



بنك الإمارات دبي الوطني
Emirates NBD

Daily
11 June 2020

Daily Outlook

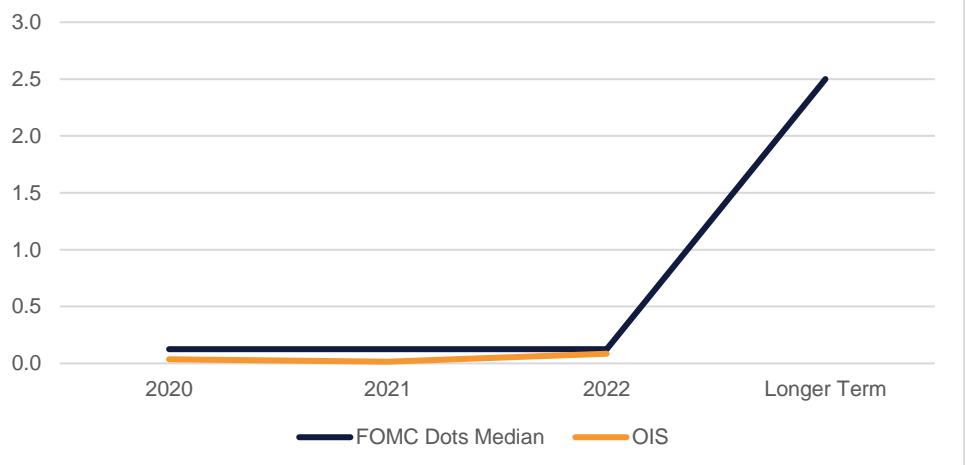
The US Federal Reserve left interest rates unchanged at 0.0%-0.25% at its meeting yesterday. The central bank said the economy faces considerable risks over the medium term and strongly reiterated its commitment to using the entire spectrum of its tools for as long as necessary to provide support to the economy. In his comments following the meeting, the Fed Chairman Jerome Powell was quite forceful in indicating that interest rates are expected to remain at current levels for the foreseeable future as he said 'we are not even thinking about thinking about raising rates'. The dot plot released with the statement showed that all but two members expect interest rates to remain at the current level through 2022.

The economic growth projections released along with the statement showed that members expect the unemployment rate to fall to 9.3% at the end of 2020 and further to 6.5% in 2021. US GDP is expected to contract by 6.5% in 2020 before rebounding 5% in 2021. Inflation was forecast to remain below the central bank's target through 2022. In a separate data release, the US CPI dropped to 0.1% y/y in May from 0.3% in April while core CPI (excluding Food and Energy prices) eased to 1.2% y/y from 1.4%.

The FOMC also said that it would increase its holdings of Treasuries and mortgage-backed securities (MBS) at least at the current pace to sustain smooth functioning. A separate statement mentioned that the pace of balance sheet increase would be maintained at about USD 80bn a month for treasuries and about USD 40bn for MBS.

The UAE central bank expects real GDP to contract -3.6% in 2020, with the non-oil sector contracting -4.1% this year. We expect a contraction of -4.5% in the non-oil sector and a steeper -7.8% decline in hydrocarbon sector growth (vs the central bank's -2.4% forecast) resulting in total GDP contracting -5.5% in 2020. The central bank also published private sector employment data showing a 2.0% y/y growth in private sector jobs in Q1 2020 for the whole UAE, led by a 7.1%/y/y rise in real estate service & business services employment. Construction sector jobs declined -3.2% y/y in Q1 2020. However, the central bank noted that the figures could "mask severe underemployment for visa holders in sectors that have been adversely affected by the COVID-19". PMI survey data show private sector jobs declining in March through May.

FOMC projects interest rates to remain at current levels through 2022



Source: Bloomberg.

Today's Economic Data and Events

Event	Time	Value	Event	Time	Value
IT Industrial Production y/y	12:00	-41.1%	US PPI y/y	16:30	0.1%
US Initial Jobless Claims	16:30	1550k			

Source: Bloomberg. Emirates NBD Research.

Fixed Income

Treasuries consolidated its previous session gains following the US Federal Reserve meeting. The central bank said it will continue to buy USTs at the current pace of USD 80bn a month and hinted that interest rates could remain at current levels through 2022. Following the meeting, the Fed Chairman also said that the central bank continues to internally discuss and assess the various forward guidance tools including yield curve control.

The curve shifted lower with yields on the 2y UST and 10y UST ending the day at 0.16% (-4 bps) and 0.72% (-10 bps) respectively.

Within emerging markets, S&P affirmed India's credit rating with stable outlook. The rating agency said it expects government's fiscal condition to improve by next year and hoped that reforms initiated by the government will bear fruit in the long term.

Regional bonds extended its rally to seventh consecutive trading session. The YTW on Bloomberg Barclays GCC Credit and High Yield index dropped 3 bps to 3.18% and credit spreads widened marginally to 252 bps.

