The Week Ahead: Central banks in focus, Fed and BoJ expected to remain on hold

Monica Malik, Ph.D.
Chief Economist
+971 (0)2 696 8458
Monica.Malik@adcb.com

Contents

US: No change in rates, statement to be watched closely

The key event this week will be the FOMC's meeting on 26-27 January. We see the focus being on the post-meeting statement, as we expect monetary policy to remain steady. Neither a press conference nor forecast updates are scheduled. We expect the tone of the meeting to be more cautious, highlighting the downside risks from the market turbulence and the sharp fall in oil prices. An indication of a change in the policy stance is not expected at this point, though data dependence will likely continue to be highlighted. Critical will be the Fed's inflation outlook and the impact of the lower oil price on inflation expectations. Our base case remains for the Fed to keep rates on hold at its March meeting and hike only twice in 2016, in June and December.

G4 Economies: UK and US 4Q GDP data to be released

This week also brings a number of important data releases, including US consumer confidence (January) and durable goods orders (December). The consensus is for the confidence index to have remained steady at 96.5 in January despite the sharp decline in US equities. Lower gasoline prices and ongoing employment growth likely supported sentiment. The first readings of UK and US 4Q GDP will be released this week. The consensus is that US GDP growth will have slowed sharply to 0.8% q-o-q SAAR in 4Q, down from 2% in 3Q. Net exports and inventories are expected to have been the main drag on growth, though private consumption is also forecast to have slowed (to 1.8% from 3%). The consensus is for the UK economy to have expanded slightly faster in 4Q (0.5% q-o-q) than in 3Q (0.4%), driven mainly by stronger private consumption and investment.

Japan: Too early to move, new economic assessment expected

We expect the BoJ to remain on hold at its 28-29 January meeting, though we acknowledge the risk of an unexpected move. Market expectations of BoJ easing in January have increased with the market volatility and the rise in the JPY's real effective exchange rate. We consider it too soon for the BoJ to move despite downside risks to growth and inflation having increased. Under the new meeting framework, the BoJ will also release its Outlook for Economic Activity and Prices in January (then again in April, July, and November). We expect the bank to cut its inflation forecasts on the back of the declining oil prices and to predict a continued (albeit gradual) recovery in GDP growth. We foresee the BoJ implementing further easing in March or April. Meanwhile, we have brought forward our call for more easing by the ECB to March (a further -10 bps reduction in the deposit rate) from our previous timing prediction of 2Q.

I. Recent Events and Data

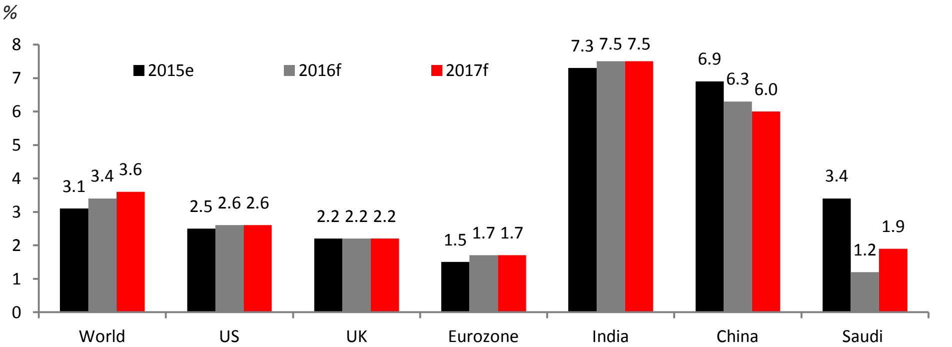
A. Global Economies

Global: IMF cuts 2016 global growth forecast to 3.4%

Developed economies to see more resilient growth

The IMF has cut its global economic growth forecasts for 2016 and 2017 by -0.2 ppt each to a respective 3.4% and 3.6%. Meanwhile, the fund estimates that global growth was 3.1% in 2015. We see downside risks to the IMF's 2016 growth forecast, both from developed and emerging market economies. The IMF's lower 2016 GDP growth forecast is on the back of weaker EM expansion, albeit still accelerating. Meanwhile, growth in developed countries is projected to remain solid. The IMF sees growth accelerating in the US, Eurozone, and Japan. Within Europe, stronger growth in 2016 is expected to be led by Germany, France, and Italy.

