

Quarterly Economic Environment and Outlook

- Switzerland** Growth will continue to slowdown in the fourth quarter of 2022. War in Ukraine has a negative impact on the economy. Combination of conflict, supply shocks and rising inflation will have a negative effect across Europe and Switzerland. The strength of the Swiss Franc is still a concern but the central bank will continue to reduce its negative interest rates, a further move is expected in the next few months. Swiss inflation hit this year a 14-year high. The main issue, a much tighter monetary policy in the near future across the world, is shattering confidence.
- USA** The US economy will decelerate this quarter. Interest rates will continue to increase, inflation forecasts are not optimistic. The Fed will continue to lift its benchmark rate, the central bank has become increasingly alarmed over a far too high inflation. Consumption remains steady but consumer confidence is weakening. Labour market conditions are still healthy and the service sector is very firm. House prices are stable, residential investment is rebounding. The corporate sector is more hesitant. A weaker growth in Europe and the world could hurt export-oriented companies. The economic scenario is less encouraging now. The combined weight of emergency fiscal and monetary measures, the pandemic relief bill and government funding plan are not enough to alleviate some concerns about the Fed monetary policy and the costs of standing up to Russia making good on its threats against Ukraine.
- Europe** Industrial production is weakening. Growth rates are not improving, most countries are still challenged by public debt financing. In Germany, the industry is less robust, the service sector is resilient. Manufacturing companies are less optimistic. Exports and services are steady in France, Italy, and Spain. The ECB has agreed to start discussions on shrinking its balance sheet and will continue to raise interest rates. In the UK, the central bank embraces a much tighter monetary policy. In spite of fears about the cost of high energy prices on households and companies, the Bank of England will raise interest rates again to tackle soaring inflation. The Chancellor continues to implement measures following the definitive break-up from Europe.
- Asia** The government in Japan is pushing for more growth and the central bank, with its negative interest rate policy, has pledged to expand asset purchases, buying bonds and treasury bills. The public debt is already very high. The economy is not improving, it struggles with a weak demand. Exports are strong, a weak yen helps corporate sentiment. In China, exports are not improving. The economy and domestic demand remain under pressure. In India, the government continues to encourage policy changes designed to improve growth. Escalation of Covid-19 infections will have an impact on the road to recovery.

Currencies

- CHF** Stable, due to its role as a safe haven currency
- USD** Strong
- EUR** Weak
- GBP** Weak
- JPY** Weak
- Gold** Firm, even with a rising dollar
- Oil** Strong

Financial Markets

	Switzerland	Europe	UK	USA	Japan
Interest Rates	low	low	rising	rising	low
Bonds	falling	falling	falling	falling	falling
Stock Markets	volatile	volatile	volatile	volatile	volatile

The aforementioned Economic Environment and Outlook shall not constitute a recommendation or an investment advice. It is not the result of any financial analysis and the “Directives on the Independence of Financial Research” issued by Swiss Bankers Association does therefore not apply.