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WEEKLY UPDATE

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WEEKLY UPDATE

MUSINGS

"Learn as if you will live forever, live like you will die tomorrow."

MAHATMA GANDHI

LAST WEEK IN THE MARKETS

Name	Closing Level	Weekly Change	YTD Change
S&P 500	**7,719** ▲	0.10% ▲	**12.75%** ▲
Nasdaq Composite	**26,507** ▲	0.40% ▲	**14.05%** ▲
10Y UST Yield	**4.784** ▲	1.14% ▲	**14.92%** ▲
Crude oil	**91.23** ▲	**9.32%** ▲	**58.94%** ▲
Gold	4,430 ▼	-0.57% ▼	2.59% ▲
DXY	99.159 ▼	-0.52% ▼	0.89% ▲
USD/INR	**94.48** ▼	-0.92% ▼	**5.17%** ▲
Bitcoin	**79,677** ▲	**2.37%** ▲	**-8.94%** ▼
Euro STOXX 50	**6,398** ▼	-1.23% ▼	**10.07%** ▲
India (Nifty)	**23,898** ▼	-1.15% ▼	**-8.54%** ▼
Japan (Nikkei)	**65,021** ▼	**-2.08%** ▼	**29.17%** ▲
China (CSI 300)	4,548 ▼	-1.32% ▼	0.66% ▲
Saudi (TASI)	**11,033** ▼	-1.82% ▼	**5.17%** ▲
Abu Dhabi (ADX)	9,977 ▼	-0.67% ▼	-0.16% ▼
Dubai (DFM)	5,884 ▲	0.03% ▲	-2.70% ▼

NEWS FROM THE MARKETS

Macro picks up the baton as earnings season draws to a close for now

The dominant development was Friday's August employment report. **Nonfarm payrolls rose 162,000, well above the roughly 56,000 consensus,** while the unemployment rate held at 4.1 percent. Private payrolls were solid and prior months saw modest upward revisions. Average hourly earnings rose 0.3 percent.

Markets interpreted the data as evidence the labour market remains resilient despite elevated energy prices linked to the ongoing US-Iran conflict. Probability of a 25 bp Fed hike at the 15-16 September meeting rose to around 58 percent from the low-to-mid 50s. Fed Governor Waller had earlier indicated openness to holding rates steady if inflation data cooperated, briefly easing hike fears mid-week.

Growth looks firmer than feared, but the combination of sticky underlying inflation (still well above 2 percent) and stronger hiring raises the bar for any near-term easing. **Risk assets face a higher hurdle on rates; the data reduce recession risk in the near term while reinforcing the risk of higher-for-longer policy.**

US Equities were almost flat for the week…

The S&P 500 finished the week up a modest 0.09 percent at 7,718.60. The Nasdaq Composite gained 0.4 percent to 26,506.99, while the Dow Jones Industrial Average slipped about 0.3 percent to 53,414.25.

Thursday's rally, driven by Waller's comments and strength in mega-cap technology and consumer discretionary, reversed Friday as the jobs data lifted rate expectations. Nvidia advanced after announcing a roughly $13 billion acquisition of Hugging Face, reinforcing AI infrastructure demand. Semiconductor names such as AMD and Micron also performed well. Snowflake jumped sharply on strong results tied to AI adoption.

Lululemon fell more than 17 percent after missing revenue expectations and cutting full-year guidance, highlighting selective pressure in consumer discretionary. Energy held up amid the oil surge, while broader defensive sectors lagged. The market continues to price resilient earnings and AI capex, but rate sensitivity is rising again. Positioning remains concentrated in megacaps; any sustained rise in yields could test that leadership.

… while International Equities showed weakness

European markets underperformed. The DAX declined nearly 2 percent and the CAC 40 fell about 1.5 percent for the week, pressured by higher energy costs and rising rate expectations in the euro area, where core inflation has moved higher. The FTSE 100 was roughly flat.

