



بنك الإمارات دبي الوطني
Emirates NBD

Daily
12 December 2018

www.emiratesnbdresearch.com

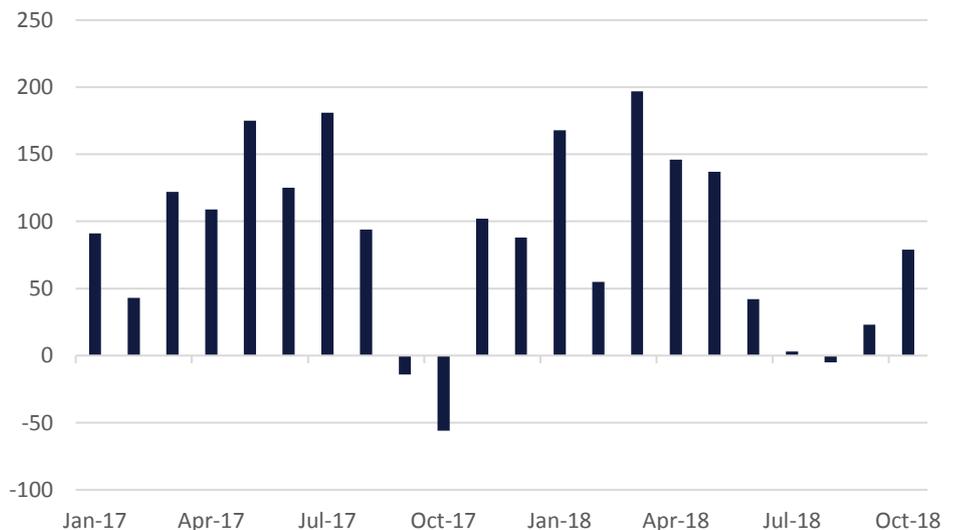
Daily Outlook

The Brexit saga continues with UK Prime Minister Theresa May touring European capitals to seek concessions over her exit deal, while back in London rumours swirl of an imminent vote of no confidence in her leadership by her Conservative party colleagues. **So far it seems that meetings in Berlin, Brussels and Amsterdam have not yielded any progress** and patience with her approach in the UK is wearing very thin. GBP continues to wallow at 20-month lows with the prospect of extended uncertainty over the holidays adding to the pressure. An EU Council meeting takes place on Thursday but even this may be too late to save May's leadership.

UK labour market data yesterday showed employment rise by 79k in the three months to October, with this strength helping to feed higher wages, with the headline (three-month average of the annual) average earnings rising to 3.3% y/y up from 3.1%. The rise in wages confirms recent PMI survey data showing the impact of a tight labour market on pay demands. The jobless rate remained unchanged at 4.1%. **Meanwhile in Germany ZEW investor expectations unexpectedly improved to -17.5 in December from -24.1 in November.** Expectations had been for a further deterioration in the headline rate in view of ongoing volatility on markets and Brexit risks, but in the event the survey suggests investors are more sanguine about the outlook than in the previous month. **US producer prices rose just 0.1% m/m in November, largely due to a decline in gasoline prices, with core prices rising by 0.3%.**

The latest tourism data for Dubai show total visitor numbers unchanged in the year to September compared with the same period in 2017, at 11.6mn people. Visitor numbers from the top 3 source markets (India, Saudi Arabia and the UK) were down y/y as were visitors from Oman, Kuwait and Pakistan. However, this was offset by a 60% rise in the number of tourists from Russia as well as more visitors from Germany (15% y/y), China (12% y/y) and the US (4% y/y). **The latest Dubai Economy Tracker survey highlights the margin pressures for firms in the travel & tourism sector**, as increased supply coupled with a lack of growth in demand this year have weighed on pricing in the sector. Supply in the hotel sector is expected to continue rising in 2019, as new capacity comes online ahead of Expo 2020.

UK labour market employment change, 000's



Source: Bloomberg, Emirates NBD Research

Today's Economic Data and Events

	Time	Cons		Time	Cons
Eurozone industrial prod.	14:00	0.1%	US CPI	17.30	0.0%

Source: Bloomberg, Emirates NBD Research.

