J. Safra Sarasin

Cross-Asset Weekly

10 March 2023

When good news is bad news

Monthly forecast update: Investor sentiment about the most likely scenario for the world economy has swung widely from 'soft landing' to 'no landing,' in part reflecting China's strong and broad-based reopening rebound, but also easier financial conditions and still very tight labour markets across advanced economies. Unfortunately, the implication is stickier inflation – we have revised up our 2023 inflation forecasts for most economies and expect it to average 5.5% in the euro area and 4% in the US – forcing investors to re-assess their too-dovish outlook for monetary policy. While this now leaves our own terminal policy rate forecasts at the lower end of expectations, this repricing reinforces our belief that a 'no landing' in the near term just increases the odds of a 'hard landing' further out. As such, our view on risk assets remains relatively cautious. On the bright side, the sharp increase in bond yields over the last few weeks offers a good entry point and we would advise investors to use these sell-offs to incrementally add to duration exposure. We maintain our preference for Investment Grade to High-Yield credit. A slowing economic cycle, combined with rich valuations, present a challenging environment for equities, though we have upgraded our year-end targets for the euro area. We continue to see some upside in European financials and expect China and EM to outperform on the back of improving China macro momentum. Finally, we continue to believe that the dollar should end the year lower, and think that the euro and the yen have most to gain.

ECB preview: We expect the ECB to hike its policy rates by 50bp at its meeting next week and to indicate that more hikes are likely to follow, though we don't anticipate any explicit forward guidance from President Lagarde. The new macro projections are likely to show stronger GDP growth, lower headline inflation and higher core inflation forecasts.

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Monthly macro and strategy forecast update

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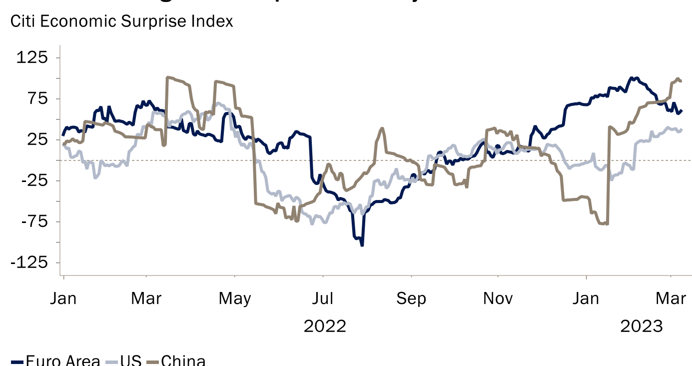
Recent activity data have surprised on the upside, pointing to stronger-than-previously expected economic momentum. But this also means that inflation will remain stickier than anticipated, leading us to revise up our 2023 inflation forecasts for most economies. This has also forced fixed income markets to re-assess their too-dovish outlook for monetary policy. It seems increasingly evident that inflation cannot vanish while labour markets remain tight; a 'no landing' in the near term just increases the odds of a 'hard landing' further out. While interest rates volatility will likely remain high in the near term given the uncertain outlook, current yield levels should offer a good entry point. We would advise investors to use bond market sell-offs to incrementally add to duration exposure in order to prepare for an eventual central bank pivot. In the FX space, we stick to our conviction that the US dollar downward trend should continue, while near-term FX volatility is set to remain elevated. Finally, we have upgraded our 2023 and 2024 year-end equity targets for the euro area, but remain generally cautious on equities. We continue to see some upside in European financials and expect China and EM to outperform on the back of improving China macro momentum. See our forecast table on page 7.

Global macro

Activity data have continued to surprise on the upside, pointing to some re-acceleration in the global business cycle

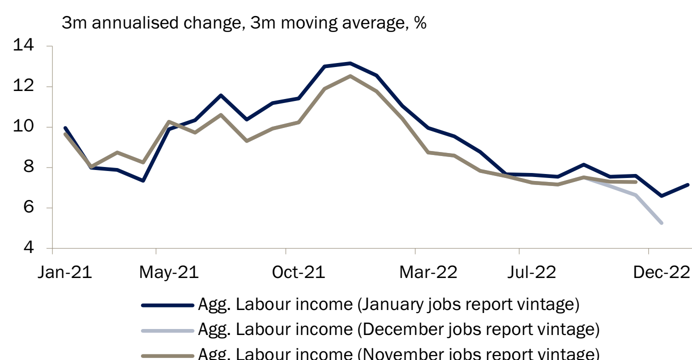
Activity data in advanced economies, China and some Asian economies have surprised on the upside over the past few weeks (Exhibit 1). In Europe and the US, mild weather and generous seasonal adjustments appear to have played a role. More fundamentally, lower energy prices in Europe and tax rebates in the US have helped boost disposable income. Looser financial conditions have helped too, with mortgage applications and new home sales in America rebounding over the past few weeks. Revisions to past data also indicate that the US labour market remains piping hot, with nominal labour income growing strongly (Exhibit 2). In all likelihood, US GDP in this first quarter will expand faster than we had previously expected –the latest Atlanta Fed Nowcast puts it currently at 2% annualised. As a result, we have revised up our US GDP growth forecast for 2023 to 0.7%, from 0.5% previously. We have also slightly revised up our UK GDP growth number to -0.8%, from -1%, also on the back of a somewhat better start of the year.

