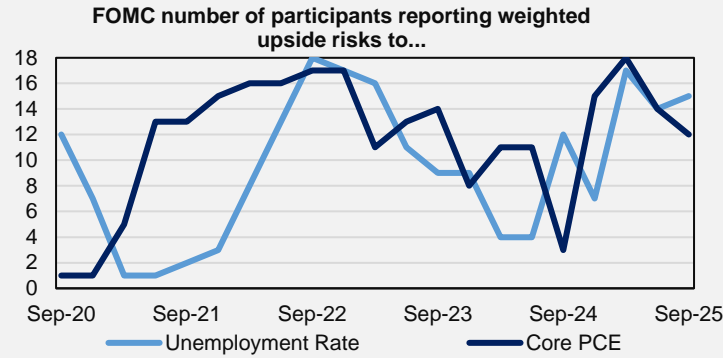


## Fed cut its interest rate by 25bp

- ▶ Bank of Canada cut its key interest rate by 25bp to 2.5%.
- ▶ Eurozone consumer prices rose 2.0% YoY in August.
- ▶ UK consumer prices rose 3.8% YoY in August.

Chart of the day: Upside risks to Fed's dual mandate



Source: Bloomberg, and ADCB Asset Management

## Macroeconomic news

- ▶ US Federal Open Market Committee (FOMC) announced a benchmark interest rate cut taking it to 4.00%-4.25%, following its two-day meeting from September 16 to September 17. This marks the first rate cut in 2025.
- ▶ US housing starts tumbled 8.5% MoM in August to a seasonally adjusted annual rate of 1.307mn units, down from a slightly revised 1.429mn in July and well below market forecasts of 1.37mn.
- ▶ Eurozone consumer prices rose 2.0% YoY in August, unchanged from July and slightly lower than the initial 2.1% estimate. Core inflation, excluding energy, food, alcohol, and tobacco, remained steady at 2.3%, in line with earlier figures.
- ▶ UK consumer prices rose 3.8% YoY in August, matching July's pace and marking the highest inflation since early 2024. Sticky services costs and rising food prices are complicating the Bank of England's path, with policymakers expected to hold rates at 4% and signal a longer pause in monetary easing.

## Rates and Fixed Income

- ▶ 10Y UST yields rose after the rate cut from the US Federal reserve.
- ▶ Fixed income indices ended mixed on Wednesday.

## Currencies

- ▶ The USD index rose after the rate-cut decision.
- ▶ The EUR fell against the USD, while the GBP ended flat.

## Equities

- ▶ Wall Street equities ended mixed on Wednesday following the Federal Reserve's anticipated interest rate cut and signals of a potential monetary policy easing cycle.
- ▶ The S&P 500 and Nasdaq closed marginally lower, while the Dow increased. Specifically, the Dow Industrial Average rose by 0.57%, the S&P 500 declined by 0.10%, and the Nasdaq Composite fell by 0.33%.

## Commodities

- ▶ Oil prices declined due to data showing higher US stockpiles, raising concerns about demand.
- ▶ Gold prices set a new record after the Fed's decision.

## Key events in the day ahead

- ▶ UK BoE interest rate decision.
- ▶ Norway Norges Bank interest rate decision.
- ▶ Japan machinery orders (Jul).
- ▶ US initial jobless claims, and US Philadelphia Fed manufacturing index (Sep).

## Performance snapshot\*

Rates	Latest	1D (bp)	1M(bp)	3M(bp)
SOFR	4.39	0.00	5.00	8.00
UAE Eibor 3m	4.07	2.18	-7.23	-15.52
UAE Eibor 12m	3.86	-0.36	-32.08	-36.00
US 3m Bills	3.97	1.25	-24.78	-34.20
US 10yr Treasury	4.09	5.93	-19.77	-30.16
German 10yr Bund	2.68	-1.80	-3.70	14.00
UK 10yr Gilt	4.63	-1.40	-1.60	7.50
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	504	0.00	1.60	2.52
Global Treasuries	211	0.06	1.36	1.77
Global Corporate	303	-0.12	1.89	3.88
EM USD Sovereign	444	-0.11	1.25	5.07
EM LCY Sovereign	161	0.21	1.13	2.22
Global High Yield	1,826	-0.05	1.33	4.30
Currencies				
Dollar Index	96.87	0.25	-1.41	-1.97
EUR USD	1.1853	-0.10	1.88	3.04
GBP USD	1.3665	0.05	1.05	1.43
USD JPY	146.29	-0.05	-1.06	0.74
Equities				
S&P 500	6,600	-0.10	2.04	10.32
Dow Jones	46,018	0.57	2.46	9.01
NASDAQ	22,261	-0.33	2.54	14.04
STOXX 600	551	-0.03	-0.58	1.54
DAX	23,359	0.13	-4.18	-0.32
Nikkei 225	44,790	-0.25	5.02	16.23
FTSE 100	9,208	0.14	0.34	4.24
SENSEX	82,694	0.38	2.60	1.36
Hang Seng	26,908	1.78	5.44	12.21
MSCI World	4,265	-0.12	2.17	9.30
MSCI EM	1,348	0.59	5.97	12.61
Regional Equities				
ADX	10,038	-0.25	-2.08	5.26
DFM	5,991	-0.14	-1.71	11.52
Tadawul*	10,650	1.25	-2.33	-5.35
DSM*	11,226	0.94	-0.85	3.65
MSM30*	5,118	0.32	2.27	10.73
BHSE*	1,925	-0.38	-0.48	-1.72
KWSE*	8,817	-0.07	1.92	2.23
Commodities				
BBG Commodity Index	104.2	-1.06	4.22	-2.39
Brent USD/bbl	68.0	-0.76	1.66	-11.12
WTI USD/bbl	64.1	-0.73	0.14	-14.42
Gold USD/t oz	3,684.8	-0.14	10.51	8.92
Silver USD/t oz	41.7	-2.09	9.63	12.31
Platinum USD/t oz	1,370.1	-2.13	0.78	8.38
Aluminum	2,683.3	-1.34	2.57	5.30
Copper USD/MT	9,894.0	-1.76	2.36	0.75
Digital Assets				
Bitcoin	115,656	-1.06	-1.95	10.79
Ether	4,504.2	0.10	-0.73	79.34
Solana	238.2	-0.12	23.81	60.13
XRP	3.0	-1.02	-2.03	39.12
Volatility				
VIX	15.72	-3.91	6.00	-27.22
MOVE	75.95	-1.48	-1.07	-21.85

Source: Bloomberg, and ADCB Asset Management

Notes: Data as at 8AM UAE time – September 18, 2025. Performance in local currency terms.

## Prepared by the Investment Strategy Team

### Mohammed Al Hemeiri

Senior Specialist

Tel: +971 (0)2 8126450

[mohammed.alhemeiri@adcb.com](mailto:mohammed.alhemeiri@adcb.com)

### Kishore Muktinutalapati

Head - Investment Strategy

Tel: +971 (0)2 8126457

[kishore.muktinutalapati@adcb.com](mailto:kishore.muktinutalapati@adcb.com)

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