

## Weak Chinese data weighs on global equities

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EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Small, positive steps on the trade front.** Amid a batch of slowing domestic data, China signalled a willingness to make concessions to its "Made in China 2025" program and took more steps to defuse trade tensions with the US. The Chinese authorities confirmed the removal of retaliatory duties on automobiles imported from the US while also resuming purchases of US soybeans and crude oil. For the week and despite progress on trade, a batch of weak Chinese economic data weighed on global risk sentiment with the S&P500 losing 1.3% for the week.
- **ECB ends QE while highlighting downside risks.** Last week, the ECB ended its QE program after four years while stating that it expects policy rates to stay at current levels at least through the summer of 2019. The Bank shaved 0.1% off its growth and inflation forecasts for 2019, which now stand at 1.7% and 1.6% respectively, while cautioning that QE is ending at a time when Eurozone risks are tilted to the downside owing to trade tensions, politics and heightened volatility in financial markets. For the week, the EUR lost 0.6% against the USD while the EuroStoxx50 edged higher by 1.1%.
- **Chinese economic data continue to deteriorate.** Sustained efforts by policymakers to boost liquidity into the system and fiscal measures to increase infrastructure spending have thus far failed to boost domestic demand in the Chinese economy. Retail sales grew 8.1% in November from a year earlier, the slowest pace in 15 years, and Industrial Production (IP) rose 5.9%, the weakest in almost three years. While exports have remained resilient amid still robust global demand, a deteriorating domestic environment continues to weigh on China's economy.
- **Reserve Bank of India (RBI) Governor resigns amid rift with government.** Citing personal reasons, RBI Governor Patel stepped down amid pressure from the government to stimulate the Indian economy and ease lending restrictions on under-capitalized state-owned banks, prior to the national elections in May 2019. The new RBI Chief Das immediately calmed market fears over the autonomy and credibility of the Central Bank. Meanwhile, ruling party leader and PM Modi received another setback as his party lost three key state elections raising concerns that his re-election next year may not be a smooth ride and could result in a hung parliament. For the week, the INR lost ground ending lower by 1.5% against the USD.

### LOOKING FORWARD

- US CPI and FOMC meeting minutes will be released on **Wednesday** while the BoJ and the BoE meet to review their respective monetary policies on **Thursday**. UK Q3 GDP and US durable goods orders will be published on **Friday**.



### MAIN CROSS RATES

€ 1 ————— \$ 1.1306

£ 1 ————— \$ 1.2583

\$ 1 ————— ¥ 113.39

	Yield % (16/12)	Yield % (09/12)
Abu Dhabi 2021	3.13	3.23
KSA 2021	3.61	3.65
Dubai 2023	3.86	3.93
Qatar 2023	3.41	3.47
US 10Y	2.89	2.85
German 10Y	0.25	0.25

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	1,943	-1.2%	-7.6%
MSCI BRIC	289	-0.6%	-13.9%
MSCI EM	972	-1.0%	-16.1%
USA - S&P 500	2,600	-1.3%	-2.8%
UK- FTSE 100	6,845	1.0%	-11.0%
France - CAC40	4,854	0.8%	-8.6%
Germany - DAX	10,866	0.7%	-15.9%
Japan - Nikkei 225	21,375	-1.4%	-6.1%
Dubai	2,599	0.7%	-22.9%
Abu Dhabi	4,862	-0.3%	10.5%
Saudi	7,914	0.8%	9.5%
Oman	4,448	-2.2%	-11.9%
Kuwait	4,716	-0.4%	-2.3%
Egypt	12,997	4.9%	-13.5%
Qatar	10,456	-1.3%	22.6%
<b>Commodities</b>			
Gold (\$/oz)	1,239	-0.8%	-4.9%
Silver (\$/oz)	15	-0.3%	-13.9%
Platinum (\$/oz)	787	-0.8%	-15.2%
Oil - Brent (\$/bbl)	60	-2.3%	-9.9%

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**EMIRATES INVESTMENT BANK**

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