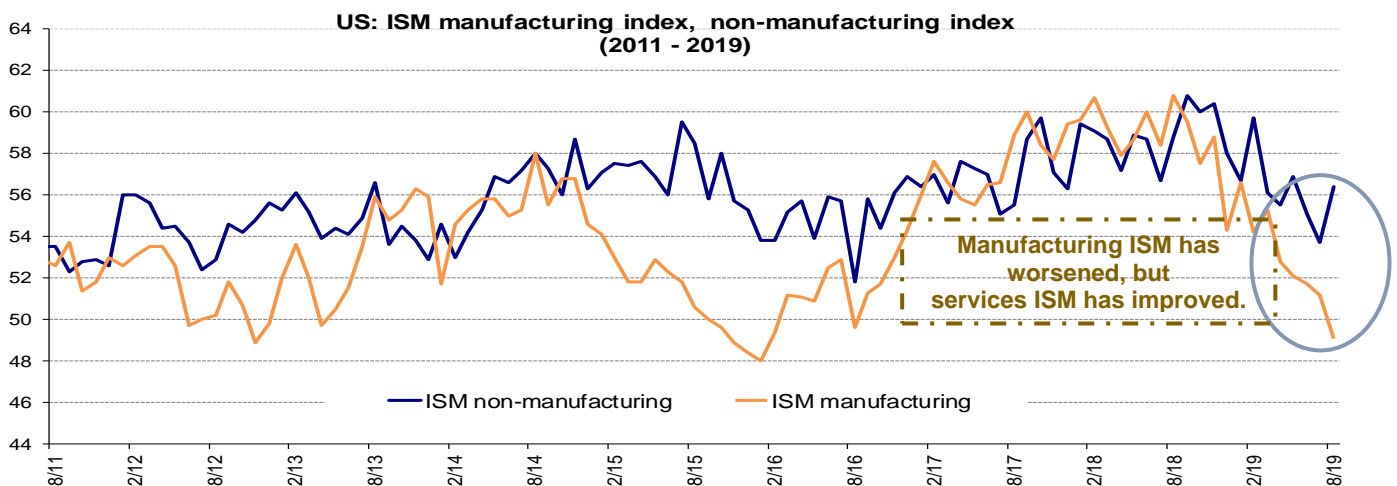


During the current week, market sentiment improved. Trade talks between **US-China** which have been initially scheduled for September, were confirmed, but for early October. UK parliament has rejected “no-deal” Brexit, which lowers, but not eliminates, the likelihood of this outcome. It remains pending if and when UK elections will be conducted. Despite various news regarding Brexit, there is no conclusion for its final outcome. In the **US**, the ISM manufacturing index dropped in August at a low (49.1) since January 2016 and the ISM new orders decreased at a low (47.2) since June 2012, mainly due to the impact of US-China trade dispute. However, the ISM services index increased at a high (56.4, July: 53.7) since May and above the historic average (54.6). If the employment figures for August, which will be released today (6/9), are at least at the historic average (126,000, median expectation: 160,000, July: 164,000), then the overall conclusion will be that the US economy maintains quite satisfactory growth momentum, despite the trade dispute.



Source: Bloomberg

The improvement of services ISM and expectations for de-escalation of US-China tensions in early October have contributed to the rise of the US 10-year yield at a two-week high (5/9: 1.59%), but this is just around the 21-day average (1.57%). S&P 500 increased at a high (5/9: 2,986) since the start of August.

