

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

U.S. equities rebounded in the week, making it the seventh week of gains in the last ten weeks. Growth and technology stocks led the rally, with the Nasdaq outperforming the broader S&P 500. Small-cap shares also surged, as lower rates typically benefit rate-sensitive sectors. The advance came even as the government entered a partial shutdown on Thursday, following Congress's failure to pass a funding bill to keep nonessential operations open. With the Bureau of Labor Statistics (BLS) unable to release its September employment report due to the shutdown—affecting roughly 750,000 federal workers—investors relied on private sector indicators such as the ADP data. The lack of government statistics could delay other key releases, including the September CPI due October 15, adding uncertainty ahead of the Fed's late-October policy meeting. An ADP report showed private payrolls falling by 32,000 in September, contrary to forecasts for job gains, reinforcing hopes of easier monetary policy. However, Fed officials maintained a slightly hawkish tone, with Chicago Fed President Austan Goolsbee voicing concern over persistent services inflation, calling a delay in CPI data "problematic," while Dallas Fed President Lorie Logan suggesting a more gradual policy normalization. European equities rallied as well, with the STOXX Europe 600 gaining 2.65% to reach record highs. Hopes for lower U.S. borrowing costs and a surge in technology shares lifted sentiment. Eurozone headline inflation accelerated slightly to 2.2% in September from 2.0% in August, driven by higher services costs and slower declines in energy prices. Core inflation stayed steady at 2.3%. ECB President Christine Lagarde said inflation risks appeared "quite contained" and noted that the current 2% policy rate leaves room to adjust if new shocks arise. Meanwhile, Eurozone unemployment ticked up to 6.3% in August, just above July's record low of 6.2%. Consumer confidence improved modestly, with households reporting greater willingness to make major purchases over the next year. In Asia, Japan's equity markets were mixed: the Nikkei 225 rose 0.91%, while the broader TOPIX slipped 1.82%. Technology shares outperformed on optimism over artificial intelligence investments. The 10-year Japanese government bond yield rose to 1.66%. Bank of Japan Governor Kazuo Ueda reiterated that rates could rise again if economic and price trends match forecasts. The BoJ refrained from hiking in September to maintain stability amid U.S. tariff-related volatility. Investors still expect another rate increase before year-end. Further, Chinese stocks advanced during a shortened trading week before the National Day and Mid-Autumn Festival holidays. The eight-day "Golden Week" holiday, a key period for domestic consumption, is expected to boost spending on travel, dining, and retail, benefiting consumer-focused sectors. Analysts are closely watching sales data for clues about household demand as Beijing seeks to rebalance growth toward services and consumption.

Data highlights: Eurozone inflation edged higher to 2.2%, matching expectations and slightly above the previous 2.0%. Unemployment in the Eurozone ticked up to 6.3%, marginally above the 6.2% forecast. Japan's unemployment rate rose to 2.6%, surpassing both the 2.4% forecast and the prior 2.3%. The Reserve Bank of Australia held its policy rate steady at 3.6%, in line with both market expectations and the previous level.

Week ahead: Switzerland Unemployment Rate, Eurozone Retail Sales YoY - Monday | New Zealand Interest Rate Decision - Wednesday | Canada Unemployment Rate - Friday

Global Markets Overview

Treasury yields: The yield on the 10-year US Treasury eased to 4.12% for the week, slipping from 4.18% as softer-than-expected service data and dovish remarks from Federal Reserve officials reinforced expectations for continued policy easing into year-end. A moderation in personal spending and a slight uptick in unemployment claims fuelled speculation that the Fed could proceed with another quarter-point cut in October, while futures markets continued to price in a second move by December. The decline in yields also reflected renewed demand for safe-haven assets amid heightened political uncertainty in the US due to the government shutdown and lingering concerns about global trade disruptions. The yield on Germany's 10-year Bund hovered near 2.7% as markets assessed the contrasting policy outlooks of the European Central Bank and the US Federal Reserve. According to Eurostat, inflation in the Eurozone edged up to 2.2% in September—slightly above the ECB's target midpoint—while recent PMI readings continued to reflect weak economic activity across the bloc.

