

Geopolitical tensions escalate as fragile ceasefire risks renewed inflation shock

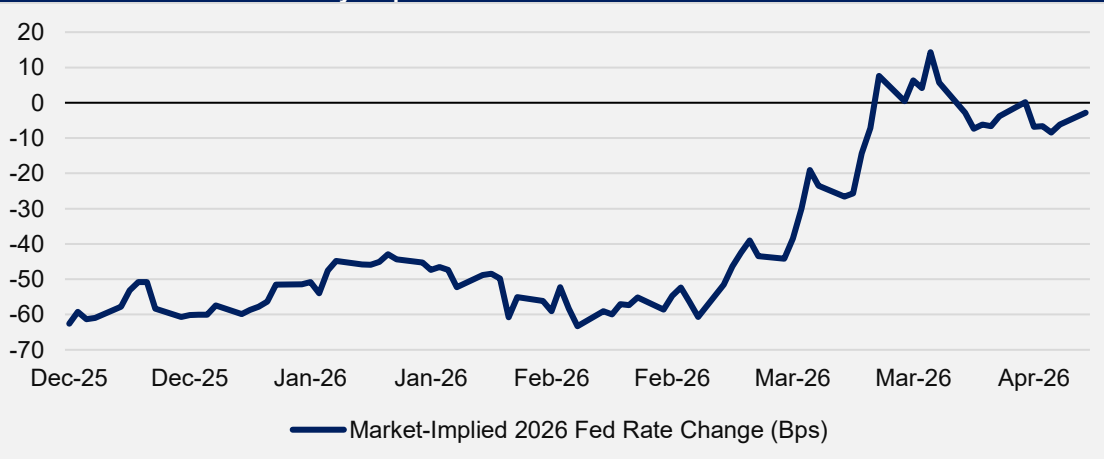
Macro headlines

Global macro conditions were dominated by rapidly evolving geopolitical developments, as a fragile two-week ceasefire between the US and Iran failed to provide lasting stability and risks of escalation remained elevated. Early optimism following the ceasefire agreement was quickly challenged by continued military activity in the region, including Israeli strikes on Lebanon and rising tensions around the Strait of Hormuz, while the US signaled the possibility of further military and economic measures, including tariffs and maritime blockades. Negotiations in Islamabad ended without agreement, increasing the likelihood of renewed disruption to global energy flows and reinforcing concerns of a prolonged supply shock. Oil market uncertainty continued to feed into global inflation dynamics, with US March CPI rising sharply (+0.9% m/m) driven by higher fuel prices, while core inflation remained firm. In the US, economic data pointed to a slowing but still resilient backdrop, with Q4 GDP revised lower (0.5% annualised), softer consumer spending, and mixed labor and services data, while the ISM prices paid component and PCE inflation highlighted persistent cost pressures. The Federal Reserve minutes revealed growing divisions among policymakers, with uncertainty over whether the energy shock would warrant rate cuts to support growth or rate hikes to contain inflation. Across other major economies, growth momentum showed signs of weakening amid rising uncertainty. Global activity softened, with the J.P. Morgan Composite PMI falling to an 11-month low, as both manufacturing and services slowed. In Europe, industrial production and retail activity weakened, while sentiment deteriorated further, and political developments added to uncertainty. In Asia, China's factory gate prices rose for the first time in over three years, signaling renewed pipeline inflation pressures, while Japan's consumption and confidence indicators weakened. Central banks across the region remained cautious, emphasizing inflation risks alongside slowing growth. Overall, the combination of geopolitical uncertainty, energy market disruptions, and firm inflation data continues to complicate the global policy outlook and reinforce expectations of a prolonged higher-for-longer rate environment.

