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# WEEKLY UPDATE

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# WEEKLY UPDATE

## MUSINGS

**“What we achieve inwardly will change outer reality.”**

PLUTARCH

## LAST WEEK IN THE MARKETS

| Name | Closing Level | | Weekly Change | | YTD Change | |
|---|---|---|---|---|---|---|
| S&P 500 | **7,743** | ▲ | 1.22% | ▲ | **13.11%** | ▲ |
| Nasdaq Composite | **27,068** | ▲ | **2.06%** | ▲ | **16.46%** | ▲ |
| 10Y UST Yield | **5.167** | ▲ | **3.34%** | ▲ | **24.12%** | ▲ |
| Crude oil | **92.45** | ▼ | **-3.15%** | ▼ | **61.06%** | ▲ |
| Gold | **4,285** | ▼ | **-2.12%** | ▼ | -0.76% | ▼ |
| DXY | 101.034 | ▲ | 0.82% | ▲ | 2.80% | ▲ |
| USD/INR | **95.802** | ▼ | -0.06% | ▼ | **6.65%** | ▲ |
| Bitcoin | **84,070** | ▲ | **3.95%** | ▲ | -3.92% | ▼ |
| Euro STOXX 50 | **6,351** | ▲ | 1.78% | ▲ | **9.26%** | ▲ |
| India (Nifty) | **23,140** | ▼ | -0.88% | ▼ | **-11.44%** | ▼ |
| Japan (Nikkei) | **66,364** | ▲ | 2.07% | ▲ | **31.83%** | ▲ |
| China (CSI 300) | 4,439 | ▼ | -1.52% | ▼ | 0.66% | ▲ |
| Saudi (TASI) | 10,598 | ▼ | -1.67% | ▼ | 1.02% | ▲ |
| Abu Dhabi (ADX) | 10,201 | ▼ | -0.69% | ▼ | 2.08% | ▲ |
| Dubai (DFM) | 5,980 | ▲ | 0.39% | ▲ | -1.11% | ▼ |

## NEWS FROM THE MARKETS

### 1. The Fed's Hike Keeps Rippling Through the Bond Market

*A week on, higher-for-longer thinking pushes Treasury yields above 5%*

The actual decision came the week before: on September 16th, the Federal Reserve raised its key interest rate for the first time in more than three years, a quarter-point move to a range of 3.75%–4%. But the real test of any Fed decision is not the announcement itself, it is how markets digest it in the days that follow. Last week gave a clear answer: bond investors are taking the Fed's new, more hawkish stance very seriously.  The clearest sign came from the bond market.

**The yield on the 10-year US Treasury note, a benchmark that influences everything from mortgage rates to corporate borrowing costs, pushed above 5% during the week, a level last seen roughly two decades ago.** The move was not gentle. On Wednesday alone, a weak $70 billion sale of five-year government notes - essentially, softer-than-usual demand from buyers - added to the selling pressure, while fresh data showed US business activity expanding at its fastest pace since 2021. Strong growth is normally good news, but for a bond market already worried about inflation, it read as one more reason for the Fed to keep raising rates. The US dollar climbed against just about every major currency as a result, another sign that traders are leaning into the "higher for longer" story. Fed officials themselves kept the pressure on. Boston Fed President Susan Collins said there is now an increased likelihood that inflation stays "notably" above the Fed's 2% target, and defended last week's hike by saying a somewhat more restrictive policy stance would help inflation return to target on a more durable footing. Comments like this matter because markets are still trying to work out the Fed's next move: **futures traders remain split on whether the next hike (which the Fed's own projections suggest is coming) lands at the late-October meeting or is pushed to December.** Equity markets felt this tug-of-war too, though not always in a straight line. Stocks actually rallied hard early in the week as yields briefly eased and a tech rally took hold (more on that in the next section), but by Wednesday the renewed jump in yields dragged the S&P 500 back down from levels just shy of its record high, with interest-rate-sensitive sectors such as banks among the hardest hit. Nearly all of the S&P 500's eleven sectors were lower that day, a reminder that higher yields are still a genuine headwind even in a market otherwise in a buoyant mood. **For clients, the practical takeaway is this: the Fed's September hike was not a one-day story. It is continuing to shape borrowing costs, currency markets and sector performance a full week later, and it will likely keep doing so until investors get more clarity - starting with the Fed's preferred inflation gauge, the PCE price index, due for release this coming Tuesday, and continuing through the jobs data later in the week.**

