



بنك الإمارات دبي الوطني  
Emirates NBD

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# Daily Outlook

Markets were little moved this morning, despite some ostensibly positive noise around a potential trade deal between the US and China. US President Donald Trump told reporters that 'we're in the final throes of a very important deal', and that 'it's going very well.' This followed a telephone call between chief negotiators on both sides earlier in the week. With stock markets already at record highs, and a number of potential stumbling blocks still to navigate if a phase one deal is to be reached by December 15 – not least US support for Hong Kong demonstrators – investors will likely want to see more concrete developments than an off-the-cuff statement from a President under pressure at home and desperate for good news.

October data out of the US was mixed last night, with the Conference Board Consumer Confidence survey at 125.5, down from an upwardly revised 126.1 the previous month and missing expectations of 127.0. While this is still high by historical standards, it was a five-month low and will be of concern to US policymakers given that the consumer has been propping up US GDP growth this year. New home sales meanwhile hit 733,000, exceeding expectations of 705,000. The previous month was revised up from 701,000 to 738,000. This is in keeping with Fed Chair Jerome Powell's assertion on Monday night that the Fed's rate cuts were boosting spending in 'interest-sensitive sectors, such as housing and consumer durable goods.'

A currency swap deal initiated between Qatar and Turkey during the latter's 2018 currency meltdown is set to be boosted by a further USD 2bn to USD 5bn. This is positive news for the lira, after the announcement that Turkey would start testing its controversial S-400 missiles led to greater volatility for the TRY cross.

In a press release to mark the completion of its Article IV assessment mission to Jordan, the IMF stated that it was embarking on discussions to initiate a new three-year programme, given that the few remaining months of the current one were insufficient to achieve its goals. IMF delegates will return to Jordan in January. While the Fund acknowledged some progress in economic stabilisation, it cautioned that fiscal imbalances remained pronounced.

## US consumer confidence dipping



Source: Bloomberg, Emirates NBD Research

## Today's Economic Data and Events

	Time	Cons		Time	Cons
US durable goods orders	17:30	-0.9%	US initial jobless claims	17:30	221k

Source: Bloomberg, Emirates NBD Research.

### Fixed Income

Treasuries closed marginally higher on account of technical factors ahead of a shortened week. Yields on the 2y UST and 10y UST closed at 1.58% (-3 bps) and 1.74% (-1 bp) respectively.

Regional markets tracked moves in benchmark yields. The YTW on Bloomberg Barclays GCC Credit and High Yield index dropped -1 bp to 3.25% and credit spreads widened 2 bps to 156 bps.

In terms of rating action, Fitch affirmed Etisalat at A+ with stable outlook.

### FX

On the back of raised hopes of a phase-one trade deal being signed between the United States and China, risk appetite increased and USDJPY was able to climb back above the 109 level. Currently trading at 109.10, the price is near two-week highs, however a weekly close above 109.27, the 50% one-year Fibonacci retracement needs to be realized before USDJPY can break out of the current weekly range of 108.20-109.

### Equities

Developed market equities closed higher amid continued optimism over trade agreement between the US and China. The S&P 500 index and the Euro Stoxx 600 index added +0.2% and +0.1% respectively.

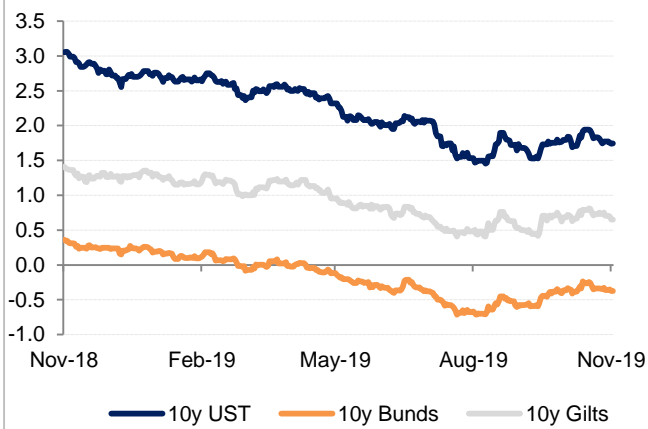
Regional markets closed sharply lower. The Tadawul and the Qatar Exchange dropped -1.7% and -1.2% respectively. It appears that the quantum of decline was on account of passive fund outflows following rebalancing of the MSCI EM index. Most market heavyweights on the Tadawul dropped with Sabic and Al Rajhi Bank declining -3.0% and -3.3% respectively.

