

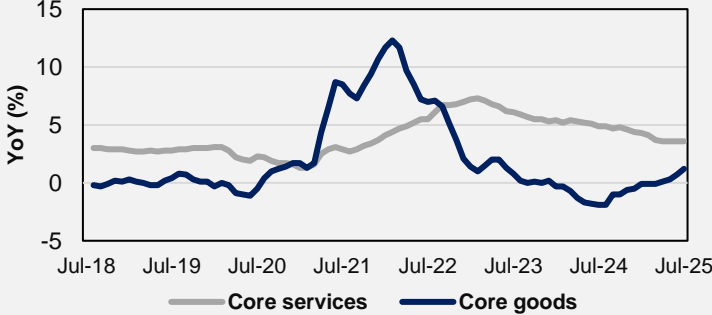
Daily Market View

Investment Strategy | August 13, 2025

Markets rally to all-time highs as CPI boosts case for Fed easing

- ▶ **US July CPI came in line with expectations.**
- ▶ **ZEW Economic sentiment index fell in Germany and Eurozone.**
- ▶ **Short-term UST yields and the USD fell on rate cut bets.**

Chart of the day: US core CPI accelerated in July
US inflation: Services vs Goods



Source: Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ US headline inflation rose 0.2% MoM in July, matching expectations, as grocery and energy prices declined. Annual inflation held at 2.7%, below forecasts. Core CPI rose 0.3% MoM and 3.1% YoY, slightly above estimates and the highest since February, driven by higher costs in services like airfares, dental care, and medical services.
- ▶ UK unemployment held steady at 4.7% in June, as expected. July's Claimant Count fell to 1.695mn, down both monthly and annually. Weekly earnings (excluding bonuses) came in at 5.0% YoY (consensus: 5.0%, previous: 5.0%) in April to June 2025 period.
- ▶ Germany's ZEW Economic Sentiment Index dropped in August to 34.7, down 18 points, while the current conditions gauge fell to -68.6. Outlooks worsened for the chemical and pharma sectors. The Eurozone ZEW index also slid from 36.1 to 25.1, reflecting disappointment over the EU-US trade deal.

Rates and Fixed Income

- ▶ Short-term UST yields fell in reaction to July inflation data. 10Y UST yields were mostly flat.
- ▶ Global fixed income indexes mostly rose, led by Global HY.

Currencies

- ▶ The USD fell as inflation data bolstered the case of Fed rate cut.
- ▶ The EUR, the GBP and the JPY gained versus USD.

Equities

- ▶ Global equity markets reached new highs following US inflation data that increased market expectations for a potential Fed interest rate cut in September. A temporary pause in the US-China trade dispute also contributed to positive market sentiment.
- ▶ In the US, the S&P 500 and Nasdaq indexes both set record highs after declines in the previous session.
- ▶ Asian markets rose as US-China tariff truce extended for 90 days.
- ▶ GCC markets were mixed. DFM, KWSE, Tadawul and ADX fell.

Commodities

- ▶ Oil prices fell ahead of an upcoming meeting between the US and Russian Presidents regarding the conflict in Ukraine.
- ▶ Gold prices were flat after declining the prior day, following the announcement of no new tariffs on imported gold bars.

Key events in the day ahead

- ▶ Japan PPI (Jul) and Japan machine tool orders (Jul)
- ▶ Germany inflation (Jul, final)
- ▶ Fed speak- Bostic, Goolsbee and Barkin

Performance snapshot*

Rates	Latest	1D (bp)	1M(bp)	3M(bp)
SOFR	4.34	0.00	3.00	4.00
UAE Eibor 3m	4.30	10.94	6.22	26.53
UAE Eibor 12m	4.20	6.81	3.96	3.03
US 3m Bills	4.22	-2.29	-11.14	-15.54
US 10yr Treasury	4.29	0.39	-12.05	-17.62
German 10yr Bund	2.74	4.80	1.90	6.40
UK 10yr Gilt	4.63	6.10	0.40	-4.40
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	495	0.03	0.46	2.81
Global Treasuries	208	-0.01	0.24	2.34
Global Corporate	297	0.13	1.04	4.09
EM USD Sovereign	436	0.10	2.08	4.76
EM LCY Sovereign	159	-0.07	0.00	2.40
Global High Yield	1,798	0.22	1.24	4.17
Currencies				
Dollar Index	98.10	-0.43	0.25	-2.88
EUR USD	1.1675	0.52	-0.12	4.38
GBP USD	1.3500	0.51	0.05	1.46
USD JPY	147.84	-0.21	0.28	0.24
Equities				
S&P 500	6,446	1.13	2.97	9.50
Dow Jones	44,459	1.10	0.20	5.50
NASDAQ	21,682	1.39	5.33	14.05
STOXX 600	548	0.21	0.10	0.50
DAX	24,025	-0.23	-0.95	1.63
Nikkei 225	42,718	2.15	7.96	11.88
FTSE 100	9,148	0.20	2.31	6.33
SENSEX	80,236	-0.46	-2.75	-1.12
Hang Seng	24,970	0.25	3.44	8.06
MSCI World	4,156	1.05	2.71	8.72
MSCI EM	1,257	0.13	2.29	8.68
Regional Equities				
ADX	10,296	-0.06	2.30	6.90
DFM	6,119	-0.57	4.50	14.09
Tadawul	10,770	-0.20	-1.93	-2.13
DSM	11,421	0.44	3.62	8.17
MSM30	4,894	0.62	3.17	6.88
BHSE	1,940	0.09	0.10	0.87
KWSE	8,630	-0.55	0.21	5.76
Commodities				
BBG Commodity Index	100.2	-0.29	-3.45	-2.90
Brent USD/bbl	66.1	-0.77	-6.03	-0.77
WTI USD/bbl	63.2	-1.24	-7.71	-0.79
Gold USD/t oz	3,348.3	0.18	-0.22	3.01
Silver USD/t oz	37.9	0.80	-1.30	15.14
Platinum USD/t oz	1,342.7	0.74	-2.86	35.35
Aluminium	2,615.3	1.22	0.49	4.83
Copper USD/MT	9,661.5	0.19	0.25	1.34
Digital Assets				
Bitcoin	120,177	1.11	2.08	14.89
Ether	4,621.0	8.84	55.29	71.78
Solana	191.5	8.71	17.71	4.56
XRP	3.3	4.04	19.29	27.37
Volatility				
VIX	14.73	-9.35	-10.18	-19.15
MOVE	77.42	-5.31	-9.43	-22.68

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 8AM UAE time – August 13, 2025. Performance in local currency terms.

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