

Trade war concerns continue to weigh on market sentiment

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للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **Trade concerns continue to weigh on market sentiment.** Global equities were volatile last week as chances of a wider US-China trade war increased with both sides trading tit-for-tat actions. However, damage was contained as US Commerce Secretary Ross sought to downplay the economic impact of the tariffs and suggested that further negotiations with China lie ahead. For the week, the S&P500 lost 1.4% as the VIX rose to 21.5, up 2.5 points.
- **Pace of global economic growth falls slightly.** While the global economy continues to expand and global PMIs remain well into expansionary territory, the global economy showed signs of slower growth in March. The J.P. Morgan Global Composite PMI, which covers an estimated 85% of global GDP, slipped to a 16-month low of 53.3, down from 54.8 in February. The US ISM manufacturing and non-manufacturing gauges also slipped slightly.
- **Eurozone unemployment falls further; wages lacklustre.** Eurozone unemployment came in at 8.5% in February, down from 8.6% in January and the lowest level since December 2008. Meanwhile, weak domestic demand caused German industrial production to fall 1.6% in February. Lackluster wage growth alongside still weak inflation may reduce the pressure on the ECB to tighten monetary policy at its April 26 meeting. The Eurostoxx50 gained 1.4% while the EUR weakened 0.3% versus the USD last week.
- **Brazil sends former president to jail.** Brazilian equities rallied after the country's Supreme Court refused appeal and ordered jail for corruption-tainted former president Lula da Silva. The verdict will greatly decrease his chances of being able to run for Brazil's October presidential election. Meanwhile, Brazil's Central Bank continued to infuse liquidity by lowering reserve requirements for its banking sector as high unemployment and idle capacity have pushed inflation well below the Bank's target.
- **Oil falls on US-China trade risks.** Brent fell 4.5% last week on fears that rising US-China trade tensions and a slowdown in global PMIs could hurt global growth. Meanwhile, US drillers added 11 oil rigs in the week to April 6, bringing the total count up to 808, the highest level since March 2015.

LOOKING FORWARD

- US PPI data will be released on **Tuesday** while China and the US report their respective CPI data on **Wednesday**. Eurozone Industrial Production (IP) will be published on **Thursday** while China and the US report their trade balance figures on **Friday**.



MAIN CROSS RATES

€ 1	\$ 1.2281
£ 1	\$ 1.4092
\$ 1	¥ 106.93

	Yield % (08/04)	Yield % (01/04)
Abu Dhabi 2021	2.91	2.97
KSA 2021	3.39	3.39
Dubai 2023	3.60	3.52
Qatar 2023	3.71	3.64
US 10Y	2.77	2.74
German 10Y	0.50	0.50

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,053	-0.7%	-2.4%
MSCI BRIC	339	-0.9%	1.0%
MSCI EM	1,162	-0.8%	0.3%
USA - S&P 500	2,604	-1.4%	-2.6%
UK- FTSE 100	7,184	1.8%	-6.6%
France - CAC40	5,258	1.8%	-1.0%
Germany - DAX	12,241	1.2%	-5.2%
Japan - Nikkei 225	21,568	0.5%	-5.3%
Dubai	3,083	-0.8%	-8.5%
Abu Dhabi	4,689	2.2%	6.6%
Saudi	7,953	1.0%	10.0%
Oman	4,799	0.5%	-4.9%
Kuwait	4,868	-2.5%	0.9%
Egypt	17,411	-0.2%	15.9%
Qatar	8,793	2.6%	3.1%
Commodities			
Gold (\$/oz)	1,333	0.6%	2.3%
Silver (\$/oz)	16	0.1%	-3.3%
Platinum (\$/oz)	917	-1.6%	-1.2%
Oil - Brent (\$/bbl)	67	-4.5%	0.4%

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EMIRATES INVESTMENT BANK

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