



بنك الإمارات دبي الوطني  
Emirates NBD

Daily

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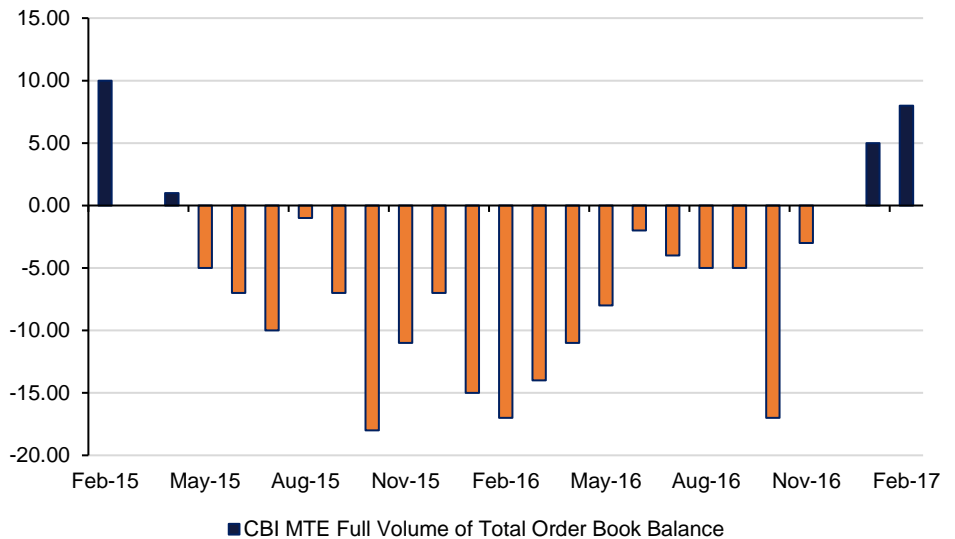
# Daily Outlook

**Bank deposits in the UAE were broadly unchanged m/m in January, and up 6.2% y/y to reach AED 1561.9bn. Gross bank lending increased 0.2% m/m (5.7% y/y) to AED 1577.5bn last month. As a result the gross loans/deposits ratio rose to 101.0% from 100.7% in December, while the net loans/ deposits ratio rose to 94.1% from 93.8% in December.**

**Greece reached enough of an agreement with the Eurogroup yesterday to keep talks going and allow bailout monitors to return next week for more negotiations on a third bailout.** Reforms have apparently been discussed including labour, pension and tax reforms, although implementation of these will be difficult politically and questions about debt haircuts, desired by the IMF, appear still not to have been mentioned. So **there does not appear to be enough of an agreement to allow funds to be disbursed as there is still a lot of work that still needs to be done according to the Eurogroup head Dijsselbloem.** Greek government bonds managed to rally amid the signs of progress, but it is likely that this story will run a lot longer, and probably will not be finalized until closer to when Greece's next large debt repayment is due in July. Even then it is doubtful if another bailout will solve Greece's perennial debt problems which are less about liquidity and more about solvency.

**The UK CBI industrial trends report beat expectations in February, with the headline total orders index reading rising to 8 from 5 in January, for the strongest reading in two years.** The Bloomberg median forecast had been for the headline index to fall to 4. The output expectations balance also rose from 26 to 33, although export orders fell slightly to -10 from -9 in January. The data provide further evidence that the UK economy, especially the manufacturing sector, still remains resilient to Brexit concerns contrary to many previous expectations.

## UK CBI trends total orders reaches two year high in February



Source: Bloomberg, Emirates NBD Research

## Day's Economic Data and Events

	Time	Cons		Time	Cons
Eurozone PMIs	13:00	N/A	US PMIs	18:45	N/A
Bank of England – Carney speaks in Parliament	14:00	N/A	Fed's Harker to Speak on Economic Outlook	21:00	N/A

Source: Bloomberg.

