Daily Market View

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بنك أبوظبي التجاري
ADCB
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AI deal lifts markets, gold breaks records, shutdown grinds on

Macro headlines

Geopolitics and domestic politics collided on Monday, underscoring a world in flux. Delegations from Israel and Hamas began indirect negotiations in Egypt, with US backing, aimed at halting the Gaza war. Contentious issues remain — Israel's withdrawal demands and Hamas disarmament — but even the start of talks marks a shift after two years of conflict. In Europe, France plunged deeper into political crisis as Prime Minister Lecornu and his cabinet resigned just hours after being sworn in, making his administration the shortest-lived in modern French history. The European Commission, meanwhile, pledged support for Italy after Washington threatened tariffs of up to 92% on pasta exports, escalating trade tensions. In Washington, President Trump announced a 25% tariff on all medium- and heavy-duty truck imports starting November 1, intensifying his protectionist push. The US government shutdown entered its sixth day, with Trump briefly hinting at talks with Democrats before retreating, insisting they end the standoff first. On the economic front, S&P Global surveys showed global business activity slowing for the first time in five months, though growth remained near trend. Eurozone construction contracted further, UK construction moderated its downturn, retail sales across the bloc stayed flat, and Swiss unemployment held steady at 2.8%. In corporate news, AMD struck a landmark deal to supply AI chips to OpenAI, potentially worth tens of billions annually and giving OpenAI an option to acquire up to 10% of the chipmaker.

Market performances

Markets opened the week with a mix of exuberance and caution. Wall Street saw the S&P 500 and Nasdaq close at record highs, powered by AMD's blockbuster AI chip-supply deal with OpenAI, which sent AMD shares soaring 23.7% and lifted the broader semiconductor sector — the Philadelphia SOX index jumped 2.9%. Crypto joined the rally, with Bitcoin hitting a record USD125,261, while crypto-linked firms like Coinbase also gained. Yet the Dow slipped 0.14%, reflecting lingering unease over the US government shutdown, now in its sixth day and delaying key economic data. Markets are betting the Fed will lean dovish, with a 25bp cut expected at the October 28–29 meeting. Globally, MSCI's world index rose 0.34%, while Europe's STOXX 600 dipped slightly, weighed by France's political turmoil. In Japan, Takaichi's election as LDP leader — and likely first female prime minister — weakened the yen nearly 2% against the USD as markets priced in more fiscal stimulus under her Abenomics-style policies. Short-dated JGB yields slid to two-week lows. Gold surged to a record USD3,954/oz, up nearly 2% on the day, as investors sought havens amid political and economic uncertainty. Oil prices firmed after OPEC+'s modest production hike, with Brent at USD65.5/bbl and WTI at USD61.7/bbl. US 10Y yields edged up to 4.15%, reflecting both shutdown uncertainty and expectations of Fed easing.

What's next

The data calendar today is relatively light but politically and thematically charged. In the Americas, Canada and the US release August trade figures, though US data may be delayed by the shutdown. In Europe, Germany's factory orders, France's trade balance, and the UK's Halifax house price index will provide fresh reads on industrial momentum and consumer resilience. Eurozone retail sales trends remain under scrutiny after months of stagnation. In Asia, holidays in China, Hong Kong, and South Korea thin liquidity, but Japan's household spending data and Philippine inflation will offer regional signals. Beyond data, central bank commentary will be closely watched: Atlanta Fed President Bostic speaks in Nashville on the US outlook, with markets eager for any hints on the Fed's October decision. Investors are also looking ahead to the start of Q3 earnings season next week, with banks and corporates expected to post solid results despite macro headwinds. Political risks remain front and center: Israel-Hamas talks in Cairo, France's deepening instability, and Washington's shutdown brinkmanship all carry potential to shift sentiment. With gold at record highs, AI fueling equity momentum, and the dollar firming against the euro and yen, markets are balancing optimism in technology with unease in politics.

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Global markets' performance snapshot

Performance snapshot*				
Rates	**Latest**	**1D (bp)**	**3M (bp)**	**YTD (bp)**
SOFR	4.18	0.00	-21.00	-17.00
UAE Eibor 3m	3.96	-0.98	-13.88	-19.33
UAE Eibor 12m	3.89	0.58	-25.24	-23.01
US 3m Bills	3.94	-1.08	-17.78	-41.11
US 10yr Treasury	4.15	3.28	-10.94	-19.37
German 10yr Bund	2.72	2.10	-6.70	11.20
UK 10yr Gilt	4.74	4.60	-6.40	18.20
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	499	-0.33	0.93	0.45
Global Treasuries	209	-0.47	0.60	-0.49
Global Corporate	302	-0.20	1.62	1.88
EM USD Sovereign	445	-0.04	2.14	3.65
EM LCY Sovereign	160	0.02	0.50	0.15
Global High Yield	1,826	0.01	1.24	2.50
Currencies				
Dollar Index	98.11	0.39	-0.29	0.95
EUR USD	1.1712	-0.26	0.58	-0.56
GBP USD	1.3475	-0.04	0.61	-1.28
USD JPY	150.16	1.82	1.25	3.94
Equities				
S&P 500	6,740	0.36	5.06	7.34
Dow Jones	46,695	-0.14	3.09	4.16
NASDAQ	22,942	0.71	7.81	11.36
STOXX 600	570	-0.04	4.98	5.38
DAX	24,378	0.00	3.79	2.48
Nikkei 225	47,945	4.75	13.32	20.43
FTSE 100	9,479	-0.13	3.98	7.44
SENSEX	81,790	0.72	2.04	-1.97
Hang Seng	26,958	-0.67	5.73	12.72
MSCI World	4,352	0.34	5.03	7.15
MSCI EM	1,372	-0.12	8.44	11.42
Regional Equities				
ADX	10,063	-0.10	0.29	0.82
DFM	5,908	-0.16	-1.71	2.69
Tadawul*	11,605	0.66	11.02	6.27
DSM*	10,889	-0.25	-1.84	-3.31
MSM30*	5,185	-0.50	2.02	8.44
BHSE*	1,966	-0.10	1.17	0.54
KWSE*	8,792	0.00	0.86	2.02
Commodities				
BBG Commodity Index	106.0	0.61	2.26	2.52
Brent USD/bbl	65.5	1.46	-5.31	-4.14
WTI USD/bbl	61.7	1.33	-5.95	-7.93
Gold USD/t oz	3,954.1	1.74	12.08	18.49
Silver USD/t oz	48.5	1.06	18.66	31.36
Platinum USD/t oz	1,624.4	1.20	15.12	16.20
Aluminum	2,725.9	0.58	3.92	5.32
Copper USD/MT	10,609.5	0.68	8.55	6.41
Digital Assets				
Bitcoin	125,260.8	2.22	12.42	16.26
Ether	4,690.5	3.36	8.72	88.28
Solana	233.8	0.29	13.03	59.13
XRP	3.0	-0.99	5.81	35.50
Volatility				
VIX	16.37	-1.68	-4.66	-6.35
MOVE	72.99	4.98	-14.41	-15.22

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

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