CREDIT SUISSE

Switzerland

Recession likely to bottom out in the near future

Economics Alert | Investment horizon: 3-6 months | 16/04/2020, 16:28, UTC

As Switzerland takes its first steps towards easing the lockdown, the economy is also likely to begin its recovery. However, the recession caused by the lockdown is deeper than we had previously forecast and the recovery looks set to be slower than anticipated, especially in sectors with a strong dependency on foreign trade. We are therefore revising our forecast for economic growth in 2020 to –3.5% (previously: –1%).

Claude Maurer
Head of Swiss Macro Analysis & Strategy

On 18 March, we projected that a recession would be inevitable in Switzerland and that Swiss gross domestic product (GDP) would contract in 2020. The severity of the slump remains highly uncertain. Now that the Swiss Federal Council has announced its exit plan for the lockdown, which is almost a month after we issued our first estimate of the economic fallout from the coronavirus outbreak, we can make an initial assessment of which assumptions in our previous forecast are still realistic and which are not.

Restrictions easing after two to three months

The plan for exiting the lockdown that was released by the Federal Council today is in line with our assumption in mid-March that the strictest measures could be lifted after two to three months. However, minimising new infections remains the priority for the Federal Council and there has been no international co-ordination of efforts to combat the virus to date. Accordingly, it looks as though certain restrictions will remain in place for some time, especially those relating to international travel or situations in which social distancing is difficult to maintain.

Huge slump in economic activity due to the lockdown is becoming visible

According to our estimates in mid-March, around a third of average consumer spending relates to goods and services that are less in demand or can no longer be provided during the lockdown. A major slump was therefore inevitable in the short term, as we had anticipated. In addition, the sectors directly affected by the coronavirus shutdown that was ordered by the Federal Council employ more than half a million people, which corresponds to around 10% of all employees. This includes a higher-than-average number of self-employed persons: according to our estimates, more than 110,000 people are self-employed in the sectors in question (20% of all self-employed people).

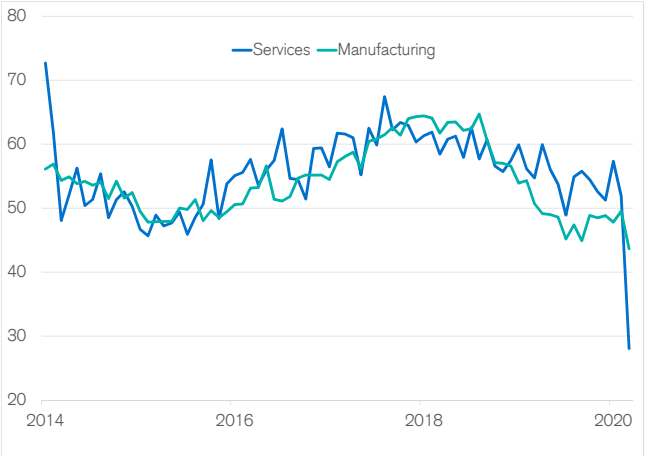
The economic repercussions of the coronavirus crisis are becoming increasingly apparent in the statistics. Tourism from China already collapsed in February, while the closure of winter tourism and Switzerland's borders is likely to have caused sales in the tourism sector to plunge by more than 90% in some areas in March. Airports are reporting similar declines, with around 20 aircraft currently taking off from Zurich airport per day, compared to the usual figure of more than 300. Air freight, which is not affected by travel restrictions, posted an overall drop of 40% year-on-year for the month of March. Consumer sentiment in Switzerland has also slumped, although the State Secretariat for Economic Affairs (SECO) has only published the provisional results of a few subindices in its survey dated early April so far. It is hardly

surprising that the respondents' expectations for the overall economic trend have deteriorated enormously. At the same time, the survey participants believe that now is not the ideal time to make any major purchases purely because businesses have closed. Finally, households have not been so pessimistic about their own financial situation since the early 1990s.

The procure.ch Purchasing Managers' Index (PMI) for the service sector also plummeted in March (see chart). The index shed 23.9 points versus the previous month to reach 28.1 (any reading below 50 indicates contraction). Around two-thirds of companies reported that both business activity and the order situation had deteriorated compared to the previous month. Demand for personnel has also decreased. However, an individual survey suggests that this decline is largely related to short-time working. Only 15% of companies are cutting jobs, while a quarter are making use of the short-time working option, affecting 17% of employees on average.

Meanwhile, the decline in the purchasing managers' index for the manufacturing sector is less severe at first glance. This index shed 5.9 points to 43.7 in March and therefore remains well above the low point of the financial crisis, recorded in March 2009 at 32.9 points. However, the trend currently indicated by the PMI is overly positive as longer suppliers' delivery times are interpreted as a sign of good capacity utilisation, which obviously does not apply in the current situation. On the contrary, delivery problems are among the challenges that are most frequently reported by companies at present. After adjustments for this factor, the manufacturing PMI is currently at a similar level to that of 2008, i.e. at the beginning of the financial crisis. This is also confirmed by the "output" and "backlog of orders" subindices, both of which are trending close to the levels seen during the financial crisis. Demand for personnel is also falling in the manufacturing sector, but short-time working is a dominant factor here too: more than a quarter of participating industrial companies are already implementing short-time working according to the survey, affecting some 13% of all employees on average.

PMI for the service sector slumps
Levels > 50 = growth



Source: procure.ch, Credit Suisse

The downturn in economic output is also curtailing electricity consumption in Switzerland. According to a survey conducted by the Swiss Federal Office of Energy, daytime electricity consumption in urban areas with a high number of industrial and commercial customers has fallen by 10% to 20% since the lockdown began compared to normal times, while the decline in tourist regions is as much as 30–50%. However, the differences at weekends and overnight are lower. Traffic congestion times and commuter movements in general have also decreased, with daily distances travelled down by around a third compared to previous levels according to the statistical office for the canton of Zurich. This is probably partly due to the rise in the number of people working from home. According to the PMI survey, 97% of manufacturing firms and 94% of service providers said that they have introduced working from home. More than half of service companies' employees are working from home on average, compared to more than a third of staff in the manufacturing sector.

Overall, we assume that consumer demand is now around 20% lower than it was before the lockdown, which is below our previous estimates. Based on two months of lockdown, this would equate to a decline of some CHF 12 billion, or 3.1% of value creation generated in Switzerland in one year. In addition, immigration is slowing as a result of borders being closed and the fall in new appointments – we expect net immigration of 35,000 to 40,000 people for full-year 2020 (down from 53,000 last year). This will weaken what proved to be a key pillar of consumer spending growth in previous crises (such as the financial and euro crises, franc shock).

