



بنك الإمارات دبي الوطني  
Emirates NBD

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# Daily Outlook

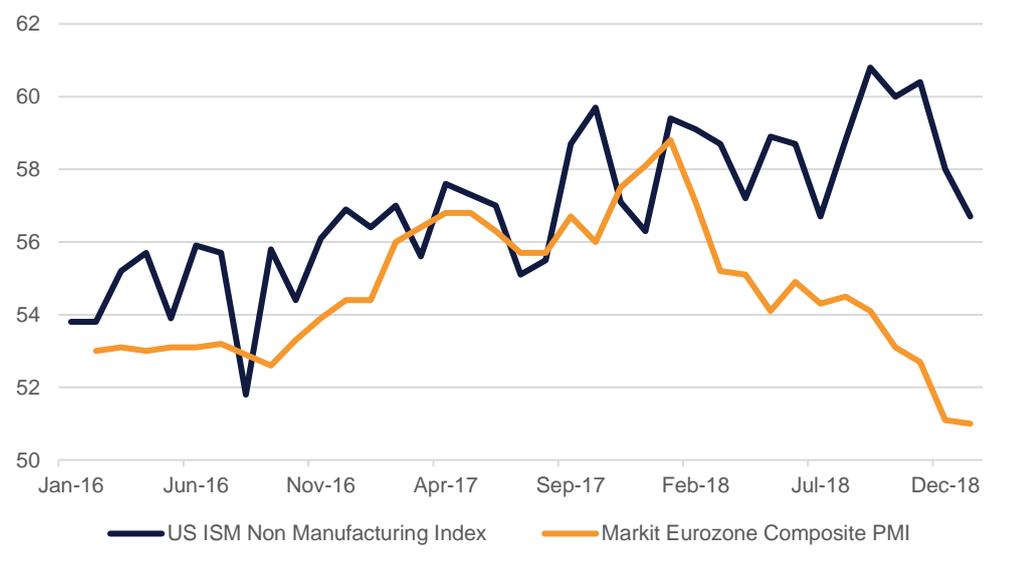
There was a spate of PMI data releases yesterday from developed market economies. While the final PMIs from the Eurozone were revised higher from the flash estimates, they were still lower compared to the previous month. In fact, **Eurozone's composite PMI reading of 51.0 was the lowest since July 2013**. Within Eurozone, there were contrasting pictures with **Italy's reading coming in at 48.8 while that in Spain was a touch stronger at 54.5**. In the UK, it appears that lack of progress on Brexit has started to affect businesses. The **Markit/CIPS service survey slowed down to 50.1 in January 2019 from 51.2 in December 2018**. The employment component dropped from 50.6 to 49.3, the lowest level since 2012, clearly suggesting that concerns over Brexit is creeping into hiring decisions.

**The ISM non-manufacturing index in the US dropped to 56.7 in January from 58.0**. The details of the survey indicate further weakness ahead as the drop in the headline index was entirely due to a fall in the **new orders component from 62.5 to 57.7**.

Following yesterday's Reserve Bank of Australia's meeting where the central bank left interest rates unchanged, the bank's chief Philip Lowe shifted to a neutral policy outlook. He said **'Over the past year, the next-move-is-up scenarios were more likely than the next-move-is-down scenarios. Today, the probabilities appear to be more evenly balanced'**. However, he retained his positive outlook on the labor market. **The AUD reacted negatively to the tweak in policy and was trading -1.0% lower at the time of this writing**.

The IMF completed Egypt's fourth review under its Extended Fund Facility reform programme yesterday, allowing the disbursement of the fifth USD 2bn instalment of the USD 12bn loan. In its statement, the Fund commented on Egypt's ongoing strong policy implementation, and expects real GDP growth of 5.5% this year, marginally stronger than our expectation of 5.3%.

## Economic activity continues to exhibit weakness



Source: Bloomberg, Emirates NBD Research

## Today's Economic Data and Events

	Time	Cons		Time	Cons
Germany Factory Orders	11.00	0.3%	US Trade Balance	17.30	-54b

Source: Bloomberg, Emirates NBD Research.

## Fixed Income

Amid lack of a clear catalyst, Treasuries drifted higher. Yields on the 2y UST, 5y UST and 10y UST closed at 2.52% (-1 bp), 2.51% (-2 bps) and 2.69% (-3 bps) respectively.

Regional bonds closed higher amid a drop in benchmark yields. The YTW on the Bloomberg Barclays GCC Credit and High Yield index dropped -4 bps to 4.37% and credit spreads tightened 2 bps to 180 bps.

