

Market Pulse 1 Brief

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Full Report: <https://financialmarketmonitor.github.io/market-pulses/mp1/market-pulse-1.html>

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In August, US macro data signaled a softening labor market, with only 114K jobs added and unemployment rising to 4.3%, triggering the SAHM recession warning, though some debate its relevance post-pandemic. By September, payrolls improved slightly (+142K), but unemployment ticked down to 4.2%, suggesting continued labor market moderation. Inflation remains contained: CPI rose 0.2% MoM and 2.5% YoY, the slowest annual increase since early 2021, while core inflation was stable, underpinning market expectations for a potential Fed rate cut at the upcoming FOMC meeting; investors also watch PCE data as an alternative inflation gauge. Globally, the Yen strengthened amid BoJ rate signals, prompting carry trade unwinds that sparked equity and bond volatility, while Chinese industrial output and retail sales slowed, reinforcing global growth concerns. Political developments add layers of uncertainty: Trump's proposed corporate tax cuts and oil-friendly policies could benefit large caps but pressure energy prices, whereas Harris' policies may favor tech and growth sectors via higher corporate taxes and CHIPS-driven incentives. Overall, the macro environment is characterized by moderately slowing US growth, contained inflation, elevated market sensitivity to central bank decisions and FX fluctuations, and heightened event-driven volatility tied to labor data, central bank meetings, and geopolitical developments, creating a cautious but opportunistic backdrop for investors and traders.