

MARKETS TODAY

Wednesday, April 17, 2019

MARKETS IN BRIEF

- China's upbeat economic data released today eased concerns about slowing global growth and boosted market risk sentiment, hurting safe-haven assets in turn.
- Australian dollar jumped hitting earlier \$0.7206, its highest since February 21 (almost 2-month high). Next focus: Jobs data tomorrow at 4:30 LT.
- Euro recovered after coming under pressure on reports that the ECB could become more dovish. Traders awaited inflation data at 12:00 LT.
- British pound investors will be watching inflation data at 11:30 LT, and later on BoE Gov. Carney speaking at 16:00 LT.
- NZ dollar was pressured down by downbeat inflation data.
- Oil prices rose for the second day helped by increased demand and ongoing output cuts.
- Gold traded near 4-month lows.
- Asian stocks rallied as Chinese data provided relief.
- U.S. stocks edged up slightly helped by financial and tech shares. S&P 500 inched closer to all-time highs.
- German gov't yields firmed above 0%, trading near 4-week high.

China's Q1 growth steady

China's economy grew at a steady 6.4% pace in Q1, defying expectations for a further slowdown, as industrial production jumped sharply and consumer demand showed signs of improvement. But analysts warn it is too early to call a sustainable turnaround in China, and further policy support is needed to maintain momentum. Beijing has ramped up fiscal stimulus this year to shore up growth, announcing billions of dollars in additional tax cuts and infrastructure spending, while Chinese banks lent a record 5.8 trillion yuan (\$865 bn) in Q1, more than GDP of Switzerland. Quarterly growth was supported by a sharp jump in industrial production, which surged 8.5% in March YoY, fastest in over 4-1/2 years.

FX & COMMODITIES	LAST	1D
EUR/\$	1.1310	0.26%
GBP/\$	1.3060	0.09%
AUD /\$	0.7197	0.31%
\$/JPY	111.97	0.03%
\$/CAD	1.3330	0.15%
Gold \$	1279.50	0.21%
WTI \$	64.48	0.67%
BRENT \$	72.04	0.45%
AMERICA		
DOW JONES	26452.66	0.26%
S&P 500	2907.06	0.05%
NASDAQ	8000.23	0.30%
EUROPE		
STXE 600	389.21	0.29%
CAC 40	5528.67	0.36%
DAX	12101.32	0.67%
ASIA PACIFIC		
S&P/ASX 200	6256.40	-0.34%
NIKKEI 225	22277.97	0.25%
CSI 300 (China)	4092.43	0.16%
MENA		
Saudi Arabia	9139.55	0.57%
Dubai	2794.72	0.10%
Qatar	10258.75	0.36%
BONDS		
U.S. 10-year	2.5940	0.0000
German Bund 10-yr	0.0800	0.0001
AU 10-year	1.9580	0.0003

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Euro zone inflation in focus

Euro-area inflation data today may show price pressures building thanks in part to wage growth, according to Bloomberg Economics. Consensus calls for March CPI to rise 1% on month, accelerating from 0.3% in February, while maintaining 1.4% growth on year. Core CPI is seen steady at an annual pace of 0.8%. The risk is that a slowdown in Germany could ripple through the region.

U.K. wage growth at new decade high

British workers' pay grew at its joint fastest pace in over a decade as employers extended their hiring spree, adding to signs that uncertainty about Brexit is prompting firms to take on workers rather than commit to longer-term investments. Contrasting with other sluggish readings of Britain's economy, total earnings, including bonuses, rose by an annual 3.5% in the three months to February, official data showed. That was the joint highest rate since mid-2008 although in the month of February on its own the pace of wage growth slowed.

Apple and Qualcomm ending 2-year battle

Apple Inc. and Qualcomm Inc. agreed to end a 2-year legal battle over billions of dollars of technology licensing fees that threatened the chipmaker's most profitable line of business. Apple will make a one-time payment to Qualcomm, and the two reached a multiyear agreement whereby Qualcomm will supply chips and license its technology to the iPhone maker in exchange for royalty payments, the companies said Tuesday in a statement. fees. Qualcomm's stock gained 23%, the most in a single day since 1999.