## 2. Oil's Wild Ride

*War, ceasefire hopes, and a fuel price problem*

If there is one variable driving almost everything else in markets right now, it is the price of oil. The war between the US and Iran, which has run for much of 2026, has repeatedly disrupted shipping through the Strait of Hormuz - a route that normally carries around a fifth of the world's oil. The result has been one of the most volatile years for crude prices in recent memory. To put the scale of the swings in perspective: Brent crude, the global oil benchmark, started the year below $70 a barrel, spiked as high as $126 in late April during the worst of the fighting, fell back toward $70 by July as ceasefire hopes grew, and then jumped again to around $109 in early September after attacks on regional shipping and an oil pipeline. It has been that kind of year - sharp moves in both directions, often within the same month. This past week captured that pattern in miniature. On Monday, September 21st, oil eased to an 11-day low, which helped lift the broader stock market, particularly technology shares. But the calm did not last. By Wednesday, Brent crude had jumped back above $103 a barrel as fighting flared again, reviving worries about inflation and pushing bond yields higher. By Friday, prices had eased slightly to around $104.50, still up more than 2% for the week overall, as reports emerged that US and Iranian officials are exploring a phased arrangement that could eventually reopen the Strait of Hormuz. **The energy sector has been one of the best-performing parts of the US stock market through this volatility**- energy shares rose about 1.1% on Wednesday alone, one of the few sectors in positive territory that day. But the flip side is a real cost to consumers and businesses: higher pump prices for petrol and diesel are becoming a political issue in the US ahead of the November midterm elections, with President Trump reportedly weighing restrictions on diesel exports to keep more fuel at home, a move the oil industry warns could backfire and worsen the very shortage it is meant to solve. **For markets, oil is now the thread connecting almost every other story this week. It is the main reason the Fed felt compelled to raise rates. It is a key input into where bond yields go next. And it remains the single biggest swing factor for how the rest of the year plays out: a genuine, lasting de-escalation in the Strait of Hormuz would likely ease inflation pressure and take some heat off the Fed, while a fresh escalation could do the opposite very quickly.** Clients with exposure to energy, transport or import-heavy sectors should keep a close eye on this story in particular.

## 3. Trump and Xi Meet in Washington

*Tariffs come down, and Wall Street's AI rally rolls on*

Away from the Fed and oil, the week's other big story was diplomatic: Chinese leader Xi Jinping made a three-day state visit to Washington, his first in over a decade, for face-to-face talks with President Trump. The symbolism was hard to miss - Trump personally met Xi's plane on the tarmac, something no US president has done for a visiting leader in eleven years, and the two later shared a formal dinner at the White House. On substance, **the two sides agreed to extend their existing trade truce, which had been due to expire soon, by roughly two more months, and announced a deal to cut tariffs on about $30 billion worth of "non-sensitive" goods.** China also agreed to open a dialogue on artificial intelligence with the US and pledged to resume larger purchases of US soybeans and other agricultural products, alongside continued cooperation on curbing the chemicals used to make fentanyl. Notably, **the two sides stopped short of any firm agreement on the thornier issues of AI export controls or Taiwan,** so this looks more like a truce extension than a full resolution - but **for markets, avoiding a fresh escalation was itself the welcome outcome.** This backdrop of easing trade tension coincided with a strong week for US technology shares. The Nasdaq notched multiple fresh record closes during the week, its first since June, powered by a renewed rally in chipmakers. Intel shares jumped 12% in a single session, while Advanced Micro Devices rose 10%, pushing its market value past the $1 trillion mark for the first time. The S&P 500 came within a fraction of a percent of its own all-time high. Taking the week's two strongest sessions together, the S&P 500 rose 1.49%, the Nasdaq climbed 2.72%, and the Dow added 0.35% - building on a year that has already delivered gains of roughly 13.4%, 17.2% and 7.9% respectively for the three indexes year-to-date. Investor appetite for risk was visible elsewhere too: Bitcoin traded above $86,000, its highest level since January, with some analysts suggesting the prolonged "crypto winter" of the past couple of years may finally be thawing. Taken together, this is a reminder that markets are currently weighing two competing forces at once - a Fed that is turning more cautious because of inflation, against an economy, a tech sector, and now a diplomatic backdrop that all still look fairly resilient. So far, the resilience story is winning out, but it is worth remembering that sentiment can shift quickly if either the trade truce or the AI rally shows cracks.

## The Week Ahead: September 29 – October 3

Next week is a busy one for US economic data, and it culminates in the most important release of all: the September jobs report on Friday, October 3rd, which will include the unemployment rate alongside the ISM Services PMI. This will be the first full jobs report since the Fed's rate hike, and a strong number would support the case for another hike at the Fed's late-October or December meeting, while a weak one could complicate that path. Just as important, and arriving sooner, is the PCE price index for August on Tuesday, September 30th - the Fed's own preferred inflation gauge, and the first major data point since Chair Warsh's team signalled a more hawkish path. Also watch for Pending Home Sales and the Dallas Fed manufacturing index on Monday; JOLTS job openings, the FHFA house price index and the Chicago PMI alongside PCE on Tuesday; the ADP private payrolls report and the ISM Manufacturing PMI on Wednesday; and weekly jobless claims and Factory Orders on Thursday. **Beyond the data calendar, keep an eye on three ongoing threads: whether US and Iranian officials make further progress toward reopening the Strait of Hormuz, which would matter a great deal for oil prices; any early follow-through from the Trump-Xi trade agreements; and the start of the Q3 corporate earnings season in the coming weeks, which will test whether the strength in technology shares is matched by actual company results.**

