



Weekly Market Report For 29 September – 3 October 2025


Overview



- Major stock indexes close higher, shaking off a US government shutdown.
- US Government shutdown tends to be short-lived.
- Healthcare stocks jumped as Pfizer seals drug prices and US investment deals.
- OPEC+ decision eased fears of a supply glut.
- Japan stocks jump after the LDP leadership election.

Market Brief



 **Global shares extend gains last week.** US stock indexes closed higher as investors shrugged off the government shutdown, viewing it as having limited economic impact, while weak labor market data boosted expectations for a Fed rate cut.

US Government Shutdown

- The shutdown is a result of political deadlock between Democrats and Republicans. The Democrats are pushing to extend tax credits for health insurance under the Affordable Care Act (ACA) and to reverse Medicaid cuts. President Trump has threatened federal employee layoffs to pressure Democrats into passing the budget.
- The shutdown might introduce short-term volatility. Analysts expected lawmakers would reach deal to pass bills.
- Despite the government shutdown has delayed the release of key economic data, including the non-farm payrolls report, Wall Street ended on a positive note, US Treasury yields declined, the US dollar weakened, and gold prices surged on safe-haven demand.

US job market

- The ongoing US government shutdown has limited official data, pushing investors to rely on private reports. The ADP National Employment Report showed that private payrolls fell by 32,000 in September, missing economists' expectations of a 52,000 job gain, signaling continued labor market weakness. Additionally, August's figure was revised from a gain of 54,000 to a loss of 3,000 jobs.
- Weak labor market data boost expectations of a Fed rate cut in its October meeting. According to the CME FedWatch tool, investors are pricing in a 95% chance of a 25 bps cut in October.

Healthcare stocks

- Healthcare shares rallied after Pfizer a historic agreement with the Trump administration to offer "Most Favored Nation" (MFN) pricing for Medicaid — aligning US drug prices with the lowest in developed countries. The company will invest USD70 billion in US pharmaceutical manufacturing, which will receive a 3-year exemption from pharmaceutical tariffs as part of the deal.
- Goldman Sachs analysts noted that Pfizer's deal with the US government was seen as a positive step to mitigate regulatory risks, potentially serving as a template for other pharmaceutical companies. The healthcare sector's P/E ratios were noted to be significantly lower than the S&P 500, with strong EPS growth (projected at 11% in 2025 and 10% in 2026), making healthcare stocks appealing for investors seeking low downside risk and recovery potential.

Oil prices

- Oil prices settled lower last week as investors braced for potential OPEC+ plan to hike output in November. However, on October 6, oil prices rose in early trading, following the OPEC+ decision on October 5 to increase production by only 137,000 barrels per day, fell short of market expectations of 500,000 barrels and eased concerns about oversupply.

Japan


- Japan's Nikkei stock index jumped on Monday (October 3), and the yen weakened after the Liberal Democrats Party (LDP) elected Sanae Takaichi as its leader, defeating Shinjiro Koizumi in a runoff vote. Takaichi is known for her expansionary fiscal and monetary policies, and her victory positions her to become Japan's first female Prime Minister.

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Should you have any queries, please contact Krungsri Asset Management Company Limited or selling agents or mutual fund sales representatives.

 0-2657-5757

 krungsriasset.clientservice@krungsri.com

 www.krungsriasset.com