



بنك الإمارات دبي الوطني  
Emirates NBD

Daily  
30 October 2019

[www.emiratesnbdresearch.com](http://www.emiratesnbdresearch.com)

# Daily Outlook

UK PM Boris Johnson finally got something he wanted overnight, namely support for a general election on December 12th. This will be the third time the U.K. has gone to the polls to choose a new government since 2015, and is an attempt to break the deadlock that has emerged in a split Parliament over Brexit. More than this it will be a critical election that will shape Britain's future for many years to come. The Conservative party leads in the opinion polls currently on close to 40% with opposition Labour party second on around 25%, and with a number of smaller parties below this, but a lot can change before polling day.

After nearly two weeks of protests, embattled Lebanese Prime Minister Saad Hariri announced his resignation yesterday. Concessions and a new fiscal plan announced last week were not enough to satisfy the protesters. A decline in bank deposits this year as growth has stalled and fears over a currency devaluation had brought Lebanon to the brink of crisis, even before this latest unrest. A more concerted government effort to address the perceived economic mismanagement is clearly welcome, but there will be no easy solutions.

Saudi Aramco reportedly is targeting November 3rd to begin its IPO process with an aim of beginning trading on the Tadawul by December 11th. An overseas listing remains an ambition for the company but so far the company has been unable to select a foreign exchange. The prospect of the Aramco IPO had placed an unofficial 'put' under the oil market as the government of Saudi Arabia would seek to achieve a maximized valuation. Once the IPO is out of the way, oil markets may need to find a new anchor which may end up being at a lower level given the distressed fundamental outlook for 2020.

The UAE has passed a federal government budget of AED 61bn for 2020, a 1.2% increase from the 2019 budget. The federal government budget is usually balanced, and in 2018 accounted for approximately 15% of the consolidated UAE budget.

## US consumer confidence dips but still close to highs



Source: Bloomberg, Conference Board, Emirates NBD Research

## Today's Economic Data and Events

	Time	Cons		Time	Cons
EC Economic Confidence	14:00	101.1	US FOMC rates	22:00	1.5-1.75%
U.S. Q3 2019 GDP	16:30	1.6%	ADP Employment	16:15	110k
Bank of Canada rates	18:00	1.75%			

Source: Bloomberg, Emirates NBD Research

## **Fixed Income**

US treasury yields dipped lower as the FOMC meeting got underway. Yields on 10yr USTs fell nearly 2bps while the whole of the curve pushed lower. Waning expectations of a US-China trade deal being reached by the time the US and Chinese presidents meet in November helped to tame risk appetite while weaker consumer confidence in the US likely increased the concern that the Fed's pending rate cut may indeed be necessary as an insurance cut.

Regionally the focus remains on Lebanon where the resignation of the prime minister hasn't tempered fixed income anxiety about the country. The sovereign five year CDS continues to march higher as there appears to be no pending resolution to the political crisis.

## **FX**

GBP rallied a little overnight on the news that a general election will be held in the UK on December 12th, in the hope that the three year deadlock over Brexit might finally be approaching an end. However, its gains were limited as the outcome of the election is unclear and the possibility of an anti-capitalist Labour government led by Jeremy Corbyn is unsettling for markets. Elsewhere, currencies are generally firm at the USD's expense as the markets await the outcome of the Fed's FOMC meeting, where a 25bp rate cut is widely expected. The Bank of Canada is also setting monetary policy today with the expectation being for an unchanged decision.

## **Equities**

Equity markets were largely stable at the start of the week, ahead of the US Fed's interest rate decision later today. The S&P declined 0.1% from its record high recorded Monday, while the FTSE lost 0.1% and the DAX was flat.

Regional equities closed down, with the DFM, the ADSM and the Tadawul losing 1.4%, 1.2% and 1.2% respectively.

