



Daily Outlook

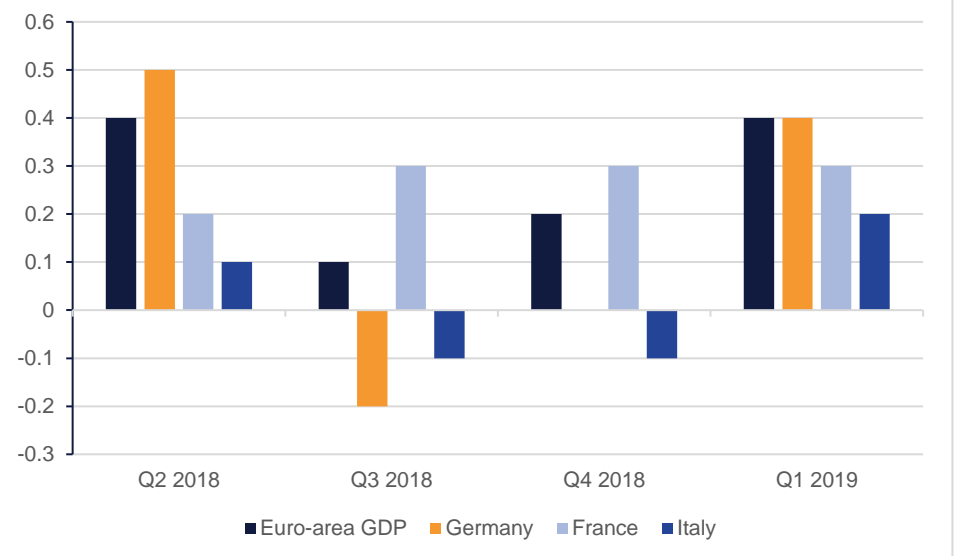
In the midst of an escalation of tit-for-tat trade wars with China, US President Donald Trump has deferred a decision on tariffs on EU and Japanese autos and spare parts by 180 days. The US has ascertained that the import of foreign vehicles is a threat to national security through its effect on domestic research and development. The US government is also in ongoing talks with Canada and Mexico regarding tariffs on steel and aluminium imposed last year. Canadian Foreign Minister, Chrystia Freeland, reiterated that ratification of the revised NAFTA deal agreed last year would be 'very, very problematic' for Canada if the tariffs remained in place.

Retail sales in the US underwent an unexpected decline in April, falling -0.2% m/m, missing expectations of 0.2% growth. While disappointing, March showed extraordinarily strong growth of 1.7%. Discretionary spending was particularly weak, likely impacted by higher pump prices as oil rose.

German real GDP was 0.4% q/q in Q1, in line with expectations and the Eurozone growth figure. This is a marked improvement on the 0.0% recorded in Q4 2018, but the economy remains under pressure. The six-month reprieve granted by US President Trump to the German autos sector will offer some respite, but the weak ZEW investor expectations index reading this week underscored concerns over the impact of trade wars on German production.

The IMF projects that Saudi Arabia will post a budget deficit equivalent to 7.0% of GDP in 2019, compared to government forecasts of 4.2% and our own expectation of 5.5%. Among its proposals to help balance the books is a hike to the VAT rate, though the likelihood, or the necessity, of this in the near term is slight. KSA posted a surplus of 3.6% of GDP in Q1, its first since 2014.

Eurozone: Stronger q/q real GDP growth in Q1



Source: Bloomberg, Emirates NBD Research

Today's Economic Data and Events

	Time	Cons		Time	Cons
US Housing Starts	16:30	1209k	US Intial Jobless Claims	16:30	220k

Source: Bloomberg, Emirates NBD Research.

Fixed Income

Treasuries closed higher as investors continued to remain cautious. Yields on the 2y UST, 5y UST and 10y UST closed at 2.15% (-4 bps), 2.14% (-4 bps) and 2.37% (-4 bps) respectively.

According to a report from the US, China sold the most USTs in more than two years in March. China sold USD 20.5bn worth of USTs.

Regional bonds rallied slightly recouping early week losses. The YTW on Bloomberg Barclays GCC credit and High Yield index dropped 2 bps to 3.98% while credit spreads rose 3 bps to 172 bps.

FX

The AUD is the softest performing major currency in the Asia session, AUDUSD currently 0.19% lower at 0.69148, on target for a fourth day of losses. Earlier in the session, the price had traded below the 0.69 handle, trading as low as 0.6893 following softer than expected employment data. 6,300 full time jobs were lost in April, compared to 49,200 created in March, taking the unemployment rate from 5.1% to 5.2%. While the price trades below the 23.6% one year Fibonacci retracement (0.6962), the price is vulnerable to further losses.

Equities

Developed market equities closed higher following comments from US official that some progress has been made on trade deals with other countries. The S&P 500 index and the Euro Stoxx 600 index added +0.6% and +0.5% respectively.