Fig. 1. Global: IMF lowers 2016 global growth forecast to 3.4%, from previous 3.6%



Source: IMF

Global risks with rebalancing of Chinese economy; Saudi Arabia's 2016 growth forecast lowered

The largest individual downgrade was for Brazil, where the IMF now predicts a contraction of -3.5% this year and zero growth for 2017. This partly reflects the political uncertainty. The IMF highlighted that risks are tilted to the downside, reflecting the rebalancing of China's economy towards consumption and services. The fund forecasts Chinese growth to decelerate to 6.3% in 2016, which we consider pessimistic. There was no change to the forecast for India, with growth predicted at 7.5% in both 2016 and 2017. Closer to home, the IMF expects Saudi Arabia's growth to slow to 1.2% in 2016, from 3.4% in 2015. This is broadly in line with our forecast of 1.3% real headline growth for Saudi Arabia in 2016. We downgraded our growth forecast for Saudi Arabia in December following the release of its 2016 budget (please see **Contractionary budget announced, after 2015 deficit widens sharply**, published on 29 December 2015). However, we see some further downside risk to Saudi Arabia's growth forecast from the latest leg down in oil prices. Russia is likely to remain in recession in 2016 with the decline in oil, according to the IMF.

B. MENA Economies

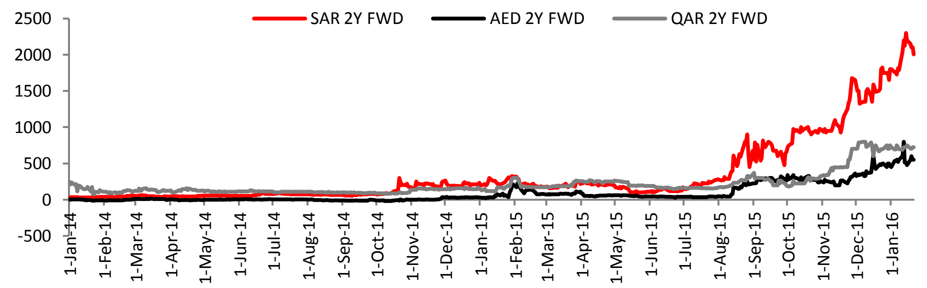
Saudi Arabia: Moves to reduce SAR speculation

Saudi banks no longer able to trade options on SAR forwards

SAMA ordered Saudi banks to stop trading currency options on SAR forwards at a meeting on 18 January, according to Reuters and Bloomberg. We see this as being aimed at reducing speculative positioning for a weaker SAR amidst the sharply lower oil price. The move will limit Saudi banks in providing liquidity to largely international speculators, whilst also restricting local corporates' leveraged exposure to a weaker SAR. Meeting attendees were cited by media as saying that SAMA has been observing (with some concern) the growing use of complex derivatives on the local market. We reiterate that we do not foresee any change in the GCC currency pegs to the USD, including that of the SAR. We see more economic benefits in maintaining the pegs than in moving away from them, including anchoring FX and inflation expectations. Moreover, any potential benefit to government finances from higher oil revenues (having converted USD revenues into SAR) would be more than outweighed by the associated surge in import costs if the SAR was weakened.

