

# MARKET INSIGHT WEEK 41

RISEON®

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UPCOMING ECONOMIC EVENTS

|                                         | Time* | Forecast | Previous |
|-----------------------------------------|-------|----------|----------|
| Monday, October 5                       |       |          |          |
| US ISM Non-Manufacturing PMI (Sep)      | 15:00 | 55.1     | 55.4     |
| Tuesday, October 6                      |       |          |          |
| DE German Factory Orders (MoM) (Aug)    | 07:00 | -1.0%    | 2.5%     |
| EU Retail Sales (MoM) (Aug)             | 10:00 | 0.3%     | -0.6%    |
| Wednesday, October 7                    |       |          |          |
| US Crude Oil Inventories                | 15:30 |          | 0.922M   |
| US FOMC Meeting Minutes                 | 19:00 |          |          |
| Thursday, October 8                     |       |          |          |
| EU ECB Monetary Policy Meeting Accounts | 12:30 |          |          |
| US Initial Jobless Claims               | 13:30 | 200K     | 197K     |
| Friday, October 9                       |       |          |          |
| CA Employment Change (Sep)              | 13:30 | 9.2K     | -41.7K   |
| CA Unemployment Rate (Sep)              | 13:30 | 6.5%     | 6.4%     |
| US Michigan Consumer Sentiment (Oct) P  | 15:00 | 47.6     | 48.1     |

\*US moves forward one hour for daylight saving time.

## Weekly Recap - September 28-October 2, 2026 (W40)

*A 29,000 Payrolls Print Removes the October Fed Increase as Global Bond Yields Hit Multi-Decade Highs*  
 Week 40 delivered the data test that markets had been waiting for, and the outcome was softer than expected. Core PCE rose only 0.2% and September payrolls increased by just 29,000, cutting the probability of an October Fed increase from approximately 72% to below 20%. Global long-term yields still reached multi-decade highs during the week, and the dollar posted a third consecutive weekly gain.

- **United States**
- **Soft Data Moves the Fed to December**
- Inflation and labour data both came in below expectations.
- Key developments:
- Core PCE rose 0.2% m/m and 3.0% y/y, below the 0.3% consensus.
- Payrolls rose 29,000, with 60,000 of downward revisions to July and August.
- Unemployment rose to 4.2%; average hourly earnings rose 0.1% m/m.
- Consumer confidence fell to 81.9, its lowest level in 12 years.
- As a result:
- October hike probability fell to approximately 17%, with December now favoured.
- The 10-year yield reached 5.34%, its highest since 2002, before easing on Friday.
- USD still gained approximately 0.9% on the week.
- The debate has moved from whether the Fed tightens in October to whether December remains justified.
- Fed Officials Signal Patience
- Williams said there is no need for urgency after the September increase, while Kashkari and Cook warned that inflation remains too high. ISM manufacturing eased to 54.5, but prices paid jumped to 77.9.

### **Geopolitics - Hormuz Talks Break Down**

- President Trump rejected Iran's proposal to reopen the Strait of Hormuz as unacceptable.
- Washington ordered Iran's foreign minister to leave the United States.
- Additional U.S. forces, including a carrier strike group, are being deployed.
- Russian strikes hit Ukraine's power grid ahead of winter.
- The G7 response, an emergency release of up to 100 million barrels, limited the impact on oil.

### **Eurozone - Inflation Reaches a Three-Year High**

- Flash CPI rose to 3.8% in September, above the 3.6% consensus.
- Energy inflation accelerated to 18.8%, while core

- held at 2.5%.
- Lagarde said a measured, middle-path response remains appropriate.
- German unemployment rose back above 3 million. Higher headline inflation keeps pressure on the ECB despite stable core prices.

### **United Kingdom - Gilts Under Pressure**

Final second-quarter GDP was revised up to 0.5%.

