Daily Market View

Investment Strategy | October 30, 2025

ADCB ASSET MANAGEMENT LIMITED

Fed cuts in October, clouds December

Macro headlines

The Federal Reserve cut its benchmark rate by 25 bps to 3.75–4.00%, but dissent within the FOMC highlighted divisions over the path ahead. Kansas City Fed President Schmid opposed the move, while Fed Governor Miran pushed for a deeper half-point cut. Alongside the rate decision, the Fed announced an end to quantitative tightening, pledging to reinvest proceeds from maturing Treasuries and mortgage-backed securities into government debt markets starting December 1. The Bank of Canada also lowered its overnight rate to 2.25%, citing persistent economic weakness. In the US, President Trump ruled out a third term, quelling speculation despite months of musings. Meanwhile, the government shutdown neared a month, intensifying financial pain and prompting informal negotiations. North Korea fired missiles off its west coast, ignoring Trump's repeated offers to meet Kim Jong-un. In Seoul, South Korea confirmed a trade deal with the US, agreeing to 15% tariffs and investment concessions. China's Foreign Ministry announced Xi will meet Trump Thursday in Busan. On the corporate front, Nvidia became the world's first USD5trn company, Alphabet surged after its first USD100bn revenue quarter, while Microsoft fell on higher spending guidance and an Azure outage. Meta tumbled on tax charges and AI spending plans.

Market performances

Markets wavered Wednesday as the Fed's 25 bps cut was overshadowed by Chair Powell's caution that December easing is "not a foregone conclusion." Stocks initially rallied but retreated after his remarks, which lifted Treasury yields and the dollar. Futures markets cut the probability of another December cut from 85% to 65%. The Dow slipped 74 points (-0.16%) to 47,632, the S&P 500 was flat at 6,891, while the Nasdaq gained 131 points (+0.55%) to 23,958, buoyed by tech. Nvidia rose following news of USD500bn in chip bookings and plans to build seven US supercomputers. Most Gulf equities ended higher on Wednesday in tandem with a rally in global stocks ahead of US Federal Reserve's policy meeting, while rising oil prices also lent support. Copper prices hit record highs on supply fears, while oil rose modestly – WTI up 0.6% to USD60.48/bbl and Brent up 0.8% to USD64.92/bbl – supported by falling US stockpiles and optimism on trade. US 10-year yields jumped to 4.08%, their sharpest rise since June, while 2-year yields surged to 3.60%. The dollar index climbed to 99.22, with the euro down to 1.1647 and sterling weaker at 1.3226. The yen softened to 152.28. Canadian dollar gains faded after the BoC's cut.

What's next

Thursday's agenda is packed with pivotal events. President Trump meets President Xi on the sidelines of the APEC Economic Leaders' Meeting, with markets watching for progress on tariffs and rare earths. A wave of GDP releases is due across Europe and the Americas, including France, Germany, Italy, Spain, Hungary, the Czech Republic, Mexico, and the US, alongside eurozone aggregates. Inflation data arrives from Spain and Germany, while Japan reports unemployment and industrial production. Central bank decisions from the ECB and BoJ will be closely scrutinized, with both expected to hold steady but facing pressure from inflation dynamics and trade uncertainty. On the corporate front, earnings season intensifies with Apple, Amazon, Samsung, Shell, Volkswagen, Société Générale, Mastercard, Merck, Eli Lilly, Reddit, Coinbase, and many others reporting. AI-linked demand will be a recurring theme, with Caterpillar's surge underscoring how data-center investment is reshaping industrial demand. Investors will parse whether megacap results justify valuations after Nvidia's USD5trn milestone and Alphabet's record quarter. With Powell tempering rate-cut hopes, copper signaling supply stress, and geopolitical risks simmering from North Korea to Gaza, today's developments could set the tone for November's market narrative.

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Global markets' performance snapshot

Performance snapshot*				
Rates	**Latest**	**1D (bp)**	**3M (bp)**	**YTD (bp)**
SOFR	4.31	0.00	13.00	-5.00
UAE Eibor 3m	3.79	-2.24	-21.72	-52.41
UAE Eibor 12m	3.67	-0.74	-6.01	-40.27
US 3m Bills	3.87	8.22	-9.57	-45.84
US 10yr Treasury	4.08	10.01	-9.41	-24.47
German 10yr Bund	2.62	-0.20	-15.20	-8.70
UK 10yr Gilt	4.39	-0.80	-36.50	-24.10
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	502	-0.20	0.87	2.03
Global Treasuries	209	-0.13	0.72	1.42
Global Corporate	303	-0.31	1.11	2.87
EM USD Sovereign	455	-0.05	2.46	5.49
EM LCY Sovereign	161	0.11	0.72	1.66
Global High Yield	1,840	0.00	0.97	3.13
Currencies				
Dollar Index	99.22	0.56	0.68	0.34
EUR USD	1.1647	-0.14	-0.21	0.91
GBP USD	1.3226	-0.38	-0.85	-0.85
USD JPY	152.28	0.07	1.65	2.50
Equities				
S&P 500	6,891	0.00	4.33	8.16
Dow Jones	47,632	-0.16	3.67	6.72
NASDAQ	23,958	0.55	7.03	13.56
STOXX 600	575	-0.06	4.58	4.55
DAX	24,124	-0.64	2.50	-0.38
Nikkei 225	51,308	2.17	12.14	26.14
FTSE 100	9,756	0.61	5.88	6.78
SENSEX	84,997	0.44	4.73	4.50
Hang Seng	26,346	0.00	-0.52	3.22
MSCI World	4,425	-0.03	4.06	7.85
MSCI EM	1,416	0.98	5.40	13.10
Regional Equities				
ADX	10,162	-0.02	2.17	-1.74
DFM	6,089	0.32	4.69	-1.43
Tadawul*	11,752	0.67	1.94	7.77
DSM*	10,928	0.03	0.11	-3.48
MSM30*	5,573	0.84	6.95	11.35
BHSE*	2,048	0.75	4.06	5.86
KWSE*	8,974	0.78	2.08	3.74
Commodities				
BBG Commodity Index	106.7	0.50	2.12	2.74
Brent USD/bbl	64.9	0.81	-6.48	-10.47
WTI USD/bbl	60.5	0.55	-6.93	-12.61
Gold USD/t oz	3,994.9	0.82	6.99	20.21
Silver USD/t oz	47.6	1.05	5.25	24.46
Platinum USD/t oz	1,595.0	0.35	4.31	14.51
Aluminum	2,884.8	-0.14	8.42	10.74
Copper USD/MT	11,067.5	1.38	7.33	13.71
Digital Assets				
Bitcoin	111,451.3	-1.22	2.06	-5.13
Ether	3,952.3	-0.71	1.65	4.99
Solana	195.6	1.60	-0.34	8.64
XRP	2.6	-0.06	-5.76	-16.85
Volatility				
VIX	16.92	3.05	1.08	5.88
MOVE	65.75	-2.30	-12.84	-22.71

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - October 30, 2025 unless stated otherwise. Performance in local currency.

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