

## Market Insights & Strategy Global Markets

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## Daily Market Chatter

### G10 FX

- A minor USD pullback was the theme of yesterday as the holiday shortened week kicks in, snapping a 10 day rising streak as investors consolidate the gains built on expectations that increased fiscal spending will propel US interest rates higher, although Fed's Fischer comments that stimulative fiscal policy can boost productivity and lift rates ensures that the USD bids are never too far away. Asian stocks are on the up, joining a global rally as US indices hit record highs yesterday, propelled by oil and hopes of an inflationary Trump spending plan.
- Light data today in the form of UK public sector borrowing, Eurozone consumer confidence and US existing home sales.
- JPY – improved risk appetite continues to reduce demand for the JPY, although last week's momentum with higher lows and higher highs appears to be somewhat stretched. The speed of the recent move suggests that domestic exporters may have sold plenty of USDJPY a lot lower and may have less ammunition to sell at these higher levels, so the path higher feels open, especially with many speculators having stood aside on the initial approach to 110.00. 50% of the 2015-16 drop at 112.50 is eyed as the next key target.
- EUR – slight support for the single currency to start the week on news that Merkel will run for a 4th term, the markets liking the stability this brings. The result of the French primary conservative election has not caused too much concern at this stage and the EUR has started the week consolidating around 1.0600 with November Eurozone consumer confidence a marginal data risk today. With technicals favouring the bears, bounces from here look unsustainable, especially with the likelihood that the ECB could announce an extension of its asset purchase programme at their December meeting, albeit at an unchanged pace of EUR 80bn.
- GBP – the pound flexed its muscles yesterday soaring from around 1.2350 and attracted to 1.2500 expiries, broad filling of stops the theme with talk of independent positive flows going through vs JPY and EUR also backing the move. Hopes of an announcement of increased stimulus tomorrow in the Chancellor's inaugural autumn statement and talk that PM May is seeking a transitional Brexit deal were also suggested as positive catalysts for the currency. To be fair, the stories were slightly dated, with positioning and liquidity more likely to blame for the aggressive spike. The recent fading rally mentality is starting to feel suspect.
- AUD – the currency is firm this morning as USD longs take some profits, macro names the latest to cover shorts with some solid support now seen below 0.7350, the currency further benefitting from a renewed risk-on wave triggered by sharp gains in Aussie stocks and higher commodities. Initial resistance around 0.7400 is currently being tested, with a break of this level a positive short term sign for potential ongoing strength towards 0.7490-0.7500. Event risk today in the form of RBA assistant governor Kent who will be speaking in European time zone.

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	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.0606	+0.17%	-1.33%	-2.50%	-0.13%	-2.39%
GBP USD	1.2478	+1.10%	-0.15%	+2.19%	-17.52%	-15.31%
USD JPY	111.10	+0.17%	+2.79%	+6.59%	-9.60%	-7.57%

Source: Bloomberg

## EM FX

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.3670	-0.04%	+2.44%	+9.19%	+18.07%	+15.43%
USD INR	68.165	+0.04%	+1.37%	+1.96%	+2.54%	+3.04%
USD IDR	13,406.0	-0.16%	+0.23%	+3.03%	-2.30%	-2.77%

Source: Bloomberg

## G10 Rates

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.77%	-2.8	+8.7	+52.6	+8.3	+1.0
10Y	2.32%	-3.9	+5.4	+58.1	+5.3	+4.7
30Y	2.99%	-3.7	-1.9	+50.8	-2.7	-2.3

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	178.2	-2.4	+10.9	+49.4	+18.5	+5.3
10Y	216.1	-3.8	+7.9	+56.2	+6.4	-2.6
30Y	242.9	-4.6	+0.6	+48.0	-9.7	-18.3

Source: Bloomberg

## Commodities Market

- Oil prices continued to climb overnight, with WTI and Brent closing 4% higher at \$47.49 and \$48.90 respectively. Optimism over the OPEC deal building after positive comments on quotas were reported, and bullish oil research coming from a few banks drove call buying and took the market higher. Oil strength prevailed despite dollar strength- showing OPEC as the key driver in these weeks. Natural gas futures rose close to 4% on expectations of colder weather in the US now streaming in.
- Copper regains strength to \$5559 at close, while iron ore is dampened by weak steel prices in China as a cold winter hitting there may hasten slowing of steel mill operations into the winter.

## MENA Fixed Income

- A decent day for global risk yesterday which although made its way into our space it still lacked some conviction with persistent evidence of US selling.
- What we saw though was regional accounts slowly adding to risk which has been scarce of late and we still had some Asian buy enquiries adding to existing positions notably in the longer end.
- KSA vs Qatar long end moved in polar directions with KSA 46 vs Qatar tightening about 10bps with only a 20bp differential in terms of UST Spread.
  - DUGB5Y close 157/167 -5 on day
  - KSA 5Y close 126/132 -6 on day
  - QAT 5Y close 87/93 -3 on day
  - ADGB 5Y close 67/72 -3 on day
- We could see further upside as we near the OPEC meeting and optimism grows on a deal being reached with constructive comments from the Libyan and Iranian representative. Oil rallied 4.4% yesterday and today up almost a further 1.5% in early trading.
- Asia has opened firmer notably Malay tighter by 4bps or so.
- Closer to home ADCB raised USD 600mm from a three-year syndicated loan at Libor+95bps.
- We can offer <2.5Yrs ADCB Senior Unsecured @ L+100 for anybody who cares for the name (ADCB 3% 3/4/19)

➤ 500mm ADCB 16s matured today; here is a LIVE ADCB MARKET:

