

Tech companies under regulatory scrutiny

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **Tech stock volatility pushes yields lower.** Amazon shares fell another 3.2% last week after falling 4.8% the previous week amid concerns about antitrust or other regulatory action against the company. Meanwhile, shares in Tesla and chipmaker Nvidia sold off amid fresh worries over the prospect of self-driving car technology after another recent fatal car crash. As a result, the US 10-year Treasury yield fell to a 2-month low of 2.74% as investors hedged against elevated volatility in heavyweight technology names.
- **Developed equities recover as trade war fears ease.** The MSCI World gained 1.5% and recovered a portion of the previous week's steep losses as US-China trade war fears receded with China deciding not to impose retaliatory tariffs on imports of US soybeans and commercial aircraft. The CNY gained 0.6% versus the USD last week on hopes that China and the US can strike a deal to avert a trade war.
- **German unemployment falls.** The German unemployment rate fell from 5.4% in February to 5.3% in March, the lowest level since the 1990 reunification as companies boosted their workforce in light of increasing trade orders. Inflation also jumped rising to an annual rate of 1.5%. The news could have a bearing on the ECB's decision making at its April 26 meeting. Meanwhile, Germany's trade surplus of around USD300 bn makes it particularly vulnerable to Trump's trade war.
- **UK household spending slowest in six years.** Despite record low unemployment, data showed meagre wage growth and high inflation caused UK household spending to grow by 1.7% in 2017, the weakest rate since 2011 as falling real wages took their toll on household budgets. The recent pullback in the GBP, which has gained 3.7% against the USD so far this year, has eased some of the inflationary concerns.
- **Moody's maintains South Africa rating; improves outlook.** The ZAR gained 0.8% against the USD last week after Moody's held the country's credit rating at Baa3, while lifting its outlook to stable, citing more transparent and predictable policies under President Ramaphosa. As the imminent risk of exclusion from investment-grade bond indexes receded, the yields on the country's benchmark bonds fell to their lowest level in almost three years. S&P and Fitch downgraded South Africa to junk status last year.

LOOKING FORWARD

- Global PMI data will be released on **Monday** while the Reserve Bank of Australia (RBA) meets on **Tuesday**. Eurozone CPI will be reported on **Wednesday** while the US unemployment report will be published on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.2324

£ 1 ————— \$ 1.4015

\$ 1 ————— ¥ 106.28

	Yield % (01/04)	Yield % (25/03)
Abu Dhabi 2021	2.97	2.98
KSA 2021	3.39	3.53
Dubai 2023	3.52	3.56
Qatar 2023	3.64	3.69
US 10Y	2.74	2.81
German 10Y	0.50	0.53

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,067	1.5%	-1.7%
MSCI BRIC	342	-0.4%	2.0%
MSCI EM	1,171	-0.1%	1.1%
USA - S&P 500	2,641	2.0%	-1.2%
UK- FTSE 100	7,057	1.9%	-8.2%
France - CAC40	5,167	1.4%	-2.7%
Germany - DAX	12,097	1.8%	-6.4%
Japan - Nikkei 225	21,454	4.1%	-5.8%
Dubai	3,109	-1.3%	-7.8%
Abu Dhabi	4,585	0.2%	4.3%
Saudi	7,871	0.4%	8.9%
Oman	4,774	-0.6%	-5.4%
Kuwait	6,633	-0.4%	3.5%
Egypt	17,450	2.3%	16.2%
Qatar	8,574	-2.9%	0.6%
Commodities			
Gold (\$/oz)	1,325	-1.6%	1.7%
Silver (\$/oz)	16	-1.2%	-3.4%
Platinum (\$/oz)	932	-1.8%	0.4%
Oil - Brent (\$/bbl)	70	-0.3%	5.1%

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EMIRATES INVESTMENT BANK

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