



Daily Outlook

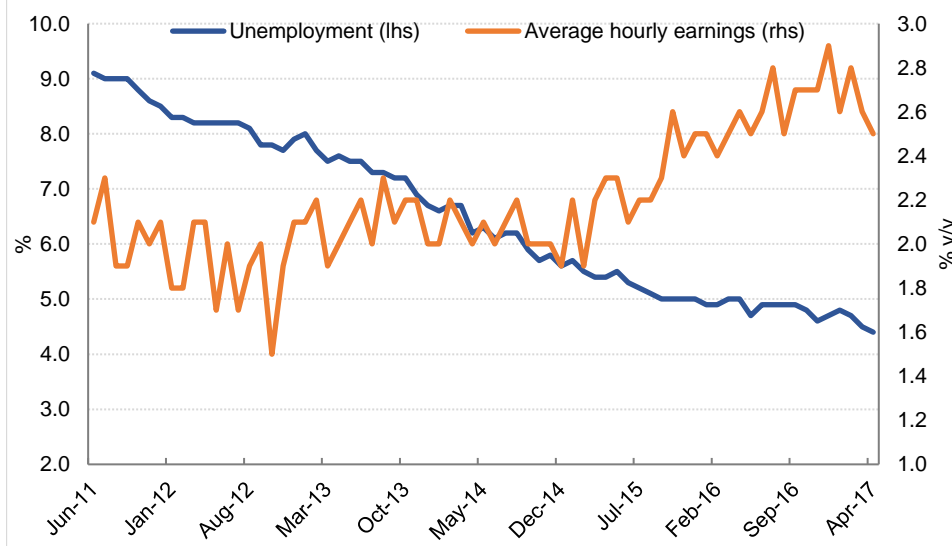
Emmanuel Macron won the French presidential election with 66% of votes against Marine le Pen's 34%, in a result that was broadly in line with polls going into the weekend. While the euro rallied above USD1.10 briefly on the announcement, it has retreated since as the outcome was largely priced in. Macron's victory removes one of the main event risks of this year, but the way ahead remains challenging. Parliamentary elections in June could yield a hung parliament which would make it difficult for Macron to implement his economic agenda.

US non-farm payrolls beat expectations on Friday, posting a 211k rise in April, up from (a revised) 79k in March. The unemployment rate fell to 4.4%, the lowest in nearly 10 years, and wages rose 0.3% m/m and 2.5% y/y, pointing to tightening labour market conditions. The data boosted market expectations of a Fed rate hike next month, with the implied probability of a June hike reaching 100% on Friday, up from less than 70% a week earlier. Key US data releases this week include CPI, retail sales and the University of Michigan consumer confidence index.

Saudi Arabia's oil minister said that OPEC could extend the current agreement on cutting production into H2 2017 and possibly even beyond, as the organisation is "determined" to bringing global stock levels back to the five-year average. Oil prices have moved back below USD50/b after losing ground over the last three weeks.

In Bahrain, net foreign assets declined 11% to USD 1.7bn in February, less than one-and-a-half months' import cover. The government will need to enact further fiscal reforms to reduce the budget deficit in the face of lower oil prices.

US labour market has tightened



Source: Bloomberg, Emirates NBD Research.

Day's Economic Data and Events

	Time	Cons		Time	Cons
Germany Factory Orders	10:00	0.7%	Canada Housing Starts	16:15	215.0k

Source: Bloomberg.

Fixed Income

Strong economic data boosted the prospect of higher inflation and caused sovereign bond to fall across the developed world last week. Futures implied probability of a June rate hike in the US reached circa 92% and political reduced substantially after Macron's decisive win in the French election over the weekend. Yields on 2yr and 10yr treasuries closed at 1.31% (+4bps) and 2.35% (+3bps) respectively while those on 10yr Bunds increased 10bps to 0.41% during the week.

Benchmark yield widened, oil prices fell below the psychological level of \$50 / b and new supply talk remained heightened during the week. And yet, GCC bonds reflected surprising resilience. Though bond prices came off slightly from their all-time high touched in mid-week, overall yield on liquid UAE bonds actually closed the week lower at 3.06% (-3bps) and credit spreads tightened 10bps to 128bps over the week. Technical support for GCC bonds remain high and it generally doesn't pay to underweight GCC bonds, nevertheless, we think a high level of caution is currently warranted.