Exhibit 1: Stronger-than-expected activity data



Source: Macrobond, Bank J. Safra Sarasin, 08.03.2023

Exhibit 2: Revisions to past data point to a more solid US labour market



Source: Macrobond, Bank J. Safra Sarasin, 08.03.2023

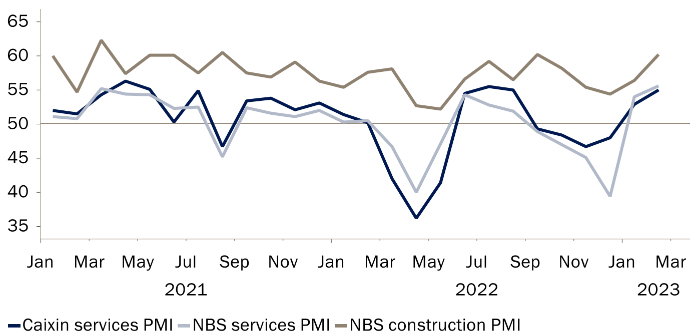
China's strong PMIs point to a robust reopening rebound

China's strong and broad-based reopening rebound has helped too. February PMIs show a strong pick-up across all sectors (Exhibits 3-4). The increase in the manufacturing sector

was stronger than expected, likely due to both the improvement in the global manufacturing sector as well as domestic demand. The government has indicated that its priority for this year is to support growth and consumption, and set its GDP growth target at around 5%. In our view, 5% will probably be the floor (we have maintained our GDP forecast at 5.5%). While fiscal policy does not aim to provide additional support this year, the overall planned fiscal deficit remains as large as last year's. But the impact of government spending on the economy, i.e., the fiscal multiplier, should be stronger as lockdowns discouraged spending last year. The employment target for 2023 is also the highest in the last five years, indicating the importance of job security in lifting consumer sentiment. The Government Work Report, released at the beginning of the National Party Congress meeting on March 5, emphasises its focus on consumption and pledges to support the private sector and the digital economy. We expect more policy details in the coming months.

Exhibit 3: Strong rebound in services and construction activity

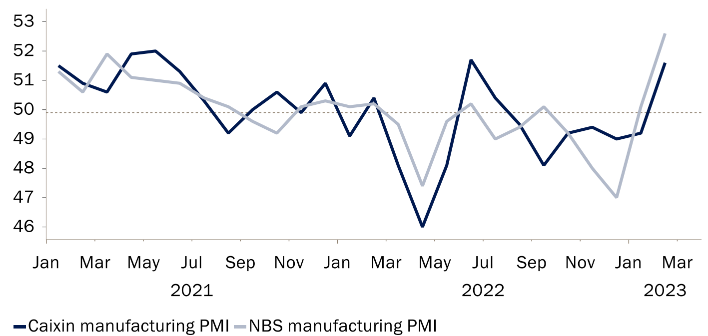
China non-manufacturing PMIs, Index (> 50 = expansion)



Source: Macrobond, Bank J. Safra Sarasin, 07.03.2023

Exhibit 4: A stronger-than-expected manufacturing rebound

China manufacturing PMIs, Index (> 50 = expansion)



Source: Macrobond, Bank J. Safra Sarasin, 07.03.2023

Inflation in the US and euro area is stickier than previously expected

Inflation in the US and the euro area is proving to be stickier than anticipated. The start of the disinflationary process that Fed Chair Powell announced in his February post-FOMC press conference was largely 'revised away' with the most recent inflation reports. We have revised up our headline CPI forecast for 2023 to 4%, from 3.4% previously. In the euro area, core inflation reached a historical high last month. Despite lower energy prices, higher underlying inflation has meant that we had to revise our annual inflation rate forecast to 5.5%, from 5.3% previously. Underlying measures of inflation in Japan have moved higher too and reached levels comparable to those last witnessed in the late 1980s, when an equity and real estate market bubble turbocharged the economy. Here too, we have raised our CPI forecast for the year to 2.6%, from 2.3%.

