03RD - 06TH OCTOBER 2025

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. equities fell over the week as concerns resurfaced around escalating U.S.–China trade tensions and the potential fallout from an extended U.S. government shutdown. Early in the week, the Nasdaq Composite and S&P 500 indexes traded higher, lifted by continued enthusiasm for artificial intelligence–related companies. However, markets reversed course on Friday after President Donald Trump said he was considering "a massive increase of tariffs on Chinese products" in retaliation for Beijing's proposed restrictions on rare earth exports. The risk-off move sent investors into safe havens, with gold prices topping USD 4,000 per ounce for the first time—reflecting elevated geopolitical uncertainty. With limited new economic data available due to the shutdown, focus shifted to the Federal Reserve's September meeting minutes, released Wednesday. Policymakers acknowledged persistent inflationary pressures alongside signs of labour market weakness, noting that "upside risks to inflation remained elevated" while "downside risks to employment had increased." Most participants agreed that additional policy easing later this year would likely be appropriate, though a few favoured a more restrained approach, arguing that monetary policy might not yet be sufficiently restrictive to warrant further cuts. Investors are also turning their attention toward the third-quarter earnings season, beginning with JPMorgan Chase's report on October 14. Corporate earnings are expected to play a more significant role in shaping sentiment in the absence of key economic data releases. Analysts surveyed by FactSet anticipate a ninth consecutive quarter of earnings growth for the S&P 500. Meanwhile, across the Atlantic, European equities declined as investors booked profits after record highs and as renewed global trade tensions and French political instability weighed on sentiment. The pan-European Euro STOXX 600 fell by 1.75% while the UK's FTSE 100 eased 0.67%. German industrial output fell 4.3% month over month in August, far exceeding expectations and fuelling fears of a potential recession. Moreover, France's government fell into disarray as Prime Minister Sébastien Lecornu resigned following the rejection of President Emmanuel Macron's new cabinet by opposition parties. Conversely, Japanese equities surged, with the Nikkei 225 up 5.07%, after Sanae Takaichi won the Liberal Democratic Party (LDP) leadership contest, positioning her as the likely next prime minister. Investors welcomed expectations for fiscal stimulus and continued accommodative monetary policy. However, post-market news that coalition partner Komeito would exit the alliance raised questions about Takaichi's path to the premiership and increased speculation of a snap election. Chinese equities delivered mixed results during the holiday-shortened week. The CSI 300 fell 0.51%, while the Shanghai Composite edged up 0.37%. Looking ahead, markets are focused on China's upcoming Fourth Plenum (October 20–23), where leaders are expected to outline economic priorities for the next Five-Year Plan. Investors will closely watch for policy guidance on growth, consumption, and industrial strategy.

Data highlights: Canada's unemployment rate remained unchanged at 7.1%, in line with the previous reading and just below the 7.2% forecast. Switzerland's unemployment rate held steady at 2.8%, slightly above the 2.7% forecast by analysts. In the Eurozone, retail sales growth slowed to 1.0%, below both the 2.0% forecast and the prior 2.1%, reflecting softer consumer demand. The Reserve Bank of New Zealand surprised markets by cutting its policy rate by 50 basis points to 2.5%, below both the 2.75% forecast and the previous 3.0%.

Week ahead: U.K Unemployment Rate – Tuesday | China Inflation Rate YoY– Wednesday | Australia Unemployment Rate, U.S Retail Sales, U.S Producer Price Index - Thursday

Global Markets Overview

Treasury yields: The yield on the US 10-year Treasury note slid to 4.03%, its lowest level in nearly three weeks, erasing earlier gains as fears of a renewed US–China trade war rattled markets. President Trump's warning of a "massive increase in tariffs" on Chinese goods, following Beijing's decision to tighten export controls on rare earths, sparked a flight to safety. Meanwhile, the ongoing US government shutdown entered its tenth day, delaying the release of crucial economic data, including next week's CPI report. Markets still expect a 25-basis-point Fed rate cut later this month, with the odds of another move in December hovering near 83%. Across the Pacific, Japan's 10-year government bond yield held just under 1.7%, near its highest point in over 17 years, as political turbulence clouded the outlook for the Bank of Japan's next steps.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.03	-2.11	-11.75
Bund 10Y	2.64	-2.00	11.70
Gilt 10Y	4.68	-0.32	2.34
Japan 10Y	1.69	1.56	53.32