Market performances

Financial markets experienced elevated volatility but ended the week on a stronger footing, supported by temporary relief following the US-Iran ceasefire despite persistent geopolitical risks. Global equities advanced, with US markets leading gains as the S&P 500 rose 3.56% w/w, the NASDAQ increased 4.68%, and the Dow Jones gained 3.04%, while European markets also moved higher, with the STOXX 600 up 3.05% and the DAX rising 2.74%. Asian markets outperformed, with the Nikkei 225 surging 7.15%, while emerging markets strengthened, with the SENSEX gaining 5.77%, Hang Seng rising 3.09%, and MSCI EM advancing 7.39%. Fixed income markets recorded gains, with the Global Aggregate Index up 0.88%, Global Treasuries rising 0.87%, and credit outperforming, particularly EM sovereign (1.74%) and high yield (1.56%). The US dollar weakened (-1.38%), while major currency pairs strengthened, including EUR/USD (+1.77%) and GBP/USD (+1.97%). Commodities declined overall, with the Bloomberg Commodity Index falling 3.71%, led by sharp losses in oil prices (Brent -12.68% and WTI -13.42%), while precious metals gained, with gold rising 1.56% and silver up 3.92%. Industrial metals were mixed, with copper increasing 4.23% and aluminum up 0.88%. Digital assets rebounded strongly, with Bitcoin gaining 9.81%, Ethereum rising 9.90%, Solana up 6.56%, and XRP increasing 3.66%. Volatility declined notably, with the VIX falling 19.44% and MOVE down 11.78%, although both remain elevated, reflecting continued uncertainty around geopolitics, inflation, and the global policy outlook.

Chart of the Week: Markets Eye a possible Fed Cut in 2026



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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1W (bp)	3M (bp)	YTD (bp)
SOFR	3.57	-9.00	-7.00	-30.00
UAE Eibor 3m	3.72	-9.44	11.14	24.50
UAE Eibor 12m	4.06	6.26	51.35	44.39
US 3m Bills	3.67	-2.16	7.83	4.37
US 10yr Treasury	4.35	-2.36	15.17	15.00
German 10yr Bund	3.06	6.60	19.50	20.30
UK 10yr Gilt	4.84	0.20	46.10	35.60
Fixed Income		1W (%)	3M (%)	YTD (%)
Global Agg. Index	502	0.88	0.22	0.06
Global Treasuries	208	0.87	-0.03	-0.31
Global Corporate	304	0.91	0.05	-0.05
EM USD Sovereign	460	1.74	0.50	0.35
EM LCY Sovereign	165	1.92	1.60	1.56
Global High Yield	1,876	1.56	0.57	0.74
Currencies				
Dollar Index	99.02	-1.38	-0.49	0.33
EUR USD	1.1687	1.77	0.74	-0.11
GBP USD	1.3404	1.97	0.43	0.07
USD JPY	159.73	-0.25	0.87	1.56
Equities				
S&P 500	6,817	3.56	-2.14	-0.42
Dow Jones	47,917	3.04	-3.21	-0.31
NASDAQ	22,903	4.68	-3.25	-1.46
STOXX 600	615	3.05	0.85	3.82
DAX	23,804	2.74	-5.77	-2.80
Nikkei 225	56,381	7.15	9.60	13.08
FTSE 100	10,601	1.57	4.70	6.74
SENSEX	76,280	5.77	-7.21	-9.00
Hang Seng	25,587	3.09	-1.29	1.03
MSCI World	4,474	3.66	-0.82	0.98
MSCI EM	1,547	7.39	6.55	10.19
Regional Equities				
ADX	9,838	2.48	-1.71	-1.54
DFM	5,715	4.20	-8.20	-5.48
Tadawul*	11,343	0.66	8.31	8.13
DSM*	10,642	4.05	-2.99	-1.12
MSM30*	8,163	-0.89	33.25	39.14
BHSE*	1,894	0.22	-8.00	-8.36
KWSE*	8,627	1.87	-2.39	-3.15
Commodities				
BBG Commodity Index	134.5	-3.71	17.85	20.47
Brent USD/bbl	102.3	-12.68	50.30	56.45
WTI USD/bbl	104.8	-13.42	63.35	68.18
Gold USD/t oz	4,719.4	1.56	5.33	9.90
Silver USD/t oz	74.4	3.92	-4.98	5.88
Platinum USD/t oz	2,049.1	2.97	-10.12	-0.58
Aluminum	3,563.2	0.88	13.16	19.62
Copper USD/MT	12,660.5	4.23	-3.06	1.25
Digital Assets				
Bitcoin	70,887.8	9.81	-18.84	-16.27
Ether	2,190.8	9.90	-26.80	-24.24
Solana	82.0	6.56	-37.10	-31.25
XRP	1.3	3.66	-34.73	-25.80
Volatility				
VIX	19.23	-19.44	32.71	28.63
MOVE	72.15	-11.78	17.22	12.80

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as of April 10 2026 unless stated otherwise; **Data as of April 09 2026.

