



# Daily Outlook

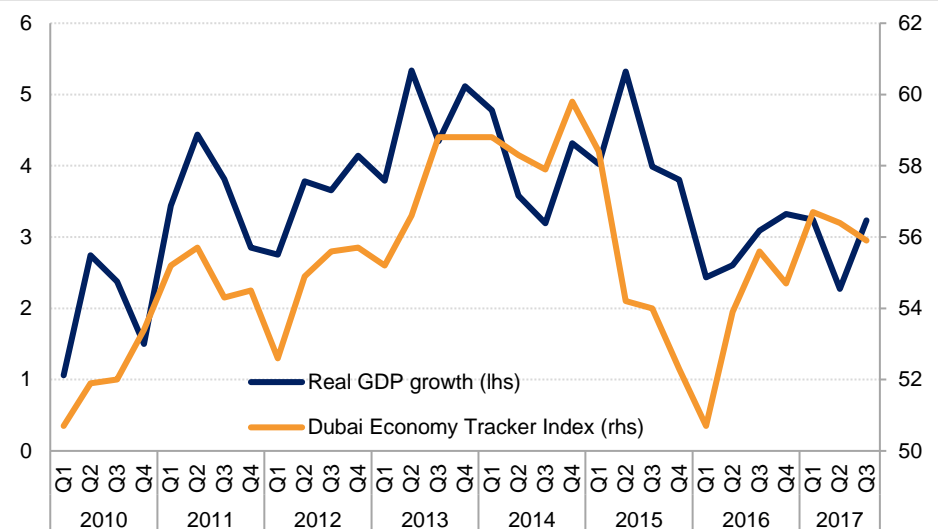
**Equity markets are largely unchanged ahead of today's key US inflation data for February.** Headline CPI is forecast to rise marginally to 2.2% y/y from 2.1% in January while core CPI is expected to remain unchanged at 1.8% y/y.

**India's CPI for February came in softer than expected at 4.4% y/y**, and down from 5.1% y/y in January. The decline was mainly due to lower food and vegetable prices. Separately, industrial production rose 7.5% in January 2018 beating consensus forecast of 6.4%. Encouragingly, the growth was driven by the manufacturing sector which grew 8.7% y/y. Both these data points support our view that economic growth in India is rebounding strongly and the RBI is likely to remain on hold with a neutral stance.

**Dubai's GDP growth accelerated to 3.2% y/y in Q3 2017 from 2.3% in Q2 and 3.1% in Q3 2016, according to official data.** The highlight in our view was a sharp recovery in construction sector growth, which accelerated to 7.7% y/y in Q2 and 7.5% y/y in Q3 2017, the fastest growth rates since the financial crisis. The Emirates NBD Dubai Economy Tracker had indicated a rebound in construction sector activity last year, and this now appears to be confirmed by the official GDP statistics. The transport & storage sector grew 4.2% y/y in Q3 2017 while wholesale & retail trade expanded 3.9% y/y. We estimate Dubai's economy grew 3.5% over the whole of 2017 and we expect growth to accelerate to 4.0% this year.

Finally, the Financial Times reported that the IPO of Saudi Aramco would likely be delayed into 2019, citing comments from British officials following the Crown Prince's visit to the UK last week. The Saudi finance minister had previously refused to confirm that the IPO would be completed this year.

## Dubai's economy grew 3.2% in Q3 2017



Source: Bloomberg, Emirates NBD Research

## Day's Economic Data and Events

	Time	Cons		Time	Cons
US CPI (y/y)	16:30	2.2%	US Core CPI (y/y)	16:30	1.8%
US Real Avg Hourly Earnings	16:30	0.8%			

Source: Bloomberg

## Fixed Income

US treasuries held onto their gains amid a hefty auction schedule. A subdued follow-up to positive move in equity markets at the end of last week also played a part. The yield on the 2y UST, 5y UST and 10y UST closed at 2.26% (flat), 2.63% (-2 bps) and 2.86% (-3 bps) respectively.

Regional bonds remained unchanged as the pipeline of new issuances continues to build. Majid Al Futtaim is seeking to buy back USD 500mn perpetual notes and has made any-and all tender offer. The company is also in the market to issue new perpetual bonds and current IPT guidance is around low to mid 6% area.

Fitch downgraded Batelco to BB- from BB+ with stable outlook. This follows a downgrade of the Bahrain sovereign earlier in the month.

## FX

NZD is outperforming in the Asia session, gaining against the other major currencies following the sale of the April 2029 government bonds. Compared with expectations for demand of NZD 1.5bn, the auction had a total book size of more than NZD 5bn. As we go to print NZDUSD is trading 0.25% higher at 0.7315. We expect support at the 50 day moving average (0.7284) and resistance at 0.73745, the 76.4% one year Fibonacci retracement.