Equities: US stocks slumped sharply on Friday, wiping out weekly gains and retreating from record highs as President Donald Trump's renewed threats against China jolted investor sentiment. Trump warned of a "massive" tariff hike on Chinese imports and suggested he might cancel his upcoming meeting with President Xi Jinping, reigniting fears of a trade war. By week's end, the S&P 500 had fallen 2.43%, the Nasdaq lost 2.27%, and the Dow Jones declined 2.70%. Across the Atlantic, Germany's DAX slipped to 24,241 — its lowest level in over a week — as renewed US-China tensions and weakness in defence stocks dragged European markets lower. Political uncertainty in France further weighed on risk appetite, adding to the unease. In the week, OpenAI announced plans to buy billions of dollars of AI equipment from AMD while also entering into an agreement to potentially own 10% of AMD, based on its stock price and partnership milestones. AMD CEO Lisa Su told reporters on Monday that the deal was a "win-win" and that its AI chips were good enough to be used in "at-scale deployments." The news caused the shares of the chipmaker to surge over 30% for the week.

Indices	Close	% W/W	% YTD
S&P 500	6553	-2.43	11.41
EU Stoxx 600	585	-1.75	15.74
FTSE 100	9427	-0.67	15.35
Nikkei 225	48089	5.07	20.54

Currencies: The dollar index slipped below the 99 mark on Friday as renewed fears of a US–China tariff war weighed on sentiment after President Trump dismissed the need for a meeting with China's Xi Jinping in South Korea and signalled plans to hike duties on Chinese imports. Despite a slightly better-than-expected University of Michigan consumer sentiment report showing morale largely steady in October, market focus shifted to the prolonged US government shutdown, now set to delay critical data releases such as CPI and labour reports—key inputs for the Fed's rate-cut outlook. For the week, the greenback still advanced 1.28%, buoyed by political turbulence in France and Japan that pressured the euro and yen. Meanwhile, the Canadian dollar edged higher to 1.4006 per USD as stronger-than-expected jobs data tempered bets on an imminent Bank of Canada rate cut. Canada's unemployment rate held at 7.1% in September—below forecasts but still near a four-year high—while robust job creation signalled a labour market showing more resilience than anticipated.

Currencies	Close	% W/W	% YTD
EURUSD	1.1619	-1.05	12.22
GBPUSD	1.336	-0.89	6.74
USDJPY	151.19	2.52	-3.82
USD Index	98.98	1.28	-8.77

Commodities: WTI crude oil futures tumbled 3.25% for the week to close at $58.9 per barrel on Friday, their lowest level since May 7, as escalating US–China trade tensions reignited fears of slowing global growth and weaker oil demand. The decline was further compounded by signs of rising global supply, including stronger output from both OPEC+ and non-OPEC producers, while easing geopolitical risks in the Middle East—particularly progress toward a Gaza ceasefire—stripped a key risk premium from prices. Analysts warned that without a bullish catalyst, crude could face renewed volatility near the $60 mark due to heavy options positioning and cautious sentiment among risk-averse investors. Meanwhile, spot gold extended its remarkable rally, surging past $4,000 to settle at $4,018 per ounce on Friday, just shy of the all-time high of $4,059 set earlier in the week. The precious metal notched its eighth straight weekly gain, up 3.38%, and is now up 53.09% year-to-date, as investors flocked to safety amid renewed US–China tensions, persistent inflation, and slowing global growth.

Commodities	Close	% W/W	% YTD
Gold	4018	3.38	53.09
Copper	489.40	-4.21	21.54
WTI Crude	58.90	-3.25	-17.88
Wheat	498.50	-3.25	-16.71

Performance of Major Global Financial Assets

% Change.

GOV. BOND YIELDS

	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y
W/W	-2.1	-2.0	-0.3	1.6	0.7	-1.4
MTD	-2.8	-2.5	-0.5	2.4	1.5	-2.0
YTD	-11.7	11.7	2.3	53.3	0.0	-1.7

EQUITY INDICES

	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG
W/W	-2.4	-2.3	-2.1	-0.6	-0.7	5.1	-3.1
MTD	-2.0	-1.9	0.0	1.5	0.8	7.0	-2.1
YTD	11.4	15.3	13.0	21.8	15.3	20.5	31.1

CURRENCIES

	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR
W/W	1.3	-1.0	-0.9	2.5	0.2	1.6
MTD	1.2	-1.0	-0.6	2.2	0.2	1.4
YTD	-8.8	12.2	6.7	-3.8	-2.2	-7.1

COMMODITIES

	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
W/W	-3.3	3.4	-4.2	-4.5	-3.3
MTD	-5.6	4.1	0.8	-0.5	-1.9
YTD	-17.9	53.1	21.5	28.9	-16.7

KEY: -100% +100%

Data Sources: Bloomberg, Investing.com, Trading Economics, T. Rowe Price

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