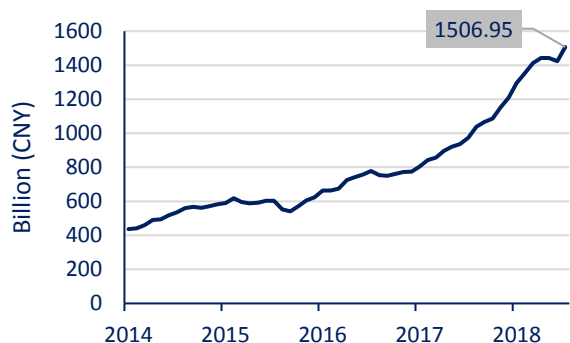




FIXED INCOME DESK — A GOOD START FOR THE WEEK

- Falling Treasury yields are reeling concerns for broader financial markets as yields drift to the lowest levels since December 2017 to 2.33% before retracing to current 2.43%. Global bond markets are now pricing in significant future economic weakness, as yields plunged to new lows in Germany, Japan, Australia and New Zealand. The difference on long-dated bond maturities versus the shorter-dated maturities in German Bunds and Canadian bonds have also flattened. The spread on the ten-year bunds over three-month bills has fallen from 100bp at the start of the year to the current reading of 45bp. Investor concerns emanating from the looming Brexit headlines and developments on the impasse on US-China trade talks in Washington should weigh on sentiment.
- Saudi Arabian Oil Company (“Saudi Aramco”), rated A1 (Stable) by Moody’s and A+ (Stable) by Fitch (Indicated characteristics of Aaa by Moody’s and standalone profile of AA+ by Fitch), has mandated J.P. Morgan and Morgan Stanley as Joint Global Coordinators, and Citi, Goldman Sachs International, HSBC, J.P. Morgan, Morgan Stanley, and NCB Capital as Joint Bookrunners to arrange a series of fixed income investor meetings in London, New York, Boston, Singapore, Hong Kong, Tokyo, Los Angeles and Chicago, commencing today. A U.S. dollar-denominated multi-tranche offering that may include maturities ranging from 3-year to 30-year Rule 144A/Regulation S senior unsecured bonds may follow subject to market conditions. The bonds, to be listed on the London Stock Exchange, are expected to be rated A1 by Moody’s and A+ by Fitch.
- The UAE has released its real GDP growth figures for 2018, showing an expansion of 1.7%. This marked an acceleration on the 0.8% seen in 2017, and the expectation is that there will be a further improvement in growth this year, with the Central Bank forecasting an expansion of 3.5% in 2019. The non-oil sector posted growth of 1.3%.
- The Chinese manufacturing PMI surprised and came in above expectations at 50.5 (exp 49.6). The non-manufacturing PMI remained strong at 54.8 (from 54.3). Both the manufacturing and non-manufacturing PMI were the highest since October 2018. The data suggest a cyclical downturn in GDP growth will likely bottom in Q1 with y/y growth of 6.4%.
- The inclusion of Chinese bonds (Sovereign and policy banks) into the global bond indices are set for today. Up to now, inflows have been dominated by central banks and sovereign wealth funds. Market participants expect to see capital inflows of at least \$100 billion for this year.
- SoftBank Group Corp. is preparing for Japan’s biggest ever local corporate bond offering to help repay a debt due over the next six months. The company said it will sell 500 billion yen (\$4.5 billion) of notes and expects the transaction to be concluded on April 12. The offering would be Japan Inc.’s biggest ever local yen note if done in a single tranche. The company had \$96 billion in net debt at the end of last year on a consolidated basis.
- Malaysia’s consumer prices picked up to 1.2% y/y in March from 0.7% in February. Energy costs rose by 2.1% y/y, following a 0.9% decline in February. This, in turn, likely reflected retail fuel prices picking up in line with higher crude oil prices. Raw food inflation also rose to 3.7% y/y from 2.6% in February, likely due to a rise in vegetable and fruit prices. Excluding raw food and energy, core inflation was broadly stable at 0.6% y/y, similar to February.
- The Central Bank of Egypt’s Monetary Policy Committee decided to keep the overnight deposit rate, lending rate, and the rate of the CBE’s main operation unchanged at 15.75%, 16.75%, and 16.25% respectively, and maintained its stance on targeting inflation at 9% (±3pps). Real GDP growth increased modestly to 5.5% in 4Q18, from 5.3% in 3Q18. T-bill yields on the EGP9bn six-month tenor dropped by 29bps to 17.106% while yields on the EGP9.5bn 12-month tenor declined by 33bps to 16.99%.

