

Input 19.03.2017

Good afternoon

<http://us-presidents.insidegov.com/compare/13-134/Ronald-Reagan-vs-Donald-Trump> gives an interesting overview - and «food for thoughts». Trumponomics could result into to a positive development of US growth. Tax cuts will be supportive to earnings, key is though, that the price for USD remains close to current levels versus global currencies.

Next focus in Europe after the dutch election, is on centrist candidate Emmanuel Macron, who has taken the lead for the first time in polling before the French presidential election, beating the far right's Marine Le Pen in the initial round. As Prime Minister he would defend France's middle classes and claims both the outgoing Socialist government under President Francois Hollande – in which he served – and their right-wing opponents had let down the middle classes, assailed by job cuts and an increasing tax burden. Italy just introduced a flat tax for wealthy foreigners in a bid to compete with similar incentives offered in Britain and Spain, which have successfully attracted a slew of rich footballers and entertainers.

Last week I did have the chance to attend the Geneva Car Show. Global car sales are hitting new records, and the trend continues towards fuel efficiency. VOLVO plans to roll out its first self-driving car in just four years. In other words, the company's first self-driving car won't require a human to supervise it at all while the car is in control. The driver will be able to do another activity while the car does all the driving: <http://www.volvocars.com/intl/about/our-innovation-brands/intellisafe/autonomous-driving/drive-me> Influence of «industry 4.0» and the impact of companies as **GOOGLE** and **INTEL** is an inevitable fact. **DAIMLER** - social contrasts became visible, not only as illustrated on my favourite page http://www.gapminder.org/tools/#_locale_id=en;&chart-type=bubbles. Take a look at <https://www.mercedes-benz.com/de/mercedes-benz/fahrzeuge/personenwagen/g-klasse/der-neue-mercedes-maybach-g-650-landaulet/> - a special Maybach edition, at a price tag of CHF 815'000, was sold out after 2 days at the fair.

Money supply M2

measures the total amount of money in circulation in a country or group of countries in a monetary union. It is scary to monitor the development of how the European Central Bank did expand the amount of EUR lately:



JACOT

Taking a closer look at interest rate since 2008 – EUR LIBOR Months did cost 5% p.a. at the time, we find ourselves today with negative interest rates of -0,35% p.a. Nevertheless we are facing an ongoing inflation. It's a question of time until interest rates will start to increase again. Consequently risk reward ratios on fixed income investments are not attractive.



The European Central Bank, which has left rates unchanged, confirmed that its quantitative easing (QE) program will continue at a rate 60 billion from April to December, but the policy may change if the scenario worsens. It said QE will, no matter what, proceed until **inflation starts getting close to a 2% target**.

According to Mr Draghi, President of ECB:

- Eurozone growth risks are oriented downwards because of global factors.
- the conditions of loans for households and businesses continue to benefit from ECB measures.
- inflation had risen recently due to energy prices and it is expected to rise again in the short term but underlying inflation pressures remain «modest» and a «convincing upwards trend» is not expected.
- as the recovery consolidates, rates too will rise, **we have to be patient**.

As asset manager we continue to promote single stock oriented longterm investing, with focus on dividend yields and solid balance sheets. <https://www.dai.de/en/what-we-offer/studies-and-statistics/return-triangles.html> explains and illustrates clearly that longterm investing does pay out, despite all historical volatility on financial markets.

Hopefully there will be a chance to reflect and exchange your view on markets and global politics very soon personally.

Best wishes

Bjoern