



Formation continue

Horizons et Tendances

Mercredi 15 janvier 2020, Lausanne

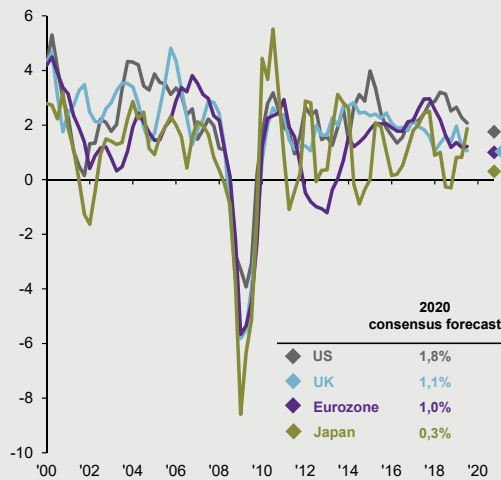


Horizons et Tendances, 15 janvier 2020

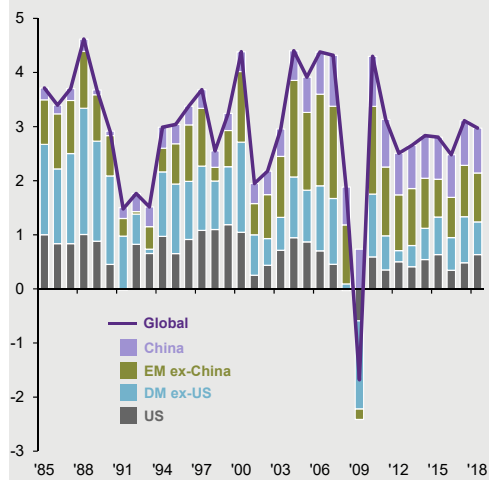
Perspectives économiques / investissements 2020

Vincent Juvyns

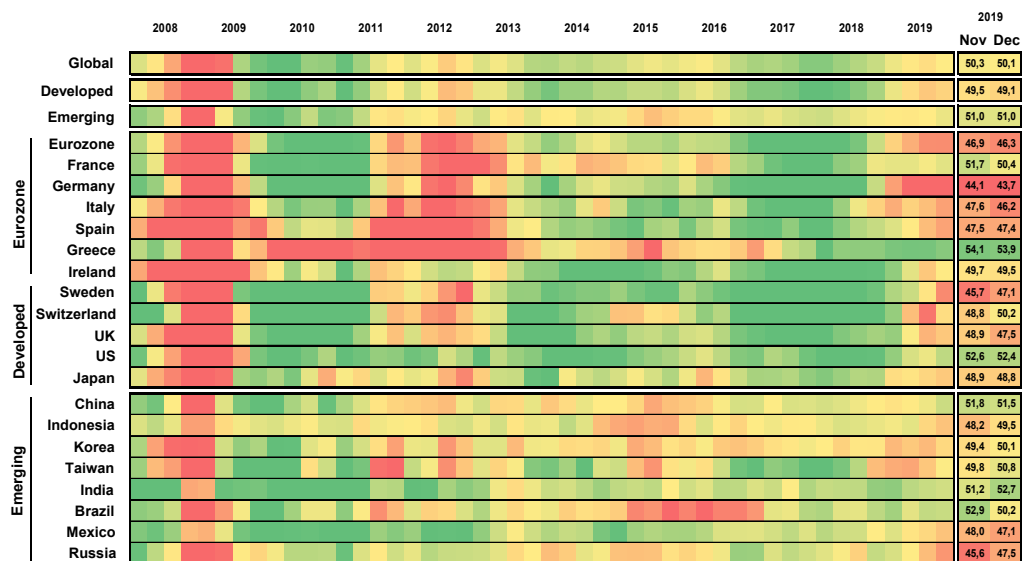
Real GDP growth
% change year on year



Contribution to global real GDP growth
% change year on year



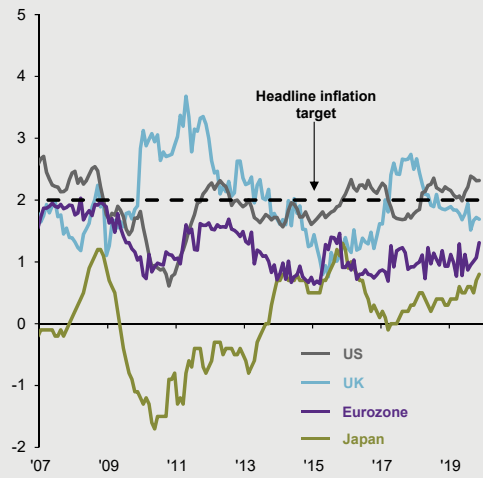
Source: (Left) BEA, Bloomberg, Eurostat, Japan Cabinet Office, ONS, Refinitiv Datastream, J.P. Morgan Asset Management. Forecasts are from Bloomberg contributor composite. (Right) Refinitiv Datastream, World Bank, J.P. Morgan Asset Management. EM is emerging markets. DM is developed markets. Past performance is not a reliable indicator of current and future results. *Guide to the Markets - Europe*. Data as of 31 December 2019.



