

When the strait narrows and inflation stiffens, the world moves under a tightening sky

Macro headlines

The global system entered the week under a tightening sky. Maritime trackers reported another attack on a vessel in the Strait of Hormuz, with UKMTO confirming a projectile strike and a subsequent fire that forced evacuation. Saudi Arabia's shutdown of a vital oil pipeline and fresh attacks around the region's two most important transit routes deepened concern over global energy supplies. Diplomacy faltered as a planned meeting between Iran and Gulf powers was postponed, underscoring the fragility of regional de-escalation efforts. At the BRICS summit, China sought to reshape the geopolitical landscape. President Xi unveiled initiatives spanning AI, trade, and development to deepen cooperation among "Greater BRICS" economies – a bid to weld the grouping into a practical Global South platform. At the same time, the AI industry confronted its own existential debate. Anthropic's Amodei urged companies to slow capability advances, outlining a three-step framework to pace development. OpenAI's Altman said the company will not go public in 2026, citing safety concerns and calling even a 10% extinction risk "unacceptable." President Trump rejected calls for an AI slowdown, pushing back against tech sector caution. Turning to data, Friday's CPI report reinforced persistent inflation heading into the Fed's September meeting. Headline CPI held at 3.4% y/y, while core CPI rose 0.3% m/m, the fastest pace since April. Markets priced an 87% probability of a September rate hike by Friday afternoon, up from 70% before the release. Consumer sentiment deteriorated sharply: the University of Michigan index fell to 47.8, with gasoline prices and trade tensions weighing on expectations. The UK delivered a rare upside surprise. July GDP rose 0.4% m/m, driven by manufacturing (+0.9%) and services (+0.4%). AI-linked computer programming services rose 3.5%, while electronics and pharmaceuticals posted strong gains. Construction remained weak. Trade data showed a modest narrowing of the nominal goods deficit and a pickup in net trade. Elsewhere, the IEA cut its 2026 global oil supply forecast by 6%, warning that shrinking inventories and strained refineries could tighten markets further as the Iran war drags on. IEA now expects global oil demand to fall by 2.5mbpd this year.

Market performances

Markets ended higher on Friday but posted a weekly decline as oil volatility and inflation concerns dominated sentiment. The Dow rose 0.98%, the S&P 500 gained 0.86%, and the Nasdaq climbed 0.96%. AI-linked equities rallied: Dell jumped 12% to a record high, Hewlett Packard Enterprise rose 12%, and HP gained 8.4% following Oracle's strong results. MSCI's global index rose 0.40%. Oil retreated from a four-month high but remained elevated. Brent hit USD109.97/bbl before easing to USD104.49/bbl, still up more than 8% over the past week. Supply remained restricted through the Strait of Hormuz as US-Iran attacks continued, though reports of Middle Eastern foreign ministers exploring a temporary shipping arrangement provided limited relief. Bond markets stayed tense. The US 10-year yield hovered near 4.96%, having briefly touched 4.9915%, its highest in almost three years. Global yields surged as inflation fears intensified: Germany's 10-year reached 3.50%, France's 4.33%, and the UK's 5.39% – all multi-year highs. The dollar index held at 99.1, while gold rose to USD4,350/oz after Thursday's sharp decline.

What's Next

This week centers on the Fed's September meeting – a close call, with a hike now a meaningful possibility after August's upside inflation surprise. The Bank of England is expected to hold rates, while the Bank of Japan is likely to raise its target rate by 25bps as underlying price pressures persist. China's retail sales are expected to remain subdued, weighed down by autos, while industrial production should remain robust on export strength. Monday's calendar includes Canada's CPI, Sweden's CPI, India's WPI and CPI, and Hong Kong industrial production. Economist consensus expect India's headline CPI to rise to 4.9% y/y, driven by vegetable and sugar prices, with higher gold prices adding pressure to core inflation. Markets will remain highly sensitive to oil price dynamics, bond market stress, and the Fed's decision – all unfolding under a tightening sky where energy, inflation, and geopolitics continue to move in the same direction.

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Daily Market View

Investment Strategy ♦ September 14, 2026

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.62	0.00	-1.00	2.00
UAE Eibor 3m	4.17	0.98	24.89	41.91
UAE Eibor 12m	4.68	-7.05	41.43	69.42
US 3m Bills	4.00	5.71	19.52	29.74
US 10yr Treasury	4.97	0.43	26.02	50.58
German 10yr Bund	3.50	0.30	32.50	47.20
UK 10yr Gilt	5.34	-3.10	35.40	43.80
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	497	-0.14	-0.54	-0.60
Global Treasuries	206	-0.14	-0.30	-0.14
Global Corporate	300	-0.11	-0.88	-1.47
EM USD Sovereign	460	-0.13	-1.06	-1.16
EM LCY Sovereign	169	-0.20	0.54	2.81
Global High Yield	1,903	-0.04	-0.40	0.43
Currencies				
Dollar Index	99.12	0.07	-0.69	-0.74
EUR USD	1.1599	-0.17	0.45	0.78
GBP USD	1.3524	0.00	0.07	1.43
USD JPY	153.61	-0.43	-3.41	-4.31
Equities				
S&P 500	7,657	0.86	-1.24	3.55
Dow Jones	52,573	0.98	-2.60	3.39
NASDAQ	26,333	0.96	-1.02	2.03
STOXX 600	639	0.49	-3.23	2.83
DAX	25,569	0.82	-2.87	5.61
Nikkei 225	64,011	-1.93	-4.42	-0.32
FTSE 100	10,650	0.39	-1.95	3.36
SENSEX	74,782	-0.16	-4.79	1.29
Hang Seng	24,806	-0.60	-4.36	2.29
MSCI World	4,937	0.64	-1.39	4.04
MSCI EM	1,722	-1.34	3.08	3.43
Regional Equities				
ADX	10,113	0.00	0.28	5.94
DFM	5,941	0.63	0.68	3.62
Tadawul*	10,865	-1.30	-0.82	0.52
DSM*	9,849	0.25	1.72	-2.39
MSM30*	7,647	-0.01	1.65	0.03
BHSE*	1,930	0.00	-0.74	-3.99
KWSE*	8,944	0.02	1.43	3.24
Commodities				
BBG Commodity Index	145.2	-1.30	7.82	11.88
Brent USD/bbl	104.61	-2.81	19.25	15.74
WTI USD/bbl	100.05	-2.37	21.82	14.07
Gold USD/t oz	4,349.1	-0.35	-0.18	6.59
Silver USD/t oz	64.5	1.39	-1.91	-4.19

Daily Market View

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Platinum USD/t oz	1,798.4	0.94	2.35	4.48
Aluminum	3,276.8	-1.19	-1.07	-6.58
Copper USD/MT	14,238.5	-1.05	-0.36	6.10
Digital Assets				
Bitcoin	77,310.7	0.09	20.59	22.06
Ether	2,530.1	2.82	34.71	51.42
Solana	102.4	2.41	34.14	53.93
XRP	1.4	0.61	33.64	19.97
Volatility				
VIX	15.84	-11.21	2.46	-18.52
MOVE	82.21	0.15	8.95	18.37

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – September 14, 2025. Performance in local currency terms.

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