Fig. 2. Saudi Arabia: USD/SAR forwards move lower following details of SAR directive

Swap points



SAMA not intervening in forwards market

The USD/SAR forwards moved lower following details of SAMA's directive. This moderation in the forwards was likely supported by markets now seeing the potential for wider administrative measures to limit speculation. Until now, Saudi Arabia has aimed to reduce speculation largely by reiterating its commitment to the peg. There are no market indications that the country has been intervening directly in forwards markets to limit speculation. Moreover, we do not expect Saudi Arabia to increase interest rates in order to support the pegs. We continue to foresee SAMA responding to any Fed interest hikes by raising benchmark deposit rates whilst keeping lending rates steady.

UAE: Sharjah issues USD500 million sovereign sukuk

Orders for sukuk healthy, supported by pricing

The government of Sharjah last week issued a USD500 million, five-year Islamic bond (sukuk). This was the first sovereign sukuk to be issued anywhere globally in 2016. Final pricing for the bond was set at 250 bps over the midswaps. The sukuk drew healthy orders north of USD950 million, though less than the USD7.85 billion of bids attracted for the USD750 million, 10-year sukuk issued in September 2014. Media reports indicate that Sharjah opted not to issue a 10-year sukuk due to the pricing demanded by investors. We believe that the sukuk will be used to finance the budget deficit. We believe that debt capital markets will be an important funding source to help GCC governments cover their fiscal deficits.

C. G4 Economies

ECB: Expected to implement further easing in March on substantial downside inflation risks

Draghi hints strongly at further easing in March – 2016 inflation forecast expected to be reduced sharply

The ECB retained its current monetary policy at its 21 January meeting, as had been widely expected. However, the post-meeting conference by ECB President Mario Draghi struck a strongly dovish tone. Consequently, we have brought forward our call for more easing to March, from our previous expectation of 2Q. Draghi repeated several times that "circumstances have changed" since the bank's 3 December meeting, highlighting policy developments and data flow from China. However (and more importantly, in our view), he discussed in detail the effects of the oil price decline on inflation. Draghi noted that oil prices imply that the inflation outlook for 2016 was now "significantly lower" than it had been in the December staff projections (1.1% in 2016). We expect the ECB's inflation forecast to be reduced substantially in March, when staff projections for 2018 will also be introduced.

Comments suggest consensus amongst Governing Council members

Particularly notable, in our view, was the comment that all of the Governing Council members considered it necessary to "review and possibly reconsider" monetary stimulus at the next (March) meeting. This indicated consensus within the group after the minutes of the December meeting had highlighted differences over the need for further easing. This statement strongly resembled the comment made at the October 2015 meeting, when the ECB effectively pre-committed to implementing further easing measures in December.

We see further -10 bps reduction in deposit rate to -0.4%

Draghi said that no discussion had taken place regarding the kind of instruments that the ECB could use. We read the statement as indicating a preference for interest rate adjustments, though a change to the asset purchase program cannot be ruled out. The ECB guided that it expected them "to remain at present or lower levels for an extended period of time," thus opening the door to additional rate cuts. We believe that the resilience of growth will play a crucial role in determining whether the QE programme is extended. We retain our outlook for a further -10 bps reduction in the deposit rate to -0.4%, albeit bringing our expected timing forward to March.

US: December inflation surprises to downside

Both headline and core inflation come in below expectations in December

December consumer inflation came in at 0.7% y-o-y and -0.1% m-o-m in December, slightly below the consensus estimates of 0.8% y-o-y and 0% m-o-m. The acceleration in annual inflation in December (from 0.5% y-o-y in November) was due largely to the oil-price base effect rather than a monthly pickup in inflationary pressure. On a monthly basis, inflation was again weakened by lower energy prices, as well as by a decline in food prices. Core inflation softened to 0.1% m-o-m from 0.2% in each of the previous three months on the back of more moderate rises in rents and healthcare costs. There was also deceleration in other categories, including clothing, new vehicles, and alcohol. Nevertheless, on a yearly basis, core inflation rose to 2.1% y-o-y, its highest level since July 2012.

