

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

U.S. equities ended the week higher after recovering from the prior Friday's steep decline—the S&P 500's worst day since April. The week began on a positive note, helped by signs that U.S.-China trade tensions were easing, dovish remarks from Federal Reserve officials, and several AI-related deal announcements. The start of earnings season added support, with major banks including JPMorgan Chase, Citigroup, and Wells Fargo all surpassing profit expectations. By Friday, roughly 12% of S&P 500 firms had reported, and 86% had beaten forecasts, boosting investor confidence. However, sentiment weakened midweek after two regional banks revealed loan issues tied to alleged fraud, reviving fears about credit risks and the health of smaller lenders. The CBOE Volatility Index rose to its highest level since April as a result. Meanwhile, Fed Chair Jerome Powell reiterated that the central bank may continue easing policy this year, emphasizing that downside employment risks are growing even as inflation remains above target. Other officials, including Christopher Waller and Stephen Miran, echoed support for further cuts. Across the Atlantic, European stocks edged higher, with the pan-European STOXX 600 gaining 0.86%, supported by Powell's dovish stance and easing trade tensions. Easing political turbulence in France also added to the investor optimism after French PM Sébastien Lecornu's government survived no-confidence motions following the suspension of a contentious pension reform to avoid a potential snap election. However, cracks remained in the Euro area industrial output front, with industrial production falling 1.2% in August, led by declines in capital and durable goods. Data from the U.K. mirrored the trend somewhat, with UK GDP rising just 0.1% in August following a similar decline in July while Q3 output was up 0.3%. Unemployment rose to 4.8% whereas wage growth excluding bonuses slowed slightly to 4.7% year over year. Over in Asia, Japanese stocks retreated, with the Nikkei 225 down 1.05% and TOPIX off 0.85% as a stronger yen, political instability, and global trade worries dampened sentiment. The 10-year JGB yield fell to 1.62% as markets reduced expectations for near-term Bank of Japan tightening. Governor Kazuo Ueda reiterated a cautious approach, emphasizing data-dependent decisions on whether to raise rates at the end of October. Meanwhile, Mainland Chinese equities fell as trade tensions with the U.S. deepened. The CSI 300 dropped 2.22% and the Shanghai Composite lost 1.47%. Persistent deflation and a weak property market continued to weigh on domestic demand as shown by producer prices declining 2.3% year over year in September—the 36th straight monthly drop—while consumer prices fell 0.3%. Attention turned to the upcoming Communist Party plenum (October 20–23), where officials are expected to finalize the next five-year economic plan. Markets will watch for measures to stimulate consumption as China faces slowing growth and higher U.S. tariffs.

Data highlights: The U.K. unemployment rate edged higher to 4.8%, slightly above both the forecast and the previous 4.7%. China's inflation rate remained in negative territory at -0.3% year-on-year, a decline from the previous -0.4% but still below the -0.1% forecast. In Australia, the unemployment rate rose to 4.5%, higher than analysts' expectation of 4.3%.

Week ahead: China GDP Growth YoY- Monday | Canada Inflation Rate YoY - Tuesday | U.K Inflation Rate YoY - Wednesday | Canada Retail Sales YoY - Thursday | Japan Inflation Rate YoY, U.K Retail Sales YoY- Friday

Global Markets Overview

Treasury yields: The yield on the US 10-year Treasury note edged higher for Friday trading to 4.01% despite posting overall losses by the end of the week. Earlier fears of renewed credit stress in the US banking sector had triggered a sell-off in equities and strong demand for Treasuries, but sentiment stabilized after bank earnings came in better than expected. Meanwhile, trade tensions between Washington and Beijing showed signs of cooling after President Trump acknowledged that current tariffs on Chinese goods were “not sustainable” and reaffirmed plans to meet with President Xi Jinping in South Korea in the coming weeks. Across the Atlantic, Germany's 10-year Bund yield fell to 2.58% by week's end, after touching a four-month low of 2.523%, buoyed by easing trade war fears and hopes of a potential thaw in US–China relations. Money markets have ramped up bets on further easing from both the ECB and the Fed, with traders now seeing an 80% probability of a 25-basis-point ECB cut by July 2026 and at least two Fed cuts before year-end.

