



FLASH BOURSIER

CALMNESS, CONFIDENCE AND SOLID PERFORMANCES

Highlights:

Chinese equities riding high

Japan reporting GDP on Thursday

Overview

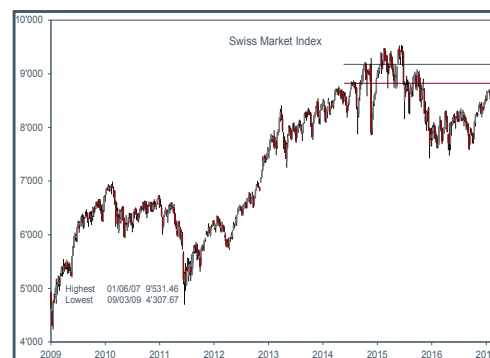
Over recent months, global financial markets have by and large shown enthusiasm as well as taking a relaxed attitude to potential political minefields. This has led equity markets to consolidate their recent gains. A telling sign of all this calmness has been market volatility, which is situated at 9.76. With the exception of three days in December 1993, the Vix – reflecting volatility expectations as implied by options prices – is sitting at its lowest level in the 27 years of the index's existence. This minimal level, which contrasts starkly with the indicators tracking political uncertainty, is an almost sure sign that investors are capable of shutting out the political noise and simply focusing on fundamentals.

In the league tables, Chinese equities have surged ahead amid increased optimism – driven by expectations for huge infrastructure expenditure on an international level. In Japan, growth numbers are eagerly awaited this Thursday in the hope that they will confirm that the Japanese economy has maintained the recovery beginning at the start of the year. Economists currently forecast economic growth in the vicinity of 1.8% this year, which lies firmly above the long-run trend. The economy has been driven ahead by factors such as brisk domestic consumption and a net increase in exports, helped by the soft yen in the wake of the US presidential election result. Publication of a positive number would

mean the fifth consecutive quarter of growth – something which has not been achieved in the past 11 years.

On the other side of the globe, the Fed remains on track to raise interest rates next month, encouraged by the drop in jobless claims and the paltry level of unemployment, with a rate of 4.4%. However, the probability of a tightening move, as estimated by the market, has dropped to around 70% after various signs have emerged suggesting that inflation could cool off in the US.

As for Europe, the new Franco-German tandem will meet today for the first time to address issues such as security, the economy and investment. But economic movers and shakers are waiting to see how Macron and Merkel will address the more fundamental issue of shoring up the EU, especially with regard to Eurozone reforms.



There's no stopping the SMI, which is due to attain the next resistance at 9160 points early this week. Uptrend remains intact.

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	1.09	9'123.41	3'637.52	12'770.41	5'405.42	7'435.39	2'390.90	6'121.23	19'883.90	1'002.37
Trend	➡	➡	⬆	⬆	⬆	⬆	⬆	➡	⬆	⬆	⬆
%YTD	-1.87%	2.10%	10.99%	10.55%	11.23%	11.17%	4.10%	6.79%	13.71%	4.03%	16.25%

(values from the Friday preceding publication)



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SPOTLIGHT ON STOCKS



Adecco Group AG **(ISIN : CH0012138605, price: CHF 76.55)**

Adecco's first-quarter numbers were better than the market expected, with both revenue and earnings topping analysts' projections. Revenue rose by 7% versus the prior-year period, increasing to EUR 5.73bn. Net profit attributable to shareholders shot up by 22% to EUR 176m. All operating regions contributed positively to growth over the quarter. Business in France (1/4 of revenue) expanded by 8%. But the briskest increase was witnessed in Italy, where revenue surged by 28% relative to the prior-year quarter. Revenue in Switzerland grew by 9%.

The group reiterated medium-term growth targets but did not disclose any hard numbers, citing uncertainties in the global economy. Management reported an uptrend in business and stated that the group is capable of reacting to any shift in conditions thanks to its pricing strictures and tight grip on costs. Executives at Adecco see Emmanuel Macron's election as positive, leading to more investment and, in turn, more jobs. The share has gained 17% year to date but seems nicely poised to continue. Adecco is reasonably value relative to other SMI members even though it has outperformed so far this year.

Buy with a target of CHF 85.



PureFunds ISE Cyber Security **(ISIN: US2692462012, price: USD 29.75)**

In today's digital era, companies are operating in an increasingly connected ecosystem. Opportunities abound but new risks are also surfacing. Large-scale cyber attacks are a permanent threat to entities both private and public, irrespective of business sector.

The usual solutions such as anti-viruses and firewalls aimed at detecting threats often prove ineffective as hackers adapt and change tactics. Data-protection specialists are now turning their attention towards developing strategies that prevent incursions by recognising the warning signs of an imminent cyber attack – based on wide-spectrum event analysis – and by offering real-time protection to block sophisticated threats such as signature-free malware.

PureFunds ISE Cyber Security is an ETF replicating the performance of the ISE Cyber Security Services Index. This is comprised of global data-protection and anti-virus specialists, including FireEye, Symantec, Splunk, Checkpoint, Cisco and Palo Alto Networks.

Buy with a target of USD 35.

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