INVESTMENT STRATEGY
WEEKLY VIEW

For inquiries related to this article, please contact:
Christofer.Langner@bankfab.com

بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

MARKETS NOW SEE FOUR 50BP FED RATE HIKES THIS YEAR

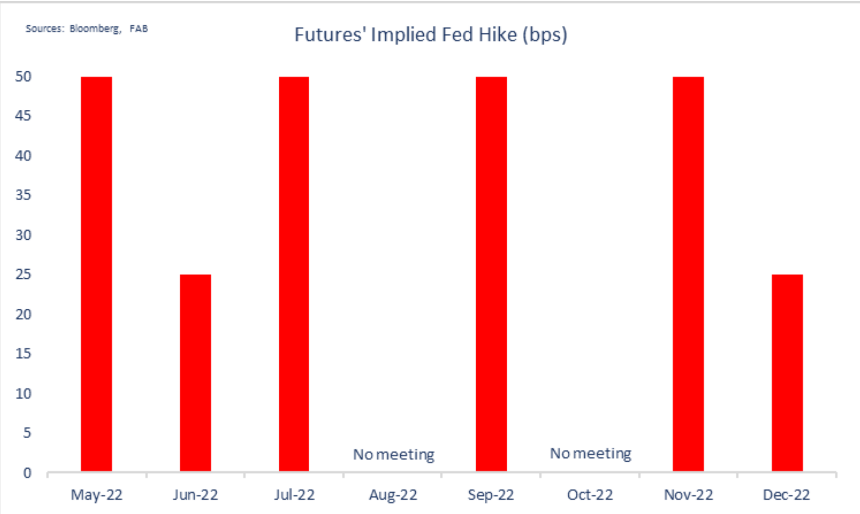
April 25th 2022

- Fed fund futures are forecasting the benchmark rate will be at 2.75% by December
- 10-year Treasury yields have hit 2.98%, and could test 3.2% based on interest rate futures
- Technology stocks are testing some key long-term support levels
- Chinese economic data suggests Beijing may have to add more stimulus

The US economic calendar was sleepy last week, but two events sent conflicting signals. The Fed's Beige Book report indicated that the US economy, particularly job creation, remains strong and can probably weather higher interest rates. Meanwhile, Fed Chairman Jerome Powell said that the US job market is "unsustainably strong", comments echoed by other Fed speakers.

Markets are now forecasting a rate hike schedule this that would have the Fed benchmark rate at 2.75% by December. This may happen, unless the unemployment rate rises past 5%. Bonds have priced the shift to a larger extent than stocks. As a result some investors are likely to reallocate some of their equity positions to bond markets as yields become more attractive.

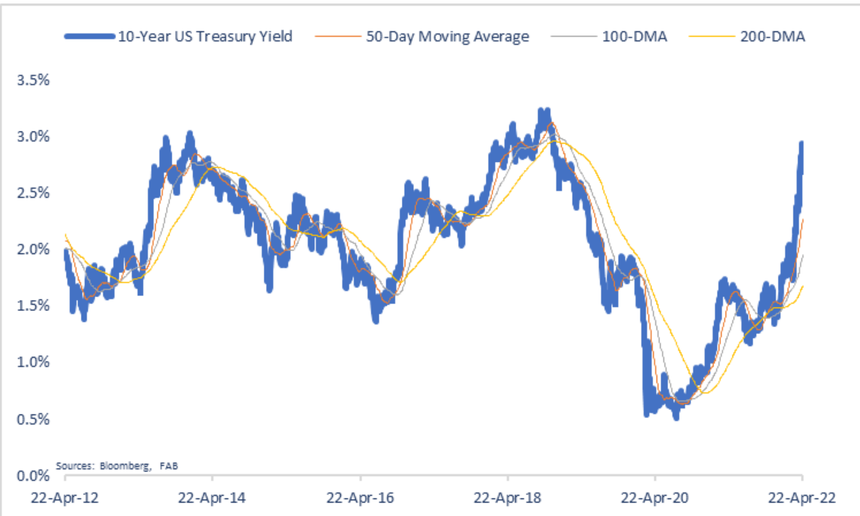
MARKETS ARE NOW PRICING IN FOUR 50 BASIS POINTS FED RATE HIKES THIS YEAR



- Comments from Federal Reserve Chairman Jerome Powell cemented expectations of a 50bp hike in May.
- Mary Daly from the San Francisco Fed has also indicated she wants rates to be above neutral by year-end.
- The latest summary of economic projections shows the Fed believes 2.4% to be the neutral rate level now.
- Futures markets, however, are indicating investors expect the Fed funds rate to rise to 2.75% by December, and to peak some nine months later at around 3.25%.

