

Daily Market View

Investment Strategy | May 11, 2026

AI exports lift China and chipmakers lift Nasdaq

Macro headlines

President Trump's rapid dismissal of Iran's latest peace response reignited geopolitical risk and sent oil sharply higher on Monday. Tehran's reply demanded compensation, sovereignty recognition over Hormuz, an end to the naval blockade, and the lifting of sanctions including the ban on Iranian oil sales. The White House rejected the proposal within hours, extinguishing hopes of a near-term diplomatic breakthrough. The Federal Reserve's semi annual financial stability report now places the Iran war and its oil price shock at the top of systemic risk concerns. Elsewhere, countries prepared to evacuate citizens from a cruise ship carrying a deadly hantavirus strain near Tenerife, though authorities assessed the spread risk as low. In Europe, UK Prime Minister Starmer faced intensifying leadership pressure after historic local election losses, with a former minister signalling readiness to challenge him. In Russia, President Putin suggested the Ukraine war was "coming to an end," despite earlier vows of victory during a scaled back Victory Day parade. US macro data delivered a mixed signal. Nonfarm payrolls rose 115,000 in April – nearly double expectations – and March was revised higher, marking the strongest two-month stretch since 2024. Yet labor force participation fell to its lowest since 2021. Layoffs rose 38% m/m but remained lower y/y, with tech firms citing AI-driven restructuring. Consumer sentiment collapsed to a record low of 48.2, with respondents citing gasoline prices and tariffs. Earnings season remained exceptionally strong: 83.2% of S&P 500 companies beat EPS expectations, and revenue beats stood at 78.2%. Europe's earnings season was more muted, with 60.2% of STOXX 600 firms beating EPS estimates. China's export engine accelerated in April, driven by AI related orders and stockpiling ahead of potential supply disruptions. The trade surplus with the US widened to USD87.7bn year to date. China's April CPI rose 1.2% y/y, beating expectations, while PPI accelerated on commodity price pressures linked to the Middle East conflict.

Market performances

Global markets ended the week mixed as investors weighed strong US labor data against collapsing consumer sentiment and renewed Middle East hostilities. The S&P 500 rose 0.8% and the Nasdaq gained 1.7% to fresh records, supported by a rebound in chipmakers on Friday. Intel surged 14% on reports of a preliminary manufacturing deal with Apple, while Qualcomm and Nvidia also advanced. European equities lagged on Friday, with the STOXX 600 down 0.7%, and Asian markets softened after a strong week driven by US hyperscaler spending. South Korea's KOSPI posted its largest weekly gain since 2008, up more than 13.5%, while Taiwan and Japan also recorded strong weekly performances. Oil remained the dominant macro driver. Brent settled at USD101.29/bbl, up 1.23%, after spiking as much as 3% following renewed US Iran exchanges and attacks on the UAE. Market participants continued to price in the possibility – though increasingly remote – of a rapid ceasefire. Treasury yields edged lower, with the 10 year at 4.364%. The dollar weakened for a second week, while the yen stabilized following suspected Japanese intervention totaling nearly USD70bn. The euro strengthened to 1.177, and China's yuan hovered near its strongest level since 2023. Bitcoin continued its upward trend, reaching USD80,101. Political developments added volatility in the UK, where the pound and gilts climbed after Prime Minister Starmer insisted he would not resign despite historic local election losses.

What's next

The Trump Xi summit on May 14-15 will dominate the week, with markets watching for signals on trade, technology, and China's widening surplus. Inflation data across the US, eurozone, and China will shape policy expectations, particularly after March's 0.9% US CPI print pushed annual inflation to 3.3%. Europe's Q1 GDP will offer clarity on the region's growth trajectory. In the UK, Q1 GDP is expected to rise 0.5% q/q despite March softness. Earnings continue, with nine S&P 500 and 43 STOXX 600 companies reporting. Monday's calendar includes US existing home sales and the Conference Board employment index, Norway inflation, and the UK KPMG/REC jobs report. Japan hosts US Treasury Secretary Bessent for meetings with senior officials, and earnings releases include Compass Group, Fox Corp, Hannover Rück, Hochtief, Simon Property, and Vodacom.

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.60	0.00	-5.00	-5.00
UAE Eibor 3m	3.85	13.06	0.72	26.82
UAE Eibor 12m	4.02	3.46	1.82	23.33
US 3m Bills	3.68	-0.54	-2.92	1.86
US 10yr Treasury	4.35	-3.20	2.34	17.40
German 10yr Bund	3.01	0.20	1.30	16.20
UK 10yr Gilt	4.91	-3.60	7.90	35.30
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	505	0.04	1.54	0.13
Global Treasuries	209	-0.01	1.62	0.00
Global Corporate	306	0.13	1.38	-0.18
EM USD Sovereign	465	0.01	2.65	0.86
EM LCY Sovereign	166	-0.15	2.19	1.08
Global High Yield	1,895	0.02	2.46	0.92
Currencies				
Dollar Index	97.90	-0.17	-2.08	0.08
EUR USD	1.1787	0.52	2.13	0.08
GBP USD	1.3631	0.56	2.99	0.74
USD JPY	156.68	-0.16	-1.88	-0.23
Equities				
S&P 500	7,399	0.84	11.90	8.83
Dow Jones	49,609	0.02	6.30	1.43
NASDAQ	26,247	1.71	19.32	16.44
STOXX 600	612	-0.69	2.60	0.08
DAX	24,339	-1.32	5.05	-0.62
Nikkei 225	62,714	-0.19	17.41	16.53
FTSE 100	10,233	-0.43	-1.95	-0.74
SENSEX	77,328	-0.66	4.35	-7.18
Hang Seng	26,394	-0.87	5.09	-1.83
MSCI World	4,757	0.35	9.88	6.85
MSCI EM	1,711	-0.73	18.02	13.51
Regional Equities				
ADX	9,840	-0.37	2.23	-6.71
DFM	5,902	-0.50	8.34	-11.58
Tadawul*	11,115	0.76	-3.80	3.14
DSM*	10,664	-0.47	-0.48	-0.33
MSM30*	8,331	-0.23	-0.07	12.91
BHSE*	1,934	-0.41	-0.26	-2.51
KWSE*	8,876	-0.32	-0.30	3.81
Commodities				
BBG Commodity Index	138.4	0.78	0.35	17.60
Brent USD/bbl	101.29	1.23	-7.73	49.95
WTI USD/bbl	95.42	0.64	-15.11	50.77
Gold USD/t oz	4,715.3	0.63	1.41	-1.33
Silver USD/t oz	80.3	2.40	10.32	13.29
Platinum USD/t oz	2,058.7	1.40	3.93	3.39
Aluminum	3,562.9	0.46	0.87	18.40
Copper USD/MT	13,445.0	0.89	10.69	4.86
Digital Assets				
Bitcoin	80,124.0	0.32	14.74	27.01
Ether	2,306.4	0.77	7.33	24.88
Solana	92.1	4.60	12.39	16.71
XRP	1.4	2.17	5.30	21.67
Volatility				
VIX	17.19	0.64	-28.88	-21.04
MOVE	67.25	-6.91	-17.67	8.19

Source: Bloomberg, and ADCB Asset Management | Notes: *Data as at 8AM UAE time – May 11, 2026 unless stated otherwise. Performance in local currency.

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