J. SAFRA SARASIN

SUSTAINABLE ASSET MANAGEMENT

Cross-Asset Weekly

15 January 2021

Our new macro and market forecasts including a new US-fiscal package

December seems to be a long time ago considering what has happened since first we presented our forecasts for this year and next. COVID vaccinations have started in many countries, but a more contagious virus variant is spreading out. A last minute Brexit-deal was achieved and the ECB announced a number of expansive policy measures. The US-Senate flipped from a Republican to a Democratic majority enabling President-elect Biden to propose a new USD 1.9 trillion fiscal stimulus. Meanwhile, the current US President continues to break long established norms and got impeached for inciting an insurrection. The economic consequences from this package of news are clear: In Q1 very weak growth in some countries and a double-dip recession in others, but stronger growth in the US and globally better chances for a solid rebound from Q2 onwards once the most vulnerable parts of the population have had the chance to become vaccinated. As a result, we have increased our GDP forecast for the US to 6.0% for this year – assuming that the Biden proposal partly makes it through Congress but have lowered it for the UK and the euro area. We have also lowered our USD forecast and slightly increased our equity index targets. In the fixed income space, we continue to forecast moderately higher yields, along with steeper yield curves, most pronounced in the Dollar markets. While we expect the primary driver to be higher inflation expectations, some moderate upward pressure on real yields could develop later in the year, mainly in the US. Finally, we also looked at the medium-term perspectives of China and conclude that its asset markets should continue to outperform in the coming years.

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Global Macro: Forecast Update

A harsh winter, but the outlook just got brighter

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In the short term, uncomfortably high infection rates will continue to weigh on economic activity. But the start of the vaccination campaign in major industrialised countries has reduced medium-term risks. What's more, a Democratic controlled government allows for a more expansive US fiscal policy. As a result, we have revised up our US GDP growth forecast to 6% for this year, from 4.5%. A stronger recovery should allow the Fed to start tapering its QE programme in 1H22. In the euro area, the longer and stricter lock-downs should lead to a deeper contraction of activity in Q1, pushing down our annual GDP growth estimate to 4.0%. We expect the ECB to stress the downside risks to its GDP forecasts at its meeting next week but dismiss the idea that any policy parameters could be changed soon again.

Stricter measures to contain the spread of the virus will hurt the economy in Q1 more than previously expected

The US labour market recovery went into reverse in December as tighter restrictions to control the spread of the pandemic have forced many businesses in the leisure and hospitality sectors to reduce or halt their operations. The lack of fiscal support for local and state governments has also led to a drop in employment in the public sector. Tighter lock-downs over the coming weeks to contain the new and more contagious variant of the virus are bound to keep the labour market under pressure in the near term.

But we have revised up our US growth outlook as fiscal policy should be looser than previously expected

Still, we have revised up our outlook for GDP growth and inflation. We now think that GDP will expand by 6.0% and 3.2% in 2021 and 2022 respectively (vs. 4.5% and 3.3% previously). As we wrote here and here, the Georgia run-off elections have delivered a (small) 'blue wave'. As a result, the size of the incoming fiscal package will almost certainly be larger than previously anticipated. Mr Biden has proposed a 1.9-trillion-dollar plan of which we assume USD 1.0 to 1.5 trillion will sail through Congress. We expect that tax hikes will not be introduced before 2022.

Exhibit 1: Our new macro forecasts (annual averages)

		2020	2021	2022
US	GDP	-3.3	6.0	3.2
	CPI	1.2	2.0	2.4
Euro area	GDP	-6.9	4.0	3.8
	CPI	0.3	0.6	1.0
Switzerland	GDP	-2.8	3.0	2.9
	CPI	-0.7	-0.3	0.7
UK	GDP	-11.2	4.6	6.4
	CPI	0.9	1.2	1.7
Japan	GDP	-5.4	2.9	2.0
	CPI	0.2	0.3	0.8
China	GDP	2.3	8.2	5.4

Source: Macrobond, J. Safra Sarasin, 15.01.2021

The Fed is likely to start tapering its QE programme in 2022

Inflation should also pick up a bit faster than previously expected, on the back of stronger domestic demand, stronger wage bargaining power and the continuation of a more protectionist agenda. We expect core CPI to hit 2.3% in 4Q21 and 2.7% in 4Q22 on the back of a much lower unemployment rate. The corresponding figures for core PCE inflation, the Fed's favourite measure of inflation, should be 0.4 percentage points lower. This implies that "substantial further progress" will have been made towards the FOMC's maximum employment and price stability goals, a condition that the Committee has set itself to start

tapering its QE programme. The Fed will probably start reducing the size of its purchases in 1H22, though it will remain extremely prudent to avoid real yields from rising too fast between now and then.

