

MARKETS TODAY

Wednesday, April 24, 2019

MARKETS IN BRIEF

- Australian dollar was pressured down by weaker-than-expected inflation data, which reinforced prospects of monetary easing. AUD/USD hit earlier \$0.7027, its lowest since March 8 (6-week low). Australian index rallied hitting 6390.50, its highest since December 17, 2007 (more than 11-year high).
- U.S. dollar continued to outperform as upbeat housing data eased concerns over the economy. The dollar index DXY hit yesterday 97.777, its highest since June 21, 2017 (22-month high).
- Canadian dollar dropped before BoC's policy decision today at 17:00 LT, that will be followed by a press conference at 18:15 LT. CAD hit earlier today C\$1.3461, a 6-week low.
- Spot Gold traded lower after hitting yesterday \$1266.42, its lowest since December 26 (~4-month low).
- Oil prices dipped amid signs that global markets remain adequately supplied.
- In the U.S. markets, the S&P 500 and the Nasdaq Composite closed at record levels as Twitter, Lockheed Martin and Hasbro climbed following favorable Q1 reports, adding to a rally led by the biggest technology companies.
- Asian stocks faltered today amid losses in South Korea and uncertainty over China's plans for further stimulus.

Australia's inflation slowing sharply

Australian inflation slowed sharply in the first three months of the year, prompting a slew of economists to bring forward their interest-rate cut forecasts to next month. Consumer prices were flat in the first quarter and advanced 1.3% from a year earlier, both below estimates, a statistics bureau report showed Wednesday. The slowdown was driven by an 8.7% decline in automotive fuel as last year's weaker oil prices flowed through the economy. While that's just 11 days out from an election, the timing isn't likely to have significant political ramifications. The RBA has adjusted rates previously during campaigns in 2013 and 2007.

FX & COMMODITIES	LAST	1D
EUR/\$	1.1206	-0.19%
GBP/\$	1.2923	-0.12%
AUD /\$	0.7034	-0.96%
\$/JPY	111.81	0.04%
\$/CAD	1.3456	-0.25%
Gold \$	1269.75	-0.21%
WTI \$	65.99	-0.47%
BRENT \$	74.25	-0.35%
AMERICA		
DOW JONES	26656.39	0.55%
S&P 500	2933.68	0.88%
NASDAQ	8120.82	1.32%
EUROPE		
STXE 600	391.35	0.23%
CAC 40	5591.69	0.20%
DAX	12235.51	0.11%
ASIA PACIFIC		
S&P/ASX 200	6382.10	0.99%
NIKKEI 225	22184.50	-0.34%
CSI 300 (China)	4009.46	-0.24%
MENA		
Saudi Arabia	9227.93	0.36%
Dubai	2811.00	0.00%
Qatar	10382.18	-0.18%
BONDS		
U.S. 10-year	2.5487	-0.0002
German Bund 10-yr	0.0230	-0.0002
AU 10-year	1.7890	-0.0011

U.S.-China planning trade talks next week

Trade negotiators led by US Trade Representative Lighthizer and Treasury Sec. Mnuchin will travel to Beijing next week, the White House said, as both sides work to reach a draft agreement by next month. Chinese officials led by VP Liu He planned to then head to Washington for discussions starting on May 8, the White House said. The two sides are seeking to have a draft agreement by the end of May, a person familiar with the matter said. Officials want to announce during Liu's visit that they've agreed to a deal and details of a signing summit (Bloomberg sources).

China central bank injecting \$40 billion in targeted loans

China's central bank extended 267.4 billion yuan (\$39.8 billion) to some commercial banks on Wednesday via its targeted medium-term lending facility (TMLF) as it looks to provide struggling smaller business with a steady stream of affordable financing. The move suggests the People's Bank of China (PBOC) is now leaning more on targeted tools to direct funding to parts of the economy that are still struggling, rather than more sweeping system-wide cash infusions used over the past year when there were worries of a sharper slowdown.

Deutsche Bank and UBS in "serious" talks

The asset-management units of Deutsche Bank AG and UBS Group AG are in "serious" talks to merge, the Financial Times reported Tuesday, citing people familiar with the matter it didn't identify. Discussions about a deal have been ongoing for "a couple of months" and one structure being considered is for UBS to split off its asset-management unit and fold it into Deutsche Bank's DWS Group in exchange for shares in the larger group, according to the report. Deutsche Bank would remain the largest shareholder, the report said.

