

# Monthly Capital Markets Review

May 2025



# Central Bank Policies

## US Federal Reserve

- **US FED Decision:** On 7<sup>th</sup> May 2025, the US FOMC decided to hold the federal funds rate in the range of 4.25%-4.50%.
- **Increased uncertainty:** the committee expressed concerns over the unpredictability of the economic outlook. The heightened uncertainty was largely attributable to evolving trade and economic policy.
- **Solid economic activity and labor market:** Despite the uncertainty, recent indicators suggest that economic activity has continued to expand at a solid pace. The unemployment rate has stabilized at a low level, and labor market conditions remain solid.
- **Balance Sheet Reduction Continues:** The Fed will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities.

## Key Central Banks

- **Bank of Japan (BoJ):** On 1<sup>st</sup> May, the BoJ maintained its key policy rates at 0.5%. The bank’s board unanimously voted to hold rates while slashing its growth forecast due to the global trade war.
- **Bank of England (BoE):** On 8<sup>th</sup> May 2025, the monetary policy committee (MPC) of BoE voted by a majority of 5–4 to reduce Bank Rate by 0.25 percentage points, to 4.25%. The decision was driven by continued progress in disinflation.
- **Reserve Bank of Australia (RBA):** On May 20, 2025, the RBA reduced its cash rate by 25 bps, bringing it to 3.85%. This marked the first rate cut since January 2025.
- **The People's Bank of China (PBoC):** On May 20, 2025, the PBoC cut its key lending rates by 10 bps, as a stronger yuan offered the opportunity to ease its monetary policy given the trade uncertainty with the US.

## Performance Summary

CB Policy Rates	May-25	Monthly Change bps	YTD Change bps
US Fed range	4.25-4.50%	-	-
Japan	0.50%	-	+25bp
ECB	2.25%	-25bp	-75bp
UK	4.25%	-25bp	-50bp
UAE	4.40%	-	-
KSA range	4.50%- 5.00%	-	-

CDS Spreads	May-25	Monthly Change bps	YTD Change bps
US 5Y	51	-4bp	+18bp
Abu Dhabi 5Y	35	-4bp	-8bp
Dubai 5Y	55	-6bp	-7bp
Kingdom of Saudi Arabia 5Y	73	-11bp	+8bp
France 5Y	37	-3bp	-3bp
Germany 5Y	12	-1bp	-1bp
Korea 5Y	29	-3bp	-8bp
China 5Y	51	-10bp	-15bp
Philippines 5Y	21	+2bp	+2bp
Indonesia 5Y	79	-19bp	+0bp

# Fixed Income

## Market Monitor

- US Treasury Bond Market saw rising yields in May 2025** with the 10-year Treasury yield, rising by 24 bps to 4.42% Similarly, 5-year, 10-year, and 30-year Treasury yields also increased by 24 bps, 24 bps, and 25 bps, respectively.
- Fiscal Concerns:** A major contributing factor was the downgrade of the US sovereign credit rating by Moody's on May 16, citing the staggering national debt. This, coupled with weak demand in Treasury auctions (such as the \$16 billion sale on May 21), put upward pressure on yields.
- The overall Sukuk market in May 2025 experienced** slight decline, as measured by the Dow Jones Sukuk Index, posted a marginal negative return of -0.10%.
- Resilience amidst Volatility:** Despite the broader bond market volatility, Sukuk markets demonstrated a degree of resilience, attributed to a weakening US dollar against most major currencies, which provided support to hard-currency emerging market bonds.

## DCM Issuance

- Sharjah Islamic Bank's AT1 sukuk:** Sharjah Islamic Bank (SIB) raised \$500 million in an AT1 Sukuk, offering investors a final return of 6.125%.
- Mubadala's issued new** \$1 billion 10-year Sukuk, which was priced to yield 5.00%.
- Boubyan Bank's new sukuk issue:** Boubyan Bank KS.C.P. successfully raised \$500 million from a 5-year Sukuk, with a final return set at 4.9730%.
- AlRayan Bank's sukuk issue:** AlRayan Bank Q.P.S.C. issued a \$500 million 5-year Sukuk, providing a final return of 4.875%.
- Alinma Bank's new sukuk issue:** Alinma Bank tapped the market for \$500 million with a Perpetual (non-call: 5.5-year) AT1 Sukuk, offering investors a final return of 6.50%.

