



بنك الإمارات دبي الوطني  
Emirates NBD

## Daily

19 January 2021

# Daily Outlook

- Janet Yellen is scheduled to have her confirmation hearing as Treasury Secretary in the US Senate later today. In prepared remarks shown to the press, she is set to give strong backing to President-elect Joe Biden's proposed USD 1.9tn pandemic support spending plan, urging policymakers to 'think big'. She will make the case that with interest rates at such low levels and likely to remain there for the foreseeable future – the Fed Funds rate upper bound is at 0.25% and likely to be held there until 2023 – there is space for government to borrow and implement these essential spending plans.
- Broad money supply growth in the UAE slowed to 5.0% y/y in November after declining -2.4% m/m. The main driver was a decline in quasi money (fx and longer term dirham deposits) which fell -5.1% m/m and -0.3% y/y.
- Bank deposits declined -1.8% m/m in November, with y/y growth slowing to 3.1%, the slowest since February 2018. On the lending side, bank loans declined -0.6% m/m in November, with the annual growth rate slowing to 4.3% y/y from 5.8% in October. Total private sector credit growth contracted -2.4% y/y, unchanged from October, while lending to the public sector slowed.

### Today's Economic Data and Events

	Time	Cons.		Time	Cons.
Germany ZEW survey expectations	14:00	Na	Canada manufacturing sales m/m	17:30	-0.2%

Source: Bloomberg, Emirates NBD Research

### **Fixed Income**

- US treasury markets were closed at the start of the week thanks to a public holiday but yields have opened slightly higher in early trade today. Market focus will be on the confirmation hearing for Janet Yellen as treasury secretary in the Biden administration.
- Bond markets in Europe sold-off yesterday with marginal gains in yields across German, French and peripheral Eurozone debt. Elsewhere activity was limited with emerging market and high yield bond indexes closing roughly unchanged.
- Primary markets across the MENA region were quiet. Fitch affirmed its ratings on two Jordanian banks, Bank of Jordan and Jordan Islamic Bank. Both are rated 'BB-' with negative outlooks.

### **FX**

- There was minimal movement for FX markets on Monday. The DXY index fluctuated in a tight range and remains little changed at 90.680, while the JPY pared earlier losses to go above the 104 handle this morning.
- The same can be said for the EUR, GBP, AUD and NZD, all of which are just slightly better off in the early hours.

### **Equities**

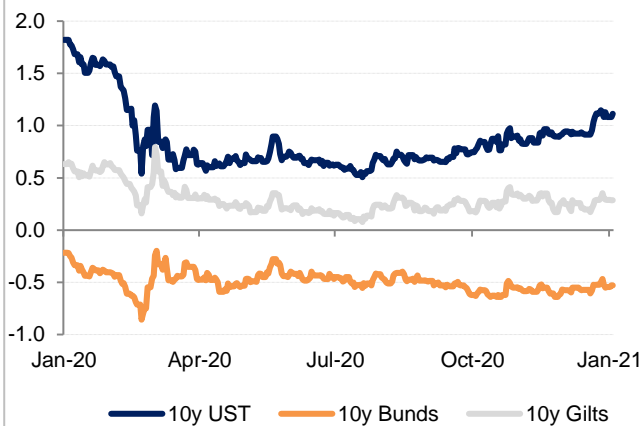
- With US markets closed for the Martin Luther King holiday, European equity indices were fairly directionless, with little movement in either direction. While the FTSE 100 closed down -0.2%, the CAC (0.1%) and the DAX (0.4%) eked out modest gains.
- In Asia, the Shanghai Composite gained 0.8% as it was boosted by stronger-than-anticipated GDP growth figures for Q4 and 2020 as a whole. However, the Nikkei closed down -1.0%

