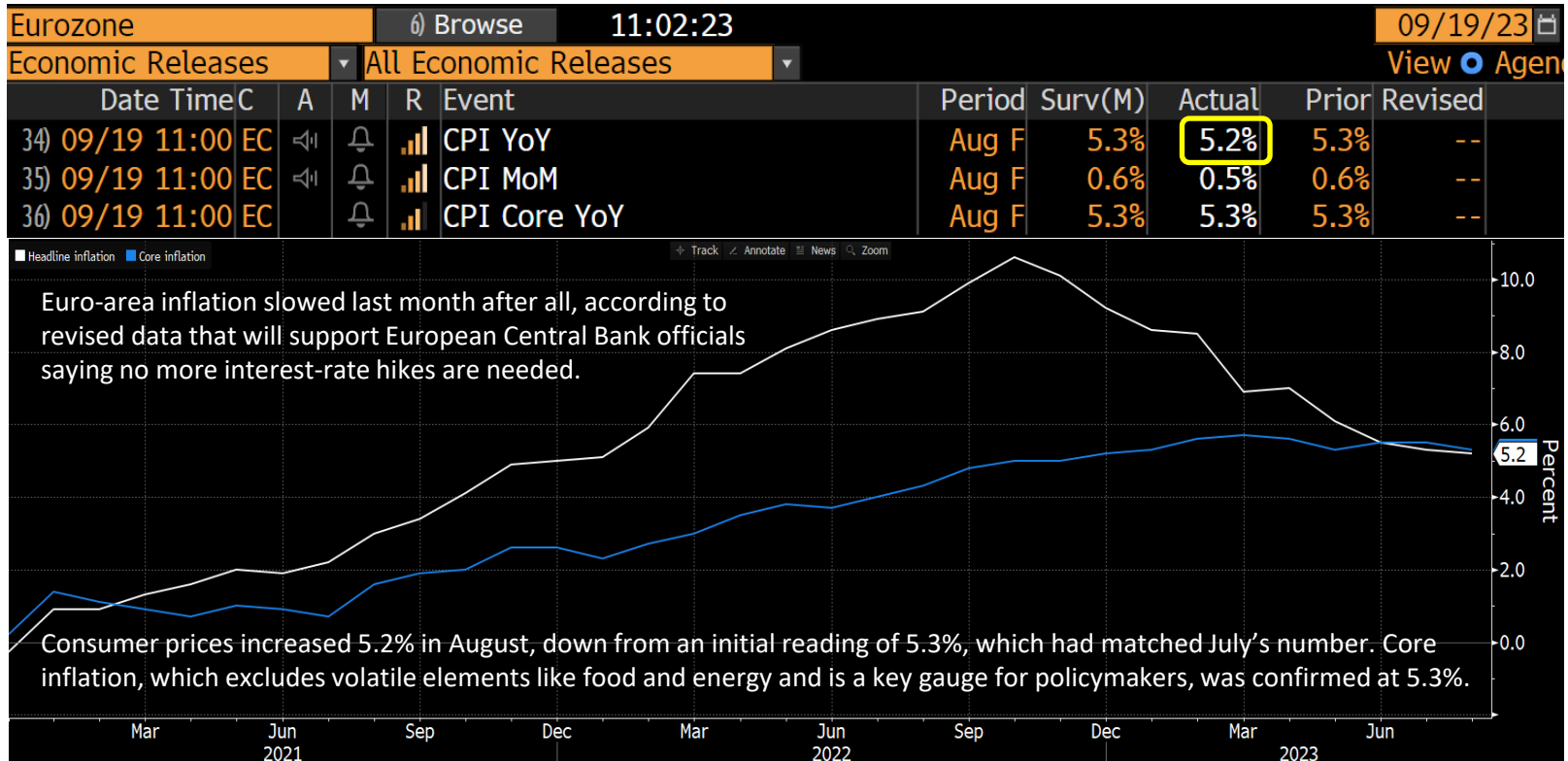
Softer annual economic expansion, while inflation should continue to decline



Source: Bloomberg, ECB

Euro-Area CPI

Euro-Zone inflation actually eased last month



Source: Bloomberg

The Fed's Not the Only Game in Town This Week

Policy meetings: UK, Sweden, Norway, Switzerland and Japan



Source: Bloomberg

- The ECB's decision last week was the prelude to a deluge of central bank meetings in the next few days. The Fed on Wednesday may draw the most attention, but meetings by policymakers in the UK, Sweden, Norway and Switzerland the following day could spark more volatile price action. The Bank of Japan on Friday will conclude a lively week for traders.
- Nouriel Roubini warned the ECB and the BOE must keep raising interest rates to ward off stagflation. He said the recent rise in oil prices will keep headline inflation high and that any talk of easier monetary policy is premature.

Bloomberg Economics expects the FOMC to hold rates

Dot plot to indicate another hike before year-end, though it will be a close call

While most activity data during the intermeeting period surprised to the upside, the most important — **labor-market indicators — cooled** more sharply than expected. **Inflation** in the stickiest categories, such as rents, also moderated even though gasoline prices drove up the headline in August.

In the updated SEP, we expect the median participant to revise core PCE inflation for 2023 down to 3.7% from 3.9%, but mark up the headline to 3.4% from 3.2%. Forecasts for 2024 and 2025 should be little changed.

Consumption has been surprisingly strong in the third quarter, which should push up the median participant's GDP growth forecast for that period, to be partially offset in 4Q. The SEP will likely show GDP growth for 2023 as a whole of 1.5% (vs. 1.0% prior) and be little changed for 2024 and 2025.

Unemployment rate is likely to be revised down to 4.0% (vs. 4.1%) for 2023. New York Fed President John Williams recently said that recession talk "has vanished," though he also noted in a Sept. 7 interview that he expects unemployment to rise above 4%.

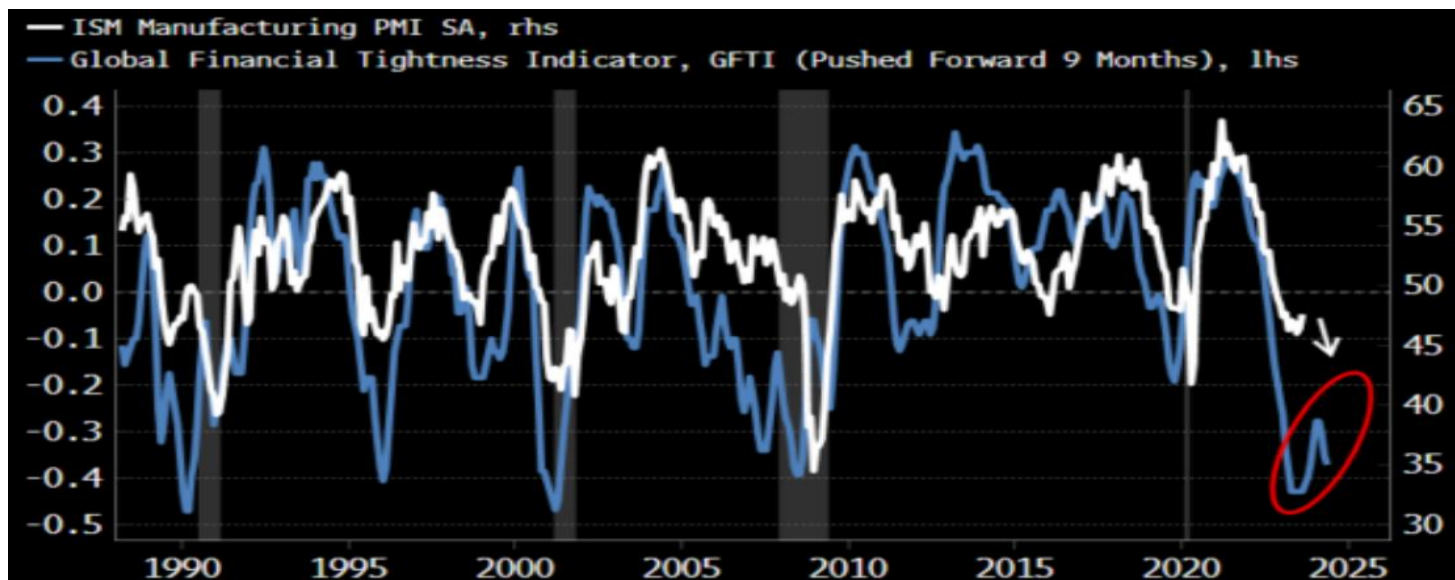
Many Fed speakers have cautioned there activity may yet slow due to the lagged effects of monetary policy. We think the committee is split between those who expect a recession and those who anticipate a soft landing.

