

## Diverging global growth trends

بنك الإمارات  
للإستثمار

EMIRATES INVESTMENT BANK

### LOOKING BACK

- **Firm labour market drives US retail sales.** Initial jobless claims declined for a 5th consecutive week from 197,000 to 192,000. Upbeat sentiment from a firm labour market increased consumer spending on automobiles, gasoline, building materials as well as food service and led to higher retail sales, which jumped 1.6% MoM, recording its sharpest growth since September 2017. Reinforcing the underlying economic strength, the US flash manufacturing PMI stood at 52.4 for April.
- **Eurozone manufacturing PMI declines.** The Eurozone economy continued to be suppressed under weak demand and tepid price increases as its flash manufacturing PMI slid to 51.3 in April from 51.6 in March. Contraction in German manufacturing activity, which continued to reel under the pressures of weak domestic demand as well as waning exports, clouded the Eurozone manufacturing PMI. The Brexit related uncertainty as well as stringent emission norms led to contractionary pressures on German manufacturing as its manufacturing PMI remained at a weak 44.5.
- **UK retail sales rise despite Brexit uncertainty.** Defying the fears of Brexit uncertainty, UK retail sales rose 1.1% MoM and 6.7% YoY in April. While fuel and clothing prices rose, the UK consumer price index remained unchanged from February at 1.9%. Benign inflation is likely to play in favour of the Bank of England as it tackles the timing of interest rate increases amidst the economic uncertainty.
- **Japan registers first deficit in three years.** Affected by weak global demand, Japanese trade logged its first deficit in three years for the year ended March. Slower Japanese export growth of 1.9% was marred by Brexit related uncertainties as well as US-China trade tensions, which have weakened global aggregate demand. Higher energy costs during the year boosted imports by 7.1%, leading to a first deficit in three years, standing at USD 14.2 billion for the year ended March.
- **China GDP shows strength on state backed support.** Aided by a surge in industrial production on a marginal uptick in exports and a slight decline in imports, Chinese Q1 GDP grew 6.4% YoY. The possibility of finding a solution to the US-China trade dispute along with elevated spending by domestic consumers lifted the sentiment for Chinese manufacturers and boosted industrial output by 8.5% in March. State support in the form of additional tax breaks, infrastructure investment and cheaper lending by banks seem to be providing favourable support to the Chinese economy.

### LOOKING FORWARD

- The US will report its weekly initial jobless claims on **Thursday**, while quarterly GDP as well as Core PCE data will be released on **Friday**. Japan will report its Industrial Production as well as retail sales on **Friday**.



### MAIN CROSS RATES

€ 1 ————— \$ 1.1245

£ 1 ————— \$ 1.2993

\$ 1 ————— ¥ 111.92

	Yield % (21/04)	Yield % (14/04)
Abu Dhabi 2021	2.64	2.63
KSA 2021	2.93	2.93
Dubai 2023	3.53	3.51
Qatar 2023	2.93	2.92
US 10Y	2.56	2.57
German 10Y	0.03	0.06

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,160	0.0%	14.7%
MSCI BRIC	331	0.1%	16.6%
MSCI EM	1,093	0.3%	13.1%
USA - S&P 500	2,905	-0.1%	15.9%
UK - FTSE 100	7,460	0.3%	10.9%
France - CAC40	5,580	1.4%	18.0%
Germany - DAX	12,222	1.9%	15.8%
Japan - Nikkei 225	22,201	1.5%	10.9%
Dubai	2,814	0.9%	11.2%
Abu Dhabi	5,292	4.7%	7.7%
Saudi	9,197	1.2%	17.5%
Oman	3,980	-0.1%	-7.9%
Kuwait	4,962	-1.0%	4.7%
Egypt	14,876	-1.5%	14.1%
Qatar	10,348	0.9%	0.5%
Commodities			
Gold (\$/oz)	1,276	-1.2%	-0.5%
Silver (\$/oz)	15	0.4%	-3.0%
Platinum (\$/oz)	903	1.3%	13.5%
Oil - Brent (\$/bbl)	72	0.6%	33.8%

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## EMIRATES INVESTMENT BANK

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