



بنك الإمارات دبي الوطني  
Emirates NBD

Daily  
5 November 2019

www.emiratesnbdresearch.com

# Daily Outlook

The Manufacturing PMI Index for the Eurozone continues to feel the negative impact of the US-China trade war on global trade and lack of clarity over Brexit. **IHS Markit's final manufacturing PMI stood at 45.9 in October, barely moving above the previous month's 45.7**, and remaining firmly in contraction territory below the 50 mark for the 9th month running. The index as a whole remains around seven year lows. **Germany**, Europe's largest economy is seeing its **manufacturing sector remain contraction mode, at 42.1 from 41.7 in September** marking the 13th month of contraction for the sector as a whole, and factories in Germany are shedding jobs at the fastest pace in 10 years. Even stronger performers like France, Greece and the Netherlands barely saw their manufacturing sector brake away from the 50 PMI mark.

**US Factory order data** for September fell **0.6% after dipping by 0.1% in August** according from data by the US Commerce Department. The sector which accounts for **11% of the US economy** continues to stymied by the 16 month long trade ware between the US and China. Business spending has also dropped as evident by **shipments of core goods** which are used to calculate business equipment spending as part of the gross domestic product, that component **declined 0.7% in September**. US and Chinese trade negotiators are trying to finalize a "phase one" agreement before Dec 15, when new US tariffs on Chinese imports such as electronics, laptops and toys kick in.

**Turkish CPI inflation dipped to 8.6% y/y in October, from 9.3% the previous month**, in line with consensus expectations. Core inflation fell to 6.7%. The central bank has been given significant space to cut interest rates on the back of the strong disinflation seen this year, slashing the one-week repo by a cumulative 1,000bps over the past three meetings. However, despite strong government support for lower rates, the pace of this adjustment is likely to stall hereafter as base effects related to currency moves pass through, meaning the inflation slowdown will likely bottom out over the coming months.

## Eurozone manufacturing PMI remains in contraction territory (IHS Markit)



Source: Bloomberg, Emirates NBD Research

## Today's Economic Data and Events

	Time	Cons		Time	Cons
US ISM Non-Mfg	19.00	53.5	EZ PPI	14.00	-1.2%

Source: Bloomberg, Emirates NBD Research.

### **Fixed Income**

Treasuries closed lower as risk appetite remained high on the back of continued positive progress on trade front. Yields on the 2y UST, 5y UST and 10y UST closed at 1.58% (+3 bps), 1.59% (+5 bps) and 1.77% (+6 bps) respectively.

Regional bonds drifted lower even as it continued to remain in a reasonably tight range. The YTW on Bloomberg Barclays GCC Credit and High Yield index rose +1bp to 3.28% and credit spreads tightened 4 bps to 156 bps.

### **FX**

The Dollar was broadly steady on Monday, with slightly softer than expected U.S. factory orders having little impact. The dollar maintained a bid tone, with last week's stronger jobs report, and an FOMC that is on hold putting a floor under it. USDJPY rallied after the Financial Times said U.S. officials were considering scrapping some levies on USD112 billion of Chinese imports that were implemented on September. 1. The RBA left interest rates unchanged at 0.75% in line with expectations, but giving the AUD a boost even though the central bank indicated it was prepared to ease further if necessary.

### **Equities**

Developed market equities closed higher on the back of encouraging developments on the trade front. The S&P 500 index and the Euro Stoxx 600 index rose +0.4% and +1.0% respectively.

