

## US-China trade deal progress marred by geopolitical worries

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Global equities mixed on geopolitical concerns.** Optimism over progress in the US-China trade talks gained further traction last week following tweets from President Trump. He announced that he would delay the implementation of higher US tariffs when the truce period expires on March 1, citing "substantial progress" on a range of issues with China. Global equities were mixed last week amid tensions between India and Pakistan and a failure between the US and North Korea to reach an agreement on denuclearisation.
- **Eurozone manufacturing PMI falls into contraction.** The Eurozone's manufacturing PMI for February contracted to 49.3, versus 50.5 in January, as a difficult international climate marked by trade and political uncertainties led to a marked slowdown in manufacturing activity. Stricter emission rules for the auto industry also weighed on manufacturing activity. The EuroStoxx50 ended last week higher by 1.3% while the EUR gained 0.3% against the USD.
- **Japan's retail sales decline.** Japanese retail sales fell 2.3% in January month on month, dashing hopes that domestic demand may offset weakening external demand. Meanwhile, Industrial Production (IP) for January also dropped 3.7%, its biggest decline in a year in a sign slowing Chinese demand and the US-China trade war have taken a toll on Japan's manufacturing sector, a major driver of economic growth. For the week, the Nikkei225 edged higher by 0.8% while the safe-haven JPY corrected by 1.1% on optimism surrounding a potential US-China trade deal.
- **Chinese equities gain further on MSCI move.** While optimism surrounding the US-China trade deal grows, Chinese equities gained further momentum last week after MSCI announced that it would quadruple the weighting of mainland Chinese equities (A shares) in its widely-tracked global benchmarks this year. The move which will be implemented in three steps starting May, spurred investor interest with the Shanghai Composite gaining 6.8% last week alone.
- **Oil falls on demand worries.** Brent fell 3.1% last week as global demand growth concerns overshadowed OPEC-led supply cuts and sanctions on Venezuela and Iran. Clear signs of slowing manufacturing activity across the developed world as well as China could weigh on oil prices going forward, especially after a 29% rally since the last week of December.

### LOOKING FORWARD

- Global service-sector PMIs will be published on **Tuesday** while the US reports its trade balance on **Wednesday**. The ECB meets to review its monetary policy on **Thursday** while Q4 GDP data for the Eurozone will be released on the same day. US jobs data, the UK's IP figures and Japan's Q4 GDP will be announced on **Friday**.



### MAIN CROSS RATES

€ 1	\$ 1.1365
£ 1	\$ 1.3202
\$ 1	¥ 111.89

	Yield % (03/03)	Yield % (24/02)
Abu Dhabi 2021	2.78	2.85
KSA 2021	3.21	3.30
Dubai 2023	3.62	3.68
Qatar 2023	3.10	3.13
US 10Y	2.75	2.65
German 10Y	0.18	0.10

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,096	0.4%	11.3%
MSCI BRIC	316	-0.2%	11.5%
MSCI EM	1,052	-0.7%	8.9%
USA - S&P 500	2,804	0.4%	11.8%
UK- FTSE 100	7,107	-1.0%	5.6%
France - CAC40	5,265	0.9%	11.3%
Germany - DAX	11,602	1.3%	9.9%
Japan - Nikkei 225	21,603	0.8%	7.9%
Dubai	2,636	0.1%	4.2%
Abu Dhabi	5,138	0.8%	4.5%
Saudi	8,493	-0.6%	8.5%
Oman	4,144	2.2%	-4.1%
Kuwait	4,773	-0.4%	0.7%
Egypt	14,804	-2.3%	13.6%
Qatar	10,112	-0.8%	-1.8%
<b>Commodities</b>			
Gold (\$/oz)	1,293	-2.7%	0.9%
Silver (\$/oz)	15	-4.5%	-1.9%
Platinum (\$/oz)	859	1.9%	8.0%
Oil - Brent (\$/bbl)	65	-3.1%	20.9%

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## EMIRATES INVESTMENT BANK

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