Daily Market View

Investment Strategy ♦ October 23, 2026

Megacaps feel the burn, Brent fans the flame; the PMIs check the heat

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Macro headlines

Wednesday's megacap results showed what the AI buildout will cost; on Thursday investors balked at the price, just as oil sent them a second bill. Oil broke ranks with the selloff as Brent jumped 4.0% to USD113.17/bbl as renewed regional tensions put Middle East supply back at the centre of pricing, while gold, the usual refuge, fell 2.8% as higher oil prices revived inflation concerns. Turning to macroeconomic data, US initial jobless claims fell to 194K in the week to 17 October, below the 200K expected, while continuing claims edged above forecasts at 1.728mn. Overnight, UK GfK consumer confidence slumped to negative 24 from negative 13, well below the negative 14 expected, as fuel costs bit, while Japan's core CPI rose to 2.1% y/y from 1.7%, the first reading above the BOJ's 2% target in nine months. On monetary policy, more than 80% of BOJ watchers in a Bloomberg survey now expect a hike in December, up from 35% last month, while ECB Governing Council member Panetta said rising bond yields will restrain the euro area economy, as higher rates there are not accompanied by stronger growth. In the US, the tech rout pared bets on another Fed hike this year. In corporate news, the earnings season is broadly delivering, with a large majority of S&P 500 companies that have reported so far beating expectations, yet spending plans overshadowed the beats. Meta lifted its future spending commitments to USD825bn from about USD700bn in July and reported negative free cash flow despite revenue up 26% y/y, while Lam Research guided only in line with elevated expectations. Fuel costs left their mark too, with Southwest Airlines cutting its profit outlook again on rising jet fuel prices and Procter & Gamble holding its full year guidance as higher commodity costs offset a first quarter beat. Thursday split the market between companies generating cash today and those still asking investors to fund tomorrow, and dearer oil made waiting more expensive.

Market performances

Wall Street rotated hard on Thursday, out of technology and into defensives. The tech heavy Nasdaq 100 fell 2.9%, its worst session since June, and the S&P 500 1.2%, while the Dow finished flat and the VIX jumped to 19.03; the selloff was narrow, with twice as many S&P 500 members rising as falling. The semiconductor index slid nearly 7%, as Lam Research dropped about 12%, Advanced Micro Devices more than 8% and CoreWeave 10%, while Meta fell almost 7% and Nvidia 4.4%. Information technology and communication services each lost 3.0%, while consumer staples jumped 3.1% to a record close, followed by utilities at 2.0% and health care at 1.3%. Treasuries rallied as investors sought safety, with the 10-year yield down c17bps to 4.95%, below 5% for the first time in a month, while Bund yields fell c9bps and gilt yields c5bps. Gold slid to USD4,025/oz, its lowest level in more than two months, with silver down 5.9%. The dollar index eased 0.2%, while the yen strengthened 0.9% and the Swiss franc 0.5% on haven demand, and the rupee weakened 0.4%. Europe followed Wall Street lower, with the STOXX 600 down 1.1%, its steepest fall in three weeks, the DAX 1.1% and the FTSE 100 0.3%, as banks and semiconductors led the decline. In Asia, the Hang Seng fell 3.0%, the Nikkei 2.7% and the Sensex 0.6%; MSCI's emerging markets index lost 2.5% and developed markets 1.2%. GCC markets declined across the board, led by Tadawul down 2.3%, with Oman off 0.8%, the DFM and the ADX each 0.7%, Kuwait 0.5%, Qatar 0.4% and Bahrain 0.3%. The week's final session begins with staples outpacing chips, haven currencies bid and Brent above USD113/bbl.

