

The Weekly Market View

Investment Strategy | January 5 2026

Markets enter 2026 cautiously amid geopolitical escalation and policy uncertainty

Macro headlines

The global macro backdrop at the start of 2026 was shaped by heightened geopolitical risk, policy uncertainty, and mixed economic signals. The most significant development was a sharp escalation in US–Venezuela tensions after President Trump ordered an operation that removed President Maduro from Caracas and transferred him to New York to face drug-related charges. The US administration declared it would oversee Venezuela during a transition period, while Maduro allies denounced the move, and PDVSA began cutting crude production as US sanctions reduced exports to zero. OPEC+ kept output unchanged, avoiding discussion of political disruptions affecting several member states. In Asia, South Korea’s president began a state visit to China aimed at easing regional tensions, hours after North Korea launched ballistic missiles. On the macro front, US housing data showed tentative stabilization, with pending home sales rising 3.3% m/m in November, the strongest increase since early 2023. Federal Reserve minutes revealed divisions following the December 25bp rate cut, with most officials open to further easing if inflation continues to cool, while others favoured keeping rates unchanged for longer. In Europe, headline inflation eased to 3.0% y/y on lower fuel prices, though core inflation remained sticky at 2.6%. France reported a decline in registered unemployment, UK house prices slipped 0.4% m/m, and China’s services activity expanded at its slowest pace in six months as new business and foreign demand weakened.

Market performances

Financial markets entered the new year with cautious positioning, reflecting geopolitical shocks and shifting expectations for monetary policy. Global equities posted mixed to weaker performance, with the S&P 500 down 1.03%, the Dow Jones down 0.67%, and the NASDAQ down 1.52%, while Europe showed relative resilience as the STOXX 600 rose 0.82% and the DAX gained 1.26%, despite a 0.81% decline in the FTSE 100. Asian markets were mixed, with gains in the Nikkei 225 (+0.82%), Hang Seng (+0.85%), and Sensex (+0.82%), while MSCI World rose 2.01% and MSCI EM gained 2.30%. GCC equities were broadly softer, led by declines in ADX (-0.38%), DFM (-0.33%), and Tadawul (-0.36%), while BHSE edged higher (+0.08%). Fixed income markets were subdued, with the Global Aggregate Index down 0.21%, Global Treasuries down 0.22%, and Global Corporate Bonds down 0.24%, while Global High Yield posted a modest 0.12% gain. Rates moved higher across core markets, with German Bund yields up 6.3 bps, UK Gilts up 3.8 bps, and US Treasury yields marginally higher, while UAE Eibor rates declined. In FX markets, the US dollar strengthened, with the Dollar Index up 0.41%, pressuring EUR/USD (-0.45%) and GBP/USD (-0.30%), while USD/JPY rose 0.17%. Commodities were volatile, with the BBG Commodity Index down 2.64%, Brent crude down 2.64%, and WTI down 5.86%, while gold rose 1.02%. Digital assets rebounded modestly, led by Bitcoin (+3.01%), Ether (+7.10%), and Solana (+8.06%), while volatility surged, with the VIX up 18.15%, underscoring elevated uncertainty at the start of the year.

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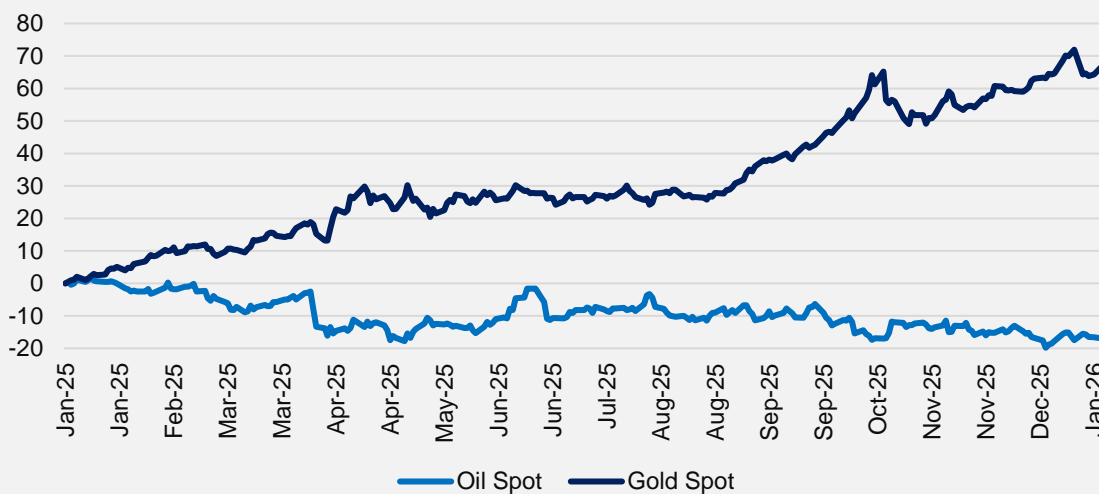
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Chart of the Week: Gold outperformance over oil

Geopolitics drives commodity dispersion



Source: Bloomberg, and ADCB Asset Management

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Global markets' performance snapshot

