

MARKETS TODAY

Wednesday, April 10, 2019

MARKETS IN BRIEF

- It is a busy day for global markets: (EUR) ECB will announce its policy decision at 14:45 LT, which will be followed up by a press conference at 15:30 LT. (USD) Inflation data at 15:30 LT, FOMC March Meeting Minutes released at 21:00 LT. (GBP) GDP and Manufacturing data at 11:30 LT.
- Japanese yen firmed on increased safe-haven demand following IMF's pessimistic economic report, in addition to U.S.'s recent threat to impose tariffs on European goods.
- Australian dollar jumped back after RBA Deputy Gov. Debelle said that the central bank is in no rush to cut interest rates despite slowing global growth.
- Oil prices edged higher after it was pressured down earlier by resurfacing economic concerns.
- Asian stocks slipped from 8-month highs.
- U.S. stocks closed down dragged by trade-sensitive industrials. S&P 500 ended a 8-day winning streak, its longest since October 2017.
- Gulf stock markets had mixed trading yesterday. Dubai index edged up stretching its rally for the 9th consecutive session, aided by its industrial and financial shares. It hit yesterday its highest since November 12 (5-month high).

IMF: Global economy cooling

The global economy is slowing more than expected and a sharp downturn could require world leaders to coordinate stimulus measures, the IMF said on Tuesday as it cut its forecast for world economic growth this year. The global lender's semi-annual World Economic Report pointed to the U.S.-China trade war and a potentially disorderly Brexit as key risks and warned that chances of further cuts to the outlook were high. Some major economies, including China and Germany, might need to take short-term actions, the IMF said. In its 3rd downgrade since October, IMF said the global economy will likely grow 3.3% this year, slowest expansion since 2016. The forecast cut 0.2 %age point from Jan's outlook.

FX & COMMODITIES	LAST	1D
EUR/\$	1.1266	0.03%
GBP/\$	1.3066	0.11%
AUD /\$	0.7145	0.29%
\$/JPY	111.17	-0.03%
\$/CAD	1.3328	0.02%
Gold \$	1303.08	-0.08%
WTI \$	64.24	0.41%
BRENT \$	70.80	0.27%
AMERICA		
DOW JONES	26150.58	-0.72%
S&P 500	2878.20	-0.61%
NASDAQ	7909.28	-0.56%
EUROPE		
STXE 600	385.68	-0.47%
CAC 40	5436.42	-0.65%
DAX	11850.57	-0.94%
ASIA PACIFIC		
S&P/ASX 200	6223.50	0.03%
NIKKEI 225	21679.11	-0.57%
CSI 300 (China)	4071.35	-0.10%
MENA		
Saudi Arabia	9047.58	0.11%
Dubai	2801.96	0.17%
Qatar	10217.92	-0.09%
BONDS		
U.S. 10-year	2.4899	-0.0001
German Bund 10-yr	-0.0090	0.0000
AU 10-year	1.8750	-0.0002

MARKETS TODAY

A longer Brexit delay?

Britain's exit from the EU looks set to be delayed by as long as a year in a blow for Theresa May that risks a destabilizing backlash at home. European Council President Donald Tusk rejected May's request for a brief postponement to the UK's membership, saying it would create a "rolling series of short extensions and emergency summits, creating new cliff-edge dates." Leaders will finalize the length of the delay to Brexit at a summit on Wednesday.

How will the ECB address the darkened economic clouds?

The ECB is all but certain to keep policy on hold on Wednesday, taking its time to evaluate whether its most recent stimulus cocktail is enough to arrest a rapid decline in sentiment. With economic powerhouse Germany skirting a recession, the ECB has already been forced to backtrack on plans to tighten policy and now faces calls to do more, even though the root cause of the downturn, weak demand from abroad, is largely beyond its policy reach. Mario Draghi will probably focus on rising price pressures and re-emphasize that the slowdown is seen as temporary.

Italy's gloomy outlook

The Italian government's gloomy outlook for its economy was confirmed on Tuesday, with new forecasts predicting almost no growth this year. After a meeting in Rome, the Cabinet cut its target for growth this year to just 0.2%. That figure -- down from 1% previously -- includes the estimated impact of measures the government has already agreed to implement to help the economy. The government said it approved the economic and public finance outlook for the next two years, and isn't planning any additional measures this year.

