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BONHÔTE

Zero boost from macroeconomic data

Markets were mixed in a week lacking in macroeconomic data as investors simply reacted to corporate earnings misses, some of which were very wide of the mark. Volatility was lower than the previous week. However, this state of affairs did not prevent the S&P 500 from setting a new record after breaking through the symbolic 5,000 level at Friday's close.

In bonds, the US 10-year yield eased slightly from 4.04% to 4.17%, as if the markets were beginning to realise that their expectations of a rate cut had been a little too optimistic – at least in terms of timetable – despite the unanimous warnings from the major central banks not to get carried away.

The US services sector accelerated more sharply than expected in January, with the ISM services index rising to 53.4 (50.6 in December), beating the forecast for 52. This marked the 43rd month representing growth, out of a total of 44 for the service sector, which last recorded a decline in December 2022.

US service sector continues to expand

The labour market was even stronger than expected, as initial jobless claims totalled 218,000 in the week beginning 29 January, compared with the 220,000 expected. These strong statistics have the dual effect of reassuring us about America's economic bill of health but also fuelling speculation about the Fed's future policy decisions.

In Europe, the slowdown in German inflation was the only significant statistic of the week. The consumer price index rose by 2.9% in January year-on-year, marking the slowest rise in prices since June 2021. This was mainly due to the significant fall in energy costs and food prices.

Slower inflation in Germany's consumer prices

Germany's factory orders rose by 8.9% month-on-month in December after coming in stable for November. For full-year 2023, however, orders were 5.9% lower than in 2022.

Companies have been reporting earnings, and the tech and luxury sectors last week fuelled index gains. Financials disappointed on the whole. The common denominator is undoubtedly the current high standards of investors, who are heavily penalising earnings upsets – at times overdoing the selling. The S&P 500 ended the week up 1.37%, Nasdaq gained by 2.31%, while the Stoxx Europe 600 edged up by 0.19%.

This week will be a fuller one for US macroeconomic data, with January inflation and producer prices and the usual confidence indices likely to confirm the general impression that expectations of a rate cut are gradually fading. In Asia, the main stockmarkets will remain closed for the lunar new year.

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	0.87	0.94	11'091.58	4'715.87	16'926.50	7'647.52	7'572.58	5'026.61	15'990.66	36'897.42	995.53
Trend	➡	➡	⬇	⬆	➡	⬆	➡	⬆	⬆	⬆	⬆
YTD	3.95%	1.57%	-0.41%	4.30%	1.04%	1.38%	-2.08%	5.38%	6.52%	10.26%	-2.76%

(values from the Friday preceding publication)

Swiss Market Index (SMI)

Support at 11070 held steady last week but momentum indicators are looking fragile in the short term. The SMI is likely to trade within its broad range between 10950 and 11270.

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