

# Monthly Capital Markets Review

April 2025



# Fixed Income & FX

## US Federal Reserve

- **FED Chairman speech:** In April, Powell reiterated his stance that Fed policy needs to remain data-dependent, given increased pressure from the U.S. President calling for rate cuts.
- **Larger rate cuts priced in by markets:** Following the unprecedented uncertainty caused by aggressive US tariff policies, Fed Funds futures priced in four rate cuts for 2025 in April 2025, up from three previously.
- **Positive inflation prints:** inflation data on 30<sup>th</sup> April, indicated that the US FED's efforts to curb inflation are yielding results, with its preferred metric—the core PCE price index—registering 2.60% in March 2025, down from 3.0% previously.

## Debt Capital Market Monitor

- **U.S. bond yields** experienced one of the most volatile months in history, driven by US tariff policies that escalated into a trade war with China. Concerns over the safe-haven status of U.S. assets followed, before stabilizing after the tariff reversal. US 10-year yield rose above 4.50% before ending the month at 4.17%.
- **Sukuk markets remained resilient amid global events in April**, with Dow Jones Sukuk IG index gaining 0.55% and the S&P Global HY Sukuk index increasing by 0.32%.
- **Mashreq Bank (A-)** and **Ajman Bank (BBB-)** priced 5Y \$500mn sukuks at T+105 bps and T+130bps, respectively.

## Global Central Banks

- **Bank of Canada (BoC):** On April 16, the BoC maintained its key policy rates at 2.75%. They indicated that uncertainty around the US tariff policies prompted a wait-and-see approach before deciding on the future policy rate path.
- **European Central Bank (ECB):** On 17<sup>th</sup> April 2025, ECB reduced all three policy interest rates by 25 bps due to weakening growth prospects, supported by easing inflation towards the 2.0% target rate.
- **People's Bank of China (PBoC):** On April 21, 2025, the PBoC kept key lending rates unchanged, citing time to assess impact of the evolving US trade dispute. This followed better-than-expected YoY GDP growth rate of 5.4% for 1Q 2025.

## FX Monitor

- **The USD index ended at 99.27** in April 2025 declining by 4.44% on a monthly basis and 9.77% since its peak on 13<sup>th</sup> Jan-25. The USD also faced concerns regarding its status as a safe-haven asset due to the Trump administration's aggressive tariff policy.
- **Major trading currencies continued their strengthening** as investors moved out of US treasuries as indicated by weakened Treasury auction participation and decreased yields in German Bonds.
- **The EUR was the preferred currency in April** with EUR-USD rate climbing to 1.15 levels before settling down at 1.13 by end of the month.

## Performance Summary

CB Policy Rates	Apr-25	Monthly Change bp	YTD Change bp
US (Upper Bound)	4.50%	-	-
Japan	0.50%	-	+25bp
UK	4.50%	-	-25bp
KSA (REPO rate)	5.00%	-	-
UAE	4.40%	-	-
Qatar (REPO Rate)	4.85%	-	-

CDS Spreads			
US 5Y CDS (Spread)	56	16bp	22bp
Abu Dhabi 5Y CDS (Spread)	39	-1bp	-4bp
Dubai 5Y CDS (Spread)	62	+1bp	-1bp
Kingdom of Saudi Arabia 5Y	84	+13bp	+19bp

Key Interest Rates	Apr-25	Monthly Change (bp)/ %	YTD Change (bp)/ %
UAE 1 Month	4.26%	-2bp	+3bp
UAE (1 Year)	4.17%	-7bp	-18bp
US 1 Month	4.29%	-2bp	+1bp
US 1 Year	3.70%	-16bp	-46bp
US 5 Year	3.73%	-22bp	-65bp

Sukuk Movement			
Dow Jones Sukuk IG Index	145.158	0.55%	2.88%
S&P Global HY Sukuk Index	186.511	0.32%	2.03%

Forex Rates			
EUR - USD	1.133	4.73%	9.41%
USD - JPY	143.07	-4.59%	-8.99%
GBP - USD	1.333	3.18%	6.50%

