

# The Weekly Market View

October 02 2023

## Closing a weak Q3

### US

- ▶ Third release of Q2 GDP was marginally weaker than the previous release, and real consumer spending was revised down.
- ▶ Coming to more recent data, US personal income growth during August was in-line with expectations while personal spending was marginally weaker.
- ▶ PCE and core PCE price indices grew less than expected firming the disinflation narrative. Core PCE growth was the lowest in about two years.
- ▶ Durable goods orders grew in August defying expectations for a decline, and thus helping the manufacturing sector outlook.
- ▶ The conference board consumer confidence fell and disappointed in relation to consensus expectations.
- ▶ Increasing likelihood of a US Government Shutdown perhaps weighed on the investor sentiment too. However, acting in the last minute on Saturday night, the US congress passed a stopgap funding measure and President Biden signed the same.

### Europe

- ▶ Comments from ECB officials firmed market assessment of rates staying higher for longer.
- ▶ Eurozone inflation surprised to the downside and the data for September showed slowest pace of price rises in almost two years.
- ▶ In Germany the Ifo business climate index was better than expected. GfK consumer confidence was weaker than expected. German inflation was lower than expected.

### Asia

- ▶ Japanese PM Kishida announced a new economic stimulus plan directed towards new economy sectors of semiconductors, batteries, and biotechnology.
- ▶ Official China PMI data released over the weekend showed that factory activity is now expanding. Non-manufacturing PMI rose more than expected to 51.7 from 51.0 during September.
- ▶ Caixin PMI data in China showed that both manufacturing and services sectors were expanding but both numbers came below market consensus.
- ▶ Chinese regulator released draft rule simplifying cross-border data transfer, helping Chinese tech companies.
- ▶ South Korean exports, considered a leading indicator to the global manufacturing activity, were much better than expected.

### Rates

- ▶ 10Y sovereign bond yields rose across the board of major developed markets.
- ▶ The yield on the benchmark 10Y USTs hit its highest level since 2007.
- ▶ Yields on 10Y German bunds rose to the highest level since 2011.

### FX

- ▶ USD gained for the 11<sup>th</sup> straight week and posted its biggest quarterly gain in a year.
- ▶ EUR, GBP, and JPY all lost against the USD on the growth exceptionalism of the US.

### Commodities

- ▶ Oil prices rose ahead of the OPEC+ meeting on October 4.
- ▶ Gold prices fell for a second quarter in a row. Last week's price drop was the worst in more than two years.
- ▶ Aluminum prices rose strongly on improving demand outlook and on restocking activity.

### Equities

- ▶ MSCI ACWI posted losses of c1% last week, taking Q3 performance to -2.4%.
- ▶ The S&P 500 Index suffered a fourth consecutive weekly pullback but managed to outperform global equities. Japan, LatAm, and Europe-ex-UK underperformed.
- ▶ Sector wise, energy and IT outperformed while utilities and consumer staples underperformed the most last week.

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## Global markets' performance snapshot

Index Snapshot (World Indices)*			
Index	Latest	Weekly %	YTD %
S&P 500	4,288	-0.74	11.68
Dow Jones	33,508	-1.34	1.09
Nasdaq	13,219	0.06	26.30
DAX	15,387	-1.10	10.51
Nikkei 225	31,858	-1.68	22.09
FTSE 100	7,608	-0.99	2.10
Sensex**	65,828	-0.27	8.20
Hang Seng**	17,373	-1.37	-9.97
Regional Markets			
ADX**	9,785	-0.62	-4.17
DFM**	4,164	-0.39	24.80
Tadawul**	11,056	0.97	5.29
DSM**	10,252	-0.69	-4.13
MSM30***	4,678	0.03	-3.82
BHSE**	1,939	0.50	2.22
KWSE***	6,887	-0.72	-5.13
MSCI			
MSCI World	2,853	-0.92	9.63
MSCI EM	953	-1.19	-0.38

