

Daily Market Chatter

G10 FX

- GBP – In light of the May Day holiday yesterday a lot of the focus was on the dinner Juncker and May had last week at Downing Street and Brussels power grab on the Euro-clearing business which currently resides in London. Cable tapped through the 1.29 level in early trading but has recovered to trade above although coming under a little bit of pressure as the London market trickles in.
- EUR – the EUR/USD pair has been range trading between 1.0850 and 1.0950 in the past few days. The bias in the market is for a move higher above 1.10. There are two important events this week that will set the course for the FX market which are the US employment report on Friday and the second round of elections in France on Sunday. The market is discounting a very high probability of Macron victory in the French elections and the price for downside risk in EUR/USD is quite low making sense of buying some protection if polls will turn differently from what is expected.
- AUD – RBA rates remained unchanged as expected, acknowledging the mixed messages from the labor market. While the growth rate is promising, unemployment edged slightly higher. Also, the housing market remains a concern to the central bank, with rising debt and core inflation around 1.75%. As a result, AUD/USD fell back from its recent highs as investors unwind longs, and it is clear that the market got ahead of itself
- JPY – the dollar remained bid on Monday after Trump-linked headlines ignited the dollar trade again, seeing USD/JPY supported above 111.50. As the week unfolds, expect the market to focus on the FOMC meeting and the devil is in the details, with players extra sensitive to any deviation from what is anticipated, meaning that the interest rate differentials may come back into play and USD/JPY rally might stall ahead of 112.50.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.0899	+0.04%	+0.29%	+2.15%	-5.51%	+3.63%
GBP USD	1.2886	-0.50%	+0.70%	+3.20%	-12.18%	+4.42%
USD JPY	111.84	+0.31%	+1.89%	+0.85%	+5.10%	-4.38%

Source: Bloomberg

EM FX

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.5543	+0.07%	-0.48%	-2.50%	+26.75%	+0.87%
USD INR	64.246	+0.00%	-0.30%	-1.20%	-3.32%	-5.41%
USD IDR	13,329.0	+0.00%	+0.14%	+0.03%	+1.29%	-1.07%

Source: Bloomberg

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G10 Rates

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.84%	+2.6	+3.8	-8.1	+51.7	-8.6
10Y	2.32%	+3.8	+4.5	-6.9	+44.6	-12.5
30Y	3.00%	+5.1	+7.4	-0.7	+27.8	-6.2

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	195.8	+2.5	+2.8	-2.0	+66.0	-1.8
10Y	228.4	+2.9	+3.5	-2.4	+52.7	-5.3
30Y	256.3	+2.6	+7.9	-4.5	+33.9	-0.7

Source: Bloomberg

Commodities Market

- Oil prices fell overnight with WTI closing 1% lower at \$48.84 and Brent settling 0.4% lower at \$51.52. Libya's current oil output has increased to above 760k bpd, while Baker Hughes reported an increase in US oil rig count by 9 last week to 697, extending the streak of weekly increase to 15. According to CFTC data, managed money combined net length in WTI futures and options were reduced by ~68k contracts to ~255k contracts for the week ended April 25th.
- Copper prices opened 1.1% higher at \$5801 in London following the weekend as LME closed on Monday for a public holiday. Iron ore futures opened 1.4% lower at \$69 in Singapore following the closed session on Monday. Steel rebar for October rallied 2.7% on Friday.

Asia Fixed Income

- Quiet markets in Asia expected due to Golden Week holidays.
- Japan shut today & HK is off tomorrow. A grinding market in the US with USIG -0.6 and the Vix -0.71 at 10.11. Asian Stocks mixed with China -0.5% ish. Asian Credit a tad on the firm side flat to 3 bps better on some short covering. Chgrid 27s 123-121 -3, Citpac 27s 155-150 -1, Cnooc 25s 126-121 -1, Sinope 27s 135-133 -1, Huawei 27s 175-172 -1, Sdic 27s 127-124 -1, Ccamcl 27s 203-198 -1, Hram 27s 235-231 -1, Korea 27sd 66-61. Koroil 27s 102-97

MENA Fixed Income

- As expected a very quiet day yesterday with UK and most European countries closed. The FED starts its 2 day policy meeting today and FOMC rate decision is tomorrow 10pm UAE time, no hike is expected. US 10Y at 2.32% & Brent is around 51.5
- Kuwait's Finance Minister had an interview with Arabian Business and said that a law is being drafted to permit the issuance of longer term bonds (up to 30years) and indicated that Kuwait's \$8bn debut international bond issue in March could be followed by another, longer-term, issuance in 2018. He also said that their plan is to be a rational prudent borrower and want to build a Sovereign yield curve
- On the New Issues side, SECO is said to be in talks with banks about issuing a US dollar denominated Sukuk and we are still waiting for Oman Sov Sukuk issue which should be any day now.

