

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

U.S. stocks finished the week with mixed performance. Major large-cap benchmarks edged higher, helped by strength in mega-cap technology stocks tied to artificial intelligence spending. The Nasdaq Composite led the advance, while smaller-cap indexes slipped. Market participation remained narrow: although the S&P 500 posted a gain, most of its sectors declined, and the equal-weight S&P 500 trailed the traditional cap-weighted index. Earnings season accelerated, with FactSet data showing that by Friday morning, 64% of S&P 500 companies had posted results, and 83% beat earnings expectations. Tech results were mixed—Microsoft, Apple, and Meta fell after earnings releases, while Amazon and Alphabet gained. NVIDIA also rallied, topping a \$5 trillion market cap midweek, marking a historic milestone as the first company to reach that level. Further, markets entered the week focused on trade talks between President Trump and China's President Xi in South Korea. The two leaders agreed to a one-year pause in trade hostilities. The deal included lower U.S. tariffs on Chinese goods, Beijing halting restrictions on rare earth exports, and China resuming some purchases of U.S. farm products. While limited in scope, the truce helped support sentiment. In addition to this, the U.S. Fed was also under watch in the week. At its October meeting, the Federal Reserve lowered its benchmark rate by 25 basis points to 3.75%–4.00%, in line with market expectations. Chair Jerome Powell later signalled that another rate cut in December is not guaranteed, citing uncertainty and limited economic data due to the federal government shutdown. Across the Atlantic, the STOXX Europe 600 declined 0.32% after hitting a record high, as expectations faded for more near-term ECB rate cuts. The ECB left interest rates unchanged for a third meeting, noting inflation close to its 2% goal. President Christine Lagarde reiterated that decisions remain data dependent while emphasizing that the eurozone economy is still growing despite global uncertainties. In line with this, preliminary inflation data showed headline CPI easing to 2.1% in October, aligned with forecasts, while core inflation held at 2.4%. Eurozone GDP grew 0.2% in Q3, slightly above expectations, driven by France and Spain. Unemployment remained steady at 6.3%. Over in Asia, Japan's stock markets surged, with the Nikkei 225 climbing 6.31% and the TOPIX gaining 1.91%. October marked the strongest monthly Nikkei performance since 1994. The Bank of Japan maintained its policy stance, and optimism around potential fiscal stimulus and upbeat U.S. tech earnings boosted sentiment. In contrast, Mainland Chinese equity markets were range-bound as growth concerns overshadowed optimism about reduced U.S. trade tensions. Following China's Communist Party plenum, officials emphasized shifting toward consumption-led growth but stopped short of unveiling major stimulus or setting explicit consumption targets.

Data highlights: The U.S. Federal Reserve cut its benchmark interest rate by 25 basis points to 4.00%, in line with market expectations. In Canada, the Bank of Canada also cut its policy rate by 25 basis points to 2.25% from the prior 2.50% as forecasted by analysts. The Eurozone economy expanded by 1.3% in Q3, modestly above the 1.2% forecast though slower than the previous 1.5%. The European Central Bank kept its key interest rate unchanged at 2.15%, in line with expectations. In the Eurozone, the inflation rate was reported at 2.1% year-on-year, slightly below the prior 2.2%. Australia's Consumer Price Index was reported at 3.5%, higher than the 3.1% forecast by analysts. The Bank of Japan maintained its benchmark rate at 0.5%, in line with market expectations and unchanged from the prior decision.

Week ahead: Australia Interest Rate Decision – Tuesday | Eurozone Retail Sales YoY, New Zealand Unemployment Rate Q3 – Wednesday | U.K Interest Rate Decision – Thursday | U.S Non-Farm Payroll, Canada Unemployment Rate – Friday

Global Markets Overview

Treasury yields: The yield on the US 10-year Treasury note closed at 4.08% for the week, pausing after a three-session rally that pushed the benchmark yield to a three-week high, supported by a more hawkish tone from the Fed. The Fed delivered a widely expected 25bps rate cut earlier this week, but Chair Powell stressed that a December rate cut is not a foregone conclusion. Market-implied odds of another reduction in December fell sharply to around 63%, down from about 90% before the meeting. Meanwhile, the Swiss 10-year government bond yield touched 0.101% at the end of October, its lowest level since March 2022, following dovish comments from the Swiss National Bank and cautious signals from the US Fed. SNB official Tschudin reiterated on Thursday that the central bank's monetary policy remains expansive and that inflation is expected to stay within the price-stability range. She also noted that the SNB is ready to intervene in the currency market if needed and would consider reintroducing negative interest rates should conditions warrant.