We expect Fed's next hike only in June 2016

The ongoing sharp decline in global oil prices further reduces the 2016 inflation outlook. We see the Fed particularly focusing on inflation to determine the pace of monetary policy normalisation this year. The weak inflation outlook and signs of moderating economic activity at the end of 2015 support our expectation that interest rates will remain on hold in March. We see the next 25 bps hike in the federal funds target rate (FFTR) only in June 2016. Other data out last week showed a drop in housing starts and building permits in December, adding to the overall data weakness (including retail sales) for the month. Housing starts were reported at 1,149K in December, below the expected 1,200K and down -2.5% m-o-m. Nevertheless, they were still up 10.6% y-o-y in 2015, suggesting a robust pace of homebuilding growth. Moreover, existing home sales beat the consensus, expanding by a strong 14.7% m-o-m.

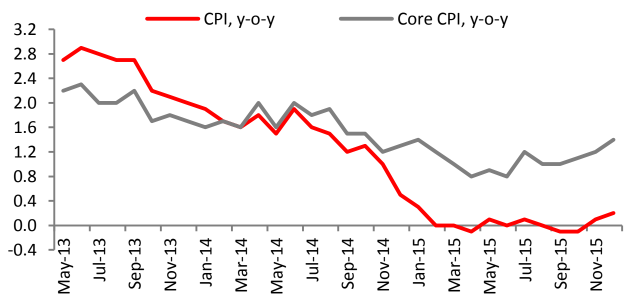
UK: Underlying inflation weak, BOE in no hurry to raise rates

One-off factors drive inflation in December, likely to reverse in January

December inflation printed at 0.2% y-o-y, finally breaking out of the -0.1% to 0.1% range in which it had been for nearly a year. Headline inflation was in line with the consensus, though core inflation surprised on the upside at 1.4% y-o-y (consensus 1.2%). The rises in headline and core inflation were due largely to a spike in the cost of airfares, which increased by 26.8% y-o-y. Most other CPI components caused a moderate drag on inflation. Airfare prices are volatile and likely to reverse in January. Moreover, the sharp fall in oil prices this month are expected to drag on inflation. We see the greatest upside to core inflation coming from the GBP’s sharp fall since December 2015. However, the lower oil price will likely limit any buildup in inflationary pressure, in our view.

Fig. 3. UK: Rise in core inflation in December likely to be temporary, limiting near-term need to raise rates

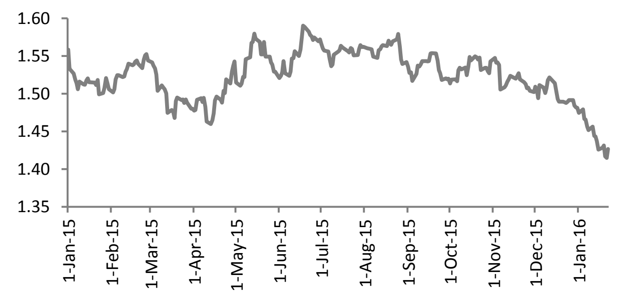
% change



Source: Bloomberg

Fig. 4. UK: GBP falls following Carney’s comments last week, Brexit concerns to keep GBP weak in 1H2016

GBP/USD



Source: Bloomberg

Carney rules out near-term interest rate hike – firmer wage growth needed for BoE to move

Meanwhile, the GBP fell to a seven-year low following BoE Governor Mark Carney’s speech on 19 January, which had a dovish tone. He highlighted that he had no timetable for raising interest rates, though he ruled out a hike in the short term. Rather, he cited global risks and a subdued recovery as factors limiting policy normalisation. In the three-month period from September to November, average weekly earnings growth slowed to 2% y-o-y, from 2.4% in the preceding three months and below the consensus of 2.1%. We had already pushed back our estimated timing of the first rate hike by the BoE to 4Q earlier in January. This was on the back of softening wage growth and the lower oil prices. We do, however, see some pickup in wage growth in 2H2016 due to the ongoing tightening expected in the labour market. The September-November unemployment rate dropped to 5.1%, from 5.2% (consensus

5.2%). Particularly notably, unemployment fell to 4.9% in November, its lowest level since 2005.

