



Daily Outlook

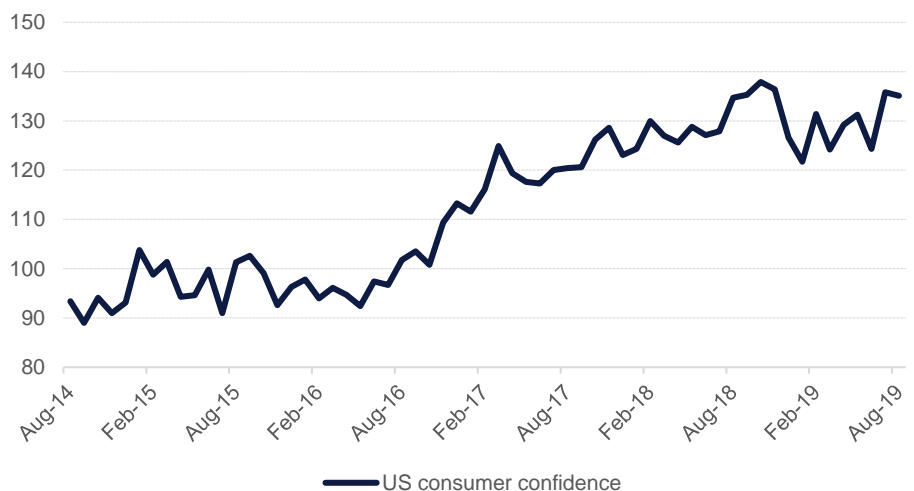
US consumer confidence continues to remain robust even as trade war hostility has escalated in recent weeks. Data released overnight showed consumer confidence for August dipping by just 0.7pts to 135.1, far better than the market had been expecting. Consumers' assessment of the labour market, whether jobs are plentiful or not, actually increased to 39.4 in August from 33.1 a month earlier, suggesting healthy jobs numbers from the US are still in place. Market expectation of a rate cut next month remains all but certain even as the good consumer data offsets disappointing figures from industry.

The US yield curve moved further into inverted territory with the 2yr10yr UST spread at -4bps and 3mth paper against the 10yr UST at more than 50bps. Despite the better than expected consumer confidence data from the US, markets are still pricing in substantial weakness in the US economy. Markets remain in consolidation after a volatile few days around the G7 meeting but with few headlines or announcements out overnight, the overall bias in markets appears to be looking for more downside risks.

The US Federal Reserve shot back at pressure from President Donald Trump to cut rates, saying that its decisions are guided "solely by its congressional mandate" and that "political considerations" weren't taken into account during rate setting. Fed Chair Jerome Powell has come under intense personal scrutiny by the President for not lowering rates. The Fed has struggled to come up with an effective way to communicate forward policy while the economic outlook remains leveraged on the political whims of the President which has led to the market pricing in perhaps more negativity than is warranted.

Italy moved closer to a new government overnight as the 5-Star and Democratic Party try to find consensus. A deal needs to be presented to Italy's president by mid-day today otherwise new elections need to be held which could result in the right wing populist League winning and leading to another crisis in a core Eurozone economy. The possibility that a deal could be reached helped to bring Italian yields lower overnight and narrowed their spread over benchmark bunds.

US consumers say "What trade war?"



Source: Bloomberg, Emirates NBD Research.

Today's Economic Data and Events

	Time	Cons		Time	Cons
GE Consumer Sentiment	10:00	9.6	IT Consumer Conf	12:00	N/A

Source: EIKON, Emirates NBD Research.

Fixed Income

Treasuries recouped most of their early week losses as caution returned to markets. Yields on the 2y UST, 5y UST and 10y UST closed at 1.52% (-1 bp), 1.37% (-4 bps) and 1.47% (-6 bps) respectively.

Regional bonds continued to track moves in benchmark yields. The YTW on Bloomberg Barclays GCC Credit and High Yield index dropped -3 bps to 3.12% while credit spreads remained flat at 162 bps.

FX

AUDUSD is trading 0.22% lower this morning following weaker than expected construction data. Following a 2.2% q/q contraction in construction work during Q1 2019, construction work declined by a further 3.2% q/q in the second quarter. The AUDUSD has most recently been a victim of escalating trade tensions between the U.S. and China and is currently trading at 0.6766. While the price continues to see daily closes below the 0.6820 level, there is a risk of a retest of 2019's low of 0.667. A break of this level could result in a further decline towards the 0.65 level, an outcome that will become more likely if there are any further escalations in global trade tensions.

