

GLOBAL MARKETS

WEEKLY MARKET BRIEF



Highlights.

Market bulls charged on in the week, with the U.S. S&P 500 index notching its fourth positive week of the past five weeks with a 1.59% gain while the tech-heavy Nasdaq Composite added 1.86% to mark its second consecutive week of gains. The Dow Jones Industrial Average, S&P 500 Index, and Nasdaq Composite all notched new record highs during the week, although the Dow and S&P 500 both pulled back modestly in a relatively quiet trading session on Friday. Financial markets reacted sharply to the revision of employment figures for the 12 months up to April 1 of this year. The data showed that employment in the U.S. had increased by only about half of what was initially reported. Since April 1, job growth has slowed even further, virtually flattening out. August's CPI report showed consumer prices rising 0.4% month-on-month, slightly above forecasts, while the annual rate held at 2.9%, perfectly in line with projections. The BLS also reported that its August producer price index (PPI), a separate measure of inflation that gauge's price increases at the wholesale level, unexpectedly decelerated to a 2.6% year-over-year increase versus 3.1% in the prior month. On a core basis, wholesale price inflation accelerated modestly to 2.8% from 2.7% in July. At the same time, jobless claims surged by 27K to 263K, the highest since 2021, spotlighting further cracks in employment. Markets now price in around a 92% probability of a 25-basis-point cut at the Fed's September 17 meeting, with odds of a larger half-point reduction also gaining traction. Across the Atlantic Pond, the pan-European STOXX Europe 600 Index ended 1.59% higher amid expectations that the U.S. Federal Reserve is poised to lower interest rates. The European Central Bank (ECB) held its key deposit rate at 2%, as expected. ECB President Christine Lagarde reiterated that the eurozone was "in a good place" with inflation at 2%. The central bank also slightly raised its forecasts for inflation and economic growth this year, which financial markets interpreted as a signal that the current rate-cutting cycle was over. The ECB now projects 2.1% inflation in 2025 and 1.7% in 2026 while the central bank also expects the economy to expand 1.2% this year compared with its previous estimate of 0.9% growth. Asian markets also joined in the bullish charge with the Japanese Nikkei 225 Index surging 4.07% and the broader TOPIX up 1.78%. Markets appeared to take in stride the announcement by Prime Minister Shigeru Ishiba that he intends to resign, following sizable losses in two general elections within the space of 12 months. There was some speculation that heightened political uncertainty could lead to a delay in further monetary policy tightening by the Bank of Japan (BoJ), but many investors continued to converge around the view that the central bank could still raise interest rates this year, as the economy and prices develop in line with its forecasts. The BoJ's next monetary policy announcement will be on September 19, with the bank widely expected to hold rates steady as it assesses the ongoing impact of U.S. tariffs.

Data highlights: The U.S. Consumer Price Index for August rose 2.9% year-on-year, matching forecasts and slightly higher than the previous 2.7%. The European Central Bank kept its key interest rate unchanged at 2.15%, in line with analyst's forecasts. U.K. GDP for July recorded flat growth at 0.0% month-on-month, lower than the 0.4% prior reading and matching market expectations. China recorded an inflation rate of -0.4% in August, lower than the -0.2% market expectations.

Week ahead: U.K. Unemployment Rate, Canada Inflation rate- Tuesday | U.K. Inflation rate, Eurozone Consumer Price Index, Canada Interest rate decision, U.S. Interest rate decision - Wednesday | U.K. Interest rate decision - Thursday | Japan Interest rate decision - Friday

Global Markets Overview

Treasury yields: The yield on the US 10-year Treasury slipped to 4.06% to close the week, as conviction grew that the Federal Reserve will restart its rate-cutting cycle next week. A CPI report largely in line with forecasts, alongside jobless claims that topped expectations, fuelled bets on easier policy, with traders firmly pricing in a 25-basis-point reduction at the September meeting and some even positioning for a bolder half-point cut. In Australia, the 10-year government bond yield followed the downward trend, easing to 4.22%. The week's last session halted a two-day slide, as investors recalibrated expectations that the Reserve Bank of Australia will proceed cautiously with its easing cycle. Markets now see little chance of a cut at this month's meeting after a string of solid data, while the probability of a November reduction to 3.35% has eased to 76% from near certainty just weeks ago

Equities: The S&P 500 advanced 1.59% for its strongest performance since early August, the Nasdaq climbed 1.86%, and the Dow logged its first gain in three weeks with a 0.97% rise, as resilience in technology helped counter broader market softness ahead of next week's Fed decision. Tech and consumer discretionary stocks led the way, while materials and healthcare lagged. In Europe, the DAX in Frankfurt edged up 0.43% to 23,698, with sentiment cautious ahead of Fitch's sovereign rating review of France and lingering fears of a possible downgrade. Despite falling short of analysts' estimates during Oracle Corporation's earnings call, the company's shares skyrocketed on Wednesday after the software giant laid out a cloud growth outlook that is rarely seen at this scale in the software industry, highlighting Oracle's rapid transition into a major hyperscaler and AI infrastructure provider. Oracle guided to cloud infrastructure (OCI) revenue of \$18 billion in fiscal 2026 (FY26), climbing to \$144 billion by fiscal 2030, a path that could see it match or surpass Google Cloud by the end of the decade. The Oracle story has shifted relatively quickly from a potential Cloud and hyperscaler story to a major hyperscaler and AI training / inferencing provider lifting the stock 25.64% for the week, hitting a new all-time closing high.

