Daily Market View

Investment Strategy ♦ October 21, 2026

The Dow does the heavy lifting, tech sits on the bench; UK CPI and the megacaps warm up

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Macro headlines

Tuesday belonged to the old economy, with makers of jet engines, adhesives and toys delivering the beats, while the AI complex waited for its own results. Energy geopolitics remained centre stage, though a softer session for crude did little to change the picture in the Gulf, with Middle East supply concerns keeping the risk premium intact. On geo finance matters, US talks with Mexico on steel and aluminium tariffs have reportedly hit an impasse. Turning to macroeconomic data, US housing disappointed, with September housing starts falling 5.2% to an annualised 1.2mn, below the 1.3mn expected, and pending home sales down 7.3% against an expected 0.5% decline, while building permits were broadly in line at 1.4mn. Overnight, Japan posted a JPY537bn trade deficit for September, wider than the JPY210bn expected though down from JPY1,106bn, with export growth slowing to 16.7% y/y from 19.3%. On monetary policy, the Fed remains in its quiet period ahead of next week's meeting, while ECB Governing Council member Rehn said policymakers must remain vigilant to inflation spillovers from the Middle East. In corporate news, GE Aerospace topped estimates with revenue about 3% above consensus, and General Motors delivered a better-than-expected quarter, while an aerospace and defence group and a diversified manufacturer both raised their full year outlooks and a major toymaker also beat. After the close, SpaceX's results and Super Micro Computer's preliminary numbers topped expectations, and United Airlines showed the other side of the oil shock, with third quarter fuel costs up 61.6% to USD4.84bn and fourth quarter earnings guidance below consensus. Staying with AI, Elon Musk said SpaceX and Tesla have formed special committees to explore a potential merger, and Anthropic could spend USD750bn on additional computing power in the coming years, according to a Wall Street Journal report. Tuesday's gains rested on earnings rather than a broad improvement in the backdrop, with housing softening and fuel bills squeezing airlines.

Market performances

Wall Street finished mixed on Tuesday, as upbeat corporate earnings outweighed lingering concerns around AI investment, with a pullback in oil prices also supporting sentiment. The Dow rose 1.0% and the S&P 500 0.3%, while the Nasdaq 100 slipped 0.1% and the VIX eased to 17.31. Health care led the S&P 500 sectors with a 2.3% gain, followed by utilities and financials, each up 1.1%, and consumer discretionary at 0.7%, while communication services fell 0.9% and information technology 0.3%. Among single names, Hasbro jumped 11.2% and 3M rose 5.8% on their results and Eli Lilly gained 3.5%, while General Motors fell 6.8%, and Braze soared after Salesforce agreed to acquire it for about USD5.7bn in cash. Treasuries were mixed, with the 10 year yield down c3bps to 5.11% while the 2 year rose c2bps to 4.78%, and European bonds rallied, with Bund yields down c6bps and gilt yields c2bps. Brent eased 0.7% to USD108.79/bbl, while gold declined 0.4% to USD4,125/oz. The dollar index retreated 0.3% as longer dated Treasury yields fell, with sterling up 0.6% and the euro and the yen each 0.2% firmer. Europe edged lower, with the STOXX 600 down 0.1%, the CAC 40 0.4% and the FTSE 100 0.3%, while the DAX was broadly unchanged. In Asia, the Hang Seng and the Nikkei each fell 1.3%, while Indian markets were closed for a holiday; MSCI's emerging markets index lost 1.1% and developed markets rose 0.2%. In the GCC, the ADX was the only gainer, up 0.5%, while Tadawul fell 1.7%, Oman 1.1%, Qatar 0.4%, the DFM 0.3%, Bahrain 0.2% and Kuwait 0.1%, while UAE 3 month Eibor rose c9bps to 4.30%. Markets enter Wednesday with cyclicals and defensives in front of technology, a flatter Treasury curve and a softer dollar.

