# Weekly Macro and Markets View

10 August 2026

## Highlights and View

**The number of US nonfarm payrolls falls by 23'000 in July**

A softening labour market does not exclude a potential Fed rate hike, but it raises the threshold.

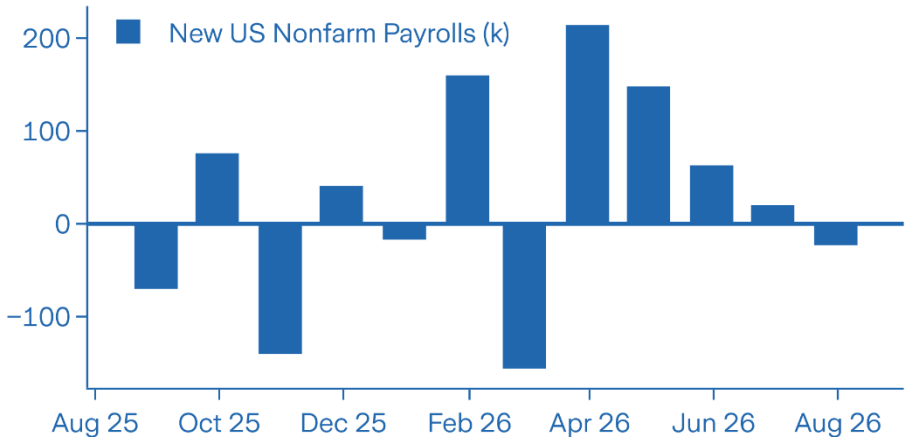
**Equity markets bounce back, with indices hitting record highs**

Following some sharp declines, particularly in tech stocks, investors were in buying mode last week as several factors supported a resumption of the bull run.

**US Investment Grade Credit has a heavy first week of August, led by Alphabet's USD 25bn jumbo deal**

Investors are still willing to absorb Hyperscaler supply, but only at a widening premium. With more supply expected, we see little scope for that premium to compress.

## The number of payrolls falls in July




Source: Bloomberg

The number of nonfarm payrolls fell by 23'000 in July while the two-month net revision was a substantial -103'000. This resulted in only 60'000 new payrolls in total over the last three months or an average of 20'000 per month. The weaker employment situation does not come as a surprise, however, as other labour market data have been pointing in this direction. The ADP employment report showed only 44'000 new payrolls in July, the lowest since January, and the ISM Services survey's employment component dipped back into contractionary territory in July for the fourth time in five months. The unemployment rate ticked down to 4.1%, but that was caused by a falling participation rate. Reassuringly, initial jobless claims remain very low, showing that layoffs are not a major concern. Importantly, from an inflation perspective, growth in average weekly earnings slowed to only 0.1% MoM, pushing the annual rate down to 3.2%, the lowest since May 2021. While this does not exclude a Fed rate hike in September, it should raise the threshold for monetary tightening unless we get a substantial pickup in inflation. Meanwhile, growth is holding up despite the softness in the labour market. Both the ISM Manufacturing and Services surveys reflect solid business activity, with strong new orders while price pressure remains a concern.

## Equities

### Positive news flow supports buying the dip

Following a summer slumber, equity investors were back in buying mode last week. The MSCI World Index gained over 3% to post a new record high, as did many national markets. Tech stocks were back in vogue, with the US Nasdaq index up 5.2% as semiconductors led the charge, at least in the US. The notoriously volatile sector saw the Philadelphia Semiconductor Index jump 9.3%, but it is still 16% below June highs. The Kospi in Korea, however, continued to struggle with a seventh consecutive week of declines, though the mood is improving. The rally in stocks was boosted on a number of fronts, with earnings reports continuing to surprise positively, reduced odds of an imminent Fed rate hike following the weaker jobs data, and a drop in the oil price all helping. Corporate activity was also positive, with EasyJet agreeing to Apollo's GBP 5.7bn takeover and talk of Astra Zeneca bidding for Bristol-Myers. We remain positive on stocks and see rotation and the recent shake-down as supportive of further gains ahead.

