



بنك الإمارات دبي الوطني
Emirates NBD

Daily
22 November 2018

www.emiratesnbdresearch.com

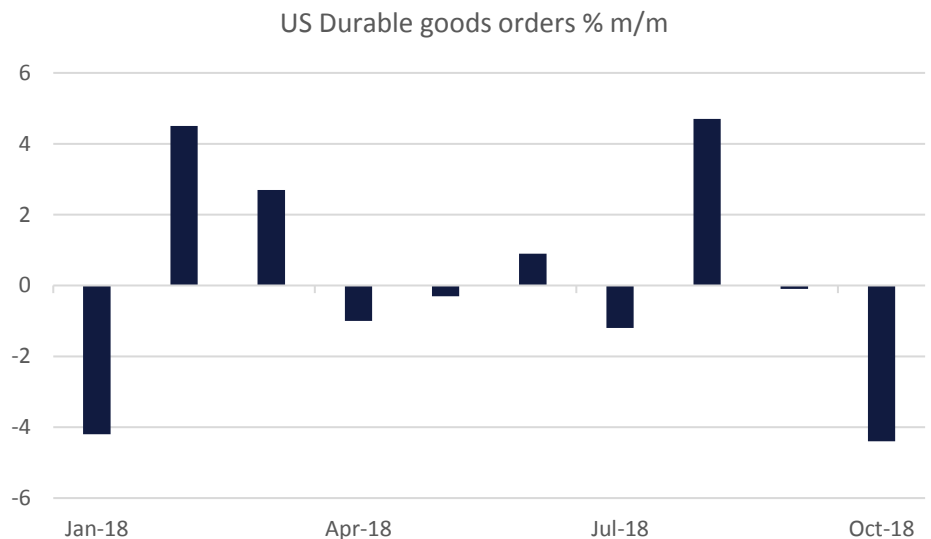
Daily Outlook

US Thanksgiving day holidays will likely mute market activity today and tomorrow, which might be a welcome development in view of the recent weakness in U.S. indices, even though small recoveries were posted yesterday. The more the overall softness persists, however, the more the question will become whether policymakers will react, namely whether the Fed will hold back from raising interest rates.

The probability of a ¼ point December Fed hike has only receded marginally from last week, currently standing at 73% from 76% a week ago. However, it is what the Fed will do next year that is becoming the main issue. **US durable goods orders data for October released yesterday sank by -4.4% m/m, with transportation (-12.2%) and defense (-38.9%) leading the decline.** Furthermore the September data was also revised lower to -0.1% from 0.7% previously. Other data also showed consumer confidence softer than expected and jobless claims higher. **Overall the data adds to evidence that the U.S. economy is already beginning to slow**, and this may be another factor that the Fed will have to weigh when it comes to how much to tighten by in 2019.

On our recent trip to the U.S. the broad view we received was that the Fed could hike rates by 3-4 times next year. However, markets have never really endorsed this view and are currently only seeing scope for 1-2 further rate hike next year. Our own view has been to expect 2 hikes as well as we also anticipate that the economy will slow, due to the combined effect of cumulative monetary policy tightening and the impact of trade tariffs. If more data to support this view begins to be seen then Fed Chair Powell is likely to start making the case for more moderate rate moves at the December FOMC meeting, potentially dialling back on the current 3x25bps 'dot-plot'.

Durable goods orders point to softer US growth



Source: Bloomberg, Emirates NBD Research

Today's Economic Data and Events

	Time	Cons		Time	Cons
US Thanksgiving Holiday			EU Consumer confidence	19.00	-3.0

Source: Bloomberg, Emirates NBD Research.

Fixed Income

Treasuries traded in a tight range. Yields on the 2y UST, 5y UST and 10y UST closed at 2.81% (+1 bp), 2.89% (flat), 3.06% (flat) respectively.

Regional bonds too remained flat. The YTW on the Bloomberg Barclays GCC Credit and High yield index remained unchanged and credit spreads tightened slightly to 188 bps.

According to reports, EA Partners 1 failed to get consent for sale of claims.

FX

The USD was sluggish overnight and looks likely to remain so in view of Thanksgiving holidays in the US impacting liquidity over the next 48 hours. Weak U.S. economic data yesterday maintained a soft overall tone to the USD, with reports circulating that the Fed may pause its tightening program in spring next year.

Equities

Developed market equities rebounded from the recent sell-off. However, volumes remained thin ahead of holiday in the US. The S&P 500 index and the Euro Stoxx 600 index added +0.3% and +1.1% respectively.

