

Markets want clarity; policy delivers nuance

Macro headlines

As the IMF's managing director warned governments of "very tough political choices," the message was unambiguous: elevated bond yields are no longer a market anomaly but a structural constraint. Borrowing costs across advanced economies have surged to multi-decade highs, forcing fiscal authorities to confront the limits of post-pandemic spending. The IMF's call for restraint comes as US 10-year yields briefly touched 5.36% before easing to 5.29% after a strong USD39bn auction – a reminder that liquidity remains intact even as term premiums rise. Federal Reserve minutes reinforced the policy-divide. Officials expect another rate increase before year-end, but the rationale is split: while some participants see a hike as necessary to offset energy-driven price shocks, a more hawkish core views it as essential to prevent demand-driven inflation from re-accelerating. The New York Fed's Survey of Consumer Expectations showed one-year inflation rising to 3.9%, the highest since May 2023, alongside stronger household spending expectations. Markets still expect the Fed to hold in October, but the December meeting now carries heavier weight. US consumer credit softened, rising USD8.3bn in August, with revolving credit falling USD4.8bn, the largest decline in nearly two years. The average credit card rate reached 22.36%, underscoring the tightening of household financing conditions even as consumption remains robust. In Germany, industrial production surprised to the upside, rising 2.0% m/m in August, driven by construction and machinery and supported by rising defense spending and digitalization. The increase more than offset July's revised 1.2% decline, offering a rare positive data point amid broader eurozone fiscal stress. India's RBI shifted to calibrated tightening, raising the repo rate 25bps to 5.5%, lifting its inflation forecast to 5.2% and GDP growth to 7.1%. The move reflects mounting price pressures and strong domestic momentum. Energy markets remain strained: the International Energy Agency accelerated the release of oil stocks and prioritized diesel supplies to counter record fuel prices and disruptions linked to the Iran war. Meanwhile, Samsung projected a world-first KRW100tn+ quarterly profit, driven by AI-chip demand – a stark contrast to the macro volatility elsewhere.

Market performances

Global equities pulled back as renewed Middle East tensions (as first tanker attack in many weeks was reported), elevated yields, and eurozone fiscal concerns weighed on sentiment. The S&P 500 and Nasdaq each fell 0.2%, retreating from record highs set the previous day. European equities dropped 1%, with banks down 3.3%, reversing much of the week's earlier gains. MSCI's global index fell 0.6%, reflecting broad risk aversion. Oil prices remained volatile but settled slightly lower, with Brent at USD100.20/bbl after the IEA's accelerated stock release plan. The move helped temper supply shock fears, though geopolitical risks continue to limit downside. The dollar strengthened as the euro fell 0.6% to 1.119, pressured by widening euro area yield spreads and persistent concerns over France's fiscal trajectory. The euro's decline reflects expectations of ECB easing and fears of fragmentation as French bonds remain under pressure ahead of the 2027 election. US Treasuries rallied modestly, with the 10-year yield easing to 5.284% after the strong auction reassured investors about demand for long-duration debt. The minutes reinforced a nuanced Fed stance: vigilance without a guaranteed tightening cycle. Corporate earnings expectations remain robust.

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What's Next

The US releases initial and continuing jobless claims, followed by wholesale inventory data. Peru announces its reference rate, while Colombia publishes CPI and core CPI. Chile releases CPI, and Mexico reports CPI, core CPI, and bi-weekly inflation, alongside central bank minutes. Uruguay announces its policy rate. Germany publishes trade data, including exports and imports, while the UK releases its credit conditions survey. The Czech Republic reports retail sales and unemployment, South Africa releases manufacturing production, and Romania announces its rate decision. Korea and Japan publish current account and trade balances. Taiwan releases trade data, imports, and exports. The ECB publishes minutes from its latest rate setting meeting, offering insight into how policymakers are interpreting eurozone fiscal stress and energy driven inflation. Corporate earnings include updates from PepsiCo, Tesco, Südzucker, Unile Group, and Shell.

Daily Market View

Investment Strategy ♦ October 08, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.90	0.00	24.00	28.00
UAE Eibor 3m	4.37	5.00	37.38	50.80
UAE Eibor 12m	4.93	-13.00	59.50	81.64
US 3m Bills	4.13	1.24	30.41	34.84
US 10yr Treasury	5.28	0.44	51.57	73.26
German 10yr Bund	3.48	-0.30	13.20	48.20
UK 10yr Gilt	5.44	6.80	30.90	59.50
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	486	-0.24	-2.80	-2.37
Global Treasuries	202	-0.27	-2.73	-1.98
Global Corporate	294	-0.16	-2.88	-3.14
EM USD Sovereign	449	-0.26	-3.33	-4.04
EM LCY Sovereign	168	-0.14	-0.61	1.71
Global High Yield	1,856	-0.27	-3.04	-2.57
Currencies				
Dollar Index	102.24	0.40	3.37	1.21
EUR USD	1.1197	-0.55	-3.69	-1.88
GBP USD	1.3214	-0.47	-2.30	-1.09
USD JPY	158.08	-0.01	1.46	-2.48
Equities				
S&P 500	7,802	-0.22	0.70	3.97
Dow Jones	51,180	-0.66	-4.67	-3.30
NASDAQ	27,539	-0.22	3.59	6.66
STOXX 600	630	-1.00	-2.90	-2.48
DAX	25,104	-1.35	-3.46	-1.42
Nikkei 225	70,036	-0.92	9.07	2.61
FTSE 100	10,459	-0.79	-3.44	-1.94
SENSEX	72,639	-0.59	-4.61	-7.09
Hang Seng	24,131	-0.62	-4.29	2.70
MSCI World	4,958	-0.54	-0.86	2.37
MSCI EM	1,726	-0.99	1.31	2.27
Regional Equities				
ADX	9,960	-0.33	0.33	0.19
DFM	5,898	-0.16	0.93	-3.22
Tadawul*	10,542	-0.45	-2.97	-1.53
DSM*	9,210	-0.54	-6.49	-8.37
MSM30*	7,828	0.51	2.37	7.30
BHSE*	1,899	-0.16	-1.59	-3.02
KWSE*	8,668	0.16	-3.09	-1.47
Commodities				
BBG Commodity Index	142.6	-0.18	-0.49	12.96
Brent USD/bbl	100.20	-0.38	4.90	35.11
WTI USD/bbl	88.28	-1.30	-3.31	25.33
Gold USD/t oz	4,111.2	-1.27	-8.09	0.12

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Silver USD/t oz	59.8	-2.54	-10.75	-0.33
Platinum USD/t oz	1,635.0	-4.41	-10.33	-0.48
Aluminum	3,113.0	-0.50	-6.23	-0.70
Copper USD/MT	14,510.0	0.03	1.05	9.02
Digital Assets				
Bitcoin	83,389.0	-2.60	2.36	30.98
Ether	2,573.5	-4.63	2.73	44.32
Solana	116.1	-4.02	10.69	43.19
XRP	1.4	-5.37	-3.37	27.14
Volatility				
VIX	15.08	0.47	5.31	-6.51
MOVE	102.56	-2.51	37.33	45.99

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 08, 2026. Performance in local currency terms.

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