

US-China sign phase one deal

بنك الإمارات
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EMIRATES INVESTMENT BANK

LOOKING BACK

- **US-China sign phase one deal.** Amid wide expectations, Trump and China's Vice Premier Liu signed a mini trade deal which requires that China boost US imports by around USD200 bn to try to close its trade imbalance with the US. The deal also binds China to avoid currency manipulation and to do more to protect US technology and IP rights. Global equities continued their upward march with the S&P500 gaining 2.0% to close at a new all-time high.
- **German GDP growth slows.** Germany's GDP expanded at a rate of 0.6% in 2019, its slowest in six years amid trade tensions, a broader slowdown in demand and auto-related structural challenges. While data are still largely disappointing with manufacturing and exports still declining, business expectations improved at the end of last year pointing to a slightly better outlook for this year. The EUR ended last week lower by 0.3% against the USD.
- **US adds the CHF to its currency watch list.** The US added Switzerland to its currency manipulator watch list, accusing Swiss authorities of "markedly" increasing FX purchases since mid-2019. The US Treasury cited that Swiss fiscal policy remains underutilized despite borrowing costs being among the lowest in the world. The Trump administration has actively pursued the policy of identifying suspected "currency manipulators" in an attempt to lower trade deficits with certain countries. The CHF appreciated 0.5% against the USD last week, continuing its ascent since December.
- **China's GDP growth at 6.0%.** Amid sign of some stabilization, China's GDP grew 6.0% in Q4 and in line with expectations. For the year, the economy grew by 6.1%. Fixed-asset investment and industrial output rose more than expected in December, signalling that a stronger recovery could be in the offing. Meanwhile, the phase one trade deal with the US and the continued positive impact of government stimulus measures improve the outlook for 2020.
- **Oil prices under pressure.** Although elevated tensions in Libya have disrupted production, the International Energy Agency noted on Thursday that global markets have a "solid base" of inventories amid increasing supplies from outside OPEC. Abundant supplies have offset optimism over the ratification of the phase one US-China trade agreement. Brent edged lower by 0.2% last week.

LOOKING FORWARD

- The PBoC meets on **Monday** and Japan reports its IP data on the same day. The BoJ meets to review its monetary policy on **Tuesday** while the ECB meeting will be held on **Thursday**. Global flash PMIs will be announced on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1092

£ 1 ————— \$ 1.3016

\$ 1 ————— ¥ 110.14

	Yield % (19/01)	Yield % (12/01)
Abu Dhabi 2027	2.38	2.41
KSA 2029	2.77	2.94
Dubai 2029	3.15	3.15
Qatar 2029	2.56	2.58
US 10Y	1.82	1.82
German 10Y	-0.22	-0.20

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,416	1.6%	2.4%
MSCI BRIC	353	1.2%	3.9%
MSCI EM	1,147	1.2%	2.9%
USA - S&P 500	3,330	2.0%	3.1%
UK- FTSE 100	7,675	1.1%	1.8%
France - CAC40	6,101	1.1%	2.1%
Germany - DAX	13,526	0.3%	2.1%
Japan - Nikkei 225	24,041	0.8%	1.6%
Dubai	2,828	2.9%	2.3%
Abu Dhabi	5,179	2.0%	2.0%
Saudi	8,460	1.4%	0.8%
Oman	4,061	2.1%	2.0%
Kuwait	4,886	0.8%	-0.5%
Egypt	13,824	0.7%	-1.0%
Qatar	10,698	2.4%	2.6%
Commodities			
Gold (\$/oz)	1,557	-0.3%	2.6%
Silver (\$/oz)	18	-0.4%	1.1%
Platinum (\$/oz)	1,023	4.4%	5.8%
Oil - Brent (\$/bbl)	65	-0.2%	-1.7%

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EMIRATES INVESTMENT BANK

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