



بنك الإمارات دبي الوطني
Emirates NBD

Daily
12 March 2018

www.emiratesnbdresearch.com

Daily Outlook

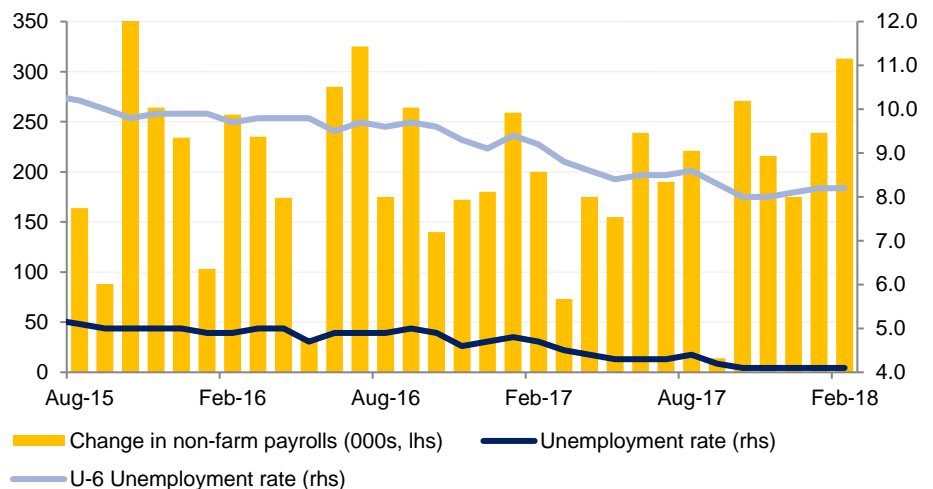
US non-farm payrolls increased the most in a year-and-a-half last month, with 313k new jobs added; much higher than the consensus forecast of 200k. The December and January employment numbers were also revised higher by a cumulative 54k. The increase in jobs last month was broad-based, with retail, construction, manufacturing and professional services sectors all posting strong increases. The unemployment rate was unchanged at 4.1% as the labour force participation rate increased to a five-month high of 63.0%. **Importantly, despite the sharp rise in the headline employment figure, average hourly earnings growth slowed to 0.1% m/m (2.6% y/y) from 0.3% m/m (2.8% y/y) in January, easing fears that the Fed is behind the curve in terms of rate hikes.** February's inflation reading (due tomorrow) will be the next key indicator for Fed watchers.

President Trump finally signed off on steel and aluminium import tariffs on Thursday but the policy was more flexible than had been feared, with Canada and Mexico exempted pending the outcome of the NAFTA negotiations, and the door left open for other countries, and specific products, to be exempted as well.

The ECB removed the 'loosening' bias from its monetary policy statement last Thursday, in another gradual step towards monetary policy normalisation. Nevertheless, the ECB indicated that asset purchases of EUR30bn per month would continue until at least September, and possibly beyond then, depending on inflation data. Overall, the ECB was upbeat about growth prospects, revising its GDP forecast for 2018 up slightly to 2.4% (from 2.3% previously), with risks to the outlook deemed to be balanced. However, President Draghi highlighted the downside risk to growth from increased protectionism.

Finally, China's parliament yesterday voted to repeal presidential term limits that had been enshrined in the constitution, opening the way for President Xi to remain in power indefinitely.

Non-farm payrolls show 313,000 new jobs in February



Source: Bloomberg, Emirates NBD Research

Day's Economic Data and Events

	Time	Cons		Time	Cons
India CPI y/y	16:00	4.74%	US Monthly Budget Statement	22:00	-\$216.0b
India Industrial Production y/y	16:00	6.4%			

Source: Bloomberg

Fixed Income

US treasuries closed lower and the curve steepened after non-farm payrolls data for February came in stronger than expected. Yields on the 2y USTs, 5y USTs and 10y USTs ended the week at 2.25% (+2bps 5d), 2.65% (+2bps 5d) and 2.89% (+3 bps 5d) respectively.

