



بنك الإمارات دبي الوطني
Emirates NBD

Daily
23 July 2018

www.emiratesnbdresearch.com

Daily Outlook

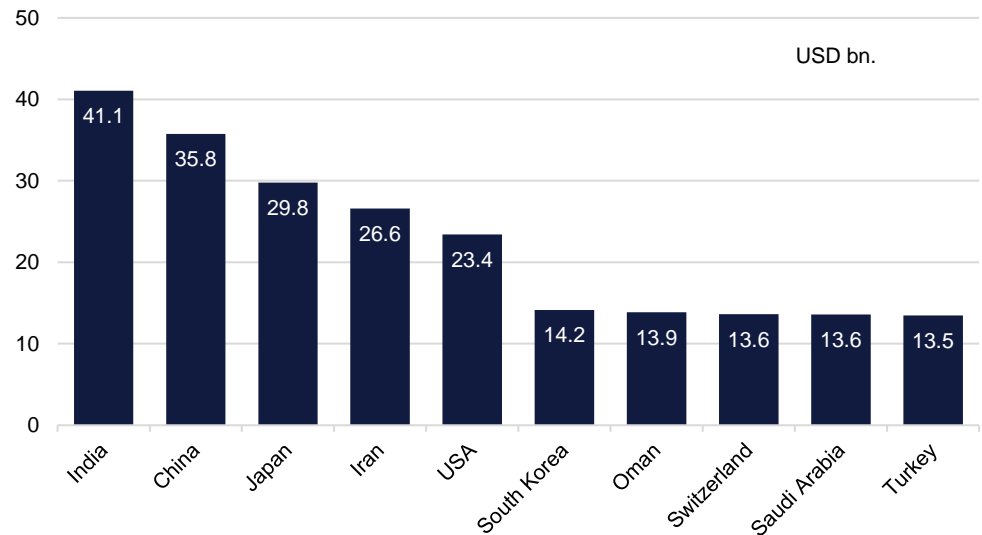
US President Donald Trump made a number of media pronouncements at the end of last week in which he recommitted to the tariffs his administration is imposing on various trading partners. He told CNBC that he was prepared to escalate the spat with China as it was 'the right thing to do for our country', while on the subject of the EU he complained that 'they're making money easy' while the US was 'losing' USD 150bn. **German Chancellor Angela Merkel responded to some of these issues during a press conference on Friday, in which she decried the US' proposed autos tariffs as 'a real threat to the prosperity of many in the world.'** Germany's DIHK Chambers of Commerce has estimated that US autos tariffs could knock as much as USD 7bn off German economic output. US consumers will also be hit, with estimates put forward that the cost of a car could rise as much as USD 7,000.

President Trump also took aim at the Federal Reserve, breaking the convention that the president does not comment on interest rates. In a tweet, Trump wrote that 'tightening now hurts all that we have done', which followed comments on CNBC that he was 'not thrilled' with the monetary tightening underway.

UK Prime Minister was in Belfast, Northern Ireland, on Friday, where she called for the EU to 'evolve its position' on the issue of the Irish border and the trade agreement proposed in her Brexit white paper released last week. While EU Brexit negotiator Michel Barnier said he would consider changes to the proposal the EU has previously put forward, he continued to voice scepticism over much of the white paper's contents, including whether the UK's proposal to enjoy a free trade deal was compatible with maintaining the integrity of the EU single market.

The three-day state visit of Chinese President Xi Jinping to the UAE over the weekend led to the signing of 13 memoranda of understanding between the two countries. Alongside Chinese investment in the oil sector, there will also be increased cooperation in transport and logistics and related infrastructure, as part of China's One Belt One Road development initiative.

UAE's top trading partners for 2017



Source: Bloomberg, Emirates NBD Research

Today's Economic Data and Events

	Time	Cons		Time	Cons
Canada wholesale trade sales mom	16:30	0.7%	Eurozone consumer confidence	18:00	-0.7
US existing home sales	18:00	5.45mn			

Source: Bloomberg

Fixed Income

Treasuries ended the week marginally lower as the discourse shifted from the testimony of Fed Chairman Jerome Powell to the tweets of Donald Trump expressing displeasure with the Federal Reserve's interest rate increases. The curve steepened with the spread between the 2y UST and 10y UST widening for the first time since June to 30 bps from 24 bps at the end of the previous week. Eventually, yields on the 2y UST, 5y UST and 10y UST closed the week at 2.59% (+2 bps w-o-w), 2.76% (+4 bps w-o-w) and 2.89% (+7 bps w-o-w) respectively.

Regional bonds drifted marginally lower but continued to trade in a tight range. The YTW on the Bloomberg Barclays GCC Credit and High Yield index closed the week at 4.47% (+3 bps w-o-w) and credit spreads remained flat at 175 bps.

In terms of rating action, S&P affirmed the ratings of the Emirate of Sharjah and Emirate of Ras Al Khaimah at BBB+ and A respectively but revised the outlook on rating of Ras Al Khaimah to negative from stable. The rating agency said that the negative outlook reflects the risk that the government's fiscal position may weaken beyond its current projections.