# Equities

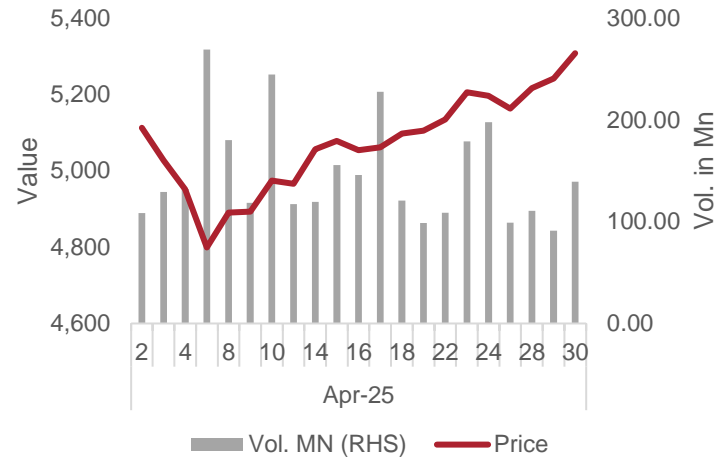
## UAE Markets

- **FTSE ADXGI** increased by 1.8% in April-25 with 39 securities advancing and 56 declining. Turnover for Apr-25 increased by 24.1% on Month-on-month basis.
  - Multiply (29%) & ADIB (14%) were key winners, while TKFL (-12%) & ALEFEDT (-12%) were key losers.
- **DFMGI** increased by 4.1% in Apr-25 with 30 shares advancing and 28 shares declining. AED 12.9Bn worth of shares were traded resulting in 12.7% increase in turnover vs previous month.
  - CBD (22.8%) & AIRARABIA (12.9%) were key winners while AMAN (-12.0%) and SPINNEYS (-6.5%) were key losers.

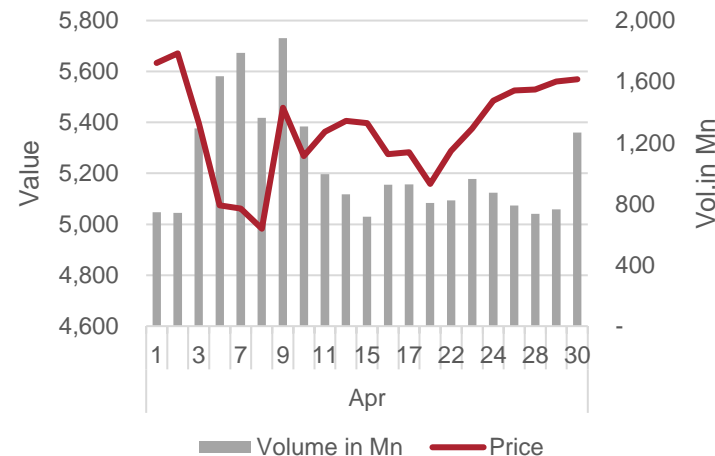
## Global Monitor

- **The S&P500 fell for the third straight month**, falling by 0.8% in April 2025. Triggered by President Donald Trump's announcement of global tariffs, stock market volatility initially heightened but later subsided following the 90 day pause enacted a few days later. IT stocks led the gains with an increase of 1.6%, while Energy stocks performed worst, falling by 13.7%.
- **EU equities declined with Stoxx 600 Index, falling by 1.2% in April 2025.** During earnings calls, companies were anxious on US trade policies, with Stellantis suspending its full-year guidance. Relief on auto tariffs propelled German auto stocks, contributing to a 1.5% increase in the DAX.

## DFMGI Monthly Price-Volume



## US S&P500 Monthly Price-Volume



## Performance Summary

Markets Performance	Apr-25	Monthly Change (%)	YTD Change (%)
<b>Regional</b>			
ADX (Abu Dhabi)	9,534.33	1.8%	1.2%
DFM (Dubai)	5,307.15	4.1%	2.9%
TASI (Tadawul)	11,671.58	-2.9%	-3.0%
QSI (Qatar)	10,459.88	2.2%	-1.1%
BKM (Kuwait)	7,959.54	-1.4%	8.1%
MSX (Oman)	4,316.25	-1.2%	-5.7%
<b>Global</b>			
S&P 500 (US)	5,569.06	-0.8%	-5.3%
DAX (Germany)	22,496.98	1.5%	13.0%
Nikkei 225 (Japan)	36,045.38	1.2%	-9.6%
Hang Seng (Hongkong)	22,119.41	-4.3%	10.3%
Nifty 50 (India)	24,334.20	3.5%	2.9%
FTSE 100 (UK)	8,494.85	-1.0%	3.9%

