Daily Market View

Investment Strategy ♦ September 02, 2026

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G7 bond yields hit a millennium-high

Macro headlines

John Muir once wrote: “When we try to pick out anything by itself, we find it hitched to everything else in the universe.” The G7 bond market is proving the point. Yields are not rising because of one driver – they are rising because every driver is pulling simultaneously: inflation pressures, geopolitical shocks, debt issuance, energy price spikes, and uncertainty around central bank reaction functions. The US-Iran conflict escalated again after the most significant exchange in weeks. US centcom said it hit air-defense sites, radar systems, maritime assets, mine-laying capabilities, and communications nodes – a broad strike package that markets immediately priced into oil and inflation expectations. Monetary policy added another layer to the bond market angst. BOJ Governor Ueda said he will continue raising rates to adjust still-accommodative conditions and will debate this month whether upside inflation risks are heightening – keeping a September hike firmly in play. Turning to data, in the US, manufacturing remained in expansion: ISM printed 54.6, marking an eighth straight month above 50, while S&P Global edition held at 53.9. But price pressures remain intense: ISM Prices Paid stayed at 71.1, with five of six major industries reporting rising input costs. Labor market data, however, showed cooling momentum. US JOLTS openings rose to 7.271m in July, but hires fell sharply to 5.054mn, the weakest since February. The quits rate held at 1.9%, matching the post-pandemic floor – workers are not confident they can find better jobs elsewhere. Layoffs fell to 1.666mn, showing firms are not cutting at scale, but they are also not hiring – implying the softness in the labor market. Eurozone inflation accelerated to 3.3% y/y in August, driven by energy, while core eased to 2.4% y/y. Month-on-month inflation rose 0.4%, reinforcing expectations of an ECB hike next week.

Market performances

Global yields surged Tuesday, extending a broad selloff in sovereign debt. The US 10-year rose to 4.792%, touching 4.798%, its highest since January 2025 and marking a fifth consecutive daily increase – the longest streak since March. Japan’s 10-year hit 3% for the first time since 1996, while UK and eurozone yields reached decade-plus highs. Oil jumped sharply after renewed US-Iran hostilities. Brent rose 4.6% to USD94.65/bbl, and WTI climbed 5.2% to USD90.22/bbl, both reaching five-week highs. The closure of the Strait of Hormuz continues to drain global reserves, adding upward pressure to fuel prices and reinforcing inflation concerns. Equities fell across major markets. The S&P 500 dropped 0.7% to 7,631.47, the Nasdaq fell 1% to 26,099.77, and the Dow declined 0.8% to 52,766.88. MSCI’s global index fell c0.6%, while the STOXX 600 slipped 0.56%. Seasonal weakness also weighed on sentiment – September is historically the only month with a negative average return since 1926. Fed Governor Barr reinforced Warsh’s hawkish tone, saying that if inflation does not cool quickly, “it will be time to raise rates.” Rate expectations shifted materially. Markets now price a 66.2% probability of a September Fed hike, up from 39.6% a week ago. The dollar strengthened, with the dollar index rising to 99.68. The euro fell to EUR1.1589, and the yen weakened to JPY160.19 per USD. Gold dropped further to USD4,329/oz, pressured by higher real yields and a stronger dollar.

What’s Next

Wednesday’s US calendar includes ADP employment, the Fed’s Beige Book, factory orders (headline and ex-transportation), and final durable goods data. Canada announces its rate decision, with expectations centered on a hold at 2.25%. Brazil releases July industrial production; Russia publishes retail sales, construction output, unemployment, and real wages. Korea releases August CPI and core CPI; New Zealand announces its official cash rate; Singapore publishes manufacturing PMI. Earnings include American Eagle Outfitters, Argan, Aspen Pharmacare, Broadcom, Brown Forman, Five Below, Hewlett Packard Enterprise, NetApp, Netskope, Ollie’s, PVH Corp, and Snowflake. Markets will remain sensitive to inflation signals, oil price dynamics, geopolitical escalation, and the interconnected drivers behind rising global yields – proving Muir’s point that nothing moves alone in this macro universe.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.68	0.00	3.00	3.00
UAE Eibor 3m	3.99	13.56	6.94	29.80
UAE Eibor 12m	4.39	3.71	7.38	38.34
US 3m Bills	3.85	2.46	9.53	15.55
US 10yr Treasury	4.80	4.81	12.08	34.49
German 10yr Bund	3.34	2.00	18.40	34.10
UK 10yr Gilt	5.22	15.70	18.40	32.20
Fixed Income		**1D (%)**	**1M (%)**	**3M(%)**
Global Agg. Index	498	-0.29	0.64	-0.69
Global Treasuries	206	-0.30	0.74	-0.66
Global Corporate	302	-0.32	0.51	-0.97
EM USD Sovereign	464	-0.30	0.24	-0.40
EM LCY Sovereign	169	-0.05	1.67	1.80
Global High Yield	1,912	-0.24	1.13	0.79
Currencies				
Dollar Index	99.68	0.25	-1.20	0.48
EUR USD	1.1586	-0.27	1.77	-0.38
GBP USD	1.3515	-0.25	1.70	0.40
USD JPY	160.17	0.31	-2.28	0.36
Equities				
S&P 500	7,631	-0.71	4.31	0.41
Dow Jones	52,767	-0.79	2.27	3.30
NASDAQ	26,100	-1.03	6.78	-3.64
STOXX 600	647	-0.56	0.38	4.22
DAX	25,970	-1.10	2.00	3.87
Nikkei 225	66,215	-0.15	7.78	-1.07
FTSE 100	10,789	-0.32	-1.09	4.36
SENSEX	76,944	-0.02	-0.91	3.60
Hang Seng	25,330	-0.93	-1.85	-0.27
MSCI World	4,933	-0.70	3.98	1.48
MSCI EM	1,727	0.47	10.75	-2.59
Regional Equities				
ADX	9,974	-0.33	1.37	3.36
DFM	5,834	-0.03	0.65	1.03
Tadawul*	11,101	-0.24	2.67	1.53
DSM*	9,853	0.47	-2.57	-4.17
MSM30*	7,611	0.09	3.30	4.02
BHSE*	1,941	0.24	-1.15	-4.94
KWSE*	8,904	0.07	0.43	2.49
Commodities				
BBG Commodity Index	143.3	1.34	8.33	4.81
Brent USD/bbl	94.65	4.60	4.31	-0.35
WTI USD/bbl	90.22	5.20	6.82	-2.11
Gold USD/t oz	4,351.4	-1.85	8.05	-2.87
Silver USD/t oz	64.1	-3.75	11.00	-14.38

Platinum USD/t oz	1,745.0	-2.91	7.95	-9.54
Aluminum	3,288.0	1.34	2.90	-12.95
Copper USD/MT	14,395.5	-0.96	5.59	4.17
Digital Assets				
Bitcoin	77,413.9	-1.83	22.02	8.50
Ether	2,420.2	-2.12	28.58	20.81
Solana	100.1	-3.53	37.86	23.46
XRP	1.4	-2.36	27.15	4.35
Volatility				
VIX	16.34	9.52	-20.91	1.81
MOVE	77.88	3.40	4.99	6.20

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – September 02, 2025. Performance in local currency terms.

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