Daily Market View

Investment Strategy | May 21, 2026

ADCB ASSET MANAGEMENT LIMITED

Equities rebound as yields ease, dollar softens, and oil slides on partial Hormuz opening

Macro headlines

Iran warned it could widen the war beyond the Middle East if attacked again, escalating rhetoric just as President Trump revealed he came within an hour of ordering fresh strikes before delaying the decision. Yet the geopolitical picture shifted sharply when two supertankers carrying Iraqi oil successfully transited the Strait of Hormuz, raising hopes of a partial reopening of the chokepoint. The passage immediately eased supply fears and sent crude prices tumbling, offering markets their first meaningful relief in weeks. In Washington, Trump is expected to sign an executive order on AI and cybersecurity, reflecting rising pressure from parts of his political base to tighten oversight of advanced AI models such as Anthropic's Mythos. The move signals a more interventionist regulatory posture at a time when AI linked equities dominate market leadership. The latest Fed minutes revealed that many officials wanted to remove language suggesting an easing bias at the April meeting, perhaps underscoring mounting concern that the Iran war's inflation shock may require tighter policy. The shift marks the clearest sign yet that the Fed is preparing markets for a higher for longer stance. UK inflation fell more than expected, with CPI dropping to 2.8% y/y despite a 15% m/m jump in motor fuel prices. Lower utility bills, easing food inflation, and volatile components such as package holidays and computer games drove the decline. Importantly, there is still no evidence of energy pass through to core inflation. Eurozone April inflation confirmed at 3.0% y/y, driven by a sharp acceleration in energy prices. In corporate news, SpaceX's IPO filing revealed the company remains unprofitable and that Elon Musk controls 85% of voting power. Nvidia's earnings met expectations but drew an "apathetic" market response as investors questioned whether the USD5.4trn semiconductor giant can sustain its growth rate. Samsung shares jumped after management reached a tentative pay deal with its union, averting a strike that threatened global chip supply chains.

Market performances

Markets rallied on Wednesday as easing yields and a sharp drop in oil prices boosted risk appetite. The Dow rose 1.31% to 50,009.35, the S&P 500 gained 1.08% to 7,432.97, and the Nasdaq climbed 1.54% to 26,270.36. Semiconductor stocks surged ahead of Nvidia's results, with the SOX index up 4.5%. Global equities rose 0.90%, and the STOXX 600 gained 1.46%, recovering ground lost during last week's bond driven selloff. Oil prices fell sharply after the two supertankers passed through Hormuz, signaling tentative easing of supply constraints. WTI settled at USD98.26/bbl and Brent at USD105.02/bbl. The move provided immediate relief to inflation expectations and helped drive the equity rebound. Treasury yields fell meaningfully, with the 10 year dropping to 4.576% and the 30 year easing from its 19 year high to 5.18%. The pullback followed days of relentless selling driven by inflation fears. Fed funds futures now price roughly 50% odds of a rate hike by December – a dramatic reversal from pre war expectations of two cuts. In FX, the dollar softened as yields eased, with the dollar index falling to 99.09. The euro rose to USD1.163, the yen strengthened slightly to 158.81, and gold gained to USD4,543.55/oz.

What's next

Thursday's calendar includes US May flash PMIs, April building permits and housing starts, and the May Philadelphia Fed survey. Europe releases May flash PMIs for the eurozone, France, Germany, and the UK, alongside the UK CBI industrial trends survey, eurozone May consumer confidence, and France's March retail sales. APAC data includes India's May HSBC flash PMI, Australia's May flash PMI and April labor market report, Japan's May flash PMI, South Korea's April producer prices, Hong Kong SAR's April inflation, New Zealand's April trade balance, and Japan's March machinery orders and April trade balance. Bank of England MPC member Taylor and BOJ board member Koeda deliver remarks. Earnings include AJ Bell, BT Group, Close Brothers, ConvaTec, Deckers Outdoor, Deere, easyJet, Nationwide Building Society, Nordson, Qinetiq, Ralph Lauren, Ross Stores, Sage, Singapore Telecommunications, Take Two Interactive, Tate & Lyle, Walmart, and Zoom. Markets will carefully monitor Walmart earnings to assess the condition of the US consumer.

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Global markets' performance snapshot

Performance snapshot*				
Rates	**Latest**	**1D (bp)**	**1M (bp)**	**3M (bp)**
SOFR	3.51	0.00	-16.00	-20.00
UAE Eibor 3m	3.73	3.61	6.42	17.56
UAE Eibor 12m	4.03	5.67	0.67	34.38
US 3m Bills	3.64	-1.07	-4.97	-3.01
US 10yr Treasury	4.59	-8.08	27.43	52.77
German 10yr Bund	3.10	-9.70	6.40	35.80
UK 10yr Gilt	4.99	-14.10	14.10	61.20
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	498	0.54	-1.02	-2.22
Global Treasuries	206	0.53	-1.17	-2.78
Global Corporate	302	0.58	-0.83	-1.90
EM USD Sovereign	458	0.41	-1.11	-1.85
EM LCY Sovereign	164	0.25	-1.17	-1.03
Global High Yield	1,880	0.33	-0.37	-0.34
Currencies				
Dollar Index	99.09	-0.24	0.89	1.99
EUR USD	1.1624	0.16	-1.33	-1.95
GBP USD	1.3435	0.30	-0.68	-0.98
USD JPY	158.92	-0.09	-0.16	3.66
Equities				
S&P 500	7,433	1.08	5.56	8.62
Dow Jones	50,009	1.31	2.94	0.96
NASDAQ	26,270	1.54	8.99	16.35
STOXX 600	620	1.46	0.54	-0.16
DAX	24,737	1.38	2.41	-1.04
Nikkei 225	59,804	-1.23	0.48	5.72
FTSE 100	10,432	0.99	-1.49	-1.17
SENSEX	75,318	0.16	-3.42	-9.75
Hang Seng	25,651	-0.57	-2.82	-3.95
MSCI World	4,767	1.04	3.72	5.74
MSCI EM	1,637	-0.09	2.13	5.25
Regional Equities				
ADX	9,598	-0.52	-3.22	-9.65
DFM	5,627	-0.62	-5.10	-15.82
Tadawul*	10,986	0.03	-1.22	0.91
DSM*	10,353	-0.63	-2.96	-1.04
MSM30*	7,243	-3.26	-10.79	-5.99
BHSE*	1,926	0.00	-0.61	-0.68
KWSE*	8,647	-0.14	-3.03	0.50
Commodities				
BBG Commodity Index	140.1	-1.91	4.25	21.37
Brent USD/bbl	105.02	-5.63	5.66	55.77
WTI USD/bbl	98.26	-8.82	3.77	57.64
Gold USD/t oz	4,544.2	1.37	-5.13	-6.84
Silver USD/t oz	75.9	2.94	-3.22	3.23
Platinum USD/t oz	1,954.0	1.54	-6.58	-2.74
Aluminum	3,659.5	0.57	-0.41	21.16
Copper USD/MT	13,418.0	0.06	1.81	6.82
Digital Assets				
Bitcoin	77,661.4	0.91	3.22	14.82
Ether	2,134.1	0.81	-9.21	6.76
Solana	86.1	1.96	-3.87	1.08
XRP	1.4	0.83	-5.76	-7.71
Volatility				
VIX	17.44	-3.43	-2.79	-14.05
MOVE	81.53	-4.44	23.74	18.43

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – May 21, 2025. Performance in local currency terms.

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