

Equity markets resume their ascent

Last week equity markets rekindled their uptrend after the release of macroeconomic data showing a slowdown in US business activity.

In the fixed income space, the yield on 10-year US Treasuries held steady around 4.20%. The yield on its German counterpart was 2.55%.

Job openings in the US fell for the third consecutive month to 8.827 million in July, marking the lowest level since March 2021.

In contrast, the US private sector added just 177,000 new jobs in August, down on the previous month. The unemployment rate unexpectedly rose to 3.8%, up from 3.5% in the previous month, versus a consensus estimate looking for an unchanged reading.

Inflation continues to slow up. Average hourly earnings rose by less in August (+0.2%) than in July (+0.4%), bringing the year-on-year increase to 4.3%, below the expected +4.4%.

Inflation still slowing in the US

Growth in US consumer spending accelerated in July. But because inflation did not move during that month, the Fed is likely to hold policy when it meets later this month. All sign point towards the monetary tightening process soon coming to an end.

In Europe, manufacturing activity slowed to a more pedestrian pace in August. The services PMI recovered slightly to 43.5 versus 42.7 in July.

To support business activity, the German government has approved a corporate tax cuts worth EUR 32bn over four years. The scheme also includes grants covering 15% of the cost of green investments made by companies.

In France, consumer prices rose by 4.8% (YoY) in August, picking up marginally on July (+4.3%), due mainly to the upswing in energy prices. Inflation in the prices of food, manufactured goods and services is slowing.

In China, manufacturing activity has returned to expansionary territory. In response to the economic challenges, the People's Bank of China has reduced its reserve requirement ratio by 200bp to 4% from 15 September as a way of easing pressure on lenders' margins and supporting the economy.

Manufacturing picks up pace in China

The S&P 500 ended the week ahead by 2.50% while the tech-heavy Nasdaq swung upwards by 3.25%. The Stoxx 600 Europe index rose by 1.49%.

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	0.95	11'075.15	4'282.64	15'840.34	7'296.77	7'464.54	4'515.77	14'031.81	32'710.62	985.68
Trend	➡	➡	➡	➡	➡	➡	➡	⬆	⬆	⬆	➡
YTD	-4.21%	-3.58%	3.22%	12.89%	13.77%	12.71%	0.17%	17.61%	34.06%	25.35%	3.06%

(values from the Friday preceding publication)

Swiss Market Index (SMI)



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