

## Record highs in equities and gold: something has to give

### Macro headlines

The US government shutdown entered its seventh day with tensions escalating. A memo from the White House Budget Office warned that federal workers are not guaranteed compensation during the closure, raising the stakes in the standoff with Democrats. President Trump further inflamed the situation by suggesting he might invoke the Insurrection Act to override court rulings and deploy Guard troops into Democratic led cities — a move that could prolong the shutdown rather than resolve it. Meanwhile, the International Energy Agency slashed its forecast for US renewable energy growth this decade, citing the early phase out of tax incentives and regulatory changes under the Trump administration. On the sentiment front, the IBD/TIPP Economic Optimism Index slipped to 48.3 in October from 48.7 in September, remaining below the neutral 50 mark, while the New York Fed's consumer survey showed one year inflation expectations rising to 3.4%. In Japan, leading indicators rose to a five month high, but coincident and lagging indices weakened, underscoring mixed momentum. Japan's household spending rose 2.3% YoY in August, beating expectations and showing resilience despite inflation. In Europe, UK house prices slowed to their weakest annual pace since April 2024, German factory orders fell for a fourth straight month, and France's trade deficit narrowed slightly. Corporate news added intrigue: Tesla launched sub-USD40k versions of its Model 3 and Y, UBS revealed heavy exposure to the failed First Brands Group, and Dell raised growth forecasts on booming AI demand.

### Market performances

Markets turned defensive on Tuesday as political uncertainty and corporate headlines collided. Gold surged to an unprecedented USD3,976.8/oz, as investors sought safety amid the prolonged US shutdown, political turmoil in France, and shifting expectations for Fed policy. The S&P 500 fell 0.38%, the Nasdaq dropped 0.67%, and the Dow slipped 0.20%, retreating from recent record highs. Tesla weighed heavily on equities, tumbling 4.4% after unveiling cheaper Model 3 and Y versions, dragging the consumer discretionary sector down 1.4%. By contrast, IBM gained 1.5% on news of a partnership with AI startup Anthropic, highlighting the continued strength of the AI trade. Unusual juxtaposition of record highs in both equities and gold, warning that "something has to give." In Europe, the STOXX 600 fell 0.17%, while French blue chips closed flat after Monday's sharp selloff tied to Prime Minister Lecornu's resignation. French bond yields edged up to 3.59% as political pressure mounted on President Macron. In Japan, investors snapped up government debt after Takaichi's leadership win, even as the yen weakened to 151.33 per dollar. US 10Y yields eased to 4.12% amid strong demand for a three year note auction. Oil prices were little changed, with WTI at USD61.7/bbl and Brent at USD65.5/bbl, as OPEC+'s modest output hike was offset by supply concerns.

### What's next

Today's calendar is dense with both data and central bank signals. In the US, the EIA crude oil stock change will be closely watched for supply dynamics, while the release of the Fed's September FOMC minutes could provide critical insight into policymakers' thinking ahead of the October 28–29 meeting. In Europe, Germany reports industrial production, Sweden publishes preliminary inflation, and both Poland and Romania announce interest rate decisions. France's political turmoil continues to cast a shadow, with markets watching for signs of stability. In Asia, holidays in China and South Korea thin liquidity, but Japan's current account, Philippine unemployment, and key rate decisions from New Zealand and Thailand will shape regional sentiment. Taiwan also reports September inflation. Beyond data, political and policy speeches will be in focus: IMF Managing Director Georgieva delivers a curtain raiser for the Annual Meetings in Washington, BoE Chief Economist Pill speaks in Birmingham, and BoJ Governor Ueda addresses the Paris Europlace Forum in Tokyo. In the UK, the Conservative Party conference concludes with leader Badenoch's keynote, while Labour begins its deputy leadership ballot. With gold at record highs, equities under pressure, and the shutdown unresolved, investors face a day where safe haven flows, central bank commentary, and political developments dominate the narrative.

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# Daily Market View

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## Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	3M (bp)	YTD (bp)
SOFR	4.15	0.00	-24.00	-18.00
UAE Eibor 3m	3.97	1.57	-17.20	-15.11
UAE Eibor 12m	3.90	0.47	-21.06	-34.90
US 3m Bills	3.91	-2.63	-20.39	-42.91
US 10yr Treasury	4.12	-2.90	-9.38	-25.64
German 10yr Bund	2.71	-1.00	-3.10	6.60
UK 10yr Gilt	4.72	-1.70	-2.90	13.30
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	498	-0.13	0.57	0.73
Global Treasuries	208	-0.21	0.21	-0.22
Global Corporate	301	-0.03	1.24	2.22
EM USD Sovereign	445	-0.02	1.86	3.88
EM LCY Sovereign	160	-0.03	0.34	0.42
Global High Yield	1,823	-0.15	0.93	2.50
Currencies				
Dollar Index	98.58	0.48	0.44	1.13
EUR USD	1.1670	-0.36	-0.04	-0.21
GBP USD	1.3443	-0.24	-0.05	-1.12
USD JPY	151.33	0.78	2.29	3.57
Equities				
S&P 500	6,715	-0.38	4.13	7.78
Dow Jones	46,603	-0.20	2.94	4.95
NASDAQ	22,788	-0.67	6.00	11.64
STOXX 600	569	-0.17	4.11	4.74
DAX	24,386	0.03	3.35	1.30
Nikkei 225	47,951	0.01	14.34	21.13
FTSE 100	9,484	0.05	3.33	7.69
SENSEX	81,927	0.17	1.69	-1.82
Hang Seng	26,958	0.00	6.37	12.85
MSCI World	4,331	-0.47	4.15	7.34
MSCI EM	1,375	0.22	8.54	12.15
Regional Equities				
ADX	10,082	0.18	0.30	0.75
DFM	5,940	0.54	-0.57	2.37
Tadawul*	11,583	-0.19	10.81	6.07
DSM*	10,912	0.21	-1.64	-3.11
MSM30*	5,181	-0.06	1.96	8.37
BHSE*	1,976	0.49	1.67	1.03
KWSE*	8,826	0.39	1.25	2.41
Commodities				
BBG Commodity Index	106.4	0.39	2.88	3.66
Brent USD/bbl	65.5	-0.03	-3.18	-5.94
WTI USD/bbl	61.7	0.06	-3.50	-9.13
Gold USD/t oz	3,976.8	0.57	11.32	19.51
Silver USD/t oz	47.8	-1.41	16.06	30.08
Platinum USD/t oz	1,628.1	0.23	14.27	18.41
Aluminum	2,743.5	0.65	4.68	6.66
Copper USD/MT	10,643.0	0.32	7.80	7.58
Digital Assets				
Bitcoin	122,014.5	-2.59	8.69	13.08
Ether	4,512.2	-3.80	1.01	78.05
Solana	223.6	-4.34	6.68	50.69
XRP	2.9	-4.51	0.54	26.81
Volatility				
VIX	17.24	5.31	5.44	-3.09
MOVE	75.43	3.34	-15.88	-14.80

Source: Bloomberg, and ADCB Asset Management | Notes: \*Data as at 8AM UAE time - October 08, 2025 unless stated otherwise.  
Performance in local currency.

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