

Daily Market View

Investment Strategy | October 16, 2025

Shutdown drags, gold brags at USD4,200/oz

Macro headlines

The US government shutdown dragged on as the Senate failed for a ninth time to pass a funding bill, though a federal judge blocked further layoffs of federal workers, offering temporary relief. Treasury Secretary Bessent confirmed that President Trump still plans to meet China's Xi in South Korea later this month, despite Trump's threat of 100% tariffs on Chinese imports starting November 1. US Trade Representative Greer said Washington does not expect Beijing to implement its rare earth licensing system, but warned tariffs will rise if it does. Fed Governor Miran stressed that trade tensions have heightened uncertainty, making swift rate cuts more urgent. Economic data offered mixed signals: the New York Empire State Manufacturing Index rebounded sharply to 10.7 from -8.7, defying expectations and signaling renewed strength, while the Fed's Beige Book described overall US activity as "little changed," with consumer spending edging lower and prices rising. Abroad, eurozone industrial production fell 1.2% in August, China's CPI dropped 0.3% and PPI fell for a 36th straight month, Japan's industrial output contracted 1.6% YoY, and India's unemployment ticked up to 5.2% as its trade deficit widened. Corporate earnings were upbeat: ASML reassured on 2026 sales, Bank of America beat forecasts with EPS of USD1.06, and Morgan Stanley posted its strongest beat in five years, with profit up 45% to USD4.6bn.

Market performances

Markets reflected the tug-of-war between strong earnings and escalating trade tensions. The S&P 500 rose 0.40% to 6,671 and the Nasdaq gained 0.66% to 22,670, while the Dow slipped marginally by 17 points. Early optimism from Morgan Stanley and Bank of America's results faded as Trump suggested cutting trade ties with China over soybean purchases, and Greer blasted Beijing's rare earth curbs as a "supply-chain power grab." Gold extended its record run, breaching USD4,200/oz for the first time, closing at USD4,210/oz, while US gold futures settled at USD4,200/oz. Oil prices reversed earlier gains, with WTI down 0.73% to USD58.3/bbl and Brent off 0.77% to USD61.9/bbl, pressured by IEA forecasts of a 2025 supply surplus and trade jitters. European equities closed higher, buoyed by LVMH's strong results, with the STOXX 600 up 0.57%. Global equities also advanced, with MSCI's world index up 0.57% and emerging market stocks nearly 2% higher. In Asia, Japan's Nikkei jumped 1.76% despite weak industrial data. In FX, the dollar index slipped to 98.79, with the euro firmer at 1.1640 and the yen strengthening to 151.19. US Treasury yields edged higher, with the 10Y at 4.03%, as investors digested the Beige Book and trade headlines.

What's next

Today's calendar is packed with data and earnings. In the US, September PPI, retail sales, initial jobless claims, business inventories, and the Philadelphia Fed manufacturing index are due, alongside the NAHB housing market index. Canada reports September housing starts. In Europe, the UK publishes monthly GDP with sector breakdowns, Italy finalizes September inflation and trade data, and the eurozone releases its August balance of trade. In Asia, Japan reports August machinery orders and Australia releases September employment figures. On the corporate front, earnings from ABB, BNY Mellon, Charles Schwab, Infosys, and TSMC will be closely watched. With gold at record highs, oil near five-month lows, and equities balancing earnings optimism against trade risks, investors face another day where geopolitics and macro data (whatever is not impacted by the US government shutdown) collide.

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	3M (bp)	YTD (bp)
SOFR	4.19	0.00	-22.00	-18.00
UAE Eibor 3m	3.86	-13.09	-19.45	-31.28
UAE Eibor 12m	3.80	-14.80	-12.78	-52.15
US 3m Bills	3.95	1.81	-7.19	-38.08
US 10yr Treasury	4.03	-0.39	0.76	-45.31
German 10yr Bund	2.57	-3.90	-8.60	-14.10
UK 10yr Gilt	4.54	-4.70	-6.30	-8.20
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	501	0.25	-0.15	2.19
Global Treasuries	209	0.30	-0.40	1.54
Global Corporate	303	0.20	0.17	3.36
EM USD Sovereign	447	0.31	0.75	4.87
EM LCY Sovereign	160	0.45	-0.01	0.79
Global High Yield	1,821	0.39	-0.07	2.73
Currencies				
Dollar Index	98.79	-0.26	1.29	0.18
EUR USD	1.1640	0.27	-0.83	0.38
GBP USD	1.3391	0.55	-1.38	0.03
USD JPY	151.19	-0.36	2.81	1.54
Equities				
S&P 500	6,671	0.40	1.27	6.84
Dow Jones	46,253	-0.04	0.32	5.07
NASDAQ	22,670	0.66	2.84	9.63
STOXX 600	568	0.57	2.24	4.19
DAX	24,181	-0.23	2.02	0.50
Nikkei 225	47,673	1.76	7.44	20.15
FTSE 100	9,425	-0.30	1.37	5.44
SENSEX	82,605	0.70	1.30	0.04
Hang Seng	25,911	1.84	-0.67	5.37
MSCI World	4,302	0.57	1.11	6.72
MSCI EM	1,366	1.99	4.24	10.10
Regional Equities				
ADX	10,120	0.10	1.61	-0.30
DFM	6,039	0.10	1.38	2.11
Tadawul*	11,682	0.74	8.08	7.19
DSM*	10,693	-0.49	-5.09	-5.89
MSM30*	5,252	0.23	2.78	8.17
BHSE*	1,971	0.03	1.78	1.39
KWSE*	8,843	-0.17	0.55	2.24
Commodities				
BBG Commodity Index	105.6	0.14	2.41	1.86
Brent USD/bbl	61.9	-0.77	-6.72	-9.90
WTI USD/bbl	58.3	-0.73	-6.57	-12.40
Gold USD/t oz	4,199.1	1.42	15.48	26.13
Silver USD/t oz	53.0	3.10	27.61	40.64
Platinum USD/t oz	1,665.6	1.88	20.33	21.71
Aluminum	2,744.1	0.31	2.22	6.41
Copper USD/MT	10,702.0	0.96	7.82	11.90
Digital Assets				
Bitcoin	111,177.0	-1.66	-2.84	-4.52
Ether	3,963.2	-3.81	-10.28	30.28
Solana	194.3	-3.18	-13.84	20.90
XRP	2.4	-3.76	-20.36	-16.32
Volatility				
VIX	20.64	-0.82	40.31	18.76
MOVE	75.11	-6.05	0.05	-15.56

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - October 16, 2025 unless stated otherwise. Performance in local currency.

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