China's central bank continued to try and stem the depreciation of the RMB by setting the official midpoint at a stronger level than the market had been expecting. Nevertheless, at 7.0835 the official rate is still the lowest level since March 2008. The RMB has weakened for the last nine days against the dollar and is trading at 7.156 this morning.

Equities

Developed market equities closed mixed as optimism over trade talks faded following lack of follow-up by China. The S&P 500 index dropped -0.3% while the Euro Stoxx 600 index gained +0.6%.

Regional equities closed higher ahead of second phase of Saudi stocks inclusion in the MSCI EM index. The Tadawul added +0.3% in what was a rather volatile day of trading. Large caps weighed on the broader index with Al Rajhi Bank and Saudi Telecom losing -1.2% and -2.1% respectively.

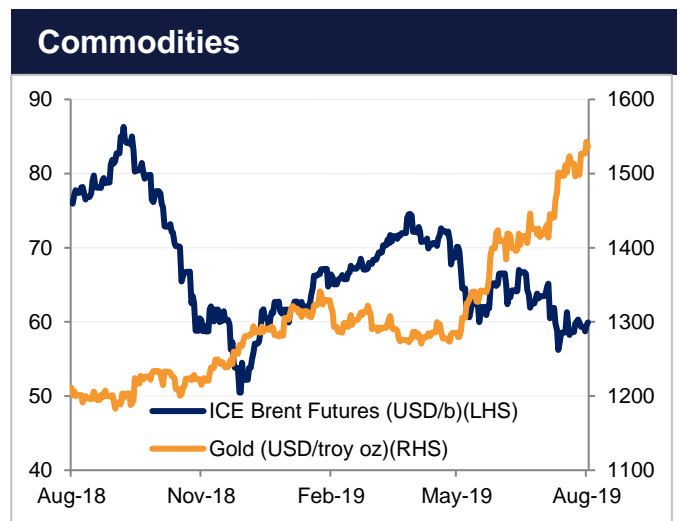
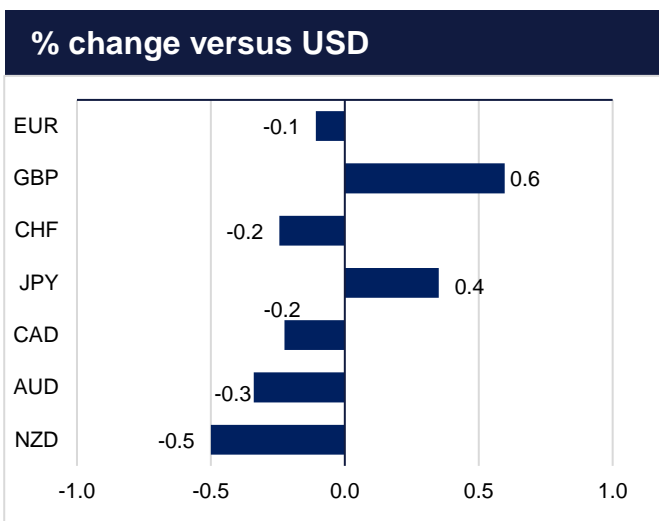
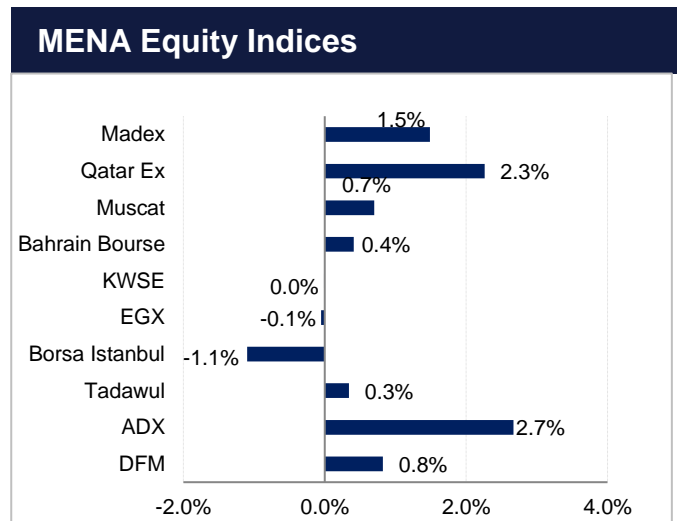
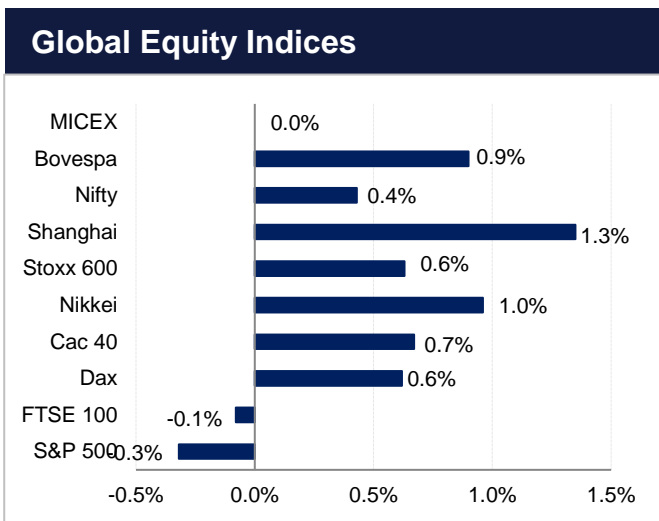
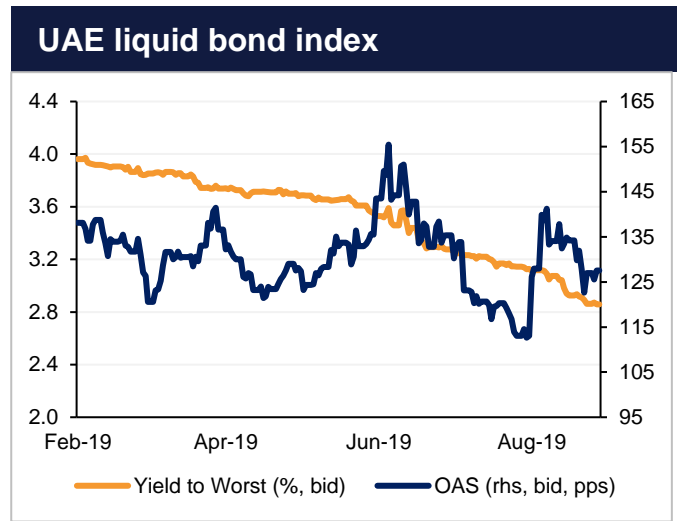
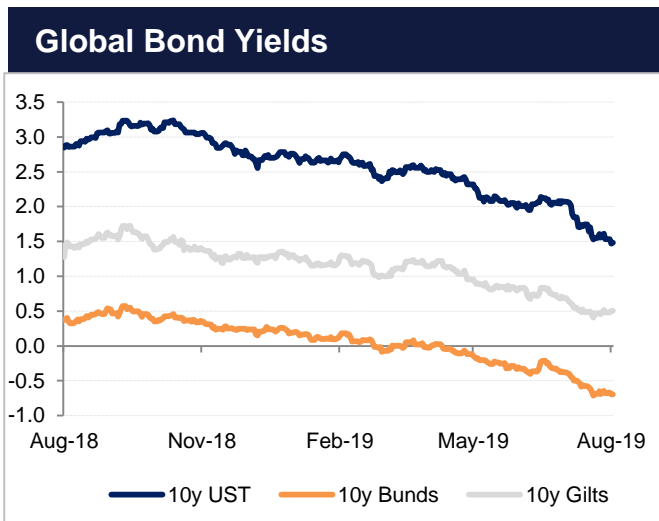
Elsewhere, the Qatar Exchange and ADSMI gained +2.5% and +2.7% respectively. Most stocks on those markets closed higher.

Commodities

Oil prices reversed some of the losses from earlier in the week thanks to an enormous draw in crude stocks reported by the API. Brent futures ended the day at USD 59.51/b, up 1.4%, while WTI closed just shy of USD 55/b, having gained 2.4%. The API reported a drop in crude stocks of 11m bbl last week, far higher than market expectations. EIA data will be released later tonight which may give a sign as to how healthy this year's driving season has been in the US.

