



بنك الإمارات دبي الوطني  
Emirates NBD

Daily  
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# Daily Outlook

Dubai tourism numbers were up 5.1 % in 2019 reaching 16.73 million visitors. The emirate fell short of its target of 20 million visitors by 2020, however there has been positive developments with the emirate gradually diversifying away from its traditional source markets, with new countries in Asia and Africa rapidly become important source countries for tourists inbound into Dubai. 2019 figures actually show Nigeria was Dubai's fastest-growing source market, with the 246,000 tourists from the country representing a 33 % y/y rise. The top three markets were India at just under 2 million visitors, Saudi Arabia with 1.6 million visitors, and the UK with 1.2 million visitors. Oman was the 4th biggest market with a 24.3% increase in visitors attributed to a number of seasonal campaigns targeting Omani tourists. The UAE has been introducing a series of measures to make visiting the country easier, earlier this month introducing of a multi-entry, five-year tourism visa for visitors of all nationalities.

British job growth was the strongest in nearly a year in the three months to November, Tuesday's reading showed the number of people in employment rose by 208,000 to 32.90 million, the biggest increase since the three months to January 2019. The 3m unemployment rate was steady on the previous reading at 3.8%. This was also in line with expectations. Average weekly earnings 3m y/y (ex bonus) modestly exceeded expectations, coming in at 3.2% (flat on the previous reading), compared to consensus of 3.1%. The release of the employment data had taken on an especial significance this month as it comes shortly before the Bank of England's January 30 decision. Particularly weak December retail data, coupled with a series of lacklustre earnings results from consumer-focused firms and a more dovish address by Governor Mark Carney in January have all served to raise expectations that the Bank of England would cut its bank rate from 0.75%. In light of the data release, we would maintain our expectation of a hold next week.

Saudi Arabia has begun the sale of U.S. dollar denominated bonds with maturities of 7, 12 and 35 years, tapping international investors as part of plans to raise \$32 billion worth of debt this year. This is according to a documents by one of the leading banks on the deal. This marks the first bond sale by a GCC government in 2020 and comes as geopolitical tensions in the region remain elevated. The new debt issuance will be of benchmark size, meaning each tranche is expected to be at least \$500 million. Initial price guidance showed the pricing at 110 basis points (bps) over U.S. Treasuries for the 7 year paper, 135 bps over the benchmark for the 12-year tranche, and 180 bps over for the 35-year. It should be noted Saudi Arabia's dollar bonds are among the most liquid in the region, have been relatively resilient in the face regional geopolitical tensions including attack on the Aramco oil facilities last year.

## UK unemployment rate remains at 3.9% in November



Source: Bloomberg, Emirates NBD Research

www.emiratesnbdresearch.com

## Today's Economic Data and Events

	Time	Cons		Time	Cons
Chicago Fed Nat Activity Index	17:30	0.15	CA CPI (YoY)	17:30	2.3%
US Existing Home Sales	19:00	1.5%	CA BoC Rate Decision	19:00	1.75%

## Fixed Income

Treasuries closed marginally higher following risk-off trade in other asset classes. Yields on the 2y UST and 10y UST closed at 1.53% (-2 bps) and 1.77% (-5 bps) respectively.

Regional bonds closed largely unchanged in what was a strong day of trading in the primary market. The YTW on Bloomberg Barclays GCC Credit and High Yield index dropped marginally to 3.11% and credit spreads widened to 142 bps.

The Kingdom of Saudi Arabia raised USD 5bn in three-part bond sale. The country issued a USD 1.25bn 7y tranche at 85 bps over USTs, a USD 1bn 12y tranche at 110bps over USTs and a USD 2.75bn 35y tranche priced to yield 3.84%.

## FX

GBPUSD climbed back above the 1.30 level on Tuesday after firmer than expected employment data. The UK unemployment rate remained at 3.8% in November but the same report showed that average weekly earnings increased by 3.2% y/y, greater than the consensus of 3.1%. Over the course of the day a 0.31% gain meant that GBPUSD closed at 1.3050, the highest weekly close in four days. In addition to this the price broke and closed above the 50-day moving average (1.3045). As we go to print, there has been a small pullback to 1.3039, however we expect a break and close above this level to lead to further gains for the pound.

