

Daily Market View

Investment Strategy | May 20, 2026

Markets brace for Nvidia as yields hit 19-year highs

Macro headlines

President Trump said the US may need to strike Iran again and revealed he was “an hour away” from ordering an attack before postponing it. The comments underscore the fragility of the current diplomatic window, even as Vice President Vance said both sides have made “a lot of progress” and want to avoid a resumption of hostilities. The US Senate moved to take up a resolution requiring Trump to end the war or obtain congressional authorization – an unusual bipartisan challenge that raises political uncertainty around war powers. The EU reached a provisional agreement to remove import duties on US goods, a key step in preserving the July trade deal and avoiding higher US tariffs. Meanwhile, the Pentagon announced it will reduce troop levels in Europe to numbers before Russia’s full-scale invasion of Ukraine, marking a significant strategic shift. Turning to macroeconomic data, US pending home sales rose for a third straight month in April as mortgage rates temporarily eased, though demand could remain subdued given still elevated borrowing costs. Canada’s inflation accelerated to 2.8% y/y, driven by a 19.2% surge in energy prices. UK labor market data showed a sharp drop in payrolled employees – down 210,000 y/y in April – though provisional estimates tend to be revised upward. Earnings growth remained stronger in the public sector than in the private sector. Eurozone trade data showed a sharp narrowing of the goods surplus to EUR7.8bn from EUR34.1bn a year earlier, driven by weaker exports and rising imports. China kept its 1 year and 5 year loan prime rates unchanged for a 12th straight month, signaling policy stability despite weak domestic demand. In South Korea, Samsung’s failure to reach a labor deal sets the stage for a 48,000 worker strike, threatening global semiconductor supply chains.

Market performances

US equities fell on Tuesday as rising long-end yields and geopolitical uncertainty weighed on sentiment. The S&P 500 declined 0.67% to 7,353.61, the Nasdaq fell 0.84% to 25,870.71, and the Dow dropped 0.65%. Global equity benchmark fell 0.59%. European equities outperformed, with the STOXX 600 up 0.19% on tariff relief. The bond market remained the dominant macro driver. The US 30 year yield hit 5.18% – its highest level since 2007 – before easing slightly. The 10 year rose to 4.667%, and the 2 year climbed to 4.079%. Markets continue to price in a higher probability of a Fed rate hike this year as inflation pressures persist and energy prices remain elevated. The incoming Fed Chair, Warsh, faces immediate scrutiny over how he will respond to a potential second inflation wave. Oil prices eased after several strong sessions. WTI settled at USD107.77/bbl and Brent at USD111.28/bbl. Trump’s comments about pausing a strike, combined with mixed signals from Iran, kept volatility high but allowed for some profit taking. Gold, silver, and copper fell as the dollar strengthened and yields rose. In FX, the dollar index rose to 99.33 as higher yields supported the greenback. The euro fell to USD1.1607, the yen weakened to 158.82, and sterling remained under pressure amid UK political uncertainty.

What’s next

Wednesday’s focus includes UK April inflation and producer prices, eurozone April inflation, and Denmark’s Q1 GDP. APAC releases include Malaysia’s April trade balance, and Taiwan’s April exports. The US publishes minutes from the last FOMC meeting – Powell’s final session – offering insight into the committee’s inflation concerns. Earnings include Analog Devices, Bloomsbury Publishing, British Land, Experian, Hasbro, Intuit, Lowe’s, Marks & Spencer, Nvidia, Severn Trent, Target, Toll Brothers, and Tokio Marine. Bank of England Governor Bailey appears before the Treasury Committee. Markets will closely watch Nvidia’s results, which will test the durability of the AI driven equity rally. NVIDIA’s results today will hinge on data center momentum, the early Blackwell ramp, and any signs of hyperscalers’ capex moderation. Markets will focus on gross margin direction, supply chain constraints at TSMC, competitive pressure from AMD’s MI300, and the pace of enterprise AI adoption. Guidance is the swing factor – even a small shift in revenue or margin outlook will matter more than the backward looking quarter.

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.53	0.00	-19.00	-13.00
UAE Eibor 3m	3.70	-16.36	2.25	14.23
UAE Eibor 12m	3.98	-11.35	-5.00	27.38
US 3m Bills	3.65	1.21	-4.41	-1.97
US 10yr Treasury	4.67	7.89	38.29	61.80
German 10yr Bund	3.19	4.50	15.00	43.90
UK 10yr Gilt	5.13	3.10	31.50	73.00
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	496	-0.35	-1.69	-2.84
Global Treasuries	205	-0.33	-1.84	-3.34
Global Corporate	301	-0.38	-1.59	-2.57
EM USD Sovereign	456	-0.38	-1.69	-2.05
EM LCY Sovereign	164	-0.23	-1.45	-1.34
Global High Yield	1,874	-0.28	-0.77	-0.69
Currencies				
Dollar Index	99.33	0.14	1.30	2.49
EUR USD	1.1607	-0.39	-1.64	-2.03
GBP USD	1.3399	-0.22	-1.29	-1.67
USD JPY	158.82	-0.07	-0.04	3.49
Equities				
S&P 500	7,354	-0.67	4.71	7.57
Dow Jones	49,364	-0.65	1.86	-0.28
NASDAQ	25,871	-0.84	7.72	14.74
STOXX 600	611	0.19	-0.96	-1.16
DAX	24,401	0.38	1.39	-1.61
Nikkei 225	60,551	-0.44	4.16	6.59
FTSE 100	10,331	0.07	-2.17	-1.37
SENSEX	75,201	-0.15	-3.73	-9.70
Hang Seng	25,798	0.48	-0.58	-3.40
MSCI World	4,718	-0.47	2.83	4.65
MSCI EM	1,639	-1.45	3.50	5.19
Regional Equities				
ADX	9,649	0.91	-2.46	-9.18
DFM	5,662	0.93	-3.48	-15.52
Tadawul*	10,982	0.24	-1.15	0.82
DSM*	10,418	0.45	-2.29	-0.65
MSM30*	7,488	-3.37	-8.23	-3.25
BHSE*	1,926	0.30	-0.38	-1.16
KWSE*	8,659	-0.25	-2.47	0.58
Commodities				
BBG Commodity Index	142.8	-0.22	7.05	21.71
Brent USD/bbl	111.28	-0.73	17.22	62.10
WTI USD/bbl	107.77	-0.82	18.05	71.36
Gold USD/t oz	4,507.9	-0.93	-6.16	-9.70
Silver USD/t oz	73.7	-5.13	-6.62	-3.76
Platinum USD/t oz	1,924.4	-3.01	-8.96	-5.90
Aluminum	3,638.9	0.31	-0.24	20.61
Copper USD/MT	13,410.0	-0.13	1.94	5.12
Digital Assets				
Bitcoin	76,963.4	0.14	2.80	11.82
Ether	2,116.9	0.04	-10.43	5.93
Solana	84.5	-0.49	-0.41	-1.76
XRP	1.4	-1.90	-2.22	-8.96
Volatility				
VIX	18.06	1.35	-0.61	-14.81
MOVE	85.32	-0.87	25.58	21.71

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – May 20, 2025. Performance in local currency terms.

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