

Government remains closed, but markets got bold

Macro headlines

The US government shutdown entered its second day on Thursday with no sign of compromise, as President Trump pledged to meet with budget director Vought to identify “Democrat Agencies” for cuts – a move framed as political punishment amid the stalemate. At the same time, the White House is pursuing deals across 20–30 industries ahead of the midterms, picking equity stakes and providing regulatory relief in exchange for concessions, signaling a “whole of government” approach to deal-making. With official data suspended, alternate sources filled the gap: the Chicago Fed estimated unemployment steady at 4.3%, Intuit flagged weaker small-business hiring, and Challenger reported 54,064 job cuts in September – down sharply from August but leaving Q3 layoffs at their highest since 2020. The mixed signals highlight a labor market losing momentum, even as headline cuts appear to ease. Abroad, Japan’s consumer confidence ticked up modestly, Eurozone unemployment edged to 6.3%, and Swiss inflation remained stuck at 0.2%, defying expectations of a pickup and complicating SNB policy amid tariff headwinds. Egypt’s central bank cut rates by 100bps (deposit rate to 21% from 22% and the lending rate to 22% from 23%), its fourth reduction this year, citing limited inflation despite stronger growth. The global macro backdrop is one of political brinkmanship, fragile labor signals, and diverging inflation paths.

Market performances

Markets largely shrugged off Washington’s paralysis, with global equities extending gains and investors focusing instead on the Federal Reserve’s policy path. The S&P 500 briefly touched a record 6,715 before ending flat, while the Nasdaq rose 0.39% to a fresh high and the Dow added 0.17%. Europe’s STOXX 600 climbed 0.53% to another record, while the MSCI All-World index gained 0.11%. In Asia, tech shares rallied after Samsung and SK Hynix announced partnerships to supply OpenAI data centers, lifting regional indexes and underscoring the AI-driven momentum in semiconductors. Moving to rates, traders are now pricing two Fed rate cuts by year-end as near-certainties, pushing the 2Y Treasury yield to a two-week low of 3.53%. The dollar index hovered near a one-week low at 97.85, with the yen at 147.17, the euro largely steady at 1.1715, and sterling softer at 1.3439. Gold eased after hitting another record high of USD3,845/oz overnight, still buoyed by Fed easing bets and shutdown angst. Oil extended its decline for a fourth day, with Brent down 1.9%, as oversupply concerns weighed. The market mood remains one of cautious resilience: equities grinding higher, gold holding near peaks, and oil sliding on supply fears.

What’s next

Friday’s calendar is packed with services and composite PMIs worldwide, offering a broad read on September’s activity. In the US, non-farm payrolls, unemployment, and ISM services PMI are scheduled, though the shutdown makes the jobs report unlikely to be released, leaving the weak ADP print in sharper focus. Investors will parse private data and PMI surveys for clues on labor and demand trends, with Fed policy expectations already leaning toward two cuts by year-end. In emerging markets, Brazil reports industrial production alongside Türkiye’s CPI release, while in Europe, France’s industrial output, and Italy’s retail sales are due. These releases will test whether Europe’s modest recovery can withstand inflationary pressures and political uncertainty. In Asia, China and South Korea remain on holiday, but Japan’s political calendar heats up with the ruling LDP leadership election on Saturday, potentially shaping policy direction. Central bank voices will also be closely watched: BoE Governor Bailey and New York Fed President Williams speak in Amsterdam, while BoJ Governor Ueda addresses business leaders in Osaka. With shutdown politics unresolved, investors face a weekend of uncertainty, balancing resilient equities and record-high gold against fragile labor signals and a Fed poised to ease.

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Daily Market View

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1W (bp)	3M (bp)	YTD (bp)
SOFR	4.24	0.00	-10.00	-20.00
UAE Eibor 3m	3.93	5.60	-27.03	-18.28
UAE Eibor 12m	3.82	-1.22	-34.98	-39.41
US 3m Bills	3.93	-0.30	-24.27	-39.34
US 10yr Treasury	4.10	-5.22	-10.52	-14.35
German 10yr Bund	2.71	0.20	1.80	13.90
UK 10yr Gilt	4.70	-0.30	-0.30	24.20
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	501	0.15	0.84	0.51
Global Treasuries	210	0.17	0.64	-0.36
Global Corporate	302	0.17	1.27	1.91
EM USD Sovereign	443	0.03	1.21	3.26
EM LCY Sovereign	160	0.08	0.23	0.24
Global High Yield	1,822	0.00	0.74	2.40
Currencies				
Dollar Index	97.71	-0.07	-0.11	0.92
EUR USD	1.1732	-0.02	0.42	-0.63
GBP USD	1.3478	0.24	-0.26	-1.95
USD JPY	147.07	-0.56	0.10	2.54
Equities				
S&P 500	6,711	0.34	3.22	8.28
Dow Jones	46,441	0.09	1.76	4.37
NASDAQ	22,755	0.42	4.84	12.63
STOXX 600	565	1.15	1.98	4.51
DAX	24,114	0.98	0.31	1.86
Nikkei 225	44,551	-0.85	4.02	11.42
FTSE 100	9,446	1.03	2.49	7.53
SENSEX	80,983	0.89	1.13	-3.24
Hang Seng	26,856	0.00	7.43	11.56
MSCI World	4,323	0.37	2.92	7.49
MSCI EM	1,353	0.50	7.25	10.05
Regional Equities				
ADX	10,028	0.14	-0.90	1.01
DFM	5,888	0.84	-3.22	3.44
Tadawul*	11,529	0.23	8.83	5.23
DSM*	10,955	-0.88	-1.58	-2.61
MSM30*	5,189	0.14	1.25	9.46
BHSE*	1,951	0.13	0.74	0.13
KWSE*	8,782	-0.16	3.26	2.44
Commodities				
BBG Commodity Index	105.3	0.69	3.32	3.11
Brent USD/bbl	65.4	-2.49	-4.77	-2.62
WTI USD/bbl	61.8	-0.95	-4.37	-5.61
Gold USD/t oz	3,865.7	0.18	13.13	15.78
Silver USD/t oz	47.3	1.44	21.16	31.31
Platinum USD/t oz	1,566.0	-0.62	14.85	15.16
Aluminum	2,690.3	0.28	3.11	3.49
Copper USD/MT	10,263.0	-0.36	5.77	2.01
Digital Assets				
Bitcoin	117,592.3	2.57	5.06	10.99
Ether	4,337.0	3.37	-2.73	79.52
Solana	219.6	4.61	2.94	49.85
XRP	2.9	2.65	-0.06	35.78
Volatility				
VIX	16.29	0.06	12.89	-3.21
MOVE	73.50	-5.68	-5.22	-21.37

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - October 03, 2025 unless stated otherwise.
Performance in local currency.

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