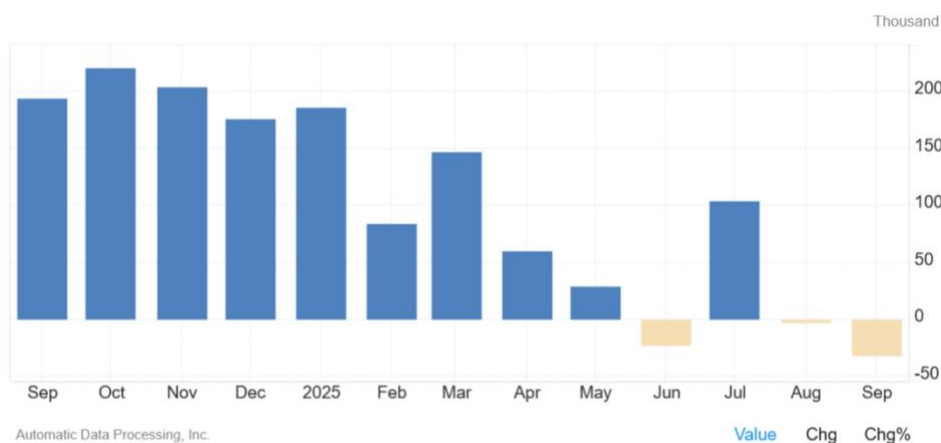


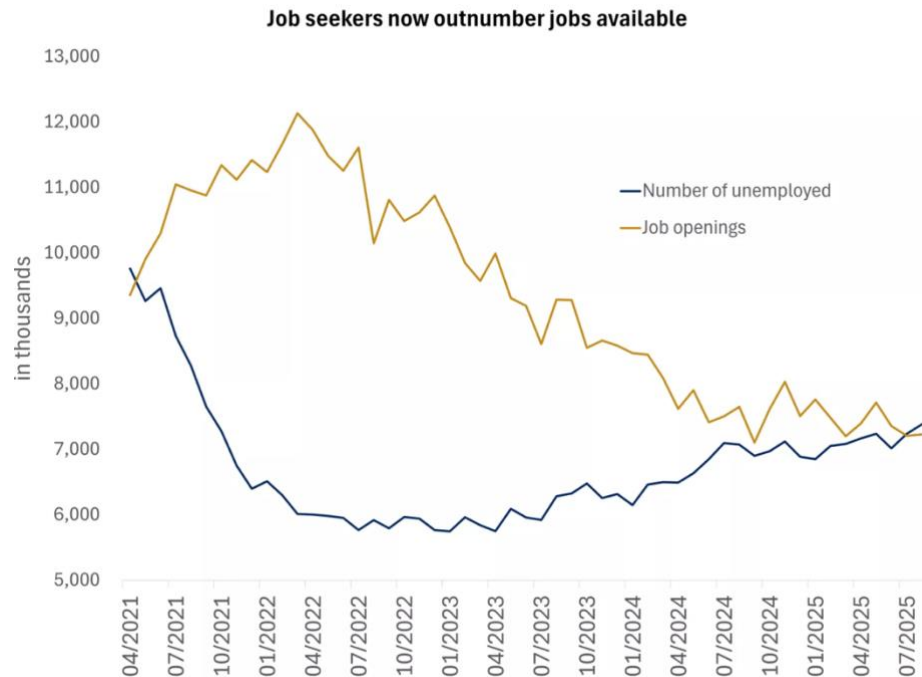
## Global markets weekly update

07.10.2025

### U.S.

- U.S. major indices advanced more than 1% for the week, with the S&P 500 index pushing its record level higher to 6'700 points, as traders disregarded concerns over the U.S. government shutdown and its effect on economic data.
- The shutdown came into effect at midnight on Wednesday after Republicans and Democrats failed to reach a federal funding deal. One of the biggest casualties of the shutdown was the much-anticipated nonfarm payrolls report due Friday, which got cancelled after the U.S. Bureau of Labor Statistics came to a standstill. To assess the economy, investors had to turn to alternative, less comprehensive sources of data from private providers. For example, payroll processor ADP on Wednesday estimated that U.S. private sector jobs declined by 32'000 in September, marking the largest monthly drop in two-and-a-half years, and signaling continued weakness and a potential slowdown in the U.S. labor market. Consensus expectations had been for ADP to report the creation of 51'000 jobs, so the weakness seemed to increase market conviction in fed rate cuts to come.
- Investors still have corporate profits to guide them. As Q3 earnings season is about to begin, analysts are expecting companies in the S&P 500 to report Q3 earnings growth to average 8.0%. Such an outcome would mark the ninth consecutive quarter of year-over-year earnings growth.
- The price of Bitcoin rose sharply following the U.S. government shutdown and gold climbed for the seventh consecutive week. As of Friday afternoon, Bitcoin was trading above USD 122,000, up about 11% for the week, and gold futures were trading at a record high of more than USD 3'900 per ounce.
- For the week, the benchmark S&P 500 index climbed +1.1%, while the Dow Jones also added +1.1%. The Nasdaq gained +1.3%.