Performance snapshot*			
Rates	Latest	1W (bp)	3M (bp)
SOFR	3.87	11.00	-31.00
UAE Eibor 3m	3.54	-13.55	-43.26
UAE Eibor 12m	3.63	8.79	-25.55
US 3m Bills	3.60	-1.03	-33.85
US 10yr Treasury	4.18	6.30	7.15
German 10yr Bund	2.90	3.80	20.20
UK 10yr Gilt	4.54	3.00	-15.30
Fixed Income		1W (%)	3M (%)
Global Agg. Index	501	-0.21	-0.02
Global Treasuries	208	-0.22	-0.66
Global Corporate	303	-0.24	0.40
EM USD Sovereign	459	0.03	3.00
EM LCY Sovereign	163	0.12	1.64
Global High Yield	1,863	0.12	2.03
Currencies			
Dollar Index	98.76	0.41	0.72
EUR USD	1.1678	-0.45	-0.20
GBP USD	1.3420	-0.30	-0.18
USD JPY	157.25	0.17	6.35
Equities			
S&P 500	6,858	-1.03	2.12
Dow Jones	48,382	-0.67	3.47
NASDAQ	23,236	-1.52	2.00
STOXX 600	596	1.26	4.50
DAX	24,539	0.82	0.66
Nikkei 225	51,691	-0.81	9.98
FTSE 100	9,951	0.82	4.85
SENSEX	85,580	0.85	5.61
Hang Seng	26,317	2.01	-2.96
MSCI World	4,445	-0.63	2.49
MSCI EM	1,429	2.30	4.05
Regional Equities			
ADX	9,995	-0.38	-0.78
DFM	6,114	-0.33	3.32
Tadawul*	10,549	0.22	-8.23
DSM*	10,763	-0.36	-0.93
MSM30*	5,896	-1.02	13.85
BHSE*	2,067	0.08	5.81
KWSE*	8,908	-0.78	1.53
Commodities			
BBG Commodity Index	110.6	-2.64	3.94
Brent USD/bbl	60.6	0.18	-5.86
WTI USD/bbl	57.1	1.02	-5.85
Gold USD/t oz	4,403.8	-4.43	11.47
Silver USD/t oz	75.4	-8.14	51.70
Platinum USD/t oz	2,181.7	-12.84	33.50
Aluminum	2,999.3	1.86	10.68
Copper USD/MT	12,571.0	2.60	19.30
Digital Assets			
Bitcoin	92,760.4	3.01	-26.54
Ether	3,175.6	7.10	-31.03
Solana	135.9	8.06	-43.41
XRP	2.1	9.21	-33.67
Volatility			
VIX	14.51	6.69	-12.85
MOVE	62.36	6.60	-10.31

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as of January 02 2026 unless stated otherwise; **Data as of January 01 2026.

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Forthcoming important economic data/events

United States



Date & Time (GST)	Indicator	Period	Expected	Prior
1/05/2026 19:00	ISM Manufacturing	Dec	48.4	48.2
1/05/2026 19:00	ISM Prices Paid	Dec	--	58.5
1/05/2026 19:00	ISM New Orders	Dec	--	47.4
1/05/2026 19:00	ISM Employment	Dec	--	44
1/05/2026-1/21/2026	Personal Income	Oct	--	0.40%
1/05/2026-1/21/2026	Personal Spending	Oct	--	0.30%
1/05/2026-1/21/2026	PCE Price Index YoY	Oct	--	2.80%
1/05/2026-1/21/2026	Core PCE Price Index YoY	Oct	--	2.80%
1/06/2026 18:45	S&P Global US Services PMI	Dec F	52.9	52.9
1/07/2026 16:00	MBA Mortgage Applications	2-Jan	--	--
1/07/2026 17:15	ADP Employment Change	Dec	48k	-32k
1/07/2026 19:00	ISM Services Index	Dec	52.3	52.6
1/07/2026 19:00	JOLTS Job Openings	Nov	7726k	7670k
1/07/2026 19:00	Factory Orders	Oct	-1.00%	0.20%
1/07/2026 19:00	Durable Goods Orders	Oct F	--	-2.20%
1/08/2026 17:30	Nonfarm Productivity	3Q P	3.70%	3.30%
1/08/2026 17:30	Initial Jobless Claims	3-Jan	--	199k
1/08/2026 17:30	Continuing Claims	27-Dec	--	1866k
1/08/2026 19:00	Wholesale Inventories MoM	Oct F	0.20%	0.50%
1/09/2026 0:00	Consumer Credit	Nov	\$10.000b	\$9.178b
1/09/2026 17:30	Change in Nonfarm Payrolls	Dec	55k	64k
1/09/2026 17:30	Unemployment Rate	Dec	4.50%	4.60%
1/09/2026 17:30	Labor Force Participation Rate	Dec	62.40%	62.50%
1/09/2026 17:30	Underemployment Rate	Dec	--	8.70%
1/09/2026 17:30	Housing Starts	Oct	1325k	--
1/09/2026 17:30	Building Permits	Oct P	1349k	1330k
1/09/2026 19:00	U. of Mich. Sentiment	Jan P	53.5	52.9
1/09/2026 19:00	U. of Mich. Current Conditions	Jan P	--	50.4
1/09/2026 19:00	U. of Mich. Expectations	Jan P	--	54.6
1/09/2026 19:00	U. of Mich. 1 Yr Inflation	Jan P	--	4.20%
1/09/2026 19:00	U. of Mich. 5-10 Yr Inflation	Jan P	--	3.20%

