GLOBAL INSTITUTIONAL ADVISORS

Weekly Market Wrap

Key Market Developments

The August US jobs report was the defining event for markets this week. Nonfarm payrolls rose 162,000, well above consensus of roughly 53,000, while the unemployment rate held steady at 4.1% and June-July payrolls were revised up by a combined 44,000. The strong print reversed a mid-week decline in rate-hike expectations that had followed dovish comments from Fed Governor Waller, who said he would support holding rates steady if upcoming inflation data confirms continued disinflation. The strength of the labour market removed one of the Fed's main reasons to hold, and implied odds of a 25bp hike at the September 15-16 FOMC meeting climbed back to roughly 58%. Equities and rates were volatile for a separate reason too: the US struck Iranian rocket launchers near the Strait of Hormuz on August 31, reviving fears of a shipping disruption and sending WTI oil toward its strongest weekly gain of 9.7% since July. The major US indices fell sharply to start the week, their worst session in roughly two weeks, before recovering into midweek on Waller's remarks and finishing close to flat: the S&P 500 added 0.1%, the Nasdaq gained 0.4% on continued strength in chip stocks, and the Dow fell 0.3%. The 10-year Treasury yield swung between about 4.69% and an intraday high of 4.82%, its highest level since late 2023, before settling near 4.78% by Friday.

European equities fell as the oil shock and higher yields weighed on rate-sensitive sectors, with the Stoxx 600 down 0.8%. Japan's Nikkei fell 2.1%, pressured by a sharply strengthening yen as investors priced in higher odds of a Bank of Japan rate hike at its September 17-18 meeting; the yen briefly touched around 155.25 against the dollar before easing back toward 156.2 by Friday's close. Indian equities extended their decline for a fourth straight week, with the Sensex down 1.0%, as investors rotated out of autos, IT, and pharma. Hong Kong's Hang Seng was the regional outlier, up 0.3% on renewed buying in AI and technology names, in contrast to a softer mainland China. Oil was the standout commodity mover, with WTI up 9.7% on Strait of Hormuz risk, while gold gave back about 0.6% as the stronger jobs data and firmer hike odds pressured bullion late in the week, even after touching a fresh high above $4,600 mid-week on dollar weakness.

What We Are Watching – Week Starting 7th September

- **US inflation data (PPI Sept 10, CPI Sept 11):** The last major inflation prints before the Fed's September 15-16 meeting. A hotter-than-expected core reading, on top of Friday's strong payrolls, would likely cement a hike; a soft print would revive the case for holding rates steady.
- **FOMC meeting (September 15-16):** A Summary of Economic Projections meeting. With hike odds near 50%, the Fed's decision and accompanying guidance will be the key driver into month-end.
- **Strait of Hormuz and oil:** Markets remain highly sensitive to any escalation or de-escalation between the US and Iran. A resolution would remove a meaningful source of upside inflation risk and downside pressure on rate-sensitive equities.
- **Bank of Japan meeting (September 17-18) and the yen:** This week's yen strength reflects growing conviction in a September hike. A hike, or a hawkish hold, would extend the rally and pressure Japanese exporters; a dovish surprise could quickly unwind the move.
- **ECB meeting (September 10):** Money markets are close to fully pricing a 25bp hike to 2.25-2.50%, a divergence from the Fed's more finely balanced decision that is worth watching for euro and Bund direction.

GIA View

Equities:

- Stay disciplined ahead of the FOMC meeting on September 15–16: with rate-hike odds climbing and inflation data releases due beforehand, rate-sensitive sectors could see real volatility. I'd keep tilting toward quality and value and stay cautious on long-duration growth until the Fed gives more clarity.

