



# Daily Outlook

**Consumer confidence in the US dipped slightly in March but still remains at historically high levels.** The index dropped to 127.7 from 130 as both sentiment on current and future economic conditions weakened. **The overall picture from the US data though suggests that the economy remains on a solid footing with unemployment holding at 4.1% and poised for further declines and households were quite confident that incomes would be rising going forward.**

**Economic sentiment in the Eurozone fell in March by a sharper drop than the market expected. Industry, services and retail all reported weakness with industry likely suffering from the appreciation of the euro this year.** As the survey would have been conducted following the announcement of tariffs by the Trump administration concerns over a pending trade war would also have weighed on regional sentiment. **Consumer confidence was unchanged month on month but nevertheless has stayed at elevated levels.**

**The Crown Prince of Saudi Arabia, Mohammed bin Salman, said OPEC and Russia were considering extending their cooperation on oil markets for as long as 10-20 years.** Such an extension would effectively make Russia part of OPEC and help to keep a floor under oil prices for the long term. The arrangement is just at a proposal stage and we would be surprised if Russian oil companies were wholeheartedly in favour of voluntarily disrupting their own production plans. **Moreover, if OPEC and Russia continued to keep as much as 1-1.5m b/d off of oil markets for 10 years, they would open the way for an effectively permanent place for shale and other unconventional producers to take their place on global markets.**

## USD 70/b rejects Brent futures once again



Source: Eikon, Emirates NBD Research

## Day's Economic Data and Events

	Time	Cons		Time	Cons
DE Consumer Sentiment	11:00	10.7	US GDP final est.	17:30	2.7%
US Wholesale Inventories	17:30	n/a	US Pending home sales	19:00	2.1%

Source: Eikon

## Fixed Income

Safe haven bid on the back of volatility in equity markets led yields on longer dated treasuries lower, thereby flattening the UST curve overnight. Yields on 2yr UST closed lower by a bp to 2.26% while those on 10yr and 30yr were down to 2.78% (-7bps) and 3.03% (-6bps). Credit spreads were marginally wider with CDS levels on US IG closing 2 bps wider at 68bps. Safe haven bid also pushed German bunds and British Gilts higher as yields on 10yr Bunds and Gilts fell 2bps each to close at 0.50% and 1.42% respectively.

Regional market had a soft day albeit closed mostly range-bound. Yields and credit spreads on Bloomberg Barclays GCC Bond Index were unchanged yesterday at 4.29% and 168bps respectively. Emirates NBD shareholders approved lifting its foreign ownership limit to 20% from 5% yesterday which had minimal impact on bonds.

Primary market still awaits guidance on Bahrain offerings.

## FX

The dollar was stronger against nearly all peers yesterday despite a return to risk-off sentiment in the markets. GBP gave up about 0.5% to fall below the 1.42 handle thanks to month-end positioning and a large corporate deal which will see heavy selling of sterling. The AUD was the weakest performer overnight, giving up nearly 0.9% as the market lowers expectations of the RBA hiking rates at its upcoming meeting next week. This morning markets are generally selling off the dollar although both antipodean currencies remain under pressure.

## Equities

US equity bourses retreated, lead by fall in technology shares as fears of increased regulations dampened demand. Both Dow Jones and S&P 500 closed down by circa 1.5% each. In contrast, European bourses mostly were in the green with FTSE 100 up by 1.62% on the back of improving sentiment on Brexit. Asian equities continue to suffer from fears of the trade wars as Nikkei trails down by 1.92% in early morning trades.

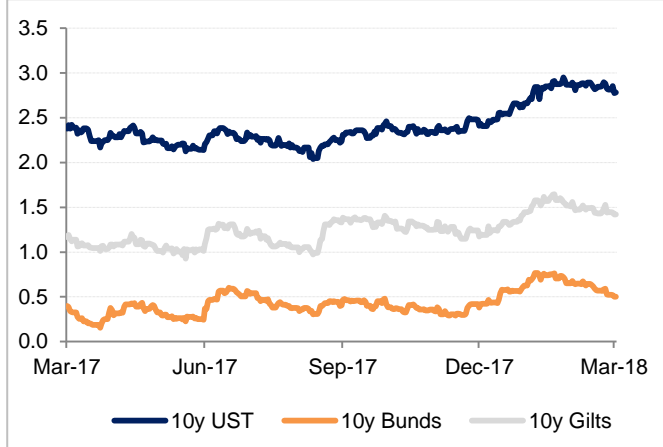
Boosted by the flow of international capital into their respective markets, Tadawul and Egypt exchange were up by +0.98% and +0.92% respectively yesterday while most other markets in the GCC region were subdued. Abu Dhabi Exchange was down by -0.84% along with Qatar, Kuwait and Muscat exchanges also closing marginally in the red. Emirates NBD's shareholders approved increase in share capital by up to AED7.35 billion through the issuance of new shares for a subscription price per share at no less than 10% discount to the market price. Even though banking sector shares were up by circa 1% yesterday in Dubai, DFM closed down to its 52 weeks low at 3092 level (-0.35%).

