

MARKETS TODAY

Tuesday, April 09, 2019

MARKETS IN BRIEF

- Volatility in currency markets remained low as investors turned cautious before key events tomorrow: ECB policy meeting, U.S. inflation data, FOMC meeting minutes, and U.K. PM May meeting with European leaders.
- British pound advanced as May heads today to Berlin and Paris to meet with their leaders.
- Japanese yen firmed after Trump threatened to place new tariffs on European goods. European government yields dropped on increased safe-haven demand.
- Commodity-linked currencies like the Aussie dollar, Canadian dollar and Norwegian kroner benefited from the surge in oil. The NOK was also supported by central bank governor comments about future rate hikes.
- Oil prices surged to 5-month highs on expectations that global supplies would tighten due to fighting in Libya, OPEC-led cuts and U.S. sanctions against Iran and Venezuela.
- Asian stocks hit 8-month highs on hopes of Chinese stimulus plans. However, ongoing global concerns could limit the uptrend.
- U.S. stocks ended mixed yesterday as investors awaited Q1 earnings results.

U.S. eyeing tariffs on EU goods

The US Trade Representative on Monday proposed a list of EU products ranging from large commercial aircraft and parts to dairy products and wine on which to slap tariffs as retaliation for European aircraft subsidies. With the move, the USTR said it was kicking off the process for retaliation against over \$11 billion worth of damage from EU subsidies to Airbus that the World Trade Organization has found cause "adverse effects" to the US. The EU and the US have been battling for more than a decade over mutual claims of illegal aid to plane giants Boeing and Airbus, with parallel cases at the WTO. Both sides have been caught paying billions of dollars of subsidies to gain advantage in the global jet business.

FX & COMMODITIES	LAST	1D
EUR/\$	1.1260	-0.03%
GBP/\$	1.3082	0.16%
AUD /\$	0.7134	0.10%
\$/JPY	111.34	0.13%
\$/CAD	1.3314	0.00%
Gold \$	1298.29	0.06%
WTI \$	64.40	0.00%
BRENT \$	71.04	-0.08%
AMERICA		
DOW JONES	26341.02	-0.32%
S&P 500	2895.77	0.10%
NASDAQ	7953.88	0.19%
EUROPE		
STXE 600	387.51	-0.19%
CAC 40	5471.78	-0.08%
DAX	11963.40	-0.39%
ASIA PACIFIC		
S&P/ASX 200	6217.10	-0.07%
NIKKEI 225	21775.46	0.06%
CSI 300 (China)	4058.81	0.04%
MENA		
Saudi Arabia	9037.97	0.30%
Dubai	2797.08	0.58%
Qatar	10226.68	0.34%
BONDS		
U.S. 10-year	2.5168	-0.0001
German Bund 10-yr	0.0070	0.0000
AU 10-year	1.8950	0.0002

MARKETS TODAY

May planning a short Brexit delay

Theresa May heads to Berlin and Paris today to seek a short Brexit delay, while at home some in her party try to oust her. EU diplomats are said to be settling on the idea of offering an extension in exchange for commitments from May that she — or any successor — wouldn't disrupt EU business. May will press her case when she meets Angela Merkel and Emmanuel Macron. The House of Lords passed the bill preventing a no-deal divorce. It is now likely that the offer to the UK on its Brexit delay will fall somewhere between June 30, 2019, and April 1, 2020, EU officials said (Bloomberg)

U.S. "not satisfied yet"

U.S. officials are "not satisfied yet" about all the issues standing in the way of a deal to end the U.S.-China trade war but made progress in talks with China last week, a top White House official said on Monday. U.S. officials are pressing China to make changes to address longstanding concerns over industrial subsidies, technology transfer and intellectual property rights. The two sides wrapped up the latest round of talks in Washington late last week and will be resuming discussions this week remotely. He declined to get into specifics on which issues remained unsettled.

Aramco's debut bond sale outperforming

Saudi Aramco, the world's largest oil company, has received \$85 billion in orders for its debut bond sale, kick-starting an offering with yields likely to fall in line or below Saudi Arabia's sovereign debt. It's rare for bonds of a state-owned company to yield less than the sovereign debt. Aramco has offered bonds in six portions, from three to 30 years, according to the people familiar with the matter. Aramco is expected to raise between \$10 billion and \$15 billion, with final pricing and size anticipated on Tuesday afternoon London time.

