Daily Market View

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ADCB بنك أبوظبي التجاري

Equities diverge as yields ease, Dollar holds flat, and oil falls

Reed Al Sheryani
Senior Analyst
Tel: +971 (0)2 812 6784
reed.a@adcb.com

Mohammed Al Hemeiri
Senior Specialist
+971 (0)2 812 6450
mohammed.alhemeiri@adcb.com

Kishore Muktinutalapati
Head - Investment Strategy
+971 (0)2 812 6457
kishore.muktinutalapati@adcb.com

www.adcb.com/marketinsights

Macro headlines

In geopolitics, efforts to stabilize the Middle East have centered on the prospects of a Israel-Lebanon ceasefire. The breakdown undermines President Trump's attempt to secure a broader peace framework with Tehran, which has made a Lebanon ceasefire a precondition for any deal with Washington. Turning to policy, Japan's finance minister warned that Tokyo stands ready to take "decisive action" against excessive FX volatility as the yen hovered near 160 per dollar. The statement reflects growing concern that persistent yen weakness could destabilize domestic financial conditions just as the Bank of Japan prepares for a potential rate hike later this month. South Korea's labor minister urged major tech firms to share the gains from unprecedented chip sector profits, warning that the AI-driven boom risks widening inequality. The comments highlight the social policy pressures emerging alongside the semiconductor supercycle. In Washington, the House passed legislation to provide aid to Ukraine and impose new sanctions on Russia, signaling that a faction of Republicans is willing to defy party leadership and push back against President Trump. In the UK, Labour mayor Burnham signaled he would join any leadership challenge against Prime Minister Starmer, adding to political uncertainty. US corporate restructuring accelerated: as per the Challenger data, employers announced 97,006 job cuts in May, the highest for the month since 2020, driven by AI-related layoffs, M&A consolidation, and bankruptcy-linked reductions. Technology accounted for 38,242 cuts – the highest since August 2024 – marking the third consecutive month in which AI was cited as the primary driver of job reductions. US productivity data showed non-farm business productivity rising 0.3% in Q1 and 2.8% y/y, while unit labor costs increased 1.8% in the quarter. Eurozone retail trade fell 0.4% m/m in April after a strong March, though y/y growth remained positive. Private markets showed signs of strain as Partners Group flagged rising withdrawal requests and Blackstone capped redemptions in its flagship private credit fund.

Market performances

Global equities traded mixed on Thursday as investors balanced a pullback in AI momentum with easing oil prices following the Israel-Lebanon ceasefire announcement. The Dow rose 1.73% to a record 51,032.65, supported by gains in healthcare and financials. The S&P 500 gained 0.41% to 7,556.00, while the Nasdaq slipped 0.09% to 26,708.00 as semiconductor stocks dragged on performance. Broadcom fell more than 12% after results disappointed investors who had priced in stronger demand for custom AI chips. The SOX index dropped 2.2%, reflecting how fragile sentiment remains in a sector that has delivered massive gains in a short period. Elsewhere, Europe's STOXX

600 gained 0.53%. Oil prices fell sharply as the Israel-Lebanon ceasefire optimism reduced immediate supply risk premiums. Brent settled at USD95.03/bbl (-3%), easing from recent peaks near USD100/bbl. The decline provided relief to inflation expectations and supported broader risk sentiment despite geopolitical uncertainty. Treasury yields edged lower, with the 10-year falling to 4.477% (-1.6bps). Markets continue to price out US rate cuts for 2026, while expectations for a June ECB hike remain firm. In FX, the yen hovered at 160.02 per dollar, prompting warnings from Japanese officials about potential intervention. The dollar index held flat at 99.46, while the euro rose to USD1.1609. Gold gained to USD4,477.51/oz as yields softened. Bitcoin fell alongside other digital assets as the momentum remained to the downside.