BEIRUT S.E.	LAST	1D
SOLIDERE—A	5.64	-
SOLIDERE—B	5.65	-0.35%
BANK OF BEIRUT	18.80	-
BANK AUDI SAL	4.90	5.83%
BLOM BANK	9.27	-
BYBLOS BANK	1.34	-
BLC BANK SAL	0.93	-
BANQUE BEMO SAL	1.55	-

FX & COMMODITIES

The Australian dollar shot to a two-month peak on Wednesday after data showed steady Chinese economic growth in Q1, helping Australia's currency shake off earlier losses. The Aussie was 0.31% higher at \$0.7197 after touching \$0.7206, its strongest since Feb. 21. It also reached a 4-month peak of 80.71 yen. The currency is sensitive to the economic fortunes of China, Australia's biggest trading partner. China's economy grew 6.4% in Q1 from a year earlier, official data showed on Wednesday, above expectations, helped by sharply higher factory production. The Australian dollar has been dogged recently by the Reserve Bank of Australia's dovish stance. On Tuesday, the Aussie took a brief hit after the RBA said it believes a cut in interest rates would be "appropriate" should inflation stay low and unemployment trend higher.

The US dollar, often a safe haven, sagged against the euro after the Chinese data eased concerns about a global economic slowdown. The dollar index against a basket of six major currencies dipped 0.16% to 96.884.

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FX & COMMODITIES

The greenback was flat at 111.97 yen after briefly popping up to 112.17 yen, its highest since Dec. 20, following a bounce in US yields to 4-week highs.

The euro steadied after coming under pressure on Tuesday after Reuters quoted four sources with direct knowledge of discussions as saying several European Central Bank policymakers think the ECB's economic projections are too optimistic, as economic weakness in China and trade tensions linger. The euro rose 0.26% to \$1.1310, paring the previous day's losses.

The New Zealand dollar was down 0.31% at \$0.6742 but the Aussie's bounce helped it pull back from a 3-1/2-month low of \$0.6668 plumed earlier in the session. The kiwi was hit after data showed New Zealand's annual inflation slowed in Q1, which raised the odds of an interest rate cut in the coming months.

Oil prices rose for a second day on Wednesday on signs of strong demand from refineries in China, the world's second-largest crude user, amid tightening supply as producers curtail output and as oil inventories in the US fell unexpectedly. Brent hit its highest since November 8. China's refinery throughput in March rose 3.2% from a year earlier to 53.04 million tonnes, or 12.49 million barrels per day (bpd), data from the National Bureau of Statistics showed on Wednesday. The data also showed its economy in Q1 expanded by 6.4% compared to a year earlier.

Gold prices stayed below the key \$1,280 level on Wednesday, near a 4-month trough, as better-than-expected economic readings from China lifted Asian shares and sharpened risk appetite, denting the metal's safe-haven appeal. Spot gold were up 0.21% at \$1,279.5 per ounce, after having fallen as much as 1.2% to \$1,272.70, its lowest since Dec. 27, in the previous session. Elsewhere, silver gained 0.45% to \$15.07 an ounce. Spot platinum rose 0.43%, to \$885.26 per ounce, while palladium also climbed 0.14% to \$1,358.77.

Argentina will freeze a non-intervention trading band for its peso currency until the end of the year, central bank head Guido Sandleris said during a news conference on Tuesday. The band, which came into effect last year and previously had gradually depreciated, will be set between 39.75 pesos and 51.45 pesos per US dollar, Sandleris said.

ECONOMIC CALENDAR

CURRENCY - TIME (LT)	EVENT	FCAST	PRIOR
GBP—11:30	UK CPI YoY	2.00%	1.90%
GBP—11:30	UK PPI Input MoM	0.30%	0.60%
EUR—12:00	Eurozone Final CPI YoY	1.40%	1.40%
EUR—12:00	Eurozone Trade Balance	16.8B	17.0B
CAD—15:30	Canada CPI MoM	0.70%	0.70%
CAD—15:30	Canada Trade Balance	-3.5B	-4.2B
USD—15:30	US Trade Balance	-53.5B	-51.1B
GBP—16:00	BoE Gov Carney speaks		
OIL—17:30	EIA Weekly Report		

Thursday: AU Jobs Report, Swiss Trade Balance, Flash Services and Manufacturing PMI for major countries, Canada Retail Sales, US Retail Sales, US Initial Jobless Claims, US Building Permits

