



FLASH BOURSIER

RUMOURS OF BREAKTHROUGH ON TRADE WAR

Highlights:

Global marketplaces turn the corner

Some US economic indicators currently blocked

Overview

With the exception of China, which was more or less flat, financial marketplaces everywhere perked up last week. In Switzerland, the SMI finished almost back at its current-year high, close to the 9000 mark.

Investors are expecting an easing of trade tensions with China. If that happened, equities would obviously lurch upwards. Chinese trade authorities have indicated that they will propose a five-year plan to Washington that will increase Chinese imports by some USD 200bn annually. In addition, Steven Mnuchin (US Treasury Secretary) would reportedly support reduced tariffs on Chinese goods. Even though the rumour has since been denied by his own office, Wall Street still believes that there is no smoke without a fire.

European markets, especially the LSE, are set to continue ebbing and flowing in line with progress on Brexit. Prime Minister Theresa May will return to Parliament today to present a so-called Plan B which will allow Brexit to take place by 29 March – the official date of the UK's departure from the EU.

Over in the US, as some federal agencies have been closed for business as a result of the shutdown (which has now lasted longer than 30 days), some economic indicators

have been released in recent weeks. The government shutdown could also result in the cancellation of some takeover bids and delay acquisitions planned by major technology firms such as Uber. The deal pipeline is blocked because the SEC cannot currently approve applications and probably also because the IRS cannot provide any tax advice on transactions.

This week, Wall Street will be closed today to mark Martin Luther King's Day. The World Economic Forum (WEF), held in Davos, begins tomorrow and will run for the rest of the week. The annual meeting will play host to more than 3,000 participants, including more than 60 heads of state or government and 40 heads of international bodies.



The SMI has retraced its December losses and is once again preparing to breach the resistance located around 9200 points.

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	1.13	9'023.96	3'134.92	11'205.54	4'875.93	6'968.33	2'670.71	7'157.23	20'666.07	1'018.00
Trend	➡	➡	⬆	⬆	⬆	⬆	⬆	⬆	⬆	⬆	⬆
%YTD	1.35%	0.48%	7.05%	4.45%	6.12%	3.07%	3.57%	6.54%	7.87%	3.25%	5.42%

(Daten vom Freitag vor der Publikation)



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SPOTLIGHT ON STOCKS



Straumann
(ISIN: CH0012280076, price: CHF 713.50)

Straumann, a Swiss manufacturer of dental implants, has teamed up with Chinese group Tianjin Zhengli Technology (TZZ) in the field of aesthetic orthodontics.

Straumann will handle the exclusive distribution of TZZ devices and will jointly develop a range of orthodontic solutions in tandem with the Chinese group.

Just one year ago Straumann entered the dental alignment market by acquiring ClearCorrect, a US firm, for \$150m.

The market has been cheered by this latest news. Straumann is a blue-chip company with an extremely strong balance sheet and market-leader status. It is also known for its innovative streak.

The group's valuation tallies with its solid fundamentals – it is trading at 32x estimated 2019 EPS. The share price recently reverted to above its early-2008 level.

Netflix
(ISIN: US64110L1061, price: USD 339.10)

The video-streaming giant added 29 million new subscribers in 2018 and now has 139 million paying subscribers worldwide. Netflix says that it now accounts for 10% of Americans' total TV screen time.

However, revenues from its latest quarter, despite rising by 27% to upwards of USD 4bn, fell short of analysts' projections. Netflix blamed negative exchange-rate impacts and also warned that revenue growth would be slower than expected in the first quarter. Major investment spending on content development weighed on profits, which fell by 28% to \$134m.

Netflix is being forced to invest increasingly in exclusive content development to counter rising competition from media groups that are launching their own streaming channels (Amazon, Disney, HBO, Warner Media, etc.). In this setting, the group announced that it would be increasing the price of its monthly subscriptions to between \$9 (basic plan) and \$13 (standard plan) so that it has the funds to continue developing exclusive content.

Analysts estimate that Netflix will spend USD 12bn on content this year – twice as much as in 2017.

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