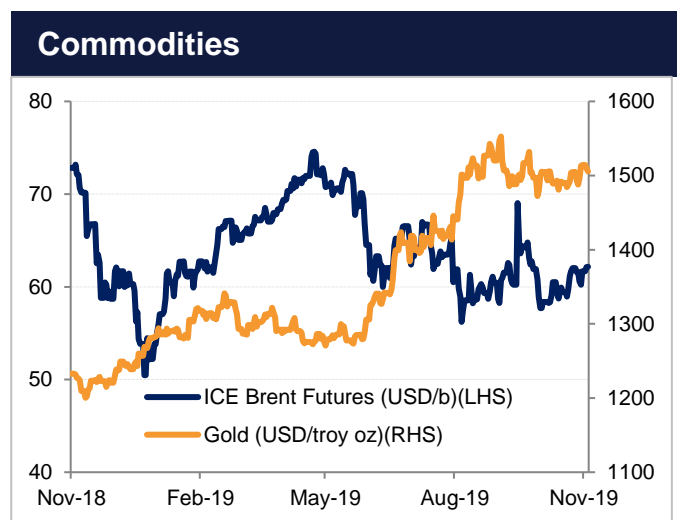
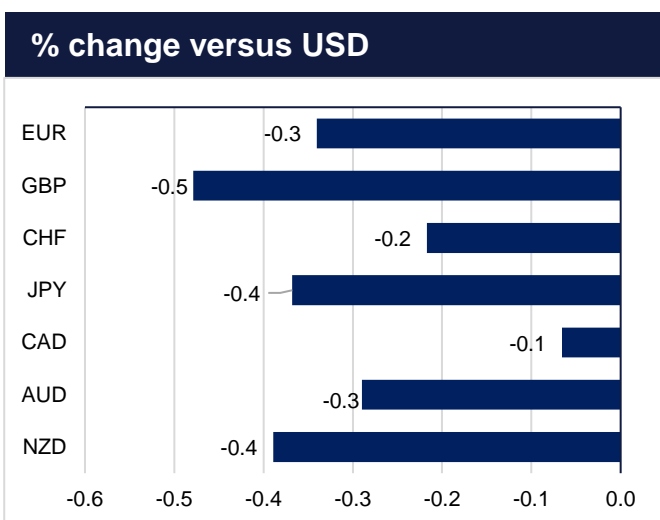
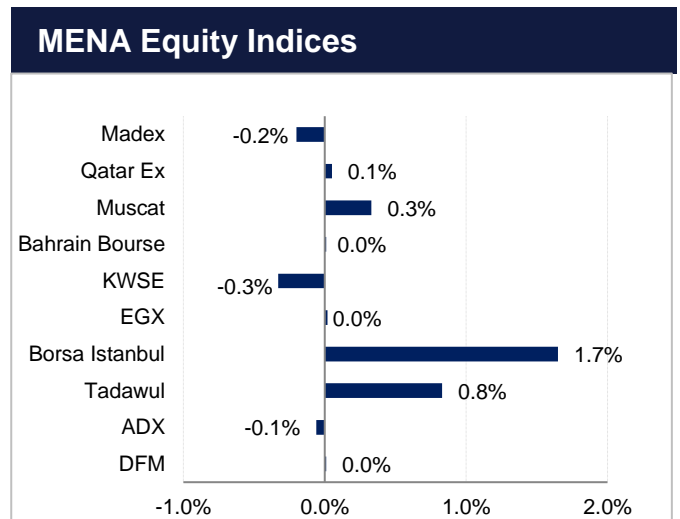
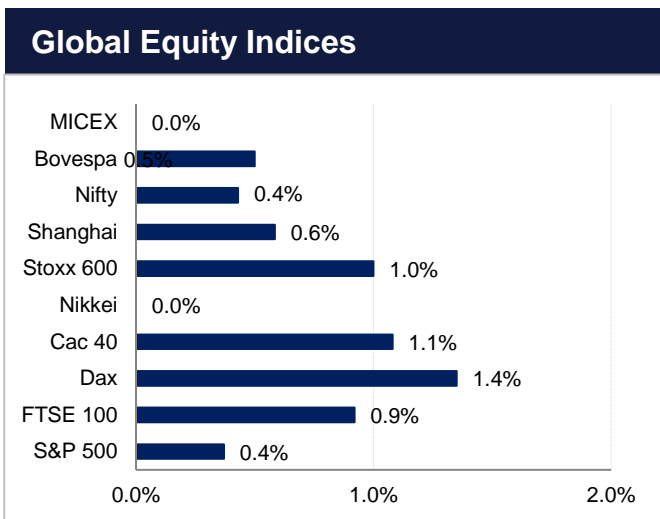
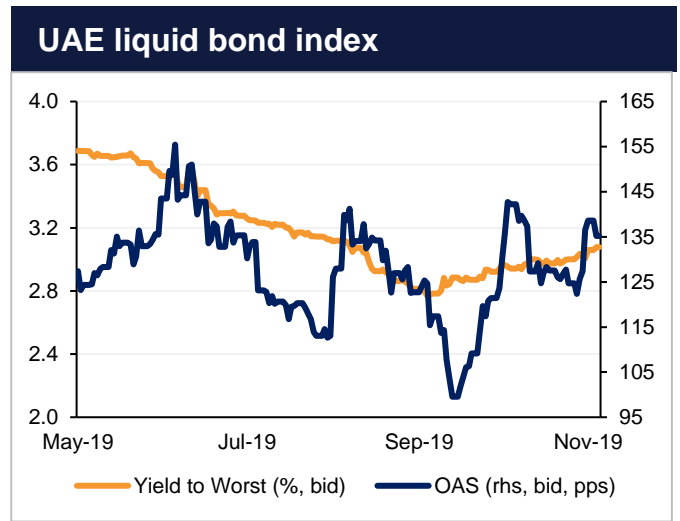
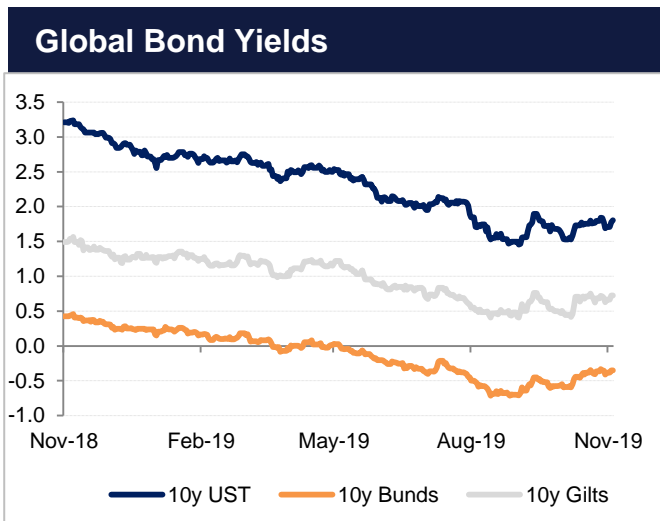
Regional markets closed mixed in what was a subdued day of trading. There was little development in terms of single stocks.

