



بنك الإمارات دبي الوطني  
Emirates NBD

Daily  
27 May 2020

## Daily Outlook

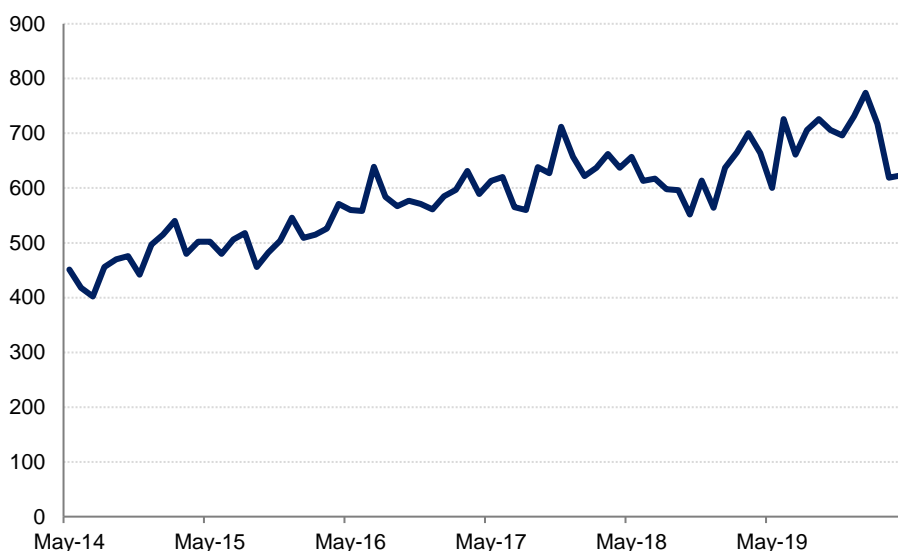
It was a quiet start to the week with US, UK and some Asian markets closed on Monday, and regional markets closed for Eid holidays. **Data released in the US yesterday was better than expected**, with new home sales rising slightly in April as low mortgage rates appeared to offset concerns about the impact of the coronavirus and consumer confidence also a little higher in May than in April. The data helped boost equities, with markets seemingly shrugging off increasing geopolitical tension between the US and China for now.

In Europe and the UK, stocks rallied as countries take further steps towards easing lockdowns and infection rates appeared to be slowing. The UK is expected to allow some non-essential businesses to open on 1 June, with more to follow by the middle of June. Japan ended its nationwide state of emergency on Monday.

**More stimulus measures have also contributed to the risk-on sentiment.** The ECB is expected to increase the size of its EUR 750bn pandemic emergency purchase programme at its next monetary policy meeting (next Thursday) while the European Commission is expected to provide more detail on the proposed EU recovery fund today.

**China also announced a USD 500bn fiscal stimulus package at the annual Two Sessions conference at the end of last week.** The measures include increasing the budget deficit to a record -3.6% of GDP from -2.8% in 2019 and issuing special bonds to fund “new infrastructure” investment. Significantly, there was no GDP target announced for this year, given the uncertainty around the impact of the coronavirus. **The government also announced a new national security law for Hong Kong** which has led to further protests there. The US has also threatened to sanction China if the law is passed, with the White House indicating that an announcement could be made as early as this week. This adds to the uncertainty around the implementation of the “Phase 1” trade deal agreed by the two countries at the start of the year.

### US new home sales



Source: Bloomberg, Emirates NBD Research.

### Today's Economic Data and Events

Event	Time	Change	Event	Time	Change
US Richmond Fed Manuf. Index	18:00	-40	Federal Reserve Beige Book	22:00	n/f

Source: Bloomberg, Emirates NBD Research.

## Fixed Income

Treasuries closed lower as risk assets continued their positive run. The curve bear steepened with yields on the 2y UST and 10y UST ending the day at 0.17% (+1 bp) and 0.69% (+4 bps) respectively.

Regional bonds continued their momentum as oil prices retained their near-term strength and local economies started to ease restrictions further. The YTW on Bloomberg Barclays GCC Credit and High Yield index dropped 2 bps to 3.47% and credit spreads tightened 5 bps to 282 bps.

## FX

Despite starting the week in a positive fashion, the dollar experienced a steady decline on Tuesday. The DXY index saw the currency plunge from Monday's test of the 99.975 resistance to lows of 99.140 as risk appetite developed. It did fall below the 100-day moving average (99.030), but has partially regained some of its losses this morning. Still it will remain a key indicator to look out for and a test of the 200-day moving average (98.512) can not be ruled out. The JPY experienced a bullish reversal after trading with limited movement on Monday, to reach 107.50.

