

MARKET INSIGHTS

WEEKLY REVIEW

FOR THE WEEK ENDED ON 16 October 2026

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OVERVIEW

Global markets weakened last week, with U.S. and Asian equities pressured by growing concerns over AI profitability and financing costs, while Europe outperformed. Crude surged 10.4% to \$101.41/bbl and Brent gained 4.9% to \$109.86/bbl, while higher energy prices and tighter financial conditions added further pressure to risk sentiment.

MARKETS

US stocks declined last week, with the S&P 500 falling 1.9% WoW and the Nasdaq 100 dropping 5.5%, as surging oil prices and growing concerns over AI profitability and financing costs pressured sentiment. Technology led the weakness as investors questioned returns on heavy AI spending, while energy stocks outperformed as Brent approached \$110/bbl.

In Asia: equities declined, with the KOSPI plunging 14.5% WoW, the Nikkei 225 falling 5.4%, Shanghai down 2.6%, and Hang Seng slipping 0.1%. AI and semiconductor stocks led the selloff as investors questioned AI returns and financing costs, while foreign outflows intensified losses in South Korea and China.

In Europe: equities advanced, with the Euro Stoxx 50 gaining 0.5% WoW and the FTSE 100 rising 3.1%. European markets benefited from a rotation away from technology toward defensive sectors, with healthcare and consumer stocks outperforming as concerns over AI investment returns pressured global tech shares.

In Bahrain: The All-Share Index dropped -0.8%, dragged by SEEF -6.47%, GFH -3.88%, and SALAM -1.80%, while TRAFICO +3.05%, CINECO +0.50% Provided support.

Fixed Income: US 2Y fell 5bps to 4.71%, while the 10Y declined 16bps to 5.08%. US 10Y breakeven inflation remained at 2.35%, UK 10Y fell 7bps to 5.37%, German 10Y declined 5bps to 3.43%, while EM 5Y spreads widened 7bps to 163bps.

News: Fed Chair Kevin Warsh's remarks strengthened expectations for an October rate pause, with the probability of a 25bps hike falling from 27% to below 15%. While reiterating the Fed's commitment to price stability, Warsh warned that AI investment could boost near-term demand and inflation before productivity gains materialize, keeping further tightening possible.

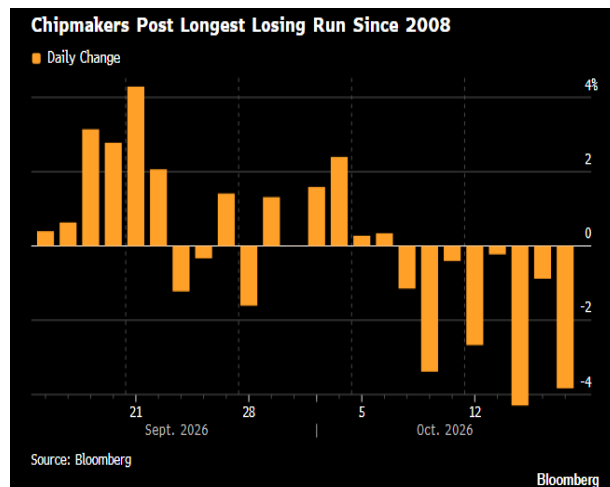
MARKET INDICES

G10		WoW	YtD
SPX	7,659.44 ▼	- 1.9% ▲	+ 11.9%
Nasdaq 100	29,187.55 ▼	- 5.5% ▲	+ 15.6%
Euro Stoxx 50	6,204.23 ▲	+ 0.5% ▲	+ 7.1%
Nikkei 225	65,324.29 ▼	- 5.4% ▲	+ 29.8%
FTSE 100	10,881.90 ▲	+ 3.1% ▲	+ 9.6%
GCC			
KSA	10,106.54 ▼	- 2.5% ▼	- 3.7%
ADX	9,808.37 ▲	+ 0.1% ▼	- 1.8%
DFM	5,867.31 ▲	+ 0.8% ▼	- 3.0%
BHR	1,874.32 ▼	- 0.8% ▼	- 9.3%
MSX 30	7,647.99 ▼	- 2.6% ▲	+ 30.4%
ASIA			
KOSPI	5,668.05 ▼	- 14.5% ▲	+ 34.5%
Shanghai	3,716.28 ▼	- 2.6% ▼	- 6.4%
Hang Seng	24,186.83 ▼	- 0.1% ▼	- 5.6%
LATAM			
BOVESPA	205,430.33 ▼	- 0.4% ▲	+ 27.5%
MERVAL	2,848,945.00 ▲	+ 0.6% ▼	- 6.6%