D. EM Economies

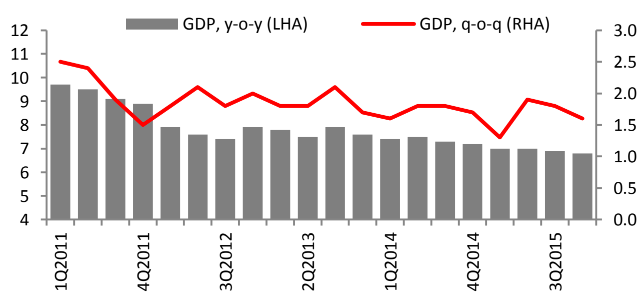
China: 4Q GDP growth 6.8%, impacted by stock market woes

2015 GDP growth at 6.9%, marginally below government target of 7%

China's economy grew by 6.8% y-o-y and 1.6% q-o-q in 4Q2015, down from 6.9% y-o-y and 1.8% q-o-q in 3Q. The 4Q2015 GDP growth was the weakest since 1Q2009. The sector breakdown showed that the drag of a slumping equity market (reflected in financial services) was partly offset by accelerating growth in construction and higher spending on public services. For 2015, GDP growth came in at 6.9% y-o-y, in line with the consensus. Consumption remained the biggest growth driver in 2015, contributing 4.6 ppt to annual GDP growth.

Fig. 5. China: GDP growth moderates to 6.8% y-o-y in 4Q2015 despite higher government spending

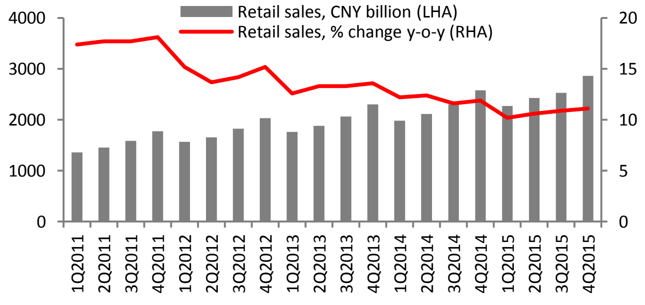
% change



Source: Bloomberg

Fig. 6. China: Retail sales remains area of strength for economy

CNY billion (LHA); % change y-o-y (RHA)



Source: Bloomberg

Interim indicators moderate in December, retail spending remains resilient

Interim data for December also reflected a continuing moderation in economic activity, whilst also slightly missing consensus estimates. December retail sales growth came in at 11.1% y-o-y, versus the consensus of 11.3% and down from 11.2% in November. Spending on consumer staples, as well as property sector related expenditures, remained well supported. Retail spending growth tends to soften after Singles' Day promotions in November. We continue to foresee consumer spending remaining one of the brighter areas of the Chinese economy, though we expect further moderation as subsidy support for electronic vehicles fades. Investment growth saw a greater deceleration than consumption in December on the back of slowing infrastructure investment. YTD fixed asset investment (FAI) printed at 10% y-o-y (verses the 10.2% consensus and 10.2% in November). However, this indicates that FAI growth slowed sharply to 6.8% y-o-y in December, from 10.8% in November.

Further fiscal and monetary easing support soft landing outlook

Despite disappointing to the downside, the GDP and interim data do not point to a hard landing for the Chinese economy. There has been no sharp deterioration in economic indicators to justify the currently morose market sentiment, in our view. However, it does support the outlook for further monetary and fiscal stimulus. The PBoC has injected around CNY1.3 trillion in January, and more is expected ahead of the Lunar New Year. We retain our expectation of a 25 bps cut in policy interest rates and a 50 bps cut in the reserve requirement ratio (RRR) in 1Q2016. We believe that this will be followed by a similar cut in benchmark rates and the RRR in 2H2016. On the fiscal front, we expect accelerated spending on key infrastructure projects, alongside tax cuts to alleviate corporate costs. We also expect further CNY depreciation; however, this would have to be managed due to the resultant increase in capital outflows.

