

Geopolitical escalation and hawkish central banks drive global risk repricing

Macro headlines

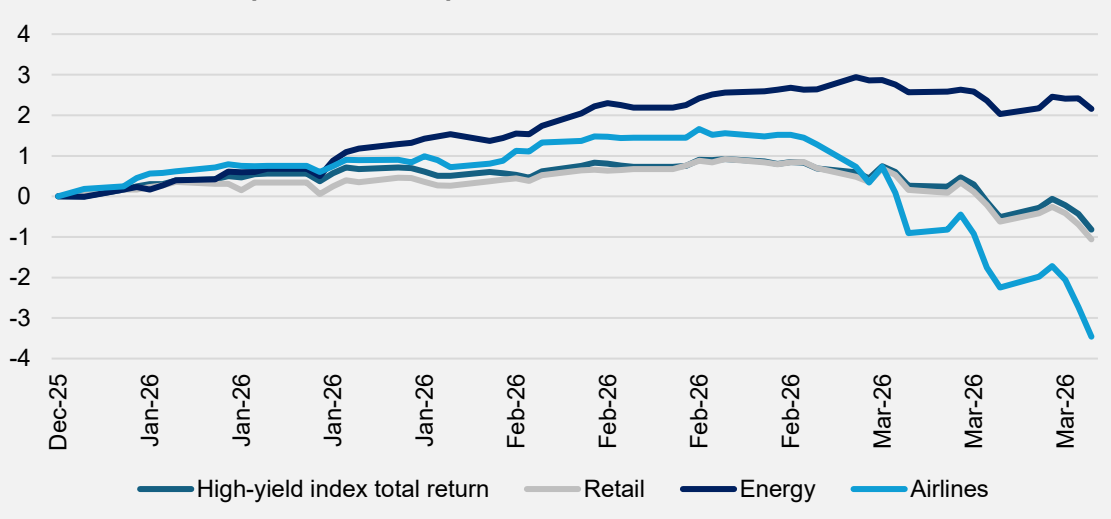
The global macro backdrop deteriorated further this week as the Middle East conflict intensified and began to materially reshape monetary policy expectations. Diplomatic efforts to end the US-Iran war stalled, with both sides rejecting ceasefire proposals while hostilities escalated, including long-range missile strikes and rising threats to critical energy infrastructure across the Gulf. The conflict is increasingly feeding into global inflation risks, particularly via higher energy prices, prompting central banks to adopt a more cautious stance. The Federal Reserve held rates unchanged but signaled heightened uncertainty, with updated projections showing firmer inflation expectations and only limited scope for rate cuts. Similarly, the ECB, Bank of England, and Bank of Canada all maintained policy rates while emphasizing upside inflation risks tied to the conflict. In the US, economic data remained mixed: consumer spending rose 0.4% m/m, while core PCE inflation accelerated to 3.1% y/y, reinforcing the case for delayed easing. Labor market conditions were broadly stable, with job openings holding steady, though sentiment weakened notably amid rising gasoline prices. Globally, growth signals softened. UK GDP stagnated, eurozone industrial production declined, and German investor sentiment dropped sharply, reflecting rising downside risks. China showed relative resilience, with stronger activity data supported by policy stimulus, though private-sector demand remained subdued.

Market performances

Markets reflected a broad risk-off shift, with equities declining across most regions while commodities and volatility surged. US equities fell, with the S&P 500 down 1.9% w/w, the Dow declining 2.1%, and the NASDAQ losing 2.1%. European markets underperformed, with the STOXX 600 falling 3.8% and the DAX dropping 4.6%, as energy concerns and growth risks weighed heavily on sentiment. Asian markets were mixed, with the Nikkei showing relative resilience while other regional markets declined. Emerging markets also weakened modestly. Fixed income markets sold off as yields rose sharply, reflecting fading expectations for rate cuts and rising inflation concerns. The US dollar weakened slightly, supporting gains in the euro and sterling, while the yen remained volatile. Commodities were a key highlight, with Brent crude surging nearly 9% on escalating supply risks, while broader commodity indices remained elevated despite some consolidation. Precious metals corrected, with gold falling sharply over the week following prior gains, alongside declines in silver and platinum. Digital assets were mixed, with Bitcoin declining modestly while some altcoins posted gains. Volatility remained elevated, with the VIX holding at high levels despite a slight weekly decline, reflecting persistent uncertainty around geopolitics and monetary policy.

