

Core runs hot, stocks catch a cold; today PPI takes the temperature

Macro headlines

Core inflation ran hot on Wednesday, and Wall Street caught a cold. US CPI for September came in hotter, with headline inflation rising 0.6% m/m from 0.4% in August, and the annual rate climbing to 3.7% y/y from 3.4%, above the 3.6% consensus. The acceleration was driven by energy, up 20.4% y/y, with gasoline up 34.2% y/y. Oil did the heavy lifting, but core did not cool: it held at 0.3% m/m against 0.2% expected, lifting the annual rate to 2.6% from 2.4%, as used cars, recreation, education and airline fares showed renewed strength and shelter firmed to 0.4% m/m from 0.3%. Food inflation softened and communication prices declined. Markets moved quickly to price c50% odds of a Fed rate hike at the 28 October meeting and added to bets on further tightening beyond it. Treasuries initially sank after the data but recovered most of their losses as investors bought yields near multiyear highs, with the policy sensitive 2 year yield up to c4.8% and the 10 year down to 5.19%. The dollar index rose 0.4% to its highest since April 2025, while gold fell 1.3% to USD4,105/oz. Continued regional tensions keep the Gulf risk premium firmly in place, holding Brent near USD106/bbl. On the AI front, concerns over the financing of the infrastructure buildout resurfaced, with the selloff reaching AI related debt as well as shares. Earnings season broadened, as Bank of America's revenue missed expectations while ASML delivered strong results. The macro backdrop is defined by inflation broadening beyond energy, an October hike priced as a coin toss and AI financing under the microscope, just as today's PPI and retail sales take the temperature again.

Market performances

Wall Street sold off on Wednesday as the hotter inflation print revived concerns that rates may stay higher for longer and extended the selling in AI related shares. The tech heavy Nasdaq 100 bore the brunt, dropping 2.0%, while the S&P 500 fell 1.1% and the Dow slipped 0.1%; rate sensitive small caps underperformed, with the Russell 2000 entering a correction, and the VIX jumped 10.5% to 16.87. Information technology was the weakest sector, down 2.6%, while health care and consumer staples each gained 2.4%. The US semiconductor index posted its longest daily losing streak since May 2025, with Nvidia down 3.2%, while Oracle dropped 8.8% and CoreWeave c15% on concerns about borrowing and infrastructure spending; Bank of America lost almost 5% after its revenue miss, while Eli Lilly rose 3.6% and Walmart 3.5%. The 10 year Treasury yield fell c2bps to 5.19%, while the dollar index climbed 0.4%. Gold fell 1.3% to USD4,105/oz for a third straight decline as higher rate expectations supported the dollar, while silver slid 6.1% and platinum 3.7%; Brent edged up 0.4% to USD106.06/bbl and WTI 1.0% to USD95.09/bbl. Europe looked through the US print, with the STOXX 600 up 0.4%, the FTSE 100 0.7% and the DAX 0.2%, helped by strong results from ASML. MSCI's global index fell 0.9%, with developed markets down 1.0% and emerging markets 0.1%; in Asia, the Nikkei was flat, the Hang Seng slipped 0.1% and the Sensex 0.3%. In the GCC, the UAE held firm, with the DFM up 0.6% and the ADX 0.4%, while Tadawul fell 1.7%, Kuwait 1.4% and Qatar 0.7%. Markets enter Thursday with the dollar back at its highs, technology on the defensive and investors paying up for health care and staples.

