31ST AUGUST - 4TH SEPTEMBER 2026

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. equities ended the week broadly flat, with the major indexes showing only modest moves as investors balanced renewed U.S.-Iran tensions, higher oil prices, stronger-than-expected employment data, and changing expectations for Federal Reserve policy. The Dow Jones Industrial Average shed 0.27%, while the Nasdaq Composite gained 0.38%. The S&P 500, Russell 2000, and S&P Midcap 400 were little changed. Geopolitical concerns dominated trading early in the week after the U.S. and Iran exchanged strikes near the Strait of Hormuz for the first time in several weeks. Oil prices jumped on Monday and Tuesday as investors worried about potential disruptions to global supplies, reviving inflation concerns and uncertainty over the Fed's next policy move. The U.S. labour market delivered a significant upside surprise in August. According to the Labor Department, employers added 162,000 jobs during the month, far above forecasts of roughly 55,000 and substantially higher than July's revised increase of 21,000. The unemployment rate remained unchanged at 4.1%, while labour-force participation improved to 61.6% from 61.4%. Other labour indicators were less impressive. Job openings increased slightly to 7.27 million in July from 7.18 million in June, but remained below expectations of approximately 7.35 million. On the macro front, U.S. business activity remained firmly in expansion territory in August. The ISM manufacturing PMI eased to 54.6 from 55.6 in July, remaining above the 50 threshold for an eighth consecutive month but falling short of expectations. The services sector strengthened, with the ISM services PMI rising 1.3 points to 55.4. Across the great Atlantic pond, European equities declined during the week as renewed U.S.-Iran tensions pushed oil and natural gas prices higher, raising concerns about inflation and contributing to rising government bond yields. The pan European Euro STOXX 600 was lower by 1.12% for the week. Energy companies proved relatively resilient, benefiting from higher commodity prices, while industries more sensitive to economic growth suffered from rising fuel costs. The increase in energy prices contributed to a sharp rise in European sovereign bond yields, including German Bunds and UK gilts. Fundamentally, Eurozone retail sales declined 0.6% month over month in July, marking their steepest drop since May 2025. Meanwhile, Eurozone producer prices jumped 1.6% in July from the previous month, exceeding expectations. The increase was largely driven by higher energy costs. UK stocks were also affected by concerns over government finances and potential tax changes. Reports that the government could introduce windfall taxes on banks and energy companies weighed particularly on financial stocks. Shifting focus to Asia, Japanese equities weakened significantly as higher oil prices, rising government bond yields, and expectations of tighter monetary policy encouraged a broader risk-off move. The Nikkei 225 fell 2.09%, while the TOPIX declined 1.05%. Growth and technology stocks came under pressure from rising bond yields, while the yen's sharp appreciation later in the week created additional headwinds for exporters. Chinese equities produced mixed results as weakening momentum in AI-related stocks pressured mainland markets, while Hong Kong shares recovered toward the end of the week. The CSI 300 fell 1.33% and the Shanghai Composite declined 0.56%, while Hong Kong's Hang Seng Index gained 0.26%.

Data highlights: CAD BoC Interest Rate Decision stayed the same at 2.25%, in line with expectations. CAD Unemployment Rate (Aug) stayed the same at 6.4%, in line with expectations. USD Unemployment Rate (Aug) stayed the same at 4.1% as expected. USD Non-Farm Payrolls (Aug) rose from 21K to 162K, higher than the forecasted 56K. CHF Inflation Rate YoY (Aug) rose more than expected, up +40bps from 0.4% to 0.8% against consensus for a 0.5% print. CHF GDP Growth Rate YoY (Q2) rose more than expected, from 0.4% to 2.3% compared to an anticipated rise from 0.4% to 1.7%. EUR Inflation Rate YoY (Aug) rose +40bps, from 2.9% to 3.3%, as expected. EUR Core Inflation Rate YoY (Aug) fell more than expected, -10bps from 2.5% to 2.4%, analysts forecasted an unchanged print. EUR Unemployment Rate YoY (Jul) stayed the same at 6.4%; expectations were for a drop to 6.3%. EUR Retail Sales YoY (Jul) fell more than expected, -80bps from 1.4% to 0.6%, analysts forecasted a decrease, from 1.4% to 1.1%. AUD GDP Growth Rate YoY (Q2) fell -40bps from 2.5% to 2.1%, less than expected -70bps decrease, from 2.5% to 1.8%. NZD RBNZ Interest Rate rose +25bps, from 2.5% to 2.75%, in line with consensus.

