

Cosmic mysteries and fiscal trajectories

Macro headlines

Let us start with the cosmic detour and then snap back to macro reality. Francis Halzen won the 2026 Nobel Prize in Physics for detecting high-energy neutrinos using Antarctic ice, revealing “ghost particles” that pass through the Earth, unaffected by obstacles and without leaving a trace. Halzen’s work is a reminder that some systems operate with minimal friction; global markets are not one of them. Fiscal dynamics remain the roughest surface markets have to skate on. After hitting 17-month lows below EUR1.12, the currency stabilized modestly, but the underlying driver – France’s fiscal trajectory – remains unresolved. Investors continue to dump French bonds and rotate into German debt as Paris attempts to push through a contentious 2027 budget amid political fragmentation ahead of next year’s presidential election. The widening French-German spread has become the eurozone’s primary stress indicator, with spillovers now visible across broader European markets. Turning to macroeconomic data, German industrial orders collapsed 10.6% m/m during August, far worse than expectations, highlighting the strain on Europe’s manufacturing base as elevated energy costs and Middle East conflict disrupt demand. Eurozone retail sales offered only marginal relief, rising 0.1% m/m and 0.8% y/y, suggesting consumption remains subdued during August. In Japan, Governor Ueda signaled readiness to continue raising rates to anchor inflation around the 2% target, reinforcing the Bank of Japan’s shift toward normalization. In the US, the trade deficit widened 13.7% to USD105.6bn in August, the largest in 17 months, as imports surged to a record USD420.8bn despite President Trump’s tariff regime. The deterioration underscores robust domestic demand and the limits of tariff-driven trade compression. Vice President Vance said Iran must make a “meaningful” reduction in enrichment capacity to end the seven-month war, adding geopolitical uncertainty to an already complex macro backdrop. The Federal Reserve announced plans to overhaul bank supervision, creating five new geographic regions to increase accountability – a structural shift that could reshape regulatory oversight.

Market performances

Global equities extended gains on Tuesday as falling long dated yields and stable oil prices supported risk appetite. The S&P 500 rose 0.6%, hitting a fresh record, while the Nasdaq gained 0.45%, also reaching an all time high. The Dow added 0.5%. Corporate earnings expectations remain strong, with IBES consensus estimating 27% y/y growth for S&P 500 Q3 earnings, more than half driven by AI infrastructure spending. Nvidia, now approaching a USD6trn valuation, rose 0.14%, reinforcing its role as the market’s AI bellwether. European equities climbed 0.5%, with the STOXX 600 recovering from last week’s lows despite ongoing pressure on French assets. MSCI’s global index rose 0.6%, reflecting broad improvement in sentiment. Bond markets found temporary relief. Long dated Treasury yields eased from multi-decade highs, with the 10 year falling c3bps to 5.28% and the 30 year dipping 0.5bps to 5.65%. Spain’s snap election announcement added political uncertainty but did not materially disrupt markets. The dollar weakened broadly as traders scaled back expectations for an October Fed hike, now priced at 19%, down from 50% a week ago. The euro edged up to EUR1.126, stabilizing after Monday’s sharp decline. Oil prices were steady: Brent settled at USD100.6/bbl, supported by resilient Middle East exports and the G7’s emergency stockpile release, while WTI held at USD89.44/bbl. Gold rose 0.6% to USD4,168/oz, benefiting from lower yields and a softer dollar. Markets are increasingly pivoting toward earnings season, where AI-driven growth is expected to offset macro volatility. The divergence between corporate strength and sovereign debt stress remains the defining feature of October’s market structure.

