

The Weekly Market View

Investment Strategy | April 06, 2026

Inflation fears intensify as oil volatility and policy uncertainty drive market swings

Macro headlines

Global macro conditions remained highly uncertain as markets navigated volatile geopolitical developments alongside rising inflation pressures. Mixed signals from the US administration regarding the Iran conflict drove sharp swings in sentiment, with intermittent optimism around a potential de-escalation offset by continued military escalation and persistent disruptions to energy flows through the Strait of Hormuz. The resulting oil price volatility has begun feeding more directly into inflation dynamics, complicating the outlook for central banks. The Federal Reserve maintained a cautious stance, signaling a “wait-and-see” approach as policymakers assess the inflationary impact of the conflict. Across major economies, data pointed to a combination of resilient activity and rising price pressures. In the US, retail sales rebounded strongly (+0.6% m/m), and the ISM manufacturing index returned to expansion, while the prices-paid component surged to its highest level since 2022, highlighting renewed cost pressures. Labor market data showed mixed signals, with stronger headline payroll gains but underlying softness reflected in declining participation and weaker wage growth. In Europe, inflation accelerated, particularly in the eurozone where energy prices drove a sharp increase, while sentiment indicators deteriorated. The UK showed modest resilience in credit and housing activity, though risks remain elevated. In Asia, China’s manufacturing activity returned to expansion, and Japan’s corporate sentiment remained firm, although global demand uncertainty persists. Overall, the combination of geopolitical risks, rising energy costs, and firm inflation data continues to delay expectations for monetary easing.

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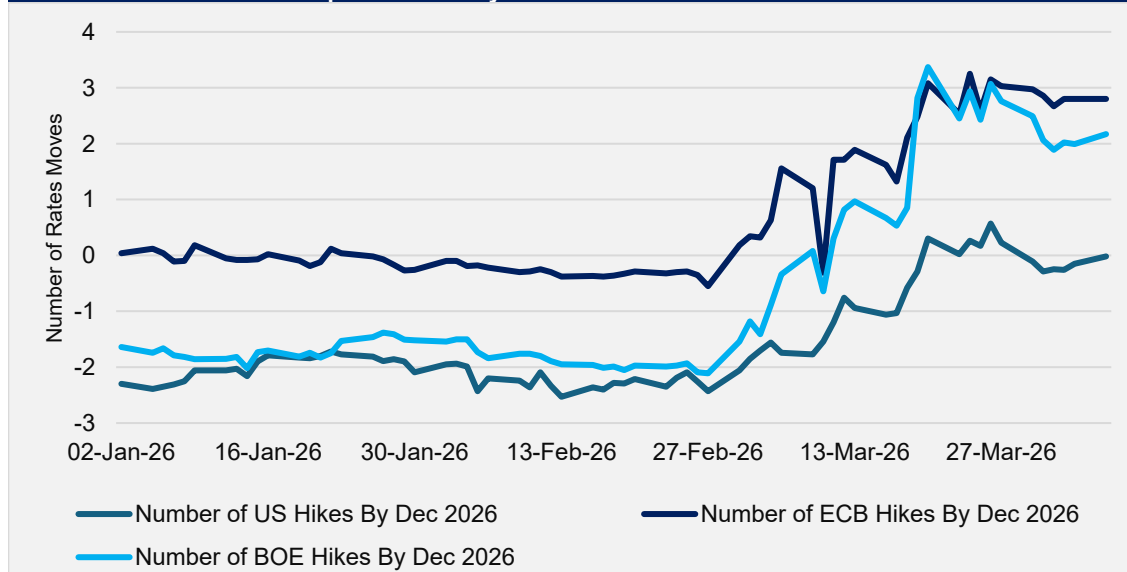
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Market performances

Financial markets experienced elevated volatility, with sharp reversals driven by shifting geopolitical headlines and persistent inflation concerns. Global equities showed mixed performance, with US markets gaining as the S&P 500 rose 3.36% w/w, the NASDAQ increased 4.44%, and the Dow Jones advanced 2.96%, while European markets also moved higher, with the STOXX 600 up 3.71% and the DAX gaining 3.89%. In contrast, Asian markets were mixed, with the Nikkei 225 declining 0.47%, while emerging markets were broadly weaker, including the SENSEX (-0.36%), although MSCI EM edged higher (0.26%). Fixed income markets recorded modest gains, with the Global Aggregate Index rising 0.78% and Global Treasuries up 0.74%, while credit outperformed, particularly Global Corporate (0.97%) and High Yield (0.97%). The US dollar softened slightly (-0.12%), while major currency pairs were mixed. Commodities remained volatile but supported, with the Bloomberg Commodity Index rising 2.28%, despite Brent crude declining 3.14%, while gold (+4.06%) and silver (+4.67%) advanced. Industrial metals were mixed, with aluminum (+5.06%) and copper (+0.84%) higher. Digital assets showed mixed performance, with Bitcoin (+1.30%) and Ethereum (+3.42%) gaining, while Solana (-3.09%) and XRP (-0.67%) declined. Volatility eased during the week, with the VIX falling 23.12% and MOVE declining 26.95%, though both remain elevated, reflecting ongoing uncertainty around geopolitics, inflation, and the global policy outlook.

