

## US-India trade deal resets tariffs and energy flows

### Macro headlines

President Trump on Monday announced a new trade deal with India that reduces US tariffs on Indian goods to 18% from 50% in exchange for India halting Russian oil purchases and lowering trade barriers. Trump said India would now buy oil from the US and potentially Venezuela. The agreement followed a call with Prime Minister Modi and marks a significant shift in bilateral trade and energy flows. Separately, Middle Eastern powers are working to arrange a meeting between the US and Iran, with diplomats indicating that talks could take place in Türkiye on Friday. Initial discussions are expected to focus on Iran's nuclear program. Trump also announced plans to launch a strategic stockpile of critical minerals backed by USD10bn in seed funding from the US Export-Import Bank. In India, the government is considering raising the foreign-investment cap in publicly owned banks to 49% from 20%, a move that would represent a major opening of the sector to overseas capital. In Europe, France adopted a deficit-cutting budget for 2026 after months of political negotiation, giving Prime Minister Lecornu's minority government a legislative win. US manufacturing data showed a notable improvement. The ISM manufacturing PMI rose to 52.6 in January, its highest level since August 2022 and the first expansion in a year. New orders and production grew, while employment contracted and supplier deliveries slowed. Prices increased and inventories remained tight. Global manufacturing conditions also improved, with the J.P. Morgan Global Manufacturing PMI rising to 50.9, supported by the strongest rise in new work in nearly a year and signs of stabilizing trade flows. German retail sales rose 0.1% m/m in December, slightly below expectations. On Tuesday, Reserve bank of Australia hiked its policy rate by 25bp to 3.85%. Corporate developments included Musk announcing that SpaceX has acquired xAI, unifying his AI and space ventures. Oracle attracted strong demand for a USD25bn bond offering after pledging to preserve its investment-grade rating amid rising scrutiny of AI-related spending.

### Market performances

Global equities edged slightly lower on Monday as investors navigated a sharp drop in precious metals, a stronger dollar, and ongoing assessment of Warsh's nomination to lead the Federal Reserve. Driven by weakness in emerging markets, while Wall Street reversed early losses and closed higher, supported by positive sentiment around AI funding and stronger-than-expected US manufacturing data. The Dow rose 1.05% to 49,407.66, the S&P 500 gained 0.54% to 6,976.44, and the Nasdaq advanced 0.56% to 23,592.11. European equities outperformed, with the STOXX 600 up 1.03%, supported by financials and healthcare. Precious metals extended last week's dramatic declines. Silver fell to USD79.92/oz after dropping as low as USD71.33/oz earlier in the session before rebounding on Tuesday. Following Friday's 27% plunge, silver was on track for its largest two-day loss since at least the 1980s. Dealers cited pressure on Chinese futures funds and CME margin increases on silver and gold contracts. Gold fell to USD4,674.3/oz after a nearly 10% drop on Friday, deepening the reversal from last week's record highs. However, gold prices too rebounded on Tuesday Asia trading. Oil prices fell sharply as hopes for US-Iran de-escalation grew. Reports that US and Iranian officials will resume nuclear talks on Friday contributed to the decline, alongside milder weather forecasts and a stronger dollar. The dollar index rose 0.66% to 97.63, with the euro down to USD1.1800. The dollar strengthened as investors reassessed the outlook for US interest rates following Warsh's nomination and the metals-driven flight to safety in currency markets. The dollar also gained 0.55% against the yen to 155.51. Treasury yields rose, with the 10-year at 4.281% and the 2-year at 3.576%.

### What's next

Tuesday brings a broad set of macro releases across regions. Türkiye publishes January CPI, France releases flash January HICP and CPI, and the eurozone publishes its quarterly bank-lending survey. In the US, December JOLTS job openings and January light-vehicle sales are due. Brazil releases central-bank meeting minutes and December industrial-production data. Colombia publishes December export data. In Asia, Japan releases December unemployment and preliminary industrial production, South Korea publishes December industrial production, Australia releases Q4 PPI, and Taiwan publishes advance Q4 GDP. Corporate earnings include AMD, Mondelez, Pfizer, PepsiCo, Amgen, Nintendo, Electronic Arts, Merck, Publicis, and many others across the US, Europe, and Asia. In Washington, the Senate Subcommittee on Antitrust, Competition Policy, and Consumer Rights will examine the competitive impact of the proposed Netflix-Warner Brothers deal.

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# Daily Market View

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## Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.68	0.00	-3.00	-54.00
UAE Eibor 3m	3.60	-0.44	-2.39	2.00
UAE Eibor 12m	3.68	6.69	14.59	-6.09
US 3m Bills	3.66	0.73	11.91	-13.97
US 10yr Treasury	4.28	4.19	15.55	19.99
German 10yr Bund	2.87	2.50	1.30	23.50
UK 10yr Gilt	4.51	-1.60	0.80	9.70
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	504	-0.47	0.35	0.96
Global Treasuries	209	-0.54	0.21	0.44
Global Corporate	305	-0.36	0.38	1.32
EM USD Sovereign	460	0.05	0.27	1.22
EM LCY Sovereign	164	-0.27	0.83	2.17
Global High Yield	1,879	-0.09	0.87	2.45
Currencies				
Dollar Index	97.63	0.66	-0.62	-2.18
EUR USD	1.1800	-0.43	0.37	2.28
GBP USD	1.3660	-0.19	1.41	3.86
USD JPY	155.51	0.47	-0.52	0.99
Equities				
S&P 500	6,976	0.54	1.16	1.99
Dow Jones	49,408	1.05	2.15	3.88
NASDAQ	23,592	0.56	0.74	-0.56
STOXX 600	617	1.03	4.14	7.94
DAX	24,798	1.05	1.25	3.50
Nikkei 225	52,655	-1.25	4.60	0.47
FTSE 100	10,342	1.15	4.03	6.42
SENSEX	81,666	-0.73	-3.55	-2.71
Hang Seng	26,776	-2.23	3.56	3.35
MSCI World	4,538	0.24	1.80	3.37
MSCI EM	1,494	-2.24	6.52	6.59
Regional Equities				
ADX	10,338	0.55	3.75	2.36
DFM	6,573	2.14	9.28	8.48
Tadawul*	11,321	1.38	8.10	6.39
DSM*	11,405	0.57	3.97	7.14
MSM30*	6,253	0.10	2.07	10.94
BHSE*	2,051	0.17	-0.37	0.54
KWSE*	8,674	0.19	-1.86	-1.85
Commodities				
BBG Commodity Index	115.1	-4.64	2.79	7.27
Brent USD/bbl	66.30	-6.21	7.07	1.89
WTI USD/bbl	62.14	-4.71	7.23	1.90
Gold USD/t oz	4,674.3	-4.49	6.96	16.77
Silver USD/t oz	79.3	-6.96	3.90	62.81
Platinum USD/t oz	2,132.1	-2.88	-2.22	35.43
Aluminum	3,045.5	-2.67	2.79	5.80
Copper USD/MT	12,987.0	-2.86	3.80	19.13
Digital Assets				
Bitcoin	78,462.5	-6.77	-11.03	-28.30
Ether	2,340.8	-13.36	-21.08	-39.35
Solana	104.8	-10.65	-15.43	-43.92
XRP	1.6	-6.09	-13.32	-35.39
Volatility				
VIX	16.34	-6.31	14.03	-6.31
MOVE	59.30	0.17	-7.31	-10.97

Source: Bloomberg, and ADCB Asset Management | Notes: \*Data as at 8AM UAE time - February 03, 2026 unless stated otherwise. Performance in local currency.

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