



بنك الإمارات دبي الوطني
Emirates NBD

Daily

22 April 2020

www.emiratesnbdresearch.com

Daily Outlook

Existing home sales in the US dropped 8.5% to a seasonally adjusted annual rate of 5.27 million units in March. This marked the sharpest decline since 2015. The data reflected contracts signed in February or as far back as January, before measures to curb the spread of the virus sapped the economy. Thus the figures are likely to deteriorate further in the months to come as the impact measures to control the spread of the coronavirus bite. The National Association of Realtors said it expected a sharper decline in sales in April and the few months ahead, derailing the normally busy spring selling season. While steps by the Fed to cut interest rates to near zero, will keep mortgage rates low, that is unlikely to boost the housing market on the back of record unemployment and collapsing consumer confidence.

The labour market data from the UK, though dated, showed that the jobs market was softening even before the announcement of lockdown measures. While there was a 172,000 rise in employment in three months to February 2020, the ILO unemployment rate rose to 4% from 3.9% and the headline earnings growth dropped to 2.8% from 3.1%. Further, the claimant count rate increased from 3.4% to 3.5% in early March. While the government's job retention program may help to stave off significant damage to the labour market, it is still likely to be insufficient. According to reports, the UK government has paid 80% of the wages of over 1 million furloughed workers amounting to GBP 1.5bn on the first day of the scheme.

The ZEW survey out of Germany painted a more mixed picture. While the current condition component (-91.5 versus -43.1 in the previous month) of the survey plummeted to the lowest in more than a decade, the expectations component for the next six months (28.2 versus -49.5 in the previous month) climbed to the highest level since mid-2015. The trend was similar in the wider Eurozone ZEW survey and perhaps a reflection of some recent moves in some European countries including Germany to ease lockdown measures.

German ZEW survey shows fledgling signs of confidence in economic outlook



Source: Bloomberg, Emirates NBD Research

Today's Economic Data and Events

Country	Time	Value	Country	Time	Value
UK	10:00	1.5%	IT Industrial Orders	12:00	-
UK	10:00	291.8	US MBA Mortgage App	15:00	-
CA	16:30	1.1%	EZ Cons Confidence	18:00	-20.0

Source: Bloomberg, Emirates NBD Research.

Fixed Income

Treasuries closed mixed as risk-off sentiment gathered further pace. Gains were led by the long-end which sharply flattened the 2s10s and 5s30s spreads. Yields on the 2y UST remained flat at 0.20% while on the 10y USTs it dropped -4 bps to 0.57%.

Regional bonds remained under pressure. The YTW on Bloomberg Barclays GCC Credit and High Yield index rose to 4.39% (+7 bps) and credit spreads widened further to 382 bps (+10 bps).

Dana Gas plans to use proceeds from the sale of its Egyptian assets to pay the outstanding USD 397mn sukuk maturing in October 2020. However, the deal has been impacted by the pandemic and the company said it is in no position to provide guidance on any timeline for the deal to be completed.

S&P revised the outlook on Islamic Arab Insurance Co's ratings to negative from stable. Elsewhere, Saudi's ACWA Power International plans to raise as much as USD 1bn from a sukuk sale.

FX

It was a volatile day for the dollar index despite breaking the 100.00 barrier amid prevailing risk aversion in global markets. It is currently trading at 100.230 and buyers will look to push beyond the 100.500 and 101.00 mark. USDJPY was largely unchanged, and even after experiencing a downside key reversal the currency remains close to Monday's closing price at 107.75.

The Euro was largely bearish after Monday's relatively flat movement. It experienced a downturn for the majority of the day and finished very close to its starting price at 1.0850. Sterling declined to a near two week low amid negative sentiment regarding Brexit (with UK-EU transition talks restarting this week), dropping by over 1.15% to reach 1.2295. Similarly the AUD and NZD declined by over -0.30% and -0.90% respectively as commodity currencies underperformed.

Equities

Developed market equities closed sharply lower as continued collapse in energy prices laid bare the challenges global economy is facing at the moment. The impact of the sharp decline in oil prices was also felt in the ETF market with the biggest crude tracking fund (USO) in the US suspending the sale of new shares. The S&P 500 index and the Euro Stoxx 600 index dropped -3.1% and -3.4% respectively.