Source: Bloomberg

Full Impact of Global Rate Rises Yet to Be Felt in Markets

Headwind for risk assets in the medium term

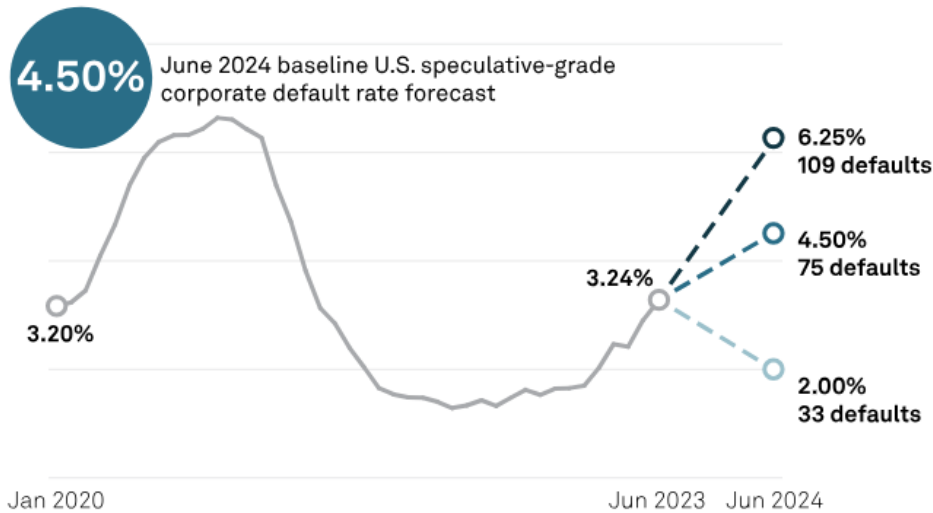
Tighter monetary policy of course takes time to filter through to the market and to the economy. Global Financial Tightness Indicator (GFTI) is a diffusion of global central bank rate hikes. It had started to turn up – indicating financial conditions should soon loosen – but then has turned back down again, showing that the full tightening impulse has yet to be felt. As the chart below of the GFTI shows, its turns lead the turns in the US manufacturing ISM by around nine months, and indicates the ISM should go back down again later in the year, or early next year.



Source: Bloomberg, Macrobond

Defaults to Pick Up Into June 2024

US trailing 12-month speculative-grade corporate default expectations



As of June 2023, S&P Global Ratings rates 1,670 U.S. speculative-grade corporate issuers

Pessimistic scenario: Defaults rise faster as the U.S. enters a prolonged period of low growth, with persistent core inflation leading to (even) higher-for-longer-rates

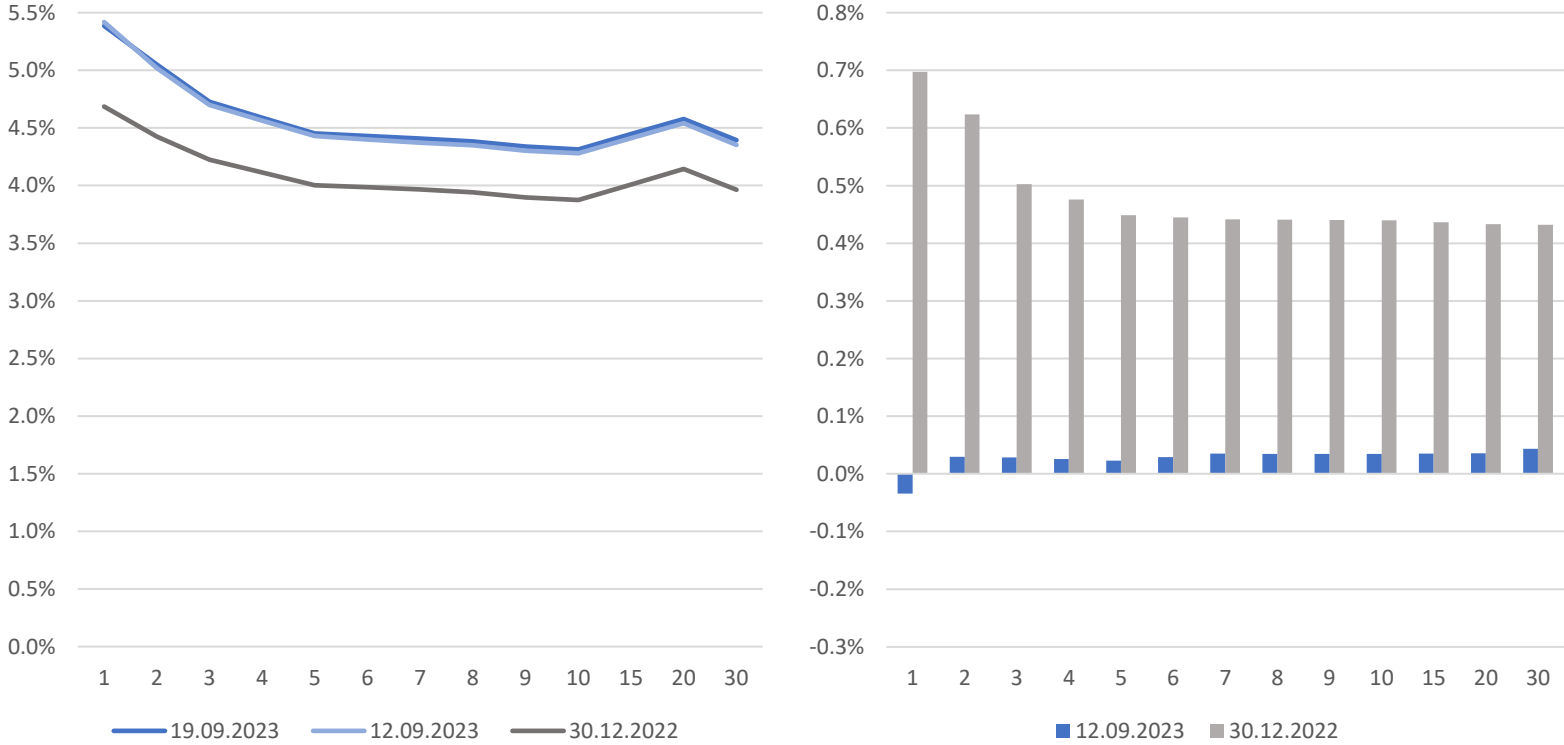
Base scenario: Cash flow remains challenged for the weakest and most leveraged issuers in a slow-growth environment with higher borrowing costs.