investmentstrategy@adcb.com

Wishwesh Pandya

Investment Strategist

+971 (0)2 812 7463

wishwesh.pandya@adcb.com

Mohammed Al Hemeiri

Investment Strategist

+971 (0)2 812 6450

mohammed.alhemeiri@adcb.com

Kishore Muktinutalapati

Head - Investment Strategy

+971 (0)2 812 6457

kishore.muktinutalapati@adcb.com

www.adcb.com/marketinsights

What's Next

Today the inflation story moves from consumers to producers and shoppers. US PPI is expected to rise 0.6% m/m from 0.4%, with the annual rate seen steady at 5.4% y/y, while retail sales are expected to slow to 0.3% m/m from 1.2%, with the control group at 0.3% from 1.4%. A firmer PPI would add to inflation concerns after the CPI surprise, while softer retail sales would point to households feeling the pinch from higher energy costs. Jobless claims (200k expected from 197k) and the Philadelphia Fed survey (28.0 from 37.8) complete the US picture. Closer to home, Saudi Arabia publishes September CPI (prior 1.8% y/y). The chip selloff has since followed the sun: Asia opened Thursday under heavy pressure, with MSCI's Asia Pacific gauge down 2.7% and Korea's benchmark index 7.6% as Samsung Electronics and SK Hynix sank more than 9%, raising the bar for TSMC's results later today. Elsewhere, the UK releases August GDP and the eurozone its August industrial production (0.1% m/m from a 0.1% decline). Friday brings final eurozone CPI (3.8% y/y), US industrial production (0.4% m/m) and Fed Chair Warsh's fireside chat with IMF Managing Director Georgieva in Bangkok. Markets head into the prints with core inflation running ahead of forecasts and chip stocks under pressure on both sides of the Pacific, waiting to see whether producer prices confirm that the oil shock is now reaching beyond the pump.

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.89	0.00	27.00	26.00
UAE Eibor 3m	4.27	-17.10	10.78	35.87
UAE Eibor 12m	4.94	-5.45	19.15	82.01
US 3m Bills	4.19	3.98	24.57	41.40
US 10yr Treasury	5.19	-2.30	22.28	59.60
German 10yr Bund	3.47	-0.30	-3.50	35.30
UK 10yr Gilt	5.42	-2.30	5.00	44.70
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	488	-0.19	-2.00	-2.06
Global Treasuries	202	-0.23	-2.15	-1.81
Global Corporate	294	-0.11	-1.92	-2.65
EM USD Sovereign	452	-0.06	-1.98	-3.08
EM LCY Sovereign	169	-0.06	-0.25	1.96
Global High Yield	1,851	-0.34	-2.78	-2.70
Currencies				
Dollar Index	102.55	0.37	3.54	1.62
EUR USD	1.1157	-0.38	-3.92	-2.30
GBP USD	1.3193	-0.47	-2.36	-1.47
USD JPY	158.33	0.00	2.53	-2.42
Equities				
S&P 500	7,719	-1.11	1.68	2.32
Dow Jones	51,621	-0.09	-0.85	-1.69
NASDAQ	26,693	-1.88	2.34	2.24
STOXX 600	638	0.43	0.28	-0.68
DAX	25,299	0.15	-0.25	0.60
Nikkei 225	67,744	-0.05	3.79	0.00
FTSE 100	10,725	0.70	1.09	1.86
SENSEX	72,782	-0.34	-2.83	-5.55
Hang Seng	24,314	-0.13	-2.57	-0.11
MSCI World	4,916	-0.98	0.21	1.20
MSCI EM	1,659	-0.09	-4.92	0.36
Regional Equities				
ADX	9,834	0.41	-2.76	-0.19
DFM	5,893	0.58	-0.19	0.03
Tadawul*	10,139	-1.74	-5.68	-6.27
DSM*	8,931	-0.68	-6.48	-11.57
MSM30*	7,755	0.35	2.31	4.86
BHSE*	1,880	-0.15	-2.10	-3.88
KWSE*	8,534	-1.40	-3.55	-3.83
Commodities				
BBG Commodity Index	144.1	-0.55	-2.08	10.77
Brent USD/bbl	106.06	0.35	-1.46	25.17
WTI USD/bbl	95.09	1.01	-7.21	19.85
Gold USD/t oz	4,105.4	-1.33	-4.93	1.30

Daily Market View

Investment Strategy ♦ October 15, 2026

Silver USD/t oz	55.6	-6.08	-12.65	-5.35
Platinum USD/t oz	1,604.5	-3.72	-9.94	-1.66
Aluminum	2,991.3	-1.69	-9.80	-5.73
Copper USD/MT	14,751.0	0.07	2.51	8.94
Digital Assets				
Bitcoin	81,700.5	-1.97	5.77	26.61
Ether	2,414.3	-3.76	-1.89	28.78
Solana	104.0	-2.85	3.98	34.83
XRP	1.3	-3.32	-2.25	19.21
Volatility				
VIX	16.87	10.48	-5.44	2.24
MOVE	99.06	-2.01	20.67	32.03

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 15, 2026. Performance in local currency terms.

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