Market Insights & Strategy

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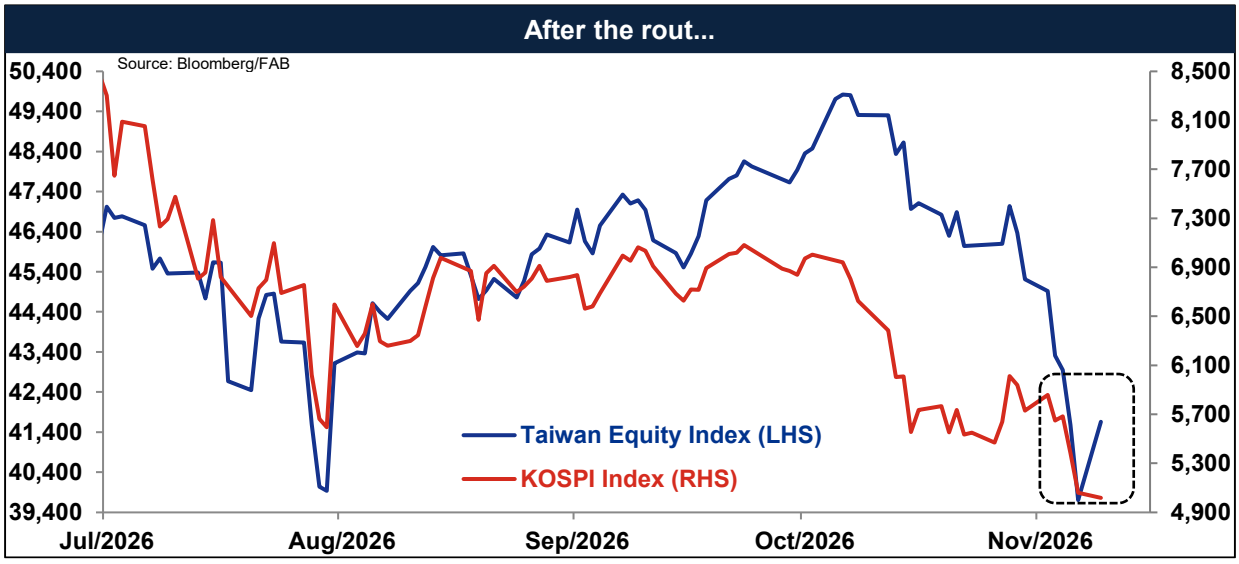
Simon Ballard
Chief Economist

Daily Market Chatter

Macro Strategy View: On the rebound

- **Recovering from the tech rout**
- **Rally driven by Taiwanese support measures**
- **Fed hawks bolstered by U.S. October NFP**
- **All eyes on CPI, PPI inflation deceleration**
- **UK, EZ GDP data to underscore energy strains**
- **UAE trade data continues to shine**

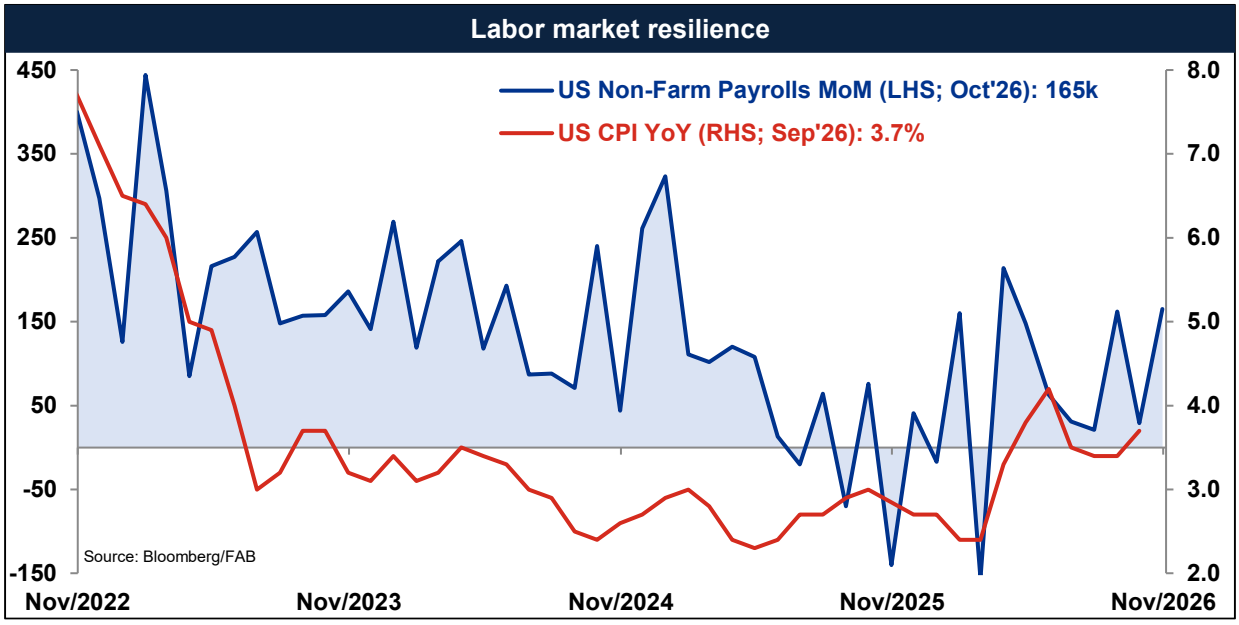
➢ After the deep, volatile rout felt across the tech space last week, sentiment is coming back a little this morning with the Taiwan TAIEX index rallying 5.84% at the time of writing and the Nikkei 225 up by 3.44%. In turn this is feeding a stronger base for U.S. (and European) equity futures as well as supporting some better selling cares in protection (better buying of risk) from the Asia iTraxx credit indices.



