

UAE Markets Lead Global Rebound as Equities Climb a Wall of Risk in Q2

Dubai, April 2026- Global markets have entered the second quarter of 2026 with a clear narrative: investors are pricing the end of the conflict and the energy shock, not the reality of ongoing risks. This shift in expectations has driven a notable recovery across risk assets, with global equities rising more than 8% from their recent lows.

Nowhere is this resilience more visible than in the UAE. Regional markets have advanced over 13%, nearly erasing war-driven losses and reinforcing the UAE's position as a stable capital and trade hub supported by strong liquidity and economic diversification.

This recovery, however, stands in contrast to a still-challenging macro backdrop. US inflation has climbed to 3.3%, marking its fastest pace since 2005, while Eurozone inflation has moved back above the European Central Bank's 2% target. Meanwhile, crude oil remains elevated above \$90, more than 50% higher than its yearly lows.

The turning point came after the sharp escalation in the Strait of Hormuz during Q1, when Brent crude surged from \$62 to \$118, considered one of the most significant oil shocks in recent history.

As ceasefire expectations emerged in Q2, oil prices eased by nearly 17%, removing immediate panic and allowing markets to stabilise. Importantly, this shift reflects a move from escalation to containment, rather than from risk to full stability. With downside positioning previously stretched and no new shocks materialising, markets have repriced toward a more balanced outlook, signalling that sentiment may have already bottomed.

"Markets are forward-looking by nature," said Razan Hilal, Market Analyst, CMT at FOREX.com. "What we are seeing now is a transition from extreme risk pricing to cautious stabilisation, where technical levels and positioning are guiding direction more than headlines."

Historical patterns support this view. Similar to April 2025, major geopolitical events have coincided with market lows, reinforcing the principle that markets tend to discount risks ahead of time.

Looking ahead, inflation is expected to remain elevated, central banks cautious, and geopolitical tensions unresolved. However, unless risks escalate further, markets are likely to continue along their current path: stabilisation within a broader bullish structure, albeit with intermittent volatility.

Key technical thresholds will be critical in confirming this trajectory. A weekly close above 48,800 for the Dow, 25,800 for the Nasdaq, 6,920 for the S&P 500, and 21 for the MSCI UAE would reinforce expectations for new record highs.

The central takeaway for Q2 is clear: in a market shaped by uncertainty, price action - not headlines - is leading.



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