In the euro area, a negative Q1 GDP growth print should be followed by strong growth in Q2 and Q3

In the euro area, COVID-related restrictions have been extended and tightened. Restaurants and retailers are largely closed in many countries which online-shopping can only partly compensate for. The manufacturing sector, however, remains strong, driven by the global cycle but also strong domestic demand for goods. We expect sentiment in the services sector to jump significantly once restrictions are phased out. Indeed, thanks to government support, household income remains stable and saving rates are high. This should allow for a strong rebound of economic activity once services can be consumed again.

Next ECB meeting on Thursday – we expect a combination of hope and caution but no indication of tapering is on the cards

The ECB is likely to strike a cautious tone at its meeting next Thursday. After its comprehensive policy package, no additional measures should be expected. Questions in the press conference will probably focus on the inflation dynamics, which are improving on the back of a higher oil price, some higher excise taxes and probably a stronger fiscal stimulus in the US. ECB board member Schnabel, however, has already stated in an interview this week that the medium-term outlook for inflation remains muted and that further fiscal policy support is needed. In our view, this rules out a tightening of monetary policy anytime soon.

Lighter COVID-restrictions in Switzerland have prevented a more severe economic slowdown so far

As an export-oriented economy, Switzerland is benefitting from the strong global demand for goods. A lower weight of tourism and restaurants in GDP has resulted in a more stable GDP development than in other countries. Switzerland has also been growing more strongly than the euro area as it did not follow its neighbours in shutting down the economy as much – a course that was just reversed this Wednesday as the more contagious COVID-mutation risks spreading out. From Monday on most retailers, restaurants, cultural and sports facilities will be closed until end-February. We expect 3% GDP growth and no change of its monetary policy as inflation remains on average negative this year again.

The UK economy should experience a double-dip recession but should also see an acceleration in economic activity in H2

Lockdowns in the UK have been tightened and extended as new cases have accelerated and hospitals are getting full. As a result, GDP is likely to contract again in the first quarter of the year, which would push the economy into a 'double-dip' recession. Disruptions caused by the new border checks on traded goods will hurt activity too. We have therefore revised down our GDP forecast for 2021 to 4.6%, from 6.1% previously. Still, the rapid vaccination campaign should help authorities lift restriction in spring, allowing activity to rebound strongly. Over the long term, as we explained in a recent detailed piece, the new trading regime with the EU will have a significant negative impact on the economy.

The Bank of England will have to ease policy further, in our view

With the economy not expected to have regained its pre-pandemic level before 2023, underlying inflationary pressures will probably remain muted. In our view, the MPC will have to mark down its growth and inflation outlook when it meets in February. Its November Monetary Policy Report shows GDP expanding by 7% in 2021 and the inflation rate reaching 2% by the end of the year (we see inflation at 1.6%). As a result, we think that more monetary support will be needed this year. We have maintained our long-held view that the policy rate will be cut into negative territory, thought the MPC remains deeply divided on this issue and may favour, instead, to expand its QE programme more aggressively.

Fixed Income: Forecast Update

Higher rates and more volatility in the credit space

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We forecast government bond yields to rise and yield curves to steepen moderately in 2021. While we expect the primary driver to be higher inflation expectations, some moderate upward pressure on real yields could develop later in the year, mainly in the US. The backdrop for credit remains constructive, but elevated valuations and the prospect for higher rates will lead to increased volatility.

