



بنك الإمارات دبي الوطني
Emirates NBD

Daily
26 September 2016

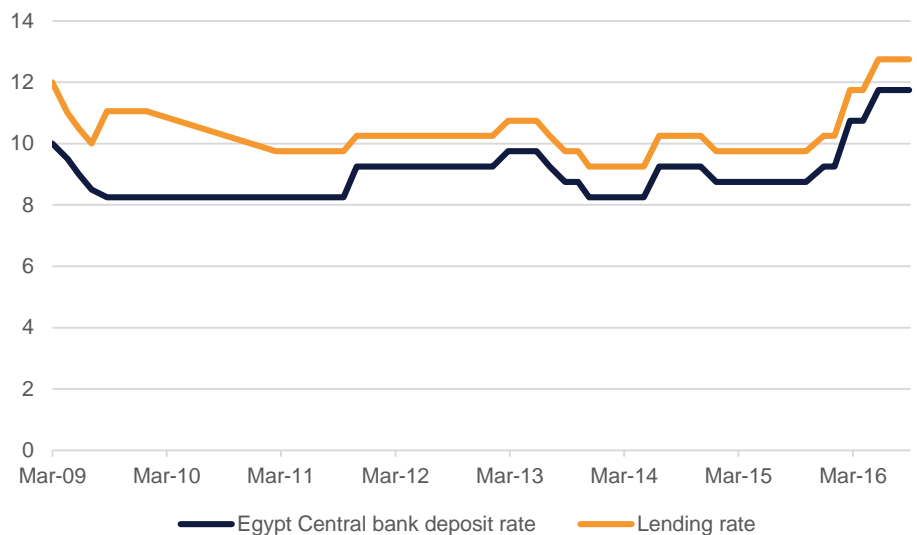
Daily Outlook

Following on from the policy announcements in the US and Japan last week, the markets will continue to mull their impact. So far the verdict on the BOJ's 'yield curve control' policy has been relatively cautious, but we would be surprised if the new steps will yield positive results any time soon. **In the US, the focus will be on the follow-up comments from Fed officials to the Fed's decision to leave interest rates on hold, with 12 FOMC members due to speak this week.** All eyes will also be on the first debate of the US Presidential election campaign tonight between Donald Trump and Hillary Clinton, and the OPEC summit in Algiers will also be in the spotlight this week.

Bank deposits in the UAE declined for the third month running in August, as GREs withdrew AED 6.7bn from banks last month and non-resident deposits also declined. These outflows were partially offset by higher government (0.5% m/m) and private sector (0.1% m/m) deposits. Total bank deposits fell AED 7.5bn (-0.5% m/m) in August, with annual growth slowing to 3.3% from 3.5% y/y in July. Loan growth also slowed to 5.8% y/y from 6.2% in July. The loan to deposit ratio increased to 104.7% in August, the highest reading since July 2012. **Meanwhile in Saudi Arabia SAMA has announced that it will inject SAR20bn into its banks in the form of time deposits as a means of improving liquidity in the financial system.** SAMA also said that it will introduce 7-day and 28-day repurchase agreements as a 'part of its supportive monetary policy'.

At its latest meeting on September 22, the Central Bank of Egypt (CBE) voted to keep its main interest rates unchanged, with the overnight deposit and lending rates sitting at 11.75% and 12.75% respectively. The decision was unexpected, with a Reuters' poll ahead of the vote showing all 12 contributors expecting rates to be hiked by varying degrees.

Egypt leaves policy rates unchanged



Source: Bloomberg, Emirates NBD Research.

Day's Economic Data and Events

	Time	Cons		Time	Cons
IFO Business Climate	12:00	106.3	IFO Expectations	12:00	100.1
IFO Current Assessment	12:00	112.9	US New Home Sales	18.00	600k

Source: Bloomberg.

Fixed Income

Uneventful outcome from FOMC and BoJ meetings left markets range-bound last week. Reassessment of long term global growth and inflation outlook saw flattening of UST curve and decline of yields on 2yr and 10yr treasuries to 0.75% (-2bps) and 1.61% (-10bps on the week) respectively despite the December rate hike prospects being estimated at 55%. Global cash corporate bonds closed mostly in green as benchmark yields remained subdued. CDS levels on US IG and Euro Main finished close to their opening levels at 77bps (+1bp) and 71bps (+0.5bp) respectively.

