

Tensions flare up again

The worsening in the geopolitical unrest blighting the Middle East, accompanied by an upswing in oil prices, dampened the underlying trend in equity markets last week.

US economic activity slowed in September, as evidenced by the S&P Global PMI, which clocked in at 47.3 after a reading of 47.9 in August. In particular, new orders fell at the fastest rate since June 2023, amid soft demand and haze on the political front.

Manufacturing activity was stable, with the ISM manufacturing index at 47.2 – the same level as in August. Important to note, the prices paid component fell sharply, dropping to 48.3 from 54 in August. Activity in the services sector remained particularly robust, with ISM services reported at 54.9 compared with the consensus forecast of 51.7.

Turning our attention to jobs, the Department of Labour reported 225,000 initial jobless claims in the week beginning 23 September, which was 6,000 more than in the previous week (219,000).

The US labour market once again proved more resilient than expected

In the US, 254,000 non-farm jobs were added in September, well above market expectations of 140,000. Non-farm payrolls for the previous two months were also revised – from 89,000

to 144,000 in July and from 142,000 to 159,000 in August, equating to an upward revision of 72,000 for the two months combined. The unemployment rate fell to 4.1%, compared with the 4.2% consensus forecast.

These latest macroeconomic data further attest to the resilience of the US economy and confirm the prospect of a soft landing.

This news led the US 10-year yield back to 4.00%. The yield on its German counterpart, the Bund, similarly recovered to 2.25%.

In the Eurozone, inflation fell below 2% in September, increasing the chances that the ECB will cut interest rates again at the end of the month. In detail, the harmonised consumer price index (HCPI) decelerated to 1.8% year-on-year last month, after a reading of 2.2% in August.

Eurozone inflation fell below the 2% mark in September

Economic activity remained sluggish in September, but the slowdown was less abrupt than expected. The composite PMI dipped to 49.6 in September, after 51.0 in August. The services PMI similarly fell less than expected, clocking in at 51.4 in September compared with the consensus forecast of 50.5.

The S&P 500 edged up by 0.22% last week, while the Nasdaq gained a minor 0.10%. The Stoxx Europe 600 gave up 1.80%.

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	0,8448	0,9405	11 137,79	4 827,63	16 751,64	7 449,44	8 278,44	5 633,09	17 592,13	33 464,17	1 086,02
Trend	▲	➡	➡	▲	▲	➡	➡	▲	▲	▲	▲
YTD	1,58%	0,13%	7,72%	2,64%	14,14%	1,23%	0,03%	2,09%	3,10%	15,45%	8,59%

(values from the Friday preceding publication)



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