



# The Week Ahead

October 06 - October 10, 2025

## A Fragile Hope: The New Gaza Peace Deal

The Trump-brokered Gaza peace deal marks a pivotal moment for corporate strategy in the Middle East, offering both opportunity and uncertainty. The proposed ceasefire and postwar governance framework led by Palestinian technocrats and an international supervisory body could unlock long-stalled infrastructure, logistics, and humanitarian projects. For companies in construction, telecom, energy, and aid delivery, the potential reopening of border crossings and demilitarisation of Gaza presents a rare window for re-entry into a region long deemed too volatile for sustained investment. However, the plan's controversial elements, including amnesty for Hamas fighters and exclusion of the Palestinian Authority, may complicate risk assessments and delay capital deployment.

Investor sentiment remains cautiously optimistic, buoyed by the prospect of reduced geopolitical tensions and a more stable operating environment. The deal's emphasis on non-displacement, international oversight, and temporary governance could reassure multinationals and donors seeking transparency and accountability. Yet the lack of clarity around enforcement mechanisms particularly regarding Israeli military withdrawal and Hamas disarmament leaves room for volatility. Corporates with regional exposure are likely to adopt a phased approach, prioritising humanitarian partnerships and supply chain restoration while monitoring political implementation milestones such as hostage releases and troop repositioning.

If successful, the peace deal could catalyze broader normalisation across the region, especially between Israel and Gulf states, reviving trade corridors and cross-border investment. This would benefit sectors ranging from fintech and agritech to tourism and education, as regional integration deepens. Moreover, the timing coinciding with the Nobel Peace Prize announcement and the anniversary of the October 7 attacks adds symbolic weight, potentially boosting diplomatic momentum and investor confidence. For now, corporate leaders are watching closely, balancing hope with realism as the region inches toward a fragile but potentially transformative peace.

## Japan's Household on the rise despite inflationary pressures

Household spending in Japan is poised for a tentative but cautious uptick in the near term, propelled largely by momentum in services, modest wage gains, and seasonal factors. Data from July showed household spending rising 1.4% year-on-year and 1.7% month-on-month, slightly beating expectations. Meanwhile, although recent months have seen volatility (April saw a month-on-month drop of 1.8%), the trend in the three-month moving average suggests some stabilisation of consumer behaviour. The Bank of Japan's regional reports also indicate a cautiously optimistic stance, noting moderate improvement in demand across most regions. To most economists this signalled that consumer sentiment may be firming slightly, especially in urban and service-intensive areas.

That said, downside risks remain prominent. Inflation pressures (especially on food, energy, and processed goods) continue to erode real purchasing power, and recent government revisions have signalled downward pressure on growth forecasts partly due to weaker consumption. Moreover, trade tensions (notably with the U.S.) are clouding the outlook for both business investment and wage momentum, which in turn dampens consumer confidence. In the coming week, business analysts will be closely watching the release of household spending and wage statistics—if spending surprises on the upside, it would reinforce expectations of further monetary tightening by the BOJ; but a weak print would raise the specter of demand faltering and heighten calls for supportive fiscal measures.

## Economic Calendar

Monday

- UK: Construction PMI (Sep)
- JP: Household Spending (YoY) (Aug)
- NZ: NZIER Business Confidence (Q3)

Tuesday

- CA: Trade Balance (Aug)
- US: Trade Balance (Aug)
- AU: NAB Business Confidence (Sep)

Wednesday

- US: Crude Oil Inventories
- UK: RICS House Price Balance (Sep)

Thursday

- BR: CPI (YoY) (Sep)
- US: Fed Chair Powell Speaks
- EU: Eurogroup Meetings
- DE: Trade Balance (Aug)

Friday

- US: Federal Budget Balance
- CH: SECO Consumer Climate
- CA: Unemployment Rate (Sep)

Importance Level: Low ● Medium ● High ●

### Household Spending Has Failed to Build Momentum



Source: Japan's ministry of internal affairs

Bloomberg



# The Week Prior

September 29 - October 03. 2025

## U.S. Economy Faces Uncertainty: Costly Government Shutdown

The U.S. economy is facing a twin shock through a slowing labor market and the sudden loss of its most important data stream. September was expected to bring only a modest payroll gain of about 50,000 jobs after August's weak 22,000 increase and a four-year-high unemployment rate of 4.3%, signaling that the post-pandemic hiring surge is losing steam. But with the government shutdown halting the Bureau of Labor Statistics, the official jobs report never arrived. Instead, markets were left with private indicators such as ADP, which estimated a 32,000-job decline in September is a worrisome sign but one that lacks the credibility and detail of the federal data series.



