

Symbolism in Washington, and stress in markets

Macro headlines

President Trump welcomed President Xi to the White House for a summit rich in ceremony but thin on deliverables. The meeting produced no breakthroughs on AI, trade, Taiwan, or the Iran war, reinforcing expectations that the relationship remains in a 'managed stability' phase rather than a strategic reset. Behind the scenes, US and Iranian negotiators in New York explored a phased path out of war. Reuters reported discussions include reopening the Strait of Hormuz in exchange for Washington lifting its economic blockade. The talks followed a week of sharp rhetoric at the UNGA, where both sides traded warnings but signaled willingness to continue diplomacy. Turning to macroeconomic data releases, US labor data remained exceptionally strong. Initial jobless claims hovered near 57-year lows, with continuing claims near three-year lows, suggesting the labor market regained momentum despite Middle East headwinds. The unemployment rate appears steady at 4.1% for September. The strength reinforces the narrative of an economy absorbing geopolitical shocks without material deterioration. Housing data surprised to the upside too. New-home sales rose 6.4% m/m to 684,000 in August, the fastest pace this year, supported by price cuts and incentives that helped ease affordability constraints. Regional activity also firmed: the Kansas City Fed Composite Index rose to 14, beating expectations. Europe delivered mixed signals. Germany's Ifo business climate index rose to 89.9, reflecting resilience despite high fuel costs. The Swiss National Bank kept rates at 0%, with inflation at 0.8%, comfortably within target. The Riksbank held at 1.75% but warned more tightening will be needed. Norway raised rates 25bps to 4.50%, signaling further hikes to contain inflation. The macro backdrop remains defined by strong US demand, persistent inflation pressures, and geopolitical uncertainty – a combination pushing global yields to multi-decade highs.

Market performances

Bond markets faced renewed pressure as yields surged across the curve. The US 10-year yield rose 9bps to 5.196%, the highest since 2007. The 30-year climbed 7.96bps to 5.482%, the highest since 2004. The 2-year rose to 4.92%, reflecting rising expectations of further Fed tightening. Fed funds futures now price 71% odds of an October hike. The move follows Wednesday's sharp selloff, when the 10-year rate posted its largest daily increase since the April 2025 tariff turmoil. Strong US PMI data – showing prices paid at a nearly four-year high – reinforced fears that robust demand is adding to inflationary pressure. Fed officials Barr and Williams signaled that additional hikes this year remain reasonable. Treasury auctions struggled. The USD44bn 7-year auction saw mediocre demand, following weak interest at Wednesday's USD70bn 5-year sale. The Treasury also bought back USD4.078bn in long-dated bonds to support liquidity, though offers exceeded USD10bn. The yield gap between French and German 10-year debt widened to its broadest level since Draghi's 2012 "Whatever it Takes" moment. Equities were mixed but pressured by rising yields. The Dow fell 0.31%, the S&P 500 slipped 0.03%, and the Nasdaq edged up 0.01%. Eight of eleven S&P sectors declined, led by materials and consumer staples. Oil climbed 3%, with Brent near USD107/bbl, after a Houthi missile attack on Saudi Arabia revived supply-disruption fears. Prices later moderated on reports of US-Iran discussions about reopening Hormuz. The dollar strengthened. The euro fell to USD1.1376, a two-month low. The yen weakened to 158.88 against the USD, with traders wary of intervention near 160. Gold fell to USD4,274/oz. Markets remain caught between oil-driven inflation fears, multi-decade yield highs, and geopolitical uncertainty, with risk appetite increasingly sensitive to rate momentum.

What's Next

The US releases durable goods orders, University of Michigan sentiment, and inflation expectations – key inputs for assessing whether demand strength continues to collide with rising price pressures. Mexico reports unemployment, bi-weekly CPI, and economic activity. Brazil

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

publishes IBGE inflation. Europe's calendar includes Germany's GfK consumer confidence, France's wage data, Spain's GDP, eurozone M3 money supply, and Hungary's unemployment and current-account balance. New York Fed President Williams speaks at Oxford's Monetary Economics Conference, offering another window into post-PMI Fed thinking. China's markets are closed for the Mid-Autumn Festival. Political events include France's Senate elections and the UK Labour Party conference beginning Sunday. Markets enter Friday navigating high and rising yields, volatile oil, fragile diplomacy, and a symbolic Trump-Xi summit, with rate expectations and geopolitical risk continuing to dominate the macro narrative.

Daily Market View

Investment Strategy ♦ September 25, 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 25, 2025. Performance in local currency terms.

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