Daily Market View

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Venezuela oil deal reshapes global flows

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Macro headlines

Venezuela's political and economic landscape shifted again as Washington and Caracas reached a deal enabling USD2bn worth of Venezuelan oil exports to the US, redirecting flows previously bound for China. President Trump said the agreed volume is 30-50m barrels, a move expected to stabilize Venezuelan output after weeks of disruption. Chevron remains the only US firm currently authorized to export Venezuelan crude, though the US Interior Secretary said Gulf refiners would quickly take advantage of the redirected supply. The agreement comes as opposition leader Machado praised President Trump for toppling President Maduro and vowed to return home swiftly to contest a free election. Meanwhile, Maduro's legal team argued he is protected by head-of-state immunity, though US courts rarely litigate such claims in criminal cases. Prosecutors may face challenges linking him directly to the alleged conspiracy, while his lawyer called the capture an "abduction." Meanwhile, the White House confirmed President Trump is again exploring options to acquire Greenland, including potential military involvement, despite European objections. Separately, the US joined a broad coalition pledging binding security guarantees to Ukraine in the event of future Russian aggression. Tensions escalated in Asia as Japan condemned China's ban on exports of dual-use items, calling the move "absolutely unacceptable." On the macro front, global activity softened: the J.P. Morgan Global Composite PMI fell to 52.0 in December, its lowest in six months, though it remained above the 50 expansion threshold for a 35th consecutive month. Eighteen of 21 global sectors monitored under the PMI reported higher activity, led by insurance. The US services sector continued expanding but at a slower pace, with weaker new-work growth and sharper increases in input and output prices. In Europe, inflation eased further: German consumer prices rose 2.0% y/y in December, down from 2.6%, while French harmonized inflation fell to 0.7% from 0.8%. Turining to GCC, UAE PMI data showed strong non-oil private sector growth in December, with activity levels remaining near November's peak. Firms cited new customer orders, improved market conditions, and supportive domestic policies as key drivers. Saudi Arabia has announced that it will fully open its capital market to foreign investors effective February 1, 2026, representing a major milestone in the liberalisation of the Kingdom's financial markets.

Market performances

Global equities extended their early-year rally, with the Dow Jones Industrial Average hitting another record high as investors focused on upcoming US labor-market data and expectations for Fed rate cuts. The Dow rose 0.99% to 49,462.08, the S&P 500 gained 0.62% to 6,944.82, and the Nasdaq advanced 0.65% to 23,547.17. Chip stocks led gains on renewed optimism around artificial-intelligence demand, while the broader market benefited from a classic January-effect tailwind. MSCI World rose 0.64%, reaching a record intraday high. European equities followed suit, with the STOXX 600 up 0.58% and indexes in Germany and Spain hitting fresh records. Oil prices fell despite geopolitical tensions, with WTI settling at USD57.13/bbl and Brent at USD60.70/bbl. Investors weighed expectations of ample global supply against Trump's announcement of additional supplies. Shares of US oil majors fell after Monday's rally, which had been driven by speculation that US firms would gain access to Venezuelan reserves. The dollar index strengthened to 98.58, reflecting cautious positioning ahead of Friday's US jobs report. Treasury yields edged higher, with the 10-year rising to 4.175%. Traders continued to price in two Fed rate cuts for 2026, supported by comments from Governor Miran, who said aggressive easing is needed to keep the economy moving. Gold was seen stable after Monday's sharp rise, while silver and industrial metals surged: copper hit an all-time high and nickel jumped more than 9% to an 18-month peak on supply concerns. Market sentiment remained upbeat but sensitive to policy signals, with investors watching for any shift in expectations once labor-market and inflation data arrive later in the week.

