

Pre-U.S. Market Report

Friday, October 2, 2026



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Market Review

Major stock indexes ended mixed on Thursday. The S&P 500 and the Dow Industrial Average closed lower by -0.12% and -0.14% respectively. However, the Nasdaq 100 increased by 0.20%. The odds of an October Fed rate hike have roughly halved since Monday, and the Dollar Index has risen on every one of those days. It trades near 102.10, its highest since April 2025. The index is moving with Crude Oil and the Euro rather than with the odds for the Fed's next meeting. The Fed raised its rate to 3.75-4.00% on September 16, and Fed Chair Warsh said inflation had been too high for too long. New York Fed President Williams said on Tuesday there was no need for urgency in raising it again, though he expects another increase this year. Job openings and consumer confidence both came in soft the same day, and core Personal Consumption Expenditures (PCE) prices rose 0.2% in August, less than forecast. Minneapolis Fed President Kashkari said on Thursday he has no strong view on October and still expects more hikes. His own projection has one more quarter-point this year and another in 2027. Futures put the chance of an October hike at about 70% on Monday and under 40% after the PCE release. They still price another hike this year and close to four by the end of 2027, so the market has moved the next hike rather than cancelled it. President Williams asked for no urgency, and traders applied that to October and to nothing after it.

A fresh reading on the Federal Reserve's preferred inflation gauge released Wednesday showed prices cooled more than expected in August — and is likely to quell some of the urgency for another interest rate hike next month. The Personal Consumption Expenditures (PCE) index rose 3.4% in August, less than expectations for 3.7% — a level held for much of the summer. Excluding volatile energy and food prices, core PCE rose 3%, beating expectations for a rise of 3.3% and marking a drop from 3.3% in July. Month over month, core PCE inched down a tenth of a percentage point to 0.2% from July and beat expectations of a 0.3% rise. "Core price pressures are slightly less firm than feared and provide some support to our view that the Fed will pause in October," said Stephen Brown, chief North America economist, for Capital Economics. Part of the reason for the cooler reading is that the Bureau of Economic Analysis updated its methodology for calculating specific components of the PCE price index, retroactive to 2021.

Real gross domestic product (GDP) increased at an annual rate of 2.2 percent in the second quarter of 2026 (April, May, and June), according to the third estimate released today by the U.S. Bureau of Economic Analysis (BEA). In the first quarter, real GDP increased 2.5 percent (revised). Real GDP was revised up 0.7 percentage point from the second estimate, primarily reflecting upward revisions to investment, consumer spending, and government spending. The contributors to the increase in real GDP in the second quarter were consumer spending, investment, and exports. Imports, which are a subtraction in the calculation of GDP, increased. From an industry perspective, the increase in real GDP reflected increases in real value added of 2.5 percent for private services-producing industries, 2.3 percent for private goods-producing industries, and less than 0.1 percent for government. The leading industry contributors to the increase in real GDP were real estate and rental and leasing, information, durable goods manufacturing, and finance and insurance. The leading offsets were decreases in transportation and warehousing, retail trade, and nondurable goods manufacturing.

China's economy continues to present a mixed picture, with strong industrial and export performance offset by weak domestic demand and investment. Industrial production expanded 5.2% year-on-year in August, accelerating from 4.5% in July and exceeding expectations, while exports surged 25% year-on-year, supported by particularly strong demand for high-tech, semiconductor and AI-related products. However, domestic conditions remain considerably softer: retail sales increased only 0.4%, signaling subdued household consumption, while fixed-asset investment fell 7.2% during the first eight months of the year, and the prolonged property-sector downturn continues to weigh on confidence and investment. Reuters Beijing has responded with targeted fiscal support, including an 800 billion yuan infrastructure financing initiative, although resilient exports have reduced the immediate pressure for aggressive monetary stimulus. External conditions have also improved somewhat following recent US-China negotiations, with Washington and Beijing extending their trade truce and agreeing to tariff reductions covering around \$60 billion of bilateral trade, reducing near-term trade uncertainty.