Optimistic scenario: The default rate falls as growth remains resilient and inflation continues to decline, bringing interest rates down earlier than anticipated, leading markets to resume their search for yield.

Source: Bloomberg, S&P Capital IQ

US Treasury Yield Curve

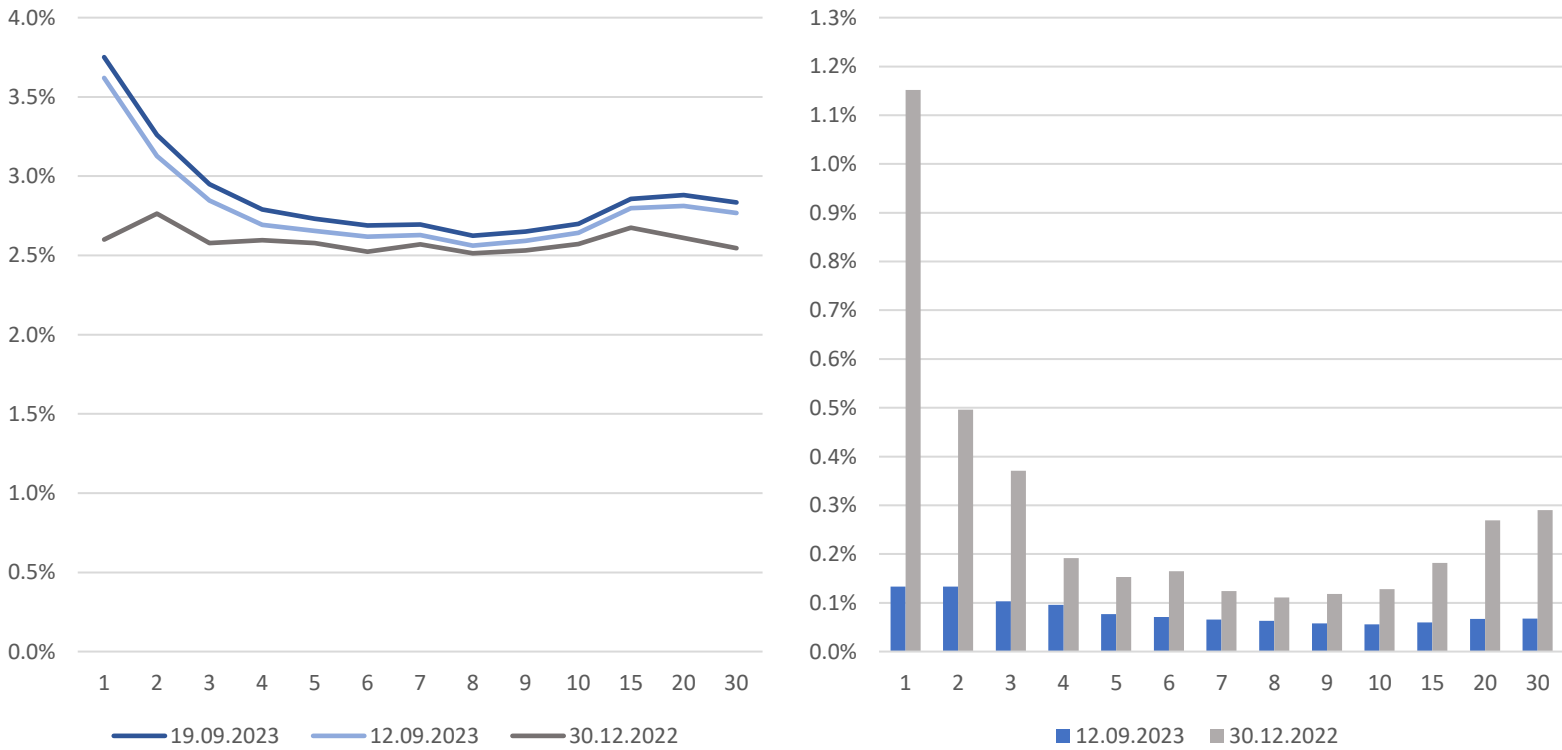
Yield curve changes YTD & MTD



Source: Bloomberg, RPAG Asset Management

German Sovereign Yield Curve

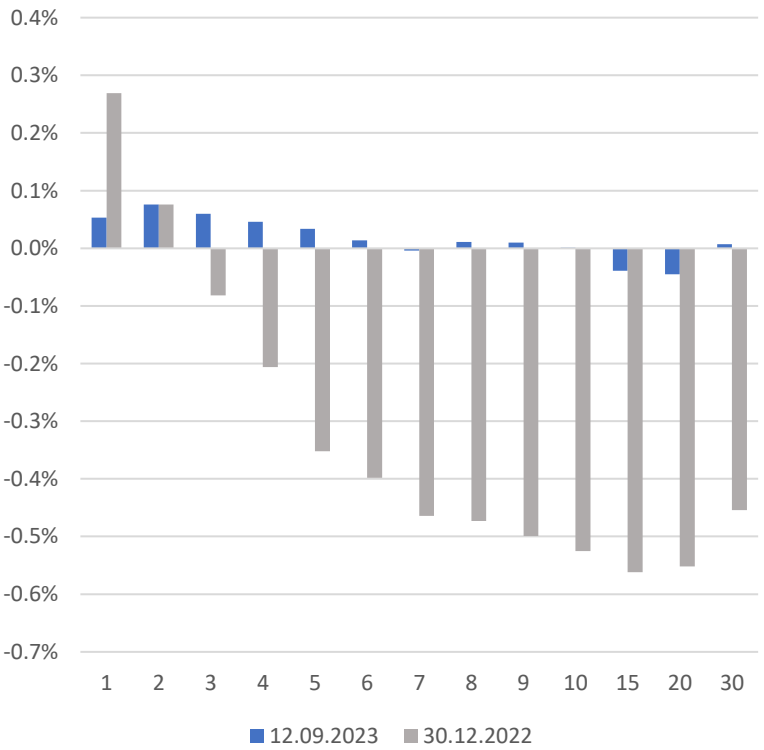
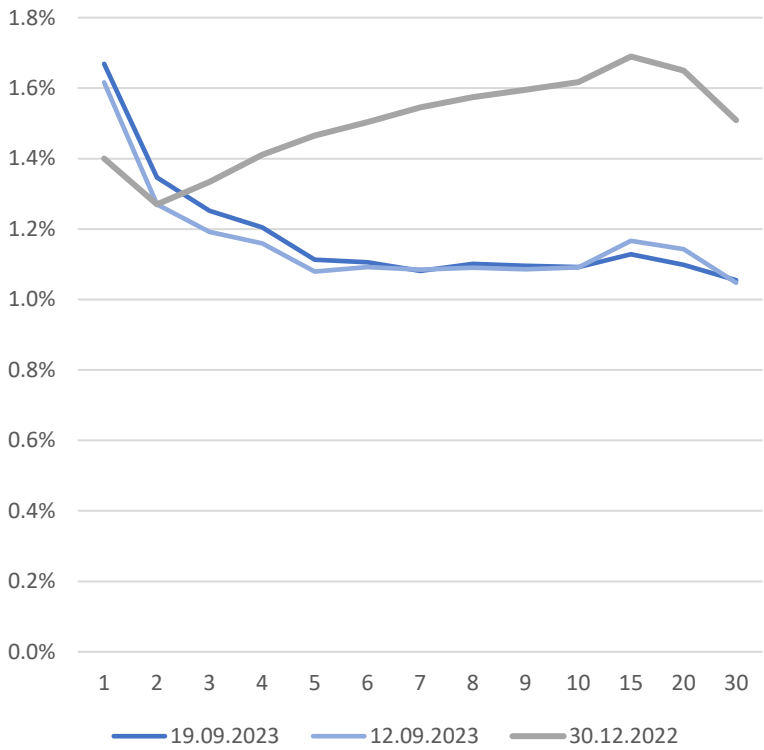
Yield curve changes YTD & MTD



