

Slumping US futures, Nikkei's hefty fall

Wall Street looks set to start the week with hefty losses on concerns that the U.S. economy is slowing down rapidly. Japan's Nikkei index entered bear market territory earlier in the session, and bitcoin, the world's favourite digital currency slumped as risk appetite drained away.

U.S. stock futures fell sharply Monday, with the tech sector hit hard as a soft nonfarm payrolls report ramped up concerns that the U.S. economy was heading towards recession.

The Wall Street indices suffered a brutal week last week, with the tech-heavy Nasdaq Composite recording a third straight losing week and is now down more than 10% from a record set last month, in correction territory.

The S&P 500 also posted a third straight losing week, while the Dow Jones Industrial Average, which had been outperforming, snapped a four-week win streak, falling 2%.

This selling is set to continue this week as investors fretted that a worryingly weak July payrolls report indicated that the Federal Reserve has kept interest rates at elevated levels for too long, dragging the world's largest economy into recession.

"We have increased our 12-month recession odds by 10pp to 25%," said analysts at Goldman Sachs in a note, though they thought the danger was limited by the sheer scope the Fed had to ease policy.

Markets now price in a 78% chance the Federal Reserve will not only cut rates in September, but ease by a full 50 basis points.

Economic data due out Monday include the July ISM Services PMI, while San Francisco Fed President Mary Daly will be speaking at a conference after the close Monday.

The likely selloff on Wall Street Monday has already been reflected in sharp losses in Europe, with the pan-European benchmark Stoxx 600 index falling over 2% at the open.

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