

## Lower CPI reading confirms Fed's patient stance

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Lower CPI reading confirms Fed's patient stance.** February's US inflation print broadly confirmed Fed's reiteration of its patient stance. While headline CPI rose 1.5% in February year-over-year compared to January's 1.6%, core CPI (ex. food & energy) also dipped to 2.1% from 2.2%. The soft inflation reading weighed on the Dollar Index which lost 0.7% on the week while the US 10-year Treasury yield fell 4bps to 2.59%.
- **UK Parliament votes to ask EU for Brexit deadline extension.** While lawmakers rejected PM May's Brexit proposal yet again, a large majority voted to allow a short delay in the Brexit process. If May's revised proposal gets rejected again next week, she will request the EU to extend the March 29 deadline. Both the FTSE100 and the EuroStoxx500 reacted positively to the news gaining 1.7% and 3.1%, respectively on the week.
- **China pledges more support amid underwhelming data.** The Shanghai Composite edged higher by 1.8% last week, taking its year-to-date (YTD) gain to 21.2%, buoyed by official pledges to provide further support to the economy amid slowing economic data. Premier Keqiang said that China has the capacity to reduce reserve requirements and interest rates in order to bolster growth as Industrial Production (IP) and retail sales grew below expectations in January and February combined.
- **Brazilian equities extend gains on reform hopes.** The Ibovespa climbed 4.7% last week on renewed hopes that President Bolsonaro will be able to pass his pension reform bill as early as the first half of 2019. The reform is expected to save more than USD300 bn over the next 10 years. Brazilian equities have gained 12.8% so far this year on optimism surrounding the reform agenda of the still new Bolsonaro government as well as improved risk appetite toward emerging markets in general.
- **Oil rallies ahead of OPEC meeting.** Amid US sanctions on Venezuela and Iran, and IEA's report that OPEC's February crude production fell to a four-year low, oil prices gained for a second straight week. Brent edged higher by 2.2% on the week, taking its YTD gain to 24.8%. Meanwhile, OPEC reiterated its commitment to cutting supplies ahead of its meeting with allies.

### LOOKING FORWARD

- Japan reports its IP data on **Monday** while minutes of the BoJ's latest meeting will be released on **Tuesday**. The UK announces its CPI while the Fed meets to review its monetary policy on **Wednesday**. The BoE meets on **Thursday** while global manufacturing PMIs will be released on **Friday**.



### MAIN CROSS RATES

€ 1	\$ 1.1326
£ 1	\$ 1.3290
\$ 1	¥ 111.48

	Yield % (17/03)	Yield % (10/03)
Abu Dhabi 2021	2.71	2.83
KSA 2021	3.13	3.25
Dubai 2023	3.62	3.70
Qatar 2023	3.09	3.14
US 10Y	2.59	2.63
German 10Y	0.08	0.07

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,109	2.8%	11.9%
MSCI BRIC	323	3.5%	13.8%
MSCI EM	1,057	2.6%	9.5%
USA - S&P 500	2,822	2.9%	12.6%
UK- FTSE 100	7,228	1.7%	7.4%
France - CAC40	5,405	3.3%	14.3%
Germany - DAX	11,686	2.0%	10.7%
Japan - Nikkei 225	21,451	2.0%	7.2%
Dubai	2,574	-0.8%	1.8%
Abu Dhabi	4,998	1.7%	1.7%
Saudi	8,583	1.2%	9.7%
Oman	4,075	-0.9%	-5.8%
Kuwait	4,745	-0.6%	0.1%
Egypt	14,991	0.6%	15.0%
Qatar	9,971	1.9%	-3.2%
Commodities			
Gold (\$/oz)	1,302	0.3%	1.6%
Silver (\$/oz)	15	-0.3%	-1.3%
Platinum (\$/oz)	832	1.7%	4.5%
Oil - Brent (\$/bbl)	67	2.2%	24.8%

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