

# The Weekly Market View

Investment Strategy | May 11, 2026

## Geopolitics dominate while AI earnings power through volatility

### Macro headlines

Global macro conditions were dominated by sharp swings in Middle East geopolitics, fluctuating energy prices, and resilient growth tied to AI-driven investment. The fragile US-Iran ceasefire repeatedly came under strain, with renewed naval clashes in the Strait of Hormuz, maritime blockades, and direct strikes on vessels and regional energy infrastructure. While mid-week diplomacy briefly lifted risk sentiment – culminating in reports of a potential US-Iran framework deal – optimism faded quickly after President Trump rejected Tehran’s latest response, reigniting oil price volatility and restoring geopolitical risk premia. The Federal Reserve elevated the Iran conflict and its oil price shock to the top of systemic risks in its Financial Stability Report, reinforcing concerns around energy-led inflation persistence. Despite geopolitical headwinds, global activity data showed tentative improvement. The J.P. Morgan Global Manufacturing PMI reached its highest level since March 2022, supported by stronger new orders and output, though price pressures intensified and employment softened. In the US, factory orders surged on the back of electronics demand tied to the AI investment cycle, while productivity growth remained robust even as consumer sentiment collapsed to record lows amid higher fuel prices and tariff concerns. Labor market signals were mixed: payroll growth comfortably exceeded expectations, but participation fell and layoffs rose, particularly in tech as firms accelerated AI-related restructuring. Elsewhere, policy signals diverged. The Reserve Bank of Australia delivered a third consecutive rate hike, citing inflation risks from energy markets, while European central banks remained cautious as energy-driven producer price pressures resurfaced. China stood out positively, with exports accelerating on AI-related demand and stockpiling ahead of potential supply disruptions, while CPI and PPI surprised to the upside. Corporate fundamentals continued to anchor sentiment globally. US earnings season was exceptionally strong, with more than 83% of S&P 500 companies beating EPS expectations, led by technology and AI-exposed names, reinforcing the view that profit growth remains resilient despite macro and geopolitical uncertainty.

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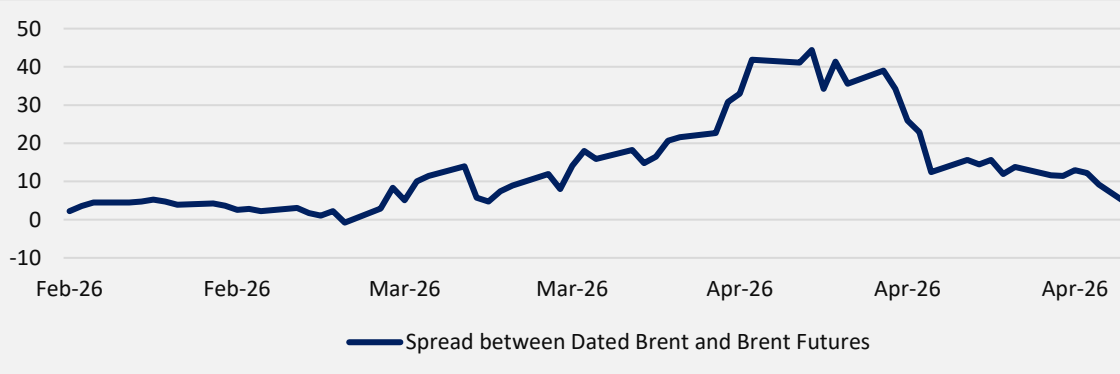
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### Market performances

Markets ultimately pushed higher over the week, led by equities, as investors looked through geopolitical volatility and focused on earnings momentum and AI-driven growth. Global equities gained, with the MSCI World up 1.8%, while US markets outperformed: the S&P 500 rose 2.3%, the Nasdaq surged 4.5%, and the Dow Jones edged up 0.2%. Europe lagged, with the STOXX 600 up just 0.1% and the DAX up 0.2%, reflecting political uncertainty and energy sensitivity. Asia was mixed but strong overall, with the Nikkei jumping 5.4%, Hang Seng up 2.4%, and MSCI EM rallying 6.9%, supported by China’s export strength. Regional markets were mixed: DFM rose 2.4% and DSM gained 2.2%, while Tadawul fell 1.4% amid oil volatility. Fixed income delivered modest gains as yields eased late in the week following earlier inflation concerns. The Global Aggregate and Global Treasuries indices rose around 0.4%, while EM debt outperformed, with local currency sovereign bonds up 0.7%. Government bond yields declined across major markets, with the US 10-year Treasury down 1.6bp, German Bund yields down 3.2bp, and UK Gilts down 5.2bp, as risk episodes reinforced demand for duration. The US dollar weakened slightly, with the Dollar Index down 0.3%, while EUR/USD and GBP/USD strengthened, and USD/JPY edged lower amid continued Japanese intervention. Commodities were volatile: oil prices swung sharply on shifting war headlines but ended the week lower, with Brent and WTI down over 6%, while precious and industrial metals outperformed – gold rose 2.2%, silver surged 6.6%, and copper gained 4.3% on supply concerns and Chinese demand. Digital assets were firmer overall, led by Bitcoin (+2.9%) and Solana (+10.4%), though year-to-date performance remained mixed. Equity volatility ticked higher (VIX +1.2%), while rate volatility eased, reflecting ongoing uncertainty but improving confidence in growth fundamentals.

