

## Daily Market Chatter

### FX & Rates

- **USD:** Auto sales were the big story last night reversing August's lows to be the quickest recorded sales since July 2005. The front end is still struggling to find support and catch up with the FED's ambitious outlook but we may get some momentum this evening with ADP numbers and Yellen's speech. No real directional movement seen in the Asian session this morning.

UST Yield	Prev day Close	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	1.92%	-1.8	+5.8	+17.8	+68.9	-1.0
10Y	2.32%	-1.8	+8.7	+15.6	+63.7	-12.1
30Y	2.86%	-0.9	+9.0	+8.7	+45.5	-20.0

Source: Bloomberg

\$ Mid Swap	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
5Y	199.7	-2.0	+5.6	+20.0	+76.1	+3.8
10Y	228.5	-1.1	+8.5	+20.2	+76.2	-3.5
30Y	254.9	+0.3	+9.0	+11.4	+69.2	-2.1

Source: Bloomberg

- **EUR:** Spain is still providing an interesting side bar to economic events as King Felipe addressed the Catalonia situation yesterday. His approach was hard line as he accused the Catalonians of disloyalty and division. The PM hid for the day as we wait for the Catalonians to formally declare independence and a peaceful protest to Sunday's violence took place in Barcelona. It seems unlikely a declaration will have much impact as the market has already priced in much of this move and it also seems unlikely there will be any real de unification of Spain. Data wise it's PMI day and Draghi is speaking but unlikely to touch on policy.
- **GBP:** Decent calendar today with May addressing the party conference in what should be a smoother speech for markets than last year. PMI data release – a big focus for the market ahead of the proposed hike on the 2nd Nov. We also hear the EU's first opinion on a transition period which is likely to be voted through but could have some interesting and potentially unachievable caveats. Cable has been weak for the last few sessions and today could prove a turning point for the short term although it still feels over valued at these levels.

	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
EUR USD	1.1753	+0.09%	-0.25%	-1.14%	+4.99%	+11.75%
GBP USD	1.3248	-0.19%	-1.37%	+2.55%	+4.03%	+7.36%
USD JPY	112.84	+0.13%	+0.50%	+2.86%	+9.61%	-3.52%

Source: Bloomberg

- **NZD:** Still waiting on a govt to be formed but in the meantime a big miss in expectations for the milk price gave the Kiwi a nudge today with the weakness highlighted against its neighbour. Seems to have recovered in the interim although may see some follow through once Europe is in.

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	Prev day Close	% Change				
		1D	1W	1M	1YR	YTD
USD TRY	3.5714	+0.07%	+0.62%	+4.05%	+16.62%	+1.36%
USD INR	65.4975	+0.33%	+0.07%	+2.26%	-1.45%	-3.57%
USD IDR	13,542.0	+0.01%	+1.26%	+1.52%	+4.35%	+0.51%

Source: Bloomberg

## MENA Credit

- Continuation of the same theme from Monday; KSA was the outperformer again notably the 46s and 47s with the 47s up a further 0.50pt even in the face of a weaker UST market. Impressive performance on the eve of the ADGB supply. That said the ADGB deal was capped at USD 10bn, \$2.5bn less than KSA. With a reported order of USD 30bn and priced a fairly market friendly 20bps inside of IPT. We expect this deal to vanish to buy and hold IG accounts similar to previous ADGB deals. Will be interesting to see also how much of the deal made it to the Middle East given KSA only placed 5% in the region for the 5Y and 1% for the 30Y. Seems KSA/JLMs were a bit more generous with the 10Y at 16% but still not that high.
- ADGB tranches are a Standard free to trade 8am London time; 11am UAE time.
- We are currently quoting legacy ADGB curve: 10x10
  - 19s 107.10-.30
  - 21s 99.65-.90
  - 26s 101.25-.65
- Worth a mention is just how solid the USD 1bn Jordan 30Y performed yesterday. Up 2pts on the day or over 20bps in spread. Yield now is circa 7.3% or 40bps inside Bahrain 47s which is rated 2 notches better. Expect Bahrain to play catch up over the next few sessions from its initial weakness last week.

Indices	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
JPMEMBI Sov	316.6	+0.0	-7.5	-7.5	-24.1	-46.6
Sovx CEEMEA	39.0	-1.6	-3.3	-2.3	-52.1	-40.6
Itrax Xover	247.5	-2.5	-9.2	+10.9	-88.0	-40.5

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Abu Dhabi 5Y	58.1	-2.3	-5.0	+5.1	-15.8	-3.4
Kuwait 5Y	68.2	-4.8	-4.1	+3.2	-43.4	-43.0
Dubai 5Y	127.9	-2.3	-4.7	+14.2	-34.6	-21.9

Source: Bloomberg

CDS	Prev day Close (bps)	Change (basis points)				
		1D	1W	1M	1YR	YTD
Qatar 5Y	96.3	-0.9	-3.8	+1.8	+1.3	+16.0
KSA 5Y	83.0	-1.9	-7.3	-1.8	-84.2	-30.4
Bahrain 5Y	235.2	-4.8	-5.3	+3.6	-144.8	+121.8

Source: Bloomberg

Continued...