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CURRENCIES	LAST	1D	YTD
DXY	96.884	-0.16%	0.74%
EUR/\$	1.1310	0.26%	-1.37%
GBP/\$	1.3060	0.09%	2.40%
AUD /\$	0.7197	0.31%	2.10%
NZD/\$	0.6742	-0.31%	0.34%
\$/JPY	111.97	0.03%	-2.04%
\$/CAD	1.3330	0.15%	2.30%
\$/CHF	1.0068	0.12%	-2.45%
\$/SEK	9.2387	0.21%	-4.17%
\$/NOK	8.4745	0.21%	1.96%
\$/DKK	6.5993	0.23%	-1.33%
\$/TRY	5.7697	0.01%	-8.32%
EUR/GBP	0.8661	-0.18%	3.80%
EUR/JPY	126.60	-0.19%	-0.61%
EUR/CHF	1.1388	-0.16%	-1.16%
COMMODITIES	LAST	1D	YTD
Gold Spot \$/Oz	1279.50	0.21%	-0.23%
Silver Spot \$/Oz	15.07	0.45%	-2.74%
Platinum Spot \$/Oz	885.26	0.43%	11.26%
Palladium Spot \$/Oz	1358.77	0.14%	7.69%
COPPER \$/lb	296.20	0.78%	12.15%
WTI \$/bbl	64.48	0.67%	42.00%
BRENT \$/bbl	72.04	0.45%	33.90%

EQUITIES & BONDS

The key 10-year Japanese government bond futures contract hit a three-month low on Wednesday as better-than-expected growth data from China soothed global economic slowdown fears and curbed demand for safe-haven debt. Germany's benchmark 10-year government bond yield rose to its highest level in four weeks. Germany's 10-year bond yield rose 2.5 basis points to a high of 0.088%. Other long-dated euro zone bond yields also rose in early trade.

Italian stocks and government bonds sold off on Tuesday after a Bank of Italy official said the country's deficit would rise to 3.4% of GDP in 2020 — thereby breaching EU regulations — without an increase in sales tax. Italy's borrowing costs were up 3-5 basis points across the curve on the bank official's remarks, which also predicted a deficit of 3.3% of gross domestic product for 2021 unless the sales tax is raised or other fiscal measures taken.

Asian share markets pulled ahead on Wednesday as investors were relieved after a raft of Chinese data beat expectations in a sign Beijing's policy stimulus may finally be gaining traction in the world's second-largest economy. Indications for Europe and Wall Street, however, suggested a mixed opening session. Moves in Asian share markets were modest in part because they had already rallied hard since the start of the year. Japan's Nikkei closed up 0.25% after hitting a five-month peak earlier in the day. MSCI's broadest index of Asia-Pacific shares outside Japan

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EQUITIES & BONDS

gained 0.2% to near its highest since July. China blue chips rose slight to stay just below their best levels since March last year.

US stocks had a modest lift from financial and tech firms on Tuesday following a string of generally positive earnings, with the S&P 500 inching closer to a new all-time high. All three major US stock indexes were up slightly, with the S&P 500 still less than a% below its record as positive Q1 corporate results gave investors a shot of confidence. Bank of America Corp, Johnson & Johnson, BlackRock Inc, UnitedHealth Group Inc and others posted quarterly results that surpassed analyst expectations. Of the 42 S&P 500 companies that have posted thus far, 81% have beaten consensus, compared with the 65% average beat rate going back to 1994. The second biggest US bank by assets, Bank of America missed revenue expectations but its profit beat forecasts due to cost cutting and loan increases. Its shares edged up 0.4%. Johnson & Johnson came in above analyst estimates, mostly attributable to sales growth at its pharmaceuticals unit, driving the stock 1.8% higher. But UnitedHealth Group, which also reported better-than-anticipated Q1 profit and hiked its 2019 earnings forecast, fell 6.0%, likely due to regulatory worries. The stock was the biggest drag on the Dow. Rivals Anthem Inc and Cigna Corp were also down, dropping 7.2% and 7.7%, respectively. The S&P 500 Healthcare Index was down 1.7%. BlackRock, the world's largest asset manager, rose 2.9% after blowing past Street expectations and raking in \$65 billion in new investor cash in Q1. Of the 11 major sectors in the S&P 500, six were trading in the black. Financials were the biggest %age winners, rising 1.3%. Netflix Inc was up 4.1% ahead of its results later in the day. International Business Machines Corp is also due to report after session close.

