

Monthly Capital Markets Review

August 2025



Central Bank Policies

US Federal Reserve

- Fed Meeting Minutes:** FOMC minutes published on 20th October showed that its members are divided in their opinion, as risks to inflation are tilted to the upside and risks to employment to the downside. This division is highlighted by the fact that for the first time since 1993, there were two dissenting votes in a FOMC meeting.
- FED board gets more Trump influence:** President Trump appointed Mr. Stephen Miran as chair of the Council of Economic Advisors, which is a pivotal seat on the US Federal Reserve Board of Governors, replacing Adriana Kugler, who resigned on 1st August 2025. Completing his predecessor's term, Mr. Miran likely will serve in the position through January 2026.
- Powell hints at a rate cut in September :** Following the critical July jobs report on 1st August, which increased probabilities for a 25-basis points rate cut to 89% markets were looking for Chair Powell's keynote speech annual central bankers' symposium in Jackson Hole.
- Surprisingly, Fed Chair opted for a dovish outlook and opened the door for a rate cut, stating that *"the baseline outlook and the shifting balance of risks may warrant adjusting our policy stance"*.

Key Central Banks

- Bank of England (BOE):** On 7th August 2025, the BOE reduced its interest rates by 25 basis points, after an unprecedented second vote by the Bank of England. The split highlights tension between rising inflation, now expected to peak at 4% in September, and signs of labor market strain after higher payroll taxes and minimum wage hikes.
- Reserve Bank of Australia (RBA):** On 12th August 2025, the RBA reduced its cash rate by 25 basis points to 3.6% matching market expectations and bringing borrowing costs to their lowest since April 2023.

Performance Summary

CB Policy Rates	Aug-25	Monthly Change bps	YTD Change bps
US Fed range	4.25-4.50%	-	-
Japan	0.50%	-	+25bp
ECB	2.00%	-	-100bp
UK	4.00%	-25bp	-50bp
UAE	4.40%	-	-
KSA range	4.50%- 5.00%	-	-

CDS Spreads	Aug-25	Monthly Change bps	YTD Change bps
US 5Y	39	-3bp	+6bp
Abu Dhabi 5Y	28	-2bp	-15bp
Dubai 5Y	54	-1bp	-9bp
Kingdom of Saudi Arabia 5Y	61	-0bp	-4bp
France 5Y	37	+5bp	-2bp
Germany 5Y	8	+0bp	-5bp
Korea 5Y	20	-2bp	-18bp
China 5Y	44	+3bp	-22bp
Indonesia 5Y	19	-2bp	-1bp

Fixed Income

Market Monitor

- US Treasury Bond yields decreased in August** with short to medium yields witnessing significant movement (approx. 35-14 bps) as rate cut expectations increased. However, concerns surrounding US borrowing also drove 30-yr bond yields rising by 03 basis points as investors avoided long duration bonds.
- US July jobs report increased labor market risk:** A highly contentious jobs report showed that 258,000 had been incorrectly added in May and June, which highlighted considerably more weakness in US labor market than initially understood by the markets. Markets had a strong reaction on the report with 2-year yields falling 25 bps and 10-year falling 13 bps.
- In August 2025, the overall Sukuk performance was positive.** Investment grade sukuks recorded a 1.09% monthly return as measured by the Dow Jones Sukuk IG Index, while high yield sukuks yielded a 1.11% monthly return as measured by the S&P HY Sukuk Index. However, sukuk issuances decreased in August as summer slowdown kicked in.

DCM Issuance

- Alinma Bank** raised \$500 million from sale of AT1 perpetual sukuk issuance. The final return was set at 6.250%.
- Banque Saudi Fransi** raised \$1bn from sale of AT2 bond issuance. The final coupon was priced at 5.761%.
- Saudi Awwal Bank** raised \$1.25bn from sale of AT2 bond issuance. The final coupon was priced at 5.947%.

Performance Summary

Key Interest Rates	Aug-25	Monthly Change bps	YTD Change bps
AED Rates			
UAE 1 Month	4.36%	+3bp	+13bp
UAE 3 Month	4.20%	+1bp	-24bp
UAE 6 Month	4.13%	+2bp	-32bp
UAE 12 Month	4.09%	-7bp	-26bp
USD Rates			
US 1 Month	4.32%	-4bp	+1bp
US 3 Month	4.05%	-15bp	-25bp
US 6 Month	3.97%	-30bp	-26bp
US 1 Year	3.84%	-26bp	-18bp
US 5 Year	3.70%	-28bp	-69bp
US 10 Year	4.23%	-15bp	-34bp
US 30 Year	4.93%	+3bp	+15bp
Sukuk Movement	Aug-25	Monthly Change %	YTD Change %
Dow Jones Sukuk IG Index	148.916	1.09%	5.55%
S&P Global HY Sukuk Index	194.266	1.11%	6.27%