BEIRUT S.E.	LAST	1D
SOLIDERE—A	5.70	-3.55%
SOLIDERE—B	5.73	-2.88%
BANK OF BEIRUT	18.80	-
BANK AUDI SAL	4.95	-0.80%
BLOM BANK	9.27	-
BYBLOS BANK	1.36	-
BLC BANK SAL	0.93	-
BANQUE BEMO SAL	1.55	-

FX & COMMODITIES

Volatility in major currencies dropped to the lowest in more than four years as traders trimmed risk before key events this week including US inflation data, a European Central Bank decision and UK Prime Minister Theresa May's meeting with European leaders. JPMorgan's G7 Volatility Index has fallen every day from March 29. Volatility in major currencies has been falling most of the year after spiking during the so-called "flash crash" in early January. JPMorgan's G7 gauge fell Monday to the lowest since September 2014.

The US dollar was shackled on Tuesday by a combination of weak US economic data and gains for commodity-linked currencies such as the Canadian and Australian dollars which drew support from an extended surge in crude oil prices. The dollar index against a basket of six major currencies inched down 0.06% to 96.991 after losing 0.35% the previous day, marking its biggest daily decline since March 20. On top of the pressure from buoyant commodity-

MARKETS TODAY

FX & COMMODITIES

linked currencies, the dollar was weighed by data showing US durable goods orders declined in February and a bounce in the euro as investors squared positions ahead of a looming European Central Bank meeting. The 10-year Treasury yield bounced to 2.52%, edging further away from a 15-month low of 2.34% plumbed at the end of March. The yield was still significantly below its recent highs around 2.8% hit in early March. The dollar shed 0.13% to 111.34 yen to put additional distance between a three-week peak of 111.825 scaled on Friday. The Canadian dollar was little changed at C\$1.3314 per dollar after gaining more than 0.5% overnight. The Australian dollar was steady at \$0.7134 having risen 0.3% the previous day. The euro was effectively flat at \$1.1260 after advancing 0.4% on Monday, when it ended a 2-day losing streak.

The Norwegian kroner held to its gains and stood at 8.5582 per dollar after rallying 0.7% the previous day on higher crude. The kroner was also boosted after Norges Bank Governor Oeystein Olsen said on Monday that the central bank will continue to hike interest rates over the coming months. Oil-rich Norway stands alone among other developed economies in tightening monetary policy, thanks to rising crude prices and higher-than-anticipated economic growth and inflation.

The British pound edged up, having traded in a narrow range so far this week, reflecting nervousness in the market about key Brexit talks between British PM Theresa May and the opposition Labour Party. Britain is due to leave the EU on Friday but May is seeking a compromise with the Labour Party regarding terms for Brexit ahead of an EU leaders' summit on Wednesday. May heads to Berlin and Paris on Tuesday to meet German Chancellor Merkel and French President Macron before setting out the case for another delay at Wednesday's EU summit in Brussels.

Oil prices rose to fresh 5-month highs on Tuesday as markets tightened amid OPEC-led supply cuts, US sanctions against Iran and Venezuela, and escalating violence in Libya. International benchmark Brent futures hit their strongest level since last November at \$71.34 per barrel. US WTI crude oil futures also hit a November 2018 high, at \$64.77 per barrel. Brent and WTI futures have risen by 40% and 30% respectively since the start of the year. Prices have been further lifted this week by escalating violence in Libya, a significant supplier of oil to Europe, which produced around 1.1 million bpd of crude in March.

Zinc prices fell on Tuesday on concerns that metal smelters may raise supply amid a surge in treatment charges while copper and other base metals climbed after the dollar declined.

ECONOMIC CALENDAR

CURRENCY - TIME (LT)	EVENT	FCAST	PRIOR
USD—13:00	US NFIB Small Business Index	101.3	101.7
USD—17:00	US JOLTS Job Openings	7.54M	7.58M

Wednesday: AU Westpac Consumer Sentiment, Japan PPI, French Industrial Production MoM, UK GDP MoM and Manufacturing Production MoM, ECB Policy Meeting + Press Conference, US Inflation, UK NIESR GDP Estimate, US FOMC Meeting Minutes, US Federal Budget Balance

Thursday: China CPI, PPI, OPEC Meetings, US PPI MoM,

Friday: China Trade Balance, Eurozone Industrial Production, US Prelim UoM Consumer Sentiment