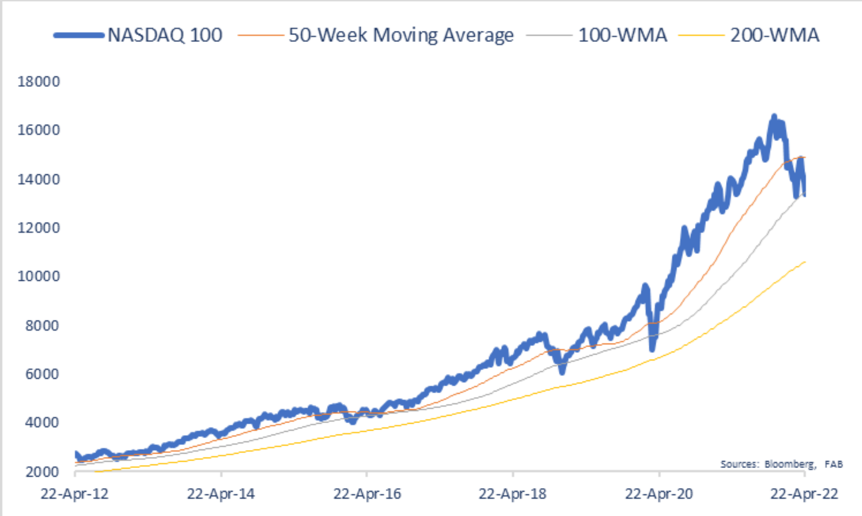
THE YIELD OFFERED BY 10-YEAR US TREASURIES IS RISING AND HIT 2.98% LAST WEEK

- The yield on the 10-year US Treasury was inches away from 3% last week before retreating.
- Fed fund futures are indicating a peak for rates around 3.25% by the third quarter of 2023, suggesting that 10-year yields could breach that level.
- The yield on two-year US Treasuries traded as high as 2.78% last week.
- Two-year yields could move a lot higher given the likelihood that the curve will flatten again.
- In price terms, most of the bond losses have already happened.

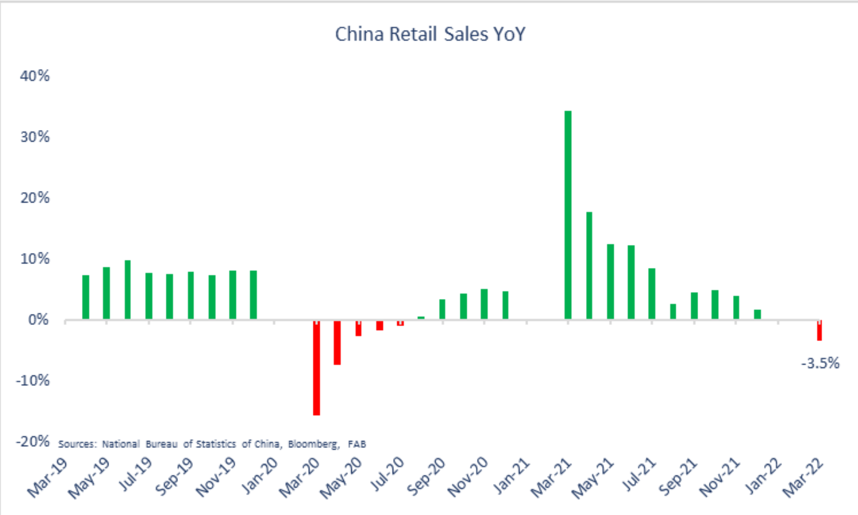


A US TECHNOLOGY STOCK INDEX IS ABOUT TO TEST A KEY LONG-TERM SUPPORT

- The NASDAQ 100 index is close to breaching its 100-week moving average, a key long-term support.
- The index fell 3.86% last week, its third consecutive weekly drop.
- The NASDAQ 100 is down almost 10% so far this month.
- Trading in the next two weeks will be driven mostly by earnings results.
- However, quickly rising rates and a potentially much slower US economy in the coming year could impact earnings expectations and prompt some further selling.



