



بنك الإمارات دبي الوطني
Emirates NBD

Daily
3 August 2017

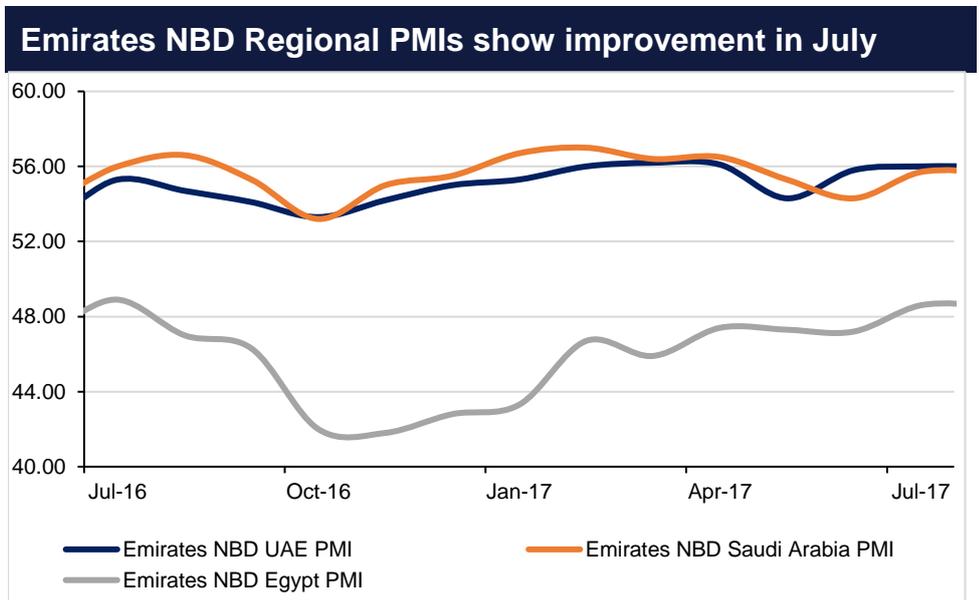
Daily Outlook

The Emirates NBD Purchasing Managers' Index (PMI) for the UAE increased to 56.0 in July from 55.8 in June. New orders increased at a sharp rate in July, despite a decline in new export orders for the second month in a row. This suggests that domestic demand was robust last month. Saudi Arabia's Emirates NBD PMI rose to 55.7 in July, the highest reading in three months. Output and new orders both increased at a faster rate in July compared with June. The rise in new orders is particularly encouraging given that new export orders declined marginally last month. Egypt's Emirates NBD PMI rose marginally to 48.6 in July from 47.2 in June, remaining below the 50 mark separating expansion from contraction.

In a widely anticipated move, the Reserve Bank of India (RBI) cut repo rate by 25 bps to 6.0%. However, the central bank retained the neutral stance and reiterated that the incoming data will determine the future outlook. The central bank said that the 'upside risks to inflation have either reduced or not materialized' which in turn opened the room for easing. While the RBI retained the GVA forecast at 7.3%, it acknowledged the weakness in recent economic data and the need to 'reinvigorate private investment'. The INR strengthened 0.6% to close below 64.0 level.

Egypt's foreign exchange reserves have reached USD 36bn in July the highest since January 2011, from USD 31.3 billion in June according to data from the Central Bank of Egypt (CBE). Investment inflows reached USD 7.7bn while the country received USD 1.25bn, the 2nd tranche of a USD 12bn loan from the International Monetary Fund.

Eurozone producer prices grew at their slowest pace this year, increasing 2.5% on the year in June against a rise of 3.4% in May and 4.3% in April. The June numbers were the lowest this year, and is a sign that inflationary pressures are easing, presenting a challenge for the European Central Bank as it plans to begin a gradual tightening of monetary policy by autumn.



Source: Emirates NBD Research.

Day's Economic Data and Events

	Time	Cons		Time	Cons
EZ Markit Eurozone Composite PMI	12:00	55.8	Markit US Composite PMI	17:45	N/A
Bank of England Bank Rate	15:00	0.25%	ISM Non-Manf. Composite	18:00	56.9
Bank of England Inflation Report	15:00	N/A	Factory Orders	18:00	3.0%

Source: Bloomberg.