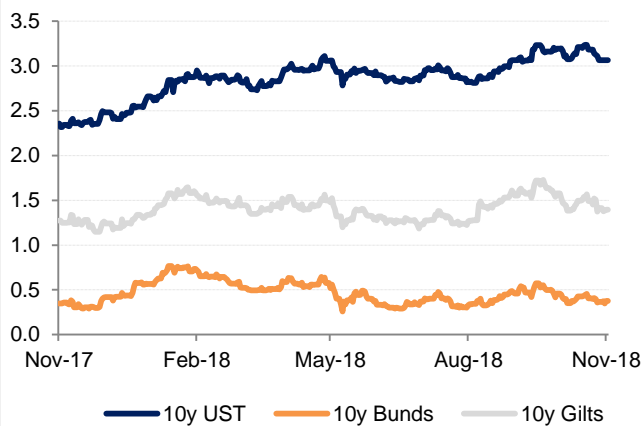
Regionally, markets were largely positive. The DFM index and the Tadawul added +0.2% and +0.1% respectively. There was very little in terms of specific stock movements.

Commodities

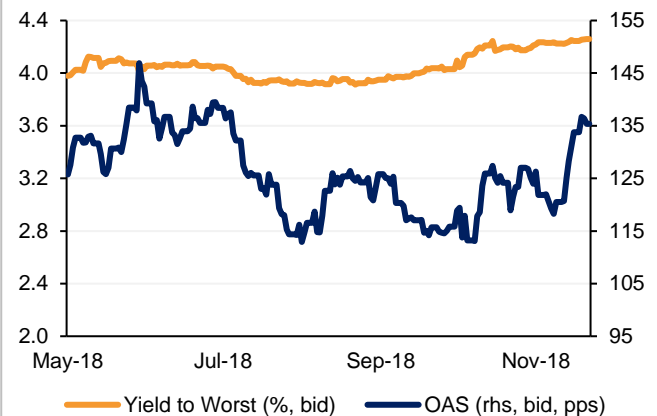
WTI recovered after falling to \$53.98 following the EIA inventory data which showed a 4.9mn barrel rise in crude stocks. Markets had been expecting a 3.0mn increase, though the API reported a 1.5mn barrel draw on Tuesday. Meanwhile, gasoline supplies, seen flat, actually fell 1.3mn barrels, while distillate stocks were down 100k barrels versus expectations for a 2.5mn barrel draw. Pre-holiday short covering after the week's slide, along with an improved risk sentiment, were the main drivers.