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What's Next

The US releases the New York Fed Survey of Consumer Expectations, followed by FOMC meeting minutes that will offer insight into policymakers' reaction function after September's hike. Consumer credit data will provide a read on household leverage. Brazil publishes IGP-DI inflation, while Chile releases trade data. Argentina reports industrial production, and Brazil releases vehicle sales. Sweden publishes CPI and CPIF, Germany releases industrial production, and France reports current account and trade balances. South Africa releases gross reserves, Hungary publishes CPI and central bank minutes, and the Czech Republic releases industrial output and trade data. Russia reports official reserve assets, Türkiye publishes its cash budget, and Poland announces its base rate decision. The Philippines releases unemployment, India announces its repurchase rate, and Taiwan publishes CPI and core CPI. The IMF's Kristalina Georgieva delivers a curtain-raiser speech ahead of the annual IMF-World Bank meetings, and several major corporates – including Shell, Levi Strauss, and Constellation Brands – report earnings. Sweden announces the Nobel Prize in chemistry.

Daily Market View

Investment Strategy ♦ October 07, 2026

Performance snapshot*					
Rates	Latest	1D (bp)	1M (bp)	3M (bp)	
SOFR	3.89	0.00	24.00	26.00	
UAE Eibor 3m	4.32	2.21	26.81	39.52	
UAE Eibor 12m	5.06	1.61	71.36	96.19	
US 3m Bills	4.12	1.00	26.37	35.79	
US 10yr Treasury	5.28	-2.53	50.13	81.00	
German 10yr Bund	3.48	-1.50	10.20	53.00	
UK 10yr Gilt	5.38	-4.30	14.50	58.20	
Fixed Income		1D (%)	1M (%)	3M(%)	
Global Agg. Index	488	0.32	-2.14	-2.36	
Global Treasuries	202	0.29	-1.88	-1.88	
Global Corporate	294	0.39	-2.51	-3.34	
EM USD Sovereign	450	0.65	-2.86	-4.06	
EM LCY Sovereign	168	0.15	-0.15	1.87	
Global High Yield	1,861	0.56	-2.65	-2.35	
Currencies					
Dollar Index	101.83	-0.33	2.25	0.97	
EUR USD	1.1259	0.32	-2.84	-1.59	
GBP USD	1.3276	0.41	-1.56	-0.87	
USD JPY	158.10	0.12	-0.38	-2.46	
Equities					
S&P 500	7,819	0.58	1.99	3.73	
Dow Jones	51,521	0.49	-2.90	-2.89	
NASDAQ	27,600	0.45	5.27	5.66	
STOXX 600	637	0.48	-1.44	-2.13	
DAX	25,449	0.77	-1.51	-1.43	
Nikkei 225	70,684	1.05	9.88	1.36	
FTSE 100	10,542	0.42	-2.00	-1.03	
SENSEX	73,068	0.95	-4.57	-6.66	
Hang Seng	24,281	1.00	-4.07	2.81	
MSCI World	4,985	0.65	0.83	2.46	
MSCI EM	1,743	0.17	2.49	1.25	
Regional Equities					
ADX	9,993	-0.17	0.88	0.71	
DFM	5,907	-0.02	1.59	-3.01	
Tadawul*	10,590	1.05	-3.79	0.00	
DSM*	9,259	-0.28	-5.75	-6.67	
MSM30*	7,788	0.75	1.84	7.02	
BHSE*	1,902	-0.03	-1.44	-2.78	
KWSE*	8,654	0.18	-3.23	-1.17	
Commodities					
BBG Commodity Index	142.8	0.55	-0.24	13.68	
Brent USD/bbl	100.58	0.26	5.18	39.71	
WTI USD/bbl	89.44	0.01	-1.73	30.47	
Gold USD/t oz	4,164.2	0.60	-4.96	-0.03	
Silver USD/t oz	61.3	0.43	-6.09	-1.15	

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Platinum USD/t oz	1,710.5	-0.93	-2.96	4.75
Aluminum	3,128.8	0.06	-4.92	0.54
Copper USD/MT	14,505.0	0.52	1.04	8.98
Digital Assets				
Bitcoin	85,612.5	-0.20	10.62	34.21
Ether	2,698.4	-0.50	12.75	50.57
Solana	121.0	0.31	21.39	47.45
XRP	1.5	-0.17	11.18	31.38
Volatility				
VIX	15.01	-3.29	-1.25	-3.60
MOVE	105.20	-7.39	31.98	59.98

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 07, 2026. Performance in local currency terms.

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