The Weekly Market View

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Forthcoming important economic data/events

United States



Date & Time (GST)	Indicator	Period	Expected	Prior
4/13/2026 18:00	Existing Home Sales	Mar	--	4.09m
4/14/2026 14:00	NFIB Small Business Optimism	Mar	--	98.8
4/14/2026 16:15	ADP Weekly Employment Change	28-Mar	--	26.000k
4/14/2026 16:30	PPI Final Demand MoM	Mar	--	0.70%
4/15/2026 15:00	MBA Mortgage Applications	10-Apr	--	-0.80%
4/15/2026 16:30	Empire Manufacturing	Apr	--	-0.2
4/15/2026 18:00	NAHB Housing Market Index	Apr	--	38
4/15/2026 22:00	Fed Releases Beige Book			
4/15/2026-4/23/2026	Leading Index	Feb	--	-0.10%
4/16/2026 16:30	New York Fed Services Business Activity	Apr	--	-22.6
4/16/2026 16:30	Initial Jobless Claims	11-Apr	--	--
4/16/2026 16:30	Philadelphia Fed Business Outlook	Apr	--	18.1
4/16/2026 16:30	Continuing Claims	4-Apr	--	--
4/16/2026 17:15	Industrial Production MoM	Mar	--	0.20%
4/16/2026 17:15	Manufacturing (SIC) Production	Mar	--	0.20%
4/16/2026 17:15	Capacity Utilization	Mar	--	76.30%

Japan



Date & Time (GST)	Indicator	Period	Expected	Prior
4/14/2026 8:30	Capacity Utilization MoM	Feb	--	2.90%
4/14/2026 8:30	Industrial Production MoM	Feb F	--	-2.10%
4/15/2026 3:50	Core Machine Orders MoM	Feb	-0.50%	-5.50%
4/16/2026-4/22/2026	Nationwide Dept Sales YoY	Mar	--	1.60%
4/16/2026-4/22/2026	Tokyo Dept Store Sales YoY	Mar	--	3.00%

Eurozone



Date & Time (GST)	Indicator	Period	Expected	Prior
4/15/2026 10:45	France CPI EU Harmonized YoY	Mar F	--	1.90%
4/15/2026 10:45	France CPI YoY	Mar F	--	1.70%
4/15/2026 13:00	Eurozone Industrial Production WDA YoY	Feb	--	-1.20%
4/16/2026 13:00	Eurozone CPI YoY	Mar F	--	2.50%
4/16/2026 13:00	Eurozone CPI Core YoY	Mar F	--	2.30%
4/17/2026 12:00	Eurozone ECB Current Account SA	Feb	--	37.9b
4/12/2026-4/15/2026	Germany Wholesale Price Index YoY	Mar	--	1.20%

United Kingdom



Date & Time (GST)	Indicator	Period	Expected	Prior
4/16/2026 10:00	Industrial Production MoM	Feb	--	-0.10%
4/16/2026 10:00	Manufacturing Production MoM	Feb	--	0.10%

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China & India



Date & Time (GST)	Indicator	Period	Expected	Prior
4/09/2026-4/15/2026	China Money Supply M2 YoY	Mar	8.90%	9.00%
4/14/2026	China Trade Balance	Mar	\$107.10b	\$90.98b
4/14/2026	China Exports YoY	Mar	10.00%	39.60%
4/14/2026	China Imports YoY	Mar	13.80%	13.80%
4/16/2026 6:00	China GDP YoY	1Q	4.80%	4.50%
4/16/2026 6:00	China Retail Sales YoY	Mar	2.30%	--
4/16/2026 6:00	China Industrial Production YoY	Mar	5.30%	--
4/13/2026 14:30	India CPI YoY	Mar	3.39%	3.21%
4/14/2026-4/15/2026	India Wholesale Prices YoY	Mar	3.50%	2.13%
4/15/2026	India Unemployment Rate	Mar	--	4.90%

GCC



Date & Time (GST)	Indicator	Period	Expected	Prior
4/20/2026-4/13/2026	United Arab Emirates Dubai CPI YoY	Feb	--	--
4/15/2026	Saudi Arabia CPI YoY	Mar	--	1.70%
4/09/2026-4/23/2026	Qatar CPI YoY	Mar	--	2.51%
4/09/2026-4/27/2026	Bahrain GDP Constant Prices YoY	4Q	--	4.00%

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