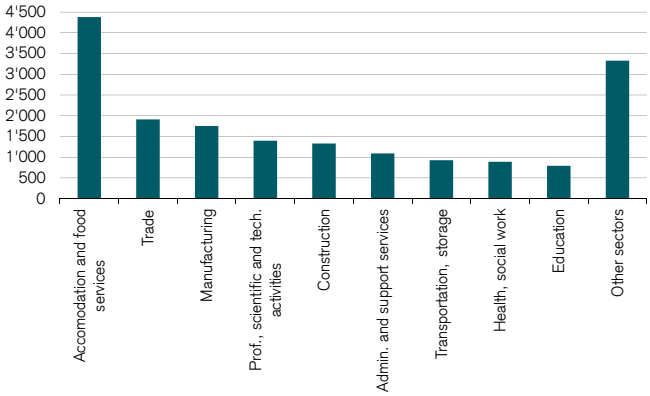
Fiscal policy provides timely support, prevents second-round effects and bolsters consumption...

However, we still assume that some areas of consumer spending will return to normal after the lockdown is lifted. This is partly because some of the measures such as short-time working and bridging loans will help to limit the economic damage from the coronavirus lockdown and prohibit second-round effects. The measures adopted in Switzerland have been implemented extremely swiftly, which is crucial to prevent second-round effects. At the same time, they are also targeted and efficient, as we explained in our Swiss Economics Alert dated 1 April 2020 (Fiscal measures in Switzerland: swift, targeted and affordable).

Although it has become easier to access short-time working, the unemployment rate rose more sharply than we anticipated in March, jumping from 2.5% to 2.9%, which equates to an increase of almost 20,000 people. However, the sectors that have posted the highest growth in unemployment since February are mainly those that are heavily dependent on seasonal tourism, such as catering and restaurants (+2393), accommodation (+1985), retail (+1162) and finishing trades (+1033, see chart). Winter tourism also came to an abrupt halt in early March, while the prospects for the summer season are similarly bleak. In percentage terms, the increase in unemployment has also been highest in the tourist cantons. We therefore expect the unemployment rate to continue rising in the coming months, albeit moderately to an annual average of 3.5% for 2020 and 2021. As a gradual end to the lock-

down is foreseeable for the majority of sectors at home and abroad, companies will be keen to retain their well-qualified staff, which should be possible thanks to short-time working.

Unemployment climbs in the hospitality industry
Change in unemployment number between February and March 2020, not seasonally adjusted



Source: State Secretariat for Economic Affairs (SECO), Credit Suisse

There has also been a high take-up of state-guaranteed loans and the target of avoiding broad-scale company bankruptcies for liquidity reasons should be met as the end of the lockdown approaches. However, if the authorities extended the duration of the highly restrictive measures, the loans would become a burden for the smallest businesses in particular as they would have to take on more and more debt to meet their fixed costs. If, to take one example, these fixed costs account for a third of revenues – which according to figures from the Swiss Federal Statistical Office reflects the situation in the catering and restaurant sector – the maximum possible loan worth 10% of sales would be exhausted after three and a half months. In addition, assuming a cash flow margin of 10% (average in the catering and restaurant business of 6.5%), around a quarter of cash flow would be required to repay the loan principal over the coming four years. As a result, it is reasonable to assume that not all these loans will be repaid.

...however, consumption will contract for the first time since 1993

Despite all the measures implemented and the rise in purchasing power thanks to negative inflation (see Inflation box), private consumption will contract over the year as a whole for the first time since 1993. The decline in consumption during the lockdown appears to be bigger than previously expected, and subsequent purchases owing to pent-up demand are likely to come in lower than anticipated given that the existing restrictions look set to remain in place for longer, especially in the tourism sector and the entertainment industry. In our latest forecast we are therefore projecting a drop of 2.1% this year (prior forecast: –0.9%). For its part, government spending should rise substantially this year according to our forecasts and therefore provide a welcome contribution towards stabilising the economy (+3%).

Inflation lower than previously expected

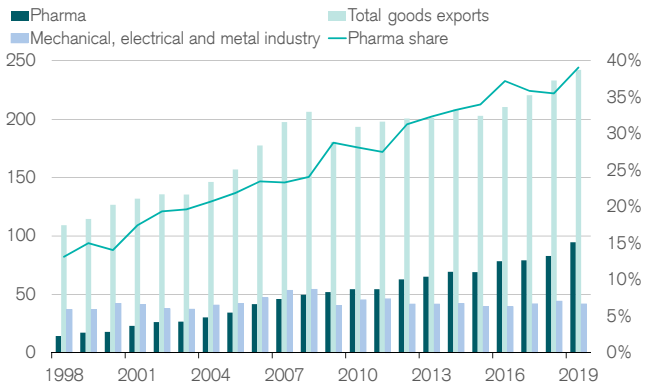
We are also revising our inflation forecast for this year and 2021. We now expect prices to fall by 0.7% (from –0.3%) and are forecasting a slightly lower increase in 2021 (0.3% instead of 0.5%). These revisions are based on the substantial discounts we anticipate in retail once the shops reopen for business. Many retailers' warehouses are full and they urgently need liquidity, which points to a discounting war, especially as there are likely to be widespread fears that some shops could be affected by a further lockdown if infection rates were to start rising again. Furthermore, the collapse in the global market price of crude oil is likely to be reflected in the price of transport and heating fuels.

Volume of external trade set to fall considerably despite robust pharma exports

We currently forecast a decline in global GDP of 1.5%, with economic output in the industrialised nations contracting to a disproportionately large degree (-3.4%) as the growth trend in these countries was already relatively weak in any case. According to our calculations, mechanical engineering looks set to be hit hardest by the coronavirus crisis. There are two main reasons for this. Firstly, growth in this sector's traditional export markets – Europe in particular, but also Asia – is set to fall most sharply. Secondly, this industry is generally highly sensitive to fluctuations in economic activity abroad. The watch and metal industries are also likely to take a harder-than-average hit from the slump in demand from abroad, as illustrated by our analysis of trade flows for the 15 most important Swiss export industries to the 28 most important buyer countries. Our estimates are based on GDP forecasts for the corresponding nations and historical elasticities. As a result, these forecasts are generally subject to a high level of uncertainty.

In addition, our analyses shows that pharmaceutical exports – which now make up around 40% of Swiss goods exports (see chart) – are broadly immune to short-term dips in economic growth. This sector is especially important in these turbulent times, and we expect pharma exports to temper the overall export slump. It is partly thanks to the fact that this growth sector now accounts for twice its previous share of Swiss exports that we are forecasting a smaller decline in exports than we saw during the financial crisis of 2009 (–4% versus –8.8% in 2009). There are no data on foreign trade as yet for the month of March, but this hypothesis appears to be confirmed by the numbers for February in that pharma exports to China, which at the time was the country worst affected by coronavirus, were up significantly. However, pharma exports are generally exceptionally volatile and it would therefore be wrong to read too much into data for a single month.

