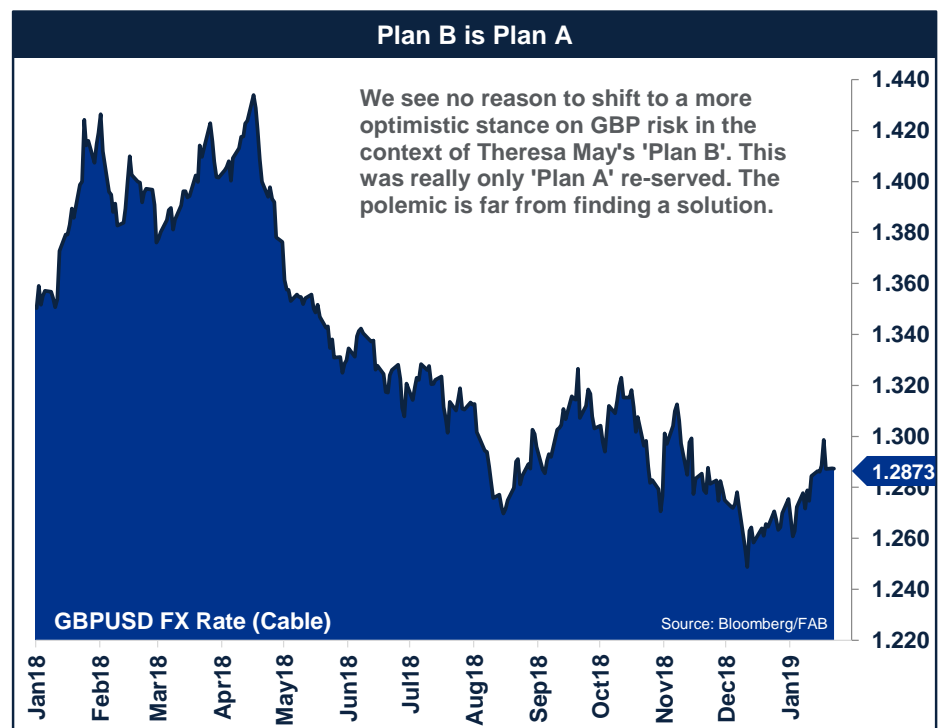


Daily Market Chatter

Macro Strategy View: May's Plan B is really just Plan A reheated

- Well, at least we know what the IMF's 'Plan B' is. The Fund yesterday published its World Economic Outlook update entitled 'A Weakening Global Expansion'. The clue is in the name. While the IMF sees no change in its forecast for 2018 global growth (+3.7%) it has scaled back its global GDP projections for this year and next to +3.5% and +3.6% respectively, -0.2% and -0.1% vs. last October's estimates.
- Meanwhile, U.K. Prime Minister Theresa May yesterday evening announced what was expected to be her 'Plan B' for the U.K.'s EU withdrawal on March 29. This followed the heavy defeat that 'Plan A' received from Parliament earlier this month. In the event though we saw no substantial new content in her statement and certainly no prospect of a breakthrough in the Brexit impasse. Cross-party talks have yielded very little, if anything; the political divide between the Brexiteers and the Remainers is so vast that it appears unbridgeable. In our opinion yesterday evening's statement was really just 'Plan A', re-heated and re-served. We see no reason for renewed U.K. risk optimism and expect GBP to fade recent strength.



