

Quick recap

- While Eurozone inflation came in as high as expected, a surprise m/m jump in core inflation in the U.S. spooked markets this week, triggering a painful sell-off, notably in Growth and Quality stocks.
- Benchmark yields rose across the curve, and credit spreads bounced as markets are preparing for more aggressive monetary policy tightening - the Fed Funds Rate is now expected to reach up to 4.4%.
- On Friday, logistics giant FedEx issued a profit warning on the back of a global slowdown in demand.
- While Ukrainian troops had been advancing in the east, Xi, Modi, and Putin met in Uzbekistan's capital of Tashkent, where the Chinese and Indian leaders expressed 'concerns' in a surprisingly direct manner.
- Lastly, as investors are focusing on Western economies' fight against inflation, the Chinese property crisis moved out of the spotlight - we recommend [this article](#) by the Economist for a catch-up.



Overview

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BEST P/E Ratio



Every asset is attractive at the right price. On the back of surging inflation rates and higher interest rates, valuation ratios have declined. However, more importantly, the spread between valuation levels in different regions has widened to levels rarely seen before. While U.S. and Swiss stocks are clearly cheaper than last year, they can hardly be called cheap in absolute terms, reflecting a still robust demand backdrop and sky-high corporate profits. On the contrary, P/E ratios in Europe and the U.K. are slowly approaching levels usually observed during crisis times.

