

# perspectives



## IMPRINT

Editor: Bank CIC (Switzerland) Ltd.

Marktplatz 13, P.O. Box

4001 Basel, Switzerland, +41 61 264 12 00

Authors: Roger Baumann (*bae*), Mario Geniale (*mge*),

Sten Götte (*goste*), Stefan Kron (*krs*), Sandra Marugg (*sam*),  
Carl Münzer (*muc*)

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## Economic perspectives



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### Dear reader

#### Phases

In November last year President Trump announced that doctors had certified after the first phase of his annual health check that he was in “very good health”. Maybe it was because of this successful (partial) result that he is also trying to gradually restore trade relations to a healthier level in the tariff dispute with China. Stock markets have rewarded him by rising sharply, so the bull market which has been going on for years now will continue again this year. February sees the start of the primaries for the US presidential election, and the Democrats will be trying to get to the crucial phase of the impeachment proceedings as soon as possible. The experience of the last three years indicates that ultimately Trump’s attempts to blackmail Ukraine are unlikely to result in him losing office. So as investors, we can assume for 2020 that once again in this election year Trump will be turning to his beloved Twitter to focus on positive momentum on the stock markets.



**Mario Geniale**  
Chief Investment Officer

#### Courage to invest will pay off

After ebbing for a while, the monetary policy tsunami in Europe that has been under way since 2012 has now risen again to an impressive height. Low inflation, emblematic of low growth rates and a lack of incentive to invest, is casting a long shadow over the common economic area. Amongst other things, the EU crisis has led to lower expenditure in many industries.

On top of this come planning uncertainties, amplified by the trade dispute and a European system increasingly focused on acting in a short-term, ad hoc basis. The European economy is being driven towards tighter fiscal policies, with a lack of courage to invest in the future and digitalisation in some quarters.

#### Fortes fortuna adiuvat

Increasing attention is therefore being paid to having an overall climate that favours investment. If spending cuts are loosened, this will encourage essential investment in the future. The conditions could not be better: courtesy of the central banks, money is almost free and the innovative power of the younger generation is already playing an active role in various issues for the future. Economic growth in Europe is estimated to be around 1%, well below the 2% level of productive potential. A sustainable turning point in fiscal policy is looming, which will stimulate the courage to invest more. (*goste*)

# Markets

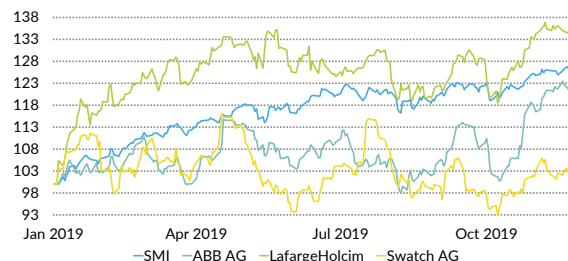
## Is scepticism driving the bull market?

Investors are taking a lot on trust for 2020. Support from lax monetary policy and strong stock markets could allow financial analysts to ratchet their profit forecasts upwards, encouraging an ever more enthusiastic view of prices. Cyclical sectors like industrials, financials and construction are coming to the fore. One fly in the ointment is the US presidential election, and the associated tension related to progress in the US-Chinese trade dispute. *(goste)*

### Equities Switzerland

Switzerland has underperformed other European equity markets since the summer due to its large weighting in defensives. If the economy recovers as anticipated, this trend is likely to continue, as defensives have very high valuation. The current low interest rate environment calls for stocks with a high dividend yield and that will benefit from a recovery. We favour **ABB, LafargeHolcim** and **Swatch**. *(bae)*

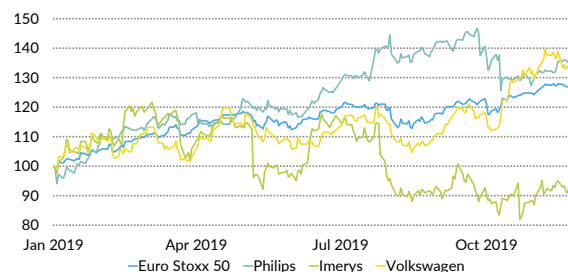
### SMI



### Equities Europe

Since the European Central Bank further loosened monetary policy at its September meeting, European equities have made up their underperformance against Switzerland and the US. With Germany narrowly avoiding a technical recession, market players see light at the end of the economic tunnel. The first stage of agreement in the trade dispute between the US and China expected in January is likely to stimulate corporate investment. We are backing **Philips, Imerys** and **Volkswagen**. *(bae)*

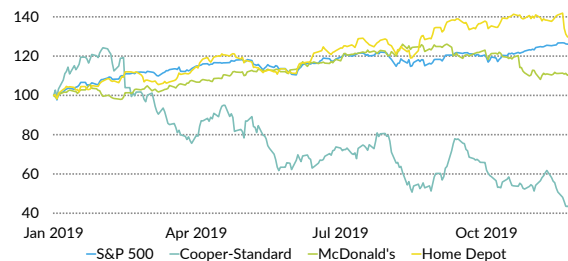
### Euro Stoxx 50



### Equities US

The US equity market is being supported by loose monetary policy and low corporate taxes. The rising wealth of US households is flowing into consumption. Estimates indicate that US gross domestic product this year should grow by 1.6%, well below the productive potential of 2%. A lack of investment may cause the engine of the economy to splutter, encouraging fiscal policy action in the year of a presidential election in the US. We prefer **Cooper-Standard Holding, McDonald's** and **Home Depot**. *(goste)*

