

Trade truce extended, PMIs surge, and yields break

Macro headlines

US Treasury Secretary Bessent confirmed that the US and China agreed to extend their trade truce by two months, shortly after President Xi arrived in Washington for two days of meetings. The extension pushes the deadline into early 2027, preserving the rollback of critical minerals restrictions and high-tech export curbs agreed last October. The pause on triple digit tariffs also remains in place. Geopolitics remained tense. A senior Iranian official told Reuters that Iran and the US remain far apart on ending the war, and President Pezeshkian told the UNGA that Tehran would never surrender to US pressure. President Trump reiterated that diplomacy must continue but warned Iran in a combative address. The dual track of confrontation and negotiation continues to shape energy markets and regional risk. Energy policy friction emerged domestically. US Energy Secretary Wright said a diesel export ban “would not work” and could push up gasoline and jet-fuel prices – a stance at odds with President Trump, who backs the idea. The divergence highlights the political sensitivity of fuel prices as the energy shock becomes more entrenched. The OECD’s interim outlook showed global growth holding slightly firmer than expected at 2.9% in 2026, supported by AI-led investment. But inflation remains sticky: G20 inflation is forecast at 4.1% in 2026 and 3.6% in 2027, revised sharply higher. The OECD warned that El Niño, bond market stress, and AI earnings volatility could shave 0.7ppt off global growth. September Flash PMIs painted a mixed but heated picture. US business activity surged to its fastest pace in over five years, with job gains accelerating and price pressures intensifying. The euro area hit a near three-and-a-half-year high in output growth. India’s PMI signaled stronger momentum. Japan slipped to a four-month low, and UK output softened while inflation pressures intensified. The global PMI mosaic reinforces the narrative of resilient despite the cost pressures. AI risks returned to the fore. An OpenAI agent hacked an Australian public health website, amplifying concerns about autonomous AI behavior. At the UN Security Council, leaders of major AI companies warned of systemic risks. Anthropic CEO Amodei told the council that poorly managed AI “could be a risk to humanity as a whole,” urging coordinated governance.

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Market performances

Markets sold off sharply as US PMIs surprised to the upside. The S&P Global US Composite PMI jumped to 58.4, the highest since July 2021, driven by a surge in new orders. The data reinforced fears that strong demand is adding to inflationary pressure, prompting traders to price in more aggressive Fed tightening. Treasury yields spiked. The 2-year rose 11.4bps to 4.891%, touching 4.947%, the highest since May 2024. The 10-year jumped c15bps to 5.106%, the highest since 2007 and the largest one-day increase since April 2025. Fed funds futures now price a 66% chance of an October hike, up from 53% earlier Wednesday. Fed Governor Barr reinforced the hawkish tone, saying last week’s move was an important step to “recalibrate” borrowing costs and signaling more hikes ahead. Weak demand at the Treasury’s USD70bn 5-year auction added fuel to the selloff, with the highest auction yield since 2007. Technical levels broke, triggering momentum-driven rate moves and discouraging dip-buyers. Equities fell as yields climbed. The Dow dropped 0.68%, the S&P 500 fell 0.75%, and the Nasdaq reversed Tuesday’s record high, falling 1.13%. Global equities followed: MSCI’s world index fell c0.7%, and the STOXX 600 slipped c0.4%. Oil rose despite geopolitical uncertainty, with US crude up 2.3% to USD92.60/bbl and Brent up c4% to USD103.50/bbl, supported by improved flows through the Middle East and expectations surrounding the Trump-Xi summit. The dollar strengthened on higher rate expectations. The euro fell c0.6% to EUR1.1384, and the yen weakened to 158.33, with traders wary of intervention if levels approach JPY160. Gold fell c1% to USD4,283/oz.

What’s Next

The Trump-Xi summit at the White House dominates today’s agenda, with markets watching for signals on trade, technology, and Tehran. The two-month truce extension sets the stage for negotiations on critical minerals access, AI governance, and tariff policy. The US releases current account data, jobless claims, new home sales, and the Kansas City Fed manufacturing survey.

