Daily Market View

Investment Strategy | January 21, 2026

بنك أبوظبي التجاري
ADCB
ASSET MANAGEMENT LIMITED

Global markets shaken by Japan bond selloff, Greenland worries

Macro headlines

President Trump escalated geopolitical tensions on Tuesday, declaring there was “no going back” on his goal of securing control of Greenland and refusing to rule out the use of force. The remarks came as European leaders struggled to coordinate a response, with the president simultaneously threatening steep tariff increases on EU nations unless a deal is reached. Later in the day, Trump struck a more conciliatory tone, saying he believed “we will work something out” with NATO allies – but the damage to market sentiment had already been done. The US will withdraw 200 military personnel from NATO and its advisory groups, according to officials familiar with the matter, marking another step in the administration’s recalibration of its European security posture. Trump also threatened 200% tariffs on French wines and champagne in an effort to pressure President Macron into joining his Board of Peace initiative. Domestically, the White House announced an executive order restricting large institutional investors from competing with individual homebuyers, part of a broader push to address housing affordability. US labor market data showed a sharp slowdown in private sector hiring: ADP weekly employment change fell to 8,000 from 11,750, a 32% w/w decline and a signal of cooling job creation. In the UK, HMRC data showed payrolled employees falling by 155,000 y/y and 33,000 m/m, while unemployment rose to 5.1% – the highest in over a year. The claimant count increased on the month but fell y/y to 1.677m. Eurozone sentiment improved sharply: the ZEW Economic Sentiment Index jumped to 40.8, while Germany’s reading surged to 59.6, with the Current Situation index also improving materially. German producer prices fell 2.5% y/y, broadly in line with forecasts. The eurozone current account surplus narrowed sharply to EUR12.6bn in November, down from EUR27.1bn, driven by weaker exports and a swing in primary income into deficit. Asia delivered strong tech sector signals. Taiwan’s export orders hit a record USD743.7bn in 2025, up 26% y/y, driven by surging AI demand. December orders rose 43.8% y/y, far above expectations. Turning to corporates, Netflix beat revenue and earnings expectations but fell more than 4% in after hours trading as investors focused on its escalating bidding war for Warner Bros Discovery.

Market performances

Global markets experienced a broad and forceful selloff on Tuesday as President Trump’s Greenland linked tariff threats reignited fears of a renewed trade war with Europe. The “Sell America” trade – selling US equities, the dollar, and Treasuries simultaneously – resurfaced, driving a sharp risk off shift across regions. The Dow fell 1.76%, the S&P 500 dropped 2.06%, and the Nasdaq slid 2.39%, marking their biggest daily declines since October 10. The VIX spiked to 20.99, an eight week high. European equities weakened further, with the STOXX 600 down 0.7% after a 1.2% decline on Monday. MSCI World fell 1.58%. EU leaders are preparing potential retaliatory tariffs worth EUR93bn ahead of an emergency summit. In Asia, MSCI Asia ex Japan fell 0.55%, while Japan’s Nikkei dropped 1.11% as rising JGB yields and political uncertainty weighed on sentiment. JGB yields surged to record highs following Prime Minister Takaichi’s snap election call and fiscal expansion pledges. Safe haven flows intensified. Gold surged above USD4,700/oz, reaching USD4,759/oz before settling slightly lower. Silver hit a record USD95.87/oz before easing. The dollar weakened, with the dollar index falling to 98.64, while the euro strengthened to USD1.1732. US Treasury yields rose sharply as markets reopened after the holiday. The 10 year yield climbed to 4.295%, and the yield curve steepened at the fastest pace since October. Oil prices rose modestly, with Brent at USD64.92/bbl and WTI at USD60.34/bbl, supported by short covering and lingering concerns about Iran related supply risks. Gulf equity markets outperformed, with Dubai closing at its strongest level in nearly two decades.