Source: Markit, J.P. Morgan Asset Management. The Global Purchasing Managers' Index (PMI) for manufacturing assesses the economic health of the sector by surveying manufacturing businesses regarding output, new orders, stocks of purchases, supplier delivery times and employment. A score of 50 indicates that economic activity is neither expanding nor contracting, above 50 indicates expansion. The colours range from red to yellow to green, where red is below 50, yellow is at 50 and green is above 50. Quarterly averages are shown, except for the two most recent monthly data points. Past performance is not a reliable indicator of current and future results. *Guide to the Markets - Europe*. Data as of 31 December 2019.

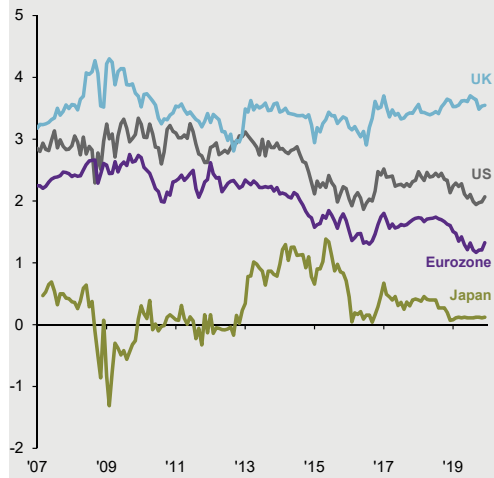
Core inflation

% change year on year



Market-based inflation expectations

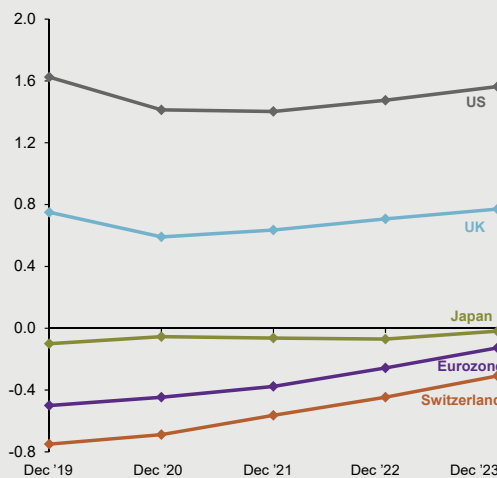
%, 5y5y inflation swap



Source: (Left) Bank of Japan, BLS, Eurostat, ONS, Refinitiv Datastream, J.P. Morgan Asset Management. CPI is the Consumer Price Index. Core inflation for the US is defined as CPI excluding food and energy. Core inflation for Japan is defined as CPI excluding fresh food and energy. Core inflation for the UK and the eurozone is defined as CPI less energy, food, alcohol and tobacco. Japan core CPI has been adjusted down by 2% from April 2014 to March 2015 to remove the estimated impact of the consumption tax hike over this period. (Right) Bloomberg, J.P. Morgan Asset Management. 5y5y inflation swap represents the market's expectation of five-year average inflation, starting in five years' time. Data for Japan starts in March 2007 due to data availability. Past performance is not a reliable indicator of current and future results. *Guide to the Markets - Europe*. Data as of 31 December 2019.