FOREIGN INVESTORS' HOLDINGS OF CHINESE BONDS SURGE



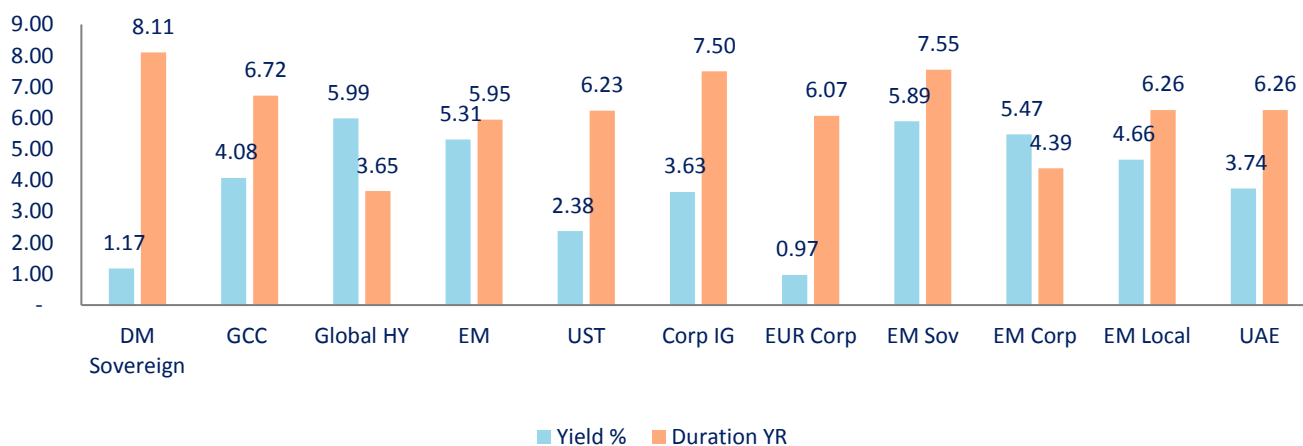
Source: Bloomberg

CHINESE MANUFACTURING SURPRISES TO THE UPSIDE (PMI)



Source: Bloomberg

FIXED INCOME EVALUATIONS



Source: Bloomberg

INTERBANK RATES AND GOVERNMENT BONDS

	3m	6M	12M	2Y	5Y	10 y
LIBOR	2.60	2.66	2.71			
EURIBOR	-0.31	-0.23	-0.11			
EIBOR	2.79	3.07	3.25			
SAIBOR	2.87	2.97	3.14			
US Treasuries				2.29	2.26	2.43
Germany Bunds				-0.60	-0.45	-0.07
UK Gilts				0.63	0.75	1.00
Mid Swaps (MS)			2.56	2.41	2.32	2.44

CREDIT INDICES

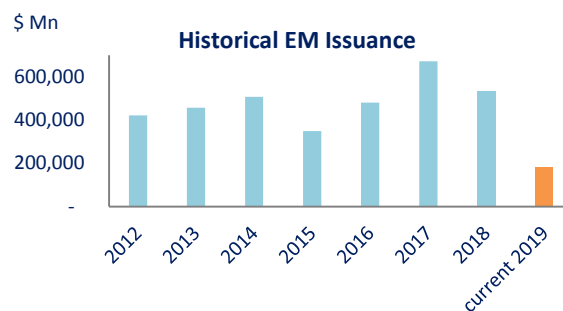
	Spread	Chg Day	Chg YTD
I Traxx Europe	65.08	0	-25.52
I Traxx Europe Crossover	269.18	0	-23.68
CDX North America IG	NA	0	-27.77
CDX North America HY	348.73	0	-22.27
CDX Emerging Markets	178.09	0	-14.38