Markets at a glance



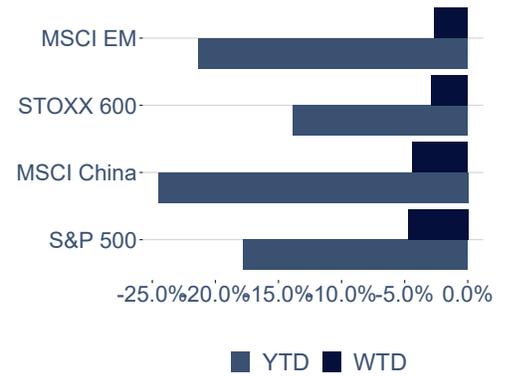
Major Equity Markets

Broad Markets
Total return %



Source: Amadeus Capital SA 2022-09-19

Broad Markets
Total return %



Major Equity Markets

Broad Markets
Total return %



Source: Amadeus Capital SA 2022-09-19

Broad Markets
Total return %



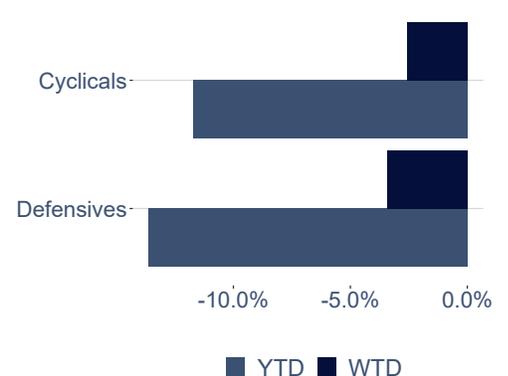
Equity Sectors

Cyclicals vs Defensives Europe
Total return %



Source: Bloomberg, Amadeus 2022-09-19

Cyclicals vs Defensives Europe
Total return %



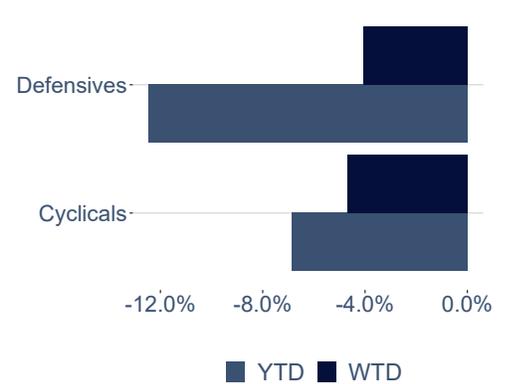
Equity Sectors

Sectors U.S.
Total return %



Source: Bloomberg, Amadeus 2022-09-19

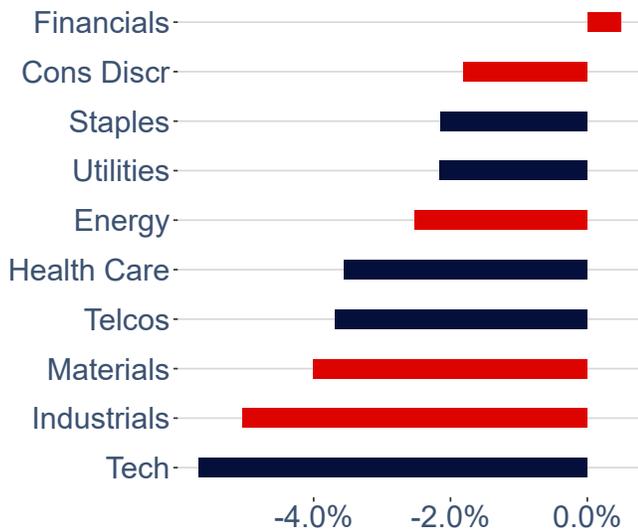
Cyclicals vs Defensives U.S.
Total return %



Equity Sectors

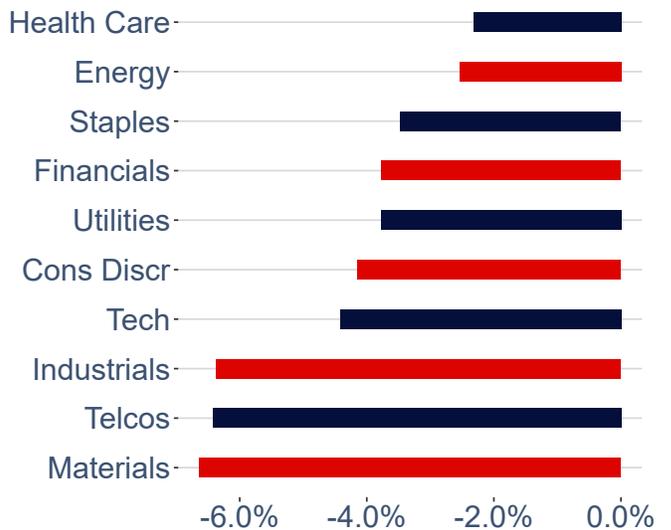
Sectors Europe

Last week's performance % (Cyc = red, def = blue)



Sectors U.S.

Last week's performance %



Equity Styles

Styles Europe

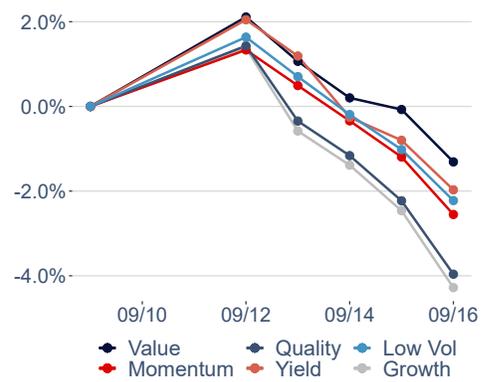
Total return %



Source: Bloomberg, Amadeus 2022-09-19

Styles Europe

Total return %



Source: Amadeus Capital SA 2022-09-19

Equity Styles

Styles U.S.

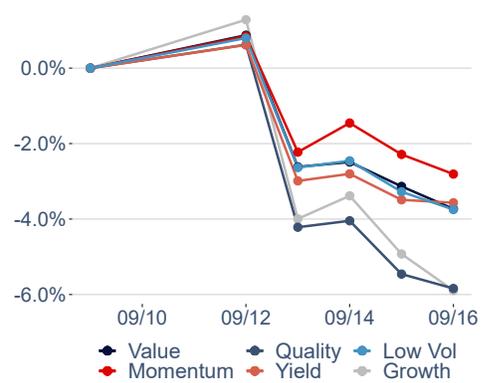
Total return %



Source: Bloomberg, Amadeus 2022-09-19

Styles U.S.

