

Daily Market View

Investment Strategy | January 22, 2026

Markets rebound as Trump retreats from tariff threats

Macro headlines

President Trump abruptly reversed course on Wednesday, stepping back from threats to impose tariffs as leverage to seize Greenland and ruling out the use of force. He signaled that a deal was “in sight,” easing what had become one of the most serious transatlantic rifts in decades. The shift came as he prepared to meet European leaders at the World Economic Forum in Davos, where he emphasized coordination rather than confrontation. The move helped stabilize global sentiment after days of escalating geopolitical tension. The Wall Street Journal reported that the administration, emboldened by the ouster of Venezuela’s Maduro, is now seeking Cuban insiders who could help facilitate a transition away from the Communist regime by year-end. Meanwhile, the US Supreme Court signaled skepticism toward President Trump’s unprecedented attempt to fire Federal Reserve Governor Lisa Cook – a case with major implications for central-bank independence. US housing data disappointed sharply. Pending home sales index fell 9.3% m/m in December to 71.8 – the lowest level since July – with declines across all regions. Economists had expected a modest increase but concerns over labor-market softness and limited entry-level supply outweighed lower mortgage rates. In the UK, inflation rose more than expected to 3.4% y/y in December, driven by tobacco and airfare costs. Core inflation held at 3.2%, while services inflation – a key metric for the Bank of England – ticked up to 4.5%. Bank Indonesia held rates at 4.75% for a fourth month, prioritizing currency stability amid leadership uncertainty. Japan’s exports rose 5.1% y/y in December, supported by data-center demand, but shipments to the US fell 11.1% y/y, raising questions about the durability of the recovery.

Market performances

Global markets staged a strong rebound on Wednesday after President Trump announced that the US would not impose tariffs on European nations next month, citing a framework agreement on Greenland. The shift from escalation to negotiation removed a major source of uncertainty, triggering a broad risk on rally. The Dow rose 1.21%, the S&P 500 gained 1.16%, and the Nasdaq climbed 1.18% – the strongest daily performance since late November. The VIX fell more than 15% to 17 after spiking to an eight week high the previous day. MSCI World rose 0.7%, while Europe’s STOXX 600 ended marginally lower as investors awaited Thursday’s emergency EU summit on the US–Greenland dispute. The FTSE 100 gained 0.11%. Bond markets stabilized after a historic selloff. Japanese government bonds rallied sharply, reversing most of Tuesday’s surge in yields triggered by Prime Minister Takaichi’s snap election call and fiscal expansion pledges. US Treasuries followed suit: the 30 year yield fell 5bp to 4.869%, while the 10 year eased to 4.24%. German Bund yields also moderated. The dollar strengthened, with the dollar index rising 0.12%. The euro fell, while the Swiss franc weakened sharply. The yen slipped ahead of Friday’s Bank of Japan meeting, where policymakers are expected to hold rates but may signal tightening later in the year. Oil prices edged higher, with Brent at USD65.24/bbl, supported by temporary shutdowns at two Kazakh fields. Gold surged to USD4,826/oz, extending its record breaking rally as investors continued to hedge geopolitical and policy uncertainty.

What’s next

Thursday brings a dense macro and policy calendar across regions. In the US, Q3 GDP (final), November core PCE, and personal income and spending data will offer critical insight into the economy’s momentum heading into year end. With markets recalibrating rate cut expectations, core PCE will be the focal point. In Europe, Norway’s Norges Bank and Türkiye’s central bank announce rate decisions, while the ECB releases its Monetary Policy Meeting Accounts. The eurozone also publishes flash consumer confidence data for January. In Asia, South Korea releases Q4 GDP, Australia publishes December employment data, Malaysia announces its interest rate decision, and Taiwan releases December unemployment. Hong Kong publishes December inflation. Corporate earnings accelerate with results from Intel, Procter & Gamble, GE Aerospace, Capital One, Northern Trust, Freeport McMoRan, and United Airlines. With markets recovering from a sharp selloff, today’s earnings and macro data will determine whether the rebound can sustain into the end of the week.

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.64	0.00	-2.00	-59.00
UAE Eibor 3m	3.55	-5.24	-12.73	-12.10
UAE Eibor 12m	3.68	6.35	3.31	-0.34
US 3m Bills	3.67	2.02	6.48	-19.67
US 10yr Treasury	4.24	-4.97	12.11	28.01
German 10yr Bund	2.88	2.30	3.20	33.00
UK 10yr Gilt	4.46	0.00	-2.30	-2.00
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	500	0.08	-0.03	-0.31
Global Treasuries	207	0.05	-0.37	-1.00
Global Corporate	304	0.18	0.25	0.15
EM USD Sovereign	458	0.35	0.05	1.72
EM LCY Sovereign	163	0.17	1.07	1.60
Global High Yield	1,870	0.18	0.81	2.53
Currencies				
Dollar Index	98.76	0.12	0.34	-0.17
EUR USD	1.1703	-0.25	-0.13	0.81
GBP USD	1.3428	-0.21	0.35	0.41
USD JPY	158.14	0.11	1.61	4.14
Equities				
S&P 500	6,876	1.16	1.49	2.08
Dow Jones	49,077	1.21	2.35	4.59
NASDAQ	23,225	1.18	0.95	1.18
STOXX 600	603	-0.02	2.96	5.12
DAX	24,561	-0.58	1.49	0.95
Nikkei 225	52,775	-0.41	7.70	7.01
FTSE 100	10,138	0.11	3.05	7.54
SENSEX	81,910	-0.33	-3.04	-2.98
Hang Seng	26,585	0.37	4.26	2.14
MSCI World	4,470	0.71	1.99	2.95
MSCI EM	1,480	-0.02	9.00	6.99
Regional Equities				
ADX	10,206	0.10	2.05	0.84
DFM	6,397	0.35	5.21	7.05
Tadawul*	10,948	0.33	5.10	-0.94
DSM*	11,217	-0.03	4.21	3.41
MSM30*	6,187	-0.95	4.15	9.32
BHSE*	2,052	-0.05	-0.77	-0.44
KWSE*	8,847	-0.01	-1.52	0.10
Commodities				
BBG Commodity Index	117.4	1.16	8.58	10.95
Brent USD/bbl	65.24	0.49	9.06	6.39
WTI USD/bbl	60.62	0.46	7.96	4.84
Gold USD/t oz	4,826.5	1.41	11.38	17.33
Silver USD/t oz	93.1	-1.62	42.13	91.04
Platinum USD/t oz	2,488.7	0.55	29.17	60.84
Aluminum	3,098.7	0.20	7.05	11.68
Copper USD/MT	12,898.0	-1.23	10.04	21.54
Digital Assets				
Bitcoin	90,180.8	0.91	5.37	-18.65
Ether	3,029.5	1.32	7.14	-23.44
Solana	131.0	3.27	9.12	-31.62
XRP	2.0	4.57	8.49	-20.29
Volatility				
VIX	16.90	-15.88	0.18	-5.43
MOVE	59.56	-10.66	-0.75	-22.83

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time - January 22, 2026 unless stated otherwise. Performance in local currency.

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