



# Daily Outlook

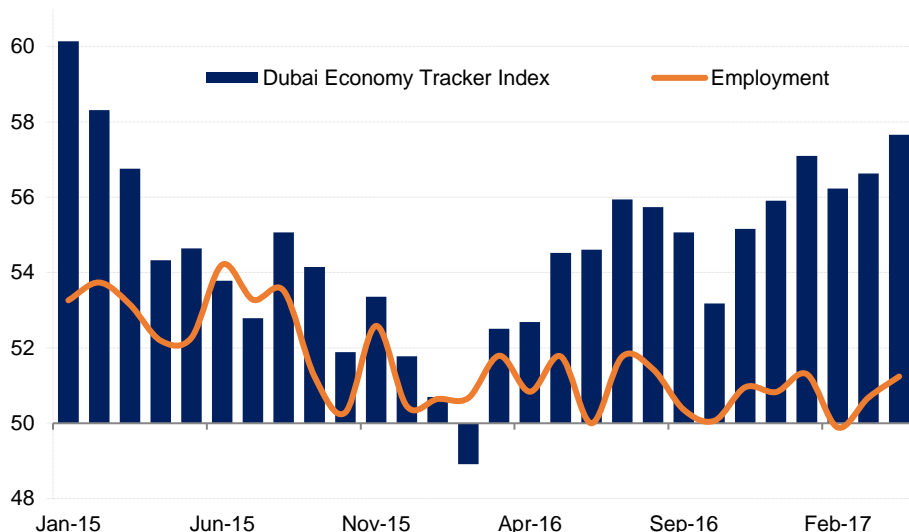
Retail sales data in Australia released this morning was much weaker than forecast, showing a decline of -0.1% m/m in March against expectations of a 0.3% m/m gain. AUD is more than half a percent weaker against USD this morning on the release. Last week, RBA Governor Lowe highlighted the rise in private debt relative to wages in Australia as a cause for concern, saying that it made the economy less resilient to future shocks.

Asian equity markets are trading slightly lower this morning despite US equities eking out small gains overnight. With little economic data released yesterday there were few catalysts to move markets, and today is similarly quiet on the data front, with only German industrial production data for March and the JOLTS job openings survey in the US of note.

The Emirates NBD Dubai Economy Tracker Index rose to 57.7 in April from 56.6 in March, signalling the fastest rate of growth since February 2015. Output and new order growth accelerated although firms continued to offer discounts and promotions in order to support demand. While employment did pick up in April, job growth remains relatively soft.

Dubai's construction sector enjoyed a strong boost in both new work and output in April, with firms indicating that new projects were getting underway. Activity in the wholesale & retail and travel & tourism sectors also saw strong growth last month, supporting our view that Dubai's economy should see faster real GDP growth this year.

## Emirates NBD Dubai Economy Tracker



Source: Bloomberg, Emirates NBD Research.

## Day's Economic Data and Events

	Time	Cons		Time	Cons
Germany Industrial Production	10:00	-0.7%	US Wholesale Inventories	18:00	-0.1%
US JOLTS Job Openings	18:00	5725			

Source: Bloomberg.

## Fixed Income

Lacking any other material catalyst, fixed income markets focused on accounting for the almost certain chance of a June rate hike in the US. Yields on 2yr and 10yr UST closed higher at 1.33% (+2bps) and 2.39% (+4bps) respectively. Receding safe haven bid on the back of lower political risks also weighed on sovereign bonds in Europe. 10yr Gilt yields closed 3bps higher at 1.15% while Bunds closed unchanged at 0.41%.

Credit spreads were largely unaffected amid oscillating oil prices. CDS levels on US IG and Euro Main were mostly unchanged at 62bps and 63bps respectively. Locally CDS levels on GCC sovereigns moved within a 2bp range with Saudi Arabia closing unchanged at 92bps and Qatar at 62bps (+2bps).

GCC cash bonds stay put at previous day's levels as widening benchmark yields were offset by tightening credit spreads. Barclays GCC index closed with yield at 3.30% (-1bp) and OAS at 126bps (-4bps).

In the primary market Oman Electricity concluded its roadshow yesterday and will likely price a \$500 million 10yr bond today. The existing OMGRID 25s closed yesterday at yield of 4.75% with Z-spread of 254bps. The new 10yr bond is expected to offer yield of over 5%.

## FX

USD strength remained the theme in currency markets overnight, as markets re-focused on interest rate differentials rather than political risk. While there is some chatter that the ECB could start to normalise monetary policy now that the French presidential elections are out of the way, most observers don't expect a change in Eurozone monetary policy in the near term. In contrast, the market has fully priced in a 25bp rate hike in the US next month.

## Equities

Developed market equities closed lower in a classic case of 'buy the rumour, sell the fact' following the victory of Emmanuel Macron in the French Presidential election. The S&P 500 index closed flat while the Euro Stoxx 50 index dropped -0.5%.