Currencies: The dollar index steadied at 97.55 to close the week, remaining under pressure as the latest inflation reading aligned with expectations, reinforcing the view that the Federal Reserve has scope to ease policy in the face of a softening labour market. Traders now see a roughly 92% chance of a 25-basis-point cut at the Fed's September 17 meeting, with the odds of a larger half-point move creeping higher. On the policy front, the US and Japan issued a joint statement emphasizing that exchange rates should remain market-driven and that excessive volatility is undesirable. Meanwhile, the European Central Bank kept its benchmark rate unchanged at 2% for a second straight meeting. The British pound held steady near \$1.3556, little changed from last week (+0.35%), after data revealed a sluggish start to the third quarter. GDP stagnated in July as expected, but industrial production unexpectedly fell 0.9%, pointing to the drag of higher taxes and tariffs on households and businesses.

Commodities: WTI crude oil slipped 3.34% to \$61.87 per barrel, snapping a three-week winning streak as supply concerns resurfaced. A surprise 2.4-million-barrel build in US inventories added pressure ahead of Sunday's key OPEC+ meeting, where members will debate potential output hikes. Reports suggest Saudi Arabia is pushing to ramp up production to reclaim market share, a move that could partially unwind the group's 1.65 million bpd cuts. Geopolitical frictions remain a drag, with Washington tightening pressure on Russian crude buyers and slapping new levies on imports from India. Coffee futures eased to \$3.74 per pound, cooling from recent three-month highs as traders await clarity on whether Trump's proposed 50% tariff on Brazilian imports will be enforced. While prices pulled back, the market remained volatile, buoyed by tight certified stocks, speculative flows, and weather risks across Brazil.

Bond Yields	Close	% W/W	% YTD
US 10Y	4.06	-0.24	-11.05
Bund 10Y	2.72	1.99	14.70
Gilt 10Y	4.67	0.54	2.25
Japan 10Y	1.59	0.89	44.78

Indices	Close	% W/W	% YTD
S&P 500	6584	1.59	11.95
EU Stoxx 600	573	1.59	13.51
FTSE 100	9283	0.82	13.58
Nikkei 225	44768	4.07	12.22

Currencies	Close	% W/W	% YTD
EURUSD	1.1734	0.15	13.33
GBPUSD	1.3556	0.35	8.31
USDJPY	147.68	0.17	-6.06
USD Index	97.55	-0.22	-10.08

Commodities	Close	% W/W	% YTD
Gold	3643	1.57	38.81
Copper	458.85	2.36	13.96
WTI Crude	62.69	1.33	-12.59
Coffee	523.50	0.82	-12.53

Performance of Major Global Financial Assets

% Change.

W/W	-0.2	2.0	0.5	0.9	-2.9	0.5	1.6	1.9	1.4	0.4	0.8	4.1	3.8	-0.2	0.1	0.3	0.2	-0.1	-1.1	1.3	1.6	2.4	6.2	0.8
MTD	-3.9	-0.3	-1.1	-0.5	-1.4	-1.8	1.9	2.9	0.7	-0.9	1.0	4.8	5.2	-0.2	0.4	0.4	0.4	-0.1	-1.5	-2.1	5.7	1.5	2.8	-2.0
YTD	-11.0	14.7	2.3	44.8	-3.4	0.0	11.9	14.7	10.1	19.0	13.6	12.2	31.5	-10.1	13.3	8.3	-6.1	-2.4	-7.7	-12.6	38.8	14.0	37.2	-12.5
	US 10Y	BUND 10Y	GILT 10Y	JAPAN 10Y	AUSSIE 10Y	ITALY 10Y	S&P 500	NASDAQ	EU STOXX 50	DAX INDEX	FTSE 100	NIKKEI 225	HANG SENG	USD INDEX	EURUSD	GBPUSD	USDJPY	USDCNY	USDZAR	WTI CRUDE	GOLD	COPPER	COFFEE	WHEAT
	GOV. BOND YIELDS					EQUITY INDICES							CURRENCIES					COMMODITIES						

KEY: -100%

+100%

Data Sources: Bloomberg, Investing.com, TradingEconomics, T.RowePrice, Standard Investment Bank

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Headquarters

JKUAT Towers (Formerly ICEA Building),
16th Floor , Kenyatta Avenue, Nairobi, Kenya.

Telephone: +254 20 227 7000, +254 20 227 7100

Email: clientservices@sib.co.ke