Central banks are inclined to tighten more

We have long been of the view that central banks will need to keep policy rates higher for longer, and that financial markets were pricing a too-dovish path for monetary policy. But over the last few days and weeks, investors have revised up significantly their expectations for central banks' terminal rates, as well as the length of time at which rates will stay unchanged at those levels, leaving our forecasts below markets' expectations. Given the volatility in the macro data, and the uncertainty around the seasonal adjustments, we have decided to keep our policy rate projections unchanged this month. Admittedly, there is a good chance that central banks will need to raise rates more than we currently anticipate if the data continue to print 'hot'. Finally, in such an environment, we remain convinced that the Bank of Japan, under its new leadership, will have to drop its Yield Curve Control and Negative Interest Rate Policies in the second half of this year.

A US recession over the next 12 months is highly likely

One thing appears increasingly clear: no-landing hopes won't fly in such an environment. Underlying inflation in advanced economies will remain high unless economic slack increases. Put differently, a 'no landing' in the near term might just increase the odds of a 'hard landing' further out.

Fixed income

Central banks are not done tightening yet

As stated in the macro section, we think that central banks will keep pushing for higher policy rates over the coming months. A more credible Fed Funds peak rate is slowly coming into view as inflation rates are at least moving in the right direction. In the euro area, however, uncertainty with regard to the appropriate policy rate trajectory is still elevated given adverse underlying inflation dynamics (Exhibits 5-6).

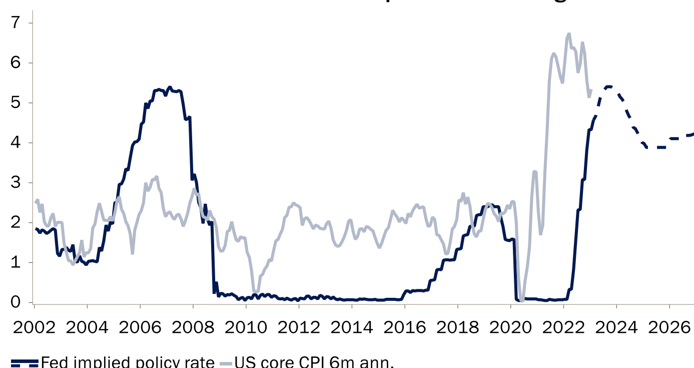
Rates volatility will remain elevated

Monetary policy works with lags of roughly 12 months, hence the full impact on the real economy from the cumulative tightening is yet to come. Policy lags could be even longer than usual thanks to ample fiscal support during the pandemic and the large amount of excess savings, shortages of all sorts of inputs, as well as ongoing structural changes. Consequently, rates volatility will remain elevated over coming months as markets try to price an appropriate policy rate trajectory based on the incoming economic data. The existence of these monetary policy lags increases the risk of an overshoot with regard to policy rate expectations.

This central bank hiking cycle is unlikely to be altogether different form others

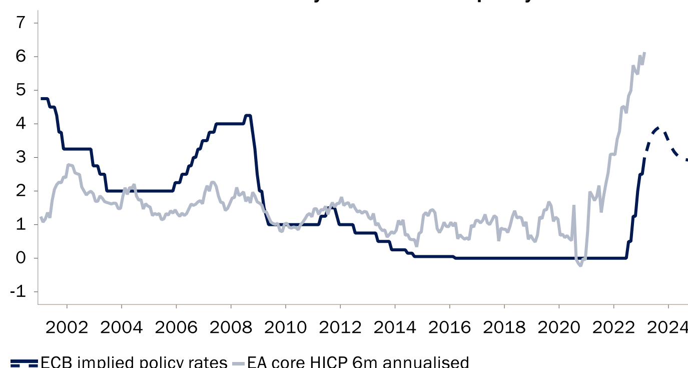
At the end of the day, sharp central bank policy tightening usually upends economic cycles. This interest rate cycle is unlikely to be altogether different (and has been the most aggressive one in 40 years). Deeply inverted yield curves across most developed government bond markets are a reflection of this fact. However, a sustained rally in bonds usually occurs once central banks have reached their peak policy rates and are closer to easing policy. We are not there yet. In the short term, bond yields can still move up a bit if rates volatility erupts anew, but we would advise investors to use these sell-offs to incrementally add duration exposure in order to prepare for an eventual central bank pivot.

