



بنك الإمارات دبي الوطني  
Emirates NBD

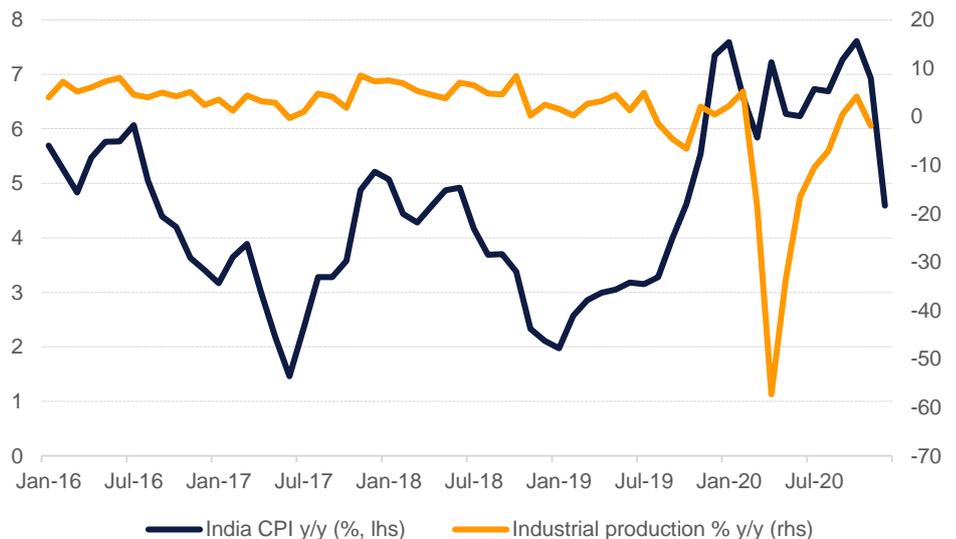
Daily

13 January 2021

# Daily Outlook

- CPI inflation in India fell to 4.6% y/y in December, a sharp decline from the 6.9% recorded the previous month, and lower also than consensus projections of 5.0%. This was the slowest pace of price growth since October 2019, and is well below the 6% upper band of the RBI's target range. Core inflation also declined, from 5.2% to 4.9%. This moderation in price growth should pave the way for the RBI to resume the rate-cutting which was put on hold by the dislocations caused by the coronavirus pandemic and their effect on inflation in 2020.
- Meanwhile, India's industrial production declined by 1.9% y/y in November, substantially worse than the (upwardly revised) 4.2% recorded the previous month, and undershooting consensus expectations of a narrower -1.0% fall. Manufacturing was down -1.3% y/y following a 3.3% gain in October.
- The US JOLTS report showed that job openings declined in November to 6.53m from 6.63m a month earlier, a smaller drop than the market had been expecting. Meanwhile, the quits rate was stable at 2.2%, not far off pre-pandemic levels of workers voluntarily leaving their jobs in the hope of finding something better.
- Elsewhere in the US the House of Representatives is likely to move forward with a vote on impeaching President Donald Trump after Vice-President Mike Pence refused to invoke the 25th amendment. There appears to be some growing support among Republicans, in both the House and Senate, in favour of impeachment.
- Kuwait's month-old cabinet of ministers resigned on Tuesday after clashing with parliamentarians over the election of the parliament speaker. The prospect of ongoing tensions between parliament and the government makes progress on economic reforms, including a new debt law, unlikely in the near term.
- Oman's ruler has appointed his son Sayyid Theyasin as crown prince, a day after creating the position by decree.

## Inflation pulls back in India as economy recovers



Source: Bloomberg, Emirates NBD Research.

