

Tariffs down, yields up – a split-screen market

Macro headlines

The US and China agreed to reduce tariffs on USD30bn of goods in each direction and launch a bilateral dialogue on AI, following President Xi's visit to Washington. The tariff reductions cover US exports such as agricultural goods, wood, and cosmetics, and US imports including small appliances, toys, and decorations. Both sides described the agreement as "consensus on recommendations for more favorable tariff treatment," signaling a modest but meaningful thaw after months of geopolitical strain. Yet, as per Reuters, China's UNGA speech pushed back against Washington, urging respect for Gulf sovereignty and calling on the "relevant country" to stop threatening Cuba and lift its blockade. The remarks underscore Beijing's intent to broaden its diplomatic messaging beyond bilateral US-China issues. Elsewhere in geopolitics, Iran reiterated that only diplomacy can resolve its conflict with the US and Israel, after President Trump rejected Tehran's proposal to reopen the Strait of Hormuz in exchange for ending fighting. Iran Foreign Minister Aragchi said reopening the strait is contingent on Iran's conditions being met, emphasizing that "only a negotiated solution" can break the deadlock. US macro data softened at the margin. Durable goods orders were unchanged in August, slightly better than expectations, with transportation equipment down 0.6% and ex-defense orders up 0.1%. Consumer sentiment fell to 48.1, down from 51.7 in August, with broad political agreement that the economic outlook has weakened since early 2026. Republican sentiment is now 20% lower than January; Democrats are down 13%. Germany's consumer confidence dropped sharply to -30.6, its lowest since May, driven by rising energy prices amid Middle East tensions. New York Fed President Williams said high energy prices and AI-driven demand mean "a lot of work" remains on inflation, calling expectations for another rate hike this year "reasonable." In corporate news, a US jury ruled Apple owes USD5.7bn to Taction for infringing haptic-feedback patents – the largest such verdict to date.

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Market performances

Bond markets remained the dominant story. The US 10-year Treasury yield briefly reached 5.23%, the highest since 2007, before stabilizing to 5.158% as oil prices fell. The 30-year touched 5.53%, the highest since 2004. The ICE BofA MOVE Index – a key measure of bond-market volatility – surged c30% this week, its biggest jump since the April 2025 tariff turmoil. Oil fell c3% on hopes for a US-Iran truce, despite ongoing Houthi attacks on Saudi Arabia. Japan's 10-year yield touched 3.121%, a level last seen in 1996, reflecting global synchronized tightening. Five of the G10's most influential central banks raised rates this month; the rest signaled hikes or warned of rising inflation. Equities remained resilient. The Dow rose 0.93%, the S&P 500 gained 0.51%, and the Nasdaq increased 0.48%, supported by AI optimism and hopes for improved Middle East energy flows. Microsoft rallied 3.66% after unveiling new Copilot capabilities, including a coding tool and an always-on AI agent. MSCI's global index rose 0.5%, and the STOXX 600 gained 0.35%. The dollar dipped slightly against the euro but remains supported by expectations of further Fed tightening. The yen strengthened to JPY157.22 after Japan's finance minister said President Trump raised concerns about yen weakness. Gold rose to USD4,291/oz. Markets continue to balance multi-decade yield highs, tentative Middle East diplomacy, and persistent AI-driven equity strength, with volatility elevated across rates and energy.

What's Next

The coming week brings several pivotal macro catalysts. US core PCE revisions: methodological changes should revise historical y/y core PCE lower. US labor market: markets expect c100,000 nonfarm payrolls for September. Eurozone inflation: flash headline expected to rise to 3.8% y/y, driven by fuel prices. RBA decision: expected to raise rates to 4.60% amid elevated inflation, strong

Daily Market View

Investment Strategy ♦ September 28, 2026

Q2 GDP, and tight labor markets. Monday's calendar includes US Dallas Fed manufacturing survey, Brazil current account and FDI, Mexico trade balance, exports, imports, Brazil federal debt, Singapore industrial production, and India industrial production (6.7% y/y). Speeches include BoE Deputy Governor Ramsden on quantitative tightening, and Japan releases July meeting minutes and services PPI inflation. Markets enter the week navigating tariff relief, elevated yields, volatile energy, and a new US-China AI dialogue, with rate expectations and geopolitical risk continuing to anchor the macro narrative.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.88	0.00	23.00	24.00
UAE Eibor 3m	4.35	14.79	50.51	55.15
UAE Eibor 12m	5.11	-0.77	86.76	96.79
US 3m Bills	4.17	-0.54	37.79	40.35
US 10yr Treasury	5.16	-3.74	46.43	76.82
German 10yr Bund	3.60	0.20	34.80	74.40
UK 10yr Gilt	5.37	-1.50	30.90	66.70
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	490	0.24	-2.30	-2.08
Global Treasuries	203	0.28	-2.13	-1.74
Global Corporate	296	0.10	-2.59	-2.90
EM USD Sovereign	454	-0.32	-2.37	-3.36
EM LCY Sovereign	168	0.05	-0.65	1.90
Global High Yield	1,874	-0.16	-2.17	-1.28
Currencies				
Dollar Index	100.97	-0.31	1.99	-0.45
EUR USD	1.1391	0.10	-2.34	0.18
GBP USD	1.3247	0.21	-2.82	0.42
USD JPY	157.28	-0.99	-1.15	-2.79
Equities				
S&P 500	7,743	0.51	1.18	5.25
Dow Jones	51,829	0.93	-2.97	-0.18
NASDAQ	27,069	0.48	4.19	6.74
STOXX 600	639	0.35	-2.38	-0.24
DAX	25,409	0.56	-2.67	1.66
Nikkei 225	66,364	1.30	1.28	-8.29
FTSE 100	10,695	0.14	-1.47	1.57
SENSEX	73,896	0.43	-4.49	-4.16
Hang Seng	24,510	-1.01	-3.95	6.21
MSCI World	4,958	0.58	0.00	4.29
MSCI EM	1,732	0.01	2.23	-1.36
Regional Equities				
ADX	10,201	-0.05	1.52	3.29
DFM	5,980	-0.05	1.96	-0.74
Tadawul*	10,682	0.78	-3.18	-1.13
DSM*	9,454	-0.25	-3.18	-5.77
MSM30*	7,544	-0.14	-1.11	5.99
BHSE*	1,906	0.12	-1.69	-3.10
KWSE*	8,845	0.09	-0.04	2.12
Commodities				
BBG Commodity Index	144.3	-1.11	3.55	16.31
Brent USD/bbl	104.32	-2.14	13.18	38.61
WTI USD/bbl	92.41	-2.33	8.70	28.49
Gold USD/t oz	4,284.8	0.23	-7.90	6.41
Silver USD/t oz	64.3	0.78	-6.73	11.13

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Platinum USD/t oz	1,782.2	1.46	-5.28	11.32
Aluminum	3,274.6	0.65	1.51	3.53
Copper USD/MT	14,740.0	-0.17	2.76	11.72
Digital Assets				
Bitcoin	83,865.6	-0.57	6.25	41.27
Ether	2,683.9	-0.12	8.44	72.23
Solana	121.6	4.09	25.94	83.72
XRP	1.6	2.01	5.52	51.24
Volatility				
VIX	14.87	-5.11	-6.18	-21.28
MOVE	96.00	-8.20	29.76	43.07

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – September 28, 2026. Performance in local currency terms.

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