Daily Market View

Investment Strategy ♦ October 30, 2026

US growth beats expectations, AI spending weighs on tech; BOJ rounds off a busy central bank week

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Macro headlines

Thursday delivered a US economy running faster than expected and a market far less patient with the cost of AI. Brent eased 0.4% to USD114.88/bbl. In Frankfurt, the ECB left interest rates unchanged, with President Lagarde saying the direction of travel is quite clear barring surprises, while according to Bloomberg, officials are prepared to raise rates in December if the inflation outlook does not improve; Lagarde also confirmed she will step down early. Turning to macroeconomic data, the first estimate showed US GDP growing at a 3.4% annualised rate in the third quarter, up from 2.2% and ahead of expectations, the strongest pace since the third quarter of 2025. Headline PCE inflation rose to 3.6% y/y in September from 3.4%, while core PCE edged up to 3.1% from 3.0%, both in line with forecasts. Overnight, Tokyo's core CPI eased to 2.6% y/y from 2.7%, in line with expectations, ahead of today's BOJ decision. Coming a day after the Fed held with two dissents in favour of an increase, the numbers would give policymakers little reason to soften their tone into December. In corporate news, results kept testing the AI spenders as Alphabet's numbers showed negative free cash flow of USD9.1bn as it held its full year capital spending forecast at USD195bn to USD205bn, while Microsoft's cloud driven beat was not enough to keep its shares higher. After the bell, the doubts spread as Amazon's free cash flow came in at negative USD42.4bn as capital spending surged and its fourth quarter outlook was cautious, sending its shares down as much as 7.3% in extended trading, while Intel slid after its fourth quarter revenue guidance of USD15bn to USD16bn fell short of estimates, and Reddit and Twilio each fell more than 16%. Health care offered the counterweight, with Eli Lilly beating estimates and raising its full year guidance and Merck also topping forecasts. Thursday made the case for rates staying higher for longer on both sides of the Atlantic, and at those rates investors want AI spending to pay its way sooner.

Market performances

Wall Street slipped on Thursday as a selloff in communication services outweighed a rally in health care. The S&P 500 fell 0.3% and the Dow 0.3%, while the tech heavy Nasdaq dropped 1.4% and the VIX rose to 17.20. The selloff was narrow, with most S&P 500 members advancing as communication services sank 6.6%, technology lost 0.9% and consumer discretionary 0.6%, while health care led with a 2.5% gain and real estate added 2.3%. Alphabet slid 12.6% and Microsoft gave up its after hours gains to close 0.2% lower, while Eli Lilly rose 6.6% and Merck 4.5%. Treasuries rallied across the curve as a hedge against a potential slowdown, with the 10-year yield down c8bps to 4.94% and the 2-year c10bps lower, while Bund yields eased c2bps and gilt yields c3bps. Gold fell 1.1% to USD4,022/oz and silver 3.4%, while the dollar index eased 0.2%. Europe moved higher as investors weighed the ECB decision and a largely positive run of results, with the STOXX 600 up 0.8%, the DAX 1.3%, the CAC 40 1.1% and the FTSE 100 0.3%. In Asia, the Nikkei rose 1.1% and the Sensex 1.2%, while the Hang Seng fell 0.6%; MSCI's emerging markets index lost 1.0% and developed markets finished flat. GCC markets declined across the board, led by the ADX down 1.2% and Tadawul 1.0%, with Qatar off 0.7%, the DFM 0.5%, Kuwait and Oman 0.4% each and Bahrain 0.3%. Markets close the week with health care in demand, Treasuries bid and the AI trade on probation.

