

Stocks defy doubts, scaling uncertainty's heights

US

- ▶ Tariff negotiations continue, with the EU and India finalizing deals and more US-China talks following Trump's call with Xi Jinping on Thursday.
- ▶ Nonfarm payrolls rose 139k in May (cons.: 130k). Net revisions to the two previous months totalled -95k; March was revised lower by 65k and April was revised lower by 30k. Average hourly earnings rose 0.4% MoM (cons.: 0.3%) in May, and the YoY rate was 3.9%.
- ▶ The unemployment rate was unchanged at 4.2% (cons.: 4.2%). The labor force participation rate fell to 62.4% (cons.: 62.6%) from 62.6%. The employment-to-population ratio fell to 59.7% from 60.0%.
- ▶ As per the Job Openings and Labor Turnover Summary (JOLTS), the number of job openings was little changed at 7.4m in April. Over the month, both hires and total separations were little changed at 5.6m and 5.3m, respectively. Within separations, quits (3.2m) and layoffs and discharges (1.8m) changed little.
- ▶ New orders for manufactured goods in April, down following four consecutive monthly increases, decreased 3.7%. This followed a 3.4% increase in March. Inventories, down following six consecutive monthly increases, decreased 0.1%. This followed a 0.1% March increase. The inventories-to-ships ratio was 1.58, up from 1.57 in March.
- ▶ Global economic growth is slowing more than anticipated a few months ago because of ongoing trade disputes, according to the Organisation for Economic Co-operation and Development's (OECD's) latest revision of its outlook. The global economy is projected to decelerate from 3.3% last year to 2.9% in 2025 and 2026, the OECD stated, adjusting its previous March estimates of 3.1% for this year and 3.0% for next year.
- ▶ The final reading of the S&P global manufacturing PMI rose strongly to 52.0 during May but came slightly weaker than the flash reading of 52.3. Staying with US manufacturing PMIs, but turning to ISM, data there showed that the economic activity in the manufacturing sector contracted in May for the third consecutive month, following a two-month expansion preceded by 26 straight months of contraction. Looking at the sub-indices, the New Orders Index contracted for the fourth month in a row following a three-month period of expansion. The Prices Index remained in expansion (or 'increasing') territory during May but came slightly lower compared to April.
- ▶ Turning to the services sector, the ISM PMI indicated slight contraction at 49.9, below the 50-level breakeven point for only the fourth time in 60 months since recovery from the coronavirus pandemic-induced recession began in June 2020. This also marked the first contraction in services sector since June 2024.
- ▶ Atlanta Fed's GDPNow for Q2 printed at 4.6%, the highest in many months.

Europe and UK

- ▶ As expected, the ECB reduced its policy rate by 25bp in June, marking the seventh consecutive cut. The ECB reiterated a data-dependent approach due to "exceptional uncertainty." Forecasts now predict headline inflation at 1.6% in 2026 and 2.0% in 2027, with core inflation adjusted to 1.9% in both years.
- ▶ In April, Germany's industrial production fell 1.4% MoM in April and the March increase was moderated to 2.3% MoM (previous: 3.0%). April industrial output showed a reversal of previous front loading effects.
- ▶ Final print of Eurozone Q1 GDP was revised higher to 1.5% YoY compared to the previous estimate of 1.2% YoY. Helping in the expansion were strong gross fixed capital formation and higher net exports.
- ▶ Euro zone inflation fell to 1.9% YoY in May from 2.2% YoY in April, below the ECB's 2.0% target, due to lower energy prices and a significant drop in services inflation.
- ▶ Manufacturing PMI final reading in Eurozone came much better than expected at 49.4 and higher than the previous month's reading of 49.0. Final manufacturing PMI reading surprised to the upside in France while it disappointed in Germany. Manufacturing PMIs in recent months have indicated that the factory activity in Eurozone, while still contracting, has been less of a drag recently. Final print of May Eurozone services PMI came in slightly better than expected at 49.7 vs. the flash estimate of 48.9.
- ▶ Manufacturing PMI in the UK final print came at 46.4 - higher than the flash estimate of 45.1. The service sector PMI also surprised on the upside by printing at 50.9 compared to the flash estimate of 50.2.
- ▶ In the UK, the nationwide house price index increased 3.5% YoY during May compared with the consensus expectations for 2.9% YoY growth and previous month's reading of 3.4% YoY.
- ▶ Swiss retail sales grew 1.3% YoY during April much weaker than the expected 2.5% YoY growth but also weaker compared to previous month's downwardly revised growth of 2.1% YoY.
- ▶ A nationalist candidate Nawrocki has narrowly beaten pro-EU rival Trzaskowski in Poland's Presidential election prompting Prime Minister Tusk to seek confidence vote.