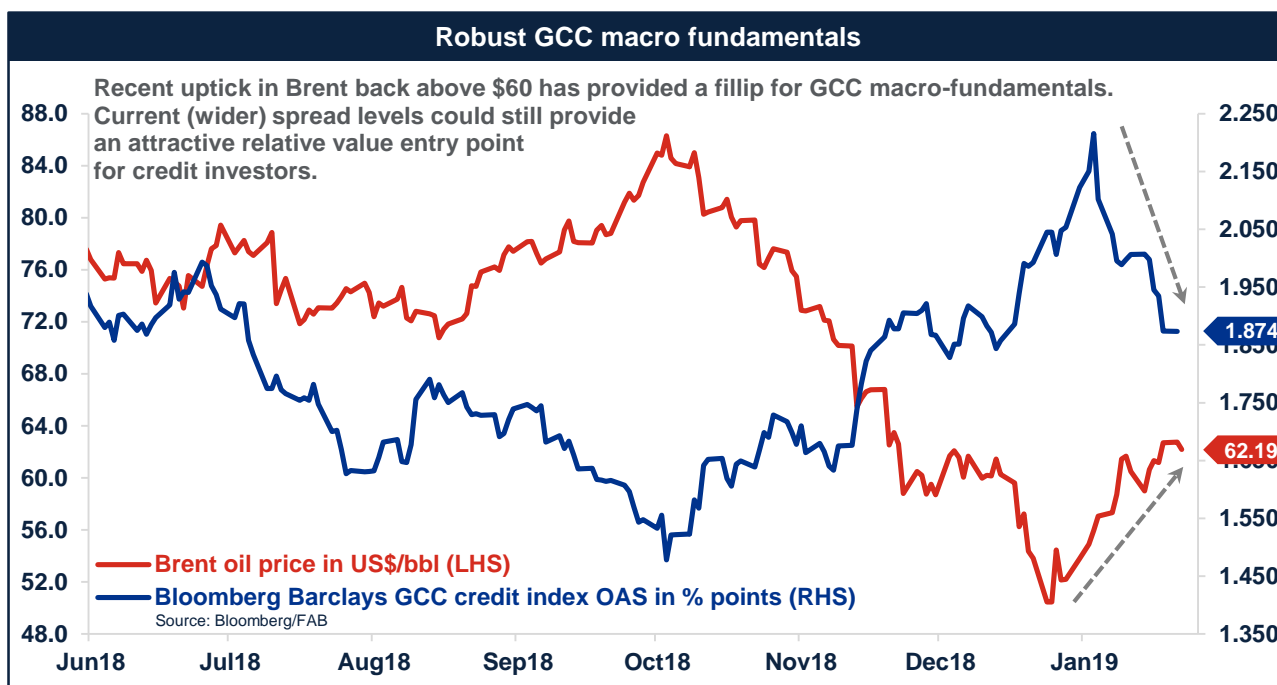
- Back to the IMF though; the update highlights that risks to global growth remain tilted to the downside, citing U.S./China tensions as the key source of risk. We would concur. Interestingly, the IMF also suggests that there are number of potential triggers which could 'spark a further deterioration in risk sentiment with adverse growth implications, especially given the high levels of public and private debt'. Among these potential triggers, the IMF includes a 'no-deal' Brexit as well as the specter of a more meaningful economic slowdown in China.

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- Closer to home, the latest IMF update suggests that growth in the Middle East, North Africa, Afghanistan, and Pakistan region should remain subdued at +2.4% this year, rising to around +3.0% in 2020. Economic activity is expected to be weighed down by weak oil output growth, tightening financing conditions, U.S. sanctions (Iran) as well as generic geopolitical tensions across several economies. Nonetheless, these estimates are still slightly stronger than those forecast by the World Bank in its recent Global Economic Prospects paper entitled 'Darkening Skies', which suggested MENA region growth of 1.6% this year, rising to 2.7% in 2020.



- The IMF update doesn't drill down to individual country level GDP for the MENA/GCC region to include data for the UAE, but in October it forecast +3.7% GDP growth this year for the UAE. (The World Bank's latest UAE forecasts were for +3.0% this year and +3.2% in 2020). Yesterday's update only cites Saudi Arabia individually in the broader MENA & Pakistan region; GDP growth this year in KSA is now forecast at 1.8% (-0.6% vs the October projection) and +2.1% in 2020 (+0.2%). Broader optimism for the region is founded on the expectation of increased oil production (and our expectation of recovery in the oil price) which should help to ease the pressure for fiscal consolidation, enabling higher public spending and thereby supporting healthier current account balances.

Major Rates & FX Pairs

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	2.62%	+0.0	+9.9	-1.5	+17.6	+11.3
10Y	2.79%	+0.0	+8.2	-0.7	+13.4	+10.1
30Y	3.10%	+0.0	+4.5	+6.7	+18.5	+8.4

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	269.6	-1.8	+8.1	+3.8	+17.4	+12.6
10Y	280.9	-1.4	+8.1	+4.7	+11.3	+10.4
30Y	292.3	-0.0	+7.2	+7.0	+12.0	+8.5

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1365	+0.02%	-0.91%	-0.36%	-7.32%	-0.89%
GBP USD	1.2892	+0.16%	+0.22%	+1.46%	-7.83%	+1.08%
USD JPY	109.67	-0.10%	+1.40%	-0.71%	-1.13%	-0.02%

Source: Bloomberg

Currency Cross	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	5.3224	-0.10%	-2.23%	+0.71%	+40.98%	+0.62%
USD INR	71.2813	+0.13%	+0.50%	+1.62%	+11.60%	+2.16%
USD IDR	14,228.0	+0.35%	+0.73%	-2.23%	+6.59%	-1.13%

Source: Bloomberg

MENA Credits

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	396.3	-8.7	-16.4	-34.5	+80.6	-49.0
Sovx CEEMEA	62.8	-2.4	-13.1	-15.8	+31.2	-15.9
Itrax Xover	318.0	-2.0	-24.4	-46.2	+88.0	-34.7

