

Trade realignments and labor-Market cooling shape risk sentiment

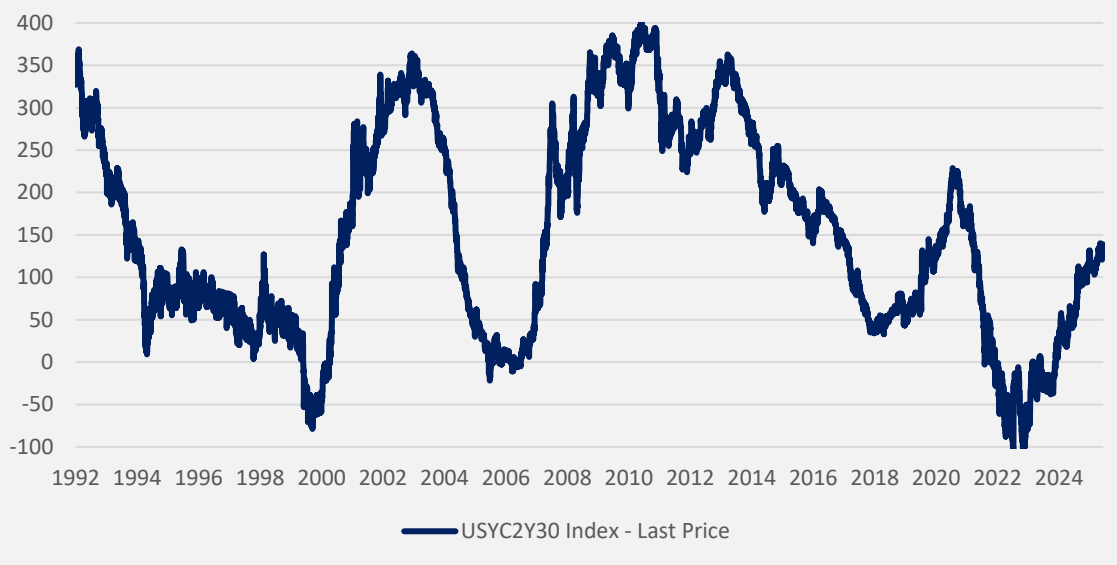
Macro headlines

The macro backdrop this week was defined by shifting global trade alignments, elevated geopolitical tension, and mounting evidence of labor-market cooling. The US-India trade agreement marked a significant reset in tariff and energy flows, with US tariffs on Indian goods reduced in exchange for India halting Russian oil purchases and increasing energy imports from the US. Trade dynamics broadened as Washington signaled progress in talks with China, prepared a USD10bn strategic critical-minerals stockpile, and continued diplomatic efforts with Iran, including planned negotiations in Oman. However, tensions in the Middle East escalated after US forces downed an Iranian drone near the Strait of Hormuz. Central banks remained cautious: the ECB and BoE held rates steady, Mexico paused its easing cycle, and Australia hiked by 25bp. Economic data showed improvement in manufacturing, with US ISM Manufacturing rising into expansion at 52.6 and global PMIs stabilizing above 50. However, US labor indicators deteriorated sharply. ADP payroll growth undershot expectations, initial jobless claims rose, Challenger job cuts surged to the highest January level since 2009, and JOLTS job openings fell to a five-year low. In Europe, inflation softened further while retail sales declined, and in the Gulf, non-oil activity in the UAE and Saudi Arabia strengthened materially. Corporate earnings remained broadly resilient, though AI-related capital expenditure plans accelerated across major technology firms.