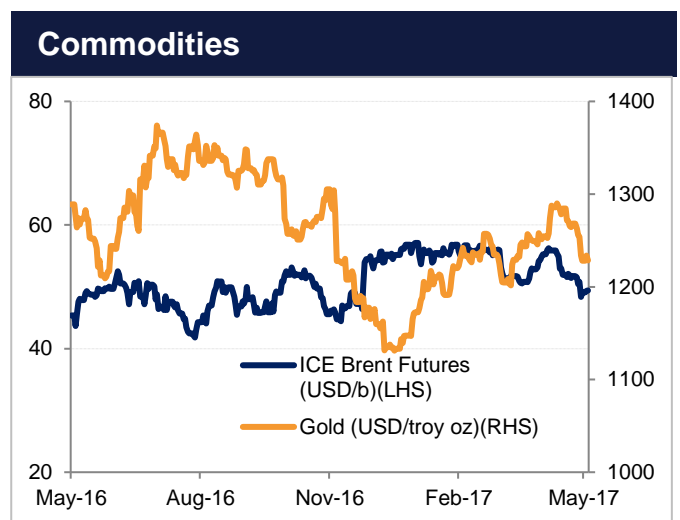
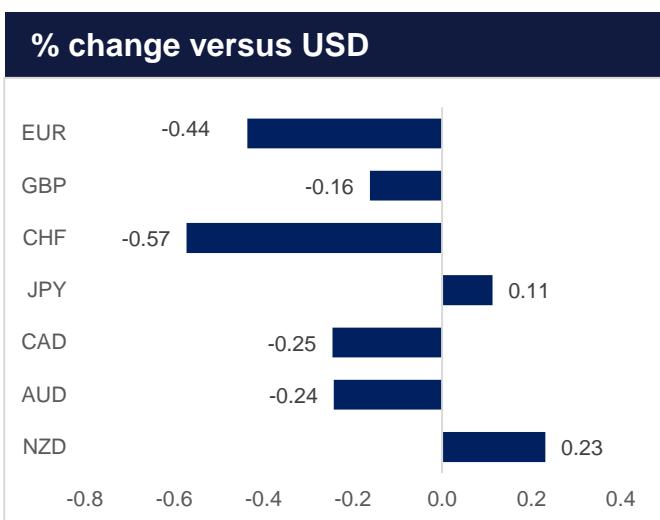
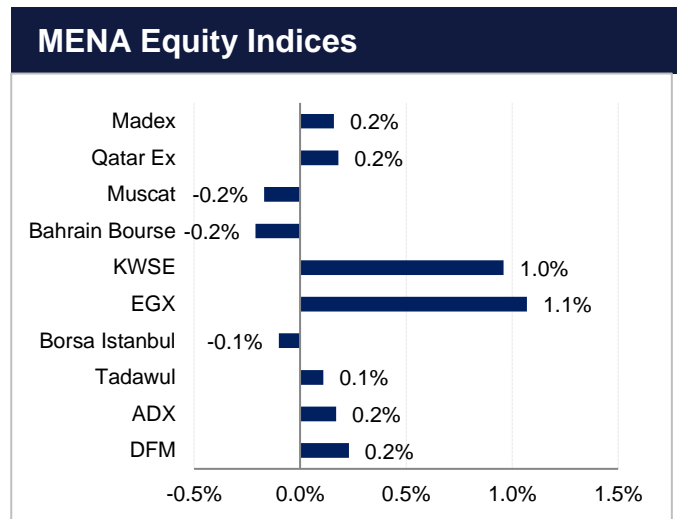
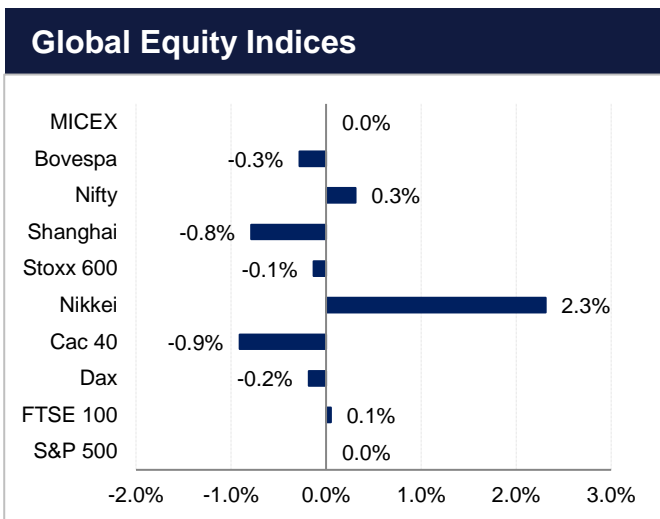
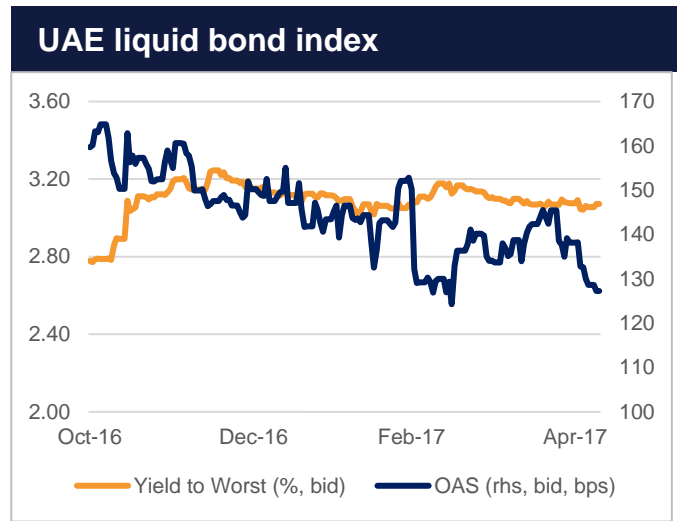
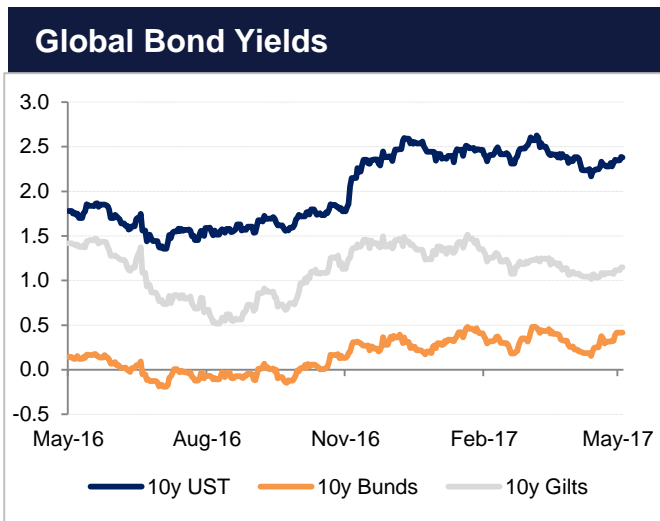
Regional equities edged higher with the Tadawul adding +0.1% and the DFM index rallying +0.2%.

