SIB Standard Investment Bank | MansaX Special Fund

26TH - 30TH OCTOBER 2026

GLOBAL MARKETS

# WEEKLY MARKET BRIEF



## Highlights.

U.S. equity markets finished the week with mixed performances. Large-cap growth and artificial intelligence (AI) stocks surrendered gains made earlier in the week, ending lower as investors reassessed the outlook for technology spending. Smaller companies and value-oriented shares performed more strongly. The Russell 2000 and S&P Mid-Cap 400 gained 1.30% and 1.26%, respectively, while the Nasdaq Composite declined 2.00%, and the S&P 500 shed 0.57%. Large-cap value stocks outperformed growth stocks for the fourth consecutive week. AI-related equities initially recovered from the previous week's weakness. Positive corporate earnings, announcements of new funding arrangements, and encouraging management commentary helped restore confidence in the sector's demand outlook and investment prospects. However, sentiment deteriorated toward the end of the week. Results from several major technology companies, including Alphabet and Amazon, renewed questions about whether the substantial capital being committed to AI infrastructure would generate sufficient returns over time. Oil markets remained volatile as investors weighed the possibility of diplomatic progress between the U.S. and Iran against reports of potential further attacks. Concerns also persisted that military activity could intensify following the November 3 U.S. midterm elections. On the macro front, as widely anticipated, the Federal Reserve maintained its federal funds target range at 3.75%–4.00% following its October policy meeting. Ten of the 12 voting policymakers supported the decision to hold rates steady, while the remaining two preferred another quarter-point increase. Nevertheless, policymakers continued to describe inflation as elevated and stressed that future decisions would depend on incoming economic information. Further, on Thursday, the Bureau of Economic Analysis (BEA) reported that U.S. gross domestic product (GDP) grew at an annualized rate of 3.4% in the third quarter. Stronger business investment and consumer spending were important contributors to the improvement. Inflation data, however, remained less encouraging. The BEA's personal consumption expenditures (PCE) price index increased by 0.5% month over month in September and was 3.6% higher than a year earlier. Moving across to Europe, the pan European Euro STOXX 600 advanced 1.39% over the week. The prospect of disruption to energy supplies remained a particular concern for Europe, where higher energy costs could add to inflationary pressures and weigh on economic activity. The third-quarter reporting season continued, with company results varying considerably across industries. Energy companies generally delivered particularly strong earnings. Financial-sector results were more mixed, however, as some banks experienced pressure from weaker net interest income and changing funding-cost trends. Separately, the European Central Bank decided to leave its main refinancing rate unchanged at 2.65% and its deposit facility rate at 2.50%. Moreover, economic growth across the eurozone was stronger than anticipated in the third quarter. Regional GDP expanded by 0.4% quarter over quarter, double the 0.2% growth forecast. In Asia, Japanese equity markets produced mixed results over the week. The Nikkei 225 Index advanced 0.95%, while the broader TOPIX Index edged down 0.02%. Notably, the BoJ maintained its policy interest rate at approximately 1.25%. The central bank assessed that underlying inflation was generally consistent with its 2% target.

**Data highlights:** CAD BoC Interest Rate Decision rose +25bps, from 2.25% to 2.5%, in line with expectations. USD New Home Sales (Sep) fell less than expected, from 0.68M to 0.676M, consensus expected a larger to 0.65M. EUR ECB Interest Rate Decision remained unchanged at 2.65% as expected. EUR Unemployment Rate (Sep) stayed the same at 2.5%; consensus wrongly expected a decrease to 2.4%. EUR GDP Growth Rate YoY (Q3) rose +10bps, from 1.2% to 1.3%, analysts had wrongly anticipated a -10bps decrease to 1.1%. CHF Retail Sales YoY (Sep) fell more than expected, from 3.2% to 1.6%, against expectations of a drop to 3%. JPY Unemployment Rate (Sep) fell -10bps, from 2.5% to 2.4%, consensus expected an unchanged print. JPY BoJ Interest Rate Decision stayed the same at 1.25%, as anticipated. NZD RBNZ Interest Rate Decision was unchanged at 2.75%, consensus wrongly assumed a +25bps increase to 3%. 4.5%, consensus was -10bps softer, from 4.3% to 4.4%. JPY Inflation Rate YoY (Sep) rose +20bps, from 1.9% to 2.1%, against expectations for an increase to 2.3%.