- The 30-year gilt yield rose above 6% for the first time since 1998.
- The 10-year gilt reached approximately 5.5%, its highest since 2007.
- MPC member Mann said the BoE should raise rates. The FTSE 100 fell approximately 2.2%, as higher borrowing costs weighed on UK assets.

### **Asia-Pacific - RBA Raises Rates to 4.60%**

The RBA raised its cash rate by 25 basis points to 4.60% in a unanimous decision, citing higher energy prices. Japan's Tankan rose to +24 for large manufacturers, an eight-year high, while Finance Minister Katayama warned that Japan will act again on the yen if required. China's official manufacturing PMI returned to expansion at 50.1.

### **Commodities**

**Gold** - Gold fell by approximately 3.7% to finish near \$4,142, a second consecutive weekly loss, pressured by a firmer dollar and multi-decade highs in long-term yields.

**Oil** - Oil ended a volatile week mixed.

- WTI fell approximately 1.4% to \$91.11, after a one-month low of \$88.06.
  - Brent settled at \$102.25, holding above \$100.
- The G7 reserve release capped prices after the collapse of Hormuz talks.

### **Equities**

#### **AI Leadership Holds the Nasdaq at Records**

U.S. equities were mixed, with technology outperforming.

- S&P 500 declined approximately 0.3%.
- Dow Jones declined approximately 1.3%.
- Nasdaq Composite gained approximately 0.5% to a record high.
- Russell 2000 was broadly unchanged.

Friday's decline in rate expectations supported a broad rebound into the weekend.

## Summary

Week 40 shifted the U.S. policy debate from timing to necessity. Softer core PCE, a 29,000 payrolls print and slower wage growth removed the October increase from the base case, even as ISM prices paid surged. Global bond markets nevertheless pushed long-term yields to multi-decade highs, and the dollar extended its rally against the euro and commodity currencies.

### Key Takeaway

- » Weak payrolls and softer core PCE moved the next expected Fed increase from October to December.
- » The 10-year Treasury yield at 5.34% and the 30-year gilt above 6% show that long-end pressure is global.
- » The breakdown of U.S.-Iran talks was offset by a coordinated G7 oil reserve release.

## Market Outlook: Key Levels and Trends to Watch Across Major Pairs and Commodities

### U.S. Dollar Index

DXY reached the 101.60-101.80 target without the expected pullback and extended to 102.21, a one-year high. The current setup favours a short pullback toward 101.30-101.40, near the 9-day moving average, before another upside attempt toward 102.80-103.00. The bullish structure remains valid above 101.00. A break below this level would weaken momentum and expose 100.30.



### EUR/USD

EURUSD reached the 1.1330-1.1355 target without the expected rebound and extended to 1.1220, a one-year low. The current setup favours a technical rebound toward 1.1330-1.1350, former support, before another move lower toward 1.1160-1.1180. The bearish scenario remains valid below 1.1400. A recovery above this level would invalidate the setup.



## GBP/USD

GBPUSD held a narrow 1.3181-1.3310 range: the rebound stopped short of 1.3330-1.3350 and the 1.3140-1.3150 target was not reached. The current setup favours a rebound toward 1.3300-1.3320 before another move lower toward 1.3140-1.3150. The bearish scenario remains valid below 1.3400. A break below 1.3140 would expose 1.3010.



## USD/JPY

USDJPY corrected to 156.37, short of the 155.50-156.00 target, and recovered to the 9-day moving average, keeping the higher low above the September low intact. The current setup favours a brief dip toward 157.30 before a break above 159.00, which would expose 160.40. The bullish scenario remains valid above 156.30. A break below this level would invalidate the setup.



## USD/CHF

USDCHE reached the 0.8230-0.8240 pullback zone and rallied to 0.8382, a one-year high, but fell short of the 0.8400-0.8440 target and reversed lower. The current setup favours a test of 0.8230-0.8250 before another upside attempt toward 0.8380-0.8400. The bullish scenario remains valid above 0.8180. A break below this level would expose 0.8120.



