

Global equities take a breather

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **Global equities take a breather.** Global equities paused last week after four consecutive weeks of gains as the IMF lowered its forecast for global growth in 2019 from 3.7% to 3.5%. Sentiment over the US-China trade talk progress also dampened somewhat as US Commerce Secretary Ross stated that the US was "miles and miles" away from an agreement with China. For the week, the S&P500 ended almost flat while the 10-year US Treasury yield fell 2bps to 2.76%.
- **German manufacturing falls into contraction.** Manufacturing in Germany fell into contractionary territory, dropping to 49.9 in January from 51.5 in December, reinforcing fears about the health of the European economy amid a downturn in global trade and uncertainty surrounding Brexit. Meanwhile, Draghi acknowledged that the economic outlook had deteriorated since his last review in December and indicated that the ECB might have to keep its monetary policy loose for longer. For the week, the EuroStoxx50 gained 0.9% while the EUR edged higher by 0.4% against the USD.
- **BoJ stays put on monetary policy.** The BoJ maintained its yield curve-control program and asset purchases while lowering its inflation forecast yet again. The Bank cut its inflation forecast for fiscal year 2019 to 0.9% from 1.4%, citing lower oil prices as the primary reason. Meanwhile, the BoJ also flagged concerns about the potential for external risks to weigh on household and corporate confidence. The Nikkei225 gained 0.5% last week while the JPY also edged higher by 0.2% against the USD.
- **China's 2018 GDP grew at its slowest pace in 28 years.** China's GDP grew by 6.6% in 2018, slower by 0.2% from the previous year, and at its slowest pace since 1990. Meanwhile, December retail sales grew 8.2% on an annual basis, a slight acceleration from the 8.1% registered in November while industrial output grew 5.7% YoY, outpacing November's 5.4% growth. Although the economy finds some support from tax cuts and PBoC monetary stimulus, growth is expected to decelerate further in 2019. Chinese officials are expected to arrive in the US on January 28 to continue trade negotiations, which can be a potential catalyst depending on how the talks pan out.

LOOKING FORWARD

- Japan reports its retail sales on **Tuesday** while the UK Parliament votes on Brexit "Plan B" the same day. The Fed meets to review its monetary policy on **Wednesday** while the Eurozone announces its Q4 GDP and unemployment figures on **Thursday**. US employment data will be published on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1406

£ 1 ————— \$ 1.3196

\$ 1 ————— ¥ 109.55

	Yield % (27/01)	Yield % (20/01)
Abu Dhabi 2021	2.98	2.99
KSA 2021	3.45	3.45
Dubai 2023	3.66	3.78
Qatar 2023	3.22	3.25
US 10Y	2.76	2.78
German 10Y	0.19	0.26

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,002	0.1%	6.3%
MSCI BRIC	305	1.0%	7.6%
MSCI EM	1,032	1.4%	6.9%
USA - S&P 500	2,665	-0.2%	6.3%
UK- FTSE 100	6,809	-2.3%	1.2%
France - CAC40	4,926	1.0%	4.1%
Germany - DAX	11,282	0.7%	6.8%
Japan - Nikkei 225	20,774	0.5%	3.8%
Dubai	2,514	-0.1%	-0.6%
Abu Dhabi	5,019	0.7%	2.1%
Saudi	8,435	-0.2%	7.8%
Oman	4,180	-1.3%	-3.3%
Kuwait	4,783	-0.3%	0.9%
Egypt	13,507	0.2%	3.6%
Qatar	10,712	-0.7%	4.0%
Commodities			
Gold (\$/oz)	1,305	1.8%	1.8%
Silver (\$/oz)	16	2.8%	1.8%
Platinum (\$/oz)	818	2.6%	2.8%
Oil - Brent (\$/bbl)	62	-1.7%	14.6%

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