**Week ahead:** EUR Retail Sales YoY (Sep), USD ISM Manufacturing PMI (Oct) – Monday | USD Midterm Elections, CHF Inflation Rate YoY (Oct) – Tuesday | NZD Unemployment Rate (Q3), EUR Inflation Rate YoY (Oct), USD ADP Employment Change (Oct), USD ISM Services PMI (Oct) – Wednesday | AUD Balance of Trade (Sep), CHF Unemployment Rate (Oct), GBP BoE Interest Rate Decision – Thursday | EUR Retail Sales YoY (Sep), CAD Unemployment Rate (Oct), USD Non-Farm Payrolls (Oct) - Friday

## Global Markets Overview

**Treasury yields:** The US 10-year Treasury yield fell to 4.93%, declining around 6 basis points over the week and leaving it roughly 36 basis points lower for October, its first monthly decline in eight months. The benchmark yield had climbed to about 5.05% after the Federal Reserve held the federal funds target range at 3.75%-4% on Wednesday, as two policymakers, Governor Lisa Cook and Cleveland Fed President Beth Hammack, dissented in favour of a 25-basis-point hike, while the statement upgraded its assessment of economic activity to expanding at a "strong pace." Yields subsequently retreated as a fresh selloff in AI-related stocks drove renewed demand for safe-haven assets. In the UK, the 10-year gilt yield fell below 5.3%, its lowest level since September 22, after Chancellor John Healey's first budget was broadly in line with market expectations. Money markets are almost fully pricing in a Bank of England rate hike on November 5, with further increases expected in February and July.

| Bond Yields | Close | % W/W | % YTD |
|---|---|---|---|
| US 10Y | 4.93 | -1.31 | 18.28 |
| Bund 10Y | 3.32 | -0.69 | 16.36 |
| Gilt 10Y | 5.28 | -1.34 | 17.97 |
| Japan 10Y | 2.78 | -0.86 | 34.66 |

**Equities:** US equities ended the week lower as a renewed selloff in AI-related stocks overshadowed a Federal Reserve rate hold and strong economic data. The S&P 500 fell 0.57%, the Dow declined 0.85%, and the Nasdaq slid almost 2.00%. Pressure began on Thursday, when Alphabet plunged 12.6%, its largest one-day decline since listing in 2004, after reporting its first top- and bottom-line miss in nearly four years. Microsoft gave back its post-earnings gains despite 48% Azure growth. Investors rotated into defensive sectors, with healthcare gaining more than 3% over the week, led by Eli Lilly after it raised its full-year revenue outlook, while the equal-weighted S&P 500 advanced 0.8%. In Europe, the STOXX 600 rose 1.39% over the week to 646.75, its strongest weekly performance since early August, as easing bond yields and a recovery in technology shares lifted sentiment. Technology names led the advance, with ASML, ASM International and Infineon gaining, while LVMH came under pressure after its third-quarter sales disappointed amid weaker Chinese demand.

| Indices | Close | % W/W | % YTD |
|---|---|---|---|
| S&P 500 | 7580 | -0.57 | 10.73 |
| EU Stoxx 600 | 650 | 1.39 | 6.16 |
| FTSE 100 | 10730 | 0.37 | 8.04 |
| Nikkei 225 | 63290 | 0.95 | 25.73 |

