

AI standards emerge, and yields stretch further

Macro headlines

President Trump said on Tuesday that leading tech executives agreed to establish voluntary standards for AI, marking the administration's first coordinated attempt to shape industry behavior amid rising concerns over safety, agent misalignment, and the physical footprint of data center expansion. The White House continues to frame AI oversight as a partnership rather than a regulatory clampdown, even as policymakers warn that the technology's rapid scaling poses systemic risks. Turning to monetary policy, St. Louis Fed President Musalem cautioned that a sharp pullback in central bank communication could lead to higher and more volatile interest rates and inflation, arguing that the Fed must maintain and communicate a clear framework for how it responds to evolving economic conditions. New York Fed President Williams reinforced that policymakers likely need only one more rate hike this year to keep inflation on track toward the 2% target. Staying with monetary policy, The Reserve Bank of Australia raised its cash rate to 4.60%, the fourth increase this year, citing stubborn inflation and rising energy costs. Rates are now at a 15-year high, with policymakers warning of mounting household stress. China, on the other hand, announced a fresh round of stimulus, cutting the one-year PSL lending rate by 25bps to 1.5% and unveiling nationwide mortgage interest subsidies for first-time buyers. The measures reflect Beijing's urgency to counter slowing momentum in the property sector and broader economy. Moving to macroeconomic data releases, in the US, consumer confidence deteriorated sharply, with the Conference Board index falling to 81.9 from 88.6, its lowest reading since 2014, driven by higher energy prices and renewed inflation anxiety. The JOLTS report showed job openings falling to 7.079m, the lowest since March, marking the third decline in four months. Openings continue to marginally exceed the number of unemployed, indicating a labor market that has shifted from overheated to balanced. Inflation pressures in Europe remain acute. Spain's September inflation (preliminary estimates) rose to 4.9% y/y, with HICP at 5.0%, both the highest since February 2023. Eurozone economic confidence slipped to 97.9, reflecting the drag from elevated energy costs. China's official PMI numbers for September came in higher than expected with both manufacturing and services sectors posting growth for the month.

Market performances

Markets traded cautiously on Tuesday as investors reassessed the likelihood of an October Fed hike following comments from Fed's Williams. Two-year Treasury yields slipped to 4.889%, down 3.51bps, after earlier touching 4.9596%, the highest since May 2024. Longer-dated yields remained elevated, with the 10-year rising to 5.255% and the 30-year reaching 5.592%, after hitting its highest level since June 2002 earlier in the session. Traders now price roughly a 50-50 chance of an October hike, down from nearly 70% earlier in the day, though anxiety remains high ahead of Wednesday's PCE release and Friday's payrolls. Sovereign yields across Europe remained pinned near multi-year highs, with French 10-year yields near 2008 levels. Higher rates continue to pressure government budgets, corporate financing, and household borrowing, reinforcing the global shift toward tighter financial conditions. Equities eased but remained supported by optimism surrounding Anthropic's IPO, which aims for a valuation above USD2trn. The S&P 500 fell 0.17%, the Nasdaq declined 0.09%, and the Dow slipped 0.26%. Global equities softened, with MSCI's world index down 0.30% and the STOXX 600 down 0.09%. Oil prices fell as markets focused on signs of recovering Middle East exports. US crude settled at USD89.38/bbl and Brent at USD102.59/bbl, reversing recent gains tied to diminishing hopes for a US-Iran peace deal. The

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dollar was stable, with the euro slightly weaker at 1.1341 and the yen at 157.32, while gold rose c1% to USD4,174/oz.

