Daily Market View

Investment Strategy ♦ June 08, 2026

بنك أبوظبي التجاري
ADCB

Equities slide as yields surge, Dollar strengthens, and Tech unravels after hot payrolls and Gulf escalation

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Macro headlines

Middle East tensions escalated again as Israel struck military targets in western and central Iran despite President Trump reportedly urging restraint. Tehran followed its earlier attacks on Kuwait and Bahrain with additional drone launches, prompting Washington to explore redirecting Iranian assets to Gulf states for reconstruction. The renewed hostilities complicate efforts to secure a broader peace deal, particularly as Iran continues to condition any agreement on a Lebanon ceasefire. In Washington, the Senate passed a USD70bn immigration enforcement bill, handing Trump a legislative win as the administration seeks to bolster border security funding. The House will now consider the measure. Meanwhile, the latest US labor market data delivered a significant upside surprise: nonfarm payrolls rose 172k in May versus consensus of 88k, with substantial upward revisions to March and April. Wage growth rose 0.3% m/m, while the y/y rate eased to 3.4%. The unemployment rate held at 4.3%. The data reinforced the view that the labor market remains resilient, with wage deceleration reducing the risk of renewed inflation pressure. Eurozone GDP was revised sharply lower to -0.2% q/q in Q1, the largest contraction since 2013 excluding the pandemic. The revision was driven almost entirely by a dramatic downgrade to Ireland's GDP, which fell 12.1% q/q due to multinational activity adjustments. Ex-Ireland, eurozone growth would have been 0.3% q/q, modestly above the flash estimate and more consistent with survey data. Türkiye's inflation rose 1.7% m/m in May, above expectations but far below April's 4.2% surge. Food and energy prices fell m/m, suggesting the war-driven energy shock may be stabilizing. In India, the RBI kept the repo rate at 5.25% but raised its inflation forecast, signaling a more hawkish stance. India's economy grew 7.8% in Q4 FY26, with full-year growth at 7.7%, driven by strong services and industrial activity.

Market performances

Markets sold off sharply on Friday as a stronger-than-expected US payrolls report reignited fears of a hawkish Fed pivot and compounded investor anxiety over renewed Middle East escalation. The S&P 500 fell 2.64% to 7,355.00, the Nasdaq plunged 4.2% to 25,820.00 – its largest one-day decline since April 2025 – and the Dow dropped 1.4%. Developed market equities fell 2.26%, while the STOXX 600 slipped 0.29%. The sell-off was concentrated in technology and semiconductor stocks. Broadcom fell nearly 8%, extending losses after disappointing results earlier in the week. The SOX index suffered its largest one-day percentage drop since March 2020, erasing more than USD1trn in market value. Nvidia and other AI-linked names also declined sharply as investors unwound crowded positions built during the nine week rally that ended abruptly on

Friday. Treasury yields surged following the payrolls report. The 2-year yield hit a 15-month high before settling at 4.147%, reflecting renewed expectations of a potential Fed rate hike later this year. The 10-year yield rose to 4.477%. Labor data, combined with geopolitical-driven energy inflation, complicates the Fed's ability to consider rate cuts. Oil prices dipped but remained on track for their first weekly gain in three weeks. Brent settled at USD93.09/bbl (-2%), while WTI fell to USD90.54/bbl (-2.69%). Traders cited mixed signals from the Gulf: Oman reported normal operations at Mina al Fahal despite earlier reports of disruptions. In FX, the yen hovered at 160.29 per dollar, prompting renewed warnings from Japanese officials about possible intervention. The euro fell to USD1.1522, sterling to USD1.3342, and the dollar index rose 0.66%. Gold fell sharply to USD4,328.5/oz as yields surged and risk aversion shifted toward cash. Bitcoin dropped nearly 18% for the week, its steepest decline since the FTX collapse.

What's Next

The coming week features central bank decisions in the eurozone and Canada, with policymakers facing heightened uncertainty around inflation and growth amid the Middle East conflict. In the US, May CPI is expected to show headline and core increases of 0.6% m/m and 0.3% m/m, respectively, with airfare volatility a potential swing factor. The ECB is expected to raise rates by 25bp, with guidance on the future path in focus. UK April GDP is expected to be flat after a strong Q1. Monday's releases include US May consumer inflation expectations, Germany's April factory orders, Japan's final Q1 GDP and May bank lending, and Australia's April private sector credit.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.62	0.00	-1.00	-4.00
UAE Eibor 3m	3.79	7.86	9.69	30.91
UAE Eibor 12m	4.06	-5.76	6.35	27.15
US 3m Bills	3.71	0.40	3.90	4.15
US 10yr Treasury	4.53	5.74	9.21	39.40
German 10yr Bund	3.04	1.50	-4.90	19.70
UK 10yr Gilt	4.90	0.50	-6.10	36.10
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	499	-0.44	-0.38	-0.86
Global Treasuries	206	-0.42	-0.64	-1.29
Global Corporate	303	-0.50	-0.01	-0.49
EM USD Sovereign	464	-0.37	0.60	0.35
EM LCY Sovereign	165	-0.25	0.09	0.23
Global High Yield	1,891	-0.35	0.31	1.00
Currencies				
Dollar Index	100.07	0.66	1.72	0.76
EUR USD	1.1522	-0.87	-1.37	-0.57
GBP USD	1.3342	-0.69	-1.31	0.09
USD JPY	160.29	0.20	1.92	1.65
Equities				
S&P 500	7,384	-2.64	2.54	8.10
Dow Jones	50,867	-1.35	3.93	6.07
NASDAQ	25,709	-4.18	2.56	13.01
STOXX 600	623	-0.29	2.83	2.95
DAX	24,759	-0.75	3.20	3.96
Nikkei 225	66,588	-1.31	11.89	20.46
FTSE 100	10,368	0.07	0.04	-0.44
SENSEX	74,243	-0.16	-3.92	-7.21
Hang Seng	24,962	-1.15	-4.35	-1.42
MSCI World	4,756	-2.26	2.34	6.68
MSCI EM	1,717	-2.37	4.17	14.22
Regional Equities				
ADX	9,614	0.30	-2.10	-4.29
DFM	5,768	0.86	-0.21	-5.67
Tadawul*	10,929	-0.56	-0.61	-3.01
DSM*	10,305	-0.30	-1.79	0.76
MSM30*	7,515	-1.86	-5.59	-8.75
BHSE*	1,983	0.05	2.43	4.94
KWSE*	8,725	-0.35	-0.46	3.02
Commodities				
BBG Commodity Index	132.6	-2.18	-6.77	4.60
Brent USD/bbl	93.09	-2.04	-18.66	8.99
WTI USD/bbl	90.54	-2.69	-14.92	11.76
Gold USD/t oz	4,328.5	-3.44	-4.04	-14.51
Silver USD/t oz	67.8	-8.19	-6.78	-17.52
Platinum USD/t oz	1,780.4	-6.18	-8.54	-16.05
Aluminum	3,627.6	-2.23	1.02	9.96

Copper USD/MT	13,731.0	-1.02	6.48	6.93
Digital Assets				
Bitcoin	61,625.1	-3.07	-22.91	-13.38
Ether	1,603.3	-9.58	-31.77	-22.94
Solana	64.6	-5.98	-23.11	-27.45
XRP	1.1	-5.06	-19.93	-20.72
Volatility				
VIX	21.51	39.68	17.61	-9.43
MOVE	75.20	5.68	-3.42	0.90

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – June 08, 2025. Performance in local currency terms.

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