BEIRUT S.E.	LAST	1D
SOLIDERE—A	5.79	1.58%
SOLIDERE—B	5.74	0.17%
BANK OF BEIRUT	18.80	-
BANK AUDI SAL	4.89	-1.21%
BLOM BANK	9.27	-
BYBLOS BANK	1.36	-
BLC BANK SAL	0.93	-
BANQUE BEMO SAL	1.55	-

FX & COMMODITIES

The safe-haven Japanese yen held most of its recent gains on Wednesday as investor caution prevailed due to fresh global trade tensions and as the International Monetary Fund downgraded its global economic outlook. Broader sentiment in the market remained subdued as the flare-up between the US and Europe added to other potential global flashpoints over trade, including ongoing Sino-US tariff negotiations. The dollar was basically unchanged at 111.17 yen, paring a slight loss earlier. The US unit has fallen almost two-thirds of a% from a more than 3-week high of 111.825 yen brushed on Friday last week. Against a basket of key rival currencies, the dollar was steady at 97.004, after giving up 0.35% overnight. On Monday, the US Trade Representative 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. The IMF on Tuesday slashed its global growth forecasts for 2019 to 3.3%, the slowest expansion since 2016. The global lender said a sharp downturn could require world leaders to coordinate stimulus measures.

MARKETS TODAY

FX & COMMODITIES

Investors' immediate focus on Wednesday will be on a European Central Bank meeting and the release of minutes of the Fed's last policy meeting. Ahead of a Brexit summit meeting later on Wednesday, the euro and sterling both were essentially unchanged, trading at \$1.1266 and \$1.306, respectively. EU leaders will likely grant Prime Minister Theresa May a second delay to Britain's exit from the EU but they could demand she accepts a much longer extension as France pushed for conditions to limit Britain's ability to undermine the bloc.

The latest IMF forecasts, together with a pullback in oil prices, put pressure on commodity-linked currencies such as the Australian and Canadian dollars. However, the Aussie dollar advanced as traders covered short positions after RBA Deputy Governor Debelle indicated the central bank isn't in a hurry to cut rates. AUD/USD rises 0.29% to 0.7145, rebounding from losses of as much as 0.2% before Debelle's speech on the state of the economy. Debelle says divergence between the jobs market, GDP data and business surveys "at the moment is about as large as it gets," and the central bank wants to see how it unfolds.

Oil prices rose on Wednesday, supported by supply cuts by producer group OPEC and US sanctions against oil exporters Iran and Venezuela, but pressured by expectations that an economic slowdown could soon dent fuel consumption. Both benchmarks hit 5-month highs on Tuesday, before easing on global growth worries. Overall, oil markets have tightened this year because of US sanctions on oil exporters Iran and Venezuela, as well as supply cuts by the OPEC and some non-affiliated producers including Russia, a group known as OPEC+. As a result, Brent and WTI crude oil futures have risen by around 30% and 40% respectively since the start of the year.

ECONOMIC CALENDAR

CURRENCY - TIME (LT)	EVENT	FCAST	PRIOR
GBP—11:30	UK GDP MoM	0.20%	0.50%
GBP—11:30	UK Manufacturing Production MoM	0.20%	0.80%
EUR—14:45	ECB Policy Decision	0.00%	0.00%
EUR—15:30	ECB Press Conference		
USD—15:30	US CPI MoM	0.30%	0.20%
USD—15:30	US Core CPI MoM	0.20%	0.10%
USD—21:00	FOMC March Meeting Minutes		

