

WEEKLY MARKET OUTLOOK



01

EXECUTIVE
SUMMARY

Bonds and equities went in opposite directions this week. The 10-year Treasury yield touched 5.23% intraday, its highest since June 2007, and the 30-year rose above 5.5% for the first time in 22 years. A flash PMI showing US business activity at a more-than-five-year high and weak demand at a \$70bn 5-year auction drove the move, alongside rising expectations of a second Fed hike in October. The 10-year rose 17 basis points on the week and the 2s10s spread steepened by 11, reversing two weeks of flattening. Credit followed,

investment grade down 1.42% and high yield 0.85%. Equities rose anyway, led by technology. Semiconductors gained 6.27% and the Nasdaq 100 3.25%, with Meta up 12.99% after unveiling its Muse AI hardware at Connect and AMD adding 12.65% for a third straight week of gains. The Trump-Xi summit produced few concrete results beyond an extended trade truce. The dollar rose 0.75%. Utilities and energy were the weakest sectors. Equities and bonds are now pricing different outcomes.

02

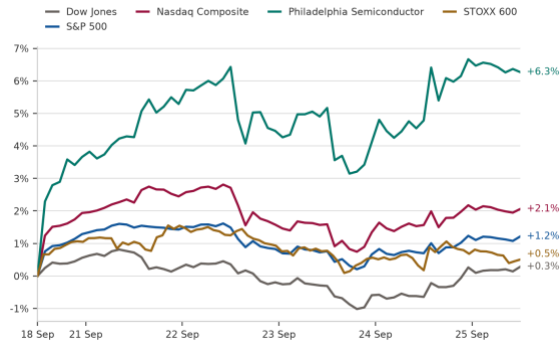
WEEK IN
REVIEW

In the U.S., technology carried the week while the rest of the market barely moved. Semiconductors rose 6.27%, the Nasdaq 100 3.25% and the S&P 500 1.21%, against the Dow at 0.28% and the Russell 2000 down 0.80%. Meta gained 12.99% after its Connect conference unveiled the Muse personal AI agent and a new hardware line, closing the month up roughly 36%. AMD added 12.65%, its third consecutive week of gains above 8%, and Microsoft 4.53%.

Europe rose modestly across the board, the STOXX 600 up 0.50%. In Asia Korea gained 2.71% and the Nikkei 2.07%, while Hong Kong fell 0.97%.

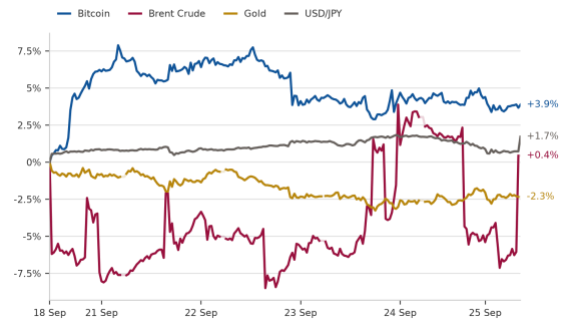
The bond market moved further than it has in a generation. The 10-year reached 5.23% intraday, its highest since June 2007, and the 30-year crossed 5.5% for the first time in 22 years. A flash PMI put US business activity at its strongest in more than five years, and a \$70bn 5-year auction met weak demand. The 10-year finished

up 17 basis points and the 2-year 11, steepening 2s10s by 11. Credit sold off with Treasuries, investment grade down 1.42% and high yield 0.85%.



The Nasdaq led from Monday and peaked on Tuesday before dropping sharply into Wednesday alongside the rest of the chart. It recovered to finish clear of the pack. The Russell 2000 fell furthest on Thursday and was the only line to finish below where it started.

Thursday's Trump-Xi summit ended with few concrete results. The two sides extended their trade truce as Xi arrived, and Trump said American farmers would be "very happy", but the White House gave little detail. The dollar rose 0.75% and the yen fell 1.72%. Gold lost 2.34% and silver 3.47%, while Bitcoin added 3.87%.



Bitcoin jumped on Monday and drifted lower for the rest of the week while still finishing ahead. The dollar-yen line rose steadily throughout. Gold slid gradually from Tuesday. Brent swung erratically within a wide range and ended close to unchanged.

A week ago the long end rallied on the Fed's hike and appeared to believe it. This week it sold off to levels last seen before the financial crisis while the Nasdaq 100 rose 3.25%. Equities are pricing AI earnings and bonds are pricing inflation and supply, and both cannot be right for long.

