

Truce talk in Europe, risk premium in the Gulf

Macro headlines

Let us begin with energy geopolitics, where the weekend delivered a headline markets have heard before. President Trump announced on Sunday an energy ceasefire between Russia and Ukraine, effective immediately; President Zelenskyy said Ukraine is awaiting details from Washington, and a similar announcement last month was never finalised, leaving markets cautious on how much risk premium to remove from energy. The headline builds on Friday, when the US announced an agreement for Russia to supply additional diesel to global markets, a late session relief valve for fuel markets. Closer to home, Middle East tensions and continued disruption to Saudi energy infrastructure keep the Gulf risk premium firmly in place. On geo finance matters, the European Union and China reached an agreement covering hybrid vehicle trade, market access and rare earth export licensing, easing one of the more persistent frictions in global supply chains. On rates, the US 10 year yield held at 5.24%, near its highest since 2002, and the 2 year at 4.79%, with persistent inflation risks keeping the dollar and front end yields elevated, a reminder that energy relief has yet to translate into rate relief. In India, the government withdrew the IGST exemption on gold, silver and platinum imports, subjecting shipments to a 3% levy, a headwind for physical demand, while the rupee trades at 96.74 against the dollar, close to its record low of 96.97. The macro backdrop enters the week defined by a truce announced but unconfirmed, a Gulf risk premium that has not gone anywhere, yields that refuse to retreat, and an inflation print that will show how far oil is feeding through to prices.

Market performances

Wall Street closed a volatile week on the front foot on Friday, with all three major benchmarks posting a weekly gain as late session relief on Russian diesel supply and a technology rebound lifted sentiment. The Dow rose 0.8%, the S&P 500 0.6% and the Nasdaq 100 0.5%, recovering from Thursday's AI driven wobble. Consumer discretionary led with a 1.7% gain, followed by health care (+1.6%), while communication services (-0.4%) and energy (-0.2%) were the only sectors in the red. Megacaps did the heavy lifting, with Amazon up 3.3%, Microsoft 2.4% and Tesla 2.1%. Treasuries were steady: the 2 year yield rose c3bps to 4.79% and the 10 year edged up c1bp to 5.24%. Brent and WTI each added 0.4%, to USD104.72/bbl and USD91.85/bbl, with oil staying elevated on Middle East developments, while precious metals stole the show, with gold up 1.5% to USD4,194/oz and silver and platinum each c2.8% higher; copper added 1.1%. The dollar index firmed 0.1%, with USD JPY up 0.3% to JPY158.31. Europe rebounded from a near four month low, with the STOXX 600 up 1.0%, the DAX 1.1% and the FTSE 100 1.1%, as the 10 year gilt yield fell c4bps; autos gained 1.5% on the EU China agreement, while telecoms fell 2.9% to an eight month low after SpaceX agreed to acquire a nationwide low band spectrum portfolio. MSCI's global index rose 0.6%; in Asia, the Hang Seng rose 1.8% and the Sensex 1.2%, while the Nikkei was flat. In the GCC, the DFM gained 0.3% while the ADX was flat; on Sunday, Qatar fell 1.5% and Tadawul slipped 0.2%, while Oman rose 0.3%. Markets closed the last week navigating an energy shock with tentative relief valves, yields anchored near multi decade highs, and a gold price that keeps finding buyers.