Chart of the Week: Energy Junk Bonds Shine

Crude spike boosts oil producers, consumer debt sinks



Source: Bloomberg, and ADCB Asset Management

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1W (bp)	3M (bp)	YTD (bp)
SOFR	3.62	-3.00	-4.00	-25.00
UAE Eibor 3m	3.69	12.58	-6.38	21.47
UAE Eibor 12m	3.70	5.78	5.51	8.49
US 3m Bills	3.68	1.61	9.75	7.32
US 10yr Treasury	4.41	10.29	23.25	21.26
German 10yr Bund	3.04	6.00	14.80	18.80
UK 10yr Gilt	4.99	17.10	47.00	51.50
Fixed Income		1W (%)	3M (%)	YTD (%)
Global Agg. Index	496	-0.14	-0.64	-1.10
Global Treasuries	206	-0.12	-0.83	-1.33
Global Corporate	299	-0.12	-1.15	-1.55
EM USD Sovereign	450	-1.19	-1.65	-1.85
EM LCY Sovereign	162	-0.17	0.35	-0.42
Global High Yield	1,838	-0.46	-0.96	-1.32
Currencies				
Dollar Index	99.66	-0.71	1.06	1.35
EUR USD	1.1542	1.36	-1.18	-1.40
GBP USD	1.3314	0.84	-0.28	-0.83
USD JPY	159.49	-0.31	0.94	1.53
Equities				
S&P 500	6,506	-1.90	-4.80	-4.95
Dow Jones	45,577	-2.11	-5.31	-5.17
NASDAQ	21,648	-2.07	-7.12	-6.86
STOXX 600	573	-3.79	-2.42	-3.19
DAX	22,380	-4.55	-7.86	-8.62
Nikkei 225	51,644	-0.83	7.81	6.03
FTSE 100	9,918	-3.34	0.21	-0.13
SENSEX	72,842	-0.04	-12.24	-12.54
Hang Seng	24,461	-0.74	-1.61	-1.38
MSCI World	4,244	-1.97	-3.84	-4.20
MSCI EM	1,463	-0.42	6.93	4.20
Regional Equities				
ADX	9,571	0.96	-3.97	-4.22
DFM	5,550	2.28	-9.23	-8.22
Tadawul*	10,946	0.49	4.75	4.34
DSM*	10,292	-1.85	-3.40	-4.37
MSM30*	7,765	0.34	30.71	32.36
BHSE*	1,913	-1.84	-7.70	-7.45
KWSE*	8,478	-1.52	-4.97	-4.82
Commodities				
BBG Commodity Index	133.9	-0.62	23.26	22.26
Brent USD/bbl	112.7	8.77	85.53	84.37
WTI USD/bbl	98.8	-0.40	73.53	71.23
Gold USD/t oz	4,357.8	-10.50	3.54	3.94
Silver USD/t oz	66.0	-15.69	1.17	-5.19
Platinum USD/t oz	1,849.2	-4.92	-2.32	-6.40
Aluminum	3,254.8	-6.21	11.09	9.26
Copper USD/MT	12,021.5	-5.77	1.49	-3.86
Digital Assets				
Bitcoin	68,713.3	-1.84	-20.21	-20.09
Ether	2,065.8	1.04	-28.30	-28.35
Solana	87.1	0.15	-29.79	-28.38
XRP	1.4	2.43	-24.49	-21.90
Volatility				
VIX	26.78	-1.51	79.61	79.13
MOVE	108.84	19.38	83.20	70.17

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as of March 20 2026 unless stated otherwise; **Data as of March 19 2026.

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Forthcoming important economic data/events

United States

Date & Time (GST)	Indicator	Period	Expected	Prior
3/23/2026 16:30	Chicago Fed Nat Activity Index	Feb	0.04	0.18
3/23/2026 18:00	Construction Spending MoM	Jan	0.10%	0.30%
3/24/2026 16:15	ADP Weekly Employment Change	7-Mar	--	9.000k
3/24/2026 16:30	Philadelphia Fed Non-Manufacturing Activity	Mar	-15.7	-17.3
3/24/2026 16:30	Nonfarm Productivity	4Q F	1.80%	2.80%
3/24/2026 16:30	Unit Labor Costs	4Q F	3.70%	2.80%
3/24/2026 17:45	S&P Global US Manufacturing PMI	Mar P	51.3	51.6
3/24/2026 17:45	S&P Global US Services PMI	Mar P	52	51.7
3/24/2026 18:00	Richmond Fed Manufact. Index	Mar	-8	-10
3/25/2026 15:00	MBA Mortgage Applications	20-Mar	--	-10.90%
3/25/2026 16:30	Current Account Balance	4Q	-\$207.0b	-\$226.4b
3/26/2026 16:30	Initial Jobless Claims	21-Mar	210k	205k
3/26/2026 16:30	Continuing Claims	14-Mar	1848k	1857k
3/26/2026 19:00	Kansas City Fed Manf. Activity	Mar	3	5
3/27/2026 18:00	U. of Mich. Sentiment	Mar F	54	55.5
3/27/2026 18:00	U. of Mich. Current Conditions	Mar F	--	57.8
3/27/2026 18:00	U. of Mich. Expectations	Mar F	--	54.1
3/27/2026 18:00	U. of Mich. 1 Yr Inflation	Mar F	--	3.40%
3/27/2026 18:00	U. of Mich. 5-10 Yr Inflation	Mar F	3.40%	3.20%

