



بنك الإمارات دبي الوطني  
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[www.emiratesnbdresearch.com](http://www.emiratesnbdresearch.com)

## Daily Outlook

The US House of Representatives voted to impeach President Trump on two counts this morning, namely abuse of power and obstructing Congress. These charges are related to his dealings with Ukraine. However, while an historic moment – Trump is only the third President to whom this has happened – it's a fairly moot point in terms of market and economic implications, especially in the near term, and there was little movement on the back of the news this morning. The development had been long expected and priced in, and given that it is highly unlikely to pass the Republican-controlled Senate, the political risk is limited. Indeed, House Speaker Nancy Pelosi may even not take the articles of impeachment to the Senate at all.

UK m/m CPI inflation in November met analyst expectations at 0.2%, while on an annualised basis the measure was moderately faster than the consensus (and BoE) forecast of 1.4%, coming in at 1.5%. This was flat on the previous month, which was itself the slowest rate in three years. Core inflation was also unchanged at 1.7% y/y. The BoE is likely to leave its bank rate on hold at 0.75% at its meeting later today, the penultimate meeting in charge for Governor Mark Carney who is set to leave his post on January 31. However, with price growth still at low levels, the argument for the UK to become the latest market to turn to an easing cycle will gather pace, especially as fears over a no-deal Brexit return to the fore.

The Eurozone has already resumed quantitative easing and cut rates deeper into negative territory this year, and the final inflation reading for November gave no suggestion that this is a course likely to be reversed any time soon. CPI inflation was 1.0% y/y. In some positive news for the currency bloc, Germany's IFO survey exceeded expectations, climbing from 95.0 in November to 96.3 in December, compared to consensus of 95.5. The expectations survey rose from 92.1 in November to 93.8, suggesting that the year is ending with some optimism following positive developments around international trade in recent weeks. Nevertheless, the index remains far off historical averages, and fourth quarter growth in the European powerhouse is expected to remain lacklustre having averaged just 0.6% y/y over Q1-Q3.

**This is our last Daily Outlook for 2019, we will resume in the New Year. Wishing you all a happy holiday season.**

### UK CPI inflation (% y/y) remains slow



Source: Bloomberg, Emirates NBD Research

### Today's Economic Data and Events

	Time	Cons		Time	Cons
UK retail sale w auto fuel m/m	13:30	2.1%	Bank of England rate	16:00	0.75%
US initial jobless claims	17:30	225k			

Source: Bloomberg, Emirates NBD Research.

## **Fixed Income**

US treasuries remained steady. The market appears to have taken in its stride the impeachment of the US President by the House of Representatives. The long-end of the curve continues to steepen. Yields on the 2Y UST and 10y UST closed at 1.62% (flat) and 1.91% (+3 bps) respectively.

Regional bonds continue to track move in benchmark yields. The YTW on Bloomberg Barclays GCC Credit and High Yield index closed flat at 3.17% while credit spreads tightened 2 bps to 1.34%.

## **FX**

With the potential political fallout limited, and the expectation of the House vote already priced in, there has been little significant movement in the dollar this morning following the impeachment developments in the US. While the dollar index has weakened modestly, it has not even pared the gains made yesterday, which largely came against sterling and the euro. GBP continued its recent decline yesterday, closing down 0.4% as fears around the prospect of a no-deal Brexit returned to the fore under the new Boris Johnson Conservative government.

## **Equities**

Developed market equities closed marginally lower as trading remained largely sluggish. The S&P 500 index closed flat as investors' shrugged off the impeachment of the US President by the House of Representatives. The Euro Stoxx 600 index dropped -0.1%.