In the MENA region, Saudi index rose on Tuesday as most of its banks gained. A wide sell-off pulled down Egypt's blue-chip share index. Retailer Fawaz Alhokair Group climbed 2.9%. Its unit, Arabian Centres, said it will this month launch what could be Saudi Arabia's largest IPO in five years, which it hopes will raise around \$1 billion.

COMPANY NEWS HEADLINES

- Intel Corp said on Tuesday it was exiting the 5G smartphone modem business, while assessing opportunities for 4G and 5G modems in PCs, internet of things devices and other data-centric devices.
- United Airlines on Tuesday reported a better-than-expected jump in Q1 profit as it sold more tickets and cut costs, standing by its 2019 profit target even as its Boeing Co 737 MAX jets remain grounded.
- Johnson & Johnson on Tuesday reported a Q1 profit that exceeded Wall Street expectations on higher sales of its prescription medicines, including a double-digit increase for its psoriasis treatment Stelara, even as the company faces fierce competition for some of its other important drugs.
- International Business Machines reported a bigger-than-expected drop in Q1 revenue on Tuesday, hurt by tapering demand for its mainframe computers and a stronger dollar, sending its shares down about 3%.
- Swiss drugmaker Roche raised its 2019 outlook after Q1 sales beat analyst forecasts on the strength of newer medicines including multiple sclerosis treatment Ocrevus and cancer immunotherapy Tecentriq.
- ABB Ltd. said its CEO Ulrich Spiesshofer decided to step down by mutual agreement with the company's board in an abrupt departure just four months after initiating a major overhaul of the Swiss engineering company.
- State-run oil company Petroleo Brasileiro SA has hired nine banks to manage an offering of shares in its fuel distribution unit Petrobras Distribuidora SA, three sources with knowledge of the matter said.
- US auto-parts supplier Aptiv said on Wednesday it was opening an autonomous mobility center in Shanghai, in a push to position its self-driving vehicles in China.
- CSX Corp on Tuesday reported a quarterly profit that topped Wall Street's target, after the No. 3 US railroad operator pushed through price increases and contained labor and fuel costs by running fewer, but longer trains.

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AMERICA	LAST	1D	YTD
DOW JONES	26452.66	0.26%	13.40%
S&P 500	2907.06	0.05%	15.96%
NASDAQ	8000.23	0.30%	20.57%
S&P/TSX	16502.20	-0.08%	15.22%
EUROPE	LAST	1D	YTD
STXE 600	389.21	0.29%	15.27%
FTSE 100	7469.92	0.44%	11.03%
CAC 40	5528.67	0.36%	16.87%
DAX	12101.32	0.67%	14.61%
ASIA PACIFIC	LAST	1D	YTD
S&P/ASX 200	6256.40	-0.34%	10.80%
NIKKEI 225	22277.97	0.25%	11.31%
TOPIX	1630.68	0.26%	9.14%
CSI 300 (China)	4092.43	0.16%	35.93%
MENA	LAST	1D	YTD
Saudi Arabia	9139.55	0.57%	16.77%
Abu Dhabi	5205.78	-0.15%	5.91%
Dubai	2794.72	0.10%	10.47%
Qatar	10258.75	0.36%	-0.39%
10-YEAR BONDS	LAST	1D	YTD
U.S.	2.5940	0.0036	-0.0902
Germany	0.0800	0.0140	-0.1620
U.K.	1.2190	-0.0010	-0.0580
Australia	1.9580	0.0270	-0.3600

TOP SELECTED NEWS

China's March property investment grows most in 8 months on looser policy

(Reuters) Property investment in China grew the most in eight months in March, as demand recovered and market sentiment improved in the wake of looser monetary conditions and a modest relaxation of home purchase curbs. Real estate investment, which mainly focuses on the residential sector but also includes commercial and office space, is a key driver of growth in the world's second-largest economy. China's real estate investment rose 12% in March from a year earlier, accelerating slightly from 11.6% growth reported for the combined January-February period, according to Reuters calculations based on data released by NBS on Wednesday.