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Asia

- ▶ In June, the RBI cut the policy repo rate by 50bp to 5.5%, exceeding the expected 25bp reduction. So far in 2025, the RBI eased a total of 100bp. It also unexpectedly reduced the cash reserve ratio by 100bp. The stance shifted from accommodative to neutral, with the governor stating there's "very limited space" for further easing.
- ▶ Japan's service-sector growth slowed in May due to weaker demand, barely offsetting declining factory activity. The final au Jibun Bank Japan Services PMI dropped to 51.0 from April's 52.4 but was higher than the preliminary 50.8.
- ▶ Japanese capital spending grew at a solid 6.4% YoY pace during Q1 compared to the previous quarter's reading of -0.2% YoY and much better than the expected 3.8% YoY.
- ▶ Japan's final reading of manufacturing PMI for May came at 49.4, slightly better than the expected 49.0 and much better than the previous month's reading of 48.7. Services sector PMI also came slightly better at 51.0 vs. the flash reading of 50.8.
- ▶ India's manufacturing PMI came at 57.6, slightly lower than the flash estimate of 58.3 but also weaker compared to the previous month's reading of 58.2. Services sector PMI printed at 58.8 compared to flash reading of 59.0.
- ▶ Mainland China Caixin manufacturing PMI for May unexpectedly slipped to 48.3 indicating contraction for the sector (consensus: 50.8, previous: 50.4). Services PMI rose to 51.1 in May from 50.7 in April, indicating a modest expansion.

Rates

- ▶ 10Y UST yields rose again last week after having dipped in the previous week. Except for Japan and China, 10Y yields rose across the board in the sovereign space.
- ▶ 10Y-2Y yield curve bear flattened in the US as 2Y yields rose more than the 10Y yields over the past week. While stronger than expected payrolls data pushed 2Y yields higher, continuing negotiations over a tax and spending bill – that some Republicans and billionaire Elon Musk have criticized for not cutting enough spending – have put upward pressure on 10Y yields.
- ▶ Yields on short-dated Euro zone bonds posted their largest weekly rise since March after the European Central Bank signalled it may be nearing the end of rate cuts.
- ▶ The yield on the 10Y Japanese government bonds declined at the end of the previous week. This change occurred after a rise in JGB yields in late May, influenced by Japan's public finances and considerations regarding the Bank of Japan's bond purchasing strategies.

FX

- ▶ The USD index posted marginal losses over the past week after a small gain of the previous week. While the USD lost against EUR and GBP, it gained against the JPY.
- ▶ USD/JPY climbed above the 145 level, testing its 55D moving average, driven by rising 2Y UST yields, and short-covering activity. EUR/JPY set a new year-to-date high before paring gains.
- ▶ Latin American currencies recorded a stellar week after rising strongly following strong US payrolls numbers.
- ▶ China's yuan slipped against the dollar while falling to a near 2Y low versus its major trading partners on Friday.

Commodities

- ▶ Aggregate commodity index posted strong gains over the past week –the largest in almost 21 weeks – as all sub segments contributed positively.
- ▶ Gold prices rose last week after falling the previous week. Silver and platinum prices posted stellar gains last week taking their year-to-date gains over 25%.
- ▶ In the industrial metals space, copper prices rose strongly while aluminum prices edged higher. US President Donald Trump said on Friday that Chinese President Xi Jinping agreed to let rare earth minerals and magnets flow to the US.
- ▶ Oil prices edged higher too as oil rig count fell in the US for the sixth straight week to its 2021 lows.
- ▶ Global food commodity prices declined in May, driven by marked drops in cereal, sugar, and vegetable oil prices, according to the United Nations' Food and Agriculture Organization (UNFAO).

Equities

- ▶ Global equity indices rose for a second consecutive week and ended the week at an all-time high. During the past week, EM and US equities outperformed while Japan underperformed. Helping EM aggregate performance was strong gains posted by South Korea, South Africa, China, and Taiwan.
- ▶ Amongst global sectors, IT, Communication services, and energy outperformed the most while consumer staples, utilities, and consumer discretionary not only underperformed but also posted losses. By size classes, small caps outperformed mid and large caps. By style, growth outperformed value.
- ▶ US equity funds experienced outflows for the third consecutive week through June 4, while European equity funds observed robust demand for the eighth successive week. According to data from LSEG Lipper, investors retracted a net USD7.42bn from US equity funds during the week while acquiring approximately USD2.72bn worth of regional funds in Europe. Additionally, Asian funds recorded net purchases amounting to USD1.84bn over the same period.
- ▶ The American Association of Individual Investors (AAII) Sentiment Survey observed an increase in neutral sentiment by 0.7ppt to 25.9%. This is the highest level since the 30.4% reading on February 20, 2025, which occurred one trading day after the S&P 500 index reached its record high. However, neutral sentiment remains below its historical average of 31.5% for the 46th time in the past 48 weeks.