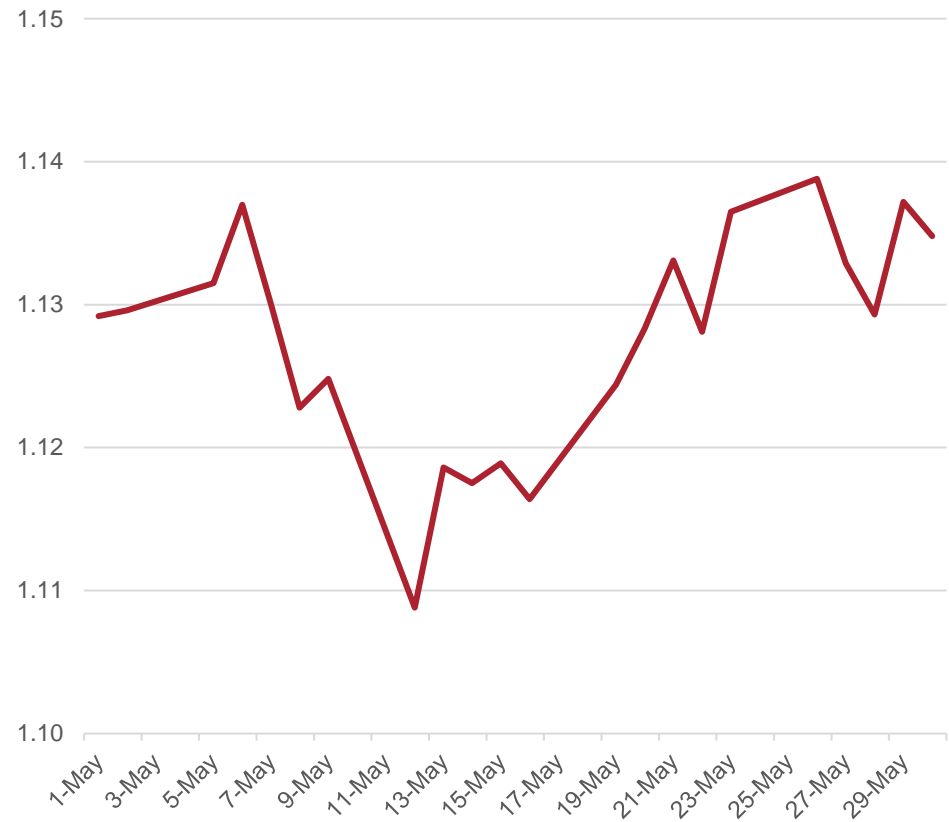
## Performance Summary

Key Interest Rates	May-25	Monthly Change bps	YTD Change bps
<b>AED Rates</b>			
UAE 1 Month	4.30%	+4bp	+7bp
UAE 3 Month	4.21%	-3bp	-24bp
UAE 6 Month	4.07%	+8bp	-38bp
UAE 12 Month	4.22%	+5bp	-14bp
<b>USD Rates</b>			
US 1 Month	4.28%	-2bp	-3bp
US 3 Month	4.19%	+8bp	-11bp
US 6 Month	4.32%	+14bp	+9bp
US 1 Year	4.11%	+25bp	+8bp
US 5 Year	3.96%	+24bp	-42bp
US 10 Year	4.40%	+24bp	-17bp
US 30 Year	4.93%	+25bp	+15bp
Sukuk Movement	May-25	Monthly Change %	YTD Change %
Dow Jones Sukuk IG Index	145.017	-0.10%	2.78%
S&P Global HY Sukuk Index	187.859	0.72%	2.77%

FX Monitor

- **The USD index ended at 99.26** in May 2025 marginally declining by 0.01% based on closing month end values. However, it experienced significant swings in May with an initial surge driven by market reactions to tariff developments, but these gains were later tempered by a US Court ruling that paused immediate action on tariffs.
- **The EUR experienced continued appreciation**, rising 0.2% against the USD to 1.135 levels. The Eurozone's relative stability attracted currency flows, despite significant global trade disruptions and new US tariffs targeting the EU.
- **The GBP showed relative strength with support from domestic data.** GBP/USD advanced in May and closed at 1.35 levels with potential US-UK trade news helped mitigate losses. Domestic economic data such as inflation and rise in average earnings contributed to its strength.

