# Daily Market View

Investment Strategy ♦ June 01, 2026

بنك أبوظبي التجاري
ADCB

## Dollar dipped on Friday as Hormuz deal neared

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### Macro headlines

The geopolitical backdrop remained tense but cautiously constructive as the US and Iran continued negotiations to extend the ceasefire. Defense Secretary Hegseth said the US is prepared to restart attacks if talks fail, while President Trump signaled that he would soon decide on a proposed deal. Despite progress, both sides remain divided on core issues, leaving markets sensitive to any shift in tone. The conflict's three month duration has already pushed energy prices higher and complicated the inflation outlook. China intensified its crackdown on illegal cross border securities activity, with the CSRC imposing fines and corrective measures on online brokerages operating without licenses. The move underscores Beijing's broader effort to tighten financial market controls amid capital flow volatility and rising geopolitical risk. US inflation data showed mixed signals. The PCE price index rose 0.4% m/m in April, slowing from 0.7% in March, but the annual rate accelerated to 3.8% – the highest since May 2023. Core PCE rose 0.2% m/m, with the annual rate ticking up to 3.3%. Personal spending rose 0.5%, while income was flat, suggesting consumers are still spending despite real-income pressure. Several Fed officials struck a cautious tone: Governor Cook said she is prepared to raise rates if inflation worsens, while Vice Chair Jefferson warned that risks remain "tilted to the upside." Officials also highlighted uncertainty around energy prices, supply chains, and whether AI driven productivity gains could influence inflation dynamics. Other data were mixed. US Q1 GDP was revised down to 1.6% annualized from 2.0%, driven by weaker investment and consumption, though still an improvement from Q4's 0.5% pace. Durable goods orders rose 7.9% in April, driven by transportation equipment, while core capital goods orders fell 1.1%, raising questions about business investment momentum. ECB minutes showed some policymakers were open to raising rates, citing a persistent energy shock and weaker confidence. UK shop price inflation rose to 1.2% y/y, while Tokyo core CPI decelerated to 1.3% y/y, adding uncertainty to the BoJ's June decision.

### Market performances

Global equities ended the week on a positive note as optimism around a potential ceasefire extension supported risk appetite. The S&P 500 rose 0.22% to 7,580.12, marking its ninth straight weekly gain – the longest streak since December 2023. The Dow climbed 0.72% to 51,032.65, and the Nasdaq gained 0.20% to 26,972.62. Global equities rose 0.54%, while the STOXX 600 added 0.14%. Emerging market equities outperformed, rising 1.59%, supported by improved sentiment around global supply chains and energy prices. Oil prices retreated on Friday as markets awaited confirmation of a US Iran interim agreement. WTI settled at USD87.36/bbl (-1.73%) and Brent at USD92.05/bbl (-1.77%). The decline reflected expectations that a 60 day reopening of the Strait of Hormuz could ease supply constraints and reduce the inflationary impulse that has dominated markets since late February. Treasury yields fell for a fourth straight session, with the 10 year at 4.441% (-1.6bps), the 30 year at 4.9817% (-0.3bps), and the 2 year at 3.996% (-2.9bps). The move capped a week in which yields initially surged on inflation concerns before easing as ceasefire optimism grew. Markets continue to price roughly 50% odds of a Fed rate hike in Q4, reflecting uncertainty around the inflation path. The dollar softened, with the dollar index slipping to 98.90. The euro rose to USD1.1663, while the yen held near 159.26. Gold gained to USD4,545.00/oz as lower yields and improved risk sentiment supported precious metals.

## What's Next

The coming week features final prints of global manufacturing and services PMIs for May, offering insight into how high energy prices and supply chain disruptions are affecting activity. US non-farm payrolls are expected to rise by 110k, with unemployment steady at 4.3%. Eurozone inflation is projected to rise to 3.3% y/y, with core inflation edging higher. India's RBI is expected to keep rates unchanged despite inflation risks, while Q1 GDP should remain resilient. Monday's releases include worldwide manufacturing PMIs, the US S&P Global Manufacturing PMI and ISM Manufacturing, Germany's April retail sales, eurozone April unemployment, Japan's Q1 capital spending, South Korea's May trade balance, and India's April industrial production.