Canada publishes retail sales. Mexico releases economic activity, bi-weekly CPI, and its overnight rate decision. Argentina reports economic activity. Brazil releases consumer confidence. Europe's calendar includes France's consumer, business, and manufacturing confidence; Switzerland's SNB policy rate; Sweden's Riksbank decision; Norway's deposit rate; the ECB economic bulletin; and Germany's ifo business climate indices. Other data releases for today include Australia's labor market data, Hong Kong's trade balance and trade flows, and Egypt's deposit rate decision. Speeches from BoE Deputy Governor Lombardelli, Richmond Fed President Barkin, and earnings from Costco, CVS, H&M, Raspberry Pi, TD SYNNEX, and others round out the day. Markets enter Thursday navigating overheating PMIs, surging yields, fragile geopolitics, and a pivotal Trump-Xi summit, with policy risk and rate momentum firmly in control of the macro narrative.

Daily Market View

Investment Strategy ♦ September 24, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.62	0.00	0.00	-1.00
UAE Eibor 3m	4.21	8.58	26.89	34.53
UAE Eibor 12m	4.95	14.34	65.76	89.25
US 3m Bills	4.06	-0.05	27.81	30.50
US 10yr Treasury	4.93	-9.21	23.82	44.35
German 10yr Bund	3.48	-3.00	27.30	55.00
UK 10yr Gilt	5.22	-7.40	18.50	47.10
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	496	0.11	-0.92	-1.34
Global Treasuries	205	0.02	-0.79	-1.22
Global Corporate	300	0.24	-1.06	-1.70
EM USD Sovereign	460	0.41	-1.12	-1.78
EM LCY Sovereign	168	-0.04	0.05	1.06
Global High Yield	1,897	0.12	-0.96	-0.40
Currencies				
Dollar Index	100.25	0.00	0.58	0.16
EUR USD	1.1476	-0.51	-0.81	-1.00
GBP USD	1.3349	-0.71	-1.40	-0.35
USD JPY	156.06	0.61	-2.05	-2.58
Equities				
S&P 500	7,638	1.14	-1.90	2.93
Dow Jones	51,778	0.61	-3.64	0.55
NASDAQ	26,418	1.69	-1.16	1.52
STOXX 600	643	0.86	-2.32	0.51
DAX	25,717	0.70	-2.74	3.14
Nikkei 225	64,136	0.33	-6.66	-8.25
FTSE 100	10,816	1.19	0.61	2.93
SENSEX	74,315	-0.03	-4.74	-3.68
Hang Seng	24,604	-0.44	-2.04	1.20
MSCI World	4,922	0.94	-2.14	2.43
MSCI EM	1,688	0.08	-0.78	-5.31
Regional Equities				
ADX	10,161	0.47	1.13	1.65
DFM	5,987	0.34	1.72	-2.11
Tadawul*	10,778	-0.02	-3.55	-0.22
DSM*	9,659	0.22	-0.84	-4.40
MSM30*	7,603	0.70	1.36	-0.20
BHSE*	1,924	-0.30	-1.18	-3.77
KWSE*	8,913	-0.32	0.14	2.70
Commodities				
BBG Commodity Index	146.0	-0.25	7.84	13.89
Brent USD/bbl	104.82	-0.95	18.41	31.77
WTI USD/bbl	101.91	-0.51	23.68	32.71
Gold USD/t oz	4,362.4	0.36	-0.32	0.06
Silver USD/t oz	65.2	3.56	0.84	-3.98

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Platinum USD/t oz	1,773.8	1.01	1.40	2.01
Aluminum	3,313.7	1.20	2.08	-3.13
Copper USD/MT	14,400.5	1.22	-0.99	4.84
Digital Assets				
Bitcoin	76,499.5	0.52	21.72	18.84
Ether	2,451.6	1.77	30.49	40.44
Solana	101.2	2.63	34.82	40.36
XRP	1.3	-0.29	30.02	9.14
Volatility				
VIX	15.44	-12.82	8.35	-16.27
MOVE	76.22	-5.59	9.54	7.87

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – September 23, 2025. Performance in local currency terms.

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