

Fed cuts, signals pause

Macro headlines

Tensions escalated sharply between Washington and Caracas after the US seized a sanctioned oil tanker off the coast of Venezuela, a move President Trump confirmed on Wednesday. Meanwhile, fighting between Thailand and Cambodia entered its fourth day, with both sides awaiting a promised call from President Trump, who believes he can broker another ceasefire. Mexico's Senate approved tariff hikes of up to 50% on imports from China and several Asian economies, aiming to protect domestic industry despite objections from business groups and affected governments. The US Federal Reserve delivered a 25bp rate cut but signaled a pause, revealing deep internal divisions about the path ahead. Policymaker projections showed only one cut penciled in for 2026, but the range of views was unusually wide, reflecting uncertainty around a labor market showing signs of softening and inflation that "remains somewhat elevated." The Fed also announced a USD40bn short-term Treasury bill purchase program beginning December 12, reversing course only weeks after ending balance-sheet reduction. Chair Powell noted that staff believe federal data may be overstating job creation by up to 60,000 jobs per month, adding complexity to the policy outlook. Elsewhere, the Bank of Canada held rates at 2.25%, while Brazil's central bank kept its Selic rate at 15% and maintained a hawkish tone. Türkiye's industrial production rose 2.2% y/y in October but fell on a monthly basis. Oracle projected weaker-than-expected sales and profits, citing heavy AI-related capital spending that has yet to translate into earnings.

Market performances

Markets rallied strongly on Wednesday after the Federal Reserve cut rates by 25bp, and Chair Powell struck a tone that investors interpreted as more dovish than the official projections suggested. The Dow surged 1.05%, the S&P 500 gained 0.67%, and the Nasdaq rose 0.33%. Global equities followed suit, with MSCI World up 0.56% and Europe's STOXX 600 closing slightly higher. Gulf markets were broadly higher. Investors welcomed Powell's emphasis on downside risks to the labor market and his reluctance to commit to a near term pause, even though the Fed's dot plot signaled only one cut in 2026 and revealed three dissents. Treasury yields fell meaningfully after the announcement, with the 10 year dropping to 4.15% after swinging between a three month high of 4.209% and an intraday low of 4.137%. The move snapped a four session streak of rising yields. The dollar weakened across major peers, falling 0.44% on the dollar index to 98.79, while the yen strengthened to 156.31 and the Swiss franc rallied to 0.8000 per dollar. Markets now price a 78% chance that the Fed holds rates steady at its next meeting. Silver extended its extraordinary rally, hitting a fresh record at USD61.8/oz and rising 113% year to date, driven by scarcity concerns and surging investor demand. Oil prices climbed after the US seized a Venezuelan tanker, with Brent settling at USD62.21/bbl and WTI at USD58.46/bbl.

What's next

The focus now shifts to a dense slate of global data and central bank decisions following the Fed's rate cut. In the Americas, Brazil releases October retail sales and December business confidence, while Canada publishes September trade data. The US reports November PPI and September trade balance, offering fresh insight into inflation dynamics and external demand. Peru announces its reference rate decision later in the day. In EMEA, Sweden releases final November inflation, Switzerland announces its SNB interest rate decision, and Türkiye publishes its TCMB rate decision. Italy also reports October industrial production. These releases will help clarify whether Europe's mixed inflation and growth signals are stabilizing or deteriorating into year end. In APAC, the Philippines' BSP announces its interest rate decision. Energy markets will watch the IEA Oil Market Report and OPEC Monthly Oil Market Report, both of which could influence crude pricing after the US tanker seizure. Corporate earnings include Lululemon Q3, Nordson Q4/FY, Tui FY, and others. With the Fed now in pause mode, global central banks diverging, and commodities reacting sharply, today's calendar sets the tone for the post Fed landscape. Stocks across Asia fluctuated on Thursday following lackluster earnings from US cloud computing leader Oracle, which raised concerns about the profitability of AI. Meanwhile, bonds remained stable and the dollar continued to weaken after the Federal Reserve lowered US interest rates. The Chinese yuan rose to its strongest level against the US dollar in fourteen months.

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Daily Market View

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	3M (bp)	3M (bp)
SOFR	3.93	0.00	1.00	-47.00
UAE Eibor 3m	3.68	-2.33	-3.53	-45.13
UAE Eibor 12m	3.65	1.14	-20.25	-31.78
US 3m Bills	3.67	-3.65	-18.29	-35.17
US 10yr Treasury	4.15	-4.10	6.37	5.93
German 10yr Bund	2.85	0.10	20.10	19.20
UK 10yr Gilt	4.51	0.10	7.30	-11.70
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	498	0.19	-0.06	-0.48
Global Treasuries	207	0.16	-0.42	-1.26
Global Corporate	302	0.23	0.42	0.40
EM USD Sovereign	455	0.13	0.33	3.38
EM LCY Sovereign	160	0.02	0.30	0.10
Global High Yield	1,846	0.09	0.84	1.73
Currencies				
Dollar Index	98.79	-0.44	-0.95	1.02
EUR USD	1.1659	0.30	1.02	-0.51
GBP USD	1.3346	0.36	1.71	-1.40
USD JPY	156.31	-0.39	2.15	6.14
Equities				
S&P 500	6,887	0.67	2.48	5.74
Dow Jones	48,058	1.05	2.44	5.13
NASDAQ	23,654	0.33	2.60	8.11
STOXX 600	578	0.07	1.81	4.67
DAX	24,130	-0.13	1.67	1.74
Nikkei 225	50,603	-0.10	-0.55	16.44
FTSE 100	9,656	0.14	-0.82	4.47
SENSEX	84,391	-0.32	1.30	4.06
Hang Seng	25,541	0.42	-3.57	-1.53
MSCI World	4,425	0.56	2.34	5.02
MSCI EM	1,383	0.26	-0.81	6.73
Regional Equities				
ADX	9,981	-0.08	-0.42	0.27
DFM	6,076	0.52	0.91	1.99
Tadawul*	10,726	0.25	-2.95	-6.96
DSM*	10,807	0.28	-0.36	-0.99
MSM30*	5,947	-0.24	5.08	14.13
BHSE*	2,051	0.06	-0.51	4.22
KWSE*	9,015	0.06	2.00	2.54
Commodities				
BBG Commodity Index	109.7	0.14	2.47	6.43
Brent USD/bbl	62.21	0.44	-1.85	-6.30
WTI USD/bbl	58.46	0.36	-1.63	-6.66
Gold USD/t oz	4,199.8	-0.08	5.36	15.22
Silver USD/t oz	61.8	1.87	28.67	51.21
Platinum USD/t oz	1,657.2	-2.13	8.23	20.54
Aluminum	2,831.3	0.40	0.06	7.89
Copper USD/MT	11,645.0	0.70	8.60	18.55
Digital Assets				
Bitcoin	92,396.1	-0.29	-8.59	-17.15
Ether	3,340.9	1.16	0.48	-22.38
Solana	137.2	-0.40	-12.30	-36.57
XRP	2.0	-2.46	-7.54	-30.68
Volatility				
VIX	15.77	-6.85	-19.13	4.85
MOVE	68.62	-8.97	-5.27	-16.52

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - December 11, 2025 unless stated otherwise. Performance in local currency.

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