The weakening dollar has proved beneficial for the euro, which saw an increase of over 0.50% to reach 1.0960. The market is in an upbeat mood amid hopes that a return to normal life may be on the horizon. Sterling was similarly positive, increasing over 1% to reach 1.2320 after reports that the EU may be ready to make concessions to the UK on fisheries. The AUD and NZD both reached highs not seen since March, with both currencies increasing over 1.40% to reach 0.6645 and 0.6190 respectively.

## Equities

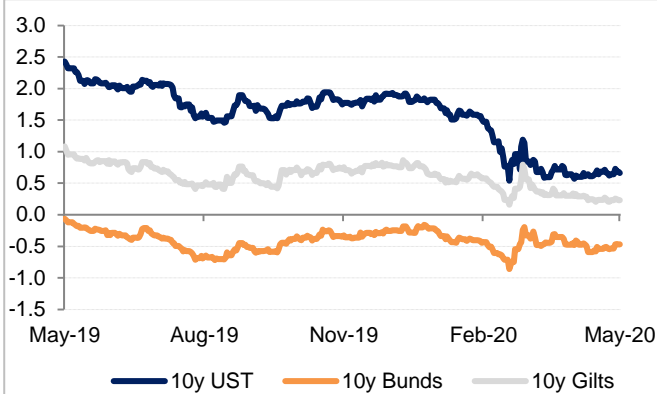
Notwithstanding concern over escalating tensions between the US and China, developed market equities closed higher. The S&P 500 index and the Euro Stoxx 600 index added +1.2% and +1.1% respectively amid continued optimism over lockdown easing and progress on vaccine testing.

## Commodities

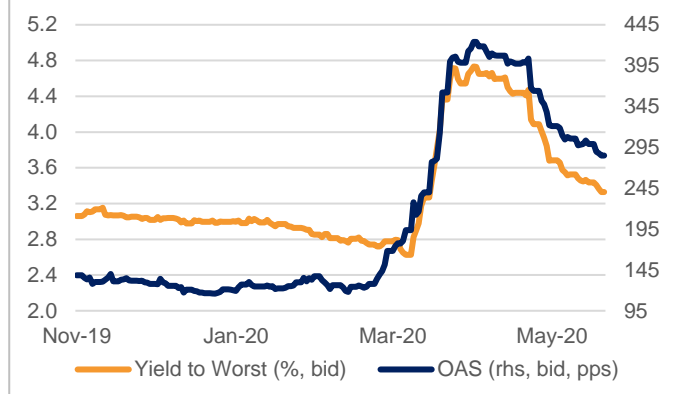
Oil prices continued their march higher overnight with Brent settling at USD 36.17/b—up 1.8%—and WTI closing above USD 34.35/b, a gain of 3.3%. Prices have lost a little ground in early trade today as headlines swirl around whether Russia may seek to limit its production cuts as early as July given the improvement in prices and rebalancing occurring in headline balances.