Gold added 1% overnight as investors continue to fret over the outlook for rates and the broader health of the US economy. The gain in the yellow metal helped to drag the rest of the precious metals higher with silver gaining 3%.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1090	-0.11	1.1373	USDTRY	5.8278	+0.07	EURAED	4.0734	-0.10
GBPUSD	1.2290	+0.60	1.2432	USDEGP	16.5650	+0.02	GBPAED	4.5130	+0.55
USDJPY	105.75	-0.35	103.34	USDSAR	3.7503	+0.00	JPYAED	0.0347	+0.34
USDCAD	1.3283	+0.22	1.3253	USDQAR	3.6800	+0.54	CADAED	2.7650	-0.22
AUDUSD	0.6752	-0.34	0.6805	USDKWD	0.3038	+0.02	AUDAED	2.4799	-0.35
USDCHF	0.9815	+0.30	0.9520	USDBHD	0.3770	--	CHFAED	3.7429	-0.25
EURGBP	0.9024	-0.66	0.9148	USDOMR	0.3850	--	TRYAED	0.6300	-0.11
USDAED	3.6730	--	3.6792	USDINR	70.7225	-0.64	INRAED	0.0552	+7.98

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.2995	2.4319	2.4328	2.4438	USD 2 yr	1.502	-3
USD LIBOR	2.1159	2.1174	2.0375	1.9494	USD 5 yr	1.321	-5
GBP LIBOR	0.7094	0.7646	0.7931	0.8514	USD 10 yr	1.385	-7
JPY LIBOR	-0.1045	-0.0835	-0.0513	0.0362	EUR 2 yr	-0.537	-1
CHF LIBOR	-0.8566	-0.8452	-0.8340	-0.7382	EUR 5 yr	-0.511	-3
					EUR 10 yr	-0.272	-5

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1542.81	+1.01	ADGB 6.75 19	2.42	--	Abu Dhabi	50	--
Silver	18.19	+2.99	DUGB 7.75 20	2.07	-6	Bahrain	257	+3
Oil (WTI)	54.93	+2.40	QATAR 5.25 20	2.70		Dubai	130	-
Aluminium	1732.75	-0.66	US Tsy 2 yr	1.52	-2	Oman	349	--
Copper	5661.75	+0.87	US Tsy 10 yr	1.47	-6	Qatar	50	+1
						Saudi Arabia	70	+1

Source: Bloomberg, Emirates NBD Research

Disclaimer

PLEASE READ THE FOLLOWING TERMS AND CONDITIONS OF ACCESS FOR THE PUBLICATION BEFORE THE USE THEREOF. By continuing to access and use the publication, you signify you accept these terms and conditions. Emirates NBD reserves the right to amend, remove, or add to the publication and Disclaimer at any time. Such modifications shall be effective immediately. Accordingly, please continue to review this Disclaimer whenever accessing, or using the publication. Your access of, and use of the publication, after modifications to the Disclaimer will constitute your acceptance of the terms and conditions of use of the publication, as modified. If, at any time, you do not wish to accept the content of this Disclaimer, you may not access, or use the publication. Any terms and conditions proposed by you which are in addition to or which conflict with this Disclaimer are expressly rejected by Emirates NBD and shall be of no force or effect. Information contained herein is believed by Emirates NBD to be accurate and true but Emirates NBD expresses no representation or warranty of such accuracy and accepts no responsibility whatsoever for any loss or damage caused by any act or omission taken as a result of the information contained in the publication. The publication is provided for informational uses only and is not intended for trading purposes. Charts, graphs and related data/information provided herein are intended to serve for illustrative purposes. The data/information contained in the publication is not designed to initiate or conclude any transaction. In addition, the data/information contained in the publication is prepared as of a particular date and time and will not reflect subsequent changes in the market or changes in any other factors relevant to their determination. The publication may include data/information taken from stock exchanges and other sources from around the world and Emirates NBD does not guarantee the sequence, accuracy, completeness, or timeliness of information contained in the publication provided thereto by or obtained from unaffiliated third parties. Moreover, the provision of certain data/information in the publication may be subject to the terms and conditions of other agreements to which Emirates NBD is a party.