Share of pharma exports has risen significantly
In CHF billion per year, pharma share in %, right-hand scale



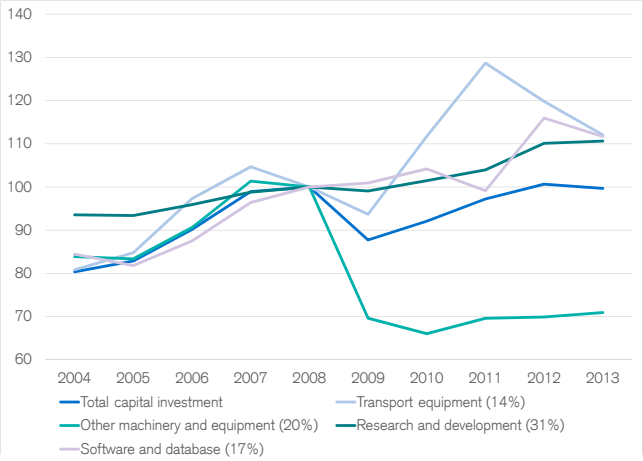
Source: Swiss Customs Administration, Credit Suisse

While investments have been postponed, they have not been cancelled

We still believe that in light of weaker demand across the world, the high level of uncertainty and the specific difficulties sparked by the coronavirus outbreak, businesses will be cutting back their investment activity, at least for a while. Capital expenditure on plant and equipment is therefore likely to fall. However, in our view there remain two reasons that suggest we will not see the sort of huge collapse we experienced during the global recession of 2009. Firstly, now that the plan for exiting the lockdown is on the table, businesses can have even greater confidence that the situation will ease as the year goes on. Secondly, capital spending on research and development, which accounts for almost one-third of capital investment, as well as on software and databases (17%), should cushion the decline in capex. Both categories have proved to be fairly immune to a slump in the economy, even during the financial crisis (see chart). Moreover, research and development is dominated by the growth industry of pharmaceuticals, while software and databases is likely to benefit from the rapid wave of digitalisation on the back of people working from home and buying from web retailers.

Investment in construction is also likely to fall – by 2.5% – even though interest rates are still extremely low and most building sites have remained open. That said, uncertainty is subduing activity in this sector. On top of this, the rising vacancy rates in the residential rental segment will prompt a fall in new projects.

Research and development not particularly sensitive to the economic environment
Trend in the various categories of capital investment, index 2008 = 100, real (in brackets: share of total capital expenditure)



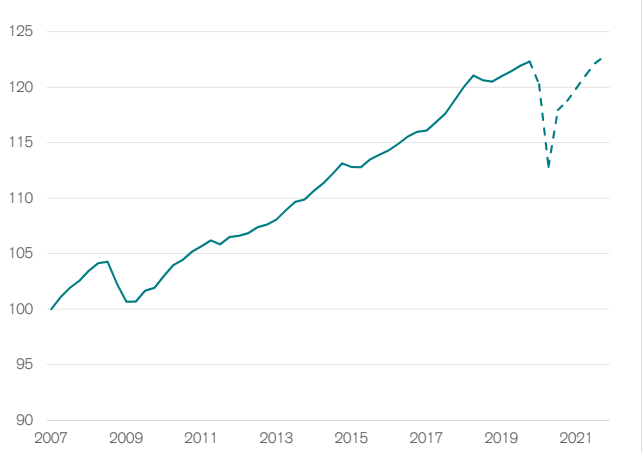
Source: State Secretariat for Economic Affairs (SECO), Credit Suisse

Nevertheless, there are two reasons that suggest the growth potential of all types of investment will tend to be lower in future. Firstly, business will take a more cautious approach; specifically, they will seek to maintain higher reserves. Secondly, some of the cash flows that are essential to funding capital expenditure will be required to repay emergency loans.

Conclusion

Economists are currently using the letters V, W, U or L to illustrate the way in which they expect their forecasts to pan out. If we stick with this terminology, a crooked V looks like the most realistic prospect to us. There is likely to be a deep and synchronous slump, and we therefore expect GDP to drop by 3.5% in 2020 as a whole. While the recovery should also be impressive (+3.5% in 2021), it will not be quite enough to make up for the collapse in the economy this year (see chart). What is more, not all sectors and segments of the economy will recover at the same pace. However, the low point for many industries should be reached soon. Another crucial factor is that it seems credible that a second lockdown on the scale of the present one can be avoided in future.

Trend in GDP similar to a crooked V
Real GDP, index Q1 2007 = 100/from 2020 onwards forecast by Credit Suisse



Source: State Secretariat for Economic Affairs (SECO), Credit Suisse

Swiss economy forecast

Growth in %	2017	2018	2019	2020 forecast	2021 forecast
Gross domestic product, real	1.8	2.8	0.9	-3.5	3.5
Consumer spending	1.2	1.0	1.0	-2.1	1.7
Government spending	1.2	0.3	1.3	3.0	3.0
Capital expenditure	4.6	1.1	0.8	-3.0	2.0
Construction investment	1.5	1.2	0.4	-2.5	3.0
Exports (G+S)	4.1	3.4	2.4	-4.0	7.0
Imports (G+S)	4.4	2.5	1.3	-2.0	2.5
Unemployment rate	3.2	2.6	2.3	3.5	3.5
Inflation rate	0.5	0.9	0.4	-0.7	0.3

Source: Swiss Federal Statistical Office, SECO, Credit Suisse

Financial system actually part of the solution this time around

In contrast to the recession of 2008/2009, the financial system is not part of the problem this time. Even though banks are significantly better capitalised now, to some extent the stress on the financial markets was on a scale similar to that witnessed during the financial crisis. This was primarily due to the pronounced flight to liquidity on the part of many investors, behaviour which even put pressure on the long-dated government bond market. Funding problems in USD were another contributory factor. However, the measures taken by the Fed and the ECB – and indeed the coordinated approach adopted by the central banks as a whole – have helped to ease the situation relatively quickly. For its part, the Swiss National Bank (SNB) has taken pressure off the banks and supported lending. By making foreign exchange purchases and issuing clear forward guidance, it has also prevented the Swiss franc from appreciating excessively. We expect the SNB to continue purchasing foreign currency to weaken the franc for the time being. As a result, we do not anticipate a rate cut in the foreseeable future. The fact that the Swiss financial centre is working well is a significant positive in combating the crisis. Thanks to the good way in which banks, the SNB and the Swiss federal government have worked together, the measures to safeguard liquidity for businesses have been implemented very quickly – the SNB first mentioned plans along these lines on 19 March, and the first guaranteed loans were granted as soon as 26 March.

Real GDP growth and inflation

	GDP growth			Inflation		
in %	2019	2020*	2021*	2019	2020*	2021*
CH	0.9	-3.5	3.5	0.4	-0.7	0.3
EMU	1.2	-5.2	5.6	1.2	0.1	0.6
USA	2.3	-2.6	2.9	1.8	0.9	1.6
UK	1.4	-5.3	5.5	1.8	1.2	1.9
Australia	2.0	-2.5	1.8	1.7	1.8	1.5
Japan	0.7	-3.9	1.0	0.6	-0.3	0.3
China	6.1	3.3	5.6	2.9	3.7	2.8

Forecasts dated: 16 April 2020. These forecasts are not a reliable indicator of future performance.
Source: Credit Suisse

(16/04/2020)