What's Next

Today the BOJ closes a dense week of central bank decisions and is expected to hold at 1.25%, with attention on whether it declares underlying inflation has reached its 2% target; swaps point to a hike by January. In Europe, France's flash October inflation is seen rising to 3.6% from 3.4%, while Germany's is expected to ease to 3.0% from 3.3%, and German GDP is seen growing 0.1% q/q from 0.3%. In the US, the employment cost index is seen at 0.8% from 0.9%; a firm reading would add a wage dimension to the inflation concerns the Fed flagged this week. Qatar's sovereign rating review is also due today. Next week brings the US midterm elections on 3 November alongside the ISM surveys, with manufacturing seen at 54.7 from 54.5 and services at 54.7 from 54.9. Asia has extended the tech selloff, with MSCI's Asia Pacific index down 1.7% and Korea's benchmark index more than 5%, while Brent has climbed as regional tensions escalated again. Markets head into the weekend with the bar set by Thursday's numbers: growth strong enough to keep central banks on alert, and AI spenders that would need cash flow, not just capacity, to regain the benefit of the doubt.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.94	0.00	4.00	29.00
UAE Eibor 3m	4.30	-1.60	-0.70	43.20
UAE Eibor 12m	5.03	11.70	-5.40	68.10
US 3m Bills	4.08	-1.10	-6.60	23.30
US 10yr Treasury	4.94	-8.10	-29.90	33.10
German 10yr Bund	3.36	-1.60	-28.80	25.10
UK 10yr Gilt	5.29	-2.70	-12.80	35.00
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	494	0.34	1.21	-0.54
Global Treasuries	205	0.35	1.17	-0.17
Global Corporate	297	0.30	1.11	-1.28
EM USD Sovereign	456	0.43	1.35	-1.61
EM LCY Sovereign	169	0.17	1.01	1.92
Global High Yield	1,859	0.11	-0.26	-1.83
Currencies				
Dollar Index	102.04	-0.15	0.83	0.61
EUR USD	1.1180	0.23	-1.67	-1.84
GBP USD	1.3380	0.37	0.90	0.68
USD JPY	157.71	-0.08	0.20	-3.75
Equities				
S&P 500	7,720	-0.30	0.48	3.93
Dow Jones	52,343	-0.25	1.67	-0.77
NASDAQ	29,403	-1.38	-2.89	5.90
STOXX 600	649	0.77	1.63	0.34
DAX	26,040	1.31	2.62	2.26
Nikkei 225	64,659	1.10	-1.85	3.68
FTSE 100	10,722	0.26	0.35	-1.37
SENSEX	74,151	1.24	1.90	-3.41
Hang Seng	22,959	-0.59	-6.83	-9.29
MSCI World	4,936	-0.02	0.27	2.84
MSCI EM	1,593	-0.95	-6.85	0.63
Regional Equities				
ADX	9,478	-1.17	-6.71	-3.63
DFM	5,818	-0.47	-3.01	0.48
Tadawul*	9,922	-1.02	-6.22	-7.09
DSM*	9,151	-0.69	-2.75	-8.70
MSM30*	7,346	-0.42	-3.22	1.37
BHSE*	1,830	-0.27	-3.97	-6.97
KWSE*	8,454	-0.43	-4.41	-3.56
Commodities				
BBG Commodity Index	141.3	-0.73	-0.77	8.36
Brent USD/bbl	114.88	-0.38	9.12	36.62
WTI USD/bbl	102.00	-0.76	10.15	28.69
Gold USD/t oz	4,021.5	-1.13	-2.29	-0.20
Silver USD/t oz	52.2	-3.39	-14.00	-8.75

Platinum USD/t oz	1,489.2	-3.48	-13.36	-7.37
Aluminum	3,117.5	0.37	-4.40	-0.96
Copper USD/MT	14,449.3	-0.80	-0.01	5.29
Digital Assets				
Bitcoin	78,795.1	-3.03	-5.63	23.43
Ether	2,256.8	-4.33	-15.84	17.76
Solana	96.1	-6.18	-19.09	29.96
XRP	1.2	-6.96	-17.14	16.46
Volatility				
VIX	17.20	1.72	7.03	-5.55
MOVE	93.54	-1.07	-8.13	22.93

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – October 30, 2026. Performance in local currency terms.

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