Saturday: US Treasury Currency Report, IMF Meetings

MARKETS TODAY

CURRENCIES	LAST	1D	YTD
DXY	96.991	-0.06%	0.85%
EUR/\$	1.1260	-0.03%	-1.81%
GBP/\$	1.3082	0.16%	2.57%
AUD /\$	0.7134	0.10%	1.21%
NZD/\$	0.6743	0.03%	0.36%
\$/JPY	111.34	0.13%	-1.48%
\$/CAD	1.3314	0.00%	2.43%
\$/CHF	0.9988	0.01%	-1.67%
\$/SEK	9.2648	-0.04%	-4.44%
\$/NOK	8.5582	-0.13%	0.97%
\$/DKK	6.6301	-0.02%	-1.79%
\$/TRY	5.6707	0.31%	-6.72%
EUR/GBP	0.8608	0.18%	4.44%
EUR/JPY	125.37	0.14%	0.37%
EUR/CHF	1.1247	0.04%	0.08%
COMMODITIES	LAST	1D	YTD
Gold Spot \$/Oz	1298.29	0.06%	1.23%
Silver Spot \$/Oz	15.23	-0.11%	-1.70%
Platinum Spot \$/Oz	902.03	-0.79%	13.37%
Palladium Spot \$/Oz	1375.40	-0.69%	9.00%
COPPER \$/lb	293.95	0.26%	11.47%
WTI \$/bbl	64.40	0.00%	41.82%
BRENT \$/bbl	71.04	-0.08%	32.04%

EQUITIES & BONDS

Asian shares hit an eight-month high on Tuesday as optimism about Chinese measures to boost economic growth lifted mainland markets, however, worries about US earnings and a crucial Brexit summit this week limited gains.

MSCI's broadest index of Asia-Pacific shares outside Japan climbed 0.3%, hovering near its highest level since Aug. 9 last year. Chinese blue chips advanced 0.15% as investors cheered a plan unveiled by China's state planner on Monday to relax residency curbs in many of its smaller cities and increase infrastructure spending. Outside of China, however, broader sentiment was largely subdued as investors' focus remained on potential flashpoints, including a crucial Brexit summit as well as a meeting on trade between the EU and China set for later on Tuesday. Japan's Nikkei drifted 0.1% higher, while Australian shares traded a shade lower.

US stocks delivered a mixed performance on Monday .The S&P 500 and the Nasdaq edged into positive territory, with gains held in check by falling industrials as investors braced for what analysts now expect to be Q1 of contracting earnings since 2016. While the Dow ended the session lower, the S&P 500 extended its winning streak. The benchmark index has now seen eight straight days of gains for the first time since October 2017. Q1 reporting period begins in earnest, with Delta Airlines, JPMorgan Chase & Co and Wells Fargo & Co results due this week. Analysts expect it to be Q1 to show a year-on-year decline in S&P 500 earnings since 2016. Investors are also grappling with increasing signs of a global economic slowdown. Boeing Co was the heaviest drag on the blue-chip Dow, falling 4.4% after the

MARKETS TODAY

EQUITIES & BONDS

company said it would cut production of its 737 MAX aircraft in response to a worldwide grounding of the jets after the fatal Ethiopian Airlines crash on March 10. Boeing woes also weighed on the plane maker's suppliers. Spirit AeroSystems and Triumph Group ended the session down 5.1% and 6.2%, respectively. Of the 11 major sectors in the S&P 500, six closed in the black, led by energy which got a boost from rising crude prices. Utilities and industrials were the biggest%age losers. General Electric dropped 5.2% after JPMorgan downgraded the industrial conglomerate's stock to "underweight" from "neutral." New Age Beverage Corp shot up 38.6% on news that it would expand its tea and coffee brand Marley with Walmart Inc. Snap Inc gained 3.6% following RBC Capital Markets' upgrade of the stock to "outperform." Drugmaker Histogenics Corp soared 56.0% on news it would merge with privately-held Ocugen Inc. Chipmaker Micron Technology Inc dipped 1.0% after Cowen downgraded the stock to "market perform," citing expected margin pressures.

Most major Gulf stock markets gained yesterday, as financial shares lifted the exchanges. Dubai index rose for the eighth straight session. Dubai Islamic Bank added 1.6% and its largest listed-developer Emaar Properties closed 1.4% higher. On Sunday, a media report said that Dubai Islamic Bank was in talks to buy Dubai-based Noor Bank. The company said it does not comment on market speculation and rumours. Dubai Investments increased 2.8%, to its highest since November. The company signed an \$86 million contract with ABB Industries to commission a new Dubai Electricity and Water Authority substation.