Risk warnings

Emerging markets	Emerging markets are located in countries that possess one or more of the following characteristics: a certain degree of political instability, relatively unpredictable financial markets and economic growth patterns, a financial market that is still at the development stage or a weak economy. Emerging market investments usually result in higher risks as a result of political, economic, credit, exchange rate, market liquidity, legal, settlement, market, shareholder and creditor risks.
Hedge funds	Regardless of structure, hedge funds are not limited to any particular investment discipline or trading strategy, and seek to profit in all kinds of markets by using leverage, derivative instruments and speculative investment strategies that may increase the risk of investment loss.
Commodity investments	Commodity transactions carry a high degree of risk and may not be suitable for many private investors. The extent of loss due to market movements can be substantial or even result in a total loss.
Real estate	Investors in real estate are exposed to liquidity, foreign currency and other risks, including cyclical risk, rental and local market risk as well as environmental risk, and changes to the legal situation.
Currency risks	Investments in foreign currencies involve the additional risk that the foreign currency might lose value against the investor's reference currency.
Equity risk	Equities are subject to market forces and hence fluctuations in value, which are not entirely predictable.
Market risk	Financial markets rise and fall based on economic conditions, inflationary pressures, world news and business-specific reports. While trends may be detected over time, it can be difficult to predict the direction of the market and individual stocks. This variability puts stock investments at risk of losing value.
High Yield bond risk	High Yield Bonds are typically rated below investment grade or are unrated and as such are often subject to a higher risk of issuer default.
Perpetual Bond risk	Perpetual Bonds have no maturity date and therefore the Interest pay-out depends on the viability of the issuer in the very long term.
Subordinated Bond risk	In case of liquidation of the issuer, investors can only get back the principal after other senior creditors are paid.
Risk of Bonds with variable/ deferral of interest terms	Investors would face uncertainty over the amount and time of the interest payments to be received.
Callable bond risk	Investors face reinvestment risk when the issuer exercises its right to redeem the bond before it matures.
Risk of Bonds with extendable maturity date	Investors would not have a definite schedule of principal repayment.
Convertible or exchangeable bond risk	Investors are subject to both equity and bond investment risk.
Cocos risk	The bond may be written-off fully or partially or converted to common stock on the occurrence of a trigger event.

Explanation of indices frequently used in reports

Index	Comment
Australia S&P/ASX 200	S&P/ASX 200 is an Australian market-capitalization-weighted and float-adjusted stock index calculated by Standard and Poor's.
BC High Yield Corp USD	The US Corporate High Yield Index measures USD-denominated, non-investment grade, fixed-rate and taxable corporate bonds. The index is calculated by Barclays.
BC High Yield Pan EUR	The Euro Corporate Index tracks the fixed-rate, investment-grade, euro-denominated corporate bond market. The index includes issues that meet specified maturity, liquidity and quality requirements. The index is calculated by Barclays.
BC IG Corporate EUR	The US Corporate Index tracks the fixed-rate, investment-grade, dollar-denominated corporate bond market. The index includes both US and non-US issues that meet specified maturity, liquidity and quality requirements. The index is calculated by Barclays.
BC IG Corporate USD	The IG Financials Index tracks the fixed-rate, investment-grade, dollar-denominated financials bond market. The index includes both US and non-US issues that meet specified maturity, liquidity and quality requirements. The index is calculated by Barclays.
Canada S&P/TSX comp	The S&P/TSX composite index is the Canadian equivalent of the S&P 500 Index in the USA. The index contains the largest stocks traded on the Toronto Stock Exchange.
Consumer Confidence Indices	Consumer Confidence Indices (CCIs) are based on surveys of consumers' spending intentions and economic situations, as well as their concerns and expectations for the immediate future.
CS Hedge Fund Index	The Credit Suisse Hedge Fund Index is compiled by Credit Suisse Hedge Index LLC. It is an asset-weighted hedge fund index and includes only funds, as opposed to separate accounts. The index reflects performance net of all hedge fund component performance fees and expenses.
CS LSI ex govt CHF	The Liquid Swiss Index ex govt CHF is a market-capitalized bond index representing the most liquid and tradable portion of the Swiss bond market excluding Swiss government bonds. The index is calculated by Credit Suisse.
DAX	The German Stock Index stock represents 30 of the largest and most liquid German companies that trade on the Frankfurt Exchange.
DXY	A measure of the value of the US dollar relative to the majority of its most important trading partners. The US Dollar Index is similar to other trade-weighted indices, which also use the exchange rates from the same major currencies.
Eurostoxx 50	Eurostoxx 50 is a market-capitalization-weighted stock index of 50 leading blue-chip companies in the Eurozone.
FTSE EPRA/NAREIT Global Real Estate Index Series	The FTSE EPRA/NAREIT Global Real Estate Index Series is designed to represent general trends in eligible real estate equities worldwide.
Hedge Fund Barometer	The Hedge Fund Barometer is a proprietary Credit Suisse scoring tool that measures market conditions for hedge fund strategies. It comprises four components: liquidity, volatility; systemic risks and business cycle.
Japan Topix	TOPIX, also known as the Tokyo Stock Price Index, tracks all large Japanese companies listed in the stock exchange's "first section." The index calculation excludes temporary issues and preferred stocks.
JPM EM hard curr. USD	The Emerging Market Bond Index Plus tracks the total return of hard-currency sovereign bonds across the most liquid emerging markets. The index encompasses US-denominated Brady bonds (dollar-denominated bonds issued by Latin American countries), loans and Eurobonds.
JPM EM local curr. hedg. USD	The JPMorgan Government Bond Index tracks local currency bonds issued by emerging market governments across the most accessible markets for international investors.

MSCI AC Asia/Pacific	The MSCI All Country Asia Pacific Index captures large and mid cap representation across 5 developed market countries and 8 emerging markets countries in the Asia Pacific region. With 1,000 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.
MSCI AC World	The MSCI All Country World Index captures large and mid cap representation across 23 developed markets and 23 emerging market countries. With roughly 2480 constituents, the index covers around 85% of the global investable equity opportunity set.
MSCI Emerging Markets	MSCI Emerging Markets is a free-float-weighted Index designed to measure equity market performance in global emerging markets. The index is developed and calculated by Morgan Stanley Capital International.
MSCI EMU	The MSCI EMU Index (European Economic and Monetary Union) captures large and mid cap representation across the 10 Developed Markets countries in the EMU. With 237 constituents, the index covers approximately 85% of the free float-adjusted market capitalization of the EMU.
MSCI Europe	The MSCI Europe Index captures large and mid cap representation across 15 developed markets countries in Europe. With 442 constituents, the index covers approximately 85% of the free float-adjusted market capitalization across the European developed markets equity universe.
MSCI UK	The MSCI United Kingdom Index is designed to measure the performance of the large and mid cap segments of the UK market. With 111 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the UK.
MSCI World	MSCI World is an index of global equity markets developed and calculated by Morgan Stanley Capital International. Calculations are based on closing prices with dividends reinvested.
OECD Composite Leading Indicators	OECD Composite Leading Indicators (CLIs) are designed to provide early signals of turning points in business cycles with components that measure early stages of production, respond to changes in economic activity, and are sensitive to expectations of future activity.
Purchasing Managers' Indices	Purchasing Managers' Indices (PMIs) are economic indicators derived from monthly surveys of private-sector companies. The two principal producers of PMIs are Markit Group, which conducts PMIs for over 30 countries worldwide, and the Institute for Supply Management (ISM), which conducts PMIs for the United States. The indices include additional sub-indices for manufacturing surveys such as new orders, employment, exports, stocks of raw materials and finished goods, prices of inputs and finished goods, and services.
Russell 1000 Growth Index	The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the US equity universe based on 1000 large-cap companies with higher price-to-book ratios and higher forecast growth values.
Russell 1000 Index	The Russell 1000 Index is a stock market index that represents the highest-ranking 1,000 stocks in the Russell 3000 Index (encompassing the 3,000 largest US-traded stocks, with the underlying companies all incorporated in the USA), and representing about 90% of the total market capitalization of that index. The Russell 1000 Index has a weighted average market capitalization of USD 81 billion and the median market capitalization is approximately USD 4.6 billion.
Russell 1000 Value Index	The Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe based on 1000 large-cap companies with lower price-to-book ratios and lower expected growth values.
Switzerland SMI	The Swiss Market Index is made up of 20 of the largest companies listed of the Swiss Performance Index universe. It represents 85% of the free-float capitalization of the Swiss equity market. As a price index, the SMI is not adjusted for dividends.
UK FTSE 100	FTSE 100 is a market-capitalization-weighted stock index that represents 100 of the most highly capitalized companies traded on the London Stock exchange. The equities have an investibility weighting in the index calculation.
US S&P 500	Standard and Poor's 500 is a capitalization-weighted stock index representing all major industries in the USA, which measures the performance of the domestic economy through changes in the aggregate market value.

