

Daily Market View

Investment Strategy | October 13, 2025

Trump's tariff surprise injected fresh volatility

Macro headlines

Trade tensions dominated the weekend as Beijing denounced President Trump's latest 100% tariffs on Chinese exports as "hypocritical," while defending its expanded rare earth export curbs. China stopped short of retaliatory levies, signaling restraint ahead of Trump-Xi talks, even as Washington announced new export controls on critical software effective November 1. Trump struck a softer tone later, insisting the US did not want to "hurt" China, but markets remain wary. In Europe, reappointed French Prime Minister Lecornu announced his new cabinet line-up on Sunday amid the country's deepest political crisis in decades. In the Middle East, a Gaza ceasefire held for a third day, with hostages and prisoners expected to be exchanged ahead of Trump's address to Israel's parliament. Russia warned of escalation risks if the US supplies Tomahawk missiles to Ukraine, calling the war at a "dramatic moment." On the data front, US consumer sentiment was steady at 55 in October, with inflation expectations edging down slightly. The UK's jobs survey showed another decline in permanent hiring, while Italy's industrial production slumped 2.4% on the month, with broad-based weakness across sectors. In corporate earnings, early Q3 results are strong: 78% of S&P 500 firms reporting so far have beaten EPS estimates, with revenue growth tracking nearly 6% YoY.

Market performances

Markets ended last week on a sour note as Trump's tariff escalation reignited fears of a US-China trade war. The S&P 500 plunged 2.71% to 6,553, the Nasdaq tumbled 3.56% to 22,204, and the Dow shed 1.90% to 45,480 - the steepest one-day declines since April. Technology bore the brunt: the S&P tech index fell 4%, semiconductors slumped 6.3%, and US-listed Chinese firms were hammered, with Alibaba down 8.4% and JD.com off 6.2%. European equities also slid, with the STOXX 600 down 1.25%, erasing weekly gains. Global equities, as measured by MSCI's index, fell 2.31%. Safe-haven flows drove US Treasury yields to one-month lows, with the 10Y yield at 4.03%. The dollar weakened after Trump's remarks, lifting the euro to \$1.1619 and the yen to ¥151.19. Commodity currencies like the Australian dollar fell. Oil prices dropped sharply, with WTI down USD2.61 to USD58.90/bbl and Brent off USD2.49 to USD62.73/bbl, as trade tensions clouded demand. Gold, however, surged back above USD4,000/oz underscoring investor unease. For the week, the S&P 500 posted its biggest decline since May, snapping a run of record highs fueled by Fed easing bets and AI optimism.

What's next

The week ahead is set to be dominated by trade and inflation signals. With the US government shutdown still halting most official data, investors will look to alternative releases and international indicators. The Bureau of Labor Statistics has confirmed plans to publish September CPI on October 24, a critical test of whether tariffs are feeding through to consumer prices. Headline inflation was 2.9% in August, with core at 3.1%, but it is too early to gauge the full pass-through of levies. In the meantime, attention will turn to industrial production in the US, eurozone trade numbers, and China's September trade data. In Europe, draft budget submissions to the European Commission are due by October 15, a key check on fiscal discipline. In the UK, labor market and GDP data will be closely watched. On the corporate side, 35 S&P 500 companies report this week, with banks in focus as earnings season ramps up. Monday's calendar is lighter: Brazil releases October business confidence, Germany reports its August current account, China publishes September trade, and India releases inflation. OPEC's monthly oil market report is also due. US markets observe Columbus Day with equities open but fixed income closed. Canada is closed for Thanksgiving day and Japan is closed for National Sports day.

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	3M (bp)	YTD (bp)
SOFR	4.13	0.00	-27.00	-18.00
UAE Eibor 3m	3.94	-1.09	-14.15	-29.34
UAE Eibor 12m	3.90	8.15	-9.65	-45.78
US 3m Bills	3.94	-0.94	-7.49	-40.78
US 10yr Treasury	4.03	-10.62	-0.76	-31.76
German 10yr Bund	2.64	-5.90	0.20	-6.10
UK 10yr Gilt	4.68	-7.00	7.00	8.00
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	498	0.29	-0.55	0.89
Global Treasuries	208	0.33	-0.88	0.06
Global Corporate	301	0.25	-0.11	2.17
EM USD Sovereign	445	-0.13	1.23	3.86
EM LCY Sovereign	160	-0.26	-0.27	0.33
Global High Yield	1,811	-0.37	-0.22	1.84
Currencies				
Dollar Index	98.98	-0.56	1.56	1.36
EUR USD	1.1619	0.48	-1.22	-0.70
GBP USD	1.3360	0.42	-1.37	-1.61
USD JPY	151.19	-1.23	2.50	3.37
Equities				
S&P 500	6,553	-2.71	0.88	4.33
Dow Jones	45,480	-1.90	-0.08	1.86
NASDAQ	22,204	-3.56	1.86	7.63
STOXX 600	564	-1.25	2.20	2.03
DAX	24,241	-1.50	1.82	-0.88
Nikkei 225	48,089	-1.01	10.18	21.29
FTSE 100	9,427	-0.86	2.23	5.03
SENSEX	82,501	0.40	2.12	-0.83
Hang Seng	26,290	-1.73	2.56	9.41
MSCI World	4,238	-2.31	0.79	4.28
MSCI EM	1,366	-0.74	6.51	10.92
Regional Equities				
ADX	10,114	-0.29	1.54	0.66
DFM	5,982	0.40	0.79	2.61
Tadawul*	11,494	-0.77	6.62	5.16
DSM*	10,840	-0.86	-4.14	-4.61
MSM30*	5,193	-1.07	1.36	7.08
BHSE*	1,965	-0.27	2.19	1.04
KWSE*	8,776	-0.05	-0.51	2.08
Commodities				
BBG Commodity Index	104.1	-1.52	0.92	0.95
Brent USD/bbl	62.7	-3.82	-4.98	-8.61
WTI USD/bbl	58.9	-4.24	-5.40	-11.52
Gold USD/t oz	4,017.8	1.03	10.50	20.87
Silver USD/t oz	50.1	1.75	21.26	35.52
Platinum USD/t oz	1,597.0	-1.74	15.16	16.84
Aluminum	2,760.5	-1.64	5.39	5.81
Copper USD/MT	10,735.0	-1.21	9.42	10.08
Digital Assets				
Bitcoin	114,341.4	-5.64	2.10	0.67
Ether	3,870.0	-10.81	-9.95	37.21
Solana	196.9	-10.08	-8.22	22.68
XRP	2.5	-10.74	-15.77	-0.26
Volatility				
VIX	21.66	31.83	43.35	37.26
MOVE	81.65	10.16	-2.80	0.09

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - October 13, 2025 unless stated otherwise. Performance in local currency.

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