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GLOBAL INSTITUTIONAL ADVISORS

Weekly Market Wrap

Key Market Developments

The FOMC held the federal funds target at 3.75% to 4.00% by a 10-2 vote, with both dissenters favouring another 25bp hike. The statement upgraded growth to strong and kept inflation as elevated. The data supported that tone: third-quarter GDP grew 3.4% annualised against a 3.0% consensus, and September PCE inflation rose to 3.6% year on year, with core at 3.1%. Equities split on AI. The NASDAQ fell 2.0% and the S&P 500 fell 0.6% after Alphabet and Amazon results revived doubts about returns on AI capital spending, while the Russell 2000 gained 1.3% as leadership broadened. The 10-year Treasury yield fell about 7bp to 4.93% and the 2-year fell about 9bp to 4.59%, as the technology sell-off outweighed the Fed's hawkish tone.

Outside the US, markets diverged. The Stoxx 600 rose 1.7% after the ECB held rates unanimously at 2.65% and 2.50%, having discussed a hike, and eurozone third-quarter GDP grew 0.4% quarter on quarter against 0.2% expected. The Sensex rose 1.8% and the Nikkei 1.0%, with the BoJ holding at 1.25% and repeating that it will keep raising rates. China split: the CSI 300 fell 2.9% on semiconductor and AI valuation concerns while the Hang Seng rose 0.9% after a Friday rebound, and the Fifth Plenum announced no new stimulus. Brazil was the sharpest move, with the Ibovespa down nearly 14% on Monday and the real down about 8% after Lula's unexpected reelection raised fiscal concerns. Brent closed at $117.64 and WTI rose 0.8% to $104.1 as attacks near the Strait of Hormuz kept the risk premium high. Gold fell 3.0% and silver 8.9% despite the equity sell-off, consistent with a hawkish Fed and a firmer dollar (EUR/USD down 0.4%) outweighing safe-haven demand.

What We Are Watching – Week Starting 2nd November

- **AI results:** Apple and Palantir report Monday after the close, with AMD, Arm and Qualcomm later in the week. Results will test whether the market is repricing weak execution only or the economics of the whole AI capital-spending cycle.
- **US labour:** September payrolls rose only 29,000, and JOLTS (Tuesday), ADP (Wednesday) and Friday's payrolls (consensus +65,000, unemployment 4.2%) will show whether 3.4% GDP is reaching jobs. Futures implied about a 73% chance of a December hike on Friday, so this is the main input.
- **The 10-year Treasury:** A sustained break below 5% would support duration-sensitive assets, while a rebound after payrolls would confirm that resilient growth, oil and fiscal supply dominate. The Treasury's quarterly refunding announcement on Wednesday adds a supply input.
- **Oil and the Middle East:** Brent above $100 benefits energy producers and parts of the GCC but raises costs for transport, chemicals, Europe and energy-importing Asia. Hostilities are widely expected to resume after the midterms, so the risk premium is likely to stay elevated.
- **Midterms and central banks:** Tuesday's vote can shift expectations for fiscal policy, regulation, healthcare, defence and data-centre approvals. The RBA (Tuesday) is expected to raise 25bp to 4.85% and the BoE (Thursday) 25bp to 4.00%.

GIA View

Equities:

- **Retail Equal weight but rotate out of AI/Tech focused stocks.** Retain profitable technology leaders, but reduce concentration and underweight companies whose AI plans depend on debt, optimistic utilisation or distant cash flows. Add financials, healthcare, energy, industrials and quality small caps selectively.
- **India remains constructive, but sector selection matters.** Prefer healthcare, pharma, infrastructure and domestic quality over oil-sensitive margins. Use broad-market pullbacks to add; do not extrapolate one strong week into a straight-line rally.
- **A broader AI related pullback favours countries and sectors that are not so technology exposed.**

Rates:

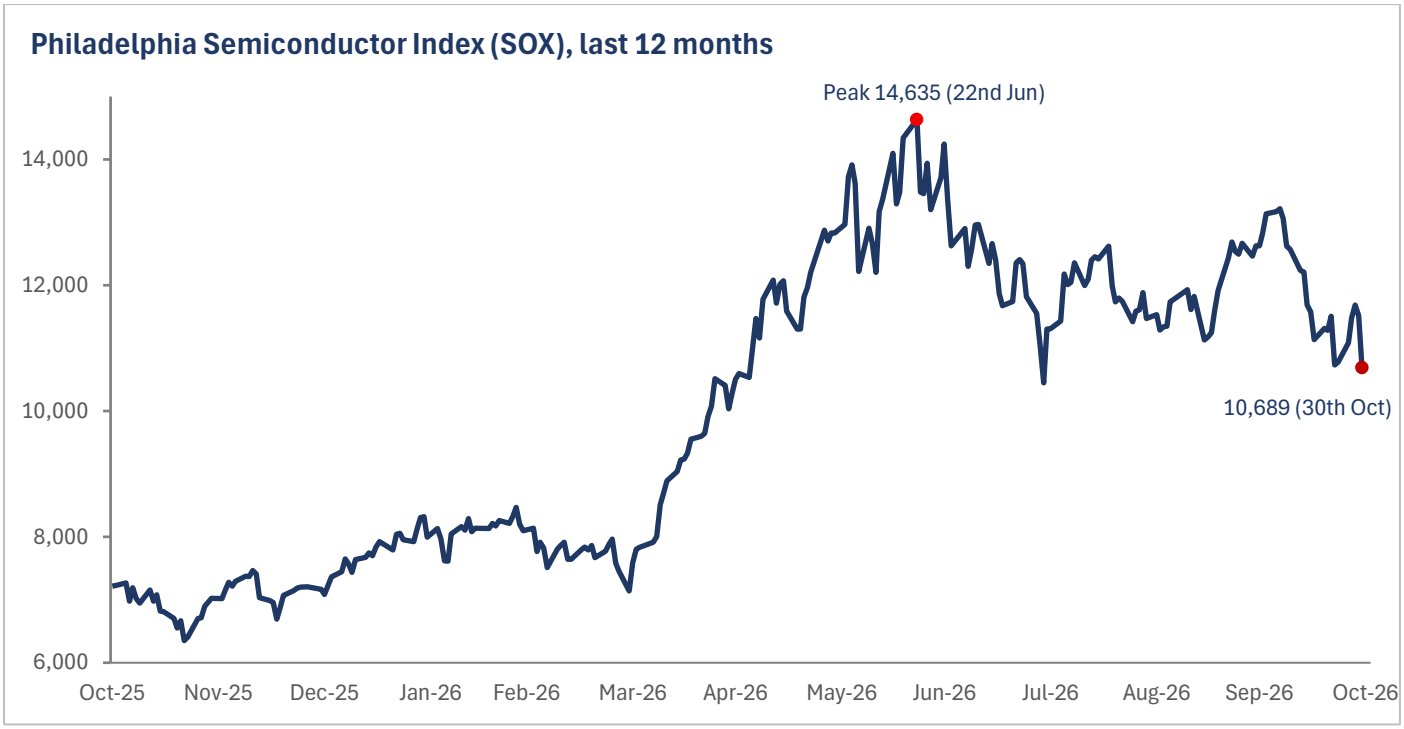
- **Bonds: overweight high-quality 1-5year carry; keep long duration neutral.** Extend duration on yield spikes or confirmed labour weakness; prefer investment grade and avoid leveraged AI-infrastructure credit.

Commodities:

- Oil has tactical upside if the hostilities in the middle-east resume. The key will be how long they continue and how much damage they do. The balance of risks is to the upside. The longer-term view for fossil fuels remains debatable but we are not in a position to look beyond the tactical at this point in time.

- **Gold: strategic overweight.** Gold breaking down below $4,000 probably portends a further drop to support levels around 3,400. We continue to believe in precious metals as a strategic hedge to portfolios. The massive hack of bitcoin shows the risks of that asset class.

Chart of the week: Philadelphia Semiconductor Index (SOX)



Source: Bloomberg

Semiconductor stocks are the most direct claim on hyperscaler capital spending, so doubts about returns on that spending reach them before the rest of the technology sector. This was visible on Friday, when the Philadelphia Semiconductor Index fell 7.2% against a 2.9% decline in the NASDAQ, after the Alphabet and Amazon results revived questions about the payback on AI investment. The index had risen through Wednesday, so the week ended 0.8% lower, but the Friday reversal left it 27.0% below its June peak. It remains 50.9% higher year to date versus 12.6% for the NASDAQ, which places the largest gains, and therefore the largest sensitivity to any change in capex expectations, in AI hardware. Next week's results from AMD, Arm and Qualcomm will show whether chip demand is following capex plans or whether the market is repricing the cycle itself.