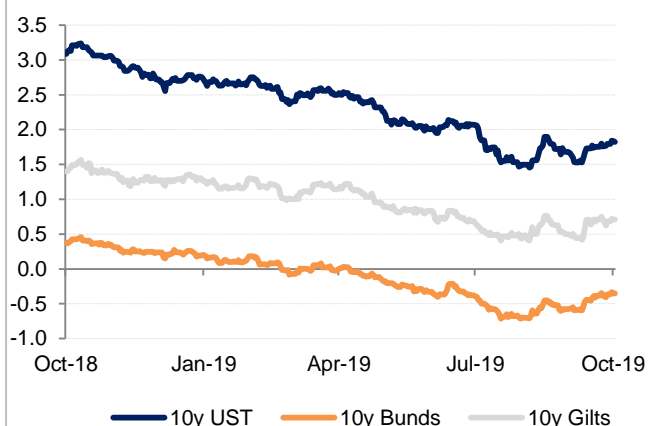
## **Commodities**

Oil markets remain on the back foot as demand considerations are driving prices lower. WTI fell nearly 0.5% overnight and is down by around the same amount already, trading at USD 55.29/b. Brent futures are close to expiry and were around flat overnight but have given up 0.3% in trading today to touch USD 61.40/b. Commentary from Russian officials suggest they will not support a deeper production cut when OPEC+ meets in December even as the idea is reportedly being mooted by some OPEC officials.

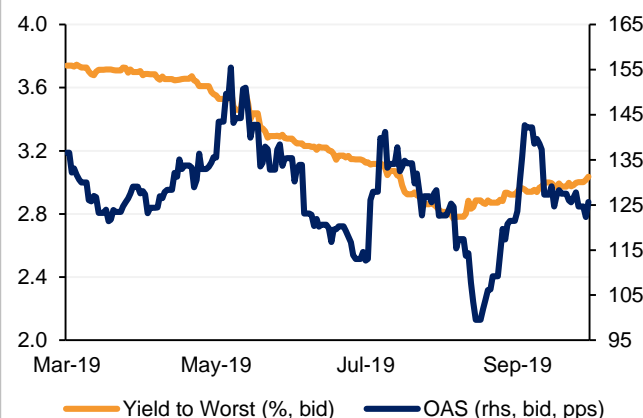
API data showed a build in US stocks at the Cushing, OK delivery point of 1.2m bbl last week. Official data from the EIA will be released later today.