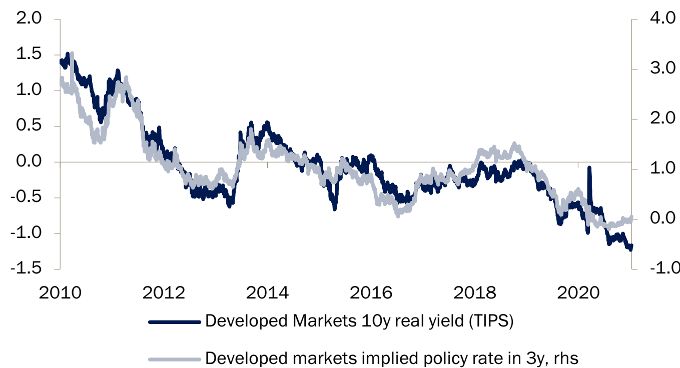
Financial conditions are very loose

The unprecedented amount of monetary stimulus injected by major central banks, with global real policy rates deeply in negative territory, has lowered developed markets' real long term bond rates to extremely low levels, along with credit spreads. Financial conditions are very loose and therefore very supportive for the growth outlook (Exhibit 1).

Inflation expectations are set to rise further

Central banks across the developed world are willing to let inflation overshoot. They have indicated that they will not raise policy rates pre-emptively, hence short term rates are set to remain at current low levels for an extended period of time. We expect a significant improvement of the global economy in 2021, also bolstered by more fiscal stimulus from the Biden administration after obtaining a majority in the senate. It follows that inflation expectations have more upside this year (Exhibit 2).

Exhibit 1: Financial conditions in the DM space are very loose



Source: Bloomberg, J. Safra Sarasin, 12.01.2021

Exhibit 2: Inflation expectations have more room to rise

Source: Bloomberg, J. Safra Sarasin, 12.01.2021

Less need for additional US monetary stimulus ….

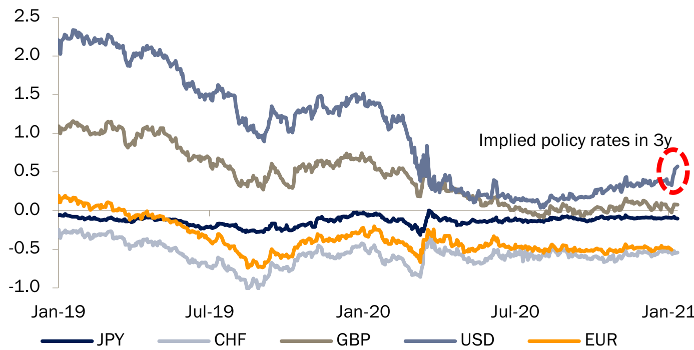
More progress in fighting the COVID pandemic in the coming months and the additional US fiscal package due to the Democrat's senate majority reduce the Fed's need to provide additional monetary stimulus for now. While continuing its current measures, the Fed will likely refrain from increasing its asset purchases or an extension of the weighted average maturity of the bond purchased for the Securities Open Market account (SOMA).

… 'taper'-talk is premature

We have repeatedly argued that central banks, including the Fed, will lean against any meaningful rise in long term real yields as it would counter their objective of engineering an inflation overshoot. Market-based US inflation expectations have risen since the lows reached in March last year, but a current 10-year break-even rate of 2.05% and a 5y/5y-forward breakeven rate of 2.03% are not yet indicative of serious market expectations for an inflation overshoot. The recent optimism about a larger fiscal stimulus and the 'taper'-talk from Fed members have led to a pick-up in rate expectations in the US and other Dollar markets (Exhibit 3). This led to a pick-up in long-term real yields, which is clearly unwelcome *at the current stage*. Changes in implied policy rates and net purchases of

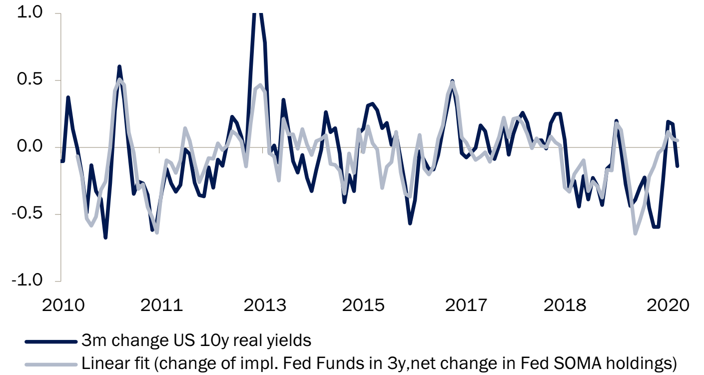
government bonds via QE programs are key drivers of real long-term government bond yields, not only in the US, but also in the whole of the developed market space (Exhibit 4). The Fed will therefore dampen expectations for rate hikes and 'tapering' of bond purchases for now, until there are clearer signs that it is on track to achieving its inflation objectives. Having said that, a recovering global economy and higher inflation rates *should* ultimately lead to higher rate expectations 3 years down the line. It is, therefore, reasonable to assume that this will be reflected in market prices at some stage, hence, we would expect moderate upward pressure for US real rates to develop later this year.