As the week comes to an end, the economic calendar gets heavy, with attention shifting to today's key labor data which include Average Hourly Earnings, NFP, and the Unemployment Rate. Beyond economic data, investors will continue to closely monitor the ongoing corporate earnings season, with several major companies across the Nasdaq 100, Dow Jones, and S&P 500 scheduled to report their results.

Trade safely.

DXY.F

US Dollar Index

Market Price: **101.869**

Daily Pivot: **101.436**



Daily Expected Range:



Technical View:

The major trend is Bullish.

On the H1 chart, the USD Index is hovering around 101.869. A sustainable break above 103.526 will lead to higher levels reaching 105.745. Yet, A break back below 99.247 will lead to lower levels reaching the 97.463 area.

Comments:

- The US Dollar Index (DXY) strengthens to around 102.10, reaching its highest level since April 2025 and extending its advance despite declining expectations for an October Fed rate hike.
- October Fed hike expectations have fallen sharply, dropping from roughly 70% on Monday to below 40% following softer US economic and inflation data.
- The Dollar's strength despite falling October hike odds suggests other factors are currently dominating FX markets, particularly elevated Treasury yields, Oil prices and weakness in the Euro.
- The Federal Reserve raised rates by 25 basis points in September to 3.75%–4.00%, while policymakers continue to emphasize that inflation remains above target.
- New York Fed President John Williams has argued that there is no urgency to hike again in October, although he still expects additional monetary tightening later in the year.
- Recent US economic data have provided reasons for the Fed to wait, with softer job openings, weaker consumer confidence and below-forecast core PCE inflation.
- Core PCE increased just 0.2% month-over-month in August, contributing to the sharp reduction in expectations for an immediate October rate increase.
- Minneapolis Fed President Neel Kashkari remains open-minded about October, while still projecting another quarter-point hike this year and an additional increase in 2027.
- Markets have largely postponed rather than eliminated expectations for further Fed tightening, with another increase still priced for 2026 and close to four hikes priced through the end of 2027.

EURUSD

Euro

Market Price: **1.12613**

Daily Pivot: **1.13105**



Daily Expected Range:

1.03573

1.09352

1.20823

1.27648

Technical View:

The major trend is Bullish.

On the H1 chart, the Euro is hovering around the 1.12613 area; a sustainable break above the key level 1.20823 will lead to the 1.27648 area. Yet, a sustainable break back below 1.09352 will lead to the 1.03573 level.

Comments:

- EUR/USD extends its decline to around 1.1235, as Euro weakness combines with continued strength in the US Dollar.
- French fiscal concerns are becoming a significant headwind for the Euro, following the government's presentation of its 2027 budget amid growing concerns over the country's public finances.
- French 10-year government bond yields recently reached their highest level since 2002, reflecting increased investor concern over France's fiscal outlook, although yields have since pulled back.
- Renewed strength in Oil prices is adding to European inflation concerns, as the prolonged US-Iran conflict continues to create uncertainty around global energy supplies.
- The current Dollar rally is not being driven solely by expectations for an immediate Fed hike, with safe-haven demand stemming from European fiscal uncertainty also supporting the Greenback.
- The US Dollar and Japanese Yen are both benefiting from defensive flows, indicating a broader risk-off move in currency markets.
- Hawkish comments from Federal Reserve officials continue to provide underlying support to the Dollar, even as expectations for an October rate hike decline.
- Dallas Fed President Lorie Logan suggested that at least another 50 basis points of tightening may be required to make monetary policy modestly restrictive and return inflation toward the Fed's 2% target.
- Markets currently price only around a 24.9% probability of an October Fed rate hike, showing that expectations for immediate tightening have fallen substantially.
- However, the probability of a December rate hike remains much higher at approximately 79.4%, suggesting markets have largely postponed rather than eliminated expectations for further Fed tightening.
- Elevated US Treasury yields remain another important source of Dollar strength.

USDJPY

Japanese Yen

Market Price: **157.760**

Daily Pivot: **157.258**



Daily Expected Range:

153.846

155.623

159.483

161.354

Technical View:

The major trend is Bullish.