This afternoon, investors will be looking towards the US where economic data is expected to show that consumer price inflation accelerated to 2.2% y/y in February. Following last week's constructive employment report, any upside surprises in inflation are likely to result in greater appetite for USD.

## Equities

Developed market equities closed mixed with the Euro Stoxx 600 index adding +0.3% and the S&P 500 index losing -0.1% as investors took some money off the table ahead of key data releases later this week from the US and China.

Regional markets closed higher with the Qatar Exchange adding +5.0% and the Tadawul gaining +1.1%. Yet again, much of the focus remained on the banking sector stocks as Qatar National Bank said it will raise foreign ownership limits. The stock closed +10.0% higher. Emirates NBD continued its rally with gains of +4.5% following a similar announcement early on Sunday morning.

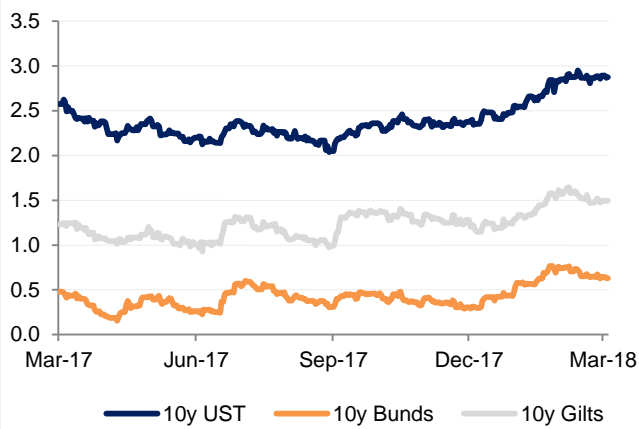
The EGX 30 index added +2.1%. El Sewedy Electric closed +10.0% higher after the company said it has signed a contract worth EGP 2.12bn with Egyptian Electricity Transmission Co.

## Commodities

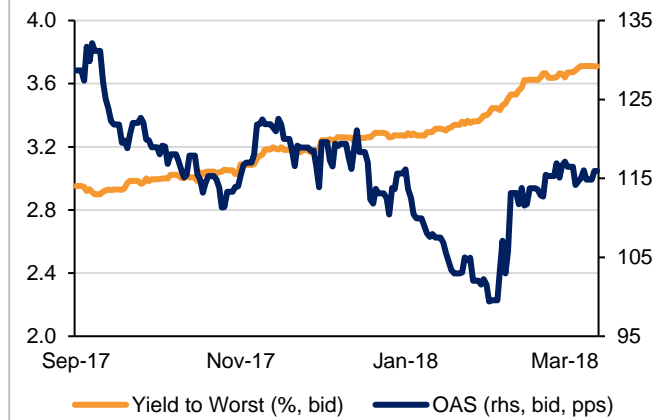
Oil prices closed lower but off the lows of the day with Brent and WTI losing -0.8% and -1.1% respectively. The start of the new week was marked by fresh concerns over supply from the US and possibly some profit booking following a sharp rise in oil prices on Friday.

