

### Quarterly Economic Environment and Outlook

- Switzerland** Growth will continue to slow down in the first quarter of 2023. 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 less of a concern. The central bank will continue to increase interest rates. Further moves are expected this year. Swiss inflation hit already a multi-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 relatively stable, residential investment steady. 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 and the 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 will continue on shrinking its balance sheet and raising 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 the EU.
- 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 hesitant, 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** Could weaken
- EUR** Stable
- GBP** Stable
- JPY** Stable
- Gold** Firm
- Oil** Strong

### Financial Markets

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

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