PBoC moves to reduce CNH speculation

Meanwhile, the PBoC announced last week that it is to start implementing an RRR on offshore banks' domestic deposits. The move is the latest measure to stem speculation in the offshore CNH, alongside managing CNY flows in and out of the country. The rate for offshore yuan deposits placed in mainland China was 0%, while the RRR in China stands at 17.5% for large banks and 15.5% for smaller banks. The new RRR rules will be effective from 25 January. The regulation will result in offshore banks having to hold more yuan in reserve, squeezing supply further and making it more difficult and expensive to speculate.

Turkey: CBRT keeps monetary policy steady at January meeting

Inflation substantially above CBRT's year-end target, likely to result in higher rates later in year

The CBRT left all policy rates steady at its monetary policy meeting last week, in line with consensus expectations. The 1W repo rate remained at 7.5%, the overnight borrowing rate at 7.25%, and the overnight lending rate at 10.75%. We believe that the move was supported by the TRY's recent stability, as well as the lower oil prices, which reduce near-term inflationary risks. We still see potential for the CBRT to raise rates, with inflation (8.8% y-o-y in December) above the central bank's target of 6.5% for 2016 year end. Moreover, the CBRT highlighted upside to inflation stemming from the increase in the minimum wage. The most important change from the previous meeting's statement was that the bank dropped the idea of interest rate simplification (which would have been achieved by moving towards a single benchmark). This suggests that the interest rate corridor will be retained.

II. Economic Calendar

Fig. 7. Upcoming events and data releases

Time*	Country	Data point	Period	Prior	Consensus
Expected this week					
	Saudi Arabia	SAMA Net Foreign Assets, SAR	Dec	2355.6B	
Monday 25 Jan					
3:50	Japan	Trade Balance	Dec	-¥381.3B	¥117B
3:50	Japan	Exports, y-o-y	Dec	-3.3	-7
3:50	Japan	Imports, y-o-y	Dec	-10.2	-16.4
13:00	Germany	IFO Business Climate	Jan	108.7	108.4
13:00	Germany	IFO Current Assessment	Jan	112.8	112.6
13:00	Germany	IFO Expectations	Jan	104.7	104.1
22:00	Eurozone	ECB President Draghi Speaks in Frankfurt			
Tuesday 26 Jan					
14:45	UK	BoE Stability Officials including Carney Speak			
17:00	UK	BOE's Kristin Forbes speaks at Henry Jackson Society in London			
18:00	US	S&P/CaseShiller 20-City Index NSA	Nov	182.8	
18:00	US	S&P/CS Composite-20, y-o-y	Nov	5.5%	5.6%
19:00	US	Consumer Confidence Index	Jan	96.5	96.5
Wednesday 27 Jan					
11:00	UK	Nationwide House Px NSA, y-o-y	Jan	4.50%	4.70%
11:00	UK	Nationwide House PX, m-o-m	Jan	0.80%	0.60%
13:25	UK	BOE's Andrew Bailey speaks in Dublin			
15:00	Eurozone	ECB Board Member Mersch Speaks in Munich			
16:00	US	MBA Mortgage Applications	22-Jan	9.00%	--
17:00	Eurozone	ECB Board Member Lautenschlaeger Speaks in Frankfurt			
19:00	US	New Home Sales	Dec	490k	500k
19:00	US	New Home Sales, m-o-m	Dec	4.30%	2.00%
20:30	UK	BOE's Minouche Shafik speaks in London			
23:00	US	FOMC Rate Decision (Lower Bound)	27-Jan	0.25%	0.25%
23:00	US	FOMC Rate Decision (Upper Bound)	27-Jan	0.50%	0.50%
Thursday 28 Jan					
3:50	Japan	Retail Trade, y-o-y	Dec	-1.1%	0.2%
3:50	Japan	Retail Sales, m-o-m	Dec	-2.5%	1.0%
13:30	UK	GDP, q-o-q	4Q A	0.4%	0.5%
13:30	UK	GDP, y-o-y	4Q A	2.1%	1.9%
17:30	US	Initial Jobless Claims	23-Jan	293K	281K
17:30	US	Durable Goods Orders	Dec P	0%	-0.5%
17:30	US	Durables ex-Transportation	Dec P	0%	-0.1%
17:30	US	Cap Goods Orders Nondef ex-Air	Dec P	-0.3%	-0.2%
19:00	US	Pending Home Sales, m-o-m	Dec	-0.9%	0.9%
22:00	Eurozone	ECB Governing Council Member Jens Weidmann Speaks in Bonn			
	Egypt	Deposit Rate	28-Jan	9.25%	--
	Egypt	Lending Rate	28-Jan	10.25%	--
Friday 29 Jan					
	Japan	BOJ Annual Rise in Monetary Base	29-Jan	Â¥80t	Â¥80t
	Japan	Bank of Japan Monetary Policy Statement			
3:30	Japan	Natl CPI, y-o-y	Dec	0.3%	0.2%
3:50	Japan	Industrial Production, m-o-m	Dec P	-0.9%	-0.3%
9:00	Japan	Natl CPI, ex-Fresh Food & Energy, y-o-y	Dec	1.2%	1.2%
14:00	Eurozone	CPI Estimate, y-o-y	Jan	0.2%	0.4%
14:00	Eurozone	CPI Core, y-o-y	Jan A	0.9%	0.9%
17:30	US	GDP Annualised, q-o-q	4Q A	2%	0.8%
17:30	US	Personal Consumption	4Q A	3%	1.8%