➢ This rebound has been fuelled by news that Taiwan's market regulator and finance ministry have pledged to take steps to calm investor anxiety, including imposing restrictions on short selling as well as a promise to deploy the NT500bn (USD15.2bn) stock stabilization fund if required. This being said, we are cognisant that that outlook remains fragile and myriad questions remain over (AI) sector valuations and the outlook for future earnings growth.

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- As far as macro data is concerned this week, our initial focus is on dissecting Friday's October nonfarm payrolls data that came in far stronger than expected. For anyone who missed it, the U.S. labour market added 165k jobs last month, more than double the expected 70k print and well ahead of the upwardly revised 60k (from an initial 29k print) for September. What was somewhat more surprising perhaps was that the U.S. unemployment rate dipped to 4.1% last month from 4.2% in the prior months, thereby underscoring the robust resilience of the labour market.



- Next, the (inflation) spotlight will fall on U.S. CPI for October, which is due for release tomorrow (Tuesday, Nov 10 at 17:30 GST). Consensus expects a deceleration to +0.3% MoM from a hot +0.6% prior print in September, which we hope will help to further vindicate our less-hawkish-than-consensus view on the Fed going forward and the potential for U.S. rates to be left unchanged through 2027. U.S October PPI on Friday (Nov 13) will then help to round out the inflation picture, with consensus also pointing to a significant step-down from the prior 1.3% September reading. Consensus is for October PPI to have increased by a more modest +0.4% rate.
- Investors are digesting the implications of the recent Democratic midterm sweep — particularly its impact on Middle East conflict dynamics, energy prices, and AI/tech regulation — making this CPI read, coupled with the nonfarm payrolls data, especially consequential for rate expectations. This said, the hawks have receded a little of late and the fed funds futures market now has 'just' 20bps of tightening priced in for the December 9 FOMC decision and a full 25bps increase only priced in by the January 27 meeting.
- As such, market sentiment this week seems set to hang in the balance as to whether U.S. October CPI confirms a meaningful inflation deceleration — a key input for Fed rate expectations. Elsewhere we will also be analysing the latest UK and Eurozone GDP prints that will test whether European growth is holding up against persistent energy-driven inflation.
- In Asia, we note that China recently extended the suspension of its 24% additional tariff on U.S. goods for two more months starting Nov. 10, as part of the appeasement follow-through from the recent US-China leaders' summit a move that should help to bolster generic market sentiment. At the same time though, we are cognisant that persistent price pressures, coupled with entrenched geopolitical pressures will likely keep risk sentiment showing a cautious bias over the coming weeks.

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Closer to home

- While global risk sentiment remains fragile and energy-driven price pressures continue to test growth in Europe, the latest UAE data point to an economy that is absorbing the regional shock better than headline growth suggests. Non-oil foreign trade reached a record AED2.945trn ($802bn) in the first nine months of 2026, up 10.1% YoY. Non-oil exports climbed 21.6% to an all-time high of AED706bn ($192.2bn), and monthly exports topped AED100bn for the first time in September. Imports grew 11.5% yoy to AED 1,661bn, while re-exports totaled AED 578bn.
- More importantly, the momentum is building. Q3 trade rose 11.1% QoQ to AED1.025trn, rebounding from a Q2 trough of AED922.9bn. That trough coincided with a 2.1% YoY contraction in real GDP in Q2, as tourism, transport and trade were disrupted, leaving H1 growth at just 0.4% (non-oil +1.8%).
- We see the Q3 trade recovery, alongside an October PMI of 54.8, as consistent with a non-oil recovery in H2 and our GDP forecast of 3.0% in 2026. The data showed exports of the top ten commodities also rose 35.8% yoy in the first nine months of 2026, while we note that gold, jewellery and tobacco products topped the list of exported goods. With 19 trade agreements (CEPAs) in force and China extending its tariff suspension on US goods supporting global trade flows, the UAE's role as a regional trade and re-export hub looks set to deepen.

