



NEUE BANK

Liechtenstein Private Bank

independent and consistent since 1992

Our Opinion
April 2021





NEUE BANK

Editorial

Dear Readers

Boom time? – our analysis shows that various signals are pointing to an economic boom over the course of this year.

Are you looking for advice and support in financial matters? Our investment advisers look forward to hearing from you and talking to you in person.

We wish you a stimulating read.

Your Advisory Team

You can reach us at:

tel +423 / 236 08 08

fax +423 / 236 07 35

email info@neuebankag.li





Today:

Boom time?

Economy

Current economic data around the globe points to a continued strong economic recovery, which could even lead to a boom over the course of the year. The most important leading indicators such as the Purchasing Managers' Indices support these expectations. In the United States, the ISM Manufacturing index rose to 64.7 points, its highest level in 37 years. At 62.5 points, the Eurozone even reached its best result since the survey began 24 years ago. But also in other major economies, many of the values clearly exceed the growth threshold of 50, as the following table illustrates:

Monthly Purchasing Managers' Indices (PMI) for manufacturing since 2020

	2020												2021		
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M
Global	50.3	47.1	47.3	39.6	42.4	48.0	50.6	51.8	52.4	53.1	53.8	53.8	53.9	53.9	55.0
North America															
USA	51.1	50.3	49.7	41.7	43.1	52.2	53.7	55.8	55.7	58.8	57.7	60.5	58.7	60.8	64.7
Canada	50.6	51.8	46.1	33.0	40.6	47.8	52.9	55.1	56.0	56.5	55.8	57.9	54.4	54.8	58.5
Europe															
Eurozone	47.9	49.2	44.5	33.4	39.4	47.4	51.8	51.7	53.7	54.8	53.8	55.2	54.8	57.9	62.5
Germany	45.3	48.0	45.4	34.5	36.6	45.2	51.0	52.2	56.4	58.2	57.8	58.3	57.1	60.7	66.6
UK	50.0	51.7	47.8	32.8	40.7	50.1	53.3	53.2	54.1	53.7	55.6	57.5	54.1	55.1	58.9
France	51.1	49.8	45.2	31.5	40.0	52.3	52.4	49.8	51.2	51.3	49.6	51.1	51.0	56.1	59.3
Netherlands	49.9	52.9	50.5	41.3	40.5	47.3	47.9	52.3	52.6	50.4	53.4	53.2	53.8	53.5	62.7
Italy	48.9	48.7	40.3	31.1	35.3	47.5	51.9	53.1	53.2	53.8	51.5	52.8	55.1	56.3	59.8
Spain	48.5	50.4	45.7	30.8	38.3	49.0	53.5	49.9	50.8	52.5	49.8	51.0	49.3	52.9	56.9
Switzerland	48.0	49.2	43.5	41.2	42.5	41.4	49.6	51.0	52.8	52.9	54.5	57.3	59.4	61.3	66.3
Asia and emerging markets															
China	50.0	35.7	52.0	50.8	50.8	50.9	51.1	51.0	51.5	51.4	52.1	51.9	51.3	50.6	51.9
Japan	48.8	47.8	44.8	41.9	38.4	40.1	45.2	47.2	47.7	48.7	49.0	50.0	49.8	51.4	52.7
South Korea	49.8	48.7	44.2	41.6	41.3	43.4	46.9	48.5	49.8	51.2	52.9	52.9	53.2	55.3	55.3
Taiwan	51.8	49.9	50.4	42.2	41.9	46.2	50.6	52.2	55.2	55.1	56.9	59.4	60.2	60.4	60.8
Australia	53.9	53.3	58.7	35.8	41.0	51.5	53.5	49.3	46.7	50.3	52.1	55.3	55.8	53.8	59.9
Brazil	51.0	52.3	48.4	39.0	33.3	51.6	53.2	54.7	54.9	53.7	54.0	51.5	52.5	53.4	52.8
Russia	47.9	48.2	47.5	31.3	36.2	49.4	48.4	51.1	48.9	46.9	46.3	49.7	50.9	51.5	51.1
India	55.3	54.5	51.8	27.4	30.8	47.2	45.1	52.0	56.8	58.9	56.3	56.4	57.7	57.5	55.4
South Africa	43.7	39.7	41.7	30.3	43.7	53.3	49.4	55.8	58.5	60.9	52.6	50.3	50.9	53.0	57.4

