

WEEKLY MARKETS ROUND-UP

Executive Summary

12th October 2026

Top news: US CPI on Wednesday, US PPI on Thursday – US Equities initially rose into a Tuesday's record close, mostly led by the large caps, yet Wednesday's hawkish FOMC minutes (unanimous decision to hike in September and another hike expected by year-end) sent US yields higher, with the US10Y touching 5.36%, its highest level since 2002, and stocks lower. Gold and Silver briefly broke below \$4'100 and \$60, the EUR stayed under pressure. Then, on Thursday, an FT report that OpenAI's annualized revenue stood around \$50bn vs an exp. \$70bn added more pressure to the equity sell-off. Yields then eased and markets rebounded into Friday's close, yet without new highs. Over the weekend, while Iran reviewed a new US proposal, tankers were hit in the Strait of Hormuz and a Houthis strike on Riyadh's main airport caused multiple fatalities, raising the risk of a wider regional conflict. This week, Q3 earnings releases are gathering pace, with Citi, Goldman, JPM and Wells Fargo reporting on Tuesday and BofA and Morgan Stanley on Wednesday, while TSMC is the main release on Thursday. Yet, the key event this week is Wednesday's US CPI. Core is seen at 2.5% YoY (vs 2.4% prev.) despite a softer 0.2% MoM (vs 0.3%), while Headline could jump to 0.6% MoM (vs 0.4%) due to higher energy prices, lifting it to circa 3.6% YoY (vs 3.4%). Thursday's PPI is then expected higher MoM (Core 0.3% vs 0.2%, Headline 0.5% vs 0.4%), yet base effects should lower the YoY rates to 4.5% for Core (vs 4.6%) and 5.3% for Headline (vs 5.4%). Finally, also Thursday, US retail Sales could retreat after a very strong August.

Equities: equity indices remain neutral to uptrending, while breadth continues to be dismal. As mentioned in our editorial (page 2), financial conditions and liquidity are deteriorating, yet their negative effects can lag several quarters.

Fixed Income: yields seem Overbought. US CPI and PPI are still expected rather firm, yet bearing a hawkish surprise, much is probably priced in already. Some consolidation of the yields uptrend could be expected in coming months.

Forex: USD is also Overbought, having benefited from strong hawkish dynamics lately. These could also start to fade.

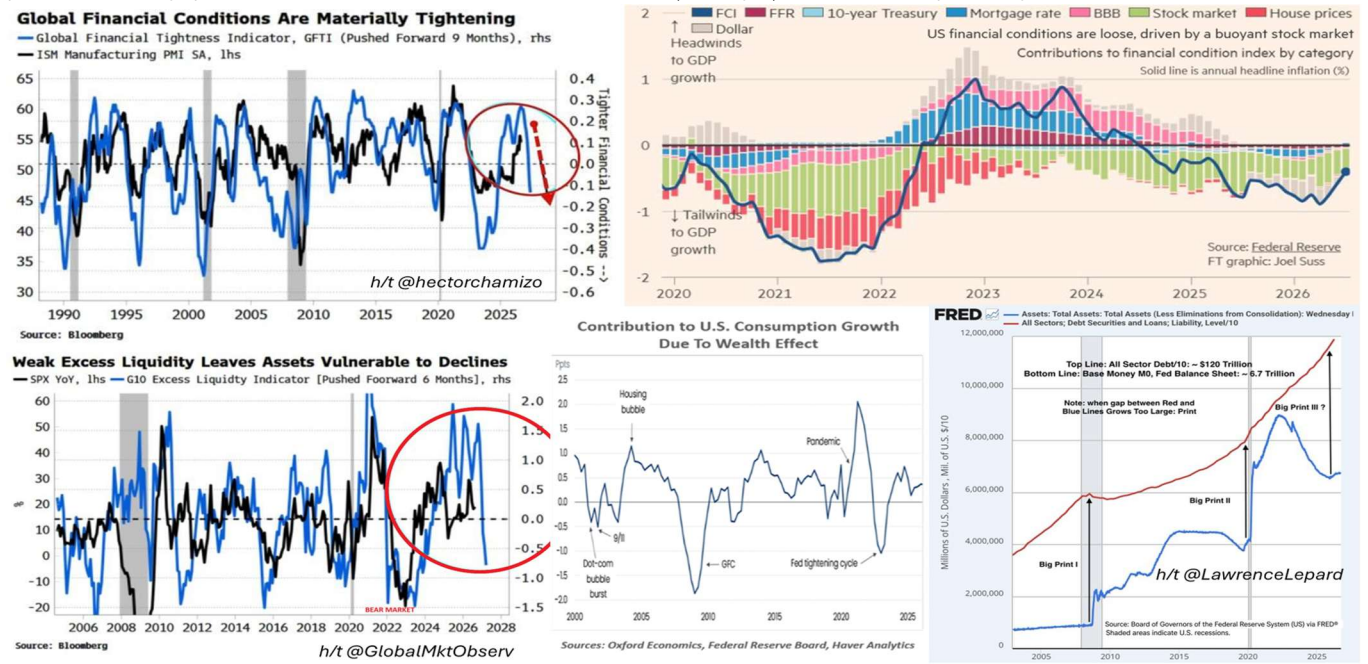
Commodities: Oil remains uptrending for now on geopolitical tensions in the Middle East. Gold is holding above its July lows for now and attempting to build a base. Its recovery is still fragile, and a new retest of lows is still possible.

