



Daily Outlook

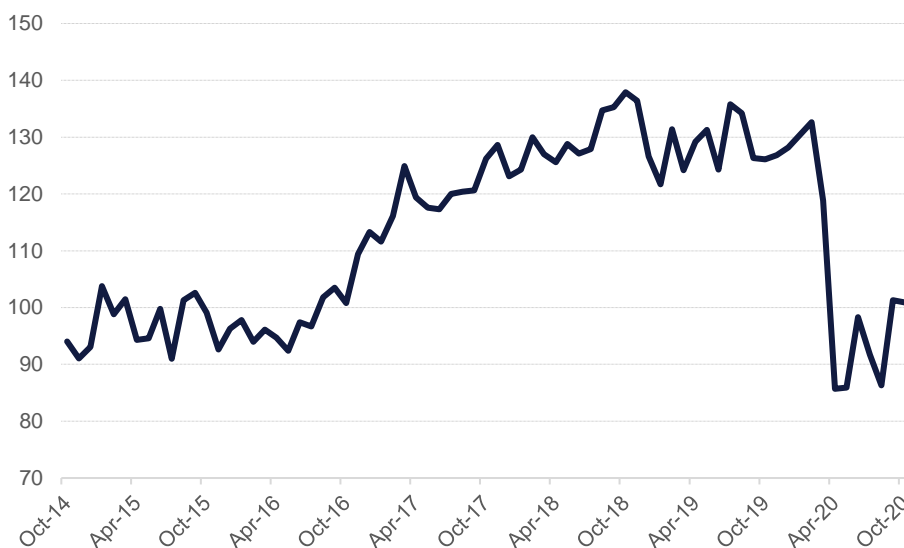
Durable goods orders in the US gained in September, rising almost 2% last month compared with just a 0.4% gain a month earlier. Core capital goods—stripping out aircraft and other high cost categories—also improved, rising by 1% m/m. Orders and shipments of capital goods rose as signs of industrial demand take hold. Manufacturing has managed to recover faster than services as economies globally deal with the Covid-19 pandemic, helping industry get close to pre-pandemic levels of output.

Unsurprisingly amid a rising number of Covid-19 cases and a fraught presidential election, US consumer confidence fell in October. The Conference Board’s measure of consumer sentiment fell to 100.9 for the month, down from 101.3. The expectations component dipped by more than 4pts to 98.4. Even if we see a blowout number from US Q3 GDP—market consensus is for a 32% annualized q/q jump—it may not be enough of a boost for President Trump to highlight to voters, particularly when so many have voted early in this election. Negotiations over a new stimulus bill also seem to have hit a dead-end (again) with Trump saying that “after the election” the US would get the “best stimulus package”.

Nasdaq Dubai will launch a new platform for SMEs to list from 2021 in an attempt to open up more avenues for smaller companies to raise capital. Firms valued at less than USD 250m will be able to list on the new platform, including ones that are not based in the UAE.

The central bank of Kuwait yesterday lowered the repo rate by 0.125% effective today, and also lowered yields on term deposits and other instruments. The move should help lower the cost of funding for banks, and also ease appreciation pressure on the dinar. The central bank’s statement indicated that the higher repo rate had made the KWD more “attractive”. The official discount rate remained at 1.5% so borrowing costs should remain unchanged.

US consumer confidence dips in October



Source: Bloomberg, Emirates NBD Research

Today’s Economic Data and Events

	Time	Cons.		Time	Cons.
US wholesale inventories	16:30	0.4%	Bank of Canada dec.	18:00	0.25%

Source: Bloomberg, Emirates NBD Research.

Fixed Income

US treasuries continued to gain with the news-cycle still focused on the US presidential election—and lack of any material change—as well as the failure to achieve a stimulus deal in negotiations between Congressional Democrats and the White House. Yields on the 10yr UST fell back below 80bps, settling at 0.7676% with the US 2s10s curve flattening to 62bps.

FX

It was a choppy session for the USD on Tuesday. The DXY index fluctuated between highs and lows, at one point reversing all the gains it garnered on Monday but has since experienced a resurgence this morning to trade at 93.120. USDJPY has been locked in a downwards trend as risk sentiment weakness, moving to 104.32 in trade this morning.

The EUR fell this morning by -0.28% and trades at 1.1777, pressured by reports that France will announce new nationwide lockdown news on Thursday. It was a volatile session for the GBP as well, with the currency unable to maintain a clean break in either direction. Sterling earned minor gains and currently sits at 1.3035. The AUD was similarly erratic and holds firm at 0.7135, whilst the NZD recorded modest gains to trade at 0.6700.