In the primary market, another name got added to the prospective list of issuers with Moody's assigning first time ratings of A1/stable to Qatar Islamic Bank. National Bank of Kuwait is planning to set up dollar bond program and Abu Dhabi Commercial Bank (ADCB UH) is also believed to be in plans to issue senior unsecured dollar bond after reporting a stellar quarterly result reflecting 1Q net of Dhs 1.11 billion vs expectations of Dhs 1.02 billion.

FX

The Euro has lost ground against most of the other majors in the aftermath of the French election (see above). As we go to print, EURUSD trades 0.27% lower at 1.0969. With this said, the pair remains in an uptrend and we expect further short term Euro strength, with the pair likely to retest the days earlier highs of 1.10 shortly.

Today's underperforming major currency is AUD which has softened against all other majors due to weaker than expected economic data. Building approvals declined 13.4% m/m and 19.9% y/y in March compared with expectations for declines of 4% and 10% respectively. In addition, in China (their major trading partner) imports grew 11.9% m/m in April compared with expectations for a gain of 18%. As we go to print, AUDUSD trades 0.35% lower at 0.7398 and remains vulnerable. We expect a descent towards our Q2 2017 forecast of 0.73 to follow shortly.

Equities

Asian equities are trading higher this morning following the victory of Emmanuel Macron in the France's presidential election. The Nikkei index was trading +2.0% at the time of this writing.