## Fixed Income

US Treasuries had minimal movement yesterday owing to the holiday in the US, however have opened weaker this morning. Yields on 2yr UST is currently trading 2bps higher at 1.21% following a 3bps increase in 10yr yields to 2.44% though the probability of a rate hike in March has fallen to 34% now from 44% last week. Overnight European sovereign bonds were largely range bound barring Greece where 10yr yields narrowed 31bps to 7.27% as market assumptions about a positive agreement on its debt woes gain traction.

Local investors' focus was largely centred on the primary market. Hong Kong sovereign released initial price guidance on its proposed 10yr sukuk at MS+ 70-80bps. Given the AAA/Aa1 rating and considering the current yield of 2.33% on GBHK 20s, there appears some scope for final pricing to be tighter than the guidance.

Trading in GCC secondary market was thin and range bound. BUAEUL index closed with YTW at 3.05% (-1bp) as credit spreads narrowed a bp to 142bps.

## FX

The dollar has firmed overnight on the back of Philadelphia Fed President Harker's comments yesterday that interest rates could rise as early as March. Cleveland Fed President Mester also indicated she would be comfortable with a March hike. The NZD was amongst the biggest losers as weak milk futures compounded its losses.

## Equities

European equities closed marginally higher as M&A news dominated flows. The Euro Stoxx 600 index added +0.2% even as volumes remained thin on account of a holiday in the US.

Asian equities are trading higher this morning tracking positive investor sentiment in developed markets. The Topix index was trading +0.4% at the time of this writing.

It was a negative day of trading for regional equities as stock specific news flow impacted investor sentiment. The DFM index and the Tadawul dropped -1.2% and -1.0% respectively.

