Daily Market View

Investment Strategy ♦ September 07, 2026

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ADCB

Every choice carries a shadow

Macro headlines

Indeed, every choice carries a shadow. President Trump's remark addressing the Fed – "you cut rates or I will cut trade" – reframed the policy debate by linking monetary patience to potential commercial consequences. At a moment when Warsh and Waller already sound different notes, the President's ultimatum adds a new layer of conditionality: rate decisions now carry geopolitical and trade implications, not just macro-ones. Speaking of geopolitics, over the weekend, US and Iranian forces exchanged fire in the Strait of Hormuz, with US strikes hitting three Iranian oil carriers and Iran targeting three tankers it said were on unauthorized routes. The conflict's seventh month continues to impair supply routes and elevate energy price risk premiums. Turning to policy, China announced a USD54bn capital injection into state-owned insurers and banks – a coordinated effort to shore up balance sheets amid rising financial system stress. In policy of a different kind, OPEC+ reaffirmed unchanged production levels for October, maintaining supply discipline amid rising uncertainty. In German domestic politics, the far-right AfD surged to 44% in Saxony-Anhalt regional elections, a sharp break from 2021's 20.8% and a setback for established parties. Turning to data, US August labor data delivered a strong headline but mixed internals. Nonfarm payrolls rose 162k, far above expectations, with June and July revised up by a combined 55k. The unemployment rate held at 4.1%, and participation rose to 61.6%. But job openings at 7.27m fell short of expectations, and ADP reported just 38k private sector jobs – the weakest since January. Initial jobless claims remained low at 206k, reinforcing a picture of a labor market that is stable but uneven. Elsewhere, Germany's industrial orders rose 2.5% m/m in July, driven almost entirely by a 126% m/m surge in aircraft, ships, trains, and military vehicles. Eurozone July retail sales fell 0.6% m/m, suggesting consumer resilience may be faltering under high energy prices.

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Market performances

Markets closed lower Friday as strong US job growth pushed yields and the dollar higher, reinforcing expectations of a September Fed hike. The Dow fell 0.51% to 53,414.25, the S&P 500 declined 0.38% to 7,718.60, and the Nasdaq slipped 0.29% to 26,506.99. MSCI's global index fell 0.09%, while the STOXX 600 rose 0.12%. Treasury yields climbed: the 2-year rose to 4.37%, briefly touching 4.4246%, its highest since January 2025. The 10-year reached 4.78%, after peaking at 4.812%. Markets priced a 65% probability of a September hike immediately after the jobs report, later easing to 57%. Oil prices rose sharply for the week as renewed US-Iran exchanges impaired supply routes. Brent settled at USD92.68/bbl (up 7.6% for the week), and WTI at USD91.48/bbl (up nearly 10%). Retail US diesel prices hit a record high, adding to inflation concerns. The dollar strengthened, with the dollar index rising to 99.17. The euro fell to EUR1.1611, while the yen traded at JPY156.19 per USD. The yen has surged this week as traders increase bets on faster BOJ tightening, testing the JPY155.21 level reached after last month's US-Japan intervention. Gold fell c1% to USD4,419/oz on Friday, pressured by higher yields and a stronger dollar.

What's Next

The coming week centers on US inflation, with CPI expected to rise 0.4% m/m, driven by higher energy and volatile hotel prices, and core CPI expected at 0.2% m/m. Producer price inflation arrives Thursday, followed by CPI on Friday. The Fed enters blackout ahead of its September 15-16 meeting. The ECB is expected to raise rates by 25bps at its September meeting, though forward guidance is likely to remain limited. China's CPI and PPI are expected to rise 0.8% y/y and 3.5% y/y, respectively, reflecting higher input costs from elevated oil prices. Monday's calendar is light due to the US Labor Day holiday. Chile releases August trade data; Sweden publishes CPI and CPIF; Germany releases July industrial production; the eurozone publishes final Q2 GDP, government expenditure, fixed capital formation, household consumption, and employment. South Africa releases gross reserves; Romania publishes flash Q2 GDP; Hungary and the Czech Republic release industrial production and trade data; Russia publishes official reserve assets; Türkiye releases its cash budget; Israel publishes FX reserves; Thailand releases CPI and core

CPI; Singapore publishes retail sales. Markets will remain highly sensitive to energy price dynamics, geopolitical escalation, and the new policy conditionality introduced by President Trump – a rate-cut decision now casts a trade shadow, reshaping the macro debate.

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Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.66	0.00	1.00	4.00
UAE Eibor 3m	3.96	-3.36	5.35	24.97
UAE Eibor 12m	4.34	0.52	12.99	22.26
US 3m Bills	3.84	1.56	7.91	14.29
US 10yr Treasury	4.78	1.41	10.66	30.92
German 10yr Bund	3.34	-0.40	18.70	31.60
UK 10yr Gilt	5.13	-0.10	18.00	23.50
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	501	0.03	0.31	-0.17
Global Treasuries	207	0.06	0.32	0.07
Global Corporate	302	0.00	0.13	-0.79
EM USD Sovereign	465	0.05	0.30	-0.28
EM LCY Sovereign	170	0.16	1.48	2.67
Global High Yield	1,914	-0.02	0.61	0.85
Currencies				
Dollar Index	99.18	0.27	-0.72	-0.24
EUR USD	1.1614	-0.20	0.93	-0.08
GBP USD	1.3519	-0.18	0.70	0.63
USD JPY	156.26	0.58	-0.40	-2.32
Equities				
S&P 500	7,719	-0.38	1.55	1.77
Dow Jones	53,414	-0.51	0.44	3.59
NASDAQ	26,507	-0.29	2.29	-1.21
STOXX 600	650	0.12	-0.34	4.07
DAX	26,046	0.17	0.17	4.42
Nikkei 225	65,021	1.26	1.99	-3.63
FTSE 100	10,831	0.00	-0.25	4.54
SENSEX	76,515	0.48	-2.70	2.90
Hang Seng	25,651	1.74	-1.38	1.57
MSCI World	4,987	-0.29	1.67	2.50
MSCI EM	1,726	1.35	4.54	-1.86
Regional Equities				
ADX	9,977	0.50	0.37	4.09
DFM	5,885	0.70	0.10	2.91
Tadawul*	11,069	0.32	2.26	2.23
DSM*	9,734	-0.31	-2.86	-4.68
MSM30*	7,632	0.04	1.63	0.74
BHSE*	1,937	-0.07	-0.86	-4.83
KWSE*	8,840	-0.09	0.01	1.65
Commodities				
BBG Commodity Index	142.9	-0.27	9.39	5.37
Brent USD/bbl	96.28	0.80	14.93	1.32
WTI USD/bbl	91.48	0.20	13.87	-1.68
Gold USD/t oz	4,430.0	-1.26	9.73	-1.18
Silver USD/t oz	66.2	-1.15	13.82	-10.39

Platinum USD/t oz	1,822.4	-0.05	11.63	-3.97
Aluminum	3,298.3	-0.65	2.19	-11.10
Copper USD/MT	14,371.0	0.08	3.05	3.60
Digital Assets				
Bitcoin	79,737.7	-2.13	25.09	25.42
Ether	2,452.0	-2.12	31.30	38.28
Solana	101.8	-2.99	37.91	48.06
XRP	1.4	-4.81	29.29	19.21
Volatility				
VIX	14.53	1.47	-8.39	-5.65
MOVE	73.10	-2.12	-9.17	2.73

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – September 07, 2025. Performance in local currency terms.

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