## Commodities

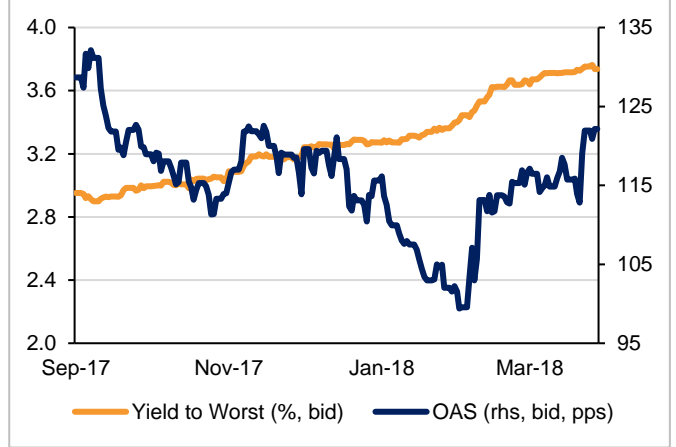
Oil markets had another day of small declines with Brent again failing to hold on to the USD 70/b level. Brent futures have crossed that threshold three times this year, failing to close above USD 70.53/b. Data from the API showed a surprise build in US inventories of 5.3m bbl last week with the market expecting the official EIA data out later tonight. Even with comments from the Saudi crown prince that OPEC was considering cooperating with Russia for as long as 10-20 years, oil prices struggled, with a stronger dollar yesterday also putting on the downward pressure.