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	97.004	0.00%	0.86%
EUR/\$	1.1266	0.03%	-1.75%
GBP/\$	1.3066	0.11%	2.45%
AUD /\$	0.7145	0.29%	1.36%
NZD/\$	0.6753	0.12%	0.51%
\$/JPY	111.17	-0.03%	-1.33%
\$/CAD	1.3328	0.02%	2.32%
\$/CHF	1.0003	-0.03%	-1.82%
\$/SEK	9.2491	0.10%	-4.28%
\$/NOK	8.5197	0.44%	1.42%
\$/DKK	6.6266	0.03%	-1.74%
\$/TRY	5.6951	-0.02%	-7.12%
EUR/GBP	0.8622	0.08%	4.26%
EUR/JPY	125.24	-0.06%	0.47%
EUR/CHF	1.1269	-0.06%	-0.12%
COMMODITIES	LAST	1D	YTD
Gold Spot \$/Oz	1303.08	-0.08%	1.61%
Silver Spot \$/Oz	15.21	-0.06%	-1.83%
Platinum Spot \$/Oz	894.51	0.30%	12.43%
Palladium Spot \$/Oz	1394.63	0.36%	10.53%
COPPER \$/lb	294.05	0.22%	11.51%
WTI \$/bbl	64.24	0.41%	41.47%
BRENT \$/bbl	70.80	0.27%	31.60%

EQUITIES & BONDS

The US Treasury Department on Tuesday sold \$38 billion of three-year government notes at a yield of 2.301%, the lowest yield for this debt maturity at an auction since February 2018, Treasury data showed. The ratio of bids to the amount of three-year notes offered was 2.49, which was the lowest reading since January. This gauge of overall auction demand was 2.56 at the previous 3-year note sale in March.

Asian shares slipped from 8-month highs on Wednesday as the IMF lowered its global growth outlook and as the US and Europe locked horns over tariffs in a fresh escalation of trade tensions. MSCI's broadest index of Asia-Pacific shares outside Japan dropped 0.1%, a day after it hit its highest since Aug. 1. The Shanghai Composite Index fell 0.4% and Japan's Nikkei lost 0.7%. On Wall Street, the S&P 500 gave up 0.61% and the Nasdaq Composite declined 0.56% on Tuesday. MSCI's broadest gauge of the world's stock markets was down slightly from Tuesday's six-month peak but it was still up roughly 19% from a near two-year trough marked in December.

US stocks were dragged down yesterday by trade-sensitive industrials as tensions over tariffs between the US and its European trading partners went from simmer to boil and the IMF lowered its global growth outlook. All three major US stock indexes finished the session in the red, with the S&P 500 ending its eight-day rally. US President Donald Trump said he would impose tariffs on \$11 billion of European goods, raising tensions over aircraft subsidies that threaten to

MARKETS TODAY

EQUITIES & BONDS

morph into a wider trade war. Trade disputes, along with Britain's potentially messy exit from the EU, led the International Monetary Fund (IMF) to cut its global economic growth forecasts and warn that further cuts could follow. Q1 earnings season is set to begin in earnest, with Delta Airlines reporting on Wednesday and JPMorgan Chase & Co and Wells Fargo & Co results due on Friday, kicking off what analysts now expect to be Q1 to show a year-on-year decline in profits since 2016. January-March earnings for S&P 500 companies are now seen falling by 2.5% from last year, according to Refinitiv data. Of the 11 major sectors in the S&P 500, all but utilities and communications services ended the session in the red. Industrials posted the biggest %age loss, falling 1.4%. Boeing Co extended its slump after reporting a drop in deliveries related to the grounding of its 737 MAX jets. Its shares fell 1.5%. The grounded Boeing aircraft led American Airlines Group Inc to trim its Q1 revenue forecasts. The airliner's stock slid 1.7%. US Steel Corp slid by 10.0% following Credit Suisse's downgrade of the stock to "underperform." Wynn Resorts Ltd dipped 3.9% after ending takeover talks with Crown Resorts. The Philadelphia SE Semiconductor index backed off from Monday's record high, falling 1.1%. Among winners, Facebook Inc rose 1.5% after Morgan Stanley upped its price target, citing growing revenues from its Instagram segment. Levi Strauss & Co jumped 2.7% ahead of its Q1ly report since its IPO. Walt Disney Co shares advanced 1.7% following Cowen's upgrade to "outperform."

Trading was mixed across other major Gulf markets. Dubai index edged up on Tuesday stretching its rally for the ninth consecutive session, aided by its industrial and financial shares. The index closed 0.2% higher, with Emirates Integrated Telecommunications rising 1.6%. Dubai Investments rose 2% to reach its highest level since November. On Sunday, the firm signed an \$86 million contract with ABB Industries to commission a new Dubai Electricity and Water Authority substation. United Arab Emirates' Finabl said it expects to register to launch an IPO in London. The payments and foreign exchange firm said that the deal could raise at least \$200 million.

