

Chips found buyers, Treasuries found sellers; the megacaps settle the score

Macro headlines

Last week Big Tech was told to show its working; on Monday investors decided to wait for the marks, buying back AI related shares while the bond market kept its pen firmly in hand. Let us begin with energy geopolitics, where Middle East supply concerns remained in focus, keeping the Gulf risk premium firmly in place. Pulling the other way, President Trump's waiver of new US sanctions on Russian energy, signed on Friday, raised expectations of more Russian supply, leaving Brent 0.3% lower at USD109.55/bbl. On geo finance matters, the waiver also lifts the threat of steep US tariffs on the largest buyers of Russian crude, a relief for India, where the rupee held steady and, as per Reuters, the decision lifts the chances of a trade deal with Washington. In Europe, French bonds declined after weekend protests, keeping French assets in focus ahead of Friday's sovereign rating review. On monetary policy, with the Fed in its quiet period, markets price only a c17% chance of a hike at next week's meeting but a c90% chance by December. Elsewhere, traders and economists boosted bets on a Bank of Canada rate hike next week after Governor Macklem said higher oil prices are lifting growth and signalled a possible upward revision to the inflation forecast, while Bundesbank President Nagel said the ECB cannot rule out further rate hikes if conditions remain as they are, after two hikes already this cycle. In corporate news, Anthropic is reportedly in talks with Nscale on a computing deal worth about USD45bn, while energy companies are cashing in on the supply disruption, with Citgo raising its 2026 earnings outlook on surging fuel margins and TotalEnergies flagging a jump of about USD2bn in third quarter refining and chemicals cash flow. Monday's rebound was a relief rally in one sector rather than a return of risk appetite, with bonds, Europe and the GCC all declining to follow.

Market performances

Wall Street finished mixed on Monday, as technology led a partial recovery from last week's AI related selloff while the broader market lagged, with about 65% of S&P 500 stocks closing lower. The tech heavy Nasdaq 100 rose 1.2% and the S&P 500 0.4%, while the Dow slipped 0.1% and the VIX eased to 18.44. The semiconductor index climbed 1.6%, snapping an eight day losing streak. Consumer discretionary led the S&P 500 sectors with a 2.7% gain, followed by information technology at 1.2%, while utilities fell 2.0% and financials, industrials, energy and health care also closed lower. Treasuries sold off as haven demand faded, with the 10-year yield up c7bps to 5.14% and the 2-year c4bps to 4.77%, while Bund yields rose c3bps and gilt yields c6bps. Gold fell 0.6% to USD4,141/oz as yields rose. The dollar index edged up 0.1%, with the euro down 0.2% and the yen 0.3% weaker. Europe fell, with the STOXX 600 down 0.8% despite strength in its technology sector, while the DAX fell 1.2% and the FTSE 100 and the CAC 40 each lost 1.1%. In Asia, the Nikkei slipped 0.6% and the Sensex 1.2%, while Hong Kong was closed for a holiday; MSCI's emerging markets index eased 0.2%, while developed markets edged up 0.1%. GCC markets drifted lower, with Tadawul down 0.7%, Kuwait 0.4%, the DFM and the ADX each 0.3%, Oman 0.3% and Bahrain 0.2%, while Qatar was flat. Markets enter Tuesday with technology off the floor, the dollar firmer and Treasury yields back above 5.1%.

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What's Next

Today's data brings energy costs back into the numbers, with German producer prices expected to jump 6.3% y/y from 4.6% and the ZEW expectations index seen falling to 30.0 from 34.7. UK unemployment is expected to hold at 4.9%, with wage growth easing to 3.8% from 3.9%, while US housing starts are seen rising to 1.30mn from 1.28mn and permits slipping to 1.39mn from 1.40mn. Later in the week, UK CPI is expected to rise to 3.4% y/y from 3.1%, and Friday's flash PMIs see US manufacturing at 55.5 and services at 58.0, ahead of the Fed's 27 to 28 October meeting and the ECB's decision on 28 to 29 October. Asia has since diverged from Wall Street, with MSCI's Asia Pacific index down 0.8%, while Indian markets are closed for a holiday. Markets enter Wednesday's megacap earnings knowing the key question is whether AI investment is converting into revenue. Strong results could broaden Monday's rally, while cautious guidance would likely leave it confined to a single sector.

Daily Market View

Investment Strategy ♦ October 20, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.88	0.00	24.00	29.00
UAE Eibor 3m	4.21	0.40	3.04	37.47
UAE Eibor 12m	4.93	-4.71	23.20	79.91
US 3m Bills	4.17	1.48	12.90	37.82
US 10yr Treasury	5.14	6.69	13.78	59.23
German 10yr Bund	3.46	3.00	-8.20	33.00
UK 10yr Gilt	5.43	5.90	4.40	48.10
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	490	-0.34	-0.89	-1.57
Global Treasuries	203	-0.34	-0.89	-1.20
Global Corporate	296	-0.41	-1.04	-2.37
EM USD Sovereign	452	-0.38	-1.18	-2.91
EM LCY Sovereign	169	0.03	0.80	2.35
Global High Yield	1,853	-0.22	-2.13	-2.61
Currencies				
Dollar Index	101.98	0.14	2.37	1.21
EUR USD	1.1213	-0.23	-2.87	-1.98
GBP USD	1.3305	-0.17	-1.28	-1.09
USD JPY	158.50	0.30	2.19	-2.40
Equities				
S&P 500	7,691	0.41	1.38	3.12
Dow Jones	51,966	-0.07	-0.24	-0.35
NASDAQ	26,431	1.11	1.73	3.57
STOXX 600	640	-0.80	0.85	-0.31
DAX	25,320	-1.18	-0.32	1.97
Nikkei 225	64,917	-0.62	2.26	1.21
FTSE 100	10,765	-1.08	1.00	1.55
SENSEX	73,853	-1.17	-0.20	-5.50
Hang Seng	24,187	0.00	-1.95	-1.53
MSCI World	4,913	0.11	0.53	2.19
MSCI EM	1,618	-0.17	-3.75	-0.17
Regional Equities				
ADX	9,783	-0.26	-3.48	0.02
DFM	5,851	-0.27	-1.28	0.64
Tadawul*	10,124	-0.65	-4.48	-6.47
DSM*	8,633	-0.01	-8.92	-13.85
MSM30*	7,635	-0.28	1.07	1.68
BHSE*	1,863	-0.17	-2.11	-4.65
KWSE*	8,407	-0.42	-4.87	-4.89
Commodities				
BBG Commodity Index	144.0	-0.27	-2.08	9.63
Brent USD/bbl	109.55	-0.28	0.74	24.35
WTI USD/bbl	103.66	2.22	-2.05	25.66
Gold USD/t oz	4,140.7	-0.60	-3.53	3.07

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Silver USD/t oz	57.1	0.16	-10.36	2.09
Platinum USD/t oz	1,642.0	0.42	-7.74	2.84
Aluminum	3,023.2	0.58	-7.19	-4.07
Copper USD/MT	14,496.0	-0.68	3.21	8.39
Digital Assets				
Bitcoin	81,913.8	0.34	7.96	27.84
Ether	2,398.1	-0.60	-0.33	30.19
Solana	104.4	0.46	7.25	39.15
XRP	1.3	-0.27	0.56	19.48
Volatility				
VIX	18.44	-7.75	7.21	-1.76
MOVE	101.30	0.20	21.01	42.92

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 20, 2026. Performance in local currency terms.

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