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WEEKLY INVESTOR RESEARCH

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Bond yields fall as AI financing concerns drive risk-off move

By Gustavo Medeiros and Ben Underhill

- US core CPI inflation higher than expected, but bond yields fell in a risk-off move.
- AI financing concerns intensify against a higher yield environment.
- Saudi Arabia continues to absorb daily Houthi attacks.
- IMF raises its FY27 growth projection for India to 7.0%.
- MSCI warns it could downgrade Indonesia to standalone status.
- In Brazil, latest polls see Bolsonaro's runoff lead over Lula narrow to 2pp.
- Trump says the US will make a trade deal with Mexico.
- Egypt's Foreign Minister says it will back Riyadh "without any reservation" in war.
- World Bank is planning USD 5.79bn of private financing for Nigeria in fiscal year 2026.
- Moody's sees scope for an upgrade of South Africa's 'Ba2' rating.

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Last Week Performance and Comments

EM Debt	Yield	Change (bp)	Spread	5 day Change
GBI-EM GD	6.43%	-3	–	0.4%
GBI-EM FX Spot	–	–	–	0.1%
ELMI+	6.12%	8	–	0.2%
EMBI GD	7.11%	-6	238 bps	0.6%
EMBI GD IG	6.27%	-8	152 bps	1.0%
EMBI GD HY	8.10%	-2	339 bps	0.4%
CEMBI BD	6.87%	-5	220 bps	0.4%
CEMBI BD IG	6.19%	-7	150 bps	0.5%
CEMBI BD HY	8.21%	1	358 bps	0.1%

EM Equity*	PE 1yr BF	5 day Change
MSCI EM	9.0	-5.1%
MSCI EM ex-China	8.8	-6.0%
MSCI EMEA	10.0	1.1%
MSCI Latam	10.2	-1.5%
MSCI EM Asia	9.0	-5.7%
MSCI China	9.8	-1.6%
MSCI India	19.0	4.2%
MSCI EM Small Cap	13.0	-3.2%
MSCI Frontier	10.4	-0.2%

Comments

- EM local currency bonds returned 0.4% as rates fell and the US dollar softened.
- EM USD sovereign bonds returned 0.6%, with a move lower in US rates offset by spread widening.
- EM equities fell 5.1%, driven by Asia ex-China as AI-related stocks sold off.

Global Debt	Yield	Change (bp)	Spread	5 day Change
2yr UST	4.72%	-7	–	0.2%
5yr UST	4.87%	-15	–	0.6%
10yr UST	5.07%	-17	–	1.2%
30yr UST	5.41%	-19	–	2.4%
10yr Germany	3.41%	-7	–	1.3%
10yr Japan	2.90%	-11	–	0.8%
Global Agg.***	4.32%	-8	34 bps	0.9%
US Agg. IG***	5.89%	-10	79 bps	0.9%
EU Agg. IG***	4.17%	-8	71 bps	0.5%
US Corp HY***	8.38%	14	331 bps	-0.3%
EU Corp HY***	7.35%	7	357 bps	-0.1%

Global Backdrop*	PE 1yr BF	5 day Change
MSCI ACWI	15.9	-1.6%
MSCI World (DM)	17.7	-1.1%
S&P 500	18.7	-1.9%
VIX Fut.**	18.1%	1.3%
DXY Index**	101.9	-0.7%
EUR*	1.122	0.5%
JPY*	158.0	0.3%
CRY Index**	419.8	1.2%
Brent**	107.1	0.5%
Gold**	4,187	0.4%
Bitcoin**	82,793	1.3%

Comments

- UST curve bull flattened, with the 10Y falling 17bps along with a downturn in US tech stocks.
- US stocks fell 1.9%, led by semiconductor stocks as AI credit-spreads widened.
- Brent crude prices rose 0.5%, now above USD 100 per barrel for nearly six weeks.

Source & Notations: See end of document.

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Global Macro

Last week saw higher-than-expected US core consumer price index (CPI) inflation, but a meaningful move lower in yields, with the 10-year US Treasury rallying from around 5.3% midweek to 5.07% by Friday. The rise in core CPI from 2.4% to 2.6% was certainly unwelcome to bond and equity investors alike, but was almost entirely driven by housing rents and used cars, both of which are prone to measurement error and lag real-time prices, as well as energy related items, such as airfare costs. None of this points to a sustainable rise in broad core inflation. The share of products running above 3% inflation – a preferred metric of Kevin Warsh – is still below 50%, consistent with pre-COVID inflation dynamics.

