



بنك الإمارات دبي الوطني
Emirates NBD

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Daily Outlook

- Members of the US Democratic Party have drawn up new impeachment charges against US President Donald Trump for what they view as his role in fomenting violent protests at the US Capitol last week. Should the articles pass the House of Representatives—controlled by the Democrats—a trial in the Senate would begin that would threaten to push President-elect Joe Biden's plans off the agenda as an impeachment trial would take priority. A successful impeachment would also bar Trump from running for office again in 2024.
- Data out of Turkey was mixed yesterday, but the balance resulted in a lira sell-off which exceeded that seen in its emerging market peers. While the unemployment rate stabilised at 12.7% in October – down from 13.8% at the start of 2020– the balance of payments deficit came in wider than projected by Bloomberg consensus estimates. The actual figure in November was –USD 4.1bn, compared with predictions of –USD 3.6bn. The high demand for gold as a hedge against a volatile currency saw imports shoot up over 2020, contributing to a larger trade deficit and driving the current account shortfall wider in November.
- The sultan of Oman has established a new mechanism for the transfer of power in the country, including a process for appointing a crown prince and holding ministries to account for their performance. The uncertainty of how succession would proceed in Oman was a hallmark of the past sultan's rule although in the end the transfer of power to Sultan Haitham bin Tariq al Said was without any interruption.

Today's Economic Data and Events

| | Time | Cons. | | Time | Cons. |
|----------------|-------|-------|--------------------|-------|-------|
| SA Mfg m/m Nov | 15:00 | 1.5% | IN industrial prod | 16:00 | -1.0% |
| IN CPI y/y | 16:00 | 5% | US Jolts report | 19:00 | 6.4k |

Source: Bloomberg, Emirates NBD Research

Fixed Income

- The UST curve continued its bear steepening run with yields at the front end of the curve nudging higher while the back end continues its vertiginous ascent. Yields on 2yr USTs settled at 0.1449% while the 10yr is around 100bps higher at 1.146% and pushing higher in early trade this morning. Markets are clearly anticipating a sizeable, and inflation boosting, push to growth from the incoming Biden administration and looking past the political noise of the final days of the Trump administration.
- Bond markets generally were softer with sell-offs across Europe, Asia and in high-yield and emerging market debt.
- Saudi Arabia is reportedly preparing for another USD bond issue, aiming for potentially as much as USD 5bn. However, the deal is in early stages and could be pulled if benchmark yields push considerably higher.
- Dubai Aerospace has also mandated banks for a USD issue with potentially 4 and 7yr tranches.

FX

- Currency markets fell on Monday as the USD strengthened. The DXY index bounced back from a near 3-year low of 89.20, taking strength from rising US yields and sits comfortably above the 90 handle at 90.580.
- The only exception to this was the USDJPY pairing which extended its move upside, at one point reaching its highest point since December 10 at 104.40 and remains strong at 104.14, its fourth consecutive day of gains.
- Both the EUR and GBP suffered losses, whilst commodity currencies were among the worst performers.

Equities

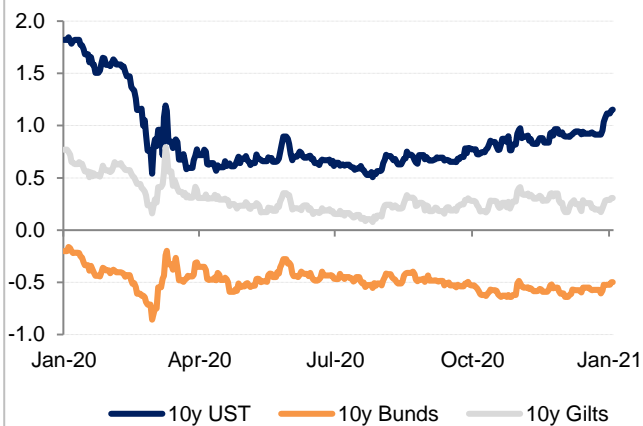
- Some of the bullish sentiment in global equities dissipated yesterday, with concerns over the coronavirus and its ongoing effect on consumption seemingly returning to the fore.
- In Europe, the FTSE 100 was the primary loser, dropping -1.3%, while the CAC and the DAX both closed -0.8% lower.
- The US followed suit, where the NASDAQ was the primary loser, dropping 1.3% as Twitter tumbled following its removal of President Donald Trump from the platform. The Dow Jones and the S&P 500 lost -0.3% and -0.7% respectively.
- Despite initially following the rest of the world into the red in early trading, Asian equities have since turned positive, and both the Hang Seng (0.5%) and the Shanghai Composite (0.7%) are trading up at the time of writing.

