

### Stocks grind higher with Dollar sold ahead of key US labour data

- **SNAPSHOT:** Equities up, Treasuries up, Crude down, Dollar down
- **REAR VIEW:** US President Trump to 100% tariff all movies made outside the US; Fed's Hammack & Musalem sound cautious, Williams says still a ways to go on reaching inflation target; Switzerland offers to investing in US gold-refining industry to appease Trump; OPEC+ reportedly like to raise production quotas at October meeting; JPY supported by BoJ's Noguchi; BLS plans not to release economic data during government shutdown.
- **COMING UP: Data:** Japanese Retail Sales (Aug), Chinese Official and Caixin PMIs Final (Sep), UK GDP (Q2), French CPI Prelim (Sep), German CPI Prelim (Sep), Italian CPI Prelim (Sep), US Consumer Confidence, JOLTS Job Openings. **Events:** RBA Announcement, BoJ Summary of Opinions; Labour Party Conference (29th Sept - 1st Oct). **Speakers:** RBA's Bullock; ECB's Lagarde, Cipollone, Elderson; Fed's Logan, Jefferson, Goolsbee; BoE's Lombardelli, Mann, Breeden. **Supply:** Japan. **Earnings:** Nike, Lamb Weston.
- **WEEK AHEAD:** Highlights include US jobs data, ISM surveys, Eurozone inflation, RBA policy announcement. [For the full report, click here.](#)
- **CENTRAL BANK WEEKLY:** Previewing RBA and RBI policy announcements; Reviewing PBOC, SNB, RIKSBANK, Banxico. [For the full report, click here.](#)
- **WEEKLY US EARNINGS ESTIMATES:** Light earnings schedule with NKE & JEF the highlights. [For the full report, click here.](#)

### MARKET WRAP

US indices saw mild gains to start the week as NVIDIA gains (PT raise at Jefferies) supported in light newsflow, with Fed speak coming via Williams, Musalem, and Hammack, and US data in pending home sales, which was better than expected. On the Fed footing, little new was said, and the influential NY Fed President reiterated data dependence. Sectors were almost exclusively in the green with only Energy and Communications in the red, with the former weighed on by weakness in the crude complex amid a couple of bearish factors: 1) Kpler's Bakr reported that OPEC+ will likely raise oil production quotas by at least 137k bpd at its October 5th meeting; 2) resumption of flows on the Ceyhan pipeline. In FX, the Dollar saw weakness to the benefit of G10 FX peers, with the Yen outperforming and buoyed by comments from BoJ's Noguchi overnight, whereby he noted that upside risks are becoming more important in making policy decisions, and the need to adjust policy has heightened. Treasuries saw slight gains and within thin ranges ahead of a slew of US jobs data this week, which culminates with US payrolls on Friday. Another thing to watch is the looming US Government shutdown, whereby BLS said it plans not to release economic data during the Government shutdown and will suspend all operations.

### US

**PENDING HOME SALES:** Pending home sales rose 4% in August, above the expected +0.2% and the prior -0.3%. Pending sales lifted M/M in the Midwest, South, and West, and declined in the Northeast - Y/Y sales increased in all regions. NAR Chief Economist Yun said, "Lower mortgage rates are enabling more homebuyers to go under contract. In the Midwest, low mortgage rates combined with high levels of affordability are attracting more buyers compared to other regions."

**FED'S WILLIAMS (voter):** The NY Fed President said monetary policy continues to be restrictive and they are still in a position to put downward pressure on inflation. Williams noted that some upside inflation risks have ebbed, so it made sense to cut rates. He reiterated his view of a low-neutral rate era being far from over, saying his model estimate for the real neutral rate is 0.75%. Ahead, Williams noted the Fed are to decide on monetary policy meeting-by-meeting.

**FED'S MUSALEM (2025 voter):** The St. Louis Fed President once again argued there is limited room before policy becomes too loose. Similar to Hammack, Musalem noted the impact of tariffs has been more muted than expected, and is only responsible for perhaps 10% of current inflation. Going forward, Musalem expects inflation to be elevated for two or three quarters. On policy, Musalem said it's between modestly restrictive and neutral; open-minded to future potential cuts, but needs to be cautious.

