

## Daily Market Chatter

### FX & Rates

- USD seems to have recovered a little over night with rates stalled for the moment. 10y is creeping towards the 2.20 support and we'd need to see a break of 2.25 for upward momentum. Today's ECB could prove further supportive of the EUR but there is top tier data in the US Claims, Philly Fed and Consumer Confidence. Not sure these will really make a dent to the upside but any weakness will only help the curve to flatten further.

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.83%	+1.2	-5.0	+6.1	+69.0	-10.2
10Y	2.27%	+1.1	-4.9	+11.3	+69.0	-17.4
30Y	2.85%	+0.5	-3.3	+11.3	+55.3	-21.3

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	189.2	+0.9	-5.1	+5.5	+74.5	-6.6
10Y	222.1	+1.0	-5.4	+8.4	+76.1	-9.8
30Y	252.2	+1.3	-3.2	+10.7	+66.1	-4.8

Source: Bloomberg

- GBP: cable mooching around 1.3005 1.3045 with little support for another break of 1.3100 yesterday post the miss in inflation. Today's Retail Sales is important and we'll see if the summer sun has enticed consumers into the shops. Expect drag from the EUR one way or another and more furore about the gender pay gap at the BBC to dominate headlines as Brexit takes second place for a minute.
- JPY: BOJ board voted 7-2 to keep policy unchanged at -0.100%. USD/JPY is up at 112.13 as the BOJ pushes back inflation target date. The adjustment to the inflation date target isn't really a surprise as they have been unable to hit the 2% target for a long time. With Kuroda's term ending in February, I don't think that today's meeting will have much impact either way.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1521	-0.36%	+0.88%	+3.56%	+4.68%	+9.55%
GBP USD	1.3035	-0.08%	+1.05%	+3.25%	-1.15%	+5.63%
USD JPY	111.70	-0.31%	-1.33%	+0.22%	+4.70%	-4.50%

Source: Bloomberg

- AUD: The Aussie erased most of its gains trading near 0.7940 handle, after running into fresh offers last minute. This was despite stronger-than expected Aus full time employment numbers, as investors assess Australia's mixed NAB business confidence data which highlighted that the exuberance in the business sector contradicts household sector slowdown.
- NZD: NZD/USD has been less impressive overnight in a minor recovery of the late London sell-off, mostly on dollar weakness. Currently, NZD/USD is trading at 0.7364, up 0.11% on the day, having posted a daily high at 0.7372 and low at 0.7343.

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	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.5227	-0.09%	-1.27%	-0.58%	+13.87%	-0.02%
USD INR	64.2838	-0.08%	-0.40%	-0.34%	-4.34%	-5.36%
USD IDR	13,321.0	+0.09%	-0.37%	+0.22%	+1.59%	-1.13%

Source: Bloomberg

## Asia Credit

- Overnight the 10-year Treasuries yield added one basis point to 2.27% from our close. We have couple of smaller new issues in Asia with DAEHIM 2.5 07/26/20 and CENEXP Float 08/04/20. I expect our market to be steady today, though we continue to find some small profit taking in the market across IG and EM sectors with these lower yields improving the prices to sell some holdings. But the volume there is small as tone and view on the market is still very positive. In the Sukuk space a quieter day, but still seeing good activity in EM space. I will continue to shorten duration given the yields we currently have here, looking to move into the 5yr higher grader sector out of the 10yr space for now.

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	330.4	-2.1	-3.8	-0.4	-29.9	-32.8
Sovx CEEMEA	54.5	-0.6	-1.8	-1.2	-78.4	-25.1
Itrax Xover	234.4	-2.3	-12.2	+1.4	-86.1	-53.6

Source: Bloomberg

## MENA Credit

- Another quiet day for GCC credits although the market felt well supported mainly the Sov & IG names. We were busy in the short end names like JAFZA 19s, MAF 19s & EMAAR 19s. Another name we were active trading is UNB 21s which looks interesting at current levels. We were also active on the Oman Sov curve. On the New issues side RAK BANK printed \$50m @ 3M LIBOR+150 and TOPAZ Marine priced a \$375m 5Y bond @ 9.125%, Topaz is B3 rated by Moody's.
- As for the Qatar situation, the US & UK proposed a roadmap to help resolve the standoff between the Saudi led alliance and Qatar during US secretary of state trip to the region last week, Bloomberg news reported. Let's see what happens there next!

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	58.6	-1.0	+1.4	+8.6	-18.4	-2.8
Kuwait 5Y	79.0	-1.4	-1.0	+24.0	-32.6	-32.2
Dubai 5Y	124.4	-0.7	-0.0	-5.1	-47.6	-25.4

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	98.1	-4.6	-8.1	-3.8	-6.9	+17.8
KSA 5Y	101.0	-2.2	-2.5	-6.4	-68.0	-12.4
Bahrain 5Y	239.2	-1.3	-7.9	+0.2	-162.0	-63.2

Source: Bloomberg

Continued...