Rates:

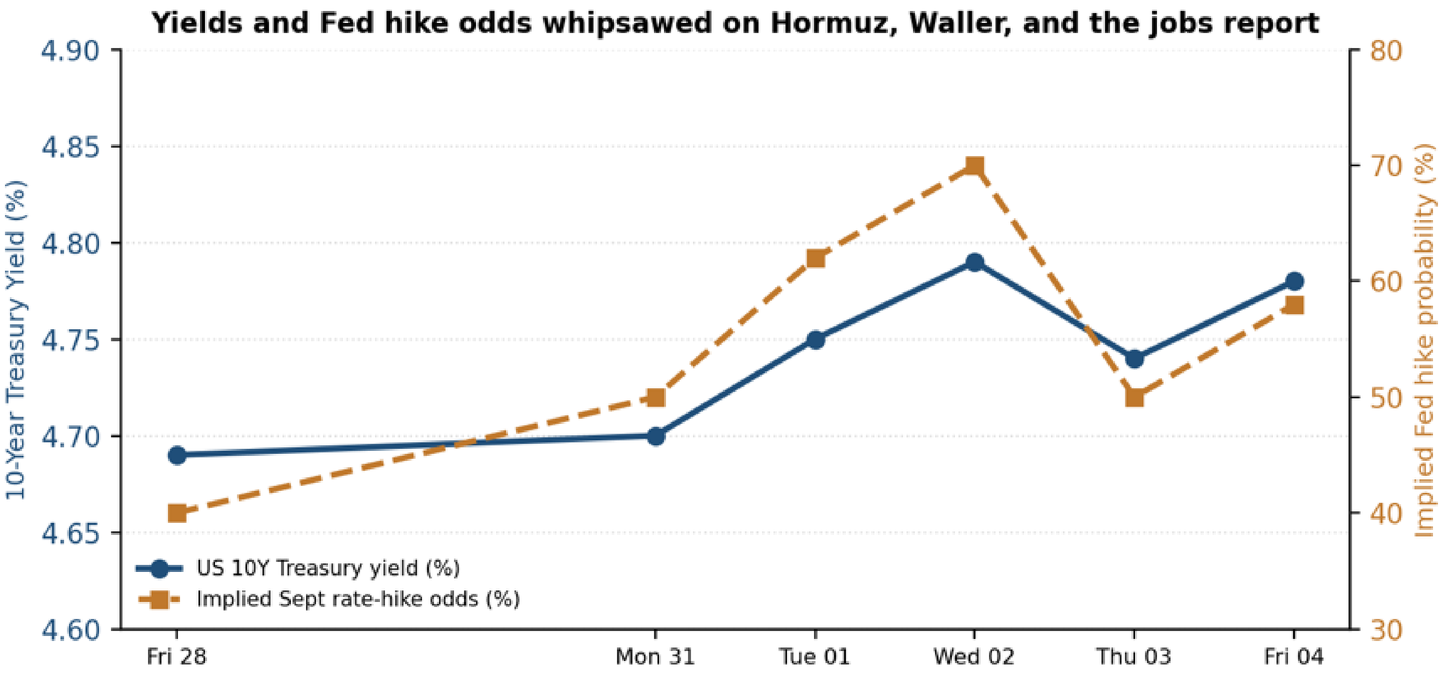
- Treat duration as tactical, not strategic: with the 10-year testing the top of its range and the Fed decision a week out, extending duration ahead of that meeting is premature.
- Keep inflation protection in place: the mix of a strong jobs report and a fresh oil spike keeps the risk two-directional, so a measured TIPS/inflation-hedge allocation still makes sense.

Commodities:

- Treat gold as a hedge, not a trade: this week's pullback on firmer hike odds is consistent with gold's usual sensitivity to real yields.

- Oil risk is event-driven, not fundamental: this week's rally was driven by geopolitical risk rather than a demand shift.

Chart of the week: Yields and Fed Odds This Week



Source: CNBC, Trading Economics, FRED

The 10-year Treasury yield and implied September rate-hike odds moved in near lockstep through the week, reflecting how closely tied the two are to the same catalysts rather than trading independently. Both edged only modestly higher on Monday as markets began pricing in the Hormuz strike, then rose sharply together through Tuesday and Wednesday as oil-driven inflation concern built, with the yield reaching its intraday high of 4.82% just as hike odds peaked near 70%. Thursday's pullback, when the yield eased to 4.74% and hike odds fell to roughly 50%, coincided with Waller's remarks on holding rates if disinflation continues. Friday's stronger-than-expected payrolls report reversed that move, lifting both the yield and hike odds into the week's close. The tight co-movement across all five sessions shows the same set of catalysts, geopolitical risk, Fed commentary, and labour data, driving the rates and policy-expectations story simultaneously.