BOND MARKET PERFORMANCE

BONDS	Yield	Spread	1 day	YTD
Glob Developed Sovereign (Loc)	1.17%	-	-0.1%	2.6%
GCC Credit	4.1%	176	0.1%	4.5%
Global High yield	5.99%	404	0.2%	6.9%
USD Emerging Market	5.31%	292	0.1%	5.4%
US Government	2.38%	-	-0.1%	2.1%
USD Corporate Investment Grade	3.63%	119	-0.1%	5.1%
BBG EUR Aggr Corp (Loc)	0.97%	110	0.0%	3.1%
USD EM Sovereign	5.89%	344	0.3%	6.1%
USD EM Corporate	5.47%	315	0.1%	5.4%
Local EM Sovereign	4.66%	50	0.3%	2.4%

EMERGING MARKETS PRIMARY ISSUANCE

	2018	current 2019 - mn
EM	\$533,322	\$179,670
ASIA	\$279,190	\$85,081
MENA	\$73,189	\$33,062
GCC	\$65,864	\$29,062
Sukuk	\$22,708	\$7,848



DESK VIEW: POSITIONING & STRATEGY

	Tactical	Strategic
Global Investment Grade	Overweig	Neutral
US High Yield	Neutral	Neutral
Emerging Markets	Overweig	Overweig
GCC Bond/Sukuk	Overweig	Overweig