### **Commodities**

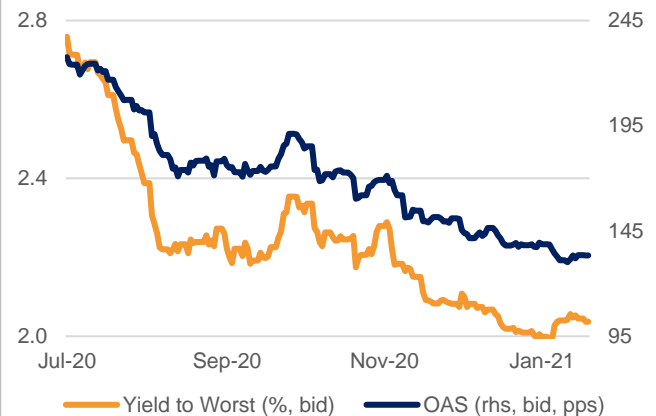
- Oil prices fell at the start of the week with Brent down 0.6% at USD 54.75/b while WTI has resumed trading today after the session recorded no settlement because of the US public holiday.
- The IEA will release its monthly oil market assessment later today with all eyes on whether they revise their demand expectations lower in light of the resurgence of Covid-19 in critical markets.
- The Biden administration will also reportedly scrap approvals for the Keystone-XL pipeline that would have taken crude from Canada to US oil refineries. Without an alternative point of egress for Canadian oil, the long-term development of oil and gas assets in the country is likely to be frustrated.
- Gold prices gained to USD 1,841/troy oz, up 0.7% overnight while silver added more than 2.3%. Base metal performance was more mixed with copper forwards holding just shy of USD 8,000/tonne while aluminium on the LME has slipped away from USD 2,000/tonne.