FX Chart of the Month: EUR- USD



Performance Summary

Forex Rates	May-25	Monthly Change %	YTD Change %
EUR - USD	1.135	0.2%	9.6%
USD - JPY	144.020	0.7%	-8.4%
GBP - USD	1.346	1.0%	7.5%
AUD - USD	0.643	0.5%	3.9%
USD - CHF	0.822	-0.4%	-9.4%
USD - CNH	7.205	-0.9%	-1.8%
USD - INR	85.581	1.3%	0.0%
USD - PKR	282.025	0.4%	1.2%
USD - MAD	9.231	-0.4%	-8.9%
USD - TND	2.980	-0.1%	-6.6%
USD - EGP	49.760	-2.0%	-2.1%
USD - DZD	132.229	-0.2%	-2.5%
USD - MXN	19.438	-0.9%	-6.7%

# Equities

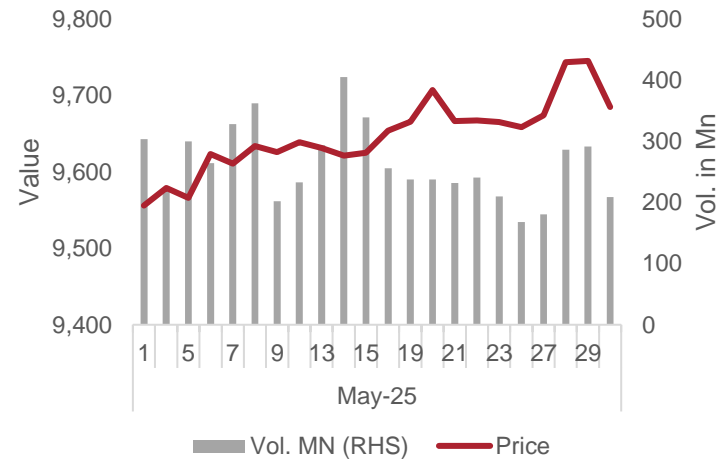
## UAE Markets

- FTSE ADXGI** increased by 3.9% in May-25 with 58 securities advancing and 41 declining. Turnover for May-25 increased by 21.7% on Month-on-month basis.
  - PRESIGHT (32%) & PHX (18%) were key winners, while UAB (-11%) & ESHRAQ (-9%) were key losers.
- DFMGI** increased by 1.5% in May-25 with 28 shares advancing and 29 shares declining. AED 15.1Bn worth of shares were traded resulting in 17.1% increase in turnover vs previous month.
  - Parkin (13.6%) & Salik (13.0%) were key winners while ALSALAMSUDAN (-14.0%) and TAKAFUL-EM (-8.0%) were key losers.

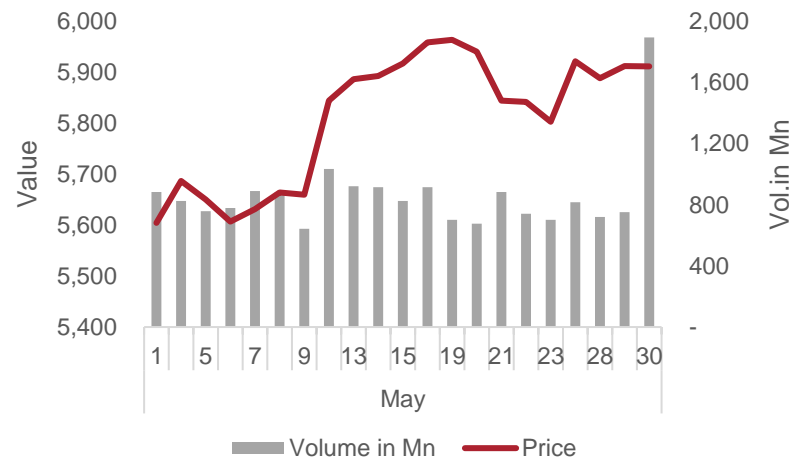
## Global Monitor

- The S&P500 increased 6.15% in May 2025**, with 10 of the 11 sectors up. Magnificent 7 led the rebound in the performance representing 57% of the index's May return. Sector wise IT was the best performer, rebounding 10.79% in May, while Health Care did the worst, falling 5.72%.
- Key Euro equities as measures by STOXX 600 index climbed up 4.0% in May following easing concerns over a potential trade war and reduced recession fear.

