

Fed gains clearer view

The release of statistics in the US pointing to a slackening labour market and a slowdown in economic activity fuelled risk appetite last week. The prospect of some monetary easing by the ECB in June similarly added weight to the uptrend in European equity markets. In the UK, the Bank of England adopted a less hawkish stance even though it did still hold benchmark policy rates.

All this led to an easing in bond yields, with the US 10-year figure reverting to 4.50% while the German equivalent was steady at 2.50%.

In detail, the release of higher weekly initial jobless claims than expected – revealing some weakening in the labour market – hinted that the Fed might now have the leeway needed to cut rates in September.

US job market loses some of its shine

Another sign pointing to a rate cut is that US consumer sentiment in May fell to its lowest level for six months, dropping to 67.4 in May, versus 77.2 in April, whereas analysts were forecasting a dip to 76.2. These numbers are a sign that consumers are worried about inflation, unemployment and

interest rates. In Europe, the HCOB composite PMI, tracking overall business activity in the Eurozone, rose to 51.7 in April, up from 50.3 in March as private-sector growth accelerated to its fastest pace in nearly a year.

Business activity picking up in Europe

Growth in overall business activity was underpinned by a solid increase in the services sector. In contrast, manufacturing output slowed further.

Finally, seasonally adjusted deflated retail sales in the Eurozone rose by 0.8% in March compared with the previous month.

All in all, the S&P 500 ended the week up by 1.85%, Nasdaq by 1.14%, while the Stoxx Europe 600 surged ahead by 3.01%.

The US consumer price index for April is out this week. Investors will also be focusing on another address by Jerome Powell.

Tencent, Alibaba, JD.com, Home Depot, Walmart, Allianz, Siemens AG and Richemont will all be reporting and their results will be examined closely.

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	0.91	0.98	11'753.70	5'085.08	18'772.85	8'219.14	8'433.76	5'222.68	16'340.87	38'229.11	1'071.64
Trend	➡	➡	⬆	⬆	⬆	⬆	⬆	⬆	⬆	➡	⬆
YTD	7.72%	5.12%	5.53%	12.47%	12.07%	8.96%	9.06%	9.49%	8.86%	14.24%	4.68%

(values from the Friday preceding publication)

Swiss Market Index (SMI)



After several weeks of testing the 34-day exponential moving average, the SMI has now moved on to probe all-time highs. The index has left a series of bullish gaps in its wake.

Contact

Julien Stähli

Chief Investment Officer (CIO)
MBF Boston University

Pierre-François Donzé

M. Sc. in Economics

Karine Patron

MScF Université de Neuchâtel

David Zahnd

MScAPEC Université de Neuchâtel

Bertrand Lemattre

MScF Sciences Po Paris

Pascal Maire

MScF Université de Neuchâtel

Banque Bonhôte & Cie SA - 2, quai Ostervald, 2001 Neuchâtel / Switzerland - T. +41 32 722 10 00 / contact@bonhote.ch

This document is provided for your information only. It has been compiled from information collected from sources believed to be reliable and up to date, with no warranty as to its accuracy or completeness. By their very nature, markets and financial products are subject to the risk of substantial losses which may be incompatible with your risk tolerance. Any past performance that may be reflected in this document is not a reliable indicator of future results. Nothing contained in this document should be construed as professional or investment advice. This document is not an offer to you to sell or a solicitation of an offer to buy any securities or any other financial product of any nature, and the Bank assumes no liability whatsoever in respect of this document. The Bank reserves the right, where necessary, to depart from the opinions expressed in this document, particularly in connection with the management of its clients' mandates and the management of certain collective investments. The Bank is a Swiss bank subject to regulation and supervision by the Swiss Financial Market Supervisory Authority (FINMA). It is not authorised or supervised by any foreign regulator. Consequently, the publication of this document outside Switzerland, and the sale of certain products to investors resident or domiciled outside Switzerland may be subject to restrictions or prohibitions under foreign law. It is your responsibility to seek information regarding your status in this respect and to comply with all applicable laws and regulations. We strongly advise you to seek independent legal and financial advice from qualified professional advisers before taking any decision based on the contents of this publication.