Exhibit 3: Rate expectations have started to pick up in the Dollar space



Source: Bloomberg, J. Safra Sarasin, 12.01.2021

Exhibit 4: Implied forwards and QE are key drivers for US real yields



Source: Bloomberg, J. Safra Sarasin, 12.01.2021

Yields in Europe and Japan will struggle to rise meaningfully

Despite optimism with regard to COVID vaccination, rate expectations have not budged in Europe and Japan (Exhibit 3). The European Central Bank (ECB) has extended the timeline for its *Pandemic Asset Purchase Program (PEPP)* and eased terms on its *Targeted Long Term Refinancing Operations (TLTROs).* They are in no hurry to remove accommodation, even if there is a strong rebound, and neither is the Bank of England. The same applies to the Swiss National Bank (SNB), whose policy is closely tied to the ECB. Therefore, we think that European (and Japanese) yield curves will struggle to steepen meaningfully from here.

Valuations in the IG credit space are elevated, expect volatility to rise

Low real yields and the expected economic recovery provide a constructive undertone for credit. However, the prospect for some upward pressure on (US) real yields later this year and higher expected bond yields in general will introduce increased volatility to the credit space. Valuations have now returned to pre-COVID levels, hence the potential for spread tightening is limited, in particular for investment grade bonds.

Moderately higher bond yields and steeper curves for 2021

An improving global growth outlook over the next 6 to 12 months and continued monetary and fiscal accommodation should push long-term inflation expectations higher. We expect some upward pressure on government bond yields with moderate curve steepening. Real yields will face moderate upward pressure later in the year, mainly in the US.

Forecast update: Policy rates

	13-Jan-21	Jun-21	Dec-21	Dec-22
US Fed Funds	0.25	0.25	0.25	0.25
EUR depo rate	-0.50	-0.50	-0.50	-0.50
CHF Saron	-0.77	-0.75	-0.75	-0.75
BoE base rate	0.10	-0.10	-0.10	-0.10
JP O/N rate	-0.10	-0.10	-0.10	-0.10

Source: Bloomberg, J. Safra Sarasin, 12.01.2021

Forecast update: 10y Bond yields

	13-Jan-21	Jun-21	Dec-21	Dec-22
USA	1.09	1.30	1.40	1.55
Germany	-0.55	-0.40	-0.35	0.10
Switzerland	-0.55	-0.55	-0.50	0.00
UK	0.35	0.35	0.40	0.70
Japan	0.02	-0.05	0.00	0.15

Source: Bloomberg, J. Safra Sarasin, 12.01.2021

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FX: Forecast Update

More EUR-USD upside, while GBP outlook is subdued

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We reiterate our key conviction of a weakening US dollar and our positive view on the euro while reflecting the weaker post-Brexit growth prospects for the UK economy in a more bearish view on the pound sterling. Our forecasts for the Japanese yen, the Swiss franc and gold remain unchanged.

Year-to-date, FX has largely moved sideways

In spite of mounting virus restrictions and growing political uncertainties around the violence at the US capitol, financial markets have remained relatively calm. G10 FX pairs have largely moved sideways since the beginning of the year, with volatility dropping below its 2-year average (Exhibit 1). As also highlighted in our monthly FX-Atlas this week, we maintain our key conviction that the US dollar should proceed on its expected multi-year downward trend throughout 2021.

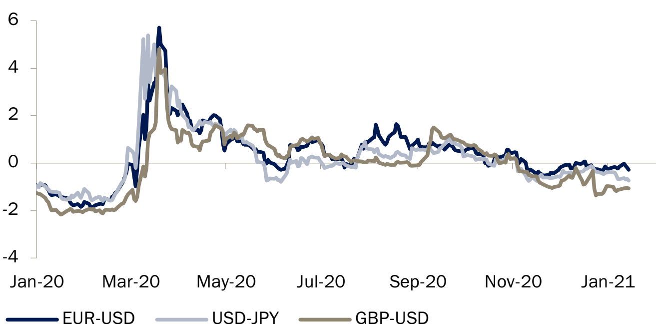
Cyclical tailwinds suggest that the euro should do particularly well in 2021

