

Trade protectionism weighs on risk sentiment

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EMIRATES INVESTMENT BANK

LOOKING BACK

- **Trade protectionism weighs on risk sentiment.** Mixed economic data and growing concerns over Trump's plans to slap punitive tariffs on China weighed on risk sentiment last week. US retail sales declined 0.1% in February, well below the 0.3% rise expected while CPI rose modestly, alleviating some concerns that inflation is about to accelerate. The US 10-year yield fell on the news and ended last week down by 5bps at 2.84% while the S&P500 lost 1.2%.
- **UK facing lower growth environment.** The Organization for Economic Cooperation and Development (OECD) reported that the UK's growth would be the slowest in G20 this year as slowing consumer and business demand - due to Brexit uncertainty - weigh on economic prospects. Meanwhile, the OECD expects the global economy to grow by 3.9% this year, its fastest pace since 2011, helped by US tax cuts and spending in Germany.
- **Japan's Abe embroiled in real estate scandal.** In a major distraction to Japan's sustained economic recovery, a long-standing real estate scandal involving PM Abe and his wife resurfaced last week. Although he has denied any wrongdoing, he faces pressure from opponents to resign, raising some doubts about his political future and his ability to continue pushing through economic and political reforms. The JPY gained 0.8% against the USD last week while the Nikkei225 closed 1.0% higher.
- **China merges banking and insurance regulators.** As part of a sweeping overhaul aimed at curbing risk and loopholes, China plans to merge its banking (CBRC) and insurance agencies (CIRC) to form a new powerful regulator called China Banking and Insurance Regulatory Commission (CBIRC). The move is in line with the government's efforts to tighten control over debt-laden state-owned entities in an effort to make them more efficient and productive.
- **Russia-UK tensions rise; RUB falls.** The diplomatic spat over the poisoning of a former Russian spy on British soil took a toll on Russian markets last week. In a sharp response, UK PM May expelled 23 Russian diplomats alongside actions to freeze Russian assets in the UK. Russia is set to expel 23 UK diplomats in a like-for-like response. Meanwhile, the RUB fell 1.5% against the USD last week and Russians are due to vote in presidential elections today.

LOOKING FORWARD

- Japan publishes its trade balance on **Monday** while the UK releases its CPI data on **Tuesday**. The US Fed meets to set rates on **Wednesday** while the BoE reviews monetary policy on **Thursday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.2290

£ 1 ————— \$ 1.3942

\$ 1 ————— ¥ 106.01

	Yield % (18/03)	Yield % (11/03)
Abu Dhabi 2021	2.96	2.96
KSA 2021	3.43	3.40
Dubai 2023	3.57	3.57
Qatar 2023	3.63	3.62
US 10Y	2.84	2.89
German 10Y	0.57	0.65

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,134	-0.7%	1.5%
MSCI BRIC	359	0.8%	6.9%
MSCI EM	1,213	0.5%	4.7%
USA - S&P 500	2,752	-1.2%	2.9%
UK- FTSE 100	7,164	-0.8%	-6.8%
France - CAC40	5,283	0.2%	-0.6%
Germany - DAX	12,390	0.3%	-4.1%
Japan - Nikkei 225	21,677	1.0%	-4.8%
Dubai	3,197	1.3%	-5.1%
Abu Dhabi	4,543	0.3%	3.3%
Saudi	7,745	2.4%	7.1%
Oman	4,897	-0.7%	-3.0%
Kuwait	6,760	-0.3%	5.5%
Egypt	16,999	3.2%	13.2%
Qatar	8,848	6.5%	3.8%
Commodities			
Gold (\$/oz)	1,314	-0.7%	0.9%
Silver (\$/oz)	16	-1.5%	-3.5%
Platinum (\$/oz)	950	-1.6%	2.4%
Oil - Brent (\$/bbl)	66	1.1%	-1.0%

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EMIRATES INVESTMENT BANK

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