### **Commodities**

Oil prices gained to start the week on optimism that a trade deal between the US and China could be reached. Prices are holding roughly steady this morning with Brent at USD 62.17/b and WTI at USD 56.52/b.

The Supreme Petroleum Council in Abu Dhabi has approved plans from Adnoc for a Murban crude oil futures contract. The contract had been mooted over the past several months and should allow importers and traders to price crude from the UAE, and wider Middle East, more accurately rather than relying on differentials to the North Sea Brent market. Liquidity will be key to the survival of the new contract and traders, importers and financial institutions will need to back the new contract. Adnoc crudes are currently priced on a retroactive basis; moving toward forward pricing will provide more clarity for importers. Abu Dhabi also raised its reserve estimate by 7bn bbl to 105bn bbl, pushing it above Kuwait in total reserves. At production of around 3m b/d the UAE's reserve to production ratio now stands at around 95 years.

## Markets in Charts



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1128	-0.34	1.1383	USDTRY	5.7384	+0.45	EURAED	4.0871	-0.34
GBPUSD	1.2884	-0.48	1.3002	USDEGP	16.1597	+0.10	GBPAED	4.7321	-0.42
USDJPY	108.58	+0.36	106.22	USDSAR	3.7502	--	JPYAED	0.0338	-0.36
USDCAD	1.3151	+0.07	1.3154	USDQAR	3.6800	+0.47	CADAED	2.7929	-0.07
AUDUSD	0.6884	-0.29	0.6934	USDKWD	0.3035	+0.05	AUDAED	2.5284	-0.43
USDCHF	0.9879	+0.22	0.9630	USDBHD	0.3770	+0.00	CHFAED	3.7178	-0.23
EURGBP	0.8638	+0.10	0.8756	USDOMR	0.3850	-0.00	TRYAED	0.6400	-0.46
USDAED	3.6730	+0.00	3.6784	USDINR	70.7225	-0.64	INRAED	0.0552	+6.08

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.9712	2.1680	2.3016	2.2364	USD 2 yr	1.634	+4
USD LIBOR	1.7710	1.9083	1.9246	1.9600	USD 5 yr	1.573	+6
GBP LIBOR	0.7136	0.8046	0.8899	0.9720	USD 10 yr	1.698	+7
JPY LIBOR	-0.1133	-0.1153	-0.0432	0.0377	EUR 2 yr	-0.360	+0
CHF LIBOR	-0.7438	-0.7156	-0.6582	-0.5350	EUR 5 yr	-0.243	+1
					EUR 10 yr	0.074	+3

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1509.82	-0.30	ADGB 6.75 19	2.42	--	Abu Dhabi	45	-1
Silver	18.06	-0.30	DUGB 7.75 20	2.04	-9	Bahrain	222	+10
Oil (WTI)	56.54	+0.60	QATAR 5.25 20	2.70		Dubai	126	+2
Aluminium	1821.25	+1.70	US Tsy 2 yr	1.58	+3	Oman	275	--
Copper	5853.75	+0.46	US Tsy 10 yr	1.78	+7	Qatar	46	--
						Saudi Arabia	68	-2

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