



بنك الإمارات دبي الوطني  
Emirates NBD

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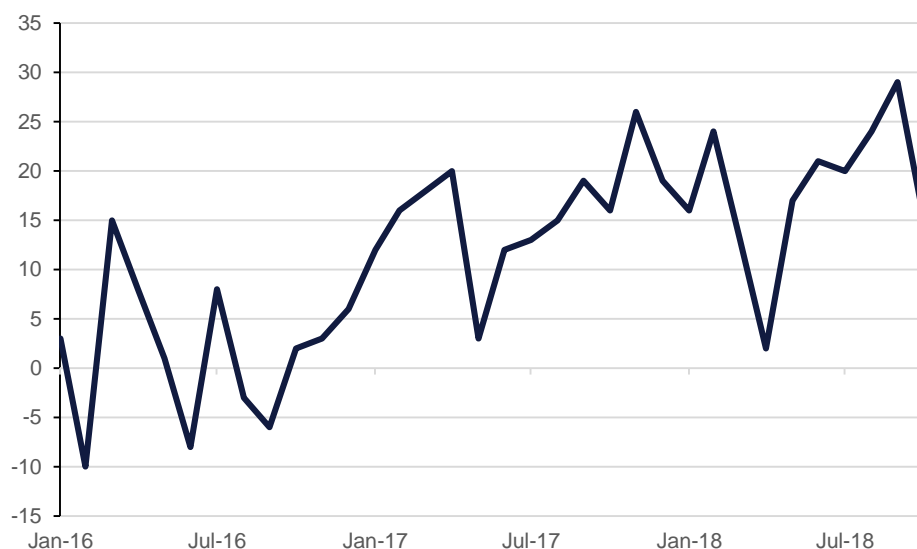
# Daily Outlook

In the US, the Richmond manufacturing survey, the regional Fed factory index for a number of East Coast states fell far short of consensus expectations, coming in at 15 compared to estimates of 24 and September's record reading of 29. The index is still well into expansionary territory (above 0) but the drop signals that wage rises and the trade war are starting to impact firms. New orders fell while prices paid rose to a seven-year high. Meanwhile, Eurozone consumer confidence exceeded expectations at -2.7 in October. This was better than consensus estimates of -3.2 and will be reassuring to the ECB in the run-up to the Thursday meeting that it has room to withdraw asset purchases later in the year despite mounting risks from trade wars, Brexit and the Italian budget.

DP World's Dubai Q3 container shipping volumes declined 6.7% y/y to 3.6mn TEU according to the company's statement to the Nasdaq released yesterday. This contributed to a 0.5% y/y decline across its global operations on a like-for-like basis. The company attributed the fall in throughput to base effects owing to a strong performance in 2018, and to increased uncertainty in global trade. The move of MSC operations from Jebel Ali to Khalifa Port, Abu Dhabi, will also have weighed on local operations. The transport and logistics sector has been a major driver of economic expansion in the UAE in recent years, and the fall in volumes will weigh on headline real GDP growth.

Staying in the region, Saudi Arabia's Future Investment Initiative got underway in Riyadh yesterday as the kingdom seeks to attract increased foreign investment inflows to support its economic diversification programme. Despite some big-name withdrawals over the political controversy of the past several weeks, the conference is well attended by international banks, corporates, and investment funds. Organisers say they will be signing deals worth USD 50bn in manufacturing, transport, and other sectors, and the success of the event will in part be measured by this in view of the controversy that has surrounded it.

## Richmond manufacturing survey declines



Source: Bloomberg, Emirates NBD Research

## Today's Economic Data and Events

	Time	Cons		Time	Cons
Eurozone manufacturing PMI	12:00	53.0	US manufacturing PMI	17:45	55.3
Bank of Canada rate decision	18:00	1.75%	US new home sales	18:00	625k

Source: Bloomberg, Emirates NBD Research.

## **Fixed Income**

Treasuries closed higher amid sustained weakness in risk assets. Yields on the 2y UST, 5y UST and 10y UST closed at 2.88%, 3.00% and 3.16%.

Regional bonds closed marginally lower amid weakness in emerging market assets. The YTW on the Bloomberg Barclays GCC Credit and High Yield index ended the day at 4.63% while credit spreads remained widened to 166 bps.

According to reports, Oman has hired banks for a potential 7-year sukuk.

## **FX**

This morning, AUD is outperforming and has gained on the other major currencies. The main catalyst behind this appreciation is the rebound in Asian equities which have boosted investor risk appetite. As we go to print, AUDUSD is trading 0.26% higher at 0.71038. Despite these gains, analysis of the daily candle chart shows that the price remains in a downtrend that has been intact since January 2018. In order to break out, the cross needs to realize a daily close above 0.7195, the resistive cap of this trend line and the 50-day moving average.