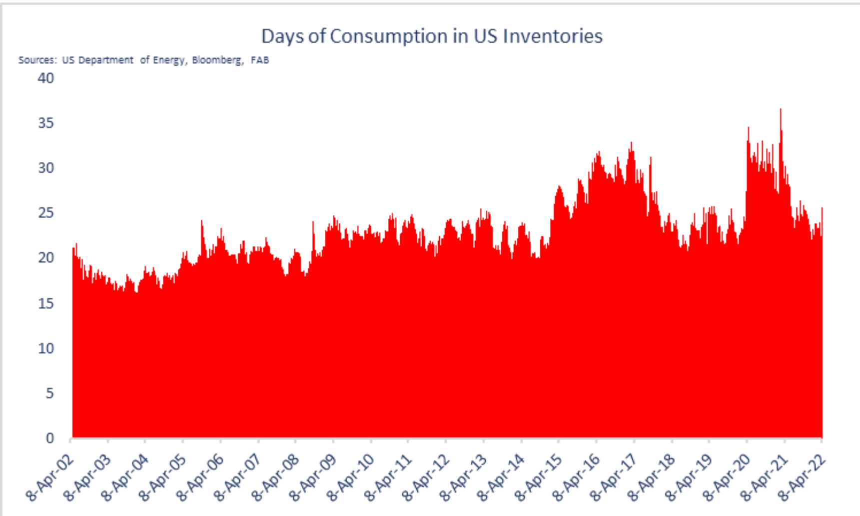
CHINA'S MARCH RETAIL SALES NUMBERS SHOWED THE COUNTRY'S LOCKDOWN PAINS



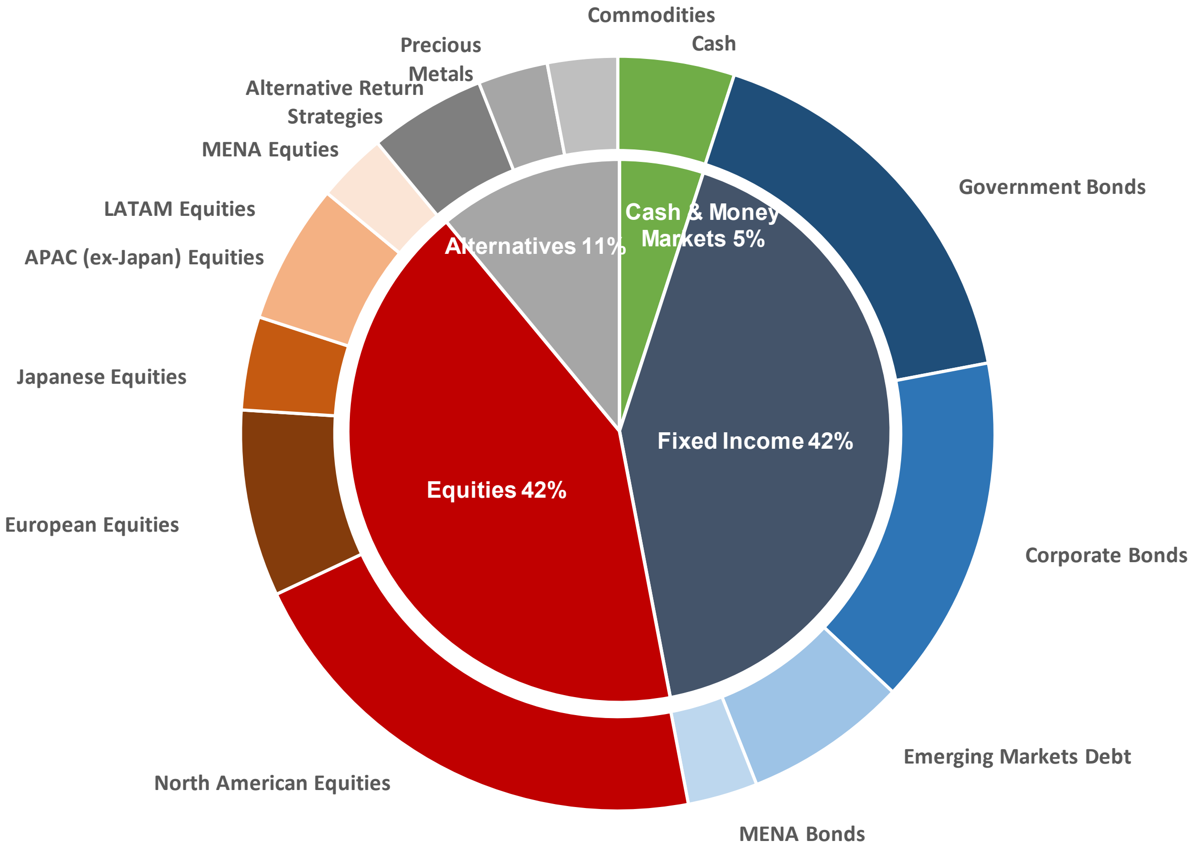
- Retail sales in March fell by 3.5% year -on-year, the third worst result for the measure since China started to make the survey public.
- The calculation does not include retail sales during the period of the strictest Shanghai lockdowns.
- The People's Bank of China has already cut the reserve requirement ratio for banks and the yuan has weakened 2.8% since April 18th.
- Beijing is now doing mass testing as several COVID cases have been discovered in the capital.

