



بنك الإمارات دبي الوطني
Emirates NBD

Daily
28 August 2017

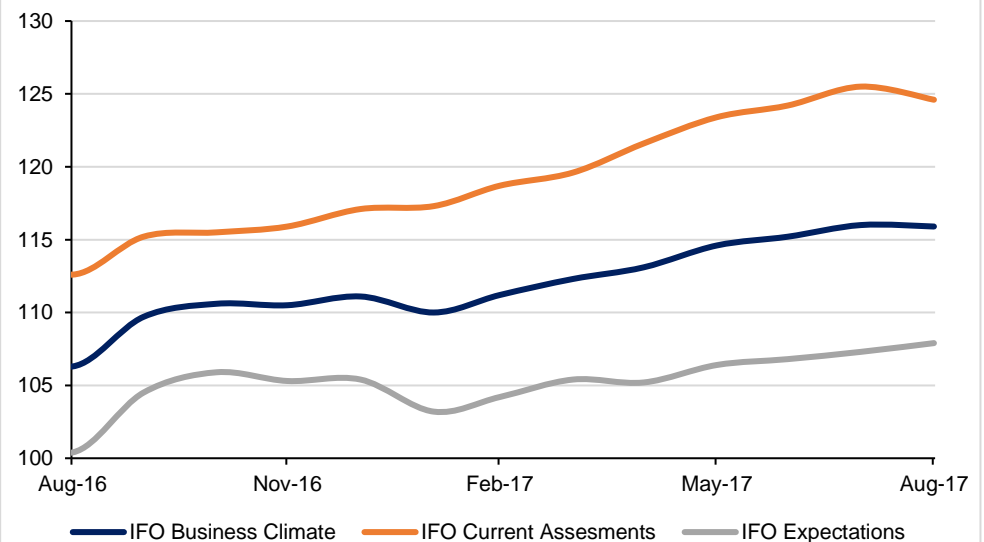
Daily Outlook

Central bankers meet at Jackson Hole provided little new information on the usual topics of monetary policy and QE tapering. Instead the speeches focused on warning against dismantling post crisis financial rules that President Trump blamed for stifling U.S growth. In Jackson Hole, the Fed chair Janet Yellen said that regulation rollback should be modest while Mario Draghi, the ECB chief, said loosening them now would be particularly dangerous amidst ultra-easy monetary policy. Also at the Jackson Hole, BoJ Governor Kuroda said that the recent pace of GDP growth in Japan is unsustainable and that the continuation of accommodative measures is warranted.

In the US Hurricane Harvey, the strongest hurricane to hit the U.S since 2004 is causing significant rain and flooding in Texas – one of the key oil and gas producing regions in the US. If the storm does significant damage to the refineries in the region, the effects could ripple through to other parts of the country that rely heavily on the Gulf Coast for fuel supplies. Gasoline futures settled at a three-week high Friday as the storm approached. Looking at the damage done by this category 4 storm, the negative impact on the US economy could be as high as USD 40bn.

As a sign of further progress on the implementation of VAT in the region, the **UAE President issued the Federal decree-Law No 8 of 2017 for value-added tax** yesterday. The law exempts or zero-rates public transport (including air travel), school fees, residential property sales and rents, and medical services from VAT. More detailed lists of which goods & services will be exempt or zero rated are expected in Q4 2017. Elsewhere in the region, Qatar's Central Bank Governor Sheikh Abdullah bin Saud Al Thani says there's no liquidity crisis in the Qatari banking system, noting that local banks have QAR 39.3bn in deposits at the central bank. **Foreign currency reserves held by the Qatar central bank are 8 times larger than the local currency in circulation**, and are dwarfed by the reserves held by the state of Qatar

IFO surveys show modest contraction in August



Source: Bloomberg, Emirates NBD Research.

Day's Economic Data and Events

	Time	Cons		Time	Cons
US Wholesale Inventories m/m	16:30	0.3%	Dallas Fed Manf. Activity	18:30	16.8
US Advance Goods Trade Balance	16:30	-\$64.5b			

Source: Bloomberg.

