

## Quarterly report: September 2015

The third quarter 2015 can be characterized by hefty price volatility with a clear downward bias of risky assets. One source of growing nervousness was the fact that economic data from China did not quite meet market expectations. The perception of a severe growth recession in China with no adequate policy response gained ground among investors. Above all, the devaluation of the Renminbi (2.5 % vs the USD) raised fears of a new round of competitive devaluation amongst major currencies. In the credit markets premium for lower quality issues rose significantly, by 150 basis points measured in a global bond basket. On the other side Greece and Ukraine as trouble spots of the first half disappeared from the radar of the markets. Despite further progress in the labour market the Fed left interest rate unchanged near zero and cited concerns over weakness in global economic growth. This added to the unease of markets to a surprisingly massive extent.

Commodity prices were down and oil prices lost roughly 25 percent as an overhang in supply continued. Accordingly the currencies of commodity producing countries fell markedly whereas the traded weighted US Dollar remained largely unchanged. The Swiss Franc weakened and approached 1.10 to the Euro for the first time since the cap was abandoned in January.

The performance of stock market was especially disastrous in Asia and commodity dominated exchanges. US and European indices lost less than 10 percent while the Swiss market kept up comparably well with a minus of 3.1 percent in local currency.



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Performance	3rd quarter	1.1.–30.9.15
<i>Fixed income</i>		
Ten-year government bonds USD	2.04 % (-0.30)	-0.13
Ten-year government bonds EUR	0.59% (-0.17)	0.05
Risk premium (global bonds basket)	+ 1.49 %	+ 1.07 %
<i>Currencies</i>		
USD/EUR	-0.26%	7.6 %
USD/CHF	4.3 %	-1.9 %
Gold	-5.0 %	-6.1%
<i>Equities (in LC)</i>		
SMI	-3.1 %	-5.2 %
S&P 500	-6.9 %	-6.7 %
Euro Stoxx	-9.5 %	-1.5 %
MSCI Asia x Japan (USD)	-19.0 %	-13.6%

Wangs, 1 October 2015