## FX

GBPUSD fell on Tuesday, closing below the 200-day moving average (1.3038) and 20-day moving average (1.2968). While additional losses were halted by support at 1.2930, the path of least resistance is a retest of this level followed by further declines towards the 100-day moving average (1.2899). As we go to print, GBPUSD is trading at 1.2951 with the 14-day Relative Strength Indicator (RSI) bearish in momentum at 29.078. While this shows that the cross may be oversold, and further declines may be initially hindered by profit taking, selling pressure at 1.2980 is likely to limit any recoveries in the price.

## Equities

Developed market equities closed higher amid continued strength in technology shares. European equities were helped by upward revisions to flash PMI readings. The S&P 500 index and the Euro Stoxx 600 index added +0.5% and +1.4% respectively.

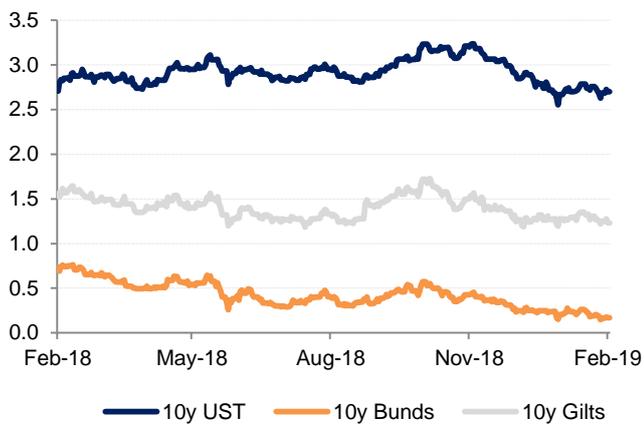
Regional equities closed higher with the DFM index and the Tadawul gaining +0.5% and +1.2% respectively. Banking sectors stocks were behind the move with NCB gaining +3.9% and Emirates NBD adding +2.1%. Cement sector stocks also continued their recent positive run with Eastern Province Cement Co and Southern Province Cement Co jumping +8.2% and 5.7% respectively.

## Commodities

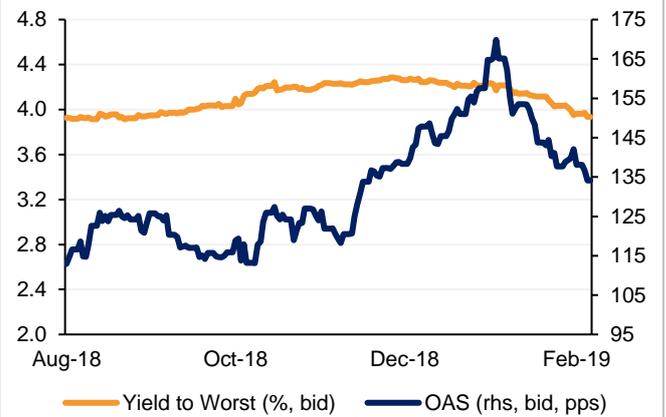
Oil markets declined amid growing concern over growth outlook following weak economic data. Additionally, the American Petroleum Institute was said to report that crude inventories rose 2.51 million barrels last week. Brent futures dropped -0.9% to close below USD 62/bbl while WTI future declined -1.7% to close below USD 54/bbl.