Digital Assets

- ▶ Gemini, a crypto exchange run by Winklevoss brothers, on Friday disclosed it had confidentially filed for a US initial public offering, as digital asset firms seize on renewed market momentum.
- ▶ Stablecoin issuer Circle Internet's shares climbed 48% on Friday, extending a stellar run after a blowout market debut on the New York Stock Exchange a day earlier.
- ▶ Meme coins associated with President Trump and billionaire Musk clocked outsized losses amid an escalating public feud between the two. However, the largest US Treasury buyback in history revived the risk sentiment.
- ▶ Davis commodities has announced the successful approval of a USD30m fundraising plan, a sizable portion of which will be allocated to establish Bitcoin reserves.
- ▶ The Swiss government has announced plans to initiate an automatic exchange of information on crypto assets with 74 countries. The first data exchange scheduled for 2027.

The Weekly Market View

Investment Strategy | June 09 2025

Global markets' performance snapshot

Performance snapshot*				
Rates	Latest	1W (bp)	3M (bp)	YTD (bp)
SOFR	4.29	-6.00	-6.00	-20.00
UAE Eibor 3m	4.24	3.93	7.63	-20.04
UAE Eibor 12m	4.17	-4.25	-20.33	-17.80
US 3m Bills	4.31	0.26	3.73	2.12
US 10yr Treasury	4.49	10.52	22.72	-6.34
German 10yr Bund	2.58	7.60	-25.70	20.90
UK 10yr Gilt	4.64	-0.30	-1.60	7.60
Fixed Income		1W (%)	3M (%)	YTD (%)
Global Agg. Index	488	-0.08	2.76	5.20
Global Treasuries	206	-0.04	3.19	5.63
Global Corporate	289	-0.07	2.24	4.90
EM USD Sovereign	420	0.29	1.02	3.45
EM LCY Sovereign	157	0.52	3.39	5.76
Global High Yield	1,742	0.39	2.27	4.81
Currencies				
Dollar Index	98.97	-0.14	-4.68	-8.57
EUR USD	1.1420	0.44	5.56	10.13
GBP USD	1.3560	0.51	4.97	8.06
USD JPY	144.45	0.58	-2.08	-7.96
Equities				
S&P 500	6,000	1.50	4.56	2.02
Dow Jones	42,763	1.17	0.43	0.51
NASDAQ	19,530	2.18	8.08	1.13
STOXX 600	554	0.91	-0.41	9.07
DAX	24,304	1.28	3.78	22.08
Nikkei 225	38,137	-0.59	0.10	-5.40
FTSE 100	8,838	0.75	1.79	8.14
SENSEX	82,189	0.91	10.56	5.18
Hang Seng	24,161	2.16	-2.37	18.61
MSCI World	3,915	1.33	4.93	5.58
MSCI EM	1,183	2.21	4.57	9.99
Regional Equities				
ADX	9,735	0.52	2.12	3.35
DFM	5,536	1.01	4.97	7.31
Tadawul*	11,005	0.13	-6.83	-8.57
DSM*	10,558	0.91	0.42	-0.12
MSM30*	4,579	0.39	4.17	0.05
BHSE*	1,923	0.11	-2.57	-3.16
KWSE*	8,160	0.58	0.50	10.83
Commodities				
BBG Commodity Index	103.2	3.33	-1.09	4.61
Brent USD/bbl	66.4	4.02	-4.30	-10.95
WTI USD/bbl	64.6	6.23	-2.68	-9.96
Gold USD/t oz	3,305.5	0.64	13.54	26.14
Silver USD/t oz	36.0	9.08	10.21	24.48
Platinum USD/t oz	1,173.0	10.49	20.46	28.78
Aluminium	2,441.7	0.15	-10.01	-3.74
Copper USD/MT	9,795.0	1.79	1.46	12.51
Digital Assets				
Bitcoin	105,615.2	-0.02	16.40	11.59
Ether	2,493.6	-2.94	13.02	-25.25
Solana	151.9	-6.56	3.53	-22.45
XRP	2.2	-0.49	-16.37	3.97
Volatility				
VIX	16.77	-9.69	-32.57	-3.34
MOVE	89.65	-2.67	-17.71	-9.26

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as of June 06 2025 unless stated otherwise; **Data as of June 06 2025.