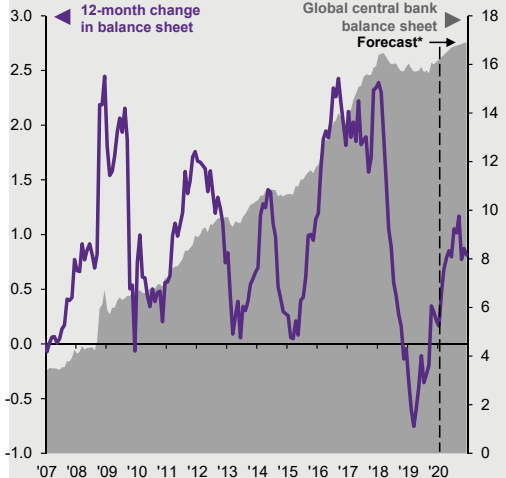
Market expectations for policy rate

%



Central bank balance sheets

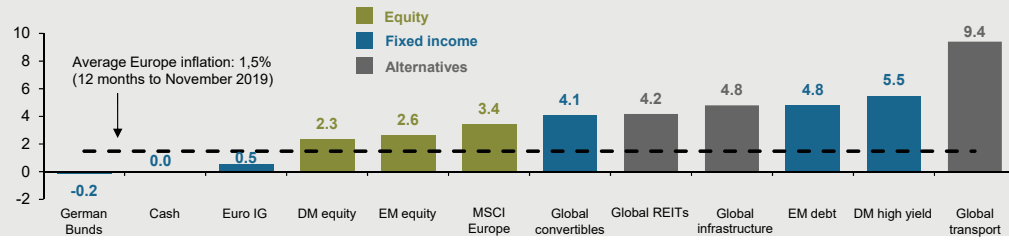
USD trillions



Source: (Left) Bloomberg, J.P. Morgan Asset Management. Expectations are calculated using OIS forwards. (Right) Bank of England (BoE), Bank of Japan (BoJ), European Central Bank (ECB), Refinitiv Datastream, Swiss National Bank (SNB), US Federal Reserve (Fed), J.P. Morgan Asset Management. Global central bank balance sheet is the sum of the balance sheets of the BoE, BoJ, ECB, Fed and SNB. *Balance sheet forecast assumptions: BoE to have zero net asset purchases over the forecast period; BoJ to have an annualised net asset purchase pace of 20 trillion yen over the forecast period; ECB to have net asset purchases of 20 billion euros per month over the forecast period; SNB to have zero net asset purchases over the forecast period; Fed to increase assets by USD 60 billion per month through to June 2020, after which it is assumed that the balance sheet will remain steady. Past performance is not a reliable indicator of current and future results. *Guide to the Markets - Europe*. Data as of 31 December 2019.

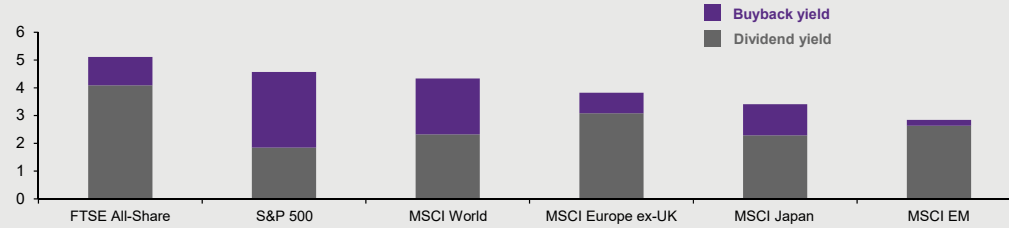
Asset yield comparison

% yield



Equity index yields

% yield



Source: (Top) Bloomberg Barclays, BofAMerrill Lynch, Clarkson, Drewry Maritime Consultants, MSCI, Refinitiv Datastream, J.P. Morgan Asset Management. Additional yield often comes with associated capital and/or liquidity risk. Global infrastructure and global transport yields are as of March 2019 and June 2019, respectively. Yields for the bond indices are yield to worst and dividend yields for the equity indices. Global transport levered yield is rental income minus operating expenses, debt amortisation and interest expenses, expressed as a percentage of equity value. Global convertibles: Bloomberg Barclays Global Convertibles; DM equity: MSCI World; EM equity: MSCI EM; German bunds: Germany 10-year yield; Euro IG: Bloomberg Barclays Euro Agg. - Corporates; Global REITs: FTSE NAREIT Index; DM high yield: BofAMerrill Lynch Developed Markets High Yield Constrained; EM debt: J.P. Morgan EMBI Global; Global infrastructure: MSCI Global Infrastructure Asset Index - Low risk; (Bottom) Bloomberg, FTSE, MSCI, Refinitiv Datastream, Standard & Poor's, J.P. Morgan Asset Management. Buyback yield is last twelve months buybacks divided by the market cap of the index. Past performance is not a reliable indicator of current and future results. Guide to the Markets - Europe. Data as of 31 December 2019.

Quels placements et asset classes favoriseriser pour 2020?

Eric Rosset

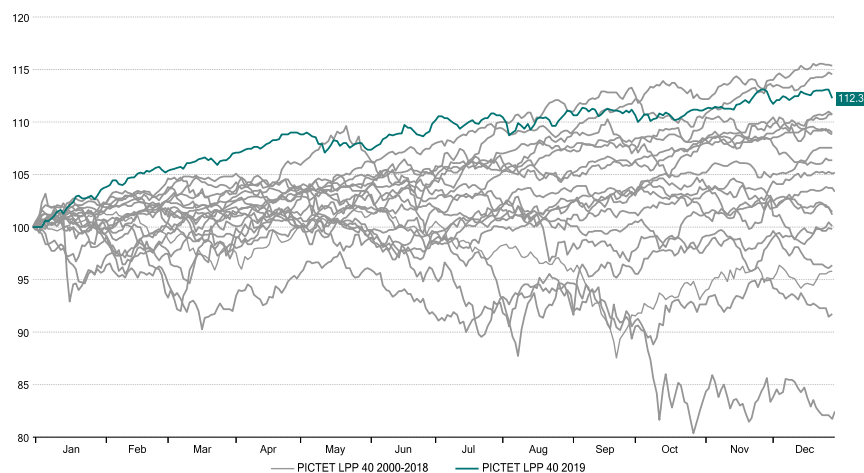
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2019 WITHIN THE TOP 3 VINTAGE YEARS

Pictet LPP 40 Index – Annual Returns (Rebased)



Source: Pictet Asset Management, Refinitiv, December 2019

LOOKING INTO 2020

- 'Slowdown part 2'
- US lags global slowdown
- Odds tilted towards more Fed easing

**Global
Desynchronised
Slowdown**

**China's
Defensive Easing**

- Last missing piece to global easing jigsaw
- Clear need of easing
- Multiple constraints (including 'stagflation')

- 'Initial recovery part I'
- Test cases: India, Korea, EMU, UK
- US election: the next big step forward in this shift?