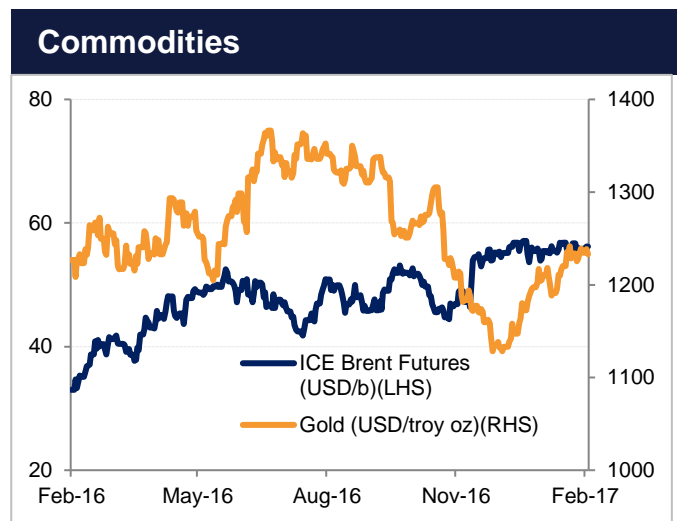
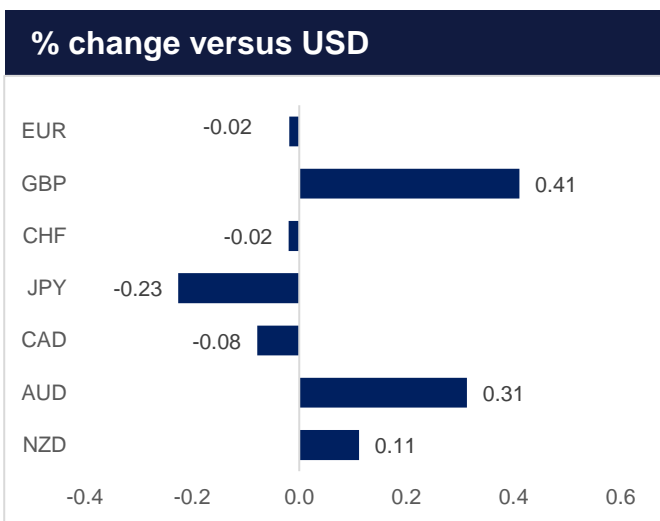
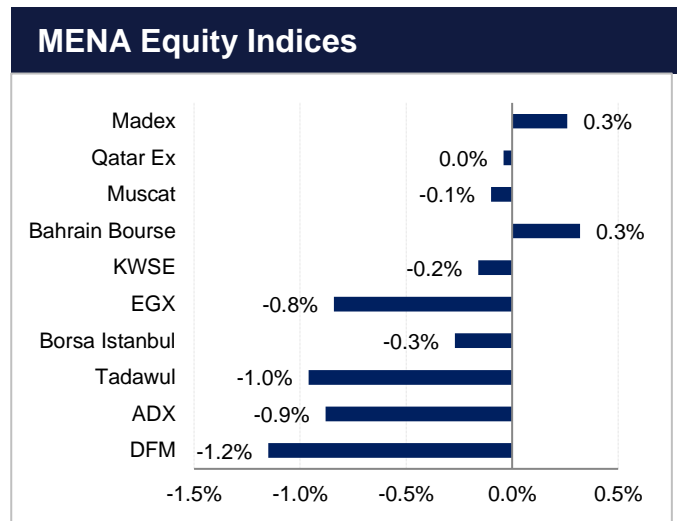
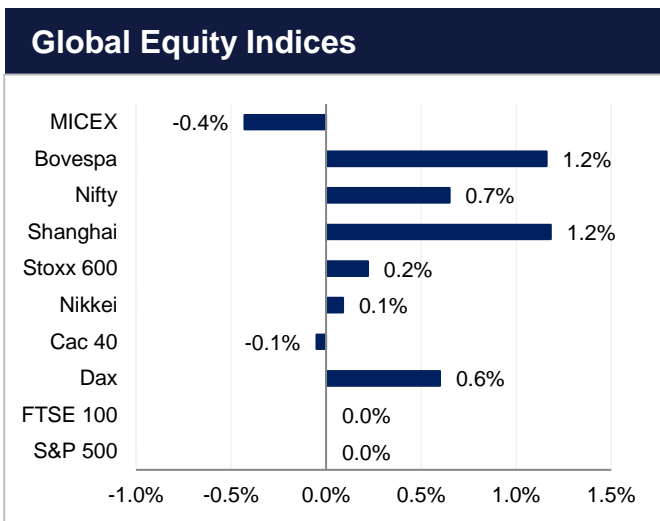
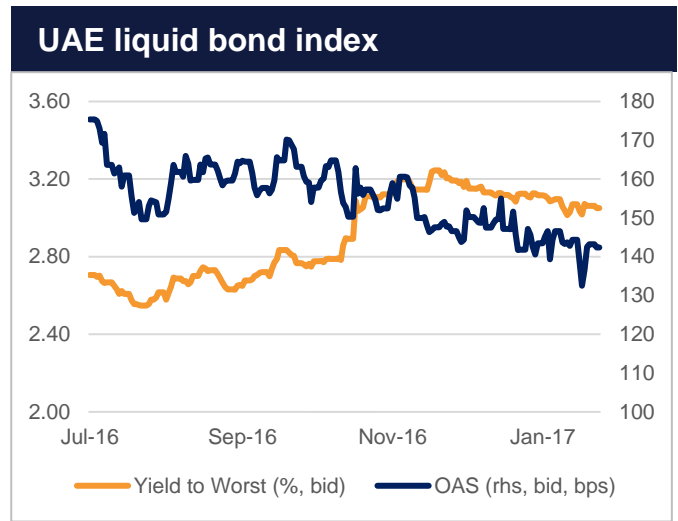
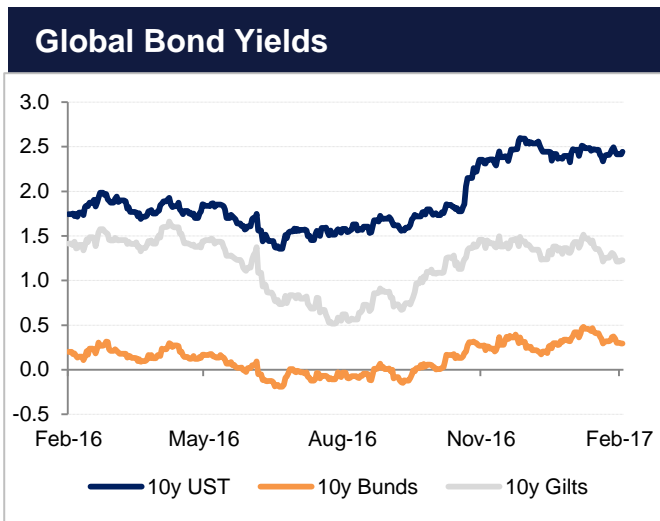
Arabtec closed limit down to a five-year low as investors await greater clarity on the proposed rights issue. Dana Gas declined -4.1% after the company restated its 2016 earnings from a profit of USD 33mn to a loss of USD 88mn following a ruling from the London Court of International Arbitration.

