

Producer prices jump, yet dip buyers end Wall Street's three day slide; Asia's chipmakers bear the brunt

Macro headlines

Wednesday's inflation surprise came from consumers; Thursday's came from producers. US producer prices jumped 1.3% m/m in September, the largest monthly increase since March 2022 and more than double the 0.6% consensus, with core up 0.7% m/m against 0.3% expected. The annual rate accelerated to 6.3% y/y from 5.4%, with goods and services both contributing, the clearest sign yet that the energy shock is no longer only an energy story. Consumers kept spending, mostly on fuel: retail sales rose 0.8% m/m against 0.3% expected, with higher petrol prices doing much of the lifting, while sales excluding fuel, autos and restaurants rose only 0.1%, so the extra spending went on filling the tank rather than on other goods. Staying with monetary policy, markets lifted the odds of a Fed hike by December to 67% from 62% on Wednesday. The bond market, for once, refused to flinch: haven demand after a week of sharp swings in stocks and credit pulled the 10 year yield down c13bps to 5.06%, a reminder that when equities wobble, safety can outweigh an inflation surprise. Elsewhere in geopolitics, rising Middle East supply risks keep the Gulf risk premium firmly in place, with a fresh release of emergency reserves only partly easing the pressure on crude. On geo finance matters, the European Union is preparing new trade powers that could shut off access to its single market, part of a push to cut its trade deficit with China, as per Bloomberg. In corporate news, the AI trade sent mixed messages: TSMC delivered an upbeat outlook and Nvidia's chief executive pushed back on concerns over the financial health of AI infrastructure providers, yet the selloff in Asian chipmakers pushed Korea's benchmark index to its lowest close since April. The macro backdrop is defined by inflation pressures building from producers to consumers, a December hike priced as more likely than not, and a bond market that found buyers just when it needed them.

Market performances

Wall Street staged a comeback on Thursday, halting a three day slide as the selloff in chipmakers eased and investors rotated away from technology and AI exposure into value and defensive shares. The Dow led with a 1.1% gain and the S&P 500 rose 0.3%, with the VIX easing 2.4% to 16.46, while the Nasdaq 100 finished broadly flat. Health care was the best performing sector, up 1.8%, followed by materials (+1.7%), while energy fell 1.5% and information technology 0.5% amid continued concerns about AI related capital spending and financing. Eli Lilly gained 3.5% and CoreWeave rebounded almost 6% after Wednesday's 15% slide. Bonds joined the rally, with the 10 year Treasury yield ending at 5.06% and Bund and gilt yields down c5bps. The dollar index fell 0.5%. Gold snapped a three session losing streak, rising 1.6% to USD4,171/oz, with silver up 3.3%, while Brent edged down 0.1% to USD105.92/bbl and WTI jumped 3.0% to USD97.97/bbl as data showed a large drawdown in US inventories. Europe climbed to its highest in more than two weeks, with the STOXX 600 up 0.4%, the FTSE 100 1.1% and the DAX 0.3%, as solid earnings and a 2.4% jump in health care offset a 1.5% drop in technology. Asia took the hit from the chip rout, with the Nikkei sliding 4.9% and the Hang Seng 1.0%, while the Sensex bucked the trend with a 2.1% gain; MSCI's emerging markets index slumped 3.1%, while developed markets rose 0.3%. GCC markets slipped across the board, with Qatar down 1.4%, the DFM 1.1% and Oman 1.0%, while Tadawul and the ADX each eased 0.3%. Markets enter Friday with value and defensives in the lead, Asia's chipmakers nursing heavy losses and the dollar off its highs.

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What's Next

Today the focus turns to US output. Industrial production is expected to rise 0.4% m/m from 0.0%, with capacity utilisation seen at 76.5%, while import prices are expected to climb 0.9% m/m from 0.7%. Firmer import prices would add to the pipeline pressure flagged by PPI, while softer output would point to higher costs weighing on activity. In Europe, final eurozone CPI is expected to confirm 3.8% y/y, with core at 2.5%. Fed Chair Warsh holds a fireside chat with IMF Managing Director Georgieva in Bangkok. Asia has since steadied, with MSCI's Asia Pacific gauge up 1.1% in Friday trade and Korean equities 2.5% higher as dip buyers stepped in. Next week, third quarter earnings season gathers pace, with the Fed's 27 to 28 October meeting now less than two weeks away. Markets head into the weekend with producer prices running hot and further Fed tightening increasingly priced, waiting to see whether production is holding up as costs rise.

Daily Market View

Investment Strategy ♦ October 16, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.88	0.00	26.00	24.00
UAE Eibor 3m	4.35	8.04	17.83	52.48
UAE Eibor 12m	5.06	11.43	37.63	93.11
US 3m Bills	4.19	-0.05	18.81	41.16
US 10yr Treasury	5.06	-12.74	9.11	51.07
German 10yr Bund	3.41	-5.30	-9.10	29.10
UK 10yr Gilt	5.37	-5.00	3.10	43.70
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	491	0.67	-1.20	-1.50
Global Treasuries	203	0.71	-1.31	-1.18
Global Corporate	296	0.68	-1.15	-2.14
EM USD Sovereign	454	0.59	-1.27	-2.58
EM LCY Sovereign	169	0.14	0.10	1.96
Global High Yield	1,858	0.36	-2.39	-2.45
Currencies				
Dollar Index	102.00	-0.54	2.91	1.51
EUR USD	1.1220	0.56	-3.27	-2.12
GBP USD	1.3275	0.62	-1.84	-1.96
USD JPY	158.00	-0.21	2.86	-2.58
Equities				
S&P 500	7,744	0.33	1.14	2.27
Dow Jones	52,178	1.08	-0.75	-0.91
NASDAQ	26,713	0.08	1.44	1.69
STOXX 600	640	0.38	0.17	-0.40
DAX	25,383	0.33	-0.73	1.53
Nikkei 225	64,426	-4.90	0.65	-6.29
FTSE 100	10,840	1.08	1.78	3.09
SENSEX	74,316	2.11	-0.62	-3.72
Hang Seng	24,063	-1.03	-2.99	-2.51
MSCI World	4,933	0.34	-0.09	1.16
MSCI EM	1,608	-3.10	-6.62	-4.78
Regional Equities				
ADX	9,805	-0.30	-3.05	-0.27
DFM	5,830	-1.05	-1.86	-1.37
Tadawul*	10,107	-0.32	-5.39	-6.81
DSM*	8,810	-1.35	-7.83	-12.75
MSM30*	7,678	-1.00	1.69	3.32
BHSE*	1,876	-0.20	-1.88	-4.14
KWSE*	8,476	-0.68	-4.19	-4.52
Commodities				
BBG Commodity Index	143.9	-0.12	-0.91	10.16
Brent USD/bbl	105.92	-0.13	1.25	24.69
WTI USD/bbl	97.97	3.03	-2.08	23.08
Gold USD/t oz	4,171.4	1.61	-4.08	2.73

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Silver USD/t oz	57.4	3.32	-10.99	-0.68
Platinum USD/t oz	1,631.7	1.69	-9.27	-2.79
Aluminum	2,988.5	-0.09	-8.80	-5.04
Copper USD/MT	14,539.0	-1.44	2.11	7.40
Digital Assets				
Bitcoin	82,011.5	0.38	6.08	26.29
Ether	2,451.5	1.54	-3.11	27.50
Solana	105.5	1.48	3.02	36.43
XRP	1.3	1.10	-1.77	20.44
Volatility				
VIX	16.46	-2.43	3.91	5.04
MOVE	102.49	3.46	24.67	49.66

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 16, 2026. Performance in local currency terms.

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