US Factory Output Stalled in March as Auto Production Dropped

(Bloomberg) US factory production stalled in March as motor-vehicle output declined, adding to signs of headwinds for manufacturing and economic growth around the world. Manufacturing output was unchanged from February after falling a revised 0.3%, Fed data showed Tuesday. That compared with the median estimate for a 0.1% increase in Bloomberg's survey of economists. Total industrial production, which also includes mines and utilities, fell 0.1%, also trailing forecasts for a gain and following a 0.1% advance.



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TOP SELECTED NEWS

Boeing 737 MAX software upgrade 'operationally suitable': FAA panel

(Reuters) A review by a US Federal Aviation Administration panel into Boeing Co's grounded 737 MAX aircraft found a planned software update and training revisions to be "operationally suitable," the agency said Tuesday, an important milestone in getting the planes back in the air. More than 300 Boeing 737 MAX jets have been grounded worldwide after nearly 350 people died in two crashes in few month.

US Justice Department tells T-Mobile, Sprint it has concerns about merger deal: sources

(Reuters) The US Justice Department has told T-Mobile US Inc and Sprint Corp it has concerns about their proposed \$26 billion merger in its current structure, sources familiar with the matter said on Tuesday, although no final decision has been made. Sprint shares fell about 9% after the bell as investors increased bets the deal would not be completed following a Wall Street Journal report the merger is unlikely to be approved as currently structured. Shares of T-Mobile fell 4%. The deal had been criticized by consumer advocates and some lawmakers because it would reduce the number of national wireless carriers available to consumers to three from four.

Netflix forecast disappoints as streaming competition looms

(Reuters) Netflix Inc gave a weak forecast on Tuesday that unnerved investors just as Walt Disney Co and others prepare to escalate Hollywood's streaming video wars, although the company's quarterly results beat Wall Street targets. Shares of Netflix traded down about 1% at \$355.02 in after-the-bell trading. Netflix predicted it would pick up 5 million new streaming subscribers from April through June. Netflix added a record number of paid streaming customers in Q1, reaching a total of 148.86 million. In a letter to shareholders, Netflix said it saw "some modest short-term churn effect," or dropping of its service, in response to the price increases.

Commerzbank is said to draw ING takeover interest; shares rise

(Bloomberg) Commerzbank AG has been sounded out by ING Groep NV about a possible combination of the two lenders, according to a person familiar with the matter, as the German firm's talks with domestic rival Deutsche Bank AG draw increasing criticism. Commerzbank shares extended gains after Manager Magazin first reported the talks on Tuesday, citing people it didn't identify. ING CEO Ralph Hamers has reached out to both the German government and his Commerzbank counterpart, Martin Zielke, in an effort to start discussions, that report said. ING, the biggest Dutch bank, has a market value of almost 47 billion euros, almost five times Commerzbank's 10 billion euros.

BlackRock rebounds amid 'huge excitement' over fixed income

(Bloomberg) BlackRock Inc. rebounded from a rocky end of last year, as customers jumped into its fixed-income products and showed interest in illiquid alternatives. The world's largest asset manager saw \$65 billion in net inflows in Q1, the strongest total since 2017. The results Tuesday helped lift the New York-based company's assets under management above \$6 trillion again after a drop amid market turmoil at the end of 2018.

Pernod Ricard agrees to buy Italian gin brand Malfy

(Reuters) Pernod Ricard, which is being targeted by activist investor Elliott, plans to buy super premium Italian gin brand Malfy from Biggar & Leith, as it further strengthens its fast-growing portfolio of so-called 'craft' spirits. Pernod's latest takeover comes as the company, which is the world's second-largest spirits group behind Diageo, faces pressure from US hedge fund Elliott Management to improve profit margins and corporate governance.

Microsoft turned down facial-recognition sales on human rights concerns

(Reuters) Microsoft Corp recently rejected a California law enforcement agency's request to install facial recognition technology in officers' cars and body cameras due to human rights concerns, company President Brad Smith said on Tuesday. Microsoft concluded it would lead to innocent women and minorities being disproportionately held for questioning because the artificial intelligence has been trained on mostly white and male pictures. AI has more cases of mistaken identity with women and minorities, multiple research projects have found.

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