Following the Italian election which threw up a hung parliament, yield on the 10y Italian government bonds rose +4bps 5d to close at 2.0%. In contrast, yield on the 10y bunds closed flat at 0.648%.

In the EM space, Moody's downgraded the long-term ratings of 14 Turkish banks and affirmed the ratings of 3 other Turkish banks. The outlook on 12 banks was changed to stable from negative whilst the outlook on 5 other banks remained negative. This follows the rating downgrade of the sovereign Turkey to Ba2 from Ba1.

Regional bonds continued to drift lower in line with the move in benchmark yields. A flurry of new issues last week also added to the pressure. On an aggregate level, USD 2bn was raised last week by banks (USD 1bn) and Emirate of Sharjah (USD 1bn). The YTW on the Bloomberg Barclays GCC Credit and High Yield index rose +2bps 5d to 4.20% and credit spreads tightened by 1 bp to 158 bps.

FX

Despite constructive employment reports (see macro), the dollar finished Friday on a softer note, the Dollar Index closing 0.1% lower at 90.093. The index had traded as high as 90.357, but appears have faced significant selling pressure at every attempt to challenge the 50 day moving average (90.253). Should we see a daily close above this 50 day moving average, we can expect further towards the 23.6% one year Fibonacci retracement of 91.493. On the other hand, a break below 89.70 (the supporting baseline of the 23 hour candle chart that has been intact since February 16th) is likely to catalyse further declines towards the 38.2% five year Fibonacci retracement of 88.42, a level which has provided support on multiple occasions in 2018. Should this level falter, a larger decline towards 85 remains a significant risk.

