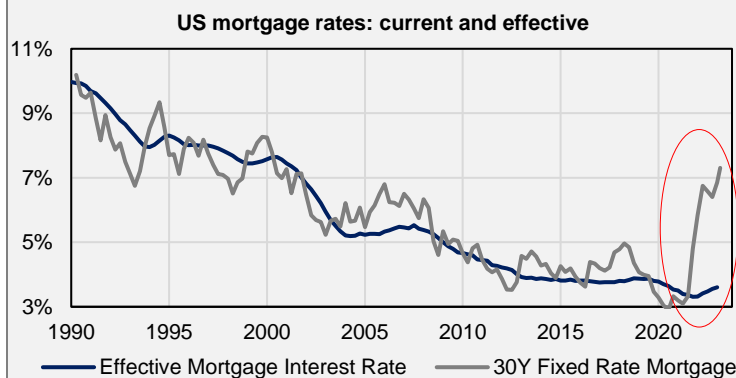


A risk-off week ends with a risk-off day

- ▶ Middle East tensions contribute to a risk-off day in markets.
- ▶ Sovereign bond yields declined while equities posted losses.
- ▶ Gold continues to shine while oil price rises have halted.

Chart of the Day: US mortgage rates moved sharply higher, but pressure on current owners has not been acute



Source: Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ UK retail sales growth for September was weaker than expected (actual: -1.0% y-o-y vs. Reuters poll: -0.1% y-o-y, prior: -1.3% y-o-y) while Gfk consumer confidence for October disappointed (actual: -30 vs. Reuters poll: -20, prior: -21).
- ▶ Japan Nationwide core-CPI inflation for September was higher than expected (actual: 2.8% vs. Reuters poll: 2.7%, prior: 3.1%).
- ▶ China kept its loan prime rates for both 1Y and 5Y segments unchanged, as expected, at 3.45% and 4.20% respectively.

Rates and Fixed Income

- ▶ Risk-off sentiment reflected in falling sovereign yields (US, Germany and UK) with the yields on the 10Y USTs falling c8bp on Friday.
- ▶ With the exception of the global high yield, all major fixed income asset classes posted gains on Friday.

Currencies

- ▶ Broader US dollar lost marginally on Friday as EUR and GBP strengthened against the USD.
- ▶ JPY fell marginally with USDJPY nearing the 150 level.

Equities

- ▶ Global equities lost c1% on Friday. DM underperformed EM.
- ▶ Regional equities came under pressure between Friday and Sunday.

Commodities

- ▶ Commodities complex had a mixed day with underlying performances reflecting the risk-off mood.
- ▶ Gold prices increased while prices of crude oil and copper declined.

Key events in the day ahead

- ▶ Eurozone: October consumer confidence
- ▶ US: September Chicago Fed National Activity

Performance snapshot*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	5.30	0.00	0.00	24.00
UAE Eibor 3m	5.40	-3.79	17.96	3.75
UAE Eibor 12m	5.69	2.62	21.24	16.16
US 3m Bills	5.45	-1.81	-1.03	4.45
US 10yr Treasury	4.91	-7.61	41.95	106.34
German 10yr Bund	2.89	-4.20	15.20	39.90
UK 10yr Gilt	4.65	-2.20	34.60	37.40
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	430	0.27	-2.15	-6.03
Global Treasuries	185	0.26	-2.08	-6.68
Global Corporate	246	0.31	-2.35	-5.29
EM USD Sovereign	335	0.12	-3.89	-6.69
EM LCY Sovereign	135	0.09	-1.75	-5.06
Global High Yield	1,378	-0.03	-2.38	-3.29
Currencies		1D (%)	1M (%)	3M (%)
Dollar Index	106.16	-0.08	0.76	5.24
EUR USD	1.0594	0.11	-0.63	-4.82
GBP USD	1.2164	0.16	-1.09	-5.47
USD JPY	149.86	0.04	1.54	6.99
Equities		1D (%)	1M (%)	3M (%)
S&P 500	4,224	-1.26	-2.44	-6.85
Dow Jones	33,127	-0.86	-2.77	-5.96
NASDAQ	12,984	-1.53	-1.82	-7.68
STOXX 600	434	-1.36	-4.61	-6.51
DAX	14,798	-1.64	-4.97	-8.68
Nikkei 225	31,259	-0.54	-4.03	-3.79
FTSE 100	7,402	-1.30	-3.60	-3.19
SENSEX	65,398	-0.35	-1.26	-3.22
Hang Seng	17,172	-0.72	-2.74	-9.28
MSCI World	2,791	-1.18	-3.29	-7.87
MSCI EM	926	-0.56	-3.21	-9.08
Regional Equities		1D (%)	1M (%)	3M (%)
ADX	9,307	-1.29	-5.48	-3.35
DFM	3,752	-1.49	-10.24	-5.89
Tadawul	10,496	-1.49	-2.69	-9.37
DSM	9,718	-0.86	-5.05	-6.17
MSM30	4,640	-0.88	0.10	-2.58
BHSE	1,944	-0.03	0.79	-1.62
KWSE	6,707	-0.45	-2.87	-7.96
Commodities		1D (%)	1M (%)	3M (%)
BBG Commodity Index	105.8	-0.25	-0.24	-0.21
Brent USD/bbl	92.2	-0.24	-1.22	15.72
Gold USD/t oz	1,981.4	0.35	3.20	0.60
Copper USD/MT	7,876.0	-0.78	-2.78	-7.81
Volatility		1D (%)	1M (%)	3M (%)
VIX	21.71	1.45	23.77	55.18
MOVE	135.45	0.62	27.78	20.03

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as at 8AM GST on October 23, 2023 unless stated otherwise. Performance in local currency terms.

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