## UAE Equities Key Developments

- FAB reported net Profit of AED 5.1bn for 1Q 2025 up 23.5% YoY (+22.4% QoQ), on strong operating income and lower provisioning.
- DIB reported AED 1.7bn of net profit for 1Q 2025 which was 9.2% YoY growth (-34% QoQ) on higher NFI and lower provisions.
- Salik shareholders approved the BoDs proposal to distribute cash dividends of AED619.8mn (8.2645 fils per share)
- Borouge announced increased dividend of 16.2 fils per share vs 15.88 fils per share in 2024.

# Commodities

## Commodities Watch

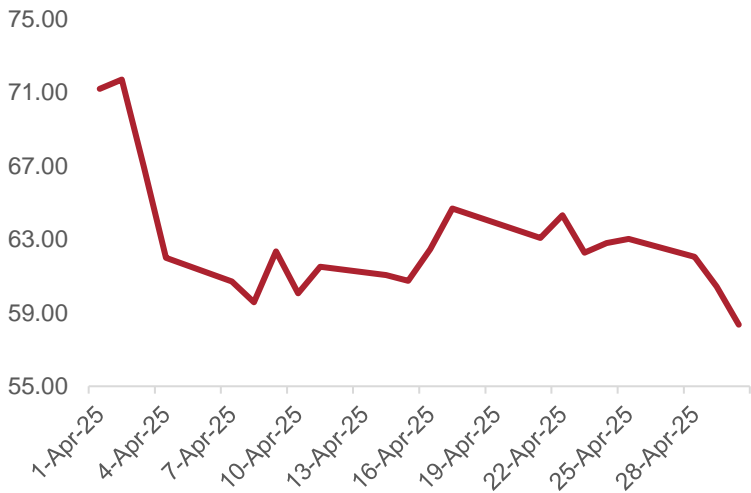
### Oil

- Oil prices recorded the largest monthly drop in almost 3-1/2 years in April as Saudi Arabia signaled a move towards increasing production and its market share which can result in an oversupply situation. Furthermore, prices declined by \$10 or 14% due to growing uncertainties regarding new US tariff policies.

### Gold

- Gold prices reached all time high of \$3,500/oz on safe-haven concerns. Against a background of volatile financial markets, uncertain US trade policy and overall capital flight out of US assets, investors flocked to gold as a safe-haven asset. Furthermore, on 14<sup>th</sup> April Goldman Sachs raised its end-2025 gold price forecast to \$3,700 per ounce on increased demand from Central Banks and ETF inflows due to recession risk.