Equities

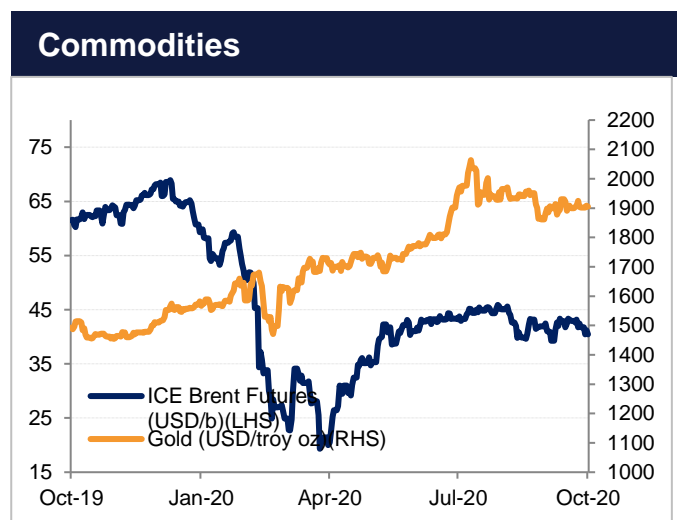
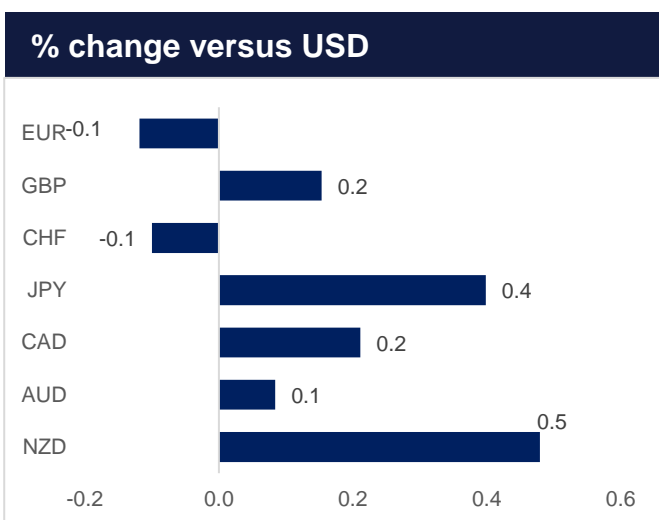
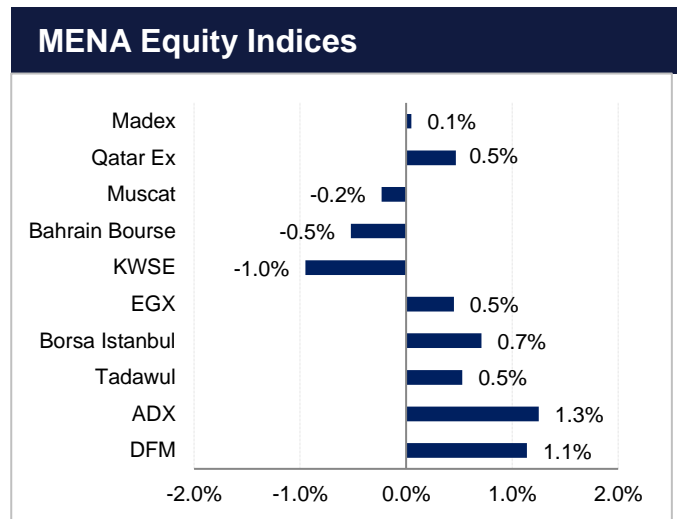
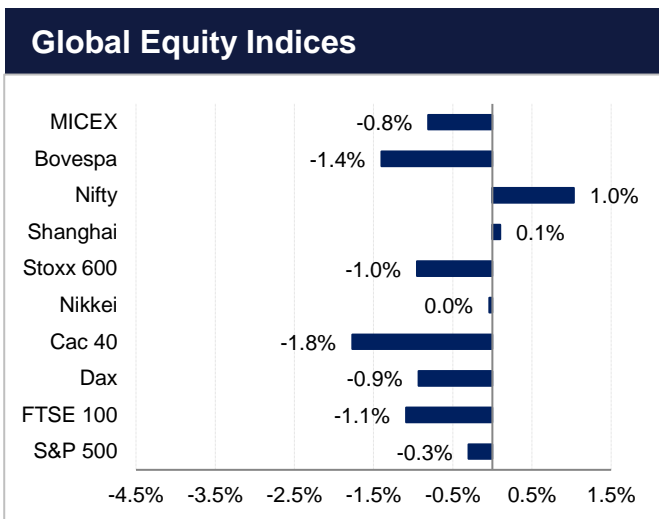
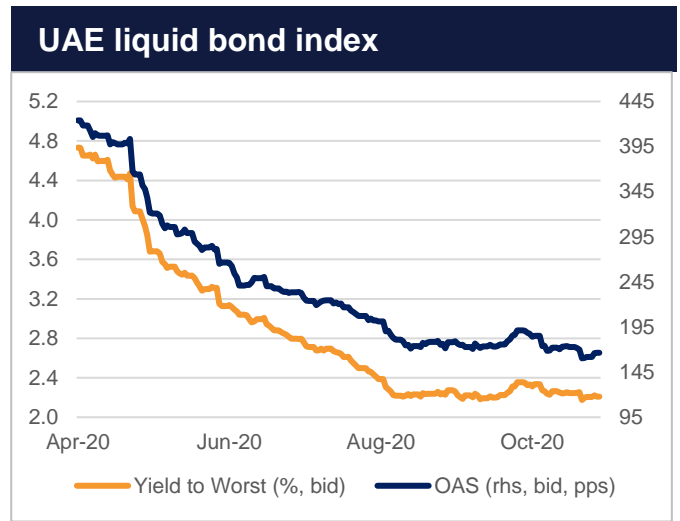
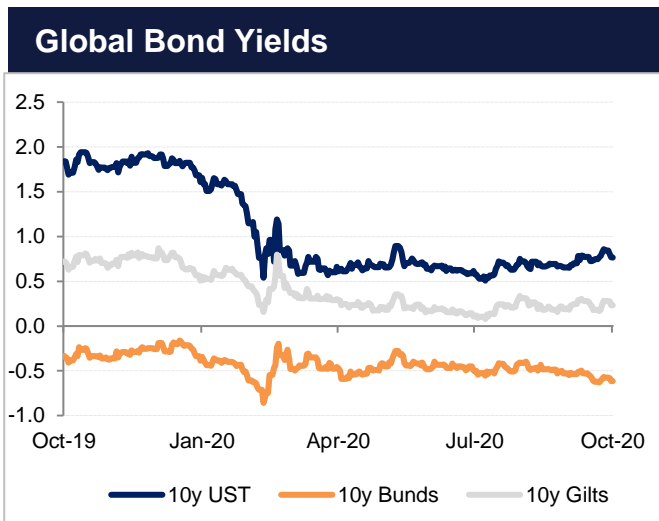
US equities were a mixed bag yesterday after Monday's drubbing. The S&P 500 closed down -0.3% but the Nasdaq composite was up 0.6%. The rise in coronavirus cases, disappointing US consumer confidence data, the lack of progress on a fiscal stimulus package and pre-election uncertainty likely weighed on sentiment. European indices also closed lower yesterday as the prospect of additional lockdowns offset some encouraging corporate earnings news. The Stoxx Europe 600 index declined -1.1% to the lowest level since May.