This information blackout has real economic costs. The Federal Reserve, which was already balancing high inflation with a cooling job market, must now make policy decisions with incomplete evidence. A lack of reliable labor and inflation data can push the Fed toward caution, but it can also raise uncertainty in financial markets, where investors demand higher risk premiums when they cannot predict policy moves. The result is tighter credit and higher borrowing costs, a headwind for businesses and households even before any formal rate decision. At the same time, the shutdown itself weighs on growth. Economists estimate it is draining between \$7 billion and \$15 billion from the economy each week. Some of that activity is recouped when back pay and delayed spending resume, but prolonged uncertainty can permanently cancel projects, stall business investment, and suppress hiring. The impact spreads beyond furloughed federal workers to small businesses and local economies that depend on government contracts and consumer spending.

Adding to the challenge, the shutdown fight is linked to health-care funding, with potential premium hikes of 18% in 2026 and the expiration of key subsidies that could sharply raise out-of-pocket costs for millions. That looming burden on household budgets could weaken consumer spending just as the labor market cools. Together, a delayed understanding of economic conditions, direct fiscal drag from the shutdown, and longer-term risks to disposable income create a dangerous mix: slower growth now and a harder recovery later if policy uncertainty persists. Beyond the immediate economic drag, the shutdown also undermines global confidence in U.S. policy stability. Financial markets depend on timely data, predictable fiscal management and repeated budget brinkmanship risks eroding the U.S. government's reputation as a reliable steward of the world's largest economy.

## Japan's First Female Prime Minister and Her Economic Playbook

Japan is entering uncharted territory as Sanae Takaichi, a hardline conservative and protégé of Shinzo Abe prepares to become the country's first female prime minister. Her rise comes at a time of deep political fragmentation: the ruling Liberal Democratic Party (LDP) has lost its majority in both houses of parliament, forcing her to negotiate with smaller, more populist parties to pass budgets and reforms. Markets reacted quickly to her pro-business credentials. The Nikkei 225 surged nearly 5% to a record high on expectations of fiscal stimulus and continued easy monetary policy, even as the yen fell to fresh lows against the dollar and euro.

Economically, Takaichi signals a return to the "Abenomics" playbook: heavy government spending, cheap borrowing costs, and pressure on the Bank of Japan to keep monetary policy loose. This combination could boost corporate profits and asset prices in the short term, but it risks aggravating Japan's long-term structural issues. High public debt, persistent yen weakness, and inflation that has already exceeded the Bank of Japan's 2% target for more than three years. Bond traders are wary of renewed heavy issuance of government debt, with 30-year Japanese government bond (JGB) yields expected to rise if Takaichi follows through on stimulus and defence spending promises. Yet Takaichi's ability to implement this agenda faces serious political hurdles. Her hardline nationalism and tough stance on immigration could alienate the centrist Komeito party. Without stable allies, her government may be forced into ad hoc legislative deals or even a snap election to shore up support, which could slow the rollout of stimulus and create policy volatility. Diplomatically, her hawkish foreign policy stance toward China and Taiwan risks trade and investment frictions just as Japan is struggling with an unpalatable U.S. tariff deal and a fragile export sector.

For investors and businesses, the outlook is both promising and precarious. Equity markets are rallying on expectations of bold fiscal stimulus and pro-business reforms are sounding alarms over rising debt levels and geopolitical friction. If Takaichi can hold her fragile coalition together, deliver targeted spending, and keep relations with Washington and Beijing stable, Japan could enjoy a short-term growth surge and stronger corporate earnings. But if political divisions deepen or foreign tensions flare, the early market optimism may quickly unravel, driving yen volatility and a slide in business confidence.





# Most anticipated earnings release

For the week beginning

October 06 - October 10, 2025

Monday

Tuesday

Wednesday

Thursday

Friday

Constellation Brands

AEHR TEST SYSTEMS

LIFEZONE METALS

Aspire

Lifecore BIOMEDICAL

NexMetals MINING CORP

McCormick

SARATOCA INVESTMENT CORP.

PENGUIN SOLUTIONS

BARNES & NOBLE education

diginex

RedCloud

AZAZZ INCORPORATED

RGP

Richardson Electronics

LAVORO

Since 1902 Bassett

ALPHATON CAPITAL

NUTEX HEALTH

PEPSICO

NEOGEN

DELTA AIR LINES

Levi's

TILRAY

nurix

UNITY BANK

HINGHAM INSTITUTION FOR SAVINGS

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