03

MACRO OUTLOOK

Macro Outlook		September-October 2026 – Calendar Week 40				
	Monday	Tuesday	Wednesday	Thursday	Friday	
Eurozone/UK	-	-	France, Italy and Germany Inflation (Sep, Prel)	Germany Ifo Business Climate (Sep)	Eurozone Inflation (Sep, Flash)	
US/Canada	-	JOLTS Job Openings (Aug)	Core PCE (Aug); Personal Income and Spending (Aug); GDP (Q2, Final)	ISM Manufacturing PMI (Sep)	US Employment Situation (Sep)	
Asia	-	RBA Interest Rate Decision	China NBS and RatingDog Manufacturing PMIs (Sep)	Japan Tankan (Q3); Australia Balance of Trade (Aug)	-	

What we're watching & why

Friday's jobs report is the event of the week. Consensus is 100,000 after 162,000 in August, with unemployment seen at 4.2%. Markets have begun pricing a second hike in October, and with the 10-year at its highest since 2007 a firm print would push both further.

Eurozone flash inflation lands the same morning and is expected to accelerate to 3.5% from 3.2%, with France, Italy and Germany all forecast higher on Wednesday. After the ECB raised rates on 10 September, a reading at that level would make a second move difficult to avoid.

Wednesday brings core PCE, seen at 0.3% on the month against 0.2%, the first read on the Fed's preferred measure since the hike. The Reserve Bank of Australia decides on Tuesday and is expected to raise to 4.6% from 4.35%, which would make it the fourth major central bank to tighten in under a month. Japan's Tankan on Thursday gives the first read on business conditions since the Bank of Japan's hike.

04

Sector COMMENTARY

Financials	-1.3%	Fell despite the steeper curve, with regional banks down 1.09% as the credit selloff outweighed any margin benefit.
Industrials	+0.3%	Close to flat, with the Trump-Xi summit's limited outcome offering little either way.
Health Care	+0.9%	Modestly higher, extending the recovery from the Novartis-driven selloff two weeks ago.
Information Technology	+3.1%	The strongest sector by a wide margin. Semiconductors rose 6.27% and AMD 12.65%, with Microsoft adding 4.53%, though Broadcom slipped 1.16%.
Energy	-2.9%	Second weakest as WTI fell 7.87%, though European gas dropped 9.37% and US natural gas rose 9.75%.
Materials	-1.0%	Lower as precious metals fell against a firmer dollar, gold down 2.34% and silver 3.47%, partly offset by copper's 1.22% gain.
Communication Services	+1.6%	Second strongest, carried by Meta's 12.99% gain after Connect, with Alphabet down 1.61%.

05

MARKET SOLUTIONS

Short-to-Medium Term Tactical Solutions			
		Base Case	Key Risks
Investment Backdrop	Macro	Activity reached a five-year high and markets now price a second Fed hike in October. Four central banks may have tightened within a month.	Friday's payrolls are the last major print before October. A soft number would reverse the hike pricing quickly.
	Fixed Income	Keep duration light. The 10-year hit its highest since 2007 and the curve steepened 11 basis points, reversing two weeks of flattening.	Weak auction demand is now a driver alongside the data. Supply pressure does not ease with a soft print.
	Equities	Stay selective. The Nasdaq 100 rose 3.25% while small caps fell, so the rally is narrow and concentrated in AI names.	Equities and bonds are pricing different outcomes. With the 10-year above 5%, long-duration growth stocks are the most exposed.
	Alternatives	Oil fell as WTI dropped 7.87%, and the supply premium is not reasserting itself despite the summit's limited result.	Gold fell 2.34% against rising real yields. The haven trade is not working while rates move higher.
	FX	Hold dollar exposure. The index rose 0.75% and the yen fell 1.72% despite the Bank of Japan's hike a week earlier.	A soft payrolls print removes the rate support that has carried the dollar through September.

CONTRIBUTORS

Roy Ramlugon, Research Associate

DISCLAIMER

This document reflects the views of D+A Strategies investment leadership going into CW 40 2026. Past performance does not predict future returns. The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. We assume no obligation to update any forward-looking statement.

REFERENCES AND SOURCES

CNBC, Reuters and Bloomberg market wraps; Meta for the Connect 2026 announcements; S&P Global for the September flash PMI; the U.S. Treasury for the 5-year auction; Trading Economics for yields, Brent, index and commodity data; Trading Economics economic calendar; Finviz sector and industry performance; TradingView S&P sector performance data; yfinance, the FRED API and Python for the graphs.

Unless otherwise stated, charts and tables use data from the sources listed above. All trademarks belong to their respective owners.