

Market Brief

- U.S. equities finished mixed during the week as elevated Treasury yields and renewed concerns surrounding interest rates pressured markets, while continued enthusiasm surrounding AI supported technology shares. The S&P 500 declined approximately 0.27%, the Dow fell 1.26%, and the Russell 2000 slipped 0.16%, while the Nasdaq gained approximately 0.45%.
- European equities finished mostly lower as elevated global bond yields, tighter financial conditions, and weakness across several cyclical sectors weighed on sentiment. The broader STOXX Europe 600 declined approximately 1.14%, while the CAC 40 fell 2.24%, with European markets recovering modestly on Friday with softer U.S. labor-market data.
- Treasury yields moved higher during the week as a global bond selloff pushed long-term borrowing costs toward multi-decade highs, although weaker September employment data reduced expectations for another near-term Federal Reserve rate increase. The 10-year Treasury yield finished around 5.28%, while the 2-year yield ended near 4.84%.
- WTI crude finished at approximately \$91.11 per barrel, while spot gold ended near \$4,141/oz and silver around \$60/oz. WTI declined approximately 1.41% during the week, while gold fell roughly 3.35% and silver declined approximately 6.12% as elevated yields and a stronger U.S. dollar pressured precious metals.
- Volatility increased modestly during the week as elevated Treasury yields, commodity swings, and uncertainty surrounding the Federal Reserve outlook kept investors cautious. The VIX finished around 15.31, up approximately 2.96% from 14.87 a week earlier, despite easing sharply on Friday.
- Global equity funds recorded approximately \$34.76 billion in net inflows during the week through September 30. U.S. equity funds attracted approximately \$20.60 billion, while European received roughly \$6.19 billion. Global bond funds recorded approximately \$4.76 billion in inflows, while money-market funds saw approximately \$116.52 billion in net outflows.

Market Data Snapshot

Index	Value	WTD	1-Month	YTD
DOW JONES INDUS.	51,176.96	-1.26%	-3.55%	6.48%
S&P 500 INDEX	7,722.72	-0.27%	0.73%	12.81%
NASDAQ COMPOSITE	27,190.86	0.45%	3.71%	16.99%
RUSSELL 2000 INDEX	2,832.90	-0.16%	-4.07%	14.14%
S&P 500/TSX COMPOSITE INDEX	35,502.65	-0.83%	-1.63%	11.96%
EURO STOXX 50 PR	6,238.50	-1.02%	-1.94%	7.72%
FTSE 100 INDEX	10,461.95	-2.18%	-2.74%	5.24%
DAX INDEX	25,231.20	-0.70%	-2.35%	3.02%
CAC 40 INDEX	7,897.19	-2.24%	-4.63%	-3.10%
NIKKEI 225	68,309.46	2.93%	6.19%	35.70%

Commodities	Value (\$)	WTD	1-Month	YTD
Crude Oil (WTI)	91.11	-1.41%	0.11%	58.67%
Gold	4,141.19	-3.35%	-5.49%	-4.13%
Silver	60.3626	-6.12%	-7.58%	-15.77%
Natural Gas	3.035	-5.04%	2.67%	-17.66%

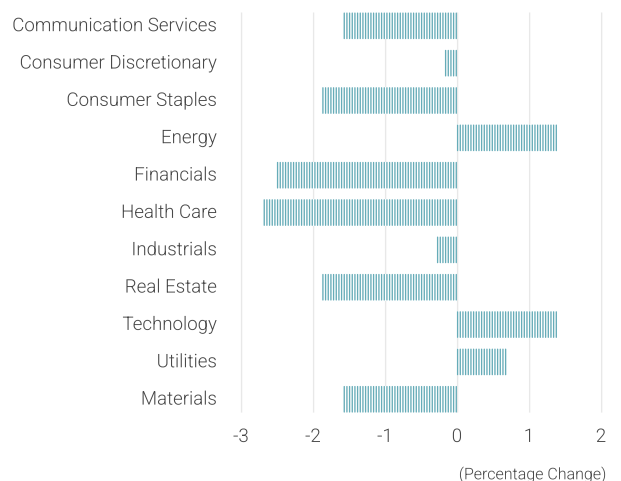
Fixed Income	Yield	WTD	1-Month	YTD
U.S. 2 Year Treasury	4.839%	-2.90	46.70	135.60
U.S. 10 Year Treasury	5.283%	11.80	49.40	111.10
Germany 2 Year Bund	3.076%	-20.17	12.42	94.28
Germany 10 Year Bund	3.475%	-12.48	12.11	61.50

