Daily Market View

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بنك أبوظبي التجاري
ADCB

Geopolitics go into extra time and markets slip

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Macro headlines

Geopolitical tensions escalated again as the US launched new strikes against multiple targets in Iran overnight, with President Trump warning of further action if no peace deal is secured. The strikes followed Iran's downing of a US Apache helicopter in the Strait of Hormuz earlier in the week, deepening doubts over a diplomatic breakthrough and reinforcing the risk of renewed supply disruptions. Trade tensions resurfaced after Trump suggested he may not renew the 2020 trade agreement with Canada and Mexico, raising the prospect of years of renegotiation. The three countries must confirm renewal by July 1 or enter a cycle of annual reviews, injecting uncertainty into North American supply chains at a time when global trade is already strained by the Iran war. In Japan, the Bank of Japan announced that Governor Ueda has been hospitalized and will miss next week's policy meeting – the first such absence since the current framework began in 1998. The BoJ is widely expected to raise rates to levels unseen in three decades as inflation pressures intensify. Governor Ueda will submit a written statement but will not participate in the vote, adding an unusual layer of uncertainty to the decision. Turning to data, US CPI rose 4.2% y/y in May, up from 3.8% in April. Core CPI rose 2.9% y/y. Monthly inflation slowed slightly, with core rising 0.2% m/m. While core inflation remains contained, headline pressures tied to the Iran war energy shock remain elevated. The key question is whether these pressures stay isolated or spill into broader categories. The Bank of Canada held rates steady at 2.25% for a fifth consecutive meeting, noting pockets of weakness but rejecting recession concerns. Italy's industrial production rose 0.5% m/m in April, marking a third consecutive monthly gain despite Middle East related energy volatility. Japan's producer prices accelerated to 6.3% y/y, the fastest since March 2023, driven by surging import costs. In the AI sector, OpenAI is considering significant price cuts to compete with Anthropic, signaling intensifying rivalry ahead of both companies' expected IPOs.

Market performances

Global equities fell sharply on Wednesday as renewed US-Iran strikes, elevated inflation, and a continued unwinding of the AI trade weighed on sentiment. The S&P 500 dropped 1.62% to 7,266.99, the Nasdaq fell 1.98% to 25,169.50, and the Dow declined 1.87% to 49,918.78. Tech stocks remained under pressure. The S&P technology index fell 1.8% after dropping as much as 5.5% intraday. Investors rotated into defensive sectors such as real estate, utilities, and healthcare. The VIX rose to 22.22, reflecting heightened caution ahead of the SpaceX IPO and Thursday's PPI release. Global equities fell 1.49%, while the STOXX 600 slipped 0.08% after paring earlier losses. Oil prices rose as geopolitical risk premiums widened. WTI settled at USD90.03/bbl (+2.1%) and Brent at

USD93.10/bbl (+1.8%). Treasury yields edged higher, with the 10-year rising to 4.548%, the 30-year to 5.028%, and the 2-year to 4.139% (+1.5bps). Fed funds futures now price a 43% probability of a 25bp hike by December. In FX, the dollar index held at 100.01, the euro slipped to USD1.1539, and the yen weakened to 160.52 – hovering near the intervention threshold. Gold fell sharply to USD4,078.49/oz as rising yields and geopolitical uncertainty drove investors toward cash.

What's Next

Thursday's calendar includes the US May PPI inflation report, Mexico's April industrial production, and the ECB's rate decision, where a 25bp hike is expected. APAC releases include South Korea's May unemployment, Indonesia's April retail sales, and China's May vehicle sales. OPEC publishes its monthly oil market report. Earnings include Adobe, Dollarama, Halma, Chow Tai Fook Jewellery, LPP, McGraw Hill, PayPoint, Safestore, and Wizz Air. The 2026 FIFA World Cup kicks off in Mexico City as Mexico faces South Africa, adding a global spotlight to an already high stakes macro week.

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.60	0.00	0.00	-4.00
UAE Eibor 3m	3.76	-2.46	4.12	13.24
UAE Eibor 12m	4.06	4.66	7.41	27.15
US 3m Bills	3.71	2.04	3.01	4.54
US 10yr Treasury	4.55	3.58	16.62	39.66
German 10yr Bund	3.08	3.30	7.30	24.00
UK 10yr Gilt	4.93	2.80	-1.70	37.70
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	499	-0.11	-1.16	-1.12
Global Treasuries	206	-0.13	-1.50	-1.60
Global Corporate	303	-0.11	-0.65	-0.57
EM USD Sovereign	464	-0.09	-0.28	0.48
EM LCY Sovereign	164	-0.18	-1.02	-0.19
Global High Yield	1,890	-0.10	-0.25	1.07
Currencies				
Dollar Index	99.95	0.04	1.92	1.13
EUR USD	1.1554	0.11	-1.75	-0.78
GBP USD	1.3389	0.13	-1.51	-0.55
USD JPY	160.49	0.06	2.46	1.83
Equities				
S&P 500	7,267	-1.62	-0.96	7.16
Dow Jones	49,919	-1.87	0.65	4.64
NASDAQ	25,170	-1.98	-2.47	10.89
STOXX 600	618	-0.08	0.28	1.99
DAX	24,195	-0.97	-1.90	0.95
Nikkei 225	64,179	-1.89	2.14	18.31
FTSE 100	10,255	0.27	-0.22	-1.51
SENSEX	73,983	0.09	-4.96	-5.40
Hang Seng	24,408	-0.64	-8.33	-5.98
MSCI World	4,683	-1.33	-1.22	5.52
MSCI EM	1,667	-2.62	-3.30	10.81
Regional Equities				
ADX	9,577	0.16	-3.03	-4.21
DFM	5,758	-0.47	-2.93	-1.85
Tadawul*	11,013	-0.92	0.41	-2.30
DSM*	10,289	0.07	-1.86	1.27
MSM30*	7,651	0.34	-3.63	-7.55
BHSE*	1,985	0.34	2.69	5.59
KWSE*	8,712	-0.03	0.15	3.17
Commodities				
BBG Commodity Index	131.0	0.05	-4.58	1.01
Brent USD/bbl	93.10	1.80	-6.96	6.04
WTI USD/bbl	90.03	2.07	-5.04	7.88
Gold USD/t oz	4,122.1	-3.06	-12.58	-21.15
Silver USD/t oz	63.4	-3.06	-19.24	-28.27
Platinum USD/t oz	1,665.1	-3.67	-17.99	-24.41
Aluminum	3,468.5	-2.62	-2.20	1.07
Copper USD/MT	13,370.0	-2.52	0.33	3.48

Digital Assets				
Bitcoin	61,741.6	-0.60	-22.69	-12.11
Ether	1,629.1	-1.84	-28.82	-20.25
Solana	63.3	-3.53	-28.14	-26.63
XRP	1.1	-3.93	-20.52	-20.98
Volatility				
VIX	22.22	11.83	30.09	-10.87
MOVE	73.95	-4.00	2.37	-3.12

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – June 11, 2025. Performance in local currency terms.

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