



Daily Outlook

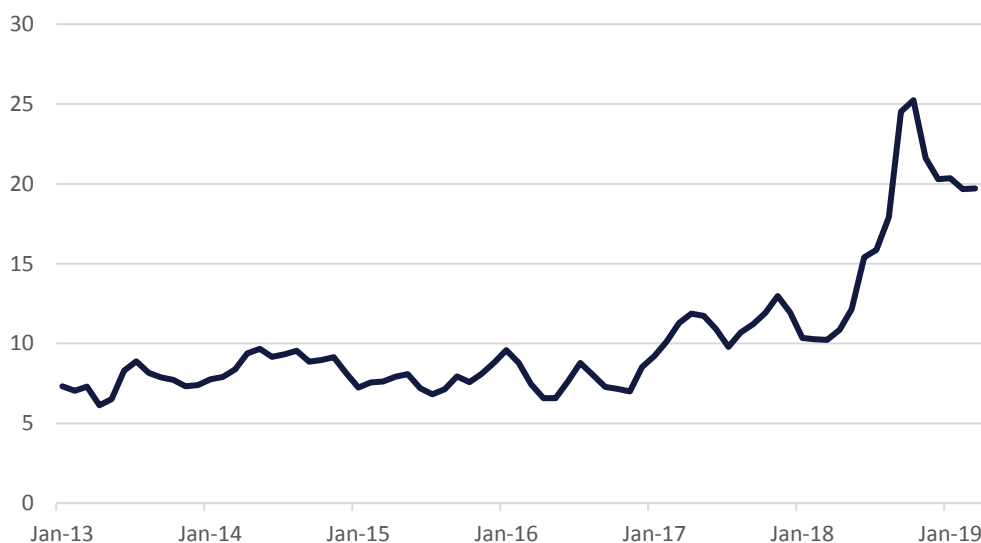
Risk appetite is continuing amidst talk that the U.S. and China are on track to make a deal on trade, moves towards a soft Brexit in the UK, and improving PMI activity indicators in various parts of the world. Yesterday it was the turn of the service sectors with China's PMI rising to 54.4 in March from 51.1 in February. Final March Eurozone services PMI data were revised up while Eurozone retail sale came in above forecasts. The UK was the exception with the **March services PMI coming in much weaker than expected**, below 50.0 to 48.9, and sharply down from February's 51.3. This is the weakest reading since the month following the vote to leave the EU in July 2016, and clearly shows that the UK economy is beginning to show some sensitivity to the political uncertainty related to this event.

Overnight saw the U.S. services ISM slip to 56.1 in March from 59.7 in February, but this reading is still consistent with an overall growth rate of close to 2.0%. **Meanwhile the ADP private sector jobs report was also released and showed an increase of 129k jobs in March**, which was not quite what had been hoped for and is a signal about what might be expected from the official employment data due out tomorrow.

On the issue of the trade talks, the FT reported that a trade deal is 90% done. This followed generally positive remarks from the President's economic adviser Larry Kudlow, in which he confirmed that good headway had been made, with President Trump expected to meet Chinese Vice President Liu He today.

On an annual basis, Turkish inflation was almost unchanged in March, rising modestly from 19.67% in February to 19.71%. On a m/m basis, however, price growth accelerated from 0.16% to 1.03%. The central bank will likely keep monetary policy fairly tight following the run on the currency seen in the run-up to Sunday's municipal elections, with a cautious easing of policy later in the year as base effects from 2018's currency sell-off pass through.

Turkey inflation remains unchanged in March



Source: Bloomberg, Emirates NBD Research

Today's Economic Data and Events

	Time	Cons		Time	Cons
German Factory Orders	10:00	0.3%	India RBI Repurchase Rate	10:15	6.00%
US Initial Jobless Claims	16:30	216k			

Source: Bloomberg, Emirates NBD Research.

Fixed Income

Treasuries dropped across the board as the curve shifted higher on the back of renewed hopes of an agreement between the US and China on trade deal. Yields on the 2y UST, 5y UST and 10y UST closed at 2.33% (+3 bps), 2.32% (+4 bps) and 2.52% (+5 bps) respectively.

Regional bonds continued to trade in a tight range. The YTW on Bloomberg Barclays GCC Credit and High Yield index remained flat at 4.04% and credit spreads tightened to 164 bps.

FX

Hopes for progress in U.S.-China trade talks took some safe-haven demand away from the USD yesterday, but the FX markets remain relatively subdued overall with little fresh direction. EURUSD traded to 1.1255 highs, while USDJPY dipped to 111.33 lows after the softer services ISM, before rallying to 111.50. Cable remained firm after Labour Leader Corbyn said that the meeting with UK PM May on Brexit had gone 'very well' but were 'inconclusive', and strengthened further after the UK parliament voted to take a no-deal Brexit off the table overnight. There is now probably little that can get in the way of a soft Brexit, unless the EU decides to force the UK out which seems unlikely.

