

The Weekly Market View

Investment Strategy | August 11 2025

Earnings optimism and rate cut prospects drove risk-on rally

US

- Higher US tariffs on imports from many countries took effect, raising average import duties to a century high. The US Customs and Border Protection started collecting increased tariffs of 10% to 50% after weeks of uncertainty and negotiations with affected trade partners including Switzerland, Brazil, and India.
- US President Trump ordered additional tariffs on Indian goods, citing India's import of Russian oil, taking the total levy to 50%.
- On semiconductors, President Trump threatened 100% tariff on foreign products, exempting companies that commit to building and investing in the US.
- President Trump said the US was close to a trade deal with China, and he would meet his Chinese counterpart Xi before the end of the year if an agreement was struck.
- President Trump said he will nominate Council of Economic Advisers Chair Miran to temporarily fill a vacant Federal Reserve seat while the White House looks for a permanent appointee and continues its search for a new Fed chair.
- US ISM services PMI declined from 50.8 in June to 50.1 in July, compared to forecasts of 51.5, numbers above 50 show expansion. New Orders Index declined from 51.3 in June to 50.3 in July, while Employment Index decreased from 47.2 to 46.4.
- Final US S&P global composite PMI rose to 55.1 in July, surpassing both the preliminary estimate of 54.6 and June's reading of 52.9. Final US S&P global services PMI climbed to 55.7 in July, slightly above the market expectation of 55.2.
- Factory orders tumbled 4.8% MoM after an upwardly revised 8.3% MoM increase in May. Consensus had forecast factory orders would decline 4.9% MoM after a previously reported 8.2% MoM jump in May. Orders were up 3.8% on a YoY basis in June. New orders for US-manufactured goods fell in June as commercial aircraft orders plunged, reversing the surge in plane orders that had driven the overall upswing in orders in the prior month.
- NY Fed median inflation expectations in July increased at the one-year-ahead horizon to 3.1% from 3.0% and at the five-year-ahead horizon to 2.9% from 2.6%. They remained steady at the three-year-ahead horizon at 3.0%.
- Non-farm business sector labour productivity grew at a rate of 2.4% in Q2, marking the biggest QoQ upward swing since 2021.

Europe and UK

- The Bank of England lowered its key interest rates for the fifth time in a year as it sought a balance between the recent pickup in inflation against a cooling job market. While the Bank Rate was cut to 4.0%, the support for a cut was weaker than expected with only 5 (of the 9) members supporting a cut while markets were expecting 8 members to support. However, as expected, no members voted for a hike.
- Eurozone retail sales grew quicker than market expectations in June, reinforcing views that the bloc remains resilient to trade uncertainty thanks to the continued rebound in domestic consumption. Retail sales expanded by 3.1% YoY in June, well above the 2.6% YoY forecasted.
- Eurozone producer prices rose for the first time in four months in June, due to an increase in energy costs. Producer prices climbed 0.8% MoM in June, reversing a 0.6% decline posted in May.
- Final Eurozone composite PMI increased to a 4-month high of 50.90 in July from 50.60 in June but came in slightly below consensus. Services PMI increased to 51 in July from 50.50 in June.
- Investor confidence in the Eurozone took a sharp hit in August, with Sentix Investor Confidence Index plunging from 4.5 to -3.7, well below expectations of 6.2.
- German factory orders fell 1.0% MoM in June, after a 0.8% decline in May. A consensus of economists expected orders to grow 1.0% in June.
- Industrial output in Germany fell by 1.9% MoM in June, reaching its lowest level since May 2020.

Asia

- China export growth increased in July at the highest rate since April, with global demand offsetting a continued decline in shipments to the US. Overall exports rose 7.2% YoY to USD322bn, contrary to economists' expectations of a slowdown following June's revised increase of 5.9%.
- China's CPI remained unchanged in July from a year earlier, slightly outperforming expectations of a 0.1% decline and easing from June's 0.1% increase. Core inflation—which strips out food and fuel—rose 0.8% YoY, marking its highest level in 17 months. On a month-to-month basis, CPI climbed 0.4%, reversing June's 0.1% decline and surpassing forecasts for a 0.3% gain.
- China's producer price index (PPI) dropped 3.6% YoY in July. The decline was steeper than economists' expectations of a 3.3% fall and matched June's near two-year low. On a MoM basis, PPI shrank 0.2%, improving from June's 0.4% drop.

