

## Barrels up, chips down; this week Big Tech has to prove the maths

### Macro headlines

Last week the market bought barrels and sold chips, and this week Big Tech has to show its working. Let us begin with energy geopolitics, where Middle East supply concerns lifted Brent to USD109.86/bbl on Friday, up 4.9% over the week, and renewed flare-ups in the region over the weekend keep the Gulf risk premium firmly in place. On geo finance matters, widespread protests in France over the weekend put French assets in focus ahead of Friday's sovereign rating review. Overnight, China's economic growth accelerated to 4.5% y/y in the third quarter from 4.3%, above the 4.4% consensus, while retail sales rose 1.1% y/y against 0.5% expected, boosting the odds of Beijing reaching its annual target; property investment, however, fell by a deeper-than-expected 20.6% y/y year to date. Turning to Friday's macroeconomic data, US industrial production rose 0.7% m/m in September, above the 0.4% consensus, with a 3.5% jump in utilities output doing the heavy lifting while manufacturing rose 0.3%. On monetary policy, Fed Chair Warsh offered no fresh signal on rates at the IMF meetings, with traders paring bets on a hike this month. On rates, Treasuries did their job as a haven while equities sold off, with the 10-year yield down c17bps over the week to c5.07% despite hotter than expected consumer and producer inflation data. In corporate news, concerns over the debt funding of the AI infrastructure buildout and over Chinese competition deepened, with the selloff reaching AI related debt as well as shares. The macro backdrop enters the week with oil higher, chips under pressure, bonds reclaiming their safe-haven status, and an earnings season that must now validate the market's assumptions.

### Market performances

Wall Street closed a bruising week on the back foot on Friday, as renewed selling in technology and AI related shares met a sharp rise in oil. The tech heavy Nasdaq 100 bore the brunt, falling 2.5%, while the S&P 500 lost 1.1% and the Dow 0.3%. Over the week, the Nasdaq 100 shed 5.5% and the S&P 500 1.9%, while the Dow edged up 0.7%. The VIX jumped to 19.99 from 16.46, and the semiconductor index posted its longest run of declines since 2008. Information technology fell 2.5% and communication services 2.4%, leading six sectors lower, while energy gained 2.5%, utilities 1.4% and consumer staples 1.3%. CoreWeave dropped c12% as investors continued to scrutinise its debt, while Broadcom fell 3.6% and Meta 3.7%. The 2-year yield fell c4bps to 4.71%, while the 10 year edged up c1.5bps to c5.07%. Brent rose 3.7% to USD109.86/bbl and WTI 3.5% to USD101.41/bbl, while gold slipped 0.1% to USD4,166/oz. The dollar index eased 0.2%, with sterling up 0.4%. Europe moved the other way, with the STOXX 600 up 0.7%, the DAX almost 1% and the FTSE 100 0.4%, as solid earnings and a rotation away from US technology supported shares; the DAX added 2.1% on the week. In Asia, the Nikkei rebounded 1.4%, the Hang Seng 0.5% and the Sensex 0.6%, though the Nikkei still lost 5.4% over the week; MSCI's emerging markets index rose 0.8%, while developed markets fell 0.5%. In the GCC, the DFM gained 0.6% and the ADX was flat on Friday; on Sunday, Tadawul rose 0.8%, while Qatar fell 2.0% and Bahrain, Kuwait and Oman eased.

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## What's Next

The coming week brings a heavy earnings slate and a global inflation check, with the Fed in its quiet period ahead of the 27 to 28 October meeting and the ECB meeting on 28 to 29 October. Third quarter earnings season moves to the megacaps, with US technology heavyweights reporting from Tuesday. On data, UK unemployment on Tuesday is seen steady at 4.9%, ahead of September CPI on Wednesday, expected to rise to 3.4% y/y from 3.1%, with core at 2.8% from 2.6%, while Friday brings Japan's CPI and flash October PMIs, with US manufacturing seen at 55.5 from 55.9 and services at 58.0 from 58.8. Central banks in Indonesia, the Philippines, Korea, Turkey and Russia also set rates, with the Bank of Korea expected to hold after two consecutive hikes. Monday's calendar includes Canada's September CPI, expected at 3.2% y/y from 3.0%, and the US NAHB housing index at 31 from 32, while Indian markets are closed on Tuesday for a holiday. Asia has since opened with US futures recovering part of Friday's losses and Brent c1.7% lower near USD108/bbl,

