

Weekly Market Wrap

Key Market Developments

US equities were mixed, with the NASDAQ up 0.7% while the S&P 500 fell 0.3% and the Dow Jones fell 1.3%. Rates drove the week: the 30-year Treasury yield rose to 5.63% from 5.49%, and the 10-year closed at 5.27%, up 11bps. Inflation signals were mixed. August core PCE was unchanged at 3.0% year on year, with the three-month annualised rate slowing to 2.0%, but the ISM manufacturing prices index jumped 6.8 points to 77.9, its highest since May, which kept input-cost pressure in focus. Friday's payrolls pointed to a softer labour market, which eased pressure on the Fed to hike. The economy added 29,000 jobs against roughly 90,000 expected, unemployment rose to 4.2% and the prior two months were revised down by 60,000 in total. As a result, market odds of an October Fed hike fell to around 21% from 64% a week earlier. Yields eased on the report but still closed the week higher, so the jobs miss reduced near-term hike pricing without reversing the rise in long-dated yields. The Fed raised rates in September, and NY Fed President Williams said another increase this year is likely but there is no need to rush.

Outside the US, equities were weaker. The Stoxx 600 fell 1.1%, the Hang Seng fell 2.2% and the SENSEX fell 2.7%, with foreign portfolio investors net selling about \$3.7bn of equities in September, and a further \$1.0bn on 1 October alone, ahead of Wednesday's RBI decision. The Nikkei was the exception, rising 2.9% for the week. Most of the gain came on Thursday, when chip-related shares such as Advantest, Tokyo Electron and SoftBank Group rallied after Micron's strong earnings outlook. Inflation data stayed firm in Europe and Japan. Euro area inflation rose to 3.8% in September from 3.2%, against 3.6% expected, led by energy, and Lagarde said on Monday that a measured response remains appropriate after the deposit rate was raised to 2.50% on 16 September. The euro fell 1.2% to 1.1255 against the dollar. In Japan, the Tankan showed large manufacturer sentiment improving for a sixth straight quarter, to +24, and Tokyo core CPI accelerated to 2.7% from 1.8%. Brent rose more than \$4 on Thursday, on reports that Chinese refiners suspended October fuel exports and that a third US carrier is heading to the Gulf, then gave back part of that gain after the G7 announced a 100-million-barrel release of diesel and other emergency stocks on Friday. Brent ended the week at about \$102 and WTI fell 1.4% to \$91.1. Gold fell 3.4% to \$4,141 and silver fell 6.1%, as higher US yields and a firmer dollar raised the cost of holding non-yielding assets despite the geopolitical backdrop.

What We Are Watching – Week Starting 5th October

- **RBI policy decision, Wednesday:** The repo rate is 5.25%, and most economists expect a 25bp hike to 5.50%, which would be the first increase since February 2023. Retail inflation was 4.82% in August, and the rupee is down roughly 6% this year.
- **FOMC minutes, Wednesday:** The minutes of the 15 to 16 September meeting, at which the Fed raised rates to 3.75% to 4.00%, will show how broad the support was for the hike. They may also indicate whether officials see a further increase this year, which Williams has called likely.
- **US demand and sentiment:** ISM services on Monday is expected at 55.0, from 55.4 previously. Its prices paid index is expected to rise to 73.2 from 72.6. It will show whether the 6.8-point jump in manufacturing prices is confined to one sector. The University of Michigan survey on Friday follows a September final of 48.1, at a time when real consumer spending rose 0.6% in August.
- **ECB account, Thursday:** The account of the 10th September meeting, at which the deposit rate was raised by 25bp to 2.50%, will be read for how the Governing Council weighs further hikes. Euro area inflation has since risen to 3.8% in September, against 3.6% expected and a staff projection of 3.0% for 2026. Producer prices on Monday and retail sales on Tuesday give the first read on pipeline pressure and consumer demand.
- **Energy and geopolitics:** Markets will track the effect of the G7 release of 100 million barrels of diesel and other emergency stocks, China's suspension of October fuel exports, the reported third US carrier heading to the Gulf, and whether the uneasy ceasefire holds.

GIA View

Equities:

- Equities are flat for the past few weeks at their all-time highs. The balance of risks is asymmetric and tilted to the downside. We advocate slightly higher allocation to cash and reduction in OW positions in the tech / AI space. Earnings growth is robust and we believe equities have the ability to grind higher. However, with higher bond volatility, persistent geopolitical risk we believe caution is warranted.

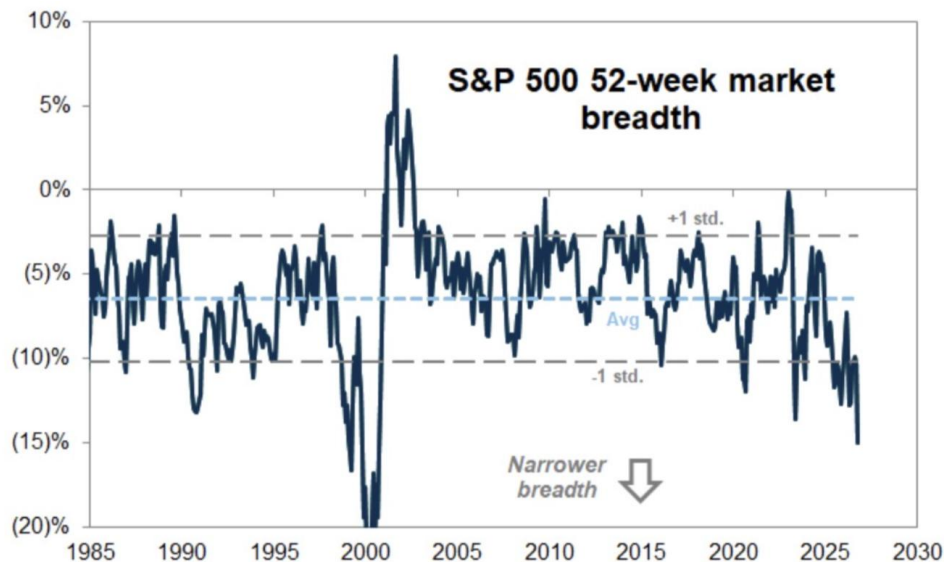
Rates:

- We are not adding to long-dated bonds at these yields. The gap between 2-year and 30-year Treasury yields widened 15 basis points in 4 sessions. Our base case is one to two more rate hikes this year followed by a pause. We believe tactical trading in rates should be risk controlled and we don't rule out Treasury intervention at specific points in the rates curve, particularly at the long end. Leveraged positions need to be carefully examined for sustainability and with tight stop loss.

Commodities:

- We continue to remain comfortable holding gold notwithstanding recent price action.

Chart of the week: S&P 500 52-week market breadth



Source: Goldman Sachs Global Investment Research, Bloomberg

Goldman measures market breadth as the gap between the S&P 500's distance from its 52-week high and the median stock's distance from its own 52-week high. At roughly (16%), the reading is the lowest since the dot-com bubble, against a long-run average of about (6.5%). Index performance is therefore being carried by a small group of stocks rather than the typical constituent, which makes the index more sensitive to those stocks' earnings delivery. Narrow breadth does not indicate when leadership will change, but it reduces the margin for error.

Asset Class Performance – Week Ending 2nd October 2026

Week ending >>>					
	25-Sep-26	02-Oct-26	YTD Δ	MTD Δ	Weekly Δ
Equity Indices					
S&P 500 (USD)	7,743.4	7,722.7	12.6%	(0.3%)	(0.3%)
NASDAQ (USD)	30,608.1	30,807.9	22.2%	0.7%	0.7%
Dow Jones (USD)	51,828.6	51,177.0	5.8%	(1.3%)	(1.3%)
MSCI EM Index (USD)	1,732.4	1,708.9	19.5%	(1.4%)	(1.4%)
SENSEX (INR)	73,895.7	71,909.7	(16.2%)	(2.7%)	(2.7%)
Stoxx 600 (EUR)	638.7	631.4	5.9%	(1.1%)	(1.1%)
Nikkei (JPY)	66,364.2	68,309.5	35.7%	2.9%	2.9%
Hang Seng (HKD)	24,510.1	23,972.3	(9.0%)	(2.2%)	(2.2%)
Commodities					
Gold (USD per troy ounce)	4,284.8	4,141.2	(4.4%)	(3.4%)	(3.4%)
Silver (USD per troy ounce)	64.3	60.4	(17.1%)	(6.1%)	(6.1%)
Oil (USD per barrel)	92.4	91.1	58.9%	(1.4%)	(1.4%)
Natural Gas (Henry Hub)	3.2	3.0	(16.1%)	(5.0%)	(5.0%)

Global Institutional Advisors

1202-B, Tower Plaza Hotel, Near Emirates Tower Metro Station, Sheikh Zayed Road, Dubai



	25-Sep-26	02-Oct-26	YTD Δ	MTD Δ	Weekly Δ
Currencies					
EUR/USD	1.1391	1.1255	(4.0%)	(1.2%)	(1.2%)
GBP/USD	1.3247	1.3241	(1.6%)	(0.0%)	(0.0%)
USD/INR	95.8212	96.3212	6.8%	0.5%	0.5%
CHF/USD	1.2072	1.2066	(4.4%)	(0.0%)	(0.0%)
USD/JPY	157.2800	157.8500	0.6%	0.4%	0.4%
Credit Markets					
US Treasury 10Y Yield (%)	5.16	5.27	107.99	11.02	11.02
German Bund 10Y	3.60	3.46	56.20	(13.90)	(13.90)
UK Gilt 10Y	5.366	5.366	82.95	0.00	0.00
Japan JGB 10Y	3.073	3.092	102.60	1.90	1.90
India G-Sec 10Y	7.119	7.213	60.68	9.40	9.40
China CGB 10Y	1.672	1.678	(17.70)	0.60	0.60
S&P BDC Index	47.781	46.553	(15.7%)	(2.6%)	(2.6%)
Policy Rates					
Fed Funds Rate (US)	4.000	4.000	25.00	-	-
BoE Bank Rate	3.750	3.750	-	-	-
BoJ Policy Rate	1.250	1.250	50.00	-	-
RBI Repo Rate	5.250	5.250	-	-	-

Key Economic Events – Week of 5–9 October

Date	Country/Region	Event	Period	Survey (Median)	Prior
Mon, 5 Oct	US	ISM Services PMI	Sep	55.0	55.4
Mon, 5 Oct	Euro Area	PPI MoM	Aug	1.90%	1.60%
Tue, 6 Oct	Euro Area	Retail Sales MoM	Aug	0.20%	(0.60%)
Tue, 6 Oct	US	Trade Balance	Aug	(\$102.0bn)	(\$88.6bn)
Wed, 7 Oct	Germany	Industrial Production MoM	Aug	0.50%	(1.10%)
Thu, 8 Oct	US	Initial Jobless Claims	w/e 3-Oct	--	197k
Fri, 9 Oct	US	U. of Mich. Sentiment (Preliminary)	Oct	--	48.1

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