



# Daily Outlook

Trade tensions between the US and EU are escalating in response to mutual accusations of state aid for their respective airline industries. The European Commission is reportedly preparing a list of USD 23bn of goods from the US that it will hit with tariffs in response to statements from US president Donald Trump's plan to impose tariffs on USD 11bn worth of goods coming from EU members. Both sides are taking their arguments through the WTO at a time when there is enormous scrutiny on disruptions to trade acting as a barrier to growth in 2019-20. At the IMF meetings held over the weekend in Washington DC, finance ministers and central bankers highlighted tariffs as a major drag on global GDP.

China's exports recovered in March, rising more than 14% y/y after a nearly 21% drop in February. The gain likely reflects a catch-up period after Lunar New Year holidays in February and exports may struggle to carry that momentum forward. More telling on the health of the Chinese economy, imports declined for a fourth consecutive month. The US treasury secretary, Steve Mnuchin, said at the end of last week that both the US and China had agreed on enforcement mechanisms to ensure any deal signed by the countries is implemented and maintained.

After several weeks of pending deadlines and back and forth summits with EU leaders, the Brexit saga had a relatively quiet few days as the market beds down a delay until the end of October. Theresa May will continue to push for her deal to be accepted by parliament, likely with some concessions offered to the Labour party, so that the UK can leave at an earlier stage. One sticking point may be whether Labour insists on a second confirmatory referendum on the terms of the deal. The UK's chancellor Philip Hammond said he expected that a proposal for a second referendum to be put to parliament although he maintains the government's position is still to oppose it. Sterling has continued to be relatively stable since the start of April, hanging on to range between 130 and 131 but we would attribute this more to the uncertain outlook for Brexit and the markets not wanting to be caught out sharply on one side or the other, more than any particular underlying strength to the currency.

## China's exports bounce back



Source: EIKON, Emirates NBD Research

## Today's Economic Data and Events

	Time	Cons		Time	Cons
US NY Fed Manuf.	16:30	6			

Source: EIKON, Emirates NBD Research.

## Fixed Income

Treasuries ended the week lower amid reduced volatility as economic data in the US came in better than expected. Yields on the 2y, 5y and 10y USTs closed at 2.39% (+6 bps w-o-w), 2.38% (+5 bps w-o-w) and 2.56% (+7 bps w-o-w) respectively. Despite IMF's recent growth downgrades and ECB's dovish outlook, yield on 10yr Gilts and Bunds also increased to 1.21% (+6bps, w-o-w) and 0.05% (+7bps, w/w) respectively. Adequate risk appetite also saw CDS levels on US IG and Euro Main decline by two to three bps to 57bps each.

GCC bonds benefited from stability in oil prices with credit spreads on Bloomberg Barclays GCC Credit and High Yield index tightening 5 bps w-o-w to 158 bps though average yield rose a bp to 4.04% in response to rising benchmark yields.

Aramco bonds underperformed in the secondary market. ARAMCO 49s are currently trading at USD 97.535, ARAMCO 29s at USD 98.12 and ARAMCO 24s at USD 98.69 respectively.

## FX

EURUSD rose for the first time in four weeks, climbing 0.74% to close at 1.1299, not far from the 1.13 handle we predicted. Despite breaking above the 50-day moving average (1.1304) on Friday, the cross was unable to hold onto these gains and a daily close above this level was not realized. Over the next week, the price is likely to encounter resistance at the 200-week moving average (1.1341), a level which has halted gains over the last five weeks.

A 0.26% climb took USDJPY to 112.02 in a third week of gains. The price remains above its 200-day moving average (111.51) which was broken last week and is likely to continue to provide support. In addition, analysis of the weekly candle chart shows that the 100-week moving average (110.80) has provided support for a second week. In addition, there was a test of the 200-week moving average (112.04) although the price was unable to break above this level.

