

Strong US jobs data lifts sentiment

بنك الإمارات
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EMIRATES INVESTMENT BANK

LOOKING BACK

- Strong US jobs data lifts sentiment.** Despite Trump's re-imposition of steel and aluminium tariffs on the EU, Canada and Mexico and amidst political turmoil in Europe, the S&P500 ended last week higher by 0.5% as US unemployment fell to 3.8%, its lowest level since April 2000. The economy added 223k new jobs in April, compared to the 2018 monthly average of 207k while average hourly wages increased by 2.7% year-on-year (YoY). The US Treasury 10-year yield fell to an intra-week low of 2.78% before rebounding on the jobs data to 2.90%, down by just 3bps for the week.
- Italy forms government; Spanish PM goes.** After more than a week of heightened uncertainty amid calls for impeachment of President Mattarella, the two populist parties finally formed a coalition government, naming an academic Conte as PM of Italy. Eurozone markets recovered on Friday after a string of losses as the prospect of a snap election was averted. Meanwhile, Spain's opposition parties formed a new government after ousting PM Rajoy, whose former aides were convicted in a multi-million EUR corruption case. The EuroStoxx50 ended the week lower by 1.8% while the EUR closed flat against the USD.
- Bank of Japan (BoJ) continues to struggle with weak inflation.** Amid recent gains in the safe-haven JPY owing to trade war fears and geopolitical concerns, BoJ Governor Kuroda conceded that inflation had recently been weak despite a steady economic expansion underway in Japan. Meanwhile, he also reiterated the Bank's readiness to maintain its stimulus program. The Nikkei225 lost 1.2% last week while the JPY was flat and is 2.8% stronger against the USD year-to-date.
- Moody's puts Turkey on watch.** Moody's, which had already downgraded Turkey to Ba2 from Ba1 in March, announced that it would review the country's credit rating for another potential downgrade, citing concern over economic management and the erosion of investor confidence. The TRY has lost 22.4% against the USD so far this year on concerns about President Erdogan's interference in monetary policy and his opposition to higher rates.
- India's economy grows strongly; focus on RBI.** India expanded by a strong 7.7% YoY in Q1, almost entirely driven by domestic demand while net exports continue to be sluggish. The data signals the economy has likely turned the corner after a slowdown induced by structural reforms such as demonetization and the Goods and Services Tax (GST). Backed by strong growth and higher inflation, the RBI is expected to raise rates in June.

LOOKING FORWARD

- Eurozone PPI will be released on **Monday** while several global services PMIs will be published on **Tuesday**. Eurozone Q1 GDP data will be published on **Thursday** while Japan Q1 GDP and China's trade balance will be reported on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1659

£ 1 ————— \$ 1.3346

\$ 1 ————— ¥ 109.54

	Yield % (03/06)	Yield % (27/05)
Abu Dhabi 2021	3.23	3.19
KSA 2021	3.54	3.54
Dubai 2023	3.92	3.90
Qatar 2023	3.75	3.73
US 10Y	2.90	2.93
German 10Y	0.39	0.41

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,109	-0.1%	0.3%
MSCI BRIC	335	-0.1%	-0.2%
MSCI EM	1,130	-0.6%	-2.4%
USA - S&P 500	2,735	0.5%	2.3%
UK- FTSE 100	7,702	-0.4%	0.2%
France - CAC40	5,466	-1.4%	2.9%
Germany - DAX	12,724	-1.7%	-1.5%
Japan - Nikkei 225	22,171	-1.2%	-2.6%
Dubai	2,964	0.3%	-12.0%
Abu Dhabi	4,605	0.1%	4.7%
Saudi	8,161	1.5%	12.9%
Oman	4,607	0.9%	-8.7%
Kuwait	4,816	0.1%	-0.2%
Egypt	16,415	-1.3%	9.3%
Qatar	8,881	-1.9%	4.2%
Commodities			
Gold (\$/oz)	1,293	-0.7%	-0.7%
Silver (\$/oz)	16	-0.6%	-3.1%
Platinum (\$/oz)	904	0.3%	-2.6%
Oil - Brent (\$/bbl)	77	0.5%	14.8%

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EMIRATES INVESTMENT BANK

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