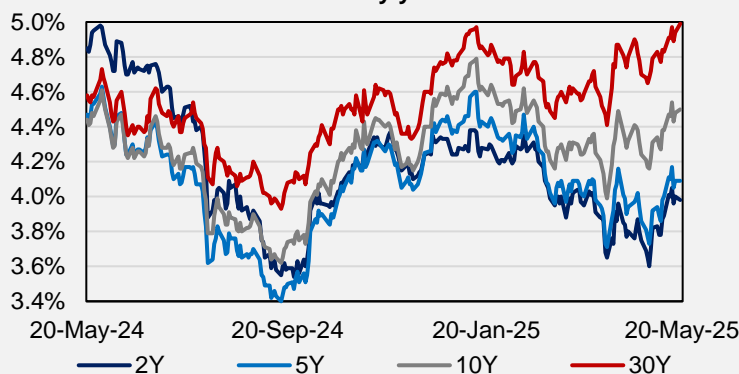


Uncle Sam's credit worthiness questioned again

- ▶ Moody's cut US of its top-notch credit rating
- ▶ China April data showed resilience to tariffs
- ▶ 30Y UST yields hit 5%, highest since late 2023

Chart of the day: Bond yields climb a steep slope with 30Y@5%

US treasury yields



Macroeconomic news

- ▶ Moody's has downgraded the Government of US long-term issuer and senior unsecured ratings to Aa1 from Aaa and changed the outlook to stable from negative.
- ▶ All three key drivers of the Chinese economy (construction, production, and consumer) registered growth during April.
- ▶ US consumer sentiment slipped for the fifth straight month as inflation worries grew. The University of Michigan consumer sentiment index is now down about 30% since the start of the year.

Rates and Fixed Income

- ▶ UST yield curves steepened further on Friday as the credit rating downgrade put upward pressure on long end rates.
- ▶ Yields on 10Y German bunds and 10Y UK gilts fell, however, helping fixed income indices post gains on Friday.
- ▶ Steepening of UST yield curves continued on Monday.

Currencies

- ▶ The USD index gained on Friday helped by increased trade optimism but it softened considerably on Monday morning trade after four straight weeks of gains.
- ▶ EUR and GBP lost against the greenback while the JPY was largely stable on Friday.

Equities

- ▶ US stocks ended the week (ending May 16) higher on US-China trade truce.
- ▶ Dow Jones Industrial Average erased its year-to-date losses.
- ▶ At the time of writing this report, US equity futures pointed to losses of c1% for Monday as markets digested the US credit downgrade.

Commodities

- ▶ Commodity price action was mixed on Friday with the headline index posting losses.
- ▶ Price of the crude oil increased while prices of industrial metals remained largely unchanged.
- ▶ Gold prices fell sharply on Friday before the US credit rating downgrade but have reversed their course partly since.

Key events in the day ahead

- ▶ Eurozone CPI (Apr, final)
- ▶ US Leading Index (Apr)
- ▶ UK-EU summit
- ▶ Fed speech: Bostic, Jefferson, Logan, and Kashkari

Performance snapshot*

Rates	Latest	1D (bp)	1M	3M(bp)
SOFR	4.31	0.00	-1.00	-2.00
UAE Eibor 3m	4.35	11.44	15.11	-8.24
UAE Eibor 12m	4.16	-2.62	3.34	-14.98
US 3m Bills	4.34	-1.97	2.58	1.91
US 10yr Treasury	4.48	4.55	15.21	-5.18
German 10yr Bund	2.59	-3.20	11.80	17.20
UK 10yr Gilt	4.65	-1.10	8.30	15.90
Fixed Income		1D (%)	1M	3M(%)
Global Agg. Index	483	0.05	-0.56	3.12
Global Treasuries	204	0.06	-0.98	3.40
Global Corporate	286	0.06	0.10	2.64
EM USD Sovereign	417	0.14	1.84	1.30
EM LCY Sovereign	156	0.10	1.65	2.91
Global High Yield	1,725	0.06	2.24	2.15
Currencies				
Dollar Index	101.09	0.21	1.73	-5.80
EUR USD	1.1163	-0.21	-1.78	6.67
GBP USD	1.3283	-0.17	0.13	5.71
USD JPY	145.70	0.02	2.30	-4.65
Equities				
S&P 500	5,958	0.70	12.79	-2.56
Dow Jones	42,655	0.78	8.97	-4.60
NASDAQ	19,211	0.52	17.96	-3.68
STOXX 600	549	0.42	8.46	-0.81
DAX	23,767	0.30	12.08	5.11
Nikkei 225	37,754	0.00	9.82	-4.33
FTSE 100	8,685	0.59	4.94	-0.91
SENSEX	82,331	-0.24	4.81	8.13
Hang Seng	23,345	-0.46	9.11	7.02
MSCI World	3,863	0.55	11.20	-0.79
MSCI EM	1,172	-0.10	9.87	5.31
Regional Equities				
ADX	9,654	0.30	4.27	-0.05
DFM	5,455	1.05	7.78	2.56
Tadawul	11,485	-0.40	-0.59	-7.27
DSM	10,575	0.63	4.33	-0.42
MSM30	4,410	0.58	2.44	-1.52
BHSE	1,921	0.01	0.98	1.54
KWSE	8,089	-0.14	2.79	0.87
Commodities				
BBG Commodity Index	101.0	-0.68	-1.90	-4.66
Brent USD/bbl	65.4	1.36	-3.75	-12.81
WTI USD/bbl	62.5	1.41	-3.39	-12.34
Gold USD/t oz	3,203.7	-1.12	-3.70	9.41
Silver USD/t oz	32.3	-1.06	-0.80	-0.15
Platinum USD/t oz	991.4	-0.28	1.90	-0.89
Aluminum	2,486.8	-0.08	5.92	-6.58
Copper USD/MT	9,534.0	-0.04	4.72	-2.83
Digital Assets				
Bitcoin	103,712.3	0.24	23.23	6.79
Ether	2,571.1	1.32	49.78	-13.07
Solana	169.6	-0.03	23.85	-17.62
XRP	2.4	-1.21	13.81	-14.07
Volatility				
VIX	17.24	-3.31	-41.85	16.72
MOVE	96.70	-1.98	-15.65	14.21

Source: Bloomberg, and ADCB Asset Management

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

Prepared by the Investment Strategy Team

Mohammed Al Hemeiri

Senior Analyst

Tel: +971 (0)2 8126450

mohammed.alhemeiri@adcb.com

Prerana Seth, CFA

Fixed Income Strategist

Tel: +971 (0)2 8126449

prerana.seth@adcb.com

Kishore Muktinutalapati

Head - Investment Strategy

Tel: +971 (0)2 8126457

kishore.muktinutalapati@adcb.com

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