



بنك الإمارات دبي الوطني
Emirates NBD

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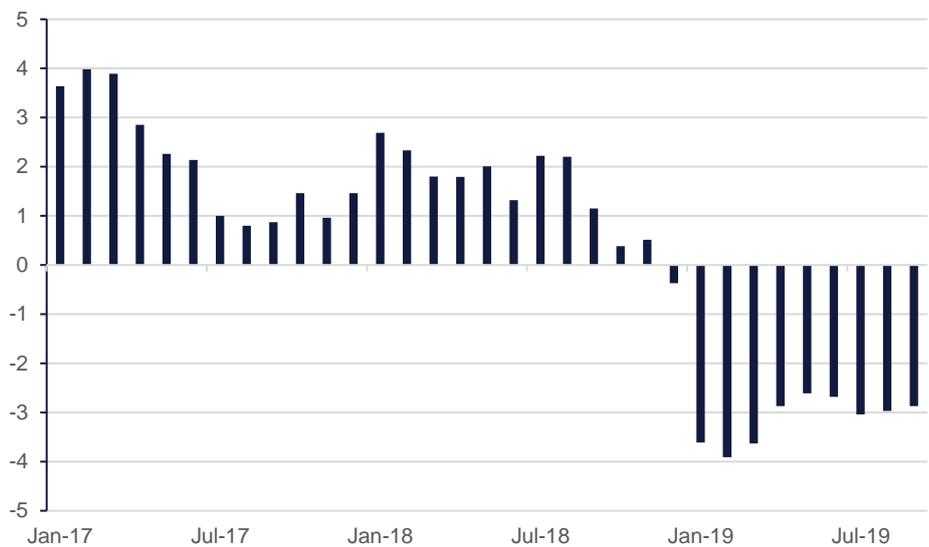
Daily Outlook

Brexit remains in limbo as we wait to see the outcome of two key questions – will the EU grant an extension to the negotiations past the upcoming October 31 deadline, and will Prime Minister Boris Johnson call for a general election? Indications are that an extension will be granted, but there appears to remain some disagreement over the length of that extension, and what any attached terms should be – a decision should be made public tomorrow. Meanwhile in the UK, talks between the PM and opposition Labour Party leader Jeremy Corbyn over finding agreement over a parliamentary timetable for Johnson's deal have floundered. Should the EU provide an extension to January 31, then a general election would likely follow, given that the threat of a no-deal Brexit would have been averted – for a period at least – meaning that opposition parties would allow Johnson to dissolve parliament.

Japan's manufacturing PMIs fell to a more-than-three-year low in October, dropping to a contractionary 48.5, from 48.9 the previous month. The Bank of Japan could add to its stimulus at its month-end meeting in the wake of ongoing weak growth indicators. In Europe, the ECB is meeting today for president Mario Draghi's swansong, although little action is expected following the extra measures announced at its previous meeting. Finally, Turkey's TCMB is also set to announce its decision today - we would expect another cut given disinflation remains in play. Recent political strife will likely mean that it is of a smaller magnitude than seen at the previous two meetings, although the lifting of US sanctions last night could see the consensus 100bps cut be exceeded.

Consumer prices in Dubai declined -0.7% m/m and -2.9% y/y, only marginally less than the -3.0% y/y decline in August. Food prices rose 0.4% m/m and 1.1% y/y. However, this was offset by lower housing (-0.4% m/m; -6.0% y/y) and transport costs (-6.4% m/m; -6.2% y/y), with the latter likely reflecting the -12.9% y/y decline in petrol costs last month. The biggest increase in the CPI was in education costs, reflecting the rise in school fees at the start of the new academic year in September.

Dubai CPI inflation (% y/y) remains negative



Source: Bloomberg, Emirates NBD Research

Today's Economic Data and Events

	Time	Cons		Time	Cons
Eurozone manufacturing PMI	12:00	46.0	Eurozone services PMI	12:00	51.9
Eurozone deposit facility rate	15:45	-0.5%	US durable goods orders	16:30	-0.7%

Source: Bloomberg, Emirates NBD Research.

Fixed Income

Treasuries closed little changed in yesterday's trading as risk appetite remained muted despite positive backdrop. It is likely that investors are holding ground ahead of the Federal Reserve meeting next week. Yields on the 2y UST, 5y UST and 10y UST closed at 1.58% (-1 bps), 1.59% (flat) and 1.76% (flat) respectively.