Markets in Charts

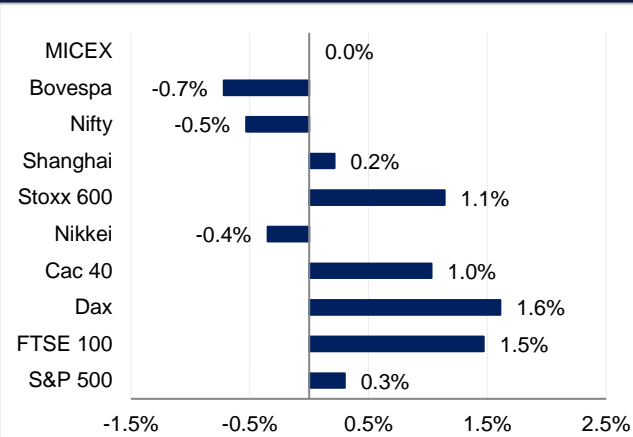
Global Bond Yields



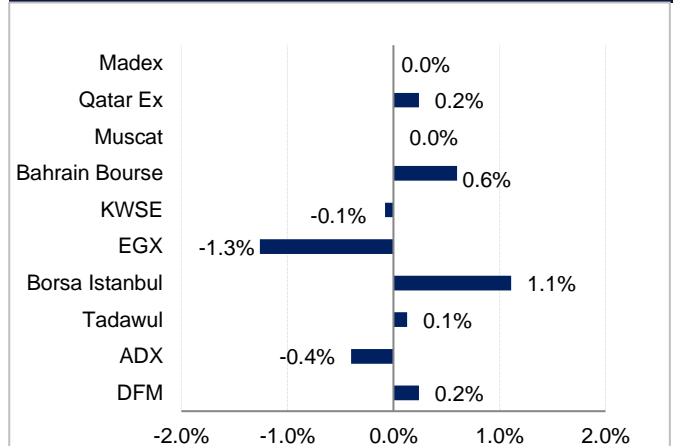
UAE liquid bond index



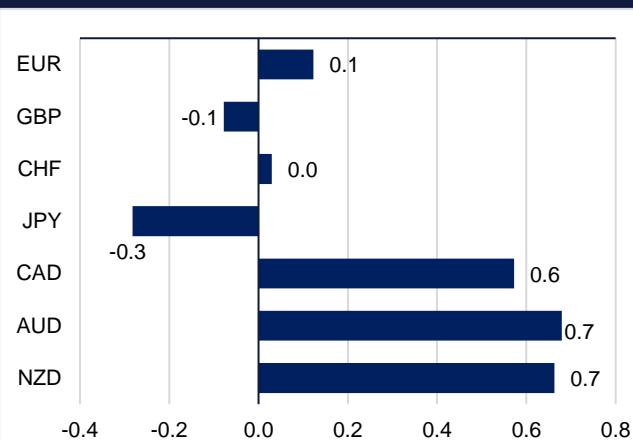
Global Equity Indices



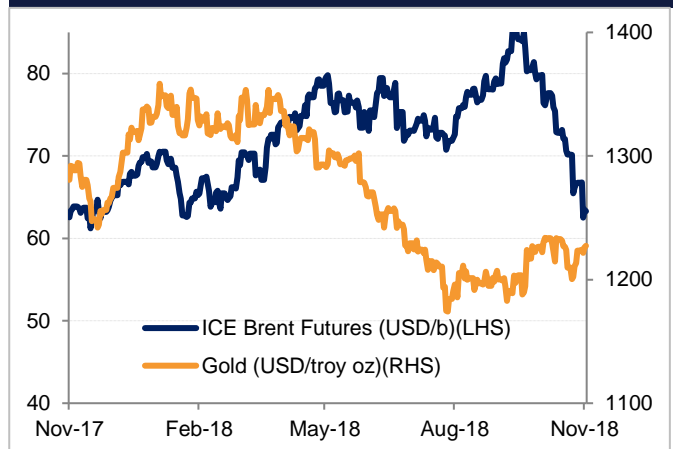
MENA Equity Indices



% change versus USD



Commodities



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1384	+0.12	1.1770	USDTRY	5.3083	-1.30	EURAUD	4.1820	+0.13
GBPUSD	1.2778	-0.08	1.3020	USDEGP	17.9344	+0.13	GBPAED	4.6934	-0.07
USDJPY	113.06	+0.26	109.45	USDSAR	3.7519	-0.01	JPYAED	0.0325	-0.28
USDCAD	1.3231	-0.56	1.3150	USDQAR	3.6800	+0.77	CADAED	2.7759	+0.57
AUDUSD	0.7263	+0.68	0.7311	USDKWD	0.3042	+0.11	AUDAED	2.6675	+0.68
USDCHF	0.9949	-0.05	0.9581	USDBHD	0.3770	-0.01	CHFAED	3.6926	+0.02
EURGBP	0.8910	+0.20	0.9041	USDOMR	0.3850	+0.00	TRYAED	0.6900	+1.03
USDAED	3.6730	--	3.6763	USDINR	71.1588	-0.42	INRAED	0.0552	+7.37

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.4153	2.7225	3.0038	3.4440	USD 2 yr	3.007	+1
USD LIBOR	2.3151	2.6769	2.8859	3.1104	USD 5 yr	3.039	+1
GBP LIBOR	0.7336	0.8883	1.0034	1.1402	USD 10 yr	3.132	+0
JPY LIBOR	-0.1062	-0.1107	0.0022	0.1180	EUR 2 yr	-0.136	-0
CHF LIBOR	-0.7864	-0.7454	-0.6696	-0.5366	EUR 5 yr	0.311	-1
					EUR 10 yr	0.923	+0

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1226.04	+0.36	ADGB 6.75 19	2.42	--	Abu Dhabi	69	-1
Silver	14.51	+1.30	DUGB 7.75 20	3.46	-2	Bahrain	278	3
Oil (WTI)	54.63	+2.25	QATAR 6.55 19	2.70	-2	Dubai	124	--
Aluminium	1943.00	+0.71	US Tsy 2 yr	2.81	+1	Qatar	74	0
Copper	6269.00	+1.02	US Tsy 10 yr	3.06	-0	Saudi Arabia	94	-1

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 Sakhalakar
 +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