(Basis Point Change)

Currency	Value	WTD	1-Month	YTD
U.S. Dollar Index (DXY)	101.93	0.95%	2.35%	3.67%
EUR/USD	1.1255	-1.19%	-2.87%	-4.18%
USD/JPY	157.85	0.36%	-0.54%	0.73%
GBP/USD	1.3241	-0.05%	-1.82%	-1.74%
USD/CAD	1.4251	0.77%	2.95%	3.84%
USD/CHF	0.8288	0.06%	1.96%	4.57%
EUR/JPY	177.66	-0.83%	-3.41%	-3.45%
EUR/CHF	0.93265	-1.16%	-0.99%	0.21%

Risk Free Rates	1M	3M	6M	12M
CHF (SARON)	-0.04%	-0.05%	-0.04%	-0.05%
EUR (EURIBOR)	2.44%	2.60%	3.06%	3.32%
USD (SOFR)	3.91%	4.03%	4.19%	4.48%
GBP (SONIA)	3.74%	3.75%	3.76%	3.86%
JPY (TORF)	1.14%	1.30%	1.44%	-

S&P 500 Weekly Sector Performance



Market Drivers

U.S. Markets

Wall Street finished mixed following a volatile week dominated by surging Treasury yields, shifting Federal Reserve expectations, and continued swings in energy prices. The S&P 500 declined approximately 0.27% and the Dow fell 1.26%, while the Nasdaq gained 0.45% as technology shares recovered late in the week. September nonfarm payrolls increased by just 29,000, well below expectations for approximately 90,000, while unemployment rose to 4.2%, reducing expectations for another Federal Reserve rate increase in October. The 10-year Treasury yield reached approximately 5.34%, its highest level in 24 years, before ending Friday near 5.28% as persistent inflation and fiscal concerns continued to pressure longer-duration bonds. Oil prices remained elevated but eased from recent highs late in the week, providing some relief to inflation concerns. U.S. equity funds attracted approximately \$20.60 billion during the week through September 30, marking a second consecutive week of inflows, although technology funds recorded approximately \$2.63 billion of redemptions. Overall, resilient corporate fundamentals and continued artificial intelligence investment remain supportive, although elevated yields, energy prices, and monetary policy uncertainty continue to create near term risks.

European Markets

European markets finished broadly lower as surging government-bond yields, elevated inflation, and concerns surrounding fiscal conditions weighed on investor sentiment. The STOXX Europe 600 recorded a sizable weekly decline despite rebounding approximately 0.75% on Friday, while major markets including Germany, France, and the United Kingdom remained under pressure during the week. Euro-area inflation accelerated more than expected, reinforcing expectations that the European Central Bank may need to maintain a restrictive monetary policy stance for longer. French markets were particularly sensitive to fiscal concerns, with the spread between French and German 10-year government-bond yields reaching its widest level since 2011, while banking shares recorded their weakest week since April. European equities recovered Friday as softer U.S. employment data reduced expectations for an immediate Federal Reserve rate increase and declining oil prices provided additional support. European equity funds attracted approximately \$6.19 billion during the week through September 30. Overall, Friday's rebound provided some relief, although high borrowing costs, inflation pressures, and fiscal uncertainty remain significant headwinds.

Asia-Pacific Markets

Asia-Pacific markets finished mixed, with continued strength in Taiwan's technology sector contrasting with weakness in Hong Kong and uneven performance elsewhere as investors assessed elevated global bond yields and monetary policy uncertainty. Taiwan's TAIEX gained approximately 1.77% for the week and finished at a record 48,475.74, supported by continued strength across semiconductor and artificial-intelligence-related shares. South Korea's KOSPI recovered strongly late in the week, including a 1.95% gain Thursday after September exports reached a record high and semiconductor shipments more than tripled from a year earlier. Hong Kong's Hang Seng declined approximately 2.19% for the week, including a sharp 2.60% fall Friday as higher global bond yields and energy-price concerns pressured risk appetite. Japanese markets also remained sensitive to rising global yields and expectations surrounding further Bank of Japan policy tightening. Asian equity funds nevertheless attracted approximately \$6.16 billion during the latest reporting period. Overall, strong semiconductor demand and continued AI investment remain supportive, although elevated global yields and tighter monetary conditions continue to produce uneven regional performance.