## Markets in Charts

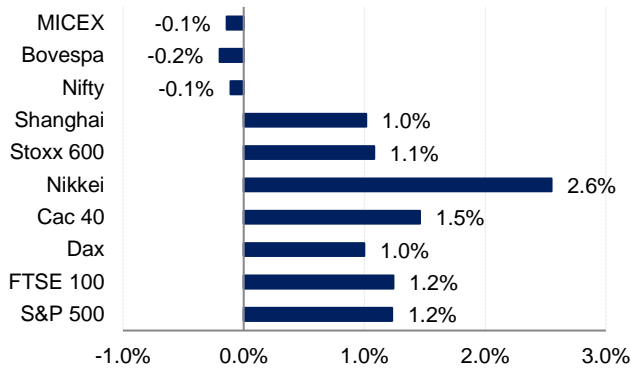
### Global Bond Yields



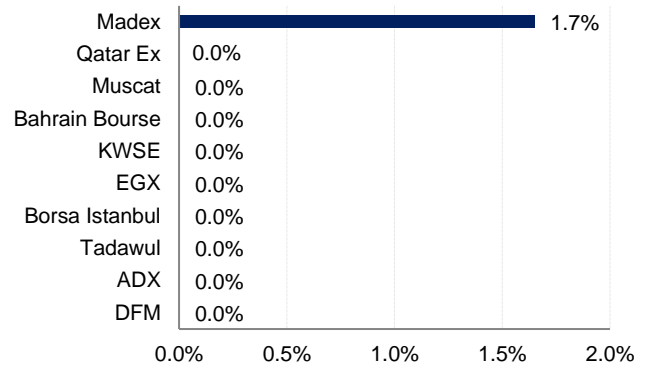
### UAE liquid bond index



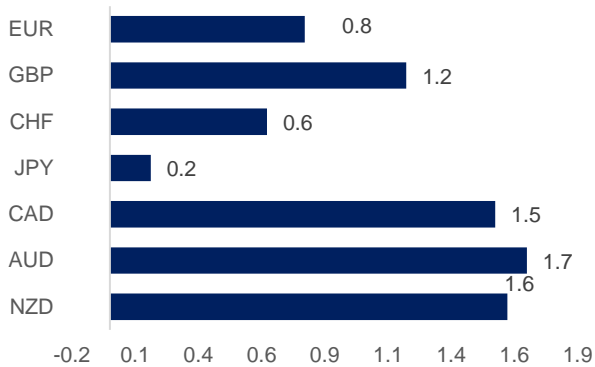
### Global Equity Indices



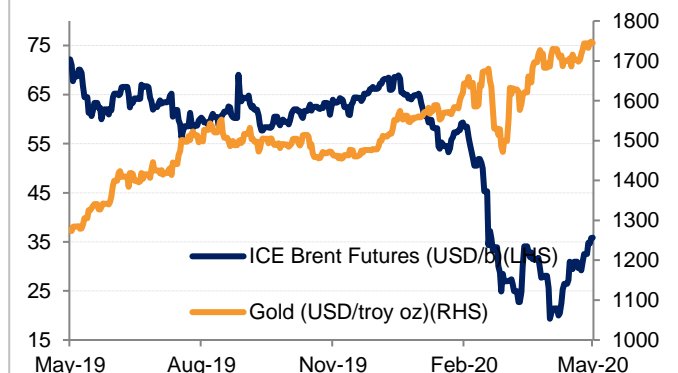
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.0982	+0.21	1.1074	USDTRY	6.7293	-0.85	EURAED	4.0336	+0.21
GBPUSD	1.2334	+1.14	1.2354	USDEGP	15.8605	+0.26	GBPAED	4.5308	+1.15
USDJPY	107.54	-0.11	106.78	USDSAR	3.7574	+0.03	JPYAED	0.0342	+0.10
USDCAD	1.3777	-1.14	1.3776	USDQAR	3.6800	+0.34	CADAED	2.6661	+1.16
AUDUSD	0.6653	+1.45	0.6650	USDKWD	0.3088	+0.02	AUDAED	2.4439	+1.47
USDCHF	0.9656	-0.05	0.9544	USDBHD	0.3774	-0.02	CHFAED	3.8038	+0.06
EURGBP	0.8903	-0.93	0.8964	USDOMR	0.3852	+0.12	TRYAED	0.5500	+1.63
USDAED	3.6730	--	3.6817	USDINR	75.6650	-0.17	INRAED	0.0552	+13.69

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	N.A.	N.A.	N.A.	N.A.	USD 2 yr	0.268	+1
USD LIBOR	0.1695	0.3713	0.5716	0.6798	USD 5 yr	0.384	+1
GBP LIBOR	0.1016	0.2515	0.3974	0.5915	USD 10 yr	0.690	+3
JPY LIBOR	-0.0730	-0.0315	0.0118	0.1222	EUR 2 yr	-0.276	+1
CHF LIBOR	-0.7612	-0.6366	-0.5904	-0.4822	EUR 5 yr	-0.259	+3
					EUR 10 yr	-0.105	+4

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1710.58	-2.15	ADGB 2.50 25	1.58	-3	Abu Dhabi	98	--
Silver	17.13	-2.40	DUGB 3.89 25	1.93	-8	Bahrain	429	+1
Oil (WTI)	34.35	+2.57	QATAR 3.4 25	1.83	-3	Dubai	231	-1
Aluminium	1494.50	+0.71	US Tsy 2 yr	0.17	+1	Oman	614	+1
Copper	5327.25	-1.67	US Tsy 10 yr	0.70	+4	Qatar	98	--
						Saudi Arabia	144	--

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