

## Daily Market Chatter

### FX & Rates

- Overnight the FED minutes showed that officials are concerned about inflation remaining persistently low, although they see it rising gradually to the 2% target over the medium term; but “many” saw some “likelihood” that it would remain below that level for longer than expected. Also, the minutes did not say when the Fed would begin shrinking its balance sheet this year. And let’s not forget Trump, today it was him thanking all the CEO’s who quit his business councils. Markets seems tired of his campaigning or complaining and not governing. He needs to start getting some policy through for the strength of the markets. 10-year Treasury yields are at 2.23% after falling 5 basis points overnight with the FED talk.

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.78%	-4.5	-2.4	-7.9	+64.9	-14.6
10Y	2.22%	-5.1	-2.6	-9.2	+67.3	-22.1
30Y	2.81%	-4.2	-1.5	-9.7	+54.8	-25.7

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	187.9	-0.8	+0.7	-3.6	+69.0	-7.9
10Y	220.3	-0.8	+0.6	-5.3	+75.5	-11.7
30Y	249.5	-0.7	+0.2	-5.6	+72.8	-7.5

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1702	-0.30%	-0.36%	+2.00%	+3.81%	+11.27%
GBP USD	1.2847	-0.15%	-1.12%	-1.63%	-1.28%	+4.11%
USD JPY	110.74	+0.25%	+0.73%	-1.76%	+10.39%	-5.32%

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.5267	-0.31%	-0.40%	-0.10%	+20.30%	+0.09%
USD INR	64.1525	+0.05%	+0.50%	-0.31%	-3.91%	-5.55%
USD IDR	13,377.0	+0.12%	+0.33%	+0.38%	+1.75%	-0.71%

Source: Bloomberg

- CNH: The FX swap curve has seen decent paying interest in the last 2 trading sessions with 1y taken to a high of 1600. This looks like a general unwind of previous positioning as funding has been very soft and the market’s view on CNH has changed from a depreciation to more neutral outlook.

### Asia Credit

- In Asia we see slight slowdown in the IG spread rally. Similar for the EM prices, while they have outperformed the last few sessions. I think credit stays strong and overnight we did see that continuing but some of the big tightening may be done in short term. We have one new issue locally with

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 Chavan Bhogaita  
 Head of Market Insights & Strategy

 Rakesh Sahu  
 Analyst

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CKINF 4.85 PERP, but just 500m. I will be looking for opportunities to sell some long dates if we get a few points lower in yield and then looking to add to mid curve IG.

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	334.3	+1.3	-1.2	+2.8	-7.1	-28.9
Sovx CEEMEA	43.0	-1.7	-0.6	-11.5	-71.6	-36.6
Itrax Xover	240.3	-4.1	+0.3	+6.0	-71.2	-47.7

Source: Bloomberg

## MENA Credit

- Another quiet week for the GCC on the back of the summer holidays, expect it to continue this month but we anticipate a pick-up in activity (supply) mid-Sept onwards and into year end.
- GCC bounced back from its underperformance previous week; that said, it was probably more down to rise in US underlying rates although we did continue to see better buyers in the region of the 3-5 year space in Fins and Sovs. EM overall was rather flat to marginally tighter on the week.
- The GCC market in spread terms feels well supported, even with Oman & Bahrain getting downgraded by Moody's and news that Bahrain has mandated 5 banks for a dollar bond. That said Bahrain (and to a lesser degree Oman) feel the weakest of the credits. 1MDB given till end of August to make the payment. IPIC/MUBADALA curve not effected
- QATAR CDS been quiet is about 2bps tighter week on week and is holding 3bps or so wide to KSA 5Y. We are seeing more liquidity in the street especially in the benchmarks i.e. 21s & 26s.
- Qatar Fins though remain weak post negative outlook by Moody's and the normally rock solid COMQAT 21s traded down last week @ Swaps +190 and at present looks to have pushed out to Swaps +210 area highlighting the overall poor sentiment to the Qatar Fin sector.
- Kuwait has held onto its recent gains vs its peers.
- We continue to see regional banks looking for short end GCC bonds but now pushing out to the 3-4 year space as the shorter maturities have become expensive. Vedanta which launched a 7Y didn't perform that well in the secondary despite a large portion of the deal being related to a tender of the 19s and 21s. Launched at 100 traded as low as 98.75 over a week ago but has since bounced back and we are being lifted close to par now on our small allocation.