Equities

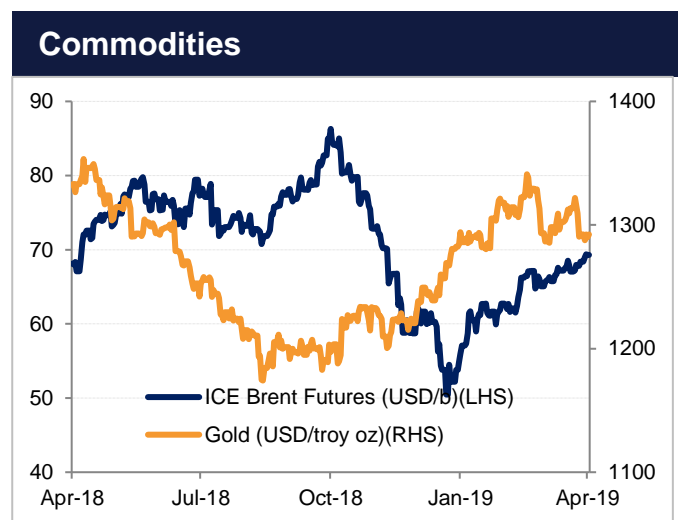
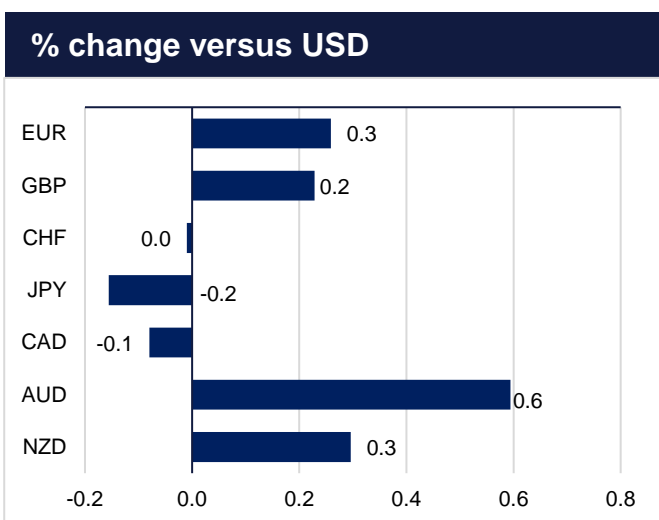
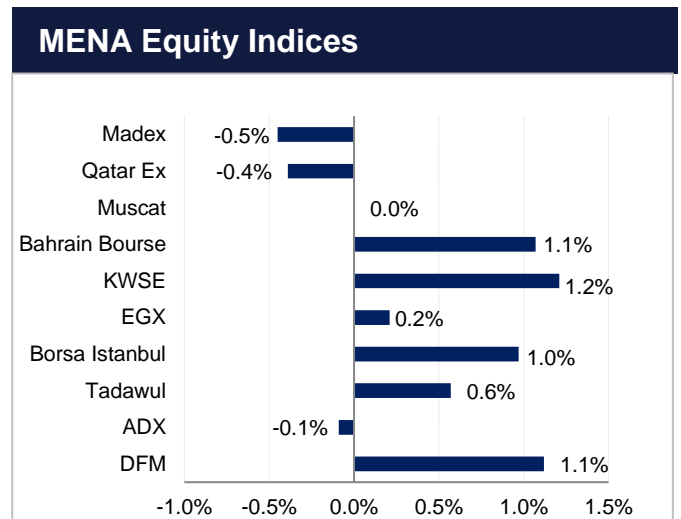
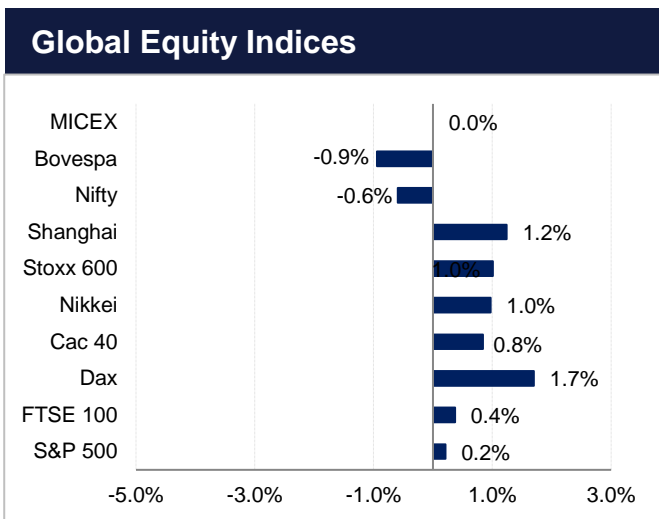
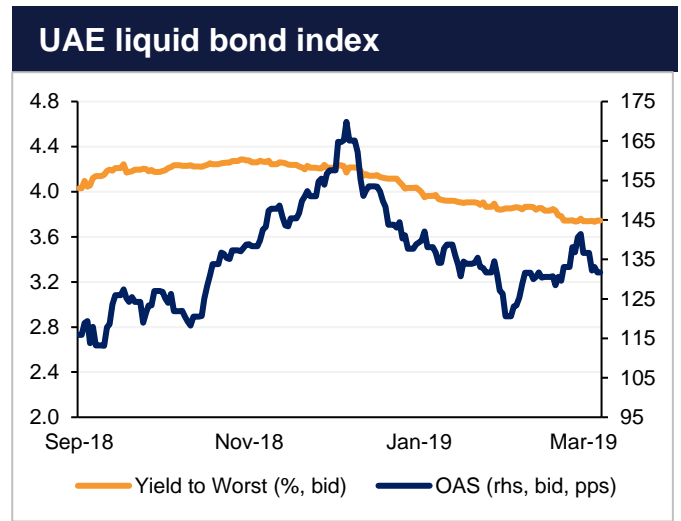
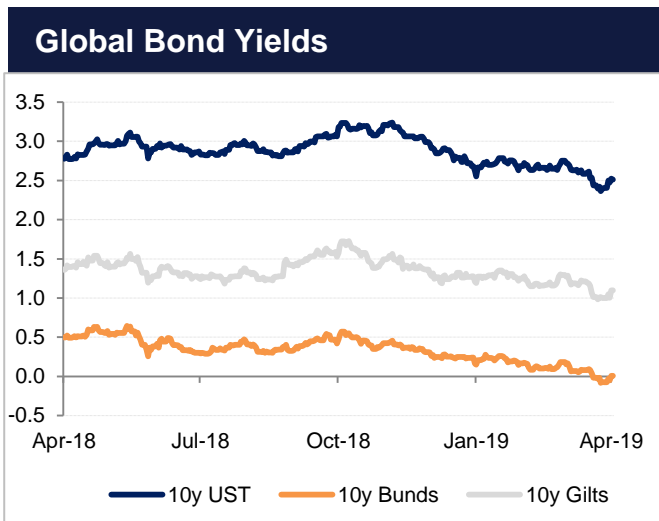
Global equities closed higher with the S&P 500 index and the Euro Stoxx 50 index adding +0.2% and +1.2% respectively. The move came on back of reports that the US and China are close to announcing a trade deal.

