

Global equities get the Powell push

بنك الإمارات
للاستثمار

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LOOKING BACK

- Global equities gain on Powell comments.** Despite the partial US government shutdown entering its third week and a more-than-expected decline in the US ISM service sector gauge, global equities continued their uptrend on further progress in US-China trade talks and signs that the US Fed will take a "patient" approach on further rate hikes amid still subdued inflationary pressures. Meanwhile, US core CPI (ex. food & energy) for December rose by 2.2% year-over-year, in line with forecasts. For the week, the S&P500 gained 2.5% while the 10-year US treasury yield gained 3bps to 2.7%.
- Eurozone posts conflicting economic data.** Industrial Production (IP) slumped across the Eurozone in November amid evident signs of a slowdown and adding to fears that trade tensions are hurting the entire bloc. Italian IP for November fell 1.6% with similar declines in Germany, France and Spain. Meanwhile, retail sales grew by a more than expected 0.6% in November while unemployment across the bloc also fell to a decade-low rate, providing some respite to growing recessionary concerns. For the week, the EuroStoxx50 gained 0.9% while the EUR edged higher by 0.7% against the USD.
- The GBP gains amid possibility of a delay in Brexit.** The UK Parliament will vote on the Brexit agreement between the EU and PM May on Jan 15. While PM May is expected to lose the vote and will have to come up with an alternative plan within three days, the risk that the deal is not ratified by the UK Parliament before the March 29 deadline is growing. In response, reports suggested that UK cabinet ministers would seek to delay the Brexit deadline. The GBP was volatile last week, but ended higher by 1.0% against the USD.
- China's December CPI misses estimates.** Chinese CPI rose 1.9% year-over-year in December, lower than expectations of a 2.1% rate. Although the data indicated that lower oil prices drove the CPI slowdown, a broader decline in prices of industrial and consumption goods pointed to a broad-based slowdown in domestic demand. The authorities are already infusing liquidity to support the economy and the cooling inflation data should only strengthen the case for the PBoC to do more.
- Oil off to a solid start in 2019.** Despite a retreat on Friday, oil prices continued their upward trajectory last week on reports of further Saudi supply cuts and hopes that an all-out trade war between the US and China might be averted. For the week, Brent gained 6.0%, extending its year-to-date gains to 12.4%.

LOOKING FORWARD

- The UK Parliament votes on the Brexit agreement on **Tuesday** while the US releases its retail sales data on **Wednesday**. The Eurozone publishes its CPI data on **Thursday** while UK retail sales and US IP will be announced on **Friday**.



MAIN CROSS RATES

€ 1	\$ 1.1469
£ 1	\$ 1.2844
\$ 1	¥ 108.48

	Yield % (13/01)	Yield % (06/01)
Abu Dhabi 2021	2.99	2.92
KSA 2021	3.38	3.45
Dubai 2023	3.76	3.76
Qatar 2023	3.29	3.29
US 10Y	2.70	2.67
German 10Y	0.24	0.21

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	1,957	2.8%	3.9%
MSCI BRIC	296	3.5%	4.4%
MSCI EM	1,001	3.7%	3.7%
USA - S&P 500	2,596	2.5%	3.6%
UK- FTSE 100	6,918	1.2%	2.8%
France - CAC40	4,781	0.9%	1.1%
Germany - DAX	10,887	1.1%	3.1%
Japan - Nikkei 225	20,360	4.1%	1.7%
Dubai	2,546	0.8%	0.6%
Abu Dhabi	4,962	1.3%	1.0%
Saudi	8,210	4.8%	4.9%
Oman	4,311	0.8%	-0.3%
Kuwait	4,791	0.4%	1.1%
Egypt	13,367	0.8%	2.5%
Qatar	10,658	3.0%	3.5%
Commodities			
Gold (\$/oz)	1,290	0.3%	0.6%
Silver (\$/oz)	16	-0.6%	0.7%
Platinum (\$/oz)	810	-1.5%	1.8%
Oil - Brent (\$/bbl)	60	6.0%	12.4%

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