

Daily Market View

Investment Strategy | October 17, 2025

US regional banks' risky loans shake markets

Macro headlines

Geopolitics and economics intertwined on Thursday. President Trump announced plans to meet Russian President Putin in Budapest, touting progress in Ukraine talks, while also claiming Indian Prime Minister Modi pledged to halt Russian oil imports — a move with major implications for global energy flows. Domestically, Trump faced pushback as the US Chamber of Commerce filed suit against his USD100,000 fee on new H-1B visas, calling it a threat to business competitiveness. At the Fed, Governor Waller signaled support for another rate cut later this month, citing labor market weakness, while Governor Miran pressed for an even more aggressive easing path. In France, Prime Minister Lecomu survived no-confidence votes after shelving pension reform. US data disappointed: the Philadelphia Fed Manufacturing Index plunged to -12.8, its lowest in six months, signaling a sharp slowdown, though future activity expectations remained positive. However, US builder sentiment improved, with the NAHB index rising to 37, its best since April. In the UK, GDP grew 0.3% in the three months to August, led by services, while eurozone trade surplus narrowed sharply. Japan's machinery orders fell 0.9% in August, underscoring weak investment. On the corporate front, TSMC posted record profits, up 39% YoY, driven by surging AI chip demand.

Market performances

Markets turned risk off on Thursday as financial stocks dragged Wall Street lower and gold surged to fresh records. The Dow fell 0.65% to 45,952, the S&P 500 dropped 0.63% to 6,629, and the Nasdaq slipped 0.47% to 22,563. Bank shares were hit hard: Zions Bancorp disclosed a USD50m Q3 loss; Jefferies, and Western Alliance, fell sharply on Thursday as investors grew uneasy about risk in the sector, which has been shaken by exposure to two auto bankruptcies, sending the financial index down 2.75%. European equities bucked the trend, with the STOXX 600 up 0.69% and French blue chips rising 1.4% after Lecomu's survival vote. Globally, MSCI's world index dipped 0.24%, reflecting the tug of war between earnings optimism and geopolitical uncertainty. Safe haven flows dominated: gold breached USD4,300/oz for the first time, closing at USD4,309/oz, while futures settled at USD4,300/oz. The dollar weakened, with the DXY at 98.35, the euro at 1.1677, and the yen at 150.40. Treasury yields fell sharply, with the 2Y at 3.42%, its lowest in three years, as dovish Fed commentary reinforced rate cut bets. The 10Y US Treasury yield dropped as demand for safe-haven assets increased. Oil prices slipped despite Trump's claim that India would halt Russian imports, with WTI down 1.39% to USD57.5/bbl and Brent off 1.37% to USD61.1/bbl, as demand concerns outweighed supply risks.

What's next

Friday's calendar is busy across regions. In the US, September building permits, housing starts, industrial production, and capacity utilization are due (still affected by the US Government shutdown), alongside corporate earnings from American Express and State Street. In Europe, final September inflation data for the eurozone will be closely watched, while in Asia, South Korea reports September trade prices and unemployment, Singapore releases non oil exports, and Malaysia publishes Q3 GDP and trade data. The Bank of England's chief economist Pill speaks at the ICAEW Annual Conference, offering potential policy insights. Importantly, the Fed enters its blackout period ahead of the October 29 FOMC meeting, meaning markets will rely more heavily on data and earnings for direction. With gold at record highs, bank stocks under pressure, and trade tensions unresolved, investors face a volatile end to the week.

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	3M (bp)	YTD (bp)
SOFR	4.29	0.00	-13.00	-5.00
UAE Eibor 3m	3.76	-10.20	-33.99	-36.19
UAE Eibor 12m	3.77	-2.88	-14.48	-43.74
US 3m Bills	3.93	-1.59	-8.65	-39.88
US 10yr Treasury	3.97	-5.37	-8.98	-48.08
German 10yr Bund	2.57	-0.10	-14.50	-11.70
UK 10yr Gilt	4.50	-4.20	-17.00	-13.80
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	502	0.34	0.34	2.45
Global Treasuries	210	0.36	0.15	1.80
Global Corporate	304	0.31	0.61	3.59
EM USD Sovereign	448	0.22	1.16	5.21
EM LCY Sovereign	160	0.12	-0.02	1.02
Global High Yield	1,823	0.13	0.15	2.95
Currencies				
Dollar Index	98.34	-0.46	0.81	-0.06
EUR USD	1.1677	0.32	-0.49	0.33
GBP USD	1.3427	0.27	-0.95	0.04
USD JPY	150.40	-0.52	1.84	1.59
Equities				
S&P 500	6,629	-0.63	0.68	5.83
Dow Jones	45,952	-0.65	0.26	3.84
NASDAQ	22,563	-0.47	1.90	8.84
STOXX 600	572	0.69	3.03	5.50
DAX	24,272	0.38	2.42	1.09
Nikkei 225	48,278	1.27	7.84	21.72
FTSE 100	9,436	0.12	1.65	5.71
SENSEX	83,468	1.04	1.91	1.01
Hang Seng	25,889	-0.09	-1.89	5.59
MSCI World	4,292	-0.24	0.93	6.35
MSCI EM	1,379	0.97	4.02	11.25
Regional Equities				
ADX	10,144	0.23	1.30	-0.32
DFM	6,029	-0.16	-0.02	0.92
Tadawul*	11,697	0.12	7.54	8.39
DSM*	10,851	1.47	-3.31	-4.58
MSM30*	5,290	0.72	3.74	8.77
BHSE*	1,974	0.11	1.56	1.84
KWSE*	8,863	0.22	0.61	2.13
Commodities				
BBG Commodity Index	106.3	0.65	2.40	2.16
Brent USD/bbl	61.1	-1.37	-8.85	-10.89
WTI USD/bbl	57.5	-1.39	-8.34	-13.44
Gold USD/t oz	4,282.7	1.99	17.55	27.87
Silver USD/t oz	54.2	2.28	28.57	43.08
Platinum USD/t oz	1,718.4	3.17	23.02	20.81
Aluminum	2,792.9	1.78	3.61	8.39
Copper USD/MT	10,495.0	-1.93	4.90	9.75
Digital Assets				
Bitcoin	107,886.3	-2.96	-7.20	-10.07
Ether	3,853.0	-2.78	-17.55	13.94
Solana	183.0	-5.84	-23.69	4.72
XRP	2.3	-4.31	-26.53	-25.06
Volatility				
VIX	25.31	22.63	71.48	47.49
MOVE	81.23	8.15	10.71	-9.26

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - October 17, 2025 unless stated otherwise. Performance in local currency.

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