

Markets at the psychologically important 5% threshold

Macro headlines

Everything today revolves around the 5% line on the 10-year USTs – breached on Monday for the first time since 2023. And here is the trivia: 5% carries weight across disciplines – mathematics treats it as signal (decision theory's 5% significance line), physics treats it as a critical point (systems flip when parameters cross 5%), and biology treats it as a cascade (a 5% mutation can rewire regulatory behaviour). In addition, the week also opened with political, geopolitical, and technological stress converging. The US Supreme Court declined to let the Postal Service enforce a rule targeting mail-in ballots, a setback for President Trump's effort to restrict voting by mail ahead of midterms. Markets interpreted the decision as another layer of political uncertainty heading into November. Geopolitics intensified. Reuters reported that Iran-aligned Houthis launched a new wave of attacks on Saudi Arabia and dug into positions along Yemen's western coast. Their advance along the Red Sea corridor and the earlier shutdown of Saudi Arabia's East-West Pipeline continue to threaten global supply routes. With attacks now spanning both Hormuz and the Red Sea, the energy shock may be broadening. AI-linked stocks plunged globally after leaders of OpenAI, Anthropic, and xAI warned of existential risks from rapid capability advances. Their call for a slowdown rattled confidence in an industry whose massive infrastructure spending has powered global equity markets. The selloff exposed the fragility of AI's debt-funded expansion at a moment when global borrowing costs are rising. Turning to data, China's August data reinforced the imbalance in its recovery. Industrial output rose 5.2% y/y, beating expectations, but retail sales slowed to 0.4% y/y, and fixed-asset investment fell 7.2% in the first eight months. The divergence highlights an economy leaning heavily on exports while domestic demand softens. India's inflation accelerated during August. Headline CPI rose 4.82% y/y, the highest under the new series, with food inflation at 5.95% and core inflation at 4.2%.

Market performances

Markets fell Monday as oil surged and yields climbed ahead of central bank decisions in the US, UK, and Japan. The Dow dropped 0.29%, the S&P 500 fell 0.48%, and the Nasdaq declined 0.56%. MSCI's global index slipped 0.65%. Semiconductor stocks were hit hardest. The Philadelphia SOX index fell 5.9%, reflecting investor anxiety over AI-sector warnings and rising financing costs. European tech stocks mirrored the decline, pulling the STOXX 600 down 0.49% despite strength in oil and gas. Oil prices continued their ascent. Brent settled at USD105.68/bbl, up 1%, after gaining nearly 9% last week. The shutdown of Saudi Arabia's East-West Pipeline threatens up to 4% of global supply, adding to pressure from tanker attacks and Hormuz disruptions. Prices for diesel, gasoline, and jet fuel remain far above pre-war levels. Bond yields rose further. The US 10-year touched 5% for the first time since 2023. Germany's 10-year climbed above 3.52%, its highest since 2009. Markets now price a 90% probability of a Fed hike on Wednesday and a 76% chance of a BOJ hike to 1.25% on Friday. The dollar strengthened, rising to JPY154.32 and CHF0.817, while the euro fell to USD1.1560. Gold declined to USD4,315.9/oz as yields rose. Despite the wall of worry – oil, rates, Fed uncertainty, AI-sector stress – markets remained surprisingly resilient.

What's Next

Tuesday's calendar includes Canada's existing home sales, the US Empire State manufacturing survey, Brazil's retail sales data, and Peru's unemployment and economic activity releases. The UK publishes earnings, unemployment, claimant counts, and jobless claims changes. France releases final CPI and HICP; Spain publishes final CPI and HICP; Germany releases the ZEW expectations and current conditions surveys. The eurozone publishes July trade balance. Türkiye releases its central government budget balance; and Saudi Arabia publishes CPI. BoE's Wilkins speaks at Queen's University Belfast, and the WTO releases its World Trade Report at the opening of its Annual Public Forum. Markets will remain sensitive to oil price dynamics, bond market stress, and the Fed's imminent decision. Of course, equity investors will focus more on how the AI-narrative will likely shape in the near-term.

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Daily Market View

Investment Strategy ♦ September 15, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.62	0.00	-2.00	-3.00
UAE Eibor 3m	4.14	-3.45	25.22	39.09
UAE Eibor 12m	4.69	0.72	42.49	72.75
US 3m Bills	4.03	2.86	23.83	33.11
US 10yr Treasury	4.99	2.06	29.92	50.86
German 10yr Bund	3.52	1.40	36.00	52.30
UK 10yr Gilt	5.37	2.40	40.30	53.10
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	495	-0.35	-0.92	-1.25
Global Treasuries	205	-0.40	-0.71	-0.92
Global Corporate	299	-0.31	-1.23	-1.95
EM USD Sovereign	459	-0.29	-1.26	-1.83
EM LCY Sovereign	168	-0.30	0.39	1.81
Global High Yield	1,896	-0.37	-0.74	-0.25
Currencies				
Dollar Index	99.39	0.27	-0.44	-0.36
EUR USD	1.1560	-0.34	0.17	-0.07
GBP USD	1.3505	-0.14	-0.01	0.74
USD JPY	154.32	0.46	-3.11	-3.69
Equities				
S&P 500	7,620	-0.48	-1.40	2.54
Dow Jones	52,421	-0.29	-2.55	2.38
NASDAQ	26,186	-0.56	-0.98	1.15
STOXX 600	636	-0.49	-3.71	0.44
DAX	25,441	-0.50	-3.60	3.27
Nikkei 225	63,493	-0.81	-5.19	-3.83
FTSE 100	10,698	0.44	-1.35	2.16
SENSEX	74,782	0.00	-4.32	-0.99
Hang Seng	24,918	0.45	-2.87	0.81
MSCI World	4,910	-0.55	-1.71	2.55
MSCI EM	1,698	-1.38	1.95	-1.06
Regional Equities				
ADX	10,118	0.06	1.11	3.20
DFM	5,977	0.59	1.64	0.38
Tadawul*	10,878	0.13	-0.69	0.65
DSM*	9,824	-0.25	1.46	-2.64
MSM30*	7,630	-0.22	1.43	-0.19
BHSE*	1,930	0.03	-0.71	-3.96
KWSE*	8,962	0.20	1.63	3.45
Commodities				
BBG Commodity Index	145.3	0.07	7.84	12.28
Brent USD/bbl	105.68	1.02	18.86	21.01
WTI USD/bbl	101.39	1.34	21.86	19.45
Gold USD/t oz	4,315.9	-0.76	-1.54	2.29
Silver USD/t oz	63.2	-1.95	-2.24	-7.04

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Platinum USD/t oz	1,765.8	-1.82	1.31	2.62
Aluminum	3,290.3	0.41	-2.05	-6.87
Copper USD/MT	14,044.0	-1.37	-2.64	3.24
Digital Assets				
Bitcoin	79,084.8	2.29	24.16	24.70
Ether	2,570.5	1.60	36.67	54.47
Solana	104.0	1.51	36.84	56.01
XRP	1.5	7.43	43.88	29.19
Volatility				
VIX	17.10	7.95	11.91	-3.28
MOVE	83.90	2.06	7.67	20.96

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – September 15, 2025. Performance in local currency terms.

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