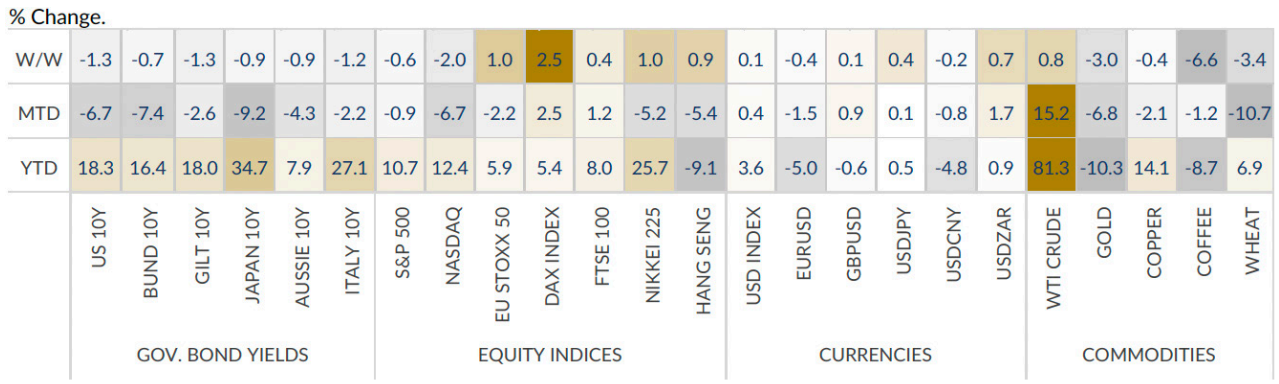
**Currencies:** The US Dollar Index ended the week broadly flat at 101.88, edging up 0.07% after reaching a high of 102.49 on Wednesday and a low of 101.54 on Friday. The greenback found support midweek after the Federal Reserve kept rates unchanged in a non-unanimous vote, with two dissenters favouring a hike, while stronger-than-expected third-quarter GDP growth of 3.4% and an acceleration in PCE inflation to 3.6% reinforced expectations of further tightening. However, gains faded towards the end of the week as Treasury yields declined amid a renewed flight to safety from AI-related stocks. Markets are now pricing in around a 70.7% probability of a 25-basis-point Fed hike in December, down from around 76% a week earlier. The euro fell 0.38% to $1.1160, after touching a low of $1.1105 on Thursday, as the ECB kept its deposit rate unchanged at 2.5%, pausing after two hikes in the past five months. Markets continue to price in roughly an 88% probability of an ECB hike in December.

| Currencies | Close | % W/W | % YTD |
|---|---|---|---|
| EURUSD | 1.116 | -0.37 | -4.99 |
| GBPUSD | 1.3391 | 0.13 | -0.62 |
| USDJPY | 157.56 | 0.44 | 0.54 |
| USD Index | 101.88 | 0.07 | 3.62 |

**Commodities:** Crude oil rose 0.82% over the week to $104.12 a barrel, marking a fourth consecutive monthly gain with an advance of 15.2% in October, as attacks on shipping in the Strait of Hormuz and on Saudi energy infrastructure heightened supply concerns. Houthi claims of attacks on Saudi Arabia's Ras Tanura and Rabigh refineries and the Abqaiq processing facility added to the risk premium, alongside growing concerns that the conflict could intensify after the US midterm elections on November 3. Qatari mediators returned to Tehran for talks, although Iran had yet to respond to a peace proposal from Vice President Vance. Meanwhile, EU ministers authorised the release of 42 million barrels of emergency reserves over three months, half of which will be diesel. Gold fell 3.04% over the week to $3,875 an ounce, its lowest level in a year. Elevated oil prices continued to fuel inflation concerns and expectations of further central bank tightening, while strong US growth data reinforced the case for additional Fed rate hikes. Gold was also pressured by margin calls following the tech-stock selloff and subdued physical demand in India and China.

| Commodities | Close | % W/W | % YTD |
|---|---|---|---|
| Gold | 3875 | -3.04 | -10.30 |
| Copper | 648.20 | -0.39 | 14.08 |
| WTI Crude | 104.12 | 0.82 | 81.33 |
| Wheat | 603.50 | -3.44 | 6.86 |

## Performance of Major Global Financial Assets




*Data Sources: Bloomberg, Investing.com, TradingEconomics, T.RowePrice, Standard Investment Bank*

THIS REPORT WAS COMPILED BY DAN MURAGE, PORTFOLIO ANALYST - GLOBAL MARKETS, AT STANDARD INVESTMENT BANK

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