Regional bonds remained in the tight range as primary issuances continue to dominate. Majid Al Futtaim raised USD 600mn in a 10y green sukuk which was priced at MS+225 bps.

FX

The Turkish lira strengthened against the dollar last night after US President Donald Trump held a press conference announcing that the sanctions imposed nine days previously would be lifted following the agreement reached by Turkey with Russia in northern Syria. The currency is now trading at TRY 5.7501/USD, compared to TRY 5.8575/USD two days ago.

GBP remains in limbo, like Brexit negotiations. As the currency is highly headline driven at present, and there has been little concrete news, it is little changed over the past several days. Nevertheless, it remains near multi-month highs of USD 1.2918/GBP as the risk of a no-deal Brexit appears to be waning for now.

Equities

Developed market equities closed higher amid mixed corporate earnings. The S&P 500 index and the Euro Stoxx 600 index added +0.3% and +0.1% respectively.

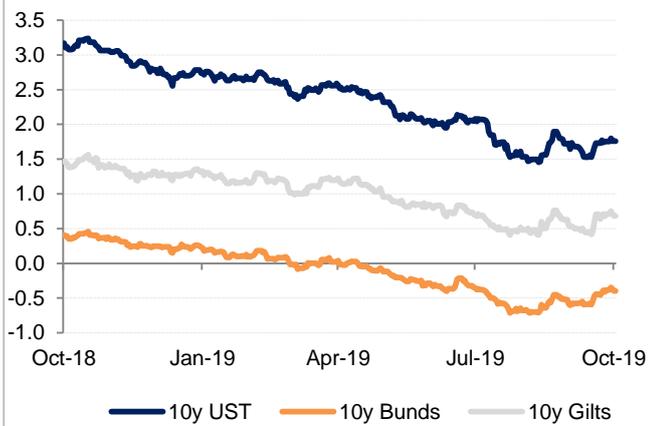
Regional equities closed mixed. The Tadawul gained +0.2% while the DFM index dropped -0.3%. A continued better than expected earnings in banking sector helped the broader index in Saudi Arabia with Al Rajhi Bank and Alinma Bank adding +0.7% and +1.3% respectively. Elsewhere, Deyaar Properties dropped -3.0% to trim its gains from the start of the week.

Commodities

Oil markets were supported overnight by a surprise draw in US crude inventories of 1.7m bbl. Brent futures gained 2.5% while WTI was up more than 3.3%. There were decent draws across much of the rest of the barrel, no change in production and an uptick in refinery utilization, suggesting a tighter US market in the short term.