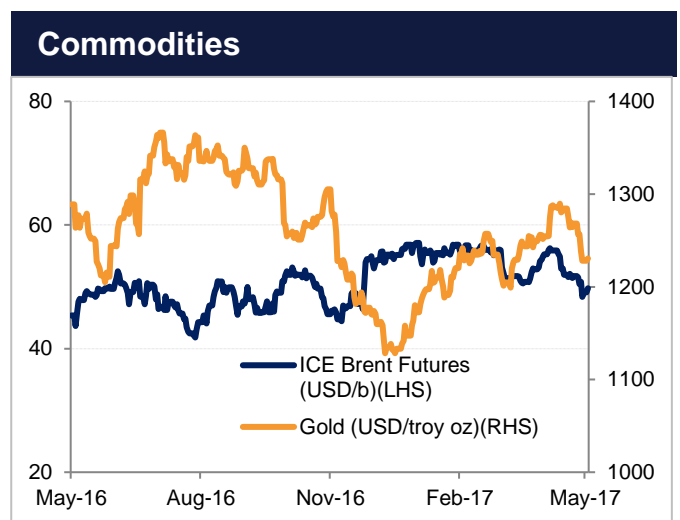
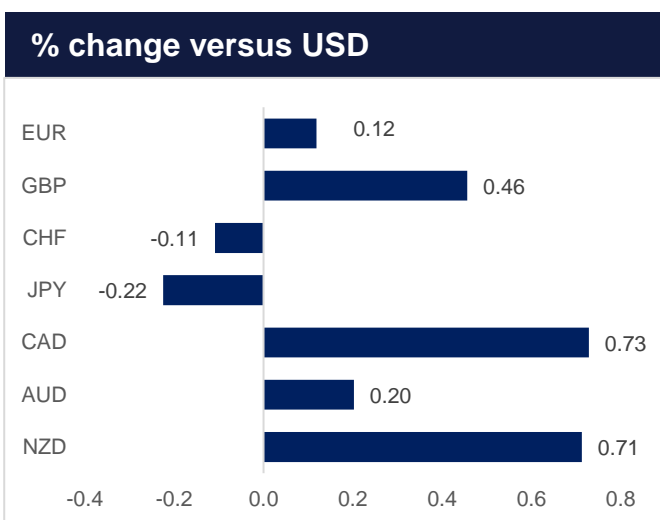
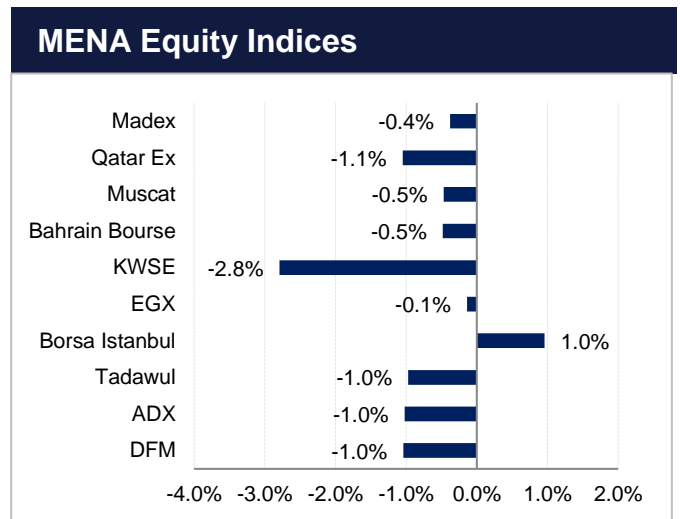
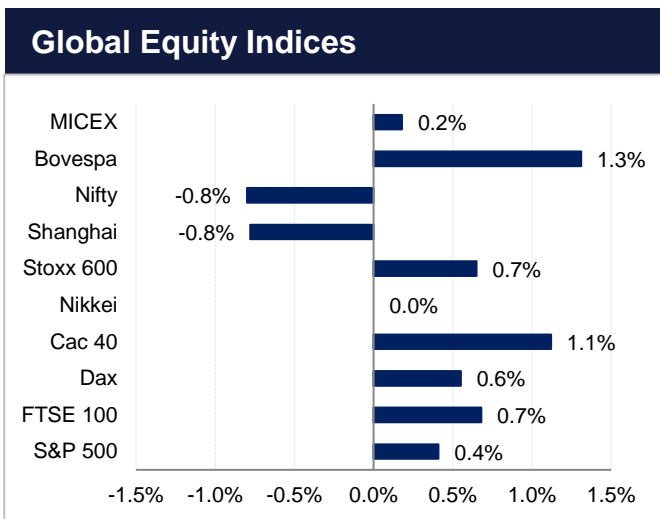
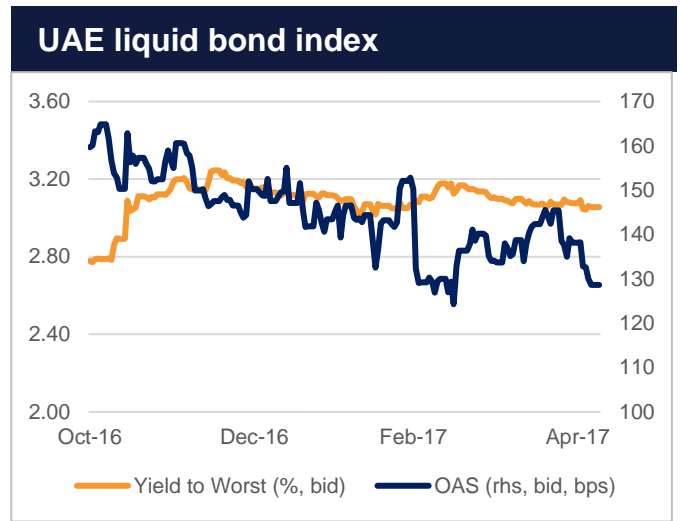
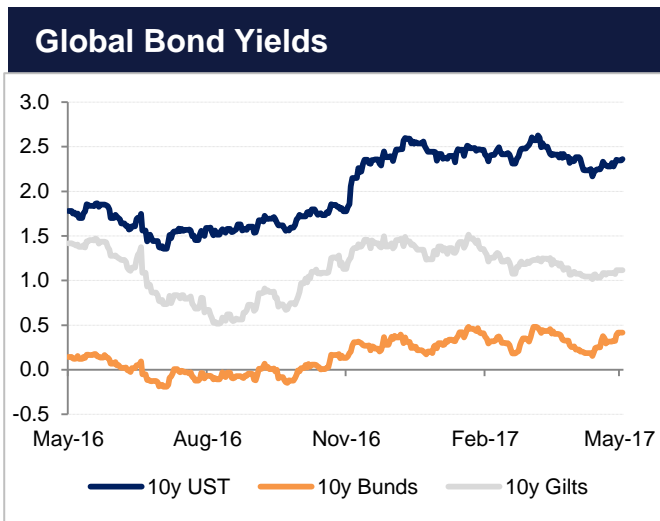
Regional equities made a negative start to the week as weakness in oil prices weighed on investor sentiment. However, volumes continued to remain low with aggregate turnover of less than USD 1bn.