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	66.5	-0.5	-2.6	-1.9	+13.8	-0.6
Kuwait 5Y	66.8	+0.0	+2.2	+1.0	+14.6	+1.0
Qatar 5Y	74.9	+0.1	-7.2	-9.0	-19.9	-7.5
KSA 5Y	91.1	-0.4	-10.3	-13.9	+7.3	-13.6
Dubai 5Y	134.3	+0.3	-3.7	+1.3	+19.3	+5.1
Oman 5Y	308.8	-2.5	-30.6	-18.4	+64.7	-15.4
Bahrain 5Y	280.2	-5.7	-27.4	-4.9	+26.6	-11.3

Source: Bloomberg

Major Commodities Prices

Commodities	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	53.80	+3.32%	+6.51%	+18.01%	-15.26%	+18.48%
Brent Oil \$/bbl	62.74	+0.06%	+6.36%	+16.57%	-9.11%	+16.62%
Gold spot \$/oz	1,280.5	-0.13%	-0.87%	+0.89%	-4.01%	-0.16%
Silver spot \$/Troy oz	15.270	-0.45%	-2.42%	+3.35%	-10.27%	-1.45%
Aluminium 3MO \$	1,852.0	-0.96%	+1.31%	-2.99%	-16.58%	+0.33%
Nickel 3MO \$	11,800	-0.17%	+3.60%	+8.51%	-7.23%	+10.38%
Copper 3MO \$	5,981	-1.17%	+1.42%	-0.17%	-15.05%	+0.27%

Source: Bloomberg

Major Equities Markets

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	24,706	+0.00%	+3.33%	+10.07%	-5.24%	+5.91%
S&P 500	2,671	+0.00%	+3.41%	+10.51%	-4.97%	+6.54%
Nasdaq Composite	7,157	+0.00%	+3.64%	+13.01%	-2.44%	+7.87%
Nikkei	20,719	+0.26%	+1.77%	+2.74%	-13.00%	+3.52%
Hang Seng	27,197	+0.39%	+3.42%	+5.60%	-16.04%	+5.23%
Shanghai	2,611	+0.56%	+2.95%	+3.75%	-25.44%	+4.68%
Mumbai Sensex	36,579	+0.53%	+2.02%	+2.34%	+2.18%	+1.42%
DAX	11,136	-0.62%	+2.58%	+4.72%	-17.29%	+5.47%
CAC 40	4,868	-0.17%	+2.21%	+3.69%	-12.17%	+2.90%
FTSE 100	6,971	+0.03%	+1.69%	+3.71%	-9.65%	+3.60%
DJ Stoxx 50	3,125	-0.31%	+2.29%	+4.15%	-14.74%	+4.12%
FTSE MIB Index	19,639	-0.35%	+2.44%	+6.75%	-17.80%	+7.17%
SMI Index	9,011	-0.14%	+2.87%	+7.06%	-5.43%	+6.91%
MENA						
Abu Dhabi – ADX	4,956	-0.39%	-0.87%	+2.06%	+7.05%	+0.83%
Dubai – DFM	2,499	-0.56%	-1.13%	-0.44%	-28.63%	-1.22%
Saudi Arabia	8,402	+0.22%	+1.59%	+8.37%	+12.31%	+7.35%
Qatar	10,722	-0.35%	+0.47%	+2.97%	+16.41%	+4.11%
Bahrain	1,350	+0.17%	+0.45%	+2.73%	+1.12%	+0.94%
Kuwait (Premier Market)	5,493	-0.03%	+0.39%	+3.46%	+8.31%	+4.28%
Oman	4,179	-0.56%	-3.01%	-3.64%	-16.24%	-3.35%
Egypt	13,575	+0.97%	+1.79%	+3.33%	-10.94%	+4.14%
Turkey	97,955	-0.51%	+6.41%	+6.63%	-16.45%	+7.32%

Source: Bloomberg

Overnight market headlines

Global News

- IMF sees weakest world growth in three years; fears trade war and weak Europe could trigger sharp global slowdown
- IMF leaves growth projections for the US and China unchanged; Germany sees deepest revision, EM growth forecast cut to 4.5%
- China's Xi warns party of 'serious dangers' as risks mount
- Labour calls for vote that could trigger Brexit referendum rerun
- Asian shares, US stock futures dented by growth worries; Treasury yields tick lower; Oil trades near \$54 as OPEC+ curbs assessed against economic risks

Middle East & Africa News

- IMF lowers 2019 growth forecast for Saudi Arabia, region; expects Saudi growth to pick up next year
- Kuwait expects narrower deficit next fiscal even as spending rises; projects \$25.4bn budget deficit for the year starting April 1
- Abu Dhabi reduces service fees by 50%
- Aldar CEO says waiting for right market conditions to IPO investment unit
- Dubai's Mashreq posts slight rise in full-year profit
- Saudi stock index inches up on banks, financials buoy Egypt
- Moody's cuts Lebanon rating to Caa1 on rising default risks

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