Daily Market View

Investment Strategy ♦ October 26, 2026

Black gold outshines the yellow; this week central banks and megacaps face the glare

Macro headlines

Oil finished the week in charge, and this week it takes a seat at four central bank meetings. Starting with energy, Brent rose 3.1% on Friday to USD116.72/bbl, its highest level since 29 April, as regional tensions escalated again. On geo finance matters, Moody's kept France's rating at Aa3 with a negative outlook after Friday's close, averting a downgrade after a week in which tensions in France weighed on European assets. Turning to Friday's macroeconomic data, the flash PMIs surprised to the upside, with readings in the US and the UK above expectations. The final University of Michigan survey showed sentiment little changed in October from historically low levels and slightly better than forecast, though one year inflation expectations rose 0.1 percentage points to 4.7% and five year expectations to 3.5%. On monetary policy, higher energy prices reinforced expectations of further US rate hikes heading into this week's meeting, after the Fed raised rates in September for the first time since 2023 and signalled another increase was likely this year, with markets pricing c19bps of tightening by December at Friday's close. In corporate news, AI is starting to reshape payrolls, with American Express announcing it is cutting about 5% of its global workforce to prepare for AI. Carmakers sent mixed signals, with Volkswagen planning a USD4bn factory for its Audi brand in the US state of Georgia, while Volvo Cars reported a bigger than expected third quarter operating loss and announced a further 2,500 job cuts; in luxury, sales at Kering's Gucci brand disappointed. Taken together, activity is holding up while inflation expectations drift higher, a mix that would make the oil shock harder for central banks to look through this week.

Market performances

Wall Street closed a second straight losing week on the back foot, and on Friday the defensives gave way too. The Dow fell 1.2% and the S&P 500 0.5%, matching its loss for the week, while the Nasdaq 100 finished flat and the VIX rose to 19.45. Consumer staples, at a record close on Thursday, led the declines with a 1.8% loss as Walmart, Costco and Procter & Gamble fell, while communication services and consumer discretionary each lost 1.4% on Alphabet, Meta and Amazon; energy rallied 2.5% and technology edged up 0.4%. AT&T and T-Mobile fell about 8% each on SpaceX's push into mobile services, and American Express 3.7%. Treasuries gave back part of Thursday's rally, with the 10-year yield up c4bps to just under 5% and the 2-year c5bps to 4.69%, though the 10-year still ended the week c8bps lower. Gold fell 0.7% to USD3,996/oz for a weekly fall of about 4.1%, its biggest since June, while the dollar index firmed 0.2%. Europe posted its steepest weekly loss since early September, with the STOXX 600 down 0.3% on Friday and 1.4% over the week; Kering fell almost 17% and Safran 10%, pulling defence shares 3.8% lower. In Asia, the Hang Seng rose 0.7%, while the Nikkei slipped 0.3% and the Sensex 0.2%; MSCI's emerging markets index edged up 0.2%, while developed markets fell 0.4%. In the GCC, the DFM fell 1.4% and the ADX 1.2% on Friday; on Sunday, Tadawul fell 2.7% and Oman 1.4%, with Bahrain down 0.2%, while Kuwait rose 0.5% and Qatar was flat. Markets closed the last week with Brent up 6.2% over five sessions, gold below USD4,000/oz and the 10-year yield pinned near 5%.

