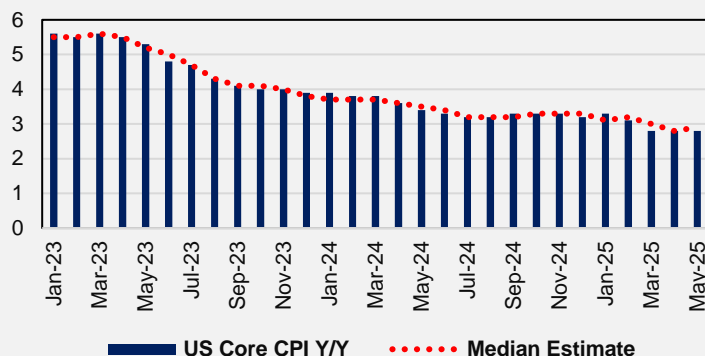


Wall Street declined despite soft US inflation data

- ▶ US May inflation rose less than expected.
- ▶ The federal government recorded a USD316bn deficit in May.
- ▶ Precious metals saw gains, led by platinum.

Chart of the day: US core inflation rose less than forecasted, fourth month in a row

US core inflation below expectations



Source: Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ US CPI rose 2.4% YoY in May, slightly above April's 2.3% YoY gain, while monthly inflation increased 0.1%, in line with expectations. Core CPI (excluding food and energy) also rose 0.1% MoM with annual core rate holding steady at 2.8%. Shelter and food prices rose, while energy prices fell, keeping core inflation sticky.
- ▶ The federal government recorded a USD316bn deficit in May, slightly higher than expected deficit of USD314.3bn and previous month's surplus of USD 258bn.
- ▶ In the UK, the RICS Residential Market Survey pointed out the latest aggregate net balance of -8% for May, this reflects a further dip from the figure of -3% seen last month. The reading for May is the weakest since July 2024, having declined steadily in each month since the recent high of +25% was recorded in December 2024.

Rates and Fixed Income

- ▶ The 10Y UST yields fell, after May's CPI came in softer than expected while a strong 10Y UST auction boosted demand.
- ▶ Fixed income indices rose, led by Global Corporate.

Currencies

- ▶ The broader USD index fell on Wednesday.
- ▶ The EUR, the GBP, and the JPY rose against the USD.

Equities

- ▶ Wall Street closed lower on Wednesday, despite reaching levels last seen in February-March earlier in the session. The S&P 500 declined by 0.3%, while the Nasdaq decreased by 0.5%.
- ▶ GCC markets mostly ended higher, with the exception of Bahrain and Dubai.

Commodities

- ▶ Oil prices surged on fears of escalation between US and Iran.
- ▶ Gold prices rose on soft US inflation print and weaker USD.
- ▶ Aluminium prices rose, while copper prices declined.

Key events in the day ahead

- ▶ US Initial Jobless Claims and Continuing Jobless Claims.
- ▶ US PPI (May).
- ▶ UK monthly GDP (Apr).
- ▶ UK Industrial Production (Apr).
- ▶ UK Manufacturing Production (Apr).

Performance snapshot*

Rates	Latest	1D (bp)	1M	3M(bp)
SOFR	4.28	0.00	-2.00	-4.00
UAE Eibor 3m	4.26	10.29	21.95	-2.33
UAE Eibor 12m	4.19	1.33	1.84	4.67
US 3m Bills	4.35	1.76	-2.13	7.20
US 10yr Treasury	4.42	-4.95	-4.47	14.04
German 10yr Bund	2.54	1.20	-14.50	-36.20
UK 10yr Gilt	4.55	1.00	-11.80	-12.20
Fixed Income		1D (%)	1M	3M(%)
Global Agg. Index	490	0.27	1.92	3.14
Global Treasuries	207	0.22	2.00	3.40
Global Corporate	291	0.33	2.08	2.89
EM USD Sovereign	422	0.30	1.40	1.51
EM LCY Sovereign	158	0.03	1.40	3.93
Global High Yield	1,751	0.27	1.45	2.89
Currencies				
Dollar Index	98.63	-0.47	-2.35	-4.63
EUR USD	1.1490	0.58	2.81	5.09
GBP USD	1.3550	0.38	1.94	4.63
USD JPY	144.62	-0.24	-2.03	-1.75
Equities				
S&P 500	6,022	-0.27	2.31	8.08
Dow Jones	42,866	0.00	1.72	3.46
NASDAQ	19,616	-0.50	3.19	12.50
STOXX 600	552	-0.27	1.19	2.75
DAX	23,949	-0.16	1.31	7.26
Nikkei 225	38,421	0.55	0.62	4.42
FTSE 100	8,864	0.13	3.04	4.34
SENSEX	82,515	0.15	1.68	11.35
Hang Seng	24,367	0.84	5.45	2.46
MSCI World	3,929	-0.14	2.78	8.45
MSCI EM	1,209	0.65	4.51	9.00
Regional Equities				
ADX	9,805	0.09	1.80	4.57
DFM	5,596	-0.07	4.34	9.25
Tadawul*	11,005	0.00	-2.64	-0.65
DSM*	10,713	0.15	-0.55	9.32
MSM30*	4,592	0.20	2.70	7.97
BHSE*	1,921	-0.13	-0.02	0.08
KWSE*	8,269	0.63	2.46	8.97
Commodities				
BBG Commodity Index	103.2	0.41	-0.04	-1.59
Brent USD/bbl	69.8	4.34	4.71	0.30
WTI USD/bbl	68.2	4.88	7.04	2.87
Gold USD/t oz	3,330.3	0.27	2.44	14.13
Silver USD/t oz	36.3	-0.77	10.10	10.05
Platinum USD/t oz	1,259.7	3.27	26.98	28.35
Aluminium	2,521.4	1.08	-0.43	-7.31
Copper USD/MT	9,730.0	-1.26	0.83	-0.37
Digital Assets				
Bitcoin	108,933.1	-0.95	4.62	30.39
Ether	2,816.0	1.51	5.93	45.63
Solana	163.2	-1.42	-9.45	27.95
XRP	2.3	-0.15	-12.28	0.76
Volatility				
VIX	17.26	1.83	-7.30	-28.77
MOVE	89.36	-2.04	-11.29	-14.17

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 7AM UAE time – June 12, 2025. Performance in local currency terms.

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