Amid a flattening UST curve, local GCC bonds mirrored the sideways movement of oil prices ahead of the OPEC meeting in Algiers this week. There were no idiosyncratic corporate developments to affect any particular bond. Investor sentiment is largely constructive but cautious. Most bonds closed higher in price although average credit spread on Bloomberg GCC bond index rose marginally to 156bps (+3bps) on Friday.

Primary market had no new deal of note, however pipeline is building up with UNB and Oman on the road this week. Kuwait yesterday commented about waiting for the right market conditions to tap the international bond market. Further details are also awaited about large offering from Saudi Arabia. In another news, Saudi Arabia is believed to have provided SAR 20 billion facility to its banks (via term deposits) and also expanded the repo program in order to ease the liquidity constraint in the Saudi banking system.

Equities

Asian equities have started the week marginally lower on the back of weakness in commodity stocks and as it tracks weak close to developed markets over the weekend. The MSCI Asia Pacific index was trading -0.1% at the time of this writing.

Regional equities, too, drifted lower with the Bloomberg GCC 200 index losing -0.3%. However, that was accompanied by low volume with Abu Dhabi index trading as low as USD 12mn.

In terms of stocks, Zain KSA rallied +9.3% on huge volumes after reports that Egypt will consider auctioning its 4G license on the international markets after all three of the country's mobile phone operators turned down an offer to acquire them.

On the DFM index, Arabtec was under focus after a large cross-trade. The DFM confirmed after the market closed that Tasameem Real Estate of Abu Dhabi is now the second largest shareholder in the company with 8.29% stake. This signals the reduction in stake of former CEO Hasan Ismaik.

