Daily Market View

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بنك أبوظبي التجاري
ADCB

Retail stalls, sentiment falls, and Hormuz risk keeps markets on call

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Macro headlines

Iran escalated rhetoric over the weekend, calling on the US to "accept defeat," while President Trump warned Americans to prepare for persistently high fuel prices as the war drags on. Peace talk momentum remains absent, and "tracked" tanker traffic through the Strait of Hormuz is still halted. Tehran accused Qatar of capturing three bomber pilots early in the conflict – a claim Doha denied. In domestic policy matters, Beijing relaxed home buying rules for nonresidents, reducing the required period of social security or tax contributions from two years to one. The move mirrors earlier easing in Shanghai and aims to stabilize China's prolonged property downturn. Developer shares rose on expectations of stronger demand. Turning to macroeconomic data, US retail and food-services sales fell 0.6% m/m in July to USD763.6bn, though they remained up 5.0% y/y. The deceleration from May's revised 7.3% y/y pace and June's 6.7% underscores cooling consumer momentum. The University of Michigan's preliminary August sentiment index dropped sharply to 51.0, ending a two-month recovery. One-year inflation expectations ticked up to 4.3%, while only 8% of households expect income growth to outpace inflation. Eurozone Q2 GDP remained steady at 0.4% q/q and 1.0% y/y. The region's June trade balance swung back to surplus, driven by a 14.4% y/y surge in exports. Imports rose 13.1%, but stronger external demand supported the rebound. India's wholesale inflation softened for the first time in nine months, falling to 9.78% y/y on easing fuel and food prices. Japan's Q2 GDP disappointed, rising 1.1% annualised versus expectations of 2.0%, as weak household spending and business investment offset strong exports. In corporate news, Anthropic reported a dramatic surge in Q2 revenue – more than USD11.5bn, up 14-fold y/y – and positive adjusted operating income, highlighting the scale of AI-infrastructure monetization..

Market performances

Global equities slipped on Friday as geopolitical tension, weak US retail sales, and deteriorating consumer sentiment weighed on risk appetite. The S&P 500 fell 0.17% to 7,785.76, the Nasdaq declined 0.28% to 26,729.16, and the Dow eased 0.20% to 53,732.41. Chipmakers lagged, with Applied Materials, Broadcom, and Intel under pressure. MSCI's global equity gauge fell 0.04%, while European equities snapped a four-week winning streak. MSCI Asia ex-Japan rose 0.29%. Global equity funds attracted USD18.6bn in inflows for the week ending August 12, marking a twelfth consecutive week of net buying. Oil prices rose as faltering US-Iran talks kept supply risks elevated. Brent gained 1.67% to USD88.52/bbl, while WTI rose 1.42% to USD82.40/bbl. The dollar index fell to 99.65 after the retail sales miss, while the euro strengthened to EUR1.1567. The yen appreciated slightly to JPY159.33 per USD after reports that the BOJ could raise rates as early as September. Markets remain alert to the 160 level, widely seen as a potential trigger for renewed intervention. Gold rose 0.52% to USD4,374/oz, supported by softer retail data and a weaker dollar. US Treasuries initially rallied but faded into the close, with the 10-year yield rising to 4.688%. Long-end pricing remains sensitive to fiscal concerns after the federal deficit widened to USD432bn and last week's 30-year auction cleared at 5.22% – the highest since 2001.

What's Next

The week ahead includes the FOMC minutes, expected to highlight divergent views on inflation and geopolitical shocks. In the UK, July CPI is expected to rise to 2.9% y/y on higher household energy bills, while core inflation should ease on base effects. China releases July industrial production, retail sales, and fixed-asset investment at a newly revised afternoon timeslot, with industrial output expected to remain resilient and property activity still weak. Monday's calendar includes the US Empire State manufacturing survey, NAHB housing index, TIC flows, and Canada's July CPI. Brazil releases August IGP-10 inflation and June economic activity data. The UK publishes Rightmove house price data; Türkiye releases its July budget balance, and Israel reports July unemployment. Asia's docket includes Singapore's July non-oil exports, China's July retail sales, industrial production, and fixed-asset investment, Thailand's Q2 GDP, Malaysia's July CPI, and the Philippines' overseas worker remittances. Markets will remain sensitive to any further signs of consumer demand deceleration, BOJ rate-path expectations, and China's activity trends.

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.62	0.00	2.00	6.00
UAE Eibor 3m	3.95	0.83	9.52	23.27
UAE Eibor 12m	4.30	2.57	24.68	28.57
US 3m Bills	3.78	-2.05	-2.73	10.53
US 10yr Treasury	4.69	4.95	6.85	21.06
German 10yr Bund	3.20	7.30	9.50	16.10
UK 10yr Gilt	5.04	8.40	6.70	4.30
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	500	-0.10	0.77	-0.20
Global Treasuries	207	-0.07	0.92	-0.25
Global Corporate	303	-0.17	0.41	-0.29
EM USD Sovereign	466	-0.14	-0.09	0.72
EM LCY Sovereign	168	0.11	1.51	1.86
Global High Yield	1,915	0.02	0.76	1.37
Currencies				
Dollar Index	99.67	-0.30	-1.55	0.86
EUR USD	1.1570	0.35	1.59	-0.91
GBP USD	1.3538	0.39	1.31	0.71
USD JPY	159.32	-0.10	-1.93	0.73
Equities				
S&P 500	7,786	-0.17	3.60	3.79
Dow Jones	53,732	-0.20	2.35	7.33
NASDAQ	26,729	-0.28	3.31	0.35
STOXX 600	658	-0.21	2.63	6.79
DAX	26,440	0.53	5.28	8.11
Nikkei 225	68,714	0.59	2.19	9.67
FTSE 100	10,750	-0.21	2.40	3.64
SENSEX	78,009	-0.09	0.51	3.46
Hang Seng	25,117	-1.10	3.73	-4.82
MSCI World	5,029	-0.09	3.99	4.64
MSCI EM	1,701	0.34	3.13	-0.91
Regional Equities				
ADX	10,047	0.02	1.45	3.53
DFM	5,886	-0.38	-1.37	2.62
Tadawul*	10,920	0.89	1.07	-1.11
DSM*	10,045	0.24	0.13	-2.13
MSM30*	7,535	0.35	5.87	-1.30
BHSE*	1,952	-0.08	-0.73	-1.46
KWSE*	8,842	0.03	2.08	1.36
Commodities				
BBG Commodity Index	135.4	0.73	5.00	-4.31
Brent USD/bbl	88.52	1.67	6.27	-16.27
WTI USD/bbl	82.40	1.42	5.45	-18.55
Gold USD/t oz	4,376.4	0.21	9.59	-6.46
Silver USD/t oz	64.7	0.30	12.19	-22.56

Platinum USD/t oz	1,749.2	1.75	9.04	-15.19
Aluminum	3,246.1	-0.21	2.46	-13.19
Copper USD/MT	14,545.0	1.82	8.06	4.00
Digital Assets				
Bitcoin	62,847.5	-0.81	1.12	-22.79
Ether	1,878.7	-0.32	6.39	-18.24
Solana	75.1	-1.41	0.47	-19.03
XRP	1.0	-1.00	-5.98	-33.80
Volatility				
VIX	14.25	-2.60	-16.96	-17.44
MOVE	69.58	0.51	-10.53	-0.07

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – August 17, 2025. Performance in local currency terms.

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