COMPANY NEWS HEADLINES

- Marlboro maker Altria Group said on Monday it had received a request for additional information on its investment in e-cigarette market leader Juul Labs Inc from the US Federal Trade Commission (FTC).
- Debenhams said on Tuesday it had rejected a last-minute offer by shareholder Mike Ashley to underwrite an increased 200 million pound (\$262 million) rights issue, meaning it is likely to fall into the hands of its lenders shortly.
- Merck KGaA won the backing of Versum's board for a sweetened \$6.5 billion takeover proposal, overturning an agreed merger with rival Entegris as it bets on a recovery in electronic materials markets.
- China Aircraft Leasing Group Holdings Ltd (CALC) on Tuesday said it has not put its order for 100 Boeing Co 737 MAX jets on hold nor had it suspended payment, rebutting an earlier report by the South China Morning Post (SCMP) newspaper.
- Australia's Oil Search, France's Total SA and Exxon Mobil have signed an agreement with Papua New Guinea for the Papua LNG Project, Oil Search said on Tuesday, enabling initial work to begin on the development.
- Australia's Crown Resorts said on Tuesday it was in talks with Las Vegas rival Wynn Resorts about a potential A\$10 billion (\$7.1 billion) buyout, sending Crown shares up more than a fifth.
- Sika AG sales rose by a better-than-expected 7.1% in local currencies during Q1 of 2019, the Swiss construction chemicals maker said on Tuesday, boosted by an expansion of its factories and recent acquisitions.

MARKETS TODAY

AMERICA	LAST	1D	YTD
DOW JONES	26341.02	-0.32%	12.92%
S&P 500	2895.77	0.10%	15.51%
NASDAQ	7953.88	0.19%	19.87%
S&P/TSX	16407.29	0.07%	14.55%
EUROPE	LAST	1D	YTD
STXE 600	387.51	-0.19%	14.77%
FTSE 100	7451.89	0.07%	10.76%
CAC 40	5471.78	-0.08%	15.67%
DAX	11963.40	-0.39%	13.30%
ASIA PACIFIC	LAST	1D	YTD
S&P/ASX 200	6217.10	-0.07%	10.11%
NIKKEI 225	21775.46	0.06%	8.80%
TOPIX	1616.79	-0.21%	8.21%
CSI 300 (China)	4058.81	0.04%	34.81%
MENA	LAST	1D	YTD
Saudi Arabia	9037.97	0.30%	15.48%
Abu Dhabi	5075.47	0.45%	3.26%
Dubai	2797.08	0.58%	10.57%
Qatar	10226.68	0.34%	-0.70%
10-YEAR BONDS	LAST	1D	YTD
U.S.	2.5168	-0.0054	-0.1674
Germany	0.0070	0.0000	-0.2350
U.K.	1.1160	0.0000	-0.1610
Australia	1.8950	0.0210	-0.4230

TOP SELECTED NEWS

Big foreign banks could face new risk rules under Fed's plan

(Bloomberg) The Fed is proposing a new approach for overseeing foreign banks such as Deutsche Bank AG, Barclays Plc and Credit Suisse Group AG that's expected to require some of them to hold bigger stockpiles of easy-to-sell assets to guard against losses. The parallel regimes are part of an effort to tailor rules to exert more pressure on the riskiest banks. Depending on what final calculations the Fed lands on, several foreign lenders could be slotted into the second tier, just below a group of US banks with massive global footprints. A second-level designation would come with routine stress testing and the most stringent rules for capital.

London Stock Exchange prepares for no-deal Brexit

(Reuters) The LSE said its pan-European platform Turquoise would shift trading in euro-denominated shares to its new Dutch hub if Britain leaves the EU at the end of the week without a deal. British, Swiss and US shares would remain on its existing platform in London, the LSE said in a statement. Turquoise was committed to offering the full range of shares on its UK platform, the LSE said in a statement on Monday. In the event of a hard Brexit on April 12, Turquoise intends to reintroduce European Economic Area shares on its London platform over the course of the year, it added.



MARKETS TODAY

TOP SELECTED NEWS

Uber, ahead of IPO, sees some time before self-driving cars dominate the road

(Reuters) Uber Technologies Inc expects it will be a long time before one of its biggest investments, self-driving cars, is ready for wide-scale deployment, a senior scientist said on Monday, as the ride-sharing firm gears up to go public. Raquel Urtasun, who is chief scientist at Uber Advanced Technologies Group (ATG) and heads the group's unit in Toronto, spoke about the challenges for self-driving development at a Reuters Newsmaker event in New York. The more cautious tone marks a change from three years ago, when Uber embraced aggressive tactics to turbocharge its autonomous vehicle development in a bid to get more robot taxis on the street driving more miles.