## Equities

Developed market equities closed lower as investors took a cautious approach to the virus outbreak in China. The S&P 500 index and the Euro Stoxx 600 index dropped -0.3% and -0.1% respectively.

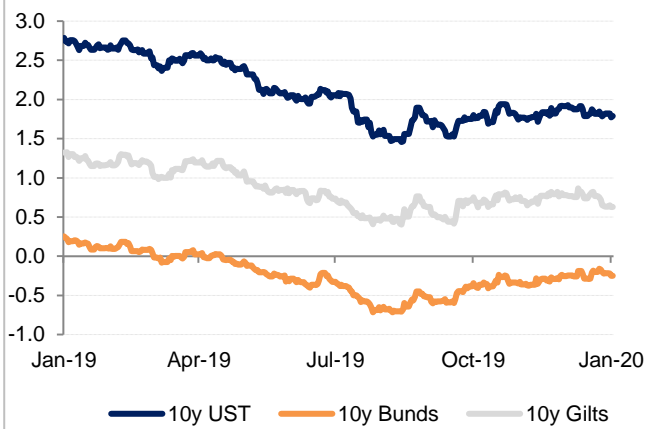
Regional markets closed broadly lower. It does appear to be case of profit booking following the recent positive run. The Tadawul and the KWSE PM index dropped -0.3% and -0.2% respectively.

## Commodities

Oil markets continue to slip back down, losing the gains prompted by disruptions to Libyan and Iraqi supply over the weekend. Brent futures dropped 0.9% to back down under USD 65/b, closing at USD 64.59/b yesterday. The benchmark is trading down modestly in early morning trading today. WTI futures did not trade Monday, in line with the US holiday, but it has also been ticking down modestly, at USD 58.11/b this morning, from USD 58.38/b last night. The global growth downgrade by the IMF at the start of the week, coupled with the spread of the coronavirus in China – which could curtail demand should it escalate – has weighed on demand and offset the supply disruptions in the Middle East and North Africa.

