

Daily Market View

Investment Strategy | October 6, 2025

Shutdown stretches, services sector stalls, markets lean on Fed cuts

Macro headlines

The US government shutdown entered its fifth day on Sunday with no sign of resolution, as President Trump renewed threats of layoffs and congressional leaders traded accusations of bad faith. The political standoff has already suspended key data releases, including non farm payrolls, leaving investors and policymakers reliant on private sources. Meanwhile, Japan's ruling LDP elected Sanae Takaichi as its new leader, positioning her to become the country's first female prime minister. A staunch China hawk, her leadership signals a harder line on security and economic policy. On the energy front, OPEC+ agreed to a modest 137,000 bpd production increase for November after Saudi Arabia and Russia bridged differences, underscoring the group's cautious balancing act. In the Middle East, Israel and Hamas are set to begin mediated negotiations aimed at ending a two year conflict in Gaza, a development with potentially far reaching geopolitical consequences. Economic data painted a fragile picture: global services PMIs softened, while the US ISM Services PMI stagnated at 50 – the first neutral reading since 2010, highlighting a sharp deceleration in business activity and hiring. Central bankers struck cautious tones: BoE's Bailey warned against regulatory complacency, the Fed's Williams stressed preparedness for unpredictability, and BoJ's Ueda kept policy options open.

Market performances

Global equities ended the week on a strong note, with investors largely brushing aside the shutdown and focusing instead on the Fed's expected easing cycle and the relentless rally in technology shares. Wall Street's major indexes all touched record highs before moderating: the S&P 500 briefly hit 6,716 before closing flat, the Nasdaq slipped 0.28%, and the Dow gained 0.51%. The MSCI World index rose 0.23%, while Europe's STOXX 600 logged its best week since April. In Asia, Taiwan's benchmark hit a record and Japan's Nikkei jumped 1.85% ahead of the LDP leadership vote. Bond yields nudged higher in the US and eurozone but fell in the UK after weak PMI data; overall, yields were lower on the week. Markets are now almost fully pricing a 25bp Fed cut this month and at least four more by end 2026. The dollar sagged, posting its biggest weekly drop since August, while the yen and euro gained modestly. Oil prices posted their steepest weekly drop in three months, with Brent at USD64.5/bbl and WTI at USD60.9/bbl. Gold rose for a seventh straight week, closing at USD3,886/oz after hitting a record USD3,886.5/oz, up c48% year to date as investors embraced it as the ultimate safe haven.

What's next

The week ahead is expected to be relatively light on official US data, with the shutdown delaying releases from the Bureau of Labor Statistics, BEA, and Census Bureau. That means private sector surveys, such as the University of Michigan's consumer sentiment, will take on outsized importance. The Fed's policy outlook will be in focus with the release of FOMC minutes and a speech by Chair Powell, as markets lean toward another rate cut this month. Today, in Europe, attention turns to retail sales and labor data, while in the UK construction PMIs will test the resilience of the sector. Switzerland reports unemployment, and Turkey publishes inflation data. In Asia, holidays in China, South Korea, and Taiwan will thin trading, but India's services PMI and Thailand's inflation will provide regional signals. Political developments also matter: Japan's LDP leadership transition under Takaichi could reshape policy direction, while mediated talks between Israel and Hamas may influence regional stability. Corporate earnings season begins in the US with Delta and Pepsi reporting Thursday, followed by major banks next week. Nobel Prize announcements will also capture global attention. With shutdown politics unresolved, investors face a week where alternative data, central bank signals, and earnings slowly take center stage.

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	3M (bp)	YTD (bp)
SOFR	4.20	0.00	-14.00	-15.00
UAE Eibor 3m	3.97	2.54	-23.61	-22.34
UAE Eibor 12m	3.89	12.24	-18.36	-18.79
US 3m Bills	3.95	0.91	-18.82	-40.03
US 10yr Treasury	4.12	3.65	-10.92	-22.65
German 10yr Bund	2.70	-0.10	-5.00	8.30
UK 10yr Gilt	4.69	-2.00	-6.00	14.80
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	501	0.04	0.84	0.90
Global Treasuries	210	0.06	0.61	0.11
Global Corporate	302	0.01	1.39	2.16
EM USD Sovereign	445	0.22	1.75	3.69
EM LCY Sovereign	160	0.07	0.25	0.07
Global High Yield	1,826	0.16	0.89	2.53
Currencies				
Dollar Index	97.72	-0.13	-0.05	0.56
EUR USD	1.1742	0.23	0.32	-0.09
GBP USD	1.3480	0.31	-0.46	-1.25
USD JPY	147.47	0.20	0.16	1.67
Equities				
S&P 500	6,716	0.01	3.96	6.95
Dow Jones	46,758	0.51	2.66	4.30
NASDAQ	22,781	-0.28	6.18	10.58
STOXX 600	570	0.50	3.45	4.91
DAX	24,379	-0.18	1.42	1.86
Nikkei 225	45,770	1.85	8.49	15.04
FTSE 100	9,491	0.67	3.21	7.57
SENSEX	81,207	0.28	1.05	-2.44
Hang Seng	27,141	-0.54	5.95	12.76
MSCI World	4,337	0.23	3.83	6.75
MSCI EM	1,374	0.45	8.47	11.07
Regional Equities				
ADX	10,073	0.08	0.63	0.92
DFM	5,918	0.02	-0.87	2.95
Tadawul*	11,529	0.29	10.29	5.57
DSM*	10,916	0.48	-1.60	-3.07
MSM30*	5,211	0.62	2.54	8.99
BHSE*	1,968	0.77	1.28	0.64
KWSE*	8,792	0.21	0.86	2.02
Commodities				
BBG Commodity Index	105.4	0.48	2.50	1.90
Brent USD/bbl	64.5	0.66	-5.31	-6.21
WTI USD/bbl	60.9	0.66	-4.89	-9.13
Gold USD/t oz	3,886.5	1.08	11.77	16.57
Silver USD/t oz	48.0	2.14	17.95	30.29
Platinum USD/t oz	1,605.2	1.81	14.10	16.58
Aluminum	2,710.0	0.65	3.66	4.16
Copper USD/MT	10,537.5	0.79	7.48	4.13
Digital Assets				
Bitcoin	122,545.4	1.52	12.56	11.42
Ether	4,537.9	0.98	5.78	74.51
Solana	233.1	0.14	17.83	52.46
XRP	3.0	-0.64	10.01	33.45
Volatility				
VIX	16.65	0.12	3.29	1.65
MOVE	69.53	-2.36	-12.42	-19.24

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - October 06, 2025 unless stated otherwise.
Performance in local currency.

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