بنك أبوظبي التجاري ADCB
ASSET MANAGEMENT LIMITED

AI valuation jitters spark Nasdaq-led decline

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Macro headlines

Political and economic pressures intensified as the US Senate blocked a resolution that would have curbed President Trump's authority to act militarily against Venezuela. Meanwhile, a federal judge ordered the US administration to fully fund food aid for 42 million low income Americans, halting plans to reduce benefits during the record long government shutdown. Labor market signals turned sharply negative in the US: Challenger, Gray & Christmas reported 1.1 million job cuts through October, a 65% increase from last year, with October alone seeing 153,074 cuts – the largest reduction for the month in over two decades. Warehousing and tech led the losses, reflecting cost cutting and AI driven restructuring. The Chicago Fed estimated unemployment rose to 4.36% in October. Central banks offered mixed signals: the Bank of England held rates at 4.0% in a narrow 5 4 vote, Norges Bank paused at 4.0%, while Mexico cut its benchmark rate to 7.25% but warned of sticky core inflation. In Europe, retail sales slipped 0.1% in September despite rising consumer confidence, while German and French industrial data showed resilience. UK construction PMI held at 59.1, its strongest since 2021. Tesla shareholders approved CEO Musk's record pay package, underscoring investor faith in his AI and robotics vision, even as airlines scrambled to adjust schedules amid shutdown driven flight cuts.

Market performances

Wall Street closed sharply lower Thursday, led by declines in technology and consumer discretionary stocks. The Dow fell 0.84% to 46,912, the S&P 500 dropped 1.12% to 6,720, and the Nasdaq slid 1.90% to 23,054. Semiconductor shares weakened, with Qualcomm down 3.6% on concerns about future dominance in Samsung devices, while the SOX index fell 2.6%. Investors digested Challenger's report of 153k job cuts in October, the largest monthly tally in over 20 years, heightening fears of labor market fragility amid the shutdown. Global equities mirrored US weakness: MSCI's all country world index fell 0.59% to 992, and Europe's STOXX 600 dropped 0.7%. Most stock markets in the Gulf ended higher on Thursday, mirroring gains in Asian shares. Oil prices eased, WTI down USD59.43/bbl and Brent down USD63.38/bbl, as supply glut fears outweighed demand signals. Gold rose modestly to USD3,986/oz, while investors remained cautious about stretched equity valuations, AI momentum, and the prolonged shutdown's economic toll. Sterling firmed to 1.3122 after the Bank of England held rates at 4.0% in a tight vote, keeping expectations of a cut alive before year end. The dollar index slipped to 99.73, while the euro rose to 1.1541. Treasury yields fell, with the 10 year at 4.08% and the 2 year at 3.562%.

What's next

Today would normally be payrolls Friday, but not this time. The US release of October non farm payrolls, average hourly earnings, and unemployment are disrupted by the Government shutdown there. Preliminary November consumer sentiment from the University of Michigan will be released. Canada reports October unemployment, while Mexico publishes inflation. In Europe, Germany's September trade balance, France's trade data, Switzerland's consumer confidence, and the UK's Halifax house price index are due. Asia brings Q3 GDP from the Philippines, October trade from China and Taiwan, and Malaysia's September industrial production. Corporate earnings include Daimler Truck, Honda, Mazda, KKR, Macquarie, and Record, spanning autos, finance, and infrastructure. Geopolitical theater continues as Hungarian Prime Minister Orbán meets President Trump at the White House to discuss US-Russia relations and energy sanctions. Over the weekend, China releases October CPI and PPI, offering fresh insight into inflation dynamics. With shutdown pressures mounting, job cuts accelerating, and markets wobbling, Friday's data will be pivotal in shaping sentiment. Investors will weigh whether labor weakness and consumer unease force central banks toward further easing, or whether resilience in Europe and Asia offsets US fragility. The week closes with volatility high, narratives fractured, and November's arc already defined by tension between policy strain and market correction.

Global markets' performance snapshot

Performance snapshot*				
Rates	**Latest**	**1D (bp)**	**3M (bp)**	**YTD (bp)**
SOFR	3.91	0.00	-27.00	-43.00
UAE Eibor 3m	3.72	0.39	-25.01	-43.66
UAE Eibor 12m	3.85	0.46	-3.71	-24.23
US 3m Bills	3.85	-2.88	-10.25	-38.05
US 10yr Treasury	4.08	-7.60	-3.61	-14.26
German 10yr Bund	2.65	-2.30	-4.80	0.00
UK 10yr Gilt	4.43	-3.00	-25.70	-9.30
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	498	0.39	-0.48	0.55
Global Treasuries	208	0.41	-0.74	-0.15
Global Corporate	301	0.39	-0.39	1.32
EM USD Sovereign	454	0.16	1.91	4.42
EM LCY Sovereign	160	0.01	-0.09	0.65
Global High Yield	1,831	0.14	0.28	2.19
Currencies				
Dollar Index	99.73	-0.47	2.06	1.58
EUR USD	1.1541	0.53	-1.71	-0.81
GBP USD	1.3122	0.64	-2.66	-1.69
USD JPY	153.02	-0.69	3.76	3.85
Equities				
S&P 500	6,720	-1.12	0.07	5.91
Dow Jones	46,912	-0.84	0.33	6.15
NASDAQ	23,054	-1.90	1.20	8.90
STOXX 600	568	-0.70	-0.45	4.96
DAX	23,734	-1.31	-2.64	-0.80
Nikkei 225	50,884	1.34	11.17	24.73
FTSE 100	9,736	-0.42	2.58	6.24
SENSEX	83,311	-0.18	2.59	3.44
Hang Seng	26,486	2.12	-2.41	6.32
MSCI World	4,324	-0.76	-0.31	5.63
MSCI EM	1,394	0.78	1.45	12.00
Regional Equities				
ADX	10,024	0.09	-0.49	-2.96
DFM	6,022	0.49	1.76	-2.18
Tadawul*	11,302	0.41	-2.50	5.92
DSM*	11,059	0.48	2.06	-1.04
MSM30*	5,544	-0.39	6.77	8.67
BHSE*	2,072	-0.37	5.12	7.11
KWSE*	8,913	-0.04	0.82	4.73
Commodities				
BBG Commodity Index	107.0	-0.44	1.59	6.55
Brent USD/bbl	63.38	-0.22	-1.78	-5.25
WTI USD/bbl	59.43	-0.29	-2.38	-7.65
Gold USD/t oz	3,986.3	0.10	2.57	18.07
Silver USD/t oz	48.0	0.04	0.07	26.97
Platinum USD/t oz	1,531.1	-2.04	-4.62	14.52
Aluminum	2,829.5	-0.41	4.41	8.47
Copper USD/MT	10,723.0	1.13	1.76	11.65
Digital Assets				
Bitcoin	101,080.6	-2.49	-17.52	-12.17
Ether	3,324.9	-3.41	-26.73	-9.55
Solana	156.4	-3.37	-32.87	-6.91
XRP	2.2	-5.35	-27.12	-26.03
Volatility				
VIX	19.50	8.27	17.12	16.28
MOVE	72.44	0.03	4.19	-13.65

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - November 07, 2025 unless stated otherwise. Performance in local currency.

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