

US stocks underperformed amid tariff policy uncertainty

- ▶ China June PPI saw the biggest drop in two years
- ▶ China June CPI slightly edged higher, beating expectations
- ▶ All eyes on the Fed meeting minutes

Chart of the day: US copper futures hit a record high



Source: Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ China's producer prices declined 3.6% YoY in June, marking its largest decline since July 2023. China CPI rose 0.1% YoY in June, marking a return to growth after four straight months of decline. This modest uptick surprised market expectations. Core CPI—excluding food and energy, rose 0.7% YoY, sharpest increase in 14 months.
- ▶ US small-business confidence edged down in June, as concerns over rising inventories and weaker sales outlooks grew. The NFIB's optimism index slipped to 98.6, with nearly 1 in 8 firms saying stock levels were too high.
- ▶ New York Fed Survey of Consumer Expectations showed that one-year-ahead inflation fell to 3% in June from 3.2% in May, while the three- and five-year forecasts were unchanged at 3% and 2.6% respectively.

Rates and Fixed Income

- ▶ UST yields rose with 30Y yields approaching 5%, tracking a sell-off in longer-dated JGBs and German bunds. A USD58bn auction of 3Y USTs drew soft demand.
- ▶ Global fixed income indexes fell, led by Global Treasuries.

Currencies

- ▶ The USD index ended unchanged. The EUR strengthened versus the USD, with the EU escaping the new tariffs.
- ▶ The GBPUSD fell while the JPY remained under pressure due to US-Japan trade escalation and domestic election uncertainty.

Equities

- ▶ Global stocks ended mixed as markets digested the conflicting signals on trade. US stocks underperformed peers. The S&P 500 and NASDAQ ended mostly flat on Tuesday while Dow Jones recorded declines. Overall, Hang Seng was the best performer.
- ▶ In the GCC, Oman, Saudi and Dubai stocks fell.

Commodities

- ▶ Oil hit a two-week high, lifted by lower US output forecasts, Houthi attacks in the Red Sea, copper tariff concerns, and short covering.
- ▶ Gold prices slipped on reduced safe haven flows into the asset.
- ▶ Copper surged as Trump announced a 50% tariff on the metal.

Key events in the day ahead

- ▶ FOMC meeting minutes
- ▶ US Wholesale Inventories (May), US MBA Mortgage Applications (Jul 4)
- ▶ Japan PPI (Jun)

Performance snapshot*

Rates	Latest	1D (bp)	1M(bp)	3M(bp)
SOFR	4.33	0.00	4.00	-9.00
UAE Eibor 3m	4.20	7.62	-4.26	5.67
UAE Eibor 12m	4.34	9.49	22.98	16.96
US 3m Bills	4.35	0.31	0.05	2.64
US 10yr Treasury	4.40	1.98	-7.46	6.77
German 10yr Bund	2.69	4.40	12.00	9.60
UK 10yr Gilt	4.63	4.70	0.10	-14.60
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	493	-0.36	0.97	3.27
Global Treasuries	208	-0.47	0.61	2.75
Global Corporate	294	-0.28	1.57	4.63
EM USD Sovereign	427	-0.22	1.78	6.25
EM LCY Sovereign	159	-0.08	1.09	6.12
Global High Yield	1,775	-0.19	1.83	7.48
Currencies				
Dollar Index	97.52	0.04	-1.44	-5.23
EUR USD	1.1725	0.14	2.65	7.09
GBP USD	1.3592	-0.07	0.30	6.02
USD JPY	146.58	0.36	1.39	-0.80
Equities				
S&P 500	6,226	-0.07	3.66	14.09
Dow Jones	44,241	-0.37	3.46	8.94
NASDAQ	20,418	0.03	4.22	19.23
STOXX 600	546	0.41	-1.36	16.14
DAX	24,207	0.55	0.13	23.06
Nikkei 225	39,689	0.26	4.20	25.15
FTSE 100	8,854	0.54	0.25	15.30
SENSEX	83,713	0.32	1.54	13.36
Hang Seng	24,148	1.09	-0.14	19.16
MSCI World	4,030	-0.13	2.83	16.31
MSCI EM	1,232	0.44	3.16	23.97
Regional Equities				
ADX	10,012	0.05	2.70	10.43
DFM	5,794	-0.14	3.61	18.42
Tadawul*	11,294	-0.45	5.42	-1.13
DSM*	10,834	0.30	4.06	3.62
MSM30*	4,554	-0.54	0.73	4.94
BHSE*	1,961	0.72	2.66	2.83
KWSE*	8,496	0.09	6.07	6.54
Commodities				
BBG Commodity Index	103.4	0.71	0.16	3.69
Brent USD/bbl	70.2	0.82	4.64	7.13
WTI USD/bbl	68.3	0.59	4.66	9.59
Gold USD/t oz	3,301.9	-1.04	-0.73	7.11
Silver USD/t oz	36.8	-0.02	0.01	18.44
Platinum USD/t oz	1,372.0	-0.22	12.43	46.56
Aluminium	2,586.9	0.57	3.70	11.95
Copper USD/MT	9,925.0	0.32	0.72	13.30
Digital Assets				
Bitcoin	108,682.	0.72	-1.18	41.05
Ether	2,599.6	2.58	-6.30	75.60
Solana	150.1	1.13	-9.33	41.70
XRP	2.3	1.37	-0.06	25.41
Volatility				
VIX	16.81	-5.51	-0.83	-67.88
MOVE	88.05	-0.54	-3.48	-37.05

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 8AM UAE time – July 09, 2025. Performance in local currency terms.

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