## Markets in Charts

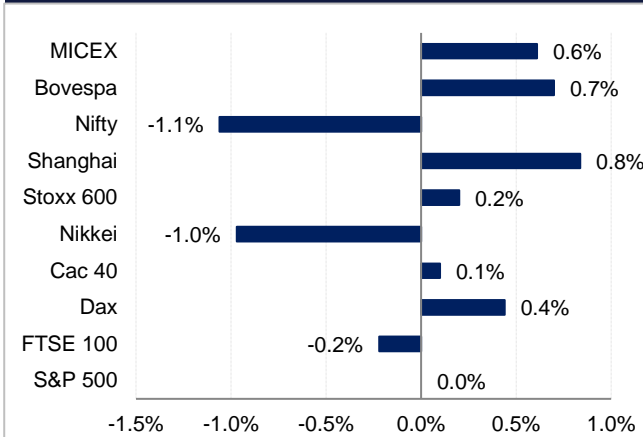
### Global Bond Yields



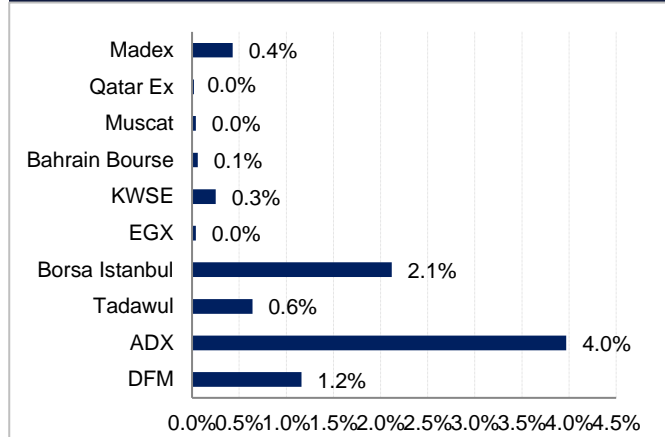
### UAE liquid bond index



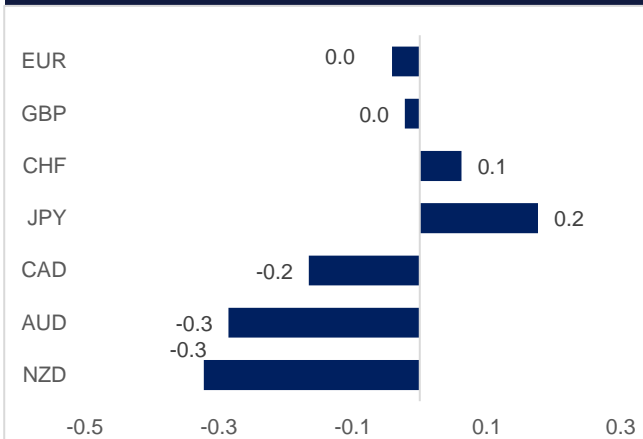
### Global Equity Indices



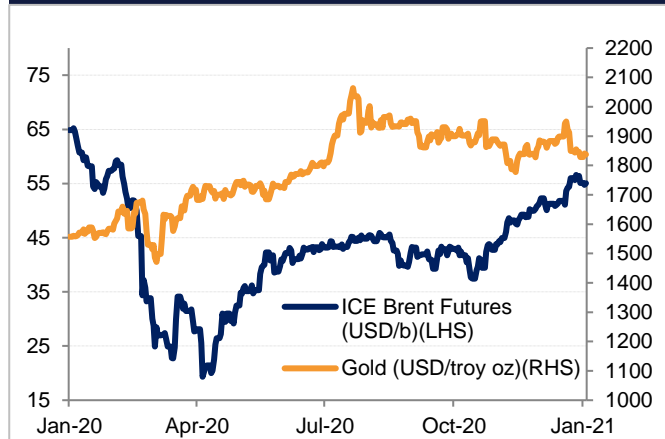
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.2077	-0.04	1.2180	USDTRY	7.4790	+0.09	EURAED	4.4360	+0.01
GBPUSD	1.3587	-0.02	1.3622	USDEGP	15.6339		GBPAED	4.9904	+0.01
USDJPY	103.69	-0.15	103.18	USDSAR	3.7512	-0.01	JPYAED	0.0354	+0.18
USDCAD	1.2757	+0.20	1.2746	USDQAR	3.6800	+1.05	CADAED	2.8790	-0.16
AUDUSD	0.7681	-0.29	0.7697	USDKWD	0.3032	+0.03	AUDAED	2.8213	-0.35
USDCHF	0.8908	-0.02	0.8811	USDBHD	0.3770	--	CHFAED	4.1232	+0.06
EURGBP	0.8889	-0.01	0.8942	USDOMR	0.3850	--	TRYAED	0.4900	-0.31
USDAED	3.6730	--	3.6754	USDINR	73.2825	+0.30	INRAED	0.0552	+10.00

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
	0.2046	0.3613	0.5184	0.5493	USD 2 yr	0.207	+0
USD LIBOR	0.1295	0.2234	0.2481	0.3226	USD 5 yr	0.526	+0
GBP LIBOR	0.0290	0.0280	0.0409	0.0783	USD 10 yr	1.095	+1
JPY LIBOR	-0.0623	-0.0753	-0.0537	0.0420	EUR 2 yr	-0.533	+0
CHF LIBOR	-0.8110	-0.7702	-0.7250	-0.6100	EUR 5 yr	-0.450	+1
					EUR 10 yr	-0.226	+1

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1841.26	+0.70	ADGB 2.50 25	0.88	-2	Abu Dhabi	44	--
Silver	25.35	+2.36	DUGB 3.89 25	#N/A	#VALUE!	Bahrain	243	--
Oil (WTI)	#N/A		QATAR 3.4 25	0.95	-1	Dubai	110	--
Aluminium	1961.50	-1.48	US Tsy 2 yr	0.13	--	Oman	359	-4
Copper	7968.00	+0.39	US Tsy 10 yr	1.08	--	Qatar	44	--
						Saudi Arabia	69	--

Source: Bloomberg, Emirates NBD Research

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