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Weekly Report 9.4.2018



Weekly Trading Information – Markets update

If it was not for Friday's sell-off in US equity markets, the week would have been characterized as yet another attempt to stabilization. However, President Trump won't "let go" and it seems he will keep tweeting about even more tariffs against his new target, China. As it usually happens, markets are getting tired and used to this new tit-for-tat game between the US and China and spent most of last week ignoring the daily exchange of threats. The belief for now is that it is a game of words rather than actions, and global growth will not be threatened eventually. Interestingly and quite expectedly, European markets moved higher, trying to leave behind the tariffs game, as investors are increasingly focusing on the region again, lured also by the dividend season which is getting into full speed in the coming weeks. The employment report out of the US revealed a remarkable slowdown (Non farm payrolls +103'000 vs 190'000 expected), while wage inflation was also in check (2.7% hourly earnings increase y.o.y, as expected). Analysts see this slowdown in job growth as temporary, after the strong growth of the previous months. The market is awaiting this week for the minutes of the last FED meeting, when interest rates were increased, to gauge any hint for future rate movement, while March inflation numbers will again attract attention. In the Eurozone, core inflation was announced at 1.3%, in line with expectations.

The first quarter earnings results are going to begin this week in the US, and should provide some relief to the market, as expectations are for robust growth. Technology shares, as well as Biotechnology underperformed again (IBM - 2%, Nokia -1%, Biogen -6%) while the high yielding UK stocks had the best performance (Vodafone +5%, Imperial Brands +5%, WPP +3%). The UK market is becoming increasingly attractive for many analysts, after a period of significant underperformance. It looks as if the slowdown in Technology sector momentum, which had kept investor interest high for the US market in general, is pushing investors to start looking again to other regions and sectors (Europe, UK). In other news, Dufry (+7%) announced details of its first dividend after many years (yield 2.8% at current price) together with a capital return plan, which includes a 400mn CHF buyback program and eventual cancelation of shares.

Bonds are stuck in a tight range, moving little higher during market turmoil only to move lower when things are improving. The news about the weak employment report in the US did not move the bond market a lot. The US 10 year Treasury yield closed at 2.80% from 2.75%, while the 10 year German Bund yield finished the week at 0.53% from 0.50%.

Gold moved lower again after testing 1'350/60\$, the levels which we have identified as resistance area. It found support from the weak employment report and closed the week at 1'335.

The EUR is trading in its usual range (1.22-1.24), proving that the 1.24+ levels will be hard to overcome soon, as it rallied from 1.05 to 1.25 in less than a few months, last year. The GBP has been creeping higher these last few weeks, as the news on the Brexit front do not seem yet as fearful as once thought, while UK assets (equities) are attracting investor interest again.

	Level	YTD %	WTD	52 week high	52 week low
DOW JONES	23932.8	-3.2	-0.7	26616.7	20379.6
S&P 500	2604.5	-2.6	-1.4	2872.9	2329.0
NASDAQ	6915.1	0.2	-2.1	7637.3	5805.2
RUSSELL 2000	1513.3	-1.4	-1.1	1615.5	1345.2
XETRA DAX	12241.3	-5.2	1.2	13596.9	11726.6
CAC 40	5258.2	-1.0	1.8	5567.0	4980.4
ESTX 50	3408.1	-2.7	1.4	3708.8	3261.9
SMI	8671.0	-7.6	-0.8	9616.4	8491.6
FTSE 100	7183.6	-6.6	1.8	7792.6	6866.9
FTSE MIB	22929.9	4.9	2.3	24050.2	19442.7
ATHENS	801.1	-0.2	2.6	895.6	667.4
TOPIX	1726.4	-5.4	0.2	1911.3	1452.2
CHINA SSE	3139.1	-5.3	-1.2	3587.0	3016.5
HANG SENG	30241.4	-0.2	-0.8	33484.1	23723.9
EMERGING MKTS	1162.0	0.3	-0.8	1273.1	952.9
WORLD INDEX	2052.8	-2.4	-0.7	2249.7	1831.3



