



بنك الإمارات دبي الوطني  
Emirates NBD

Daily  
7 May 2020

# Daily Outlook

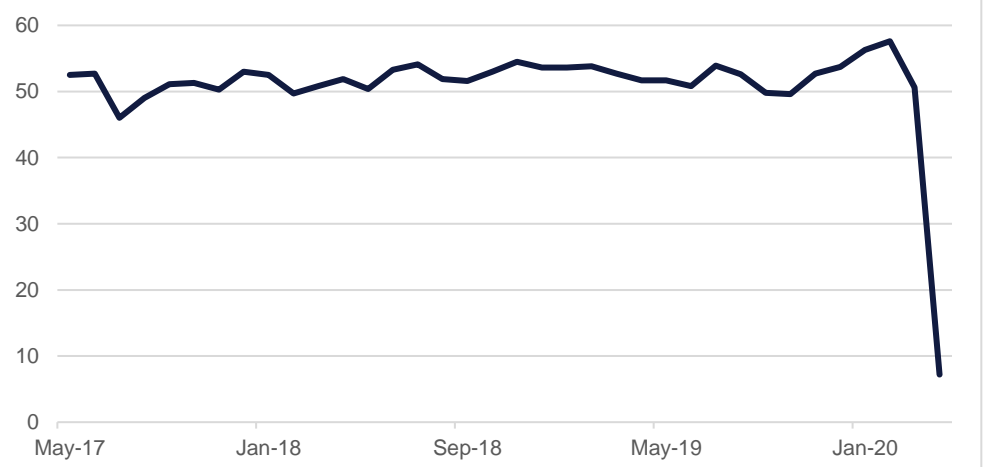
The IHS Markit PMI for India's service sector came in at 5.4 for April compared to 49.3 in March. The extreme reading was understandable given that the entire country was in complete lockdown for the whole month. The historical comparison with GDP data suggests that India's economy contracted at an annual rate of 15% in April. Given that manufacturing PMI earlier in the week came in at 27.4, the overall composite index dropped to 7.2 in April compared to 50.6 in March. While restrictions have been partially eased since the start of May 2020, one needs to bear in mind that the services sector is likely to see a much slower revival compared to the manufacturing one. Data released from China earlier today confirmed the same with Caixin Services PMI rising only marginally to 44.4 in April compared to expectations of 50.1 and previous month's reading of 43.0

The last few days have seen a number of updated activity readings around the world for the month of April, all of them signaling very sharp contractions. While the US ISM non-manufacturing index fell from 52.5 in March to 'only' 41.8 in April, this was on account of an artificial boost from a surge in supplier delivery times, a phenomenon not dissimilar to many of the PMI readings seen recently including for this region which have flattered the headline result. As we pointed out earlier in the week normally longer lead times denote strong demand, but in current circumstances they reflect company and border restrictions related to coronavirus. The fall in the ISM's business activity index to a record low of 26.0, from 48.0, probably better reflects the reality of what happened to the non-manufacturing sector last month, with similar scale of declines seen in the new orders and the employment indices.

Of course the main economic release awaited this week is the US employment report which is due tomorrow. The scale of the drop in non-farm payrolls expected is of historic proportions, given that we already know that over 30 million people have claimed unemployment benefits over the last few weeks. The consensus expectation is for payrolls to fall in excess of 20 million, with the 20,236,000 decline in the ADP private sector jobs report released yesterday seemingly corroborating this likelihood.

The value of Dubai's foreign trade declined -4% y/y in Q1 2020 to AED 323bn. While the value of exports rose 2% y/y, the value of both imports and re-exports contracted on an annual basis. This is consistent with the declining volume of world trade, due to the disruption of supply chains and weaker global demand on the back of the restrictions imposed to contain the spread of the coronavirus.

## India's composite PMI drops to single digits



Source: Bloomberg, Emirates NBD Research

[www.emiratesnbdresearch.com](http://www.emiratesnbdresearch.com)

## Today's Economic Data and Events

Germany Industrial Production	10.00	-7.4%	US Initial Jobless Claims	16.30	3000k
-------------------------------	-------	-------	---------------------------	-------	-------

Source: Bloomberg, Emirates NBD Research.