Equities

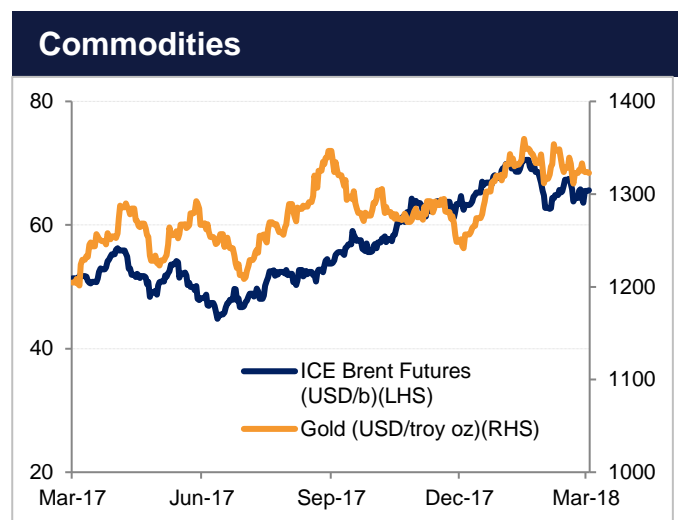
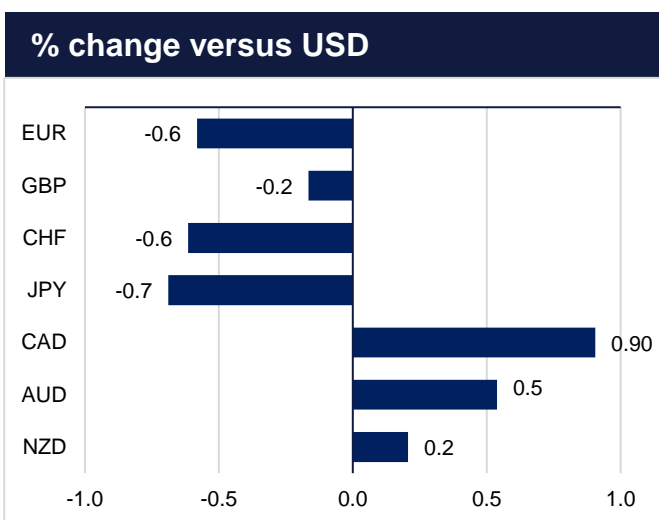
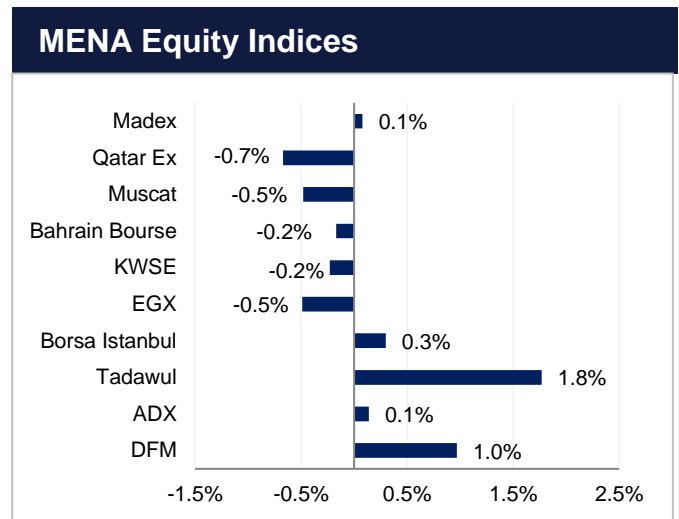
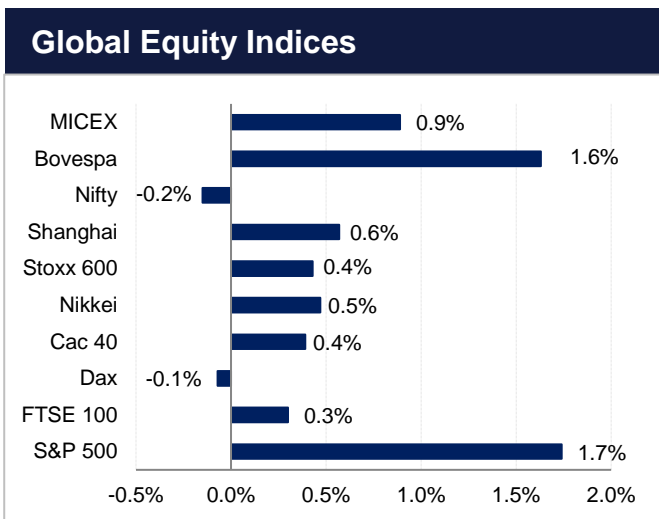
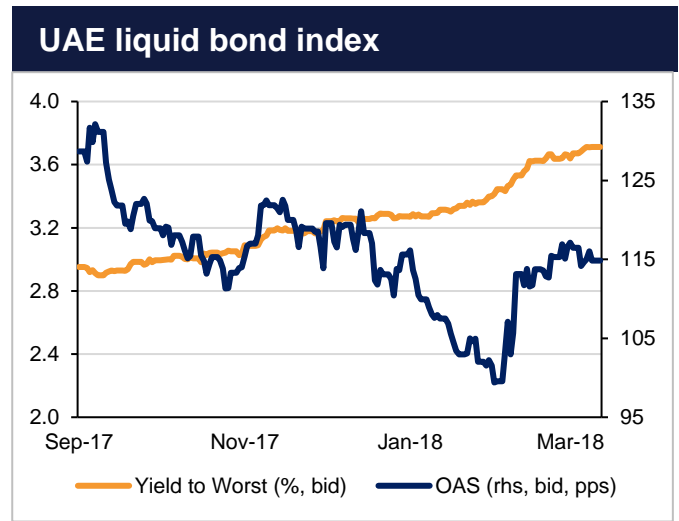
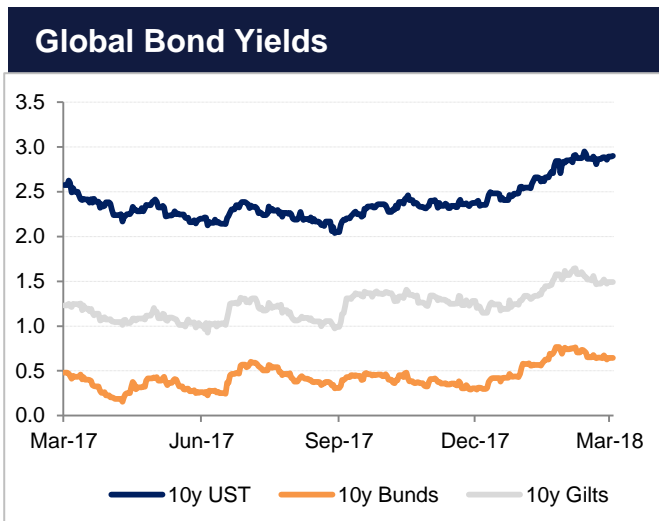
Regional markets closed higher with the DFM index adding +1.0% and the Tadawul gaining +1.8%. Emirates NBD (+13.6% 5d) led the gains on the DFM after the bank sought shareholders' approval to raise the foreign ownership limit to 20% from 5%. The bank also plans to raise capital by AED 7.35bn by issuing new shares at no less than 10% discount to the market price.