## USD/CAD

USDCAD reached the 1.4240-1.4250 target without a pullback, setting a one-year high at 1.4263. The current setup favours a pullback toward 1.4160-1.4170, near the 9-day moving average, before another upside attempt toward 1.4320-1.4350. The bullish scenario remains valid above 1.4140. A break below this level would expose 1.4060-1.4080.



## AUD/USD

AUDUSD reached the 0.6960-0.6970 target and extended to 0.6907, while the rebound stalled at 0.7041, short of 0.7080-0.7100. The RBA increase to 4.60% did not provide support. The current setup favours a rebound toward 0.7000-0.7020 before another move lower toward 0.6870-0.6880. The bearish scenario remains valid below 0.7085.



## NZD/USD

NZDUSD reached the 0.5630 target and extended to 0.5589, close to 0.5585, although the expected rebound fell short. The current setup favours a short-term rebound toward 0.5660-0.5680 before another move lower toward 0.5585. The bearish scenario remains valid below 0.5730. A break below 0.5585 would open a new one-year low.



## Gold (XAU/USD)

Gold reached the 4,130–4,150 target, with a low near 4,123, but the expected rebound toward 4,320–4,350 did not materialise. Price remains inside the descending channel and below its midline. The current setup favours a limited rebound toward 4,240 before a break of 4,120 and a move toward 4,020. The bias remains negative below 4,290.



## WTI Crude

WTI completed the expected rebound to 96.54 and then fell to 88.06, just short of the 86.50–87.00 target. Price is holding near the 55-day moving average at 88.00. The current setup favours a rebound toward 93.50–94.00 before another move lower toward 86.50–87.00. A recovery above 97.00 would invalidate the bearish setup and expose 101.00–103.00.



## S&P 500

S&P 500 pulled back further than expected, to 7,617, but held above 7,600 and recovered on Friday. The current setup favours a short pause near 7,700, the 9-day moving average, before another attempt at 7,780-7,820. A clear break above 7,820 would open the way toward 7,950, while a break below 7,600 would expose 7,500.



## EuroStoxx 50

EuroStoxx 50 followed the expected path: a rebound to 6,365, then renewed weakness to 6,170. The index remains below the 55-day moving average near 6,370. The current setup favours a rebound toward 6,300 before another move lower toward 6,170. A recovery above 6,370 would neutralise the bearish bias, while a break below 6,170 would expose 5,980-6,000.



## Strategic Outlook

### Week 41 (October 5 - October 9, 2026)

#### FOMC Minutes and ISM Services Test Whether December Remains Live

Week 41 begins with an October Fed increase largely priced out after weak payrolls, but with long-term yields still close to multi-decade highs. ISM services, the FOMC minutes and jobless claims will show whether the case for a December increase holds ahead of next week's CPI.

The macro framework now stands as follows:

- Fed funds target at 3.75%-4.00%.
- October hike probability at approximately 17%, from 72% early last week.
- U.S. 10-year yield peaked at 5.34%, the highest since 2002.
- Eurozone inflation at 3.8%; ECB deposit rate at 2.50%.
- Brent at \$102.25; WTI at \$91.11.

#### Macro Themes

##### 1. United States

#### ISM Services and Minutes Frame December

With CPI due on October 14, this week's data will shape December expectations.

##### Key Focus

- SM services: 55.3 expected, from 55.4.
- FOMC minutes: the depth of support for further increases.
- Initial jobless claims: 195,000 expected, from 197,000.
- Michigan sentiment: 48.1 expected.

#### Strategic Scenarios

##### Hawkish Data

- ISM services above 56 with firm prices paid.
- Minutes show broad support for another increase.
- December hike pricing rises; yields and USD rise.

##### Central Scenario

- ISM services near 55.
- Minutes confirm a data-dependent, patient Fed.
- October remains unlikely; December stays open.

