بنك الإمارات دبي الوطني
Emirates NBD

Daily Outlook

Daily
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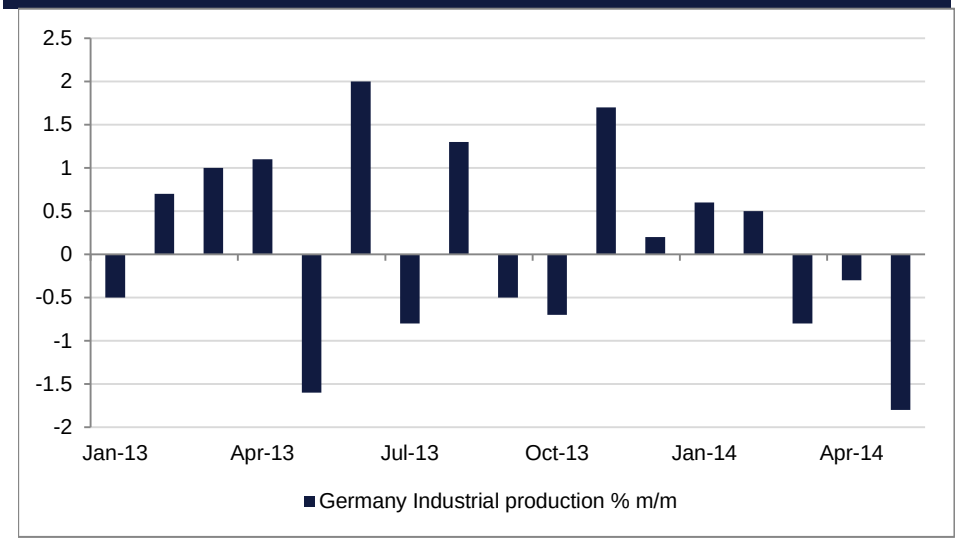
Financial markets are continuing to absorb the strong US jobs data for June, in some cases bringing forward their expectations for Fed rate hikes into early 2015. We had anticipated that the Fed would have to move faster than the market assumed so we are not too surprised by these developments. By contrast to the strong US data yesterday saw German industrial production decline for the third month in a row in May, raising concerns about the stuttering Eurozone recovery. Industrial production fell by 1.8% m/m in Germany during the month pointing to a quarterly contraction in output after an expansion in Q1. Today it is the turn of the UK where industrial production is expected to have risen by 0.2% in May.

The monthly statistics bulletin published by the UAE Central Bank shows surging public sector loan growth, while private sector borrowing slowed in Q1 2014. According to the data, public sector credit grew 17.5% q/q and 52.15 y/y as at the end of March, while claims on the private sector (including non-bank financial institutions) declined -1.3% q/q with annual growth rate slowing to just 0.4% y/y. However, most of the fall in private sector borrowing was due to sharply lower claims on non-bank financial institutions – if this is excluded, private sector credit growth stood at 4.6% y/y, compared with 4.2% y/y in December 2013 (*see Emirates NBD Research - UAE: Central Bank monthly data update 7th July 2014*).

Although the data is surprising, we do not read too much into it, as the central bank introduced new classification rules in Q4 2013 (mainly related to how GREs are classified in terms of loans and deposits), which have made the recent data points incomparable with data up to September 2013. **On the deposit side, residents' deposits remained the key driver of total deposit growth in Q1 2014**. Total deposits increased 4.1% q/q and 7.6% y/y, with residents' deposits rising 4.6% q/q and 10.5% y/y in Q1 2014.