Week ahead: CHF Unemployment Rate (Aug) - Monday | CNY Inflation Rate YoY (Aug) - Wednesday | EUR ECB Interest Rate Decision - Thursday | USD Inflation Rate YoY (Aug), USD Core Inflation Rate YoY (Aug) - Friday

Global Markets Overview

Treasury yields: The yield on the US 10-year Treasury note climbed to 4.78%, reversing declines recorded over the previous two sessions after a stronger-than-expected US jobs report reinforced expectations for tighter monetary policy. The US economy added 162K jobs in August, significantly exceeding forecasts of 56K, while payroll figures for the prior two months were also revised slightly higher. The robust labour-market data prompted investors to increase bets on a Federal Reserve rate hike, with markets now pricing in nearly a 52% probability of a 25bps increase in the federal funds rate this month. In Europe, Germany's 10-year Bund yield edged higher to 3.34% as investors awaited further direction from the US employment data and increasingly focused on the ECB's September 10 policy meeting. Money markets continue to fully price in a 25-basis-point ECB rate hike to 2.5% next week, while assigning an almost 100% probability of the deposit rate reaching 3% by June 2027.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.78	1.36	14.76
Bund 10Y	3.34	1.83	16.95
Gilt 10Y	5.13	1.38	14.60
Japan 10Y	2.92	-0.44	41.24

Equities: US stocks ended Friday's session mostly higher as stronger-than-expected labour-market data gave the Federal Reserve greater scope to tighten monetary policy. The S&P 500 edged up 0.09%, while the Dow slipped 0.27% and the Nasdaq gained 0.38%. The stronger jobs print pushed Treasury yields higher, weighing on credit-sensitive sectors, with Alphabet falling 2.35%, Microsoft declining 2.69%, Palantir dropping 6.42%, and Visa retreating 1.71%. Technology and semiconductor stocks, however, provided support to the broader market after their weaker performance earlier in the week. US markets will remain closed on Monday for the Labor Day holiday. In Europe, equities attempted to recover on the final trading day of the week amid continued volatility, as investors weighed the evolving monetary-policy outlook. Despite Friday's recovery attempt, European equities finished the week lower, with the STOXX 50 falling 1.43% and the STOXX 600 declining 1.12%.

Indices	Close	% W/W	% YTD
S&P 500	7719	0.09	12.75
EU Stoxx 600	674	-1.12	10.02
FTSE 100	10831	0.06	9.06
Nikkei 225	65021	-2.09	29.16

Currencies: The dollar index fell to 99.18 despite recovering from a two-week low, as stronger-than-expected US employment data reinforced expectations for tighter Federal Reserve policy. The unemployment rate remained at 4.1%, while annual wage growth eased to 3.1%, although the moderation was less pronounced than anticipated. The resilient labour-market data pushed markets to price in nearly a 60% probability of a Fed rate hike in September, according to the CME FedWatch Tool. Meanwhile, the euro strengthened to $1.1614 as investor attention increasingly shifted toward the European Central Bank's September 10 policy meeting. Markets are fully pricing in a 25-basis-point ECB rate hike to 2.5% next week and assigning almost a 100% probability of the deposit rate reaching 3% by June 2027, implying two further increases over the period. On the economic front, Germany's factory orders rose 2.5% in July, easing from an upwardly revised 3.7% increase in June but significantly outperforming expectations for a 0.3% gain.

Currencies	Close	% W/W	% YTD
EURUSD	1.1614	0.25	-1.12
GBPUSD	1.3519	-0.14	0.33
USDJPY	156.26	-2.39	-0.29
USD Index	99.18	-0.53	0.87

Commodities: Crude oil climbed to $91.48 per barrel, gaining more than 9% for the week in its strongest weekly performance since mid-July, as the Middle East conflict showed little sign of de-escalating. The US and Iran exchanged missile strikes during the week, while Israel's defence minister threatened "crippling" attacks on Iranian infrastructure, including energy facilities. Adding to the supply risk, US Vice President JD Vance said Washington would not pursue peace talks with Tehran until Iran stops attacking vessels in the Strait of Hormuz, reinforcing concerns over disruptions to a critical global energy route. The EU also formally joined the US-led sanctions campaign against Iran, while South Korea indicated it was considering a military role. Silver slipped 0.26% to below $66.21 per ounce as a stronger US dollar and rising expectations for tighter monetary policy weighed on the precious metal. The combination of a firmer dollar and higher rate expectations continued to weigh on silver, which remains particularly sensitive to movements in interest rates and the US currency.

Commodities	Close	% W/W	% YTD
Gold	4430	-0.56	2.56
Copper	659.70	0.53	16.10
WTI Crude	91.48	9.69	59.32
Wheat	734.00	-6.38	29.97

Performance of Major Global Financial Assets

% Change.

	GOV. BOND YIELDS						EQUITY INDICES							CURRENCIES						COMMODITIES				
	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
W/W	1.4	1.8	1.4	-0.4	1.5	1.2	0.1	0.4	-1.4	-2.0	0.1	-2.1	0.3	-0.5	0.3	-0.1	-2.4	-0.3	-1.3	9.7	-0.6	0.5	-5.5	-6.4
MTD	1.0	4.1	1.6	4.0	5.0	3.2	3.1	4.5	0.5	1.6	-0.3	1.0	-0.9	-0.7	0.8	0.3	-0.7	-0.6	-3.5	8.0	9.5	2.0	-6.1	11.6
YTD	14.8	17.0	14.6	41.2	9.1	16.8	12.8	17.0	10.4	6.4	9.1	29.2	0.1	0.9	-1.1	0.3	-0.3	-4.0	-3.6	59.3	2.6	16.1	-6.0	30.0

KEY: *-100%* *+100%*

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

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