

WEEKLY MARKETS ROUND-UP

Executive Summary

5th October 2026

Top news: ISM Services PMI just out today, FOMC Minutes on Wednesday – last week's releases were mostly dovish. JOLTS job openings on Tuesday fell to 7.08m vs. 7.23m exp., and August Core PCE (Wednesday) undershot (3.0% YoY vs 3.3%). Friday's NFPs then disappointed at +29k (vs. +84k exp.), with July and August also revised down a combined 60k, average hourly earnings rose just +0.1% MoM (+0.3% exp.), and unemployment ticked up to 4.2% (4.1% exp.). These prints weren't offset by negative surprises on growth as the final Q2 GDP was revised up to 2.2% annualized (vs. 1.5% exp.). CME FedWatch odds of a hike at the October 28th FOMC dropped from circa 70% a week ago to circa 20% today, and the expected terminal rate receded by 25bps to 4.75% (3 more hikes into next Spring). US markets were flat to slightly up last week, while Europe suffered from Sovereign credit pressure (OAT-Bund spread rising sharply). To make things worse, Spanish PM Sánchez just called snap elections for November 29th this morning. This week is light on data. Today's ISM Services PMI came in at 54.9 (55.1 exp.), i.e. slightly lower yet still strong, and the September FOMC minutes then follow on Wednesday evening. Analysts will gauge the appetite for one or two further hikes this year, as well as the committee's take on a higher terminal rate next year. The week ends with Friday's preliminary UoM consumer sentiment, exp. lower still at 47.6 (48.1 in September), towards May's record low of 44.8.

Equities: the S&P500 indices were flat last week despite the lower inflation data and the upward GDP revision (NDX up +0.7%). Breadth keeps deteriorating beneath a firm index and now looks close to Oversold. It could start rebounding.

Fixed Income: the US10Y reached its highest level since 2002 last week and the relief on the weak NFPs seems short-lived. Yields remain mostly Overbought (bonds Oversold), and we hence believe that a short term pullback is possible.

Forex: USD is Overbought vs EUR, GBP and CHF. A pullback is possible. USD may also consolidate vs the JPY and AUD. While the EUR is suffering from Sovereign credit, US funding markets are also getting stretched (see next page).

Commodities: Oil remains in an uptrend yet has stalled in recent weeks. The catalyst to move higher seems to be failing for now. Gold continues to retrace its bounce from July. It isn't yet Oversold and may hence drop a bit further.

