Daily Market View

Investment Strategy ♦ June 16, 2026

ADCB

Markets score a breakaway rally as Gulf peace talks advance

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Macro headlines

President Trump announced that the US and Iran have signed a preliminary agreement to end the Gulf war, though details remain undisclosed and both sides emphasized that a permanent truce is still under negotiation. The memorandum of understanding is expected to be formally signed in Switzerland on Friday. As part of the proposed settlement, Washington is prepared to allow the creation of a USD300bn investment fund for Iran, tied to Tehran's adherence to the agreement and a broader nuclear framework. The scale of the proposed fund underscores the administration's willingness to deploy financial incentives to secure a durable peace. Turning to macroeconomic data, Eurozone industrial production rose 0.1% m/m in April, slowing from March's 0.4% gain. Year-on-year growth remained modest at 0.3%. The data suggest that while the Iran war driven energy shock has weighed on sentiment, the region's industrial base has avoided a deeper contraction. China's May data highlighted a widening divergence between external and domestic demand. Retail sales fell 0.6% y/y – the first decline since December 2022 – as consumer sentiment weakened amid a prolonged property downturn. Investment also slumped. By contrast, industrial output rose 4.5% y/y, supported by resilient exports, particularly in semiconductors and AI-related hardware. The Bank of Japan raised its short-term policy rate to 1% from 0.75%, marking its most significant tightening step in three decades. The move reflects mounting inflationary pressures tied to elevated energy import costs. Separately, Nvidia announced a USD25bn bond issuance – its first since 2021 – to bolster liquidity as AI-infrastructure spending accelerates.

Market performances

Markets rallied sharply on Monday as confirmation of a preliminary US-Iran peace agreement boosted risk appetite and sent oil prices tumbling. The Dow rose 0.92% to a record 51,671.03, the S&P 500 gained 1.65% to 7,554.29, and the Nasdaq surged 3.07% to 26,683.94. Global equity index climbed 1.71%, while the STOXX 600 hit a record close. Semiconductor stocks led the rally, with the SOX index up 5.4%. SpaceX shares jumped 19.6% following a smooth Nasdaq debut that ended with a valuation above USD2trn, reinforcing optimism around upcoming AI-linked IPOs. Airlines and cruise operators also gained on expectations of lower fuel costs. Oil prices fell to three-month lows as investors priced in the reopening of the Strait of Hormuz. Brent settled at USD83.17/bbl (-4.76%) and WTI at USD80.75/bbl (-4.87%). The sharp decline eased inflation expectations and reduced pressure on central banks ahead of a dense week of policy meetings. Treasury yields fell as markets reassessed the inflation outlook. The 10-

year yield declined to 4.471%, while the dollar index slipped to 99.60. The euro strengthened to USD1.1597, and sterling rose to USD1.342. Gold extended its rebound, rising to USD4,305.84/oz. Central banks globally welcomed the easing in energy prices. The Fed is expected to hold rates at 3.50-3.75% at Chair Warsh's debut meeting on Wednesday, while the BoJ has hiked rates. The Bank of England is expected to remain on hold through 2026.

What's Next

Tuesday's calendar includes Canada's May existing-home sales and April international securities flows, US May import and export price indices, May housing starts and building permits, and Brazil's June IGP-10 inflation and April retail sales data. Colombia releases April retail sales, manufacturing production, and industrial production, while Chile announces its policy rate. Europe publishes Italy's final May HICP and Germany's June ZEW survey. APAC releases include Australia's cash rate decision. Belgium's parliament votes on EU-US tariff removal legislation.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.65	0.00	5.00	0.00
UAE Eibor 3m	3.75	0.00	12.52	18.58
UAE Eibor 12m	3.96	0.00	-4.79	31.82
US 3m Bills	3.70	0.35	2.17	1.77
US 10yr Treasury	4.47	-0.59	1.00	19.63
German 10yr Bund	2.95	-4.10	-14.70	-2.90
UK 10yr Gilt	4.81	-2.40	-28.90	-1.10
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	503	0.30	0.26	1.28
Global Treasuries	208	0.33	0.12	0.95
Global Corporate	305	0.25	0.54	1.96
EM USD Sovereign	470	0.46	1.46	3.06
EM LCY Sovereign	166	0.50	0.77	2.54
Global High Yield	1,908	0.38	0.97	3.34
Currencies				
Dollar Index	99.63	-0.12	1.36	-0.73
EUR USD	1.1604	0.31	-1.06	1.64
GBP USD	1.3429	0.17	-0.66	1.50
USD JPY	160.22	-0.01	1.57	0.31
Equities				
S&P 500	7,554	1.65	2.07	13.90
Dow Jones	51,671	0.92	3.84	10.98
NASDAQ	26,684	3.07	2.28	20.71
STOXX 600	634	0.19	4.58	6.48
DAX	24,894	1.05	3.92	6.17
Nikkei 225	69,318	4.99	10.48	28.80
FTSE 100	10,431	-0.39	1.61	1.65
SENSEX	76,264	0.97	2.29	2.28
Hang Seng	24,843	0.50	-5.71	-2.45
MSCI World	4,863	1.55	2.35	12.31
MSCI EM	1,764	2.80	3.83	20.04
Regional Equities				
ADX	9,805	0.00	1.09	3.43
DFM	5,954	0.00	2.96	9.73
Tadawul*	11,096	-0.08	0.62	-2.18
DSM*	10,554	0.89	1.68	-0.83
MSM30*	7,618	-0.68	-0.18	-6.67
BHSE*	2,000	0.42	3.67	5.62
KWSE*	8,836	-0.04	1.42	2.42
Commodities				
BBG Commodity Index	128.5	-0.74	-10.24	-4.80
Brent USD/bbl	83.17	-4.76	-22.83	-19.36
WTI USD/bbl	80.75	-4.87	-20.97	-18.19
Gold USD/t oz	4,339.3	2.84	-7.11	-13.55
Silver USD/t oz	70.0	2.91	-19.04	-13.14
Platinum USD/t oz	1,773.7	3.08	-16.76	-12.55
Aluminum	3,358.4	-4.94	-7.52	-3.23
Copper USD/MT	13,714.0	0.82	-1.14	7.49

Digital Assets				
Bitcoin	66,493.4	4.85	-17.58	-6.82
Ether	1,816.1	9.14	-20.50	-13.99
Solana	74.9	12.39	-20.91	-15.72
XRP	1.3	11.57	-12.29	-9.90
Volatility				
VIX	16.20	-8.37	-9.95	-40.42
MOVE	69.38	0.03	-3.21	-23.90

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – June 16, 2025. Performance in local currency terms.

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