Source: Bloomberg, RPAG Asset Management

Swiss Sovereign Yield Curve

Yield curve changes YTD & MTD



Source: Bloomberg, RPAG Asset Management

Central Banks Rate Analysis

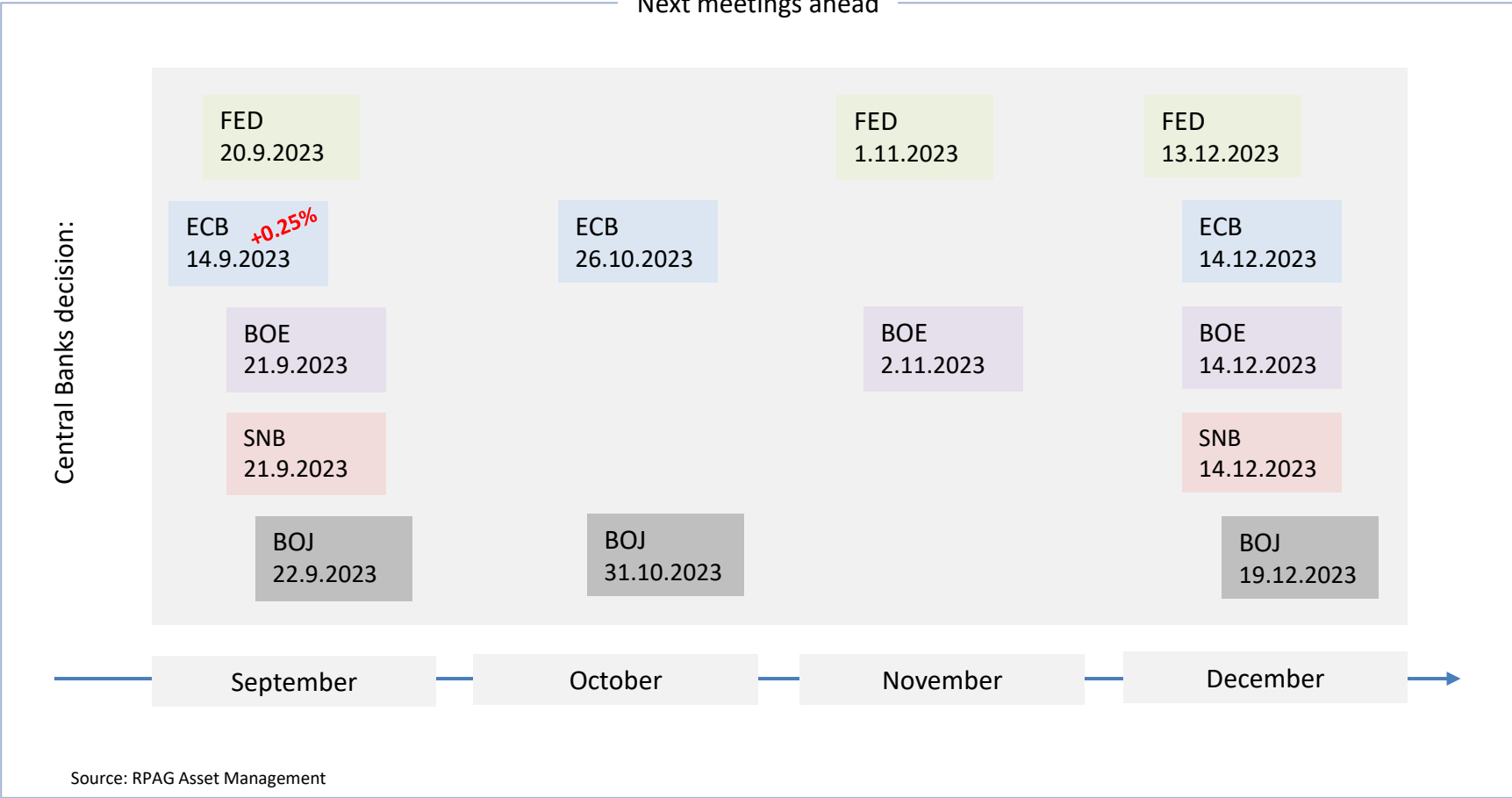
ECB / FED / BOE / SNB / BOJ



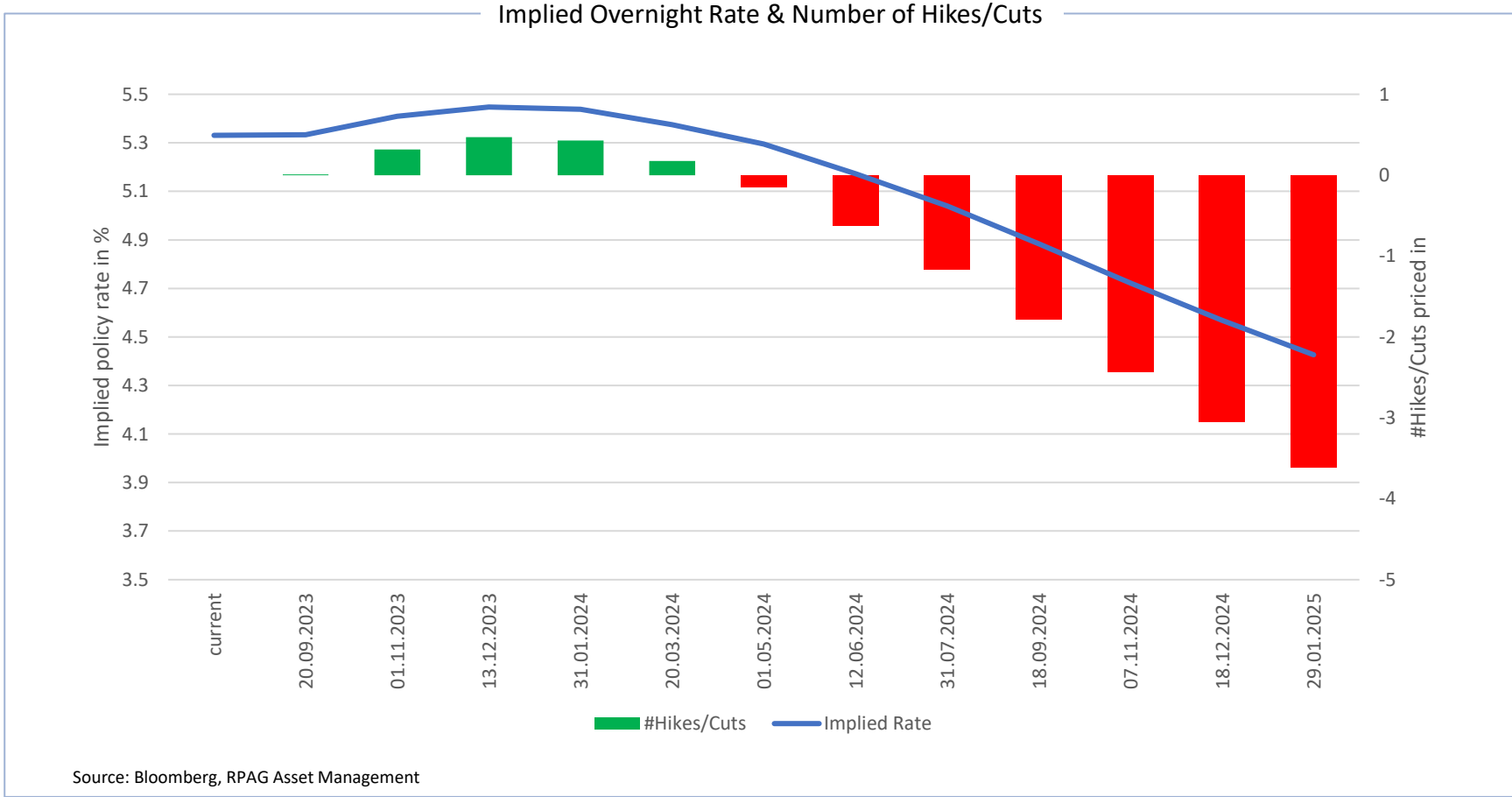
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Central banks meetings overview