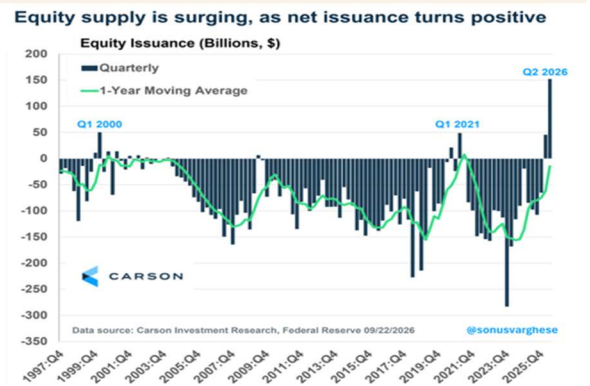
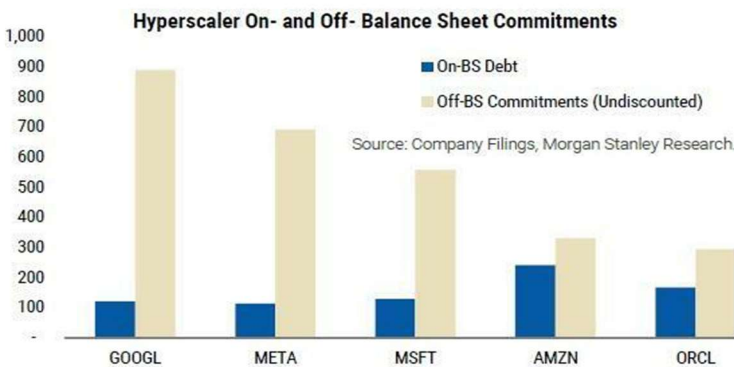
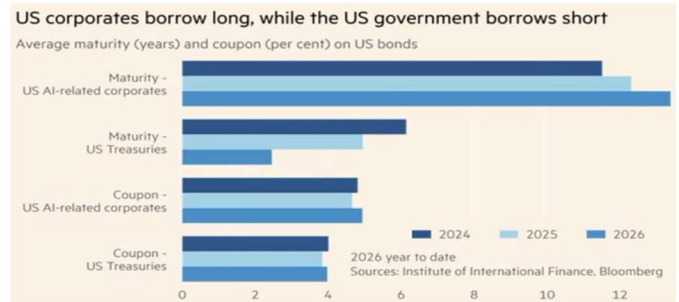
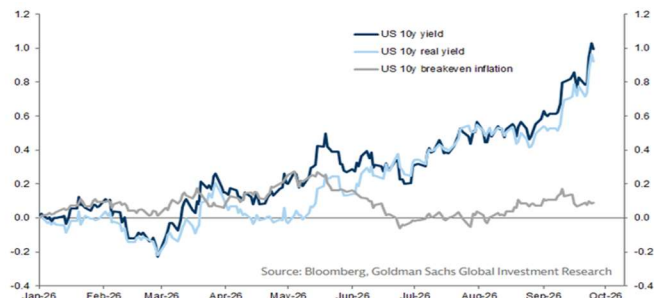
	Currencies	Price	Performance since 52 Week Low			Performance since 52 Week High			Performance	Trend	Exaggeration
			Date Low	Low Price	Rise %	Date High	High price	Decline %			
S&P500 Index	USD	7'723	Mar-26	6'344	21.7%	Aug-26	7'799	-1.0%	12.8%	neutral	neutral
Nasdaq100 Index	USD	30'808	Mar-26	22'953	34.2%	Oct-26	30'808	0.0%	22.0%	up	neutral
Dow Jones Industrials Index	USD	51'177	Mar-26	45'167	13.3%	Aug-26	54'349	-5.8%	6.5%	neutral	neutral
EuroStoxx50	EUR	6'239	Mar-26	5'501	13.4%	Aug-26	6'551	-4.8%	7.7%	neutral	neutral
Swiss Market Index	CHF	13'661	Oct-25	12'235	11.7%	Aug-26	14'621	-6.6%	3.0%	neutral	neutral
Nikkei225	JPY	68'213	Oct-25	46'847	45.6%	Jun-26	72'366	-5.7%	35.5%	neutral	neutral
Shanghai Composite	CNY	3'842	Jul-26	3'764	2.1%	May-26	4'243	-9.4%	-3.2%	neutral	slightly OS
US 10Y Treasury Yield	%	5.28%	Oct-25	3.95%	1.3%	Sep-26	5.30%	-0.0%	1.1%	up	OB
German 10Y Bund Yield	%	3.45%	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	77	Sep-26	77	0.7%	Feb-26	86	-9.9%	-6.0%	neutral	OS
US Investment Grade (LQF ETF - 8-9Y duration)*	USD	102	Sep-26	101	0.4%	Jun-26	107	-5.0%	-3.0%	neutral	OS
US High Yield (HYG ETF, 3-4Y duration)*	USD	77	Oct-25	75	2.6%	Aug-26	79	-2.5%	0.0%	neutral	slightly OS
EM USD Sovereigns (EMB ETF, 7-8Y duration)*	USD	90	Oct-25	90	0.7%	Jul-26	95	-4.9%	-2.3%	neutral	OS
EUR/USD		1.13	Oct-26	1.12	0.1%	Jan-26	1.20	-6.5%	-4.2%	neutral	OS
GBP/USD		1.32	Nov-25	1.30	1.7%	Jan-26	1.38	-4.4%	-1.7%	neutral	slightly OS
USD/JPY		158	Oct-25	150	5.0%	Jul-26	164	-3.7%	0.7%	neutral	neutral
USD/CHF		0.83	Jan-26	0.76	8.7%	Sep-26	0.84	-0.8%	4.6%	neutral	slightly OB
AUD/USD		0.70	Nov-25	0.64	8.0%	May-26	0.73	-4.1%	4.2%	neutral	neutral
Brent Oil (per Barrel)	USD	102	Dec-25	59	73.5%	Apr-26	118	-13.4%	68.0%	up	neutral
Gold Spot (per Ounce)	USD	4'141	Oct-25	3'930	5.4%	Jan-26	5'416	-23.5%	-4.1%	neutral	neutral

* These large fixed income ETFs are used as proxies to assess the state of duration trades as well as of credit markets

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Funding focus: real yields rise further and conditions are tightening for AI credits

Last week brought encouraging inflation data: August Core PCE undershot at 3.0% YoY (3.3% exp.), payrolls missed badly (+29k vs. circa 85k) and October hike odds fell from circa 70% to 20%. Yet the US10Y reached its highest level since 2002, with real yields now explaining circa 90% of its YTD rise (top-left). Indeed, with labor now softening, funding needs do seem a larger driver for further rise in yields than growth. AI-related corporates have been the main issuers on the long end of the US curve in recent years, while for now its higher rates don't seem to be viewed as a hurdle to future solvability (top-right). The US Treasury must roll circa \$7tn in bills, while the Hyperscalers are now Free Cash Flow negative on average (temporarily according to consensus), both adding to the funding pressure. CDSs are rising (Oracle's especially), while off-balance-sheet commitments are surging (circa \$2.8tn), exceeding 3 times their on-balance-sheet debt (bot-left). We can also note that Net equity issuance turned positive in Q2, at a record \$150bn (bot-right). Buybacks have receded and the IPO pipe is crowded. The window may be closing as OpenAI is now unlikely to list in 2026 and Anthropic's own IPO has slipped to November, while falling token prices are challenging payback assumptions. The funding tap may hence be nearing its limit.



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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