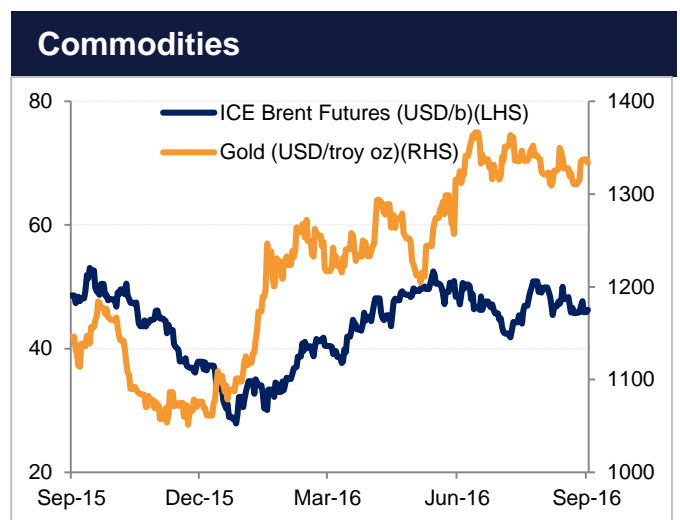
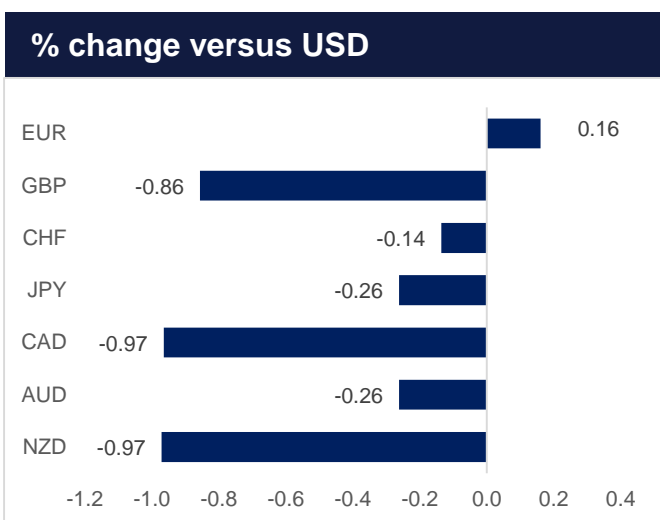
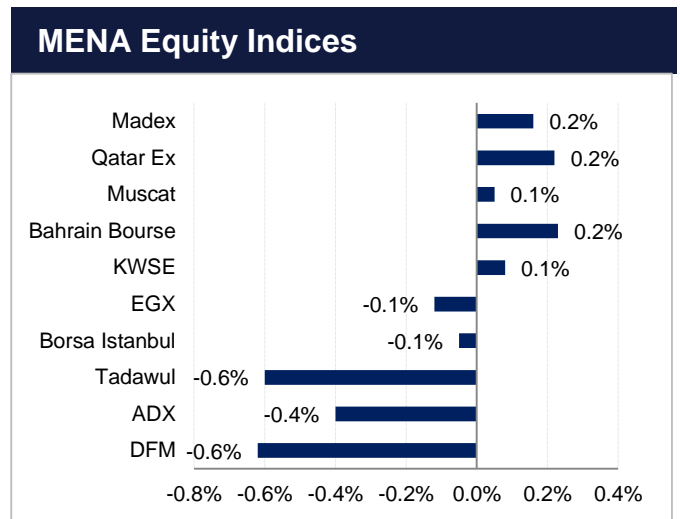
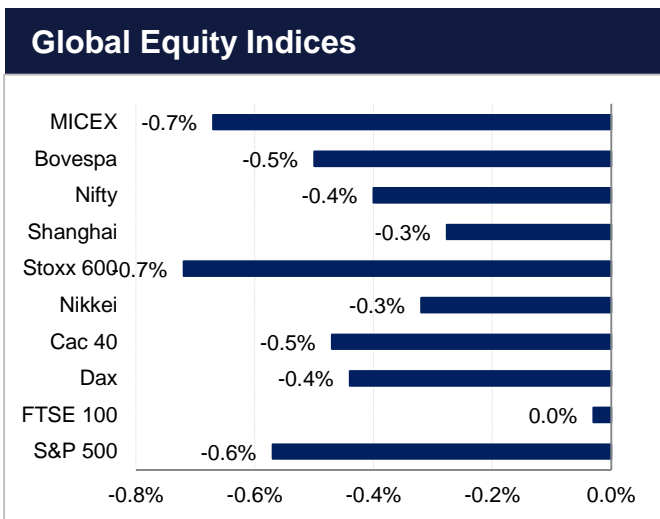
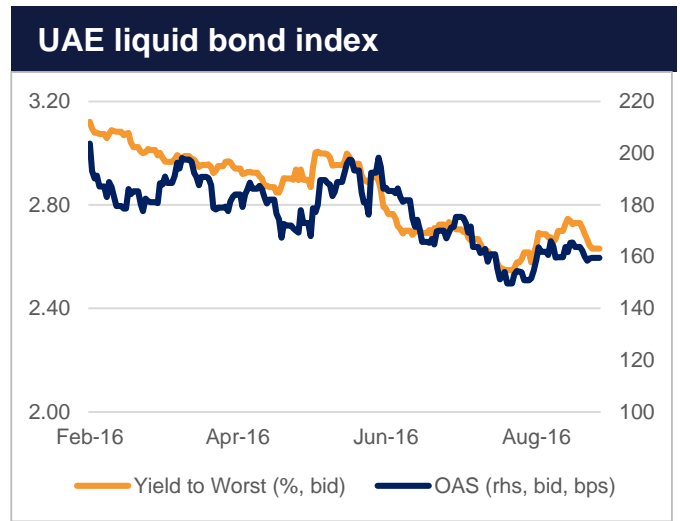
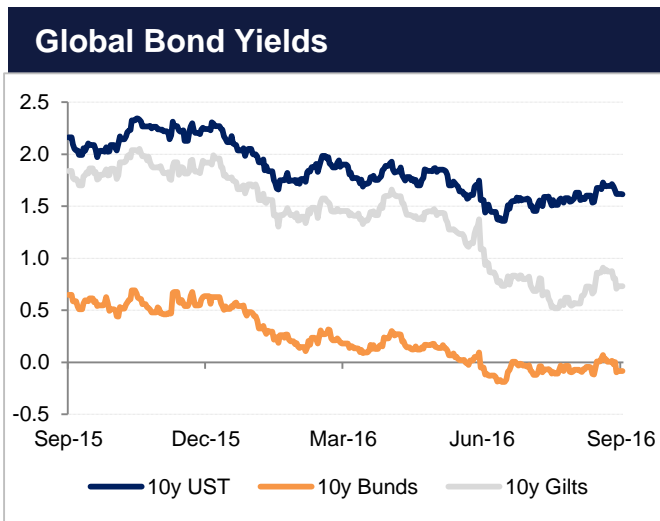
FX