Fixed Income

With geopolitical tensions reducing and only secondary economic data releases, there was an increased focus on the speeches on Janet Yellen and Mario Draghi at the central banks' annual symposium in Jackson Hole. Both of them disappointed in the sense that they offered no insight into the policy framework and spoke only of generalities. Resultantly, some short covering was seen at the long end of the curve as traders had positioned for a slightly hawkish undertone.

The curve flattened as yields across the curve with the exception of 2y USTs dropped over the week. The decline was sharper on the 10y USTs and 30y USTs where yields dropped 3 bps each. However, the 2y USTs yields rose 3 bps and remained flat on the 5y USTs.

Government bonds in the Eurozone saw continued investor interest as Mario Draghi remained non-committal. Yields on 10y Bunds dropped 2 bps to 0.37%. The ongoing conundrum over Brexit negotiations seems to have limited impact on 10y Gilts. Yields dropped a further -2.0 bps to take their year to date declines to -18 bps.

The relatively benign environment compared to the previous week saw renewed appetite for risk. The Global High Yield index and the EM USD aggregate index returned +0.3% 5d each. The option adjusted spreads for both the indices dropped 5 bps and 4 bps respectively.

GCC bonds continued to remain well bid with yields on the Bloomberg Barclays GCC Credit and High Yield index dropping 3 bps to 3.44% and credit spreads tightening by 1 bps to 166 bps.

In terms of rating action, Moody's upgraded Dubai Islamic Bank's long-term issuer rating to A3 from Baa1 and changed the outlook from positive to stable. The agency attributed the upgrade to improved asset quality, sound capitalisation and liquidity and improving profitability.

FX

In the aftermath of ECB President Draghi's speech at the Jackson Hole symposium, EURUSD appreciated 1.06% to break back above its 200 week moving average (1.1762) and close at 1.1924. After Draghi omitted comments backing up concerns of the currency overshooting, as mentioned in the most recent ECB minutes, EURUSD rose as high as 1.1942, levels not seen since January 2015.

Elsewhere, the dollar underperformed on Friday and softened against the other major currencies after Federal Reserve Chair Janet Yellen disappointed dollar bulls by avoiding commenting on whether there was a potential for another rate hike before the end of 2017. Over the course of the day, the Dollar Index declined 0.81% to close at 92.522, having earlier set a new 2017 low of 92.424. At these levels, the daily downtrend that has been in effect since 4 January 2017 remains firmly intact and although the 200 week moving average (92.526) held as a support, we look for a near term break of this level followed by further declines towards 91.211, the 50% five year Fibonacci retracement.

Equities

Asian stocks are fluctuating this morning and U.S. equity futures fell as investors weighed the damage from Tropical Storm Harvey on U.S. oil refining centers. Equity benchmarks in Tokyo swung between gains and losses, while they dropped in Seoul and Sydney with S&P 500 Index futures.

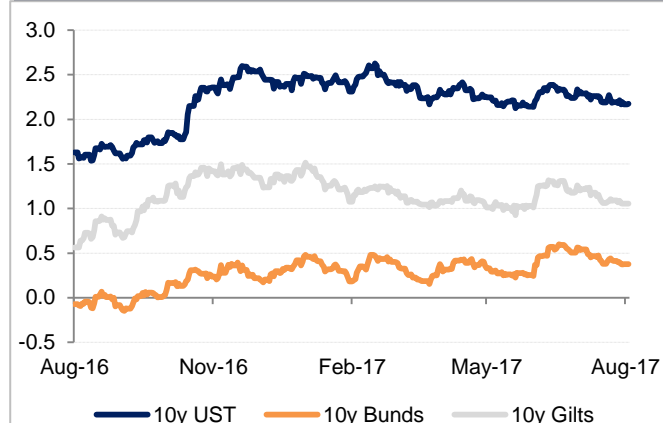
Equity bourses in the region dwindled lower amid summer lull ahead of upcoming Eid holidays later this week. DFMG closed down by 0.31% mainly due to 3.26% fall in GFH prices while Abu Dhabi was lower by 0.61% with main dragger being the Ras Al Khaimah Cement (-3.95%) Tadawul and Qatar exchanges were also weaker by circa 0.20% though Bahrain remained unchanged and Kuwait was up by 0.4%.

