

Bonds break 5% as hawkish Fed meets hot data and a thin summit

Macro headlines

Geopolitics and central bank hawkishness set the tone in a week framed by the UN General Assembly and President Xi's state visit to Washington. The Trump Xi summit was rich in ceremony but thin on deliverables. The US and China agreed to extend their trade truce by two months into early 2027, preserving the rollback of critical minerals restrictions and high tech export curbs, but there were no breakthroughs on AI, Taiwan or the Iran war, leaving the relationship in a phase of managed stability rather than a strategic reset. On Iran, confrontation and negotiation ran in parallel. US and Iranian officials held their first direct talks since late June alongside Qatari mediation, with Tehran floating a reopening of the Strait of Hormuz in exchange for an easing of the US economic blockade, even as both presidents traded combative rhetoric at the UNGA and Houthi attacks on Saudi targets kept regional risk elevated. Fed communication turned more hawkish. Goolsbee and Musalem argued that inflation is now demand driven as well as supply driven and that the Fed should act sooner rather than wait, while Barr and Williams said further hikes this year remain reasonable. Futures moved from roughly even odds to above 70% for an October hike. The data backed them up: the US flash composite PMI jumped to 58.4, the highest since July 2021, with prices paid near a four year high; initial jobless claims held near 57 year lows; and new home sales rose 6.4% m/m to 684,000. Europe was mixed, with euro area output growth at a three and a half year high while UK activity softened and public borrowing overshot forecasts. The OECD nudged 2026 global growth up to 2.9% on AI led investment but revised G20 inflation sharply higher to 4.1% for 2026 and 3.6% for 2027. Elsewhere, Norges Bank hiked 25bps to 4.50%, the Riksbank held at 1.75% but flagged more tightening, the SNB stayed at 0%, and China left its loan prime rates unchanged for a 16th month.

Market performances

Bonds bore the brunt. After briefly touching 5% the prior week, the US 10 year yield eased to 4.95% on Monday, then broke out on Wednesday's PMI print with a c15bps jump, the largest one day move since April 2025, and extended to 5.196% on Thursday, the highest since 2007. The 30 year reached 5.482%, the highest since 2004, and the 2 year rose to 4.92%. Weak demand at the USD70bn 5 year and USD44bn 7 year auctions added fuel, the Treasury bought back USD4.1bn of long dated paper to support liquidity, and the French German 10 year spread widened to its broadest since 2012. Equities diverged. AI and semiconductor strength carried the Nasdaq to record closes on Monday and Tuesday, with the Philadelphia semiconductor index up 4.3% on Monday alone, before rising yields pulled the market lower midweek. Through Thursday the Nasdaq was up c1.6% and the S&P 500 c0.7%, while the Dow slipped c0.6% and eight of eleven S&P sectors fell on Thursday, led by materials and consumer staples. European equities gave back Monday's gains. Oil whipsawed. Brent fell from USD104 to USD98/bbl early in the week as Saudi flows recovered through the restarted East West pipeline and Hormuz diplomacy progressed, then rebounded to near USD107/bbl on Thursday after a Houthi missile attack on Saudi Arabia, before moderating on the Hormuz reports. The dollar strengthened on rate differentials: the euro fell to USD1.1376, a two month low, and the yen weakened to 158.88 with markets on intervention watch near 160 after last week's BOJ hike offered little hawkish guidance. Gold eased to USD4,274/oz. Into quarter end,

Wishwesh Pandya

Investment Strategist

+971 (0)2 812 7463

Wishwesh.pandya@adcb.com

Mohammed AlHemeiri

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

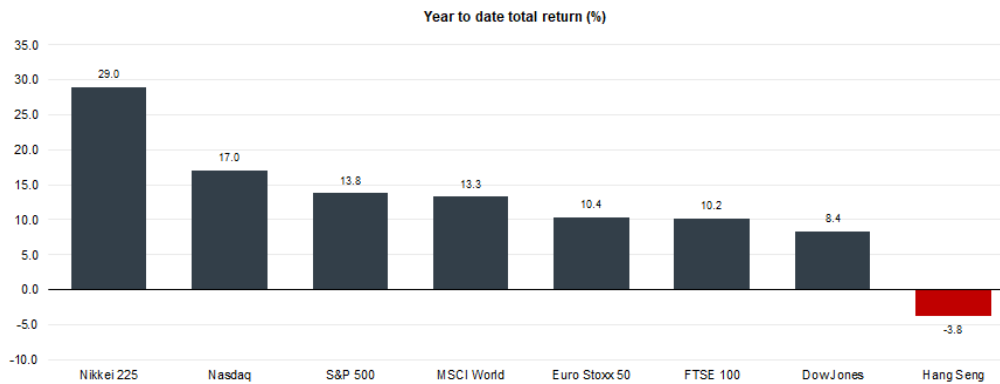
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Weekly Market View

Investment Strategy ♦ September 28 2026

markets remain caught between oil driven inflation fears, multi decade yield highs and a risk appetite increasingly sensitive to rate momentum.

