

Fed Hawks vs. AI Giants: tightening tried, tech scored

Macro headlines

Starting with geopolitics, President Trump signaled openness to meeting Iranian President Pezeshkian, even as both sides exchanged threats over the weekend. The geopolitical backdrop remains fraught: Reuters reported that Houthi fighters advanced on strategic heights in Yemen to cut off the Red Sea coast from Saudi-backed forces, following reports that Trump called off strikes at the last minute. The inflation narrative shifted meaningfully, at least as voiced by some Fed officials. Chicago Fed President Goolsbee warned that inflation may now be driven by strong demand in addition to persistent supply shocks. He noted that tariff-related and energy-price shocks of the past 18 months are proving more durable than expected, suggesting the Fed may need to accelerate tightening. St. Louis Fed President Musalem echoed the view, arguing that the Fed should act sooner rather than wait, given inflation now reflects both demand strength and a commodity shock extending beyond oil. Turning to macroeconomic data, UK housing showed tentative stabilization in early September. Rightmove reported the first rise in asking prices since May, up 0.7% m/m, though still 0.8% y/y lower. The number of homes available for purchase hit a 12-year high, while buyer enquiries fell 9% y/y, reflecting a market adjusting to higher mortgage rates – now 5.29% on average – and ongoing uncertainty tied to the Iran war. In corporate news, Anthropic shifted its IPO timing from October to November, a move made before last week's surge in AI safety debate. The company will meet prospective investors in the coming days, underscoring continued momentum in AI capital markets despite regulatory scrutiny.

Market performances

Risk appetite surged on Monday, led by a powerful rally in AI and semiconductor stocks. The Nasdaq jumped 2.26%, closing at a record high for the first time since June, while the S&P 500 gained 1.49% and the Dow rose 0.71%. MSCI's All-World index climbed 1.31%, and European equities rallied 1.02%, reflecting broad global strength. Advanced Micro Devices soared 10%, reaching a USD1trn market valuation for the first time. Intel and Arm surged more than 12%, and the PHLX semiconductor index rose 4.3%, signaling renewed conviction in AI-related capex despite last week's safety-driven tech selloff. Investors pointed to evidence that AI spending remains robust, with earnings momentum supporting equity valuations even as rate expectations rise. Short-dated yields moved higher. The US 2-year rose to 4.751%, briefly touching 4.772%, the highest since July 2024. The 10-year yield fell c5bps to 4.951%, offering modest relief after last week's breach of the 5% threshold. Futures now price a 55% chance of a Fed hike in October and 91% odds of a hike by year-end. European yields eased as oil retreated. German 10-year yields fell c7bps to 3.462%, and French yields dropped 9bps to 4.474%, after Friday's spike driven by inflation concerns and long-term fiscal worries. Oil prices fell sharply despite geopolitical tension. US crude dropped 4.86% to USD95.43/bbl, and Brent fell 3.4% to USD100.11/bbl, helped by hopes for constructive UNGA discussions and reports that Saudi producers may restart flows through the damaged East-West pipeline. Kpler data showed Saudi exports recovering to just over 4mbpd in September, up from 2.4mbpd in August – the lowest since 2013. In FX, the dollar gained 0.3% against the yen, with markets wary of BOJ intervention during Japan's Silver Week holiday. The yen had jumped Friday after reported rate checks by authorities.

What's Next

Tuesday's calendar includes the Richmond Fed manufacturing survey, Brazil's central bank minutes, Mexico retail sales, UK public finance data, eurozone consumer confidence, and a dense set of releases across South Africa, Türkiye, Poland, Hungary, and Taiwan. Hungary's base-rate decision is expected to hold at 5.50%. The macro focus remains squarely on UNGA, where President Trump will address global leaders amid heightened Middle East tension and ahead of Thursday's meeting with President Xi Jinping. Markets will watch for signals on trade, AI governance, and geopolitical risk management. Central bank communication continues, with New York Fed President Williams speaking at the US Treasury Markets Conference and RBA Governor

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

Bullock participating in a fireside chat in Sydney. Both events will be scrutinized for guidance on the pace and durability of tightening. Oil supply dynamics, semiconductor momentum, and short-dated yield behavior will shape market sentiment as investors weigh whether the AI-driven equity rally can coexist with synchronized global rate hikes and geopolitical escalation.

Daily Market View

Investment Strategy ♦ September 22, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.85	0.00	20.00	23.00
UAE Eibor 3m	4.40	4.08	44.76	58.40
UAE Eibor 12m	4.94	0.19	74.72	74.59
US 3m Bills	4.08	0.68	29.80	33.70
US 10yr Treasury	4.95	-4.51	24.69	49.77
German 10yr Bund	3.46	-6.10	19.90	47.30
UK 10yr Gilt	5.21	-8.30	13.20	37.00
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	495	0.33	-0.77	-0.93
Global Treasuries	205	0.33	-0.60	-0.70
Global Corporate	300	0.36	-0.88	-1.44
EM USD Sovereign	461	0.27	-0.55	-1.83
EM LCY Sovereign	169	0.18	0.39	1.82
Global High Yield	1,897	0.20	-0.71	-0.23
Currencies				
Dollar Index	100.43	0.21	0.77	-0.42
EUR USD	1.1465	-0.18	-0.96	-0.05
GBP USD	1.3367	-0.21	-1.22	1.02
USD JPY	157.36	0.31	-1.41	-2.44
Equities				
S&P 500	7,765	1.49	0.95	3.52
Dow Jones	52,049	0.71	-2.43	0.94
NASDAQ	27,122	2.26	3.17	2.28
STOXX 600	642	1.02	-1.53	0.99
DAX	25,575	1.07	-2.12	2.36
Nikkei 225	65,019	0.00	-3.62	-8.75
FTSE 100	10,739	0.75	0.10	3.63
SENSEX	74,859	0.76	-3.08	-2.53
Hang Seng	25,043	1.18	-1.68	4.67
MSCI World	4,978	1.30	0.13	3.11
MSCI EM	1,734	1.34	2.32	-2.93
Regional Equities				
ADX	10,106	-1.61	0.08	0.89
DFM	5,960	0.05	1.74	-3.30
Tadawul*	10,682	-0.63	-4.95	-0.36
DSM*	9,559	0.09	-3.21	-5.39
MSM30*	7,550	-0.39	0.24	0.93
BHSE*	1,912	-0.42	-1.52	-3.67
KWSE*	8,846	-0.02	-0.54	2.10
Commodities				
BBG Commodity Index	144.5	-0.65	5.45	13.84
Brent USD/bbl	100.34	-3.40	10.24	24.54
WTI USD/bbl	95.78	-4.51	12.76	25.04
Gold USD/t oz	4,343.4	-0.80	0.21	4.52
Silver USD/t oz	66.0	-0.34	4.21	1.74

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Platinum USD/t oz	1,805.7	0.18	5.19	8.28
Aluminum	3,274.2	-0.72	1.70	-4.05
Copper USD/MT	14,788.0	1.78	3.16	9.29
Digital Assets				
Bitcoin	86,979.5	7.25	34.74	37.63
Ether	2,783.8	5.78	45.59	63.04
Solana	119.2	5.00	55.10	72.22
XRP	1.5	9.30	53.37	35.23
Volatility				
VIX	14.87	0.41	-6.12	-11.38
MOVE	81.20	0.69	8.30	24.18

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – September 22, 2025. Performance in local currency terms.

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