

Monthly Capital Markets Review

July 2025



Central Bank Policies

US Federal Reserve

- US FED Decision:** On 30th July 2025, The Federal Open Market Committee voted 9-2 to hold its benchmark federal funds rate in a range of 4.25%-4.5%, as it has at each of its meetings this year.
- Two dissenting votes a first since 1993:** Governors Christopher Waller and Michelle Bowman voted against the decision in favor of a quarter-point cut, marking the first time since 1993 where, more than one Fed governor has dissented.
- Inflationary pressures weighed in favor of the "hold" decision:** FED decision was driven by rising inflation with tariff-related inflation starting to show up in the data as evidenced by Consumer price index (CPI) rising to 2.7% and Core CPI rising to 2.9% in June.
- Markets believe more rate cuts expected:** Even though the FED did not release updated economic projections, which will not be available until the September meeting, markets are expecting 1- 2 cuts before the end of 2025.

Key Central Banks

- European Central Bank (ECB):** On 24th July 2025, the ECB held its three key interest rates, marking the end of its current easing cycle after eight cuts over the past year.
- Bank of Canada (BoC):** On 30th July 2025, the BoC kept its short-term interest on hold at 2.75% and indicated that unpredictability in the magnitude of tariffs disabled policymakers from offering any guidance on the economy and the BoC's reaction function.
- Bank of Japan (BoJ):** On 31st July 2025, the BoJ kept its short-term interest on hold at 0.5%. The decision was unanimous, reflecting the central bank’s cautious approach to policy normalization. In its quarterly outlook, the bank raised its core inflation forecast and

Performance Summary

CB Policy Rates	July-25	Monthly Change bps	YTD Change bps
US Fed range	4.25-4.50%	-	-
Japan	0.50%	-	+25bp
ECB	2.00%	-	-100bp
UK	4.25%	-	-25bp
UAE	4.40%	-	-
KSA range	4.50%- 5.00%	-	-

CDS Spreads	July-25	Monthly Change bps	YTD Change bps
US 5Y	43	+1bp	+9bp
Abu Dhabi 5Y	31	-5bp	-12bp
Dubai 5Y	55	-5bp	-8bp
Kingdom of Saudi Arabia 5Y	61	-7bp	-4bp
France 5Y	32	-2bp	-7bp
Germany 5Y	8	-1bp	-5bp
Korea 5Y	22	-5bp	-16bp
China 5Y	41	-10bp	-25bp
Indonesia 5Y	21	+1bp	+1bp

Fixed Income

Market Monitor

- **US Treasury Bond Market yields rose in July** by approx. 13-18 bps with the overall yield curve flattening in July 2025. The 2y10y slope flattened by 9 bps on a monthly basis.
- **“Big Beautiful Bill” comes into effect** : Rise in US bond yields in July was attributable to President Trump’s fiscal policy which came into effect following approval from the US Senate. The policy is expected to be negative for US budget deficit due to impact from tax reductions, increased spending on defence and border security despite the cuts to social security.
- **The overall Sukuk performance was positive in July 2025** with both investment grade and high yield sukuks yielding monthly return as measured by Dow Jones Sukuk IG index & S&P HY Sukuk Index of 0.64% and 1.19% respectively.
- **Sukuk issuances slowdown in July**, with GCC bond and Sukuk issuances totaling USD 5.9 Bn compared to double digit issuances in previous months.

DCM Issuance

- **Republic of Indonesia** raised \$2.2 billion from dual tranche USD sukuk issue. The final return was set at 4.55% and 5.20% for the 5-year and 10-year sukuk issues respectively.
- **Arada Developments** raised \$450 million from sale of 5-year senior sukuk, with coupon set at 7.15%.
- **Binghatti Holding Limited** raised \$500 million from sale of 5-year senior unsecured sukuk at par with yield of 8.125%.

