



بنك الإمارات دبي الوطني  
Emirates NBD

Daily  
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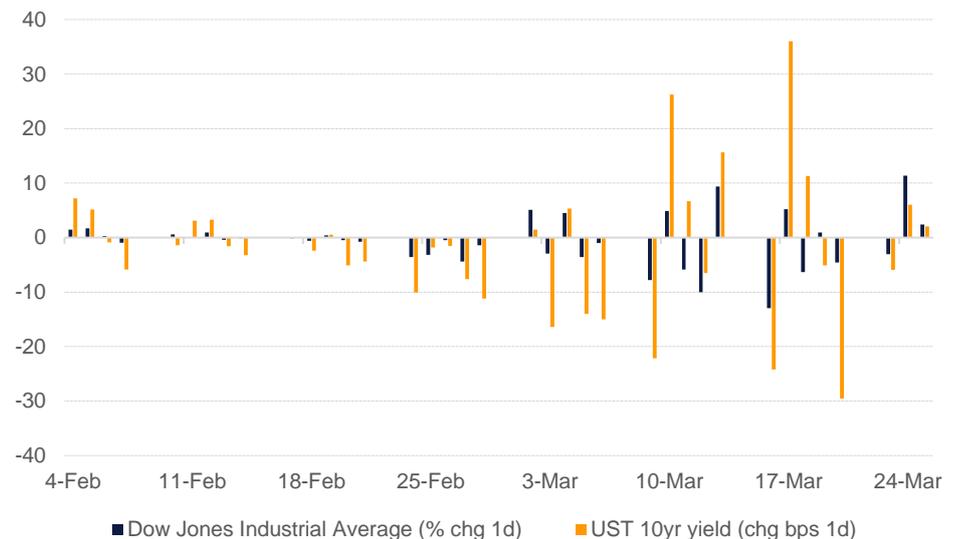
# Daily Outlook

Market rallies continued after the US Senate and White House reached agreement on a USD 2trn fiscal stimulus package after days of intense negotiations and will be voted on later today. The overall size of the bill represents approximately 10% of GDP and is more than double the size of the Obama stimulus in 2009. The bill contains permanent transfers to households and firms, with USD 100bn being allocated to the healthcare system, USD 350bn to small businesses, USD 500bn to large corporations and USD 150bn to state and local governments. The measures include direct checks to be sent to households worth USD1,200, an increase in unemployment insurance payments and money for tax deferrals. Of the USD 500bn allocated to corporations, most of this will be used to expand the new facilities announced by the Fed on Monday which means that the eventual size of the loans will be much larger than the package itself, potentially doubling its impact.

The UAE has reduced utility costs for factories, stores, hotels and malls which are customers of the Federal Authority of Water & Electricity by 20% for the next three months. Connection and reconnection fees have also been deferred or frozen and administrative fees have been waived. Separately, the IMF's director for MENA, Jihad Azour reiterated in an interview that the currency pegs in the GCC have served the region well and remain appropriate.

The IMF and Jordan have signed a new USD 1.3bn four-year reform programme in the midst of the coronavirus pandemic. The deal was designed prior to the outbreak, but adjustments have been made to the details in order to accommodate any emergency spending on medical supplies. Coronavirus will have a devastating effect on the Jordanian economy as tourism inflows, which account for around a third of goods and services exports, will be slashed to nought. Nevertheless, for now we see no risk to the dinar's peg given reserves remain robust at around seven months of import cover, and the IMF has been a longstanding and vocal supporter of maintaining the current exchange rate. Jordan's measures to contain the virus's spread have been among the most draconian in the world, initially saying that people would be kept to their homes and bread and water delivered to them, but this has now been eased to allow people between 16 and 60 to visit shops for food between certain hours.

## Rallies have a long march ahead to make up for recent losses



Source: Bloomberg, Emirates NBD Research

## Today's Economic Data and Events

Indicator	Time	Value	Indicator	Time	Value
GE Consumer confidence	11.00	7.7	UK BOE base rate	16.00	0.1%
UK Retail sales m/m	13.30	-0.3%	US Initial jobless claims	16.30	1500k

Source: Bloomberg, Emirates NBD Research.

## **Fixed Income**

Treasuries closed mixed amid risk-on sentiment for a second consecutive day. The curve steepened with yields on the 2y UST and 10y UST ending the day at 0.33% (-4 bps) and 0.86% (+2 bps) respectively.

Regional bonds saw buying interest for a second consecutive trading session as overall risk sentiment improved. The YTW on Bloomberg Barclays GCC Credit and High Yield index dropped 17 bps to 4.83% and credit spreads tightened 18 bps to 4.04%.

