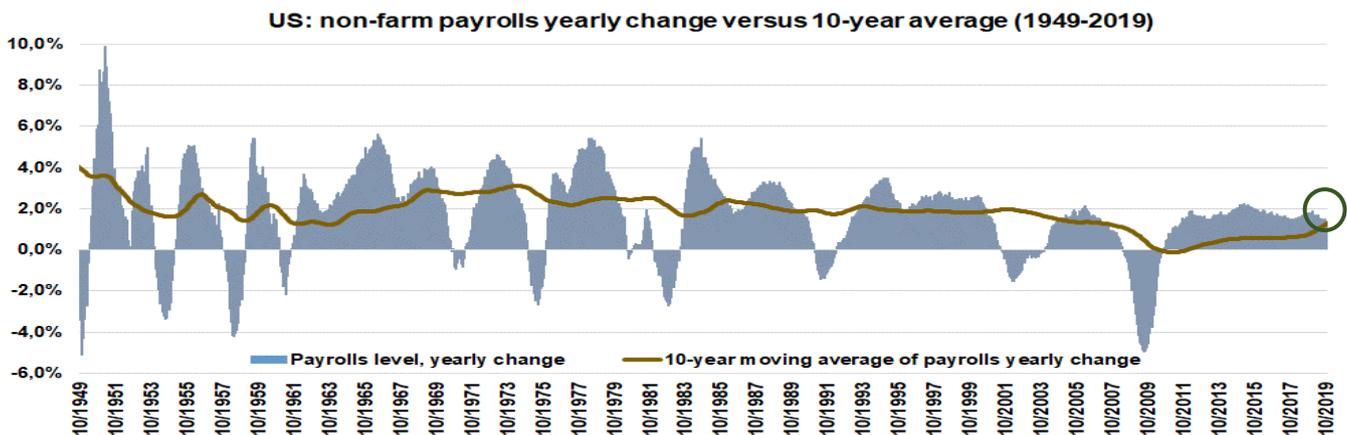


Economic figures announced during this week were mixed. In the **US**, the ISM manufacturing index dropped in November at 48.1, indicating contraction of the sector for the fourth consecutive month, as **US-China** trade dispute has affected manufacturing. However, the services sector is still expanding, at somewhat lower pace. The ISM services index dropped in November at a level lower (53.9, historic average: 54.6) than expected (54.5). According to the final reading, **Eurozone** GDP increased on quarterly basis in the third quarter by 0.2% and on yearly basis by 1.2%, matching the 10-year average. **Japan** announced fiscal stimulus of almost \$240 bn. in total over the coming years. In **China**, both the Caixin PMI manufacturing (51.8) and the Caixin PMI services (53.5) have risen in November.

The MSCI all countries world index is slightly lower (29/11-5/12: -0.5%) in this week, but maintains strong year to date total return (22.4%). The (Bloomberg Barclays) Global aggregate bond is also positive in 2019 (6.4%). Gold continues to trade at a level (\$1,475/ounce) above its 200-day average (\$1,405/ounce) and WTI crude oil slightly above (\$58.4/barrel) its 200-day average (\$57.5/barrel). EUR/USD is at around \$1.1100 area. Resistance is at \$1.1160-80 and at \$1.1250-80. Support is at \$1.1000 and at \$1.0940. GBP/USD has risen at a high (5/12: \$1.3166) since May. Resistance is at \$1.3180 (50% retracement: \$1,4377-\$1,1959 and 6/5/19 high), at \$1.3270, at \$1.3380 and at \$1.3450 (Fibonacci retracement 61.8%: \$1.4377-\$1.1959). Support is at \$1.2980 (4/12/19 low) and at \$1.2900 (2/12/19 low and 21-day moving average).

The week ahead:

Markets sentiment heading towards the next week may be affected by the release of **US** non-farm payrolls for November today (6/12). The median expectation of analysts survey is for an increase of payrolls by 183,000 in November (October: 128,000). However, the private payrolls estimate (4/12: by ADP) was low at 67,000. Year to date until October, the average payrolls rise was well above (167,000) the historic average (126,000). The total level of payrolls was in October 1.4% higher on year over year basis. This is around the 10-year average of the yearly employment gains (1.3%), an indication of economic growth pace around the potential (1.9%).



Source: Bloomberg

Looking further into the next week, the Federal Reserve (11/12) and the ECB (12/12) will most probably keep their benchmark rates unchanged. **Eurozone** Sentix investor confidence index will be released on December 9 and **US** inflation figures for November are expected on December 11. In the **UK**, a televised debate between B. Johnson and J. Corbyn is scheduled for today (6/12), ahead of the general elections next week (12/12).

US employment figures today (6/12) will be important for the short-term market sentiment. Furthermore, markets currently seem to expect that the “phase-one” of US-China trade deal will be finalized until December 15. In case, this does not happen, it cannot be excluded that some profit taking may take place at the one-month time horizon. Overall, the supportive monetary policy by main central banks continues to be favorable for equity exposure in a balanced portfolio.

