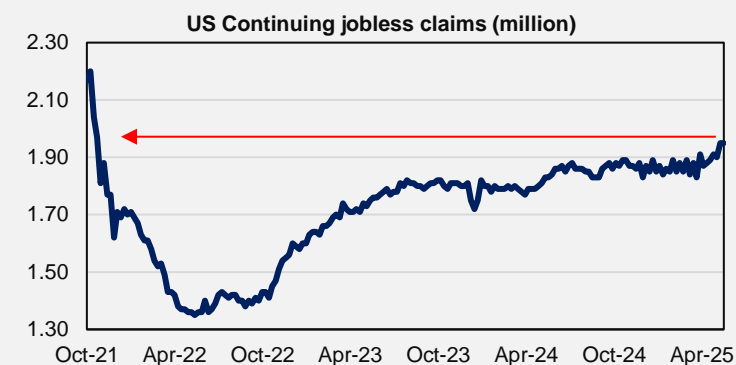


Fed points to two interest-rate cuts this year

- ▶ UK inflation slowed less than expected during May
- ▶ Sweden's central bank lowered borrowing costs by 25bp to 2%
- ▶ Eurozone CPI and core CPI came in line with expectations

Chart of the day: Recurring jobless claims rise to highest since 2021



Macroeconomic news

- ▶ The Federal Open Market Committee (FOMC) maintained the federal funds rate at 4.25%-4.50% for the fourth consecutive meeting in June. FOMC's economic projections indicated slower GDP growth, a slightly higher projected increase in the unemployment rate, and higher inflation. The FOMC now projects that core PCE inflation will rise to 3.1% by the end of this year. Yet, the median of Fed projections showed two rate cuts over the remainder of the year but one less rate cut in 2026.
- ▶ US both building permits and housing starts for May fell more than expected. Housing starts fell 9.8% MoM to a seasonally adjusted annual rate of almost 1.26M homes in May. Permits for new construction also dropped more than expected to an annualized rate of 1.38M units in May, the lowest since June 2020.
- ▶ UK Consumer Prices Index (CPI) rose by 3.4% YoY in May. a MoM basis, CPI rose by 0.2% in May. The largest downward contribution to the monthly change in CPI annual rate came from transport; the largest, partially offsetting, upward contributions came from food, and furniture and household goods. Eurozone came in line with estimates CPI 1.9% YoY and core CPI 2.3% YoY.

Rates and Fixed Income

- ▶ US Treasury yields adjusted as Powell forecasted inflation acceleration, with the 10Y note yield remaining at 4.391%.
- ▶ Fixed income indices were mixed on Wednesday.

Currencies

- ▶ The broader USD index edged marginally higher on Wednesday.
- ▶ The EUR ended flat, and the GBP fell against the USD.

Equities

- ▶ Major Wall Street indexes ended mostly unchanged after the US central bank held interest rates steady on Wednesday. The Dow fell 0.10%, S&P 500 dropped 0.03%, and Nasdaq rose 0.13%.
- ▶ GCC stock markets fell on Wednesday.

Commodities

- ▶ Oil prices rose on Iran-Israel tensions and supply disruptions fears.
- ▶ Gold prices rose on safe-haven demand and Fed caution.

Key events in the day ahead

- ▶ BoE Interest Rate Decision (Jun).
- ▶ Japan National Core CPI (May).
- ▶ PBoC loan prime rate.

Performance snapshot*

Rates	Latest	1D (bp)	1M(bp)	3M(bp)
SOFR	4.31	0.00	4.00	0.00
UAE Eibor 3m	4.18	-4.24	6.27	-4.99
UAE Eibor 12m	4.30	7.77	26.01	5.29
US 3m Bills	4.32	1.20	-0.10	3.74
US 10yr Treasury	4.39	0.21	-9.60	10.78
German 10yr Bund	2.50	-3.80	-10.90	-31.30
UK 10yr Gilt	4.50	-5.50	-20.80	-14.80
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	491	0.04	1.56	3.28
Global Treasuries	207	0.07	1.53	3.65
Global Corporate	292	-0.01	1.76	2.91
EM USD Sovereign	422	0.03	1.25	1.68
EM LCY Sovereign	158	-0.05	1.18	3.92
Global High Yield	1,750	-0.02	1.19	2.90
Currencies				
Dollar Index	98.91	0.09	-1.21	-4.20
EUR USD	1.1503	0.00	2.19	5.05
GBP USD	1.3457	-0.11	0.64	3.48
USD JPY	144.68	-0.37	-0.09	-3.06
Equities				
S&P 500	5,981	-0.03	0.68	6.52
Dow Jones	42,172	-0.10	-1.18	1.42
NASDAQ	19,546	0.13	2.11	11.67
STOXX 600	540	-0.36	-2.47	-2.52
DAX	23,318	-0.50	-2.99	-0.27
Nikkei 225	38,885	0.90	3.61	2.75
FTSE 100	8,843	0.11	0.71	1.59
SENSEX	81,445	-0.17	0.32	8.16
Hang Seng	23,711	-1.12	0.12	-4.16
MSCI World	3,899	-0.06	0.76	6.18
MSCI EM	1,193	-0.29	2.23	4.22
Regional Equities				
ADX	9,496	-0.42	-2.17	0.35
DFM	5,306	-1.23	-2.94	3.05
Tadawul*	10,591	-1.15	-4.18	-8.64
DSM*	10,348	-0.61	-1.82	2.27
MSM30*	4,520	0.00	0.07	5.72
BHSE*	1,889	-1.12	-1.66	-0.72
KWSE*	7,893	-1.46	-2.78	1.09
Commodities				
BBG Commodity Index	107.4	0.56	5.07	1.80
Brent USD/bbl	76.7	0.33	17.31	8.70
WTI USD/bbl	75.1	0.40	20.11	12.32
Gold USD/t oz	3,391.1	0.24	3.42	11.82
Silver USD/t oz	36.7	-1.01	11.04	8.00
Platinum USD/t oz	1,321.7	4.55	24.91	31.66
Aluminium	2,548.4	0.00	3.37	-4.73
Copper USD/MT	9,841.0	0.21	3.24	-0.74
Digital Assets				
Bitcoin	104,836.	0.43	-3.12	22.87
Ether	2,529.7	0.72	0.42	23.86
Solana	147.5	-0.81	-14.08	8.85
XRP	2.2	0.22	-9.31	-13.18
Volatility				
VIX	20.14	-6.76	-3.50	1.21
MOVE	93.64	-3.64	-8.29	2.45

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 7AM UAE time – June 19, 2025. Performance in local currency terms.

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