

# Mood of hope — but also uncertainty

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The global economy is being driven by contrasting trends, showing signs of resilience but also manifesting some persistent challenges.

## Moderate but bumpy recovery in the US

Recent US data points to steady but uneven recovery.

The consumer price index increased by more than expected, reinforcing concerns about persistent inflation and prompting investors to revise expectations for a further Fed rate cut.

Paradoxically, growth in industrial production and robust job figures are evidence of an economy capable of generating momentum, even in times of uncertainty.

Consumer prices grew by 0.5% in January, making the fourth month in a row. Year-on-year the price increase was 3%. Core inflation, which excludes volatile items, was 3.3% year-on-year.

On the production side, growth in wholesale prices slowed to 0.4%, down from 0.5% in December. Industrial production rose by 0.3% in January, while retail sales fell by a sharp 0.9%. This drop in consumer spending was wholly unexpected.

On the diplomatic front, the Donald Trump has stepped up talks with Russia and Ukraine with a view to resolving the armed conflict. This led oil prices lower last week and sent buyers scuttling into European equity markets. He also announced a new wave of tariffs, this time on steel and aluminium, in addition to an executive order enforcing reciprocity.

US equity markets are fluctuating between hope and fear of monetary tightening as debates over fiscal and trade policy fuel volatility.

## Regional disparities worsening

In the Eurozone, economic indicators also show a mixed picture, with Germany and France struggling to shake off their deeply ingrained inertia. Eurozone growth was barely positive in the fourth quarter of 2024, at +0.1%, resulting in full-year 2024 growth of 0.9%.

In Switzerland, inflation continued to contract, slowing by 0.1% in January, while producer prices were flat. The Swiss economy is relatively stable and resilient, fostering reassuring conditions for investing.

All in all, the economic environment is still hard to fathom, with upward pressure on inflation, some structural challenges and the need for governments to adjust their policies. Investors are also adapting their strategies in line with political pronouncements. Meanwhile regional disparities are worsening.

All in all, the S&P 500 ended the week up by 1.47%, Nasdaq by 2.90%, while the Stoxx Europe 600 added a further 1.78%.

## Swiss Market Index (SMI)

The SMI bounced off 12590 ultimately and is flirting with all-time highs. A gap was opened around 12732 amid high ST momentum indicators. Consolidation would be salutary, providing a sound foundation for the recovery.



## 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	0.94	12'839.87	5'493.40	22'513.42	8'178.54	8'732.46	6'114.63	20'026.77	39'149.43	1'125.23
Trend	➡	➡	⬆	⬆	⬆	⬆	⬆	➡	⬆	➡	⬆
YTD	-0.85%	0.46%	10.68%	12.20%	13.10%	10.81%	6.84%	3.96%	3.71%	-1.87%	4.63%

(values from the Friday preceding publication)

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