What's Next

Friday's calendar includes Brazil's May new car registrations, Canada's May unemployment, employment, and wage data, and the US May nonfarm payrolls, unemployment rate, earnings, and April consumer credit. Europe releases the UK May Halifax house price index, France's April trade balance and industrial production, eurozone Q1 employment and third estimate GDP, Italy's April retail sales, and Türkiye's May CPI. APAC data includes South Korea's April current account, Japan's April household spending, and India's June RBI rate decision and Q1 GDP.

Performance snapshot*				
Rates	Latest	1D (bp)	1M (bp)	3M (bp)
SOFR	3.61	0.00	-3.00	-6.00
UAE Eibor 3m	3.71	-2.45	-8.10	13.39
UAE Eibor 12m	4.12	-4.43	10.76	34.25
US 3m Bills	3.70	-0.45	4.88	2.39
US 10yr Treasury	4.47	-2.17	10.31	37.70
German 10yr Bund	3.02	-1.20	-1.40	27.30
UK 10yr Gilt	4.90	-3.30	-6.60	45.70
Fixed Income		1D (%)	1M (%)	3M(%)
Global Agg. Index	502	0.07	-0.31	-0.88
Global Treasuries	207	0.04	-0.58	-1.36
Global Corporate	305	0.15	0.10	-0.47
EM USD Sovereign	466	0.11	0.75	0.65
EM LCY Sovereign	165	-0.17	0.31	0.44
Global High Yield	1,898	0.10	0.45	1.16
Currencies				
Dollar Index	99.41	-0.12	1.28	0.65
EUR USD	1.1623	0.20	-0.84	-0.09
GBP USD	1.3435	0.09	-1.09	0.55
USD JPY	159.97	-0.01	1.89	1.90
Equities				
S&P 500	7,584	0.41	4.90	10.41
Dow Jones	51,562	1.73	4.17	5.79
NASDAQ	26,831	-0.09	6.83	17.64
STOXX 600	624	0.52	2.11	1.92
DAX	24,945	0.60	2.69	3.06
Nikkei 225	67,471	-1.36	13.37	24.38
FTSE 100	10,360	0.27	-0.03	-1.96
SENSEX	74,360	0.02	-3.32	-6.01
Hang Seng	25,253	-1.48	-2.03	0.02
MSCI World	4,866	0.38	4.09	8.43
MSCI EM	1,759	-1.61	9.84	19.50
Regional Equities				
ADX	9,585	0.03	-2.09	-6.50
DFM	5,718	0.56	-0.84	-7.72
Tadawul*	10,990	-0.11	-1.51	-1.58
DSM*	10,336	-0.55	-2.78	2.39
MSM30*	7,658	-0.18	-7.89	-5.84
BHSE*	1,982	-0.06	2.73	4.04
KWSE*	8,755	0.31	-0.77	4.57
Commodities				
BBG Commodity Index	135.6	-1.15	-3.31	8.84
Brent USD/bbl	95.03	-2.84	-12.15	16.74
WTI USD/bbl	93.04	-3.10	-8.73	24.62
Gold USD/t oz	4,482.8	0.92	-2.85	-12.81
Silver USD/t oz	73.9	1.61	-1.96	-11.57
Platinum USD/t oz	1,897.7	1.84	-4.66	-12.16
Aluminum	3,710.2	-1.05	3.32	10.74
Copper USD/MT	13,872.0	-0.35	7.58	7.04

Digital Assets				
Bitcoin	63,575.9	-2.06	-18.36	-13.31
Ether	1,773.2	-0.34	-22.38	-17.54
Solana	68.7	-3.34	-17.63	-25.55
XRP	1.2	-1.46	-15.13	-18.85
Volatility				
VIX	15.40	-4.11	-9.36	-27.19
MOVE	71.16	-3.29	1.07	1.61

Source: Bloomberg, and ADCB Asset Management *Notes: Data as at 8AM UAE time – June 05, 2025. Performance in local currency terms.

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