MIRABAUD
ASSET MANAGEMENT

MY SWITZERLAND

JANUARY 2022

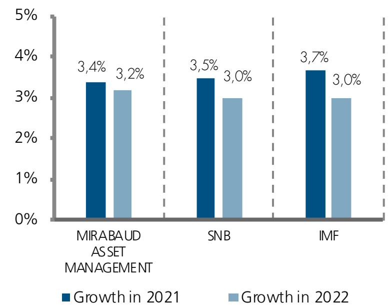
January 2022

ECONOMIC CONTEXT

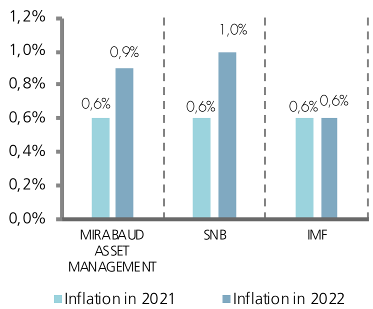
GLOBAL ECONOMY

Judging by Covid-19 case numbers in South Africa and the UK resulting from the Omicron variant, the current wave of infections in Europe and the US could soon peak. This will allow developed-country confidence and activity indicators to recover in the near future. On the monetary front, the Fed has clearly adopted a more hawkish tone and has toughened its stance further in its recent communications, since the jobs market is continuing to improve and inflationary pressure remains high. Initial announcements regarding the Fed's timetable for shrinking its balance sheet are now expected in the second quarter.

OUR FORECASTS FOR SWITZERLAND*



Sources: IMF, SNB, Mirabaud Asset Management
*Future data are not guaranteed.



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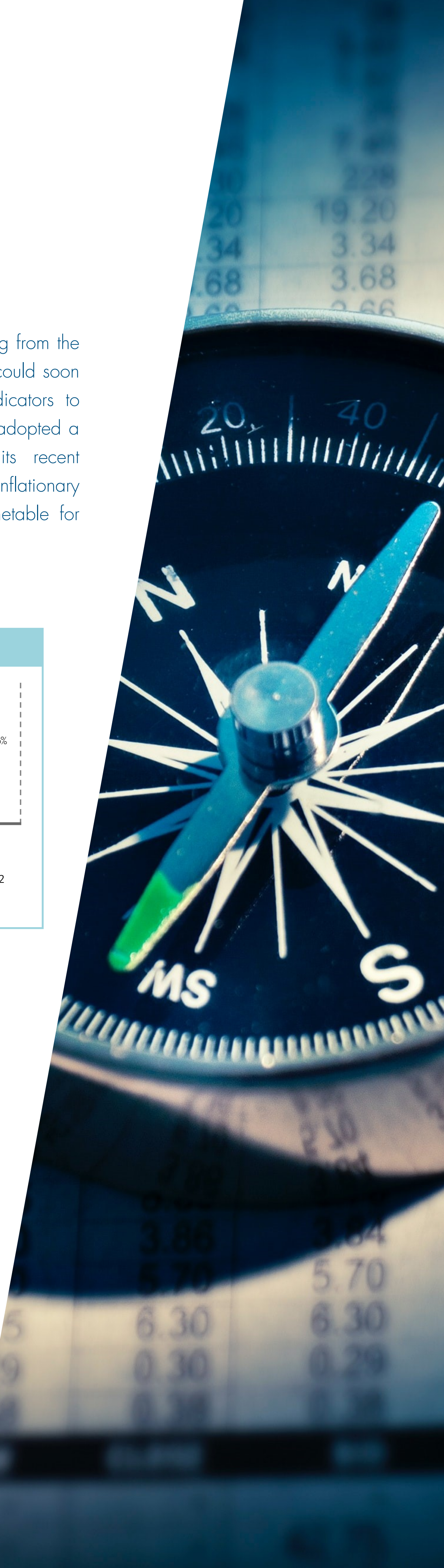
*Future data are not guaranteed.

IN SWITZERLAND

In Switzerland, inflation has risen only slightly and remains below 2%. Inflation will stay low in 2022, since upward pressure on consumer prices resulting from higher energy prices should gradually fade. As a result, the Swiss National Bank will keep monetary policy loose, with no change in its next meeting. In early 2022, domestic demand will be affected by restrictions on mobility, but will recover quickly after Covid-19 case numbers fall from their peak. Demand will also be supported by progress on the jobs front. Switzerland's manufacturing PMI suggests that Swiss GDP will also continue to benefit from solid growth in the global manufacturing sector, since worldwide demand for goods remains strong.



FINANCIAL MARKETS

MARKET REVIEW

Equity markets rallied in December after the November correction. The new Omicron variant seems to be less dangerous than previous ones, leading to fewer hospitalisations and deaths. This is reassuring, to the extent that governments will not have to bring in further restrictions. This fifth wave could peak in the spring, giving way to a renewed acceleration in economic growth and earnings. Bond markets saw a correction at the end of 2021. The Fed announced a reduction in asset purchases along with a rate hike in the near future. This caused bond yields to rise, and with real yields starting to return to normal from negative territory. Inflation remains high and could prove more persistent than first thought.

OUR CONVICTIONS

As 2022 begins, we have decided to increase equity weightings in our portfolios. The current wave of infections is about to peak, and economic growth will accelerate again after that happens. Given the current growth and inflation environment, we remain positive on equities in 2022. We have again increased our exposure to value and cyclical stocks. These sectors are likely to outperform defensive and growth stocks in the current circumstances. We remain negative on government bonds because of inflationary pressure and abnormally negative real yields. We are still positive on the dollar against the euro and Swiss franc, because it will remain underpinned by a more hawkish US Federal Reserve. The Swiss real-estate market will continue to offer yields significantly higher than those available from money-market and bond investments.

EQUITY ALLOCATION	
Swiss equities SMI	Overweight
Swiss equities SPI Extra	Overweight
US equities	Neutral
European equities	Overweight

BOND ALLOCATION	
Swiss sovereign bonds	Double underweight
Foreign sovereign bonds	Double underweight
Swiss corporate bonds (IG)	Underweight
Foreign corporate bonds (IG)	Underweight
High yield	Overweight

SWISS FRANC		June 2022	Dec 2022
EUR/CHF	Our view	▼	▼
	Consensus	1.06	1.08
USD/CHF	Our view	▲	▲
	Consensus	0.94	0.94

- Double overweight
- Overweight
- Underweight
- Double underweight
- Neutral

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