Emerging Markets

Emerging markets remained under pressure as elevated developed-market bond yields, a firm U.S. dollar, higher energy costs, and persistent investor outflows weighed on sentiment. Indian equities experienced another difficult week as rising crude prices, foreign selling, and higher global borrowing costs continued to pressure valuations, extending a prolonged period of weakness in the domestic market. Elsewhere, performance remained mixed across Latin America and emerging Asia as investors balanced country specific political and monetary policy developments against tighter global financial conditions. Brazil remained particularly sensitive to fiscal concerns and positioning ahead of the October presidential election, with investors closely monitoring the implications of the contest for government spending and future economic policy. Taiwan remained a relative outperformer within emerging markets as continued demand for semiconductor and AI-related shares supported equities. Emerging market equity funds recorded approximately \$1.37 billion of outflows for a fourth consecutive week, while emerging market bond funds experienced approximately \$1.75 billion of redemptions. Overall, selective technology strength and country specific opportunities remain supportive in parts of the asset class, although elevated U.S. yields, geopolitical uncertainty, and tighter global financial conditions continue to drive considerable performance dispersion.

Technical Update

The S&P 500 closed the week at 7,722.72, declining approximately 0.27% but recovering strongly from its midweek weakness as softer inflation and employment data reduced expectations for another near-term Federal Reserve rate increase. Monday fell 0.77% to close at 7,683.69 as rising Treasury yields and continued concerns surrounding oil prices and inflation pressured equities. Tuesday extended the decline modestly to 7,670.84 as the 10-year Treasury yield climbed, intensifying pressure on equity valuations. Wednesday produced another volatile session, with the index reversing early gains to close 0.25% lower at 7,651.54, as softer-than-expected PCE inflation reduced expectations for an October Federal Reserve rate increase but stronger economic-growth data and persistently elevated Treasury yields limited the positive reaction. Thursday recovered to close approximately 0.20% higher at 7,666.48 as long-term Treasury yields retreated from their session highs and Federal Reserve officials signaled patience toward additional tightening. Friday produced the week's strongest session, with the index advancing approximately 0.73% to 7,722.72 after September nonfarm payrolls increased by only 29,000, substantially below expectations, reducing the probability of another Federal Reserve rate increase in October. The weekly close left the index above its 20-day moving average near 7,670 and the rising 50-day moving average near 7,658, while remaining comfortably above the 200-day moving average near 7,226. The recovery above both shorter-term averages improves the immediate technical setup, although the relatively narrow margin above these levels leaves the index vulnerable should Treasury yields resume their advance. The 14-day RSI finished near 55, indicating neutral-to-moderately positive momentum without suggesting overbought conditions. Market breadth nevertheless remains notably weak, with approximately 25% of S&P 500 companies trading above their 50-day moving averages and roughly 42% remaining above their 200-day averages, highlighting a significant divergence between the headline index and underlying participation. The 7,655 to 7,675 area now represents the first important support zone, incorporating the rising 20-day and 50-day moving averages. A sustained break below that area would weaken the immediate setup and shift attention toward 7,615 to 7,640, incorporating Thursday's weekly low area and an important late-September support zone. A decisive break beneath that range would increase the risk of a move toward the psychological 7,600 level, followed by approximately 7,555 and the September low near 7,508.

On the upside, initial resistance sits around 7,750 to 7,785, incorporating recent late-September highs and the upper portion of the current trading range. A sustained move above that area would strengthen near-term momentum and shift attention toward 7,800 to 7,817, incorporating the psychological 7,800 level and the August record intraday high near 7,817. Overall, the longer term technical structure remains constructive, with the index holding above its rising 20-day, 50-day, and 200-day moving averages, while Friday's recovery and an RSI near 55 provide modestly improved momentum. However, exceptionally weak market breadth, Treasury yields above 5%, energy-price volatility, and continued uncertainty surrounding Federal Reserve policy warrant near-term caution. A decisive close above 7,785 would suggest that upward momentum is strengthening, while a break below 7,655 and particularly below 7,600 would materially weaken the technical outlook.