### Chart of the Week: Dated Brent Premium Collapses



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## Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1W (bp)	3M (bp)	YTD (bp)
SOFR	3.60	-4.00	-4.00	-27.00
UAE Eibor 3m	3.85	5.61	29.49	37.60
UAE Eibor 12m	4.02	0.55	36.53	40.49
US 3m Bills	3.67	2.31	0.68	4.95
US 10yr Treasury	4.39	-1.57	14.81	18.71
German 10yr Bund	3.01	-3.20	16.30	15.00
UK 10yr Gilt	4.91	-5.20	39.80	43.30
Fixed Income		1W (%)	3M (%)	YTD (%)
Global Agg. Index	505	0.36	0.00	0.72
Global Treasuries	209	0.38	-0.14	0.38
Global Corporate	306	0.34	-0.26	0.54
EM USD Sovereign	465	0.52	0.77	1.35
EM LCY Sovereign	166	0.72	0.94	1.97
Global High Yield	1,895	0.32	0.77	1.77
Currencies				
Dollar Index	98.11	-0.26	0.27	-0.43
EUR USD	1.1753	0.56	-0.24	0.35
GBP USD	1.3587	0.35	0.15	1.16
USD JPY	157.09	-0.21	-0.34	-0.02
Equities				
S&P 500	7,399	2.33	6.73	8.08
Dow Jones	49,609	0.22	-1.01	3.22
NASDAQ	26,247	4.51	13.96	12.93
STOXX 600	612	0.10	-0.81	3.37
DAX	24,339	0.19	-1.55	-0.62
Nikkei 225	62,466	5.38	15.59	24.58
FTSE 100	10,233	-1.26	-1.32	3.04
SENSEX	76,214	0.54	-7.48	-9.26
Hang Seng	26,330	2.39	-0.63	2.98
MSCI World	4,757	1.78	5.04	7.38
MSCI EM	1,711	6.86	13.60	21.85
Regional Equities				
ADX	9,840	0.51	-6.85	-1.53
DFM	5,902	2.35	-11.79	-2.40
Tadawul*	11,031	-1.40	-1.41	5.15
DSM*	10,714	2.16	-5.65	-0.45
MSM30*	8,351	-0.23	29.98	42.34
BHSE*	1,942	-1.54	-5.75	-6.04
KWSE*	8,905	0.50	2.45	-0.03
Commodities				
BBG Commodity Index	140.3	-1.30	17.33	26.17
Brent USD/bbl	105.6	-6.36	48.85	66.46
WTI USD/bbl	100.1	-6.40	50.15	66.18
Gold USD/t oz	4,672.2	2.19	-5.02	9.17
Silver USD/t oz	80.3	6.61	3.21	12.11
Platinum USD/t oz	2,038.8	3.43	-2.10	-0.09
Aluminum	3,562.9	-0.78	16.07	19.61
Copper USD/MT	13,445.0	4.27	4.71	7.53
Digital Assets				
Bitcoin	80,931.6	2.89	13.95	-8.58
Ether	2,337.5	0.96	12.36	-22.54
Solana	95.5	10.35	4.63	-25.90
XRP	1.5	2.00	-3.16	-23.22
Volatility				
VIX	17.19	1.18	-3.21	14.98
MOVE	67.25	-4.49	5.71	5.14

Source: Bloomberg, and ADCB Asset Management | Notes: \*Data as of May 08 2026 unless stated otherwise; \*\*Data as of May 07 2026.