## ADXGI Monthly Price-Volume



## US S&P500 Monthly Price-Volume



## Performance Summary

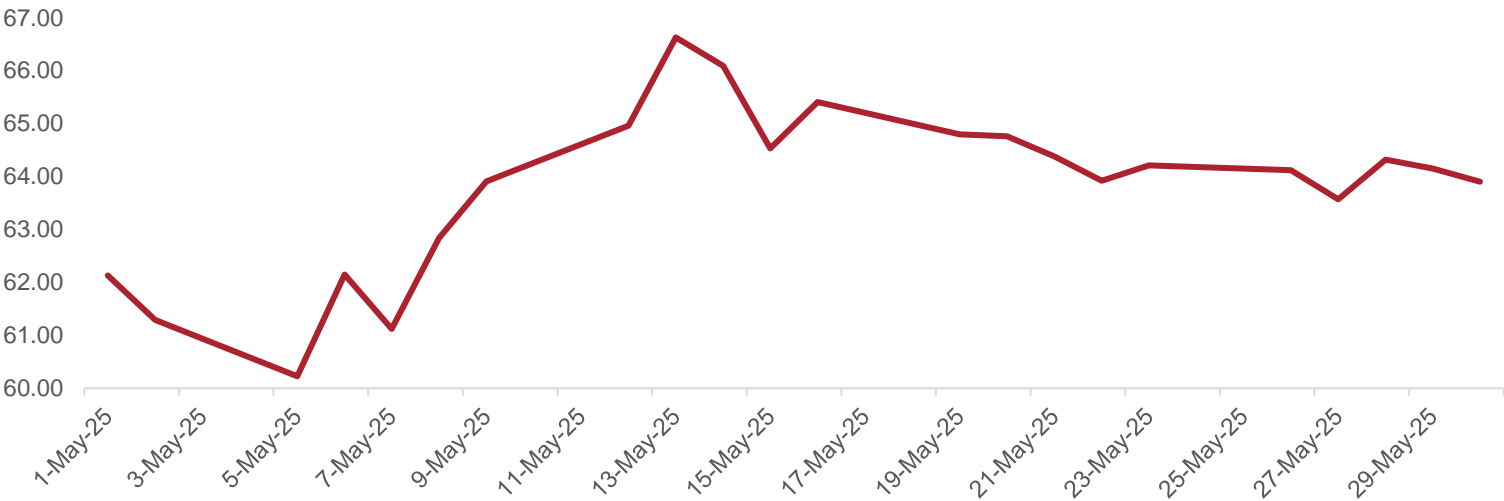
Markets Performance	May-25	Monthly Change %	YTD Change %
<b>Regional</b>			
ADX (Abu Dhabi)	9,685.10	1.6%	2.8%
DFM (Dubai)	5,480.51	3.3%	6.2%
TASI (Tadawul)	10,990.41	-5.8%	-8.7%
QSI (Qatar)	10,463.04	0.0%	-1.0%
BKM (Kuwait)	8,112.49	1.9%	10.2%
MSX (Oman)	4,561.04	5.7%	-0.3%
<b>Global</b>			
S&P 500 (US)	5,911.69	6.2%	0.5%
DAX (Germany)	23,997.48	6.7%	20.5%
Nikkei 225 (Japan)	37,965.10	5.3%	-4.8%
Hang Seng (Hongkong)	23,289.77	5.3%	16.1%
Nifty 50 (India)	24,750.70	1.7%	4.7%
FTSE 100 (UK)	8,434.71	3.8%	3.4%

## UAE Equities Key Developments

- Dubai Residential REIT raised AED 2.15 bn in IPO which was oversubscribed by 26 times and priced at AED 1.1 per share.
- TAQA posted 1Q25 attributable net profit of AED2.1bn vs AED2.1bn a year ago resulting in a 1.4% YoY decrease.
- Emaar Development reported AED 2.4bn of net profit for 1Q 2025 compared to AED 1.7bn a year ago which was 41.2% YoY growth.
- Mashreq reported AED 1.8bn of net profit for 1Q 2025 compared to AED 2.0bn in 1Q 2024 (-12.4% YoY growth)

# Commodities

## Oil Price Movement – May 2025



## Oil & Gold Commentary – May 2025

- Oil prices was largely positive during the month however was negatively affected by tariff driven policies and OPEC+ plans to increase production in June 2025. Positive factors affecting oil prices were higher demand in Europe & China as well as weakening production in the US.
- Gold prices ended May at similar levels to April but experienced significant volatility. Positive contributions to monthly performance includes tariff-related policy risk, a rise in inflation expectations and lagged follow-through from the dollar plunge in April whilst ETF outflows and strong performance in April had a negative effect during the month.

