

Daily Market View

Investment Strategy | October 21, 2025

Markets up on earnings boost and possible shutdown resolution

Macro headlines

The European Union's energy ministers agreed to phase out Russian oil and gas imports by January 2028, a landmark step in reshaping the bloc's energy security. In Washington, President Trump sharpened his China agenda, naming rare earths, fentanyl, soybeans, and Taiwan as top priorities for upcoming negotiations, even as he signed a rare earths and critical minerals pact with Australia to diversify supply chains away from Beijing. US National Economic Council Director Haseett suggested the US government shutdown, now in its 20th day, could end this week, with Senate talks gaining traction after nationwide "No Kings" rallies. In Asia, China's Q3 GDP slowed to 4.8% YoY, slightly above expectations, with consumption driving over half of growth but investment lagging. September activity data showed mixed signals, with fixed asset investment contracting 7% YoY. Canada's Q3 business outlook remained subdued, with weak demand and soft hiring, though retailers reported stronger consumer spending. In Europe, Germany's PPI fell 1.7% YoY in September, while the euro area's current account surplus narrowed sharply to EUR12bn, its lowest since April 2023, as goods and services surpluses shrank.

Market performances

Wall Street surged Monday, with the Dow up 1.12% to 46,707, the S&P 500 up 1.07% to 6,735, and the Nasdaq up 1.37% to 22,991. Optimism was fueled by expectations for strong earnings from Tesla, Netflix, IBM, and Coca-Cola, alongside hopes that the shutdown may soon end. Regional bank concerns eased, and the KBW index rebounded, while global equity funds saw inflows for a fourth week. European equities gained, with the STOXX 600 up 1.03%, while MSCI's world index rose 1.15%. In Japan, political clarity boosted sentiment as Sanae Takaichi prepared to become prime minister under a coalition deal. Most stock markets in the Gulf ended lower on Monday, pressured by weak oil prices, while investors awaited more corporate earnings reports. Gold rose 2.26% to USD4,347.9/oz, supported by safe-haven demand and rate-cut expectations. US Treasury yields dipped, with the 10-year at 3.98%, while the dollar edged higher to 98.59, with the euro at 1.1650 and the yen at 150.68. Oil prices softened, with Brent at USD61.0/bbl and WTI at USD57.5/bbl, their lowest since May, amid supply glut fears. Markets continue to price in Fed rate cuts in November and December, reinforcing a supportive backdrop for risk assets.

What's next

Today's calendar features Canada's September inflation, Switzerland's trade data, and the UK's public sector borrowing. Hungary announces its base rate decision, while in Asia, New Zealand reports September trade and Taiwan releases export orders. Japan's Diet convenes to elect its next prime minister, with Takaichi expected to take office as the first female Premier. Central bank voices will be in focus: BoE Governor Bailey testifies before the House of Lords on post-2008 reforms, while BoJ Deputy Governor Himino speaks at the GZERO Summit in Tokyo. On the corporate front, earnings from 3M, BHP, Coca-Cola, GM, Lockheed Martin, Nasdaq, Netflix, PulteGroup, Texas Instruments, UniCredit, and Vale will test investor optimism. With gold at record highs, oil under pressure, and trade talks looming, markets face a delicate balance between geopolitical risks and earnings momentum.

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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	-12.00
UAE Eibor 3m	3.85	-1.48	-19.42	-24.71
UAE Eibor 12m	3.62	-9.70	-25.06	-63.03
US 3m Bills	3.87	-4.17	-8.00	-45.53
US 10yr Treasury	3.98	-2.88	-4.79	-43.55
German 10yr Bund	2.58	-0.30	-11.60	-11.80
UK 10yr Gilt	4.51	-2.60	-13.40	-16.90
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	502	0.05	-0.25	2.22
Global Treasuries	210	0.01	-0.48	1.56
Global Corporate	304	0.13	0.05	3.32
EM USD Sovereign	449	0.30	1.07	5.16
EM LCY Sovereign	160	0.05	-0.29	1.03
Global High Yield	1,823	0.17	-0.21	2.69
Currencies				
Dollar Index	98.59	0.16	2.02	0.11
EUR USD	1.1650	-0.04	-1.81	0.21
GBP USD	1.3416	-0.08	-1.77	0.00
USD JPY	150.68	0.05	2.95	1.26
Equities				
S&P 500	6,735	1.07	1.94	6.96
Dow Jones	46,707	1.12	2.07	5.33
NASDAQ	22,991	1.37	2.94	10.03
STOXX 600	572	1.03	3.87	4.59
DAX	24,259	1.80	3.98	-0.13
Nikkei 225	49,186	3.37	9.54	23.52
FTSE 100	9,404	0.52	2.26	4.58
SENSEX	84,363	0.49	2.41	3.19
Hang Seng	25,859	2.42	-2.19	4.16
MSCI World	4,346	1.15	1.78	6.89
MSCI EM	1,383	1.59	3.24	10.72
Regional Equities				
ADX	10,098	-0.26	0.34	-1.59
DFM	5,955	-0.62	-0.75	-2.28
Tadawul*	11,645	-0.39	2.98	7.49
DSM*	10,809	-0.26	-1.37	-7.21
MSM30*	5,361	0.66	4.78	8.74
BHSE*	1,992	0.78	2.03	2.37
KWSE*	8,883	-0.09	1.20	2.14
Commodities				
BBG Commodity Index	107.6	1.84	2.10	2.32
Brent USD/bbl	61.0	-0.46	-10.90	-11.94
WTI USD/bbl	57.5	-0.03	-10.85	-14.58
Gold USD/t oz	4,347.9	2.26	17.83	29.79
Silver USD/t oz	52.4	1.02	23.22	37.39
Platinum USD/t oz	1,632.5	0.80	16.61	14.22
Aluminum	2,772.7	-0.20	1.95	5.43
Copper USD/MT	10,581.0	0.51	5.06	9.45
Digital Assets				
Bitcoin	111,128.5	3.81	-4.93	-5.41
Ether	4,000.1	3.66	-11.10	13.64
Solana	190.5	3.68	-20.10	8.59
XRP	2.5	9.56	-16.91	-25.82
Volatility				
VIX	18.23	-12.27	11.43	11.09
MOVE	77.22	-1.78	0.17	-7.29

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - October 21, 2025 unless stated otherwise. Performance in local currency.

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