Commodities

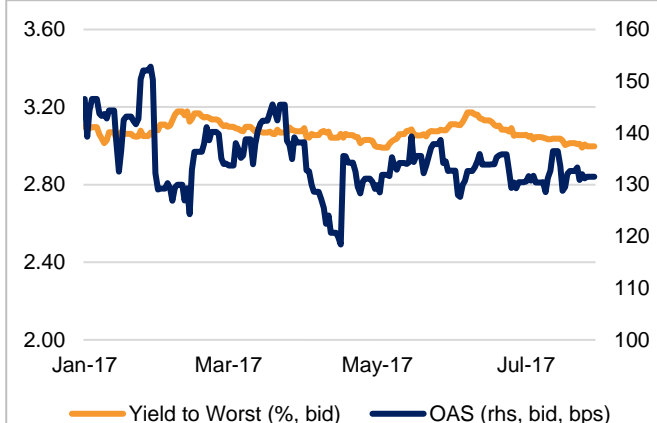
Oil futures rallied at the end of the week as the market anticipated interruptions to crude production and damage to infrastructure from Hurricane Harvey hitting the Texas coast. Brent futures closed at USD 52.41/b while WTI closed at USD 47.87/b. Despite Friday's gains, both benchmark contracts were lower over the week despite the positive fundamental data. The contango in Dec spreads narrowed slightly at the end of the week while the front of the Brent curve remains in a small backwardation.

