PUBLIC

Weekly Money Market Report

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Markets Balance Rate Expectations and Regional Tensions

Market Commentary

Global Markets spent the week tracking elevated bond yields, rising energy costs and the outlook for further monetary tightening. US equities reached fresh highs early in the week before retreating on Wednesday as long-dated Treasury yields climbed, and the 30-year yield touched a 24-year high. Markets priced less than a 20% probability of an October Fed hike, while minutes of the September meeting showed that most officials still anticipated another increase before year-end. Thursday's 30-year Treasury auction attracted strong demand, providing some relief to bonds, while Brent crude surged more than 4% before stabilizing at around $104.70 per barrel on Friday morning. The dollar remained firm, with EUR/USD trading around 1.1200 levels and heading for a fifth consecutive weekly decline amid concerns over France's fiscal position. Gold rose more than 1% on Friday to approximately $4,216 per ounce, alongside a modest pullback in the dollar and oil prices.

United States & Canada

ISM Services Eases to 54.9 as Prices Rise to Their Highest Since July 2022

The ISM Services PMI declined to 54.9 in September from 55.4 in August, remaining in expansion for the 27th consecutive month. Business activity slowed to 56.5 from 61.7, while new orders eased to 59.8 from 60.9. Employment returned to expansion at 50.1 after two months below the 50 threshold. Price pressures strengthened, with the prices index rising to 74.0 from 72.6, its highest reading since July 2022. Supplier deliveries also slowed, with the index increasing to 53.2 from 51.3. Respondents cited fuel costs and supply-chain constraints among the factors affecting costs and operating conditions.

Fed Minutes Show Most Officials Expect Another Rate Increase Before Year-End

Minutes of the Federal Reserve's September meeting showed unanimous support for the 25bps increase that lifted the federal funds target range to 3.75%–4.00%. Most participants assessed that another increase would likely be appropriate before year-end, although subsequent decisions would depend on incoming data and the balance of risks. Officials noted that inflation remained elevated, with higher energy costs and strong AI-related investment contributing to price pressures. Several participants viewed the policy rate as either non-restrictive or only mildly restrictive, while a couple raised their estimates of the neutral rate. Policymakers generally described labour-market conditions as stable, although several highlighted low hiring and job-finding rates. The minutes did not commit the Committee to an increase at its October meeting, meanwhile markets are leaning more towards another hike taking place in December rather than October.

Initial Claims Fall to 197K as Continuing Claims Edge Higher

Initial unemployment claims declined by 2K to 197K in the week ending October 3, below expectations of 200K. The previous week's figure was revised higher to 199K from 197K. The four-week moving average fell by 2.5K to 198K, while continuing claims increased by 17K to 1.716M in the week ending September 26. The insured unemployment rate remained unchanged at 1.1%. Initial claims stayed below 200K for a fourth consecutive week, with layoffs remaining low despite the slowdown in September payroll growth.

Michigan Consumer Sentiment Falls to 46.3 as Inflation Expectations Rise

The University of Michigan's preliminary consumer sentiment index declined to 46.3 in October from 48.1 in September. The current economic conditions index fell sharply to 44.7 from 50.9, while consumer expectations edged higher to 47.3 from 46.3. Buying conditions for durable goods deteriorated as households cited high prices and borrowing costs, with sentiment weakening particularly among lower-income consumers and those with smaller stock portfolios. Year-ahead inflation expectations increased to 4.7% from 4.6%, while longer-term expectations rose to 3.5% from 3.4%. Both measures increased for a second consecutive month, reaching their highest levels since May.

The Greenback was last seen trading at 102.213.

Canada's Ivey PMI Falls to 58.2 While Employment and Prices Strengthen
Canada's seasonally adjusted Ivey PMI declined to 58.2 in September from 64.3 in August, below expectations of 65.2 but remaining above the 50-expansion threshold. The employment index increased to 56.5 from 55.0, while the inventories index eased to 58.3 from 61.4. The supplier deliveries index fell to 39.2 from 41.5, indicating longer delivery times. Meanwhile, the prices index rose to 82.8 from 80.4, extending the increase in purchasing costs. The survey recorded slower growth in purchasing activity alongside higher employment and stronger price pressures.

The USD/CAD was last seen trading at 1.4254.

United Kingdom

Bailey Calls for Credible Fiscal Policy as Repeated Supply Shocks Test Financial Resilience
Bank of England Governor Andrew Bailey warned on Thursday that repeated supply shocks, weaker underlying growth and rising government debt were increasing risks to financial stability. Speaking in Istanbul, he said the Middle East conflict had created uncertainty over growth, inflation and interest rates, while stressing that banks remained well capitalised and financial markets had generally continued to function without significant funding or liquidity stress. Bailey noted that monetary policy could look through a temporary increase in energy prices only while inflation expectations remained anchored, and that interest rates might need to rise even as activity weakened if price pressures became persistent. He urged governments to maintain credible fiscal frameworks, warning that doubts over debt sustainability could drive borrowing costs higher.

The GBP/USD currency pair last seen trading at 1.3231.

Europe

Eurozone Producer Prices Rise 1.9% as Energy Costs Climb
Eurozone industrial producer prices increased by 1.9% MoM in August, in line with expectations and following a 1.6% rise in July. Annual producer-price inflation accelerated to 8.2% from 5.8%. Energy prices led the monthly increase, rising by 5.6%, while intermediate goods and durable consumer goods each increased by 0.4%. Capital goods prices rose by 0.2%, and non-durable consumer goods increased by 0.1%. Excluding energy, producer prices increased by 0.2% MoM and 3.4% YoY. Energy prices were 21.0% higher than a year earlier.

The EUR/USD currency pair last seen trading at 1.1201.

Asia Pacific

Ueda Reiterates Further Rate Increases as Underlying Inflation Approaches 2%
Bank of Japan Governor Kazuo Ueda said Japan's economy continued to recover moderately, with exports supported by global AI-related demand and business investment remaining on an upward trend. He noted that higher oil prices, yen depreciation and rising wages were contributing to price pressures, while underlying inflation was approaching 2%. Following September's increase in the policy rate to around 1.25%, Ueda said financial conditions remained accommodative, with real interest rates still low. He reiterated that the Bank would continue raising rates in line with developments in economic activity, prices and financial conditions. The timing and pace of further adjustments would depend on the outlook and associated risks, including the possibility of underlying inflation exceeding the target.

Japan's Household Spending Falls 3.1% for a Ninth Consecutive Annual Decline
Japan's real household spending declined by 3.1% YoY in August, following a 3.6% fall in July. The result marked a ninth consecutive annual decline, although the contraction was smaller than the 3.6% median forecast reported by Reuters. The figures covered households with two or more people and were released by the Ministry of Internal Affairs and Communications on Friday. Separately, data released earlier in the week showed that real wages increased for an eighth consecutive month in August. Household spending nevertheless remained below its year-earlier level despite the continued improvement in inflation-adjusted earnings.

The USD/JPY currency pair last seen trading at 158.31.

Kuwait

Kuwaiti Dinar
USD/KWD closed last week at 0.30815.

Rates – October 11th, 2026

	Previous Week Levels				This Week's Expected Range		3-Month
Currencies	Open	Low	High	Close	Minimum	Maximum	Forward
EUR	1.1201	1.1160	1.1276	1.1201	1.1050	1.1285	1.1245
GBP	1.3234	1.3180	1.3285	1.3231	1.3050	1.3345	1.3236
JPY	157.47	157.41	158.50	158.31	157.45	159.80	157.15
CHF	0.8275	0.8275	0.8346	0.8301	0.8205	0.8500	0.8212

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