Growth holds steady — rates rise

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Markets benefited early last week from a decline in oil prices and renewed appetite for tech stocks, but the rise in long-term rates has gradually limited the upside potential for risky assets.

United States: Growth complicates the monetary easing scenario

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The data released strongly reinforced the view of a resilient U.S. economy. Weekly jobless claims fell to 197,000, down from a revised 198,000 the previous week, confirming that the labor market is not deteriorating rapidly. Most importantly, the September flash PMI survey revealed a dramatic acceleration in economic activity: the composite index rose from 56 to 58.4, its highest level since July 2021. The manufacturing PMI reached 57 and the services PMI 58.7, both at exceptionally high levels. This strength, however, is accompanied by rising costs, which heightens the risk of more persistent inflation. The bond market, nevertheless, was the main source of tension: the 10-year Treasury yield reached its highest level since 2007 before pulling back at the end of the week. U.S. stocks weathered this rise in rates. The Nasdaq hit a new record early in the week, driven by semiconductors and artificial intelligence. Technology remained the main driver of performance, while the easing of oil prices temporarily reduced inflationary pressure. The focus of asset allocation is shifting toward interest rates, however: strong nominal growth and persistent cost pressures are limiting the scope for rapid monetary easing.

Europe: Economic conditions improve despite energy inflation

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The eurozone is also benefiting from a sharp recovery in economic activity. The composite PMI rose from 52 to 53.1 in September—its highest level in 41 months—driven mainly by the services sector. The increase is substantial enough to suggest an acceleration in growth during the third quarter, but price pressures are simultaneously intensifying due to rising energy costs.

Switzerland: The SNB prioritizes stability

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The SNB kept its key interest rate at 0%. Inflation rose from 0.6% in May to 0.8% in August, driven mainly by petroleum products. The central bank forecasts average inflation of 0.7% in 2026, 0.8% in 2027, and 0.8% in 2028, while projecting growth of 1.5% to 2% this year and approximately 1.5% in 2027. It is keeping open the possibility of intervening in the foreign exchange market, as the franc has depreciated by about 3% on a weighted basis since June.

China: The Trump-Xi summit takes center stage

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The meeting between Donald Trump and Xi Jinping kept markets on edge, with the main issues being the extension of the trade truce, technology relations, and artificial intelligence. Preliminary discussions led Washington and Beijing to agree to continue a formal dialogue on the risks associated with AI. Next week, markets will focus on U.S. inflation and consumer spending data released on Wednesday, followed by the September jobs report on Friday. In the eurozone, the flash inflation figure for September will be released on Friday.

Swiss Market Index (SMI)

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The SMI consolidated for several weeks, retracing exactly 38.2% according to the Fibonacci retracement. Now, the index appears to be rebounding steadily, with indicators showing signs of recovery.

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	0.83	0.94	13945.71	6302.82	25408.64	8077.80	10695.25	7743.41	27068.72	66364.20	959.80
% 5 days	1.19	0.45	1.17	1.16	0.41	0.35	0.35	1.23	2.07	2.07	1.29
% YTD	4.63	1.58	8.35	11.55	3.75	1.90	10.44	14.07	16.98	33.03	25.22

(values from the Friday preceding publication)

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