Abbreviations frequently used in reports

Abb.	Description	Abb.	Description
3/6/12 MMA	3/6/12 month moving average	IMF	International Monetary Fund
AI	Alternative investments	LatAm	Latin America
APAC	Asia Pacific	Libor	London interbank offered rate
bbl	barrel	m b/d	Million barrels per day
BI	Bank Indonesia	M1	A measure of the money supply that includes all physical money, such as coins and currency, as well as demand deposits, checking accounts and negotiable order of withdrawal accounts.
BoC	Bank of Canada	M2	A measure of money supply that includes cash and checking deposits (M1) as well as savings deposits, money market mutual funds and other time deposits.
BoE	Bank of England	M3	A measure of money supply that includes M2 as well as large time deposits, institutional money market funds, short-term repurchase agreements and other larger liquid assets.
BoJ	Bank of Japan	M&A	Mergers and acquisitions
bp	Basis points	MAS	Monetary Authority of Singapore
BRIC	Brazil, Russia, China, India	MLP	Master Limited Partnership
CAGR	Compound annual growth rate	MoM	Month-on-month
CBOE	Chicago Board Options Exchange	MPC	Monetary Policy Committee
CFO	Cash from operations	OAS	Option-adjusted spread
CFROI	Cash flow return on investment	OECD	Organisation for Economic Co-operation and Development
DCF	Discounted cash flow	OIS	Overnight indexed swap
DM	Developed Market	OPEC	Organization of Petroleum Exporting Countries
DMs	Developed Markets	P/B	Price-to-book value
EBITDA	Earnings before interest, taxes, depreciation and amortization	P/E	Price-earnings ratio
ECB	European Central Bank	PBoC	People's Bank of China
EEMEA	Eastern Europe, Middle East and Africa	PEG	P/E ratio divided by growth in EPS
EM	Emerging Market	PMI	Purchasing Managers' Index
EMEA	Europe, Middle East and Africa	PPP	Purchasing power parity

EMs	Emerging Markets	QE	Quantitative easing
EMU	European Monetary Union	QoQ	Quarter-on-quarter
EPS	Earnings per share	r.h.s.	right-hand side (for charts)
ETF	Exchange traded funds	RBA	Reserve Bank of Australia
EV	Enterprise value	RBI	Reserve Bank of India
FCF	Free cash flow	RBNZ	Reserve Bank of New Zealand
Fed	US Federal Reserve	REIT	Real estate investment trust
FFO	Funds from operations	ROE	Return on equity
FOMC	Federal Open Market Committee	ROIC	Return on invested capital
FX	Foreign exchange	RRR	Reserve requirement ratio
G10	Group of Ten	SAA	Strategic asset allocation
G3	Group of Three	SDR	Special drawing rights
GDP	Gross domestic product	SNB	Swiss National Bank
GPIF	Government Pension Investment Fund	TAA	Tactical asset allocation
HC	Hard currency	TWI	Trade-Weighted Index
HY	High yield	VIX	Volatility Index
IBD	Interest-bearing debt	WTI	West Texas Intermediate
IC	Credit Suisse Investment Committee	YoY	Year-on-year
IG	Investment grade	YTD	Year-to-date
ILB	Inflation-linked bond	Personal Consumption Expenditure (PCE deflator)	An indicator of the average increase in prices for all domestic personal consumption.

Currency codes frequently used in reports

Code	Currency	Code	Currency
ARS	Argentine peso	KRW	South Korean won
AUD	Australian dollar	MXN	Mexican peso
BRL	Brazilian real	MYR	Malaysian ringgit
CAD	Canadian dollar	NOK	Norwegian krone
CHF	Swiss franc	NZD	New Zealand dollar
CLP	Chilean peso	PEN	Peruvian nuevo sol
CNY	Chinese yuan	PHP	Philippine peso
COP	Colombian peso	PLN	Polish złoty
CZK	Czech koruna	RUB	Russian ruble
EUR	Euro	SEK	Swedish krona/kronor
GBP	Pound sterling	SGD	Singapore dollar
HKD	Hong Kong dollar	THB	Thai baht
HUF	Hungarian forint	TRY	Turkish lira
IDR	Indonesian rupiah	TWD	New Taiwan dollar
ILS	Israeli new shekel	USD	United States dollar
INR	Indian rupee	ZAR	South African rand
JPY	Japanese yen		

Important information on derivatives

Pricing	Option premiums and prices mentioned are indicative only. Option premiums and prices can be subject to very rapid changes: The prices and premiums mentioned are as of the time indicated in the text and might have changed substantially in the meantime.
Risks	Derivatives are complex instruments and are intended for sale only to investors who are capable of understanding and assuming all the risks involved. Investors must be aware that adding option positions to an existing portfolio may change the characteristics and behavior of that portfolio substantially. A portfolio's sensitivity to certain market moves can be heavily impacted by the leverage effect of options.
Buying calls	Investors who buy call options risk the loss of the entire premium paid if the underlying security trades below the strike price at expiration.
Buying puts	Investors who buy put options risk loss of the entire premium paid if the underlying security finishes above the strike price at expiration.
Selling calls	Investors who sell calls commit themselves to sell the underlying for the strike price, even if the market price of the underlying is substantially higher. Investors who sell covered calls (own the underlying security and sell a call) risk limiting their upside to the strike price plus the upfront premium received and may have their security called away if the security price exceeds the strike price of the short call. Additionally, the investor has full downside participation that is only partially offset by the premium received upfront. If investors are forced to sell the underlying they might be subject to taxing. Investors shorting naked calls (i.e. selling calls but without holding the underlying security) risk unlimited losses of security price less strike price.
Selling puts	Put sellers commit to buying the underlying security at the strike price in the event the security falls below the strike price. The maximum loss is the full strike price less the premium received for selling the put.
Buying call spreads	Investors who buy call spreads (buy a call and sell a call with a higher strike) risk the loss of the entire premium paid if the underlying trades below the lower strike price at expiration. The maximum gain from buying call spreads is the difference between the strike prices, less the upfront premium paid.