S&P 500: 50 & 200 Day Moving Average

Source: WSJ



The Week in Focus

The coming week brings a relatively light U.S. economic calendar following Friday's September employment report, with investors focused primarily on services-sector activity, international trade, the Federal Reserve's September meeting minutes, weekly jobless claims, wholesale inventories, consumer sentiment, and several notable corporate earnings releases. Monday begins with the final September S&P Global services PMI and the ISM Services Index, while Tuesday brings the August U.S. trade balance. Wednesday features the Federal Reserve's September meeting minutes and August consumer-credit data. Thursday brings weekly jobless claims and August wholesale inventories, while Friday closes the week with the University of Michigan's preliminary October consumer-sentiment survey.

Monday, October 5 begins with the final September S&P Global services and composite PMIs, followed by the ISM Services Index at 10 a.m. ET. The ISM report will be closely watched for signs of continued strength in the services economy, particularly through its employment and prices-paid components as investors assess the outlook for growth and inflation following last week's softer-than-expected employment report. With the corporate calendar relatively quiet, markets will remain focused primarily on Treasury yields, oil prices, geopolitical developments, and expectations surrounding the Federal Reserve's next policy decision.

Tuesday, October 6 brings the August U.S. international trade report at 8:30 a.m. ET. The trade deficit widened sharply to \$88.6 billion in July as imports increased and exports declined, and the August report will provide further insight into external demand, domestic consumption, and the contribution of trade to third-quarter economic growth. Constellation Brands, RPM International, and Lamb Weston are among the companies scheduled to report quarterly results, providing additional perspective on consumer demand, pricing conditions, and corporate margins.

Wednesday, October 7 represents the week's most important monetary-policy session. The Federal Reserve releases minutes from its September meeting at 2 p.m. ET, providing additional detail on the debate surrounding the decision to raise the federal-funds target range by 25 basis points to 3.75%–4.00% and policymakers' views on inflation, growth, and the potential need for further tightening. August consumer-credit data follow at 3 p.m. ET. Levi Strauss and Applied Digital are also scheduled to report results, with investors watching for signals surrounding consumer spending and continued investment in artificial-intelligence infrastructure.

Thursday, October 8 brings weekly initial jobless claims at 8:30 a.m. ET, followed by August wholesale inventories and sales at 10 a.m. Initial claims fell to 197,000 in the prior week, continuing to indicate relatively limited layoffs despite softer hiring conditions. The wholesale data will provide an additional read on inventories, demand, and business activity heading into the fourth quarter. PepsiCo reports quarterly results before the market opens, with investors likely to focus closely on organic sales growth, pricing, volumes, and consumer sensitivity to elevated food and beverage prices.

Friday, October 9 closes the week with the University of Michigan's preliminary October consumer-sentiment survey at 10 a.m. ET. The final September sentiment index stood at 48.1, down from 51.7 in August, highlighting continued pressure on household confidence. The October reading will therefore be closely watched for signs that weaker labor-market momentum, elevated borrowing costs, and persistent inflation concerns are weighing further on consumers. Delta Air Lines reports third-quarter results before the market opens, providing an important read on travel demand, ticket pricing, fuel costs, and discretionary consumer spending.

For U.S. markets, attention will be focused primarily on whether incoming economic data and the September FOMC minutes reinforce expectations that the Federal Reserve will pause at its October meeting following September's 25-basis-point increase. The September employment report showed payroll growth slowing sharply to 29,000 and unemployment rising to 4.2%, reducing expectations for another near-term rate increase. Stronger services activity, resilient jobless-claims data, or renewed price pressures could keep Treasury yields elevated and preserve the possibility of additional tightening later this year, while softer readings would strengthen the case for a more cautious policy approach. Corporate results from Constellation Brands, Levi Strauss, PepsiCo, and Delta Air Lines will provide an additional window into consumer and business conditions ahead of the broader third-quarter earnings season. Overall, the combination of services data, the trade balance, Federal Reserve minutes, jobless claims, consumer sentiment, and several important earnings releases should provide markets with further guidance on the economic and monetary-policy outlook entering the fourth quarter.