Daily Market View

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ADCB بنك أبوظبي التجاري

Long-end yields surge as escalating Iran tensions pressure risk appetite

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Macro headlines

According to Reuters, Iran said it will shift to a "fully offensive" military posture as efforts to negotiate a permanent end to the war stall. Washington ruled out extending the temporary ceasefire, and tanker traffic through the Strait of Hormuz remains halted. On trade and tariffs, Canada faces a new round of 50% US tariffs this week under Section 338 of the Tariff Act of 1930, covering a wide range of goods including wine, dairy, cement, clothing, and sporting equipment. In domestic policy, US Energy Secretary Wright said Washington will announce steps to help refiners boost fuel output as President Trump seeks to rein in elevated gasoline prices. Turning to macroeconomic data, New York State manufacturing activity surged, with the Empire State index jumping to 20.6 – its strongest reading in over four years – driven by improving employment and worsening supply availability. US builder confidence improved modestly, with the NAHB Housing Market Index rising to 35. Price-cutting activity eased slightly, though incentives remain widespread. China's July activity data disappointed across all major indicators: retail sales rose just 0.6% y/y, fixed asset investment fell 6.7% y/y, and industrial production slowed to 4.5% y/y. Weak domestic demand and auto-sector softness continue to weigh on momentum, reinforcing the need for accelerated policy support.

Market performances

US equities fell Monday as weak retail sales, soft consumer sentiment, and escalating geopolitical tension weighed on risk appetite. The S&P 500 declined 0.52% to 7,785.76, the Nasdaq fell 0.32% to 26,729.16, and the Dow dropped 0.51% to 53,732.41. Investors awaited earnings from major retailers, including Home Depot and Walmart, for further insight into consumer resilience. MSCI's global equity gauge fell 0.32%, while the STOXX 600 declined 0.22%. Asian equities were mixed, with MSCI Asia ex Japan up 0.29%. Oil prices rose sharply as diplomatic efforts to resolve the Iran conflict faltered. Brent gained 2.65% to USD90.81/bbl, while WTI rose 2.74% to USD84.66/bbl. President Trump threatened to bomb Oman, adding to geopolitical risk premia. The dollar index slipped to 99.60 as markets pushed back expectations for a Fed move. The euro strengthened to EUR1.1579, reaching EUR1.1614 intraday – its highest since mid-June. Markets now price a 35% chance of a September Fed move, down from 55% a week earlier. Long-end yields surged. The 30-year Treasury yield rose to 5.3103%, its highest since 2007, following last week's auction that cleared at the highest rate since 2001. The 10-year yield rose to 4.724% thanks to worsening fiscal dynamics, heavy AI-related corporate duration supply, and a more price-sensitive buyer base as key drivers. Gold rose to USD4,420/oz.

What's Next

Tuesday's US calendar includes July import and export prices, housing starts, building permits, industrial production, capacity utilization, and pending home sales. Canada releases July existing home sales and housing starts. Chile publishes Q2 GDP and current account data; Colombia releases Q2 GDP and June economic activity; Uruguay announces its policy rate; and Argentina releases its July budget balance. The UK publishes June labour market data, including average weekly earnings, unemployment, claimant counts, and productivity. Germany releases the ZEW expectations and current conditions surveys. Additional releases include Poland's Q2 GDP flash estimate, eurozone Q2 GDP (second release), eurozone employment, France's final July CPI and HICP, and eurozone June trade balance. Earnings include Amer Sports, Baidu, BHP, Challenger, Cochlear, Home Depot, Keysight Technologies, Klarna, Mercury Systems, and Xiaomi. Markets will remain highly sensitive to Iran's shift to an offensive posture, long-end yield dynamics, implications of China's weak July data, and US consumer demand signals.

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.62	0.00	-1.00	7.00
UAE Eibor 3m	3.96	1.16	4.35	9.94
UAE Eibor 12m	4.15	-14.92	2.71	11.24
US 3m Bills	3.78	0.17	0.69	11.76
US 10yr Treasury	4.72	2.97	13.25	12.85
German 10yr Bund	3.22	1.70	10.80	5.40
UK 10yr Gilt	5.06	2.30	8.30	-11.20
Fixed Income		**1D (%)**	**1M (%)**	**3M (%)**
Global Agg. Index	500	-0.11	0.36	0.47
Global Treasuries	207	-0.13	0.46	0.46
Global Corporate	302	-0.16	0.06	0.25
EM USD Sovereign	465	-0.20	-0.29	1.25
EM LCY Sovereign	168	0.07	1.56	2.60
Global High Yield	1,914	-0.06	0.61	1.78
Currencies				
Dollar Index	99.64	-0.03	-1.27	0.36
EUR USD	1.1588	0.16	1.36	-0.32
GBP USD	1.3559	0.16	1.27	1.75
USD JPY	159.36	0.03	-1.70	0.39
Equities				
S&P 500	7,745	-0.52	2.67	4.54
Dow Jones	53,460	-0.51	1.81	7.94
NASDAQ	26,645	-0.32	2.06	1.60
STOXX 600	656	-0.22	2.23	8.15
DAX	26,339	-0.38	4.74	9.97
Nikkei 225	69,220	0.74	2.18	12.72
FTSE 100	10,720	-0.28	1.81	5.15
SENSEX	77,728	-0.36	0.87	3.31
Hang Seng	25,453	1.34	4.57	-1.96
MSCI World	5,008	-0.43	3.08	5.62
MSCI EM	1,710	0.49	3.42	2.48
Regional Equities				
ADX	10,077	0.29	2.28	4.12
DFM	5,856	-0.50	-0.59	2.58
Tadawul*	10,908	-0.11	0.96	-1.21
DSM*	9,892	-1.52	-1.40	-3.62
MSM30*	7,541	0.08	5.95	-1.23
BHSE*	1,952	-0.05	-0.77	-1.50
KWSE*	8,762	-0.90	1.16	0.45
Commodities				
BBG Commodity Index	137.2	1.31	5.46	-2.66
Brent USD/bbl	90.87	2.65	7.25	-16.83
WTI USD/bbl	84.50	2.55	6.50	-19.84
Gold USD/t oz	4,424.3	1.09	8.93	-2.55
Silver USD/t oz	65.8	1.71	12.07	-13.43

Platinum USD/t oz	1,773.4	1.38	8.69	-10.54
Aluminum	3,260.9	0.46	2.76	-10.07
Copper USD/MT	14,850.0	2.10	9.67	9.57
Digital Assets				
Bitcoin	64,353.5	2.40	-0.27	-18.62
Ether	1,905.2	1.41	1.63	-14.14
Solana	75.9	1.14	-1.56	-14.90
XRP	1.0	0.50	-9.63	-30.06
Volatility				
VIX	15.19	6.60	-7.94	-17.58
MOVE	75.63	8.70	0.80	-5.31

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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