



THE WEEK'S BIG THEMES

ECONOMY

- UNITED STATES – Labor markets cooled markedly in September:** payrolls rose by just 29K, well below the 90K expected, while previous months were revised down by 60K, with July now showing a net loss. The unemployment rate edged up to 4.2% from 4.1% in August, while labor-force participation was unchanged at 61.8%, pointing to a softer but still orderly labor market. Firmer ADP private hiring, fewer job openings, steady jobless claims, and a five-year low in consumers' perceptions of labor-market conditions nevertheless point to slowing momentum. Real wages posted a fifth consecutive month of flat to negative growth. **The Fed's preferred inflation gauge was unchanged**, with headline PCE inflation at 3.4% YoY and core PCE inflation at 3%. **Q2 GDP growth was revised up to 2.2% from 1.5%**, supported by consumer and government spendings **The ISM pointed to continued expansion in manufacturing activity in September**, marking the ninth consecutive month of growth, with new orders and employment strengthening.
- EURO AREA – Inflation accelerated to 3.8%** in September from 3.2% previously, with price pressures rising across the region: 3.3% in Germany, 3% in France, 4.1% in Italy and 4.9% in Spain. Most of the September increase can be attributed to energy prices. Against a backdrop of continued political uncertainty in France, **the government unveiled its 2027 budget**, targeting a reduction of EUR54bn in the deficit from 2026.
- UNITED KINGDOM – Q2 GDP growth was revised up to 0.5%** from an initial estimate of 0.4%. Services remained the main driver of expansion, while the **September PMIs pointed to a recovery in manufacturing activity**.
- JAPAN – Tokyo-area inflation accelerated to 2.7% YoY in September** from 1.8% in August, its highest rate since November 2025. Core inflation rose to 3% from 2%. **Business sentiment diverged**, with manufacturers' confidence reaching an eight-year high while non-manufacturers became more cautious, highlighting the contrast between export-oriented industry and domestically focused services.
- CHINA – Authorities unveiled a new stimulus package**, comprising interest-rate cuts, liquidity support, and targeted financing for consumption and technological innovation. The measures aim to strengthen credit growth, stabilize investor expectations, and improve capital-market resilience. Official manufacturing PMI returned to expansion for the first time in three months, while services activity also moved back into growth territory. Industrial profits grew at the slowest pace since November 2025.

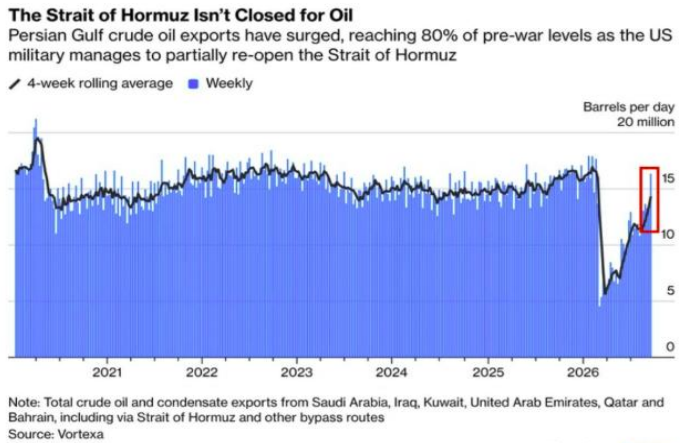
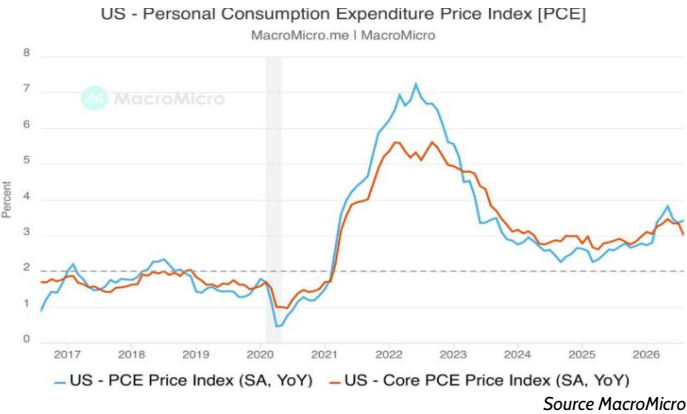
GEOPOLITICAL TENSION

- Middle-East – Tensions remained elevated**, as Houthi forces consolidated control over Yemen's Red Sea coast and the Bab el-Mandeb, while continuing missile and drone attacks against targets in Saudi Arabia.
- Ukraine-Russia - The conflict escalated further again**, with Russia launching its largest assault on Ukraine's energy infrastructure in months. Ukraine retaliated with strikes against Russian refineries and fuel infrastructure.