FX

Tweets from Donald Trump talking down interest rates and the dollar, and accusing China and the EU of currency manipulation were the main developments at the end of last week, reversing the dollar's strength of earlier in the week. The dollar fell broadly with the Bloomberg Dollar spot index falling by 0.8% on Friday, taking EURUSD and GBP higher, while USDJPY fell back with speculation also this morning that BOJ policy makers are becoming concerned about the sustainability of its emergency monetary policy. The weekend G20 Finance Ministers Meeting in Buenos Aires has helped calm some of the currency concerns with US Treasury Secretary Mnuchin reinforcing the US' longstanding commitment to a strong USD, and indicating that the US will not seek to intervene to depress the USD.

Equities

Regional equities started the week on a mixed note. The DFM index and the Qatar Exchange lost -0.2% and -0.6% respectively while the Tadawul managed marginal gains.

Doha Bank lost -5.3% after the bank reported a 75% decline in Q2 2018 earnings to QAR 89mn. The bank attributed the decline to sharp increase in loan loss provisions related to branches in GCC countries. The net impairment loss on loans and advances to customers increased to QAR 448mn in H1 2018 from QAR 131mn in H1 2017.

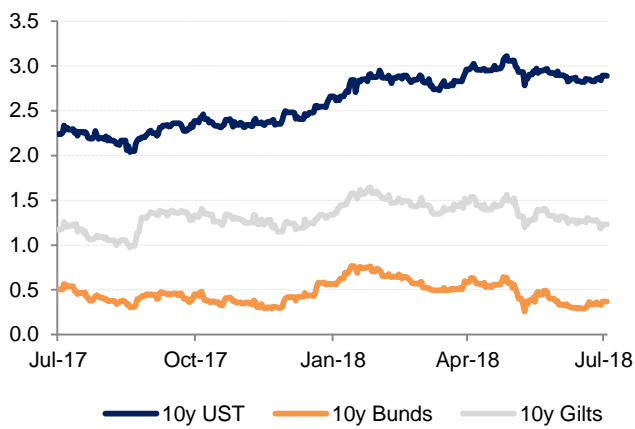
Commodities

Oil closed last week lower than the week previous, with Brent futures settling at USD 73.07/b, down 3.0%, while WTI declined by a lesser 0.8% to USD 70.46/b. That being said, both contracts closed up on Friday compared to the previous day, likely owing in part to comments by US President Donald Trump talking down the dollar.

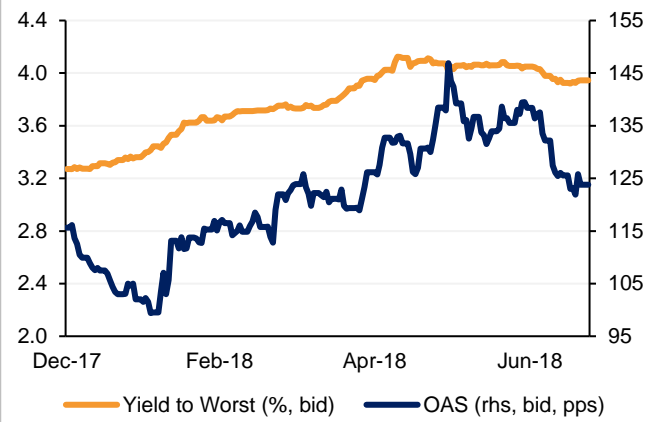
Another likely contributing factor to the pick-up in prices seen at the close of the week was a statement by Saudi Arabia's OPEC governor that it would take the foot off the gas in terms of boosting its exports, and that 'Stable and balanced markets are the ideal market form for both producers and consumers, and just as Saudi Arabia would not like to see unmet customer demand, an oversupplied market repels potential investment in the oil industry, curtailing future supply and contributing to volatility.'