Regionally, the DFM index continued its positive run with gains of +1.1%. Emirates NBD continued its rally with gains of +6.1% while Emaar Properties (-1.4%) saw some profit booking. Additionally, there were reports that Abu Dhabi is looking to merge Abu Dhabi Islamic Bank with First Abu Dhabi Bank.

Commodities

The recent rally in oil prices paused after US crude inventories jumped the most since January. According to EIA, stockpiles in the US rose by 7.24 million barrels last week. Brent closed at USD 69.31/bbl while WTI ended the day at USD 62.46/bbl.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1233	+0.26	1.1577	USDTRY	5.6248	+0.28	EURAED	4.1259	+0.26
GBPUSD	1.3158	+0.23	1.3383	USDEGP	17.3252	+0.01	GBPAED	4.8340	+0.22
USDJPY	111.49	+0.15	108.32	USDSAR	3.7504	-0.00	JPYAED	0.0329	-0.15
USDCAD	1.3345	+0.06	1.3239	USDQAR	3.6800	+1.09	CADAED	2.7521	-0.09
AUDUSD	0.7113	+0.59	0.7166	USDKWD	0.3043	-0.03	AUDAED	2.6123	+0.59
USDCHF	0.9982	+0.03	0.9648	USDBHD	0.3770	-0.01	CHFAED	3.6797	--
EURGBP	0.8535	+0.04	0.8648	USDOMR	0.3850	--	TRYAED	0.6500	-0.73
USDAED	3.6730	+0.00	3.6762	USDINR	70.7225	-0.64	INRAED	0.0552	+3.65

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.5988	2.8463	3.0325	3.1716	USD 2 yr	2.450	+3
USD LIBOR	2.4794	2.6024	2.6506	2.7333	USD 5 yr	2.368	+3
GBP LIBOR	0.7303	0.8304	0.9466	1.0529	USD 10 yr	2.505	+4
JPY LIBOR	-0.0970	-0.0625	0.0015	0.0882	EUR 2 yr	-0.194	+1
CHF LIBOR	-0.7878	-0.7140	-0.6540	-0.5000	EUR 5 yr	0.049	+3
					EUR 10 yr	0.532	+5

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1289.93	-0.20	ADGB 6.75 19	2.42	--	Abu Dhabi	60	--
Silver	15.14	+0.10	DUGB 7.75 20	2.98	-16	Bahrain	246	-7
Oil (WTI)	62.46	-0.19	QATAR 6.55 19	-11.33	+182	Dubai	135	+3
Aluminium	1871.50	+0.48	US Tsy 2 yr	2.33	+3	Oman	331	--
Copper	6484.00	+1.10	US Tsy 10 yr	2.52	+5	Qatar	69	-1
						Saudi Arabia	81	-3

Source: Bloomberg, Emirates NBD Research

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