### Commodities

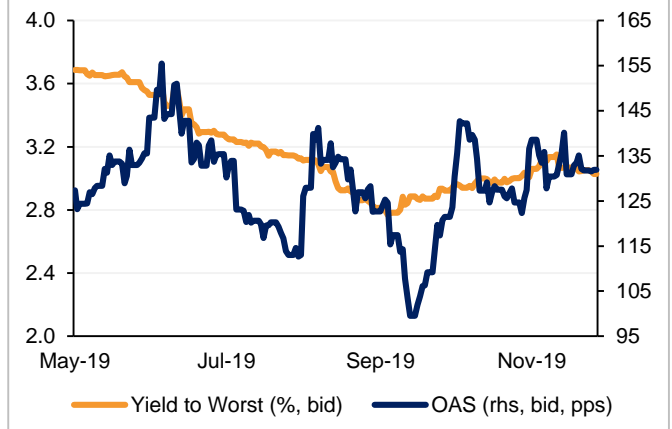
Both benchmarks closed up yesterday as the market digested positive noise around a potential trade deal between the US and China; WTI futures gained 0.7% to USD 58.4/b, while Brent rose 1.0% to USD 64.3/b. However, they have pared some of those gains in early trading this morning - Brent is back down at USD 64.1/b and WTI at USD 58.3/b – after an API report showing that US stockpiles rose by 3.64mn barrels last week.