Equities: US stocks pared back earlier weekly gains amid mixed earnings and scepticism on whether soaring capex levels on AI will translate to the revenue gains pledged by tech giants. However, the three major indices booked sharp gains in October, with the Nasdaq adding 4.77% as AI deals extended the rally for Magnificent 7 stocks and S&P 500 gaining 2.27%. Germany's DAX stayed in negative territory for the week down at two-week lows of 23,958, mirroring a general cautious sentiment. Traders assessed a fresh batch of mixed corporate reports from European companies while also weighing recent central bank decisions and developments on trade. Within the week, Amazon released its latest earnings report in which third-quarter profits rose 38% to \$21.2 billion. The company reported a \$9.5 billion pre-tax gain from its investment in the AI startup Anthropic, which was included in Amazon's non-operating income for the quarter. Amazon is going head-to-head against Microsoft, which just re-upped its partnership with ChatGPT maker OpenAI; and Google, which reported record cloud revenue for its recent quarter, driven by AI.

Currencies: The dollar index ended the week at 98.80 after rising for three straight daily sessions, its highest level since early August, finishing October up 2.08%, supported by a more hawkish tone from the Fed. The Fed delivered a widely expected 25bps rate cut but Chair Powell emphasized that a December rate cut is not a foregone conclusion. Further, the ongoing US government shutdown showed no signs of resolution, delaying the release of key economic data. Elsewhere, the Dollar gained 1.2% against the pound and 0.77% against the euro for the week. The Japanese yen hovered near nine-month lows of 153.99 per dollar for the week for a sharp 4.12% monthly decline, pressured by the election of Prime Minister Sanae Takaichi, who favours expansionary fiscal measures and loose monetary policy. The Bank of Japan also kept rates unchanged this month, with Governor Kazuo Ueda cautioning that global trade policies could slow growth and hurt corporate profits.

Commodities: US natural gas futures rose to \$4.12 per MMBtu, the highest in seven months, as higher heating demand in the near term met the outlook of ample LNG exports to Europe and Asia. Expectations of colder weather in the US ahead of the winter supported demand for gas-intensive heating. High LNG flows were aligned with added demand from Europe as the gradual shunning of Russian gas coincided with lower stocks in gas trading hubs, while the US Presidential administration pressed for pledges of US energy imports for Asian countries negotiating trade deals. Copper futures slipped to \$5.09 per pound, easing from the three-month high of \$5.18 reached on October 29th, as weak demand signals and a stronger US dollar temporarily outweighed growing concerns about tight global supply, which have recently dominated market sentiment. Still, US copper futures remained sharply higher for the month and hovered near record levels on the LME, supported by a series of negative supply shocks.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.08	1.92	-10.76
Bund 10Y	2.63	0.27	11.24
Gilt 10Y	4.41	-0.52	-3.48
Japan 10Y	1.67	0.60	51.59

Indices	Close	% W/W	% YTD
S&P 500	6840	0.71	16.30
EU Stoxx 600	597	-0.32	18.09
FTSE 100	9717	0.74	18.89
Nikkei 225	52411	6.31	31.37

Currencies	Close	% W/W	% YTD
EURUSD	1.1537	-0.77	11.43
GBPUSD	1.3152	-1.19	5.08
USDJPY	153.99	0.74	-2.04
USD Index	99.80	0.86	-8.00

Commodities	Close	% W/W	% YTD
Gold	4003	-2.68	52.52
Copper	508.90	-0.65	26.39
WTI Crude	60.98	-0.85	-14.97
Natural Gas	4.12	24.82	13.52

Performance of Major Global Financial Assets

% Change.

% Change:																								
W/W	1.9	0.3	-0.5	0.6	3.7	-0.9	0.7	2.0	-0.2	-1.2	0.7	6.3	-1.0	0.9	-0.8	-1.2	0.7	0.0	0.4	-0.8	-2.7	-0.7	-2.7	4.2
MTD	-1.8	-2.9	-6.2	1.3	0.0	-4.2	2.3	4.8	2.4	0.3	3.9	16.6	-3.5	2.1	-1.7	-2.2	4.1	0.0	0.4	-2.2	3.7	4.8	4.6	5.1
YTD	-10.8	11.2	-3.5	51.6	-1.5	-3.9	16.3	23.1	15.6	20.3	18.9	31.4	29.1	-8.0	11.4	5.1	-2.0	-2.5	-8.0	-15.0	52.5	26.4	35.5	-10.8
	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, Trading Economics, T. Rowe Price, Standard Investment Bank

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