### The week ahead:

The **ECB** will most probably lower its deposit rate at the meeting of September 12 and will introduce tiering system. The ECB may signal that rates will be very low for longer. Regarding restarting asset buying, it is doubtful, as some members seem to oppose it. Accommodative monetary policy by major central banks has contributed to the rise of the Global aggregate bond index (Barclays Bloomberg) by 7% in 2019. **Eurozone** Sentix Investor confidence index may have marginally risen in September, but at a level (-13) still below 12-month average (0.5). Eurozone industrial production (12/9) may have remained unchanged on monthly basis in July, while the yearly drop is expected less severe (-1.3%) versus the previous month (June: -2.6%). **US** inflation (12/9) has likely declined in August to 1.7% from 1.8%, while core inflation may have risen at 2.3% from 2.2%. The overall inflation trend is mildly below target, providing room for the Fed to cut the benchmark rate at the meeting of September 18. In **Japan**, the final reading of GDP (9/9) in the second quarter will probably show moderate quarterly growth of 0.3%.

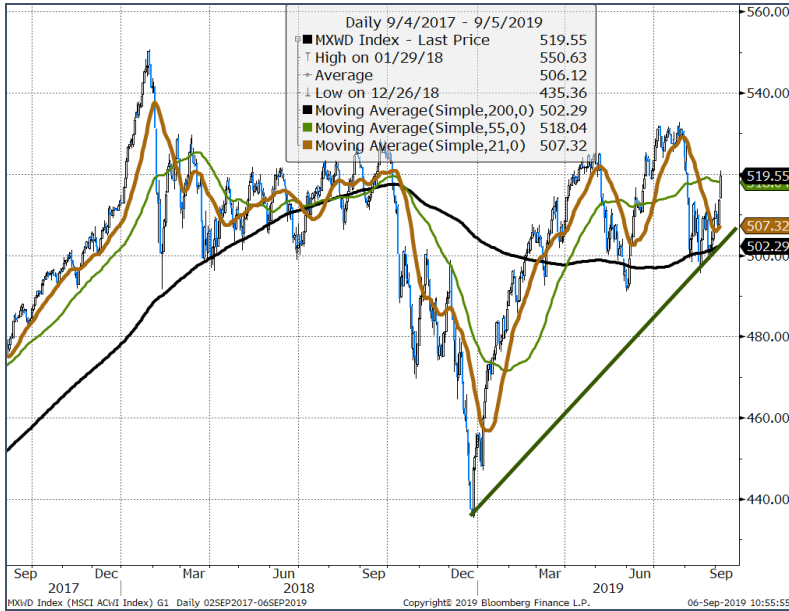
**US employment figures (6/9) will be key for market sentiment. The projection of Atlanta Fed for annualized quarterly GDP growth in the third quarter is at 1.5%, which is indicative of economic growth slowdown, but no recession. Balanced portfolios continue to benefit, as “buying into the dips” environment persists, despite the risks.**

### Quote of the Week:

**The Governor of the Bank of England (M. Carney) said (4/9): “Worst-case Brexit scenarios less severe than in 2018. Core of UK financial system resilient to Brexit”.**