Fixed Income

Treasuries traded lower but pared some of those losses as Donald Trump threatened to shut down the government if his demands for border wall is not met. Yields on the 2y UST, 5y UST and 10y UST closed at 2.76% (+4 bps), 2.74% (+3 bps), 2.87% (+2 bps) respectively.

Regional bonds continued to trade in a tight range. The YTW on the Bloomberg Barclays GCC Credit and High Yield index rose +1 bp to 4.63% and credit spreads tightened 2 bps to 188 bps.

Saudi Arabia raised SAR 2bn after completing a tap offering of 2018 issuance. The money was raised in three tranches of 2023, 2025 and 2028.

FX

GBPUSD fell an additional 0.59% on Tuesday to close at 1.2487, having hit yet another new 20-month low of 1.2480. This retest and break of the 1.25 level was in line with our expectations and should the price continue to close the day below the two-year 23.6% Fibonacci retracement (1.2550), we expect a more significant decline can be expected.

Wednesday morning begins with AUD as the strongest performer, gaining on risk appetite as equities rise during the Asia session. As we go to print, AUDUSD is trading 0.22% higher at 0.7222. We expect support to be found at the 50-day moving average (0.7187) and resistance at the 100-day moving average (0.7230), with both levels having provided support and resistance towards the latter half of last week, and thus far this week.

On the other end of the spectrum, JPY is the worst performing G-10 currency, as risk appetite has triggered yen weakness. USDJPY currently trades at 113.46.

