

Global financial markets endured a sharp bout of renewed volatility last week. After several months of steady gains, equity indices wobbled, squeezed between ever-richer valuations in US tech, the trickle of US economic data and changes on the geopolitical scene.

US: labour market surprises on the upside

The long-awaited US jobs numbers came in far stronger than expected, despite suffering from the government shutdown, which delayed publication by 43 days.

September non-farm payrolls showed the addition of 119,000 jobs, well ahead of the 53,000 forecast. Unemployment rose to 4.4%, up from 4.1% a year earlier. Initial jobless claims reached 232,000 in the week ending 18 October, which was marginally above expectations.

The resilient labour market has reignited doubts over whether the Fed will cut rates in December. Minutes from the October FOMC meeting moreover struck a less dovish note, with several policymakers cautioning against moving too quickly towards monetary easing. The 10-year Treasury yield held steady last week in a narrow range of 4.05-4.15%.

In equity markets, big tech was hit by a vicious wave of profit-taking despite reporting solid earnings. This included Nvidia. Wall Street's VIX volatility index surged 11% on Thursday alone and is currently up more than 40% since the start of November — a sign of mounting year-end jitters.

Europe: defence stocks under pressure

European defence names slumped on reports of peace talks between Ukraine and Russia. The mooted plan is said to include the cession of territories not yet conquered by Russia, plus Kyiv must give up on ever joining Nato. Prospects of a deal also weighed on crude prices as markets bet on a potential easing of sanctions on Russian exports.

Across Europe, leading indicators painted a mixed picture. The Eurozone economy expanded for an eleventh consecutive month based on a November composite PMI at 52.4. France beat expectations, but Germany is still the weakest link as the economic slowdown bites.

Global markets ended the week lower, torn between lingering fears of an AI-fuelled bubble and the faint hope of monetary easing ahead. The S&P 500 fell 1.95%, the Nasdaq 2.74%, and the Stoxx Europe 600 2.21%. Switzerland's SMI was broadly unchanged at -0.01%.

Swiss Market Index (SMI)

After testing 12470, the SMI swung upwards but was repelled by the notorious resistance at 12710. If it can manage a breakout, the way could be open to 13100.



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	0.81	0.93	12'632.67	5'515.09	23'091.87	7'982.65	9'539.71	6'602.99	22'273.08	48'625.88	1'333.96
Trend	➡	➡	⬆	⬇	⬇	⬇	⬇	⬇	⬇	⬇	⬇
YTD	-10.91%	-0.94%	8.89%	12.65%	16.00%	8.16%	16.72%	12.26%	15.34%	21.89%	24.03%

(values from the Friday preceding publication)

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