Daily Market View

Investment Strategy ♦ October 29, 2026

A patient Fed, a picky market; today GDP and PCE make their case

Macro headlines

The Fed held rates on Wednesday, but the hawks made themselves heard. The FOMC voted 10 to 2 to hold its target range at 3.75% to 4.00%, with Governor Cook and Cleveland Fed President Hammack preferring a 25bps increase, and the statement continued to describe inflation as elevated. Chair Warsh said officials have shown their readiness to act as circumstances require, pointing to an information rich period ahead. Staying with central banks, the Bank of Canada raised its policy rate by 25bps to 2.50%, its first increase in more than three years, as higher energy costs lifted its inflation outlook to 3.5% by the end of 2026. Energy kept the inflation debate alive, with Brent rising 1.3% to USD115.32/bbl as renewed regional tensions revived supply concerns, ahead of today's ECB meeting. Turning to macroeconomic data, the US advance goods trade deficit widened to USD134.9bn in September, above the USD130.2bn expected, as capital goods imports kept rising, while the UK's fiscal watchdog raised its inflation forecasts to 3.1% for 2026 and 3.4% for 2027, from 2.3% and 2.0%. On geo finance matters, President Trump delayed tariffs on imported robotics and industrial machinery in favour of negotiations with trading partners. In the UK, Chancellor Healey's budget centred on GBP4.1bn of cost of living relief rather than broad tax increases, while raising the bank surcharge to 6% from 3%. In corporate news, results after the US close split the AI trade as Alphabet fell 10% in extended trading after third quarter revenue missed estimates on disappointing search advertising, while Microsoft rose 2.9% on solid cloud sales. Earlier, Oracle projected free cash flow of USD30bn in fiscal 2029 and limited planned additional fundraising between fiscal 2027 and 2030 to USD20bn, while Vertiv beat estimates and raised its full year outlook as orders more than doubled. Europe's reporting season was patchier. Wednesday left the Fed on hold but ready to act, and after the bell investors began sorting AI spenders by who can show the returns.

Market performances

Wall Street edged higher on Wednesday, with chipmakers and Oracle carrying a market that otherwise took the Fed in its stride. The S&P 500 rose 0.3%, the Nasdaq 0.6% and the Dow 0.2%, while the VIX eased to 16.91. Technology led with a 0.5% gain, while energy, financials and communication services each added between 0.3% and 0.4%; defensives lagged, with utilities down 0.9% and consumer staples 0.4%. The semiconductor index rose 1.8%, its fourth straight gain, as Micron added almost 6% and Marvell Technology and Advanced Micro Devices about 3% each, while Oracle surged 11%. The Treasury curve steepened, with the 2-year yield down c5bps to 4.69% and the 10-year up c2bps to 5.02% as longer dated yields extended gains after the Fed's statement, while euro area yields rose ahead of the ECB, led by French bonds, and gilts rallied after the UK budget. Gold rose 0.2% to USD4,067/oz and the dollar index eased 0.1%. Europe finished slightly higher, with the STOXX 600 up 0.1% as media and mining lagged, the DAX up 0.4%, the FTSE 100 0.1% and the CAC 40 flat; Stellantis rallied 15.4%. In Asia, the Nikkei rose 1.1% and the Hang Seng 0.2%, while the Sensex fell 0.5%; MSCI's emerging markets index gained 1.9% and developed markets 0.2%. In the GCC, Qatar led with a 0.7% gain, followed by Oman at 0.4% and Tadawul at 0.4%, while the ADX fell 1.6%, Kuwait 0.7%, and the DFM and Bahrain 0.3% each. Markets enter Thursday with chips on a four day run, a steeper Treasury curve and the ECB next in line.

investmentstrategy@adcb.com

Wishwesh Pandya
Investment Strategist
+971 (0)2 812 7463
wishwesh.pandya@adcb.com

Mohammed Al Hemeiri
Investment Strategist
+971 (0)2 812 6450
mohammed.alhemeiri@adcb.com