**Paradigm Shift
in Policy Mix**

**Constructing
Robust Portfolios**

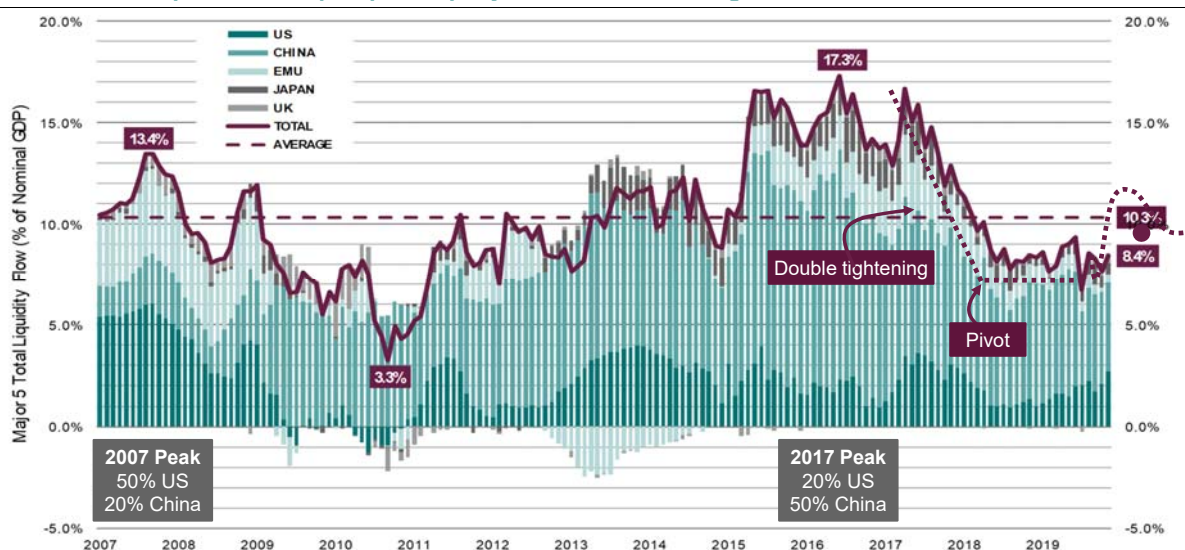
- Diversifying away from negative yielding debt
- Using optionality to capture growth surprises
- Keeping credit risk at bay

Source: Pictet Asset Management, December 2019

II Perspectives d'investissement 2020
Pictet Asset Management
À l'attention des investisseurs professionnels

FROM TIGHTENING TO PIVOT AND MODEST EASING

Major 5 – Total (Policy & Private) Liquidity Flow by Major Bloc (6-Month Rolling, % GDP)

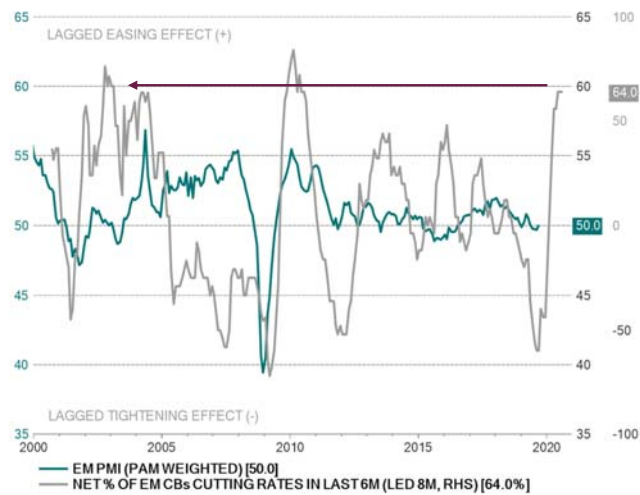


Note: Total Liquidity flow calculated as Policy plus Private Liquidity flows, as % of nominal GDP, using current-USD GDP weights (US: 36.9%, China: 26.1%, EMU: 23.5%, Japan: 8.7%, UK: 4.9%)
Source: Refinitiv Datastream, Pictet Asset Management