None of the content in the publication constitutes a solicitation, offer or recommendation by Emirates NBD to buy or sell any security, or represents the provision by Emirates NBD of investment advice or services regarding the profitability or suitability of any security or investment. Moreover, the content of the publication should not be considered legal, tax, accounting advice. The publication is not intended for use by, or distribution to, any person or entity in any jurisdiction or country where such use or distribution would be contrary to law or regulation. Accordingly, anything to the contrary herein set forth notwithstanding, Emirates NBD, its suppliers, agents, directors, officers, employees, representatives, successors, assigns, affiliates or subsidiaries shall not, directly or indirectly, be liable, in any way, to you or any other person for any: (a) inaccuracies or errors in or omissions from the publication including, but not limited to, quotes and financial data; (b) loss or damage arising from the use of the publication, including, but not limited to any investment decision occasioned thereby. (c) UNDER NO CIRCUMSTANCES, INCLUDING BUT NOT LIMITED TO NEGLIGENCE, SHALL EMIRATES NBD, ITS SUPPLIERS, AGENTS, DIRECTORS, OFFICERS, EMPLOYEES, REPRESENTATIVES, SUCCESSORS, ASSIGNS, AFFILIATES OR SUBSIDIARIES BE LIABLE TO YOU FOR DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES EVEN IF EMIRATES NBD HAS BEEN ADVISED SPECIFICALLY OF THE POSSIBILITY OF SUCH DAMAGES, ARISING FROM THE USE OF THE PUBLICATION, INCLUDING BUT NOT LIMITED TO, LOSS OF REVENUE, OPPORTUNITY, OR ANTICIPATED PROFITS OR LOST BUSINESS. The information contained in the publication does not purport to contain all matters relevant to any particular investment or financial instrument and all statements as to future matters are not guaranteed to be accurate. Anyone proposing to rely on or use the information contained in the publication should independently verify and check the accuracy, completeness, reliability and suitability of the information and should obtain independent and specific advice from appropriate professionals or experts regarding information contained in the publication. Further, references to any financial instrument or investment product is not intended to imply that an actual trading market exists for such instrument or product. In publishing this document Emirates NBD is not acting in the capacity of a fiduciary or financial advisor.

Emirates NBD and its group entities (together and separately, "Emirates NBD") does and may at any time solicit or provide commercial banking, investment banking, credit, advisory or other services to the companies covered in its reports. As a result, recipients of this report should be aware that any or all of the foregoing services may at times give rise to a conflict of interest that could affect the objectivity of this report. The securities covered by this report may not be suitable for all types of investors. The report does not take into account the investment objectives, financial situations and specific needs of recipients.

Data included in the publication may rely on models that do not reflect or take into account all potentially significant factors such as market risk, liquidity risk and credit risk. Emirates NBD may use different models, make valuation adjustments, or use different methodologies when determining prices at which Emirates NBD is willing to trade financial instruments and/or when valuing its own inventory positions for its books and records. In receiving the publication, you acknowledge and agree that there are risks associated with investment activities. Moreover, you acknowledge in receiving the publication that the responsibility to obtain and carefully read and understand the content of documents relating to any investment activity described in the publication and to seek separate, independent financial advice if required to assess whether a particular investment activity described herein is suitable, lies exclusively with you. You acknowledge and agree that past investment performance is not indicative of the future performance results of any investment and that the information contained herein is not to be used as an indication for the future performance of any investment activity. You acknowledge that the publication has been developed, compiled, prepared, revised, selected, and arranged by Emirates NBD and others (including certain other information sources) through the application of methods and standards of judgment developed and applied through the expenditure of substantial time, effort, and money and constitutes valuable intellectual property of Emirates NBD and such others. All present and future rights in and to trade secrets, patents, copyrights, trademarks, service marks, know-how, and other proprietary rights of any type under the laws of any governmental authority, domestic or foreign, shall, as between you and Emirates NBD, at all times be and remain the sole and exclusive property of Emirates NBD and/or other lawful parties. Except as specifically permitted in writing, you acknowledge and agree that you may not copy or make any use of the content of the publication or any portion thereof. Except as specifically permitted in writing, you shall not use the intellectual property rights connected with the publication, or the names of any individual participant in, or contributor to, the content of the publication, or any variations or derivatives thereof, for any purpose.