Kishore Muktinutalapati
Head - Investment Strategy
+971 (0)2 812 6457
kishore.muktinutalapati@adcb.com

www.adcb.com/marketinsights

What's Next

Today the data take over from the Fed: the first estimate of US third quarter GDP is seen at 3.2% annualised from 2.2%, alongside weekly jobless claims, expected at 198k from 194k. September core PCE inflation is expected at 3.1% y/y from 3.0%, and the headline rate at 3.6% from 3.4%. A firm set of numbers would keep a December increase on the table, while softer growth would give the Fed room to wait. The ECB is expected to hold today, and Amazon reports after the US close. On Friday, the BOJ is expected to hold at 1.25%, with attention on whether it declares underlying inflation has reached its 2% target, alongside Tokyo CPI, the US employment cost index, seen at 0.8% from 0.9%, and Qatar's sovereign rating review. Asia has turned lower after Samsung Electronics' chip profit missed estimates, with MSCI's Asia Pacific index down 0.7%, while Brent has eased 0.5% to USD114.80/bbl on fresh diplomatic efforts in the region. Markets head into the data with the AI trade split down the middle: a firm inflation print would add to the pressure on richly valued tech, and Amazon would need to show its spending is earning a return.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.95	0.00	5.00	30.00
UAE Eibor 3m	4.32	-0.20	0.90	44.80
UAE Eibor 12m	4.64	0.00	-44.40	29.10
US 3m Bills	4.09	-2.80	-5.50	24.40
US 10yr Treasury	5.02	2.10	-21.80	41.20
German 10yr Bund	3.37	1.10	-27.20	26.70
UK 10yr Gilt	5.32	-2.50	-10.10	37.70
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	492	-0.20	0.87	-0.87
Global Treasuries	204	-0.25	0.82	-0.52
Global Corporate	297	-0.12	0.81	-1.57
EM USD Sovereign	454	0.03	0.92	-2.03
EM LCY Sovereign	169	-0.26	0.83	1.75
Global High Yield	1,857	0.14	-0.37	-1.94
Currencies				
Dollar Index	102.19	-0.12	0.99	0.77
EUR USD	1.1150	0.26	-1.93	-2.11
GBP USD	1.3330	0.16	0.53	0.30
USD JPY	157.84	-0.07	0.29	-3.67
Equities				
S&P 500	7,744	0.28	0.78	4.24
Dow Jones	52,475	0.19	1.93	-0.52
NASDAQ	29,813	0.55	-1.53	7.38
STOXX 600	644	0.07	0.85	-0.43
DAX	25,704	0.44	1.30	0.94
Nikkei 225	63,954	1.08	-2.92	2.55
FTSE 100	10,695	0.07	0.09	-1.62
SENSEX	73,246	-0.48	0.65	-4.59
Hang Seng	23,095	0.23	-6.28	-8.76
MSCI World	4,937	0.20	0.29	2.86
MSCI EM	1,608	1.85	-5.96	1.60
Regional Equities				
ADX	9,590	-1.60	-5.61	-2.49
DFM	5,845	-0.33	-2.56	0.95
Tadawul*	10,023	0.37	-5.25	-6.13
DSM*	9,214	0.69	-2.08	-8.07
MSM30*	7,377	0.40	-2.81	1.79
BHSE*	1,835	-0.29	-3.72	-6.72
KWSE*	8,490	-0.69	-4.00	-3.14
Commodities				
BBG Commodity Index	142.4	0.33	-0.04	9.15
Brent USD/bbl	115.32	1.26	9.54	37.14
WTI USD/bbl	102.78	2.88	10.99	29.67
Gold USD/t oz	4,067.4	0.18	-1.18	0.94
Silver USD/t oz	54.0	-0.82	-10.99	-5.55

Platinum USD/t oz	1,542.8	-0.13	-10.24	-4.03
Aluminum	3,106.0	-0.69	-4.76	-1.32
Copper USD/MT	14,565.2	-0.04	0.79	6.14
Digital Assets				
Bitcoin	81,258.3	0.72	-2.68	27.29
Ether	2,358.8	0.75	-12.04	23.08
Solana	102.4	1.50	-13.76	38.53
XRP	1.3	0.83	-10.98	25.12
Volatility				
VIX	16.91	-3.48	5.23	-7.14
MOVE	94.55	-3.39	-7.14	24.26

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 29, 2026. Performance in local currency terms.

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