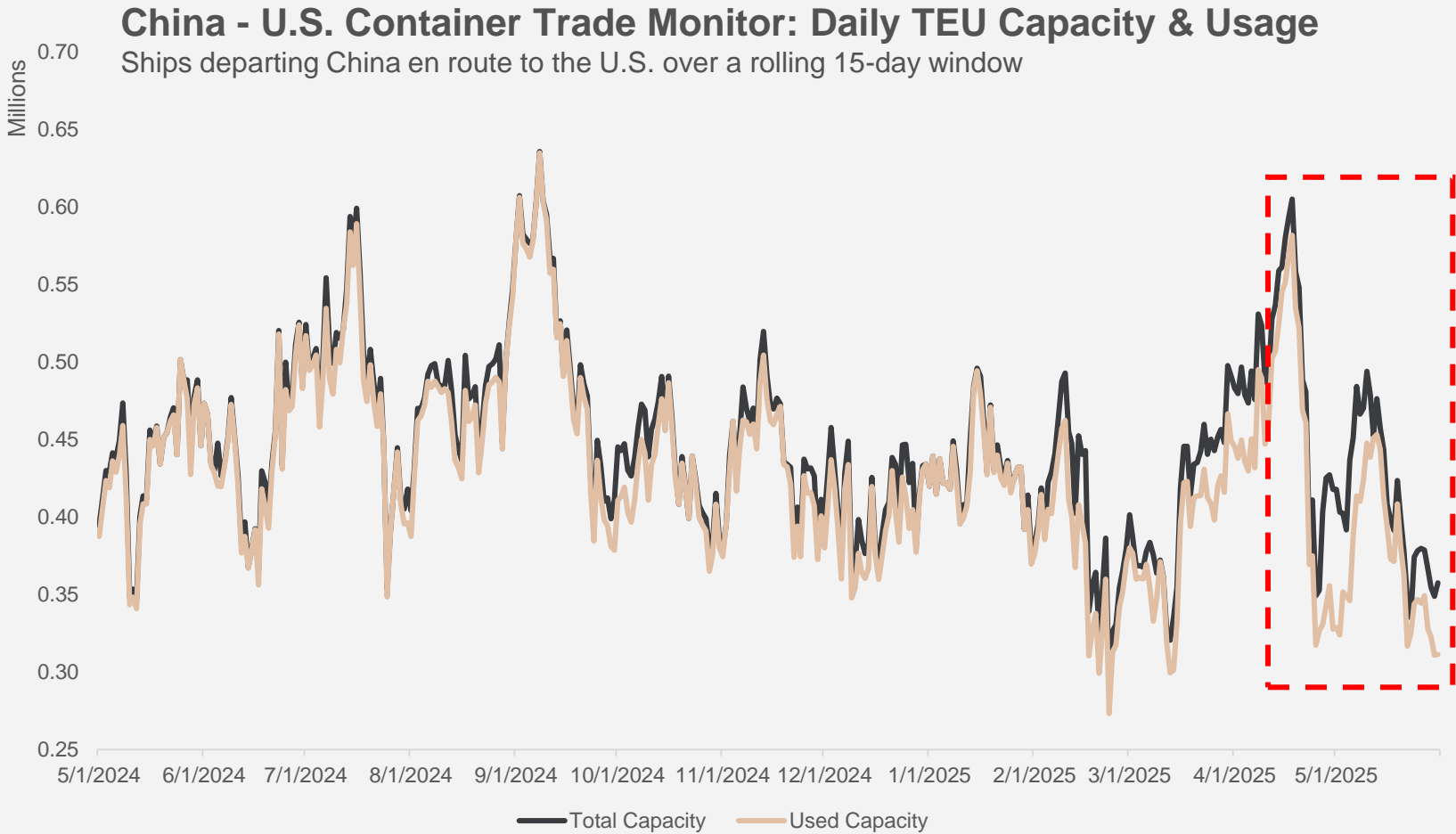
## Performance Summary

Commodities	May-25	Monthly Change %	YTD Change %
Brent (USD/bbl)	68.72	-0.3%	-8.9%
WTI (USD/bbl)	61.41	4.2%	-15.3%
Nat. Gas (USD/MMBtu)	3.45	3.6%	-5.1%
Gold (USD/oz)	3,289.25	0.0%	25.3%
Silver (USD/oz)	32.98	1.1%	14.1%
Copper (USD/MT)	9,498.00	4.1%	8.3%
Wheat (USD/bu)	534.00	0.6%	-3.2%
Corn (USD/bu)	444.00	-6.6%	-3.2%
Bitcoin	104,597.81	10.6%	11.6%



# Chart of the Month

## Chart of the Month: US – China Shipping Data



- As per CNBC, China’s outbound shipments to the U.S. plunged over 21% in April year on year, while imports dropped nearly 14%, official data showed.
- Expecting tariff hike decision, US importers had frontloaded orders, ahead of tariff hike with U.S.-bound shipments had risen 9.1% in March 2025.
- U.S. President Donald Trump had placed tariffs of 145% on imports from China, prompting it to retaliate with tariffs of 125% on American imports. So far, both sides have sought to blunt the economic impact of triple-digit levies by granting exemptions on certain critical products.
- Furthermore, as per Bloomberg data, the number of container vessels from China to the U.S. had dropped dramatically toward the end of April.

# 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](mailto: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.