



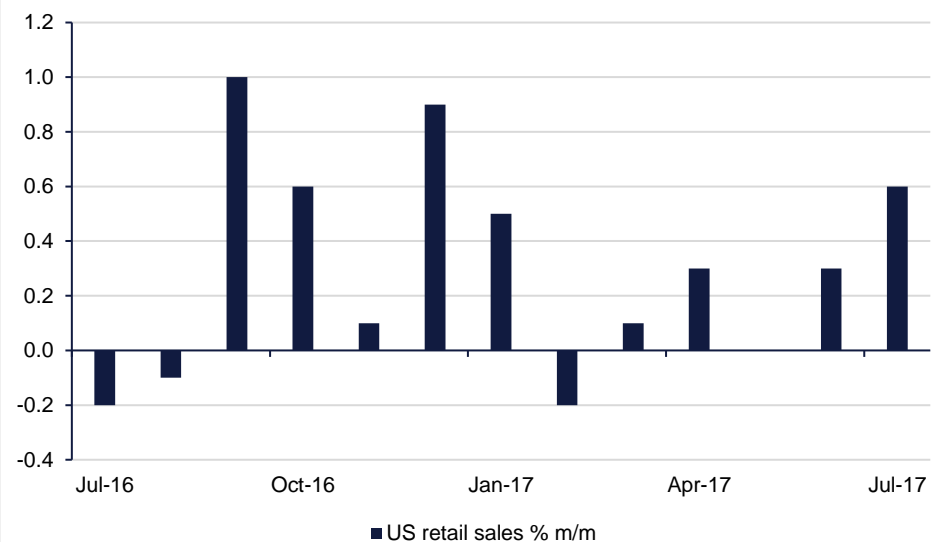
Daily Outlook

US retail sales rose 0.6% in July, much stronger than expected especially when combined with upward revisions to May and June. Furthermore sales ex-autos were also up by a hefty 0.5%. The data reinforces expectations that consumption will contribute positively to growth in Q3. The dollar rose on the news as did bond yields although with inflation still subdued it is unlikely that there will be any change in the Fed's messaging about taking their time to raise interest rates further. **Other data from the US was also positive with the NAHB house price index climbing to 68 in August from 64 in July.** Housing starts will be released later today and the markets will also watch out for the minutes from the July FOMC meetings where they will be looking for further insights about the timing of balance sheet normalization which is widely expected to be announced in September.

UK inflation remained at 2.6% in July, less than the market anticipated causing the markets to doubt if the Bank of England would make good on its promise to raise interest rates soon. Not only was CPI steady but there were signs that pipeline price pressures were also easing as input and output price producer price inflation both fell back. **The last few months have been littered with mixed messages about interest rates from the Bank** with the minutes of the last MPC meeting showing officials backing off a little from their prior position where an increasing number were looking to tighten policy. The pound dropped back on the inflation news and it now awaits news on employment and wages which are due out today.

Finally Germany saw its GDP growth reported at 0.6% in Q2 yesterday, a little softer than expected but still firm enough to mean that Eurozone GDP will probably be confirmed at 0.6% as well later today.

US retail sales rise strongly in July



Source: Bloomberg, Emirates NBD Research.

Day's Economic Data and Events

	Time	Cons		Time	Cons
UK Unemployment	12.30	4.5%	US Housing starts	16.30	0.4%
Eurozone Q2 GDP	13.00	0.6%	US FOMC minutes	22.00	

Source: Bloomberg.

Fixed Income

The move back to risk assets helped yields climb the past two days. Yields on 10yr USTs closed almost 5bps higher at 2.26% while the positive US retail sales figures helped the curve steepen with the 2-10 spread back above 90bps. Softer than expected inflation figures in the UK helped push gilt yields lower while bunds were largely unchanged.

GCC bonds were well bid with credit spreads on Bbg Barclays GCC index tightening 5bps to 142bps and yield narrowing a bp to 3.36%. In the corporate development, Dana Gas reported better than expected results yesterday reflecting 77% increase in net profit to \$23 million for the first half 2017. However bonds remain under pressure pending outcome of the court case relating to sukuk illegality.