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ONE MISSING PIECE TO GLOBAL EASING PUZZLE? CHINA

EM – Activity & Central Bank Breadth



China – Activity & Policy Easing

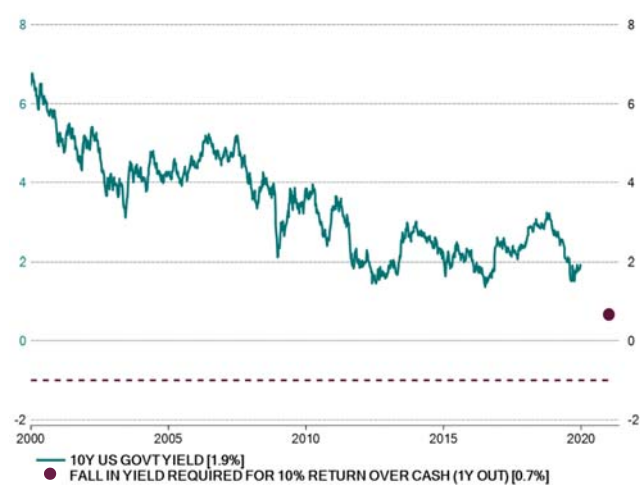


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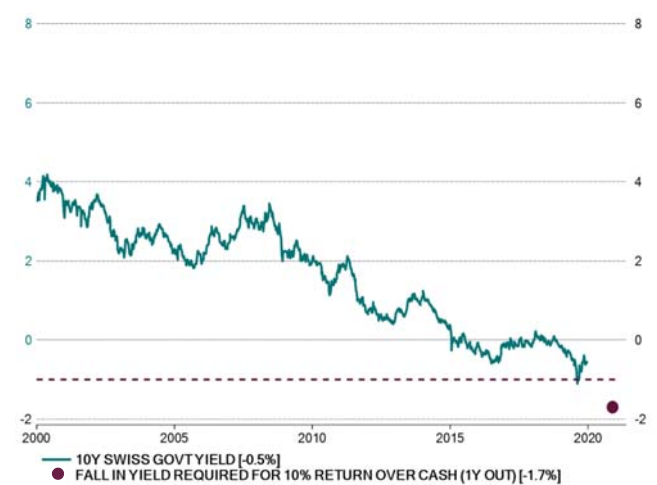
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ANGLO-SAXON BONDS TO PROVIDE PORTFOLIO BALANCE

US – 10Yr Yield & 10% Return Implied Target



Swiss – 10Yr Yield & 10% Return Implied Target

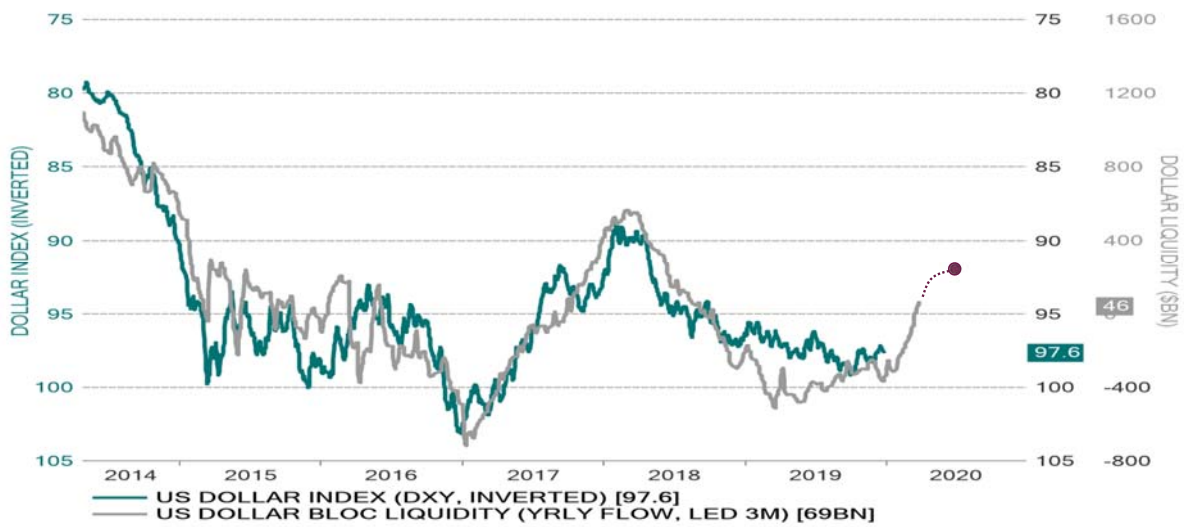


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USD LIQUIDITY TIGHTNESS TO FADE AWAY

US Dollar Index (DXY) v. US Dollar Bloc Liquidity (\$bn)