## Global Commodities, Currencies and Rates\*

Commodity	Latest	Weekly %	YTD %
ICE Brent USD/bbl	95.3	2.19	7.32
Nymex WTI USD/bbl	90.8	0.84	13.12
Gold USD/t oz	1,848.6	-3.98	1.35
Silver USD/t oz	22.2	-5.87	-7.41
Platinum USD/t oz	907.9	-2.45	-15.49
Copper USD/MT	8,230.5	0.52	-1.87
Alluminium	2,339.0	5.59	-0.45
Currencies			
EUR USD	1.06	-0.75	-1.23
GBP USD	1.22	-0.34	0.96
USD JPY	149.37	0.67	12.22
Rates			
	Latest	Weekly (bp)	YTD(bp)
SOFR	5.31	1.00	101.00
UAE Eibor 3m**	5.29	16.82	97.32
UAE Eibor 12m**	5.58	-3.23	48.06
US 3m Bills	5.45	-2.02	110.30
US 10yr Treasury	4.57	13.74	69.63
German 10yr Bund	2.84	10.10	27.30
UK 10yr Gilt	4.44	19.15	77.12

Source: Bloomberg, and ADCB Asset Management

Notes: \*Data as of September 29 2023 unless stated otherwise; \*\*Data as of September 28 2023; \*\*\*Data as of September 27 2023.

## Tactical Asset Allocation with a 3-month view

Asset Class	Positioning*					Balanced**		
	SUW	UW	N	OW	SOW	SAA	TAA	Active
<b>Equities</b>						<b>35.0</b>	<b>37.2</b>	<b>2.2</b>
North America						22.0	24.0	2.0
Europe						6.0	4.0	-2.0
Japan						1.9	1.9	0.0
APac ex Japan						4.3	5.3	1.0
EM ex Asia						0.8	0.5	-0.3
Japan (JPY) off BM						0.0	1.5▼	1.5▼
<b>Fixed Income</b>						<b>50.0</b>	<b>47.8</b>	<b>-2.2</b>
DM Treasuries IG						27.2	25.2	-2.0
DM Corporate IG						10.4	10.4	0.0
EM USD Sov. IG						0.7	0.7	0.0
EM LCY IG						4.3	5.3	1.0
EM Corporate IG						0.5	0.2	-0.3
Global HY						5.0	5.0	0.0
Cash						2.0	1.0	-1.0
<b>Alternatives</b>						<b>15.0</b>	<b>15.0</b>	<b>0.0</b>
<b>Colour legend</b>	Current		Previous					

Source: Bloomberg, Bloomberg BGN, Bloomberg Indices, Hedge Fund Research, MSCI, Standard & Poor's, DataStream, Refinitiv, and ADCB Asset Management | Notes: \*Positioning recommendations: SUW = Significant Underweight; UW = Underweight; N = Neutral; OW = Overweight; SOW = Significant Overweight. \*\*Based on balanced risk profile. SAA = Strategic Asset Allocation; TAA = Tactical Asset Allocation; Active weight = TAA weight – SAA weight. Weights may not sum to 100% due to rounding.

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## Forthcoming important economic data/events

### United States

Date & Time (GST)	Indicator	Period	Expected	Prior
10/02/2023 17:45	<b>S&amp;P Global US Manufacturing PMI</b>	<b>Sep F</b>	--	<b>48.9</b>
10/02/2023 18:00	ISM Manufacturing	Sep	47.8	47.6
10/02/2023 18:00	ISM Employment	Sep	--	48.5
10/03/2023 18:00	JOLTS Job Openings	Aug	8900k	8827k
10/04/2023 15:00	<b>MBA Mortgage Applications</b>	<b>29-Sep</b>	--	<b>-1.30%</b>
10/04/2023 16:15	ADP Employment Change	Sep	150k	177k
10/04/2023 17:45	<b>S&amp;P Global US Services PMI</b>	<b>Sep F</b>	--	<b>50.2</b>
10/04/2023 18:00	<b>Factory Orders</b>	<b>Aug</b>	<b>0.20%</b>	<b>-2.10%</b>
10/04/2023 18:00	<b>Durable Goods Orders</b>	<b>Aug F</b>	--	<b>0.20%</b>
10/04/2023 18:00	ISM Services Index	Sep	53.4	54.5
10/05/2023 16:30	<b>Initial Jobless Claims</b>	<b>30-Sep</b>	--	--
10/05/2023 16:30	<b>Continuing Claims</b>	<b>23-Sep</b>	--	--
10/06/2023 16:30	Change in Nonfarm Payrolls	Sep	163k	187k
10/06/2023 16:30	<b>Unemployment Rate</b>	<b>Sep</b>	<b>3.70%</b>	<b>3.80%</b>
10/06/2023 16:30	Average Hourly Earnings YoY	Sep	--	4.30%
10/06/2023 16:30	Underemployment Rate	Sep	--	7.10%
10/06/2023 23:00	<b>Consumer Credit</b>	<b>Aug</b>	<b>\$11.300b</b>	<b>\$10.399b</b>