Markets in Charts

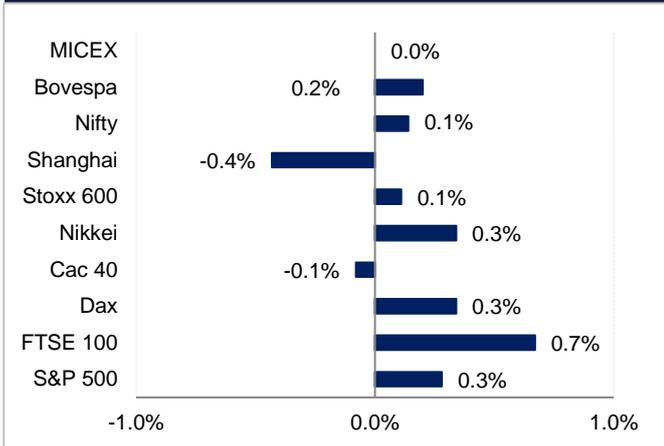
Global Bond Yields



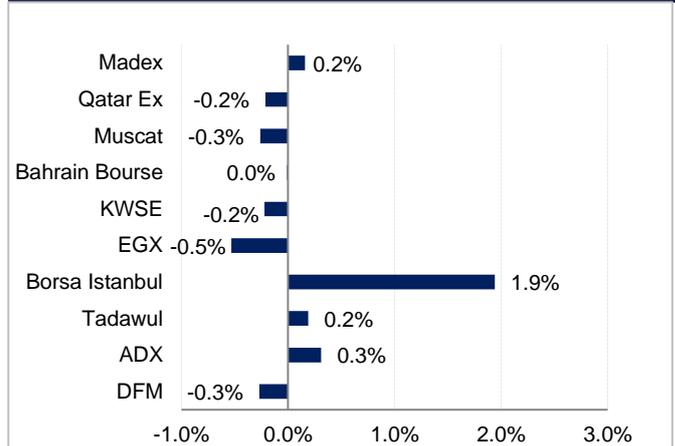
UAE liquid bond index



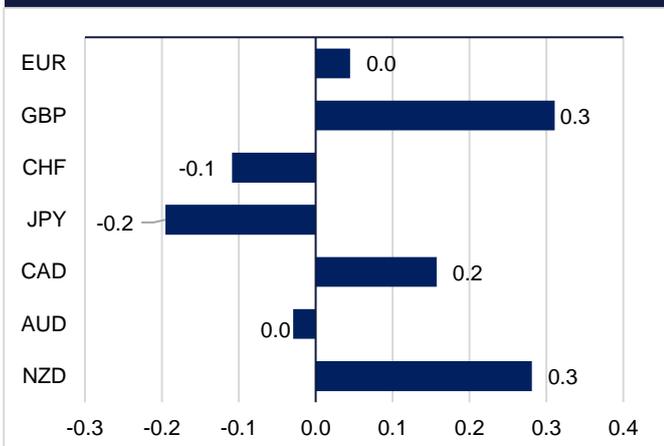
Global Equity Indices



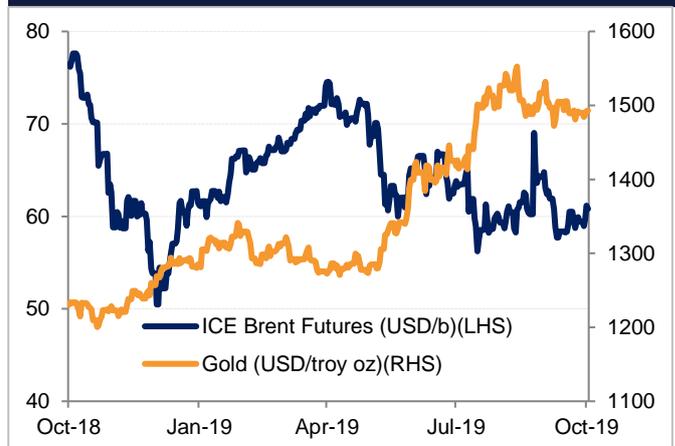
MENA Equity Indices



% change versus USD



Commodities



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1130	+0.04	1.1390	USDTRY	5.7354	-1.26	EURAED	4.0881	+0.05
GBPUSD	1.2912	+0.31	1.3037	USDEGP	16.1856	-0.15	GBPAED	4.7437	+0.34
USDJPY	108.69	+0.18	106.32	USDSAR	3.7505	-0.00	JPYAED	0.0338	-0.18
USDCAD	1.3072	-0.18	1.3074	USDQAR	3.6800	+1.05	CADAED	2.8100	+0.17
AUDUSD	0.6853	-0.03	0.6908	USDKWD	0.3034	+0.03	AUDAED	2.5170	-0.06
USDCHF	0.9906	+0.11	0.9647	USDBHD	0.3770	+0.00	CHFAED	3.7078	-0.10
EURGBP	0.8620	-0.27	0.8737	USDOMR	0.3850	--	TRYAED	0.6400	+1.21
USDAED	3.6729	--	3.6784	USDINR	70.7225	-0.64	INRAED	0.0552	+6.54

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.0175	2.2920	2.4487	2.3064	USD 2 yr	1.622	+1
USD LIBOR	1.8218	1.9360	1.9325	1.9673	USD 5 yr	1.574	+0
GBP LIBOR	0.7111	0.7899	0.8679	0.9701	USD 10 yr	1.690	-0
JPY LIBOR	-0.1185	-0.1128	-0.0587	0.0328	EUR 2 yr	-0.370	-1
CHF LIBOR	-0.7890	-0.7726	-0.6964	-0.5672	EUR 5 yr	-0.275	-2
					EUR 10 yr	0.006	-4

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1492.12	+0.30	ADGB 6.75 19	2.42	--	Abu Dhabi	46	--
Silver	17.56	+0.20	DUGB 7.75 20	1.77	-2	Bahrain	217	--
Oil (WTI)	55.97	+3.34	QATAR 5.25 20	2.70		Dubai	123	--
Aluminium	1721.00	+0.63	US Tsy 2 yr	1.58	-1	Oman	323	--
Copper	5859.50	+1.19	US Tsy 10 yr	1.76	+0	Qatar	46	-1
						Saudi Arabia	70	--

Source: Bloomberg, Emirates NBD Research

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