## Today's Economic Data and Events

	Time	Cons.		Time	Cons.
TU industrial prod. Nov	11:00	0.8%	EC indu prod Nov	14:00	-3.2%
US CPI y/y Dec	17:30	1.3%	US Fed Beige Book	23:00	--

Source: Bloomberg, Emirates NBD Research

### Fixed Income

- A well-received auction of USTs helped to take some of the fizz out of yields overnight with the curve flattening generally. Yields on 10yr USTs have pulled back from 1.15% level to trade closer to 1.11% this morning while the 2yr is holding at around 0.14%, roughly where it has been the last three days.
- The St Louis Fed President, James Bullard, and Eric Rosengren, his Boston counterpart, both pushed back expectations that the Fed would engage in any tapering of asset purchases. The comments are somewhat at odds with statements from Fed officials earlier in the week who said they were prepared to consider pulling back on QE if the recovery holds.
- Dubai Aerospace priced a USD 500m 4yr at 230bps over USTs and a 7yr USD 750m at 275bps over.
- Oman has mandated banks for a new sovereign issue, expecting a 10yr and 30yr USD-benchmark issue.

### FX

- FX markets were largely positive overnight as the DXY index fell by more than 0.5% to slip just below 90, off the back of a broad decline in Treasury yields.
- Sterling was the main mover, rallying by more than 1.2% to move beyond 1.36 after BoE Governor Andrew Bailey downplayed negative rates, while the JPY fell to 103.6.
- The AUD and NZD both advanced by over 0.9% and will seek to consolidate further gains.

### Equities

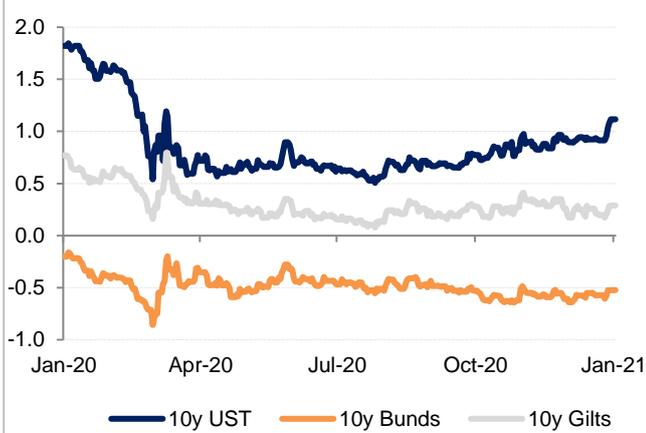
- It was a mixed day for global equities yesterday. The stronger pound weighed on UK multinationals, helping drag the FTSE 100 down -0.7%, while the CAC (-0.1%) and the DAX (-0.2%) also fell.
- In the US, things were more positive, albeit marginally, as all three major indices recorded gains. The S&P 500, the Dow Jones and the NASDAQ closed up 0.04%, 0.2% and 0.3% respectively.
- Asian equity indices have followed suit in early trading this morning, with most major indices trading up modestly.

### Commodities

- Oil markets recovered their poise overnight with gains of 1.7% in Brent futures, settling at USD 56.58/b, while WTI closed up 1.8% at USD 53.21/b. The EIA estimated that US oil production will stabilize at 11.1m b/d this year before a modest increase to 11.49m b/d next year.
- The UAE's energy minister, Suhail al Mazrouei, warned US oil producers not to increase production too much during a "recovery year" as they would risk flooding the market.
- Metals prices were positive across the board with gold stabilizing at USD 1,855/troy oz and copper holding just short of USD 8,000/tonne.

