

## US Q1 GDP growth surprises

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للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- US Q1 GDP growth beats expectations.** Surprisingly, US Q1 GDP beat expectations and grew at a 3.2% annual pace, up from the 2.2% pace of Q4. While consumer and business spending were disappointing, improvement in trade and rising inventories contributed to growth. While the reading helps offset rising fears of slowing growth somewhat, record inventory accumulation provided a temporary boost to GDP and should normalize in coming quarters. Overall, a dovish policy shift from the Fed and hopes for a resolution of the US-China trade dispute have aided global risk sentiment and propelled global equities so far this year. The S&P500 gained 1.2% on the week, higher by 17.3% year-to-date.
- EUR hit by multiple worries.** Amid fresh uncertainty surrounding the Spanish general elections, continued Brexit impasse and broad macroeconomic concerns, the EUR fell to a near 2-year low against the USD last week. Meanwhile, Germany's 10-year Bund yield dropped back into negative territory after the German Ifo business climate indicator fell further in April, highlighting the difficulties the Eurozone's largest economy is facing as global growth slows and political worries mount. On the week, the EuroStoxx500 was flat while the EUR lost 0.8% against the USD.
- BoJ reiterates ultra-dovish stance.** Amid a weak external environment and persistent low inflation, the BoJ reiterated its ultra-dovish stance and said it will maintain its monetary policy at least through the spring of 2020. The Bank also lowered its economic growth and inflation forecasts while conceding it is unlikely to meet its 2% inflation target anytime soon. The Nikkei225 edged higher by 0.3% on the week while the JPY also gained 0.3% against the USD.
- Emerging Markets (EM) assets fall.** EM equities and currencies fell last week led by Argentine and Turkish concerns. While Turkish assets fell after the Central Bank dropped its commitment to deliver further monetary tightening if needed, the ARS sank to an all-time low against the USD on concern that President Macri will lose October's election to populist former President Cristina. The MSCI EM Index underperformed its developed market peer by 1.9% last week.
- Oil prices swing on evolving demand-supply dynamics.** After jumping at the start of last week on news that the Trump administration will no longer extend the 6-month waiver granted to certain countries to buy Iranian crude, oil prices fell in the second half of the week after data showed US crude oil inventories reached their highest levels since October 2017. Amid volatility, Brent gave away most of its weekly gains to end last week almost flat.

### LOOKING FORWARD

- US core PCE data will be released on **Monday** while Chinese PMIs and GDP, unemployment data for the Eurozone will be announced on **Tuesday**. US manufacturing PMI will be released on **Wednesday** while the Fed meets to review its monetary policy on the same day. The BoE meeting will be held on **Thursday** while Eurozone CPI and US jobs data will be released on **Friday**.



### MAIN CROSS RATES

€ 1	→	\$ 1.1151
£ 1	→	\$ 1.2916
\$ 1	→	¥ 111.58

	Yield % (28/04)	Yield % (21/04)
Abu Dhabi 2021	2.62	2.64
KSA 2021	2.91	2.93
Dubai 2023	3.53	3.53
Qatar 2023	2.89	2.93
US 10Y	2.50	2.56
German 10Y	-0.02	0.03

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,174	0.6%	15.4%
MSCI BRIC	327	-1.1%	15.3%
MSCI EM	1,078	-1.3%	11.6%
USA - S&P 500	2,940	1.2%	17.3%
UK- FTSE 100	7,428	-0.4%	10.4%
France - CAC40	5,569	-0.2%	17.7%
Germany - DAX	12,315	0.8%	16.6%
Japan - Nikkei 225	22,259	0.3%	11.2%
Dubai	2,787	-0.9%	10.2%
Abu Dhabi	5,392	1.9%	9.7%
Saudi	9,276	0.9%	18.5%
Oman	3,940	-1.0%	-8.9%
Kuwait	4,875	-1.8%	2.9%
Egypt	14,770	-0.7%	13.3%
Qatar	10,451	1.0%	1.5%
Commodities			
Gold (\$/oz)	1,286	0.8%	0.3%
Silver (\$/oz)	15	0.4%	-2.6%
Platinum (\$/oz)	899	-0.4%	13.0%
Oil - Brent (\$/bbl)	72	0.3%	34.1%

## FOR MORE INFORMATION, PLEASE CONTACT:



Emirates Investment Bank pjsc  
PO Box 5503, Dubai  
Dubai Festival City, UAE



+971 4 231 7777



+971 4 231 7788



[www.eibank.com](http://www.eibank.com)

## ASSET MANAGEMENT TEAM:

### **Nadi Bargouti, CFA**

Managing Director – Head of Asset Management  
[nadi.bargouti@eibank.com](mailto:nadi.bargouti@eibank.com)

### **Yaser Al-Nimr**

Director – Asset Management  
[yaser.alnimr@eibank.com](mailto:yaser.alnimr@eibank.com)

### **Hamad Al Majidi**

Senior Associate – Asset Management  
[hamad.almajidi@eibank.com](mailto:hamad.almajidi@eibank.com)

### **Joyson D'Souza, CFA**

Associate – Asset Management  
[joyson.dsouza@eibank.com](mailto:joyson.dsouza@eibank.com)

### **Ravindra Deshpande**

Associate – Asset Management  
[ravindra.deshpande@eibank.com](mailto:ravindra.deshpande@eibank.com)

## EMIRATES INVESTMENT BANK

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