MENA Fixed Income

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	320.4	-3.4	-7.5	-17.5	-62.4	-42.8
Sovx CEEMEA	45.5	+0.8	-1.1	-7.0	-81.7	-34.2
Itrax Xover	265.7	-2.9	-6.7	-24.3	-47.2	-22.3

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
ADGB 5Y	40.9	+0.1	+2.3	-0.1	-53.0	-20.6
Qatar 5Y	58.8	+0.1	+1.0	-3.5	-39.1	-21.4
Dubai 5Y	111.7	+3.3	+1.8	-2.8	-101.3	-38.1

Source: Bloomberg

Overnight market headlines

Global News

- US factory activity slows; inflation pressures subside
- Mnuchin sees US growth reaching 3% in time, tax cuts to help
- May says Juncker clash shows Brexit talks will `not be easy'; German newspaper said EC president left meeting doubtful of deal
- Japan April services PMI falls to 52.2 as new business growth slows
- Caixin China manufacturing PMI for April falls to seven-month low of 50.3
- South Korea, Thailand, Philippines register slow manufacturing activity in April, while Indonesia manufacturing activity improves
- Asian stocks climb as yen weakens, China reopens; oil trades near one-month low

Middle East & Africa News

- Saudi Electricity said to be in talks with banks for dollar sukuk issue
- Saudi SABIC Q1 Profit leaps 80% as product prices improve
- HSBC, RBS Saudi Arabian ventures in talks to merge
- New Mubadala, IPIC merged company begins operations
- Dubai's second airport sees 29% growth in Q1 passenger traffic
- Most Middle East stock markets rise Monday, Amanat dominates Dubai trading

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Key data points – Global

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
GLOBAL						
Dow Jones Inds. Avg	20,913	-0.13%	+0.72%	+1.21%	+16.89%	+5.82%
S&P 500	2,388	+0.17%	+0.60%	+1.08%	+14.74%	+6.68%
Nasdaq Composite	6,092	+0.73%	+1.80%	+3.04%	+26.44%	+13.16%
Nikkei	19,311	+0.59%	+2.30%	+2.12%	+19.59%	+1.03%
Hang Seng	24,615	-0.34%	+1.97%	+2.09%	+16.84%	+11.88%
Shanghai	3,155	+0.08%	+0.80%	-2.11%	+7.36%	+1.64%
Mumbai Sensex	29,918	-0.37%	+0.89%	+1.01%	+16.84%	+12.36%
DAX	12,438	-0.05%	+3.23%	+1.02%	+23.90%	+8.34%
CAC 40	5,267	-0.08%	+4.11%	+2.83%	+18.93%	+8.33%
FTSE 100	7,204	-0.46%	+1.26%	-1.62%	+15.41%	+0.86%
DJ Stoxx 50	3,560	+0.00%	-0.50%	+1.68%	+17.38%	+8.18%
FTSE MIB Index	20,609	+0.06%	+4.39%	+0.57%	+10.80%	+7.15%
SMI Index	8,813	-0.36%	+3.02%	+1.78%	+10.70%	+7.21%
MENA						
Abu Dhabi - ADX	4,558	+0.79%	+0.60%	+2.44%	+1.98%	+0.26%
Dubai – DFM	3,441	+0.75%	+0.28%	-1.46%	+1.63%	-2.56%
Saudi Arabia	7,004	-0.14%	+0.38%	+0.19%	+4.28%	-2.87%
Qatar	10,110	+0.46%	-0.43%	-2.76%	+0.18%	-3.13%
Bahrain	1,336	+0.26%	-0.07%	-1.50%	+20.27%	+9.44%
Kuwait	6,793	-0.73%	-0.38%	-3.25%	+26.44%	+18.18%
Oman	5,529	+0.28%	+0.99%	-0.16%	-7.11%	-4.39%
Egypt	12,434	-0.74%	-3.66%	-4.32%	+59.95%	+0.72%
Turkey	94,655	+0.40%	+2.41%	+6.42%	+10.93%	+21.14%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	48.84	-0.99%	-0.79%	-3.48%	+9.07%	-9.08%
Brent Oil \$/bbl	51.52	-0.41%	-0.16%	-2.48%	+12.42%	-9.33%
Gold spot \$/oz	1,257	-0.92%	-1.55%	+0.25%	-2.71%	+9.51%
Silver spot \$/Troy oz	16.86	-2.08%	-6.03%	-7.74%	-3.95%	+5.83%
Aluminium 3MO \$	1,912	-0.65%	-1.77%	-2.60%	+13.85%	+12.91%
Nickel 3MO \$	9,450	+1.23%	+2.05%	-5.74%	+0.05%	-5.69%
Copper 3MO \$	5,736	+0.76%	+1.42%	-1.75%	+13.57%	+3.61%

Source: Bloomberg

NBAD Global Markets

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