## Markets in Charts

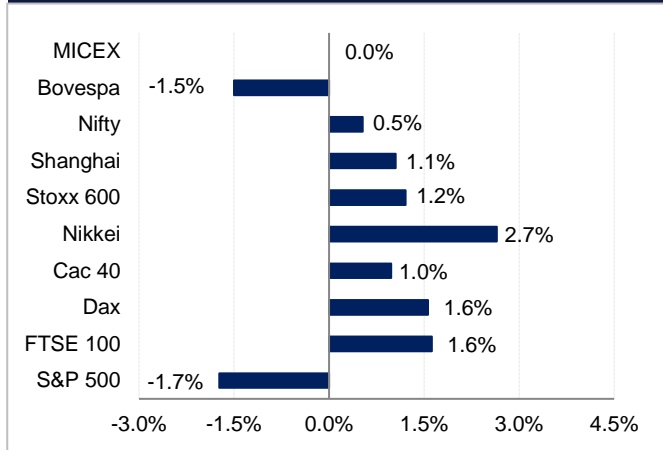
### Global Bond Yields



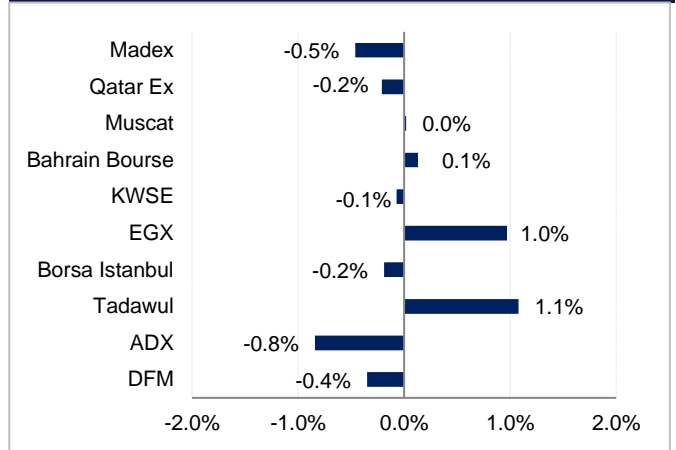
### UAE liquid bond index



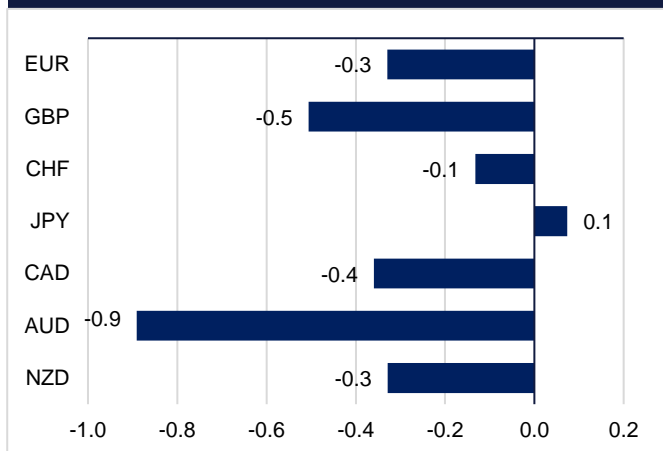
### Global Equity Indices



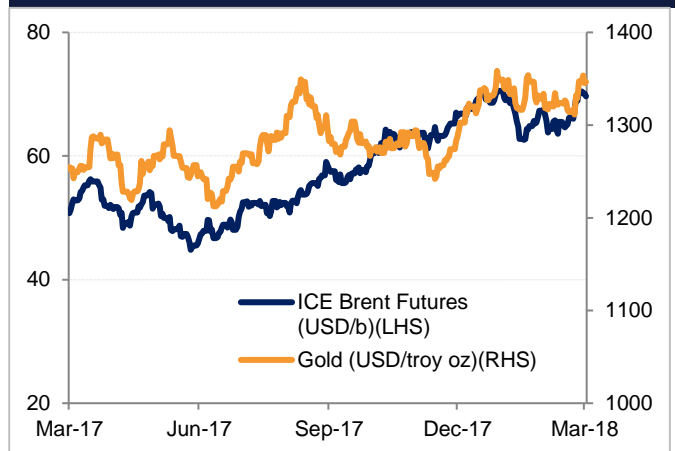
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.2403	-0.33	1.2776	USDTRY	3.9818	+0.41	EURAED	4.5556	-0.31
GBPUSD	1.4157	-0.51	1.4373	USDEGP	17.6268	-0.07	GBPAED	5.2003	-0.50
USDJPY	105.34	-0.07	102.49	USDSAR	3.7501	+0.00	JPYAED	0.0349	+0.07
USDCAD	1.2886	+0.33	1.2813	USDQAR	3.6800	+0.55	CADAED	2.8493	-0.37
AUDUSD	0.7679	-0.89	0.7700	USDKWD	0.2994	-0.05	AUDAED	2.8209	-0.87
USDCHF	0.9468	+0.13	0.9158	USDBHD	0.3770	--	CHFAED	3.8797	-0.13
EURGBP	0.8761	+0.17	0.8889	USDOMR	0.3850	+0.00	TRYAED	0.9200	-0.67
USDAED	3.6730	--	3.6766	USDINR	64.9150	+0.08	INRAED	0.0566	-0.26

## Rates

Interbank	1 mo	3 mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.8695	2.3103	2.5747	2.7865	USD 2 yr	2.544	-7
USD LIBOR	1.8769	2.2950	2.4538	2.6720	USD 5 yr	2.701	-9
GBP LIBOR	0.5041	0.6675	0.7810	0.9915	USD 10 yr	2.794	-9
JPY LIBOR	-0.0628	-0.0423	0.0113	0.1080	EUR 2 yr	-0.159	-0
CHF LIBOR	-0.7963	-0.7342	-0.6506	-0.5252	EUR 5 yr	0.367	-4
					EUR 10 yr	0.973	-3

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1345.05	-0.62	ADGB 6.75 19	2.42	--	Abu Dhabi	56	-1
Silver	16.53	-1.04	DUGB 7.75 20	3.12	+1	Dubai	101	-3
Oil (WTI)	65.25	-0.46	QATAR 6.55 19	2.75	-1	Qatar	86	+4
Aluminium	2018.25	-0.39	US Tsy 2 yr	2.26	-1	Saudi Arabia	82	-1
Copper	6606.50	+0.77	US Tsy 10 yr	2.78	-8	Bahrain	271	--

Source: Bloomberg, Emirates NBD Research

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