

Leading indicators flag economic slowdown

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **Weak domestic consumption raises concern.** Reflecting a softening demand trend, core PCE Index, which is the Fed's preferred inflation measure, rose only 1.4% YoY in January, compared to 1.8% in December. Consumer spending, which accounts for roughly two-thirds of economic activity, posted weaker growth as households cut back on purchases including autos. Benign inflation, along with weaker housing starts as well as soft Industrial Production (IP) data flag a slowing US economy, reinforcing the Fed's dovish stance. On the week, the S&P 500 rose 1.2%.
- **US-China trade talks show progress.** China agreed to expand market access for foreign banks and security insurance companies as the first round of US-China trade talks progressed with constructive discussions in Beijing last week. With the continuation of the second round of the trade talks to be held in the US, key issues including intellectual property rights, technology transfers as well as further opening up of the Chinese economy to foreign participants are likely to be addressed.
- **UK Parliament rejected Brexit plan for a third time.** Despite offering to step down if the Brexit deal goes through, UK lawmakers rejected PM May's Brexit plan for the third time. PM May is now left with less than two weeks to convince the EU of finding a solution to the Brexit deadlock. Failure to convince the EU members will lead to a no-deal Brexit on the 12th of April. The GBP lost 1.3% against the USD while the FTSE100 edged higher by 1.0% last week.
- **Declining domestic & export demand affect Japanese economy.** Japanese IP failed to recoup lost ground in January growing only 1.4% in February. Meanwhile, retail sales rose just 0.4%, missing consensus estimates of 1.2%. The data indicates Japan's recovery is falling prey to both slackening domestic and external demand. Japan's Nikkei corrected 1.9% during the week, while the JPY depreciated 0.9% against the USD.
- **Oil heads for its best quarterly gain since 2009.** Unfazed by a slowdown in global growth, crude prices continued to rise during Q1. Production cuts by OPEC and its allies, along with sanctions on Venezuela and Iran crude, offset rising US inventories and aided a recovery in oil prices. Brent increased 2% for the week, while it registered a 27% rise in Q1.

LOOKING FORWARD

- The Eurozone reports core CPI as well as unemployment on **Monday**, while the US as well as the UK report Purchasing Managers Index (PMI) data on the same day. Eurozone PPI data will be released on **Tuesday** and the Chinese Composite PMI will be released on **Wednesday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1218

£ 1 ————— \$ 1.3035

\$ 1 ————— ¥ 110.86

	Yield % (31/03)	Yield % (24/03)
Abu Dhabi 2021	2.59	2.60
KSA 2021	2.96	2.92
Dubai 2023	3.59	3.56
Qatar 2023	2.94	2.92
US 10Y	2.41	2.44
German 10Y	-0.07	-0.02

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,108	0.6%	11.9%
MSCI BRIC	323	0.7%	13.7%
MSCI EM	1,058	-0.1%	9.6%
USA - S&P 500	2,834	1.2%	13.1%
UK- FTSE 100	7,279	1.0%	8.2%
France - CAC40	5,351	1.5%	13.1%
Germany - DAX	11,526	1.4%	9.2%
Japan - Nikkei 225	21,206	-1.9%	6.0%
Dubai	2,631	0.1%	4.0%
Abu Dhabi	5,101	-0.5%	3.8%
Saudi	8,789	0.9%	12.3%
Oman	4,006	-3.5%	-7.4%
Kuwait	4,872	1.2%	2.8%
Egypt	14,666	-0.8%	12.5%
Qatar	10,146	1.9%	-1.5%
Commodities			
Gold (\$/oz)	1,292	-1.6%	0.8%
Silver (\$/oz)	15	-2.0%	-2.4%
Platinum (\$/oz)	849	0.3%	6.8%
Oil – Brent (\$/bbl)	68	2.0%	27.1%

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EMIRATES INVESTMENT BANK

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