Drake & Scull pared early session losses to close +0.8% following comments from the CEO that the company expects to hear very soon from Saudi Aramco about settling half of the outstanding amount. Orascom Telecom jumped +1.4% after the company reported a profit of EGP 897.5mn in 2016 compared to a loss in 2015. The company also proposed to pay a dividend for the first time since 2013.

## Commodities

Oil markets managed to squeak out a gain to start the week but still remain at low levels, both benchmarks trading below USD 50/b. Saudi Arabia's oil minister gave strong signals that an extension to OPEC's production cut was coming while positive, if not definitive, support came from Russia. A contango of close to USD 2/b for 1-24 month Brent remains in place, near the widest it has been all year.

## Markets in Charts



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.0950	-0.44	1.1173	USDTRY	3.5598	+0.45	EURAED	4.0220	-0.08
GBPUSD	1.2961	-0.16	1.3110	USDEGP	18.1190	-0.07	GBPAED	4.7605	+0.20
USDJPY	112.59	-0.11	110.52	USDSAR	3.7505	-0.01	JPYAED	0.0326	-0.18
USDCAD	1.3685	+0.24	1.3588	USDQAR	3.6413	-0.01	CADAED	2.6839	+0.67
AUDUSD	0.7406	-0.24	0.7372	USDKWD	0.3043	-0.01	AUDAED	2.7204	+0.18
USDCHF	0.9932	+0.56	0.9688	USDBHD	0.3770	+0.00	CHFAED	3.6984	-0.36
EURGBP	0.8449	-0.29	0.8523	USDOMR	0.3850	--	TRYAED	1.0300	-0.61
USDAED	3.6729	+0.01	3.6814	USDINR	64.5150	+0.22	INRAED	0.0571	+0.11

## Rates

Interbank	1 mo	3 mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.0778	1.4978	1.6962	2.2163	USD 2 yr	1.609	+1
USD LIBOR	0.9941	1.1846	1.4368	1.7882	USD 5 yr	1.970	-2
GBP LIBOR	0.2554	0.3196	0.4693	0.6805	USD 10 yr	2.281	-2
JPY LIBOR	-0.0209	-0.0010	0.0257	0.1346	EUR 2 yr	-0.126	+1
CHF LIBOR	-0.7858	-0.7320	-0.6600	-0.4874	EUR 5 yr	0.230	+0
					EUR 10 yr	0.830	-1

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1226.23	-0.14	ADGB 6.75 19	1.66	+1	Abu Dhabi	42	--
Silver	16.36	-0.41	DUGB 7.75 20	2.69	--	Dubai	111	+2
Oil (WTI)	46.43	+0.45	QATAR 6.55 19	1.87	-1	Qatar	62	+2
Aluminium	1873.25	-1.19	US Tsy 2 yr	1.33	+2	Saudi Arabia	92	+2
Copper	5461.75	-1.82	US Tsy 10 yr	2.39	+4	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  
 athanasios@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