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- ▶ The Reserve Bank of India's Monetary Policy Committee kept the repo rate unchanged at 5.5% on Wednesday, pausing after three consecutive rate cuts totalling 100bp since February.
- ▶ Japan's S&P Global final services purchasing managers' index rose to 53.6 in July from 51.7 in June, marking the strongest expansion since February.

Rates

- ▶ Bond yields rose in the US, Germany, and the UK, with short-term maturities leading the upward movement amid shifting monetary policy expectations.
- ▶ US Treasury yields climbed last week, marking its first weekly increase in three weeks, following soft demand at auctions of 10-year notes and 30-year bonds.
- ▶ UK gilt yields jumped, driven by market reaction to the Bank of England's hawkish tone accompanying its recent rate cut, which signalled a continued focus on inflation control.
- ▶ German bund yields rose, particularly in short-dated maturities, as investors scaled back expectations for future rate cuts by the European Central Bank.
- ▶ Yield on Japan's 10-year government bond declined last week, following the release of the Bank of Japan's July Summary of Opinions, which highlighted uncertainty over the timing and pace of potential BoJ rate hikes.

FX

- ▶ The US dollar index recorded a weekly decline on concerns over slowing US economic growth and expectations of dovish Fed rate cuts.
- ▶ The EUR gained against the USD over the past week.
- ▶ The GBP rose against the USD following the Bank of England's hawkish rate cut, as markets interpreted the move as a signal of continued inflation vigilance.
- ▶ THE JPY fell versus the USD amid the uncertainty over the timing of next BoJ rate hike.

Commodities

- ▶ Commodity price indices recorded gains over the past week, helped by precious metals and industrial metals.
- ▶ Oil prices fell sharply last week on rising trade tensions, OPEC+ production uncertainty and developments in US-Russia diplomatic talks.
- ▶ Gold prices recorded a second consecutive weekly increase, driven by heightened safe-haven demand amid trade tensions and rising expectations of Fed interest rate reduction in September.
- ▶ Industrial prices rallied, driven by weak USD and upbeat economic data out of China.

Equities

- ▶ Global stock indices rebounded last week, posting strong weekly gain, helped by earnings optimism.
- ▶ All key regions posted gains over the past week with EM LatAm outperforming the most. In DM, Canada and Europe-ex UK were the best performers.
- ▶ In the US, the NASDAQ jumped c3.9% over the week, setting a new all-time high and recovering losses from the prior week's sell-off. The S&P 500 rose c2.4%, just shy of its record peak reached less than two weeks ago while the Dow Jones Industrial Average gained c1.4%.
- ▶ Amongst global sectors, barring energy and health care, all sectors posted gains. Materials, IT and communication services were the best performers.
- ▶ Of the 452 S&P 500 companies that have reported Q2 2025 earnings, 80.3% exceeded analyst expectations, outperforming both the long-term average of 67% and prior four-quarter average of 76.4%.

Digital Assets

- ▶ Bitcoin demonstrated resilience throughout the week but posted a marginal weekly gain.
- ▶ Ethereum was a standout performer, experiencing a strong rally last week. The surge was due to combination of factors, including strong inflows into ETFs amid excitement over the network's upcoming upgrades.
- ▶ Trump signed an executive order that aimed to allow more private equity, real estate, cryptocurrency, and other alternative assets in 401(k) retirement accounts – opening the way for alternative asset managers to tap a greater share of trillions of dollars in Americans' retirement savings.
- ▶ Harvard endowment disclosed in a SEC filing that it held 1.9mn shares of the iShares Bitcoin ETF as of June 30, valued at over USD116mn. This move highlights the growing institutional adoption of spot Bitcoin ETFs by traditional investors.