COMPARED TO CONSUMPTION, US OIL INVENTORIES HAVE STARTED TO FLASH RED

- US commercial inventories are only enough to cover about three weeks of demand, though, one of the lowest covers in several years, suggesting demand is still outpacing supply.
- Brent crude prices were falling 4.36% today amid fears that a potential Beijing lockdown could dent demand in the world's biggest consumer.
- US shale producers are yet to notably ramp up output, and geopolitical issues continue to limit exports from some places, suggesting prices are likely to remain high this year.



Asset Class	Positioning	Detail
Cash	Underweight	Putting cash to work in risk assets.
Fixed Income	Overweight	Keeping a slight overweight focused on EM dollar debt.
Equities	Overweight	Slightly overweight in Asia ex-Japan and US markets.
Alternatives	Underweight	However, reducing the underweight in hedge funds.



بنـك أبـوظبـي الأول
FAB
First Abu Dhabi Bank

Disclaimer: This report has been prepared and issued by Products & Services - Elite & Private Banking ("P&S EPB") of First Abu Dhabi Bank PJSC ("FAB") outlining particular services provided by P&S EPB. This report is for general informational purposes and does not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe for, any shares in FAB or otherwise or a recommendation for a particular person to enter into any transaction or to adopt any strategy nor shall it or any part of it form the basis of orbe relied on in connection with any contract therefore. Anyone proposing to rely on or use the information contained in this publication should independently verifyand check the accuracy, completeness, reliabil-ity and suitability of the information and should obtain independent and specific advice from appropri-ateprofessionals or experts.

This report is provided on a confidential basis for informational purposes only andis proprietary to P&S EPB. This report may not be disclosed to any third party or used for any other purpose without the prior written consent of P&S EPB. The manner of circulation and distribution may be restricted by law or regulation in certain countries, hence any unathorised use or disclosure of this document is prohibited.

The information in this report reflects prevailing conditions and our views as of thisdate, which are accordingly subject to change. In preparing this report, we have relied upon and assumed, without independent verification, the accuracy and completeness of all the information available from public sources or which was otherwise reviewed by us. FAB PJSC makes no representation or warranty, expressed or implied, as to the accuracy, timeliness or complete-ness of the information in this report. FAB PJSC shall have no liability to the Customer or to third parties for the quality, accuracy, timeliness, continued availability or completeness of any data or calculations contained and/or referred to in this report nor for any special, direct, indirect, incidental or conse-quential loss or damage which may be sustained because of the use of the information containedand/or referred to in this report or otherwise arising in connection with the information contained and/or referred to in this report, provided that this exclusionof liability shall not exclude or limit any liability under any law or regulation applicable to FAB PJSC that may not be excluded or restricted.
Past performance is not a guarantee of future performance and should not be seen as an indication of future performance due to a variety of economic, marketor other factors. The information contained in this report does not purport to contain all matters relevant to any particular investment or financial instrument and all statements as to future matters are not guaranteed to be accurate. Any projections of potential risk or return are illustrative and should not be construed as limitations of the maximum possible loss or gain. Data included in this report may not take into account all potentially significant factors, such as market risk, liquidity risk and credit risk. Undue reliance should not be placed on forward looking statements in making an invewstment decision.