Commodities

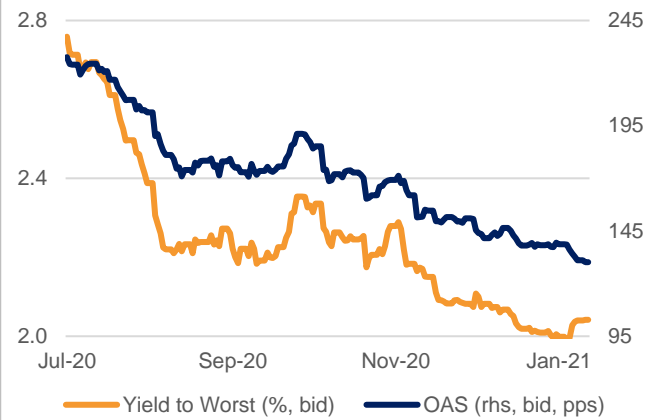
- Oil prices consolidated their position yesterday after some choppy trading that saw Brent futures push back to a flat USD 55/b level. Brent closed down 0.59% at USD 55.66/b while WTI was essentially flat on the day at USD 52.25/b. The secretary general of the IEA noted that a “big chunk” of shale oil was profitable at current oil prices levels and that production would be able to increase in the US.
- Gold prices capped four days of consecutive losses overnight, falling by 0.28% to USD 1,844/troy oz. Elsewhere industrial metals witnessed a heavy day of selling, taking some fizz out of their recent strong gains. Copper prices were off by 3.3%, falling back below USD 8,000/tonne.