Performance Summary

Key Interest Rates	July-25	Monthly Change bps	YTD Change bps
AED Rates			
UAE 1 Month	4.31%	+2bp	+10bp
UAE 3 Month	4.14%	+6bp	-25bp
UAE 6 Month	4.10%	+2bp	-33bp
UAE 12 Month	4.10%	+7bp	-19bp
USD Rates			
US 1 Month	4.36%	+15bp	+5bp
US 3 Month	4.20%	-2bp	-10bp
US 6 Month	4.28%	+2bp	+5bp
US 1 Year	4.10%	+13bp	+8bp
US 5 Year	3.97%	+18bp	-41bp
US 10 Year	4.37%	+15bp	-20bp
US 30 Year	4.90%	+13bp	+12bp
Sukuk Movement			
	July-25	Monthly Change %	YTD Change %
Dow Jones Sukuk IG Index	147.314	0.64%	4.41%
S&P Global HY Sukuk Index	192.126	1.19%	5.10%

FX Monitor

- US Dollar Rebound:** in July 2025 the USD index increased past to 99.5 levels driven by optimism following the trade deals signed by the Trump administration which include Japan and Europe. Depreciation of the Euro was the key beneficiary for USD as markets viewed the trade deal as negative for Europe.
- JPY depreciated in July**, initially up to 149 levels against the USD due to political uncertainty surrounding Prime Minister Shigeru Ishiba who later managed to avoid resignation, bringing the currency to 146 range. JPY also briefly strengthened driven by reduced trade uncertainty following announcement of the US trade deal. However, this was short-lived as JPY sold off ahead of Bank of Japan meeting on 31st July.
- Turkish Lira fell to an all-time low** against the USD to 40.7 amid investor selling, sanctions risk. Investors are increasingly worried about Turkey’s dwindling foreign exchange reserves, growing foreign-denominated debt, central bank intervention and potential sanctions from the EU.

FX Chart of the Month: USDJPY



Performance Summary

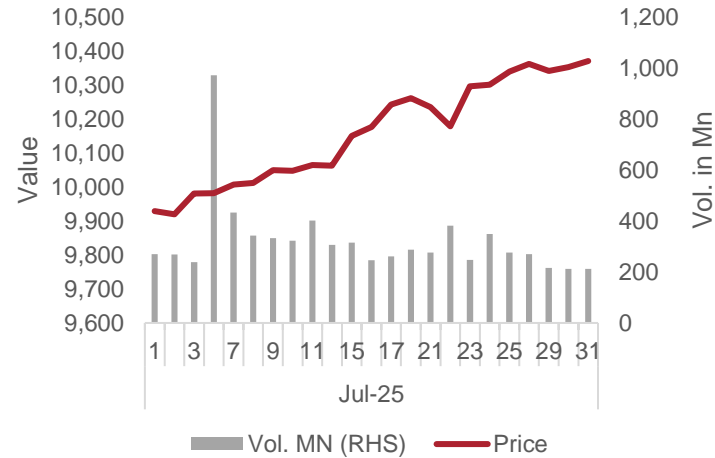
Forex Rates	July-25	Monthly Change %	YTD Change %
EUR - USD	1.142	-3.2%	10.2%
USD - JPY	150.750	4.7%	-4.1%
GBP - USD	1.321	-3.8%	5.5%
AUD - USD	0.643	-2.4%	3.8%
USD - CHF	0.812	2.4%	-10.5%
USD - CNH	7.209	0.7%	-1.8%
USD - INR	87.600	2.2%	2.3%
USD - PKR	282.450	-0.4%	1.4%
USD - MAD	9.160	1.9%	-9.6%
USD - TND	2.911	0.9%	-8.7%
USD - EGP	48.670	-1.9%	-4.3%
USD - DZD	130.610	1.0%	-3.7%
USD - MXN	18.876	0.7%	-9.4%

Equities

UAE Markets

- **FTSE ADXGI** increased by 4.2% in July-25 with 70 securities advancing and 31 declining. Turnover for July-25 increased by 6.0% on Month-on-month basis. BOS (75%) & CBI (48%) were key winners, while GHITHA (-16%) & SICO (-10%) were key losers.
- **DFMGI** increased by 7.9% in July-25 with 40 shares advancing and 15 shares declining. AED 16.8Bn worth of shares were traded resulting in 10.9% change in turnover vs previous month.
 - CBD (20%) & ENBD (17%) were key winners while AGILITY (-39%) & Talabat (-6%) were key losers.

