



بنك الإمارات دبي الوطني
Emirates NBD

Daily
28 March 2019

www.emiratesnbdresearch.com

Daily Outlook

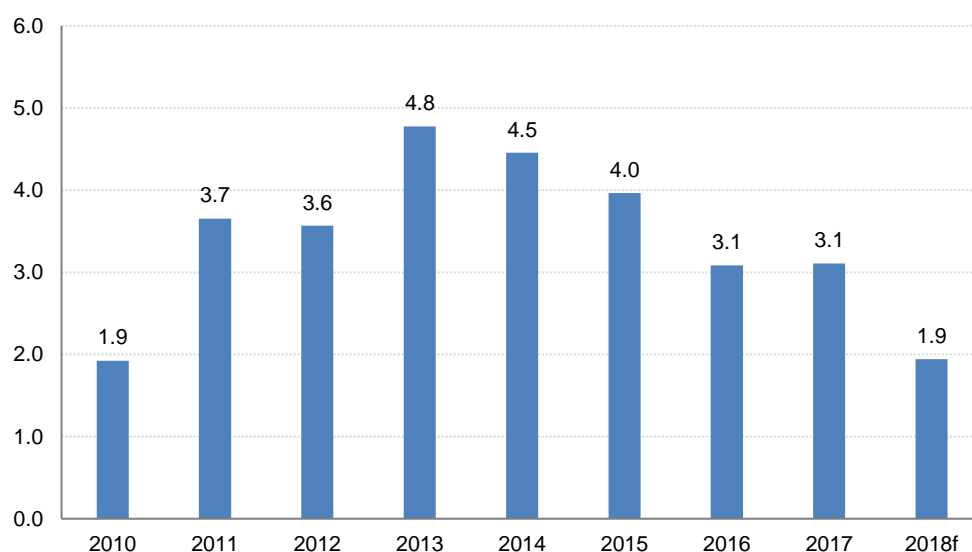
Dubai's economy grew 1.9% in 2018, lower than our forecast of 2.8%. However, 2017 GDP growth was revised higher to 3.1% from 2.8% previously. The fastest growing sector was real estate services (7.0% y/y) followed by health and social work (5.3% y/y). The construction sector grew 4.5% y/y, the fastest rate of growth since 2008. Dubai's largest sector – wholesale & retail trade – grew just 1.3% last year, a little faster than in 2017 but still slower than the growth recorded in 2013-2015. Our 2019 GDP growth forecast is under review, but we continue to expect growth to accelerate in 2019.

The Brexit saga marked time as parliament failed to find majority support for an alternative to the government's withdrawal bill. UK prime minister Theresa May has apparently offered to resign in order for hardline Brexiters in the Conservative party to support her deal but that has yet to guarantee that her deal will be passed in parliament if it is again presented for a vote. With no alternative gaining support and no movement yet on the existing deal the risk of the UK leaving the EU on April 12th and reverting to WTO rules (the so called 'no deal' exit) is looming as a considerable risk. UK consumers are taking a cautious approach on spending as Brexit remains unresolved. The CBI reported a drop in monthly sales in March, their largest decline in 17 months.

The US trade deficit narrowed in January thanks to a drop in imports, a worrying sign for domestic consumption, along with a boost to exports thanks to soybean shipments to China. The total trade deficit with China hit USD 34.5bn, its smallest level since June 2018 as imports from China have fallen considerably. The aggregate trade balance narrowed to USD 51.1bn, below market expectations.

China's premier Li Keqiang gave more indication of stimulus to help prop up the domestic economy in the form of lower real interest rates and borrowing costs. China's authorities have so far been reticent to open the taps fully for stimulus to prevent an even more unsustainable increase in debt and have been trying to use indirect support for the economy.

Dubai GDP growth slowed in 2018



Source: DSC, Emirates NBD Research

Today's Economic Data and Events

| | Time | Cons | | Time | Cons |
|--------------------|-------|------|----------------------|-------|------|
| Egypt Deposit Rate | 11:00 | N/A | German CPI y/y March | 17:00 | 1.6% |

Source: Bloomberg, Emirates NBD Research.

Fixed Income

Comments from the ECB president, Mario Draghi, sparked a slump in bund yields by suggesting that the bank could change its forward guidance to “reflect the new inflation outlook.” The ECB had already lowered its projections for 2019 and removed expectations that there will be any upward move in rates in the Eurozone this year and Draghi’s latest comments imply that negative rates appear here to stay. Bunds ended the day back in negative territory at a yield of -0.08% on 10yr maturities. Treasury yields fell in sympathy, closing down 4bps on the 10yr with a 5bps drop on the 2yr.

