

Daily Market Chatter (08-June-2016)

FX

G10

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1349	-0.25%	+1.89%	-0.37%	+1.03%	+4.45%
GBP USD	1.4549	+0.61%	+0.23%	+1.04%	-4.95%	-1.26%
USD JPY	107.43	+0.46%	-2.94%	-0.90%	-14.10%	-10.62%

Source: Bloomberg

EM

- Muted activities in Asian EM currencies today. Main mover was KRW which appreciated 0.5% against the USD along with bond inflow where bond yields headed to new lows in the short to mid end.
- USDCNH however continues to grind higher slowly with demand from corporates, while DF continues to remain heavy as funding remain flush with T/N at 1.5 pips. China data came out pretty much in line with market expect stronger imports. Reserve figure also dropped slightly despite a new low figure for the year.
- We continue to favour long high yielders ahead of Brexit decision.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	2.9001	-0.35%	-1.58%	-1.45%	+5.13%	-0.58%
USD INR	66.776	-0.30%	+0.21%	+0.29%	+4.20%	+0.94%
USD IDR	13,263.0	-0.80%	-2.82%	-0.38%	-0.91%	-3.81%

Source: Bloomberg

G10 Rates

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.23%	-1.8	-14.0	+0.3	-47.3	-52.7
10Y	1.72%	-1.9	-12.8	-6.1	-66.5	-55.1
30Y	2.54%	-1.5	-10.6	-8.6	-57.3	-47.4

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	120.1	-1.9	-14.0	+5.2	-63.5	-52.9
10Y	158.7	-1.0	-11.3	-0.7	-88.3	-60.0
30Y	206.0	-0.8	-9.8	-6.0	-83.5	-55.3

Source: Bloomberg

Commodities Market

- Oil prices rose on Tuesday with WTI rising above the \$50 mark to settle at \$50.36 while Brent closed at \$51.44. According to EIA's ST Energy Outlook, demand will average a record 9.5 mln bpd during 2Q and 3Q, up from the 9.48 mln bpd forecast

in May. API data, which was released post-settlement, showed that US crude inventories rose by 3.6 mln bbls last week.

- Copper prices fell 2.6% to \$4567 after 43,000 tonnes of metal landed in exchange storage in two days, the biggest delivery in more than a decade, bringing the forward curve into contango. Iron ore prices rose 1.3% to \$45.37. US Treasury Secretary Jack Lew said on Tuesday at the end of high-level talks between US and Chinese officials in Beijing that China has committed to curbing its steel capacity and winding down weak state enterprises.

MENA Fixed Income

- Another day another deal. CBQ 5Y broke yesterday and traded well with good two way flow. Some evidence of accounts happy with almost 0.50pt profit to take whilst others were adding or getting involved as the bond found some support.
- We saw weakness in comparables QNB/FGB etc and we expect this to be the theme.
- Oman has just hit the wires with IPT which looks at present very attractive for a GCC Sovereign. Being the first issue from the name, expect a good uptake with both a 5Y and 10Y tranche on offer. Incidentally we saw strong price action in OMGRID (Baa1/BBB-) which tightened almost 25bps on little to no volume. Guess some account has spoken to the wrong broker. It closed Z+342 which would look fair value to a shade expensive if the 10Y was to price at MS+350 for instance.
- Elsewhere we saw buy interest in TAQA mid-curve despite TAQA commencing a roadshow today.
- Qatar remains heavy with better sellers of the new bonds and Dubai space although firmer from Friday feels vulnerable. It was reported that Emaar properties is in process of hiring banks to advise on a possible USD issue.
- In Asia the markets felt slow with some weakness in Indo on back of a large EUR two tranche issue.
- CDS overall is 1-2bps wider and in China some of the recent supply is underperforming. E.g. CHCON 21s came at T+150 now T+156/151.

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	381.9	-3.6	-13.9	-13.2	+3.3	-28.2
Sovx CEEMEA	128.8	-2.3	-10.6	-6.4	-186.5	-54.7
Itrax Xover	315.8	-3.7	+4.6	-7.2	+1.4	+1.3

Source: Bloomberg

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
ADGB 5Y	100.0	+3.4	-2.0	+3.0	+43.5	+7.4
Qatar 5Y	115.0	+4.4	+3.0	+9.0	+51.8	+22.4
Dubai 5Y	213.5	+0.9	-6.5	+1.5	+14.3	-20.1

Source: Bloomberg

Continued...

