



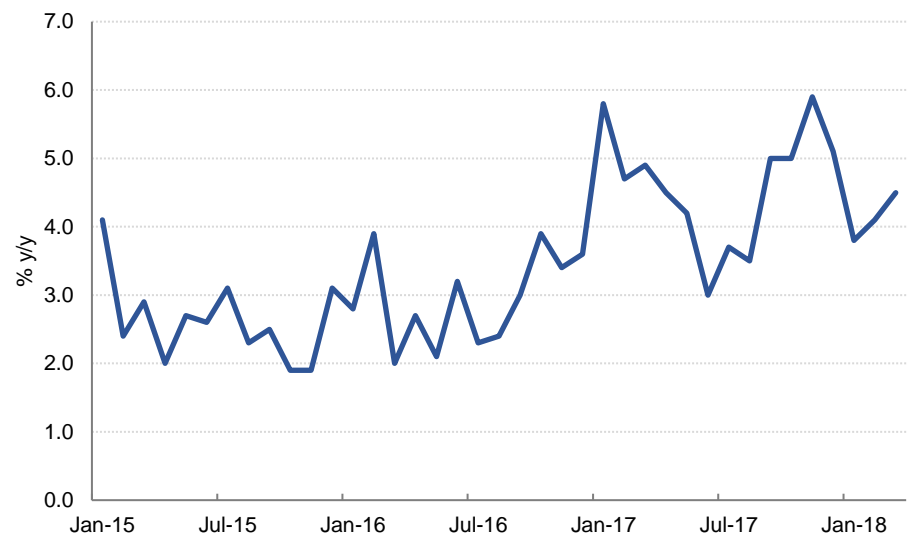
# Daily Outlook

**Q1 2018 GDP growth in China was in line with expectations at 6.8% y/y. Retail sales in March** rose by more than expected (10.7% y/y), up from 9.4% in February, but **industrial production was softer than forecast** at 6.0% y/y against a consensus forecast of 6.3% and down from 6.2% growth in February. Chinese equity indices are broadly unchanged this morning.

US equities closed higher overnight as fear over Syria receded slightly and as **US retail sales rose by more than forecast in March**. Headline retail sales rose 0.6% m/m against expectations of a 0.4% m/m rise. However, the **empire manufacturing index was softer than expected**, declining -6.7 points to 15.8, with respondents concerned about a potential escalation in the US-China trade dispute weighing heavily on sentiment. The **NAHB housing market index slipped one point** to 69, only marginally lower than forecast.

The key data today includes the German ZEW survey, which is also expected to be softer than last month, UK labour market indicators and US housing starts and industrial production. The IMF is also set to release its April World Economic Outlook report and forecasts this evening.

## US retail sales growth accelerated in March



Source: Bloomberg, Emirates NBD Research

## Day's Economic Data and Events

	Time	Cons		Time	Cons
Japan Industrial Production	08:30	n/a	UK Unemployment Rate	12:30	4.3%
Germany ZEW Current Sit.	13:00	88	Germany ZEW Expect.	13:00	-1
US Housing Starts	16:30	1266k	US Building Permits	16:30	1325k
US Industrial Production	17:15	0.4%	US Manufacturing Prod.	17:15	0.1%

Source: Bloomberg

## Fixed Income

The UST curve flattened amid gains in equity markets and reduced geo-political risks. Yields on the 2y UST, 5y UST and 10y UST closed at 2.37% (+2bps), 2.67% (flat) and 2.82% (flat).

Regional bonds continued to drift lower with the YTW on the Bloomberg Barclays GCC Credit and High Yield index jumping +3bps to 4.35% and credit spreads remaining flat at 172bps.

The primary market continues to grow. Taqa raised USD 1.75bn in 2 tranches. The company raised USD 750mn in 7y tranche which was priced 160bps over UST and USD 1bn in 12y tranche which was priced at 205 bps over UST. Noor Bank is in the market for a 5y sukuk and the indicative pricing is around MS+175bps.

## FX

The pound continued its rally yesterday and has reached the highest level since the Brexit vote in June 2016 sent it tumbling to USD 1.20. As we go to print, GBPUSD is trading at 1.4341, having hit new 2018 highs of 1.4359 earlier in the session, and is on target to gain for an eight consecutive day.

AUD is underperforming in the aftermath of the cautiously optimistic RBA minutes. As we go to print, AUDUSD is trading 0.20% lower at 0.77650. While the price remains below the 50 and 100 day moving averages (0.7780 and 0.7794 respectively), further losses can be expected.

