

A scenic view of a European city, likely Zurich, featuring a river with several bridges, historic buildings along the waterfront, and a prominent church spire in the background. The image is used as a background for the title text.

Market Watch. Blackfort.

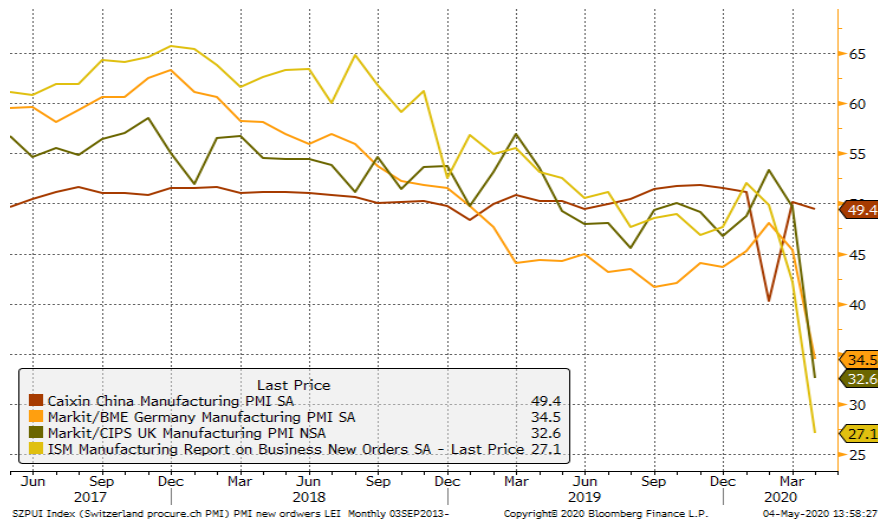
May (I)



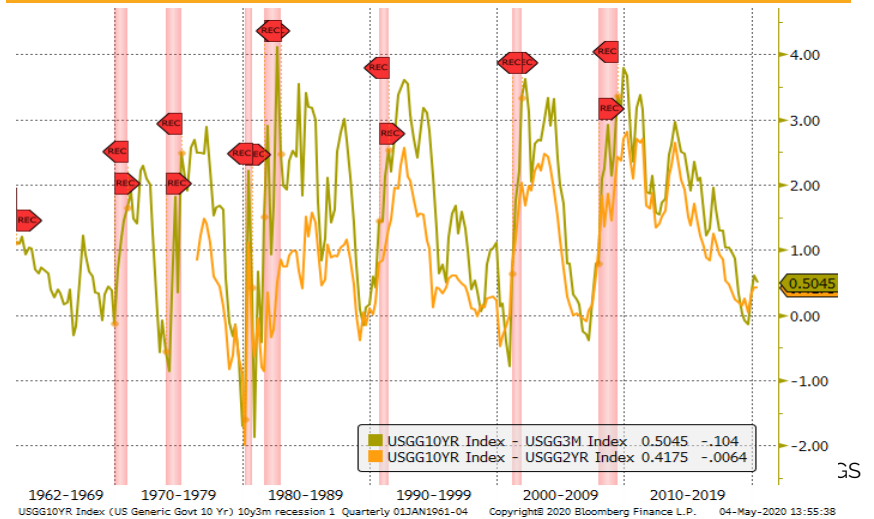
Macro Update: PMI data in a free fall, but are sentiment indicators helpful right now?

- ❖ The latest US PMI manufacturing data fell to an 11-year low. The new orders sub index has fallen sharply as well. Normally the conclusion would be that over the next 6-18 months we will see a substantial contraction of the economy.
- ❖ However, we know that such sentiment indicators do work well in normal times and are very useful for asset allocation decisions. But we believe they are not servicing well right now.
- ❖ Only very few people are ready to answer such a questioner during a pandemic. At the same time hard economic data does not reflect the actual situation neither, as it covers the past.
- ❖ We believe that Q2 GDP will contract globally. This, however, is already priced in. The key is what happens in H2 2020 and H1 2021. As virologists cannot foresee the development of the corona virus and especially do not know how big the 2nd wave will be nobody really can know.
- ❖ Markets price in a V- or U-shape recovery. Based on recent figures from China this is a likely scenario, but only under the assumption that the western world keeps social distancing and hygiene rules in place.

PMIs below 40 indicate a deep and long recession, but data is distorted



US Yield curve has steepened: V-Shape recovery?