Chart of the Week: Global Equity Indices. Year-to-Date. Total Return (2026)



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Performance snapshot*				
Rates	Latest	1W (bp)	3M (bp)	YTD (bp)
SOFR	3.88	3.00	26.00	1.00
UAE Eibor 3m	4.35	-1.34	49.60	87.08
UAE Eibor 12m	5.11	17.33	93.58	149.59
US 3m Bills	4.16	9.52	42.26	53.91
US 10yr Treasury	5.21	16.43	79.18	99.34
German 10yr Bund	3.60	8.20	75.00	74.60
UK 10yr Gilt	5.37	7.10	63.50	88.70
Fixed Income		1W (%)	3M (%)	YTD (%)
Global Agg. Index	490	-0.76	-2.18	-2.27
Global Treasuries	203	-0.68	-1.85	-2.61
Global Corporate	296	-0.97	-2.99	-2.72
EM USD Sovereign	454	-1.29	-3.33	-1.11
EM LCY Sovereign	168	-0.21	1.75	3.31
Global High Yield	1,874	-1.00	-1.27	0.63
Currencies				
Dollar Index	101.11	0.75	-0.38	2.69
EUR USD	1.1386	-0.83	0.06	-3.02
GBP USD	1.3244	-1.10	0.36	-1.69
USD JPY	157.74	0.25	-2.76	0.36
Equities				
S&P 500	7,743	1.21	5.29	13.12
Dow Jones	51,829	0.28	-0.09	7.83
NASDAQ	27,069	2.06	7.00	16.46
STOXX 600	639	0.50	0.44	7.85
DAX	25,409	0.41	2.99	3.75
Nikkei 225	66,293	2.07	-4.32	31.83
FTSE 100	10,695	0.34	1.78	7.69
SENSEX	72,886	-0.54	-4.16	-13.29
Hang Seng	24,687	-0.97	8.11	-4.37
MSCI World	4,958	0.89	4.50	11.91
MSCI EM	1,732	1.26	1.52	23.35
Regional Equities				
ADX	10,201	-0.69	3.25	2.08
DFM	5,980	0.39	-0.63	-1.10
Tadawul*	10,599	-1.66	-3.06	1.03
DSM*	9,478	-1.88	-7.82	-11.94
MSM30*	7,554	-0.65	3.25	28.76
BHSE*	1,903	-1.07	-6.76	-7.89
KWSE*	8,837	-0.85	1.72	-0.79
Commodities				
BBG Commodity Index	143.6	-0.77	17.35	31.57
Brent USD/bbl	107.4	0.43	44.91	71.44
WTI USD/bbl	94.2	-7.87	33.48	60.94
Gold USD/t oz	4,190.3	-2.14	4.80	-0.80
Silver USD/t oz	61.7	-2.96	8.70	-10.28
Platinum USD/t oz	1,728.4	-1.12	9.65	-13.51
Aluminum	3,274.6	-0.70	3.04	9.93
Copper USD/MT	14,740.0	1.45	10.94	17.88

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Digital Assets				
Bitcoin	83,069.5	3.41	40.65	-4.31
Ether	2,648.2	1.99	71.08	-9.87
Solana	119.1	7.12	68.64	-2.18
XRP	1.5	11.26	49.59	-15.13
Volatility				
VIX	14.87	0.41	-19.23	-0.54
MOVE	96.00	19.05	43.73	50.09

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as of September 28, 2026.

Forthcoming important economic data/events

United States



Date & Time (GST)	Indicator	Period	Expected	Prior
9/28/2026 18:30	Dallas Fed Manf. Activity	Sep	7.2	11.6
9/29/2026 18:00	Conf. Board Consumer Confidence	Sep	91.0	89.4
9/29/2026 18:00	JOLTS Job Openings	Aug	7225k	7271k
9/30/2026 16:15	ADP Employment Change	Sep	58k	38k
9/30/2026 16:30	GDP Annualized QoQ	2Q T	1.50%	1.50%
9/30/2026 16:30	Personal Income	Aug	0.40%	0.40%
9/30/2026 16:30	Personal Spending	Aug	0.80%	0.20%
9/30/2026 16:30	PCE Price Index YoY	Aug	3.70%	3.70%
9/30/2026 16:30	Core PCE Price Index MoM	Aug	0.30%	0.20%
9/30/2026 16:30	Core PCE Price Index YoY	Aug	3.40%	3.30%
9/30/2026 17:45	MNI Chicago PMI	Sep	51.9	47.1
10/1/2026 16:30	Initial Jobless Claims	26 Sep	--	--
10/1/2026 17:45	S&P Global US Manufacturing PMI	Sep F	--	--
10/1/2026 18:00	ISM Manufacturing	Sep	55.0	54.6
10/1/2026 18:00	ISM Prices Paid	Sep	--	71.1
10/2/2026 16:30	Change in Nonfarm Payrolls	Sep	104k	162k
10/2/2026 16:30	Unemployment Rate	Sep	4.20%	4.10%
10/2/2026 16:30	Average Hourly Earnings MoM	Sep	0.30%	0.30%
10/2/2026 18:00	Factory Orders	Aug	--	0.90%
10/2/2026 18:00	Durable Goods Orders	Aug F	--	--

