Daily Market View

Investment Strategy ♦ August 20, 2026

بنك أبوظبي التجاري
ADCB

Treasury buybacks steady the long end – offering a brief reprieve – as US debt hits USD40trn

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Macro headlines

President Trump warned of economic consequences for any country providing “any type of lifeline to Iran,” reinforcing Washington’s pressure campaign as the Middle East war nears its six-month mark. The Strait of Hormuz remains slow, and diplomatic momentum continues to fade. On trade, the US and Canada are nearing a deal that could reduce contentious tariffs on Canadian autos, trucks, and key metals, easing bilateral tensions after weeks of escalation. President Trump urged Congress to pass legislation clarifying definitions in the cryptocurrency sector, a top priority for industry executives seeking regulatory certainty. The SEC separately proposed a new crypto framework earlier this week, signalling a coordinated regulatory push. US public debt surpassed USD40trn for the first time, intensifying warnings about long-term fiscal sustainability as interest costs and social program spending outpace revenue growth. In response to rising long-end yields, the Treasury announced support measures for long-duration bonds, doubling buyback sizes to at least USD4bn per operation. The move aims to stabilize liquidity after the 30-year yield hit its highest level since 2007. FOMC minutes showed “several” policymakers were ready to raise rates in July, and “many” said a hike would be needed if inflation does not return to target. AI-linked inflation risks were explicitly noted, reinforcing a cautious stance. Staying with central bank policy, China kept benchmark prime lending rates unchanged for a fifteenth straight month. In macroeconomic data, UK CPI rose to 2.9% y/y in July, driven by a 13% jump in household energy bills. Japan’s imports hit a record high on elevated oil prices, while exports also reached an all-time high on strong semiconductor demand and a weaker JPY. Turning to corporate news, Moderna and Merck reported a major breakthrough in personalized mRNA cancer vaccines, reducing melanoma recurrence risk in late-stage trials and sending Moderna shares sharply higher.

Market performances

Global markets reacted strongly to Treasury’s decision to double long-duration buybacks. US long-dated yields fell by up to 10bps after touching multi-decade highs earlier in the week. The 30-year yield retreated to 5.292% after hitting 5.337%, its highest since 2007. The 10-year yield eased to 4.712%. European and Japanese long-end yields also pulled back from multi-year highs. The dollar tumbled, with the dollar index falling 0.83% to 98.80. The euro strengthened to EUR1.1676, and the yen appreciated to JPY158.15 per USD. Gold surged to USD4,509/oz, while Bitcoin rose c7% and ether gained sharply. US equities posted modest gains: the Nasdaq rose 0.16% to 26,772.11, the S&P 500 gained 0.21% to 7,764.80, and the Dow rose 0.22% to 53,772.40. MSCI’s global equity gauge slipped c0.1%. Treasury’s intervention provided a lifeline to risk assets, though late-session gains were pared as investors weighed persistent inflation risks and geopolitical uncertainty. Oil prices settled at their highest levels in nearly four weeks. Brent rose to USD91.42/bbl, and WTI gained to USD85.59/bbl, supported by escalating Middle East tensions.

What's Next

Thursday's US calendar includes the Philadelphia Fed manufacturing survey, initial and continuing jobless claims, and July leading indicators. Canada releases July industrial product and raw materials price indices. Mexico publishes monetary policy minutes; Argentina releases June economic activity and July trade data. Europe's docket includes Germany's July PPI, Sweden's Riksbank policy rate decision, and Poland's July wages, employment, industrial output, and construction output. Egypt announces its deposit rate decision. Asia's releases include Australia's July unemployment and participation rates, Malaysia's July trade balance, exports, and imports, Taiwan's July export orders and Q2 current account balance, and Hong Kong's July CPI. Earnings include AIA, Alibaba, Deere, Exxaro Resources, Fortescue, Hays, NetEase, Qube, Ross Stores, and Walmart. Markets will remain highly sensitive to long-end yield dynamics, fiscal trajectory concerns, Middle East tensions, and signals from the FOMC minutes ahead of next week's Jackson Hole symposium.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.65	0.00	3.00	14.00
UAE Eibor 3m	3.91	-4.38	10.20	20.97
UAE Eibor 12m	4.22	2.58	5.24	24.13
US 3m Bills	3.78	0.47	0.50	13.22
US 10yr Treasury	4.65	-5.75	9.32	-1.97
German 10yr Bund	3.26	0.30	12.80	6.90
UK 10yr Gilt	5.04	-3.60	7.80	-8.50
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	502	0.54	0.77	1.26
Global Treasuries	207	0.57	0.91	1.25
Global Corporate	304	0.57	0.42	1.11
EM USD Sovereign	465	0.44	-0.16	2.00
EM LCY Sovereign	169	0.31	1.57	3.06
Global High Yield	1,916	0.31	0.65	2.26
Currencies				
Dollar Index	98.83	-0.83	-1.92	-0.50
EUR USD	1.1669	0.77	2.05	0.53
GBP USD	1.3610	0.51	1.07	1.57
USD JPY	158.39	-0.74	-2.52	-0.27
Equities				
S&P 500	7,708	0.21	2.31	4.82
Dow Jones	53,463	0.22	1.73	8.30
NASDAQ	26,331	0.16	1.74	1.78
STOXX 600	651	-0.11	1.15	6.51
DAX	26,091	-0.14	4.72	6.93
Nikkei 225	65,326	-3.16	-2.26	7.89
FTSE 100	10,743	0.14	1.62	4.00
SENSEX	76,910	-0.42	-0.36	2.27
Hang Seng	25,495	0.09	1.95	-1.17
MSCI World	4,976	0.08	2.49	5.46
MSCI EM	1,668	-1.54	0.26	1.81
Regional Equities				
ADX	10,006	-0.91	2.30	3.71
DFM	5,842	-0.28	-0.92	3.18
Tadawul*	10,926	0.13	1.48	-1.61
DSM*	9,773	-0.76	-2.31	-6.58
MSM30*	7,547	-0.04	5.32	-1.62
BHSE*	1,945	-0.07	-1.04	-2.34
KWSE*	8,821	0.54	1.43	-0.20
Commodities				
BBG Commodity Index	138.4	1.02	6.71	-3.08
Brent USD/bbl	91.62	0.66	8.77	-17.67
WTI USD/bbl	85.83	1.05	8.71	-20.36
Gold USD/t oz	4,493.4	2.97	12.56	-0.32
Silver USD/t oz	67.0	5.70	20.63	-9.16

Platinum USD/t oz	1,820.5	6.05	12.15	-5.40
Aluminum	3,227.6	0.25	1.24	-11.30
Copper USD/MT	14,180.0	-1.08	4.53	5.74
Digital Assets				
Bitcoin	69,040.9	6.95	7.74	-10.29
Ether	2,218.0	16.00	18.58	4.78
Solana	83.7	8.98	10.54	-0.86
XRP	1.1	9.96	0.21	-19.03
Volatility				
VIX	14.89	-6.00	-11.00	-17.55
MOVE	71.26	-4.96	4.55	-16.48

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – August 17, 2025. Performance in local currency terms.

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