

Daily Market View

Investment Strategy | January 05, 2026

Maduro seized as US tightens pressure, but markets unfazed

Macro headlines

A dramatic escalation in US–Venezuela tensions dominated the geopolitical landscape after President Trump ordered an operation that removed President Maduro from Caracas and transferred him to New York to face drug-related charges. The administration declared that the US would oversee Venezuela “until transition,” while Maduro allies denounced the move as kidnapping and demanded his release. President Trump said the US was “not afraid of putting boots on the ground,” intensifying uncertainty around the country’s political trajectory. Meanwhile, Venezuela’s state-run PDVSA began cutting crude production as the US oil blockade reduced exports to zero, leaving storage capacity saturated and adding pressure on an interim government already struggling to maintain control. OPEC+ kept output unchanged after a brief meeting that avoided discussion of the political crises affecting several members. In Asia, President Lee of South Korea began a state visit to China aimed at easing tensions on the Korean Peninsula, hours after North Korea launched ballistic missiles. Turning to macroeconomic data releases, in the US, the National Association of Realtors reported a 3.3% m/m rise in pending home sales for November – the strongest monthly increase since early 2023 – suggesting tentative stabilization in housing activity. The Fed’s December meeting minutes showed policymakers were divided after cutting rates by 25bp. Most officials believed further cuts would be appropriate if inflation continued to ease, but some argued for keeping rates unchanged for longer. In Europe, inflation eased to 3.0% y/y in December due to lower fuel prices, though core inflation held at 2.6%. France’s registered unemployment fell by 21,500 in November, though the total remained nearly 200k higher y/y. UK house prices slipped 0.4% m/m in December, missing expectations. China’s services activity expanded at its slowest pace in six months as new business softened and foreign demand weakened.

Market performances

Global markets opened 2026 with a mix of optimism and caution. US equities oscillated throughout Friday’s session before closing mixed: the Dow rose 0.66% to 48,382.39, the S&P 500 gained 0.19% to 6,858.47, and the Nasdaq slipped 0.03% to 23,235.63. The session marked a break from the four-day losing streak that closed out 2025, though all three major indexes still posted weekly declines. Trading volumes were thin, with investors returning from the holiday period and awaiting a wave of delayed economic data following the government shutdown. Value stocks outperformed growth, and AI-infrastructure names saw renewed interest. Markets also reflected broader themes from 2025: resilience despite tariff disputes, geopolitical shocks, and concerns about central-bank independence. With Chair Powell nearing the end of his term, investors are focused on how the Fed will navigate 2026, especially as President Trump prepares to appoint a successor aligned with his policy preferences. European equities surged to record highs, with the STOXX 600 rising 0.67% and the FTSE 100 breaking the symbolic 10,000-point mark for the first time. MSCI World gained 0.33%, while emerging-market equities rose 1.72%. Asia-Pacific equities outside Japan climbed 1.75%. In commodities, gold paused after a record-breaking 2025. The dollar strengthened modestly, with the dollar index rising to 98.43. Treasury yields moved higher, with the 10-year at 4.191% and the 2-year at 3.475%. Oil prices eased further (before the Venezuela shock), with WTI at USD57.32/bbl and Brent at USD60.75/bbl, extending their largest annual loss since 2020 as oversupply concerns outweighed geopolitical risks. On Monday morning, equity markets appear to have ignored the geopolitical developments over the weekend while oil prices appeared volatile.

What’s next

The first full trading week of 2026 is set to deliver a heavy slate of economic data and policy signals that could shape market direction after a subdued end to 2025. The centerpiece is the US employment report due January 9, which could provide clarity on the labor-market slowdown that prompted the Fed to cut rates at its last three meetings. Payrolls are expected to rise 55k, following November’s 64k increase and a rise in unemployment to 4.6%. Investors are watching closely: a soft report could reinforce expectations for further easing, while a sharper downturn could raise recession concerns. Markets are also awaiting a US Supreme Court ruling on President Trump’s tariffs and his selection of a new Fed chair – two decisions with significant implications for monetary policy, trade, and risk sentiment. Inflation remains above the Fed’s 2% target, and futures markets imply little chance of a January cut but nearly a 50% probability of a March reduction. The return of delayed data releases – including manufacturing, job openings, and CPI – will help recalibrate expectations after weeks of uncertainty caused by the shutdown. Q4 earnings season begins shortly, with major banks such as JPMorgan reporting on January 13. Consensus expect S&P 500 earnings to have risen 13% in 2025 and to grow another 15.5% in 2026. With valuations elevated, strong earnings delivery will be critical to sustaining market momentum.