BEIRUT S.E.	LAST	1D
SOLIDERE—A	5.42	2.46%
SOLIDERE—B	5.30	8.61%
BANK OF BEIRUT	18.80	-
BANK AUDI SAL	4.65	-5.10%
BLOM BANK	8.50	-
BYBLOS BANK	1.23	-9.56%
BLC BANK SAL	0.93	-
BANQUE BEMO SAL	1.55	-

FX & COMMODITIES

The Australian dollar tumbled to a 6-week low on Wednesday as soft domestic inflation reinforced prospects of monetary easing. The Aussie was down 0.96% at \$0.7034 after brushing \$0.7027, its lowest since March 8. The antipodean currency tumbled after data on Wednesday showed Australia's headline consumer price index (CPI) come in flat in the January-March quarter, below forecasts for an 0.2% increase and the lowest since early 2016. The Reserve Bank of Australia (RBA) has recently opened the door towards monetary policy easing, and Wednesday's weak inflation reading increased views that the central bank would cut the key interest rate from an already record low of 1.5%. The Aussie is a commodity-linked currency that is also usually sensitive to shifts in risk sentiment.

The US dollar hovered near a 22-month high against its peers on after strong US housing data further eased concerns towards the world's biggest economy. Crude oil prices rallied to 6-month peaks this week, while the S&P 500 and Nasdaq reached record high closings overnight. The dollar index versus a basket of six major currencies stood at

MARKETS TODAY

FX & COMMODITIES

97.660 after rising to 97.777 overnight, its highest since June 2017. US data on Tuesday showing sales of new single-family homes jumped to a near 1-1/2-year high in March added to recent positive readings in retail sales and exports. US Q1 GDP data on Friday could strengthen the case that while the current period of global expansion is in its late stages, the US is on a firmer footing compared with other leading economies. The dollar was steady at 111.885 yen after suffering mild losses overnight, weighed down by a decline in long-term Treasury yields.

The euro, which has the largest weighting within the dollar index, was down 0.19% at \$1.1206 after shedding 0.25% the previous day.

The Canadian dollar extended overnight losses and slipped to a 7-week low of C\$1.3457 per dollar amid expectations that the Bank of Canada (BoC) would forgo language pointing to further interest rate hikes. Canada's central bank is expected to hold its benchmark interest rate steady at a policy meeting later on Wednesday. A Reuters poll showed that the central bank is expected to stand pat until the beginning of 2020 at the earliest.

One-week volatility in euro-Swedish krona has rebounded over the past week from an almost 11-year low, but is below its past-year average as the Riksbank is seen signaling on Thursday that it will remain on hold for longer than previously expected. The gauge dropped to 4.00 vols on April 16, a level unseen since before the height of the global financial crisis in 2008; it's up a fifth day on Tuesday, trading around 5.50 vols.

Oil prices fell amid signs that global markets remain adequately supplied, despite a jump to 2019 highs this week on Washington's push for tighter sanctions against Iran. Crude oil prices for spot delivery rose to 2019 highs earlier in the week after the US said on Monday it would end all exemptions for sanctions against Iran, demanding countries halt oil imports from Tehran from May or face punitive action from Washington. The spot price surge has put the Brent forward curve into steep backwardation, in which prices for later delivery are cheaper than for prompt dispatch.

Gold prices also fell to hover around a 4-month low touched in the previous session, as the dollar gained after strong U.S. housing data dampened concerns about an economic slowdown in the country, amid upbeat risk appetite. Gold prices were also pressured by recent uptick in global equities of late due to better-than-expected data and a supportive policy environment, providing a boost to risk appetite. Holdings of SPDR Gold Trust, the world's largest gold-backed exchange-traded fund, on Tuesday fell to 749.63 tonnes, the lowest since Oct. 23.

