

The Weekly Market View

Investment Strategy | January 19 2026

Markets resilient amid rising trade tensions and policy uncertainty

Macro headlines

Global macro conditions during the week were dominated by intensifying geopolitical tensions, a widening trade agenda from the US administration, and mixed but generally resilient economic data. Relations between Washington and Tehran deteriorated further as the US announced a 25% tariff on exports from any country doing business with Iran, even as Tehran signaled it was keeping communication channels open amid unrest at home. At the same time, tensions escalated between the White House and the Federal Reserve after the Department of Justice opened a criminal investigation into Chair Powell, prompting public warnings from former Fed officials over threats to central bank independence. Trade policy uncertainty deepened as President Trump imposed a 25% tariff on high-performance AI chips following a Section 232 investigation, while also approving conditional sales of Nvidia's H200 chips to China and clinching a tariff-cutting trade deal with Taiwan. Geopolitical risks extended to Europe, where President Trump tied new tariffs on multiple European countries to US ambitions to acquire Greenland, prompting EU preparations for retaliation. Economic data painted a mixed picture: US inflation stabilized at 2.7% y/y in December, retail sales surprised to the upside, and housing activity improved on lower mortgage rates, while labor-market indicators continued to cool. In Europe, German GDP growth remained weak, though industrial production improved, while Asia saw China meet its 2025 growth target despite a sharp contraction in property investment and softer consumer demand. Across regions, AI-related investment continued to underpin productivity gains and corporate earnings, even as policy uncertainty and geopolitical risk remained elevated.

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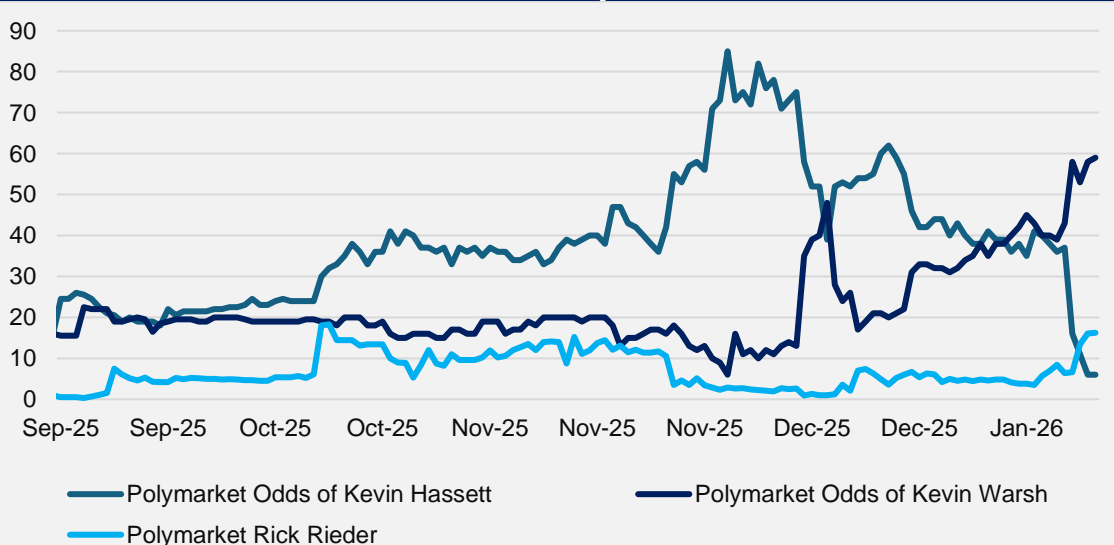
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Market performances

Despite heightened uncertainty, financial markets delivered broadly positive performance over the week. Global equities advanced, led by gains in the MSCI World (+0.09%) and MSCI Emerging Markets (+2.25%), while US equities were mixed, with the S&P 500 down 0.38%, Dow Jones down 0.29%, and NASDAQ down 0.66%. European markets outperformed, supported by strong gains in the STOXX 600 (+0.77%), DAX (+0.14%), and FTSE 100 (+1.09%), while Asian markets were mixed, with gains in the Nikkei 225 (+3.84%) and Hang Seng (+2.34%). GCC equities posted mixed results, with gains in DFM (+1.45%), Tadawul (+3.29%), ADX (+1.14%), and MSM30 (+1.60%), while KWSE (-1.01%) and BHSE (-0.65%) lagged. Fixed income markets were slightly softer, with the Global Aggregate Index down 0.16% and Global Treasuries down 0.22%, while Global High Yield rose 0.09%. Rates moved higher across core markets, led by increases in US Treasury and UK Gilt yields, while German Bund and UAE Eibor rates declined modestly. In FX markets, the US dollar strengthened, with the Dollar Index up 0.26%, weighing on EUR/USD (-0.34%) and GBP/USD (-0.18%), while USD/JPY edged higher. Commodities delivered solid gains, supported by energy and precious metals, with the BBG Commodity Index up 1.31%, Brent crude up 1.25%, and gold rising 1.92%, while industrial metals were mixed. Digital assets rebounded, led by Bitcoin (+5.59%), Ether (+6.83%), and Solana (+6.75%), while volatility rose, reflecting persistent headline-driven risk sentiment.