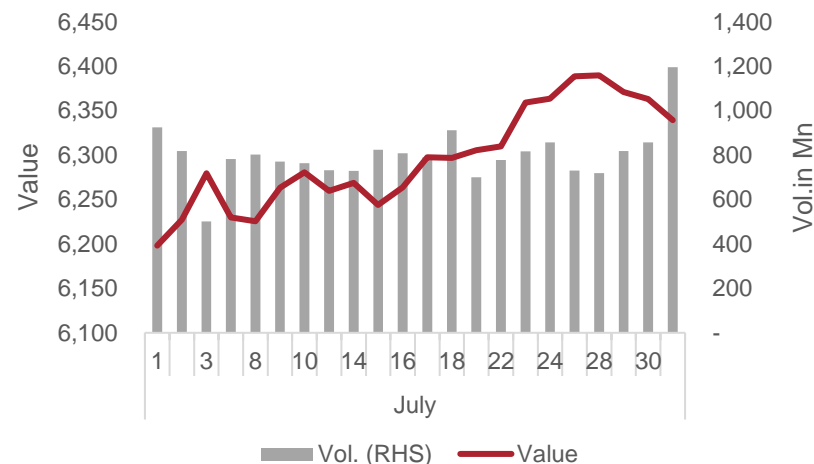
ADXGI Monthly Price-Volume



Global Monitor

- **The S&P 500 closed July 2025 at 6,339 points up 2.17%.** IT sector performed the best increasing 5.16% while Health care performed worst, falling 3.44% in July. Earnings and tariffs dominated the markets, with earnings coming in stronger than expected given limited impact from tariffs. Continuing its record-breaking streak, NVIDIA became the first public company to reach USD 4 trillion in market value.
- **Euro equities were positive in July**, with STOXX 600 (Pan-Europe) increasing 0.90% month-over-month. Germany's DAX 40 was a strong performer reaching an all time high on 24,639.1 on July 10th.

US S&P500 Monthly Price-Volume



Performance Summary

Markets Performance	July-25	Monthly Change %	YTD Change %
Regional			
ADX (Abu Dhabi)	10,370.66	2.8%	5.7%
DFM (Dubai)	6,159.15	4.1%	10.6%
TASI (Tadawul)	10,920.27	1.6%	-7.2%
QSI (Qatar)	11,261.62	2.7%	1.7%
BKM (Kuwait)	8,617.83	4.2%	14.8%
MSX (Oman)	4,780.98	-1.3%	-1.7%
Global			
S&P 500 (US)	6,339.39	2.2%	7.8%
DAX (Germany)	24,065.47	0.7%	20.9%
Nikkei 225 (Japan)	41,069.82	1.4%	2.9%
Hang Seng (Hongkong)	24,773.33	2.9%	23.5%
Nifty 50 (India)	24,768.35	-2.9%	4.8%
FTSE 100 (UK)	8,742.84	2.3%	7.2%

UAE Equities Key Developments

- Mashreq Bank posted 2Q 2025 net profit of AED1.65bn versus AED1.99bn in 2Q24.
- ADNOC Drilling posted strong 2Q 2025 net profit of reaching USD692 million (21% YoY growth)
- FAB reported 2Q 2025 net profit of AED 5.5bn growing 28.1% YoY.
- ENBD reported 2Q 2025 net profit of AED 6.3bn down 10.7%YoY.
- A consortium comprising Air Arabia announced that it got approvals to operate from King Fahd International Airport in Dammam.

Commodities

Oil Price Movement – July 2025



Oil & Gold Commentary – July 2025

- **WTI Oil prices increased by 6.7% in July** amidst heightened concerns over supply disruptions driven by Russia’s plans to restrict gasoline exports & the US President’s shortened deadline for Russia to end the war in Ukraine.
- **Gold prices witnessed a slight dip in July as** gold prices decreased by 0.4% Month-on month, driven by stronger US dollar. However gold prices were positively influenced from a rise in inflation expectations and tariff tensions. Gold ETF witnessed inflows of US\$3.2bn split almost equally between North America (US\$1.4bn, 12t) and Europe (US\$1.7bn, 11t), while Asia slightly increased (US\$0.1bn,0.8t) in July.