## Markets in Charts

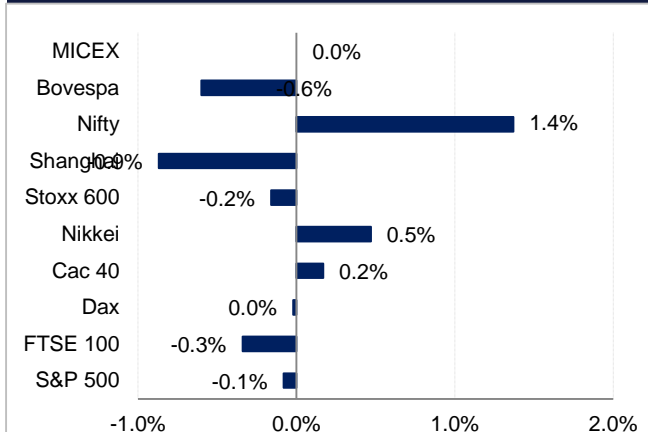
### Global Bond Yields



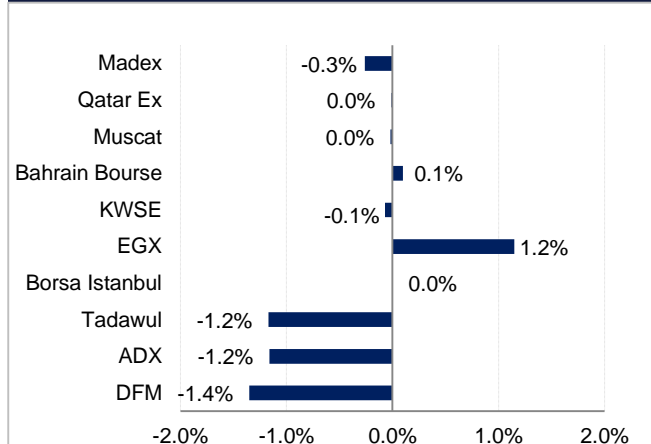
### UAE liquid bond index



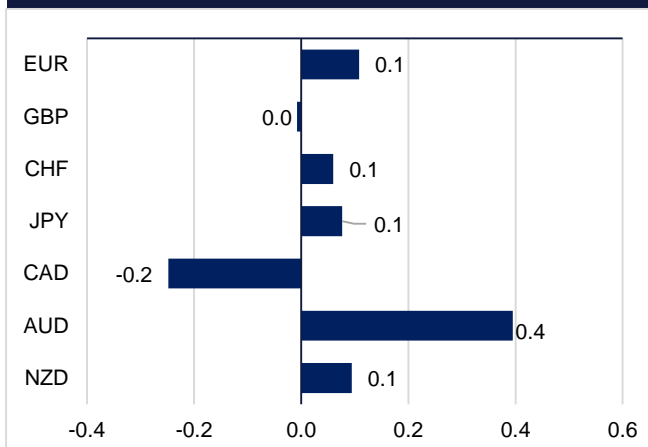
### Global Equity Indices



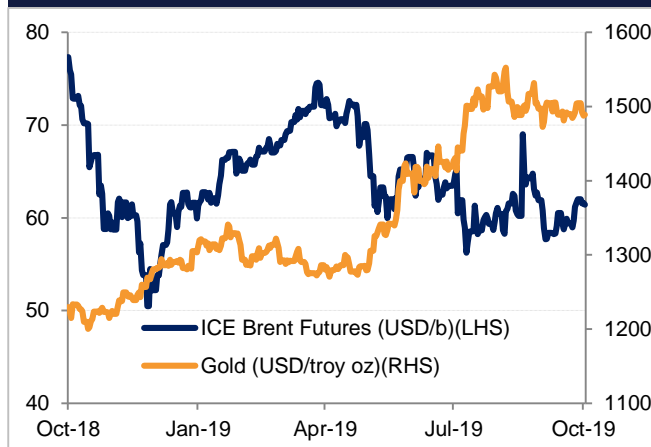
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1112	+0.11	1.1371	USDTRY	5.7373	+0.10	EURAUD	4.0812	+0.11
GBPUSD	1.2862	-0.01	1.2986	USDEGP	16.1439	+0.04	GBPAED	4.7262	+0.07
USDJPY	108.89	-0.06	106.51	USDSAR	3.7504	+0.00	JPYAED	0.0337	+0.07
USDCAD	1.3087	+0.25	1.3089	USDQAR	3.6800		CADAED	2.8066	-0.25
AUDUSD	0.6865	+0.39	0.6918	USDKWD	0.3036	--	AUDAED	2.5214	+0.38
USDCHF	0.9940	-0.06	0.9681	USDBHD	0.3770	+0.00	CHFAED	3.6950	+0.06
EURGBP	0.8635	+0.05	0.8752	USDOMR	0.3850	--	TRYAED	0.6400	-0.13
USDAED	3.6729	--	3.6782	USDINR	70.7225	-0.64	INRAED	0.0552	+6.39

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.0499	2.2413	2.3704	2.3026	USD 2 yr	1.669	-0
USD LIBOR	1.7996	1.9355	1.9399	1.9953	USD 5 yr	1.627	-0
GBP LIBOR	0.7116	0.8036	0.8674	0.9628	USD 10 yr	1.755	-1
JPY LIBOR	-0.1160	-0.1137	-0.0398	0.0478	EUR 2 yr	-0.350	+0
CHF LIBOR	-0.7860	-0.7608	-0.6918	-0.5554	EUR 5 yr	-0.231	-0
					EUR 10 yr	0.065	-2

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1487.72	-0.32	ADGB 6.75 19	2.42	--	Abu Dhabi	44	--
Silver	17.81	-0.18	DUGB 7.75 20	2.20	+37	Bahrain	212	--
Oil (WTI)	55.54	-0.48	QATAR 5.25 20	2.70		Dubai	124	+4
Aluminium	1751.50	+1.26	US Tsy 2 yr	1.64	-0	Oman	323	--
Copper	5906.25	+0.32	US Tsy 10 yr	1.84	-0	Qatar	44	--
						Saudi Arabia	68	--

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

**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

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

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

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

**Mohammed Altajir**  
FX Analytics and Product Development  
+9714 609 3005  
mohammedtaj@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