High Conviction Portfolio

Chart of the Week

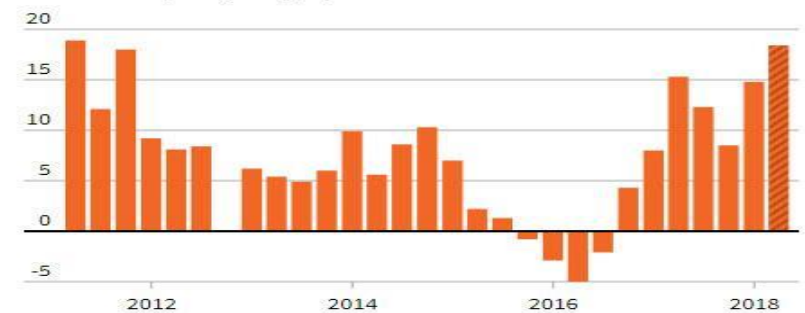
	YTD %	WTD %	DIV YIELD	CURRENCY	SECTOR
Societe Generale	3.4	0.8	4.9	EUR	Financials
Siemens	-10.0	0.9	3.5	EUR	Industrials
Lloyds	-2.6	2.6	4.6	GBp	Financials
Dufry AG	-6.9	7.8	0.0	CHF	Consumer Discretionary
Carrefour SA	-7.7	-1.2	2.8	EUR	Consumer Staples
Nokia	14.2	-0.8	4.3	EUR	Information Technology
Roche Holding AG	-11.9	-0.9	3.8	CHF	Health Care
Imperial Brands	-19.3	5.3	6.7	GBp	Consumer Staples
UCB	0.8	0.8	1.8	EUR	Health Care
Barclays	3.2	1.5	1.4	GBp	Financials
IBM	-1.9	-1.9	3.9	USD	Information Technology
BNP Paribas	-2.7	0.7	5.0	EUR	Financials
Vonovia	-2.8	0.0	3.3	EUR	Real Estate
Valeo	-12.7	1.4	2.3	EUR	Consumer Discretionary
BHP	-8.8	-1.1	5.2	GBp	Materials
Spotify		+0.8	0.0	USD	Information Technology
Sanofi	-8.0	1.2	4.6	EUR	Health Care
Deutsche Telekom	-9.1	1.5	4.8	EUR	Telecom Services
Telefonica	0.2	1.4	4.9	EUR	Telecom Services
Kering	6.3	7.4	1.4	EUR	Consumer Discretionary
Vodafone	-13.2	5.0	6.5	GBp	Telecom Services
Biogen	-19.1	-5.9	0.0	USD	Health Care
GlaxoSmithkline	7.6	2.1	5.6	GBp	Health Care
SUEZ	-18.9	1.1	5.5	EUR	Utilities
Starbucks Corp	1.6	0.8	2.0	USD	Consumer Discretionary
WPP	-13.3	2.6	5.2	GBp	Consumer Discretionary
Logitech	5.8	-0.5	1.8	CHF	Information Technology
Adient	-18.8	7.0	1.7	USD	Consumer Discretionary
Altran Technologies	-2.4	1.6	2.0	EUR	Information Technology
Straumann	-12.8	-0.2	0.8	CHF	Health Care

As the Q1 earnings announcements start this week, it is interesting to see the analysts' expectations for profit and revenue growth in the US.

For profits a 18% increase is expected vs. 2017, while sales are expected to have slowed down to a 7% growth vs last year. The jump in expected profits vs sales growth is primarily attributed to the tax cuts announcements of last year.

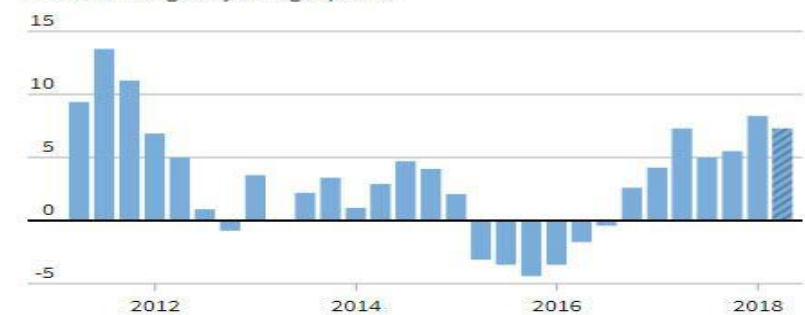
EARNINGS GROWTH

Percent change vs year-ago quarter



REVENUE GROWTH

Percent change vs year-ago quarter





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