Quote of the Week:

S&P rating agency said (3/12): “US GDP growth is expected at 1.9% in 2020. US recession is currently less likely over the next 12 months.”

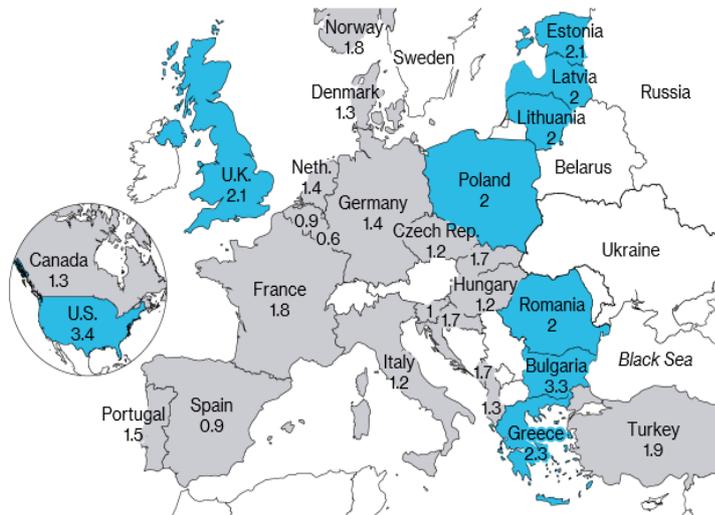
Global Markets in Charts

Defence spending is expected to rise on aggregate, as only nine out of twenty-nine countries of NATO currently meet the pledged target. Exposure to aerospace & defence may be suitable from long term perspective, as global geopolitical risks are elevated.

Paying Their Fair Share for NATO?

Estimated 2019 defense spending as a percentage of GDP

■ 2% target met or exceeded ■ Target not yet met



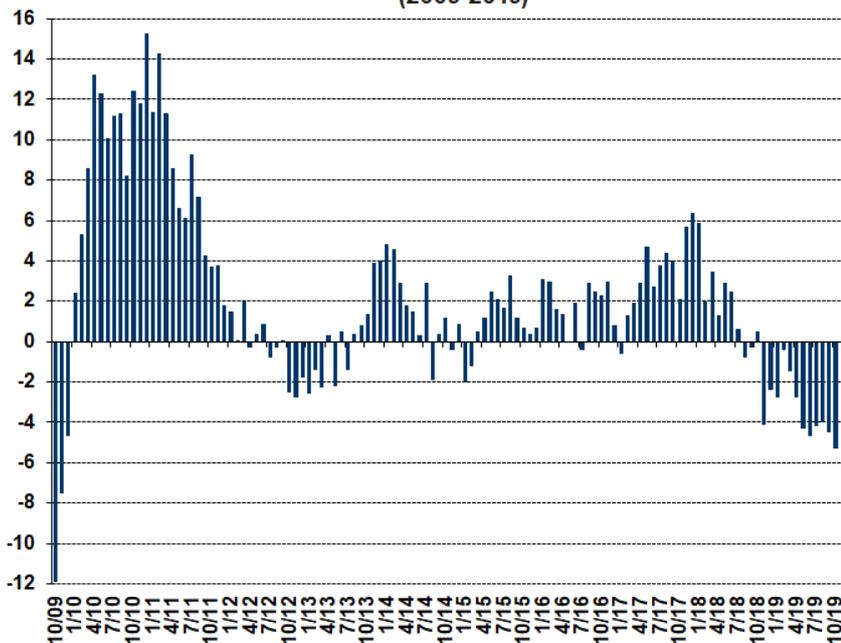
Source: NATO

North Atlantic Treaty Organization projects defense expenditure increase of \$400 billion., by European member countries and Canada through 2024. Leaders from NATO countries met in London this week. The pledge for minimum 2% of GDP defense was re-affirmed, but it is currently met only by nine countries.

From long-term investment perspective, exposure to aerospace and defense can be justified. The S&P 500 aerospace & defense index is at 16.5 times forward 12-month P/E ratio, "cheaper" than its 5-year average (17.6 times). The S&P global 1200 aerospace & defense sector index is at 16.7 times (5-year average: 17.5 times).

German industrial production dropped on yearly basis in October by 5.3%, the most in the last ten years.

Germany: annual change % of industrial production (2009-2019)



Source: Bloomberg

In Germany, industrial production unexpectedly dropped by 1.7% on monthly basis in October (expected: 0.1%) and the yearly decline of 5.3% was the sharpest of the last decade.

Industrial production weakness in Germany underscores the global effect of US-China trade dispute and the possibility for fiscal stimulus at some point. It is noted, however, that the overall economic growth in the Eurozone appears as resilient. Yearly GDP change in the third quarter was at 1.2%, almost at its 10-year average.

