



CROSS WEEKLY

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19 October 2026

Brief Weekly Overview

Major US stock indexes finished the third week of October mixed as a sharp sell-off in AI-related shares drove a rotation into value and defensive sectors. The Nasdaq Composite fell 4.48% and the Russell 2000 dropped 3.05%, while the Dow Jones Industrial Average rose 0.67%.

The probability of an interest rate hike from the Federal Reserve at its upcoming October meeting is now around 17%, with Chair Kevin Warsh saying the central bank is “no longer in the business of prejudging meeting outcomes”.

Initial jobless claims came in at 199,000 for the week ended 10 October, the fifth consecutive reading below 200,000, while continuing claims fell 4,000 to 1.71 million. Retail sales rose 0.8% in September, although a 6.4% jump in gas station receipts drove much of the gain and control group sales rose just 0.1%, below the 0.3% expected. Headline CPI rose 3.7% YoY, above the 3.6% consensus, with core at 2.6%, while PPI accelerated to 6.3% YoY, well above the 5.4% expected.

TSMC raised its 2026 US dollar sales growth forecast to 44% from slightly over 40% and guided fourth-quarter revenue to US\$52.3–54.3 billion, with capex held at US\$60–64 billion.

Goldman Sachs profit rose 29% to US\$5.29 billion on a 72% jump in equities trading, while JPMorgan’s US\$15.3 billion missed the US\$16.3 billion consensus.

NAME	CURR	LAST PRICE	DAILY CHANGE	MTD	YTD
EQUITIES					
MSCI ACWI Index	USD	1129.10	-0.36%	-0.50%	11.28%
S&P 500 Index	USD	7659.44	-1.09%	0.10%	11.89%
Dow Jones Industrial Average	USD	52002.41	-0.34%	2.15%	8.20%
Nasdaq Composite Index	USD	26140.03	-2.15%	-2.68%	12.47%
STXE 600 PR Index	EUR	644.74	0.72%	1.55%	8.87%
FTSE 100 Index	GBP	10881.90	0.38%	2.60%	9.57%
MSCI Asia Ex. Japan Index	USD	1060.95	0.83%	-6.26%	16.15%
Nikkei 225 Tokyo	JPY	65324.29	1.39%	-2.14%	29.77%
Shanghai A Share Index	CNY	3896.20	0.24%	-3.28%	-6.37%
MSCI EM Index	USD	1620.63	0.81%	-4.94%	15.40%
FIXED INCOME					
US2YT Yield	-	4.7083	-2.99bps	-17.87bps	123.53bps
US10YT Yield	-	5.0728	1.49bps	-21.21bps	90.58bps
Bunds 10Y Yield	-	3.4260	1.31bps	-16bps	57.1bps
BBG USD HY Corp	-	8.3800	7.01bps	3.01bps	185bps
FOREX					
Euro/US Dollar	USD	1.1239	0.17%	-0.80%	-4.32%
US Dollar/Japanese Yen	JPY	158.0200	0.01%	0.39%	0.84%
US Dollar/Singapore Dollar	SGD	1.2792	-0.20%	0.16%	-0.48%
British Pound/US Dollar	USD	1.3327	0.39%	0.47%	-1.10%
US Dollar/ Chinese Yuan	CNY	6.6866	-0.07%	-0.29%	-4.31%
Australian Dollar/ US Dollar	USD	0.6946	0.36%	-0.01%	4.09%
US Dollar Index	-	101.8370	-0.16%	0.38%	3.57%
GOLD / OIL					
Brent Crude	USD	109.86	3.72%	6.11%	80.54%
Gold Spot Price	USD	4165.58	-0.14%	0.20%	-3.56%



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EQUITIES

- US equity markets ended the week sharply lower, as a rotation out of large-cap growth into value and defensive sectors took hold. The technology-heavy Nasdaq Composite led the major indexes lower, falling 4.48%, followed by the small-cap Russell 2000 Index, which dropped 3.05%, while the Dow Jones Industrial Average bucked the trend and added 0.67%. The Russell 1000 Value Index outpaced its growth counterpart by over 5.50 percentage points. Stocks sold off as scrutiny intensified over AI infrastructure financing, stretched valuations and the returns on heavy capital spending, hitting semiconductor and memory names hardest, while higher oil prices on renewed Middle East tensions supported energy shares. Despite the start of third-quarter earnings season, investors largely chose to focus on the hotter than expected CPI report.
- The pan-European STOXX Europe 600 Index closed 2.09% higher in local currency terms, as technology shares recovered late in the week from early losses on AI financing concerns. Major stock indexes posted broadly positive returns. The UK's FTSE 100 Index led, advancing 3.13%, while Germany's DAX added 2.13%. France's CAC 40 Index rose 1.97%. Italy's FTSE MIB ticked up 0.22%.
- Japan's stock markets fell over the holiday-shortened week, with the Nikkei 225 Index declining 5.37% and the broader TOPIX Index down 0.95%. Losses were concentrated in AI and semiconductor shares, with a partial rebound on Friday, while most investors expect the BoJ to hold rates at its 29–30 October meeting. Japan's corporate goods prices rose 6.8% YoY in September, below the 7.6% expected.

FIXED INCOME

- US Treasuries generated positive returns as yields declined, with the benchmark 10-year note yield falling to about 5.09% from around 5.24% the prior week, as demand for bonds rose during the technology sell-off.

FOREX

- The 10-year JGB yield fell to 2.94% from 3.01% the prior week, touching five-week lows on Thursday. The yen was range-bound near JPY 158 against the US dollar, and investors remain tilted towards a weaker yen with the BoJ expected to hold at its October meeting and any hike deferred to December, leaving rate differentials in the dollar's favour.

MACRO

- Spanish CPI came in at 4.9% YoY in September, with core at 3.1%, while French CPI was revised up to 3.1%. Eurozone industrial production fell 0.5% MoM in August, its third consecutive decline. The UK economy grew 0.1% in August, against expectations of a 0.1% contraction, with manufacturing output jumping 1.2% MoM.

DIRECT EQUITIES

- ASML lifted its full-year revenue guidance to €44–45 billion after third-quarter sales rose 55% to €11.7 billion, with management warning that planned 30% capacity increases for 2027 and 2028 would not be enough to meet demand. The shares gained only 2.2%, with much of the AI capex optimism already priced in.

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