- ADCB 0 17 100.100-100.200 3x3
- ADCB 2½18 100.450-100.750 3x3
- ADCB 3 19 101.100-101.400 3x3
- ADCB 2¾19 100.600-100.900 3x3
- ADCB 2½20 99.900-100.400 3x3
- ADCB 4½23 101.850-102.350 2x2
- ADCB 3½23 99.250-99.750 2x2

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	381.2	+6.6	-21.5	+25.1	-0.3	-28.9
Sovx CEEMEA	101.1	-2.5	-6.0	+8.1	-50.3	-82.5
Itrax Xover	344.3	-4.3	-4.9	+27.7	+49.8	+29.8

Source: Bloomberg

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
ADGB 5Y	69.8	-1.8	-13.2	+3.3	-3.2	-22.8
Qatar 5Y	91.0	-2.5	-14.0	+4.5	+17.3	-1.6
Dubai 5Y	160.0	-5.0	-15.0	+13.4	-45.7	-73.7

Source: Bloomberg

## Overnight market headlines

### Global News

- Fed's Fischer says stimulative fiscal policy like boosting infrastructure spending could ease burden on Fed
- Trump to spell out TPP exit on first day in office
- Dollar slips from 13 1/2-year high after two-week rally; PBOC boosts yuan fixing after 12-day drop to weakest since 2008
- Asian stocks rise for second day as four US equity indices hit record highs; oil extends gains on optimism Opec output deal moving forward; 10-yr TY at 2.32%

### Middle East & Africa News

- Etihad Airways sets price guidance for a 5-year US\$ benchmark sukuk at MS+215bps area; pricing expected this week
- Abu Dhabi Commercial Bank closes \$600m syndicated loan
- Fitch affirms Abu Dhabi's IPIC at AA; outlook stable
- Fitch affirms Dolphin Energy bonds at 'A+'; outlook stable
- S&PGR affirms Saudi Basic Industries at 'A-/A-2'; outlook stable
- Oman gov't to sell 49% stake in Muscat Electricity
- Saudi sags on profit taking, Egypt at 8-yr high as currency weakens
- Nigeria's economic slump deepens as oil output continues to drop; GDP shrinks 2.2% year-on-year in three months through September
- Nigeria considers foreign exchange reforms as dollar shortages bite
- Ghana's central bank slashes key rate by 50 bps to 25.5% in its first rate cut since 2011

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

## Key data points – Global

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
<b>GLOBAL</b>						
Dow Jones Inds. Avg	18,957	+0.47%	+0.47%	+4.47%	+6.36%	+8.79%
S&P 500	2,198	+0.75%	+1.57%	+2.66%	+5.22%	+7.55%
Nasdaq Composite	5,369	+0.89%	+2.88%	+2.12%	+5.17%	+7.22%
Nikkei	18,106	+0.77%	+2.45%	+5.36%	-8.92%	-4.87%
Hang Seng	22,358	+0.06%	+0.61%	-4.35%	-1.74%	+2.02%
Shanghai	3,218	+0.79%	+0.24%	+4.12%	-11.36%	-9.07%
Mumbai Sensex	25,765	-1.47%	-3.93%	-8.23%	-0.40%	-1.35%
DAX	10,685	+0.19%	-0.08%	-0.24%	-3.91%	-0.54%
CAC 40	4,530	+0.56%	+0.47%	-0.14%	-7.77%	-2.32%
FTSE 100	6,778	+0.03%	+0.37%	-3.45%	+7.00%	+8.58%
DJ Stoxx 50	3,033	+0.40%	-0.22%	-1.45%	-12.15%	-7.18%
FTSE MIB Index	16,297	+0.19%	-2.33%	-5.07%	-26.39%	-23.91%
SMI Index	7,850	-0.69%	-0.60%	-2.30%	-12.93%	-10.98%
<b>MENA</b>						
Abu Dhabi - ADX	4,230	+0.20%	+1.06%	-1.51%	-0.50%	-1.80%
Dubai – DFM	3,306	+0.14%	+3.23%	-1.03%	+0.50%	+4.93%
Saudi Arabia	6,497	-1.12%	-2.03%	+14.95%	-9.51%	-6.00%
Qatar	9,783	+0.02%	+0.39%	-6.28%	-9.72%	-6.20%
Bahrain	1,192	+0.94%	+2.66%	+3.50%	-2.68%	-1.95%
Kuwait	5,518	+0.19%	+0.88%	+3.69%	-4.14%	-1.73%
Oman	5,496	-0.46%	+1.45%	-1.20%	-4.95%	+1.65%
Egypt	11,543	+2.36%	+7.94%	+39.46%	+74.70%	+64.76%
Turkey	75,544	-0.13%	+1.51%	-4.19%	-6.37%	+5.32%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	48.24	+5.58%	+11.36%	-5.13%	+19.44%	+30.24%
Brent Oil \$/bbl	48.90	+4.35%	+10.06%	-5.56%	+9.49%	+31.17%
Gold spot \$/oz	1,212	+0.37%	-1.19%	-4.07%	+13.30%	+14.13%
Silver spot \$/Troy oz	16.58	+0.06%	-1.88%	-5.75%	+17.48%	+19.46%
Alluminium 3MO \$	1,722	+1.65%	-0.75%	+5.97%	+19.00%	+14.27%
Nickel 3MO \$	11,400	+5.12%	+1.24%	+14.46%	+30.58%	+29.25%
Copper 3MO \$	5,559	+2.51%	+0.00%	+19.94%	+21.38%	+18.15%

Source: Bloomberg

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