

Japanese bond yields hit highest since 2007

Macro headlines

US envoy said a Ukraine peace deal was “really close,” hinging on two major issues, though the Kremlin insisted radical changes were needed. Japan accused Chinese fighter jets of targeting its aircraft near Okinawa, an account Beijing disputed. Thailand launched air strikes along its border with Cambodia after ceasefire violations. Brazilian assets sold off after Senator Flavio Bolsonaro confirmed his father’s backing for next year’s presidential run. The final inflation data before the Fed meeting showed September PCE rising 0.3% m/m, lifting annual inflation to 2.8%. US consumer sentiment improved to 53.3 in early December from 51.0 in November, though concerns about prices and jobs persisted. US factory orders rose 0.2% in September to USD612.6bn, while unfilled orders climbed 0.7% to USD1.49trn. German industrial orders rose 1.5% m/m in October, driven by large contracts. UK house price growth slowed to 0.7% y/y in November, the weakest since March 2024. Eurozone Q3 GDP was revised up to 0.3%. India’s RBI cut its repo rate 25bp to 5.25% and announced OMOs worth INR1trn plus a USD-INR swap. Japan’s Q3 GDP contracted at an annualised 2.3%, the fastest since Q3’23.

Market performances

Global equities rose on Friday, supported by expectations of a Fed rate cut next week. Wall Street extended weekly gains: Dow +0.22%, S&P 500 +0.19%, Nasdaq +0.31%. Europe’s STOXX was flat but up 0.41% for the week; MSCI World was flat on Friday. US September PCE reinforced Fed rate cut expectations with futures pricing a near 90% chance of a 25bp move. The dollar index eased 0.10% to 98.99 on Friday, registering a second week of losses. The euro was flat at 1.1642, and cable moved sideways. Japanese government bonds sold off sharply: 10 year yields hit their highest since 2007, 30 year yields at record highs, as the BOJ signaled a rate hike. US 10 year yields rose to 4.14%, 2 year to 3.565%. Copper surged to a record USD11,645/ton on supply concerns and Fed cut expectations. Brent crude rose 0.8% to USD63.75/bbl, WTI +0.7% to USD60.08/bbl. Gold eased to USD4,197.8/oz, while silver gained c2% to USD58.3/oz.

What’s next

The highlight of the week ahead is the US Fed’s policy meeting, with markets firmly pricing a 25bp cut. Key releases include US job openings, employment cost data, monthly GDP, and UK recruitment survey results. Mainland China reports November inflation and trade surplus, while Germany publishes industrial production. Interest rate decisions are due from Canada, Brazil, Switzerland, Australia, Türkiye, and the Philippines. UK October GDP is expected to show a modest rebound, while retail sales remain subdued. On Monday, Abu Dhabi Finance Week begins, the BIS publishes its Quarterly Review, and data releases include US November consumer inflation expectations, Germany October industrial production, Switzerland November consumer confidence, UK KPMG/REC November jobs report, and China November trade balance. Asian shares were flat Monday as investors anticipated a Federal Reserve rate cut, though disagreement among policymakers may make the meeting contentious. At the time of writing, US equity futures were rising, while yields on 10-year Japanese government bonds continued to experience upward pressure.

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Daily Market View

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	3M (bp)	YTD (bp)
SOFR	3.92	0.00	-21.00	-49.00
UAE Eibor 3m	3.67	-0.98	-10.56	-38.75
UAE Eibor 12m	3.62	-1.01	-8.39	-44.51
US 3m Bills	3.69	-0.63	-16.48	-38.09
US 10yr Treasury	4.14	3.70	2.47	-2.56
German 10yr Bund	2.80	2.70	13.10	7.90
UK 10yr Gilt	4.48	4.10	4.10	-24.40
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	499	-0.20	0.14	0.52
Global Treasuries	208	-0.23	-0.15	-0.11
Global Corporate	302	-0.19	0.55	1.28
EM USD Sovereign	456	-0.07	0.45	4.15
EM LCY Sovereign	161	-0.01	0.26	0.71
Global High Yield	1,849	-0.03	0.92	2.21
Currencies				
Dollar Index	98.99	0.00	-0.88	0.66
EUR USD	1.1642	-0.12	1.00	0.02
GBP USD	1.3328	-0.11	1.39	-0.70
USD JPY	155.33	0.25	0.77	4.51
Equities				
S&P 500	6,870	0.19	0.27	5.66
Dow Jones	47,955	0.22	1.31	5.12
NASDAQ	23,578	0.31	-1.08	8.62
STOXX 600	579	-0.01	1.13	5.21
DAX	24,028	0.61	-0.43	1.08
Nikkei 225	50,492	-1.05	-3.66	18.58
FTSE 100	9,667	-0.45	-0.35	4.88
SENSEX	85,712	0.52	2.06	6.19
Hang Seng	26,085	0.58	-0.28	4.10
MSCI World	4,419	0.00	0.54	5.48
MSCI EM	1,385	0.63	-1.77	9.82
Regional Equities				
ADX	9,951	0.37	-0.73	-0.83
DFM	5,984	0.94	-0.59	-0.09
Tadawul*	10,631	0.05	-4.89	-7.52
DSM*	10,704	-0.08	-2.31	-1.46
MSM30*	5,916	0.94	3.36	14.24
BHSE*	2,051	0.30	-0.75	5.00
KWSE*	8,888	0.35	-0.06	1.31
Commodities				
BBG Commodity Index	112.0	0.79	3.44	8.92
Brent USD/bbl	63.75	0.77	-1.76	-4.84
WTI USD/bbl	60.08	0.69	-1.59	-5.36
Gold USD/t oz	4,197.8	-0.45	4.78	18.16
Silver USD/t oz	58.3	2.11	21.35	43.43
Platinum USD/t oz	1,643.6	-0.15	4.63	19.36
Aluminum	2,869.8	-0.24	-0.97	10.69
Copper USD/MT	11,645.0	1.51	7.11	18.67
Digital Assets				
Bitcoin	89,203.5	-3.22	-16.53	-19.20
Ether	3,020.4	-3.31	-16.13	-29.87
Solana	132.4	-4.55	-20.17	-34.66
XRP	2.0	-3.03	-12.25	-27.60
Volatility				
VIX	15.41	-2.34	-10.25	0.72
MOVE	67.28	2.42	0.07	-23.77

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - December 08, 2025 unless stated otherwise. Performance in local currency.

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