On the other end of the spectrum, increasing risk appetite has resulted in JPY softness and USDJPY is currently trading 0.12% higher at 112.57. While the price remains above the supportive 50-day moving average (112.07), further gains can be expected.

## **Equities**

Developed market equities closed lower as the feel-good factor on account of proposed fiscal stimulus in China subsided. Mixed corporate earnings also weighed on investor sentiment. The S&P and the Euro Stoxx 50 index lost -0.6% and -1.5% respectively.

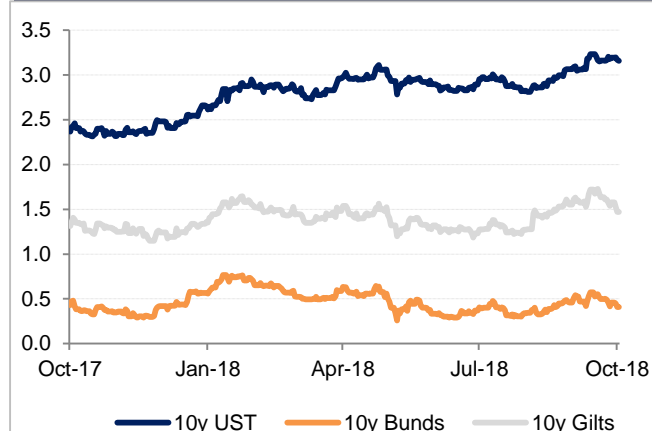
It was a mixed day of trading for regional equity markets. Maaden rose +6.1% after the company signed a deal with a Korean company to build an ammonia plant. DP World rose +4.8% even as the company reported a 6.7% drop in container volumes in Q3 2018.

## **Commodities**

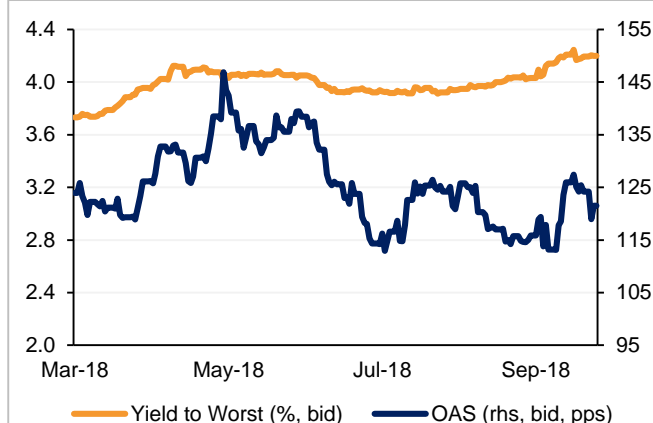
Oil markets fell heavily overnight after Saudi Arabia's energy minister reiterated that the Kingdom would ensure supply to customers even after US sanctions on Iran come into effect next month. Private sector data also reported another large (9.9m bbl) build in US crude inventories. Both Brent and WTI futures closed down around 4% and pushed Brent solidly back below USD 80/b.