EA Partner bonds fell further even though Etihad Airways stated plans to provide no further support to its minority owned Air Berlin which filed for bankruptcy. EAPART 20s closed down by almost a point with yield rising to 9.46% (+30bps).

FX

GBP was the main mover yesterday falling back on weaker than expected UK inflation data, which cast doubt on the likelihood of a Bank of England interest rate hike anytime soon. The USD also benefited across the board from the strong retail sales data from the US. While this is unlikely to twist the argument in favour of a Fed rate hike in September, it may make December a more serious contender for a move, in line with our own expectations.

Of technical significance is the recent movements of NZDUSD cross, which while virtually unchanged this morning at 0.7234, has had two previous days of declines which have broken the supporting baseline of the daily uptrend that had been in effect since 12th May 2017. This exposes vulnerability to further declines towards the 100 day moving average of 0.7151.

Equities

Developed market equities continued to hold onto their recovery from declines of last week amid stronger than expected economic data both in the US and the Eurozone. The Euro Stoxx 50 index added +0.3% while the S&P 500 index closed flat.

Regional equities continued to suffer from weak corporate earnings. The DFM index and the Tadawul dropped -0.2% and -0.3% respectively.

Union Properties, which accounted for nearly one-third of total volume on the DFM, dropped -4.3% after the company reported a net loss of AED 2.29bn for Q2 2017. The company attributed the loss to provisions following the finding out of an accounting error made in 2015. Marka dropped -5.1% after the company reported losses for Q2 2017.

