Daily Market View

Investment Strategy ♦ June 18, 2026

Fed adds its own pressure in the macro midfield as markets retreat

Reed Al Sheryani
Senior Analyst
Tel: +971 (0)2 812 6784
reed.a@adcb.com

Mohammed Al Hemeiri
Senior Specialist
+971 (0)2 812 6450
mohammed.alhemeiri@adcb.com

Kishore Muktinutalapati
Head - Investment Strategy
+971 (0)2 812 6457
kishore.muktinutalapati@adcb.com

www.adcb.com/marketinsights

Macro headlines

The US and Iran released the text of their interim agreement. President Trump warned that attacks would resume if Tehran failed to honor its commitments. A US official confirmed the deal would allow Iran to sell oil immediately upon signing, a key incentive designed to stabilize global supply. The Federal Reserve held rates at 3.50-3.75% but delivered a hawkish shift through updated projections. The dotplot indicated that policymakers now expect to raise rates later this year, citing persistent inflation pressures despite the recent pullback in oil. Chair Warsh, in his debut press conference, said forward guidance is “not well suited” to the current environment and announced five new internal work groups. The Fed described economic activity as “expanding at a solid pace” despite uncertainty from the Middle East conflict. Turning to data, US retail sales rose 0.9% m/m in May, beating expectations, with motor vehicle purchases offsetting higher gasoline prices. Adjusted for inflation, sales rose 0.4%. The data suggest consumption remains resilient, though momentum could fade as tax refund support diminishes. UK CPI held at 2.8% y/y in May, unchanged from April, while CPIH remained at 3.0%. Sweden’s Riksbank kept rates at 1.75% but signaled readiness to tighten if inflation reaccelerates. Brazil’s central bank cut the Selic rate by 25bps to 14.25%, continuing its cautious easing cycle. The IEA projected a significant oil surplus in 2027 as supply normalizes post-Hormuz blockade and demand growth slows.

Market performances

Markets fell on Wednesday after the Fed signaled a rate hike later this year. The S&P 500 dropped 1.21% to 7,420.10, the Nasdaq fell 1.34% to 26,021.66, and the Dow declined 0.98% to 51,492.55. Global equities slipped 0.64%, while the STOXX 600 rose 0.52% on stronger European sentiment. Treasury yields rose sharply, with the 2-year jumping to 4.207%, its highest since February 2025, and the 10-year rising to 4.461%. Futures markets now price a higher probability of a September hike. Oil prices edged higher after President Trump defended the interim agreement and warned of renewed strikes if Iran fails to comply. Brent settled at USD79.55/bbl (+0.75%) and WTI at USD76.79/bbl (+0.97%). The IEA’s projection of a 2027 supply glut tempered the rally. SpaceX shares fell 4.9% – their first decline since the IPO – after a volatile session driven by options activity. The dollar strengthened, with the dollar index rising to 100.01. The euro fell to USD1.1549, while the yen weakened to 160.43.

What's Next

Thursday's calendar includes Canada's May industrial product and raw materials price indices, US initial and continuing jobless claims, the June Philadelphia Fed survey, May leading indicators, and April TIC flows. The UK releases April labor market data, including earnings, unemployment, and claimant counts. Europe publishes the eurozone April current account and Germany's ifo economic forecast. Central bank decisions are due from the Bank of England, the SNB, Norges Bank, the Philippines, Indonesia, Taiwan, and the Czech Republic.

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.63	0.00	7.00	-2.00
UAE Eibor 3m	3.87	7.35	15.63	17.55
UAE Eibor 12m	4.06	1.20	5.08	43.74
US 3m Bills	3.75	4.58	7.84	7.24
US 10yr Treasury	4.49	4.75	0.53	28.84
German 10yr Bund	2.93	-0.30	-11.60	2.10
UK 10yr Gilt	4.75	-3.70	-24.30	5.70
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	502	-0.17	0.23	0.48
Global Treasuries	208	-0.08	0.19	0.23
Global Corporate	305	-0.26	0.36	0.98
EM USD Sovereign	469	-0.20	1.40	2.65
EM LCY Sovereign	166	0.04	0.85	2.24
Global High Yield	1,904	-0.19	0.80	2.70
Currencies				
Dollar Index	100.09	0.55	1.29	0.52
EUR USD	1.1592	-0.18	-0.72	0.45
GBP USD	1.3396	-0.25	-0.35	0.28
USD JPY	160.20	-0.12	1.28	0.77
Equities				
S&P 500	7,420	-1.21	-1.08	10.48
Dow Jones	51,493	-0.98	2.85	9.57
NASDAQ	26,022	-1.34	-2.30	15.76
STOXX 600	639	0.52	3.78	6.12
DAX	24,935	0.10	1.96	5.07
Nikkei 225	69,902	0.72	11.57	30.17
FTSE 100	10,509	0.14	1.31	1.01
SENSEX	77,156	0.45	2.33	1.43
Hang Seng	24,312	-0.74	-7.87	-6.02
MSCI World	4,806	-0.79	-0.02	9.53
MSCI EM	1,783	0.41	3.84	19.21
Regional Equities				
ADX	9,996	0.33	3.01	4.60
DFM	6,116	1.01	6.64	11.08
Tadawul*	11,115	-0.27	0.79	-1.77
DSM*	10,576	0.23	-1.23	-0.51
MSM30*	7,582	-0.67	-1.65	-7.30
BHSE*	2,016	0.78	2.76	6.59
KWSE*	8,814	-0.25	-0.59	2.21
Commodities				
BBG Commodity Index	128.2	0.43	-9.38	-4.13
Brent USD/bbl	79.55	0.75	-24.75	-23.08
WTI USD/bbl	76.79	0.97	-24.10	-20.19
Gold USD/t oz	4,359.6	0.43	-6.82	-12.85
Silver USD/t oz	67.9	-2.99	-18.67	-14.33
Platinum USD/t oz	1,738.9	-3.78	-15.69	-18.32
Aluminum	3,420.6	1.06	-8.52	0.17
Copper USD/MT	13,736.0	0.39	-1.79	8.35

Digital Assets				
Bitcoin	64,369.2	-2.15	-20.92	-13.64
Ether	1,745.7	-2.80	-24.03	-25.03
Solana	72.1	-2.65	-22.22	-24.02
XRP	1.2	-2.68	-21.14	-22.46
Volatility				
VIX	18.44	12.37	6.84	-17.57
MOVE	70.66	5.02	1.48	-10.82

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – June 18, 2025. Performance in local currency terms.

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