Exhibit 5: A more credible Fed Funds peak rate is in sight



Source: Bloomberg, Bank J. Safra Sarasin, 09.03.2023

Exhibit 6: Euro area inflation dynamics add to policy rate uncertainty



Source: Bloomberg, Bank J. Safra Sarasin, 09.03.2023

FX

We stick to our conviction that the US dollar downward trend should continue

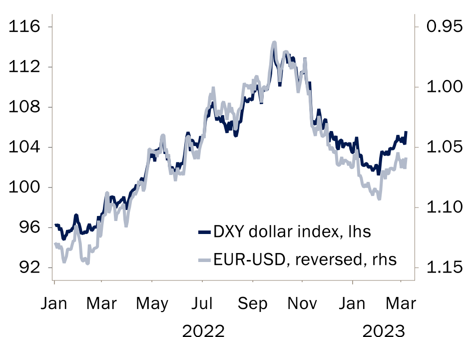
Over the past weeks, unexpectedly strong US data and Fed Governor Powell's hawkish testimony to Congress have lifted the US dollar higher, pushing the trade-weighted DXY dollar index back above 105, while EUR-USD has dropped close to 1.05 (Exhibit 7). We acknowledge that FX volatility is set to remain elevated in the near-term, yet we left our

year-end targets unchanged and stick to our conviction that the US dollar downward trend should remain intact.

Further narrowing of the dollar's policy rate advantage should support the euro

We are positive on the euro, given its recent retracement and the dynamics of inflation within the euro area. Despite its stickiness, US core inflation has fallen since October, while it has continued to climb higher in the euro area (Exhibit 8). In our view, this implies that the ECB's monetary policy stance will need to be at least as hawkish as the Federal Reserve's. The growing consensus that the ECB will need to tighten more rather than less has pushed euro area rate expectations higher over the past year, which has steadily diminished the US policy rate advantage (Exhibit 9). Going forward, we think that risks remain tilted towards a further narrowing of the dollar's policy rate advantage versus the euro. (For more details, please refer to our latest FX Atlas.) Given the support from the rate side, we expect EUR-USD to recover to the 1.10 over the coming months. China's recovery should act as an additional tailwind for the European common currency.

Exhibit 7: Strong US data recently initiated a US dollar rebound



Source: Macrobond, Bank J. Safra Sarasin, 09.03.2023

Exhibit 8: In contrast to the US, core inflation continues to climb in the euro area

Source: Macrobond, Bank J. Safra Sarasin, 09.03.2023

Exhibit 9: The US policy rate advantage versus the euro area has steadily declined

Source: Bloomberg, Bank J. Safra Sarasin, 09.03.2023

Japanese yen should benefit from further monetary policy normalisation

In spite of its recent drop, we remain bullish on the Japanese yen. But with Bank of Japan (BoJ) Governor Kuroda's term ending this month, we do not expect a major recovery of the yen over the coming weeks. Moreover, Kazuo Ueda, the new BoJ Governor, is unlikely to jump the gun in his first meeting at the end of April. Before undertaking further monetary policy normalisation steps, the BoJ will want to see hard data confirming above-average wage growth following the spring wage negotiations known as 'shunto'. While we previously expected the BoJ to undertake a further policy shift in Q2, we now think that this will be dragged out by some more months. Still, the yen should rise sharply once more indications on further policy normalisation steps surface.

We remain cautious on pound sterling and note the possibility of Swiss franc weakness in the near term. We remain positive on gold

We note the possibility of some Swiss franc weakness in the near term, given that the policy rate differential between the ECB and SNB is growing, but the currency should keep its relative edge as global activity softens further down the road. Our outlook on sterling remains muted as economic activity in the UK is set to remain weak and the Bank of England (BoE) appears to have hiked its policy rate near to peak. Lastly, we reiterate our view that the weakening dollar should continue to support gold, in spite of likely near-term volatility. Real yields should act as an additional positive factor further down the road.

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Equities

We have upgraded our euro area equity market targets for 2023 and 2024

The most notable change this month is the upgrade to our euro area year-end targets. We now expect the Euro Stoxx 50 to end this year at 4400 and rise to 4800 by the end of 2024 (from 4000 and 4500, respectively). The DAX end-year target for 2023 now is at 15800, with a further rise to 16800 by the end of next year.

Strong euro area macro surprises have helped lift European equities in Q1

The change is a function of the much improved macro environment in the euro area at the start of the year. A fading energy crisis due to a milder-than-expected winter and the surprising re-opening of the Chinese economy have boosted euro area macro surprises relative to the rest of the world and helped euro area equities experience the strongest 6-month outperformance since 2015.