Total return %

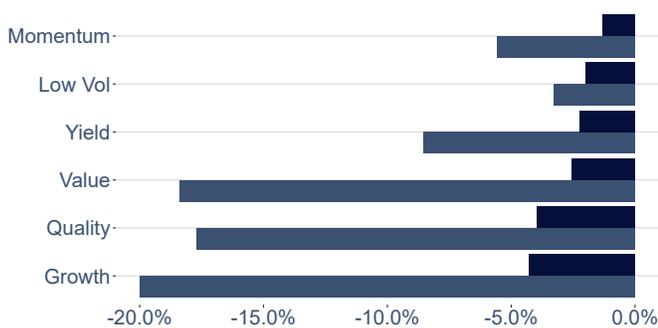


Source: Amadeus Capital SA 2022-09-19

Equity Styles

Styles Europe

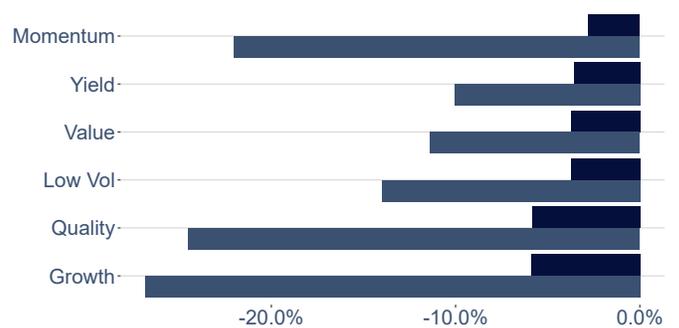
Total return %



■ YTD ■ WTD

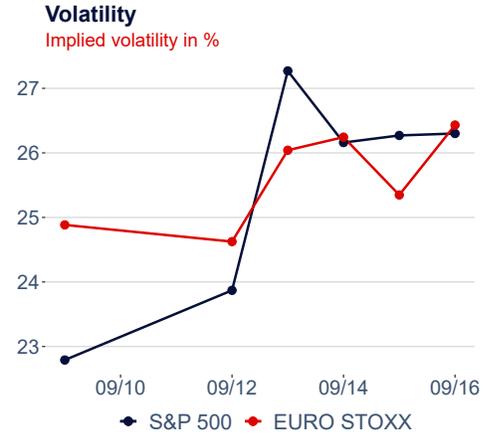
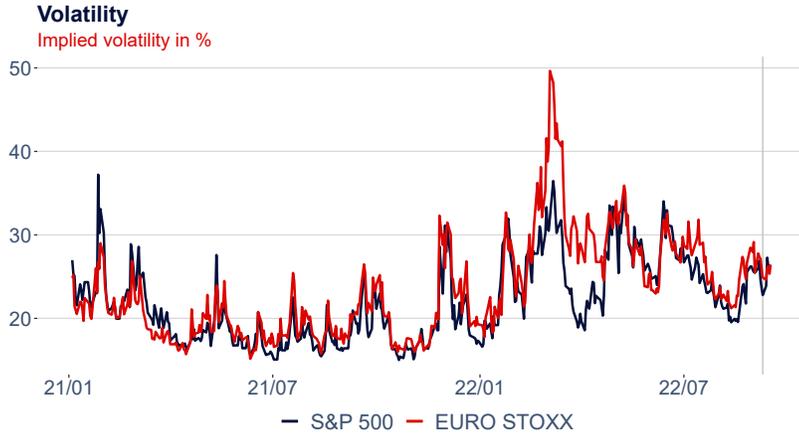
Styles U.S.