What’s next

Wednesday’s focus shifts to Davos, where President Trump will deliver a special session speech at the World Economic Forum. Markets will watch closely for any shift in tone on Europe, tariffs, NATO, and Greenland – all of which have driven recent volatility. The US’s December pending home sales data and Canada’s December PPI will offer fresh reads on housing and producer price dynamics. In the UK, December inflation and the CBI Business Optimism Index will help clarify whether the economy is stabilizing after a soft labor market print. South Africa publishes December inflation. In Asia, Indonesia announces its interest rate decision and December loan growth figures. Malaysia releases December inflation and trade data, Taiwan publishes December export orders, and Hong Kong releases its unemployment rate. Corporate earnings accelerate with results from Johnson & Johnson, Halliburton, Travelers, United Airlines, Prologis, TE Connectivity, and several UK corporates. With markets already on edge, today’s data and corporate updates will determine whether risk sentiment stabilizes or whether the selloff deepens.

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Global markets' performance snapshot

Performance snapshot*				
Rates	**Latest**	**1D (bp)**	**1M (bp)**	**3M (bp)**
SOFR	3.65	0.00	-4.00	-51.00
UAE Eibor 3m	3.60	0.89	-0.61	-24.66
UAE Eibor 12m	3.62	-3.15	-1.02	-0.22
US 3m Bills	3.65	1.77	2.88	-22.48
US 10yr Treasury	4.29	6.96	13.97	31.25
German 10yr Bund	2.86	2.00	-0.50	28.20
UK 10yr Gilt	4.46	4.30	-1.70	-4.70
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	500	-0.03	-0.04	-0.46
Global Treasuries	207	-0.06	-0.38	-1.19
Global Corporate	304	-0.06	0.17	-0.04
EM USD Sovereign	456	-0.46	-0.13	1.69
EM LCY Sovereign	163	-0.04	1.00	1.33
Global High Yield	1,867	-0.07	0.73	2.39
Currencies				
Dollar Index	98.64	-0.76	0.28	0.06
EUR USD	1.1732	0.74	-0.14	0.70
GBP USD	1.3456	0.19	0.52	0.30
USD JPY	157.96	-0.04	1.56	4.83
Equities				
S&P 500	6,797	-2.06	1.12	0.92
Dow Jones	48,489	-1.76	1.26	3.82
NASDAQ	22,954	-2.39	1.15	-0.16
STOXX 600	603	-0.70	3.97	5.37
DAX	24,703	-1.03	3.10	1.83
Nikkei 225	52,991	-1.11	7.03	7.74
FTSE 100	10,127	-0.67	3.61	7.69
SENSEX	82,180	-1.28	-2.81	-2.59
Hang Seng	26,488	-0.29	4.00	2.43
MSCI World	4,438	-1.58	1.98	2.13
MSCI EM	1,481	-0.40	8.95	7.04
Regional Equities				
ADX	10,196	0.25	2.44	0.97
DFM	6,375	0.50	4.35	7.06
Tadawul*	10,912	-0.04	3.67	-2.37
DSM*	11,220	0.14	3.88	2.39
MSM30*	6,246	0.21	4.87	9.14
BHSE*	2,054	0.43	-0.55	-0.61
KWSE*	8,847	0.29	-1.45	-0.52
Commodities				
BBG Commodity Index	116.1	2.16	6.77	7.89
Brent USD/bbl	64.92	1.53	8.78	6.41
WTI USD/bbl	60.34	1.51	7.87	4.90
Gold USD/t oz	4,759.2	1.77	9.60	9.46
Silver USD/t oz	94.6	0.22	42.74	80.35
Platinum USD/t oz	2,475.1	4.12	30.08	51.61
Aluminum	3,092.4	-2.57	7.25	11.53
Copper USD/MT	13,059.0	0.45	11.42	23.42
Digital Assets				
Bitcoin	89,368.5	-3.85	3.98	-19.58
Ether	2,990.0	-6.90	6.09	-25.25
Solana	126.9	-5.37	3.63	-33.41
XRP	1.9	-5.52	1.37	-25.49
Volatility				
VIX	20.09	6.63	14.02	10.20
MOVE	66.67	14.85	6.26	-13.66

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - January 21, 2026 unless stated otherwise. Performance in local currency.

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