### Japan

Date & Time (GST)	Indicator	Period	Expected	Prior
10/02/2023 03:50	<b>Tankan Large Mfg Index</b>	<b>3Q</b>	<b>6</b>	<b>5</b>
10/02/2023 03:50	Tankan Large Non-Mfg Index	3Q	24	23
10/02/2023 03:50	<b>Tankan Large All Industry Capex</b>	<b>3Q</b>	<b>13.30%</b>	<b>13.40%</b>
10/02/2023 04:30	<b>Jibun Bank Japan PMI Mfg</b>	<b>Sep F</b>	--	<b>48.6</b>
10/04/2023 04:30	<b>Jibun Bank Japan PMI Services</b>	<b>Sep F</b>	--	<b>53.3</b>
10/05/2023 03:50	<b>Foreign Buying Japan Stocks</b>	<b>29-Sep</b>	--	<b>-¥3025.3b</b>
10/05/2023 03:50	Foreign Buying Japan Bonds	29-Sep	--	-¥2025.1b
10/06/2023 03:30	Real Cash Earnings YoY	Aug	--	-2.50%
10/06/2023 03:30	Household Spending YoY	Aug	-4.20%	-5.00%

### Eurozone

Date & Time (GST)	Indicator	Period	Expected	Prior
10/02/2023 11:50	<b>France HCOB Manufacturing PMI</b>	<b>Sep F</b>	--	<b>43.6</b>
10/02/2023 11:55	<b>Germany HCOB Manufacturing PMI</b>	<b>Sep F</b>	--	<b>39.8</b>
10/02/2023 12:00	<b>Eurozone HCOB Manufacturing PMI</b>	<b>Sep F</b>	--	<b>43.4</b>
10/02/2023 13:00	Eurozone Unemployment Rate	Aug	--	6.40%
10/04/2023 11:50	France HCOB Services PMI	Sep F	--	43.9
10/04/2023 11:55	Germany HCOB Services PMI	Sep F	--	49.8
10/04/2023 12:00	Eurozone HCOB Services PMI	Sep F	--	48.4
10/04/2023 13:00	Eurozone Retail Sales YoY	Aug	--	-1.00%
10/04/2023 13:00	<b>Eurozone PPI YoY</b>	<b>Aug</b>	--	<b>-7.60%</b>
10/05/2023 10:45	France Industrial Production YoY	Aug	--	2.70%
10/05/2023 10:45	France Manufacturing Production YoY	Aug	--	2.70%
10/06/2023 10:00	<b>Germany Factory Orders WDA YoY</b>	<b>Aug</b>	<b>-6.10%</b>	<b>-10.50%</b>

### United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
10/02/2023 10:00	Nationwide House Px NSA YoY	Sep	-5.80%	-5.30%
10/02/2023 12:30	<b>S&amp;P Global/CIPS UK Manufacturing PMI</b>	<b>Sep F</b>	--	<b>44.2</b>
10/04/2023 12:30	<b>S&amp;P Global/CIPS UK Services PMI</b>	<b>Sep F</b>	--	<b>47.2</b>

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## China and India



Date & Time (GST)	Indicator	Period	Expected	Prior
10/03/2023 09:00	India S&P Global PMI Mfg	Sep	--	58.6
10/05/2023 09:00	India S&P Global PMI Services	Sep	--	60.1
10/06/2023 08:30	India RBI Repurchase Rate	6-Oct	6.50%	6.50%
10/07/2023	China Foreign Reserves	Sep	--	\$3160.10b

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