ECONOMIC CALENDAR

CURRENCY - TIME (LT)	EVENT	FCAST	PRIOR
GBP—11:30	UK Public Sector Net Borrowing	-0.8B	-0.7B
CAD—17:00	BoC Policy Decision	1.75%	1.75%
OIL—17:30	EIA Weekly Report		
CAD—18:15	BoC 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

MARKETS TODAY

CURRENCIES	LAST	1D	YTD
DXY	97.660	0.02%	1.55%
EUR/\$	1.1206	-0.19%	-2.28%
GBP/\$	1.2923	-0.12%	1.33%
AUD /\$	0.7034	-0.96%	-0.21%
NZD/\$	0.6621	-0.54%	-1.46%
\$/JPY	111.81	0.04%	-1.90%
\$/CAD	1.3456	-0.25%	1.35%
\$/CHF	1.0201	0.02%	-3.73%
\$/SEK	9.3819	-0.34%	-5.63%
\$/NOK	8.5808	-0.42%	0.70%
\$/DKK	6.6621	-0.18%	-2.26%
\$/TRY	5.8657	-0.64%	-9.82%
EUR/GBP	0.8672	0.07%	3.67%
EUR/JPY	125.30	0.22%	0.42%
EUR/CHF	1.1431	0.19%	-1.54%
COMMODITIES	LAST	1D	YTD
Gold Spot \$/Oz	1269.75	-0.21%	-0.99%
Silver Spot \$/Oz	14.80	-0.29%	-4.48%
Platinum Spot \$/Oz	886.87	-0.23%	11.46%
Palladium Spot \$/Oz	1387.13	-0.38%	9.93%
COPPER \$/lb	290.00	0.00%	9.81%
WTI \$/bbl	65.99	-0.47%	45.32%
BRENT \$/bbl	74.25	-0.35%	38.01%

EQUITIES & BONDS

Asian stocks faltered on Wednesday amid losses in South Korea and uncertainty over China's plans for further stimulus as the economy shows signs of regaining its footing. MSCI's broadest index of Asia-Pacific shares outside Japan was 0.3% lower, erasing early gains in the wake of record closing highs on Wall Street overnight. In Asia, the biggest regional loser was South Korea's KOSPI, which fell 1%. Investors shrugged off the government's proposed supplementary budget aimed in part at supporting exports, and worried after chipmaker Texas Instruments said it expects a slowdown in demand for microchips could last a few more quarters. Shares of Samsung were down 1.6%. Chinese equities flitted between gains and losses as investors debated whether Beijing would slow the pace of policy easing following stronger-than-expected Q1 economic growth. The blue-chip CSI300 index was last down about 0.24% after earlier falling as much as 1.3%. China's central bank is likely to pause to assess economic conditions before making any further moves to ease lenders' reserve requirements, after the growth data reduced the urgency for action, policy insiders said. Australian shares outperformed the rest of the region, jumping as much as 1.1% to a more-than-11-yr high after a sharp slowdown in Australian inflation raised the likelihood of an interest rate cut.

The S&P 500 index and the Nasdaq registered record closing highs after a broadbased rally on Tuesday, as a clutch of better-than-expected earnings reports eased concerns about a slowdown. In Tuesday's trading the benchmark index finally erased all the steep losses it saw in late 2018 by ending the day above the previous record reached on

MARKETS TODAY

EQUITIES & BONDS

Sept. 20. It closed just 0.3% below its intra-day record of 2,940.91 hit on Sept. 21. The S&P has risen 17% so far this year, with help from a dovish Fed and hopes of a US-China trade resolution as well as the upbeat start to the Q1 earnings season. Amazon.com Inc, set to report results later this week, gained 2.2%, providing the biggest boost to the S&P 500 and the Nasdaq. Ten of the 11 major S&P sectors were higher, with a rebound in healthcare, which gained 1.6%, providing the biggest boost. The healthcare sector has been slammed with 6.7% drop in the last two weeks on US policy concerns. The consumer staples sector was the only S&P sector that ended the day lower as investors favored riskier bets. The energy and utilities sectors were the next weakest performers on the day. Twitter Inc shares soared 15.6% after the social media company posted better-than-expected quarterly revenue and a surprise increase in monthly active users. Hasbro Inc rose 14.2% after the toymaker reported a surprise quarterly profit. Coca-Cola rose 1.7% after its quarterly sales beat estimates, helped in part by strong demand for Coke Zero. Lockheed Martin jumped 5.7% after it reported upbeat quarterly results and lifted its full-year profit forecast on strong demand for its missiles and fighter jets. United Technologies rose 2.3% after it raised its full-year profit forecast. Procter & Gamble Co fell 2.6% and was the biggest drag on the market after reporting a decline in its Q3 operating margin.

