

Bonds took the day off, investors cashed in their chips

Macro headlines

With the US bond market closed for Columbus Day and Tokyo on holiday, Monday's message came from chips and crude, and neither was comforting. Let us begin with technology, where the doubts are now coming from inside the industry: Broadcom CEO Hock Tan likened sentiment around AI investing to a casino and warned that financing the buildout will become a key problem, while a report that China's CXMT made progress on a higher capacity memory chip design sharpened concerns over competition. Closer to home, renewed regional tensions keep the Gulf risk premium firmly in place, lifting Brent, while reports that the Russia Ukraine energy ceasefire announced by President Trump had already been breached cooled hopes of relief from Europe. The combination sent investors towards the dollar rather than bullion: the dollar index rose 0.4% to near its highest since April 2025 on safe haven demand, while gold slipped 0.5%. Turning to macroeconomic data, India's September CPI rose to 5.54% y/y from c4.8%, slightly below the 5.59% consensus, while the rupee strengthened 1.0% to 95.78 per dollar after the RBI announced measures over the weekend to support the currency. In Japan, producer prices fell 0.3% m/m in September against expectations of a 0.5% rise, slowing annual PPI to 6.8% from 7.6%, a sign that pipeline price pressure is easing even as oil climbs. The macro backdrop is defined by an AI buildout being asked to justify its financing, an oil price carrying a Gulf premium, and a dollar bid for safety, just as earnings season begins.

Market performances

Wall Street ended mixed on Monday as higher oil prices and renewed doubts over AI weighed on technology ahead of bank earnings and inflation data. The Dow rose 0.4%, while the S&P 500 edged down 0.1% and the Nasdaq 100 fell 0.7%. US chip stocks fell 2.7% to their weakest level since mid September, with Micron down 3.9%, while information technology (-0.9%) and consumer discretionary (-0.7%) lagged. Energy led with a 1.5% gain, followed by consumer staples (+1.2%) and communication services (+1.1%), where Meta rose 3.4% after debuting its Muse Wonder AI model. Brent rose 1.8% to USD106.65/bbl, and WTI 2.1% to USD93.74/bbl, while gold slipped 0.5% to USD4,172/oz as the dollar index climbed 0.4%. Europe looked through the oil move, with the STOXX 600 up 0.7%, the DAX 0.8% and the FTSE 100 1.0%, as banks led with a 1.5% gain on lower euro zone bond yields and luxury added 1.0%. MSCI's global index slipped 0.1%, while emerging markets fell 0.7%. In Asia, with Japan closed for a holiday, the Hang Seng rose 0.3% and the Sensex fell 0.8%. In the GCC, Qatar gained 1.2% and the DFM 0.3%, while Tadawul fell 0.7%, Oman 0.6% and the ADX 0.3%. In early Tuesday trade, Brent eased 1.1% to about USD105.50/bbl and Nasdaq 100 futures slipped 0.7%. Markets enter Tuesday with chipmakers on the defensive, oil carrying a Gulf premium and the dollar in demand, a setup that leaves little room for disappointment from the banks or the CPI print.

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What's Next

Third quarter earnings season opens today with the major US banks, with S&P 500 earnings projected to grow 30.6% y/y; results that clear that bar would help steady sentiment, while any disappointment would add to pressure on stretched valuations. The IMF releases its World Economic Outlook and Global Financial Stability Report, with global growth last projected at 3.0% for 2026; a downgrade would confirm that the energy shock is weighing on activity. OPEC publishes its monthly oil market report, while Germany's final September CPI is expected to confirm 3.3% y/y. The week's centrepiece remains Wednesday's September CPI, where gasoline is expected to lift the headline 0.6% m/m and 3.6% y/y from 3.4%, with core seen at 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; a firmer core would revive the case for further tightening. China's trade and inflation data and the Beige Book follow the same day, with US retail sales and PPI on Thursday, when TSMC's results offer the next test of AI demand. Markets enter Tuesday with tech sentiment fragile and oil carrying a Gulf premium, waiting for the banks to test the earnings story and the CPI print to show how much of the oil shock is reaching consumers.

Daily Market View

Investment Strategy ♦ October 13, 2026

Performance snapshot*					
Rates	Latest	1D (bp)	1M (bp)	3M (bp)	
SOFR	3.87	0.00	23.00	32.00	
UAE Eibor 3m	4.17	-2.46	20.47	26.68	
UAE Eibor 12m	4.91	6.93	49.83	73.68	
US 3m Bills	4.14	-0.01	27.95	36.41	
US 10yr Treasury	5.24	0.00	44.96	67.66	
German 10yr Bund	3.48	-0.40	11.10	41.20	
UK 10yr Gilt	5.44	-0.30	26.70	56.80	
Fixed Income		1D (%)	1M (%)	3M (%)	
Global Agg. Index	487	-0.03	-2.76	-2.10	
Global Treasuries	202	-0.02	-2.82	-1.77	
Global Corporate	294	-0.04	-2.79	-2.84	
EM USD Sovereign	451	0.00	-2.96	-3.53	
EM LCY Sovereign	169	0.22	-0.37	1.86	
Global High Yield	1,856	-0.03	-3.05	-2.48	
Currencies					
Dollar Index	102.59	0.37	3.85	1.62	
EUR USD	1.1155	-0.40	-4.03	-2.29	
GBP USD	1.3208	-0.20	-2.46	-1.46	
USD JPY	158.61	0.19	3.01	-1.90	
Equities					
S&P 500	7,807	-0.06	1.74	3.06	
Dow Jones	51,851	0.38	-1.77	-1.49	
NASDAQ	27,246	-0.44	3.12	3.67	
STOXX 600	636	0.65	-2.15	-0.85	
DAX	25,278	0.76	-2.81	0.84	
Nikkei 225	69,031	0.00	5.76	0.69	
FTSE 100	10,656	0.99	-1.44	1.51	
SENSEX	71,925	-0.76	-4.83	-7.28	
Hang Seng	24,271	0.25	-4.13	0.40	
MSCI World	4,963	0.02	-0.06	1.96	
MSCI EM	1,697	-0.69	-3.14	0.37	
Regional Equities					
ADX	9,762	-0.34	-2.59	-1.75	
DFM	5,838	0.33	-1.83	-3.39	
Tadawul*	10,284	-0.74	-4.58	-4.88	
DSM*	8,977	1.15	-7.06	-11.23	
MSM30*	7,804	-0.61	2.64	5.92	
BHSE*	1,882	-0.42	-2.17	-4.13	
KWSE*	8,650	0.12	-2.96	-2.44	
Commodities					
BBG Commodity Index	144.5	0.42	0.50	13.95	
Brent USD/bbl	106.65	1.84	8.92	40.31	
WTI USD/bbl	93.74	2.06	0.76	31.27	
Gold USD/t oz	4,172.2	-0.52	-4.22	1.27	

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Silver USD/t oz	60.3	-0.93	-8.35	0.65
Platinum USD/t oz	1,692.1	-0.02	-7.03	3.57
Aluminum	3,058.6	0.63	-8.68	-2.51
Copper USD/MT	14,822.0	0.91	0.58	10.54
Digital Assets				
Bitcoin	82,990.1	0.67	5.74	30.08
Ether	2,516.6	1.43	1.36	40.65
Solana	108.4	-0.52	5.11	39.44
XRP	1.4	-1.61	-3.43	23.79
Volatility				
VIX	15.21	2.49	-3.24	1.20
MOVE	98.47	0.00	29.33	41.58

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 13, 2026. Performance in local currency terms.

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