بنك الإمارات دبي الوطني
Emirates NBD

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Daily Outlook

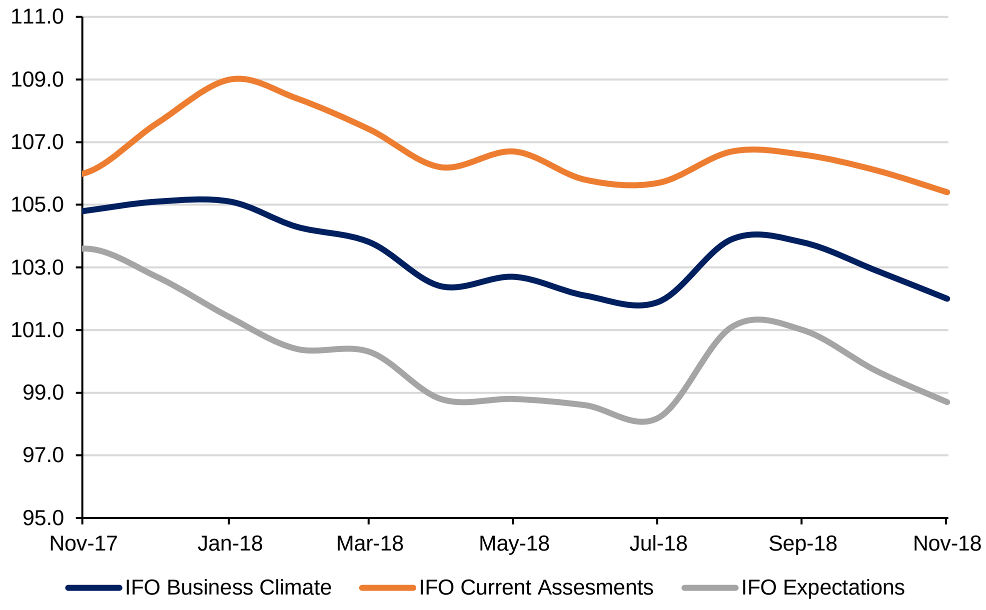
Equity markets closed higher in the US overnight in the first full day of trading after the Thanksgiving long weekend. Survey data was mixed however, with the Dallas Fed manufacturing index declining sharply to 17.6 in November from 29.4 in October, well below consensus forecasts, while the Chicago Fed manufacturing index came in stronger than forecast at 0.24, up from 0.17 in October. The Dallas data likely reflected the impact of the sharp decline in oil prices this month. The main data release today is the consumer confidence index, which is expected to soften slightly from October.

In the Eurozone, the **German IFO business climate index was marginally lower than expected** at 102, down from 102.9 in October. Both the current assessment and expectations indices were down on last month. In his comments to the European Parliament, ECB President Draghi reiterated his view that some of this year's slowdown was a normal cyclical development, and that inflation was still expected to rise gradually.

Italian bonds (and equities) rallied on comments by the Deputy PM that the government would consider reducing its budget deficit target in 2019; however, it is unclear whether they would reduce the deficit to below 2.0% as required by the European Commission. The Italian government is reportedly considering delaying the introduction of the "citizen's income" to June, and reducing the number of beneficiaries of the pension reform.

Finally, the European Court of Justice is expected to rule today on whether the UK can revoke Article 50, without prior consent of the other EU member states. The case was brought by a cross party group of British politicians. If the ECJ rules that the UK can revoke Article 50, it would make it even more difficult for PM May to get parliamentary approval for the deal that has been negotiated with the EU. **The House of Commons is now scheduled to vote on the Brexit deal on 11 December**.

German IFO business climate index declines in November



Source: Bloomberg, Emirates NBD Research

Today's Economic Data and Events

	Time	Cons		Time	Cons
US consumer confidence	19:00	135.9			

Source: Bloomberg, Emirates NBD Research.

Fixed Income

Treasuries closed lower following a rebound in risk assets. The curve shifted higher as yields on the 2y UST, 5y UST and 10y UST closed at 2.83% (+3 bps), 2.88% (+2 bps) and 3.05% (+2 bps) respectively.

Regional bonds continue to drift lower. The YTW on the Bloomberg Barclays GCC Credit and High Yield index rose +2 bps to 4.80% and credit spreads remained flat at 190 bps.

FX

This morning NZD has softened against the other major currencies after weaker than expected economic data. A report from Statistics New Zealand showed that while the nation's trade deficit narrowed to NZD 1296Mn in October from NZD 1596Mn the previous month, it was still larger than the NZD 850Mn expected. In addition, the 12 Month YTD trade deficit widened to NZD 5786Mn, compared with NZD 5330Mn the previous period. As we go to print, NZDUSD is trading 0.10% lower at 0.6764. We expect strong support in the 0.6666 region, not far from the 100-day moving average of 0.6659 or the 23.6% one-year Fibonacci retracement of 0.6664.