Market performances

Markets reflected a cautious tone amid labor-market deterioration and geopolitical risk. Equities were mixed to weaker globally, with the S&P 500 down 0.1% and the NASDAQ falling 1.8%, while the Dow Jones rose 2.5%. European equities outperformed modestly, with the STOXX 600 up 1.0% and the DAX gaining 0.7%, while Asian markets were mixed, with the Nikkei rising 1.8% but Hong Kong declining 3.0%. Emerging markets slipped 1.4%. In fixed income, global bonds declined slightly, with the Global Aggregate Index down 0.2% and Treasuries off 0.3%, as yields were broadly stable. The US dollar strengthened modestly (+0.7%), pressuring the euro and sterling, while the yen appreciated. Commodities corrected, with Brent and WTI down 3.7% and 2.6% respectively, and the broader commodity index declining 2.3%. Gold rose 1.4%, extending its record-setting momentum, while silver fell sharply. Digital assets experienced significant volatility, with Bitcoin down 16.5% and major altcoins posting steeper declines. Volatility indices moved higher, reflecting persistent sensitivity to policy and geopolitical developments.

Chart of the Week: UST Curve 2s/30s



Source: Bloomberg, and ADCB Asset Management

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The Weekly Market View

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1W (bp)	3M (bp)	YTD (bp)
SOFR	3.65	-3.00	-28.00	-22.00
UAE Eibor 3m	3.56	-4.99	-13.65	8.11
UAE Eibor 12m	3.65	3.64	-19.59	3.96
US 3m Bills	3.66	1.54	-17.55	4.27
US 10yr Treasury	4.22	-2.95	10.94	3.90
German 10yr Bund	2.84	-0.10	17.60	-1.30
UK 10yr Gilt	4.51	-0.80	4.80	3.50
Fixed Income		1W (%)	3M (%)	YTD (%)
Global Agg. Index	505	-0.22	1.27	0.72
Global Treasuries	209	-0.35	0.68	0.52
Global Corporate	306	-0.06	1.80	0.81
EM USD Sovereign	461	0.33	1.81	0.58
EM LCY Sovereign	164	-0.06	2.72	1.01
Global High Yield	1,881	0.01	2.75	1.00
Currencies				
Dollar Index	97.58	0.66	-1.98	-0.70
EUR USD	1.1824	-0.30	2.15	0.67
GBP USD	1.3602	-0.55	3.41	1.18
USD JPY	156.73	1.58	2.48	0.25
Equities				
S&P 500	6,932	-0.10	3.02	1.27
Dow Jones	50,116	2.50	6.66	4.27
NASDAQ	23,031	-1.84	0.12	-0.91
STOXX 600	617	1.00	9.27	4.21
DAX	24,721	0.74	4.89	0.94
Nikkei 225	56,493	1.75	7.91	7.78
FTSE 100	10,370	1.43	7.10	4.41
SENSEX	84,005	1.59	0.44	-1.92
Hang Seng	26,945	-3.02	1.21	3.63
MSCI World	4,529	0.03	4.72	2.23
MSCI EM	1,506	-1.42	9.03	7.26
Regional Equities				
ADX	10,563	2.74	4.84	5.71
DFM	6,691	3.97	11.06	10.65
Tadawul*	11,189	-1.70	-1.01	6.65
DSM*	11,355	0.40	2.68	5.51
MSM30*	6,425	1.49	15.88	9.51
BHSE*	2,060	0.78	-0.58	-0.31
KWSE*	8,692	1.47	-2.48	-2.42
Commodities				
BBG Commodity Index	117.7	-2.27	9.92	7.54
Brent USD/bbl	67.3	-3.73	6.95	11.83
WTI USD/bbl	62.9	-2.55	6.36	10.68
Gold USD/t oz	5,015.1	1.43	24.07	14.86
Silver USD/t oz	82.0	-8.64	61.08	8.61
Platinum USD/t oz	2,102.5	-4.21	36.01	2.05
Aluminum	3,069.7	-1.90	8.35	3.05
Copper USD/MT	12,840.0	-3.96	19.78	2.69
Digital Assets				
Bitcoin	71,046.0	-16.46	-32.29	-19.78
Ether	2,090.3	-24.02	-40.80	-31.06
Solana	87.1	-24.94	-46.15	-29.17
XRP	1.4	-15.60	-37.75	-20.72
Volatility				
VIX	17.76	1.83	-6.92	18.80
MOVE	63.62	7.47	-14.50	-0.53

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as of February 06 2026 unless stated otherwise; **Data as of February 05 2026.