COMPANY NEWS HEADLINES

- Boeing's legal troubles grew on Tuesday as a new lawsuit accused the company of defrauding shareholders by concealing safety deficiencies in its 737 MAX planes before two fatal crashes led to their worldwide grounding.
- Netflix Inc is in discussions to buy the Egyptian Theatre, a historic movie house in the heart of Hollywood (Reuters)
- Levi Strauss & Co posted a 7% rise in quarterly revenue on Tuesday after returning to public markets last month, driven by the jeans maker's strategy to invest in its retail stores and online business.
- US retirement plan administrator Principal Financial Group said on Tuesday it would buy Wells Fargo's retirement plan services business for \$1.2 billion, as it seeks a larger presence in markets serving mid-sized companies.
- Global trader Glencore has won contracts worth around \$520 million to supply 4.94 million tonnes of coal to Mexico, state-run power utility the Federal Electricity Commission (CFE) said on Tuesday.
- A German court approved an application for insolvency from wind turbine manufacturer Senvion, although the company said it was continuing to look at new funding options and various investors had shown interest.
- Equifax Inc and its Canadian unit fell far short of their privacy obligations, a Canadian federal agency said on Tuesday following an investigation into the 2017 data breach at the credit reporting company.
- Norway's Adevinta completed a long-planned initial public offering on Tuesday, valuing the fast-growing online classified ads group at more than 53 bn Norwegian crowns (\$6.20 bn) ahead of its market debut on Wednesday.
- Italian food group Newlat, which is planning a Milan listing this year to raise funds for acquisitions, is looking at Kraft Heinz's Plasmon division.
- The Brazilian government reached a landmark deal to pay state-controlled oil company Petróleo Brasileiro SA \$9.058 billion for revising a transfer-of-rights oil contract, Energy Minister Bento Albuquerque said on Tuesday.

MARKETS TODAY

AMERICA	LAST	1D	YTD
DOW JONES	26150.58	-0.72%	12.10%
S&P 500	2878.20	-0.61%	14.81%
NASDAQ	7909.28	-0.56%	19.20%
S&P/TSX	16336.45	-0.43%	14.06%
EUROPE	LAST	1D	YTD
STXE 600	385.68	-0.47%	14.22%
FTSE 100	7425.57	-0.35%	10.37%
CAC 40	5436.42	-0.65%	14.92%
DAX	11850.57	-0.94%	12.23%
ASIA PACIFIC	LAST	1D	YTD
S&P/ASX 200	6223.50	0.03%	10.22%
NIKKEI 225	21679.11	-0.57%	8.32%
TOPIX	1607.78	-0.68%	7.61%
CSI 300 (China)	4071.35	-0.10%	35.23%
MENA	LAST	1D	YTD
Saudi Arabia	9047.58	0.11%	15.60%
Abu Dhabi	5076.03	0.01%	3.27%
Dubai	2801.96	0.17%	10.76%
Qatar	10217.92	-0.09%	-0.79%
10-YEAR BONDS	LAST	1D	YTD
U.S.	2.4899	-0.0107	-0.1943
Germany	-0.0090	0.0010	-0.2510
U.K.	1.1040	-0.0120	-0.1730
Australia	1.8750	-0.0230	-0.4430

TOP SELECTED NEWS

IMF: UK economy to lose 3.5% of GDP in no-deal Brexit

(Reuters) Britain will suffer economic damage equivalent to the loss of at least 2-3 years of normal growth between now and the end of 2021 if it leaves the EU without an exit deal, the IMF warned on Tuesday. The IMF said that even in a relatively orderly no-deal Brexit scenario -- with no delays at borders and minimal financial market turmoil -- the economy would grow 3.5% less by the end of 2021 than it would under a smoother Brexit. "The increase in trade barriers has an immediate negative impact on UK foreign and domestic demand," IMF said. The EU economy would suffer too but by much less than Britain, facing an estimated 0.5% hit to GDP compared with a smooth Brexit scenario.