## Europe

- The Eurostoxx 600 ended the week 2.87% higher, reaching record levels, amid hopes of additional rate cuts. Major stock indexes rose. Germany's DAX climbed 2.69%, France's CAC 40 Index gained 2.68%, and Italy's FTSE MIB added 1.43%. The UK's FTSE 100 Index was up 2.22%.
- Headline annual inflation in the eurozone accelerated to 2.2% in September from 2.0% in August on higher services costs and a slightly slower drop in energy prices. A core inflation rate, which excludes volatile food and fuel prices, remained at 2.3%.
- The euro zone economy is handling U.S. tariffs better than earlier expected, leaving inflation risks "quite contained in both directions," Lagarde said in Helsinki. "With policy rates now at 2%, we are well placed to respond if the risks to inflation shift, or if new shocks emerge that threaten our target."
- The seasonally adjusted unemployment rate in the eurozone climbed to 6.3% in August, from 6.2% in July, an all-time low. Spain, France, and Italy continued to see the highest jobless rates; Germany and the Netherlands registered the lowest.
- Meanwhile, a final reading of the consumer confidence indicator, an indicator of economic health, in September improved to -14.9 from -15.5 in August.

## Japan

- Japan's stock markets ended the week mixed, with the Nikkei 225 Index gaining 0.91% and the broader TOPIX Index down 1.82%.
  - Despite uncertainty about the outcome of Japan's ruling Liberal Democratic Party's presidential election on October 4, the yen strengthened to around JPY 147.3 against the USD, as the USD weakened following the shutdown of the U.S. government.
  - The yield on the 10-year Japanese government bond rose to 1.67%. BoJ Governor Kazuo Ueda said that the bank had refrained from raising rates at its September meeting because of the need to maintain accommodation during U.S. tariff volatility. He also said that while the tariffs have weighed on Japanese exporters' earnings, there have been no signs of the effects spreading to Japan's economy. Ueda reiterated that the BoJ will raise interest rates if the economy and prices develop in line with its forecasts. The results of the latest "tankan" survey, showing that business sentiment among large manufacturers is at a favorable level, increase the odds of the bank's outlook being realized.
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## China

- Chinese equities continued their ascend in a holiday-shortened week. Both the Shanghai Composite Index and the onshore blue chip CSI 300 advanced for the trading week ended Tuesday, September 30. China's stock markets are closed from October 1 to October 8 for the National Day holiday and Mid-Autumn Festival. The eight-day break, also known as the Golden Week holiday, marks a period of high consumption in China as millions of people travel, shop, and eat out. Analysts analyze sales data from Golden Week to gauge the health of Chinese consumers, who are key to the government's effort to rebalance the economy toward consumption and service industries.
- In economic readings, China's official manufacturing PMI improved to 49.8 in September from 49.4 in August. The official nonmanufacturing PMI fell more than expected to 50 from August's 50.3 reading. Both PMIs indicated that weakness in China's economy persisted into the third quarter.

## Portfolio considerations


### Equities

Markets wrapped up the third quarter on a strong note, with two key forces fueling this strength: secular tailwinds from AI innovation and cyclical momentum from lower rates. Making quick investment changes in response to a government shutdown may not be judicious, especially since History suggests that government shutdowns have had little lasting impact on equity performance. We believe the combination of a growing economy, rising corporate profits and declining interest rates supports a positive outlook for stocks. With major stock indexes at record highs and elevated valuations, we can experience volatility ahead. But against this backdrop, we view market pullbacks, particularly any weakness driven by government shutdown anxiety, as a compelling buying opportunity and a way to diversify into underrepresented areas with catch-up potential.

### Fixed Income

Yields decreased along the range of maturities on weak labor market. The steepening of the yield curve favors intermediate maturities over very long ones, which remain vulnerable to rising term premia due to inflation and fiscal concerns. In this environment, we think short-term bonds offer stability and liquidity for near-term needs, while longer-term bonds provide attractive yield opportunities. We continue to advocate seizing the yield advantage in high quality fixed income to build resilient portfolios, especially since equity valuations remain stretched. We recommend overweighting intermediate-maturity bonds (5-7 years), also less exposed to concerns over widening government budget deficits and rising debt levels. The primary source of return will be carry and not capital gains.

The week ahead Reports could be delayed or canceled pending resolution of the U.S. government shutdown



Monday	Tuesday	Wednesday	Thursday	Friday
	Trade balance, U.S. Census Bureau	Release of minutes from the September 16–17 meeting of the U.S. Federal Reserve	Wholesale inventories, U.S. Census Bureau	Federal budget, U.S. Department of the Treasury
	Consumer credit		Weekly initial jobless claims	University of Michigan Index of Consumer Sentiment, preliminary result