

MARKETS TODAY

Thursday, April 18, 2019

MARKETS IN BRIEF

- Global markets turned cautious ahead of Easter Holiday.
- Asian stocks dipped today on profit-taking.
- U.S. stocks ended slightly lower yesterday as a drop in healthcare shares overshadowed a string of positive corporate earnings and upbeat economic data from the U.S. and China.
- U.S. dollar traders awaited more data today: Retail Sales, Manufacturing PMI, Services PMI, and Initial Jobless Claims.
- Japanese yen advanced while U.S. treasury yields drifted lower from 4-week highs hit yesterday.
- Euro firmed helped by a recovery in German bund yields following easing global concerns. Traders eyed key economic data today.
- Australian dollar erased earlier gains weighed by weakness in the offshore yuan. The brief rally was triggered by data showing employment rose more than estimated in March.
- Oil prices continued to be propelled by steady economic growth in China and a surprise fall in U.S. crude stocks. Brent oil hit a 2019 high above \$72 a barrel on Wednesday.

Trade announcement in May?

Senior US and Chinese officials are scheduling more face-to-face trade talks in an effort to reach a deal by early-May that Trump and his Chinese counterpart Xi Jinping could sign later that month, two people familiar with the plans told Bloomberg. US Trade Representative Lighthizer and Treasury Secretary Mnuchin plan to travel to Beijing the week of April 29, according to the people, who spoke on condition of anonymity to discuss internal deliberations. The next week Chinese Vice Premier Liu He will come to Washington for negotiations. During his visit, officials want to announce the sides have struck a deal and details of a signing summit, probably set for late May. A spokeswoman for Lighthizer declined to comment.

FX & COMMODITIES	LAST	1D
EUR/\$	1.1299	0.03%
GBP/\$	1.3045	0.02%
AUD /\$	0.7184	0.07%
\$/JPY	111.88	0.16%
\$/CAD	1.3360	-0.14%
Gold \$	1272.04	-0.15%
WTI \$	63.75	-0.02%
BRENT \$	71.59	-0.04%
AMERICA		
DOW JONES	26449.54	-0.01%
S&P 500	2900.45	-0.23%
NASDAQ	7996.08	-0.05%
EUROPE		
STXE 600	389.59	0.10%
CAC 40	5563.09	0.62%
DAX	12153.07	0.43%
ASIA PACIFIC		
S&P/ASX 200	6259.80	0.05%
NIKKEI 225	22070.21	-0.93%
CSI 300 (China)	4088.97	0.04%
MENA		
Saudi Arabia	9238.05	1.08%
Dubai	2812.56	-0.02%
Qatar	10308.17	0.48%
BONDS		
U.S. 10-year	2.5723	-0.0002
German Bund 10-yr	0.0730	-0.0001
AU 10-year	1.9410	-0.0002

MARKETS TODAY

U.S. trade deficit narrowing to 8-month low

The US trade deficit fell to an 8-month low in February as imports from China plunged, temporarily providing a boost to Trump's "America First" agenda and economic growth in Q1. The surprise second straight monthly narrowing in the trade gap was also driven by soaring aircraft exports, which are likely to reverse after Boeing halted deliveries of its troubled 737 MAX aircraft. Economists warned the trade deficit would remain elevated regardless of whether the US and China struck a trade deal. The trade deficit tumbled 3.4% to \$49.4 billion in February, lowest level since Jun 2018.

Democrats said to subpoena 9 banks

House Democrats' investigations into Trump's finances and potential money laundering tied to Russia have prompted them to demand documents from 9 banking giants, according to people familiar with the matter (Bloomberg). The House Financial Services Committee, led by Representative Maxine Waters, has issued subpoenas to U.S. lenders JPMorgan, Citigroup, Morgan Stanley, Bank of America, Wells Fargo, and Capital One Financial. Foreign banks that received information requests included Deutsche Bank, RBC and Toronto Dominion Bank.

Pinterest valued at \$12.7 billion in IPO

Pinterest Inc's IPO set the online scrapbook company's valuation at \$12.7 billion on Wednesday, above its expectations. Pinterest, where users save ideas for clothes, décor and recipes, is due to start trading on the NYSE on Thursday. Its performance will be a key test of the tech IPO market after the Nasdaq debut of ride-hailing start-up Lyft at the end of last month. Lyft raised more than it had set out to do when it went public, but shares have dropped around 17% from its IPO price, raising concerns about bigger rival Uber Tech Inc when it prices its IPO next month.

