Daily Market View

Investment Strategy | May 05, 2026

بنك أبوظبي التجاري
ADCB
ASSET MANAGEMENT LIMITED

Hormuz clash pauses market rally

Macro headlines

The fragile truce in the Middle East collapsed further on Monday as the US and Iran launched new attacks in the Gulf, each attempting to assert control over the Strait of Hormuz through dueling maritime blockades. The escalation included strikes on multiple vessels and a UAE oil port, marking the most significant deterioration since the ceasefire four weeks ago. US Treasury Secretary Bessent urged allies – including China – to join a US-led naval escort operation, even as he claimed Washington has "total control" of the waterway. Trade tensions resurfaced as the EU's top negotiator prepared to meet his US counterpart in Paris following President Trump's announcement of higher tariffs on European cars. Meanwhile, the UAE signaled that its currency swap discussions with the US are about joining the Fed's liquidity line club, not a request for financial support – an important signal for markets watching Gulf capital flows. UAE's Mubadala reaffirmed its commitment to US investments, easing concerns that regional sovereign funds might retrench due to the war. Global manufacturing momentum strengthened at the start of Q2. The J.P. Morgan Global Manufacturing PMI rose to 52.6, its highest since March 2022, with gains in new orders, output, and supplier delivery times. But price pressures intensified, and employment fell for a second month. In the US, factory orders surged 1.5% m/m, driven by electronics demand tied to the AI investment boom. Australian household spending rose at its fastest pace in two years due to gasoline-price spikes, while Turkish inflation accelerated to 32.37% y/y, underscoring the war's spillover effects.

Market performances

Markets sold off on Monday as Iran escalated its military campaign, striking ships in the Strait of Hormuz and igniting a fire at a UAE oil port. Brent rose 5.8% to USD114.44/bbl, while WTI climbed 4.4% to USD106.42/bbl. The surge reflected both immediate supply disruption and fears that the conflict could widen after President Trump pledged that the US Navy would "force the strait open." US equities fell, with the Dow down 1.13%, the S&P 500 off 0.41%, and the Nasdaq down 0.19%. Oil above USD100/bbl is increasingly weakening the cushion provided by the fiscal stimulus from 2025 tax cuts. European equities also declined, led by German automakers after Trump's tariff announcement. Gulf markets closed slightly higher on hopes of diplomatic progress, though the conflict's trajectory remains uncertain. Bond markets turned sharply hawkish. Rising oil prices pushed yields higher, with the US 10 year at 4.438%. Markets no longer expect Fed cuts this year and have once again begun pricing potential hikes from the ECB and Bank of England. Currency markets were volatile on Monday. The yen swung sharply amid speculation of Japanese intervention. The dollar index rose to 98.37, while gold fell to USD4,510/oz.

What's next

Tuesday brings a heavy slate of services and composite PMI releases across major economies, alongside the US ISM non manufacturing index, March new home sales, JOLTS job openings, building permits, and the trade balance. Canada also reports its March trade data. Switzerland publishes April inflation, while Asia sees April CPI from the Philippines, Q1 GDP from Indonesia and Hong Kong, and Australia's interest rate decision. Fed Vice Chair Barr and UK regulator Woods speak at Oxford, and G7 trade ministers meet in Paris. Earnings include AMD, Anheuser Busch InBev, Arista Networks, Cummins, Eaton, Emerson, HSBC, KKR, Leonardo, PayPal, Pfizer, Shopify, UniCredit, Westpac, and others. Markets will focus on whether the surge in oil prices forces central banks into a more hawkish stance, whether Japan intervenes again to stabilize the yen, and whether geopolitical escalation in Hormuz continues to drive risk sentiment.

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Global markets' performance snapshot

Performance snapshot*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.64	0.00	-4.00	-4.00
UAE Eibor 3m	3.70	-9.93	3.12	8.96
UAE Eibor 12m	4.00	-1.35	8.42	38.27
US 3m Bills	3.67	1.38	-0.52	1.29
US 10yr Treasury	4.44	6.84	12.16	20.27
German 10yr Bund	3.09	5.00	8.30	24.40
UK 10yr Gilt	4.96	0.00	4.80	44.20
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	501	-0.37	1.07	-0.94
Global Treasuries	208	-0.36	1.09	-1.22
Global Corporate	303	-0.40	1.09	-1.05
EM USD Sovereign	461	-0.23	2.47	0.35
EM LCY Sovereign	165	-0.03	2.34	0.14
Global High Yield	1,885	-0.21	2.58	0.25
Currencies				
Dollar Index	98.37	0.22	-1.59	1.43
EUR USD	1.1682	-0.33	1.22	-1.43
GBP USD	1.3519	-0.47	2.29	-1.22
USD JPY	157.27	0.17	-1.06	1.61
Equities				
S&P 500	7,201	-0.41	10.30	3.77
Dow Jones	48,942	-1.13	5.61	0.10
NASDAQ	25,068	-0.19	16.10	6.85
STOXX 600	606	-0.99	3.84	-0.90
DAX	23,991	-1.24	5.78	-2.23
Nikkei 225	59,513	0.00	16.55	11.61
FTSE 100	10,364	0.00	1.84	1.37
SENSEX	77,269	0.46	7.40	-6.08
Hang Seng	26,096	1.24	5.28	-4.71
MSCI World	4,647	-0.58	9.13	2.64
MSCI EM	1,649	2.95	17.99	7.89
Regional Equities				
ADX	9,821	0.32	3.15	-4.48
DFM	5,780	0.23	6.36	-10.19
Tadawul*	11,091	-0.91	-2.23	3.56
DSM*	10,565	0.30	-0.72	-4.44
MSM30*	8,398	0.44	2.88	13.58
BHSE*	1,974	0.11	4.25	-4.19
KWSE*	8,893	-0.17	3.09	3.74
Commodities				
BBG Commodity Index	142.3	1.45	5.18	17.86
Brent USD/bbl	114.44	5.80	-3.30	61.89
WTI USD/bbl	106.42	4.39	4.97	63.20
Gold USD/t oz	4,510.8	-2.24	-2.75	-7.84
Silver USD/t oz	72.8	-3.44	-3.20	-14.59
Platinum USD/t oz	1,946.7	-2.19	-0.35	-11.32
Aluminum	3,590.9	0.00	1.97	14.76
Copper USD/MT	12,895.0	0.00	6.04	-3.55
Digital Assets				
Bitcoin	79,934.7	2.65	17.22	-5.02
Ether	2,349.7	2.85	11.56	-13.03
Solana	84.1	0.71	1.17	-28.33
XRP	1.4	0.63	3.68	-19.36
Volatility				
VIX	18.29	7.65	-27.56	4.87
MOVE	77.86	10.58	-18.94	31.52

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time – May 05, 2026 unless stated otherwise. Performance in local currency.

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