Regional equities were mostly positive yesterday with the DFM and ADGI up more than 1% respectively, and the Tadawul ASI up 0.5%.

Commodities

Oil prices have whipsawed in recent days. Both Brent and WTI futures gained overnight with Brent rising 1.8% to settle at USD 41.20/b and WTI up 2.6% to close at USD 38.57/b. However, both contracts have shed most of those gains in early trade this morning. The API reported a build in US crude inventories of 4.6m bbl last week along with a rise in gasoline stocks of 2.3m bbl. Official EIA data will be released later this evening.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1796	-0.12	1.1895	USDTRY	8.1866	+1.24	EURAED	4.3324	-0.12
GBPUSD	1.3044	+0.15	1.3072	USDEGP	15.7202	+0.07	GBPAED	4.7921	+0.17
USDJPY	104.42	-0.40	103.86	USDSAR	3.7503	-0.00	JPYAED	0.0352	+0.40
USDCAD	1.3185	-0.20	1.3177	USDQAR	3.6800	-0.07	CADAED	2.7856	+0.21
AUDUSD	0.7129	+0.08	0.7140	USDKWD	0.3057	+0.03	AUDAED	2.6184	+0.08
USDCHF	0.9087	+0.10	0.8987	USDBHD	0.3770	-0.01	CHFAED	4.0419	-0.10
EURGBP	0.9042	-0.28	0.9099	USDOMR	0.3850	--	TRYAED	0.4500	-0.93
USDAED	3.6729	-0.00	3.6754	USDINR	73.7162	-0.18	INRAED	0.0552	+11.21

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	0.2190	0.4538	0.6881	0.8438	USD 2 yr	0.232	-1
USD LIBOR	0.1446	0.2133	0.2465	0.3318	USD 5 yr	0.401	-2
GBP LIBOR	0.0445	0.0490	0.0595	0.1330	USD 10 yr	0.797	-3
JPY LIBOR	-0.0837	-0.1013	-0.0650	0.0450	EUR 2 yr	-0.530	-1
CHF LIBOR	-0.8026	-0.7798	-0.7346	-0.6202	EUR 5 yr	-0.479	-2
					EUR 10 yr	-0.278	-3

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1907.99	+0.31	ADGB 2.50 25	1.00	+2	Abu Dhabi	46	+1
Silver	24.37	+0.38	DUGB 3.89 25	2.30	-1	Bahrain	347	+1
Oil (WTI)	39.57	+2.62	QATAR 3.4 25	1.06	-2	Dubai	140	--
Aluminium	1805.50	-0.44	US Tsy 2 yr	0.15	-0	Oman	479	+1
Copper	6778.65	+0.26	US Tsy 10 yr	0.77	-3	Qatar	45	--
						Saudi Arabia	77	--

Source: Bloomberg, Emirates NBD Research

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