Total return %

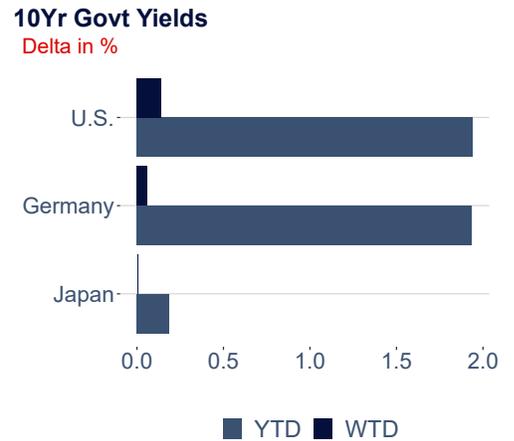


■ YTD ■ WTD

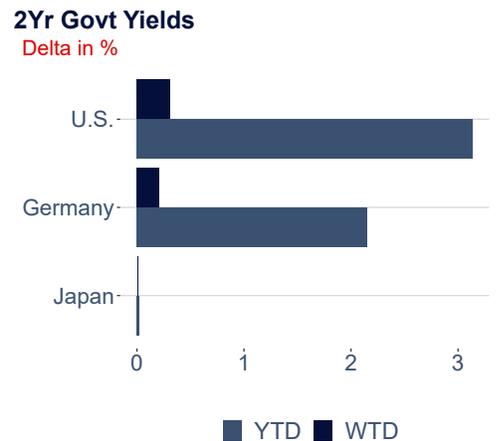
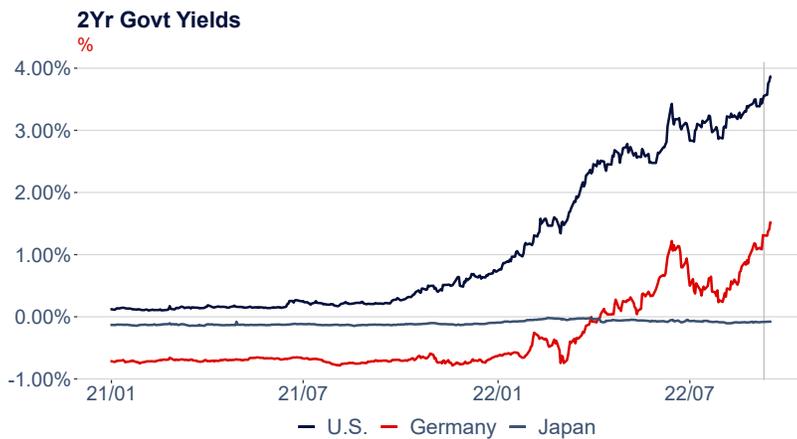
Volatility



