

## Daily Market Chatter

### FX & Rates

- **EUR:** The single currency suffered a similar fate to Monday's; where it dipped again despite the fact that the previous German GDP data was revised higher, offsetting the slight miss on the actual numbers. The culprit being the renewed dollar strength which gained some momentum on the release of the robust US data, where the US Empire manufacturing jumped to the highest level since 3 years and the retail sales all beat the estimates. EURUSD plunged below 1.1700 post the figures, but that was short lived and the currency retraced some of the losses towards 1.1740s. The desk remains bearish EUR whilst below 1.1950, but playing the intraday range seems like the best option for the time being.
- **JPY:** It really has been a one way move for USDJPY since Friday as the North Korean drama eased off resulting in a notable safe haven outflow despite the fact that we had decent Japanese industrial productions on Monday. Next on the cards is a test on 111.00 which will realistically depend on the perceived FOMC hawkishness or the lack of it tonight.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
<b>EUR USD</b>	1.1737	-0.47%	-0.14%	+2.31%	+4.15%	+11.60%
<b>GBP USD</b>	1.2866	-0.89%	-0.89%	-1.49%	-1.30%	+4.26%
<b>USD JPY</b>	110.46	+0.92%	-0.03%	-2.00%	+10.10%	-5.56%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
<b>USD TRY</b>	3.5377	+0.45%	+0.16%	+0.21%	+20.86%	+0.40%
<b>USD INR</b>	64.1225	+0.00%	+0.77%	-0.36%	-3.96%	-5.60%
<b>USD IDR</b>	13,361.0	+0.09%	+0.36%	+0.26%	+2.11%	-0.83%

Source: Bloomberg

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
<b>5Y</b>	1.83%	+5.6	+0.8	-4.1	+66.6	-10.1
<b>10Y</b>	2.27%	+5.4	+1.1	-5.9	+69.8	-17.1
<b>30Y</b>	2.85%	+4.2	+0.6	-7.1	+55.1	-21.5

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
<b>5Y</b>	188.7	+4.9	-1.6	-2.8	+73.0	-7.2
<b>10Y</b>	221.0	+4.6	-2.0	-4.5	+77.2	-10.9
<b>30Y</b>	250.2	+3.7	-2.7	-4.9	+72.5	-6.8

Source: Bloomberg

### Asia Credit

- Decent retail sales out of the US opened the door for speculation the Fed might raise rates again this year. US 10Y yield jumped 5bps to 2.27% and the mighty VIX back @ 12. Crude @ 47.80; let's see if we hold that level.
- Yesterday we saw good two-way interest in mid curve Indo sukuks,

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generally finishing stronger, but not sure the EM space can keep rallying in the face of higher yields here but they should stay firm for now. I expect to see a steady/firm markets today. Indois 2027 getting active again, now at 102.35/102.50.

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	333.0	-3.3	+5.7	+1.5	-11.9	-30.2
Sovx CEEMEA	44.7	-3.4	+3.4	-10.4	-68.1	-34.9
Itrax Xover	244.5	+0.3	+10.5	+7.8	-60.0	-43.5

Source: Bloomberg

## MENA Credit

- Yesterday we had a busy afternoon in the GCC, mainly trading Sov curves and UAE Fins. Kuwait Projects curve was also busy mainly the 23s although I prefer the 27s. We are still seeing buyers of short end mainly UAE names. Expect the market to continue holding well with little supply coming until summer is finished so probably mid-September we get a couple of new issues that should kick start our market again.
- We are still busy on the DEWA curve; a good switch will be to sell the 18s & buy the 20s with a pickup of 35bps Zspd.
  - DEWA 18s 100.65-100.75 5x5
  - DEWA 20s 114.85-115.15 5x5

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	54.2	-1.1	+3.8	-5.4	-21.3	-7.3
Kuwait 5Y	68.7	-1.3	-1.5	-11.7	-43.0	-42.6
Dubai 5Y	111.9	-4.9	-1.8	-13.2	-48.1	-37.9

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	92.6	-1.8	+51.5	-10.1	-4.9	+12.3
KSA 5Y	89.6	-1.8	+1.1	-14.4	-70.4	-23.8
Bahrain 5Y	225.6	-3.9	-4.2	-14.9	-165.8	+112.2

Source: Bloomberg

## Commodities Market

- Oil prices edged up on Wednesday on a fall in US crude inventories, although markets were still being weighed down by general oversupply. Brent crude futures (LCOc1) were at \$51.12 per barrel at 0600 GMT, up 32 cents or 0.6% from their last close. US West Texas Intermediate (WTI) crude futures (CLc1) were at \$47.79 a barrel, up 25 cents, or 0.5%.
- Benchmark lead prices were the biggest gainers on the London Metal Exchange, closing 1.9% higher at \$2,380 a tonne. LME Nickel fell 1% to end the day at \$10,350, after inventories stored in LME-certified warehouses increased by 8,970 tonnes to 384,258 tonnes. Three-month LME Copper dipped 0.3% to finish at \$6,379. Prices hit their highest in more than 2-1/2 years on Aug. 9 at \$6,515. LME Zinc climbed 1.5% to end at \$2,960. LME Aluminium gained 1.3% to close at \$2,049 after touching \$2,056, the highest since Nov. 27, 2014. Tin untraded during closing rings, was bid down 1% at \$20,100.