## Fixed Income

Treasuries closed mixed as the long-end of the curve traded lower following Treasury Department's quarterly refunding announcement which unexpectedly increased longer-tenor auction sizes. The curve steepened with yields on the 2y UST and 10y UST ending the day at 0.17% (-1 bp) and 0.70% (+4 bps) respectively.

Regional bonds closed flat amid mixed global cues. The YTW on Bloomberg Barclays GCC Credit and High Yield index remained at 3.85% while credit spreads tightened marginally to 318 bps.

Bahrain has hired banks for a potential offering of a dual-tranche dollar bond issuance, consisting of 4-1/2-year sukuk and 10-year conventional bonds. The issuances, if followed through, will come as Bahrain faces mounting pressures on its budget, which is one of the least diversified in the region with oil & gas revenues making up over 70% of total revenue last year. While Bahrain plans to lower spending this year, a sharply lower oil price as well as lower non-oil revenues will likely outweigh any reduction in operating expenses.

## FX

The Euro and the Pound experienced losses on Wednesday following poor PMI data, with the EU facing its worst economic downturn in history. The European Commission said that the region's economy is set to shrink 7.7% this year after the drastic measures put in place to limit the spread of the coronavirus. The Euro dropped to its lowest level since April 24th, now trading at 1.0800, whilst the Pound fell for a fourth day, its longest losing streak since March 19th, trading at 1.2320.

The DXY index saw the dollar make some gains to breach the 100.00 level at 100.150 whilst the JPY made gains for the 10th time in 11 days to reach 106.20. Meanwhile the AUD and NZD experienced modest declines, dropping by 0.20% and 0.45% respectively.

## Equities

Developed markets closed lower as investors took into account mixed corporate earnings and weak economic data. The S&P 500 index and the Euro Stoxx 600 index lost -0.7% and -0.4% respectively. Technology stocks continue to outperform broader markets. The Nasdaq gained +0.5% to trim its ytd losses to -1.3%.

Regional equities continue to track moves in broader markets and changes in oil prices. The DFM index and the Tadawul lost -0.7% and -0.8% respectively. Market heavyweights led the losses across markets.