Moody’s affirmed its Aa2 rating on Abu Dhabi and kept the sovereign on a stable outlook.

FX

NZD was yesterday’s worst performing major currency following the RBNZ’s monetary policy meeting. The central bank held interest rates unchanged at the record low of 1.75% but policy makers signalled that their next move in interest rates is likely to be a cut. Over the course of the day, NZDUSD fell by 1.59% to close at 0.67972. As we go to print, the price is currently 0.68081 and remains below the formerly supportive 50-day and 100-day moving averages (0.6828 and 0.6812 respectively). The daily close below these levels yesterday,, makes the cross vulnerable to further declines towards 0.6736, the 200-day moving average.

This morning’s strongest performing currency is JPY which has strengthened as a result of the market’s current risk off environment. With U.S. 10-year Treasury yields falling to the lowest level since December 2017, the yen has strengthened. As we go to print, USDJPY is trading 0.28% lower at 110.20.

Equities

Equities sold off in developed markets overnight as the drop in bond yields flashed more warning signs about the health of the global economy. The S&P 500 dipped by 0.46% while in Europe most indices were roughly flat. Japanese indices are off sharply this morning.

The DFM was flat overnight while the Tadawul gained 1% and the Abu Dhabi exchange fell by 0.3%.

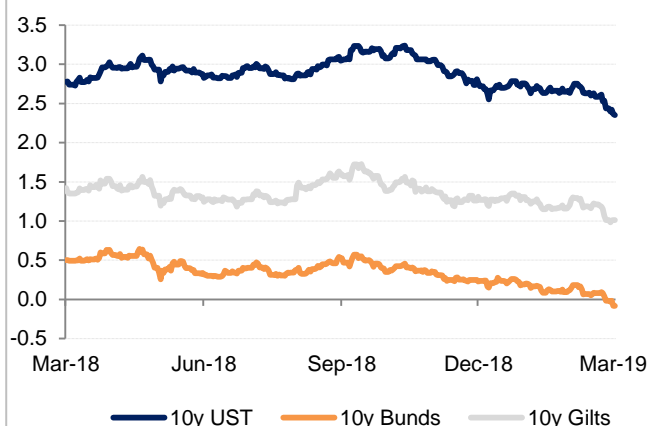
Commodities

Oil prices dipped overnight thanks to an unexpected build in US crude stocks as reported by the EIA. WTI fell 0.9% to close at USD 59.41/b, still failing to end the day above USD 60/b, while Brent slipped by 0.2% to close at USD 67.83/b. Total US crude stocks rose 2.8m bbl last week although total inventories (including products) were roughly flat thanks to draws in gasoline and distillates.

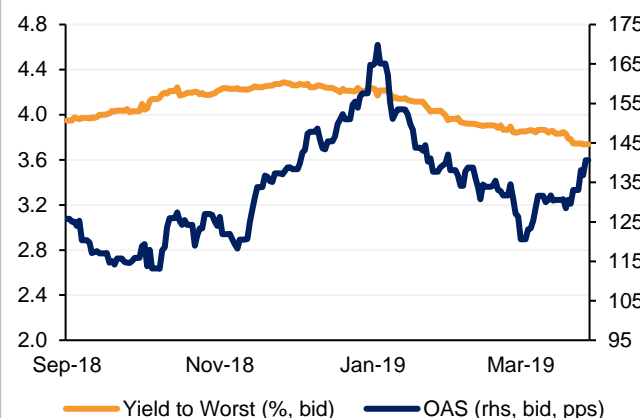
The Dallas Fed released its survey of oil and gas conditions in Texas which provides some indication on the outlook for production from shale companies. Exploration and production companies have managed to bring down operating costs to USD 33/b for existing wells (compared with USD 35/b last year) while the breakeven for new drilling fell to USD 50/b, down from USD 52/b last year.