The EGX 30 index lost -0.8% as foreign investors continued to pare positions amid a sharp appreciation in the EGP.

## Commodities

Oil prices managed to tick a little higher yesterday with WTI settlements delayed until today owing to a public holiday in the US. The backwardation in December time spreads for both Brent and WTI widened yesterday with Dec 17/19 for Brent moving closer to USD 1.50/b. In the WTI curve too some back-end flattening is emerging, although this has been fleeting in the past.

## Markets in Charts



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.0614	-0.02	1.0829	USDTRY	3.6245	-0.18	EURAED	3.8982	-0.02
GBPUSD	1.2463	+0.41	1.2599	USDEGP	15.8055	-2.13	GBPAED	4.5777	+0.41
USDJPY	113.10	+0.23	110.94	USDSAR	3.7503	--	JPYAED	0.0325	-0.25
USDCAD	1.3106	+0.08	1.3042	USDQAR	3.6413	-0.00	CADAED	2.8028	-0.09
AUDUSD	0.7688	+0.31	0.7639	USDKWD	0.3053	+0.02	AUDAED	2.8238	+0.31
USDCHF	1.0028	+0.02	0.9777	USDBHD	0.3770	+0.00	CHFAED	3.6631	+0.05
EURGBP	0.8517	-0.51	0.8596	USDOMR	0.3850	+0.00	TRYAED	1.0100	-0.15
USDAED	3.6729	--	3.6814	USDINR	66.9250	-0.14	INRAED	0.0549	+0.21

## Rates

Interbank	1 mo	3 mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	0.9814	1.3876	1.6257	2.0530	USD 2 yr	1.556	+1
USD LIBOR	0.7794	1.0523	1.3574	1.7354	USD 5 yr	2.010	--
GBP LIBOR	0.2628	0.3584	0.5186	0.7446	USD 10 yr	2.382	+1
JPY LIBOR	-0.0143	-0.0206	0.0241	0.1291	EUR 2 yr	-0.146	--
CHF LIBOR	-0.7908	-0.7264	-0.6658	-0.5114	EUR 5 yr	0.134	--
					EUR 10 yr	0.743	--

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1238.47	+0.31	ADGB 6.75 19	1.48	--	Abu Dhabi	51	+1
Silver	18.05	+0.34	DUGB 7.75 20	2.74	--	Dubai	125	-1
Oil (WTI)	#N/A		QATAR 6.55 19	1.84	--	Qatar	77	+1
Aluminium	1889.00	+1.11	US Tsy 2 yr	1.19	--	Saudi Arabia	104	--
Copper	6058.25	+1.90	US Tsy 10 yr	2.41	--	Bahrain	232	-1

Source: Bloomberg, Emirates NBD Research

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