

A less hawkish tone by the Fed

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **Markets rally on Yellen comments.** In a testimony to the Financial Services Committee, Yellen signalled that the Fed will continue its patient approach to raising interest rates, while also sounding a bit less confident on the economy, corroborated by June's subdued retail sales and inflation readings. The USD Index fell 0.9% while global equities moved up this week with solid gains, as the MSCI EM Index locked in a 4.4% increase.
- **German yields rise on ECB taper expectations.** The yield on 10-year German bunds rose to 0.6% last week on news that ECB President Draghi will attend US Fed's symposium in Jackson Hole on August 24-26, elevating expectations that he could send a clearer message on tapering of the ECB's bond-buying program. EUR ended with a weekly gain of 0.6% versus the USD.
- **UK real wages hurt by stubborn inflation.** Chances of a rate rise in the UK suffered as BoE Deputy Governor Broadbent said he's not ready to vote for higher interest rates, even though he sees building pressure to do so. Meanwhile, despite a further fall in the UK unemployment rate to 4.5%, the lowest since 1975, real wages fell 0.7% in the three-month period ended in May as headline inflation remained stubbornly high at 2.9% year-over-year.
- **China's trade data suggests buoyant global demand.** China's exports rose 11.3% in June from a year earlier, marking the fourth straight monthly gain, while China's imports surged 17.2% from a year ago. June's trade data showed continued buoyant foreign demand for Chinese exports as well as resilient demand from China for overseas goods, despite the government's targeted steps to reduce excessive leverage.
- **Bank of Canada (BoC) raises interest rates.** The BoC lifted its benchmark lending rate for the first time since 2010, reacting to rapid job growth and buoyant property prices, while highlighting the recent softness in inflation to be temporary. The Bank stated "recent data have bolstered the Bank's confidence in its outlook for above-potential growth and the absorption of excess capacity in the economy."
- **Oil rises on rising demand outlook.** Brent rose 4.7% last week on news that growing oil demand could help reduce a global oil glut by the second half of the year and data also showing US oil rig count rose for a second successive week, but at a slower pace.

LOOKING FORWARD

- Eurozone CPI data will be published on **Monday** while the BoJ meets to review monetary policy on **Wednesday**. The UK reports its retail sales figures on **Thursday** while Canada reports its CPI data on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1470

£ 1 ————— \$ 1.3098

\$ 1 ————— ¥ 112.53

	Yield % (16/07)	Yield % (09/07)
Abu Dhabi 2019	1.43	1.43
KSA 2021	2.74	2.89
Dubai 2023	3.19	3.27
Qatar 2023	3.14	3.28
US 10Y	2.33	2.39
German 10Y	0.60	0.57

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	1,948	1.8%	11.2%
MSCI BRIC	293	5.1%	21.0%
MSCI EM	1,047	4.4%	21.4%
USA - S&P 500	2,459	1.4%	9.8%
UK- FTSE 100	7,378	0.4%	3.3%
France - CAC40	5,235	1.8%	7.7%
Germany - DAX	12,632	2.0%	10.0%
Japan - Nikkei 225	20,119	1.0%	5.3%
Dubai	3,537	4.0%	0.2%
Abu Dhabi	4,518	2.8%	-0.6%
Saudi	7,313	1.5%	1.4%
Oman	5,121	0.0%	-11.4%
Kuwait	6,788	1.6%	18.1%
Egypt	13,823	3.4%	12.0%
Qatar	9,470	6.1%	-9.3%
Commodities			
Gold (\$/oz)	1,229	1.3%	7.1%
Silver (\$/oz)	16	2.4%	0.4%
Platinum (\$/oz)	921	1.6%	2.0%
Oil - Brent (\$/bbl)	49	4.7%	-13.9%

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

ASSET MANAGEMENT TEAM:

Nadi Bargouti, CFA

Managing Director – Head of Asset Management
nadi.bargouti@eibank.com

Yaser Al-Nimr

Director – Asset Management
yaser.alnimr@eibank.com

Fabien Paturaud, CFA

Associate Director – Asset Management
fabien.paturaud@eibank.com

Joyson D'Souza, CFA

Associate – Asset Management
joyson.dsouza@eibank.com

EMIRATES INVESTMENT BANK

EIBank is a Dubai-based boutique dedicated to the service of an exclusive group of private and institutional clients. Private banking and investment banking needs are approached holistically.

In private banking, the bank prides itself on offering highly personalised investment solutions and one-on-one servicing by a professional team of wealth management specialists. EIBank's open platform provides clients with access to markets globally.

In investment banking, the bank provides clients with advice on mergers & acquisitions, access to capital markets and other corporate finance matters.

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.