* UAE time

Source: Bloomberg

Fig. 8. Last week's data

Time*	Country	Data point	Period	Prior	Consensus	Actual
GCC data						
	Oman	CPI, y-o-y	Dec	-0.6%	-0.1%	
	UAE	CPI, y-o-y	Dec	3.5%	3.6%	
	UAE	CPI, m-o-m	Dec	-0.3%	0.4%	
Monday 18 Jan						
4:01	UK	Rightmove House Prices, m-o-m	Jan	-1.1%	--	0.5%
4:01	UK	Rightmove House Prices, y-o-y	Jan	7.4%	--	6.5%
8:30	Japan	Industrial Production, m-o-m	Nov F	-1%	--	-0.9%
8:30	Japan	Industrial Production, y-o-y	Nov F	1.6%	--	1.7%
8:30	Japan	Capacity Utilization, m-o-m	Nov	1.3%	--	-0.1%
Tuesday 19 Jan						
6:00	China	Industrial Production YTD, y-o-y	Dec	6.1%	6.1%	6.1%
6:00	China	Industrial Production, y-o-y	Dec	6.2%	6%	5.90%
6:00	China	Retail Sales, y-o-y	Dec	11.2%	11.3%	11.1%
6:00	China	Retail Sales YTD, y-o-y	Dec	10.6%	10.7%	10.7%
6:00	China	Fixed Assets ex-Rural YTD, y-o-y	Dec	10.2%	10.2%	10%
6:00	China	GDP SA, q-o-q	4Q	1.8%	1.8%	1.6%
6:00	China	GDP, y-o-y	4Q	6.9%	6.9%	6.8%
13:30	UK	CPI, m-o-m	Dec	0%	0%	0.1%
13:30	UK	CPI, y-o-y	Dec	0.1%	0.2%	0.2%
13:30	UK	CPI Core, y-o-y	Dec	1.2%	1.2%	1.4%
14:00	Eurozone	ZEW Survey Expectations	Jan	33.9	--	22.7
14:00	Eurozone	CPI, m-o-m	Dec	-0.1%	0%	0%
14:00	Eurozone	CPI, y-o-y	Dec F	0.2%	0.2%	0.2%
14:00	Eurozone	CPI Core, y-o-y	Dec F	0.9%	0.9%	0.9%
	UK	BoE Governor Mark Carney Speaks in London				
Wednesday 20 Jan						
13:30	UK	Jobless Claims Change	Dec	-2.2K	2.8K	-4.3K
13:30	UK	Average Weekly Earnings, 3M/y-o-y	Nov	2.4%	2.1%	2%
13:30	UK	ILO Unemployment Rate, 3Mths	Nov	5.2%	5.2%	5.1%
16:00	US	MBA Mortgage Applications	15-Jan	21.3%	--	9%
17:30	US	Housing Starts	Dec	1179K	1200K	1149K
17:30	US	Housing Starts, m-o-m	Dec	10.1%	2.3%	-2.5%
17:30	US	CPI, m-o-m	Dec	0%	0%	-0.1%
17:30	US	CPI, ex-food and energy, m-o-m	Dec	0.2%	0.2%	0.1%
17:30	US	CPI, y-o-y	Dec	0.5%	0.8%	0.7%
17:30	US	CPI, ex-food and energy, y-o-y	Dec	2%	2.1%	2.1%
Thursday 21 Jan						
16:45	Eurozone	ECB Main Refinancing Rate	21-Jan	0.05%	0.05%	0.05%
16:45	Eurozone	ECB Deposit Facility Rate	21-Jan	-0.3%	-0.3%	-0.3%
16:45	Eurozone	ECB Marginal Lending Facility	21-Jan	0.3%	0.3%	0.3%
17:30	US	Philadelphia Fed Business Outlook	Jan	-10.2	-5.9	-3.5
17:30	US	Initial Jobless Claims	16-Jan	283K	278K	293K
19:00	Eurozone	Consumer Confidence	Jan A	-5.7	-5.7	-6.3
Friday 22 Jan						
13:30	UK	Retail Sales, ex-auto and fuel, m-o-m	Dec	1.3%	-0.3%	-0.9%
