

## Daily Market Chatter

### G10 FX

- Thanksgiving holiday in the States today gives the USD a chance to pause for breath after another impressive performance in the last 24 hours. There is nothing holding it back at the moment as Fed minutes showed that policymakers are confident of the need for a rate hike, many saying December is appropriate – this on the eve of the Trump presidential win and with stellar data since, the latest being better than expected October durable goods data with a revision to the previous release too, December looks done and dusted. With US manufacturing PMIs also on the up and latest jobless claims close to forecast, yields are on the rise and expectations of a steeper path of Fed tightening are also elevating.
- As it stands, the USD looks likely to remain strong into the new year as the market focuses on loose fiscal and tighter monetary policy but there is still a risk that Trump could prioritise trade negotiations and tightening immigration controls which would be less than USD positive. Indeed momentum indicators currently suggest that the USD may have appreciated a little too quickly.
- Data light today as one would expect, the highlights being Germany's IFO business climate release and final Q3 GDP release.
- GBP – Philip Hammond's first and last Autumn Statement (he's shaking up the calendar) was something of a low key affair as he relaxed fiscal targets somewhat in the wake of Brexit to allow a modest giveaway elsewhere. GBP traded with a bid tone during the release as the one highlight of a new housing infrastructure programme was greeted positively as potentially speedy economic stimulus. Cable traded up to 1.2430 initially before impressive US data in the form of Durable Goods slapped us back towards 1.2360. With EURGBP on the back foot as the EUR suffered broadly, the pound once more managed to find its feet to trade as high as 1.2470, supply capping the second recovery but in the absence of significant UK economic releases, expect the currency to continue to trade at the mercy of US dynamics.
- EUR – choppy trading for the single currency yesterday, initially taking a breather into today's US holiday but eventually succumbing to downside pressure as USD bulls cling to the hope that Trump's fiscal pledges boost US growth and inflation, spurring Fed hikes into 2017 accordingly. Support around 1.0570 gave way, aided by EURGBP sales before running into demand below 1.0530. Year end predictions for the currency are now heading south on an almost daily basis.
- JPY – the market continues to look underpositioned in the long USD trade and despite it seeming reasonable to expect a degree of profit taking at these lofty levels, the latest boost to the USD has seen USDJPY hurtle towards 113.00 and 8-month highs. As rising US yields and solid economic data continue to underpin the USD's move, some commentators consider that the move has been driven by short-covering in an abnormal market but bids are now likely to be lined up on any dip back towards 110.00 as scope for fresh USD long positions remains. Focus is now shifting towards options defence at 115.00.

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	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
<b>EUR USD</b>	1.0557	-0.64%	-1.30%	-2.95%	-0.85%	-2.84%
<b>GBP USD</b>	1.2463	+0.35%	+0.13%	+2.06%	-17.30%	-15.41%
<b>USD JPY</b>	112.54	+1.35%	+3.06%	+7.97%	-8.08%	-6.37%

Source: Bloomberg

## EM FX

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.3974	+0.25%	+2.38%	+10.18%	+18.22%	+16.47%
USD INR	68.565	+0.45%	+0.91%	+2.56%	+3.38%	+3.64%
USD IDR	13,490.0	+0.35%	+1.09%	+3.67%	-1.66%	-2.16%

Source: Bloomberg

## G10 Rates

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.83%	+6.1	+16.1	+55.8	+16.7	+7.3
10Y	2.35%	+3.8	+12.8	+58.5	+11.2	+8.1
30Y	3.02%	+2.1	+9.8	+50.4	+1.8	+0.5

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	180.6	+6.0	+10.4	+51.8	+20.9	+7.7
10Y	218.5	+5.6	+9.6	+58.5	+7.7	-0.2
30Y	245.8	+3.8	+8.1	+50.8	-9.5	-15.5

Source: Bloomberg

## Commodities Market

- Iraq's announcement that it will "shoulder responsibility" for some of OPEC planned production cuts kept oil prices supported overnight, though a market kept in general suspense ahead of any official decision next Wed continues to oscillate between optimism and doubt over the OPEC deal outcome. DOE stats released last night was similar to API with headline draws of 1.25mmbbls and gasoline and distillate builds of 2.3mn and 327k bbls respectively while US rig count increased by 5 this week to 593, but will have limited impact till OPEC concludes next week. Natural gas regains \$3 handle as nat gas inventories saw fall of 2bn cubic feet last week.
- Copper meanwhile is regaining its status as a lead risk barometer trading up with equities to scale past \$5900 on the 3mth forward this morning, leaving us less than \$100 shy of key psychological \$6000 level. Iron ore also surged with Dalian iron ore rising to its upper limit (9.01%) on SHFE steel rebar's strong gains of 4.52%.