What's next

Wednesday brings a dense slate of global data releases that will help refine market expectations ahead of Friday's US employment report. In Europe, Germany publishes November retail sales and December labor-market data, while the eurozone releases preliminary December CPI. These figures will shape the near-term inflation narrative as markets assess whether the ECB's "good place" assessment remains justified. Europe also reports December construction PMIs, offering insight into a sector that has lagged broader activity. China releases December FX-reserve data, providing a read on capital flows and currency-management dynamics at a time of heightened geopolitical tension with Japan. In the US, several key indicators are due: ADP nonfarm employment change for December, JOLTS job openings for November, the ISM non-manufacturing PMI for December, and October factory orders. Together, these releases will help clarify whether the US economy is slowing in line with expectations or showing signs of resilience that could complicate the Fed's rate-cut trajectory. Federal Reserve Governor Bowman speaks at the California Bankers Association, offering one of the final policy signals before Friday's jobs report. Corporate earnings also begin to pick up, with results from Albertsons, Jefferies, Constellation Brands, MSC Industrial Direct, and several others. Cyprus assumes the rotating EU presidency, with President von der Leyen and other leaders attending events in Nicosia. With global PMIs cooling, inflation easing in Europe, and geopolitical tensions rising, today's data will play a significant role in shaping early-January market direction. Wednesday morning trading was mixed in Asia with oil price weakness in focus.

Global markets' performance snapshot

Performance snapshot*				
Rates	**Latest**	**1D (bp)**	**1M (bp)**	**3M (bp)**
SOFR	3.70	0.00	-25.00	-45.00
UAE Eibor 3m	3.63	-0.51	-8.02	-32.78
UAE Eibor 12m	3.63	-0.30	-0.81	-25.76
US 3m Bills	3.58	-1.33	-12.61	-36.20
US 10yr Treasury	4.17	1.18	10.97	2.10
German 10yr Bund	2.84	-2.80	9.50	12.30
UK 10yr Gilt	4.48	-2.60	3.30	-25.60
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	501	-0.01	0.15	0.36
Global Treasuries	208	-0.01	0.00	-0.17
Global Corporate	304	0.03	0.19	0.71
EM USD Sovereign	459	-0.07	0.38	3.06
EM LCY Sovereign	163	0.02	1.20	1.71
Global High Yield	1,865	0.05	0.89	2.17
Currencies				
Dollar Index	98.58	0.32	-0.28	0.48
EUR USD	1.1701	-0.12	0.27	-0.09
GBP USD	1.3510	-0.17	1.25	0.26
USD JPY	156.69	0.23	1.01	4.35
Equities				
S&P 500	6,945	0.62	1.39	3.03
Dow Jones	49,462	0.99	3.30	5.93
NASDAQ	23,547	0.65	0.40	2.64
STOXX 600	605	0.58	5.04	6.14
DAX	24,892	0.09	5.06	2.11
Nikkei 225	52,518	1.32	5.32	9.54
FTSE 100	10,123	1.18	4.44	6.79
SENSEX	85,063	-0.44	-0.05	4.00
Hang Seng	26,710	1.38	3.69	-0.92
MSCI World	4,507	0.64	2.37	3.56
MSCI EM	1,467	1.11	6.86	6.92
Regional Equities				
ADX	9,996	0.53	1.27	-0.66
DFM	6,183	0.85	4.67	4.65
Tadawul*	10,291	-0.33	-3.97	-11.71
DSM*	10,990	0.20	0.79	0.30
MSM30*	6,025	0.31	1.27	7.39
BHSE*	2,065	-0.08	0.33	0.12
KWSE*	8,843	0.12	-2.38	-2.10
Commodities				
BBG Commodity Index	112.7	0.81	1.78	6.31
Brent USD/bbl	60.70	-1.72	-3.14	-7.29
WTI USD/bbl	57.13	-2.04	-3.09	-7.39
Gold USD/t oz	4,489.5	1.03	6.61	13.54
Silver USD/t oz	81.3	6.11	38.92	67.53
Platinum USD/t oz	2,446.4	7.45	46.04	50.60
Aluminum	3,115.3	1.53	8.44	14.29
Copper USD/MT	13,269.5	2.99	16.02	25.07
Digital Assets				
Bitcoin	93,217.3	-0.93	-0.54	-25.58
Ether	3,274.1	1.15	3.44	-30.20
Solana	140.2	1.27	-3.67	-40.03
XRP	2.3	-2.27	3.30	-24.17
Volatility				
VIX	14.75	-1.01	-8.27	-9.90
MOVE	65.82	1.72	-0.96	-9.82

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - January 07, 2026 unless stated otherwise. Performance in local currency.

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