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What's Next

The coming week brings four central bank decisions in three days, plus a budget in London. The Fed is expected to hold its target range at 3.75% to 4.00% on Wednesday after September's hike, with Chair Warsh's press conference watched for hints of a December increase, while the Bank of Canada is increasingly expected to raise rates by a quarter point the same day, as the UK presents its budget. The ECB is expected to hold on Thursday after its second hike of the year in September, and the BOJ on Friday. Thursday brings the first estimate of US third quarter GDP, expected at an annualised 3.2% from 2.2%; September PCE inflation is seen rising to 3.6% y/y from 3.4%, with core at 3.1% from 3.0%, a read on how much of the oil shock is reaching prices. Alphabet and Microsoft report on Wednesday and Amazon on Thursday, with S&P 500 earnings projected to grow 30.6% y/y. Closer to home, Qatar's sovereign rating review is due on Friday. Monday's calendar includes Germany's Ifo business climate, expected unchanged at 89.9, and the start of China's Central Committee plenum. Asia has opened cautiously, with Brent 1.6% lower at about USD114.85/bbl, while 10-year Treasury yields eased c3bps to 4.97%. Markets enter the week with a two part test: whether central banks signal they can look past oil near USD115/bbl, and whether megacap results show the spending already paying its way.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.90	0.00	3.00	26.00
UAE Eibor 3m	4.23	n/a	-5.00	38.40
UAE Eibor 12m	4.72	n/a	-32.70	47.60
US 3m Bills	4.12	-0.80	0.00	23.70
US 10yr Treasury	4.99	4.10	-12.00	30.10
German 10yr Bund	3.35	1.10	-21.00	14.20
UK 10yr Gilt	5.36	3.10	0.90	25.40
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	493	0.01	0.40	-0.08
Global Treasuries	205	0.10	0.52	0.37
Global Corporate	297	-0.23	0.00	-0.98
EM USD Sovereign	454	0.01	-0.95	-1.68
EM LCY Sovereign	170	0.02	0.66	2.65
Global High Yield	1,850	-0.09	-1.90	-2.16
Currencies				
Dollar Index	101.81	0.20	0.71	0.36
EUR USD	1.1202	-0.12	-1.58	-1.58
GBP USD	1.3374	-0.20	0.98	0.38
USD JPY	156.87	0.06	-0.92	-4.27
Equities				
S&P 500	7,624	-0.52	-1.07	2.91
Dow Jones	52,215	-1.23	1.37	0.97
NASDAQ	25,955	-0.21	-3.64	3.25
STOXX 600	636	-0.31	-0.65	-0.55
DAX	25,182	-0.75	-0.90	1.69
Nikkei 225	62,693	-0.34	-3.58	-5.61
FTSE 100	10,690	-0.32	-0.14	0.48
SENSEX	73,124	-0.17	-2.28	-4.28
Hang Seng	23,093	0.69	-7.01	-8.40
MSCI World	4,875	-0.42	-1.31	1.92
MSCI EM	1,578	0.15	-9.75	-5.61
Regional Equities				
ADX	9,588	-1.17	-6.63	-2.56
DFM	5,734	-1.44	-4.56	-1.12
Tadawul*	9,439	-2.65	-11.63	-12.64
DSM*	8,615	0.05	-9.74	-14.12
MSM30*	7,278	-1.37	-3.69	2.26
BHSE*	1,849	-0.17	-2.86	-6.02
KWSE*	8,329	0.47	-5.68	-3.83
Commodities				
BBG Commodity Index	143.7	0.71	-0.77	5.45
Brent USD/bbl	116.72	3.14	13.23	15.92
WTI USD/bbl	103.27	3.82	12.06	12.02
Gold USD/t oz	3,996.1	-0.71	-6.80	-1.32
Silver USD/t oz	53.9	-1.25	-16.36	-6.43

Platinum USD/t oz	1,553.3	-0.97	-11.52	-2.75
Aluminum	3,079.8	1.27	-5.44	-3.49
Copper USD/MT	14,415.0	1.41	-2.17	4.87
Digital Assets				
Bitcoin	81,328.7	0.20	-3.44	24.93
Ether	2,399.8	0.83	-10.15	27.32
Solana	103.8	0.54	-8.97	36.43
XRP	1.3	0.59	-11.87	17.54
Volatility				
VIX	19.45	2.21	28.13	4.01
MOVE	103.31	-3.30	8.23	29.01

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 26, 2026. Performance in local currency terms.

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