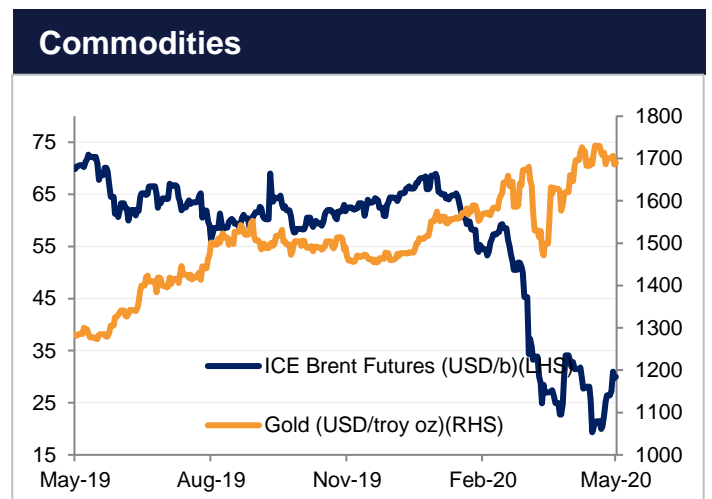
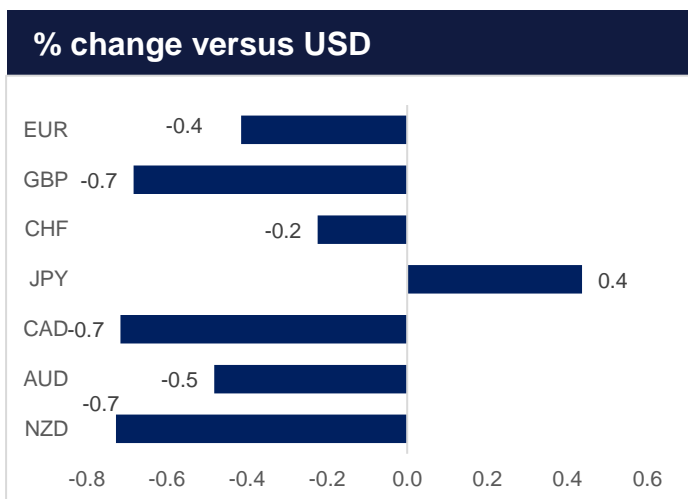
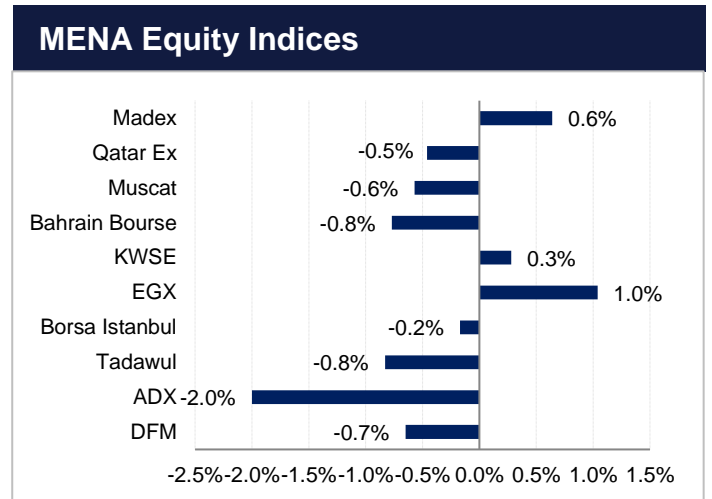
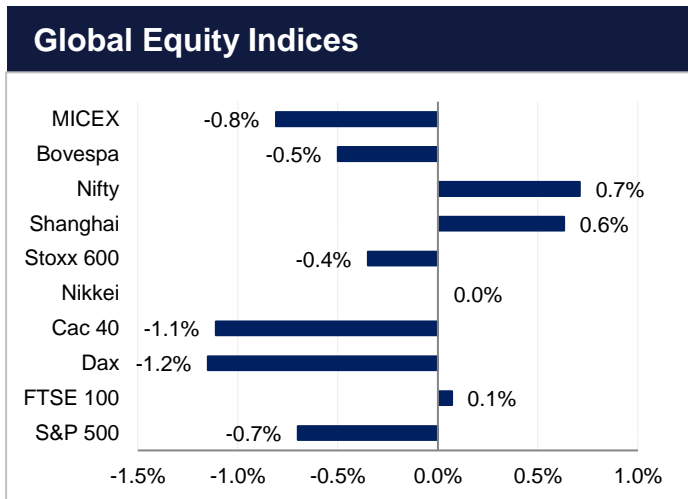
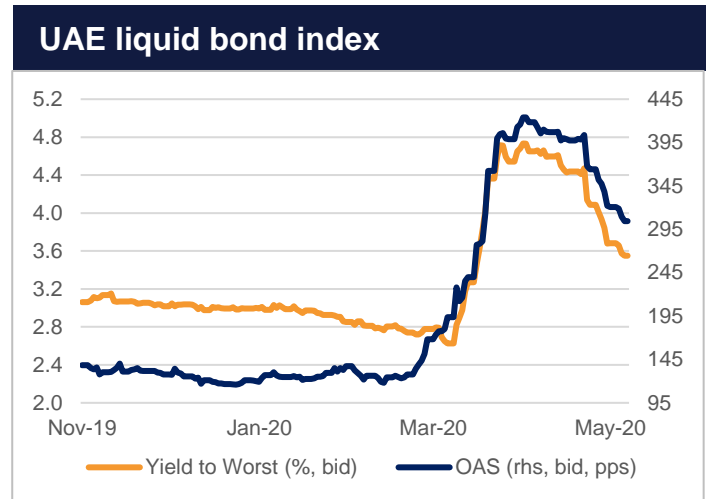
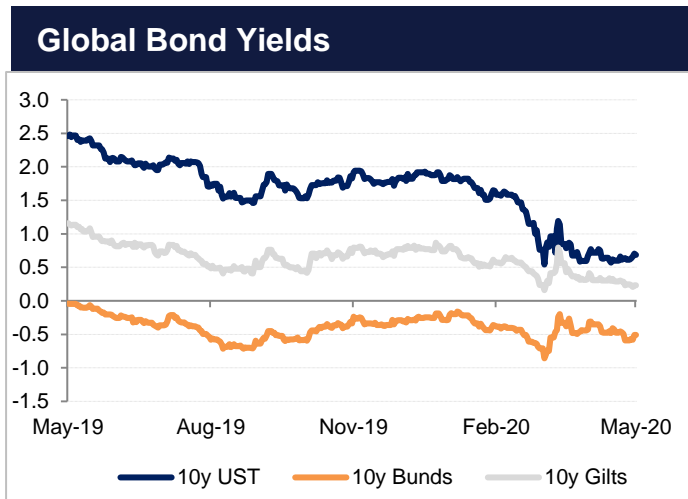
## Commodities

