

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

U.S. equities ended the week lower, halting a 3-week streak of gains, after comments from Federal Reserve officials and upgraded second-quarter GDP growth tempered expectations for aggressive rate cuts. The Nasdaq Composite posted the steepest decline, down 0.50%, followed by the Russell 2000, which broke its streak of weekly gains since early August. Energy stocks bucked the trend and advanced as oil prices rose following President Trump's call for Europe to halt Russian energy purchases. Fed Chair Jerome Powell cautioned that the economy faces "upside inflation risks" and "downside labour market risks," while noting that stock valuations remain elevated. Other officials, including St. Louis Fed President Alberto Musalem and Atlanta Fed President Raphael Bostic, also signalled resistance to additional easing given persistent inflationary pressures. Meanwhile, the Fed's preferred inflation measure, the core PCE price index, rose 0.2% month over month in August, steady with July and matching expectations. The Bureau of Economic Analysis also upgraded second-quarter GDP growth to 3.8% from 3.3%, citing stronger consumer spending as the key driver. S&P Global's flash U.S. PMI surveys showed business activity slowing in September but remaining in expansion. Manufacturing PMI fell to 52.0 from 53.0, while services slipped to 53.9 from 54.5. Over in Europe, the pan-European Euro STOXX 600 ended the week little changed, while country indexes were mixed but mostly positive as investors weighed policy and trade risks. Trade tensions resurfaced as President Trump announced a sweeping 100% tariff on branded or patented pharmaceutical products, while the European Commission secured a 15% cap on US pharma tariffs. Sweden's Riksbank lowered rates by 25 bps to 1.75%, its third cut this year, and signalled no further changes through 2028. The Swiss National Bank left its key rate at 0%, noting inflation at 0.2% remains within target. In Asia, Japanese stocks advanced, with the Nikkei 225 up 0.69% and the TOPIX climbing 1.25%. Gains were supported by tempered expectations of near-term Bank of Japan rate hikes after Tokyo inflation undershot forecasts. Tokyo's CPI rose 2.5% year over year in September, steady from August but below the 2.8% consensus with subsidies contributing to the softer print. Still, recent dissent within the BoJ board suggested a hike could remain on the table later this year. Chinese equities posted gains despite limited fresh news. The CSI 300 rose 1.07% and the Shanghai Composite added 0.21%. No major data or earnings releases shaped trading, but abundant domestic liquidity and strong retail inflows continued to support the rally. Investor optimism has also been buoyed by progress in local AI innovation and Beijing's efforts to curb excessive price competition, even as growth slows and deflation risks persist.

Data highlights: The U.S. economy grew strongly in Q2, with GDP rising 3.8% quarter-on-quarter, ahead of the 3.3% forecast and sharply higher than the prior -0.6%. U.S. Personal Consumption Expenditure in August increased by 2.7% year-on-year, in line with market expectations. Australia's CPI Indicator for August came in at 3.0%, slightly above the 2.9% forecast and also higher from the prior 2.8%.

Week ahead: Australia Interest Rate Decision | Eurozone Inflation Rate YoY – Wednesday | Eurozone Unemployment rate – Thursday | Japan Unemployment Rate, U.S. Unemployment Rate, U.S. Non-Farm Payroll- Friday

Global Markets Overview

Treasury yields: The yield on the 10-year US Treasury settled at 4.18% for the week, sustaining its rebound from the five-month low touched on September 16th as a run of stronger-than-expected economic data tempered expectations for deeper Federal Reserve easing. August figures showed personal income and spending accelerating beyond forecasts, while mid-September jobless claims revealed improvements in the labour market. At the same time, both headline and core PCE indices pointed to persistent inflationary pressures, underscoring the Fed's balancing act. Across the Atlantic, Italy's 10-year bond yield closed the week at 3.58%, hovering near its highest level since early September, as investors assessed policy outlooks against the backdrop of renewed trade tensions. While markets continue to price in at least two more Fed cuts this year, the data has highlighted US economic sturdiness relative to Europe, where the ECB's decision to hold rates steady for a second consecutive meeting signalled an approaching end to its easing cycle.