The primary market pipeline continues to build as Sharjah Islamic Bank hired banks for a USD-denominated sukuk.

FX

The dollar reached its lowest point since march on Wednesday. The DXY index dropped to lows of 95.977 before meeting support to trade at 96.010. USDJPY remains under heavy selling pressure since the start of the week. The currency pairing has slid beyond the 50-day moving average (107.66) to reach 106.95.

The euro is trading at its highest level since March amid the dollar's continued weakness and continues to hover in between 1.1300 - 1.1400. The currency reached highs of 1.1422 late last night but met resistance and now trades at 1.1390. Similar to the euro, Sterling also reached its highest point since March, at one point hitting highs of 1.2813 but has since declined to trade at 1.2730. The AUD and NZD have both reversed the majority of the gains they recorded yesterday in the early hours of this morning, with both currencies being largely unchanged from Tuesday's closing price.

Equities

Developed market equities closed lower as the Federal Reserve assessed that the economic recovery may take longer than what the market is pricing in at the moment. The Euro Stoxx 600 index and the S&P 500 index dropped -0.4% and -0.5% respectively.

Regional markets closed largely lower as the enthusiasm witnessed at the start of the week was absent. The KWSEPM index dropped -1.8% and the Tadawul closed flat. The flows continue to remain concentrated around market heavyweights.

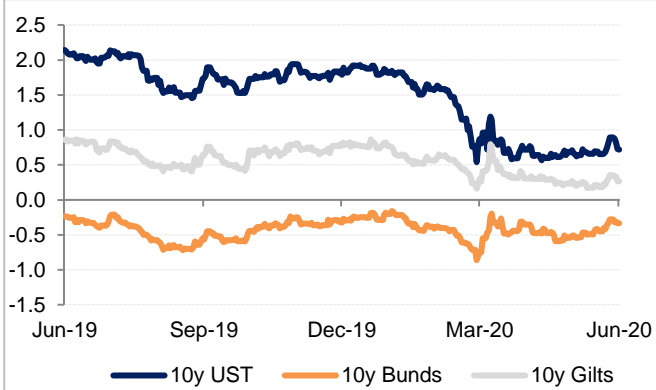
Commodities

Oil prices are off heavily this morning as the market responds to a grim outlook for the near-term health of the US economy from the Federal Reserve and another sizeable build in crude inventories. Brent futures are down by 2.4% at USD 40.73/b while WTI is off by 2.8%, trading at USD 38.48/b.

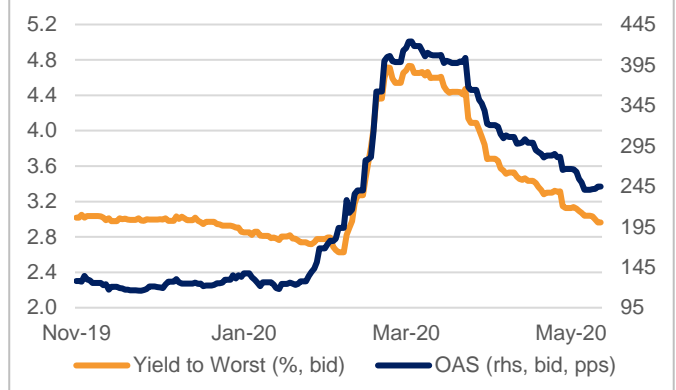
Crude stocks in the US rose by 5.7m bbl last week thanks to heavy deliveries into the Gulf region. Builds across much of the rest of the barrel helped push overall commercial petroleum stocks up by 9.7m bbl. Production was down by 100k b/d at 11.1m b/d while product supplied bounced strongly, up by 2.5m b/d to 17.5m b/d. However, that still compares with more than 20m b/d at the same time a year ago.