BEIRUT S.E.	LAST	1D
SOLIDERE—A	5.66	0.35%
SOLIDERE—B	5.65	-
BANK OF BEIRUT	18.80	-
BANK AUDI SAL	4.90	-
BLOM BANK	9.27	-
BYBLOS BANK	1.36	1.49%
BLC BANK SAL	0.93	-
BANQUE BEMO SAL	1.55	-

FX & COMMODITIES

The euro was steady on Thursday after evidence of strength in China improved the outlook for the global economy, with the market looking next to European indicators to provide the currency with a further boost. The euro traded little changed at \$1.1299, having eked out a gain of 0.1% the previous day. The single currency has steadily recovered from a low of \$1.1183 plumbed at the start of April. The euro was lifted after data on Wednesday showed China's economy grew at a steady 6.4% pace in Q1, defying expectations for a further slowdown, as industrial production surged and consumer demand showed signs of improvement. The 10-year German bund yield rose to a 1-month high of 0.10% overnight, in a sharp rebound from a 2-1/2-year low of minus 0.094% at the end of March. Bund yields had sunk in March as concerns about slowing global growth gripped the broader market. Investors are now watching Chinese and European economic data for signs that the global economy is performing better than initially thought. The Purchasing Managers' Indexes (PMIs) for the manufacturing and service sectors in Europe, due later on Thursday, will provide the next indication of strength for the European economy.

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FX & COMMODITIES

The Japanese yen advanced against the dollar and US Treasuries rose as investors pared risk positions ahead of the Easter holiday. Japan's currency rebounded from a 4-month low reached Wednesday as losses in Asian equities and US stock futures boosted demand for safer assets. Japan's Finance Minister Taro Aso is poised to visit the US next week and may discuss a currency clause with Treasury Secretary Steven Mnuchin, Kyodo news reported without attribution. The US currency inched down 0.16% to 111.88 yen after briefly touching a 4-month peak of 112.17 on Wednesday amid a bounce in US Treasury yields to a one-month high.

Australian dollar gave up earlier gains as weakness in China's yuan weighs on risk assets around the region. Aussie had risen earlier following better-than-expected employment data. The Australian dollar was flat at \$0.7184. The currency briefly rose to \$0.7200 as Australian job growth in March surpassed forecasts. But the Aussie was unable to sustain the rise as Thursday's data set was not entirely rosy, showing that the country's unemployment rate ticked up in March. The Reserve Bank of Australia earlier this year opened the door for a possible interest rate cut, and labor conditions are being watched for potential impact on monetary policy. RBA's "reaction-function" to any labor-market weakness is potentially quite sharp; given falling house prices and fragile consumer sentiment, it won't take much for RBA to start cutting rates.

Commodity-linked currencies sagged after a surge in crude oil prices ran out of steam. The Canadian dollar stood at C\$1.3351 per dollar, having pulled back from a one-month high of C\$1.3275 brushed on Wednesday.

Oil prices edged higher supported by ongoing OPEC-led supply cuts and a surprise fall in US crude inventories, although gains were capped by strong US production. Brent crude futures were not far off Wednesday's five-month high of \$72.27 a barrel. US crude inventories fell by 1.4 million barrels in the week to April 12, compared with analyst expectations for an increase of 1.7 million barrels, Department of Energy (DoE) showed on Wednesday. Prices have been supported this year by an agreement reached by the OPEC and its allies, including Russia, to limit their oil output by 1.2 million barrels per day. Global supply has also been tightened further by US sanctions on OPEC members Venezuela and Iran.