## Oil Price Movement – April 2025

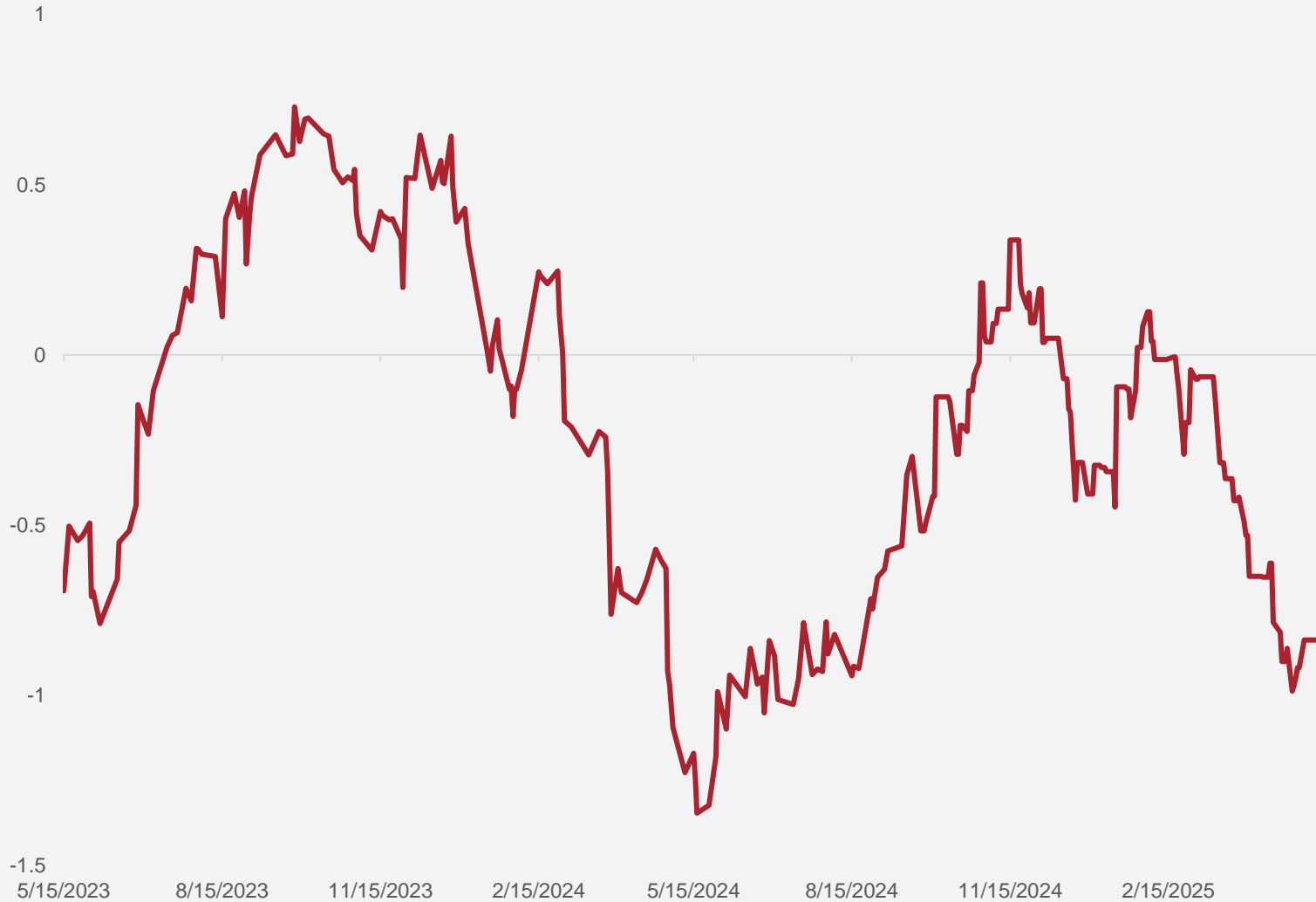


## Performance Summary

Commodities			
Currency	Apr-25	Monthly Change %	YTD Change (%)
Brent (USD/bbl)	58.36	-23.3%	-22.6%
WTI (USD/bbl)	58.96	-18.7%	-18.7%
Nat. Gas (USD/MMBtu)	3.33	-19.3%	-8.5%
Gold (USD/oz)	3,288.71	5.3%	25.3%
Silver (USD/oz)	32.62	-4.3%	12.9%
Copper (USD/MT)	9,125.00	-6.0%	4.1%
Wheat (USD/bu)	530.75	-1.2%	-3.8%
Corn (USD/bu)	475.50	4.0%	3.7%
Bitcoin	94,581.18	14.8%	0.9%

# Chart of the Month

**Chart of the Month – Bloomberg US Surveys & Business Cycle Surprise Index**



- **Soft data** includes things like surveys and opinions—such as consumer confidence, business outlooks, and the Purchasing Managers' Index (PMI). These are early signals that help predict how the economy might perform in the future.
- **Hard data** includes actual numbers, like GDP growth, job reports, retail sales, and factory output. These come out after the fact, so they show what has already happened in the economy.
- The **Bloomberg Economic Surprise Index (ESI)** is a leading indicator that shows whether economic results are better or worse than what experts expected.
- Recently, actual results have been worse than forecasts. This could mean future U.S. economic data might turn out to be weaker than expected.

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