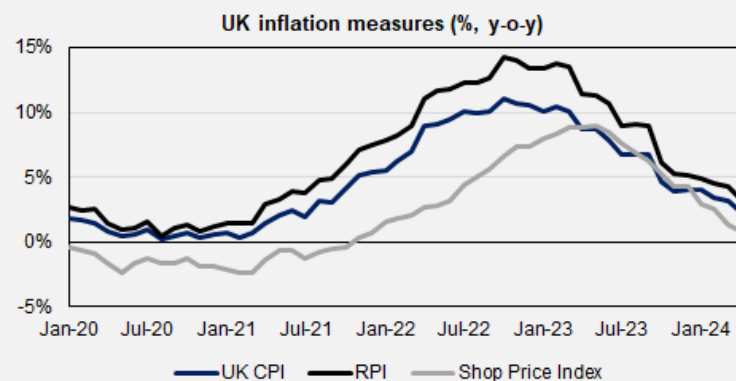


Risk assets retreat from record highs

- ▶ Fed minutes resounded 'higher for longer' rates.
- ▶ Higher UK inflation made markets doubt disinflation.
- ▶ Equities and copper retreated from their record highs.

Chart of the day: UK inflation retreating, but still high



Macroeconomic news

- ▶ Latest Fed minutes revealed that Fed officials were more concerned at the latest meeting (Apr 30 – May 1) about inflation and lack of progress seen towards the 2% objective. The minutes also showed the willingness to raise rates should risk to inflation materialize.
- ▶ UK CPI rose by 2.3% y-o-y in April, declining from 3.2% y-o-y in March and lowest since July 2021, but above the market expectations of 2.1% y-o-y increase.
- ▶ UK Prime Minister Rishi Sunak called snap general election for July 4, putting an end to months of speculations over the timing of the elections.

Rates and Fixed Income

- ▶ Jolted by hotter-than-expected UK inflation, global rates increased on Wednesday.
- ▶ Most major fixed income benchmarks – led down by EM USD sovereigns – fell.

Currencies

- ▶ USD rose against most of its major peers.
- ▶ Thanks to higher UK inflation, GBP/USD was resilient despite the broader USD strength.

Equities

- ▶ On Wednesday, global equities retreated from their record highs.
- ▶ Emerging markets managed to eke out gains and outperform DM.

Commodities

- ▶ Broader commodity index declined on Wednesday.
- ▶ Copper and gold prices retracted from their record highs.

Key events in the day ahead

- ▶ Europe/US/UK S&P Global services and manufacturing PMIs
- ▶ Europe consumer confidence
- ▶ G7 finance meeting

Performance snapshot*

Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	5.31	0.00	0.00	1.00
UAE Eibor 3m	5.33	3.32	23.19	-4.02
UAE Eibor 12m	5.46	3.74	2.63	29.03
US 3m Bills	5.41	2.53	5.41	4.39
US 10yr Treasury	4.42	0.98	-17.86	14.65
German 10yr Bund	2.53	3.50	3.20	16.10
UK 10yr Gilt	4.23	10.20	-0.90	19.10
Fixed Income		1D (%)	1M (%)	3M (%)
Global Agg. Index	457	-0.24	1.11	-0.25
Global Treasuries	194	-0.27	0.77	-0.99
Global Corporate	270	-0.19	1.69	0.82
EM USD Sovereign	386	-0.34	1.68	3.52
EM LCY Sovereign	145	-0.11	1.11	0.44
Global High Yield	1,566	-0.24	1.53	2.85
Currencies				
Dollar Index	104.93	0.26	-0.70	0.82
EUR USD	1.0823	-0.29	1.14	0.14
GBP USD	1.2717	0.06	2.15	0.74
USD JPY	156.80	0.40	1.27	4.53
Equities				
S&P 500	5,307	-0.27	4.66	6.66
Dow Jones	39,671	-0.51	3.03	2.87
NASDAQ	16,802	-0.18	7.04	7.49
STOXX 600	521	-0.34	2.64	5.95
DAX	18,680	-0.25	2.99	9.44
Nikkei 225	38,617	-0.85	2.84	0.66
FTSE 100	8,370	-0.55	4.05	8.44
SENSEX	74,221	0.36	0.65	1.59
Hang Seng	19,196	-0.13	14.06	18.14
MSCI World	3,466	-0.41	4.30	5.84
MSCI EM	1,095	0.17	7.45	7.49
Regional Equities				
ADX	8,973	-0.40	-0.87	-4.55
DFM	4,058	-0.42	-2.60	-5.13
Tadawul*	12,157	0.29	-2.62	-3.57
DSM*	9,708	-0.09	-0.03	-5.83
MSM30*	4,807	0.59	2.36	4.93
BHSE*	2,016	0.08	-0.07	-1.60
KWSE*	7,143	0.06	0.96	-3.40
Commodities				
BBG Commodity Index	106.4	-0.54	3.36	11.03
Brent USD/bbl	81.9	-1.18	-7.37	-0.53
Gold USD/t oz	2,378.9	-1.74	2.45	17.51
Copper USD/MT	10,447	-3.04	8.83	24.87
Volatility				
VIX	12.29	3.63	-21.67	-20.30
MOVE	82.49	-3.34	-22.80	-25.70

Source: Bloomberg, and ADCB Asset Management

Notes: *Data as at 9AM UAE time – May 23, 2024. Performance in local currency terms.

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