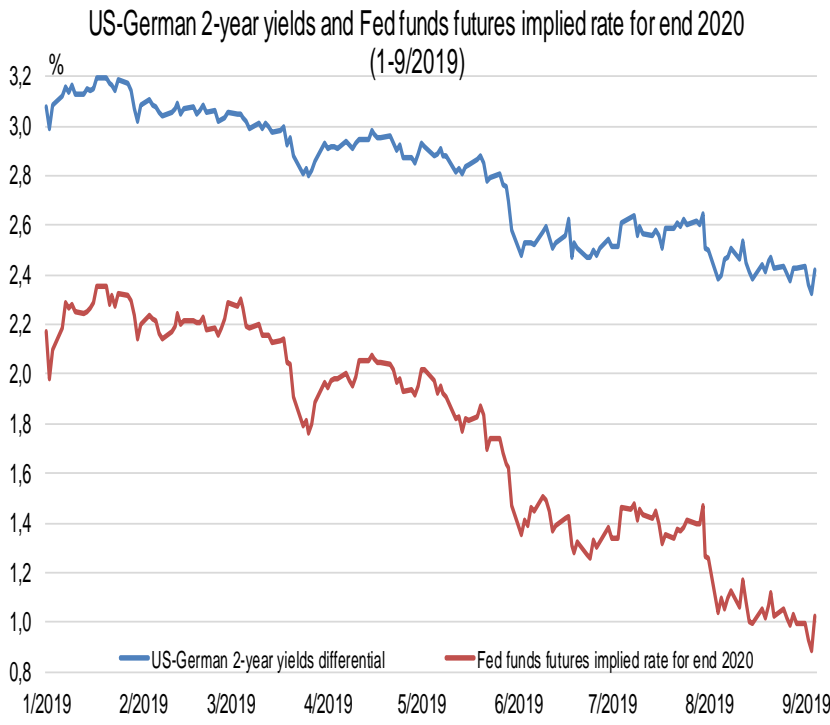
**Global Markets in Charts**

**The MSCI All countries world index increased this week at one-month intraday high (5/9: 520.8). The index is above 200-day average (502), but below the historic high (intraday 29/1/2018: 551).**



The confirmation of US-China trade talks (early October), low government bond yields and moderate US economic growth, have supported market sentiment. Resistance for the MSCI All countries world index is at 533 (25/7/19 high) and at the historic high of January 2018 (29/1/18: 551). Support is at 500 (200-day average) and at 480 (28/1/19 low). The year to date total return is at 16.3% in \$ (20.6% in €), while the one-year return is lower (3.4% in \$, 8.8% in €).









**The difference of US 2-year yield minus the German 2-year yield dropped at a low (4/9: 2.32%) since October 2017, as the more accommodative policy is expected by the Fed (rate cuts).**



The implied Fed funds rate (futures market) for end of 2019 has dropped to 1.62% from 1.84% (latest Fed meeting: 31/7) and for the end of 2020 to 1.01% from 1.47% (31/7). US 2-year government bond yield has dropped to a low 1.426% since October 2017 and the difference of US 2-year yield minus the German has narrowed to the lowest (4/9: 2.32%) since October 2017. Lower US-German 2-year yield differential has been associated with the recent recovery of EUR/USD. However, strong resistance for EUR/USD is not far away, namely at the area of \$1.1160 (26/8/19 high) and at \$1.1270 area (200-day average and 19/7/19 high). Support is at \$1.0860 (Fibonacci retracement 76.4%: \$1.034-\$1.2555 and 3/9/19 low).

Source: Bloomberg

**Global Markets Minesweeper**
**Event Risk Calendar, 9 - 13 September, 2019**

Monday 9/9						
Date Time	Country	Event	Period	Survey	Prior	
9/9 02:50	JN	BoP Current Account Balance	Jul	¥2046.0b	¥1211.2b	
9/9 02:50	JN	GDP SA (QoQ)	2Q F	0.30%	0.40%	
9/9 08:00	JN	Eco Watchers Survey Current SA	Aug	41.3	41.2	
9/9 08:00	JN	Eco Watchers Survey Outlook SA	Aug	43.6	44.3	
9/9 09:00	GE	Trade Balance	Jul	15.4b	16.6b	
9/9 11:30	EC	Sentix Investor Confidence	Sep	-13	-13.7	
9/9 11:30	UK	Monthly GDP (MoM)	Jul	0.10%	0.00%	
9/9 11:30	UK	Industrial Production (YoY)	Jul	-1.20%	-0.60%	
9/9 11:30	UK	Trade Balance GBP/Mn	Jul	-£1250m	£1779m	
9/9 22:00	US	Consumer Credit	Jul	\$16.000b	\$14.596b	
<b>Eco Event</b>	UK	Parliament may be suspended, a bill blocking a no-deal Brexit could become law				
Tuesday 10/9						
Date Time	Country	Event	Period	Survey	Prior	
10/9 04:30	CH	CPI (YoY)	Aug	2.60%	2.80%	
10/9 04:30	CH	PPI (YoY)	Aug	-0.90%	-0.30%	
10/9 09:45	FR	Industrial Production (MoM)	Jul	0.50%	-2.30%	
10/9 09:45	FR	Industrial Production (YoY)	Jul	0.40%	0.00%	
10/9 11:30	UK	Jobless Claims Change	Aug	--	28.0k	
10/9 11:30	UK	Weekly Earnings ex Bonus 3M/(YoY)	Jul	3.80%	3.90%	
10/9 11:30	UK	ILO Unemployment Rate 3Mths	Jul	3.90%	3.90%	
10/9 13:00	US	NFIB Small Business Optimism	Aug	103.5	104.7	
<b>Eco Event</b>	GE	German Finance Minister presents his spending plans to parliament				
	UK	BOE Governor Mark Carney discusses monetary policy				
Wednesday 11/9						
Date Time	Country	Event	Period	Survey	Prior	
11/9 02:50	JN	BSI Large All Industry (QoQ)	3Q	--	-3.7	
11/9 02:50	JN	BSI Large Manufacturing (QoQ)	3Q	--	-10.4	
11/9 15:30	US	PPI Final Demand (MoM)	Aug	0.10%	0.20%	
11/9 15:30	US	PPI Final Demand (YoY)	Aug	1.70%	1.70%	
11/9 17:00	US	Wholesale Inventories (MoM)	Jul F	0.20%	0.20%	
Thursday 12/9						
Date Time	Country	Event	Period	Survey	Prior	