In the Gulf markets, Saudi index rose on Tuesday, lifted by a slew of corporate announcements. Egypt's blue-chip index was pulled down by its real estate shares. Saudi index added 0.4%, with Riyadh Bank climbing 3.6% to reach its highest since May 2006. The lender posted a 44.7% increase in Q1 net profit.

Cypriot borrowing costs hit a 1-month high ahead of a debt sale that will see the country attempt to take advantage of favourable market conditions with its first-ever syndicated 30-year bond sale. Cyprus on Tuesday appointed banks for a syndicated sale of debt maturing in December 2024 and May 2049, with the deal largely expected to be launched later on Wednesday. The country's 10-year bond yields hit a 1-month high of 1.61% in early trade.

COMPANY NEWS HEADLINES

- Australia on Wednesday granted a new banking license to technology-driven business lender Judo Bank, the lender and the country's financial regulator said, to improve competition in a sector dominated by four big banks.
- Morgan Stanley's Shelley O'Connor, one of two co-heads of the wealth management business, was named on Tuesday to lead two of the bank's regulated entities, according to an internal memo seen by Reuters.
- Franco-Italian chipmaker STMicroelectronics cut its full-year investment target on Wednesday after posting a fall in quarterly sales and profits, signaling a prolonged downturn in global chip demand.
- Singapore Technologies Engineering Ltd said on Wednesday it has won a contract worth up to \$1.94 billion to build as many as three icebreaker ships for the US Navy.
- Developer Related Companies said on Tuesday one of its affiliates has agreed to buy the global headquarters of AT&T's WarnerMedia in Manhattan for about \$2.2 billion, in one of the city's most expensive commercial real estate deals.
- PG&E Corp can pay employees up to \$350 million in bonuses this year to spur them to help meet the bankrupt California power provider's safety goals to prevent wildfires, a judge said on Tuesday.
- Alphabet Inc's Wing Aviation unit on Tuesday got the okay to start delivering goods by drone in Virginia later this year, making the sister unit of search engine Google the first company to get US air carrier certification, the Federal Aviation Administration said.
- Didi Mobility Japan, a joint venture (JV) by China's Didi Chuxing and SoftBank Corp, said it would expand its taxi-hailing service to 13 cities across Japan.
- Mexican conglomerate Alfa posted a 64.5% fall in Q1 net profit on Tuesday, hit by higher financial costs and weaker performance in nearly every segment.

MARKETS TODAY

AMERICA	LAST	1D	YTD
DOW JONES	26656.39	0.55%	14.27%
S&P 500	2933.68	0.88%	17.03%
NASDAQ	8120.82	1.32%	22.39%
S&P/TSX	16669.40	0.56%	16.38%
EUROPE	LAST	1D	YTD
STXE 600	391.35	0.23%	15.90%
FTSE 100	7523.07	0.85%	11.82%
CAC 40	5591.69	0.20%	18.20%
DAX	12235.51	0.11%	15.88%
ASIA PACIFIC	LAST	1D	YTD
S&P/ASX 200	6382.10	0.99%	13.03%
NIKKEI 225	22184.50	-0.34%	10.84%
TOPIX	1612.09	-0.67%	7.90%
CSI 300 (China)	4009.46	-0.24%	33.17%
MENA	LAST	1D	YTD
Saudi Arabia	9227.93	0.36%	17.90%
Abu Dhabi	5396.66	-0.15%	9.80%
Dubai	2811.00	0.00%	11.12%
Qatar	10382.18	-0.18%	0.81%
10-YEAR BONDS	LAST	1D	YTD
U.S.	2.5487	-0.0163	-0.1355
Germany	0.0230	-0.0180	-0.2190
U.K.	1.2270	0.0300	-0.0500
Australia	1.7890	-0.1060	-0.5290

TOP SELECTED NEWS

UK to allow Huawei limited access to 5G networks: Telegraph

(Reuters) Britain will allow China's Huawei Tech. limited access to the next generation of mobile network, known as 5G, the Daily Telegraph reported on Tuesday, without citing sources. Britain's National Security Council, chaired by PM Theresa May, agreed to allow Huawei access to "noncore" parts of the 5G mobile infrastructure like antennas, despite concerns among her cabinet ministers, the newspaper said. Huawei is already present in Britain's existing noncore mobile network. Officials in the US and elsewhere have been increasingly public in voicing concerns that Huawei's equipment could be used by Beijing for spying or sabotage, particularly as operators move to 5G networks.