Mohammed Al Hemeiri

Senior Specialist

Tel: +971 (0)2 812 6450

mohammed.alhemeiri@adcb.com

Kishore Muktinutalapati

Head - Investment Strategy

Tel: +971 (0)2 812 6457

kishore.muktinutalapati@adcb.com

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Global markets' performance snapshot

Performance snapshot*					
Rates	Latest	1D (bp)	1M (bp)	3M (bp)	
SOFR	3.87	0.00	-25.00	-33.00	
UAE Eibor 3m	3.54	6.06	-19.51	-40.72	
UAE Eibor 12m	3.63	1.71	-0.68	-13.31	
US 3m Bills	3.61	-1.40	-15.44	-32.94	
US 10yr Treasury	4.19	2.37	10.42	10.80	
German 10yr Bund	2.90	4.50	14.90	20.10	
UK 10yr Gilt	4.54	5.80	5.60	-17.30	
Fixed Income		1D (%)	1M (%)	3M(%)	
Global Agg. Index	501	-0.13	0.33	0.02	
Global Treasuries	208	-0.12	0.18	-0.59	
Global Corporate	303	-0.17	0.40	0.41	
EM USD Sovereign	459	-0.05	0.69	3.23	
EM LCY Sovereign	163	0.05	1.22	1.71	
Global High Yield	1,863	0.02	1.08	2.20	
Currencies					
Dollar Index	98.42	0.10	-1.00	0.59	
EUR USD	1.1719	-0.22	0.84	0.03	
GBP USD	1.3456	0.26	1.75	0.13	
USD JPY	156.84	0.04	0.96	6.57	
Equities					
S&P 500	6,858	0.19	0.67	2.13	
Dow Jones	48,382	0.66	2.31	4.00	
NASDAQ	23,236	-0.03	-0.17	1.71	
STOXX 600	596	0.67	3.63	5.03	
DAX	24,539	0.20	4.03	0.48	
Nikkei 225	50,339	0.00	2.10	12.02	
FTSE 100	9,951	0.20	2.56	5.55	
SENSEX	85,762	0.67	0.14	5.90	
Hang Seng	26,338	2.76	1.17	-3.48	
MSCI World	4,445	0.33	1.53	2.72	
MSCI EM	1,429	1.72	4.47	4.52	
Regional Equities					
ADX	9,995	0.02	2.54	-0.70	
DFM	6,114	1.11	4.75	3.34	
Tadawul*	10,364	-1.75	-3.28	-11.08	
DSM*	10,785	0.21	-1.08	-1.56	
MSM30*	5,939	0.74	-0.17	5.86	
BHSE*	2,067	0.03	0.42	0.20	
KWSE*	8,850	-0.65	-2.30	-2.02	
Commodities					
BBG Commodity Index	109.5	-0.16	-1.40	4.44	
Brent USD/bbl	60.75	-0.16	-3.83	-5.24	
WTI USD/bbl	57.32	-0.17	-3.37	-5.22	
Gold USD/t oz	4,332.3	0.30	2.36	12.67	
Silver USD/t oz	72.8	1.62	25.57	54.96	
Platinum USD/t oz	2,142.9	4.00	28.56	35.92	
Aluminum	2,999.3	0.69	4.36	11.39	
Copper USD/MT	12,571.0	0.54	11.26	20.24	
Digital Assets					
Bitcoin	90,027.5	1.99	4.14	-25.42	
Ether	3,129.9	4.80	12.09	-30.35	
Solana	131.9	5.25	4.60	-43.33	
XRP	2.0	7.87	-0.51	-34.10	
Volatility					
VIX	14.51	-2.94	-15.84	-12.75	
MOVE	62.36	-2.50	-12.60	-12.43	

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - January 05, 2026 unless stated otherwise. Performance in local currency.

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