What's Next

Today's flash PMIs bring the oil shock into the activity data, with the US composite expected at 57.6 from 58.4, Germany's at 53.35 from 53.8, France's at 50.3 from 51.1 and the UK's at 51.7 from 52.0; weaker readings would suggest higher energy costs are starting to weigh on demand as well as on prices. UK retail sales are seen slipping 0.1% m/m from a 0.5% gain, and the final University of Michigan survey is expected to confirm sentiment at 46.3 and one year inflation expectations at 4.7%. France's sovereign rating review is also due today, after a session in which rising French bond yields added to the pressure on European assets. Next week brings Microsoft, Amazon and Alphabet results alongside a dense run of central bank decisions, with the Fed meeting on 27 to 28 October, the ECB on 28 to 29 October and the BOJ on 30 October, while the UK presents its budget on 28 October. Asia has since extended the selloff, with MSCI's Asia Pacific index down 0.9% and Korea's benchmark index 2.5%, while Brent edged up 0.7% to just under USD114/bbl. Markets head into the weekend with next week's bar already set: megacaps would need to show the spending is earning its keep, and central banks meeting with Brent above USD110/bbl would have little room to look through the oil bill.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.88	0.00	26.00	31.00
UAE Eibor 3m	4.45	2.30	32.15	65.62
UAE Eibor 12m	4.85	-9.89	3.83	72.61
US 3m Bills	4.13	-0.60	6.95	34.36
US 10yr Treasury	4.95	-16.60	-6.90	36.18
German 10yr Bund	3.33	-8.70	-17.30	18.40
UK 10yr Gilt	5.33	-5.30	2.80	29.20
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	493	0.43	-0.35	-0.71
Global Treasuries	204	0.39	-0.39	-0.37
Global Corporate	298	0.51	-0.46	-1.44
EM USD Sovereign	454	0.19	-1.04	-2.54
EM LCY Sovereign	170	-0.10	0.77	2.39
Global High Yield	1,851	-0.10	-2.28	-2.63
Currencies				
Dollar Index	101.61	-0.17	1.36	0.65
EUR USD	1.1216	-0.14	-2.17	-1.73
GBP USD	1.3401	0.05	0.14	-0.23
USD JPY	156.77	-0.87	0.32	-3.53
Equities				
S&P 500	7,663	-1.21	1.48	2.96
Dow Jones	52,868	0.02	2.73	1.99
NASDAQ	26,009	-2.60	0.12	1.96
STOXX 600	638	-1.05	0.10	-0.29
DAX	25,372	-1.07	-0.65	2.11
Nikkei 225	62,908	-2.65	-1.59	-1.92
FTSE 100	10,725	-0.26	0.35	1.91
SENSEX	73,249	-0.62	-1.45	-5.73
Hang Seng	22,935	-3.03	-7.19	-8.77
MSCI World	4,895	-1.17	0.38	2.12
MSCI EM	1,576	-2.46	-6.58	-2.55
Regional Equities				
ADX	9,702	-0.71	-4.07	-0.50
DFM	5,818	-0.72	-2.50	0.36
Tadawul*	9,696	-2.32	-8.52	-10.42
DSM*	8,611	-0.37	-9.15	-14.06
MSM30*	7,379	-0.81	-2.31	-1.71
BHSE*	1,852	-0.32	-2.73	-5.25
KWSE*	8,291	-0.47	-6.17	-6.19
Commodities				
BBG Commodity Index	142.7	-0.02	-2.51	8.12
Brent USD/bbl	113.17	4.00	6.94	26.85
WTI USD/bbl	99.47	2.39	-2.88	19.51
Gold USD/t oz	4,024.9	-2.80	-5.60	0.42

Silver USD/t oz	54.6	-5.87	-13.36	-3.29
Platinum USD/t oz	1,568.5	-3.89	-10.68	-1.67
Aluminum	3,041.1	-0.93	-7.12	-3.16
Copper USD/MT	14,215.0	-1.57	-0.09	4.29
Digital Assets				
Bitcoin	81,169.8	-4.07	6.66	24.25
Ether	2,380.0	-4.46	-1.20	24.98
Solana	103.3	-4.42	4.69	32.61
XRP	1.3	-6.15	-0.16	16.62
Volatility				
VIX	19.03	14.09	7.45	2.04
MOVE	106.84	11.36	32.35	47.04

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 23, 2026. Performance in local currency terms.

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