

Weekly market update: Stocks yield a mixed bag.



The market and economy

- U.S. stocks saw mixed performance for the week ending October 2. Rising U.S. Treasury yields and expectations for additional Federal Reserve (Fed) monetary policy tightening weighed on investor sentiment. These factors were offset by a market rally on Friday in response to weaker-than-expected employment data, which led to speculation that the Fed will not implement an interest-rate increase at its meeting later this month. The tech-heavy Nasdaq Composite Index ended the week in positive territory, while the Dow Jones Industrial Average and the broad-market S&P 500 Index moved lower.
- Long-term Treasury yields again reached multiyear highs early in the week as rising oil prices and inflation worries led investors to anticipate higher interest rates for longer. In intraday trading on Thursday, the yield on the 10-year Treasury note reached 5.34%—its highest level since April 2022—while the 30-year bond yield reached a 24-year high of 5.69%. Yields on both securities retreated on Friday. At the end of the week, CME's FedWatch Tool, which provides a gauge of the market's expectations of potential changes to the federal-funds target rate while assessing potential Fed monetary policy actions at Federal Open Market Committee (FOMC) meetings, implied a 77.3% chance that the central bank will maintain the federal funds rate in range of 3.75% to 4.00% at its October meeting.
- There was significant economic news this week. The Department of Labor announced that U.S. nonfarm payrolls increased by 29,000 jobs in September—well below expectations and a substantial decline from the 133,000 positions added in August, which was revised downward by 29,000 from the government's initial estimate of 162,000 jobs added. The unemployment rate edged up 0.1 percentage point to 4.2%. The healthcare, construction, and manufacturing sectors posted job gains of 17,000, 11,000, and 9,000, respectively, in September, while the financial activities sector lost 7,000 jobs. Average hourly earnings rose 0.1% in September, below the 0.3% increase in August, and were up 3.0% year-over-year, down slightly from the 3.1% annual increase in August.
- According to the third estimate from the U.S. Bureau of Economic Analysis (BEA), U.S. real gross domestic product (GDP) increased at a greater-than-expected annual rate of 2.2% in the second quarter, up from the government's second estimate of 1.5% but modestly lower than the 2.5% growth rate in the first quarter. Growth in the second-quarter GDP reflected increases in consumer spending, investment, and exports. These gains were partly offset by an increase in imports, which are subtracted in the calculation of GDP. The deceleration in the growth rate from the first quarter reflected a downturn in government spending and slower growth in investment and exports, partly offset by stronger consumer spending. Import growth modestly accelerated.
- The BEA also reported that the personal-consumption expenditures (PCE) price index rose 0.3% in August and 3.4% over the previous 12-month period. The core PCE price index, which excludes volatile food and energy prices, also increased 0.2% for the month and rose 3.0% year-over-year. The 12-month increases in both the PCE and core PCE indexes in August were 0.1 percentage point higher than their respective annual gains in July. The PCE price index is widely considered the Fed's preferred measure of inflation, while the core PCE price index is closely monitored for evidence of underlying inflation trends.
- In the Middle East, efforts to reopen the Strait of Hormuz gained further traction as Iran's ability to disrupt regional oil flows continued to weaken. Increased tanker traffic through the waterway, the partial restoration of alternative export routes, and the ongoing U.S. blockade of Iranian oil exports reduced Tehran's leverage in negotiations. However, analysts warned that diminishing economic leverage could increase the risk of renewed Iranian escalation, while attacks on shipping and regional energy infrastructure continued to pose risks to regional stability.
- Both Brent crude and West Texas Intermediate (WTI) crude oil prices declined during the week as improving export flows through the Strait eased concerns about prolonged supply disruptions. Front-month Brent crude fell to approximately \$100 per barrel, while WTI crude traded in the upper \$80s by week's end. Middle Eastern crude exports rebounded to their highest levels since the conflict began on February 28, with shipments through Hormuz and alternative routes approaching 80% of prewar regional levels. Nevertheless, continued attacks on regional shipping routes and energy infrastructure kept geopolitical risks elevated.

Stocks

- Global equities declined during the week. Emerging markets outperformed developed markets.
- U.S. stocks were mixed during the week. Information technology and energy were the top-performing sectors within the broad-market S&P 500 Index, while healthcare and financials were the primary market laggards.
- Growth stocks outperformed value stocks, while small caps slightly outperformed large caps.

Bonds

- The 10-year U.S. Treasury note yield rose to 5.28% during the week.
- The U.S. bond market ended the week in negative territory.
- Government bonds led the market, followed by investment-grade corporate bonds and high-yield bonds.

As of October 2, 2026	1 Week	YTD	1 Year	Friday's close
Global Equity Indexes				
MSCI ACWI (\$)	-1.3%	11.7%	14.4%	1133.3
MSCI EAFE (\$)	-2.1%	6.6%	10.6%	3083.5
MSCI Emerging Mkts (\$)	-1.3%	21.7%	25.0%	1709.0
US & Canadian Equities				
Dow Jones Industrials (\$)	-1.3%	6.5%	10.0%	51177.4
S&P 500 (\$)	-0.2%	12.9%	15.1%	7728.0
NASDAQ (\$)	0.5%	17.0%	19.0%	27190.9
S&P/TSX Composite (C\$)	-0.9%	11.9%	17.7%	35488.0
UK & European Equities				
FTSE All-Share (£)	-2.0%	5.6%	10.8%	5650.6
MSCI Europe ex UK (€)	-2.1%	5.9%	9.6%	2175.0
Asian Equities				
Topix (¥)	-0.9%	20.0%	32.5%	4091.0
Hong Kong Hang Seng (\$)	-2.2%	-6.5%	-12.1%	23972.3
MSCI Asia Pac. Ex-Japan (\$)	-1.2%	21.9%	23.6%	880.7
Latin American Equities				
MSCI EMF Latin America (\$)	-0.9%	11.4%	20.8%	3017.9
Mexican Bolsa (peso)	-0.8%	0.3%	3.6%	64481.5
Brazilian Bovespa (real)	4.5%	19.0%	33.2%	191708.2
Commodities (\$)				
West Texas Intermediate Spot	-6.3%	61.7%	53.6%	92.9
Gold Spot Price	-3.4%	-4.2%	7.6%	4139.0
Bond Indices (\$)				
Bloomberg U.S. Aggregate	-0.4%	-2.7%	-2.0%	2286.4
Bloomberg Global Aggregate	-0.6%	-2.9%	-2.7%	486.9
JPMorgan Emerging Mkt Bond	-1.5%	-1.7%	1.0%	1000.6
10-Year Yield Change (basis points*)				
US Treasury	11	111	119	5.28%
UK Gilt	0	89	66	5.37%
German Bund	-14	61	76	3.46%
Japan Govt Bond	1	103	143	3.09%
Canada Govt Bond	2	51	77	3.95%
Currency Returns**				
US\$ per euro	-1.2%	-4.2%	-3.9%	1.126
Yen per US\$	0.3%	0.7%	7.2%	157.83
US\$ per £	0.0%	-1.7%	-1.4%	1.325
C\$ per US\$	0.8%	3.8%	2.0%	1.425

Source: Bloomberg. Equity index returns are price only; others are total returns. *100 basis points = 1 percentage point. **Increases in U.S. dollars (USD) per euro or pound indicate a decline in the value of the USD; increases in yen or Canadian dollars per USD indicate an increase in the value of the USD.

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