Japan

Date & Time (GST)	Indicator	Period	Expected	Prior
3/24/2026 3:30	Natl CPI YoY	Feb	1.50%	1.50%
3/24/2026 3:30	Natl CPI Ex Fresh Food, Energy YoY	Feb	2.60%	2.60%
3/24/2026 4:30	S&P Global Japan PMI Mfg	Mar P	--	53
3/24/2026 4:30	S&P Global Japan PMI Services	Mar P	--	53.8
3/24/2026 9:30	Nationwide Dept Sales YoY	Feb	--	2.30%
3/24/2026 9:30	Tokyo Dept Store Sales YoY	Feb	--	2.00%
3/25/2026 9:00	Leading Index CI	Jan F	--	112.4
3/25/2026 9:00	Coincident Index	Jan F	--	116.8
3/25/2026 10:00	Machine Tool Orders YoY	Feb F	--	24.20%
3/26/2026 3:50	PPI Services YoY	Feb	2.60%	2.60%

Eurozone

Date & Time (GST)	Indicator	Period	Expected	Prior
3/24/2026 12:15	France S&P Global Manufacturing PMI	Mar P	49.4	50.1
3/24/2026 12:15	France S&P Global Services PMI	Mar P	49	49.6
3/24/2026 12:30	Germany S&P Global Services PMI	Mar P	52.5	53.5
3/24/2026 12:30	Germany S&P Global/BME Manufacturing PMI	Mar P	49.5	50.9
3/24/2026 13:00	Eurozone S&P Global Manufacturing PMI	Mar P	49.6	50.8
3/24/2026 13:00	Eurozone S&P Global Services PMI	Mar P	51.1	51.9
3/25/2026 13:00	Germany IFO Business Climate	Mar	86.6	88.6
3/25/2026 13:00	Germany IFO Current Assessment	Mar	86.2	86.7
3/25/2026 13:00	Germany IFO Expectations	Mar	86	90.5
3/26/2026 11:45	France Business Confidence	Mar	96	97
3/26/2026 11:45	France Manufacturing Confidence	Mar	101	102
3/26/2026 11:45	France Consumer Confidence	Mar	89	91
3/27/2026 13:00	Eurozone ECB 1 Year CPI Expectations	Feb	2.80%	2.60%
3/27/2026 13:00	Eurozone ECB 3 Year CPI Expectations	Feb	2.70%	2.60%

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United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
3/24/2026 13:30	S&P Global UK Services PMI	Mar P	53	53.9
3/24/2026 13:30	S&P Global UK Manufacturing PMI	Mar P	50	51.7
3/25/2026 11:00	CPI YoY	Feb	3.00%	3.00%
3/25/2026 11:00	CPI Core YoY	Feb	3.10%	3.10%
3/25/2026 11:00	CPI Services YoY	Feb	4.20%	4.40%
3/25/2026 11:00	RPI YoY	Feb	3.70%	3.80%
3/25/2026 13:30	House Price Index YoY	Jan	--	2.40%
3/27/2026 4:01	GfK Consumer Confidence	Mar	-23	-19
3/27/2026 11:00	Retail Sales Inc Auto Fuel YoY	Feb	2.10%	4.50%
3/27/2026 11:00	Retail Sales Ex Auto Fuel YoY	Feb	2.70%	5.50%

China & India

Date & Time (GST)	Indicator	Period	Expected	Prior
3/24/2026 9:00	India HSBC PMI Mfg	Mar P	--	56.9
3/24/2026 9:00	India HSBC PMI Services	Mar P	--	58.1
3/27/2026 5:30	China Industrial Profits YTD YoY	Feb	--	0.60%
3/27/2026	China BoP Current Account Balance	4Q F	--	\$242.1b

GCC

3/18/2026-3/24/2026	United Arab Emirates M3 Money Supply YoY	Jan	--	17.20%
3/23/2026-3/27/2026	Bahrain CPI YoY	Feb	--	1.30%
3/23/2026-3/30/2026	Qatar Trade Balance Month	Feb	--	12111m
3/24/2026-3/27/2026	Dubai CPI YoY	Jan	--	2.99%
3/26/2026 10:00	Saudi Arabia Foreign Trade Oil Exports	Jan	--	65493.7m
3/26/2026 10:00	Saudi Arabia Foreign Trade Oil Exports YoY	Jan	--	1.00%
3/26/2026 10:00	Saudi Arabia Trade Balance	Jan	--	13025.3m
3/14/2026-4/04/2026	Qatar GDP Constant Prices YoY	4Q	--	2.90%

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