Markets in Charts

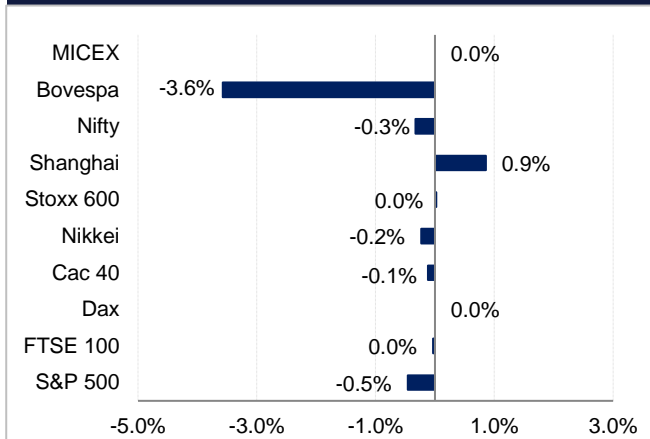
Global Bond Yields



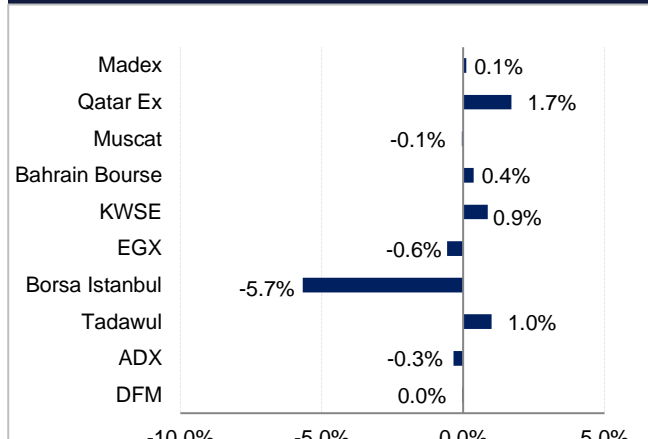
UAE liquid bond index



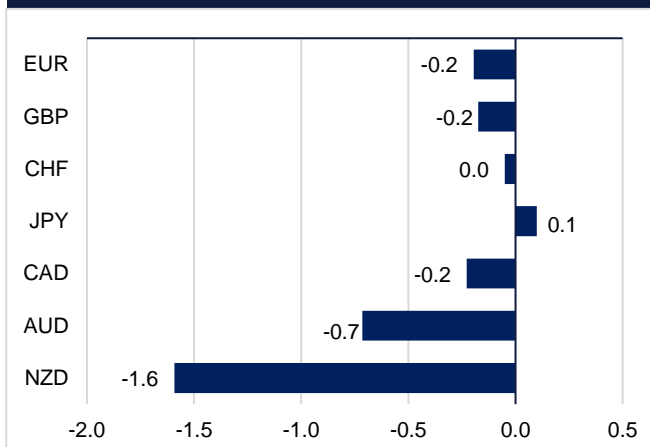
Global Equity Indices



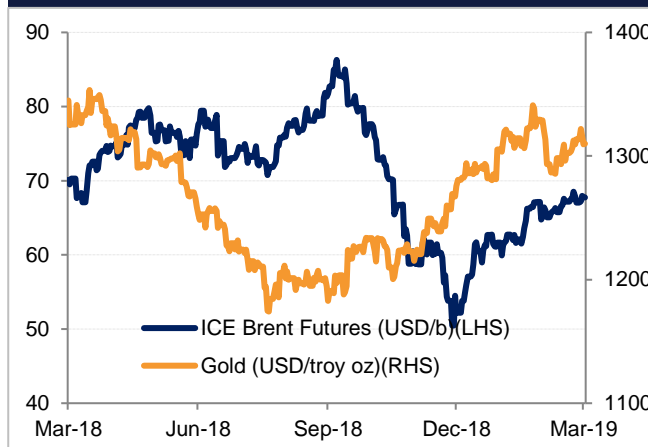
MENA Equity Indices



% change versus USD



Commodities



Source: Bloomberg, Emirates NBD Research

Currencies

| | Close | %1D chg | 1 yr fwd | | Close | %1D chg | | Close | %1D chg |
|--------|--------|---------|----------|--------|---------|---------|--------|--------|---------|
| EURUSD | 1.1244 | -0.20 | 1.1581 | USDTRY | 5.3288 | +0.02 | EURAUD | 4.1310 | -0.16 |
| GBPUSD | 1.3189 | -0.17 | 1.3406 | USDEGP | 17.3247 | +0.20 | GBPAED | 4.8451 | -0.11 |
| USDJPY | 110.51 | -0.12 | 107.44 | USDSAR | 3.7503 | -- | JPYAED | 0.0332 | +0.10 |
| USDCAD | 1.3409 | +0.21 | 1.3300 | USDQAR | 3.6800 | +0.68 | CADAED | 2.7387 | -0.22 |
| AUDUSD | 0.7084 | -0.71 | 0.7133 | USDKWD | 0.3037 | +0.08 | AUDAED | 2.6018 | -0.71 |
| USDCHF | 0.9949 | +0.05 | 0.9621 | USDBHD | 0.3770 | +0.00 | CHFAED | 3.6917 | -0.04 |
| EURGBP | 0.8526 | -0.07 | 0.8639 | USDOMR | 0.3848 | -- | TRYAED | 0.6700 | -2.81 |
| USDAED | 3.6729 | -0.00 | 3.6761 | USDINR | 70.7225 | -0.64 | INRAED | 0.0552 | +3.83 |

