

WEEKLY MARKETS ROUND-UP

Executive Summary

29th September 2025

Top news: ISM Manufacturing and Services PMIs on Wednesday and Friday, US Non-Farm Payrolls on Friday – last week, US equities made new all-time highs Tuesday morning and then dipped -1.5% into Thursday. Friday then saw a bounce. On the macro front, the week kicked off on Wednesday with the Global Flash PMIs. In Europe, Manufacturing dropped back into a slight contraction and deceived, while Services accelerated a bit, above expectations. In the US, both Manufacturing and Services continued to expand yet at a slightly slower pace than last month. On Thursday the SNB kept its short term rates at 0% as expected. That afternoon, the final US GDP Q2 release did surprise however with a sharp upside revision from +3.3% to +3.8% annualized (a positive revision mostly due to upbeat Consumer Spending). This strong data was confirmed by the PCE release on Friday, which although in line with consensus, came in at 0.2% MoM or 2.9% YoY, well above the FED's 2% target. For now, however, rate cut expectations remain anchored with an 87.7% chance of a cut priced into the late October meeting and a 65.4% for the 10th December one. Going forward, data releases this week may test this US economic resilience with the ISM Manuf. PMI release on Wednesday (expected rather flat at 49), the September Non-Farm Payrolls release on Friday (exp. at 51k vs 22k in August) and finally, late Friday, the ISM Services PMI data, which is also expected to remain flat (at 52).

Equities: Equity markets generally dipped last week, with some high beta US technology names taking a hit. Most indexes are slightly Overbought in the table below. Yet, for now, we would still expect a bit more upside into October.

Fixed Income: the 10Y US and Bund yields continued to bounce slightly last week. We would still expect some consolidation into early Q4 (US10Y may still test below 4% once more), but all bond ETFs are now slightly Overbought.

Forex: USD continued to bounce back slightly last week on rather resilient US macro data. The rebound was stronger vs Asian currencies and the ones related to Commodities. That said, the NFPs on Friday will present an important test.

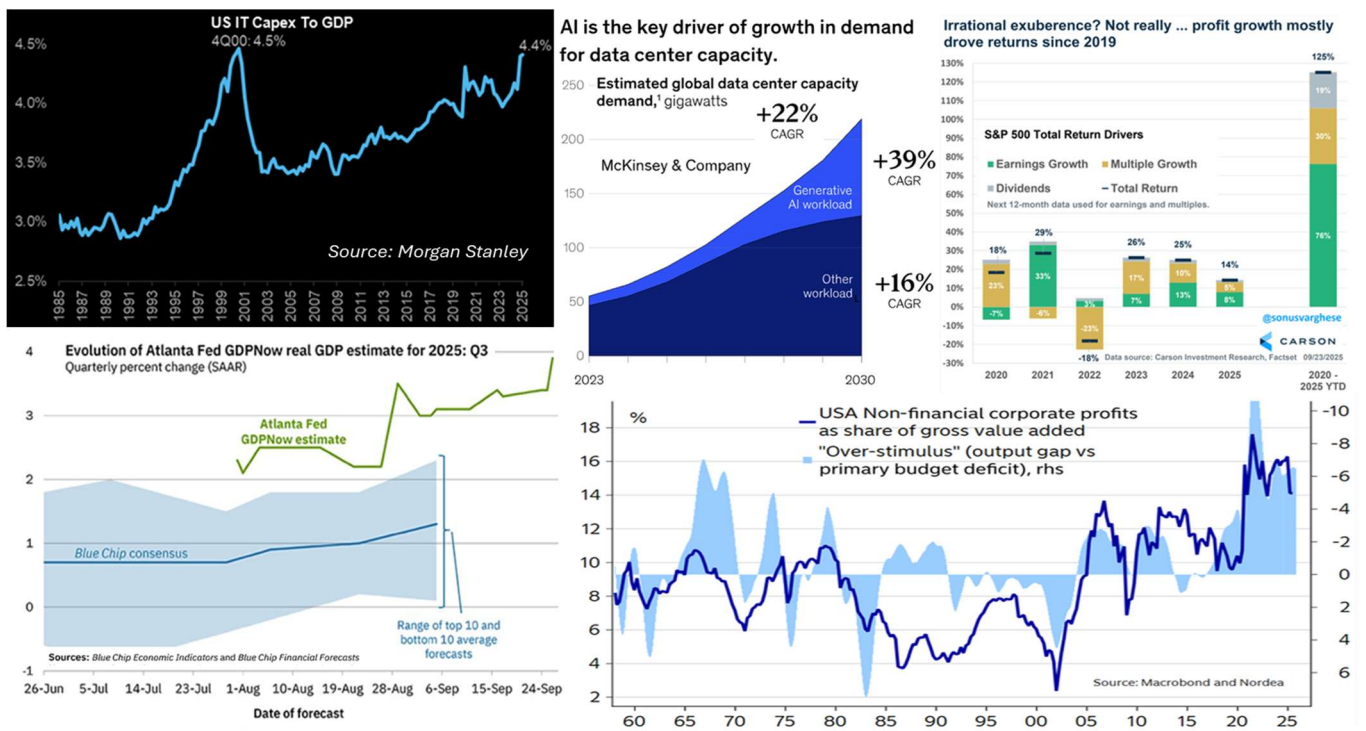
Commodities: Brent rose almost 3 USD/bbl last week to 70, following President Trump's harsh statement towards Russia on Wednesday. Gold was closer to equities, making new highs on Tuesday and then retesting up on Friday.