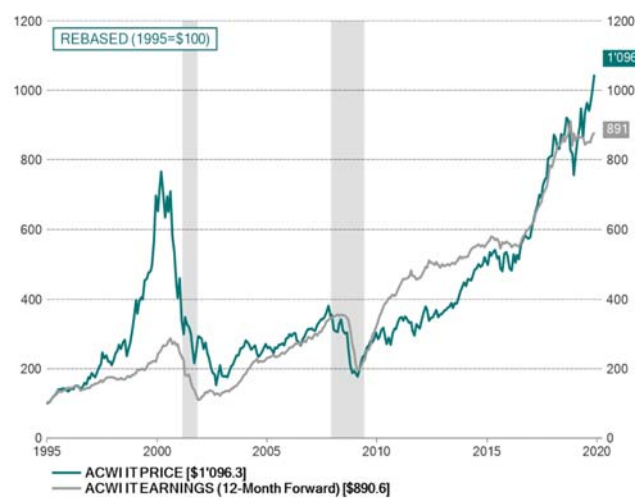
Source: Pictet Asset Management, Refinitiv, December 2019

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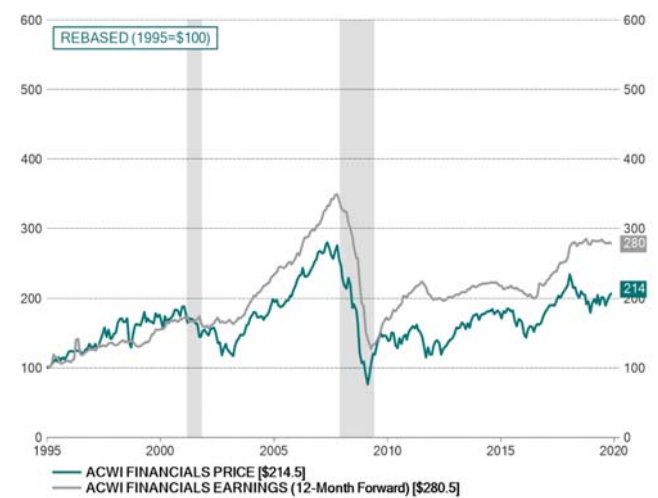
GROWTH INCREASINGLY VULNERABLE, INCREMENTAL SHIFT TO VALUE

Global IT – Price v. Earnings



Source: Pictet Asset Management, Refinitiv, December 2019

Global Financials – Price v. Earnings



Source: Pictet Asset Management, Refinitiv, December 2019

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Perspectives d'investissement 2020
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- Risk budget allocation: market weight in equities, using optionality where possible, keep duration long
- US slowdown part 2: keep defensive equities (staples, utilities, REITs, healthcare), shave cyclical growth equities
- Initial recoveries part I: dedicate a risk budget to corners of Europe (domestic oriented) and GEM (India, Korea) equities
- Portfolio balance: rotate into Anglo-Saxon core bonds (US, UK, Canada, Australia)
- Weaker US dollar: favour US TIPS & EM LC debt, keep gold
- Beware credit: more companies falling into BBB and out of BBB into High Yield

For more information

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Perspectives pour le marché immobilier