12/9 02:01	UK	RICS House Price Balance	Aug	-11%	-9%	
12/9 02:50	JN	PPI (YoY)	Aug	-0.80%	-0.60%	
12/9 02:50	JN	Core Machine Orders (YoY)	Jul	-4.10%	12.50%	
12/9 07:30	JN	Tertiary Industry Index (MoM)	Jul	-0.30%	-0.10%	
12/9 09:00	GE	CPI (YoY)	Aug F	1.40%	1.40%	
12/9 09:45	FR	CPI (YoY)	Aug F	1.10%	1.10%	
12/9 12:00	EC	Industrial Production WDA (YoY)	Jul	-1.30%	-2.60%	
12/9 14:45	EC	ECB Main Refinancing Rate	12-Sep	0.00%	0.00%	🌩️
12/9 14:45	EC	ECB Deposit Facility Rate	12-Sep	-0.50%	-0.40%	🌩️
12/9 15:30	US	CPI (YoY)	Aug	1.70%	1.80%	🌩️
12/9 15:30	US	CPI Ex Food and Energy (YoY)	Aug	2.30%	2.20%	
12/9 15:30	US	Initial Jobless Claims	7-Sep	--	217k	
<b>Eco Event</b>	EC	ECB's President Maro Draghi press conference (15:30)				🌩️
	DH	Key members in OPEC+ plan to meet at the World Energy Congress in Abu Dubai				
		<b>Friday 13/9</b>				
<b>Date Time</b>	<b>Country</b>	<b>Event</b>	<b>Period</b>	<b>Survey</b>	<b>Prior</b>	🌩️
13/9 07:30	JN	Industrial Production (YoY)	Jul F	--	0.70%	
13/9 12:00	EC	Trade Balance SA	Jul	--	17.9b	
13/9 15:30	US	Import Price Index (MoM)	Aug	-0.50%	0.20%	
13/9 15:30	US	Import Price Index (YoY)	Aug	--	-1.80%	
13/9 15:30	US	Retail Sales Advance (MoM)	Aug	0.20%	0.70%	🌩️
13/9 15:30	US	Retail Sales Ex Auto (MoM)	Aug	0.10%	1.00%	
13/9 17:00	US	U. of Mich. Sentiment	Sep P	90.2	89.8	🌩️
13/9 17:00	US	Business Inventories	Jul	0.30%	0.00%	
		<b>China markets closed (Mid-autumn Festival)</b>				
<b>Corp. Results</b>	US	Broadcom Inc				

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