## Switzerland

Soft inflation while economic activity gains momentum

Consumer prices declined in July, led by weakness in energy, fresh food, and goods prices more broadly, with annual CPI inflation edging lower to 0.4%. Imported inflation slipped, falling by 0.2pp to 0% YoY despite the recent weakening of the Swiss franc, while domestic inflation continues to hold up slightly better at 0.5%. The soft CPI print poses a downside risk to the SNB's already benign inflation forecast of 0.6% for 2026, and we maintain our view that the SNB is likely to keep rates unchanged over the coming year. Elsewhere, activity data are improving. The KPF leading indicator printed well above expectations in July, returning to the level where it was tracking prior to the Iran war, while the PMI data confirmed a marked pickup in services activity and new orders. While the geopolitical backdrop will remain volatile and unpredictable, recent data are encouraging, suggesting weakness is fading, helped by improving sentiment and stronger external demand.

## Australia

Rose tinted releases

The release of the June Household Spending Indicator (HSI) in Australia showed increases of 0.8% MoM and 6% YoY. Looking deeper, the largest component of the increase was spending on Transport with 3% MoM growth. With MoM falls in the CPI of the Transport category, this mainly reflects a jump in vehicle purchases. The labour market also showed resilience, with ANZ Job Ads seeing 0.8% MoM growth. Trade balance data surprised to the upside, supported by export growth. The increase in exports was primarily in the Mining sector, particularly in Manufactured Metals, which saw 20% MoM growth. The releases paint a picture of continued strength in the Australian economy, but there are signs of easing when looking past headline figures. The increase in household spending is not broad based, with only marginal growth if Transport spending is excluded. Other labour market data also show signs of slowing, with underemployment and youth unemployment both ticking up. Coupled with softening CPI data, the RBA is expected to leave rates unchanged in the meeting this week.

## LatAm

The BCB extends easing as Banxico signals a long pause

Last week, the BCB delivered a 25bp cut, as expected, lowering the Selic rate to 14.0%. The Committee acknowledged a gradual slowdown in economic activity and an improving near-term inflation outlook but retained its view that the balance of risks is still skewed to the upside amid above-target inflation expectations. Recent data reinforced the softer activity backdrop, with June industrial production surprising to the downside. We see the BCB delivering another 25bp cut in September while maintaining a data-dependent approach. In Mexico, Banxico unanimously held the policy rate at 6.5% and retained guidance consistent with an extended pause. It lowered its near-term inflation path but postponed convergence to target from Q2 to Q4 next year, placing greater emphasis on persistent core inflation, in contrast with unusually benign non-core dynamics. Meanwhile, weak US payroll data have reduced expectations of a near-term Fed hike, easing concerns over the narrow Banxico–Fed rate differential. We expect Banxico to remain on hold through year-end.

## Credit

Demand is there, at a price

Corporate credit markets tightened across the board last week, led by High Yield (HY), with US High Yield cash spreads 15bps tighter against 1bp for Investment Grade (IG). Fund flows into IG and HY were robust on both sides of the Atlantic. The first week of August brought USD 80bn of US Investment Grade supply, headlined by Alphabet's USD 25bn ten-part transaction. It priced 12–15bps cheaper than its own curve, against a year-to-date average new issue concession of 3.6bps and drew orders above USD 115bn, the third-largest book of the year behind Oracle's USD 129bn in February and Amazon's USD 126bn in March. Demand for these issuers is clearly still present, but the marginal buyer is more selective, especially regarding longer tenors, and jumbo deals have required progressively wider concessions and were followed by weaker secondary performance. We expect supply, rather than credit quality, to keep Hyperscaler spreads wide relative to the broader IG market, with each new deal continuing to weigh on these issuers' existing bonds.

## What to Watch

- In the US, the focus is on the latest inflation data as it could have a crucial impact on the Fed's rate path in the coming months.
- Eurozone industrial production and revised Q2 GDP data will be published alongside the Sentix survey.
- Swiss flash Q2 GDP and PPI data will be released.
- In Asia, key data this week include CPI releases for China and India, as well as an RBA rate decision on Tuesday.
- In LatAm, Brazil's July CPI will be the key indicator to watch.

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