## MENA Fixed Income

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	379.4	+1.8	-0.8	+33.0	+1.8	-30.7
Sovx CEEMEA	101.0	+1.8	-2.9	+9.9	-54.1	-82.6
Itrax Xover	345.8	+5.6	+1.5	+24.2	+45.3	+31.3

Source: Bloomberg

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
ADGB 5Y	70.0	+4.0	-7.6	+1.8	-3.4	-22.6
Qatar 5Y	90.0	+2.0	-7.1	+0.8	+16.0	-2.6
Dubai 5Y	160.0	+5.0	-2.9	+7.3	-49.0	-73.7

Source: Bloomberg

Continued...

## Overnight market headlines

### Global News

- Fed minutes show policymakers confident of need for rate hikes on eve of Trump win; officials see labor market strong enough for a hike
- Wednesday's US data releases show rising durable goods orders, improving business sentiment and firm labor market
- US treasuries sell-off continues as inflation fears mount; Dollar jumps to highest in almost 14 years on Fed hike stance
- Yuan declines to eight-year low as PBOC weakens reference rate; Japan shares rise for 10th day as tumbling yen boosts exporters but Asia shares retreat; Oil holds near \$48

### Middle East & Africa News

- Etihad Airways raises \$1.5bn from a 5-year sukuk sale at MS+210bps
- Tui approves plan to create new airline with Etihad
- Saudi Arabia is on track to narrow its budget deficit to 13% of GDP in 2016, says IMF official
- Dar Al-Arkan repays SAR 1.1bn sukuk
- Aluminium Bahrain seeking \$1bn from banks for expansion
- Emirates Global Aluminium will build alumina refinery in Guinea; EGA already committed \$1bn to dig Guinea bauxite mine
- Saudi lifts mood in regional markets; Egypt holds near 8-yr peak
- IMF says Kenya's credit slowdown to curb growth next year; Govt. cuts 2017 growth outlook on slowing credit growth
- Nigerian lawmakers say 2017 draft budget has unrealistic assumptions

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Continued...

## Key data points – Global

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
<b>GLOBAL</b>						
Dow Jones Inds. Avg	19,083	+0.31%	+1.14%	+4.72%	+7.14%	+9.52%
S&P 500	2,205	+0.08%	+1.28%	+2.48%	+5.53%	+7.87%
Nasdaq Composite	5,381	-0.11%	+1.63%	+1.33%	+5.45%	+7.45%
Nikkei	18,163	+0.31%	+1.68%	+5.69%	-8.64%	-4.57%
Hang Seng	22,677	-0.01%	+1.78%	-3.93%	+0.39%	+3.48%
Shanghai	3,241	-0.22%	+1.13%	+3.61%	-10.37%	-8.42%
Mumbai Sensex	26,052	+0.35%	-0.94%	-7.55%	+1.07%	-0.25%
DAX	10,662	-0.48%	-0.01%	-0.92%	-2.48%	-0.75%
CAC 40	4,529	-0.42%	+0.62%	-0.51%	-6.04%	-2.33%
FTSE 100	6,818	-0.03%	+1.01%	-2.41%	+8.61%	+9.22%
DJ Stoxx 50	3,032	-0.40%	+0.19%	-1.99%	-11.07%	-7.20%
FTSE MIB Index	16,532	+0.07%	-0.17%	-4.47%	-24.68%	-22.81%
SMI Index	7,752	+0.13%	-2.04%	-3.00%	-11.99%	-12.09%
<b>MENA</b>						
Abu Dhabi - ADX	4,260	+0.97%	-0.72%	-0.69%	+0.98%	-1.11%
Dubai – DFM	3,350	+1.80%	+2.67%	-0.28%	+4.39%	+6.31%
Saudi Arabia	6,796	+2.95%	+2.23%	+17.24%	-5.64%	-1.67%
Qatar	9,739	-0.02%	-0.03%	-6.41%	-8.23%	-6.62%
Bahrain	1,188	+0.27%	+1.66%	+3.40%	-3.49%	-2.32%
Kuwait	5,536	+0.38%	+0.74%	+3.65%	-3.97%	-1.40%
Oman	5,521	+0.47%	+0.72%	-0.30%	-4.18%	+2.13%
Egypt	11,550	+0.26%	+5.03%	+40.38%	+82.72%	+64.86%
Turkey	75,037	-1.02%	+0.37%	-6.12%	-1.58%	+4.61%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	47.96	-0.15%	+5.24%	-5.07%	+11.87%	+29.48%
Brent Oil \$/bbl	48.95	-0.35%	+4.98%	-4.88%	+6.14%	+31.30%
Gold spot \$/oz	1,191	-1.75%	-2.88%	-5.74%	+10.78%	+12.15%
Silver spot \$/Troy oz	16.42	-1.81%	-3.31%	-6.66%	+15.30%	+18.30%
Alluminium 3MO \$	1,778	+1.02%	+4.77%	+9.42%	+23.86%	+17.98%
Nickel 3MO \$	11,600	+2.02%	+2.38%	+16.47%	+39.76%	+31.52%
Copper 3MO \$	5,740	+2.26%	+5.65%	+23.84%	+27.84%	+22.00%

Source: Bloomberg

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