

Strong US jobs data lifts sentiment

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- US unemployment rate rises amid increase in participation rate.** While the US economy added a healthy 213K jobs in June against expectations for 195K jobs, the unemployment rate rose from an 18-year low of 3.8% in May, to 4.0% in June, mostly due to a jump in number of people entering the workforce. As a result, the S&P500 ended the week higher by 1.5%. Meanwhile, sluggish wage growth at 2.7% year-over-year and the latest Fed minutes expressing concern over the on-going trade tensions pushed the US 10-Year Treasury yield lower by 4bps to 2.82% while the Dollar Index ended lower by 0.5%.
- Eurozone, UK service PMIs beat expectations.** After some disappointment in manufacturing PMI and retail sales, Eurozone services PMI exceeded expectations in June, coming in at 55.2 up from 55.0 in May. The EuroStoxx50 gained 1.6% while the EUR strengthened 0.5% against the USD. Meanwhile, the UK services PMI jumped to 55.1 in June versus a 54.0 reading in May prompting BoE Governor Carney to express "greater confidence" in the UK economy. The GBP appreciated against the USD following the upbeat news and gained 0.6% last week.
- Chinese equities extend decline.** The Shanghai Composite Index lost another 3.5% last week, its seventh straight down week and taking its year-to-date decline to 16.9% as slowing growth concerns and possible escalation of the trade war with the US weighs on sentiment. Meanwhile amid downward pressures on the CNY which has lost 3.3% against the USD in June alone, the PBoC tried to calm investors by stating it does not intend to use the currency as a tool to cushion some of the adverse impact of US tariffs on Chinese exports.
- AMLO wins in Mexico.** Left-leaning, populist leader Andres, popularly known as AMLO, secured a landslide victory in the general elections held last week in Mexico. The MXN gained 4.4% against the USD while the equity benchmark rallied 2.8% last week after AMLO and his incoming administration sought to calm investors by assembling a reasonable cabinet, striking a more conciliatory tone on NAFTA and promising not to roll back energy reforms implemented four years ago.
- Oil falls as Saudi lowers crude prices.** Under pressure from Trump to lower oil prices amid supply disruptions from Venezuela, Libya and looming sanctions on Iran, Saudi lowered pricing for most crude grades supplied to the US, Asia and Europe. An uptick in the US oil rig count also weighed on oil prices. For the week, Brent closed at USD77.1/bbl, a decline of 2.9%.

LOOKING FORWARD

- Japan reports its trade balance on **Monday** while UK Industrial Production (IP) data will be released on **Tuesday**. US CPI data will be published on **Thursday** while China reports its trade figures on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1746

£ 1 ————— \$ 1.3283

\$ 1 ————— ¥ 110.47

	Yield % (08/07)	Yield % (01/07)
Abu Dhabi 2021	3.19	3.28
KSA 2021	3.44	3.55
Dubai 2023	3.72	3.76
Qatar 2023	3.60	3.70
US 10Y	2.82	2.86
German 10Y	0.29	0.30

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,114	1.2%	0.5%
MSCI BRIC	313	-1.2%	-6.8%
MSCI EM	1,060	-0.9%	-8.5%
USA - S&P 500	2,760	1.5%	3.2%
UK- FTSE 100	7,618	-0.3%	-0.9%
France - CAC40	5,376	1.0%	1.2%
Germany - DAX	12,496	1.5%	-3.3%
Japan - Nikkei 225	21,788	-2.3%	-4.3%
Dubai	2,880	2.1%	-14.5%
Abu Dhabi	4,603	0.9%	4.7%
Saudi	8,178	-1.6%	13.1%
Oman	4,524	-1.0%	-10.4%
Kuwait	4,919	1.1%	1.9%
Egypt	16,125	-1.4%	7.4%
Qatar	9,260	2.6%	8.6%
Commodities			
Gold (\$/oz)	1,255	0.2%	-3.6%
Silver (\$/oz)	16	-0.4%	-5.3%
Platinum (\$/oz)	844	-1.0%	-9.0%
Oil - Brent (\$/bbl)	77	-2.9%	15.3%

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