US
– in robust form

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Equity markets continued appreciating rise last week following the release of US macroeconomic data backing up the prospect of a soft landing for the world's leading economy.

In the US, retail sales rose by 0.4% month-on-month in September, resulting in a 5.3% increase on an annualised basis. Consumer spending clearly remains as brisk as ever. Rising wages, falling interest rates and the wealth effect powered by market capital gains are fuelling consumers' appetites to spend.

Solid economic data out of the US

Additionally, after rising for a fortnight, the latest initial jobless claims in the US turned downward – a further sign of the fantastic health which the labour market is in. The number was 241,000 for the week ending 12 October, down 19,000 on the previous week.

Measuring manufacturing activity in the Philadelphia region, the Philly Fed index rose for the second month running, making up for the 0.3% fall in industrial production in September.

These relatively solid economic data did not have much of an impact on bond yields last week. The US 10-year remained stable at around 4.0%, having sunk to almost 3.6% in September. The German 10-year yield remained close to 2.20%.

Concerning monetary policy, the market is still expecting the Fed to ease by a further 25 basis points at its next meeting on 7 November – to be held one day after the US presidential election.

ECB cuts by 25 basis points

In Europe, 12-month inflation slowed in September and did so at a slightly faster pace than expected. The harmonised consumer price index (HCPI) decelerated to 1.7% last month, below the consensus estimate at 1.8%. Inflation was 2.2% in August but is now back below 2% for the first time since mid-2021.

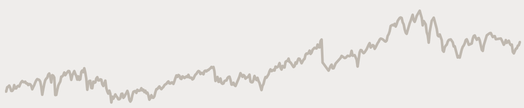
The gloomy macroeconomic outlook in Europe encouraged the ECB to cut interest rates by a further 25 basis points, lowering the deposit rate to 3.25%.

Sadly, economic activity indices released in September did not echo the uptick seen in the wake of the Olympic Games in France. The monetary easing phase should therefore continue and perhaps even accelerate in the coming months.

The S&P 500 increased by 0.85% last week, while the Nasdaq gained 0.80%. The Stoxx Europe 600 edged up by 0.58%. This coming week markets will continue to ebb and flow according to the slew of statistics to be released on both sides of the Atlantic.

Swiss Market Index (SMI)

The SMI is still inside a trading-range. Support is at 12080 points, resistance at 12400 points.



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	0.86	0.94	12'326.76	4'986.27	19'657.37	7'613.05	8'358.25	5'864.67	18'489.55	38'981.75	1'155.12
Trend	↑	→	↑	→	↑	→	→	↑	↑	→	→
YTD	2.37%	-0.06%	10.68%	3.29%	17.35%	2.20%	0.96%	4.11%	5.10%	16.49%	6.36%

(values from the Friday preceding publication)

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