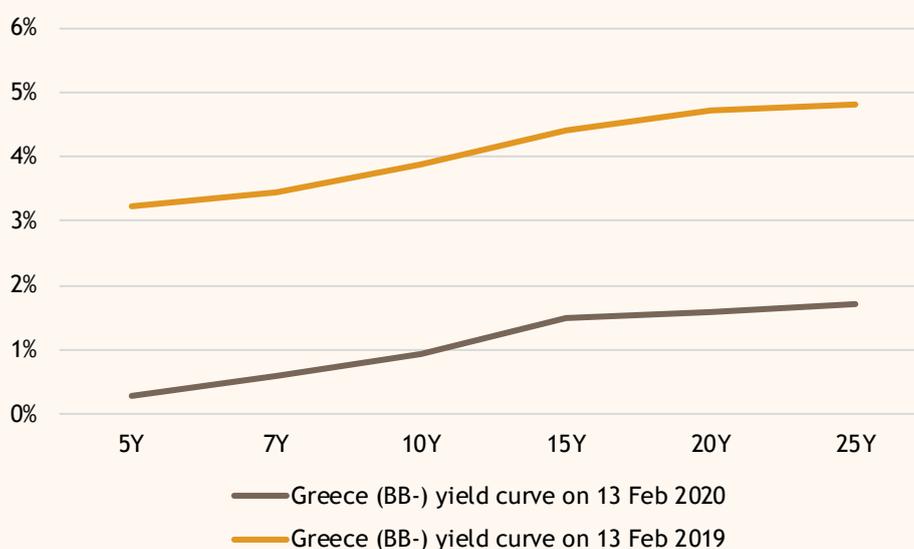


**Key Economic Figures / Events of the Week**

- As the number of confirmed coronavirus cases continues to rise, it seems that the outbreak has not peaked yet. This week saw a sharp increase in new detected cases due to advances in methods of diagnosing, followed by a slowing in the number of new cases by the end of the week, which provided some relief to the markets. Meanwhile, the economic costs start to show up, with most of the economists cutting the 2020 growth forecasts for China and the global economy. While record inflows into fixed income and other safe assets continued this week, risk assets are also not shunned by investors.
- Fed’s Chairman Jerome Powell has also expressed concerns about the novel coronavirus and its impact on the global economy in his semi-annual report in front of the US Congress, but reiterated Fed’s wait-and-see approach for the time being. However, the acknowledgement of the coronavirus risk led to markets pricing in a more dovish Fed than expected before the outbreak. A more than 25 bps cut this year will lead to the realization of our best-case scenario in terms of Treasuries’ yield curve.
- The strong performance of the left-leaning democratic candidate Bernie Sanders, who won two of the primary elections did not scare the markets, as it only increases the chances for re-election of Donald Trump, which is positive for the markets. Markets are awaiting the upcoming Super Tuesday on 3 March, when the greatest number of U.S. states hold primary elections and the former New-York Mayor Michael Bloomberg will also step in the race for Trump’s opponent in the November elections.
- The US labor market remains robust, with the most recent jobs data published on Monday showed a 225’000 new non-farm jobs addition in January, up from 147’000 in December and exceeding expectations of 160’000. This should continue supporting strong consumption and partly overshadow the expected decline in industrial production. The recent truce in the confrontation with China, persistently strong labor markets and the internal Democratic strife are all playing in favor of the incumbent’s president re-election chances.

**Greek bond yields hit new lows**



*Source: Bloomberg*

- Greek (BB-) sovereign bond yields reach new lows, with the 10-year benchmark bond dropping below 1%, which is an illustration of the generally increased appetite for risk despite lingering virus threats. We do not own Greek government bonds, as we continue to believe that the existing risks are too high for the return offered.

As a reminder, Greece restructured its sovereign Eurobonds in 2012, which resulted in a haircut of 53.5%.

### Weekly Investment Insights

- The coronavirus demand shock led to double-digit-percentage drops in fuel prices in less than one month, which could affect energy companies' debt prices. The International Energy Agency slashed its oil demand forecast for 2020 by 365,000 barrels a day, which is 30% less than previously forecasted. However, as soon as the virus is contained, there should be a quick rebound in oil prices.
- Telecom Italia (BB+/Ba1/BB+) bonds due in 2034 which we own surged more than 10% over the week on news that the company is choosing the infrastructure fund to help it acquire the rival Open Fiber SpA, which will make it possible to build a single national network and boost the earning prospects of the company.
- Teva (BB/Ba2/BB-) bonds surged after the company reported better-than-expected 4Q2019 results. Teva reported a fall in debt by 7% last year and we think the company is well positioned to reach the final settlement in the opioid crisis settlement and continue deleveraging, and we see upside price potential for its debt.

### Strategy

The risk posed by the coronavirus is still there and we are late cycle of the US economy and we keep duration moderate for the event of a market correction. However, we expect further monetary easing this year, which should continue to support markets, that's why we keep our portfolios fully invested. We continue watching primary markets for investing opportunities, which are not abundant, considering the very tight credit spreads. This week, we acquired a 5-year USD-denominated new issue of Emirates NBD Bank (A+/A3) with a yield-to-maturity of 2.64%.

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**We hope you find this information useful and will be glad to answer your questions**

AXIOMA Wealth Management AG  
Bleicherweg 50, CH-8002 Zurich  
Tel.: + 41 43 305 07 10  
info@axiomag.ch  
www.axiomag.ch



Verband Schweizerischer Vermögensverwalter | VSV  
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