



Weekly Market Update

Slower US employment growth, energy-led inflation and rising sovereign borrowing costs shaped markets, while resilient technology shares contrasted with broader weakness in bonds and rate-sensitive sectors.

US

September payroll growth slowed sharply, and unemployment edged higher, prompting investors to reduce expectations for another immediate Federal Reserve rate increase despite continuing inflation concerns.

August underlying inflation was softer than first reported, but consumer spending remained firm. This combination eased near-term policy pressure without removing longer-term inflation uncertainty.

Long-term Treasury yields reached their highest levels in more than two decades as markets weighed persistent inflation, high energy costs and government financing needs, tightening conditions across the economy.

Equity leadership remained narrow: artificial-intelligence and semiconductor shares were resilient, while broader market participation weakened as higher borrowing costs weighed financials and other rate-sensitive sectors.

UK

Gilt yields rose to multi-decade highs alongside the global bond sell-off, increasing government debt-servicing costs and reinforcing investors focus on fiscal credibility ahead of the 28th October Budget.

The Chancellor used the Labour Party conference to reiterate fiscal discipline, an important signal as markets assessed whether tax or spending measures may be needed to preserve budget headroom.

Second-quarter economic growth was revised modestly higher, supported by services and construction, but weaker business confidence suggested that momentum may be difficult to sustain.

Housing and household finances remained under pressure: mortgage approvals softened while consumer borrowing accelerated, indicating that higher living and financing costs are affecting households unevenly.

Europe

Eurozone inflation accelerated to 3.8% in September, largely because of energy costs, while underlying inflation rose more modestly. This complicated the European Central Bank's policy trade-off.

French fiscal concerns intensified ahead of 18 April election, Germany widened sharply, reflecting doubts about deficit reduction and the ability of a divided parliament to approve the budget, the Euro fallen to 17 months low.

Spain's PM has called an early election for 29th November after parliament rejected a housing plan that the government had hoped would quell mounting social protests.

Stress spread beyond France to Italian and other sovereign bonds, while German debt benefited from safe-haven demand. Tighter financial conditions reduced expectations for rapid further monetary tightening.

European equities weakened, and banks came under pressure, while the coordinated G7 release of emergency oil and diesel reserves sought to ease fuel costs and inflation risks.

Global

China's official manufacturing survey returned to expansion and private-sector measures also improved, offering tentative evidence of firmer activity ahead of the Golden Week market closure.

Japan's Tokyo inflation exceeded expectations, reinforcing the possibility of further Bank of Japan tightening and increasing sensitivity in Japanese bonds and rate-exposed equities.

The Reserve Bank of Australia raised its cash rate to 4.60%, citing persistent inflation. The decision highlighted how energy costs are keeping policy restrictive across several developed markets.

India faced pressure from high oil prices, rising global yields and foreign outflows, while the G7 reserve release underlined the broad global impact of disrupted energy supply.

Performance

Asset Class/Region	Currency				
		Week ending 02 Oct 2026	Month to date	YTD 2026	12 Months
Developed Market Equities					
United States	USD	-0.3%	0.9%	13.5%	15.9%
United Kingdom	GBP	-2.2%	-1.3%	8.2%	14.7%
Continental Europe	EUR	-1.1%	-0.3%	8.6%	12.9%
Japan	JPY	0.0%	-0.4%	22.5%	35.5%
Asia Pacific (ex Japan)	USD	-1.1%	0.1%	23.9%	26.0%
Australia	AUD	0.2%	-1.2%	2.5%	0.3%
Global	USD	-0.6%	0.5%	12.3%	15.2%
Emerging Markets Equities					
Emerging Europe	USD	-4.6%	-3.5%	21.1%	29.5%
Emerging Asia	USD	-1.1%	0.4%	27.3%	30.3%
Emerging Latin America	USD	1.0%	1.2%	16.2%	28.4%
BRICs	USD	-1.8%	-1.2%	-11.2%	-14.2%
China	USD	-2.0%	-1.8%	-13.4%	-21.0%
MENA countries	USD	-1.9%	-0.8%	-2.1%	-6.3%
South Africa	USD	-4.7%	-1.4%	-5.5%	8.1%
India	USD	-3.6%	-1.2%	-19.1%	-16.0%
Global emerging markets	USD	-1.2%	0.2%	23.7%	27.5%
Bonds					
US Treasuries	USD	-0.5%	0.0%	-2.7%	-2.3%
US Treasuries (inflation protected)	USD	-0.4%	0.0%	-2.2%	-2.3%
US Corporate (investment grade)	USD	-0.7%	0.0%	-2.8%	-2.5%
US High Yield	USD	-0.6%	0.0%	0.1%	1.3%
UK Gilts	GBP	0.3%	0.4%	-2.0%	1.0%
UK Corporate (investment grade)	GBP	0.1%	0.2%	-1.1%	1.6%
Euro Government Bonds	EUR	0.1%	0.3%	-3.0%	-2.8%
Euro Corporate (investment grade)	EUR	0.3%	0.1%	-1.1%	-1.0%
Euro High Yield	EUR	-0.8%	-0.5%	-0.5%	0.0%
Global Government Bonds	USD	-0.5%	-0.2%	-2.8%	-3.1%
Global Bonds	USD	-0.6%	-0.1%	-3.3%	-2.9%
Global Convertible Bonds	USD	-0.2%	0.8%	13.1%	12.8%
Emerging Market Bonds	USD	-1.4%	-0.4%	-2.8%	-0.1%

▲ Performance

Asset Class/Region	Currency				
		Week ending 02 Oct 2026	Month to date	YTD 2026	12 Months
Property					
US Property Securities	USD	-1.4%	-0.1%	9.3%	7.6%
Australian Property Securities	AUD	-0.3%	-4.1%	-18.6%	-21.8%
Global Property Securities	USD	-1.8%	-1.0%	1.4%	1.4%
Currencies					
Euro	USD	-1.2%	-0.7%	-4.1%	-3.9%
UK Pound Sterling	USD	-0.1%	-0.2%	-1.6%	-1.5%
Japanese Yen	USD	-0.4%	-0.4%	-0.7%	-6.8%
Australian Dollar	USD	-1.2%	0.0%	4.2%	5.4%
South African Rand	USD	-2.2%	-1.5%	-0.7%	3.8%
Swiss Franc	USD	-0.1%	0.7%	-4.3%	-3.8%
Chinese Yuan	USD	0.1%	0.0%	4.2%	6.2%
Commodities & Alternatives					
Commodities	USD	-1.5%	0.7%	43.3%	47.6%
Agricultural Commodities	USD	-1.7%	-0.6%	15.8%	14.0%
Oil	USD	-2.0%	-1.2%	68.0%	59.5%
Gold	USD	-3.4%	-0.4%	-4.2%	7.6%

Source: Bloomberg Finance L.P. Past performance is not indicative of future returns.





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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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