Daily Market View

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Trump slaps 25% tariff on high-end AI chips

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Macro headlines

The White House escalated its national-security trade agenda on Wednesday, imposing a 25% tariff on high-performance AI chips – including Nvidia's H200 and AMD's MI325X – following a nine-month Section 232 investigation. The move targets semiconductors meeting specific performance thresholds and devices containing them, with the administration arguing the action will incentivize domestic chip production and reduce reliance on Taiwan. The decision marks a significant expansion of the administration's industrial-policy toolkit, adding to export controls and investment restrictions already reshaping global semiconductor supply chains. Meanwhile, Taiwan signaled progress toward a tariff agreement with Washington, with negotiators saying both sides are close to announcing areas of consensus. Immigration policy tightened further as the administration suspended immigrant-visa processing for applicants from 75 countries, part of a broader crackdown. Geopolitical tensions remained elevated. The US began withdrawing some personnel from Middle East bases after Iran warned neighbors it would strike American facilities if Washington intervened in its domestic unrest. However, President Trump said he had received assurances that "killing in Iran is stopping," but declined to rule out military action. Senate Republicans blocked a resolution that would have restricted further military action in Venezuela, following pressure from the White House. US macro data showed continued resilience. Retail sales rose 0.6% m/m in November, beating expectations and reversing October's decline. Sales increased 3.3% y/y, underscoring solid consumer momentum. Producer prices rose 0.2% m/m, with headline PPI at 3.0% y/y and core flat on the month but higher than expected y/y. Existing-home sales jumped 5.1% m/m in December to 4.35m units, supported by lower mortgage rates and subdued price growth. Business inventories rose 0.3% m/m in October, matching September's pace. Internationally, India's WPI inflation returned to positive territory at 0.83% y/y, driven by food and manufactured goods. Japan's wholesale inflation slowed on lower fuel costs, offering relief to firms facing rising labor and input expenses. US banking giants reported stronger Q4 profits, supported by robust loan demand and a rebound in dealmaking.

Market performances

US equities fell for a second consecutive session on Wednesday as investors rotated out of technology and financials, digesting new tariffs on AI chips, mixed bank earnings, and shifting geopolitical signals. The Nasdaq dropped 1% to 23,471.75, pressured by declines in Broadcom and Fortinet after reports that China is imposing new limits on domestic firms' use of US and Israeli cybersecurity software. The S&P 500 fell 0.53% to 6,926.60, while the Dow slipped 0.09% to 49,149.63. Bank stocks were hit hard despite generally strong Q4 earnings. Bank of America fell c4%, Citigroup dropped c3%, and Wells Fargo slid c5%. The sector has rallied 25% over the past year but is now facing renewed pressure from President Trump's proposed 10% cap on credit-card interest rates. Most Gulf stock markets closed lower on Wednesday due to ongoing geopolitical tensions in the region, despite slightly lower-than-expected US inflation data that boosted hopes for upcoming interest rate cuts. Gold and silver extended their extraordinary rally. Gold hit a new record at USD4,641/oz before settling at USD4,615/oz, while silver surged past USD92/oz – up 29% in the first nine trading days of the year. Oil prices whipsawed. Brent settled at USD66.52/bbl and WTI at USD62.02/bbl after initially spiking on fears of Iranian supply disruption. Prices reversed sharply after President Trump said he believed Iran was not planning mass executions and that the US would "watch what the process is." Expectations of increased Venezuelan supply also capped gains. The dollar strengthened modestly, with the dollar index at 99.06, while the euro held near 1.1647. Traders expect the Fed to wait several months before resuming rate cuts, despite softer inflation data earlier in the week.