Global Markets Minesweeper
Event Risk Calendar, 9 - 13 December, 2019

Monday 9/12						
Date Time	Country	Event	Period	Survey	Prior	
9/12 01:50	JN	GDP SA (QoQ)	3Q F	0.20%	0.10%	🌟
9/12 01:50	JN	GDP Annualized SA (QoQ)	3Q F	0.60%	0.20%	
9/12 01:50	JN	Trade Balance BoP Basis	Oct	¥138.8b	¥1.1b	
9/12 07:00	JN	Eco Watchers Survey Current SA	Nov	39.7	36.7	
9/12 07:00	JN	Eco Watchers Survey Outlook SA	Nov	44.6	43.7	
9/12 09:00	GE	Trade Balance	Oct	€18.8b	€21.2b	
9/12 11:30	EC	Sentix Investor Confidence	Dec	-5.3	-4.5	🌟
Tuesday 10/12						
Date Time	Country	Event	Period	Survey	Prior	
10/12 03:30	CH	CPI (YoY)	Nov	4.20%	3.80%	🌟
10/12 03:30	CH	PPI (YoY)	Nov	-1.40%	-1.60%	
10/12 08:00	JN	Machine Tool Orders (YoY)	Nov P		-37.40%	
12/10 09:45	FR	Industrial Production (YoY)	Oct	-0.30%	0.10%	
12/10 11:30	UK	Monthly GDP (MoM)	Oct	0.10%	-0.10%	
10/12 11:30	UK	Industrial Production (MoM)	Oct	0.20%	-0.30%	
10/12 11:30	UK	Industrial Production (YoY)	Oct	-1.20%	-1.40%	
10/12 11:30	UK	Trade Balance GBP/Mn	Oct	-£2800m	-£3360m	
10/12 12:00	GE	ZEW Survey Current Situation	Dec	0.3	-24.7	
10/12 12:00	GE	ZEW Survey Expectations	Dec	--	-2.1	🌟
10/12 13:00	US	NFIB Small Business Optimism	Nov	103.1	102.4	🌟
Wednesday 11/12						
Date Time	Country	Event	Period	Survey	Prior	
11/12 01:50	JN	PPI (YoY)	Nov	0.00%	-0.40%	
11/12 15:30	US	CPI Ex Food and Energy (MoM)	Nov	0.20%	0.20%	
11/12 15:30	US	CPI (YoY)	Nov	2.00%	1.80%	🌟
11/12 15:30	US	CPI Ex Food and Energy (YoY)	Nov	2.30%	2.30%	
11/12 15:30	US	Real Avg Hourly Earning (YoY)	Nov	--	1.20%	
11/12 21:00	US	FOMC Rate Decision (Upper Bound)	Dec-11	1.75%	1.75%	🌟
11/12 21:00	US	FOMC Rate Decision (Lower Bound)	Dec-11	1.50%	1.50%	
11/12 21:00	US	Monthly Budget Statement	Nov	--	-\$134.5b	
Eco Event	US	FOMC statement and projection (21:00), and press conference (21:30)				🌟
Thursday 12/12						
Date Time	Country	Event	Period	Survey	Prior	
12/12 01:50	JN	Core Machine Orders (YoY)	Oct	-1.70%	5.10%	

December 6, 2019

12/12 02:01	UK	RICS House Price Balance	Nov	-5%	-5%	
12/12 09:00	GE	CPI (YoY)	Nov F	1.10%	1.10%	
12/12 09:45	FR	CPI (YoY)	Nov F	1.00%	1.00%	
12/12 10:30	SZ	SNB Policy Rate	Dec-12	-0.75%	-0.75%	🌩️
12/12 12:00	EC	Industrial Production WDA (YoY)	Oct	-2.30%	-1.70%	
12/12 14:45	EC	ECB Main Refinancing Rate	Dec-12	0.00%	0.00%	🌩️
12/12 14:45	EC	ECB Deposit Facility Rate	Dec-12	-0.50%	-0.50%	
12/12 15:30	US	PPI Final Demand (YoY)	Nov	1.20%	1.10%	
12/12 15:30	US	PPI Ex Food and Energy (YoY)	Nov	1.70%	1.60%	
12/12 15:30	US	Initial Jobless Claims	Dec-07	--	203k	
Eco Event	UK	General Elections				🌩️
	EC	ECB's president press conference (15:30)				🌩️
	EC	EU leaders summit in Brussels (through Dec 13)				🌩️
Corp. Results	US	Adobe, Broadcom, Oracle				
		Friday 13/12				
Date Time	Country	Event	Period	Survey	Prior	🌩️
13/12 01:30	JN	Tankan Large Mfg Index	4Q	3	5	🌩️
13/12 01:30	JN	Tankan Large Non-Mfg Outlook	4Q	16	15	
13/12 15:30	US	Import Price Index (MoM)	Nov	0.20%	-0.50%	
13/12 15:30	US	Import Price Index (YoY)	Nov	--	-3.00%	
13/12 15:30	US	Retail Sales Advance (MoM)	Nov	0.40%	0.30%	🌩️
13/12 15:30	US	Retail Sales Ex Auto (MoM)	Nov	0.40%	0.20%	
13/12 17:00	US	Business Inventories	Oct	0.20%	0.00%	

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