

GLOBAL MARKETS

WEEKLY MARKET BRIEF

Highlights.

U.S. equity markets ended the week on a mixed note as investors balanced a softer-than-anticipated employment report and reduced expectations for another Federal Reserve rate increase against still-elevated Treasury yields, volatile oil prices, and continued uncertainty over the U.S.-Iran conflict. The S&P 500 declined 0.27%, while the Dow shed 1.26%; the Nasdaq, meanwhile, edged up 0.65% to close at 30,807.93 while the Russell 2000 was broadly unchanged. Bond markets remained a major focus. Longer-dated Treasury yields climbed to their highest levels in several decades before pulling back later in the week, reflecting changing expectations for monetary policy and inflation. In a week that saw a slew of data reports coming in, the Bureau of Labor Statistics (BLS) reported Friday that U.S. employers added just 29,000 jobs in September, substantially below the approximately 90,000 increase economists had anticipated. Combined payroll growth for July and August was reduced by 60,000 while the unemployment rate edged up to 4.2% from 4.1%. Other labour-market indicators delivered a mixed picture during the week. ADP reported that private-sector employers added 90,000 jobs in September, up considerably from August's revised 36,000 gain. In contrast, BLS data showed that job openings declined to 7.08 million in August from a revised 7.34 million in July. Financial markets responded positively to the weaker employment figures, with U.S. stock futures rising and Treasury yields falling after the report was released on Friday. Separately, the Bureau of Economic Analysis (BEA) reported that the personal consumption expenditures (PCE) price index increased 0.3% in August and was 3.4% higher than a year earlier. The BEA also significantly upgraded its estimate of second-quarter real GDP growth to a 2.2% annualized pace, compared with the previous estimate of 1.5%. Moving across to Europe, the pan European Euro STOXX 600 shed 1.20% week-on-week. European equities faced pressure from a combination of high oil prices and elevated sovereign bond yields. Stronger-than-expected inflation data further reinforced concerns that European central banks may need to maintain restrictive monetary policies for longer. Brent crude climbed above USD 108 per barrel early in the week as expectations for progress in U.S.-Iran negotiations weakened. The increase in oil prices renewed concerns about inflation and contributed to higher government borrowing costs. Meanwhile, revised figures coming out of the U.K. showed that the UK economy grew 0.5% in the second quarter, slightly above the previous estimate of 0.4%. Despite the stronger growth figure, elevated gilt yields continued to create headwinds for sectors that are particularly sensitive to borrowing costs. In Asia, Japanese equities delivered mixed returns during the week. The Nikkei 225 advanced 2.93%, while the broader TOPIX declined 0.91%. The strongest gains were concentrated in AI and semiconductor-related companies, supported by continued strength in global technology stocks and renewed optimism surrounding future demand for AI infrastructure. Broader market sentiment remained more cautious, however, amid elevated Japanese government bond yields and expectations that the Bank of Japan would continue tightening monetary policy. Finally, Chinese equities declined during the week, although mainland markets were closed Thursday and Friday for the Golden Week holiday.

Data highlights: USD JOLTs Job Openings (Aug) fell from 7.335M to 7.079M, analysts expected 7.23M. USD ADP Employment Change (Sep) rose from 36K to 90K, higher than the expected increase to 70K. USD GDP Growth Rate QoQ (Q2) fell -30bps, from 2.5% to 2.2%, consensus was for a -100bps decrease, from 2.5% to 1.5%. USD Core PCE Price Index YoY (Aug) stayed the same at 3%, against consensus expectations for a +30bps rise, from 3% to 3.3%. USD Nonfarm Payrolls (Sep) fell from 133K to 29K, against expectations for a softer decline to 90K. USD Unemployment Rate (Sep) rose +10bps, from 4.1% to 4.2%, expectations were for an unchanged print. CHF Inflation Rate YoY (Sep) rose +20bps, from 0.8% to 1%, in line with expectations. CHF Retail Sales YoY (Aug) rose, +60bps from 2.6% to 3.2%, against views for a -40bps decrease, from 2.6% to 2.2%. EUR Unemployment Rate (Aug) was unchanged at 6.4%, in line with expectations. EUR Inflation Rate YoY (Sep) rose +60bps, from 3.2% to 3.8%, more than the expected rise to 3.6%. EUR Core Inflation Rate YoY (Sep) rose +10bps, from 2.4% to 2.5%, in line with expectations. JPY Unemployment Rate (Aug) rose +10bps from 2.4% to 2.5%, consensus wrongly expected an unchanged print. AUD RBA Interest Rate Decision rose +25bps, from 4.35% to 4.6%, in line with expectations.

Week ahead: USD ISM Services PMI (Sep) – Monday | CHF Unemployment Rate (Sep), EUR Retail Sales MoM (Aug), EUR Retail Sales YoY (Aug), USD ADP Employment Change Weekly – Tuesday | CAD Unemployment Rate (Sep) – Friday

Global Markets Overview

Treasury yields: The US 10-year Treasury yield resumed its climb, closing at 5.27% after falling as much as 8bps during Thursday's session, as a weaker-than-expected jobs report provided only temporary relief to the bond market. Meanwhile, falling oil prices offered some relief on the inflation front, although the unresolved Middle East conflict continued to pose upside risks. The benchmark 10-year yield had climbed above 5.34% earlier in the week, its highest level since 2002, driven by expectations of further Fed tightening, the absence of a resolution to the Middle East conflict, concerns over the US fiscal and debt outlook, and resilient economic activity. In Europe, Germany's 10-year Bund yield eased further to 3.46% after reaching a 17-year high, as the sharp selloff in European government bonds paused and investors balanced demand for safe-haven assets against expectations for additional ECB rate hikes through 2027. Investors also absorbed stronger-than-expected Eurozone inflation, which accelerated to 3.8% last month, its highest level since September 2023 and well above the ECB's 2% target.

