

Trade war fears and data privacy issues grip global equities

بنك الإمارات
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EMIRATES INVESTMENT BANK

LOOKING BACK

- Trade war fears and data privacy issues grip global equities.** Following a seven-month investigation into charges of US intellectual property theft, Trump levelled tariffs on about USD60 bn worth of Chinese imports alongside plans to impose new investment restrictions. China retaliated with its own set of tariffs on USD3 bn worth of US imports. As a result, global equities sold off led by a 6.0% drop in the S&P500. S&P500 companies are dominated by large cap players that are more exposed to global trade, while the drop in large cap tech companies as a result of data privacy issues accentuated the fall in the index.
- Eurozone PMIs disappoint.** Eurozone's composite PMI slipped to 55.3 from 57.1 in February, a 14-month low, on slowing export orders hurt by a strong EUR. Although the PMIs remain well into expansionary territory, the recent weakness may reduce the pressure on the ECB to tighten its monetary policy anytime soon. The EuroStoxx50 lost 4.1% while the EUR ended 0.5% higher against the USD last week.
- BoE holds rates but moves closer to a May rate hike.** The Bank of England (BoE) held its benchmark rate at 0.5% last week, due to lower-than-expected inflation figures and modest improvements in wages. However, hawkish comments from two members calling for a rate hike sent government bond prices lower. The GBP rose 1.4% against the USD while the FTSE100 followed the global sell-off and lost 3.4% last week.
- Japan excluded from Trump's steel & aluminum tariff exemptions.** The Nikkei225 lost 4.9% last week, slumping 4.5% on Friday alone, as the Trump administration removed earlier steel and aluminum tariffs from many countries in Europe and South Korea but left them in place for Japan. The safe-haven JPY gained amid US-China trade tensions and ended last week higher by 1.2%.
- EM adversely affected by US-China trade tensions.** Following China's threat of reciprocal tariffs after Trump ordered USD60 bn in tariffs on Chinese imports, Emerging Market (EM) equities fell sharply last week with the MSCI EM dropping by 3.4%. The on-going standoff has the potential to disrupt the momentum in EM driven by strong exports to developed economies.

LOOKING FORWARD

- Eurozone CPI will be reported on **Tuesday** while India reports its Fiscal Deficit figure on **Wednesday**. China publishes its Current Account Balance on **Thursday** while Japan reports its retail sales data on the same day.



MAIN CROSS RATES

€ 1 ————— \$ 1.2353

£ 1 ————— \$ 1.4132

\$ 1 ————— ¥ 104.74

	Yield % (25/03)	Yield % (18/03)
Abu Dhabi 2021	2.98	2.96
KSA 2021	3.53	3.43
Dubai 2023	3.56	3.57
Qatar 2023	3.69	3.63
US 10Y	2.81	2.84
German 10Y	0.53	0.57

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,037	-4.6%	-3.2%
MSCI BRIC	344	-4.2%	2.4%
MSCI EM	1,172	-3.4%	1.2%
USA - S&P 500	2,588	-6.0%	-3.2%
UK- FTSE 100	6,922	-3.4%	-10.0%
France - CAC40	5,095	-3.5%	-4.1%
Germany - DAX	11,886	-4.1%	-8.0%
Japan - Nikkei 225	20,618	-4.9%	-9.4%
Dubai	3,150	-1.5%	-6.5%
Abu Dhabi	4,578	0.8%	4.1%
Saudi	7,841	1.2%	8.4%
Oman	4,801	-2.0%	-4.9%
Kuwait	6,662	-1.4%	4.0%
Egypt	17,065	0.4%	13.6%
Qatar	8,826	-0.2%	3.5%
Commodities			
Gold (\$/oz)	1,347	2.5%	3.4%
Silver (\$/oz)	17	1.4%	-2.2%
Platinum (\$/oz)	949	-0.1%	2.2%
Oil - Brent (\$/bbl)	70	6.4%	5.4%

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