Hiatus as a prelude — to Trump

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Equity markets ended the week on mixed signals as doubts over continued Fed easing in 2025 dampened the mood.

Bond yields further rose, with the US 10-year yield retracing upwards of 4.35% and its German counterpart returning to 2.25%,

In France, the appointment of a new prime minister failed to reduce the spread versus Germany, which is stuck at close to 80 basis points.

In the US, consumer prices picked up marginally in November, egged on by solid economic activity. The consumer price index (CPI) quickened to 2.7% year-on-year in November following a reading of 2.6% in October.

Producer prices rose by 0.4% in November compared with the previous month and by 0.1% excluding food, energy and business services.

In this setting, President Trump's second-term inauguration in January, added to his first pronouncements about trade policy – particularly in regard to China – will be crucial in determining whether the Fed will continue easing monetary policy.

ECB leaves door open to further easing

The European economy is facing a challenging outlook, prompting the ECB last week to cut interest rates for the fourth time since the beginning of the year. The central bank has also indicated the possibility of further easing measures as inflation approaches its target and while the Eurozone economy remains stuck in a rut.

In detail, the deposit rate was reduced by 3.0%, having peaked at 4% following ten consecutive increases between July 2022 and September 2023. That had represented its highest level since the inception of the euro in 1999.

The ECB also confirmed on Thursday that it would this month stop buying bonds under its pandemic emergency purchase programme (PEPP).

SNB slashes benchmark policy rate

Meanwhile, the SNB shocked and awed by cutting its benchmark policy rate by 50 basis points. The latest figures show that inflationary pressures in Switzerland have fallen more than anticipated since the previous review of the economic and monetary situation.

In China, the release of disappointing economic activity indicators cut short the index rally despite the government's stated intention to stimulate economic growth.

All in all, the S&P 500 gave up 0.64%, the Nasdaq gained 0.34% while the Stoxx Europe 600 lost 0.77%.

This week's Fed meeting, with its rate cut prospects, will therefore be closely watched.

Swiss Market Index (SMI)

Technical indicators remain in the red, pointing to further weakness towards 11590. Any rebound by the SMI should be regarded as fragile, all else being equal.

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	0.89	0.94	11'694.43	4'967.95	20'405.92	7'409.57	8'300.33	6'051.09	19'926.72	39'470.44	1'107.01
Trend	→	→	→	↑	↑	↑	→	→	↑	↑	→
YTD	5.68%	-0.30%	5.00%	2.91%	21.81%	-0.54%	0.26%	7.42%	13.27%	17.95%	1.93%

(values from the Friday preceding publication)

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