## Overnight market headlines

### Global News

- US mortgage applications jump 6.3% as borrowers rush to refinance; housing starts total 1.215M in June, vs 1.16M expected
- BOJ keeps easing unchanged as it postpones timing of price goal
- Japan returns to trade surplus as exports notch seventh straight month of growth
- Asia stocks hit near-decade high; US tech sector surges past its dotcom era peak; Dollar steadies but remains down on the week with bond yields; Oil holds gain near \$47

### Middle East & Africa News

- US, UK are said to propose roadmap to resolve Qatar crisis; plan proposes talks based on previous GCC accords, where in Saudi alliance wants Qatar to agree on six broad principles
- Kuwait said to pull \$94bn from coffers since 2015
- Dubai's Emirates NBD Q2 profit rises 6%
- Dubai Islamic Bank Q2 profit up almost 14% as financing jumps
- Doha Bank posts profit of QAR 352m in Q2, down 0.6%
- Bad loans drag down Commercial Bank of Qatar's Q2 profit
- Saudi's Riyad Bank Q2 net profit down 26% on bad debt charges
- Saudi Electricity says Q2 profit slightly lower
- UAE's Topaz Marine priced a \$375m 5-year bond offering yield of 9.125%
- Oman Oil said to close \$1bn PXF loan imminently
- Bank shares boost Qatar in otherwise quiet region

*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	21,641	+0.31%	+0.50%	+0.81%	+16.38%	+9.50%
S&P 500	2,474	+0.54%	+1.25%	+1.51%	+13.84%	+10.50%
Nasdaq Composite	6,385	+0.64%	+1.98%	+3.18%	+25.44%	+18.61%
Nikkei	20,021	+0.10%	-0.39%	-1.04%	+20.02%	+4.74%
Hang Seng	26,672	+0.56%	+2.41%	+3.21%	+21.89%	+21.23%
Shanghai	3,231	+1.36%	+1.05%	+2.90%	+6.71%	+4.10%
Mumbai Sensex	31,955	+0.77%	+0.47%	+2.10%	+14.47%	+20.01%
DAX	12,452	+0.17%	-1.38%	-2.83%	+22.78%	+8.46%
CAC 40	5,216	+0.83%	-0.12%	-1.47%	+19.09%	+7.28%
FTSE 100	7,431	+0.55%	+0.19%	-0.56%	+10.43%	+4.03%
DJ Stoxx 50	3,500	+0.62%	-0.43%	-1.70%	+17.98%	+6.37%
FTSE MIB Index	21,479	+0.57%	+0.22%	+3.21%	+28.13%	+11.67%
SMI Index	9,024	+0.52%	+0.10%	+0.01%	+10.09%	+9.79%
<b>MENA</b>						
Abu Dhabi – ADX	4,594	+0.49%	+4.19%	+3.11%	-0.40%	+1.05%
Dubai – DFM	3,582	+0.11%	+2.51%	+3.77%	+1.01%	+1.45%
Saudi Arabia	7,230	-0.35%	-1.05%	+3.98%	+9.03%	+0.27%
Qatar	9,502	+1.16%	+2.39%	+6.36%	-10.28%	-8.95%
Bahrain	1,319	+0.31%	+0.14%	-0.01%	+13.87%	+8.08%
Kuwait	6,794	-0.28%	-0.01%	+0.15%	+26.30%	+18.19%
Oman	5,043	-0.41%	-2.46%	-2.93%	-13.30%	-12.79%
Egypt	13,707	-0.08%	+0.12%	+2.17%	+82.68%	+11.03%
Turkey	1,07,418	+1.61%	+3.48%	+8.21%	+43.41%	+37.47%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	47.12	+1.55%	+3.58%	+9.00%	+4.85%	-12.29%
Brent Oil \$/bbl	49.70	+1.76%	+4.11%	+8.00%	+5.36%	-12.53%
Gold spot \$/oz	1,242.4	+0.02%	+1.72%	-0.11%	-5.83%	+8.27%
Silver spot \$/Troy oz	16.326	+0.24%	+2.36%	-0.87%	-16.53%	+2.50%
Aluminium 3MO \$	1,920.0	-0.57%	+1.64%	+1.78%	+16.58%	+13.41%
Nickel 3MO \$	9,650	-1.33%	+4.83%	+7.10%	-8.62%	-3.69%
Copper 3MO \$	5,967	-0.67%	+1.04%	+4.24%	+19.71%	+7.79%

Source: Bloomberg

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