Equities

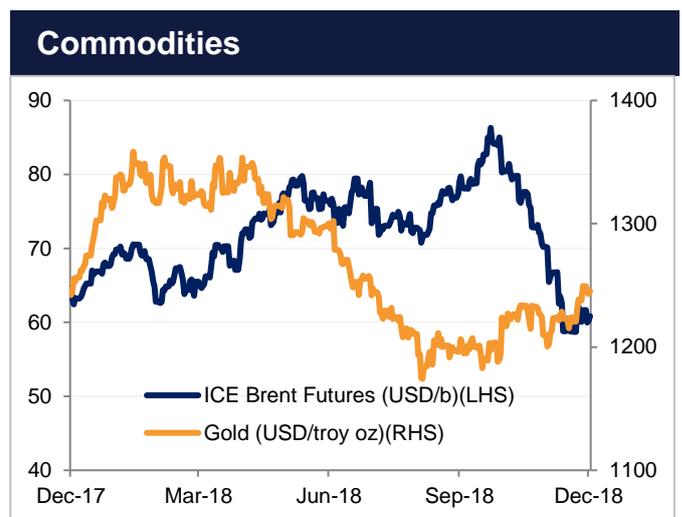
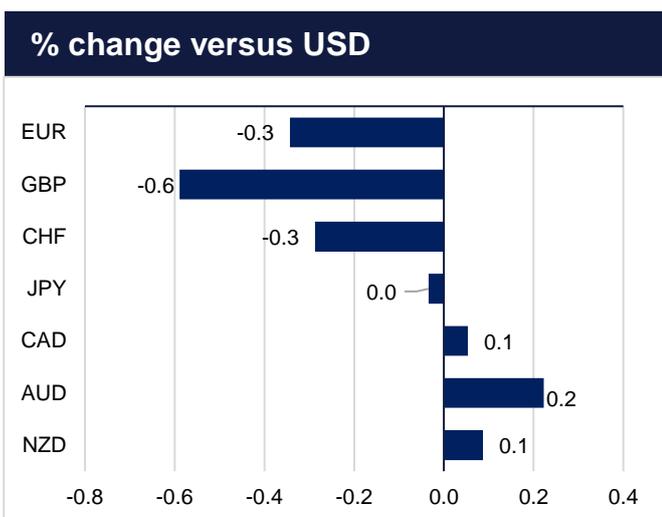
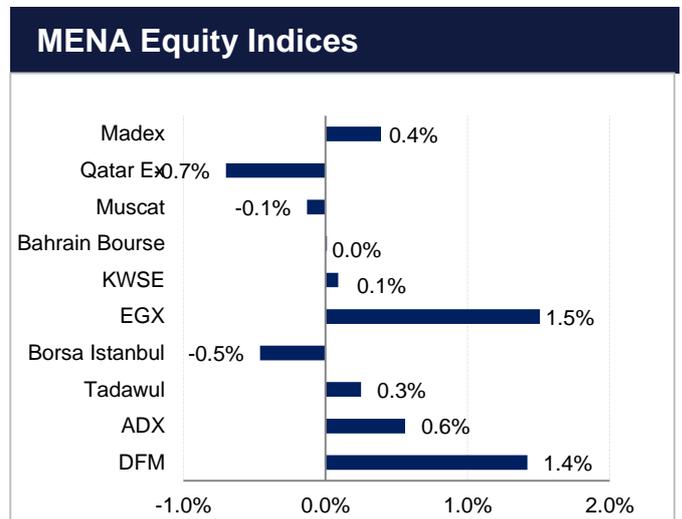
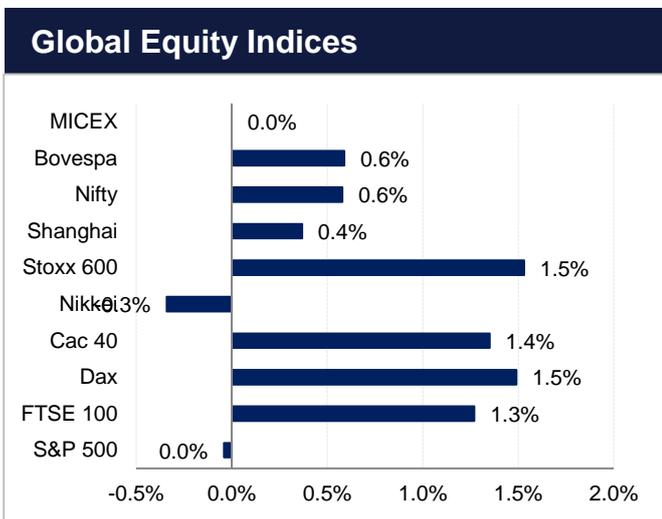
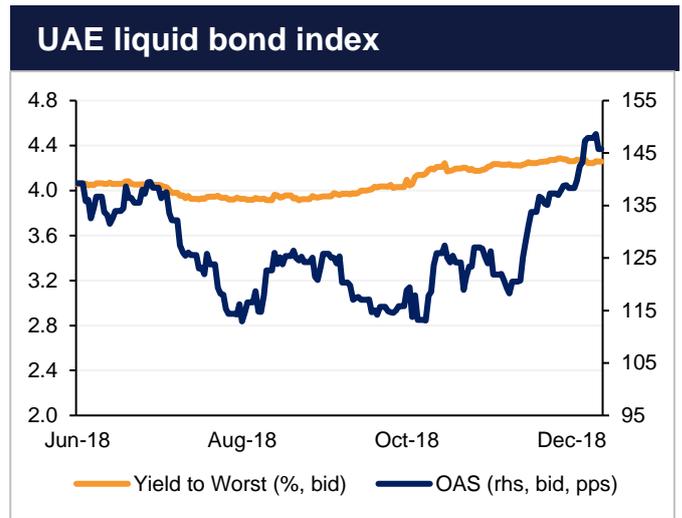
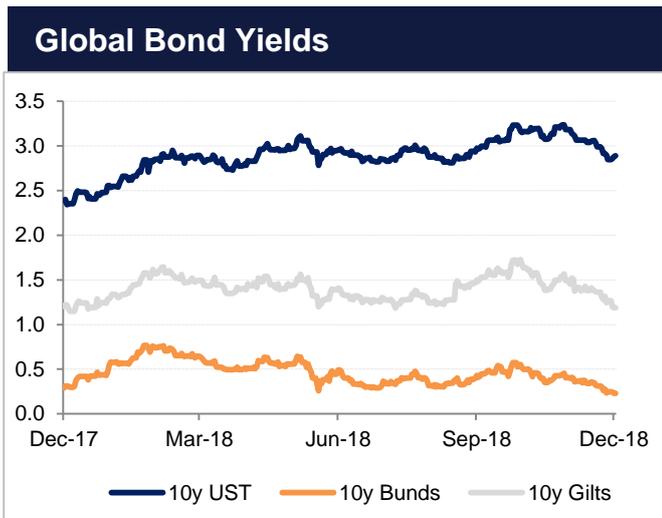
Developed markets closed mixed amid some development on the US-China trade talks. The S&P index gave up intraday gains to close flat while the Euro Stoxx 600 index added +1.5%.

