# Daily Market View

Investment Strategy | January 19, 2026

بنك أبوظبي التجاري
ADCB
ASSET MANAGEMENT LIMITED

## Trump ties Europe tariffs to Greenland bid, EU prepares retaliation


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### Macro headlines

President Trump escalated tensions with European allies over the weekend, vowing to impose a new wave of tariffs unless the US is allowed to purchase Greenland. In a Truth Social post, he announced an additional 10% tariff on imports from Denmark, Norway, Sweden, France, Germany, the Netherlands, Finland, and Great Britain beginning February 1, rising to 25% on June 1. The move intensifies a long-running dispute over the strategic Arctic island and adds to the already complex transatlantic trade landscape. EU ambassadors met Sunday and reached broad agreement to intensify diplomatic efforts to dissuade the White House from proceeding, while simultaneously preparing retaliatory measures. Prediction markets show rising odds of a US Greenland acquisition – up to 42% by 2029, with 2026 purchase chances at 23-33% and invasion odds at 11%. Domestic tensions also remained elevated. Anti-ICE protests in Minneapolis turned confrontational as demonstrators clashed with far-right activists amid public anger over the killing of Renee Good by a federal immigration agent. At the White House, President Trump praised economic adviser Hassett and suggested he may keep him in his current role – a remark that unsettled markets given expectations that Hassett was the frontrunner to replace Chair Powell at the Federal Reserve. US industrial data showed mixed momentum. Manufacturing output rose 0.2% m/m in December, supported by a surge in primary metals that offset weakness in motor vehicles. Industrial production increased 0.4% m/m, though activity contracted in Q4 due to tariff-related pressures. Germany's inflation stabilized at 2.2% in 2025, while Italy's inflation profile remained in a "sweet spot," with headline CPI averaging 1.5% and core at 1.9%. China's economy expanded 5.0% in 2025, meeting the government's target despite a sharp 17.2% slump in property investment and a 3.8% contraction in fixed-asset investment – the first annual decline since records began in 1996. China's Q4 GDP slowed to 4.5% y/y, while December industrial output rose 5.2% y/y and retail sales grew only 0.9% y/y, undershooting expectations. The S&P 500 earnings season continued to show strength: 84.8% of companies reporting so far have beaten earnings expectations, well above long-term averages.

### Market performances

US equities ended last week with modest losses after a volatile stretch dominated by geopolitical tensions, shifting expectations for the next Fed chair, and mixed macro signals. The Dow fell 0.17% to 49,359.33, the S&P 500 slipped 0.06% to 6,940.01, and the Nasdaq declined 0.06% to 23,515.39. For the week, the S&P 500 fell 0.38%, the Nasdaq 0.66%, and the Dow 0.29%. Sector performance reflected a defensive tilt. Consumer staples, real estate, and utilities outperformed, while financials lagged due to concerns over the proposed credit card rate cap. AI linked enthusiasm persisted after TSMC's strong results earlier in the week, though some investors rotated into smaller cap names in search of value. Markets appeared to be flat lining ahead of a heavier earnings calendar, with investors awaiting results from major corporates including Netflix, Johnson & Johnson, and Intel. The dollar strengthened as expectations faded that Hassett – a vocal advocate for rate cuts – would be appointed Fed chair. President Trump's comments that he may keep Hassett in his current role pushed Treasury yields higher, with the 10 year rising to 4.227%. Markets now assign only a 20% probability to a March rate cut, down sharply from 50% a month ago. The yen also firmed after Japan's finance minister signaled readiness to counter currency weakness. Gold retreated (before renewed tariff tensions) as geopolitical risk moderated and investors booked profits after a strong run. Prices fell more than 1% intraday before recovering to USD4,593/oz, still on track for a second consecutive weekly gain. Oil prices rose modestly, with Brent at USD64.13/bbl and WTI at USD59.44/bbl, as traders covered short positions ahead of the long US weekend and weighed lingering risks from unrest in Iran against potential supply increases from Venezuela.

### What's next

The week ahead brings a dense macro calendar across regions, alongside the World Economic Forum's annual meeting in Davos from January 19–23 under the theme "A Spirit of Dialogue." Markets will focus on inflation updates, central-bank signals, and a broadening earnings season. In the US, core PCE – the Fed's preferred inflation gauge – is expected to rise 0.2% m/m in November. With rate-cut expectations cooling, investors will scrutinize the data for signs of renewed disinflation. On Monday, the US observes a market holiday for Martin Luther King Jr. Day. Canada releases December inflation and the Bank of Canada's Business Outlook Survey. In Europe, final December inflation prints for the eurozone, Germany, Italy, France, and Spain will help clarify the region's price trajectory. In Asia, Japan publishes final November industrial production. With the Bank of Japan meeting this week – its first since raising rates to 0.75% in December – markets expect no immediate change but will watch for guidance on future tightening. Earnings accelerate, with 30 S&P 500 companies reporting. Investors will look to results from Netflix, Johnson & Johnson, and Intel to gauge whether strong early-season momentum can continue amid heightened geopolitical uncertainty and domestic policy shifts.

