

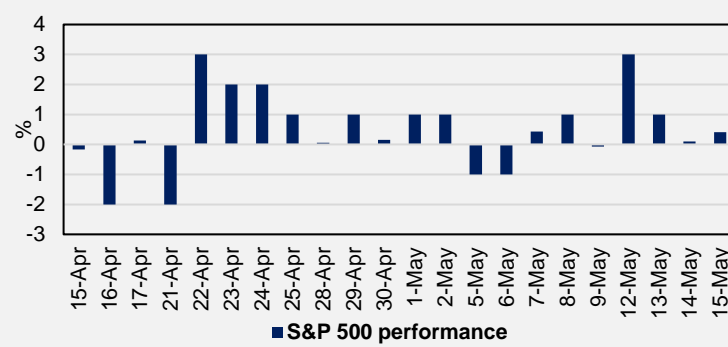
Daily Market View

Investment Strategy | May 16, 2025

UST yields and USD slipped on soft economic data

- ▶ US retail sales growth slowed in April, hinting at spending pullback
- ▶ US April producer prices unexpectedly fell, the most in five years
- ▶ UK economy grew stronger than expected in Q1'25

Chart of the day: S&P 500 rose for the fourth straight day
Equities gain as economic data spur rate cut bets



Source: Bloomberg

Performance snapshot*

Rates	Latest	1D (bp)	1M	3M(bp)
SOFR	4.29	0.00	-2.00	-3.00
UAE Eibor 3m	4.24	-14.19	-0.70	-9.46
UAE Eibor 12m	4.19	-0.34	7.69	-10.63
US 3m Bills	4.36	-2.90	4.87	2.80
US 10yr Treasury	4.43	-10.48	15.47	-18.93
German 10yr Bund	2.62	-7.70	11.30	14.50
UK 10yr Gilt	4.66	-5.30	5.70	11.70

Fixed Income		1D (%)	1M	3M(%)
Global Agg. Index	483	0.25	-0.65	3.79
Global Treasuries	204	0.21	-1.05	4.09
Global Corporate	286	0.29	-0.02	3.33
EM USD Sovereign	416	0.03	1.91	1.61
EM LCY Sovereign	156	0.13	1.75	3.14
Global High Yield	1,724	-0.11	2.44	2.44

Currencies		1D (%)	1M	3M(%)
Dollar Index	100.88	-0.16	1.51	-6.54
EUR USD	1.1187	0.11	-1.86	7.74
GBP USD	1.3305	0.32	0.46	6.90
USD JPY	145.67	-0.74	2.67	-5.67

Equities

S&P 500	5,917	0.41	12.15	-2.23
Dow Jones	42,323	0.65	6.69	-4.61
NASDAQ	19,112	-0.18	17.20	-2.74
STOXX 600	547	0.56	7.86	-0.15
DAX	23,696	0.72	11.19	6.99
Nikkei 225	37,756	-0.98	11.31	-3.10
FTSE 100	8,634	0.57	4.33	-1.97
SENSEX	82,531	1.48	7.12	8.35
Hang Seng	23,453	-0.79	11.38	7.30
MSCI World	3,842	0.30	10.77	-0.16
MSCI EM	1,174	-0.01	10.80	5.63

Regional Equities

ADX	9,625	0.04	3.94	-0.35
DFM	5,399	0.73	6.83	1.78
Tadawul	11,485	-0.41	-1.28	-7.27
DSM	10,575	-0.18	3.69	-0.19
MSM30	4,410	0.29	2.46	-1.70
BHSE	1,921	0.03	0.55	1.54
KWSE	8,089	0.05	3.52	1.44

Commodities

BBG Commodity Index	101.7	-0.72	-0.77	-3.66
Brent USD/bbl	64.5	-2.36	-2.00	-14.17
WTI USD/bbl	61.6	-2.42	-1.36	-13.66
Gold USD/t oz	3,240.1	1.98	-3.08	11.57
Silver USD/t oz	32.6	1.28	-0.38	1.25
Platinum USD/t oz	994.2	0.92	2.29	-0.17
Aluminum	2,488.8	-1.72	6.00	-4.90
Copper USD/MT	9,537.5	-1.16	4.76	1.87

Digital Assets

Bitcoin	103,463.6	-0.11	22.21	7.83
Ether	2,537.6	-2.41	62.96	-3.21
Solana	169.7	-4.06	28.03	-11.47
XRP	2.4	-4.88	16.53	-3.44

Volatility

VIX	17.83	-4.24	-39.87	18.08
MOVE	98.65	-2.06	-13.95	16.65

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 8AM UAE time – May 16, 2025. Performance in local currency terms.

Macroeconomic news

- ▶ US retail sales growth slowed in April, rising 0.1% MoM after an upwardly revised 1.7% surge in March, compared with the market expectation of no change (0% MoM). The control-group sales, which feed into GDP calculation, fell 0.2% MoM in April.
- ▶ US producer price index (PPI) for final demand dropped 0.5% MoM in April, lower than market expectation of 0.2% MoM growth. This marked the sharpest decline in wholesale inflation since 2020.
- ▶ US industrial output was flat in April as tariff stress ratcheted up.
- ▶ UK's economy grew 0.7% QoQ in Q1'25, slightly better than expectations and higher than 0.1% QoQ recorded in Q4'24 as business investments grew at the fastest pace in almost four years. UK's March GDP data was also better than expected – thanks to growth in the services and construction sectors as manufacturing production disappointed.
- ▶ Japan's economy contracted by 0.7% annualized QoQ in Q1'25, more than the 0.3% QoQ contraction expected by markets. Weaker trade figures and stalling consumer spending were the main drivers.

Rates and Fixed Income

- ▶ UST yields fell as soft US economic data spurred Fed rate cut bets. Yield on 10Y German bund and on 10Y UK Gilt declined.
- ▶ Fixed income indexes rose across the board, barring Global HY.

Currencies

- ▶ The USD slipped as a range of US economic data including weak retail sales hinted at an uncertain outlook weighing on sentiment.
- ▶ The EUR, the GBP and the JPY strengthened against the USD.

Equities

- ▶ Global equities rose while EM stocks fell marginally. Wall Street indexes ended mixed in a choppy trading session. The Dow Jones Industrial Average and the S&P 500 both rose while the Nasdaq Composite fell. European equities recovered from earlier losses in the previous session.
- ▶ GCC equities mostly rose, barring Saudi and Qatar.

Commodities

- ▶ Oil prices slumped on reports that the US and Iran were getting closer to signing a nuclear deal.
- ▶ Gold prices rose on softer dollar and weak economic data.

Key events in the day ahead

- ▶ US building permits (Apr, prelim)
- ▶ University of Michigan sentiment (May, prelim)

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