

## Easier financial conditions expected going forward

بنك الإمارات  
للاستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Easier financial conditions expected going forward.** Amid the worsening of US-China relations on the trade front and its clear dampening impact on global growth so far, Central Banks have started to pre-emptively deal with the challenges. While China plans to boost infra spending through the issuance of local government debt, the ECB and the BoJ announced their readiness to ease policy further, if required. Also, markets are pricing in an 85% probability of a 25bps rate cut by the Fed in July. Meanwhile, falling inflation expectations globally have allowed for concerted monetary and fiscal action from policymakers.
- **UK economy falters; Johnson leads polls to succeed May.** Monthly data showed the UK's economy contracted sharply in April amid the largest decline in car production on record. PMI data for May also showed contraction in manufacturing and construction. Meanwhile, former Foreign Secretary Johnson was leading in the Conservative Party's first round of voting as a replacement to the outgoing PM May. Political uncertainty has weighed on business as well as consumer confidence, adversely affecting the GBP which lost 1.2% against the USD last week.
- **Chinese equities rebound on hopes for stimulus.** Data for May showed both Industrial Output and fixed-asset investment slowed from April and lagged expectations. The Shanghai Composite gained 1.9% on the week, its best performance in two months, on increasing confidence that authorities would step up stimulus measures to counter the impact of heightened trade tensions with the US with hopes for a Trump-Xi meet at the upcoming G20 meeting fading.
- **Turkey defies the US.** Tensions between the NATO allies escalated and the threat of US sanctions loomed large over Turkey's decision to go ahead with its purchase of Russian military equipment. A surge in oil prices late last week following the oil tanker attacks in the region also weighed on investor sentiment, Turkey being a major oil importer. On the week, the BIST-100 lost 3.2% while the TRY fell 1.1% against the USD.
- **Oil had a volatile week.** Brent started last week on a weak note after the IEA reported that global oil supplies will increase far more than demand next year on slowing global demand amid rising trade and geopolitical concerns. By the end of the week, prices recovered as several attacks on oil tankers in the gulf raised supply concerns. Brent whipsawed against both demand and supply worries, ending last week lower by 2.0%.

### LOOKING FORWARD

- The Eurozone reports its CPI on **Tuesday** while the UK announces its CPI and the FOMC meets on **Wednesday**. The BoJ and the BoE review their respective monetary policies on **Thursday** while global flash PMIs will be published on **Friday**.



### MAIN CROSS RATES

€ 1 ————— \$ 1.1208

£ 1 ————— \$ 1.2589

\$ 1 ————— ¥ 108.56

	Yield % (16/06)	Yield % (09/06)
Abu Dhabi 2021	2.14	2.16
KSA 2021	2.57	2.57
Dubai 2023	3.10	3.39
Qatar 2023	2.48	2.49
US 10Y	2.08	2.08
German 10Y	-0.26	-0.26

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,131	0.2%	13.1%
MSCI BRIC	306	0.8%	7.8%
MSCI EM	1,015	0.8%	5.1%
USA - S&P 500	2,887	0.5%	15.2%
UK- FTSE 100	7,346	0.2%	9.2%
France - CAC40	5,368	0.1%	13.5%
Germany - DAX	12,096	0.4%	14.6%
Japan - Nikkei 225	21,117	1.1%	5.5%
Dubai	2,633	0.5%	4.1%
Abu Dhabi	4,964	-0.8%	1.0%
Saudi	8,942	5.0%	14.2%
Oman	3,918	-0.6%	-9.4%
Kuwait	4,803	0.7%	1.4%
Egypt	14,181	2.8%	8.8%
Qatar	10,516	1.9%	2.1%
<b>Commodities</b>			
Gold (\$/oz)	1,342	0.1%	4.6%
Silver (\$/oz)	15	-0.9%	-4.0%
Platinum (\$/oz)	805	-0.3%	1.2%
Oil - Brent (\$/bbl)	62	-2.0%	15.3%

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## EMIRATES INVESTMENT BANK

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