Daily Market View

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Equities hold record highs as yields steady, dollar firms, and oil surges on renewed US-Iran tensions

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Macro headlines

Fresh hostilities between the US and Iran complicated diplomatic efforts. Over the weekend, Washington confirmed it struck Iranian military sites, while Iran's Revolutionary Guards said they targeted a US base in retaliation. Iranian media reported that Tehran is halting indirect negotiations with the US after Israel ordered troops deeper into Lebanon to confront Hezbollah. The escalation threatens to derail the fragile diplomatic progress made in recent weeks and raises the risk of renewed disruption in the Strait of Hormuz. However, subsequently Lebanon announced a partial ceasefire between Hezbollah and Israel. In the US, President Trump's USD1.8bn fund to compensate victims of alleged government "weaponization" has been put on hold after Republican opposition in Congress. The pause underscores political divisions over executive authority and fiscal priorities. US manufacturing data showed resilience despite supply chain strain. The ISM Manufacturing PMI rose to 54.0 in May, the highest in four years, with supplier deliveries slowing for the sixth month. Comments from manufacturers highlighted the Iran war's impact on logistics, pricing, and inventory strategies. Global PMI data echoed the trend: the JPMorgan Global Manufacturing PMI held at 52.6, near a five year high, though firms warned that front loading orders to avoid price increases may not be sustainable. Germany's retail sales fell 0.3% m/m in April, less than expected. South Korea's exports surged 53.2% y/y in May to a record USD87.75bn, driven by the semiconductor supercycle, with chip exports exceeding USD30bn for a third straight month. India's industrial output rose 4.9% y/y under a revised base year, though energy costs and supply disruptions continue to weigh on momentum. In corporate news, Anthropic confidentially filed for a US IPO, positioning itself ahead of OpenAI in the race to public markets. Alphabet announced plans to raise USD80bn in equity, including an investment from Berkshire Hathaway, to fund its aggressive AI infrastructure expansion.

Market performances

Global equities held near record highs on Monday as strong earnings and AI-driven optimism outweighed renewed geopolitical tension. The S&P 500 rose 0.26% to 7,580.12, the Nasdaq gained 0.42% to 26,972.62, and the Dow added 0.09%. Tech remained the dominant driver of equity performance. Nvidia unveiled a new chip designed to bring AI capabilities directly to laptops and desktops, intensifying competition across the semiconductor industry. Anthropic's IPO filing added to the sense of accelerating commercialization in the AI ecosystem. Alphabet's USD80bn equity raising plan underscored the scale of capital being deployed into AI infrastructure. MSCI ACWI rose 0.09%, touching a fresh intraday high. The STOXX 600 fell 0.76%, reflecting

Europe’s greater sensitivity to energy prices and geopolitical risk. Oil prices surged as hostilities in the Gulf threatened the reopening of the Strait of Hormuz. Brent settled at USD94.98/bbl. The move reflects renewed concern that the partial reopening of Hormuz may be short-lived as Iran halts negotiations and regional conflict intensifies. Treasury yields held steady after several sessions of declines. The 10-year yield closed at 4.453%, while the 30-year held near 4.98%. Markets remain focused on the inflation implications of higher oil prices and the potential for renewed supply chain disruption. In FX, the dollar strengthened, with the dollar index rising to 99.20. The euro fell to USD1.163, the yen weakened to 159.69, and the Swiss franc softened to 0.787. Gold fell to USD4,485.0/oz as higher yields and a firmer dollar weighed on the precious metal. Bitcoin dropped 3.0% to USD71,352.5.

What’s Next

Tuesday’s calendar includes US April JOLTs job openings, France’s April budget balance, Spain’s May unemployment, and the eurozone’s May flash inflation. APAC releases include South Korea’s May inflation, Australia’s April preliminary building permits, Q1 business inventories and current account, Indonesia’s April trade balance and May inflation, and Japan’s Q1 capital spending. Central bank speakers include Bank of England Governor Bailey before the House of Lords, MPC member Greene on energy shock inflation risks, and Cleveland Fed President Hammack. Nvidia CEO Huang is expected to join Marvell’s keynote at Computex. Earnings include British American Tobacco, Dollar General, GBG, and Palo Alto Networks.

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.63	0.00	-1.00	-5.00
UAE Eibor 3m	3.69	0.08	-0.63	21.35
UAE Eibor 12m	4.01	3.61	10.94	24.98
US 3m Bills	3.70	2.52	2.98	3.90
US 10yr Treasury	4.45	1.77	10.77	51.57
German 10yr Bund	3.00	6.50	-6.40	36.00
UK 10yr Gilt	4.90	8.60	-10.80	66.50
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	502	-0.38	0.07	-1.91
Global Treasuries	207	-0.44	-0.09	-2.50
Global Corporate	305	-0.30	0.26	-1.30
EM USD Sovereign	466	-0.06	0.79	-0.16
EM LCY Sovereign	166	-0.02	0.54	-0.60
Global High Yield	1,897	-0.08	0.65	0.65
Currencies				
Dollar Index	99.20	0.26	0.57	1.63
EUR USD	1.1631	-0.24	-0.69	-1.53
GBP USD	1.3454	-0.01	-0.47	-0.21
USD JPY	159.66	0.24	0.03	2.31
Equities				
S&P 500	7,600	0.26	6.46	10.48
Dow Jones	51,079	0.09	3.94	4.29
NASDAQ	27,087	0.42	9.82	19.49
STOXX 600	621	-0.76	2.42	-1.99
DAX	25,003	-0.40	4.10	-1.11
Nikkei 225	66,934	0.91	11.71	13.74
FTSE 100	10,339	-0.68	0.06	-5.24
SENSEX	74,267	-0.68	-3.41	-8.64
Hang Seng	25,398	0.86	-1.10	-4.63
MSCI World	4,861	-0.07	5.35	6.68
MSCI EM	1,773	1.20	9.67	10.09
Regional Equities				
ADX	9,651	-0.53	-1.88	-7.68
DFM	5,775	0.30	-1.42	-11.20
Tadawul*	11,010	-0.62	-0.20	-0.73
DSM*	10,439	-1.10	-2.57	2.74
MSM30*	7,795	0.49	-6.65	-2.16
BHSE*	1,980	0.03	1.96	3.65
KWSE*	8,761	-0.62	-1.62	4.22
Commodities				
BBG Commodity Index	136.7	1.17	-0.95	12.33
Brent USD/bbl	94.98	3.18	-14.63	31.04
WTI USD/bbl	92.16	5.49	-7.78	37.51
Gold USD/t oz	4,485.0	-1.22	-2.43	-15.04
Silver USD/t oz	74.8	-0.61	2.42	-20.20
Platinum USD/t oz	1,929.1	0.46	-0.66	-18.57
Aluminum	3,776.9	1.57	5.02	20.31
Copper USD/MT	13,819.0	1.50	7.20	2.82

Digital Assets				
Bitcoin	71,352.5	-3.03	-6.69	8.89
Ether	2,003.3	-0.62	-12.73	4.26
Solana	81.1	-1.33	-3.27	-0.18
XRP	1.3	-1.79	-6.17	-3.98
Volatility				
VIX	16.05	4.77	-9.98	-19.18
MOVE	73.33	4.43	6.77	-0.07

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – June 02, 2025. Performance in local currency terms.

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