

US election

— just around the corner

Saving you time

N°771
28 October 2024



Equity markets had a breather last week, standing still even as corporate earnings reports poured in and news continued to emerge from US presidential election campaigns. Investors are justifiably waiting and seeing in light of the gains chalked up since the start of the year.

Once again, US macroeconomic data testified to the sheer strength of the world's leading economy. Private sector growth accelerated slightly, as evidenced by the S&P Global composite PMI, which clocked in at 54.3 for October following a reading of 54 in September. But it should be noted that this expansion was mainly due to the services sector. On the flip side, manufacturing output contracted for the third month in a row.

US job market holding up nicely

The US job market is weathering the high rate environment, and a lid has been kept on unemployment. Initial jobless claims in the week of 14 October came to 227,000, down 15,000 on the previous week.

Durable goods orders fell by 0.8% month-on-month in September, identical to August. Excluding the transport sector, for which orders fell by 3.1%, durable orders rose by 0.4% last month on a month-on-month basis.

All this news led the US 10-year yield back to 4.25%. The yield on the German 10-year Bund is back at 2.25%.

European data pressuring for further ECB rate cut

In the Eurozone, private sector activity in the zone stagnated again in October, remaining in contraction territory in response to dwindling domestic and foreign demand. The HCOB composite PMI rose only slightly to 49.7 in October, versus 49.6 in September. In detail, the rate of growth in services slowed again, with the PMI index at 51.2 – down from 51.4 in September. In addition, the decline in manufacturing activity that has lasted for more than two years continued, although at a slower pace.

In Germany, business sentiment brightened to some extent, as evidenced by the Ifo business climate index, which has risen from 85.4 in September to 86.5 in October.

All in all, these data clearly support further monetary easing by the ECB.

Last week the S&P 500 consolidated, edging down by 0.96%, while the Nasdaq gained a minor 0.16%. The Stoxx Europe 600 gave up 1.80%. Earnings releases from Apple, Microsoft and Amazon are the main attractions this week.

Swiss Market Index (SMI)

The SMI continues to drift inside its trading-range. Downside risk has decreased, with support remaining at 12100.



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	12'184.00	4'943.09	19'463.59	7'497.54	8'248.84	5'808.12	18'518.61	37'913.92	1'134.88
Trend	➔	➔	➔	➔	➔	➔	➔	➔	⬆️	⬇️	⬇️
YTD	2.60%	-0.50%	9.39%	2.39%	16.19%	0.65%	-0.36%	3.11%	5.27%	13.30%	4.50%

(values from the Friday preceding publication)

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