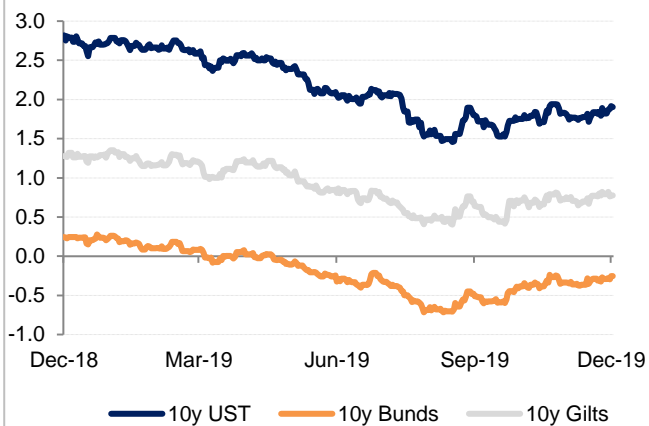
Regional markets traded largely positive. The DFM index and the Tadawul added +1.1% and +0.7% on the back of strength in market heavyweights. Saudi Aramco dropped -2.8% ahead of inclusion in key EM indices.

## **Commodities**

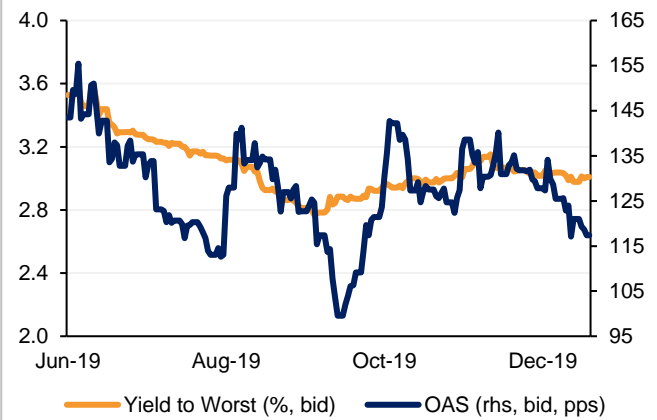
There has been very little movement in oil markets over the past few days, with Brent crude futures hovering around USD 66.1/b, and WTI at USD 60.9/b. The positive momentum of the past several weeks – crude has gained over 10% this month, buoyed by positive noise around trade deals – has sputtered out as crude stockpiles in the US reportedly climbed by 4.7mn bbl last week.

