

MARKETS TODAY

Tuesday, April 23, 2019

MARKETS IN BRIEF

- Oil prices jumped after the U.S. announced all Iran sanction waivers would end by May, pressuring importers to stop buying from Tehran. WTI hit earlier \$66.19, its highest since October 31 (more than 5 1/2-month high). Brent hit \$74.69, its highest since November 1.
- Canadian dollar firmed with surge oil prices. Investors looked forward for BoC's policy decision and press conference on Wednesday.
- Japanese yen steadied as Japan investors reduced risk before extended Golden Week holidays and as renewed U.S. sanctions on Iran pushed up oil prices. Investors eyed BoJ policy decision on Thursday.
- Swiss currency headed for its worst month against the euro in 2 years, giving relief for policy makers. EUR/CHF hit earlier 1.1445 francs, its highest since November 8 (5.5-month high). USD/CHF hit 1.018 francs, its highest since January 11, 2017 (2 1/4-year high).
- Australian dollar was pressured down by lower market risk appetite. Traders focused on Inflation data that will be released tomorrow at 4:30 LT.
- U.S. stocks ended little changed yesterday after a low-volume trading session. The biggest gains were in the energy sector, as investors stayed on the sidelines ahead of quarterly earnings.

U.S. increasing pressure on Iran

The US on Monday demanded that buyers of Iranian oil stop purchases by May 1 or face sanctions, a move to choke off Tehran's oil revenues which sent crude prices to 6-month highs on fears of a potential supply crunch. The Trump administration on Monday said it will not renew exemptions granted last year to buyers of Iranian oil, a more stringent than expected decision that caught several key importers who have been pleading with Washington to continue buying Iranian oil sanctions-free. The US re-imposed sanctions in November on exports of Iranian oil. Eight economies, including China and India, were granted waivers for six months, and several had expected those exemptions to be renewed.

FX & COMMODITIES	LAST	1D
EUR/\$	1.1248	-0.08%
GBP/\$	1.2983	0.01%
AUD /\$	0.7120	-0.20%
\$/JPY	111.90	0.04%
\$/CAD	1.3366	-0.14%
Gold \$	1272.84	-0.17%
WTI \$	66.12	0.87%
BRENT \$	74.51	0.63%
AMERICA		
DOW JONES	26511.05	-0.18%
S&P 500	2907.97	0.10%
NASDAQ	8015.27	0.22%
EUROPE		
STXE 600	390.46	0.22%
CAC 40	5580.38	0.31%
DAX	12222.39	0.57%
ASIA PACIFIC		
S&P/ASX 200	6319.40	0.95%
NIKKEI 225	22259.74	0.19%
CSI 300 (China)	4038.29	0.32%
MENA		
Saudi Arabia	9195.02	-0.48%
Dubai	2814.44	-0.23%
Qatar	10401.40	0.44%
BONDS		
U.S. 10-year	2.5776	-0.0001
German Bund 10-yr	0.0340	0.0001
AU 10-year	1.8950	-0.0006

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... Saudis pledging to fill the gap

Saudi Arabia will coordinate with other crude producers to ensure that adequate supplies are available and the market “does not go out of balance,” Energy Minister Khalid Al-Falih said, after the US ended waivers for buyers of Iranian oil. The Saudis are closely monitoring oil-market developments after the US announcement regarding export sanctions on Iran, Al-Falih said in a statement. “In the next few weeks, the Kingdom will be consulting closely with other producing countries and key oil consuming nations to ensure a well-balanced and stable oil market”.

May resuming talks with the Labour party

Theresa May is fighting to keep her job so she can complete the defining task of her premiership and take the UK out of the EU -- but her hopes of success now rest with her arch rival Jeremy Corbyn. Senior officials in the prime minister's team believe the only realistic chance of a Brexit deal passing a vote in Parliament is if the opposition Labour Party leader decides -- preferably this week -- that settling the issue is in his interests. Talks between May's Conservatives and their Labour counterparts are set to resume today as MPs return to London from their break.

Ukraine's currency getting a relief

Ukraine's peaceful leadership transition in the wake of comedian Volodymyr Zelenskiy's landslide victory helped make the hryvnia one of the top emerging-market currencies Monday. Investors hope he can build a reform-focused team that sticks to IMF demands as part of a \$3.9 billion support package.