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| Performance snapshot* | | | | |
|---|---|---|---|---|
| Rates | Latest | 1D (bp) | 1M (bp) | 3M (bp) |
| SOFR | 3.62 | 0.00 | -4.00 | -5.00 |
| UAE Eibor 3m | 3.69 | 0.00 | -4.67 | 9.46 |
| UAE Eibor 12m | 3.97 | 0.00 | -1.65 | 30.09 |
| US 3m Bills | 3.67 | -0.01 | -0.20 | -0.02 |
| US 10yr Treasury | 4.44 | -1.18 | 9.60 | 43.14 |
| German 10yr Bund | 2.94 | -2.40 | -9.50 | 24.70 |
| UK 10yr Gilt | 4.81 | -0.20 | -16.00 | 53.80 |
| Fixed Income | | 1D (%) | 1M (%) | 3M(%) |
| Global Agg. Index | 504 | 0.26 | 0.19 | -1.37 |
| Global Treasuries | 208 | 0.28 | 0.10 | -1.89 |
| Global Corporate | 306 | 0.23 | 0.36 | -0.89 |
| EM USD Sovereign | 466 | 0.35 | 0.66 | -0.13 |
| EM LCY Sovereign | 166 | 0.32 | 0.23 | -0.73 |
| Global High Yield | 1,898 | 0.22 | 0.53 | 0.62 |
| Currencies | | | | |
| Dollar Index | 98.94 | -0.08 | 0.45 | 1.18 |
| EUR USD | 1.1659 | 0.02 | -0.57 | -0.99 |
| GBP USD | 1.3456 | 0.07 | -0.64 | 0.04 |
| USD JPY | 159.27 | 0.07 | -0.08 | 1.84 |
| Equities | | | | |
| S&P 500 | 7,580 | 0.22 | 5.66 | 9.72 |
| Dow Jones | 51,032 | 0.72 | 3.79 | 3.10 |
| NASDAQ | 26,973 | 0.20 | 8.38 | 17.90 |
| STOXX 600 | 626 | 0.14 | 2.82 | -1.13 |
| DAX | 25,105 | 0.05 | 4.24 | -0.73 |
| Nikkei 225 | 66,330 | 2.53 | 9.57 | 12.89 |
| FTSE 100 | 10,409 | -0.16 | 0.85 | -4.03 |
| SENSEX | 74,776 | -1.44 | -3.27 | -9.09 |
| Hang Seng | 25,182 | 0.70 | -2.87 | -4.54 |
| MSCI World | 4,865 | 0.39 | 4.87 | 6.54 |
| MSCI EM | 1,752 | 1.59 | 7.50 | 8.21 |
| Regional Equities | | | | |
| ADX | 9,702 | 0.00 | -1.28 | -8.43 |
| DFM | 5,757 | 0.00 | -1.93 | -13.09 |
| Tadawul* | 11,078 | 0.46 | 0.42 | -0.11 |
| DSM* | 10,555 | -0.35 | -1.49 | 3.88 |
| MSM30* | 7,757 | -0.23 | -7.11 | -2.64 |
| BHSE* | 1,979 | 0.00 | 1.92 | 3.61 |
| KWSE* | 8,815 | 0.00 | -1.00 | 4.87 |
| Commodities | | | | |
| BBG Commodity Index | 135.1 | -0.80 | -1.53 | 12.33 |
| Brent USD/bbl | 92.05 | -1.77 | -14.95 | 30.11 |
| WTI USD/bbl | 87.36 | -1.73 | -9.35 | 33.97 |
| Gold USD/t oz | 4,540.3 | 0.65 | -2.92 | -12.14 |
| Silver USD/t oz | 75.3 | -0.44 | -0.29 | -14.73 |
| Platinum USD/t oz | 1,920.2 | -0.15 | -3.32 | -15.93 |
| Aluminum | 3,718.6 | 0.19 | 2.10 | 17.87 |
| Copper USD/MT | 13,615 | 0.75 | 3.05 | 3.03 |

| Digital Assets | | | | |
|---|---|---|---|---|
| Bitcoin | 73,582 | 0.14 | -4.40 | 9.07 |
| Ether | 2,015.7 | 0.21 | -12.05 | -0.75 |
| Solana | 82.1 | -0.09 | -2.53 | -4.43 |
| XRP | 1.3 | 0.17 | -5.13 | -5.30 |
| **Volatility** | | | | |
| VIX | 15.32 | -2.67 | -14.98 | -17.77 |
| MOVE | 70.22 | 0.69 | 2.63 | 9.84 |

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – June 01, 2025. Performance in local currency terms.

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