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What's Next

The coming week brings several pivotal macro catalysts, and the oil story runs straight into the data. With Brent above USD100/bbl, higher gasoline prices are expected to lift September CPI 0.6% m/m on Wednesday, the largest advance in five months, taking the annual rate to 3.6% from 3.4%. Beneath the energy effect, core is seen easing to 0.2% m/m and 2.5% y/y. If oil does the heavy lifting while core cools, the Fed would have room to look through the headline and hold this month; a firmer core would revive the case for further tightening. The Beige Book follows the same day, with Fed speakers through the week; third quarter earnings season gets underway with the major US banks reporting from Tuesday. Thursday brings retail sales (0.3% m/m from 1.2%), PPI (5.3% y/y from 5.4%) and the Philadelphia Fed survey, while Friday closes with industrial production (0.4% m/m) and final eurozone CPI (3.8% y/y). China's September PPI (4.4% y/y from 3.8%) and trade data land on Wednesday, and the IMF updates its global growth outlook on Tuesday. Monday's calendar includes India's September CPI, expected to rise to 5.51% from 4.82%, while the US bond market is closed for Columbus Day and Japan is on holiday, thinning liquidity. Markets enter the week with a truce announced but unconfirmed, Gulf supply risk intact and yields near their highest since 2002, with Wednesday's print set to show how much of the oil shock is reaching consumers.

Daily Market View

Investment Strategy ♦ October 12, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.87	0.00	22.00	34.00
UAE Eibor 3m	4.19	-20.23	29.44	38.70
UAE Eibor 12m	4.84	-8.24	49.93	64.28
US 3m Bills	4.14	0.30	29.95	37.69
US 10yr Treasury	5.24	1.10	45.57	68.67
German 10yr Bund	3.48	-1.40	9.50	39.70
UK 10yr Gilt	5.44	-3.80	26.70	54.60
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	488	0.05	-2.70	-1.99
Global Treasuries	202	0.07	-2.72	-1.58
Global Corporate	294	-0.03	-2.75	-2.88
EM USD Sovereign	451	0.27	-3.01	-3.47
EM LCY Sovereign	169	0.10	-0.65	1.93
Global High Yield	1,857	0.08	-3.03	-2.44
Currencies				
Dollar Index	102.21	0.07	3.06	1.30
EUR USD	1.1200	-0.10	-3.64	-2.01
GBP USD	1.3234	0.05	-2.27	-1.30
USD JPY	158.31	0.27	2.56	-2.51
Equities				
S&P 500	7,812	0.59	1.20	3.55
Dow Jones	51,655	0.83	-3.29	-1.59
NASDAQ	27,366	0.64	3.24	4.42
STOXX 600	632	0.97	-2.82	-1.45
DAX	25,087	1.13	-3.53	-0.12
Nikkei 225	69,031	-0.02	3.96	1.90
FTSE 100	10,552	1.06	-2.50	0.76
SENSEX	72,472	1.23	-4.81	-5.56
Hang Seng	24,211	1.79	-4.73	0.75
MSCI World	4,962	0.63	-0.65	2.29
MSCI EM	1,709	0.60	-2.74	1.97
Regional Equities				
ADX	9,796	-0.06	-1.80	-0.87
DFM	5,818	0.33	-1.90	-2.88
Tadawul*	10,361	-0.15	-3.87	-4.17
DSM*	8,875	-1.45	-8.12	-12.24
MSM30*	7,852	0.25	3.27	6.57
BHSE*	1,890	-0.29	-1.76	-3.72
KWSE*	8,639	0.08	-3.07	-2.55
Commodities				
BBG Commodity Index	143.9	0.20	0.75	13.01
Brent USD/bbl	104.72	0.42	7.96	37.25
WTI USD/bbl	91.85	0.39	0.40	27.43
Gold USD/t oz	4,194.2	1.49	-4.77	1.71

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Silver USD/t oz	60.8	2.79	-8.07	1.44
Platinum USD/t oz	1,692.5	2.80	-7.60	4.73
Aluminum	3,039.6	-0.13	-8.37	-5.23
Copper USD/MT	14,689.0	1.12	1.02	9.98
Digital Assets				
Bitcoin	82,438.6	0.84	4.06	30.31
Ether	2,481.2	0.32	-0.53	41.97
Solana	108.9	-0.79	4.66	39.46
XRP	1.4	0.80	-0.72	26.59
Volatility				
VIX	14.84	-3.70	-3.01	-6.31
MOVE	98.47	-2.21	34.71	42.94

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 12, 2026. Performance in local currency terms.

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