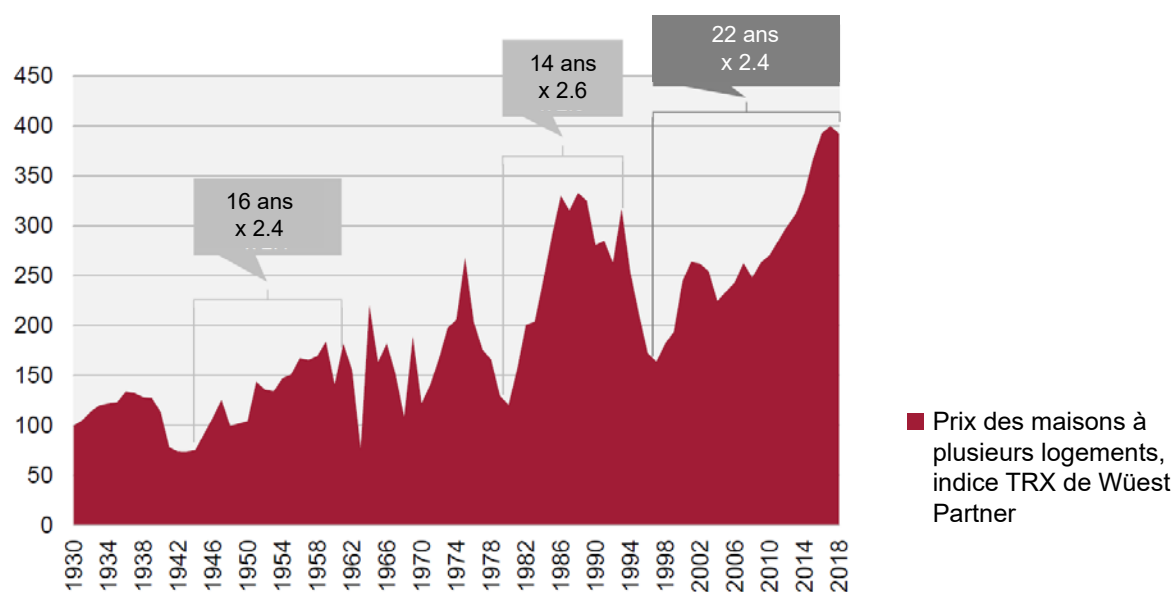
Damian Künzi

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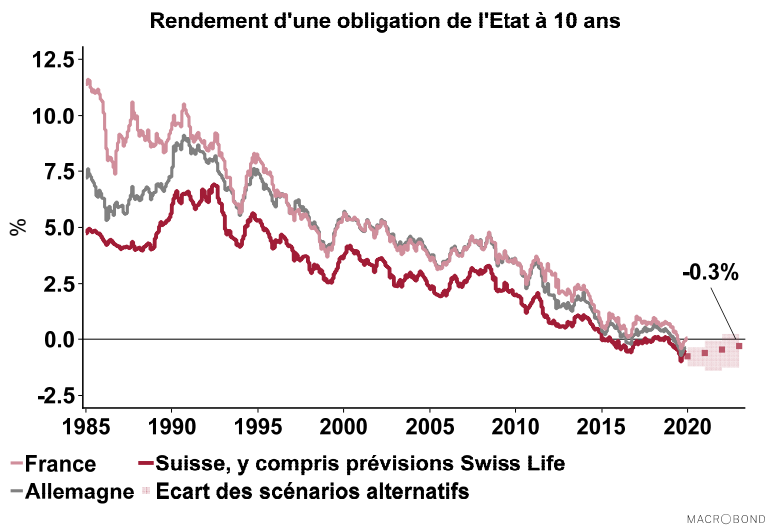
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Un cycle immobilier long et mature en Suisse

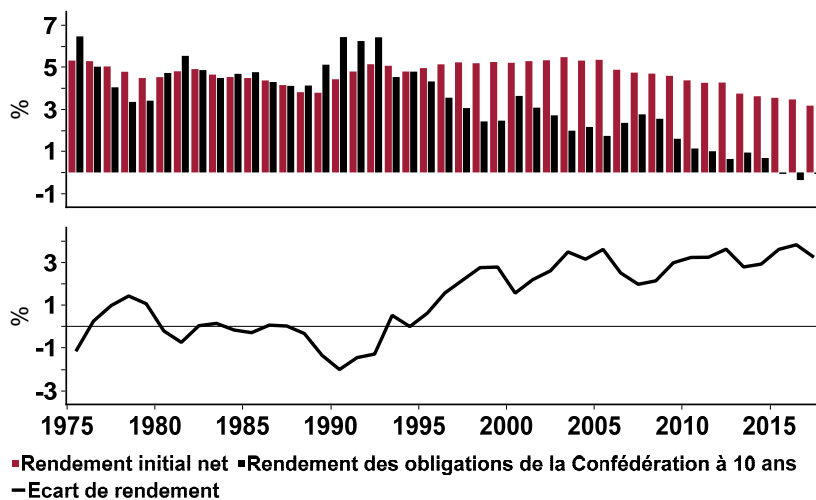


Source: Wüest Partner

Comment investir dans une période de répression financière prolongée?