Markets in Charts

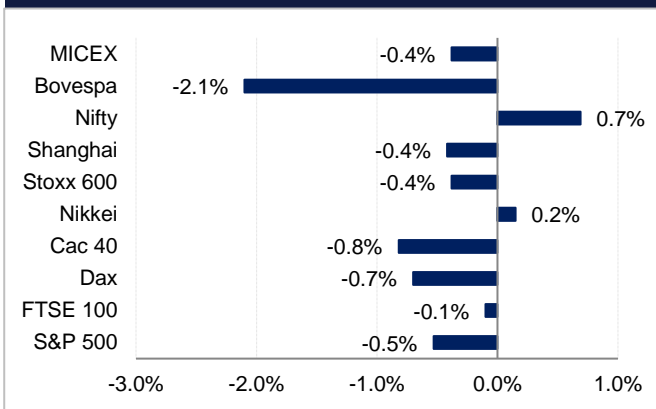
Global Bond Yields



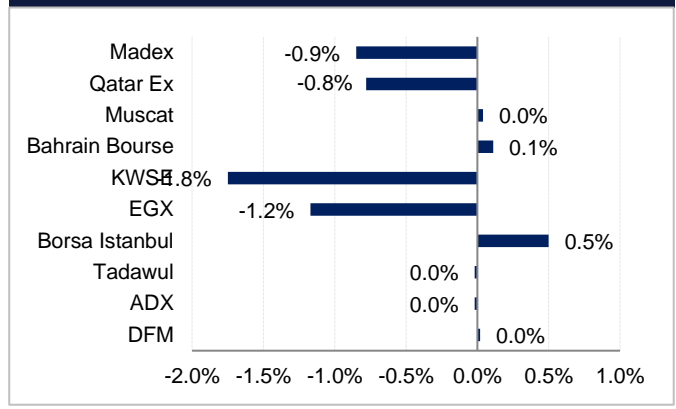
UAE liquid bond index



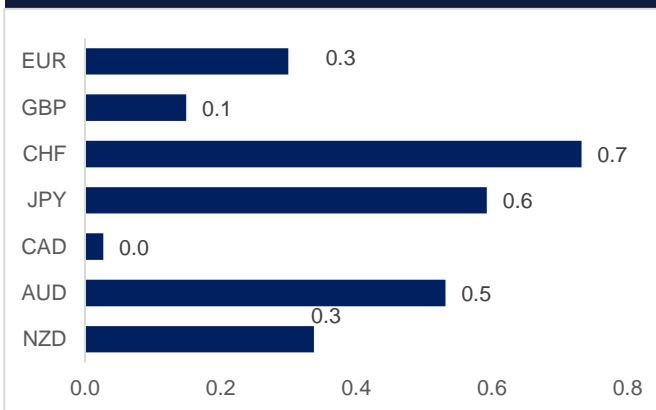
Global Equity Indices



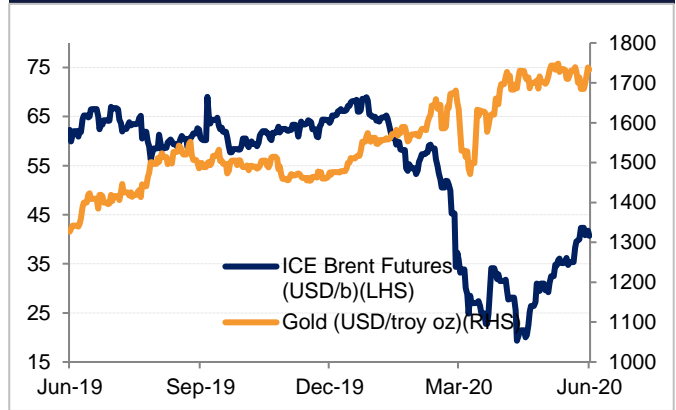
MENA Equity Indices



% change versus USD



Commodities



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1374	+0.30	1.1472	USDTRY	6.7765	-0.30	EURAED	4.1778	+0.31
GBPUSD	1.2747	+0.15	1.2768	USDEGP	16.1964	+0.10	GBPAED	4.6821	+0.15
USDJPY	107.12	-0.59	106.34	USDSAR	3.7525	-0.00	JPYAED	0.0343	+0.59
USDCAD	1.3412	-0.04	1.3413	USDQAR	3.6800	+0.14	CADAED	2.7387	+0.03
AUDUSD	0.6998	+0.53	0.6992	USDKWD	0.3075	-0.11	AUDAED	2.5702	+0.52
USDCHF	0.9438	-0.74	0.9331	USDBHD	0.3771	--	CHFAED	3.8915	+0.73
EURGBP	0.8923	+0.15	0.8985	USDOMR	0.3848	-0.06	TRYAED	0.5400	-0.07
USDAED	3.6730	--	3.6805	USDINR	75.5925	-0.03	INRAED	0.0552	+13.52

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	0.4228	0.6900	1.0713	1.1268	USD 2 yr	0.264	-3
USD LIBOR	0.1905	0.3184	0.4265	0.6455	USD 5 yr	0.379	-7
GBP LIBOR	0.0954	0.2020	0.3678	0.5598	USD 10 yr	0.728	-9
JPY LIBOR	-0.0923	-0.0510	-0.0112	0.1087	EUR 2 yr	-0.297	+0
CHF LIBOR	-0.7630	-0.6568	-0.5720	-0.4532	EUR 5 yr	-0.244	+0
					EUR 10 yr	-0.044	-2

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1738.70	+1.36	ADGB 2.50 25	1.57	-6	Abu Dhabi	76	-
Silver	18.11	+3.31	DUGB 3.89 25	1.88	-3	Bahrain	360	-4
Oil (WTI)	39.60	+1.69	QATAR 3.4 25	1.70	-4	Dubai	190	+5
Aluminium	1605.50	+1.60	US Tsy 2 yr	0.17	-4	Oman	551	-
Copper	5885.00	+2.29	US Tsy 10 yr	0.73	-10	Qatar	77	+1
						Saudi Arabia	96	-

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