### S&P 500



### Bonds

Bond market pessimism about future economic performance seems to be on the decline. Yields have risen considerably since the major central banks decided to halt the normalisation of expansive monetary policy. This has caused the yield curve to steepen. Although there is no end in sight to the end of the low interest rate environment, we feel the current level of interest rates is still too low. We therefore continue to prefer corporate bonds with shorter maturities. *(muc)*

### 10-year Swiss swap rates



# Column

## What does an airport lounge have to do with an advisory mandate?

Have you ever been in an airport lounge? Then you will be familiar with the generous range of food, drinks, magazines and newspapers, and the excellent service. A place where you can relax. Wouldn't you agree?

I was recently waiting for a flight in just such a lounge with my friend Michaela. We helped ourselves from the buffet, drank a glass of freshly squeezed orange juice and enjoyed our remaining time on terra firma.

Out of the blue, Michaela suddenly asked me, "Why can't the advisory mandate at Bank CIC be like an airport lounge?". I looked at her in confusion. "What exactly do you mean by that?" "Imagine that e-banking is an airport lounge. You check in, find your way in, and you fill your portfolio with securities the way you just filled your plate at the buffet. The securities come with all the information you need, just like the food and drink on display. There are recommendations and a weekly special. You have the option to try, but you don't have to. If you're not sure, you just ask an assistant or your relationship manager".

CIC eLounge soon turned what started with a brief stay in an airport lounge into reality. CIC eLounge is a place where you can execute your investment transactions at any time, on your smartphone or your laptop. It's a place where you receive a wide range of additional services from us. Just like in an airport lounge, you are kept fully informed by us – not about flights but about your portfolio.

As a client with an advisory mandate, all you have to do is log in to the CIC eLounge to get a full overview of your securities. Your investments are constantly monitored and we send you an electronic message immediately if you need to take action. You can implement our recommendations, but you don't have to. Are you in need of advice? Then of course, your personal relationship manager remains available.

Here is a summary of the specific benefits of an advisory mandate using CIC eLounge:

- Ongoing portfolio monitoring informs you immediately if buying a security means you are taking a risk that deviates from your defined investment strategy.
- You receive market views from the Bank and an independent partner for your investment decisions.
- We inform you promptly if there is a major change in the price or credit rating of a particular security.
- You receive ongoing information about investment ideas and current market opportunities.
- We inform you about corporate actions so you can react directly.

Ultimately, in terms of advice and information, you receive the same service as in a personal meeting with your relationship manager. It's just that you get to choose when and where you want to deal with your investments: in your favourite armchair at home, on the tram or in an airport lounge.

Would you like to enjoy the benefits of an advisory mandate with CIC eLounge? Your relationship manager will be happy to assist you.

For further information on advisory mandates please visit [cic.ch/advisory-mandate](https://cic.ch/advisory-mandate) and on CIC eLounge visit [cic.ch/en/cic-elounge](https://cic.ch/en/cic-elounge)

PS: From 1 January 2020, you can complete the CIC eLounge agreement online.



**Sandra Marugg**  
Head of Corporate Development

# In brief

## 3a retirement savings: find the right retirement fund for you

Nowadays, good retirement provision is more important than ever. With interest rates persistently low, the 3a account offers hardly any return. So the way to attractive returns in pillar 3a is with securities. Of course, what is decisive when selecting the right retirement fund, is the individual investment horizon and risk appetite.

We have set up a new website specially for our clients: at [cic.ch/retirement-savings](http://cic.ch/retirement-savings) you can find out which retirement fund best meets your needs just by answering a few simple questions.



Attractive returns  
+ tax savings  
= twice the benefits

### Save taxes at the same time

Under pillar 3a you also enjoy tax advantages, because annual contributions are tax deductible. Retirement funds offer the opportunity for higher returns while also saving you a considerable amount of tax,

making them an easy way to improve your personal pension position. It's worth it in every respect.

Take a look at [cic.ch/retirement-savings](http://cic.ch/retirement-savings) (krs)



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## QR bill

As part of the harmonisation of payment transactions in Switzerland, 30 June 2020 will see the introduction of the new QR bill. This will gradually replace the current red and orange payment slips. Private individuals need not take any action at the moment. For companies: Check out the technical adjustments as soon as possible and contact your software partner.



For more information, scan the QR code or go to [cic.ch/qr-bill](http://cic.ch/qr-bill)

## Current interest rates

in CHF, as at 13.12.2019

Savings	Private individuals	Companies and entrepreneurs
Savings account	0.200%	No offer
Investment account	0.150%	0.050%
<b>Pensions</b>		
3a retirement account	0.300%	No offer
Vested benefits account	0.250%	No offer
<b>Payments</b>		
Personal account	0.030%	No offer
Current account	0.000%	0.000%

Rates may be adjusted at any time to reflect market conditions.

Savings account / 3a retirement account: offer for clients domiciled in Switzerland.

Negative interest can be charged regardless of the balance (except with savings accounts and retirement provision accounts).

Conditions for clients domiciled abroad upon request.

The latest interest rates and conditions can be found at [cic.ch](http://cic.ch)