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Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1W (bp)	3M (bp)	YTD (bp)
SOFR	4.35	1.00	6.00	-14.00
UAE Eibor 3m	4.19	-9.37	9.50	-25.53
UAE Eibor 12m	4.13	-0.29	2.13	-22.37
US 3m Bills	4.24	-2.85	-8.69	-7.71
US 10yr Treasury	4.28	6.70	-9.56	-28.61
German 10yr Bund	2.69	1.10	15.50	32.30
UK 10yr Gilt	4.60	7.30	5.50	3.30
Fixed Income		1W (%)	3M (%)	YTD (%)
Global Agg. Index	495	0.39	2.02	6.86
Global Treasuries	208	0.47	1.33	6.68
Global Corporate	297	0.24	3.61	7.72
EM USD Sovereign	435	0.71	4.98	7.28
EM LCY Sovereign	159	1.04	2.37	7.09
Global High Yield	1,794	0.63	4.77	7.96
Currencies				
Dollar Index	98.18	-0.97	-2.44	-9.50
EUR USD	1,1641	0.47	3.68	12.43
GBP USD	1,3452	1.30	1.56	7.48
USD JPY	147.74	0.23	1.25	-6.02
Equities				
S&P 500	6,389	2.43	12.81	8.63
Dow Jones	44,176	1.35	6.79	3.83
NASDAQ	21,450	3.87	19.64	11.08
STOXX 600	547	2.11	2.14	7.77
DAX	24,163	3.15	3.47	21.37
Nikkei 225	41,820	2.50	13.25	4.83
FTSE 100	9,096	0.30	6.61	11.29
SENSEX	79,858	-0.92	-0.59	2.20
Hang Seng	24,859	1.43	9.15	23.92
MSCI World	4,125	2.55	11.26	11.26
MSCI EM	1,254	2.25	10.60	16.58
Regional Equities				
ADX	10,312	-0.05	7.04	9.48
DFM	6,149	0.60	15.70	19.19
Tadawul*	10,930	0.09	-3.82	-9.19
DSM*	11,364	0.91	8.02	7.50
MSM30*	4,850	1.44	11.44	5.97
BHSE*	1,945	-0.53	1.46	-2.05
KWSE*	8,597	-0.24	7.32	16.77
Commodities				
BBG Commodity Index	100.8	0.17	-0.82	2.06
Brent USD/bbl	66.6	-4.42	5.97	-10.79
WTI USD/bbl	63.9	-5.12	6.63	-10.93
Gold USD/t oz	3,397.8	1.02	2.78	29.46
Silver USD/t oz	38.3	3.53	18.12	32.67
Platinum USD/t oz	1,331.4	0.83	35.26	46.70
Aluminum	2,606.7	1.63	8.29	2.77
Copper USD/MT	9,627.0	0.96	2.27	10.58
Digital Assets				
Bitcoin	116,915.2	2.64	13.93	24.76
Ether	4,058.7	14.64	85.70	21.28
Solana	178.3	8.87	9.48	-7.50
XRP	3.3	10.18	43.26	58.12
Volatility				
VIX	15.15	-25.66	-32.61	-12.68
MOVE	79.20	-5.52	-19.72	-19.84

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as of August 08 2025 unless stated otherwise; **Data as of August 07 2025.

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Forthcoming important economic data/events

United States

Date & Time (GST)	Indicator	Period	Expected	Prior
8/12/2025 14:00	NFIB Small Business Optimism	Jul	98.6	98.6
8/12/2025 16:30	CPI YoY	Jul	2.80%	2.70%
8/12/2025 16:30	CPI Ex Food and Energy YoY	Jul	3.00%	2.90%
8/12/2025 16:30	CPI Core Index SA	Jul	--	327.6
8/12/2025 22:00	Federal Budget Balance	Jul	--	\$27.0b
8/13/2025 15:00	MBA Mortgage Applications	8-Aug	--	3.10%
8/14/2025 16:30	PPI Final Demand MoM	Jul	0.20%	0.00%
8/14/2025 16:30	PPI Final Demand YoY	Jul	2.50%	2.30%
8/14/2025 16:30	Initial Jobless Claims	9-Aug	--	226k
8/14/2025 16:30	Continuing Claims	2-Aug	--	1974k
8/15/2025 16:30	Retail Sales Advance MoM	Jul	0.50%	0.60%
8/15/2025 16:30	Empire Manufacturing	Aug	-1	5.5
8/15/2025 17:15	Industrial Production MoM	Jul	0.00%	0.30%
8/15/2025 17:15	Manufacturing (SIC) Production	Jul	0.00%	0.10%
8/15/2025 17:15	Capacity Utilization	Jul	77.60%	77.60%
8/15/2025 18:00	U. of Mich. Sentiment	Aug P	62.1	61.7
8/15/2025 18:00	U. of Mich. Current Conditions	Aug P	--	68
8/15/2025 18:00	U. of Mich. Expectations	Aug P	--	57.7
8/15/2025 18:00	U. of Mich. 1 Yr Inflation	Aug P	--	4.50%
8/15/2025 18:00	U. of Mich. 5-10 Yr Inflation	Aug P	--	3.40%