The Weekly Market View

Investment Strategy | June 09 2025

Forthcoming important economic data/events

United States



Date & Time (GST)	Indicator	Period	Expected	Prior
6/09/2025 18:00	Wholesale Inventories MoM	Apr F	0.00%	0.00%
6/09/2025 19:00	NY Fed 1-Yr Inflation Expectations	May	--	3.63%
6/10/2025 14:00	NFIB Small Business Optimism	May	95.8	95.8
6/11/2025 15:00	MBA Mortgage Applications	6-Jun	--	-3.90%
6/11/2025 16:30	Real Avg Hourly Earning YoY	May	--	1.40%
6/11/2025 16:30	CPI YoY	May	2.50%	2.30%
6/11/2025 16:30	CPI Ex Food and Energy YoY	May	2.90%	2.80%
6/11/2025 22:00	Federal Budget Balance	May	-\$314.1b	\$258.4b
6/12/2025 16:30	PPI Final Demand MoM	May	0.20%	-0.50%
6/12/2025 16:30	PPI Final Demand YoY	May	2.60%	2.40%
6/12/2025 16:30	PPI Ex Food and Energy YoY	May	3.10%	3.10%
6/12/2025 16:30	Initial Jobless Claims	7-Jun	241k	247k
6/12/2025 16:30	Continuing Claims	31-May	1910k	1904k
6/13/2025 18:00	U. of Mich. Sentiment	Jun P	53.5	52.2
6/13/2025 18:00	U. of Mich. Current Conditions	Jun P	58.8	58.9
6/13/2025 18:00	U. of Mich. Expectations	Jun P	48.3	47.9
6/13/2025 18:00	U. of Mich. 1 Yr Inflation	Jun P	6.50%	6.60%
6/13/2025 18:00	U. of Mich. 5-10 Yr Inflation	Jun P	4.20%	4.20%

Japan



Date & Time (GST)	Indicator	Period	Expected	Prior
6/10/2025 10:00	Machine Tool Orders YoY	May P	--	7.70%
6/11/2025 3:50	PPI YoY	May	3.50%	4.00%
6/13/2025 8:30	Industrial Production MoM	Apr F	--	-0.90%
6/13/2025 8:30	Capacity Utilization MoM	Apr	--	-2.40%
6/13/2025 8:30	Tertiary Industry Index MoM	Apr	0.20%	-0.30%

Eurozone



Date & Time (GST)	Indicator	Period	Expected	Prior
6/10/2025 12:30	Eurozone Sentix Investor Confidence	Jun	-5.5	-8.1
6/13/2025 10:00	German Wholesale Price Index YoY	May	--	0.80%
6/13/2025 10:00	German CPI YoY	May F	2.10%	2.10%
6/13/2025 10:00	German CPI EU Harmonized YoY	May F	2.10%	2.10%
6/13/2025 10:45	France CPI EU Harmonized YoY	May F	0.60%	0.60%
6/13/2025 10:45	France CPI YoY	May F	0.70%	0.70%
6/13/2025 13:00	Eurozone Industrial Production WDA YoY	Apr	1.40%	3.60%

United Kingdom



Date & Time (GST)	Indicator	Period	Expected	Prior
6/10/2025 10:00	Average Weekly Earnings 3M/YoY	Apr	5.50%	5.50%
6/10/2025 10:00	ILO Unemployment Rate 3Mths	Apr	4.60%	4.50%
6/10/2025 10:00	Claimant Count Rate	May	--	4.50%
6/10/2025 10:00	Jobless Claims Change	May	--	5.2k
6/12/2025 3:01	RICS House Price Balance	May	-3.00%	-3.00%
6/12/2025 10:00	Industrial Production MoM	Apr	-0.50%	-0.70%
6/12/2025 10:00	Manufacturing Production MoM	Apr	-0.70%	-0.80%

China & India



Date & Time (GST)	Indicator	Period	Expected	Prior
6/09/2025-6/15/2025	China Money Supply M2 YoY	May	8.10%	8.00%
6/12/2025 14:30	India CPI YoY	May	3.00%	3.16%
6/13/2025-6/16/2025	India Exports YoY	May	--	9.00%
6/13/2025-6/16/2025	India Imports YoY	May	--	19.10%

The Weekly Market View

Investment Strategy | June 09 2025

GCC



Date & Time (GST)	Indicator	Period	Expected	Prior
6/09/2025 10:00	Saudi Arabia GDP Constant Prices YoY	1Q F	--	2.70%
6/09/2025-6/13/2025	UAE M3 Money Supply YoY	Mar	--	11.00%
6/09/2025-6/13/2025	Qatar CPI YoY	Apr	--	0.13%
6/10/2025 10:00	Saudi Arabia Industrial Production YoY	Apr	--	2.00%
6/10/2025-6/15/2025	Dubai CPI YoY	May	--	2.31%
6/15/2025 10:00	Saudi Arabia CPI YoY	May	--	2.30%
6/15/2025-6/22/2025	Oman CPI YoY	May	--	0.90%
6/15/2025-6/30/2025	Bahrain GDP Constant Prices YoY	1Q	--	3.40%
6/15/2025-6/30/2025	Qatar GDP Constant Prices YoY	1Q	--	--

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