# Brawne Protect

Global Financial Markets Weekly Summary

**WEEK UNDER REVIEW: 14 – 21 OCTOBER 2026**

*Compiled 21 October 2026 · For clients of Brawne Protect*

## Oil shock, AI correction and French unrest set the tone for the week

Markets spent the week digesting an AI-valuation correction, an oil shock and fresh political risk in Europe. Crude was the dominant macro driver: Brent traded near $109–111 a barrel — a five-month high — on Middle East supply fears and attacks linked to the Iran conflict, with WTI around $99–104[3, 11]. The oil spike rekindled inflation and rate-hike concerns: the US 10-year Treasury yield pushed back toward 5.14–5.15%, and futures markets price roughly a 94% probability of a Federal Reserve rate increase in December, even as the Fed is expected to hold at its 27–28 October meeting[3]. Gold eased for a third session to about $4,124 an ounce on higher yields, though it has defended the $4,100 level all month[3]. In geopolitics, President Trump signed an executive order waiving Graham Act sanctions and tariffs on Russian energy for 60 days, citing peace talks and Russia's diesel supplies — a move that drew bipartisan criticism[8, 12].

### United States

**Tech-led turbulence, then a bounce.** The prior week was the Nasdaq's worst since June: it fell 4.5%, with the S&P 500 down 1.9% and the Dow up 0.7%. The selloff centred on AI and semiconductor shares — the information-technology sector fell 6.6%, semiconductors about 11% and Nvidia roughly 7% — as investors questioned how the data-centre build-out is financed; neo-cloud provider CoreWeave lost about 25% in a week and some of its debt traded at distressed levels. Yet roughly seven in ten S&P 500 stocks actually rose, pointing to rotation rather than broad liquidation[1, 2]. On Monday 19 October the Nasdaq rebounded 1.1% and the S&P 500 0.4%, led by memory and chip names[1].

**Earnings test.** Netflix beat third-quarter estimates but cut its 2026 advertising revenue outlook by $300 million; the stock fell about 4.6%[9]. Meta, Tesla and IBM report on 21 October — Meta's AI capital spending is the week's most consequential test[2]. Hotter-than-expected consumer and producer price data (the 10-year yield briefly touched 5.33%) and oil above $100 have dented hopes of near-term Fed easing[1, 2].

### Europe

**French unrest rattles markets.** Violent cost-of-living protests in France — spreading to parts of Italy — triggered stock and bond selling and pushed the euro lower. The CAC 40 fell again on 20 October and sits about 10% below its August peak, in correction territory; the EURO STOXX 50 is roughly 7% off its peak. The STOXX 600 dipped 0.14% to 638.64 after a 0.8% fall the previous session, with France's fiscal deficit and presidential elections due in six months adding to nerves[4, 5, 6]. Strategists note this has been one of the best European earnings seasons in years, helping offset high oil prices and elevated bond yields — the UK 10-year gilt yields about 5.44% and the German bund 3.45%[5, 8].

### Asia

**China beats, modestly.** Third-quarter GDP grew 4.5% year-on-year, above the 4.4% consensus but at the bottom of Beijing's 4.5–5% target range. September exports surged 36.3% in US-dollar terms and industrial output rose 5.5%, but retail sales grew just 1.1% and property investment is down 20.6% year-to-date — a two-speed economy. The IMF projects growth of 4.5% for 2026 and 4.0% for 2027[7].

**Japan's AI unwind.** The Nikkei fell 5.4% in the week to 16 October, dipped below 64,000 intraday on Monday — a one-month low — to close at 64,916.70, and fell a further 1.1% (841 points) on Tuesday as SoftBank Group dropped 6.6% on reports that OpenAI may postpone its IPO. The yen weakened to about 158.5 per US dollar, prompting fresh intervention warnings from the finance minister. BOJ Governor Ueda says underlying inflation is approaching 2%, keeping a December rate hike in focus after September's move to 1.25%[10, 14]. Elsewhere on 20 October the Hang Seng fell about 1.1% and Shanghai 0.1%; in Seoul, AI-infrastructure listing Ellis plunged nearly 40% below its IPO price on debut despite being 400-times subscribed — a warning for the AI trade. The Bank of Korea is expected to hold at 3.00% on 22 October[8, 14].

### Africa (excluding South Africa)

**Egypt's** S&P Global PMI fell to 47.2 in September from 49.6, signalling a faster contraction; the EGX30 slipped to 53,553 and the pound trades near EGP 54.5 to the dollar[13, 15]. **Kenya's** PMI returned to expansion at 51.3 and the shilling is steady around KES 129–130; Nairobi is weighing a roughly US$500 million (10%) stake in Dangote's planned US$16 billion Lamu refinery[13, 15, 16]. **Nigeria's** naira trades near N1,333 to the dollar; public servants ended a three-day warning strike, and Afreximbank is convening its AfSNET investment conference in Cross River State to advance sub-sovereign funding[13, 15, 16]. **Ethiopia** joined the PAPSS cross-border payment network on 15 October, while security risk rose after Ethiopian forces took Tigray's capital Mekelle, prompting a joint declaration by Egypt, Eritrea, Somalia and Sudan — a potential second front near Red Sea shipping lanes[13, 16].

### South Africa

**Inflation:** September CPI rose to 4.5% year-on-year from 4.4%, below the 4.7% expected but still well above the Reserve Bank's 3% target. Transport inflation hit 10.8% and fuel 27.9% (diesel +46%) after record October price hikes — petrol 95 rose R3.33 a litre to about R30. Core inflation eased to 4.0%[17, 18].

**Hawkish rates:** the SARB, which hiked the repo rate 25 basis points to 7.25% in September, expects inflation to average 4.4% in 2026 and to stay above 5% into the second quarter of 2027, citing the oil shock and destroyed refining capacity keeping fuel costs elevated[18, 19, 20].

**MTBPS today:** Finance Minister Enoch Godongwana tables the Medium-Term Budget Policy Statement in Parliament today (21 October). Markets will scrutinise tax revenue, the

debt-to-GDP path, the primary surplus and growth forecasts — economists expect a broadly positive story[21, 22].

**Currency and equities:** the rand firmed modestly to around R16.6 to the dollar ahead of the budget and CPI release, after four straight weekly losses driven by a strong dollar and high US yields. The JSE Top-40 has been under pressure, though miners are supported by elevated precious-metal prices[20, 23].

### What to watch

Meta and Tesla results and US flash PMIs (21–23 Oct); the FOMC meeting (27–28 Oct); the BOJ decision (29–30 Oct); the Bank of Korea (22 Oct); the MTBPS market reaction and the rand; China's October PMIs (31 Oct); South African local elections (4 Nov) and the SARB's November MPC (19 Nov)[2, 3, 7, 10, 20].

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