Daily Market View

Investment Strategy | January 12, 2026

بنك أبوظبي التجاري
ADCB
ASSET MANAGEMENT LIMITED

S&P 500 hits record as soft payrolls reinforce rate-cut hopes

Macro headlines

A dramatic escalation in Washington–Fed tensions dominated the end of the week after the Department of Justice served the Federal Reserve with grand-jury subpoenas, raising the prospect of a criminal indictment tied to Chair Powell's Senate testimony last June. Powell called the move a "pretext" to exert influence over monetary policy, underscoring the increasingly fraught relationship between the White House and the central bank. The development comes as President Trump weighs new military options in Iran, according to officials briefed on the matter, and continues to expand his geopolitical ambitions – including urging oil majors to invest USD100bn in Venezuela and exploring sanctions relief as early as next week to accelerate US-led reconstruction of the country's oil sector. The administration also signaled sweeping domestic policy shifts. President Trump said he would impose a one-year cap on credit-card interest rates at 10%, though details remain unclear. He also ordered federal agencies to buy USD200bn in mortgage bonds to lower housing costs, with Fannie Mae and Freddie Mac tasked with execution. Meanwhile, the House passed legislation restoring expired health-insurance subsidies, aiming to cushion households facing rising premiums. US labor-market data showed further cooling. Nonfarm payrolls rose 50k in December, below expectations and marking another month of subdued hiring. Job losses in construction, retail, and manufacturing weighed on the headline figure, while revisions showed October losses were deeper than initially reported. Over the past three months, job losses have averaged 22k and only 584k jobs were created in 2025 – less than one-third of 2024's total. Yet wage growth remained firm at 3.8% y/y, consistent with ongoing worker shortages in select industries. Housing data showed US single-family starts rising 5.4% in October, though permits eased, reflecting builder caution amid high inventories and soft demand. Consumer sentiment improved modestly in January, with the University of Michigan index rising to 54, though affordability concerns and hiring anxiety persist. In Europe, German industrial production rose 0.8% m/m in November, while three-month momentum improved to 0.7%. Corporate borrowing surged, with USD95bn raised in the first full week of January – the busiest start to a year on record – driven by AI investment and merger financing.

Market performances

Markets rallied into the weekend as softer-than-expected payrolls reinforced expectations for Fed rate cuts later this year. On Friday, the S&P 500 rose 0.65% to a record 6,966.28, the Dow gained 0.48% to 49,504.07, and the Nasdaq climbed 0.81% to 23,671.35. Chip stocks led the advance after President Trump said he had a "great meeting" with Intel CEO Tan, sending Intel up 10.8% and lifting broader semiconductor sentiment. Broadcom rose 3.8%. All three major US indexes posted gains for the first full trading week of 2026, supported by strength in materials, industrials, and other sectors that have lagged tech in recent years. Global equities also rallied. MSCI World rose 0.53% to 1,034.87, hitting a record intraday high on Friday, while the STOXX 600 gained 0.97%, extending its longest weekly winning streak since May. A jump in Glencore shares helped lift European markets. Treasury yields moved mixed after the payrolls report. The 2-year yield rose 5bp to 3.538% as traders maintained expectations for at least two Fed cuts in 2026. The 10-year yield edged down to 4.171%. The dollar strengthened, with the dollar index rising to 99.13. Oil prices surged, with Brent up 2.18% to USD63.34/bbl and WTI up 2.35% to USD59.12/bbl, as traders reassessed the likelihood of a meaningful near-term recovery in Venezuelan output despite US control of the sector. Copper extended gains on renewed demand optimism, while aluminum hit its highest level since April 2022. Investors also monitored the Supreme Court's pending ruling on the legality of President Trump's emergency tariffs. The court is expected to issue decisions on January 14, a potential catalyst for trade-sensitive assets.