Rates

| Interbank | 1 mo | 3mo | 6 mo | 1 yr | Swaps | Close | 1D chg (bps) |
|-----------|---------|---------|---------|---------|-----------|--------|--------------|
| EIBOR | 2.6050 | 2.8533 | 3.0731 | 3.1908 | USD 2 yr | 2.312 | -4 |
| USD LIBOR | 2.4955 | 2.5974 | 2.6821 | 2.7246 | USD 5 yr | 2.198 | -4 |
| GBP LIBOR | 0.7311 | 0.8363 | 0.9484 | 1.0611 | USD 10 yr | 2.343 | -4 |
| JPY LIBOR | -0.1065 | -0.0607 | 0.0122 | 0.0947 | EUR 2 yr | -0.212 | -4 |
| CHF LIBOR | -0.7838 | -0.7032 | -0.6394 | -0.5060 | EUR 5 yr | -0.010 | -7 |
| | | | | | EUR 10 yr | 0.436 | -6 |

Commodities & Fixed Income

| Commodities | Close | %1D chg | Bonds/Sukuk | YTM | 1D chg (bps) | CDS | Close | 1D chg (bps) |
|-------------|---------|---------|---------------|-------|--------------|--------------|-------|--------------|
| Gold | 1309.55 | -0.47 | ADGB 6.75 19 | 2.42 | -- | Abu Dhabi | 62 | -- |
| Silver | 15.29 | -0.90 | DUGB 7.75 20 | 3.03 | -1 | Bahrain | 254 | +5 |
| Oil (WTI) | 59.41 | -0.88 | QATAR 6.55 19 | -0.07 | -49 | Dubai | 130 | +3 |
| Aluminium | 1891.75 | +1.46 | US Tsy 2 yr | 2.20 | -7 | Oman | 328 | -- |
| Copper | 6336.00 | -0.02 | US Tsy 10 yr | 2.37 | -6 | Qatar | 76 | +2 |
| | | | | | | Saudi Arabia | 88 | +4 |

Source: Bloomberg, Emirates NBD Research

Disclaimer

PLEASE READ THE FOLLOWING TERMS AND CONDITIONS OF ACCESS FOR THE PUBLICATION BEFORE THE USE THEREOF. By continuing to access and use the publication, you signify you accept these terms and conditions. Emirates NBD reserves the right to amend, remove, or add to the publication and Disclaimer at any time. Such modifications shall be effective immediately. Accordingly, please continue to review this Disclaimer whenever accessing, or using the publication. Your access of, and use of the publication, after modifications to the Disclaimer will constitute your acceptance of the terms and conditions of use of the publication, as modified. If, at any time, you do not wish to accept the content of this Disclaimer, you may not access, or use the publication. Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by Emirates NBD and shall be of no force or effect. Information contained herein is believed by Emirates NBD to be accurate and true but Emirates NBD expresses no representation or warranty of such accuracy and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in the publication. The publication is provided for informational uses only and is not intended for trading purposes. Charts, graphs and related data/information provided herein are intended to serve for illustrative purposes. The data/information contained in the publication is not designed to initiate or conclude any transaction. In addition, the data/information contained in the publication 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 their determination. The publication may include data/information taken from stock exchanges and other sources from around the world and Emirates NBD does not guarantee the sequence, accuracy, completeness, or timeliness of information contained in the publication provided thereto by or obtained from unaffiliated third parties. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which Emirates NBD is a party.