## **FX**

The dollar extended its losses from Tuesday as the Treasury's fiscal bill was finally agreed with the Senate helping to reduce market pressures and boosting risk appetite. Of course the package will only be effective for the economy if the shutdown is given time to work in order to contain the virus, which might be viewed to be at risk if President Trump gets his way in reopening the economy prematurely and reducing social distancing by mid-April. EURUSD also gained ground after comments from Olaf Scholz, the Germany Finance minister, who stated that the country will use all its "firepower" to revive growth in the wake of the coronavirus. The market ignored the better than expected durable goods report, which increased by 1.2% m/m in February after edging up 0.1% in January.

## **Equities**

Developed market equities closed higher even as it gave up part of its inter-session gains as investors assessed the text of the stimulus bill passed by the US Senate. The S&P 500 index and the Euro Stoxx 600 index added +1.2% and +3.1% respectively.

Regional markets also rallied sharply on the back of positive global cues. The DFM index and the KWSE PM index added +6.4% and +2.7% respectively. Gains were led by banking sector stocks which had bore the brunt of losses over the last fortnight.

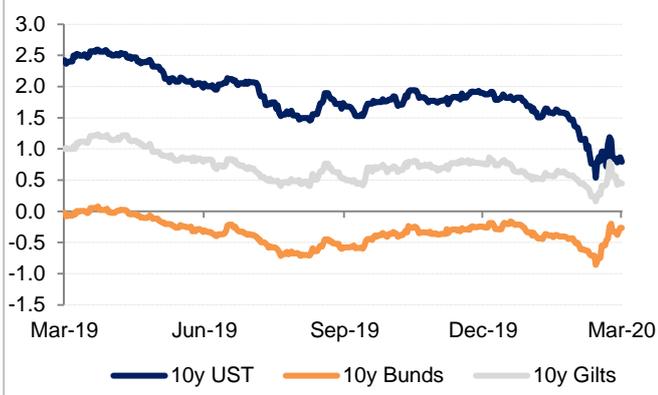
## **Commodities**

After a third day of gains oil prices have stalled somewhat this morning. Brent futures are down by around 1% at USD 27.13/b while WTI is off by 1.6% at USD 24.09/b. More oil market diplomacy is afoot with US Secretary of State Mike Pompeo directly reaching out to Saudi Arabia to bring an end to the price war strategy.

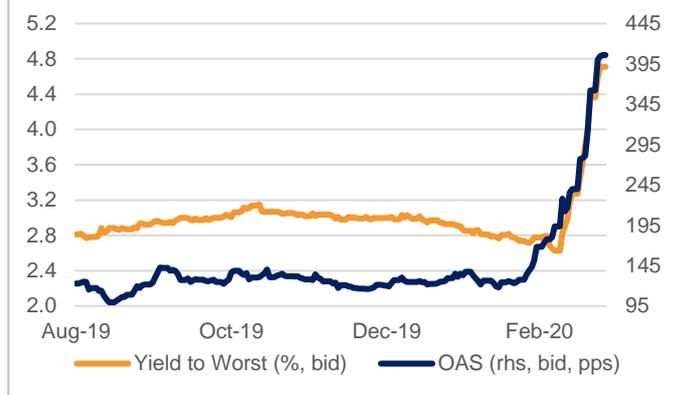
Inventories in the US rose by 1.6m bbl last week while builds in residual stocks pushed total petroleum inventories up by 2.45m bbl. US government plans to purchase crude to add to the country's strategic reserve have not yet been finalized, failing to be part of the Congress stimulus plans. Production in the US slipped by 100k b/d to 13m b/d while crude exports from the US fell by almost 530k b/d to 3.85m b/d.

