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Tensions resurface

Financial markets saw choppy trading last week, still weighed down by tensions in the bond market amid a tense political climate, particularly in the United States and France. The U.S. market ended the period higher, thanks to Nvidia's strong earnings and despite comments from Kevin Warsh, who expressed doubts that inflation would quickly return to the 2% target. European indices consolidated, with the exception of the DAX.

United States : strong economic data and a vigilant Fed

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In the United States, earnings reports from companies, particularly in the technology sector (Nvidia, Salesforce), supported the stock indices. Bond yields, which had eased slightly earlier in the week, ended the week near their recent highs, at 4.70% for the 10-year Treasury. Indeed, during his speech in Jackson Hole, the new Fed chairman, Kevin Warsh, indicated that the fight against inflation was not over and stated, in particular, that financial conditions did not seem sufficiently restrictive to him and that he still had doubts about inflation returning to the 2% target. He thus paved the way for a rate hike in the coming months. Expectations of a rate hike at the Fed's next meeting in September have risen from 30% to 50%.

On the macroeconomic front, indicators point to a solid economy, but persistent inflationary pressures are weighing on U.S. household spending. Thus, the U.S. inflation rate as measured by the PCE index came in at 3.7% in July—the same rate as the previous month—while economists had anticipated a slight moderation to 3.6%. In July, the PCE price index rose 0.2% month-over-month.

The labor market remains robust, supported by massive investments in AI. The U.S. Department of Labor reported 203,000 new weekly unemployment claims for the week ending August 24, down 4,000 from the previous week, compared with the expected 208,000 new claims.

Europe : a rebound in macroeconomic data and a spike in inflation

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The slight improvement in the European economic outlook is being confirmed, supported by investment plans in Germany. As a result, the German economy grew more strongly than expected in the second quarter. GDP in Europe's largest economy rose by 0.3% quarter-on-quarter from April through June, whereas an initial estimate had projected growth of 0.2%. Year-over-year, GDP rose by 1% based on both unadjusted and seasonally adjusted (SA) data, according to the Federal Statistical Office. Meanwhile, despite persistently high oil prices, consumer confidence in the eurozone rebounded slightly in August.

In France, consumer prices saw a slight rebound. The consumer price index rose 2.7% year-over-year (up from 2.4% in July) and 0.7% month-over-month.

This week will be marked by the release of August inflation figures for the eurozone and, in the United States, the publication of the monthly jobs report. Corporate earnings reports will continue, notably from Broadcom and Palo Alto.

Swiss Market Index (SMI)

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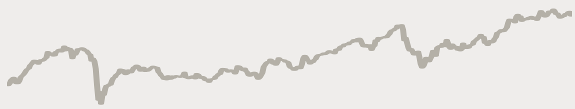
The SMI index remains on a positive trend. As long as it stays above 14,200 points, we remain optimistic; however, if it falls below that level, the index could test the 14,000-point mark.



Key data

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	USD/CHF	EUR/CHF	SMI	EURO STOXX 50	DAX 30	CAC 40	FTSE 100	S&P 500	NASDAQ	NIKKEI	MSCI Emerging Markets
Latest	0.81	0.94	14399.77	6485.67	26569.99	8401.18	10824.26	7711.76	26402.42	66405.56	952.65
% 5 days	0.88	0.23	-0.40	0.36	1.66	-0.98	0.08	0.50	0.85	0.64	0.05
% YTD	2.08	0.78	11.72	14.68	8.49	5.77	11.71	13.49	14.04	33.11	24.28

(values from the Friday preceding publication)