The Weekly Market View

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ADCB ASSET MANAGEMENT LIMITED

Global markets rebound amid US shutdown

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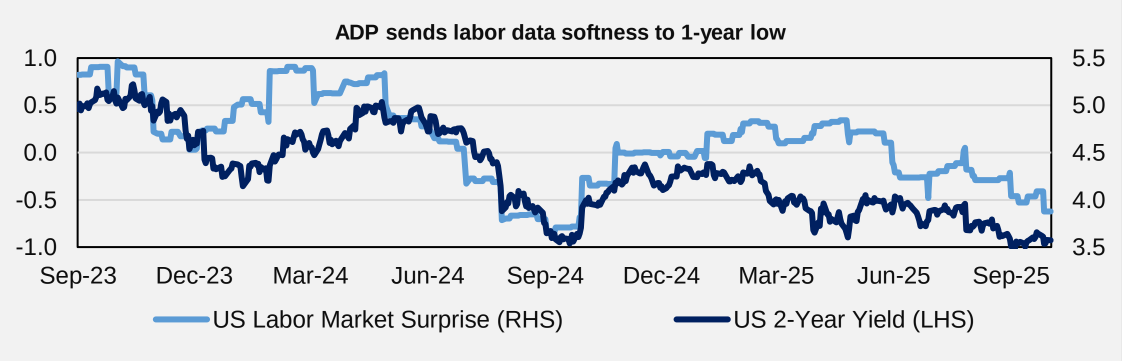
Macro headlines

The US narrative was dominated by renewed trade frictions and a government shutdown. Washington expanded its blacklist of Chinese firms and imposed new tariffs on timber and kitchen cabinets, underscoring a tougher trade stance. Domestically, the SEC advanced deregulation by moving to end quarterly reporting. Political uncertainty deepened as budget talks collapsed, triggering a federal shutdown, furloughs, and suspended data releases. President Trump framed the standoff as an opportunity to restructure government priorities. Economic data were mixed: pending home sales rose 4%, but consumer confidence fell to a five-month low and private payrolls contracted by 32,000. Manufacturing showed slight stabilization but remained in contraction, while services stagnated at neutral levels. Labor market signals weakened, with small business hiring slowing. Despite softer data, financial conditions stayed tight: Treasury yields edged higher, gold reserves surpassed USD 1 trillion, and investor sentiment remained cautious. Europe and UK: Europe saw fragmented inflation trends. Germany's rate accelerated, France undershot expectations, and Spain eased, pushing Eurozone inflation to 2.2%, above the ECB's target. Growth remained subdued, with Germany's industrial weakness persisting. Fiscal debates resurfaced, widening sovereign spreads in Southern Europe. Switzerland's inflation stayed muted at 0.2%. In the UK, GDP growth slowed to 0.3% in Q2. Housing showed resilience, but broader activity softened. The Bank of England struck a cautious tone, warning against regulatory complacency. Asia: China's PMIs pointed to fragile stabilization, with manufacturing contracting less than expected but services stalling. Japan elected Sanae Takaichi as LDP leader, signalling a tougher China stance, while data showed weak production and retail sales. India held rates steady at 5.5% with a dovish tilt, South Korea's output slowed, and Australia kept rates unchanged amid subdued demand. Geopolitics: Key developments included US–China tech tensions, Israel–Hamas negotiations, and OPEC+ agreeing to a modest supply increase. Global risk sentiment was shaped by the US shutdown, European fiscal strains, and Asia's shifting trade and security dynamics.

Market performances

Global financial markets reflected a cautious but constructive tone as investors balanced fiscal uncertainty in the US with signs of stabilizing risk appetite. Government bond yields eased modestly as investors sought safety amid the US government shutdown and weak economic data. The US 10Y Treasury yield fell to 4.15%, while German Bunds and UK Gilts also declined. Short term rates were steadier, with SOFR slightly higher at 4.20%. In the GCC, UAE interbank rates edged up, reflecting tighter liquidity. Bond indices turned positive as prices rose, with global treasuries, corporates, and emerging market debt all posting gains. Despite this, sentiment remained defensive given slower growth signals and fiscal uncertainty. The US dollar weakened, with the USD Index down 0.44%, ending a multi week rally. The euro gained on hawkish ECB rhetoric and firm inflation, while the pound rose on stable UK data. The yen outperformed, appreciating 1.35% against the dollar on safe haven demand and speculation of Bank of Japan policy shifts. Energy markets slumped, with Brent and WTI crude posting their sharpest two month declines on OPEC+'s limited supply increase and demand concerns. Precious metals surged, led by gold (+3.37%) as investors hedged against fiscal risks and lower yields. Industrial metals advanced on hopes of Chinese stimulus, with copper and aluminum leading gains. Global equities rallied, supported by easing yields and improved sentiment. The MSCI World rose 1.43%, while emerging markets outperformed (+3.64%). US indices posted broad gains, Europe outpaced with strong advances, and Asia saw momentum led by Hong Kong. GCC markets were mixed, with Saudi Arabia and the UAE higher, while Qatar and Kuwait lagged due to weaker energy prices. Cryptocurrencies extended their rally, buoyed by institutional inflows and ETF optimism. Bitcoin surged above USD120k, Ether and Solana posted double digit gains, and total digital asset market capitalization surpassed USD3trn for the first time this year.