- ❖ Tracking software and systematic testing are two other cornerstones to control the further development. There is however already resistance regarding the tracking software. In Australia only roughly 16% have so far installed it, while in China or South Korea the coverage is almost 100%.
- ❖ In the US and in Germany we have seen demonstrations against the lockdown and the cut of civil rights. In several countries we see that a late reaction to the outbreak has caused a very high mortality rate, e.g. Italy, Spain, UK or the US.
- ❖ We believe that in H2 there will be a significant improvement of the economic outlook compared to Q2, but it will take most likely until the end of 2021 to reach again the global GDP level which we have seen at the end of 2019.
- ❖ Although the lockdown is partially ending, companies cannot work like before. A lot of public events will stay forbidden until at least autumn 2020.
- ❖ It is also very unlikely that tourism will pick up quickly. Most borders are still closed for leisure travelling and this might stay until the summer is over.

Market Overview: Currencies, Commodities, Equity & Bond Indices

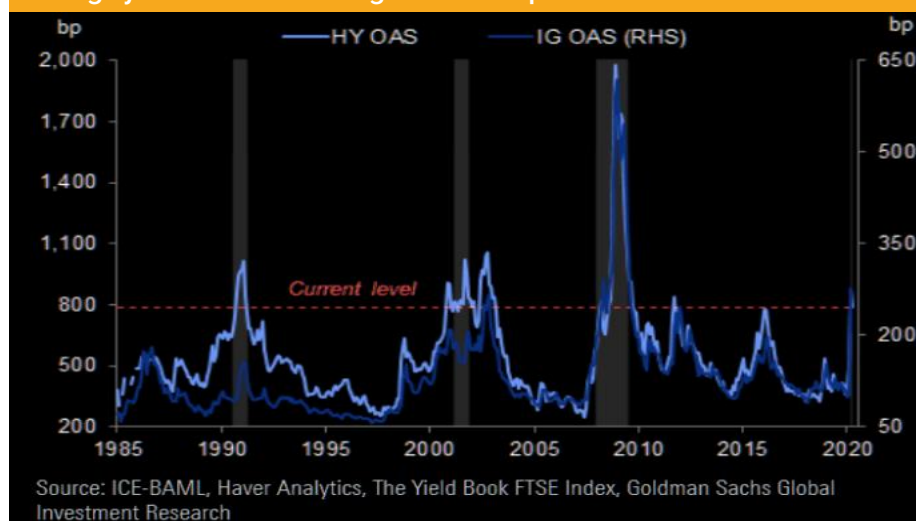
Bonds	May-20	YTD 2020
Bloomberg Barclays Global-Aggregate TR	-0.45%	-11.71%
Bloomberg Barclays Euro Aggregate Corporate TR	-0.27%	-2.91%
Bloomberg Barclays Pan-European High Yield TR	-0.75%	-10.45%
Bloomberg Barclays US Corporate High Yield TR	-0.37%	-9.09%
Bloomberg Barclays Asia USD High Yield TR	-0.14%	-8.33%
Bloomberg Barclays Global High Yield TR	-0.75%	-10.45%
JPM Emerging Market Global Bond	-0.15%	-9.92%

Equities	May-20	YTD 2020
NASDAQ 100 Stock Index	-1.84%	1.47%
S&P 500 Index	-2.38%	-11.46%
MSCI World Index	-2.66%	-14.59%
MSCI Emerging Markets Index	-3.99%	-19.88%
EURO STOXX 50 Price EUR	-1.82%	-22.65%
SMI	-1.54%	-8.15%
DAX	-1.91%	-19.58%
FTSE 100	-0.89%	-21.50%
Hong Kong Hang Seng Index	-2.97%	-15.00%
Shanghai Shenzhen CSI 300 A-Shares	-	-4.47%
Nikkei 225	-2.84%	-16.26%

Commodities	May-20	YTD 2020
Gold	-0.28%	11.76%
Copper	0.24%	-16.91%
WTI	3.08%	-66.61%
BRENT	2.87%	-58.79%
Bloomberg Comodity Index	1.60%	-23.51%

Currencies	May-20	YTD 2020
EURCHF	-0.24%	-2.93%
CHFUSD	-0.61%	0.01%
CHFGBP	-0.29%	6.40%
EURUSD	-0.86%	-2.90%
EURGBP	-0.46%	3.29%
GBPUSD	-0.40%	-6.02%
EURRUB	-2.47%	16.10%
USDRUB	-0.01%	7.91%

US high yield and investment grade credit spreads are at recession levels



- ❖ US credit markets do price in a recession but not such a severe one like in 2008. The curve is distorted due to the Fed bond buying program. Recently Boeing applied for the Fed credit loan program. But due to the Fed buying program of corporate bonds Boeing spreads tightened sharply and the company was able to refinance its cash needs with another bond issuance. QE works although moral hazard questions must be raised.
- ❖ Since the last trading day of April the trade tension between China and the US is back on the agenda. Equity markets have fallen, but so far, we still trade above the resistance zone.