Elsewhere, backed by safe haven bids JPY has strengthened slightly after the Wall Street Journal reported that U.S. President Trump said he would probably push forward with plans to increase tariffs on USD 200Bn of Chinese goods. This has decreased investor optimism that the upcoming meeting with President Xi would produce a trade deal. As we go to print, USDJPY is trading lower at 113.51, down from Monday's one-week high of 113.65. We expect support at the 50-day moving average of 113.01 to initially cushion any further declines.

Equities

Developed market equities closed higher as stocks rebounded from lows of last week. It was a combination of increase in oil prices helping energy stocks and bottom fishing which contributed to the rebound. The S&P 500 index and the Euro Stoxx 600 index added +1.6% and +1.2% respectively.

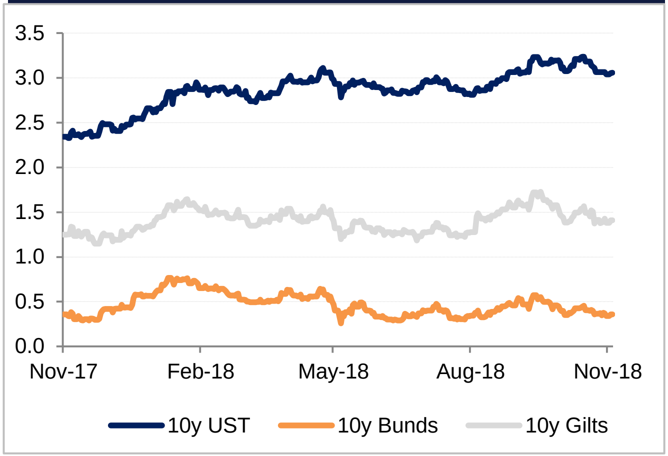
Most regional equity indices closed higher. The Qatar Exchange and the Tadawul added +1.0% and +0.2% respectively. The EGX 30 index dropped -0.79% following a decision by the Ministry of Finance to impose taxes on bank's T-bill investments.

Commodities

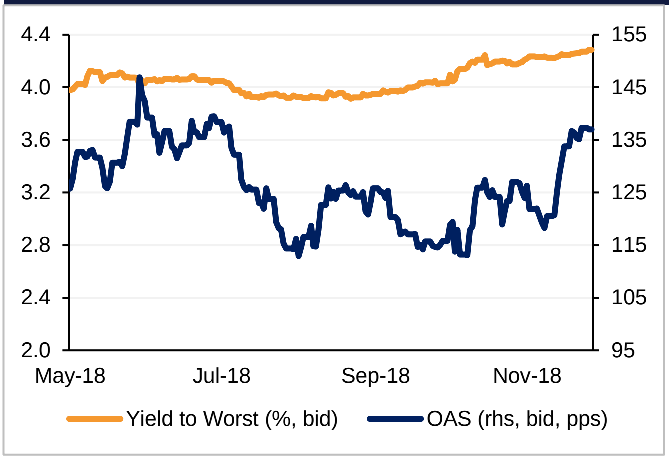
Oil prices rebounded from the lows of last week as the focus shifts to the G20 meeting scheduled for later this week and the OPEC meeting scheduled for early next month. It is widely expected that OPEC+ will agree to cut output. Brent and WTI prices rose +2.9% and +2.4% respectively.

