



The short rear-view and considerations

Yesterday's economic data from the US provided little guidance for investors. Sentiment in the services sector unexpectedly improved and initial jobless claims fell sharply. In contrast, fewer jobs were created in August than at any time since the beginning of 2021 and the ADP employment growth survey was much weaker than expected. This makes today's US labor market report for August (14:30 CET) all the more important for the assessment of the economic situation and US monetary policy.

New York indices reacted indecisively to the data, with the benchmark Dow Jones index closing 0.5% lower at 40,755.75. The broad market S&P 500 lost 0.3% to close at 5503.41. The Nasdaq 100 technology index gained 0.1% to 18,930.33 after zigzagging for quite a while. If today's jobs data does confirm a slowdown in the US economy, the Fed could answer with an interest rate cut of 50 bp instead of the much anticipated 25 on Sept 18. This would be especially good news for tech, the market buying Alphabet, Apple, Meta, Nvidia, Amazon and Tesla in yesterday's trading session.

In the Asia-Pacific region, stock markets fell on Friday on the back of weak Japanese household spending data and ahead of today's key US employment report. Japanese household spending rose 0.1% in real terms year-on-year in July, well below expectations for a 1.2% increase. This was a reversal from the 1.4% decline in June. The weak spending report may deter the Bank of Japan to raise interest rates, although yesterday's strong wage report may counter-balance. Japan's Nikkei 225 was down 0.4% and in South Korea the Kospi traded 0.9% lower, while in Australia the S&P/ASX 200 was up 0.4%. The Shanghai Composite was down 0.2%. In Hong Kong, closed today after the Hong Kong Observatory issued a typhoon warning for Super Typhoon Yagi.

In Europe, the gloomy market sentiment continued. The EuroStoxx 50 lost 0.7% and fell below the 200-day average, which indicates the long-term trend, to 4815.15 points. In Switzerland, too, the seasonal negative trend continued. The Swiss Market Index (SMI) closed 1.2% lower at 12,031.34 points, its low for the day and the third consecutive day in the red.



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