## Equities

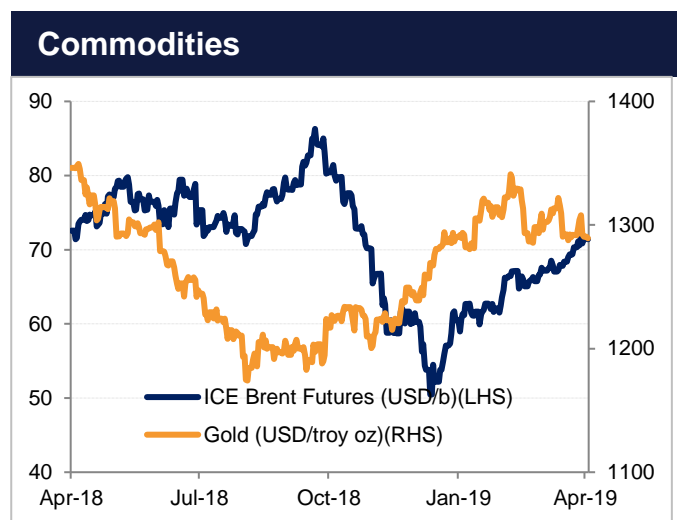
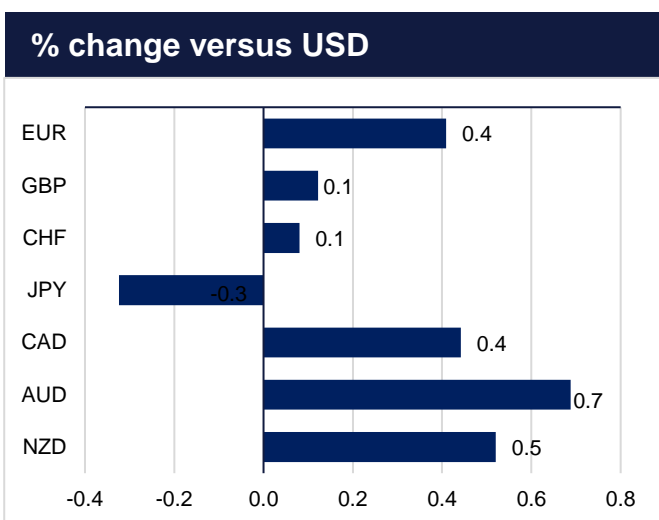
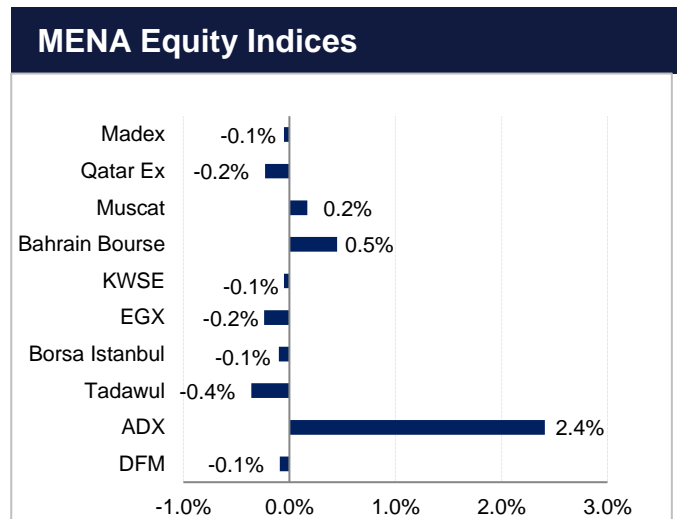
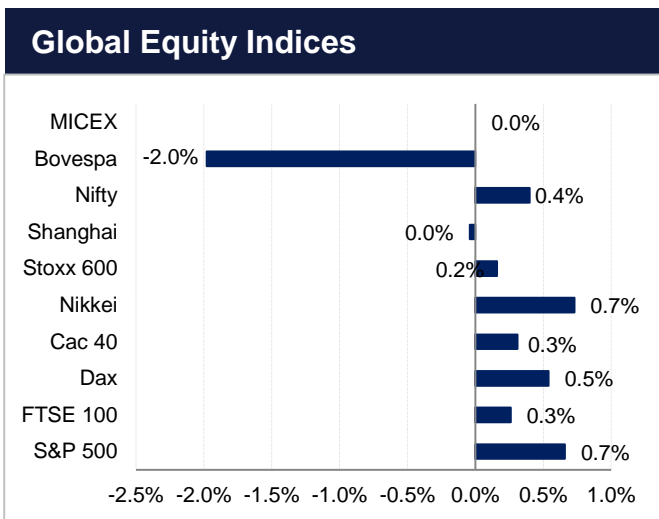
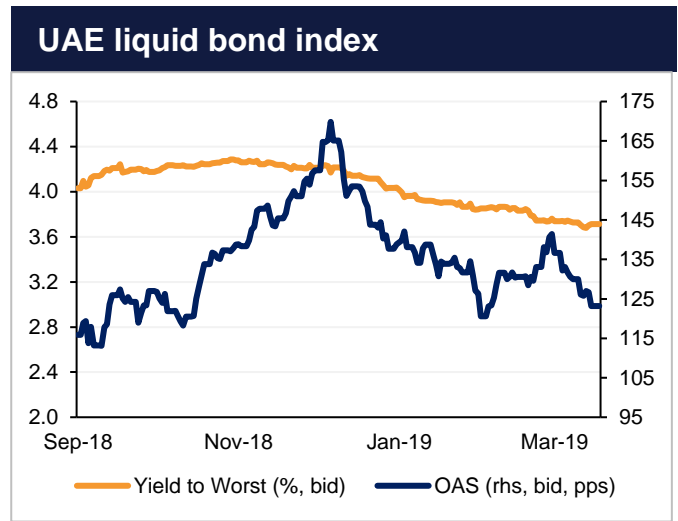
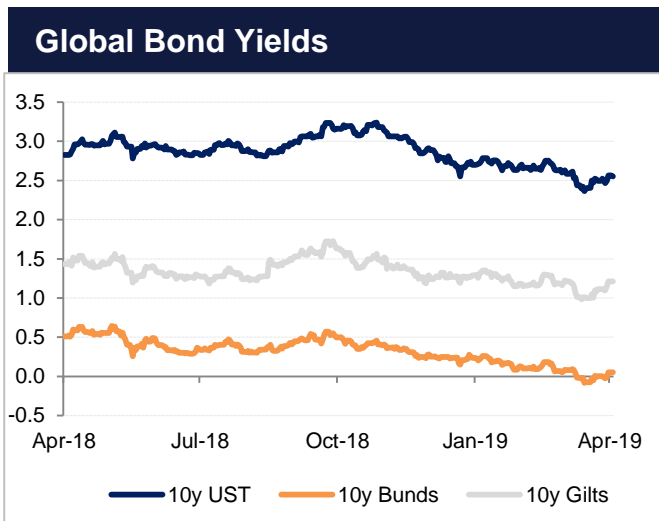
The ADX index outperformed its regional peers on the back on sharp gains in banking sector stocks. First Abu Dhabi Bank rallied more than 4% after the company implemented the increase in foreign ownership limit to 40% from 25%. Elsewhere, Emaar Malls and Emaar Development stocks came under pressure at the start of the week.