Fixed Income

It was a mixed session for US Treasuries after TBAC minutes release did not mention potential for ultra-long bond issuance. This helped 30y USTs with yields dropping 1 bps to 2.85%. However, the short end of the curve traded lower with yields on the 2y USTs rising 2 bps to 1.35% and on 5y USTs by 3 bps to 1.82%.

Activity in regional bonds continued to remain subdued with the yield on the Bloomberg Barclays GCC Credit and High Yield index remaining flat. The option adjusted spread, however, tightened by 2 bps.

The future issuance pipeline continues to build with Oman and Sharjah government setting up bond issuance programs. According to a report, the government of Sharjah has hired a bank to set up a USD sukuk programme with first issuance expected in Q4 2017. The current Sharjah 24s currently yield 3.1% while the Sharjah 21s yield 2.74%. Similarly, it is reported that Oman's Ministry of Finance is seeking bond and loan proposals to raise USD 2bn to bridge the 2018 budget gap.

In emerging market, the Reserve Bank of India (RBI) cut repo rate by 25 bps to 6.0%. However, the central bank retained the neutral stance and reiterated that incoming data will determine the future outlook. The central bank said that the 'upside risks to inflation have either reduced or not materialized' which in turn opened the room for easing. The yield on 10y Indian Government bond rose marginally by 2bps to 6.46%.

FX

AUD has underperformed this morning, softening against the other major currencies following softer than expected economic data. Data showed that the trade balance in June has narrowed from a revised figure of AUD 2024mn in May to AUD 856mn in June, missing out marked expectations of AUD 1800mn by almost AUD 1000mn.

As we go to print, AUDUSD trades 0.45% lower at 0.7932, down from daily highs of 0.7969. However, despite these declines, the daily uptrend that has been in effect since May 10th remains intact, with a sustained break below 0.7770 required to confirm the trend reversal.