13:30	UK	Retail Sales, ex-auto and fuel, y-o-y	Dec	3.4%	3.5%	2.1%
13:30	UK	Retail Sales, inc. auto and fuel, m-o-m	Dec	1.3%	-0.3%	-1%
13:30	UK	Retail Sales, inc. auto and fuel, y-o-y	Dec	4.5%	4.4%	2.6%
19:00	US	Existing Home Sales	Dec	4.76M	5.2M	5.46M
19:00	US	Existing Home Sales, m-o-m	Dec	-10.5%	9.2%	14.7%
19:00	US	Leading Index	Dec	0.5%	-0.2%	-0.2%

* UAE time
Source: Bloomberg

This report is intended for general information purposes only. It should not be construed as an offer, recommendation or solicitation to purchase or dispose of any securities or to enter in any transaction or adopt any hedging, trading or investment strategy. Neither this report nor anything contained herein shall form the basis of any contract or commitment whatsoever. Distribution of this report does not oblige Abu Dhabi Commercial Bank PJSC ("ADCB") to enter into any transaction.

The content of this report should not be considered legal, regulatory, credit, tax or accounting advice. Anyone proposing to rely on or use the information contained in the report should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in this report.

Information contained herein is based on various sources, including but not limited to public information, annual reports and statistical data that ADCB considers accurate and reliable. However, ADCB makes no representation or warranty as to the accuracy or completeness of any statement made in or in connection with this report and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in this report.

Charts, graphs and related data or information provided in this report are intended to serve for illustrative purposes only. The information contained in this report is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. All statements as to future matters are not guaranteed to be accurate. ADCB expressly disclaims any obligation to update or revise any forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

This report is being furnished to you solely for your information and neither it nor any part of it may be used, forwarded, disclosed, distributed or delivered to anyone else. You may not copy, reproduce, display, modify or create derivative works from any data or information contained in this report.