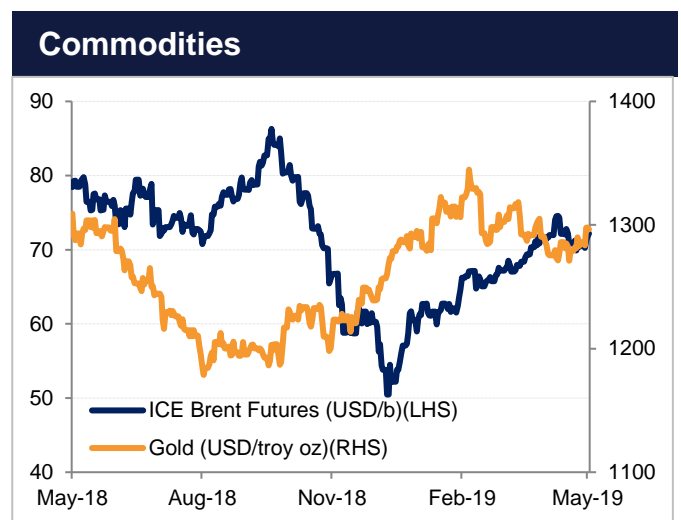
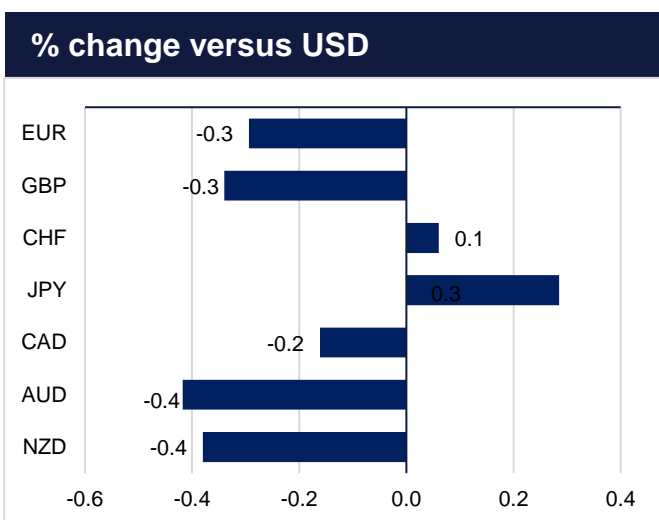
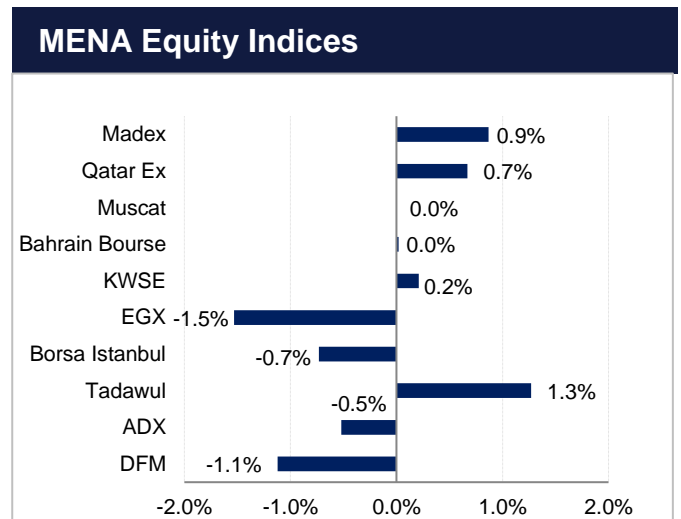
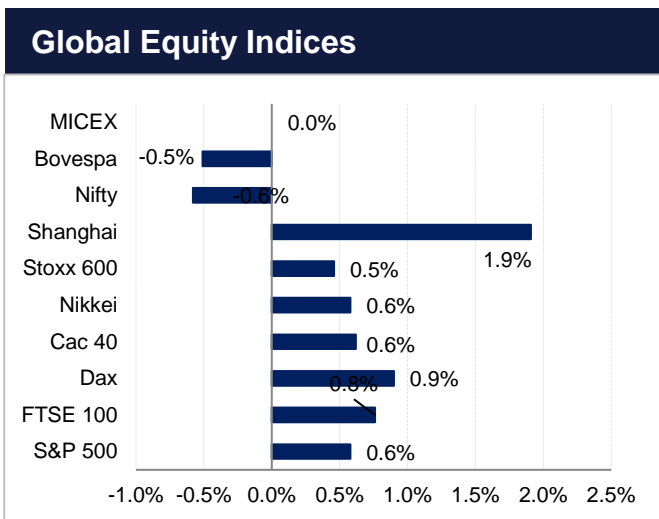
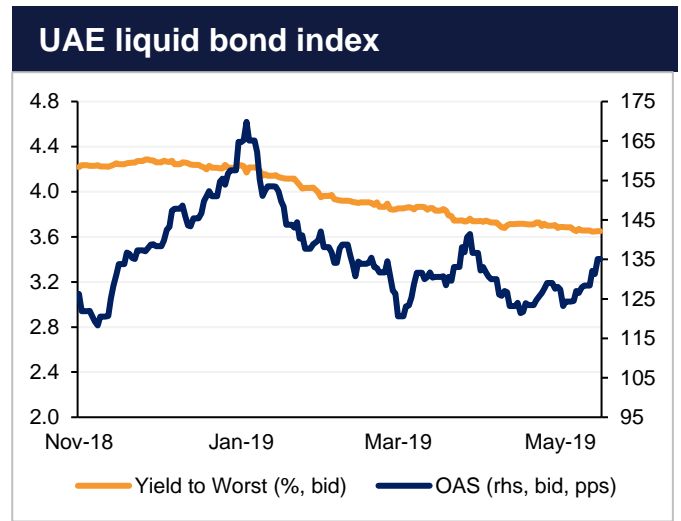
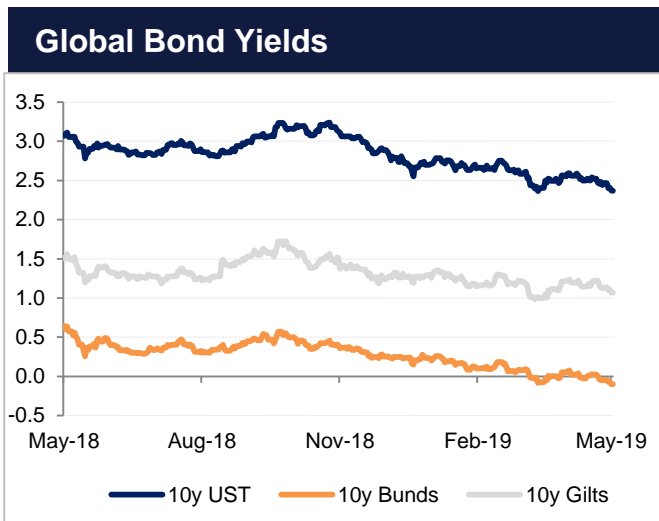
Regional markets closed mixed with the DFM index losing -1.1% and the Tadawul adding +1.3%. It was more of investor positioning following the MSCI review trade than anything else. Damac dropped -2.9% after reporting weaker than expected earnings.