Rates

Ticker		WoW	YtD
GT2	4.71% ▼	- 5 bps ▲	+ 123 bps
GT10	5.08% ▼	- 16 bps ▲	+ 91 bps
USGGBE10	2.35% ▼	- bps ▲	+ 10 bps
GUKG10	5.37% ▼	- 7 bps ▲	+ 89 bps
GDBR10	3.43% ▼	- 5 bps ▲	+ 58 bps
EM (5Y SPRD)	163.300 ▲	+ 7 bps ▲	+ 39 bps

Chart: Chipmakers posted their longest losing streak since 2008, falling for eight consecutive sessions as concerns over AI investment returns intensified. Rising financing costs and doubts over the profitability of AI infrastructure spending drove the selloff, shifting investor focus toward sustainable returns.



Commodities broadly declined, with precious and industrial metals falling. Oil surged, while agriculture moved lower.

Industrial Metals: Copper fell 1.8%, aluminum declined 1.1%, nickel lost 1.8%, zinc dropped 3.8%, and lithium fell 6.4%. Copper was pressured by hotter U.S. inflation and easing supply concerns after BHP reached a preliminary agreement with workers at Chile's Escondida mine. Concerns over AI infrastructure spending also weighed on the longer-term demand outlook. **Energy:** Crude surged 10.4% and Brent gained 4.9%, while natural gas fell 3.2%. Geopolitical risks intensified after a Houthi strike damaged Aramco's Dhahran headquarters, although no casualties or production disruptions were reported. Meanwhile, Aramco and its Chinese partners received the first Arabian crude cargo at their new 300,000 bpd Liaoning refinery, strengthening Saudi Arabia's long-term downstream integration with China. Oil markets remain highly sensitive to further attacks on Saudi energy infrastructure and Strait of Hormuz shipping. **Precious Metals:** Gold fell 0.7%, silver declined 6.3%, platinum lost 3.4%, and palladium dropped 3.3%. Lower expectations for an October Fed hike provided some support to gold, but Brent near \$110/bbl revived inflation concerns and pushed longer-term Treasury yields higher, limiting bullion's upside. **Agriculture:** Wheat fell 1.6%, corn declined 1.1%, and soybeans lost 2.4%. Russia-Ukraine ceasefire hopes and strong U.S. crop expectations pressured grain prices, with improved Black Sea trade prospects weighing on wheat while expectations for a bumper U.S. harvest pressured corn and soybeans.

FX market was mixed: The DXY fell 0.4% WoW to 101.84. EUR/USD rose 0.3% to 1.12, USD/CNY gained 0.1% to 6.69, while USD/JPY rose 0.2% to 158.02.

Cryptocurrencies: Bitcoin fell 2.0% WoW to \$81,669, while Ether dropped 3.1% to \$2,410. Bitcoin remained under pressure after failing to recover from the \$85,500–\$90,500 range, with \$80,000 emerging as a critical support level.

Crypto News: A suspected supply-chain attack on Ledger hardware wallets has reportedly caused more than \$90 million in losses, with compromised devices allegedly intercepting passcodes and transmitting them to hackers through hidden cellular hardware. Ledger has launched an investigation and suspended shipments from a Malaysian reseller, while reports involving other outlets raise broader concerns over hardware-wallet supply-chain security and tampering risks.

