



بنك الإمارات دبي الوطني
Emirates NBD

Daily
14 March 2018

www.emiratesnbdresearch.com

Daily Outlook

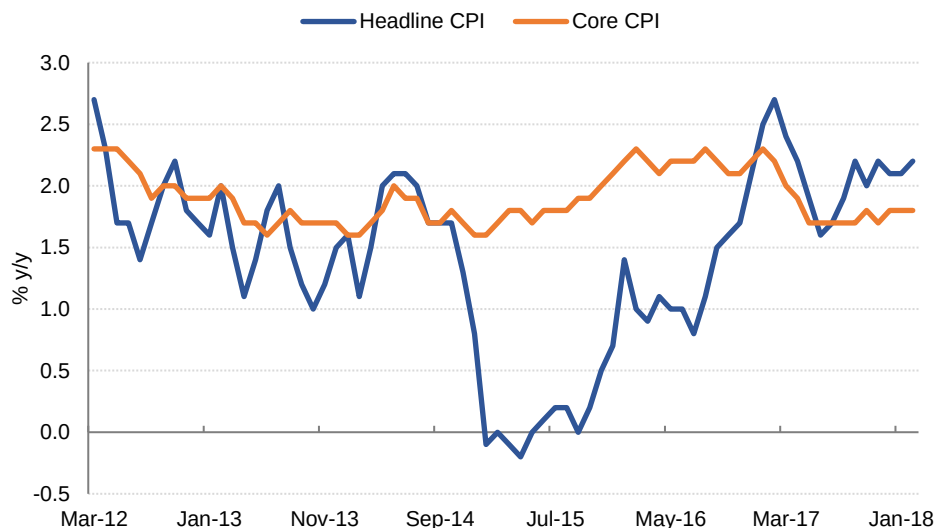
US equity markets closed lower yesterday, Asian indices declined this morning and the USD is weaker against the major currencies after President Trump's replacement of Rex Tillerson as Secretary of State with CIA director Mike Pompeo. While there has been speculation that Tillerson would be replaced for some time, his actual departure has raised market concerns about a further shift towards protectionism in the administration, particularly after the departure of economic advisor Gary Cohn last week. The new Secretary of State is perceived to be more aligned with Trump's own views on trade tariffs, particularly against China.

The political developments in the US overnight have overshadowed strong economic data in Asia this morning. **Chinese industrial production rose by more than expected in the first two months of this year, up 7.2% y/y** against a forecast for 6.2% y/y growth. Retail sales in the year-to-February rose 9.7% y/y, only marginally missing the consensus forecast. **In Japan, core machine orders surged 8.2% m/m and 2.9% y/y** in January after contracting in December, and beating the forecast of -0.7% y/y.

US inflation data yesterday held no surprises, with headline inflation rising to 2.2% y/y from 2.1% previously and core inflation unchanged at 1.8% y/y. Today's key US data release is retail sales, while in Europe we get German inflation, Eurozone industrial production and unemployment data.

In the UK, the Chancellor's spring budget statement yesterday contained no big surprises. The forecast net public borrowing requirement was revised down by GBP5bn to GBP45bn for this fiscal year, and 2018 GDP growth was revised slightly higher to 1.5% in 2018, from 1.4% previously.

US inflation in line with expectations in February



Source: Bloomberg, Emirates NBD Research

Day's Economic Data and Events

	Time	Cons		Time	Cons
Germany CPI y/y	11:00	1.4%	Eurozone Indus. Prod.	14:00	4.7%
Eurzone Unemployment	14:00	n/a	US Retail Sales m/m	16:30	0.3%

Source: Bloomberg

Fixed Income

US treasuries closed higher following a subdued inflation data and fresh political turmoil in the White House. The curve flattened with yields on the 2y UST, 5y UST and 10y UST closing at 2.25% (-1 bps), 2.61% (-2 bps) and 2.84% (-2 bps).

Regional bonds remained unchanged amid continued fresh supply. Majid Al Futtaim raised USD 400mn from a perpetual bond which was priced to yield 6.375%. Dar Al Arkan is in the market and the IPT for 5y sukuk is around the 7.5% area.

FX

USD weakened across the majors as the prospects of increased trade tariffs were given a boost by the replacement of Rex Tillerson as US secretary of state. As is usually the case in a risk aversion environment, the JPY has been the main beneficiary.

CAD is nearly three-quarters of a percent weaker this morning after dovish comments by BoC Governor Poloz during a speech overnight. The recent weakness in oil prices has also not helped the currency.