## Markets in Charts

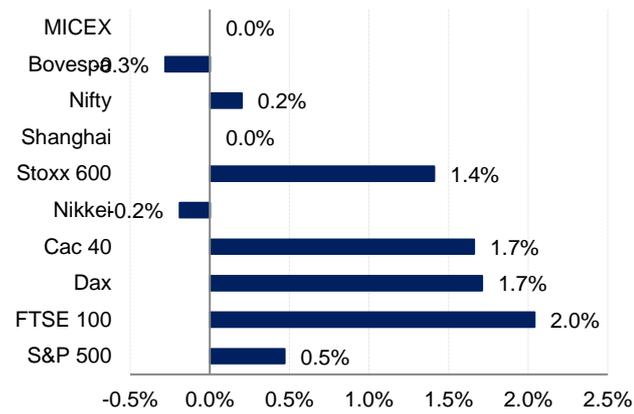
### Global Bond Yields



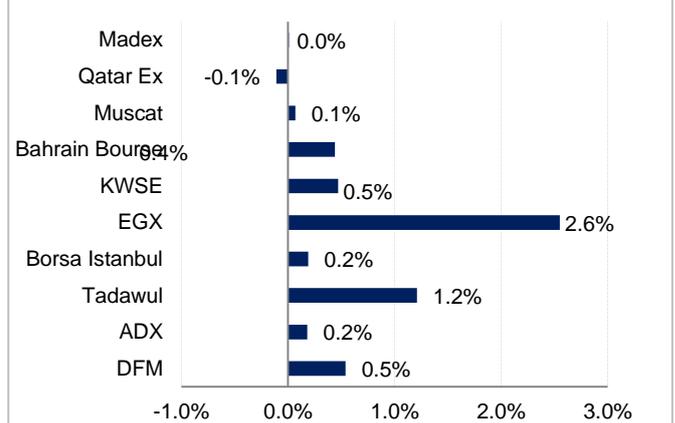
### UAE liquid bond index



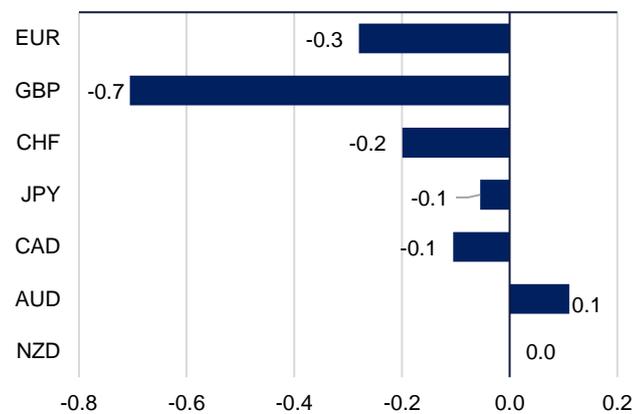
### Global Equity Indices



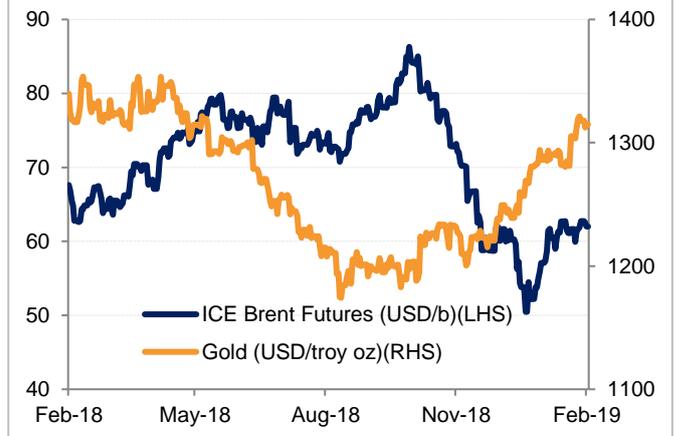
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1406	-0.28	1.1770	USDTRY	5.1998	-0.34	EURAED	4.1893	-0.27
GBPUSD	1.2945	-0.71	1.3176	USDEGP	17.6579	-0.18	GBPAED	4.7568	-0.65
USDJPY	109.96	+0.06	106.63	USDSAR	3.7504	-0.00	JPYAED	0.0334	-0.06
USDCAD	1.3126	+0.12	1.3032	USDQAR	3.6800	+0.75	CADAED	2.7981	-0.13
AUDUSD	0.7234	+0.11	0.7273	USDKWD	0.3034	+0.07	AUDAED	2.6576	+0.13
USDCHF	0.9998	+0.20	0.9650	USDBHD	0.3770	-0.00	CHFAED	3.6734	-0.20
EURGBP	0.8809	+0.40	0.8931	USDOMR	0.3848	-0.06	TRYAED	0.7100	+0.86
USDAED	3.6730	--	3.6761	USDINR	71.5713	-0.33	INRAED	0.0552	+7.82

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.5950	2.8920	3.1877	3.4407	USD 2 yr	2.669	-1
USD LIBOR	2.5123	2.7385	2.7775	2.9858	USD 5 yr	2.601	-2
GBP LIBOR	0.7313	0.9154	1.0288	1.1641	USD 10 yr	2.724	-2
JPY LIBOR	-0.0887	-0.0847	0.0012	0.0948	EUR 2 yr	-0.152	+0
CHF LIBOR	-0.7840	-0.7058	-0.6490	-0.5134	EUR 5 yr	0.155	-0
					EUR 10 yr	0.698	-1

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1315.32	+0.23	ADGB 6.75 19	2.42	--	Abu Dhabi	61	-
Silver	15.85	-0.11	DUGB 7.75 20	3.19	+2	Bahrain	250	-
Oil (WTI)	53.66	-1.65	QATAR 6.55 19	2.46	+4	Dubai	129	-2
Aluminium	1898.75	+0.18	US Tsy 2 yr	2.52	-1	Qatar	73	+1
Copper	6217.00	+1.08	US Tsy 10 yr	2.70	-3	Saudi Arabia	87	-3

Source: Bloomberg, Emirates NBD Research

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