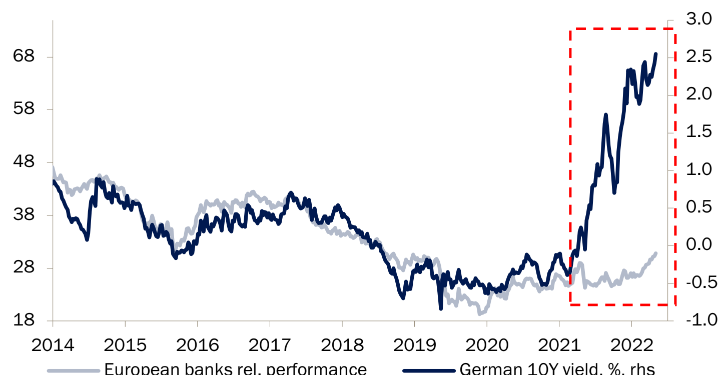
Our general stance on equities remains cautious given unattractive valuations and a downbeat macro outlook

Despite the upgrade to our euro area targets, we remain generally cautious on equities. Valuations remain unattractive, with the US equity earnings yield at its smallest premium over the 10-year treasury yield since 2007. This could only be justified if earnings were to see significant upgrades in the months to come. As we expect the US economy to slow significantly in the second half of this year, earnings upgrades appear unlikely.

Euro area equities may receive some more support from their exposure to financials. Yet we are more optimistic on China/EM given stronger macro momentum

Euro area equities may hold up somewhat better in the short-term, but the upside is clearly more limited after the recent bounce. Some support may come from financials, which are structurally in a much better position after 10-year Bund yields have surged back above 2.5% (Exhibit 11). Chinese equities should also continue to benefit from the improved macro momentum, reflected by the surge in PMI data for February (Exhibit 12). In particular, manufacturing PMIs surprised to the upside, with equities not having fully caught up yet with the latest move. Base effects and the ongoing re-opening process should keep the positive macro momentum in place and help lift the market higher. Yet it should be noted that policy uncertainty has clearly risen and the medium- to long-term trajectory for Chinese equities is a lot more clouded than just a few years ago.

Exhibit 11: Euro area banks have room to catch up with rates



Source: Macrobond, Bank J. Safra Sarasin, 09.03.2023

Exhibit 12: Chinese equities should further gain from macro strength

Source: Macrobond, Bank J. Safra Sarasin, 09.03.2023

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Exhibit 13: JSS Forecast overview

Breakdown per Asset Class

Equities Countries / Regions	
USA	→
Eurozone	→
Switzerland	→
United Kingdom	↓
Japan	↓
Emerging Markets	↑
China	↑

Equity Sectors	
Energy	→
Materials	↓
Industrials	↓
Consumer Discretionary	→
Consumer Staples	↑
Health Care	↑
Banks	↑
Insurance	→
Information Technology	→
Communication Services	→
Real Estate	→
Utilities	↑

Fixed Income Performance	
US Treasuries	→
German Bunds	→
UK Gilts	→
Swiss Eidgenossen	→
IG Credit	→
HY Credit	↓
EM USD Government Bonds	↓

↑ **Overweight** → **Neutral** ↓ **Underweight**

Asset class views (overweight, neutral, underweight) express a tactical recommendation with a 3-month horizon. Tactical views might diverge from year-end stock index targets, which are based on our long-term economic and interest rate forecasts.

Stock Index Price Targets

	06.03.	2Q23	4Q23	4Q24
S&P 500	4'048	3'920	4'000	4'400
MSCI UK	2'274	2'172	2'200	2'300
DJ Euro Stoxx 50	4'314	4'097	4'400	4'800
DAX	15'654	14'862	15'800	16'800
SMI	11'147	11'265	11'800	12'600
MSCI Japan	1'239	1'174	1'200	1'300
MSCI EM	994	1'028	1'100	1'200
MSCI China	68	72	80	85

Key Policy Rates in %

	06.03.	2Q23	4Q23	4Q24
US Fed Funds	4.75	5.25	5.25	2.00
EUR Depo Rate	2.50	3.50	3.50	2.00
CHF Saron	0.93	1.75	1.75	1.00
BoE Base Rate	4.00	4.25	4.25	2.00
JP O/N Call Rate	-0.01	0.00	0.15	0.15

Bond Yields (10yr Benchmark)

