

HEADLINES



- Looking firstly at the GCC; the Kuwaiti Crown Prince Sheikh Meshal al-Ahmad al-Sabah, dissolved parliament on Wednesday calling for an early election in a bid to end a feud between the existing government and the elected assembly. Describing the domestic political scene as, "torn by disagreements and personal interests", the new elections will be an attempt to overcome legislative gridlock. The last parliament dissolution was in 2016.
- The latest tourism data for Dubai, revealed on Friday by Dubai's Department of Economy and Tourism (DET) shows a 191% YoY increase in visitors for the period of January to March. A total of 6.17m visitors came to the UAE, and Director General Helaal Saeed Almarri, paid testament to the success of the Expo 2020 and the ongoing growth of innovation in an effort to make Dubai a city of the future. The city ranked number one globally in hotel occupancy from January to May with a rate of 76%, according to a survey carried out by hotel analytics group, STR. This is expected to further enhance its position as a global hub for both the economy and tourism.
- It was another blow for U.K. PM Boris Johnson as his Conservative party lost two byelections in the same night, causing co-Chair Oliver Dowden to resign. Tiverton and Horniton handed over power to the Liberal Democrats, after a century of Conservative leadership, highlighting it as the biggest byelection overturn in history. Johnson is currently travelling, which is leading to concerns on whether efforts to oust him could restart in his absence. Johnson noted the disappointing results but attributed it to a number of things including increased costs of living.
- As the Russia Ukraine war entered into its fifth month, it was certainly noticeable that Russia had stepped up its barrage of missiles on areas in the North-West of Lviv and close to the Polish border. Missiles were also launched from Belarusian territory, for the first time and Ukrainian troops were ordered to withdraw from the Sievierodonetsk region. On Thursday, the EU granted Ukraine and the Republic of Moldova official EU candidacy status, with a supporting vote of 529 to 45. However, despite the successful candidacy status, there will be no "fast-track" process to membership, which is only granted under a merit-based and structured process.

The impact of a reduction in Russian gas supplies has led Germany to request at the G7 summit the reversal of a previous commitment, to halt the financing of overseas fossil fuel projects. Germany acknowledges that investment is necessary in the gas sector as a temporary response due to the energy crisis. Scenario testing around the capability of existing reserves to keep Germany warm over the Winter, has not been positive. Companies may be forced to move production to countries where there's a competitive gas pipeline, unfortunately not in Germany. With the Nord Stream pipeline due to shut down for scheduled maintenance next month there is considerable concern it may not come back on.

- The G7 3-day Summit kicked off yesterday, where the agenda is expected to include; addressing soaring inflation; capping the price of Russian oil; the banning of new gold imports from Russia by the U.K., U.S., Japan and Canada. The ban on gold imports is expected to have a significant impact on Putin and his ability to fund the Russian armed forces. The commitment to show a united front is very much a priority, as Biden highlighted that Putin is counting on NATO or the G7 to disintegrate. All summit members have agreed to support Ukraine's defence indefinitely.
- Data for the week was relatively light as Monday was a U.S. Holiday. However, the PBOC kept its 5-year loan prime rate for corporates and housing loans unchanged at 4.45%, which was a move expected in the market, as many believe Chinese policy makers cannot loosen monetary policy when the economy is under significant pressure from Covid-19 lockdowns. U.S. home sales figures for May reported a fourth monthly decline of 3.4%, driven largely by the increased cost in borrowing due to the Fed's rate hikes. Canadian retail sales for April took the market by surprise, rising by 0.9% MoM. General purchasing was up by over 4%, although car sales and home improvement sales were weak, suggesting consumer activity is changing due to a higher interest rate environment. A consistent printing of high inflation data across multiple regions, saw a new record as U.K. Inflation for May reached a 40-year high of 9.1% YoY, with food prices up by 9% and transport costs up by 14% YoY; Canadian inflation rose considerably for May to 7.7%, up from 6.8% in April, likely contributing to the higher retail sales figure. Dubai inflation rose to 4.7% May YoY, up from 4.6% in April. However, MoM, inflation in fact slowed by 0.1% with no price changes in clothing, healthcare, communication, education or financial services.