## Markets in Charts

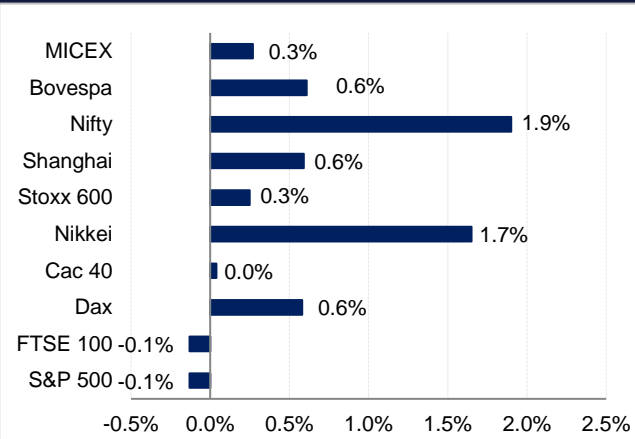
### Global Bond Yields



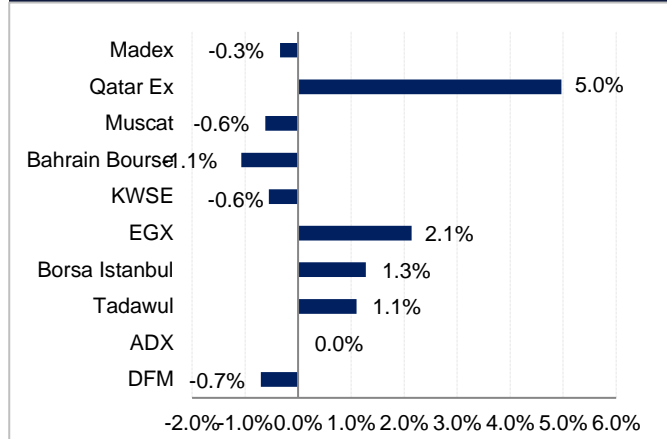
### UAE liquid bond index



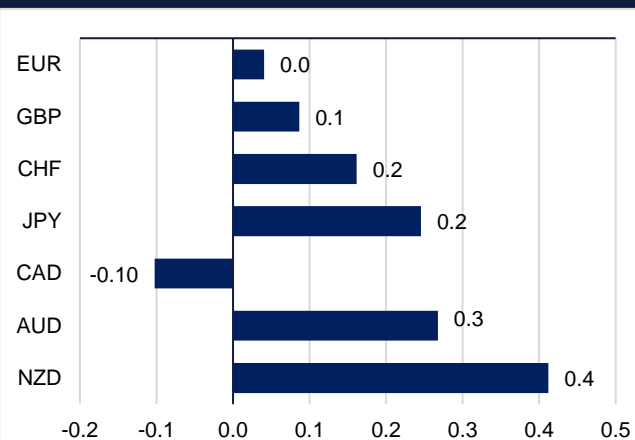
### Global Equity Indices



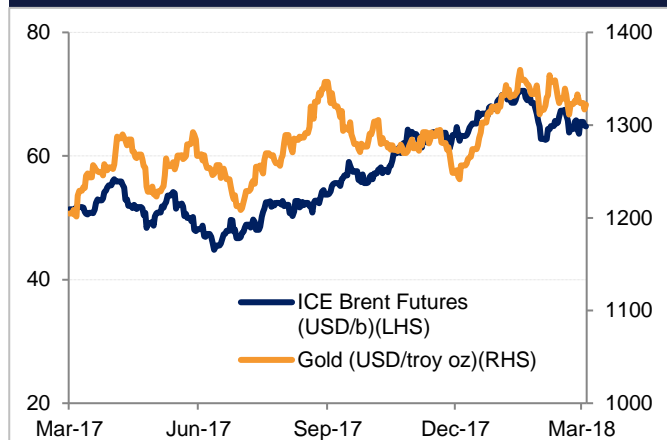
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.2312	+0.04	1.2684	USDTRY	3.8234	+0.29	EURAED	4.5223	+0.14
GBPUSD	1.3862	+0.09	1.4092	USDEGP	17.6069	-0.06	GBPAED	5.0914	+0.34
USDJPY	106.56	-0.24	103.63	USDSAR	3.7503	-0.00	JPYAED	0.0345	+0.19
USDCAD	1.2824	+0.09	1.2741	USDQAR	3.6800	+0.52	CADAED	2.8642	+0.37
AUDUSD	0.7865	+0.27	0.7888	USDKWD	0.3002	-0.05	AUDAED	2.8890	+0.80
USDCHF	0.9498	-0.16	0.9183	USDBHD	0.3771	+0.00	CHFAED	3.8669	+0.05
EURGBP	0.8882	-0.04	0.9002	USDOMR	0.3850	-0.00	TRYAED	0.9600	-0.35
USDAED	3.6730	+0.00	3.6766	USDINR	65.0425	-0.19	INRAED	0.0565	+0.21

## Rates

Interbank	1 mo	3 mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.7050	2.0603	2.2748	2.6647	USD 2 yr	2.577	+2
USD LIBOR	1.7650	2.1069	2.2868	2.5626	USD 5 yr	2.800	+2
GBP LIBOR	0.5019	0.6021	0.7049	0.9222	USD 10 yr	2.927	+2
JPY LIBOR	-0.0700	-0.0547	0.0162	0.1087	EUR 2 yr	-0.127	-0
CHF LIBOR	-0.8095	-0.7420	-0.6590	-0.5298	EUR 5 yr	0.452	-1
					EUR 10 yr	1.072	-0

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1323.10	-0.06	ADGB 6.75 19	2.42	--	Abu Dhabi	55	--
Silver	16.48	+0.01	DUGB 7.75 20	3.10	-0	Dubai	97	+1
Oil (WTI)	61.36	-1.10	QATAR 6.55 19	2.67	-1	Qatar	83	+1
Aluminium	2068.75	-1.48	US Tsy 2 yr	2.26	+0	Saudi Arabia	76	+1
Copper	6876.00	-0.89	US Tsy 10 yr	2.87	-3	Bahrain	240	+2

Source: Bloomberg, Emirates NBD Research

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