

# Markets

## — digest announcements

Saving you time

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The week was dominated by revisions to monetary policy expectations following central bank decisions. Markets are now assessing the likelihood of further rate cuts by the end of the year. However, several Fed officials have dampened such expectations, citing inflationary pressures and doubts over the strength of the labour market. Bond yields eased last week, reflecting a more cautious investment stance.

### Equity markets under pressure

In the US, the September flash PMIs pointed to slowing growth as the manufacturing index dipped to 52 (from 53 in August) and its services counterpart eased to 53.9 (from 54.5). The composite index clocked in at 53.6 versus 54.6, signalling a more moderate rate of expansion. The build-up of finished goods inventories underscores the gap between production and demand, and this putting pressure on margins. The PCE deflator for August rose 0.2% month-on-month (+2.9% year-on-year), in line with expectations. This may ease investor concerns about inflation and economic activity while also showing that companies are struggling to pass the full cost of tariffs to customers.

Equities took a bashing last week – particularly tech stocks, infected by the reassessment of the rate-cutting cycle. On the macro front, several data releases were strong: weekly jobless claims fell to 218,000; durable goods orders rose 2.9% in August (+0.4% excluding transportation); and household spending advanced 0.6%. Q2 GDP was revised up to an annualised 3.8%, though momentum is expected to slow in the second half of the year due to the doubts arising from trade practices.

In the Eurozone, the flash composite PMI rose to 51.2, representing a 16-month high, driven by services (51.4). Manufacturing remained under pressure (49.5). The downswing on equities was cushioned by luxury and tech, while automotive, chemicals and banks were sold off. In fixed income, the 10-year Bund yield approached 1.9%, reflecting expectations for a persistently accommodative ECB.

### SNB keeps rates unchanged

In Switzerland, the SNB left its benchmark policy rate unchanged at zero, as expected. It stated that it is assessing the potential impact of US tariffs on the Swiss economy. Last week the Swiss franc remained firm and the SMI edged lower, with defensive stocks acting as a buffer. The SNB also cut its growth forecast (to below 1% for 2026) and now expects unemployment to trend upwards.

China has continued enacting targeted support measures, particularly support for property transactions and bank lending. Equity indices were a mixed bag: tech and semiconductor-related issuers advanced, while property groups were still weak. Consumer confidence is recovering at a pedestrian rate, but economic momentum remains fragile.

Last week the S&P 500 dipped by 0.31%, NASDAQ by 0.50% and the SMI by 1.49%. The Stoxx Europe 600 edged up 0.07%. In the week ahead, investors will be focusing on inflation data in the Eurozone and US as well as Chinese PMI releases and speeches from Fed and ECB brass.

### Swiss Market Index (SMI)

The SMI continues to drift, mindful of key support at 11950 and a short-term resistance at 12150.



### 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	11'929.80	5'499.70	23'739.47	7'870.68	9'284.83	6'643.70	22'484.07	45'354.99	1'325.58
Trend	➡	➡	⬇	⬆	➡	⬆	➡	⬆	⬆	⬆	➡
YTD	-12.07%	-0.63%	2.84%	12.33%	19.26%	6.64%	13.60%	12.96%	16.43%	13.69%	23.25%

(values from the Friday preceding publication)

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