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	54.0	-0.2	-3.2	-4.6	-21.5	-7.5
Kuwait 5Y	69.4	+0.7	-0.8	-9.6	-42.3	-41.9
Dubai 5Y	116.2	+4.3	-3.5	-8.2	-43.8	-33.6

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	92.7	+0.1	-1.6	-5.4	+0.7	+12.4
KSA 5Y	89.5	-0.1	-2.1	-11.5	-68.5	-23.9
Bahrain 5Y	228.2	+2.6	-1.0	-11.0	-167.3	+114.8

Source: Bloomberg

## Commodities Market

- Crude futures settled lower on Wednesday, as data showed US crude production rose to its highest in over two years offsetting a decline in supplies of US crude for a seventh-straight week. On the New York Mercantile Exchange crude futures for September delivery fell by \$0.77 to settle at \$46.78 a barrel, while on London's Intercontinental Exchange, Brent lost 43 cents to trade at \$50.37 a barrel.
- Base metals prices surged higher on Wednesday as the market shrugged off the weaker macro lately (and FOMC minutes, USD weakness). Zinc was up more than 5% on its bullish news to hit a ten-year high above 3100/t, aluminium was near a 3-year high, breaching \$2,100/t for the first time since Q3 2014, copper climbed close to \$3/lb. Nickel and lead, not to be outdone, gained 4.0% and almost 6% respectively.

## Overnight market headlines

### Global News

- FOMC minutes show policymakers now more worried about weak inflation, but ready to reduce B/S
- Williams sees Fed 'half way' on rate-hike path; Mester says Fed should forge on with rate hikes
- Eurozone economy grows 2.2% in second quarter, outpacing estimates; exports and low unemployment fuel rapid growth in central Europe
- Japan reports trade surplus in July as exports rise again; Imports jump on domestic demand
- Dollar drops, treasuries rally on Fed outlook and Trump's decision to dissolve business councils; Asia shares rise with yen; Oil near 3-week low as US output climbs to 2-yr high

### Middle East & Africa News

- Saudi Arabia plans to launch second local currency sukuk issuance next week
- Saudi Electricity secures \$1.75bn loan for capex plans
- Saudi Telecom is said to offer \$750m additional equity in Turkey debt talks; STC also proposing to restructure \$4bn in two new loans
- Saudi's SABIC acquires Shell's stake in its Saudi plant for \$820m
- Qatari sovereign wealth fund reduces stake in Credit Suisse
- Egypt weighs \$4bn Eurobond sale in January, official says
- Most Middle East stock markets up; Egypt ends losing streak but Qatar down after poor economic data

