

Global economic growth subdued by lingering downside risks, while central banks gear up for interest rate cuts, as inflationary pressure fall towards targets.

Economic Update

**Economy:** US jobs growth eases, while the unemployment rate ticks down.

**US:** The US economy added 142k jobs (c: 160k; p: 89k), with job gains most notable in construction (34k); health care (31k); and government (24k).

Employment growth in August was in line with average job growth in recent months but was below the average monthly gain of 202k over the prior 12 months. Over the past 12 months, *average hourly earnings* have increased by 3.8% in August, after a 3.6% advance in the prior month and also surpassing market estimates of a 3.7% rise.

The *unemployment rate* eased to 4.2% from the October 2021 high of 4.3% in the prior month, aligning with market expectations.

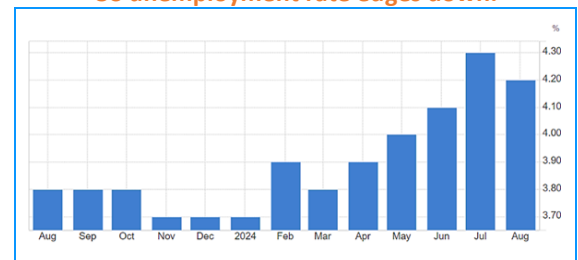
The number of unemployed individuals was broadly unchanged from the previous month at 7.1m.

Meanwhile, the labor force participation rate remained unchanged from the prior month at 62.7%.

US jobs growth eases in August.



US unemployment rate edges down.



Market Update

**Equities:** Stocks weighed down by US labor market data and tech sell-off.

**US:** The **S&P 500** was lower (-4.2% w-o-w to 5,408), its worst week since March 2023, weighed down by concerns over a slowing labor market and a tech selloff.

**Eurozone:** Equity markets pulled back (**Eurostoxx 50**, -4.4% w-o-w, to 4,738), tracking losses on Wall Street and pressured by a global decline in risk sentiment amid growing concerns of a less-resilient US economy.

**EMs:** Equities eased (**MSCI EMs**, -2.3% w-o-w, to 1,100), as Chinese stocks declined (**Shanghai Comp.**, -2.7% w-o-w, to 2,766), as economic uncertainties, persistent deflationary pressures, and the lack of strong policy support continued to weigh on the market.

US stocks hit by jobs data, and tech sell-off.



DXY falls after labor report.



**Fixed Income:** 10-year UST falls to 15-month low; German bund yield falls.

**Global fixed incomes** surged (**BAML Global**, +1.0% to 276.8), and **UST yields** fell (-20bps, to 3.71%), the lowest in over 15 months, as evidence of a softening labor market strengthened bets of multiple aggressive rate cuts by the Fed this year.

In the EZ, the yield on the **German 10-year Bund** dropped (-12bps to 2.17%), as the ECB is expected to reduce borrowing costs by 25bps this week, as inflation fell in August, wage growth eased, and the GDP growth was revised lower in Q2.

**FX:** DXY falls after payrolls; EUR rebounds as traders eye ECB rate cut.

The **DXY index** weakened (-0.5% w-o-w, to 101.177), mostly lower against the GBP and the JPY, as the latest jobs report showed that the Fed is ready for rate cuts.

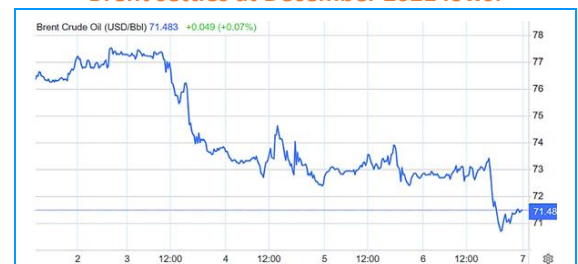
The **EUR/USD** strengthened (+0.3% w-o-w, to 1.108), as traders assessed the latest economic data for hints on the magnitude of rate cuts by the ECB and the Fed.

**Commodities:** Oil prices fall on demand concerns; Gold gains appeal.

**Oil prices** fell (Brent, -9.8% w-o-w, to 71.1 USD/b), the lowest level since December 2021, as OPEC+ struggled to ease concerns about global supply and demand.

**Gold prices** rose (+0.5% w-o-w, to 2,516 USD/Oz) pulling back from near its record high after mixed US jobs data raised doubts about the size of the FOMC’s rate cuts.

Brent settles at December 2021 lows.



Week Ahead

In the US, all attention will be on inflation as both CPI and PPI price indexes are set to be released. Investors will also be watching export and import prices, along with the Michigan consumer confidence survey. In the Eurozone, the key focus will be on the upcoming interest rate decision. China will have a busy week with foreign trade data, CPI, PPI, and new CNY loans. In the UK, the unemployment rate, July’s GDP growth, and industrial production figures will be released. In Australia, the Westpac Consumer Confidence Index will be monitored.