Commodities

Both benchmarks closed up moderately overnight, with Brent futures gaining 0.7% to USD 71.8/b and WTI up 0.4% at USD 62.0/b. The rise was prompted by ongoing political tensions in the Gulf region, and a greater-than-expected drawdown in US gasoline stockpiles, which dropped by 1.1mn barrels last week – although crude stockpiles rose by 5.4mn barrels.

OPEC+ are meeting in Jeddah this weekend and will likely discuss how long to maintain their policy of curbing supply in the face of rising prices.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1196	-0.29	1.1529	USDTRY	6.0651	+0.63	EURAED	4.1133	-0.27
GBPUSD	1.2908	-0.34	1.3115	USDEGP	17.0795	+0.20	GBPAED	4.7413	-0.33
USDJPY	109.36	-0.29	106.33	USDSAR	3.7502	-0.00	JPYAED	0.0336	+0.27
USDCAD	1.3480	+0.16	1.3389	USDQAR	3.6800	+0.53	CADAED	2.7246	-0.16
AUDUSD	0.6917	-0.42	0.6975	USDKWD	0.3043	+0.02	AUDAED	2.5406	-0.42
USDCHF	1.0074	-0.05	0.9746	USDBHD	0.3770	+0.00	CHFAED	3.6462	+0.06
EURGBP	0.8674	+0.05	0.8791	USDOMR	0.3848	-0.06	TRYAED	0.6000	-1.54
USDAED	3.6731	+0.00	3.6768	USDINR	70.7225	-0.64	INRAED	0.0552	+5.89

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.5344	2.8388	3.0396	3.2033	USD 2 yr	2.247	-3
USD LIBOR	2.4324	2.5251	2.5509	2.6325	USD 5 yr	2.182	-4
GBP LIBOR	0.7313	0.8064	0.9053	1.0449	USD 10 yr	2.345	-3
JPY LIBOR	-0.0990	-0.0757	0.0008	0.0900	EUR 2 yr	-0.235	-1
CHF LIBOR	-0.7920	-0.7102	-0.6560	-0.5192	EUR 5 yr	-0.037	-2
					EUR 10 yr	0.416	-3

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1296.49	-0.03	ADGB 6.75 19	2.42	--	Abu Dhabi	59	--
Silver	14.82	+0.34	DUGB 7.75 20	2.94	+1	Bahrain	285	+10
Oil (WTI)	62.02	+0.39	QATAR 5.25 20	2.70		Dubai	139	-1
Aluminium	1824.50	+0.61	US Tsy 2 yr	2.16	-4	Oman	310	--
Copper	6053.75	+0.95	US Tsy 10 yr	2.37	-4	Qatar	68	+1
						Saudi Arabia	90	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