## Markets in Charts

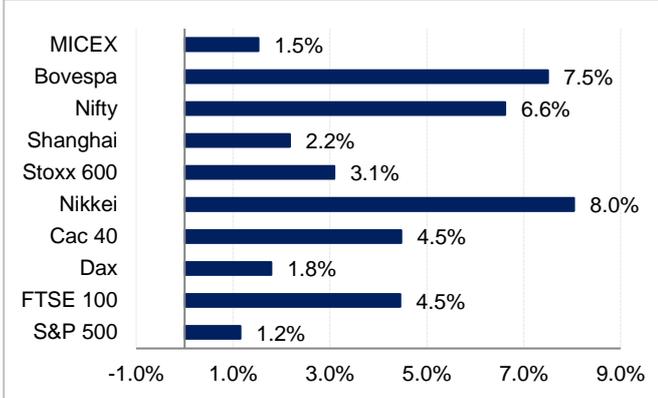
### Global Bond Yields



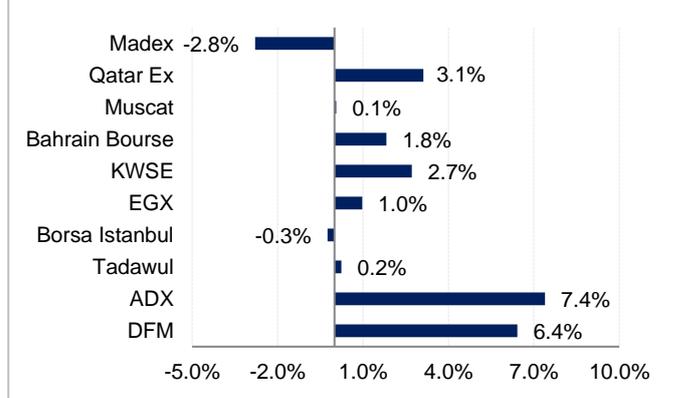
### UAE liquid bond index



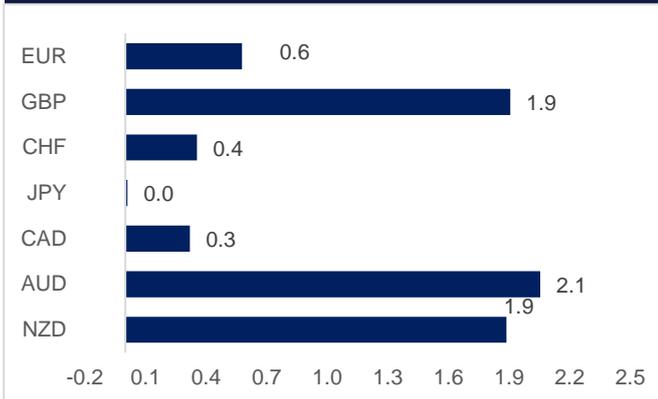
### Global Equity Indices



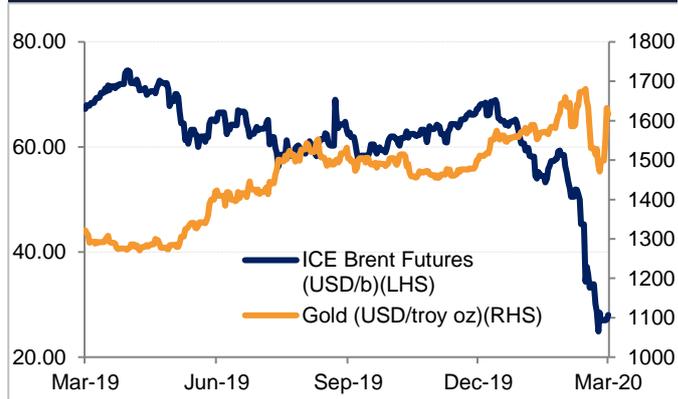
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.0882	+0.87	1.1013	USDTRY	6.4171	-0.03	EURAED	3.9968	+0.87
GBPUSD	1.1878	+0.99	1.1915	USDEGP	15.7505	+0.02	GBPAED	4.3630	+1.03
USDJPY	111.21	-0.02	109.61	USDSAR	3.7570	+0.04	JPYAED	0.0330	+0.02
USDCAD	1.4191	-1.87	1.4170	USDQAR	3.6800	-0.34	CADAED	2.5882	+1.92
AUDUSD	0.5959	+0.02	0.5959	USDKWD	0.3147	+0.41	AUDAED	2.1887	+0.03
USDCHF	0.9773	-0.43	0.9634	USDBHD	0.3788	+0.10	CHFAED	3.7590	+0.45
EURGBP	0.9163	-0.17	0.9244	USDOMR	0.3848	-0.10	TRYAED	0.5700	-0.38
USDAED	3.6728	-0.00	3.6823	USDINR	70.7225	-0.64	INRAED	0.0552	+14.19

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.2235	1.3226	1.3343	1.4779	USD 2 yr	0.519	-0
USD LIBOR	0.9591	1.2670	1.0676	0.9875	USD 5 yr	0.616	+2
GBP LIBOR	0.2475	0.5529	0.6900	0.8101	USD 10 yr	0.807	+5
JPY LIBOR	-0.1497	-0.0783	-0.0505	0.0595	EUR 2 yr	-0.267	+2
CHF LIBOR	-0.8030	-0.7046	-0.6006	-0.4606	EUR 5 yr	-0.109	+4
					EUR 10 yr	0.124	+4

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1616.90	-0.94	ADGB 6.75 19	2.42	--	Abu Dhabi	130	-19
Silver	14.48	+1.37	DUGB 7.75 20	4.84	-11	Bahrain	464	-18
Oil (WTI)	24.49	+2.00	QATAR 5.25 20	2.70		Dubai	292	-8
Aluminium	1503.25	-0.73	US Tsy 2 yr	0.33	-4	Oman	674	--
Copper	4846.15	+0.73	US Tsy 10 yr	0.87	+2	Qatar	43	+1
						Saudi Arabia	64	+3

Source: Bloomberg, Emirates NBD Research

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