Berlin reveals contacts with Deutsche Bank amid merger talks

(Reuters) Deutsche Bk's CEO had three meetings with Germany's deputy finance minister before and immediately after it announced merger talks with a state-backed rival, according to information revealed by the government. The contact underscores the attention Germany's finance ministry has given to the country's largest bank at a critical juncture that will determine whether the state becomes a shareholder in the group. Two of those meetings happened in Jan, while the third was on March 18, day after Deutsche and Commerz publicly confirmed the talks.



MARKETS TODAY

TOP SELECTED NEWS

Qatar plan for further stake in Deutsche Bank has stalled: sources

(Reuters) A plan by Qatar's sovereign wealth fund to make a significant investment in Deutsche Bank has stalled, according to two people with knowledge of the matter. The Qatar Investment Authority (QIA) approached financial regulators months ago to seek approval to buy a big stake in Germany's largest lender, the people said. Qatar's royal family already holds a combined 6.1% stake in Deutsche Bank. But Qatari officials haven't yet provided the necessary documentation, which could derail the QIA's investment plans, they said. It was unclear whether the fund had lost interest or whether it was simply taking its time.

Standard Chartered to pay \$1.1 billion for sanctions violations

(Reuters) Standard Chartered Plc has agreed to pay \$1.1 billion to US and British authorities for conducting illegal financial transactions that violated sanctions against Iran and other countries, government authorities announced on Tuesday. The settlement by the London-based bank is among the most severe imposed for sanctions violations, some of which occurred not long after Standard Chartered settled similar charges in 2012. Tuesday's settlement extends by two years a deferred prosecution agreement that Standard Chartered originally entered in 2012.

Uber is said to seek about \$10 billion in year's biggest IPO

(Bloomberg) Investors could get their first look at hundreds of pages of detailed information about Uber Technologies Inc. as soon as Thursday, as the ride-hailing giant gears up to publicly file for an IPO. The global ride-hailing company will kick off a road show to market shares to potential investors this month and would begin trading publicly in May, said people familiar with the matter, who asked not to be identified. Uber is seeking to raise about \$10 billion, one of the people said. The offering is expected to be the largest US IPO this year and among the 10 largest of all time.

Saudi Aramco sells \$12 billion of bonds in unprecedented debut

(Bloomberg) Saudi Arabia took its first major step onto the global financial stage to fund the heady ambitions of its crown prince, issuing \$12 billion of bonds for its state-run oil company in one of the most oversubscribed debt offerings in history. The demand for Saudi Aramco's debut offering was so robust it allowed the energy giant to borrow at a lower yield than its sovereign parent.

Qualcomm loses court bid against EU antitrust regulators' demand for data

(Reuters) US chipmaker Qualcomm on Tuesday lost a court challenge against a demand for it to provide EU regulators with data in a long-running antitrust case. The world's no. 1 chipmaker had already provided the information after being ordered to pay a daily fine for withholding it, but the Luxembourg-based General Court's ruling is expected to strengthen the Commission's hand in future similar cases. Qualcomm has been under the EU spotlight since 2015, when it was accused of predatory pricing between 2009 and 2011 aimed at forcing out British phone software maker Icera, subsequently bought by Nvidia Corp.

Ashley's Sports Direct drops plan to buy Debenhams

(Reuters) Billionaire Mike Ashley's Sports Direct said it did not intend to make an offer to buy Debenhams after lenders took control of the ailing retailer on Tuesday. Sports Direct had until April 22 to make a firm offer for the retailer or walk away under British takeover rules. Debenhams was locked in a long-running battle for control with its largest shareholder, Ashley's Sports Direct.

US firm's plan for Australia-China internet cable leaves Huawei trailing

(Reuters) US submarine cable company SubCom said on Thursday it would lay an internet link from Australia to Hong Kong through Papua New Guinea, deepening its involvement in a region where China's Huawei Technologies Co Ltd has sought to expand. The route is the most direct internet link yet between Australia and China. It also includes a connection to Madang in PNG and possible branches to Port Moresby and to Honiara in the Solomon Islands - connections Huawei had agreed to make before Australia blocked its project there last year on security grounds.

MARKETS TODAY

Wednesday, April 10, 2019

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