Source: Bloomberg and NEUE BANK AG

The current upswing is also being driven by consumers. In the US in particular, there was a veritable consumption boom in March. Retail sales rose by 9.8% and are an impressive 17.1% above the level before the coronavirus crisis in February 2020. Direct payments to US citizens out of the USD 1.9 trillion stimulus package and the gradual reopening of the economy contributed to the increase. In Europe, retail sales also exceeded expectations, but were significantly lower than in the US, rising by 3%. As vaccinations increase along with further easing of restrictions, consumers should continue to contribute significantly to the recovery of the economy in the coming

months. This is why we view the current economic situation positively and expect the global economy to continue its V-shaped recovery.

Equities

Bulls kept the upper hand in the major equities markets in the month under review, and record highs were reached again in both the US and Europe. This rush to buy is triggered by investor optimism about growth due to the strong economic data, along with the promise of the major central banks to continue their ultra-loose monetary policy for a long time to come and the prospect of a USD 2.3 trillion infrastructure package in the US. This optimism is also reflected in the consensus estimates for corporate earnings growth in the S&P 500, which is expected to be 30.2% year-on-year in the first quarter – the highest earnings growth rate since the third quarter of 2010.

"This positive outlook – economic growth, monetary and fiscal policy, and rising earnings – continue to point to friendly equity markets."

Significant growth is also expected for the rest of the year. If these assumptions turn out to be true, the corporate earnings in the S&P 500 would already be higher again in 2021 than before the pandemic year 2020. This positive outlook – economic growth, monetary and fiscal policy, and rising earnings – continue to point to friendly equity markets. The NEUE BANK traffic light also confirms this picture and is still green, which is why we are maintaining our overweight in equities.



NEUE BANK

Bonds

The strong rise in long-term yields has recently stalled, and the yield on 10-year US government bonds has fallen from its high of 1.75% this year to 1.55%. Despite excellent economic data and rising inflation data, financial market participants apparently believe that inflationary pressures are only temporary and that inflation expectations will not rise too much more.

"But if an economic boom does occur, the rise in yields may very well be strong."

Because of the strong economic recovery, we believe that yields should increase again in the coming months, albeit to a manageable extent. But if an economic boom does occur, the rise in yields may very well be strong. We remain cautious on bonds and are maintaining our underweight position.

Currencies

In times of economic recovery, safe haven currencies are increasingly sold off by market participants. This is currently evident in the Swiss franc, which has lost value against almost all major currencies since the beginning of the year. Our currency indicator also advises not to hedge the currencies listed in the chart against the CHF – with the exception of the JPY, given that the Yen is also a safe haven currency.

Reference currency CHF	
Currency pair	Trend/ recommendation
EUR-CHF	no hedge
USD-CHF	no hedge
GBP-CHF	no hedge
JPY-CHF	hedge
AUD-CHF	no hedge
CAD-CHF	no hedge
NOK-CHF	no hedge
SEK-CHF	no hedge
NZD-CHF	no hedge

Source: Bloomberg and NEUE BANK AG

Alternative investments

At the beginning of April, our momentum indicator sent a new investment signal. We sold our commodities ETF with a gain of about 26% and took a new position in a listed private equity ETF. Listed private equity is not a direct investment in illiquid private equity capital, but rather an investment in listed companies that offer private equity investments primarily for institutional investors. Accordingly, our investment guarantees liquidity at all times.

PRIMUS-ETHICS

With the PRIMUS-ETHICS asset management mandate, we give investors the opportunity to consider environmental and social aspects as well as financial aspects in their investment decisions. We invest your assets in ethically and morally irreproachable companies and apply professional approaches to implementation. Scientific studies underscore the positive correlation between sustainability and economic success. The client advisers of NEUE BANK AG look forward to showing you the special features of this asset management solution in a personal consultation.

Performance indicators in CHF¹

	2016	2017	2018	2019	2020	31.03.2021
PRIMUS-ETHICS Balanced	1.44%	9.23%	-4.94%	15.42%	7.63%	2.69%
Peer group	1.78%	8.68%	-7.20%	11.75%	2.98%	3.00%

¹Past performance is not an indicator of future performance and does not guarantee future success. Performance is presented in gross figures without taking into account your individual tax liability. Net performance is lower due to fees. Our Opinion is also available on our website: www.neuebankag.li S.E.& O.