Chart of the Week: Fed's labor market focus



Source: Bloomberg, and ADCB Asset Management

Global markets' performance snapshot

Performance snapshot*				
Rates	**Latest**	**1W (bp)**	**3M (bp)**	**YTD (bp)**
SOFR	4.20	4.00	-15.00	-13.00
UAE Eibor 3m	3.97	0.48	-18.34	-27.37
UAE Eibor 12m	3.89	6.61	-23.58	-46.80
US 3m Bills	3.93	0.26	-40.03	-35.88
US 10yr Treasury	4.15	-5.63	-22.65	-39.13
German 10yr Bund	2.70	-4.80	9.10	30.20
UK 10yr Gilt	4.69	-5.60	13.60	16.80
Fixed Income		**1W (%)**	**3M (%)**	**YTD (%)**
Global Agg. Index	501	0.63	0.79	7.19
Global Treasuries	210	0.70	-0.03	6.57
Global Corporate	302	0.60	2.08	8.71
EM USD Sovereign	445	0.34	3.69	8.20
EM LCY Sovereign	160	0.41	0.13	6.02
Global High Yield	1,826	0.22	2.49	8.41
Currencies				
Dollar Index	98.10	-0.44	0.56	-9.48
EUR USD	1.1724	0.33	-0.31	13.15
GBP USD	1.3450	0.58	-1.25	7.99
USD JPY	150.14	-1.35	2.08	-4.41
Equities				
S&P 500	6,716	1.09	6.95	11.23
Dow Jones	46,758	1.10	4.30	4.94
NASDAQ	22,781	1.32	10.58	15.91
STOXX 600	570	2.87	5.42	6.42
DAX	24,379	2.69	2.49	13.36
Nikkei 225	47,758	0.91	14.97	17.97
FTSE 100	9,491	2.22	7.58	10.74
SENSEX	81,381	0.97	-2.67	3.34
Hang Seng	26,977	3.88	13.48	30.55
MSCI World	4,337	1.43	6.79	13.35
MSCI EM	1,374	3.64	11.55	25.71
Regional Equities				
ADX	10,073	0.73	0.91	5.09
DFM	5,918	1.06	2.86	13.38
Tadawul*	11,496	1.66	2.23	-7.55
DSM*	10,863	-0.87	0.96	1.92
MSM30*	5,179	1.21	13.81	12.90
BHSE*	1,953	0.03	0.32	4.73
KWSE*	8,773	-0.05	4.45	11.00
Commodities				
BBG Commodity Index	106.1	0.24	1.90	1.10
Brent USD/bbl	65.5	-7.99	-5.52	-15.31
WTI USD/bbl	61.8	-7.36	-9.13	-16.26
Gold USD/t oz	3,932.7	3.37	16.46	36.66
Silver USD/t oz	48.5	4.17	29.97	49.22
Platinum USD/t oz	1,630.2	1.56	14.83	65.64
Aluminum	2,710.0	1.95	4.70	2.05
Copper USD/MT	10,537.5	4.07	5.69	17.17
Digital Assets				
Bitcoin	123,996.3	12.06	13.74	26.95
Ether	4,540.9	13.07	82.15	71.88
Solana	232.2	16.43	58.66	14.71
XRP	3.0	9.31	36.85	24.10
Volatility				
VIX	16.65	8.89	-4.75	-3.25
MOVE	69.53	-6.52	-19.24	-22.98

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as of October 03 2025 unless stated otherwise; **Data as of October 02 25 2025.