Equities

Developed market equities closed lower following fresh political turmoil in the US with the President Donald Trump making changes in his cabinet. The S&P 500 index and the Euro Stoxx 600 index dropped -0.6% and -1.0% respectively.

The Qatar Exchange (+1.6%) was a notable exception in what was a rather sluggish day of trading for regional equities. The focus remained on stocks which have announced an increase in foreign ownership limits or stocks which have the potential to do the same. Qatar National Bank rallied a further +6.9% and Industries Qatar another +4.6%.

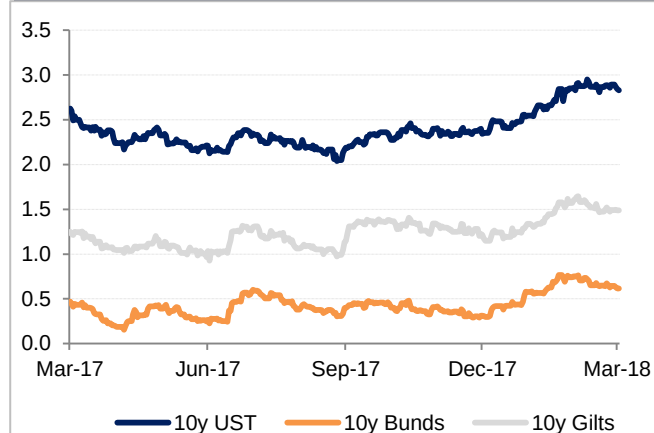
Elsewhere, the EGX 30 index continues its positive run with a gain of +1.5%.

Commodities

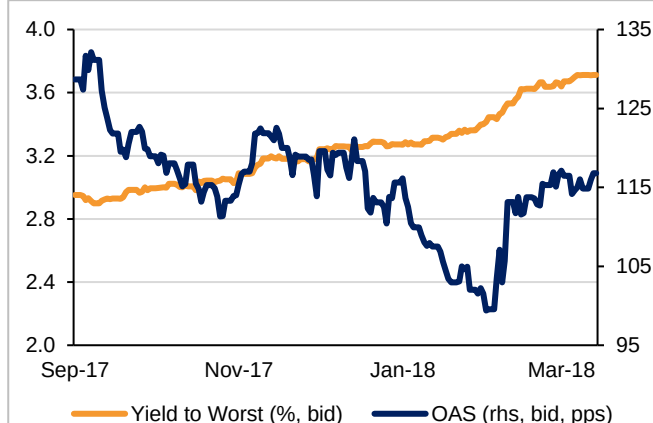
Oil prices pared early session losses but still closed lower. The WTI and Brent prices dropped -1.1% and -0.5% respectively. This following an industry data which showed a drop in US fuel inventory. Distillate inventories dropped by 4.26mn barrels and gasoline stockpiles by 1.26mn barrels.