None of the content in the publication constitutes a solicitation, offer or recommendation by Emirates NBD to buy or sell any security, or represents the provision by Emirates NBD of investment advice or services regarding the profitability or suitability of any security or investment. Moreover, the content of the publication should not be considered legal, tax, accounting advice. The publication is not intended for use by, or distribution to, any person or entity in any jurisdiction or country where such use or distribution would be contrary to law or regulation. Accordingly, anything to the contrary herein set forth notwithstanding, Emirates NBD, 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 the publication including, but not limited to, quotes and financial data; (b) loss or damage arising from the use of the publication, including, but not limited to any investment decision occasioned thereby. (c) UNDER NO CIRCUMSTANCES, INCLUDING BUT NOT LIMITED TO NEGLIGENCE, SHALL EMIRATES NBD, ITS SUPPLIERS, AGENTS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, SUCCESSORS, ASSIGNS, AFFILIATES OR SUBSIDIARIES BE LIABLE TO YOU FOR DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES EVEN IF EMIRATES NBD HAS BEEN ADVISED SPECIFICALLY OF THE POSSIBILITY OF SUCH DAMAGES, ARISING FROM THE USE OF THE PUBLICATION, INCLUDING BUT NOT LIMITED TO, LOSS OF REVENUE, OPPORTUNITY, OR ANTICIPATED PROFITS OR LOST BUSINESS. The information contained in the publication does not purport to contain all matters relevant to any particular investment or financial instrument and all statements as to future matters are not guaranteed to be accurate. Anyone proposing to rely on or use the information contained in the publication 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 regarding information contained in the publication. Further, references to any financial instrument or investment product is not intended to imply that an actual trading market exists for such instrument or product. In publishing this document Emirates NBD is not acting in the capacity of a fiduciary or financial advisor.

Emirates NBD and its group entities (together and separately, "Emirates NBD") does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its reports. As a result, recipients of this report should be aware that any or all of the foregoing services may at times give rise to a conflict of interest that could affect the objectivity of this report. The securities covered by this report may not be suitable for all types of investors. The report does not take into account the investment objectives, financial situations and specific needs of recipients.

Data included in the publication may rely on models that do not reflect or take into account all potentially significant factors such as market risk, liquidity risk and credit risk. Emirates NBD may use different models, make valuation adjustments, or use different methodologies when determining prices at which Emirates NBD is willing to trade financial instruments and/or when valuing its own inventory positions for its books and records. In receiving the publication, you acknowledge and agree that there are risks associated with investment activities. Moreover, you acknowledge in receiving the publication that the responsibility to obtain and carefully read and understand the content of documents relating to any investment activity described in the publication and to seek separate, independent financial advice if required to assess whether a particular investment activity described herein is suitable, lies exclusively with you. You acknowledge and agree that past investment performance is not indicative of the future performance results of any investment and that the information contained herein is not to be used as an indication for the future performance of any investment activity. You acknowledge that the publication has been developed, compiled, prepared, revised, selected, and arranged by Emirates NBD and others (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 Emirates NBD and such others. All present and future rights in and to trade secrets, patents, copyrights, trademarks, service 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 Emirates NBD, at all times be and remain the sole and exclusive property of Emirates NBD 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 the publication or any portion thereof. Except as specifically permitted in writing, you shall not use the intellectual property rights connected with the publication, or the names of any individual participant in, or contributor to, the content of the publication, or any variations or derivatives thereof, for any purpose.

