

## GLOBAL MARKETS

# WEEKLY MARKET BRIEF



## Highlights.

Global markets ended the week on a cautiously optimistic note as easing oil prices and hopes of progress in US-Iran negotiations supported risk sentiment. US equities advanced on strong earnings expectations and AI optimism, while European markets were mixed. Bond yields remained elevated amid persistent inflation concerns and expectations of further monetary tightening, particularly in the UK. The US dollar extended its rally to a fourth consecutive week, while the yen weakened further. Meanwhile, gold gained as investors balanced easing oil prices against ongoing geopolitical and inflationary risks. Overall, markets remained caught between improving sentiment and the prospect of higher-for-longer interest rates.

**Data highlights:** In Canada, the unemployment rate rose 10bps to 6.5% in September, matching expectations. In the U.S., the ISM Services PMI fell sharply to 53.9 in September, well below the softer consensus of 55.0, while ADP Weekly Employment Change rose by 3.75K to 23.75K. Initial jobless claims declined by 2K to 197K, defying consensus expectations of a 1K increase to 200K, while continuing jobless claims rose by 17K to 1,716K, exceeding the forecast of 1,710K. Switzerland's unemployment rate held steady at 3.0%, higher than the 2.8% consensus. In the Eurozone, retail sales rose 0.1% month-on-month in August, slightly below the 0.2% forecast, while year-on-year retail sales grew 0.8%, also trailing the 1.0% consensus.

**Week ahead:** India Inflation Rate YoY (Sep) – Monday | U.K. BRC Retail Sales Monitor YoY (Sep), U.S. ADP Employment Change Weekly, U.S. Existing Home Sales (Sep) – Tuesday | China Inflation Rate YoY (Sep), U.S. CPI (Sep), U.S. Inflation Rate YoY (Sep), U.S. Core Inflation Rate YoY (Sep) – Wednesday | Australia Unemployment Rate (Sep), U.K. GDP MoM (Aug), U.S. Initial Jobless Claims (Oct/10), U.S. Continuing Jobless Claims (Oct/03), U.S. PPI MoM (Sep), U.S. Retail Sales YoY (Sep) – Thursday | Eurozone CPI (Sep) – Friday

## Global Markets Overview

**Treasury yields:** The US 10-year Treasury yield edged down to 5.24% on the week after falling 6 bps on Thursday from its highest level since 2002, as Trump's pledge not to attack Iran before the midterms eased oil and supply fears. Persistent inflation kept higher-for-longer Fed expectations intact, with markets pricing an 81% chance of a hold this month and a 69% chance of a 25 bp hike in December; the Treasury cash market closes Monday for a holiday, though futures will trade. The 10-year gilt yield closed at 5.44%, near a 19-year high, as softer oil was offset by hawkish BoE signals: Chief Economist Huw Pill stressed price stability, MPC member Megan Greene warned wage growth could reach 3.5% in 2027, and Governor Andrew Bailey reiterated the inflation priority. Markets are pricing a November hike, with the BoE the only major central bank yet to tighten in response to US-Iran war inflation.

**Equities:** US stocks closed higher Friday ahead of earnings season, with the S&P 500 up 1.15% and the Nasdaq 100 0.24%, both near record highs, and the Dow up 0.93%. The largest banks are expected to report nearly \$19 billion in stock-trading revenue this week, led by Goldman Sachs (\$5.1 billion, reporting Tuesday) and Morgan Stanley (\$4.9 billion), followed by JPMorgan (\$4.5 billion) and Bank of America (\$2.6 billion). AI hyperscalers rallied on expectations that OpenAI's annualized revenue will top \$70 billion by year-end, with Alphabet up 2.38%, Microsoft 3.39%, and Amazon 4.34%. In Germany, the DAX 40 fell 0.57% to a two-month low of 25,087 despite some support from Trump ruling out an Iran strike before the midterms. SAP rose 4.1% and Zalando 6.87%, while Deutsche Telekom plunged 7% as SpaceX's spectrum acquisition raised competition concerns for T-Mobile US, in which it holds a 54% stake.