Still, the inflation data was clearly a negative surprise, with PPI also coming in hotter than expected. The rally in bonds therefore was driven by risk-aversion rather than any shift in the inflation outlook. The trigger was a sizeable sell-off in semiconductors and other AI-related stocks at Wednesday's Nasdaq opening, amid renewed concerns about the cost of capital and AI profitability. With OAT spreads to Bunds settling at around 140 basis points (bps), the move may also reflect exhaustion among investors positioned for higher yields after the 10-year yield hit 5.36% on 7 October. Notably, the dollar weakened alongside the Nasdaq, which does not bode well for the greenback if AI-related volatility persists.

Skittishness around AI-related assets is most visible in credit. CoreWeave credit default swaps (CDS) have risen by more than 40% month-to-date and its shares have fallen 30%. Oracle's five-year CDS widened to almost 290bps from 260bps a week earlier, and the cost of insuring US tech companies against default reached record highs. More broadly, spreads on 'Caa'-rated US high-yield debt have risen back above 1,000bps, a threshold that has often, though not always, accompanied late-cycle stress and equity drawdowns.

The financing risks are real, but for now they are concentrated in the most leveraged corners of the AI build-out, with CoreWeave and Oracle together accounting for less than 10% of expected hyperscaler capex in 2027. The shift in sentiment also hit Taiwanese and Korean equities, with MSCI Taiwan around 7% below its all-time high of two weeks ago and Korea more than 40% below its June peak. The indices remain up 66% and 45% YTD, respectively.

The fundamentals tell a different story to the risk-off price action. Semiconductor prices continue to rise across the stack, as do GPU rental costs. Moreover, recent guidance from TSMC and Micron points to demand running ahead of supply until at least 2028, and possibly much longer. Hyperscaler return on invested capital still comfortably exceeds the cost of capital, although its trajectory as invested capital grows will be the key metric to watch.

China's September trade data adds to the picture. Exports rose 36.3% yoy, the fastest pace since 2021, with semiconductor exports more than doubling. The growth is increasingly coming from outside the US: shipments to ASEAN rose more than 52% yoy, and China's monthly trade surplus with 14 major partners, including the EU, Japan and Vietnam, has roughly doubled since the end of 2024 to above USD 80bn, while its surplus with the US is broadly unchanged over that period. Goldman estimates that this redirection of Chinese goods has already lowered goods prices by around 0.6% in non-US developed markets. In our view, the volume of Chinese goods being diverted to emerging markets (EM) should likewise keep a lid on goods inflation there, a supportive backdrop for EM local rates even as energy prices remain elevated.

Meanwhile, the sell-off in AI-hardware stocks has left valuations far less demanding. If consensus earnings estimates for AI names are broadly right, the sector looks cheap against its own history: Nvidia's forward P/E is at its lowest in around a decade, and SK Hynix trades at around 2x forward earnings. History also favours buyers after sharp drawdowns in Korea. In the four previous episodes in which the KOSPI fell more than 18% in five days, in 1997, 2008, 2020 and July this year, it rebounded by an average of 15% over the following five days and 23% over the following 20 days.

Macro and markets into 2027 will likely be increasingly driven by AI, with semiconductor prices the key signal to watch. The financing risks flagged by credit markets are valid, and the most levered names remain vulnerable. But with valuations reset, the bar has been lowered just as the fundamentals continue to improve, and solid results and capex guidance from the upcoming hyperscaler earnings could be enough to turn sentiment.

Geopolitics

Saudi Arabia is absorbing near-daily Houthi missile and drone fire, and Egypt has moved to back Riyadh militarily. Over the weekend the coalition intercepted ballistic missiles aimed at Khamis Mushait and drones over Riyadh, a Houthi projectile injured six in Najran, and a Saudi helicopter crashed there (Riyadh cites a malfunction, the Houthis claim a shootdown). Houthi-run bodies report Saudi airstrikes killing at least 12 on Saturday and nine on Sunday. President Abdel Fattah El-Sisi said on Saturday that Egypt would defend Saudi Arabia if asked, and on Sunday Egypt's National Defense Council pledged

Global Macro (continued)

"all possible forms of support" without details. Gulf Cooperation Council (GCC) ministers condemned the attacks, and Saudi Defence Minister Khalid bin Salman met UAE president Mohamed bin Zayed, whose countries have backed rival Yemeni factions. Offers of mediation from Iran and Oman have not landed.