On the H1 chart, the USDJPY is hovering around the 157.760 level; A sustainable break above 159.483 will lead to the 161.354 area. Yet, a break below the 155.623 level will lead to the 153.846

Comments:

- USD/JPY edges lower below the 158.00 level, although the pair remains close to the weekly high reached on Thursday.
- The Japanese Yen is receiving support from stronger Tokyo inflation data, which showed that consumer price pressures accelerated in September.
- Higher Japanese inflation strengthens the case for additional Bank of Japan tightening, providing some underlying support to the Yen.
- The BoJ's latest Summary of Opinions showed policymakers discussing the need for further rate hikes to gradually reduce Japan's still-accommodative financial conditions.
- Expectations for additional BoJ tightening could help narrow the US-Japan interest-rate differential, limiting further upside in USD/JPY.
- Currency intervention risk also remains elevated, as traders remain cautious that Japanese authorities could step into the FX market again to counter excessive Yen weakness.
- However, the broader US Dollar remains exceptionally strong, limiting the extent of the decline in USD/JPY.
- The Dollar is trading near its highest level since March 2025, supported by elevated US Treasury yields and persistent demand for US assets.
- Expectations for an October Fed rate hike have declined, but markets continue to anticipate additional monetary tightening later in the cycle.

GBPUS

British Pound

Market Price: **1.32123**

Daily Pivot: **1.32686**



Daily Expected Range:

1.28345

1.30484

1.34587

1.36678

Technical View:

The major trend is Bullish.

On the H1 chart, the Pound is hovering around the 1.32123 level; a break above 1.34587 will lead us to 1.36678. Yet, a sustainable a break under 1.30484 will lead to lower levels reaching 1.28345.

Comments:

- GBP/USD trades marginally higher just above 1.3200, but remains close to Thursday's four-week low around 1.3180.
- The British Pound remains under broader selling pressure, with GBP/USD heading toward its fifth consecutive weekly decline.
- Persistent US Dollar strength remains the main headwind for Sterling, as investors favor the Greenback amid elevated global bond yields and broader market uncertainty.
- The global bond-market selloff continues to support the Dollar, as high US Treasury yields increase the relative attractiveness of Dollar-denominated assets.
- Friday's US Nonfarm Payrolls report is the key immediate catalyst for GBP/USD, with markets expecting approximately 90,000 new jobs in September.
- The US unemployment rate is forecast to remain unchanged at 4.1%, making the strength of job creation and wage growth particularly important for Fed expectations.
- Wednesday's stronger-than-expected ADP employment report increased expectations for a resilient NFP reading, providing some underlying support to the Dollar ahead of the release.
- However, softer recent US inflation data have significantly reduced expectations for another Fed rate hike in October, limiting some of the Dollar's interest-rate support.
- Federal Reserve officials have pushed back against expectations for immediate back-to-back rate hikes, suggesting policymakers may have room to wait before tightening again.

AUDUS

Australian Dollar

Market Price: **0.69393**

Daily Pivot: **0.69853**



Daily Expected Range:

0.65348

0.67235

0.71463

0.73565

Technical View:

The major trend is Bullish.

On the H1 chart, the Aussie is hovering around the 0.69393 level; a break above 0.71463 will lead to higher levels reaching 0.73565. Yet, a sustainable break under 0.67235 will lead to further losses reaching 0.65348.

Comments:

- AUD/USD trades lower around 0.6928, with the Australian Dollar declining approximately 0.26% against the US Dollar.
- The US Dollar extends its advance for a fourth consecutive session, keeping pressure on the Aussie despite declining expectations for an immediate Fed rate hike.
- Fed officials are signaling patience ahead of the October 28 meeting, suggesting policymakers may prefer to assess additional economic data before adjusting rates again.
- Fed Vice Chair Philip Jefferson indicated that the US economy is close to maximum employment, supporting a patient approach toward further monetary tightening.
- Minneapolis Fed President Neel Kashkari remains more hawkish, continuing to argue that additional rate hikes may ultimately be necessary.
- Resilient US economic data are providing underlying support to the Dollar, even as markets reduce expectations for an October rate increase.
- US ISM Manufacturing PMI remained firmly in expansion territory at 54.5 in September, only slightly below the previous 54.6 reading.
- The ISM Prices Paid Index jumped sharply from 71.1 to 77.9, highlighting significant input-cost pressures, particularly from elevated energy prices.
- US Initial Jobless Claims came in at just 197,000, reinforcing the view that the labor market remains relatively strong.