EQUITIES



- The Saudi stock exchange is expected to start selling single stock futures contracts from 4th July. This is the second derivatives product to be introduced on the exchange, after index futures. Some of the companies upon which the contracts will be based include; Saudi Aramco, Saudi National Bank and Saudi Electricity.
- U.K. bank Barclays has agreed to purchase mortgage lender Kensington Mortgages for GBP2.3bn. This will include the acquisition of a GBP1.2bn mortgage book with the expectation for the book to grow to GBP2bn and the deal to close by December. It has been noted previously that the bank believes it's under-represented in the home loans market, and with a growth trajectory for the Kensington book of GBP2.3bn p.a., this could forecast an increase in income of up to GBP200m.
- FMCG giant Kellogg will split into three public companies, sectioning off into snack, cereal and plant-based businesses. With a noted change in eating habits globally as more consumers "eat on the go", the snacking business has become a

UAE Stock Market AED	Last Price	31.12.21	% 1w	% 3m
BOS	0.53	0.62	0.00	-2.57
ENBD	13.35	13.55	0.38	-7.29
FAB	18.52	18.62	-1.59	-18.91
ADCB	8.87	8.53	-3.06	-15.52
EMAAR	5.18	4.89	0.19	-7.17
AirArabia	2.11	1.45	2.93	33.54
Aramex	3.85	4.10	1.05	4.62
Etisalat	26.88	31.70	0.07	-25.33
DEWA	2.53	-	-0.78	2.02
DU	5.79	6.62	-0.34	-13.32

EQUITIES (CONTINUED)



leader in the food industry. The market was undecided when Kellogg purchased Pringles 10 years ago, however the decision has proven profitable whilst cereal sales have become stagnant. Names of the three new lines of business have not yet been disclosed but company shares rose by 8% in pre-market trading.

- Big four firm EY is proposing to split its global audit and consultancy business, in a strategic move that could see audit partners receiving a pay-out in the region of 2-4 times their annual salary from a consultancy business IPO. A proposition that the firm believes will drive value for all stakeholders, however remains undecided until a vote by the company's member firms in the Autumn.

Equities	Last Price	31.12.21	% 1w	% 3m
NASDAQ	11607.62	15644.97	7.49	-18.08
S&P 500	3911.74	4766.18	6.45	-13.90
EURO STOXX 50	3566.94	4298.41	2.80	-7.78
FTSE100	7265.46	7384.54	2.02	-2.91
DAX	13258.29	15884.86	-0.06	-7.32

COMMODITIES



- The UAE and Germany will hold further talks this week on clean energy with the region expected to be represented by delegates from Adnoc and Masdar. As Germany looks for alternative solutions to its Russian gas dependence, the agenda will include hydrogen, for which the UAE is one of the world's leading suppliers. More specifically, it is investing in the production of blue hydrogen which actually harnesses carbon emissions rather than emitting them.
- With growing global recession fears potentially clouding agri-commodity demand, corn dropped to its lowest price on Thursday, since before the Russian invasion of Ukraine. Benchmark corn futures on the CME dropped by 7% touching a 4-month low of \$6.45 a bushel, the biggest intraday decline in a year. Soybeans fell by 4.6%, the lowest intraday price since January, while wheat fell by 4.3%. However, Russia's recent attack on a key Ukrainian port, which is a hub for agricultural exports, may see the downside limited for crops.
- Gold was set for its second weekly drop post Fed Chairman Jerome Powell's comments around the Fed's commitment to tackling inflation as being "unconditional". Speaking at the semi-annual congressional testimony, he stated the need to restore price stability through reducing inflation back to 2%, otherwise maximum employment cannot be sustained. However, with the announcement of the ban on importation of Russian gold at the G7 summit, the precious metal was up this morning in Asian trading, by 0.4% to \$1833.86 per ounce. With 28% of the U.K.'s imported gold coming from Russia, equating to \$15bn, the newly imposed ban is a significant step.