## Equities

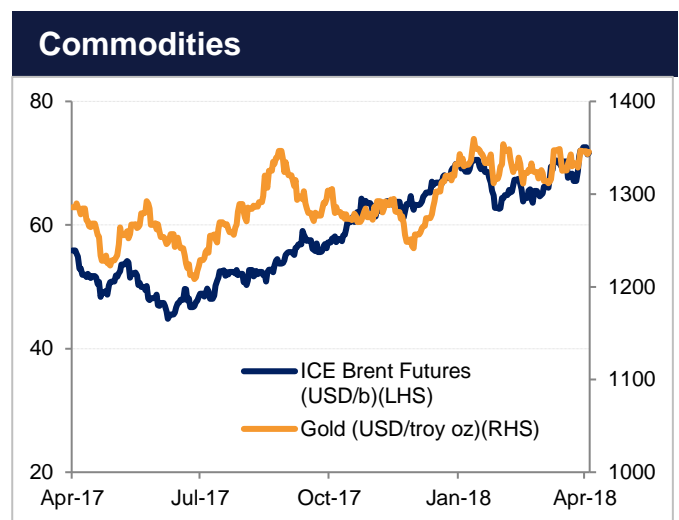
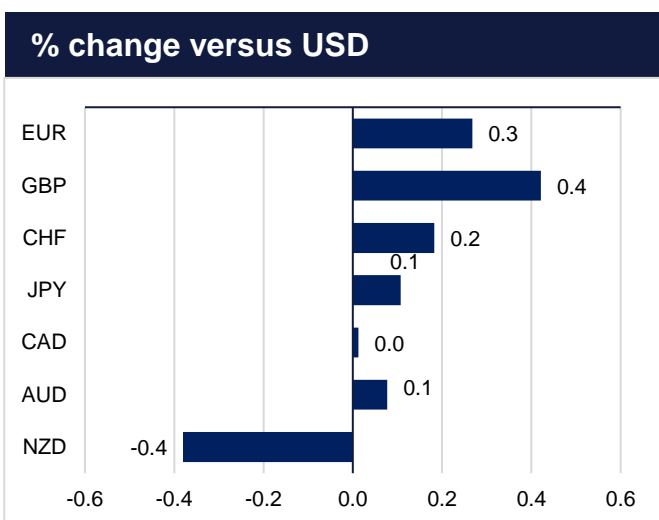
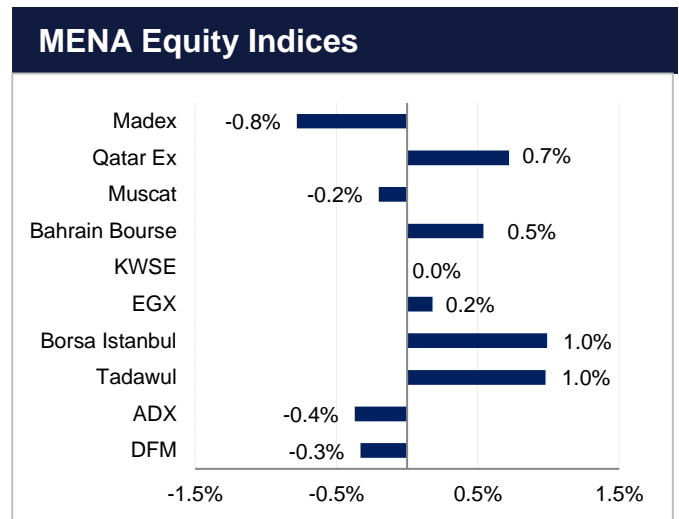
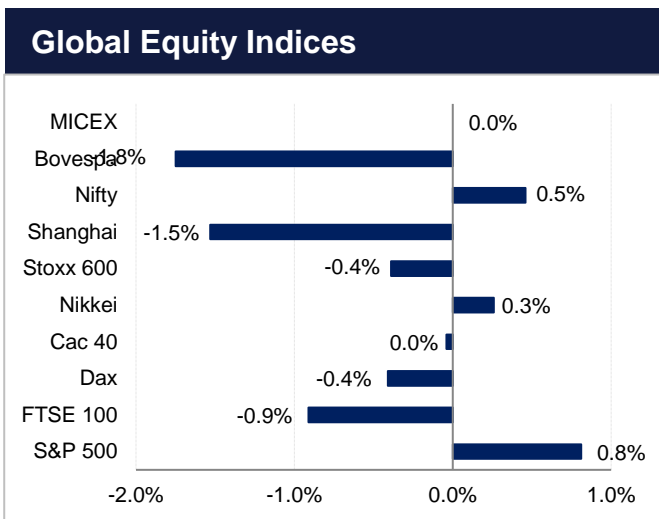
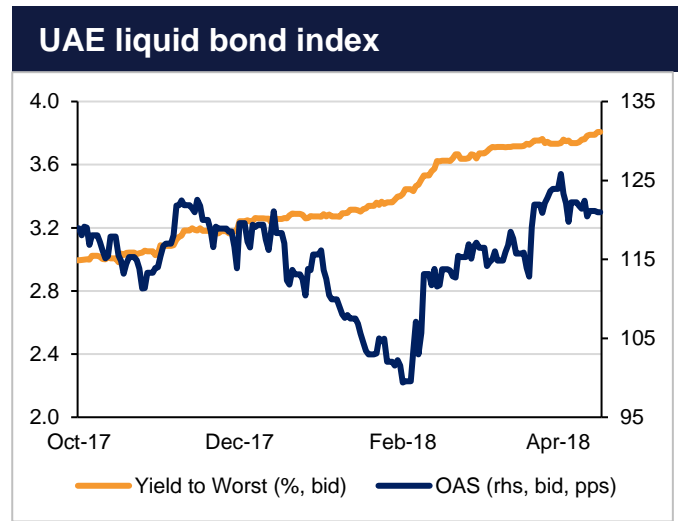
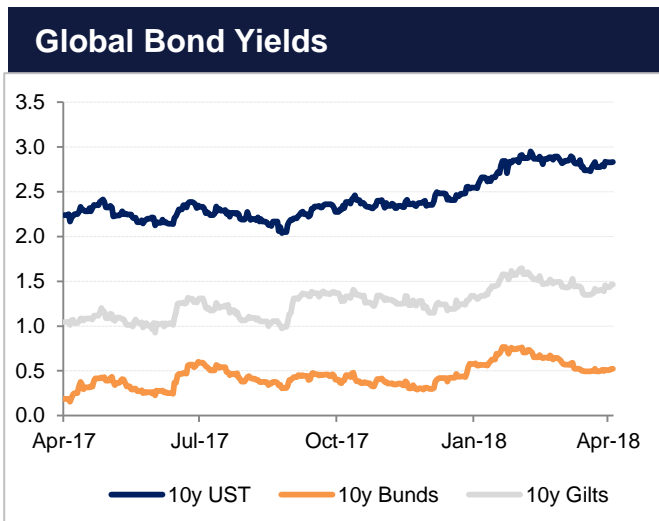
Developed market equities closed mixed with the S&P 500 index adding +0.8% and the Euro Stoxx 600 index losing -0.4%. A better than expected start to the earnings season helped investor sentiment.