USDCA

Canadian Dollar

Market Price: **1.42227**

Daily Pivot: **1.41964**



Daily Expected Range:

1.38267

1.40613

1.44578

1.46719

Technical View:

The major trend is Bullish.

On the H1 chart, the USDCAD is hovering around the 1.42227 level; a break above 1.44578 will lead to higher levels reaching 1.46719. Yet, a sustainable break below 1.40613 will lead to the 1.38267 level.

Comments:

- USD/CAD rebounds to around 1.4230, recovering from the previous session's losses as the US Dollar remains broadly supported.
- Persistent US Dollar strength continues to underpin the pair, with elevated energy costs keeping inflation concerns firmly in focus.
- Expectations that US interest rates will remain elevated are providing additional support to the Greenback, despite reduced conviction around an immediate October Fed hike.
- Friday's US Nonfarm Payrolls report is the key near-term catalyst, as investors look for further clues about the Federal Reserve's monetary policy path.
- US payrolls are expected to increase by around 90,000 in September, slowing considerably from the previous month's 162,000 increase.
- The US unemployment rate is forecast to remain unchanged at 4.1%, making the strength of job creation and wage growth important for future Fed expectations.
- Canadian Dollar weakness is providing another source of upside for USD/CAD, particularly as the commodity-linked currency remains sensitive to movements in crude Oil.
- Recent weakness in Oil prices has weighed on the CAD, as Middle Eastern supply flows have recovered toward pre-war levels and eased immediate concerns about global shortages.
- However, the sustainability of the Middle East supply recovery remains uncertain, particularly without a formal agreement to end the ongoing conflict.

USOIL

WTI Crude Oil

Market Price: **90.320**

Daily Pivot: **87.548**



Daily Expected Range:



Technical View:

The major trend is Bullish.

On the H1 chart, the US Oil is hovering around the 90.320 level; a sustainable break above 97.472 level will lead to the 103.632 level. While a break below 85.738 will lead to the 79.356 level.

Comments:

- WTI Crude Oil pulls back moderately on Friday, trading just below \$91.00 per barrel after reaching a high of \$92.64 on Thursday.
- WTI has turned negative on a weekly basis, as improving Middle Eastern supply conditions reduce some of the geopolitical risk premium embedded in prices.
- Middle Eastern crude flows have recovered significantly, averaging around 17.7 million barrels per day in September, equivalent to roughly 98% of pre-war levels.
- Fuel exports from the region averaged around 3 million barrels per day, although this remains at only about 58% of pre-war supply levels.
- Improving Gulf exports are easing concerns over immediate global supply shortages, placing downward pressure on crude prices despite continued geopolitical uncertainty.
- Pressure on energy prices has also eased following calls for European countries to release diesel inventories, which could increase available fuel supply and alleviate market tightness.
- However, WTI's decline remains limited by escalating US-Iran tensions, preventing a more substantial unwinding of the geopolitical risk premium.
- Reports that the Pentagon is sending a third aircraft carrier and approximately 10,000 personnel to the region have increased concerns about renewed military escalation.
- Security risks around the Strait of Hormuz remain elevated, with another tanker reportedly struck by an unidentified projectile while crossing the strategic waterway.

XAUUS

Gold

Market Price: **4182.84**

Daily Pivot: **4106.75**



Daily Expected Range:

3845.52

4014.40

4343.04

4511.92

Technical View:

The major trend is Bullish.

On the H1 chart, the Gold is hovering around the 4182.84 level; a sustainable break above 4343.04 will lead to gains reaching 4511.92. While a break below 4014.40 will lead to the 3845.52 level.

