

Fears of a trade war start to materialize

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **Global equities correct on trade war fears.** Trump's move to impose tariffs of 25% on steel and 10% on aluminium imports stoked fears of a trade war and spooked global markets. Despite a more dovish tone by Fed Chair Powell at the Senate Banking Committee, market sentiment took a blow on New York Fed's Dudley's statement that four rate hikes by the Fed this year would constitute a "gradual" tightening. The VIX jumped mid-week and closed 3 points higher to end at 19.6 while the S&P500 corrected by 2.0%.
- **Eurozone inflation data disappoints.** The Eurozone headline CPI rate dipped from 1.3% to 1.2%, its weakest level since December 2016 while core CPI remained steady at 1.0%. Meanwhile, Italians are voting today to elect their next President. The outcome may not result in a clear winner with the Eurosceptic Five Star party set to emerge as the single largest party. The EuroStoxx50 tracked the global sell-off and lost 3.4% last week.
- **Chinese economy showing signs of slowdown.** China's official manufacturing PMI hit a 19-month low of 50.3 in February, from 51.3 in January, with the Lunar New Year holidays contributing to a deceleration in business activity. The non-manufacturing PMI figure also dropped from 55.3 in January to 54.4. The Chinese economy is expected to slow down after better-than-expected GDP growth in 2017 as the government cracks down on polluting industries and high debt levels.
- **India's economy recovers from disruptions.** After more than two quarters of major supply-side disruptions caused by demonetization and the introduction of the nationwide Goods & Services Tax (GST), India's economy seems to have turned the corner as it grew 7.2% in the last quarter of 2017, its fastest pace in five quarters. However, higher oil prices and a spike in yields caused by the government's fiscal overshoot are likely to hit private investment and growth going forward.
- **Oil falls on US inventory data.** Weakness in global markets, a larger-than-expected increase in US oil inventories and concerns of a sustained pick-up in US shale production took a toll on oil markets. However on Friday, Brent rebounded after data showed US rigs rose by a smaller than expected count. It ended with a weekly loss of 4.4%.

LOOKING FORWARD

- India releases its composite PMI on **Monday**. US payroll data will be released on **Thursday** while the ECB meets to review monetary policy on the same day. The BoJ meets on **Friday**.



MAIN CROSS RATES

€ 1	\$ 1.2317
£ 1	\$ 1.3802
\$ 1	¥ 105.75

	Yield % (04/03)	Yield % (25/02)
Abu Dhabi 2021	2.96	2.94
KSA 2021	3.36	3.32
Dubai 2023	3.54	3.51
Qatar 2023	3.64	3.64
US 10Y	2.86	2.87
German 10Y	0.65	0.65

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,090	-2.4%	-0.6%
MSCI BRIC	350	-3.3%	4.3%
MSCI EM	1,182	-2.8%	2.0%
USA - S&P 500	2,691	-2.0%	0.7%
UK- FTSE 100	7,070	-2.4%	-8.0%
France - CAC40	5,137	-3.4%	-3.3%
Germany - DAX	11,914	-4.6%	-7.8%
Japan - Nikkei 225	21,182	-3.2%	-7.0%
Dubai	3,209	-2.4%	-4.8%
Abu Dhabi	4,595	0.3%	4.5%
Saudi	7,411	-1.5%	2.5%
Oman	5,012	0.8%	-0.7%
Kuwait	6,808	0.8%	6.2%
Egypt	15,443	0.8%	2.8%
Qatar	8,730	-4.0%	2.4%
Commodities			
Gold (\$/oz)	1,323	-0.4%	1.5%
Silver (\$/oz)	17	-0.1%	-2.4%
Platinum (\$/oz)	966	-3.1%	4.1%
Oil - Brent (\$/bbl)	64	-4.4%	-3.7%

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