

Weekly Market Wrap

Key Market Developments

The week opened with the reflation trade still working in equities' favour, carried by falling crude, and closed with the bond market taking it back. Wednesday's flash PMI surveys came in far stronger than expected, with the composite output index jumping to 58.4 from 56.0 in August and input costs at their highest since October 2022, and the market read the print as an inflation signal rather than a growth one. Treasury yields rose across the curve in response, with the 10-year touching its highest level since 2007 and the 30-year its highest in more than twenty years, and small caps took the sharpest hit as the move extended. Equities pared back their early gains through midweek before stabilizing into Friday, with the S&P 500 finishing the week up 1.2% and the Nasdaq up 3.3%. Jobless claims of 197,000 came in below consensus, giving the hawks little to argue with and keeping futures priced for another Fed hike, most likely in October.

Asia carried its own policy story. The Bank of Japan raised its policy rate 25 basis points on September 18, a move markets read as less hawkish than expected given two dissenting votes, though Governor Ueda kept the door open to further tightening by emphasizing upside inflation risks. Elsewhere, oil did most of the work in both directions: Brent fell toward \$99 early in the week on hopes of a phased Strait of Hormuz reopening, then reversed after indirect US-Iran talks produced nothing and fresh Houthi strikes on Saudi targets were intercepted. The round trip pulled gold back below \$4,300 an ounce on higher real yields, while the dollar stayed firm against the euro and sterling. Indian equities extended their negative streak, with mid-caps bearing the brunt of the selloff, and the week's clearest positive was political: Xi Jinping's Washington visit produced a two-month extension of the US-China trade truce to January 10, 2027.

What We Are Watching – Week Starting 28th September 2026

- **September payrolls (Friday, October 2):** The first payrolls print since the Fed's September hike. August delivered 162,000 jobs with unemployment at 4.1%; a strong number against this week's 197,000 claims would make an October hike look settled rather than debated.
- **August core PCE and Q2 GDP third estimate (Wednesday, September 30):** Core PCE ran at 3.3% year on year in July, a full percentage point above target, and is the series the Fed's own forecasts are built around.
- **Strait of Hormuz reopening timetable:** Whether the phased reopening survives contact with this week's UN General Assembly session. Transit volumes and distillate stocks, not headline crude inventories, are where the tightness has actually been showing.
- **The belly of the Treasury curve:** Five- to ten-year yields moved 17 basis points this week on a survey, not a price index. A repeat move on hard data would test whether equity multiples can hold at these real yields.
- **ISM manufacturing and euro area flash HICP (Thursday October 1 / Friday October 2):** Checks on whether the inflation impulse showing up in flash PMI surveys is confirmed in the hard data series.
- **Geopolitical follow-through:** What the Xi visit and trade truce extension produce in actual orders and tariff schedules, whether the US-Iran track at the UN reopens, and China's September PMIs (September 30) as the first read on both.

GIA View

Equities:

- Rising long-dated yields, combined with asymmetric and exogenous risks (Middle East, trade), warrant a defensive posture. We favor higher cash/quality allocation and partial rotation out of concentrated AI and technology exposure.

Rates:

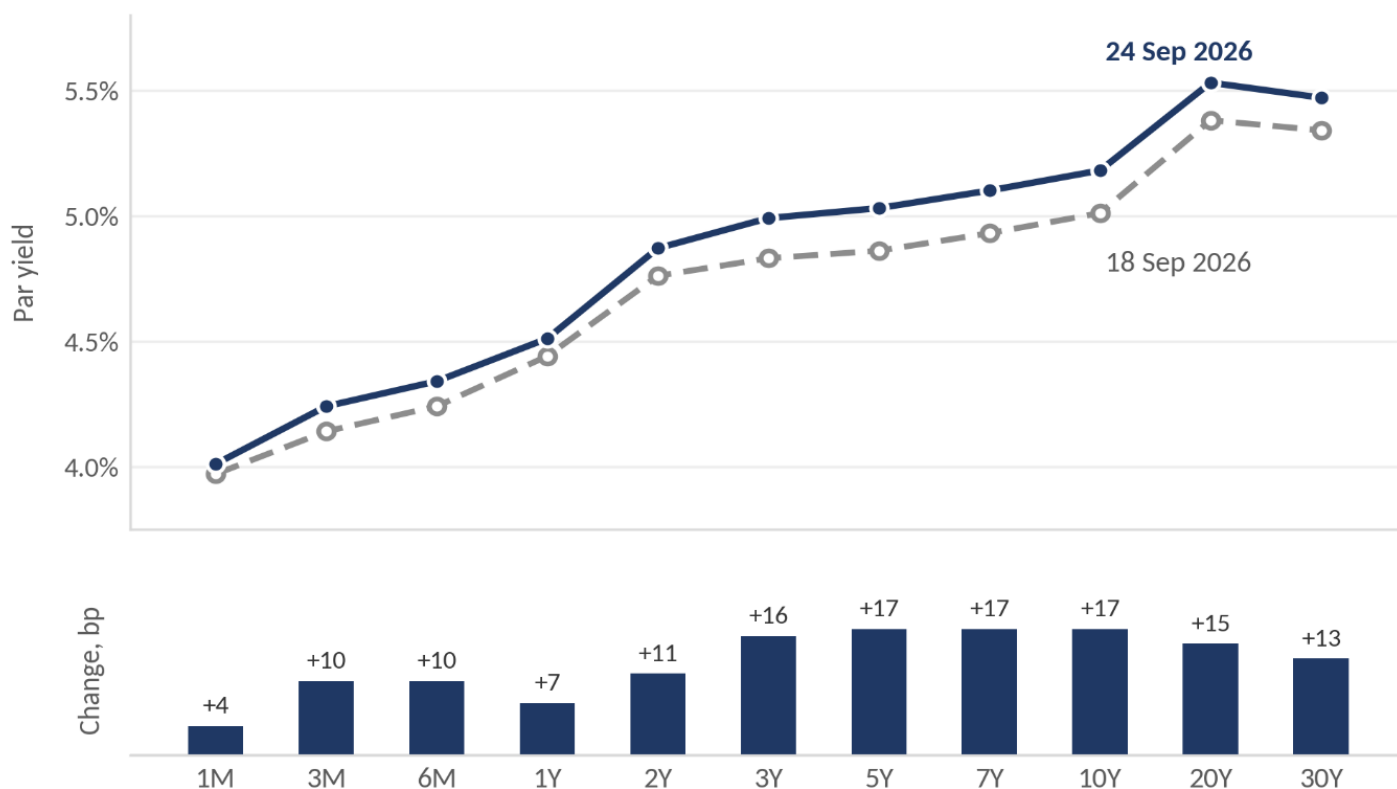
- We maintain a short-duration bias. There is no credible near-term path to reduce US federal debt, and intensifying scrutiny of the Fed's decision-making process has muddled the inflation outlook. We expect one further 25 basis point hike, as a single increase is unlikely to resolve sticky underlying inflation. This week's move was concentrated in the belly of the curve rather than parallel across maturities, as detailed in the Chart of the Week.