On the Strait of Hormuz (SoH), the US-Iran deadlock is over sequencing. Iran's Foreign Minister Abbas Araghchi says the seven-day plan stands: if the US ends its blockade of Iranian ports, lifts oil sanctions and agrees a ceasefire on all fronts, the SoH reopens on day six and talks start on day seven. Washington says the SoH is already open and wants the nuclear programme on the table from the outset. Meanwhile the UK Maritime Trade Operations (UKMTO) monitor counts at least 10 ships attacked in or near the SoH since last Sunday, a weekly high for the war, including two tankers off Saudi Arabia's Al Jubayl on Friday. US President Donald Trump has said he will not strike Iran before the November midterm elections, though CBS has reported that plans to use a Massive Ordnance Air Blast (MOAB) bomb have been prepared.

The International Energy Agency (IEA) says Middle East exports are back at pre-crisis levels, so the tightness remains in diesel rather than crude, with the shortage expected to last into H2 2027. Saudi Arabia's SoH bypass through Yanbu and the Red Sea is now itself a target, which makes a disruption of both export routes the risk to watch.

French riots boosting Le Pen prospects

The Mayor of Limoges has condemned a "failure of the state" after rioters burned down the historic City Hall on Saturday, the worst day of street violence France had witnessed in years. What began as a high school protest over teacher shortages has merged with anger over living costs and the EUR 54bn austerity budget, bringing around 550,000 people onto the streets. Prediction market bettors seem to assume the disorder will help Marine Le Pen's Rassemblement National, whose election chances are now at their highest ever, although still slightly below 50%.

Markets have taken note. French 10-year yields rose more than 10bps on Monday morning, pushing the spread over Bunds to its widest since the euro debt crisis, and the euro weakened. Mass protests against even modest austerity make consolidation harder ahead of the April 2027 election, with Tuesday's vote on the budget's revenue section and Moody's review of France's 'Aa3' rating (negative outlook) on Friday the next tests.

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EM Asia

Economic data

Chinese exports continue to surge, AI upcycle key driver.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
China	PPI (YoY)	Sep	5.0%	4.4%	3.8%	
	CPI (YoY)	Sep	0.9%	1.0%	0.8%	
	Exports (YoY)	Sep	36.3%	25.7%	25.0%	Semiconductor exports more than doubled yoy, and shipments to ASEAN rose over 50%, with HSBC citing the AI upcycle as the key driver.
	Imports (YoY)	Sep	31.0%	25.0%	28.2%	
	Trade Balance (USD)	Sep	133.53bn	117.78bn	119.09bn	
	Money Supply M2 (YoY)	Sep	7.2%	7.4%	7.5%	
	Money Supply M1 (YoY)	Sep	3.2%	4.0%	4.1%	
	Money Supply M0 (YoY)	Sep	10.6%	–	11.2%	
India	CPI (YoY)	Sep	5.5%	5.6%	4.8%	Food inflation reached 7.7%, while wholesale fuel and power prices rose 26% yoy.
	Wholesale Prices (YoY)	Sep	11.4%	10.6%	9.9%	
	Trade Balance (USD)	Sep	-30,210m	-30,300m	-26,860m	
	Exports (YoY)	Sep	23.0%	–	26.1%	
	Imports (YoY)	Sep	8.0%	–	14.1%	
Malaysia	GDP (YoY)	3Q A	5.3%	5.1%	6.0%	Manufacturing up 7.5% on E&E, mining fell 4.9%.
South Korea	Unemployment rate SA	Sep	2.6%	2.7%	2.7%	

Source information is at the end of the document.

Commentary

India: The International Monetary Fund (IMF) raised its FY27 growth forecast to 7.0% from 6.4%, following stronger-than-expected Q1 growth of 7.8% yoy on resilient domestic demand and services activity, and lifted its FY28 forecast to 7.0% from 6.7%. It expects CPI inflation to average 5.0% in FY27, slightly below the RBI's 5.2% forecast, before easing to 4.4% in FY28, while the current account deficit widens to 1.5% of GDP in FY27 from 0.7% in FY26. Elevated inflation, external financing pressures and renewed energy-market disruption remain the main risks.

