

Relying on Artificial Support

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EMIRATES INVESTMENT BANK

LOOKING BACK

- **Global equities correct on ECB's change of stance.** In response to the ongoing economic slowdown, the ECB revealed measures to stimulate the Eurozone's slowing economy. The Bank will keep interest rates steady through 2019 or beyond, if necessary, and provide fresh cheap loans to banks. The shift in stance comes less than three months after the Central Bank phased out its purchase of new bonds under its QE program. The ultra-dovish tone weighed on the EUR, which lost 1.1% against the USD, and pushed yields lower globally.
- **US jobs data disappoint.** The US economy added 20k jobs in February, a far cry from the expected 180k figure. While the headline figure disappointed, the Jan and Feb average of 165k was in line with the average for the entire US business cycle. Meanwhile, the unemployment rate fell to 3.8% from January's 4.0% while average hourly earnings rose 3.4%, higher than January's 3.2% rate. The lower February jobs number was attributed to a mild January and a cold and wet February which disrupted job gains in the leisure and hospitality sectors. The US 10-year Treasury yield lost 12bps to end at 2.63%.
- **China's exports fall in February.** In a sign that global demand is on the wane, Chinese exports fell 20.7% YoY in February. While the slump was partly due to the front-loading of Chinese exports in January on account of the Lunar New Year holiday season, the sharp fall in the value of goods exported to the US suggest US tariffs have become a meaningful drag on exports. For the week, the Shanghai Composite edged lower by 0.8%, its first weekly fall this year.
- **S&P downgrades Mexico.** The S&P downgraded the stand-alone credit rating of state oil firm Pemex to B- from BB- while also changing the Mexican government's credit outlook from stable to negative. The agency cited Pemex's financial difficulties which include a debt of around USD100 bn, while also highlighting the challenges faced by AMLO's government which relies on Pemex for a substantial percentage of its fiscal revenue. The MXN lost 1.2% against the USD last week.
- **Turkish equities fall on Central Bank's hawkish stance.** The BIST100 declined 1.7% last week after Turkey's Central bank left its key interest rate unchanged at 24%. Despite a steady decline in the inflation rate from a 15-year high of 25% in October 2018 to 19.67% in February, the Bank expressed its intent to keep monetary policy tight until inflation shows significant improvement.

LOOKING FORWARD

- US retail sales data will be released on **Monday** while the UK's Industrial Production (IP) and US CPI data will be announced on **Tuesday**. The Eurozone's IP will be released on **Wednesday**. The BoJ meets on **Friday** while Eurozone CPI and US IP will be published on the same day.



MAIN CROSS RATES

€ 1 ————— \$ 1.1235

£ 1 ————— \$ 1.3015

\$ 1 ————— ¥ 111.17

	Yield % (10/03)	Yield % (03/03)
Abu Dhabi 2021	2.83	2.78
KSA 2021	3.25	3.21
Dubai 2023	3.70	3.62
Qatar 2023	3.14	3.10
US 10Y	2.63	2.75
German 10Y	0.07	0.18

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,051	-2.2%	8.9%
MSCI BRIC	312	-1.3%	10.0%
MSCI EM	1,030	-2.0%	6.7%
USA - S&P 500	2,743	-2.2%	9.4%
UK- FTSE 100	7,104	0.0%	5.6%
France - CAC40	5,231	-0.6%	10.6%
Germany - DAX	11,458	-1.2%	8.5%
Japan - Nikkei 225	21,026	-2.7%	5.1%
Dubai	2,595	-1.6%	2.6%
Abu Dhabi	4,914	-4.3%	0.0%
Saudi	8,479	-0.2%	8.3%
Oman	4,113	-0.8%	-4.9%
Kuwait	4,775	0.0%	0.8%
Egypt	14,904	0.7%	14.3%
Qatar	9,781	-3.3%	-5.0%
Commodities			
Gold (\$/oz)	1,298	0.4%	1.2%
Silver (\$/oz)	15	0.9%	-1.0%
Platinum (\$/oz)	818	-4.8%	2.8%
Oil - Brent (\$/bbl)	66	1.0%	22.2%

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EMIRATES INVESTMENT BANK

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