

Who rings the opening bell? Energy geopolitics

Macro headlines

Let us begin with energy geopolitics – the world's most reliable source of macro volatility in the recent months. Yemen's Houthi forces claimed responsibility for a ballistic missile and drone strike on an Aramco facility in Riyadh, framing the attack as retaliation for Saudi operations in Sanaa and other provinces. Despite escalating conflict and repeated attacks on vessels transiting the Strait of Hormuz, Middle East crude exports rose above pre-war levels in four of the final seven days of September, underscoring the region's ability to sustain supply even under pressure. OPEC+ kept production targets unchanged for November, signaling that policy adjustments are unlikely before 2027. Saudi Arabia cut its official selling prices to Asia to six-year lows while raising prices for northwest Europe and the Mediterranean, reflecting divergent regional demand dynamics. The G7 agreed to release 100m barrels of diesel and crude from emergency reserves and pledged to avoid export restrictions after pressure from President Trump, highlighting the degree to which energy security has become a central policy lever. Elsewhere in energy geopolitics, Ukraine signaled it will intensify strikes on Russian oil refineries in response to Moscow's renewed air campaign, adding another layer of geopolitical risk to global energy markets. Turning to macro policy, US Treasury Secretary Bessent downplayed concerns about rising US yields, arguing the move reflects global trends rather than idiosyncratic stress. He noted that investors are not rotating out of Treasuries into German or Japanese bonds, suggesting the selloff is broad-based rather than confidence driven. Moving to macroeconomic data, US labor data disappointed sharply. The economy added 29k jobs in September, well below expectations for 90k, with July and August revised down by a combined 60k. July now shows a 10k job loss. The unemployment rate ticked up to 4.2%, and participation held at 61.8%. The report marks a clear deceleration in labor momentum and raises questions about whether the Fed's September hike may have tightened conditions more than anticipated. Factory orders rose 0.1%, matching expectations, with strength in electrical equipment offset by weakness in commercial aircraft. In the eurozone, inflation surged to 3.8% y/y during September, driven by energy and food, with policymakers signaling the possibility of three additional ECB hikes. French debt dynamics remain a concern as spreads widen.

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Market performances

Markets reacted to the softer US payrolls print with a brief reprieve in yields before the global bond selloff resumed. Wall Street ended higher as expectations for an October Fed hike faded: traders now price an c80% probability of rates remaining unchanged, up from 74% before the data. Rate-sensitive equities outperformed, with the S&P 500 real estate index up 0.4% and the Russell 2000 gaining 0.9%, its strongest daily performance in a month. The Nasdaq led major indices, rising 1.2%, while the S&P 500 gained 0.7% and the Dow rose 0.5%. For the week, the S&P 500 fell 0.27%, the Nasdaq rose 0.45%, and the Dow declined 1.26%. MSCI's global index rose 0.6% on Friday, and the STOXX 600 gained 0.75%. Treasury yields initially fell on the weak payrolls print but reversed as investors reassessed the sovereign rate outlook. The 10-year ended up c5bps at 5.281%, while the 2-year rose 3.98bps to 4.827%. The 10-year registered a 10bps weekly increase, marking its fifth consecutive weekly rise. The gap between German and French 10-year yields widened to its largest since 2011, reflecting growing concern over French fiscal dynamics. European bond markets remained volatile, with German 2-year yields swinging between 2.943% and 3.063%, while French 2-year yields rose to 3.84% before settling at 3.73%. Oil prices remained volatile. The seven-month war continues to drive energy volatility, reinforcing inflation uncertainty. The dollar weakened against the euro (1.1259) and yen (157.79). Gold fell to USD4,136/oz, pressured by higher real yields despite geopolitical tension. Markets closed the last week navigating a complex mix of soft labor data, rising yields, widening European spreads, and

renewed energy market stress – a combination that keeps risk appetite fragile.