There was a rebound in regional equities. The DFM index added +1.4% while the Tadawul gained +0.3%. Emaar Properties and Dubai Investments led the rally on the DFM with gains of +2.8% and +11.1%.

Commodities

Oil gained overnight with WTI seeing gains of nearly 1.3% and Brent up around 0.4% as market anxiety over the impact of a trade dispute between China and the US eased (industrial metals followed suit). Both contracts are up nearly 1% in early morning trading. The EIA released its latest short term projections for the oil market and expects oil supply from the US to grow by 1.18m b/d next year, slightly higher than previously although the upgrade is thanks to a marginal downgrade for this year's forecast. At the end of 2019 the EIA expects the US to supply around 12.29m b/d. The agency has also been lowering its forecast for the amount of crude needed from OPEC for the last three reports.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1317	-0.34	1.1689	USDTRY	5.3651	+0.75	EURAED	4.1567	-0.34
GBPUSD	1.2487	-0.59	1.2717	USDEGP	17.9279	-0.11	GBPAED	4.5866	-0.59
USDJPY	113.38	+0.04	109.82	USDSAR	3.7517	--	JPYAED	0.0324	-0.03
USDCAD	1.3390	-0.06	1.3298	USDQAR	3.6800	+0.76	CADAED	2.7429	+0.05
AUDUSD	0.7206	+0.22	0.7252	USDKWD	0.3041	+0.04	AUDAED	2.6460	+0.20
USDCHF	0.9933	+0.29	0.9576	USDBHD	0.3770	+0.00	CHFAED	3.6977	-0.29
EURGBP	0.9062	+0.23	0.9191	USDOMR	0.3848	-0.07	TRYAED	0.6800	-1.41
USDAED	3.6730	--	3.6762	USDINR	72.1250	+1.10	INRAED	0.0552	+8.94

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.5013	2.9038	3.1646	3.6150	USD 2 yr	2.889	+3
USD LIBOR	2.4205	2.7759	2.8779	3.0840	USD 5 yr	2.837	+3
GBP LIBOR	0.7369	0.9070	1.0284	1.1518	USD 10 yr	2.915	+3
JPY LIBOR	-0.1725	-0.1087	-0.0057	0.1058	EUR 2 yr	-0.144	-1
CHF LIBOR	-0.8316	-0.7406	-0.6646	-0.5260	EUR 5 yr	0.270	+1
					EUR 10 yr	0.855	--

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1243.25	-0.10	ADGB 6.75 19	2.42	--	Abu Dhabi	67	--
Silver	14.56	+0.21	DUGB 7.75 20	3.39	--	Bahrain	299	--
Oil (WTI)	51.65	+1.27	QATAR 6.55 19	2.64	+1	Dubai	129	-1
Aluminium	1927.50	-0.06	US Tsy 2 yr	2.76	+3	Qatar	79	--
Gold	1243.25	-0.10	ADGB 6.75 19	2.42	--	Saudi Arabia	95	-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

Jonathan Morris
General Manager Wholesale Banking
JonathanM@emiratesnbd.com

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

Anita Yadav
Head of Fixed Income Research
+9714 230 7630
anitay@emiratesnbd.com

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

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

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

Mohammed Altajir
FX Analytics and Product Development
+9714 609 3005
mohammedtaj@emiratesnbd.com

Hessa Al Khawaja
Research Associate
+9714 609 3015
hessaalkh@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