

## Daily Market Chatter

### FX & Rates

- Interesting day yesterday with two halves. The day started with a risk off sentiment and a weak dollar that helped EURUSD break 1.2000 for the first time since 2015. The second half of the day was filled with excitement as the greenback regained its composure and retraced all of the moves on the back of further developments on the North Korean situation, where the UN council carried its meeting to discuss NK, which is seen positive as it could possibly lead to negotiations as oppose to military action. Additionally, president Trump is giving a speech on Thursday at 11pm UAE time on tax reform which could be of importance as he tries to boost his argument of why it is needed. And finally, the long night ended with RBNZ Wheeler trying to talk down the currency, saying that lower NZD dollar is needed to increase tradable inflation, as a result AUDNZD reached 1.1017 in a single shot and might in the coming days break this year's highs at 1.1020.
- EUR: The initial break of 1.2000 jolted the dull summer market back to life, and stop chasing led to a kneejerk spike to 1.2020, followed by a second move towards 1.2070. Then the momentum waned and the single currency retraced the entire move as the risk on sentiment recovered overnight. The decent pullback might provide a nice opportunity to buy the dips for reinstate the long positions; with that said the next support is way down around 1.1810 which is where I would be looking. Today's data slate carries German CPIs, Italian PPIs and Eurozone consumer confidence.
- JPY: The market brushed off the North Korean worries which gave the greenback a chance to redeem itself and a notable outflow of JPY safe haven saw USDJPY bounce from the lows of 108.27. As mentioned before, 108 levels were always seen lucrative for Japanese investors and the demand has proven time and time again to provide support around those levels. What is interesting to me is the momentum behind the reversal and the fact that we closed above Friday's close might indicate that this could be the start of USDJPY reversing off the lows of the summer.

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.70%	-2.8	-8.0	-13.0	+52.7	-22.3
10Y	2.13%	-2.9	-8.4	-16.0	+56.3	-31.4
30Y	2.74%	-1.7	-4.6	-15.7	+50.9	-32.6

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	175.9	-4.1	-8.1	-14.3	+54.8	-19.9
10Y	206.8	-4.3	-8.3	-17.8	+63.0	-25.2
30Y	237.7	-3.6	-5.9	-17.5	+68.8	-19.3

Source: Bloomberg

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.2016	+0.33%	+2.14%	+1.74%	+7.76%	+14.25%
GBP USD	1.2927	-0.05%	+0.67%	-1.99%	-1.21%	+4.76%
USD JPY	109.16	-0.04%	-0.27%	-1.13%	+5.95%	-6.67%

Source: Bloomberg

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	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.4466	+0.08%	-1.38%	-2.25%	+16.34%	-2.18%
USD INR	64.0237	+0.17%	-0.12%	-0.26%	-4.49%	-5.74%
USD IDR	13,340.0	+0.00%	-0.03%	+0.11%	+0.54%	-0.99%

Source: Bloomberg

## MENA Credit

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	332.4	-1.1	-1.7	-2.6	-9.6	-30.8
Sovx CEEMEA	44.5	-0.0	-1.3	-0.9	-65.6	-35.1
Itrax Xover	246.7	+5.3	-0.7	+12.1	-59.4	-41.3

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	57.2	+1.2	+1.7	+2.5	-18.1	-4.3
Kuwait 5Y	68.2	+0.1	-0.0	-6.8	-43.5	-43.0
Dubai 5Y	110.1	-5.7	-4.7	-6.2	-49.2	-39.8

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	96.8	+1.9	+2.0	+5.3	+5.2	+16.5
KSA 5Y	92.6	+1.7	+1.6	+0.3	-57.4	-20.8
Bahrain 5Y	233.7	-1.0	-1.8	-6.2	-151.9	+120.2

Source: Bloomberg

## Commodities Market

- Crude oil prices dipped in Asia on Wednesday despite a massive draw in US stocks reported by an industry body as investors looked ahead to the impact of Hurricane Harvey on supply and demand in the coming months. On the New York Mercantile Exchange crude futures for October delivery dipped 0.28% to \$46.31 a barrel, while on London's Intercontinental Exchange, Brent fell 0.31% to \$51.50 a barrel. US crude oil stocks fell by an estimated 5.8 million barrels at the end of last week, the American Petroleum Institute said on Tuesday, beating an expected draw of 1.9 million barrels. The data was compiled before the impact of Hurricane Harvey. Gasoline stocks rose by 480,000 barrels, while distillates fell by 490,000 barrels. The supply hub at Cushing, Oklahoma, saw a build of 580,000 barrels. Investors will now look ahead to official data from the Energy Information Administration on Wednesday.
- Copper rallied to its highest in three years on Tuesday as inventories in London and Shanghai fell and the dollar sank after North Korea raised geopolitical tensions by launching a missile that flew over northern Japan. Benchmark copper jumped 1.9% to close at \$6,791.50 tonne on Tuesday. It earlier touched \$6,843.50, a level last seen in September 2014.