Performance Summary

Commodities	July-25	Monthly Change %	YTD Change %
Brent (USD/bbl)	67.88	1.4%	-10.0%
WTI (USD/bbl)	69.62	6.7%	-4.0%
Nat. Gas (USD/MMBtu)	3.11	-10.1%	-14.5%
Gold (USD/oz)	3,289.93	-0.4%	25.4%
Silver (USD/oz)	36.71	1.7%	27.0%
Copper (USD/MT)	9,611.00	-2.6%	9.6%
Wheat (USD/bu)	523.25	-2.8%	-5.1%
Corn (USD/bu)	413.75	1.1%	-9.8%
Bitcoin	116,491.12	8.3%	24.3%

Chart of the Month

Chart of the Month: USD/CHF Movement in July 2025



- The Swiss Franc (CHF) exhibited a strong performance in July 2025, primarily driven by its continued status as a safe-haven currency amid escalating global geopolitical tensions and concerns over the global economic outlook.
- Switzerland's robust economic data, including a surprising 3.8% year-over-year jump in Real Retail Sales for June (released in July), further reinforced the franc's appeal. Low domestic inflation (Switzerland's inflation rate was 0.20% in July) also contributed to its strength.
- EUR weakness fueled driven by concerns about the US-EU trade deal and a fragile economic situation in the eurozone led to investors to flock to CHF as a safe haven asset.

Disclaimer

This document is issued by Ajman Bank, solely for the purpose of information to its staff and customers. The information contained in this document is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to the determination of whether a particular investment activity is advisable. There is no obligation on Ajman Bank to update the information contained in this document following the issuance of this document. No representation, warranty or assurance of any kind, expressed or implied, is made as to the sequence, accuracy, completeness, or timeliness of information contained in this document. Moreover, the provision of certain information in this document is subject to the terms and conditions of other agreements to which Ajman Bank is a party.

Ajman Bank uses reasonable efforts to obtain information from sources which it believes to be reliable to the best of its knowledge in preparation of this document such information has not been subjected to independent verification. Ajman Bank makes no representation that the information or opinions contained in this document are accurate, reliable or complete and Ajman Bank accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in this document.

This document is not intended for use by or distribution to, any person or entity or country where such use or distribution would be contrary to law or regulation. Potential clients should inform themselves as to the legal requirements and tax consequences within their countries of residence, citizenship, domicile and place of business. Accordingly, anything to the contrary herein set forth notwithstanding, Ajman Bank, its suppliers, agents, directors, officers, employees, representatives, successors, assigns, affiliates or subsidiaries shall not, directly or indirectly, be liable, in any way, to you or any other person for any (a) inaccuracies or errors in or omissions from this document, (b) loss or damage arising from the use of this document, (c) under no circumstances, including but not limited to negligence, shall Ajman Bank, its suppliers, agents, directors, officers, employees, representatives, successors, assigns, affiliates or subsidiaries be liable to you for any direct, indirect, consequential, special, punitive or exemplary damages even if Ajman Bank has been advised specifically of the possibility of such damages, arising from the use of this document, including but not limited to loss of revenue, opportunity or anticipated profits or lost business.

The information contained in this document does not purport to contain all relevant matters and all statements as to future matters are not guaranteed to be accurate. Anyone proposing to rely on or use the information contained in this document should independently verify and check the accuracy, completeness, reliability, and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts.

You acknowledge and understand that this document has been developed, compiled, prepared, revised, selected and arranged by Ajman Bank (including certain other information sources) through the application of methods and standards of judgment developed and applied through the expenditure of substantial time, effort, and money and constitutes valuable intellectual property of Ajman Bank

This document should be read in conjunction with any subsequent or other marketing or other material prepared by Ajman Bank. All such material including this document shall be subject to amendment without notice and copies of such documentation can be obtained from Ajman Bank.

All present and future rights in and to trade secrets, patents, copyrights, trademarks, services marks, know-how, and other proprietary rights of any type under the laws of any governmental authority, domestic or foreign, shall, as between you and Ajman Bank, at all times be and remain the sole and exclusive property of Ajman Bank and/or other lawful parties. Except as specifically permitted in writing, you acknowledge and agree that you may not copy or make any use of the content of this document or any portion thereof. Except as specifically permitted in writing, you shall not use the intellectual property rights connected with this document, or the names of any individual participant in, or contributor to, the content of this document, or any variations thereof, for any purpose.

Contact Us

Ajman Bank

Ittihad Road - Mushairif Area.

P.O.Box. 7770, Ajman, United Arab Emirates.

For more insights about markets evolutions

Tel: +971 6 7018 677

Email: Karim.adouane@ajmanbank.ae

Ajman Bank Public Joint Stock Company (P.J.S.C) is licensed by the Central Bank of the UAE. All our products and services are Shari'ah compliant.