Oil prices snapped their recent winning streak although both WTI and Brent futures recorded relatively modest declines for the current conditions. Brent closed back below USD 30/b, down 4% overnight, and is holding relatively flat this morning while WTI was off by 2.3% to settle at USD 23.99/b and is likewise trading water in early trade today.

EIA data showed another build in crude stocks of 4.6m bbl, the smallest weekly gain since the end of March. However, there were large builds in distillates (more than 9.5m bbl) and total product and crude stocks rose by almost 18m bbl last week. Production in the US slipped sharply last week, down by 200k b/d to 11.9m b/d while implied demand slipped again by around 400k b/d. However, as some states experiment with ending their lockdowns gasoline demand actually improved by 800k b/d whereas most 'industrial' or commercial fuel demand remains poor.

Aramco has again delayed the issuing of its official selling prices for June as it calibrates pricing levels to the new oil supply conditions. An aggressive cut to capture more of a constrained market share may rub up against other OPEC+ producers negatively so the pricing levels may be as much political as commercial going forward.

## Markets in Charts



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.0795	-0.42	1.0889	USDTRY	7.1914	+1.66	EURAED	3.9650	-0.43
GBPUSD	1.2350	-0.68	1.2368	USDEGP	15.7531	-0.25	GBPAED	4.5325	-0.76
USDJPY	106.12	-0.42	105.30	USDSAR	3.7567	+0.02	JPYAED	0.0346	+0.40
USDCAD	1.4146	+0.69	1.4141	USDQAR	3.6800	+0.43	CADAED	2.5963	-0.72
AUDUSD	0.6400	-0.48	0.6399	USDKWD	0.3093	--	AUDAED	2.3521	-0.46
USDCHF	0.9749	+0.23	0.9633	USDBHD	0.3778	-0.10	CHFAED	3.7675	-0.26
EURGBP	0.8743	+0.32	0.8806	USDOMR	0.3848	--	TRYAED	0.5100	-1.78
USDAED	3.6730	--	3.6828	USDINR	75.7650	+0.17	INRAED	0.0552	+13.95

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	0.7496	1.2599	1.4825	1.7206	USD 2 yr	0.296	-2
USD LIBOR	0.2216	0.4476	0.6944	0.7983	USD 5 yr	0.400	-2
GBP LIBOR	0.1658	0.4030	0.5933	0.7478	USD 10 yr	0.667	+1
JPY LIBOR	-0.0578	-0.0238	0.0152	0.1208	EUR 2 yr	-0.311	+3
CHF LIBOR	-0.7238	-0.5902	-0.5492	-0.4560	EUR 5 yr	-0.296	+3
					EUR 10 yr	-0.107	+5

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1685.71	-1.18	ADGB 2.50 25	1.80	-0	Abu Dhabi	117	-3
Silver	14.85	-0.74	DUGB 3.89 25	2.21	-2	Bahrain	492	+5
Oil (WTI)	23.99	-2.32	QATAR 3.4 25	2.04	+8	Dubai	281	-12
Aluminium	1442.65	-0.11	US Tsy 2 yr	0.18	-1	Oman	748	-15
Copper	5167.50	+0.78	US Tsy 10 yr	0.70	+4	Qatar	117	-3
						Saudi Arabia	163	-3

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 Shaher 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