FX Monitor

- US Dollar exhibited choppy performance:** August 2025 saw the USD index falling by 2.1% on a month-on-month basis to 97.7 levels largely driven by market expectation of fed rate cut over the upcoming meetings.
- JPY appreciated 2.5% in August,** due to signs of recovering economic growth with 2Q GDP numbers rising at an annualized rate of 1.0% and statements from BOJ officials, who continued to signal a gradual approach for future rate hikes. The USD/JPY also saw a significant decline from the high of 150.92 on July 28, falling by 430 pips in the first five days of August fueled by rising expectations of a Federal Reserve rate cut.
- Indian Rupee fell to an all-time low** against the USD to 88 levels amid increasing trade uncertainty between the countries. US president announced additional 25% tariff on India for purchasing Russian oil bringing the overall tariff rate to 50%. This had a significant impact on the Indian economy as US is India's largest export market amounting to about \$64 billion worth of goods which is roughly 2% of the country's GDP.

FX Chart of the Month: USDINR



Performance Summary

Forex Rates	Aug-25	Monthly Change %	YTD Change %
EUR – USD	1.169	2.4%	12.9%
USD - JPY	147.050	-2.5%	-6.5%
GBP - USD	1.350	2.2%	7.9%
AUD - USD	0.654	1.8%	5.7%
USD - CHF	0.801	-1.5%	-11.8%
USD - CNH	7.122	-1.2%	-2.9%
USD - INR	88.206	0.7%	3.0%
USD - PKR	281.725	-0.3%	1.1%
USD - MAD	9.014	-1.6%	-11.0%
USD - TND	2.901	-0.3%	-9.0%
USD - EGP	48.600	-0.1%	-4.4%
USD - DZD	129.363	-1.0%	-4.6%
USD - MXN	18.656	0.7%	-9.4%

Equities

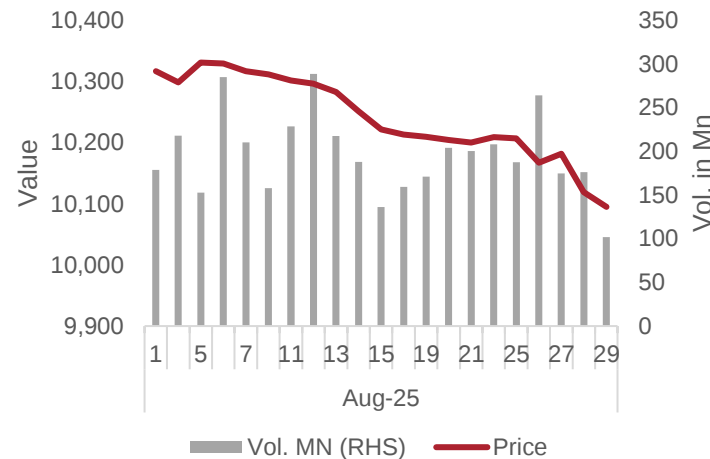
UAE Markets

- FTSE ADXGI** decreased by 2.7% in August-25 with 41 securities advancing and 59 declining. Turnover for Aug-25 decreased by 31.0% on Month-on-month basis.
ADNOCLS (17%) & APEX (14%) were key winners, while E7 (-19%) & ADIB (-12%) were key losers.
- DFMGI** decreased by 1.6% in August-25 with 30 shares advancing and 27 shares declining. AED 12.1Bn worth of shares were traded resulting in 27.8% decrease in turnover vs previous month.
 - SUKOON (20%) & TAALEEM (13%) were key winners while TALABAT (-6%) & ENBD (-6%) were key losers.

