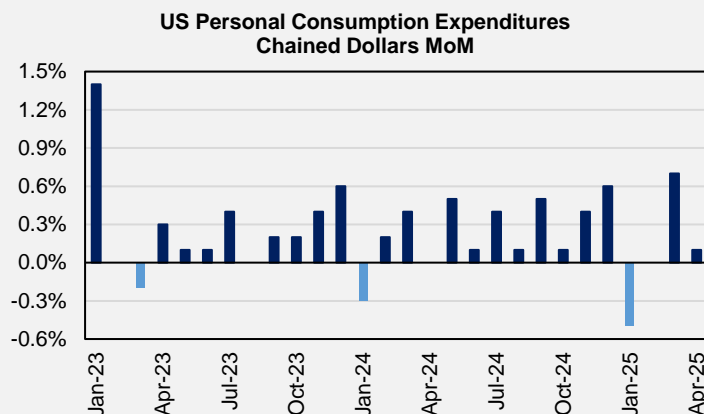


Stocks posted gains in May despite tariff concerns

- ▶ US May consumer sentiment was unchanged from April.
- ▶ OPEC+ announced a production rise of 411k bpd for July.
- ▶ The 10Y UST yields slipped as markets digest inflation data.

Chart of the day: US consumption expenditure growth slowed in April



Source: Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ US Core PCE price index rose in April by 0.1% MoM and 2.5% YoY, marking the lowest annual rate since March 2021, indicating easing inflation pressures. US personal spending rose in April by 0.2% MoM, a slowdown from March's 0.7% MoM increase, suggesting cautious consumer behavior amid economic uncertainties.
- ▶ US university of Michigan consumer sentiment held steady in May at 52.2, unchanged from April, reflecting persistent consumer concerns.
- ▶ German CPI remained unchanged in May at 2.1% YoY, the lowest rate since October 2024, suggesting stable inflation. German retail sales declined in April by 1.1% MoM, contrary to expectations of a 0.2% increase, marking the first sequential drop in four months.
- ▶ China official Manufacturing PMI rose in May to 49.5 from 49.0 in April, remaining below the 50 threshold that separates growth from contraction, indicating continued manufacturing sector contraction.

Rates and Fixed Income

- ▶ 10Y UST yields fell, as investors reacted to softer inflation data and increased demand for safe-haven assets.
- ▶ Fixed income indices rose, with the exception of EM LCY Sovereign.

Currencies

- ▶ The broader USD index edged higher on Friday.
- ▶ Both EUR and GBP fell against the USD.

Equities

- ▶ Global stock markets experienced mixed performances on Friday, influenced by renewed US-China trade tensions and evolving economic indicators. US equities ended the week with minimal changes, yet May marked the strongest month in gains since 2023.
- ▶ GCC markets ended mixed. KWSE outperformed, while Tadawul underperformed.

Commodities

- ▶ Oil prices declined as investors considered a potentially larger OPEC+ output increase for July.
- ▶ Gold prices also declined as the dollar strengthened.

Key events in the day ahead

- ▶ Global Manufacturing PMI (May).
- ▶ US ISM Manufacturing PMI (May).
- ▶ China - Dragon Boat Festival (Holiday).

Performance snapshot*

Rates	Latest	1D (bp)	1M	3M(bp)
SOFR	4.33	0.00	-6.00	-3.00
UAE Eibor 3m	4.21	4.40	11.09	2.76
UAE Eibor 12m	4.22	9.55	4.65	-21.14
US 3m Bills	4.33	-0.42	4.24	3.72
US 10yr Treasury	4.40	-1.76	18.28	14.05
German 10yr Bund	2.50	-0.80	5.60	8.70
UK 10yr Gilt	4.65	-0.10	16.60	13.50
Fixed Income		1D (%)	1M	3M(%)
Global Agg. Index	488	0.14	0.18	3.33
Global Treasuries	206	0.13	0.02	3.70
Global Corporate	289	0.15	0.64	2.83
EM USD Sovereign	418	0.09	0.92	0.45
EM LCY Sovereign	157	-0.14	1.13	3.53
Global High Yield	1,735	0.02	1.70	2.20
Currencies				
Dollar Index	99.33	0.05	-0.92	-7.38
EUR USD	1.1347	-0.21	0.50	9.03
GBP USD	1.3459	-0.25	1.34	6.71
USD JPY	144.02	-0.09	-0.94	-3.97
Equities				
S&P 500	5,912	-0.01	5.49	0.86
Dow Jones	42,270	0.13	3.72	-2.24
NASDAQ	19,114	-0.32	7.92	3.07
STOXX 600	549	0.14	3.99	-1.51
DAX	23,997	0.27	6.67	6.41
Nikkei 225	37,965	-1.22	4.15	-0.76
FTSE 100	8,772	0.64	3.24	0.18
SENSEX	81,451	-0.22	1.51	9.17
Hang Seng	23,290	-1.20	5.29	-1.81
MSCI World	3,863	0.03	5.45	2.55
MSCI EM	1,157	-1.10	4.08	2.96
Regional Equities				
ADX	9,685	-0.62	1.35	0.75
DFM	5,481	-0.22	3.94	2.23
Tadawul*	10,990	-1.50	-4.79	-9.26
DSM*	10,463	0.37	0.15	0.17
MSM30*	4,561	0.09	5.34	2.82
BHSE*	1,921	-0.11	0.46	-2.01
KWSE*	8,112	0.42	2.05	0.14
Commodities				
BBG Commodity Index	100.0	-0.85	-0.84	-4.11
Brent USD/bbl	63.9	-0.39	2.85	-13.70
WTI USD/bbl	60.8	-0.25	2.62	-13.59
Gold USD/t oz	3,289.3	-1.00	2.17	14.08
Silver USD/t oz	33.0	-1.01	1.76	5.46
Platinum USD/t oz	1,057.8	-2.60	9.22	11.24
Aluminium	2,437.9	-0.31	0.76	-6.98
Copper USD/MT	9,623.0	-0.19	2.63	2.77
Digital Assets				
Bitcoin	104,597.8	-1.49	8.54	25.11
Ether	2,577.5	-2.51	36.52	13.41
Solana	159.9	-4.37	6.28	6.77
XRP	2.2	-3.67	-2.14	0.86
Volatility				
VIX	18.57	-3.18	-18.12	-5.40
MOVE	92.11	-0.60	-9.16	-11.82

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 7AM UAE time – June 02, 2025. Performance in local currency terms.

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