

## US-China trade tensions abate for now

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Trump softens stance on China.** After intensifying pressure on trade partners in recent weeks, the Trump administration softened its aggressive trade rhetoric in the middle of last week. Plans to block Chinese access to US technology were scrapped in favour of a more rigorous review of all inbound foreign investments into the US. As a result, global equities recovered some of the lost ground with the S&P500 ending the week lower by 1.3%. The 10-year US Treasury yield was down by 5bps while the VIX rose to 16.1 from 13.8 a week ago.
- **European Council (EC) agrees on an immigration deal.** While EU members failed to make any substantial progress on Brexit, they managed to agree on an immigration deal. The member states agreed to ramp up border security controls and expedite the process to decide on asylum seekers by voluntarily opening centres to process applications. The deal reduces some pressure on Merkel from her smaller coalition partner which has been threatening to turn away migrants at Germany's border. The EuroStxx50 lost 1.3% while the EUR gained 0.3% against the USD last week.
- **Japan's unemployment hits record low of 2.2%.** Unemployment in Japan fell to 2.2% in May, a 26-year low and below expectations of 2.5%. Meanwhile, core CPI, which excludes food and energy, remains subdued at below 0.5% as individuals and companies continue to hoard cash despite sustained government efforts to induce both consumer and business spending. The Nikkei225 was down 1.0% while the JPY edged lower by 0.7% against the USD last week.
- **China cuts bank reserve ratio by 50bps.** China's Central Bank announced a 50bps cut in the Reserve Ratio Requirement (RRR) for most banks in an attempt to relax the government's deleveraging stance, at least for the interim period. Amid slowing growth due to the on-going deleveraging drive and dampened sentiment amid trade war fears, Chinese stocks have faced relentless selling pressure in recent weeks. The Shanghai Composite is down 13.9% year-to-date while the CNY is trading at a 6-month low of 6.621 against the USD.
- **Oil rallies on US deadline on Iran oil imports.** Falling US crude oil inventories and reports that the Trump administration aims to stop all Iranian crude exports by November 4 pushed oil prices higher. Brent gained 5.1% last week alone after rising 2.9% the previous week after OPEC decided on a lower-than-expected increase in supply amid pressures to address higher oil price concerns.

### LOOKING FORWARD

- Global manufacturing PMIs will be published on **Monday** while Eurozone retail sales data will be released on **Tuesday**. Global service sector PMIs will be announced on **Wednesday** while Fed meeting minutes will be released on **Thursday**. On **Friday**, US employment figures will be reported.



### MAIN CROSS RATES

€ 1 ————— \$ 1.1684

£ 1 ————— \$ 1.3207

\$ 1 ————— ¥ 110.76

	Yield % (01/07)	Yield % (24/06)
Abu Dhabi 2021	3.28	3.32
KSA 2021	3.55	3.60
Dubai 2023	3.76	3.83
Qatar 2023	3.70	3.70
US 10Y	2.86	2.89
German 10Y	0.30	0.34

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,089	-1.2%	-0.7%
MSCI BRIC	317	-2.4%	-5.6%
MSCI EM	1,070	-1.7%	-7.7%
USA - S&P 500	2,718	-1.3%	1.7%
UK- FTSE 100	7,637	-0.6%	-0.7%
France - CAC40	5,324	-1.2%	0.2%
Germany - DAX	12,306	-2.2%	-4.7%
Japan - Nikkei 225	22,305	-0.9%	-2.0%
Dubai	2,821	-3.7%	-16.3%
Abu Dhabi	4,560	0.5%	3.7%
Saudi	8,314	1.3%	15.0%
Oman	4,572	-0.8%	-9.4%
Kuwait	4,864	0.1%	0.8%
Egypt	16,349	0.0%	8.9%
Qatar	9,024	1.1%	5.8%
Commodities			
Gold (\$/oz)	1,253	-1.4%	-3.9%
Silver (\$/oz)	16	-2.1%	-4.8%
Platinum (\$/oz)	853	-2.7%	-8.1%
Oil - Brent (\$/bbl)	79	5.1%	18.8%

## FOR MORE INFORMATION, PLEASE CONTACT:



Emirates Investment Bank pjsc  
PO Box 5503, Dubai  
Dubai Festival City, UAE



+971 4 231 7777



+971 4 231 7788



[www.eibank.com](http://www.eibank.com)

## ASSET MANAGEMENT TEAM:

### **Nadi Bargouti, CFA**

Managing Director – Head of Asset Management  
[nadi.bargouti@eibank.com](mailto:nadi.bargouti@eibank.com)

### **Yaser Al-Nimr**

Director – Asset Management  
[yaser.alnimr@eibank.com](mailto:yaser.alnimr@eibank.com)

### **Fabien Paturaud, CFA**

Associate Director – Asset Management  
[fabien.paturaud@eibank.com](mailto:fabien.paturaud@eibank.com)

### **Hamad Al Majidi**

Senior Associate – Asset Management  
[hamad.almajidi@eibank.com](mailto:hamad.almajidi@eibank.com)

### **Joyson D'Souza, CFA**

Associate – Asset Management  
[joyson.dsouza@eibank.com](mailto:joyson.dsouza@eibank.com)

---

## EMIRATES INVESTMENT BANK

EIBank is an independent private bank based in Dubai. It offers a wide-range of investment and banking services to an exclusive, but diverse, client base of high-net-worth individuals from across the region and around the world.

Emirates Investment Bank seeks to build long-term partnerships based on a foundation of trust, stability and integrity, which allows it to appreciate the unique circumstances and objectives of each of its clients. This personalised approach guides EIBank when providing its clients with bespoke banking solutions in connection with their wealth, business, and every day affairs.

---

## IMPORTANT INFORMATION

This report is for our clients only. It is not an offer or a solicitation to offer, buy or sell any security or instrument or to participate in any particular trading strategy. This report is based on current public information that we consider reliable, but it should not be considered accurate or complete.

This report is not intended to provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. We recommend that investors independently evaluate particular investments and strategies and we encourage investors to always seek professional advice. The securities, instruments or strategies discussed in this report may not be suitable for all investors and certain investors may not be eligible to purchase or participate in some or all of them.

The value of and income from investments may vary because of a variety of factors. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Fluctuations in exchange rates could have adverse effects on the value, price of and income derived from certain investments. Certain transactions give rise to substantial risk and are not suitable for all investors.

We and our affiliates may transact the securities or derivatives referred to in this research. We may also make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

Emirates Investment Bank pjsc is regulated by the Central Bank of the United Arab Emirates.