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BONHÔTE

Markets continue on a steady course

The recovery in equities continued last week, carried along by a slow deterioration in macroeconomic data suggesting lower interest rates going forward. Corporate earnings reports and noises from central bankers also lent a helping hand. Comments following the Fed's decision not to raise interest rates emphasised the need to allow the measures in place to take effect before considering a change in course.

In bonds, yields edged up in the face of weak demand for the USD 24 billion issue of 30-year US Treasury bonds, with the 10-year yield rising by 15 basis points to 4.64%: Likewise its 2-year equivalent climbed from 4.90% to 5.05%.

Deteriorating consumer confidence in the US

The US labour market continued to deteriorate slowly but surely in the week beginning 30 October as evidenced by initial jobless claims at 217,000. The four-week moving average for this indicator stood at 212,250 last week, up 1,500 on the previous week.

Lastly, US consumer confidence shrank for the fourth consecutive month in November, even though an uptick had been expected. The index tracking confidence stood at 60.4, down from 63.8 in October.

In Europe, industrial producer price inflation slowed in September on a monthly basis. On 12-month basis, these prices fell by 12.4% following a decrease of 11.5% in August.

The Eurozone economy contracted by 0.1% in the third quarter while the composite purchasing managers' index (PMI) for October dipped further into the red, dwindling to 46.5 relative to the 47.2 reading in September – its lowest level since November 2020.

Elsewhere, inflation continued to decelerate in Germany during October, slowing to its lowest level since August 2021. The harmonised consumer price index (HCPI), calculated using Eurostat methods, was confirmed at 3% last month on a 12-month basis. Month-on-month, consumer prices slowed by 0.2%.

Inflation continues to slow

The S&P 500 ended the week ahead by 1.31% while the tech-focused Nasdaq swung upwards by 2.37%. The Stoxx 600 Europe index gave up 0.21%.

The week ahead could generate renewed appetite for risk-taking. Inflation is set to remain on the downward trajectory seen in October, both in the US and Europe, mainly due to oil prices, which have dipped significantly in recent weeks. US consumer spending figures could also bolster hopes among investors that the Fed will call time on monetary tightening.

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	0.90	0.96	10'555.35	4'197.36	15'234.39	7'045.04	7'360.55	4'415.24	13'798.11	32'568.11	948.32
Trend	➡	➡	➡	⬆	⬆	⬆	➡	⬆	⬆	⬆	⬆
YTD	-2.47%	-2.67%	-1.62%	10.64%	9.41%	8.82%	-1.22%	15.00%	31.83%	24.81%	-0.84%

(values from the Friday preceding publication)

Swiss Market Index (SMI)

Last week's bear-market rally filled in the gap around 10661, but technical indicators remain in poor condition. A period of drift between 10450 and 10700 can be expected over the next few days.

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