What's next

The week ahead brings a dense slate of inflation, activity, and earnings data that will shape early-2026 market sentiment. In the US, December CPI is the focal point. With October data uncollected during the government shutdown and November's figures viewed with caution, markets are looking to December for a cleaner read on inflation dynamics. Headline CPI fell to 2.7% in November, while core eased to 2.6% –its lowest since March 2021. The Fed remains divided between prioritizing labor-market support and guarding against sticky inflation, and markets do not expect a rate cut until June. Additional US releases include retail sales, industrial production, and producer prices. The KPMG/REC jobs report in the UK, monthly GDP data, and sector-level updates for November will help clarify whether the UK economy is stabilizing after months of stagnation. Final December prints of Eurozone inflation data for Germany, Italy, France, and Spain are due, with expectations pointing to broadly benign price pressures. In Asia, China releases trade statistics, while Malaysia publishes preliminary Q4 GDP. South Korea's central bank meets, with no immediate rate cuts expected but not ruled out amid stabilizing manufacturing and persistent inflation. Q4 earnings season begins in earnest, led by major US banks. JPMorgan reports Tuesday, followed by Citigroup, Bank of America, and Goldman Sachs. Analysts expect S&P 500 earnings to have risen 13% in 2025 and to grow another 15% in 2026. Monday's calendar includes the UK KPMG/REC jobs report, Germany's current-account data, Australia household-spending figures, and India's December inflation. Fed's Bostic and Barkin, and German Buba's Balz speak.

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Global markets' performance snapshot

Performance snapshot*				
Rates	**Latest**	**1D (bp)**	**1M (bp)**	**3M (bp)**
SOFR	3.64	0.00	-31.00	-49.00
UAE Eibor 3m	3.61	12.52	-13.85	-34.52
UAE Eibor 12m	3.54	-2.00	-5.67	-27.86
US 3m Bills	3.59	0.41	-10.28	-35.99
US 10yr Treasury	4.17	-0.19	0.10	2.69
German 10yr Bund	2.86	0.00	0.10	16.00
UK 10yr Gilt	4.37	-3.00	-15.40	-37.10
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	500	0.00	0.63	0.75
Global Treasuries	208	-0.10	0.44	0.25
Global Corporate	304	0.08	0.62	1.02
EM USD Sovereign	458	0.20	0.62	2.71
EM LCY Sovereign	163	-0.05	1.27	1.52
Global High Yield	1,865	0.09	1.05	2.62
Currencies				
Dollar Index	99.13	0.20	0.05	-0.41
EUR USD	1.1637	-0.12	-0.02	0.68
GBP USD	1.3404	-0.24	0.60	0.83
USD JPY	157.89	0.69	1.37	3.19
Equities				
S&P 500	6,966	0.65	1.75	3.43
Dow Jones	49,504	0.48	3.70	6.79
NASDAQ	23,671	0.81	0.53	2.81
STOXX 600	610	0.97	5.41	6.71
DAX	25,262	0.53	5.06	2.64
Nikkei 225	51,940	1.61	2.68	6.92
FTSE 100	10,125	0.80	4.97	6.47
SENSEX	83,576	-0.72	-1.79	1.71
Hang Seng	26,232	0.32	1.81	-1.95
MSCI World	4,511	0.60	2.41	3.99
MSCI EM	1,452	-0.02	4.74	5.56
Regional Equities				
ADX	10,010	-0.31	0.73	-1.32
DFM	6,226	-0.43	3.80	4.49
Tadawul*	10,610	1.30	1.53	-6.13
DSM*	11,089	1.09	4.07	0.27
MSM30*	6,164	0.62	3.75	11.17
BHSE*	2,048	-0.52	-1.18	-1.18
KWSE*	8,791	-0.53	-1.46	-1.37
Commodities				
BBG Commodity Index	112.1	0.68	1.71	6.08
Brent USD/bbl	63.34	2.18	1.36	-2.88
WTI USD/bbl	59.12	2.35	0.41	-3.89
Gold USD/t oz	4,509.5	1.03	7.50	13.63
Silver USD/t oz	79.9	3.71	37.31	62.03
Platinum USD/t oz	2,279.2	0.03	37.81	40.23
Aluminum	3,148.9	1.87	10.28	12.19
Copper USD/MT	13,060.0	1.36	11.67	20.19
Digital Assets				
Bitcoin	90,421.6	-0.85	-1.00	-25.38
Ether	3,081.9	-1.11	-2.09	-28.97
Solana	135.9	-2.63	0.98	-37.95
XRP	2.1	-2.21	0.09	-25.23
Volatility				
VIX	14.49	-6.21	-13.03	-11.81
MOVE	61.55	-8.05	-14.87	-16.96

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - January 12, 2026 unless stated otherwise. Performance in local currency.

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