Commodities USD	Last Price	31.12.21	% 1w	% 3m
ENERGY				
ICE Brent	112.94	75.32	-1.04	2.50
NYMEX WTI	107.3	72.17	-0.64	2.62
METALS				
Spot Gold	1839.36	1829.2	0.03	-6.07
LME Copper	8381.00	9720.50	-6.64	-18.37
DCE Iron Ore	761.00	918.00	-1.55	-8.64
LME Aluminium	2456.00	2807.50	-2.81	-31.87
LME Nickel	22400.00	20757.00	-12.97	-36.89
AGRICULTURE				
ICE Cotton	96.57	92.65	-18.29	-13.58
ICE Sugar	18.37	18.36	-1.92	-5.70
CBT Soybeans	1430	1269.25	-6.99	-4.46
CBT SRW Wheat	949.25	766.5	-9.31	-11.26

CURRENCIES



- Best performing G10 currency YTD is CAD, which is only down 1.97% against the greenback. Other top performers include AUD which is down 4.38% against the dollar and CHF, down 4.74%. Underperformers include; JPY, down almost 15% against USD YTD; SEK down 10.62% and NOK down 10.52%.
- The lira has rallied due to Turkey's step-up in efforts to boost the domestic currency by banning loans to companies which hold more than 15m lira equivalent in foreign currencies or if this amounts to greater than 10% of the company's total assets or annual sales. The decision was announced on Friday and is expected to impact up to 10,000 companies. The announcement by the authority known as the BDDK, caused lira to rally by 5% against USD. However, it still holds the title for worst performing emerging market currency YTD. The measures are in a bid to reduce credit growth and increase the appeal for domestic currency savings.
- As lawmakers in Capitol Hill debate who is responsible for the supervision and defining the legality of digital assets, SEC Chair Gary Gensler, has approached the Commodity Futures Trading Commission in a bid to strike a formal deal. In an effort to ensure practices around the trading of digital tokens are safeguarded and transparent, the partnership would be an unusual one, as historically both bodies rarely work in tandem, however the nature of crypto means that it potentially incorporates both securities and derivatives.

Currencies	Last Price	31.12.21	% 1w	% 3m
EURUSD	1.0579	1.1370	0.66	-3.67
GBPUSD	1.2293	1.3532	0.33	-6.74
USDJPY	135.08	115.08	0.01	10.68
USDCAD	1.2887	1.2637	-0.72	3.29
AUDUSD	0.6926	0.7263	-0.35	-7.82
USDINR	78.36	74.34	0.48	2.82
USDSAR	3.7535	3.7554	0.02	0.06
USDOMR	0.3850	0.3848	0.00	-0.01
DXY Index	103.94	98.31	-0.73	5.21

RATES



- As the grace period on two-euro bonds lapsed yesterday, Russia has defaulted in a situation the Russian Finance Minister describes as a “farce”. Having the funds to repay the \$100m was not the issue, it was getting the payments to creditors which was deemed impossible due to the range of sanctions imposed. In normal proceedings, a formal default notice is typically issued by ratings agencies, however under EU sanctions, this led them to withdraw ratings on Russian entities. With three years until claims on payments become void, it is expected many investors will watch and see how the situation between Russia and Ukraine plays out.
- The Turkish Central Bank maintained its one-week repo rate at 14%, at its June MPC meeting on Thursday. This is the fifth meeting with no rate changes and it was in line with economist expectations. Despite Turkey’s 24-year record high inflation of 73.5% for May, President Erdogan noted that hiking borrowing costs makes, “the rich richer and the poor poorer”, and that if anything rates would be reduced.
- With INR sinking to a record low last week, the Indian bond market saw a number of leading names such as Tata Motors and Vedanta Resources Ltd, suffering the biggest drop in value of their dollar notes maturing in 2024. With rising borrowing costs in the U.S. dampening credit appetite, Indian companies face the challenge of being able to service existing foreign debt or the struggle of issuing new bonds in a foreign currency.