## Markets in Charts

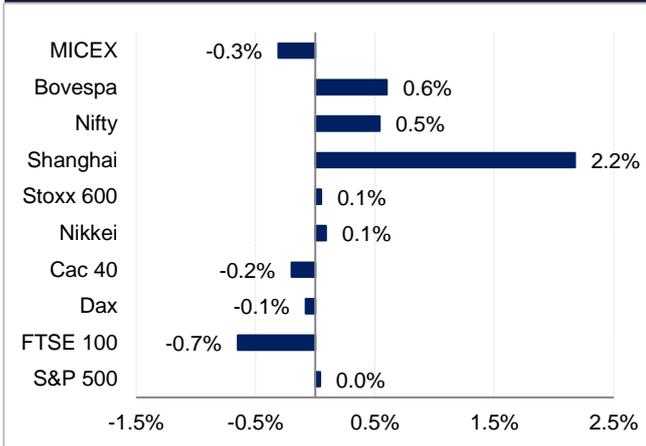
### Global Bond Yields



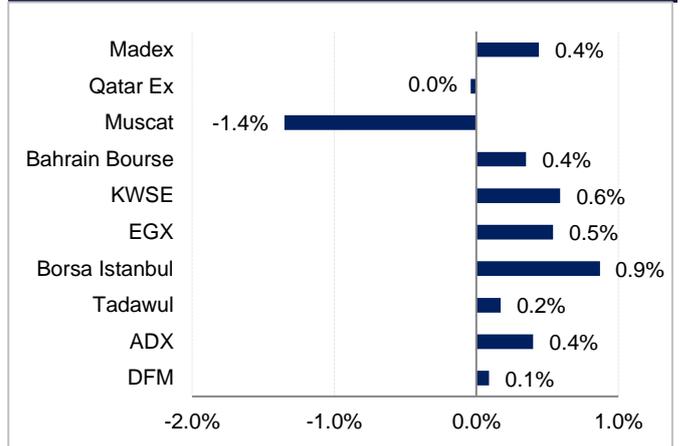
### UAE liquid bond index



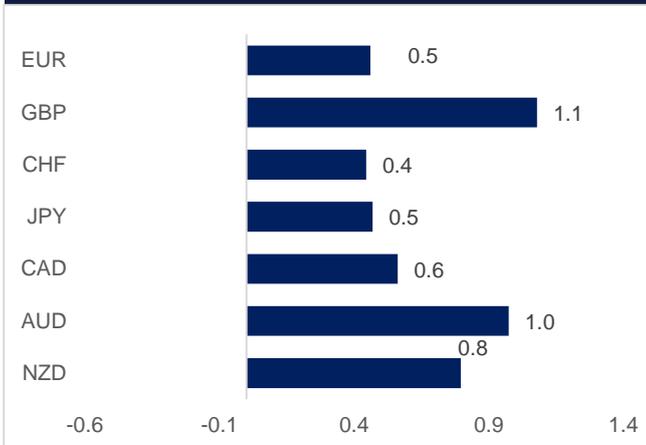
### Global Equity Indices



### 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	1.2207	+0.28	1.2311	USDTRY	7.4517	+0.91	EURAED	4.4837	+0.28
GBPUSD	1.3664	+1.18	1.3699	USDEGP	15.7028	+0.02	GBPAED	5.0195	+1.19
USDJPY	103.76	-0.39	103.24	USDSAR	3.7518	+0.01	JPYAED	0.0354	+0.40
USDCAD	1.2711	-0.28	1.2701	USDQAR	3.6800	+0.46	CADAED	2.8893	+0.27
AUDUSD	0.7772	+0.90	0.7789	USDKWD	0.3035	-0.05	AUDAED	2.8476	+0.65
USDCHF	0.8864	-0.26	0.8766	USDBHD	0.3770	+0.00	CHFAED	4.1435	+0.25
EURGBP	0.8933	-0.90	0.8987	USDOMR	0.3850	+0.00	TRYAED	0.4900	-1.49
USDAED	3.6730	--	3.6754	USDINR	73.2538	+0.01	INRAED	0.0552	+10.44

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	0.2328	0.4365	0.5701	0.5675	USD 2 yr	0.224	+1
USD LIBOR	0.1273	0.2338	0.2476	0.3256	USD 5 yr	0.576	-0
GBP LIBOR	0.0268	0.0314	0.0425	0.0869	USD 10 yr	1.139	-1
JPY LIBOR	-0.0713	-0.0765	-0.0563	0.0408	EUR 2 yr	-0.513	+1
CHF LIBOR	-0.8144	-0.7664	-0.7222	-0.6086	EUR 5 yr	-0.418	+2
					EUR 10 yr	-0.183	+3

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1854.77	+1.07	ADGB 2.50 25	0.93	+4	Abu Dhabi	44	+1
Silver	25.56	+3.42	DUGB 3.89 25	1.94	+1	Bahrain	233	-4
Oil (WTI)	53.21	+2.25	QATAR 3.4 25	0.98	+4	Dubai	110	--
Aluminium	2018.35	-0.28	US Tsy 2 yr	0.14	+1	Oman	358	+2
Copper	7964.50	-1.89	US Tsy 10 yr	1.13	+1	Qatar	44	+1
						Saudi Arabia	68	+1

Source: Bloomberg, Emirates NBD Research

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