

Daily Market View

Investment Strategy | January 08, 2026

Defense stocks fell on Trump's dividend freeze warning but reversed following military spending updates

Macro headlines

The US intensified its control over Venezuelan oil flows after seizing two Venezuela-linked tankers in the Atlantic, including one sailing under Russia's flag. The move is part of President Trump's broader strategy to dominate the Venezuelan oil industry and redirect crude away from China toward the US. According to officials, President Trump believes the initiative could help push oil prices toward USD50/bbl, a level he views as optimal for the US economy. The administration is preparing a long-term plan to shape Venezuela's oil sector for years, with the US energy secretary saying Washington must control Venezuelan oil sales indefinitely to stabilize the country's economy. Political tensions continued to escalate. Senator Rubio is set to meet Danish leaders next week as the White House revives its ambition to acquire Greenland, with European allies preparing contingency plans should the US move forward. President Trump also announced that the US will withdraw from dozens of international and UN entities, including a major climate treaty and a UN body focused on gender equality, arguing they operate against US interests. Domestically, President Trump said his administration is moving to ban Wall Street firms from buying single-family homes to reduce housing costs, a shift that pressured homebuilder stocks. He also vowed to block defense contractors from paying dividends or conducting buybacks until they accelerate weapons production, signaling sweeping changes to the defense sector. The president is preparing to request USD1.5trn in defense spending – more than 50% above the current USD901bn budget. On the economic front, the ISM Services PMI rose to 54.4 in December, marking the strongest reading of 2025 and the tenth consecutive month of expansion. Labor-market data showed job openings falling to a 14-month low in November, while private payrolls rose 41,000 in December, below expectations. Factory orders fell 1.3% in October, driven by a sharp drop in aircraft orders, though business spending on equipment remained solid. In Europe, German retail sales rose 1.1% y/y in November but fell 0.6% m/m, while eurozone inflation eased to 2.0% y/y, with core inflation slipping to 2.3%. In Asia, Beijing reportedly asked Chinese tech firms to halt orders for Nvidia's H200 chips, while Samsung projected a three-fold jump in Q4 operating profit on strong AI-driven memory demand.

Market performances

Markets ended mixed on Wednesday as investors weighed falling oil prices, softer labor market data, and a barrage of policy headlines from Washington. The Dow fell 0.94% to 48,996.08, the S&P 500 declined 0.34% to 6,920.93, while the Nasdaq rose 0.16% to 23,584.28. Both the Dow and S&P 500 touched intraday record highs before retreating. Financial stocks weakened, with JPMorgan down 2.3% after a broker downgrade. Defense shares also fell sharply after President Trump vowed to block dividends and buybacks until contractors accelerate weapons production: Lockheed Martin dropped 4.8% and RTX fell 2.5%. However, afterhours saw a sharp reversal in the same names on President Trump's increased defense spending proposals. Global equities paused after several days of record highs. MSCI World fell 0.36%, while STOXX 600 slipped 0.05%. Oil prices extended their decline following the US deal to import up to USD2bn of Venezuelan crude. WTI settled at USD55.99/bbl and Brent at USD59.96/bbl. The market reaction reflected expectations of ample global supply despite geopolitical tensions. Industrial metals retreated after a strong early year rally. Copper fell 2.5% to USD12,842.50/ton after hitting a record USD13,387.50/ton the previous day, while nickel also dropped sharply from a 19 month peak. Gold eased as investors booked profits, with spot prices down to USD4,452.0/oz. Treasury yields declined, with the 10 year falling to 4.15%, as traders evaluated softer ADP payrolls and awaited Friday's US jobs report. The dollar index edged up to 98.68. Market sentiment remained focused on labor market data, with investors expecting weaker numbers to support the case for Fed rate cuts later in 2026.