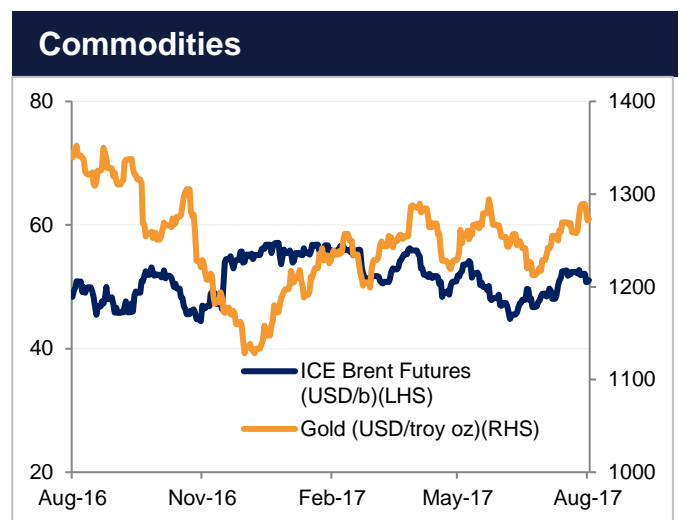
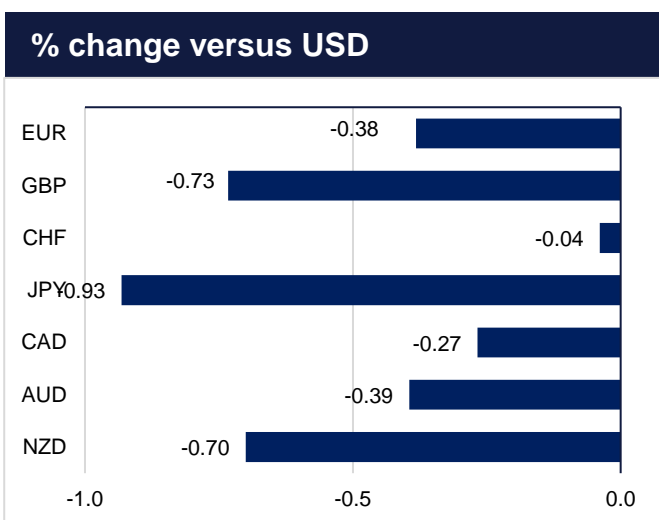
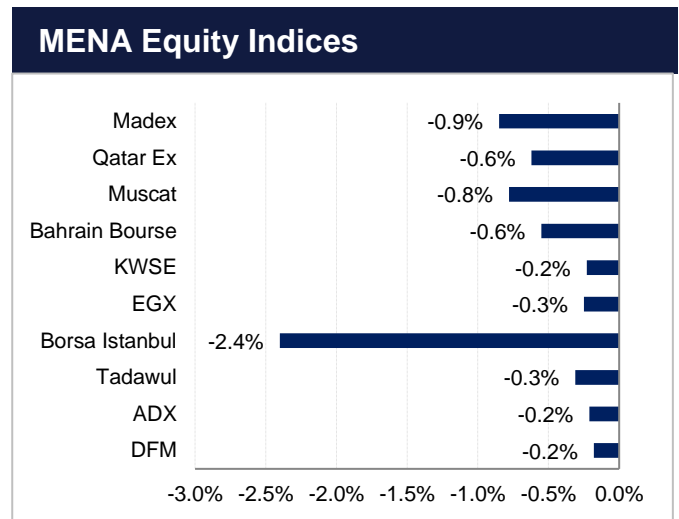
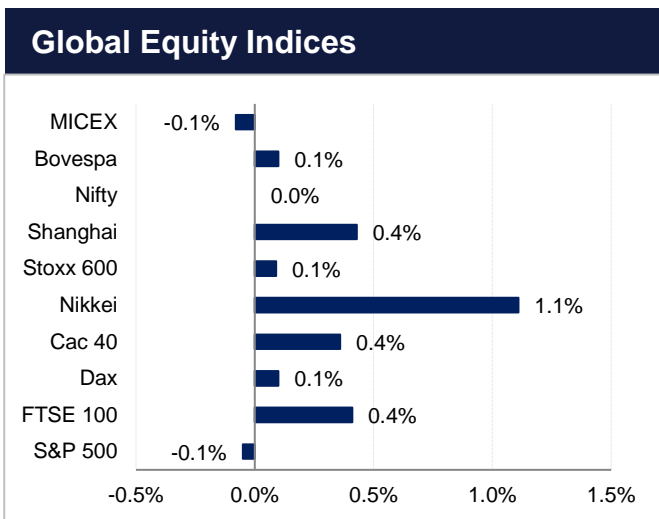
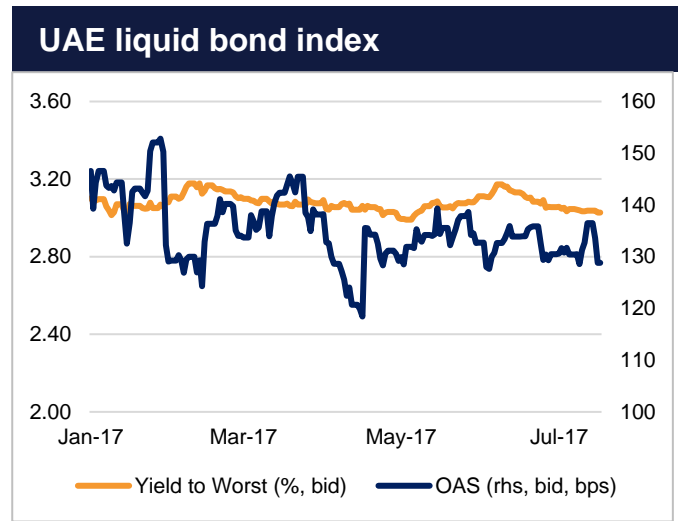
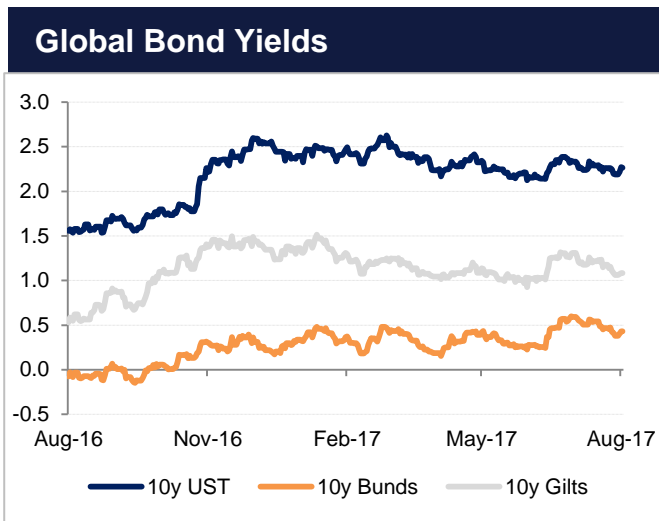
Telecom Egypt gained +1.1% after the company reported a 22% y/y increase in Q2 2017 net profit to EGP 1.27bn.