Commodities

Oil prices ended the week in positive territory with Brent and WTI adding +1.7% 5d and +1.3% 5d respectively. However, that was primarily on the back of sharp gains on Friday when WTI rallied +3.2% and Brent gained +3.0%. The strength can be attributed to a broad risk-on environment helped by strong economic data from the US.

The Bloomberg Base Metals Spot Price Commodity index ended last week with losses of -2.4% as the US President formally ratified import tariffs of 10% on Aluminium and 25% on Steel. This was third consecutive week of losses for the index.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.2307	-0.58	1.2678	USDTRY	3.8125	-0.01	EURAED	4.5158	-0.68
GBPUSD	1.3850	-0.17	1.4079	USDEGP	17.6168	-0.03	GBPAED	5.0739	-0.43
USDJPY	106.82	+0.71	103.89	USDSAR	3.7504	--	JPYAED	0.0344	-0.65
USDCAD	1.2812	-0.89	1.2730	USDQAR	3.6800	+0.57	CADAED	2.8535	+0.43
AUDUSD	0.7844	+0.54	0.7867	USDKWD	0.3004	+0.09	AUDAED	2.8661	+0.01
USDCHF	0.9513	+0.61	0.9199	USDBHD	0.3770	--	CHFAED	3.8650	-0.50
EURGBP	0.8886	-0.41	0.9005	USDOMR	0.3850	+0.00	TRYAED	0.9600	-0.35
USDAED	3.6729	-0.00	3.6764	USDINR	65.1675	+0.03	INRAED	0.0564	-0.07

Rates

Interbank	1 mo	3 mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.7008	2.0620	2.2928	2.6630	USD 2 yr	2.556	+1
USD LIBOR	1.7503	2.0888	2.2686	2.5445	USD 5 yr	2.776	+1
GBP LIBOR	0.4999	0.6013	0.7026	0.9168	USD 10 yr	2.908	+1
JPY LIBOR	-0.0835	-0.0563	0.0162	0.1112	EUR 2 yr	-0.124	-0
CHF LIBOR	-0.8097	-0.7420	-0.6590	-0.5298	EUR 5 yr	0.461	-1
					EUR 10 yr	1.075	-2

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1323.93	+0.15	ADGB 6.75 19	2.42	--	Abu Dhabi	55	-1
Silver	16.48	-0.03	DUGB 7.75 20	3.10	-0	Dubai	96	-1
Oil (WTI)	62.04	+3.19	QATAR 6.55 19	2.68	+1	Qatar	81	-1
Aluminium	2099.75	+0.68	US Tsy 2 yr	2.26	+1	Saudi Arabia	76	-2
Copper	6937.50	+2.03	US Tsy 10 yr	2.89	+4	Bahrain	238	-4

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
Director, Financial Markets Research
+9714 609 3027
adityap@emiratesnbd.com

Athanasios Tsetsonis
Sector Economist
+9714 230 7629
athanasiost@emiratesnbd.com

Edward Bell
Commodity Analyst
+9714 230 7701
edwardpb@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

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
vallancel@emiratesnbd.com

Egypt
Gary Boon
+20 22 726 5040
garyboon@emiratesnbd.com

Emirates NBD Capital

Ahmed Al Qassim
CEO- Emirates NBD Capital
AhmedAQ@emiratesnbd.com

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