Markets in Charts

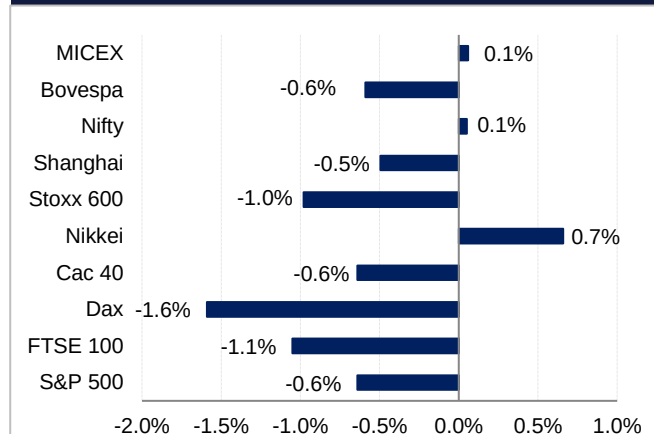
Global Bond Yields



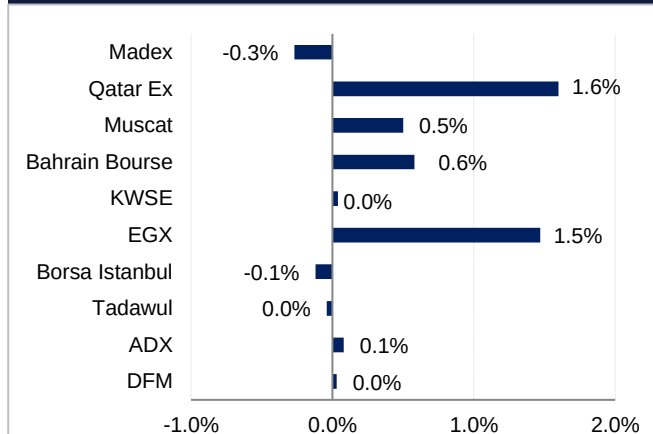
UAE liquid bond index



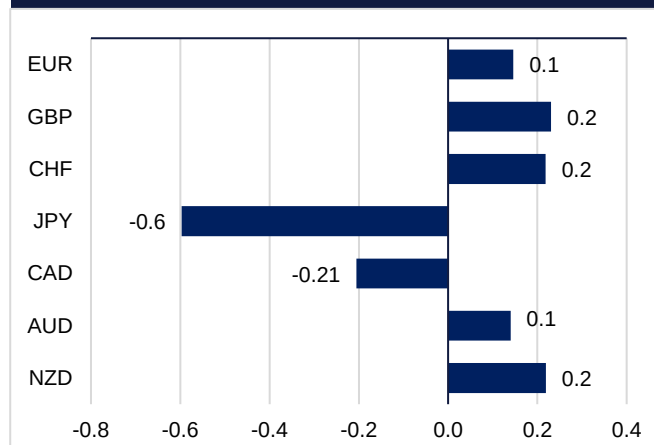
Global Equity Indices



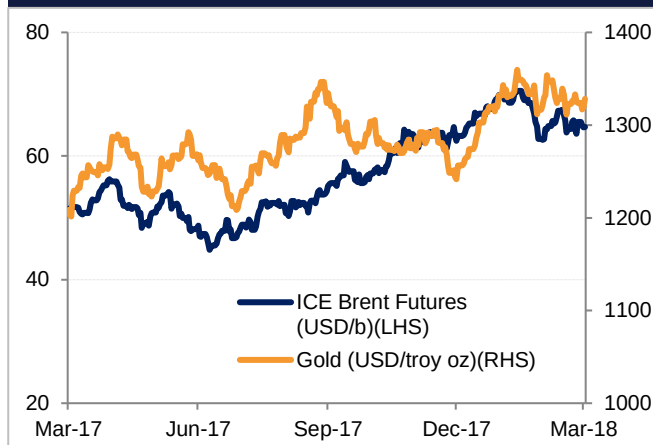
MENA Equity Indices



% change versus USD



Commodities



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.2330	+0.15	1.2706	USDTRY	3.8669	+1.14	EURAUD	4.5290	+0.15
GBPUSD	1.3894	+0.23	1.4123	USDEGP	17.6079	+0.01	GBPAED	5.1033	+0.23
USDJPY	107.20	+0.60	104.24	USDSAR	3.7504	+0.00	JPYAED	0.0343	-0.61
USDCAD	1.2851	+0.21	1.2767	USDQAR	3.6800	+0.43	CADAED	2.8583	-0.21
AUDUSD	0.7876	+0.14	0.7900	USDKWD	0.3002	--	AUDAED	2.8930	+0.14
USDCHF	0.9478	-0.21	0.9161	USDBHD	0.3770	-0.00	CHFAED	3.8754	+0.22
EURGBP	0.8874	-0.09	0.8996	USDOMR	0.3850	+0.00	TRYAED	0.9500	-1.11
USDAED	3.6730	--	3.6765	USDINR	64.8850	-0.24	INRAED	0.0566	+0.22

Rates

Interbank	1 mo	3 mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.7393	2.1307	2.3503	2.6935	USD 2 yr	2.589	+1
USD LIBOR	1.7766	2.1245	2.3043	2.5776	USD 5 yr	2.796	-0
GBP LIBOR	0.5018	0.6035	0.7094	0.9309	USD 10 yr	2.919	-1
JPY LIBOR	-0.0850	-0.0613	0.0137	0.1120	EUR 2 yr	-0.133	-1
CHF LIBOR	-0.8095	-0.7420	-0.6594	-0.5302	EUR 5 yr	0.444	-1
					EUR 10 yr	1.063	-1

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1326.51	+0.26	ADGB 6.75 19	2.42	--	Abu Dhabi	55	--
Silver	16.53	+0.31	DUGB 7.75 20	3.10	-0	Dubai	96	--
Oil (WTI)	60.71	-1.06	QATAR 6.55 19	2.69	+1	Qatar	82	--
Aluminium	2081.75	+0.63	US Tsy 2 yr	2.25	-1	Saudi Arabia	77	--
Copper	6915.25	+0.57	US Tsy 10 yr	2.84	-3	Bahrain	239	-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
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 Sakhalakar
+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