

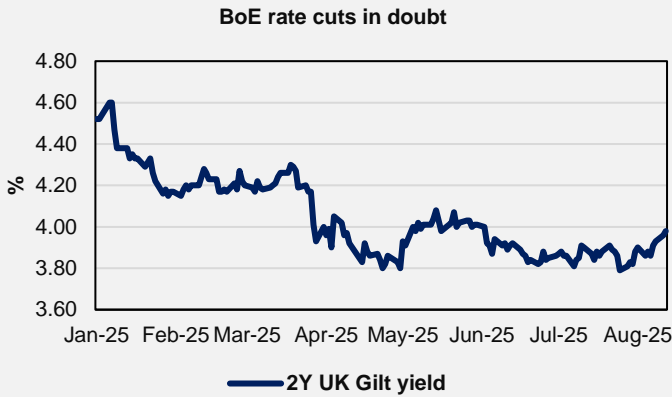
Daily Market View

Investment Strategy | August 20, 2025

Tech dragged global stocks lower, breaking summer market calm

- ▶ The Reserve Bank of New Zealand cut rates as expected.
- ▶ US Treasuries rallied ahead of Fed minutes and Jackson hole.
- ▶ Focus today will be on Fed July meeting minutes.

Chart of the day: 2Y UK gilt yields highest in three months



Source: Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ The Reserve Bank of New Zealand cut its cash rate by 25bp to 3.00%, citing weak domestic activity, bringing total easing since August 2024 to 250bp.
- ▶ Japan's exports fell 2.6% YoY in July, marking a third straight monthly decline amid persistent US tariffs and were worse than the expected 2.1% drop. Shipments to the US plunged 10.1%, and to China 3.5%. Imports slid 7.5%, beating forecasts, but the trade balance swung to a JPY117.5bn deficit, defying expectations of a surplus.
- ▶ Japan core machine orders rose 7.6% YoY during June more than the expected 5.0% YoY rise and the 4.4% YoY rise of May.
- ▶ China left its 1Y and 3Y loan prime rates unchanged at 3.0% and 3.5% respectively, as widely anticipated.

Rates and Fixed Income

- ▶ US Treasury yields slipped on Tuesday, as investors braced for the Jackson hole conference for a sense of whether the Federal Reserve will resume cutting interest rates next month.
- ▶ Global fixed income indexes gained, barring EM LCY sovereign.

Currencies

- ▶ The broad USD index strengthened for the second day in a row.
- ▶ The dollar rose against EUR and GBP but fell against JPY.

Equities

- ▶ Global equities slid on Tuesday, dragged by tech stocks, as investor fears over the AI boom deepened following a report showing 95% of firms see no ROI from generative AI combined with Sam Altman's warning of a potential bubble. The NASDAQ dropped 1.46%, its second-worst drop since April's tariff shock.
- ▶ European stocks finished higher, closing at the highest level in almost five months as investors assessed the chances of an end of the war in Ukraine.
- ▶ GCC markets mostly declined but DFM and KWSE gained.

Commodities

- ▶ Oil prices fell on traders bet that Russia sanctions could end soon.
- ▶ Gold prices dropped to near 3-week low on stronger dollar.

Key events in the day ahead

- ▶ Fed minutes
- ▶ UK CPI (Jul) and UK RPI (Jul).
- ▶ Eurozone CPI (Jul, final)

Performance snapshot*

Rates	Latest	1D (bp)	1M(bp)	3M(bp)
SOFR	4.34	0.00	0.00	5.00
UAE Eibor 3m	4.26	2.35	13.90	-2.55
UAE Eibor 12m	4.11	-1.99	-8.95	-3.11
US 3m Bills	4.20	-2.55	-13.67	-14.19
US 10yr Treasury	4.31	-2.73	-14.91	-14.12
German 10yr Bund	2.75	-1.30	6.30	16.20
UK 10yr Gilt	4.74	0.20	10.10	7.60
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	494	0.09	0.82	2.07
Global Treasuries	207	0.08	0.60	1.39
Global Corporate	297	0.13	1.43	3.62
EM USD Sovereign	438	0.10	2.90	5.19
EM LCY Sovereign	159	-0.15	-0.01	1.90
Global High Yield	1,803	0.02	1.80	4.32
Currencies				
Dollar Index	98.27	0.10	-0.13	-2.15
EUR USD	1.1647	-0.12	0.05	3.62
GBP USD	1.3491	-0.10	0.51	0.97
USD JPY	147.67	-0.15	-0.14	1.94
Equities				
S&P 500	6,411	-0.59	2.36	7.51
Dow Jones	44,922	0.02	1.51	4.98
NASDAQ	21,315	-1.46	2.82	10.93
STOXX 600	558	0.69	2.95	1.42
DAX	24,423	0.45	1.72	2.04
Nikkei 225	43,546	-0.38	9.79	16.13
FTSE 100	9,189	0.34	2.94	5.63
SENSEX	81,644	0.46	-1.20	-0.51
Hang Seng	25,123	-0.21	2.47	7.67
MSCI World	4,155	-0.38	2.95	7.25
MSCI EM	1,271	-0.19	2.52	8.92
Regional Equities				
ADX	10,210	-0.03	0.33	5.63
DFM	6,151	0.36	2.95	12.01
Tadawul	10,882	-0.04	-0.59	0.38
DSM	11,492	-0.21	2.41	8.14
MSM30	4,918	-0.25	4.22	8.25
BHSE	1,927	-0.32	-1.32	0.51
KWSE	8,683	0.10	1.06	6.46
Commodities				
BBG Commodity Index	99.5	-0.80	-4.36	-1.31
Brent USD/bbl	65.8	-1.22	-3.98	0.38
WTI USD/bbl	62.4	-1.69	-6.07	-0.54
Gold USD/t oz	3,315.8	-0.51	-0.94	2.67
Silver USD/t oz	37.4	-1.65	-1.36	15.55
Platinum USD/t oz	1,314.9	-1.13	-7.56	31.22
Aluminium	2,559.3	-1.12	-0.68	4.40
Copper USD/MT	9,621.5	-0.05	0.61	0.80
Digital Assets				
Bitcoin	113,553	-2.51	-5.35	7.65
Ether	4,158.3	-4.06	22.96	64.95
Solana	178.6	-2.46	2.23	7.67
XRP	2.9	-5.77	-5.21	21.53
Volatility				
VIX	15.57	3.87	-9.27	-14.17
MOVE	82.15	0.40	-8.23	-20.87

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 8AM UAE time – August 20, 2025. Performance in local currency terms.

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Prepared by the Investment Strategy Team

Mohammed Al Hemeiri
Senior Analyst
Tel: +971 (0)2 8126450
mohammed.alhemeiri@adcb.com

Prerana Seth, CFA
Fixed Income Strategist
Tel: +971 (0)2 8126449
prerana.seth@adcb.com

Kishore Muktinutalapati
Head - Investment Strategy
Tel: +971 (0)2 8126457
kishore.muktinutalapati@adcb.com

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