

Waiting for — the Fed

Saving you time

BONHÔTE
Bankers since 1815

N°811

15 September 2025

Last week was marked by expectations of monetary easing in the US and a renewed appetite for risk, despite the ongoing political turmoil in Europe.

US indices trading on new highs

US equities are still rising, with the S&P 500 setting its 34th annual record. The Nasdaq 100, on an AI-induced powerplay, is trading on all-time highs. The uptrend is riding the classic “bad news is good news” trend. Namely, while inflation and jobs are showing signs of slowing, this is fuelling expectations for the Fed to embark on an easing cycle as early as this coming Thursday.

The consumer price index gained 2.9% year-on-year in August, in line with expectations. Core inflation was 3.1%. In unadjusted terms, producer prices were marginally lower month-on-month (-0.1%) but the core indicator gained traction, rising by 2.8% year-on-year (highest level since March). Meanwhile initial jobless claims rose to 263,000, another sign that the job market is losing steam. These data make the case for a decline in the 10-year yield to around 4%. Looking at sectors, tech and cyclical (such as automotive and materials) have driven the market ahead, whereas energy has given up ground following the sharp increase in US crude reserves. The assassination of Charly Kirk symbolises the polarisation of the political landscape and underscores the increasingly violent climate in American politics.

European equity indices advanced modestly after the ECB kept its deposit rate at 2.0% and signalled that the tightening cycle may have run its course, with Christine Lagarde stating that policy was now suitable. This stance buoyed export-oriented stocks such as automotive and consumer goods. Banks also held firm, while healthcare and pharmaceuticals dragged on the market.

Political turmoil in France rekindled concern over sovereign debt. Fitch cut the country's rating from AA- to A+ following François Bayrou's parliamentary defeat. The OAT-Bund spread widened to its highest since mid-2024, although the market reaction has so far been contained.

No change likely in Switzerland

In Switzerland, domestic inflation remains close to zero (+0.2% in August), supporting the SNB's wait-and-see stance. Martin Schlegel said that only compelling reasons would justify a return to negative rates and indicated that policy is likely to stay unchanged at the 25 September meeting. The main threat comes from abroad, namely that US tariffs of almost 39% on Swiss imports, hitting watchmaking and pharmaceuticals, pose a serious challenge to competitiveness and heighten the risk of a sharp domestic slowdown.

In China, August data underscored a slowdown in domestic demand: industrial production rose 5.2% and retail sales 3.4%, both below expectations. On the diplomatic front, Vice-Premier He Lifeng met his US counterpart in Madrid, signalling progress in reviving bilateral talks.

For the week, the S&P 500 advanced 1.59%, the Nasdaq 1.86% and the Stoxx Europe 600 1.03%, while the SMI lost 1.43%. The coming days will centre on monetary-policy meetings, Chinese lending figures and corporate earnings.

Swiss Market Index (SMI)

The SMI is testing support at 12150. If this gave way, it could mark out a downswing to 12010 followed possibly by 11950. Resistance is now 12300.



Key data

	USD/CHF	EUR/CHF	SMI	EURO STOXX 50	DAX 30	CAC 40	FTSE 100	S&P 500	NASDAQ	NIKKEI	MSCI Emerging Markets
Latest	0.80	0.93	12'193.86	5'390.71	23'698.15	7'825.24	9'283.29	6'584.29	22'141.10	44'768.12	1'325.73
Trend	➡	➡	➡	➡	⬇	➡	➡	⬆	⬆	⬆	⬆
YTD	-12.21%	-0.52%	5.11%	10.10%	19.05%	6.02%	13.58%	11.95%	14.66%	12.22%	23.27%

(values from the Friday preceding publication)

This document is provided for your information only. It has been compiled from information collected from sources believed to be reliable and up to date, with no warranty as to its accuracy or completeness. By their very nature, markets and financial products are subject to the risk of substantial losses which may be incompatible with your risk tolerance. Any past performance that may be reflected in this document is not a reliable indicator of future results. Nothing contained in this document should be construed as professional or investment advice. This document is not an offer to you to sell or a solicitation of an offer to buy any securities or any other financial product of any nature, and the Bank assumes no liability whatsoever in respect of this document. The Bank reserves the right, where necessary, to depart from the opinions expressed in this document, particularly in connection with the management of its clients' mandates and the management of certain collective investments. The Bank is a Swiss bank subject to regulation and supervision by the Swiss Financial Market Supervisory Authority (FINMA). It is not authorised or supervised by any foreign regulator. Consequently, the publication of this document outside Switzerland, and the sale of certain products to investors resident or domiciled outside Switzerland may be subject to restrictions or prohibitions under foreign law. It is your responsibility to seek information regarding your status in this respect and to comply with all applicable laws and regulations. We strongly advise you to seek independent legal and financial advice from qualified professional advisers before taking any decision based on the contents of this publication.