In contrast, we expect the cyclical euro to do particularly well. Low inventory levels should support production and high savings rates indicate substantial pent-up demand, which should boost the European economy along with its currency. A rebound of the European tourism sector once wide-spread vaccination allows governments to ease – and eventually terminate – lockdowns should help too. Moreover, the euro's historical link to the Chinese credit cycle suggests that the currency should continue to push higher over the coming months. Most importantly, the erosion of the dollar's yield advantage in 2H20 has created a regime in which euro-positive factors should play out more decisively once they catalyse. Thus, we have increased our EUR-USD year-end target from 1.25 to 1.30.

Post-Brexit reality and subdued growth outlook should weigh on the British currency

Our view on the pound sterling has turned more bearish as the UK's growth outlook has deteriorated. First, the Brexit trade agreement leaves the UK substantially less integrated into the common market with the EU. Consequently, we expect the pound to grind lower as markets re-assess the new post-Brexit reality. Second, the virus has hit the UK more severely than most other European countries, which should prompt further monetary easing. Hence, we have revised our EUR-GBP year-end target from 0.90 to 0.93, but left the remainder of our forecasts unchanged. Both the Swiss franc and the Japanese yen should extend their gains against the US dollar in 2021 on the back of lower inflation expectations relative to other countries. We remain constructive on gold, although it should consolidate moderately in 1H21.

Exhibit 1: FX volatility has dropped below its 2-year average



Source: Bloomberg, J. Safra Sarasin, 14.01.2021

Exhibit 2: Our FX forecasts 2021-2022

	13-Jan-21	Mar-21	Jun-21	Dec-21	Dec-22
EUR-CHF	1.08	1.08	1.08	1.08	1.06
EUR-USD	1.22	1.25	1.28	1.30	1.32
EUR-GBP	0.89	0.93	0.93	0.93	0.92
GBP-USD	1.36	1.34	1.38	1.40	1.43
USD-JPY	103.87	103	102	100	98
USD-CHF	0.89	0.86	0.84	0.83	0.80
USD-CNY	6.47	6.45	6.43	6.40	6.30
Gold, USD/oz	1'858	1'830	1'800	1'850	1'910

Source: Macrobond, J. Safra Sarasin, 14.01.2021

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Equities: Forecast Update

Value over growth and Europe over the US

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We raise our 2021 year-end target for the S&P 500 to 4100 but lower US equities to underweight in our tactical allocation. In the coming months we expect other regions, in particular euro area equities, to benefit from the rotation into value sectors. Cyclical sectors should outperform, given the solid macro backdrop in H1 2021.

We have upgraded our S&P 500 target to 4100 but are tactically overweight EMU vs US

We have upgraded our forecast for global equities in 2021 and rebalanced our tactical allocation further towards value sectors. Our S&P 500 year-end target stands at 4100 (7.5% above current levels), which we think will be reached despite a decline in valuations by the end of the year. The Democratic majority in Congress has led us to raise the outlook for US earnings, which should benefit from higher GDP growth on the back of the additional fiscal stimulus. In H1 2021, we expect the US to underperform, given the catch-up potential for regions and sectors which are more heavily geared to the cycle. We are upgrading the euro area to overweight given (a) the region's exposure to the global manufacturing cycle, which we expect to remain intact over the coming months, and (b) the support it should receive from a recovery in beaten-up value sectors. Our year-end target for the Euro Stoxx 50 stands at 3950, with outperformance expected to materialise in the first half of 2021. We are generally increasing the European exposure in our allocation. We keep our overweight in UK equities, as we see more short-term re-rating potential, yet remain sceptical about the medium-term upside (FTSE 100 end-21: 7200). Furthermore, we have upgraded Swiss equities to neutral, after underperforming by 15% over the past 6 months.

We tactically reduce Chinese equities to neutral and keep a small overweight in EM

We are keeping a small overweight on emerging markets (EM) equities even though we lower Chinese equities to neutral. Regulatory headwinds for Chinese tech firms are difficult to quantify and the credit cycle in China shows signs of rolling over. Support for EM equities should continue to come from rising commodity prices and a weaker US dollar.