*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
<b>GLOBAL</b>						
Dow Jones Inds. Avg	22,025	+0.12%	-0.11%	+1.83%	+18.58%	+11.45%
S&P 500	2,468	+0.14%	-0.24%	+0.36%	+13.10%	+10.24%
Nasdaq Composite	6,345	+0.19%	-0.11%	+0.49%	+21.35%	+17.87%
Nikkei	19,729	-0.12%	-0.05%	-1.94%	+17.82%	+3.22%
Hang Seng	27,409	+0.86%	-1.25%	+3.55%	+20.22%	+24.58%
Shanghai	3,246	-0.15%	-0.89%	+2.20%	+4.40%	+4.60%
Mumbai Sensex	31,771	+1.02%	-0.08%	-0.95%	+13.45%	+19.32%
DAX	12,264	+0.71%	+0.90%	-2.57%	+16.38%	+6.82%
CAC 40	5,177	+0.71%	+0.60%	-1.02%	+17.18%	+6.46%
FTSE 100	7,433	+0.67%	-0.87%	+0.39%	+8.37%	+4.06%
DJ Stoxx 50	3,485	+0.65%	+0.46%	-0.90%	+16.91%	+5.90%
FTSE MIB Index	21,985	+1.21%	+0.62%	+2.33%	+33.01%	+14.30%
SMI Index	9,038	+0.28%	+0.12%	-0.01%	+10.84%	+9.95%
<b>MENA</b>						
Abu Dhabi – ADX	4,497	+0.59%	-1.30%	-1.71%	-0.62%	-1.08%
Dubai – DFM	3,589	+0.27%	-1.47%	-0.37%	+0.92%	+1.65%
Saudi Arabia	7,128	+0.35%	-0.35%	-2.20%	+14.60%	-1.14%
Qatar	9,022	-1.23%	-3.06%	-4.39%	-20.92%	-13.55%
Bahrain	1,311	-0.06%	-0.95%	-0.33%	+14.21%	+7.42%
Kuwait	6,854	+0.15%	+0.46%	+0.78%	+25.22%	+19.24%
Oman	4,913	-0.53%	-1.64%	-3.17%	-16.65%	-15.05%
Egypt	13,149	+0.36%	-3.18%	-5.78%	+57.52%	+6.52%
Turkey	1,06,862	-0.05%	-1.70%	+0.61%	+36.74%	+36.76%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	46.78	-1.62%	-5.61%	+1.65%	-0.02%	-12.92%
Brent Oil \$/bbl	50.27	-1.04%	-4.61%	+3.82%	+0.84%	-11.53%
Gold spot \$/oz	1,274.8	+0.07%	+0.15%	+3.28%	-5.18%	+11.09%
Silver spot \$/Troy oz	16.935	+1.42%	+0.39%	+5.04%	-13.77%	+6.32%
Aluminium 3MO \$	2,094.0	+2.20%	+3.28%	+8.67%	+23.69%	+23.69%
Nickel 3MO \$	10,760	+3.96%	+0.00%	+12.38%	+4.92%	+7.39%
Copper 3MO \$	6,532	+2.40%	+1.19%	+10.23%	+35.77%	+18.00%

Source: Bloomberg

## FAB Global Markets

### Contact details

#### G10 FX & Rates

**Alison Higgins**

[Alison.Higgins@nbad.com](mailto:Alison.Higgins@nbad.com)

**Nourah Al Zahmi**

[Nourah.Alzahmi@nbad.com](mailto:Nourah.Alzahmi@nbad.com)

**Meera Al Marar**

[Meera.AIMarar@nbad.com](mailto:Meera.AIMarar@nbad.com)

#### EM FX & Rates

**Husain Askar**

[Husain.Askar@nbad.com](mailto:Husain.Askar@nbad.com)

**Ahmed ElAlami**

[Ahmed.ElAlami@nbad.com](mailto:Ahmed.ElAlami@nbad.com)

**Danay Sarypbekov**

[Danay.Sarypbekov@nbad.com](mailto:Danay.Sarypbekov@nbad.com)

**Pinrath Wongtrangan**

[Pinrath.Wongtrangan@nbad.com](mailto:Pinrath.Wongtrangan@nbad.com)

#### Market Insights & Strategy

**Chavan Bhogaita**

[Chavan.Bhogaita@nbad.com](mailto:Chavan.Bhogaita@nbad.com)

#### MENA Credit Trading

**Matthew Locke**

[Matthew.Locke@nbad.com](mailto:Matthew.Locke@nbad.com)

**Sherif El Zeneiny**

[Sherif.Zeneiny@nbad.com](mailto:Sherif.Zeneiny@nbad.com)

#### Asia Credit Trading

**Shaun Lynn**

[ShaunRobert.Lynn@nbad.com](mailto:ShaunRobert.Lynn@nbad.com)

**Marcus Corrigan**

[Marucus.Corrigan@nbad.com](mailto:Marucus.Corrigan@nbad.com)

#### Non-Linear Products

**Hein Van Der Wielen**

[Hein.Wielen@nbad.com](mailto:Hein.Wielen@nbad.com)

**Marco Benassi**

[Marco.Benassi@nbad.com](mailto:Marco.Benassi@nbad.com)

**Vijesh Peris**

[Vijesh.Peris@nbad.com](mailto:Vijesh.Peris@nbad.com)

**Mohamed Bouzoubaa**

[Mohamed.Bouzoubaa@nbad.com](mailto:Mohamed.Bouzoubaa@nbad.com)

**Naoufal Alami**

[Naoufal.Alami@nbad.com](mailto:Naoufal.Alami@nbad.com)

#### FAB Global Markets

Tel: 00971 2611 0111

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