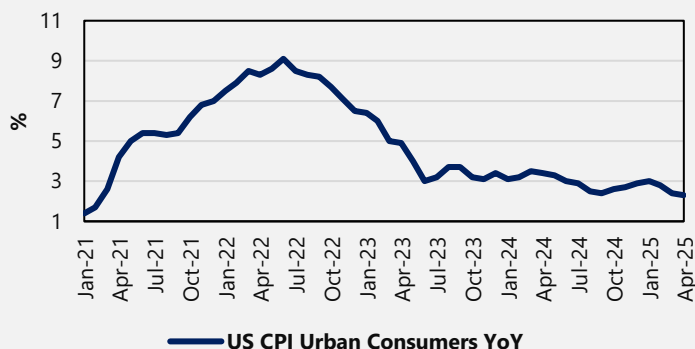


## US equities wipe out 2025 losses on trade optimism

- ▶ US April inflation rose less than expected and lowest since 2021
- ▶ UK March average earnings slowed less than expected
- ▶ German ZEW current conditions deteriorated during May

### Chart of the day: US inflation slows

#### CPI annual growth lowest in four years



Source: Bloomberg

### Macroeconomic news

- ▶ US consumer price index (CPI) rose 0.2% MoM in April, in line with market estimates. On a YoY basis, CPI rose 2.3%, the lowest annual rate since February 2021 and below market estimates of 2.4%. The core CPI increased 0.2% MoM and 2.8% YoY. The market estimates were 0.3% MoM and 2.8% YoY respectively.
- ▶ US NFIB Small Business Optimism Index dropped by 1.6pts to 95.8 in April, staying below the 51Y average of 98 for the second month.
- ▶ In the UK, average earnings growth in March slowed less than expected to 5.5% from 5.7% in February. Unemployment rate edged higher to 4.5% in March.
- ▶ In ZEW economic survey, current conditions in Germany unexpectedly deteriorated during May while the economic sentiment rose sharply into the positive territory.

### Rates and Fixed Income

- ▶ UST yields were marginally lower on soft inflation print while yields on 10Y German bund and 10Y UK gilt edged higher.
- ▶ Fixed income indexes posted gains with only EM LCY sovereign marginally lower.

### Currencies

- ▶ The USD pulled back from sharp gains in the prior session on softer-than expected inflation print.
- ▶ The EUR, the GBP, and the JPY all gained against the greenback.

### Equities

- ▶ Global equities posted gains as risk-on mood continued. US equities advanced on soft inflation print. Outside US, Nikkei 225 was the best performer. EM equities fell and underperformed DM peers.
- ▶ GCC equities mostly rose with the exception of Oman, Qatar and Abu Dhabi stocks.

### Commodities

- ▶ Oil prices continued to rise on trade optimism, threats of tougher Iranian sanctions and weaker USD.
- ▶ Gold prices recovered on Tuesday, helped by the weaker USD and soft US inflation print.

### Key events in the day ahead

- ▶ Global Monthly OPEC Report
- ▶ German CPI (Apr)
- ▶ US MBA mortgage applications
- ▶ India WPI (Apr)

### Performance snapshot\*

Rates	Latest	1D (bp)	1M	3M(bp)
SOFR	4.28	0.00	-5.00	-7.00
UAE Eibor 3m	4.04	-29.33	-18.44	-37.62
UAE Eibor 12m	4.17	3.73	4.57	-10.66
US 3m Bills	4.37	-0.46	7.56	4.20
US 10yr Treasury	4.47	-0.59	9.11	-3.18
German 10yr Bund	2.68	3.20	16.80	31.80
UK 10yr Gilt	4.67	2.70	1.00	21.30
Fixed Income		1D (%)	1M	3M(%)
Global Agg. Index	481	0.11	-0.52	2.87
Global Treasuries	203	0.10	-0.96	2.98
Global Corporate	285	0.17	0.34	2.65
EM USD Sovereign	417	0.20	2.47	0.99
EM LCY Sovereign	155	-0.02	1.71	2.91
Global High Yield	1,726	0.31	2.92	2.42
Currencies				
Dollar Index	101.00	-0.77	1.37	-6.75
EUR USD	1.1185	0.88	-1.46	8.52
GBP USD	1.3306	0.99	0.88	7.58
USD JPY	147.48	-0.66	3.09	-2.97
Equities				
S&P 500	5,887	0.72	8.89	-2.97
Dow Jones	42,140	-0.64	3.99	-5.24
NASDAQ	19,010	1.61	12.94	-3.57
STOXX 600	545	0.12	9.06	-0.14
DAX	23,639	0.31	12.81	7.88
Nikkei 225	38,183	1.43	12.36	-1.59
FTSE 100	8,603	-0.02	5.76	-1.88
SENSEX	81,148	-1.55	7.97	4.96
Hang Seng	23,108	-1.87	7.89	7.37
MSCI World	3,823	0.77	8.79	-0.80
MSCI EM	1,157	-0.43	9.11	4.36
Regional Equities				
ADX	9,631	-0.08	4.27	0.00
DFM	5,363	0.54	6.06	1.93
Tadawul	11,532	0.38	-0.56	-7.53
DSM	10,586	-0.22	4.33	-0.41
MSM30	4,361	-0.35	1.99	-3.79
BHSE	1,918	0.10	0.75	1.66
KWSE	8,083	0.23	3.62	1.75
Commodities				
BBG Commodity Index	103.2	0.93	2.17	-2.21
Brent USD/bbl	66.6	2.57	2.70	-12.18
WTI USD/bbl	63.7	2.78	3.48	-11.96
Gold USD/t oz	3,250.3	0.43	1.23	11.76
Silver USD/t oz	32.9	1.00	1.79	2.73
Platinum USD/t oz	992.0	0.92	4.11	0.06
Aluminum	2,494.8	0.70	5.96	-5.87
Copper USD/MT	9,534.0	-0.58	4.84	3.13
Digital Assets				
Bitcoin	104,599.5	1.86	23.16	7.37
Ether	2,690.1	8.21	65.39	0.59
Solana	183.2	6.30	40.86	-9.28
XRP	2.6	2.08	20.88	4.73
Volatility				
VIX	18.22	-0.92	-39.51	13.73
MOVE	100.13	-2.69	-18.30	17.00

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 8AM UAE time – May 14, 2025. Performance in local currency terms.

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