

MARKET LIGHTS

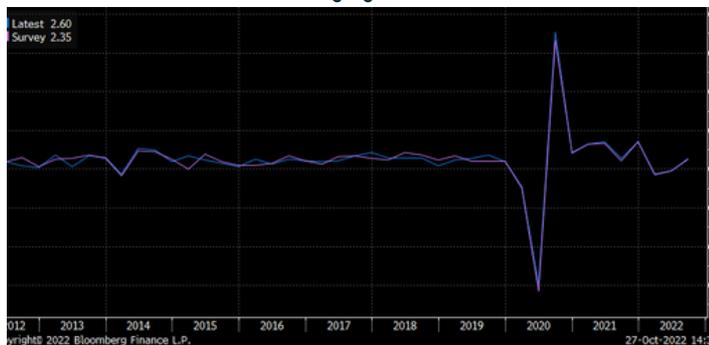
Live and Let Hike

27/10/2022

US GDP annualized QoQ 3Q 22 advance was released today at 2.6% versus a 2.4% forecast. A positive figure was expected. It's still too early to see the monetary policy effects on real economy.

But considering the fast pace of the rates increase and the actual expectation for a terminal rate in Q1 23 at 5.25%, it's probable that US will go into recession at the latest in Q2 23. So, in the near future, we forecast a progressive deterioration of the GDP data.

GDP US Chained 2012 Dollars QoQ SAAR »



We would like to emphasize that we are in a new environment, in which the psychology of investing has changed. All the assets valuations are and will be built considering a new situation, in which time value is no longer zero as it was in the lehman/covid world.

Meaningful point: it will be extremely important to check if FED will keep its actual rate hikes speed or not, bearing in mind the global economic pressure that the strengthening of \$ is creating.

Next Main Macro Events

Eurozone GDP QoQ 31/10/22

Period: 3Q A
Survey: 0.6%
Prior: 0.8%

US ISM Manuf 01/11/22

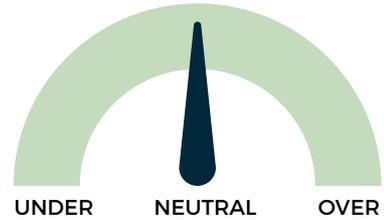
Period: Oct
Survey: 49.9
Prior: 50.9

FOMC Rate Decision 02/11/22

Period: 7th announc. date
Survey: 3.75% - 4.00%
Prior: 3.00% - 3.25%

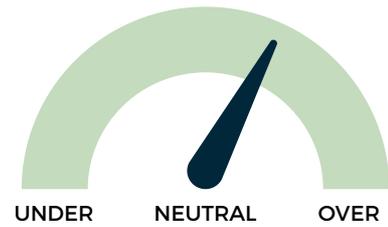
Equity

We prefer to keep a neutral stance with a clear preference for value stocks and financials. These latter could benefit of the rates increase. We have a preference for luxury goods Co's too because of the inelastic demand for their products. We keep our underweight in consumer discretionary, cyclical and growth stocks.



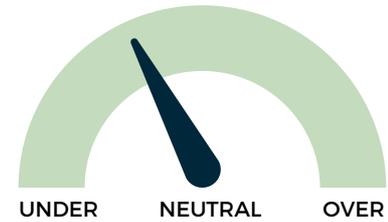
Fixed income

We confirm our preference for investment grade govt's and Tier1 corporates with short and medium duration. Some quotes are now interesting. Underweight for speculative grade in general and we would avoid Emerging Markets countries with huge \$ debt exposure. In general, first of all, we want to avoid any kind of risk cliff.



Commodities

October has been characterized by a somewhat stable increase in energy prices. Oil (WTI) has been trading from just below the 80 \$ mark to almost 90 \$ while gas is still slowing from its peak back in August but sharply up from last week. Agricultural commodities are stable with a reduced volatility while industrial metals are slightly up from last month. Gold has seen an increased degree of volatility from end of September with prices overall stable around 1660 \$/oz. View remains negative in the medium run with increased pressure from recession risks and a slightly warmer than usual autumn in western countries.



Our Funds

NAME	FUND TYPE	STRATEGY	ISIN	BBG TICKER
Pharus Dynamic Allocation Mv7	UCITS - SICAV	Dynamic Allocation	LU0746320257	PQUINTA LX
Lemanik Sicav Flex Quantitative HR6	UCITS - Fund of Funds	Global Allocation	LU0543665821	LFLXHR6 LX
NAXOS - Capital Plus	SIF - SICAV	Special Investment Fund	LU1354474634	-

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