Investment Outlook: A consolidation in global equity markets ahead of US?

Liquidity

- ❖ The Swiss franc continues to trade in a sideways channel due to heavy interventions of the Swiss national bank.
- ❖ The EUR has depreciated after the European Union has announced a new EUR 1.5 trillion rescue package for the weaker members of the union.
- ❖ The USD measured by the DXY index trades in a narrow trading range of around 99 - 101.

Equities

- ❖ The S&P 500 is consolidating after the strong rise since the end of March. This was expected but the news flow has changed too. China and the US are criticizing each other. China spread the news that corona virus has come from the US while Mr. Trump tries to disguise his mismanagement of the crisis by threatening with new tariffs. Equity markets have immediately picked up the negative sentiment and pulled back.
- ❖ The pull back was overdue but given the new tension we might see a very volatile market situation over the coming weeks.

Fixed Income

- ❖ The number of negative yielding corporate bonds (in CHF and EUR) has been significantly decreased due to the expected global recession. Meanwhile government bond yields of Switzerland, Germany and the Netherlands have fallen further.
- ❖ QE seems to work not only in the US where the liquidity of the corporate high yield market has improved but also in Europe. There we have seen that yields of Italian Government bonds have tightened since the ECB announced that they will treat these bonds like investment grade bonds in case their rating will be cut to non-investment grade.
- ❖ Another effect of the Fed announcement was the reopening of the new issue market. A lot of companies which have planned to use the credit facilities of the Fed were able to issue new bonds as investors believe the default risk has gotten much smaller after the latest Fed and US government announcements.

The price of an ounce has risen more than 400 USD within the last 12 months



Alternative Investments

- ❖ Gold: The gold price has reached a multi year high and is now consolidating around the 1700 price level. Based on the actual uncertainty and the very low yield level some gold strategists expect a further rise.
- ❖ REITs: European REITs, mainly residential REITs have seen a strong rebound. Since the beginning of May we see a consolidation.
- ❖ Oil: May WTI oil future traded one day before expiring at a negative price of 48 dollar. Apart from the collapse in demand we have seen a huge inflow into ETNs, i.e. products which tracks the oil price. Unfortunately, these products invest into the next two maturing futures which both trade at much higher prices. Therefore even if the oil price rises such products will lose money due to roll costs.

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

Equity



Price D

500
+221.38%

400
+157.09%

300
+92.81%

200
+28.54%

(N)

S

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

d
es
S.
llion
e than

r 180
bid 37%
ating
rowth

pected
izon,
se and

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

Newmont Corp	Basic Materials	US6516391066	USD	62.74	29.93	63.11	47.54	22.23	9.24	0.89	44.79	-0.47
Barrick Gold Corp	Basic Materials	CA0679011084	USD	27.38	11.74	27.38		29.00	11.84	0.73	47.80	-3.37

We appreciate your interest.

Full scope of information is available for our clients.

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.



Blackfort Capital AG · Talstrasse 61 · 8001 Zürich · Switzerland
Tel. +41 44 585 78 78 · Fax. +41 44 585 78 70 · info@blackfort.ch · www.blackfort.ch

Disclaimer

These Bond Recommendations (hereafter «BR») are provided for information purposes only and for the use by the recipient. This document was produced by Blackfort Capital AG (hereafter «BF») with the greatest of care and to the best of its knowledge and belief. Although information and data contained in this document originate from sources that are deemed to be reliable, no guarantee is offered regarding the accuracy or completeness. Therefore, BF does not accept any liability for losses that might occur through the use of this information. The BR does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient considering entering into any transaction and any recipient hereof should conduct its own investigation and analysis. In addition, the BR includes certain projections and forward-looking statements. Such projections and forward-looking statements are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control. Accordingly, there can be no assurance that such projections and forward-looking statements will be realised. The actual results may vary from the anticipated results and such variations may be material. No representations or warranties are made as to the accuracy or reasonableness of such assumptions or the projections or forward-looking statements based thereon. This document is expressly not intended for persons who, due to their nationality or place of residence, are not permitted access to such information under local law. It may not be reproduced either in part or in full without the written permission of BF.

© Blackfort Capital AG. All Rights reserved.