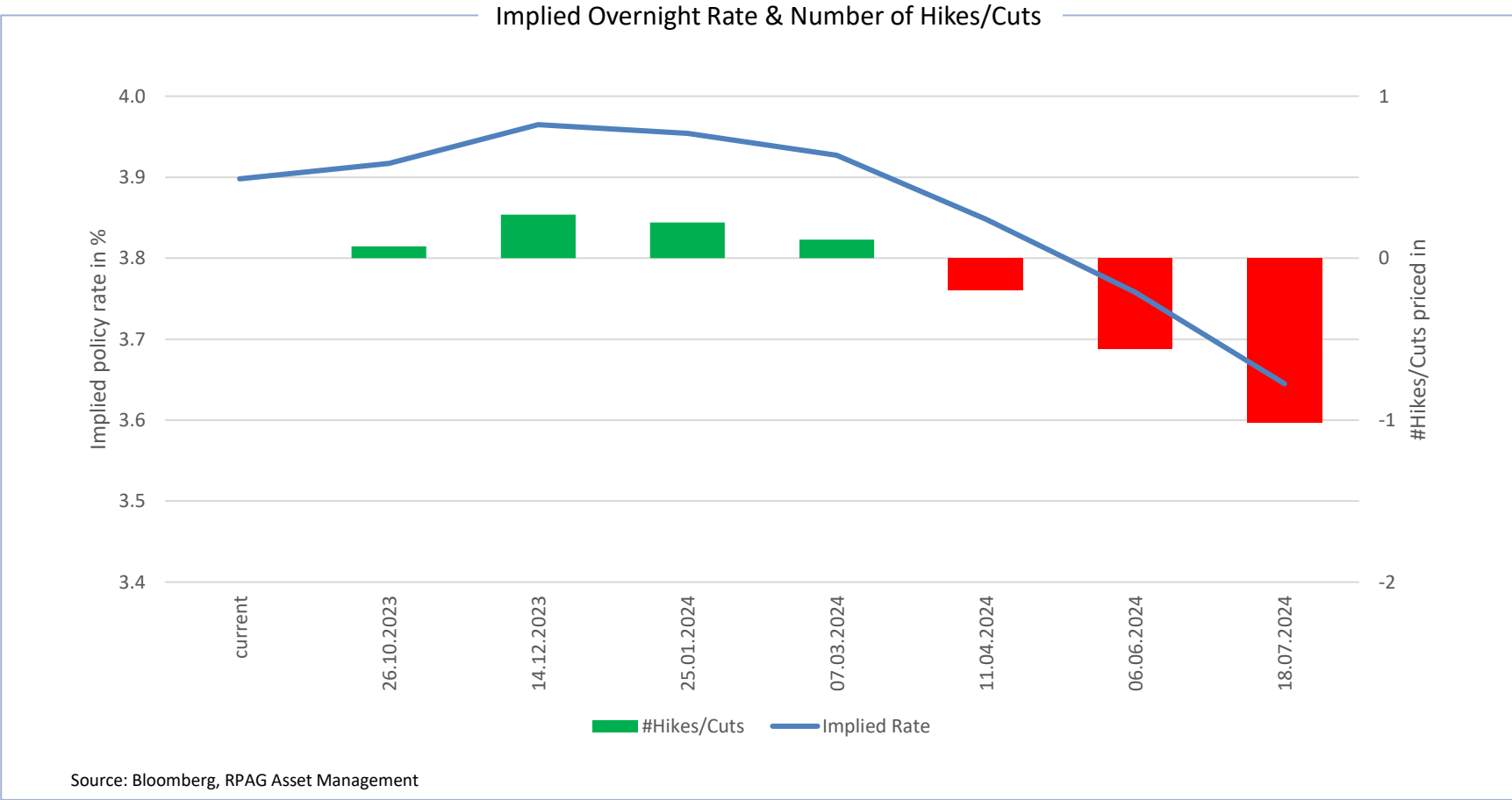
Next meetings ahead



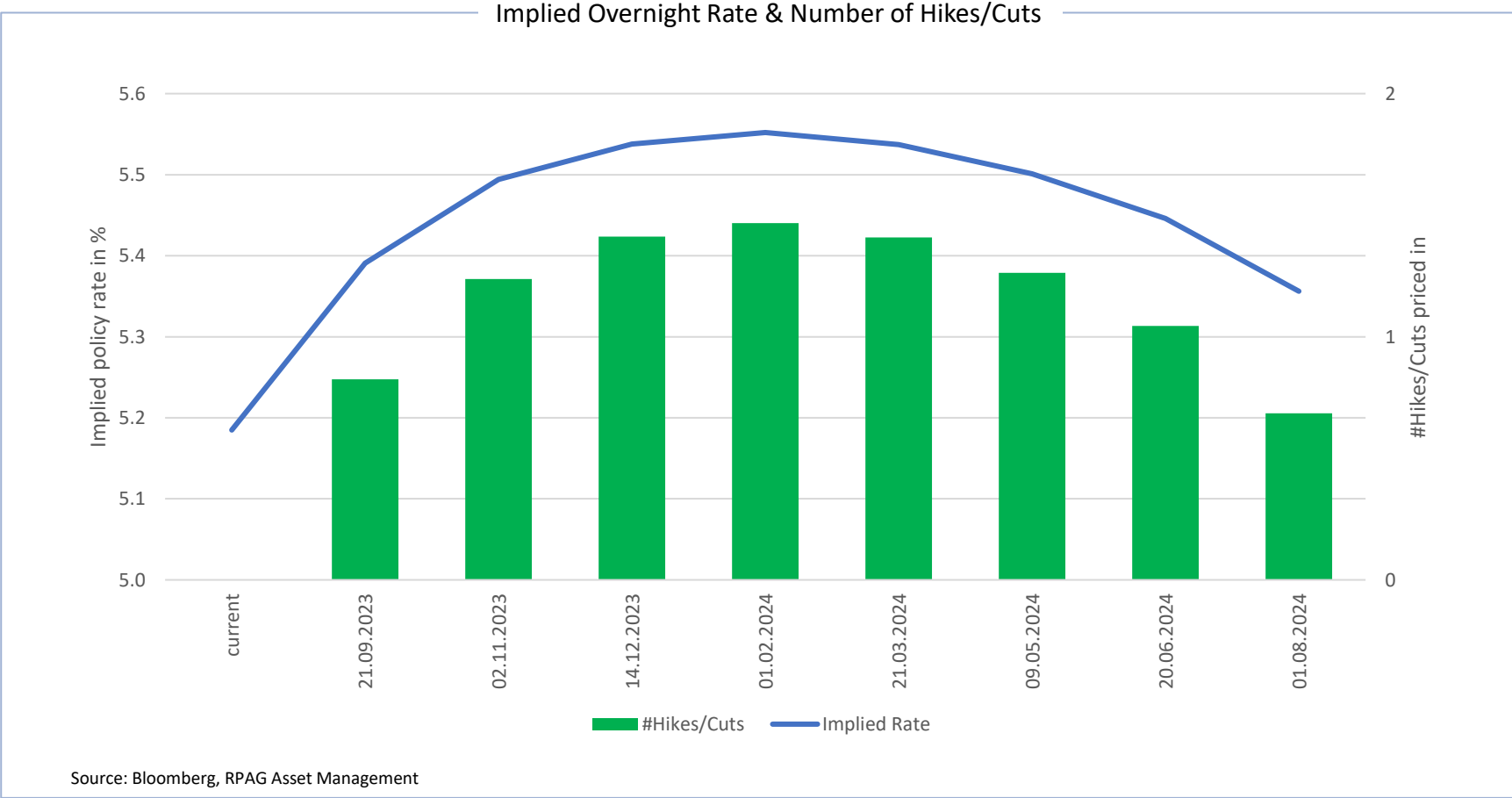
FED Funds Target Rate Interest Rate Probability



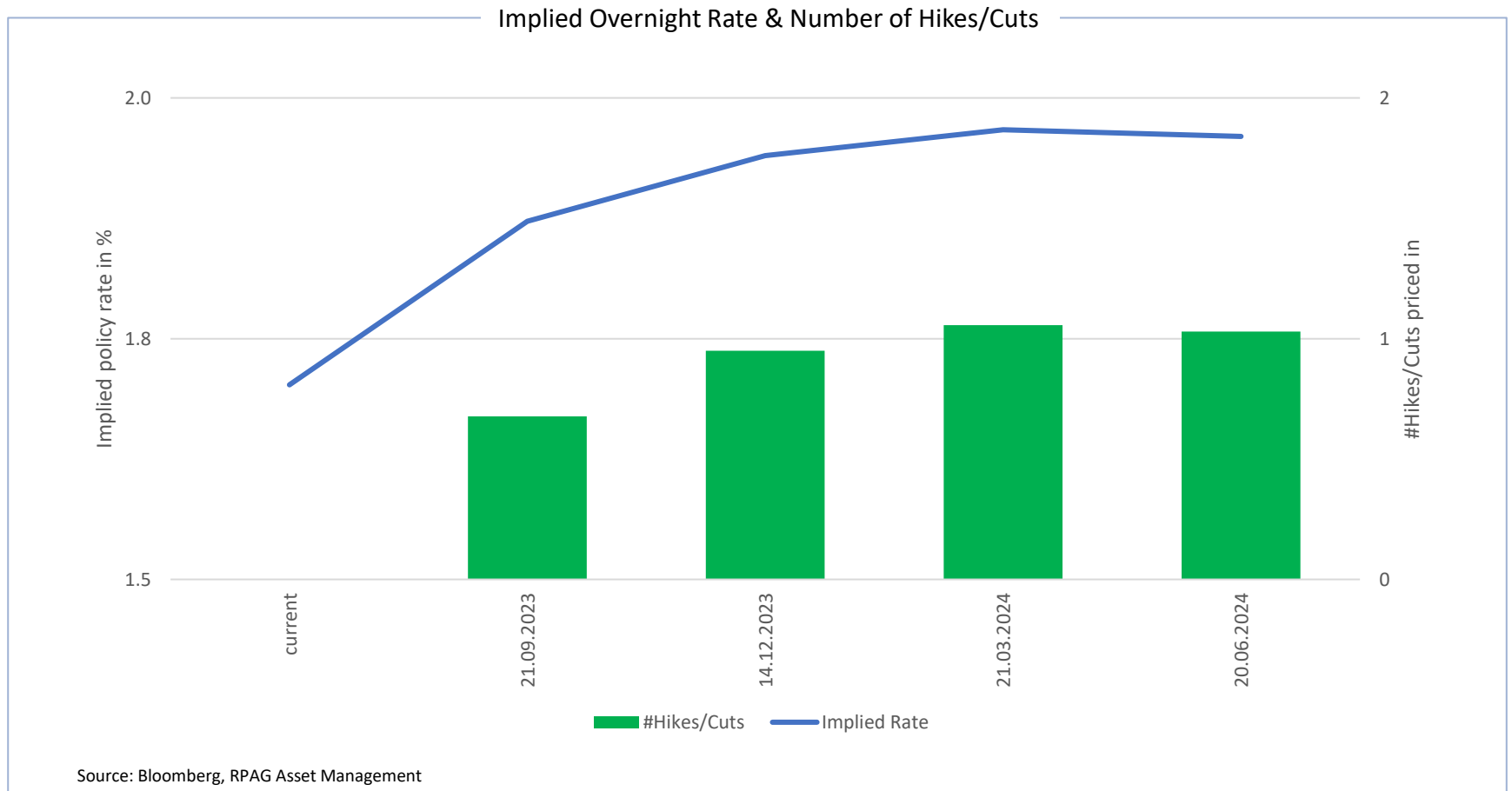
ECB Target Rate Interest Rate Probability