Indonesia: MSCI warned it could downgrade Indonesia to standalone status, two steps below its current EM classification, which would effectively remove Indonesian stocks from its indices. It said feedback from market participants showed the stock market's problems ran deeper than expected, so a move only to frontier status would not reflect their severity. MSCI will gather feedback until 30 April 2027 and decide by end-June 2027 and could launch a formal consultation after its mid-November review if insufficient progress is made. The announcement led to a dramatic 11.5% intraday drop in the Jakarta Composite Index (JCI). This followed a 32% sell-off YTD, which was correlated with a sell-off in the Indonesian rupiah (IDR). Despite the large USD 4bn outflows YTD, foreign investors still own c. 40% of Indonesian stocks, still among the highest in EM, although down from a peak of nearly 70%.

South Korea: Samsung affiliates plan to invest a combined KRW 12.26trn in chip-related operations, with nearly KRW 8trn going to Vietnam. Samsung Electronics will invest USD 4.09bn in DRAM and NAND testing facilities in northern Vietnam from Q4 2027 but will not manufacture wafers there. This could free up Korean sites such as Cheonan and Onyang for higher-value products, including high-bandwidth memory. Samsung Electro-Mechanics separately plans KRW 6.78trn of substrate investment, including KRW 4.27trn in Sejong for its most technically demanding products.

Vietnam: The IMF now projects growth of 8.4% in 2026 and 7.5% in 2027, up from 7.1% and 6.7%, respectively, in April and the fastest in emerging and developing Asia, as data-centre activity and the technology upcycle lift the region's

EM Asia (continued)

manufacturing hubs. Inflation is projected at 4.7% in 2026 and 4.9% in 2027, above the National Assembly's target of around 4.5%, while the current account surplus is expected to shrink to 0.3% of GDP this year before recovering to 3.4% in 2027. The IMF flagged a reversal in AI sentiment as the main risk.

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Latin America

Economic data

Brazil retail sales growth softens.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Argentina	National CPI (MoM)	Sep	1.9%	1.9%	1.7%	Regulated services led, with utility tariffs up 3.1%, while core inflation ran slightly below headline.
	National CPI (YoY)	Sep	33.4%	33.4%	33.5%	
	Budget Balance (ARS)	Sep	–	–	1,990,322m	
Brazil	Retail Sales (MoM)	Aug	0.1%	0.8%	-0.8%	Appliances fell 4.2% while IT equipment rose 6.3%, with the Selic still at 13.75% after five cuts.
	Retail Sales (YoY)	Aug	0.4%	1.5%	1.3%	
	FGV CPI IPC-S	15-Oct	0.5%	–	0.4%	
	Economic Activity (MoM)	Aug	0.3%	0.2%	-0.3%	
	Economic Activity (YoY)	Aug	1.2%	1.0%	1.1%	
Colombia	Retail Sales (YoY)	Aug	7.3%	6.5%	5.4%	
	Manufacturing Production (YoY)	Aug	-3.7%	-1.8%	-2.4%	
Ecuador	Trade Balance (USD)	Aug	211.0m	–	504.4m	
	CPI (YoY)	Sep	1.3%	–	1.1%	
Mexico	Industrial Production NSA (YoY)	Aug	3.5%	2.7%	2.7%	
	International Reserves Weekly (USD)	9-Oct	256,344m	–	256,040m	
	ANTAD Same-Store Sales (YoY)	Sep	0.9%	–	1.7%	
Peru	Economic Activity (YoY)	Aug	3.2%	3.3%	3.6%	

Source information is at the end of the document.

Commentary

Argentina: The central bank (BCRA) bought USD 291m in the spot market on 13 October, its largest daily purchase since July. This took October purchases to USD 631m in eight sessions, already exceeding September's USD 474m, and the 2026 total to USD 15.2bn. Economy Minister Luis Caputo defended the timing of reserve accumulation, arguing that buying more aggressively in 2025 would have weakened the peso. Faster purchases support the financing outlook after the Treasury paused local USD bond issuance. Caputo also said the government is working with the World Bank on USD 10bn of private investment, although this refers to International Finance Corporation (IFC)-related investment rather than funding for the government.