Japan



Date & Time (GST)	Indicator	Period	Expected	Prior
1/05/2026 4:30	S&P Global Japan PMI Mfg	Dec F	--	49.7
1/06/2026 3:50	Monetary Base YoY	Dec	--	-8.50%
1/07/2026 4:30	S&P Global Japan PMI Composite	Dec F	--	51.5
1/07/2026 4:30	S&P Global Japan PMI Services	Dec F	--	52.5
1/08/2026 3:30	Labor Cash Earnings YoY	Nov	2.30%	2.60%
1/09/2026 9:00	Leading Index CI	Nov P	110.4	109.8

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Eurozone



Date & Time (GST)	Indicator	Period	Expected	Prior
1/06/2026 11:45	France CPI EU Harmonized YoY	Dec P	0.80%	0.80%
1/06/2026 11:45	France CPI YoY	Dec P	0.90%	0.90%
1/06/2026 12:50	France HCOB Services PMI	Dec F	50.2	50.2
1/06/2026 12:55	Germany HCOB Services PMI	Dec F	--	52.6
1/06/2026 13:00	Eurozone HCOB Services PMI	Dec F	52.6	52.6
1/06/2026 17:00	Germany CPI YoY	Dec P	2.00%	2.30%
1/06/2026 17:00	Germany CPI EU Harmonized YoY	Dec P	2.20%	2.60%
1/07/2026 11:00	Germany Retail Sales NSA YoY	Nov	0.10%	1.30%
1/07/2026 12:55	Germany Unemployment Change (000's)	Dec	4.0k	1.0k
1/07/2026 12:55	Germany Unemployment Claims Rate SA	Dec	6.30%	6.30%
1/07/2026 14:00	Eurozone CPI Core YoY	Dec P	2.40%	2.40%
1/07/2026 14:00	Eurozone CPI Estimate YoY	Dec P	2.00%	2.10%
1/08/2026 11:00	Germany Factory Orders WDA YoY	Nov	2.80%	-0.70%
1/08/2026 14:00	Eurozone Consumer Confidence	Dec F	--	-14.6
1/08/2026 14:00	Eurozone PPI YoY	Nov	--	-0.50%
1/09/2026 11:00	Germany Industrial Production WDA YoY	Nov	--	0.80%
1/09/2026 11:45	France Industrial Production MoM	Nov	--	0.20%
1/09/2026 14:00	Eurozone Retail Sales YoY	Nov	--	1.50%

United Kingdom



Date & Time (GST)	Indicator	Period	Expected	Prior
1/05/2026 13:30	Net Consumer Credit	Nov	1.1b	1.1b
1/05/2026 13:30	Mortgage Approvals	Nov	64.0k	65.0k
1/06/2026 13:00	New Car Registrations YoY	Dec	--	-1.60%
1/06/2026 13:30	S&P Global UK Services PMI	Dec F	52.1	52.1
1/06/2026 13:30	Official Reserves Changes	Dec	--	\$1390m
1/07/2026 13:30	S&P Global UK Construction PMI	Dec	--	39.4

China & India



Date & Time (GST)	Indicator	Period	Expected	Prior
1/06/2026 9:00	India HSBC PMI Composite	Dec F	--	58.9
1/06/2026 9:00	India HSBC PMI Services	Dec F	--	59.1
1/05/2026 5:45	China RatingDog PMI Composite	Dec	--	51.2
1/05/2026 5:45	China RatingDog PMI Services	Dec	52	52.1
1/07/2026	China Foreign Reserves	Dec	--	\$3346.37b
1/09/2026 5:30	China PPI YoY	Dec	--	-2.20%
1/09/2026 5:30	China CPI YoY	Dec	--	0.70%
1/09/2026-1/15/2026	China Money Supply M2 YoY	Dec	--	8.00%

GCC



Date & Time (GST)	Indicator	Period	Expected	Prior
12/30/2025-1/06/2026	Bahrain GDP Constant Prices YoY	3Q	--	2.50%
1/05/2026 8:15	Saudi Arabia S&P Global PMI	Dec	--	58.5
1/06/2026 8:15	United Arab Emirates S&P Global PMI	Dec	--	54.8
1/06/2026 8:15	S&P Global Dubai PMI	Dec	--	54.5
1/08/2026-1/11/2026	Dubai CPI YoY	Dec	--	2.73%
1/08/2026-1/15/2026	Kuwait CPI YoY	Nov	--	--
1/09/2026-1/23/2026	Qatar CPI YoY	Dec	--	1.38%
1/11/2026	Saudi Arabia Industrial Production YoY	Nov	--	8.90%

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