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Wall Street Traders Monitor Market Movements

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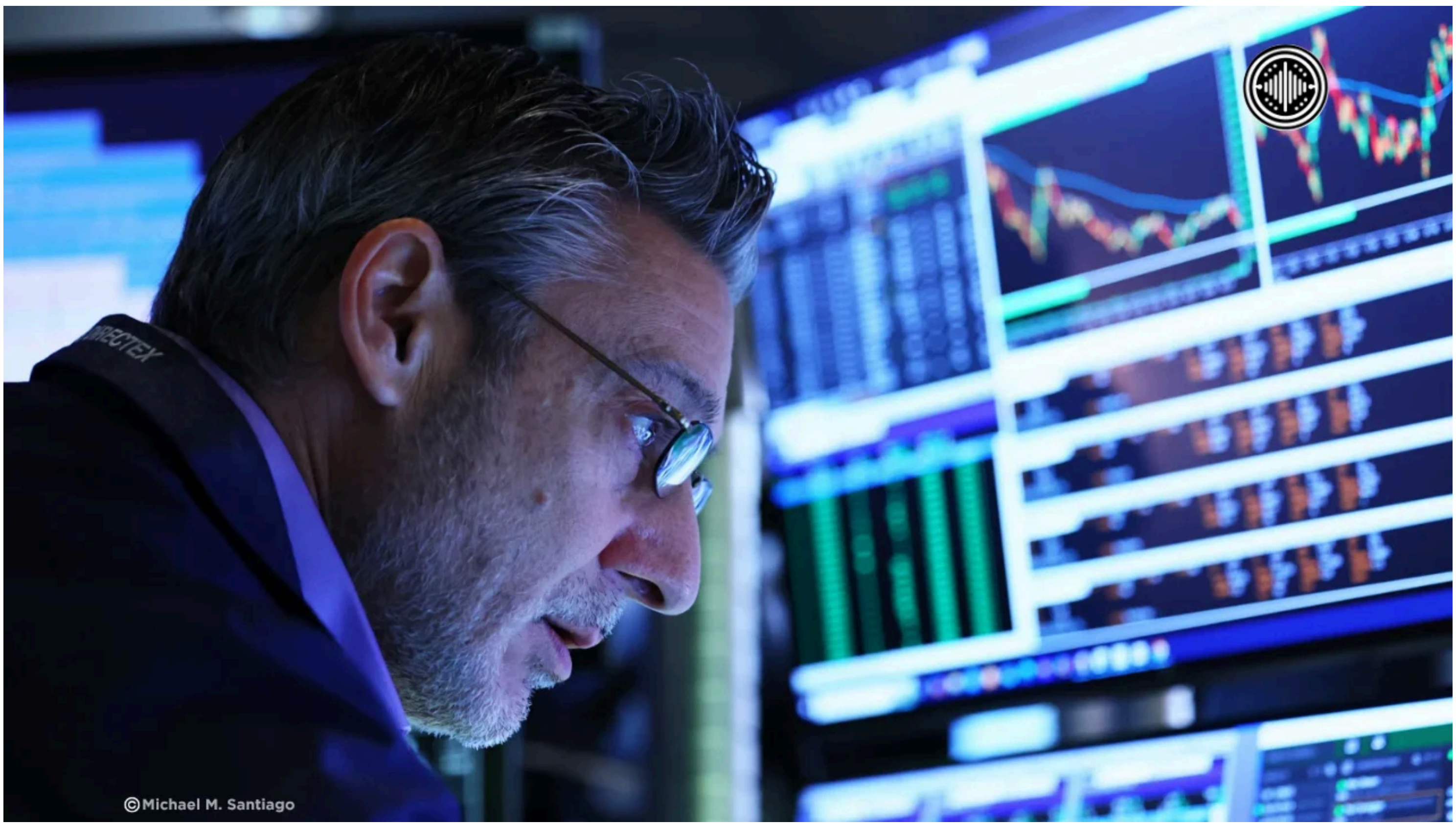

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Global stocks began the week on a positive note, recovering after a major shift in expectations for U.S. interest rates. This comes after a weaker-than-expected jobs report raised fresh concerns about the strength of the U.S. economy and the reliability of official labor data.

The U.S. nonfarm payrolls report for July, released Friday, missed analyst forecasts and revised job growth figures for May and June sharply downward. The updated average for job creation now stands at 35,000, down significantly from 231,000 earlier in the year, raising questions about a broader slowdown in the labor market.

Michael Brown, a strategist at Pepperstone, stated, “We’ve all seen poor NFP prints in the past… but such a chunky net downward revision suggests that this could well be a more pronounced weakening in labor market conditions that is underway.”

In reaction, investors increased their bets on a Federal Reserve rate cut, with market-based estimates placing the odds of a September cut at 85%. Europe’s STOXX 600 rose by 0.6% in early Monday trading, while U.S. futures also moved higher. S&P 500 and Nasdaq futures gained between 0.6% and 0.7%, suggesting a partial rebound after last week’s sharp declines.

The U.S. dollar, which fell 1.4% on Friday, its worst single-day performance since April, saw modest gains on Monday. It traded higher against the euro, yen, and franc. The euro slipped 0.2% to $1.156, and the pound fell to $1.327 ahead of a Bank of England meeting expected to result in a 0.25% rate cut.

Market uncertainty was further intensified by political developments. President Donald Trump dismissed the head of the Bureau of Labor Statistics, sparking renewed debate over the objectivity of U.S. economic reporting. Trump is also set to fill a vacant seat on the Federal Reserve’s Board of Governors, an appointment that could shift the balance in favor of faster rate reductions.

Ray Attrill, head of FX strategy at National Australia Bank, said the upcoming appointment “opens the prospect of broader support on the Fed Board for lower rates sooner rather than later.”

U.S. bond markets appear to have already adjusted. Two-year Treasury yields dropped nearly 25 basis points on Friday, the largest one-day decline since August of last year.

Gold prices remained steady at $3,358 an ounce after climbing 2% last week, reflecting investor caution. In contrast, oil prices continued their decline. Brent crude fell 0.2% to $69.58 a barrel after OPEC+ confirmed a production increase for September, undoing last year’s output cuts of 2.2 million barrels per day.

The Swiss franc weakened as Zurich markets reopened after Friday's holiday. The dollar rose 0.6% against the franc following Trump's announcement of a 39% tariff on Swiss imports. It also gained 0.4% against the yen, recovering from a steep drop last week.

With the Federal Reserve under growing pressure and market confidence in economic reporting wavering, global investors are preparing for continued volatility in the weeks ahead.