Trump to visit UK in June, risking repeat of protests

(Bloomberg) Queen Elizabeth II will host Donald Trump on a state visit to the UK in early June, risking a repeat of the nationwide public protests which greeted the US president during his trip last year. A state visit is the highest honor afforded to visiting dignitaries and comes at a critical time for PM Theresa May's government as it tries to salvage the so-called special relationship and pursue a post-Brexit trade deal with the US Trump, who will be a guest of the Queen, is likely to receive a banquet at Buckingham Palace during his June 3-5 visit.



MARKETS TODAY

TOP SELECTED NEWS

U.S. new home sales hit one-and-a-half-year high on lower mortgages, prices

(Reuters) Sales of new U.S. single-family homes rose to a near 1-1/2-year high in March, boosted by lower mortgage rates and house prices. The third straight monthly increase reported by the Commerce Department on Tuesday suggested some recovery was under way in the housing market, which hit a soft patch last year against the backdrop of higher borrowing costs and more expensive homes. New home sales increased 4.5% to a seasonally adjusted annual rate of 692,000 units last month, the highest level since November 2017.

Adding to Ghosn woes, Nissan slashes profit outlook to near-decade low

(Reuters) Nissan Motor Co slashed its full-year profit forecast to its lowest in nearly a decade due to weakness in the US, just as it adjusts to life without Carlos Ghosn and charts its future with alliance partner Renault SA. The Japanese automaker expects operating profit for the year ended March to drop 45% versus a year earlier to 318 bn yen (\$2.84 bn), from a previous forecast for 450 billion yen, on expenses related to extending vehicle warranties in the United States, its biggest market. In a statement on Wednesday, Nissan said sales had taken a hit in the aftermath of the arrest of former Chairman Ghosn, contributing to a decline in profit to its lowest since the year ended March 2010.

Nefflix to sell \$2 billion of bonds in return to junk market

(Bloomberg) Netflix Inc. is returning to the junk-bond market to fund its content expansion as the company comes under pressure from media giants including Walt Disney Co., AT&T Inc. and Apple Inc. The streaming company is selling \$2 billion of bonds in a two-part offering denominated in dollars and euros, according to a statement Tuesday. The proceeds will be used for general corporate purposes that may include investing in content, production and development, the statement said.

Twitter rallies as user count, sales impress Wall Street

(Bloomberg) Twitter Inc. topped Q1 sales projections and reported strong user growth, bolstered by changes to its social-media service that are drawing a wider audience of consumers and advertisers. The shares jumped the most in almost six months. The San Francisco-based company reported \$787 million in revenue, an 18% increase from the year-earlier period. The microblogging site also posted an increase in monetizable daily active users to 134 million, beating analyst predictions for about 128.4 million. That compares with 126 million in Q4.

Coke Zero Sugar, new flavors lift Coca-Cola results; shares rise

(Reuters) Strong demand for Coca-Cola Co's zero-calorie drink Coke Zero Sugar, new orange-vanilla cola and flavored waters pushed the beverage maker's quarterly sales and profit well above estimates, sending its shares up as much as 3% on Tuesday. The world's biggest beverage makers, Coca-Cola and PepsiCo Inc, are responding to shifting consumer tastes by tweaking ingredients and experimenting with new flavors that are focused more on health conscious consumers. These efforts have helped revive soda sales after a years-long slump.

SAP sets new mid-term margin targets after Q1 operating loss

(Reuters) German business software company SAP set ambitious new mid-term targets on Wednesday to boost profit margins as it reported a Q1 operating loss that chiefly resulted from a restructuring charge. While the quarterly loss was expected, SAP's announcement in January that it will shed 4,400 staff has been followed by a string of senior departures, leading some customers to fret that its transformation may be going off track.

SoftBank to invest \$1 billion in Wirecard convertible bonds

(Bloomberg) SoftBank Group Corp. has agreed to invest about 900 million euros (\$1 billion) in convertible bonds of Wirecard AG that could give the Japanese conglomerate a minority stake in the beleaguered German internet payments firm. The five-year securities will allow an affiliate of SoftBank to acquire Wirecard shares at 130 euros each, Munich-based Wirecard said in a statement Wednesday. That's about 5% more than the stock's close on Tuesday in Germany. The companies also agreed on a strategic partnership for digital payments.

MARKETS TODAY

Wednesday, April 24, 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