**FED'S HAMMACK (2026 voter):** Maintained her recent posture, voicing concerns over inflation. Hammack continues to view policy as a short distance from neutral and the need to maintain restrictive policy, with current policy "mildly restrictive". Hammack sees inflation reaching 2% target in late 2027 or early 2028. She views inflation as a greater concern than employment, noting that services inflation has remained elevated and is concerning. Ahead, the Cleveland Fed President expects firms to pass on more of tariffs; More difficult to see that tariffs will be a one-time impact.

### FIXED INCOME

#### T-NOTE FUTURES (Z5) SETTLED 8 TICKS HIGHER AT 112-16+

**THE DAY:** T-Notes bid ahead of a slew of US jobs data this week. T-Notes held onto early gains found in the European morning, now sitting around highs of 112-18+ from earlier lows of 112-8+ as the long-end outperforms. Data was absent to start the week ahead of JOLTS (Tue), ADP (Wed), Claims (Thu), and NFP (Fri). Newsflow came via Fed members, including Hammack (2026 voter), Williams (Voter), and Musalem (2025 voter). Hammack continued to highlight concerns over high inflation, Musalem sees limited room before

policy becomes too loose, while Williams's model estimates the real neutral rate at 0.75%. Elsewhere, conversation centred on the incoming government shutdown, set to take effect at midnight on Tuesday, unless Republicans and Democrats can reach a deal. As it stands, US President Trump is to meet with Congressional leaders today, with Senate Majority Leader Thune noting the Senate will vote again on a bill to avoid a government shutdown on Tuesday. At the NY Fed, Deputy Market Operations Chief Remcahe said that the banking sector reserves still remain abundant and expects to see more pressure on Repo rates going forward.

## SUPPLY

- US sold USD 82bln in 3-mnth bills at high rate 3.860%, covered 2.74x; sold USD 73bln in 6-mnth bills at high rate 3.715%, covered 3.00x.

## STIRS/OPERATIONS

- **Market Implied Fed Rate Cut Pricing: Oct 22bps (prev. 22bps), Dec 42bps (prev. 40bps), January 51bps (prev. 48bps).**
- NY Fed RRP op demand at USD 56bln (prev. 48bln) across 26 counterparties (prev. 23).
- EFFR at 4.09% (prev. 4.09%), volumes at USD 95bln (prev. 92bln) on September 26th.
- SOFR at 4.16% (prev. 4.18%), volumes at USD 2.917tln (prev. 2.965tln) on September 26th.

## CRUDE

**WTI (X5) SETTLED USD 2.27 LOWER AT 63.45/BBL; BRENT (X5) SETTLED USD 2.16 LOWER AT 67.97/BBL**

**WTI and Brent were lower to start the week, weighed by a couple of bearish factors.** Namely, it started in the European morning after Kpler's Amena Bakr said that OPEC+ will likely raise oil production quotas by at least 137k BPD at its October 5th meeting, and further bearishness was added on the resumption of flows on the Ceyhan pipeline and potentially from Moldova. Benchmarks settled just off lows, with WTI and Brent hitting troughs of USD 62.98/bbl and USD 67.52/bbl, respectively. Action was one-way traffic today, despite relatively limited fresh newsflow on OPEC since mid-morning. For the record, during US President Trump's meeting with Israeli PM Netanyahu, the White House posted its 20-point comprehensive plan to end the Gaza conflict, although no move was seen in the energy space.

## EQUITIES

**CLOSES:** SPX +0.26% at 6,661, NDX +0.44% at 24,611, DJI +0.15% at 46,316, RUT +0.04% at 2,435

**SECTORS:** Energy -1.91%, Communication Services -0.45%, Consumer Staples +0.12%, Real Estate +0.15%, Health +0.29%, Utilities +0.29%, Industrials +0.31%, Materials +0.43%, Financials +0.48%, Technology +0.49%, Consumer Discretionary +0.55%.