Chart of the Week: Fed chair odds move dramatically



Source: Bloomberg, and ADCB Asset Management

Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1W (bp)	3M (bp)	YTD (bp)
SOFR	3.66	2.00	-52.00	-21.00
UAE Eibor 3m	3.59	-1.57	-27.37	11.79
UAE Eibor 12m	3.63	8.88	-8.26	1.92
US 3m Bills	3.63	3.83	-28.42	0.37
US 10yr Treasury	4.22	5.76	21.41	5.59
German 10yr Bund	2.84	-2.80	25.50	-2.00
UK 10yr Gilt	4.40	2.60	-13.10	-7.90
Fixed Income		1W (%)	3M (%)	YTD (%)
Global Agg. Index	500	-0.16	-0.47	-0.32
Global Treasuries	207	-0.22	-1.18	-0.50
Global Corporate	303	-0.09	0.03	-0.19
EM USD Sovereign	459	0.10	2.46	-0.05
EM LCY Sovereign	163	0.04	1.37	0.00
Global High Yield	1,867	0.09	2.59	0.26
Currencies				
Dollar Index	99.16	0.26	0.98	1.09
EUR USD	1.1630	-0.34	-0.49	-1.18
GBP USD	1.3393	-0.18	-0.35	-0.54
USD JPY	157.86	0.15	4.99	0.82
Equities				
S&P 500	6,940	-0.38	4.14	1.38
Dow Jones	49,359	-0.29	6.86	2.70
NASDAQ	23,515	-0.66	3.68	1.18
STOXX 600	614	0.77	8.50	3.75
DAX	25,297	0.14	6.15	3.29
Nikkei 225	53,462	3.84	13.35	7.14
FTSE 100	10,235	1.09	9.41	3.06
SENSEX	83,078	-0.01	-0.45	-1.94
Hang Seng	26,579	2.34	6.33	4.74
MSCI World	4,515	0.09	5.09	1.92
MSCI EM	1,485	2.25	9.06	5.74
Regional Equities				
ADX	10,123	1.14	-0.01	1.31
DFM	6,316	1.45	5.41	4.45
Tadawul*	10,818	3.29	-7.51	3.12
DSM*	11,068	0.90	2.00	2.84
MSM30*	6,224	1.60	17.66	6.08
BHSE*	2,045	-0.65	3.62	-1.04
KWSE*	8,749	-1.01	-1.29	-1.78
Commodities				
BBG Commodity Index	113.6	1.31	7.55	3.56
Brent USD/bbl	64.3	1.25	4.63	5.39
WTI USD/bbl	59.7	0.54	3.30	3.52
Gold USD/t oz	4,661.8	1.92	8.10	6.34
Silver USD/t oz	93.0	12.86	73.58	25.76
Platinum USD/t oz	2,348.4	2.70	44.53	13.60
Aluminum	3,143.6	-0.17	13.15	5.53
Copper USD/MT	13,000.0	-0.46	23.49	3.97
Digital Assets				
Bitcoin	92,644.5	5.59	-10.81	8.93
Ether	3,213.1	6.83	-14.68	10.57
Solana	133.7	6.75	-21.07	16.68
XRP	2.0	-0.85	-10.34	12.71
Volatility				
VIX	15.86	9.45	-23.68	6.09
MOVE	58.05	-5.69	-26.16	-9.24

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as of January 16 2026 unless stated otherwise; **Data as of January 15 2026.

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Forthcoming important economic data/events

United States

Date & Time (GST)	Indicator	Period	Expected	Prior
1/21/2026 16:00	MBA Mortgage Applications	16-Jan	--	28.50%
1/21/2026 19:00	Construction Spending MoM	Oct	0.10%	--
1/21/2026 19:00	Pending Home Sales MoM	Dec	--	3.30%
1/22/2026 17:30	GDP Annualized QoQ	3Q T	4.30%	4.30%
1/22/2026 17:30	Personal Consumption	3Q T	--	3.50%
1/22/2026 17:30	GDP Price Index	3Q T	--	3.80%
1/22/2026 17:30	Initial Jobless Claims	17-Jan	--	198k
1/22/2026 17:30	Continuing Claims	10-Jan	--	1884k
1/22/2026 17:30	Personal Income	Nov	0.40%	--
1/22/2026 17:30	Personal Spending	Nov	0.50%	--
1/22/2026 17:30	PCE Price Index YoY	Nov	2.70%	--
1/22/2026 17:30	Core PCE Price Index YoY	Nov	2.80%	--
1/23/2026 18:45	S&P Global US Manufacturing PMI	Jan P	52	51.8
1/23/2026 18:45	S&P Global US Services PMI	Jan P	52.8	52.5
1/23/2026 19:00	U. of Mich. Sentiment	Jan F	54	54
1/23/2026 19:00	U. of Mich. Current Conditions	Jan F	--	52.4
1/23/2026 19:00	U. of Mich. Expectations	Jan F	--	55
1/23/2026 19:00	U. of Mich. 1 Yr Inflation	Jan F	--	4.20%
1/23/2026 19:00	U. of Mich. 5-10 Yr Inflation	Jan F	--	3.40%