German output slumps in May



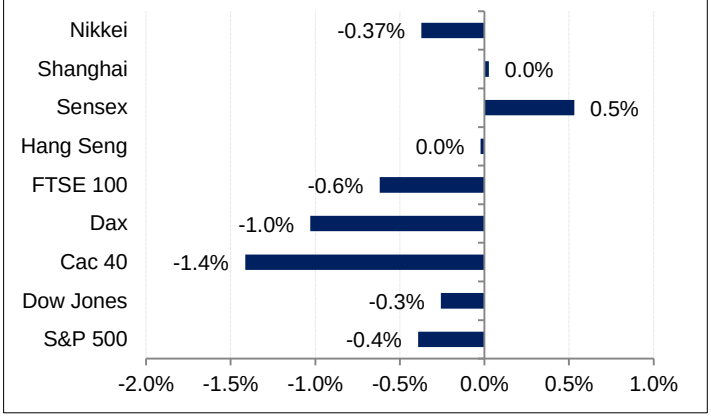
Source: Bloomberg, Emirates NBD Research

Day's Economic Data and Events

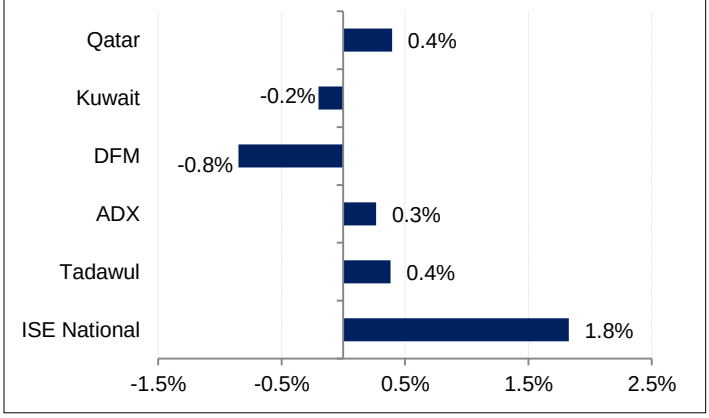
	Time	Cons		Time	Cons
Germany trade balance	10:00	16.2bn	UK Industrial production	12.30	0.3%
Bank of France Bus. Sent.	10.30	96	US NFIB small bus. opt.	15.30	97.0

Source: Bloomberg, Emirates NBD Research

Global Equity Indices



MENA Equity Indices



Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.3605	+0.07	1.3637	USDTRY	2.1291	-0.20	EURAED	4.9975	+0.10
GBPUSD	1.7130	-0.19	1.7039	USDEGP	7.1497	-0.02	GBPAED	6.2914	-0.18
USDJPY	101.86	-0.20	101.50	USDSAR	3.7505	--	JPYAED	0.0361	+0.24
USDCAD	1.0684	+0.29	1.0778	USDQAR	3.6407	--	CADAED	3.4378	-0.24
AUDUSD	0.9373	+0.09	0.9148	USDKWD	0.2821	-0.01	AUDAED	3.4427	+0.08
USDCHF	0.8936	-0.06	0.8897	USDBHD	0.3770	+0.00	CHFAED	4.1103	+0.04
EURGBP	0.7943	+0.27	0.8005	USDOMR	0.3850	--	TRYAED	1.7251	+0.20
USDAED	3.6729	--	3.6713	USDINR	60.0150	+0.47	INRAED	0.0612	-0.36

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	0.4086	0.7171	0.9143	1.0771	USD 2 yr	0.661	+1
USD LIBOR	0.1534	0.2341	0.3283	0.5562	USD 5 yr	1.810	-1
GBP LIBOR	0.4969	0.5563	0.7150	1.0634	USD 10 yr	2.709	-3
EURIBOR	#N/A	#N/A	#N/A	#N/A	EUR 2 yr	0.311	+0
JPY LIBOR	0.0979	0.1329	0.1786	0.3279	EUR 5 yr	0.666	+0
CHF LIBOR	-0.0010	0.0100	0.0714	0.1894	EUR 10 yr	1.465	-1

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1319.94	-0.05	ADGB 6.75 19	1.91	-1	Abu Dhabi	51	--
Silver	21.05	-0.57	DUGB 7.75 20	3.20	+0	Dubai	199	-3
Oil (WTI)	103.53	-0.51	QATAR 6.55 19	2.00	+1	Qatar	62	+1
Aluminium	1892.25	-0.05	US Tsy 2 yr	0.51	+1	Saudi Arabia	55	+2
Copper	7126.00	-0.49	US Tsy 10 yr	2.61	-3	Bahrain	166	--

Source: Bloomberg, Emirates NBD Research

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