BEIRUT S.E.	LAST	1D
SOLIDERE—A	5.29	-6.53%
SOLIDERE—B	4.88	-13.62%
BANK OF BEIRUT	18.80	-
BANK AUDI SAL	4.90	-
BLOM BANK	8.50	-8.30%
BYBLOS BANK	1.36	-
BLC BANK SAL	0.93	-
BANQUE BEMO SAL	1.55	-

FX & COMMODITIES

The Japanese yen rose against all its Group-of-10 peers as Japan investors reduced risk before extended Golden Week holidays and as renewed US sanctions on Iran pushed up oil prices. Japan's currency touched the strongest in a week versus the dollar, before trimming gains as Asian stocks rose. Japanese financial markets will be shut for more than a week starting next Monday, raising concern of a possible repetition of the flash crash that roiled markets in early January. USD/JPY was 0.04% lower at 111.90 after earlier dropping as much as 0.3%. EUR/JPY slipped 0.11% to 125.87.

The US dollar edged up against a basket of key rivals on Tuesday. Financial markets in Australia and New Zealand reopened after the long Easter holiday, and were set to reopen across Europe later in the day. The dollar index against a basket of six key rivals was a shade higher at 97.371, edging toward the 2019 high of 97.71 struck in early March. The greenback has firmed in recent weeks on the back of higher US 10-year Treasury yields and signs of

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strength in the US economy following a weak start of the year. Data released overnight showed US existing home sales fell more than expected in March amid supply constraints, and figures for new home sales will be released later in the global day. While those may provide some pointers to the state of the US economy, a clearer picture should emerge from the gross domestic product report set for release on Friday. The Australian dollar drifted 0.1% lower to \$0.7128% ahead of the release of Q1 inflation data due on Wednesday. The greenback's moves against the euro and sterling were small, with the single currency slightly lower at \$1.1248 and the pound up a tad at \$1.2983.

The Canadian dollar held firm after oil prices rallied to near 6-month highs on news that Washington plans to eliminate waivers next month for eight countries to buy Iranian oil without facing US sanctions. With the jump in the price of oil, one of Canada's major exports, the loonie was down slightly at C\$1.3366, holding most of the previous session's gains of over a third of a%.

The Swiss franc is headed for its worst month in almost two years, bringing relief to Swiss policy makers seeking a weaker currency in their quest to revive inflation. The currency has lost about 2.5% of its value against the euro this month, a depreciation not matched since July 2017. The drop is spurring a re-think among some analysts, who are looking to revise their currency forecasts given the collapse in market volatility that has failed to boost demand for haven currencies.

Oil extended gains after leaping to a six-month high as the US said it'll no longer give any buyer of Iranian crude a waiver from sanctions aimed at cutting the OPEC producer's exports to zero. Futures in London added as much as 0.63%, a day after US Secretary of State Mike Pompeo said any nation that continues to buy Iranian oil will face American sanctions. In response, the Islamic Republic threatened to shut the Strait of Hormuz, a key waterway for Middle East crude. Meanwhile, Saudi Arabia said it will coordinate with other producers to ensure that adequate supplies are available.

Gold edged lower as strong equities provided a risk-conducive backdrop for investors, countering support from Washington's move to end waivers on Iranian oil sanctions. Spot gold fell 0.17% to \$1,272.84 per ounce. A bearish stance on gold was also reflected in the data from the U.S. Commodity Futures Trading Commission, which showed that speculators switched to a net short position in COMEX gold in the week to April 16. Elsewhere, silver fell 0.34% to \$14.96 per ounce. Platinum gained 0.03% to \$898.55 having hit a 2-week high of \$911.75 in previous session. Palladium was 0.21% higher at \$1,388.60, having shed as much as 3.5% to \$1,373 in previous session.

