



بنك الإمارات دبي الوطني  
Emirates NBD

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Tim Fox  
Chief Economist  
971 4 230 7800  
timothyf@emiratesnbd.com

www.emiratesnbdresearch.com

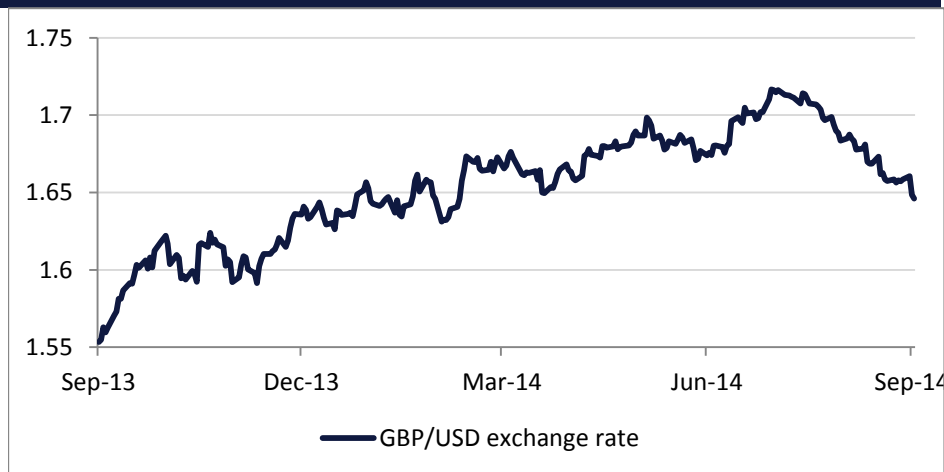
# Daily Outlook

Service sector activity indices (PMI's) will be the main focus in global markets today, while regionally the markets will also be on the lookout for their own regional PMI data.

The USD rose to its highest level since July 2013 yesterday, with its DXY index hitting 83.0. **The summer has seen more or less consistent USD strength across a range of currencies, helping it to meet most of our medium term bullish forecasts.** Most prominently EUR/USD has undershot our long held 3-month forecast of 1.32 recently, whilst USD/JPY has also reached above 105, the highest it has been since December last year. Furthermore, both currency pairs look capable of reflecting continued USD strength going forward as well, with our 12-month forecasts being 1.28 and 112 for EUR/USD and USD/JPY respectively. Strength in the US economy (as evidenced by another rise in the ISM manufacturing index overnight) contrasts with vulnerability in both the Eurozone, which is stagnating, and Japan which is only recovering gingerly after the consumption tax hike there earlier this year. These macro trends should see divergent monetary policies being maintained for a long time to come, underpinning the greenback at the EUR and JPY's expense.

**GBP has also fallen back sharply having reached as high as 1.72 in July, as long GBP positions have been squeezed on fading prospects for a UK interest rate hike this year.** However, the medium term prospects for the pound appear a little different from the EUR and the JPY. **For the next two weeks ahead of the referendum on Scottish independence, the pound can be expected to remain weak in case the Scots decide to vote to leave the UK, especially with the opinion polls now becoming much tighter.** However, beyond this point (and assuming that the Scots decide to stay in the Union) we see the risks being towards GBP recovering ground as UK monetary policy tightening is expected to begin in H115, close to when the Fed is also expected to raise rates for the first time. This should also help GBP to prosper at the expense of the EUR and JPY on a medium term basis as well.

## Scotland independence jitters hurt Sterling



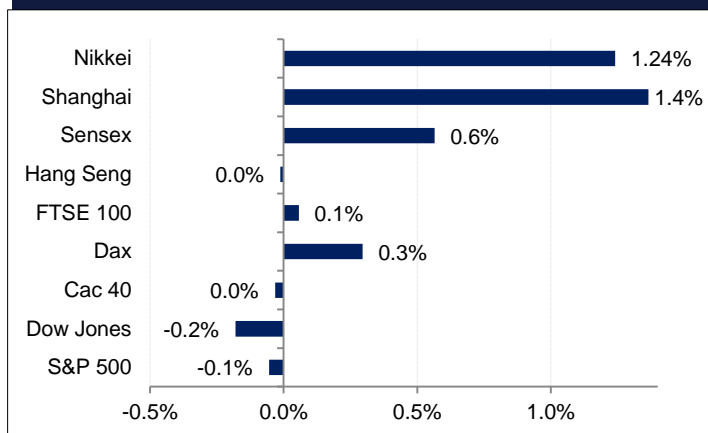
Source: Bloomberg, Emirates NBD Research