We are overweight value sectors and underweight defensives, tech neutral

On a sector level, we raise banks to overweight, joining energy and cyclical sectors, such as materials, industrials and consumer discretionary (with a European focus). We downgrade tech to neutral. Tech has benefitted from the drop in real rates in 2020. While we don't expect rates to move much higher quickly and expect tech to see superior earnings growth over the long-term, a trough in real yields puts some pressure on valuations in particular vs. sectors which are unequivocal beneficiaries of higher rates. Lastly, we stay underweight utilities and consumer staples, while we upgrade health care to neutral.

Exhibit 1: Further raising value exposure, US to underweight

Regional allocation	−				+
USA		■		▒	
Euro area			▒	■	
UK				■	
Switzerland		▒	■		
Japan			■		
Emerging Markets				■	
China			■		▒

Sector allocation	−				+
Energy					■
Materials				■	
Industrials				■	
Consumer Discretionary				■	
Technology			■	▒	
Consumer Staples		■			
Healthcare		▒	■		
Banks			▒	■	
Insurance			■		
Real Estate			■		
Communication Services			■		
Utilities		■			

Current weighting ■
Previous weighting ▒

Source: J. Safra Sarasin, 14.01.2021

Exhibit 2: High single-digit returns until the end of the year

Index	Current	Dec-21
MSCI World	2740	2950
S&P 500	3810	4100
Nasdaq 100	13129	13700
FTSE 100	6746	7200
DJ Euro Stoxx 50	3617	3950
SMI	10847	11500
MSCI Japan	1142	1220
MSCI EM	1364	1450

Source: J. Safra Sarasin, 14.01.2021

China

China should continue to outperform in the coming years

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We have just released a longer China study (download here) and summarize our main views here. Overall, we are fairly optimistic about the long-term opportunities China's asset markets provide.

COVID: China has emerged from the COVID crisis in much better shape than most of the developed world. The economy has recovered more quickly, asset prices have rebounded more strongly and the currency has been appreciating persistently throughout 2020.

GDP growth of 8.2% in 2021

Business cycle: We expect the recovery to continue this year with China's GDP growth re-accelerating to 8.2%. Inflation should pick up gradually, supporting industrial revenues and profit growth. Efforts to deleverage the economy and to boost financial stability are set to move back into the authorities' focus. While fiscal deficits increased significantly in 2020, they do not pose major sustainability risks.

Its huge domestic market allows it to benefit from the network and scale economies a digital economy provides

Structural growth: In the medium term, China cannot rely on the accumulation of labour and capital as the main drivers of economic growth. Instead, productivity growth driven by technological change will become central. Its huge domestic market constitutes an important advantage in setting technological standards in an environment in which network and scale economies are increasingly important.

New 5-year plan to shape the policy agenda

Politics: The draft 5-year plan, released in October, stresses the need for China's self-reliance in core technologies – an objective that has become ever more important in light of the US-China trade war. The plan also highlights the aim to achieve more sustainable growth.

Real yield advantage to support a stronger RMB

FX: The real yield advantage and the positive GDP growth gap to developed economies are tailwinds for the renminbi (RMB). Rising inflows into fixed income- and on-shore equity markets are further reasons for our positive view on the RMB.

Growing foreign demand for Chinese fixed income products

Fixed Income: The internationalisation of the RMB, the large real yield advantage to developed markets and the growing demand of non-Chinese investors should boost foreign ownership substantially in coming years. In general, we see renminbi fixed income assets as an interesting investment. In the credit market, a rising number of defaults have been observed as the government has toughened its stance. Insufficient transparency of corporate developments remains an obstacle to invest.

Equity market is becoming broader and more professional, providing good long-term perspectives

Equity market: The Chinese equity market has not only grown rapidly, but is also opening up and deepening at an impressive pace. Only 5 years ago, global investors could access as little as 1% of the domestic stock market. Today, 60% of on-shore stocks can be accessed by foreigners. These developments have helped the market to turn from a "casino" for local retail investors into a professional tracking tool of the Chinese economy. While we are cautious on the short-term outlook for Chinese equities and acknowledge the regulatory risks some companies are facing, we believe the long-term outlook remains strong, supported by a positive macro backdrop and accelerating international inflows.