Asset Class Performance – Week Ending 30th October 2026

	Week ending >>>				
	23-Oct-26	**30-Oct-26**	**YTD Δ**	**MTD Δ**	**Weekly Δ**
Equity Indices					
S&P 500 (USD)	7,623.7	7,580.1	10.5%	(2.1%)	(0.6%)
NASDAQ (USD)	28,957.5	28,384.9	12.6%	(7.3%)	(2.0%)
Dow Jones (USD)	52,215.2	51,770.3	7.0%	(0.1%)	(0.9%)
MSCI EM Index (USD)	1,578.0	1,566.6	9.6%	(9.6%)	(0.7%)
SENSEX (INR)	73,123.8	74,459.5	(13.2%)	0.8%	1.8%
Stoxx 600 (EUR)	635.8	646.8	8.5%	1.3%	1.7%
Nikkei (JPY)	62,693.2	63,290.1	25.7%	(4.6%)	1.0%
Hang Seng (HKD)	23,093.4	23,294.4	(11.6%)	(5.0%)	0.9%
Commodities					
Gold (USD per troy ounce)	3,996.1	3,874.6	(10.6%)	(9.6%)	(3.0%)
Silver (USD per troy ounce)	53.9	49.1	(32.6%)	(23.6%)	(8.9%)
Oil (USD per barrel)	103.3	104.1	81.6%	12.7%	0.8%
Natural Gas (Henry Hub)	2.6	2.9	(19.9%)	(9.3%)	9.8%

	23-Oct-26	30-Oct-26	YTD Δ	MTD Δ	Weekly Δ
Currencies					
EUR/USD	1.1202	1.1160	(4.8%)	(2.0%)	(0.4%)
GBP/USD	1.3374	1.3391	(0.5%)	1.1%	0.1%
USD/INR	94.9425	94.9550	5.3%	(0.9%)	0.0%
CHF/USD	1.2121	1.2121	(4.0%)	0.4%	-
USD/JPY	156.8700	157.5600	0.5%	0.2%	0.4%
Credit Markets					
US Treasury 10Y Yield (%)	4.99	4.93	76.36	(34.17)	(6.56)
German Bund 10Y	3.35	3.32	45.90	(14.00)	(2.30)
UK Gilt 10Y	5.36	5.28	90.98	(8.20)	(7.20)
Japan JGB 10Y	2.91	2.88	79.30	(21.60)	(3.80)
India G-Sec 10Y	7.47	7.41	77.39	20.10	(6.00)
China CGB 10Y	1.63	1.64	(23.50)	(4.10)	0.50
S&P BDC Index	44.79	46.41	(16.0%)	(2.9%)	3.6%
Policy Rates					
Fed Funds Rate (US)	4.000	4.000	25.00	-	-
BoE Bank Rate	3.750	3.750	0.00	-	-
BoJ Policy Rate	1.250	1.250	50.00	-	-
RBI Repo Rate	5.500	5.500	25.00	25.00	-
Short-End Yields (2Y)					
US Treasury 2Y	4.682	4.588	105.55	(23.71)	(9.42)
German Schatz 2Y	3.062	3.042	93.54	(3.40)	(2.00)
UK Gilt 2Y	4.913	4.867	122.34	5.00	(4.60)

Key Economic Events - Week of 2–6 November

Date	Country/Region	Event	Period	Survey (Median)	Prior
Mon, 2 Nov	US	ISM Manufacturing	Oct	54.5	54.5
Tue, 3 Nov	US	JOLTS Job Openings	Sep	7,162k	7,079k
Wed, 4 Nov	US	ADP Employment Change	Oct	67k	90k
Wed, 4 Nov	Eurozone	CPI Estimate YoY (Flash)	Oct	4.0%	3.8%
Wed, 4 Nov	US	ISM Services	Oct	54.8	54.9
Fri, 6 Nov	US	Nonfarm Payrolls / Unemployment Rate	Oct	65k / 4.2%	29k / 4.2%
Fri, 6 Nov	US	U. of Mich. Sentiment (Preliminary)	Nov	48.0	48.0

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