Government Bond Yields



Government Bond Yields



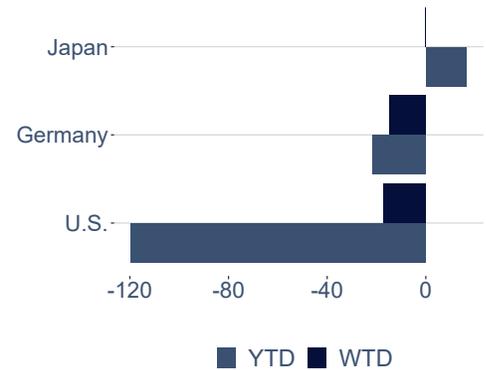
Government Bond Yields

Steepness of the curve
10Yr - 2Yr Govt Yields %



Source: Amadeus Capital SA 2022-09-19

10Yr-2Yr Govt Yields
Delta in bp



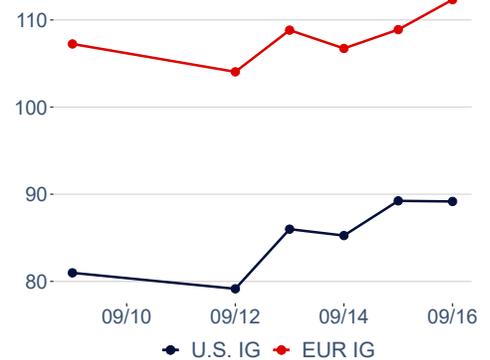
Credit Spreads

Investment grade credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-09-19

Investment grade credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-09-19

Credit Spreads

High yield credit spreads
Spread in basis points



Source: Amadeus Capital SA 2022-09-19

High yield credit spreads
Spread in basis points



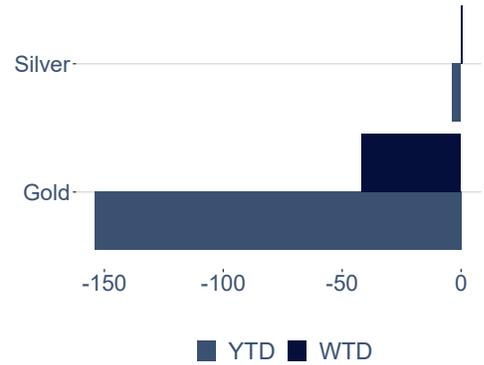
Source: Amadeus Capital SA 2022-09-19

Precious Metals



Source: Amadeus Capital SA 2022-09-19

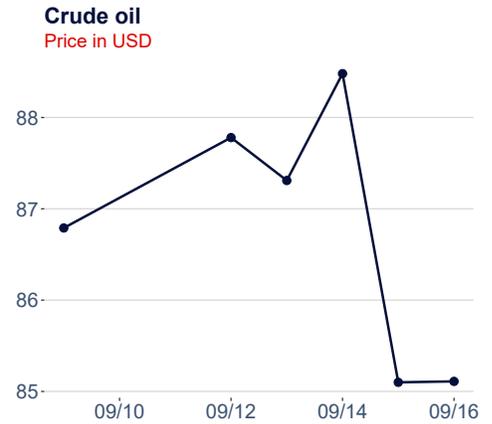
Precious metals
Price change in USD



Commodities



Source: Amadeus Capital SA 2022-09-19



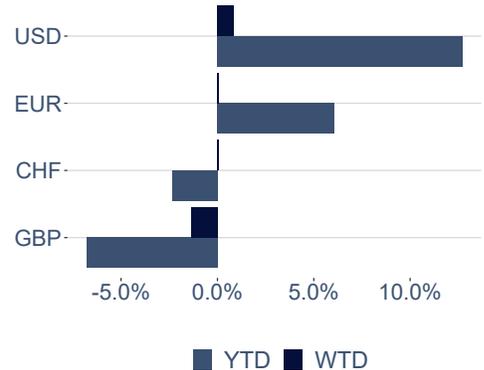
Source: Amadeus Capital SA 2022-09-19

Currencies



Source: Amadeus Capital SA 2022-09-19

Trade weighted currencies
Price change %



Cryptocurrencies

Major cryptocurrencies in USD

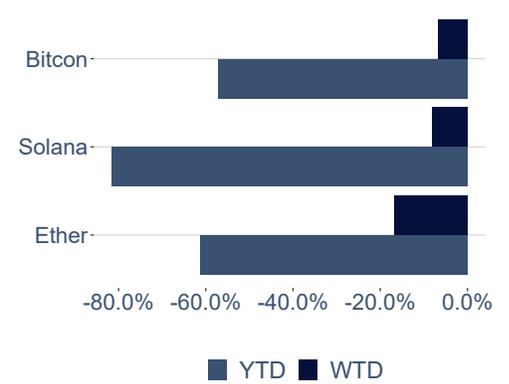
Price change %



Source: Amadeus Capital SA 2022-09-19

Major cryptocurrencies in USD

Price change %



Major Events Last Week

While headline numbers in the U.S. benefited from lower gasoline prices, core inflation increased, driven by stubbornly high rents, food prices, electricity bills and natural gas prices. As a consequence, peak rate expectations jumped above 4%, and some observers expect a rate hike of 1% in September. Meanwhile, retail sales were stronger than expected, but Core Retail Sales were disappointed, contracting by 0.3%. A more sombre mood was also expressed by the Philadelphia Fed Manufacturing Index, which unexpectedly turned negative for the third time this year, continuing a clearly negative trend. In the Eurozone, inflation was unchanged at 9.1%, while the ECB admitted that its models had failed to predict the surge in inflation and announced it would now overweight current inflation.