Pinterest seeks \$15-\$17 per share in IPO, below last private valuation

(Reuters) Pinterest Inc on Monday set a price range of \$15 to \$17 per share for its initial public offering of 75 million shares, valuing it below the \$12 billion at which the online image-search company sourced its last fundraising in 2017. At the upper end of its target range, the company could have a market valuation of about \$11.30 billion and could raise \$1.3 billion in net proceeds, taking into account restricted stock units and options. The company, which owns the image search website known for the food and fashion photos that its users post, reported annual revenue of \$755.9 million in 2018, up 60% from a year earlier. But it remains unprofitable even though its net loss narrowed to \$62.97 million in 2018 from \$130 million a year earlier.

US regulator asks Altria for more information on Juul investment

(Reuters) Marlboro maker Altria Group said on Monday it had received a request for additional information on its investment in e-cigarette market leader Juul Labs Inc from the US Federal Trade Commission (FTC). Altria, which bought a 35% stake in Juul for \$12.8 billion in December, is now looking to convert its non-voting stake in the company to voting shares as per the terms of the investment agreement. The company said the waiting period for the conversion deal had been extended until 30 days after the parties had complied with the FTC's request for documents. The agency is investigating the proposed conversion deal to ensure that it does not violate antitrust law.

Deutsche Bank's trading unit is said key for ECB in deal talks

(Bloomberg) Deutsche Bank's troubled trading arm will be a focus of European banking regulators when they decide whether to approve a potential takeover of rival Commerzbank AG, according to people familiar with the matter. Supervisors at the ECB and national authorities want a clear idea of the degree the combined entity will depend on the securities unit for revenue, said the people, asking not to be identified as the talks are private. The rationale of the deal cannot simply be to use additional retail deposits to finance the investment bank, said one of the people. For Deutsche Bank, a deal could help reduce stubbornly high funding costs by expanding the deposit base.

Sony surges after report Loeb's Third Point to push for changes

(Bloomberg) Sony Corp. shares climbed in Tokyo trading after a report that Daniel Loeb's hedge fund Third Point is building a stake in the Japanese electronics giant as part of an effort to sway its corporate strategy. Third Point is aiming to raise between \$500 million to \$1 billion for a dedicated investment vehicle to buy more Sony shares, Reuters reported, citing people familiar with the matter, and it's pushing the sprawling Japanese company to explore options for some of its business units. The hedge fund believes Amazon.com Inc. and Netflix Inc. may have interest in taking over the company's movie studio. It's also questioning how the semiconductor and insurance units fit with the organization. Sony shares jumped as much as 9.37% Tuesday, the most on an intraday basis since November 2017.

GSK wins US nod for two-drug HIV combination

(Reuters) GlaxoSmithKline Plc's two-drug treatment for HIV infections won US market approval on Monday, boosting the British drugmaker's growth prospects against competitor Gilead Sciences Inc. The US Food and Drug Administration cleared the combination of dolutegravir and lamivudine, to be branded as Dovato, for use in newly diagnosed adults. GSK showed in drug trials last year that the once-a-day Dovato pill was as good as a standard three-drug cocktail in suppressing the virus that causes AIDS and also in terms of tolerability.

MARKETS TODAY

Tuesday, April 09, 2019

APPENDIX & DISCLAIMER

This document is for information purposes only and does not take account of the specific circumstances of any recipient. The information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the financial instruments mentioned in this document and will not form the basis or a part of any contract or commitment whatsoever.

The information in this document is based on data obtained from sources believed by Bank of Beirut to be reliable and in good faith, but no representations, guarantees or warranties are made by Bank of Beirut with regard to accuracy, completeness or suitability of the data. The opinions and estimates contained herein reflect the current judgment of the author (s) on the data of this document and are subject to change without notice. The opinions do not necessarily correspond to the opinions of Bank of Beirut. Bank of Beirut does not have an obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

The past performance of financial instruments is not indicative of future results. No assurance can be given that any opinion described herein would yield favorable investment results. Any forecasts discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by other sources relied upon in the document were inapposite.

Neither Bank of Beirut nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of Bank of Beirut. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

GLOBAL MARKETS DIVISION



treasury@bankofbeirut.com.lb



+961 1 960 501

PRIVATE BANKING DEPARTMENT



privatebanking@bankofbeirut.com.lb



+961 1 960 531/2/3