Continued...

## Overnight market headlines

### Global News

- US retail sales, business inventories post biggest jump in 7-months; Empire state factory index throttles to highest in 3-years
- US import prices up after recent declines, but underlying import inflation remains mute
- UK says physical Irish border 'completely unacceptable'
- IMF warns China over 'dangerous' levels of debt
- China returns to top of list of US government creditors
- Dollar climbs after strong US data and North Korea respite; Asian shares mixed, VIX index falls for third day; Oil halts slide near \$48

### Middle East & Africa News

- Sanctions boost food prices, hurt real estate in Qatar in July
- UAE, Saudi to be the first countries in GCC to introduce VAT
- Union Properties reports \$624m loss in Q2 as it books \$762m in provisions to cover accounting errors dating back to 2015; says not expecting more provisions
- Etihad Airways says cannot bail out Air Berlin
- Dana Gas bondholders face "significant liability" in court case
- Egypt's quarterly tourism revenue triples as FX crisis eases; remittances from workers also surged in the fourth quarter
- Middle East stock markets sag as Union Properties loss hits Dubai, Egypt continues slide
- Iran could quit nuclear deal in 'hours' if new US sanctions imposed, says Rouhani

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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	21,999	+0.02%	-0.39%	+1.67%	+18.58%	+11.32%
S&P 500	2,465	-0.05%	-0.42%	+0.22%	+13.15%	+10.08%
Nasdaq Composite	6,333	-0.11%	-0.59%	+0.33%	+21.16%	+17.65%
Nikkei	19,753	+1.11%	-1.21%	-1.82%	+19.02%	+3.34%
Hang Seng	27,175	-0.28%	-2.44%	+2.98%	+18.61%	+23.52%
Shanghai	3,251	+0.43%	-0.93%	+0.90%	+4.54%	+4.76%
Mumbai Sensex	31,449	+0.75%	-1.77%	-1.79%	+11.71%	+18.11%
DAX	12,177	+0.10%	-0.94%	-3.60%	+14.05%	+6.06%
CAC 40	5,140	+0.36%	-1.51%	-1.82%	+15.24%	+5.72%
FTSE 100	7,384	+0.41%	-2.11%	+0.07%	+7.11%	+3.37%
DJ Stoxx 50	3,462	+0.33%	-1.53%	-1.82%	+14.78%	+5.21%
FTSE MIB Index	21,722	+1.72%	-1.48%	+1.07%	+29.35%	+12.93%
SMI Index	9,013	-0.21%	-1.64%	-0.24%	+9.70%	+9.64%
<b>MENA</b>						
Abu Dhabi – ADX	4,471	-0.21%	-2.55%	-1.17%	-1.58%	-1.66%
Dubai – DFM	3,580	-0.18%	-1.87%	+0.18%	-0.21%	+1.38%
Saudi Arabia	7,103	-0.31%	-0.59%	-3.34%	+12.24%	-1.49%
Qatar	9,134	-0.62%	-2.55%	-2.24%	-19.67%	-12.48%
Bahrain	1,312	-0.55%	-0.90%	-0.17%	+13.87%	+7.48%
Kuwait	6,844	-0.23%	+0.20%	+0.51%	+24.27%	+19.06%
Oman	4,939	-0.78%	-1.34%	-2.47%	-16.11%	-14.60%
Egypt	13,102	-0.25%	-3.93%	-5.16%	+56.21%	+6.14%
Turkey	1,06,913	-2.40%	-2.49%	+1.65%	+37.58%	+36.83%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	47.55	-0.08%	-3.29%	+2.17%	+2.08%	-11.49%
Brent Oil \$/bbl	50.80	+0.14%	-2.57%	+3.86%	+3.19%	-10.59%
Gold spot \$/oz	1,273.9	-0.88%	+1.40%	+3.20%	-5.53%	+11.01%
Silver spot \$/Troy oz	16.697	-2.60%	+1.73%	+3.57%	-15.86%	+4.83%
Aluminium 3MO \$	2,049.0	+1.29%	+0.94%	+6.33%	+22.26%	+21.03%
Nickel 3MO \$	10,350	-0.96%	-2.63%	+8.09%	-1.52%	+3.29%
Copper 3MO \$	6,379	-0.28%	-1.56%	+7.64%	+33.82%	+15.24%

Source: Bloomberg

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