ECONOMIC CALENDAR

CURRENCY - TIME (LT)	EVENT	FCAST	PRIOR
USD—16:00	US HPI MoM	0.60%	0.60%
USD—17:00	US New Home Sales	647K	667K
EUR—17:00	Eurozone Consumer Confidence	-7	-7
USD—17:00	US Richmond Manufacturing Index	10	10

Wednesday: AU CPI and Trimmed CPI, German Ifo Business Climate, ECB Economic Bulletin, UK Public Sector Net Borrowing, Canada BoC Policy Decision + Press Conference

Thursday: BoJ Policy Decision + Press Conference, US Durable Goods, US Initial Jobless Claims

Friday: US Currency Report, NZ Trade Balance, AU Import Prices and PPI, SNB Chairman Jordan speaks, US Advance GDP QoQ, US Revised UoM Consumer Sentiment

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CURRENCIES	LAST	1D	YTD
DXY	97.371	0.09%	1.25%
EUR/\$	1.1248	-0.08%	-1.91%
GBP/\$	1.2983	0.01%	1.80%
AUD /\$	0.7120	-0.20%	1.01%
NZD/\$	0.6664	-0.24%	-0.82%
\$/JPY	111.90	0.04%	-1.98%
\$/CAD	1.3366	-0.14%	2.03%
\$/CHF	1.0164	-0.10%	-3.37%
\$/SEK	9.3240	-0.19%	-5.05%
\$/NOK	8.5046	-0.07%	1.60%
\$/DKK	6.6372	-0.07%	-1.90%
\$/TRY	5.8263	-0.01%	-9.22%
EUR/GBP	0.8663	0.10%	3.76%
EUR/JPY	125.87	0.11%	-0.03%
EUR/CHF	1.1433	-0.01%	-1.55%
COMMODITIES	LAST	1D	YTD
Gold Spot \$/Oz	1272.84	-0.17%	-0.75%
Silver Spot \$/Oz	14.96	-0.34%	-3.45%
Platinum Spot \$/Oz	898.55	0.03%	12.93%
Palladium Spot \$/Oz	1388.60	-0.21%	10.05%
COPPER \$/lb	291.70	0.31%	10.45%
WTI \$/bbl	66.12	0.87%	45.61%
BRENT \$/bbl	74.51	0.63%	38.49%

EQUITIES & BONDS

The Treasury yield curve steepened on Monday, the start of a busy week in the financial market in which \$237 billion of new debt will be auctioned off and more than a quarter of S&P 500 companies will report Q1 earnings. The spread between the 2- and 10-year government note yields, the most common measure of the yield curve, dropped 0.56 bps from last close to 19.42 bps. The yield curve steepens when longer-dated yields rise faster than shorter-dated yields, suggesting bullish investor sentiment. Benchmark 10-year note and 30-year bond yields were almost flat on the day, trading at 2.58% and 2.98% respectively.

Asian stocks rose marginally on Tuesday as many markets reopened after the long Easter break. MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.1%, while Japan's Nikkei was little higher. Chinese stocks extended losses on concerns that Beijing will slow the pace of further policy easing after unexpectedly strong first-quarter economic data last week. Shares in Shanghai slid 0.23% after policymakers vowed to fine-tune monetary policy, ensuring it is "neither too tight, nor too loose". Analysts believe Beijing's message signaled a more tempered approach in easing policy amid worries about debt growth, and sent local stocks to their heaviest fall in almost four weeks on Monday.

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EQUITIES & BONDS

US stocks ended a low-volume trading session little changed on Monday, with the biggest gains in the energy sector as investors otherwise stayed on the sidelines ahead of quarterly earnings. Investors were waiting for some of the biggest S&P 500 companies, including Boeing Co, Amazon.com Inc and Facebook Inc to report Q1 results later in the week. Additional reports could ease investor fears of an earnings recession. Trading volume - which was the lowest so far in 2019 - was also muted by the fact that some investors were still on vacation after Friday's US market holiday and because markets were closed in parts of Europe and Asia on Monday. With the S&P trading at less than 1% below its record high reached in September, investors were also waiting for upcoming data such as Q1 GDP before making bigger bets. The S&P energy index jumped 2.1% in its biggest one-day percentage gain since January, as oil prices surged on the US' move to further clampdown on Iranian oil exports, tightening global supplies. But seven of the 11 major S&P sectors ended the day lower, led by a 1% drop in the real estate index. Intuitive Surgical Inc fell 7% and was the biggest drag on the S&P 500 after the surgical robotics maker's quarterly profit missed analysts' estimates. Kimberly-Clark Corp gained 5.4%, touching a near two-year high, after the consumer products maker reported better-than-expected earnings. The PHLX Housing index fell 0.97% after data showed US home sales fell more than expected in March, pointing to continued weakness in the housing market.