Japan



Date & Time (GST)	Indicator	Period	Expected	Prior
9/30/2026 3:50	Retail Sales YoY	Aug	--	4.00%
9/30/2026 3:50	Industrial Production MoM	Aug P	--	-0.20%
10/1/2026 3:50	Tankan Large Mfg Index	3Q	25	22
10/1/2026 3:50	Tankan Large Mfg Outlook	3Q	22	17
10/1/2026 3:50	Tankan Large Non Mfg Index	3Q	36	37
10/1/2026 3:50	Tankan All Industry Capex FY	3Q	12.20%	11.50%
10/1/2026 4:30	S&P Global Japan PMI Mfg	Sep F	--	--
10/2/2026 3:30	Tokyo CPI Ex Fresh Food YoY	Sep	--	1.80%
10/2/2026 3:30	Jobless Rate	Aug	--	2.40%

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Eurozone



Date & Time (GST)	Indicator	Period	Expected	Prior
9/28/2026 to 9/30/2026	Germany Retail Sales MoM	Aug	1.30%	-3.40%
9/29/2026 11:00	Spain CPI EU Harmonised YoY	Sep P	--	4.60%
9/29/2026 13:00	Eurozone Consumer Confidence	Sep F	--	-16.5
9/30/2026 10:45	France CPI EU Harmonized YoY	Sep P	--	2.60%
9/30/2026 11:55	Germany Unemployment Change	Sep	--	4.0k
9/30/2026 13:00	Italy CPI EU Harmonized YoY	Sep P	--	3.20%
9/30/2026 16:00	Germany CPI EU Harmonized YoY	Sep P	--	2.90%
10/1/2026 11:55	Germany Manufacturing PMI	Sep F	--	--
10/1/2026 12:00	Eurozone Manufacturing PMI	Sep F	--	--
10/1/2026 13:00	Eurozone Unemployment Rate	Aug	--	6.40%
10/2/2026 13:00	Eurozone CPI YoY	Sep P	--	3.20%
10/2/2026 13:00	Eurozone CPI Core YoY	Sep P	--	2.40%

United Kingdom



Date & Time (GST)	Indicator	Period	Expected	Prior
9/29/2026 12:30	Mortgage Approvals	Aug	--	56.1k
9/30/2026 10:00	GDP QoQ	2Q F	--	0.40%
9/30/2026 10:00	GDP YoY	2Q F	--	1.20%
9/30/2026 to 10/06/2026	Nationwide House PX MoM	Sep	--	0.20%
10/1/2026 12:30	S&P Global UK Manufacturing PMI	Sep F	--	--

China & India



Date & Time (GST)	Indicator	Period	Expected	Prior
9/28/2026 5:30	China Industrial Profits YoY	Aug	--	11.20%
9/28/2026 14:30	India Industrial Production YoY	Aug	6.60%	6.70%
9/30/2026 5:30	China Manufacturing PMI	Sep	50.1	49.8
9/30/2026 5:30	China Non manufacturing PMI	Sep	49.3	49.0
9/30/2026 5:45	RatingDog China PMI Mfg	Sep	--	51.5
10/1/2026 9:00	India HSBC PMI Mfg	Sep F	--	55.7

GCC



Date & Time (GST)	Indicator	Period	Expected	Prior
9/26/2026 to 9/28/2026	Qatar CPI YoY	Aug	--	--
9/29/2026 to 10/02/2026	Qatar GDP Constant Prices YoY	2Q	--	--
9/30/2026	Saudi SAMA Net Foreign Assets	Aug	--	1746.0b
9/30/2026	Saudi Unemployment Rate (Saudis)	2Q	--	6.40%
9/30/2026	Saudi Current Account Balance	2Q	--	\$4.11b
9/30/2026	Saudi M3 Money Supply YoY	Aug	--	--

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