# Daily Market View

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| Performance snapshot* |         |         |         |         |
|-----------------------|---------|---------|---------|---------|
| Rates                 | Latest  | 1D (bp) | 1M (bp) | 3M (bp) |
| SOFR                  | 3.89    | 0.00    | 27.00   | 27.00   |
| UAE Eibor 3m          | 4.21    | -14.79  | 6.49    | 39.89   |
| UAE Eibor 12m         | 4.98    | -7.63   | 29.27   | 81.48   |
| US 3m Bills           | 4.16    | -3.23   | 12.72   | 37.72   |
| US 10yr Treasury      | 5.07    | 1.48    | 8.53    | 51.94   |
| German 10yr Bund      | 3.43    | 1.30    | -9.20   | 29.20   |
| UK 10yr Gilt          | 5.37    | -0.10   | 0.60    | 40.70   |
| Fixed Income          |         | 1D (%)  | 1M (%)  | 3M(%)   |
| Global Agg. Index     | 492     | 0.21    | -0.65   | -1.24   |
| Global Treasuries     | 204     | 0.24    | -0.68   | -0.86   |
| Global Corporate      | 297     | 0.18    | -0.66   | -1.97   |
| EM USD Sovereign      | 454     | -0.05   | -1.02   | -2.55   |
| EM LCY Sovereign      | 169     | 0.15    | 0.55    | 2.11    |
| Global High Yield     | 1,857   | -0.04   | -2.06   | -2.47   |
| Currencies            |         |         |         |         |
| Dollar Index          | 101.84  | -0.16   | 2.46    | 1.07    |
| EUR USD               | 1.1239  | 0.17    | -2.68   | -1.77   |
| GBP USD               | 1.3327  | 0.39    | -1.27   | -1.12   |
| USD JPY               | 158.02  | 0.01    | 2.38    | -2.69   |
| Equities              |         |         |         |         |
| S&P 500               | 7,659   | -1.09   | 0.52    | 1.67    |
| Dow Jones             | 52,002  | -0.34   | -0.80   | -1.05   |
| NASDAQ                | 26,140  | -2.15   | -0.18   | 1.00    |
| STOXX 600             | 645     | 0.72    | 1.38    | 0.16    |
| DAX                   | 25,623  | 0.95    | 0.71    | 2.84    |
| Nikkei 225            | 65,324  | 1.39    | 2.88    | -2.26   |
| FTSE 100              | 10,882  | 0.38    | 1.72    | 2.93    |
| SENSEX                | 74,729  | 0.56    | -0.07   | -3.18   |
| Hang Seng             | 24,187  | 0.52    | -2.93   | -3.29   |
| MSCI World            | 4,908   | -0.51   | -0.05   | 1.10    |
| MSCI EM               | 1,621   | 0.81    | -4.55   | -2.61   |
| Regional Equities     |         |         |         |         |
| ADX                   | 9,808   | 0.04    | -3.06   | 0.28    |
| DFM                   | 5,867   | 0.63    | -1.83   | -0.49   |
| Tadawul*              | 10,190  | 0.82    | -3.86   | -5.86   |
| DSM*                  | 8,634   | -2.00   | -8.91   | -13.84  |
| MSM30*                | 7,656   | -0.29   | 1.35    | 1.96    |
| BHSE*                 | 1,866   | -0.51   | -1.95   | -4.49   |
| KWSE*                 | 8,442   | -0.40   | -4.47   | -4.49   |
| Commodities           |         |         |         |         |
| BBG Commodity Index   | 144.4   | 0.37    | -0.62   | 11.33   |
| Brent USD/bbl         | 109.86  | 3.72    | 3.96    | 30.43   |
| WTI USD/bbl           | 101.41  | 3.51    | 0.02    | 28.45   |
| Gold USD/t oz         | 4,165.6 | -0.14   | -3.12   | 4.75    |

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|                   |          |       |        |       |
|-------------------|----------|-------|--------|-------|
| Silver USD/t oz   | 57.0     | -0.72 | -9.87  | 2.64  |
| Platinum USD/t oz | 1,635.1  | 0.21  | -7.40  | 0.73  |
| Aluminum          | 3,005.9  | 0.58  | -8.64  | -5.72 |
| Copper USD/MT     | 14,595.0 | 0.39  | 3.92   | 7.59  |
| Digital Assets    |          |       |        |       |
| Bitcoin           | 81,632.2 | -0.46 | 3.22   | 27.39 |
| Ether             | 2,412.6  | -1.58 | -6.14  | 28.98 |
| Solana            | 103.9    | -1.50 | -0.03  | 37.23 |
| XRP               | 1.3      | -2.56 | -10.90 | 18.83 |
| Volatility        |          |       |        |       |
| VIX               | 19.99    | 21.45 | 16.90  | 19.49 |
| MOVE              | 101.10   | -1.36 | 20.50  | 48.33 |

Source: Bloomberg, and ADCB Asset Management \*Notes: Data as at 8:00AM UAE time – October 19, 2026. Performance in local currency terms.

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