In the Gulf stock markets, Abu Dhabi index closed higher for the fourth straight session on Monday, aided by its largest lender First Abu Dhabi Bank. Saudi index was pulled down by petrochemical stocks. The Abu Dhabi index rose 0.8%, led by a 1.8% increase in First Abu Dhabi Bank (FAB). The lender has been rising in recent sessions after it obtained regulatory approval to increase its foreign ownership limit to 40% from 25%. Abu Dhabi Commercial Bank (ADCB) rose 1.1%. On Sunday its chief executive Alaa Eraiqat was appointed chairman of Al Hilal Bank, with which ADCB is expected to merge, along with Union National Bank, in the first half of 2019.

COMPANY NEWS HEADLINES

- Senior executives at T-Mobile US Inc and Sprint Corp made the case to US officials in Washington last week that they should approve a planned tie-up between the two wireless companies, arguing a combined firm would have incentives to "aggressively lower prices."
- Facebook Inc on Monday named the legal adviser to the US State Department as its general counsel, as the social media giant faces growing regulatory hurdles and privacy concerns.
- Dow Inc locked 226 employees out of its Houston-area chemical plant in Deer Park, Texas, on Monday afternoon after United Steelworkers union (USW) workers rejected the latest labor contract proposal, USW officials said.
- Plant-based meat maker Beyond Meat Inc is planning to raise up to \$183.8 million from an initial public offering, looking to tap into the growing popularity of veganism.
- California utility owner PG&E Corp said on Monday it agreed to a deal with BlueMountain Capital Management LLC to appoint a new independent director and a safety adviser, resolving a months-long battle with the activist shareholder.
- The US Food and Drug Administration has approved Merck & Co Inc's cancer therapy, Keytruda, as part of a combination therapy for previously untreated patients with the most common type of kidney cancer, the company said on Monday.
- CLSA Ltd. appointed Rick Gould, head of its Americas business, as global chief executive officer after several top managers left the brokerage amid mounting tensions between the old guard and its Chinese owner.
- South Korea's SK Hynix Inc is looking at buying part of logic chip maker MagnaChip Semiconductor Corp, a source familiar with the matter told Reuters on Monday, adding nothing had been decided.

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AMERICA	LAST	1D	YTD
DOW JONES	26511.05	-0.18%	13.65%
S&P 500	2907.97	0.10%	16.00%
NASDAQ	8015.27	0.22%	20.80%
S&P/TSX	16577.28	-0.21%	15.74%
EUROPE	LAST	1D	YTD
STXE 600	390.46	0.22%	15.64%
FTSE 100	7459.88	-0.15%	10.88%
CAC 40	5580.38	0.31%	17.96%
DAX	12222.39	0.57%	15.75%
ASIA PACIFIC	LAST	1D	YTD
S&P/ASX 200	6319.40	0.95%	11.92%
NIKKEI 225	22259.74	0.19%	11.22%
TOPIX	1622.97	0.27%	8.63%
CSI 300 (China)	4016.24	-0.23%	33.40%
MENA	LAST	1D	YTD
Saudi Arabia	9195.02	-0.48%	17.48%
Abu Dhabi	5377.75	-0.16%	9.41%
Dubai	2814.44	-0.23%	11.25%
Qatar	10401.40	0.44%	0.99%
10-YEAR BONDS	LAST	1D	YTD
U.S.	2.5776	-0.0109	-0.1066
Germany	0.0340	0.0090	-0.2080
U.K.	1.1970	0.0000	-0.0800
Australia	1.8950	-0.0550	-0.4230

TOP SELECTED NEWS

ECB's Coeure sees no argument for tiered deposit rate

(Reuters) European Central Bank policymaker board member Benoit Coeure sees no reason for creating a tiered deposit rate that exempts banks from part of an ECB charge on their idle cash, he said in an interview published on Tuesday. In the interview to the Frankfurter Allgemeine Zeitung newspaper, Coeure said the ECB's negative rate is not the biggest problem and banks should rather focus on their costs. "At the current juncture, I do not see the monetary policy argument for tiering," Coeure said. "However, we must keep a close eye on developments."