Equities: Wall Street ended the week slightly lower, as optimism from an inline inflation report was offset by fresh tariffs from President Trump and signs of fading consumer confidence. By week's end, the S&P 500 slipped 0.31%, the Nasdaq dropped 0.50%, and the Dow edged down 0.15%. In Asia, the Hang Seng fell 417 points, or 1.6%, to 26,128 on Friday, logging a second straight decline as consumer stocks slumped under the weight of Trump's proposed levies—including a 100% tariff on branded drugs not manufactured in the US, a 25% duty on heavy trucks, and tariffs of up to 50% on furniture. Chipmaker Intel, has approached Taiwan Semiconductor Manufacturing Company (TSMC), about investments in manufacturing or partnerships, as reported by the Wall Street Journal on Thursday, citing people familiar with the matter. The development follows a Bloomberg report on Wednesday that said Intel was in talks with Apple, about securing an investment in the struggling chipmaker. The chipmaker has been actively trying to bring in partners as part of a turnaround, with capital injection and investment deals being reached by Nvidia, SoftBank Group as well as the U.S. government. Shares of the company are up 45.79% for the month and up 77.06% for the year-to-date.

Currencies: The dollar index edged higher to 98.15 on Friday, holding near a three-week peak as robust US economic data cooled expectations for aggressive Fed rate cuts. Strong household spending continues to underpin growth, but downside risks linger from a cooling labour market, while tariffs announced by President Trump threaten to intensify cost pressures across supply chains. Chair Powell acknowledged the Fed is watching unemployment closely but stressed caution in committing to deeper easing. Dollar gains also drew support from looser policy abroad, with Sweden's Riksbank cutting rates and the Swiss National Bank leaving its benchmark at 0%. The Swiss franc strengthened slightly, trading just under 0.80 per USD, as safe-haven demand firmed. The SNB, having paused after six consecutive rate cuts since March 2024, cited subdued domestic inflation and risks from slowing global growth and US tariffs on Swiss exports.

Commodities: Gold held firm above \$3,750 per ounce on Friday, settling at \$3,760 and hovering just shy of its all-time high of \$3,790. The metal's strength came despite a rebound in the dollar and Treasury yields, as investors continued to flock to safe-haven assets. Renewed trade war jitters surfaced after Washington unveiled plans for steep tariffs on patented pharmaceuticals and medical equipment, while geopolitical tensions flared with the administration signalling stronger backing for Ukraine's bid to reclaim territory lost to Russia. Meanwhile, WTI crude surged above \$65.70 per barrel, marking its strongest weekly advance since early June and hitting the highest level since early August. Supply concerns dominated the market after Russia extended gasoline export restrictions and imposed a partial diesel ban, while OPEC+ underdelivered on planned output, creating a shortfall of roughly 500,000 bpd.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.18	1.17	-8.61
Bund 10Y	2.75	-0.07	16.01
Gilt 10Y	4.75	0.66	3.90
Japan 10Y	1.65	0.55	50.23

Indices	Close	% W/W	% YTD
S&P 500	6644	-0.31	12.96
EU Stoxx 600	580	0.53	14.76
FTSE 100	9285	0.74	13.60
Nikkei 225	45355	0.69	13.69

Currencies	Close	% W/W	% YTD
EURUSD	1.1703	-0.37	13.03
GBPUSD	1.3402	-0.52	7.08
USDJPY	149.49	1.04	-4.90
USD Index	98.15	0.52	-9.53

Commodities	Close	% W/W	% YTD
Gold	3760	2.03	43.26
Copper	471.55	3.21	17.11
WTI Crude	65.72	4.85	-8.37
Wheat	519.75v	-0.53	-13.16

Performance of Major Global Financial Assets

% Change.

		W/W	1.2	-0.1	0.7	0.5	3.4	1.4	-0.3	-0.5	0.8	0.4	0.7	0.7	-1.6	0.5	-0.4	-0.5	1.0	0.2	0.0	4.9	2.0	3.2	3.2	-0.5
		MTD	-1.3	0.8	0.5	3.2	2.6	-0.2	2.8	4.6	2.8	-0.7	1.1	6.2	4.2	0.4	0.1	-0.8	1.7	0.1	-1.8	2.7	9.0	4.4	-2.1	-2.7
		YTD	-8.6	16.0	3.9	50.2	0.5	1.7	13.0	16.6	12.3	19.2	13.6	13.7	30.3	-9.5	13.0	7.1	-4.9	-2.3	-8.0	-8.4	43.3	17.1	30.7	-13.2
		US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT	
		GOV. BOND YIELDS						EQUITY INDICES							CURRENCIES					COMMODITIES						

KEY: -100%  +100%

Data Sources: Bloomberg, Investing.com, TradingEconomics, T.RowePrice, Standard Investment Bank

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