

Trump-Xi agree on a temporary truce

بنك الإمارات
للاستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **Trump-Xi agree to restart negotiations.** Yesterday, after his meeting with Chinese President Xi on the sidelines of the G20 summit, Trump said he would hold off on tariffs on an additional USD300 bn worth of Chinese imports for the time being after both sides agreed to resume negotiations. He also agreed to delay restrictions on Huawei while trade talks go on. Overall, global equities moved sideways last week amid uncertainty surrounding the Trump-Xi meeting outcome. The S&P500 closed almost flat while the 10-year US Treasury yield managed to stay just above the 2% mark.
- **Powell cools aggressive monetary easing hopes.** While acknowledging that the economic outlook has worsened since May, Fed Chair Powell cooled market speculation of a 50bps rate cut in July by arguing that the Fed need not react to swings in trader sentiment. He also downplayed Trump's attacks warning political pressure can be damaging to the Central Bank's independence. Meanwhile, the temporary truce on the trade front allows the Fed to closely monitor incoming data and act appropriately.
- **German 10-year yield deep into negative territory.** Amid a slew of disappointing economic data and renewed dovishness from the ECB, the German 10-year government yield has fallen to -0.33%. The ongoing trade tensions have weighed on Germany's export-driven industrial sector while the overall weak sentiment has adversely affected the services sector and consumer confidence. Recent geopolitical worries and structurally low inflation have continued to put downward pressure on the bloc's proxy for the risk-free rate.
- **Brazilian Central Bank cuts its growth forecasts.** Amid weak economic data and a decline in business and consumer confidence owing to the global slowdown, Brazil's Central Bank cut its 2019 economic growth forecast to 0.8% from 2.0% and said growth is likely to be lower than expected through 2021. While the Central Bank expects the economy to recover later in the year, the recovery is contingent on the approval of pension reforms and improvement in the global economy. The BRL lost 0.7% against the USD while the Ibovespa edged lower by 1.0% last week.
- **US imposes further sanctions on Iran.** Tensions between Iran and the US further escalated last week after the Trump administration imposed sanctions on Iran's top leadership. These sanctions mark a new level of instigation and make it harder for the EU and other signatories to salvage the 2015 nuclear deal with Iran. Brent edged higher by 2.1% last week.

LOOKING FORWARD

- Global manufacturing PMIs will be released on **Monday** while global service-sector PMIs will be published on **Wednesday**. Eurozone retail sales data will be announced on **Thursday** while the US releases its employment report on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1373

£ 1 ————— \$ 1.2696

\$ 1 ————— ¥ 107.85

	Yield % (30/06)	Yield % (23/06)
Abu Dhabi 2021	2.06	2.02
KSA 2021	2.29	2.43
Dubai 2023	2.19	2.93
Qatar 2023	2.35	2.36
US 10Y	2.01	2.05
German 10Y	-0.33	-0.29

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,178	0.0%	15.6%
MSCI BRIC	319	0.2%	12.3%
MSCI EM	1,055	0.2%	9.2%
USA - S&P 500	2,942	-0.3%	17.3%
UK- FTSE 100	7,426	0.2%	10.4%
France - CAC40	5,539	0.2%	17.1%
Germany - DAX	12,399	0.5%	17.4%
Japan - Nikkei 225	21,276	0.1%	6.3%
Dubai	2,626	-1.2%	3.8%
Abu Dhabi	4,992	-1.1%	1.6%
Saudi	8,797	-0.8%	12.4%
Oman	3,891	-0.9%	-10.0%
Kuwait	4,744	0.1%	0.1%
Egypt	14,101	0.4%	8.2%
Qatar	10,444	-2.3%	1.4%
Commodities			
Gold (\$/oz)	1,410	0.7%	9.9%
Silver (\$/oz)	15	-0.2%	-1.2%
Platinum (\$/oz)	835	3.1%	4.9%
Oil - Brent (\$/bbl)	67	2.1%	23.7%

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