

## Global slowdown fears weigh on markets

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Fed reacts to faltering global growth.** Amid clear signs of slowing global growth and muted inflation, Fed Chair Powell said US interest rates could be on hold for "some time". The Bank slashed its projected interest-rate increases this year to zero from two while also deciding to end the drawdown of its balance sheet by September. In response, global equities as well as yields fell with the 10-year US Treasury yield dropping 15bps to 2.44% while the S&P500 edged lower by 0.8% on the week.
- **European manufacturing slows further.** Amid mounting fears of a slowdown in the global economy, the Eurozone's manufacturing contracted the most since December 2012. Germany's manufacturing PMI slumped for a third straight month, falling to 44.6 in March, its lowest level since 2012. A slew of factors including Brexit uncertainty, US-China trade tensions and a slowdown in the auto industry have contributed to waning global demand and taken a toll on German manufacturing. For the week, the EuroStoxx50 lost 2.4% while the EUR fell 0.2% against the USD.
- **PM May gets a short extension.** The EU agreed to grant a 2-week extension to PM May to hold another vote in the UK Parliament on the current Brexit agreement. If she fails to secure Parliamentary approval yet again, PM May would likely seek a longer extension of the Brexit deadline from the EU, which would require the UK to participate in the European Parliamentary elections to be held in May. As of now, PM May has come under growing pressure to quit, which could lead to the UK Parliament formally taking control of the process. The GBP lost 0.6% against the USD while the FTSE100 edged lower by 0.3%.
- **Japan downgrades its economic outlook.** Last week, Japan downgraded its economic outlook for the first time in three years, citing weak exports and Industrial Production (IP) owing to the ongoing US-China trade dispute. Japan's exports fell for a third consecutive month in February and imports declined the most in more than two years. The downbeat outlook could force the BoJ to take further steps to bolster faltering economic growth. The safe-haven JPY gained 1.4% against the USD while the Nikkei225 edged higher by 0.8%.
- **Brazilian equities fall on Temer arrest.** After touching a fresh all-time high at the start of last week, the Ibovespa came under pressure following news that former President Temer was arrested on corruption charges related to construction contracts while in office. The news creates unnecessary distraction just as President Bolsonaro looks to pass his pension reform bill in Parliament. The Ibovespa lost 5.5% on the week while the BRL fell 2.4% against the USD.

### LOOKING FORWARD

- The UK Parliament votes on the next Brexit steps on **Monday** while US consumer confidence figure will be released on **Tuesday**. US Q4 GDP will be announced on **Thursday**. Japan reports its CPI, retail sales and IP data on **Friday** while the UK releases its Q4 GDP data on the same day.



### MAIN CROSS RATES

€ 1 ————— \$ 1.1302

£ 1 ————— \$ 1.3209

\$ 1 ————— ¥ 109.92

	Yield % (24/03)	Yield % (17/03)
Abu Dhabi 2021	2.60	2.71
KSA 2021	2.92	3.13
Dubai 2023	3.56	3.62
Qatar 2023	2.92	3.09
US 10Y	2.44	2.59
German 10Y	-0.02	0.08

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,095	-0.7%	11.2%
MSCI BRIC	320	-0.8%	12.9%
MSCI EM	1,060	0.2%	9.7%
USA - S&P 500	2,801	-0.8%	11.7%
UK- FTSE 100	7,208	-0.3%	7.1%
France - CAC40	5,270	-2.5%	11.4%
Germany - DAX	11,364	-2.8%	7.6%
Japan - Nikkei 225	21,627	0.8%	8.1%
Dubai	2,629	2.1%	3.9%
Abu Dhabi	5,127	2.6%	4.3%
Saudi	8,709	1.5%	11.3%
Oman	4,153	1.9%	-4.0%
Kuwait	4,813	1.4%	1.6%
Egypt	14,783	-1.4%	13.4%
Qatar	9,954	-0.2%	-3.4%
<b>Commodities</b>			
Gold (\$/oz)	1,314	0.9%	2.4%
Silver (\$/oz)	15	0.9%	-0.5%
Platinum (\$/oz)	847	1.9%	6.5%
Oil - Brent (\$/bbl)	67	-0.2%	24.6%

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## EMIRATES INVESTMENT BANK

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