##### Softer Labour Market

- ISM services below 54; claims move above 210,000.
- Yields retreat further and USD corrects.

##### Stagflationary Mix

- Weaker activity with higher prices paid.
- Long-term yields remain elevated.
- Equities come under pressure.

The central scenario is that the minutes keep December open, while softer labour data limit further upside in yields until CPI.

**USD Bias:** Constructive against the euro and commodity currencies; neutral against sterling; constructive against the yen, with intervention risk near 160.00.

## 2. Geopolitics

#### Hormuz Talks Stall as Reserves Are Released

The breakdown of U.S.-Iran talks leaves energy supply risk elevated.

- Additional U.S. forces are moving into the region.
- The G7 release of up to 100 million barrels runs over four months.

- OPEC+ was expected to keep November targets unchanged on October 4.

Any resumption of talks would be the main disinflationary catalyst for central banks.

## 3. Eurozone

#### ECB Accounts After a 3.8% Inflation Print

The accounts of the September meeting will show how many members favour further increases.

- Headline inflation at 3.8%, core at 2.5%.
- Next ECB decision on October 29.

A hawkish tone in the accounts would support the euro only temporarily while the dollar remains firm.

## 4. United Kingdom

#### Gilts and BoE Speakers in Focus

A light data week leaves gilts and BoE commentary as the main drivers.

- The 30-year gilt yield remains close to 6%.
  - S&P reviews the UK credit rating on Friday.
- Higher borrowing costs and a hawkish MPC keep sterling sensitive to fiscal risk.

## 5. Asia-Pacific

#### Yen Warnings and China's Return

Japan's warnings on the yen keep intervention risk high below 160.00. China's markets reopen on October 8 after Golden Week, while the RBA's increase to 4.60% has yet to support the Australian dollar.

## 6. Commodities

#### Gold Pressured, Oil Range-Bound

**Gold** - Supportive factors:

- Geopolitical uncertainty.
- Lower Fed hike expectations.
- Central-bank demand.

A firm dollar and multi-decade highs in long-term yields remain the principal downside risks.

**WTI Crude** - Key drivers

- G7 and IEA reserve release.
- U.S.-Iran negotiations.
- Hormuz shipping flows.
- OPEC+ output policy.

Reserve releases cap prices, but Brent above \$100 shows that supply risk persists.

## 7. Equities

#### AI Leadership Versus Long-End Yields

Equities remain supported by AI investment and lower Fed hike expectations, but long-term yields near multi-decade highs limit valuations. Third-quarter earnings begin with PepsiCo and Delta.

#### Equity Scenarios

##### Hawkish Minutes

- Higher yields pressure technology and small caps.

##### Central Scenario

- Range trading with AI leadership.

##### Softer Labour Market

- Lower yields broaden the rally toward small caps.

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## Summary & Key Risks

### Summary

Week 40 changed the Fed debate. Weak payrolls and softer core PCE removed the October increase from the base case, but rising prices paid and multi-decade highs in long-term yields show that inflation and term-premium risks remain. The previous outlook was right on the labour market and wrong on the strength of PCE.

The base case for Week 41 is that the FOMC minutes keep a December increase open, while softer labour data keep yields below last week's highs. The dollar remains supported against the euro and commodity currencies until CPI on October 14.

### Key Risks

- a. Hawkish FOMC minutes and strong ISM services → December hike pricing rises, pushing yields and USD higher and pressuring gold and equities.
- b. Further labour-market weakness → yields retreat, USD corrects and equities and gold recover.
- c. Disorderly long-end sell-off → 30-year yields above 6% in the UK and higher in the U.S. tighten financial conditions globally.
- d. Escalation around Hormuz → oil rebounds above \$100 for WTI, lifting inflation expectations.
- e. Yen intervention → a sharp drop in USDJPY spreads volatility across FX markets.

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