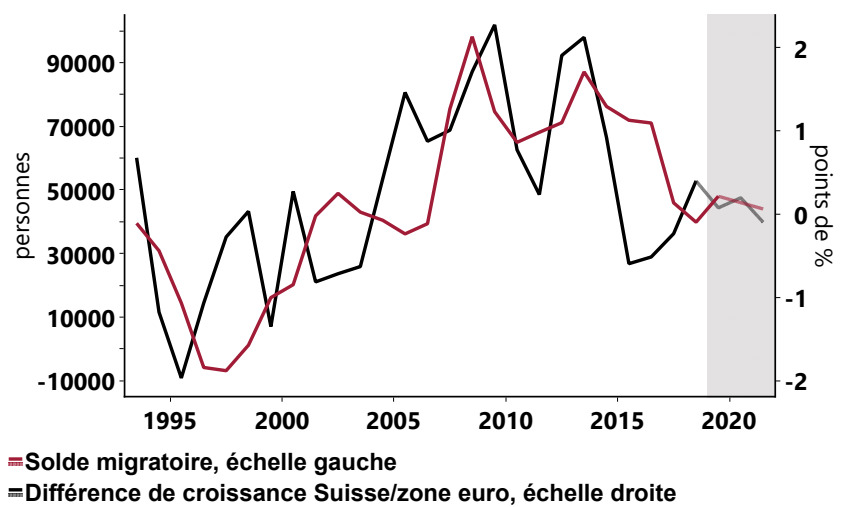


Prime de risque sur l’immobilier Suisse : attrayante et sans alternative

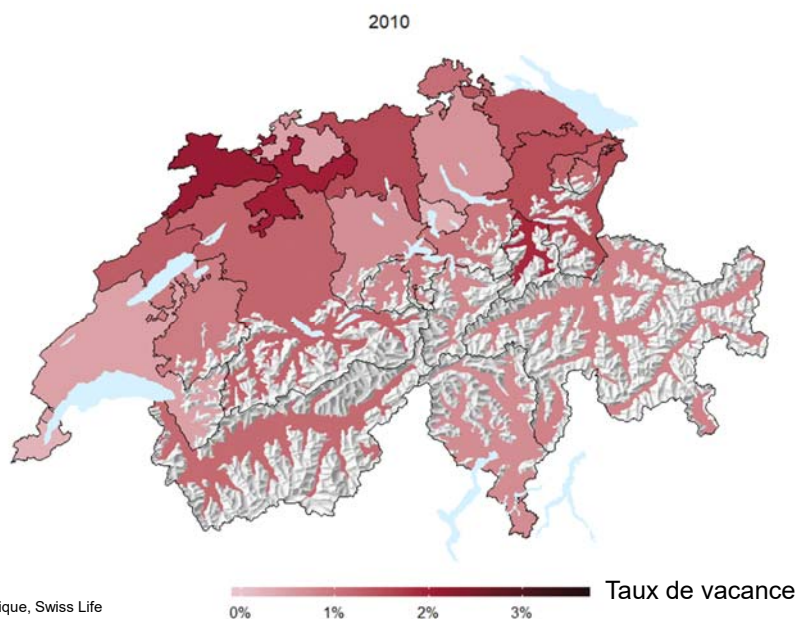


Source: Prof Studer, Université de Bâle avant 2004, Wüest Partner après 2005, BNS, Swiss Life

Défi 1 : ralentissement de l'économie suisse et du solde migratoire



Défi 2 : écart croissant entre offre et demande, hausse des taux de vacance



Source : Office fédéral de la statistique, Swiss Life

Défi 3 : augmentation de la pression politique

■ Problèmes d'accessibilité des prix

- Genève : Initiative populaire «Construisons des logements pour toutes et tous» approuvée le 24 novembre 2019
- Berlin: introduction d'un gel temporaire des loyers
- Bâle: plusieurs initiatives en attente de mise en œuvre :
 - En période de pénurie, les investisseurs doivent demander des autorisations de projets de rénovation ou de démolition pour les «logements abordables»
- Suisse : initiative populaire fédérale «davantage de logements abordables», mise en votation le 9 février 2020

■ Nouvelles règles en matière d'efficacité énergétique

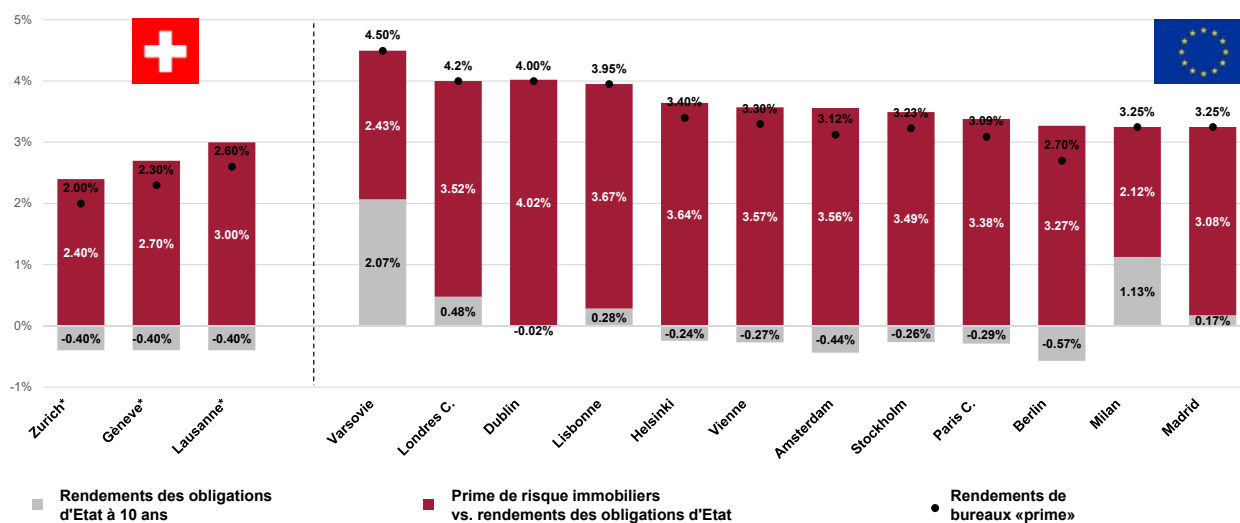
Notre réponse : gestion active innovante et préférence donnée aux emplacements centraux



Projet «Cornaredo Park» à Lugano

Prime de risque plus élevée à l'étranger

Rendements de bureaux «prime» au T3 2019



Source : PMA, Wüest Partner, Cushman & Wakefield, Macrobond ; Rendement des obligations d'Etat en moyenne trimestrielle ; *T2 2019

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