

Mixed week amidst geopolitical uncertainty

Global

- ▶ The IMF maintained 2023 outlook for the global economy, but revised it lower for 2024. The agency stated that global economy exhibited remarkable resilience this year but growth remains slow, uneven and with widening divergences. The agency expects growth slowdown in 2024 to be led by developed market economies, especially Eurozone.

US

- ▶ Headline and core producer price index (PPI) rose more than expected in September. The annual increase in Core PPI was the highest since May.
- ▶ Headline CPI surprised on the upside while Core CPI was in line with expectations. Core CPI y-o-y increase of 4.1% was the slowest in two years.
- ▶ Fed September meeting minutes struck a cautious tone with majority of the Fed officials agreeing to keeping rates restrictive for some time while all members agreed to proceed carefully.
- ▶ The University of Michigan preliminary survey showed that consumer sentiment weakened in October. Both 12-month inflation expectations and 5-10yr inflation expectations rose more than the rise in September.
- ▶ Despite mixed inflation data, federal funds futures expectations of a rate hike at the November Fed meeting eased, pricing in 7.8% probability of a rate hike, down from 30.5% probability during the previous week.

Europe

- ▶ ECB September meeting minutes showed that majority of policymakers were in favour of raising rates at the last meeting. However, there was increased concerns about the growth outlook while inflation risks still tilted to the upside.
- ▶ The UK economy recovered in August, on the back of growth in business services and education. UK GDP expanded 0.2% in August sequentially after contracting 0.6% in July.

Asia

- ▶ China's CPI remained flat in September, mainly due to weaker food prices. Producer prices declined for the 12 consecutive month.
- ▶ China trade and lending data were better than expected but still indicated weakness.

Rates

- ▶ 10Y sovereign bond yields declined across the DM markets on increased safe-haven demand.
- ▶ 10Y UST yield retreated after reaching the highest level of 4.8% the previous week. UST 10Y-2Y curve bull flattened.
- ▶ Yields on 10Y German bunds dropped while front-end yields ended stable.
- ▶ Yields on 10Y JGB declined to 0.76% from 0.80%.
- ▶ Global aggregate bond index posted marginal returns, led by Global IG and EM external bonds.

FX

- ▶ USD gained after two consecutive weeks of losses.
- ▶ EUR, GBP, and JPY all lost against the USD as increased safe-haven demand favored the USD.

Commodities

- ▶ Oil prices jumped, posting the largest weekly gain in one month on supply concerns.
- ▶ Gold prices rose more than 5% over the week as rise in geopolitical tensions spurred appetite for safe-haven assets.
- ▶ Copper prices ended flat while Aluminum prices declined on mixed China economic data.

Equities

- ▶ MSCI ACWI posted marginal gains over the week. EM equities outperformed DM equities.
- ▶ In DM, Japan outperformed the most while US underperformed in USD terms.
- ▶ Sector wise, all global sectors recorded positive returns barring consumer discretionary. Energy outperformed the most.

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The Weekly Market View

October 16 2023

Global markets' performance snapshot

Index Snapshot (World Indices)*			
Index	Latest	Weekly %	YTD %
S&P 500	4,328	0.45	12.72
Dow Jones	33,670	0.79	1.58
Nasdaq	13,407	-0.18	28.10
DAX	15,187	-0.28	9.07
Nikkei 225	32,316	4.26	21.81
FTSE 100	7,600	1.40	1.98
Sensex	66,283	0.44	8.94
Hang Seng	18,238	1.87	-10.29
Regional Markets			
ADX	9,483	-2.80	-7.13
DFM	3,965	-4.79	18.85
Tadawul**	10,586	-1.66	0.61
DSM**	10,120	0.57	-5.19
MSM30**	4,786	1.08	-2.00
BHSE**	1,946	-0.27	2.53
KWSE**	6,623	-2.46	-9.92
MSCI			
MSCI World	2,862	0.59	9.97
MSCI EM	951	1.49	-0.53

Global Commodities, Currencies and Rates*

Commodity	Latest	Weekly %	YTD %
ICE Brent USD/bbl	90.9	7.46	5.77
Nymex WTI	87.7	5.92	9.27
Gold USD/t oz	1,932.8	5.45	5.21
Silver USD/t oz	22.7	5.17	-5.48
Platinum USD/t oz	884.1	0.29	-17.64
Copper USD/MT	7,891.0	0.05	-5.91
Alluminium	2,172.0	-1.76	-7.56
Currencies			
EUR USD	1.05	-0.72	-1.72
GBP USD	1.21	-0.77	0.57
USD JPY	149.57	0.17	12.29
Rates			
SOFR	5.31	0.00	101.00
UAE Eibor 3m	5.38	6.09	106.28
UAE Eibor 12m	5.58	-7.62	47.91
US 3m Bills	5.48	-2.27	114.14
US 10yr Treasury	4.61	-18.85	73.76
German 10yr Bund	2.74	-14.80	17.00
UK 10yr Gilt	4.38	-18.78	71.95

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as of October 13 2023 unless stated otherwise; **Data as of October 12 2023.