	06.03.	2Q23	4Q23	4Q24
USA	3.98	3.80	3.50	3.00
Germany	2.73	2.65	2.25	1.75
Switzerland	1.53	1.75	1.45	1.25
United Kingdom	3.76	3.50	3.25	3.00
Japan	0.50	0.50	0.75	0.75

FX-Forecasts

	06.03.	2Q23	4Q23	4Q24
EUR-CHF	0.99	1.00	0.98	0.95
EUR-USD	1.07	1.10	1.10	1.12
EUR-GBP	0.89	0.90	0.90	0.90
GBP-USD	1.20	1.22	1.22	1.24
USD-JPY	136	130	122	118
USD-CHF	0.93	0.91	0.89	0.85
USD-CNY	6.92	6.80	6.80	6.80
Gold, USD per ounce	1'851	1'900	2'000	2'050

Macro Forecasts

		2022	2023	2024
US	GDP	2.1	0.7	-0.5
	CPI	8.0	4.0	2.1
Euroland	GDP	3.4	0.6	0.7
	CPI	8.4	5.5	2.8
Switzerland	GDP	2.1	0.6	1.1
	CPI	2.8	2.6	1.4
UK	GDP	4.0	-0.8	0.7
	CPI	9.1	6.6	2.7
Japan	GDP	1.0	1.3	1.0
	CPI	2.5	2.6	1.3
China	GDP	3.0	5.5	4.8
	CPI	2.0	2.7	3.0

ECB Preview

All eyes are on May already

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We expect the ECB to hike its policy rates by 50bp at its meeting on March 16 and to indicate that more hikes are likely to follow. However, in contrast to the previous meetings we don't anticipate explicit numeric guidance for the coming ECB decisions but a return to true data dependence. Still, President Lagarde is likely to stress that more hikes are likely given the elevated and persistent price pressures in the economy. In line with this view, we expect that the quarterly macro projections show stronger GDP growth, lower headline inflation and higher core inflation forecasts.

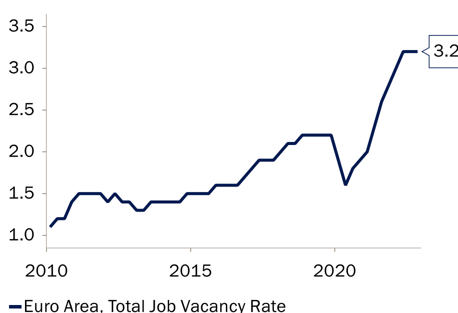
The ECB should return to true data-dependent policy decisions and refrain from explicit forward guidance

Past ECB statements have made clear that a 50bp hike of all policy rates is the most likely outcome for next week's ECB meeting. This actually was the compromise in December between the hawks in the Governing Council (GC) that favoured a 75bp hike and the doves, who were able to limit the actual policy rate hike to 50bp. Going forward, Council members will no longer be bound by previous agreements so naturally the focus in the press conference will be to find out whether the GC is leaning towards another 50bp or only to a 25bp hike in May. We believe that the ECB should return to completely data dependent policy decisions without forward guidance and leave this question open. However, we lean towards a 50bp hike in May given the persistent price pressures that we are currently seeing, even though we also note that medium-term inflation expectations have declined in the recently published Consumer Expectations Survey of the ECB (Exhibit 1). Still, they remain elevated, similarly to market implied inflation expectations, and indicate that the ECB's job isn't finished yet.

Exhibit 1: Inflation expectations declined

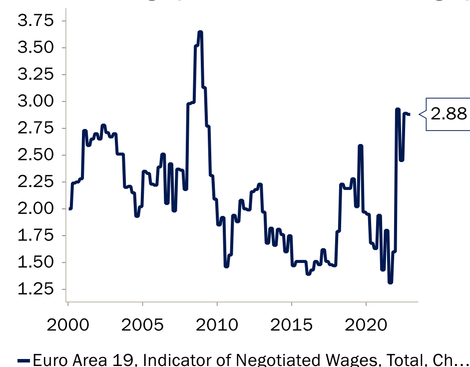
Source: Macrobond, Bank J. Safra Sarasin, 08.03.2023

Exhibit 2: Job vacancy rates remain high



Source: Macrobond, Bank J. Safra Sarasin, 08.03.2023

Exhibit 3: Wage pressures are still building up



Source: Macrobond, Bank J. Safra Sarasin, 08.03.2023

The new macro projections should show a stronger economy and more persistent inflationary pressures

