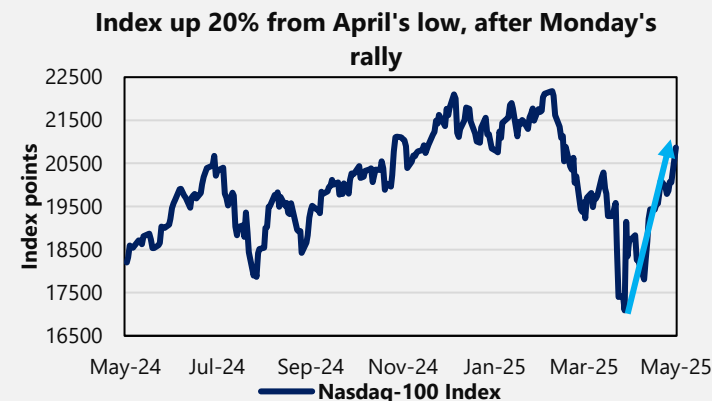


Risk sentiment revived on US-China tariff truce

- ▶ US and China agreed to slash tariffs for 90 days
- ▶ US equities and US dollar rallied on ease in US-China trade tensions
- ▶ Safe-haven assets sold-off on improved risk sentiment

Chart of the day: Nasdaq 100 re-enters bull market



Source: Bloomberg

Macroeconomic news

- ▶ The US and China agreed to de-escalate trade war, unwinding most tariffs imposed since April. Both countries will lower reciprocal tariffs for 90 days to allow trade talks. The US slashed duties on Chinese products to 30% from 145% for a 90-day period, while China dropped its levy on most US goods to 10% from 125%.
- ▶ US federal budget balance showed a significant surplus of USD258bn for April, surpassing the forecast of USD256.4bn. Previously, it had a deficit of USD161bn. During the month of April, total receipts came at USD850bn, and total outlays came to USD592bn. The US has collected record USD16.3bn in customs duties in April as tariffs on imported goods increased sharply.

Rates and Fixed Income

- ▶ The 10Y UST yield increased by c10bp, with similar moves observed in German Bunds and UK gilts. Positive tariff developments reduced appetite for DM sovereign bonds while markets pared future Fed rate cut expectations.
- ▶ Global aggregate bond index declined, led by Global Treasuries.

Currencies

- ▶ The USD index rebounded, boosted by the news on US-China trade truce.
- ▶ The EUR and the GBP fell against the USD. The JPY and the CHF depreciated as investors moved away from safe-haven assets.

Equities

- ▶ Global equities rallied, reacting to the 90-day pause on US-China tariffs. MSCI's index of global shares was up 2% and hit the highest level since late March. US equities outperformed peers. The Nasdaq entered a bull market and the Dow Jones exited its correction.
- ▶ GCC equities rose across the board, barring Bahrain, on the back of positive risk sentiment and jump in oil prices.

Commodities

- ▶ Oil prices climbed as US-China trade truce eased concerns of global demand and boosted risk sentiment.
- ▶ Gold prices, which hit an all-time high of USD3,500/toz last month, fell 2.7% on Monday reflecting an improvement in risk sentiment.

Key events in the day ahead

- ▶ US CPI (Apr)
- ▶ US NFIB small business optimism (Apr)
- ▶ German ZEW sentiment (May)

Performance snapshot*

Rates	Latest	1D (bp)	1M	3M(bp)
SOFR	4.28	0.00	-5.00	-7.00
UAE Eibor 3m	4.33	16.67	7.67	3.09
UAE Eibor 12m	4.13	2.09	10.87	-23.68
US 3m Bills	4.38	5.90	6.93	5.12
US 10yr Treasury	4.47	9.24	-1.86	-2.38
German 10yr Bund	2.65	8.60	7.80	27.60
UK 10yr Gilt	4.64	7.60	-11.00	16.70
Fixed Income		1D (%)	1M	3M(%)
Global Agg. Index	481	-0.91	-0.05	2.64
Global Treasuries	203	-1.13	-0.52	2.73
Global Corporate	285	-0.60	0.81	2.43
EM USD Sovereign	416	0.33	3.81	0.69
EM LCY Sovereign	155	-0.07	2.37	2.58
Global High Yield	1,721	0.45	3.63	2.09
Currencies				
Dollar Index	101.79	1.44	1.68	-5.79
EUR USD	1.1087	-1.45	-2.36	7.35
GBP USD	1.3176	-0.98	0.68	6.24
USD JPY	148.46	2.13	3.43	-1.95
Equities				
S&P 500	5,844	3.26	8.97	-3.02
Dow Jones	42,410	2.81	5.46	-4.27
NASDAQ	18,708	4.35	11.86	-4.17
STOXX 600	544	1.21	11.85	0.32
DAX	23,567	0.29	15.67	8.17
Nikkei 225	37,644	0.38	12.08	-2.95
FTSE 100	8,605	0.59	8.05	-1.10
SENSEX	82,430	3.74	9.68	5.87
Hang Seng	23,549	2.98	12.60	11.43
MSCI World	3,794	2.21	9.29	-1.02
MSCI EM	1,162	2.06	11.16	4.81
Regional Equities				
ADX	9,639	0.14	5.25	0.55
DFM	5,334	0.40	7.41	1.82
Tadawul	11,489	1.10	-0.12	-7.60
DSM	10,609	0.85	5.09	-0.06
MSM30	4,376	0.57	2.48	-4.12
BHSE	1,916	-0.04	0.77	1.85
KWSE	8,065	0.67	3.13	2.15
Commodities				
BBG Commodity Index	102.3	-0.46	0.79	-1.86
Brent USD/bbl	65.0	1.64	0.31	-12.99
WTI USD/bbl	62.0	1.52	0.73	-12.75
Gold USD/t oz	3,236.4	-2.66	-0.04	13.12
Silver USD/t oz	32.6	-0.37	0.92	2.47
Platinum USD/t oz	982.9	-1.83	3.66	0.45
Aluminum	2,477.5	2.74	6.20	-7.13
Copper USD/MT	9,590.0	1.10	4.10	3.26
Digital Assets				
Bitcoin	102,693.3	-0.49	20.12	4.64
Ether	2,485.9	6.22	48.54	-8.87
Solana	172.3	-0.38	28.56	-16.40
XRP	2.5	7.26	13.72	0.53
Volatility				
VIX	18.39	-16.03	-40.47	16.32
MOVE	102.90	2.49	-22.32	17.36

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 8AM UAE time – May 13, 2025. Performance in local currency terms.

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