In terms of earnings, Emaar Malls reported Q1 2017 net profit of AED 539mn (+2.0% y/y), slightly ahead of expectations. Revenues remained flat at AED 836mn even as footfall increased 10%. The stock closed +0.8% ahead of the announcement.

Commodities

With only a few weeks to go ahead of OPEC's next regular meeting the oil futures market is shuddering. Brent and WTI futures gave up more than 5% and 6% in the past week and have lost ground for three weeks running, their longest stretch of declines since November 2016. Both contracts have now moved below the USD 50/b handle and are trading lower than long-term moving averages. Both the Brent and WTI longer curves have moved back into contango, widening to as much as over USD 1/b for Dec 17-19.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.0998	+0.12	1.1223	USDTRY	3.5439	-0.27	EURAED	4.0396	+0.13
GBPUSD	1.2982	+0.46	1.3131	USDEGP	18.1309	+0.45	GBPAED	4.7672	+0.43
USDJPY	112.71	+0.22	110.61	USDSAR	3.7507	+0.01	JPYAED	0.0326	-0.23
USDCAD	1.3652	-0.71	1.3556	USDQAR	3.6416	+0.01	CADAED	2.6906	+0.72
AUDUSD	0.7424	+0.20	0.7390	USDKWD	0.3044	-0.05	AUDAED	2.7245	+0.11
USDCHF	0.9877	+0.13	0.9634	USDBHD	0.3770	-0.01	CHFAED	3.7196	-0.11
EURGBP	0.8473	-0.31	0.8548	USDOMR	0.3850	+0.00	TRYAED	1.0400	+0.62
USDAED	3.6727	-0.01	3.6812	USDINR	64.2025	+0.04	INRAED	0.0571	-0.16

Rates

Interbank	1 mo	3 mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.0667	1.4958	1.6962	2.1892	USD 2 yr	1.604	+1
USD LIBOR	0.9944	1.1804	1.4327	1.7790	USD 5 yr	1.978	--
GBP LIBOR	0.2564	0.3212	0.4693	0.6838	USD 10 yr	2.290	-1
JPY LIBOR	-0.0189	0.0019	0.0243	0.1336	EUR 2 yr	-0.130	+1
CHF LIBOR	-0.7858	-0.7320	-0.6630	-0.4904	EUR 5 yr	0.247	+2
					EUR 10 yr	0.863	+3

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1228.01	-0.01	ADGB 6.75 19	1.65	+1	Abu Dhabi	42	-
Silver	16.34	+0.09	DUGB 7.75 20	2.69	--	Dubai	109	+1
Oil (WTI)	46.22	+1.54	QATAR 6.55 19	1.88	+5	Qatar	60	-1
Aluminium	1895.75	-0.56	US Tsy 2 yr	1.31	--	Saudi Arabia	90	-
Copper	5563.00	+0.82	US Tsy 10 yr	2.35	-1	Bahrain	216	-1

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
Group Treasurer & EVP 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

Shady Shafer Elborno
Head of Macro Strategy
+9714 2012300
shadyb@emiratesnbd.com

Athanasios Tsetsonis
Sector Economist
+9714 230 7629
athanasiost@emiratesnbd.com

Edward Bell
Commodity Analyst
+9714 230 7701
edwardpb@emiratesnbd.com

Mohammed Al-Tajir
Manager, FX Analytics and Product Development
+9714 609 3005
mohammedtaj@emiratesnbd.com

Aditya Pugalia
Analyst
+9714 230 7802
adityap@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