So far the ECB was anticipating a mild recession in Q4 2022 and Q1 2023 that, thanks to lower energy prices and 0% growth in Q4, is unlikely to happen. Lower energy prices should also lead to a new lower headline inflation forecast, while the one for core inflation should be revised up. We note that the labour market still remains very tight with the vacancy rate at an all-time high (Exhibit 2) and the unemployment rate just 0.1 percentage point above its all-time low of 6.6%. In this environment and given households' loss of real income in the past year, stronger wage demand wouldn't come as a surprise. Indeed, the union for public sector employees in Germany, Verdi, just started the annual wage negotiations with a demand of an increase of 10.5%. While the final agreements are always far away from unions' initial demands, even a wage increase amounting to half of that would be beyond

what is compatible with the ECB's inflation target. This makes it likely that the ECB will remind employers and employees in the coming quarters again and again of their commitment to return to 2% inflation in the medium term. The risk is that all central banks will need to hike rate more than we initially imagined to reinforce this commitment.

No rate cuts this year

This naturally leads to the questions about how high the ECB could hike and how long it might hold policy rates at a restrictive level. Regarding the latter, we stick to our strong view that rate cuts are very unlikely this year and should only be expected once the global economy is slowing down more sharply, which might only happen at the end of the year when we expect the US economy to fall into recession. Regarding the terminal rate, it will be a trial and error process as the short history of the ECB offers no good guidance.

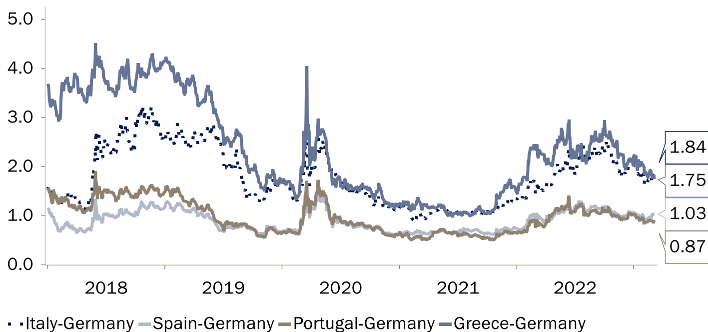
Central banks will not err on the inflation side

Central banks can always make two mistakes: tighten too much such that employment falls more than needed or tighten too little such that inflation overshoots its target. In the past decades, excess unemployment was most often societies' main problem, while inflation tended to remain close to or below the inflation target. In this environment, central banks didn't want to overtighten. However, the current environment is characterized by labour scarcities in many developed countries and the risk that inflation expectations become unanchored *on the upside*. The optimal policy choice would be to overtighten and risk somewhat higher unemployment rates rather than permanently higher inflation expectations. Money markets seem to have converged to this view and have significantly repriced the terminal rate of the ECB. Currently, they expect the ECB to hike to 4% by September and to stay around this level until February 2024. While this is not impossible, we feel a bit uneasy about the speed of the adjustment after terminal rate expectations have been below 3.5% just six weeks ago.

No indication of fiscal dominance so far

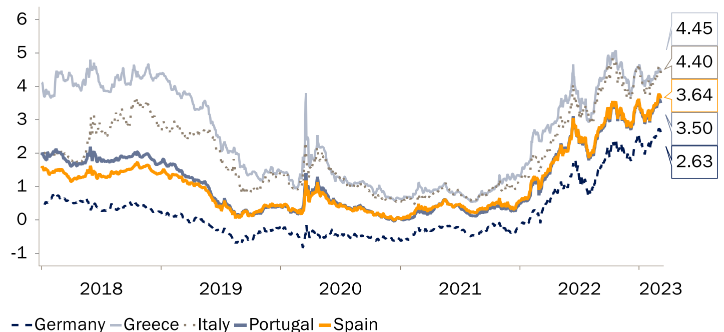
Finally, we gladly acknowledge that the euro area periphery seems to be able to cope with higher policy rates much better than we originally feared. Government bond spreads even declined since the first rate hike of the ECB (Exhibits 4-5). Hence, there is no indication, so far, that debt sustainability concerns are restricting the ECB in its fight against inflation. We note though that absolute yield levels have risen to such an extent that debt service costs will increase in all euro area countries from this year on. Further pressure on public budgets are likely from higher defence spending as the war in Ukraine prolongs. In that case, there is a risk that bond yields increase beyond the growth rate of nominal GDP. In that case, primary budget surpluses would be needed to keep debt/GDP ratios constant.