Economic Calendar

Week of 18/01 – 22/01/2021

Country	Time	Item	Date	Unit	Consensus Forecast	Prev.
Monday, 18.01.2021						
		No major data				
Tuesday, 19.01.2021						
GE	08:00	CPI MoM	Dec	mom	0.50%	0.50%
	08:00	CPI YoY	Dec	yoy	-0.30%	-0.30%
	11:00	ZEW Survey Expectations	Jan	Index	51.00	55.00
Wednesday, 20.01.2021						
UK	08:00	RPI MoM	Dec	mom	--	-0.30%
	08:00	RPI YoY	Dec	yoy	--	0.90%
EU	11:00	Core CPI YoY	Dec	yoy	--	0.20%
US	16:00	NAHB Housing Index	Jan	Index	86.00	86.00
Thursday, 21.01.2021						
FR	08:45	Business Confidence	Jan	Index	--	91.00
UK	12:00	CBI Trends Total Orders	Jan	Index	--	-25.00
	12:00	CBI Trends Business Optimism	Jan	Index	--	0.00
EU	13:45	ECB Deposit Facility	Jan21	%	-0.50%	-0.50%
US	14:30	Building Permits	Dec	1'000	1600k	1639k
	14:30	Initial Jobless Claims	Jan16	1'000	--	965k
	14:30	Philadelphia Fed Bus. Outlook	Jan	Index	12.30	11.10
Friday, 22.01.2021						
JP	01:30	Jibun Bank Japan PMI Mfg	Jan P	Index	--	50.00
	01:30	Jibun Bank Japan PMI Services	Jan P	Index	--	47.00
FR	09:15	Markit France Manufacturing PMI	Jan P	Index	--	49.10
GE	09:30	Markit Germany Manuf. PMI	Jan P	Index	57.00	58.30
EU	10:00	Markit Eurozone Manuf. PMI	Jan P	Index	54.50	55.20
	10:30	Markit UK Manufacturing PMI	Jan P	Index	--	57.50
US	15:45	Markit US Manufacturing PMI	Jan P	Index	--	55.30
	15:45	Markit US Services PMI	Jan P	Index	--	54.80

Source: Bloomberg, J. Safra Sarasin as of 14.01.2021

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15 January 2021

Market Performance

Global Markets in Local Currencies

Government Bonds	Current value	Δ 1W	Δ YTD	TR YTD in %
Swiss Eidgenosse 10 year (%)	-0.47	1	0	-0.3
German Bund 10 year (%)	-0.55	-3	-36	0.1
UK Gilt 10 year (%)	0.30	1	-57	-0.7
US Treasury 10 year (%)	1.11	-1	-77	-1.6
French OAT - Bund, spread (bp)	22	2	-8	
Italian BTP - Bund, spread (bp)	117	12	-43	

Stock Markets	Level	P/E ratio	1W TR in %	TR YTD in %
SMI - Switzerland	10'851	18.0	0.7	1.4
DAX - Germany	13'989	16.1	0.1	2.0
MSCI Italy	726	14.2	-0.7	1.5
IBEX - Spain	8'372	19.4	0.1	4.0
DJ Euro Stoxx 50 - Eurozone	3'641	18.5	0.6	2.6
MSCI UK	1'908	15.6	-0.6	5.5
S&P 500 - USA	3'796	23.0	-0.2	1.1
Nasdaq 100 - USA	12'899	30.0	-0.3	0.1
MSCI Emerging Markets	1'371	16.5	3.7	6.2

Forex - Crossrates	Level	3M implied volatility	1W in %	YTD in %
USD-CHF	0.89	6.3	0.3	-8.3
EUR-CHF	1.08	4.4	-0.5	-0.8
GBP-CHF	1.21	7.6	1.0	-4.5
EUR-USD	1.21	6.3	-0.8	8.3
GBP-USD	1.37	8.0	0.7	4.2
USD-JPY	103.7	6.1	-0.3	-4.8
EUR-GBP	0.89	7.0	-1.5	3.9
EUR-SEK	10.11	6.3	0.4	-3.5
EUR-NOK	10.31	8.7	0.2	4.5

Commodities	Level	3M realised volatility	1W in %	YTD in %
Bloomberg Commodity Index	81	11.1	0.7	-0.7
Brent crude oil - USD / barrel	55	29.4	2.7	-17.7
Gold bullion - USD / Troy ounce	1'851	17.3	-3.3	22.2

Source: J. Safra Sarasin, Bloomberg as of 15.01.2021

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