## Markets in Charts

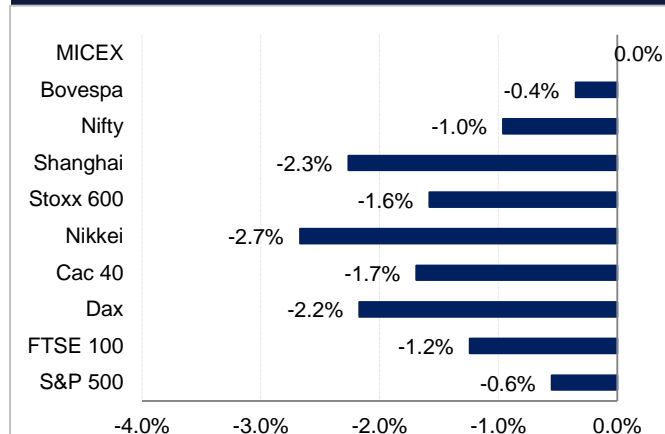
### Global Bond Yields



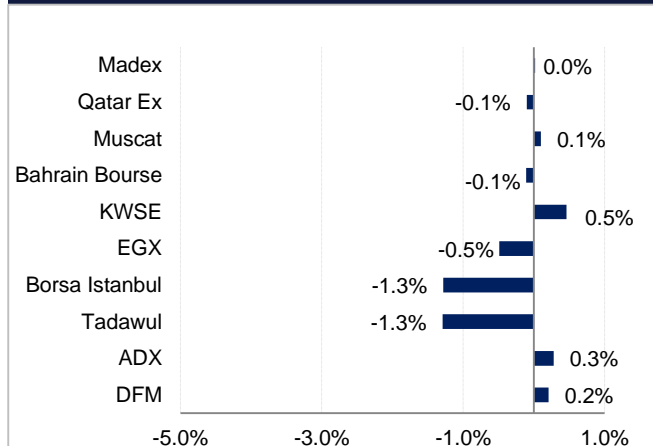
### UAE liquid bond index



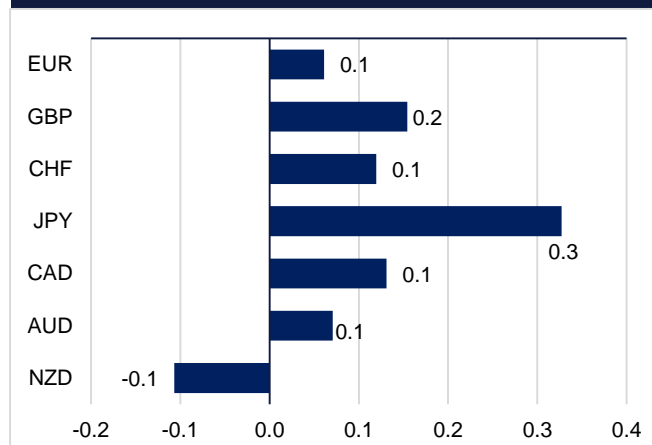
### Global Equity Indices



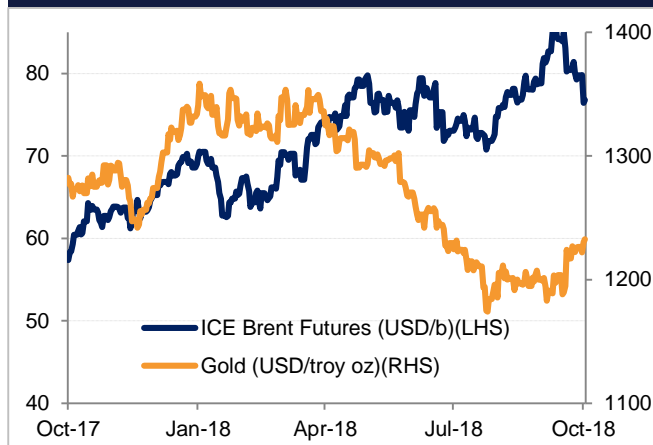
### MENA Equity Indices



### % change versus USD



### Commodities



Source: Bloomberg, Emirates NBD Research

## Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1471	+0.06	1.1861	USDTRY	5.7400	+1.24	EURAUD	4.2133	+0.06
GBPUSD	1.2983	+0.15	1.3237	USDEGP	17.9174	+0.01	GBPAED	4.7687	+0.14
USDJPY	112.44	-0.34	108.86	USDSAR	3.7518	-0.01	JPYAED	0.0327	+0.34
USDCAD	1.3085	-0.12	1.3000	USDQAR	3.6800	+1.07	CADAED	2.8071	+0.12
AUDUSD	0.7086	+0.07	0.7133	USDKWD	0.3035	+0.05	AUDAED	2.6028	+0.08
USDCHF	0.9949	-0.11	0.9581	USDBHD	0.3770	-0.00	CHFAED	3.6923	+0.14
EURGBP	0.8836	-0.10	0.8961	USDOMR	0.3850	--	TRYAED	0.6400	-1.21
USDAED	3.6730	--	3.6765	USDINR	73.1513	-0.56	INRAED	0.0552	+10.76

## Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.4363	2.6650	3.0025	3.4278	USD 2 yr	3.078	-2
USD LIBOR	2.2865	2.4874	2.7293	3.0310	USD 5 yr	3.159	-3
GBP LIBOR	0.7244	0.8046	0.9087	1.0716	USD 10 yr	3.236	-2
JPY LIBOR	-0.1075	-0.0913	0.0137	0.1253	EUR 2 yr	-0.113	-0
CHF LIBOR	-0.7842	-0.7404	-0.6636	-0.5318	EUR 5 yr	0.381	-2
					EUR 10 yr	0.974	-3

## Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1230.30	+0.67	ADGB 6.75 19	2.42	--	Abu Dhabi	69	+1
Silver	14.74	+1.18	DUGB 7.75 20	3.57	-2	Bahrain	282	-4
Oil (WTI)	66.43	-3.96	QATAR 6.55 19	2.59	-23	Dubai	129	+1
Aluminium	1982.50	-0.60	US Tsy 2 yr	2.88	-3	Qatar	77	+1
Copper	6194.50	-0.77	US Tsy 10 yr	3.17	-3	Saudi Arabia	98	--

Source: Bloomberg, Emirates NBD Research

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