

Global growth hindered by lingering geopolitical risks; inflationary pressures continues to ease towards central bank targets, as monetary policy easing continues.

Economic Update

Economy: US inflation data continues to cool, with CPI reaching 2021 lows.

US: In September, the *annual CPI inflation rate* slowed for a sixth consecutive month to 2.4% y-o-y (c: 2.3%; p: 2.5%), marking the lowest rate since February 2021.

Prices eased for shelter (a: 4.9%; p: 5.2%), and energy costs declined more (a: -6.8%; p: -4%), mainly due to gasoline and fuel oil.

On the other hand, inflation accelerated for food, and transportation.

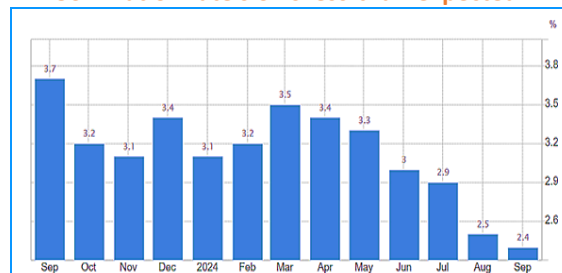
Compared to the previous month, the *CPI* rose 0.2% m-o-m (c: 0.1%; p: 0.2%).

Annual core -CPI inflation rate unexpectedly edged up to 3.3% y-o-y (c: 3.2%; p: 3.2%), and the *monthly core inflation rate* remained at 0.3% (c: 0.2%; p: 0.3%).

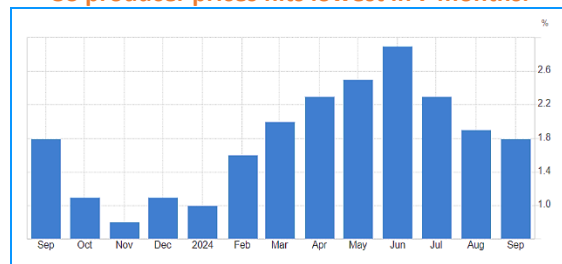
Producer prices increased 1.8% y-o-y, the lowest in seven months, following an upwardly revised 1.9% increase in August but above forecasts of 1.6%.

Annual core producer inflation – which excludes prices for foods and energy – increased to 2.8% from an upwardly revised 2.6% in August and above forecasts of 2.7%.

US inflation rate slows less-than-expected.



US producer prices hits lowest in 7 months.



Market Update

Equities: US stocks gain on Q3 earnings reports from big banks.

US: The **S&P 500** was up (+1.1% w-o-w to 5,851), powered by strong earnings reports from major banks, setting an optimistic tone for the Q3 earnings season.

Eurozone: Equity markets rose (**Eurostoxx 50**, +1.0% w-o-w, to 5,004), benefitting from a positive start of the session for North American counterparts with support from a positive start of the earnings season in the US, while investors assessed a batch of economic data.

EMs: Equities fell (**MSCI EMs**, -1.7% w-o-w, to 1,160), as Chinese stocks pulled back (**Shanghai Comp.**, -3.6% w-o-w, to 3,218), as profit-taking and concerns about the effectiveness of monetary stimulus measures in boosting growth prevailed.

Fixed Income: Fixed incomes fall, as UST and German Bund yields advance.

Global fixed incomes fell (**BAML Global**, -0.4% to 274.0), and **UST yields** rose (+9bps, to 4.07%), the highest in over 2 months after fresh price data consolidated lingering concerns that inflation may remain sticky above the Fed’s target.

In the EZ, the yield on the **German 10-year Bund** rose (+6bps to 2.28%), the highest since early-September, tracking an uptick in global bond yields.

FX: DXY rises to 2-month high; EUR falls overall USD strength.

The **DXY index** strengthened (+0.4% w-o-w, to 102.890), its highest in nearly 2 months, as the latest economic data continued to favor a less-dovish Fed outlook.

The **EUR/USD** weakened (-0.4% w-o-w, to 1.094), prompted by a general USD strength amid prospects the Fed will lower borrowing costs at a slower pace.

Commodities: Oil prices rise on supply concerns; Gold gains appeal.

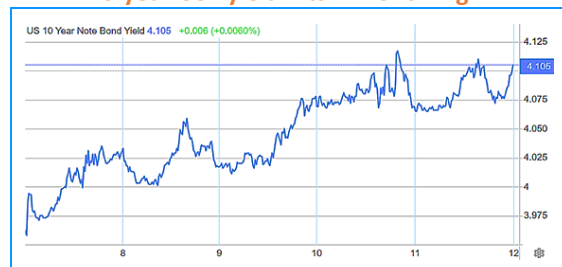
Oil prices rose (Brent, +1.3% w-o-w, to 79.0 USD/b), as investors weighed the potential supply disruptions from the Middle East conflict and the effects of Hurricane Milton on fuel demand in Florida.

Gold prices gained (+0.1% w-o-w, to 2,656 USD/Oz) as traders continued to assess the FOMC’s policy direction following mixed economic data.

US S&P 500 hits new high.



10-year UST yield hits 2-month high.



Brent advances for second week.



Week Ahead

In the US, focus will be on the retail sales report and speeches from several FOMC officials, followed by industrial production, import and export prices, building permits, and housing starts. Meanwhile, the earnings season will hit full stride with reports expected from megacaps like UnitedHealth, Johnson & Johnson, Bank of America, Abbott, Netflix, and Procter & Gamble. In the EZ, all eyes will be on the ECB’s interest rate decision. In the UK, key reports will include the unemployment rate, inflation figures, and retail sales.