

Investment Daily

21 May 2025



US stocks declined as longer-term Treasury yields rose

US stocks fell on Tuesday following recent gains, amid higher long-end Treasury yields. The S&P 500 closed 0.4% lower, with Energy and Communication Services leading the losses among major sectors, while Utilities and Health Care rose.

US Treasuries were mixed and the yield curve steepened, amid heavy corporate issuances and ahead of today's 20-year Treasury debt auction. Investors also monitored US congressional debate on the tax bill. 2-year yields shed 1bp to 3.97%, while 10-year and 30-year yields climbed 4bp and 7bp to 4.49% and 4.97%, respectively.

European stock markets posted modest gains on Tuesday. The Euro Stoxx 50 rose 0.5%. The German DAX was up 0.4%, and the French CAC was 0.7% higher. In the UK, the FTSE-100 rose 0.9%.

European government bonds fell (yields rose) on softer longer-term US Treasuries. 10-year German bund yields rose 2bp to 2.61%, as 10-year French bond yields stayed at 3.26%. In the UK, 10-year gilt yields rose 4bp to 4.70% ahead of key UK inflation data.

Asia stock markets traded mixed on Tuesday. Japan's Nikkei 225 ended little changed, amid a jump in long-term JGB yields after a weak government debt auction. Investor caution also set in ahead of planned talks with the US and worries about a stronger yen. Hong Kong's Hang Seng rallied 1.5% on some supportive market events and corporate news. China's Shanghai Composite gained 0.4%, following an expected 10bp cut to 1-year and 5-year LPR, in line with policy guidance from earlier this month. Elsewhere, Australian stocks rose after the central bank's 25bp policy rate cut, while India's Sensex fell 1.1%.

Crude oil prices edged lower on Tuesday, with geopolitical developments remaining in focus. WTI for June delivery settled 0.2% lower at USD62.6 a barrel.

US stocks declined; Treasury yield curve steepened

European stocks rose, while government bonds fell

Asian stocks were mixed

Key Data Releases and Events

Releases yesterday

The **Reserve Bank of Australia** lower its benchmark rate by 25bp to 3.85% in May, as expected, citing a gloomier global outlook and cooling inflation.

Releases due today (21 May 2025)

Country	Indicator	Period	Survey	Prior
Indonesia	Bank Indonesia Rate	May	5.50%	5.75%
United Kingdom	CPI (yoy)	Apr	3.3%	2.6%

Bank Indonesia is expected to cut interest rate by 25bp to 5.50% in May, amid growth concerns and the rebound of the rupiah.

In the **UK**, **CPI** is forecast to jump to 3.3% yoy in April, from 2.6% yoy in March, boosted by higher regulated prices, an increased energy price cap, and the impact of higher National Insurance Contributions (NIC).

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