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## Forthcoming important economic data/events

### United States

Date & Time (GST)	Indicator	Period	Expected	Prior
5/11/2026 18:00	Existing Home Sales	Apr	4.06m	3.98m
5/12/2026 14:00	NFIB Small Business Optimism	Apr	96	95.8
5/12/2026 16:15	ADP Weekly Employment Change	25-Apr	--	39.250k
5/12/2026 16:30	CPI YoY	Apr	3.70%	3.30%
5/12/2026 16:30	Core CPI YoY	Apr	2.70%	2.60%
5/12/2026 16:30	Real Avg Hourly Earning YoY	Apr	--	0.30%
5/12/2026 22:00	Federal Budget Balance	Apr	--	-\$164.1b
5/13/2026 15:00	MBA Mortgage Applications	8-May	--	-4.40%
5/13/2026 16:30	PPI Final Demand MoM	Apr	0.50%	0.50%
5/13/2026 16:30	PPI Ex Food and Energy MoM	Apr	0.30%	0.10%
5/14/2026 16:30	Initial Jobless Claims	9-May	205k	200k
5/14/2026 16:30	Continuing Claims	2-May	--	1766k
5/14/2026 16:30	Retail Sales Advance MoM	Apr	0.50%	1.70%
5/15/2026 16:30	Empire Manufacturing	May	8	11
5/15/2026 17:15	Industrial Production MoM	Apr	0.20%	-0.50%
5/15/2026 17:15	Manufacturing (SIC) Production	Apr	0.10%	-0.10%
5/15/2026 17:15	Capacity Utilization	Apr	75.80%	75.70%

### Japan

Date & Time (GST)	Indicator	Period	Expected	Prior
5/12/2026 3:30	Household Spending YoY	Mar	-1.30%	-1.80%
5/12/2026 9:00	Leading Index CI	Mar P	114.6	113.3
5/12/2026 9:00	Coincident Index	Mar P	116.6	116.3
5/13/2026 3:50	BoP Current Account Balance	Mar	¥3879.4b	¥3932.7b
5/13/2026 3:50	Trade Balance BoP Basis	Mar	¥791.3b	¥267.6b
5/14/2026 3:50	Money Stock M2 YoY	Apr	--	2.00%
5/15/2026 3:50	PPI YoY	Apr	3.00%	2.60%
5/15/2026 10:00	Machine Tool Orders YoY	Apr P	--	28.00%

### Eurozone

Date & Time (GST)	Indicator	Period	Expected	Prior
5/13/2026 9:30	France ILO Unemployment Rate	1Q	--	7.90%
5/12/2026 10:00	Germany CPI YoY	Apr F	--	2.90%
5/12/2026 10:00	Germany CPI EU Harmonized YoY	Apr F	2.90%	2.90%
5/12/2026 13:00	Eurozone ZEW Survey Expectations	May	--	-20.4
5/12/2026 13:00	Germany ZEW Survey Expectations	May	--	-17.2
5/12/2026 13:00	Germany ZEW Survey Current Situation	May	--	-73.7
5/13/2026 10:45	France CPI EU Harmonized YoY	Apr F	--	2.50%
5/13/2026 10:45	France CPI YoY	Apr F	--	2.20%
5/13/2026 13:00	Eurozone GDP SA QoQ	1Q S	0.10%	0.10%
5/13/2026 13:00	Eurozone GDP SA YoY	1Q S	0.80%	0.80%
5/13/2026 13:00	Eurozone Industrial Production WDA YoY	Mar	--	-0.60%
5/15/2026 12:00	Eurozone ECB Publishes Economic Bulletin			

### United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
5/14/2026 3:01	RICS House Price Balance	Apr	--	-23.00%
5/14/2026 10:00	GDP QoQ	1Q P	--	0.10%
5/14/2026 10:00	GDP YoY	1Q P	--	1.00%
5/14/2026 10:00	Industrial Production MoM	Mar	--	0.50%
5/14/2026 10:00	Manufacturing Production MoM	Mar	--	-0.10%

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## China & India



Date & Time (GST)	Indicator	Period	Expected	Prior
5/09/2026-5/15/2026	China Money Supply M2 YoY	Apr	8.50%	8.50%
5/11/2026 5:30	China PPI YoY	Apr	1.80%	0.50%
5/11/2026 5:30	China CPI YoY	Apr	0.90%	1.00%
5/12/2026 14:30	India CPI YoY	Apr	3.73%	3.40%
5/14/2026 10:30	India Wholesale Prices YoY	Apr	5.37%	3.88%
5/15/2026	India Unemployment Rate	Apr	--	5.10%

## GCC



Date & Time (GST)	Indicator	Period	Expected	Prior
5/14/2026-5/19/2026	United Arab Emirates M3 Money Supply YoY	Mar	--	19.30%
5/14/2026	Saudi Arabia CPI YoY	Apr	--	1.80%
5/09/2026-5/23/2026	Qatar CPI YoY	Apr	--	4.17%
5/15/2026-5/25/2026	Kuwait CPI YoY	Apr	--	2.06%

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