Selling naked call spreads	Selling naked call spreads (sell a call and buy a farther out-of-the-money call with no underlying security position): Investors risk a maximum loss of the difference between the long call strike and the short call strike, less the upfront premium taken in, if the underlying security finishes above the long call strike at expiration. The maximum gain is the upfront premium taken in, if the security finishes below the short call strike at expiration.
Buying put spreads	Investors who buy put spreads (buy a put and sell a put with a lower strike price) also have a maximum loss of the upfront premium paid. The maximum gain from buying put spreads is the difference between the strike prices, less the upfront premium paid.
Buying strangles	Buying strangles (buy put and buy call): The maximum loss is the entire premium paid for both options, if the underlying trades between the put strike and the call strike at expiration.
Selling strangles or straddles	Investors who are long a security and short a strangle or straddle risk capping their upside in the security to the strike price of the call that is sold plus the upfront premium received. Additionally, if the security trades below the strike price of the short put, investors risk losing the difference between the strike price and the security price (less the value of the premium received) on the short put and will also experience losses in the security position if they owns shares. The maximum potential loss is the full value of the strike price (less the value of the premium received) plus losses on the long security position. Investors who are short naked strangles or straddles have unlimited potential loss since, if the security trades above the call strike price, investors risk losing the difference between the strike price and the security price (less the value of the premium received) on the short call. In addition, they are obligated to buy the security at the put strike price (less upfront premium received) if the security finishes below the put strike price at expiration.

Risk warning

Every investment involves risk, especially with regard to fluctuations in value and return. If an investment is denominated in a currency other than your base currency, changes in the rate of exchange may have an adverse effect on value, price or income.

For a discussion of the risks of investing in the securities mentioned in this report, please refer to the following Internet link:

https://investment.credit-suisse.com/gr/riskdisclosure/

This report may include information on investments that involve special risks. You should seek the advice of your independent financial advisor prior to taking any investment decisions based on this report or for any necessary explanation of its contents. Further information is also available in the information brochure "Special Risks in Securities Trading" available from the Swiss Bankers Association.

Past performance is not an indicator of future performance. Performance can be affected by commissions, fees or other charges as well as exchange rate fluctuations.

Financial market risks

Historical returns and financial market scenarios are no reliable indicators guarantee of future performance. The price and value of investments mentioned and any income that might accrue could fall or rise or fluctuate. Past performance is not a guide to future performance. If an investment is denominated in a currency other than your base currency, changes in the rate of exchange may have an adverse effect on value, price or income. You should consult with such advisor(s) as you consider necessary to assist you in making these determinations.

Investments may have no public market or only a restricted secondary market. Where a secondary market exists, it is not possible to predict the price at which investments will trade in the market or whether such market will be liquid or illiquid.

Emerging markets

Where this report relates to emerging markets, you should be aware that there are uncertainties and risks associated with investments and transactions in various types of investments of, or related or linked to, issuers and obligors incorporated, based or principally engaged in business in emerging markets countries. Investments related to emerging markets countries may be considered speculative, and their prices will be much more volatile than those in the more developed countries of the world. Investments in emerging markets investments should be made only by sophisticated investors or experienced professionals who have independent knowledge of the relevant markets, are able to consider and weigh the various risks presented by such investments, and have the financial resources necessary to bear the substantial risk of loss of investment in such investments. It is your responsibility to manage the risks which arise as a result of investing in emerging markets investments and the allocation of assets in your portfolio. You should seek advice from your own advisers with regard to the various risks and factors to be considered when investing in an emerging markets investment.

Alternative investments

Hedge funds are not subject to the numerous investor protection regulations that apply to regulated authorized collective investments and hedge fund managers are largely unregulated. Hedge funds are not limited to any particular investment discipline or trading strategy, and seek to profit in all kinds of markets by using leverage, derivatives, and complex speculative investment strategies that may increase the risk of investment loss.

Commodity transactions carry a high degree of risk, including the loss of the entire investment, and may not be suitable for many private investors. The performance of such investments depends on unpredictable factors such as natural catastrophes, climate influences, hauling capacities, political unrest, seasonal fluctuations and strong influences of rolling-forward, particularly in futures and indices.

Investors in real estate are exposed to liquidity, foreign currency and other risks, including cyclical risk, rental and local market risk as well as environmental risk, and changes to the legal situation.

Private Equity

Private Equity (hereafter "PE") means private equity capital investment in companies that are not traded publicly (i.e. are not listed on a stock exchange), they are complex, usually illiquid and long-lasting. Investments in a PE fund generally involve a significant degree of financial and/or business risk. Investments in private equity funds are not principal-protected nor guaranteed. Investors will be required to meet capital calls of investments over an extended period of time. Failure to do so may traditionally result in the forfeiture of a portion or the entirety of the capital account, forego any future income or gains on investments made prior to such default and among other things, lose any rights to participate in future investments or forced to sell their investments at a very low price, much lower than secondary market valuations. Companies or funds may be highly leveraged and therefore may be more sensitive to adverse business and/or financial developments or economic factors. Such investments may face intense competition, changing business or economic conditions or other developments that may adversely affect their performance.

Interest rate and credit risks

The retention of value of a bond is dependent on the creditworthiness of the Issuer and/or Guarantor (as applicable), which may change over the term of the bond. In the event of default by the Issuer and/or Guarantor of the bond, the bond or any income derived from it is not guaranteed and you may get back none of, or less than, what was originally invested.

Investment Strategy Department

Investment Strategists are responsible for multi-asset class strategy formation and subsequent implementation in CS's discretionary and advisory businesses. If shown, Model Portfolios are provided for illustrative purposes only. Your asset allocation, portfolio weightings and performance may look significantly different based on your particular circumstances and risk tolerance. Opinions and views of Investment Strategists may be different from those expressed by other Departments at CS. Investment Strategist views may change at any time without notice and with no obligation to update. CS is under no obligation to ensure that such updates are brought to your attention.

From time to time, Investment Strategists may reference previously published Research articles, including recommendations and rating changes collated in the form of lists. The recommendations contained herein are extracts and/or references to previously published recommendations by Credit Suisse Research. For equities, this relates to the respective Company Note or Company Summary of the issuer. Recommendations for bonds can be found within the respective Research Alert (bonds) publication or Institutional Research Flash/Alert – Credit Update Switzerland. These items are available on request or from

https://investment.credit-suisse.com

Disclosures are available from

https://www.credit-suisse.com/disclosure

Global disclaimer / Important information

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject CS to any registration or licensing requirement within such jurisdiction.