YOU AGREE TO USE THE PUBLICATION SOLELY FOR YOUR OWN NONCOMMERCIAL USE AND BENEFIT, AND NOT FOR RESALE OR OTHER TRANSFER OR DISPOSITION TO, OR USE BY OR FOR THE BENEFIT OF, ANY OTHER PERSON OR ENTITY. YOU AGREE NOT TO USE, TRANSFER, DISTRIBUTE, OR DISPOSE OF ANY DATA/INFORMATION CONTAINED IN THE PUBLICATION IN ANY MANNER THAT COULD COMPETE WITH THE BUSINESS INTERESTS OF EMIRATES NBD. YOU MAY NOT COPY, REPRODUCE, PUBLISH, DISPLAY, MODIFY, OR CREATE DERIVATIVE WORKS FROM ANY DATA/INFORMATION CONTAINED IN THE PUBLICATION. YOU MAY NOT OFFER ANY PART OF THE PUBLICATION FOR SALE OR DISTRIBUTE IT OVER ANY MEDIUM WITHOUT THE PRIOR WRITTEN CONSENT OF EMIRATES NBD. THE DATA/INFORMATION CONTAINED IN THE PUBLICATION MAY NOT BE USED TO CONSTRUCT A DATABASE OF ANY KIND. YOU MAY NOT USE THE DATA/INFORMATION IN THE PUBLICATION IN ANY WAY TO IMPROVE THE QUALITY OF ANY DATA SOLD OR CONTRIBUTED TO BY YOU TO ANY THIRD PARTY. FURTHERMORE, YOU MAY NOT USE ANY OF THE TRADEMARKS, TRADE NAMES, SERVICE MARKS, COPYRIGHTS, OR LOGOS OF EMIRATES NBD OR ITS SUBSIDIARIES IN ANY MANNER WHICH CREATES THE IMPRESSION THAT SUCH ITEMS BELONG TO OR ARE ASSOCIATED WITH YOU OR, EXCEPT AS OTHERWISE PROVIDED WITH EMIRATES NBD'S PRIOR WRITTEN CONSENT, AND YOU ACKNOWLEDGE THAT YOU HAVE NO OWNERSHIP RIGHTS IN AND TO ANY OF SUCH ITEMS. MOREOVER YOU AGREE THAT YOUR USE OF THE PUBLICATION IS AT YOUR SOLE RISK AND ACKNOWLEDGE THAT THE PUBLICATION AND ANYTHING CONTAINED HEREIN, IS PROVIDED "AS IS" AND "AS AVAILABLE," AND THAT EMIRATES NBD MAKES NO WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE PUBLICATION, INCLUDING, BUT NOT LIMITED TO, MERCHANTABILITY, NON-INFRINGEMENT, TITLE, OR FITNESS FOR A PARTICULAR PURPOSE OR USE. You agree, at your own expense, to indemnify, defend and hold harmless Emirates NBD, its Suppliers, agents, directors, officers, employees, representatives, successors, and assigns from and against any and all claims, damages, liabilities, costs, and expenses, including reasonable attorneys' and experts' fees, arising out of or in connection with the publication, including, but not limited to: (i) your use of the data contained in the publication or someone using such data on your behalf; (ii) any deletions, additions, insertions or alterations to, or any unauthorized use of, the data contained in the publication or (iii) any misrepresentation or breach of an acknowledgement or agreement made as a result of your receiving the publication.

Emirates NBD Research & Treasury Contact List

Emirates NBD Head Office
12th Floor
Baniyas Road, Deira
P.O.Box 777
Dubai

Jonathan Morris
 General Manager Wholesale Banking
 JonathanM@emiratesnbd.com

Aazar Ali Khwaja
 Senior Executive Vice President
 Global Markets & Treasury
 +971 4 609 3000
 aazark@emiratesnbd.com

Tim Fox
 Head of Research &
 Chief Economist
 +9714 230 7800
 timothyf@emiratesnbd.com

Research

Khatija Haque
 Head of MENA Research
 +9714 230 7803
 khatijah@emiratesnbd.com

Anita Yadav
 Head of Fixed Income Research
 +9714 230 7630
 anitay@emiratesnbd.com

Aditya Pugalia
 Financial Markets Research
 +9714 230 7802
 adityap@emiratesnbd.com

Daniel Richards
 MENA Economist
 +9714 609 3032
 danielricha@emiratesnbd.com

Edward Bell
 Commodity Analyst
 +9714 230 7701
 edwardpb@emiratesnbd.com

Mohammed Altajir
 FX Analytics and Product Development
 +9714 609 3005
 mohammedtaj@emiratesnbd.com

Hessa Al Khawaja
 Research Associate
 +9714 609 3015
 hessaalkh@emiratesnbd.com

Sales & Structuring

Group Head – Treasury Sales
 Tariq Chaudhary
 +971 4 230 7777
 tariqmc@emiratesnbd.com

Saudi Arabia Sales
 Numair Attiyah
 +966 11 282 5656
 numaira@emiratesnbd.com

Singapore Sales
 Supriyakumar Sakhalakar
 +65 65785 627
 supriyakumars@emiratesnbd.com

London Sales
 +44 (0) 20 7838 2241

Egypt
 Gary Boon
 +20 22 726 5040
 garyboon@emiratesnbd.com

Emirates NBD Capital

Hitesh Asarpota
 Head of Debt Capital Markets.
 +971 50 4529515
 asarpotah@EmiratesNBD.com

Investor Relations

Patrick Clerkin
 +9714 230 7805
 patricke@emiratesnbd.com

Group Corporate Affairs

Ibrahim Sowaidan
 +9714 609 4113
 ibrahims@emiratesnbd.com

Claire Andrea
 +9714 609 4143
 clairea@emiratesnbd.com