Date	Zone	Event	Previous	Forecast	Actual
12/09/2022	United Kingdom	GDP (YoY)	2.9%	-	2.3%
12/09/2022	United Kingdom	GDP (MoM)	-0.6%	0.3%	0.2%
12/09/2022	United Kingdom	Manufacturing Production (MoM) (Jul)	-1.6%	0.4%	0.1%
12/09/2022	United Kingdom	Monthly GDP 3M/3M Change	-0.1%	-	0.0%
13/09/2022	United Kingdom	Average Earnings Index +Bonus (Jul)	5.2%	5.4%	5.5%
13/09/2022	United Kingdom	Claimant Count Change (Aug)	-14.5K	-13.2K	6.3K
13/09/2022	United Kingdom	BoE Gov Bailey Speaks	-	-	-
13/09/2022	Germany	German ZEW Economic Sentiment (Sep)	-55.3	-60.0	-61.9
13/09/2022	United States	Core CPI (MoM) (Aug)	0.3%	0.3%	0.6%
13/09/2022	United States	CPI (YoY) (Aug)	8.5%	8.1%	8.3%
13/09/2022	United States	CPI (MoM) (Aug)	0.0%	-0.1%	0.1%
14/09/2022	United Kingdom	CPI (YoY) (Aug)	10.1%	10.2%	9.9%
14/09/2022	United States	PPI (MoM) (Aug)	-0.4%	-0.1%	-0.1%
14/09/2022	United States	Crude Oil Inventories	8.844M	0.833M	2.442M
15/09/2022	New Zealand	GDP (QoQ) (Q2)	-0.2%	1.0%	1.7%
15/09/2022	Australia	Employment Change (Aug)	-41.0K	35.0K	33.5K
15/09/2022	United States	Core Retail Sales (MoM) (Aug)	0.4%	0.1%	-0.3%
15/09/2022	United States	Initial Jobless Claims	218K	226K	213K
15/09/2022	United States	Philadelphia Fed Manufacturing Index (Sep)	6.2	2.8	-9.9
15/09/2022	United States	Retail Sales (MoM) (Aug)	-0.4%	0.2%	0.3%
15/09/2022	Israel	CPI (MoM) (Aug)	1.1%	-0.1%	-0.3%
15/09/2022	Israel	CPI (YoY) (Aug)	5.2%	4.6%	4.6%
16/09/2022	China	Industrial Production (YoY) (Aug)	3.8%	3.8%	4.2%
16/09/2022	United Kingdom	Retail Sales (MoM) (Aug)	0.4%	-0.5%	-1.6%
16/09/2022	Euro Zone	CPI (YoY) (Aug)	9.1%	9.1%	9.1%
16/09/2022	Russia	Interest Rate Decision (Sep)	8.00%	7.50%	7.50%

The Week Ahead

Oil prices continued to decline this week as traders were pricing in a weaker global economy. However, in the U.S., the state of inventories has increasingly attracted investors' attention after several weeks of dwindling reserves. Crude oil inventories are expected to have dropped to 0.833m next week. Markets will also need to stomach further rate hikes by the BoE and the SBN. Recent economic data from the U.K. clearly pointed to a weakening economy, and last week's data was disappointing across the board. Fortunately, this also came with a surprisingly low inflation print which is why the BoE is now expected to lift rates by only 0.5%. The SNB is set to continue on its newly discovered hawkish path, finally lifting rates above zero in a 75 bp step.