## Markets in Charts

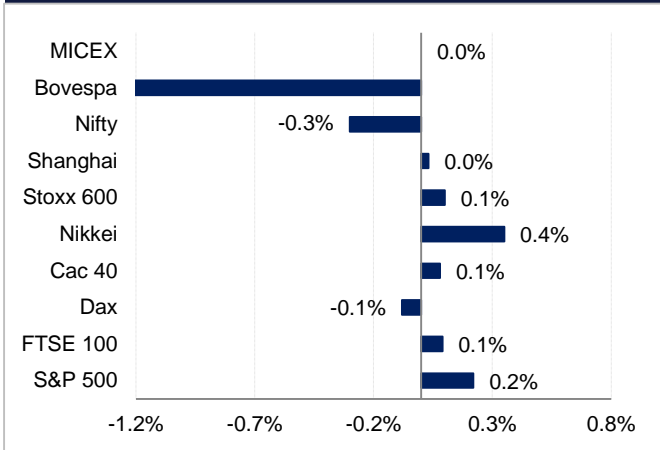
### Global Bond Yields



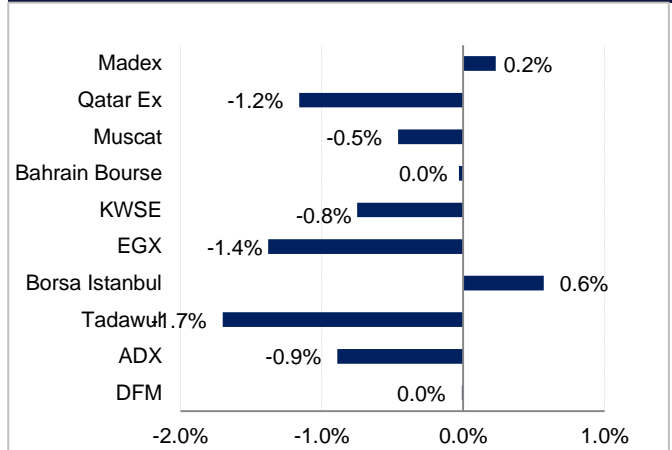
### UAE liquid bond index



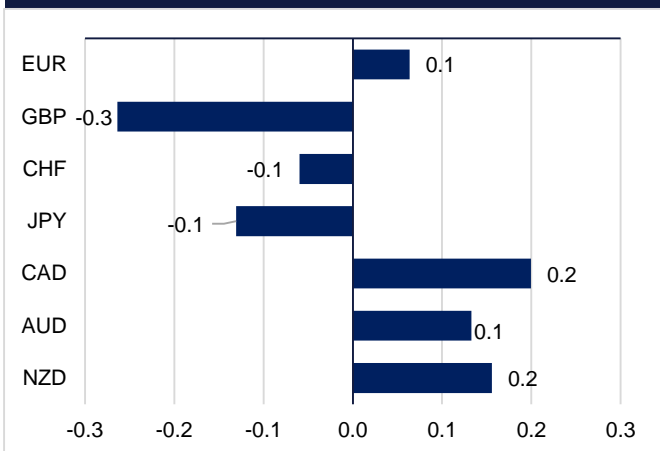
### Global Equity Indices



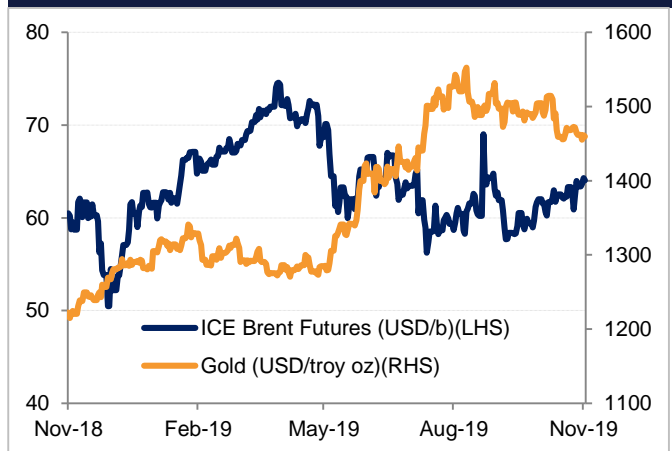
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1021	+0.06	1.1272	USDTRY	5.7593	+0.30	EURAED	4.0483	+0.08
GBPUSD	1.2866	-0.26	1.2995	USDEGP	#N/A N/A		GBPAED	4.7253	-0.26
USDJPY	109.05	+0.11	106.74	USDSAR	3.7450	-0.13	JPYAED	0.0337	-0.13
USDCAD	1.3272	-0.20	1.3265	USDQAR	3.6800		CADAED	2.7675	+0.20
AUDUSD	0.6788	+0.13	0.6844	USDKWD	0.3037	+0.07	AUDAED	2.4933	+0.18
USDCHF	0.9970	+0.05	0.9714	USDBHD	0.3771	+0.14	CHFAED	3.6825	-0.07
EURGBP	0.8566	+0.32	0.8674	USDOMR	0.3850	+0.01	TRYAED	0.6400	+0.05
USDAED	3.6729	+0.00	3.6793	USDINR	70.7225	-0.64	INRAED	0.0552	+7.78

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.9050	2.1800	2.2955	2.2845	USD 2 yr	1.594	-1
USD LIBOR	1.6995	1.9186	1.9191	1.9418	USD 5 yr	1.539	-1
GBP LIBOR	0.7129	0.7838	0.8448	0.9333	USD 10 yr	1.655	-1
JPY LIBOR	-0.0983	-0.0850	-0.0137	0.0903	EUR 2 yr	-0.342	-0
CHF LIBOR	-0.7542	-0.7166	-0.6522	-0.5246	EUR 5 yr	-0.237	-1
					EUR 10 yr	0.047	-2

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1461.39	+0.42	ADGB 6.75 19	2.42	--	Abu Dhabi	42	--
Silver	17.08	+1.08	DUGB 7.75 20	2.01	+26	Bahrain	206	--
Oil (WTI)	58.41	+0.69	QATAR 5.25 20	2.70		Dubai	123	+4
Aluminium	1764.00	+1.07	US Tsy 2 yr	1.58	-3	Oman	275	--
Copper	5907.75	+0.97	US Tsy 10 yr	1.74	-1	Qatar	42	--
						Saudi Arabia	70	--

Source: Bloomberg, Emirates NBD Research

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