

Daily Market View

Investment Strategy | January 20, 2026

Greenland tensions rattle global markets as 'Sell America' trade re-emerges

Macro headlines

President Trump intensified his push to take control of Greenland, linking the effort to his frustration over not winning the Nobel Peace Prize and warning that he “no longer thought purely of peace.” In an interview, he declined to rule out the use of force to seize the island and reiterated threats to impose additional tariffs on European nations if a deal is not reached. Denmark responded by dispatching more troops to Greenland, while the US Treasury secretary dismissed the EU’s ability to mount a rapid or forceful response, predicting the bloc would default to a slow “working group” process. Japan entered a new political phase as Prime Minister Takaichi formally called a snap election for February 8 and pledged to suspend the sales tax on food. The announcement triggered a surge in Japanese government bond yields to all-time highs, reflecting concerns about fiscal sustainability and the potential for expanded stimulus. In France, Prime Minister Lecornu invoked special constitutional powers to force the 2026 budget through parliament, securing enough political backing to survive an expected no-confidence vote. President Trump is expected to meet global business leaders in Davos on Wednesday, with his presence looming large over the annual gathering. Markets are watching closely for signals on trade, tariffs, and the administration’s evolving geopolitical posture. China left its benchmark lending rates unchanged for an eighth consecutive month, keeping the one-year LPR at 3.0% and the five-year at 3.5%. The IMF raised its global growth forecast for 2026 to 3.3%, citing adaptation to US tariffs and continued AI-driven investment. Eurozone inflation eased to 1.9% y/y in December, while EU inflation fell to 2.3% y/y. Japan’s industrial production fell 2.2% y/y in November, underscoring ongoing weakness in the country’s manufacturing sector.

Market performances

Global markets opened the week on the defensive as President Trump’s renewed tariff threats against Europe revived the “Sell America” trade – a pattern in which investors sell US equities, the dollar, and Treasuries simultaneously. Asian equities fell sharply, with MSCI Asia ex-Japan down 0.44%, while Nasdaq and S&P 500 futures slid 1% in early trading. On Tuesday, the dollar remained under pressure, and US 10-year Treasury yields climbed to 4.265%, their highest level since early September. European equities weakened after Trump threatened additional tariffs on eight European countries unless the US is allowed to buy Greenland. Japan’s Nikkei fell c1% on Tuesday early trading as rising domestic bond yields and geopolitical tensions weighed on sentiment. The yen strengthened modestly as investors anticipated fiscal expansion and potential intervention to stabilize the currency. Investors are watching whether Takaichi’s ruling LDP can secure a strong mandate in next month’s election, which could determine whether Japanese equities rally, fall, or trade sideways. Gold held near record highs at USD4,670/oz, supported by safe-haven flows despite a firmer dollar. Oil prices were little changed, with traders balancing lingering Iran-related supply risks against expectations of increased Venezuelan output.

What’s next

Tuesday brings a concentrated set of macro releases across regions. In the US, ADP weekly employment data will offer another read on labor market momentum as policymakers assess whether the economy remains in a “low hire, low fire” state. The day also marks the anniversary of President Trump’s return to the White House, adding political symbolism to a week already dominated by tariff threats and geopolitical tension. In Europe, Germany releases December PPI, the UK publishes its December labor market report, and the eurozone releases November current account data alongside the ZEW Economic Sentiment Index. Germany’s ZEW survey will be closely watched for signs of whether sentiment is stabilizing after a challenging 2025. In Asia, Malaysia releases December inflation and trade data, Taiwan publishes December export orders, and Hong Kong releases its unemployment rate. The Bank of England’s Governor Bailey will testify before the Treasury Committee on financial stability, alongside senior policymakers. Corporate earnings accelerate with results from Netflix, DR Horton, 3M, US Bancorp, Fifth Third, Qinetiq, and several UK industrials. With markets already sensitive to tariff uncertainty and rising global yields, today’s earnings and macro data will help determine whether risk sentiment stabilizes or continues to deteriorate.

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.66	0.00	-3.00	-52.00
UAE Eibor 3m	3.60	0.33	-11.91	-27.04
UAE Eibor 12m	3.65	1.49	1.51	-6.77
US 3m Bills	3.63	0.00	2.37	-28.42
US 10yr Treasury	4.22	0.00	7.79	21.41
German 10yr Bund	2.84	0.40	-0.60	25.90
UK 10yr Gilt	4.42	1.50	-10.30	-11.60
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	500	0.10	-0.11	-0.38
Global Treasuries	207	0.06	-0.46	-1.12
Global Corporate	304	0.13	0.17	0.16
EM USD Sovereign	459	0.00	0.22	2.46
EM LCY Sovereign	163	0.05	1.02	1.42
Global High Yield	1,868	0.05	0.75	2.64
Currencies				
Dollar Index	99.39	0.00	1.27	0.98
EUR USD	1.1646	0.41	-1.00	-0.08
GBP USD	1.3431	0.38	0.05	0.03
USD JPY	158.03	-0.06	2.17	4.93
Equities				
S&P 500	6,940	0.00	2.06	4.14
Dow Jones	49,359	0.00	2.59	6.86
NASDAQ	23,515	0.00	1.75	3.68
STOXX 600	607	-1.19	4.70	7.21
DAX	24,959	-1.34	3.66	4.73
Nikkei 225	53,584	-0.65	8.51	12.61
FTSE 100	10,195	-0.39	5.27	8.99
SENSEX	83,246	-0.39	-1.69	-0.84
Hang Seng	26,564	-1.05	5.26	5.22
MSCI World	4,509	-0.13	2.66	4.96
MSCI EM	1,487	0.11	9.90	9.18
Regional Equities				
ADX	10,171	0.47	1.91	0.46
DFM	6,344	0.43	3.82	5.86
Tadawul*	10,917	0.04	3.71	-2.33
DSM*	11,205	0.72	3.74	2.25
MSM30*	6,233	0.15	4.65	8.90
BHSE*	2,045	0.04	-0.98	-1.04
KWSE*	8,822	0.84	-1.74	-0.81
Commodities				
BBG Commodity Index	113.6	0.00	5.64	7.55
Brent USD/bbl	63.94	-0.30	8.52	4.32
WTI USD/bbl	59.44	0.00	7.54	3.30
Gold USD/t oz	4,676.3	1.75	8.66	9.98
Silver USD/t oz	94.4	4.73	48.04	81.79
Platinum USD/t oz	2,377.1	1.55	28.82	46.78
Aluminum	3,174.1	0.97	11.17	14.25
Copper USD/MT	13,000.0	0.00	11.72	23.49
Digital Assets				
Bitcoin	92,943.6	-2.65	5.92	-13.18
Ether	3,211.4	-2.46	8.83	-16.78
Solana	134.1	-7.56	4.31	-27.04
XRP	2.0	-3.64	3.68	-13.60
Volatility				
VIX	18.84	18.79	14.32	-9.34
MOVE	58.05	0.00	-13.54	-26.16

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - January 20, 2026 unless stated otherwise. Performance in local currency.

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