In addition, our analysis are not and do not purport to be appraisals of the assets, stock or business of the recipient and has been prepared without taking into account the objectives, financial situation or needs of particular person. Even when this presentation contains a kind of appraisal, it should be considered preliminary, suitable only for the purpose described herein and not be disclosed orotherwise used without the prior written consent of P&S EPB. FAB clients may already hold positions in the assets subject to this report and may accordingly benefit from the buying or selling of such assets as referred to in this report.This document does not purport to set out any advice, recommendation orrepresentation on the suitability of any investment, transaction or product (as referred to in this document or otherwise), for potential purchasers. In receiving this report, the client is fully aware that there are risks associat-ed with investment activities. Potential purchasers should determine for themselves the relevance of the information contained in this document and the decision to purchase any investment contained herein should be based on such investigation and analysis as they themselves deem necessary. Before entering into any transaction potentialpurchasers should obtain the investment offering materials, which include a description of the riks, fees and expenses and ensure that they fully understand the potential risks and rewards of that transaction (including, without limitation, allfinancial, legal, regulatory, tax and accounting consequences of entering into thetransaction and an understanding as to how the transaction will perform under changing conditions) and that they independently determine that the transactionis appropriate for them given their objectives, experience, financial andoperational resources and other relevant circumstances. Potential purchasersshould consider consulting with such advisers and experts as they deem necessary to assist them in making these determinations.

FAB is acting solely in the capacity of a potential arm's-length contractual counterparty and not as a financial adviser or fiduciary in any transaction unless we have otherwise expressly agreed so to act in writing. FAB does not provide anyaccounting, tax, regulatory or legal advice. FAB is licensed by the Cen-tral Bank ofthe UAE.

London: FAB London Branch is Authorized by the Prudential Regulation Authority.Subject to regulation by the Financial Conduct Authority and limited regulation bythe Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from FAB London branch on request. Registered in England & Wales: Company No: FC009142: VAT No: GB2453301 91.

Paris: FAB Paris Branch is licensed by the French Prudential Control Authority as acredit institution. FAB Paris is registered in France under the company number: RCS Paris B 314 939 547.

Switzerland: This publication is for informational purposes only and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted ba-sis and/or maynot be eligible for sale to all investors. This report is for distribution only under suchcircumstances as may be permitted by applicable law. All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or war -ranty, express or implied, ismade as to its accuracy or completeness. All information and opinions as well as any prices indicated are currently as of the date of this report, and are subject to change without notice. The analysis contained herein is based on numerousassumptions. Different assumptions could result in materially different results. At any time the First Abu Dhabi Bank PJSC and/or FAB Private Bank (Suisse) SA may have a long or short position, or deal as principal or agent, in relevant securities orprovide advisory or other services to the issuer of relevant securities or to a company connected with an issuer. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identi-fying the risk to which you are exposed may be di icult to quantify. Futures and options trading is considered risky. Past performance of an investment is no guarantee for its current or future performance. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. First Abu Dhabi Bank PJSC and/or FAB Private Bank (Suisse) SA expressly prohibit the distribution and transfer of this document to third parties for any reason. First Abu Dhabi Bank PJSC and/or FAB Private Bank (Suisse) SA will not be liable for any claims or lawsuits from any third parties arisingfrom the use or distribution of this document.

Singapore: First Abu Dhabi Bank P.J.S.C., Singapore Branch is regulated by the Monetary Authority of Singapore and holds a Wholesale Bank license.

For more details relating the investment products, please refer to the Prospectus and/or offering document on https://www.bankfab.ae/en/investPlease contact your relationship manager