Overnight market headlines

Global News

- Eurozone grows faster in Q1 as consumption gathers pace, but ECB predicts growth to slow in Q2
- Central banks fear trouble ahead as Brexit stress goes global
- China's exports weaken, signalling more headwinds for growth
- World Bank cuts global growth outlook as rich economies stumble
- Safe heaven govt. bonds rally on global growth risks as German 10-year bond yield falls to record
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- Indonesia markets 3 billion euros bonds as deficit to swell

Middle East & Africa News

- Sultanate of Oman opens book for a possible dual tranche deal; markets a 5-yr and 10-yr bond
- Saudi finance minister says working on international bond sale
- Saudi Arabia weighs income tax on expats, finance minister says
- Dubai's Emaar Properties said hiring advisers for dollar bond
- DP World wins 50-yr concession to develop Ecuador port
- Saudi's Dar Al Arkan discussing housing with government
- Egypt central bank injected \$15.694bn into banks in Nov-April
- Egypt's central bank chief briefs president on international bond sale plan to boost reserves
- Saudi stock market finished higher after reform announcement; rest of region strong
- Nigerian officials say they're still working out new FX policy
- World Bank slashes Nigeria growth forecast on lower oil prices
- Kenya's tourism earnings fall 3% in 2015

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Continued...

Key data points – Global

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	17,938	+0.10%	+0.85%	+1.11%	+0.97%	+2.95%
S&P 500	2,112	+0.13%	+0.72%	+2.67%	+1.58%	+3.34%
Nasdaq Composite	4,962	-0.14%	+0.28%	+4.76%	-1.19%	-0.91%
Nikkei	16,675	+0.58%	-3.25%	+3.53%	-18.49%	-12.39%
Hang Seng	21,328	+1.42%	+2.47%	+6.06%	-21.92%	-2.67%
Shanghai	2,936	+0.07%	+0.67%	+0.78%	-42.79%	-17.04%
Mumbai Sensex	27,010	+0.87%	+1.28%	+7.06%	+1.83%	+3.42%
DAX	10,288	+1.65%	+0.24%	+4.23%	-7.02%	-4.24%
CAC 40	4,476	+1.19%	-0.66%	+4.06%	-7.86%	-3.48%
FTSE 100	6,285	+0.18%	+0.86%	+2.59%	-7.44%	+0.68%
DJ Stoxx 50	3,041	+1.29%	-0.74%	+3.54%	-12.33%	-6.94%
FTSE MIB Index	17,975	+1.99%	-0.28%	+0.74%	-20.61%	-16.07%
SMI Index	8,216	+0.61%	-0.01%	+6.21%	-9.32%	-6.83%
MENA						
Abu Dhabi - ADX	4,346	+0.75%	+2.25%	-2.33%	-4.78%	+0.89%
Dubai – DFM	3,327	+1.46%	+0.40%	+0.04%	-17.15%	+5.59%
Saudi Arabia	6,533	+0.87%	+1.32%	-2.08%	-31.46%	-5.47%
Qatar	9,858	+2.27%	+3.35%	+1.31%	-17.18%	-5.48%
Bahrain	1,116	+0.00%	+0.43%	+0.42%	-18.22%	-8.18%
Kuwait	5,393	+0.19%	-0.14%	+0.42%	-14.03%	-3.96%
Oman	5,843	+0.46%	+0.56%	-2.54%	-9.61%	+8.08%
Egypt	7,717	+1.02%	+3.12%	+1.92%	-11.01%	+10.15%
Turkey	78,158	-0.55%	+0.46%	-0.27%	+0.45%	+8.97%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	50.36	+1.35%	+2.57%	+12.76%	-13.38%	+35.96%
Brent Oil \$/bbl	51.44	+1.76%	+3.52%	+13.38%	-17.95%	+37.98%
Gold spot \$/oz	1,243	-0.24%	+2.31%	-1.80%	+6.01%	+17.02%
Silver spot \$/Troy oz	16.37	-0.41%	+2.20%	-3.72%	+2.52%	+17.96%
Alluminium 3MO \$	1,564	+0.74%	+0.51%	-2.13%	-10.63%	+3.78%
Nickel 3MO \$	8,585	-0.92%	+1.78%	-5.30%	-34.84%	-2.66%
Copper 3MO \$	4,567	-2.58%	-2.23%	-5.05%	-23.08%	-2.93%

Source: Bloomberg

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