

**Global economy proves resilient – driven by a strong US economy; inflation continues to decline within sight of Central Bank targets, while risks to the outlook are becoming more balanced.**

**Economic Update**

**Economy: US labor market shows signs of weakness; Eurozone CPI steadies.**

**US:** In April, the economy added 175k jobs (c: 243k; p: 315k), underscoring a significant slowdown from the brisk pace observed in Q1, and trails behind the average monthly gain of 242k jobs over the preceding 12 months.

Within the job market, the healthcare sector saw an increase of 56k jobs.

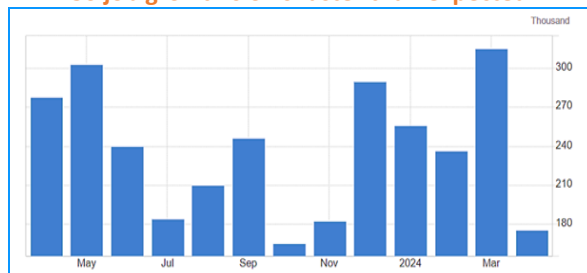
Average hourly earnings for all employees on US private nonfarm payrolls increased by 3.9% y-o-y (c: 4.0%; p: 4.1%), marking the slowest growth in average hourly earnings since June 2021.

The unemployment rate edged up to 3.9% (c: 3.8%; p: 3.8%), as the number of unemployed individuals increased by 63k to 6.492m, while employment levels went up by 25k to reach 161.491m.

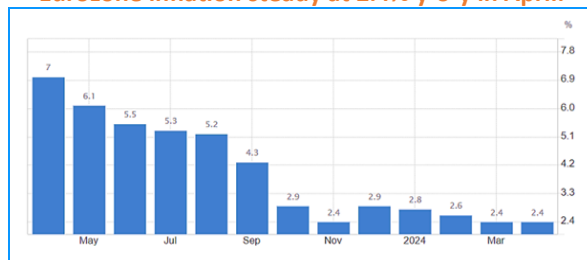
**Eurozone:** In April, the annual CPI inflation rate remained at 2.4% y-o-y (c: 2.4%; p: 2.4%), while inflation slowed for non-energy industrial goods, and services.

Noticeably, the core-CPI inflation rate, a crucial underlying measure that filters out volatile food and energy prices cooled to 2.7% (c: 2.6%; p: 2.9%).

**US job growth slows faster than expected.**



**Eurozone inflation steady at 2.4% y-o-y in April.**



**Market Update**

**Equities: Global markets gain on signs that US wage pressures are easing.**

**US:** The S&P 500 advanced (+0.5% w-o-w to 5,128), fueled by a weaker-than-expected April jobs report, which pushed expectations for a Fed interest rate cut to September from November.

Growth stocks outperformed value shares, which were flat overall for the week.

**Eurozone:** Equity markets eased (Eurostoxx 50, -1.7% w-o-w, to 4,921), as investors appeared to become more cautious amid mixed corporate earnings and uncertainty surrounding the outlook for interest rates after June.

**EMs:** Equities advanced (MSCI EMs, +1.9% w-o-w, to 1,061), as Chinese stocks gained (Shanghai Comp., +0.5% w-o-w, to 3,105), on hopes that the government will ramp up support.

**Fixed Income: US 10-year yield dips; German bund yield eases further.**

**Global fixed incomes** were higher (BAML Global, +0.8% to 263.9), and **UST yields** fell (-17bps, to 4.50%), after a colder-than-expected jobs report drove markets to anticipate expectations of rate cuts by the Federal Reserve.

In the EZ, the yield on the **German 10-year Bund** eased (-6bps to 2.51%), after stable inflation and strong GDP growth in the Eurozone point towards the ECB likely reducing key interest rates at the June meeting.

**FX: DXY loses strength; EUR climbs on stable inflation and GDP outlook.**

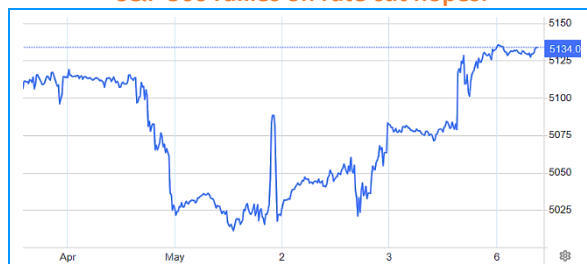
The **DXY index** weakened (-0.9%, to 105.030), reaching its lowest point in over three weeks, as traders brought forward the anticipated timing of the FOMC's first rate cut from November to September following the US jobs report.

The **EUR/USD** gained (+0.6%, to 1.065), marking its strongest level since April 9, as traders revised their expectations for interest rate cuts.

**Commodities: Brent prices fall as geopolitical uncertainties ease.**

**Oil prices** were lower (**Brent**, -7.3% w-o-w, to 83.0 USD/b), as geopolitical risk premiums related to the Palestine conflict have diminished.

**S&P 500 rallies on rate cut hopes.**



**DXY weakens to over 3-week low.**



**Brent slips to mid-march levels low.**



**Week Ahead**

It will be a relatively quiet week in the US, with only the Michigan consumer confidence index and speeches by Fed officials worth attention. The big-cap earnings season is poised to conclude with releases from Vertex Pharmaceuticals, Walt Disney, BP, Toyota, Uber, Airbnb, and Shopify. On the global front, central banks from the UK, Australia, Brazil, Sweden, and Poland are set to announce their interest rate decisions. Additionally, China will be in focus with Caixin Services and Composite PMIs, alongside foreign trade, inflation rates.