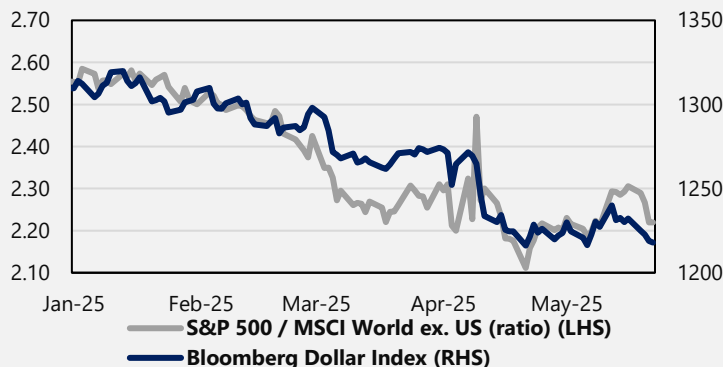


Markets grappled with mounting US debt concerns

- ▶ UK April inflation print surprised on the upside
- ▶ Japan's private sector activity recorded contraction in May
- ▶ 20Y UST yields jumped to highest level since November 2023

Chart of the day: Fading US exceptionalism

Dollar softens and US stocks underperform



Source: Bloomberg, and ADCB Asset Management

Macroeconomic news

- ▶ UK consumer price inflation rate rose to 3.5% YoY, higher than expected. Core consumer price inflation also increased more than expected during April. Retail price inflation came at 4.5% YoY also higher than expected. Increases in gas, electricity, water prices, and higher taxes on employers contributed to the rise in prices.
- ▶ According to the latest au Jibun Bank Flash PMI data, Japan's private sector experienced a contraction in May for the second time in the past three months. The slight reduction in overall output was attributed to a more significant decline in manufacturing output, coupled with a less robust expansion in service sector activity.

Rates and Fixed Income

- ▶ Longer-dated UST yields rose on US debt concerns and weak demand at 20yr UST auction.
- ▶ Global bond aggregate index marginally declined.

Currencies

- ▶ The USD fell as growing US debt worries led to sell-off in US assets.
- ▶ The EUR rose against the USD after climbing to a two-week high.
- ▶ GBP/USD hit its highest level since February 2022 on hot UK inflation data.
- ▶ The JPY strengthened against the USD, extending gains derived in part from a steep rise this week in domestic bond yields.

Equities

- ▶ Major stock indexes declined as investors worried about a deteriorating US fiscal outlook. US stocks underperformed the most.
- ▶ The Dow Jones Industrial Average fell 1.91%, the S&P 500 fell 1.61% and the Nasdaq Composite fell 1.41%. The pan-European STOXX 600 index eased marginally.
- ▶ GCC stocks mostly fell with Saudi stocks declining the most.

Commodities

- ▶ Oil prices fell after Oman's foreign minister hinted at new round of nuclear talks between Iran and the US. Also, the US government released bearish data on crude and fuel supplies.
- ▶ Gold prices rose on weaker USD.

Key events in the day ahead

- ▶ Flash May PMIs (UK, Germany, France, Eurozone, US, India)
- ▶ US weekly jobless claims
- ▶ Germany Ifo business climate (May)

Performance snapshot*

Rates	Latest	1D (bp)	1M	3M(bp)
SOFR	4.27	0.00	-3.00	-10.00
UAE Eibor 3m	4.13	1.08	-12.91	-2.96
UAE Eibor 12m	4.14	10.13	4.20	-28.18
US 3m Bills	4.34	1.76	3.58	2.38
US 10yr Treasury	4.60	11.16	19.77	4.82
German 10yr Bund	2.65	4.00	20.30	15.30
UK 10yr Gilt	4.76	5.40	21.20	19.90
Fixed Income		1D (%)	1M	3M(%)
Global Agg. Index	484	-0.05	-0.71	3.21
Global Treasuries	204	0.08	-1.12	3.64
Global Corporate	286	-0.29	-0.08	2.51
EM USD Sovereign	415	-0.42	1.60	0.73
EM LCY Sovereign	156	0.19	1.83	3.10
Global High Yield	1,727	-0.13	2.09	2.00
Currencies				
Dollar Index	99.56	-0.56	0.65	-7.00
EUR USD	1.1331	0.43	-0.79	8.47
GBP USD	1.3420	0.20	0.66	6.40
USD JPY	143.68	-0.57	1.49	-5.51
Equities				
S&P 500	5,845	-1.61	10.53	-4.65
Dow Jones	41,860	-1.91	6.82	-6.05
NASDAQ	18,873	-1.41	15.78	-5.83
STOXX 600	554	-0.04	9.08	-0.60
DAX	24,122	0.36	13.29	5.59
Nikkei 225	37,299	-0.61	9.00	-5.02
FTSE 100	8,786	0.06	5.50	0.23
SENSEX	81,597	0.51	2.51	7.41
Hang Seng	23,828	0.62	10.51	3.70
MSCI World	3,830	-1.04	9.80	-2.07
MSCI EM	1,175	0.61	9.38	3.13
Regional Equities				
ADX	9,666	-0.42	4.43	0.49
DFM	5,438	-0.53	5.92	1.19
Tadawul*	11,304	-1.18	-2.44	-8.35
DSM*	10,772	0.08	6.24	1.26
MSM30*	4,471	0.31	4.20	0.06
BHSE*	1,921	-0.06	1.50	1.02
KWSE*	8,070	0.33	2.80	0.09
Commodities				
BBG Commodity Index	102.6	0.36	-0.17	-4.41
Brent USD/bbl	64.9	-0.72	-3.75	-14.41
WTI USD/bbl	61.6	-1.58	-4.26	-14.31
Gold USD/t oz	3,315.0	0.75	-1.94	12.91
Silver USD/t oz	33.4	0.93	2.71	1.55
Platinum USD/t oz	1,077.2	1.80	12.22	9.22
Aluminium	2,465.3	0.00	1.85	-8.58
Copper USD/MT	9,532.5	0.03	1.23	1.05
Digital Assets				
Bitcoin	108,282.4	1.24	18.77	15.53
Ether	2,509.6	-0.19	45.72	-3.42
Solana	169.7	0.75	16.64	5.52
XRP	2.4	1.24	8.68	-9.87
Volatility				
VIX	20.87	15.37	-26.64	36.67
MOVE	102.10	0.72	-12.44	21.75

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 7AM UAE time – May 22 2025. Performance in local currency terms.

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