Weekly Market Update

Global markets balanced political and economic uncertainty: US shutdown and UK weakness contrasted with EU tech resilience, China stimulus, and tentative Middle East peace, prompting cautious optimism.

US

The US federal government entered a partial shutdown as of 1 October, delaying or suspending many non-essential operations and threatening delays in crucial data releases.

In advance of the shutdown, the Trump administration released plans for which agencies would cut back and notably floated the possibility of mass federal employee firings, intensifying political risk.

The US private sector (ADP) reported a surprising decline of 32,000 jobs in September, raising questions about the strength of the labour market.

Despite political volatility, equity markets held up: the S&P 500, Nasdaq and other indexes notched new highs, supported by expectations that the Fed would cut rates further this year.

UK

Business activity in the UK slowed: the services PMI was revised lower to 50.8 in September, its weakest since April, and the composite index was marginally above the 50 growth/contraction threshold.

UK firms' hiring intentions were among the weakest since 2020, as businesses grew cautious ahead of the 26 November autumn budget and amid inflation pressures.

Chancellor Rachel Reeves warned against uncontrolled spending, emphasising that market confidence could be lost immediately if fiscal discipline is not maintained.

The Bank of England's Governor Andrew Bailey cautioned against deregulating banks or rolling back financial oversight, as the central bank monitors new risk areas.

Europe

European equities performed strongly, supported by sector rotation into pharmaceuticals and tech, as global risk sentiment improved.

The EU continued pushing for greater technological sovereignty (notably in AI infrastructure and supply chains) to reduce dependence on US and Chinese systems.

Trade and regulatory alignment with the UK saw incremental easing: for instance, limited exemptions were mooted under the EU's carbon border adjustment (CBAM) to reduce abrupt cost shocks to UK firms.

EU regulators also continued scrutiny of financial and tech markets, including calls for strengthened rules on stablecoins and proposals for tighter oversight of bank capital frameworks.

Global

Hamas signalled partial acceptance of Donald Trump's 20-point Middle East peace proposal, agreeing in principle to key terms such as ending the war, Israel's withdrawal, and the release of Israeli hostages and Palestinian captives. However, the group deferred several contentious points, including whether it would disarm, to further talks in Egypt, leaving major questions unresolved.

Despite China being closed for Golden week from the 1-7 October they announced a new package of ¥500 billion (~US$70 billion) in targeted financing tools to support investment and stabilise growth amid soft data.

Growth in the "new economy" sectors (AI, semiconductors, advanced manufacturing) continued to outpace broader industrial indicators, signalling the structural tilt in China's growth strategy.

Japan's markets were on edge in advance of the LDP leadership vote, with concerns about how the next premier's economics and foreign policy would shift market direction.

Performance

Asset Class/Region	Currency	Week ending 03 Oct 2025	Month to date	YTD 2025	12 Months
Developed Market Equities					
United States	USD	1.1%	0.4%	15.0%	18.9%
United Kingdom	GBP	2.3%	1.6%	19.4%	18.4%
Continental Europe	EUR	3.0%	2.4%	15.4%	12.8%
Japan	JPY	-0.9%	-0.3%	15.0%	19.5%
Asia Pacific (ex Japan)	USD	4.0%	2.3%	28.0%	17.1%
Australia	AUD	2.3%	1.6%	13.2%	13.2%
Global	USD	1.5%	0.7%	18.3%	19.6%
Emerging markets equities					
Emerging Europe	USD	2.0%	1.5%	45.6%	43.3%
Emerging Asia	USD	4.3%	2.6%	29.7%	18.6%
Emerging Latin America	USD	-0.9%	-1.9%	40.4%	19.6%
BRICs	USD	2.7%	0.8%	25.8%	11.5%
China	USD	4.1%	1.0%	43.1%	26.3%
MENA countries	USD	0.9%	-0.2%	5.1%	8.2%
South Africa	USD	3.8%	1.9%	58.6%	41.7%
India	USD	0.9%	1.3%	2.6%	-5.6%
Global emerging markets	USD	3.7%	2.1%	30.2%	19.5%
Bonds					
US Treasuries	USD	0.4%	0.2%	5.6%	2.4%
US Treasuries (inflation protected)	USD	0.2%	0.0%	6.8%	3.9%
US Corporate (investment grade)	USD	0.5%	0.3%	7.3%	4.4%
US High Yield	USD	0.2%	0.1%	7.2%	7.5%
UK Gilts	GBP	0.5%	0.1%	2.0%	-1.2%
UK Corporate (investment grade)	GBP	0.5%	0.2%	4.4%	3.8%
Euro Government Bonds	EUR	0.4%	0.1%	0.4%	0.3%
Euro Corporate (investment grade)	EUR	0.3%	0.2%	2.9%	3.7%
Euro High Yield	EUR	0.1%	0.1%	4.7%	6.4%
Global Government Bonds	USD	0.7%	0.1%	7.3%	2.2%
Global Bonds	USD	0.6%	0.1%	8.5%	3.9%
Global Convertible Bonds	USD	2.7%	1.6%	23.1%	24.7%
Emerging Market Bonds	USD	0.4%	0.5%	9.9%	7.5%

Performance

Asset Class/Region	Currency	Week ending 03 Oct 2025	Month to date	YTD 2025	12 Months
Property					
US Property Securities	USD	0.7%	0.0%	3.8%	-0.9%
Australian Property Securities	AUD	2.0%	2.1%	10.7%	1.6%
Global Property Securities	USD	1.0%	0.0%	11.6%	3.1%
Currencies					
Euro	USD	0.4%	-0.1%	13.4%	6.4%
UK Pound Sterling	USD	0.6%	0.1%	7.7%	2.7%
Japanese Yen	USD	1.4%	0.2%	6.7%	-0.5%
Australian Dollar	USD	0.9%	-0.2%	6.9%	-3.5%
South African Rand	USD	0.8%	0.2%	9.7%	1.5%
Swiss Franc	USD	0.4%	-0.1%	14.1%	7.2%
Chinese Yuan*	USD	0.2%	0.0%	2.5%	-1.4%
Commodities & Alternatives					
Commodities	USD	-1.3%	0.2%	4.4%	2.2%
Agricultural Commodities	USD	-0.5%	0.3%	-4.7%	-6.6%
Oil	USD	-8.0%	-3.7%	-13.5%	-16.9%
Gold	USD	3.4%	1.1%	48.1%	46.1%

*Data to 30.09.2025. Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.

Global Matters Weekly

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Belvest 研富

For more information, please contact your adviser or alternatively contact:

Belvest Investment Services Limited
研富投資服務有限公司
9th Floor, Centre Mark II
305-313 Queen's Road Central
Sheung Wan, Hong Kong

Tel +852 2827 1199
Fax +852 2827 0270
belvest@bis.hk
www.bis.hk

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