Brazil: Flávio Bolsonaro's runoff lead over President Lula narrowed from 4pp to 2pp in the latest Datafolha poll, with 47% against 45%, or 51% against 49% of valid votes, ahead of the 25 October runoff. A focus group following the candidates' first head-to-head debate on Sunday found no shift in voting intentions. Separately, the IMF's Fiscal Monitor narrowed its 2026 primary deficit forecast to 0.4% of GDP from 0.5% and now sees a primary surplus only in 2028, while raising its 2026 gross debt forecast to 97.0% of GDP and expecting debt to exceed 100% of GDP in 2028.

Mexico: US President Trump said the US will make a trade deal with Mexico but not with Canada, consistent with Washington's preference for bilateral rather than trilateral talks. President Claudia Sheinbaum said negotiations are advancing, with the priority of removing tariffs on vehicles, steel and aluminium, but that no deal has been reached. The comments raise the risk of further erosion of the USMCA, although they also suggest a US-Mexico deal could come sooner than expected.

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Central and Eastern Europe

Economic data

CPI stable in Czechia, edging up in Poland and higher in Romania.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Czechia	CPI (MoM)	Sep F	0.0%	0.0%	0.0%	
	CPI (YoY)	Sep F	2.5%	2.5%	2.5%	
	PPI Industrial (MoM)	Sep	1.2%	1.0%	0.4%	
	PPI Industrial (YoY)	Sep	3.7%	3.5%	2.0%	
Poland	CPI (MoM)	Sep F	0.7%	0.7%	0.7%	
	CPI (YoY)	Sep F	4.1%	4.0%	4.0%	
	Current Account Balance (EUR)	Aug	-3,567m	-2,628m	-1,925m	
	CPI Core (MoM)	Sep	0.0%	0.1%	0.3%	
	CPI Core (YoY)	Sep	3.1%	3.1%	3.3%	
Romania	Trade Balance (EUR)	Aug	-3,137.8m	–	-2,844.9m	
	CPI (MoM)	Sep	0.8%	0.5%	0.2%	Fuel prices drove the rise, keeping it the EU's highest rate for a 7th month.
	CPI (YoY)	Sep	6.6%	6.4%	6.2%	
	Industrial Output (YoY)	Aug	-2.7%	-3.3%	-6.1%	
	Current Account YTD (EUR)	Aug	-19,925m	–	-16,290m	
Russia	CPI WoW	12-Oct	0.11%	–	0.96%	Pace eased after the utility tariff jump, with the CBR expected to lift its forecast again.
	CPI Weekly YTD	12-Oct	6.10%	–	5.94%	
	Gold and Forex Reserve (EUR)	9-Oct	723.5bn	–	733.2bn	

Source information is at the end of the document.

Commentary

Hungary: Average gross wage growth picked up to 8.4% yoy in August from 7.5% in July, with manufacturing wages accelerating to 7.9% and public sector wages to 9.2% from 7.4%, although the overall trend has slowed since the start of the year. Employment rose just 0.4% yoy, practically flat over the past year, and a loose labour market and weak inflation should contain wage growth in the coming months. Real disposable income growth remains strong, which should support household consumption in the short term.

Romania: Prime Minister-designate Luca Niculescu submitted a hybrid cabinet to parliament, with 11 ministers designated by the Social Democratic Party (PSD) and six independents, including in finance and foreign affairs, after President Nicuşor Dan reportedly threatened to dissolve parliament if no majority emerged. The National Liberal Party (PNL) and the Democratic Alliance of Hungarians in Romania (UDMR) will back the investiture without joining the government, with the PNL's support tied to an agreement running to spring 2027, while Save Romania Union (USR) and Alliance for the Union of Romanians (AUR) will vote against. Ministerial hearings take place on Monday and Tuesday, with the investiture vote scheduled for Tuesday afternoon. Niculescu's priorities include revising this year's budget and drafting the 2027 budget.

Ukraine: The Kremlin rejected President Trump's announced energy ceasefire, with Foreign Minister Sergey Lavrov saying Kyiv had not earned a pause, and also rejected Ukrainian President Volodymyr Zelenskyy's proposal for a 60-day ceasefire to allow elections, offering only to consider halting attacks on voting day. Neither side appeared to have been informed in advance of Trump's announcement. Russia has since hit a cogeneration plant, a gas production facility and a filling station, while Ukraine has stopped striking Russian refineries, as Trump demanded.

