

Market Insights & Strategy Global Markets

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Daily Market Chatter

G10 FX

- The dollar maintained the resilient bid tone aided by the US data and hawkish Fed making EUR, AUD, NZD and JPY suffer. USDJPY in particular has been the star performer and a true gauge of the risk-on sentiment, while the BOJ offered to buy an unlimited JGB yields but at a lower price than the market, that is why it failed to have an immediate effect on USDJPY. Additionally, on the central bank front we had Fed's Bullard saying that he sees one Fed hike then flat through the horizon and he added that "you'd have to see a surprise to stop Dec. hike" while Mester is unshaken by the US election and Fed's Kashkari maintained his data dependency stance. The latest Fed's hawkish comments has led some market participants to believe that Trump could alter the composition of the Fed's board or even ignite the hawkishness in the Fed speakers.
- Today's data slate carries UK retail sales, Eurozone CPIs, US housing starts, CPIs, Initial jobless claims and Philadelphia Fed outlook
- EUR – the greenback remains bid against the EUR as the market is reluctant to fight against the latest move with the looming political concerns around Europe and the ongoing ECB easing. EURUSD and EURCHF both are trading at year lows and the market now will shift its focus towards Yellen's speech tomorrow as the chances of a December rate hike have increased.
- GBP – both Cable and EURGBP took a breather yesterday and remained rangy early in the day. Then Cable got a slight boost as the unemployment rate fell to 4.8% and weekly earnings were at 2.4% as expected. The proud pound is likely to remain in the consolidation stage in the near-term as the moves are likely to be dictated by any Brexit headline and EUR weak data whilst the BOE expected to remain on hold for the time being.
- AUD – the bear pressure shined through the European session and the broad dollar bid tone pushed AUD near 0.7460; it also lost ground on cross trading. Then AUD could not shake the weaker than expected Australian employment data and remained at the lows of the day. Whilst the soft employment data unlikely to entice the RBA to cut rates, it should raise concerns around the labor market as the latest data could point to soft wage growth. As the technical turn bearish in AUDUSD, the next support lies around 0.7440.
- JPY – USDJPY remained bid until the NY session where the market saw the first signs of the correction and lifted by the EURJPY cross move lower due to the lingering European political and economical issues. Furthermore, USDJPY is currently sought as "the dollar trade" and the more resilient risk sentiment is, the more USD/JPY's advance can continue whilst the main themes remain fixated around Trump's higher inflation outlook and Dec rate hike expectations along with BOJ surprise first fixed rate bond buying operation.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.0696	-0.34%	-2.22%	-2.77%	+0.46%	-1.56%
GBP USD	1.2447	+0.06%	+0.23%	+2.04%	-18.20%	-15.52%
USD JPY	109.20	+0.32%	+3.64%	+5.08%	-11.51%	-9.15%

Source: Bloomberg

EM FX

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.3183	+0.84%	+3.22%	+7.08%	+15.62%	+13.76%
USD INR	67.950	+0.31%	+2.28%	+1.58%	+2.90%	+2.72%
USD IDR	13,345.0	-0.18%	+1.66%	+2.11%	-2.92%	-3.21%

Source: Bloomberg

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G10 Rates

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.67%	+1.2	+19.9	+41.7	+1.7	-8.8
10Y	2.22%	+0.4	+16.5	+45.7	-4.3	-4.6
30Y	2.92%	-3.3	+7.7	+40.1	-13.2	-9.3

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	170.3	-0.3	+22.5	+43.2	+8.6	-2.7
10Y	208.9	-0.1	+21.6	+49.5	-6.0	-9.8
30Y	237.7	-2.2	+12.9	+42.2	-23.7	-23.6

Source: Bloomberg

Commodities Market

- Oil prices edged lower on Wednesday, with WTI closing 0.5% lower at \$45.57 and Brent closing 0.7% lower at \$46.95. Venezuelan President Nicolas Maduro said on Wednesday, following a meeting with OPEC Secretary-General, that there is sufficient will among OPEC countries to reach a forceful agreement to reduce production and construct new mechanisms to stabilize the market. OPEC and Russia will meet on Thursday in Doha for another round of talks without Iran's and Iraq's ministers. The EIA report revealed that US crude inventories rose by 5.3 mln bbls last week, more than the 3.7 mln bbl build that API reported, as elevated refinery runs were outweighed by an increase in imports. Distillate and gasoline stocks rose by 0.3 mln bbls and 0.7 mln bbls respectively. Meanwhile, the head of IEA said that US shale oil producers will increase their output if oil prices hit \$60 a barrel, implying that OPEC will have to walk a fine line if it cuts output to support prices.
- The rally in base metals continued to lose steam, with copper prices falling 1.7% to \$5433. The head of Freeport-McMoRan said that it will take more than Donald Trump to keep copper rallying. Meanwhile, Anglo American said on Wednesday it was suspending all operations at its Los Bronces copper mine (Produced 401,715 tons of copper in 2015) in central Chile after protesters seized installations at the mine earlier in the day.

