

Global equities gain on trade optimism

بنك الإمارات
للاستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- US-China trade optimism buoys global equities.** In the absence of a trade deal so far and with the March 1st deadline fast approaching, global equities welcomed reports of the possibility of a 60-day extension by the US. Meanwhile, an unexpected decline in December US retail sales alongside sluggish CPI data dampened sentiment towards the end of the week. The decline appears to be a temporary blip in US consumer sentiment amid heightened stock market volatility in December. For the week, the S&P500 gained 2.5% while the US 10-year Treasury yield edged higher by 3bps to 2.66%.
- Euro-area data continues to disappoint.** Fresh data showed further weakness in the Eurozone as the German economy barely avoided a recession with zero growth in Q4, after shrinking 0.2% in Q3. Meanwhile, the Eurozone's Industrial Production (IP) fell for the second month in a row in December on sluggish demand and political uncertainty. The EUR ended weaker by 0.2% against the USD last week while the EuroStoxx50 gained 3.4%, buoyed by fresh signs of progress in the US-China trade negotiations.
- Spanish PM calls for snap elections amid budget deadlock.** After his 2019 budget proposal was rejected by the Spanish Parliament, socialist PM Sanchez called for a snap election last week in yet another sign of increasing political tensions in Europe. The looming elections, to be held on April 28, extend a period of political uncertainty for Spain since 2015. The development comes just ahead of European Parliament elections in May, which could further increase political risk as populist parties struggle for power across Europe.
- China's exports rise in January.** Chinese exports in January rose 9.1% from a year earlier after falling 4.4% in December, owing to a surge in shipments to the EU and Southeast Asia amid front-loading of orders ahead of the Lunar New Year holiday. Meanwhile, China's trade surplus with the US declined from December's USD30 bn to USD27 bn in January, indicating manufacturers may be trying to find other destinations amid the ongoing trade war with the US. For the week, the Shanghai Composite gained 2.5%.
- US moves to ratchet up Russia sanctions.** A bipartisan group of US senators introduced a bill to ratchet up sanctions on Russia for its meddling in the 2016 US elections and for its interventionist policies in Ukraine. In response, volatility jumped and the RUB-denominated MOEX Index fell 0.8% while the RUB also lost 0.8% against the USD on the week.

LOOKING FORWARD

- The UK releases its unemployment report on **Tuesday** while the last FOMC's meeting minutes will be published on **Wednesday**. Global flash PMIs will be announced on **Thursday** while the Eurozone's CPI data will be released on **Friday**.



MAIN CROSS RATES

€ 1	\$ 1.1296
£ 1	\$ 1.2889
\$ 1	¥ 110.47

	Yield % (17/02)	Yield % (10/02)
Abu Dhabi 2021	2.89	2.87
KSA 2021	3.35	3.44
Dubai 2023	3.66	3.66
Qatar 2023	3.14	3.15
US 10Y	2.66	2.63
German 10Y	0.10	0.09

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,067	2.3%	9.7%
MSCI BRIC	308	-0.4%	8.5%
MSCI EM	1,031	-0.5%	6.7%
USA - S&P 500	2,776	2.5%	10.7%
UK- FTSE 100	7,237	2.3%	7.6%
France - CAC40	5,153	3.9%	8.9%
Germany - DAX	11,300	3.6%	7.0%
Japan - Nikkei 225	20,901	2.8%	4.4%
Dubai	2,534	-0.4%	0.2%
Abu Dhabi	5,036	-1.5%	2.5%
Saudi	8,626	0.2%	10.2%
Oman	4,109	-1.0%	-5.0%
Kuwait	4,796	0.7%	1.2%
Egypt	14,984	1.6%	14.9%
Qatar	9,942	-5.4%	-3.5%
Commodities			
Gold (\$/oz)	1,322	0.6%	3.1%
Silver (\$/oz)	16	-0.2%	1.9%
Platinum (\$/oz)	808	0.9%	1.5%
Oil - Brent (\$/bbl)	66	6.7%	23.1%

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EMIRATES INVESTMENT BANK

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