Interest Rates	Last Rate	31.12.21	bp 1w	bp 3m
3m EIBOR	1.770	0.364	0.111	0.740
3m LIBOR	2.234	0.209	0.111	1.273
6m EIBOR	2.445	0.700	-0.185	0.898
6m LIBOR	2.867	0.339	0.054	1.397
5Y AED swap	3.360	1.750	-0.244	0.573
5Y USD Swap	3.261	1.370	-0.121	0.738
10Y AED Swap	3.638	2.175	-0.165	0.682
10Y USD Swap	3.251	1.581	-0.039	0.845

Key Economic Events For The Week Ahead

- 27.6.22 G7 Summit; ECB Forum on Central Banking; May Chinese Industrial Profits; Apr Final Japanese Leading Index; Jun Canadian Bloomberg Nanos Confidence; May French Unemployment; Jun U.S. Durable Goods; May U.S. Capital Goods Orders; May U.S. Pending Home Sales; Jun U.S. Dallas Fed Manufacturing Activity; ECB President Lagarde Speech;
- 28.6.22 G7 Summit; ECB Forum on Central Banking; NATO Summit; Jul German GfK Consumer Confidence; Jun French Consumer Confidence; Apr Italian Industrial Sales; May U.S. Advance Goods Trade Balance; May U.S. Wholesale & Retail Inventories; Apr U.S. FHFA House Price Index; Jun U.S. Conf. Board Consumer Confidence; Jun U.S. Richmond Fed Manufacturing Index; Multiple ECB and BOE and Fed Speakers;
- 29.6.22 NATO Summit; ECB Forum on Central Banking; Jun U.K. BRC Shop Price Index; May Japanese Retail Sales; May Australian Retail Sales; Jun German CPI North Rhine Westphalia; Jun Indian Bloomberg Economic Survey; Jun Japanese Consumer Confidence Index; Jun Turkish Economic Confidence; May Eurozone M3 Money Supply; Jun German CPI; Jun Spanish Inflation; Jun Spanish Business Confidence; Jun Eurozone Economic, Industrial, Services & Consumer Confidence; Jun U.S. MBA Mortgage Applications; Jun German CPI & EU; Q1 U.S. GDP; Q1 U.S. Personal Consumption; Q1 U.S. PCE; May Russian Retail Sales; May Russian Unemployment Rate; Apr Russian Real Wages; May Russian Industrial Production; Jun Russian CPI; ECB Lagarde, BOE Gov Bailey & Fed Chair Powell Speeches;
- 30.6.22 NATO Summit; OPEC & non-OPEC Ministerial Meeting; May Japanese Industrial Production; Jun Japanese Buying Foreign Stocks & Bonds; Jun Chinese Composite & Manufacturing and Non-Manufacturing PMI; May Australian Private Sector Credit; May Japanese Housing Starts; Q1 U.K. Current Account Balance; Q1 U.K. GDP; Q1 U.K. Private Consumption; Q1 U.K. Government Spending; Q1 U.K. Exports & Imports; Q1 U.K. Total Business Investment; Jun Prelim French CPI; May French PPI; May French Consumer Spending; May Turkish Trade Balance; May German Retail Sales; Jun German Unemployment; May Italian Unemployment; May EU Unemployment; May Italian PPI; May Indian Government Budget; Jun Canadian Business Barometer; Apr Canadian GDP; May U.S. Personal Income & Spending; U.S. Initial Jobless Claims; May U.S. PCE Core Deflator; Q1 Russian Current Account Balance; Weekly Russian Gold and Forex Reserve; Q1 Indian BoP Current Account Balance; Jun U.K. Lloyds Business Barometer; Turkish MCP Meeting Summary;
- 01.7.22 Jun Japanese Tokyo CPI; May Japanese Unemployment Rate; Q2 Japanese Tankan Large Manufacturing & Non-Manufacturing Index & All Industry Capex; Jun Chinese Caixin Manufacturing PMI; Jun Japanese Vehicle Sales; Jun Australian Commodity Prices; May French Budget Balance; Jun Final S&P Global Manufacturing PMI – Australia, France, Germany, EU, U.K., U.S., India, Russia, Turkey, Italy, France; Jun Russian Money Supply; May U.K. Mortgage Approvals; May U.K. Money Supply; Jun EU CPI; Jun Italian CPI; May U.S. Construction Spending; Jun U.S. ISM Manufacturing; Jun Italian New Car Registrations; Q1 Final Russian GDP; Jun Italian Budget Balance; Jun U.S. Total Vehicle Sales; Q2 Russian Current Account Balance;

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