Equities

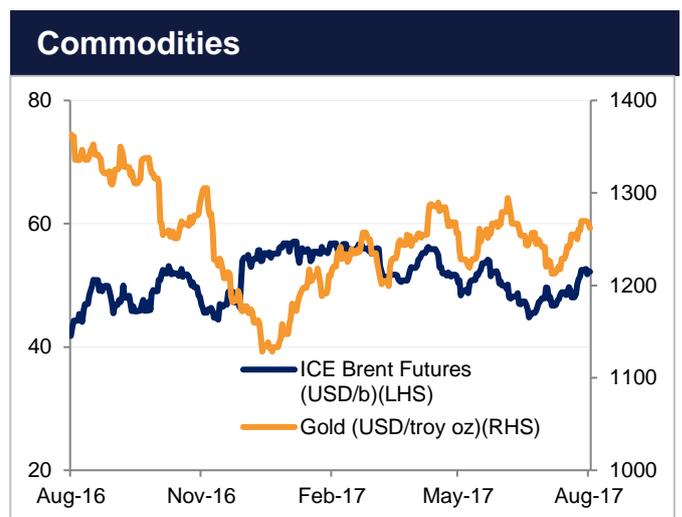
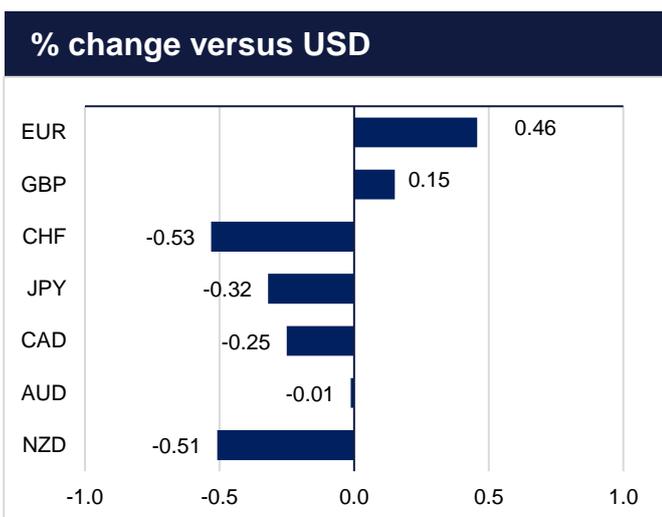
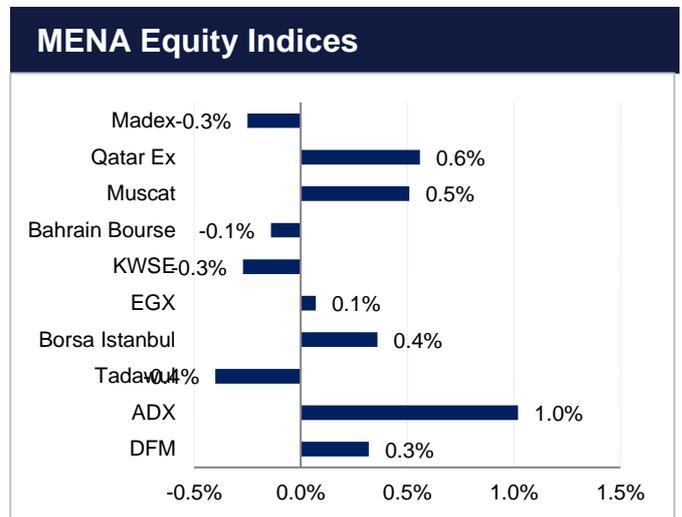
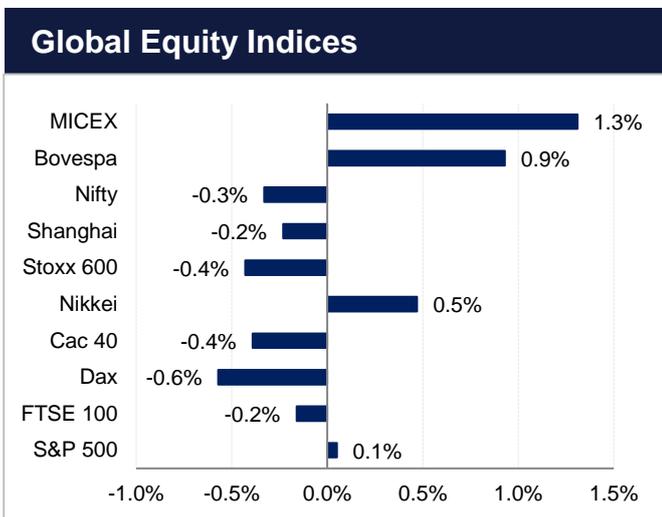
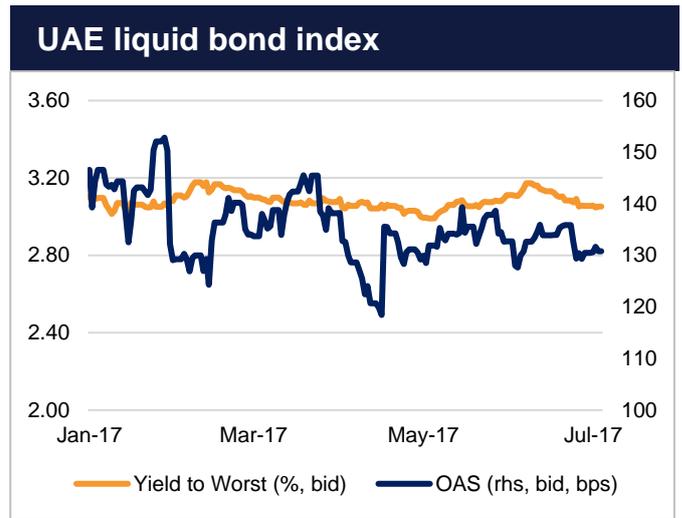
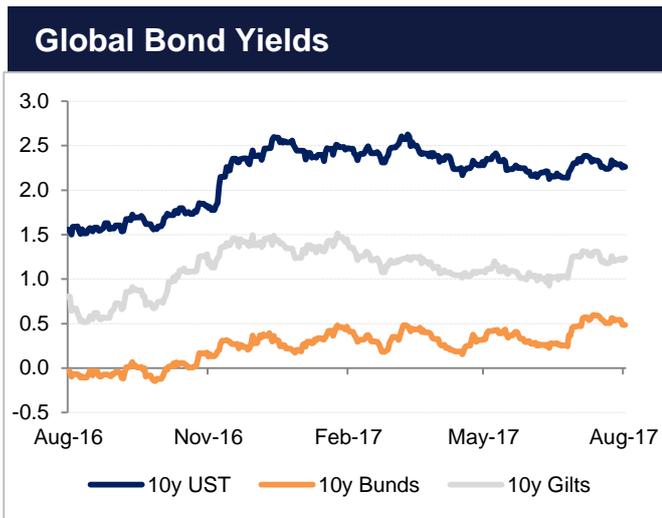
Developed market equities traded slightly mixed. The S&P 500 index added +0.1% while the Euro Stoxx 600 index declined -0.4%. The sharp rise in the EUR seem to be weighing on European equities. It is worth noting that yesterday's session marked the 70th consecutive trading session without a 1% gain for the S&P 500 index.