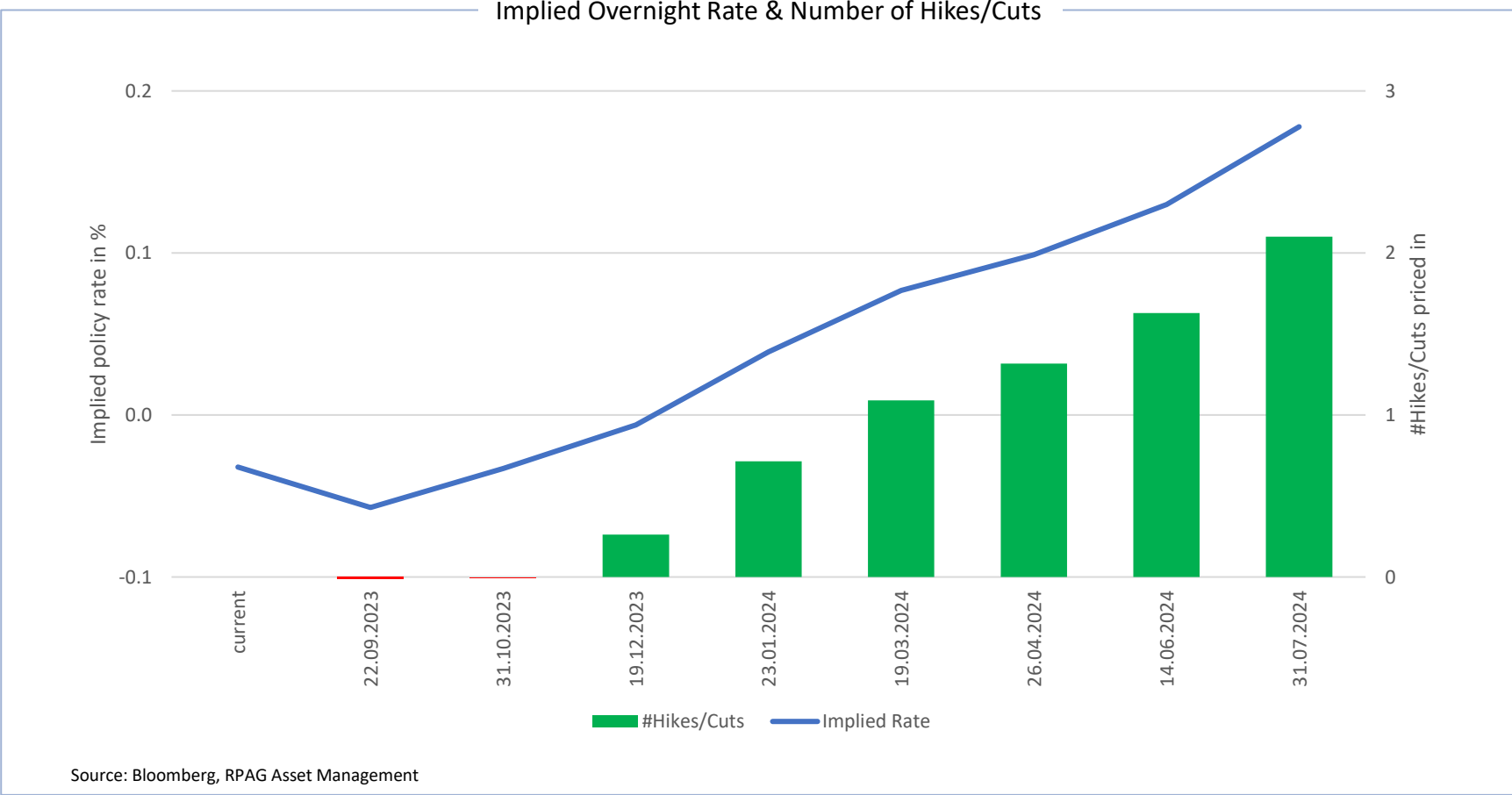
BOE Target Rate Interest Rate Probability