What's next

Thursday brings a broad set of global indicators that will help shape market expectations ahead of Friday's US employment report. In Europe, the UK releases the Halifax House Price Index, Sweden publishes December CPI, and Germany reports November factory orders. The eurozone will release November unemployment and December business-climate data, offering a clearer picture of the region's momentum as inflation returns to the ECB's 2% target. In the US, several key releases are due: Challenger job-cuts data for December, Q3 nonfarm productivity growth, October trade data, New York Fed consumer-inflation expectations, and weekly jobless claims. These indicators will help refine expectations for the Fed's policy path, especially as markets price in two rate cuts for 2026. With job openings at a 14-month low and private payrolls undershooting expectations, investors are looking closely for signs of further labor-market cooling. Asia will see the stock-market debut of Chinese tech firms Zhipu AI, Iluvatar CoreX, and Shenzhen Edge Medical, a notable moment amid Beijing's push to promote domestic AI-chip development. Japan's Bank of Japan will hold a meeting of regional branch managers and issue its quarterly report, offering insight into domestic economic conditions ahead of future policy decisions. Peru announces its interest-rate decision, while Switzerland releases minutes from its latest central-bank meeting. Corporate results include updates from Shell, Tesco, Seven & i Holdings, Tilly's Brands, WD-40, and several US industrial and consumer companies. With markets sensitive to both geopolitical developments and incoming data, today's releases will help determine whether the early-January consolidation continues or gives way to renewed momentum.

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.66	0.00	-26.00	-48.00
UAE Eibor 3m	3.44	-19.39	-24.11	-53.74
UAE Eibor 12m	3.61	-2.58	-2.67	-28.81
US 3m Bills	3.59	0.99	-11.32	-32.58
US 10yr Treasury	4.15	-2.55	4.94	2.45
German 10yr Bund	2.81	-3.00	4.10	10.30
UK 10yr Gilt	4.42	-6.40	-1.90	-30.30
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	501	0.08	0.30	0.57
Global Treasuries	208	0.07	0.13	0.11
Global Corporate	304	0.11	0.38	0.85
EM USD Sovereign	458	-0.04	0.37	3.04
EM LCY Sovereign	163	-0.14	1.17	1.61
Global High Yield	1,866	0.02	0.88	2.34
Currencies				
Dollar Index	98.68	0.11	-0.31	0.11
EUR USD	1.1688	-0.11	0.27	0.15
GBP USD	1.3473	-0.27	0.97	0.22
USD JPY	156.62	-0.04	1.08	3.50
Equities				
S&P 500	6,921	-0.34	0.93	3.07
Dow Jones	48,996	-0.94	2.39	5.14
NASDAQ	23,584	0.16	0.34	3.49
STOXX 600	605	-0.05	4.52	6.27
DAX	25,122	0.92	5.19	3.02
Nikkei 225	51,962	-1.06	1.83	8.37
FTSE 100	10,048	-0.74	3.47	5.95
SENSEX	84,961	-0.12	-0.36	3.70
Hang Seng	26,459	-0.94	2.02	-1.85
MSCI World	4,490	-0.36	1.62	3.67
MSCI EM	1,463	-0.29	6.26	6.38
Regional Equities				
ADX	10,048	0.51	1.35	-0.33
DFM	6,249	1.07	5.41	5.19
Tadawul*	10,455	1.60	-1.26	-9.37
DSM*	11,062	0.66	1.91	1.20
MSM30*	6,100	1.24	2.42	8.26
BHSE*	2,064	-0.07	0.37	-0.48
KWSE*	8,860	0.20	-2.46	-1.86
Commodities				
BBG Commodity Index	111.7	-0.86	0.54	4.99
Brent USD/bbl	59.96	-1.22	-5.22	-8.39
WTI USD/bbl	55.99	-2.00	-6.17	-9.30
Gold USD/t oz	4,452.0	-0.84	5.58	11.95
Silver USD/t oz	78.2	-3.79	36.84	63.47
Platinum USD/t oz	2,301.1	-5.94	39.79	41.34
Aluminum	3,079.9	-1.14	7.07	12.26
Copper USD/MT	13,145.0	-0.94	14.58	23.51
Digital Assets				
Bitcoin	91,008.0	-2.37	-1.27	-25.41
Ether	3,147.5	-3.87	0.76	-30.24
Solana	136.1	-2.90	-1.90	-39.13
XRP	2.2	-4.59	4.11	-24.23
Volatility				
VIX	15.38	4.27	-2.53	-10.79
MOVE	66.15	0.50	0.70	-12.30

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - January 08, 2026 unless stated otherwise. Performance in local currency.

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