

Investors flock to safe-havens

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- Investors flock to safe-havens.** Global equities ended mixed in the New Year holiday-shortened week following the US attack on Iranian military leaders on Thursday. Assets like Treasuries, gold and the JPY gained as investors flocked to safe-havens amid a volatile geopolitical environment. On the week, the S&P500 edged lower by 0.2% while the US 10-year Treasury yield lost 9bps to end at 1.79%.
- Global manufacturing remains subdued.** PMIs released last week showed global manufacturing is starting to show signs of stability, although the sector is still weak. A number of uncertainties including trade protectionism, Brexit, policy uncertainty pressured demand for manufactured goods. While China's manufacturing PMI was unchanged in December from November, the Eurozone's PMI dipped slightly and the figure for the US also edged lower marginally.
- Japan's authorities ask industry for wage hikes.** After years of unconventional monetary policy failing to spur inflation and lift demand, PM Abe and BoJ's Kuroda urged industry leaders yet again to boost wages by at least 3% in 2020. Authorities are looking at ways to boost spending and have repeatedly asked businesses for years now to increase wages to help lift inflation which remains well below the BoJ's 2% goal. On the week, rising tensions in the Middle East aided the safe-haven JPY which gained 1.2% against the USD.
- PBoC cuts Reserve Requirement Ratio (RRR).** In a clear signal that authorities continue to take necessary steps to ensure ample liquidity to counter a wider slowdown in the economy, the PBoC cut the RRR for banks and financial institutions by 50bps. The cut aims to help lenders reduce their lending rate to small and medium enterprises. Chinese equities jumped on the news with the benchmark Shanghai Composite rising by 2.6% on the week.
- Oil spikes on US-Iran worries.** Tensions between Iran and the US rose last week after the US killed Iran's most powerful military commander in a drone attack. Trump said the attack was in response to Iran's repeated sabotage attacks on US assets in the region including the recent attack on the US embassy in Iraq. Oil prices spiked on the news as the situation remains volatile amid fears of a larger military confrontation. Brent ended last week with a mild gain of 0.7%.

LOOKING FORWARD

- Global service sector PMIs will be published on **Monday** while Eurozone retail sales and CPI will be released on **Tuesday**. The Eurozone announces its unemployment data on **Thursday** while the US releases its employment report on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1161

£ 1 ————— \$ 1.3083

\$ 1 ————— ¥ 108.09

	Yield % (05/01)	Yield % (29/12)
Abu Dhabi 2027	2.41	2.38
KSA 2029	2.92	2.82
Dubai 2029	3.13	3.12
Qatar 2029	2.56	2.53
US 10Y	1.79	1.88
German 10Y	-0.28	-0.26

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,363	-0.1%	0.2%
MSCI BRIC	345	1.1%	1.5%
MSCI EM	1,124	0.5%	0.8%
USA - S&P 500	3,235	-0.2%	0.1%
UK- FTSE 100	7,622	-0.3%	1.1%
France - CAC40	6,044	0.1%	1.1%
Germany - DAX	13,219	-0.9%	-0.2%
Japan - Nikkei 225	23,657	-0.8%	0.0%
Dubai	2,769	0.2%	0.2%
Abu Dhabi	5,100	1.0%	0.5%
Saudi	8,397	0.5%	0.1%
Oman	4,005	3.6%	0.6%
Kuwait	4,911	0.3%	0.0%
Egypt	13,900	0.1%	-0.4%
Qatar	10,512	1.7%	0.8%
Commodities			
Gold (\$/oz)	1,552	2.8%	2.3%
Silver (\$/oz)	18	1.6%	1.2%
Platinum (\$/oz)	982	3.8%	1.6%
Oil – Brent (\$/bbl)	69	0.7%	3.9%

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