What's Next

This week brings a mix of earnings, central bank communication, and global inflation data. PepsiCo and Delta Air Lines report Q3 results ahead of major banks next week. S&P 500 earnings for Q3 are expected to rise 30.6% y/y, or 26.8% excluding energy. For the STOXX 600, earnings are expected to increase 19.4% y/y, or 9.9% excluding energy. The Fed's September meeting minutes will offer insight into the committee's reaction function after its unanimous 25bps hike. In India, resilient exports continue to support growth, but inflation is expected to exceed 6% in Q4, likely prompting a 25bps hike and a hawkish shift. Monday's calendar includes US services PMIs, ISM services, eurozone and UK composite PMIs, eurozone PPI, UAE and Egypt PMIs, and Türkiye CPI. Markets enter Monday balancing energy shocks, labor softness, and persistent yield volatility, with the next leg of the cycle likely determined by services sector inflation and central bank communication.

Daily Market View

Investment Strategy ♦ October 05, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.87	0.00	19.00	23.00
UAE Eibor 3m	4.22	-16.63	37.21	35.29
UAE Eibor 12m	5.07	-2.75	71.07	89.58
US 3m Bills	4.09	1.24	26.65	34.18
US 10yr Treasury	5.27	2.99	52.06	78.74
German 10yr Bund	3.46	-4.60	13.80	55.80
UK 10yr Gilt	5.37	-3.20	30.30	59.00
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	487	0.10	-2.49	-2.52
Global Treasuries	202	0.19	-2.20	-2.11
Global Corporate	294	-0.06	-3.01	-3.47
EM USD Sovereign	447	0.05	-3.84	-4.51
EM LCY Sovereign	168	0.22	-0.63	1.56
Global High Yield	1,853	0.10	-3.33	-2.67
Currencies				
Dollar Index	101.93	-0.16	2.52	1.07
EUR USD	1.1255	0.10	-3.12	-1.55
GBP USD	1.3241	0.33	-2.27	-0.79
USD JPY	157.85	-0.15	-1.18	-2.02
Equities				
S&P 500	7,723	0.73	0.48	3.20
Dow Jones	51,177	0.49	-3.78	-3.26
NASDAQ	27,191	1.19	3.11	5.26
STOXX 600	631	0.75	-3.03	-2.62
DAX	25,231	1.17	-3.91	-1.37
Nikkei 225	68,309	-0.94	3.01	-0.62
FTSE 100	10,462	0.32	-3.35	-1.79
SENSEX	71,910	0.00	-6.56	-7.22
Hang Seng	23,972	-2.60	-6.24	3.98
MSCI World	4,926	0.67	-0.84	1.95
MSCI EM	1,709	-0.01	-0.60	1.47
Regional Equities				
ADX	9,973	-0.25	-0.34	1.67
DFM	5,901	-0.49	1.12	-1.49
Tadawul*	10,506	1.09	-4.56	-0.79
DSM*	9,185	-0.07	-6.50	-7.41
MSM30*	7,678	1.04	0.40	5.51
BHSE*	1,907	0.13	-1.17	-2.53
KWSE*	8,690	-0.27	-2.83	-0.76
Commodities				
BBG Commodity Index	141.5	-0.54	0.10	14.98
Brent USD/bbl	102.25	-0.06	13.00	42.41
WTI USD/bbl	91.11	-1.90	6.24	32.64
Gold USD/t oz	4,141.2	-0.87	-6.67	0.46
Silver USD/t oz	60.4	-1.03	-9.33	-0.91

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Platinum USD/t oz	1,701.5	-1.49	-5.33	4.80
Aluminum	3,098.2	-0.76	-4.50	0.33
Copper USD/MT	14,355.0	0.14	-1.24	8.73
Digital Assets				
Bitcoin	84,436.9	-0.20	7.08	37.26
Ether	2,661.2	-1.37	7.63	56.16
Solana	117.8	-0.29	13.53	45.50
XRP	1.5	-1.72	6.15	36.00
Volatility				
VIX	15.31	-6.59	2.61	-5.20
MOVE	107.29	-0.78	42.45	64.05

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 05, 2026. Performance in local currency terms.

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