Markets in Charts

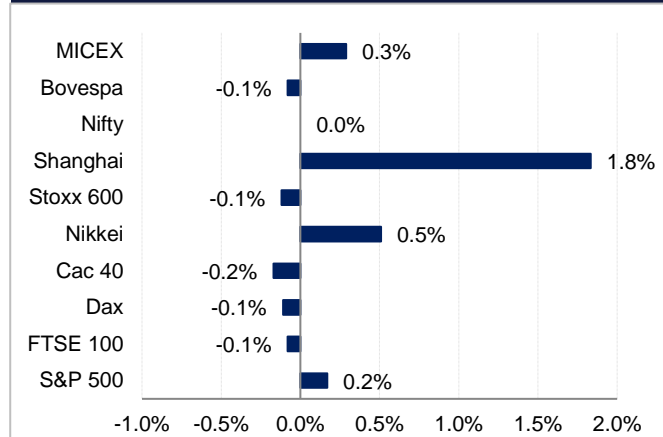
Global Bond Yields



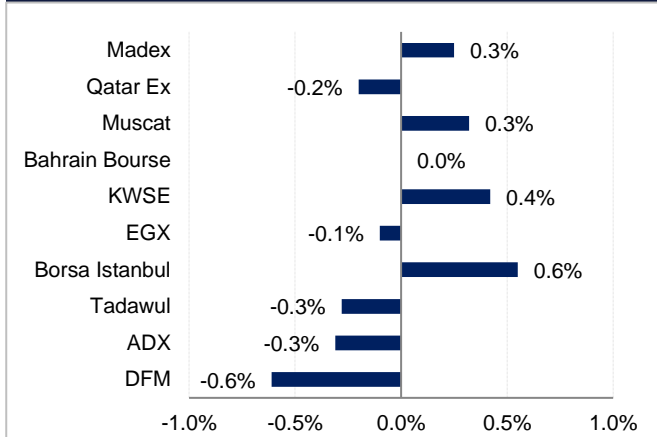
UAE liquid bond index



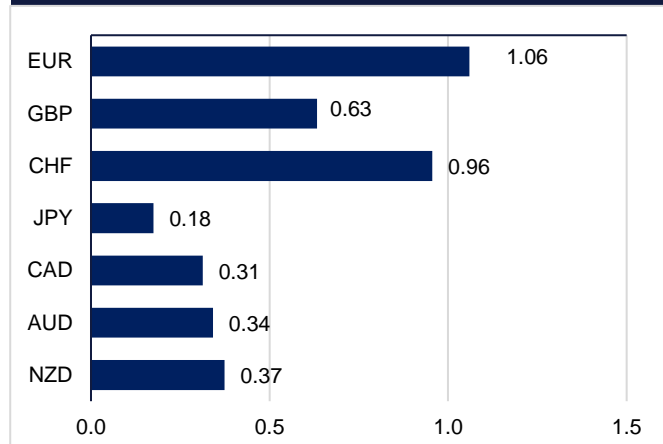
Global Equity Indices



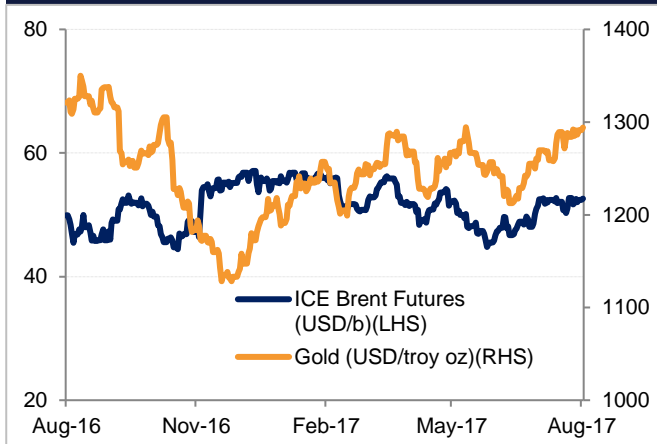
MENA Equity Indices



% change versus USD



Commodities



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1924	+1.06	1.2175	USDTRY	3.4395	-1.27	EURAUD	4.3795	+1.05
GBPUSD	1.2882	+0.63	1.3041	USDEGP	17.7005	+0.02	GBPAED	4.7317	+0.64
USDJPY	109.36	-0.18	107.19	USDSAR	3.7502	--	JPYAED	0.0336	+0.19
USDCAD	1.2481	-0.31	1.2450	USDQAR	3.6715	--	CADAED	2.9429	+0.32
AUDUSD	0.7932	+0.34	0.7896	USDKWD	0.3019	-0.01	AUDAED	2.9145	+0.42
USDCHF	0.9570	-0.88	0.9333	USDBHD	0.3771	-0.00	CHFAED	3.8403	+0.95
EURGBP	0.9255	+0.40	0.9335	USDOMR	0.3850	+0.00	TRYAED	1.0700	+1.49
USDAED	3.6729	-0.00	3.6801	USDINR	63.9025	-0.20	INRAED	0.0575	+0.26

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.3047	1.5350	1.7592	2.1273	USD 2 yr	1.562	-1
USD LIBOR	1.2356	1.3178	1.4550	1.7279	USD 5 yr	1.809	-2
GBP LIBOR	0.2516	0.2803	0.4039	0.5969	USD 10 yr	2.109	-3
JPY LIBOR	-0.0366	-0.0276	-0.0076	0.1127	EUR 2 yr	-0.179	-0
CHF LIBOR	-0.7850	-0.7264	-0.6534	-0.5036	EUR 5 yr	0.185	-0
					EUR 10 yr	0.818	-0

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1291.35	+0.38	ADGB 6.75 19	1.72	+4	Abu Dhabi	57	+1
Silver	17.07	+0.50	DUGB 7.75 20	2.52	-0	Dubai	116	+3
Oil (WTI)	47.87	+0.93	QATAR 6.55 19	2.14	+13	Qatar	95	--
Aluminium	2066.25	-1.91	US Tsy 2 yr	1.33	+0	Saudi Arabia	91	--
Copper	6648.50	-0.22	US Tsy 10 yr	2.17	-3	Bahrain	235	+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

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

Shady Shafer Elborno
Head of Macro Strategy
+9714 2012300
shadyb@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
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 Sakhalakar
+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