YOU AGREE TO USE THE PUBLICATION SOLELY FOR YOUR OWN NONCOMMERCIAL USE AND BENEFIT, AND NOT FOR RESALE OR OTHER TRANSFER OR DISPOSITION TO, OR USE BY OR FOR THE BENEFIT OF, ANY OTHER PERSON OR ENTITY. YOU AGREE NOT TO USE, TRANSFER, DISTRIBUTE, OR DISPOSE OF ANY DATA/INFORMATION CONTAINED IN THE PUBLICATION IN ANY MANNER THAT COULD COMPETE WITH THE BUSINESS INTERESTS OF EMIRATES NBD. YOU MAY NOT COPY, REPRODUCE, PUBLISH, DISPLAY, MODIFY, OR CREATE DERIVATIVE WORKS FROM ANY DATA/INFORMATION CONTAINED IN THE PUBLICATION. YOU MAY NOT OFFER ANY PART OF THE PUBLICATION FOR SALE OR DISTRIBUTE IT OVER ANY MEDIUM WITHOUT THE PRIOR WRITTEN CONSENT OF EMIRATES NBD. THE DATA/INFORMATION CONTAINED IN THE PUBLICATION MAY NOT BE USED TO CONSTRUCT A DATABASE OF ANY KIND. YOU MAY NOT USE THE DATA/INFORMATION IN THE PUBLICATION IN ANY WAY TO IMPROVE THE QUALITY OF ANY DATA SOLD OR CONTRIBUTED TO BY YOU TO ANY THIRD PARTY. FURTHERMORE, YOU MAY NOT USE ANY OF THE TRADEMARKS, TRADE NAMES, SERVICE MARKS, COPYRIGHTS, OR LOGOS OF EMIRATES NBD OR ITS SUBSIDIARIES IN ANY MANNER WHICH CREATES THE IMPRESSION THAT SUCH ITEMS BELONG TO OR ARE ASSOCIATED WITH YOU OR, EXCEPT AS OTHERWISE PROVIDED WITH EMIRATES NBD'S PRIOR WRITTEN CONSENT, AND YOU ACKNOWLEDGE THAT YOU HAVE NO OWNERSHIP RIGHTS IN AND TO ANY OF SUCH ITEMS. MOREOVER YOU AGREE THAT YOUR USE OF THE PUBLICATION IS AT YOUR SOLE RISK AND ACKNOWLEDGE THAT THE PUBLICATION AND ANYTHING CONTAINED HEREIN, IS PROVIDED "AS IS" AND "AS AVAILABLE," AND THAT EMIRATES NBD MAKES NO WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE PUBLICATION, INCLUDING, BUT NOT LIMITED TO, MERCHANTABILITY, NON-INFRINGEMENT, TITLE, OR FITNESS FOR A PARTICULAR PURPOSE OR USE. You agree, at your own expense, to indemnify, defend and hold harmless Emirates NBD, its Suppliers, agents, directors, officers, employees, representatives, successors, and assigns from and against any and all claims, damages, liabilities, costs, and expenses, including reasonable attorneys' and experts' fees, arising out of or in connection with the publication, including, but not limited to: (i) your use of the data contained in the publication or someone using such data on your behalf; (ii) any deletions, additions, insertions or alterations to, or any unauthorized use of, the data contained in the publication or (iii) any misrepresentation or breach of an acknowledgement or agreement made as a result of your receiving the publication.

Emirates NBD Research & Treasury Contact List

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

Jonathan Morris
General Manager Wholesale Banking
JonathanM@emiratesnbd.com

Aazar Ali Khwaja
Senior Executive Vice President
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

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

Aditya Pugalia
Financial Markets Research
+9714 230 7802
adityap@emiratesnbd.com

Daniel Richards
MENA Economist
+9714 609 3032
danielricha@emiratesnbd.com

Edward Bell
Commodity Analyst
+9714 230 7701
edwardpb@emiratesnbd.com

Mohammed Altajir
FX Analytics and Product Development
+9714 609 3005
mohammedtaj@emiratesnbd.com

Hessa Al Khawaja
Research Associate
+9714 609 3015
hessaalkh@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
+44 (0) 20 7838 2241

Egypt
Gary Boon
+20 22 726 5040
garyboon@emiratesnbd.com

Emirates NBD Capital

Hitesh Asarpota
Head of Debt Capital Markets.
+971 50 4529515
asarpotah@EmiratesNBD.com

Investor Relations

Patrick Clerkin
+9714 230 7805
patricke@emiratesnbd.com

Group Corporate Affairs

Ibrahim Sowaidan
+9714 609 4113
ibrahims@emiratesnbd.com

Claire Andrea
+9714 609 4143
clairea@emiratesnbd.com