

Equities wobble as yields push further toward multi-year highs

Macro headlines

US and Iranian officials engaged separately with mediators on Monday in a renewed attempt to end seven months of conflict, with discussions expected to center on an amended version of Iran's seven-day proposal floated at the UNGA last week. President Trump denied offering sanctions relief or access to frozen funds in exchange for nuclear concessions, signaling that Washington's negotiating posture remains firm even as diplomatic channels stay open. The geopolitical backdrop remains tense, with the Strait of Hormuz – a critical chokepoint for global energy flows – at the center of negotiations. And on a quite different kind of center stage, AI policy and industry developments dominated the global market narrative. House Speaker Johnson said President Trump's meeting with tech CEOs will focus on balancing innovation with oversight as Washington seeks to define its regulatory role. Nvidia expanded its buyback authorization by USD150bn, eclipsing Apple's 2024 program and signaling confidence despite intensifying AI-chip competition. Anthropic's IPO prospectus revealed extraordinary scale: a USD42bn net loss in 2025, planned spending of USD518bn on cloud and compute obligations, and revenue rising twelve-fold to USD4.6bn. The company argues AI will transform the global economy more profoundly than industrialization or the internet, though at staggering cost. OpenAI, meanwhile, scrapped the release of its next-generation model due to safety concerns, highlighting rising industry anxiety over agent misbehavior and governance gaps. On geo-finance matters, Japan's Finance Minister Katayama said she clarified to Treasury Secretary Bessent that Prime Minister Takaichi is not a reflationist, a remark aimed at countering speculation that Tokyo may tolerate yen weakness. Data in the US showed robust regional momentum: Texas manufacturing output surged, with the Dallas Fed production index rising sharply to 29.5 from 16.1, indicating strong expansion even as cost pressures and cautious business expectations persist. India's industrial output surprised to the upside at 8% y/y, driven by manufacturing and electricity, marking a third consecutive month of 8% or more growth under the country's new producer price methodology.

Market performances

Markets traded defensively on Monday as oil edged higher and Treasury yields extended their climb, reinforcing expectations of further Fed tightening. The Nasdaq led declines, falling 0.9%, while the S&P 500 dropped 0.8% and the Dow fell 0.7%. Nvidia rose 1.7% after announcing its record buyback authorization, though broader AI-linked equities faced pressure from rising capital cost risks. Oil prices were volatile. Brent settled at USD105.28/bbl and US crude at USD92.60/bbl, after initially rising more than USD4/bbl when President Trump rejected Iran's proposal to reopen Hormuz. Gains moderated as Qatari mediators prepared to resume talks with both sides. Treasury yields continued their ascent. The 30-year reached 5.5704%, its highest since mid-May 2004, while the 10-year touched 5.251%, the highest since mid-June 2007. Two-year yields climbed to 4.937%, extending a 50bps rise in September – the largest monthly increase since February 2023. The curve flattened further, with the 2-year discount narrowing to 31bps, reflecting markets' conviction that the Fed will hike again. CME FedWatch now implies a 70% probability of a second consecutive hike in October. Global equities softened, with MSCI's world index down c0.8% and the STOXX 600 flat. Gold fell c4% to USD4,131/oz, pressured by higher real yields. The dollar strengthened, with the euro down to 1.1367 and the yen weakening to 157.43, despite fresh warnings from Japan's top currency diplomat against excessive yen selling.

