

Turkey continues to dominate global markets

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- Turkey continues to weigh on global markets.** Following Trump's decision to double the tariffs on Turkish steel and aluminium, Erdogan has doubled the tariffs on some US imports including alcohol, tobacco, and cars in retaliation. In response, the US declared that recent tariffs on Turkey are a matter of national security and won't be removed regardless of whether Turkey releases the detained American pastor or not. Meanwhile, the Lira closed 6% higher for the week after regulators put limits on swap transactions in an attempt to limit short selling, while Qatar pledged USD15 bn in direct investment to support the Turkish economy.
- US stocks close higher on strong corporate earnings.** Despite concerns about Turkey and the recent slowdown in the Chinese economy, US stocks managed to close in positive territory supported by strong corporate earnings. So far, 465 companies from the S&P500 reported earnings growth of 25.5% in Q2, while sales grew by 9.8% compared to last year. The S&P500 gained 0.6% for the week, closing just 0.8% off its all-time high.
- US-China trade talks to resume later this month.** Global stocks got a boost towards the end of the week as trade talks between the US and China are set to resume at the end of August. Meanwhile, last week's economic data from China missed expectations and pointed to a continued slowdown. July retail sales came in at 8.8% YoY – vs 9.1% expected – while industrial production and fixed asset investment came in at 6.3% YoY and 5.5% YoY, missing expectations by 0.3% and 0.5%, respectively.
- Eurozone Q2 GDP growth revised upwards.** Eurozone Q2 GDP growth was revised upwards to 0.4% QoQ, from 0.3% previously, boosted by better than expected figures mainly from Germany and the Netherlands, which grew by 0.5% and 0.7%, respectively. Meanwhile, headline inflation in the Eurozone increased to 2.1% in July, from 2.0% previously, while core inflation increased to 1.1%, from 0.9% in June.
- Oil drops amid an increase in US inventories.** Last week, WTI closed 2.5% lower, while Brent fell by 1.3% after a report from the Energy Information Administration (EIA) showed US crude oil inventories had increased by 6.8 mio barrels in the week ending August 10. This is the biggest weekly inventory build-up since March 2017, while expectations were for a 2.5 mio barrel drop.

LOOKING FORWARD

- Minutes of the latest Fed meeting which took place on August 1st will be released on **Wednesday**, while preliminary PMIs for the month of August will be released for both the US and the Eurozone on **Thursday**. On **Friday**, Japan will announce its latest inflation figures, while Germany will publish its trade data for Q2 the same day.



MAIN CROSS RATES

€ 1	\$ 1.1438
£ 1	\$ 1.2749
\$ 1	¥ 110.50

	Yield % (19/08)	Yield % (12/08)
Abu Dhabi 2021	3.18	3.23
KSA 2021	3.46	3.54
Dubai 2023	3.67	3.67
Qatar 2023	3.49	3.49
US 10Y	2.86	2.87
German 10Y	0.31	0.32

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,138	-0.1%	1.6%
MSCI BRIC	298	-4.3%	-11.1%
MSCI EM	1,023	-3.7%	-11.7%
USA - S&P 500	2,850	0.6%	6.6%
UK- FTSE 100	7,559	-1.4%	-1.7%
France - CAC40	5,345	-1.3%	0.6%
Germany - DAX	12,211	-1.7%	-5.5%
Japan - Nikkei 225	22,270	-0.1%	-2.2%
Dubai	2,803	-4.0%	-16.8%
Abu Dhabi	4,907	0.7%	11.6%
Saudi	7,867	-3.8%	8.9%
Oman	4,390	-0.9%	-13.9%
Kuwait	5,382	-1.4%	12.3%
Egypt	15,296	-3.9%	1.8%
Qatar	9,448	-4.4%	10.8%
Commodities			
Gold (\$/oz)	1,184	-2.2%	-9.1%
Silver (\$/oz)	15	-3.3%	-12.6%
Platinum (\$/oz)	789	-4.7%	-15.0%
Oil – Brent (\$/bbl)	72	-1.3%	7.4%

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