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## Overnight market headlines

### Global News

- US consumer confidence hits five-month high; house prices rise
- EU's Juncker slams UK as fractious talks resume
- Japan retailing growth jumps as economic recovery continues
- RBNZ's wheeler calls for lower NZ Dollar to boost inflation, says bank has scope for rate cuts
- Kim says missile over Japan was 'prelude' to containing Guam; Trump says 'all options on the table' over North Korea
- Dollar rebounds with most Asian stocks; Gasoline rises for a seventh day as Harvey regains strength

### Middle East & Africa News

- Large UAE banks post solid Q2 profitability supported by higher interest income, says Moody's
- Fitch upgrades Jebel Ali Free Zone FZE to 'BBB+'; outlook stable
- Dubai real estate draws \$41bn investment in 18 months
- Egypt repays \$250m owed to foreign airlines, says IATA
- Egypt signs oil and gas exploration deals with Shell, Apex
- Qatar shares fall after Fitch downgrade, Qalaa helps Egypt
- Kenya central bank extends sale of five-year Treasury bond
- War-ravaged South Sudan passes budget, but says funding will be "difficult"

*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	21,865	+0.26%	-0.16%	+0.16%	+18.48%	+10.64%
S&P 500	2,446	+0.08%	-0.25%	-1.04%	+12.42%	+9.27%
Nasdaq Composite	6,302	+0.30%	+0.07%	-1.14%	+20.66%	+17.07%
Nikkei	19,363	-0.45%	-0.11%	-2.99%	+15.77%	+1.30%
Hang Seng	27,765	-0.35%	+1.33%	+2.91%	+20.63%	+26.20%
Shanghai	3,365	+0.08%	+2.28%	+3.44%	+9.45%	+8.43%
Mumbai Sensex	31,388	-1.14%	+0.31%	-2.85%	+10.74%	+17.88%
DAX	11,946	-1.46%	-2.32%	-1.78%	+12.09%	+4.05%
CAC 40	5,032	-0.94%	-1.95%	-1.94%	+12.89%	+3.49%
FTSE 100	7,337	-0.87%	+0.25%	-0.42%	+7.57%	+2.72%
DJ Stoxx 50	3,388	-0.96%	-1.95%	-2.29%	+11.79%	+2.97%
FTSE MIB Index	21,409	-1.46%	-1.48%	-0.10%	+26.74%	+11.30%
SMI Index	8,815	-0.56%	-1.67%	-2.27%	+7.02%	+7.23%
<b>MENA</b>						
Abu Dhabi – ADX	4,464	-0.48%	-0.23%	-2.48%	-0.69%	-1.82%
Dubai – DFM	3,611	-0.06%	-0.01%	+0.05%	+2.78%	+2.26%
Saudi Arabia	7,259	-0.04%	+0.07%	+2.01%	+18.42%	+0.67%
Qatar	8,859	-0.92%	-2.28%	-6.45%	-21.70%	-15.12%
Bahrain	1,299	-0.14%	-0.68%	-2.52%	+14.08%	+6.42%
Kuwait	6,899	-0.14%	-0.47%	+1.53%	+27.26%	+20.03%
Oman	5,047	+0.87%	+1.50%	-0.33%	-12.55%	-12.72%
Egypt	13,195	+1.40%	+0.61%	-2.11%	+63.29%	+6.89%
Turkey	1,10,423	+0.08%	+1.68%	+2.53%	+45.07%	+41.32%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	46.44	-0.28%	-2.52%	-6.58%	+0.19%	-13.55%
Brent Oil \$/bbl	52.00	+0.21%	+0.25%	-0.99%	+7.50%	-8.48%
Gold spot \$/oz	1,314.2	+0.51%	+2.17%	+3.65%	-0.08%	+14.53%
Silver spot \$/Troy oz	17.486	+0.46%	+2.74%	+3.97%	-6.11%	+9.79%
Aluminium 3MO \$	2,095.0	+1.21%	+0.67%	+9.86%	+27.55%	+23.74%
Nickel 3MO \$	11,710	+1.96%	+3.49%	+14.80%	+19.37%	+16.87%
Copper 3MO \$	6,792	+1.88%	+3.12%	+7.38%	+47.16%	+22.69%

Source: Bloomberg

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