Commodities

Oil prices held roughly flat overnight as the market weighed a draw in US inventories against disappointing figures from China. Data from the EIA will be out later this evening with expectations for a draw in crude stocks of over 3m bbl. Both the Brent and WTI futures curves remain flat while volatility is sagging from recent highs.

Gold has lost ground two days running as risk-off trades ebbed, taking the rest of the precious metals down with it. Confirmation of capacity closures in China helped push aluminium futures up 1.3% to just shy of USD 2,050/tonne.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1735	-0.38	1.1984	USDTRY	3.5353	+0.27	EURAED	4.3103	-0.39
GBPUSD	1.2869	-0.73	1.3031	USDEGP	17.7581	+0.08	GBPAED	4.7272	-0.72
USDJPY	110.67	+0.95	108.50	USDSAR	3.7502	--	JPYAED	0.0332	-0.93
USDCAD	1.2757	+0.28	1.2720	USDQAR	3.6645	-0.01	CADAED	2.8791	-0.28
AUDUSD	0.7821	-0.39	0.7787	USDKWD	0.3020	+0.05	AUDAED	2.8725	-0.39
USDCHF	0.9725	+0.05	0.9486	USDBHD	0.3771	--	CHFAED	3.7771	-0.03
EURGBP	0.9119	+0.35	0.9196	USDOMR	0.3850	-0.00	TRYAED	1.0400	-0.17
USDAED	3.6730	--	3.6805	USDINR	64.2925	+0.27	INRAED	0.0571	-0.27

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.3163	1.5278	1.7613	2.1507	USD 2 yr	1.607	+3
USD LIBOR	1.2278	1.3142	1.4500	1.7179	USD 5 yr	1.895	+5
GBP LIBOR	0.2515	0.2796	0.4053	0.5930	USD 10 yr	2.224	+5
JPY LIBOR	-0.0424	-0.0364	-0.0031	0.1076	EUR 2 yr	-0.169	+1
CHF LIBOR	-0.7808	-0.7254	-0.6506	-0.5036	EUR 5 yr	0.220	+1
					EUR 10 yr	0.852	+1

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1271.53	-0.83	ADGB 6.75 19	1.75	+1	Abu Dhabi	54	-1
Silver	16.64	-2.58	DUGB 7.75 20	2.59	-1	Dubai	112	-5
Oil (WTI)	47.55	-0.08	QATAR 6.55 19	2.19	-0	Qatar	93	-2
Aluminium	2054.25	+1.33	US Tsy 2 yr	1.35	+3	Saudi Arabia	90	-2
Copper	6344.00	-0.37	US Tsy 10 yr	2.27	+5	Bahrain	225	-4

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
 Group Treasurer & EVP 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

Shady Shafer Elborno
 Head of Macro Strategy
 +9714 2012300
 shadyb@emiratesnbd.com

Athanasios Tsetsonis
 Sector Economist
 +9714 230 7629
 athanasios@emiratesnbd.com

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

Mohammed Al-Tajir
 Manager, FX Analytics and Product Development
 +9714 609 3005
 mohammedtaj@emiratesnbd.com

Aditya Pugalia
 Analyst
 +9714 230 7802
 adityap@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
 vallancel@emiratesnbd.com

Egypt
 Gary Boon
 +20 22 726 5040
 garyboon@emiratesnbd.com

Emirates NBD Capital

Ahmed Al Qassim
 CEO- Emirates NBD Capital
 AhmedAQ@emiratesnbd.com

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