Equities: US equity indices ended the week mixed, with the S&P 500 and Dow lower as a weaker-than-expected jobs report prompted investors to scale back expectations for further Federal Reserve tightening. The S&P 500 declined 0.27%, while the Dow shed 1.26%; the Nasdaq, meanwhile, edged up 0.65% to close at 30,807.93. Softer labour-market data eased expectations for further Fed rate hikes while at the same time, declining oil prices helped support the bond market, providing an additional tailwind for equities. Credit-sensitive stocks advanced, while AI-related companies—which are facing record levels of debt issuance—also finished mostly higher. Nvidia gained 3.95%, Broadcom rose 0.66%, and AMD added 0.52%. In the UK, the FTSE 100 fell 2.18% over the week, although it recovered from four consecutive sessions of losses on Friday as markets showed signs of stabilising following a volatile period.

Currencies: The dollar index edged up to 101.93 for the week, despite breaking a four-session winning streak as unexpectedly weak US employment data reduced expectations for further Federal Reserve tightening. The unemployment rate also edged up to 4.2%, pointing to a more cautious hiring environment as businesses contend with elevated costs. The disappointing labour-market report prompted money markets to scale back expectations of an interest-rate increase at the Fed's October meeting. Despite Friday's decline, the dollar remained on course for a 0.9% weekly gain, which would mark its third consecutive weekly advance. The euro edged higher to \$1.126 after briefly touching its lowest level in more than a year, as softer-than-expected US employment data weighed on the greenback and reinforced expectations that the Fed could leave rates unchanged at its upcoming meeting. Meanwhile, Eurozone inflation accelerated to 3.8%, its highest level since September 2023 and significantly above the ECB's 2% target, largely driven by higher fuel prices.

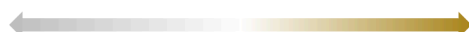
Commodities: Crude oil fell to a one-month low of \$88.06 a barrel before paring losses to \$91.11, after the Group of Seven (G7) agreed to consider releasing up to 100 million barrels of emergency oil and diesel reserves to ease fuel costs. The coordinated release, to be overseen by the International Energy Agency, is expected to take place over four months, according to French President Emmanuel Macron. Macron said the initiative was aimed at bringing down prices following pressure from the Trump administration to address tightening fuel markets. Meanwhile, Middle Eastern crude exports have recovered to levels close to those seen before the war, although uncertainty surrounding US-Iran negotiations continues to cloud the supply outlook. The Strait of Hormuz remains a key area of concern, with reported tanker attacks highlighting persistent shipping risks, while the US has strengthened air defences around energy facilities in Saudi Arabia and Qatar. Separately, Gold traded at \$4,141 an ounce despite weaker-than-expected US employment data reinforcing expectations that the Federal Reserve may leave interest rates unchanged at its upcoming meeting.

Performance of Major Global Financial Assets

% Change.

% Change.																									
W/W	2.1	-3.9	0.0	0.3	-0.6	2.1	-0.3	0.7	-1.0	-0.7	-2.2	2.9	-2.2	1.0	-1.2	0.0	0.4	-0.1	2.1	-1.4	-3.4	-2.2	3.6	-2.9	
MTD	11.0	4.2	6.0	4.6	4.8	11.0	0.5	4.6	-2.8	-3.9	-3.3	3.0	-6.2	2.5	-3.1	-2.3	-1.2	-0.2	3.4	6.2	-6.7	-0.7	-7.3	-11.8	
YTD	26.5	21.3	19.8	49.7	12.6	29.7	12.8	22.0	7.7	3.0	5.3	35.7	-6.5	3.7	-4.2	-1.7	0.7	-4.0	0.6	58.7	-4.1	15.3	-8.2	20.9	
	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

Bond Yields	Close	% W/W	% YTD
US 10Y	5.27	2.14	26.48
Bund 10Y	3.46	-3.86	21.26
Gilt 10Y	5.37	0.00	19.80
Japan 10Y	3.09	0.32	49.71

Indices	Close	% W/W	% YTD
S&P 500	7723	-0.27	12.81
EU Stoxx 600	657	-1.20	7.27
FTSE 100	10462	-2.18	5.34
Nikkei 225	68309	2.93	35.70

Currencies	Close	% W/W	% YTD
EURUSD	1.1255	-1.19	-4.18
GBPUSD	1.3241	-0.05	-1.74
USDJPY	157.85	0.36	0.73
USD Index	101.93	0.95	3.67

Commodities	Close	% W/W	% YTD
Gold	4141	-3.35	-4.13
Copper	654.90	-2.19	15.26
WTI Crude	91.11	-1.41	58.67
Wheat	683.00	-2.88	20.94

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