SNB Target Rate Interest Rate Probability



BOJ Target Rate Interest Rate Probability



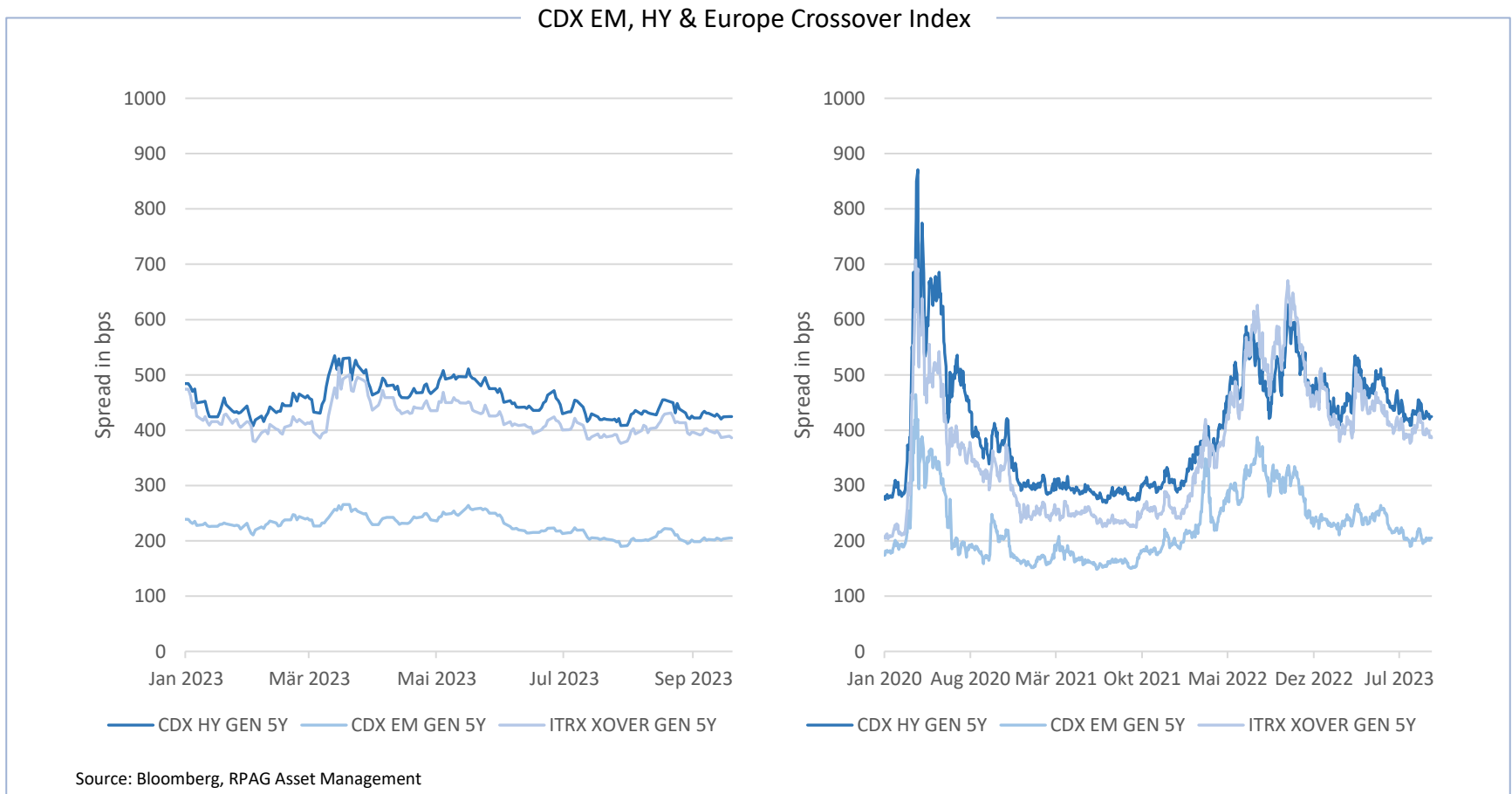
Credit Spreads

iTraxx Crossover / CDX HY / CDX EM



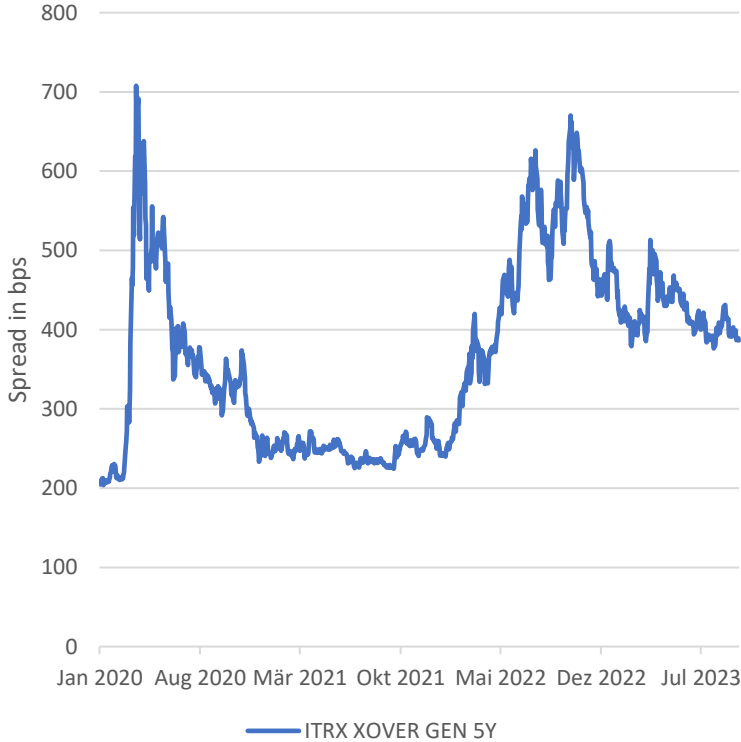
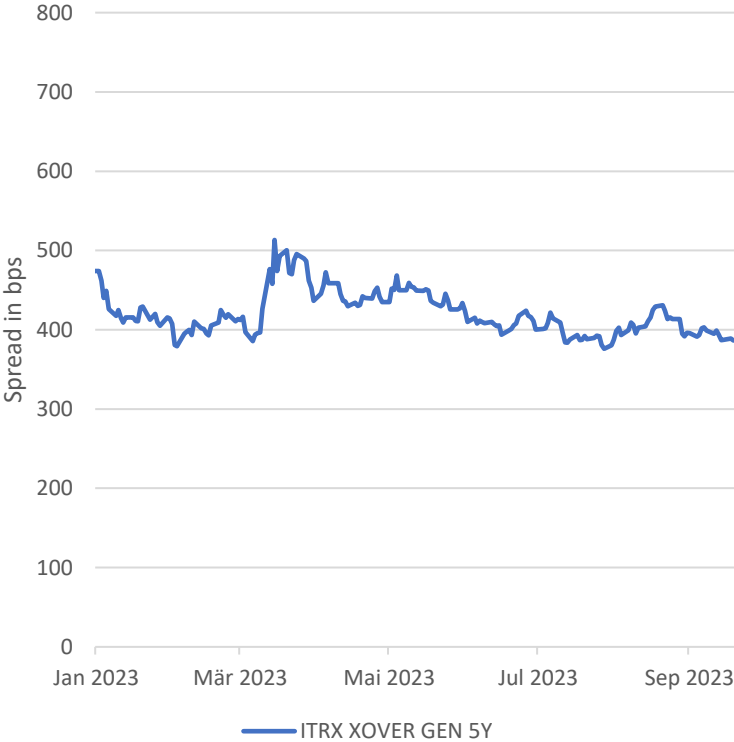
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Credit Spreads: CDX EM, HY & Europe Crossover Index



Credit Spreads: iTraxx Europe Crossover