Japan's Nikkei ended lower on the week despite a solid Friday gain, with yen strength and BoJ policy uncertainty weighing. China's mainland indices slipped modestly (CSI 300 down roughly 1.3 percent), while the Hang Seng managed a small weekly gain after a strong Friday. Relative to the US, international equities offered little catch-up, and higher oil prices remain a headwind for energy-importing economies. Attractiveness versus US equities has not improved on this week's evidence.

US Fixed Income was volatile, but Credit Spreads held ground

Treasury yields rose into the jobs report. The 2-year closed near 4.37 percent and the 10-year around 4.78 percent, with the curve modestly steeper or little changed depending on the precise day-to-day moves. The main driver was the shift in Fed expectations rather than safe-haven flows.

Higher front-end yields reflect reduced odds of near-term accommodation. **Credit spreads were not a major feature, but the combination of firmer growth and rate-hike risks points to selective pressure on longer-duration and lower-quality credit.** Fixed income remains competitive with cash at current levels, yet duration looks less attractive until inflation data clarify the September decision path. Relative to equities, the risk-reward in intermediate Treasuries has improved modestly if the Fed ultimately holds.

Gold was mostly steady

Gold declined roughly 1 percent for the week, with Comex settlement near $4,430. The move came despite geopolitical tensions, as rising real yields and a firmer dollar outweighed safe-haven demand. The narrative of gold as a pure geopolitical hedge was tempered by the rate-sensitive backdrop. **The longer-term uptrend remains intact on central-bank buying and fiscal concerns, but near-term price action is now more closely tied to US real yields and the dollar.**

Oil prices reflected higher geopolitical risk

WTI rose approximately 9.7 percent to settle at $91.48, while Brent gained around 7-8 percent. The primary driver was intensified US-Iran military exchanges that raised concerns over Strait of Hormuz flows and shipping. US inventory draws and tight diesel markets provided additional support.

The surge adds to inflation pressure and supports energy equities while creating headwinds for oil-importing emerging markets and broader consumer spending. It also complicates the Fed's inflation path. **The move appears more durable than a one-week spike given the conflict's duration,** though any de-escalation would reverse a portion of the gains.

The Week Ahead

US markets are closed Monday for Labor Day. **Key data arrive Thursday with the August PPI and Friday with the August CPI – both critical inputs for the 15-16 September FOMC meeting.** Existing-home sales and University of Michigan sentiment will also be watched.

The ECB meets Thursday amid rising euro-area inflation. China's CPI/PPI and other Asian data may influence regional risk appetite. Treasury auctions continue in the background.

These events will determine whether the market's modest re-pricing of September hike odds is validated or reversed. CPI will dominate equity, fixed-income and dollar direction; energy prices remain the wild card for inflation persistence. Portfolio implications centre on maintaining balanced duration, selective energy exposure, and caution on rate-sensitive growth equities until the inflation prints land.

September 7th	• –
September 8th	• Japan GDP Data (Q2)
September 9th	• China Inflation Data (Aug) • China PPI Data (Aug)
September 10th	• ECB Interest Rate Decision • US PPI Data (Aug) • US Existing Home Sales Data (Aug) • Oracle, Adobe earnings
September 11th	• US Inflation Data (Aug) • US Michigan Consumer Sentiment Data

CHART OF THE WEEK

Advanced Micro Devices (AMD)

Entry: $477.57 (current price) **Stop Loss:** $432 **Target:** $560

Rationale:
- AMD has formed a bullish reversal on the weekly chart for the **second time from the 38.2% Fibonacci retracement level**, which has been acting as a strong support zone.
- The repeated reaction from this Fibonacci level indicates **strong underlying buying interest** and supports the potential for a continuation of the broader uptrend.
- The risk-reward profile remains attractive, with a potential upside toward **$560** against a defined downside risk at **$432**.
- A sustained move above the current levels could reinforce bullish momentum and open the path toward the **$560 target**.

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