## Markets in Charts

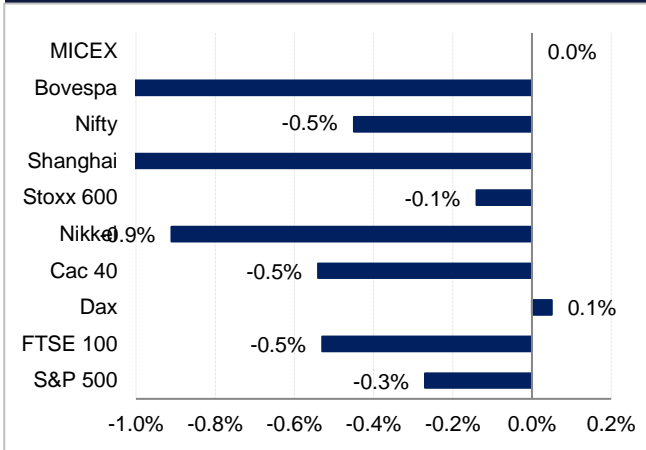
### Global Bond Yields



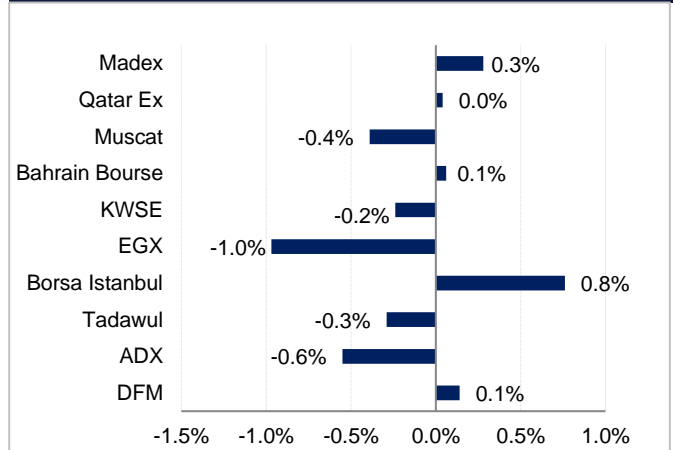
### UAE liquid bond index



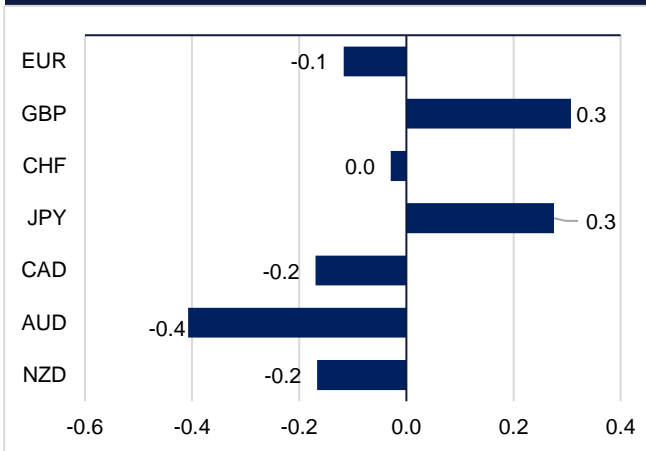
### Global Equity Indices



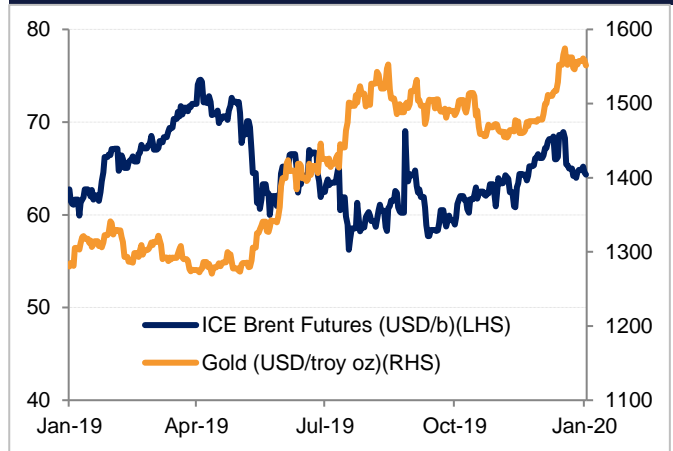
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1082	-0.12	1.1330	USDTRY	5.9380	+0.38	EURAED	4.0703	-0.12
GBPUSD	1.3050	+0.31	1.3197	USDEGP	N/A	N/A	GBPAED	4.7931	+0.31
USDJPY	109.87	-0.28	107.69	USDSAR	3.7516	-0.02	JPYAED	0.0334	+0.29
USDCAD	1.3070	+0.17	1.3074	USDQAR	3.6800		CADAED	2.8101	-0.17
AUDUSD	0.6845	-0.41	0.6904	USDKWD	0.3037	--	AUDAED	2.5139	-0.41
USDCHF	0.9687	+0.03	0.9443	USDBHD	0.3770	+0.01	CHFAED	3.7917	-0.04
EURGBP	0.8494	-0.41	0.8587	USDOMR	0.3850	-0.00	TRYAED	0.6200	-0.15
USDAED	3.6730	--	3.6776	USDINR	70.7225	-0.64	INRAED	0.0552	+6.81

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.8250	1.9844	2.1300	2.3030	USD 2 yr	1.608	-3
USD LIBOR	1.6534	1.8021	1.8295	1.9246	USD 5 yr	1.593	-4
GBP LIBOR	0.6393	0.6991	0.7439	0.8039	USD 10 yr	1.737	-4
JPY LIBOR	-0.0845	-0.0472	0.0193	0.1243	EUR 2 yr	-0.304	+0
CHF LIBOR	-0.7622	-0.6750	-0.6228	-0.4958	EUR 5 yr	-0.172	-1
					EUR 10 yr	0.113	-3

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1558.17	-0.17	ADGB 6.75 19	2.42	--	Abu Dhabi	38	+1
Silver	17.79	-1.60	DUGB 7.75 20	2.03	+15	Bahrain	172	-6
Oil (WTI)	58.34	-0.34	QATAR 5.25 20	2.70		Dubai	95	--
Aluminium	1814.50	+0.50	US Tsy 2 yr	1.53	-3	Oman	234	--
Copper	6128.50	-1.68	US Tsy 10 yr	1.77	-5	Qatar	41	+2
						Saudi Arabia	63	+2

Source: Bloomberg, Emirates NBD Research

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