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## Global markets' performance snapshot

| Performance snapshot* | | | | |
|---|---|---|---|---|
| **Rates** | **Latest** | **1D (bp)** | **1M (bp)** | **3M (bp)** |
| SOFR | 3.66 | 0.00 | -9.00 | -64.00 |
| UAE Eibor 3m | 3.59 | -3.57 | -8.82 | -16.60 |
| UAE Eibor 12m | 3.63 | 6.72 | -0.36 | -13.40 |
| US 3m Bills | 3.63 | -1.18 | 1.29 | -30.36 |
| US 10yr Treasury | 4.22 | 5.35 | 5.06 | 24.84 |
| German 10yr Bund | 2.84 | 1.60 | -1.80 | 26.50 |
| UK 10yr Gilt | 4.40 | 1.20 | -9.60 | -10.10 |
| **Fixed Income** | | **1D (%)** | **1M (%)** | **3M(%)** |
| Global Agg. Index | 500 | -0.15 | -0.06 | -0.54 |
| Global Treasuries | 207 | -0.14 | -0.37 | -1.24 |
| Global Corporate | 303 | -0.20 | 0.18 | -0.10 |
| EM USD Sovereign | 459 | -0.07 | 0.37 | 2.33 |
| EM LCY Sovereign | 163 | -0.10 | 0.95 | 1.38 |
| Global High Yield | 1,867 | 0.00 | 0.75 | 2.41 |
| **Currencies** | | | | |
| Dollar Index | 99.39 | 0.07 | 1.10 | 1.07 |
| EUR USD | 1.1598 | -0.09 | -1.26 | -0.68 |
| GBP USD | 1.3380 | -0.05 | 0.09 | -0.35 |
| USD JPY | 158.12 | -0.25 | 1.81 | 5.13 |
| **Equities** | | | | |
| S&P 500 | 6,940 | -0.06 | 1.81 | 4.69 |
| Dow Jones | 49,359 | -0.17 | 1.95 | 7.41 |
| NASDAQ | 23,515 | -0.06 | 1.99 | 4.22 |
| STOXX 600 | 614 | -0.03 | 5.47 | 7.47 |
| DAX | 25,297 | -0.22 | 4.40 | 4.22 |
| Nikkei 225 | 53,936 | -0.32 | 7.51 | 11.72 |
| FTSE 100 | 10,235 | -0.04 | 4.96 | 8.47 |
| SENSEX | 83,570 | 0.23 | -1.93 | 0.12 |
| Hang Seng | 26,845 | -0.29 | 4.74 | 3.69 |
| MSCI World | 4,515 | -0.06 | 2.42 | 5.20 |
| MSCI EM | 1,485 | 0.45 | 8.09 | 7.69 |
| **Regional Equities** | | | | |
| ADX | 10,123 | 0.66 | 1.36 | -0.20 |
| DFM | 6,316 | 0.87 | 3.72 | 4.76 |
| Tadawul* | 10,912 | 0.87 | 3.67 | -2.38 |
| DSM* | 11,125 | 0.52 | 3.00 | 1.52 |
| MSM30* | 6,224 | 0.00 | 4.49 | 8.74 |
| BHSE* | 2,044 | -0.06 | -1.02 | -1.08 |
| KWSE* | 8,749 | 0.00 | -2.55 | -1.63 |
| **Commodities** | | | | |
| BBG Commodity Index | 113.6 | -0.32 | 4.53 | 6.88 |
| Brent USD/bbl | 64.13 | 0.58 | 5.89 | 5.03 |
| WTI USD/bbl | 59.44 | 0.42 | 4.61 | 3.45 |
| Gold USD/t oz | 4,596.1 | -0.44 | 6.77 | 7.32 |
| Silver USD/t oz | 90.1 | -2.49 | 40.63 | 66.16 |
| Platinum USD/t oz | 2,340.8 | -2.97 | 30.61 | 36.22 |
| Aluminum | 3,143.6 | -0.82 | 11.41 | 12.56 |
| Copper USD/MT | 13,000.0 | -1.55 | 10.41 | 23.87 |
| **Digital Assets** | | | | |
| Bitcoin | 95,476.0 | -0.08 | 10.76 | -11.50 |
| Ether | 3,292.5 | -0.16 | 11.79 | -14.55 |
| Solana | 145.0 | 2.07 | 15.19 | -20.75 |
| XRP | 2.1 | -0.04 | 9.58 | -9.71 |
| **Volatility** | | | | |
| VIX | 15.86 | 0.13 | -3.88 | -37.34 |
| MOVE | 58.05 | 3.40 | -20.82 | -28.54 |

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - January 19, 2026 unless stated otherwise. Performance in local currency.

## Disclaimer