Markets in Charts

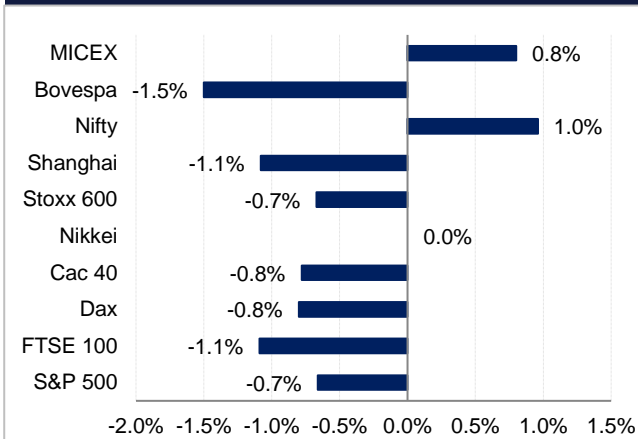
Global Bond Yields



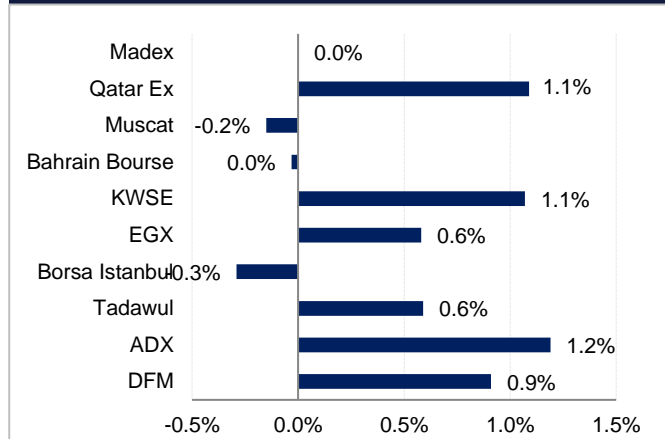
UAE liquid bond index



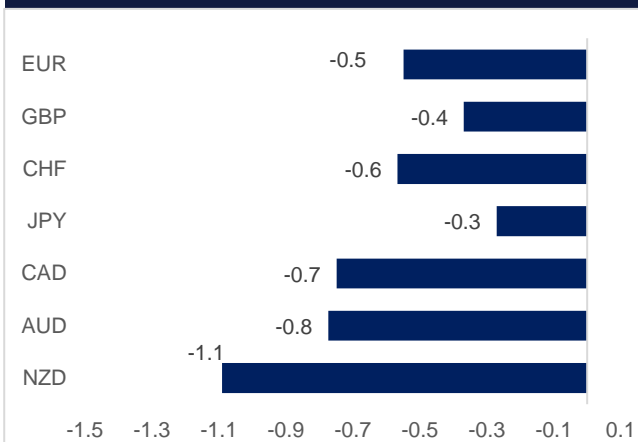
Global Equity Indices



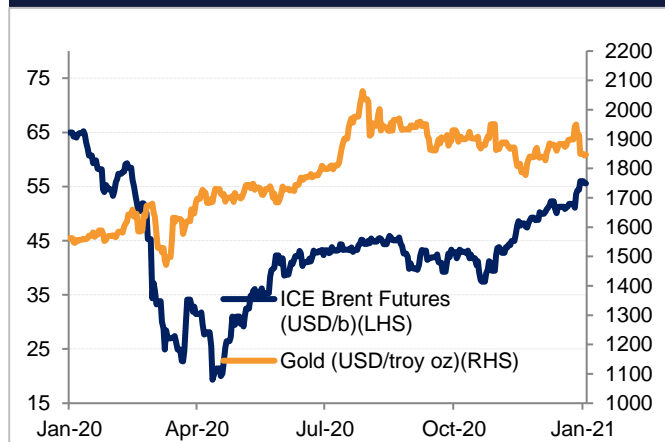
MENA Equity Indices



% change versus USD



Commodities



Source: Bloomberg, Emirates NBD Research

Currencies

| | Close | %1D chg | 1 yr fwd | | Close | %1D chg | | Close | %1D chg |
|--------|--------|---------|----------|--------|---------|---------|--------|--------|---------|
| EURUSD | 1.2151 | -0.55 | 1.2255 | USDTRY | 7.4779 | +1.71 | EURAED | 4.4628 | -0.55 |
| GBPUSD | 1.3518 | -0.37 | 1.3554 | USDEGP | 15.6339 | | GBPAED | 4.9645 | -0.35 |
| USDJPY | 104.26 | +0.31 | 103.74 | USDSAR | 3.7518 | +0.01 | JPYAED | 0.0352 | -0.28 |
| USDCAD | 1.2784 | +0.65 | 1.2774 | USDQAR | 3.6800 | +1.05 | CADAED | 2.8730 | -0.75 |
| AUDUSD | 0.7697 | -0.77 | 0.7713 | USDKWD | 0.3034 | +0.10 | AUDAED | 2.8266 | -0.90 |
| USDCHF | 0.8903 | +0.54 | 0.8805 | USDBHD | 0.3770 | -- | CHFAED | 4.1252 | -0.56 |
| EURGBP | 0.8990 | -0.21 | 0.9044 | USDOMR | 0.3850 | -- | TRYAED | 0.4900 | -1.92 |
| USDAED | 3.6730 | -- | 3.6754 | USDINR | 73.3850 | +0.19 | INRAED | 0.0552 | +10.30 |

Rates

| Interbank | 1 mo | 3mo | 6 mo | 1 yr | Swaps | Close | 1D chg (bps) |
|-----------|---------|---------|---------|---------|-----------|--------|--------------|
| | 0.2328 | 0.4215 | 0.5086 | 0.5700 | USD 2 yr | 0.218 | +0 |
| USD LIBOR | 0.1264 | 0.2244 | 0.2465 | 0.3296 | USD 5 yr | 0.578 | +2 |
| GBP LIBOR | 0.0291 | 0.0273 | 0.0340 | 0.0768 | USD 10 yr | 1.150 | +2 |
| JPY LIBOR | -0.0813 | -0.0772 | -0.0560 | 0.0463 | EUR 2 yr | -0.521 | +0 |
| CHF LIBOR | -0.8130 | -0.7680 | -0.7264 | -0.6086 | EUR 5 yr | -0.438 | +1 |
| | | | | | EUR 10 yr | -0.210 | +2 |

Commodities & Fixed Income

| Commodities | Close | %1D chg | Bonds/Sukuk | YTM | 1D chg (bps) | CDS | Close | 1D chg (bps) |
|-------------|---------|---------|--------------|------|--------------|--------------|-------|--------------|
| Gold | 1843.89 | -0.28 | ADGB 2.50 25 | 0.90 | +1 | Abu Dhabi | 43 | -- |
| Silver | 24.91 | -2.01 | DUGB 3.89 25 | 1.94 | +1 | Bahrain | 237 | +3 |
| Oil (WTI) | 52.25 | +0.02 | QATAR 3.4 25 | 0.95 | +1 | Dubai | 110 | +1 |
| Aluminium | 2008.55 | -0.76 | US Tsy 2 yr | 0.14 | +1 | Oman | 356 | +4 |
| Copper | 7849.75 | -3.30 | US Tsy 10 yr | 1.15 | +3 | Qatar | 43 | +1 |
| | | | | | | Saudi Arabia | 67 | +2 |

Source: Bloomberg, Emirates NBD Research

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