Commodities:

- Oil markets remain in backwardation, pointing to near-term supply tightness even as longer-term demand concerns persist. Gold eased on higher real yields, but we retain a bullish stance on gold as a strategic portfolio hedge.

Chart of the week: The Treasury curve repriced across every maturity

The Treasury curve repriced across every maturity



Source: US Department of the Treasury, Bloomberg

Every maturity on the Treasury curve moved higher over the week, but the move was not parallel. The three- to ten-year sector rose 16 to 17 basis points, the two-year 11, and the one-month bill just 4, while the thirty-year added 13. The practical consequence for portfolios is that the cost of carrying long assets rose more than the cash rate did, which is why equities, REITs and gold all gave ground in the same two sessions.

Asset Class Performance – Week Ending 25th September 2026

	Week ending >>>				
	18-Sep-26	25-Sep-26	YTD Δ	MTD Δ	Weekly Δ
Equity Indices					
S&P 500 (USD)	7,650.5	7,743.4	12.9%	0.4%	1.2%
NASDAQ (USD)	29,644.2	30,608.1	21.4%	4.0%	3.3%
Dow Jones (USD)	51,682.6	51,828.6	7.1%	(3.2%)	0.3%
MSCI EM Index (USD)	1,710.9	1,732.4	21.2%	0.6%	1.3%
SENSEX (INR)	74,295.0	73,895.7	(13.8%)	(4.4%)	(0.5%)
Stoxx 600 (EUR)	635.5	638.7	7.1%	(2.5%)	0.5%
Nikkei (JPY)	65,019.0	66,364.2	31.8%	(0.1%)	2.1%
Hang Seng (HKD)	24,750.8	24,510.1	(6.9%)	(4.2%)	(1.0%)
Commodities					
Gold (USD per troy ounce)	4,378.6	4,284.8	(1.1%)	(3.8%)	(2.1%)
Silver (USD per troy ounce)	66.3	64.3	(11.7%)	(3.1%)	(3.0%)
Oil (USD per barrel)	100.3	92.4	61.2%	10.8%	(7.9%)
Natural Gas (Henry Hub)	2.9	3.2	(11.7%)	10.7%	9.8%

Global Institutional Advisors

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	18-Sep-26	25-Sep-26	YTD Δ	MTD Δ	Weekly Δ
Currencies					
EUR/USD	1.1486	1.1391	(2.8%)	(1.7%)	(0.8%)
GBP/USD	1.3395	1.3247	(1.6%)	(2.1%)	(1.1%)
USD/INR	95.8737	95.8212	6.2%	0.5%	(0.1%)
CHF/USD	1.2160	1.2072	(4.3%)	(2.3%)	(0.7%)
USD/JPY	156.8800	157.2800	0.3%	(1.8%)	0.3%
Credit Markets					
US Treasury 10Y Yield (%)	5.00	5.16	96.97	44.24	16.43
German Bund 10Y	3.52	3.60	70.10	32.20	8.20
UK Gilt 10Y	5.295	5.366	82.95	30.30	7.10
Japan JGB 10Y	2.993	3.073	100.70	17.60	8.00
India G-Sec 10Y	7.069	7.119	51.28	20.80	5.00
China CGB 10Y	1.685	1.672	(18.30)	(2.40)	(1.30)
S&P BDC Index	48.449	47.781	(13.5%)	(5.1%)	(1.4%)
Policy Rates					
Fed Funds Rate (US)	4.000	4.000	25.00	25.00	0.00
BoE Bank Rate	3.750	3.750	0.00	0.00	0.00
BoJ Policy Rate	1.000	1.250	50.00	25.00	25.00
RBI Repo Rate	5.250	5.250	0.00	0.00	0.00

Key Economic Events – Week of 28 September – 4 October 2026

Date	Country/Region	Event	Period	Survey (Median)	Prior
Tue, 29 Sep	United States	JOLTS Job Openings	Aug	--	7.27m
Wed, 30 Sep	United States	GDP (Third Estimate), q/q ann.	Q2 (T)	--	1.5%
Wed, 30 Sep	United States	Core PCE Price Index, y/y	Aug	--	3.3%
Thu, 1 Oct	United States	ISM Manufacturing PMI	Sep	--	54.6
Fri, 2 Oct	Euro Area	HICP Flash Estimate, y/y	Sep (P)	--	3.2%
Fri, 2 Oct	United States	Nonfarm Payrolls	Sep	--	162k

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