

Daily Market Chatter

FX & Rates

- The FOMC left the rates unchanged at 1.00%-1.25% as expected, but the statement was slightly more exciting. The Fed acknowledged the risks to the outlook as roughly balanced, jobs as solid and household spending as expanding. More importantly, the Fed's interpretation of inflation and that they recognise the decline which is a slightly more dovish compared to the June statement. As for the start date for the balance sheet, the Fed chose to leave the market guessing and said that the normalization will begin "soon".
- As a result, TY 125-00 support still holds, the curve has flattened with 2s10s trading as low as 64 today. The next release of importance is the US GDP tomorrow.

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.83%	+0.7	+0.8	+2.1	+74.6	-9.4
10Y	2.29%	-4.8	+1.8	+8.2	+79.0	-15.6
30Y	2.89%	-2.6	+4.0	+14.0	+68.1	-17.3

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	195.2	+0.4	+6.0	+7.7	+79.4	-0.7
10Y	229.3	+1.2	+7.2	+11.3	+84.7	-2.6
30Y	260.0	+1.9	+7.8	+16.0	+77.9	+3.0

Source: Bloomberg

- EUR: USD longs have been liquidated yesterday after the FOMC, giving EUR enough momentum to finally break 1.1714 as we mentioned in our weekly view. The big question now is – will the EUR actually hold above 1.1800 when in fact the net long EUR positions have increased dramatically? And does that open the door for Draghi to comment about the rapid appreciation of the currency? Next material resistance is at around 1.1871.
- JPY: The yen is little changed in the Asia trading, after gaining overnight when the US Federal Reserve left rates on hold. Japanese government bonds may gain, tracking an advance in Treasuries.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1627	-0.22%	+0.92%	+2.78%	+5.79%	+10.55%
GBP USD	1.3047	+0.07%	+0.09%	+2.07%	-0.65%	+5.73%
USD JPY	112.15	+0.46%	+0.40%	-0.20%	+6.11%	-4.11%

Source: Bloomberg

- AUD breached 0.8000 for first time since May 2015 as USD weakness spread on other currencies. Aussie rebounded from overnight losses with rising copper prices, giving it a boost thereafter with the FOMC decision.
- NZD remains well supported in risk-on environment, though is overbought on many measures. NZD/USD moved higher into the FOMC announcement

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as carry currencies outperformed; the actual decision was merely an excuse for kiwi to jump past 0.7500 on its way to 0.7529, highest level in more than two years.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.5545	-0.27%	+0.90%	+0.93%	+17.05%	+0.88%
USD INR	64.3663	-0.02%	+0.13%	-0.26%	-4.14%	-5.24%
USD IDR	13,338.0	+0.08%	+0.13%	+0.29%	+1.53%	-1.00%

Source: Bloomberg

Commodities Market

- Crude oil inventories dropped a sharp 7.208 million barrels this week, the Energy Information Administration said on Wednesday, blowing past estimates, but still less than the 10 million-plus barrels estimate by the American Petroleum Institute (API). inventory data failing so far to support a sustained rally on the back of OPEC moves to stick with output cuts through March 2018, Brent was last quoted at \$50.88 a barrel.
- Copper prices Jumped to 2-Year high during the Asian day trading hours on Wednesday as talk about a Chinese scrap import ban excited sentiment. From an intraday high of \$6,396.50/t, price retraced to spend much of the day around \$6,300/t.

Asia Credit

- Post FOMC, 10-year Treasuries rallied with the yields falling five basis points to 2.29%. We have one small new issue with PTTEPT 4 7/8 PERP. Yesterday, as expected with the higher yields, we seen plenty of IG buyers start to emerge again – I although don't expect to see people chase the market here but we should continue to hold a very positive tone even with lower yields. We bought a little bit of 10yr paper yesterday. Today more likely to again look in shorter part of the curve. In the sukuk space, better buying seen yesterday and starting firm again today.

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	334.6	+0.4	+4.2	-1.8	-33.5	-28.6
Sovx CEEMEA	50.1	-4.4	-4.4	-4.1	-80.4	-29.6
Itrax Xover	233.3	-2.7	-1.0	-0.8	-84.8	-54.7

Source: Bloomberg

MENA Credit

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	57.0	-0.1	-1.7	-5.8	-23.0	-4.5
Kuwait 5Y	76.6	-0.1	-2.4	-1.5	-35.1	-34.6
Dubai 5Y	122.1	-0.8	-2.3	-9.7	-50.2	-27.7

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	92.3	-2.7	-5.8	-27.6	-12.7	+12.0
KSA 5Y	97.0	-3.0	-4.1	-13.6	-83.0	-16.4
Bahrain 5Y	240.2	+3.9	+1.0	-11.7	-152.1	-62.3

Source: Bloomberg

Continued...

