

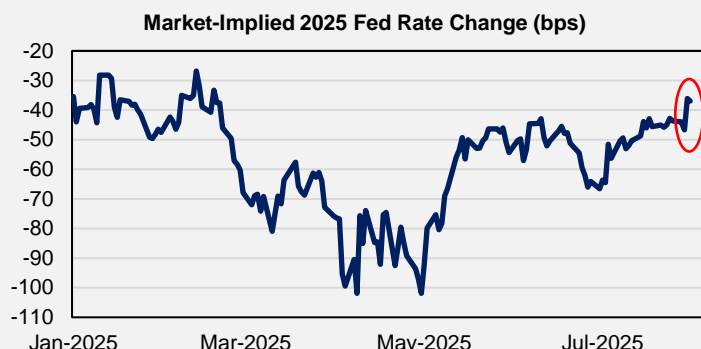
Daily Market View

Investment Strategy | July 31, 2025

Fed kept interest rates unchanged for fifth-straight time

- ▶ The Bank of Canada kept its interest rate at 2.75%.
- ▶ US private payrolls increased more than expected in July.
- ▶ Eurozone GDP unexpectedly rose 0.1% in Q2 of 2025.

Chart of the day: Markets pared their interest rate cut expectations after the Fed meeting



Source: Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ The Fed kept rates steady at 4.25–4.50%, despite pressure from President Trump to cut to 1%. Fed officials Bowman and Waller dissented, backing a rate cut – the first dual dissent since 1993. Chair Powell noted policy is not restraining growth but flagged labor market risks.
- ▶ US Q2 GDP grew 3.0% annualized, reversing a 0.5% Q1 contraction. Import declines drove the rebound. The GDP price index rose 1.9%, PCE inflation slowed to 2.5% from 3.5%.
- ▶ According to ADP, US private payrolls rose by 104k in July, above the 77k consensus and reversing a revised June decline.
- ▶ German retail sales rose 1.0% MoM in June, ending a three-month decline and beating the 0.5% forecast. Online sales surged 9.0%. YoY growth hit 4.9%, the strongest since Feb 2022.

Rates and Fixed Income

- ▶ US Treasury yields climbed, with the 10Y rising to 4.37% and the 2Y to 3.94%.
- ▶ Fixed income indices fell, led by Global Corporate.

Currencies

- ▶ The USD index jumped 0.94% to 99.82 on Wednesday.
- ▶ The EUR, the GBP, and the JPY all fell against the USD.

Equities

- ▶ Global equities index fell as the US dollar strengthened following Fed Chair Powell's statement that it was too early to decide on a September rate cut.
- ▶ On Wall Street, the Dow dropped 0.38% and the S&P 500 eased 0.12%, while the Nasdaq gained 0.15%.

Commodities

- ▶ Oil prices rose over 1% amid anticipation of US policy moves on Russia and tariffs.
- ▶ Gold extended declines after the Fed meeting and strong US data.

Key events in the day ahead

- ▶ Eurozone unemployment rate (Jun).
- ▶ Germany: unemployment rate (Jul), and inflation (Jul, prelim).
- ▶ Japan: manufacturing PMI (Jul, final), consumer confidence (Jul), and unemployment (Jun).
- ▶ China Caixin Manufacturing PMI (Jul).
- ▶ US: Personal income and spending (Jun), challenger job cuts (Jul), weekly jobless claims, and PCE/Core PCE price index (Jun).

Performance snapshot*

Rates	Latest	1D (bp)	1M(bp)	3M(bp)
SOFR	4.36	0.00	-8.00	-3.00
UAE Eibor 3m	4.31	0.00	19.00	22.00
UAE Eibor 12m	4.12	5.41	-9.00	-4.62
US 3m Bills	4.34	0.47	1.50	4.71
US 10yr Treasury	4.37	4.96	12.84	15.24
German 10yr Bund	2.71	-0.20	13.20	26.20
UK 10yr Gilt	4.60	-3.00	14.90	12.20
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	490	-0.26	-1.57	0.71
Global Treasuries	206	-0.26	-2.09	-0.04
Global Corporate	294	-0.28	-0.78	2.35
EM USD Sovereign	431	-0.06	0.55	4.07
EM LCY Sovereign	158	-0.02	-0.90	2.24
Global High Yield	1,782	-0.14	0.19	4.45
Currencies				
Dollar Index	99.82	0.94	3.10	-0.43
EUR USD	1.1405	-1.23	-3.35	0.93
GBP USD	1.3282	-0.43	-3.23	0.01
USD JPY	148.93	0.25	3.64	2.43
Equities				
S&P 500	6,363	-0.12	2.66	13.54
Dow Jones	44,461	-0.38	-0.08	9.10
NASDAQ	21,130	0.15	4.59	19.30
STOXX 600	550	-0.02	1.85	4.29
DAX	24,262	0.19	2.49	7.85
Nikkei 225	40,655	-0.05	1.67	11.53
FTSE 100	9,137	0.01	4.00	7.53
SENSEX	81,482	0.18	-2.65	1.54
Hang Seng	25,177	-1.36	4.59	13.82
MSCI World	4,096	-0.18	1.84	11.79
MSCI EM	1,252	0.01	1.89	12.64
Regional Equities				
ADX	10,353	0.11	4.27	8.34
DFM	6,208	0.50	9.06	17.74
Tadawul*	10,914	0.84	-1.86	-5.45
DSM*	11,149	0.07	4.22	6.72
MSM30*	4,749	0.04	5.22	9.69
BHSE*	1,956	0.05	0.60	2.27
KWSE*	8,582	0.34	2.06	7.96
Commodities				
BBG Commodity Index	103.2	-0.56	1.05	2.39
Brent USD/bbl	73.2	1.01	9.13	17.88
WTI USD/bbl	70.0	1.14	6.95	18.16
Gold USD/t oz	3,275.2	-1.55	-1.91	1.11
Silver USD/t oz	37.1	-2.82	3.04	14.56
Platinum USD/t oz	1,313.1	-5.72	-3.44	35.57
Aluminium	2,599.6	-0.21	-0.69	8.90
Copper USD/MT	9,699.5	-0.35	-3.44	5.38
Digital Assets				
Bitcoin	117,144	-0.29	7.26	23.86
Ether	3,769.6	0.14	45.44	110.04
Solana	176.2	-2.17	15.17	19.81
XRP	3.1	-0.76	37.16	40.66
Volatility				
VIX	15.48	-3.13	-6.97	-37.33
MOVE	81.88	-3.75	-10.39	-27.20

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 8AM UAE time – July 31, 2025. Performance in local currency terms.

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