

UST 10Y yields moved higher towards 5%

- ▶ Chinese investors sold USD21bn worth of US securities in August.
- ▶ Bond yields and commodities continue to rise.
- ▶ Majority of equities fell close to, or over 1% on Thursday.

Performance snapshot*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	5.30	-1.00	-1.00	24.00
UAE Eibor 3m	5.44	3.79	42.90	3.68
UAE Eibor 12m	5.66	18.72	6.54	15.02
US 3m Bills	5.47	-2.43	-0.34	5.22
US 10yr Treasury	4.99	7.49	53.15	108.82
German 10yr Bund	2.93	4.90	19.30	49.30
UK 10yr Gilt	4.67	16.10	33.30	45.80

Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	429	-0.23	-2.86	-6.73
Global Treasuries	184	-0.21	-2.69	-7.36
Global Corporate	246	-0.37	-3.21	-6.13
EM USD Sovereign	335	-0.49	-4.81	-7.22
EM LCY Sovereign	135	-0.35	-2.25	-5.02
Global High Yield	1,378	-0.23	-2.87	-3.56

Currencies				
Dollar Index	106.25	-0.29	0.92	5.37
EUR USD	1.0582	0.44	-0.80	-4.98
GBP USD	1.2144	0.03	-1.69	-5.69
USD JPY	149.80	-0.09	-1.01	-6.53

Equities				
S&P 500	4,278	-0.84	-3.63	-5.93
Dow Jones	33,414	-0.73	-3.13	-4.19
NASDAQ	13,186	-0.96	-3.56	-7.98
STOXX 600	440	-1.18	-3.56	-4.36
DAX	15,045	-0.33	-3.95	-6.60
Nikkei 225	31,431	-1.91	-4.88	-3.80
FTSE 100	7,500	-1.14	-1.92	-0.14
SENSEX	65,629	-0.36	-2.90	-1.89
Hang Seng	17,296	-2.46	-3.87	-7.98
MSCI World	2,824	-0.95	-4.15	-6.89
MSCI EM	931	-1.30	-4.40	-8.21

Regional Equities				
ADX	9,428	-0.59	-3.93	-2.14
DFM	3,808	-1.93	-6.27	-3.97
Tadawul	10,655	-0.56	-3.74	-8.32
DSM	9,802	-1.54	-5.01	-5.56
MSM30	4,681	-0.49	-0.13	-2.51
BHSE	1,945	0.20	0.80	0.48
KWSE	6,738	-0.11	-3.61	-7.45

Commodities				
BBG Commodity Index	106.1	0.17	-1.29	0.53
Brent USD/bbl	92.4	0.96	-0.30	17.09
Gold USD/t oz	1,974.5	1.38	2.42	0.38
Copper USD/MT	7,938.0	1.17	-3.59	-4.98

Volatility				
VIX	21.40	11.34	51.67	55.52
MOVE	134.62	4.22	32.88	25.59

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as at 8AM GST on October 20, 2023 unless stated otherwise. Performance in local currency terms.

Chart of the Day: China net purchases of US securities (USDbn)



Source: Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ Despite cooling inflation, Fed Chair Jerome Powell said the central bank would need to be persistent in its commitment to its 2% inflation rate goal and that inflation is still too high.
- ▶ Chinese investors sold USD21.2bn of US bonds and stocks in August, the highest since 2019, leading to beliefs that authorities may be preparing to defend a weakening CNY.

Rates and Fixed Income

- ▶ Yields on the 10Y UST yields, German 10Y Bunds and 10Y UK Gilts continue to rise.
- ▶ Fixed income indices fell once again on Thursday, EM USD Sovereign continued to underperform.

Currencies

- ▶ Broader USD reversed Wednesday's gains on Thursday.
- ▶ EURUSD increased, GBPUSD inched higher. USDJPY declined.

Equities

- ▶ Global equities fell with Hang Seng and Nikkei225 underperforming the most.
- ▶ GCC stocks declined with the exception of BHSE. Dubai and Qatar indices posted significant losses.

Commodities

- ▶ BBG Commodity index continued to rise on Thursday although only marginally.
- ▶ Oil prices rose by c1%, gold and copper both rose over 1%.

Key events in the day ahead

- ▶ Germany PPI
- ▶ UK Retail Sales

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