Markets in Charts

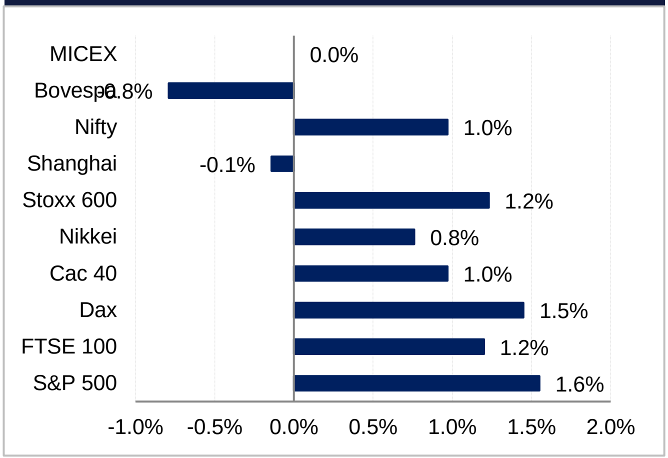
Global Bond Yields



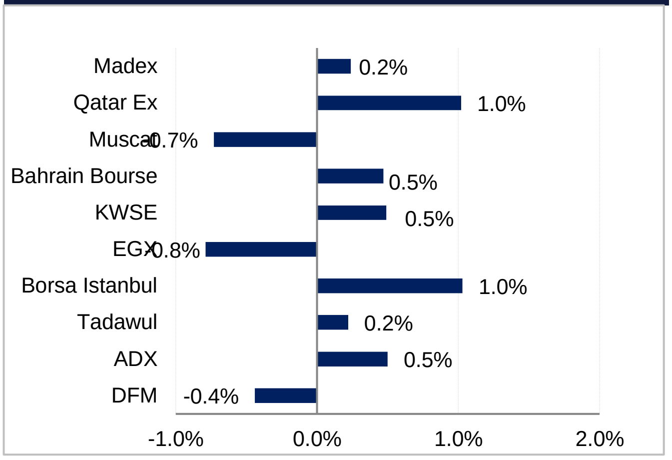
UAE liquid bond index



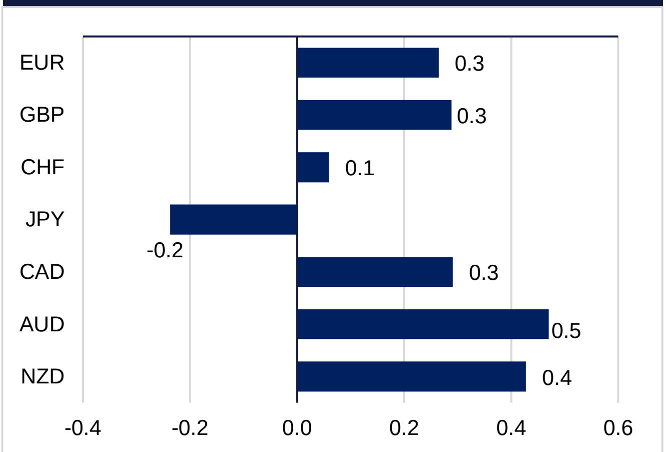
Global Equity Indices



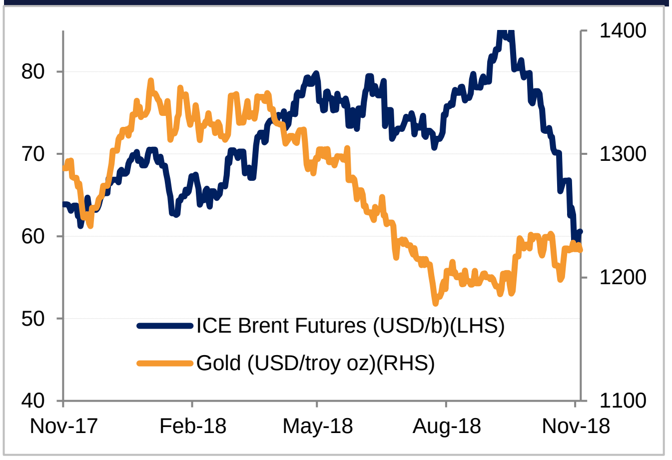
MENA Equity Indices



% change versus USD



Commodities



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1367	+0.26	1.1753	USDTRY	5.2490	-0.71	EURAED	4.1749	+0.15
GBPUSD	1.2851	+0.29	1.3093	USDEGP	17.9472	+0.32	GBPAED	4.7202	+0.09
USDJPY	113.23	+0.24	109.61	USDSAR	3.7520	+0.00	JPYAED	0.0324	-0.32
USDCAD	1.3200	-0.29	1.3119	USDQAR	3.6800	+0.73	CADAED	2.7825	+0.27
AUDUSD	0.7267	+0.47	0.7318	USDKWD	0.3041	+0.01	AUDAED	2.6690	+0.60
USDCHF	0.9967	-0.07	0.9599	USDBHD	0.3770	+0.01	CHFAED	3.6850	+0.02
EURGBP	0.8845	-0.04	0.8977	USDOMR	0.3848	-0.06	TRYAED	0.7000	+0.75
USDAED	3.6730	--	3.6760	USDINR	71.0150	+0.45	INRAED	0.0552	+6.24

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	2.4048	2.8547	3.0550	3.4615	USD 2 yr	3.013	+1
USD LIBOR	2.3368	2.7068	2.8928	3.1284	USD 5 yr	3.038	+1
GBP LIBOR	0.7355	0.8921	1.0034	1.1409	USD 10 yr	3.126	+1
JPY LIBOR	-0.1172	-0.1113	0.0053	0.1163	EUR 2 yr	-0.139	+0
CHF LIBOR	-0.7868	-0.7432	-0.6702	-0.5332	EUR 5 yr	0.308	+1
					EUR 10 yr	0.912	+1

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1222.40	-0.05	ADGB 6.75 19	2.42	--	Abu Dhabi	71	--
Silver	14.40	+0.73	DUGB 7.75 20	3.45	-0	Bahrain	289	+5
Oil (WTI)	51.63	+2.40	QATAR 6.55 19	2.73	-0	Dubai	123	--
Aluminium	1940.50	+0.12	US Tsy 2 yr	2.83	+2	Qatar	79	+1
Copper	6221.00	-0.25	US Tsy 10 yr	3.05	+1	Saudi Arabia	99	-1

Source: Bloomberg, Emirates NBD Research

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Emirates NBD Research & Treasury Contact List

Emirates NBD Head Office
12thFloor
Baniyas Road, Deira
P.OBox777
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@emiratersnbd.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