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Central Asia, Middle East & Africa

Economic data

Nigeria headline inflation continues to decline.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Nigeria	CPI (YoY)	Sep	14.6%	–	15.4%	Fourth straight fall on food, but core rose 1.1% mom.
Qatar	CPI (YoY)	Aug	–	–	4.0%	
	GDP Constant Prices (YoY)	1Q	–	–	2.0%	
Saudi Arabia	CPI (YoY)	Sep	1.9%	–	1.8%	
Türkiye	Current Account Balance (USD)	Aug	4.05bn	3.80bn	-0.09bn	Services surplus offset a wider goods deficit.

Source information is at the end of the document.

Commentary

Egypt: Foreign Minister Badr Abdelatty said Egypt will back Riyadh "without any reservation" in its war with the Houthis and is considering joining the Mecca Defence Pact established in August by Saudi Arabia, Türkiye and Pakistan. Egypt also signed a non-binding energy memorandum of understanding (MoU) with Saudi Arabia covering trade, transport, storage and infrastructure for crude oil, petroleum products and natural gas, along with Saudi expertise in opening the liquefied petroleum gas (LPG) sector to competition.

Kuwait: Kuwait is studying two crude oil pipeline projects to bypass the SoH, each expected to take four to five years: one through Saudi Arabia to the Red Sea, linking with the East-West pipeline, and one to Fujairah through existing UAE infrastructure. Kuwait Oil Company said both proposals remain at an early stage, with no investment decision taken. Kuwait also signed an MoU with Saudi Arabia to expand cross-border electricity interconnections and power exports.

Nigeria: The World Bank plans to mobilise up to USD 5.79bn of private financing for Nigeria in fiscal year 2026, with the IFC providing financing and the Multilateral Investment Guarantee Agency (MIGA) offering guarantees in sectors held back by infrastructure gaps and limited access to finance. Projects include a nationwide fibre-optic network that aims to attract USD 1.1bn by 2030 and the FINCLUDE programme, which, backed by a USD 500m World Bank package, is expected to mobilise nearly USD 1.89bn for more than 250,000 small businesses.

Oman: Oman overtook the US as India's largest liquefied natural gas (LNG) supplier in September, as Indian buyers favoured cargoes that avoid both the SoH and the congested Red Sea. Oman's liquefaction facilities at Qalhat sit outside the SoH, allowing direct shipments across the Arabian Sea to terminals in Gujarat and Maharashtra under existing 10-year supply agreements. Oman was the world's eighth-largest LNG exporter in 2025.

Saudi Arabia: Crude production rose 12.2% mom to 7.99 million barrels per day (mbpd) in September, the highest since the war began, according to OPEC, as the Arab Light price jumped 26% mom to USD 109/bbl. Exports likely fell, however, after a drone attack shut the East-West pipeline feeding Yanbu for 10 days, prompting more ship-to-ship transfers off Oman. Energy Minister Prince Abdulaziz also signed non-binding cooperation MoUs with Kuwait, Qatar and Egypt covering power grids, hydrocarbons, petrochemicals and hydrogen.

South Africa: Moody's said there is scope for an upgrade of its 'Ba2' rating, which carries a positive outlook, but that this depends on sustained fiscal discipline, a credible reduction in debt and stronger growth. The ratings agency will scrutinise the upcoming Medium-Term Budget Policy Statement for revenue performance and spending trends, and warned that a prolonged energy price shock could undermine public finances. It expects the Government of National Unity to survive upcoming elections but flagged the African National Congress's leadership contest at the end of 2027 as a key political risk.

United Arab Emirates: Crude production rose to a record 4.4mbpd in September, according to the IEA, well above the 3.41mbpd quota the UAE had before leaving OPEC and OPEC+ on 1 May, and the Abu Dhabi National Oil Company

Central Asia, Middle East & Africa (continued)

(ADNOC) aims to lift capacity to 5mbpd by 2027. The cabinet also approved a AED 90.1bn federal budget for 2027, 2.5% below 2026, within a AED 292.5bn plan for 2027-29 that is 28.3% larger than the previous cycle, with social development and pensions taking 38.4% of 2027 spending.