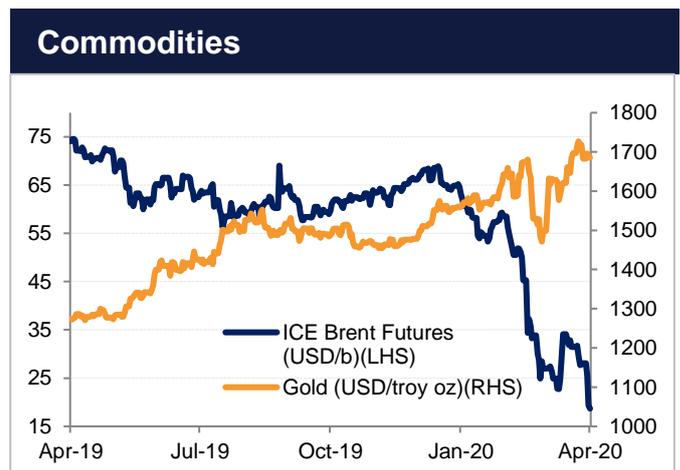
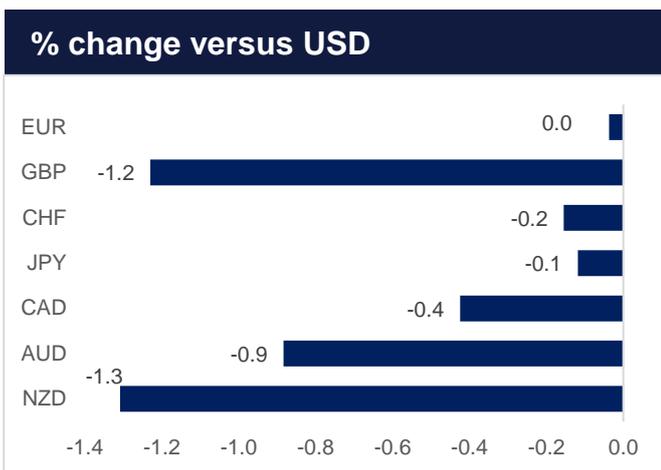
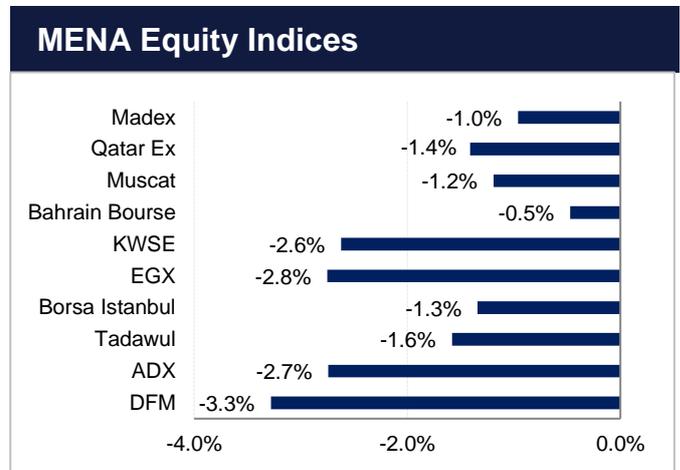
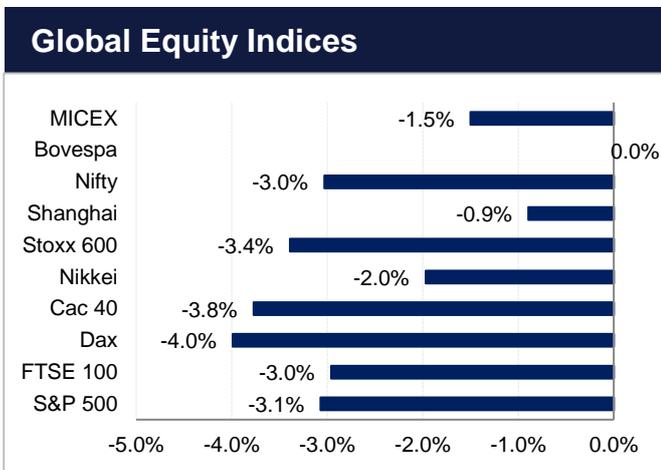
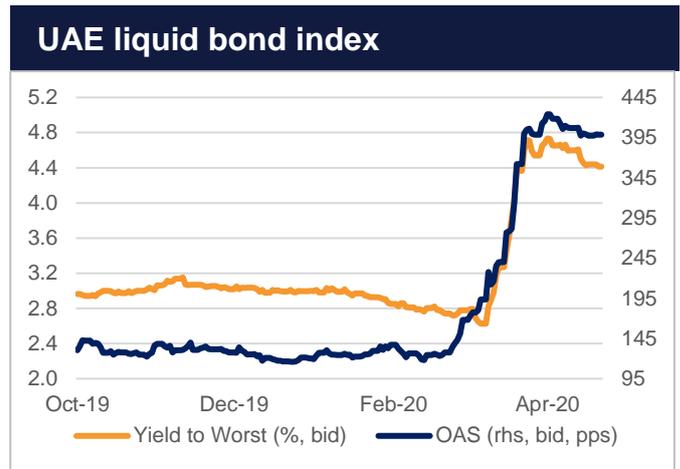
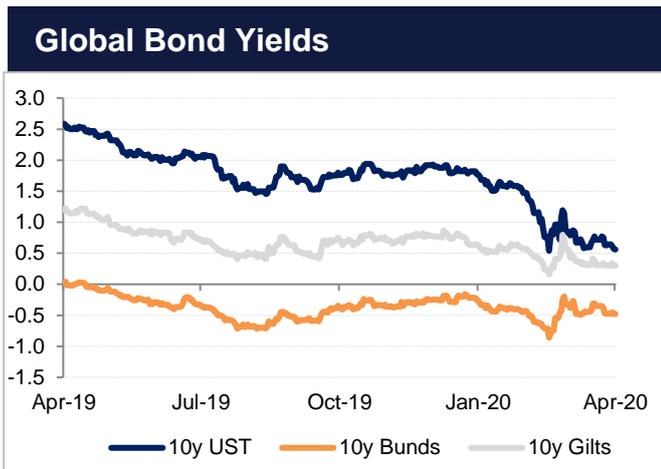
Regional markets too saw broad-based sell-off with financial and petrochemical stocks taking the biggest hit. Saudi Electricity Co dropped -3.1% even as the company got a waiver to not pay dividends for the Public Investment Fund's 74.31% stake in the company. The waiver was granted to ensure the company's financial and operational sustainability.