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Major Rates &FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	4.646%	+4.1	-7.5	-37.1	+96.1	+92.0
10Y	4.858%	+2.1	-7.2	-38.2	+76.0	+68.9
30Y	5.267%	+1.1	-4.2	-33.0	+56.7	+42.2

Source: Bloomberg

US$ SOFR OIS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	436.1	4.1	-8.0	-37.0	95.4	89.7
10Y	446.0	2.0	-8.1	-38.2	78.0	65.8
30Y	460.3	0.4	-5.7	-33.0	63.2	43.5

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1143	-0.68%	-0.15%	-0.51%	-3.58%	-5.13%
GBP USD	1.3352	-0.73%	-0.29%	0.89%	1.34%	-0.91%
USD JPY	158.48	0.49%	0.58%	0.11%	2.81%	1.13%

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	50.1497	+0.09%	+0.42%	+1.71%	+18.74%	+16.75%
USD INR	93.9175	-0.59%	-1.09%	-2.91%	+5.88%	+4.50%
USD IDR	18,111.00	+0.16%	-0.09%	+1.27%	+8.75%	+8.51%

Source: Bloomberg

MENA Credits

Index Spreads	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
EM Sovs Hard Ccy	210.3	-1.4	+5.0	+23.4	+7.8	+27.2
EM Agg Hard Ccy	200.8	-1.5	+3.4	+24.2	+11.6	+20.0
GCC: IG+HY	129.2	-3.3	-3.8	+12.5	+40.4	+34.0

Source: Bloomberg; The above indices indicated are all Bloomberg index

CDS (CMAI pricing data)	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	36.5	+0.5	-2.3	+0.4	+8.2	+9.1
Kuwait 5Y	55.9	+0.9	-2.4	-3.0	+7.6	+8.5
KSA 5Y	70.1	+0.9	-1.7	+5.1	+5.9	+3.1
Dubai 5Y	63.2	+0.2	-2.9	-2.4	+11.9	+17.1
Oman 5Y	78.0	+0.8	-3.5	-5.1	+8.3	+7.6
Bahrain 5Y	309.6	+2.6	-11.2	-42.6	+139.0	+125.8
Egypt 5Y	323.9	+0.1	-22.4	+12.3	-21.5	+53.0

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
WTI Oil $/bbl	90.83	+0.34%	-12.76%	-1.11%	+52.02%	+58.19%
Brent Oil $/bbl	98.32	+0.03%	-16.42%	-6.11%	+54.52%	+61.58%
Gold spot $/oz	4,070.8	-0.42%	+5.06%	-2.94%	-1.09%	-5.75%
Silver spot $/Troy oz	51.918	+0.27%	+5.74%	-14.64%	+2.79%	-27.55%
Aluminium 3MO $	3,062.5	-0.05%	-0.21%	-2.27%	+7.66%	+2.24%
Nickel 3MO $	16,353	+0.19%	+7.09%	+4.28%	+8.74%	-1.76%
Copper 3MO $	13,768	-0.55%	-2.73%	-4.49%	+28.88%	+10.83%

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Major Equities Markets

Major Stock Markets	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	51,286	-0.46%	-0.94%	-0.71%	+9.15%	+6.70%
S&P 500	7,377	+0.31%	-2.68%	-5.56%	+9.63%	+7.76%
Nasdaq Composite	24,579	+1.09%	-3.37%	-10.18%	+6.85%	+5.75%
Nikkei	57,435	-11.66%	-9.25%	-16.80%	+14.24%	+14.09%
Hang Seng	24,482	-1.27%	+5.10%	+1.12%	-6.71%	-4.48%
Shanghai	3,649	-5.52%	+1.39%	-4.32%	-8.71%	-8.05%
Mumbai Sensex	81,028	+2.17%	+8.82%	+11.81%	-2.63%	-4.92%
DAX	25,820	-1.92%	+0.01%	+2.92%	+9.55%	+5.43%
CAC 40	8,139	-0.81%	+2.13%	+4.30%	+2.38%	-0.13%
FTSE 100	10,674	-1.01%	-0.52%	+1.16%	+10.24%	+7.48%
DJ Stoxx 50	6,170	-0.98%	+0.64%	-0.05%	+10.85%	+6.55%
FTSE MIB Index	50,053	-0.90%	+1.12%	+0.62%	+16.63%	+11.37%
SMI Index	14,797	-1.14%	-0.10%	+7.32%	+20.31%	+11.52%
MENA						
Abu Dhabi – ADX	9,393	-1.34%	-0.78%	-4.11%	-6.77%	-6.01%
Dubai – DFM	6,026	-0.28%	+4.42%	+3.56%	+0.01%	-0.36%
Saudi Arabia	10,946	+8.43%	+11.26%	+5.49%	-2.65%	+4.34%
Bahrain	1,821	+0.31%	+0.13%	-3.92%	-12.24%	-11.87%
Kuwait (Premier Market)	8,946	-0.52%	+1.36%	-0.95%	-5.31%	-5.81%
Oman	7,264	-0.17%	-0.39%	-7.25%	+30.34%	+23.82%
Egypt	50,812	-0.67%	+4.24%	-4.61%	+24.47%	+21.48%
Turkey	11,483	+1.32%	+6.72%	-6.39%	+5.11%	+1.96%

Source: Bloomberg

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