	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	6 644	Apr-25	4 983	33,3%	Sep-25	6 694	-0,7%	13,0%	up	slightly OB
Nasdaq100 Index	USD	24 504	Apr-25	17 090	43,4%	Sep-25	24 761	-1,0%	16,6%	up	slightly OB
Dow Jones Industrials Index	USD	46 247	Apr-25	37 646	22,8%	Sep-25	46 382	-0,3%	8,7%	up	slightly OB
EuroStoxx50	EUR	5 500	Apr-25	4 622	19,0%	Mar-25	5 541	-0,7%	12,3%	neutral	neutral
Swiss Market Index	CHF	11 930	Apr-25	10 888	9,6%	Mar-25	13 167	-9,4%	2,8%	neutral	neutral
Nikkei225	JPY	45 355	Apr-25	31 137	45,7%	Sep-25	45 755	-0,9%	13,7%	up	slightly OB
Shanghai Composite	CNY	3 828	Apr-25	3 097	23,6%	Aug-25	3 884	-1,4%	14,2%	up	slightly OB
US 10Y Treasury Yield	%	4,17%	Oct-24	3,73%	0,4%	Jan-25	4,79%	-0,6%	-0,4%	neutral	neutral
German 10Y Bund Yield	%	2,75%	Dec-24	2,03%	0,7%	Mar-25	2,89%	-0,1%	0,4%	up	neutral
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	89	May-25	83	7,7%	Sep-24	95	-6,8%	3,7%	neutral	slightly OB
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	111	Jan-25	102	8,8%	Sep-25	112	-1,0%	7,0%	neutral	slightly OB
US High Yield (HYG ETF, 3-4Y duration)*	USD	81	Apr-25	74	9,8%	Sep-25	81	-0,3%	7,3%	neutral	slightly OB
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	95	Apr-25	85	12,3%	Sep-25	96	-0,4%	11,2%	up	slightly OB
EUR/USD		1,17	Jan-25	1,02	14,3%	Sep-25	1,19	-1,3%	13,0%	neutral	neutral
GBP/USD		1,34	Jan-25	1,22	10,1%	Jul-25	1,37	-2,5%	7,1%	neutral	neutral
USD/JPY		150	Apr-25	141	6,2%	Jan-25	158	-5,6%	-4,9%	neutral	neutral
USD/CHF		0,80	Sep-25	0,79	1,5%	Jan-25	0,92	-13,0%	-12,1%	neutral	neutral
AUD/USD		0,65	Apr-25	0,60	10,0%	Sep-24	0,69	-5,3%	5,8%	neutral	neutral
Brent Oil (per Barrel)	USD	70	May-25	60	16,4%	Jan-25	82	-14,9%	-6,2%	neutral	neutral
Gold Spot (per Ounce)	USD	3 760	Nov-24	2 562	46,8%	Sep-25	3 764	-0,1%	43,3%	up	slightly OB

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GDP focus: surging IT Capex fueling bubble concerns, margins/growth still strong

Recently, there's been concern about the current IT/Data Centers/Ai Capex binge. The hyper-scalers are spending hundreds of billions, taking on record amounts of new debt to finance it. Vendor financing is exploding. In this context, US IT Capex as a % to GDP is worryingly approaching the 2000 levels (top-left graph). For now, however, according to a recent McKinsey study, demand for data center capacity is just ramping up, and still projected to grow at 22% p.a. globally into 2030 (+39% p.a. for capacity related to Generative AI, top-middle). Also for now, in 2025, Earnings growth still trumps Multiple growth as the main source of the S&P500 performance (and since 2020, its contribution is more than double, top-right). This is rather healthy while prospects for GDP remain strong. Indeed, US Q2 GDP was revised up from +3.3 to 3.8% just last week and Q3 GDPNOW projections are approaching 4% (bot-left). Will this intense spending and runaway growth persist longer term? Probably not. Yet, for now, with US fiscal expansion in overdrive since 2017, corporate profits are holding up very nicely (bot-right), and with the FED cutting rates into yearend and 2026, it's hard to conceive that it doesn't extend a bit longer at least.



Notes:

- Trend last 6 months:** this Primis original algorithm, weighs the slope of the trend over the last 6 months vs the slope of the trend over the last 3 months yet factorised by the Fibonacci retracement ratio (0.618). Values are normalised using the average price over each period. If this combined slope is above +0.08% the trend is then "up", below -0.08% then "down", otherwise it is "neutral".
- Overbought (OB) / Oversold (OS) measures:** this Primis original algorithm is computed by comparing the difference between the 8 days moving average and the 100 days combined with the 3 days vs the 15 days one and normalises this difference by dividing it by the 1 year standard deviation (circa 260 open market days). Values above 225% or under -225% are Overbought "OB", resp. Oversold "OS", values above 100% or under -100% are "slightly OB", resp. "slightly OS", otherwise there is no relevant exaggeration and the situation is then "neutral".

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