ECONOMIC EVENTS TO WATCH

MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
- Final PMIs (JP, EA, UK, US) - Consumer confidence (JP) - PPI (EA) - ISM (US)	- Retail sales (EA) - ADP , Balance of trade (US)	- Tankan, Leading economic index (JP) - MBA Mortgage Applications, EIA data, FOMC Minutes (US)	- Current account (JP) ECB's Minutes (EA) - Jobless Claims (US)	- Household spending (JP) - Employment (CA) Michigan consumer indices (US)

CHARTS OF THE WEEK



Source the Kobeissi Letter

MARKET'S REACTION

EQUITY

- **Global equities registered modest losses.** The MSCI World index declined by 0,3%, while the MSCI Emerging Markets index fell by 0,6%.
- **US equities diverged amid persistent inflation and softer labor-market data.** Capital continued to rotate into technology and AI infrastructure stocks, while non-AI segments lost investor support. The technology-heavy Nasdaq gained 0,7%, whereas the S&P 500 and the small cap index declined by 0,2% and 0,3%, respectively.
- **European equities underperformed their US counterparts.** The Stoxx 600 fell by 1,1%. Concerns over France's fiscal deficit and rising political uncertainty weighed on the CAC 40, which declined 2,2%. The German Dax lost 0,7%, while the UK's Footsie fell 2,2%, with rate-sensitive stocks under pressure.
- **Asian equity markets were mixed.** Japanese stocks advanced, with the Nikkei gaining 2,9%, led by artificial-intelligence and semiconductor companies. In China, new targeted policy measures failed to reassure investors: the CSI 300 fell by 1,8% and the Shanghai index declined by 1,2%. Hong Kong equities lost 2,2%.
- **Brazilian equities rallied strongly.** The Bovespa gained 4,7% after J. Bolsonaro unexpectedly defeated incumbent president Lula in the first round of the presidential election.

FIXED INCOME

- **Sovereign bond yields moved sharply higher.** Although Friday's weak US employment report reduced the probability of an October Fed hike to 25%, from 75% a week earlier, the US 10-year yield rose by 11bps to close the week at 5.27%. It reached a 24-year high at 5,34% on Thursday. The sell-off extended across developed sovereign markets. In the Euro Area, higher inflation and fiscal concerns pushed government bond yields higher and intensified fragmentation, with spreads widening against German Bunds. The France-Germany 10-year bond spread reached its widest level since the 2011 Eurozone sovereign debt crisis. The German 10-year reached its highest level since 2009 at 3,65%, before closing the week at 3,46%. While France 10-year approached 5%, the UK 30-year Gilt touched 6% for the first time since 1998..
- **Corporate bonds posted negative returns.** Credit spreads widened in both Europe and the US as overall market volatility increased. Higher sovereign yields weighted on high-quality investment grade bonds, while issuers with weaker balance sheets also underperformed. Emerging market debt lagged.

COMMODITIES

- **Oil prices ended the week lower.** Brent crude briefly rose above \$108 per barrel early in the week as optimism over progress in US-Iran negotiations faded, but ultimately closed the week 2% lower. Reports that Europe was considering the release of crude-oil and diesel reserves added to the pressure. WTI declined by 1,4%.
- **Precious metals came under pressure.** Higher real yields and a stronger dollar weighed on gold, which fell by 3,7%. Silver declined by 6,6%.

CURRENCIES & CRYPTO

- **The US Dollar advanced for a third consecutive week,** gaining 1,0% against its currencies basket. The euro lost 1,1% amid political uncertainty in France and concerns over fiscal consolidation in the euro area. The British pound declined by 0,1%, while the Japanese yen weakened by 0,6%.
- **Cryptocurrency markets delivered mixed returns.** Bitcoin gained 0,6%, while Ethereum and the Ripple declined by 0,8% and 5,3%, respectively.