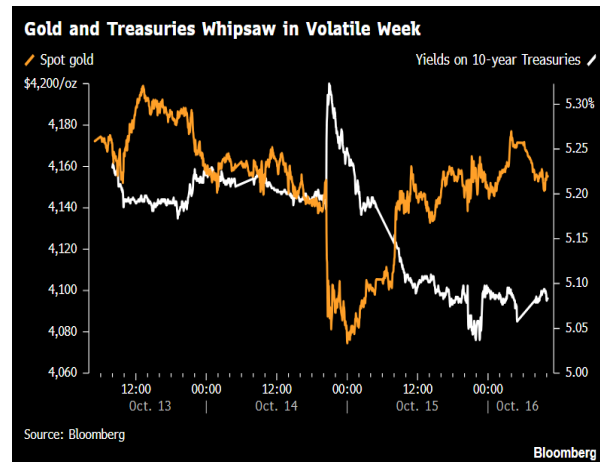
Commodities

Precious Metals		WoW	YtD
Gold	4,165.58 ▼	- 0.7% ▼	- 3.6%
Silver	56.99 ▼	- 6.3% ▼	- 20.5%
Platinum	1,635.12 ▼	- 3.4% ▼	- 20.6%
Palladium	1,116.34 ▼	- 3.3% ▼	- 31.1%
Industrial Metals			
Copper	657.35 ▼	- 1.8% ▲	+ 11.2%
Aluminum	3,005.91 ▼	- 1.1% ▲	+ 0.9%
Nickel	15,166.28 ▼	- 1.8% ▼	- 8.3%
Zinc	3,730.23 ▼	- 3.8% ▲	+ 20.6%
Lithium	15,295.91 ▼	- 6.4% ▲	+ 36.3%
Energy			
Crude Oil	101.41 ▲	+ 10.4% ▲	+ 78.2%
Brent	109.86 ▲	+ 4.9% ▲	+ 82.4%
Natural Gas	3.12 ▼	- 3.2% ▼	- 21.9%
Agriculture			
Wheat	660.50 ▼	- 1.6% ▲	+ 17.0%
Corn	474.25 ▼	- 1.1% ▲	+ 3.0%
Soybeans	1,261.25 ▼	- 2.4% ▲	+ 18.5%

FX & Crypto

FX & Crypto		WoW	YtD
DXY	101.84 ▼	- 0.4% ▲	+ 3.6%
EUR/USD	1.12 ▲	+ 0.3% ▼	- 4.3%
USD/CNY	6.69 ▲	+ 0.1% ▼	- 4.3%
USD/JPY	158.02 ▲	+ 0.2% ▲	+ 0.8%
BTC	81,669.23 ▼	- 2.0% ▼	- 6.8%
ETH	2,409.66 ▼	- 3.1% ▼	- 18.9%

Chart: Gold and Treasuries swung sharply as investors balanced easing Fed rate-hike expectations against rising oil prices and inflation concerns. Gold traded near \$4,170/oz as October hike odds fell to around 15%, while Brent near \$110/bbl pushed Treasury yields higher and limited bullion's upside.



ECONOMIC CALENDAR

19 October 2026

AGC
Arabian Gulf Capital

Key Events Ahead. The week ahead will focus on U.S. PMIs, jobless claims, housing data and crude inventories. Investors will also watch UK inflation, employment and retail sales, alongside BoE Governor Bailey's remarks. Globally, attention turns to China's Q3 GDP and industrial production, European PMIs, and Japan's inflation and trade data.