Equities: Wall Street finished the week on a brighter note as investor sentiment improved, buoyed by President Trump's assurances that the US would not escalate trade tensions with China and by a sharp rebound in regional bank shares. The S&P 500 climbed 1.7%, the Nasdaq 100 surged 2.46%, and the Dow Jones jumped more than 1,804 points for the week. Gains were broad-based, led by consumer staples, energy, and financials, while materials and utilities lagged. Across the Atlantic, the FTSE 100 fell 0.77% for the week, with Friday marking its worst session since April amid a global equity selloff triggered by renewed concerns over US credit markets. Losses at two American regional banks tied to loan fraud stoked fears of broader financial strain, rattling investor confidence worldwide. In the week, JP Morgan Chase was the unofficial curtain raiser for this season of earnings releases. The Bank delivered a strong third-quarter earnings report—delivering earnings per share of \$5.07 topping analysts' expectations of \$4.85 per share—and reinforcing the bank's position as a bellwether for the industry. The results were also buoyed by record trading revenues and a surge in investment banking fees as dealmaking activity returned at scale.

Currencies: The US dollar index edged higher to 98.43 at the close of weekly trading after briefly dipping to 98.03—its lowest level since October 6—as President Donald Trump hinted that the steep tariffs on Chinese goods would not remain in place for long, raising hopes of a potential thaw in US-China trade relations ahead of his planned meeting with President Xi Jinping. Despite the late-week rebound, the greenback ended the week down 0.55%, weighed by the prolonged US government shutdown, renewed stress in regional banks, and growing expectations of further Federal Reserve rate cuts. Fed Governor Christopher Waller expressed support for another rate cut this month amid rising labour market risks, while Governor Stephen Miran pushed for more aggressive easing to sustain economic momentum. Meanwhile, the euro strengthened to \$1.1655—its highest level since October 6—posting a 0.31% weekly gain against the dollar. The single currency drew support from easing political tensions in France and a dovish Fed outlook.

Commodities: Gold surged to a new all-time high of \$4,379.60 before easing 1.79% to close the week at \$4,252 per ounce, still marking an impressive 5.82% weekly gain. The late-week pullback came as investor anxiety over US-China trade tensions eased after President Donald Trump called proposed 100% tariffs on Chinese goods “unsustainable.” Gold's rally remains underpinned by a powerful mix of drivers—expectations of US rate cuts, the prolonged government shutdown, persistent geopolitical risks, and robust safe-haven demand. The metal is now up 62% year-to-date and 10.18% for the month, buoyed further by central bank buying and steady ETF inflows. With markets fully pricing in a 25-basis-point Fed rate cut this month and another likely in December, bullish momentum in gold continues to find solid footing.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.01	-0.58	-12.26
Bund 10Y	2.58	-2.42	9.00
Gilt 10Y	4.53	-3.08	-0.81
Japan 10Y	1.63	-3.38	48.14

Indices	Close	% W/W	% YTD
S&P 500	6664	1.70	13.30
EU Stoxx 600	590	0.86	16.73
FTSE 100	9355	-0.77	14.46
Nikkei 225	47582	-1.05	19.27

Currencies	Close	% W/W	% YTD
EURUSD	1.1655	0.31	12.57
GBPUSD	1.3427	0.50	7.28
USDJPY	150.61	-0.38	-4.19
USD Index	98.43	-0.55	-9.27

Commodities	Close	% W/W	% YTD
Gold	4252	5.82	62.00
Copper	496.95	1.54	23.42
WTI Crude	57.54	-2.31	-19.77
Wheat	503.75	1.05	-15.83v

Performance of Major Global Financial Assets

% Change.

W/W	-0.6	-2.4	-3.1	-3.4	-6.1	-2.4	1.7	2.5	1.4	-1.7	-0.8	-1.1	-4.0	-0.6	0.3	0.5	-0.4	-0.1	-0.8	-2.3	5.8	1.5	6.5	1.1
MTD	-3.4	-4.8	-3.6	-1.0	-4.6	-4.4	-0.4	0.6	1.4	-0.2	0.0	5.9	-6.0	0.7	-0.7	-0.1	1.8	0.1	0.6	-7.7	10.2	2.3	6.0	-0.8
YTD	-12.3	9.0	-0.8	48.1	-6.0	-4.1	13.3	18.1	14.5	19.7	14.5	19.3	25.9	-9.3	12.6	7.3	-4.2	-2.4	-7.8	-19.8	62.0	23.4	37.4	-15.8
	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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