Regional equity markets closed mixed with the Tadawul adding +1.0% and the DFM index losing -0.3%. The gains on the Tadawul helped the index close above the 8,000 level. Gains were led by banking sector stocks. Elsewhere, Marka closed limit down for a second consecutive session following plans of capital restructuring.

## Commodities

Oil prices started the week on a softer footing as geopolitical risks ebbed over the limited US and allied intervention into Syria. Brent futures closed at USD 71.42/b and WTI fell to USD 66.22/b. There was likely an element of profit taking as investors had pushed Brent positions to extreme speculative length.

## Markets in Charts



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.2364	+0.27	1.2749	USDTRY	4.0984	+0.03	EURAED	4.5414	+0.34
GBPUSD	1.4298	+0.42	1.4537	USDEGP	17.6903	+0.47	GBPAED	5.2520	+0.14
USDJPY	107.24	-0.10	104.20	USDSAR	3.7502	--	JPYAED	0.0343	+0.41
USDCAD	1.2607	-0.01	1.2520	USDQAR	3.6800	+0.58	CADAED	2.9133	-0.34
AUDUSD	0.7770	+0.08	0.7791	USDKWD	0.2999	-0.03	AUDAED	2.8541	-0.41
USDCHF	0.9603	-0.20	0.9275	USDBHD	0.3771	--	CHFAED	3.8248	+0.22
EURGBP	0.8648	-0.16	0.8771	USDOMR	0.3850	--	TRYAED	0.9000	+0.40
USDAED	3.6730	--	3.6766	USDINR	65.4925	+0.43	INRAED	0.0561	-0.38

## Rates

Interbank	1 mo	3 mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.0754	2.5007	2.7684	2.8687	USD 2 yr	2.699	+3
USD LIBOR	1.8943	2.3551	2.5031	2.7441	USD 5 yr	2.836	+3
GBP LIBOR	0.5312	0.7859	0.8989	1.0613	USD 10 yr	2.898	+2
JPY LIBOR	-0.0447	-0.0442	0.0156	0.1118	EUR 2 yr	-0.141	-0
CHF LIBOR	-0.7882	-0.7352	-0.6500	-0.5254	EUR 5 yr	0.383	+1
					EUR 10 yr	0.979	+1

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1345.93	-0.02	ADGB 6.75 19	2.42	--	Abu Dhabi	62	-2
Silver	16.61	+0.54	DUGB 7.75 20	3.13	+0	Dubai	106	-2
Oil (WTI)	66.22	-1.74	QATAR 6.55 19	2.87	+0	Qatar	86	-1
Aluminium	2411.00	+5.19	US Tsy 2 yr	2.38	+2	Saudi Arabia	87	-3
Copper	6876.25	+1.17	US Tsy 10 yr	2.83	--	Bahrain	279	-1

Source: Bloomberg, Emirates NBD Research

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