	Day	Time	Region	Event	Forecast (cons.)	Previous	Market relevance
19-Oct-26	Monday	05:00	CN	GDP (YoY) (Q3)	4.4%	4.3%	High
19-Oct-26	Monday	05:00	CN	GDP (QoQ) (Q3)	1.1%	0.9%	High
19-Oct-26	Monday	05:00	CN	Fixed Asset Investment (YoY) (Sep)	-7.3%	-7.2%	Medium
19-Oct-26	Monday	05:00	CN	Industrial Production (YoY) (Sep)	5.4%	5.2%	Medium
19-Oct-26	Monday	05:00	CN	Chinese Unemployment Rate (Sep)	5.3%	5.3%	Medium
19-Oct-26	Monday	05:00	CN	NBS Press Conference	-	-	Medium
19-Oct-26	Monday	09:00	EU	ECB's Elderson Speaks	-	-	Medium
20-Oct-26	Tuesday	04:00	CN	China Loan Prime Rate 5Y (Oct)	3.5%	3.5%	Medium
20-Oct-26	Tuesday	04:15	CN	PBoC Loan Prime Rate	3.0%	3.0%	Medium
20-Oct-26	Tuesday	09:00	UK	Claimant Count Change (Sep)	19.4K	27.8K	Medium
20-Oct-26	Tuesday	09:00	UK	Unemployment Rate (Aug)	4.9%	4.9%	Medium
20-Oct-26	Tuesday	09:00	UK	Average Earnings Index +Bonus (Aug)	3.8%	3.9%	Medium
20-Oct-26	Tuesday	09:00	DE	German PPI (MoM) (Sep)	1.5%	1.1%	Medium
20-Oct-26	Tuesday	12:00	DE	German ZEW Economic Sentiment (Oct)	30.2	34.7	Medium
20-Oct-26	Tuesday	12:00	EU	ZEW Economic Sentiment (Oct)	23.6	25.8	Medium
20-Oct-26	Tuesday	15:30	US	Housing Starts (Sep)	1.300M	1.275M	Medium
20-Oct-26	Tuesday	15:30	US	Building Permits (Sep)	1.390M	1.403M	Medium
20-Oct-26	Tuesday	17:00	US	Pending Home Sales (MoM) (Sep)	-0.4%	0.3%	Medium
20-Oct-26	Tuesday	23:30	US	API Weekly Crude Oil Stock	-	(-11.120M)	Medium
21-Oct-26	Wednesday	02:50	JP	Trade Balance (Sep)	(-250B)	(-1,111.9B)	Medium
21-Oct-26	Wednesday	09:00	UK	CPI (YoY) (Sep)	3.4%	3.1%	High
21-Oct-26	Wednesday	09:00	UK	CPI (MoM) (Sep)	-	0.5%	High
21-Oct-26	Wednesday	09:00	UK	PPI Input (MoM) (Sep)	1.3%	0.3%	Medium
21-Oct-26	Wednesday	17:30	US	Crude Oil Inventories	-	(-8.557M)	High
21-Oct-26	Wednesday	20:00	US	20-Year Bond Auction	-	5.420%	Medium
22-Oct-26	Thursday	13:50	UK	BoE Gov Bailey Speaks	-	-	Medium
22-Oct-26	Thursday	15:30	US	Initial Jobless Claims	200K	199K	High
22-Oct-26	Thursday	17:00	US	US Leading Index (MoM) (Sep)	-0.2%	-0.1%	Medium
22-Oct-26	Thursday	23:30	US	Fed's Balance Sheet	-	6,756B	Medium
23-Oct-26	Friday	02:30	JP	National Core CPI (YoY) (Sep)	2.1%	1.7%	Medium
23-Oct-26	Friday	03:30	JP	S&P Global Services PMI (Oct)	-	51.3	Medium
23-Oct-26	Friday	09:00	UK	Retail Sales (MoM) (Sep)	-0.2%	0.5%	Medium
23-Oct-26	Friday	09:00	UK	Core Retail Sales (MoM) (Sep)	-	0.6%	Medium
23-Oct-26	Friday	10:30	DE	HCOB Germany Manufacturing PMI (Oct)	53.5	53.9	Medium
23-Oct-26	Friday	10:30	DE	HCOB Germany Services PMI (Oct)	52.6	52.9	Medium
23-Oct-26	Friday	11:00	EU	HCOB Eurozone Services PMI (Oct)	52.6	53	Medium
23-Oct-26	Friday	11:00	EU	HCOB Eurozone Manufacturing PMI (Oct)	52.7	52.9	Medium
23-Oct-26	Friday	11:30	UK	S&P Global Composite PMI (Oct)	-	52	Medium
23-Oct-26	Friday	11:30	UK	S&P Global Manufacturing PMI (Oct)	51.8	51.9	Medium
23-Oct-26	Friday	16:45	US	S&P Global Services PMI (Oct)	58	58.8	High
23-Oct-26	Friday	16:45	US	S&P Global Manufatcuring PMI	55.5	55.9	High
23-Oct-26	Friday	17:00	US	Michigan 1-Year Inflation Expectations (Oct)	4.7%	4.7%	Medium
23-Oct-26	Friday	22:30	US	CFTC S&P 500 speculative net positions	-	(-141.0K)	Medium

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