

The 'big, beautiful bill' clears a key hurdle

- ▶ UK signs a new trade deal agreement with the European Union
- ▶ China cuts loan prime rates for the first time in seven months
- ▶ US stocks recovered from early losses to end the day flat

Chart of the day: Interest payments share of GDP peaked in 2024 but remains elevated, as does the gross debt stock



Source: White House Office of Management and Budget, US Bureau of Economic Analysis, Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ A US House panel voted to advance President Trump's domestic policy bill after a handful of Republicans abstained. This, if implemented, could add another USD3trn-USD5trn to the US debt stock which is already high with interest payments remaining elevated too (chart of the day).
- ▶ After talking trade with India and the US, Britain struck a landmark deal with the EU to boost security cooperation and remove some trade barriers that had been introduced by Brexit.
- ▶ Eurozone's final release of April CPI came in line with the flash release with the headline at 2.2% YoY and the core at 2.7% YoY.
- ▶ On Tuesday, China cut its 1Y and 5Y loan prime rates by 10bp each to 3.00% and 3.50%, respectively – their historic lows.

Rates and Fixed Income

- ▶ The 30Y US treasury yield hit an 18-month high on Monday before backing off from those levels.
- ▶ The yield on benchmark US 10Y notes also rose to its highest since April 11 before edging lower.
- ▶ Fixed income indices posted gains on Monday as markets digested the US rating downgrade.

Currencies

- ▶ The USD declined, hitting a more than one-week low against the safe-haven JPY and CHF.
- ▶ The greenback also lost some ground against the EUR and the GBP.

Equities

- ▶ The Dow Jones Industrial Average rose 0.3%, the S&P 500 rose 0.1% and the Nasdaq Composite was almost unchanged.
- ▶ In Europe, both the Pan-European STOXX 600 index and FTSEurofirst 300 index rose 0.1%. German DAX outperformed.
- ▶ MSCI Asia Pacific ex Japan index closed lower by 0.5% on Monday.
- ▶ GCC stock markets were mixed on Monday with Dubai's main share index rising 0.7% to a record high for a second consecutive session.

Commodities

- ▶ Oil prices ended slightly higher as signs of an impasse in US talks with Iran over its nuclear program offset Moody's US downgrade.
- ▶ Gold prices rose on weaker USD and the haven bid.

Key events in the day ahead

- ▶ Australia's (RBA) interest rate decision
- ▶ Eurozone consumer confidence (May, flash)
- ▶ Fed speech: Daly, Collins, Bostic, and Barkin