## Overnight market headlines

### Global News

- Hurricane recovery helps boost US Sept. new auto sales
- UK is said to fear no Brexit deal as EU stalls on trade talks; Davis says govt is stepping up contingency plans
- Japan September services PMI shows growth slowest in 11 months
- World Bank raises 2017, 2018 East Asia growth forecasts, sees geopolitical risks; expects China to grow 6.7% in 2017 and 6.4% in 2018 vs previous forecasts of 6.5% and 6.3%
- Dollar slips, stocks mixed as Fed Chief pick looms; Oil extends losses near \$50

### Middle East & Africa News

- Abu Dhabi prices \$10bn in a 3-tranche bond deal which was more than three times oversubscribed
- ADNOC to start syndicating \$6bn loan, says report
- Oman central bank's new board affirms commitment to FX peg
- Saudi Arabia said to plan Russia energy deals, deepening ties
- Egypt's central bank to raise required reserve ratio to 14% from 10% effective Oct. 10
- Egypt considers bond sale delay as it eyes market conditions
- Gulf stock markets traded narrowly on Tuesday ignoring oil slump, while Qatari banks fall; Egypt shares break winning streak
- Iran foreign minister visits Qatar amid diplomatic standoff
- Nigeria plans to issue \$2.5bn of Eurobonds this year, still in talks with World Bank for loans

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Continued...

## Key data points – Global

Major Stock Markets	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
<b>GLOBAL</b>						
Dow Jones Inds. Avg	22,642	+0.37%	+1.60%	+2.97%	+24.62%	+14.57%
S&P 500	2,535	+0.22%	+1.51%	+2.34%	+17.86%	+13.21%
Nasdaq Composite	6,532	+0.23%	+2.38%	+1.50%	+23.48%	+21.34%
Nikkei	20,614	+1.05%	+1.40%	+5.67%	+23.17%	+7.85%
Hang Seng	28,173	+2.25%	+2.40%	+1.56%	+18.93%	+28.06%
Shanghai	3,349	+0.28%	-0.11%	-0.54%	+11.46%	+7.90%
Mumbai Sensex	31,497	+0.68%	-0.32%	-0.65%	+11.16%	+18.29%
DAX	12,903	+0.58%	+2.44%	+6.26%	+22.75%	+12.38%
CAC 40	5,367	+0.32%	+1.87%	+5.16%	+19.19%	+10.39%
FTSE 100	7,468	+0.39%	+2.50%	+0.76%	+5.57%	+4.55%
DJ Stoxx 50	3,606	+0.08%	+1.96%	+5.12%	+19.02%	+9.58%
FTSE MIB Index	22,785	-0.12%	+1.58%	+4.56%	+39.72%	+18.46%
SMI Index	9,284	+0.45%	+1.87%	+4.73%	+12.79%	+12.94%
<b>MENA</b>						
Abu Dhabi – ADX	4,441	+0.31%	+0.62%	-0.90%	+0.73%	-2.31%
Dubai – DFM	3,570	+0.25%	+0.26%	-1.78%	+4.83%	+1.11%
Saudi Arabia	7,244	+0.28%	+0.06%	-0.20%	+31.10%	+0.47%
Qatar	8,285	-0.21%	-3.32%	-5.86%	-20.25%	-20.62%
Bahrain	1,278	-0.42%	-1.96%	-1.87%	+11.74%	+4.72%
Kuwait	6,665	-0.15%	-1.48%	-3.30%	+24.52%	+15.95%
Oman	5,225	+0.75%	+2.17%	+3.42%	-6.91%	-9.64%
Egypt	13,931	-0.50%	+1.65%	+3.84%	+69.92%	+12.85%
Turkey	1,03,908	-0.02%	-0.02%	-5.55%	+34.84%	+32.98%

Source: Bloomberg

Major Commodities Prices	Prev day Close	Change				
		1D	1W	1M	1YR	YTD
WTI Oil \$/bbl	50.42	-0.32%	-2.81%	+6.62%	+3.55%	-6.14%
Brent Oil \$/bbl	56.00	-0.21%	-4.18%	+6.99%	+10.08%	-1.44%
Gold spot \$/oz	1,273.2	-0.09%	-1.82%	-4.56%	+0.16%	+10.96%
Silver spot \$/Troy oz	16.635	-0.12%	-1.18%	-6.98%	-7.20%	+4.44%
Aluminium 3MO \$	2,131.0	+1.43%	+0.24%	-0.23%	+27.00%	+25.87%
Nickel 3MO \$	10,620	+2.21%	+1.34%	-11.76%	+2.61%	+5.99%
Copper 3MO \$	6,520	+0.42%	+1.67%	-4.61%	+35.30%	+17.79%

Source: Bloomberg

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