US home sales tumble as supply constraints linger

(Reuters) US home sales fell more than expected in March as rising demand stoked by declining mortgage rates and slowing house price inflation continued to be frustrated by a lack of properties, especially in the lower-priced segment of the market. The report from the National Association of Realtors (NAR) on Monday could temper expectations of a strong spring selling season that had been bolstered by a recent surge in applications for loans to buy homes. Existing home sales dropped 4.9% to a seasonally adjusted annual rate of 5.21 million units last month. Sales fell in all four regions of the country last month.

TOP SELECTED NEWS

Samsung retrieving all Galaxy Fold samples after defect reports: source

(Reuters) Samsung Electronics is retrieving all Galaxy Fold samples distributed to reviewers to investigate reports of broken screens, a day after it postponed the phone's launch, a person with direct knowledge of the matter said on Tuesday. The retrieval comes as the world's biggest smartphone maker met with embarrassment ahead of the foldable device's US release on April 26, with a handful of technology journalists reporting breaks, bulges and blinking screens after a day's use. A representative declined to comment further on Tuesday.

Tesla says robotaxis coming to US roads next year, slams rivals' use of Lidar

(Reuters) CEO Musk said Tesla Inc robotaxis with no human drivers would be available in some US markets next year, continuing a habit of bold pronouncements that have excited many investors while often missing deadlines. Made by Samsung Elec. in Texas, the chip now in all vehicles is hoped to give Tesla an edge over rivals and show its massive investment in autonomous driving - described by Musk as "basically our entire expense structure" - will pay off.

Barclays to cut investment-bank bonuses, Financial Times reports

(Bloomberg) Barclays Plc plans to cut bonuses to investment bankers as the division underperforms, the Financial Times reported. Banker bonuses for Q1 may decline by double digits from a year earlier, the newspaper reported. The payments will be more closely tied to performance as the bank seeks to cut costs, the Financial Times said. The move is part of efforts to oppose activist investor Edward Bramson before the bank's upcoming annual meeting.

Nissan to reject new integration proposal from Renault: Nikkei

(Reuters) Nissan Motor Co Ltd will reject a management integration proposal from French partner Renault SA and will call for an equal capital relationship, the Nikkei newspaper said on Monday, citing sources. Nissan's management feels the Japanese company has not been treated as an equal of Renault under existing capital ties, and a merger would make this inequality permanent, the Nikkei said.

French supermarket retailer Casino expands partnership with Amazon

(Reuters) French supermarket retailer Casino said it was beefing up its partnership with tech giant Amazon following the success of an earlier deal between its Monoprix supermarket chain and Amazon in Paris. The new, extended partnership entails the installation of so-called Amazon lockers in 1,000 locations across France in 9 of company's main brands, including Monoprix, Geant, Hyper Casino, Casino Supermarche, Viva and Spar by the end of the year.

Halliburton sees signs of price recovery, shares dip

(Reuters) Halliburton Co sought to convince investors on Monday that weak pricing which has undermined oilfield services providers over four years was on the verge of turning a corner. Better-than-expected revenue in North America, along with the company's claim that prices were bottoming out, initially drove shares in the oilfield services giant almost 5% higher after it published Q1 results. But analysts and investors were unconvinced by a post-earnings conference call with management. Shares ended the day down four cents apiece at \$31.09.

Starbucks' China challenger Luckin to raise up to \$800 million in US IPO: sources

(Reuters) Luckin Coffee, Chinese challenger to Starbucks, filed on Monday for a US IPO through which, sources said, it is looking to raise up to \$800 million. The Beijing-based coffee chain set a placeholder amount of \$100 million to indicate the size of the IPO and did not disclose the number of shares it would offer, a filing with the US SEC showed.

Whirlpool quarterly profit surges on price hikes, cost controls

(Reuters) Appliances maker Whirlpool Corp reported a more than five-fold jump in quarterly profit on Monday, largely due to price increases and a tight rein on costs. Net earnings available to Whirlpool rose to \$471 million, or \$7.31 per share, in Q1 ended March 31 from \$94 million, or \$1.30 per share, a year earlier.

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treasury@bankofbeirut.com.lb



+961 1 960 501

PRIVATE BANKING DEPARTMENT



privatebanking@bankofbeirut.com.lb



+961 1 960 531/2/3

