

## Mixed week on US-China trade dispute

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- Mixed week on US-China trade dispute.** On Monday, China expectedly retaliated by raising tariffs from 10% to between 10% and 25% on USD60 bn worth of US imports. Meanwhile, Trump sought to intensify pressure on China by banning US companies from doing business with Huawei and at the same time offering to meet China's President Xi on the sidelines of the upcoming G20 summit in June. Overall, it was a mixed week on the US-China trade front with the S&P500 recovering most of the ground it initially lost, to end the week lower by just 0.8%.
- Trump steps back on trade disputes elsewhere to focus on China.** As the US-China trade dispute ensues, Trump appeared to be striking a conciliatory tone with other countries over trade. He announced he would delay his decision to impose tariffs on automobiles imported from the EU and other countries including Japan for at least six months. Meanwhile, Trump also paved the way for the ratification of the revised NAFTA deal by lifting steel and aluminium tariffs on Canada and Mexico. The tariffs on Turkish steel imports were also halved from 50% to 25%.
- GBP falls on Brexit talk breakdown.** On Friday, Brexit negotiations between PM May and her opposition broke down with Corbyn - the Labour Party leader - vowing to vote against the Brexit deal in early June. Meanwhile, the GBP came under further pressure after former UK Foreign Secretary Johnson, an ardent Brexit supporter, announced that he would stand for the Conservative Party leadership once PM May resigns. Both the developments raised the possibility of a no-deal Brexit, affecting the GBP, which slumped 2.1% against the USD last week.
- Chinese macro data disappoints.** Amid the deepening rift between the US and China on trade, a batch of data showed the Chinese economy remains vulnerable to a further slowdown even before fresh US tariffs take effect. April figures for industrial output and retail sales painted a hazy picture as levels came in below expectations. Although retail sales grew 7.2% in April year-over-year, the growth was its slowest in more than 16 years. The deteriorating macro outlook remains a worry for policymakers and raises expectations of a further monetary and fiscal boost. The Shanghai Composite lost 1.9% while the CNY fell 1.4% against the USD last week.
- Tensions flare up in Middle East.** Tensions heightened last week in the region after sabotage attacks on two oil tankers in the Gulf and drone attacks on some Saudi energy facilities were reported. Both the US and Iran called for restraint, mitigating concerns somewhat. Despite the tensions, oil prices were largely stable last week after the IEA cut its global oil-demand forecast on disappointing fuel consumption in China, Japan and Brazil so far this year.

### LOOKING FORWARD

- Japan reports its GDP and Industrial Production (IP) data on **Monday** while the UK releases its CPI on **Wednesday**. Global flash PMIs will be announced on **Thursday** while UK retail sales data will be published on **Friday**.



### MAIN CROSS RATES

€ 1	\$ 1.1158
£ 1	\$ 1.2724
\$ 1	¥ 110.08

	Yield % (19/05)	Yield % (12/05)
Abu Dhabi 2021	2.46	2.54
KSA 2021	2.88	2.83
Dubai 2023	3.67	3.57
Qatar 2023	2.83	2.82
US 10Y	2.39	2.47
German 10Y	-0.10	-0.05

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,117	-0.5%	12.3%
MSCI BRIC	303	-3.2%	6.6%
MSCI EM	996	-3.6%	3.2%
USA - S&P 500	2,860	-0.8%	14.1%
UK- FTSE 100	7,349	2.0%	9.2%
France - CAC40	5,438	2.1%	15.0%
Germany - DAX	12,239	1.5%	15.9%
Japan - Nikkei 225	21,250	-0.4%	6.2%
Dubai	2,575	-3.7%	1.8%
Abu Dhabi	4,719	-6.6%	-4.0%
Saudi	8,622	-2.7%	10.2%
Oman	3,859	-0.1%	-10.8%
Kuwait	4,762	-1.4%	0.5%
Egypt	13,660	-2.8%	4.8%
Qatar	9,872	-1.5%	-4.1%
Commodities			
Gold (\$/oz)	1,278	-0.7%	-0.4%
Silver (\$/oz)	14	-2.6%	-7.1%
Platinum (\$/oz)	819	-5.4%	2.9%
Oil - Brent (\$/bbl)	72	2.3%	34.2%

## FOR MORE INFORMATION, PLEASE CONTACT:



Emirates Investment Bank pjsc  
PO Box 5503, Dubai  
Dubai Festival City, UAE



+971 4 231 7777



+971 4 231 7788



[www.eibank.com](http://www.eibank.com)

## ASSET MANAGEMENT TEAM:

### **Nadi Bargouti, CFA**

Managing Director – Head of Asset Management  
[nadi.bargouti@eibank.com](mailto:nadi.bargouti@eibank.com)

### **Yaser Al-Nimr**

Director – Asset Management  
[yaser.alnimr@eibank.com](mailto:yaser.alnimr@eibank.com)

### **Hamad Al Majidi**

Senior Associate – Asset Management  
[hamad.almajidi@eibank.com](mailto:hamad.almajidi@eibank.com)

### **Joyson D'Souza, CFA**

Associate – Asset Management  
[joyson.dsouza@eibank.com](mailto:joyson.dsouza@eibank.com)

### **Ravindra Deshpande**

Associate – Asset Management  
[ravindra.deshpande@eibank.com](mailto:ravindra.deshpande@eibank.com)

## EMIRATES INVESTMENT BANK

EIBank is an independent private bank based in Dubai. It offers a wide-range of investment and banking services to an exclusive, but diverse, client base of high-net-worth individuals from across the region and around the world.

Emirates Investment Bank seeks to build long-term partnerships based on a foundation of trust, stability and integrity, which allows it to appreciate the unique circumstances and objectives of each of its clients. This personalised approach guides EIBank when providing its clients with bespoke banking solutions in connection with their wealth, business, and every day affairs.

## IMPORTANT INFORMATION

This report is for our clients only. It is not an offer or a solicitation to offer, buy or sell any security or instrument or to participate in any particular trading strategy. This report is based on current public information that we consider reliable, but it should not be considered accurate or complete.

This report is not intended to provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. We recommend that investors independently evaluate particular investments and strategies and we encourage investors to always seek professional advice. The securities, instruments or strategies discussed in this report may not be suitable for all investors and certain investors may not be eligible to purchase or participate in some or all of them.

The value of and income from investments may vary because of a variety of factors. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Fluctuations in exchange rates could have adverse effects on the value, price of and income derived from certain investments. Certain transactions give rise to substantial risk and are not suitable for all investors.

We and our affiliates may transact the securities or derivatives referred to in this research. We may also make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.

Emirates Investment Bank pjsc is regulated by the Central Bank of the United Arab Emirates.