Equities: Global equities posted strong weekly gains as investor sentiment rebounded sharply on expectations of a softer Fed path, with markets largely shrugging off the current US government shutdown. The absence of a jobs report due to the government shutdown fuelled expectations that existing economic data may be sufficient for the Federal Reserve to proceed with another interest rate cut this month, contributing significantly to the week's gains. Across Europe, the STOXX 600 rose 2.65%, marking its best weekly performance since June, with energy and industrial shares rebounding amid improved macro-outlooks. In Asia, the Hang Seng Index surged 3.88%, reversing last week's slump as traders returned from the Golden Week holidays to positive cues from US markets. In the week, Electronic Arts said on Monday that it has agreed to be acquired by the Public Investment Fund of Saudi Arabia, Silver Lake and Affinity Partners in an all-cash deal worth \$55 billion. The acquisition is the latest in a "recent gaming spree" by the Saudi PIF, which has been active in gaming since 2022. The fund's gaming arm, Savvy Gaming, has taken stakes in public video gaming publishers and bought ESL, FACEIT, and Scopely.

Currencies: The US Dollar Index (DXY) retreated 0.44% over the week, snapping a two-week winning streak as investors pared back expectations for further Fed tightening. The Greenback faces challenges as traders adopt caution after the United States government shutdown puts thousands of federal jobs at risk. US Bureau of Labor Statistics has paused virtually all activity, which may cause the delay of the September US Nonfarm Payrolls (NFP) report due on Friday. The weaker dollar provided some relief to major counterparts, with the euro and yen gaining modestly on improved risk sentiment. The Euro traded just above \$1.17, staying close to last month's four-year high of \$1.192, as markets weighed the widening policy gap between the European Central Bank and the Federal Reserve. Meanwhile in Asia, the yen steadied on renewed expectations of Bank of Japan (BOJ) tightening. While the BOJ kept rates unchanged, two board members dissented, signalling growing appetite for policy shifts.

Commodities: Gold extended its rally, climbing 3.37% to \$3,886.54 per ounce, for the week to trade at record highs as falling Treasury yields and a weaker dollar boosted demand for non-yielding assets. The metal also drew support from lingering geopolitical risks and sustained central-bank buying. In contrast, WTI crude tumbled 7.36%, erasing all the previous 4.85% weekly gain in the previous week, as traders weighed news of potential increases to OPEC+ supply and weakening global demand. On the other hand, persistent geopolitical tensions in Europe and the Middle East could help contain WTI's downside. On Tuesday, Israel carried out a strike in Doha, Qatar, aimed at senior Hamas leaders. Qatar condemned the attack as a violation of international law, warning that it risks escalating the regional conflict in an area responsible for roughly one-third of the world's oil supply.

Performance of Major Global Financial Assets

% Change.

	W/W	-1.3	-1.7	-1.2	0.5	-1.2	-2.0	1.1	1.1	2.8	2.7	2.2	0.9	3.9	-0.4	0.3	0.6	-1.4	-0.2	-0.6	-7.4	3.4	8.3	3.4	-0.9
	MTD	-2.6	-1.0	-0.7	3.7	1.4	-2.1	4.0	5.9	5.6	2.0	3.3	7.1	8.2	0.0	0.5	-0.2	0.3	-0.1	-2.4	-4.9	12.7	13.1	1.2	-3.6
	YTD	-9.8	14.0	2.7	51.0	-0.7	-0.3	14.2	18.0	15.4	22.5	16.1	14.7	35.3	-9.9	13.4	7.7	-6.2	-2.4	-8.5	-15.1	48.1	26.9	35.0	-13.9
		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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