## Markets in Charts

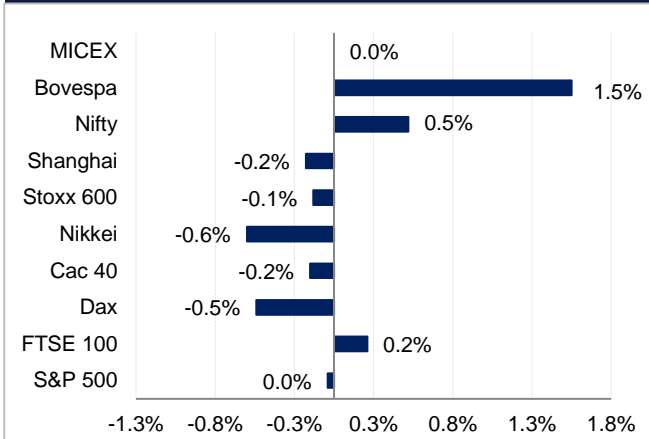
### Global Bond Yields



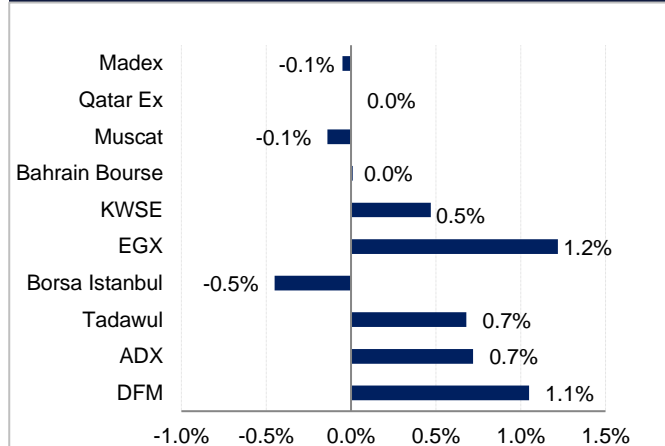
### UAE liquid bond index



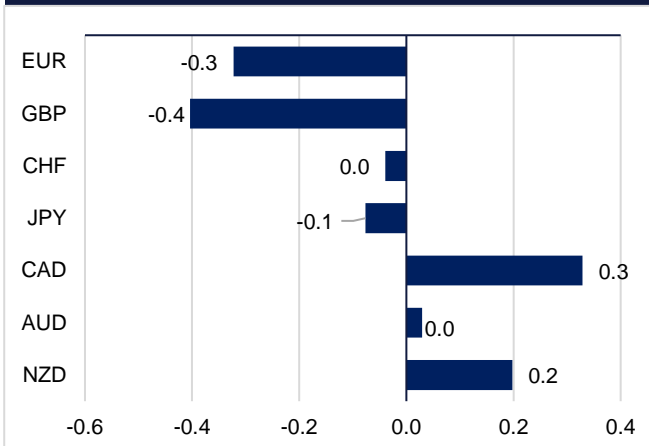
### Global Equity Indices



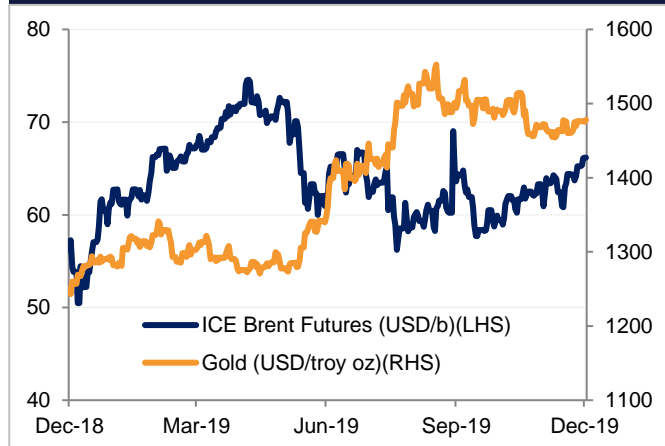
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1114	-0.32	1.1373	USDTRY	5.9269	+0.69	EURAUD	4.0821	-0.34
GBPUSD	1.3078	-0.40	1.3213	USDEGP	16.0385	-0.10	GBPAED	4.8038	-0.40
USDJPY	109.55	+0.06	107.25	USDSAR	3.7509	--	JPYAED	0.0335	-0.07
USDCAD	1.3115	-0.34	1.3120	USDQAR	3.6800	+1.05	CADAED	2.8004	+0.34
AUDUSD	0.6853	+0.03	0.6911	USDKWD	0.3032	--	AUDAED	2.5173	+0.02
USDCHF	0.9804	-0.05	0.9553	USDBHD	0.3770	-0.00	CHFAED	3.7466	-0.03
EURGBP	0.8497	+0.06	0.8606	USDOMR	0.3850	+0.00	TRYAED	0.6200	-0.64
USDAED	3.6730	--	3.6787	USDINR	70.7225	-0.64	INRAED	0.0552	+6.81

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.9125	2.1000	2.2900	2.3628	USD 2 yr	1.700	+1
USD LIBOR	1.7639	1.9025	1.9046	1.9684	USD 5 yr	1.724	+2
GBP LIBOR	0.7091	0.7944	0.8683	0.9604	USD 10 yr	1.866	+3
JPY LIBOR	-0.1508	-0.0665	0.0072	0.1013	EUR 2 yr	-0.320	+0
CHF LIBOR	-0.7934	-0.7056	-0.6332	-0.5098	EUR 5 yr	-0.161	+3
					EUR 10 yr	0.149	+4

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1475.40	-0.06	ADGB 6.75 19	2.42	--	Abu Dhabi	36	-5
Silver	17.02	+0.04	DUGB 7.75 20	2.02	-0	Bahrain	180	-1
Oil (WTI)	60.93	-0.02	QATAR 5.25 20	2.70		Dubai	91	+1
Aluminium	1754.75	+0.37	US Tsy 2 yr	1.63	+1	Oman	233	--
Copper	6145.25	-0.44	US Tsy 10 yr	1.92	+4	Qatar	36	--
						Saudi Arabia	57	-1

Source: Bloomberg, Emirates NBD Research

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