The GBP and the NZD were the weakest currencies last week as their interest rate policy trajectories were seen to contrast with that of the USD. Both the BOE and the RBNZ have intimated recently that rates are likely to be cut further, whilst in the US the Fed looks to be aiming to raise rates in December and in the Eurozone and Japan policy rates appear to be on hold. Amongst the strongest currencies were the NOK, the CHF and the AUD, with the JPY also rallying after the latest BOJ moves, suggests a degree of caution about whether the new policy focus will succeed.

Commodities

Oil prices managed to squeak higher last week as the market moved in all directions thanks to commentary out from OPEC officials about what may be the result of this week's informal meeting on the sidelines of the IEF in Algeria. The latest formulation of an OPEC deal is for Saudi Arabia to cut output if Iran freezes. We remain highly skeptical that a deal will be reached this week that meaningfully addresses the problem facing oil markets, namely that there is still too much oil for current levels of demand. Nevertheless, expect a choppy trading in the sessions ahead but ultimately we expect the market will be left feeling underwhelmed at the end of the week.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1226	+0.16	1.1415	USDTRY	2.9689	+0.90	EURAED	4.1231	+0.15
GBPUSD	1.2966	-0.86	1.3070	USDEGP	8.8790	-0.00	GBPAED	4.7622	-0.86
USDJPY	101.02	+0.26	99.33	USDSAR	3.7513	+0.01	JPYAED	0.0364	-0.26
USDCAD	1.3172	+1.00	1.3134	USDQAR	3.6416	+0.01	CADAED	2.7889	-0.97
AUDUSD	0.7623	-0.26	0.7559	USDKWD	0.3015	+0.05	AUDAED	2.8003	-0.26
USDCHF	0.9704	+0.18	0.9493	USDBHD	0.3770	-0.01	CHFAED	3.7860	-0.14
EURGBP	0.8659	+1.03	0.8735	USDOMR	0.3850	-0.00	TRYAED	1.2400	-0.66
USDAED	3.6730	+0.01	3.6840	USDINR	66.7575	+0.14	INRAED	0.0551	-0.11

Rates

Interbank	1 mo	3 mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	0.7409	1.2589	1.4780	1.7847	USD 2 yr	1.015	-1
USD LIBOR	0.5222	0.8529	1.2447	1.5574	USD 5 yr	1.187	-0
GBP LIBOR	0.2669	0.3763	0.5247	0.7458	USD 10 yr	1.463	+0
JPY LIBOR	-0.0784	-0.0191	0.0071	0.1093	EUR 2 yr	-0.233	-0
CHF LIBOR	-0.8100	-0.7464	-0.6464	-0.4838	EUR 5 yr	-0.149	-0
					EUR 10 yr	0.282	-0

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1337.56	+0.04	ADGB 6.75 19	1.32	-1	Abu Dhabi	68	+1
Silver	19.69	-0.95	DUGB 7.75 20	2.68	-0	Dubai	151	+6
Oil (WTI)	44.48	-3.97	QATAR 6.55 19	1.53	-1	Qatar	88	-2
Aluminium	1629.25	+0.15	US Tsy 2 yr	0.75	-2	Saudi Arabia	149	+1
Copper	4833.00	-0.04	US Tsy 10 yr	1.62	+0	Bahrain	383	-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
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

Jean Paul Pigat
Senior Economist
+9714 230 7807
jeanp@emiratesnbd.com

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

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

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

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

Mohammed Al-Tajir
Research Analyst
+9714 609 3005
mohammedtaj@emiratesnbd.com

Shady Shafer Elborno
Head of Macro Strategy
+9714 2012300
shadyb@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
James Symington
+44 (0) 20 7838 2240
james@emiratesnbd.com

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

Group Corporate Affairs

Ibrahim Sowaidan
+9714 609 4113
ibrahims@emiratesnbd.com

Claire Andrea
+9714 609 4143
clairea@emiratesnbd.com

Investor Relations

Patrick Clerkin
+9714 230 7805
patricke@emiratesnbd.com