Exhibit 4: Periphery spreads declined since the first ECB rate hike



Source: Macrobond, Bank J. Safra Sarasin, 08.03.2023

Exhibit 5: Higher absolute yield levels will increase debt service costs



Source: Macrobond, Bank J. Safra Sarasin, 08.03.2023

Economic Calendar

Week of 13/03 – 17/03/2023

Country	Time	Item	Date	Unit	Consensus Forecast	Prev.
Monday, 13.03.2023						
JN	00:50	BSI Large Manufacturing QoQ	1Q	Index	--	-3.6
Tuesday, 14.03.2023						
UK	08:00	Employment Change 3M/3M	Jan P	1'000	--	74k
US	11:00	NFIB Small Business Optimism	Feb	Index	--	90.30
	13:30	CPI MoM	Feb	mom	0.40%	0.50%
	13:30	CPI Ex Food and Energy MoM	Feb	mom	0.40%	0.40%
Wednesday, 15.03.2023						
EU	11:00	Industrial Production SA MoM	Jan	mom	--	-1.10%
	11:00	Industrial Production SA YoY	Jan	yoy	--	-1.70%
US	12:00	MBA Mortgage Applications	Mar10	wow	--	7.40%
	13:30	Empire Manufacturing	Mar	Index	-7.40	-5.80
	13:30	Retail Sales Control Group	Feb	mom	--	1.70%
	15:00	NAHB Housing Index	Mar	Index	40.00	42.00
Thursday, 16.03.2023						
US	13:30	Building Permits	Feb	1'000	1350k	1339k
	13:30	Philadelphia Fed Bus. Outlook	Mar	Index	-16.60	-24.30
	13:30	New York Fed Services Act.	Mar	Index	--	-12.80
EU	14:15	ECB Deposit Facility Rate	Mar16	%	--	2.50%
Friday, 17.03.2023						
US	14:15	Industrial Production MoM	Feb	mom	0.50%	0.00%
	14:15	Capacity Utilisation	Feb	%	78.50%	78.30%
	15:00	CB Leading Index	Feb	mom	-0.20%	-0.30%
	15:00	U. of Mich. 5-10 Yr Inflation	MarP	%	--	2.90%

Source: Bloomberg, J. Safra Sarasin as of 08.03.2023

Market Performance

Global Markets in Local Currencies

Government Bonds	Current value	Δ 1W	Δ YTD	TR YTD in %
Swiss Eidgenosse 10 year (%)	1.45	-10	-17	1.5
German Bund 10 year (%)	2.64	-7	7	-0.8
UK Gilt 10 year (%)	3.80	-4	12	0.4
US Treasury 10 year (%)	3.81	-14	-6	-0.2
French OAT - Bund, spread (bp)	50	2	-5	
Italian BTP - Bund, spread (bp)	175	-7	-40	

Stock Markets	Level	P/E ratio	1W TR in %	TR YTD in %
SMI - Switzerland	10,949	16.9	-1.3	2.7
DAX - Germany	15,633	12.0	2.0	12.3
MSCI Italy	870	7.9	0.9	15.1
IBEX - Spain	9,423	11.2	1.0	15.0
DJ Euro Stoxx 50 - Eurozone	4,286	12.7	1.1	13.3
MSCI UK	2,261	10.6	-0.7	6.4
S&P 500 - USA	3,918	17.9	-1.5	2.4
Nasdaq 100 - USA	11,996	23.2	-0.4	9.9
MSCI Emerging Markets	968	10.9	-1.2	1.4

Forex - Crossrates	Level	3M implied volatility	1W in %	YTD in %
USD-CHF	0.93	8.2	-0.7	0.6
EUR-CHF	0.98	5.7	-1.1	-0.5
GBP-CHF	1.11	7.7	-1.6	-0.8
EUR-USD	1.06	8.2	-0.5	-1.1
GBP-USD	1.19	10.0	-0.9	-1.3
USD-JPY	136.7	12.1	0.6	4.3
EUR-GBP	0.89	6.6	0.5	0.2
EUR-SEK	11.38	8.0	2.3	2.0
EUR-NOK	11.31	9.6	2.4	7.7

Commodities	Level	3M realised volatility	1W in %	YTD in %
Bloomberg Commodity Index	104	14.2	-3.4	-8.2
Brent crude oil - USD / barrel	81	30.4	-4.4	-5.2
Gold bullion - USD / Troy ounce	1,831	13.7	-0.3	0.4

Source: J. Safra Sarasin, Bloomberg as of 08.03.2023

J. Safra Sarasin
Cross-Asset Weekly

10 March 2023

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