## Day's Economic Data and Events

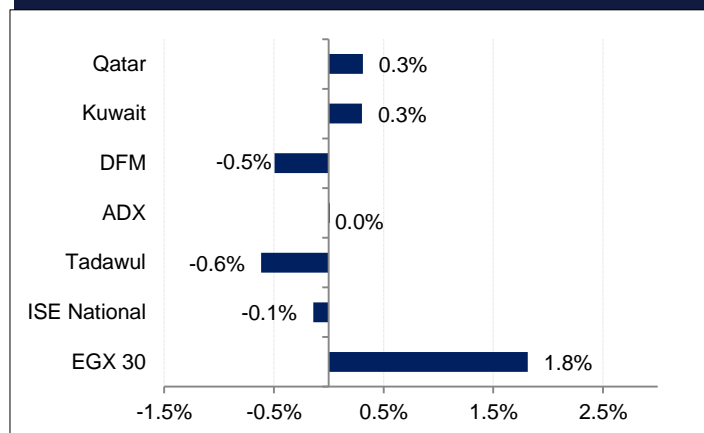
	Time	Cons		Time	Cons
Saudi Arabia HSBC PMI	09.30		Egypt HSBC PMI	09.30	
UAE HSBC PMI	09.30		US Factory orders	18.00	11.0%

Source: Bloomberg, Emirates NBD Research

## Global Equity Indices



## MENA Equity Indices



## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.3133	+0.04	1.3183	USDTRY	2.1727	+0.57	EURAUD	4.8238	+0.04
GBPUSD	1.6486	-0.72	1.6414	USDEGP	7.1501	-0.01	GBPAED	6.0493	-0.85
USDJPY	105.09	+0.71	104.64	USDSAR	3.7505	+0.00	JPYAED	0.0350	-0.69
USDCAD	1.0929	+0.53	1.1022	USDQAR	3.6413	-0.01	CADAED	3.3607	-0.54
AUDUSD	0.9274	-0.62	0.9051	USDKWD	0.2853	+0.17	AUDAED	3.4069	-0.62
USDCHF	0.9190	-0.07	0.9138	USDBHD	0.3770	--	CHFAED	3.9967	+0.07
EURGBP	0.7974	+0.87	0.8039	USDOMR	0.3850	-0.00	TRYAED	1.6905	-0.57
USDAED	3.6730	--	3.6705	USDINR	60.7700	-0.55	INRAED	0.0606	-0.14

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	0.3986	0.7129	0.8943	1.0400	USD 2 yr	0.737	+2
USD LIBOR	0.1565	0.2331	0.3297	0.5621	USD 5 yr	1.814	+4
GBP LIBOR	0.5035	0.5608	0.7046	1.0484	USD 10 yr	2.552	+6
EURIBOR	0.0880	0.1970	0.2970	0.4770	EUR 2 yr	0.259	+1
JPY LIBOR	0.0936	0.1279	0.1757	0.3250	EUR 5 yr	0.503	+2
CHF LIBOR	0.0020	0.0180	0.0734	0.1794	EUR 10 yr	1.136	+6

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1265.40	-1.60	ADGB 6.75 19	1.80	+0	Abu Dhabi	52	--
Silver	19.17	-1.53	DUGB 7.75 20	2.92	+0	Dubai	157	--
Oil (WTI)	92.88	-3.21	QATAR 6.55 19	1.87	+1	Qatar	54	--
Aluminium	2089.00	+0.40	US Tsy 2 yr	0.52	+4	Saudi Arabia	51	--
Copper	6983.00	+0.22	US Tsy 10 yr	2.42	+8	Bahrain	165	+1

Source: Bloomberg, Emirates NBD Research

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## Emirates NBD Research & Treasury Contact List

**Emirates NBD Head Office**  
12th Floor  
Baniyas Road, Deira  
P.O.Box 777  
Dubai

**Aazar Ali Khwaja**  
Group Treasurer & EVP Global Markets &  
Treasury  
+971 4 609 3000  
aazark@emiratesnbd.com

**Tim Fox**  
Head of Research &  
Chief Economist  
+9714 230 7800  
timothyf@emiratesnbd.com

---

### Research

**Khatija Haque**  
Head of MENA Research  
+9714 230 7803  
khatijah@emiratesnbd.com

**Jean Paul Pigat**  
Economist  
+9714 230 7807  
jeanp@emiratesnbd.com

**Aditya Pugalia**  
Analyst  
+9714 230 7802  
adityap@emiratesnbd.com

**Anita Yadav**  
Head of Fixed Income Research  
+9714 230 7630  
anitay@emiratesnbd.com

**Athanasios Tsetsonis**  
Sector Economist  
+9714 230 7629  
athanasiost@emiratesnbd.com

---

### Sales & Structuring

**Group Head – Treasury Sales**  
Tariq Chaudhary  
+971 4 230 7777  
tariqmc@emiratesnbd.com

**Saudi Arabia Sales**  
Numair Attiyah  
+966 11 282 5656  
numaira@emiratesnbd.com

**Singapore Sales**  
Supriyakumar Sakhalkar  
+65 65785 627  
supriyakumars@emiratesnbd.com

**London Sales**  
Lee Sims  
+44 (0) 20 7838 2240  
simsl@emiratesnbd.com

**Egypt**  
Shahinaz Foda  
+20 22 726 5050  
shahinaz.foda@bnpparibas.com

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### Group Corporate Affairs

**Ibrahim Sowaidan**  
+9714 609 4113  
ibrahims@emiratesnbd.com

**Claire Andrea**  
+9714 609 4143  
clairea@emiratesnbd.com

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### Investor Relations

**Patrick Clerkin**  
+9714 230 7805  
patricke@emiratesnbd.com