Commodities

Oil prices remained under extraordinary pressure overnight following WTI's close at the start of the week in negative prices. June WTI futures settled down 43% at USD 11.57/b and are attempting to push higher this morning while Brent fell more than 24% to close at USD 19.33/b. Volatile price action will likely characterize trading in the short term, with wide intraday moves.

Forward curves likewise remain dreadful. Time spreads in 1-2 month WTI are still over USD 7/b while in Brent they are wider than USD 4.53/b in contango as traders and producers panic over the lack of available storage. API data revealed another mega build in US crude stocks of 13m bbl last week.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.0858	-0.04	1.0957	USDTRY	6.9809	+0.58	EURAED	3.9882	-0.05
GBPUSD	1.2289	-1.23	1.2307	USDEGP	15.7462	-0.02	GBPAED	4.5156	-1.12
USDJPY	107.80	+0.17	106.83	USDSAR	3.7614	+0.25	JPYAED	0.0341	-0.13
USDCAD	1.4211	+0.44	1.4181	USDQAR	3.6800	+0.57	CADAED	2.5847	-0.44
AUDUSD	0.6280	-0.88	0.6281	USDKWD	0.3116	+0.13	AUDAED	2.3067	-0.88
USDCHF	0.9698	+0.19	0.9575	USDBHD	0.3778	-0.02	CHFAED	3.7862	-0.22
EURGBP	0.8834	+1.15	0.8902	USDOMR	0.3851	-0.01	TRYAED	0.5300	+0.14
USDAED	3.6730	-0.00	3.6833	USDINR	70.7225	-0.64	INRAED	0.0552	+15.25

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	0.9303	1.6408	1.5193	1.5420	USD 2 yr	0.410	-1
USD LIBOR	0.6246	1.0430	1.0243	0.9865	USD 5 yr	0.445	-2
GBP LIBOR	0.2498	0.6459	0.7203	0.8981	USD 10 yr	0.638	-3
JPY LIBOR	-0.0562	0.0000	0.0265	0.1173	EUR 2 yr	-0.227	+3
CHF LIBOR	-0.7262	-0.5868	-0.5384	-0.4344	EUR 5 yr	-0.212	+1
					EUR 10 yr	-0.058	-1

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1686.20	-0.56	ADGB 6.75 19	2.42	--	Abu Dhabi	139	+13
Silver	14.89	-2.81	DUGB 7.75 20	3.15	+19	Bahrain	470	+8
Oil (WTI)	10.01	-126.60	QATAR 5.25 20	2.70		Dubai	288	-
Aluminium	1450.75	-0.91	US Tsy 2 yr	0.20	+0	Oman	701	+2
Copper	5000.50	-3.08	US Tsy 10 yr	0.57	-4	Qatar	141	+13
						Saudi Arabia	179	+14

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

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

Edward Bell
Senior Director, Market Economics
+9714 230 7701
edwardpb@emiratesnbd.com

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

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

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

Shady Shafer Elborno
Head of Macro Strategy
+9714 609 3015
shadyb@emiratesnbd.com

Jamal Mattar
Research Associate
+9714 444 3607
jamaly@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
+20 22 726 5040

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