CHARTS OF THE WEEK



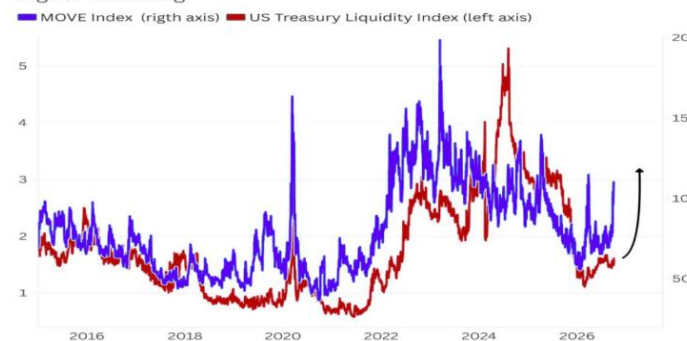
Source: Bloomberg, LinkedIn: R. Carson



Source Goldman Sachs

Vol has moved. Liquidity hasn't, yet.

In past episodes, Treasury liquidity has followed bond volatility higher with a lag



Source Arkeivum, LinkedIn: M. Visseu



WEEKLY MARKET INSIGHTS

25 September 2026 – 02 October 2026

WEEKLY MARKETS REVIEW (As of 02 October 2026)

EQUITY MARKETS

	WoW	MTD	YTD
MSCI World (USD)	-0.3%	-0.1%	+11.7%
MSCI Emerging (USD)	-0.6%	+1.0%	+23.9%
S&P 500 (USD)	-0.3%	+0.9%	+12.8%
NASDAQ 100 (USD)	+0.7%	+1.3%	+22.0%
RUSSELL 2000 (USD)	-0.2%	+1.3%	+14.1%
STOXX 600 (EUR)	-1.1%	-0.6%	+6.5%
DAX (EUR)	-0.7%	+0.1%	+3.0%
CAC 40 (EUR)	-2.2%	-0.8%	-3.1%
FTSE 100 (GBP)	-2.2%	-1.4%	+5.3%
NIKKEI (JPY)	+2.9%	+2.3%	+35.7%
SSE (CNY)	-1.2%	+0.0%	-3.2%
BOVESPA (BRL)	+4.7%	+3.1%	+19.2%
HANG SENG (HKD)	-2.2%	-2.6%	-6.5%

FIXED INCOME MARKETS

	WoW	MTD	YTD
Global Aggregate USD (Hedged)	-0.1%	+0.2%	-1.5%
Global Aggregate EUR (Hedged)	+0.1%	+0.3%	-2.7%
US Investment Grade	-0.9%	+0.1%	-4.3%
US High Yield	-0.8%	+0.1%	-0.3%
EU Investment Grade	+0.2%	-0.0%	-1.3%
EU High Yield	-0.4%	-0.5%	-0.2%
EM Local Ccy. Gov (Unhedged)	-1.2%	-0.5%	-0.8%
EM Hard Ccy. Aggregate (Unhedged)	-1.5%	-0.8%	-3.0%

CRYPTO CURRENCY MARKETS

	WoW	MTD	YTD
Bitcoin	+0.6%	+1.1%	-3.4%
Ethereum	-0.8%	-0.6%	-10.1%
Ripple	-5.3%	-0.2%	-19.3%

COMMODITY MARKETS

	WoW	MTD	YTD
Gold	-3.7%	-0.6%	-4.1%
WTI Crude	-1.4%	+0.8%	+58.7%
Brent Crude	-2.0%	-1.2%	+68.0%
Silver	-6.6%	-0.2%	-14.5%
Natural Gas	-5.0%	+0.3%	-17.7%
Copper	-3.0%	-1.0%	+15.3%

CURRENCY MARKETS

	WoW	MTD	YTD
US Dollar Index (DXY)	+1.0%	+0.5%	+3.7%
EURUSD	-1.1%	-0.8%	-4.2%
GBPUSD	-0.1%	-0.3%	-2.0%
AUDUSD	-1.1%	-0.9%	+3.4%
USDCHF	+0.3%	-0.4%	+4.9%
USDJPY	-0.6%	+0.3%	+1.0%

Source: Yahoo Finance

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