What's next

Thursday brings a broad set of global data releases that will help shape market expectations for Q1. In the US, November export and import prices, the NY Empire State Manufacturing Index, the Philadelphia Fed Manufacturing Index, and weekly jobless claims will offer fresh insight into inflation dynamics and business conditions. With retail sales and PPI both firming, markets will watch closely for signs of continued resilience in goods demand and producer price pressures. In Europe, Germany releases December wholesale prices and full year GDP, while Sweden, France, Spain, and Italy publish final December inflation and industrial production data. The eurozone also releases November trade and industrial production figures, alongside the ECB's Economic Bulletin – all key inputs into the region's early 2026 growth narrative. In Asia, South Korea's central bank announces its interest rate decision, with no immediate cuts expected. India releases December trade data, while China publishes monetary aggregates, including M2 and new loan growth. Corporate earnings accelerate with results from BlackRock, Goldman Sachs, Morgan Stanley, TSMC, and several UK corporates. With banks under pressure and tech facing new tariff headwinds, today's earnings will be closely watched for signals on credit demand, capital markets activity, and semiconductor cycle momentum.

Global markets' performance snapshot

Performance snapshot*				
Rates	**Latest**	**1D (bp)**	**1M (bp)**	**3M (bp)**
SOFR	3.65	0.00	-1.00	-54.00
UAE Eibor 3m	3.50	-11.27	-9.21	-49.15
UAE Eibor 12m	3.64	0.93	1.52	-30.04
US 3m Bills	3.64	0.73	-0.23	-29.19
US 10yr Treasury	4.13	-4.72	-2.46	9.99
German 10yr Bund	2.81	-3.30	-2.90	20.40
UK 10yr Gilt	4.34	-5.80	-14.40	-25.00
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	501	0.18	0.20	0.37
Global Treasuries	208	0.19	-0.09	-0.26
Global Corporate	304	0.20	0.40	0.80
EM USD Sovereign	458	0.05	0.49	2.79
EM LCY Sovereign	163	0.04	1.16	2.01
Global High Yield	1,867	-0.01	0.85	2.94
Currencies				
Dollar Index	99.06	-0.08	0.72	0.01
EUR USD	1.1647	0.01	-0.92	0.33
GBP USD	1.3432	-0.01	0.08	0.86
USD JPY	158.30	-0.46	1.97	4.32
Equities				
S&P 500	6,927	-0.53	0.37	4.25
Dow Jones	49,150	-0.09	0.91	6.22
NASDAQ	23,472	-1.00	-0.52	4.22
STOXX 600	612	0.18	5.20	8.33
DAX	25,286	-0.53	4.08	4.33
Nikkei 225	54,341	1.48	8.36	16.00
FTSE 100	10,184	0.46	4.96	7.74
SENSEX	83,383	-0.29	-1.69	1.65
Hang Seng	27,000	0.56	5.76	6.13
MSCI World	4,509	-0.23	1.45	5.40
MSCI EM	1,479	0.48	7.46	10.49
Regional Equities				
ADX	10,037	-0.52	0.31	-0.73
DFM	6,262	-0.90	2.66	3.80
Tadawul*	10,945	0.47	4.39	-2.66
DSM*	11,211	-0.17	4.61	1.47
MSM30*	6,224	0.74	4.45	11.67
BHSE*	2,045	0.01	-1.05	-1.44
KWSE*	8,812	-0.08	-1.61	-0.82
Commodities				
BBG Commodity Index	115.1	0.54	4.25	9.15
Brent USD/bbl	66.52	1.60	8.55	6.62
WTI USD/bbl	62.02	1.42	7.67	5.66
Gold USD/t oz	4,614.5	0.52	7.85	11.45
Silver USD/t oz	93.2	7.14	46.58	81.13
Platinum USD/t oz	2,403.9	2.84	41.44	47.04
Aluminum	3,205.5	-0.58	11.85	17.17
Copper USD/MT	13,335.0	0.19	13.59	25.80
Digital Assets				
Bitcoin	97,557.6	3.70	5.03	-13.71
Ether	3,372.6	5.11	3.76	-18.15
Solana	146.8	2.42	7.15	-26.85
XRP	2.1	1.31	5.15	-13.84
Volatility				
VIX	16.75	4.82	12.79	-19.51
MOVE	58.11	-4.41	-16.07	-27.32

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - January 15, 2026 unless stated otherwise. Performance in local currency.

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