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What's Next

Today's calendar brings a dense set of releases across North America, Europe, and Asia. Canada publishes July GDP, expected at 0.3% m/m and 2.0% y/y, offering insight into whether domestic momentum can withstand global rate pressure. The US releases Conference Board consumer confidence and JOLTS job openings, both critical inputs ahead of Friday's payrolls and PCE inflation data. Brazil reports IGPM inflation, outstanding loans, unemployment, formal job creation, and its central government budget balance, providing a broad read on domestic demand and credit conditions. Argentina releases its current account balance. Europe's data includes Spain's flash HICP (4.6% y/y) and CPI (4.3% y/y), UK consumer credit and mortgage approvals, and eurozone economic and consumer confidence. Australia's RBA is expected to raise its cash rate to 4.60%, citing elevated inflation, strong Q2 GDP, and tight labor markets. Mainland China publishes its Q2 current account balance. Central bank communication remains heavy. St. Louis Fed President Musalem speaks at the LSE, while New York Fed President Williams delivers a keynote at the University of Buffalo. In the UK, Prime Minister Burnham addresses the Labour Party conference, and the White House prepares to enact a ban on imports of certain Canadian dairy products, motorcycles, and alcoholic beverages in response to what President Trump called Canadian "discrimination" against American equivalents. Markets enter Tuesday navigating rising yields, volatile energy, intense AI-sector capital commitments, and fragile diplomacy, with October's payrolls and PCE data set to determine whether the Fed's tightening cycle extends further.

Daily Market View

Investment Strategy ♦ September 29, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.90	0.00	24.00	28.00
UAE Eibor 3m	4.31	-3.95	43.36	45.65
UAE Eibor 12m	5.08	-2.72	83.07	90.86
US 3m Bills	4.15	-2.03	37.07	40.23
US 10yr Treasury	5.24	7.57	60.73	86.75
German 10yr Bund	3.64	4.20	44.20	79.20
UK 10yr Gilt	5.42	5.60	43.40	69.10
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	488	-0.43	-3.01	-2.59
Global Treasuries	202	-0.38	-2.76	-2.23
Global Corporate	294	-0.48	-3.43	-3.45
EM USD Sovereign	450	-0.76	-3.46	-4.07
EM LCY Sovereign	167	-0.37	-1.10	1.37
Global High Yield	1,864	-0.55	-2.91	-1.82
Currencies				
Dollar Index	101.20	0.22	2.31	-0.16
EUR USD	1.1371	-0.18	-2.60	-0.11
GBP USD	1.3255	0.06	-2.89	0.42
USD JPY	157.39	0.07	-1.13	-2.69
Equities				
S&P 500	7,684	-0.77	0.08	4.48
Dow Jones	51,482	-0.67	-3.91	-0.76
NASDAQ	26,820	-0.92	2.56	6.02
STOXX 600	639	0.00	-2.71	0.44
DAX	25,374	-0.13	-3.39	2.85
Nikkei 225	65,878	-0.73	0.03	-5.02
FTSE 100	10,685	-0.10	-1.85	1.68
SENSEX	72,772	-1.52	-6.29	-5.61
Hang Seng	24,643	0.54	-3.40	8.69
MSCI World	4,923	-0.71	-1.06	3.76
MSCI EM	1,710	-1.31	0.33	0.19
Regional Equities				
ADX	10,159	-0.40	0.89	2.83
DFM	5,998	0.30	2.81	-0.33
Tadawul*	10,579	-0.96	-4.11	-2.08
DSM*	9,410	-0.46	-3.62	-6.20
MSM30*	7,590	0.62	-0.50	6.65
BHSE*	1,906	-0.01	-1.69	-3.11
KWSE*	8,844	0.00	-0.04	2.11
Commodities				
BBG Commodity Index	142.4	-1.30	2.87	15.82
Brent USD/bbl	105.28	0.92	18.85	46.24
WTI USD/bbl	92.60	0.21	12.43	33.76
Gold USD/t oz	4,115.7	-3.95	-11.63	0.66
Silver USD/t oz	60.6	-5.68	-11.67	2.53

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Platinum USD/t oz	1,718.8	-3.56	-7.65	5.75
Aluminum	3,261.2	-0.41	0.79	2.62
Copper USD/MT	14,544.5	-1.33	0.83	9.46
Digital Assets				
Bitcoin	83,500.2	-0.44	6.78	40.04
Ether	2,681.7	-0.08	10.06	70.94
Solana	118.8	-2.30	22.85	64.76
XRP	1.5	-4.25	3.51	43.22
Volatility				
VIX	16.07	8.07	4.01	-12.71
MOVE	101.82	6.06	41.57	52.45

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8:00AM UAE time – September 29, 2026. Performance in local currency terms.

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