**Currencies:** The US Dollar Index held at 102.21, up 0.28% for a fourth straight weekly gain and at its highest since April 2025. Trump's pledge to pause attacks on Iran until after the midterms eased oil and supply fears, but persistent inflation kept expectations of a prolonged restrictive Fed stance, with markets pricing an 81% chance of a hold this month and a 69% chance of a 25 bp hike in December. The yen weakened to 158.31 per dollar, its fourth weekly decline, weighed by the wide US-Japan rate gap, heavy public debt, and a ninth straight monthly fall in personal spending in August. BoJ board member Ayano Sato, who opposed the September hike, backed gradual further tightening, while Prime Minister Sanae Takaichi pressed on with expansionary fiscal policy, pledging to cut the consumption tax on food despite concerns over yen weakness and elevated bond yields.

**Commodities:** Crude hovered around \$91.85 a barrel after Trump said Putin agreed to release Russian diesel, with OFAC issuing a temporary general license for an estimated 22.5 million barrels. The US-Iran conflict kept disrupting shipping, as tankers tied up in transfers outside the Strait of Hormuz pushed freight rates to record highs, and eleven tankers were attacked in the week ended October 4. Trump's pledge to hold off strikes on Iran before the midterms offered some relief, and oil ended the week up 0.81%. Gold rose 1.28% to a one-week high of \$4,194 an ounce as investors weighed easing oil prices against further Fed tightening, with energy disruption still fuelling inflation concerns. St. Louis Fed President Alberto Musalem said more tightening may be needed to bring inflation back to 2%, without signalling his vote at the upcoming meeting.

| Bond Yields | Close | % W/W | % YTD |
|-------------|-------|-------|-------|
| US 10Y      | 5.24  | -0.62 | 25.70 |
| Bund 10Y    | 3.48  | 0.55  | 21.93 |
| Gilt 10Y    | 5.44  | 1.43  | 21.52 |
| Japan 10Y   | 3.02  | -2.42 | 46.08 |

| Indices      | Close | % W/W | % YTD |
|--------------|-------|-------|-------|
| S&P 500      | 7812  | 1.15  | 14.11 |
| EU Stoxx 600 | 650   | -1.03 | 6.16  |
| FTSE 100     | 10552 | 0.86  | 6.25  |
| Nikkei 225   | 69031 | 1.06  | 37.13 |

| Currencies | Close  | % W/W | % YTD |
|------------|--------|-------|-------|
| EURUSD     | 1.3234 | -0.05 | -1.79 |
| GBPUSD     | 158.31 | 0.29  | 1.02  |
| USDJPY     | 102.21 | 0.28  | 3.96  |
| USD Index  | 16.51  | -0.90 | -0.34 |

| Commodities | Close  | % W/W | % YTD |
|-------------|--------|-------|-------|
| Gold        | 4194   | 1.28  | -2.90 |
| Copper      | 669.20 | 2.18  | 17.78 |
| WTI Crude   | 91.85  | 0.81  | 59.96 |
| Wheat       | 671.00 | -1.76 | 18.81 |

## Performance of Major Global Financial Assets

% Change.

|     |                  |      |      |      |      |      |                |      |      |      |      |      |      |            |      |      |     |      |             |      |      |      |      |      |
|-----|------------------|------|------|------|------|------|----------------|------|------|------|------|------|------|------------|------|------|-----|------|-------------|------|------|------|------|------|
| W/W | -0.6             | 0.5  | 1.4  | -2.4 | -0.1 | -0.7 | 1.2            | 0.2  | -1.0 | -0.6 | 0.9  | 1.1  | 1.0  | 0.3        | -0.5 | -0.1 | 0.3 | -0.2 | -0.9        | 0.8  | 1.3  | 2.2  | -0.6 | -1.8 |
| MTD | -0.9             | -2.9 | 0.4  | -1.5 | -0.3 | -0.9 | 2.1            | 1.6  | -1.5 | -0.4 | -0.5 | 3.4  | -1.6 | 0.8        | -1.1 | -0.2 | 0.6 | -0.2 | 0.5         | 1.6  | 0.9  | 1.1  | -1.3 | -0.7 |
| YTD | 25.7             | 21.9 | 21.5 | 46.1 | 12.5 | 28.8 | 14.1           | 22.3 | 6.6  | 2.4  | 6.2  | 37.1 | -5.5 | 4.0        | -4.6 | -1.8 | 1.0 | -4.2 | -0.3        | 60.0 | -2.9 | 17.8 | -8.8 | 18.8 |
|     | 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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