What's Next

Today's data brings the oil story back to consumer prices, with UK CPI expected to rise to 3.4% y/y from 3.1% and core to 2.8% from 2.6%; a firmer print would add to inflation concerns across Europe, while a softer one would ease pressure on the Bank of England. After the US close, Meta, Tesla and IBM report quarterly results. Thursday brings US jobless claims, and Friday's flash PMIs see US manufacturing at 55.5 from 55.9 and services at 58.0 from 58.8, alongside France's sovereign rating review. Next week, the Fed meets on 27 to 28 October, the ECB on 28 to 29 October and the BOJ on 30 October. Asia has since followed the after hours AI results higher, with MSCI's Asia Pacific index up 1.5% and Korea's benchmark index 4.2%. Markets head into Meta and Tesla knowing the bar: Tuesday showed that beats paired with raised guidance get rewarded, and AI spending would need to show up in revenue to earn the same treatment.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.87	0.00	25.00	30.00
UAE Eibor 3m	4.30	9.43	17.45	50.92
UAE Eibor 12m	4.84	-8.92	3.13	71.91
US 3m Bills	4.17	-0.57	10.65	38.06
US 10yr Treasury	5.11	-3.12	8.60	51.68
German 10yr Bund	3.40	-5.60	-10.70	25.00
UK 10yr Gilt	5.41	-2.20	11.40	37.80
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	492	0.30	-0.68	-1.04
Global Treasuries	204	0.34	-0.66	-0.64
Global Corporate	296	0.26	-0.89	-1.86
EM USD Sovereign	452	-0.04	-1.37	-2.86
EM LCY Sovereign	170	0.20	0.90	2.52
Global High Yield	1,851	-0.07	-2.27	-2.62
Currencies				
Dollar Index	101.70	-0.27	1.45	0.74
EUR USD	1.1237	0.21	-1.99	-1.55
GBP USD	1.3380	0.56	-0.01	-0.38
USD JPY	158.17	-0.21	1.22	-2.66
Equities				
S&P 500	7,713	0.28	2.13	3.62
Dow Jones	52,496	1.02	2.01	1.27
NASDAQ	26,425	-0.02	1.72	3.59
STOXX 600	639	-0.14	0.24	-0.15
DAX	25,304	-0.06	-0.91	1.84
Nikkei 225	64,075	-1.30	0.24	-0.10
FTSE 100	10,733	-0.29	0.42	1.98
SENSEX	73,853	0.00	-0.65	-4.96
Hang Seng	23,868	-1.32	-3.42	-5.07
MSCI World	4,922	0.19	0.94	2.69
MSCI EM	1,600	-1.12	-5.15	-1.06
Regional Equities				
ADX	9,829	0.47	-2.81	0.81
DFM	5,835	-0.29	-2.21	0.66
Tadawul*	9,952	-1.69	-6.10	-8.05
DSM*	8,598	-0.40	-9.28	-14.19
MSM30*	7,554	-1.06	0.00	0.61
BHSE*	1,860	-0.17	-2.28	-4.81
KWSE*	8,399	-0.09	-4.95	-4.97
Commodities				
BBG Commodity Index	143.3	-0.49	-2.07	8.61
Brent USD/bbl	108.79	-0.69	2.80	21.93
WTI USD/bbl	101.79	-1.80	-0.62	22.30
Gold USD/t oz	4,125.2	-0.37	-3.25	2.92

Silver USD/t oz	57.9	1.50	-8.01	2.68
Platinum USD/t oz	1,657.6	0.95	-5.61	3.91
Aluminum	3,021.4	-0.06	-7.72	-3.78
Copper USD/MT	14,540.0	0.30	2.20	6.68
Digital Assets				
Bitcoin	82,744.1	1.01	8.73	26.66
Ether	2,446.4	2.01	1.55	28.46
Solana	106.6	2.10	8.10	36.93
XRP	1.3	2.58	2.47	19.69
Volatility				
VIX	17.31	-6.13	-2.26	-7.18
MOVE	101.70	0.39	25.98	39.97

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 21, 2026. Performance in local currency terms.

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