ECONOMIC CALENDAR

CURRENCY - TIME (LT)	EVENT	FCAST	PRIOR
EUR—10:30	German Flash Manufacturing PMI	45.2	44.1
EUR—10:30	German Flash Services PMI	55.0	55.4
CAD—15:30	Canada Retail Sales MoM	0.20%	0.10%
EUR—11:00	Eurozone Flash Services PMI	53.1	53.3
GBP—11:30	UK Retail Sales MoM	-0.30%	0.40%
GBP—11:30	UK BoE Credit Conditions Survey		
USD—15:30	US Initial Jobless Claims	207K	196K
USD—15:30	US Retail Sales MoM	0.90%	-0.20%
CAD—15:30	Canada Retail Sales MoM	0.20%	0.10%
USD—16:45	US Flash Manufacturing PMI	52.8	52.4
USD—16:45	US Flash Services PMI	55.0	55.3

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CURRENCIES	LAST	1D	YTD
DXY	96.997	-0.01%	0.86%
EUR/\$	1.1299	0.03%	-1.47%
GBP/\$	1.3045	0.02%	2.28%
AUD /\$	0.7184	0.07%	1.92%
NZD/\$	0.6721	-0.09%	0.03%
\$/JPY	111.88	0.16%	-1.96%
\$/CAD	1.3360	-0.14%	2.07%
\$/CHF	1.0099	0.06%	-2.75%
\$/SEK	9.2476	0.01%	-4.26%
\$/NOK	8.4946	0.00%	1.72%
\$/DKK	6.6081	0.01%	-1.46%
\$/TRY	5.7955	-0.92%	-8.73%
EUR/GBP	0.8661	0.02%	3.79%
EUR/JPY	126.39	0.14%	-0.44%
EUR/CHF	1.1410	0.06%	-1.36%
COMMODITIES	LAST	1D	YTD
Gold Spot \$/Oz	1272.04	-0.15%	-0.81%
Silver Spot \$/Oz	14.95	-0.24%	-3.49%
Platinum Spot \$/Oz	885.00	-0.47%	11.23%
Palladium Spot \$/Oz	1391.49	-0.44%	10.28%
COPPER \$/lb	296.00	-0.45%	12.08%
WTI \$/bbl	63.75	-0.02%	40.39%
BRENT \$/bbl	71.59	-0.04%	33.07%

EQUITIES & BONDS

US Treasury yields drifted lower from 4-week highs on Wednesday, as Wall Street shares lost steam in a holiday-shortened week and investors got back in the market after a recent sell-off. Financial markets are closed on Friday for the Good Friday holiday. Since hitting a more than one-year low in late March after the Fed indicated it will, for now, hold off raising interest rates, benchmark US 10-year yields have risen roughly 27 basis points.

Asian shares dipped on Thursday amid subdued trade after losses on Wall Street and some profit-taking ahead of a long Easter weekend. European shares were set open lower, with Frankfurt's DAX futures off a quarter of a% and London's FTSE futures down a fifth of a%. E-Mini futures for the S&P 500 gave up 0.25%. MSCI's broadest index of Asia-Pacific shares outside Japan lost 0.4%, reversing course after brushing its highest since late July 2018 early in the trading session. Australian shares were a shade lower while Japan's Nikkei dropped 0.8% and Chinese blue chips slipped 0.2%. Wall Street shares drifted lower on Wednesday, with the S&P 500 giving up 0.2% as a drop in healthcare equities outweighed upbeat economic data from the US and China.

US stocks ended slightly lower on Wednesday as a drop in healthcare shares overshadowed a string of positive corporate earnings and upbeat economic data from the US and China. All three major US stock indexes ended the session in negative territory, with the S&P 500 remaining just within a% below its record high reached in September.

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EQUITIES & BONDS

The healthcare sector saw its biggest percentage drop in four months, falling 2.9% on regulatory worries. UnitedHealth Group Inc, Pfizer Inc, Merck & Co Inc and Abbott Laboratories all closed down between 1.9% and 4.7%, and were among the biggest drags on the broader S&P 500. Investors "would rather invest in sectors that aren't going through such a big controversy." The sector's drop dampened generally encouraging earnings reports. Morgan Stanley rose 2.6% after beating analyst estimates due to cost-cutting and growth in its wealth management segment. United Continental Holdings Inc jumped 4.7% following Tuesday's after-market earnings report, where the airline bested consensus estimates and held its 2019 profit target firm, even as Boeing Co's 737 MAX jets remain grounded. Robust business jet demand drove Textron Inc's earnings beat, driving its stock up 4.0%. PepsiCo Inc reported better-than-expected Q1 sales on strong North American demand. The packaged food company's shares rose 3.8%. With reporting season in high gear, analysts now expect Jan-March S&P 500 profits to have dropped 1.8% year-on-year, according to Refinitiv data, which would mark the first earnings decline since 2016. Of the 54 S&P 500 companies that have posted thus far, 79.6% have beaten consensus, compared with the 65% average beat rate going back to 1994. Of the 11 major sectors in the S&P 500, six ended the session in the black. Qualcomm Inc surged 12.2% after the chipmaker settled its long-running legal battle with Apple Inc. Apple shares climbed 1.9%. The news boosted other chipmakers, with the Philadelphia SE Semiconductor index advancing 1.6%.