References in this report to CS include Credit Suisse AG, the Swiss bank, its subsidiaries and affiliates. For more information on our structure, please use the following link:

http://www.credit-suisse.com

NO DISTRIBUTION, SOLICITATION, OR ADVICE: This report is provided for information and illustrative purposes and is intended for your use only. It is not a solicitation, offer or recommendation to buy or sell any security or other financial instrument. Any information including facts, opinions or quotations, may be condensed or summarized and is expressed as of the date of writing. The information contained in this report has been provided as a general market commentary only and does not constitute any form of regulated financial advice, legal, tax or other regulated service. It does not take into account the financial objectives, situation or needs of any persons, which are necessary considerations before making any investment decision. You should seek the advice of your independent financial advisor prior to taking any investment decisions based on this report or for any necessary explanation of its contents. This report is intended only to provide observations and views of CS at the date of writing, regardless of the date on which you receive or access the information. Observations and views contained in this report may be different from those expressed by other Departments at CS and may change at any time without notice and with no obligation to update. CS is under no obligation to ensure that such updates are brought to your attention. **FORECASTS & ESTIMATES:** Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. To the extent that this report contains statements about future performance, such statements are forward looking and subject to a number of risks and uncertainties. Unless indicated to the contrary, all figures are unaudited. All valuations mentioned herein are subject to CS valuation policies and procedures. **CONFLICTS:** CS reserves the right to remedy any errors that may be present in this report. CS, its affiliates and/or their employees may have a position or holding, or other material interest or effect transactions in any securities mentioned or options thereon, or other investments related thereto and from time to time may add to or dispose of such investments. CS may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investments listed in this report or a related investment to any company or issuer mentioned. Some investments referred to in this report will be offered by a single entity or an associate of CS or CS may be the only market maker in such investments. CS is involved in many businesses that relate to companies mentioned in this report. These businesses include specialized trading, risk arbitrage, market making, and other proprietary trading. **TAX:** Nothing in this report constitutes investment, legal, accounting or tax advice. CS does not advise on the tax consequences of investments and you are advised to contact an independent tax advisor. The levels and basis of taxation are dependent on individual circumstances and are subject to change. **SOURCES:** Information and opinions presented in this report have been obtained or derived from sources which in the opinion of CS are reliable, but CS makes no representation as to their accuracy or completeness. CS accepts no liability for a loss arising from the use of this report. **WEBSITES:** This report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of CS, CS has not reviewed the linked site and takes no responsibility for the content contained therein. Such address or hyperlink (including addresses or hyperlinks to CS's own website material) is provided solely for your convenience and information and the content of the linked site does not in any way form part of this report. Accessing such website or following such link through this report or CS's website shall be at your own risk.**DATA PRIVACY:** Your Personal Data will be processed in accordance with the Credit Suisse privacy statement accessible at your domicile through the official Credit Suisse website https://www.credit-suisse.com. In order to provide you with marketing materials concerning our products and services, Credit Suisse Group AG and its subsidiaries may process your basic Personal Data (i.e. contact details such as name, e-mail address) until you notify us that you no longer wish to receive them. You can opt-out from receiving these materials at any time by informing your Relationship Manager.

Distributing entities

Except as otherwise specified herein, this report is distributed by Credit Suisse AG, a Swiss bank, authorized and regulated by the Swiss Financial Market Supervisory Authority. **Austria:** This report is distributed by CREDIT SUISSE (LUXEMBOURG) S.A. Zweigniederlassung Österreich (the "Austria branch") which is a branch of CREDIT SUISSE (LUXEMBOURG) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Austria branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), 283, route d'Arlon, L-2991 Luxembourg, Grand Duchy of Luxembourg, as well as of the Austrian supervisory authority, the Financial Market Authority (FMA), Otto-Wagner Platz 5, A-1090 Vienna, Austria. **Bahrain**: This report is distributed by Credit Suisse AG, Bahrain Branch, authorized and regulated by the Central Bank of Bahrain (CBB) as an Investment Business Firm Category 2. Related financial services or products are only made available to professional clients and Accredited Investors, as defined by the CBB, and are not intended for any other persons. The Central Bank of Bahrain has not reviewed, nor has it approved, this document or the marketing of any investment vehicle referred to herein in the Kingdom of Bahrain and is not responsible for the performance of any such investment vehicle. Credit Suisse AG, Bahrain Branch, a branch of Credit Suisse AG, Zurich/Switzerland, is located at Level 21-22, East Tower, Bahrain World Trade Centre, Manama, Kingdom of Bahrain**. DIFC**: This information is being distributed by Credit Suisse AG (DIFC Branch). Credit Suisse AG (DIFC Branch) is licensed and regulated by the Dubai Financial Services Authority ("DFSA"). Related financial services or products are only made available to Professional Clients or Market Counterparties, as defined by the DFSA, and are not intended for any other persons. Credit Suisse AG (DIFC Branch) is located on Level 9 East, The Gate Building, DIFC, Dubai, United Arab Emirates.**France:** This report is distributed by Credit Suisse (Luxembourg) S.A. Succursale en France (the "France branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The France branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the French supervisory authority, the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and of the Autorité des Marchés Financiers.**Germany:** This report is distributed by Credit Suisse (Deutschland) Aktiengesellschaft regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht („BaFin"). **Guernsey:**This report is distributed by Credit Suisse AG Guernsey Branch, a branch of Credit Suisse AG (incorporated in the Canton of Zurich), with its place of business at Helvetia Court, Les Echelons, South Esplanade, St Peter Port, Guernsey. Credit Suisse AG Guernsey Branch is wholly owned by Credit Suisse AG and is regulated by the Guernsey Financial Services Commission. Copies of the latest audited accounts are available on request.**India:** This report is distributed by Credit Suisse Securities (India) Private Limited (CIN no. U67120MH1996PTC104392) regulated by the Securities and Exchange Board of India as Research Analyst (registration no. INH 000001030), as Portfolio Manager (registration no. INP000002478) and as Stock Broker (registration no. INZ000248233), having registered address at 9th Floor, Ceejay House, Dr.Annie Besant Road, Worli, Mumbai - 400 018, India, T- +91-22 6777 3777. **Italy:** This report is distributed in Italy by Credit Suisse (Italy) S.p.A., a bank incorporated and registered under Italian law subject to the supervision and control of Banca d'Italia and CONSOB. **Lebanon:** This report is distributed by Credit Suisse (Lebanon) Finance SAL ("CSLF"), a financial institution incorporated in Lebanon and regulated by the Central Bank of Lebanon ("CBL") with a financial institution license number 42. Credit Suisse (Lebanon) Finance SAL is subject to the CBL's laws and regulations as well as the laws and decisions of the Capital Markets Authority of Lebanon ("CMA"). CSLF is a subsidiary of Credit Suisse AG and part of the Credit Suisse Group (CS). The CMA does not accept any responsibility for the content of the information included in this report, including the accuracy or completeness of such information. The liability for the content of this report lies with the issuer, its directors and other persons, such as experts, whose opinions are included in the report with their consent. The CMA has also not assessed the suitability of the investment for any particular investor or type of investor. Investments in financial markets may involve a high degree of complexity and risk and may not be suitable to all investors. The suitability assessment performed by CSLF with respect to this investment will be undertaken based on information that the investor would have provided to CSLF and in accordance with Credit Suisse internal policies and processes. It is understood that the English language will be used in all communication and documentation provided by CS and/or CSLF. By accepting to invest in the product, the investor confirms that he has no objection to the use of the English language. **Luxembourg:** This report is distributed by Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. Credit Suisse (Luxembourg) S.A. is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF). **Mexico:** Banco Credit Suisse (México), S.A., Institución de Banca Múltiple, Grupo Financiero Credit Suisse (México) and C. Suisse Asesoría México, S.A. de C.V. ("Credit Suisse Mexico"). This document is elaborated for information purposes only and does not constitute a recommendation, advice or an invitation to execute any operation and does not replace direct communication with your relationship manager at Credit Suisse Mexico before the execution of any investment. The people who elaborated this document do not receive payment or compensation from any entity of the Credit Suisse Group other than the one employing them. The prospectuses, offering documentation, term sheets, investment regimes, annual reports and periodical financial information contained useful information for investors. Such documents can be obtained without any cost, directly from the issuer of securities and investment fund managers or at the securities and stock market web page, as well as from

