

Investments - Flash

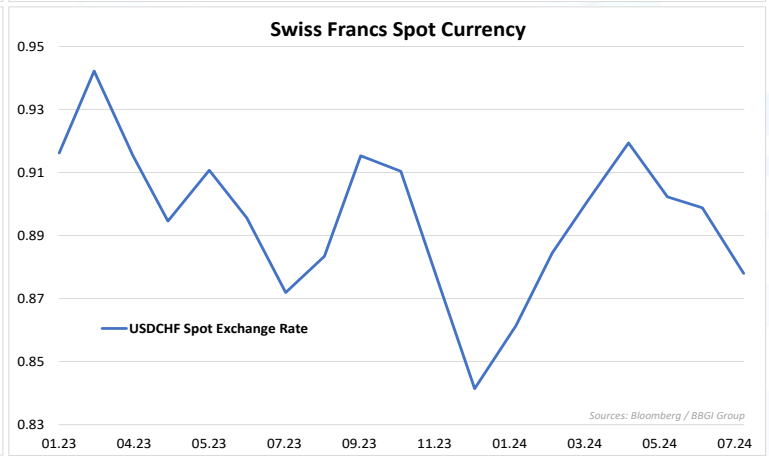
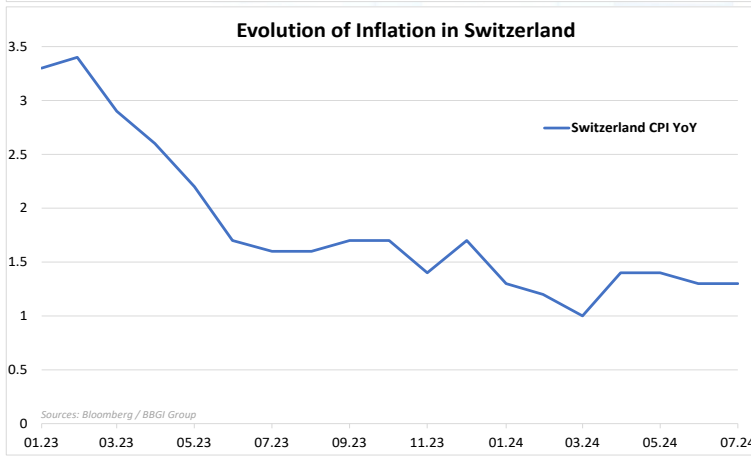
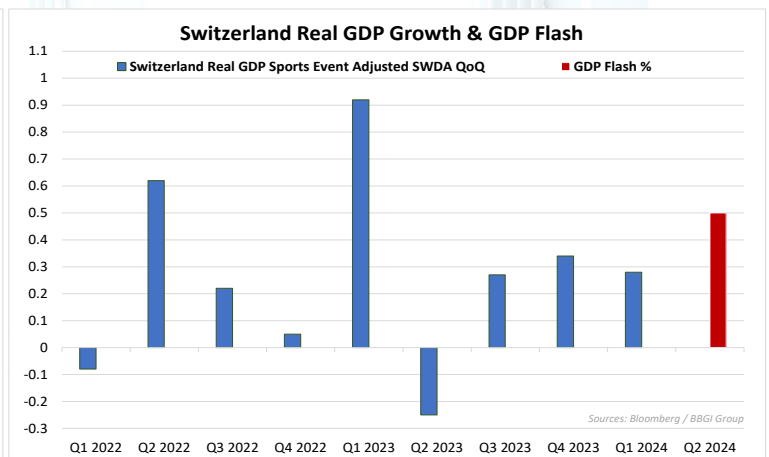
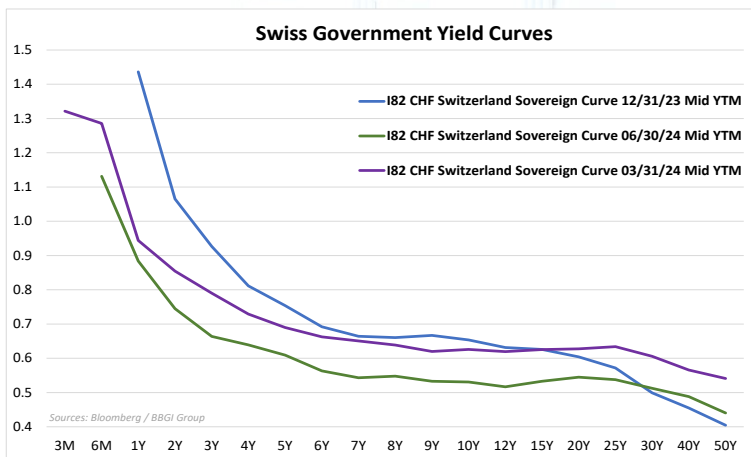


M. Alain Freymond - Partner & CIO

THE SNB WILL NOT BE INFLUENCED BY THE ACCELERATION IN GDP Swiss growth intensifies with no immediate risk to interest rates

Swiss flash GDP growth of 0.5% in the 2nd quarter once again surprised economists, who were expecting growth of 0.4%. The economic surveys suggested that activity was picking up, and despite some concerns in industry, the +6.4% rise in production proved to be very solid. The growth figure published by SECO, adjusted for the impact of sporting events, is the best result since the 1st quarter of 2023. The strength of the Swiss franc in the 2nd quarter once again weighed on exports, which fell by -1.8% in July, despite the fact that pharmaceutical exports are less sensitive to the exchange rate. The SNB is still expecting GDP to grow by around +1% in 2024, slightly below our own forecast of +1.3%. This acceleration in GDP growth does not seem likely to have any further negative effects on inflation. The economy is not overheating, despite low unemployment, and the latest core CPI figures (+1.1%) show

that price trends in Switzerland are no longer a cause for concern. We believe that the SNB is no longer trying to control inflation by raising the franc, and that the current economic momentum does not justify a change in monetary policy. We expect the key rates to be cut by a further 0.25% in September, followed by a further cut before the end of the year. Against this backdrop, the Confederation's yield curve, which is still inverted today at 0.76% (1 year) and 0.38% (10 years), could gradually flatten by 2025. As far as Swiss financial assets are concerned, these factors are generally favorable and should support the positive trend in equities and securitized real estate.



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