

US-China trade dispute remains unresolved

بنك الإمارات
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EMIRATES INVESTMENT BANK

LOOKING BACK

- US-China trade dispute remains unresolved.** Last week, a US trade delegation led by Treasury Secretary Mnuchin went to China in order to resolve trade disputes. Following the 2-day meeting, both sides said they would continue discussions, but no official statement was issued from either side. Meanwhile, the Trump administration announced the extension of the steel tariff exemptions on the EU, Canada and Mexico until June 1st to allow further negotiations.
- US unemployment rate falls below 4%.** The US economy added 164k jobs in April, 29k less than expected. However, the unemployment rate fell to 3.9%, its lowest level since 2000, while average hourly earnings rose 0.1% month-on-month (MoM), leaving the year-on-year (YoY) figure unchanged at 2.6%. The labour participation rate edged slightly lower to 62.8%, from 62.9% previously.
- The Fed keeps monetary policy unchanged.** As widely expected, the Fed left monetary policy unchanged at its April meeting. In its comments, the Fed highlighted that the 2% inflation target is "symmetric" allowing inflation to overshoot the target over the medium term. The US 10Y yield remained unmoved by the announcement and closed at 2.95%, while the USD strengthened by 1.1% against major peers.
- Eurozone growth slows in Q1.** The Eurozone economy grew by 0.4% in Q1, recording its slowest quarterly growth rate since Q3 2016. The Q4 2017 figure was revised upwards to 0.7%, from a previous estimate of 0.6%, bringing the annual growth rate to a still healthy 2.5%. Meanwhile, headline inflation fell to 1.2%, from 1.4% in March, somewhat complicating the ECB's QE tapering plan.
- Oil rebounds amid fears of Iran sanctions.** Oil prices rebounded last week amid fears that the Trump administration might pull out of the 2015 nuclear deal and could impose fresh sanctions on Iran. WTI gained 2.4% to close at USD 69.7/bbl, while Brent closed at USD 74.9/ bbl, up 0.3% for the week.

LOOKING FORWARD

- China's latest trade data will be released on **Tuesday**, followed by the same data for Germany later in the day. On **Wednesday**, France's industrial and manufacturing production data will be released. On **Thursday**, the Bank of England meets to review its monetary policy, while the latest US inflation report will be released the same day.



MAIN CROSS RATES

€ 1 ————— \$ 1.1960

£ 1 ————— \$ 1.3531

\$ 1 ————— ¥ 109.12

	Yield % (06/05)	Yield % (29/04)
Abu Dhabi 2021	3.24	3.20
KSA 2021	3.62	3.57
Dubai 2023	3.89	3.81
Qatar 2023	3.81	3.78
US 10Y	2.95	2.96
German 10Y	0.54	0.57

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,089	-0.3%	-0.7%
MSCI BRIC	334	-1.3%	-0.5%
MSCI EM	1,136	-1.7%	-1.9%
USA - S&P 500	2,663	-0.2%	-0.4%
UK- FTSE 100	7,567	0.9%	-1.6%
France - CAC40	5,516	0.6%	3.8%
Germany - DAX	12,820	1.9%	-0.8%
Japan - Nikkei 225	22,473	0.0%	-1.3%
Dubai	2,948	-3.1%	-12.5%
Abu Dhabi	4,557	-3.0%	3.6%
Saudi	8,107	-1.7%	12.2%
Oman	4,726	0.1%	-7.3%
Kuwait	6,633	-0.4%	0.4%
Egypt	17,833	-2.9%	18.7%
Qatar	8,806	-3.1%	3.3%
Commodities			
Gold (\$/oz)	1,315	-0.7%	0.9%
Silver (\$/oz)	17	0.1%	-2.4%
Platinum (\$/oz)	912	-0.4%	-1.8%
Oil - Brent (\$/bbl)	75	0.3%	12.0%

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EMIRATES INVESTMENT BANK

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