What's Next

Today's calendar is dominated by US macro releases that will shape expectations for the October Fed meeting. ADP employment is expected at 38k, offering an early read ahead of Friday's nonfarm payrolls. Personal income (0.4% m/m) and personal spending (0.2% m/m) will provide insight into household resilience. The PCE price index – the Fed's preferred inflation gauge – is the centerpiece, with headline expected at 0.4% m/m and 3.7% y/y, and core at 0.3% m/m and 3.3% y/y. US Q2 GDP (third release) is expected at 1.5%, with consumer spending growth at 3.4%. Retail and wholesale inventories, the Chicago PMI, and the advance goods trade balance will round out the US data slate. International releases include Brazil's budget balances and net debt, Chile's retail sales and unemployment, Colombia's overnight lending rate, and a full suite of UK Q2 national accounts data. France publishes September flash HICP, CPI, PPI, and consumer spending; Germany releases unemployment and flash inflation; Italy reports HICP; Türkiye publishes unemployment and trade data; Saudi Arabia releases SAMA foreign asset figures; Egypt reports Q2 GDP; Korea and Japan release industrial production; and Australia publishes CPI and trimmed mean inflation. Markets enter Wednesday bracing for PCE, payrolls, and global inflation prints, with rate expectations finely balanced and long-dated yields exerting growing pressure across risk assets.

Daily Market View

Investment Strategy ♦ September 30, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.90	0.00	26.00	28.00
UAE Eibor 3m	4.34	3.70	37.01	44.19
UAE Eibor 12m	5.11	2.79	90.10	93.63
US 3m Bills	4.14	-0.11	37.53	38.00
US 10yr Treasury	5.24	0.01	58.97	86.18
German 10yr Bund	3.63	-1.70	39.20	76.90
UK 10yr Gilt	5.41	-1.20	37.90	69.40
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	488	-0.05	-2.90	-2.72
Global Treasuries	202	-0.04	-2.64	-2.33
Global Corporate	294	-0.07	-3.36	-3.65
EM USD Sovereign	450	-0.02	-3.45	-4.17
EM LCY Sovereign	168	0.18	-0.91	1.49
Global High Yield	1,861	-0.14	-3.01	-2.11
Currencies				
Dollar Index	101.37	0.17	2.23	0.26
EUR USD	1.1342	-0.26	-2.65	-0.70
GBP USD	1.3232	-0.17	-2.67	-0.20
USD JPY	157.29	-0.06	-1.27	-2.87
Equities				
S&P 500	7,671	-0.17	-0.06	3.10
Dow Jones	51,350	-0.26	-3.95	-1.60
NASDAQ	26,798	-0.09	2.55	3.79
STOXX 600	638	-0.09	-2.79	0.31
DAX	25,399	0.10	-3.37	3.14
Nikkei 225	65,481	-0.60	-1.18	-5.74
FTSE 100	10,637	-0.45	-2.22	1.45
SENSEX	72,529	-0.33	-6.38	-5.47
Hang Seng	24,524	-0.48	-4.40	6.50
MSCI World	4,909	-0.28	-1.27	2.48
MSCI EM	1,702	-0.46	-0.89	-0.30
Regional Equities				
ADX	10,132	-0.27	0.96	2.98
DFM	5,988	-0.17	2.07	-0.09
Tadawul	10,456	-1.17	-5.23	-3.23
DSM	9,307	-1.10	-4.69	-7.23
MSM30	7,579	-0.15	-0.65	6.49
BHSE	1,907	0.06	-1.64	-3.05
KWSE	8,798	-0.53	-0.57	1.57
Commodities				
BBG Commodity Index	141.2	-0.86	1.59	15.21
Brent USD/bbl	102.59	-2.56	16.79	40.25
WTI USD/bbl	89.38	-3.48	8.70	26.33
Gold USD/t oz	4,182.3	1.62	-8.90	4.14
Silver USD/t oz	61.5	1.37	-9.76	5.53

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Platinum USD/t oz	1,713.2	-0.32	-6.57	8.24
Aluminum	3,223.4	-1.16	-0.14	4.44
Copper USD/MT	14,474.5	-0.48	-0.35	8.81
Digital Assets				
Bitcoin	83,592.9	0.11	6.56	38.83
Ether	2,688.7	0.26	8.76	66.42
Solana	119.1	0.24	22.84	58.12
XRP	1.5	0.16	8.53	40.88
Volatility				
VIX	16.04	-0.19	5.46	-9.12
MOVE	106.60	4.69	53.51	56.44

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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