Daily Market View

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بنك أبوظبي التجاري ADCB

Markets lose altitude as Hormuz hopes fade again

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Macro headlines

Geopolitical tensions intensified again: Tehran struck Kuwait, damaging its airport and injuring dozens, while US forces conducted strikes near the Strait of Hormuz. Iran has conditioned any deal with Washington on an end to fighting between Israel and Lebanon, and the latest attacks underscore how fragile the diplomatic track remains. In Washington, the House of Representatives passed a war powers resolution blocking President Trump from conducting further strikes on Iran without congressional approval. The 215-208 vote, with four Republicans joining Democrats, marks the most significant legislative challenge to Trump's wartime authority since the conflict began. The move injects political uncertainty into an already unstable geopolitical environment. Trade tensions resurfaced as the US administration proposed tariffs of up to 12.5% on imports from 60 countries, citing failures to curb forced labor linked goods. Trading partners rejected the assertion, setting up another potential flashpoint in global trade relations. The proposal stems from a Section 301 investigation aimed at rebuilding emergency tariffs struck down by the Supreme Court earlier this year. Global macro data showed continued resilience but emerging strain. The JPMorgan Global Composite PMI held at 51.8 in May, marking 40 consecutive months of expansion, though hiring weakened sharply across sectors. Only three of 21 monitored industries contracted, but 14 cut jobs – the highest number in nearly two and a half years. In the US, ISM services rose to 54.5, signaling solid activity despite rising cost pressures. Factory orders rose 4.8% m/m in April, driven by electronics, instruments, and transport equipment. Eurozone April producer prices accelerated to 4.9% y/y, the strongest since March 2023, reinforcing inflation concerns. In Japan, BoJ Governor Ueda signaled a high likelihood of a rate hike if inflation risks outweigh downside risks.

Market performances

Global equities retreated on Wednesday as renewed hostilities in the Gulf and fading hopes for a swift Hormuz breakthrough weighed on sentiment. The S&P 500 fell 0.74% to 7,525.00, the Nasdaq declined 0.89% to 26,732.00, and the Dow dropped 1.21%. Developed markets aggregate fell 0.65%, while the STOXX 600 slipped 0.66%. The pullback followed several sessions of strong gains driven by AI optimism, and markets appeared to take a breather as geopolitical uncertainty resurfaced. Energy stocks outperformed, while technology and financials led declines. AI-linked equities continued to provide a partial offset to broader risk aversion. Marvell Technology rose 3.73% after Nvidia's CEO called it the "next trillion-dollar company," while SpaceX reportedly plans a USD75bn IPO focused heavily on AI. Asian markets remained buoyant, with Japan and Taiwan hitting record highs on Wednesday. Oil prices climbed toward USD100/bbl as

Iranian attacks on Kuwait and US strikes near Hormuz reignited supply concerns. Brent settled at USD97.81/bbl (+1.89%), reflecting market skepticism that diplomatic progress can hold amid escalating regional violence. Treasury yields rose, with the 10-year increasing to 4.489% (+3.6bps). Markets have largely priced out US rate cuts for 2026, while expectations for a June ECB hike remain firm following the latest inflation data. Japan's yen weakened past 160 per dollar, prompting warnings from Tokyo about potential intervention. In FX, the dollar strengthened, with the dollar index rising to 99.52. The euro fell to USD1.160, while the yen weakened to 160.05. Sterling held at USD1.3462. Gold fell to USD4,440.06/oz as higher yields and a stronger dollar weighed on precious metals.

What's Next

Thursday's calendar includes US May Challenger job cuts, initial jobless claims, Q1 nonfarm productivity and labor costs, and the Fed balance sheet. Europe releases Spain's April industrial production, eurozone May construction PMIs, April retail sales, and Germany's May new car registrations. APAC data includes Australia's April trade balance. Bank of England Governor Andrew Bailey speaks at the Investment Association conference, while the Reserve Bank of Australia appears before the Senate Economics Committee. Earnings include Brown-Forman, Ciena, CMC Markets, Cooper Companies, Guidewire, Lululemon, Mitie, Rémy Cointreau, Rubrik, and Samsara.

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.63	0.00	-3.00	-7.00
UAE Eibor 3m	3.74	4.33	1.03	14.55
UAE Eibor 12m	4.16	-2.50	19.92	41.78
US 3m Bills	3.71	1.18	4.57	3.40
US 10yr Treasury	4.49	5.13	12.40	43.52
German 10yr Bund	3.04	6.00	-0.20	28.30
UK 10yr Gilt	4.93	7.20	-8.10	46.00
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	501	-0.35	-0.19	-0.69
Global Treasuries	207	-0.37	-0.43	-1.11
Global Corporate	304	-0.31	0.15	-0.32
EM USD Sovereign	465	-0.21	0.87	0.84
EM LCY Sovereign	165	-0.29	0.57	0.73
Global High Yield	1,896	-0.20	0.57	1.51
Currencies				
Dollar Index	99.53	0.31	1.50	0.48
EUR USD	1.1600	-0.24	-1.07	0.08
GBP USD	1.3423	-0.32	-1.14	0.75
USD JPY	159.99	0.05	2.18	1.36
Equities				
S&P 500	7,554	-0.74	4.78	10.81
Dow Jones	50,687	-1.21	2.08	4.51
NASDAQ	26,854	-0.89	7.88	19.26
STOXX 600	621	-0.66	1.62	2.77
DAX	24,796	-1.31	2.07	4.23
Nikkei 225	68,402	2.50	15.38	21.54
FTSE 100	10,332	-0.40	-0.45	-1.45
SENSEX	74,346	-0.41	-3.34	-7.34
Hang Seng	25,633	-1.56	-0.56	-0.52
MSCI World	4,847	-0.65	4.00	8.76
MSCI EM	1,788	-0.07	11.73	17.04
Regional Equities				
ADX	9,582	-0.41	-2.01	-8.34
DFM	5,686	-0.80	-1.38	-12.56
Tadawul*	11,002	-0.12	-1.02	-0.67
DSM*	10,393	-0.14	-2.54	3.30
MSM30*	7,671	-1.30	-7.92	-4.45
BHSE*	1,983	-0.20	2.57	3.93
KWSE*	8,728	-0.41	-1.66	4.72
Commodities				
BBG Commodity Index	137.2	-0.05	-2.39	9.96
Brent USD/bbl	97.81	1.89	-14.21	20.16
WTI USD/bbl	96.02	2.41	-8.61	28.78
Gold USD/t oz	4,442.0	-1.11	-3.60	-12.55
Silver USD/t oz	72.7	-3.18	-1.40	-11.35
Platinum USD/t oz	1,863.5	-3.72	-6.25	-10.76
Aluminum	3,749.5	-1.57	6.09	14.95
Copper USD/MT	13,920.5	-0.33	6.95	8.58

Digital Assets				
Bitcoin	64,913.7	-3.82	-15.11	-4.59
Ether	1,779.2	-6.56	-21.40	-9.63
Solana	71.1	-5.61	-14.38	-16.46
XRP	1.2	-2.41	-12.94	-12.10
Volatility				
VIX	16.06	1.84	-4.91	-31.86
MOVE	73.58	0.20	2.10	-5.36

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – June 04, 2025. Performance in local currency terms.

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