## Commodities

Oil markets continued to push higher, lengthening their year-to-date gains. WTI futures rallied 1.3% last week to close at USD 63.89/b while Brent futures closed at USD 71.55/b, up 1.7% on the week. WTI has risen more than 40% ytd while Brent has gained 30% so far this year. Oil's gains come despite downgrades to global growth forecasts from the IMF and the potential of escalating trade tensions between the US and EU.

The escalation in political instability in Libya is a short-term supply risk as the LNA controls access to several key production facilities in the country. On top of the uncertainty over whether the US will extend waivers to its Iran sanctions in May, the Libya risk will be fueling discussion within OPEC+ on whether the current production cuts will be extended from June into H2 2019. Russian officials in recent days have been very outspoken in questioning whether output cuts can be ended even if it risked sending prices lower. Our view has long been that production from OPEC+ would increase in the second half of the year to compensate for the 'over'-tightening of the market that has resulted from producers cutting output more than required and involuntary outages in producers like Iran, Venezuela and Libya.

## Markets in Charts



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1299	+0.41	1.1649	USDTRY	5.7815	+0.80	EURAED	4.1503	+0.40
GBPUSD	1.3074	+0.12	1.3299	USDEGP	17.3262	+0.01	GBPAED	4.8021	+0.16
USDJPY	112.02	+0.32	108.78	USDSAR	3.7503	-0.00	JPYAED	0.0328	-0.33
USDCAD	1.3323	-0.45	1.3218	USDQAR	3.6800	+1.09	CADAED	2.7571	+0.48
AUDUSD	0.7173	+0.69	0.7228	USDKWD	0.3044		AUDAED	2.6341	+0.69
USDCHF	1.0024	-0.06	0.9686	USDBHD	0.3771	--	CHFAED	3.6633	+0.07
EURGBP	0.8641	+0.23	0.8757	USDOMR	0.3850	--	TRYAED	0.6400	-0.06
USDAED	3.6730	--	3.6764	USDINR	70.7225	-0.64	INRAED	0.0552	+3.90

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.5813	2.8538	2.9910	3.1370	USD 2 yr	2.496	+5
USD LIBOR	2.4774	2.6010	2.6378	2.7484	USD 5 yr	2.411	+7
GBP LIBOR	0.7303	0.8289	0.9416	1.0936	USD 10 yr	2.549	+7
JPY LIBOR	-0.1010	-0.0625	0.0043	0.0883	EUR 2 yr	-0.199	+1
CHF LIBOR	-0.7854	-0.7166	-0.6514	-0.5114	EUR 5 yr	0.055	+4
					EUR 10 yr	0.552	+5

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1290.43	-0.16	ADGB 6.75 19	2.42	--	Abu Dhabi	60	--
Silver	14.97	+0.01	DUGB 7.75 20	-4.13	-718	Bahrain	252	4
Oil (WTI)	63.89	+0.49	QATAR 5.25 20	2.70		Dubai	132	--
Aluminium	1844.00	+0.20	US Tsy 2 yr	2.39	+4	Oman	303	--
Copper	6463.50	+1.14	US Tsy 10 yr	2.57	+7	Qatar	66	-1
						Saudi Arabia	82	-1

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 Sakhalkar  
+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