MENA Fixed Income

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	380.2	-0.3	+34.2	+33.9	-9.3	-29.9
Sovx CEEMEA	103.9	+1.2	+13.7	+9.3	-48.4	-79.7
Itrax Xover	344.3	+4.3	+16.5	+21.2	+50.5	+29.8

Source: Bloomberg

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
ADGB 5Y	77.6	+0.6	+11.7	+10.9	+2.7	-15.0
Qatar 5Y	97.1	-1.9	+9.9	+6.8	+21.6	+4.5
Dubai 5Y	162.9	+4.4	+14.4	+15.2	-44.2	-70.7

Source: Bloomberg

Continued...

Overnight market headlines

Global News

- US manufacturing sector stabilising; producer prices tame
- Bullard says December hike would turn Fed policy 'neutral' but low interest era not expected to end
- Fed's Kashkari says election hasn't changed economic outlook yet
- Treasury yield curve flattens as Fed rate hike seen as done deal; futures traders assign 94% chance of a Fed move in December
- Kuroda unleashes unlimited bond buying to stem yield surge as benchmark yields had climbed at fastest pace since Aug; 10-year yield touched 0.035% Wednesday first time since mid-February
- Renminbi fixed weaker for record 10th straight day; China's US treasury holdings decline to lowest since 2012 as it runs down reserves to support yuan
- Dollar slips before Yellen's testimony; Asian shares fluctuate; Oil declines as US stockpiles rise amid OPEC talks

Middle East & Africa News

- Saudi Arabia set to reveal depth of oil reserves; Energy minister says Saudi Aramco IPO to be 'most transparent of all time'
- Prince Alwaleed sees Saudi currency de-peg as 'last resort'; central bank reiterated dollar-peg commitment this week
- Bahrain approaches banks about sukuk sale in Q1 2017
- Qatar cancels \$825m domestic government bond sale
- Qatar's Doha Bank picks banks for conventional bond issue; bank's board to recommend 20% capital increase
- IPIC reports operating profit of \$1.4bn for H1 2016, down 7.7%
- Foreign holdings of Egypt debt rise after float, Deputy Finance Minister says
- Abu Dhabi stocks rally on bank merger speculation; Saudi, Egypt rebound
- Iran expects 'more rationality' from Trump once in office; Vice governor for economic affairs says Trump's Iran comments were for campaign purposes
- HSBC reaches agreement for sale of Lebanese unit to Blom Bank

Please refer to our daily news summary if you wish to read the full articles

Continued...

Key data points – Global

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	18,868	-0.29%	+1.50%	+4.32%	+7.88%	+8.28%
S&P 500	2,177	-0.16%	+0.63%	+2.37%	+6.17%	+6.51%
Nasdaq Composite	5,295	+0.36%	+0.83%	+1.82%	+6.19%	+5.73%
Nikkei	17,862	+1.10%	+9.91%	+5.69%	-9.01%	-6.15%
Hang Seng	22,281	-0.19%	-0.60%	-3.29%	+0.07%	+1.67%
Shanghai	3,205	-0.06%	+2.45%	+5.39%	-11.09%	-9.44%
Mumbai Sensex	26,299	-0.02%	-3.50%	-4.47%	+1.68%	+0.69%
DAX	10,664	-0.66%	+0.17%	+1.53%	-2.80%	-0.74%
CAC 40	4,501	-0.78%	-0.93%	+1.14%	-8.83%	-2.93%
FTSE 100	6,750	-0.63%	-2.35%	-2.85%	+7.67%	+8.13%
DJ Stoxx 50	3,026	-0.77%	-0.98%	+0.59%	-12.33%	-7.38%
FTSE MIB Index	16,560	-0.73%	-1.43%	-0.42%	-25.77%	-22.68%
SMI Index	7,914	+0.06%	+0.20%	-1.09%	-11.60%	-10.25%
MENA						
Abu Dhabi - ADX	4,290	+2.62%	-0.76%	+1.66%	+2.22%	-0.39%
Dubai – DFM	3,263	+2.07%	-0.49%	-0.29%	+2.29%	+3.55%
Saudi Arabia	6,648	+2.39%	+4.20%	+19.46%	-3.89%	-3.82%
Qatar	9,742	+0.64%	-2.33%	-6.56%	-9.82%	-6.59%
Bahrain	1,168	+0.60%	+1.98%	+2.70%	-4.26%	-3.92%
Kuwait	5,496	+0.08%	+0.73%	+3.94%	-3.58%	-2.13%
Oman	5,494	+0.22%	+1.62%	-1.56%	-5.51%	+1.62%
Egypt	10,997	+3.35%	+7.55%	+33.41%	+71.64%	+56.97%
Turkey	74,759	-0.52%	-1.90%	-3.46%	-7.88%	+4.23%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	45.57	-0.52%	+0.66%	-8.75%	+12.05%	+23.03%
Brent Oil \$/bbl	46.63	-0.68%	+0.58%	-9.49%	+7.02%	+25.08%
Gold spot \$/oz	1,227	-0.01%	-3.89%	-2.36%	+14.69%	+15.47%
Silver spot \$/Troy oz	16.98	-0.55%	-8.08%	-2.76%	+19.25%	+22.36%
Alluminium 3MO \$	1,697	-2.19%	-3.19%	+1.31%	+15.68%	+12.61%
Nickel 3MO \$	11,330	+0.31%	-2.12%	+8.06%	+21.70%	+28.46%
Copper 3MO \$	5,433	-1.67%	+0.37%	+16.20%	+15.84%	+15.47%

Source: Bloomberg

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