Date	Zone	Event	Previous	Forecast	Actual
20/09/2022	Australia	RBA Meeting Minutes	-	-	-
20/09/2022	United States	Building Permits (Aug)	1.685M	1.610M	-
20/09/2022	Canada	Core CPI (MoM) (Aug)	0.5%	-	-
21/09/2022	United States	Existing Home Sales (Aug)	4.81M	4.70M	-
21/09/2022	United States	Crude Oil Inventories	2.442M	0.833M	-
21/09/2022	United States	FOMC Economic Projections	-	-	-
21/09/2022	United States	FOMC Statement	-	-	-
21/09/2022	United States	Fed Interest Rate Decision	-	-	-
21/09/2022	United States	FOMC Press Conference	-	-	-
22/09/2022	Switzerland	SNB Interest Rate Decision (Q3)	-0.25%	0.50%	-
22/09/2022	United Kingdom	BoE Interest Rate Decision (Sep)	1.75%	2.25%	-
22/09/2022	United Kingdom	BoE MPC Meeting Minutes	-	-	-
22/09/2022	Türkiye	One-Week Repo Rate (Sep)	13.00%	13.00%	-
22/09/2022	Türkiye	Overnight Borrowing Rate (Sep)	11.50%	-	-
22/09/2022	United States	Initial Jobless Claims	213K	218K	-
23/09/2022	Germany	German Manufacturing PMI (Sep)	49.1	48.3	-
23/09/2022	United Kingdom	Composite PMI	49.6	-	-
23/09/2022	United Kingdom	Manufacturing PMI	47.3	-	-
23/09/2022	United Kingdom	Services PMI	50.9	-	-
23/09/2022	Canada	Core Retail Sales (MoM) (Jul)	0.8%	-1.1%	-
23/09/2022	United States	Fed Chair Powell Speaks	-	-	-

About Amadeus

We cater to wealthy families and institutions with a pronounced ownership approach, making sure that the interests of our clients and ourselves are aligned by investing alongside them.

We offer a special know-how in niche strategies and we provide access to exclusive investment opportunities through our network

Amadeus Capital finds itself in the centre of a full-service ecosystem controlled by the Brockmann family, which allows us to easily connect all aspects of private wealth management.

While we are proud of our heritage, we constantly seek to adapt to a rapidly changing financial industry and don't shy away from undertaking the necessary investments to stay ahead of the curve.

We actively foster and cultivate an entrepreneurial corporate culture, encourage continuous innovation and work closely together with our external network of specialists and consultants.

Amadeus Capital merged in 2019 with Nucleo Capital, a Geneva based multi-family office created in 2005 by Laurent Timonier; further to the merger Laurent Timonier and Marovita Holding are the sole shareholders of Amadeus Capital.

Amadeus Capital is a member of the Swiss Association of Asset Managers and is audited by Ernst & Young.

Where to find us

Address

Amadeus Capital SA
14, rue Rodolphe-Toepffer
1206 Geneva - Switzerland

Contact

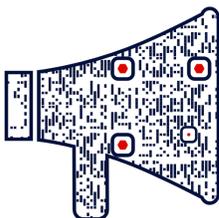
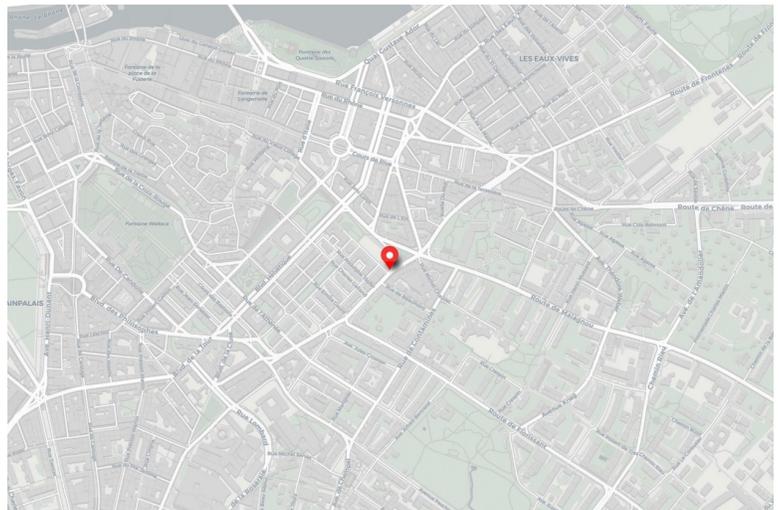
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Contact: digital@amadeus.com