

FOMC minutes re-iterate Fed's patient stance

بنك الإمارات
للاستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- FOMC minutes re-iterate Fed's patient stance.** The minutes of the FOMC's January meeting all but confirmed the Fed's desire to stop shrinking its balance sheet sometime later this year. The Bank reasoned the soft inflation data allows it to remain patient while allowing it to study the effects of its already implemented rate hikes. The Fed news alongside reports of steady progress on the US-China trade negotiations aided global equities with the S&P500 edging higher by another 0.6% last week.
- Global manufacturing PMIs signal slowing growth.** Flash PMI data for February showed diverging growth in services and manufacturing in developed economies. While manufacturing PMIs in Europe and Japan fell into contractionary territory, US data showed activity continues to expand, albeit at a slower pace. Meanwhile, the global service sector gauge remains robust and continues to help support the ongoing slowdown in manufacturing activity.
- Japan's exports caught in US-China crossfire.** Preliminary data showed Japanese exports declined 8.4% YoY in January, its largest monthly decline since August 2016. The data highlights the impact of China's slowdown and the US-China trade dispute on Japan's dominant export sector. Meanwhile, BoJ Governor Kuroda said the Bank still has recourse to pursue further easing in light of deteriorating economic data and near-zero inflation. The Nikkei225 shrugged off the poor exports data and gained 2.5% last week.
- Chinese equities continue their 2019 uptrend.** Reports that US and Chinese trade officials have begun drafting mutually-agreed proposals on some Chinese reforms buoyed Chinese equities last week. Overall, Trump reiterated his willingness to keep negotiating as long as the trade talks keep progressing. The Shanghai Composite has gained 12.4% so far this year, albeit from depressed levels.
- Bolsonaro fires key cabinet member.** Last week, Brazilian President Bolsonaro fired one of his key aides and Secretary General Bebianno on corruption charges related to campaign financing. The development comes as a blow to the government's reform agenda just ahead of its proposal to overhaul the country's bloated pension system. The Ibovespa was volatile but ended the week higher by 0.4% while the BRL lost 1.2% against the USD.

LOOKING FORWARD

- US durable goods orders and pending home sales data will be released on **Wednesday**. China reports its PMIs on **Thursday** while US Q4 GDP data will be announced on the same day. Final global PMIs for January will be published on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1335

£ 1 ————— \$ 1.3053

\$ 1 ————— ¥ 110.69

	Yield % (24/02)	Yield % (17/02)
Abu Dhabi 2021	2.85	2.89
KSA 2021	3.30	3.35
Dubai 2023	3.68	3.66
Qatar 2023	3.13	3.14
US 10Y	2.65	2.66
German 10Y	0.10	0.10

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,087	1.0%	10.8%
MSCI BRIC	317	2.9%	11.7%
MSCI EM	1,059	2.7%	9.6%
USA - S&P 500	2,793	0.6%	11.4%
UK- FTSE 100	7,179	-0.8%	6.7%
France - CAC40	5,216	1.2%	10.3%
Germany - DAX	11,458	1.4%	8.5%
Japan - Nikkei 225	21,426	2.5%	7.0%
Dubai	2,634	4.0%	4.1%
Abu Dhabi	5,098	1.2%	3.7%
Saudi	8,547	-0.9%	9.2%
Oman	4,056	-1.3%	-6.2%
Kuwait	4,791	-0.1%	1.1%
Egypt	15,147	1.1%	16.2%
Qatar	10,192	2.5%	-1.0%
Commodities			
Gold (\$/oz)	1,329	0.5%	3.7%
Silver (\$/oz)	16	0.9%	2.8%
Platinum (\$/oz)	843	4.3%	5.9%
Oil - Brent (\$/bbl)	67	1.3%	24.8%

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EMIRATES INVESTMENT BANK

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