Chart of the Week: Rate expectations stay elevated



Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1W (bp)	3M (bp)	YTD (bp)
SOFR	3.65	2.00	-10.00	-22.00
UAE Eibor 3m	3.81	-7.11	27.88	33.94
UAE Eibor 12m	3.99	5.46	36.42	38.13
US 3m Bills	3.68	1.25	7.93	6.53
US 10yr Treasury	4.35	-8.72	14.99	17.36
German 10yr Bund	2.99	-10.20	9.20	13.70
UK 10yr Gilt	4.83	-14.10	29.60	35.40
Fixed Income		1W (%)	3M (%)	YTD (%)
Global Agg. Index	497	0.78	-0.68	-0.82
Global Treasuries	206	0.74	-1.05	-1.17
Global Corporate	301	0.97	-0.79	-0.95
EM USD Sovereign	452	0.80	-1.32	-1.37
EM LCY Sovereign	162	0.71	-0.41	-0.36
Global High Yield	1,847	0.97	-0.83	-0.81
Currencies				
Dollar Index	100.16	-0.12	1.63	1.74
EUR USD	1.1519	0.09	-1.71	-1.85
GBP USD	1.3207	-0.43	-1.89	-1.86
USD JPY	159.63	-0.40	1.80	1.81
Equities				
S&P 500	6,583	3.36	-4.02	-3.84
Dow Jones	46,505	2.96	-3.88	-3.24
NASDAQ	21,879	4.44	-5.84	-5.86
STOXX 600	597	3.71	0.08	0.75
DAX	23,168	3.89	-5.59	-5.40
Nikkei 225	53,649	-0.47	5.53	5.53
FTSE 100	10,436	4.70	4.88	5.08
SENSEX	73,478	-0.36	-14.51	-13.96
Hang Seng	25,117	0.66	-4.64	-2.01
MSCI World	4,316	3.24	-2.90	-2.58
MSCI EM	1,441	0.26	0.80	2.60
Regional Equities				
ADX	9,601	0.04	-3.94	-3.92
DFM	5,485	-0.47	-10.29	-9.29
Tadawul*	11,268	1.61	6.82	7.41
DSM*	10,227	0.66	-4.97	-4.97
MSM30*	8,236	3.37	39.69	40.38
BHSE*	1,890	-1.07	-8.56	-8.56
KWSE*	8,468	0.74	-4.93	-4.93
Commodities				
BBG Commodity Index	137.5	2.28	25.31	25.11
Brent USD/bbl	109.8	-3.14	79.47	79.18
WTI USD/bbl	111.6	11.94	94.59	94.25
Gold USD/t oz	4,638.6	4.06	7.95	8.21
Silver USD/t oz	72.0	4.67	0.27	1.89
Platinum USD/t oz	1,975.2	6.51	-7.16	-3.45
Aluminum	3,532.1	5.06	17.76	18.57
Copper USD/MT	12,147.0	0.84	-3.37	-2.86
Digital Assets				
Bitcoin	69,074.2	1.30	-25.77	-23.75
Ether	2,127.8	3.42	-34.42	-31.06
Solana	82.0	-3.09	-39.21	-35.49
XRP	1.3	-0.67	-34.70	-28.42
Volatility				
VIX	23.87	-23.12	64.51	59.67
MOVE	81.78	-26.95	31.14	27.86

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as of April 03 2026 unless stated otherwise; **Data as of April 02 2026.

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Forthcoming important economic data/events