Major Gulf stock markets were lifted by rising oil prices. Saudi index rose on the back of its banks. Egypt was partly dragged down by its biggest lender Commercial International Bank. Saudi's index rose 1.1% for its biggest one-day gain in two and a half months, with 11 of its 12 banks advancing. Al Rajhi Bank added 2.3% and the kingdom's largest lender National Commercial Bank gained 2.2%.

COMPANY NEWS HEADLINES

- Italian banks are in talks with BlackRock over a possible deal to salvage troubled bank Carige, the head of a depositor guarantee fund financed by the country's banks said on Wednesday. Carige was placed under special administration at the start of the year after the Malacalza family, its top shareholder, blocked a planned capital raising, derailing an industry-financed rescue plan.
- National Australia Bank Ltd, the country's fourth-largest, on Thursday flagged an additional A\$749 million (\$537.18 million) in charges to refund thousands of wronged customers and said it would review its dividend policy.
- T. Rowe Price funds slashed Tesla Inc holdings in Q1, data showed on Wednesday, as the institutional investor continued to cut its positions in the electric vehicle maker.
- Wisconsin's governor said on Wednesday he wants to renegotiate the state's contract with Foxconn Technology Group for investment incentives because the Taiwanese company is not expected to reach its job creation goals for the state.
- United Airlines expects Boeing Co's grounded 737 MAX jets to return to service this summer, with deliveries resuming before the end of the year, an executive said on Wednesday.
- SpiceJet Ltd Chairman Ajay Singh said on Thursday the budget airline was taking "all possible proactive measures" to deal with capacity reduction in the aviation industry, a day after rival Jet Airways Ltd was forced to ground all flights as it ran out of funds.
- Abbott Laboratories Inc reported higher-than-expected quarterly profit and sales on surging demand for its glucose monitoring device, but an unchanged forecast along with regulatory uncertainty kept investors on the edge.
- ASML Holding NV denied on Wednesday any involvement by its top client Samsung Electronics Co Ltd in an intellectual property theft case between the Dutch chip equipment maker and a competitor.

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AMERICA	LAST	1D	YTD
DOW JONES	26449.54	-0.01%	13.38%
S&P 500	2900.45	-0.23%	15.70%
NASDAQ	7996.08	-0.05%	20.51%
S&P/TSX	16544.24	0.25%	15.51%
EUROPE	LAST	1D	YTD
STXE 600	389.59	0.10%	15.38%
FTSE 100	7471.32	0.02%	11.05%
CAC 40	5563.09	0.62%	17.60%
DAX	12153.07	0.43%	15.10%
ASIA PACIFIC	LAST	1D	YTD
S&P/ASX 200	6259.80	0.05%	10.86%
NIKKEI 225	22070.21	-0.93%	10.27%
TOPIX	1612.90	-1.09%	7.95%
CSI 300 (China)	4088.97	0.04%	35.82%
MENA	LAST	1D	YTD
Saudi Arabia	9238.05	1.08%	18.03%
Abu Dhabi	5237.07	0.45%	6.55%
Dubai	2812.56	-0.02%	11.18%
Qatar	10308.17	0.48%	0.09%
10-YEAR BONDS	LAST	1D	YTD
U.S.	2.5723	-0.0217	-0.1119
Germany	0.0730	-0.0070	-0.1690
U.K.	1.2360	0.0170	-0.0410
Australia	1.9410	-0.0150	-0.3770

TOP SELECTED NEWS

Enigma of Weidmann looms over race to succeed Draghi at ECB

(Bloomberg) European leaders wondering whether Jens Weidmann should replace Mario Draghi at the European Central Bank have two competing views of the Bundesbank chief to choose from. One perspective, shared by some of his ECB colleagues, is that the German has been a thorn in the side of the current president for too long to shake off an aura of fundamentalism. Another, hinted at by Weidmann himself, is that of a pragmatist who can bend to the requirements of his office. The test Weidmann faces is whether that shift has come too late for him to be credible leading an institution that could plausibly be required to firefight another existential crisis.

