

Quarterly Economic Environment and Outlook

- **Switzerland** Growth will continue to slow down in the fourth quarter of 2023. War in Ukraine remains a concern. 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 wait and see to increase interest rates but further moves can be expected in the next months. 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 stabilize but the Fed has to provide support to lenders to shore up confidence in the banking system. Inflation forecasts are now more optimistic but the central bank remains alarmed over a far too high inflation. Consumption remains steady but consumer confidence is weakening. Employment is healthy: the labour market has lost some momentum but remains very strong. 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, inflation is stubbornly high. Interest rates could go up in spite of fears of recession and the cost of high energy prices on households and companies. The economic prospects appear very poor. 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 economic growth has accelerated, is more resilient now but it struggles with a weak domestic demand. Exports are very strong. In China, the government prepares stimulus to help the economy. The main reason for the weak growth is about confidence. The economy is suffering from property sector slowdown and weaker trade. In India, the government continues to encourage policy changes designed to improve growth.

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	steady	steady	steady	steady	steady
Bonds	volatile	volatile	volatile	volatile	volatile
Stock Markets	volatile	volatile	volatile	volatile	volatile

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