Japan

Date & Time (GST)	Indicator	Period	Expected	Prior
1/19/2026 3:50	Core Machine Orders MoM	Nov	-5.20%	7.00%
1/19/2026 8:30	Industrial Production MoM	Nov F	--	-2.60%
1/19/2026 8:30	Capacity Utilization MoM	Nov	--	3.30%
1/19/2026 8:30	Tertiary Industry Index MoM	Nov	0.00%	0.90%
1/23/2026 3:30	Natl CPI YoY	Dec	2.10%	2.90%
1/23/2026 3:30	Natl CPI Ex Fresh Food, Energy YoY	Dec	2.80%	3.00%
1/23/2026 4:30	S&P Global Japan PMI Mfg	Jan P	--	50
1/23/2026 4:30	S&P Global Japan PMI Services	Jan P	--	51.6
1/23/2026 9:30	Nationwide Dept Sales YoY	Dec	--	0.90%
1/23/2026	BOJ Target Rate	23-Jan	0.75%	0.75%

Eurozone

Date & Time (GST)	Indicator	Period	Expected	Prior
1/19/2026 14:00	Eurozone CPI YoY	Dec F	--	2.00%
1/19/2026 14:00	Eurozone CPI Core YoY	Dec F	--	2.30%
1/21/2026	France Retail Sales SA YoY	Dec	--	0.70%
1/20/2026 11:00	Germany PPI YoY	Dec	--	-2.30%
1/20/2026 13:00	Eurozone ECB Current Account SA	Nov	--	25.7b
1/20/2026 14:00	Germany ZEW Survey Expectations	Jan	--	45.8
1/20/2026 14:00	Eurozone ZEW Survey Expectations	Jan	--	33.7
1/22/2026 19:00	Eurozone Consumer Confidence	Jan P	--	-13.1
1/23/2026 11:45	France Manufacturing Confidence	Jan	--	102
1/23/2026 12:15	France HCOB France Manufacturing PMI	Jan P	--	50.7
1/23/2026 12:15	France HCOB France Services PMI	Jan P	--	50.1
1/23/2026 12:30	Germany HCOB Germany Services PMI	Jan P	--	52.7
1/23/2026 12:30	Germany HCOB Germany Manufacturing PMI	Jan P	--	47
1/23/2026 13:00	Eurozone HCOB Eurozone Manufacturing PMI	Jan P	--	48.8
1/23/2026 13:00	Eurozone HCOB Eurozone Services PMI	Jan P	--	52.4

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United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
1/19/2026 4:01	Rightmove House Prices MoM	Jan	--	-1.80%
1/20/2026 11:00	Average Weekly Earnings 3M/YoY	Nov	--	4.70%
1/20/2026 11:00	ILO Unemployment Rate 3Mths	Nov	--	5.10%
1/20/2026 11:00	Claimant Count Rate	Dec	--	4.40%
1/20/2026 11:00	Jobless Claims Change	Dec	--	20.1k
1/21/2026 11:00	CPI YoY	Dec	3.30%	3.20%
1/21/2026 11:00	CPI Core YoY	Dec	--	3.20%
1/21/2026 11:00	RPI YoY	Dec	--	3.80%
1/23/2026 4:01	GfK Consumer Confidence	Jan	--	-17
1/23/2026 11:00	Retail Sales Inc Auto Fuel MoM	Dec	--	-0.10%
1/23/2026 11:00	Retail Sales Ex Auto Fuel YoY	Dec	--	1.20%
1/23/2026 13:30	S&P Global UK Services PMI	Jan P	--	51.4
1/23/2026 13:30	S&P Global UK Manufacturing PMI	Jan P	--	50.6

China & India

Date & Time (GST)	Indicator	Period	Expected	Prior
1/20/2026 5:00	China 5-Year Loan Prime Rate	20-Jan	3.50%	3.50%
1/20/2026 5:00	China 1-Year Loan Prime Rate	20-Jan	3.00%	3.00%
1/23/2026 9:00	India HSBC PMI Mfg	Jan P	--	55
1/23/2026 9:00	India HSBC PMI Services	Jan P	--	58

GCC

Date & Time (GST)	Indicator	Period	Expected	Prior
1/14/2026-1/21/2026	Dubai CPI YoY	Dec	--	2.73%
1/16/2026-1/21/2026	Oman CPI YoY	Dec	--	1.70%
1/23/2026-1/27/2026	Bahrain CPI YoY	Dec	--	1.10%

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