The Weekly Market View

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Forthcoming important economic data/events

United States

Date & Time (GST)	Indicator	Period	Expected	Prior
2/09/2026 20:00	NY Fed 1-Yr Inflation Expectations	Jan	--	3.42%
2/10/2026 15:00	NFIB Small Business Optimism	Jan	99.8	99.5
2/10/2026 17:30	Retail Sales Advance MoM	Dec	0.40%	0.60%
2/11/2026 16:00	MBA Mortgage Applications	6-Feb	--	-8.90%
2/11/2026 17:30	Change in Nonfarm Payrolls	Jan	70k	50k
2/11/2026 17:30	Average Hourly Earnings YoY	Jan	3.70%	3.80%
2/11/2026 17:30	Unemployment Rate	Jan	4.40%	4.40%
2/11/2026 17:30	Labor Force Participation Rate	Jan	62.40%	62.40%
2/11/2026 17:30	Underemployment Rate	Jan	--	8.40%
2/12/2026 17:30	Initial Jobless Claims	7-Feb	--	231k
2/12/2026 17:30	Continuing Claims	31-Jan	--	1844k
2/12/2026 19:00	Existing Home Sales	Jan	4.21m	4.35m
2/13/2026 17:30	CPI YoY	Jan	2.50%	2.70%
2/13/2026 17:30	Core CPI YoY	Jan	2.50%	2.60%

Japan

Date & Time (GST)	Indicator	Period	Expected	Prior
2/09/2026 3:30	Real Cash Earnings YoY	Dec	0.90%	-2.80%
2/09/2026 3:30	Labor Cash Earnings YoY	Dec	3.20%	0.50%
2/09/2026 3:50	BoP Current Account Balance	Dec	¥1081.2b	¥3674.1b
2/10/2026 3:50	Money Stock M2 YoY	Jan	--	1.70%
2/12/2026 3:50	PPI YoY	Jan	2.30%	2.40%

Eurozone

Date & Time (GST)	Indicator	Period	Expected	Prior
2/13/2026 14:00	Eurozone GDP SA QoQ	4Q S	--	0.30%
2/13/2026 14:00	Eurozone GDP SA YoY	4Q S	--	1.30%

United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
2/12/2026 4:01	RICS House Price Balance	Jan	--	-14.00%
2/12/2026 11:00	GDP QoQ	4Q P	0.20%	0.10%
2/12/2026 11:00	GDP YoY	4Q P	--	1.30%
2/12/2026 11:00	Industrial Production MoM	Dec	--	1.10%
2/12/2026 11:00	Manufacturing Production MoM	Dec	--	2.10%

China & India

Date & Time (GST)	Indicator	Period	Expected	Prior
2/09/2026-2/14/2026	China Money Supply M2 YoY	Jan	8.30%	8.50%
2/11/2026 5:30	China PPI YoY	Jan	-1.50%	-1.90%
2/11/2026 5:30	China CPI YoY	Jan	0.30%	0.80%
2/12/2026 14:30	India CPI YoY	Jan	2.55%	--

GCC

Date & Time (GST)	Indicator	Period	Expected	Prior
2/09/2026-2/15/2026	Kuwait CPI YoY	Dec	--	2.38%
2/09/2026-2/23/2026	Qatar CPI YoY	Jan	--	1.95%
2/10/2026 10:00	Saudi Arabia Industrial Production YoY	Dec	--	10.40%
2/10/2026-2/19/2026	Dubai CPI YoY	Jan	--	2.99%
2/15/2026	Saudi Arabia CPI YoY	Jan	--	2.10%

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