United States



Date & Time (GST)	Indicator	Period	Expected	Prior
4/06/2026 18:00	ISM Services Index	Mar	54.9	56.1
4/06/2026 18:00	ISM Services New Orders	Mar	--	58.6
4/07/2026 16:15	ADP Weekly Employment Change	21-Mar	--	10.000k
4/07/2026 16:30	Durable Goods Orders	Feb P	--	0.00%
4/07/2026 19:00	NY Fed 1-Yr Inflation Expectations	Mar	--	3.00%
4/07/2026 23:00	Consumer Credit	Feb	--	\$8.050b
4/08/2026 15:00	MBA Mortgage Applications	3-Apr	--	-10.40%
4/08/2026 22:00	FOMC Meeting Minutes	18-Mar	--	--
4/09/2026 16:30	Personal Income	Feb	--	0.40%
4/09/2026 16:30	Personal Spending	Feb	--	0.40%
4/09/2026 16:30	PCE Price Index YoY	Feb	--	2.80%
4/09/2026 16:30	Core PCE Price Index YoY	Feb	--	3.10%
4/09/2026 16:30	Initial Jobless Claims	4-Apr	--	--
4/09/2026 16:30	Continuing Claims	28-Mar	--	--
4/09/2026 16:30	GDP Annualized QoQ	4Q T	--	0.70%
4/09/2026 16:30	Personal Consumption	4Q T	--	2.00%
4/09/2026 16:30	GDP Price Index	4Q T	--	3.80%
4/09/2026 18:00	Wholesale Inventories MoM	Feb F	--	-0.50%
4/10/2026 16:30	CPI YoY	Mar	--	2.40%
4/10/2026 16:30	Core CPI YoY	Mar	--	2.50%
4/10/2026 16:30	Real Avg Hourly Earning YoY	Mar	--	1.40%
4/10/2026 18:00	Factory Orders	Feb	--	0.10%
4/10/2026 18:00	U. of Mich. Sentiment	Apr P	--	53.3
4/10/2026 18:00	U. of Mich. Current Conditions	Apr P	--	55.8
4/10/2026 18:00	U. of Mich. Expectations	Apr P	--	51.7
4/10/2026 18:00	U. of Mich. 1 Yr Inflation	Apr P	--	3.80%
4/10/2026 18:00	U. of Mich. 5-10 Yr Inflation	Apr P	--	3.20%
4/10/2026 22:00	Federal Budget Balance	Mar	--	-\$307.5b

Japan



Date & Time (GST)	Indicator	Period	Expected	Prior
4/07/2026 3:30	Household Spending YoY	Feb	-0.70%	-1.00%
4/07/2026 9:00	Leading Index CI	Feb P	111.6	112.1
4/07/2026 9:00	Coincident Index	Feb P	116.4	117.9
4/08/2026 3:30	Labor Cash Earnings YoY	Feb	2.60%	3.00%
4/08/2026 3:50	BoP Current Account Balance	Feb	¥3433.6b	¥941.6b
4/08/2026 3:50	Trade Balance BoP Basis	Feb	¥281.8b	-¥600.4b
4/09/2026 9:00	Consumer Confidence Index	Mar	38	40
4/09/2026 10:00	Machine Tool Orders YoY	Mar P	--	24.20%
4/10/2026 3:50	PPI YoY	Mar	2.30%	2.00%

Eurozone



Date & Time (GST)	Indicator	Period	Expected	Prior
4/07/2026 11:50	France S&P Global Services PMI	Mar F	--	48.3
4/07/2026 11:55	Germany S&P Global Services PMI	Mar F	51.2	51.2
4/07/2026 12:00	Eurozone S&P Global Services PMI	Mar F	50.1	50.1
4/07/2026 12:30	Eurozone Sentix Investor Confidence	Apr	-5.6	-3.1
4/08/2026 10:00	Germany Factory Orders WDA YoY	Feb	--	3.70%
4/08/2026 13:00	Eurozone PPI YoY	Feb	--	-2.10%
4/08/2026 13:00	Eurozone Retail Sales YoY	Feb	--	2.00%
4/10/2026 10:00	Germany CPI YoY	Mar F	--	2.70%
4/10/2026 10:00	Germany CPI EU Harmonized YoY	Mar F	--	2.80%
4/12/2026-4/15/2026	Germany Wholesale Price Index YoY	Mar	--	1.20%

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United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
4/07/2026 12:00	New Car Registrations YoY	Mar	--	7.20%
4/07/2026 12:30	S&P Global UK Services PMI	Mar F	51.1	51.2
4/08/2026 12:30	S&P Global UK Construction PMI	Mar	--	44.5
4/09/2026 12:30	BoE Liabilities/Credit Conditions Surveys			

China & India

Date & Time (GST)	Indicator	Period	Expected	Prior
4/07/2026	China Foreign Reserves	Mar	\$3373.00b	\$3427.80b
4/08/2026 8:30	India RBI Repurchase Rate	8-Apr	5.25%	5.25%
4/09/2026-4/15/2026	China Money Supply M2 YoY	Mar	8.90%	9.00%
4/10/2026 5:30	China PPI YoY	Mar	0.50%	-0.90%
4/10/2026 5:30	China CPI YoY	Mar	1.20%	1.30%

GCC

Date & Time (GST)	Indicator	Period	Expected	Prior
4/08/2026-4/20/2026	Oman CPI YoY	Mar	--	2.00%
4/09/2026-4/18/2026	Kuwait CPI YoY	Feb	--	1.99%
4/09/2026-4/27/2026	Bahrain GDP Constant Prices YoY	4Q	--	4.00%
4/09/2026	Saudi Arabia Industrial Production YoY	Feb	--	10.40%
4/09/2026-4/23/2026	Qatar CPI YoY	Mar	--	2.51%

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