Markets in Charts

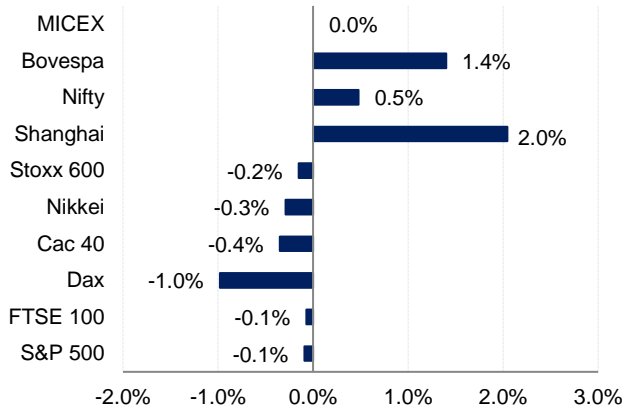
Global Bond Yields



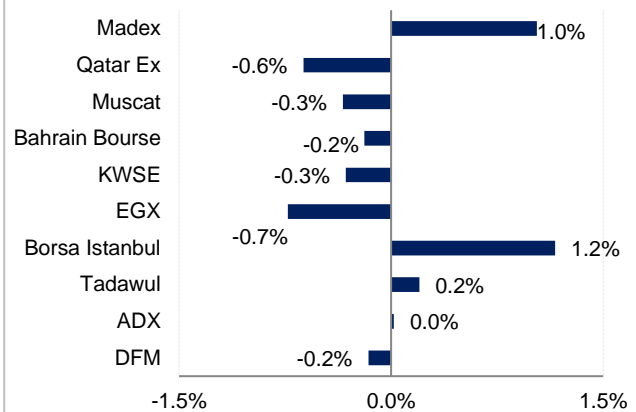
UAE liquid bond index



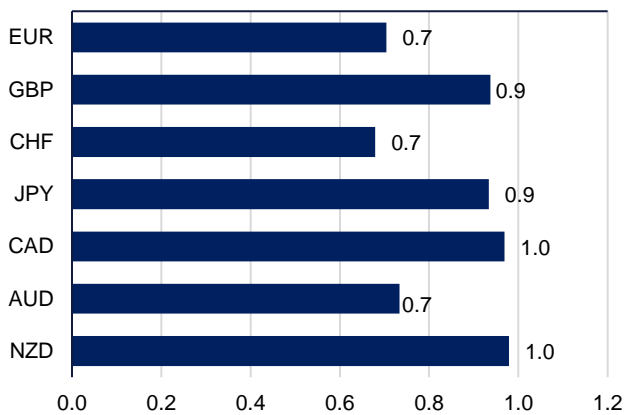
Global Equity Indices



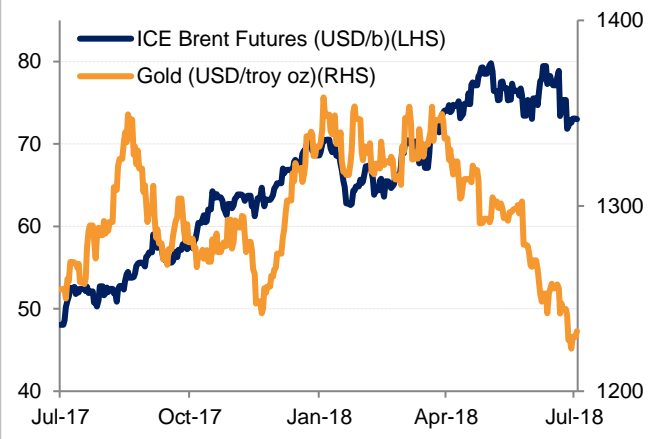
MENA Equity Indices



% change versus USD



Commodities



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1724	+0.70	1.2085	USDTRY	4.7930	-0.33	EURAED	4.3042	+0.66
GBPUSD	1.3136	+0.94	1.3362	USDEGP	17.8924	-0.12	GBPAED	4.8232	+0.90
USDJPY	111.41	-0.94	108.22	USDSAR	3.7503	--	JPYAED	0.0330	+0.94
USDCAD	1.3145	-0.96	1.3066	USDQAR	3.6800	+0.74	CADAED	2.7940	+0.95
AUDUSD	0.7415	+0.73	0.7437	USDKWD	0.3030	-0.03	AUDAED	2.7247	+0.85
USDCHF	0.9923	-0.64	0.9588	USDBHD	0.3784	+0.02	CHFAED	3.7008	+0.69
EURGBP	0.8925	-0.23	0.9044	USDOMR	0.3850	--	TRYAED	0.7700	+0.81
USDAED	3.6730	--	3.6763	USDINR	68.6800	-0.54	INRAED	0.0552	+3.66

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.2000	2.5200	2.7500	3.1643	USD 2 yr	2.829	+1
USD LIBOR	2.0690	2.3416	2.5243	2.8016	USD 5 yr	2.912	+3
GBP LIBOR	0.5944	0.7589	0.8621	1.0105	USD 10 yr	2.956	+5
JPY LIBOR	-0.0690	-0.0387	0.0165	0.1242	EUR 2 yr	-0.163	+0
CHF LIBOR	-0.7762	-0.7238	-0.6474	-0.5148	EUR 5 yr	0.284	+2
					EUR 10 yr	0.892	+3

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1229.53	+0.54	ADGB 6.75 19	2.42	--	Abu Dhabi	64	--
Silver	15.52	+1.34	DUGB 7.75 20	3.53	-0	Dubai	130	-1
Oil (WTI)	70.46	+1.44	QATAR 6.55 19	2.59	+6	Qatar	87	-1
Aluminium	2079.00	+1.82	US Tsy 2 yr	2.59	+0	Saudi Arabia	87	-1
Copper	6122.50	+1.37	US Tsy 10 yr	2.89	+6	Bahrain	368	-32

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 230 7802
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

Hessa Al Khawaja
Research Associate
+9714 609 3015
Hessaalkh@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