Performance snapshot*

Rates	Latest	1D (bp)	1M	3M(bp)
SOFR	4.30	0.00	-2.00	-3.00
UAE Eibor 3m	4.28	-6.93	0.25	-8.84
UAE Eibor 12m	4.15	-1.62	-3.89	-30.42
US 3m Bills	4.34	0.21	2.79	2.59
US 10yr Treasury	4.45	-2.96	12.25	-2.88
German 10yr Bund	2.59	-0.20	11.60	15.70
UK 10yr Gilt	4.66	1.50	9.80	16.40
Fixed Income		1D (%)	1M	3M(%)
Global Agg. Index	484	0.32	-0.26	2.97
Global Treasuries	205	0.37	-0.64	3.27
Global Corporate	287	0.30	0.39	2.50
EM USD Sovereign	417	-0.05	1.79	0.78
EM LCY Sovereign	156	0.06	1.69	2.48
Global High Yield	1,728	0.17	2.41	1.95
Currencies				
Dollar Index	100.43	-0.66	1.21	-5.89
EUR USD	1.1240	0.69	-1.34	7.13
GBP USD	1.3361	0.59	0.49	6.16
USD JPY	144.86	-0.58	1.88	-4.89
Equities				
S&P 500	5,964	0.09	12.89	-2.47
Dow Jones	42,792	0.32	9.32	-3.94
NASDAQ	19,215	0.02	17.98	-4.05
STOXX 600	550	0.13	8.60	-0.44
DAX	23,935	0.70	12.87	6.31
Nikkei 225	37,499	-0.68	7.97	-4.22
FTSE 100	8,699	0.17	5.12	-0.38
SENSEX	82,059	-0.33	4.46	8.06
Hang Seng	23,333	-0.05	9.06	3.15
MSCI World	3,874	0.28	11.45	-0.63
MSCI EM	1,167	-0.49	9.18	3.68
Regional Equities				
ADX	9,666	0.12	4.18	0.42
DFM	5,491	0.66	7.74	2.41
Tadawul*	11,405	-0.69	-1.28	-7.91
DSM*	10,710	1.28	5.67	0.86
MSM30*	4,452	0.95	3.42	-0.58
BHSE*	1,922	0.06	1.04	1.60
KWSE*	8,052	-0.46	2.32	0.41
Commodities				
BBG Commodity Index	100.8	-0.13	-2.03	-4.78
Brent USD/bbl	65.5	0.20	-3.56	-12.31
WTI USD/bbl	62.7	0.32	-3.08	-11.38
Gold USD/t oz	3,229.6	0.81	-2.92	12.04
Silver USD/t oz	32.4	0.20	-0.60	0.80
Platinum USD/t oz	1,002.1	1.07	2.98	1.84
Aluminium	2,451.4	-1.42	4.41	-8.64
Copper USD/MT	9,545.0	0.12	4.84	2.73
Digital Assets				
Bitcoin	105,485.9	1.71	21.37	9.96
Ether	2,520.9	-1.95	62.46	-7.71
Solana	165.9	-2.17	23.92	-6.20
XRP	2.4	-0.72	14.56	-11.09
Volatility				
VIX	18.14	5.22	-46.36	18.02
MOVE	103.81	7.35	-19.25	22.61

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 7AM UAE time – May 20, 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

Visit [Investment Strategy Webpage](#) to read our other reports

Disclaimer

ADCB Asset Management Limited ("AAML"), is a member of ADCB Group, licensed by Financial Services Regulatory Authority in Abu Dhabi Global Markets under financial services permission number 170036.8

This publication is intended for general information purposes only. It should not be construed as an offer, recommendation or solicitation to purchase or dispose of any securities or to enter in any transaction or adopt any hedging, trading or investment strategy. Neither this publication nor anything contained herein shall form the basis of any contract or commitment whatsoever. Distribution of this publication does not oblige ADCB Group to enter into any transaction.

The content of this publication should not be considered as legal, regulatory, credit, tax or accounting advice. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in this publication. Investment products are not available to US persons.

Information and opinions contained herein is are based on various sources, including but not limited to public information, annual reports and statistical data that AAML considers accurate and reliable. However, AAML makes no representation or warranty as to the accuracy or completeness of any statement made in or in connection with this publication and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in this publication. This publication is intended for customers who are either retail or professional investors.

Charts, graphs and related data or information provided in this publication are intended to serve for illustrative purposes only. The information contained in this publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. All statements as to future matters are not guaranteed to be accurate. AAML expressly disclaims any obligation to update or revise any forward looking statement to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

ADCB Group does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its publications. As a result, recipients of this publication should be aware that any or all of foregoing services may at time give rise to a conflict of interest that could affect the objectivity of this publication. Opinions expressed herein may differ from opinions expressed by other businesses or affiliates of ADCB Group.

Past performance does not guarantee future results. Investment products are not bank deposits and are not guaranteed by ADCB Group. They are subject to investment risk, including possible of loss of principal amount invested. This publication may not be reproduced or circulated without ADCB Group written authority. The manner of circulation and distribution may be restricted by law or regulation in certain jurisdictions. Persons who come into possession of this document are required to inform themselves of, and to observe such restrictions. Any unauthorized use, duplication, or disclosure of this document is prohibited by law and may result in prosecution.