Overnight market headlines

Global News

- Fed holds rates steady, expects portfolio cuts 'relatively soon'; softens language on inflation
- US new home sales rise in June, but trend softening
- China industrial profits surge again in boost to debt cleanup
- Dollar, Treasury yields fall on Fed's dovish tone on inflation; Asia stocks rise; Crude oil holds advance above \$48

Middle East & Africa News

- Qatar crisis is said to be deadlocked as boycott drags on; 12 months QAR forward jumps the most in a month
- Foreign bank deposits in Qatar fall most since 2015
- Qatar could adopt more independent monetary policy if needed, central bank official says
- Bahrain sends request for proposals for US dollar bond, sukuk issues
- Fitch Ratings says improving liquidity in UAE banks should benefit profitability
- First Abu Dhabi Bank reports 4% year-on-year growth in first half net profit
- UAE's Etisalat telecom Q2 net profit up 6%, subscriber base up 2%
- Dubai airport handles six million passengers in June
- Dubai developer Nakheel reports 22% decline in Q2 net profit
- Saudi Telecom Co Q2 profit up 8%
- Qatar's Ooredoo second-quarter profit falls 12%
- Qatar's Ezdan Holding reports 25% jump in H1 profit
- Middle East stock markets end mixed in narrow trade

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Continued...

Key data points – Global

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	21,711	+0.45%	+0.32%	+1.88%	+17.53%	+9.86%
S&P 500	2,478	+0.03%	+0.16%	+2.42%	+14.37%	+10.68%
Nasdaq Composite	6,423	+0.16%	+0.59%	+4.49%	+24.96%	+19.31%
Nikkei	20,050	+0.48%	+0.15%	-0.86%	+20.31%	+4.90%
Hang Seng	26,941	+0.33%	+1.01%	+4.26%	+21.25%	+22.46%
Shanghai	3,248	+0.12%	+0.52%	+1.77%	+8.55%	+4.64%
Mumbai Sensex	32,382	+0.48%	+1.34%	+4.60%	+15.55%	+21.62%
DAX	12,305	+0.33%	-1.18%	-2.89%	+19.24%	+7.18%
CAC 40	5,190	+0.56%	-0.50%	-1.30%	+16.71%	+6.74%
FTSE 100	7,452	+0.24%	+0.29%	+0.24%	+10.40%	+4.33%
DJ Stoxx 50	3,491	+0.51%	-0.26%	-1.33%	+16.39%	+6.10%
FTSE MIB Index	21,578	+0.56%	+0.46%	+3.78%	+27.96%	+12.18%
SMI Index	8,990	+0.59%	-0.38%	-0.91%	+9.35%	+9.37%
MENA						
Abu Dhabi – ADX	4,524	-0.39%	-1.52%	+2.09%	-1.58%	-0.49%
Dubai – DFM	3,608	+0.39%	+0.73%	+6.06%	+2.81%	+2.20%
Saudi Arabia	7,200	-0.38%	-0.40%	-3.03%	+11.95%	-0.14%
Qatar	9,584	-0.11%	+0.86%	+6.13%	-9.63%	-8.17%
Bahrain	1,338	+0.23%	+1.41%	+1.88%	+15.55%	+9.61%
Kuwait	6,846	+0.19%	+0.76%	+1.09%	+25.34%	+19.10%
Oman	5,027	+0.59%	-0.72%	-1.78%	-13.64%	-13.06%
Egypt	13,797	+0.41%	+0.58%	+2.83%	+74.32%	+11.76%
Turkey	1,07,206	+0.15%	-0.20%	+7.59%	+42.80%	+37.20%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	48.75	+1.80%	+3.46%	+10.19%	+16.29%	-9.25%
Brent Oil \$/bbl	50.97	+1.53%	+2.56%	+9.26%	+17.25%	-10.30%
Gold spot \$/oz	1,248.2	-0.23%	+0.47%	+0.11%	-5.97%	+8.78%
Silver spot \$/Troy oz	16.462	-0.27%	+0.83%	-0.86%	-17.60%	+3.35%
Aluminium 3MO \$	1,942.0	+0.62%	+1.15%	+4.30%	+21.98%	+14.71%
Nickel 3MO \$	10,040	+0.35%	+4.04%	+11.25%	-3.00%	+0.20%
Copper 3MO \$	6,329	+1.67%	+6.08%	+9.22%	+28.38%	+14.33%

Source: Bloomberg

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