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Forthcoming important economic data/events

United States

Date & Time (GST)	Indicator	Period	Expected	Prior
10/07/2025 16:30	Trade Balance	Aug	-$61.4b	-$78.3b
10/07/2025 16:30	Exports MoM	Aug	--	0.30%
10/07/2025 16:30	Imports MoM	Aug	--	5.90%
10/07/2025 19:00	**NY Fed 1-Yr Inflation Expectations**	**Sep**	**--**	**3.20%**
10/07/2025 23:00	Consumer Credit	Aug	$15.000b	$16.010b
10/08/2025 15:00	**MBA Mortgage Applications**	**3-Oct**	**--**	**-12.70%**
10/08/2025 22:00	**FOMC Meeting Minutes**	**17-Sep**	**--**	**--**
10/09/2025 16:30	**Initial Jobless Claims**	**4-Oct**	**--**	**--**
10/09/2025 16:30	**Continuing Claims**	**27-Sep**	**--**	**--**
10/09/2025 18:00	Wholesale Inventories MoM	Aug F	--	-0.20%
10/10/2025 18:00	**U. of Mich. Sentiment**	**Oct P**	**54.3**	**55.1**
10/10/2025 18:00	U. of Mich. Current Conditions	Oct P	--	60.4
10/10/2025 18:00	U. of Mich. Expectations	Oct P	--	51.7
10/10/2025 18:00	**U. of Mich. 1 Yr Inflation**	**Oct P**	**--**	**4.70%**
10/10/2025 18:00	**U. of Mich. 5-10 Yr Inflation**	**Oct P**	**--**	**3.70%**
10/10/2025 22:00	**Federal Budget Balance**	**Sep**	**--**	**-$344.8b**

Japan

Date & Time (GST)	Indicator	Period	Expected	Prior
10/07/2025 3:30	**Household Spending YoY**	**Aug**	**1.40%**	**1.40%**
10/07/2025 9:00	Leading Index CI	Aug P	107.1	106.1
10/07/2025 9:00	Coincident Index	Aug P	113.1	114.1
10/08/2025 3:30	Labor Cash Earnings YoY	Aug	2.70%	4.10%
10/08/2025 9:00	Eco Watchers Survey Current SA	Sep	47	46.7
10/08/2025 9:00	Eco Watchers Survey Outlook SA	Sep	47.9	47.5
10/09/2025 10:00	**Machine Tool Orders YoY**	**Sep P**	**--**	**8.50%**
10/10/2025 3:50	**PPI YoY**	**Sep**	**2.50%**	**2.70%**

Eurozone

Date & Time (GST)	Indicator	Period	Expected	Prior
10/06/2025 11:30	**Germany HCOB Construction PMI**	**Sep**	**--**	**46**
10/06/2025 12:30	Eurozone Sentix Investor Confidence	Oct	-8.6	-9.2
10/06/2025 13:00	**Eurozone Retail Sales YoY**	**Aug**	**1.30%**	**2.20%**
10/07/2025 10:00	**Germany Factory Orders WDA YoY**	**Aug**	**2.80%**	**-3.40%**
10/08/2025 10:00	**Germany Industrial Production WDA YoY**	**Aug**	**-0.90%**	**1.50%**
10/11/2025-10/16/2025	**Germany Wholesale Price Index YoY**	**Sep**	**--**	**0.70%**

United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
10/06/2025 12:00	New Car Registrations YoY	Sep	--	-2.00%
10/06/2025 12:30	**S&P Global UK Construction PMI**	**Sep**	**--**	**45.5**
10/09/2025 3:01	RICS House Price Balance	Sep	--	-19.00%
10/10/2025 3:01	**S&P Global, KPMG and REC UK Report on Jobs**			

China & India

Date & Time (GST)	Indicator	Period	Expected	Prior
10/07/2025	**China Foreign Reserves**	**Sep**	**--**	**$3322.10b**
10/09/2025-10/15/2025	China New Yuan Loans CNY YTD	Sep	15089.8b	13460.0b
10/09/2025-10/15/2025	China Aggregate Financing CNY YTD	Sep	30048.2b	26560.0b
10/10/2025-10/15/2025	**China Money Supply M2 YoY**	**Sep**	**8.50%**	**8.80%**

GCC

Date & Time (GST)	Indicator	Period	Expected	Prior
10/09/2025 10:00	**Saudi Arabia Industrial Production YoY**	**Aug**	**--**	**6.50%**
10/10/2025-10/15/2025	**Dubai CPI YoY**	**Sep**	**--**	**2.43%**

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