Samsung gets reports of Galaxy Fold screen problems, raising specter of Note 7 fiasco

(Reuters) Samsung Electronics Co Ltd said it has received "a few" reports of damage to the displays of samples of its upcoming foldable smartphone, raising the prospect of a less-than-smooth entry for the splashy \$1,980 handset. The Galaxy Fold, on sale from April 26 in the US, resembles a conventional smartphone but opens like a book to reveal a second display the size of a small tablet at 7.3 inches (18.5 cm). Yet ahead of the launch, journalists supplied with review samples reported malfunctions after only a day or two of use.



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TOP SELECTED NEWS

Boeing making 'steady progress' on path to 737 MAX software certification: CEO

(Reuters) Boeing Co is making "steady progress" on the path to certifying a software update to the grounded 737 MAX and has made the final test flight before a certification flight, its chief executive said on Wednesday. Boeing's newest 737 model, the MAX, was grounded worldwide in March following two fatal crashes. Battling its biggest crisis in years, the world's largest aircraft manufacturer is under pressure to convince global regulators that the aircraft can be safely recertified to fly again.

Facebook 'unintentionally uploaded' email contacts of 1.5 mln users - report

(Reuters) Facebook Inc said it "unintentionally uploaded" the email contacts of 1.5 million new users since May 2016, Business Insider reported on Wednesday. The social media company harvested email contacts of the users without their knowledge or consent when they opened their accounts, the report said. Facebook told Business Insider that it did not mean to upload these contacts, and is now in the process of deleting them. Facebook did not respond to Reuters request for comment outside regular business hours.

Apple legal surrender is a blow for supply chain strategy

(Bloomberg) Apple's legal surrender this week is a blow for the company's supply chain strategy, and one of the biggest tests of its push to cut reliance on providers of key components. The iPhone maker struck a deal Tuesday with Qualcomm to halt all litigation and start using the chipmaker's modems again, likely including important new 5G versions. That ended a bruising 2-year battle over technology that underpins all smartphones. The agreement includes a 6-year licensing pact, creating a telling new deadline for Apple to design its own modems and finally cut ties to Qualcomm. That's an eternity in the tech business and shows how difficult it is to make this crucial component.

Uber nears investment deal for self-driving car unit: WSJ

(Reuters) Uber Technologies Inc is nearing a deal with a group, including SoftBank Group, to invest in its self-driving car unit to be valued at \$7.25 bn, the Wall Street Journal reported on Wednesday, citing people familiar with the matter. SoftBank, Toyota Motor and Japanese auto-parts supplier Denso Corp are expected to invest a total of \$1 bn as part of the deal, which could be announced in the next few days, the report said. SoftBank closed its \$8 bn investment in Uber in Jan 2018, which gave it a 16% stake in the company and made it the largest shareholder.

Amazon says will not operate China marketplace site from July 18

(Reuters) Amazon.com Inc on Thursday said it is notifying sellers that it will no longer operate a marketplace nor provide seller services on its Chinese website, Amazon.cn, from July 18. "We are working closely with our sellers to ensure a smooth transition and to continue to deliver the best customer experience possible," a spokeswoman told Reuters in a statement.

Reliance said to weigh refinery stake sale to Aramco, Adnoc

(Bloomberg) Indian billionaire Mukesh Ambani's Reliance Industries Ltd. is considering selling as much as 25% of its refinery business in a deal that could fetch at least \$10 billion, people with knowledge of the matter said. Reliance is sounding out potential investors including state-owned Saudi Arabian Oil Co. and Abu Dhabi National Oil Co. to gauge their interest, according to the people, who asked not to be identified because the information is private. Aramco has also been considering investing in a new Indian refinery that Reliance is planning to build.

Ubisoft offers Notre-Dame-themed Assassin's Creed game for free

(Reuters) French video game developer Ubisoft said on Wednesday it will offer free access to its "Assassin's Creed" game, which allows players to roam in a meticulously reconstituted Notre-Dame Cathedral during the French revolution. During one week, the company will let players download for free the "Unity" version of its game that was released in 2014. The game is set in 1789 Paris and players are part of a secret society of hit men roaming the city chasing victims from a rival group.

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