Asset Class Performance – Week Ending 4th September 2026

	Week ending >>>				
	28-Aug-26	**04-Sep-26**	**YTD Δ**	**MTD Δ**	**Weekly Δ**
Equity Indices					
S&P 500 (USD)	7,711.8	7,718.6	12.5%	0.1%	0.1%
NASDAQ (USD)	29,433.4	29,544.2	17.2%	0.4%	0.4%
Dow Jones (USD)	53,560.0	53,414.3	10.4%	(0.3%)	(0.3%)
MSCI EM Index (USD)	1,722.1	1,726.3	20.8%	0.2%	0.2%
SENSEX (INR)	77,264.5	76,515.4	(10.8%)	(1.0%)	(1.0%)
Stoxx 600 (EUR)	655.2	649.9	9.0%	(0.8%)	(0.8%)
Nikkei (JPY)	66,405.6	65,020.9	29.2%	(2.1%)	(2.1%)
Hang Seng (HKD)	25,584.8	25,650.9	(2.6%)	0.3%	0.3%
Commodities					
Gold (USD per troy ounce)	4,455.1	4,430.0	2.3%	(0.6%)	(0.6%)
Silver (USD per troy ounce)	66.4	66.2	(9.1%)	(0.3%)	(0.3%)
Oil (USD per barrel)	83.4	91.5	59.6%	9.7%	9.7%

	28-Aug-26	04-Sep-26	YTD Δ	MTD Δ	Weekly Δ
Natural Gas (Henry Hub)	2.9	3.0	(17.8%)	3.0%	3.0%
Currencies					
EUR/USD	1.1585	1.1614	(0.9%)	0.3%	0.3%
GBP/USD	1.3538	1.3519	0.5%	(0.1%)	(0.1%)
USD/INR	95.3850	94.4950	4.8%	(0.9%)	(0.9%)
CHF/USD	1.2360	1.2347	(2.2%)	(0.1%)	(0.1%)
USD/JPY	160.0900	156.2600	(0.4%)	(2.4%)	(2.4%)
Credit Markets					
US Treasury 10Y Yield (%)	4.72	4.78	59.14	6.41	6.41
German Bund 10Y	3.28	3.34	43.90	6.00	6.00
UK Gilt 10Y	5.063	5.133	59.65	7.00	7.00
Japan JGB 10Y	2.897	2.996	93.00	9.90	9.90
India G-Sec 10Y	6.911	6.961	35.48	5.00	5.00
China CGB 10Y	1.696	1.681	(17.40)	(1.50)	(1.50)
S&P BDC Index	50.373	50.261	(9.0%)	(0.2%)	(0.2%)
Policy Rates					
Fed Funds Rate (US)	3.750	3.750	-	-	-
BoE Bank Rate	3.750	3.750	-	-	-
BoJ Policy Rate	1.000	1.000	25.00	-	-
RBI Repo Rate	5.250	5.250	-	-	-

Key Economic Events – Week of 7–11 September

Date	Country/Region	Event	Period	Survey (Median)	Prior
Mon, 7 Sep	Eurozone	GDP SA QoQ (Final)	2Q F	0.40%	0.40%
Tue, 8 Sep	China	Trade Balance (USD)	Aug	$119.55b	$112.50b
Wed, 9 Sep	China	CPI YoY / PPI YoY	Aug	0.80% / 3.60%	0.50% / 3.50%
Thu, 10 Sep	Germany	CPI YoY (Final)	Aug F	2.90%	2.90%
Thu, 10 Sep	US	PPI Final Demand MoM	Aug	--	--
Fri, 11 Sep	US	CPI / Core CPI YoY	Aug	3.40% / 2.40%	3.40% / 2.50%
Fri, 11 Sep	US	U. of Mich. Sentiment (Preliminary)	Sep	--	--

Disclaimer