Tactical Asset Allocation with a 3-month view

Asset Class	Positioning*					Balanced**		
	SUW	UW	N	OW	SOW	SAA	TAA	Active
Equities						35.0	37.2	2.2
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
Fixed Income						50.0	47.8	-2.2
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
Alternatives						15.0	15.0	0.0
Colour legend	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
10/16/2023 10:20	Monthly Budget Statement	Sep	-\$146.0b	-\$429.8b
10/17/2023 16:30	Retail Sales Advance MoM	Sep	0.30%	0.60%
10/17/2023 17:15	Industrial Production MoM	Sep	-0.10%	0.40%
10/17/2023 17:15	Capacity Utilization	Sep	79.50%	79.70%
10/17/2023 17:15	Manufacturing (SIC) Production	Sep	-0.10%	0.10%
10/17/2023 18:00	NAHB Housing Market Index	Oct	45	45
10/18/2023 00:00	Total Net TIC Flows	Aug	--	\$140.6b
10/18/2023 15:00	MBA Mortgage Applications	13-Oct	--	0.60%
10/18/2023 16:30	Housing Starts	Sep	1393k	1283k
10/19/2023 16:30	Initial Jobless Claims	14-Oct	--	209k
10/19/2023 16:30	Continuing Claims	7-Oct	--	1702k
10/19/2023 18:00	Existing Home Sales MoM	Sep	-3.50%	-0.70%

Japan

Date & Time (GST)	Indicator	Period	Expected	Prior
10/18/2023 08:00	Tokyo Condominiums for Sale YoY	Sep	--	26.40%
10/19/2023 03:50	Exports YoY	Sep	3.10%	-0.80%
10/19/2023 03:50	Imports YoY	Sep	-13.00%	-17.80%
10/19/2023 03:50	Foreign Buying Japan Stocks	13-Oct	--	¥1436.1b
10/19/2023 03:50	Foreign Buying Japan Bonds	13-Oct	--	-¥643.6b
10/20/2023 03:30	Natl CPI YoY	Sep	3.00%	3.20%

Eurozone

Date & Time (GST)	Indicator	Period	Expected	Prior
10/16/2023 10:17	Germany Wholesale Price Index YoY	Sep	--	-2.70%
10/17/2023 13:00	Germany ZEW Survey Current Situation	Oct	-80	-79.4
10/17/2023 13:00	Germany ZEW Survey Expectations	Oct	--	-8.9
10/18/2023 13:00	Eurozone CPI YoY	Sep F	4.30%	4.30%
10/18/2023 13:00	Eurozone Construction Output YoY	Aug	--	1.00%
10/19/2023 10:45	France Manufacturing Confidence	Oct	--	99
10/20/2023 10:00	Germany PPI YoY	Sep	-14.20%	-12.60%
10/20/2023	France Retail Sales SA YoY	Sep	--	-4.00%

United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
10/17/2023 10:00	Jobless Claims Change	Sep	--	0.9k
10/17/2023 10:00	ILO Unemployment Rate 3Mths	Aug	4.30%	4.30%
10/18/2023 10:00	CPI YoY	Sep	6.20%	6.70%
10/18/2023 10:00	CPI Services YoY	Sep	--	6.80%
10/18/2023 10:00	RPI YoY	Sep	--	9.10%
10/18/2023 10:00	PPI Output NSA YoY	Sep	--	-0.40%
10/18/2023 10:00	PPI Input NSA YoY	Sep	--	-2.30%
10/18/2023 12:30	House Price Index YoY	Aug	--	0.60%
10/20/2023 03:01	GfK Consumer Confidence	Oct	--	-21
10/20/2023 10:00	Retail Sales Inc Auto Fuel YoY	Sep	--	-1.40%
10/20/2023 10:00	Retail Sales Ex Auto Fuel YoY	Sep	--	-1.40%

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China and India

Date & Time (GST)	Indicator	Period	Expected	Prior
10/18/2023 06:00	China GDP YoY	3Q	4.50%	6.30%
10/18/2023 06:00	China GDP YTD YoY	3Q	5.10%	5.50%
10/18/2023 06:00	China Industrial Production YoY	Sep	4.30%	4.50%
10/18/2023 06:00	China Retail Sales YoY	Sep	4.90%	4.60%
10/18/2023 06:00	China Fixed Assets Ex Rural YTD YoY	Sep	3.20%	3.20%
10/18/2023 06:00	China Surveyed Jobless Rate	Sep	5.20%	5.20%

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