Japan

Date & Time (GST)	Indicator	Period	Expected	Prior
8/12/2025 3:50	Money Stock M2 YoY	Jul	--	0.90%
8/13/2025 3:50	PPI YoY	Jul	2.50%	2.90%
8/13/2025 10:00	Machine Tool Orders YoY	Jul P	--	-0.50%
8/15/2025 3:50	GDP SA QoQ	2Q P	0.10%	0.00%
8/15/2025 3:50	GDP Annualized SA QoQ	2Q P	0.30%	-0.20%
8/15/2025 3:50	GDP Deflator YoY	2Q P	3.10%	3.30%
8/15/2025 8:30	Industrial Production MoM	Jun F	--	1.70%
8/15/2025 8:30	Capacity Utilization MoM	Jun	--	2.00%

Eurozone

Date & Time (GST)	Indicator	Period	Expected	Prior
8/12/2025 13:00	Eurozone ZEW Survey Expectations	Aug	--	36.1
8/12/2025 13:00	Germany ZEW Survey Expectations	Aug	42.5	52.7
8/12/2025 13:00	Germany ZEW Survey Current Situation	Aug	-65	-59.5
8/13/2025 10:00	Germany CPI YoY	Jul F	2.00%	2.00%
8/13/2025 10:00	Germany CPI EU Harmonized YoY	Jul F	1.80%	1.80%
8/14/2025 10:45	France CPI EU Harmonized YoY	Jul F	0.90%	0.90%
8/14/2025 10:45	France CPI YoY	Jul F	--	1.00%
8/14/2025 13:00	Eurozone GDP SA QoQ	2Q S	0.10%	0.10%
8/14/2025 13:00	Eurozone GDP SA YoY	2Q S	1.40%	1.40%
8/14/2025 13:00	Eurozone Industrial Production WDA YoY	Jun	2.40%	3.70%

United Kingdom

Date & Time (GST)	Indicator	Period	Expected	Prior
8/12/2025 10:00	Average Weekly Earnings 3M/YoY	Jun	--	5.00%
8/12/2025 10:00	ILO Unemployment Rate 3Mths	Jun	--	4.70%
8/12/2025 10:00	Claimant Count Rate	Jul	--	4.50%
8/12/2025 10:00	Jobless Claims Change	Jul	--	25.9k
8/14/2025 3:01	RICS House Price Balance	Jul	--	-7.00%
8/14/2025 10:00	GDP QoQ	2Q P	--	0.70%
8/14/2025 10:00	GDP YoY	2Q P	--	1.30%
8/14/2025 10:00	Industrial Production MoM	Jun	--	-0.90%
8/14/2025 10:00	Manufacturing Production MoM	Jun	--	-1.00%

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China & India



Date & Time (GST)	Indicator	Period	Expected	Prior
8/12/2025 14:30	India CPI YoY	Jul	1.36%	2.10%
8/09/2025-8/15/2025	China Money Supply M2 YoY	Jul	8.30%	8.30%
8/13/2025-8/14/2025	India Exports YoY	Jul	--	-0.10%
8/13/2025-8/14/2025	India Imports YoY	Jul	--	-3.70%
8/14/2025 10:30	India Wholesale Prices YoY	Jul	-0.49%	-0.13%
8/15/2025 6:00	China Retail Sales YTD YoY	Jul	--	5.00%
8/15/2025 6:00	China Industrial Production YTD YoY	Jul	--	6.40%
8/15/2025 6:00	China Fixed Assets Ex Rural YTD YoY	Jul	2.80%	2.80%

GCC



Date & Time (GST)	Indicator	Period	Expected	Prior
8/10/2025-8/15/2025	Dubai CPI YoY	Jul	--	2.37%
8/10/2025-8/15/2025	Qatar CPI YoY	Jul	--	0.07%
8/14/2025 10:00	Saudi Arabia CPI YoY	Jul	--	2.30%
8/17/2025-8/22/2025	Oman CPI YoY	Jul	--	0.80%

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