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Developed Markets

Economic data

Energy pressures driving US inflation higher.

Country	Event	Period	Actual	Survey	Prior/Revised	Comments
Eurozone	CPI (YoY)	Sep F	3.8%	3.8%	3.8%	
	CPI (MoM)	Sep F	0.6%	0.6%	0.6%	
	CPI Core (YoY)	Sep F	2.5%	2.5%	2.5%	
Japan	PPI (YoY)	Sep	6.8%	7.6%	7.6%	
	Money Stock M2 (YoY)	Sep	2.0%	–	2.0%	
	Money Stock M3 (YoY)	Sep	1.2%	–	1.2%	
	Core Machine Orders (MoM)	Aug	5.2%	2.3%	-3.7%	
	Industrial Production (MoM)	Aug F	-2.4%	–	-1.7%	
UK	Industrial Production (MoM)	Aug	0.8%	-0.1%	0.3%	
	Industrial Production (YoY)	Aug	1.6%	0.7%	0.8%	
	Manufacturing Production (MoM)	Aug	1.2%	0.0%	1.0%	
United States	NFIB Small Business Optimism	Sep	97.9	98.2	98.7	
	Existing Home Sales	Sep	3.99m	3.95m	3.93m	
	MBA Mortgage Applications	9-Oct	-2.7%	–	-4.2%	
	CPI (MoM)	Sep	0.6%	0.6%	0.4%	Gasoline up 9% drove the headline jump, core goods rose the most since early 2025, and October hike odds doubled to 44%.
	Core CPI (MoM)	Sep	0.3%	0.2%	0.3%	
	CPI (YoY)	Sep	3.7%	3.6%	3.4%	
	Core CPI (YoY)	Sep	2.6%	2.5%	2.4%	
	Retail Sales Advance (MoM)	Sep	0.8%	0.3%	1.3%	Gas stations drove most of the beat, with sales ex autos and gas up only 0.2%.
	Retail Sales Ex Auto (MoM)	Sep	0.9%	0.5%	1.4%	
	Empire Manufacturing	Oct	25.5	12.0	7.6	
	Philadelphia Fed Business Outlook	Oct	20.9	28.0	37.8	
	Initial Jobless Claims	10-Oct	199k	200k	198k	
	Continuing Claims	3-Oct	1,710k	1,709k	1,714k	
	PPI Final Demand (MoM)	Sep	1.3%	0.6%	0.5%	Producer gasoline prices up 20% drove the jump, with transport and warehousing up 3.4%.
	PPI Ex Food and Energy (MoM)	Sep	0.7%	0.3%	0.2%	
	PPI Final Demand (YoY)	Sep	6.3%	5.4%	5.6%	
	PPI Ex Food and Energy (YoY)	Sep	5.0%	4.4%	4.8%	
	Import Price Index (MoM)	Sep	1.1%	1.0%	0.5%	
	Industrial Production (MoM)	Sep	0.7%	0.4%	0.1%	
	Capacity Utilisation	Sep	76.9%	76.5%	76.4%	
	Federal Budget Balance (USD)	Sep	–	-30.0bn	197.9bn	
	Total Net TIC Flows (USD)	Aug	–	–	83.7bn	
	Net Long-term TIC Flows (USD)	Aug	–	–	-27.9bn	

Source information is at the end of the document.