your relationship manager at Credit Suisse Mexico. The information herein does not substitutes the Account Statements, the INFORME DE OPERACIONES or/ and confirmations you receive from Credit Suisse Mexico pursuant to the General Rules applicable to financial institutions and other persons that provide investment services. C. Suisse Asesoría México, S.A. de C.V., is an investment advisor duly incorporated under the Securities Market Law ("LMV") and is registered before the National Banking and Securities Commission ("CNBV") under folio number 30070 and therefore is not a bank, is not authorized to receive deposits nor to custody any securities, is not part of Grupo Financiero Credit Suisse (México), S.A. de C.V.. Under the provisions of the LMV, C. Suisse Asesoría México, S.A. de C.V. is not an independent investment advisor pursuant to its relationship with Credit Suisse AG, a foreign financial institution, and its indirect relationship with Grupo Financiero Credit Suisse (Mexico), S.A. de C.V. The people who produced this document do not receive payment or compensation from any entity of the Credit Suisse Group other than the one employing them. **Netherlands:** This report is distributed by Credit Suisse (Luxembourg) S.A., Netherlands Branch (the "Netherlands branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Netherlands branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the Dutch supervisory authority, De Nederlansche Bank (DNB), and of the Dutch market supervisor, the Autoriteit Financiële Markten (AFM). **Portugal:** This report is distributed by Credit Suisse (Luxembourg) S.A., Sucursal em Portugal (the "Portugal branch") which is a branch of Credit Suisse (Luxembourg) S.A., a duly authorized credit institution in the Grand Duchy of Luxembourg with registered address 5, rue Jean Monnet, L-2180 Luxembourg. The Portugal branch is subject to the prudential supervision of the Luxembourg supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), and of the Portuguese supervisory authority, the Comissão do Mercado dos Valores Mobiliários (CMVM).**Qatar**: This information has been distributed by Credit Suisse (Qatar) L.L.C., which is duly authorized and regulated by the Qatar Financial Centre Regulatory Authority (QFCRA) under QFC License No. 00005. All related financial products or services will only be available to Business Customers or Market Counterparties (as defined by the QFCRA), including individuals, who have opted to be classified as a Business Customer, with net assets in excess of QR 4 million, and who have sufficient financial knowledge, experience and understanding to participate in such products and/or services. Therefore this information must not be delivered to, or relied on by, any other type of individual. **Saudi Arabia**: This information is being distributed by Credit Suisse Saudi Arabia (CR Number 1010228645), duly licensed and regulated by the Saudi Arabian Capital Market Authority pursuant to License Number 08104-37 dated 23/03/1429H corresponding to 21/03/2008AD. Credit Suisse Saudi Arabia's principal place of business is at King Fahad Road, Hay Al Mhamadiya, 12361-6858 Riyadh, Saudi Arabia. Website: https://www.credit-suisse.com/sa. **South Africa**: This information is being distributed by Credit Suisse AG which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 9788 and / or by Credit Suisse (UK) Limited which is registered as a financial services provider with the Financial Sector Conduct Authority in South Africa with FSP number 48779. **Spain:** This report is distributed in Spain by Credit Suisse AG, Sucursal en España, legal entity registered at Comisión Nacional del Mercado de Valores. **Turkey:** The investment information, comments and recommendations contained herein are not within the scope of investment advisory activity. The investment advisory services are provided by the authorized institutions to the persons in a customized manner taking into account the risk and return preferences of the persons. Whereas, the comments and advices included herein are of general nature. Therefore recommendations may not be suitable for your financial status or risk and yield preferences. For this reason, making an investment decision only by relying on the information given herein may not give rise to results that fit your expectations. This report is distributed by Credit Suisse Istanbul Menkul Degerler Anonim Sirketi, regulated by the Capital Markets Board of Turkey, with its registered address at Levazim Mahallesi, Koru Sokak No. 2 Zorlu Center Terasevler No. 61 34340 Besiktas/ Istanbul-Turkey. **United Kingdom**: This material is distributed by Credit Suisse (UK) Limited. Credit Suisse (UK) Limited, is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Where this material is distributed into the United Kingdom by an offshore entity not exempted under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 the following will apply: To the extent communicated in the United Kingdom ("UK") or capable of having an effect in the UK, this document constitutes a financial promotion which has been approved by Credit Suisse (UK) Limited which is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority for the conduct of investment business in the UK. The registered address of Credit Suisse (UK) Limited is Five Cabot Square, London, E14 4QR. Please note that the rules under the UK's Financial Services and Markets Act 2000 relating to the protection of retail clients will not be applicable to you and that any potential compensation made available to "eligible claimants" under the UK's Financial Services Compensation Scheme will also not be available to you. Tax treatment depends on the individual circumstances of each client and may be subject to changes in future.

UNITED STATES: NEITHER THIS REPORT NOR ANY COPY THEREOF MAY BE SENT, TAKEN INTO OR DISTRIBUTED IN THE UNITED STATES OR TO ANY US PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE US SECURITIES ACT OF 1933, AS AMENDED).

20C013A_IS

Imprint

Investment horizon: 3-6 months

The English translation of Economics Alert is provided as a convenience for our readers. No guarantee is made or implied for the accuracy of the translation. Only the original German version is authoritative.

Publisher
Walter Edelmann
Chief Global Strategist
+41 44 333 46 40
walter.edelmann@credit-suisse.com

Information about other Investment Solutions & Products publications
Credit Suisse AG
Investment Publishing
P.O. Box 300, CH-8070 Zürich

Internet
https://investment.credit-suisse.com

Intranet (for employees only)
https://isr.csintra.net

Subscription (clients)
Please contact your customer advisor to subscribe to this publication

Subscription (internal)
For information on subscriptions please visit:
https://isr.csintra.net/subscriptions

Authors

Claude Maurer
Head of Swiss Macro Analysis & Strategy
+41 44 333 41 90
claude.maurer@credit-suisse.com