EXPECTED PRIMARY BOND SALES

	(USD) 3YR 6.25%
KAISA GROUP HOLDINGS LTD.	(USD) 3NC2 11.625%
PT BANK MANDIRI	Mandate

GLOBAL ECONOMIC CALENDAR

Date Time	Country	Event	Period	Survey	Prior
04/01/19 03:50	Japan	Tankan Large Mfg Index	1Q	13	19
04/01/19 03:50	Japan	Tankan Large Mfg Outlook	1Q	12	15
04/01/19 03:50	Japan	Tankan Large Non-Mfg Index	1Q	22	24
04/01/19 03:50	Japan	Tankan Large Non-Mfg Outlook	1Q	20	20
04/01/19 03:50	Japan	Tankan Large All Industry Capex	1Q	0.70%	14.30%
04/01/19 04:00	Australia	Melbourne Institute Inflation MoM	Mar	--	0.10%
04/01/19 04:00	South Korea	Exports YoY	Mar	-7.00%	-11.10%
04/01/19 04:01	Ireland	AIB Ireland PMI Mfg	Mar	--	54
04/01/19 04:30	Taiwan	Nikkei Taiwan PMI Mfg	Mar	--	46.3
04/01/19 04:30	Japan	Nikkei Japan PMI Mfg	Mar F	--	48.9
04/01/19 04:30	South Korea	Nikkei South Korea PMI Mfg	Mar	--	47.2
04/01/19 04:30	Indonesia	Nikkei Indonesia PMI Mfg	Mar	--	50.1
04/01/19 04:30	Vietnam	Nikkei Vietnam PMI Mfg	Mar	--	51.2
04/01/19 05:45	China	Caixin China PMI Mfg	Mar	50	49.9
04/01/19 08:00	Indonesia	CPI YoY	Mar	2.51%	2.57%
04/01/19 08:00	Thailand	CPI YoY	Mar	0.93%	0.73%
04/01/19 09:30	Australia	Commodity Index SDR YoY	Mar	--	9.10%
04/01/19 10:00	Russia	Markit Russia PMI Mfg	Mar	50.5	50.1
04/01/19 10:30	Sweden	Swedbank/Silf PMI Manufacturing	Mar	51.3	52.5
04/01/19 11:00	Norway	DNB/NIMA PMI Manufacturing	Mar	55.3	56.3
04/01/19 11:00	Hungary	Manufacturing PMI	Mar	54.3	55.7
04/01/19 11:00	Poland	Markit Poland PMI Mfg	Mar	47.4	47.6
04/01/19 11:00	Turkey	Markit/ISO Turkey PMI Mfg	Mar	--	46.4
04/01/19 11:00	Netherlands	NEVI Netherlands Manufacturing	Mar	51.9	52.7
04/01/19 11:15	Spain	Markit Spain Manufacturing PMI	Mar	49.7	49.9
04/01/19 11:30	Czech Republic	Markit Czech Republic PMI Mfg	Mar	47.3	48.6
04/01/19 11:45	Italy	Markit/ADACI Italy Manufacturing	Mar	47.5	47.7
04/01/19 11:50	France	Markit France Manufacturing PMI	Mar F	49.8	49.8
04/01/19 11:55	Germany	Markit/BME Germany	Mar F	44.7	44.7
04/01/19 12:00	Eurozone	Markit Eurozone Manufacturing	Mar F	47.6	47.6
04/01/19 12:00	Greece	Markit Greece Manufacturing PMI	Mar	--	54.2
04/01/19 12:30	Hong Kong	Retail Sales Value YoY	Feb	3.60%	7.10%
04/01/19 12:30	United Kingdom	Markit UK PMI Manufacturing SA	Mar	51.2	52
04/01/19 13:00	Denmark	Danish PMI Survey	Mar	--	61.6
04/01/19 16:30	United States	Retail Sales Advance MoM	Feb	0.30%	0.20%
04/01/19 17:00	Brazil	Markit Brazil PMI Manufacturing	Mar	--	53.4
04/01/19 17:30	Canada	Markit Canada Manufacturing PMI	Mar	--	52.6
04/01/19 17:45	United States	Markit US Manufacturing PMI	Mar F	52.5	52.5
04/01/19 18:00	United States	ISM Manufacturing	Mar	54.5	54.2
04/01/19 18:00	United States	Construction Spending MoM	Feb	-0.20%	1.30%
04/01/19 19:00	World Aggregate	JPMorgan Global Manufacturing	Mar	--	50.6
04/01/19 19:30	Mexico	Markit Mexico PMI Mfg	Mar	--	52.6
04/01/19	Uganda	Benchmark Interest Rate	1-Apr	--	10.00%
04/01/19	Argentina	Government Tax Revenue	Mar	--	330.9b
03/26/19-04/02/19	Morocco	Interest Rate Announcement	2-Apr	--	2.25%
03/29/19-04/05/19	Kenya	Money Supply M3 YoY	Jan	--	10.90%
03/29/19-04/02/19	Kazakhstan	BoP Current Account Balance	4Q	--	180.3m
04/01/19-04/02/19	Russia	GDP YoY	4Q	2.00%	1.50%
03/29/19-04/04/19	Sri Lanka	Exports YoY	Jan	--	1.40%
03/29/19-04/01/19	Dominican Republic	CPI MoM	Feb	--	-0.17%
04/01/19-04/06/19	Pakistan	CPI YoY	Mar	9.00%	8.21%
03/25/19-04/10/19	Kuwait	M1 Money Supply YoY	Feb	--	0.68%

THE TEAM



Syed Yahya Sultan is the Head of Fixed Income Strategy for the CIO Office, Wealth Management division at the CIO Office, Wealth Management division at Emirates NBD overseeing all the fixed income business providing strategic and tactical investment strategies. Yahya has over 19 years of experience in fixed income spanning across brokerage, proprietary trading, Islamic banking, Portfolio management and active advisory services. Yahya grew up in the UAE and holds a MBA from the Preston University, Wyoming, USA. Prior to Joining Emirates NBD, he managed the Sukuk business at Noor Bank.

Direct +9714 609 3724

Email: yahyas@emiratesnbd.com



Muna Alawadhi is the Fixed Income Analyst for the Fixed Income desk at the CIO Office Wealth Management Department of Emirates NBD.

She joined the Investment Advisor Department, Emirates NBD in 2014 as an Investment Advisor. Prior to which she was employed with Standard Chartered bank.

Muna holds a Bachelor degree in Business Administration from Dubai Women's College, Higher College of Technology.

Direct +9714 609 3511

Email: MunaAAA@emiratesnbd.com

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