It was largely a positive day of trading for regional equities. The ADX index added +1.0% while the Qatar Exchange gained +0.6%. There was no major stock moves as investors continue to react to earnings announcements.

Commodities

Oil prices recovered some of their previous session losses with Brent futures gaining +1.1% and WTI futures adding +0.9%. According to report from EIA, US crude output climbed by 20,000 barrels a day to 9.43mn a day. On the stockpiles front, Gasoline stockpiles fell by 2.52 million barrels to 227.7mn, the lowest since December. Crude inventories also dropped by 1.53 million barrels.

Markets in Charts



Source: Bloomberg, Emirates NBD Research

Currencies

	Close	%1D chg	1 yr fwd		Close	%1D chg		Close	%1D chg
EURUSD	1.1856	+0.46	1.2104	USDTRY	3.5321	+0.14	EURAED	4.3547	+0.46
GBPUSD	1.3223	+0.15	1.3378	USDEGP	17.8020	-0.66	GBPAED	4.8569	+0.14
USDJPY	110.72	+0.33	108.62	USDSAR	3.7502	--	JPYAED	0.0332	-0.32
USDCAD	1.2570	+0.26	1.2535	USDQAR	3.6600	--	CADAED	2.9218	-0.25
AUDUSD	0.7968	-0.01	0.7934	USDKWD	0.3018	+0.01	AUDAED	2.9269	-0.00
USDCHF	0.9709	+0.54	0.9472	USDBHD	0.3772	-0.01	CHFAED	3.7828	-0.54
EURGBP	0.8966	+0.30	0.9047	USDOMR	0.3850	+0.01	TRYAED	1.0400	-0.13
USDAED	3.6730	--	3.6810	USDINR	63.6350	-0.69	INRAED	0.0577	+0.57

Rates

Interbank	1 mo	3mo	6 mo	1 yr	Swaps	Close	1D chg (bps)
EIBOR	1.3183	1.5283	1.7522	2.1310	USD 2 yr	1.603	+2
USD LIBOR	1.2317	1.3106	1.4517	1.7257	USD 5 yr	1.900	+3
GBP LIBOR	0.2539	0.2854	0.4253	0.6321	USD 10 yr	2.235	+3
JPY LIBOR	-0.0301	-0.0142	0.0089	0.1114	EUR 2 yr	-0.163	--
CHF LIBOR	-0.7834	-0.7256	-0.6476	-0.5002	EUR 5 yr	0.248	+1
					EUR 10 yr	0.895	+1

Commodities & Fixed Income

Commodities	Close	%1D chg	Bonds/Sukuk	YTM	1D chg (bps)	CDS	Close	1D chg (bps)
Gold	1266.65	-0.17	ADGB 6.75 19	1.70	+2	Abu Dhabi	54	-1
Silver	16.58	-0.77	DUGB 7.75 20	2.62	+1	Dubai	115	-1
Oil (WTI)	49.59	+0.87	QATAR 6.55 19	2.18	-2	Qatar	90	-1
Aluminium	1902.75	+1.00	US Tsy 2 yr	1.36	+2	Saudi Arabia	90	-3
Copper	6322.25	+0.14	US Tsy 10 yr	2.27	+2	Bahrain	240	--

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
 anitay@emiratesnbd.com

Shady Shafer Elborno
 Head of Macro Strategy
 +9714 2012300
 shadyb@emiratesnbd.com

Athanasios Tsetsonis
 Sector Economist
 +9714 230 7629
 athanasios@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 Sakhalkar
 +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