Comments:

- Gold (XAU/USD) remains in a sideways consolidation below \$4,200, as traders avoid taking large directional positions ahead of the crucial US employment report.
- Friday's Nonfarm Payrolls report is the main near-term catalyst for Gold, with the US economy expected to add around 90,000 jobs in September, down sharply from 162,000 in August.
- The US unemployment rate is expected to remain unchanged at 4.1%, providing another important signal about the strength of the labor market.
- Average Hourly Earnings will also be closely watched, as stronger wage growth could reinforce inflation concerns and expectations for additional Federal Reserve tightening.
- Expectations for an immediate October Fed rate hike have declined, following comments from several FOMC officials suggesting there is no urgent need to tighten policy again.
- However, the possibility of additional Fed tightening later in the year remains in play, limiting Gold's ability to stage a stronger recovery.
- US manufacturing activity remained resilient in September, with the ISM survey indicating expansion for the ninth consecutive month.
- Manufacturing input prices increased for a 24th consecutive month, reinforcing concerns that underlying inflationary pressures remain persistent.
- Volatile and elevated energy prices are adding to inflation risks, helping keep US Treasury yields near multi-year highs and creating a headwind for non-yielding Gold.

DJIA

Dow Jones Industrial Average Index

Market Price: **51084.50**

Daily Pivot: **50684.36**



Daily Expected Range:

49694.52

50375.86

51719.98

52376.74

Technical View:

The major trend is Bullish.

On the H1 chart, the Dow is hovering around the 51084.50 level; a sustainable break above the 51719.98 level will lead to the 52376.74 area. However, a close below 50375.86 can lead to further losses reaching 49694.52.

Comments:

- US stock futures trade mixed, with Dow Jones futures down 0.42% near 51,060, while S&P 500 futures rise 0.09% to around 7,720 and Nasdaq 100 futures gain 0.51% to approximately 30,850.
- Technology stocks are showing relative strength, while the Dow remains under pressure from weakness in more rate-sensitive industrial and financial shares.
- Elevated US Treasury yields remain a major headwind for equities, as markets continue to assess persistent inflation risks and the possibility of tighter Federal Reserve policy.
- The 10-year Treasury yield climbed to around 5.33%, while the 30-year yield reached approximately 5.67%, both around multi-decade highs.
- Higher Oil prices are contributing to inflation concerns, increasing the risk that elevated energy costs could keep broader price pressures persistent.
- US-Iran negotiations have made limited progress, keeping geopolitical uncertainty elevated despite signs that Middle Eastern Oil supply flows are recovering.
- During Wednesday's regular session, the Dow fell 0.86% and the S&P 500 declined 0.25%, while the Nasdaq Composite gained 0.24%.
- Financial and industrial stocks were among the main sources of weakness, as rising bond yields continued to weigh on sentiment and financing conditions.
- Recent US inflation data provided some relief, with headline PCE rising 0.3% month-over-month, below the 0.4% forecast.

DAX

Dax Performance Index

Market Price: **25022.10**

Daily Pivot: **24852.94**



Daily Expected Range:

24236.42

24653.84

25459.21

25864.23

Technical View:

The major trend is Bullish.

On the H1 chart, the Dax is hovering around the 25022.10 level. A sustainable break above 25459.21 will lead to the 25864.23 level. While a break back below 24653.84 will lead to the 24236.42 level.

Comments:

- The DAX trades around 24,991, slipping below the psychologically important 25,000 level and extending its recent weakness.
- Elevated bond yields remain a major headwind for German equities, with US Treasury yields still around multi-decade highs. The 10-year yield was recently around 5.3%, while the 30-year approached 5.7%.
- Higher yields are tightening global financial conditions and pressuring equity valuations, particularly rate-sensitive and highly leveraged sectors.
- The DAX has now fallen materially from the 25,500 area seen earlier this week, highlighting a deterioration in short-term momentum.
- Oil prices remain another important risk for German equities, as elevated energy costs can increase input expenses for Germany's energy-intensive industrial and manufacturing sectors.
- Persistent US-Iran tensions are keeping the geopolitical risk premium elevated, adding uncertainty around global energy prices and weighing on European risk sentiment.
- The stronger US Dollar and elevated US yields are also contributing to tighter global financial conditions, despite softer-than-expected US PCE inflation.
- Fed rate-hike expectations have moderated significantly, with markets recently pricing a much lower probability of an October increase than at the beginning of the week.
- However, resilient US growth and persistent inflation risks mean monetary policy could remain restrictive, limiting the positive impact of reduced near-term Fed hike expectations.