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Benchmark Performance

Emerging Markets	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI EM	-4.9%	-4.9%	17.3%	19.9%	22.3%	7.3%
MSCI EM ex-China	-5.6%	-5.6%	29.3%	35.5%	26.8%	11.7%
MSCI EMEA	-1.2%	-1.2%	4.1%	5.6%	16.7%	1.0%
MSCI Latam	9.4%	9.4%	25.5%	39.7%	19.8%	14.3%
MSCI Asia	-6.2%	-6.2%	17.9%	19.9%	23.1%	7.6%
MSCI China	-2.2%	-2.2%	-13.8%	-17.2%	9.6%	-3.3%
MSCI India	2.3%	2.3%	-13.0%	-13.1%	3.5%	1.4%
MSCI EM Growth	-6.3%	-6.3%	12.6%	13.0%	21.8%	5.0%
MSCI EM Value	-3.5%	-3.5%	22.3%	27.7%	22.7%	9.8%
MSCI EM Small Cap	-1.8%	-1.8%	11.1%	11.6%	15.0%	7.0%
MSCI Frontier	-0.9%	-0.9%	8.9%	13.5%	22.5%	7.2%
GBI-EM-GD	0.8%	0.8%	1.3%	4.5%	8.8%	2.6%
GBI-EM China	0.4%	0.4%	7.5%	9.8%	7.2%	3.1%
EM FX spot	-0.1%	-0.1%	-1.7%	0.0%	1.0%	-1.6%
ELMI+ (1-3m NDF)	0.1%	0.1%	3.3%	5.0%	6.9%	2.8%
EMBI GD	1.0%	1.0%	0.4%	2.7%	10.6%	2.2%
EMBI GD IG	1.5%	1.5%	-2.0%	-1.6%	5.9%	-1.1%
EMBI GD HY	0.7%	0.7%	2.7%	6.9%	15.3%	5.5%
CEMBI BD	0.5%	0.5%	0.9%	1.9%	7.8%	2.4%
CEMBI BD IG	0.7%	0.7%	-0.6%	0.0%	6.3%	0.9%
CEMBI BD HY	0.2%	0.2%	3.0%	4.8%	10.1%	4.6%

Global Backdrop	Month to date	Quarter to date	Year to date	1 year	3 years	5 years
MSCI ACWI	-0.5%	-0.5%	12.5%	16.2%	21.1%	10.7%
MSCI World (DM)	0.1%	0.1%	11.9%	15.7%	21.0%	11.1%
S&P 500	0.1%	0.1%	12.9%	16.9%	22.1%	13.0%
DXY Index**	0.4%	0.4%	3.6%	3.5%	-1.4%	1.7%
EUR*	-1.1%	-1.1%	-5.7%	-5.2%	0.2%	-2.4%
JPY*	-0.5%	-0.5%	-3.1%	-7.5%	-5.8%	-9.8%
CRY Index**	2.3%	2.3%	40.5%	43.1%	13.5%	12.0%
Brent**	3.5%	3.5%	76.1%	74.8%	5.1%	4.7%
Gold**	0.7%	0.7%	-3.1%	-3.9%	28.5%	18.8%
Bitcoin**	-1.0%	-1.0%	-5.5%	-24%	42.3%	5.2%
1-3yr UST	0.5%	0.5%	1.0%	1.6%	4.2%	2.0%
3-5yr UST	0.9%	0.9%	-1.2%	-0.9%	4.1%	0.7%
7-10yr UST	1.6%	1.6%	-3.2%	-3.5%	3.8%	-1.5%
10yr+ UST	2.9%	2.9%	-5.0%	-7.2%	2.7%	-6.8%
10yr+ Germany	2.4%	2.4%	-2.7%	-6.6%	-0.7%	-8.6%
10yr+ Japan	1.3%	1.3%	-9.1%	-12.8%	-9.1%	-8.1%
Global Agg.***	0.8%	0.8%	-1.9%	-2.1%	4.3%	-1.7%
US Agg. IG***	1.3%	1.3%	-1.6%	-1.7%	4.8%	-0.3%
EU Agg. IG***	0.9%	0.9%	-1.7%	-2.4%	2.8%	-2.0%
US Corp HY***	-0.1%	-0.1%	0.0%	1.4%	8.3%	3.6%
EU Corp HY***	-0.7%	-0.7%	-0.4%	0.5%	6.5%	2.8%

Source and notations for all tables in this document: Source: Bloomberg, JP Morgan, Barclays, Merrill Lynch, Chicago Board Options Exchange, Thomson Reuters, MSCI. As at latest data available on publication date. *EMBI GD and EMBI GD HY Yield/Spread ex-default yields and spreads calculated by Ashmore. Defaulted EMBI securities includes: Ethiopia, Ghana, Lebanon, Sri Lanka, and Venezuela. **Price only. Does not include carry. ***Global Indices from Bloomberg. Price to Earnings: 12 months blended-forward. **Index Definitions:** VIX Index: Chicago Board Options Exchange SPX Volatility Index. DXY Index: The Dollar Index. CRY Index: Thomson Reuters/CoreCommodity CRM Commodity Index. Figures for more than one year are annualised other than in the case of currencies, commodities and the VIX, DXY and CRY which are shown as percentage change.

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