## STOCK SPECIFICS:

- **Electronic Arts (EA)** announced an agreement to be acquired by PIF, Silver Lake, and Affinity Partners for USD 55bln and stockholders to receive USD 210/shr in cash.
- **Alibaba (BABA):** Analysts highlighted stronger growth prospects in cloud & AI
- **Honeywell (HON)** raised annual dividend to USD 4.76/shr from USD 4.52/shr.
- **Genmab (GMAB)** to acquire **Merus (MRUS)** for USD 8bln.
- **Occidental Petroleum (OXY)** in talks to sell its OxyChem unit in a deal valuing the business at a minimum of USD 10bln.
- **USA Rare Earth (USAR)** announced Barbara Jumpton as the new CEO to replace Josh Ballard, effective October 1st.
- **Aurora Cannabis (ACB), Canopy Growth (CGC), Cronos Group (CRON), and Tilray Brands (TLRY)** - US President Trump on Sunday posted a video on Truth Social, which included commentary that CBD could "revolutionise senior healthcare" by helping reduce disease progression and was shown as an alternative to prescription drugs.
- **MoonLake Immunotherapeutics (MLTX)** announced disappointing results for Phase 3 VELA-2 trial.
- **General Dynamics (GD)** upgraded at Seaport Research to 'Buy' from 'Neutral'
- **Novo Nordisk (NVO)** downgraded at Morgan Stanley to 'Underweight' from 'Equal Weight'.
- **Oklo (OKLO)** initiated with an 'Overweight' rating at Barclays with a USD 146 PT.
- **Carnival (CCL)** beat on EPS and revenue alongside raising FY25 outlook.
- US President Trump to put 100% tariffs on all movies made outside the US. Of note for **Warner Bros Discovery (WBD)** and **Netflix (NFLX)**.
- US President Trump said tariffs to be placed on furniture made outside the US. Of note for Home Depot (HD), Lowe's (LOW), Williams-Sonoma (WSM), Wayfair (W), RH (RH), La-Z-Boy (LZB), Ethan Allen (ETD), Tempur Sealy (TPX), Bassett Furniture (BSET), Hooker Furnishings (HOFT), Haverty Furniture (HVT).
- Morgan Stanley upgraded US Consumer Finance to 'In Line' from 'Cautious'.
- Citron short **Rigetti Computing (RGTI)**.
- Irenic Capital believes refreshed board at **Workiva (WK)** should run strategic and operating review to explor all options; calls on Workiva to adopt a "rule of 40" operating model balancing growth and increased profitability, or to sell itself.
- **NVIDIA (NVDA)** - PT raised at Jefferies to USD 220 (prev. 205). The firm is raising estimates based on the new partnership with OpenAI, taking its calendar year 2026 and 2027 revenue estimates up to USD 282bln and USD 334bln, respectively, while raising EPS estimates for both years as well.

## FX

**The Dollar** was lower, in what was a pretty quiet day for newsflow ahead of an action-packed week, which is headlined by the US jobs report on Friday. Fed speak came via Williams, Hammack, and Musalem, and the data was in the form of pending home sales,

which were much better than anticipated. One of the themes in focus is a potential US Government shutdown, and Bloomberg reported that the BLS plans not to release economic data during a Government shutdown, and it is to suspend all operations. Elsewhere, while there was no clear driver for the Dollar weakness, it is worth remembering that Barclays and Standard Chartered's month-end models have moderate Dollar selling.

**G10FX** saw gains across the board vs. the Buck, with the Yen outperforming and buoyed by comments from BoJ's Noguchi overnight, whereby he noted that upside risks are becoming more important in making policy decisions, and the need to adjust policy has heightened. USD/JPY traded between 148.48-149.51. EUR, GBP, CAD, and NZD all saw similar gains, with AUD the next best performer and buoyed by risk sentiment ahead of RBA overnight - widely expected to keep the Cash Rate unchanged at 3.60%.

In order to avoid sounding like a broken record, currency-specific newsflow was thin, but there was data out of Europe. Ahead of the EZ-wide prints on Wednesday, Spanish HICP printed in-line with consensus at 3.0% (prev. 2.7%), whilst the M/M metric only picked up to 0.1% from 0.0% (exp. 0.3%). Further on Spain, its sovereign debt rating was upgraded at Fitch on Friday on account of increased growth prospects. Out of the UK, BoE Deputy Governor Ramsden sees scope for additional removal of policy restraint, but little move was seen in Cable, which traded between 1.3400-56.

**EMFX** was broadly firmer, taking advantage of the weaker Dollar. Out of CEE, NBH Deputy Governor Virag said risks from any premature rate easing are asymmetrical, and such a move could revive inflation and weaken financial market stability. In LatAm FX, BCB's Galipolo and Guillen spoke but added little new, while Brazilian jobs data disappointed. Mexican unemployment rate unexpectedly ticked higher.

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