	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	7'812	Mar-26	6'344	23.1%	Oct-26	7'819	-0.1%	14.1%	neutral	neutral
Nasdaq100 Index	USD	30'883	Mar-26	22'953	34.5%	Oct-26	31'224	-1.1%	22.3%	up	neutral
Dow Jones Industrials Index	USD	51'655	Mar-26	45'167	14.4%	Aug-26	54'349	-5.0%	7.5%	neutral	neutral
EuroStoxx50	EUR	6'173	Mar-26	5'501	12.2%	Aug-26	6'551	-5.8%	6.6%	neutral	neutral
Swiss Market Index	CHF	13'787	Oct-25	12'235	12.7%	Aug-26	14'621	-5.7%	3.9%	neutral	neutral
Nikkei225	JPY	69'031	Oct-25	46'847	47.4%	Jun-26	72'366	-4.6%	37.1%	neutral	neutral
Shanghai Composite	CNY	3'814	Jul-26	3'764	1.3%	May-26	4'243	-10.1%	-3.9%	neutral	slightly OS
US 10Y Treasury Yield	%	5.25%	Oct-25	3.95%	1.3%	Oct-26	5.30%	-0.1%	1.1%	up	slightly OB
German 10Y Bund Yield	%	3.49%	Oct-25	2.55%	0.9%	Sep-26	3.64%	-0.2%	0.6%	up	slightly OB
US 20Y Treasuries (TLT ETF, 17-18Y duration)*	USD	78	Sep-26	77	1.4%	Feb-26	86	-9.3%	-5.4%	neutral	OS
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	102	Sep-26	101	1.0%	Jun-26	107	-4.5%	-2.4%	neutral	OS
US High Yield (HYG ETF, 3-4Y duration)*	USD	77	Oct-25	75	2.4%	Aug-26	79	-2.1%	0.5%	neutral	slightly OS
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	91	Oct-25	90	1.2%	Jul-26	95	-3.8%	-1.2%	neutral	OS
EUR/USD		1.12	Oct-26	1.12	0.0%	Jan-26	1.20	-6.9%	-4.6%	neutral	OS
GBP/USD		1.32	Nov-25	1.30	1.6%	Jan-26	1.38	-4.5%	-1.8%	neutral	slightly OS
USD/JPY		158	Oct-25	150	5.3%	Jul-26	164	-3.4%	1.1%	neutral	neutral
USD/CHF		0.83	Jan-26	0.76	8.9%	Sep-26	0.84	-0.7%	4.7%	neutral	slightly OB
AUD/USD		0.70	Nov-25	0.64	8.4%	May-26	0.73	-3.7%	4.7%	neutral	neutral
Brent Oil (per Barrel)	USD	105	Dec-25	59	77.7%	Apr-26	118	-11.3%	72.1%	up	neutral
Gold Spot (per Ounce)	USD	4'195	Oct-25	3'930	6.7%	Jan-26	5'416	-22.5%	-2.8%	neutral	neutral

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Monetary focus: tightening financial conditions and deteriorating liquidity

Global financial conditions are tightening again, a signal that usually leads the ISM Manufacturing PMI lower (top-left). For now, US conditions are still slightly loose as the stock market remains the last tailwind to hold the aggregated financial conditions index, i.e. yields & credit spreads are rising, and US house prices have stalled (top-right). This last cushion may be starting to look fragile though. G10 excess liquidity (monetary growth in excess of what suits current economic activity) has recently turned negative for the first time since 2023, and historically, this has been a leading signal for weaker S&P500 returns within the next 6 months (bot-left). This could also imply that the wealth effect, which currently adds circa 0.4 points to US consumption growth, could then turn negative again as it did during the 2022-23 tightening cycle (bot-center). The market may be starting to catch onto these deteriorations as with the October rate hike odds, which dropped from circa 70% 2 weeks ago to circa 20% today. Total US credit markets now total circa 120 trillion USD or 18X the Fed's balance sheet (up from 10X in early 2022). Historically, base money must expand to sustain debt expansion. The room for a prolonged liquidity squeeze hence seems limited. Despite Warsh's reluctance, the FED's balance sheet expansion seems inevitable at some point in coming quarters, as was the case in 2008 and 2020 (bot-right). The FED will probably need to choose its battles.



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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