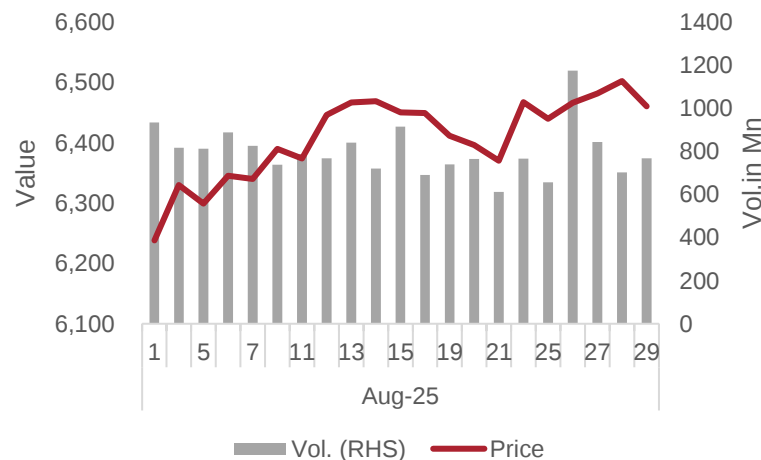
Global Monitor

- The S&P 500 closed August 2025 at 6,460 points, up 1.9%.** Healthcare and materials sectors performed best, increasing 5.6%, while utilities performed worst, falling 2.0%. The index reached multiple all-time highs, supported by potential interest rate cut in September, contrasting decreased AI sentiment caused by poor returns from existing AI projects.
- Asian equities provided strong return in August** with 1). Japan's Topix Index rising by 4.5% driven by US-Japan trade deal reached in late July and supportive economic data while 2). China's CSI 300 rose by 10.3% driven by domestic savings flowing into equities amidst meager bond and bank deposit yields.

ADXGI Monthly Price-Volume



US S&P500 Monthly Price-Volume



Performance Summary

Markets Performance	Aug-25	Monthly Change %	YTD Change %
Regional			
ADX (Abu Dhabi)	10,094.67	-2.7%	7.2%
DFM (Dubai)	6,063.61	-1.6%	17.5%
TASI (Tadawul)	10,696.89	-2.0%	-11.1%
QSI (Qatar)	11,222.38	-0.3%	6.2%
BKM (Kuwait)	8,499.21	-1.4%	15.4%
MSX (Oman)	5,029.89	5.2%	9.9%
Global			
S&P 500 (US)	6,460.26	1.9%	9.8%
DAX (Germany)	3,902.21	-0.7%	20.1%
Nikkei 225 (Japan)	42,718.47	4.0%	7.1%
Hang Seng (Hongkong)	25,077.62	1.2%	25.0%
Nifty 50 (India)	24,426.85	-1.4%	3.3%
FTSE 100 (UK)	8,973.08	2.6%	10.0%

UAE Equities Key Developments

- DEWA** posted 2Q25 attributable profit of AED2.26bn compared to AED1.86bn in 2Q24.
- Salik** Company posted 2Q25 profit of AED400mn versus AED268mn in 2Q24.
- DIB** posted net profit for 2Q 2025 of AED 1.69 billion, representing 8.5% increase compared to 2Q 2024
- ADNOC** announced that it has signed a 15-year sales and purchase agreement with Indian Oil.
- ADNOC** raised \$317m from sale of 3% stake in ADNOC L&S priced at AED 5.25 per share.

Commodities

Oil Price Movement – August 2025



Oil & Gold Commentary – August 2025

- Oil largely fell in August**, continuing a downward trend from July. Beginning on August, OPEC+ members decided to fully unwind their 2.2 million barrels per day (b/d) of voluntary production cuts by September. This led to significant price dip, on concerns increasing supply amidst over slowing global demand. Prices improved during end of the month amidst stalled negotiation on peace deal between Russia and Ukraine and fresh US sanctions on Russia.
- Gold prices bounced back in August** as expectations of Fed rate cut increased. Demand for gold was further supported by a weakening USD and strong demand from central banks, particularly in Asia who continue to be major buyers of the asset. The metal was also significantly impacted by U.S. tariff policy, with U.S. Customs and Border Protection initially imposing a 39% tariff on 1-kilogram and 100-ounce gold bars imported to the U.S. However, the White House later clarified that gold would not be subject to this tariff by issuing an executive order to address market confusion.

Performance Summary

Commodities	Aug-25	Monthly Change %	YTD Change %
Brent (USD/bbl)	67.41	-0.7%	-10.6%
WTI (USD/bbl)	64.97	-6.7%	-10.4%
Nat. Gas (USD/MMBtu)	3.00	-3.5%	-17.5%
Gold (USD/oz)	3,447.95	4.8%	31.4%
Silver (USD/oz)	39.72	8.2%	37.4%
Copper (USD/MT)	9,902.00	3.0%	12.9%
Wheat (USD/bu)	534.25	2.1%	-3.1%
Corn (USD/bu)	420.25	1.6%	-8.3%
Bitcoin	107,800.31	8.3%	24.3%

Chart of the Month

Ethereum moves up higher in August



Ethereum moved up in 18.8% to 4,393 per USD in August 2025 primarily due to institutional demand, ETF inflows, and favorable regulations. The price hit a new all-time high of \$4,948 on August 24.

- **ETF Inflows and Institutional Interest:** Large capital inflows into Ethereum ETFs and accumulation by institutional investors like corporate treasuries drove demand.
- **Strong Network Activity:** Record network usage, high DeFi volume, and growth in Layer-2 solutions provided a strong fundamental backdrop.
- **Favorable Macro and Regulatory Conditions:** Cooling inflation, expectations of Federal Reserve interest rate cuts, and regulatory clarity around stablecoins boosted investor confidence.

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.