## What This Means Going Forward

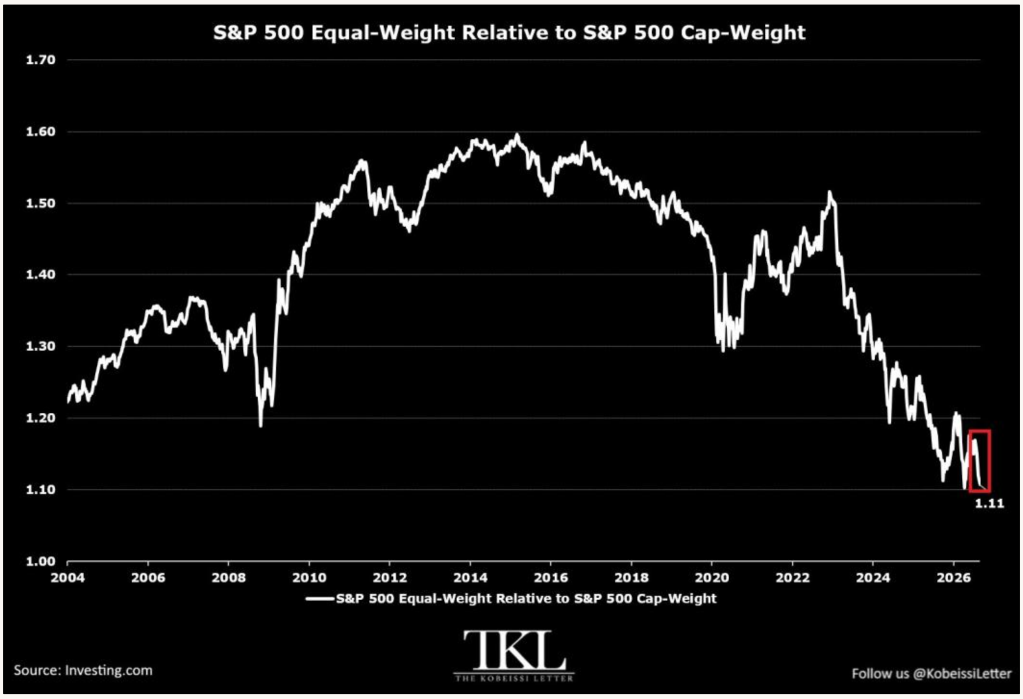
Pulling these three threads together, the picture for markets is one of resilience under pressure rather than either euphoria or alarm. The Fed's September hike is still working its way through the system a week later, showing up most clearly in a 10-year Treasury yield above 5% and a firmer dollar, even as the Fed's own projections describe an economy that remains fundamentally sound. Oil remains the single biggest swing factor: further easing around the Strait of Hormuz would likely take pressure off both inflation and the Fed, while any fresh escalation could quickly reverse the market's current calm. Meanwhile, the combination of a steadier US-China relationship and continued strength in AI-related technology shares has given investors reason to look past near-term rate concerns, at least for now. For clients, **this argues for staying diversified across asset classes and geographies rather than leaning too heavily on any single theme, keeping an eye on income-generating and lower-volatility holdings as a buffer against renewed bond market swings, and treating next week's jobs report and any oil market headlines as the two events most likely to move sentiment in the short term.**

COMING THIS WEEK

# Key Economic Events

| | |
|---|---|
| **September 28$^{th}$** | • BoJ Monetary Policy Meeting Minutes<br>• US Dallas Fed Manufacturing Index (Sep)<br>• India Industrial Production Data (Aug)<br>• India Manufacturing Production Data (Aug)<br>• Jefferies Financial Group earnings |
| **September 29$^{th}$** | • Euro Area Economic Sentiment (Sep)<br>• US Jobs Data (Aug) |
| **September 30$^{th}$** | • US GDP Data (Q2)<br>• US Core PCE Price Index (Aug)<br>• China PMI Data (Sep)<br>• Micron Technology earnings |
| **October 1$^{st}$** | • Euro Area Unemployment Rate (Aug)<br>• US Jobless Claims Data<br>• Accenture, Nike earnings<br>• Chinese Market Holiday (National Day) |
| **October 2$^{nd}$** | • Euro Area Inflation Data (Sep)<br>• US Unemployment Rate (Sep)<br>• Chinese Market Holiday (National Day)<br>• Indian Market Holiday (Mahatma Gandhi Jayanti) |

## CHART OF THE WEEK



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