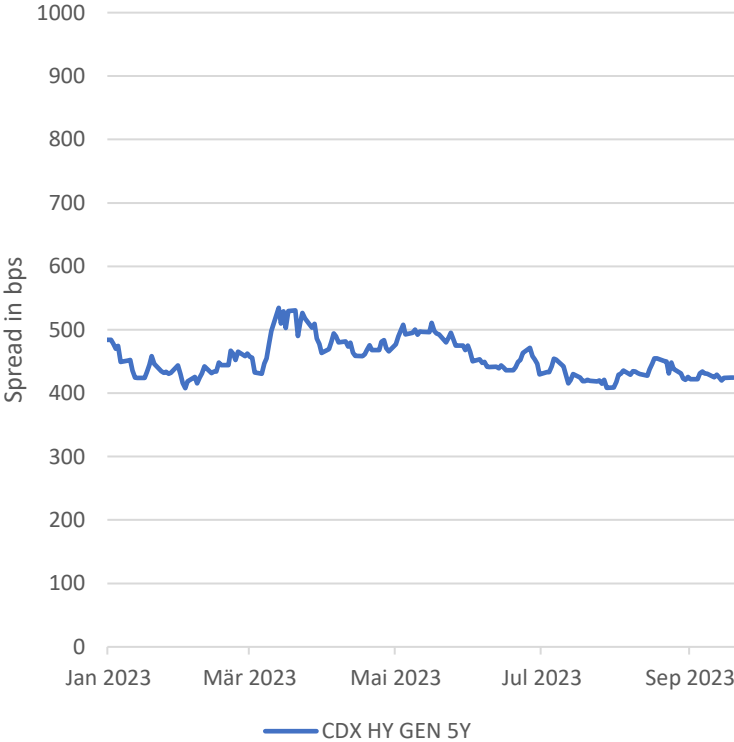
ITRX XOVER CDSI GEN 5Y



Source: Bloomberg, RPAG Asset Management

Credit Spreads: CDX North America High Yield Index

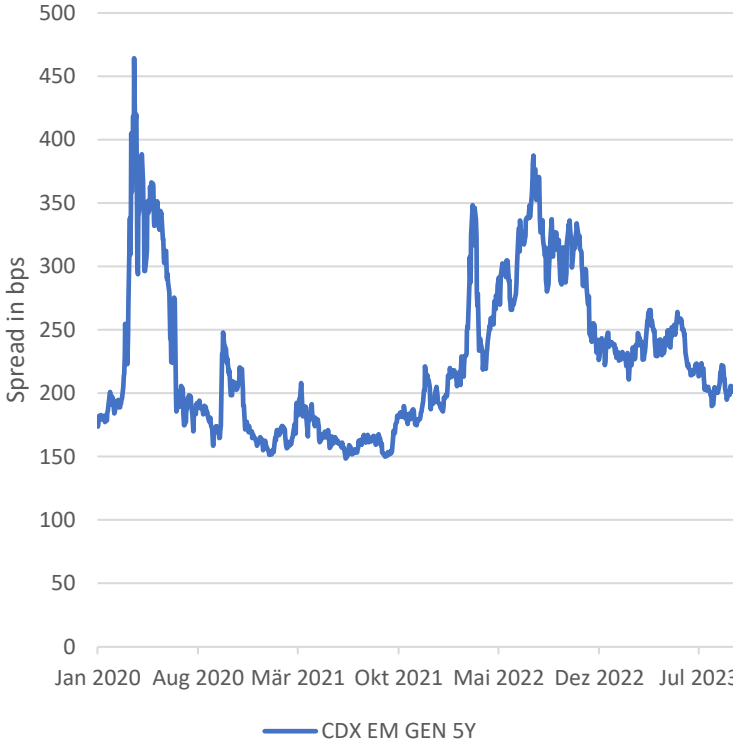
CDX HY CDSI GEN 5Y SPRD



Source: Bloomberg, RPAG Asset Management

Credit Spreads: CDX Emerging Markets Index

CDX EM CDSI GEN 5Y SPRD



Source: Bloomberg, RPAG Asset Management

Haftungsausschluss

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